



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

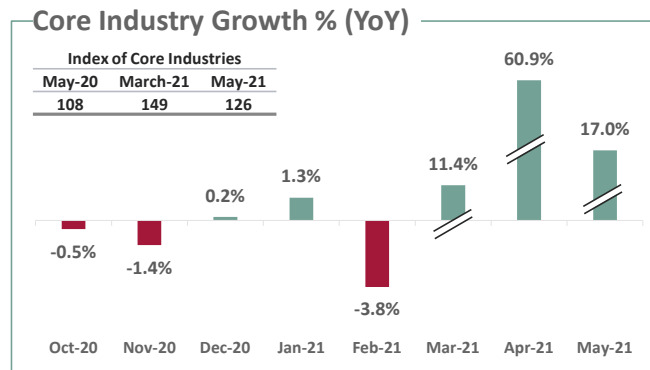
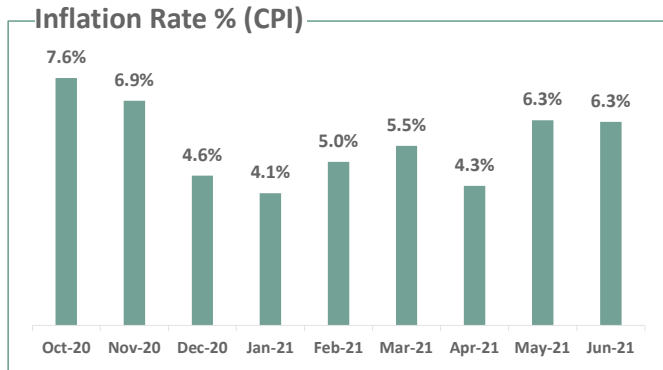
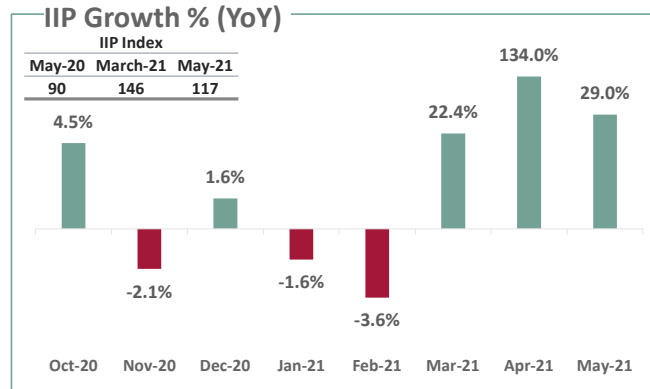
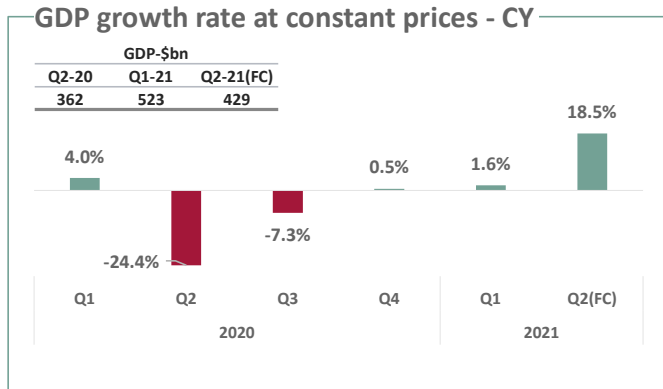
Schaeffler India Limited Investor Presentation – Q2/6M 2021

July 22, 2021

Agenda

- 1 Industry & economy**
- 2 Q2 / 6M 2021 Highlights**

Economy | Illusive double-digit growth



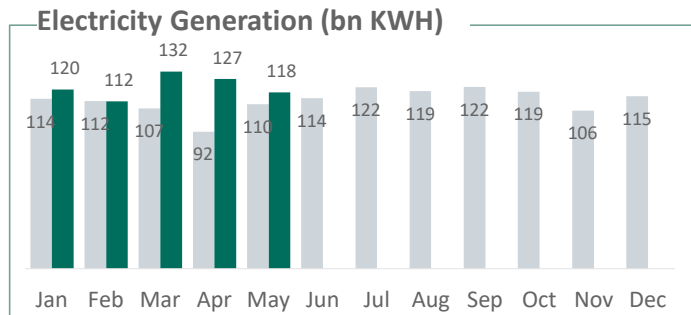
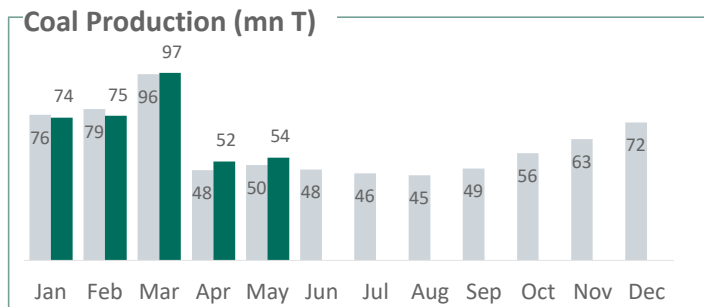
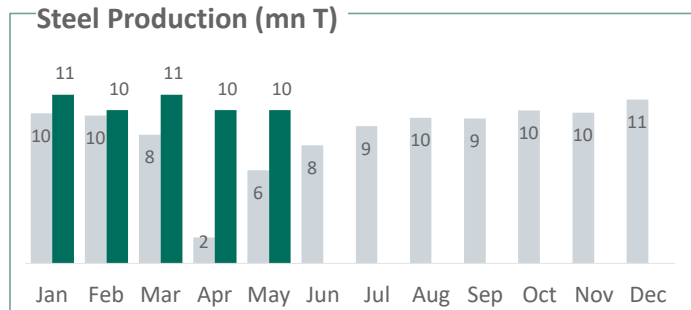
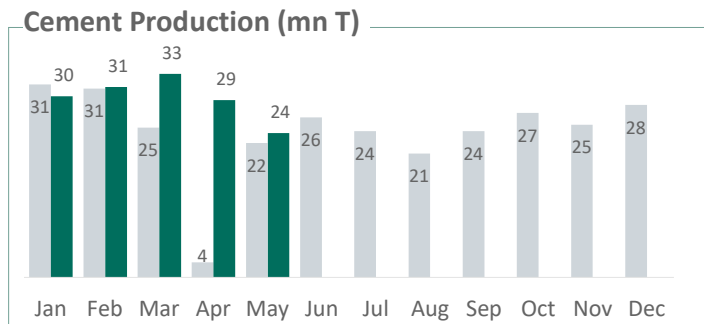
Key messages

- 1 CY21, India's GDP is expected to grow at 8.05%.
- 2 YoY GDP to grow by ~19%, but to contract sequentially by ~18% in Q2.
- 3 May-21, IIP grew by 29% on YoY basis but contracted by 20% w.r.t March-21.
- 4 May-21, Index of core industries grew by 17% on YoY basis but contracted by 16% w.r.t March-21.
- 5 Inflation rate above the tolerance limit of 6% can trigger increase in interest rates and hence may hamper growth.

Data Source-Q2 (FC)-RBI, Data Source-for GDP, IIP, Core Industries & CPI-MOSPI, $\$$ - ₹-74.52

Core sector performance | Recovery hampered due to Covid-19 wave 2

2020 2021



Key messages

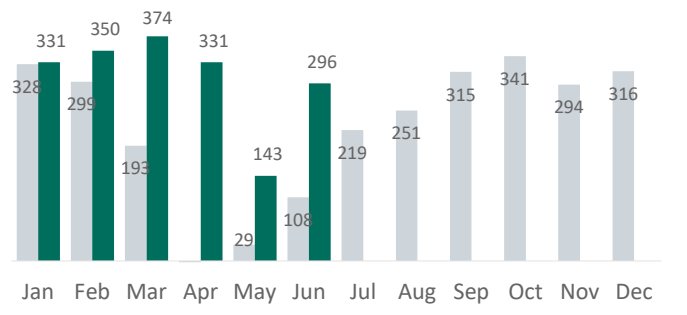
- Cement:** YTD production was 30% higher than the corresponding period of 2020.
- Steel:** YTD production was 44% higher than the corresponding period of 2020.
- Coal:** YTD production was marginally higher by 1% than the corresponding period of 2020.
- Electricity:** YTD production was 15% higher than the corresponding period of 2020.

Source of core sectors data: Office of Economic advisor

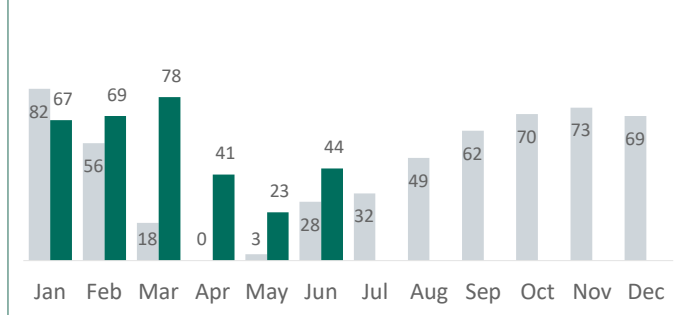
Automotive production | Quarter impacted by Covid-19 wave 2

2020 2021

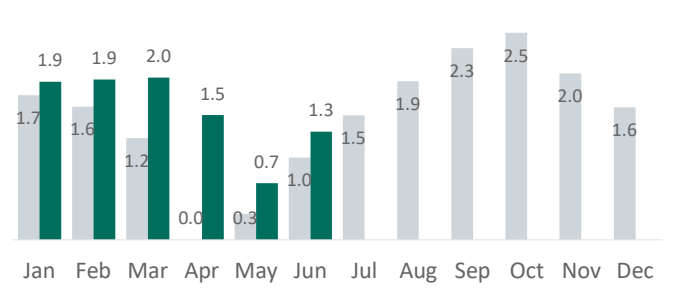
Passenger vehicles (Th Units) ¹⁾



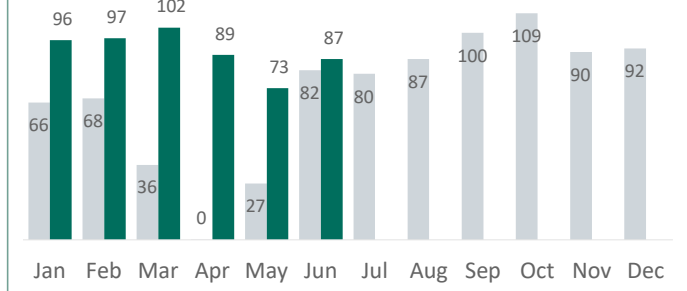
Commercial vehicles (Th Units) ¹⁾



Two and three wheelers (mn Units) ¹⁾



Agriculture tractors (Th Units) ²⁾



Key messages

1 **PVs:** On QoQ basis, production contracted by 27%

Y2020	Y2021	growth
957	1825	91%

2 **CVs:** On QoQ basis, production contracted by 50%

Y2020	Y2021	growth
188	322	71%

3 **2Ws & 3Ws:** On QoQ basis, production contracted by 38%

Y2020	Y2021	growth
5,937	9,498	60%

4 **Tractors:** On QoQ basis, production contracted by 15%

Y2020	Y2021	growth
278	544	95%

Source of data :
 1) SIAM : Society of Indian Automobile Manufacturers
 2) TMA : Tractor Manufacturers Association
 3) 2021 represent monthly average of Jan – Mar 2021

Agenda

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Continue to exercise utmost caution against COVID19



Prevent

- Stringent Covid19 safety protocols continued at all locations
- Dividing plants into cluster zones

Support

- Vaccination camps in factories and offices.
- Assisting hospital admission/critical care.
- COVID-19 insurance support





Motivate

- Messaging through videos & print to encourage employees to vaccinate.
- Enable virtual tools to run business; WFH policy.

- > 75% employees vaccinated
- All plants and warehouses working as per local government regulations

Q2 2021 | Continued growth momentum

Key Messages

-  Continue to effectively manage Covid-19 situation with all-round focus on Employee Health & Safety
-  Secured key business wins across Automotive and Industrial business
-  Robust performance continued despite strong headwinds from Covid-19 wave 2 and input cost pressures
-  Continued steel price hike remain a cause of concern

Sales in Q2

180.9% vs Q2'20

-6.4% vs Q1'21

12,329 mn INR

EBIT in Q2

330.9% vs Q2'20

-6.1% vs Q1'21

1,604 mn INR

PAT in Q2

401.7% vs Q2'20

-8.2% vs Q1'21

1,281 mn INR

FCF in Q2

38.6% vs Q2'20

-181.5% vs Q1'21

-1,501 mn INR

Key business developments Q2

Industrial



Precision and Efficiency

- 1 Largest split spherical roller bearing installation in a steel plant
- 2 Remotely installed one of the largest TRBs for wind application
- 3 Breakthrough order for multiple products in mining equipment manufacturer

Automotive Technologies



Reliability and emission reduction

- 1 Key wins in CV and Tractor segment for clutch transmission solutions
- 2 Nomination for CRS – clutch release system in key PV business
- 3 Continued long term business wins in chassis and engine segment for key relevant products

Automotive Aftermarket



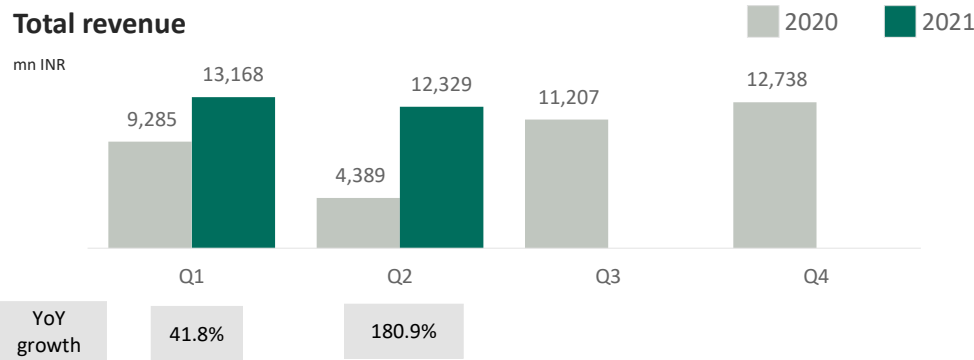
Increased market coverage

- 1 Expansion of product range - Launch of FAG Universal Joint Cross
- 2 New range push type clutch for CV : Concept of Serviceable Cover Assembly
- 3 Focus on Service Level Improvement and Range Extension in Schaeffler TruPower

Revenue from operations | Strong performance

Total revenue

mn INR

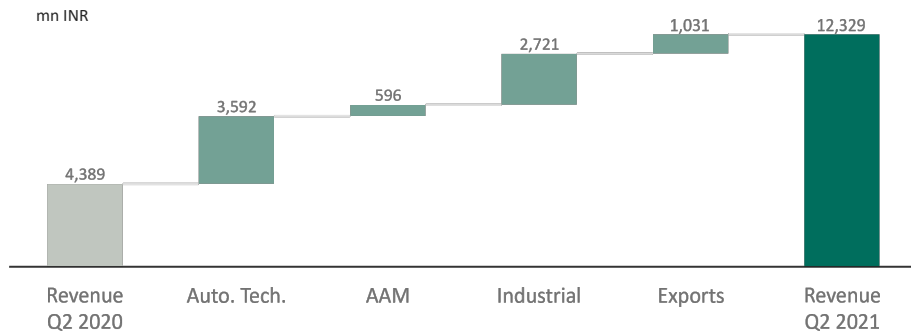


Key aspects

- Q2 sales out-performed the market in all business areas
- Better sales mix – high exports
- All plants performing at normal capacity level

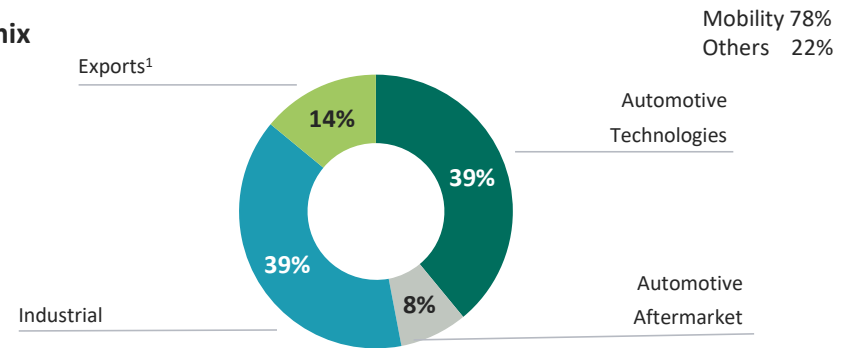
Revenue Bridge

mn INR



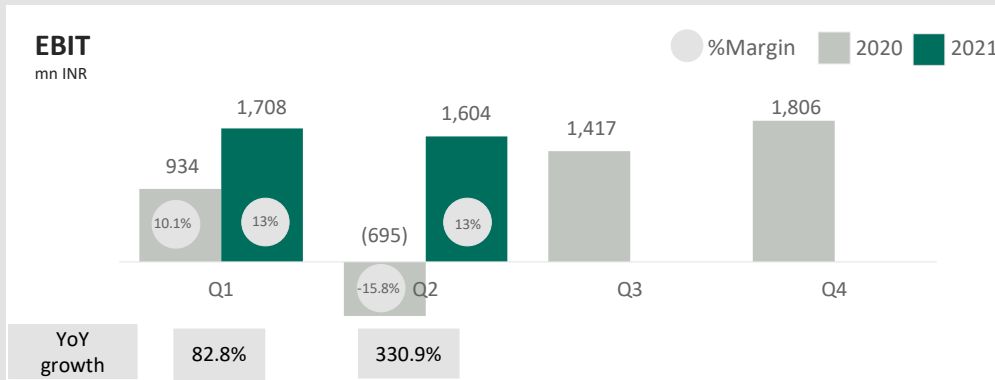
Sales mix

Q2 2021



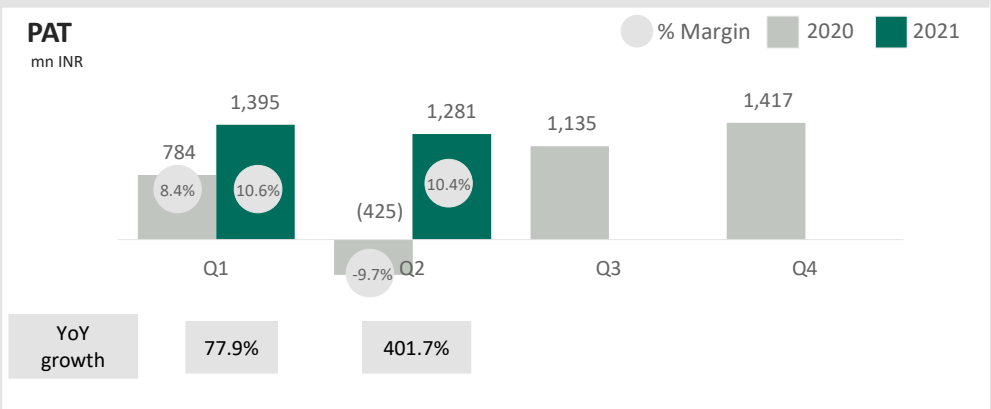
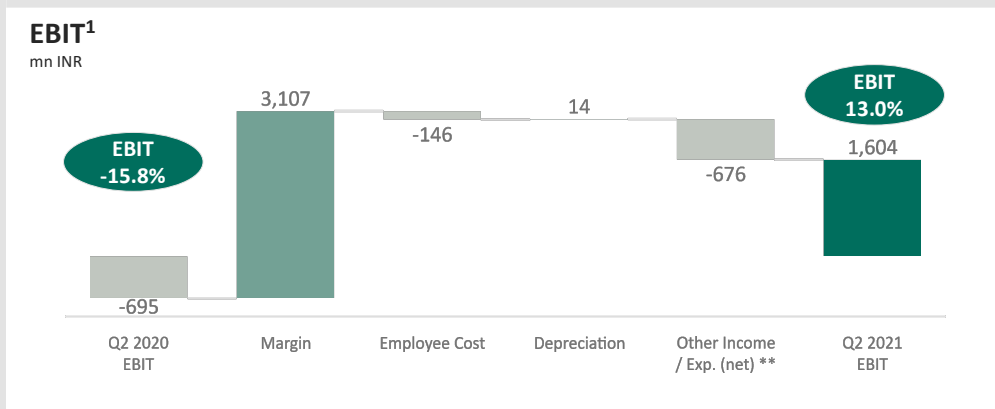
¹ Exports includes other operational revenue

Earnings Quality | Improved



Key aspects

- Strong operational performance and countermeasures led to sustained EBIT margin
- Earnings quality improved

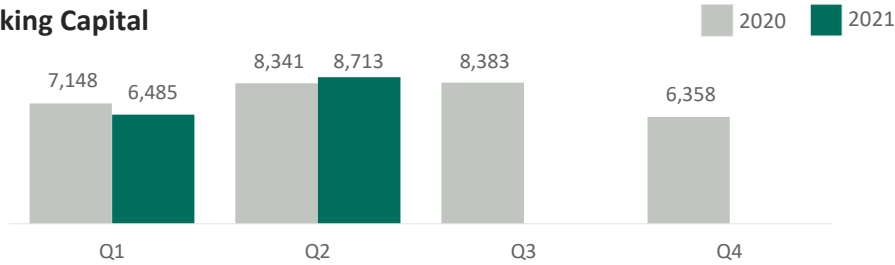


Margin : (Revenue from operation – Total Material cost) / Revenue
¹ EBIT is before interest income (net) 102.5 mn INR (128.6 mn INR Q2/2020)
 ** Other Income/expenses does not include interest

Working Capital, Capex | Continued focus

Working Capital

mn INR



% to sales (LTM)

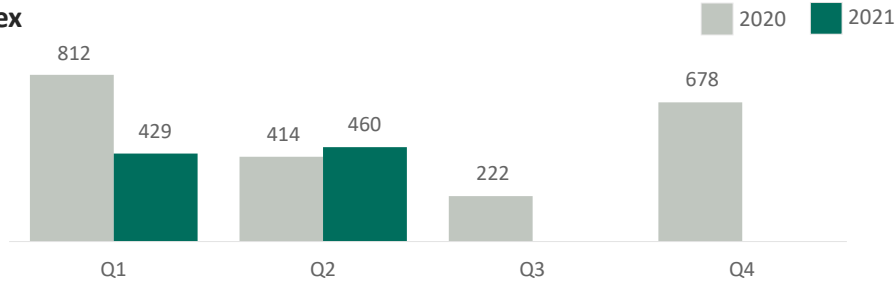
3M'20	3M'21	6M'20	6M'21
17.5%	15.8%	24.4%	18.0%

Key aspects

- Focused working capital management
- Judicious capex spending
- Negative Free Cash Flow – one time

Capex

mn INR

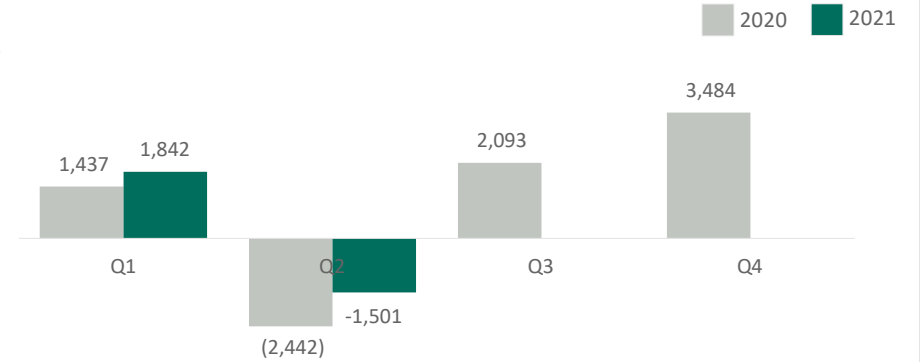


% to sales

3M'20	3M'21	6M'20	6M'21
8.7%	3.3%	9.0%	3.7%

FCF

mn INR



Performance Indicators

	Unit	Q2 2021	Q1 2021	Q2 2020	6M 2021	6M 2020	12M 2020	12M 2019
Revenue	mn INR	12,329	13,168	4,389	25,497	13,674	37,619	43,606
Revenue growth (YoY)	%	180.9%	41.8%	-60.7%	86.5%	-40.3%	-13.7%	-4.4%
Revenue growth (QoQ)	%	-6.4%	3.4%	-52.7%				
EBITDA	mn INR	2,089	2,186	(196)	4,275	1,182	5,402	6,461
EBITDA Margin	%	16.9%	16.6%	-4.5%	16.8%	8.6%	14.4%	14.8%
EBIT	mn INR	1,604	1,708	(695)	3,312	239	3,462	4,874
EBIT Margin	%	13.0%	13.0%	-15.8%	13.0%	1.7%	9.2%	11.2%
EBT	mn INR	1,707	1,860	(567)	3,566	534	3,972	5,346
EBT Margin	%	13.8%	14.1%	-12.9%	14.0%	3.9%	10.6%	12.3%
PAT	mn INR	1,281	1,395	(425)	2,677	359	2,910	3,676
PAT Margin	%	10.4%	10.6%	-9.7%	10.5%	2.6%	7.7%	8.4%
Capex	mn INR	460	429	414	889	1,226	2,126	3,326
FCF	mn INR	(1,501)	1,842	(2,442)	341	(1,005)	4,572	2,474



Our continued focus on customer centricity and actions on countermeasures enabled sustained performance

Conclusion & Outlook

- 1 Performance sustained during the quarter despite Covid19 wave 2 and commodity cost hurdles
- 2 Sustained operational performance across all our plants, normal capacity utilization
- 3 Strong customer engagement leading to robust orderbook outlook
- 4 Hopeful of a faster growth trajectory as Covid-19 wave 2 situation normalizes



Continue to remain agile while closely monitoring the market situation and widening our market reach

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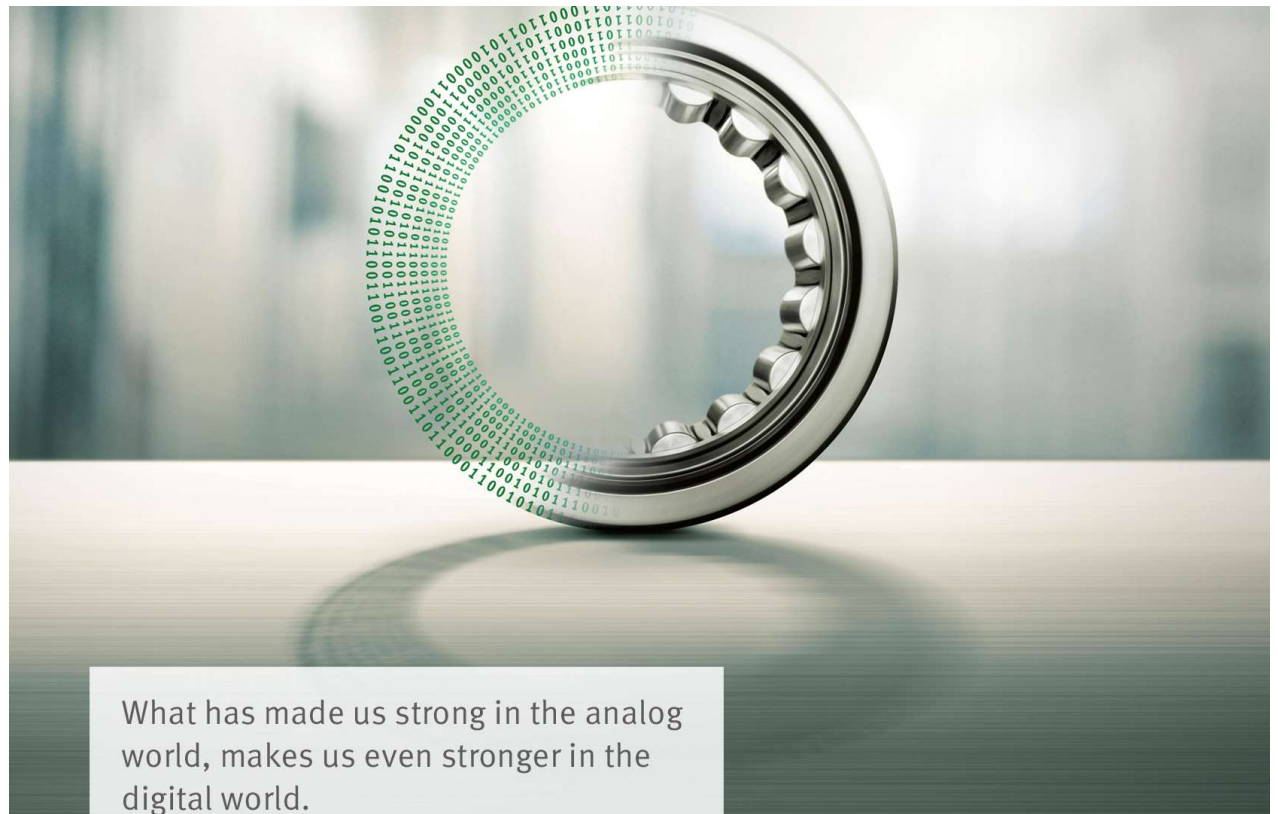
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