SCHAEFFLER

IR Release

Schaeffler accelerates transformation

- **Key results for 2017 announced**
- **2017 revenue increases by 5.9 percent at constant currency, 2017 EBIT margin before special items at 11.3 percent**
- **2017 Automotive OEM order intake at 11.5 billion Euro (book-to-bill 1.3x), growing order book for Industrial division**
- **Accelerated implementation of Excellence program Agenda 4 plus One in 2018**
- **Guidance 2018: revenue growth 5 – 6 percent at constant currency, EBIT margin before special items 10.5 – 11.5 percent**

HERZOGENAURACH, *February 1, 2018*. Global automotive and industrial supplier Schaeffler announced preliminary key figures for 2017 today. The company confirmed the 5.9 percent increase in revenue at constant currency previously announced on January 15, 2018, which exceeded the company's guidance for 2017 of 4 – 5 percent. Total revenue rose to 14.0 billion euros in 2017 (prior year: 13.3 billion euros). Fourth quarter revenue increased to approximately 3.5 billion euros. This represents constant currency revenue growth of 8.5 percent for the fourth quarter of 2017.

Both of the company's divisions contributed to this positive revenue development in 2017. While the Automotive division reported revenue growth of 5.9 percent at constant currency, the Industrial division's constant currency growth rate amounted to 5.7 percent. In the fourth quarter, the Industrial division grew by 9.1 percent at constant currency, exceeding the Automotive division's growth.

Automotive OEM business order intake showed a promising trend: It reached 11.5 billion euros for the full year, representing a "book-to-bill ratio", the ratio of order intake to revenue, of 1.3x. The Industrial division continued to show growing order book as well.

On this basis, the Schaeffler Group generated EBIT before special items of 1,584 million euros in 2017 (prior year: 1,700 million euros). The resulting EBIT margin before special items of 11.3 percent (prior year: 12.7 percent) was in line with the company's guidance of 11 – 12 percent for the full year 2017.

The Automotive division reported an EBIT margin before special items of 12.2 percent in 2017 (prior year: 14.3 percent). The decrease in EBIT margin was primarily due to the temporarily weak performance in the second quarter of 2017. The Industrial division saw its EBIT margin before special items rise to 8.1 percent (prior year: 7.3 percent).

Free cash flow for 2017 came in at 488 million euros (prior year: 735 million euros). This figure includes approximately 27 million euros in net cash outflows from M&A activities. Excluding these outflows, free cash flow was slightly higher than the guidance for the full year 2017 of 500 million euros. The decline in free cash flow is primarily due to an increase in capital expenditures to 1,273 million euros (prior year: 1,146 million euros). The capex ratio, i.e. capital expenditures as a percentage of consolidated revenue, amounted to 9.1 percent (prior year: 8.6 percent).

“With our excellence program Agenda 4 plus One and its 20 initiatives, we have laid the foundation to make the Schaeffler Group even more future-proof. Like any transformation program, the Agenda 4 plus One will initially result in one-time charges and investments that will impact our earnings also in 2018. We have decided to accelerate the implementation of the program in 2018. We adhere to our Financial Ambitions 2020,” said Klaus Rosenfeld, CEO of Schaeffler AG.

For 2018, the Schaeffler Group anticipates revenue growth of 5 – 6 percent at constant currency and expects to generate an EBIT margin of between 10.5 and 11.5 percent before special items. In addition, the company expects approximately 450 million euros in free cash flow before M&A activities in 2018.

Schaeffler AG will present its results for 2017 and announce further details of its outlook 2018 at its annual financial press conference in Munich on March 07, 2018.

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.

About Schaeffler

The Schaeffler Group is a global automotive and industrial supplier. Top quality, outstanding technology, and exceptionally innovative spirit form the basis for the continued success of the company. By delivering 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 Schaeffler Group is already shaping “Mobility for tomorrow” to a significant degree. The technology company generated sales of approximately EUR 13.3 billion in 2016. With around 89,400 employees, Schaeffler is one of the world’s largest family companies and, with approximately 170 locations in over 50 countries, has a worldwide network of manufacturing locations, research and development facilities, and sales companies.

Contact:
Renata Casaro, Head of Investor Relations
Schaeffler AG, Herzogenaurach, phone: +49 (0)9132 82-0, email:ir@schaeffler.com