

Same idea, innovative result. Because yesterday we were already thinking about tomorrow. We pioneer motion

Schaeffler India Limited Investor Presentation – Q4 and 12M 2022

February 17, 2023

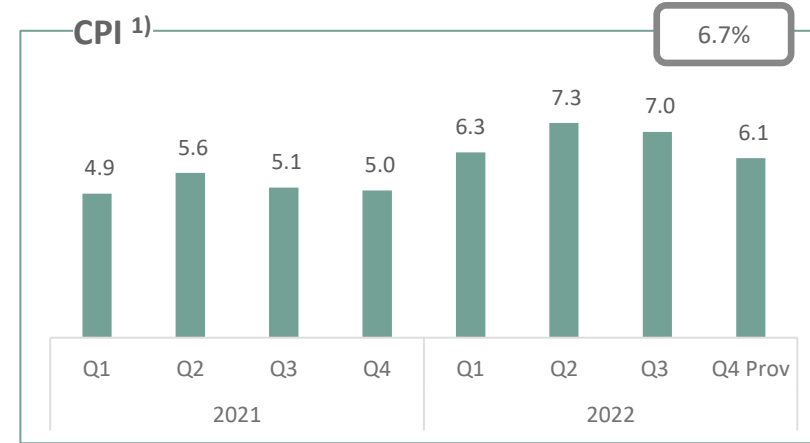
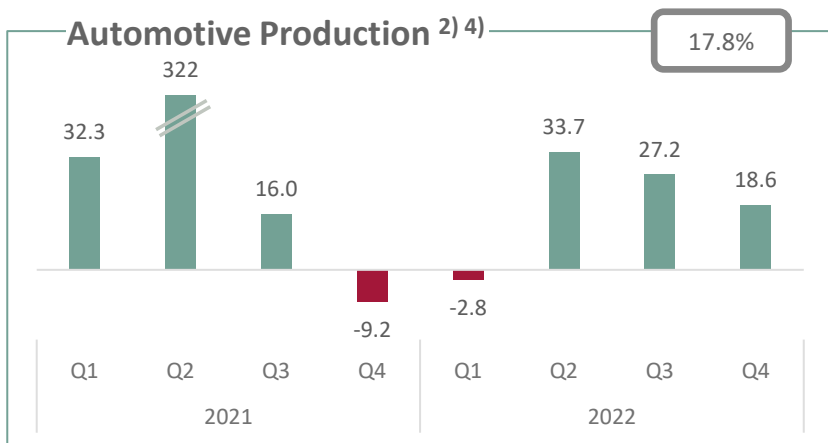
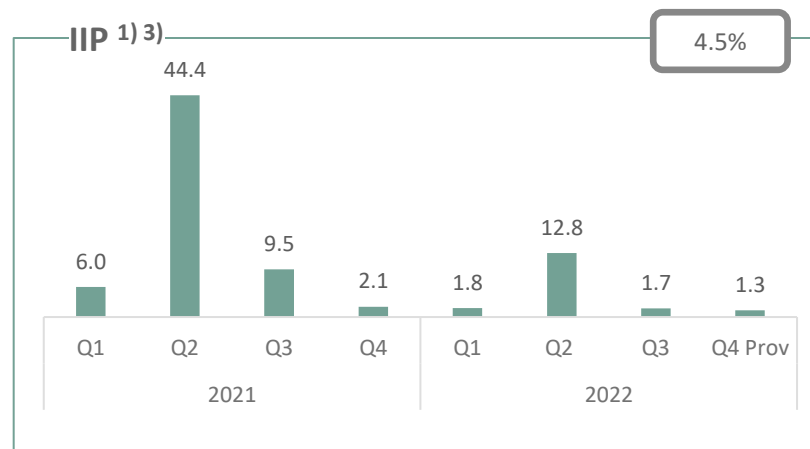
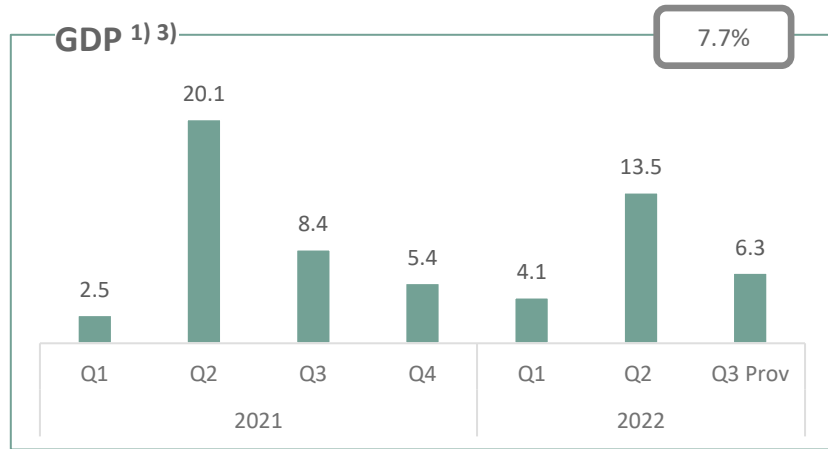
We pioneer motion

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2	Business Highlights Q4 and 12M 2022	7
3	Financial Highlights Q4 and 12M 2022	10
4	Stakeholder value creation	15

Economy | Economic growth eases

2020 2021 CY2022 Growth



- CY2022 GDP is expected to grow by 6.6%
- YTD Nov growth for mining, manufacturing, & electricity stands at 4.5%, 4.0%, and 8.2% respectively
- CY2022 automotive production registered a growth of 17.8%; PVs, CVs posted strong growth. Tractors continue to see some challenges
- Inflationary pressure marginally subdued due to softening of food prices

Note :

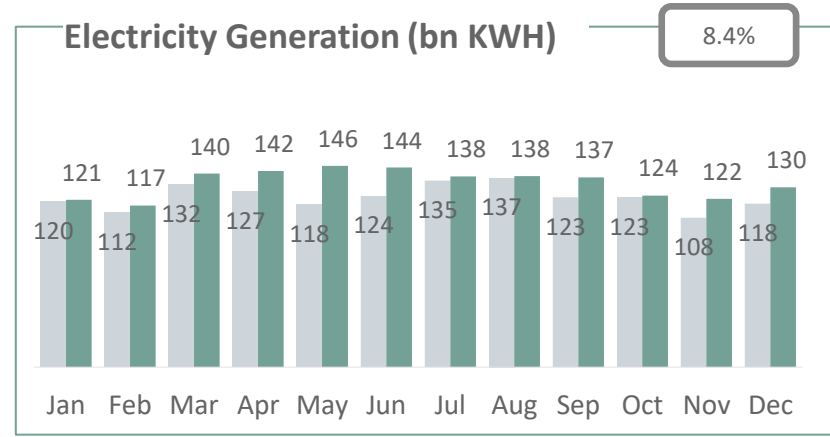
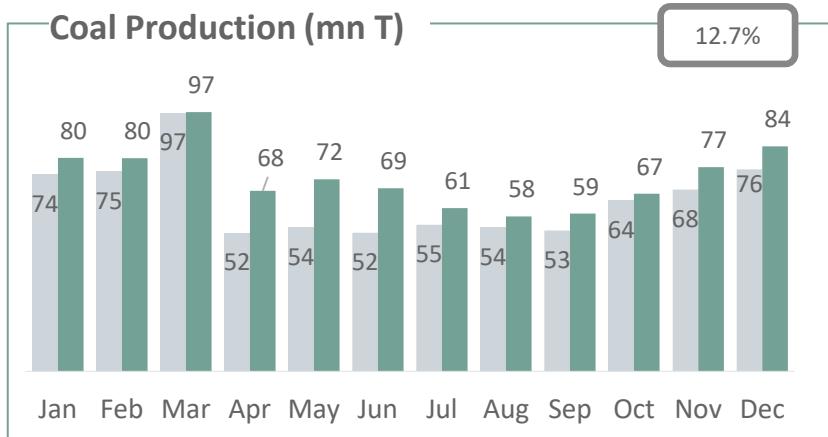
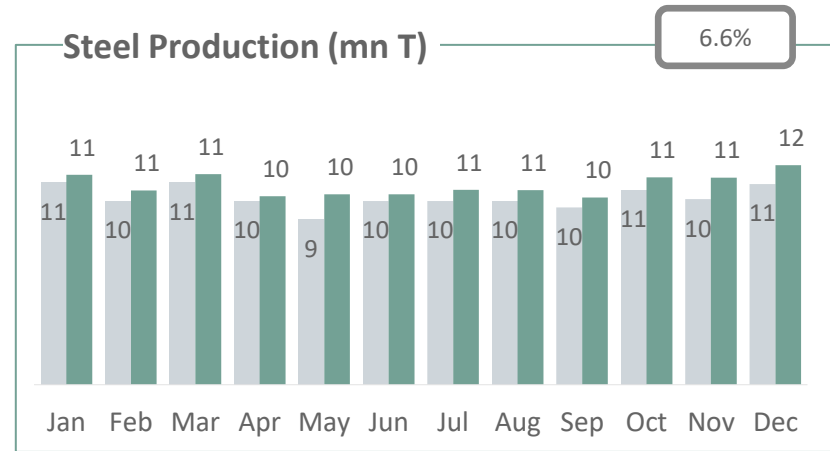
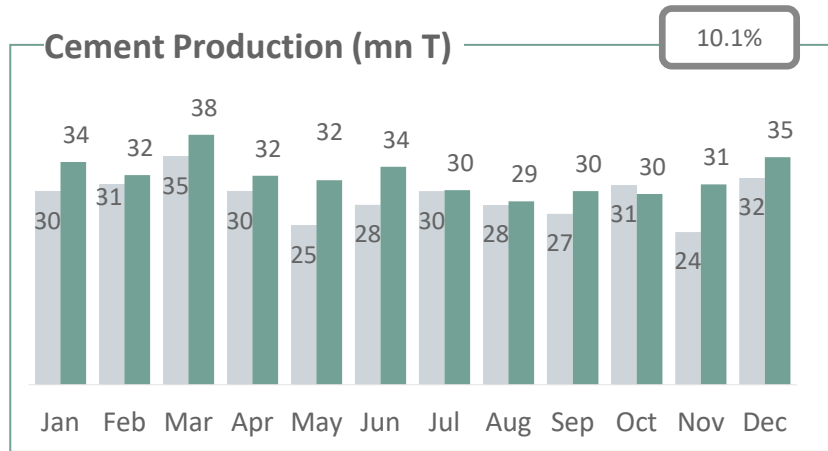
- Data is reinstated every quarter as per final reports released by authorities
- GDP, IIP, and Automotive Production are YoY growth rates, whereas CPI is quarterly inflation rate. 6.7% is the average CPI for YTD 2022
- Contribution of manufacturing, mining, & electricity in IIP stands at 78%, 14%, & 8% respectively
- Automotive Production includes PVs, CVs, & Tractors with production share of 68%, 16%, & 16% respectively

Source of data :

- 1) Ministry of Statistics & Programme Implementation
- 2) SIAM : Society of Indian Automobile Manufacturers
- 3) GDP - Gross Domestic Production, IIP - Index of Industrial Production, CPI - Consumer Price Index
- 4) Automotive Production includes PVs, CVs, & Tractors

Core sector performance | Moderate movement

2020 2021 CY2022 Growth



Key comments

Overall core sector index performance for CY22 is 7.2% compared to the same period previous year

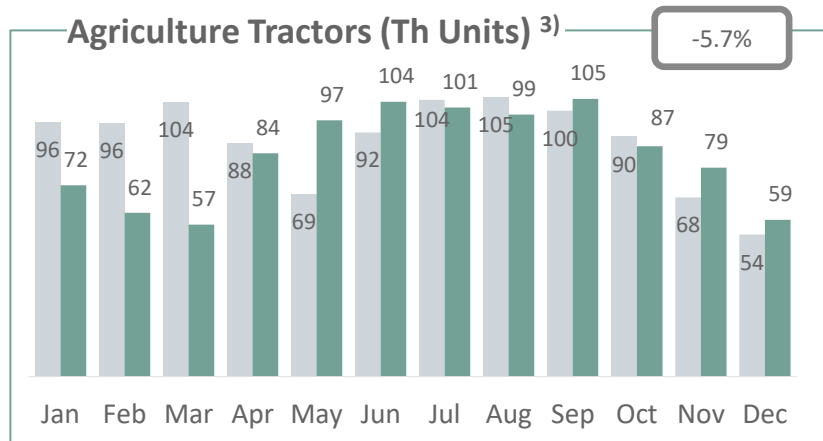
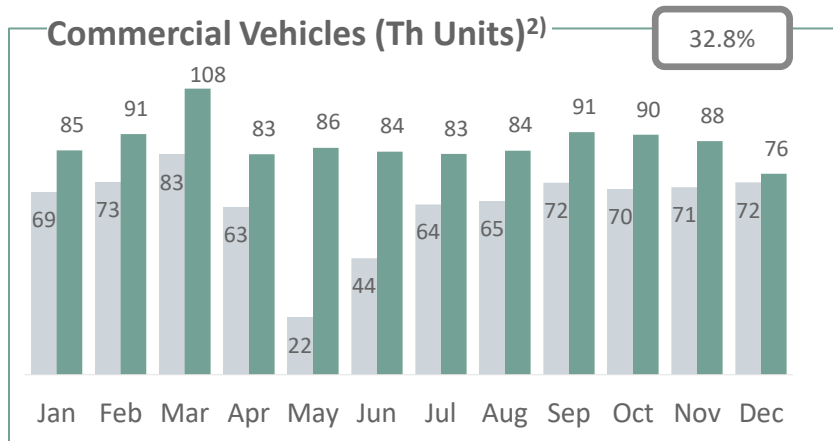
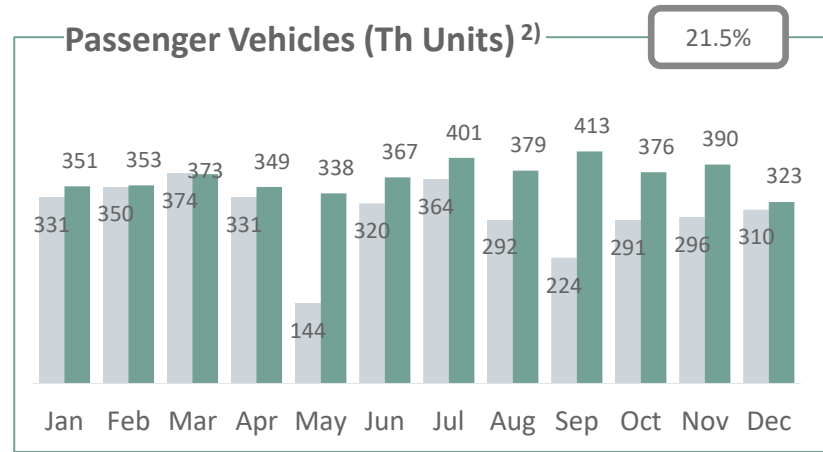
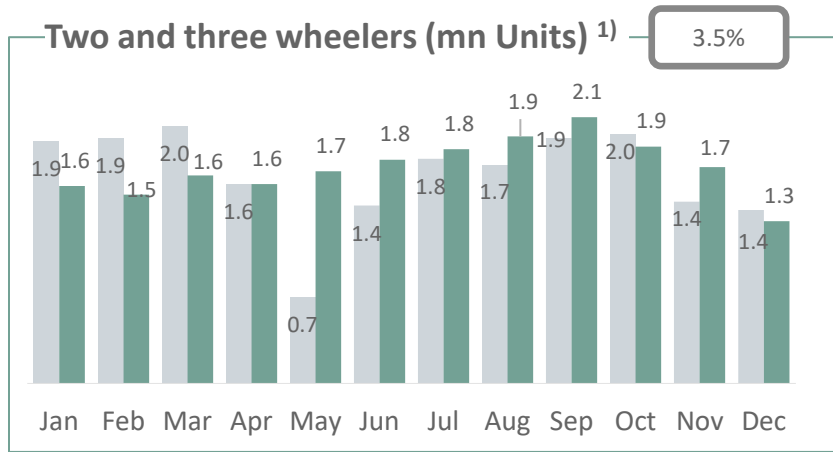
Sector weightage within eight core sectors

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

Source of core sectors data: Office of Economic Advisor

Automotive sector performance | Robust demand in PVs & CVs

2020 2021 CY2022 Growth



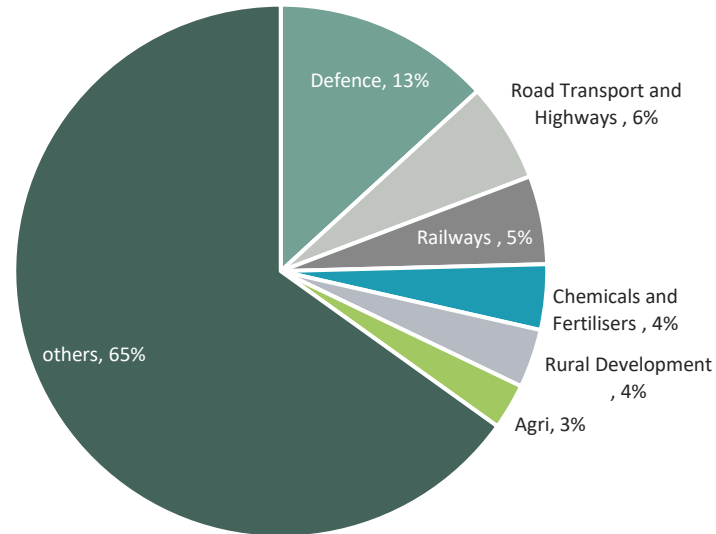
- Growth in PVs on the back of easing pandemic related challenges and semiconductor shortages
- Rising market demand, positive sentiments led to a strong growth in CVs
- YTD growth in tractors are seeing some moderation because of cyclical impact and demand crunch in the rural market

Source of data :
¹⁾ SIAM : Society of Indian Automobile Manufacturers
²⁾ TMA : Tractor Manufacturers Association
³⁾ TW – Two wheelers, CV – Commercial Vehicles, PV – Passenger Vehicles,

Union Budget | Key Highlights

7 Priorities of budget 2023-24

Total expenditure of INR 45 trillion



Economy

Real GDP growth of 6.5% and nominal growth of 10.5% for FY'24

Government Expenditure

Increased capital investment outlay - INR 10 lakh crore

Railways

Highest ever capital outlay in Railways - INR 2.4 lakh crore

Agriculture

Agriculture Accelerator Fund

Sustainability

Green Credit Programme to incentivize sustainability actions by companies

Hi-tech

Three centers of excellence for R&D in Artificial Intelligence

Government policies to enable faster growth and accelerate developments; resonates well for Schaeffler India's strategic priorities

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Q4 2022 | Sustained performance with strong quality of earnings

Key Messages

- ↑
 Resilient performance across our balanced business portfolio
- ↑
 Business wins in both Automotive and Industrial businesses continue
- ↑
 Strong quality of earnings while coping with external headwinds
- ↑
 Leading ahead with ambitious and structured ESG programme at Schaeffler India, in line with Group targets
- ↑
 Board of Directors recommend a dividend of INR 24 per equity share of face value INR 2, payout ratio of 43%
- ↓
 Continue to see macroeconomic and geopolitical headwinds – weakened global market outlook, inflation and input cost pressures

Sales growth
17.8% vs Q4'21
2.2% vs Q3'22
17,947 mn INR

EBIT ¹⁾ margin
16.2% Q4'22
16.1% Q4'21
2,913 mn INR

PAT margin
12.9% Q4'22
12.5% Q4'21
2,310 mn INR

FCF
32.7% vs Q4'21
239.0% vs Q3'22
2,454 mn INR

¹⁾ EBIT (before exceptional items)

Q4 Business developments | Wins in e-mobility

Automotive Technologies



Reliability and emission reduction

- 1 Key win in PVs¹⁾ for e-mobility solutions
- 2 Business win for wheel bearings and DGBBs for PV¹⁾ segment
- 3 Business wins in CVs¹⁾ for clutch systems and DGBBs

Automotive Aftermarket



Increased market coverage

- 1 Volume wins for our recently launched products – wipers and center joint support
- 2 Business wins for FEAD/ Timing Kit, TRBs in the PV segment continue
- 3 Continued focus on diversification and penetration through range extension

Industrial



Precision and Efficiency

- 1 New business wins for ACBBs in the TW segment
- 2 Key business win for SRBs, DGBBs, TRBs and seize resistant bearings in the raw material segment
- 3 Business wins in Railways - Vande Bharat and LHB coaches

¹⁾ TW - Two-wheelers, CV - Commercial Vehicles, PV - Passenger Vehicles

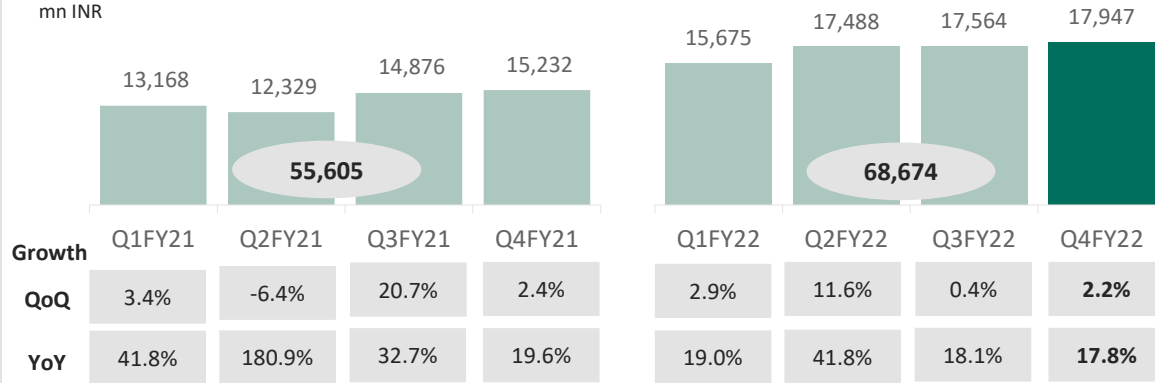
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Revenue from operations | Growth momentum continues

Total revenue

mn INR



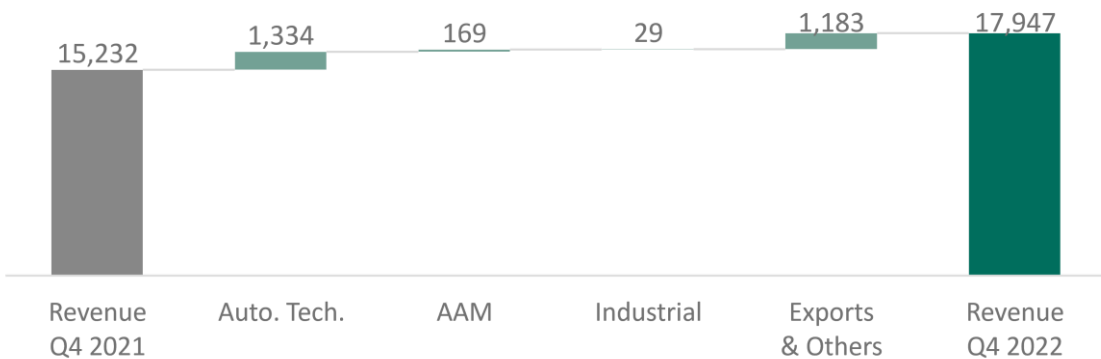
Key aspects

- YoY growth on the back of exports and sustained domestic performance
- Strong CY 2022 performance across businesses, aided by accelerated growth in exports

Growth	Q4'22 vs Q3'22	Q4'22 vs Q4'21	12M'22 vs 12M'21
Automotive Technologies	-2.3%	23.5%	23.8%
Automotive Aftermarket	12.3%	11.1%	18.3%
Industrial	-2.2%	0.5%	12.4%
Exports & others	17.5%	55.2%	59.6%

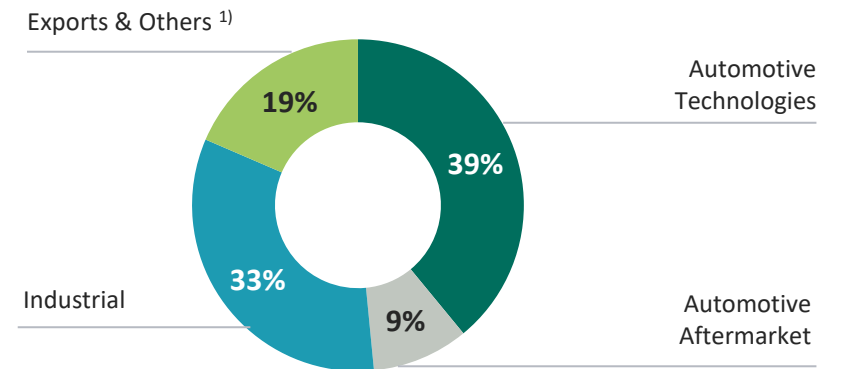
Revenue Bridge

mn INR



Sales mix

Q4 2022

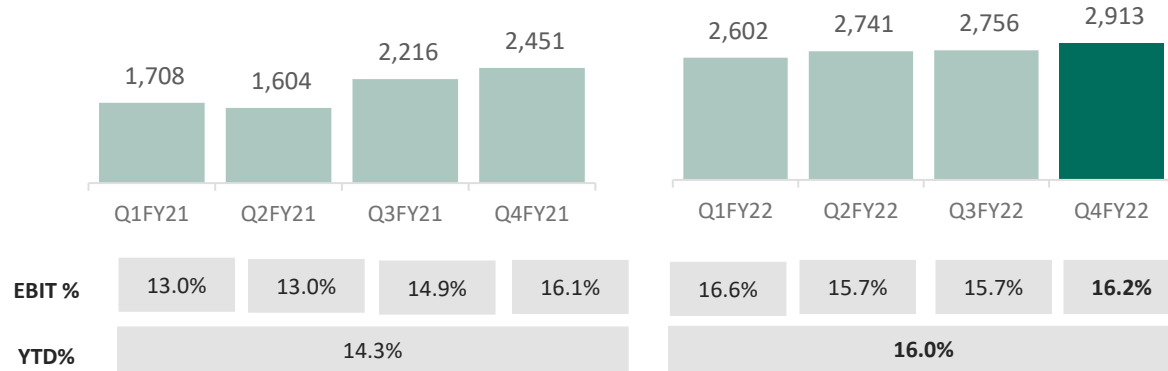


¹⁾ Exports mainly includes exports to group companies, scrap sale and other operating income

Earnings Quality | Robust performance

EBIT¹⁾

mn INR



Key aspects

- Improved YoY performance due to better sales mix and sustained countermeasures
- Significant improvement in CY 2022, aided by sales mix, volume gains and focused countermeasures

EBIT Bridge

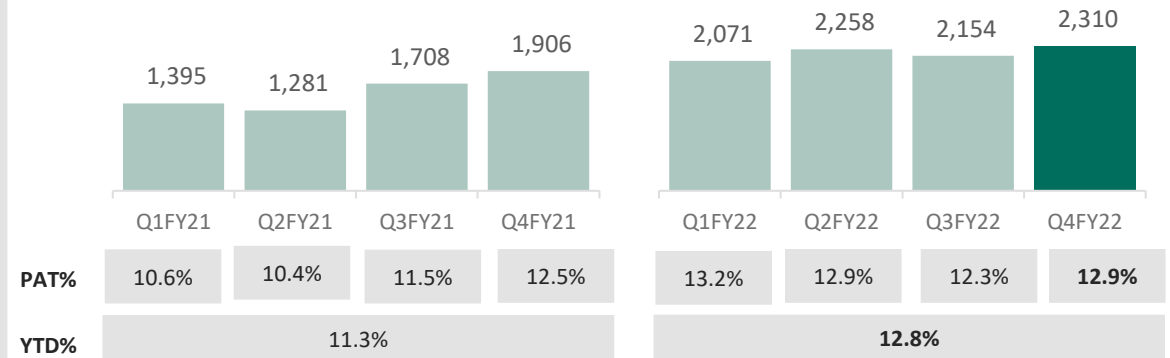
mn INR

● %Margin



PAT

mn INR

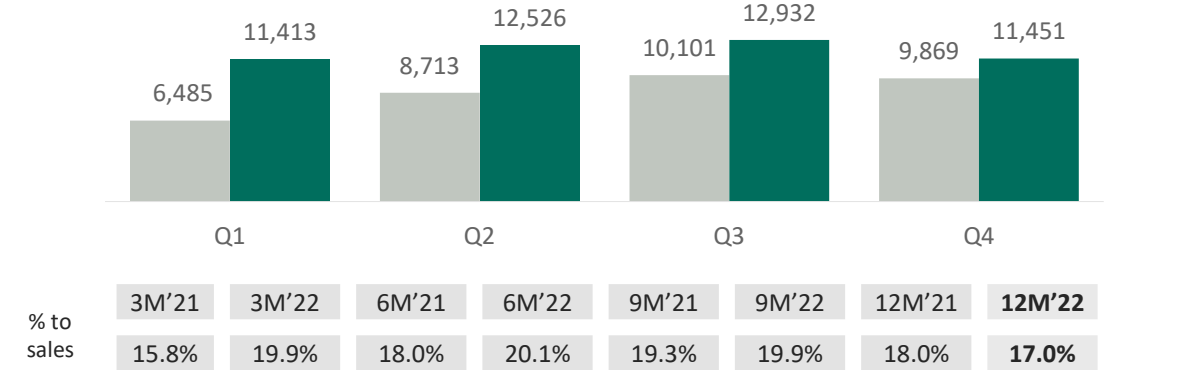


¹⁾ EBIT (before exceptional items) - interest income (net) at 182.7 mn INR in Q4 '22 (118.2 mn INR Q4'21);

Working capital, Capex | Significant improvement

Working Capital

mn INR

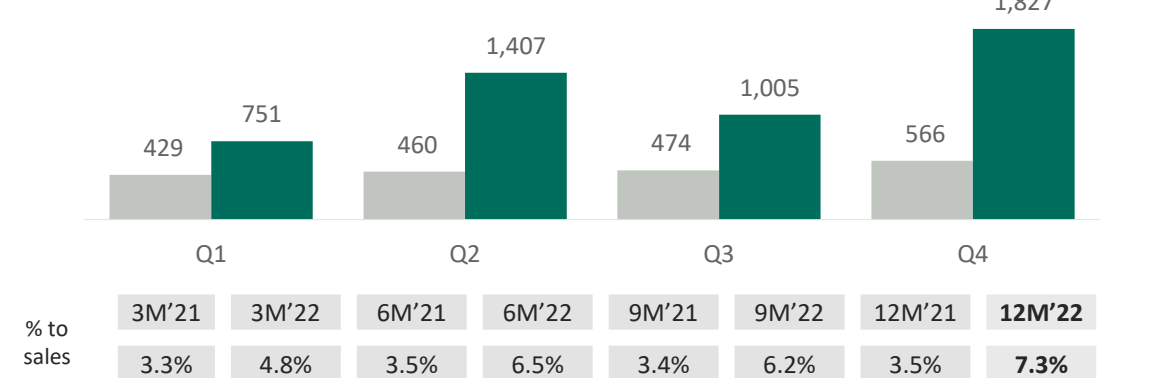


Key aspects

- Working Capital levels improved, focused efforts on inventory management and receivables
- Capex framework – efficient and judicious use of resources. Investment in growth business continues
- Strong free cash flow generation on the back of overall performance and improved working capital

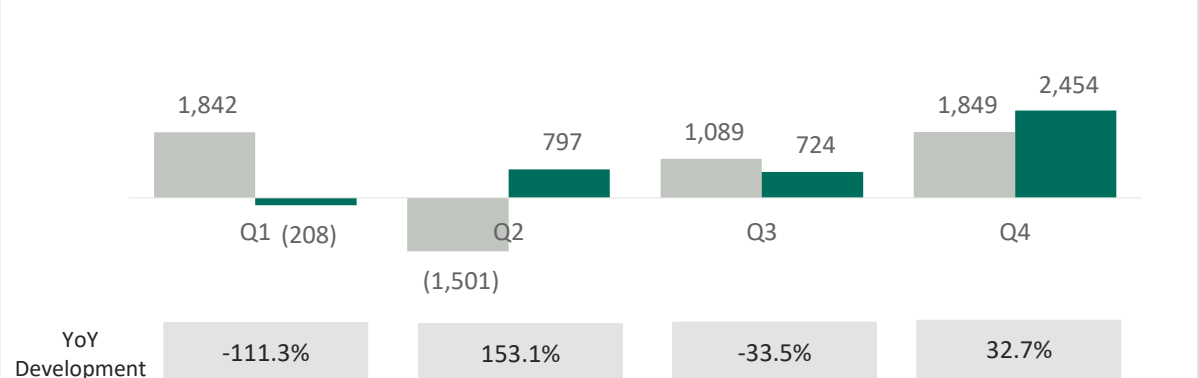
Capex

mn INR



Free Cash Flow

mn INR



Performance Indicators

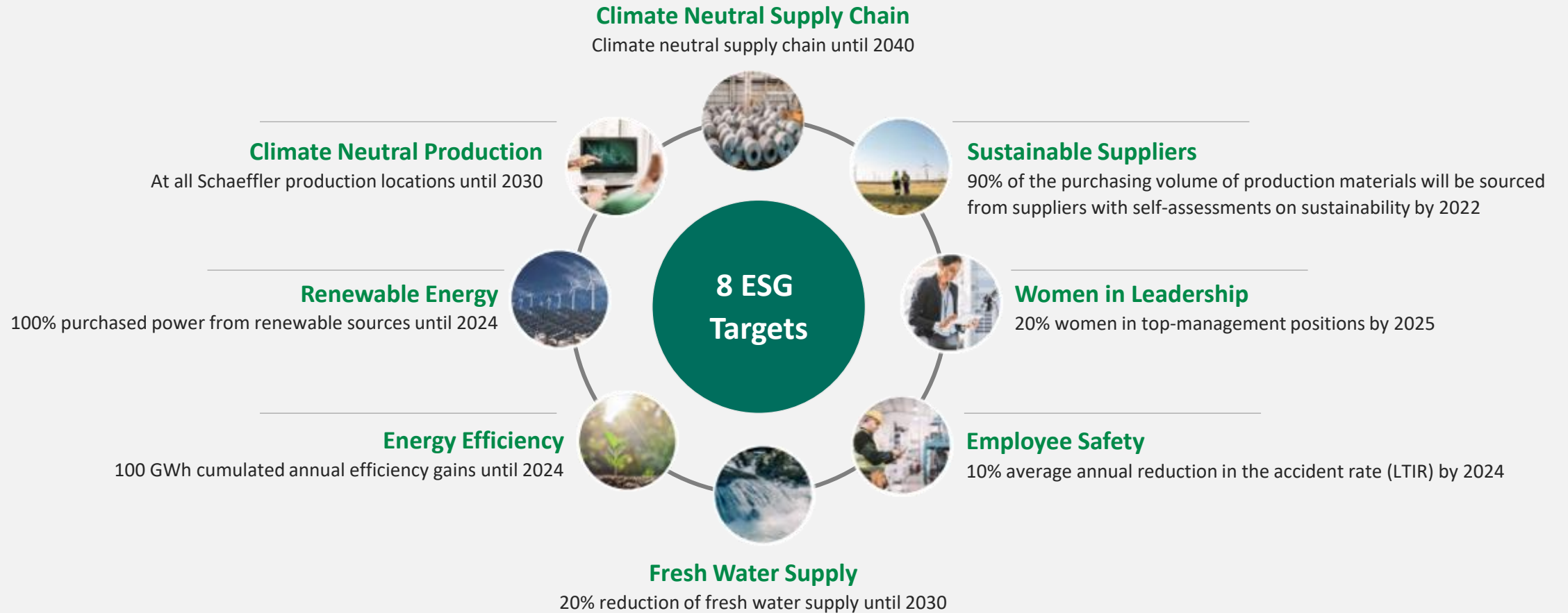
	Unit	Q4 2022	Q3 2022	Q4 2021	12M 2022	12M 2021
Revenue	mn INR	17,947	17,564	15,232	68,674	55,605
Revenue growth (YoY)	%	17.8%	18.1%	19.6%	23.5%	47.8%
Revenue growth (QoQ)	%	2.2%	0.4%	2.4%		
EBITDA	mn INR	3,443	3,273	2,962	13,076	9,950
EBITDA Margin	%	19.2%	18.6%	19.4%	19.0%	17.9%
EBIT ¹⁾	mn INR	2,913	2,756	2,451	11,012	7,979
EBIT Margin	%	16.2%	15.7%	16.1%	16.0%	14.3%
EBT	mn INR	3,096	2,896	2,569	11,770	8,431
EBT Margin	%	17.2%	16.5%	16.9%	17.1%	15.2%
PAT	mn INR	2,310	2,154	1,906	8,792	6,291
PAT Margin	%	12.9%	12.3%	12.5%	12.8%	11.3%
Capex ²⁾	mn INR	1,827	1,005	566	4,990	1,929
FCF	mn INR	2,454	724	1,849	3,768	3,279

¹⁾ EBIT and EBT (before exceptional items) - interest income (net) at 182.7 mn INR in Q4 '22 (118.2 mn INR Q4'21) ; ²⁾ Capex includes CWIP

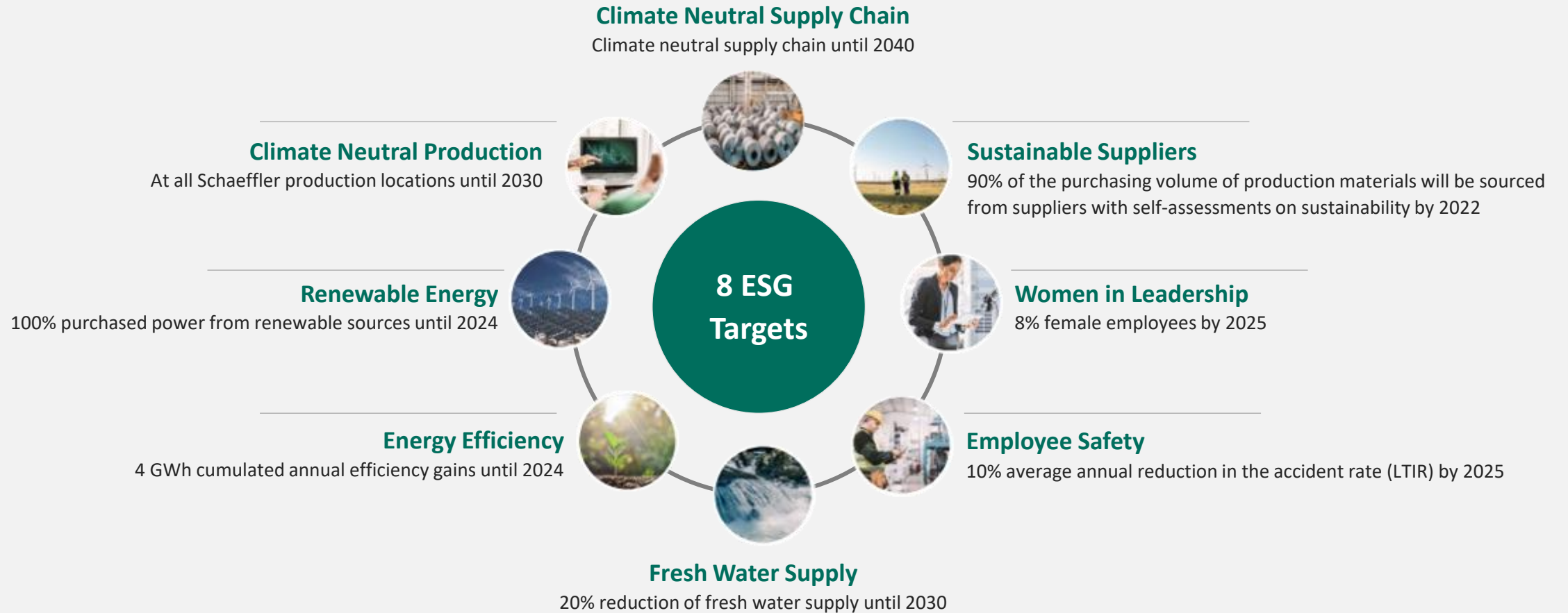
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Schaeffler Group ESG Targets | Clear commitment to sustainability



Schaeffler India ESG Targets | Clear commitment to sustainability



Jal Sahara | CSR Impact Award



CSR Award



Impact

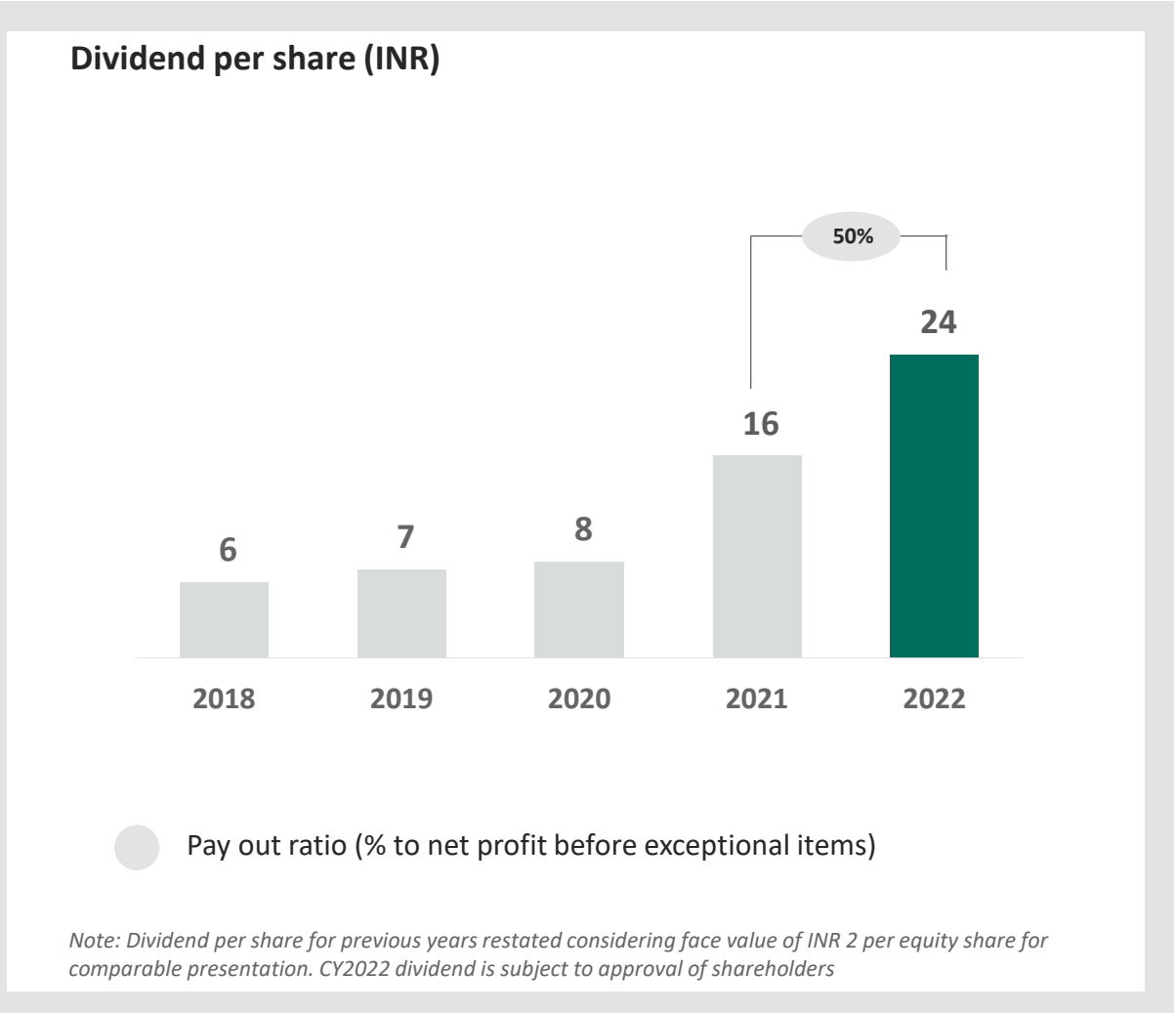
Enhanced Agriculture Production & Income

44%
rise in water level

Enhanced Income of Landless households

116%
Increase in annual income

Dividend payout | Consistent approach to 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 2022, at the rate of INR 24/-per equity share (INR 16 per share for CY2021) of face value INR 2/- each

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

In Summary

- 1 Strong performance for the year aided by broad based growth across businesses and accelerated growth in exports
- 2 Margins supported by increased volumes, sales mix and sustained countermeasures
- 3 Focus on consistent capital deployment remains. Strong cash generation and robust balance sheet.
- 4 Entering 2023 on the back of external headwinds – inflationary pressures and geopolitical situation



- We remain committed to our strategic roadmap of realizing our structured ESG goals
- Emphasis on stakeholder value creation remains

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Thank you



Sustainability is a matter of attitude:
Sometimes what starts small seems
much bigger than you think.
We pioneer motion