

IR Release

Schaeffler to strengthen its plants and streamline its structures

- **Increased focus on customers and business, strengthening entrepreneurial responsibility of plants**
- **Bearing Components & Technologies (BCT) to be integrated into divisions**
- **Efficiency gains from elimination of duplicate structures, reduction of complexity and optimization of interfaces**
- **Technology umbrella to be extended, “One Schaeffler” approach strengthened**

HERZOGENAURACH/SCHWEINFURT, 7. May 2018. In a decision approved by the Presiding Committee of the Supervisory Board, the Board of Managing Directors of Schaeffler AG has decided to take further steps to optimize and adapt the Schaeffler Group’s organizational and leadership structure. Previous measures involved the realignment of the Industrial division effective January 1, 2017 (Step 1) and the addition of a third corporate division, Automotive Aftermarket, effective January 1, 2018 (Step 2). Building on these measures, the Executive Board has now decided (Step 3) that the Bearing Components & Technologies unit (BCT), which currently functions as an internal supplier, will be dissolved and that all Schaeffler plants without a divisional allocation will become part of either the Automotive OEM or Industrial division. The Automotive Aftermarket division will continue to be supplied by the Automotive OEM plants.

The purpose of this realignment is to integrate the plants more closely into Schaeffler’s business processes and to give the Group’s divisions end-to-end responsibility for the performance and profitability of their business areas worldwide, enabling the company to meet the needs of its customers in an even better way. This step is also aimed at streamlining workflows and processes, eliminating duplicate structures and delivering further efficiencies.

The BCT unit’s technology umbrella for the development, design and manufacture of rolling bearings is a core element of the “One Schaeffler” approach and will therefore be enhanced and transferred to the “Operations” and “Technology” functions at Board level, where it will benefit from the existing know-how within those structures.

“With this step we are integrating our plants more closely into the Group’s business. This will help us to become more efficient and even better able in meeting the needs of our customers. Our technology umbrella enables us to harmonize the development of our production and manufacturing technologies and to realize synergies and

standardization benefits across our divisions,” commented Andreas Schick, Schaeffler’s Chief Operating Officer as of April 1.

The dissolution of BCT means all plants will be directly allocated to the Automotive OEM or Industrial divisions, thereby integrating them more rigorously into business processes. This step will create more efficient end-to-end workflows and structures while making results more transparent internally and increasing plant responsibility. At the present time it is anticipated that these changes will reduce headcount by 950 positions worldwide, including about 450 positions in Germany. The company will use socially responsible methods to achieve these workforce reductions. No forced redundancies or site closures are planned. These plans have already been discussed at a meeting of the newly created Joint Steering Committee – as anticipated by the Future Accord signed with the IG Metall trade union earlier in the year. When it is time to start implementing the plans, the company will initiate consultations with the relevant employee representative and works council committees in a timely manner.

Once fully implemented, the planned measures will boost the Schaeffler Group’s earnings potential by approximately EUR 60 million – a potential which, the company anticipates, will be fully realized by 2021. It is further anticipated that implementing the measures will necessitate the formation of one-off restructuring charges of about EUR 50 million.

Action on implementing the realignment plans will commence immediately. Schaeffler aims to announce the new organizational and leadership structure on July 1 and complete the entire realignment by the end of 2018.

Klaus Rosenfeld, CEO of Schaeffler AG: “The realignment announced today is the next important step in putting the Schaeffler Group and its business in an even stronger position for the future and in creating an organizational setup that better meets the rapidly evolving requirements of today’s market and competitive landscape. These measures will bring us closer to our customers, give our managers more entrepreneurial responsibility and boost efficiency. And amid it all, we will remain one Schaeffler Group.”

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 14 billion in 2017. With over 90,000 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.



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