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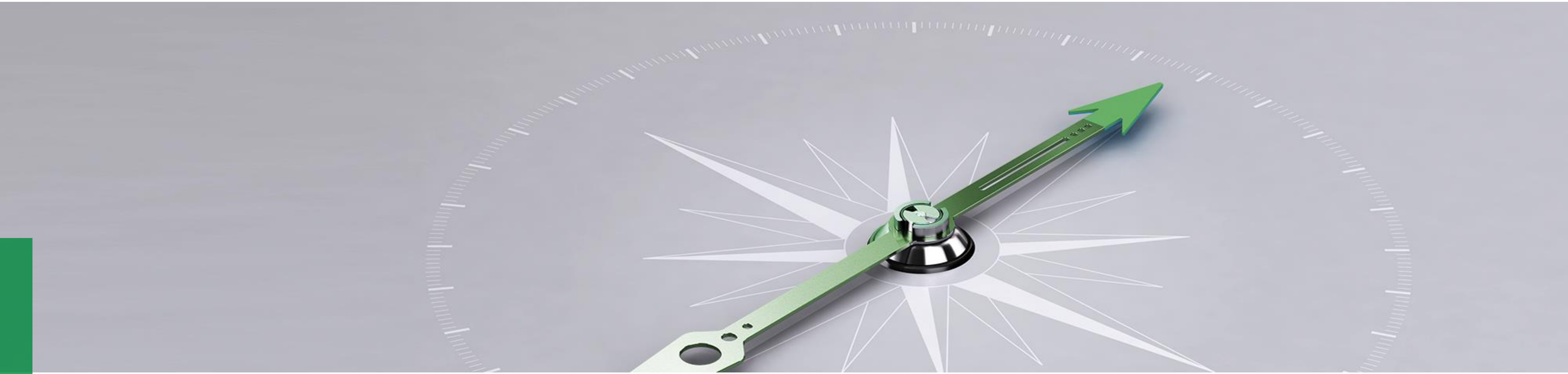

Results FY 2018 Schaeffler AG

Conference Call
March 6th, 2019
Munich

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Mixed results in a challenging environment

Key messages

1. Group sales growth[1] of 3.9% following a weak second half
2. Automotive divisions with lower EBIT margin, strong Industrial business
3. Free Cash Flow of EUR 384 mn following strong fourth quarter
4. Dividend remains stable, EUR 55 cent per share[4] proposed
5. Program RACE started in Automotive OEM division
6. Cautious guidance for FY 2019, 2020 Financial Ambitions abandoned

[1] FX-adjusted | [2] Before special items | [3] Before cash in- and outflows for M&A activities
[4] Proposed dividend per common non-voting share

Sales growth[1]

+3.9%

EUR 14,241 mn

EBIT margin[2]

9.7%

EUR 1,381 mn

Free Cash Flow[3]

EUR 384 mn

Dividend per share[4]

EUR 55 cent

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Group Guidance 2018 achieved – Automotive OEM guidance missed

Group Results

	Guidance FY 2018	Actual FY 2018	
Sales growth[1]	4 - 5%	**3.9%**	(✓)
EBIT margin[2]	9.5 - 10.5%	**9.7%**	✓
Free Cash Flow[3]	~ EUR 300 mn	**EUR 384 mn**	✓

[1] FX-adjusted | [2] Before special items

[3] Before cash in- and outflows for M&A activities

Divisional Results FY 2018

Automotive OEM ✗		Automotive Aftermarket ✓		Industrial ✓	
Guidance	**Actual**	Guidance	**Actual**	Guidance	**Actual**
3.5 - 4.5%	**2.1%**	1.5 - 2.5%	**2.2%**	8 - 9%	**10.1%**
8 - 8.5%	**7.7%**	17 - 17.5%	**17.0%**	10.5 - 11%	**11.0%**

Actual market development vs. assumptions[4]:

- Automotive OEM: Actual value according to IHS[5] **minus 1.1%** in 2018 vs. assumption of around **+0.5%**
- Automotive Aftermarket: Stable growth in the global vehicle population and a nearly unchanged average vehicle age in line with expectations
- Industrial: Higher growth in industrial production in line with expectations

[4] As of October 30th 2018 | [5] LVP Production Growth according to IHS Markit (February 2019)

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Schaeffler Group FY 2018 – Highlights and lowlights

- Sales growth of +3.9% despite difficult market driven by very strong growth in Industrial division
- The very strong EBIT margin in Industrial (+300bps) substantially contributed to the delivery of the Group EBIT margin guidance, FCF guidance achieved
- Good progress in Agenda 4 plus One (completion ratio 55%), BCT integration setup completed
- Continuous execution of M&A strategy, two strategically important acquisitions (Paravan JV, Elmotec Statomat)

- Sales affected by overall weak Automotive OEM division, especially in China and Europe in Q4
- High operating leverage and low productivity in European plants, Gross profit margin Automotive OEM reduced by 2.9%-pts.
- Automotive Aftermarket performance impacted by weaker demand in H2 and investments in logistics
- Overhead costs grew faster than sales, Capex allocation to be improved

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Agenda

1 Overview 2018

2 Business and Strategic Update

3 Financial Results FY 2018

4 Outlook

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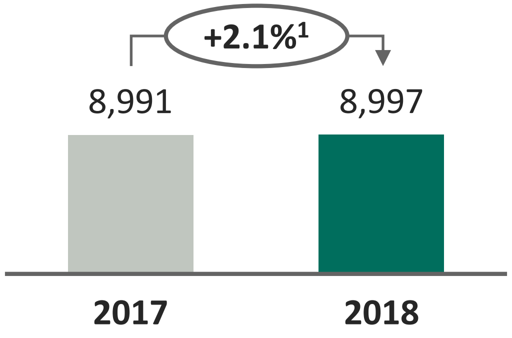
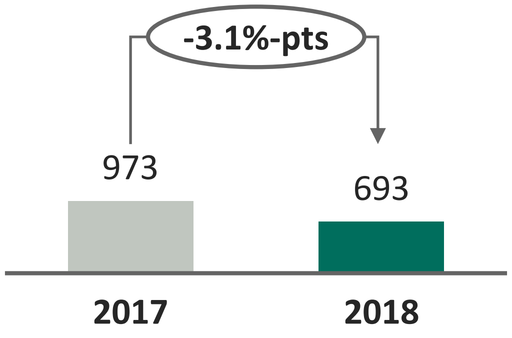
Automotive OEM FY 2018 – Results below expectations

Sales
in EUR mn



Gross profit margin	25.4%	22.5%

EBIT[2]
in EUR mn



EBIT margin[2]	10.8%	7.7%

- Consistent Outperformance of LVP[3] by 320 bps, even with decreasing momentum in Q4
- Good progress in the new E-Mobility business division (Sales: +18.1%)
- Order intake of 12.6 bn EUR, overall Book-to-Bill ratio improved to 1.4
- Organic sales growth deteriorated in H2 due to lower demand in China and Europe (WLTP)
- Declining gross margin due to productivity not offsetting negative price and mix effects
- Lower absorption of fixed costs and overproportional increase of overhead costs

[1] FX-adjusted | [2] Before special items | [3] LVP: Light Vehicle Production

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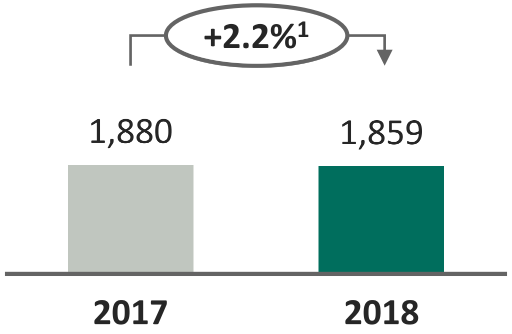
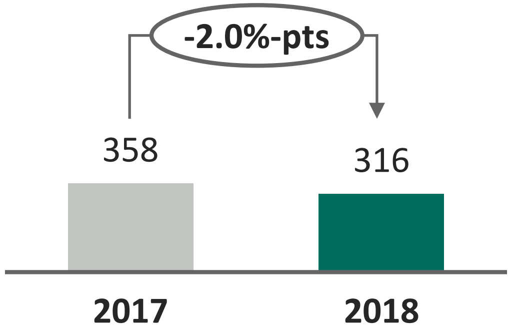
Automotive Aftermarket FY 2018 – Mixed sales and margin performance

Sales
in EUR mn



Gross profit margin 35.9% 34.5%

EBIT[2]
in EUR mn



EBIT margin[2] 19.0% 17.0%

- Independent Aftermarket with strong growth rate of 5.7%; all regions contributed
- Successful ramp-up of the new Bearing & Seals full range program in Americas accounts for more than EUR 10 mn of additional sales in 2018
- Overall sales growth adversely impacted by slowdown in demand of European customers and decline in OES business in Americas by 40% due to one-off demand in 2017
- Lower EBIT Margin driven by increasing price pressure from consolidation of the customer base and higher logistic costs due to additional investments in our warehousing network

[1] FX-adjusted | [2] Before special items

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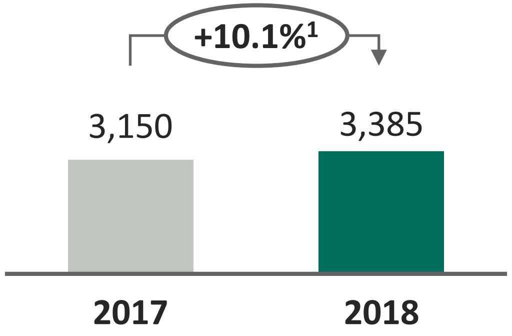
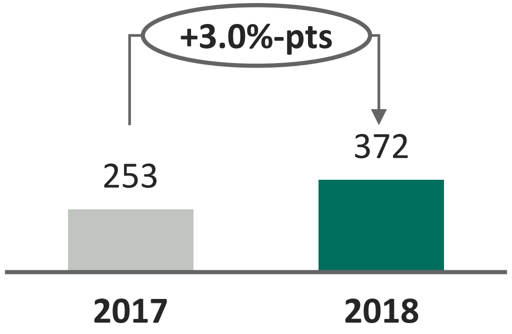
Industrial FY 2018 – Very strong performance for sales and margin

Sales
in EUR mn



	2017	2018
Gross profit margin	28.3%	30.1%

EBIT[2]
in EUR mn

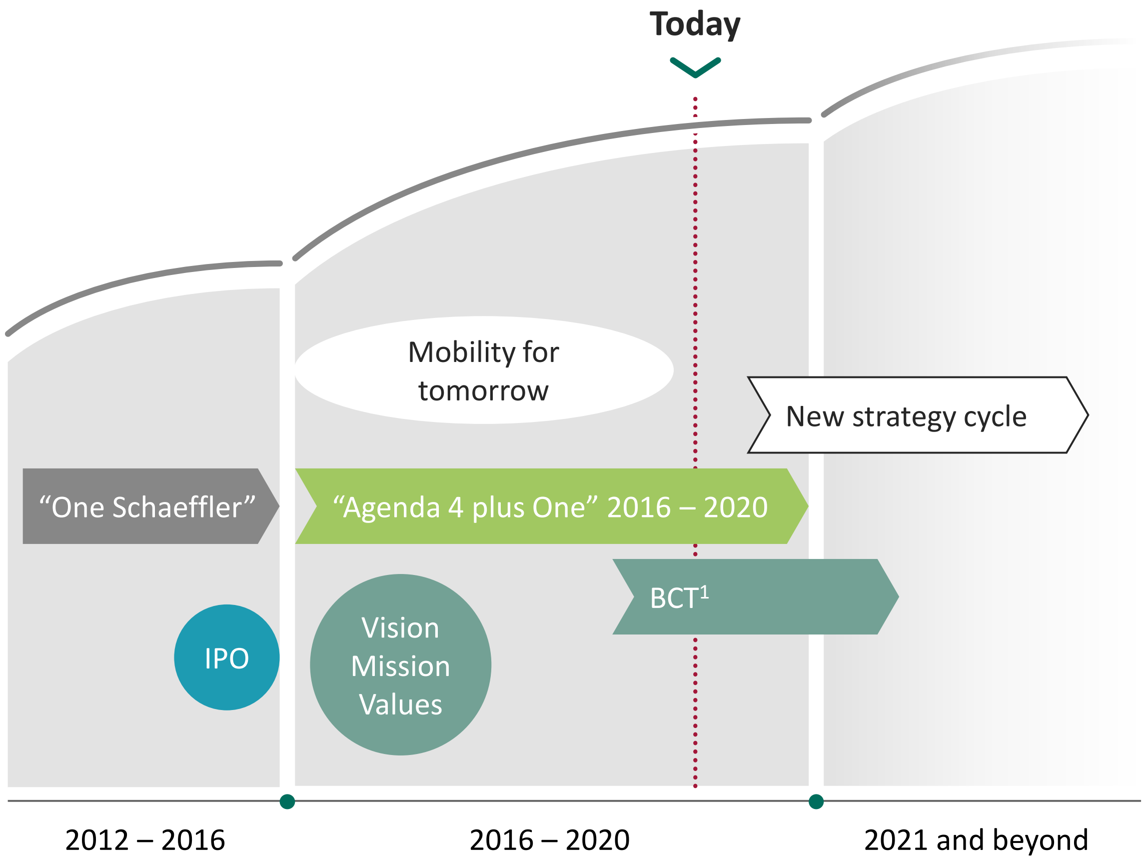


	2017	2018
EBIT margin[2]	8.0%	11.0%

- Continued high growth dynamics throughout all quarters. Double-digit growth in sector clusters Offroad, Power Transmission, Raw Materials, Railway as well as +9.7% growth in Industrial Distribution
- Business expansion with both standard and high performance bearings as well as Industry 4.0 solutions, enabling customers in various sectors to reduce their Total Cost of Ownership
- Strong EBIT margin of 11% achieved, driven by volume, favorable pricing and substantial progress of CORE I and II cost efficiency and growth initiatives
- EBIT margin objective (11-13%) for 2020 achieved two years earlier than expected

[1] FX-adjusted | [2] Before special items

Transformation continues – Environment to remain challenging



[1] Bearing & Components Technologies

1. Environment remains challenging
   - Subdued growth, low visibility
   - Macroeconomic and geopolitical risks
   - Technological changes
2. We concentrate on our strengths
   - Automotive and Industrial supplier with global customer base
   - Technology & Industrialization excellence
   - Strong balance sheet
3. We take action
   - Executing existing efficiency initiatives / Agenda 4 plus One
   - New program RACE in Automotive OEM
   - Increased cost and Capex discipline

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A Drive continuous improvement – Execution of efficiency initiatives progressing

Overview initiatives

	Start Date	Cost Efficiency Target	HCO[1] Reduction Target	Restructuring Cost	Full Financial Impact	Focus	Completion Ratio at CMD[2]	Completion Ratio now
CORE I	10/2015	~ EUR 40 mn	~ 500	EUR 36 mn[3]	12/2018	Industrial	100%	**100%**
CORE II	10/2016	~ EUR 90 mn	~ 400	EUR 45 mn[4]	12/2019	Industrial	>50%	**100%**
Shared Services	10/2017	~ EUR 25 mn	~ 100	EUR 39 mn[5]	12/2022	Group	35%	**55%**
BCT[6]	5/2018	~ EUR 60 mn	~ 950	EUR 26 mn[7]	12/2021	Auto OEM/ Industrial	5%	**20%**

+

New program RACE in Automotive OEM

[1] HCO = Headcount | [2] 20th of September 2018 | [3] Booked in 2015 | [4] Booked in 2016 | [5] Booked in 2017 | [6] Bearing & Components Technologies | [7] Booked in 2018

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B Enhance competitiveness in Auto OEM – RACE program

Program RACE[1] is

1. An **Efficiency** and **Portfolio optimization** program
2. Led by **Matthias Zink**, CEO Automotive OEM, started end of 2018
3. Aimed at structurally improving competitiveness of the Automotive OEM division in **three waves**
4. Focusing on **6 key levers** – Plant Footprint in Europe, Portfolio alignment, Overhead cost, R&D prioritisation, Capital Efficiency, Order Intake
5. Starting with a first wave targeting an EBIT-Margin improvement of around **100 bps** or EUR 90 mn[2] in 2021/2022 out of one-time restructuring costs of around EUR 60 mn[3] in 2019
6. Designed to create long-term value and secure a high single-digit **EBIT margin** in the mid-term

[1] RACE = Regroup Automotive for higher Margin and Capital Efficiency
[2] Full run-rate | [3] First indication

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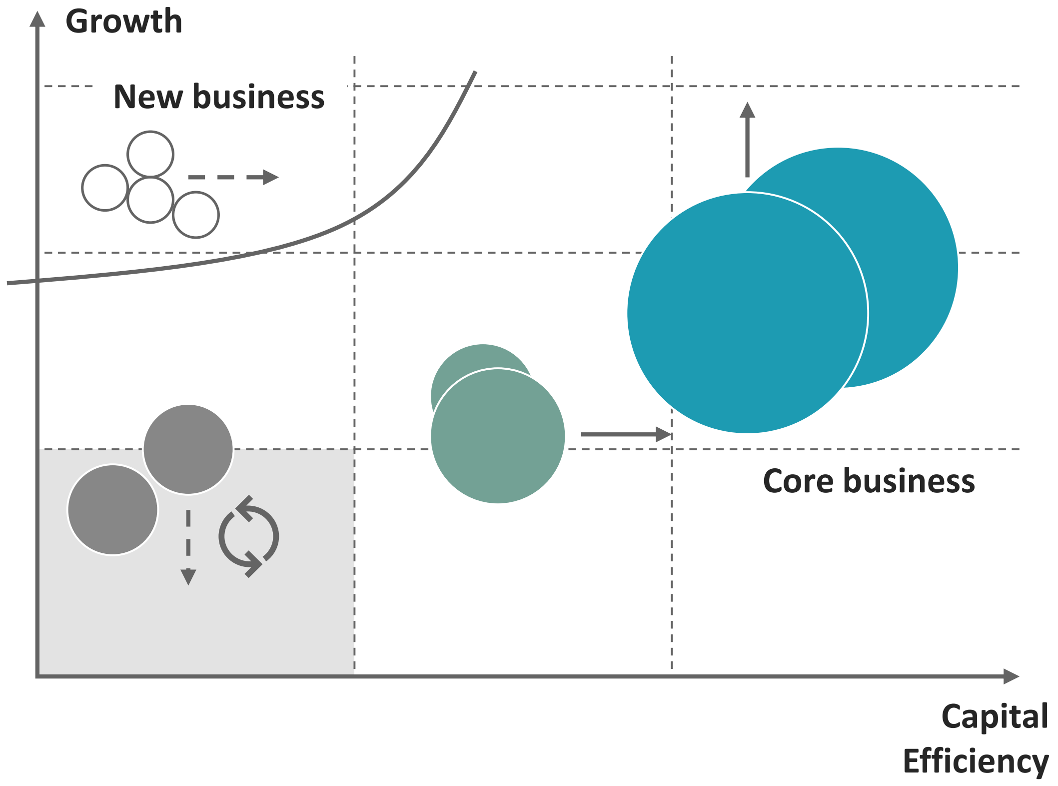
B Efficiency and Portfolio Optimization – Execution in three waves

Business portfolio | Automotive OEM



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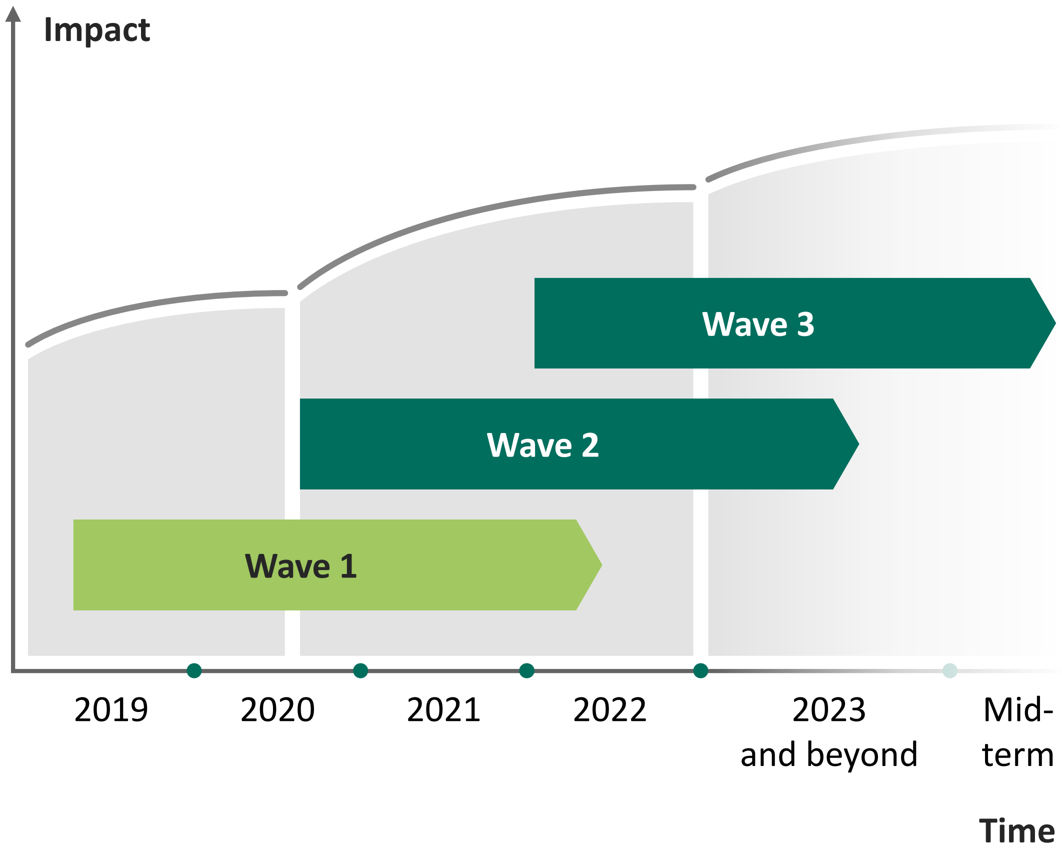
Execution | Program RACE



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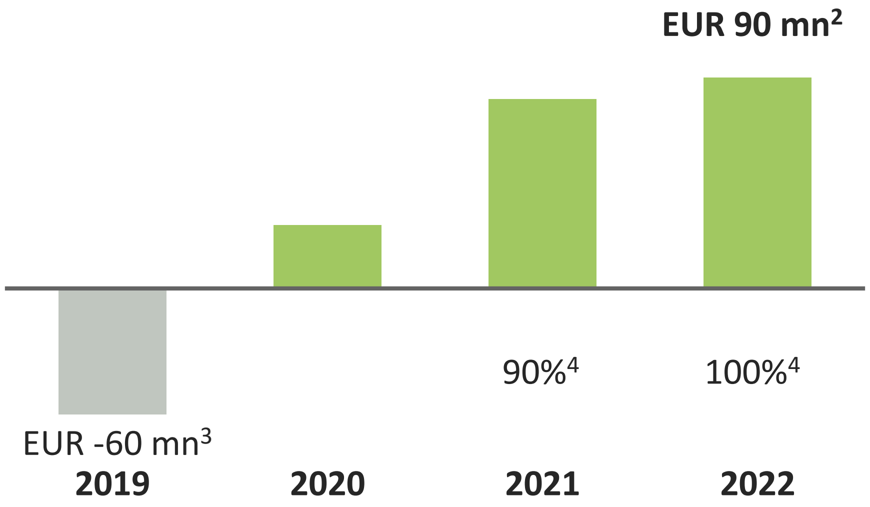
B RACE Wave 1 – 100 bps EBIT margin improvement

Wave 1 – Levers and Targets

1	Footprint Europe	Consolidate up to five Automotive plant locations in Europe
2	Cost efficiency	Reduce around 900 jobs, thereof around 700 in Germany
3	Portfolio adjustment	Divest/exit selected non-core businesses in particular within business divisions Engine/ Transmission systems and reinvest proceeds in strategic growth areas
4	R&D priori-tisation	R&D/sales ratio for Automotive OEM to be restricted to 8.0% - 8.5% in 2019 and 2020 with ongoing shift towards strategic growth areas
5	Capital efficiency	Reduce Capex to below EUR 900 mn[1] p.a. for Automotive OEM and strengthen capital discipline
6	Order intake	Increase order intake in E-Mobility and Chassis Mechatronics by EUR 1.5 - 2.0 bn p.a. in the next 3 years

[1] Including allocated Capex | [2] Full run rate | [3] First indication to be further validated
[4] Percentage of full financial impact achieved

Financial impact | in EUR mn



Key assumptions

- Continuation of volatile and uncertain environment
- Neither severe recession nor strong recovery
- Measures aligned in consultation with workers' councils

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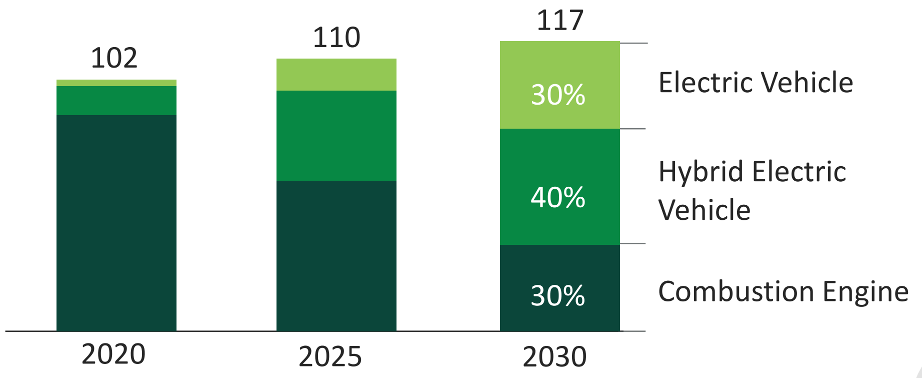
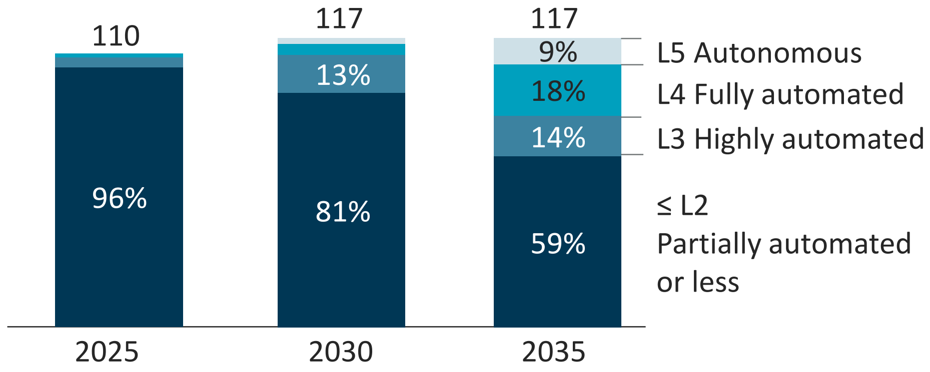
B Program RACE – Growth prospects, order intake and outperformance

Vision Powertrain World Light Vehicle Production in mn



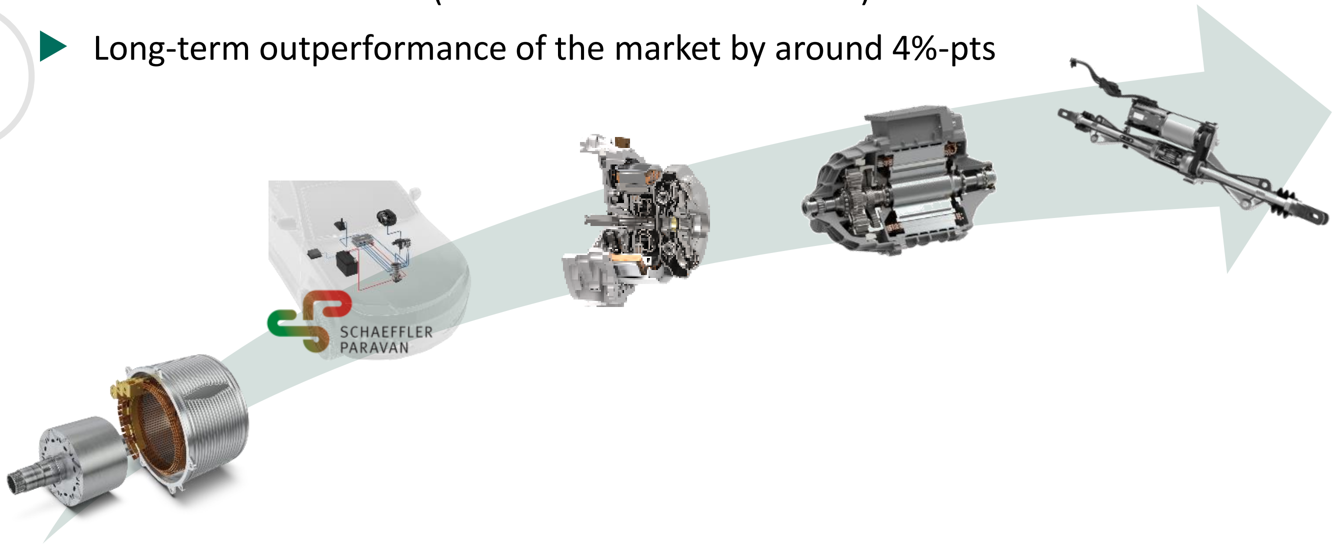
Vision Chassis[1] World Light Vehicle Production in mn



[1] Source: IHS Autonomy and McKinsey / Values based on Light Vehicles < 6 tons only

Key aspects

- Technological competence and innovative strength complemented via bolt-on acquisitions
- High Potential in E-mobility from Electrification / Hybridization and in Chassis Mechatronics
- Continuously improving Order Intake (2018: EUR 12.6 bn vs. EUR 11.3 bn 2017) and Book-to-Bill Ratio (1.4x in 2018 vs 1.3x in 2017)
- Long-term outperformance of the market by around 4%-pts



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C We take action – Improve cost and Capex discipline, optimize portfolio

Cost discipline

- Overhead cost to be harmonized with sales growth development
- Hiring freeze[1] for all overhead and indirect functions
- Additional measures to be introduced to improve productivity in plants

[1] Except for high growth areas

Capex discipline

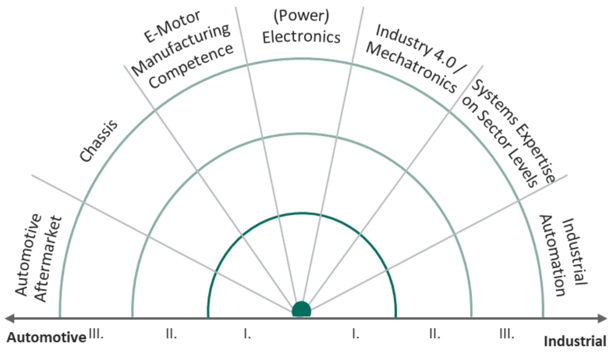
- Capex to sales ratio limited to 6-8% of sales, stricter allocation to growth areas (“earn the right to grow”-logic)
- Capex Committee strengthened, hurdle rates (Gross Profit, NPV, IRR) tightened
- Strict target set for the Short Term Bonus (20% share) to incentivize more proactive cashflow management (zero bonus in case target is missed)

Acquisitions/Divestments 2016 - 2018

in
- Elmotec Statomat 2018
- Schaeffler Paravan JV 2018
- Compact Dynamics 2017

out
- 2016 Schaeffler Motorenelemente
- 2016 Schaeffler Suisse – Hydrel

Portfolio optimization



M&A radar with 7 search fields

Acquisitions/Divestments/Exits going forward

in
Technology-oriented, bolt-on acquisitions EUR 100 - 500 mn

out
Assets under review, Non strategic business within Engine/Transmission

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Key figures Q4 2018 and FY 2018

in EUR mn		FY 2017	FY 2018	FY 2018 vs. FY 2017	Q4 2017	Q4 2018	Q4 2018 vs. Q4 2017
Sales	1	14,021	14,241	+1.6% / +3.9%[1]	3,541	3,527	-0.4% / +0.3%[1]
Gross Profit	2	3,846	3,683	-163 mn	929	816	-113 mn
Gross Margin		*27.4%*	*25.9%*	*-1.5%-pts.*	*26.2%*	*23.1%*	*-3.1%-pts.*
EBIT[2]	3	1,584	1,381	-203 mn	388	231	-157 mn
EBIT Margin[2]		*11.3%*	*9.7%*	*-1.6%-pts.*	*11.0%*	*6.5%*	*-4.5%-pts.*
Net income[3]	4	980	881	-99 mn	192	119	-73 mn
EPS[4] (in EUR)	4	1.48	1.33	-0.15	0.29	0.18	-0.11
ROCE[2]		19.9%	16.7%	-3.2%-pts.			
Free Cash Flow[5]	5	515	384	-131 mn	268	257	-11 mn
Capex	6	1,273	1,232	-41 mn	400	375	-25 mn
Net financial debt	7	2,370	2,547	+177 mn			
Gearing ratio[6]	7	91.8%	83.2%	-8.6%-pts.			

[1] FX-adjusted | [2] Before special items | [3] Attributable to shareholders of the parent company | [4] Earnings per common non-voting share | [5] Before cash in-and outflows for M&A activities
[6] Ratio of net financial debt to equity incl. non-controlling interests

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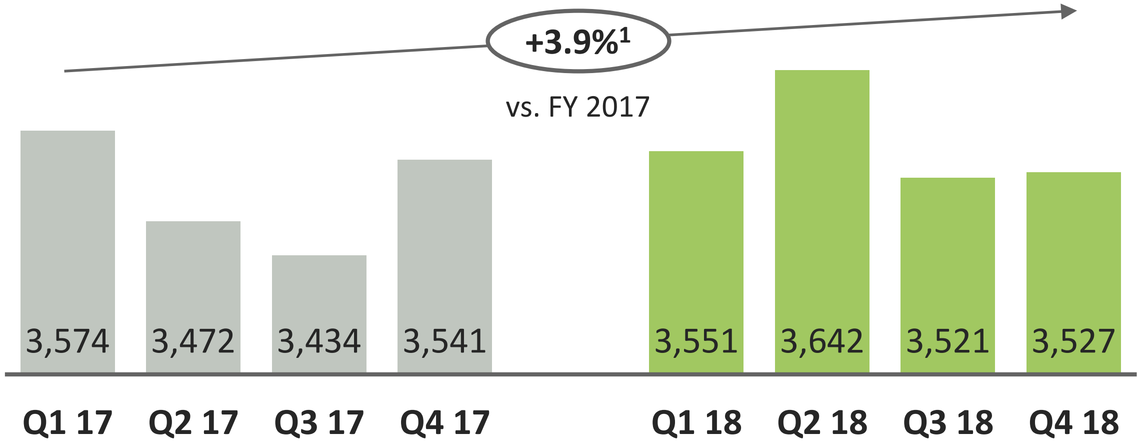
1 Sales growth – Q4 Group Sales impacted by weak Automotive OEM sales

Sales | in EUR mn



14,021

14,241

Sales growth

	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Reported	+6.9%	+3.1%	+5.2%	+5.4%	-0.6%	+4.9%	+2.5%	-0.4%
FX-adjusted	+5.4%	+2.2%	+7.4%	+8.5%	+3.9%	+7.9%	+3.7%	+0.3%

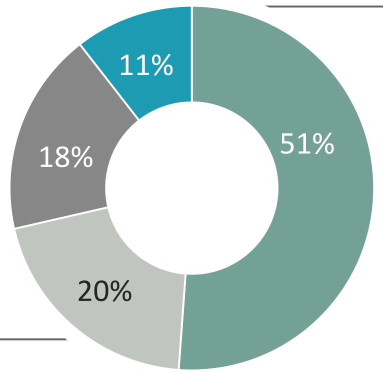
[1] FX-adjusted

Key aspects

- Q4'18 growth impacted by Automotive OEM (-4.2% FX-adjusted), mainly driven by weak demand in China (-17.4% FX-adjusted)
- Despite weak Q4, Greater China still showing the highest growth rate of all regions due to a strong Industrial business
- FY 18 growth in Americas driven by strong Automotive OEM (+5.6% FX-adjusted) as well as Industrial division (+9.7% FX-adjusted)

Sales by region FY 2018

Y-o-y growth w/o FX effects



Asia/Pacific	+3.3%
Europe	+2.9%
Greater China	+6.7%
Americas	+4.9%

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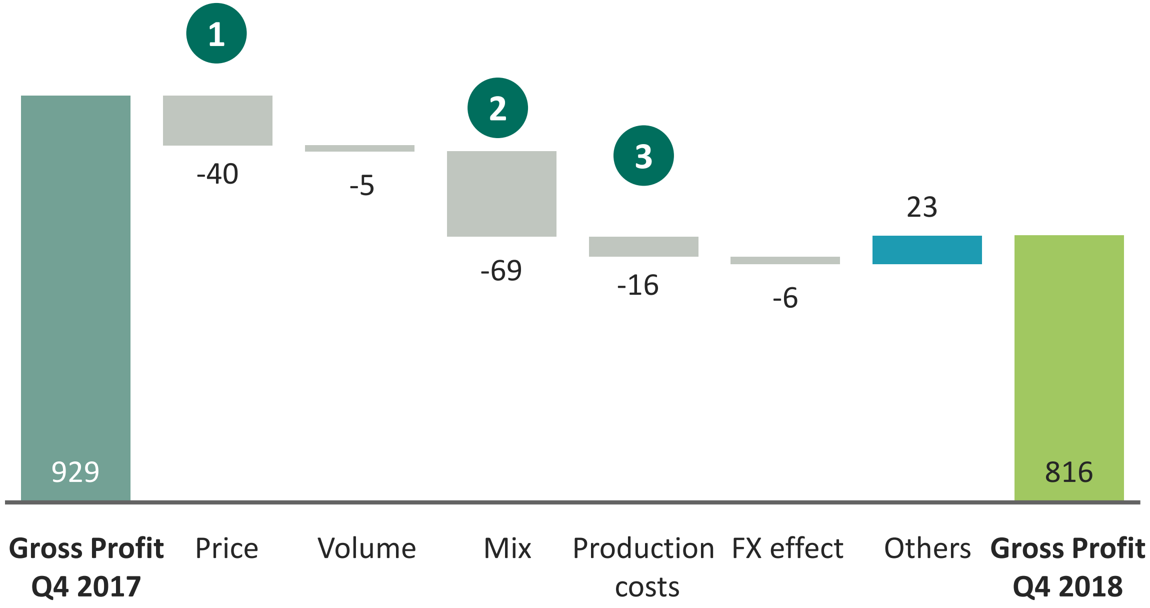
2 Gross Profit – Gross margin lower due to negative price, mix and missing flexibility in production

Gross Profit Q4 2017 vs. Q4 2018 | in EUR mn



Gross margin development

26.4%	-1.2%-pts	-0.1%-pts	-2.0%-pts	-0.5%-pts	-0.2%-pts	+0.7%-pts	23.1%

Key aspects

1. Negative price effect mainly driven by persistent price pressure in major Automotive OEM end markets, especially in China
2. Negative mix effect driven by division Automotive OEM and related to adverse customer and product mix effect in classic product lines
3. Higher production costs driven by missing flexibility in light of lower demand as well as higher input costs (e.g. raw materials)

Productivity could not offset negative price and mix effects

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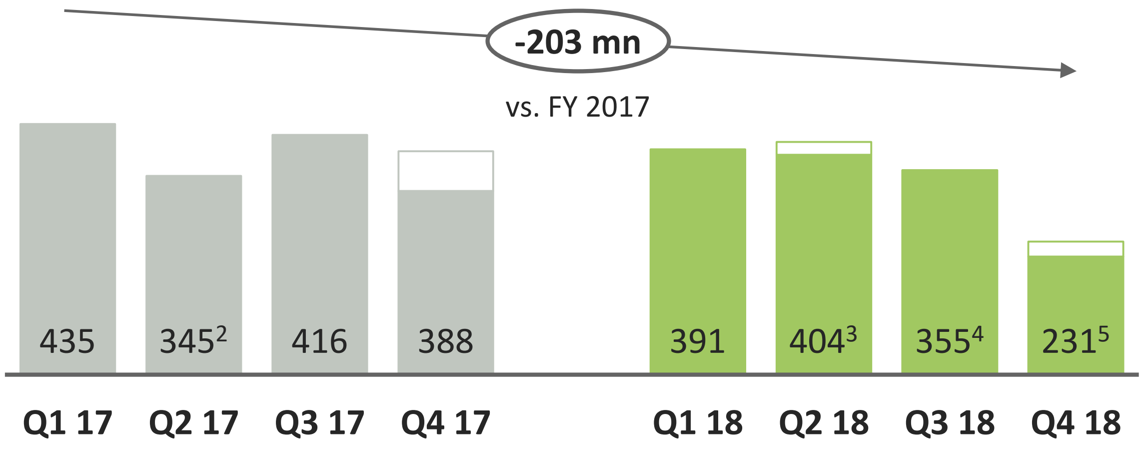
3 EBIT margin – Q4 impacted by weaker Automotive business

EBIT[1] | in EUR mn



1,584	1,381

EBIT margin[1]

Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
12.2%	9.9%	12.1%	11.0%	11.0%	11.1%	10.1%	6.5%

FY EBIT margin[1]

FY 17	FY 18
11.3%	9.7%

[1] Before special items | [2] Reported EBIT of EUR 358 mn including EUR 13 mn positive special item
[3] Reported EBIT of EUR 382 mn including EUR 22 mn restructuring expenses related to the integration of the internal supplier BCT | [4] Reported EBIT of EUR 376 mn including EUR 21 mn positive special item

Key aspects

- Lower Q4 EBIT margin triggered by weak end markets and operational performance in Automotive OEM
- Automotive Aftermarket in Q4'18 temporary with weaker EBIT margin due to additional investment in warehousing network
- Industrial EBIT margin Q4'18 higher vs. Q4'17 due to ongoing positive volume and price effects as well as successful execution of program CORE I and II

EBIT margin[1]

in EUR mn	FY 17	FY 18	FY 18 vs. FY 17	Q4 17	Q4 18	Q4 18 vs. Q4 17
Auto OEM	10.8%	7.7%	-3.1%-pts.	11.2%	4.4%	-6.8%-pts.
Aftermarket	19.0%	17.0%	-2.0%-pts.	17.9%	13.1%	-4.8%-pts.
Industrial	8.0%	11.0%	+3.0%-pts.	6.1%	8.7%	+2.6%-pts.
Group	11.3%	9.7%	-1.6%-pts.	11.0%	6.5%	-4.5%-pts.

[5] Reported EBIT of EUR 205 mn including EUR 4 mn restructuring expenses related to the integration of the internal supplier BCT and 22 mn restructuring expenses for reorganization of UK business activities

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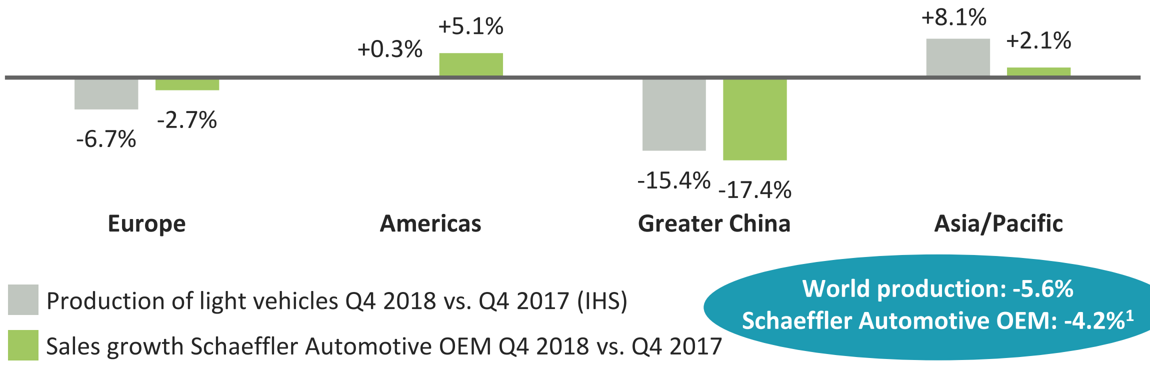
Automotive OEM – Weak Q4 performance driven by lower sales and productivity

Sales by business division | in EUR mn

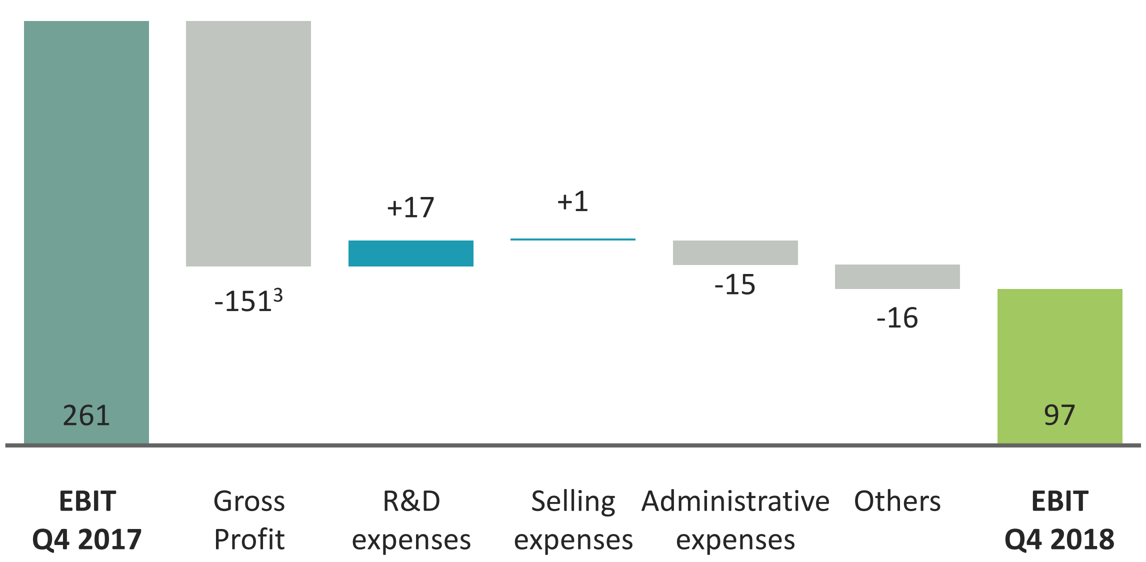
	Q4 2017	Q4 2018	Δ[1]
Engine Systems	719	670	-6.5%
Transmission Systems	1,087	1,022	-5.6%
E-Mobility	105	137	+31.2%
Chassis Systems	414	390	-5.3%
Total	**2,325**	**2,219**	**-4.2%**

Automotive OEM sales and market development Q4



World production: -5.6%
Schaeffler Automotive OEM: -4.2%[1]

EBIT[2] Q4 2017 vs. Q4 2018 | in EUR mn



EBIT margin development[2]

11.2%	-5.6%-pts	+0.5%-pts	-0.1%-pts	-0.8%-pts	-0.8%-pts	4.4%

[1] FX-adjusted | [2] Before special items | [3] Includes negative FX effects of EUR 5 mn

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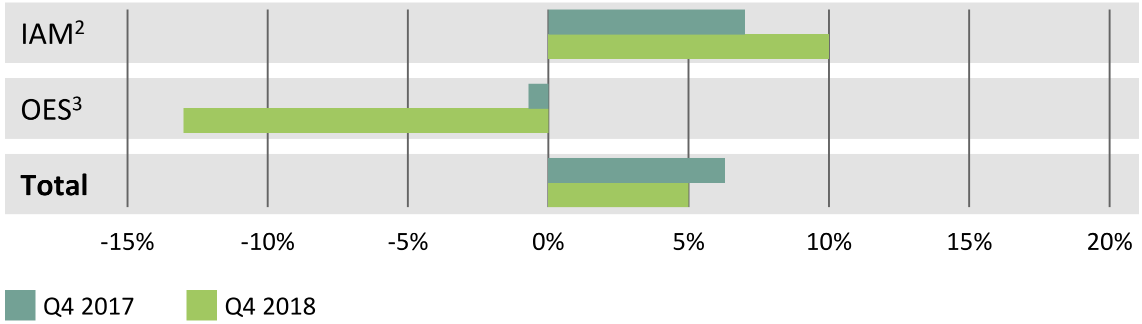
Automotive Aftermarket – Q4 with good growth momentum, profitability lower mainly due to higher warehousing costs

Sales by region | Y-o-y growth

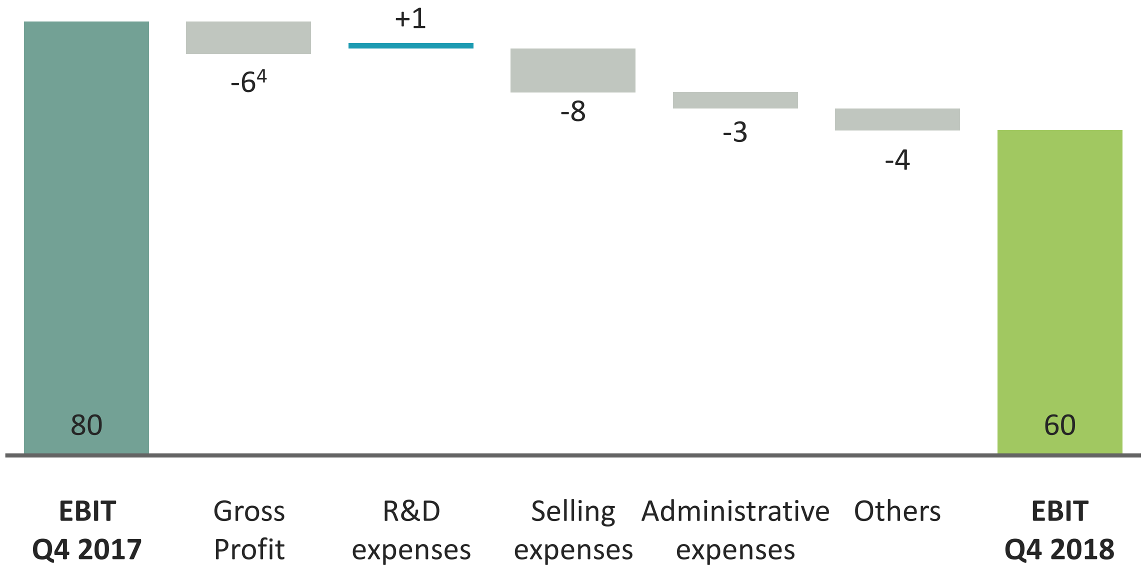
	Q4 2017	Q4 2018	Δ[1]
Europe	328	339	+4.5%
Americas	93	89	+3.6%
Greater China	14	18	+29.2%
Asia/Pacific	11	12	+2.1%
Total	**446**	**458**	**+5.0%**

Automotive Aftermarket sales growth by channel Q4 2018[1]



[1] FX-adjusted | [2] Independent Aftermarket | [3] Original Equipment Service

EBIT[4] Q4 2017 vs. Q4 2018 | in EUR mn



EBIT margin development[4]

17.9%	-2.2%-pts	+0.3%-pts	-1.4%-pts	-0.5%-pts	-1.0%-pts	13.1%

[4] Before special items | [5] Includes negative FX effects of EUR 5 mn

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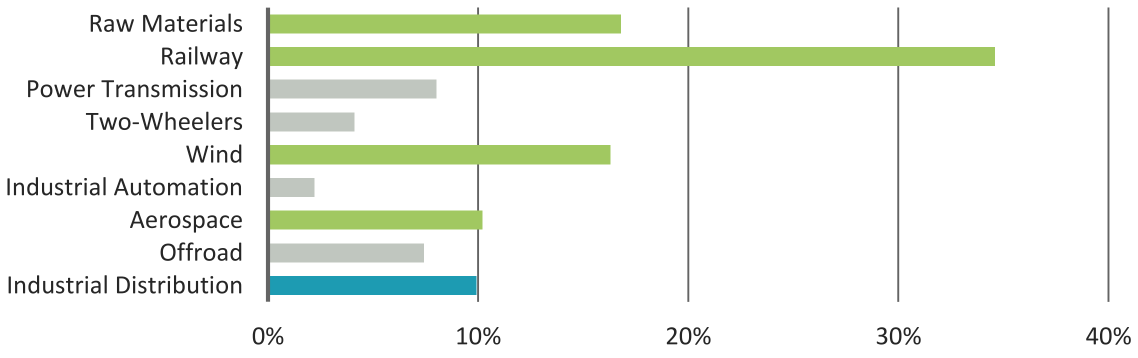
Industrial – Q4 with continued strong sales and earnings momentum

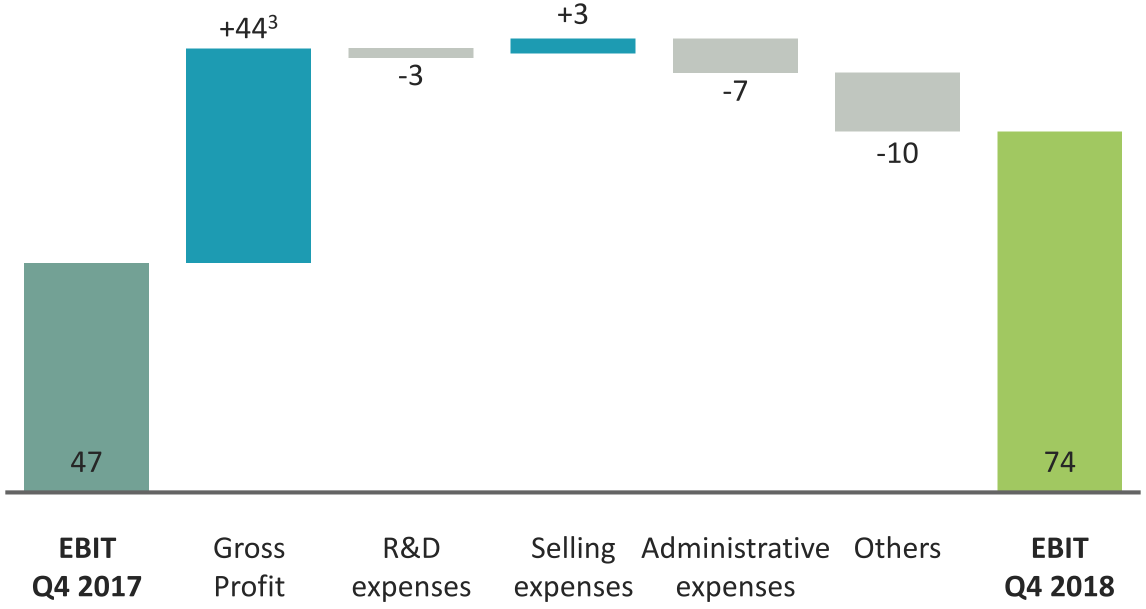
Sales by region | Y-o-y growth

	Q4 2017	Q4 2018	Δ[1]
Europe	436	480	+11.4%
Americas	135	156	+14.9%
Greater China	122	139	+14.1%
Asia/Pacific	77	75	-3.2%
Total	**770**	**850**	**+11.0%**

Industrial sales growth by sector cluster Q4 2018[1]



EBIT[2] Q4 2017 vs. Q4 2018 | in EUR mn



EBIT margin development[2]

6.1%	+2.7%-pts	+0.1%-pts	+1.7%-pts	-0.5%-pts	-1.4%-pts	8.7%

[1] FX-adjusted | [2] Before special items | [3] Includes positive FX effects of EUR 1 mn

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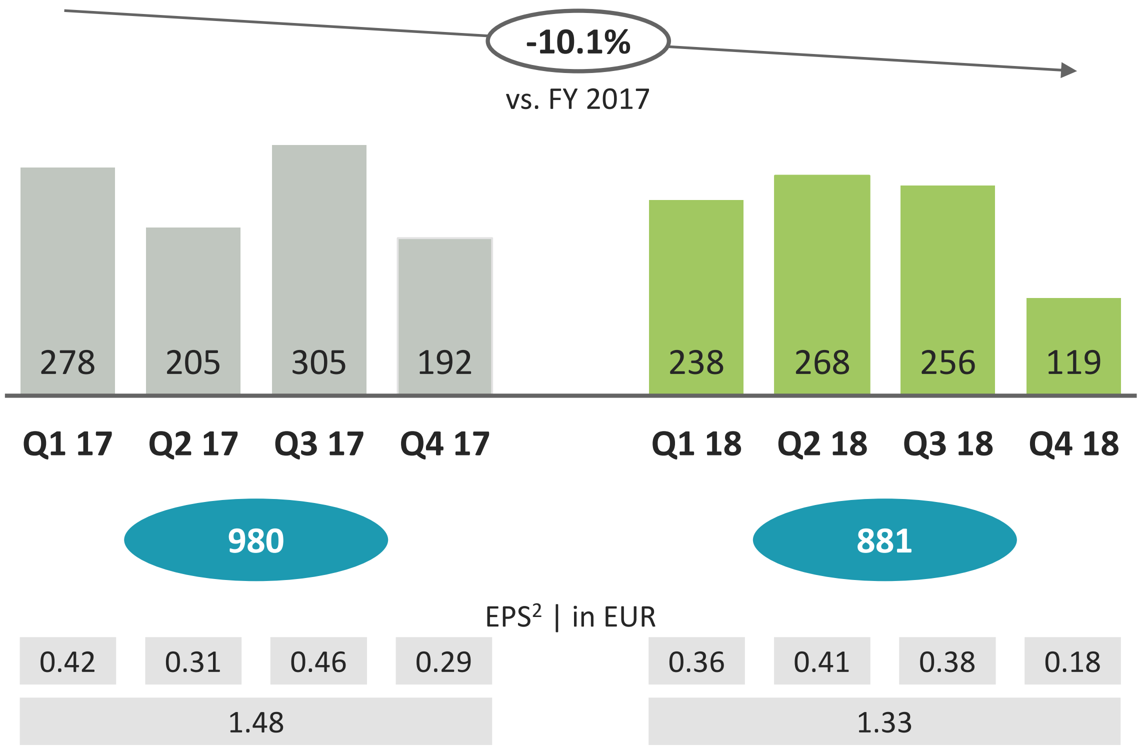
4 Net income[1] FY 2018 EUR 881 mn – EPS FY 2018 at EUR 1.33 (PY: EUR 1.48)

Net income[1] | in EUR mn

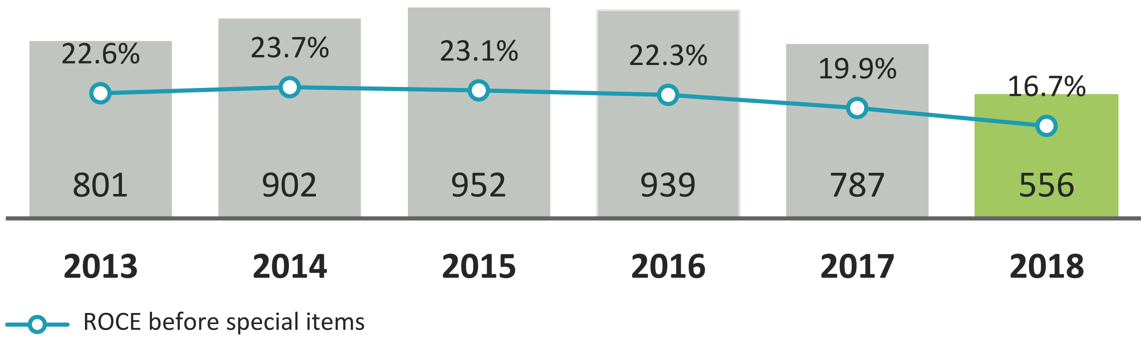


[1] Attributable to the shareholders of the parent company | [2] Earnings per common non-voting share

Key aspects

- Net income decreased to EUR 881 mn (PY: EUR 980 mn), driven by lower EBIT
- EPS decreased to EUR 1.33 (PY: EUR 1.48)
- ROCE for 2018 at 16.7% (PY: 19.9%)
- Dividend proposal for FY2018 of 55 cent constitutes 40% payout ratio
- Pay-out policy of 30-40% unchanged

Schaeffler Value Added[3] | in EUR mn



[3] Defined as EBIT before special items minus Cost of Capital (10% × Ø Capital Employed)

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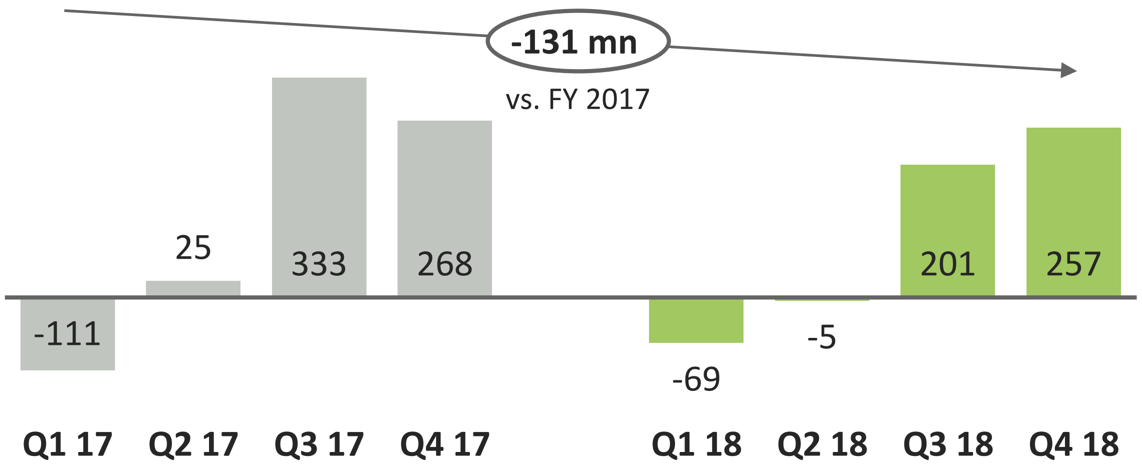
5 Free Cash Flow before M&A[1] FY at EUR 384 mn (PY: EUR 515 mn) – Capex Ratio FY 18 at 8.7%

Free Cash Flow before M&A[1] | in EUR mn



	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
FCF reported	-130	41	333	244	-71	-5	202	96
FCF Conversion ratio[2]	30%	18%	21%	22%	24%	22%	17%	17%
Capex ratio[3]	8.4	8.5	8.1	11.3	8.6	7.9	7.4	10.6

[1] Before cash in- and outflows for M&A activities
[2] LTM FCF before M&A divided by EBITDA before special items | [3] Capex in % of sales

Key aspects

- FCF before M&A[1] at EUR 257 mn in Q4'18 (PY: EUR 268 mn), FCF conversion ratio 17%
- Lower EBIT as main driver for decrease in FCF before M&A[1]
- Capex to sales ratio reduced to 10.6% in Q4'18 (Q4'17: 11.3%)

FCF Details | in EUR mn

	Q4 2017	Q4 2018	*Δ Q4 17/18*	FY 2017	FY 2018	*Δ FY 17/18*
FCF as reported	**244**	**96**	***(148)***	**488**	**222**	***(266)***
Non recurring items[4]	72	21	*(51)*	175	106	*(69)*
AKO/EDC/Focus[5]	54	50	*(4)*	120	83	*(37)*
M&A	24	161	*137*	27	162	*135*
Receivable Sale Program	(96)	(7)	*89*	(150)	(54)	*96*
	298	**321**	***23***	**660**	**519**	***(141)***

[4] Including payments for legal cases and restructuring measures | [5] Capex in major logistic projects Aftermarket Kitting Operation (AKO), European Distribution Center (EDC) and initiative Focus

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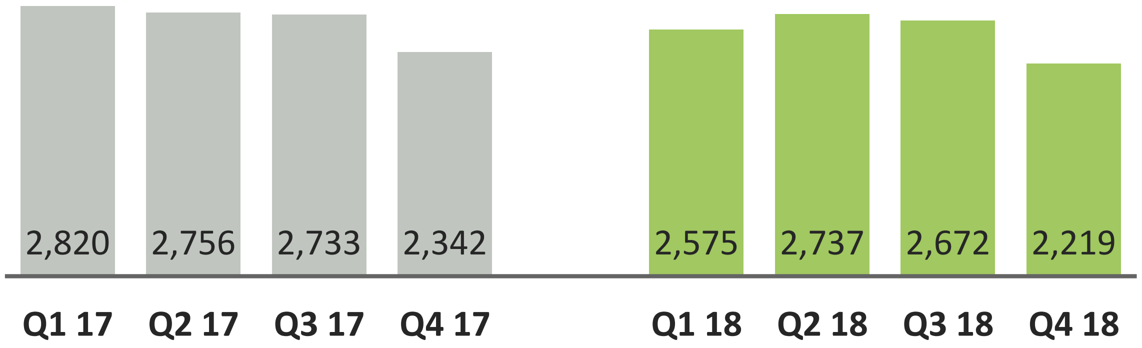
6 Working Capital ratio 15.6% per year end – Capex ratio 8.7% for the full year

Working capital[1] | in EUR mn

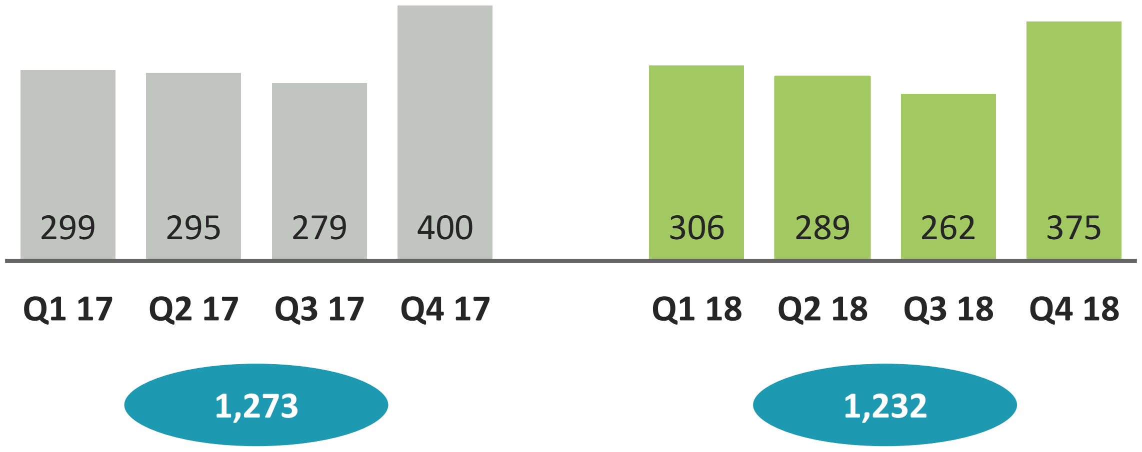


in % of sales (LTM)

20.8%	20.2%	19.7%	16.7%[2]	18.4%	19.3%	18.7%	15.6%[2]
16.7%[2]				15.6%[2]			

[1] According to balance sheet; figures as per the end of period
[2] At December 31st, 2018, trade receivables with a carrying amount of EUR 166 mn (December 31st, 2017: EUR 123 mn) net of retained default risks had been sold under the ABCP program

Capex[3] | in EUR mn



in % of sales

8.4%	8.5%	8.1%	11.3%	8.6%	7.9%	7.4%	10.6%
9.1%				8.7%			

[3] Cash view

7 Net debt of EUR 2,547 mn – Gearing ratio at 83%

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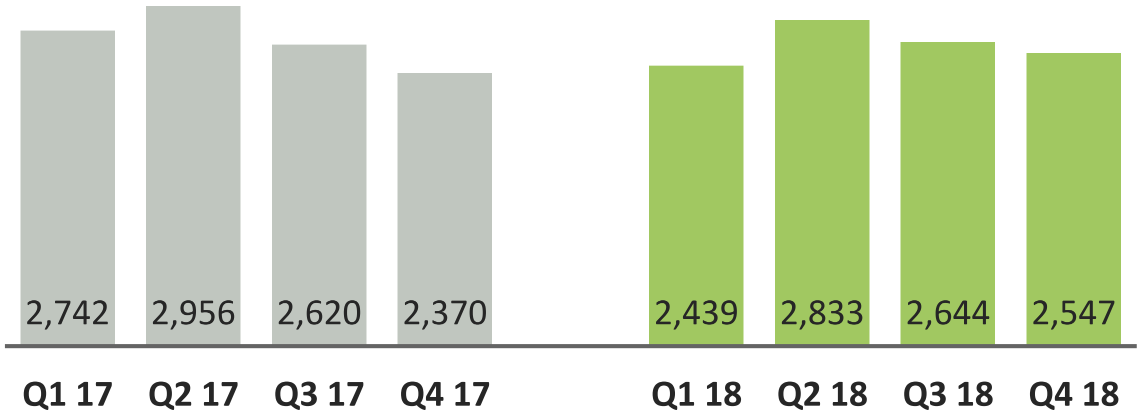
Net financial debt and Gearing ratio | in EUR mn



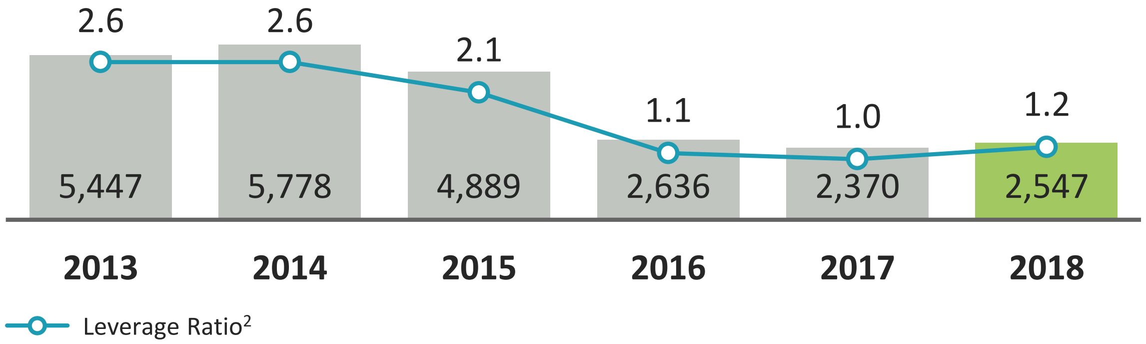
	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Gross debt	3,689	3,355	3,339	3,068	3,111	3,340	3,375	3,348
Cash & cash equivalents	947	399	719	698	672	507	731	801
Gearing ratio[1]	114%	136%	109%	93%	89%	107%	91%	83%

[1] Gearing ratio: Ratio of net financial debt to equity incl. non-controlling interests in %

Key aspects

- Net debt increased to EUR 2,547 mn (FY'17: EUR 2,370 mn) mainly driven by capital needs for M&A activities
- Net leverage ratio[2] slightly increased to 1.2×

Net debt development | in EUR mn



[2] Leverage Ratio: Net financial debt to EBITDA ratio before special items

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Reported and adjusted comparative figures FY 2018 – BCT integration triggers adjustments

FY 18 – Reported and adjusted comparative figures

Group	FY 18 – Reported	FY 18 – adjusted comp. figures	Δ
Sales Growth[1]	3.9%	3.9%	-
EBIT Margin[2]	9.7%	9.7%	-
Free Cash Flow[3]	384 mn	384 mn	-
Auto OEM			**Δ**
Sales Growth[1]	2.1%	2.1%	-
EBIT Margin[2]	7.7%	7.5%	-0.2%-pts.
Aftermarket			**Δ**
Sales Growth[1]	2.2%	2.2%	-
EBIT Margin[2]	17.0%	18.2%	+1.2%-pts.
Industrial			**Δ**
Sales Growth[1]	10.1%	10.1%	-
EBIT Margin[2]	11.0%	10.9%	-0.1%-pts.

[1] FX-adjusted | [2] Before special items | [3] Before cash in-and outflows for M&A activities

Key aspects

- BCT ("Bearing & Components Technologies"), which had previously acted as an internal supplier, was integrated into the Automotive OEM and Industrial divisions starting 1st of January 2019
- Clear target of the BCT integration is the strengthening of the divisional management as well as a simplified structure, reduction of overhead and less allocated costs

Drivers for the adjusted comparative figures FY 18

- Changed allocation of costs as the risk of fluctuations in production costs during the year 2018 is borne exclusively by the two producing divisions Automotive OEM and Industrial
- In addition, under the reorganization the functions and plants previously assigned to BCT were integrated directly into the two producing divisions

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Agenda

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Cautious Guidance 2019 – Financial Ambitions 2020 abandoned

Group Guidance

	Actual FY 18[1]	**Guidance FY 19**
Sales growth[2]	3.9%	**1 - 3%**
EBIT margin[3]	9.7%	**8 - 9%**
Free Cash Flow[4]	~ EUR 384 mn	**~ EUR 400 mn**

[1] Adjusted comparative figures | [2] FX-adjusted | [3] Before special items
[4] Before cash in- and outflows for M&A activities

Divisional Guidance

Automotive OEM		Automotive Aftermarket		Industrial	
FY 18[1]	**FY 19**	FY 18[1]	**FY 19**	FY 18[1]	**FY 19**
2.1%	**1 - 3%**	2.2%	**1 - 3%**	+10.1%	**1 - 3%**
7.5%	**6 - 7%**	18.2%	**15 - 16%**	10.9%	**10 - 11%**

Market assumptions 2019

- Automotive OEM: Decrease of global passenger car production of around **minus 1%**
- Automotive Aftermarket: Slower growth in the global vehicle population and a nearly unchanged average vehicle age
- Industrial: Slower growth in industrial production in 2019 than in 2018

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Executive Board Schaeffler Group – Team for the future established

Current changes

Matthias Zink (49)

- CEO Automotive OEM
- Contract extended by 5 years until December 31, 2024; with Schaeffler since 1994

Uwe Wagner (54)

- Chief Technology Officer
- Appointed for a period of 3 years as of January 1st, 2020; with Schaeffler since 1993

Marc McGrath (52)

- Regional CEO Americas
- Appointed as of October 1st, 2019; with Schaeffler since 1988

Dharmesh Arora (51)

- Regional CEO Asia/Pacific
- Appointed as of October 1st, 2019; with Schaeffler since 2012

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Conclusion – Building on our strengths and taking action to enhance our competitiveness

1. We have a consistent strategy – We stay the course
2. Competitiveness improvement imperative – RACE program in Automotive OEM
3. Growth potential in all our businesses –
   Become more flexible to better harness opportunities
4. Complex environment – Need to adapt to new normal in order to grow profitably
5. Cautious FY 2019 Guidance – Full focus on execution

Adapting execution to a more complex market environment

Financial calendar 2019

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Roadshows

Mar 7th	London
Mar 8th	Frankfurt
Mar 10th	New York
Mar 11th	Boston
Apr 8th	Hong Kong

Regular capital market communication

Apr 24th	Annual General Meeting
Apr 25th	Ex-Dividend Date
May 8th	Q1 2019 Earnings Release
Aug 6th	Q2 2019 Earnings Release
Sep 18th	**Capital Markets Day 2019, London**
Nov 5th	Q3 2019 Earnings Release

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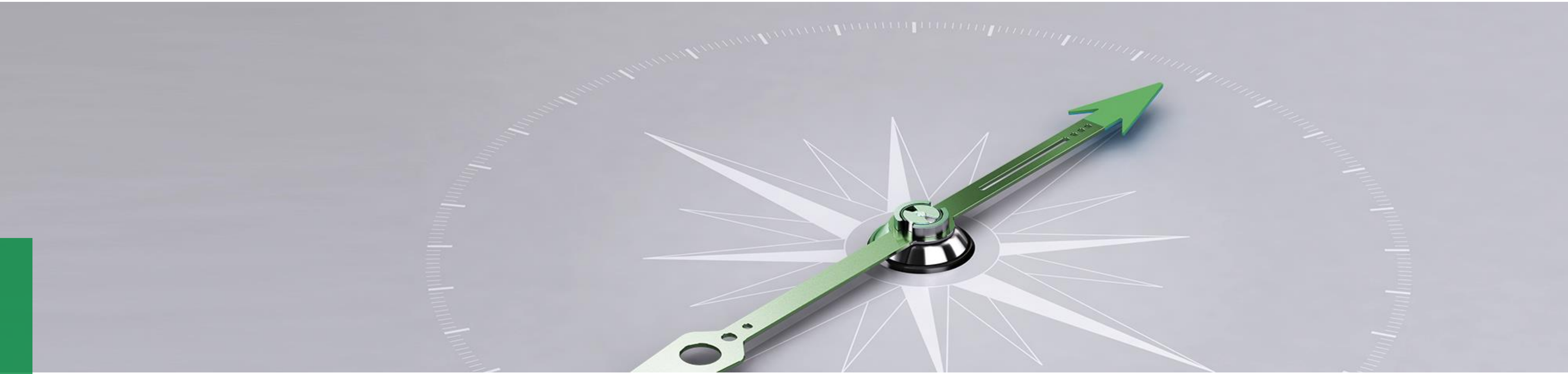

IR Contact

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Key figures[1] by Group and division – As reported FY 2018

Group | in EUR mn

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Sales	3,574	3,472	3,434	3,541	3,551	3,642	3,521	**3,527**
Sales Growth[2]	*+5.4%*	*+2.2%*	*+7.4%*	*+8.5%*	*+3.9%*	*+7.9%*	*+3.7%*	***+0.3%***
EBIT	435	358	416	319	391	382	376	**205**
EBIT Adjusted[3]	435	345	416	388	391	404	355	**231**
EBIT Margin[3]	12.2%	9.9%	12.1%	11.0%	11.0%	11.1%	10.1%	**6.5%**

Automotive Aftermarket | in EUR mn

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Sales	484	444	506	446	446	479	476	**458**
Sales Growth[2]	*+9.7%*	*-7.3%*	*+4.7%*	*+6.3%*	*-4.4%*	*+12.3%*	*-3.0%*	***+5.0%***
EBIT	93	68	117	55	80	96	83	**60**
EBIT Adjusted[3]	93	68	117	80	80	96	80	**60**
EBIT Margin[3]	19.2%	15.3%	23.1%	17.9%	17.9%	20.0%	16.8%	**13.1%**

Automotive OEM | in EUR mn

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Sales	2,308	2,220	2,138	2,325	2,279	2,308	2,191	**2,219**
Sales Growth[2]	*+6.4%*	*+3.5%*	*+7.4%*	*+8.7%*	*+3.2%*	*+6.5%*	*+3.2%*	***-4.2%***
EBIT	275	221	229	226	217	197	185	**83**
EBIT Adjusted[3]	275	208	229	261	217	207	172	**97**
EBIT Margin[3]	11.9%	9.4%	10.7%	11.2%	9.5%	9.0%	7.9%	**4.4%**

Industrial | in EUR mn

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Sales	782	808	790	770	826	855	854	**850**
Sales Growth[2]	*+0.2%*	*+4.5%*	*+9.2%*	*+9.0%*	*+10.8%*	*+9.3%*	*+9.4%*	***+11.0%***
EBIT	67	69	70	38	94	89	108	**62**
EBIT Adjusted[3]	67	69	70	47	94	101	103	**74**
EBIT Margin[3]	8.6%	8.5%	8.9%	6.1%	11.4%	11.8%	12.1%	**8.7%**

[1] Proforma figures 2017 | [2] FX-adjusted | [3] EBIT before special items

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Automotive OEM Outperformance by quarters

FY 18 Outperformance: +3.2pp

	Q1 18 IHS[1]	Q1 18 Auto OEM[2]	Q1 18 Outper-formance	Q2 18 IHS[1]	Q2 18 Auto OEM[2]	Q2 18 Outper-Formance	Q3 18 IHS[1]	Q3 18 Auto OEM[2]	Q3 18 Outper-formance	Q4 18 IHS[1]	Q4 18 Auto OEM[2]	Q4 18 Outper-formance
World	-0.2%	+3.2%	+3.4pp	+4.6%	+6.5%	+1.9pp	-2.8%	+3.2%	+6.0pp	-5.6%	-4.2%	+1.4pp
Americas	-1.5%	+3.7%	+5.2pp	-0.7%	+3.7%	+4.4pp	+1.6%	+9.9%	+8.3pp	+0.3%	+5.1%	+4.8pp
Europe	+2.3%	+0.4%	-1.9pp	+6.4%	+4.6%	-1.8pp	-4.1%	+1.6%	+5.7pp	-6.7%	-2.7%	+4.0pp
Greater China	-1.5%	+12.4%	+13.9pp	+10.6%	+14.5%	+3.9pp	-4.5%	+2.5%	+7.0pp	-15.4%	-17.4%	-2.0pp
Asia-Pacific	-0.7%	+0.5%	+1.2pp	-0.5%	+7.6%	+8.1pp	-3.0%	-0.7%	+2.3pp	+8.1%	+2.1%	-6.0pp

FY 17 Outperformance: +3.7pp

	Q1 17 IHS[1]	Q1 17 Auto OEM[2]	Q1 17 Outper-formance	Q2 17 IHS[1]	Q2 17 Auto OEM[2]	Q2 17 Outper-formance	Q3 17 IHS[1]	Q3 17 Auto OEM[2]	Q3 17 Outper-formance	Q4 17 IHS[1]	Q4 17 Auto OEM[2]	Q4 17 Outper-formance
World	+5.8%	+6.1%	+0.3pp	+0.1%	+3.3%	+3.2pp	+2.4%	+6.9%	+4.5pp	+0.6%	+8.6%	+8.0pp
Americas	+3.8%	+3.4%	-0.4pp	-0.5%	+3.4%	+3.9pp	-5.4%	+1.5%	+6.9pp	-2.6%	+8.6%	+11.2pp
Europe	+7.3%	+3.3%	-4.0pp	-1.3%	-4.4%	-3.1pp	+4.0%	+1.7%	-2.3pp	+6.5%	+5.8%	-0.7pp
Greater China	+7.5%	+21.8%	+14.3pp	+0.1%	+23.5%	+23.4pp	+3.4%	+26.8%	+23.4pp	+0.6%	+20.7%	+20.1pp
Asia-Pacific	+3.3%	+3.3%	+0.0pp	+3.0%	+9.7%	+6.7pp	+8.1%	+8.6%	+0.5pp	-4.5%	+0.5%	+5.0pp

[1] LVP Production Growth according to IHS Markit (February 2019) | [2] FX-adjusted Sales Growth Automotive OEM division

Impact of IFRS 16 accounting standard

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IFRS 16

- IFRS 16 – Leases is a new financial reporting standard for the accounting of lease agreements
- As of January 1st, 2019, Schaeffler has to capitalize all affected monthly lease payments
- Examples of relevant contracts are all rental agreements for buildings, lease agreements for cars, lease contracts for transportation equipment and other miscellaneous equipment

Implications for Schaeffler

- Visible impact on the balance sheet due to the initial recognition of the right of use assets and lease liabilities
- Lease expenses will be shown as depreciation and interest. Overall very limited impact on income statement
- Visible impact on the cash flow statement due to the shift of the lease expenses from the cash flows of operating activities to the cash flows used in financing activities (IAS 7, IFRS 16)
- No impact on Net debt

Definition of Free cash flow (FCF) after IFRS 16

- Modification of FCF definition to keep comparability to FCF used under IFRS 15 and before
- New definition includes principal portion of the lease liabilities from Cash flows now used in financing activities

Before IFRS 16

Cash flows from operating activities
Incl. lease expenses
+
Cash flows used in investing activities
=
Free cash flow

IFRS 16

Cash flows from operating activities
+
Cash flows used in investing activities
+
Principal portion of the lease liability cash flows
=
Free cash flow

Overview Corporate and Financing Structure

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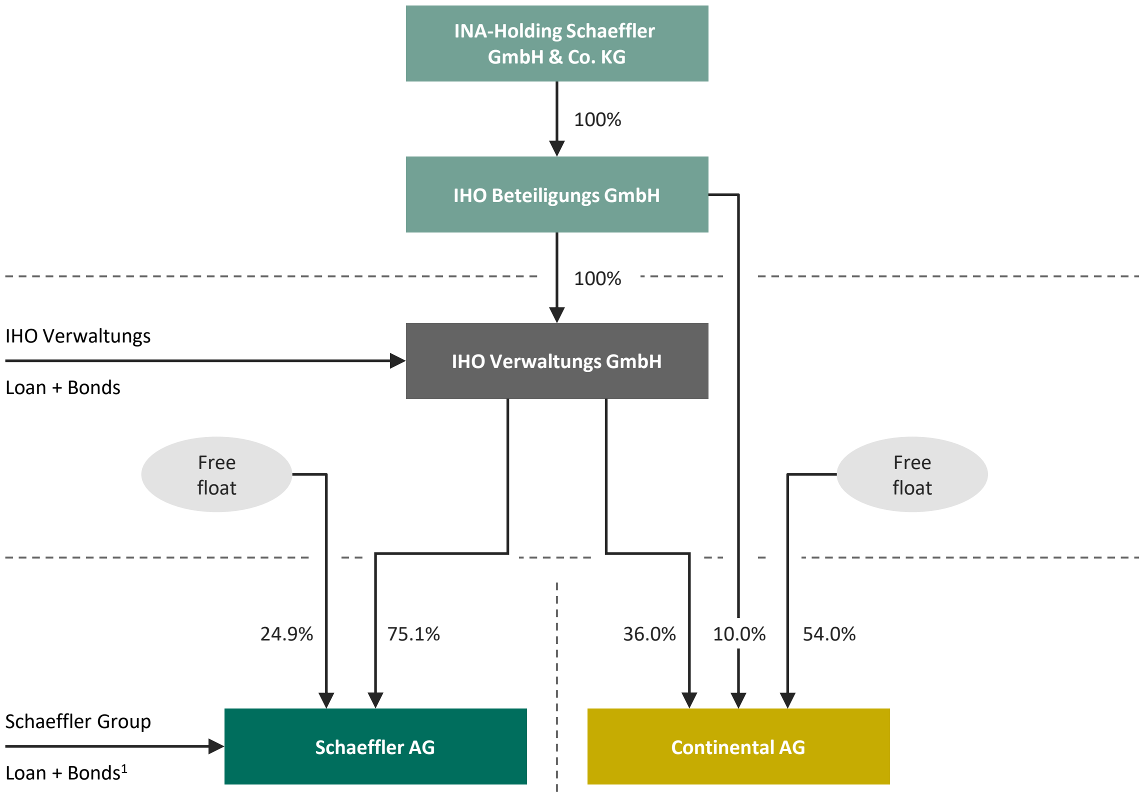
Corporate structure (simplified) | as of December 31st, 2018



[1] All outstanding bonds are issued by Schaeffler Finance B.V., a 100% subsidiary of Schaeffler AG

Financing structure | in EUR[2] mn, as of December 31st, 2018

IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD mn)	Nominal (EUR mn)	Interest	Maturity	Rating (F/M/S)[4]
Loans	Term loan (EUR)	-	750	E+2.25%	Dec-22	Not rated
	RCF (EUR 250 mn)	-	8	E+2.25%	Dec-22	Not rated
Bonds	2.75% SSNs 2021 (EUR)	-	750	2.75%	Sep-21	BB+/Ba1/BB+
	4.125% SSNs 2021 (USD)	500	437[1]	4.125%	Sep-21	BB+/Ba1/BB+
	3.25% SSNs 2023 (EUR)	-	750	3.25%	Sep-23	BB+/Ba1/BB+
	4.50% SSNs 2023 (USD)	500	437[1]	4.50%	Sep-23	BB+/Ba1/BB+
	3.75% SSNs 2026 (EUR)	-	750	3.75%	Sep-26	BB+/Ba1/BB+
	4.75% SSNs 2026 (USD)	500	437[1]	4.75%	Sep-26	BB+/Ba1/BB+
	Total		**4,318**	**Ø 3.49%[3]**		

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	Debt instrument	Nominal (USD mn)	Nominal (EUR mn)	Interest	Maturity	Rating (F/M/S)[4]
Loans	Term loan (EUR)	-	1,000	E+1.20%	Sep-23	Not rated
	RCF (EUR 1,300 mn)	-	160	E+0.90%	Sep-23	Not rated
	Investment Facility (EUR 250 mn)	-	184	E+1.00%	Dec-22	Not rated
Bonds	2.50% SSNs 2020 (EUR)	-	400	2.50%	May-20	BBB-/Baa3/BBB-
	3.50% SSNs 2022 (EUR)	-	500	3.50%	May-22	BBB-/Baa3/BBB-
	4.75% SSNs 2023 (USD)	600	524[1]	4.75%	May-23	BBB-/Baa3/BBB-
	3.25% SSNs 2025 (EUR)	-	600	3.25%	May-25	BBB-/Baa3/BBB-
	Total		**3,368**	**Ø 2.69%[3]**		

[2] EUR/USD = 1,1450 | [3] Incl. commitment fees
[4] Fitch Ratings/Moody's Investor Services/Standard & Poor's