



Schaeffler Capital Market Presentation

June 2013

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Agenda

- 1** Business
- 2** Results Q1 2013
- 3** Capital structure
- 4** Outlook

Schaeffler at a glance

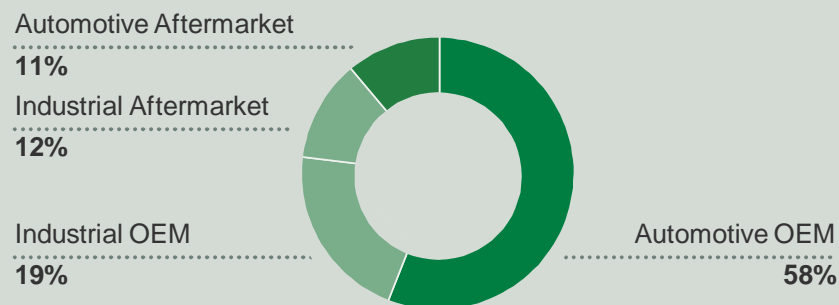
Key characteristics

- ▶ Leading manufacturer of high-precision components and systems for automotive and industrial applications
- ▶ Global footprint with approx. 76,000 employees in more than 50 countries
- ▶ Above industry average profitability and revenue growth
- ▶ Strategic participation in Continental AG

Key financials (in EUR mn)

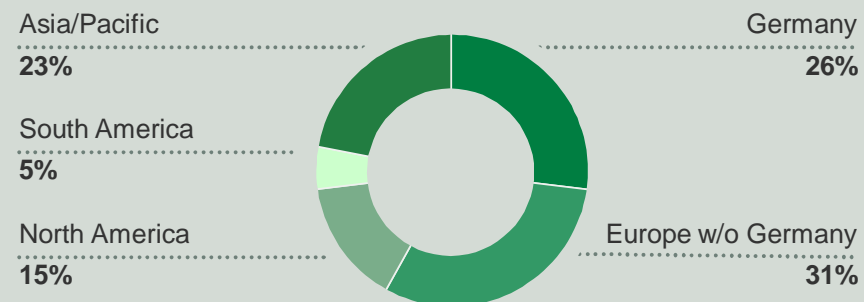
	2008	2009	2010	2011	2012
Sales	8,905	7,336	9,495	10,694	11,125
growth in %	-1.2%	-17.6%	29.4%	12.6%	4.0%
EBIT	1,040	446	1,509	1,689	1,413
in % of sales	11.7%	6.1%	15.9%	15.8%	12.7%
EBITDA	1,731	1,103	2,097	2,243	2,031
in % of sales	19.4%	15.0%	22.1%	21.0%	18.3%

Sales by business¹⁾



1) FY 2012

Sales by region¹⁾



1) FY 2012, by location of customers

Worldwide leader in bearings and automotive components

1	Leading positions in attractive growth markets	<ul style="list-style-type: none">▶ Top three positions in core market sectors▶ Strong and resilient aftermarket business▶ Growing above market
2	Well-balanced business portfolio	<ul style="list-style-type: none">▶ Highly diversified customer base▶ Broad product and application spectrum▶ Strong regional diversification
3	Technology, quality and innovation leadership	<ul style="list-style-type: none">▶ Technology leadership and superior quality▶ Outstanding operational excellence▶ Best-in-class innovation platform
4	Strong track-record and experienced management team	<ul style="list-style-type: none">▶ Above average growth and sector-leading margins▶ Proven ability to preserve cash flow▶ Experienced management team

Two divisions with top three positions in core market sectors¹⁾

Automotive

69% of sales



Transmission



Engine



Chassis



Aftermarket



Industrial

31% of sales



Power Transmission



Off-Highway Equipment



Production Machinery



Aerospace



Motorcycles



Railway



Heavy Industries



Fluid & Pneumatics



Consumer Products



Renewable Energies

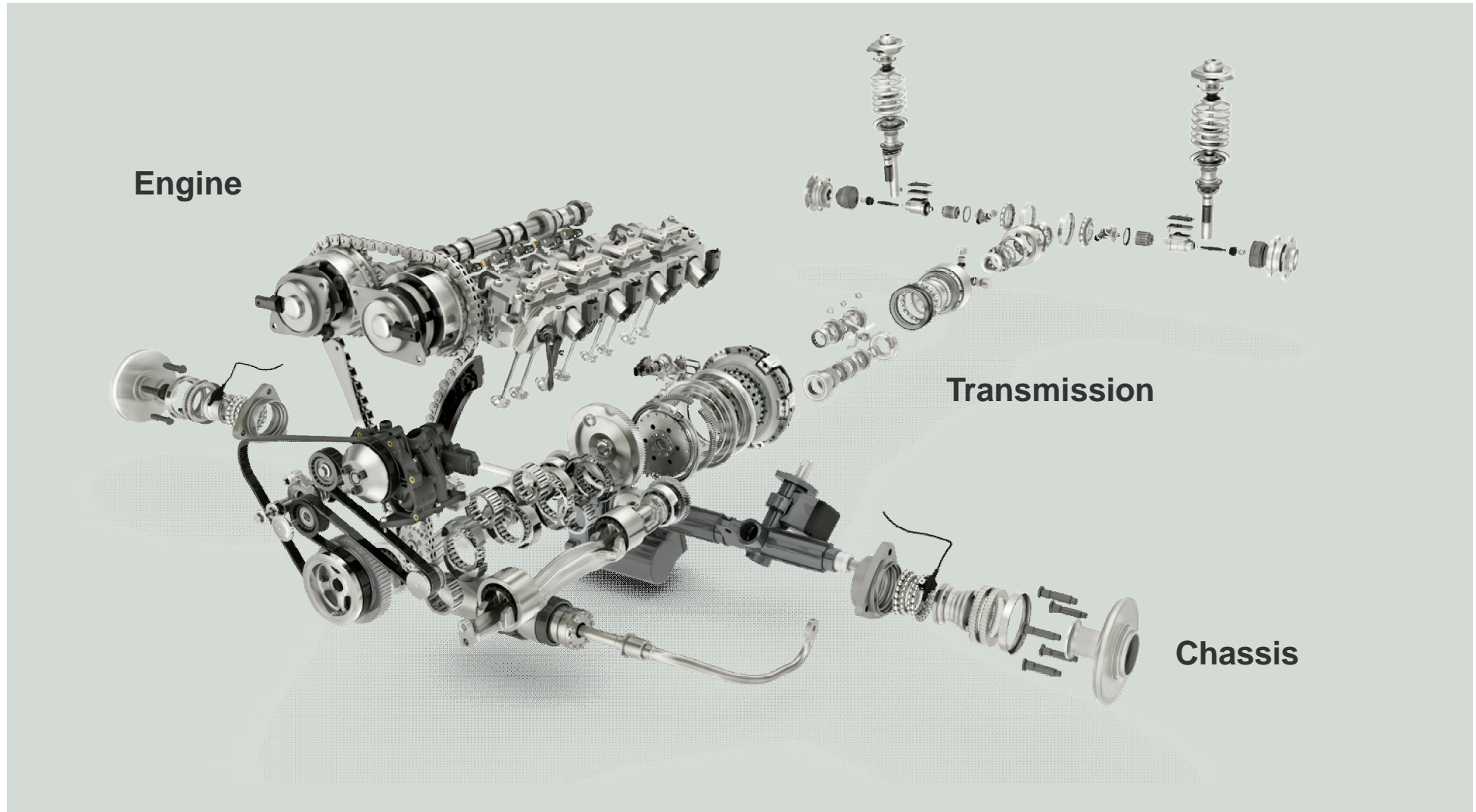


Industrial Aftermarket



¹⁾ Company estimates

Automotive: Broad mix of components and systems

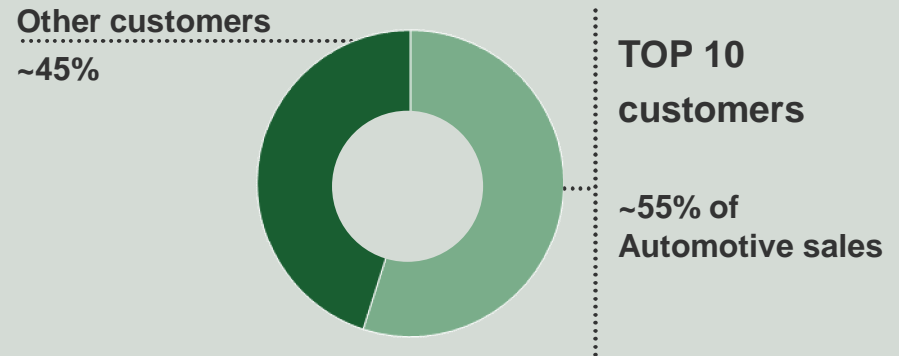


Automotive: Highly diversified customer base

OEM customers



Sales with TOP 10 customers



Tier 1 and 2 customers

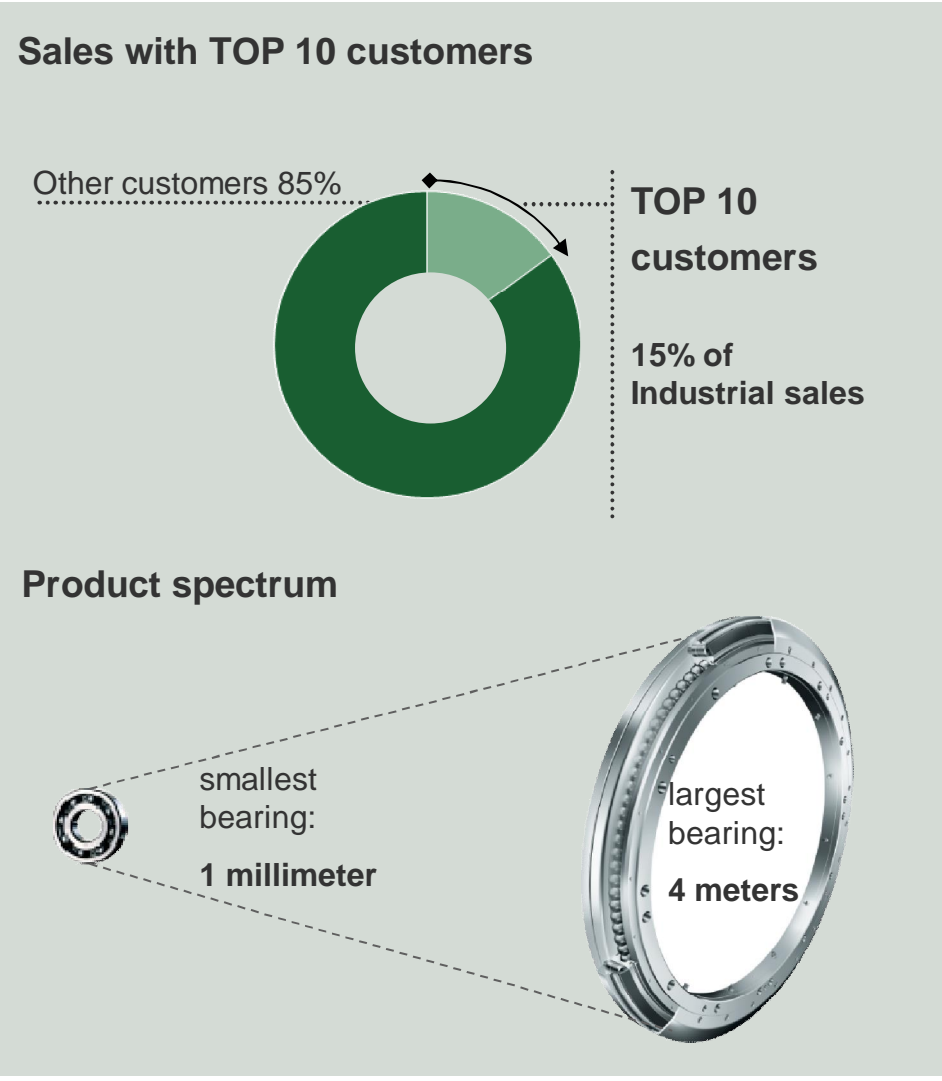


Industrial: Broad product and customer base

Customers



Sales with TOP 10 customers



Ongoing regional diversification – “In the region – for the region”

Global footprint with five dedicated regions



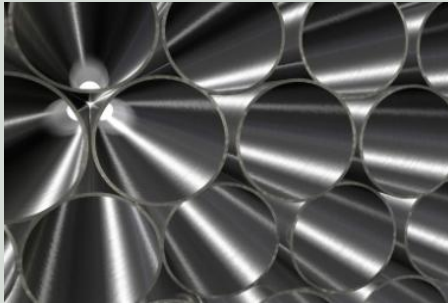
Planned greenfield sites and plant extensions for 2012-2014

- ① Irapuato, Mexico
- ② Kysuce, Slovakia
- ③ Skalica, Slovakia
- ④ Szombathely, Hungary
- ⑤ Brasov, Romania
- ⑥ Ulyanovsk, Russia
- ⑦ Savli, India
- ⑧ Pune, India
- ⑨ Hosur, India
- ⑩ Rayong, Thailand
- ⑪ BienHoa City, Vietnam
- ⑫ Nanjing, China
- ⑬ Jangan, Korea
- ⑭ Yinchuan, China
- ⑮ Taicang 5, China
- ⑯ Taicang 6, China
- ⑰ Suzhou, China

	Germany	Europe w/o Germany	North & South America	Asia/Pacific	Total
Plants	24	19	14	13	70
R&D centers	13	9	8	10	40

Technology/quality leadership based on outstanding operational excellence

Special know-how in ...



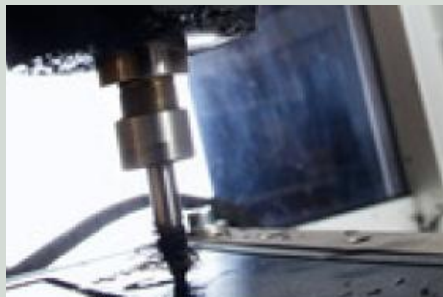
... basic materials (steel)



... inhouse tools design



... surface treatment



... low cost precision manufacturing

Highlights

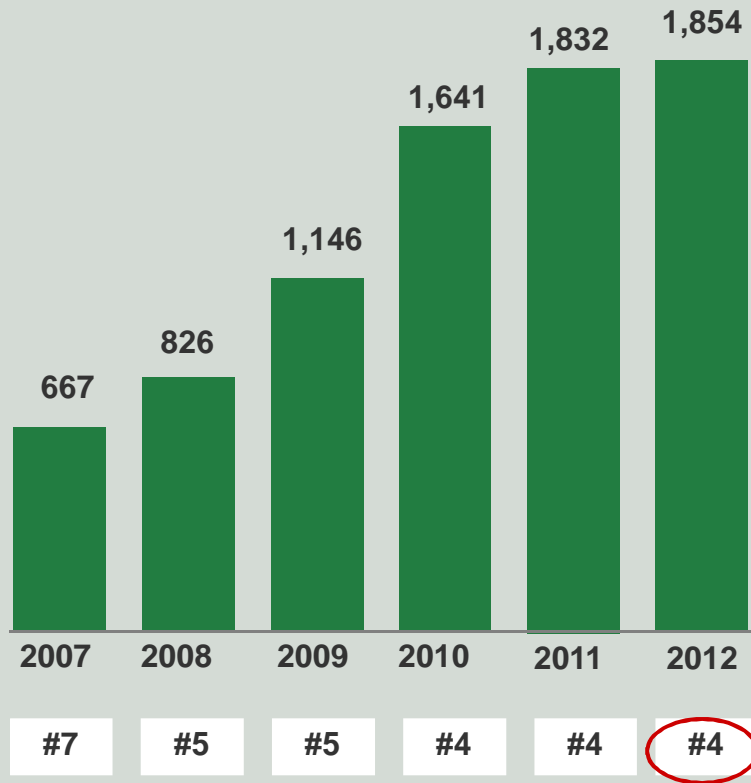
32 Awards

for best supplier in 2012

a.o. from Nissan, Toyota, GM,
Gildemeister, Goldwind

Best-in-class innovation platform

Number of patent registrations¹⁾



Rank in Germany²⁾

1) Source: German Patent and Trademark Office 2) Measured by number of patent applications

Highlights

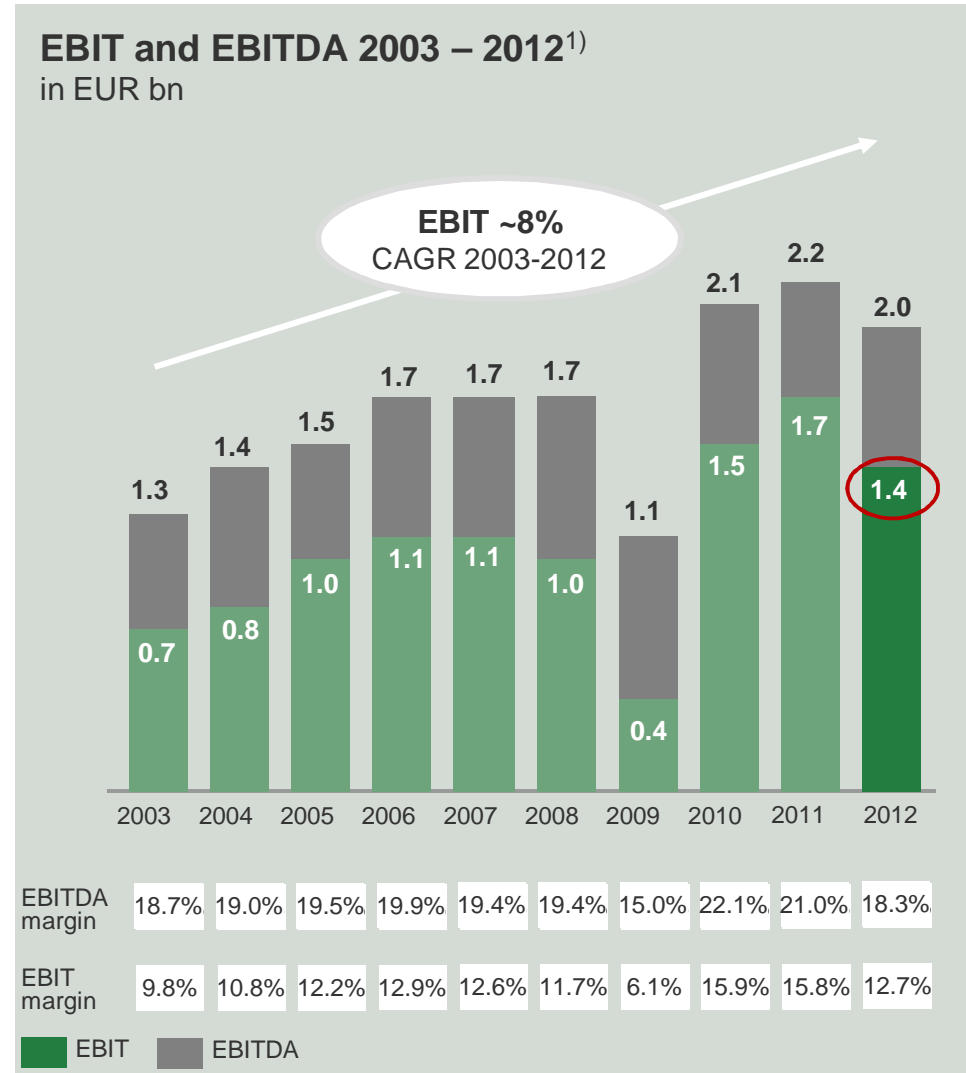
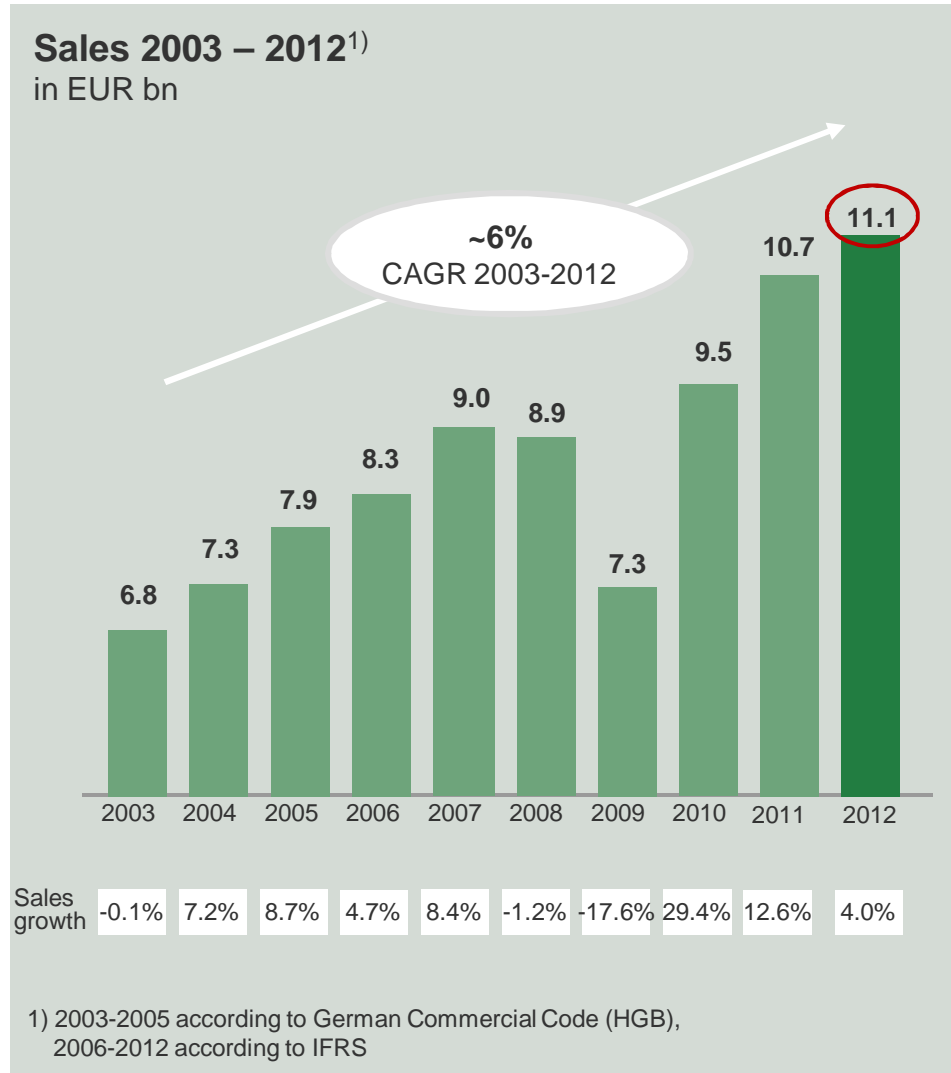
R&D expenses

5% of sales

New patent applications

1,854

A strong history of above average growth and sector leading margins



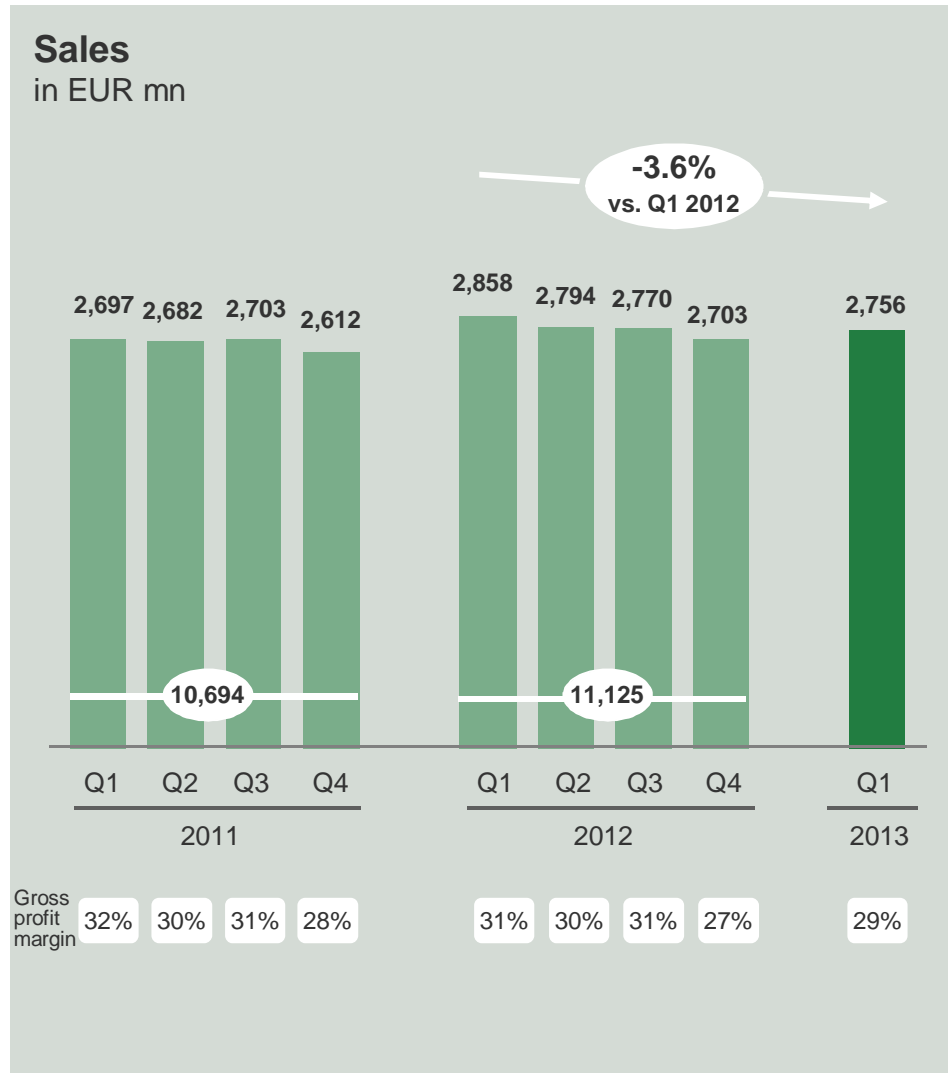
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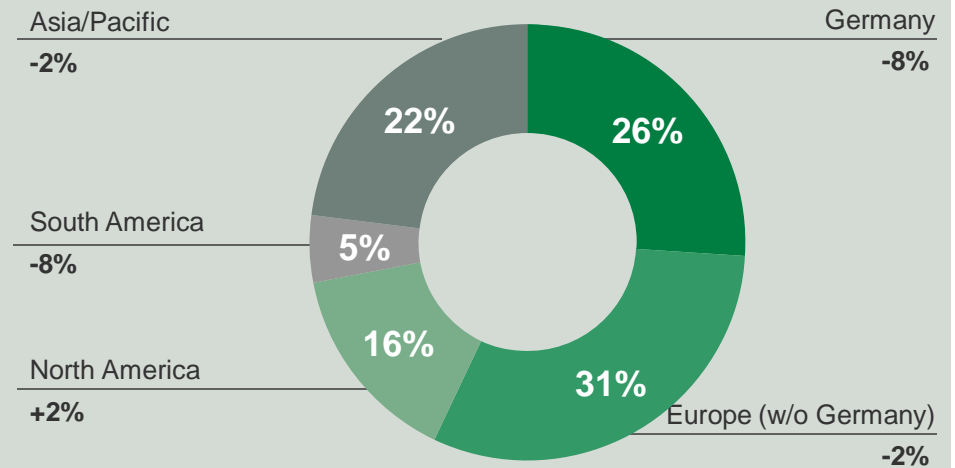
2 Results Q1 2013

Sales down 3.6%

SCHAEFFLER



Sales by region¹⁾ in % and y-o-y growth

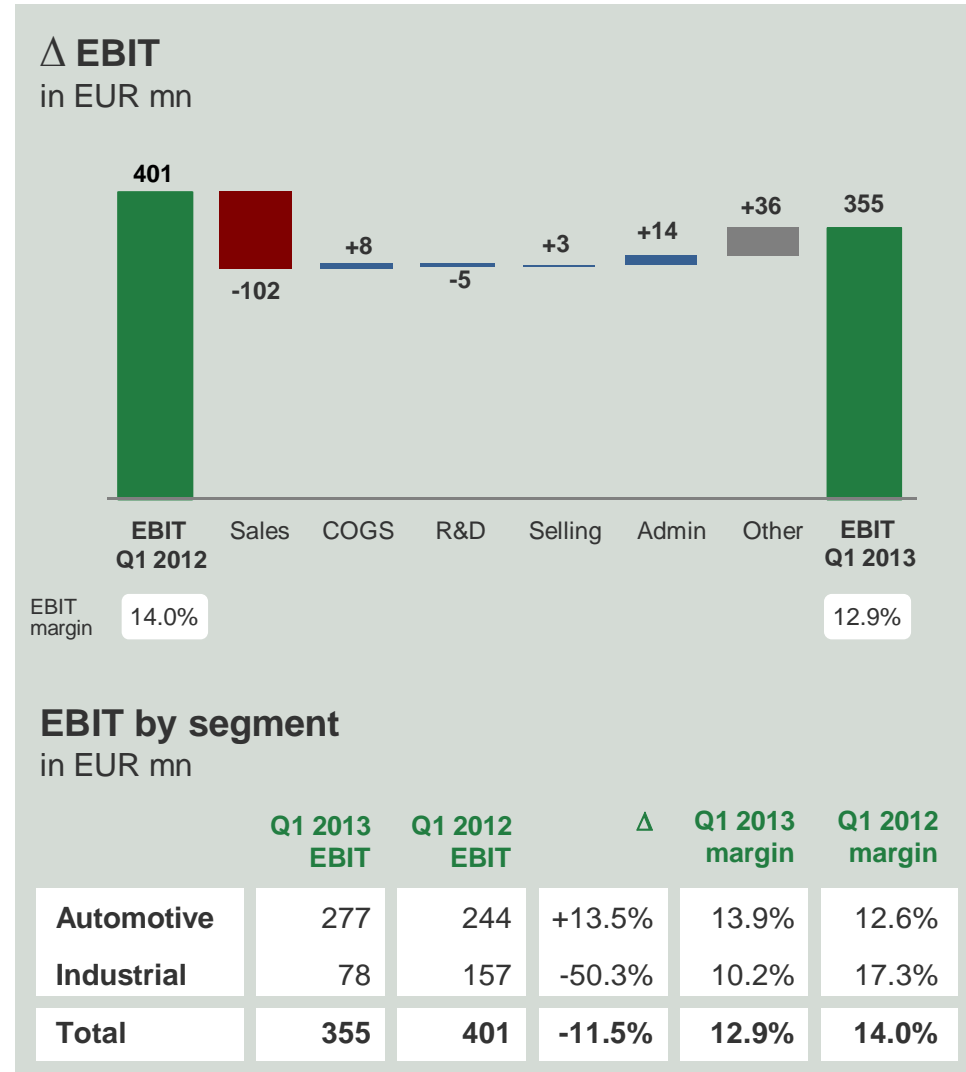
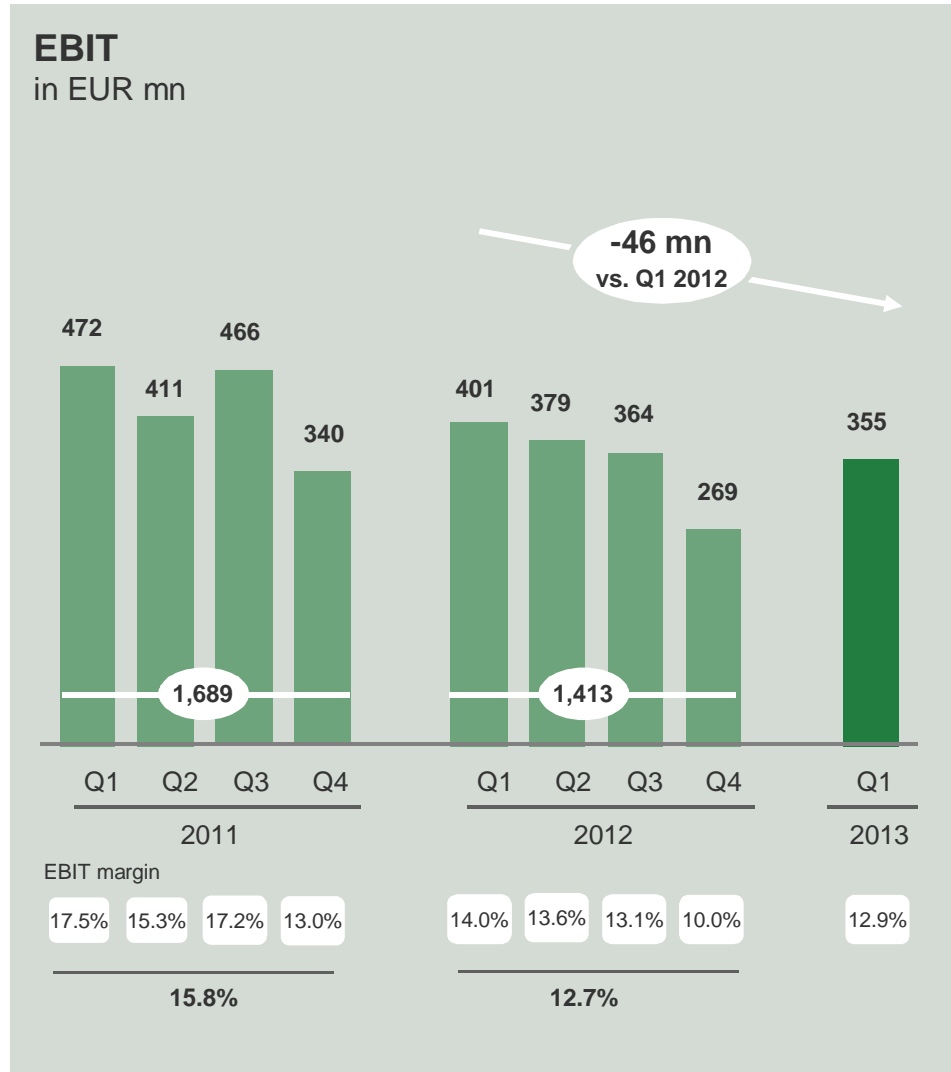


Sales by division in EUR mn

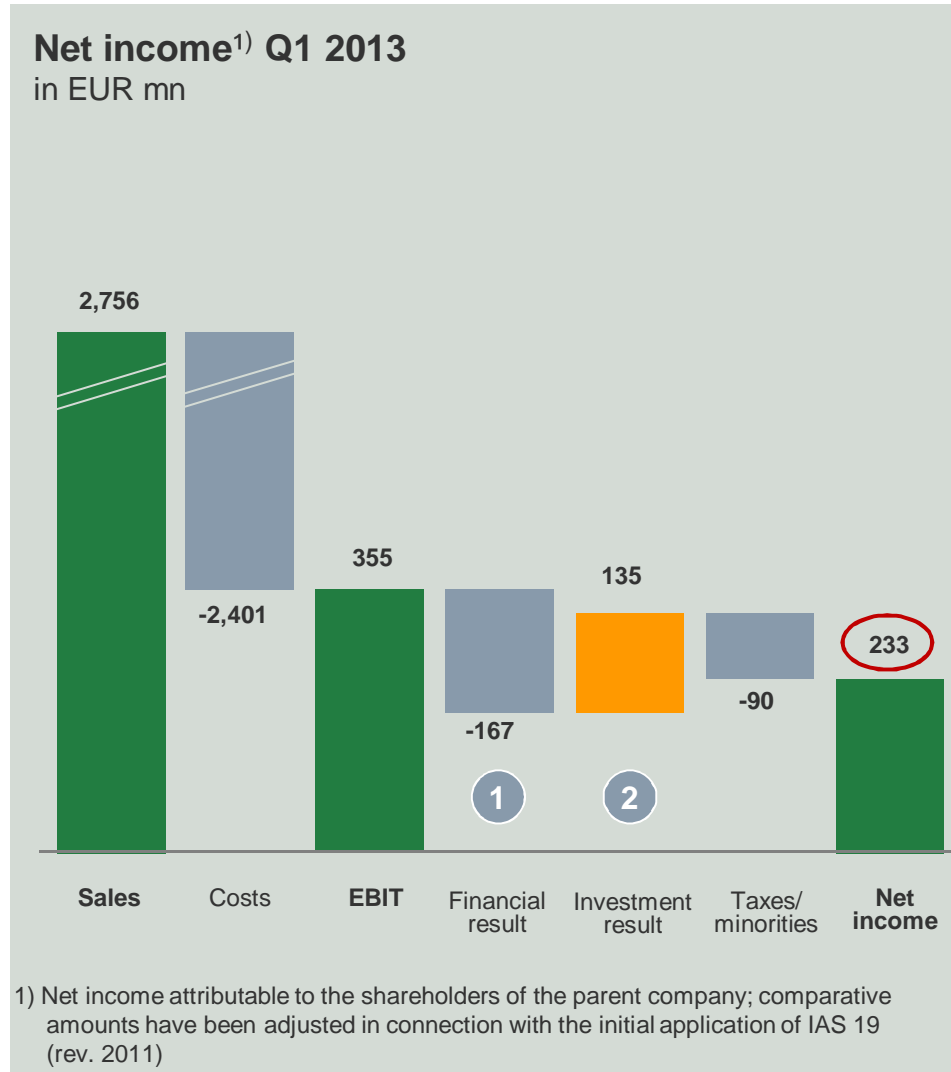
	Q1 2013	Q1 2012	Δ
Automotive	1,988	1,933	+2.8%
Industrial	768	908	-15.4%
Other	0	17	-17mn
Total	2,756	2,858	-3.6%

1) Market view (= location of customers)

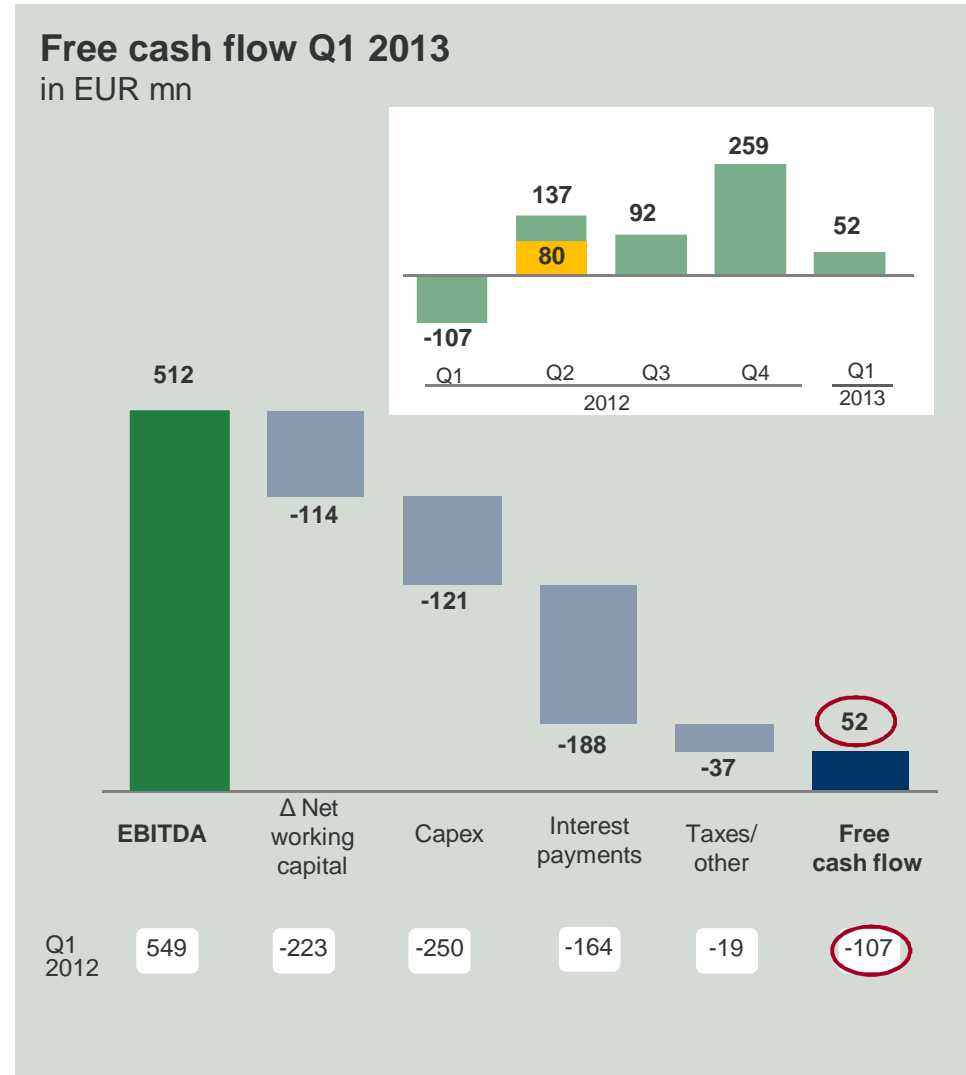
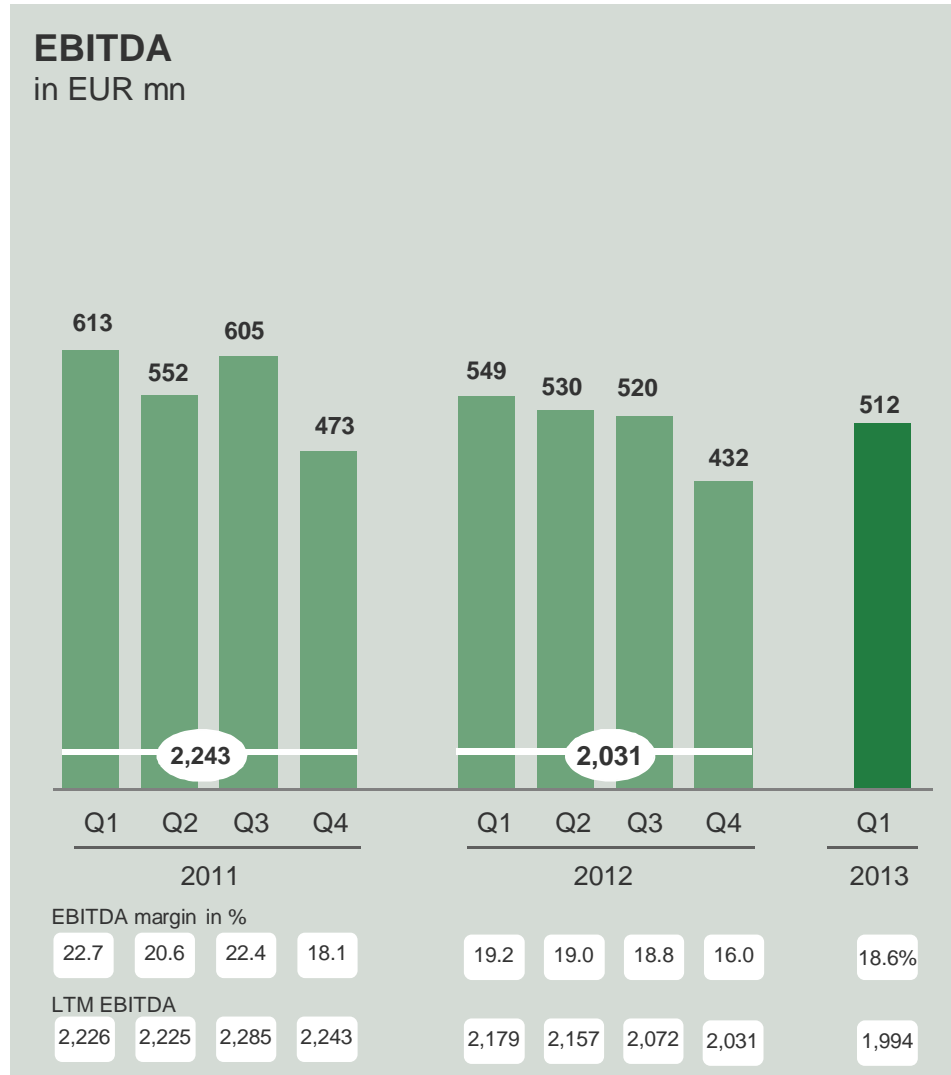
2 Results Q1 2013
EBIT margin 12.9%



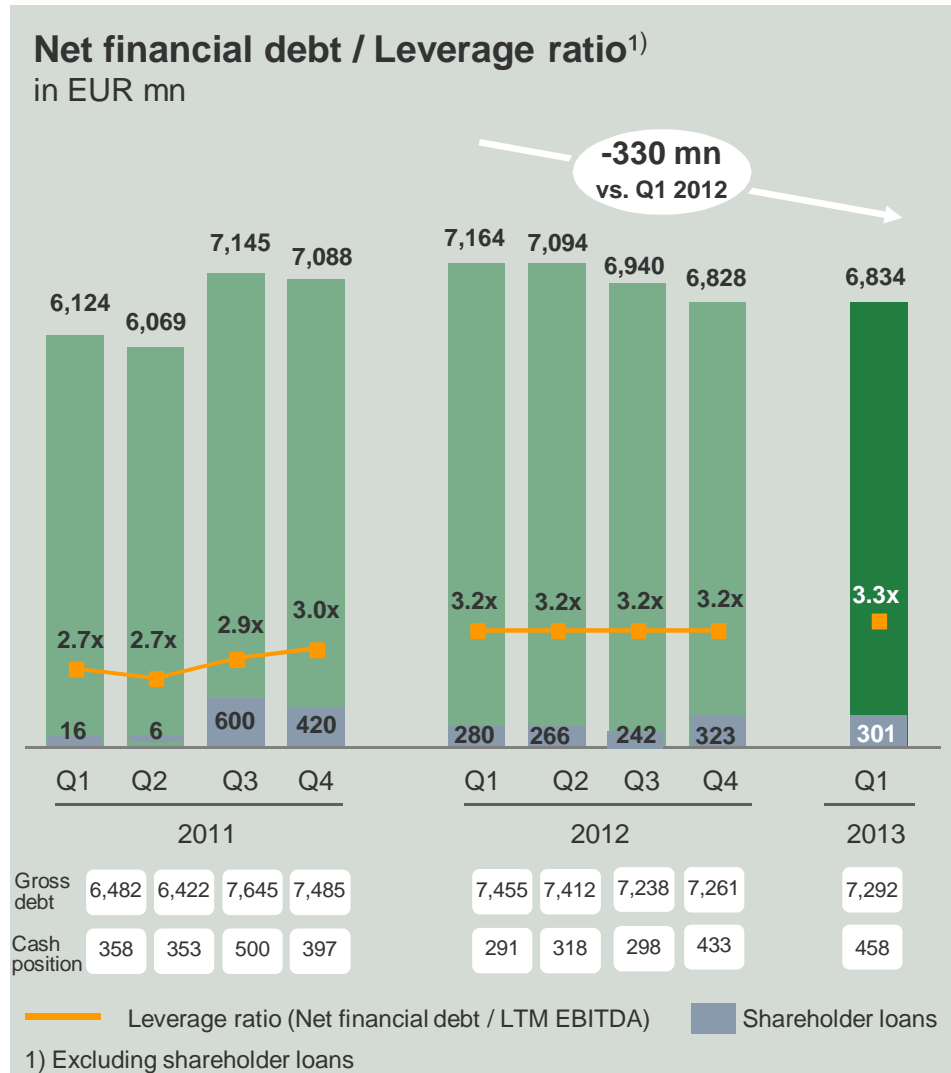
Net income EUR 233 million



Free cash flow EUR 52 million



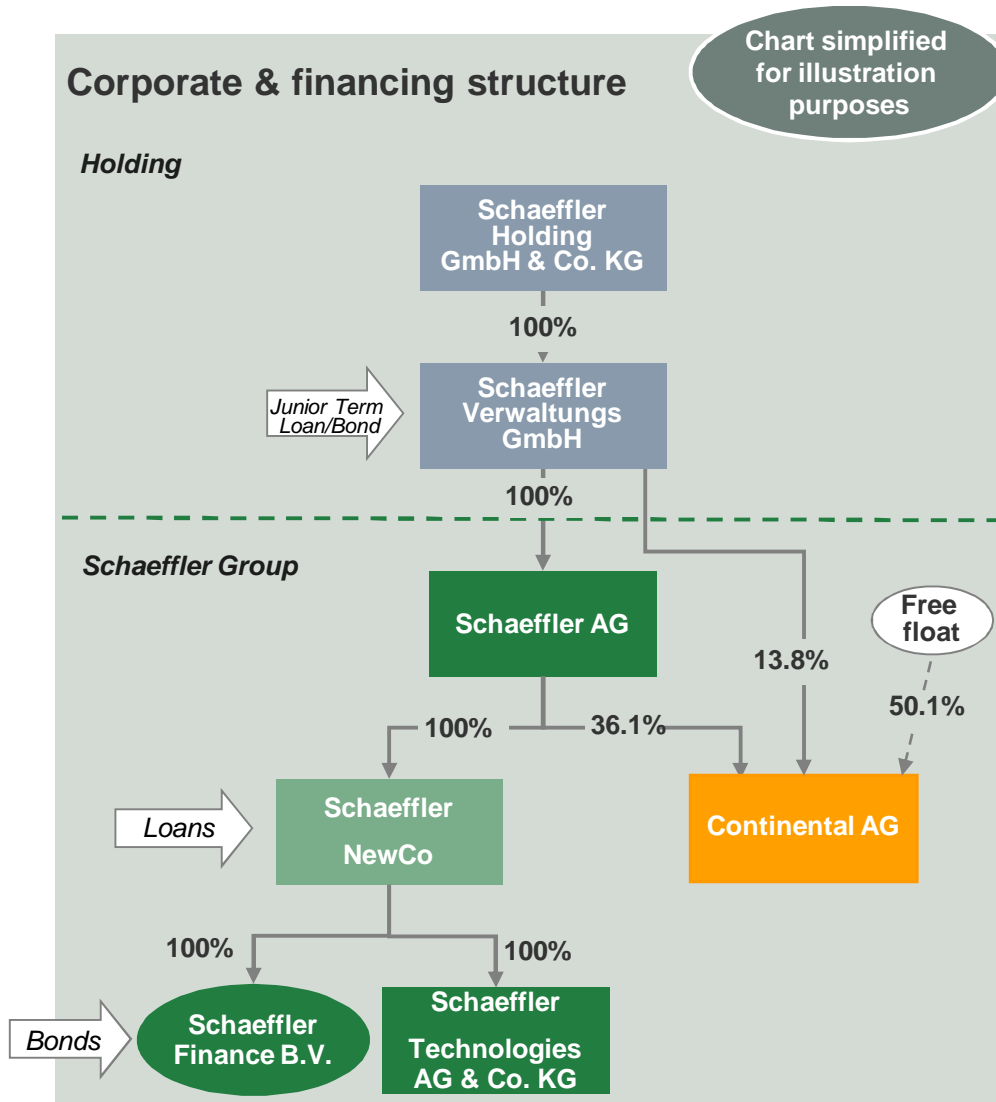
Net financial debt reduced by EUR 330 million



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Overview corporate and financing structure



Improved structure on holding level

- ▶ Holding debt reduced from €5.1 bn to €3.5 bn in September 2012
- ▶ Financing conditions improved
- ▶ Long-term strategic participation in Continental AG confirmed

Rating improved

- ▶ S&P upgrades corporate and issue rating from 'B' to 'B+' (as of Aug 9, 2012)
- ▶ Moody's upgrades corporate rating from 'B2' to 'B1' and issue rating from 'B1' to 'Ba3' (as of Sep 27, 2012)

Improved structure on Schaeffler Group level

- ▶ Successful repricing of EUR 1.6 billion term loan in February 2013
- ▶ Issuance of new bonds of EUR 1.25 billion equivalent (EUR/USD) with tenors of 5 and 8 years in April 2013

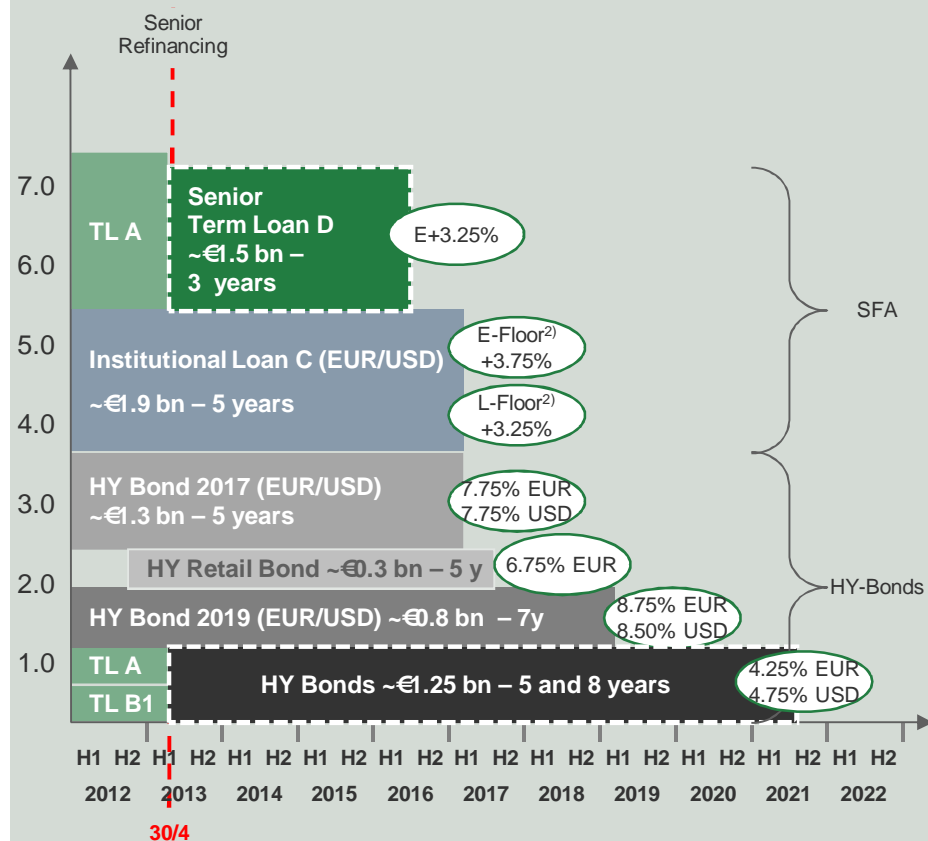
Major refinancing steps in 2012 and 2013

Five major steps

Step 1	01/12	<ul style="list-style-type: none"> ▶ €8.0 bn refinancing of Senior debt ▶ Placement of €2.0 bn of bonds and €1.4 bn of institutional loans
Step 2	06/12	<ul style="list-style-type: none"> ▶ Placement of €326 mn retail/employee bond ▶ Bank syndication closed
Step 3	09/12	<ul style="list-style-type: none"> ▶ Reduction of Schaeffler Holding liabilities by approx. €1.6 bn ▶ Refinancing of Junior debt
Step 4	12/12	<ul style="list-style-type: none"> ▶ Amendment of €1.6 bn Senior Term Loan Facility B2 ▶ Improvement of covenant, repayment and structural flexibility
Step 5	02/13	<ul style="list-style-type: none"> ▶ Repricing of €1.6 bn Facility B2 ▶ Upsizing by approx. €250 mn to partially repay Facility A
Step 6	04/13	<ul style="list-style-type: none"> ▶ Placement of €1.25 bn of bonds ▶ Existing facilities were partially repaid and refinanced

Cost of debt further reduced – Maturity profile extended

Maturity profile¹⁾
in EUR mn, after transaction



1) Without Revolving Credit Facility of EUR 1.0 billion
2) Euribor-Floor and Libor-Floor 1.00%

Key aspects

- ▶ The existing tranches A und B1 were refinanced by (a) the issuance of additional high yield bonds, (b) the introduction of a new tranche D (refinancing tranche A) and (c) the mandatory and voluntary reduction of Senior Debt, respectively
- ▶ Terms and conditions of new tranche D margin was adjusted to those of institutional loans
- ▶ Maturity of new tranche D and new RCF was extended to June 30, 2016
- ▶ High yield bond issuance with tenors of 5 and 8 years significantly improve the total maturity profile of Senior indebtedness
- ▶ Maturities of institutional loans and existing high yield bonds remained unchanged
- ▶ Current financing mix is approx. 50% loans and 50% high yield bonds

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Growth	
	Target 2013
Sales growth	~ 4 %
Capex	5-7 % of sales

Profitability	
	Target 2013
EBIT margin	~13 %
Free cash flow	Sustainably positive

Quality	
	Target 2013
Quality policy	Further improve
Employees	~ 2,000 new jobs

Innovation	
	Target 2013
R&D expenses	~ 5 % of sales
Innovation	Maintain leading position in patent applications

Why invest in Schaeffler?

- 1 Leading positions in attractive growth markets
- 2 Well-balanced business portfolio
- 3 Technology, quality and innovation leadership
- 4 Strong track-record and experienced management team
- 5 Ability to preserve cash flow in a downturn
- 6 Strong security package

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Financial Calendar 2013

Q2 2013 results: August 28, 2013

Q3 2013 results: November 19, 2013

Backup
Capital structure

SCHAEFFLER

as of May 31, 2013,
 without Revolving
 Credit Facility

Facility	Amount in EUR	Initial margins / cash interest	Maturity	Source
Senior Term Loan D	1,204 mn	EURIBOR +3.375%	Jun. 2016	Banks
Inst. Loan C (EUR)	625 mn	EURIBOR ¹⁾ +3.75%	Jan. 2017	Investors
Inst. Loan C (USD)	1,308 mn	LIBOR ²⁾ +3.25%	Jan. 2017	Investors
Bond 2017 (EUR)	326 mn	6.75%	July 2017	Investors
Bond 2017 (EUR)	800 mn	7.75%	Feb. 2017	Investors
Bond 2017 (USD)	462 mn	7.75%	Feb. 2017	Investors
Bond 2019 (EUR)	400 mn	8.75%	Feb. 2019	Investors
Bond 2019 (USD)	385 mn	8.50%	Feb. 2019	Investors
New Bond (EUR)	600 mn	4.25%	May 2018	Investors
New Bond (USD)	654 mn	4.75%	May 2021	Investors
Total	~ 6.8 bn			

1) EURIBOR-Floor of 1.00% 2) LIBOR-Floor of 1.00%

Bond data (1/2)

Issuer	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.
Issue	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes
Principal Amount	€300 mn	\$600 mn	€400 mn	\$500 mn
Offering Price	98.981%	98.981%	100.000%	100.000%
Rating	Ba3 (Moody's) B+ (S&P)	Ba3 (Moody's) B+ (S&P)	Ba3 (Moody's) B+ (S&P)	Ba3 (Moody's) B+ (S&P)
Coupon	7.75%	7.75%	8.75%	8.50%
Issue Date	February 9, 2012	February 9, 2012	February 9, 2012	February 9, 2012
Maturity	February 15, 2017	February 15, 2017	February 15, 2019	February 15, 2019
Interest Payment	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15
ISIN	XS0741938624	US806261AC75	XS0741939788	US806261AA10
Denomination	€1,000 with minimum tradable amount €100,000	\$2,000 with minimum tradable amount \$200,000	€1,000 with minimum tradable amount €100,000	\$2,000 with minimum tradable amount \$200,000

Bond data (2/2)

Issuer	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.
Issue	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes
Principal Amount	€26 mn	\$850 mn	€600 mn
Offering Price	98.981%	100.00%	100.00%
Rating	Ba3 (Moody's) B+ (S&P)	Ba3 (Moody's) B+ (S&P)	Ba3 (Moody's) B+ (S&P)
Coupon	6.75%	4.75%	4.25%
Issue Date	June 29, 2012	April 23, 2013	April 23, 2013
Maturity	July 1, 2017	May 15, 2021	May 15, 2018
Interest Payment	May 15 / Nov. 15	May 15 / Nov. 15	May 15 / Nov. 15
ISIN	XS0801261156	US806261AE32	XS0923613060
Denomination	€1,000 with minimum tradable amount €1,000	\$2,000 with minimum tradable amount \$200,000	€1,000 with minimum tradable amount €100,000

Useful links and references

Schaeffler Investor Relations website	http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/IR.jsp
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Sustainability at Schaeffler	http://www.schaeffler-group.com/content.schaefflergroup.de/en/mediathek/library/library-detail-language.jsp?id=3448715
Schaeffler FAQ	http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/faq/faq.jsp