



If you see red, or once in a while yellow, blue or black: think of green. Green makes the difference.
We pioneer motion

Schaeffler India Limited Investor Presentation - Q3/9M 2021

October 29, 2021

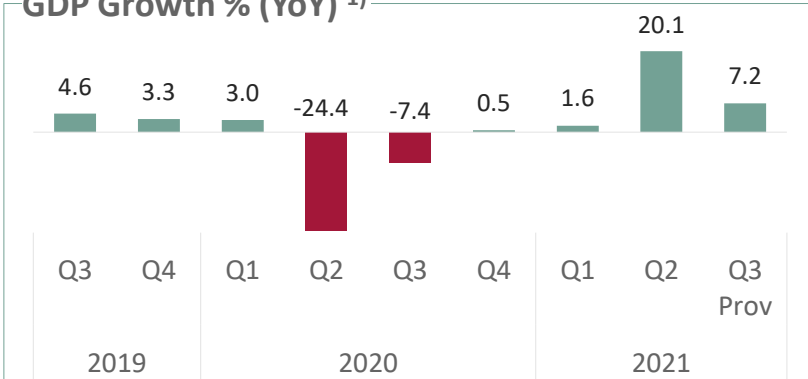
We pioneer motion

Agenda

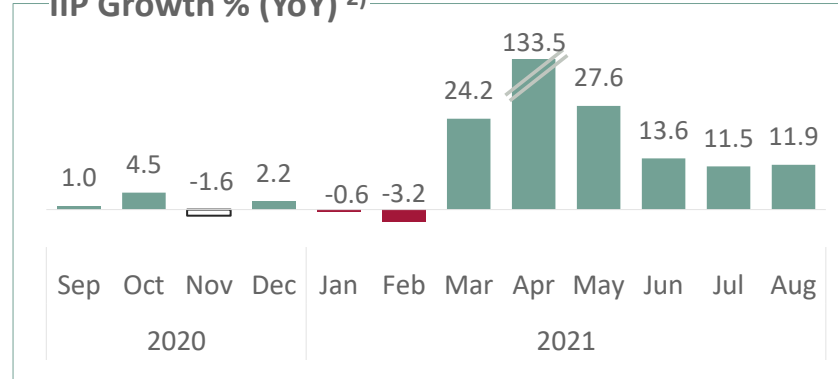
- 1** Industry & economy
- 2** Q3 / 9M 2021 Highlights
- 3** Value creation for shareholders

Economy | Poised for growth

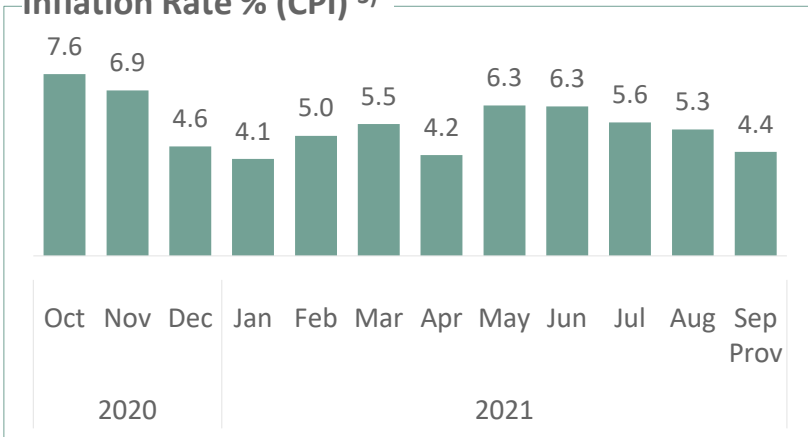
GDP Growth % (YoY) ¹⁾



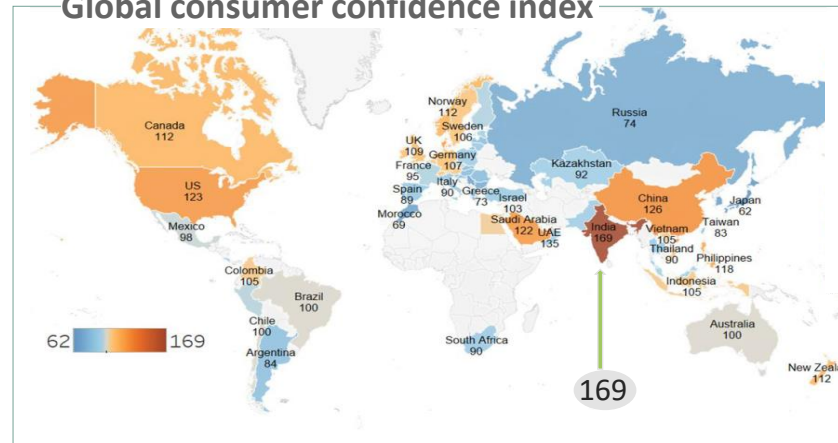
IIP Growth % (YoY) ²⁾



Inflation Rate % (CPI) ³⁾



Global consumer confidence index



Key comments

- 1) GDP growth in YTD Jun-2021 is recorded at 9.3% and Q3 is projected at 7.2%.
- 2) IIP growth in FY22 Apr-Aug is registered at 25.1% compared to degrowth of 18% same period last year.
- 3) Softening of consumer food price index has compensated increase in fuel prices and thereby inflation is moderating.
- 4) Core industry growth in FY22 Apr-Aug is registered at 19.3% compared to degrowth of 17.3% same period last year.
- 5) India Lifts Global Consumer Confidence to a Record high of 115 in Q3 2021.

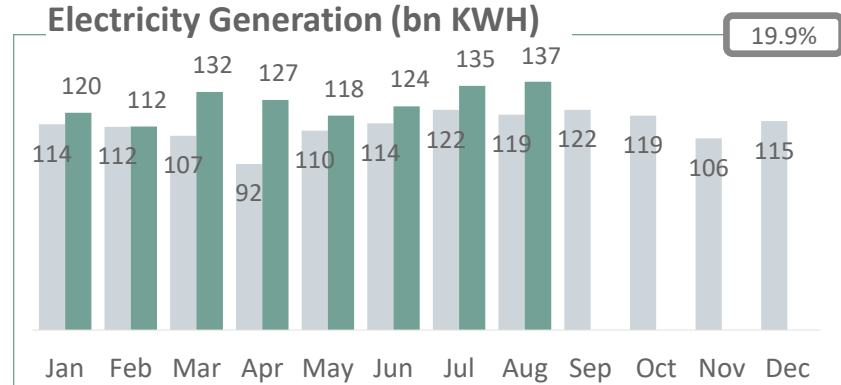
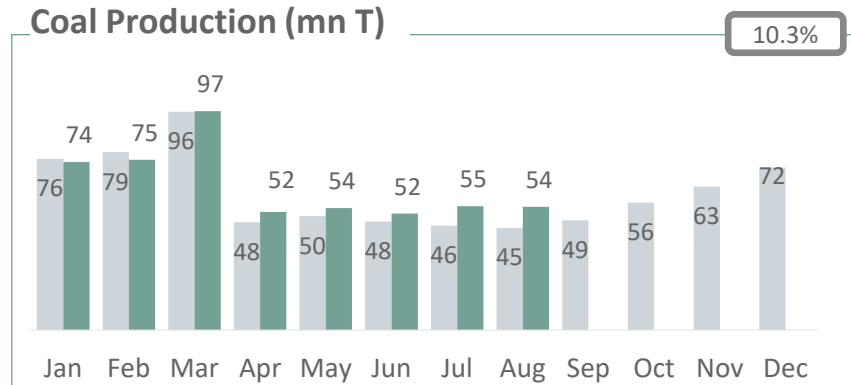
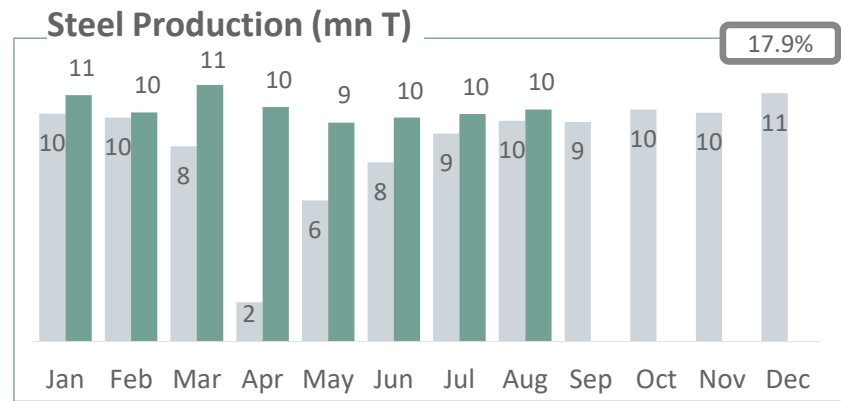
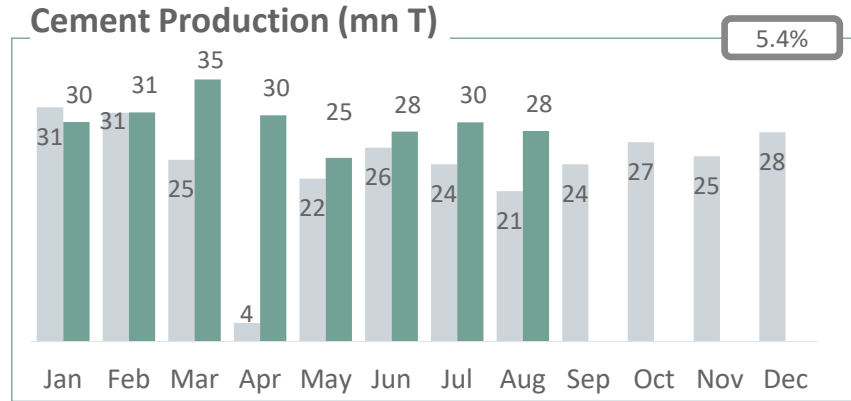
Note : Data is reinstated every quarter as per final reports released by authorities

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
- 5) The Conference Board – Global Consumer Confidence Survey. Oct 2021

Core sector performance | Growth momentum continues

2020 2021 Weight of sector within eight core sectors



Key comments

Overall core sector performance in Apr-Aug period is 19.3% compared to degrowth 17.3% same period last year

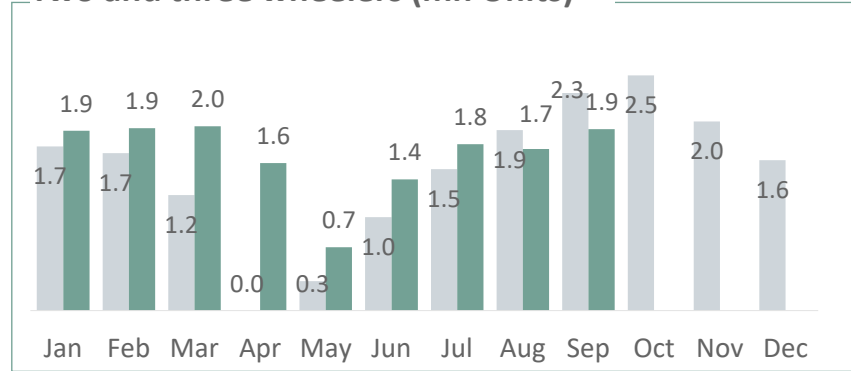
- 1 Cement : YTD production was 22.6% higher than the corresponding period of 2020
- 2 Steel : YTD production was 18.6% higher than 2020 average
- 3 Coal : YTD production was 5.7% higher than 2020 average
- 4 Electricity : YTD production was 11.6% higher than 2020 average.

Source of core sectors data: Office of Economic advisor

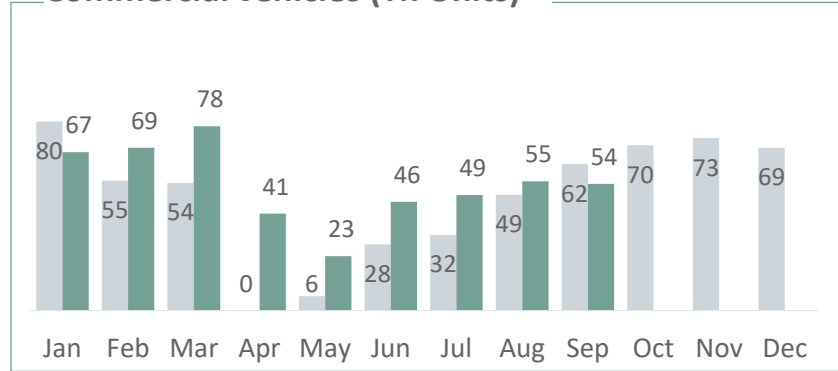
Automotive production | PV and Tractors well above pre-covid levels

2020 2021

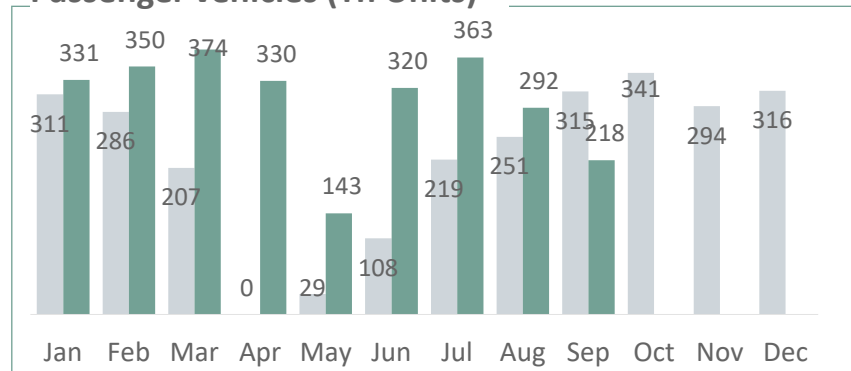
Two and three wheelers (mn Units) ¹⁾



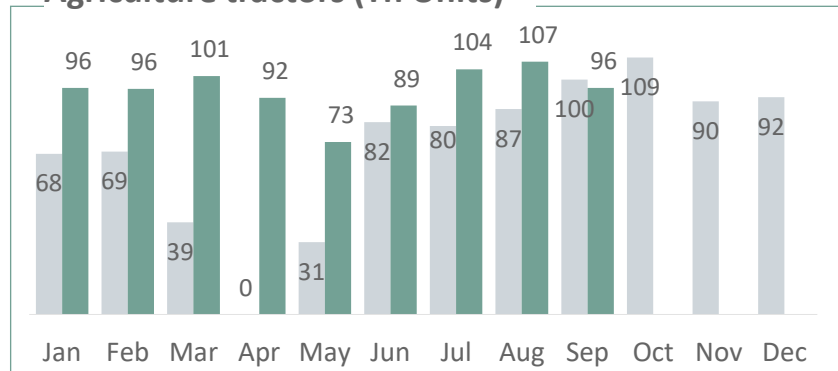
Commercial vehicles (Th Units) ¹⁾



Passenger vehicles (Th Units) ¹⁾



Agriculture tractors (Th Units) ²⁾



Key Comments

- PV and Tractors fairing better than 2019
- Semiconductor shortage has started impacting output
- PLI scheme to boost domestic manufacturing and attract large scale investment

Average monthly production

Th Units	2020	2021
TW	1476	1643
CV	48	53
PV	223	302
Trac	71	95

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

Agenda

- 1 Industry & economy
- 2 **Q3 / 9M 2021 Highlights**
- 3 Value creation for shareholders

Q3 2021 | Continued growth momentum

Key Messages



Record revenue & profitability growth in Q3. Strong performance across all segments.



Sustained strong performance for four quarters in a row



Significant business wins in automotive and industrial space to consolidate on leadership position



Continued input cost pressure. Some headwinds due to chip shortages and supply chain challenges

Sales in Q3

32.7% vs Q3'20

20.7% vs Q2'21

14,876 mn INR

EBIT in Q3

56.5% vs Q3'20

38.2% vs Q2'21

2,216 mn INR

PAT in Q3

50.5% vs Q3'20

33.3% vs Q2'21

1,708 mn INR

FCF in Q3

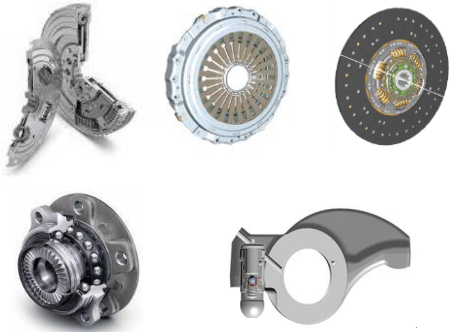
-48.0% vs Q3'20

172.5% vs Q2'21

1,089 mn INR

Business developments Q3 | 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 Long term business win in engine segment for hydraulic rocker arms

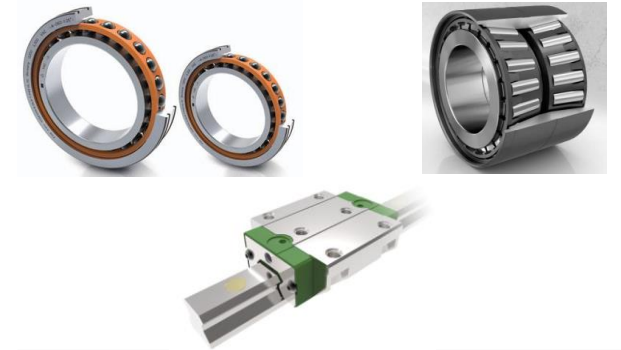
Automotive Aftermarket



Increased market coverage

- 1 Increased penetration of FAG Universal Joint Cross
- 2 Introduction of high performance Lithium complex grease
- 3 Introduction of anti – freeze coolant for sub-zero temperature markets

Industrial



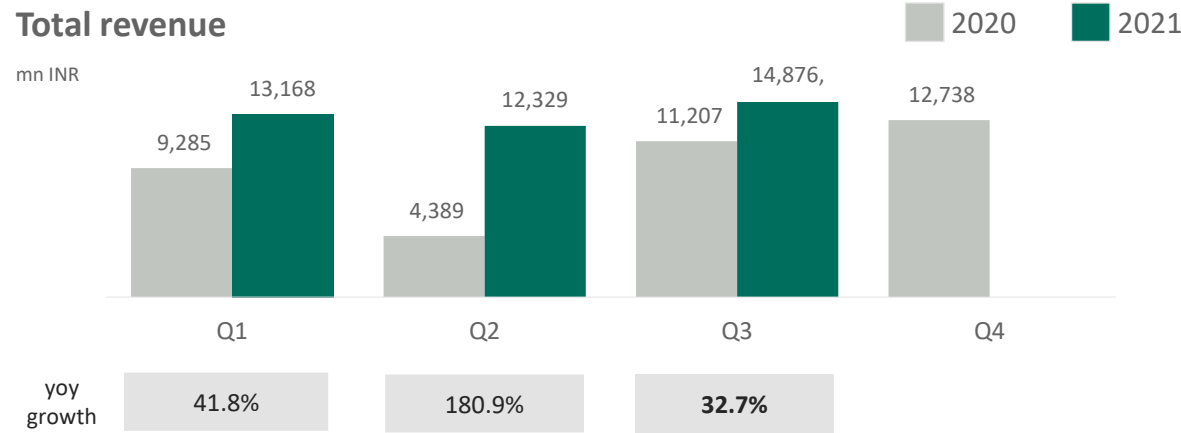
Precision and Efficiency

- 1 Breakthrough order for tractor segment for transmission application
- 2 Business win for high performance spindle bearings made with special alloy
- 3 Won orders for linear motion guides for a large machine tool manufacturer

Revenue from operations | Strong performance

Total revenue

mn INR



Key aspects

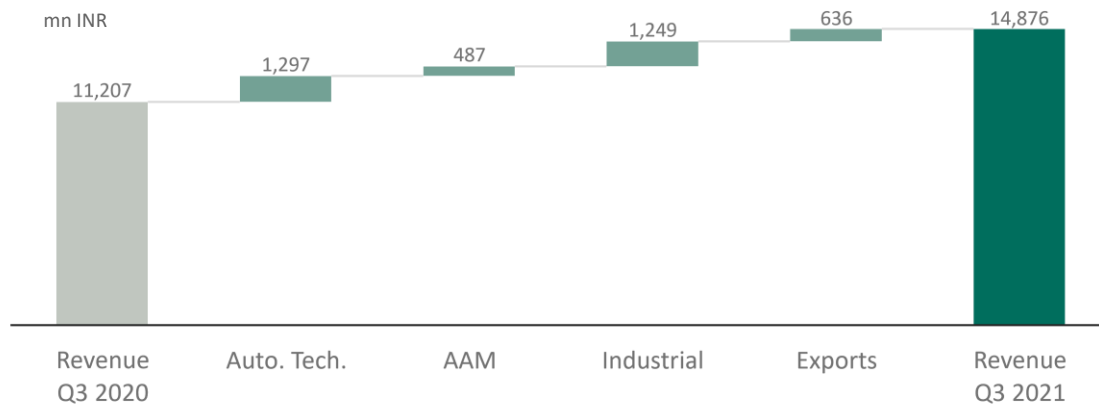
- Q3 sales out-performed the market in all business areas

Growth	Q3 2021 vs Q2 2021	9M 2021 vs 9M 2020
Automotive Technologies	15.6%	74.7%
Automotive Aftermarket	50.1%	57.9%
Industrial	26.7%	48.9%
Exports & others	1.8%	75.9%

- Balanced business portfolio helped sustain the growth momentum
- All plants performing at normal capacity level

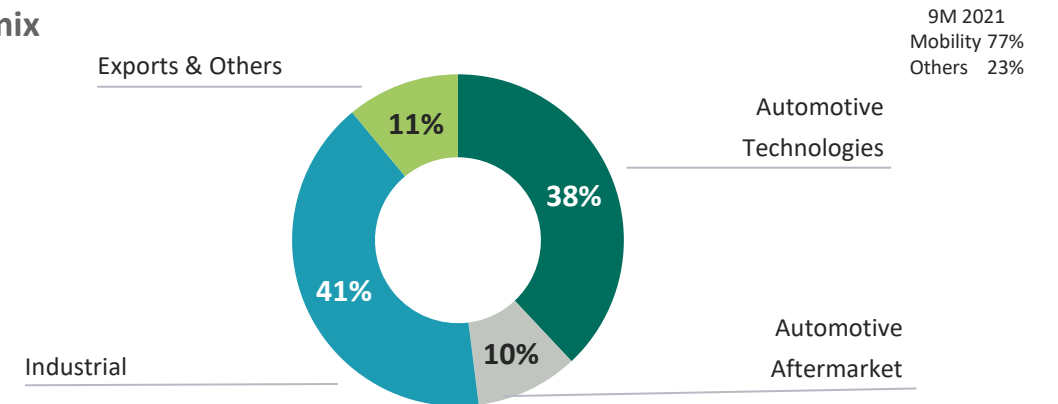
Revenue Bridge

mn INR

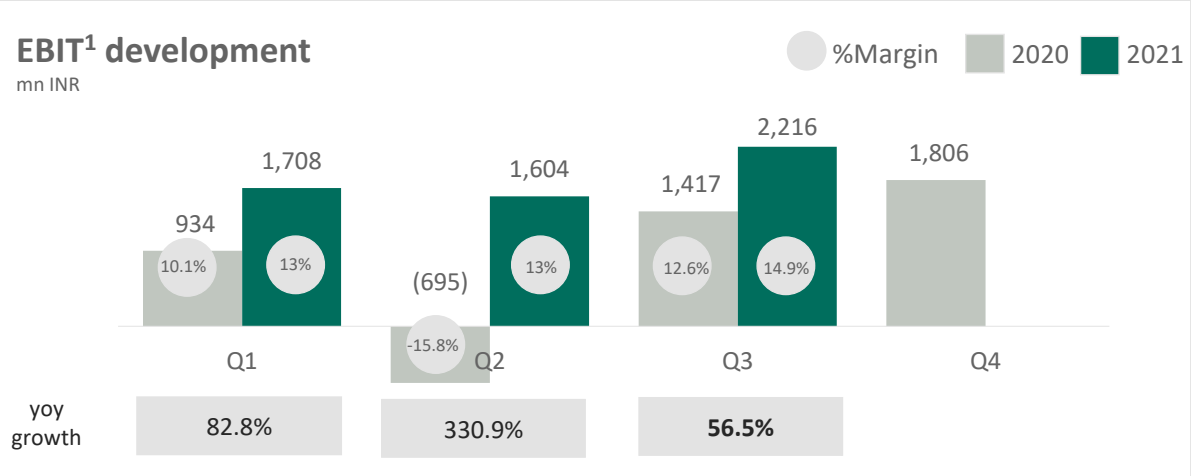


Sales mix

Q3 2021

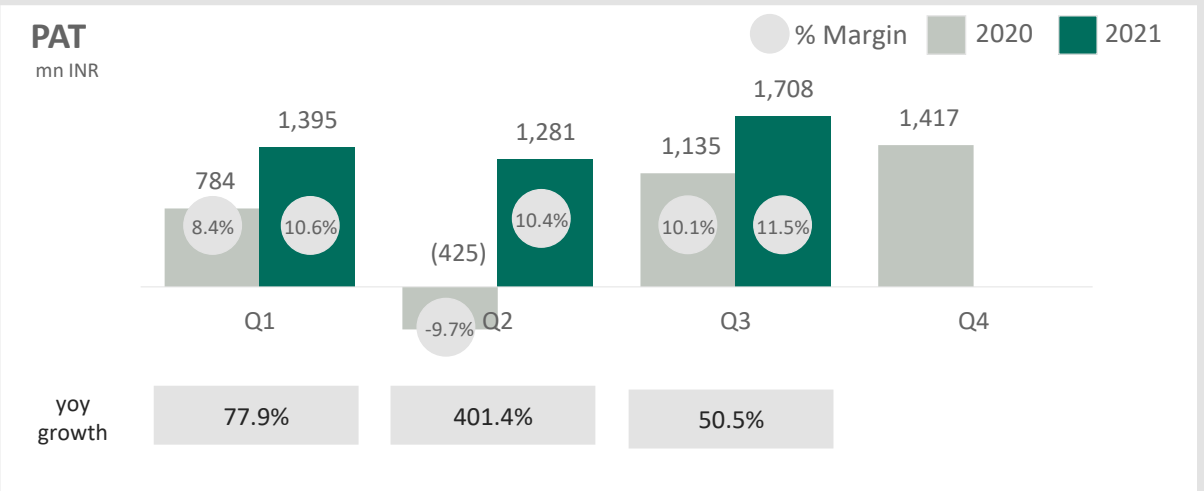
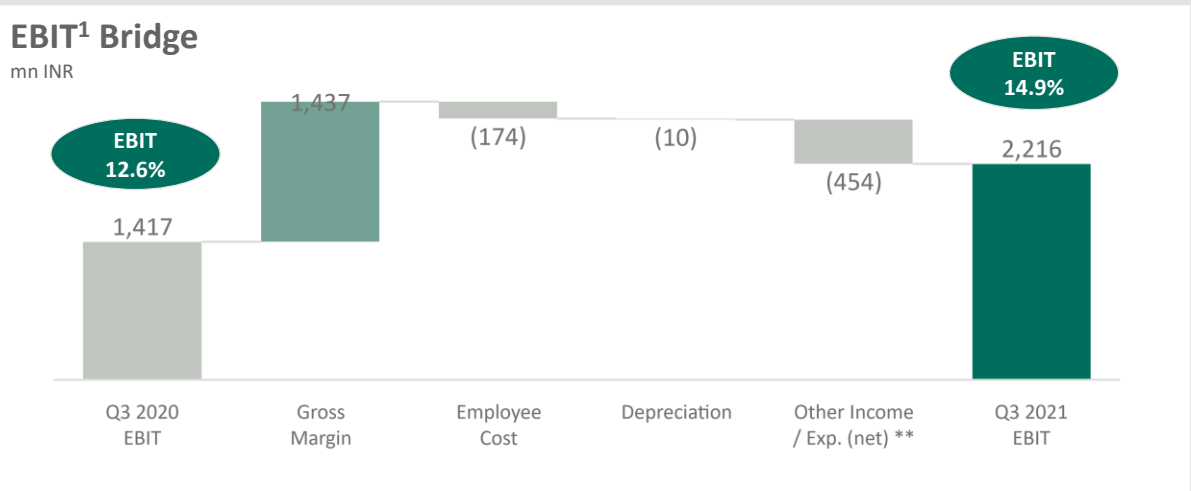


Earnings Quality | Significant improvement



Key aspects

- Strong revenue performance across segments, improved mix and countermeasures led to robust EBIT margin in Q3 2021
- Record PAT margin in Q3 2021



Gross margin : (Revenue from operations – Total Material cost)

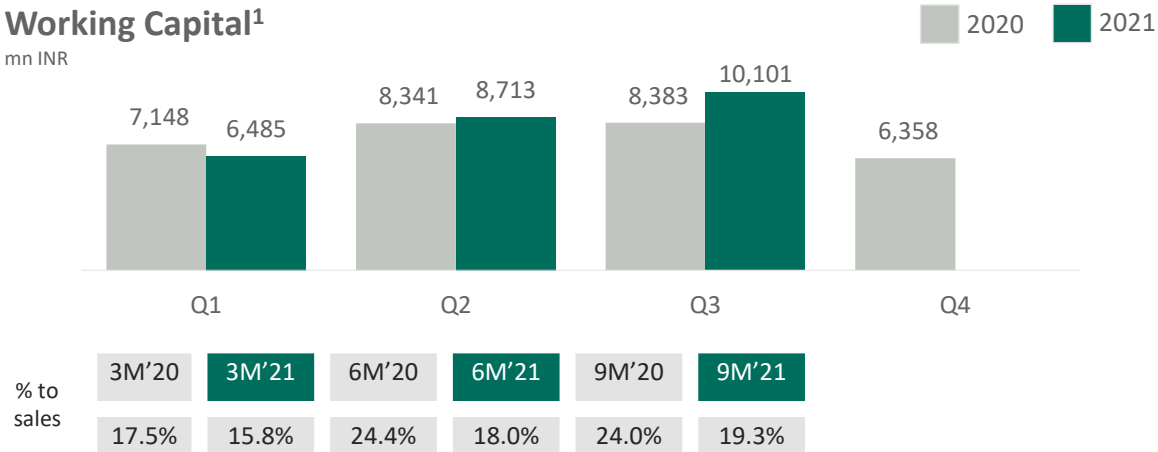
** Other Income/expenses does not include interest

¹ EBIT is before interest income (net) 79.9 mn INR (110.8 mn INR Q3/2020)

Working Capital, Capex | Continued focus

Working Capital¹

mn INR

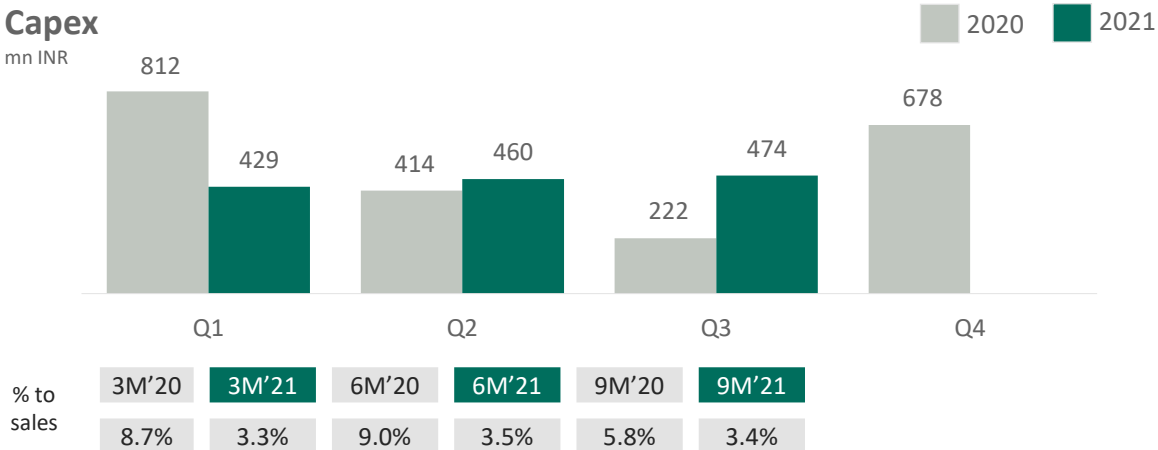


Key aspects

- Focused working capital management
- Judicious capex spending
- Improvement in Free Cash Flow

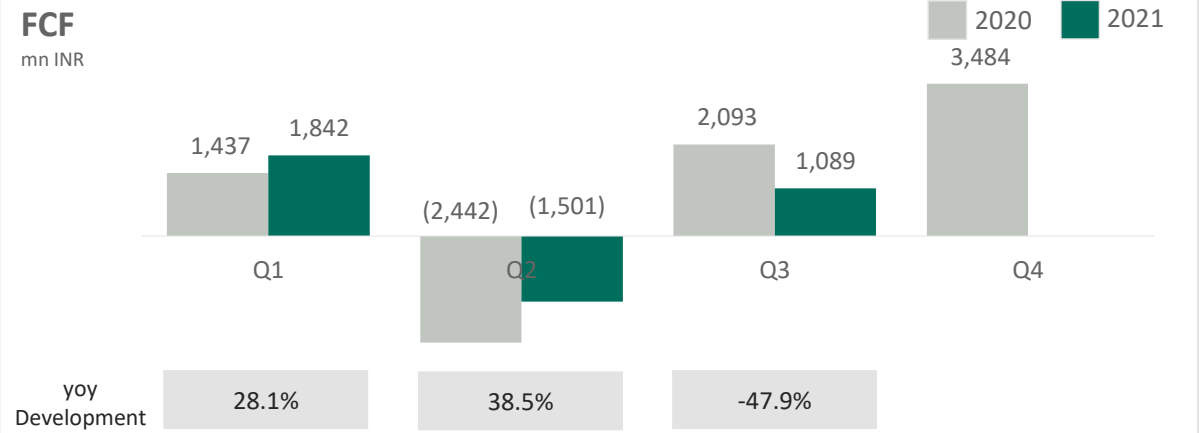
Capex

mn INR



FCF

mn INR



¹WC% to sales : Basis last twelve months sales

Performance Indicators

	Unit	Q3 2021	Q2 2021	Q3 2020	9M 2021	9M 2020	12M 2020	12M 2019
Revenue	mn INR	14,876	12,329	11,207	40,373	24,881	37,619	43,606
Revenue growth (YoY)	%	32.7%	180.9%	8.3%	62.3%	-25.2%	-13.7%	-4.4%
Revenue growth (QoQ)	%	20.7%	-6.4%	155.3%				
EBITDA	mn INR	2,712	2,089	1,902	6,987	3,084	5,402	6,461
EBITDA Margin	%	18.2%	16.9%	17.0%	17.3%	12.4%	14.4%	14.8%
EBIT ¹	mn INR	2,216	1,604	1,417	5,528	1,656	3,462	4,874
EBIT Margin	%	14.9%	13.0%	12.6%	13.7%	6.7%	9.2%	11.2%
EBT	mn INR	2,296	1,707	1,527	5,863	2,062	3,972	5,346
EBT Margin	%	15.4%	13.8%	13.6%	14.5%	8.3%	10.6%	12.3%
PAT	mn INR	1,708	1,281	1,135	4,385	1,494	2,910	3,676
PAT Margin	%	11.5%	10.4%	10.1%	10.9%	6.0%	7.7%	8.4%
Capex	mn INR	474	460	222	1,363	1,448	2,126	3,326
FCF	mn INR	1,089	(1,501)	2,093	1,430	1,088	4,572	2,474

Focus on customer centricity, innovation and agility with deployed countermeasures enabled strong performance

¹ EBIT Q3 2021 is before interest income (net) 79.9 mn INR (110.8 mn INR Q3/2020)

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COVID 19 | Continue to exercise utmost caution



Prevent

- Stringent Covid19 safety protocols continued at all locations
- Entry only for fully vaccinated visitors

Support

- Vaccination camps in factories and offices continued
- COVID-19 insurance support

Motivate

- Effective encouragement for all staff to get vaccinated

> 82 % employees vaccinated

All plants and warehouses working as per local government regulations

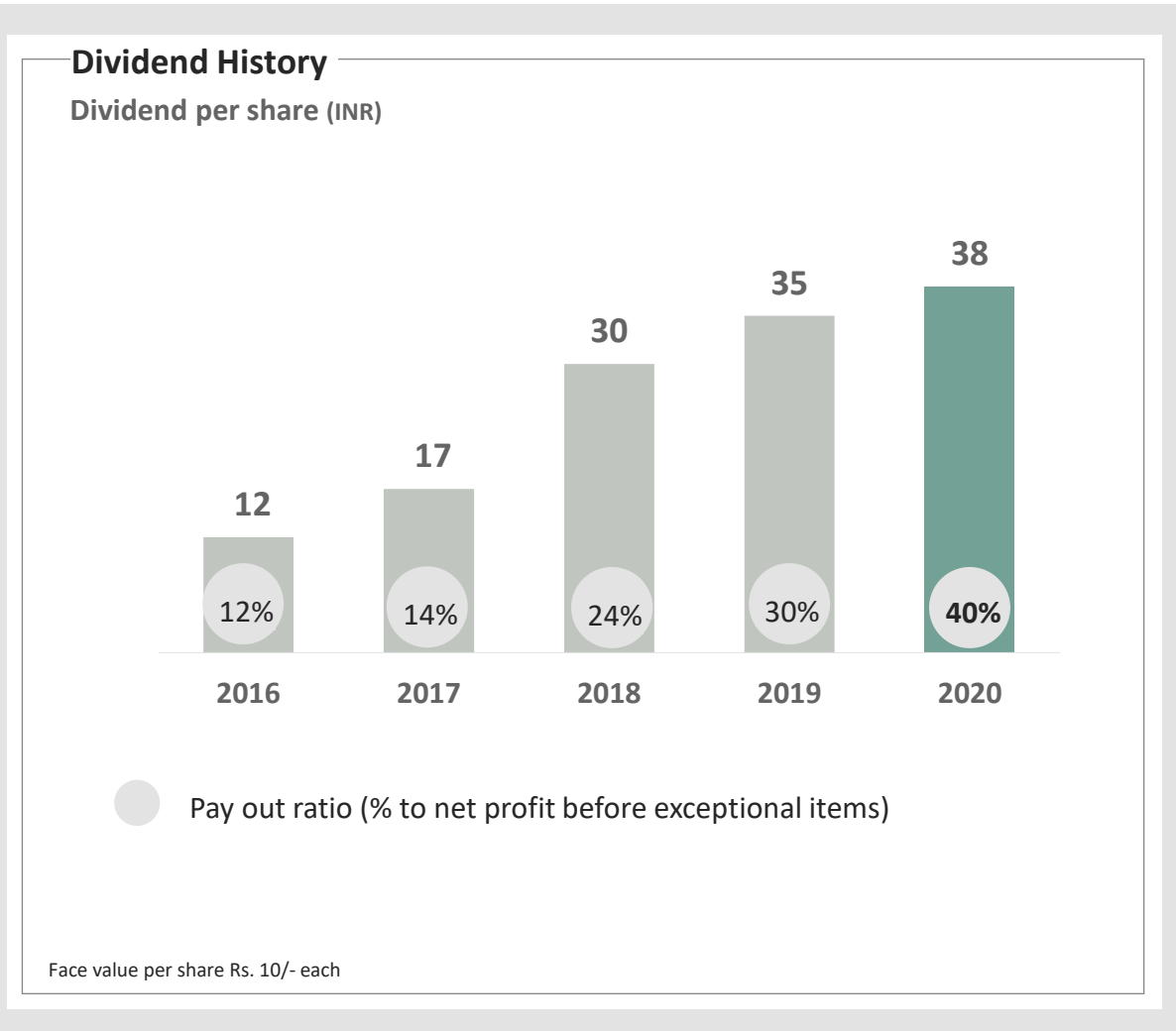
Stock split announced | Shareholder value creation



5 for 1 stock split announced

- The Board of Directors approved a subdivision of each equity share of face value of Rs 10 per share into five equity shares of face value of Rs 2 per share, subject to approval of the shareholders.
- The 5 for 1 stock split will see existing shareholders issued with five new shares in lieu of every one share they currently own.
- The rationale behind the stock split is to encourage wider participation of investors and to improve the liquidity of the equity shares in the stock market.

Dividend payout | Shareholder value creation



Target dividend payout ratio 30% to 50% of net income announced

- The Board of Directors approved the target dividend payout ratio of 30% to 50% of the annual standalone profits after tax (PAT)
- The dividend payout to be announced by the company from time to time, subject to the applicable rules and regulations.
- The company has adopted a progressive dividend policy, intending to sustain or raise the dividend each year, in conjunction with the financial performance and free cashflow generation each year.

Sustainability focus | Schaeffler Group Roadmap for Sustainability and Engagement



Own production facilities (Scope 1 and 2) planned to be climate neutral from 2030

By 2024, all Schaeffler sites worldwide will purchase electricity generated from 100 percent renewable sources

The emissions from intermediates and raw materials occurring in the supply chain (Scope 3 upstream) will be reduced by 25 percent by 2030

Base year 2019 for all calculations

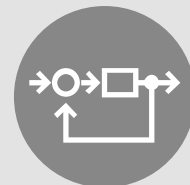
ESG | Shareholder value creation



- Carbon neutrality
- Water neutrality
- Energy consumption



- Human capital development
- Supplier capability development
- Social and Community development

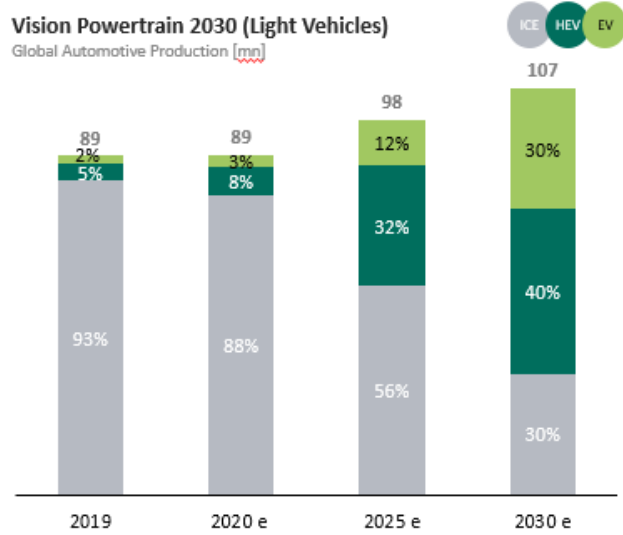


- Leadership in governance
- Robust risk management
- Processes and systems

Future mobility | E-mobility focus

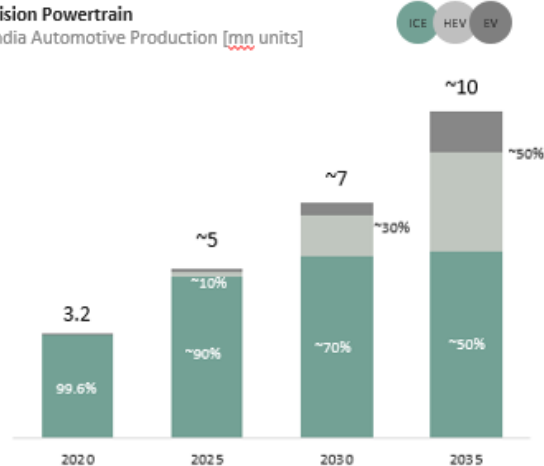
Vision Powertrain 2030 (Light Vehicles)

Global Automotive Production [mn]



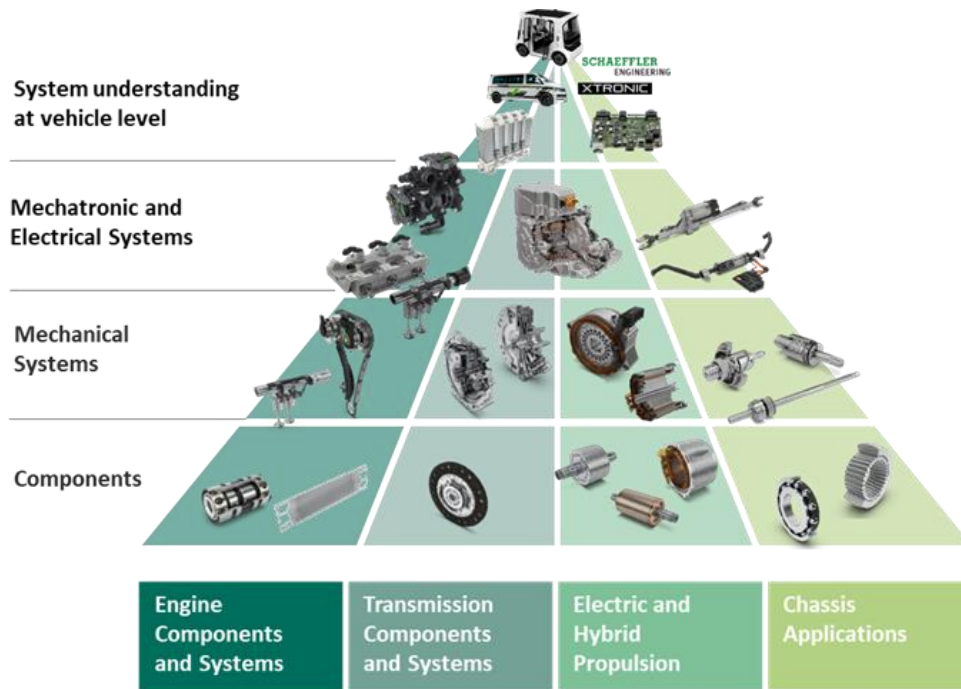
Vision Powertrain

India Automotive Production [mn units]



Source: Schaeffler market projections

From component to system solutions



- 1 Close R&D and application engineering collaboration with competency development
- 2 Active collaboration with Compact Dynamics and Elmotec Statomet Germany for customer engagement
- 3 Regulatory environment and schemes such as PLI and FAME II to create a conducive environment

Registered office relocation | Change of registered office



Registered and Corporate Office

Schaeffler India Limited

15th Floor, ASTP (Amar Sadanand Tech Park)

Baner, Pune – 411045

2 floors – 20,000+ sq ft.



Located within city limits



Well connected to all travel hubs



Multi department synergy



200 employees



LEED Platinum facility



Modern open office culture

Conclusion & Outlook

- 1 Consistent growth momentum for four quarters in a row
- 2 Record revenue and profitability growth in Q3 2021
- 3 Corporate actions announced - shareholder value creation
- 4 Monitoring external headwinds with cautious optimism



- Strong performance driven by focused customer outreach.
- Value creation

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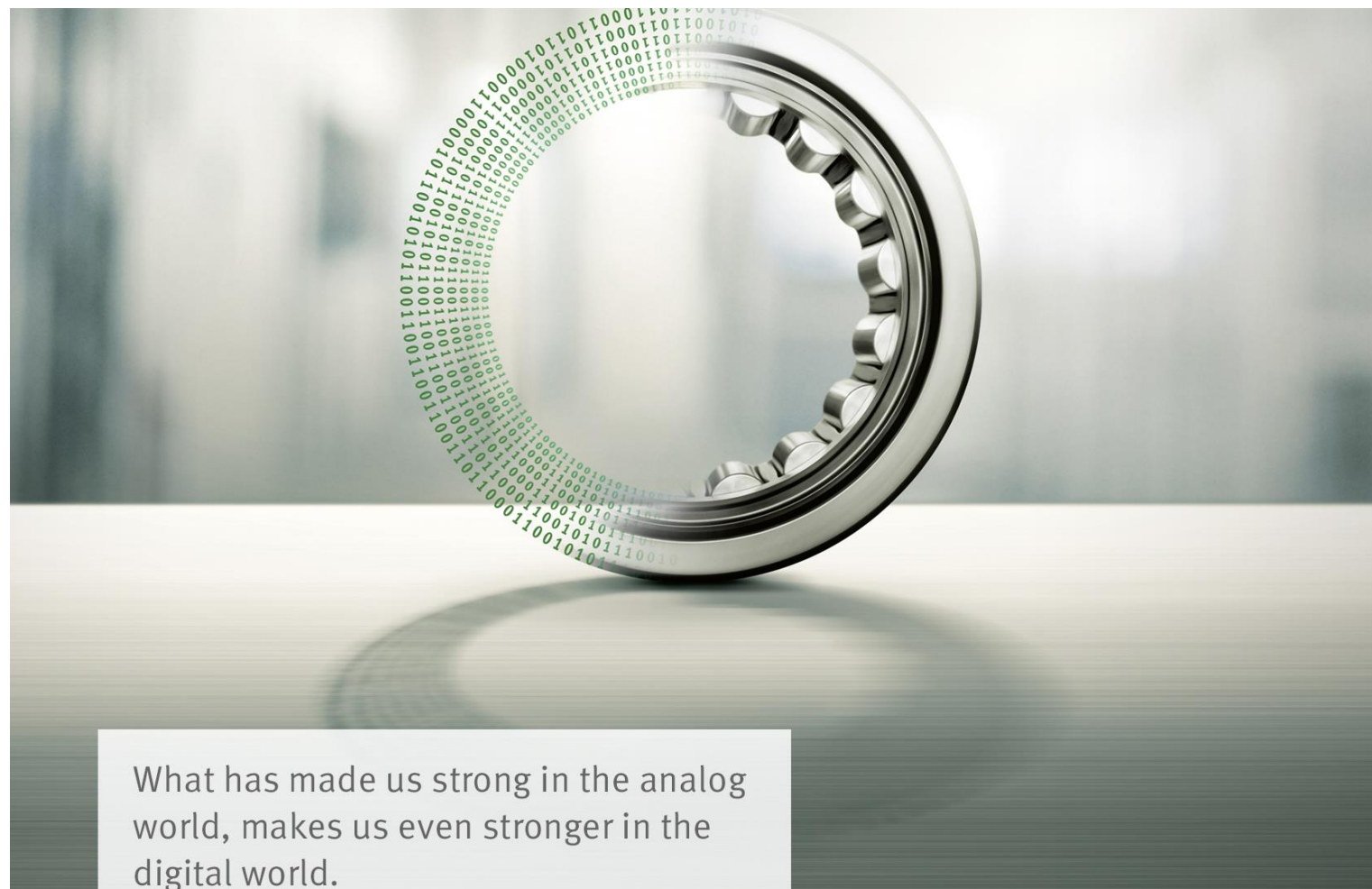
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What has made us strong in the analog world, makes us even stronger in the digital world.