

Results FY 2017 Schaeffler AG

Conference Call
March 7, 2018
Munich

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- 1 Overview**
- 2 Key Investment Highlights**
- 3 Financial Results 2017**
- 4 Outlook**



Key aspects

- 1 FY 2017 Schaeffler Group Sales +5.9%¹⁾ – All divisions and regions contributed
- 2 FY 2017 EBIT margin²⁾ at 11.3% (FY 2016: 12.7%) – Net Income³⁾ increased to EUR 980 mn (+14% vs. Prior Year)
- 3 FY 2017 Free Cash Flow of EUR 488 mn (FY 2016: EUR 735 mn) – Capex to sales at 9.1% in FY 2017 (FY 2016: 8.6%)
- 4 Guidance 2017⁴⁾ achieved – Financial Ambitions 2020 confirmed
- 5 New business structure with 3 divisions⁵⁾ – More transparency, more accountability
- 6 Excellence program "Agenda 4 Plus One" – Increased to 20 initiatives

1) FX-adjusted

2) Before special items

3) Attributable to shareholders of the parent company

4) Revised guidance as of June 26, 2017

5) As of January 1st, 2018

New board member – Andreas Schick becomes new COO as of April 1st

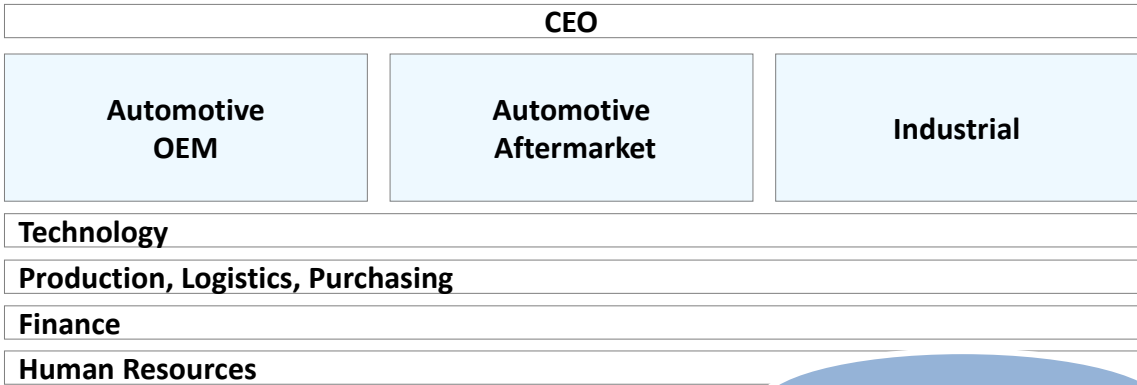


- ▶ Joined the Schaeffler Group in 1994
- ▶ Many years of experience in Germany and abroad, especially in the operations area
- ▶ Regional CEO Asia/Pacific and Member of the Executive Board since 2014

Decisions Supervisory Board, 2nd March

- ▶ Andreas Schick becomes Member of the Board of Managing Directors of Schaeffler AG, responsible for Production, Logistics and Purchasing as of April 1st, 2018
- ▶ Oliver Jung leaves Schaeffler AG as of March 31st, 2018
- ▶ Contract of Corinna Schittenhelm, Chief Human Resources Officer, extended for five years

Executive Board Schaeffler Group



10 Performance Indicators 2017

Financial
Performance

Growth

**+5.9%**Sales growth vs. prior year
(FX adjusted) in %

Earnings Quality

**-1.4%pts**EBIT-Margin before special
items, vs. prior year 2016 in
%pts.

Cash flow

**-247_{mn}**Free Cash Flow vs. prior year
2016

Gearing

**<100%**Ratio debt equity to net equity
(Gearing Ratio) FY 2017

EPS

**+14%**Earnings per Share vs. prior
year 2016SVA²**787mn EUR
19.9%**

+

Operating
Performance

Innovation

**~2,380_{pcs}**Number of new patents in 2017
(prior year 2,316)

Quality

**18_{ppm}**Number of rejected parts¹⁾ (Prior
year 2016: 19ppm)

Costs

**+7.9%**Increase Overhead costs vs.
prior year

Delivery

**<86%**

Delivery reliability in %

Capacity Utilization

**>40%**Production segments with >18
shiftsROCE³

1) Defined as number of rejected parts per PPM

2) Schaeffler Value Add before special items = EBIT before special items LTM – Cost of capital

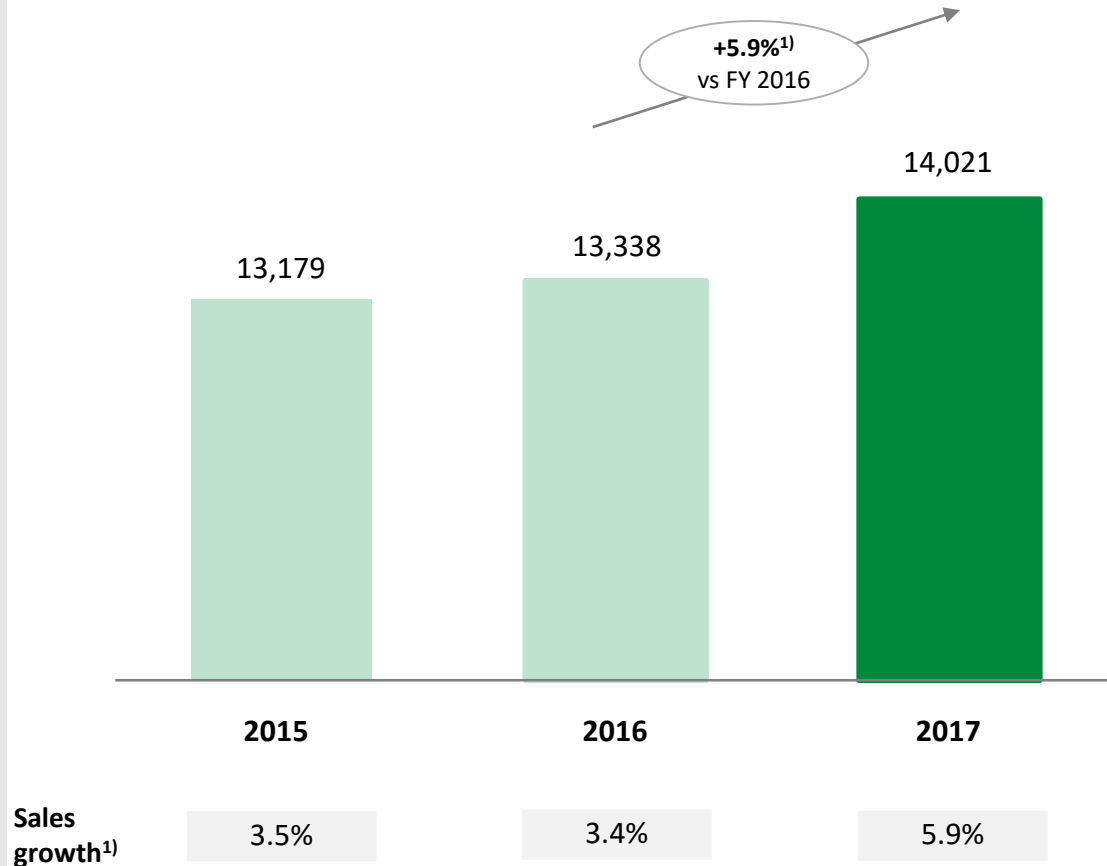
3) ROCE = EBIT before special items / Ø Capital employed (quarterly)

Sales Schaeffler Group FX-adjusted plus 5.9% – All regions and divisions contributed

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Sales

in EUR mn



1) FX-adjusted

Sales by region FY 2017

y-o-y growth¹⁾

Greater China

+24.1%

Americas

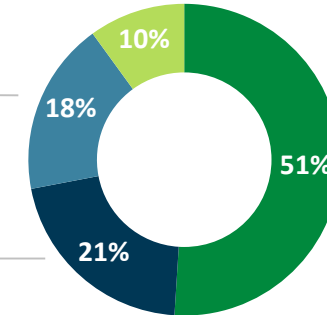
+4.6%

Asia/Pacific

+5.6%

Europe

+1.4%



Sales by division²⁾

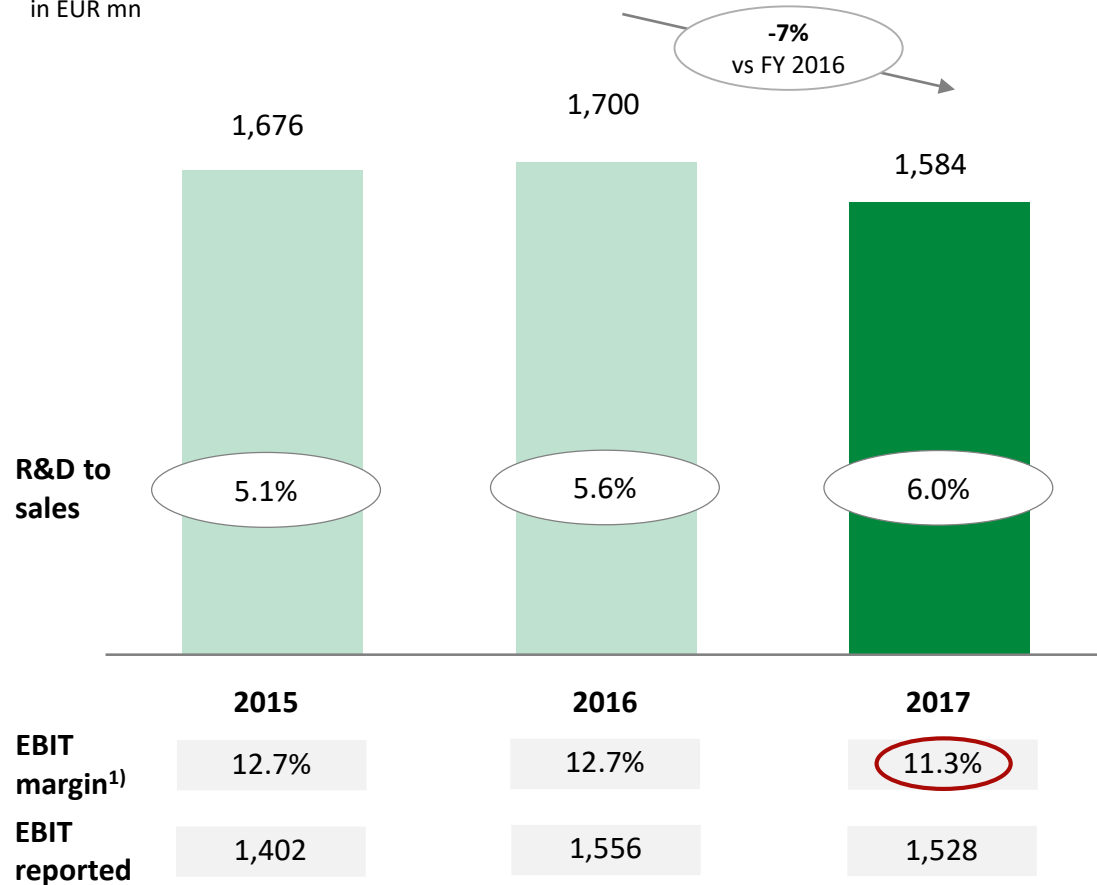
y-o-y growth

	FY 2015	FY 2016	FY 2017	Δ 16/17 ¹⁾
Automotive OEM	8,272	8,525	8,991	+6.5%
Automotive Aftermarket	1,705	1,813	1,880	+3.2%
Industrial	3,202	3,000	3,150	+5.7%
Group	13,179	13,338	14,021	+5.9%

2) Proforma figures

EBIT before special items

in EUR mn



1) Before special items

2) Attributable to shareholders of the parent company

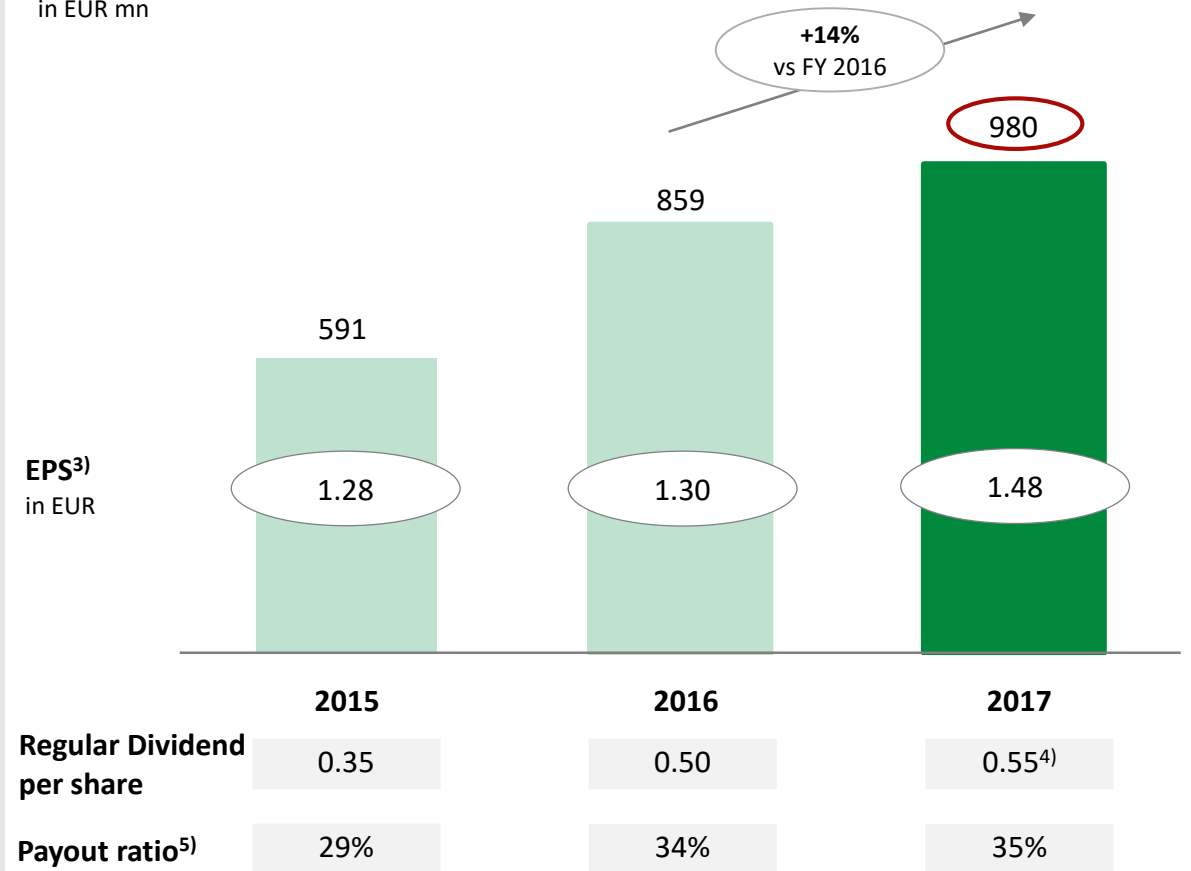
3) Earnings per common non-voting share

4) Proposed dividend per common non-voting share

5) Absolute dividend amount divided by net income before special items

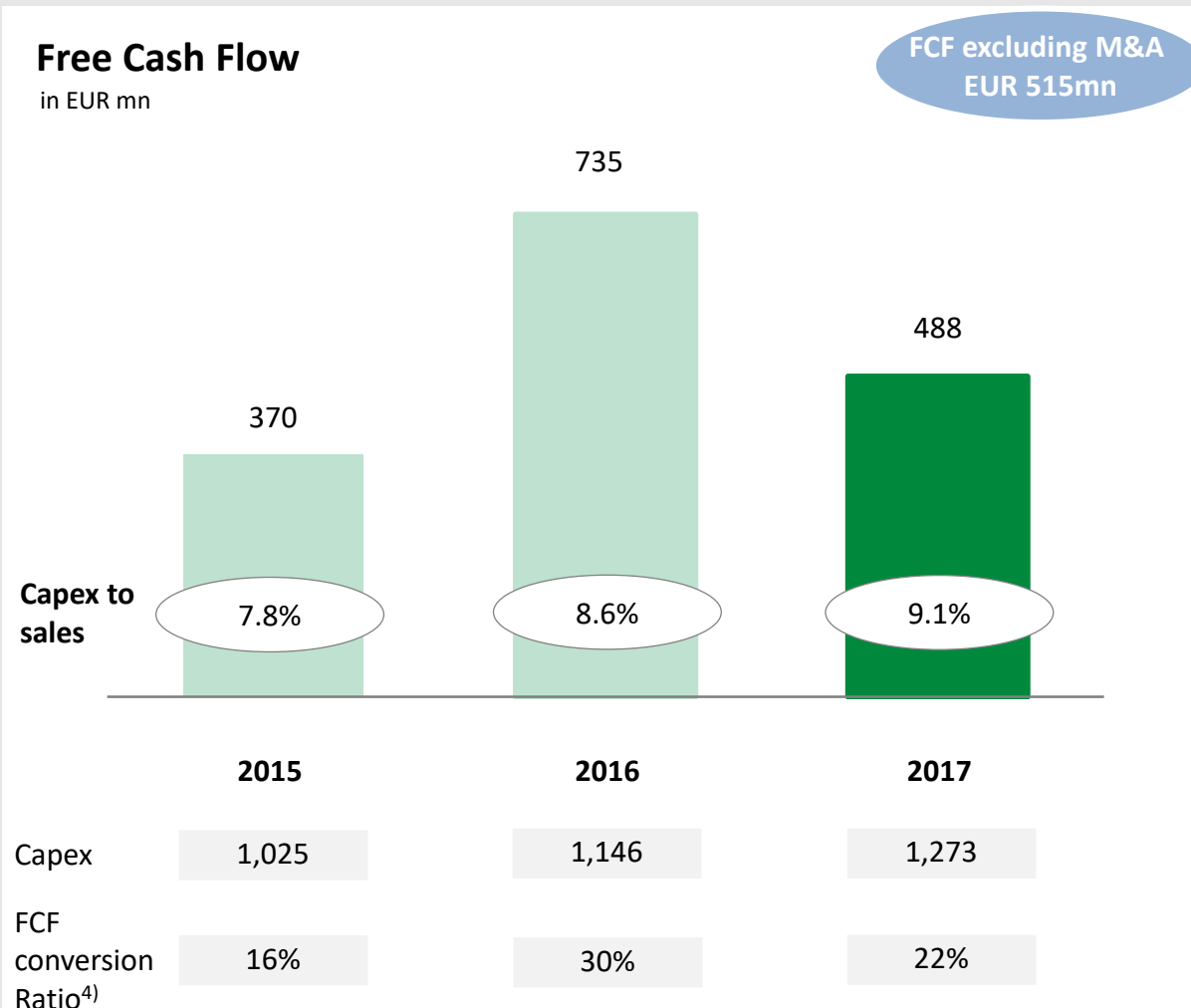
Net Income²⁾ and EPS³⁾

in EUR mn



Free Cash Flow

in EUR mn



1) Including payments for legal cases, restructuring measures and financing transactions

2) Capex in major logistic projects Aftermarket Kitting Operation (AKO) and European Distribution Center (EDC)

3) Cash in- and outflows for M&A activities

4) FCF before M&A to EBITDA before special items

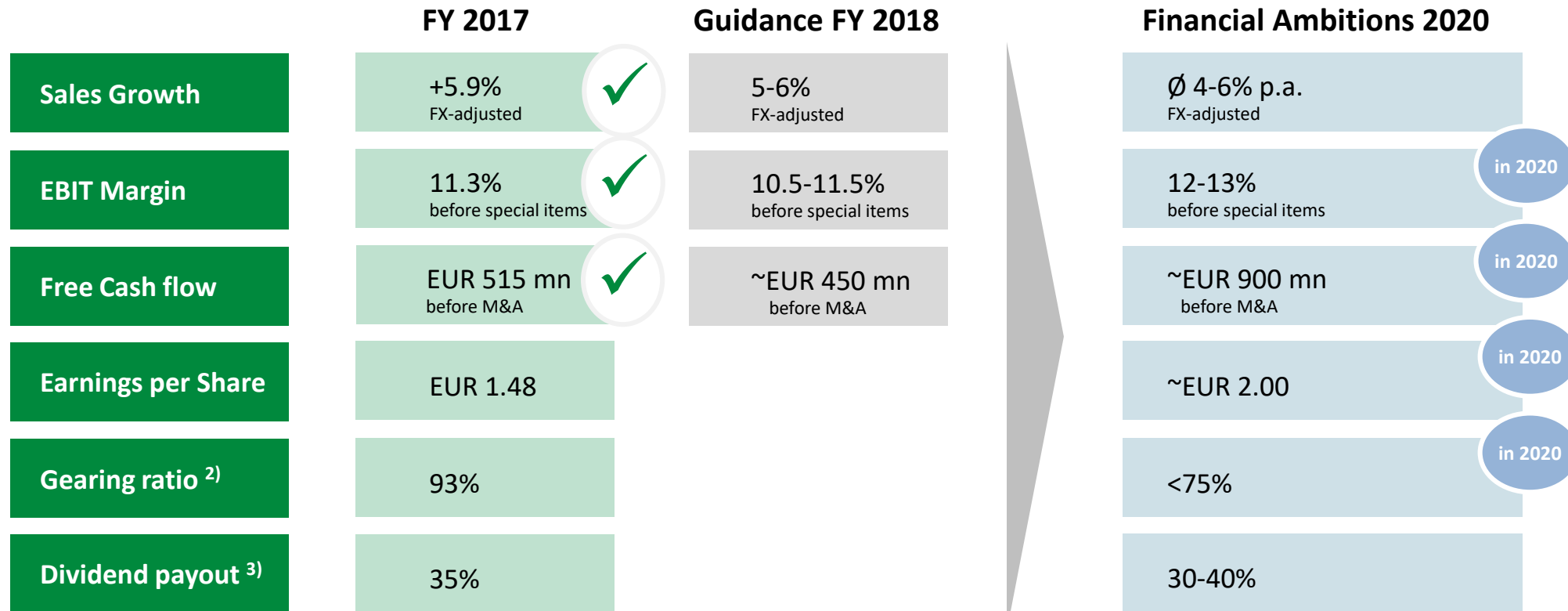
Key aspects

- ▶ Free Cash Flow decreased from EUR 735 mn to EUR 488 mn due to lower profitability and higher capital expenditures
- ▶ Capex to sales at 9.1% in FY 2017 (8.6% in FY 2016)
- ▶ Receivable Sale Program with EUR 150mn positive impact on FCF in 2nd half 2017

FCF Details

in EUR mn

	FY 2015	FY 2016	FY 2017	Δ 16/17
FCF as reported	370	735	488	(247)
Non recurring items ¹⁾	215	97	175	78
AKO / EDC ²⁾	0	16	120	104
M&A ³⁾	0	0	27	27
Receivable Sale Program	0	0	(150)	(150)
	585	848	660	(188)



Market assumptions 2018

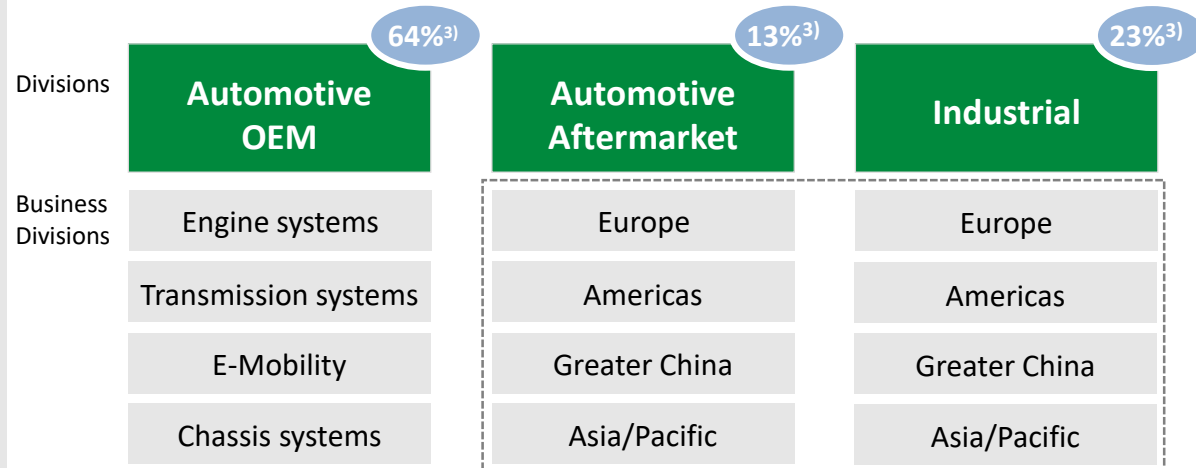
- ▶ Automotive OEM: Growth of global passenger car production of around 2%
- ▶ Automotive Aftermarket: Stable growth in the global vehicle population and a nearly unchanged average vehicle age
- ▶ Industrial: Slightly higher growth in industrial production in 2018 than in 2017

1) Revised guidance as of June 26, 2017

2) Ratio of net financial debt to equity incl. non-controlling interests

3) Payout ratio based on net income before special items and on dividend proposal of 55 cents

New business structure



Key aspects

- ▶ New business structure with 3 divisions
- ▶ Automotive Aftermarket reported separately as of January 1st 2018
- ▶ Automotive OEM with new business division E-Mobility

1) FX adjusted
2) Before special items

3) in % of Group Sales 2017
4) Proforma figures

Key performance indicators

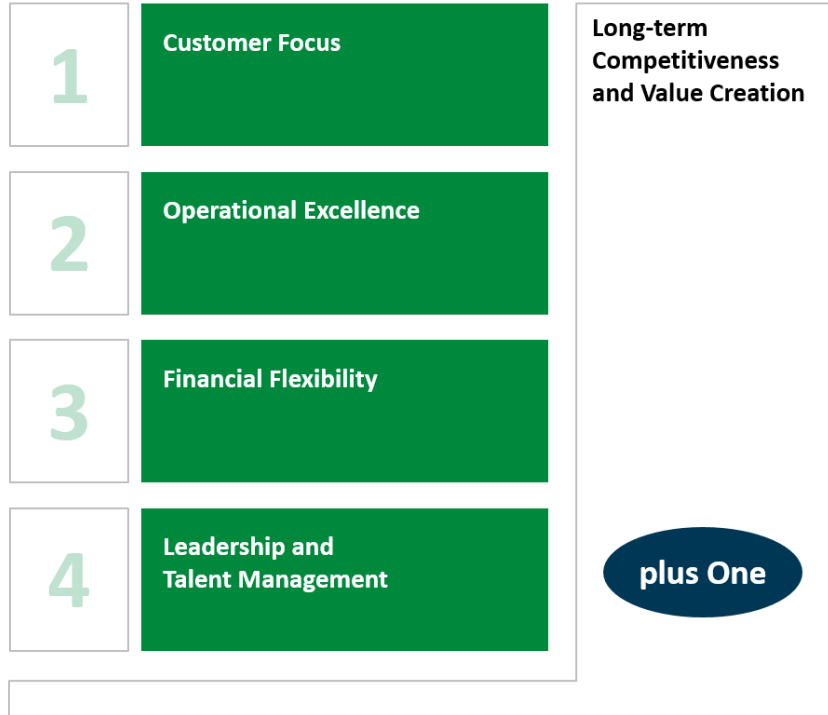
		FY 2016 ⁴⁾	FY 2017 ⁴⁾
Automotive OEM	Sales ¹⁾	8,525 mn	8,991 mn
	EBIT ²⁾	1,095 mn	973 mn
Automotive Aftermarket	Sales ¹⁾	1,813 mn	1,880 mn
	EBIT ²⁾	386 mn	358 mn
Industrial	Sales ¹⁾	3,000 mn	3,150 mn
	EBIT ²⁾	219 mn	253 mn

6 Excellence program "Agenda 4 Plus One" – Increased to 20 initiatives

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 Completion ratio
as of Dec 31, 2017: 35%²⁾

Agenda 4 plus One



20 strategic initiatives

Customer Focus

- 1 Customer Excellence
- 2 E-Mobility
- 3 Industry 4.0
- 17 Global Supply Chain **New**

Leadership and Talent Management

- 10 Leadership & Corporate Values
- 11 Qualification for Tomorrow
- 12 New Work

Long-term Competitiveness and Value Creation

- 13 Program CORE
- 15 Digital Agenda

Operational Excellence

- 4 Quality for Tomorrow
- 5 Global Footprint
- 6 Factory for Tomorrow
- 7 Shared Services
- 8 Process Excellence
- 18 Aftermarket Kitting Operation (AKO) **New**

Financial Flexibility

- 9 Working Capital
- 19 Global Reporting **New**

- 14 IT 2020
- 16 Global Branding
- 20 Focus³⁾ **New**

- ▶ Comprehensive program increased to 20 initiatives
- ▶ EUR 300 mn profitability improvement potential until 2022¹⁾ and over EUR 1 bn of additional investment
- ▶ Each initiative driven by Board sponsor and supported by a business case

1) Compared to FY 2017 2) For all 20 initiatives 3) Real Estate optimization

Acceleration of transformation – 5 key questions

5 key questions

A

What is the financial impact of Agenda 4 plus One?

B

What is the expected profitability of your 3 divisions in 2018?

C

How will you close the gap to your Financial Ambitions 2020?

D

How is your order book developing?

E

How do you plan to allocate capital and use your cashflow going forward?



Accelerating our
transformation

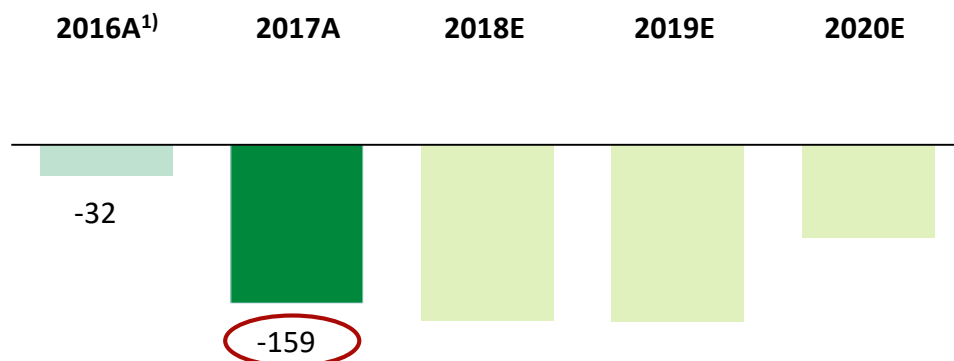
A "What is the financial impact of Agenda 4 plus One?"

Financial impact Agenda 4 plus One

in EUR mn

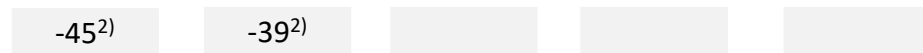
EBIT impact before special Items

in EUR mn



Special items

in EUR mn



1) 2016 based on the already started initiatives in 2016

2) Provision for CORE II of EUR 45m in 2016, provision for Shared Services provision of EUR 39m in 2017

Key aspects

- ▶ Agenda 4 plus One with its 20 initiatives led to EUR 159 mn expenditures in 2017 reducing the EBIT before special items
- ▶ Total profitability improvement potential of Agenda 4 plus One of EUR 300 mn until 2022
- ▶ Guidance 2018 includes financial impact from Agenda 4 Plus One

P&L Details

in EUR mn

	Actual 2015	Actual 2016	Actual 2017
Sales	13,179	13,338	14,021
thereof Agenda 4 Plus One	0	50	70
EBIT before special items	1,676	1,700	1,584
EBIT margin before special items	12.7%	12.7%	11.3%
thereof Agenda 4 Plus One	0	-32	-159
Special Items	-274	-144	-56
thereof Agenda 4 Plus One	0	-45	-39

B "What is the expected profitability of your 3 divisions?"

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 Includes impact
of "Agenda
4 Plus One"

		Proforma FY 2016	Proforma FY 2017		Divisional Guidance FY 2018
Automotive OEM	Sales Growth ¹⁾	+4.8%	+6.5% ^{64%³⁾}	Sales growth ¹⁾	6-7%
	EBIT margin ²⁾	12.8%	10.8%	EBIT margin ²⁾	9.5-10.5%
Automotive Aftermarket	Sales Growth ¹⁾	+10.6%	+3.2% ^{13%³⁾}	Sales growth ¹⁾	3-4%
	EBIT margin ²⁾	21.3%	19.0%	EBIT margin ²⁾	16.5-17.5%
Industrial	Sales Growth ¹⁾	-4.8%	+5.7% ^{23%³⁾}	Sales growth ¹⁾	3-4%
	EBIT margin ²⁾	7.3%	8.0%	EBIT margin ²⁾	9-10%

1) FX adjusted

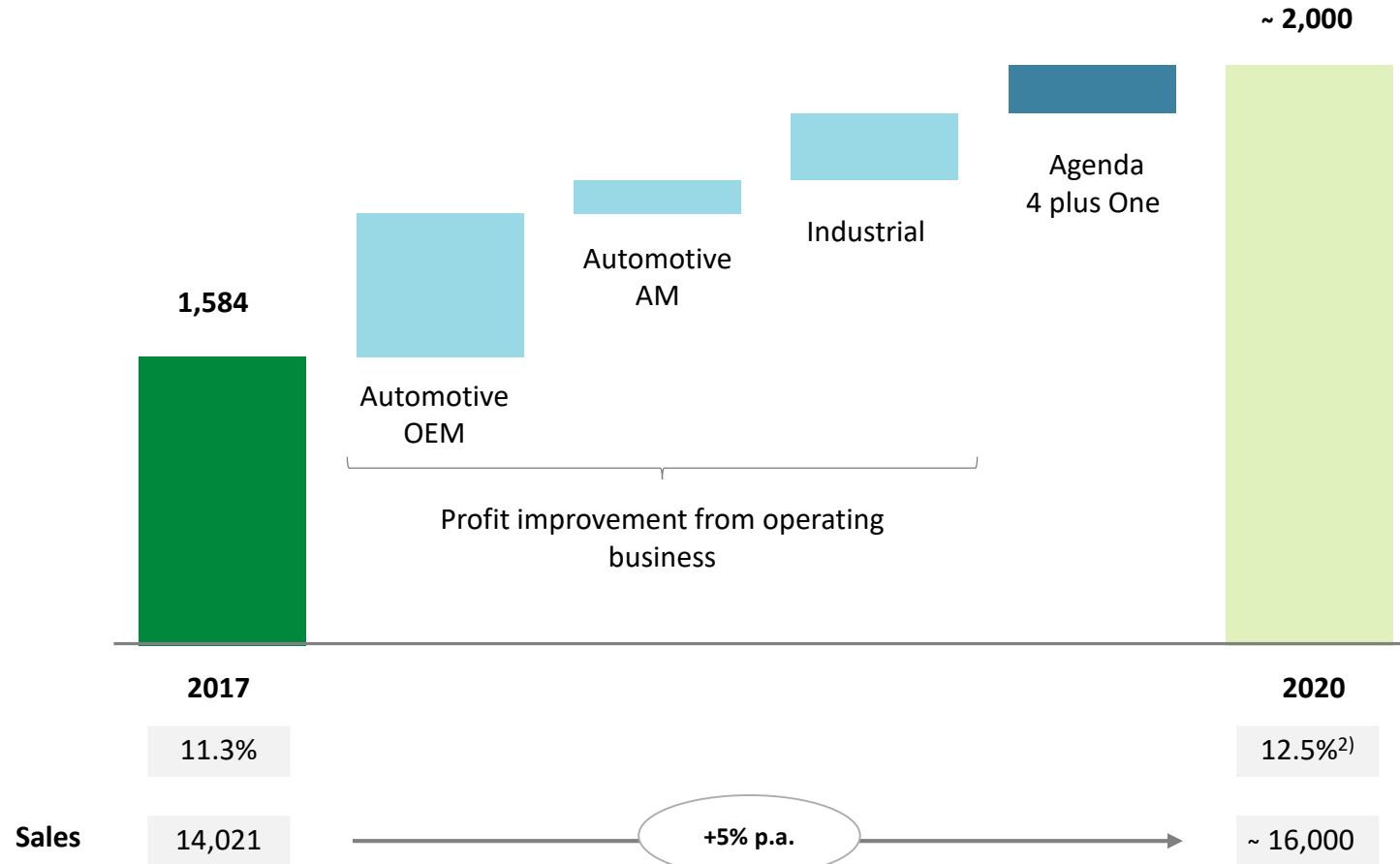
2) Before special items

3) In % of Group Sales 2017

"How will you close the gap to your Financial Ambitions 2020?"

Gap to Financial Ambitions 2020 - EBIT before special items²⁾

in EUR mn



1) Financial Ambitions 2020 with EBIT before special items margin range of 12-13% (midpoint of 12.5% for indicative calculation)

2) For illustration purposes

Key aspects

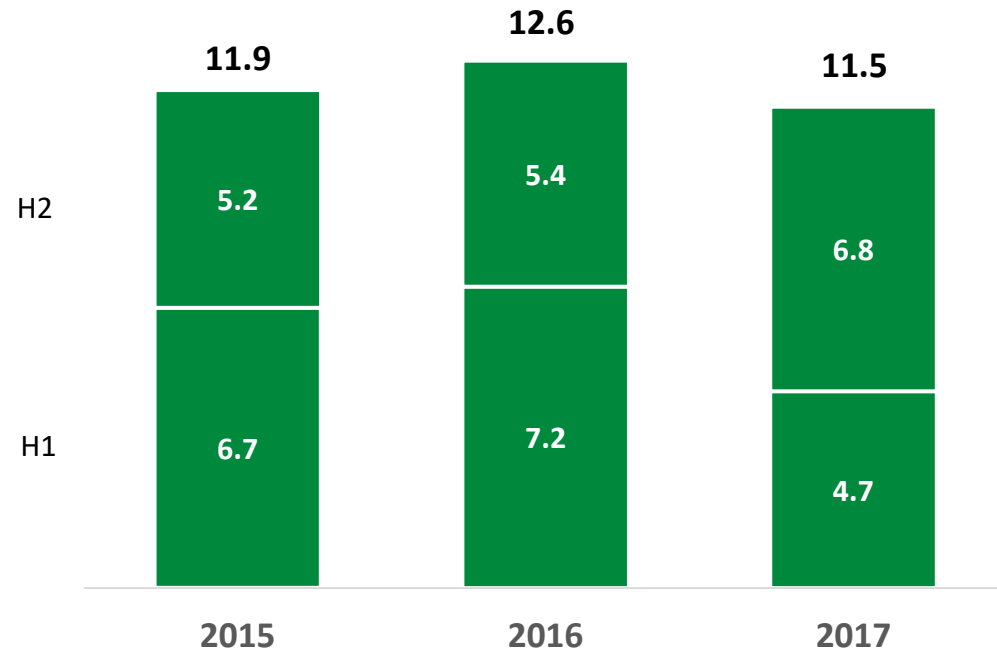
- ▶ Financial Ambition for 2020 based upon operating performance and realization of Agenda 4 plus One
- ▶ Operating performance driven by growth of Automotive OEM above market, steady growth of Automotive Aftermarket at stable margins and Industrial division reaching 11-13% EBIT margin by 2020
- ▶ Impact from Agenda 4 Plus One driven by execution of key initiatives

**Execution
is key to success**

D "How is your order book developing?"

Automotive OE Order Intake¹⁾³⁾

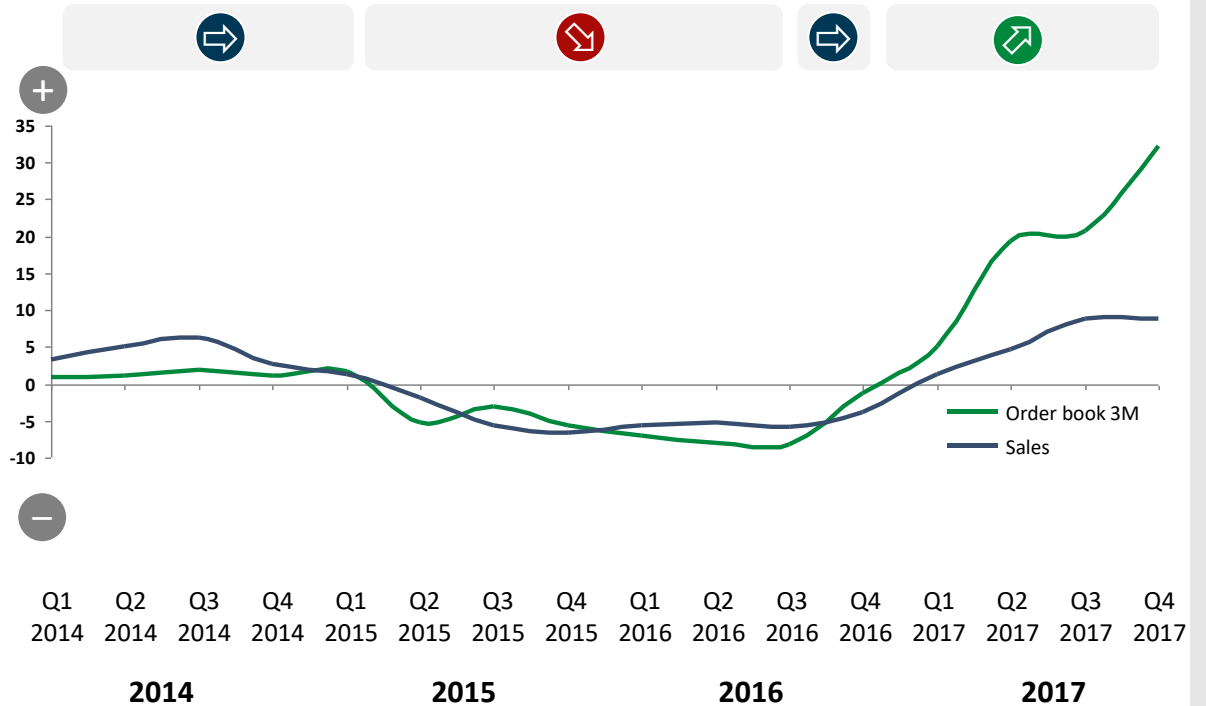
in EUR bn



Book to Bill Ratio ²⁾	H2	1.3x	1.3x	1.5x
	H1	1.6x	1.6x	1.0x
	FY	1.4x	1.5x	1.3x

¹⁾ Received orders in given time period ²⁾ Lifetime Sales / Current period revenue ³⁾ Excluding Automotive Aftermarket

Industrial Order book 3M

y-o-y growth²⁾Business expectation based upon order book 3M³⁾

²⁾ FX-adjusted product sales

³⁾ The order book 3M measures the amount of customer orders which are due in the next three months. It is presented as a relative, fx-adjusted year-over-year growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

E "How do you plan to allocate capital and use your cash flow going forward?"

Free Cash Flow Analysis

in EUR mn

FCF generation

	Actual 2016	Actual 2017	Guidance 2018
EBITDA	2,293	2,295	
Capex	-1,146	-1,273	
Others	-412	-534	
FCF ¹⁾	= 735	= 488	
M&A	0	+27 ⁴⁾	
FCF before M&A	= 735	= 515	~ 450
FCF Conversion Ratio ²⁾	30%	22%	

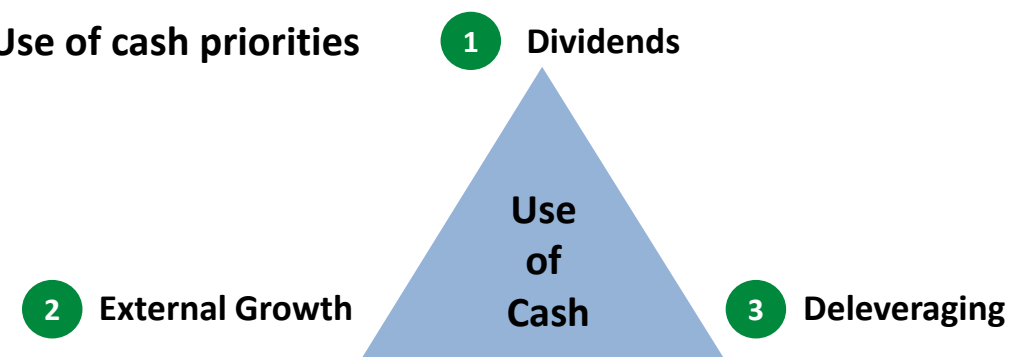
FCF allocation

	FCF before M&A	735	515	~ 450
1 Dividends	-329	-330	-361 ³⁾	
2 M&A	0	-27 ⁴⁾		
3 Deleveraging	-137	-500		
Others & FX	+3	-31		
Δ Cash	= 272	= -373		
Cash EoP	1,071	698		
Gearing Ratio ⁵⁾	132%	93%		

Key aspects

- ▶ Schaeffler Group generates significant Free Cash Flow from its operating business
- ▶ Schaeffler Group finances organic growth from internal cash generation, external growth shall be financed by external debt
- ▶ Dividend continues to remain first priority (30-40% payout ratio)

Use of cash priorities

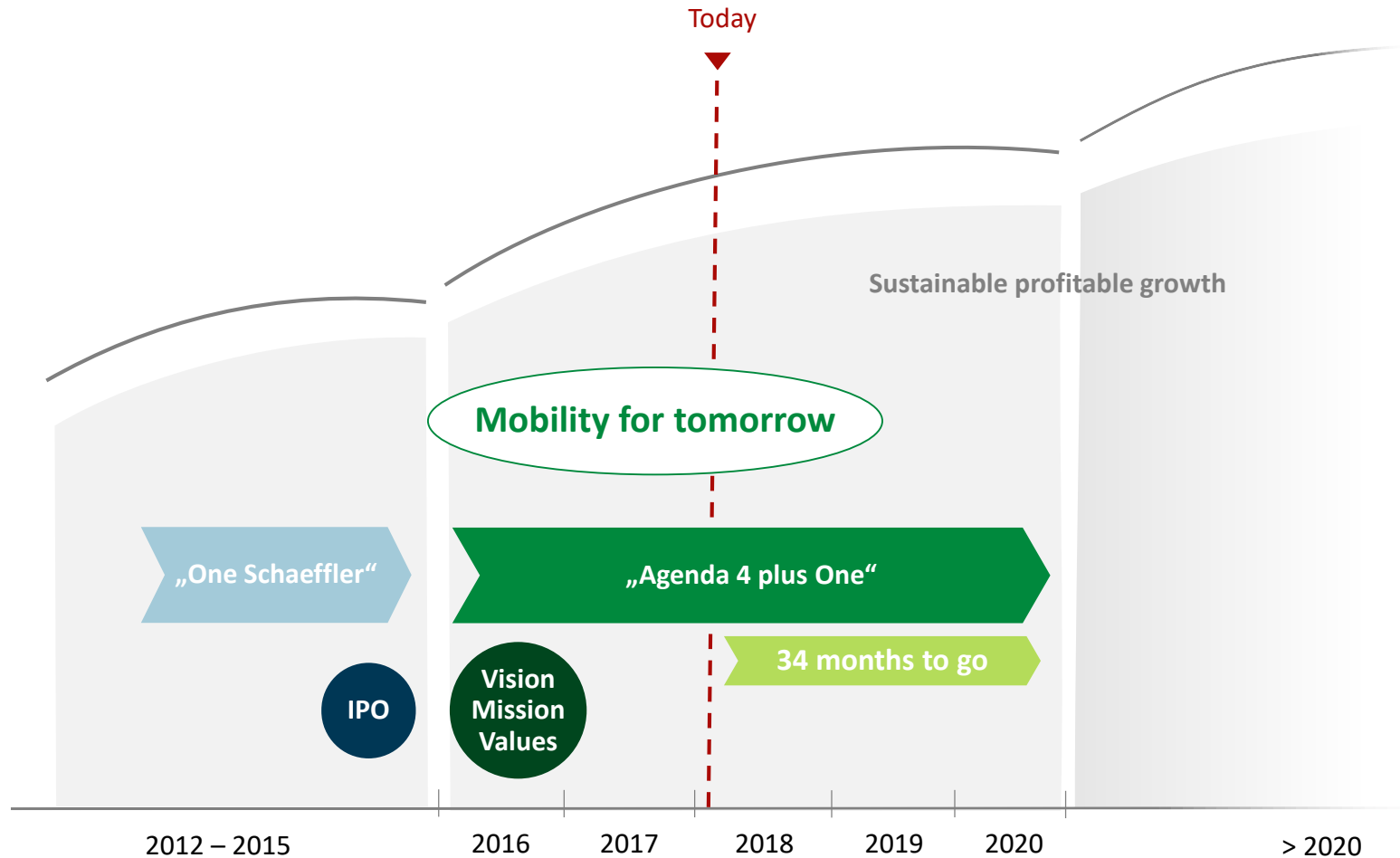


- 1) As reported 2) FCF before M&A to EBITDA before special items
 3) Dividend proposal to the AGM
 4) Net balance of acquisitions and divestitures
 5) Ratio of net financial debt to equity incl. non-controlling interests

Schaeffler "Mobility for tomorrow" – Transformation to be accelerated

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Key aspects

- ▶ Strategy "Mobility for tomorrow" successfully implemented
- ▶ Excellence program "Agenda 4 plus One" increased to 20 initiatives
- ▶ 3 divisions from January 1st 2018 onwards: Automotive OEM, Automotive Aftermarket, Industrial
- ▶ "One Schaeffler" approach to be further strengthened

Accelerating our
transformation

Key figures FY 2017

in EUR mn		FY 2016	FY 2017	FY 2017 vs. FY 2016	Q4 2016	Q4 2017	Q4 2017 vs. Q4 2016
Sales	1	13,338	14,021	+5.1% +5.9% ¹⁾	3,361	3,541	+5.4% +8.5% ¹⁾
EBIT	2	1,556 1,700 ²⁾	1,528 1,584 ²⁾	-28 mn -116 mn	280 424 ²⁾	319 388 ²⁾	+39 mn -36 mn
EBIT margin		11.7% 12.7% ²⁾	10.9% 11.3% ²⁾	-0.8%-pts. -1.4%-pts.	8.3% 12.6% ²⁾	9.0% 11.0% ²⁾	+0.7%-pts. -1.6%-pts.
Net income³⁾	3	859	980	+121 mn	187	189	+2 mn
EPS⁴⁾		1.30	1.48	+0.18	0.28	0.29	+0.01
Free cash flow	4	735	488	-247 mn	256	244	-12 mn
Capex		1,146	1,273	+127 mn	317	400	+83 mn
Net financial debt	5	2,636	2,370	-266 mn	2,636	2,370	-266 mn
Gearing Ratio ⁵⁾		132%	93%	-39%-pts.	132%	93%	-39%-pts.
ROCE ²⁾	6	22.3%	19.9%	-2.4%-pts.	22.3%	19.9%	-2.4%-pts.

1) FX-adjusted

3) Attributable to shareholders of the parent company

5) Ratio of net financial debt to equity incl. non-controlling interests

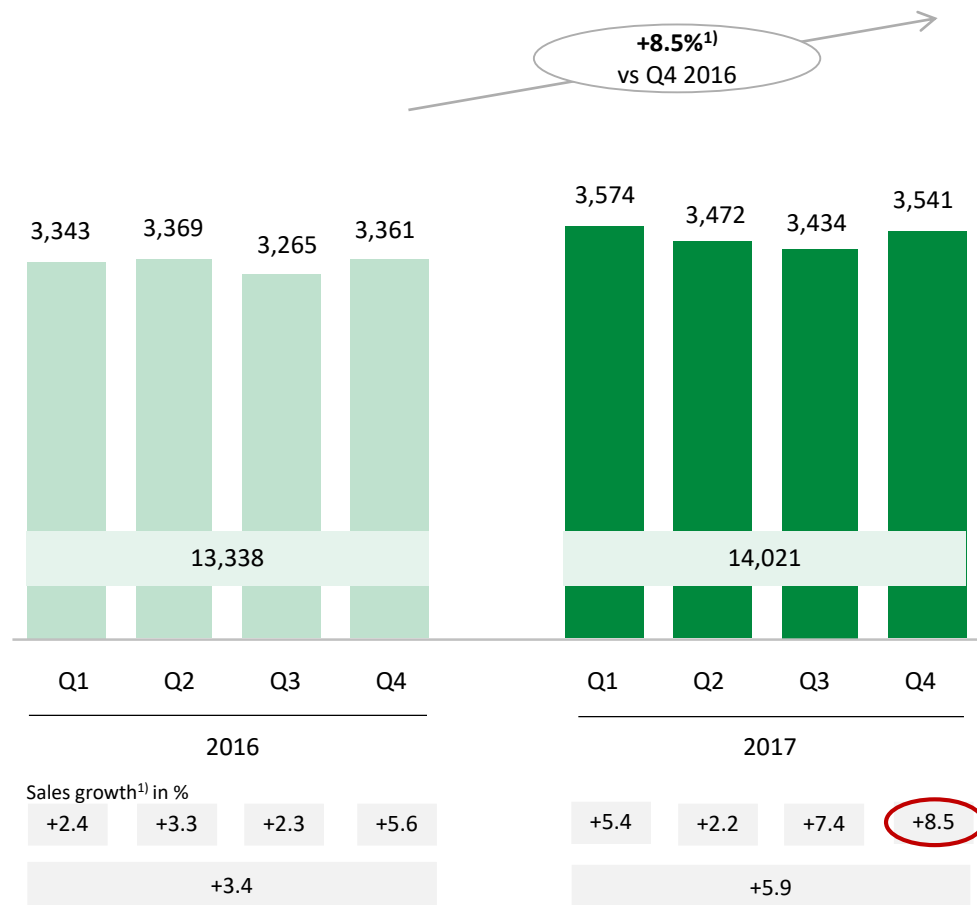
2) Before special items

4) Earnings per common non-voting share

1 Sales Schaeffler Group – Sales growth FY 2017 5.9%¹⁾

Sales

in EUR mn



1) FX-adjusted

Key aspects

- FY 2017 growth of +5.9%¹⁾ with acceleration in Q4
- Automotive growth with outperformance of 3.8% for the Full Year 2017
- Industrial growth of +5.7%¹⁾ in FY 2017 – all regions contributed

Divisional growth rates

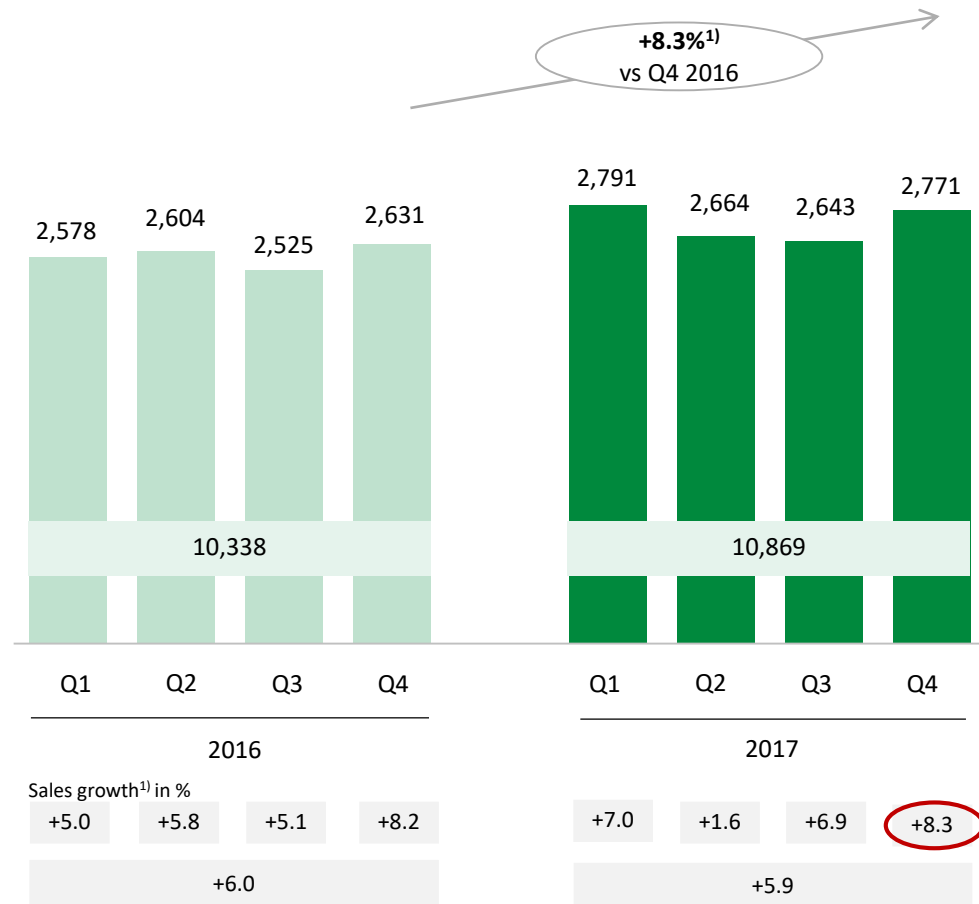
	Q4 2017 as reported	Q4 2017 FX-adjusted	FY 2017 as reported	FY 2017 FX-adjusted
Automotive	+5.3%	+8.3%	+5.1%	+5.9%
Industrial	+5.5%	+9.0%	+5.1%	+5.7%
Group	+5.4%	+8.5%	+5.1%	+5.9%

1 Sales Automotive Division – Sales growth FY 2017 5.9%¹⁾

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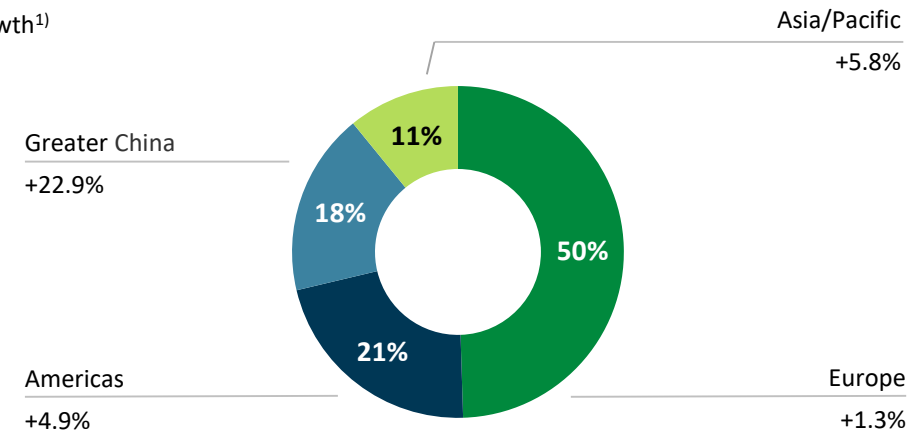
Sales

in EUR mn



1) FX-adjusted

Sales by region FY 2017

y-o-y growth¹⁾

Sales by business division

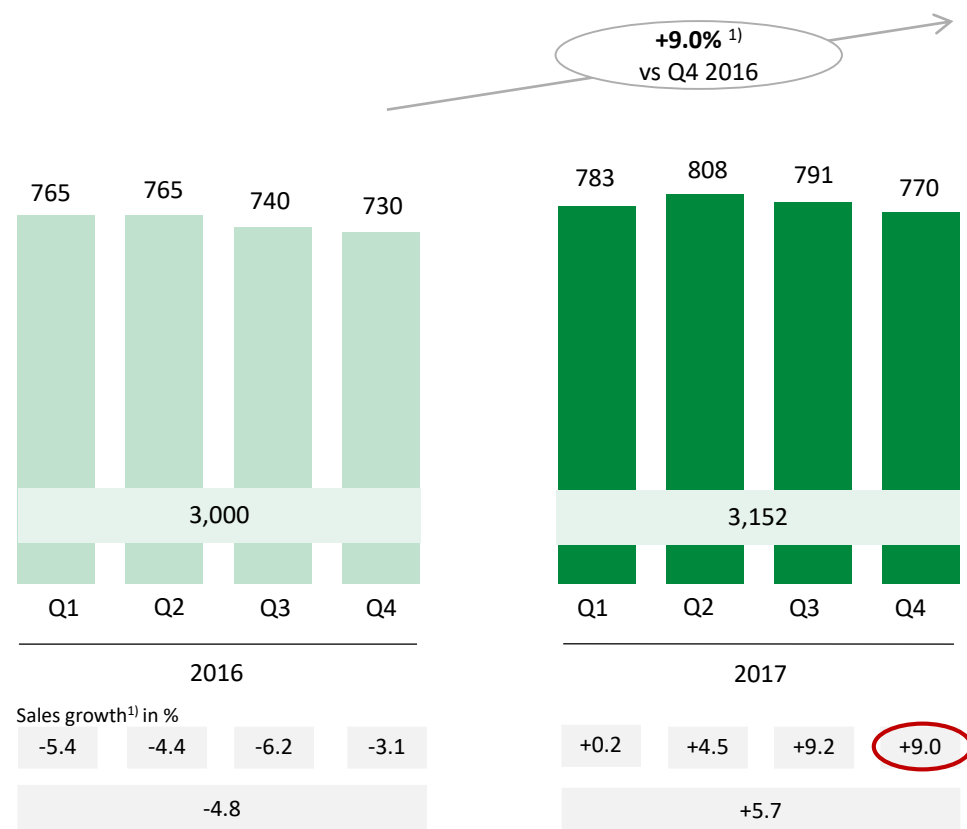
y-o-y growth (w/o FX effects)

	FY 2016	FY 2017	Δ (w/o FX effects)	Q4 2016	Q4 2017	Δ (w/o FX effects)
Engine	2,646	2,787	+6.7%	686	718	+9.1%
Transmission	4,346	4,620	+7.4%	1,130	1,192	+8.7%
Chassis	1,533	1,588	+4.2%	390	415	+9.0%
Aftermarket	1,813	1,874	+3.2%	425	446	+6.5%
Total	10,338	10,869	+5.9%	2,631	2,771	+8.3%

1 Sales Industrial Division – Sales growth FY 2017 5.7%¹⁾

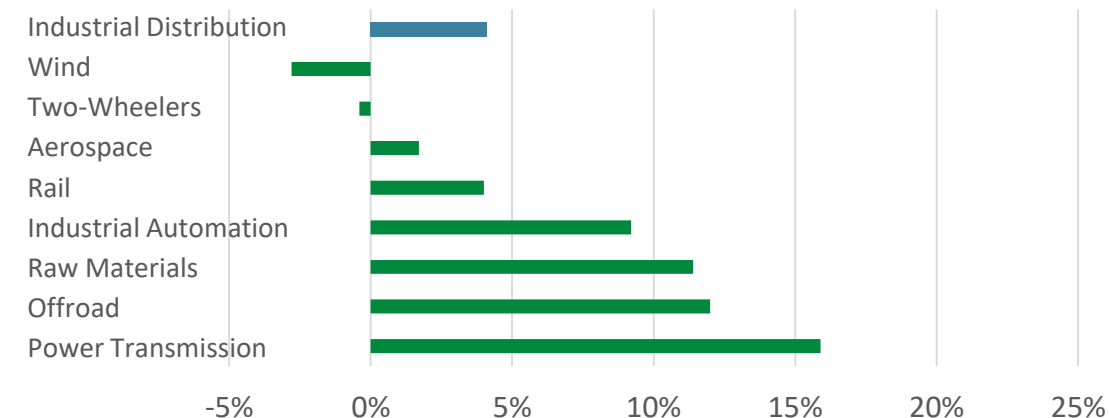
Sales

in EUR mn



1) FX-adjusted

Industrial sales growth by sector cluster FY 2017¹⁾



Sales by region

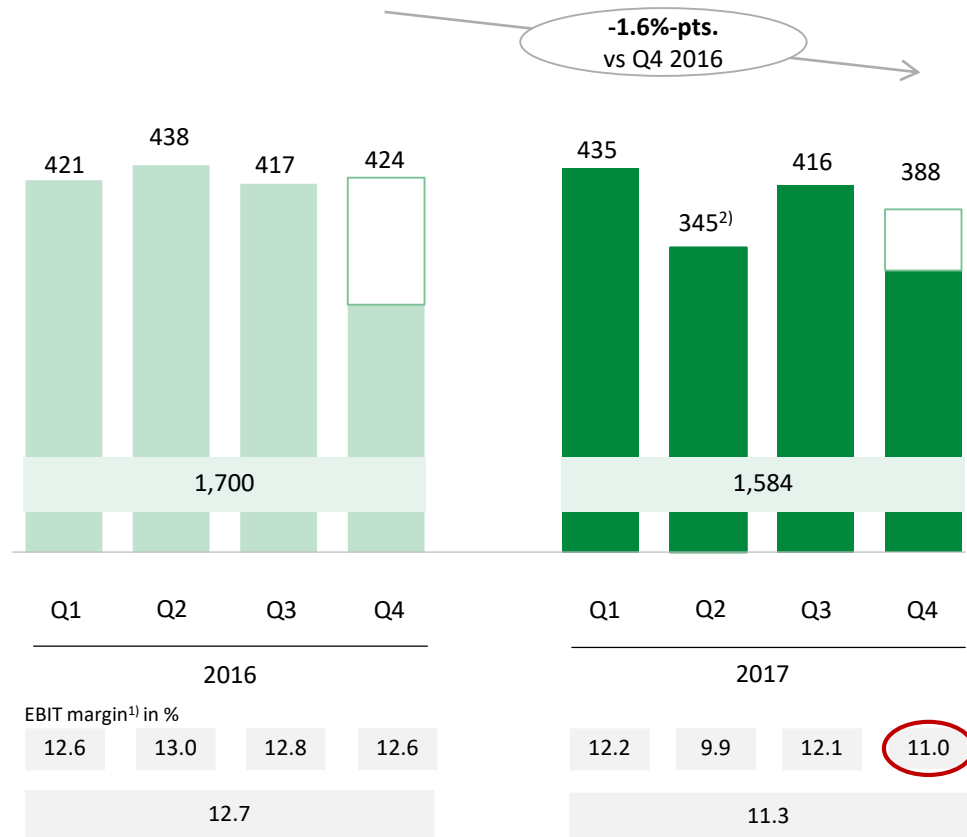
y-o-y growth (w/o FX effects)

	FY 2016	FY 2017	Δ	Q4 2016	Q4 2017	Δ
Europe	1,772	1,803	+1.7%	420	435	+4.5%
Americas	561	575	+3.3%	139	135	+4.7%
Greater China	378	472	+29.3%	99	122	+32.2%
Asia/Pacific	289	302	+4.9%	72	78	+14.4%
Total	3,000	3,152	+5.7%	730	770	+9.0%

2 Group EBIT margin – Q4 2017 weaker than expected

EBIT¹⁾

in EUR mn



1) Before special items

2) Reported EBIT of EUR 358m including EUR 13m positive special item

Moving parts Q4 2017

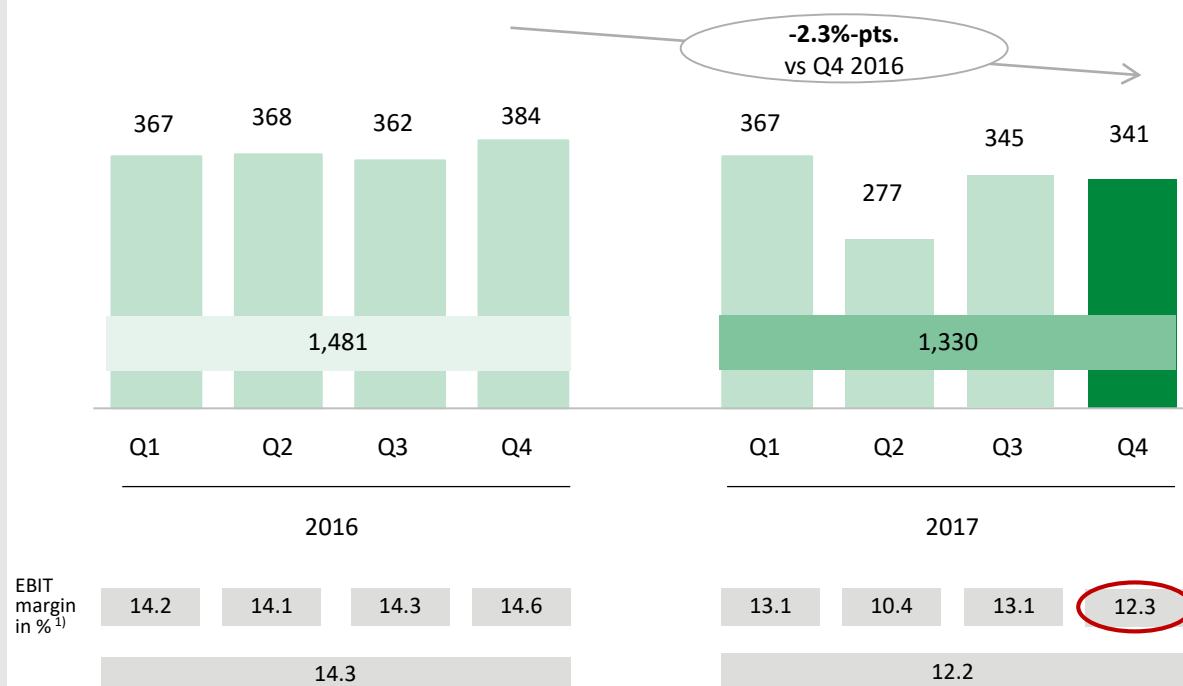
- ▶ Very high level of demand in Q4 compared to previous quarters led to:
 - ▶ Inefficiencies in plants caused by strained supply chain and high level of utilization
 - ▶ Increase of logistics costs including special freight due to high demand in China
- ▶ Small increase in Agenda 4 plus One expenses

2 Automotive EBIT – EBIT margin¹⁾ FY 2017 at 12.2%

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EBIT¹⁾

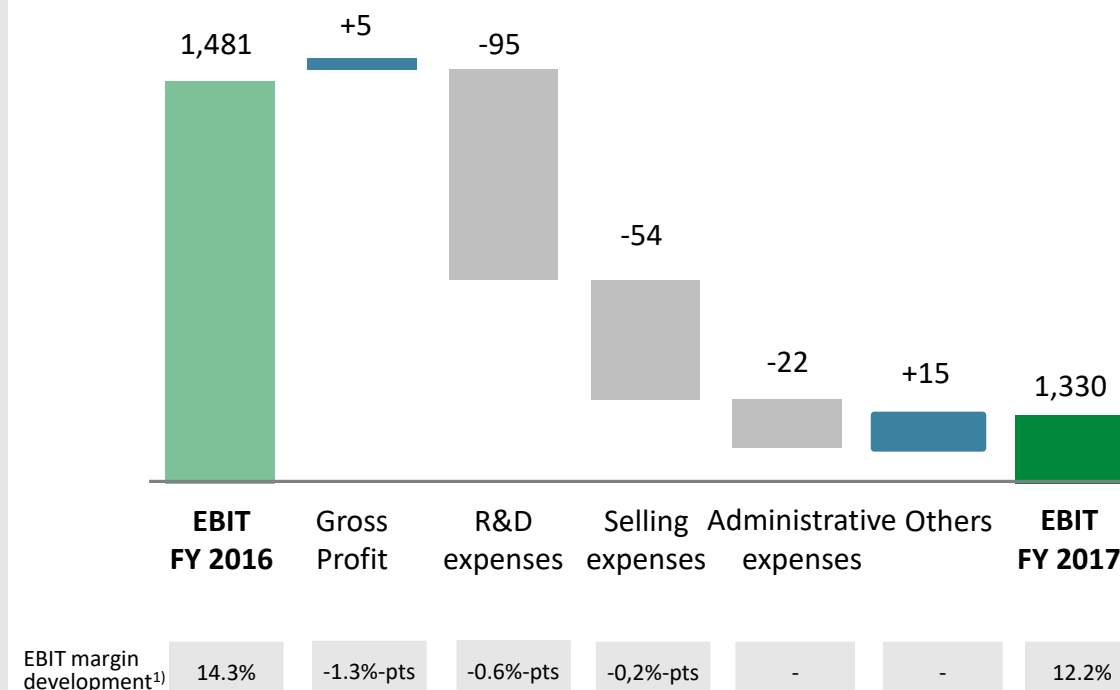
in EUR mn



1) Before special items

EBIT¹⁾ FY 2016 vs. FY 2017

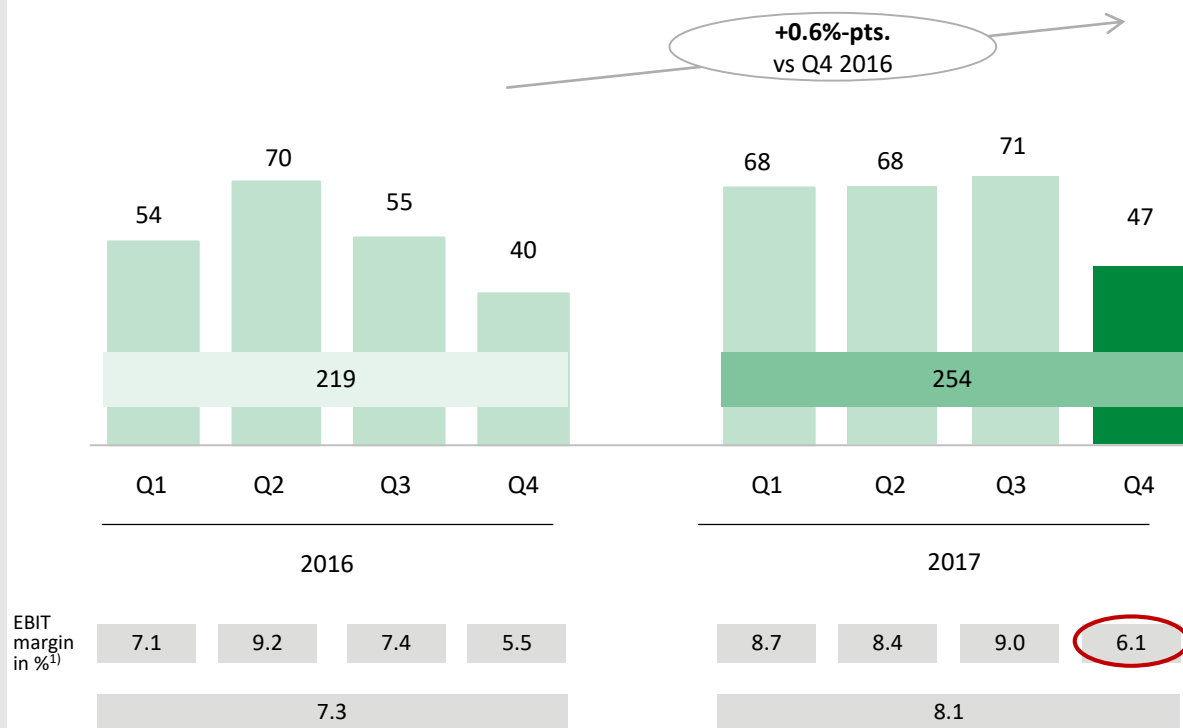
in EUR mn



2 Industrial EBIT – EBIT margin¹⁾ FY 2017 at 8.1%

EBIT¹⁾

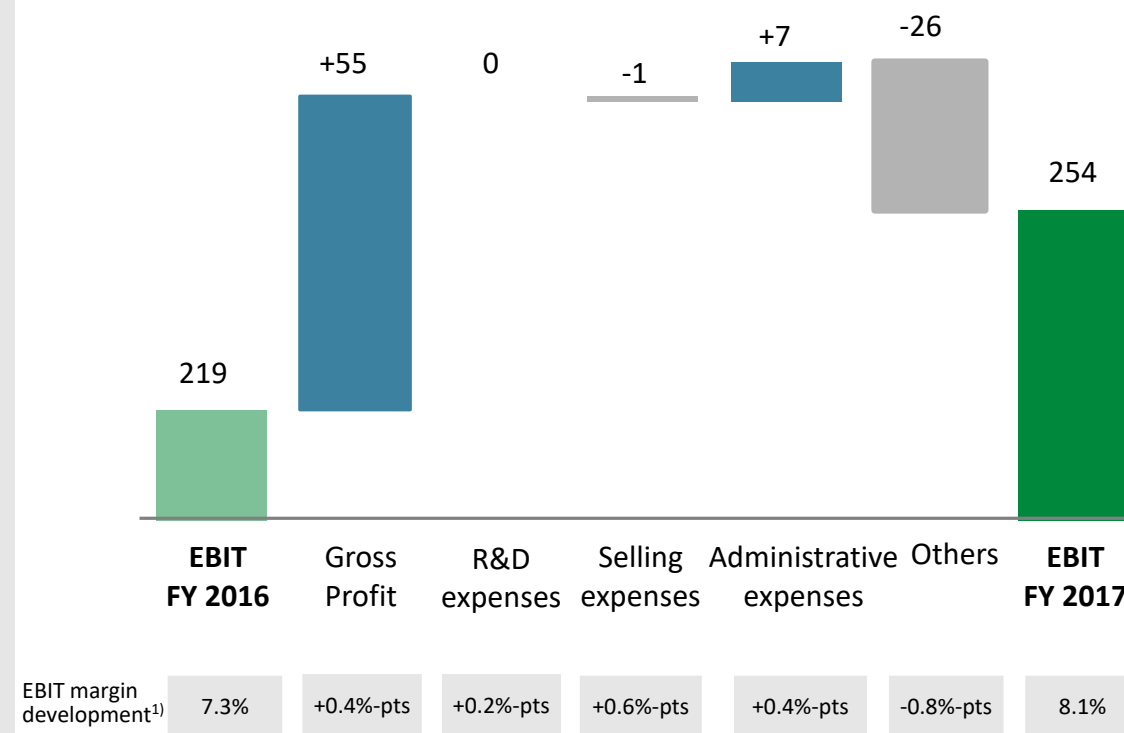
in EUR mn



1) Before special items

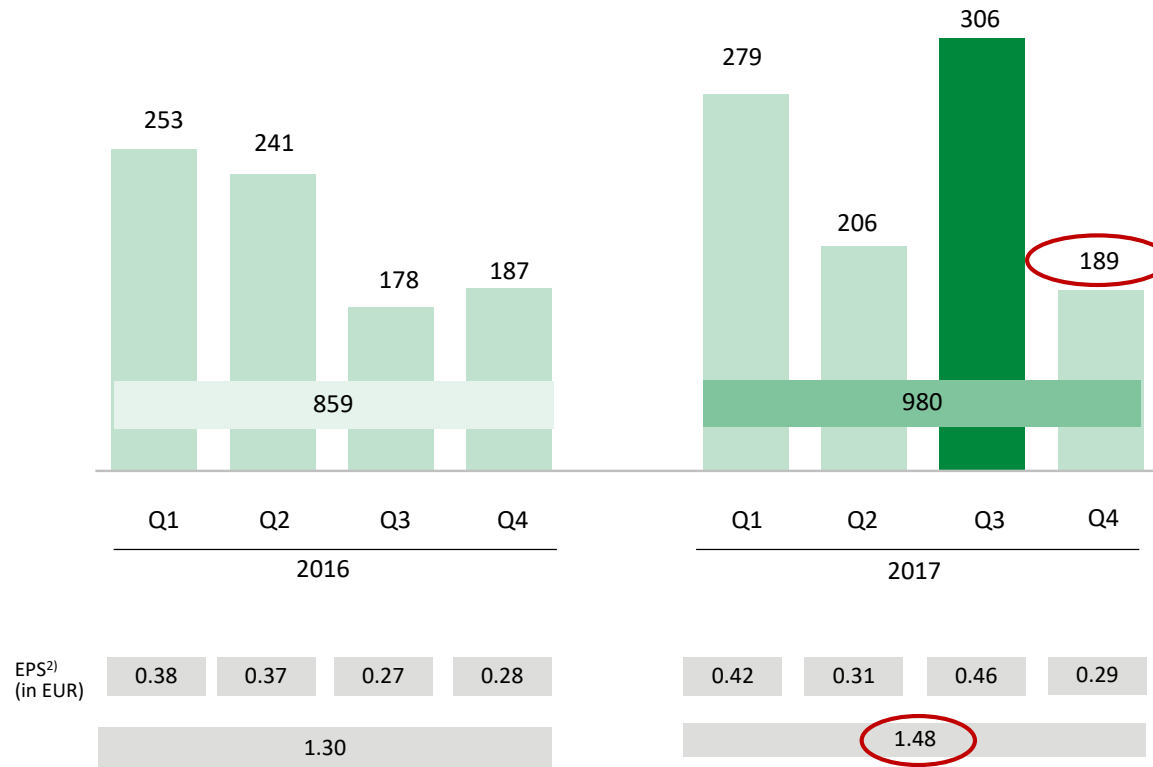
EBIT¹⁾ FY 2016 vs. FY 2017

in EUR mn



Net income¹⁾

in EUR mn



1) Attributable to the shareholders of the parent company

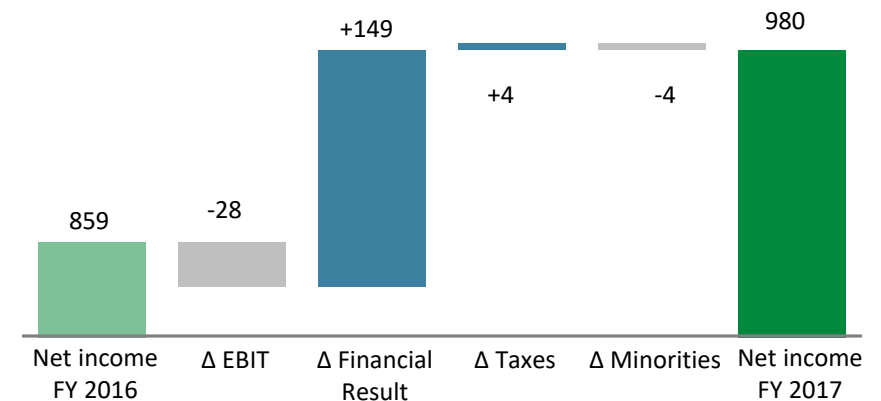
2) Earnings per common non-voting share

Key aspects

- ▶ FY 2017 EPS improved by 14% to EUR 1.48
- ▶ Significant improvement of financial result due to lower interest expenses on financial debt
- ▶ Benefit from lower tax rate of 25.4% in FY 2017 vs 28.2% in FY 2016 mainly driven by one-time effects

Net income¹⁾ FY 2017 vs. FY 2016

in EUR mn

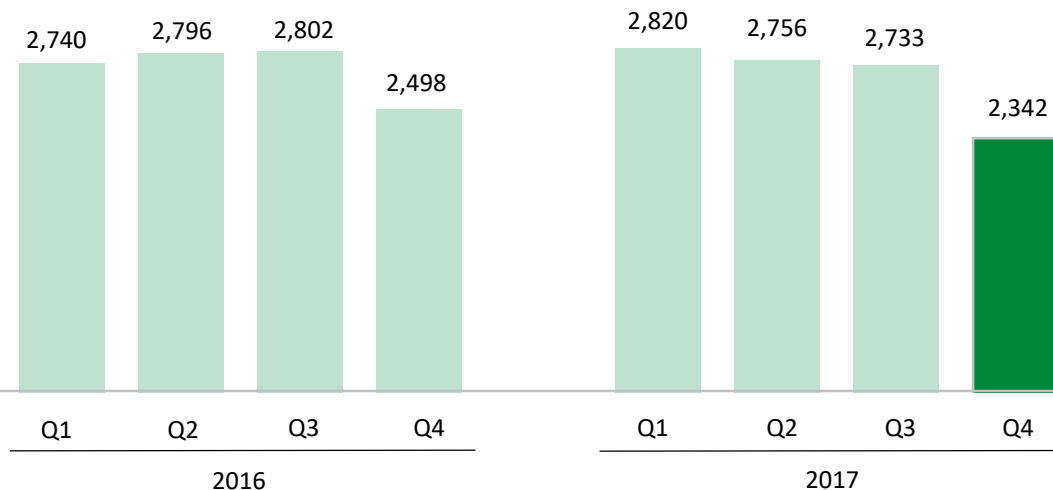


Working Capital ratio at 16.7% per year end – Capex ratio 11.3% in Q4 2017

Working capital¹⁾

in EUR mn

Q4 2017 includes
150 mn EUR Receivable
Sale Program



In % of sales (LTM)

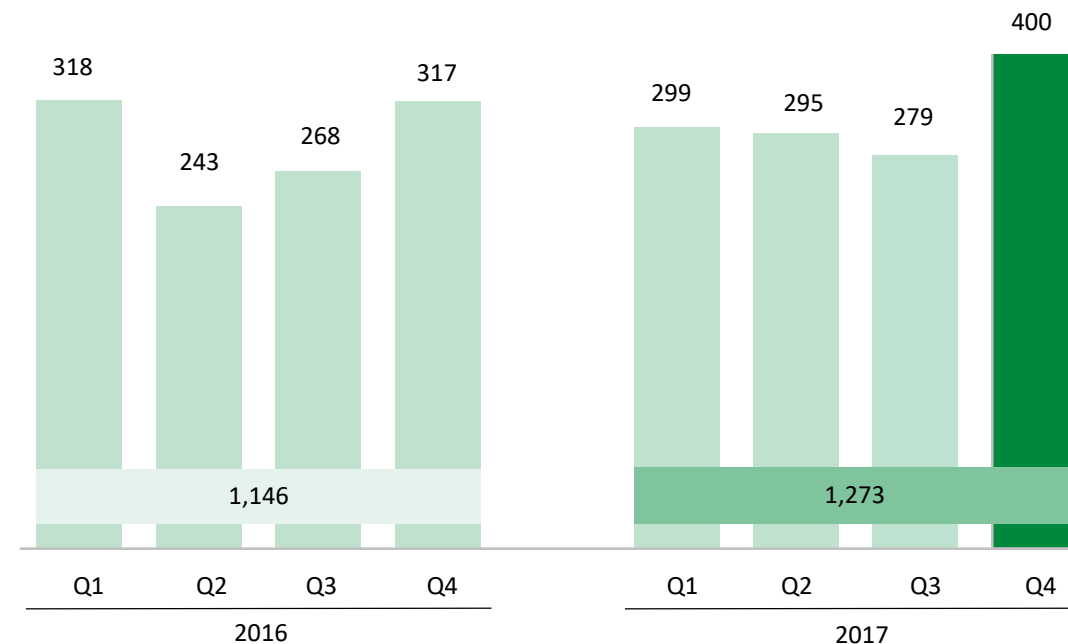
21.0	21.2	21.2	18.7
------	------	------	------

21.2	20.2	19.7	16.7
------	------	------	------

1) According to balance sheet; figures as per the end of period

Capex²⁾

in EUR mn



In % of sales

9.5	7.2	8.2	9.4
-----	-----	-----	-----

8.6

8.4	8.5	8.1	11.3
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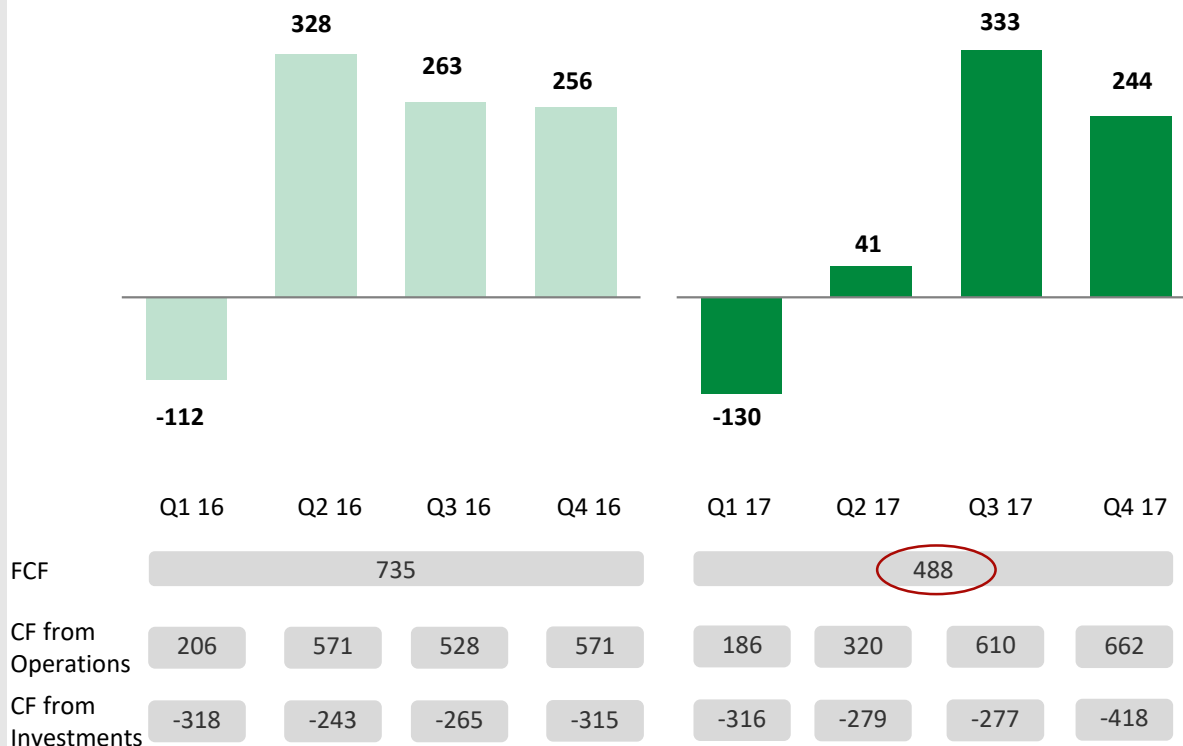
9.1

2) Cash view

4 Solid Free Cash Flow generation – Capex Ratio increased to 9.1%

Free Cash Flow development

in EUR mn



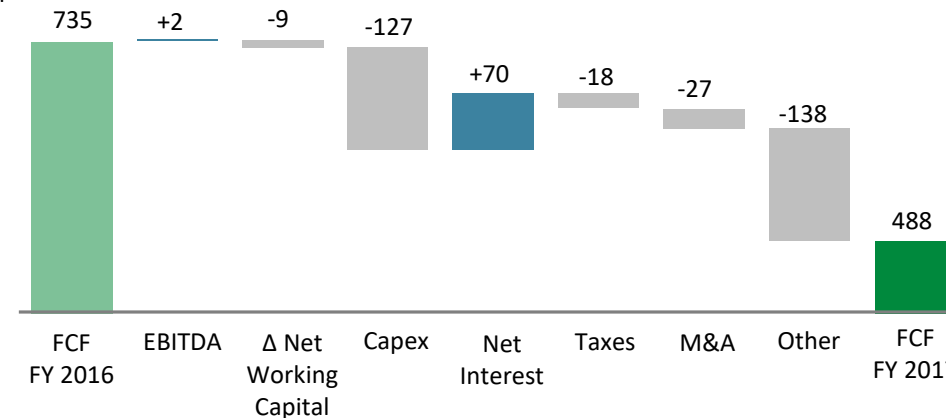
1) Refers to EBIT/EBITDA before special items

Key aspects

- ▶ Free Cash Flow decreased from EUR 735 mn to EUR 488 mn due to lower profitability¹⁾ and higher capex
- ▶ Capex to sales at 9.1% in FY 2017 (8.6% in FY 2016)
- ▶ Other line affected by non-persistent cash outflows related to legal cases and restructuring

FCF FY 2017 vs. FY 2016

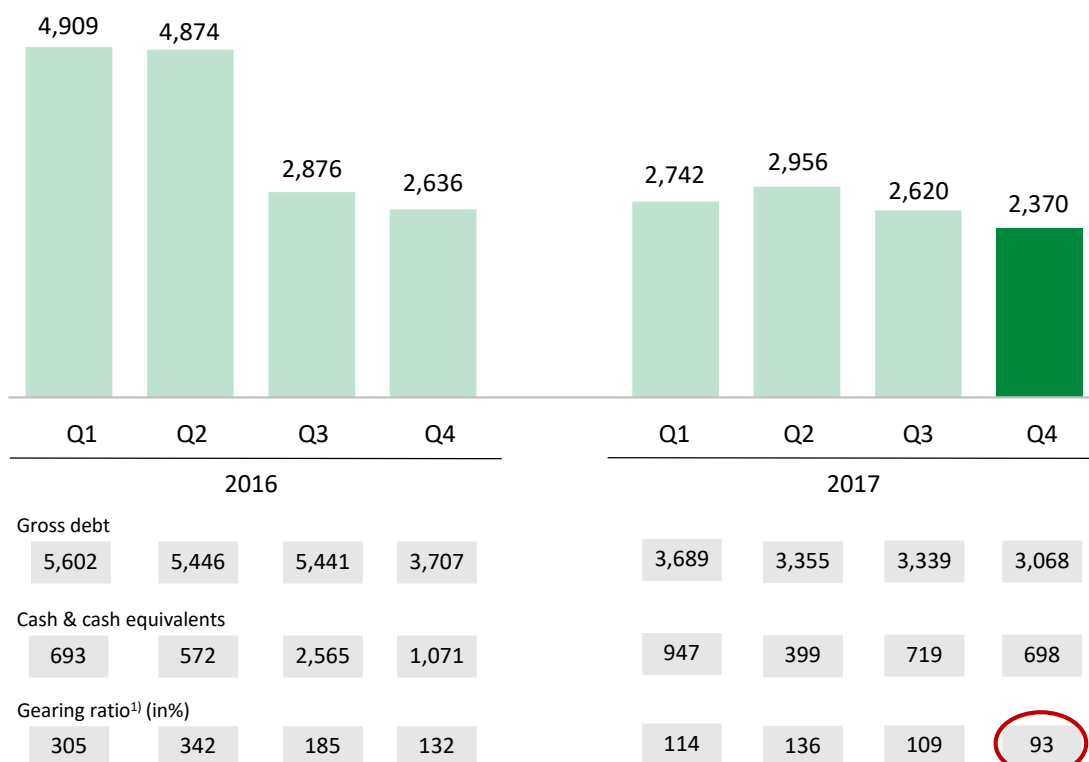
in EUR mn



5 Net debt and Gearing ratio – Gearing ratio with 93% at all time low

Net financial debt and Gearing ratio

in EUR mn



1) Gearing ratio: Ratio of net financial debt to equity incl. non-controlling interests in %

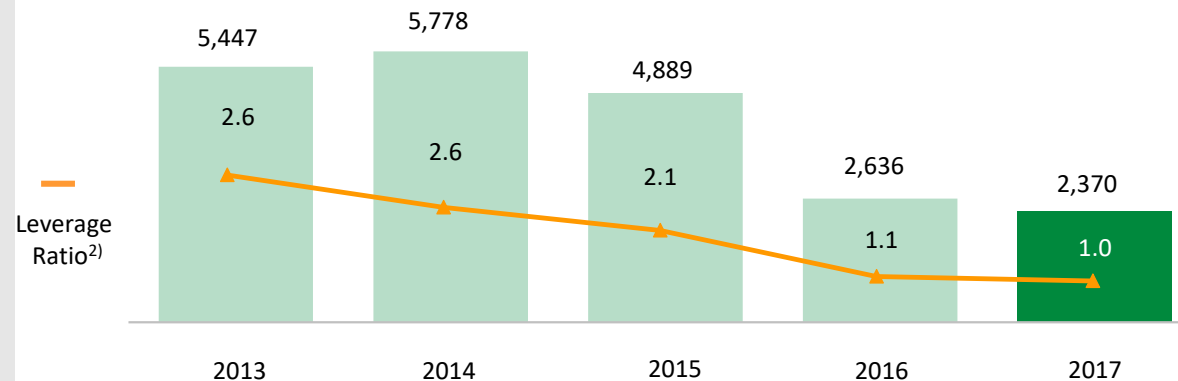
2) Leverage Ratio: Net financial debt to EBITDA ratio before special items

Key aspects

- ▶ Lower net debt level in FY 2017 due to full redemption of a bond with a principal of USD 700 mn in Q2 2017
- ▶ Gearing ratio further improved to 93%
- ▶ S&P raised the outlook for Schaeffler ("BB+") from "stable" to "positive" at end of September 2017

Net debt development

in EUR mn

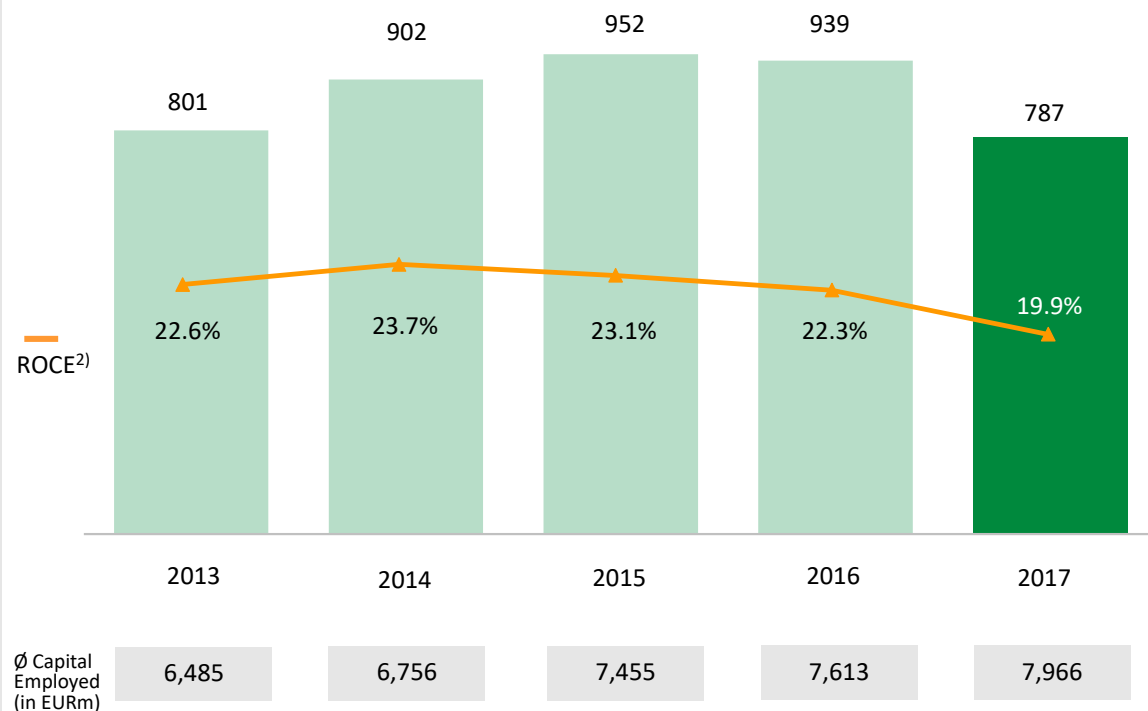


Schaeffler Value Added EUR 787 mn – ROCE 19.9%

SCHAEFFLER

Schaeffler Value Added ^{1) 2)}

in EUR mn



Ø Capital Employed (in EURm)

1) Defined as EBIT before special items minus Cost of Capital (10% * Ø Capital Employed)

2) Before special items

Key aspects Schaeffler Value Added

- ▶ Schaeffler Value Added ¹⁾ measures internal value creation on a group-wide basis
- ▶ Schaeffler Value Added 2017 of EUR 787 mn below prior year (EUR 939 mn) due to lower profitability and higher capital expenditures
- ▶ Cost of Capital: 10% (pre-tax)

Key aspects ROCE ³⁾

- ▶ ROCE measures capital efficiency on a pre-tax basis
- ▶ ROCE at 19.9% in FY 2017 (prior year: 22.3%) driven by lower EBIT of EUR 116 mn
- ▶ Capital Employed increased by 4.3% driven by 11% increase in capital expenditures in 2017

3) Defined as EBIT before special items/ Ø Capital Employed

Group Guidance
published on February 1st

Group	
Sales growth	5-6% FX-adjusted
EBIT margin	10.5-11.5% before special items
Free Cash Flow ¹⁾	~ EUR 450 mn



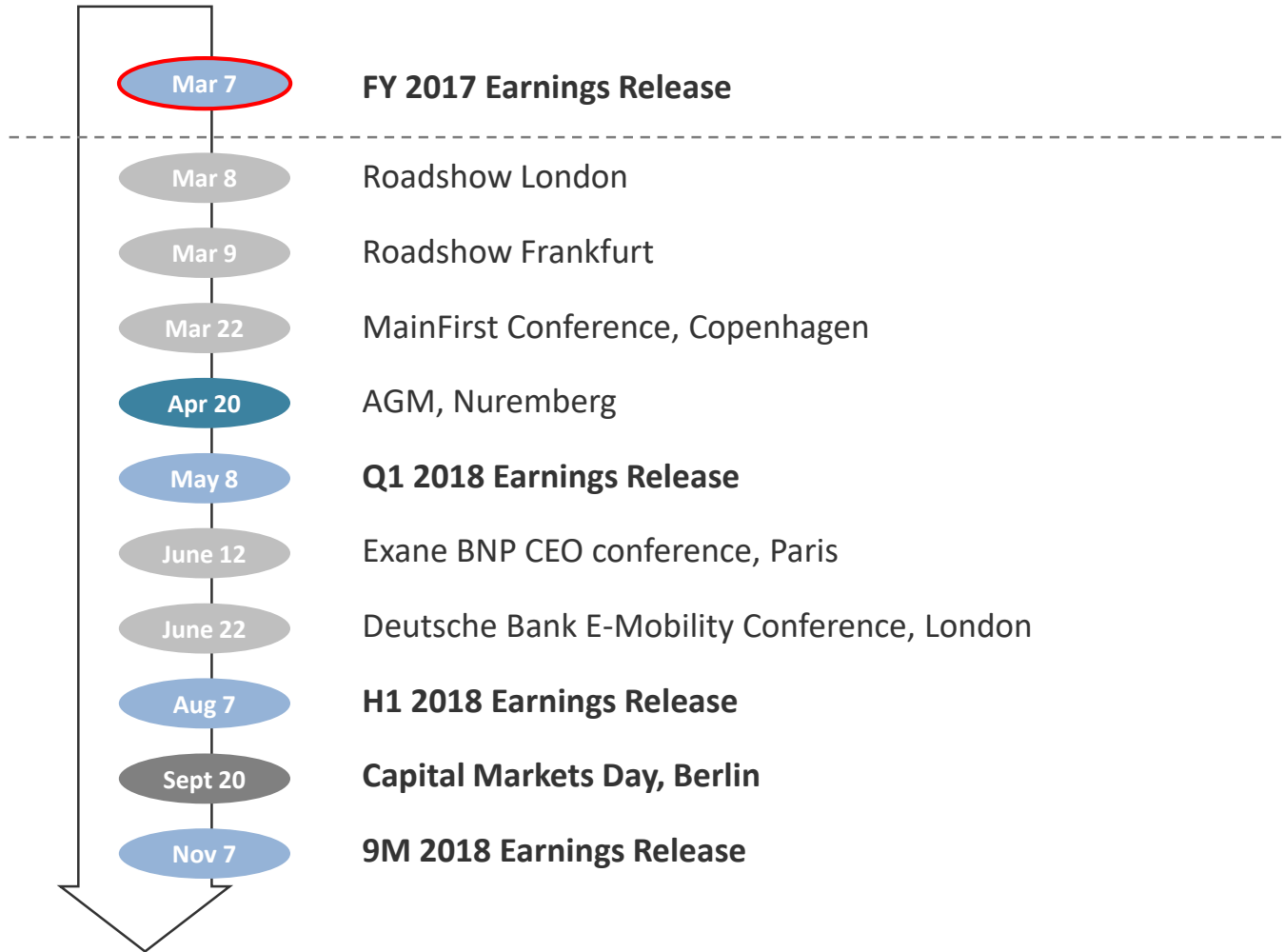
Divisional Guidance
published on March 7th

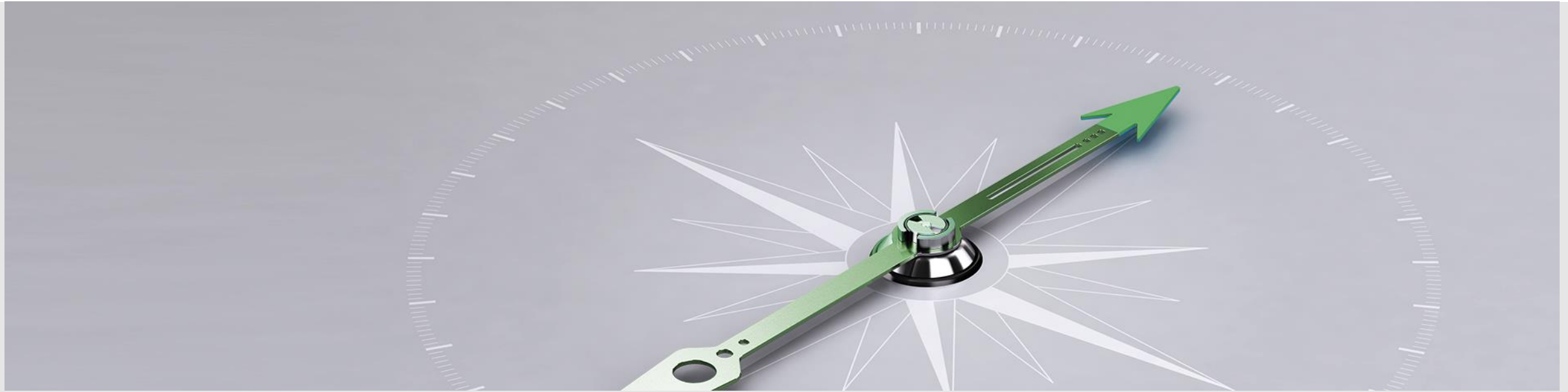
Automotive OEM	Automotive AM	Industrial
6-7% FX-adjusted	3-4% FX-adjusted	3-4% FX-adjusted
9.5-10.5% before special items	16.5-17.5% before special items	9-10% before special items

Market assumptions

- ▶ Automotive OEM: Growth of global passenger car production of around 2%
- ▶ Automotive Aftermarket: Stable growth in the global vehicle population and a nearly unchanged average vehicle age
- ▶ Industrial: Slightly higher growth in industrial production in 2018 than in 2017

1) Before cash in- and outflows for M&A activities





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Key figures¹⁾ by division – new structure**Automotive OEM**

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Sales	2,308	2,220	2,138	2,325	8,991
<i>Sales Growth²⁾</i>	+6.4%	+3.5%	+7.4%	+8.7%	+6.5%
EBIT	275	221	229	226	951
EBIT Adjusted ³⁾	275	208	229	261	973
EBIT Margin Adj.	11.9%	9.4%	10.7%	11.2%	10.8%

Automotive Aftermarket

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Sales	484	444	506	446	1,880
<i>Sales Growth²⁾</i>	+9.7%	-7.3%	+4.7%	+6.3%	+3.2%
EBIT	93	68	117	55	333
EBIT Adjusted ³⁾	93	68	117	80	358
EBIT Margin Adj.	19.2%	15.3%	23.1%	17.9%	19.0%

1) Proforma figures

2) FX-adjusted

3) EBIT before special items

Industrial

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Sales	782	808	790	770	3,150
<i>Sales Growth²⁾</i>	+0.2%	+4.5%	+9.2%	+9.0%	+5.7%
EBIT	67	69	70	38	244
EBIT Adjusted ³⁾	67	69	70	47	253
EBIT Margin Adj.	8.6%	8.5%	8.9%	6.1%	8.0%

Sales by region, business division and sector cluster – old structure

Automotive sales growth¹⁾ by region

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Europe	+3.8%	-5.8%	+2.3%	+5.6%	+1.3%
Americas	+7.0%	+1.9%	+3.3%	+7.4%	+4.9%
Greater China	+21.8%	+23.2%	+26.3%	+20.7%	+22.9%
Asia/Pacific	+3.7%	10.2%	+8.5%	+1.5%	+5.8%
Total	+7.0%	+1.6%	+6.9%	+8.3%	+5.9%

Sales growth¹⁾ by business division

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Transmission Systems	+6.4%	+6.3%	+8.1%	+8.7%	+7.4%
Engine Systems	+8.1%	+1.6%	+8.3%	+9.1%	+6.7%
Chassis Systems	+4.2%	-0.7%	+4.2%	+9.1%	+4.2%
Aftermarket	+9.9%	-7.5%	+4.8%	+6.5%	+3.2%
Total	+7.0%	+1.6%	+6.9%	+8.3%	+5.9%

1) FX-adjusted

Industrial sales growth¹⁾ by region

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Europe	-1.3%	+0.6%	3.1%	4.5%	1.7%
Americas	+0.1%	+5.1%	+3.4%	+4.7%	+3.3%
Greater China	+10.8%	+26.3%	+47.5%	+32.2%	+29.3%
Asia/Pacific	-3.5%	+0.1%	+9.3%	+14.4%	+4.9%
Total	+0.2%	+4.5%	+9.2%	+9.0%	+5.7%

Industrial Distribution Sales growth¹⁾

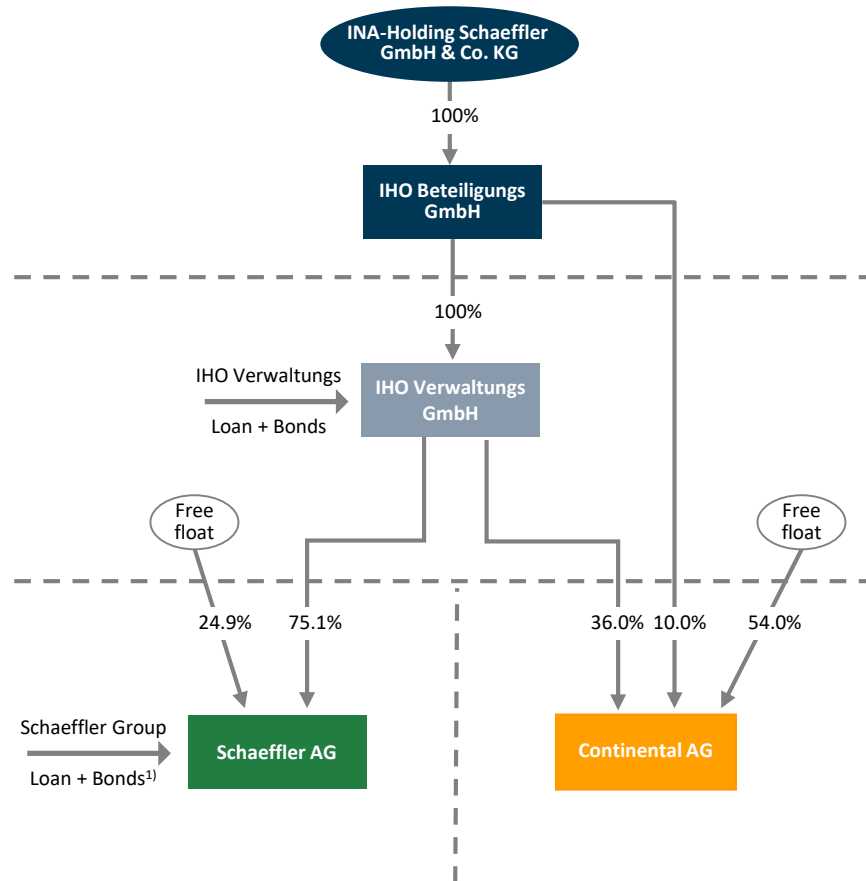
	Q1 '17	Q2 '17	Q3 '17	Q4 '17	FY '17
Industrial Distribution	+0.9%	+4.5%	+2.7%	+8.4%	+4.1%
Total	+0.2%	+4.5%	+9.2%	+9.0%	+5.7%

Overview Corporate and Financing Structure

SCHAEFFLER

Corporate structure (simplified)

as of December 31, 2017



1) All outstanding bonds are issued by Schaeffler Finance B.V., a 100% subsidiary of Schaeffler AG.

Financing structure

 in EUR²⁾ mn, as of December 31, 2017

IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD mn)	Nominal (EUR mn)	Interest	Maturity	Rating (F/M/S) ⁴⁾
Loans	Term loan (EUR)	-	600	E+2.25%	Sep-21	not rated
	RCF (EUR 200 mn)	-	-	E+2.25%	Sep-21	not rated
Bonds	2.75% SSNs 2021 (EUR)	-	750	2.75%	Sep-21	BB+/Ba1/BB-
	4.125% SSNs 2021 (USD)	500	417 ²⁾	4.125%	Sep-21	BB+/Ba1/BB-
	3.25% SSNs 2023 (EUR)	-	750	3.25%	Sep-23	BB+/Ba1/BB-
	4.50% SSNs 2023 (USD)	500	417 ²⁾	4.50%	Sep-23	BB+/Ba1/BB-
	3.75% SSNs 2026 (EUR)	-	750	3.75%	Sep-26	BB+/Ba1/BB-
	4.75% SSNs 2026 (USD)	500	417 ²⁾	4.75%	Sep-26	BB+/Ba1/BB-
Total			4,101	Ø 3.51%³⁾		

Schaeffler Group

	Debt instrument	Nominal (USD mn)	Nominal (EUR mn)	Interest	Maturity	Rating (F/M/S) ⁴⁾
Loans	Term loan (EUR)	-	1,000	E+1.20%	Jul-21	not rated
	RCF (EUR 1,300 mn)	-	0	E+0.90%	Jul-21	not rated
	Capex-Facility (EUR 250 mn)	-	90	E+1.00%	Dec-22	not rated
Bonds	2.50% SSNs 2020 (EUR)	-	400	2.50%	May-20	BBB-/Baa3/BB+
	3.50% SSNs 2022 (EUR)	-	500	3.50%	May-22	BBB-/Baa3/BB+
	4.75% SSNs 2023 (USD)	600	500 ²⁾	4.75%	May-23	BBB-/Baa3/BB+
	3.25% SSNs 2025 (EUR)	-	600	3.25%	May-25	BBB-/Baa3/BB+
Total			3,090	Ø 2.84%³⁾		

2) EUR/USD = 1.19930.

3) Incl. RCF commitment fee.

4) Fitch Ratings / Moody's Investor Services / Standard & Poor's.