

Press Release

IHO Holding announces EUR 3.1 billion refinancing

- **EUR 2.1 billion bonds issue with maturities of six, eight, and ten years in Euros and US Dollars**
- **Repayment of EUR 2.4 billion existing bonds due in 2021 and 2023**
- **EUR 1.0 billion facilities agreement with existing banks syndicate extended by two years to 2024**
- **Total debt reduction of around EUR 500 million from cash balance – significant extension of maturities**

HERZOGENAURACH, *May 21, 2019*. IHO Verwaltungs GmbH, a subsidiary of IHO Holding, announced today the refinancing of indebtedness in a total principal amount of EUR 3.1 billion. IHO Holding is a strategic management holding company owned by the Schaeffler family. The objective of the refinancing is to extend the debt maturity profile by taking advantage of favorable capital markets conditions. Furthermore, cash on hand will be used to reduce financial indebtedness.

The refinancing takes place at the level of IHO Verwaltungs GmbH, which directly holds 75 percent of Schaeffler AG's shares (with 100% of the voting rights) and 36 percent of Continental AG's shares. The refinancing comprises the issue of senior secured bonds in the amount of EUR 2.1 billion, denominated in both Euro and US Dollar with maturities of six, eight, and ten years. The size of the tranches and the pricing will be determined in the next few days.

The proceeds from the bond issuance will be used to repay IHO Verwaltungs GmbH's existing bonds due in September 2021 and September 2023 with a total equivalent value of EUR 2.4 billion and associated redemption costs. The bonds due in September 2026 will remain outstanding and are not part of the planned transaction.

The existing facilities agreement, with a syndicate of four international banks, in the amount of EUR 1.0 billion, was extended by two years, to 2024. As part of this extension, the term loan is to be reduced from EUR 750 million to EUR 600 million and, at the same time, the revolving line of credit increased from EUR 250 million to EUR 400 million.

Existing cash will be used to reduce IHO Holding's gross financial liabilities by around EUR 500 million in total.

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The manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels).

No PRIIPs key information document (KID) has been prepared as the offering is not available to retail investors in the EEA.

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