

IR Release

Schaeffler grows in challenging market environment

HERZOGENAURACH, 2024-08-06.

- Schaeffler Group increases revenue for the first six months by 2.0 percent at constant currency to 8,276 million euros (prior year: 8,208 million euros)
- EBIT margin before special items declines to 6.3 percent (prior year: 7.6 percent)
- Automotive Technologies generates double-digit growth at E-Mobility, Vehicle Lifetime Solutions as growth driver, Bearings & Industrial Solutions revenue and earnings decline
- Free cash flow before cash in- and outflows for M&A activities at -91 million euros, affected by integration of Vitesco
- Combined full-year guidance for 2024 adjusted
- Integration with Vitesco on track

Schaeffler AG published its interim financial report for the first half of 2024 today. The Schaeffler Group's revenue for the first six months amounted to 8,276 million euros (prior year: 8,208 million euros). The 2.0 percent constant-currency increase in revenue was primarily attributable to higher volumes at the Vehicle Lifetime Solutions division. The Automotive Technologies division contributed slight growth as well. The trend at the Bearings & Industrial Solutions division had an offsetting impact. Revenue for the second quarter of 2024 rose by 4.2 percent at constant currency to 4,191 million euros (prior year: 4,056 million euros).

The 1.5 percent constant-currency growth at the Automotive Technologies division in the first six months was mainly attributable to higher volumes of the E-Mobility business division (BD) in the Europe and Americas regions. The constant-currency rise in revenue of 17.6 percent at the Vehicle Lifetime Solutions division resulted particularly from the impact of volumes in the Independent Aftermarket business in the Europe and Americas regions. The Bearings & Industrial Solutions division reported a 3.9 percent constant-currency decline in revenue in the first half of 2024, largely due to the impact of volumes at the Industrial Automation sector cluster in the Europe region as well as the impact of volumes at the Wind sector cluster in the Greater China region.

Trends at the Schaeffler Group's regions were mixed in the first six months. While the Europe (2.2 percent), Americas (5.7 percent), and Asia/Pacific (1.1 percent) regions reported constant-currency revenue growth, Greater China region revenue for the same period declined by 1.7 percent at constant currency.

The Schaeffler Group generated 525 million euros (prior year: 624 million euros) in EBIT before special items in the first six months, representing an EBIT margin before special items of 6.3 percent (prior year: 7.6 percent). The decrease in EBIT margin before special items was due in particular to the performance of the Bearings & Industrial Solutions division as well as the income (loss) from equity-accounted investee Vitesco Technologies Group AG (Vitesco).

“The Schaeffler Group once again performed well in a challenging market environment and increased its revenue in the transition year of the merger with Vitesco. The Automotive Technologies division reported double-digit growth rates at the E-Mobility business division, and the Vehicle Lifetime Solutions division made a strong contribution to group earnings in its most successful six months ever, partly offsetting the decline in revenue and earnings at Bearings & Industrial Solutions. The integration of Vitesco is on track. In light of the challenging environment, we continue to rely on diversification and resilience,” said Klaus Rosenfeld, CEO of Schaeffler AG.

Automotive Technologies – double-digit growth at E-Mobility

The Automotive Technologies division generated 3,534 million euros in revenue in the first half of 2024 (prior year: 3,508 million euros). The growth in revenue of 1.5 percent at constant currency was generated in the Europe and Americas regions. Structural changes in the Greater China region reduced local demand from foreign automobile manufacturers with operations in China and were partly offset by additional growth with local automobile manufacturers. The division outperformed global production of passenger cars and light commercial vehicles (-0.2 percent) by 1.7 percentage points.

The E-Mobility BD reported double-digit growth rates in the Europe and Americas regions despite the delays in the ramp-up of the electric mobility market. The E-Mobility BD generated total constant-currency revenue growth of 10.3 percent during the reporting period. Its order intake amounted of 2.1 billion euros, already reaching the 2 to 3 billion euro range targeted for the full year. Revenue for the Engine & Transmission Systems and Chassis Systems BDs for the first six months was 0.4 and 0.3 percent below the prior year at constant currency.

The Automotive Technologies division generated EBIT before special items of 161 million euros in the first half of the year (prior year: 176 million euros). The EBIT margin before special items for the same period amounted to 4.6 percent (prior year: 5.0 percent). The lower EBIT margin before special items was partly due to higher costs of customer projects, predominantly in research and development.

Vehicle Lifetime Solutions – growth driver

The Vehicle Lifetime Solutions division generated 1,309 million euros in revenue in the first six months of 2024 (prior year: 1,129 million euros). The considerable constant-currency revenue growth of 17.6 percent was primarily attributable to a favorable impact of volumes. The prior year's adjustments to sales prices continued to favorably impact the revenue trend as well.

The Europe region – the region generating the highest revenue – reported constant-currency revenue growth of 14.7 percent during the first half of 2024. Americas region revenue for the same period was 24.2 percent ahead of the prior year level at constant currency. The Greater China region reported 27.4 percent in additional revenue that resulted mainly from the increase in e-commerce business. The growth in the Asia/Pacific region, which generated 14.5 percent in additional revenue, was mainly attributable to the contribution made by the Koovers e-commerce platform that was acquired late in 2023.

EBIT margin before special items amounted to 228 million euros (prior year: 163 million euros), representing a 40 percent increase and an EBIT margin before special items of 17.4 percent (prior year: 14.4 percent). The increase in EBIT margin before special items in the first half of 2024 resulted predominantly from the favorable impact of volumes and sales prices.

Bearings & Industrial Solutions – revenue and earnings decline

The Bearings & Industrial Solutions division generated 3,367 million euros in revenue in the first six months of the year (prior year: 3,556 million euros). The constant-currency decrease in revenue of 3.9 percent was mainly attributable to the impact of volumes in the Europe and Greater China regions. These trends were primarily the result of the weak market environment.

Europe region revenue for the reporting period was down 6.5 percent at constant currency, primarily due to the market-driven decline in the Industrial Automation sector cluster. While the Americas region generated constant-currency revenue growth of 3.4 percent, Greater China region revenue was 7.9 percent below the prior year level at constant currency due to the local competitive situation in the Wind sector cluster. Asia/Pacific region revenue remained at the prior year level at constant currency.

The Bearings & Industrial Solutions division generated 185 million euros in EBIT before special items during the reporting period (prior year: 290 million euros), representing an EBIT margin before special items of 5.5 percent (prior year: 8.2 percent). The decrease in EBIT margin before special items was mainly attributable to the impact of volumes and sales prices.

Capital expenditures at prior year level

Free cash flow before cash in- and outflows for M&A activities improved in the second quarter and, following -166 million euros in the first quarter, amounted to -91 million euros after six months (prior year: 29 million euros). This change from the prior year is due to the cost of integrating Vitesco and the resulting increase in interest paid.

Capital expenditures on property, plant and equipment and intangible assets (Capex) of 418 million euros were flat with prior year (prior year: 419 million euros). Capital expenditures amounted to 5.0 percent (prior year: 5.1 percent) of revenue (capex ratio).

“The Schaeffler Group closed a challenging first six months on a sound footing. Especially in this challenging environment, our focus is on consistent performance management. This also applies to the business we are taking over from Vitesco,” said Claus Bauer, CFO of the Schaeffler Group.

Net income attributable to shareholders of the parent company was 263 million euros (prior year: 266 million euros) in the first six months of 2024. Net income before special items amounted to 209 million euros (prior year: 337 million euros). Earnings per common non-voting share amounted to 0.40 euros (prior year: 0.41 euros).

The Schaeffler Group's net financial debt amounted to 4,920 million euros as at June 30, 2024 (December 31, 2023: 3,189 million euros). The increase in financial debt is largely due to a loan from the European Investment Bank being drawn down in full and to the issuance of new bonds. The net financial debt to EBITDA ratio before special items increased to 2.4 as at June 30, 2024 (December 31, 2023: 1.5). The ratio of net financial debt to shareholders' equity (gearing ratio) as at that date amounted to 125.6 percent (December 31, 2023: 81.5 percent).

The Schaeffler Group had a workforce of 83,990 employees worldwide as at June 30, 2024 (December 31, 2023: 83,362 employees).

Combined guidance – adjustment for full year 2024

With the announcement of its consolidated financial statements 2023, Schaeffler AG has issued a combined guidance for the full year 2024 that includes the Schaeffler Group's earnings for the first nine months and assumes full consolidation of Vitesco effective October 1, 2024.

As a consequence of the adjustment of the earnings forecast of Vitesco announced on July 22, 2024, the Board of Managing Directors of Schaeffler AG has decided to also adjust the combined guidance for the full year 2024 for Schaeffler AG.

A voluntary outlook on the performance of the divisions is still omitted in the year of transition 2024.

Integration with Vitesco on track

Along the path to creating a joint leading Motion Technology Company, Schaeffler and Vitesco have reached further key milestones with respect to integration in recent weeks. Following announcement of the organizational and leadership structure at the first level below the Executive Board in mid-March, the organizational structure was determined in more detail. Furthermore, the joint business plan was drawn up and preparations were made for joining the infrastructures.

“The integration of Vitesco is progressing successfully. Our motto ‘Stronger Together’ is paying off. We are on the home stretch to merging the two companies effective October 1, 2024, as planned. With our four strong divisions and four regions, we will continue to consistently enhance our competitive ability and create the leading Motion Technology Company,” stated Klaus Rosenfeld, CEO of Schaeffler AG.

You can find press photos of the Board of Managing Directors here: www.schaeffler.com/en/executive-board

1 Includes content supplied by S&P Global Mobility© [IHS Markit Light Vehicle Production Forecast (Base), July 2024]. All rights reserved.

2 Constant-currency revenue growth compared to prior year

3 Before special items

4 Before cash in- and outflows for M&A activities

Forward-looking statements and projections

Certain statements in this press release are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events

described herein. No one undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You should not place any undue reliance on forward-looking statements which speak only as of the date of this press release. Statements contained in this press release regarding past trends or events should not be taken as representation that such trends or events will continue in the future. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that Schaeffler, or persons acting on its behalf, may issue.

Schaeffler Group – We pioneer motion: The Schaeffler Group has been driving forward groundbreaking inventions and developments in the field of motion technology for 80 years. With innovative technologies, products, and services for electric mobility, CO₂-efficient drives, chassis solutions and renewable energies, the company is a reliable partner for making motion more efficient, intelligent, and sustainable – over the entire life cycle. Schaeffler describes its comprehensive range of products and services by means of eight product families: From bearing solutions and all types of linear guidance systems through to repair and monitoring services. Schaeffler is with around 110,000 employees and more than 250 locations in 55 countries, one of the world's largest family-owned companies and one of Germany's most innovative companies.

CONTACT:

Dr. Axel Lüdeke

Head of Group Communications & Public Affairs Schaeffler Group
Tel.: +49 9132 82-8901
E-Mail: axel.luedeke@schaeffler.com

Matthias Herms

Head of Communications Finance, CSR & Sustainability
Tel.: +49 9132 82-37314
E-Mail: matthias.herms@schaeffler.com

Heiko Eber

Head of Investor Relations
Tel.: +49 9132 82-88125
E-Mail: heiko.eber@schaeffler.com

Johann Eisenmann

Senior Manager Investor Relations
Tel.: +49 9132 82-8898
E-Mail: johann.eisenmann@schaeffler.com