



Results FY 2012 Schaeffler Group

Dr Juergen M. Geissinger, CEO
Klaus Rosenfeld, CFO

Herzogenaurach
March 21, 2013

Disclaimer

This presentation contains forward-looking statements. The words "anticipate", "assume", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should" and similar expressions are used to identify forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about Schaeffler Group's beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Schaeffler AG. Forward-looking statements therefore speak only as of the date they are made, and Schaeffler Group undertakes no obligation to update any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. These statements are based on Schaeffler AG management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, changed market conditions affecting the automotive industry, intense competition in the markets in which we operate and costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting our markets, and other factors beyond our control).

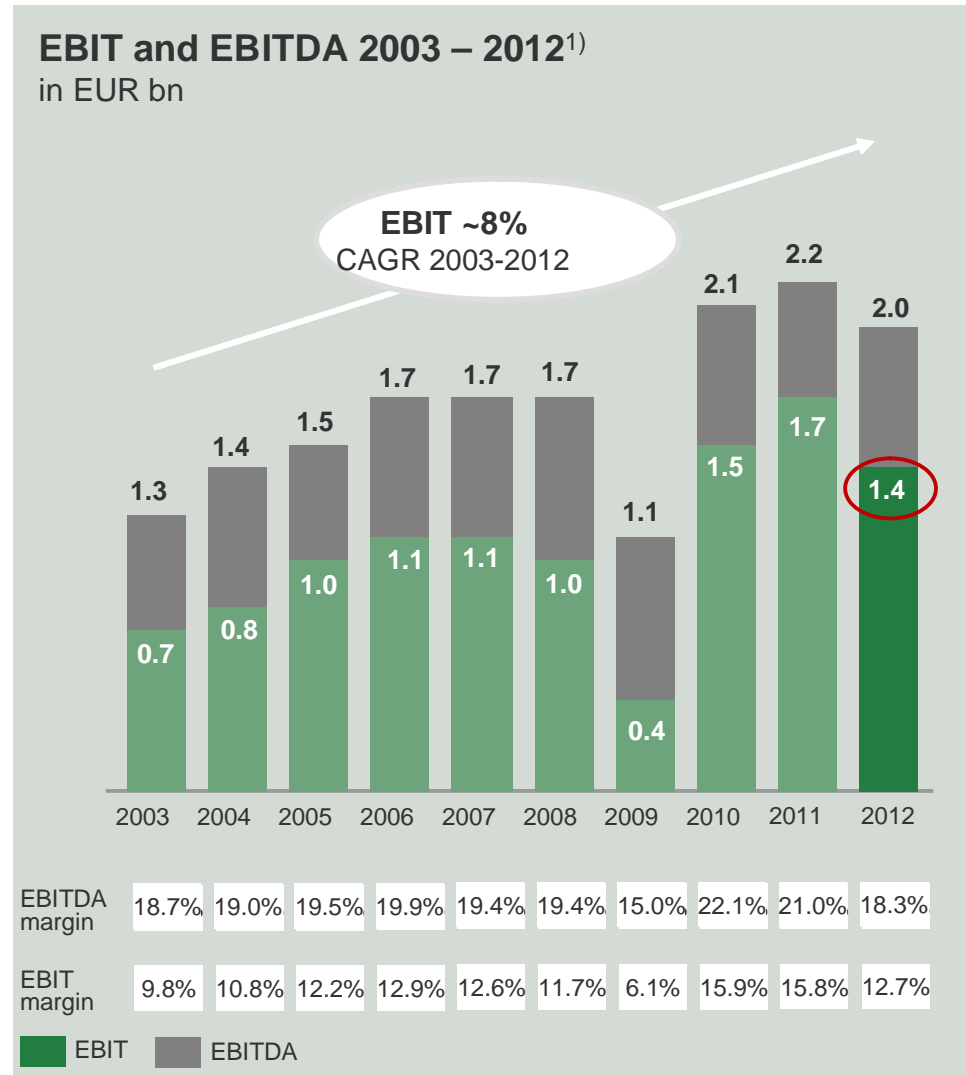
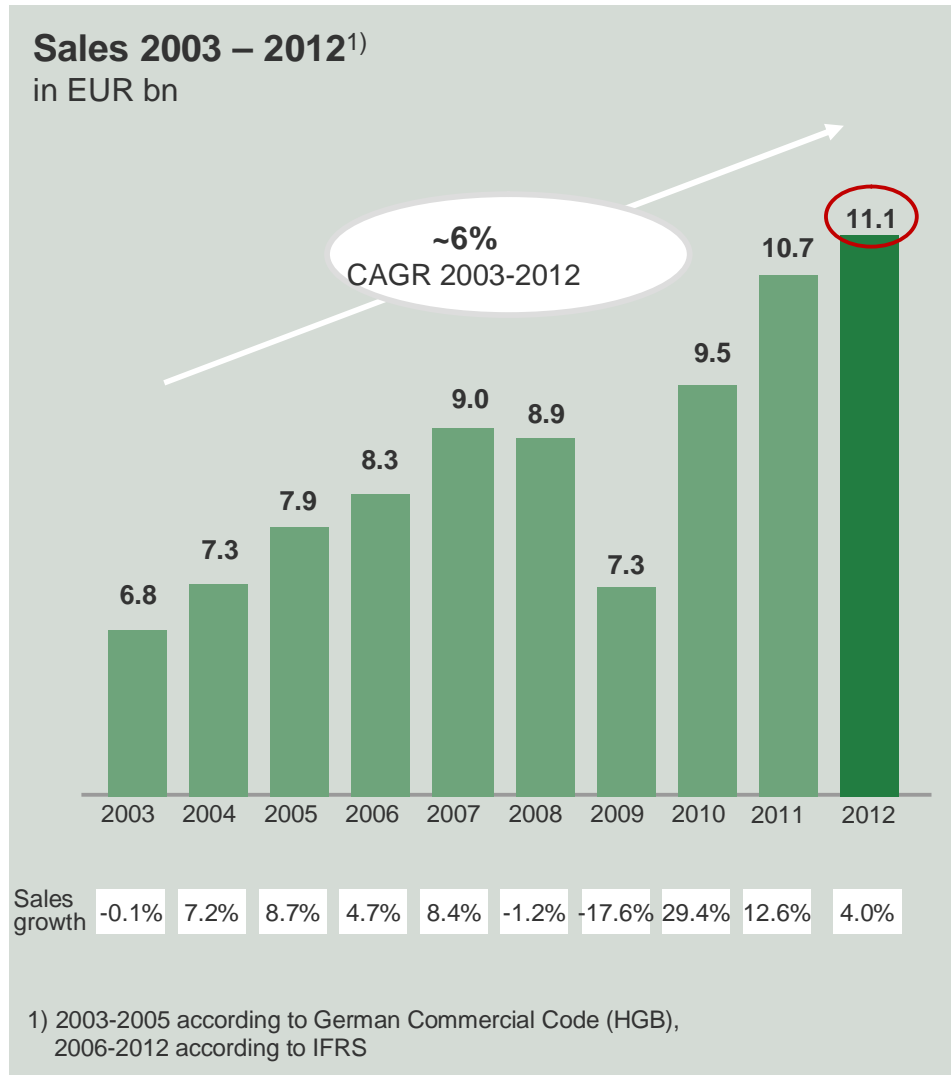
This presentation is intended to provide a general overview of Schaeffler Group's business and does not purport to deal with all aspects and details regarding Schaeffler Group. Accordingly, neither Schaeffler Group nor any of its directors, officers, employees or advisers nor any other person makes any representation or warranty, express or implied, as to, and accordingly no reliance should be placed on, the accuracy or completeness of the information contained in the presentation or of the views given or implied. Neither Schaeffler Group nor any of its directors, officers, employees or advisers nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

The material contained in this presentation reflects current legislation and the business and financial affairs of Schaeffler Group which are subject to change and audit.

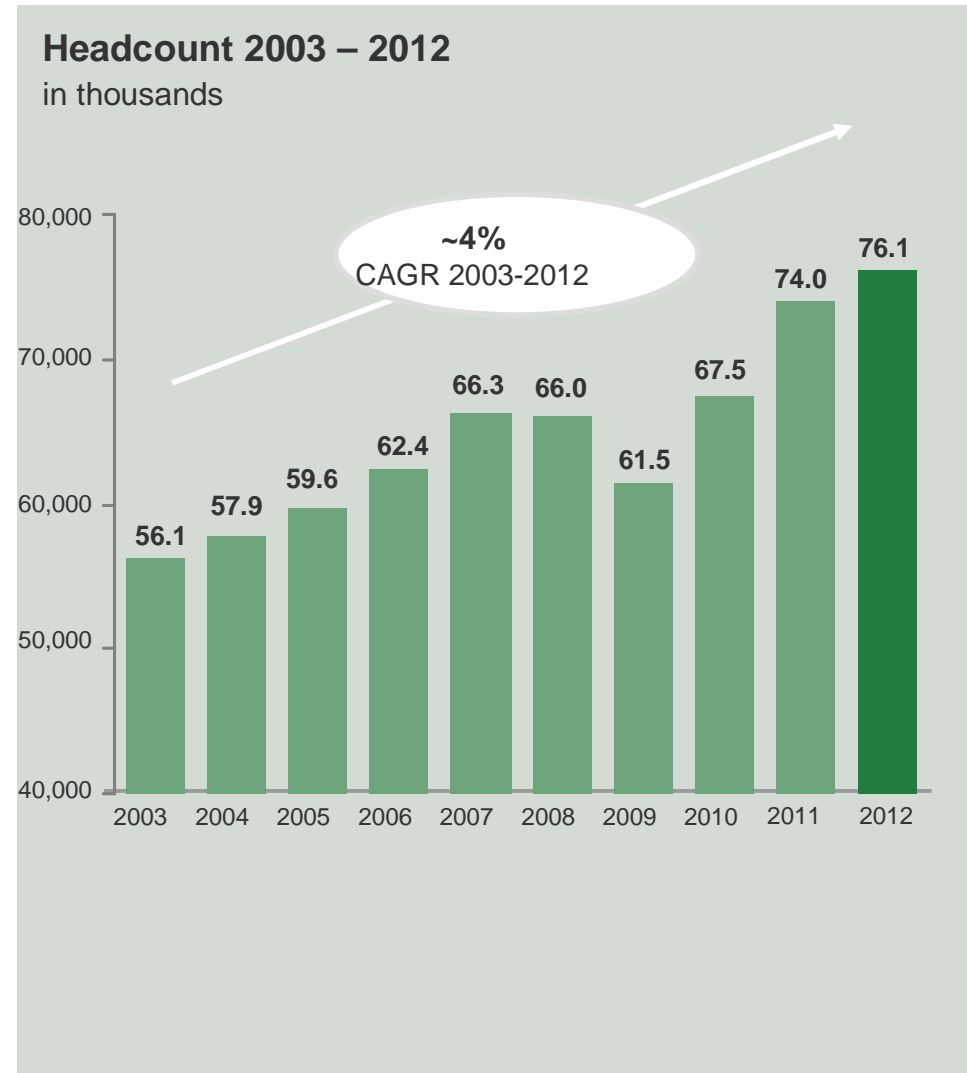
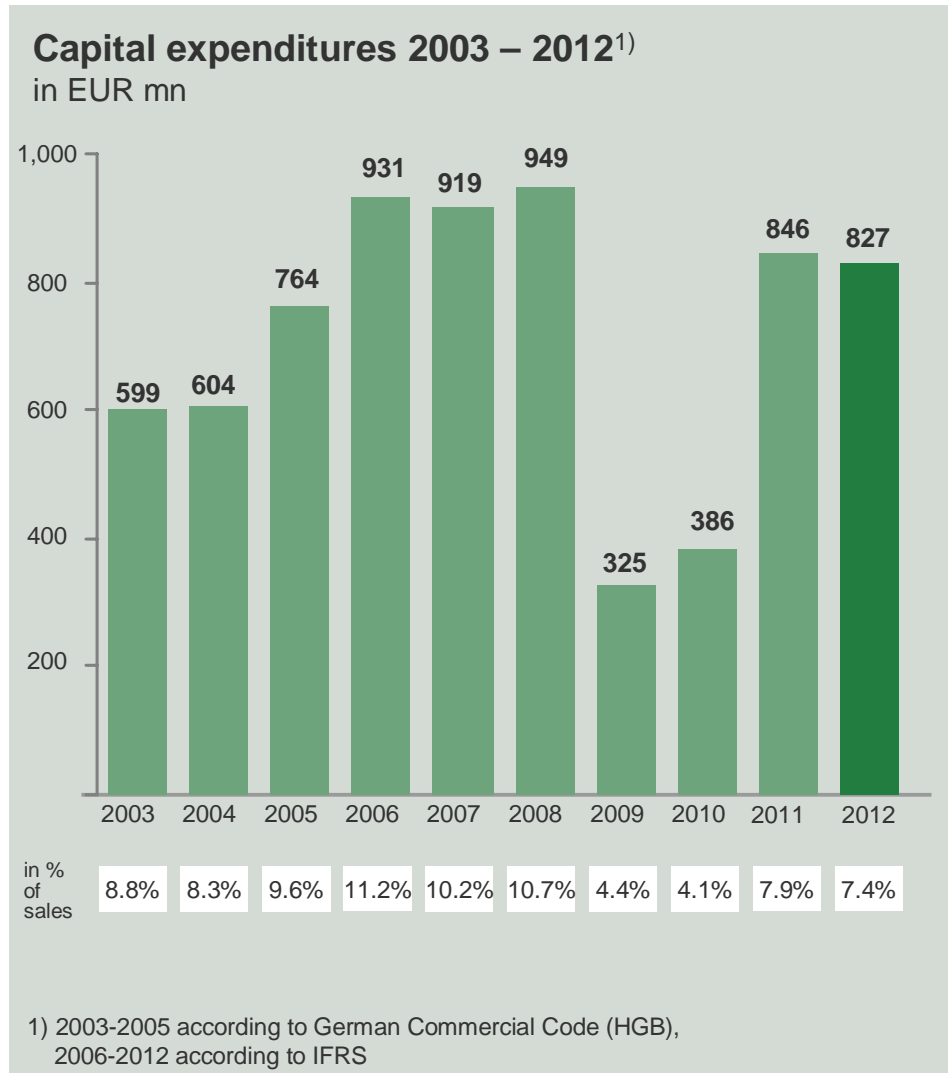
Agenda

- 1** Overview *Dr Geissinger*
- 2** Operational Performance *Dr Geissinger*
- 3** Financial Results 2012 *Rosenfeld*
- 4** Financing and Capital Structure *Rosenfeld*
- 5** Outlook 2013 *Dr Geissinger*

A strong history of above average growth and sector leading margins



Successful organic growth over 10 years



2012 – A successful year in a challenging environment

Growth		
	Target 2012	Actual 2012
Sales growth	4%	4.0%
CAPEX	6-8 % of Sales	7.7% of Sales

Profitability		
	Target 2012	Actual 2012
EBIT Margin	> 13 %	12.7%
Free Cash Flow	Sustainably positive	+381 mn

Quality		
	Target 2012	Actual 2012
Quality policy	Further improve	Numerous quality awards
Employees	> 2,500 new jobs	~ 2,000 new jobs created

Innovation		
	Target 2012	Actual 2012
R&D expenses	~ 5 % of Sales	5.3% of Sales
Innovation management	Maintain leading position in patent applications	Rank 4 in Germany

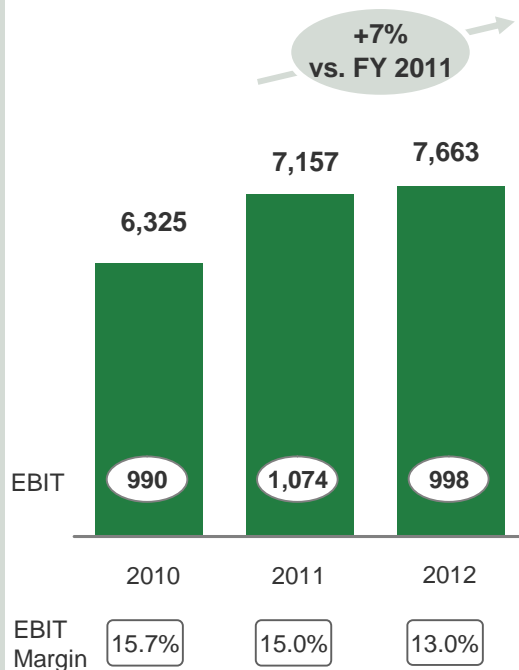
Agenda

- 1** Overview *Dr Geissinger*
- 2** **Operational Performance** *Dr Geissinger*
- 3** Financial Results 2012 *Rosenfeld*
- 4** Financing and Capital Structure *Rosenfeld*
- 5** Outlook 2013 *Dr Geissinger*

Automotive – Continuous growth in all businesses

Sales Automotive

in EUR mn



Strong sales growth in North America and Asia/Pacific, growth in Germany, slight decrease in rest of Europe

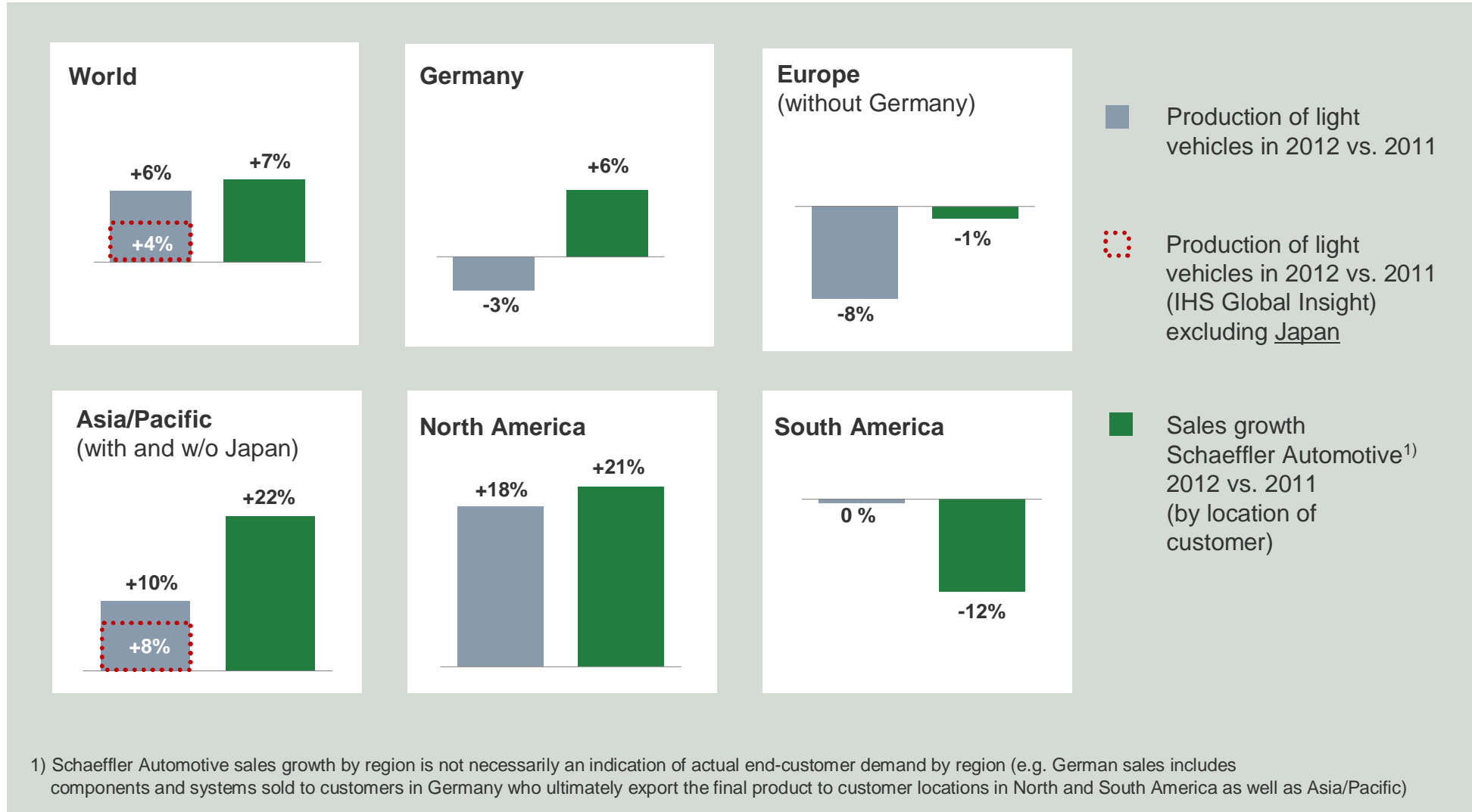
Particularly high growth rates in dry double clutches, continuously variable transmissions (CVT) and camshaft phasers

Strong growth rates with innovative products such as ball screw drives for electromechanical power steering

Higher R&D expenses (especially projects in the field of electric mobility) affected EBIT

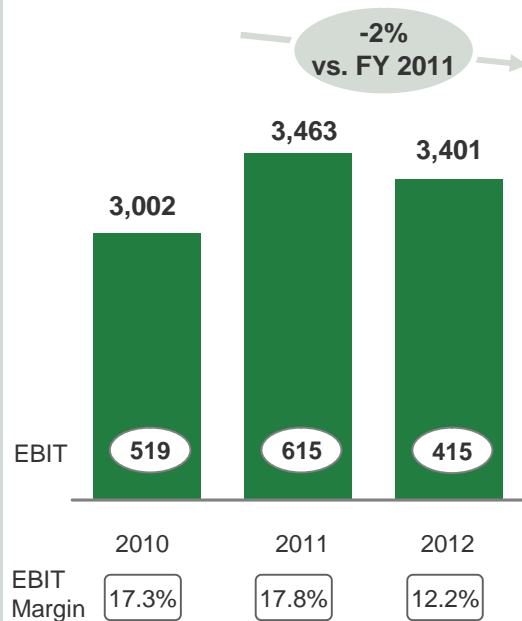
Continuous innovations for modern and energy-efficient mobility solutions

Automotive – Sales growth ahead of overall market



Industrial – Market-driven slow-down in major sectors

Sales Industrial
in EUR mn



Weakening momentum in key industrial market sectors

Sales increase in Heavy Industries, Aerospace and Consumer Products, market-driven sales decrease in all other sectors

Aftermarket business stable

Sales in North America and Eastern Europe increased by more than 10%, whereas sales in other regions decreased

Implementation of global Schaeffler Technology Centers provides improved engineering service for our customers

Industrial – Key markets with different growth dynamics

Market development

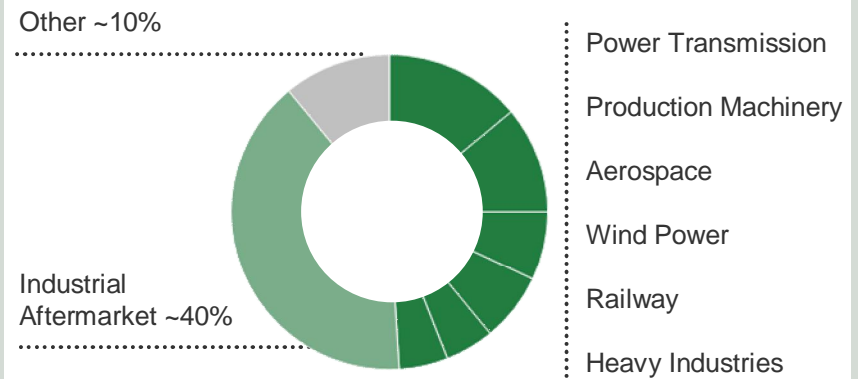
Global manufacturing output weakened throughout the year – strong regional differences

North American expansion has been the source of global manufacturing growth

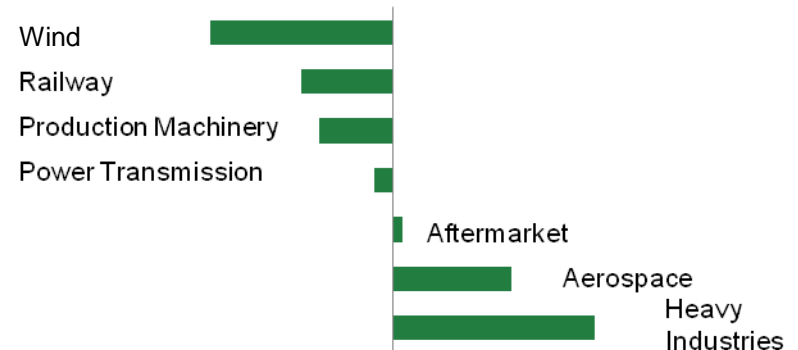
Sharp declines of investment activity in China, especially in the wind and railway sectors

Investment activity particularly subdued in Europe, excess capacities in key sectors

Sales development of key industrial business units



Sales 2012 vs. 2011



Why we are successful

3 main success factors

1

Continuous global expansion:
Growing into attractive markets

- ▶ 17 new plants and plant extensions (e.g. Russia)
- ▶ Doubling share in Asia

2

Superior products and services:
Offering the right components and systems based on best-in-class innovation platform

- ▶ Best-in-class innovation platform
- ▶ Best positioned for future mobility trends
- ▶ Best customer service through global network

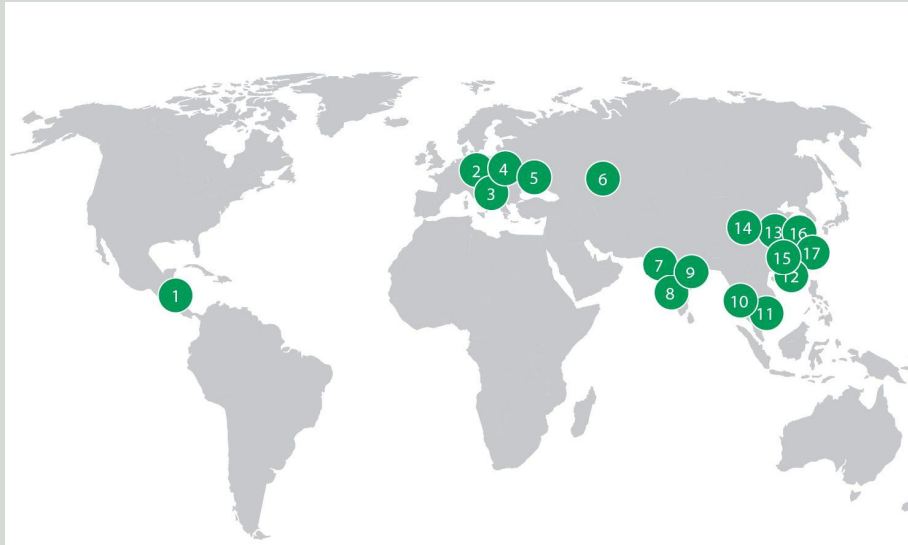
3

Outstanding operational excellence:
First-class quality and manufacturing

- ▶ Special know-how in materials, design, and manufacturing
- ▶ Outstanding quality recognized by our customers

1 Global expansion – 17 new plants and plant extensions

New plants and plant extensions 2012 – 2014



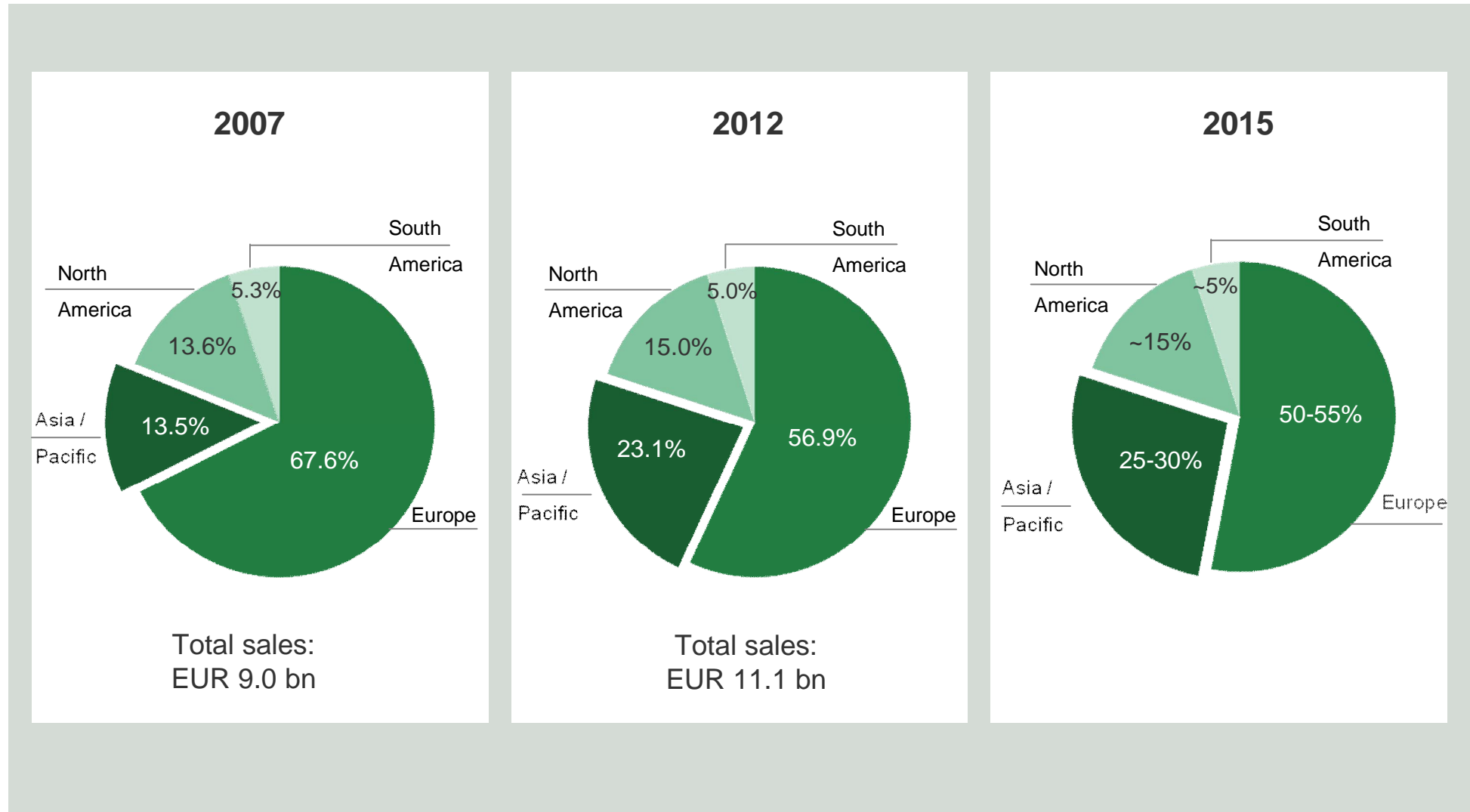
- | | |
|----------------------------|--------------------------|
| 1 Irapuato, Mexico | 9 Hosur, India |
| 2 Kysuce, Slovakia | 10 Rayong, Thailand |
| 3 Skalica, Slovakia | 11 BienHoa City, Vietnam |
| 4 Szombathely, Hungary | 12 Nanjing, China |
| 5 Brasov, Romania | 13 Jangan, Korea |
| 6 Ulyanovsk,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

Key aspects

70 plants worldwide

Germany	24
Europe	19
Asia / Pacific	13
North America	12
South America	2

1 Global expansion – Doubling share in Asia and increasing local content



2 Products and services – Best-in-class innovation platform

Examples of new products in 2012



Wheel bearing featuring an efficient lip seal for friction reduction



Active magnetic bearing



Solutions for engine start-stop systems: permanently engaged starter



All-wheel drive disconnect clutch to reduce fuel consumption

Highlights

R&D expenses

5% of sales

New patent applications

1,854

② Products and services – Best positioned for future mobility trends

Efficient Future Mobility – Schaeffler North America Demonstration Vehicle



- ▶ Developed in North America for market-specific demands and customer requirements
- ▶ Showcases Schaeffler solutions for optimizing North American combustion engines and drive trains
- ▶ Additional fuel savings potential of up to 14-15%

Fuel reduction in %

Technology	City	Highway
Belt Drive Friction Optimization	1.0	1.0
Valve Train Friction Optimization	0.5	0.5
Balance Shaft Bearings	0.6	1.0
Thermal Management Module	1.0	1.0
Adaptive Grill Shutters	0.2	0.8
Engine Start-Stop	6.0	2.0
AWD Disconnect	2.0	6.0
Wheel Bearings Optimization	0.5	1.0
TC with Centrifugal Pendulum-type Absorber	3.0	1.0
Total:	~15	~14

2 Products and services – Best customer service through global network



Germany: 6
Europe w/o Germany: 10
North & South America: 3
Asia / Pacific: 3

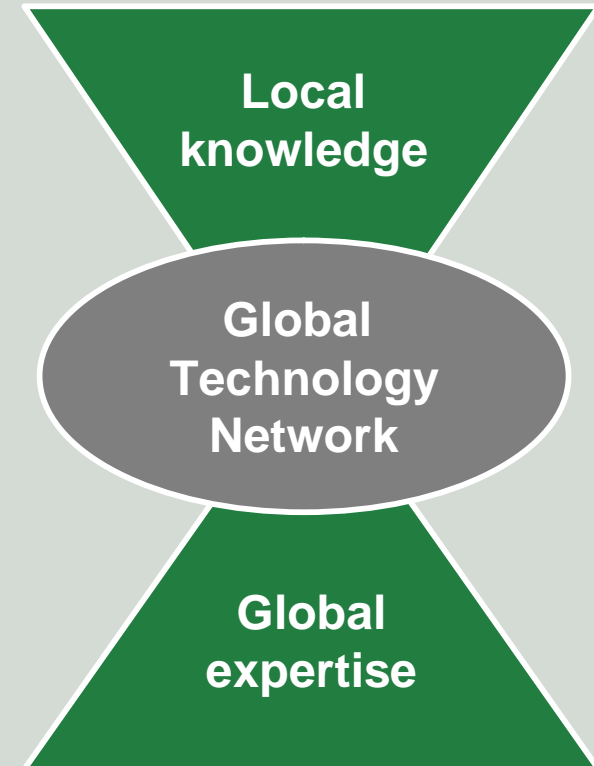
Schaeffler Technology Centers

- ▶ Strong local presence
- ▶ Premium on-site support
- ▶ Defined Engineering and Service portfolio



Global Expert Networks

- ▶ Worldwide collaboration
- ▶ Interdisciplinary knowledge transfer
- ▶ Combines worldwide know-how



Schaeffler Global Technology Network

Combined global expertise and local knowledge for optimal customer performance

3 Operational excellence – First-class quality and manufacturing

Special know-how in ...



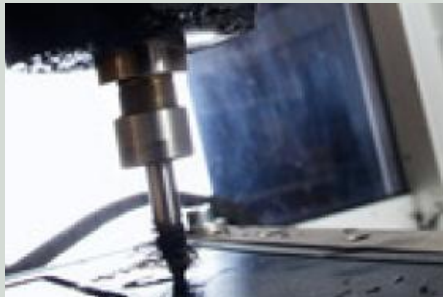
... basic materials (steel)



... 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

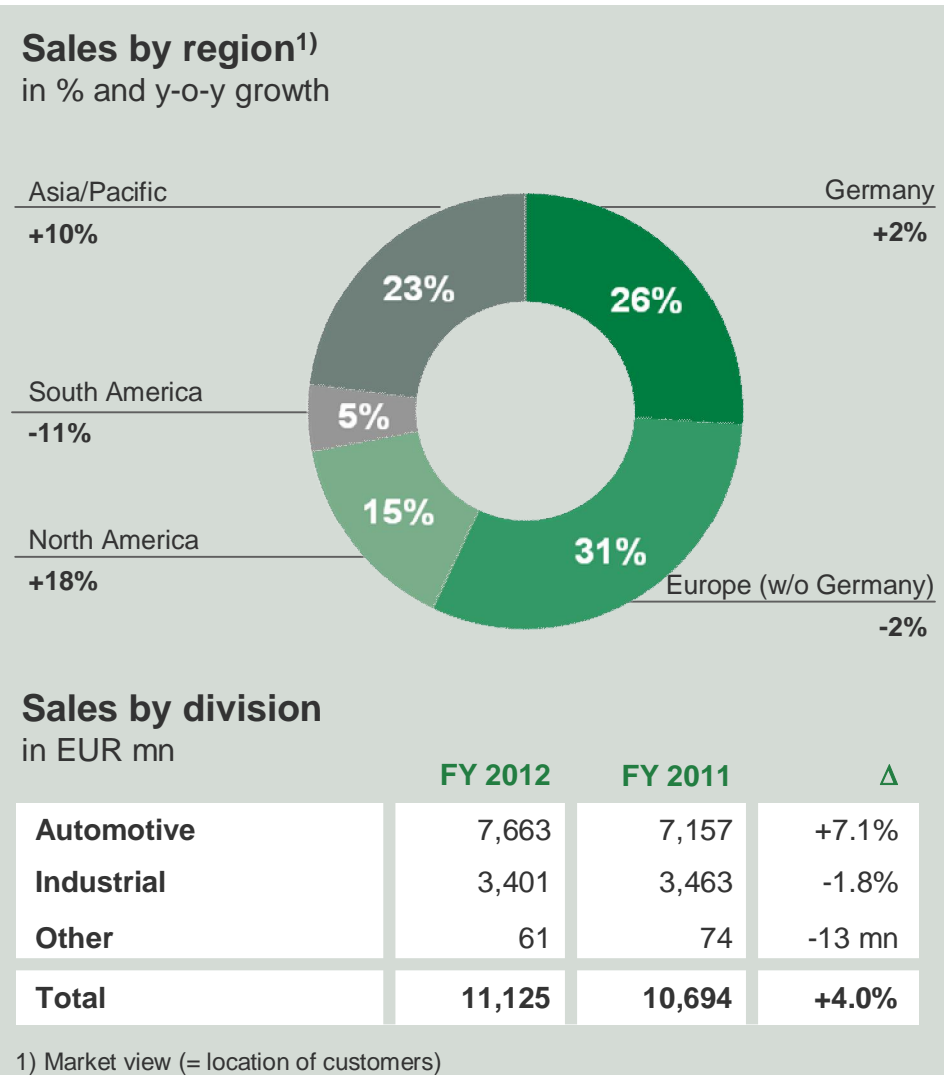
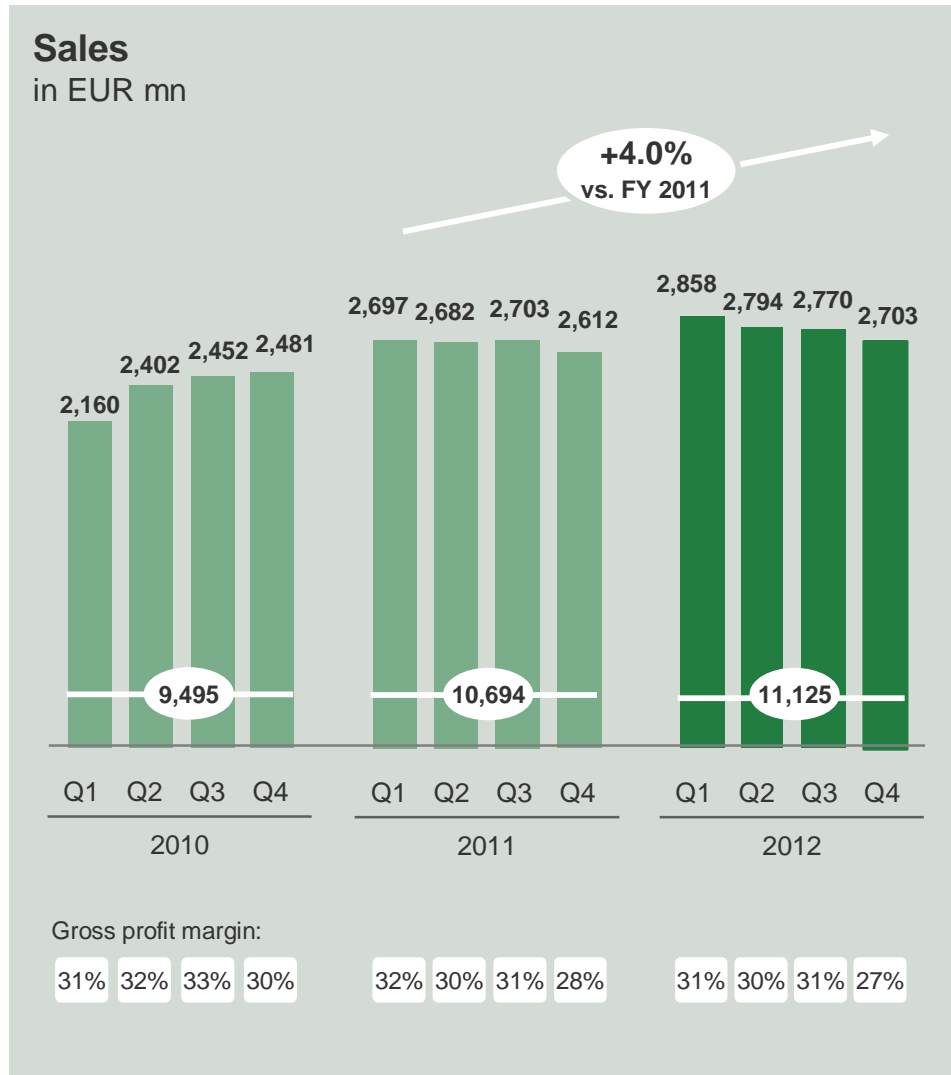
Agenda

- 1** Overview *Dr Geissinger*
- 2** Operational Performance *Dr Geissinger*
- 3** **Financial Results 2012** *Rosenfeld*
- 4** Financing and Capital Structure *Rosenfeld*
- 5** Outlook 2013 *Dr Geissinger*

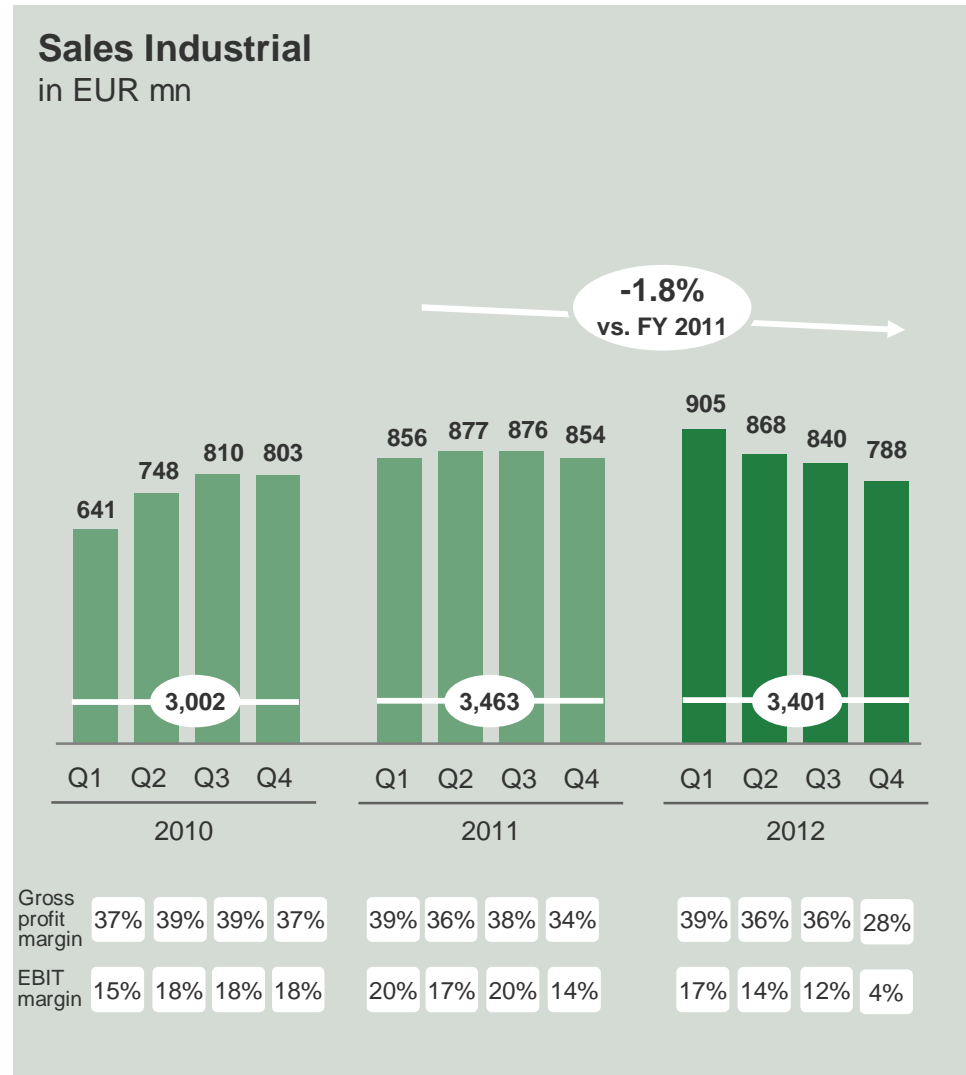
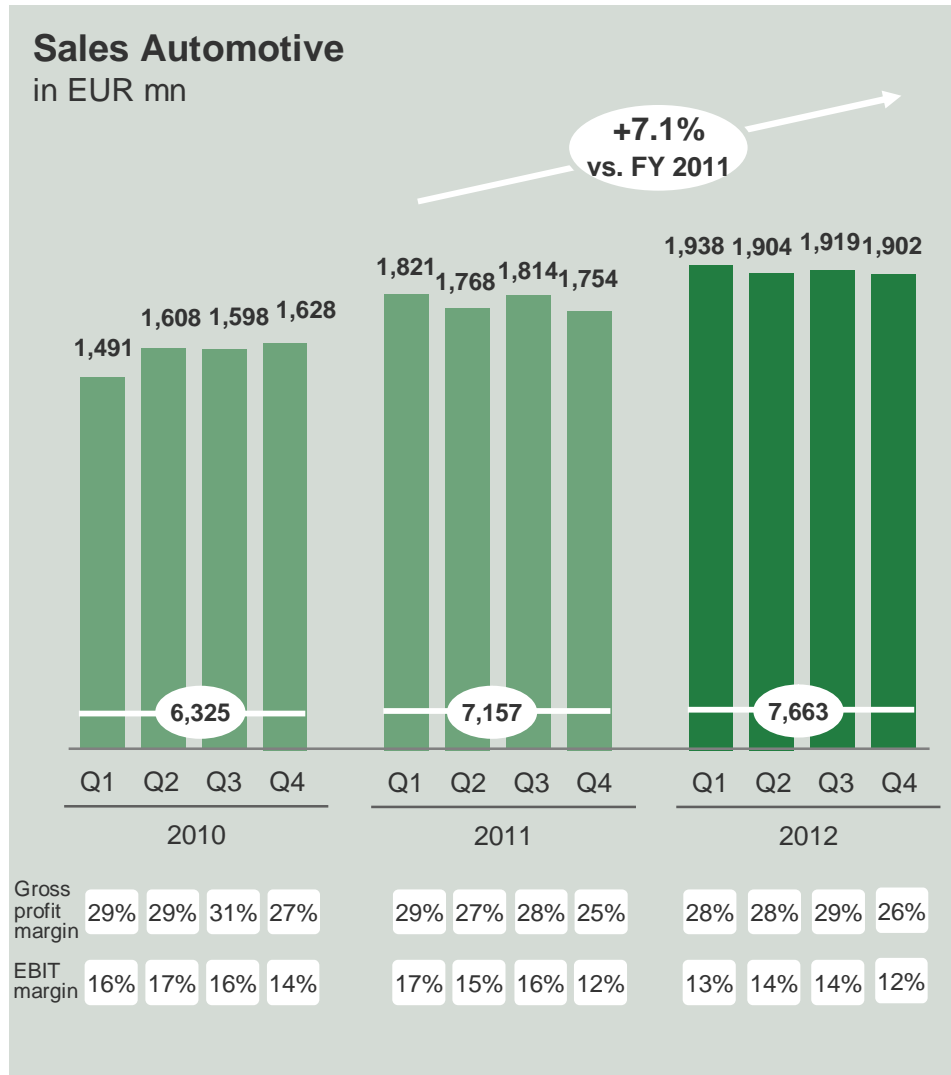
Solid results on all levels

	FY 2012 in EUR mn	FY 2011 in EUR mn	Δ in EUR mn / %	Q4 2012 in EUR mn	Q4 2011 in EUR mn	Δ in EUR mn / %
Sales	11,125	10,694	+4.0 %	2,703	2,612	+3.5 %
EBITDA	2,031	2,243	-212 mn	432	473	-41 mn
EBITDA margin	18.3 %	21.0 %	-2.7 % pts.	16.0 %	18.1 %	-2.1 % pts.
EBIT	1,413	1,689	-276 mn	269	340	- 71 mn
EBIT margin	12.7 %	15.8 %	-3.1 %	10.0 %	13.0 %	-3.0 % pts.
Net income	872	889	-1.9 %	141	146	-3.4 %
Free cash flow	381	319	+62 mn	259	90	+169 mn
Leverage ratio	3.2x	3.0x	+0.2	3.2x	3.0x	+0.2

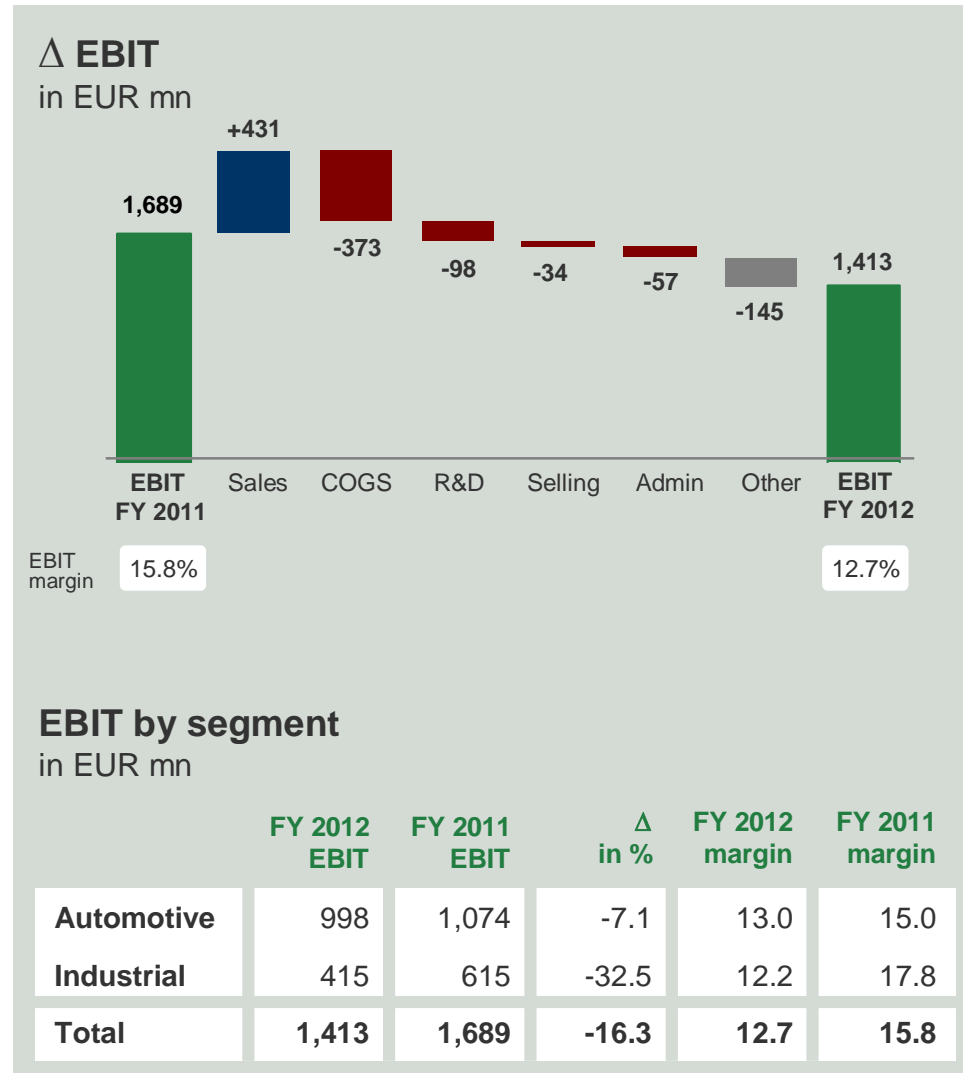
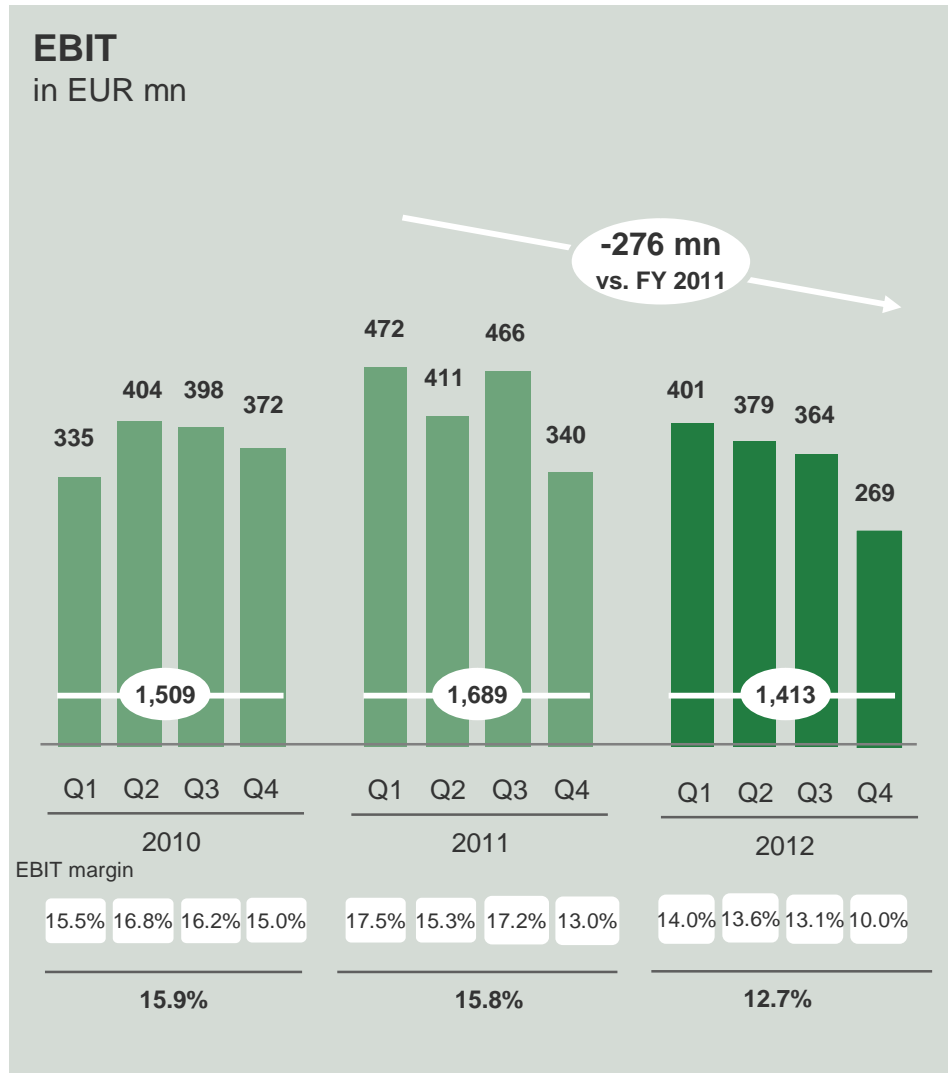
Sales up 4%



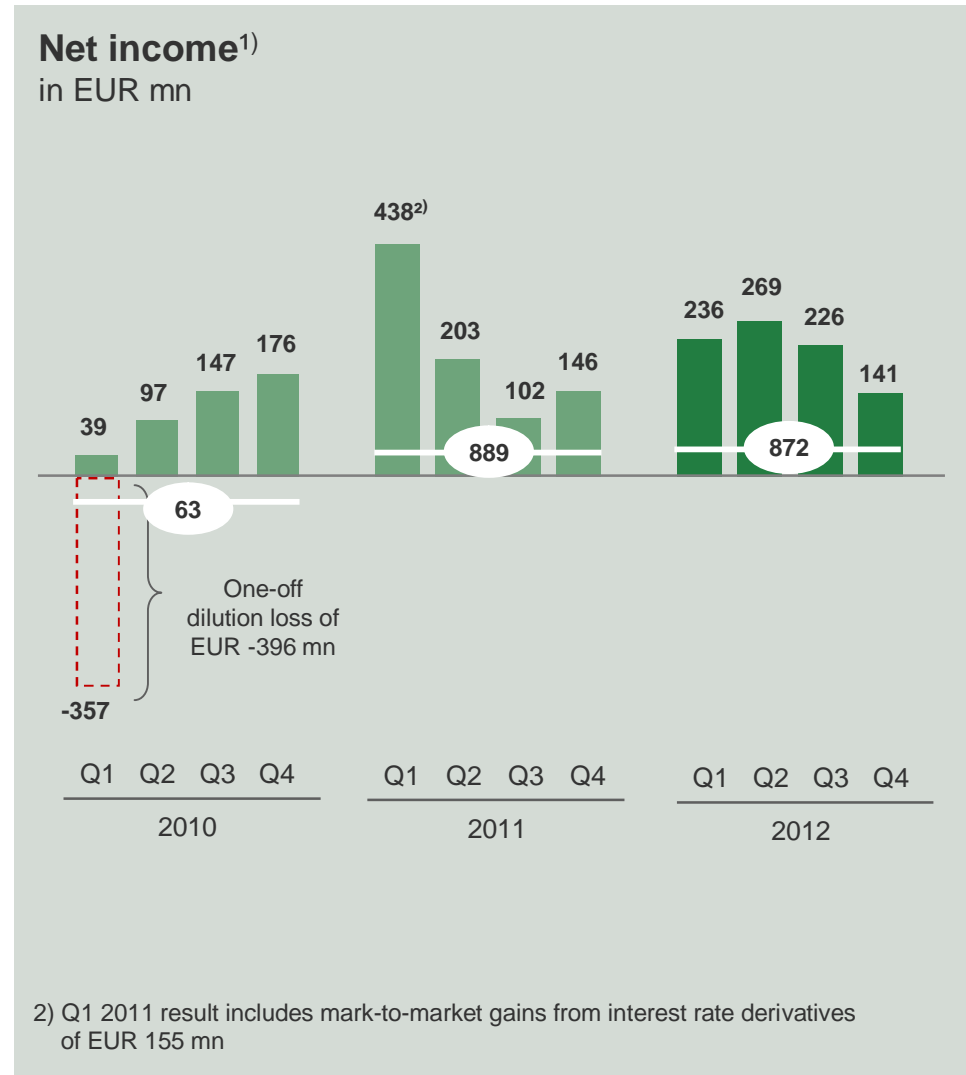
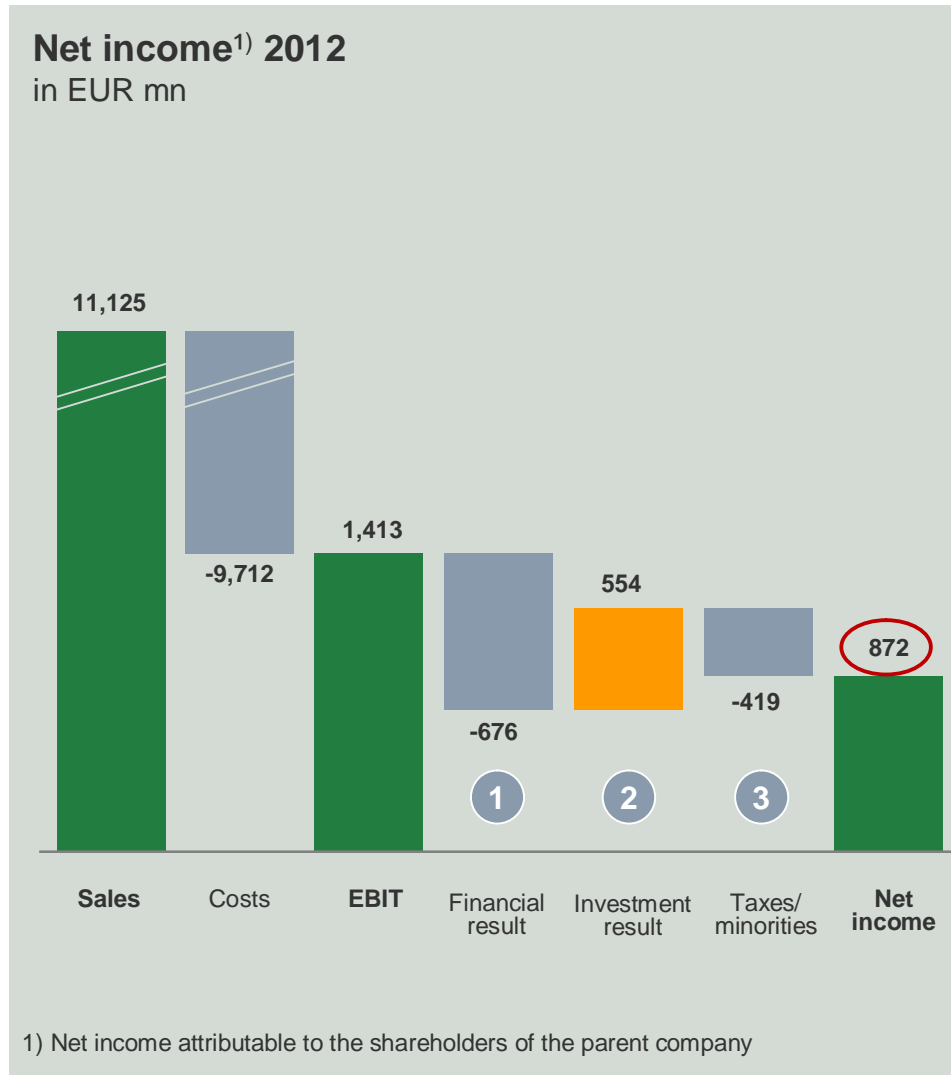
Sales: Automotive up 7.1% – Industrial down 1.8%



EBIT-margin 12.7%

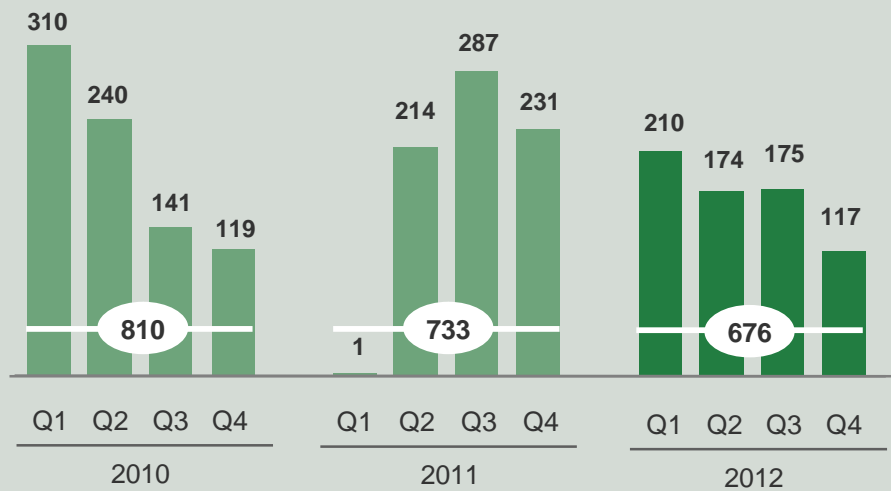


Net income EUR 872 million



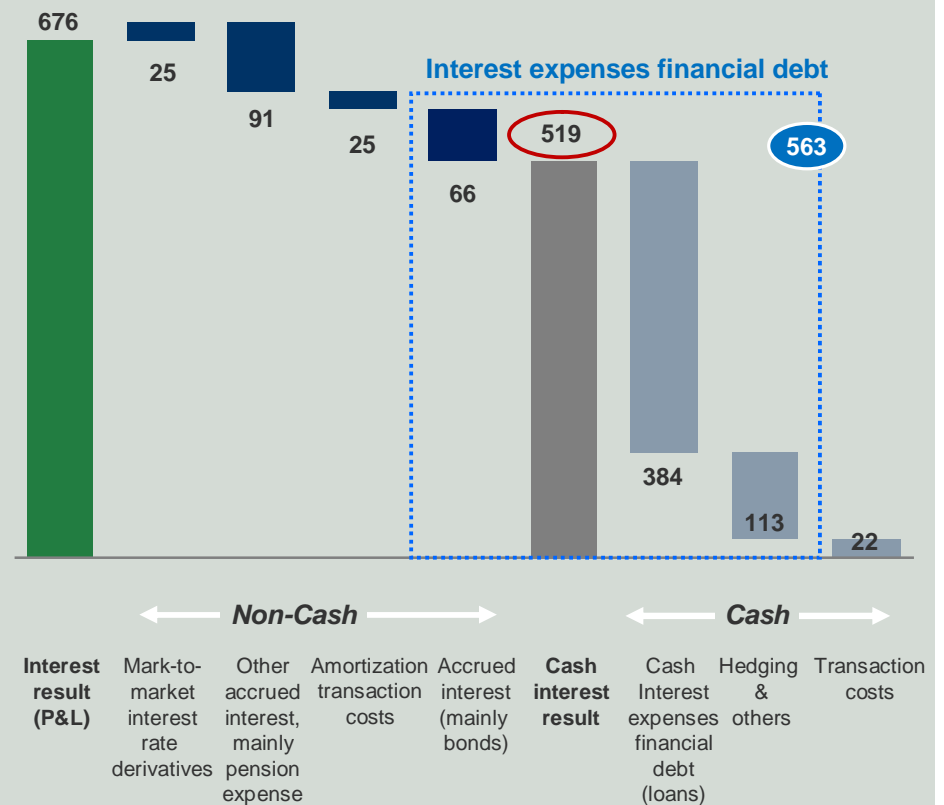
1 Cash interest EUR 519 million

Interest result¹⁾
in EUR mn



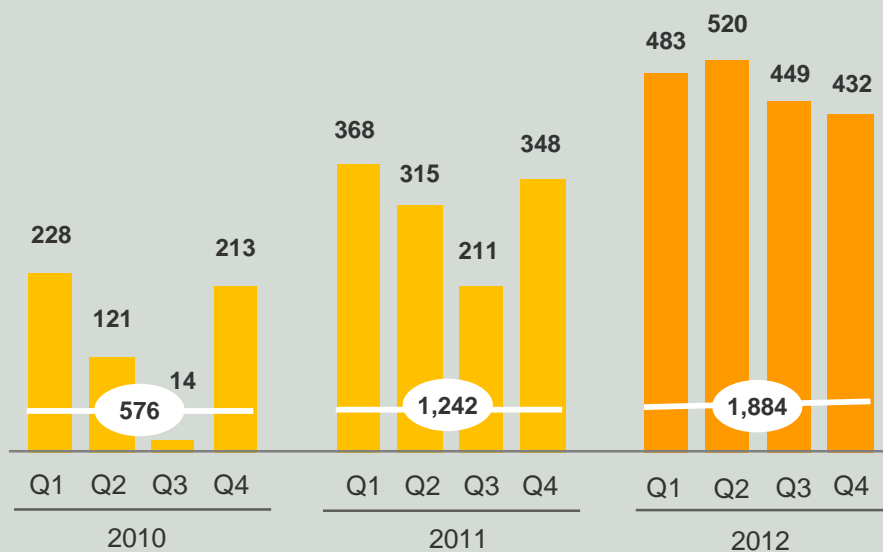
1) For presentation purposes negative results are shown as positive figures

Composition of interest result¹⁾
in EUR mn



2 At equity result EUR 554 million

Net income Continental
in EUR mn



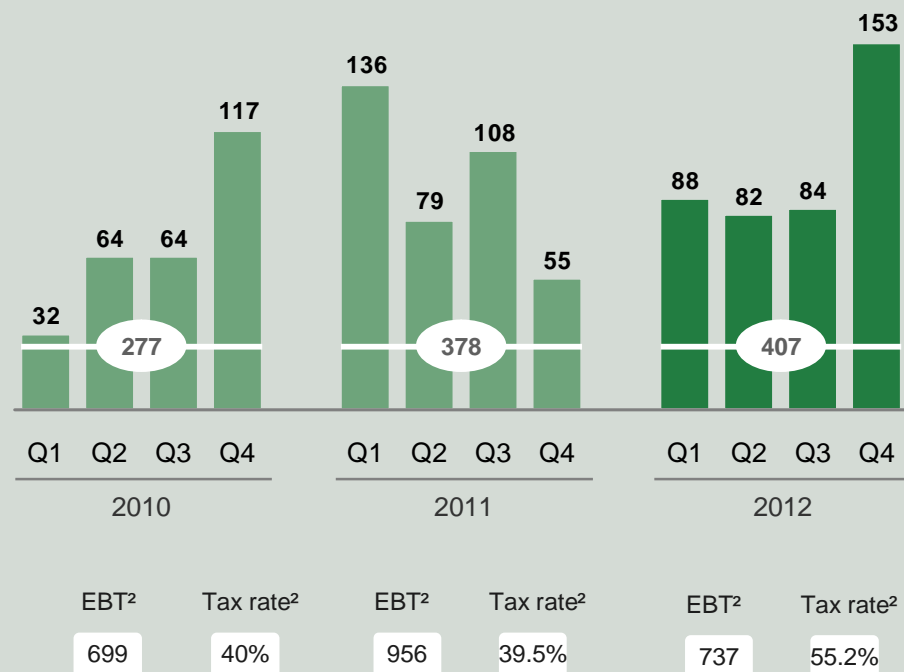
	2010	2011	2012
Sales	5,997	7,346	8,320
EBIT	494	634	766

At equity result from Continental
in EUR mn

	2011					2012				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Net Income Continental	368	315	211	348	1,242	483	520	449	432	1,884
Conti shares (per 31/12/2012: 36,14%)	155	120	76	126	477	174	189	162	156	681
PPA	-49	-44	-42	-31	-166	-38	-40	-38	-39	-155
Dilution Loss/ Other	0	13	0	0	13	0	0	0	27	27
At Equity Result	106	89	34	95	324	136	149	124	144	553

3 Taxes EUR 407 million

Taxes¹⁾
in EUR mn

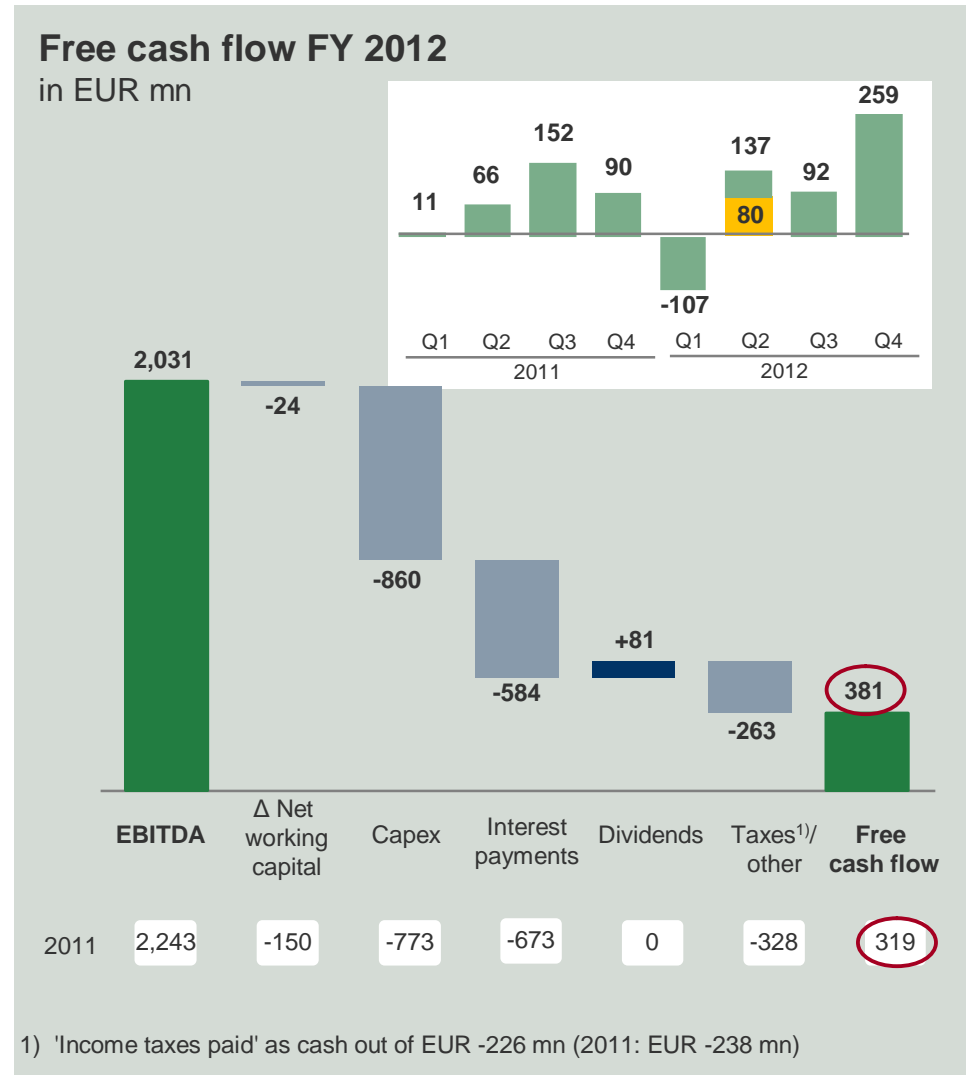
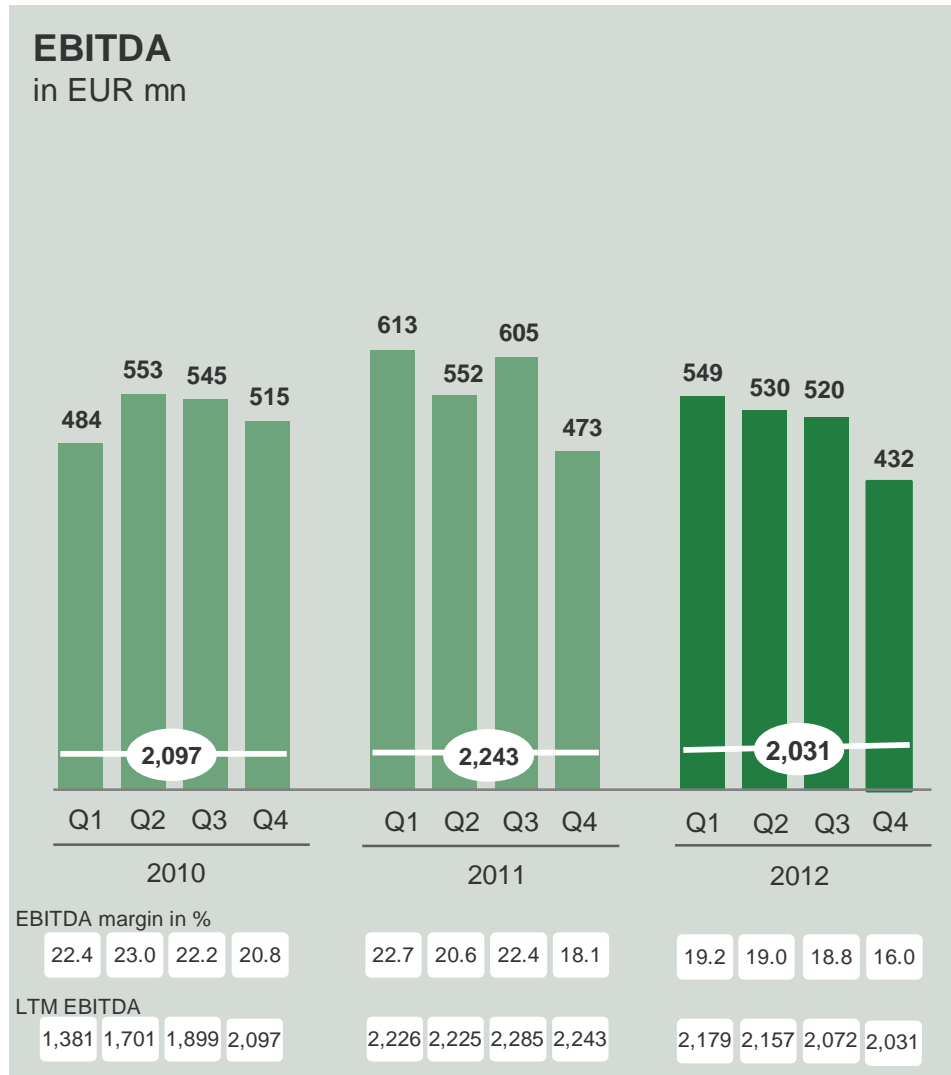


1) For presentation purposes, results are shown as positive figures
 2) Excluding result from associated companies accounted for at equity

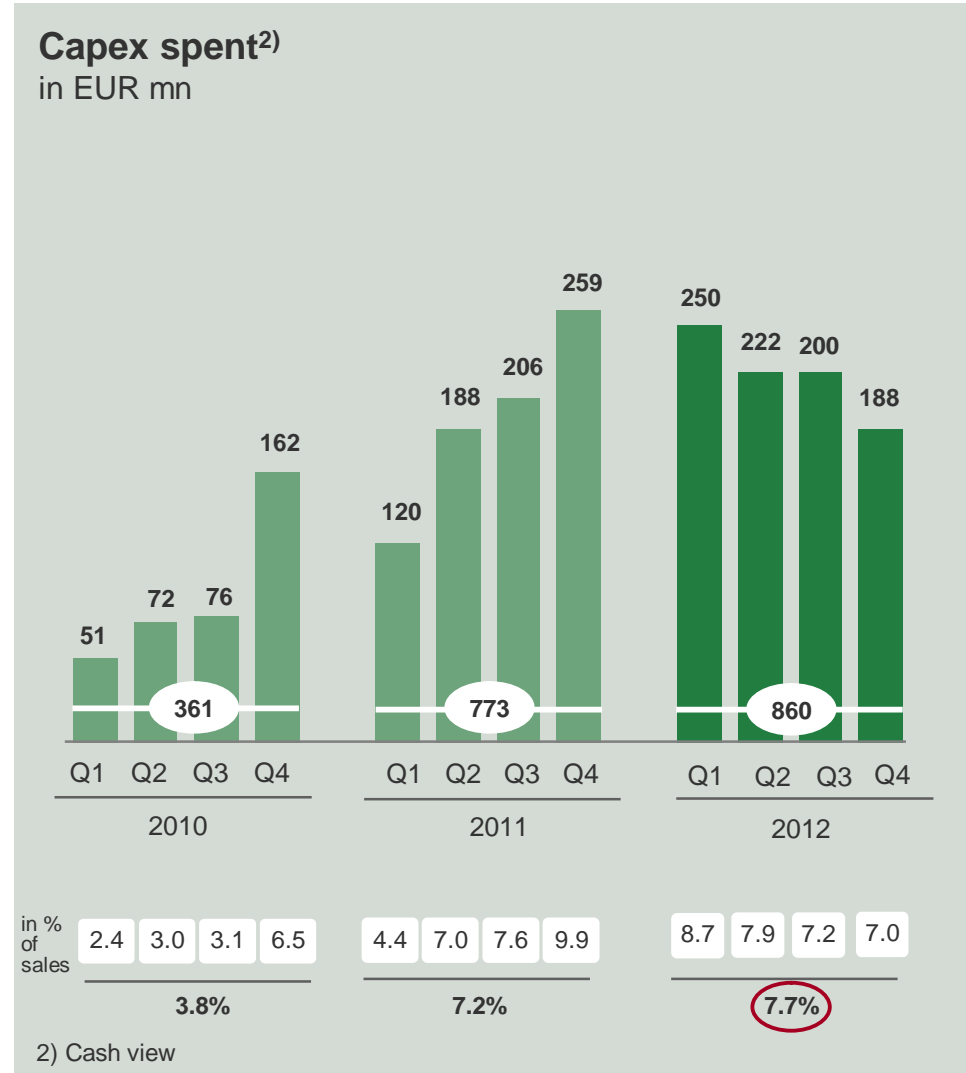
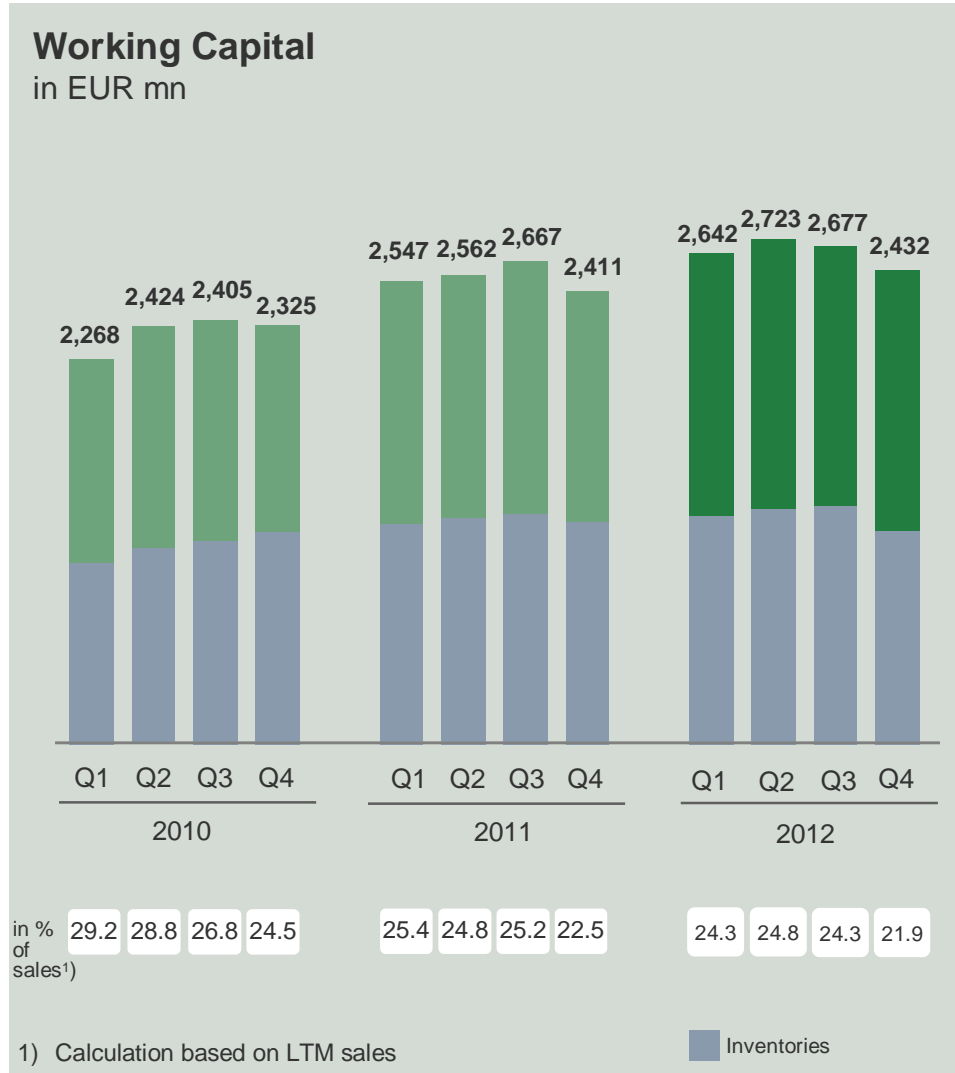
Tax rate reconciliation
in EUR mn

	FY 2012	FY 2011
Net income before tax	1,291	1,280
Expected tax expense	361	358
Addition / reduction due to deviating local tax bases	10	-1
Foreign / domestic tax rate differences	-5	-4
Non-recognition of deferred tax assets	-1	4
Non-deductible expenses	196	122
Result from associated company accounted for at equity	-154	-90
Taxes for previous years	12	2
Other	12	-13
Reported tax expense	407	378

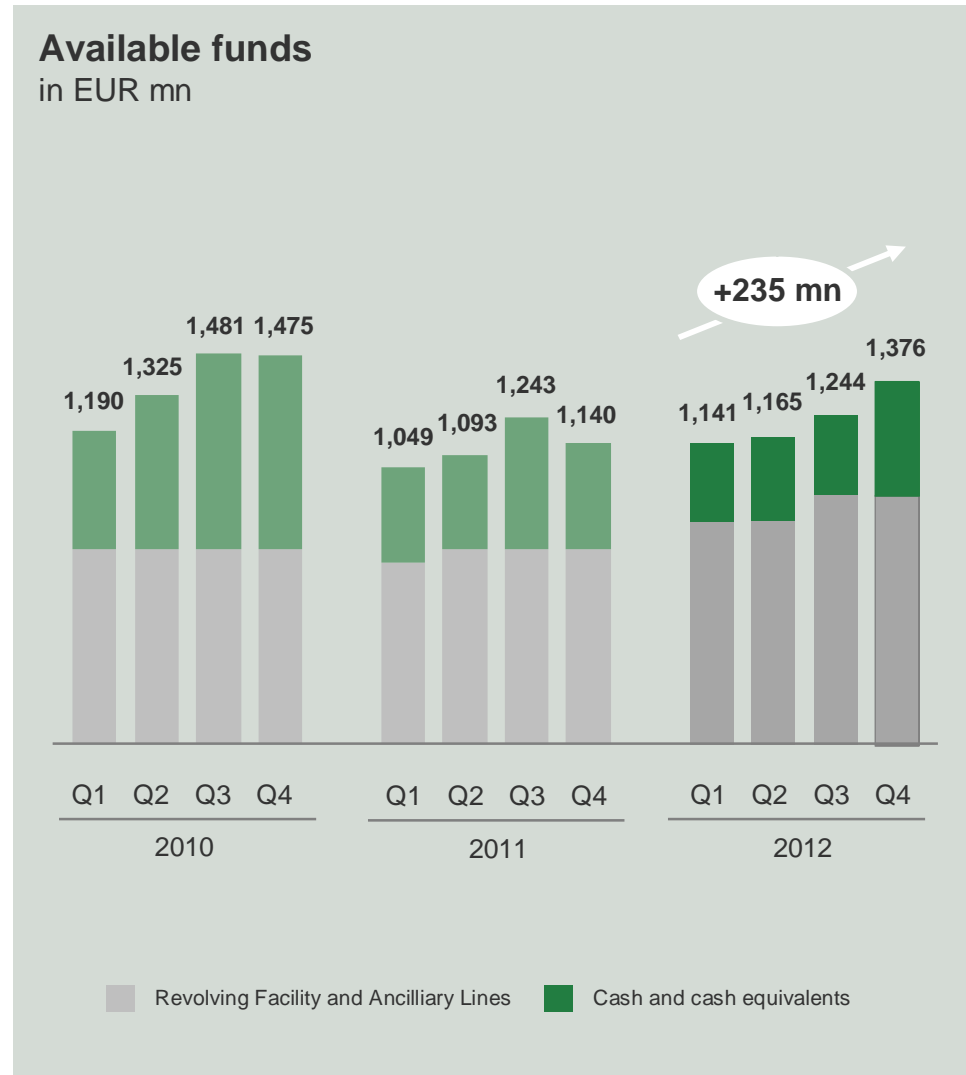
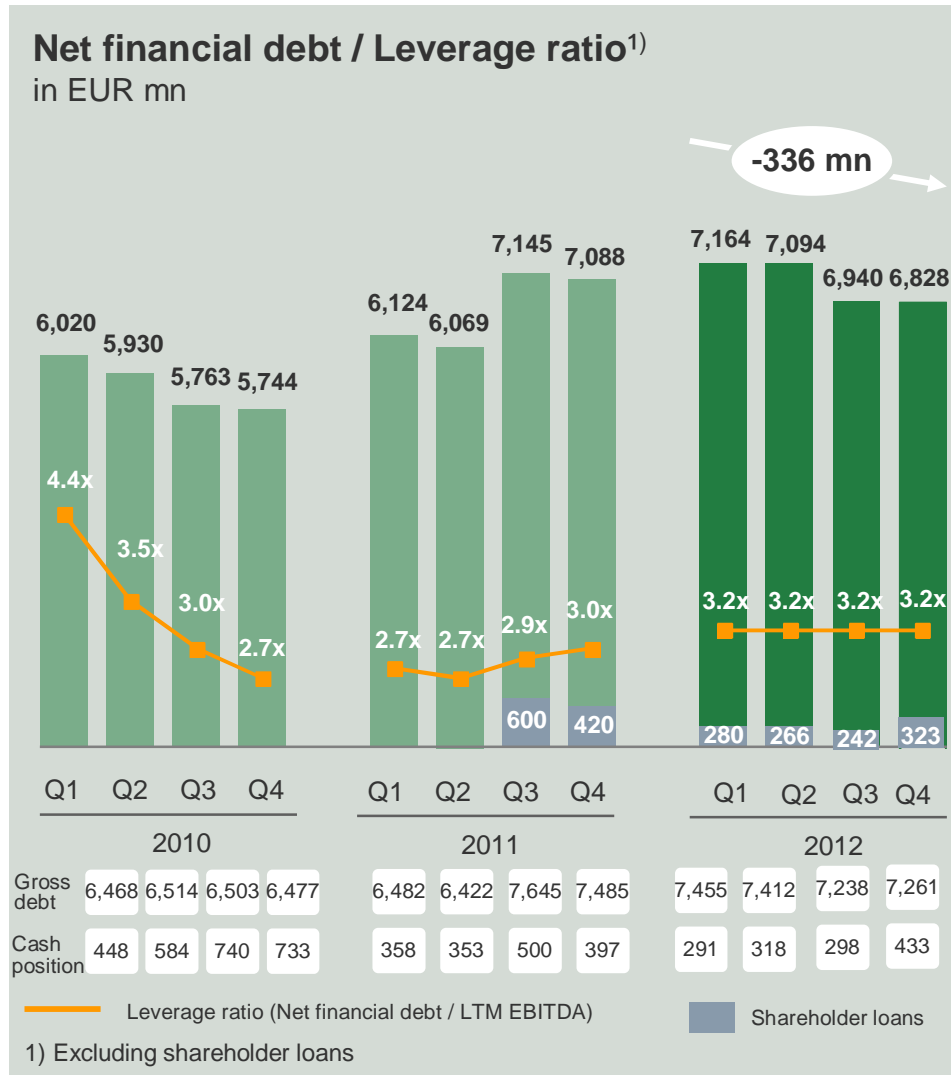
Free cash flow EUR 381 million



Working capital and capex stable



Net debt down – Leverage ratio stable



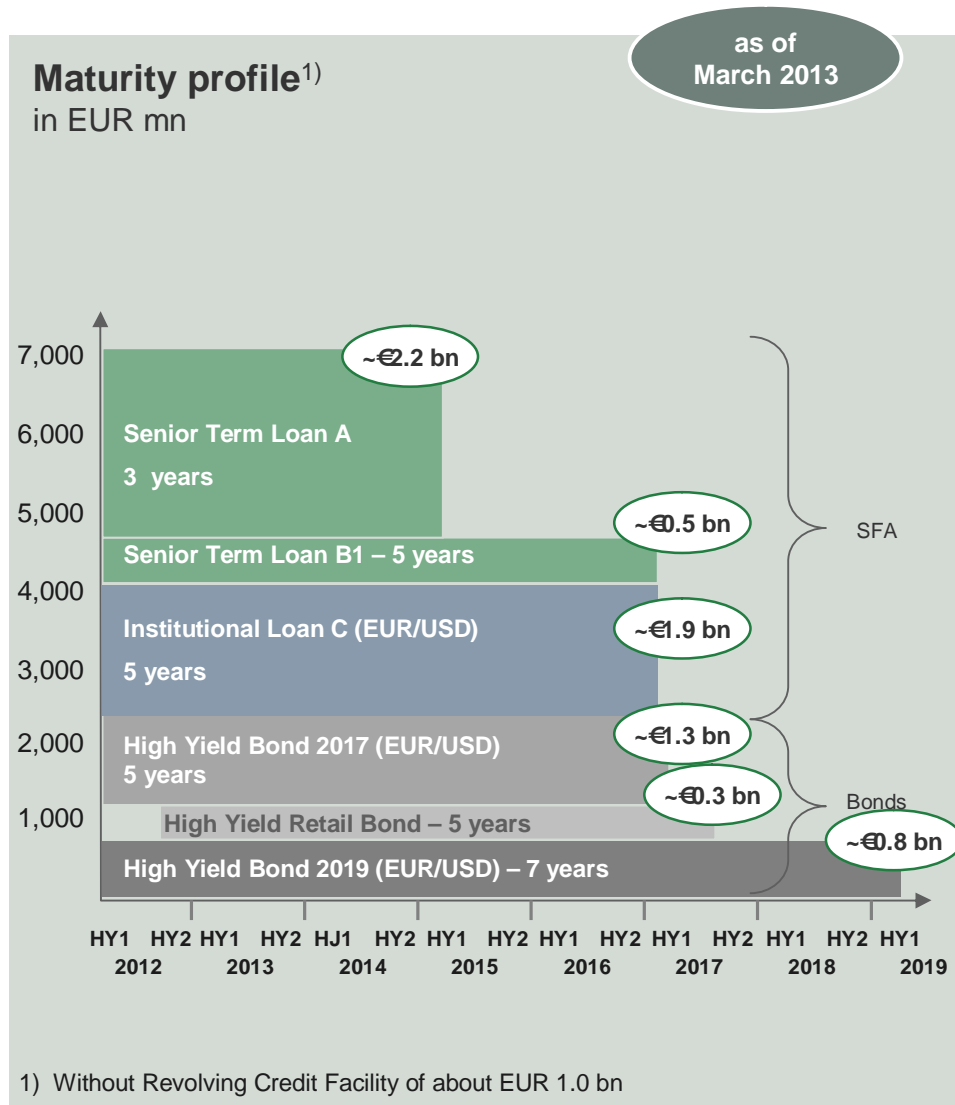
Agenda

- 1** Overview *Dr Geissinger*
- 2** Operational Performance *Dr Geissinger*
- 3** Financial Results 2012 *Rosenfeld*
- 4** **Financing and Capital Structure** *Rosenfeld*
- 5** Outlook 2013 *Dr Geissinger*

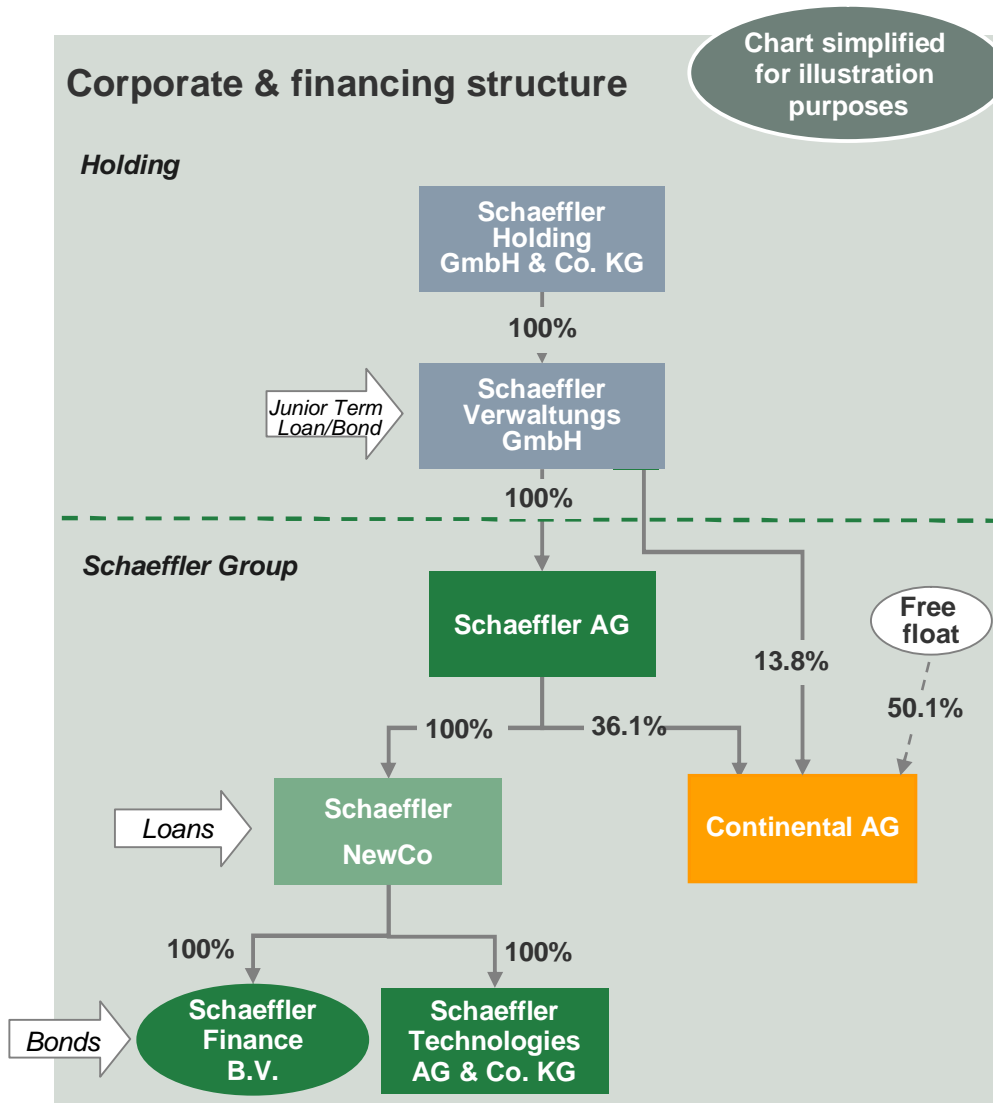
Major refinancing steps in 2012 and 2013

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

Established name with strong track record and performance



Structural flexibility increased



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)

Structural flexibility increased

- ▶ 'Amendment by Refinancing' of Senior Facilities Agreement in Dec 2012, enhancing covenant, repayment and structural flexibility
- ▶ Borrower change became effective on Dec 31, 2012

Financing cost reduced

- ▶ Successful repricing of EUR 1.6 billion term loan in February 2013
- ▶ Margin and floor reduction by a total of 175 bps to E+3.75%, 1.00% floor (from E+5.00%, 1.50%) and L+3.25%, 1.00% (from L+4.75%, 1.25%)

Agenda

- 1** Overview *Dr Geissinger*
- 2** Operational Performance *Dr Geissinger*
- 3** Financial Results 2012 *Rosenfeld*
- 4** Financing and Capital Structure *Rosenfeld*
- 5** Outlook 2013 *Dr Geissinger*

Guidance 2013

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

Thank You

Together We Move The World

