

Schaeffler India Limited · Pune · Maharashtra

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

Company Code: 505790

National Stock Exchange of India Limited

Exchange Plaza, C – 1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051

Company Code: SCHAEFFLER

— **Sub: Investor Presentation**

17/02/2022

Dear Sirs,

Phone: +912068198464

— Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Investor Presentation on Financial Results of the Company for the quarter and year ended December 31, 2021.

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For **Schaeffler India Limited**

Ashish Tiwari,

VP - Legal & Company Secretary

Encl.: As above



Nothing is more impressive than a clever
idea that no one expected.
We pioneer motion

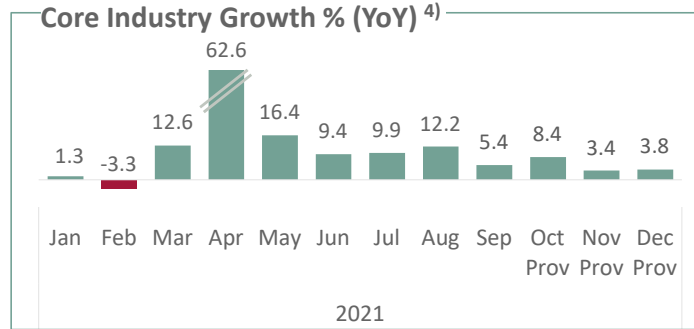
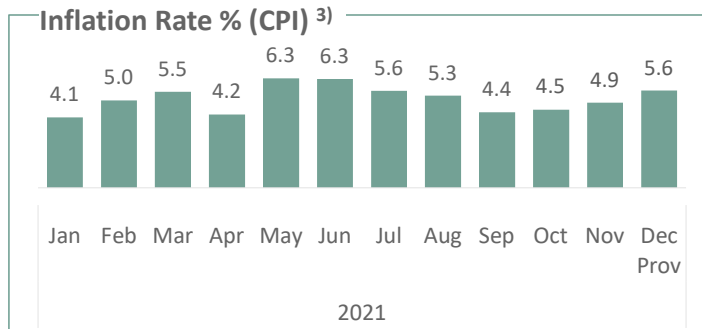
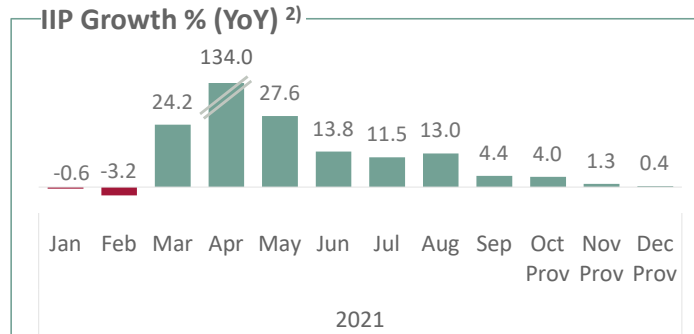
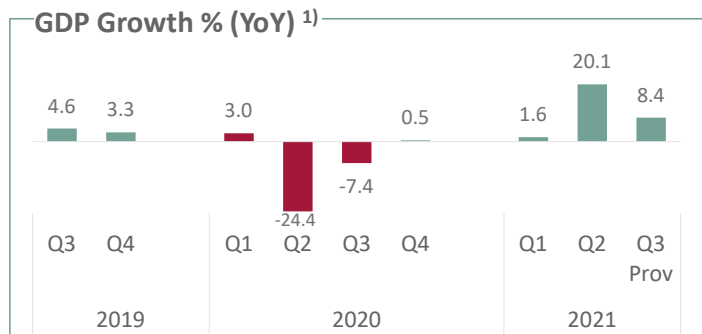
Schaeffler India Limited Investor Presentation – Q4/12M 2021

February 17, 2022

Agenda

- 1 Economy & Industry**
- 2 Q4 / 12M 2021 Performance**
- 3 Stakeholder Value Creation**

Economy | Outlook remains positive



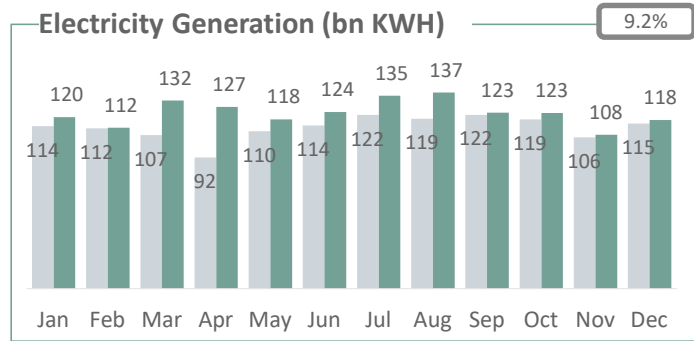
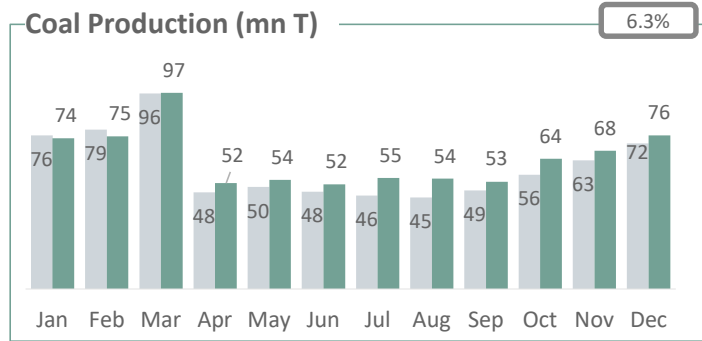
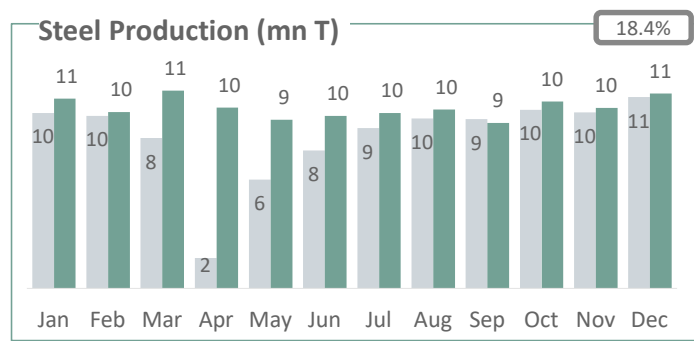
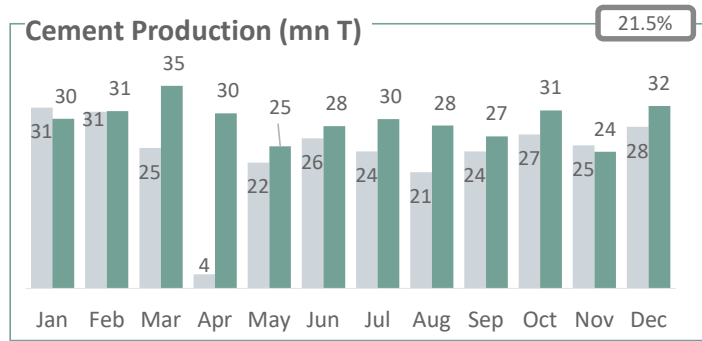
Key comments

- GDP growth for Q3'21 projected at 8.4%
- IIP growth in FY22 YTD Dec registered at 15.2% compared to a degrowth of 13.3% same period last year
- Dec'21 CPI higher with increased fuel and food inflation at 10.9% and 4.5 % respectively
- Core industry growth in FY22 YTD Dec registered at 12.6% compared to degrowth of 9.8% same period last year

Note : Data is reinstated every quarter as per final reports released by Authorities
 Source of data :
 1) Ministry of Statistics GDP at constant prices 2011-12 series : Data representation as per calendar year in above chart
 2) Ministry of Statistics IIP 2011-12 series
 3) Reserve Bank of India – 2012 indexed to 100
 4) Office of Economic Advisor

Core sector performance | Growth momentum continues

2020 2021 CY 2021 Growth



Key comments

Overall core sector performance for FY'22 YTD Dec'21 is 12.6% compared to degrowth 9.8% same period last year

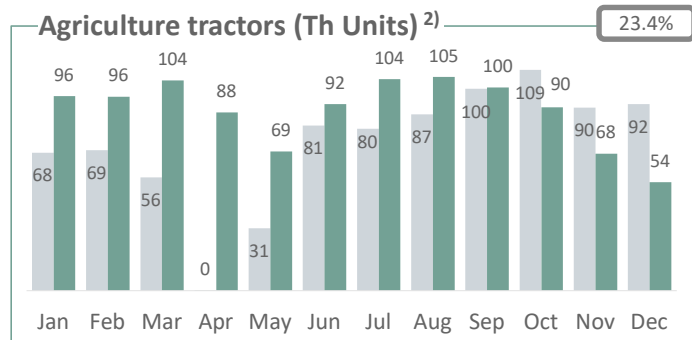
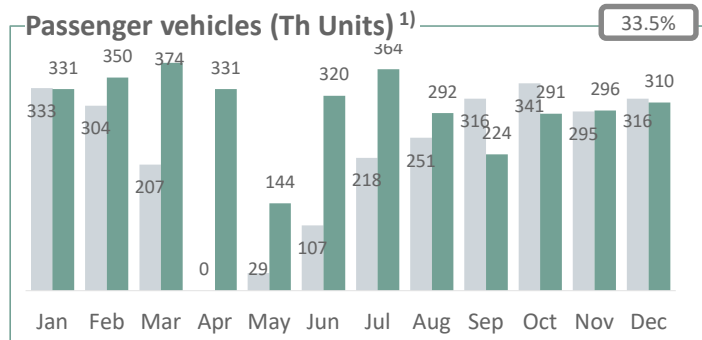
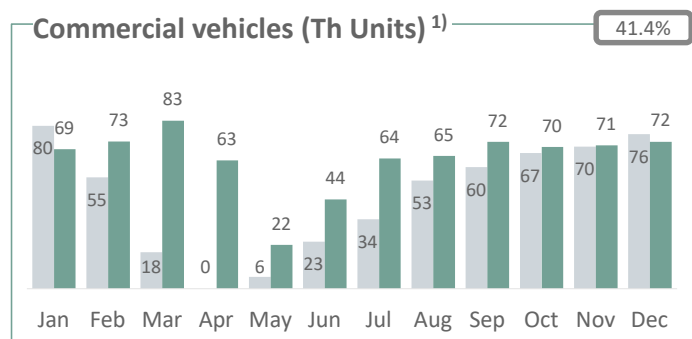
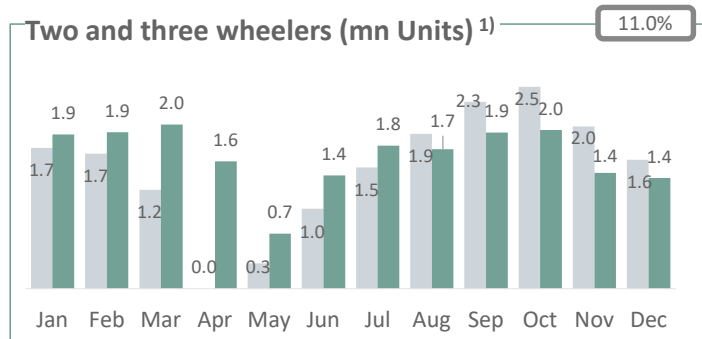
Sector weightage within eight core sectors

Sector	% weight
Cement	5.4%
Steel	17.9%
Coal	10.3%
Electricity	19.9%

Source of core sectors data: Office of Economic Advisor
CY – Calendar Year

Automotive production | Strong growth despite challenges

2020 2021 CY 2021 Growth



*TW - Two-wheelers, CV - Commercial Vehicles, PV - Passenger Vehicles

Key comments

- Commercial Vehicles continued to witness the fastest growth as compared to the same period last year
- Passenger Vehicles, Tractors and Two Wheelers saw output being impacted due to semiconductor shortage
- PLI scheme likely to boost domestic manufacturing


Source of data :
 1) SIAM : Society of Indian Automobile Manufacturers
 2) TMA : Tractor Manufacturers Association

Union Budget 2022 and Major Policies | Key Highlights




Economy

- GDP growth estimated at 9.2% for FY22*
- Agriculture and Industrial sectors estimated to grow by 3.9% and 12% respectively
- Increased Capex Outlay – up by 35% in FY22. FY23 at INR 10.7 trillion




Infrastructure

- Gati Shakti NMP – co-ordination of asset creation across seven engines of infrastructure
- Expansion of the National Highway Network
- Expansion of Metro Network




ESG

- 50% of India’s energy requirements from renewable energy
- Reduction of carbon intensity by less than 45%; target of net zero emissions by 2070
- Sovereign Green Bonds for green infrastructure




Regulations

- CAFÉ norms to be implemented in 2022
- BS 6 Phase 2 & OBD 2 planned for 2023
- Draft policy of Green H2 enumerates gradual increase in use of green hydrogen



Green Tech

- Battery Swapping Policy
- National Hydrogen Policy expected to be launched - large scale investments to reduce cost of green H2
- Solar and Wind to achieve installed capacities of 280 GW and 140 GW by 2030



Manufacturing

- PLI scheme to boost domestic manufacturing
- Development and manufacturing of 400 new-generation Vande Bharat Trains planned

Key comments

- Rapid pace of vaccination and long-term benefits of supply-side reforms to aid growth
- Government aims to reduce the logistics sectors cost share in GDP from 8 - 10% to 5%
- Policy steps taken on India’s transition towards Clean Energy

Union Budget 2022 and major policies offer long-term growth opportunities with a thrust on localization, clean mobility & green energy and investment boost




*Source of data : International Monetary Fund

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Q4 2021 | Robust performance

Key Messages

-  Continued wins in Automotive and Industrial businesses
-  Improved mix and sustained countermeasures helped achieve healthy performance
-  Board of Directors recommended a dividend at INR 16 per equity share of face value INR 2, payout ratio of 40%
-  Signed MoU with Tamil Nadu Government for new plant to expand Hosur operations
-  Continue to see headwinds due to semiconductor shortages and input cost pressure

Sales growth

19.6% vs Q4'20

2.4% vs Q3'21

15,232 mn INR

EBIT margin

16.1% Q4'21

14.2% Q4'20

2,451 mn INR

PAT margin

12.5% Q4'21

11.1% Q4'20

1,906 mn INR

FCF in Q4

-46.9% vs Q4'20

69.8% vs Q3'21

1,849 mn INR

Q4 Business developments | Key business wins

Automotive Technologies



Reliability and emission reduction

- 1 Key wins in CV and PV for DCT dampers and clutches for transmission solutions
- 2 Business win for Gen 3-wheel bearings for PV segment
- 3 Business win for Hydraulic Cam Phaser solution for PV engine application

Automotive Aftermarket



Increased market coverage

- 1 Introduction of new replacement clutch for LCV segment
- 2 FEAD/ Timing Kit introduced for PV segment
- 3 Diversification and penetration through range extension; launched shock absorbers

Industrial



Precision and Efficiency

- 1 Significant win for Sealed Spherical Roller Bearings for the material handling segment
- 2 Significant overseas win for Track Roller Bearings for metals segment
- 3 Key business win for the services segment for Condition Monitoring Equipment

*TW - Two-wheelers, CV - Commercial Vehicles, PV - Passenger Vehicles

Exports | Strong performance and opportunities to further enhance

Export Projects

One Way Clutch / DGBB



CRB / TRB



TAROL / CRB



CRB RN/RNN – ACBB/ DRACBB



LSB up to 2000 mm



Axial TRB



Stack Bearing



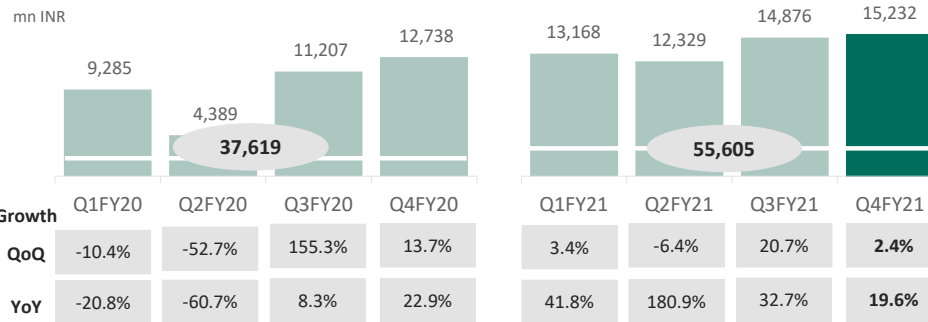
- Capacity expansion for exports as an integral part of our strategy
- Further expansion of export business across the globe - Asia Pacific, Europe and Americas
- Opportunities to further augment our R&D and CAE capabilities
- Competence development across the value chain including design validation

Exports grew by 70% during CY 2021

*Exports & Others mainly includes exports to group companies, scrap sale and other operating income

Revenue from operations | Sustained performance

Total revenue



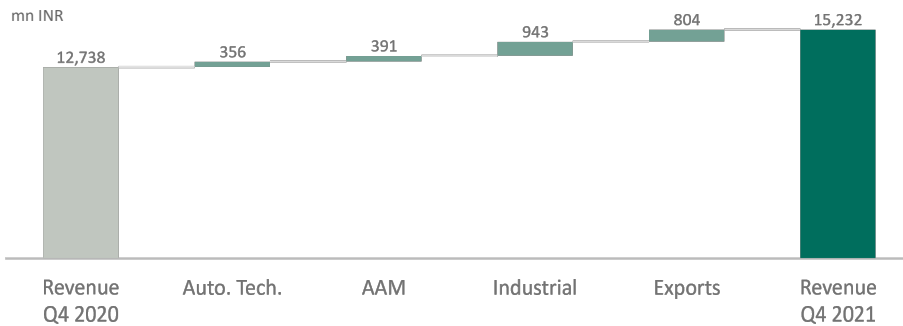
Key aspects

- Q4 sales stayed resilient across all businesses

Growth	Q4 2021 vs Q4 2020	CY 2021 vs CY 2020
Automotive Technologies	6.7%	49.9%
Automotive Aftermarket	34.6%	50.0%
Industrial	19.0%	39.1%
Exports & others	61.6%	70.0%

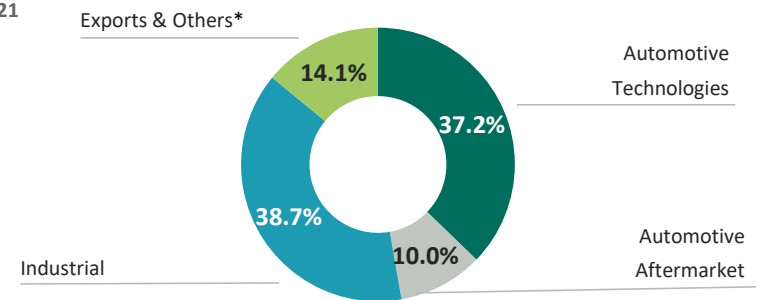
- Robust performance in Exports
- All plants performing at normal capacity level

Revenue Bridge



Revenue mix

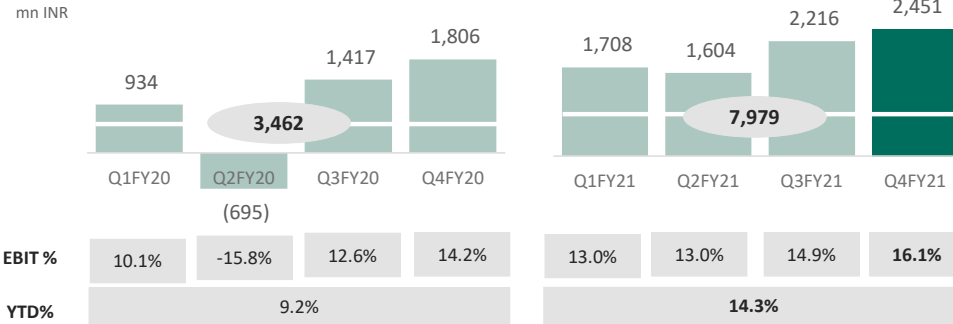
Q4CY2021



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Earnings Quality | Robust, supported by good execution and countermeasures

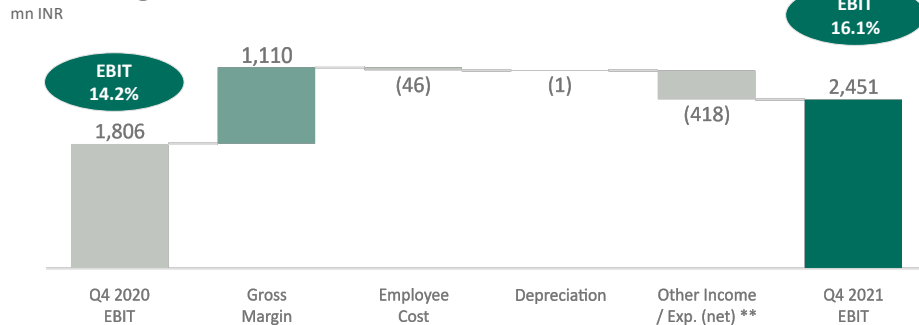
EBIT¹ development



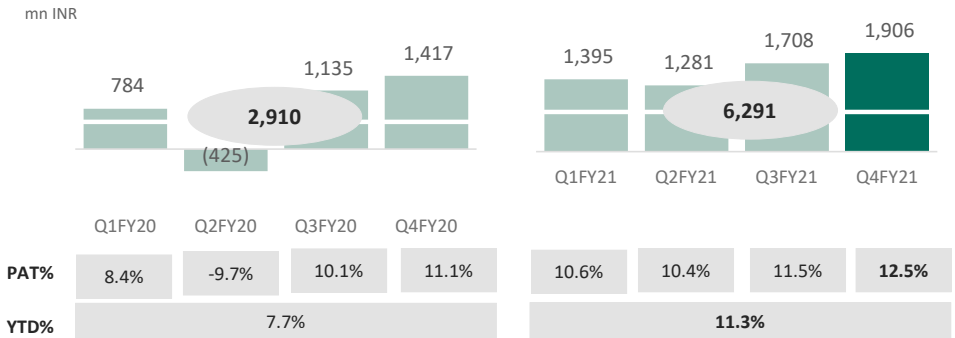
Key aspects

- CY 2021 EBIT up 515 bps as compared to CY 2020 (up 131% YoY)
- Strong performance on the back of an improved business mix and sustained countermeasures
- Effective execution ensured overcoming challenges of input cost and supply chain

EBIT¹ Bridge



PAT



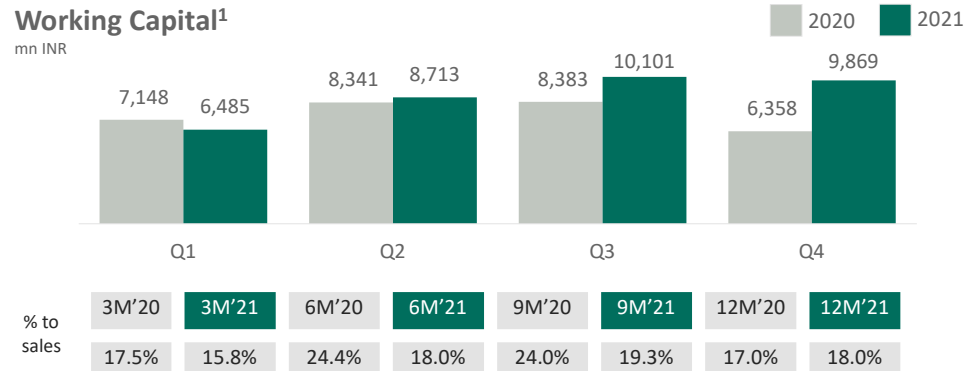
Gross margin : (Revenue from operations – Total Material cost) , ** Other Income/expenses does not include interest

¹ EBIT is before interest income (net) 118.2 mn INR (104.2 mn INR Q4/2020)

Working Capital, Capex | Continued focus

Working Capital¹

mn INR

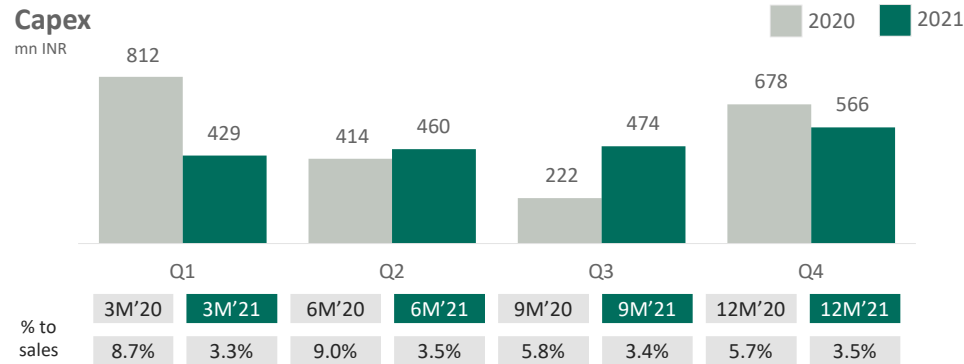


Key aspects

- Continued focus on working capital management
- Judicious capex spending, CY 2021 Capex at INR 1,929 mn
- Free Cash Flow improved during the quarter, CY 2021 Free Cash Flow at INR 3,277 mn

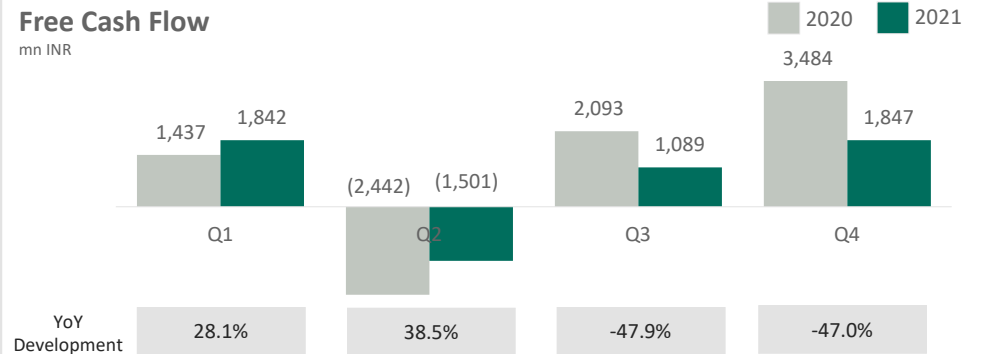
Capex

mn INR



Free Cash Flow

mn INR



¹WC% to sales : Basis last twelve months sales

Performance Indicators

	Unit	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M 2020
Revenue	mn INR	15,232	14,876	12,738	55,605	37,619
Revenue growth (YoY)	%	19.6%	32.7%	22.9%	47.8%	-13.7%
Revenue growth (QoQ)	%	2.4%	20.7%	13.7%		
EBITDA	mn INR	2,962	2,712	2,317	9,950	5,402
EBITDA Margin	%	19.4%	18.2%	18.2%	17.9%	14.4%
EBIT ¹	mn INR	2,451	2,216	1,806	7,979	3,462
EBIT Margin	%	16.1%	14.9%	14.2%	14.3%	9.2%
EBT	mn INR	2,569	2,296	1,911	8,431	3,972
EBT Margin	%	16.9%	15.4%	15.0%	15.2%	10.6%
PAT	mn INR	1,906	1,708	1,417	6,291	2,910
PAT Margin	%	12.5%	11.5%	11.1%	11.3%	7.7%
Capex	mn INR	566	474	678	1,929	2,126
FCF	mn INR	1,849	1,089	3,484	3,277	4,572



- Resilience and agility led to a strong performance amidst the challenging environment
- Emphasis on employee care and stakeholder value creation

¹ EBIT is before interest income (net) 118.2 mn INR (104.2 mn INR Q4/2020)

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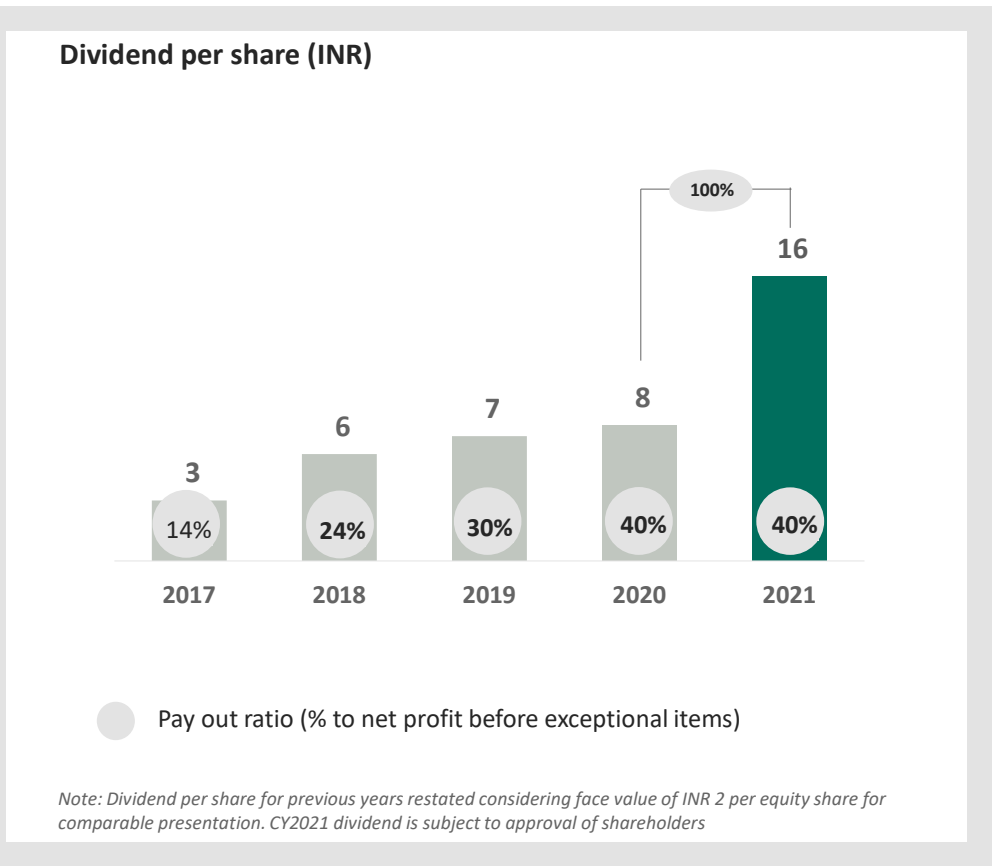
Stock split completed | Stakeholder value creation



5 for 1 stock split completed

- Approval of Board of Directors : 28th October 2021
- Approval of Shareholders : 19th December 2021 (postal ballot)
- Stock split effective : 9th February 2022 (record date)

Dividend payout | Stakeholder value creation



Target dividend payout ratio, 30% to 50% of net income*

- The Board of Directors of the Company has recommended a dividend for the year ended December 31 2021, at the rate of INR 16/- per equity share of face value INR 2/- each (2020: INR 38.0 per equity share of face value INR 10/- each)

*Net Income – annual standalone profits after tax (PAT)

Sustainability focus | Schaeffler Group's sustainability management focuses on four action fields



ESG at Schaeffler India | Stakeholder Value Creation



ESG – Environment, Social, Governance

Risks & Opportunities

- Materiality, Vision and Target
- Strategy

Transformation

- Capital Planning
- Workforce Planning
- Operations

Disclosures

- Leadership in governance
- Robust risk management
- Processes and systems

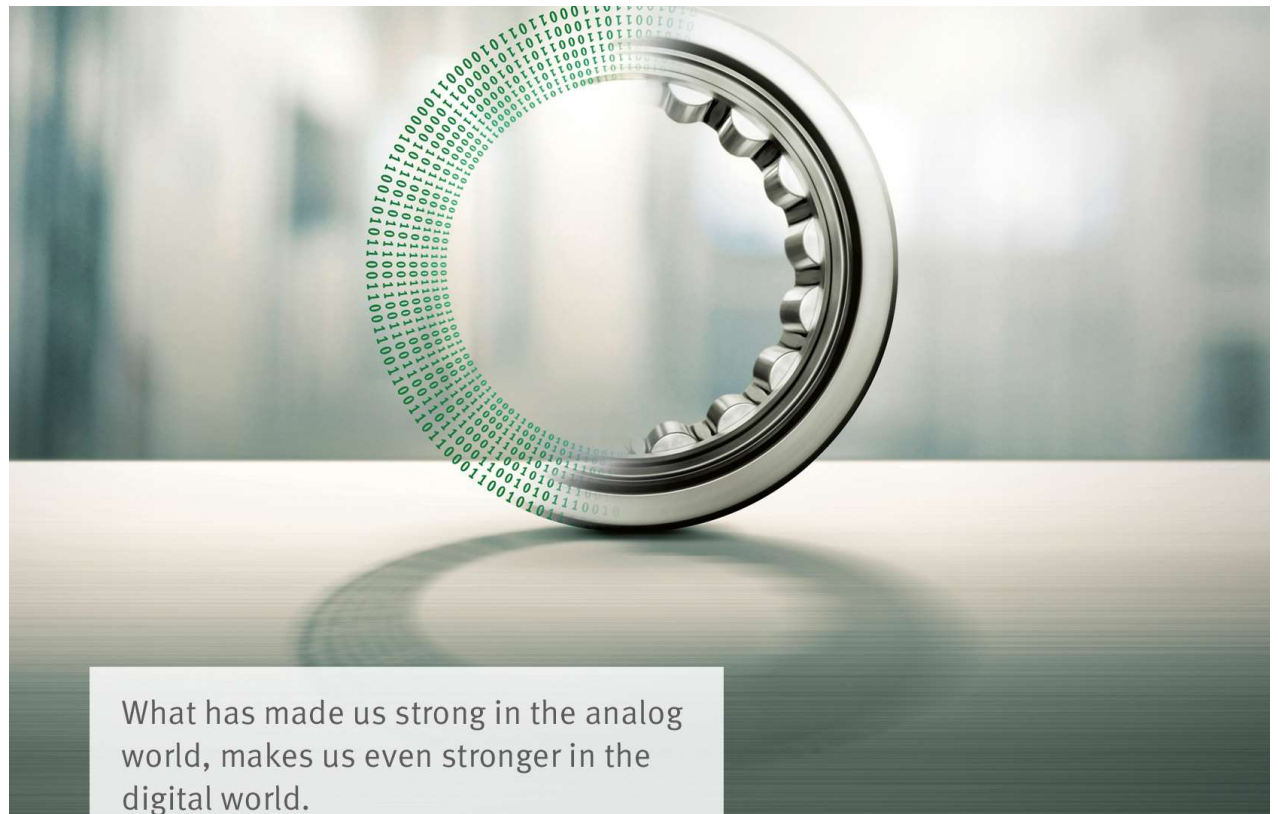
Conclusion & Outlook

- 1 Strong and consistent CY2021 performance across businesses in our diversified portfolio
- 2 Performance improvement due to better mix and sustained countermeasures
- 3 Focus on our ESG journey, fully committed to achieve our sustainability goals
- 4 Continued efforts to sustain performance while dealing with market challenges



**Sustained performance
driven by focused
Customer outreach**

Thank you
for your
attention



What has made us strong in the analog world, makes us even stronger in the digital world.

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