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.

By their very nature, forward-looking statements involve risks and uncertainties. These statements are based on Schaeffler AG management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, changed market conditions affecting the automotive industry, intense competition in the markets in which we operate and costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting our markets, and other factors beyond our control).

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Schaeffler at a Glance – A global automotive and industrial supplier

- Global Automotive and Industrial supplier of high-precision components and mechatronic systems
- Quality, technology and innovation as key success factors
- Well defined strategy 'Mobility for Tomorrow'
- Above average growth and profitability with global sales of EUR 14 bn in 2017
- Well balanced customer base
- Global footprint with 73 plants and 18 R&D centers
Schaeffler at a Glance
Automotive OEM – At a Glance

Sales and EBIT margin\(^3\)
in EUR mn

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8,525</td>
<td>8,991</td>
<td></td>
</tr>
<tr>
<td>EBIT margin(^4)</td>
<td>12.8%</td>
<td>10.8%</td>
<td>9.5-10.5%</td>
</tr>
</tbody>
</table>

Growth rate\(^1\) | +4.8% | +6.5% | 6-7%   |
| EBIT margin\(^2\) |         |       |        |

1) FX-adjusted
2) Before special items
3) Proforma figures FY 2017
4) In % of Group Sales 2017

Sales by business division\(^3\)

- Chassis Systems: 18%
- Engine Systems: 47%
- Transmission Systems: 31%
- E-Mobility: 5%

Sales FY2017: EUR 8,991 mn

Sales split by customer mix

- Top 10 automotive customers: 64%
- Other customers: 36%

1) FX-adjusted
2) Before special items
3) Proforma figures FY 2017
4) In % of Group Sales 2017

March 22, 2018
Schaeffler AG MainFirst Conference Copenhagen
Sales and EBIT margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in EUR mn)</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,813</td>
<td>21.3%</td>
</tr>
<tr>
<td>2017</td>
<td>1,880</td>
<td>19.0%</td>
</tr>
<tr>
<td>2018e</td>
<td></td>
<td>16.5-17.5%</td>
</tr>
</tbody>
</table>

Growth rate 1) +10.6%  
EBIT margin 2) 21.3%  

1) FX-adjusted  
2) Before special items  
3) Proforma figures FY 2017  
4) In % of Group Sales 2017

Sales by region 3)

- Europe: 73%  
- China: 21%  
- Asia/Pacific: 6%  
- Americas: 3%

Sales split by channel

- Solutions business: 18%  
- Components business: 82%  
- OES business: 3%  
- China: 4%  
- Europe: 13%  
- Americas: 2%  
- Asia/Pacific: 3%

- Growth rate 1) +3.2%  
- EBIT margin 2) 19.0%  
- 2018 Guidance 3-4%  

1) FX-adjusted  
2) Before special items  
3) Proforma figures FY 2017  
4) In % of Group Sales 2017
Sales and EBIT margin\(^3)\)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,000</td>
<td>3,150</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>23%(^4))</td>
<td>23%</td>
<td></td>
</tr>
</tbody>
</table>

Growth rate\(^1)\): -4.8%  
EBIT margin\(^2)\): 7.3%  
EBIT margin\(^2)\) expected: 8.0%  
EBIT margin\(^2)\) guidance: 9-10%

Sales by region\(^3)\)

- **Greater China**: 15%  
- **Europe**: 57%  
- **Asia/Pacific**: 18%

Industrial sales by sector cluster

- **32%** Wind  
- **13%** Raw Materials  
- **11%** Aerospace  
- **10%** Rail  
- **9%** Offroad  
- **8%** Two-Wheelers  
- **7%** Power Transmission  
- **6%** Industrial Automation  
- **5%** Industrial Distribution

1) FX-adjusted  
2) Before special items  
3) Proforma figures FY 2017  
4) In % of Group Sales 2017
1 Schaeffler at a Glance

Strategy "Mobility for tomorrow" – Preferred technology partner for our customers

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

- Mobility for tomorrow
  - Eco-friendly drives
    - Optimized 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 e-Mobility, Industry 4.0, and Digitalization 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.

Agenda 4 plus One

1. Customer Focus
2. Operational Excellence
3. Financial Flexibility
4. Leadership and Talent Management

20 strategic initiatives

- Customer Focus
  - Customer Excellence
  - E-Mobility
  - Industry 4.0
  - Global Supply Chain
- Operational Excellence
  - Quality for Tomorrow
  - Global Footprint
  - Factory for Tomorrow
  - Shared Services
  - Process Excellence
  - Aftermarket Kitting Operation (AKO)
- Leadership and Talent Management
  - Leadership & Corporate Values
  - Qualities for Tomorrow
  - New Work
- Financial Flexibility
  - Working Capital
  - Global Reporting
- Long-term Competitiveness and Value Creation
  - Program C4E
  - IT 2020
  - Global Branding
  - Focus
# 2 Overview

**Solid results 2017 – Transformation to be accelerated**

## Key aspects

1. **FY 2017 Schaeffler Group Sales +5.9%** – All divisions and regions contributed

2. **FY 2017 EBIT margin** at 11.3% (FY 2016: 12.7%) – Net Income 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%)


5. **New business structure with 3 divisions** – 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

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

<table>
<thead>
<tr>
<th>CEO</th>
<th>Automotive OEM</th>
<th>Automotive Aftermarket</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production, Logistics, Purchasing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

plus 4 Regions
2 Overview
Performance 2017 – Highlights and Lowlights

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 2016

**Operating Performance**
- **Innovation**: ~2,380 pcs
  - Number of new patents in 2017 (prior year 2,316)
- **Quality**: 18 ppm
  - Number of rejected parts\(^1\) (Prior year 2016: 19 ppm)
- **Costs**: +7.9%
  - Increase Overhead costs vs. prior year
- **Delivery**: <86%
  - Delivery reliability in %
- **Capacity Utilization**: >40%
  - Production segments with >18 shifts

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 / ∅ Capital employed (quarterly)
Sales Schaeffler Group FX-adjusted plus 5.9% – All regions and divisions contributed

Sales in EUR mn

- **13,179** in 2015
- **13,338** in 2016
- **14,021** in 2017

+5.9%\(^1\)

vs FY 2016

### Sales by region FY 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>(\Delta) 16/17(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>8,272</td>
<td>8,525</td>
<td>+6.5%</td>
</tr>
<tr>
<td>Automotive</td>
<td>1,705</td>
<td>1,813</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>3,202</td>
<td>3,000</td>
<td>+5.7%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>13,179</td>
<td>13,338</td>
<td>14,021</td>
</tr>
<tr>
<td><strong>Asia/Pacific</strong></td>
<td>5,911</td>
<td>5,904</td>
<td>+5.6%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>5,476</td>
<td>5,437</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>Greater China</strong></td>
<td>1,090</td>
<td>1,073</td>
<td>-1.5%</td>
</tr>
<tr>
<td><strong>Americas</strong></td>
<td>1,119</td>
<td>1,120</td>
<td>+0.0%</td>
</tr>
</tbody>
</table>

\(^1\) FX-adjusted

### Sales by division\(^2\)

<table>
<thead>
<tr>
<th>Division</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>(\Delta) 16/17(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive OEM</td>
<td>8,272</td>
<td>8,525</td>
<td>8,991</td>
<td>+6.5%</td>
</tr>
<tr>
<td>Automotive</td>
<td>1,705</td>
<td>1,813</td>
<td>1,880</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>3,202</td>
<td>3,000</td>
<td>3,150</td>
<td>+5.7%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>13,179</td>
<td>13,338</td>
<td>14,021</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

\(^2\) Proforma figures
## Overview

### EBIT Margin\(^1\) at 11.3% – Net Income\(^2\) further increased by 14% to EUR 980 mn

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT before special items(^1) in EUR mn</th>
<th>R&amp;D to sales</th>
<th>EBIT margin(^1)</th>
<th>EBIT reported in EUR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,676</td>
<td>5.1%</td>
<td>12.7%</td>
<td>1,402</td>
</tr>
<tr>
<td>2016</td>
<td>1,700</td>
<td>5.6%</td>
<td>12.7%</td>
<td>1,556</td>
</tr>
<tr>
<td>2017</td>
<td>1,584</td>
<td>6.0%</td>
<td>11.3%</td>
<td>1,528</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income(^2) and EPS(^3) in EUR</th>
<th>Regular Dividend per share</th>
<th>Payout ratio(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>859</td>
<td>0.35</td>
<td>29%</td>
</tr>
<tr>
<td>2016</td>
<td>980</td>
<td>0.50</td>
<td>34%</td>
</tr>
<tr>
<td>2017</td>
<td>980</td>
<td>0.55(^4)</td>
<td>35%</td>
</tr>
</tbody>
</table>

\(^1\) 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
Overview

Free Cash Flow EUR 488 mn – Capex ratio increased to 9.1%

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 150 mn positive impact on FCF in 2nd half 2017

FCF Details

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Δ 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF as reported</td>
<td>370</td>
<td>735</td>
<td>488</td>
<td>(247)</td>
</tr>
<tr>
<td>Non recurring items(^1)</td>
<td>215</td>
<td>97</td>
<td>175</td>
<td>78</td>
</tr>
<tr>
<td>AKO / EDC(^2)</td>
<td>0</td>
<td>16</td>
<td>120</td>
<td>104</td>
</tr>
<tr>
<td>M&amp;A(^3)</td>
<td>0</td>
<td>0</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Receivable Sale Program</td>
<td>0</td>
<td>0</td>
<td>(150)</td>
<td>(150)</td>
</tr>
</tbody>
</table>

FCF excluding M&A EUR 515 mn

Free Cash Flow in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>1,025</td>
<td>1,146</td>
<td>1,273</td>
</tr>
<tr>
<td>FCF conversion</td>
<td>16%</td>
<td>30%</td>
<td>22%</td>
</tr>
</tbody>
</table>

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
# 2 Overview

## FY 2017 Guidance\(^1\) achieved – Financial Ambitions 2020 confirmed

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>Guidance FY 2018</th>
<th>Financial Ambitions 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Growth</strong></td>
<td>+5.9% FX-adjusted</td>
<td>5-6% FX-adjusted</td>
<td>Ø 4-6% p.a. FX-adjusted</td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td>11.3% before special items</td>
<td>10.5-11.5% before special items</td>
<td>12-13% before special items</td>
</tr>
<tr>
<td><strong>Free Cash flow</strong></td>
<td>EUR 515 mn before M&amp;A</td>
<td>~EUR 450 mn before M&amp;A</td>
<td>~EUR 900 mn before M&amp;A</td>
</tr>
<tr>
<td><strong>Earnings per Share</strong></td>
<td>EUR 1.48</td>
<td></td>
<td>~EUR 2.00</td>
</tr>
<tr>
<td><strong>Gearing ratio (^2)</strong></td>
<td>93%</td>
<td></td>
<td>&lt;75%</td>
</tr>
<tr>
<td><strong>Dividend payout (^3)</strong></td>
<td>35%</td>
<td></td>
<td>30-40%</td>
</tr>
</tbody>
</table>

### 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 with 3 divisions – More transparency, more accountability

Key performance indicators

<table>
<thead>
<tr>
<th>Divisions</th>
<th>FY 2016$^{4)}$</th>
<th>FY 2017$^{4)}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive OEM</td>
<td>Sales$^{1)}$ 8,525 mn</td>
<td>8,991 mn</td>
</tr>
<tr>
<td></td>
<td>EBIT$^{2)}$ 1,095 mn</td>
<td>973 mn</td>
</tr>
<tr>
<td>Automotive Aftermarket</td>
<td>Sales$^{1)}$ 1,813 mn</td>
<td>1,880 mn</td>
</tr>
<tr>
<td></td>
<td>EBIT$^{1)}$ 386 mn</td>
<td>358 mn</td>
</tr>
<tr>
<td>Industrial</td>
<td>Sales$^{6)}$ 3,000 mn</td>
<td>3,150 mn</td>
</tr>
<tr>
<td></td>
<td>EBIT$^{3)}$ 219 mn</td>
<td>253 mn</td>
</tr>
</tbody>
</table>

1) FX adjusted  
2) Before special items  
3) in % of Group Sales 2017  
4) Pro forma figures

Key aspects

- New business structure with 3 divisions
- Automotive Aftermarket reported separately as of January 1$^{st}$ 2018
- Automotive OEM with new business division E-Mobility
Excellence program "Agenda 4 Plus One" – Increased to 20 initiatives

Agenda 4 plus One

1. Customer Focus
2. Operational Excellence
3. Financial Flexibility
4. Leadership and Talent Management

Long-term Competitiveness and Value Creation

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

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

Long-term Competitiveness and Value Creation
13. Program CORE
15. Digital Agenda

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

Comprehensive program increased to 20 initiatives
EUR 300 mn profitability improvement potential until 2022\(^1\) and over EUR 1 bn of additional investment
Each initiative driven by Board sponsor and supported by a business case
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?
### Financial impact Agenda 4 plus One

**in EUR mn**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT impact before special items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special items</td>
<td>-45(^1)</td>
<td>-39(^2)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) 2016 based on the already started initiatives in 2016

\(^2\) Provision for CDRE 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**

<table>
<thead>
<tr>
<th></th>
<th>Actual 2015</th>
<th>Actual 2016</th>
<th>Actual 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>13,179</td>
<td>13,338</td>
<td>14,021</td>
</tr>
<tr>
<td>thereof Agenda 4 Plus One</td>
<td>0</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>1,676</td>
<td>1,700</td>
<td>1,584</td>
</tr>
<tr>
<td>thereof Agenda 4 Plus One</td>
<td>0</td>
<td>-32</td>
<td>-159</td>
</tr>
<tr>
<td>EBIT margin before special items</td>
<td>12.7%</td>
<td>12.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>thereof Agenda 4 Plus One</td>
<td>0</td>
<td>-32</td>
<td>-159</td>
</tr>
<tr>
<td>Special Items</td>
<td>-274</td>
<td>-144</td>
<td>-56</td>
</tr>
<tr>
<td>thereof Agenda 4 Plus One</td>
<td>0</td>
<td>-45</td>
<td>-39</td>
</tr>
</tbody>
</table>
### 3 Key Investment Highlights

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

<table>
<thead>
<tr>
<th>Division</th>
<th>Proforma FY 2016</th>
<th>Proforma FY 2017</th>
<th>Divisional Guidance FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive OEM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Growth(^3)</td>
<td>+4.8%</td>
<td>+6.5%</td>
<td>Sales growth(^3)</td>
</tr>
<tr>
<td>EBIT margin(^3)</td>
<td>12.8%</td>
<td>10.8%</td>
<td>EBIT margin(^3)</td>
</tr>
<tr>
<td>Automotive Aftermarket</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Growth(^3)</td>
<td>+10.6%</td>
<td>+3.2%</td>
<td>Sales growth(^3)</td>
</tr>
<tr>
<td>EBIT margin(^3)</td>
<td>21.3%</td>
<td>19.0%</td>
<td>EBIT margin(^3)</td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Growth(^3)</td>
<td>-4.8%</td>
<td>+5.7%</td>
<td>Sales growth(^4)</td>
</tr>
<tr>
<td>EBIT margin(^3)</td>
<td>7.3%</td>
<td>8.0%</td>
<td>EBIT margin(^3)</td>
</tr>
</tbody>
</table>

1) FX adjusted  
2) Before special items  
3) In % of Group Sales 2017

**Includes impact of "Agenda 4 Plus One"**
"How will you close the gap to your Financial Ambitions 2020?"

Gap to Financial Ambitions 2020 - EBIT before special items\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit improvement from operating business</th>
<th>Automotive OEM</th>
<th>Automotive AM</th>
<th>Industrial</th>
<th>Agenda 4 plus One</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,584 EUR mn</td>
<td>1,584 EUR mn</td>
<td>0 EUR mn</td>
<td>0 EUR mn</td>
<td>0 EUR mn</td>
<td>1,584 EUR mn</td>
</tr>
<tr>
<td>2020</td>
<td>~ 2,000 EUR mn</td>
<td>~ 2,000 EUR mn</td>
<td>~ 0 EUR mn</td>
<td>~ 0 EUR mn</td>
<td>~ 0 EUR mn</td>
<td>~ 2,000 EUR mn</td>
</tr>
</tbody>
</table>

Sales: 2017 14,021 EUR mn +5% p.a. 2020 ~ 16,000 EUR mn

Financial Ambitions 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

Key aspects

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

Execution is key to success
"How is your order book developing?"

**Automotive OE Order Intake**

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
<th>FY</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.7</td>
<td>5.2</td>
<td>1.4x</td>
<td>11.9</td>
<td>12.6</td>
<td>11.5</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>5.4</td>
<td>1.6x</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
</tr>
</tbody>
</table>

**Industrial Order book 3M**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-10</td>
<td>0</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>-5</td>
<td>0</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>30</td>
</tr>
</tbody>
</table>

**Book to Bill Ratio**

- **H1:** 1.6x, 1.6x, 1.0x
- **H2:** 1.3x, 1.3x, 1.5x
- **FY:** 1.4x, 1.5x, 1.3x

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

**Order book 3M**

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

**Free Cash Flow Analysis**

<table>
<thead>
<tr>
<th>FCF generation</th>
<th>Actual 2016</th>
<th>Actual 2017</th>
<th>Guidance 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2,293</td>
<td>2,295</td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td>-1,146</td>
<td>-1,273</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-412</td>
<td>-534</td>
<td></td>
</tr>
<tr>
<td>FCF 1)</td>
<td>= 735</td>
<td>= 488</td>
<td></td>
</tr>
<tr>
<td>M&amp;A</td>
<td>0</td>
<td>+2 4)</td>
<td></td>
</tr>
<tr>
<td>FCF before M&amp;A</td>
<td>= 735</td>
<td>= 515</td>
<td>~ 450</td>
</tr>
<tr>
<td>FCF Conversion Ratio 2)</td>
<td>30%</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

**FCF allocation**

<table>
<thead>
<tr>
<th>FCF before M&amp;A</th>
<th>735</th>
<th>515</th>
<th>~ 450</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>-329</td>
<td>-330</td>
<td>-361 3)</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>0</td>
<td>-27 4)</td>
<td></td>
</tr>
<tr>
<td>Deleveraging</td>
<td>-137</td>
<td>-500</td>
<td></td>
</tr>
<tr>
<td>Others &amp; FX</td>
<td>+3</td>
<td>-31</td>
<td></td>
</tr>
<tr>
<td>Δ Cash</td>
<td>= 272</td>
<td>= -373</td>
<td></td>
</tr>
<tr>
<td>Cash EoP</td>
<td>1,071</td>
<td>698</td>
<td></td>
</tr>
<tr>
<td>Gearing Ratio 5)</td>
<td>132%</td>
<td>93%</td>
<td></td>
</tr>
</tbody>
</table>

**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)

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
3 Key Investment Highlights

Schaeffler "Mobility for tomorrow" – Transformation to be accelerated

**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

**Schaeffler Group**

- 2012 – 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- > 2020

- "One Schaeffler"
- "Agenda 4 plus One"
- IPO
- Vision
- Mission
- Values

**Sustainable profitable growth**

**Mobility for tomorrow**

**34 months to go**
4 Overview Industrial Business

Industrial division – Broad range of standard and customized products

**Standard product business, e.g.**

- **Ball Bearings**
  - Ball bearing (DGBB)
- **Cylindrical Roller Bearings**
  - Cylindrical roller bearing (CRB)
- **Spherical Roller Bearings**
  - Spherical roller bearing (SRB)
- **Tapered Roller Bearings**
  - Tapered roller bearing (TRB)
- **Needle Roller Bearings**
  - Needle roller bearing (NRB)
- **Linear Technology**
  - Linear guides
- **Plain Bearings**
  - Plain bearing
- **Systems**
  - Housing
- **Mechatronics**
  - VarioSense and SmartCheck

**Customized product business, e.g.**

- **SCHAEFFLER INDUSTRIAL**
  - Cronitec-hybrid bearing – Bicycle
  - Heavy duty CRB – Construction Machin.
  - Coated SRB – Windpower rotor brng.
  - Wheelset bearing – Highspeed trains
  - “Slimline” drawn cup NRB – Gearbox
  - Six-row linear recirculating ball bearing – Machine Tool
  - Spherical plain bearing with special coating - Marine
  - Linear system – Machine Tool
  - Sensorized rotary table bearing & sensorized linear guides RUE4.0 – Machine Tool

March 22, 2018

Schaeffler AG MainFirst Conference Copenhagen
4 Overview Industrial Business

Industrial market – Moderate growth expected until 2023

Key aspects

- Market recovered in 2017
- Market is expected to grow between 2 to 3 % p.a. between 2017 and 2023, including price effects
- Greater China and India are key market drivers
4 Overview Industrial Business

Business Portfolio – From components to Industry 4.0

Portfolio

Industry 4.0 services

Mechatronics

Mechanical Systems

Components

Region

Europe

Americas

Greater China

Asia Pacific

Sector split

Wind

Raw Materials

Aerospace

Railway

Offroad

Two Wheelers

Power Transmission

Industrial Automation

Channel

OEM & MRO

Distribution
Be an innovation leader for **Industry 4.0 solutions** in combination with extended service offerings.

2. Grow with customized value-add solutions including packages to increase content per application.

3. Expand market position for the **standard bearing business** and reduce **COGS and Overhead costs** (driven by Program CORE).
Components – Digitalization to handle component business efficiently

1. Industry 4.0 services
   - Mechatronics
   - Mechanical Systems
   - Components

2. Innovative Solution Partner

3. Efficient Bearing Expert

- State of the art e-commerce & support solutions
- Central access point to technical and commercial information

- Standard catalogue portfolio for Schaeffler products (rotative, linear, ...)

- Easy 24/7 access to purchase Schaeffler products
- Provide high quality product information & consultancy to partners and portals

- Standard and distribution business

Customer benefit

Application

Product

Market

March 22, 2018

Schaeffler AG MainFirst Conference Copenhagen
Industry 4.0 services

Mechatronics

Mechanical Systems

Components

Innovative Solution Partner

Efficient Bearing Expert

Scope of delivery

Bearing

Planetary Roller Screw

Application

- Powertools industry, domestic sanitary installation
- Electro-mechanical press fitting machine (radial press)

Product

- Part of electro-mechanical system to replace hydraulics
- Precise control of the crimping cycle with automatic adaptation

Customer benefit

- Eliminate hydraulic fluid, no leakage of oil, green & clean
- Increased maintenance intervals, lower weight, ergonomic use

Market

- Electric power tools market growth: 4.6 % (2017 – 2023)

1) Source: Markets and Markets (2017)
Mechanical Systems & Mechatronics combined – Sliding gantry

Application
- Medical industry
- Computer Tomographics (CT)

Product
- Complete kinematic as mechatronical system
- Broad portfolio of Schaeffler components and subsystems

Customer benefit
- Plug-and-play system solution, multi-room usability
- Recessed in the floor to increase flexibility

Market
- Medical industry growth: 3.4 % (2017 – 2020)


Scope of delivery
- Ceiling module
- Cable columns
- Drive/Rolling unit
- Floor guides
- Floor module
### Mechanical Systems & Mechatronics combined – Rotary table kit

**Application**
- Food and packaging
- Bottling machinery

**Product**
- Complete rotary table kit for direct printing of containers

**Customer benefit**
- Plug-and-play system solution, easy installation
- Quick implementation of new prints, small batches cost efficient

**Market**
- Food, beverage & tobacco industry growth: 5.5 % (2017 – 2020)

Source: IHS (2018)

**Scope of delivery**
- Slewing ring
- Connecting plate
- Rotary angle encoder
- Basis plate of stator
- Direct drive
Use case: Automotive Assembly line

Grappler

Sensorized roller guidance system

Car Body

1) Source: IHS (2018)
Industry 4.0 Services – Condition Monitoring

**Application**
- Broad industry scope
- Machinery & equipment in operation

**Product**
- Remote Condition Monitoring incl. automatic diagnosis
- Cloud-based Condition Monitoring Services

**Customer benefit**
- Total-Cost of Ownership reduction due to increase of availability and reduction of repair cost

**Market**
- Condition Monitoring equipment market growth: 5.0 % (2017 – 2020)

---

**SCHAEFFLER**

Remote Service Center
- Certified service engineers (according to ISO18436)
- Over 400 installations monitored worldwide

**Annual relative savings by Condition Monitoring (e.g. steel production)**

<table>
<thead>
<tr>
<th>without Condition Monitoring</th>
<th>Savings</th>
<th>with Condition Monitoring</th>
</tr>
</thead>
</table>

---

1) Source: Frost & Sullivan (2017)
Showcase SPIT – E-Motors
- Handling of SmartCheck + easy access to the Schaeffler Services Cloud & digital services
- Presentation customer reference + value proposition
- Product- & service- portfolio

Showcase ZF – Transmission
- Cloud-to-Cloud communication + Schaeffler Domain-Knowhow + openness of the Smart Ecosystems: Digital service without mechatronics
- Presentation customer reference + value proposition
- Product- & service- portfolio

Showcase PERLENBACH – Pumps
- Plain text messages SmartQB + autonomous relubrication + openness Smart Ecosystem: Entry level
- Presentation customer reference + value proposition
- Product- & service- portfolio

Showcase SSI SCHÄFER – Logistics
- Condition Monitoring-solution and automated relubrication for logistics
- Presentation customer reference + value proposition
- Product- & service- portfolio
### Key figures FY 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>13,338</td>
<td>14,021</td>
<td>+5.1%</td>
<td>3,361</td>
<td>3,541</td>
<td>+5.4%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,556</td>
<td>1,528</td>
<td>+5.9%&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>280</td>
<td>319</td>
<td>+39 mn</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>11.7%</td>
<td>10.9%</td>
<td>-0.8%-pts.</td>
<td>8.3%</td>
<td>9.0%</td>
<td>+0.7%-pts.</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>859</td>
<td>980</td>
<td>+121 mn</td>
<td>187</td>
<td>189</td>
<td>+2 mn</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>1.30</td>
<td>1.48</td>
<td>+0.18</td>
<td>0.28</td>
<td>0.29</td>
<td>+0.01</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>735</td>
<td>488</td>
<td>-247 mn</td>
<td>256</td>
<td>244</td>
<td>-12 mn</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>1,146</td>
<td>1,273</td>
<td>+127 mn</td>
<td>317</td>
<td>400</td>
<td>+83 mn</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>2,636</td>
<td>2,370</td>
<td>-266 mn</td>
<td>2,636</td>
<td>2,370</td>
<td>-266 mn</td>
</tr>
<tr>
<td><strong>Gearing Ratio</strong></td>
<td>132%</td>
<td>93%</td>
<td>-39%-pts.</td>
<td>132%</td>
<td>93%</td>
<td>-39%-pts.</td>
</tr>
<tr>
<td><strong>ROCE</strong>&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>22.3%</td>
<td>19.9%</td>
<td>-2.4%-pts.</td>
<td>22.3%</td>
<td>19.9%</td>
<td>-2.4%-pts.</td>
</tr>
</tbody>
</table>

1) FX-adjusted  
2) Before special items  
3) Attributable to shareholders of the parent company  
4) Earnings per common non-voting share  
5) Ratio of net financial debt to equity incl. non-controlling interests
Sales Schaeffler Group – Sales growth FY 2017 5.9%\(^1\)

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

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017 as reported</th>
<th>Q4 2017 FX-adjusted</th>
<th>FY 2017 as reported</th>
<th>FY 2017 FX-adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>+5.3%</td>
<td>+8.3%</td>
<td>+5.1%</td>
<td>+5.9%</td>
</tr>
<tr>
<td>Industrial</td>
<td>+5.5%</td>
<td>+9.0%</td>
<td>+5.1%</td>
<td>+5.7%</td>
</tr>
<tr>
<td>Group</td>
<td>+5.4%</td>
<td>(\textbf{+8.5}%)</td>
<td>+5.1%</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

1) FX-adjusted
Sales Automotive Division – Sales growth FY 2017 5.9%\(^1\)

Sales
in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2,578</td>
<td>2,604</td>
<td>2,525</td>
<td>2,631</td>
</tr>
<tr>
<td>2017</td>
<td>2,791</td>
<td>2,664</td>
<td>2,643</td>
<td>2,771</td>
</tr>
</tbody>
</table>

Sales growth\(^{1}\) in %

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine</td>
<td>+5.0</td>
<td>+7.0</td>
</tr>
<tr>
<td>Transm.</td>
<td>+5.8</td>
<td>+1.6</td>
</tr>
<tr>
<td>Chassis</td>
<td>+5.1</td>
<td>+6.9</td>
</tr>
<tr>
<td>Afterm.</td>
<td>+8.2</td>
<td>+8.3</td>
</tr>
</tbody>
</table>

\(^{1}\)FX-adjusted

Sales by region FY 2017

\(\Delta\) y-o-y growth\(^{1}\)

- Asia/Pacific: +5.8%
- Europe: +1.3%
- Americas: +4.9%
- Greater China: +22.9%

Sales by business division

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>(\Delta) (w/o FX effects)</th>
<th>Q4 2016</th>
<th>Q4 2017</th>
<th>(\Delta) (w/o FX effects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine</td>
<td>2,646</td>
<td>2,787</td>
<td>+6.7%</td>
<td>686</td>
<td>718</td>
<td>+9.1%</td>
</tr>
<tr>
<td>Transm.</td>
<td>4,346</td>
<td>4,620</td>
<td>+7.4%</td>
<td>1,130</td>
<td>1,192</td>
<td>+8.7%</td>
</tr>
<tr>
<td>Chassis</td>
<td>1,533</td>
<td>1,588</td>
<td>+4.2%</td>
<td>390</td>
<td>415</td>
<td>+9.0%</td>
</tr>
<tr>
<td>Afterm.</td>
<td>1,813</td>
<td>1,874</td>
<td>+3.2%</td>
<td>425</td>
<td>446</td>
<td>+6.5%</td>
</tr>
<tr>
<td>Total</td>
<td>10,338</td>
<td>10,869</td>
<td>+5.9%</td>
<td>2,631</td>
<td>2,771</td>
<td>+8.3%</td>
</tr>
</tbody>
</table>
5 Financial Results 2017

Sales Industrial Division – Sales growth FY 2017 5.7%\(^1\)

### Sales

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>765</td>
<td>765</td>
<td>740</td>
<td>730</td>
<td>3,000</td>
</tr>
</tbody>
</table>

\(^1\) FX-adjusted

### Industrial sales growth by sector cluster FY 2017\(^1\)

- Industrial Distribution
- Wind
- Two-Wheelers
- Aerospace
- Rail
- Industrial Automation
- Raw Materials
- Offroad
- Power Transmission

### Sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Δ</th>
<th>Q4 2016</th>
<th>Q4 2017</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1,772</td>
<td>1,803</td>
<td>+1.7%</td>
<td>420</td>
<td>435</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Americas</td>
<td>561</td>
<td>575</td>
<td>+3.3%</td>
<td>139</td>
<td>135</td>
<td>+4.7%</td>
</tr>
<tr>
<td>Greater China</td>
<td>378</td>
<td>472</td>
<td>+29.3%</td>
<td>99</td>
<td>122</td>
<td>+32.2%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>289</td>
<td>302</td>
<td>+4.9%</td>
<td>72</td>
<td>78</td>
<td>+14.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,000</strong></td>
<td><strong>3,152</strong></td>
<td><strong>+5.7%</strong></td>
<td><strong>730</strong></td>
<td><strong>770</strong></td>
<td><strong>+9.0%</strong></td>
</tr>
</tbody>
</table>
Group EBIT margin – Q4 2017 weaker than expected

EBIT\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>12.6</td>
<td>13.0</td>
<td>12.8</td>
<td>12.6</td>
</tr>
<tr>
<td>2017</td>
<td>12.2</td>
<td>9.9</td>
<td>12.1</td>
<td>11.0</td>
</tr>
</tbody>
</table>

\(\text{EBIT}^1\) in EUR \(\text{mn}\)

-0.6%-pts. vs Q4 2016

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

1) Before special items
2) Reported EBIT of EUR 358m including EUR 13m positive special item
2. Automotive EBIT – EBIT margin\(^1\) FY 2017 at 12.2%

### EBIT\(^1\)

**in EUR mn**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>367</td>
<td>362</td>
<td>368</td>
<td>384</td>
</tr>
</tbody>
</table>

**2016**

EBIT margin in % \(^1\)

14.2
14.1
14.3
14.6

14.3

**2017**

EBIT margin development \(^1\)

14.3%
-1.3%-pts
-0.6%-pts
-0.2%-pts
-
-
12.2%

EBIT FY 2016

1,481

EBIT FY 2017

1,330

Gross Profit

10.4

R&D expenses

-54

Selling expenses

-22

Administrative expenses

15

 Others

-22

1,330

FY 2016 vs. FY 2017

341

FY 2017

-95

345

-54

347

-2.3%-pts. vs Q4 2016

277

FY 2016 vs. FY 2017

1,481

-5

1,330

FY 2017

\(^1\) Before special items

March 22, 2018

Schaeffler AG MainFirst Conference Copenhagen
5 Financial Results 2017

Industrial EBIT – EBIT margin\(^1\) FY 2017 at 8.1%

EBIT\(^1\)
in EUR mn

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>54</td>
<td>70</td>
<td>55</td>
<td>40</td>
</tr>
<tr>
<td>2017</td>
<td>68</td>
<td>68</td>
<td>71</td>
<td>47</td>
</tr>
</tbody>
</table>

EBIT margin in %\(^{1)}\)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.1</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>9.2</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>7.4</td>
<td>9.0</td>
</tr>
<tr>
<td></td>
<td>5.5</td>
<td>6.1</td>
</tr>
</tbody>
</table>

EBIT\(^1\) FY 2016 vs. FY 2017

<table>
<thead>
<tr>
<th></th>
<th>EBIT FY 2016</th>
<th>Gross Profit</th>
<th>R&amp;D expenses</th>
<th>Selling expenses</th>
<th>Administrative expenses</th>
<th>Others</th>
<th>EBIT FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>+55</td>
<td>0</td>
<td>-1</td>
<td>+7</td>
<td>-26</td>
<td>219</td>
<td>254</td>
</tr>
<tr>
<td>2017</td>
<td>219</td>
<td>8.7</td>
<td>8.4</td>
<td>9.0</td>
<td>6.1</td>
<td>8.1</td>
<td>8.1</td>
</tr>
</tbody>
</table>

EBIT margin development\(^{1)}\)

<table>
<thead>
<tr>
<th>EBIT margin development(^{1)})</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.3%</td>
<td>+0.4%-pts</td>
<td>+0.2%-pts</td>
</tr>
<tr>
<td>+0.4%-pts</td>
<td>+0.6%-pts</td>
<td>+0.4%-pts</td>
</tr>
<tr>
<td>+0.8%-pts</td>
<td>8.1%</td>
<td></td>
</tr>
</tbody>
</table>

\(^{1)}\) Before special items
Net income\(^1\) – FY 2017 plus 14%\(^2\)

**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 income\(^1\)\(^3\) FY 2017 vs. FY 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>253</td>
<td>241</td>
<td>178</td>
<td>187</td>
</tr>
<tr>
<td>2017</td>
<td>279</td>
<td>206</td>
<td>306</td>
<td>189</td>
</tr>
</tbody>
</table>

**Net income\(^1\)**

- FY 2017 – Net income added
- FY 2016 – Net income added

**Net income**

- Attributable to the shareholders of the parent company
- 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

March 22, 2018

Schaeffler AG MainFirst Conference Copenhagen
**Working Capital ratio at 16.7% per year end – Capex ratio 11.3% in Q4 2017**

**Working capital**

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

<table>
<thead>
<tr>
<th>Period</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2,740</td>
<td>2,820</td>
</tr>
<tr>
<td>Q2</td>
<td>2,796</td>
<td>2,756</td>
</tr>
<tr>
<td>Q3</td>
<td>2,802</td>
<td>2,733</td>
</tr>
<tr>
<td>Q4</td>
<td>2,498</td>
<td>2,342</td>
</tr>
</tbody>
</table>

In % of sales (LTM)


**Capex**

- Q4 2017 includes 150 mn EUR Receivable Sale Program

<table>
<thead>
<tr>
<th>Period</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>318</td>
<td>299</td>
</tr>
<tr>
<td>Q2</td>
<td>243</td>
<td>295</td>
</tr>
<tr>
<td>Q3</td>
<td>268</td>
<td>279</td>
</tr>
<tr>
<td>Q4</td>
<td>317</td>
<td>400</td>
</tr>
</tbody>
</table>

In % of sales

- 2016: 9.5, 7.2, 8.2, 9.4
- 2017: 8.4, 8.5, 8.1, 11.3

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

2) Cash view
Solid Free Cash Flow generation – Capex Ratio increased to 9.1%

Key aspects

- Free Cash Flow decreased from EUR 735 mn to EUR 488 mn due to lower profitability\(^1\) 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.

Free Cash Flow development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 16</th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF</td>
<td>-112</td>
<td>328</td>
<td>263</td>
<td>256</td>
</tr>
<tr>
<td>CF from Operations</td>
<td>206</td>
<td>571</td>
<td>528</td>
<td>571</td>
</tr>
<tr>
<td>CF from Investments</td>
<td>-318</td>
<td>-243</td>
<td>-265</td>
<td>-315</td>
</tr>
</tbody>
</table>

FCF FY 2017 vs. FY 2016

<table>
<thead>
<tr>
<th>Component</th>
<th>FCF FY 2016</th>
<th>EBITDA</th>
<th>Δ Net Working Capital</th>
<th>Capex</th>
<th>Net Interest</th>
<th>Taxes</th>
<th>M&amp;A</th>
<th>Other</th>
<th>FCF FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>735</td>
<td>+2</td>
<td>-9</td>
<td>-127</td>
<td>+70</td>
<td>-18</td>
<td>-27</td>
<td>-138</td>
<td>488</td>
</tr>
</tbody>
</table>

\(^1\) Refers to EBIT/EBITDA before special items.
Net financial debt and Gearing ratio

- 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
Schaeffler Value Added EUR 787 mn – ROCE 19.9%

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

1) Defined as EBIT before special items minus Cost of Capital (10% * Ø Capital Employed)
2) Before special items
3) Defined as EBIT before special items/Ø Capital Employed
**Group Guidance**
*Published on February 1st*

- **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**: 6-7% FX-adjusted
- **Automotive AM**: 3-4% FX-adjusted
- **Industrial**: 3-4% FX-adjusted

**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
Financial calendar 2018

- Mar 22: MainFirst Conference, Copenhagen
- Apr 20: AGM, Nuremberg
- May 8: Q1 2018 Earnings Release
- June 12: Exane BNP CEO conference, Paris
- Aug 7: H1 2018 Earnings Release
- Sept 20: Capital Markets Day, Berlin
- Nov 7: 9M 2018 Earnings Release
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Johann Eisenmann +49 9132 82 88987 johann.eisenmann@schaefler.com

www.schaefler.com/ir
### Automotive OEM

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

### Automotive Aftermarket

<table>
<thead>
<tr>
<th></th>
<th>Q1 '17</th>
<th>Q2 '17</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
<th>FY '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>484</td>
<td>444</td>
<td>506</td>
<td>446</td>
<td>1,880</td>
</tr>
<tr>
<td>Sales Growth</td>
<td>+9.7%</td>
<td>-7.3%</td>
<td>+4.7%</td>
<td>+6.3%</td>
<td>+3.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>93</td>
<td>68</td>
<td>117</td>
<td>55</td>
<td>333</td>
</tr>
<tr>
<td>EBIT Adjusted</td>
<td>93</td>
<td>68</td>
<td>117</td>
<td>80</td>
<td>358</td>
</tr>
<tr>
<td>EBIT Margin Adj.</td>
<td>19.2%</td>
<td>15.3%</td>
<td>23.1%</td>
<td>17.9%</td>
<td>19.0%</td>
</tr>
</tbody>
</table>

### Industrial

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

---

1) Proforma figures
2) FX-adjusted
3) EBIT before special items
## Sales by region, business division and sector cluster – old structure

### Automotive sales growth\(^1\) by region

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

\(^1\) FX-adjusted

### Sales growth\(^1\) by business division

<table>
<thead>
<tr>
<th>Division</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
<th>FY '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission Systems</td>
<td>+6.4%</td>
<td>+6.3%</td>
<td>+8.1%</td>
<td>+8.7%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Engine Systems</td>
<td>+8.1%</td>
<td>+1.6%</td>
<td>+8.3%</td>
<td>+9.1%</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Chassis Systems</td>
<td>+4.2%</td>
<td>-0.7%</td>
<td>+4.2%</td>
<td>+9.1%</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>+9.9%</td>
<td>-7.5%</td>
<td>+4.8%</td>
<td>+6.5%</td>
<td>+3.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>+7.0%</td>
<td>+1.6%</td>
<td>+6.9%</td>
<td>+8.3%</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

\(^1\) FX-adjusted

### Industrial sales growth\(^1\) by region

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

\(^1\) FX-adjusted

### Industrial Distribution Sales growth\(^1\)

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 '17</th>
<th>Q2 '17</th>
<th>Q3 '17</th>
<th>Q4 '17</th>
<th>FY '17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Distribution</td>
<td>+0.9%</td>
<td>+4.5%</td>
<td>+2.7%</td>
<td>+8.4%</td>
<td>+4.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>+0.2%</td>
<td>+4.5%</td>
<td>+9.2%</td>
<td>+9.0%</td>
<td>+5.7%</td>
</tr>
</tbody>
</table>

\(^1\) FX-adjusted
Overview Corporate and Financing Structure

Corporate structure (simplified)
as of December 31, 2017

Financing structure
in EUR\(^2\)mn, as of December 31, 2017

<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 (F/M/S)(^4)</th>
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<tbody>
<tr>
<td>Loans</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Term loan (EUR)</td>
<td></td>
<td>600</td>
<td>E+2.25%</td>
<td>Sep-21</td>
<td>not rated</td>
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<tr>
<td>RCF (EUR 200 mn)</td>
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<td>E+2.25%</td>
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<tr>
<td>Bonds</td>
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</tr>
<tr>
<td>2.75% SSNs 2021 (EUR)</td>
<td>500</td>
<td>417(^2)</td>
<td>2.75%</td>
<td>Sep-21</td>
<td>BB+/Ba1/BB-</td>
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<tr>
<td>4.125% SSNs 2021 (USD)</td>
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<td>4.125%</td>
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<td>BB+/Ba1/BB-</td>
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<tr>
<td>3.25% SSNs 2023 (EUR)</td>
<td>500</td>
<td>417(^2)</td>
<td>3.25%</td>
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<td>BB+/Ba1/BB-</td>
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<tr>
<td>4.50% SSNs 2023 (USD)</td>
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<td>417(^2)</td>
<td>4.50%</td>
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<td>BB+/Ba1/BB-</td>
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<tr>
<td>3.75% SSNs 2026 (EUR)</td>
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<td>BB+/Ba1/BB-</td>
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<tr>
<td>4.75% SSNs 2026 (USD)</td>
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<td>417(^2)</td>
<td>4.75%</td>
<td>Sep-26</td>
<td>BB+/Ba1/BB-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,090</td>
<td><strong>Ø 2.84%</strong></td>
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Schaeffler Group

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<tr>
<th>Debt instrument</th>
<th>Nominal (USD mn)</th>
<th>Nominal (EUR mn)</th>
<th>Interest</th>
<th>Maturity</th>
<th>Rating (F/M/S)(^3)</th>
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<td>Loans</td>
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</tr>
<tr>
<td>Term loan (EUR)</td>
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<td>RCF (EUR 1,300 mn)</td>
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<td>Bonds</td>
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<td>2.50% SSNs 2020 (EUR)</td>
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<td>May-20</td>
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<td>BBB-/Ba3/BB+</td>
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<td>600</td>
<td>500(^2)</td>
<td>4.75%</td>
<td>May-23</td>
<td>BBB-/Ba3/BB+</td>
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<td>3.25%</td>
<td>May-25</td>
<td>BBB-/Ba3/BB+</td>
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<tr>
<td><strong>Total</strong></td>
<td>3,090</td>
<td><strong>Ø 2.84%</strong></td>
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</table>

1) All outstanding bonds are issued by Schaeffler Finance B.V., a 100% subsidiary of Schaeffler AG.
2) EUR/USD = 1.19930.
3) Incl. RCF commitment fee.
4) Fitch Ratings / Moody’s Investor Services / Standard & Poor’s.