

Press release

1st quarter 2016

Schaeffler off to a good start into 2016

- **Revenue of EUR 3.3 billion slightly above prior year – increase of 2.4 % at constant currency**
- **Automotive division again growing faster than market – demanding market environment for Industrial division**
- **Earnings quality remains high – EBIT margin before special items at 12.6 %**
- **Net income increases by 52 % to EUR 253 million**
- **Outlook for 2016 confirmed**

HERZOGENAURACH, *May 12, 2016*. Automotive and industrial supplier Schaeffler has had a good start in 2016. At EUR 3.3 billion, **revenue** for the first quarter of 2016 was slightly above the prior year level. At constant currency, the growth rate was 2.4 percent.

The Automotive business reported a growth rate of 2.4 percent compared to the prior year (+5.0 percent at constant currency), once more outpacing the increase in production volumes of passenger cars and light commercial vehicles (+0.9 percent). From a regional perspective, it was primarily strong demand in China and Asia/Pacific that contributed to the additional revenue. The Aftermarket business was also very successful. Schaeffler AG CEO Klaus Rosenfeld said: “Despite the challenging environment, 2016 has started off well for us. At constant currency, our Automotive business continues to grow significantly more rapidly than the market”.

Revenue in the Industrial business decreased by 6.9 percent (-5.5 percent at constant currency). While certain sectors, such as wind energy and two wheelers, reported considerable growth rates, the low commodities and oil prices and the resulting economic uncertainties have adversely affected revenue, especially in the raw materials sector and the distribution business. Klaus Rosenfeld commented: “The environment in the industrial business remains demanding. We are continuing to work diligently on improving the efficiency and competitiveness of our Industrial business under our ‘CORE’ program”.

Trends in the four Schaeffler Group regions' revenue differed. Revenue in Schaeffler's Europe region was down slightly by 0.5 percent (+0.2 percent at constant currency). The Americas region reported a drop in revenue of 5.6 percent (-0.1 percent at constant currency), a reflection not only of the weak industrial business but also of the uncertain economic situation in Brazil. Driven by the buoyant Automotive business, revenue in the Greater China and Asia/Pacific regions increased significantly by 5.5 percent (+8.0 percent at constant currency) and 9.9 percent (+13.4 percent at constant currency) despite the adverse impact of currency translation.

EBIT (earnings before interest and taxes) declined by 3.0 percent to EUR 421 million compared to the prior year. At 12.6 percent, the EBIT margin level remained high. The company increased its **net income** by approximately 52 percent to EUR 253 million (prior year: EUR 167 million). CFO Dr. Ulrich Hauck stated: "The improvement in net income is mainly the result of our significantly improved financial result". The financial result for the first quarter of 2016 amounted to minus EUR 65 million (prior year: minus EUR 176 million). The prior year financial result had reflected one-time charges related to the early redemption of bonds.

The Schaeffler Group generated cash flows from operating activities of EUR 206 million (prior year: EUR 184 m) in the first quarter of 2016, representing an improvement of 12 percent over the prior year quarter. Capital expenditures amounted to EUR 318 million (prior year: EUR 244 million), bringing the capex ratio (capital expenditures in relation to consolidated revenue) to 9.5 percent (prior year: 7.3 percent). The resulting **free cash flow** was minus EUR 112 million (prior year: minus EUR 60 million).

Net financial debt amounted to EUR 4.9 billion as at March 31, 2016 (December 31, 2015: EUR 4.9 billion). On this basis, the ratio of net debt to EBITDA before special items was 2.1 at the end of the quarter (December 31, 2015: 2.1). On April 28, 2016, rating agency Standard & Poor's upgraded Schaeffler AG's company rating to BB from BB-. The rating improved as a result of the reduction in Schaeffler AG's debt using the proceeds of the listing in October 2015 as well as the successful placement of additional common non-voting shares in April 2016.

The company confirmed its **guidance** for **2016** as a whole. The Schaeffler Group continues to anticipate revenue growth of 3 to 5 percent at constant currency, an EBIT margin of 12 to 13 percent before special items, and a free cash flow of approximately EUR 600 million for the year as a whole.

Key figures

in € millions	1 st three months		Change	
	2016	2015		
Income statement				
Revenue	3.343	3.339	0.1	%
- at constant currency			2.4	%
EBIT	421	434	-3.0	%
- in % of revenue	12.6	13.0	-0.4	%-pts.
EBIT before special items ¹⁾	421	441	-4.5	%
- in % of revenue	12.6	13.2	-0.6	%-pts.
Net income ²⁾	253	167	51.5	%
Earnings per common non-voting share (basic/diluted, in €) ³⁾	0.38	0.42	-9.5	%
Statement of financial position				
Total assets	12,607	12,480	1.0	%
Shareholders' equity ⁴⁾	1,609	1,568	41	€ millions
- in % of total assets	12.8	12.6	0.2	%-pts.
Net financial debt	4,909	4,889	0.4	%
- Net financial debt to EBITDA ratio before special items ^{1) 5)}	2.1	2.1		
Statement of cash flows				
EBITDA	598	604	-1.0	%
- in % of revenue	17.9	18.1	-0.2	%-pts.
EBITDA before special items ¹⁾	598	611	-2.1	%
- in % of revenue	17.9	18.3	-0.4	%-pts.
Cash flows from operating activities	206	184	22	€ millions
Capital expenditures (capex) ⁶⁾	318	244	74	€ millions
- in % of revenue (capex ratio)	9.5	7.3	2.2	%-pts.
Free cash flow	-112	-60	-52	€ millions
Value added				
ROCE (return on capital employed, in %)	18.5	22.0	-3.5	%-pts.
ROCE before special items ¹⁾	22.1	22.8	-0.7	%-pts.
Schaeffler Value Added	228	246	-7.3	%
Schaeffler Value Added before special items ¹⁾	228	253	-9.9	%
Employees				
Headcount	85,016	83,331	2.0	%

¹⁾ EBIT, debt to EBITDA ratio, EBITDA, ROCE, and Schaeffler Value Added before special items for legal cases and restructuring.

²⁾ Attributable to shareholders of the parent company.

³⁾ Earnings per share were calculated in accordance with IAS 33.

⁴⁾ Including non-controlling interests.

⁵⁾ EBITDA based on last twelve months.

⁶⁾ Capital expenditures on intangible assets and property, plant and equipment.

Automotive

1 st three months				
in € millions	2016	2015	Change	
Revenue	2,576	2,515	2.4	%
- at constant currency			5.0	%
EBIT	372	343	8.5	%
- in % of revenue	14.4	13.6	0.8	%-pts.
EBIT before special items ¹⁾	372	350	6.3	%
- in % of revenue	14.4	13.9	0.5	%-pts.

Industrial

1 st three months				
in € millions	2016	2015	Change	
Revenue	767	824	-6.9	%
- at constant currency			-5.5	%
EBIT	49	91	-46.2	%
- in % of revenue	6.4	11.0	-4.6	%-pts.
EBIT before special items ¹⁾	49	91	-46.2	%
- in % of revenue	6.4	11.0	-4.6	%-pts.

Prior year information presented based on 2015 segment structure.

¹⁾ EBIT before special items for legal cases and restructuring.

Forward-looking statements and projections

Certain statements in this press release are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events described herein. No one undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You should not place any undue reliance on forward-looking statements which speak only as of the date of this press release. Statements contained in this press release regarding past trends or events should not be taken as representation that such trends or events will continue in the future. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that Schaeffler, or persons acting on its behalf, may issue.

You can download the interim report as at March 31, 2016 from www.schaeffler.com/ir.

About Schaeffler

The Schaeffler Group is a leading global integrated automotive and industrial supplier. The company stands for the highest quality, outstanding technology, and strong innovative ability. The Schaeffler Group makes a key contribution to "mobility for tomorrow" with high-precision components and systems in engine, transmission, and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The technology company generated sales of approximately EUR 13.2 billion in 2015. With around 84,000 employees, Schaeffler is one of the world's largest family companies and, with approximately 170 locations in more than 50 countries, has a worldwide network of manufacturing locations, research and development facilities, and sales companies.

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