Schaeffler Group back to profitable growth

Full Year Results 2010

Analyst Conference
March 29th, 2011
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Agenda

1. Overview  
   Dr. J. Geißinger

2. Financials 2010  
   K. Rosenfeld

3. Refinancing  
   K. Rosenfeld

4. Outlook 2011  
   Dr. J. Geißinger
1 Overview

Worldwide leader in bearings and automotive components

3 strong brands

- Clutch systems
- Transmission systems
- Dual mass flywheels
- Torque converters

- Rolling and plain bearings, linear guides
- Engine systems
- Precision components

- Rolling bearings for industrial and automotive applications
- High-precision bearings
- Aerospace

Global Presence

Employees: approx. 67,000 worldwide
Locations: 180 worldwide

1 Overview

Schaeffler at a glance

Global technology manufacturer with leading market positions in various industrial sectors and in the automotive industry

Well-balanced business mix in OEM and aftermarket

From standard catalogue products to highly engineered solutions

High value-added due to integrated manufacturing processes, superior product quality and outstanding innovation platform

Worldwide presence with excellent positioning in growth markets

Strong long-term track record of achieving above average growth and sector leading profitability

Sales

€9.5 bn

EBIT margin

16%
1 Overview

We create value through our unique skill-set and know-how in ...

- basic materials (steel)
- antifriction bearing design
- inhouse tools design
- surface treatment
- tribology
- low cost precision manufacturing
- application engineering expertise
- aftermarket services
- condition monitoring
1 Overview

We have a strong track record of profitable growth

Sales in EUR bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in EUR bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>6.6</td>
</tr>
<tr>
<td>2002</td>
<td>6.8</td>
</tr>
<tr>
<td>2003</td>
<td>6.8</td>
</tr>
<tr>
<td>2004</td>
<td>7.3</td>
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<tr>
<td>2005</td>
<td>7.9</td>
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<td>2006</td>
<td>8.3</td>
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<td>2007</td>
<td>9.0</td>
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<td>2008</td>
<td>8.9</td>
</tr>
<tr>
<td>2009</td>
<td>7.3</td>
</tr>
<tr>
<td>2010</td>
<td>9.5</td>
</tr>
</tbody>
</table>

4.1% CAGR

EBIT in EUR bn

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT in EUR bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>0.5</td>
</tr>
<tr>
<td>2002</td>
<td>0.5</td>
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<tr>
<td>2003</td>
<td>0.7</td>
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<td>2004</td>
<td>0.8</td>
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<td>2005</td>
<td>1.0</td>
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<tr>
<td>2006</td>
<td>1.1</td>
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<td>2007</td>
<td>1.1</td>
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<tr>
<td>2008</td>
<td>1.0</td>
</tr>
<tr>
<td>2009</td>
<td>0.4</td>
</tr>
<tr>
<td>2010</td>
<td>1.5</td>
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</tbody>
</table>

13.8% CAGR

EBIT margin

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT margin</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>8%</td>
</tr>
<tr>
<td>2002</td>
<td>7%</td>
</tr>
<tr>
<td>2003</td>
<td>10%</td>
</tr>
<tr>
<td>2004</td>
<td>11%</td>
</tr>
<tr>
<td>2005</td>
<td>12%</td>
</tr>
<tr>
<td>2006</td>
<td>13%</td>
</tr>
<tr>
<td>2007</td>
<td>13%</td>
</tr>
<tr>
<td>2008</td>
<td>11%</td>
</tr>
<tr>
<td>2009</td>
<td>5%</td>
</tr>
<tr>
<td>2010</td>
<td>16%</td>
</tr>
</tbody>
</table>
1 Overview

We are growing in all regions

New plants 2001 – 2010

- 4 Lanskroun, Czech Republic
- 5 Skalica, Slovakia
- 7 Kysuce, Slovakia
- 8 Debrecen, Hungary
- 9 Brasov, Romania
- 10 Dubai, United Arab Emirates
- 11 Pune, India
- 12 Yinchuan, China
- 13 Anting, China
- 14 Taicang 1, China
- 15 Taicang 2, China
- 16 Ho Chi Minh, Vietnam

1 Irapuato, Mexico
2 Puebla, Mexico
3 Sorocaba, Brasil

10 New plants 2001 – 2010

1 Irapuato, Mexico
2 Puebla, Mexico
3 Sorocaba, Brasil
4 Lanskroun, Czech Republic
5 Skalica, Slovakia
6 Szombathely, Hungary
7 Kysuce, Slovakia
8 Debrecen, Hungary
9 Brasov, Romania
10 Dubai, United Arab Emirates
11 Pune, India
12 Yinchuan, China
13 Anting, China
14 Taicang 1, China
15 Taicang 2, China
16 Ho Chi Minh, Vietnam
1 Overview

We are well diversified

### Automotive Business Portfolio

- **Automotive Aftermarket**: 16%
- **Engine Systems**: 26%
- **Transmission Systems**: 41%
- **Chassis Systems**: 17%

**Sales 2010 = € 6,341 mn**

### Industrial Business Portfolio

- **Industrial Aftermarket**: 38%
- **Consumer Products**: 62%
  - Fluids & Pneumatics
  - Heavy Industries
  - Motorcycles
  - Power Generation
  - Production Machinery
  - Power Transmission
  - Railway
  - Wind Power
  - Aerospace

**Sales 2010 = € 3,012 mn**

### Customer Portfolio

- **Other customers**: 47%
- **TOP 10 Customers**: 53% of Sales

### Customer Portfolio

- **Other customers**: 83%
- **TOP 10 Customers**: 17% of Sales
**Overview**

**Highlights 2010 – Automotive division**

- **Market growth 2010:** 25 %
- **Schaeffler sales growth 2010:** 34 %

- Growth drivers were North America and Asia Pacific, Engine and Chassis with overproportional sales increase

- Schaeffler contributes strongly to key industry theme: "Enhancing efficiency of combustion engines"

- Success story – 25 years dual mass flywheel

- Further growth drivers: dry dual clutch system / UniAir

- Schaeffler Concept Cars – "Co2ncept-10%" and "Schaeffler Hybrid"
1 Overview

Dry dual clutch system – An innovation success story

Production volumes

2004: - Project kick-off in R&D
2007: - Start of production
    - Market launch with first OEM customer (VW)
2008: - First full year of production
2010: - Expansion of production capacities in Hungary and China
    - New OEM customers (e.g. Fiat)
2011: - Further expansion of production capacities in North America and Mexico
    - New OEM customers
    - Production of one million dry dual clutch systems
1 Overview

Highlights 2010 – Industrial division

- Market growth 2010: 7%
- Schaeffler sales growth 2010: 20%
- Strongest sales growth in wind power in China as well as in Industrial Aftermarket
- Sales in Asia Pacific now represent 31% of total Industrial sales
- All businesses about to reach full capacity levels
- Start of mass production of Generation C ball bearings
- Wind Power: Supplier Awards in 2010 from Goldwind (China) and Clipper Windpower (USA)
1 Overview

**Industrial division – "Growing with the wind"**

- Strong double digit market growth in wind power market expected over the next years

- Schaeffler expects to outgrow the market:
  - Market leader in bearings for the wind power market
  - Excellently positioned to service the fast growing Chinese market
  - Covering the entire product portfolio, delivering up to 30 bearing parts in a wind turbine
  - Providing innovative products for new market trends (e.g. large single-bearing solutions for direct drive or hybrid solutions)
  - Meeting today's market needs with our comprehensive system knowledge in engineering, prototyping, assembly and condition monitoring
<table>
<thead>
<tr>
<th></th>
<th>Agenda Item</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Overview</td>
<td>Dr. J. Geißinger</td>
</tr>
<tr>
<td>2</td>
<td>Financials 2010</td>
<td>K. Rosenfeld</td>
</tr>
<tr>
<td>3</td>
<td>Refinancing</td>
<td>K. Rosenfeld</td>
</tr>
<tr>
<td>4</td>
<td>Outlook 2011</td>
<td>Dr. J. Geißinger</td>
</tr>
</tbody>
</table>
## Strong performance on all levels

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2010 in EUR mn</th>
<th>2009 in EUR mn</th>
<th>Δ in EUR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strong sales growth</td>
<td>Sales</td>
<td>9,495</td>
<td>7,336</td>
</tr>
<tr>
<td>2</td>
<td>Excellent operating result</td>
<td>EBIT</td>
<td>1,509</td>
<td>446</td>
</tr>
<tr>
<td>3</td>
<td>Positive net income</td>
<td>Net income</td>
<td>63</td>
<td>-1,204</td>
</tr>
<tr>
<td>4</td>
<td>Sustainable positive free cash flow</td>
<td>Free cash flow</td>
<td>566</td>
<td>-1,400</td>
</tr>
<tr>
<td>5</td>
<td>Net debt reduced</td>
<td>Net debt</td>
<td>5,744</td>
<td>6,131</td>
</tr>
</tbody>
</table>
Q4 sales in line with positive trend

Sales Schaeffler Group in EUR bn

<table>
<thead>
<tr>
<th></th>
<th>Q1 2008</th>
<th>Q2 2008</th>
<th>Q3 2008</th>
<th>Q4 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2.3</td>
<td>2.4</td>
<td>2.2</td>
<td>2.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2009</th>
<th>Q2 2009</th>
<th>Q3 2009</th>
<th>Q4 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1.7</td>
<td>1.8</td>
<td>1.9</td>
<td>2.0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2010</th>
<th>Q2 2010</th>
<th>Q3 2010</th>
<th>Q4 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2.2</td>
<td>2.4</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

+29% vs. FY 2009

Gross Profit Margin:
- 2008: 30% 28% 28% 24% 23% 22% 27% 25%
- 2009: 31% 32% 33% 30%

Sales by region Schaeffler Group share in % / vs. 2009 in %

- Germany: +23%
- Asia / Pacific: +52%
- South America: +33%
- North America: +36%
- Europe¹: +20%

¹) without Germany
1 Financials 2010

Automotive on a high level – Industrial catching up

Sales
Automotive
in EUR mn

Sales
Industrial
in EUR mn

Gross
Profit
Margin
2008 2009 2010
26% 24% 31% 27%
17% 20% 27% 24%
29% 29% 31% 27%

Gross
Profit
Margin
2008 2009 2010
37% 37% 37% 34%
32% 27% 29% 28%
38% 39% 39% 37%
EBIT margin around 16% at record level

**EBIT Schaeffler Group**
in EUR mn

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>329</td>
<td>302</td>
<td>335</td>
</tr>
<tr>
<td>Q2</td>
<td>204</td>
<td>205</td>
<td>404</td>
</tr>
<tr>
<td>Q3</td>
<td>1,040</td>
<td>37</td>
<td>398</td>
</tr>
<tr>
<td>Q4</td>
<td>187</td>
<td>151</td>
<td>372</td>
</tr>
</tbody>
</table>

EBIT margin:
- Q1: 14%
- Q2: 13%
- Q3: 9%
- Q4: 10%

**EBIT FY 2009**

- Sales: 446
- COGS: +2,159
- R&D: -954
- Selling: -83
- Admin & Others: -119

**EBIT FY 2010**

- Sales: 1,509
- COGS: +1,063
- R&D: +60

**Δ EBIT Schaeffler Group**
in EUR mn

- EBIT FY 2009: 1,040
- EBIT FY 2010: 1,509

**Δ EBIT**

- Q1: -83
- Q2: -954
- Q3: 335
- Q4: 1,509

EBIT margin:
- Q1: 16%
- Q2: 17%
- Q3: 16%
- Q4: 15%
**Financials 2010**

The industrial division shows a significant improvement of results compared to the previous year.

### EBIT

#### Automotive

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>184</td>
<td>149</td>
<td>151</td>
</tr>
<tr>
<td>Q2</td>
<td>447</td>
<td>65</td>
<td>49</td>
</tr>
<tr>
<td>Q3</td>
<td>49</td>
<td>283</td>
<td>133</td>
</tr>
<tr>
<td>Q4</td>
<td>-41</td>
<td>242</td>
<td>275</td>
</tr>
</tbody>
</table>

**EBIT Margin:** 12% 10% 5% 4%

#### Industrial

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>145</td>
<td>153</td>
<td>139</td>
</tr>
<tr>
<td>Q2</td>
<td>1,005</td>
<td>593</td>
<td>156</td>
</tr>
<tr>
<td>Q3</td>
<td>143</td>
<td>31</td>
<td>18</td>
</tr>
<tr>
<td>Q4</td>
<td>139</td>
<td>504</td>
<td>129</td>
</tr>
</tbody>
</table>

**EBIT Margin:** 18% 19% 16% 19%

The EBIT for both divisions shows a positive trend from Q1 to Q4, with a significant increase in Q4 compared to FY 2009.
## Positive net income in 2010

### Net Income\(^1\)

**Schaeffler Group in EUR mn**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Costs</th>
<th>EBIT</th>
<th>Financial Result</th>
<th>Taxes/Minorities</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,495</td>
<td>-7,986</td>
<td>1,509</td>
<td>-810</td>
<td>+47</td>
<td>-287</td>
</tr>
</tbody>
</table>

\(^1\) One-off dilution loss from capital increase Conti of EUR -396 mn.

### Financials 2010

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2009</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>236</td>
<td>180</td>
<td>97</td>
<td>176</td>
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<tr>
<td>236</td>
<td>180</td>
<td>97</td>
<td>176</td>
</tr>
</tbody>
</table>

One-off dilution loss of EUR -396 mn.
Cash interest result at EUR 557 mn

Interest Result Schaeffler Group\(^1\)
in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>15</td>
<td>34</td>
<td>124</td>
<td>255</td>
<td>246</td>
<td>170</td>
<td>224</td>
<td>289</td>
</tr>
<tr>
<td>2009</td>
<td>34</td>
<td>428</td>
<td>246</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>15</td>
<td>810</td>
<td>124</td>
<td>255</td>
<td>246</td>
<td>170</td>
<td>224</td>
<td>289</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>124</td>
<td>255</td>
<td>246</td>
<td>289</td>
</tr>
</tbody>
</table>

1) For presentation purposes, results are shown as positive figures.

Composition of Interest Result Schaeffler Group
in EUR mn

<table>
<thead>
<tr>
<th>P&amp;L</th>
<th>Mark-to-market interest rate derivatives</th>
<th>Others</th>
<th>Δ Cash</th>
<th>Interest expenses financial debt</th>
<th>Others / IR hedging</th>
</tr>
</thead>
<tbody>
<tr>
<td>810</td>
<td>132</td>
<td>121</td>
<td>557</td>
<td>234</td>
<td>323</td>
</tr>
</tbody>
</table>

Non-Cash Cash
2 Financials 2010

4 Strong Cash Flow generation

Free Cash Flow
Schaeffler Group
in EUR mn

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Δ Net Working Capital</th>
<th>Capex</th>
<th>Interest</th>
<th>Others</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,097</td>
<td>-227</td>
<td>-361</td>
<td>-557</td>
<td>-386</td>
<td>566</td>
</tr>
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Capital Expenditure
Schaeffler Group
in EUR mn

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>205</td>
<td>978</td>
<td>321</td>
<td>515</td>
<td>231</td>
<td>321</td>
<td>72</td>
<td>361</td>
<td>72</td>
<td>76</td>
<td>162</td>
<td></td>
</tr>
<tr>
<td>% of Sales</td>
<td>9%</td>
<td>12%</td>
<td>10%</td>
<td>7%</td>
<td>6%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>7%</td>
</tr>
</tbody>
</table>
2 Financials 2010

5 Leverage ratio reduced to 2.7x

Net Financial Debt / Leverage Ratio
Schaeffler Group
in EUR bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>6.1</td>
<td>6.1</td>
<td>5.9</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>4.2x</td>
<td>5.0x</td>
<td>4.9x</td>
<td>5.6x</td>
</tr>
</tbody>
</table>

Leverage Ratio (Net Financial Debt / LTM EBITDA)

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5.8</td>
<td>4.2x</td>
<td>5.0x</td>
<td>5.6x</td>
</tr>
<tr>
<td>2010</td>
<td>4.4x</td>
<td>3.5x</td>
<td>3.0x</td>
<td>2.7x</td>
</tr>
</tbody>
</table>

Available Funds
Schaeffler Group
in EUR bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1.0</td>
<td>1.0</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>2010</td>
<td>1.2</td>
<td>1.3</td>
<td>1.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Legend:
- Revolver
- Bilateral Lines
- Cash
We create sustainable value

ROCE Schaeffler Group
in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1 2008</th>
<th>Q2 2008</th>
<th>Q3 2008</th>
<th>Q4 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>16.5</td>
<td>17.0</td>
<td>16.0</td>
<td>15.5</td>
</tr>
<tr>
<td>2009</td>
<td>11.2</td>
<td>7.9</td>
<td>7.9</td>
<td>7.3</td>
</tr>
<tr>
<td>2010</td>
<td>12.4</td>
<td>18.0</td>
<td>21.6</td>
<td>25.1</td>
</tr>
</tbody>
</table>

ROCE Schaeffler Group
in %
3 Refinancing

Current financing structure

Status quo¹)

1) Junior Term Loan
   Bullet structure maturing in 2015 and interest rate of 7% p.a. PIK²)

2) Junior Revolver
   Not drawn yet

3) Contingent Remuneration Payment (CRP)
   Pushes interest rate of Junior facility to 17% p.a.

4) Contingent Upside Instrument (CUI)
   Additional compensation for banks in an amount of 25% of a calculative value appreciation

Key elements

1) Junior Term Loan
   Bullet structure maturing in 2015 and interest rate of 7% p.a. PIK²)

2) Junior Revolver
   Not drawn yet

3) Contingent Remuneration Payment (CRP)
   Pushes interest rate of Junior facility to 17% p.a.

4) Contingent Upside Instrument (CUI)
   Additional compensation for banks in an amount of 25% of a calculative value appreciation

---

¹) Structure after capital increase Continental AG in January 2010 and before Junior Refinancing
²) Incl. a small cash element
³) M.M.Warburg and Bankhaus Metzler
3 Refinancing

Refinancing concept

3 key elements

1. Refinancing Junior loan
2. Rearranging participation structure
3. Converting into a stock corporation (AG)

Strategic and financial flexibility
3 Refinancing

1 Refinancing Junior Loan: Significant pay down at Schaeffler Holding

Refinancing structure

Junior (in EUR bn)

<table>
<thead>
<tr>
<th>Element</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUI</td>
<td>-0.6</td>
</tr>
<tr>
<td>PIK</td>
<td>-0.4</td>
</tr>
<tr>
<td>Excess Cashflow</td>
<td>-0.4</td>
</tr>
<tr>
<td>Debt Push-down</td>
<td>-0.6</td>
</tr>
<tr>
<td>ABO1</td>
<td>-1.8</td>
</tr>
<tr>
<td>2.8 repayment</td>
<td></td>
</tr>
<tr>
<td>3/2011 pro forma</td>
<td>7.1x</td>
</tr>
<tr>
<td>2.8 repayment</td>
<td></td>
</tr>
<tr>
<td>3/2011 pro forma</td>
<td>6.0x</td>
</tr>
</tbody>
</table>

Senior (in EUR bn)

<table>
<thead>
<tr>
<th>Element</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt Senior</td>
<td>+0.4</td>
</tr>
<tr>
<td>Excess Cash Flow</td>
<td>+0.4</td>
</tr>
<tr>
<td>Debt Push-down</td>
<td>+0.6</td>
</tr>
<tr>
<td>Others</td>
<td>+0.1</td>
</tr>
<tr>
<td>3/2011 pro forma</td>
<td>3.0x</td>
</tr>
<tr>
<td>3/2011 pro forma</td>
<td>3.5x</td>
</tr>
</tbody>
</table>

Key elements

- €2.8 billion net paydown of Junior Term Loan from Excess Cash Flow, debt pushdown und ABO1)
- CUI and Junior Interest crystallized
- Refinancing through €1.7 billion Junior Bond maturing in March 2018 and €2.9 billion Junior Term Loan maturing in December 2015
- Net Debt at Senior level increased to approx. €7.0 billion (interest rates unchanged for the time being)
- Total leverage ratio (Junior and Senior) reduced

1) Proceeds from sale of Continental shares
3 Refinancing

2. Rearranging participation structure: Increasing holding in Continental

New structure

- ABO increases Continental AG Free Float from 25% to approx. 40%; enabling potential DAX re-entry
- Schaeffler increases participation in Continental AG from 42.2% to 49.9%; upstreaming of approx. 6% of holdings from GmbH to Holding
- 12-months lock-up for remaining shares of Schaeffler, B. Metzler and M.M. Warburg

Key changes

- ABO increases Continental AG Free Float from 25% to approx. 40%; enabling potential DAX re-entry
- Schaeffler increases participation in Continental AG from 42.2% to 49.9%; upstreaming of approx. 6% of holdings from GmbH to Holding
- 12-months lock-up for remaining shares of Schaeffler, B. Metzler and M.M. Warburg

New shareholder structure Continental AG

1) M.M. Warburg und Bankhaus Metzler
<table>
<thead>
<tr>
<th>Agenda</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Overview</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Financials 2010</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Refinancing</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Outlook 2011</td>
</tr>
</tbody>
</table>
Schaeffler creates flexibility for further strategic development

Strong operating business

Refinancing Junior and rearranging holdings in Continental AG

Profitable growth above market

Strategic and financial flexibility
Well positioned for further profitable growth

1. Key trends will drive sector growth
2. Leading positions in fast growing markets
3. Components, modules and systems
4. Full innovation pipeline

We will continue to grow above market
1. Key trends will drive sector growth

**Energy Efficiency / CO₂ - reduction**
- Friction optimized bearings
- Performance optimized bearings (x-Life)
- Co₂ncept-10%

**Regenerative Energies**
- Comprehensive portfolio for wind turbines
- Simulation of the entire drive train in wind turbines
- Bearing solutions for new energy technologies

**From Mechanics to Mechatronics**
- UniAir
- Electromechanic drive train components
- Bearings with integrated functions

**E-Mobility**
- Schaeffler Hybrid Car
- eWheelDrive (wheel hub motor)
- E-Bike: torque sensor bottom bracket

Schaeffler defines new standards in modern engineering
## 4 Outlook 2011

### Leading positions in fast growing markets

<table>
<thead>
<tr>
<th>Market CAGR 2010-2013</th>
<th>Schaeffler sales estimation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace, Railway</strong></td>
<td></td>
</tr>
<tr>
<td>+2.5-5.0 %</td>
<td>Above market growth</td>
</tr>
<tr>
<td><strong>Automotive, Consumer Products</strong></td>
<td></td>
</tr>
<tr>
<td>+5.0-7.5 %</td>
<td>Above market growth</td>
</tr>
<tr>
<td><strong>Production Machinery, Power Transmission</strong></td>
<td></td>
</tr>
<tr>
<td>+7.5-10.0 %</td>
<td>Above market growth</td>
</tr>
<tr>
<td><strong>Wind Power</strong></td>
<td></td>
</tr>
<tr>
<td>&gt;10 %</td>
<td>Well above market growth</td>
</tr>
</tbody>
</table>

Market CAGR 2010-2013

Schaeffler sales estimation

+2.5-5.0 %

Above market growth

+5.0-7.5 %

Above market growth

+7.5-10.0 %

Above market growth

>10 %

Well above market growth
New locations* and plant extensions (2011 – 2013)

1. Irapuato, Mexico
2. Kysuce, Slovakia
3. Brasov, Romania
4. Nanjing*, China
5. Yinchuan, China
6. Taicang 4, China
7. Taicang 5, China
8. Suzhou, China
9. Savli*, India
10. Pune, India
11. Hosur, India
Great mix of components, modules and systems

From mechanics to mechatronics

<table>
<thead>
<tr>
<th>Content Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity Level</td>
</tr>
<tr>
<td>Value Added</td>
</tr>
</tbody>
</table>

Systems

Modules

Components
### Full innovation pipeline

**Number of patent registrations**

<table>
<thead>
<tr>
<th>Year</th>
<th>Patent Registrations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>896</td>
</tr>
<tr>
<td>2007</td>
<td>1,084</td>
</tr>
<tr>
<td>2008</td>
<td>1,276</td>
</tr>
<tr>
<td>2009</td>
<td>1,146</td>
</tr>
<tr>
<td>2010</td>
<td>1,641</td>
</tr>
</tbody>
</table>

**Rank in Germany¹**

- 2006: #9
- 2007: #7
- 2008: #5
- 2009: #5
- 2010: #4

---

**Key aspects**

- Schaeffler is in the Top 4 of the most innovative companies in Germany in 2010
- 5,000 employees at 40 locations worldwide develop new and efficient solutions in close cooperation with customers
- Constant R&D spending rate of 5% of sales
- More than 16,000 running patents in Germany

---

¹ Source: German Patent and Trademark Office
### 4 Outlook 2011

#### Key focus areas in 2011

<table>
<thead>
<tr>
<th>Growth</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>EBIT Margin</td>
</tr>
<tr>
<td>8-10 %</td>
<td>&gt; 13 %</td>
</tr>
<tr>
<td>CAPEX</td>
<td>Free Cash Flow</td>
</tr>
<tr>
<td>6-8 % of sales</td>
<td>sustainably positive</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality policy</td>
<td>R&amp;D expenses</td>
</tr>
<tr>
<td>Zero defects</td>
<td>around 5 % of sales</td>
</tr>
<tr>
<td>Employees</td>
<td>Innovation management</td>
</tr>
<tr>
<td>Dedicated education for new employees</td>
<td>Increase of patent registrations</td>
</tr>
</tbody>
</table>
For questions please refer to

Schaeffler Investor Relations Team

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email: ir@schaeffler.com