

# Schaeffler India Limited Investor Presentation – Q2 and 6M 2023

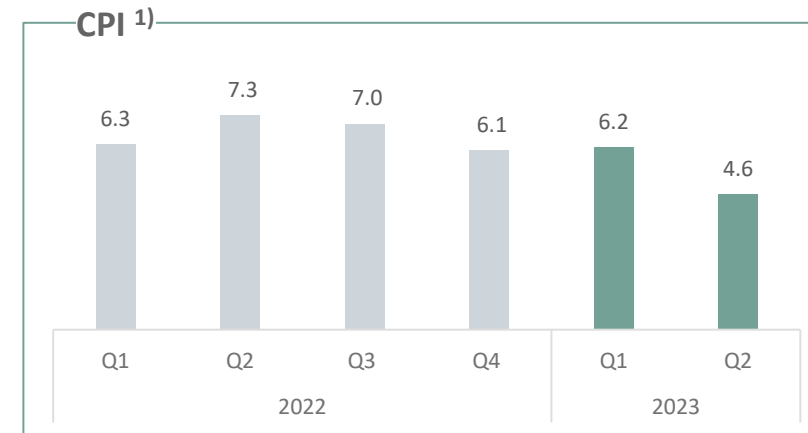
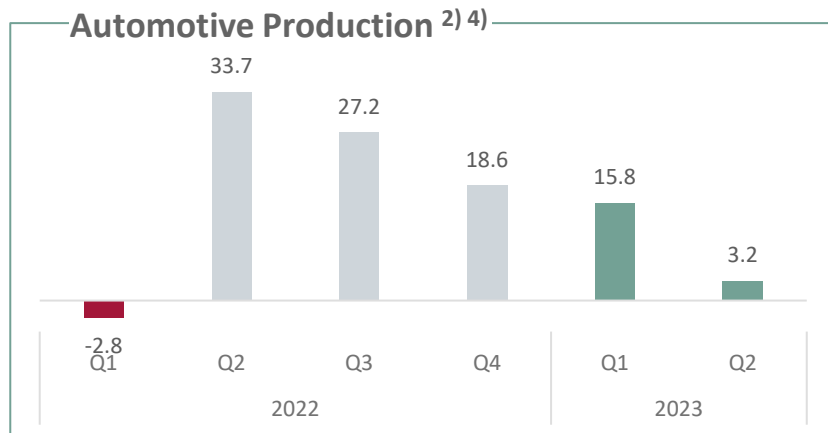
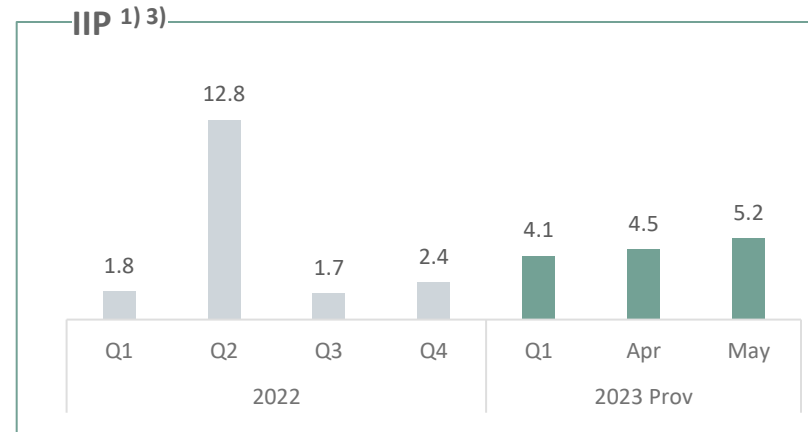
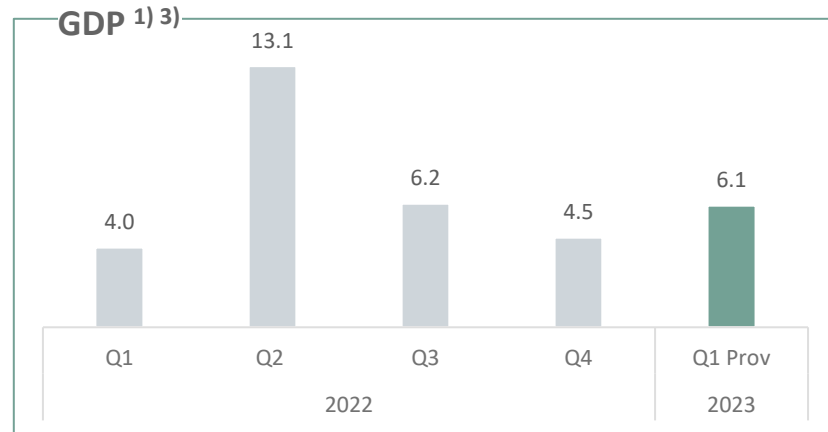
July 27, 2023

We pioneer motion

## Agenda

<b>1</b>	<b>Economy &amp; Industry</b>	<b>2</b>
<b>2</b>	Business Highlights - Q2 and 6M 2023	6
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## Economy | Growth remains resilient



- Q1 GDP at 6.1%, on growth path backed by moderating inflation
- IIP growth in 2023 due to healthy run of the capital goods sector
- YoY Q2 growth in PVs at 6.9%, muted growth in CVs at 1.7% and a de-growth in tractors of 8.9%
- CPI inflation moderated due to sharp deceleration in fuel prices, upside risk due to delayed monsoons and surging food prices

**Note :**

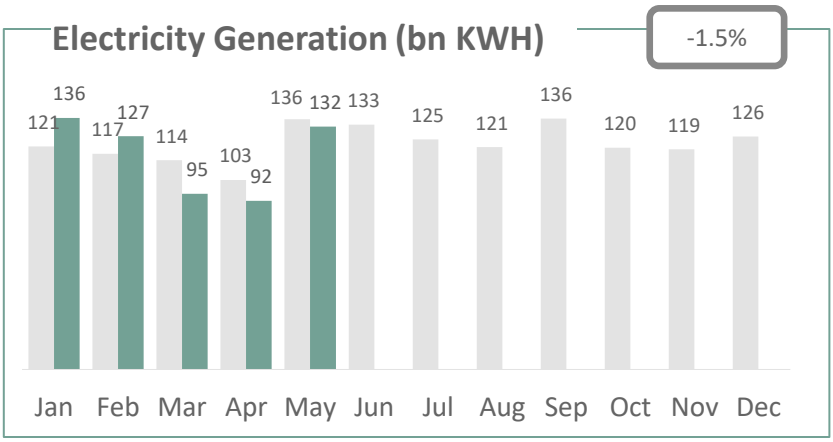
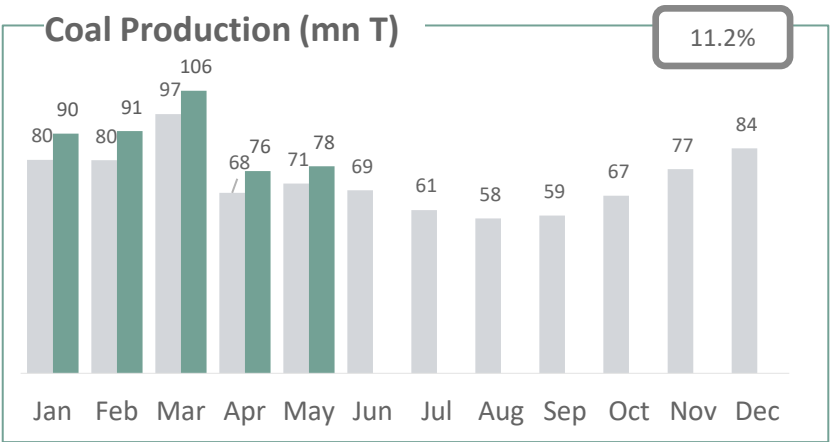
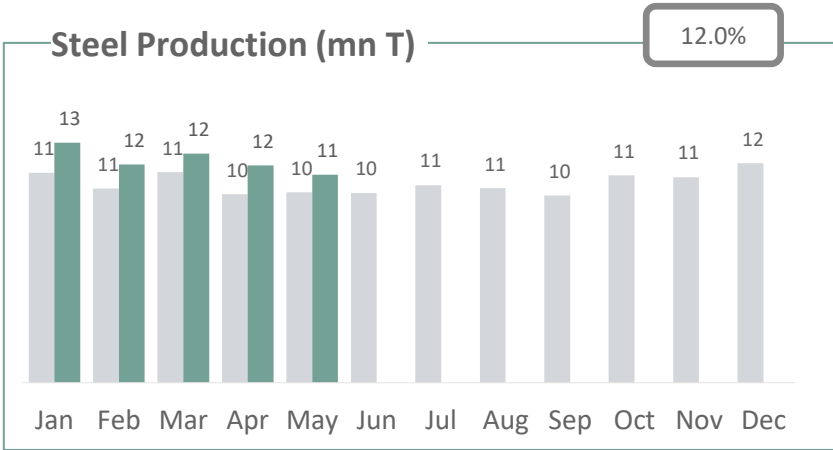
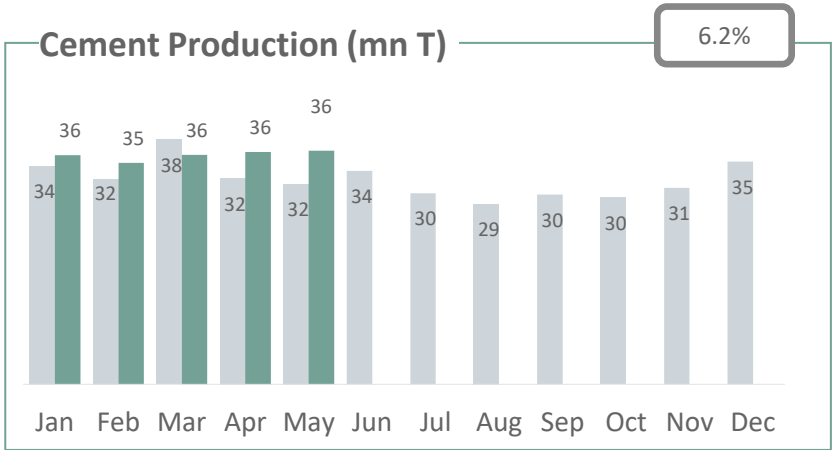
- Data is reinstated every quarter as per final reports released by authorities
- GDP, IIP, and Automotive Production are YoY growth rates, whereas CPI is quarterly inflation rate.
- Contribution of manufacturing, mining, & electricity in IIP stands at 78%, 14%, & 8% respectively
- Automotive Production includes PVs, CVs, & Tractors with production share of 69%, 16%, & 15% 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 | Growth momentum continues

2022 2023 YTD CY2023 Growth



Key comments

Core industry growth YTD May’23 registered at 5.9% compared to 8.7% for the same period last year

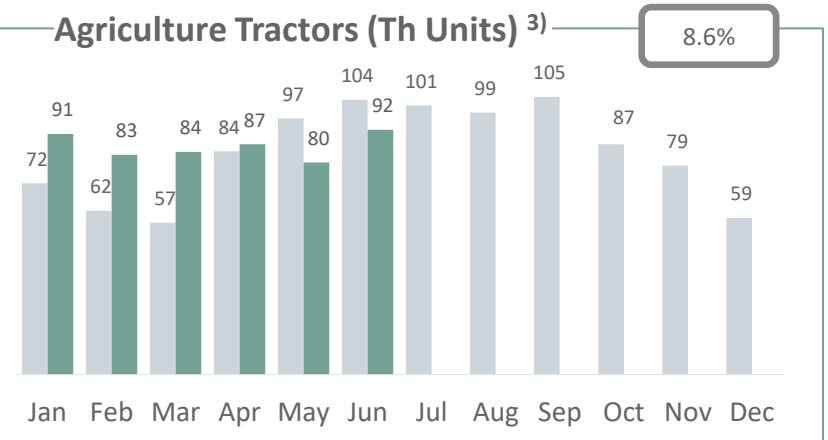
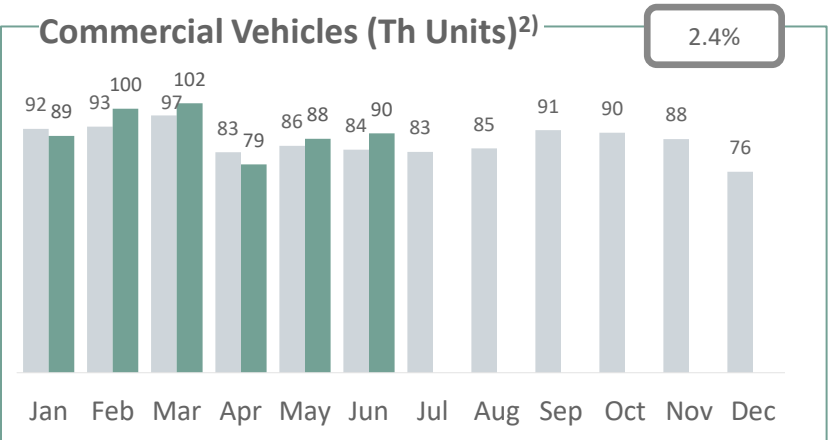
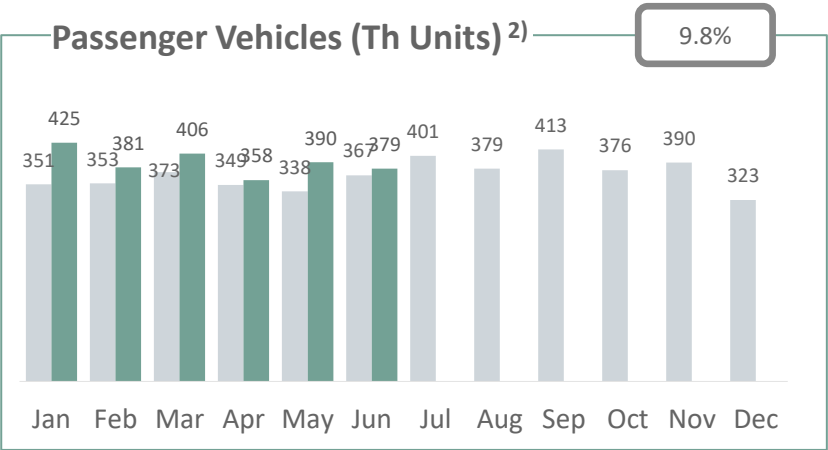
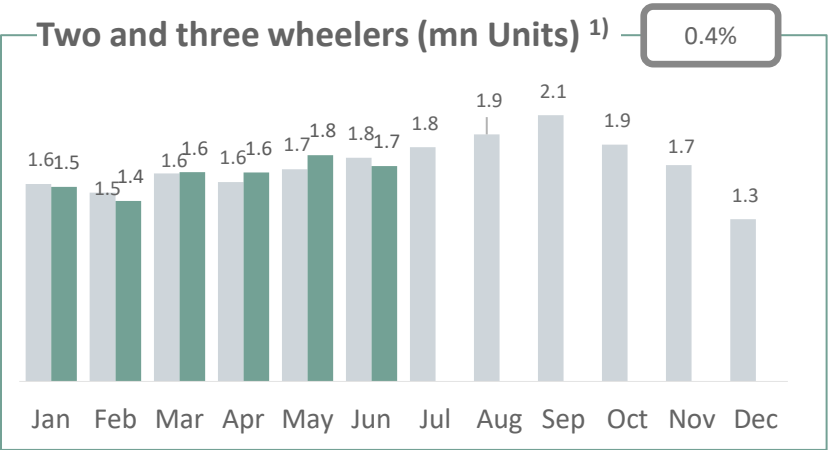
Sector weightage within eight core sectors

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

Source of core sectors data: Office of Economic Advisor

Automotive sector performance | Positive momentum remains

2022 2023 YTD CY2023 Growth



- 2W segment showing signs of recovery in Q2CY'23
- PV segment growth continues on the back of new launches, positive sentiments, and dampening semi conductors' shortages
- CV segment growth moderated due to BS VI Phase 2 and price increases
- Tractors segment showed reasonable growth

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

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## Q2 2023 | Strong domestic performance and earnings quality

### Key Messages

-  Automotive Technologies growth continues despite subdued market conditions
-  Strong growth in Automotive Aftermarket on the back of network penetration and product expansion
-  Industrial business on the growth path, seeing signs of recovery
-  Expansion of Savli Plant and investments for Hosur Greenfield Plant continue
-  Strong domestic business helped sustain the quality of earnings despite slowdown in exports
-  Continued recognitions on our ESG journey, Schaeffler India's water conservation initiatives well recognized
-  Entering second half of 2023 cautiously on the back of sluggish global demand outlook

Sales growth

**4.6%** vs Q2'22

**8.0%** vs Q1'23

**18,291** mn INR

EBIT <sup>1)</sup> margin

**16.1%** Q2'23

**16.0%** Q1'23

**2,941** mn INR

PAT margin

**13.0%** Q2'23

**13.0%** Q1'23

**2,373** mn INR

FCF

**36.9%** vs Q2'22

**3422.6%** vs Q1'23

**1,092** mn INR

<sup>1)</sup> EBIT (before exceptional items)



## Q2 Business developments | Trajectory of wins continues

### Automotive Technologies



#### Reliability and emission reduction

- 1 Business wins in PVs<sup>1)</sup> for Wheel Bearings
- 2 Business win for LV clutch systems for CV<sup>1)</sup> segment
- 3 Business wins in MHCVs<sup>1)</sup> for HD clutch systems

### Automotive Aftermarket



#### Increased market coverage

- 1 Introduced **Schaeffler TruPower Two-Wheeler Batteries** for superior performance and reliability
- 2 Business wins for FEAD/ Timing Kit, TRBs in the PV segment
- 3 Focus on penetration through range extension remains

### Industrial



#### Precision and Efficiency

- 1 New business win in the Industrial Automation segment for **liner motion guides and ultra precision drives**
- 2 Key business wins for bearings in the **electric two-wheeler** segment
- 3 Business wins for bearings and axel box housing for railway applications

<sup>1)</sup> TW - Two-wheelers, CV - Commercial Vehicles, PV - Passenger Vehicles



Automotive Aftermarket | Introduced Schaeffler TruPower Batteries for Two Wheelers

Schaeffler TruPower Two-Wheeler Batteries  
Introduced in June 2023



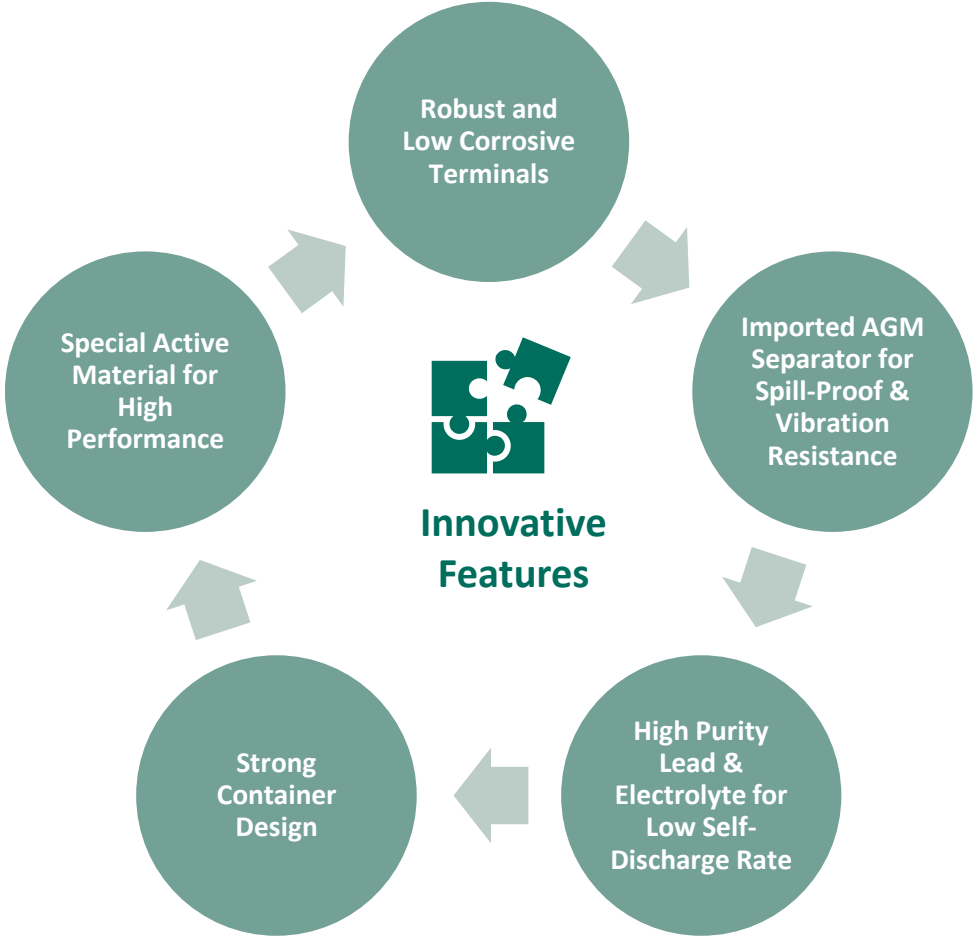
State of the art batteries, specially developed for two-wheeler applications



Leveraging superior VRLA (Valve Regulated Lead Acid) technology - represent a significant advancement in battery technology



Ensures trouble free running



## Industrial | Expansion of industrial production capacity at Savli



Additional capacities of over 10,000 sq.m. of production space, to the existing state of the art manufacturing plant in Savli



Manufacturing of spherical roller bearings, spherical rollers and expansion of heat treatment facilities



Enhanced production capacity will the **Wind Energy**, **Heavy Industries** and **Railways** sector



Commitment to customer-centricity, well-positioned to serve customer needs better

### Expansion of manufacturing at Savli, Vadodara (Hall 2)



Heat Treatment



Grinding



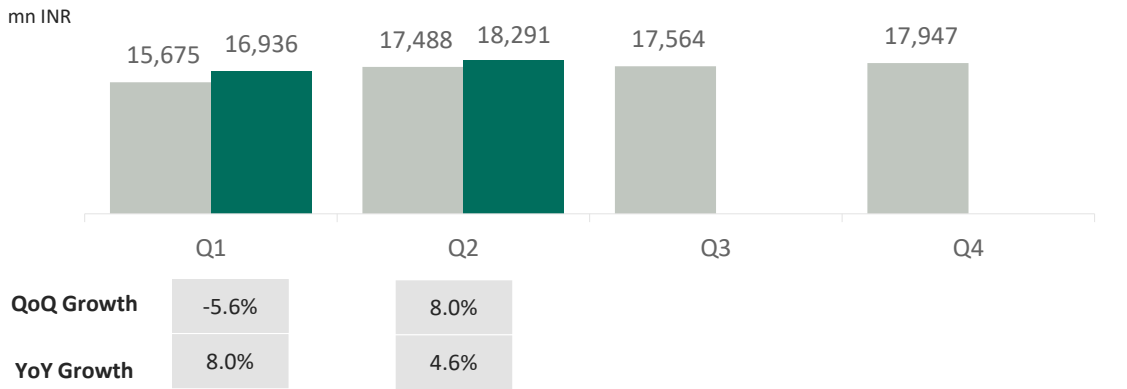
Product Offerings

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Revenue from operations | Growth momentum continues

Total revenue

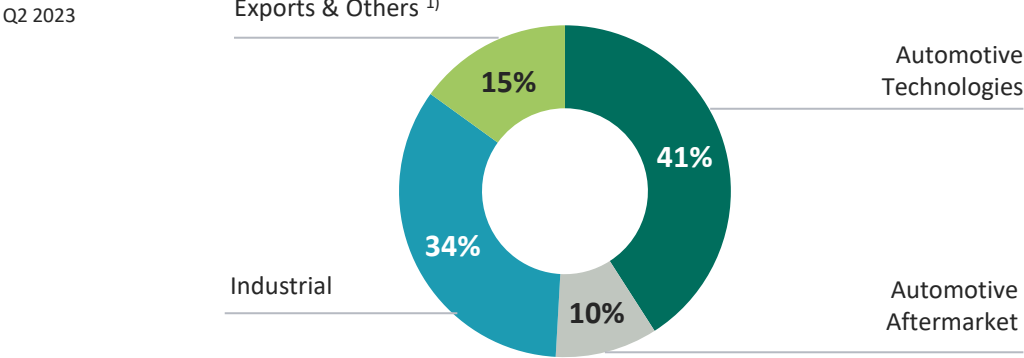


Key aspects

- YoY growth backed by strong domestic demand in Automotive Business and signs of recovery in the Industrial Business
- Slowdown in exports owing to sluggish global demand

Growth	Q2'23 vs Q1'23	Q2'23 vs Q2'22	6M'23 vs 6M'22
Automotive Technologies	1.6%	10.3%	15.4%
Automotive Aftermarket	26.2%	23.8%	20.9%
Industrial	16.7%	-2.3%	-5.3%
Exports & others <sup>1)</sup>	-1.5%	-3.5%	3.0%

Sales mix

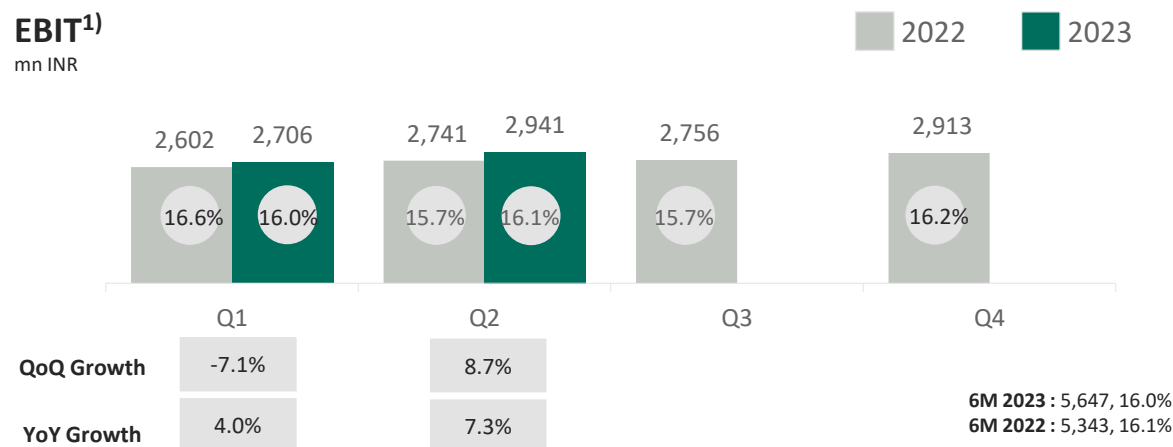


<sup>1)</sup> Exports mainly includes exports to group companies, scrap sale and other operating income

## Earnings Quality | Remains resilient

### EBIT<sup>1)</sup>

mn INR

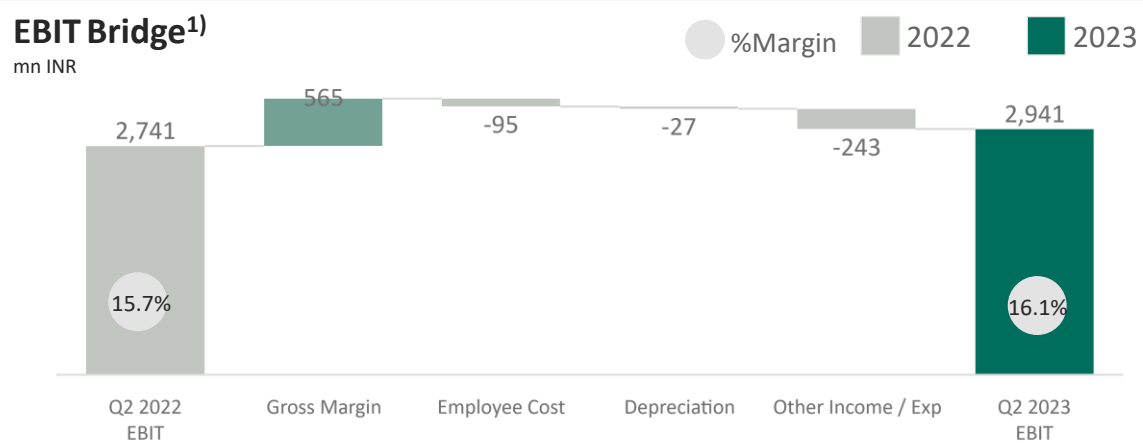


### Key aspects

- YoY earnings quality remains strong on the back of volume gains and input cost stability
- QoQ margins stable on the back of efficiency gains and input cost stability, despite adverse revenue mix

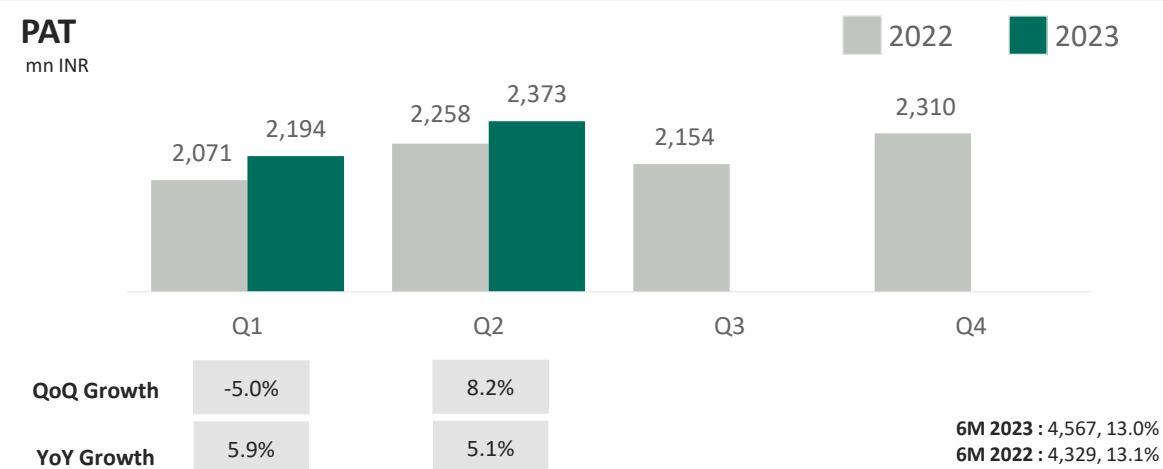
### EBIT Bridge<sup>1)</sup>

mn INR



### PAT

mn INR

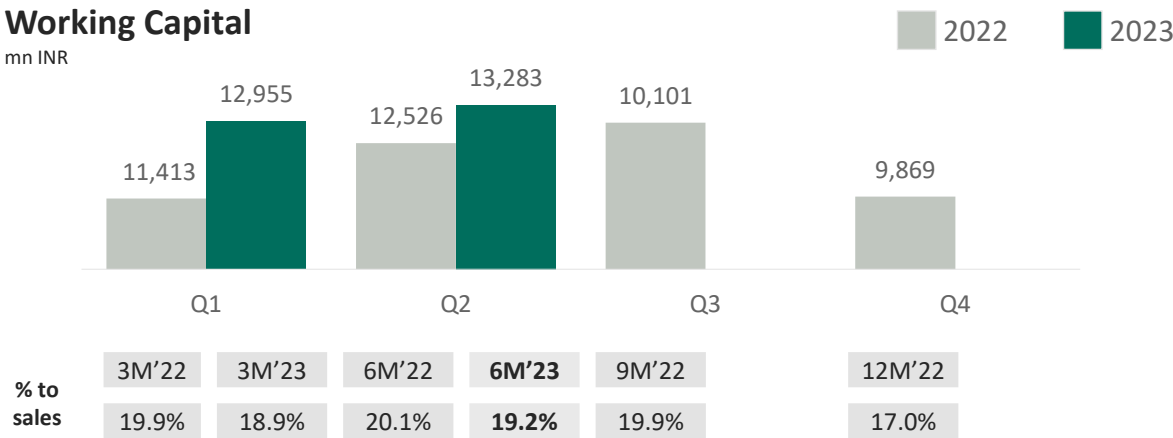


<sup>1)</sup> EBIT (before exceptional items) - interest income (net) at 239.5 mn INR in Q2'23 (116.5 mn INR Q2'22);

Working capital, Capex | Focus remains

Working Capital

mn INR

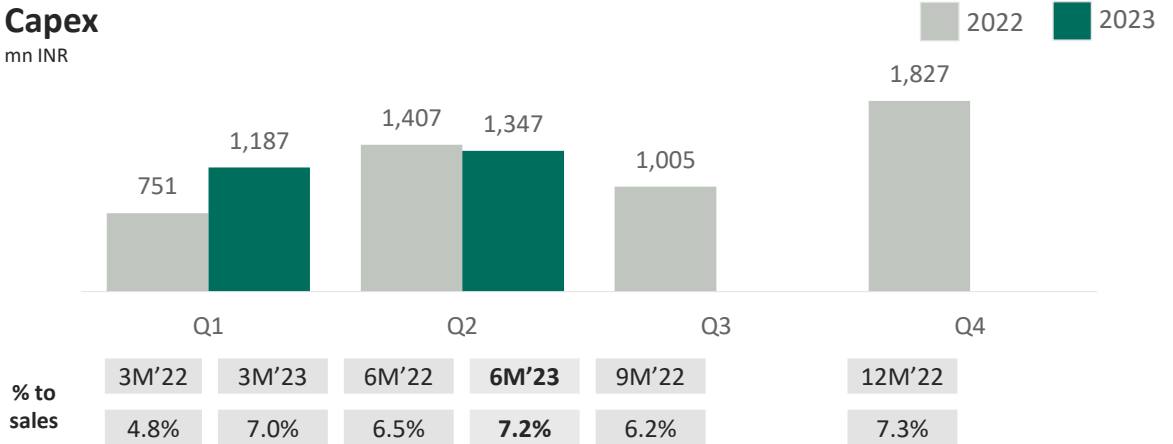


Key aspects

- Working Capital - optimal levels continue to be maintained
- Capex framework – focus remains, expansion at Savli and Hosur manufacturing facilities
- Free cash flow generation - improved on the back of performance and inventory management

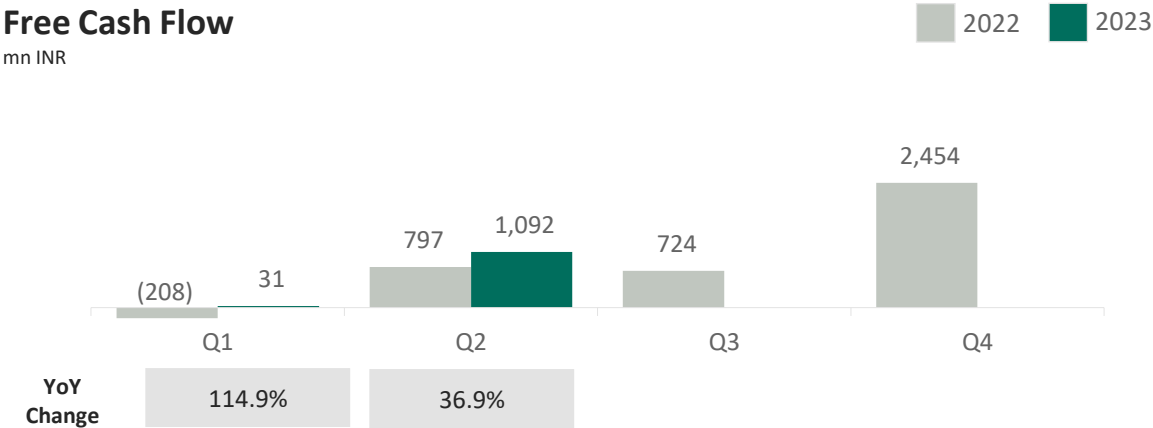
Capex

mn INR



Free Cash Flow

mn INR



## Performance Indicators

	Unit	Q2 2023	Q1 2023	Q2 2022	6M 2023	6M 2022	12M 2022
Revenue	mn INR	18,291	16,936	17,488	35,228	33,163	68,674
Revenue growth (YoY)	%	4.6%	8.0%	41.8%	6.2%	30.1%	23.5%
Revenue growth (QoQ)	%	8.0%	-5.6%	11.6%	-	-	
EBITDA	mn INR	3,480	3,230	3,254	6,710	6,360	13,076
EBITDA Margin	%	19.0%	19.1%	18.6%	19.0%	19.2%	19.0%
EBIT <sup>1)</sup>	mn INR	2,941	2,706	2,741	5,647	5,343	11,012
EBIT Margin	%	16.1%	16.0%	15.7%	16.0%	16.1%	16.0%
EBT	mn INR	3,180	2,941	2,857	6,122	5,629	11,770
EBT Margin	%	17.4%	17.4%	16.3%	17.4%	17.0%	17.1%
PAT	mn INR	2,373	2,194	2,258	4,567	4,329	8,792
PAT Margin	%	13.0%	13.0%	12.9%	13.0%	13.1%	12.8%
Capex <sup>2)</sup>	mn INR	1,347	1,187	1,407	2,534	2,158	4,990
FCF	mn INR	1,092	31	797	1,123	590	3,768

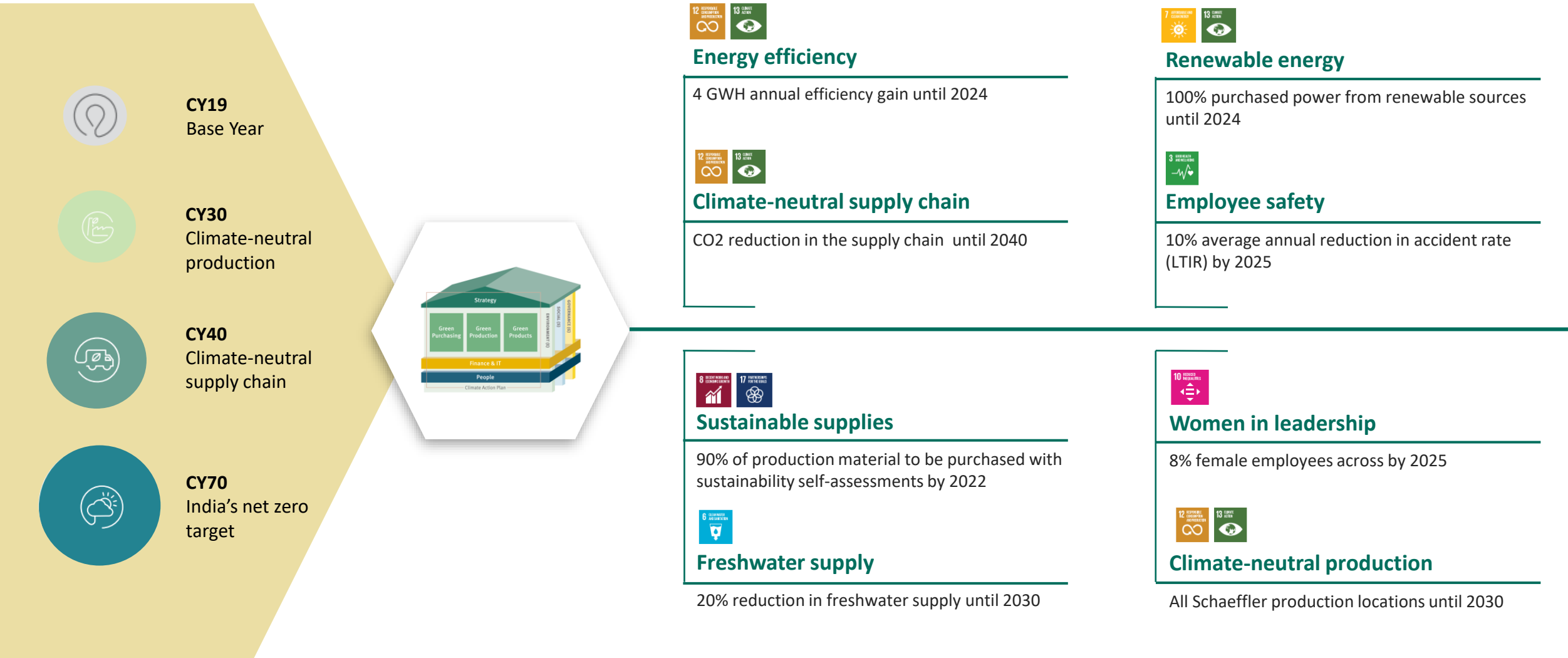
<sup>1)</sup> EBIT (before exceptional items) - interest income (net) at 239.5 mn INR in Q2'23; 6M 2023 interest income (net) at 475.1 mn INR 6M 2022 : 286.4 mn INR <sup>2)</sup> Capex includes CWIP



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Sustainability Roadmap | Long-term commitment with focus on short term goals



## CSR | Three consecutive awards for Project Jal Sahara

1



Category Won by Schaeffler India:  
**Rural Development and  
Infrastructure (Large)**

2



Award Won by Schaeffler India:  
**The CSR Journal  
Excellence Award**

Special Commendation Award in Corporate Social Responsibility for 2022 **by CSR Journal**

3



Award Won by Schaeffler India:  
**CSR & Sustainability Awards 2022 -  
Excellence in Water Conservation**

Excellence in Water Conservation category award  
by **ASSOCHAM**

Schaeffler bagged the Second runner up award in  
Excellence in Water Conservation Category.

## In Summary

- 1 Strong performance for the quarter across all domestic businesses
- 2 Exports performance moderated owing to global demand conditions
- 3 Volume and efficiency gains helped deliver strong earnings performance
- 4 Investments for capacity expansion - at Savli and Hosur plants
- 5 Cautiously optimistic of the second half of 2023, with signs of recovery in key businesses



Focusing on our growth trajectory and long-term value creation for our stakeholders

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# Thank you



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Sometimes what starts small seems  
much bigger than you think.  
We pioneer motion