Strategic Update and Financial Results H1 2015
Schaeffler Group

Analysts’ Conference Call
August 20, 2015
Herzogenaurach
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<td>Strategic Update Schaeffler Group</td>
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<td>Financial Results H1 2015</td>
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1 Introduction

Analysts' Call August 20 – Presenters today

Klaus Rosenfeld
Chief Executive Officer
Schaeffler AG

Dr. Stefan Spindler
CEO Industrial
Schaeffler AG

Dr. Ulrich Hauck
Chief Financial Officer
Schaeffler AG
Chronology 2009 - 2015

Phase 1
2009-2011
"Restructuring"

Phase 2
2012-2015
"Transformation"

Phase 3
2016-2020
"Profitable growth"

Strategy

Financing structure

Corporate structure

Roadmap Schaeffler 2020


20/8/15

Chronology 2009 - 2015

Financial Crisis

Restructuring Part I

Further Refinancing and deleveraging steps

Reefinancing Part I

Restructuring Part II

Feb 2012
"Capital Market Debut"

Jan 2015
"Two-Pillar Model" realized

Further deleveraging

1. Strategy concept "Mobility for tomorrow"
2. New Organizational & Leadership structure
3. Management team
4. Program "ONE Schaeffler"
Foundations laid – Profitable growth to continue

1. Strategy concept
   "Mobility for tomorrow"
   - Strategy concept with 4 key focus areas
   - "Mobility for tomorrow" covers both Automotive and Industrial

2. New organizational & leadership structure
   - Global matrix organization with 2 divisions, 5 functions and 4 regions
   - New structure enforces accountability and efficiency

3. Management team
   - New CFO (April 1st) and new CEO Industrial (May 1st) on board
   - Team spirit and performance culture refreshed

4. Program "ONE Schaeffler"
   - Program with 20 initiatives to be finished by end of 2015
   - Completion ratio to date above 70%
Overview Strategic targets – "Roadmap Schaeffler 2020" in preparation

Strategic direction

1. Continuation of a profitable growth strategy based on the key success factors "Quality, Technology and Innovation"

2. Balanced business portfolio with Top 3 market position
   - Automotive / Industrial
   - OEM / Aftermarket
   - Regional mix

3. Integrated business model using internal synergies and leveraging of superior production technology

Strategic targets 2020

- Re-energize the Industrial Division
- Grow the Aftermarket business
- Extend global footprint towards attractive growth markets
"Roadmap Schaeffler 2020" – 5 key elements

- Strategic Dialog held in July 2015 reviewing status quo, current performance and strategic targets
- Various strategic initiatives identified and analyzed
- Initiatives will be finalized and prioritized until year end
- Disciplined group-wide implementation with continuous monitoring

5 key elements

1. Customer focus
2. Operational excellence
3. Financial flexibility
4. Leadership & talent management

Long-term competitiveness and value creation

plus One
### Industrial Division

**Industrial division – Sales development and profitability below expectation**

**Sales**

*in EUR mn*

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,463</td>
<td>3,405</td>
<td>3,041</td>
<td>3,138</td>
<td>3,255&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

CAGR: -1.5%

**EBIT**

*in EUR mn*

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>631</td>
<td>433</td>
<td>325</td>
<td>285</td>
<td>282&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

CAGR: -18.2%

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1) LTM June 2015
2) Growth rate H1 2015 vs H1 2014

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August 20, 2015

Schaeffler H1 2015 Results Presentation
Key issues Industrial business

1. Sales development and profitability below expectation
2. Decreasing market share with high-volume products
3. Delivery performance with room for improvement
4. Production footprint geared towards Europe
5. Product and business portfolio very broad
6. Organizational structure with too much emphasis on central functions

Strategic target

Industrial business contributes 25% to Group sales by 2020

Re-energizing the Industrial business by Program CORE

Back to sustainable growth and increased profitability

Profitability target

August 20, 2015
### Key elements Program CORE

1. Increase sales growth through high-volume business and optimized product and service portfolio

2. Improve competitive position through enhanced delivery performance and service quality

3. Stronger customer orientation through strengthened regional sales organization and dedicated Global Key Account Management approach

4. Cost savings and efficiency improvements through leaner organization structures reducing workforce by up to 500 jobs, mainly in Germany and Europe

### Key objectives

- Sustainable sales growth and increased profitability with EBIT margin target of 13% by 2018
3 Industrial Division

Program CORE – Sales growth and delivery performance

1 Sales growth

- Strengthen high-volume market sales (e.g. through re-launch of "GenC" ball bearings) and balance approach with customized product business and engineering solutions
- Enforce market penetration of service products (e.g. condition monitoring)
- Digitalization process started to further enhance customer value

2 Delivery performance

- Establish state-of-the-art European distribution centers (EDC) to ensure immediate product availability
- Target investment of approx. EUR 200 mn; distribution center North already completed
- Increased level of standardization to further increase efficiency
**Program CORE – Customer orientation and cost savings**

### Customer orientation

- Transform sales responsibility from central business units to the regional sales organization
- Strengthen regional engineering and Schaeffler Technology Centers
- Establish dedicated global Key Account Management

### Cost savings and efficiency improvements

- Re-dimension central departments as a consequence of localization in the regions
- Reduce up to 500 jobs, mainly in Germany and Europe, until 2017
- Drive cost saving program including material cost, efficiency gains and overhead reduction
Indicative timetable and key targets

### Phase 1
05/2015-12/2015
- Re-design processes and organization
- Analysis

#### 20/8/15
- Implementation of lean processes

### Phase 2
2016-2017
- Implementation of Growth Initiatives
- Preparation

### Phase 3
2018 and beyond
- Enhanced growth
- Preparation
- Implementation of Cost Savings Program

### Key targets
- New management and organizational structure in place by year-end 2015
- Workforce reduced by up to 500 jobs in Industrial division until 2017
- EBIT margin of 13% by 2018
- Industrial division with 25% of group sales in 2020
Financial highlights H1 2015

Continued growth – H1 2015 Sales EUR 6,732 mn (+12.4%); FX adjusted sales increased by 4.9%

Automotive sales +14.1% (FX-adjusted +6.9%)
Industrial sales +7.5% (FX adjusted -0.8%)

Profitability in line with target range – EBIT margin at 12.2%

Free cash flow impacted by refinancing costs – Operating cash flow increased to EUR 422mn; Free Cash Flow EUR -72mn

Partial redemption (EUR 210 mn) of institutional term loans

Schaeffler special large-size bearing used in the "London Eye"
## Overview key financials H1 2015

<table>
<thead>
<tr>
<th>in EUR mn</th>
<th>H1 14</th>
<th>H1 15</th>
<th>H1 15 vs. H1 14</th>
<th>Q2 14</th>
<th>Q2 15</th>
<th>Q2 15 vs. Q2 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,990</td>
<td>6,732</td>
<td>+12.4%</td>
<td>3,014</td>
<td>3,387</td>
<td>+12.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,113</td>
<td>1,161</td>
<td>+4.3%</td>
<td>541</td>
<td>557</td>
<td>+3.0%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>18.6</td>
<td>17.2</td>
<td>-1.4%-pts.</td>
<td>17.9</td>
<td>16.4</td>
<td>-1.5%-pts.</td>
</tr>
<tr>
<td>EBIT</td>
<td>801</td>
<td>818</td>
<td>+2.1%</td>
<td>383</td>
<td>384</td>
<td>+0.3%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>13.4</td>
<td>12.2</td>
<td>-1.2%-pts.</td>
<td>12.7</td>
<td>11.3</td>
<td>-1.4%-pts.</td>
</tr>
<tr>
<td>Net income</td>
<td>210</td>
<td>309</td>
<td>+99 mn</td>
<td>-10</td>
<td>142</td>
<td>+152 mn</td>
</tr>
<tr>
<td>Capex</td>
<td>298</td>
<td>501</td>
<td>+203 mn</td>
<td>143</td>
<td>257</td>
<td>+114 mn</td>
</tr>
<tr>
<td>Capex ratio</td>
<td>5.0</td>
<td>7.4</td>
<td>+2.4%-pts.</td>
<td>4.7</td>
<td>7.6</td>
<td>+2.9%-pts.</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-325(^2)</td>
<td>-72</td>
<td>+253 mn</td>
<td>-306(^2)</td>
<td>-12</td>
<td>+294 mn</td>
</tr>
<tr>
<td>Net debt(^1)</td>
<td>5,778</td>
<td>6,245</td>
<td>+467 mn</td>
<td>5,778</td>
<td>6,245</td>
<td>+467 mn</td>
</tr>
<tr>
<td>Leverage ratio(^1[3])</td>
<td>2.7</td>
<td>2.8</td>
<td>+467 mn</td>
<td>2.7</td>
<td>2.8</td>
<td>-</td>
</tr>
</tbody>
</table>

1) Prior year figure as per December 31, 2014
2) Includes EU-antitrust fine of EUR 371 mn paid in June 2014
3) Net financial debt excl. shareholder loans to LTM EBITDA ratio
Financial Results H1 2015

Sales H1 2015 up 12.4%

Sales in EUR mn

Q1 2014: 2,976, Q2 2014: 3,014, Q3 2014: 3,034, Q4 2014: 3,100
Q1 2015: 3,345, Q2 2015: 3,387

Gross profit margin in %
2014:
- Automotive: 28.7%
- Americas: 27.7%
- Greater China: 28.9%
- Europe: 27.5%
- Asia/Pacific: 28.2%
2015:
- Automotive: 28.3%
- Americas: 27.7%
- Greater China: 28.9%
- Europe: 27.5%
- Asia/Pacific: 28.1%

1) Includes positive FX effects of 7.5%

H1 2015 sales by region
Y-o-y growth (w/o FX effects)
- Greater China: +35% (+12%)
- Americas: +26% (+12%)
- Europe: +3% (+2%)
- Asia/Pacific: +12% (-1%)

H1 2015 sales by division
Y-o-y growth (w/o FX effects)

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 14</th>
<th>H1 15</th>
<th>Δ</th>
<th>Δ excl. FX effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>4,439</td>
<td>5,064</td>
<td>14.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Industrial</td>
<td>1,551</td>
<td>1,668</td>
<td>7.5%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Total</td>
<td>5,990</td>
<td>6,732</td>
<td>12.4%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>
Automotive division again strongly outperforms market

Sales development Automotive (w/o FX effects)

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales growth (w/o FX effects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>+3%</td>
</tr>
<tr>
<td>Americas</td>
<td>+17%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>+2%</td>
</tr>
<tr>
<td>Greater China</td>
<td>+13%</td>
</tr>
</tbody>
</table>

World production: +0.8%
Schaeffler Automotive: +6.9% (w/o FX effects)

Production of light vehicles H1/2015 vs H1/2014
- Europe: +3%
- Americas: +3%
- Asia/Pacific: -6%
- Greater China: +5%

Schaeffler Automotive H1/2015 vs H1/2014
- Europe: +3%
- Americas: +17%
- Asia/Pacific: +2%
- Greater China: +13%

Sales split

<table>
<thead>
<tr>
<th>Category</th>
<th>Y-o-y growth (w/o FX effects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Aftermarket</td>
<td>+13% (+10%)</td>
</tr>
<tr>
<td>Transmission Systems</td>
<td>+15% (+7%)</td>
</tr>
<tr>
<td>Chassis Systems</td>
<td>+9% (+3%)</td>
</tr>
<tr>
<td>Engine Systems</td>
<td>+18% (+8%)</td>
</tr>
</tbody>
</table>

Key aspects

- **Engine Systems**: Ramp-up of new Thermal Management Module; Strong demand for valve train components (e.g. for UniAir engine)
- **Transmission Systems**: Significant growth with Torque Converters (automatic transmission) and Dual Mass Fly Wheels
- **Chassis Systems**: Strong demand for 3rd generation of wheel bearings compensates weakness in South America and Asia/Pacific
- **Automotive Aftermarket**: Strong demand for service kits in Europe and Americas in second quarter

Production of light vehicles H1/2015 vs H1/2014
- Europe: +3%
- Americas: -1%
- World production: +0.8%
- Schaeffler Automotive: +6.9% (w/o FX effects)

August 20, 2015
**Key aspects**

- **Industrial OEM business with mixed development across sectors**
- **Mobility:** FX-adjusted sales down
  - Organic growth in Railway and Motorcycle sector
  - Off-highway equipment (esp. agriculture) remains under pressure
- **Production Machinery:** FX-adjusted sales down
  - Slight decrease in tooling machinery
  - Textile and printing machinery remain weak
- **Energy and Raw Materials:** FX-adjusted sales up
  - Positive development in renewable energy sector (especially Wind) in Europe and Greater China
  - Stabilization in Heavy Industries on a low level but no quick recovery expected
- **Aerospace:** FX-adjusted sales slightly down
- **Industrial Aftermarket:** FX-adjusted sales slightly up

### Sales development Industrial

<table>
<thead>
<tr>
<th></th>
<th>H1 14</th>
<th>H1 15</th>
<th>Δ</th>
<th>Δ excl. FX effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Applications</td>
<td>994</td>
<td>1,063</td>
<td>6.9%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Industrial Aftermarket</td>
<td>557</td>
<td>605</td>
<td>8.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,551</td>
<td>1,668</td>
<td>7.5%</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

### Sales split

- **Industrial Applications ~64%**
  - Mobility
  - Energy and Raw Material
  - Production Machinery
  - Aerospace
- **Industrial Aftermarket ~36%**
EBIT margin H1 2015 12.2%

Key aspects

H1 15 EBIT margin down by 1.2%-points mainly due to:

- Reduced gross profit margin in Industrial business (-0.5%-pts), mainly due to sales mix effects
- Increase in R&D and selling expenses on group level (-0.4%-pts)
- One-off items from antitrust cases (-0.4%-pts)

EBIT by division

<table>
<thead>
<tr>
<th></th>
<th>H1 14</th>
<th>H1 15</th>
<th>Δ</th>
<th>H1 14 margin</th>
<th>H1 15 margin</th>
<th>Δ in %-pts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>627</td>
<td>647</td>
<td>+3.2%</td>
<td>14.1%</td>
<td>12.8%</td>
<td>-1.3</td>
</tr>
<tr>
<td>Industrial</td>
<td>174</td>
<td>171</td>
<td>-1.7%</td>
<td>11.2%</td>
<td>10.3%</td>
<td>-0.9</td>
</tr>
<tr>
<td>Total</td>
<td>801</td>
<td>818</td>
<td>+2.1%</td>
<td>13.4%</td>
<td>12.2%</td>
<td>-1.2</td>
</tr>
</tbody>
</table>
Financial Result H1 2015 EUR -337 mn

Financial result\(^1\)

in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>475</td>
<td>145</td>
<td>375</td>
<td>122</td>
<td>161</td>
<td>176</td>
</tr>
</tbody>
</table>

EUR -138 mn vs H1 2014

Reconciliation Financial Result

in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>H1 14</th>
<th>H1 15</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Result excl. one-offs and valuation effects</td>
<td>240</td>
<td>142</td>
<td>-98</td>
</tr>
<tr>
<td>Non-cash valuation effects</td>
<td>0</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>One-off effects refinancing</td>
<td>235(^2)</td>
<td>184</td>
<td>-51</td>
</tr>
<tr>
<td>Reported Financial Result</td>
<td>475</td>
<td>337</td>
<td>-138</td>
</tr>
</tbody>
</table>

1) For presentation purposes negative results are shown as positive figures
2) Including non-cash valuation effects of EUR 106 mn from refinancing transaction in Q2 2014
Net income H1 2015 EUR 309 mn

**Net income**\(^{1)}\)

in EUR mn

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>220</td>
<td>229</td>
<td>215</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>210</td>
<td>444</td>
</tr>
</tbody>
</table>

\(^{1)}\) Attributable to the shareholders of the parent company

**Reconciliation of net income**

in EUR mn

<table>
<thead>
<tr>
<th>H1 2014</th>
<th>Δ EBIT</th>
<th>Δ Financial Result</th>
<th>Δ Taxes</th>
<th>Δ Minorities</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>210</td>
<td>-17</td>
<td>138</td>
<td>53</td>
<td>-3</td>
<td>309</td>
</tr>
</tbody>
</table>

**Key aspects**

- Net income increased by EUR 99 mn vs H1 2014
- Improved financial result leads to higher net income
Free cash flow EUR -72 mn

Free cash flow H1 2015 in EUR mn

- EBITDA: 1,161
- Δ Working Capital: 173
- Capex: 166
- Interest: 501
- Tax: 158
- Other: 2
- Free cash flow: -72

Operating cash flow in EUR mn

- Q1 2014: -325
- Q2 2014: 373
- Q3 2014: -72
- Q4 2014: 1,161
- Q1 2015: 184
- Q2 2015: 238

Free cash flow in EUR mn

- Q1 2014: -306
- Q2 2014: -163
- Q3 2014: 422
- Q4 2014: 1,161
- Q1 2015: -60
- Q2 2015: -12

1) One-off effect from refinancing transaction in Q2 2015
2) Includes EU-antitrust fine of EUR 371 mn paid in June 2014
Working Capital improved – Capex on track

### Working capital

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2,696</td>
<td>3,022</td>
</tr>
<tr>
<td>Q2</td>
<td>2,778</td>
<td>2,944</td>
</tr>
<tr>
<td>Q3</td>
<td>2,900</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>2,548</td>
<td></td>
</tr>
</tbody>
</table>

In % of sales:
- 2014: 23.6, 24.0, 24.6, 21.0
- 2015: 24.2, 22.9

### Capex

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>155</td>
<td>244</td>
</tr>
<tr>
<td>Q2</td>
<td>143</td>
<td>298</td>
</tr>
<tr>
<td>Q3</td>
<td>202</td>
<td>559</td>
</tr>
<tr>
<td>Q4</td>
<td>357</td>
<td></td>
</tr>
</tbody>
</table>

In % of sales:
- 2014: 5.2, 4.7, 6.7, 11.5
- 2015: 7.3, 7.6

1) Cash view
4 Financial Results H1 2015

Leverage ratio as of June 30, 2015 2.8x

### Net financial debt

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross debt</td>
<td>5,751</td>
<td>6,226</td>
<td>6,443</td>
<td>6,414</td>
<td></td>
<td>6,799</td>
<td>6,665</td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>222</td>
<td>471</td>
<td>675</td>
<td>636</td>
<td></td>
<td>609</td>
<td>420</td>
<td></td>
</tr>
</tbody>
</table>

Leverage ratio (Net financial debt w/o shareholder loans / LTM EBITDA)

### Change in net financial debt

<table>
<thead>
<tr>
<th></th>
<th>Q4 2014</th>
<th>FX effect</th>
<th>Δ Cash Position</th>
<th>Repayment Term Loan</th>
<th>Bond refinancing</th>
<th>Other</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross debt</td>
<td>5,778</td>
<td>223</td>
<td>-210</td>
<td>202</td>
<td>36</td>
<td></td>
<td>6,245</td>
</tr>
<tr>
<td>Cash &amp; cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key aspects

- Net financial debt significantly impacted by FX effects (high portion of US denominated debt)
- Partial repayment of institutional loans (USD and EUR tranche) on June 30, 2015
- Leverage ratio stable

1) EUR 210 m voluntary prepayment of institutional term loans (EUR 125 m for OpCo and EUR 85 m for Intercompany loan to HoldCo)
2) The value of the bonds issued in April exceeds the value of the redeemed bonds.
### Guidance 2015 unchanged

#### Growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>5-7%(^1)</td>
</tr>
<tr>
<td>Capex</td>
<td>6-8% of sales</td>
</tr>
</tbody>
</table>

\(^1\) At constant currency

#### Profitability

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT margin</td>
<td>12-13%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Sustainably positive</td>
</tr>
</tbody>
</table>

#### Quality

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality policy</td>
<td>Further improve</td>
</tr>
<tr>
<td>Employees</td>
<td>~3,000 new jobs</td>
</tr>
</tbody>
</table>

#### Innovation

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D expenses</td>
<td>5% of sales</td>
</tr>
<tr>
<td>Innovation</td>
<td>Maintain leading position in patent applications</td>
</tr>
</tbody>
</table>
### Key messages

1. **Foundations laid to develop Schaeffler Group successfully in the future; transformation phase to be completed by year-end 2015**

2. **Roadmap Schaeffler 2020 in preparation with 5 key elements focusing on long-term competitiveness and value creation**

3. **Industrial business to achieve 25% of global sales in 2020**

4. **Program 'CORE' launched to address key issues and bring Industrial business back to sustainable sales growth and increased profitability with EBIT margin target of 13% by 2018**

5. **Successful first half-year 2015 with 12.4% sales growth and 12.2% EBIT margin (including one-off effects)**

6. **Guidance for 2015 confirmed**
**Investor Relations**

phone: + 49 9132 82 4440  
fax: + 49 9132 82 4444  
Email: ir@schaeffler.com  
Web: www.schaeffler.com/ir

**Financial calendar 2015**

Results H1 2015  August 20, 2015  
Results 9M 2015  November 19, 2015  
Results FY 2015  March 15, 2016
Sales per division

Sales Automotive division
in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,212</td>
<td>2,227</td>
<td>2,231</td>
<td>2,316</td>
</tr>
<tr>
<td></td>
<td>4,439</td>
<td>4,547</td>
<td>4,547</td>
<td>5,064</td>
</tr>
</tbody>
</table>

Growth rate y-o-y

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+11.3%</td>
<td>+13.5%</td>
</tr>
<tr>
<td></td>
<td>+10.1%</td>
<td>+14.1%</td>
</tr>
<tr>
<td></td>
<td>+6.7%</td>
<td>+14.7%</td>
</tr>
<tr>
<td></td>
<td>+8.6%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+13.8%</td>
<td></td>
</tr>
</tbody>
</table>

Sales Industrial division
in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>764</td>
<td>787</td>
<td>803</td>
<td>784</td>
</tr>
<tr>
<td></td>
<td>1,551</td>
<td>1,587</td>
<td>1,587</td>
<td>1,668</td>
</tr>
</tbody>
</table>

Growth rate y-o-y

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.7%</td>
<td>9.3%</td>
</tr>
<tr>
<td></td>
<td>+2.2%</td>
<td>+5.8%</td>
</tr>
<tr>
<td></td>
<td>+6.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+5.2%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+7.5%</td>
<td></td>
</tr>
</tbody>
</table>
### EBIT per division

#### EBIT Automotive division

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>326</td>
<td>301</td>
<td>319</td>
<td>292</td>
<td>342</td>
<td>305</td>
</tr>
</tbody>
</table>

#### EBIT Industrial division

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>627</td>
<td>611</td>
<td>647</td>
<td>92</td>
<td>174</td>
<td>111</td>
</tr>
</tbody>
</table>

#### EBIT margin in %

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.7</td>
<td>13.5</td>
</tr>
<tr>
<td>14.3</td>
<td>12.6</td>
</tr>
</tbody>
</table>

1) Includes positive effect of EUR 10 mn from release of EU antitrust provision
2) Includes negative effect of EUR 20 mn from antitrust cases

---

1) Includes positive effect of EUR 10 mn from release of EU antitrust provision
2) Includes negative effect of EUR 20 mn from antitrust cases
Overview of current corporate and financing structure

**Current structure**

- **TopCo**
  - Schaeffler Holding GmbH & Co. KG
  - Schaeffler AG
  - Schaeffler Technologies AG & Co. KG
  - IC Loan EUR 629m
- **HoldCo**
  - Schaeffler Holding Finance B.V.
  - IC Loan EUR 986m + EUR 270m
  - 100%
- **OpCo**
  - Loans
  - Bonds
  - IC Loan EUR 629m
  - Schaeffler Verwaltungs Zwei GmbH
  - 100%
  - 100%
  - 100%

**Financing structure (as of June 2015)**

<table>
<thead>
<tr>
<th>Debt Instrument</th>
<th>Nominal</th>
<th>Interest</th>
<th>Maturity</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HoldCo Term Loan (EUR)</td>
<td>500</td>
<td>E+4.50%</td>
<td>Oct-19</td>
<td>Not rated</td>
</tr>
<tr>
<td>HoldCo RCF (EUR 200 mn)</td>
<td>-</td>
<td>E+4.50%</td>
<td>Oct-19</td>
<td>Not rated</td>
</tr>
<tr>
<td>Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.875% SSNs 2018 (EUR)</td>
<td>800</td>
<td>6.875%</td>
<td>Aug-18</td>
<td>B1 / B</td>
</tr>
<tr>
<td>6.875% SSNs 2018 (USD)</td>
<td>1,000</td>
<td>6.875%</td>
<td>Aug-18</td>
<td>B1 / B</td>
</tr>
<tr>
<td>6.25% SSNs 2019 (USD)</td>
<td>475</td>
<td>6.25%</td>
<td>Nov-19</td>
<td>B1 / B</td>
</tr>
<tr>
<td>5.75% SSNs 2021 (EUR)</td>
<td>350</td>
<td>5.75%</td>
<td>Nov-21</td>
<td>B1 / B</td>
</tr>
<tr>
<td>6.75% SSNs 2022 (USD)</td>
<td>675</td>
<td>6.75%</td>
<td>Nov-22</td>
<td>B1 / B</td>
</tr>
</tbody>
</table>

**Schaeffler Holding**

- Loans:
  - Senior Term Loan B (EUR) 675 E+3.50% May-20 Ba2 / BB-
  - Senior Term Loan B (USD) 1,150 L+3.50% May-20 Ba2 / BB-
- Bonds:
  - Senior RCF (EUR 1,000 mn) - E+2.75% Oct-19 Not rated

**Schaeffler Group**

- Loans:
  - 4.25% SSNs 2018 (EUR) 600 4.25% May-18 Ba2 / BB-
  - 2.75% SSNs 2019 (EUR) 500 2.75% May-19 Ba2 / BB-
  - 3.25% Unsec.Ns 2019 (EUR) 500 3.25% May-19 B1 / B
  - 2.50% SSNs 2020 (EUR) 400 2.50% May-20 Ba2 / BB-
  - 4.75% SSNs 2021 (USD) 850 4.75% May-21 Ba2 / BB-
  - 4.25% SSNs 2021 (USD) 700 4.25% May-21 Ba2 / BB-
  - 3.50% SSNs 2022 (EUR) 500 3.50% May-22 Ba2 / BB-
  - 4.75% SSNs 2022 (USD) 600 4.75% May-23 Ba2 / BB-
  - 3.25% SSNs 2025 (EUR) 600 3.25% May-25 Ba2 / BB-

1) Schaeffler Beteiligungsholding guarantee and Schaeffler Verwaltung Zwei GmbH guarantee remains in place until Schaeffler requests a guarantee fall-away event. Since the redemption of the 2017 bonds, this guarantee fall-away is at the sole discretion of Schaeffler.

2) Loan receivables resulting from capital increase in Dec. '14 (EUR 986m) and residual from previous cash management between Schaeffler AG and Schaeffler Verwaltung Zwei GmbH (EUR270m)

3) Loan receivable resulting from capital increase in Dec. '14

4) Secured by share pledges of 20.4m shares of Continental AG

5) Senior Secured PIK Toggle Notes

6) Floor of 0.75 %
Overview permitted upstream payments

Current structure

Financing structure (as of June 2015)

- Permitted Upstream Payments in OpCo loan and bond documents allow OpCo cash to be upstreamed each year, providing material cash interest coverage on HoldCo level.
- Different restricted groups for OpCo loans and OpCo bonds define different permitted upstream payments.
- HoldCo has access to dividends from 46.0% of all Continental shares.
- As per 30 June 2015, the cash balance at Schaeffler Verwaltungs GmbH was EUR 3.1 mn.

OpCo upstream cash payments

<table>
<thead>
<tr>
<th>in EUR mn</th>
<th>Q1</th>
<th>Q2</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow OpCo</td>
<td>-60</td>
<td>-12</td>
<td>-72</td>
</tr>
<tr>
<td>Cash upstream payments Schaeffler AG</td>
<td>16</td>
<td>254</td>
<td>270</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>31</td>
<td>61</td>
</tr>
</tbody>
</table>

1) Annual Floor Amount for the financial year 2015 pursuant to Schaeffler AG loan agreement dated 27 October 2014 without carry forward amount.
2) Permitted Upstream Payments for the financial year 2015 pursuant to the bond indentures of Schaeffler AG.