

# Q3 and 9M 2022 Schaeffler AG earnings

Earnings Call  
November 8, 2022  
Herzogenaurach

We pioneer motion

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## Agenda

- 1** Overview
- 2** Business Highlights Q3 and 9M 2022
- 3** Financial Results Q3 and 9M 2022
- 4** Outlook

## Schaeffler Group with strong revenue growth and robust performance in Q3 2022

### Key messages Q3 2022 at Group level

- 1 Q3 Sales<sup>1</sup> +20.2% – Strong revenues across all divisions and regions; 9M Sales growth<sup>1</sup> +8.7%
- 2 Q3 Gross margin – Still hampered by headwinds, but supported by strong volumes and price realization
- 3 Q3 EBIT margin<sup>2</sup> – Strong in Auto Aftermarket and Industrial; Auto Technologies sequentially improved by progressing price realization
- 4 Structural measures – Further reducing overcapacities and fixed costs, particularly in Auto Technologies
- 5 Q3 FCF<sup>3</sup> – Strongly positive, increased EBITDA compensated Working Capital and Capex outflows; 9M FCF at EUR 35 mn
- 6 FY 2022 Guidance – Outlook for all metrics confirmed

<sup>1</sup> FX-adjusted, yoy | <sup>2</sup> Before special items | <sup>3</sup> Before cash in- and outflows for M&A activities

Sales growth<sup>1</sup> Q3

**+20.2%**

EUR 4,242 mn

Gross Margin Q3

**23.2%**

Q3 2021: 23.8%

EBIT margin<sup>2</sup> Q3

**8.4%**

Q3 2021: 7.8%

Free Cash Flow<sup>3</sup> Q3

**EUR 240 mn**

Q3 2021: EUR 225 mn

## Schaeffler Group Q3 2022 – Highlights and lowlights



Automotive Technologies – Double-digit growth across all regions and business divisions; Strong Order Intake in E-Mobility continued in Q3

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Automotive Aftermarket – Topline successfully harnessed positive market conditions; All regions growing in Q3, showing anti-cyclical resilience of Aftermarket business

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Industrial – Double-digit growth in Q3, strong quality of earnings both at Gross Margin and EBIT Margin level

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Driving our transformation further, successfully harnessing secular growth trends across our balanced portfolio while coping with external headwinds



Gross margin – Different dynamics among divisions; High gross margin protection in Auto Aftermarket & Industrial, sequentially improving in Auto Technologies

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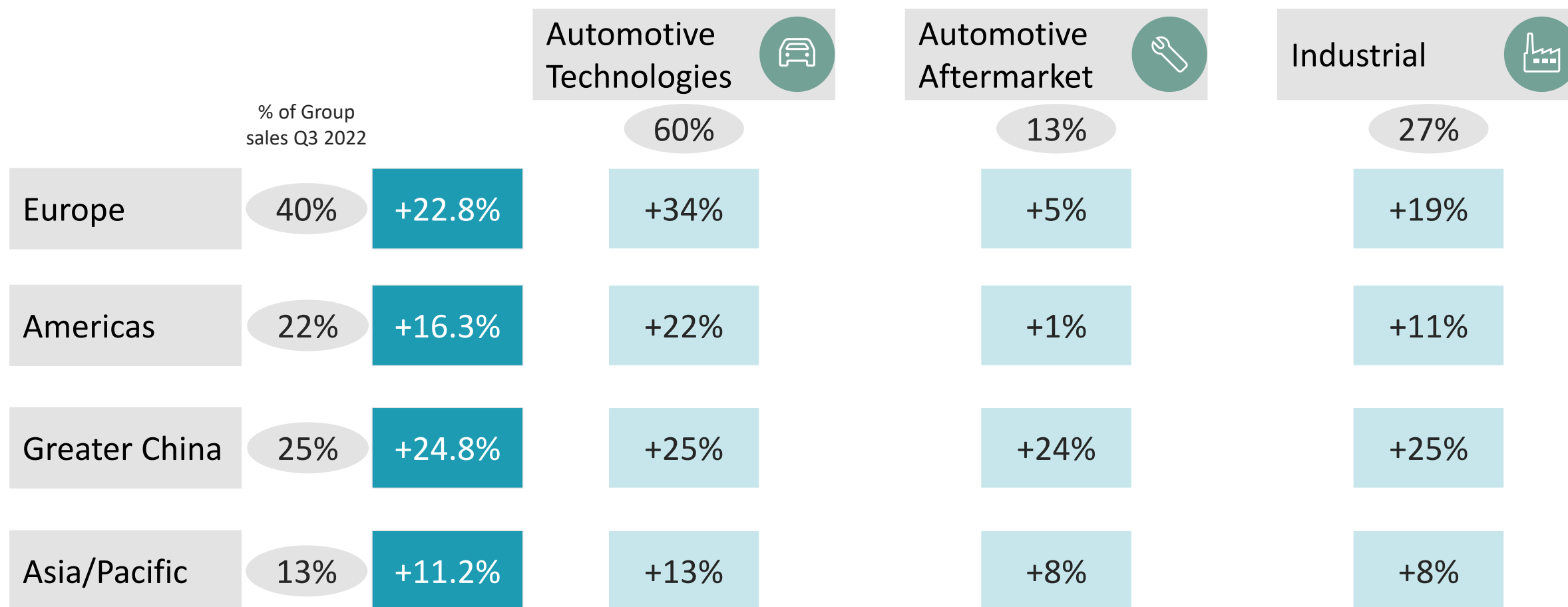
Cost inflation – Continued high input costs in Q3; Energy cost measures initiated for saving, reducing and substituting

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Macroeconomic and geopolitical headwinds – We are further improving our resilience and preparedness to act in a highly volatile environment

## Q3 2022 Sales<sup>1</sup> development – All regions and divisions contributed to the strong growth in Q3 2022



<sup>1</sup> Q3 FX-adjusted sales growth, please refer to the Interim Statement for further details

Q3 Sales growth<sup>1</sup>

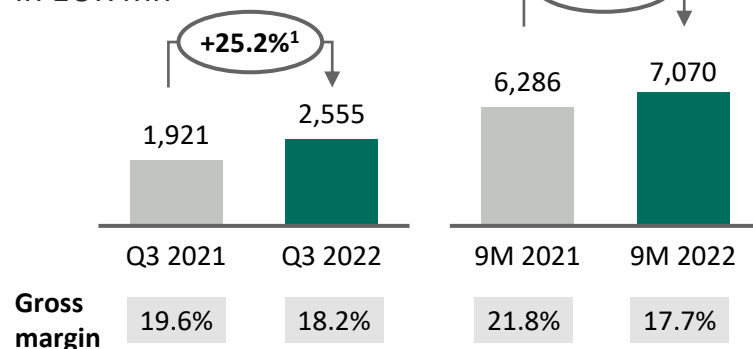
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## Automotive Technologies – Double-digit sales growth, slight progress in EBIT<sup>2</sup> margin yoy

### Sales

in EUR mn



Strong double-digit growth across all regions and business divisions driven by volume growth and price increases which came through in lump-sum mode; E-Mobility grew by 63%<sup>1</sup> driven by ramp-ups



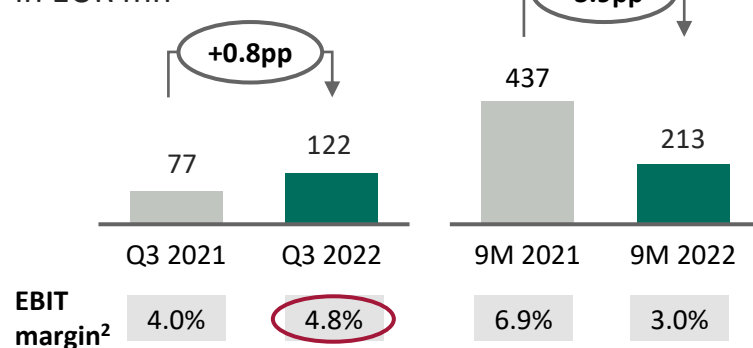
Strong development of Order Intake<sup>3</sup> continued in Q3, leading to a 9M book-to-bill-ratio<sup>4</sup> of 1.5x with significant share of E-Mobility



Despite successful price realization, gross margin was impacted by higher input costs, product mix, production stop-and-go complexity due to volatile call-offs and Covid-related absenteeism

### EBIT<sup>2</sup>

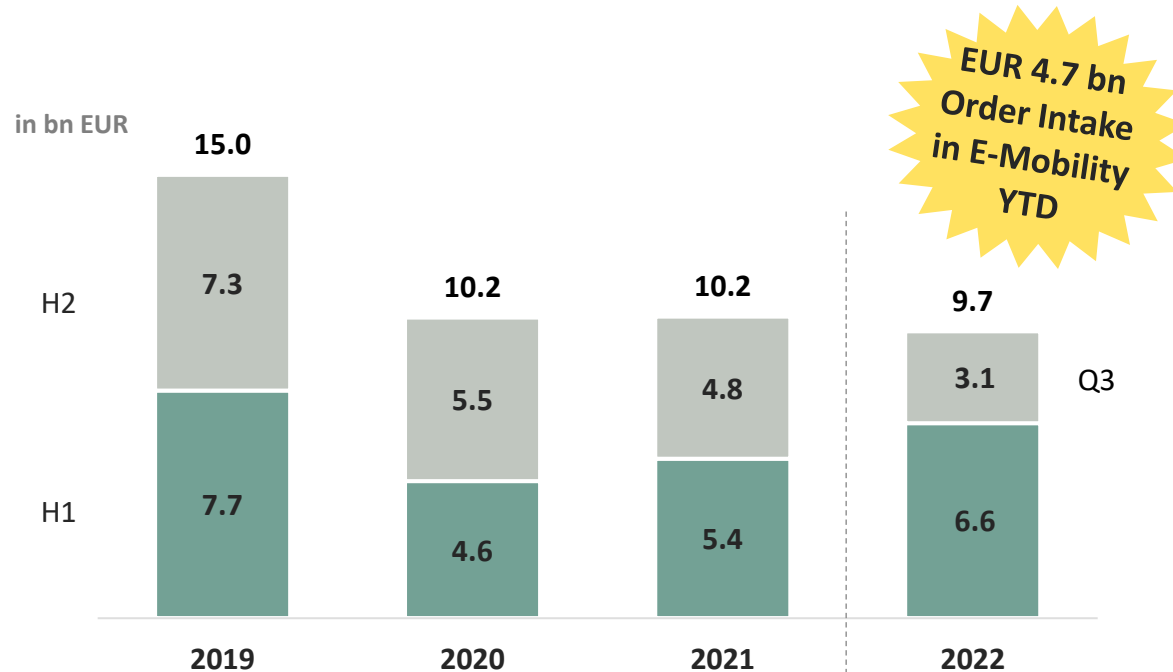
in EUR mn



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Nominations to customer projects | <sup>4</sup> Lifetime Sales / Current period revenue



## Automotive Technologies – High Order Intake in E-Mobility continued in Q3

Order Intake<sup>1</sup>Book-to-bill-ratio<sup>2</sup>

H2	1.7x	1.2x	1.2x	Q3	1.3x
H1	1.8x	1.4x	1.3x	H1	1.6x
FY	1.7x	1.3x	1.3x	9M	1.5x

<sup>1</sup> Nominations to customer projects | <sup>2</sup> Lifetime Sales / Current period revenue

Nov 8, 2022 Q3 and 9M 2022 Schaeffler AG earnings

## Business Highlights E-Mobility

Market success for E-Axle transmissions with several new project nominations in China and Asia-Pacific



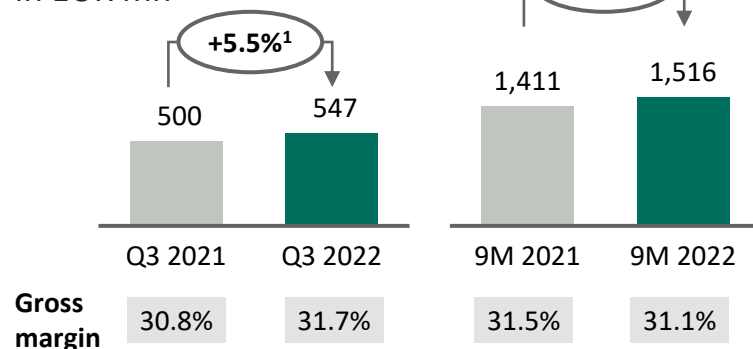
High-volume nomination in BEV Thermal Management as part of an Integrated Coolant System

**EUR 4.7 bn Order Intake in business division E-Mobility achieved in 9M 2022**

## Automotive Aftermarket – Continued growth<sup>1</sup> across all regions, EBIT margin<sup>2</sup> slightly lower

### Sales

in EUR mn



Sales growth showing successful harnessing of ongoing robust market demand – All regions grew in Q3, mainly driven by the Independent Aftermarket business; Growth in Europe supported by logistical performance



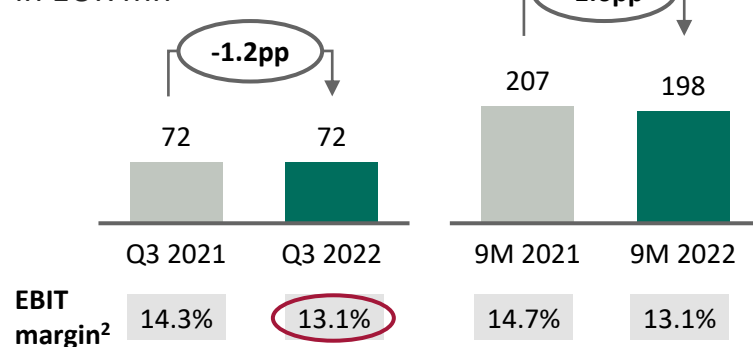
Gross margin increased in Q3, thanks to continued sales price adjustments to compensate for increased input costs



EBIT margin<sup>2</sup> slightly lower yoy, predominantly due to higher selling expenses for logistics and freights

### EBIT<sup>2</sup>

in EUR mn



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items

## Automotive Aftermarket – First E-Axle repair solution launched at Automechanika



VW e-Golf VII



BEV/HEV transmission



Gearbox repair system

### Key aspects

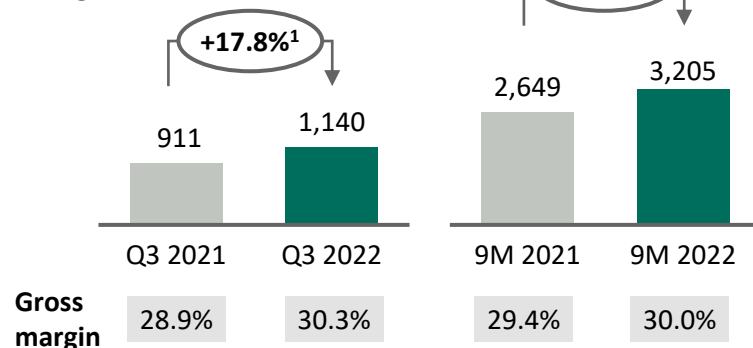
- **Repair system** for gearbox application of E-Axle (BEV/HEV)
- Pilot application for **Volkswagen e-Golf VII**
- **Unique solution** in the Aftermarket – First repair solution for E-Axles
- **Highly sustainable** – Repair instead of replace
- **Scalable solution** – Additional repair solutions already in preparation (e.g. E-motor)
- **Making the repair possible** – Rollout and garage training in preparation
- **Market availability in Q4 2022**

**Setting the industry standard for  
E-Powertrain repair for BEVs / HEVs**

## Industrial – Double-digit sales growth, strong Gross and EBIT margin<sup>2</sup>

### Sales

in EUR mn



Double-digit growth<sup>1</sup> with contribution from all regions, again driven especially by strong demand in Industrial Automation and Industrial Distribution



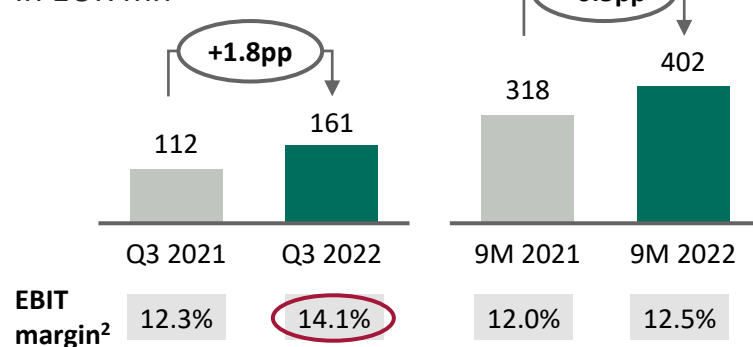
140 bps yoy gross margin progress driven by scale and continued price realization amid input cost headwinds, showing strong positioning across major markets



EBIT margin level of 14.1% in Q3 with strong increase yoy providing significantly improved contribution to Group EBIT

### EBIT<sup>2</sup>

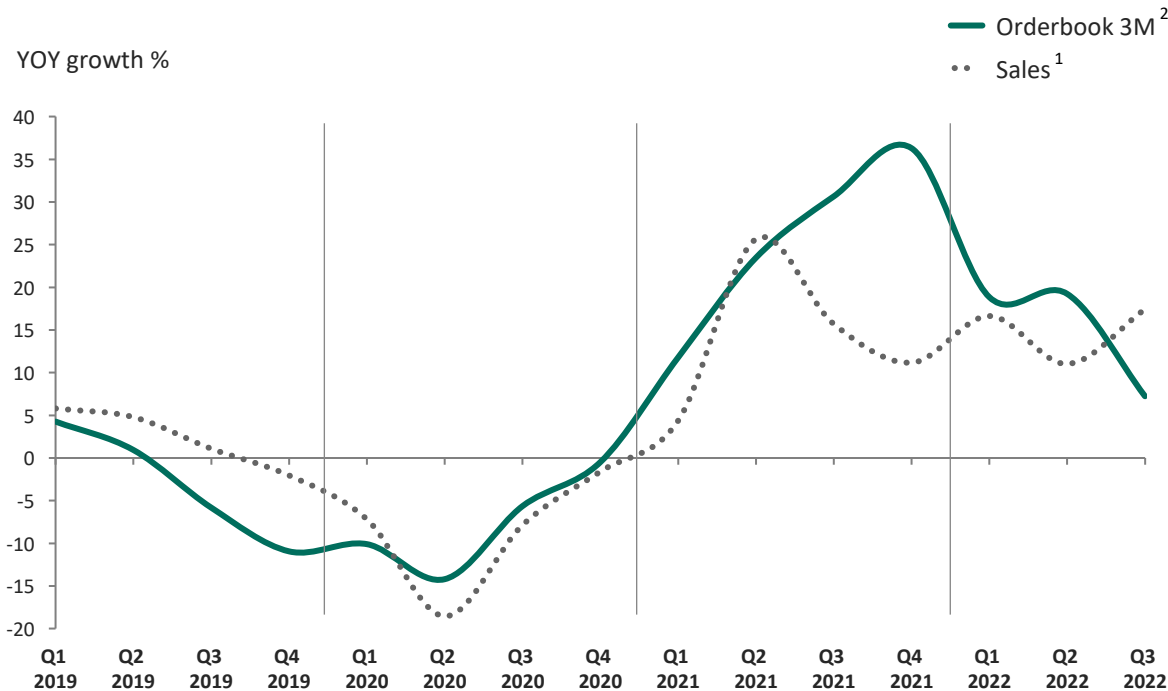
in EUR mn



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items

Industrial – Orderbook for Q3 still indicating growth; Strong growth in future-oriented business fields

Orderbook 3-month



<sup>1</sup> FX-adjusted product sales  
<sup>2</sup> The Orderbook 3M measures the value of customer orders which are due in the next three months. It is presented as a relative, FX-adjusted yoy growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

Business Highlights

**Lifetime Solutions**  
Roadshow presenting the entire portfolio of Schaeffler’s digital and innovative maintenance services



Becoming a market leader in **electromechanical automation** thanks to the Ewellix acquisition

Increasing exposure in sizeable and attractive growth fields

## Capital allocation – Capex prioritizing investments in growth business and regions, Capex ratio<sup>2</sup> of 5.2% in Q3

### Investment<sup>1</sup> allocation | in EUR mn

	FY 20	FY 21	Q3 21	Q3 22	9M 22
<b>Automotive Technologies</b>	378	428	126	147	345
<b>Automotive Aftermarket</b>	26	20	5	9	22
<b>Industrial</b>	234	223	67	62	156
<b>Schaeffler Group</b>	<b>639</b>	<b>670</b>	<b>198</b>	<b>219</b>	<b>522</b>
<b>Capex</b>	<b>632</b>	<b>671</b>	<b>215</b>	<b>219</b>	<b>551</b>
<b>Capex ratio<sup>2</sup></b>	<b>5.0%</b>	<b>4.8%</b>	<b>6.4%</b>	<b>5.2%</b>	<b>4.7%</b>
<b>Reinvestment Rate</b>	<b>0.7</b>	<b>0.7</b>	<b>0.9</b>	<b>1.0</b>	<b>0.8</b>

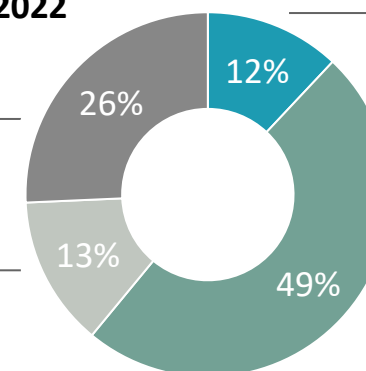
<sup>1</sup> Additions to intangible assets and property, plant and equipment | <sup>2</sup> Capex in % of sales

### Key aspects Q3 2022

- Reinvestment Rate Target: Continued prioritization of Industrial division and BD E-Mobility; <0.5 in BD Bearings and Engine & Transmission
- Automotive Technologies: Investments in production machinery and tools for E-motor components in China
- Industrial: New production line large size bearings and logistics hall in Romania and capacity expansion ball bearings hall in Vietnam
- Capex FY 2022e: Around EUR 750 mn

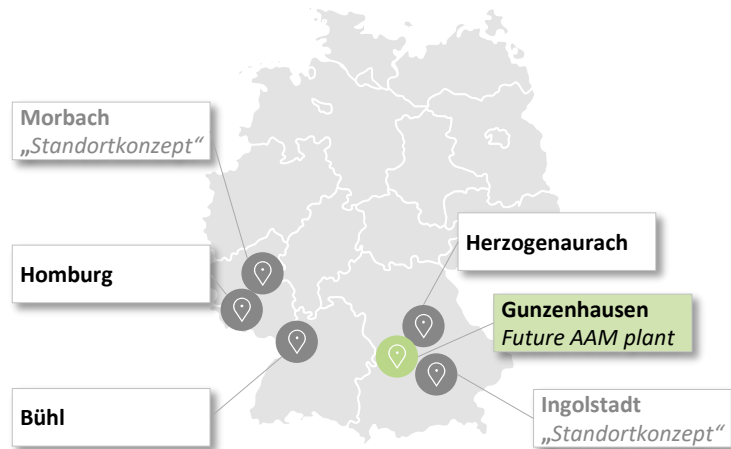
### Investments<sup>1</sup> by region 9M 2022 in EUR mn (yoy change)

Greater China	134 (+32)
Americas	70 (+16)



## Structural measures – We drive our transformation in particular in Automotive Technologies

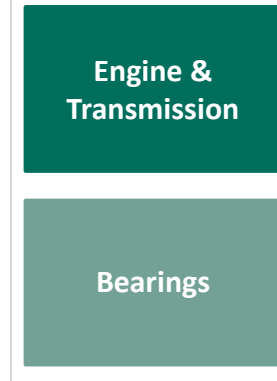
### Footprint & Headcount



- **Rightsizing Footprint** – Consolidate the footprint of our Bearings and Engine & Transmission businesses
- **Streamlining Overhead** – Right-size Overhead in Engine & Transmission, E-Mobility, Corporate Functions

### Executing our Strategy

#### Mature Business



#### New Business



- **Drive the transformation** – Extension of our structural measures introduced in September 2020
- **Manage the transition** – Improve the return of the Mature Business, fund growth & foster investment the New Business

### Indicative Financial Impact

**HCO Reduction:** ~1,300 HCO globally, thereof ~1,000 HCO in Germany

**Potential Annual Savings:** EUR ~100 mn

**One-off Transformation Costs:** EUR ~130 mn

- **Savings** – EBIT impact EUR ~100 mn p.a. to be largely achieved by end of 2026
- **Transformation costs** – EUR ~130 mn, provision will predominantly be booked in Q4 2022, majority of cash-out until 2025, ~90% of cost personnel related

**We adapt our structures further reducing overcapacities and fixed costs**

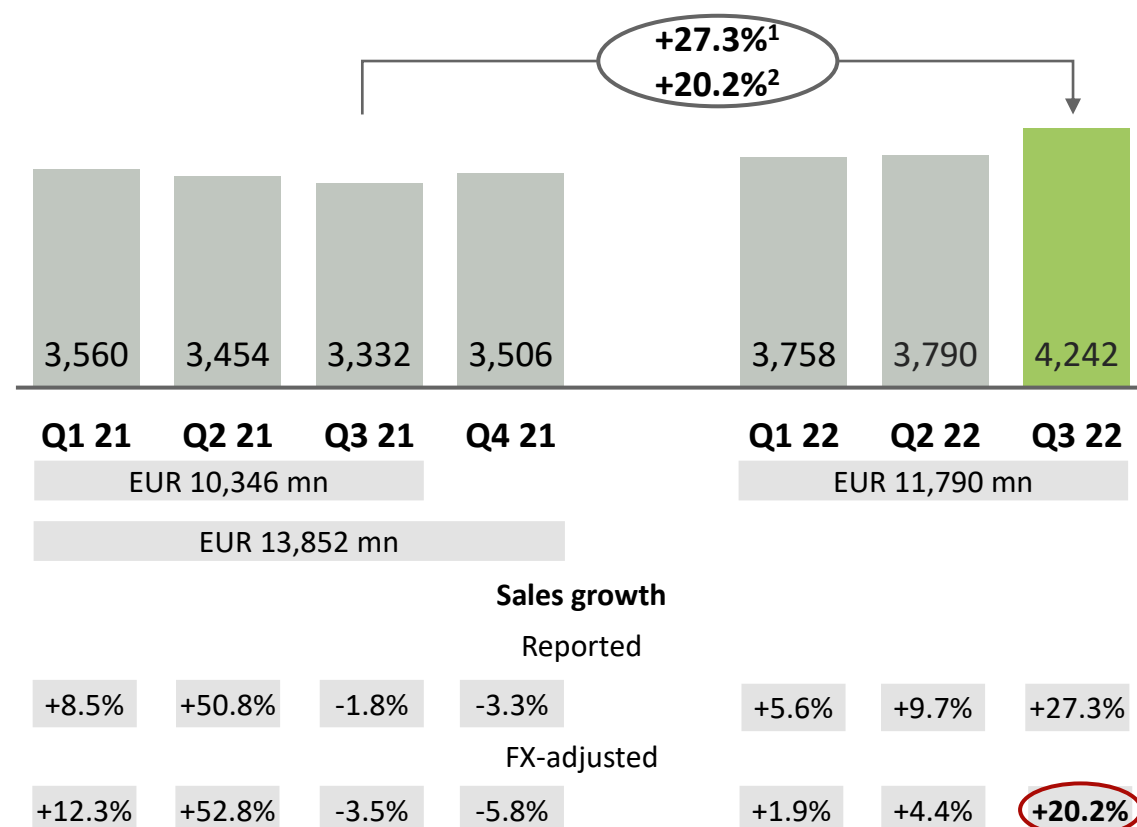
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## Sales – Strong growth in Q3 driven by all regions and divisions, all divisions achieving all-time high quarterly sales

### Sales | in EUR mn



<sup>1</sup> Reported | <sup>2</sup> FX-adjusted

### Key aspects

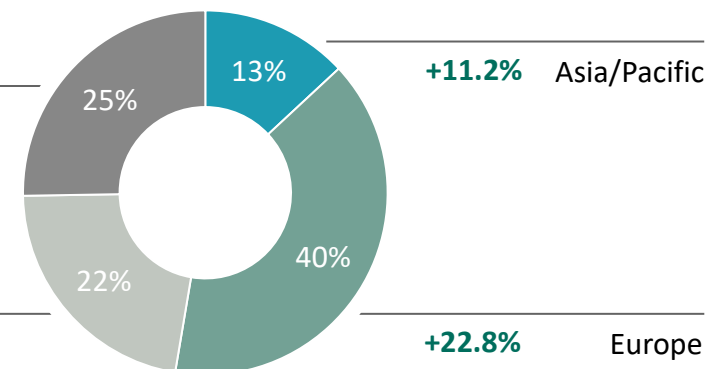
- Auto Technologies: Double-digit growth<sup>2</sup> in all regions and business divisions on low comps
- Auto Aftermarket: Growth<sup>2</sup> in all regions
- Industrial: Sixth consecutive quarters with double-digit growth<sup>2</sup> rates

### Sales by region Q3 2022

yoy growth<sup>2</sup>

Greater China +24.8%

Americas +16.3%



## Gross Profit – Positive pricing and volumes compensating higher production costs

### Gross Profit Q3 2021 vs. Q3 2022 | in EUR mn



### Key aspects

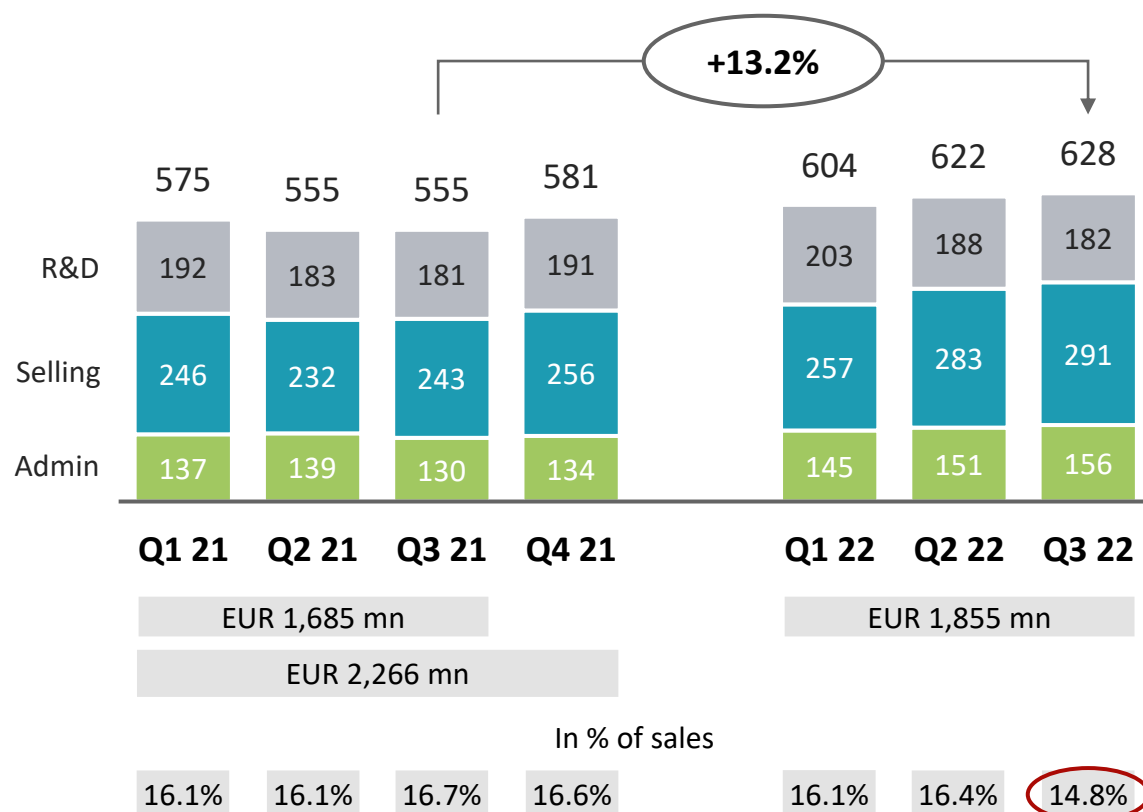
- Pricing: Sequentially improved in all divisions, price increases including retroactive lump sum payments in Auto Technologies in Q3
- Volumes: Strong increase in Auto Technologies and Industrial
- Production costs: Significantly higher yoy in all three divisions due to continued high input costs
- Energy costs: In 9M 2022 slightly above 2% of Group sales

### Gross margin

in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	19.6%	18.2%	-1.4pp	21.8%	17.7%	-4.0pp
Automotive Aftermarket	30.8%	31.7%	+0.9pp	31.5%	31.1%	-0.4pp
Industrial	28.9%	30.3%	+1.4pp	29.4%	30.0%	+0.5pp
Group	23.8%	23.2%	-0.6pp	25.1%	22.8%	-2.3pp

## Overhead costs – Cost ratio below previous year, continued high costs for freight and logistics

### Overhead costs | in EUR mn



### Key aspects

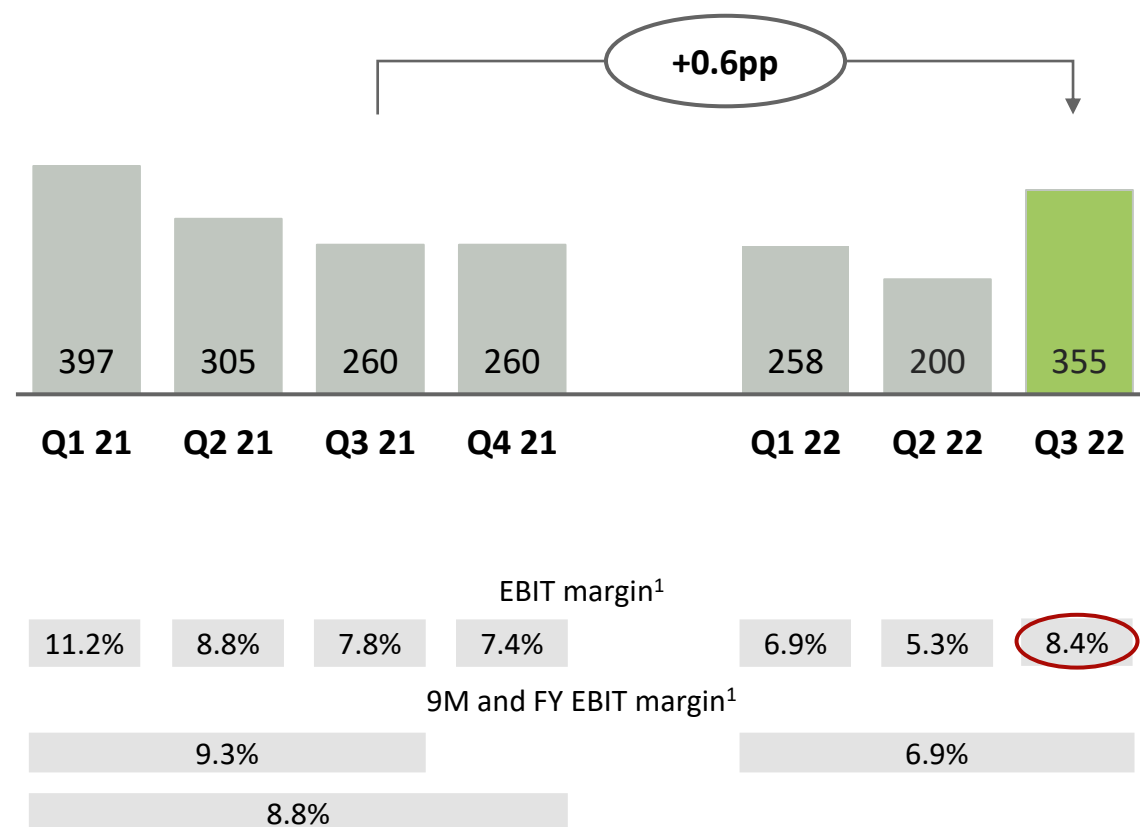
- R&D: In line with previous year
- Selling expenses: Increase yoy due to higher freight/logistics and warehousing costs due to volume and price; normalized marketing activities
- Admin cost: Rise yoy due to increased activities for IT & Digitalization

### Overhead cost ratio

in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	15.8%	12.8%	-3.0pp	15.1%	14.3%	-0.8pp
Automotive Aftermarket	17.2%	18.6%	+1.5pp	17.3%	18.4%	+1.2pp
Industrial	18.2%	17.5%	-0.7pp	18.5%	17.7%	-0.9pp
Group	16.7%	14.8%	-1.9pp	16.3%	15.7%	-0.6pp

## Robust EBIT margin<sup>1</sup> – Strong margin in Industrial and Aftermarket, Automotive Technologies margin improved

EBIT<sup>1</sup> | in EUR mn



<sup>1</sup> Before special items

### Key aspects

- Robust Q3 EBIT margin<sup>1</sup> of 8.4%
- Auto Technologies margin: Higher yoy and sequentially driven by positive volume and price effects, part of it related to retroactive price catch-up
- Auto Aftermarket margin: Sequentially improved but below prior year due to higher selling costs
- Industrial margin: Exceptionally strong Q3 margin, increase driven by positive scale and price effects

### EBIT margin<sup>1</sup>

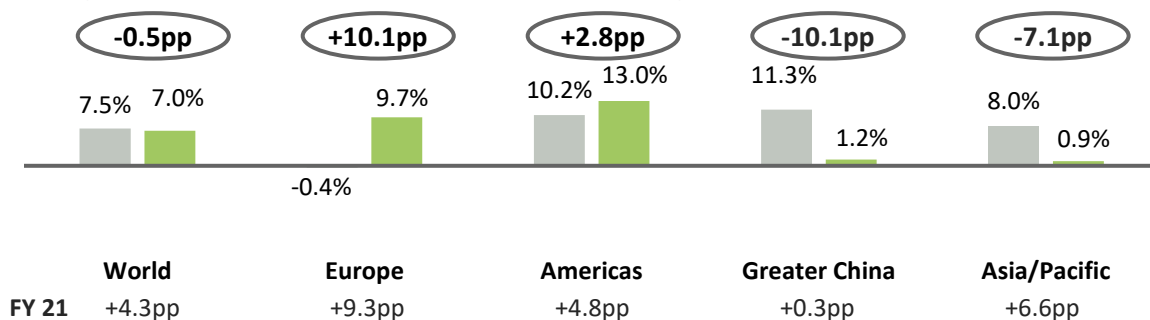
	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
in % of sales						
Automotive Technologies	4.0%	4.8%	+0.8pp	6.9%	3.0%	-3.9pp
Automotive Aftermarket	14.3%	13.1%	-1.2pp	14.7%	13.1%	-1.6pp
Industrial	12.3%	14.1%	+1.8pp	12.0%	12.5%	+0.5pp
Group	7.8%	8.4%	+0.6pp	9.3%	6.9%	-2.4pp

## Automotive Technologies – Continued strong growth<sup>1</sup> in New Business, EBIT margin<sup>2</sup> improved sequentially and yoy

### Sales by business division | yoy growth

	Q3 2021	Q3 2022	Δ <sup>1</sup>
E-Mobility	226	391	+62.6%
Engine & Transmission	1,073	1,381	+20.4%
Bearings	554	681	+16.7%
Chassis Systems	67	102	+47.3%
<b>Total</b>	<b>1,921</b>	<b>2,555</b>	<b>+25.2%</b>

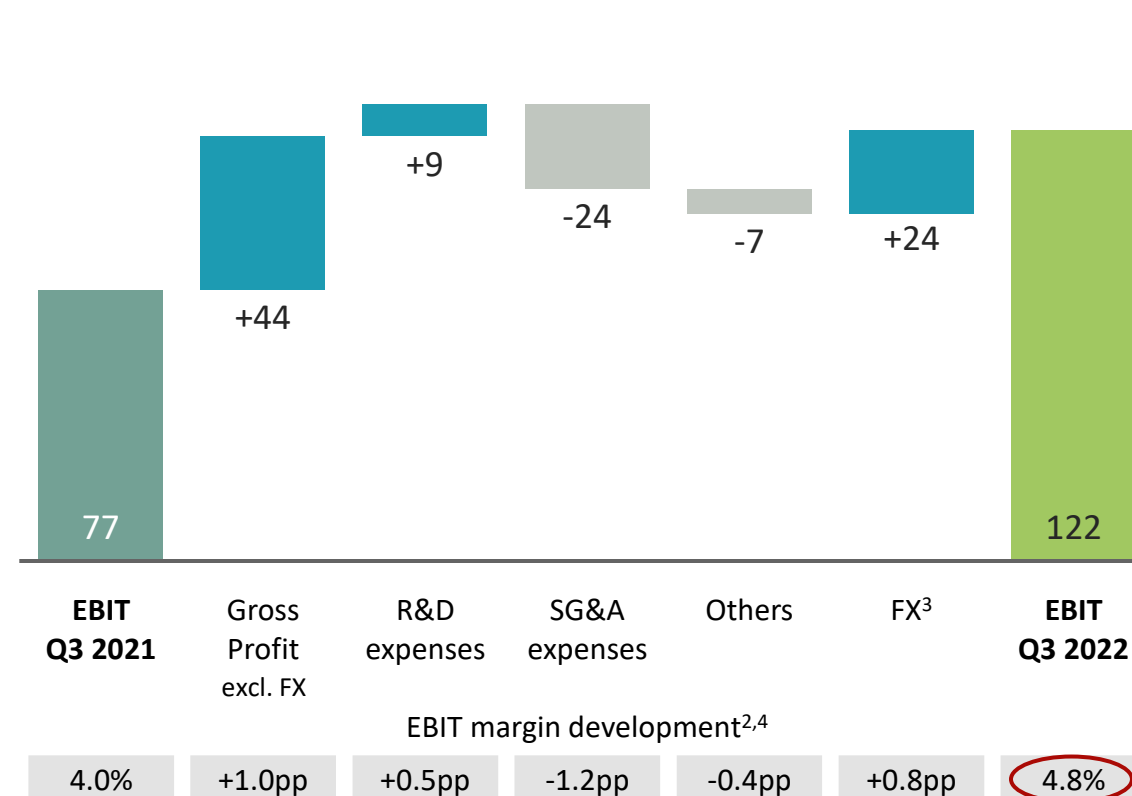
### Outperformance: Sales<sup>1</sup> vs. market development in 9M



Grey bar: Production of light vehicles 9M 2022 vs. 9M 2021 (S&P Global Mobility ©, October 2022)

Green bar: Sales growth Schaeffler Automotive Technologies 9M 2022 vs. 9M 2021

### EBIT<sup>2</sup> Q3 2021 vs. Q3 2022 | in EUR mn



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items

<sup>3</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

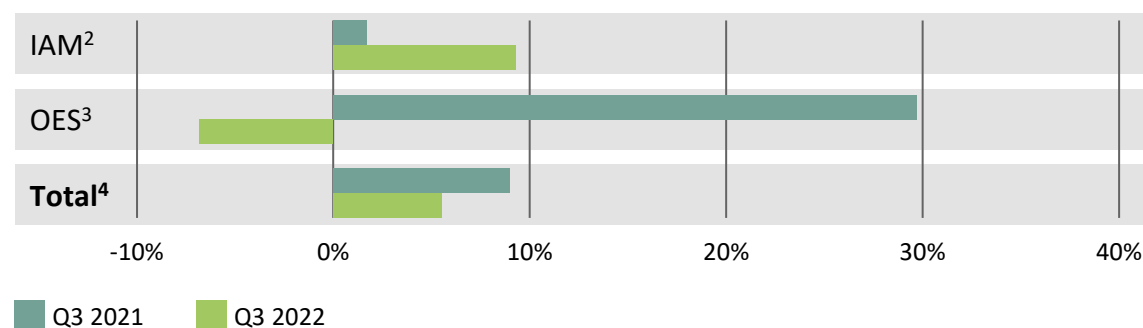
<sup>4</sup> Percentage values do not sum up due to isolated calculation of each individual effect

## Automotive Aftermarket – Moderate growth<sup>1</sup> driven by Europe and Greater China, EBIT margin<sup>5</sup> slightly lower in Q3 due to higher selling expenses

### Sales by region | yoy growth

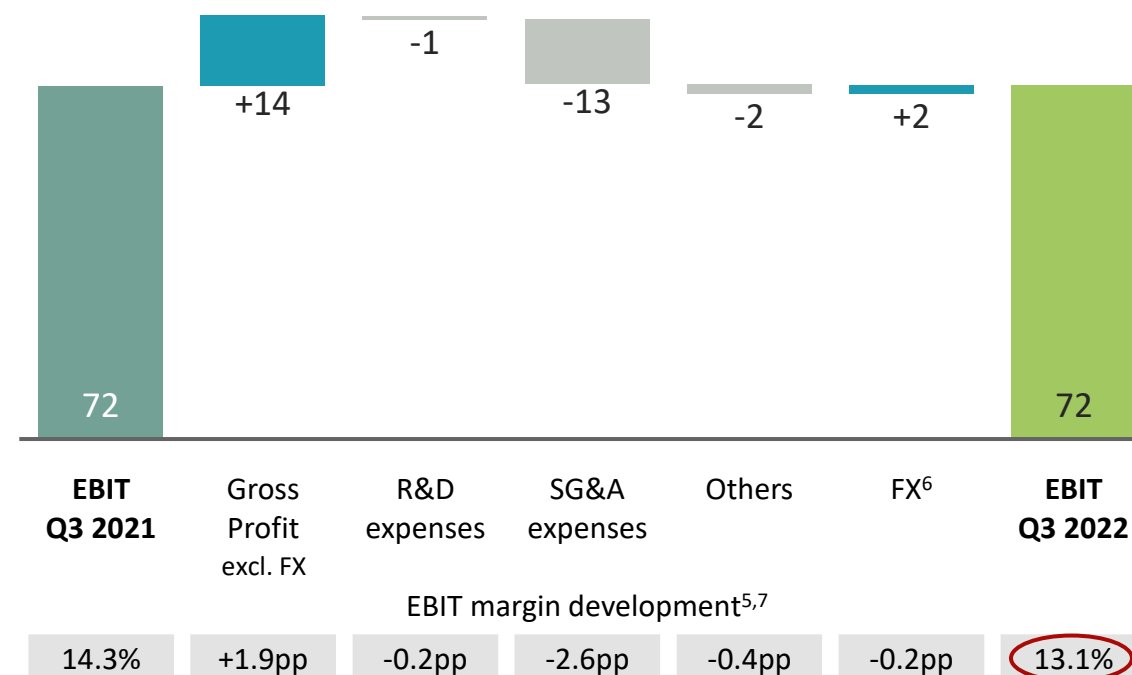
	Q3 2021	Q3 2022	Δ <sup>1</sup>
Europe	341	358	+5.4%
Americas	102	118	+0.6%
Greater China	27	37	+23.8%
Asia/Pacific	30	34	+7.6%
<b>Total</b>	<b>500</b>	<b>547</b>	<b>+5.5%</b>

### Automotive Aftermarket sales growth by channel<sup>1</sup>



<sup>1</sup> FX-adjusted | <sup>2</sup> Independent Aftermarket | <sup>3</sup> Original Equipment Service | <sup>4</sup> Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES | <sup>5</sup> Before special items

### EBIT<sup>5</sup> Q3 2021 vs. Q3 2022 | in EUR mn



<sup>6</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

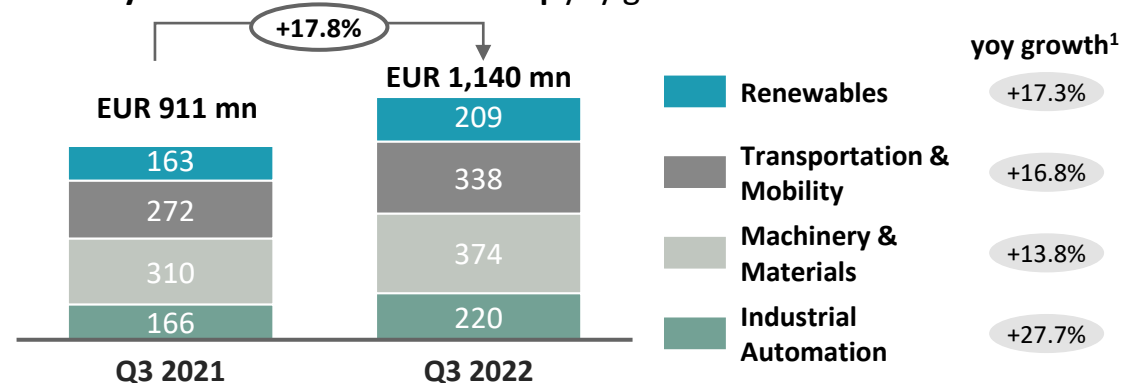
<sup>7</sup> Percentage values do not sum up due to isolated calculation of each individual effect

# Industrial – Strong growth<sup>1</sup> continued, EBIT margin<sup>2</sup> increase driven by both price and volume effects

## Sales by region | yoy growth

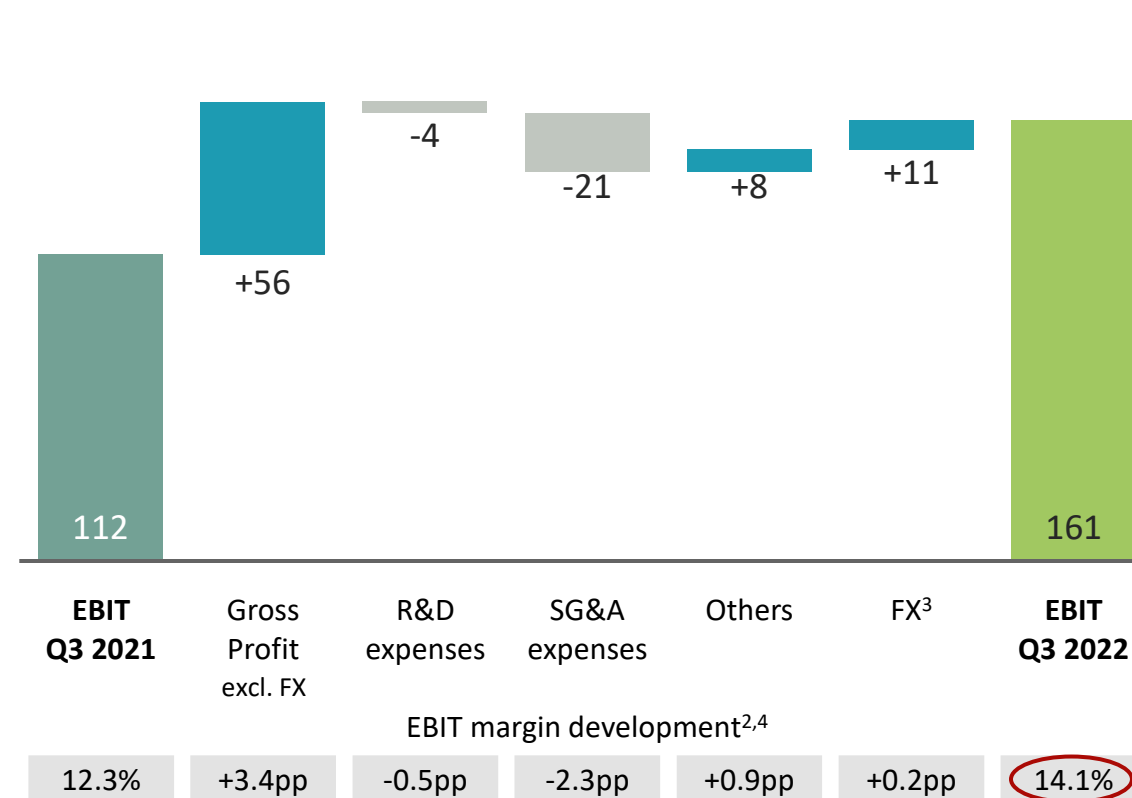
	Q3 2021	Q3 2022	Δ <sup>1</sup>
Europe	372	438	+19.1%
Americas	151	194	+10.9%
Greater China	250	348	+25.3%
Asia/Pacific	138	160	+8.3%
<b>Total</b>	<b>911</b>	<b>1,140</b>	<b>+17.8%</b>

## Sales by Industrial market cluster | yoy growth



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items

## EBIT<sup>2</sup> Q3 2021 vs. Q3 2022 | in EUR mn

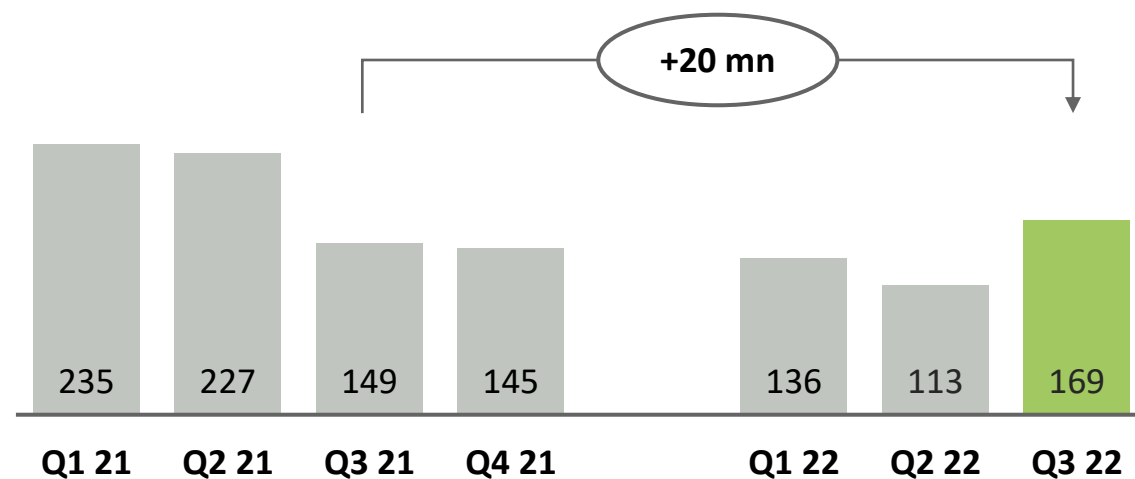


<sup>3</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

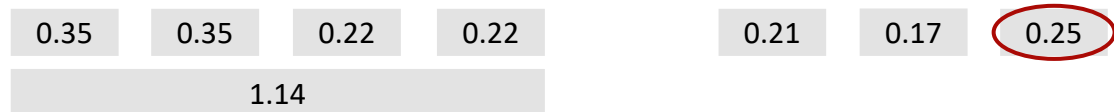
<sup>4</sup> Percentage values do not sum up due to isolated calculation of each individual effect

# Net Income<sup>1</sup> – EPS<sup>2</sup> at EUR 0.25, ROCE<sup>3</sup> reached 12.4%

## Net income<sup>1</sup> | in EUR mn



## EPS<sup>2</sup> | in EUR

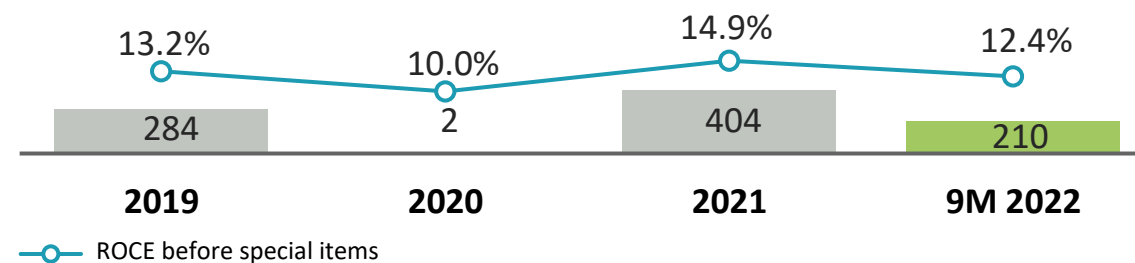


<sup>1</sup> Attributable to the shareholders of the parent company | <sup>2</sup> Earnings per common non-voting share

## Key aspects

- Q3 2022 Net income<sup>1</sup> follows higher EBIT
- 9M ROCE<sup>3</sup> improved vs. H1 2022 by 0.8pp
- SVA<sup>4</sup> approaching 2019 pre-Covid levels

## ROCE<sup>3</sup> and Schaeffler Value Added<sup>4</sup> | in EUR mn

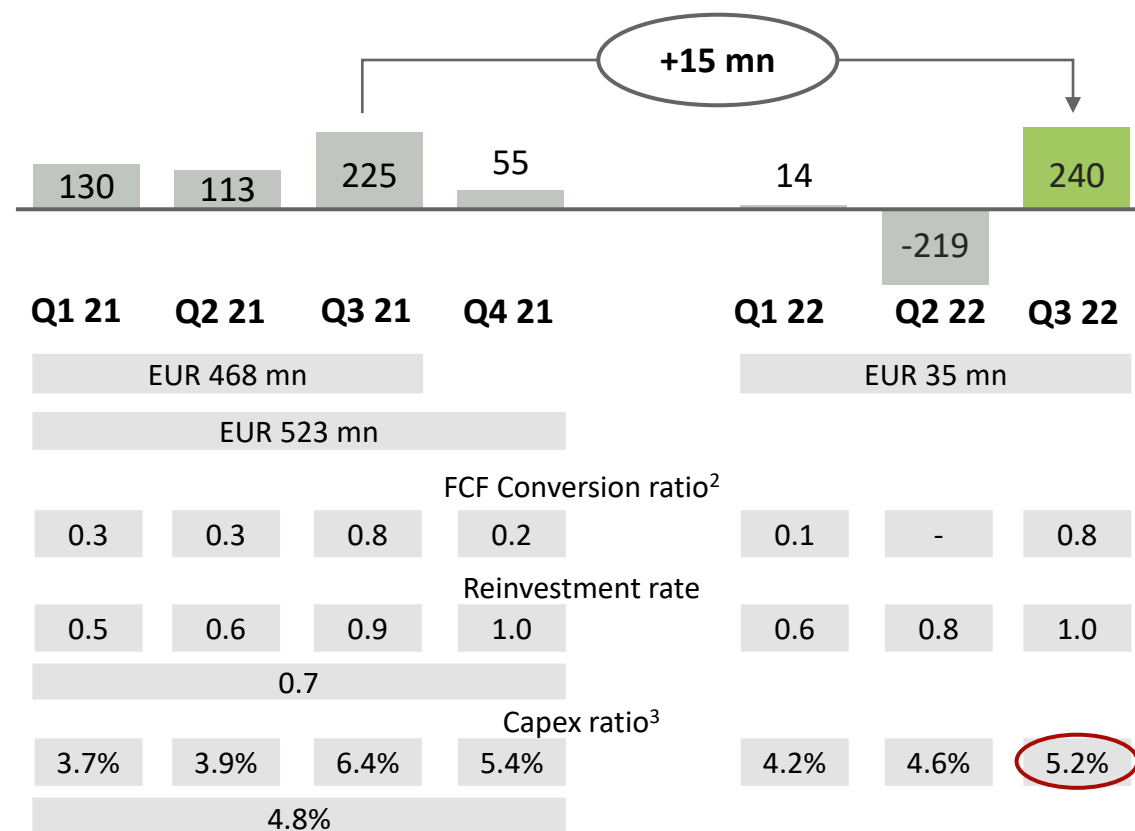


<sup>3</sup> Before special items | <sup>4</sup> LTM EBIT before special items minus Cost of Capital (10% × Ø Capital Employed)



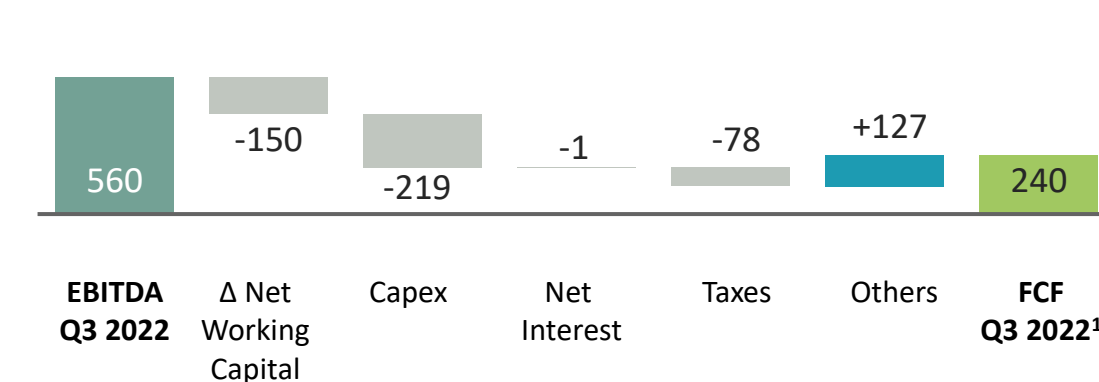
## Free Cash Flow – Strongly positive in Q3, increased EBITDA compensated outflows for Working Capital and Capex

### Free Cash Flow before M&A<sup>1</sup> | in EUR mn



<sup>1</sup> Before cash in- and outflows for M&A activities | <sup>2</sup> Ratio FCF before M&A to EBIT reported – Only applicable if FCF and EBIT positive | <sup>3</sup> Capex in % of sales

### Reconciliation Q3 2022 | in EUR mn



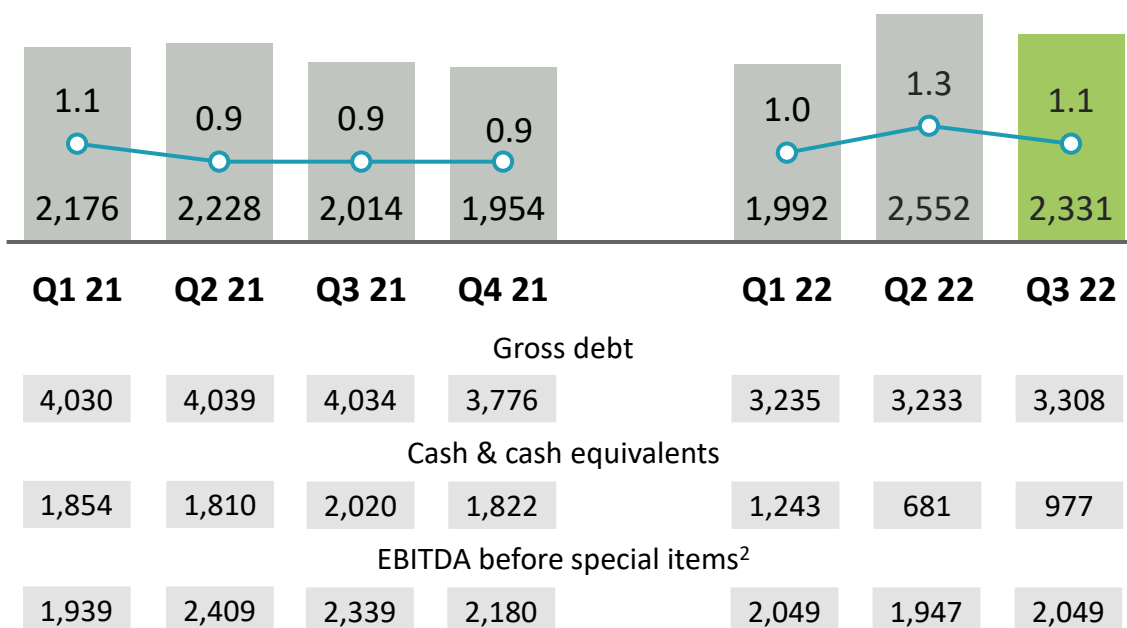
### FCF Details | in EUR mn

	Q3 2021	Q3 2022	Δ Q3 22/21	9M 2021	9M 2022	Δ 9M 22/21
FCF as reported	215	197	-18	457	-68	-525
M&A	10	43	+33	11	104	+93
FCF before M&A	225	240	+15	468	35	-433
Legal cases	-2	-8	-6	-4	-17	-13
Restructuring	75	45	-30	276	249	-27
Others	3	0	-3	9	0	-9
Financing	0	-15	-15	0	-31	-31
FCF bef. M&A and sp. items	301	262	-39	749	237	-512

## Net debt of EUR 2.3 bn – Leverage ratio<sup>1</sup> at 1.1x and solid liquidity position

### Net financial debt and Leverage ratio<sup>1</sup> | in EUR mn

—○— Leverage ratio<sup>1</sup>



<sup>1</sup> Net financial debt to EBITDA ratio before special items | <sup>2</sup> LTM | <sup>3</sup> Excluding restricted cash

### Key aspects

- Increased Revolving Credit Facility from EUR 1.8 bn to EUR 2.0 bn with maturity earliest in November 2027
- Secured EUR 500 mn 5-year Term Loan to finance Ewellix acquisition
- No maturities until March 2024

### Solid liquidity situation

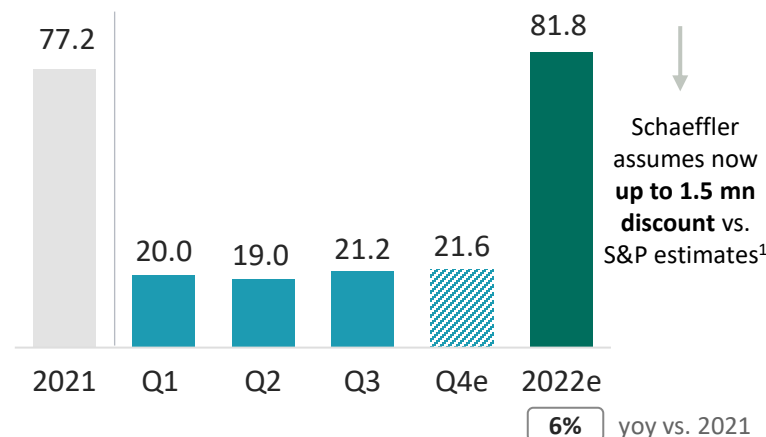
- Cash and unused committed credit lines on Group level of around EUR 1.9 bn as per end of September, available liquidity<sup>3</sup> 17% of LTM Net Sales

## Agenda

- 1 Overview
- 2 Business Highlights Q2 and H1 2022
- 3 Financial Results Q2 and H1 2022
- 4 Outlook

## Market assumptions – What changed in our market assumptions since August

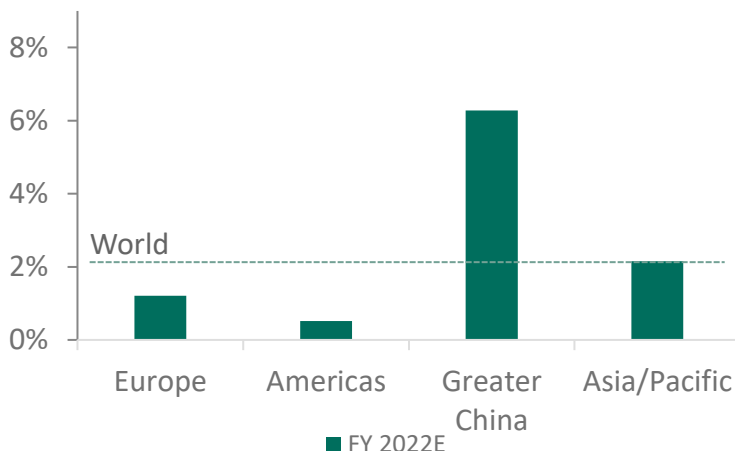
### Automotive Technologies – Global LVP<sup>1</sup> 2022



- Schaeffler market assumption at the Q2 release was ~77 mn vehicles (-3.8 mn discount to S&P, July 2022)
- Based on solid Q3 market development, Schaeffler expects a growth of 4-6% (80.3 to 81.8 mn for 2022). Lower discount vs. latest S&P<sup>1</sup>, now up to 1.5 mn
- Market risks due to supply disruptions, market uncertainties still remain. However, now impact clearly limited for the remainder of 2022

<sup>1</sup> Light Vehicle Production (S&P Global Mobility ©, October 2022)

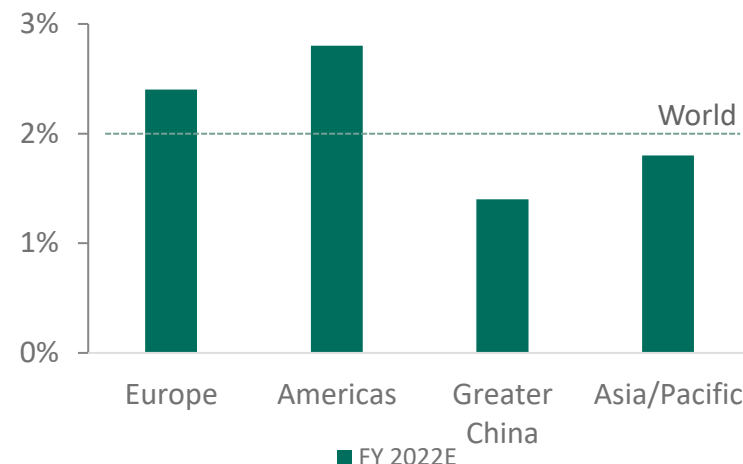
### Automotive Aftermarket – Global LV Parc<sup>2</sup>



- Growth of Global LV Parc<sup>2</sup> with 2.1% for 2022 slightly lower than 2021 (2.4%) at slightly higher average age of 10.3 (2021: average age of 10.1 years) due to lower sales of new cars, in conjunction with lower replacement rate of vehicles in operation
- Highest growth is expected for region Greater China (6.3%); lowest for Americas (0.5%) due to the stagnation of new car registrations

<sup>2</sup> Light Vehicle Parc for Passenger Cars and Light Commercial Vehicle <3.5t (S&P Global Mobility ©, June 2022)

### Industrial – Industrial Production<sup>3</sup>



- Growth of **Global Industrial Production<sup>3</sup>** set to slow sharply to ~**2.0% in 2022** (2021: 11.9%) against backdrop of fallout from war in Ukraine (incl. soaring energy prices) and renewed lockdowns in China
- All regions face marked deceleration of growth in 2022, especially **Greater China (1.4%)**

<sup>3</sup> Industrial Production (Oxford Economics, Sept 2022)  
Sectors considered: Mechanical Engineering (NACE 28), Transport Equipment (NACE 30), Electrical Equipment (NACE 27.1)

## FY 2022 Guidance – Outlook for all metrics confirmed, confident in reaching the upper end of Group ranges

### Group Guidance

	Actuals FY 2021	Guidance FY 2022
<b>Sales growth<sup>1</sup></b>	10.2%	<b>6 - 8%</b>
<b>EBIT margin<sup>2</sup></b>	8.8%	<b>5 - 7%</b>
<b>Free Cash Flow<sup>3</sup></b>	EUR 523 mn	<b>&gt; EUR 250 mn</b>

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Before cash in- and outflows for M&A activities

<sup>4</sup> LVP (S&P Global Mobility ©, October 2022)

<sup>5</sup> LV Parc for PC and LCV <3.5t (S&P Global Mobility ©, June 2022 )

### Divisional Guidance

Automotive Technologies		Automotive Aftermarket		Industrial	
Actuals FY 2021	Guidance FY 2022	Actuals FY 2021	Guidance FY 2022	Actuals FY 2021	Guidance FY 2022
Out-performance 430 bps	<b>Out-performance 200 - 500 bps</b>	13.9%	<b>Moderate growth</b>	14.2%	<b>Considerable growth</b>
6.4%	<b>&gt; 2.5%</b>	13.9%	<b>&gt; 12%</b>	11.8%	<b>&gt; 11%</b>

### Market assumptions for 2022

- Automotive Technologies: LVP 2022 with up to 1.5 mn discount vs. latest S&P estimate<sup>4</sup> of 81.8 mn LVP's
- Automotive Aftermarket: Growth of Global LV Parc<sup>5</sup> of 2.1%
- Industrial: Increase of relevant industrial production of ~2%

## Conclusion & Outlook

- 1 Strong Q3 performance across all key metrics – Strongest quality of earnings in Industrial, followed by Automotive Aftermarket and Automotive Technologies

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- 2 While managing the current headwinds, we actively manage our portfolio – Growing the New and harvesting the Mature Business in Auto Technologies and capturing external growth opportunities in Industrial

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- 3 We manage our costs in the short-term and with additional structural measures – Strong cash generation and robust balance sheet are key to weather the complex environment

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- 4 Guidance confirmed for FY 2022 – Good performance in current trading points to the upper end of FY 2022 Group Guidance

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- 5 Macroeconomic and geopolitical headwinds dominate the picture heading into 2023 – We focus on efficiency and step-up preparedness to navigate complex environment and drive execution



**We drive our  
transformation and  
execute our strategy**

## Financial calendar and selected IR events

### Roadshows & Conferences – With Top Management participation

Nov 9	Roadshow – <i>Frankfurt, DACH, Deutsche Bank</i>
Nov 16-17	Conference – <i>Paris, BNPP Exane, MidCap CEO</i>
Jan 12	Conference – <i>London, C-Suite SMD, BofA</i>
Jan 17	Conference – <i>Frankfurt, Kepler German Corporate</i>

### Financial calendar 2022/2023

Nov 8	9M 2022 Earnings Release
Mar 7	FY 2022 Earnings Release
Apr 20	AGM
May 9	Q1 2023 Earnings Release
Aug 2	H1 2023 Earnings Release
Nov 8	9M 2023 Earnings Release

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We pioneer motion

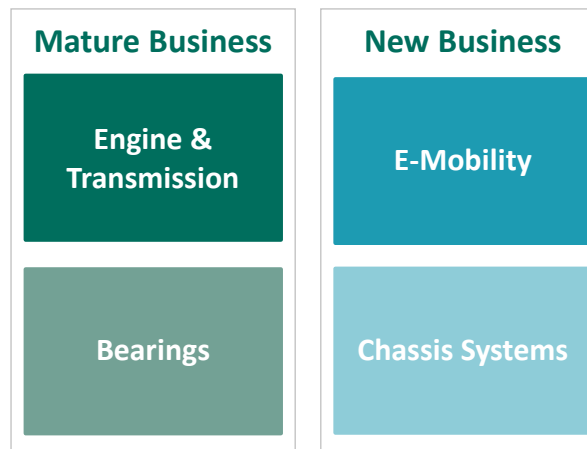


## Automotive Technologies – Schaeffler AG has acquired the remaining 10% stake in Schaeffler Paravan

### Where we stand

- In June 2018 the Joint Venture Schaeffler Paravan Technologie GmbH und Co. KG was established
- Its goal was the further development of Paravan's SPACE DRIVE drive-by-wire technology and the development and sale of mobility systems
- The JV agreement included a clause allowing Schaeffler to take full ownership of the company at a later date by acquiring Roland Arnold's 10% stake
- On October 13, 2022, Schaeffler signed an agreement to acquire the remaining 10% of the shares in Schaeffler Paravan Technologie GmbH & Co. KG
- Upon closing of the transaction on October 14, 2022, the former JV will be fully acquired by the Schaeffler Group

### We execute our Strategy



- Investing in our New Business with E-Mobility in CO<sub>2</sub>-efficient drives, and also increasingly in Chassis with innovative applications
- Continuing to build its Chassis Business division into a key center for integrating chassis systems for automotive volume production and new forms of mobility

### Financial Impact<sup>1</sup>

- As part of the transaction, the ~70 employees will join Schaeffler Group. Cooperation with existing customers and partners will continue
- Consideration payable amounts to EUR 74 mn
- Furthermore, there are conditional purchase price payment obligations depending on the sales development in the years 2028-2030
- Purchase price allocation not yet available

<sup>1</sup> For further details, please refer to Events after the reporting period of the Q3 Interim Statement

## **External headwinds**

- The macroeconomic, geopolitical and political situation remains exceptionally severe, complex and unprecedented
- Supply chain constraints may change, but still impact on the availability and price developments of raw materials, logistics and energy
- Inflationary pressures on companies and households, interest rates developments, GDP contraction phasing in the different regions may compress purchasing power of end consumers and hence distort demand in the value chain also for BTB goods and services
- Lastly, the still lingering pandemic risk adds to the uncertainties for the remainder of the year

## Equity Story – Positioning Schaeffler for long-term value creation

- 1 Roadmap 2025 in execution – Focus on capital allocation, portfolio management and FCF generation
- 2 Automotive Technologies – Conquer leadership positions in New Business for electrified Powertrains and Chassis applications
- 3 Automotive Aftermarket – Maintain a high margin level, expand our share of wallet and reach
- 4 Industrial – Enter attractive growth fields, further enhance profitability
- 5 Financial Framework – Strict performance orientation based on Mid-term Targets
- 6 Sustainability – Fully committed to activate all impact levers to achieve sustainability goals

**Creating long-term  
value and generating  
Free Cash Flow**

## Ancillary comments to support the Equity Story

Additional KPIs	FY 2022	Comments
Order Intake E-Mobility	EUR 2 - 3 bn	Starting from 2022 the new target of EUR 2 - 3 bn applies
Capex	Around EUR 750 mn	Focus areas include Digitalization, Sustainability, Innovation & Technology and investments in New Business
Restructuring cash-out	Up to EUR 300 mn	Significant portion of extraordinary restructuring expenses in 2022 expected leading to prudent FCF guidance
Dividend Payout Policy	30 - 50%	Dividend payout ratio <sup>2</sup> ; In April 2022 dividend payment of EUR 328 mn for FY 2021 (44% payout ratio)
Leverage ratio <sup>1</sup>	1.25x - 1.75x	Leverage ratio 2022 in line with Mid-term Targets
Average Tax rate	28 - 32%	Overall effective tax rate in line with pre-Covid years
FX rates		US Dollar, Chinese Renminbi and Mexican Peso are the main exposures

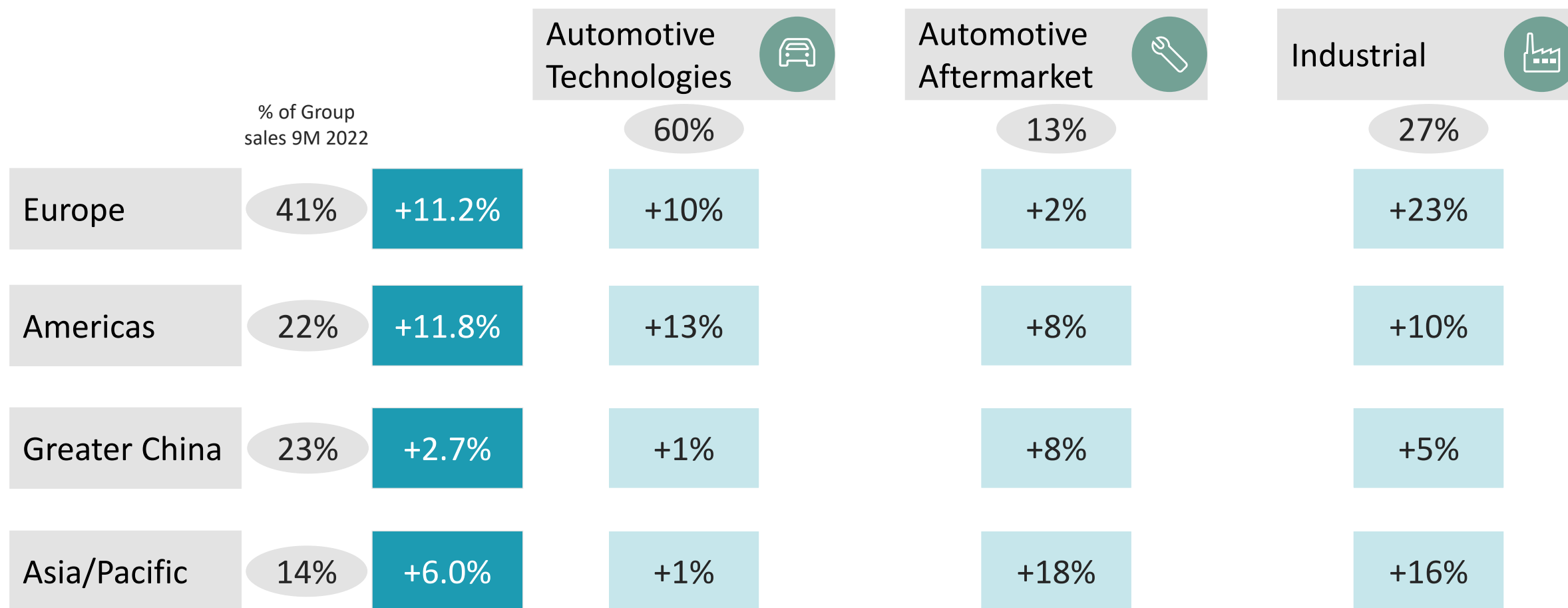
<sup>1</sup> Net financial debt to EBITDA ratio before special items | <sup>2</sup> in % of Net income attributable to shareholders before special items

## Key figures Q3 and 9M 2022

in EUR mn	Q3 2021	Q3 2022	Q3 2022 vs. Q3 2021	9M 2021	9M 2022	9M 2022 vs. 9M 2021
<b>Sales</b>	3,332	4,242	+27.3% +20.2% <sup>1</sup>	10,346	11,790	+14.0% +8.7% <sup>1</sup>
<b>Gross Profit</b>	793	984	+191 mn	2,593	2,687	+94 mn
<b>Gross margin</b>	23.8%	23.2%	-0.6pp	25.1%	22.8%	-2.3pp
<b>EBIT<sup>2</sup></b>	260	355	+95 mn	962	813	-149 mn
<b>EBIT margin<sup>2</sup></b>	7.8%	8.4%	+0.6pp	9.3%	6.9%	-2.4pp
<b>Net income<sup>3</sup></b>	149	169	+20 mn	611	417	-194 mn
<b>EPS<sup>4</sup> (in EUR)</b>	0.22	0.25	+0.03	0.92	0.63	-0.29
<b>Schaeffler Value Added<sup>5</sup></b>	557	210	-347 mn	557	210	-347 mn
<b>ROCE<sup>6</sup></b>	16.8%	12.4%	-4.4pp	16.8%	12.4%	-4.4pp
<b>Free Cash Flow<sup>7</sup></b>	225	240	+15 mn	468	35	-433 mn
<b>Capex</b>	215	219	+4 mn	482	551	+69 mn
<b>Net financial debt</b>	2,014	2,331	+317 mn	2,014	2,331	+317 mn
<b>Leverage ratio<sup>8</sup></b>	0.9x	1.1x	+0.2x	0.9x	1.1x	+0.2x
<b>Headcount</b>	83,935	82,702	-1.5%	83,935	82,702	-1.5%

<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items | <sup>3</sup> Attributable to shareholders of the parent company | <sup>4</sup> Earnings per common non-voting share | <sup>5</sup> Defined as EBIT before special items LTM minus Cost of Capital (10% × Ø Capital Employed) | <sup>6</sup> Before special items, LTM | <sup>7</sup> Before cash in- and outflows for M&A activities | <sup>8</sup> Net financial debt to EBITDA ratio before special items

## 9M 2022 Sales<sup>1</sup> development – All regions and divisions contributed to growth

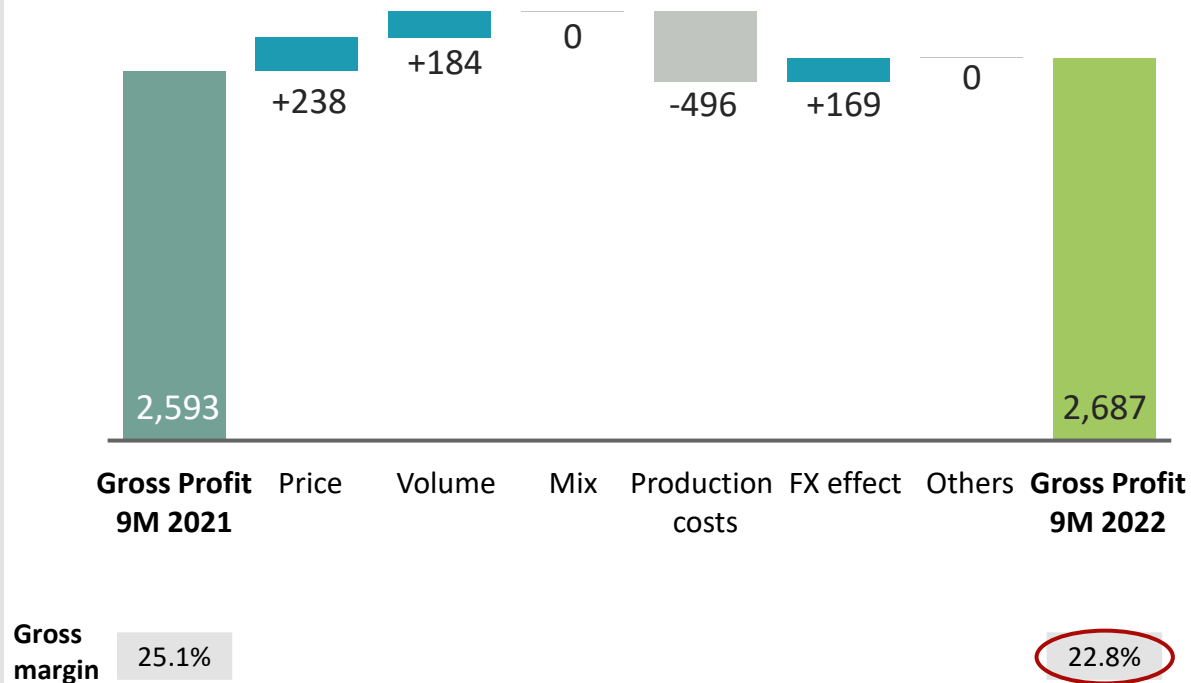


<sup>1</sup> 9M FX-adjusted sales growth, please refer to the Interim Statement for further details

  9M Sales growth<sup>1</sup>

## Gross Profit – Positive pricing and increased volumes partially compensating higher production costs

### Gross Profit 9M 2021 vs. 9M 2022 | in EUR mn



### Key aspects

- Pricing: Sequentially further improved in all divisions during 2022
- Volumes: Strong increase in Q3 in Auto Technologies and Industrial
- Production costs: Significantly higher yoy in all three divisions due to continued high input costs

### Gross margin

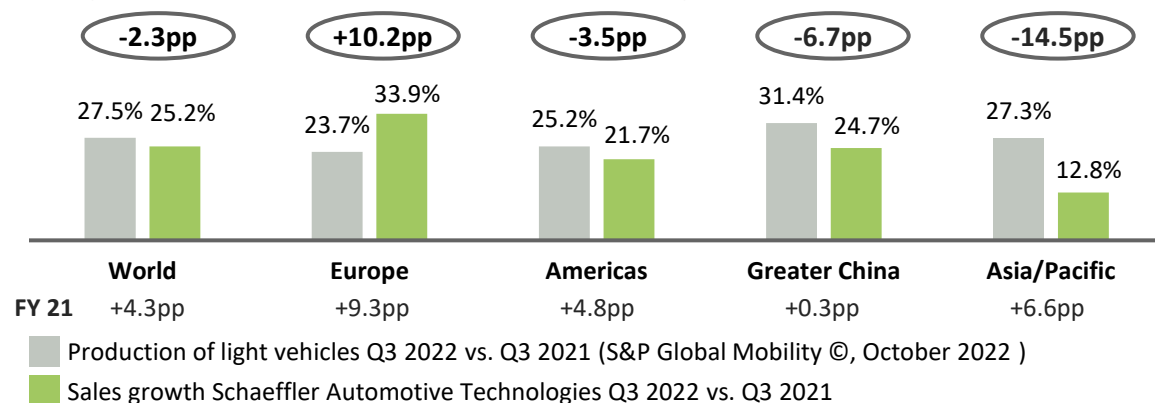
in % of sales	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
Automotive Technologies	19.6%	18.2%	-1.4pp	21.8%	17.7%	-4.0pp
Automotive Aftermarket	30.8%	31.7%	+0.9pp	31.5%	31.1%	-0.4pp
Industrial	28.9%	30.3%	+1.4pp	29.4%	30.0%	+0.5pp
Group	23.8%	23.2%	-0.6pp	25.1%	22.8%	-2.3pp

## Automotive Technologies – Continued growth<sup>1</sup> in New Business, EBIT margin<sup>2</sup> down yoy due to higher input costs

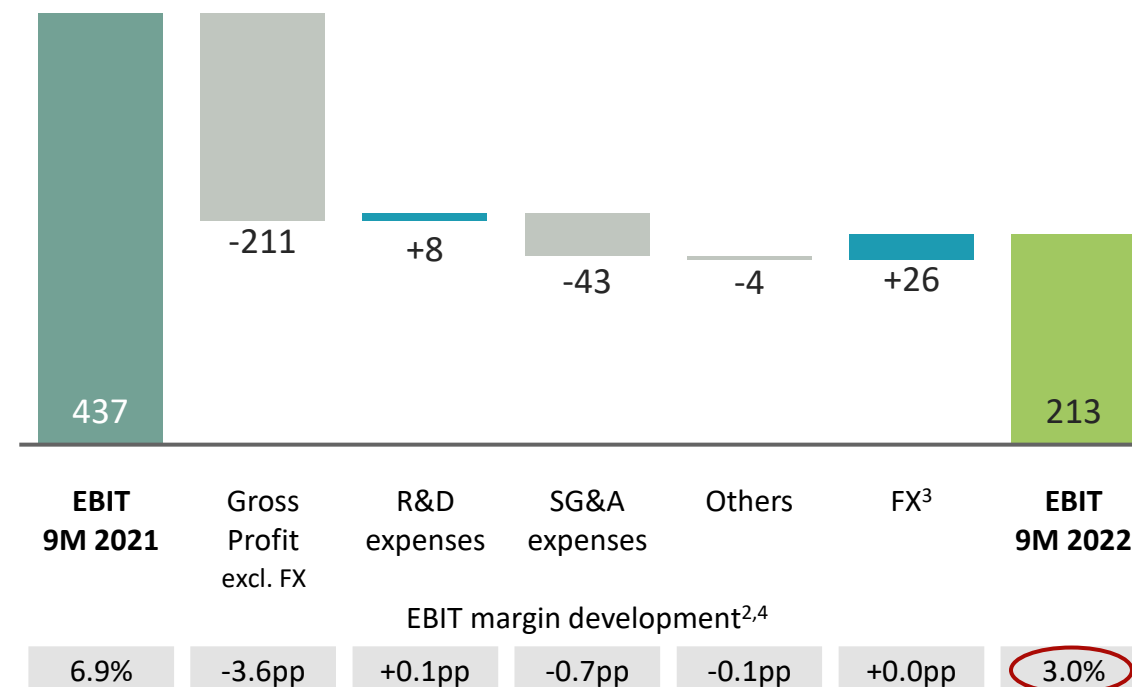
### Sales by business division | yoy growth

	9M 2021	9M 2022	Δ <sup>1</sup>
E-Mobility	732	991	+28.4%
Engine & Transmission	3,499	3,849	+4.0%
Bearings	1,845	1,955	+1.7%
Chassis Systems	210	274	+28.1%
<b>Total</b>	<b>6,286</b>	<b>7,070</b>	<b>+7.0%</b>

### Outperformance: Sales<sup>1</sup> vs. market development in Q3



### EBIT<sup>2</sup> 9M 2021 vs. 9M 2022 | in EUR mn



<sup>1</sup> FX-adjusted | <sup>2</sup> Before special items

<sup>3</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

<sup>4</sup> Percentage values do not sum up due to isolated calculation of each individual effect

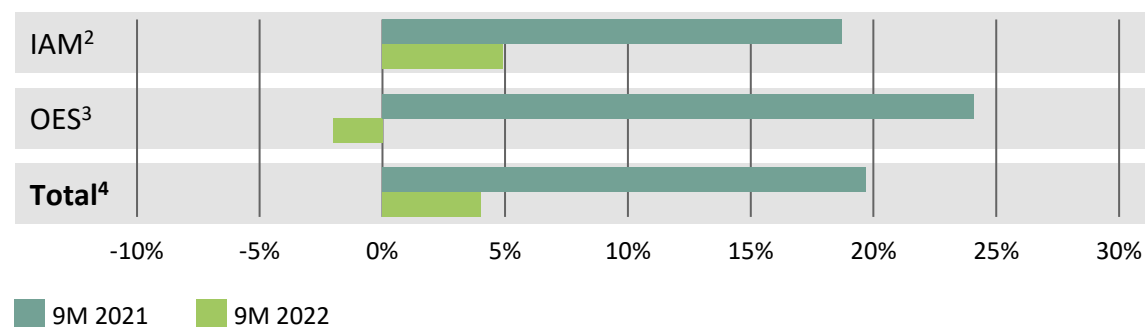


## Automotive Aftermarket – Moderate growth<sup>1</sup>, EBIT margin<sup>5</sup> down yoy due to higher selling costs

### Sales by region | yoy growth

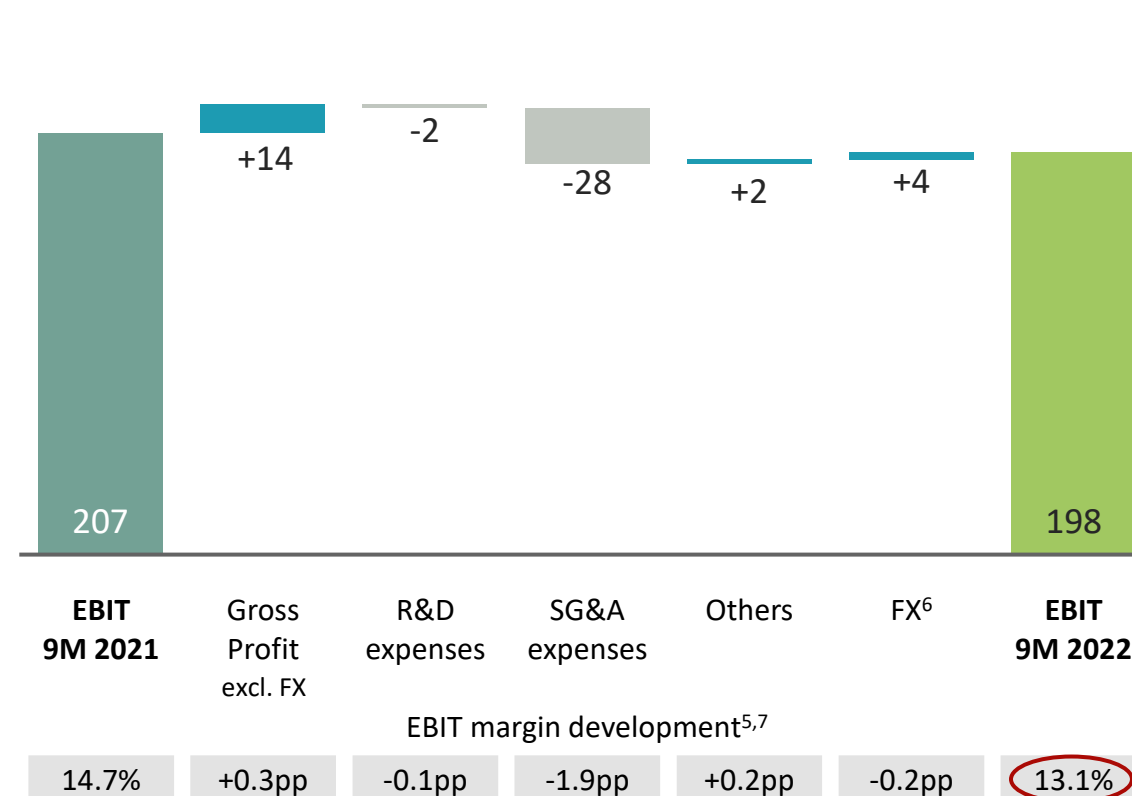
	9M 2021	9M 2022	Δ <sup>1</sup>
Europe	985	1,000	+1.6%
Americas	271	327	+7.6%
Greater China	78	92	+8.1%
Asia/Pacific	78	97	+17.8%
<b>Total</b>	<b>1,411</b>	<b>1,516</b>	<b>+4.0%</b>

### Automotive Aftermarket sales growth by channel<sup>1</sup>



<sup>1</sup> FX-adjusted | <sup>2</sup> Independent Aftermarket | <sup>3</sup> Original Equipment Service | <sup>4</sup> Contains E-Commerce sales and sales to Automotive suppliers in addition to IAM and OES | <sup>5</sup> Before special items

### EBIT<sup>5</sup> 9M 2021 vs. 9M 2022 | in EUR mn



<sup>6</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

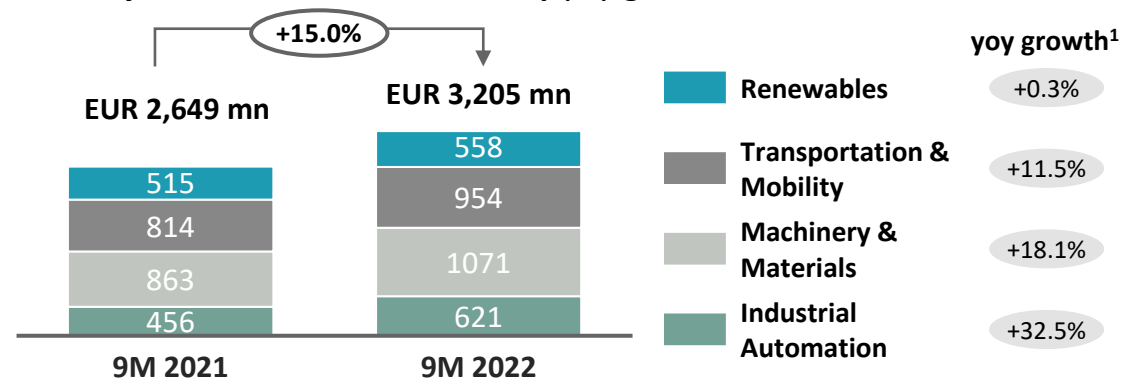
<sup>7</sup> Percentage values do not sum up due to isolated calculation of each individual effect

# Industrial – Double-digit<sup>1</sup> top line growth, EBIT margin<sup>2</sup> increased despite input cost headwinds

## Sales by region | yoy growth

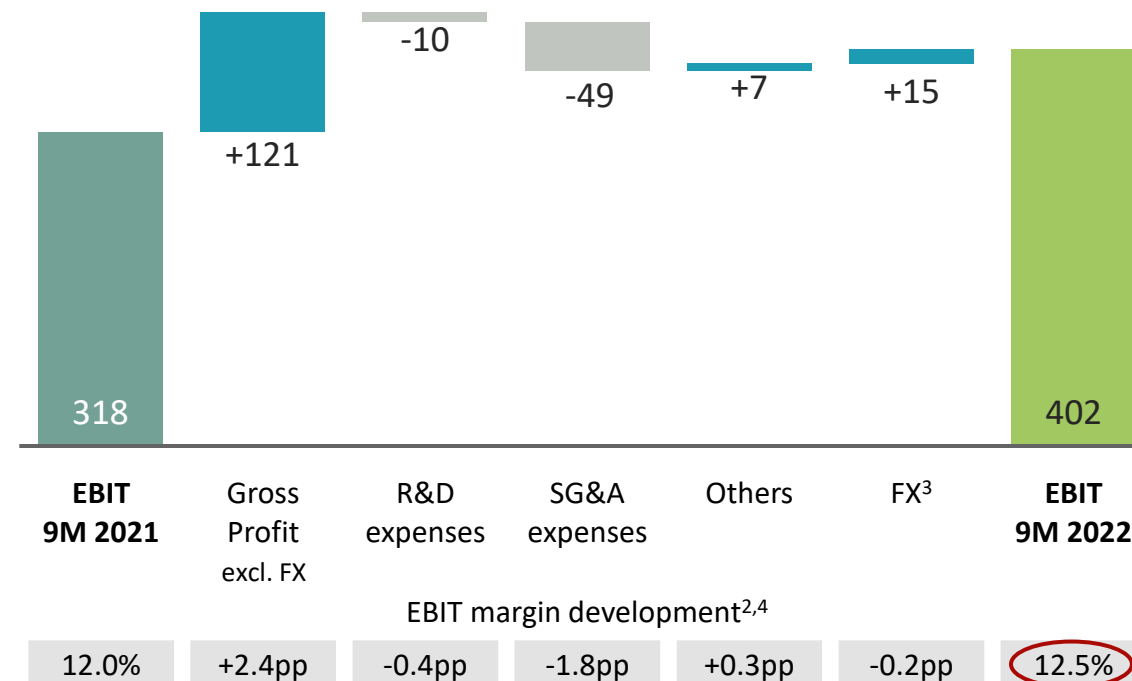
	9M 2021	9M 2022	Δ <sup>1</sup>
Europe	1,071	1,315	+23.4%
Americas	436	541	+10.3%
Greater China	757	879	+5.3%
Asia/Pacific	385	470	+16.4%
<b>Total</b>	<b>2,649</b>	<b>3,205</b>	<b>+15.0%</b>

## Sales by Industrial market cluster | yoy growth



Industrial Distribution is 29.8% of 9M sales

## EBIT<sup>2</sup> 9M 2021 vs. 9M 2022 | in EUR mn

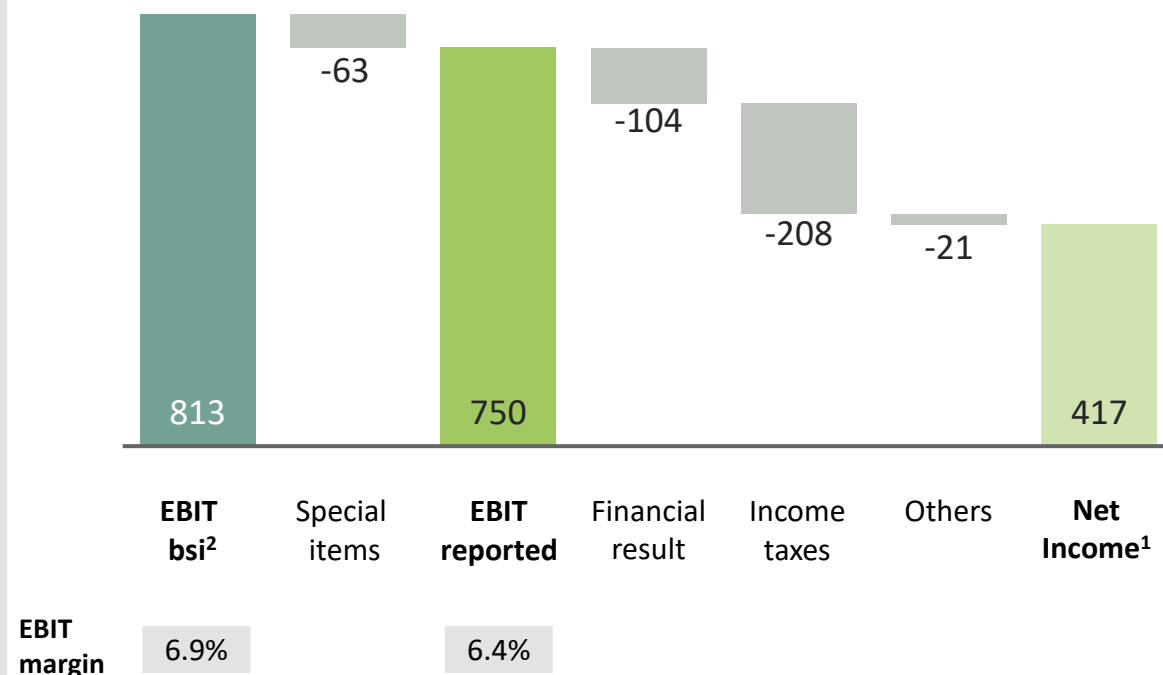


<sup>3</sup> Total FX effect including FX impact in Gross Profit, overhead and operative FX gains and losses

<sup>4</sup> Percentage values do not sum up due to isolated calculation of each individual effect

## Net Income<sup>1</sup> – EBIT reconciliation and special items

### Reconciliation 9M 2022 | in EUR mn



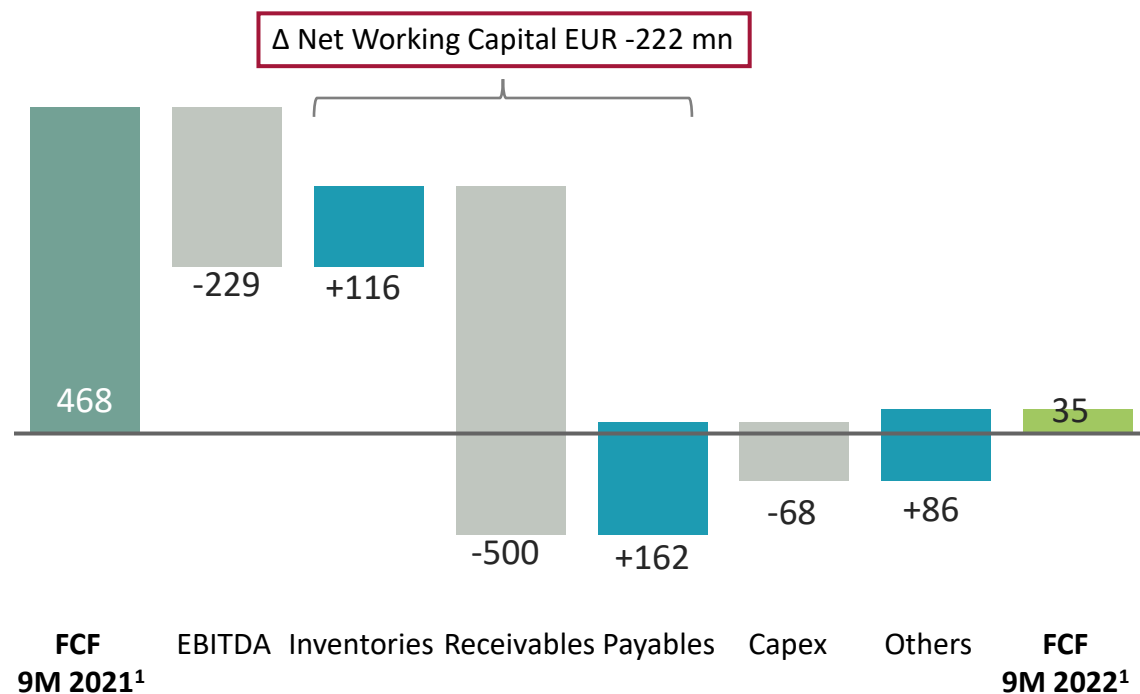
<sup>1</sup> Attributable to the shareholders of the parent company | <sup>2</sup> Before special items

### Key aspects

- Special items amounted to EUR 63 mn in 9M 2022, mainly related to the consolidation of the Footprint in Europe within “Roadmap 2025”
- Financial Result has increased by 19 mn to -104 mn yoy mainly due to expenses for FX effects (Devaluation EUR vs. USD) and pensions (interest on pensions slightly increased due to rise in discount rates).
- Higher income tax expense is mainly due to an increase in EBT yoy and an increase in tax expenses relating to prior years

### Special items by division | in EUR mn

	Q3 21	Q3 22	Q3 22 vs. Q3 21	9M 21	9M 22	9M 22 vs. 9M 21
<b>EBIT Reported</b>	266	316	+50	989	750	-239
Automotive Technologies	-20	+14	+34	-33	27	+60
Automotive Aftermarket	-9	0	+9	-19	1	+20
Industrial	+23	+24	+1	24	35	+11
<b>Group</b>	-6	+39	+45	-27	63	+90
<b>EBIT bsi<sup>2</sup></b>	260	355	+95	962	813	-149

Free Cash Flow<sup>1</sup> details 9M 2022 – FCF at EUR 35 mnFCF<sup>1</sup> 9M 2021 vs. 9M 2022 | in EUR mn<sup>1</sup> Before cash in- and outflows for M&A activities

## Key aspects

- EBITDA lower yoy, negatively impacted by weaker first and second quarters of 2022
- Net Working Capital negative mainly due to increased receivables as a result of the sharp increase in sales volume in Q3
- Others included cash outs for the Restructuring Program announced in September 2020

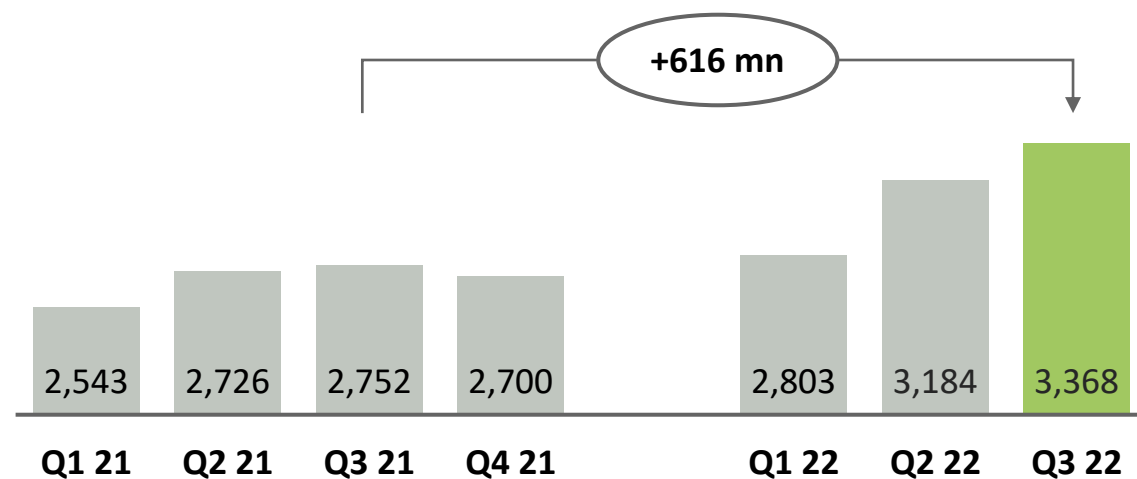
## Net Working Capital details | in EUR mn

Change in	Q3 2021	Q3 2022	Δ Q3 22/21	9M 2021	9M 2022	Δ 9M 22/21
Inventories	-145	+22	+167	-512	-396	+116
Receivables	+65	-265	-330	-33	-532	-500
Payables	+95	+93	-2	+205	+367	+162
<b>Δ Net Working Capital</b>	<b>+15</b>	<b>-150</b>	<b>-165</b>	<b>-340</b>	<b>-561</b>	<b>-222</b>
Working Capital ratio <sup>2</sup>	19.7%	22.0%	-	19.7%	22.0%	-

<sup>2</sup> in % of sales (LTM)

## Working Capital<sup>1</sup> ratio 22.0% – Capex ratio<sup>2</sup> 5.2% in Q3

### Working capital<sup>1</sup> | in EUR mn



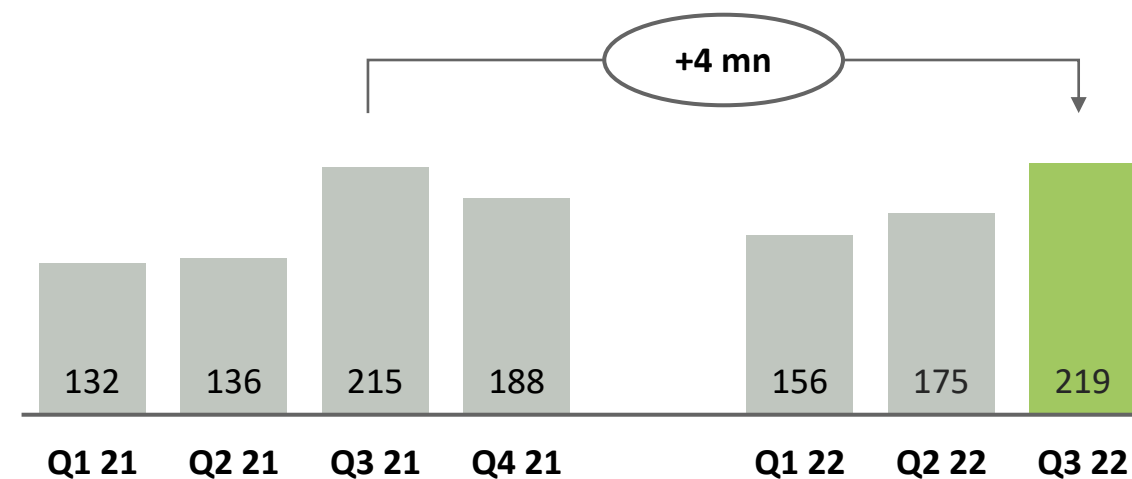
in % of sales (LTM)

19.8%	19.4%	19.7%	19.5%	20.0%	22.1%	22.0%
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19.5%

<sup>1</sup> According to balance sheet; figures as per the end of period

### Capex<sup>2</sup> | in EUR mn



in % of sales

3.7%	3.9%	6.4%	5.4%	4.2%	4.6%	5.2%
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4.8%

<sup>2</sup> Cash view

## Automotive Technologies (AT) outperformance by quarters

YTD Outperformance: -0.5pp				Q1 22			Q2 22			Q3 22		
	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance	
World	-3.3%	-3.2%	+0.1pp		+1.7%	+1.3%	-0.4pp		+27.5%	+25.2%	-2.3pp	
Europe	-14.8%	-1.9%	+12.9pp		-1.8%	+2.4%	+4.2pp		+23.7%	+33.9%	+10.2pp	
Americas	-3.4%	+0.3%	+3.7pp		+11.4%	+19.5%	+8.1pp		+25.2%	+21.7%	-3.5pp	
Greater China	+7.3%	-5.3%	-12.6pp		-3.9%	-14.9%	-10.6pp		+31.4%	+24.7%	-6.7pp	
Asia/Pacific	-3.9%	-8.3%	-4.4pp		+4.1%	-0.5%	-4.6pp		+27.3%	+12.8%	-14.5pp	

FY 21 Outperformance: +4.3pp				Q1 21			Q2 21			Q3 21			Q4 21		
	S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance		S&P <sup>1</sup>	AT <sup>2</sup>	Outper- formance
World	+15.9%	+17.0%	+1.1pp		+48.2%	+67.5%	+19.3pp		-19.1%	-13.1%	+6.0%		-10.2%	-12.5%	-2.3%
Europe	+2.3%	+3.3%	+1.0pp		+81.1%	+120.4%	+39.3pp		-28.7%	-16.3%	+12.4%		-21.7%	-16.4%	+5.3%
Americas	-2.8%	+6.7%	+9.5pp		+146.9%	+137.2%	-9.7pp		-24.5%	-16.0%	+8.5%		-13.4%	-16.0%	-2.6%
Greater China	+78.0%	+74.8%	-3.2pp		-4.3%	+3.1%	+7.4pp		-13.9%	-16.1%	-2.2%		-1.1%	-6.0%	-4.9%
Asia/Pacific	+5.2%	+14.0%	+8.8pp		+82.1%	+63.9%	-18.2pp		-10.8%	+7.3%	+18.1%		-8.7%	-9.3%	-0.6%

<sup>1</sup> Light Vehicle production growth according to S&P Global Mobility ©, October 2022 | <sup>2</sup> FX-adjusted sales growth of Automotive Technologies division

## Key figures by Group and division

## Group | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
<b>Sales</b>	3,560	3,454	3,332	3,506	3,758	3,790	<b>4.242</b>
<b>Sales Growth<sup>1</sup></b>	+12.3%	+52.8%	-3.5%	-5.8%	+1.9%	+4.4%	<b>+20.2%</b>
<b>EBIT Reported</b>	382	341	266	231	247	186	<b>316</b>
<b>EBIT bsi</b>	397	305	260	260	258	200	<b>355</b>
<b>EBIT bsi margin</b>	11.2%	8.8%	7.8%	7.4%	6.9%	5.3%	<b>8.4%</b>

## Automotive Aftermarket | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
<b>Sales</b>	444	467	500	437	463	506	<b>547</b>
<b>Sales Growth<sup>1</sup></b>	+4.9%	+57.9%	+9.0%	-2.1%	+2.1%	+4.3%	<b>+5.5%</b>
<b>EBIT Reported</b>	57	89	80	48	62	63	<b>72</b>
<b>EBIT bsi</b>	58	78	72	49	63	63	<b>72</b>
<b>EBIT bsi margin</b>	13.1%	16.6%	14.3%	11.2%	13.6%	12.5%	<b>13.1%</b>

Adjusted comparative  
figures 2021

## Automotive Technologies | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
<b>Sales</b>	2,281	2,084	1,921	2,150	2,293	2,222	<b>2.555</b>
<b>Sales Growth<sup>1</sup></b>	+17.0%	+67.5%	-13.1%	-12.5%	-3.2%	+1.3%	<b>+25.2%</b>
<b>EBIT Reported</b>	232	141	96	110	77	1	<b>108</b>
<b>EBIT bsi</b>	240	119	77	107	80	11	<b>122</b>
<b>EBIT bsi margin</b>	10.5%	5.7%	4.0%	5.0%	3.5%	0.5%	<b>4.8%</b>

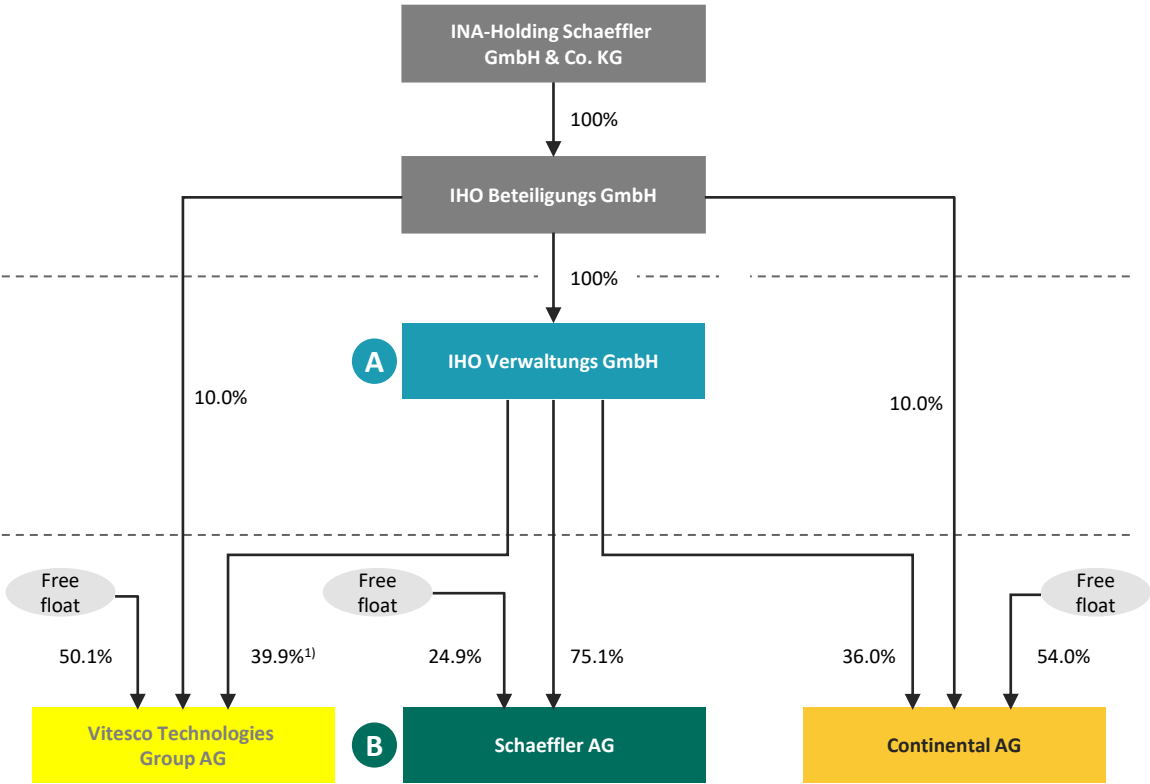
## Industrial | in EUR mn

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
<b>Sales</b>	836	902	911	919	1,002	1,063	<b>1,140</b>
<b>Sales Growth<sup>1</sup></b>	+4.7%	+25.4%	+15.8%	+12.0%	+15.7%	+11.7%	<b>+17.8%</b>
<b>EBIT Reported</b>	92	112	89	74	108	123	<b>136</b>
<b>EBIT bsi</b>	98	108	112	104	115	126	<b>161</b>
<b>EBIT bsi margin</b>	11.8%	11.9%	12.3%	11.3%	11.4%	11.9%	<b>14.1%</b>

<sup>1</sup> FX-adjusted

Overview Corporate and Financing Structure

Corporate structure (simplified) | as of September 30, 2022



<sup>1</sup> On August 18, 2022, IHO Verwaltungs GmbH increased its stake in Vitesco Technologies Group AG to 39.9% from 36.0%.

Financing structure | as of September 30, 2022

A IHO Verwaltungs GmbH	Debt instrument	Nominal		Interest	Maturity	Rating (Fitch/Moody's/S&P)
		(USD m)	(EUR <sup>1</sup> m)			
Loans	RCF (EUR 800 m)	-	160	E+3.25%	Dec-24	Not rated
	3.625% SSNs 2025 (EUR)	-	800	3.625%	May-25	BB/Ba2/BB-
Bonds	3.75% SSNs 2026 (EUR)	-	750	3.750%	Sep-26	BB/Ba2/BB-
	4.75% SSNs 2026 (USD)	500	513	4.750%	Sep-26	BB/Ba2/BB-
	3.875% SSNs 2027 (EUR)	-	500	3.875%	May-27	BB/Ba2/BB-
	6.00% SSNs 2027 (USD)	450	462	6.000%	May-27	BB/Ba2/BB-
	6.375% SSNs 2029 (USD)	400	410	6.375%	May-29	BB/Ba2/BB-
Total IHO Verwaltungs GmbH		3,595		Ø 4.03% <sup>2,3</sup>		

B Schaeffler AG	Debt instrument	Nominal		Interest	Maturity	Rating (Fitch/Moody's/S&P)
		(USD m)	(EUR m)			
Loans	RCF (EUR 1,800 m)	-	-	E+0.80%	Sep-24	Not rated
	Schuldschein Loans (EUR)	-	298	Ø 2.13%	May-23, 25, 28 & 30	Not rated
CP	Commercial Paper Program (EUR)	-	63-	Ø 0.75%	Oct-22-	Not rated
Bonds	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BB+/Ba1/BB+
	2.750% SNs 2025 (EUR)	-	750	2.750%	Oct-25	BB+/Ba1/BB+
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BB+/Ba1/BB+
	3.375% SNs 2028 (EUR)	-	750	3.375%	Oct-28	BB+/Ba1/BB+
Total Schaeffler Group		3,311		Ø 2.76% <sup>3</sup>		

<sup>1</sup> EUR/USD = 0.9748 | <sup>2</sup> After cross currency swaps | <sup>3</sup> Incl. commitment and utilization fees