Schaeffler AG
16th German Corporate Conference
Kepler Cheuvreux

January 17, 2017
Frankfurt
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1 Schaeffler at a glance
2 Strategy "Mobility for tomorrow"
3 Investment Highlights
4 Summary
Schaeffler at a glance

- Leading automotive and industrial supplier of high-precision components and systems
- Global footprint with around 85,000 employees at about 170 locations in more than 50 countries
- Balanced business portfolio across sectors, geographies and diversified customer base with leading market positions
- Sizeable aftermarket exposure contributes to stable financial performance
- Highly attractive profitability and cash returns

Sales growth 2012 – LTM 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>+5.2%</td>
</tr>
<tr>
<td>2013</td>
<td>+2.9%</td>
</tr>
<tr>
<td>2014</td>
<td>+0.8%</td>
</tr>
<tr>
<td>2015</td>
<td>+3.5%</td>
</tr>
<tr>
<td>LTM 2016</td>
<td></td>
</tr>
</tbody>
</table>

We expect to comfortably reach our guidance for 2016

Sales by division and region (9M 2016)

Global footprint

<table>
<thead>
<tr>
<th>Region</th>
<th>#Plants</th>
<th>#R&amp;D Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>48</td>
<td>9</td>
</tr>
<tr>
<td>Americas</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Greater China</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Asia / Pacific</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>17</td>
</tr>
</tbody>
</table>
2 Strategy "Mobility for tomorrow"

Strategy "Mobility for tomorrow" – 4 key elements

Vision / Mission

Mission
“Guided by the values of a global family business, we work closely together with our customers as true partners to deliver a compelling value proposition through our best-in-class expertise in manufacturing technology and systems know-how. In doing so, we contribute to the success of our customers, the advancement of our employees, and the prosperity of our society.”

Vision
“As a leader in technology, we combine a passion for innovation with the highest standards of quality to shape the future of mobility – for a world that will be cleaner, safer, and smarter.”

4 Focus areas

- Eco-friendly drives
  - Optimised combustion engine
  - Electric vehicles
  - Industrial drives

- Urban mobility
  - Two-wheelers
  - Inner-city railways
  - Micromobility

- Interurban mobility
  - Rail vehicles
  - Aircraft
  - Off-highway

- Energy chain
  - Wind power
  - Solar power
  - Conventional power generation

8 Strategic pillars

1. We want to be the preferred technology partner for our customers.
2. We are an Automotive and industrial supplier.
3. We are a global company with a local presence throughout the world.
4. We produce components and systems.
5. We view “Mobility, Industry 4.0, and Digitalisation as key opportunities for the future.”
6. We strive for the highest possible quality, efficiency, and delivery performance.
7. We want to be an attractive employer.
8. We live by the values of a global family business.

16 Strategic initiatives

Agenda 4 plus One

1. Customer focus
2. Operational excellence
3. Financial flexibility
4. Leadership & talent management

Initiatives
- Customer excellence
- Endurance
- Industry 4.0
- Quality for Tomorrow
- Productivity
- Services for Tomorrow
- Shared Services
- Process Excellence
- Meeting Capital
- Leadership & Corporate Values
- Qualification for Tomorrow
- New Work
- Information & Communication

Sponsors
- Prof. Gassner
- Prof. Gassner
- Dr. Sprunder
- Rosenbauer
- Rosenbauer
- Rosenbauer
- Rosenbauer
- Prof. Gassner
- Schäffler
- Schäffler
- Schäffler
- Dr. Sprunder
- Rosenbauer
### Financial Ambitions 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>Ø 4-6% p.a.</td>
</tr>
<tr>
<td></td>
<td>w/o external growth, FX-adjusted</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>12-13% p.a.</td>
</tr>
<tr>
<td></td>
<td>Before one-off effects, w/o external growth</td>
</tr>
<tr>
<td>Free Cash flow</td>
<td>~€ 900M in 2020</td>
</tr>
<tr>
<td></td>
<td>w/o external growth</td>
</tr>
<tr>
<td>Earnings per Share</td>
<td>~€ 2.00 per share in 2020</td>
</tr>
<tr>
<td></td>
<td>w/o external growth</td>
</tr>
<tr>
<td>Gearing ratio 1)</td>
<td>&lt;75% in 2020</td>
</tr>
<tr>
<td>Dividend 2)</td>
<td>30-40% of Net income</td>
</tr>
</tbody>
</table>

### Market assumptions

- Automotive: Growth of global passenger car production around 2%
- Industrial: Low single-digit growth of industrial production

1) Net-debt to equity ratio (excluding pensions)  
2) Payout ratio based on Net income
Equity Story – 3 key elements

- Automotive growth above market
- Margin upside in Industrial
- Strong Free cash flow generation

4 key questions

1. What is your expectation regarding outperformance in Automotive for 2017?
2. What does e-mobility mean for Schaeffler?
3. When do you think the Industrial margin will pick up again?
4. What are your priorities with regard to "use of cash"?
Sales and EBIT margin 2012 – LTM 2016 in EUR mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (EUR mn)</th>
<th>Growth Rate (y-o-y)(^1)</th>
<th>EBIT Margin(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>7,658</td>
<td>+5.1%</td>
<td>13.5%</td>
</tr>
<tr>
<td>2013</td>
<td>8,164</td>
<td>+8.6%</td>
<td>13.0%</td>
</tr>
<tr>
<td>2014</td>
<td>8,986</td>
<td>+10.7%</td>
<td>14.0%</td>
</tr>
<tr>
<td>2015</td>
<td>9,993</td>
<td>+5.8%</td>
<td>13.6%</td>
</tr>
<tr>
<td>LTM 2016</td>
<td>10,169</td>
<td>+5.3%</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

Investment highlights

Sales by region 2015

- Europe: 53%
- Asia/Pacific: 10%
- Greater China: 22%
- Americas: 15%

Bernd Reifenhäuser, CEO (зорокомментарий)

Broad customer mix

- Top 10 automotive customers: 60%
- Other customers: 40%
- Top 10 customers: 40%
- Other customers: 60%

Sales by business 2015

- Engine Systems: 26%
- Transmission Systems: 17%
- Chassis Systems: 15%
- Aftermarket: 42%
3 Investment highlights

### Outperformance Automotive 2016 – Below average

#### Growth rate Automotive

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>9M 2016</th>
<th>Q4 2016</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5.0%</td>
<td>5.8%</td>
<td>5.1%</td>
<td>5.3%</td>
<td>to come</td>
<td>to come</td>
</tr>
<tr>
<td>2011</td>
<td>4.1%</td>
<td>3.0%</td>
<td>0.0%</td>
<td>1.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Light Vehicle Production

- Q1 2016: 0.9%
- Q2 2016: 2.8%
- Q3 2016: 5.1%
- 9M 2016: 3.4%
- Q4 2016: 5.8%
- FY 2016: 4.4%

#### Outperformance

- Q1 2016: 3.8%
- Q2 2016: 10.8%
- Q3 2016: 4.6%
- 9M 2016: 7.6%
- Q4 2016: 4.2%
- FY 2016: 1.9%

### Key aspects

- **Historical outperformance 2010 – 9M 2016 above internal benchmark of plus 4%-pts**
- **Above vehicle production in 2016 with strong 4th quarter**
- **Schaeffler outperformance 9M 2016 1.9% due to:**
  - Trucks effect: Truck sales is part of our total Automotive sales, weak markets dampening growth
  - Phase out effect: Phase-out of two projects affecting growth rate negatively in 2016
  - Americas mix effect: OEM stopped production of two small sedans as market was shifting to SUVs and light trucks
3 Investment highlights

1 Outperformance Automotive 2017 – Back to plus 4%-pts above-market

Sales development

- Nearly 100% booked business

Key aspects

- Expected global light vehicle production growth of around 1.5% for 2017
- Sales growth Schaeffler 2017 supported by strong orderbook (nearly 100% booked business)
- Several high-volume launches and above-average content per vehicle
  - UniAir system (Europe)
  - Electromechanical camphaser
  - Torque converter (US)
  - Dual-clutch transmission (China)

Sales development:

- 2016
- 2017
- 2018
- 2019
- 2020

- Booked
- Customer projects initiated
- New business

1) At constant currency

4%-pts outperformance in 2017
Global production volume ¹)
in millions of units

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic scenario ²)</th>
<th>Accelerated scenario ²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td>2015</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>2020e</td>
<td>102</td>
<td>111</td>
</tr>
<tr>
<td>2025e</td>
<td>111</td>
<td>120</td>
</tr>
<tr>
<td>2030e</td>
<td>120</td>
<td>120</td>
</tr>
</tbody>
</table>

CAGR 2010/2030 +2.4% p.a.

- Battery electric vehicles
- Hybrid vehicles
- Internal combustion engines

Source: IHS, LMC Automotive, Schaeffler Group projections
¹) Annually expected global production volume, automobiles/small utility vehicles in millions of units
²) Schaeffler estimates

3 Investment highlights

E-Mobility – Accelerated scenario becomes more realistic

January 17, 2017

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3 Investment highlights

2 E-Mobility – 3 main powertrain structures

1 Internal combustion engines
   ▶ Powertrain structure
   E = Engine, T = Transmission, D = Differential
   Existing Schaeffler portfolio
   Est. Content per Vehicle: 50 – 500 Euro

2 Hybrid vehicles
   ▶ Powertrain structure
   E = Engine, T = Transmission, D = Differential
   HM = Hybrid Module
   Existing Schaeffler portfolio + Hybrid Module
   Est. Content per Vehicle: 200 – 1,000 Euro

3 Battery electric vehicles
   ▶ Powertrain structure
   D = Differential, EA = Electric Axle
   Battery capacity: 20 – 100 kWh
   Selected components + Electric Axles
   Est. Content per Vehicle: 25 – 1,250 Euro

1) Bearings; Planetary Gears
**Product portfolio**

- **E-Clutch**
- **48 V hybrid module**
- **HV hybrid module**
- **Electric wheel hub drive**
- **HV e-axle**
- **48 V e-axle**
- **Front end accessory drive**
- **Mild hybrid vehicles (48 V)**
- **Hybrid vehicles (HEV, PHEV)**
- **Electric vehicles (BEV)**

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**Key aspects**

**1999**
- 1st Schaeffler E-Mobility symposium

**2002**
- 1st E-Mobility concept car

**2005**
- 1st serial production of components for hybrid modules

**2016**
- 500 Million Euro investment to date\(^1\), 1,200 employees globally
- More than 20 customer projects
- 6 series contracts for hybrid modules and e-Axles

**2020**
- Further 500 Million Euro investment\(^1\)
- Doubling of employees in R&D and manufacturing

\(^1\) Including R&D
More than 20 customer projects – 6 series contracts

Americas
- Hybrid Module with Integrated Torque Converter Tier 1 SOP Q4/2018

Europe
- 1-Gear Electric Axle Front + Rear Tier 1 SOP Q3/2018
- 1-Gear Electric Axle Front Tier 1 SOP Q3/2019

China
- Hybrid Module Tier 1 SOP Q1/2018
- 2-Gear Electric Axle Rear Tier 1 SOP Q4/2017

Hybrid Modules
- 2 series contracts received
- More than 10 customer projects ongoing

E-Axles
- 4 series contracts received
- More than 10 customer project ongoing
2 Acquisition

- Schaeffler acquires a 51% stake in Compact Dynamics GmbH from SEMIKRON International GmbH.
- Closing expected in Q1 2017; call option for remaining 49% stake until June 2018.
- Compact Dynamics is a development specialist in the field of innovative, electric drive concepts.

3 Cooperation

- At the same time, SEMIKRON and Schaeffler establish a cooperation to develop power electronic solutions for alternative drive concepts.
- SEMIKRON is a worldwide leader for innovative power electronics.
- Schaeffler is significantly expending its expertise in e-motors and power electronics.

1 System and Powertrain Competence

- 500 Million Euro investment to date, 1,200 employees globally.
- More than 20 customer projects.
- 6 series contracts for hybrid modules and e-axles.
**Sales and EBIT margin 2012 – LTM 2016**
in EUR mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3,406</td>
<td>12.7%</td>
</tr>
<tr>
<td>2013</td>
<td>3,041</td>
<td>10.7%</td>
</tr>
<tr>
<td>2014</td>
<td>3,138</td>
<td>9.6%</td>
</tr>
<tr>
<td>2015</td>
<td>3,233</td>
<td>9.7%</td>
</tr>
<tr>
<td>LTM 2016</td>
<td>3,029</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

**Growth rate (y-o-y)**
- 2012: -1.6%
- 2013: -8.1%
- 2014: +4.2%
- 2015: -3.2%
- LTM 2016: -5.3%

**Sales split by sector cluster & distribution channel 2015**

- **Wind**
  - 33% Industrial Distribution
  - 13% Industrial Automation

- **Raw Materials**
  - 10% Aerospace
  - 8% Offroad
  - 7% Two-Wheelers

- **Power Transmission**
  - 14%

- **Aerospace**
  - 7%

- **Rail**

- **Offroad**
  - 5%

- **Two-Wheelers**
  - 4%

**Sales by region 2015**

- **Americas**
  - 56%

- **Greater China**
  - 19%

- **Europe**
  - 15%

- **Asia/Pacific**
  - 10%

**Sales by business model 2015**

- **Customized product business**
  - 35%

- **Standard product distribution business**
  - 30%

- **Standard product OEM and MRO business**
  - 35%

1) Including service business
3 Investment highlights

Revitalizing the Industrial division – Program CORE

4 key drivers

1. Customer focus and growth
   - Strengthen sales organizations in the regions
   - Strengthen regional engineering / customer support centers
   - Establish dedicated global key account management

2. Cost reduction & efficiency improvement
   - Reduce overhead cost
   - Re-dimension central departments
   - Drive cost saving program including material cost, efficiency gains and overhead reduction

3. High delivery performance
   - Establish European distribution centers (EDC) to ensure immediate product availability
   - Increase level of standardization
   - Implement high runner program with 24/48h delivery time

4. Optimized product and service offering
   - Strengthen standard product business
   - Balance customized product business / engineering solutions
   - Enforce market penetration of service / digitalization

January 17, 2017
Cost reduction and efficiency improvements – First wave mostly completed in 2016

Key aspects

- First wave announced in August 2015
- Cost savings through HCO reduction in overhead functions of the Industrial Division
- Reduction of 500 HCO mainly in Germany until 12/2017
- Approximately 40 EUR mn overhead cost savings (full run rate 2018)
- 36 EUR mn restructuring provisions (booked in Q IV 2015)

Indicative Financial Impact

<table>
<thead>
<tr>
<th>Year</th>
<th>Δ EBIT in EUR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014A</td>
<td>-36</td>
</tr>
<tr>
<td>2015A</td>
<td>15</td>
</tr>
<tr>
<td>2016F</td>
<td>31</td>
</tr>
<tr>
<td>2017P</td>
<td>40</td>
</tr>
<tr>
<td>2018P</td>
<td></td>
</tr>
</tbody>
</table>

1 Financial impact in specific year
2 thereof 9 mn Euro YTD September 2016

HCO reduction Overhead

- Overhead Headcount 06/2015: 2.165
- Left payroll: 332
- Signed termination contracts: 127
- In progress: 41
- Target Overhead Headcount 12/2017: 1.665

Completion Ratio 90%
Cost reduction and efficiency improvements – Second wave initiated in 2016

Key aspects

- Second wave announced in November 2016
- Cost savings through consolidation of plants in Europe and Americas and HCO reduction in overhead functions also outside the Industrial division
- Reduction of 500 HCO in Germany\(^1\), Europe and other regions targeted
- Approximately 60 EUR mn improvement from Gross Profit optimization and Overhead cost reduction until 2019 planned
- Around 75 EUR mn one-off-cost until 2019 of which approximately 50 EUR mn shall be booked as restructuring provisions as of year end 2016

Indicative Financial Impact
\(\Delta\) EBIT in EUR mn

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-45</td>
<td>23</td>
<td>37</td>
<td>41</td>
<td>58</td>
</tr>
</tbody>
</table>

1\(^1\) 2016-2019 in total 75 mn Euro, thereof 50 mn Euro booked as restructuring provision

HCO reduction Plants/Overhead

- Total HCO reduction target
- Germany
- Europe
- Americas
- Others
- Approximate 500 HCO in Germany, Europe and other regions targeted
- Approximately 60 EUR mn improvement from Gross Profit optimization and Overhead cost reduction until 2019 planned
- Around 75 EUR mn one-off-cost until 2019 of which approximately 50 EUR mn shall be booked as restructuring provisions as of year end 2016

\(^1\) Subject to negotiation with working council
Cost reduction and efficiency improvements — Overall target remains in place

Successful implementation

Indicative Timing

- Cost reduction 1st wave: 2015-2016, 500 HCO
- Cost reduction 2nd wave: 2017-2018, 500 HCO
- Continuous improvement through further optional measures: 2019

Financial ambitions

- Stable market environment
- EBIT margin Industrial Division 10-11% in 2018
- Successful implementation of CORE program
3 Investment highlights

Customer focus and growth – New business picking up

Railway

Sectors and products

- E-locomotive
- Tapered and cylindrical roller bearing with ceramic coating; TAROL for Wheelset and Axle box housing
- Supplier network

Signed 12/2016
10-year contract
Two-digit Euro mn

Wind

Sectors and products

- Wind turbine
- Durotect B coated spherical roller bearing with WPOS
- Supplier network

Signed 09/2016
1-year contract
Two-digit Euro mn

Aerospace

Sectors and products

- Aerospace engine
- Bearings and components for key engine programs; Main shaft and gearbox bearings
- Supplier network

Signed 12/2016
5-year contract
Three-digit Euro mn
### M&A strategy

<table>
<thead>
<tr>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Focus on technological competence to maintain our strong position as technology and innovation leader</td>
</tr>
<tr>
<td>- Focus on smaller add-on acquisitions that contribute to a sustainable value creation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acquisition Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strategic and cultural fit, technological excellence and value contribution as the most important acquisition criteria</td>
</tr>
<tr>
<td>- Possible acquisitions will be in the three-digit million range</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automotive &amp; Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Attractive pipeline of potential acquisition targets for both divisions</td>
</tr>
<tr>
<td>- Focus in Automotive and Industrial is on technology and on strengthening market positions</td>
</tr>
</tbody>
</table>

### Use of Cash

- **External growth**
  - Add-on acquisitions
  - Use of Cash
  - Deleveraging
    - Further optimization of balance sheet
  - Dividends
    - 30-40% of net income
**Key messages**

1. Schaeffler is a leading global automotive and industrial supplier with an established strategy "Mobility for tomorrow" and clear Financial Ambitions until 2020

2. Outperformance Automotive below-average in 2016, but back to 4%-pts target in 2017

3. Powertrain electrification requires alignment of product portfolio offering significant growth potential; more than 20 customer projects, 6 series contracts with top customers

4. Program CORE on track; second wave of efficiency measures initiated; increasing customer business

5. Strong cash flow generation allows for balanced use of cash including healthy dividend payments and add-on acquisitions

6. Foundations laid to achieve ambitious long-term financial targets
### Investor Relations

<table>
<thead>
<tr>
<th>Phone:</th>
<th>+ 49 9132 82 4440</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email:</td>
<td><a href="mailto:ir@schaefler.com">ir@schaefler.com</a></td>
</tr>
<tr>
<td>Web:</td>
<td><a href="http://www.schaefler.com/ir">www.schaefler.com/ir</a></td>
</tr>
</tbody>
</table>

### Financial Calendar

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016 results:</td>
<td>March 8, 2017</td>
</tr>
<tr>
<td>Q1 2017 results:</td>
<td>May 11, 2017</td>
</tr>
<tr>
<td>H1 2017 results:</td>
<td>August 8, 2017</td>
</tr>
<tr>
<td>9M 2017 results:</td>
<td>November 8, 2017</td>
</tr>
</tbody>
</table>
Backup

Sales growth 9M 2016 2.7% (FX-adjusted)

Sales in EUR mn

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2016</th>
<th>y-o-y growth (w/o FX effects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>3,343</td>
<td>5.0% (-0.4%)</td>
</tr>
<tr>
<td>Greater China</td>
<td>3,369</td>
<td>+5.5% (+10.5%)</td>
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<tr>
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<td>+2.9% (+4.4%)</td>
</tr>
</tbody>
</table>

Sales by division

Y-o-y growth (w/o FX effects)

<table>
<thead>
<tr>
<th>Division</th>
<th>9M15</th>
<th>9M 16</th>
<th>Δ (w/o FX effects)</th>
<th>Q3 15</th>
<th>Q3 16</th>
<th>Δ (w/o FX effects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>7,511</td>
<td>7,703</td>
<td>+5.3%</td>
<td>2,442</td>
<td>2,524</td>
<td>+5.1%</td>
</tr>
<tr>
<td>Industrial</td>
<td>2,447</td>
<td>2,274</td>
<td>-5.3%</td>
<td>795</td>
<td>741</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Total</td>
<td>9,958</td>
<td>9,977</td>
<td>+2.7%</td>
<td>3,237</td>
<td>3,265</td>
<td>+2.3%</td>
</tr>
</tbody>
</table>
Automotive sales and market development 9M

Automotive sales by division 9M

Automotive sales by division Q3

1) Growth rates FX-adjusted
Industrial sales by sector cluster 9M

Industrial sales by sector cluster Q3

Industrial sales by region 9M

Industrial sales by region Q3

1) FX-adjusted

1) Growth rates FX-adjusted

1) "Industrial sales by sector cluster 9M" and "Industrial sales by sector cluster Q3" refer to the sales distribution across various sectors for the first nine months and the third quarter of the year, respectively.

1) "Industrial sales by region 9M" and "Industrial sales by region Q3" show the sales distribution by region for the same periods, with growth rates adjusted for foreign exchange (FX) effects.

These charts and graphs provide insights into Schaeffler's performance across different sectors and regions, highlighting various trends and growth rates.
## Free Cash Flow generation

### Key aspects
- Free Cash Flow increased by EUR 287 mn to EUR 479 mn in 9M 2016
- Net interest paid dropped by EUR 302 mn in 9M 2016
- EUR 829 mn capex in 9M 2016
- Schaeffler Value Added EUR 920 mn

### Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,765</td>
<td>1,817</td>
<td>604</td>
<td>600</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>-389</td>
<td>-87</td>
<td>-50</td>
<td>-53</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-247</td>
<td>-234</td>
<td>-89</td>
<td>-73</td>
</tr>
<tr>
<td>Working capital change</td>
<td>-273</td>
<td>-303</td>
<td>-40</td>
<td>-16</td>
</tr>
<tr>
<td>Others</td>
<td>56</td>
<td>112</td>
<td>65</td>
<td>70</td>
</tr>
<tr>
<td><strong>CF from Operations</strong></td>
<td>912</td>
<td>1,305</td>
<td>490</td>
<td>528</td>
</tr>
<tr>
<td>Capex</td>
<td>-743</td>
<td>-829</td>
<td>-242</td>
<td>-268</td>
</tr>
<tr>
<td><em>in % of Sales</em></td>
<td>7.5</td>
<td>8.3</td>
<td>7.5</td>
<td>8.2</td>
</tr>
<tr>
<td>Others</td>
<td>23</td>
<td>3</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td><strong>CF from Investments</strong></td>
<td>-720</td>
<td>-826</td>
<td>-226</td>
<td>-265</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>192</td>
<td>479</td>
<td>264</td>
<td>263</td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>724</td>
<td>2,565</td>
<td>724</td>
<td>2,565</td>
</tr>
</tbody>
</table>

*Free Cash Flow increased by EUR 287 mn to EUR 479 mn in 9M 2016*
*Net interest paid dropped by EUR 302 mn in 9M 2016*
*EUR 829 mn capex in 9M 2016*
*Schaeffler Value Added EUR 920 mn*

### Schaeffler Value Added (LTM)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Added</td>
<td>896</td>
<td>878</td>
<td>870</td>
<td>931</td>
</tr>
<tr>
<td><em>in % of Sales</em></td>
<td>22.8%</td>
<td>22.2%</td>
<td>21.9%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Others</td>
<td>906</td>
<td>951</td>
<td>920</td>
<td></td>
</tr>
<tr>
<td><em>RoCE</em>(^1)</td>
<td>22.1%</td>
<td>22.5%</td>
<td>21.9%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Before one-off effects
Overview Corporate and Financing Structure

Corporate Structure (simplified) as of October 14, 2016

- IHO Beteiligungs GmbH (formerly Schaeffler Verwaltungs Zwei GmbH)
- IHO Verwaltungs GmbH (formerly Schaeffler Verwaltungs GmbH)
- Continental AG
- Schaeffler AG
- Schaeffler Technologies AG & Co. KG
- INA-Holding Schaeffler GmbH & Co. KG

Financing Structure as of October 14, 2016

IHO Verwaltungs GmbH (HoldCo)

<table>
<thead>
<tr>
<th>Debt instrument</th>
<th>Nominal (USD mn)</th>
<th>Nominal (EUR mn)</th>
<th>Interest</th>
<th>Maturity</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loan (EUR)</td>
<td>-</td>
<td>425(1)</td>
<td>E+2.75%</td>
<td>Sep-21</td>
<td>not rated</td>
</tr>
<tr>
<td>RCF (EUR 200 mn)</td>
<td>-</td>
<td>-</td>
<td>E+2.75%</td>
<td>Sep-21</td>
<td>not rated</td>
</tr>
<tr>
<td>2.75% SSNs 2021 (EUR)(2)</td>
<td>-</td>
<td>750</td>
<td>2.75%</td>
<td>Sep-21</td>
<td>Ba1/BB-</td>
</tr>
<tr>
<td>4.125% SSNs 2021 (USD)(2)</td>
<td>500</td>
<td>455(3)</td>
<td>4.125%</td>
<td>Sep-21</td>
<td>Ba1/BB-</td>
</tr>
<tr>
<td>3.25% SSNs 2023 (EUR)(2)</td>
<td>-</td>
<td>750</td>
<td>3.25%</td>
<td>Sep-23</td>
<td>Ba1/BB-</td>
</tr>
<tr>
<td>4.50% SSNs 2023 (USD)(2)</td>
<td>500</td>
<td>455(3)</td>
<td>4.50%</td>
<td>Sep-23</td>
<td>Ba1/BB-</td>
</tr>
<tr>
<td>3.75% SSNs 2026 (EUR)(2)</td>
<td>-</td>
<td>750</td>
<td>3.75%</td>
<td>Sep-26</td>
<td>Ba1/BB-</td>
</tr>
<tr>
<td>4.75% SSNs 2026 (USD)(2)</td>
<td>500</td>
<td>455(3)</td>
<td>4.75%</td>
<td>Sep-26</td>
<td>Ba1/BB-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,040</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Schaeffler Group (OpCo)

<table>
<thead>
<tr>
<th>Debt instrument</th>
<th>Nominal (USD mn)</th>
<th>Nominal (EUR mn)</th>
<th>Interest</th>
<th>Maturity</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loan (EUR)</td>
<td>-</td>
<td>1,000</td>
<td>E+1.45%</td>
<td>Jul-21</td>
<td>not rated</td>
</tr>
<tr>
<td>RCF (EUR 1,300 mn)</td>
<td>-</td>
<td>-</td>
<td>E+1.05%</td>
<td>Jul-21</td>
<td>not rated</td>
</tr>
<tr>
<td>2.50% SSNs 2020 (EUR)</td>
<td>-</td>
<td>400</td>
<td>2.50%</td>
<td>May-20</td>
<td>Baa3/BB+</td>
</tr>
<tr>
<td>4.25% SSNs 2021 (USD)</td>
<td>700</td>
<td>636(1)</td>
<td>4.25%</td>
<td>May-21</td>
<td>Baa3/BB+</td>
</tr>
<tr>
<td>3.50% SSNs 2022 (EUR)</td>
<td>-</td>
<td>500</td>
<td>3.50%</td>
<td>May-22</td>
<td>Baa3/BB+</td>
</tr>
<tr>
<td>4.75% SSNs 2023 (USD)</td>
<td>600</td>
<td>545(3)</td>
<td>4.75%</td>
<td>May-23</td>
<td>Baa3/BB+</td>
</tr>
<tr>
<td>3.25% SSNs 2025 (EUR)</td>
<td>-</td>
<td>600</td>
<td>3.25%</td>
<td>May-25</td>
<td>Baa3/BB+</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,681</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Up to EUR 600 mn.
2) Senior Secured PIK Toggle Notes.
3) EUR/USD = 1.10 as of October 14, 2016.