This presentation contains forward-looking statements. The words "anticipate", "assume", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should" and similar expressions are used to identify forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about Schaeffler Group's beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Schaeffler AG. Forward-looking statements therefore speak only as of the date they are made, and Schaeffler Group undertakes no obligation to update any of them in light of new information or future events.

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The material contained in this presentation reflects current legislation and the business and financial affairs of Schaeffler Group which are subject to change.
Agenda

1. Introduction
2. Our strategy "Mobility for tomorrow"
3. Our key business opportunities
4. Our Equity story
5. Outlook
1 Introduction
Schaeffler at a glance – A global automotive and industrial supplier

- Global Automotive and Industrial supplier of high-precision components and systems
- Quality, technology and innovation as key success factors
- Well defined strategy 'Mobility for Tomorrow' with 4 focus areas and 8 strategic pillars
- Above average growth and profitability with global sales of more than EUR 13 bn in 2016
- Global footprint with 74 plants and 17 R&D centers

- Strong customer base with approx. 11,800 customers
- Strong organic growth 5% p.a.
  - Ø Sales growth 2006-2016
- More than 2,300 patents filed in 2016
- 74 plants
- 17 R&D centers
- Far more than 10,000 different products
- More than 87,900 employees worldwide 1)
- Balanced revenue mix
  - >13 bn Euro
    - Global Sales 2016
- 1.1 m tons of processed steel p.a.
- More than 170 locations in 50 countries

1) As of June 30, 2017
1 Introduction

Schaeffler at the IAA 2017 – "Well to wheel"

2 focus areas

1 Eco-friendly drives
   ▶ Variety of powertrain solutions focusing on optimization of the combustion engine and E-Mobility
   ▶ Glass car model displaying our current product portfolio including components and systems for electric and hybrid drives

2 Energy Chain
   ▶ CO2 efficiency of powertrain solution dependent on electricity mix
   ▶ Large size wind bearing representing Schaeffler competence in renewable energies

Schaeffler IAA booth 2017

Hall 5.1
Booth A04

"Well to wheel"
Our strategy "Mobility for tomorrow"

Schaeffler Accelerated Scenario – The future is electric, but…

Accelerated Scenario 2030

- **30% BEV**
  - 48V
  - Infrastructure
  - Range
  - Battery cost
  - Fun to drive
  - HEV architectures

- **40% HEV**
  - CO₂ targets
  - Emissions incl. Micro-Hybrid
  - Governmental restrictions
  -HEV architectures

- **30% ICE**
  - Emission
  - Range
  - Battery cost
  - Fun to drive
  - HEV architectures

Key aspects

- **Emission** target compliance requires more technology and drives powertrain cost with worse cost/benefit compared to HEV
- **Governmental restrictions** e.g. localized ban of Diesel engines
- Several **HEV architectures** ranging from cost efficient 48V solutions up to highly electrified Plug-In Hybrids
- Necessity to keep up with mid-term CO₂ targets and legislation
- **Fun to drive** – the best of both worlds, less emission with more power and range
- Limited charging **infrastructure** for BEV
- Reduced driving **range**
- **Battery cost** and battery production capacities (85 Giga-factories required)

September 12-13, 2017

Schaeffler AG – dbAccess IAA Cars Conference
2 Our strategy "Mobility for tomorrow"

...it is not as simple as that – Emerging variety of powertrain solutions

<table>
<thead>
<tr>
<th>E-Motor position</th>
<th>Voltage</th>
<th>ICE and Micro-Hybrid</th>
<th>Mild Hybrid</th>
<th>Full Hybrid</th>
<th>P-HEV</th>
<th>BEV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 Volt</td>
<td>30% ICE</td>
<td>P0 P2 P3 P4</td>
<td>P0 P2 P3 P4</td>
<td>P0 P2 P3 P4</td>
<td>P0 P2 P3 P4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48 Volt</td>
<td>High Voltage</td>
<td>High Voltage</td>
<td>High Voltage</td>
<td>High Voltage</td>
</tr>
</tbody>
</table>

See glass car IAA booth Schaeffler
2 Our strategy "Mobility for tomorrow"

CO2 Efficiency of Powertrain solutions – Electricity mix as a key driver

Key aspects

- Carbon footprint analysis over the lifetime of a car needs to include electricity mix ("Well to Wheel")
- Battery electric vehicle does not produce CO2 directly ("Tank to Wheel"), CO2 efficiency depends on electricity mix
- An optimized Diesel engine produces less CO2 than a battery electric vehicle today
- Holistic comparison of powertrain solutions needs to include on top manufacturing process ("Cradle to Grave")

CO2 Efficiency 1) in %

100% 83% ~70% 76% 65% 28%

Gasoline Engine Diesel Engine Diesel Engine Optimized Existing Electricity mix today 2) "Energie-wende" 100% renewable

Source: Schaeffler research

1) 100% = average state of the art gasoline engine CO2 gram per kilometer
2) In Germany

"Cradle to Grave"
2 Our strategy "Mobility for tomorrow"

Strategy "Mobility for tomorrow" – 4 focus areas, 8 pillars, 16 initiatives

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
  - Mixed-mode

- 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 C-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

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

Sponsor
- Prof. Dr. Schröder
- Prof. Dr. Günther
- Rosenfeld
- Rosenfeld
- Rosenfeld
- Rosenfeld
- Schäffler
- Schäffler
- Schäffler
- Prof. Dr. Schröder
- Prof. Dr. Günther
- Rosenfeld

September 12-13, 2017
### Our key business opportunities

#### Strategy "Mobility for tomorrow" – Leveraging on 3 key opportunities

<table>
<thead>
<tr>
<th></th>
<th>E-Mobility</th>
<th>Digitalization</th>
<th>Industry 4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><img src="image1.png" alt="E-Mobility" /></td>
<td><img src="image2.png" alt="Digitalization" /></td>
<td><img src="image3.png" alt="Industry 4.0" /></td>
</tr>
<tr>
<td></td>
<td>▶ Separate Business Division &quot;E-Mobility&quot; as of January 1st, 2018</td>
<td>▶ Group wide Digital Agenda with 4 key areas coordinated by Digital Chief Officer</td>
<td>▶ Separate Organizational Unit &quot;Industry 4.0&quot; as of January 1st, 2018</td>
</tr>
<tr>
<td></td>
<td>▶ Strengthen footprint in Greater China as lead market for E-Mobility</td>
<td>▶ Today 100 employees work on 30 digital projects</td>
<td>▶ Combining Mechatronic business with digital driven services (i.e. Condition Monitoring)</td>
</tr>
<tr>
<td></td>
<td>▶ E-Motor and electronic competence as key drivers</td>
<td>▶ Strategic partnership with IBM</td>
<td>▶ Schaeffler Eco System</td>
</tr>
<tr>
<td></td>
<td><img src="image1.png" alt="Separate Business Division &quot;E-Mobility&quot; as of January 1st, 2018" /></td>
<td><img src="image2.png" alt="Group wide Digital Agenda with 4 key areas coordinated by Digital Chief Officer" /></td>
<td><img src="image3.png" alt="Separate Organizational Unit &quot;Industry 4.0&quot; as of January 1st, 2018" /></td>
</tr>
<tr>
<td></td>
<td>15% of total Sales Automotive OEM from HEV/BEV in 2020</td>
<td>10% of added value from digitally enhanced products and services in 2022[^1]</td>
<td>10% of Sales from Industry 4.0-related products and solutions in 2022</td>
</tr>
</tbody>
</table>

[^1]: Annual General Meeting 2017
3 Our key business opportunities

**E-Mobility as business opportunity – Key achievements**

1. EUR 500 mn additional investments\(^1\) – Hiring 1,200 additional employees
2. Strengthening footprint in Greater China as lead market for E-Mobility
3. Acquisition of Compact Dynamics and Cooperation with Semikron
4. Accelerated scenario established with regional differentiation
5. Creating a separate E-Mobility business division within Automotive OEM in January 2018
6. Enhancing E-Motor and electronic competence as key drivers

\(^1\) Including R&D investments
3 Our key business opportunities

Global, diversified customer reach – 8 series contracts

North America
- Hybrid Module with integrated Torque Converter
  Tier 1
  SOP Q4/2018

Europe
- 1-Gear Electric Axle
  Front + Rear
  Tier 1
  SOP Q3/2018
- Hybrid Module
  Tier 1
  SOP Q1/2018
- 1-Gear Electric Axle
  Front
  Tier 1
  SOP Q3/2019

Greater China
- 2-Gear Electric Axle
  Rear
  Tier 1
  SOP Q4/2017

Hybrid Module
- 2 series contracts
- More than 10 ongoing customer projects

E-Axle
- 6 series contracts
- More than 10 ongoing customer projects
3 Our key business opportunities
China as the lead market – Series production starting this year

**Nominated projects**

**ChangAn**
P2 Hybrid Module:

- **Vehicle data:** 60km E-range, 8s (0-100kph), 1.6L/100km Fuel consumption
- **Involved Products:** P2 hybrid module, Valve Train, VCT, OAP, WPB, Timing Chain, Bearings
- **SOP:** 2018

**Greatwall (WEY)**
E-Axle:

- **Vehicle data:** 50km E-range, 6.9s (0-100kph), 2.1L/100km Fuel consumption
- **Involved Products:** eAxle, Valve Train, RSTM, VCT, WPB, DCT damper, Bearings
- **SOP:** 2017

**Nominated project schedule**

<table>
<thead>
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<tbody>
<tr>
<td>P2</td>
<td></td>
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<tr>
<td>eAxle1</td>
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<tr>
<td>eAxle2</td>
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</tbody>
</table>

- **Series development phase**
- **Feasibility study/Sample phase**
- **Start series development**
- **SOP at customer**

**Key aspects**

- Currently, almost all international OEMs in China have in-house solutions, Schaeffler focuses on the sub-system and components
- For local OEMs, Schaeffler will provide complete systems like P2 hybrid module and E-Axle
- We have 3 nominated volume production project and 7 potential projects on-going
- We are working on building up full local competence in order to ensure quick reaction and cost optimization
Aligning key activities – New business division becoming effective January 1\textsuperscript{st}, 2018

Bundling of the E-Mobility activity at Schaeffler to advance the transition towards E-Mobility by:

- Presenting one face to the customer
- Creating R&D synergies
- Quicker decision making processes
- A unified controlling to monitor progress
4 Our Equity story

Financial performance – Delivering on 3 building blocks

**Building blocks**

1. **Outperformance in Automotive**
   - Consistent growth above markets
   - Above-average EBIT margin

2. **Margin upside in Industrial**
   - CORE program in execution
   - Margin upside potential >3%-points

3. **Strong Free Cash flow generation**
   - Strong operating Cash flow Generation
   - FCF used for dividend payments, M&A and further deleveraging

**Key objectives**

Profitable growth and sustainable value creation
Outperformance Q1 2016 – Q4 2017E

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Growth Rate Automotive</th>
<th>Light Vehicle Production</th>
<th>Growth Rate Automotive OEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>5.0%</td>
<td>1.7%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>5.8%</td>
<td>3.4%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>5.1%</td>
<td>7.0%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>8.2%</td>
<td>7.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>7.0%</td>
<td>5.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>1.6%</td>
<td>-0.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Q3 2017E</td>
<td></td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>Q4 2017E</td>
<td></td>
<td>-0.4%</td>
<td></td>
</tr>
</tbody>
</table>

Key aspects

- **Automotive business outperformance** 1.9%-pts in Q2 2017 after 1.4%-pts in Q1 2017
- **Negative impact from Automotive Aftermarket** in Q2 2017
- **New product launches** in OEM business and expected recovery of Automotive Aftermarket business in H2 2017

Outperformance expected to accelerate in H2
Our growth formula Automotive

- The market is moving towards our accelerated scenario (2025: 50% ICE, 35% HEV, 15% BEV)
- Automotive sales is driven by number of vehicles produced (per powertrain category) \( \times \) \( \bar{\text{CPV}} \)
- We expect \( \bar{\text{CPV}} \) to grow in all three powertrain categories (ICE, HEV and BEV)

Key aspects

- Above average market growth to continue
- Production volume growth
- \( \bar{\text{CPV}} \) growth

1) \( \bar{\text{CPV}} \) for Vehicle 2025 compared to 2016
2) ICE = Internal combustion engine, HEV = Hybrid electric vehicles, BEV = Battery electric vehicles
1 Outperformance in Automotive – Why do we believe in continued outperformance?

1) Average Schaeffler Content per light Vehicles produced world wide (excluding Aftermarket, Heavy Duty & Motorcycles content) 2) according to Schaeffler Accelerated Scenario 3) Market Growth 2016-2025: 1.8% (Source: IHS; July 2017) + Content per Vehicle growth ~4%

Content per Vehicle 1)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE</td>
<td>~90</td>
<td>~125</td>
</tr>
<tr>
<td></td>
<td>90 mn</td>
<td>56 mn</td>
</tr>
<tr>
<td>HEV</td>
<td>~60</td>
<td>~150</td>
</tr>
<tr>
<td></td>
<td>3 mn</td>
<td>39 mn</td>
</tr>
<tr>
<td>BEV</td>
<td>~25</td>
<td>~100</td>
</tr>
<tr>
<td></td>
<td>0.5 mn</td>
<td>16 mn</td>
</tr>
</tbody>
</table>

**Average Content per Vehicle 2025**

~EUR 130 2)

~6% CAGR 3)
4 Our Equity story

2 Industrial Division – EBIT margin to improve further

Our EBIT targets Industrial
in EUR mn

<table>
<thead>
<tr>
<th>FY 2016</th>
<th>FY 2018 Target</th>
<th>FY 2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 220</td>
<td>~ 320</td>
<td>~ 400</td>
</tr>
<tr>
<td>+ EUR 100 mn</td>
<td>+ EUR 80 mn</td>
<td></td>
</tr>
</tbody>
</table>

Key aspects

- Industrial division on track to achieve EBIT margin target for 2018 of 10-11%
- Mid-term target of 11-13% EBIT margin remains in place for 2020
- Gap to mid-term target to be bridged by additional efficiency improvement and growth measures (to be determined)

Sales 1) 3,000 ~ 3,200 ~ 3,400
EBIT margin 2) 7.3% 10-11% 11-13%

1) Restated and FX-adjusted 2) Before one-off effects

SCHAEFFLER
**Our Equity story**

**Strong Free Cash Flow – Balanced approach**

**Our Cash Flow formula**

Cash generation:

- Operating Cash Flow\(^1\)
- \(\Delta\) Working Capital

Cash usage:

- Capex (Internal Growth)
- Regular Dividend

\[ \Delta \text{Cash} = \text{Free Cash Flow} \]

\[ \text{Free Cash Flow} = \text{Operating Cash Flow}^{1)} + \Delta \text{Working Capital} - \text{Capex} \]

\[ \text{Free Cash Flow} = \text{Operating Cash Flow}^{1)} + \Delta \text{Working Capital} - \text{Capex} - \text{Regular Dividend} \]

- M&A\(^2\) (External Growth)
- Financing Proceeds
- Deleveraging

**Use of Cash**

- Strong cash flow generation from operating business and 3 main uses of cash:
  - Annual Dividend pay-out 30-40% of net income\(^3\) (Priority No. 1)
  - External growth / M&A\(^2\) to be (primarily) financed from external sources (Priority No. 2)
  - No immediate deleveraging needs (Priority No. 3), significant financing headroom\(^4\)

1) Before \(\Delta\) Working Capital  
2) Including one-off long-term investment projects (i.e. Real estate)  
3) Adjusted for one-offs  
4) Max leverage up to 1.5x EBITDA LTM to maintain Investment Grade Rating
Our Equity story

The way forward – Becoming more transparent

1. Optimizing our disclosure
   - Regular reporting of Order intake Automotive OE and Order book Industrial
   - Semi annual disclosure starting in 2018

2. Intensifying our communication
   - New CFO
   - New Head of IR

3. Managing expectations in a more proactive manner
   - Annual Guidance 2017
   - Financial Ambition 2020

4. Making our business model more transparent
   - 2 divisions / 3 main building blocks
   - Automotive OE / Automotive AAM / Industrial

5. Explaining internal synergy potential
   - Automotive and Industrial supplier
   - "One Schaeffler" approach
Schaeffler in India – Establishing one strong Schaeffler India entity

Key aspects

- Schaeffler AG is present in India since 1962, one listed entity (51% Schaeffler AG) and two wholly owned subsidies (100%)
- Merger between the three Indian entities announced on August 30th, 2017, closing expected H1 2018
- Simplification of legal structure, complexity reduction and realization of revenue and cost synergy potentials targeted
- India as one of the key growth markets going forward (50% industrial / 50% automotive)
- Positive stock market reaction, shares of listed entity up 15% after announcement

Target structure

Schaeffler AG

Promoter Group

Promoter Group

Schaeffler India Ltd.

FAG

INA

LUK

100%

100%

100%

74,1%

25,9%

Public share-holders

Combined entity with

- ~400 mn EUR Revenue
- ~3,000 Employees
- 4 Plants and 1 R&D center
- Schaeffler AG share 74,1%
5 Outlook
Financial Ambitions and Guidance 2017 – Our commitment

Guidance 2017

New Guidance for 2017
as of June 26, 2017

Sales growth
4-5%  
FX-adjusted

EBIT margin
11-12% of sales  
before one-off effects

Free Cash Flow
~ EUR 500 mn  
w/o external growth

Market assumptions
- Automotive: Global Light Vehicle production growth of around 1.5%
- Industrial: Slight volume growth of global Industrial production at constant prices

Financial Ambitions 2020

Sales Growth
Ø 4-6% p.a.  
w/o external growth, FX-adjusted

EBIT Margin
12-13% in 2020  
Before one-off effects, w/o external growth

Free Cash flow
EUR ~900M in 2020  
w/o external growth

Earnings per Share
EUR ~2.00 per share in 2020  
w/o external growth

Gearing ratio ¹)
<75% in 2020

Dividend ²)
30-40% of Net income

¹) Net-debt to equity ratio (excluding pensions)  
²) Payout ratio based on Net income

1) Reported FCF of EUR -89 mn minus EUR 3 mn negative impact from M&A

Market assumptions
- Automotive: Global Light Vehicle production growth of around 1.5%
- Industrial: Slight volume growth of global Industrial production at constant prices
Investor Relations

Phone: + 49 9132 82 4440
Email: ir@schaeffler.com
Web: www.schaeffler.com/ir

Financial Calendar

9M 2017 results: November 8, 2017
FY 2017 results: March 7, 2018
Q1 2018 results: May 7, 2018
H1 2018 results: August 6, 2018