

# Results H1 2018 Schaeffler AG

Conference Call  
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Herzogenaurach

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- 1 Overview**
- 2 Business Highlights H1 2018**
- 3 Financial Highlights Q2 2018**
- 4 Outlook**

# Solid H1 results – On track to achieve targets for 2018

	H1'17	H1'18
<b>Group</b>		
Sales	7,046 mn	7,193 mn <sup>+5.8%<sup>1)</sup></sup>
EBIT margin <sup>2)</sup>	11.1%	11.1%
<b>Automotive OEM</b>		
Sales	4,528 mn	4,587 mn <sup>+4.8%<sup>1)</sup></sup>
EBIT margin <sup>2)</sup>	10.7%	9.2%
<b>Automotive Aftermarket</b>		
Sales	928 mn	925 mn <sup>+3.6%<sup>1)</sup></sup>
EBIT margin <sup>2)</sup>	17.3%	19.0%
<b>Industrial</b>		
Sales	1,590 mn	1,681 mn <sup>+10.0%<sup>1)</sup></sup>
EBIT margin <sup>2)</sup>	8.6%	11.6%

## Key aspects

- 1 Solid H1 Group results – Sales H1 +5.8%<sup>1)</sup>, EBIT margin<sup>2)</sup> H1 11.1% (PY 11.1%) after 11.0% in Q1, FCF slightly better than PY
- 2 Automotive OEM – Improved growth momentum with sales H1 +4.8%, EBIT margin<sup>2)</sup> 9.2% (PY 10.7%) due to weaker Q2 (9.0%). Book-to-bill ratio 1.8x
- 3 Automotive Aftermarket – Strong Q2 bringing growth rate back to +3.6% in H1<sup>1)</sup>, EBIT margin<sup>2)</sup> H1 of 19.0% (PY 17.3%) includes positive one-off effect
- 4 Industrial – Continued above-average sales growth of 10.0%<sup>1)</sup> in H1, EBIT margin<sup>2)</sup> H1 significantly increased to 11.6% (PY 8.6%)
- 5 Good progress of Agenda 4 plus One – BCT reorganization on track, EUR 22 mn restructuring provision already booked in Q2
- 6 Schaeffler acquires Drive-by-wire technology – Unique move to position Chassis business for significant growth potential in autonomous driving market
- 7 Environment remains challenging – Group guidance FY 2018 confirmed, sales growth guidance Industrial increased to 6-7%<sup>1)</sup> (previously: 3-4%<sup>1)</sup>)

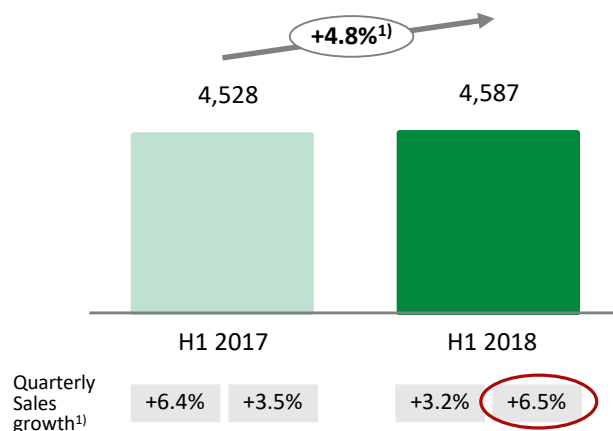
1) FX-adjusted

2) Before special items

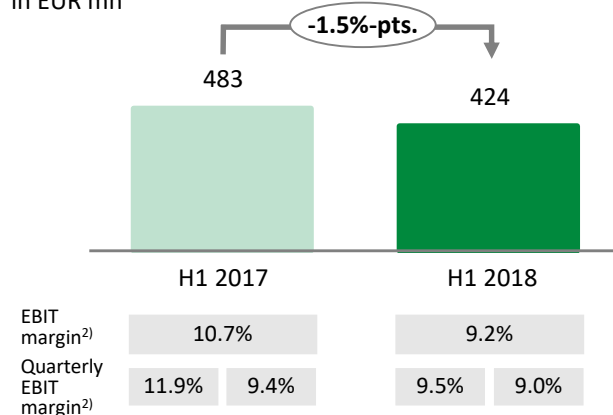
3) Before M&amp;A

**Automotive OEM sales**

in EUR mn

**Automotive OEM EBIT<sup>2)</sup>**

in EUR mn



1) FX-adjusted 2) Before special items



Growth momentum accelerating, FX-adjusted sales in Q2'18 +6.5%<sup>1)</sup> – All business divisions and regions contributing, Greater China +13.4% despite temporary project ramp-up delays



Outperformance H1 3.1% – FY target of 4-5% outperformance confirmed, back-end-loaded sales development in 2018 expected



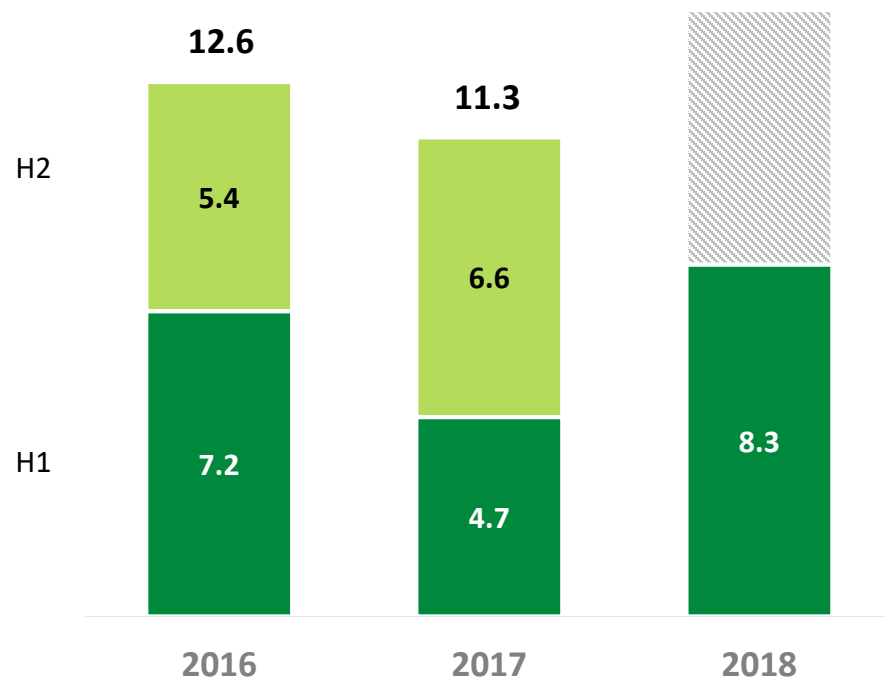
Weaker margin in Q2 resulting from ramp up costs, temporary project delays in China, higher raw material costs and negative one-off effects – Margin guidance 2018 confirmed



Positive business development with attractive new customer projects – Order intake of EUR 8.3 bn in H1'18, Book to Bill ratio of 1.8X

**Automotive OEM Order Intake<sup>1)</sup>**

in EUR bn



Book to Bill Ratio <sup>2)</sup>	H2	1.3x	1.5x	-
	H1	1.6x	1.1x	1.8x
	<b>FY</b>	<b>1.5x</b>	<b>1.3x</b>	-

<sup>1)</sup> Received orders in given time period <sup>2)</sup> Lifetime Sales / Current period revenue

**Automotive OEM Business Highlights****E-Mobility: Wet Double Clutch**

- Includes wet double clutch, clutch release system, gear actuator and clutch actuators
- SOP 2020 for a Chinese local OEM

**Chassis: Intelligent Active Roll Control**

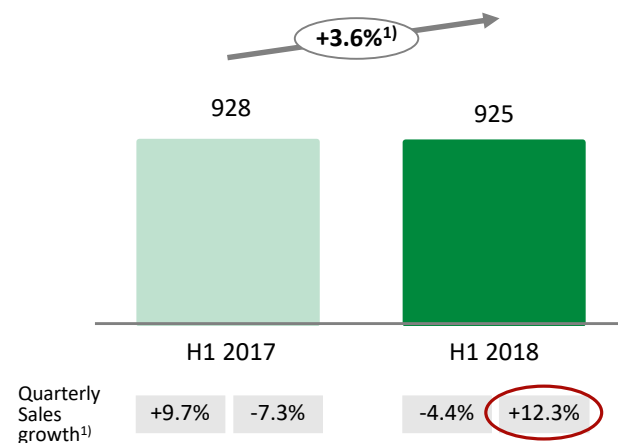
- First nomination of our ARC system for an EV application
- SOP 2020 for an American OEM

**Engine: Thermomanagement Module**

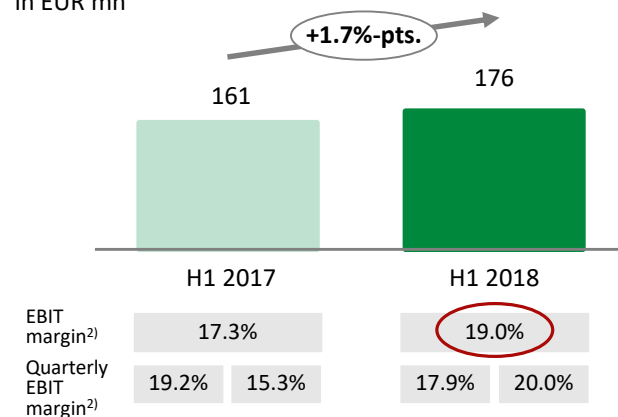
- Several nominations in China and North America
- Nomination also for fuel-cell powered vehicle

**Automotive Aftermarket sales**

in EUR mn

**Automotive Aftermarket EBIT<sup>2)</sup>**

in EUR mn



1) FX-adjusted    2) Before special items

▶ Strong growth in Q2 (+12.3%<sup>1)</sup>) bringing FX adjusted sales growth back to +3.6%<sup>1)</sup> in H1 – Full year growth guidance of 3-4%<sup>1)</sup> confirmed

▶ Sales growth in H1 driven by Europe +5.4% and business expansion in Greater China +39.8% – Strong growth rate in Q2, also driven by baseline effect

▶ EBIT margin<sup>2)</sup> in H1'18 at 19.0% (H1'17: 17.3%) – Strong underlying profitability mainly driven by favourable channel mix plus positive one-off effect in Q2

▶ Positive business development – New successful program launched with retailer NAPA in North America, ground breaking for AKO<sup>3)</sup> Europe in June

3) Aftermarket Kitting Operation

### Breaking Ground for AKO Europe investment



- ▶ Groundbreaking ceremony in June in Halle, Germany
- ▶ Fully operational with first shipments in 2020
- ▶ Enhancing our customer service, further improving delivery service levels and kit-to-order capabilities

### Launch of a Bearing and Seals Program in North America

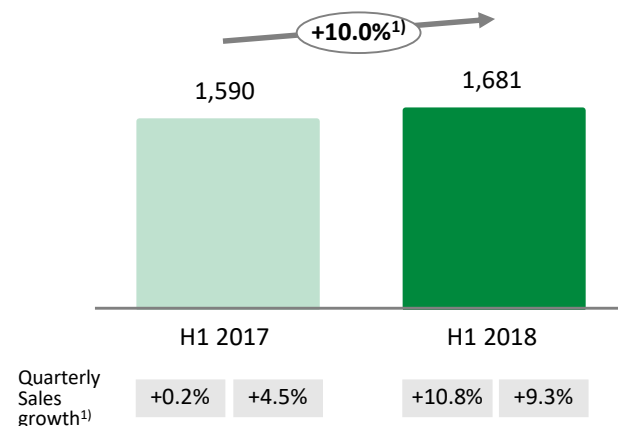
- ▶ Successful entering into the bearing and seals market in North America
- ▶ Collaboration with Top 5 U.S. retailer NAPA offers significant potential
- ▶ Schaeffler supplies a large bearing and seals program of approximately 9.000 parts



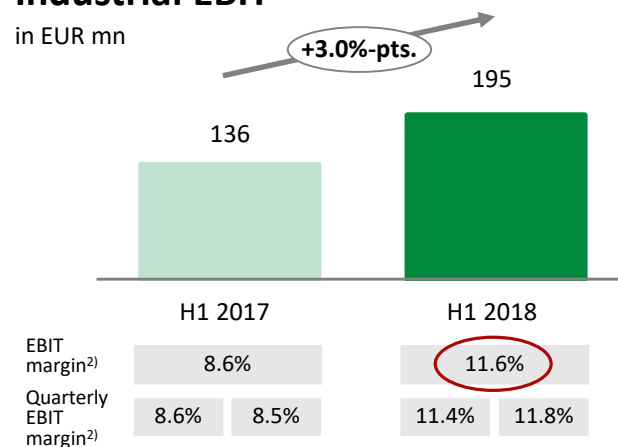


**Industrial – Strong performance in H1: Sales growth<sup>1)</sup> 10.0%, EBIT margin<sup>2)</sup> at 11.6%****Industrial sales**

in EUR mn

**Industrial EBIT<sup>2)</sup>**

in EUR mn



1) FX-adjusted 2) Before special items



Above average sales growth continues, bringing FX-adjusted sales growth in H1'18 to 10.0%<sup>1)</sup> – Sales guidance FY 18 increased to 6-7%<sup>1)</sup> (previously: 3-4%<sup>1)</sup>)



Growth<sup>1)</sup> driven by most sectors and Industrial Distribution business – Orderbook indicates further growth in H2



Industrial EBIT margin H1 at 11.6%<sup>2)</sup> (H1'17: 8.6%<sup>2)</sup>) – Higher volumes, favourable pricing and positive impact from CORE I and II cost efficiency initiatives as main drivers

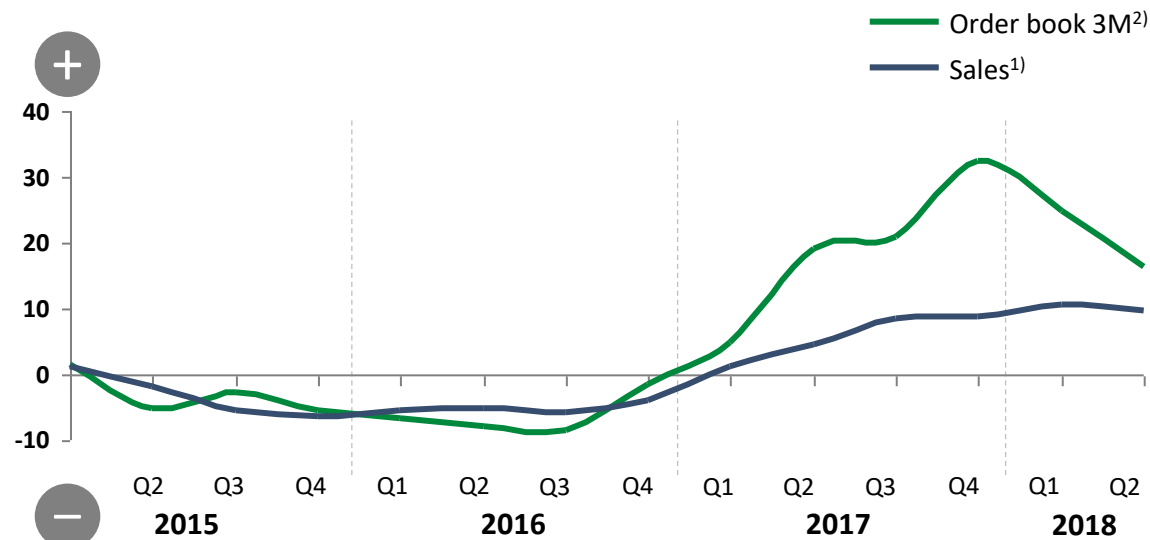


Strong business development in Greater China – Sales growth H1 +36.7% across different sectors, strategically important order received for first 5 MW series wind turbine with Chinese customer

## Industrial – Order book 3M<sup>2)</sup> indicates further growth

### Industrial Order book 3M<sup>2)</sup> with strong growth

y-o-y growth



- ▶ Robust order book 3M<sup>2)</sup> indicates further sales growth in H2, albeit at a lower growth rate
- ▶ Nearly every sector cluster supports this positive development

<sup>1)</sup> FX-adjusted product sales

<sup>2)</sup> 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.

### Strong business performance in Greater China



#### Wind

- ▶ Strategically important order received for first 5 MW series turbine in offshore applications
- ▶ First turbine of its kind with highest technical standard



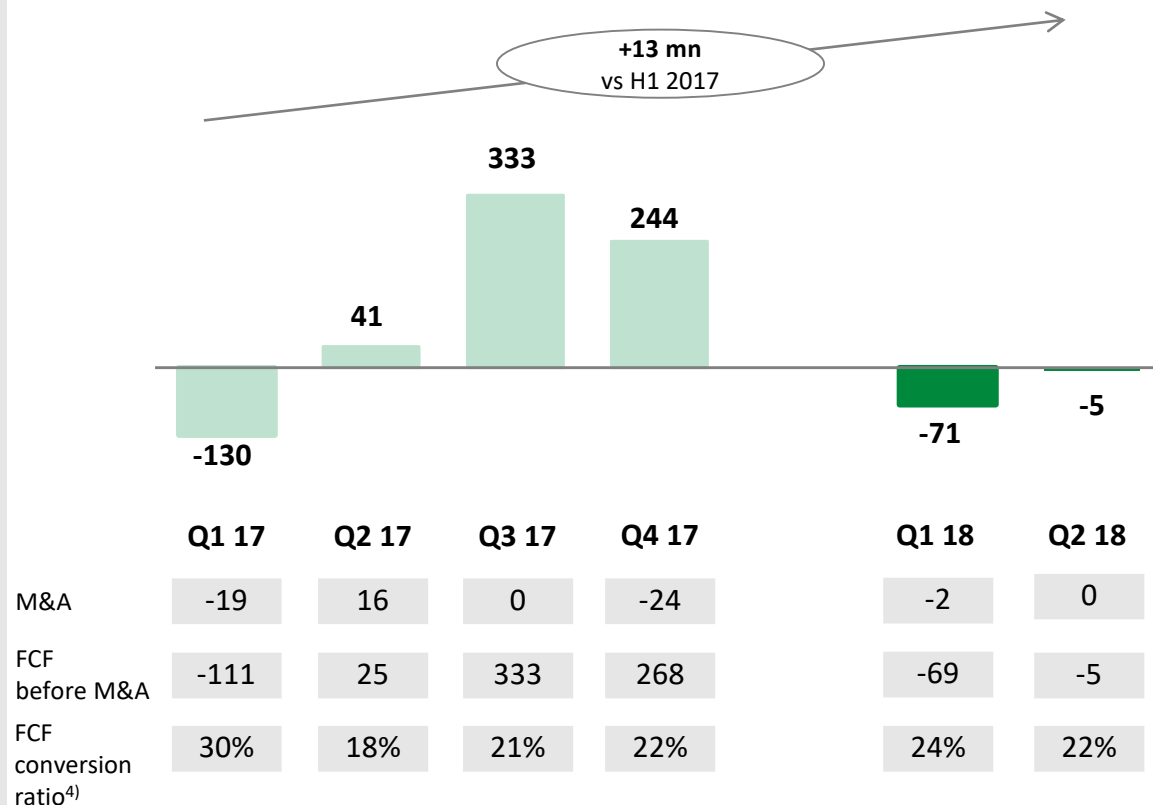
#### Industrial Automation

- ▶ First deliveries of linear components for the machine building industry out of our factory in Nanjing
- ▶ China market for machine tools and other automation machinery with continued high demand, driven by the national project “Made in China 2025”

# Free Cash Flow before M&A at EUR -74 mn – Capex Ratio at 8.3%

## Free Cash Flow

in EUR mn



1) Including payments for legal cases and restructuring measures

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

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

4) LTM FCF before M&amp;A divided by LTM EBITDA before special items

## Key aspects

- ▶ Free Cash Flow before M&A increased slightly to EUR -74 mn in H1'18 (PY: EUR -86 mn), FCF conversion ratio 22%
- ▶ Increased Working capital needs partially compensated by disciplined Capex spending
- ▶ Capex to sales ratio maintained at 8.3% (H1'17: 8.4%)

## FCF Details

in EUR mn

	Q2 2017	Q2 2018	Δ Q2 17/18	H1 2017	H1 2018	Δ H1 17/18
FCF as reported	41	(5)	(46)	(89)	(76)	13
Non recurring items <sup>1)</sup>	57	59	2	93	92	(1)
AKO / EDC <sup>2)</sup>	18	7	(11)	40	26	(14)
M&A <sup>3)</sup>	(16)	0	16	3	2	(1)
Receivable Sale Program	0	0	0	0	0	0
	100	61	(39)	47	44	(3)

# "Drive by wire" acquisition – Delivering on our M&A strategy

## "Drive by wire"-technology

- ▶ "Drive by wire"-technology is a prerequisite for the autonomous driving market ("Steer by wire", "Brake by wire")
- ▶ Paravan's<sup>1</sup> unique SPACE DRIVE technology is the only "steer by wire"-system in the market which is road approved, ready to go and scalable
- ▶ Technology meets the latest safety regulation standards relying upon more than 500 million kilometers driven on public roads.

## Transaction structure

- ▶ Schaeffler acquires "Drive by wire"-technology from Paravan and its founder Roland Arnold
- ▶ Schaeffler establishes Joint Venture with Paravan founder (90%/10%) to develop and further industrialize the technology
- ▶ Transaction fully in line with Schaeffler M&A strategy, focusing on additive, mid-sized, technologically-driven acquisitions, closing expected in Q4 2018

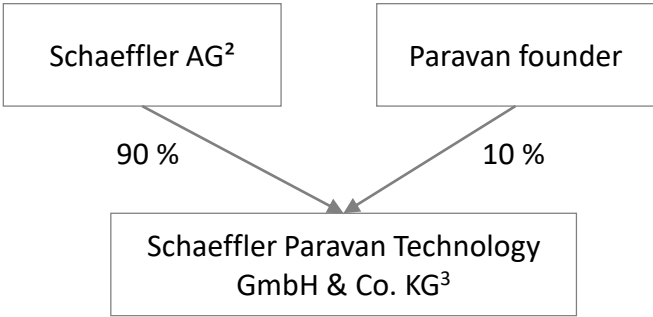
PARAVAN



"Steer by wire"-technology



Steering system



Target structure

1) PARAVAN develops, and manufactures customized vehicles for disabled people and is market leader for the "drive by wire"-technology

2) via Schaeffler Technologies AG & Co. KG

3) owns "Drive by wire"-technology

# "Drive by wire" acquisition – Positioning Chassis business for autonomous driving growth potential

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## Schaeffler Chassis business

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- ▶ Chassis business generated 1.6 billion Euro of sales in FY 2017
- ▶ Growing focus on mechatronic products, e.g. ball screw drives for electric parking brakes and electro-mechanic steering, active roll stabilization
- ▶ Schaeffler Mover first presented at Baden-Baden Symposium 2018 and Annual General Meeting 2018

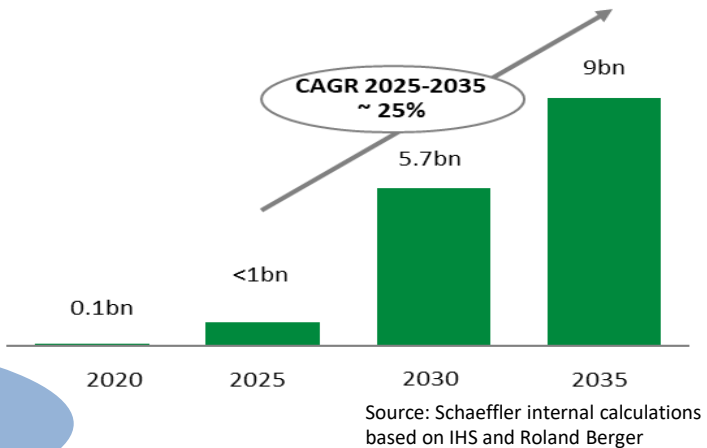
Positioning Chassis business for significant growth potential

## Strategic rationale

PARAVAN

- ▶ Autonomous driving as one of the key future trends in the global automotive industry
- ▶ Acquired technology allows Schaeffler to enter the very attractive and fast-growing "Drive by wire"-market in an accelerated manner
- ▶ Transaction positions Schaeffler Chassis business for significant mid-term growth potential

## "Steer by wire"-market development



in EUR mn		H1 2017	H1 2018	H1 2018 vs. H1 2017	Q2 2017	Q2 2018	Q2 2018 vs. Q2 2017
<b>Sales</b>	<b>1</b>	7,046	7,193	+2.1% +5.8% <sup>1)</sup>	3,472	3,642	+4.9% +7.9% <sup>1)</sup>
<b>EBIT<sup>2)</sup></b>		780	795	+15 mn +1.9%	345	404	+59 mn +17.1%
<b>EBIT margin<sup>2)</sup></b>	<b>2</b>	11.1%	11.1%	+0.0%-pts.	9.9%	11.1%	+1.2%-pts.
<b>Net income<sup>3)</sup></b>		485	509	+24 mn	206	269	+63 mn
<b>EPS<sup>4)</sup></b>	<b>3</b>	0.73	0.77	+0.04	0.31	0.41	+0.10
<b>ROCE<sup>2) 5)</sup></b>		20.7%	19.8%	-0.9%-pts.			
<b>Free Cash Flow<sup>6)</sup></b>		-86	-74	+12 mn	25	-5	-30 mn
<b>Capex</b>	<b>4</b>	594	595	+1 mn	295	289	-6 mn
<b>Net financial debt</b>		2,956	2,833	-123 mn			
<b>Gearing ratio<sup>7)</sup></b>	<b>5</b>	136.3%	106.6%	-29.7%-pts.			

1) FX-adjusted  
2) Before special items

3) Attributable to shareholders of the parent company  
4) Earnings per common non-voting share

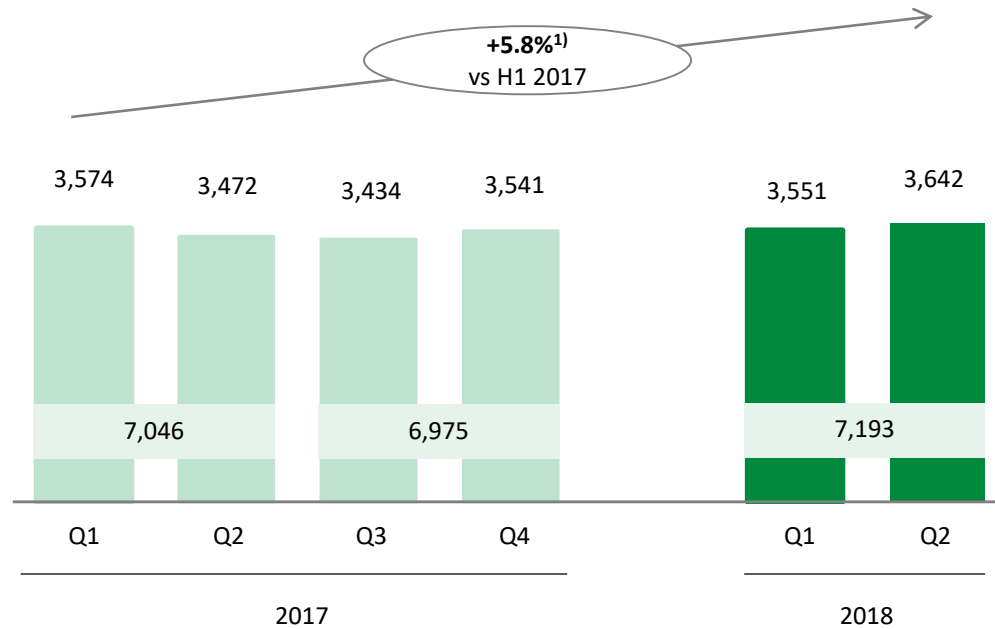
5) LTM  
6) Before M&A

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

# 1 Sales growth Q2'18 +7.9%<sup>1)</sup> – 19.2% sales growth<sup>1)</sup> in China

## Sales

in EUR mn



Reported growth	+6.9%	+3.1%	+5.2%	+5.4%	-0.6%	+4.9%
Sales growth <sup>1)</sup>	+5.4%	+2.2%	+7.4%	+8.5%	+3.9%	+7.9%

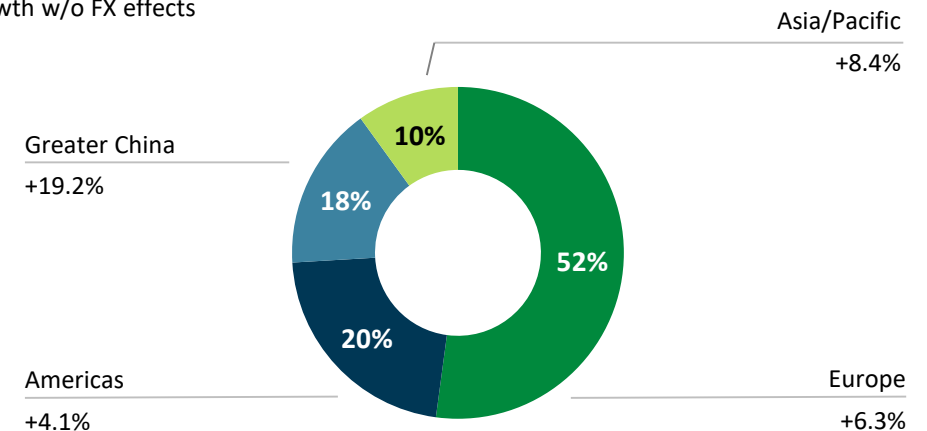
1) FX-adjusted

## Key aspects Q2'18

- ▶ Group sales accelerated with +7.9%<sup>1)</sup> (Q2'17: +2.2%<sup>1)</sup>), all regions and divisions contributed
- ▶ Sales growth mainly driven by Greater China with +19.2% (AOEM +14.5%; AAM +38.8%; Industrial +34.0%)
- ▶ Ongoing strong growth expected in H2'18

## Sales by region Q2 2018

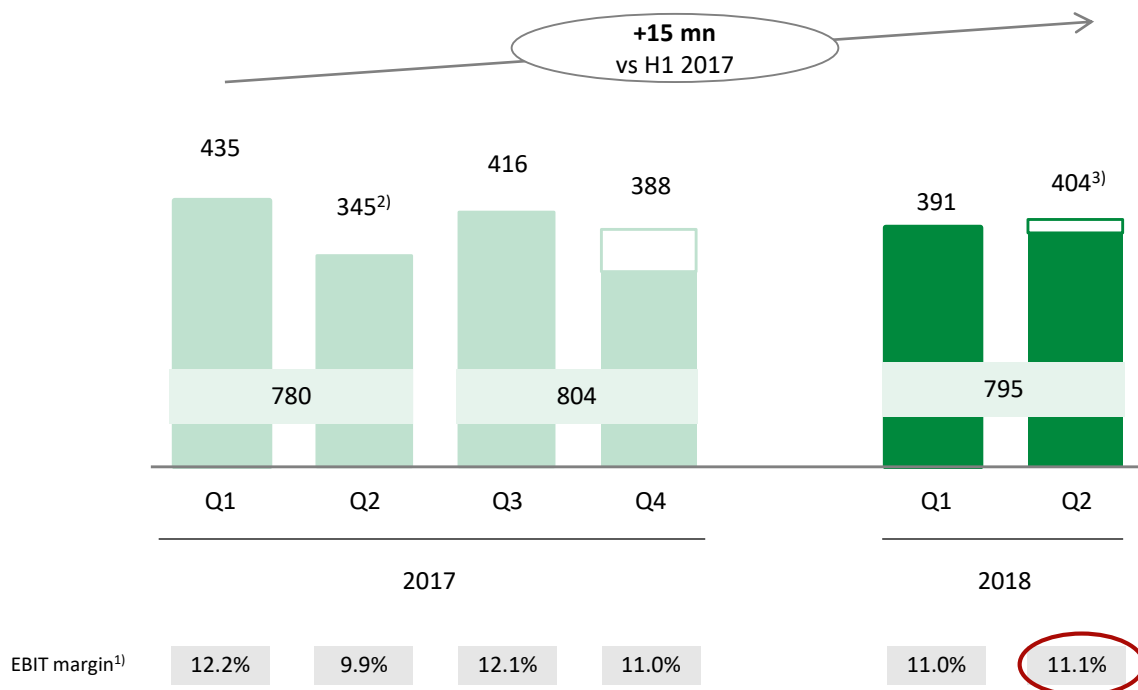
y-o-y growth w/o FX effects



## 2 EBIT Margin Q2'18 11.1% – 1.2%-pts. above prior year quarter

### EBIT<sup>1)</sup>

in EUR mn



1) Before special items

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

3) Reported EBIT of EUR 382m including EUR 22m restructuring expenses related to the dissolution of the internal supplier BCT

### Key aspects Q2'18

- ▶ EBIT margin<sup>1)</sup> at 11.1% (Q2'17: 9.9%)
- ▶ Gross profit margin increased from 26.5% to 26.7% mainly driven by positive volume and mix effects in Industrial and Automotive Aftermarket division
- ▶ Reported EBIT includes EUR 22 mn restructuring provision related to BCT reorganization

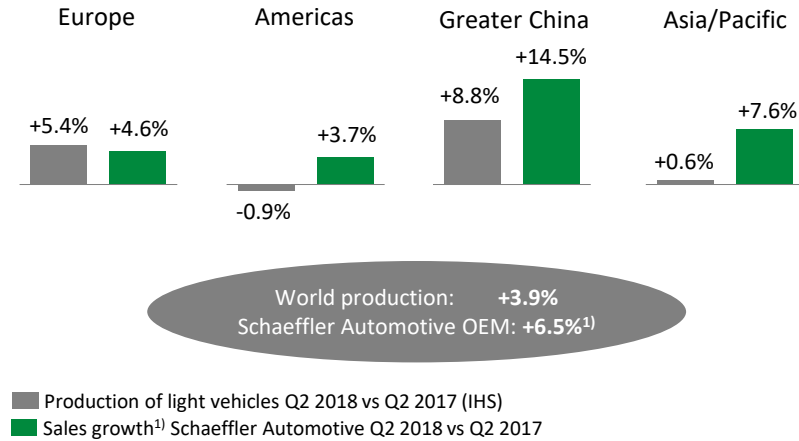
### EBIT margin<sup>1)</sup>

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Automotive OEM	11.9%	9.4%	10.7%	11.2%	9.5%	9.0%
Automotive Aftermarket	19.2%	15.3%	23.1%	17.9%	17.9%	20.0%
Industrial	8.6%	8.5%	8.9%	6.1%	11.4%	11.8%
<b>Total</b>	<b>12.2%</b>	<b>9.9%</b>	<b>12.1%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.1%</b>



# Automotive OEM – 2.6%-pts. outperformance versus market

## Automotive OEM sales and market development Q2

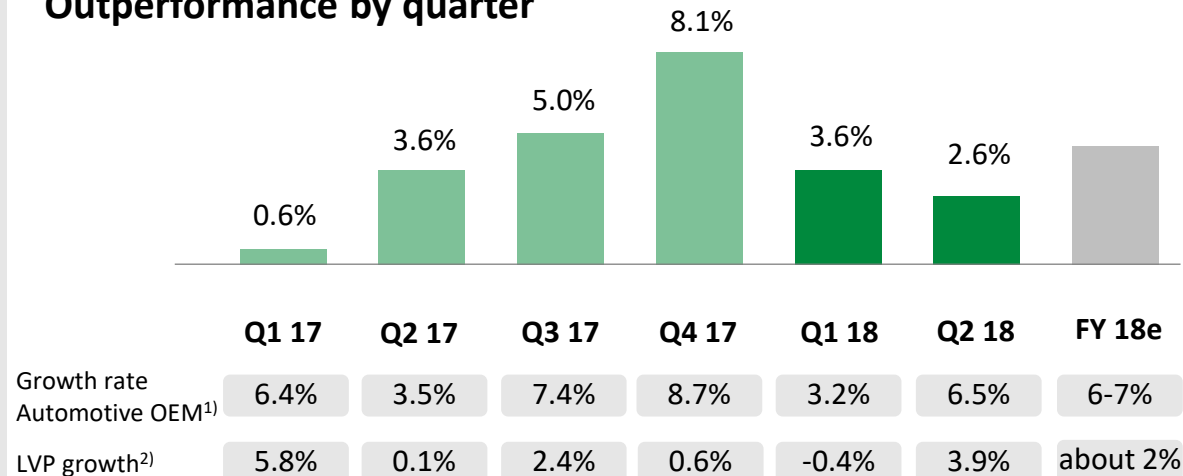


## Sales by business division

in EUR mn

	Q2 2017	Q2 2018	Δ <sup>1)</sup>
Engine Systems	682	713	+7.3%
Transmission Systems	1,041	1,077	+6.5%
E-Mobility	107	117	+8.8%
Chassis Systems	390	401	+5.2%
<b>Total</b>	<b>2,220</b>	<b>2,308</b>	<b>+6.5%</b>

## Outperformance by quarter



## Key aspects Q2'18

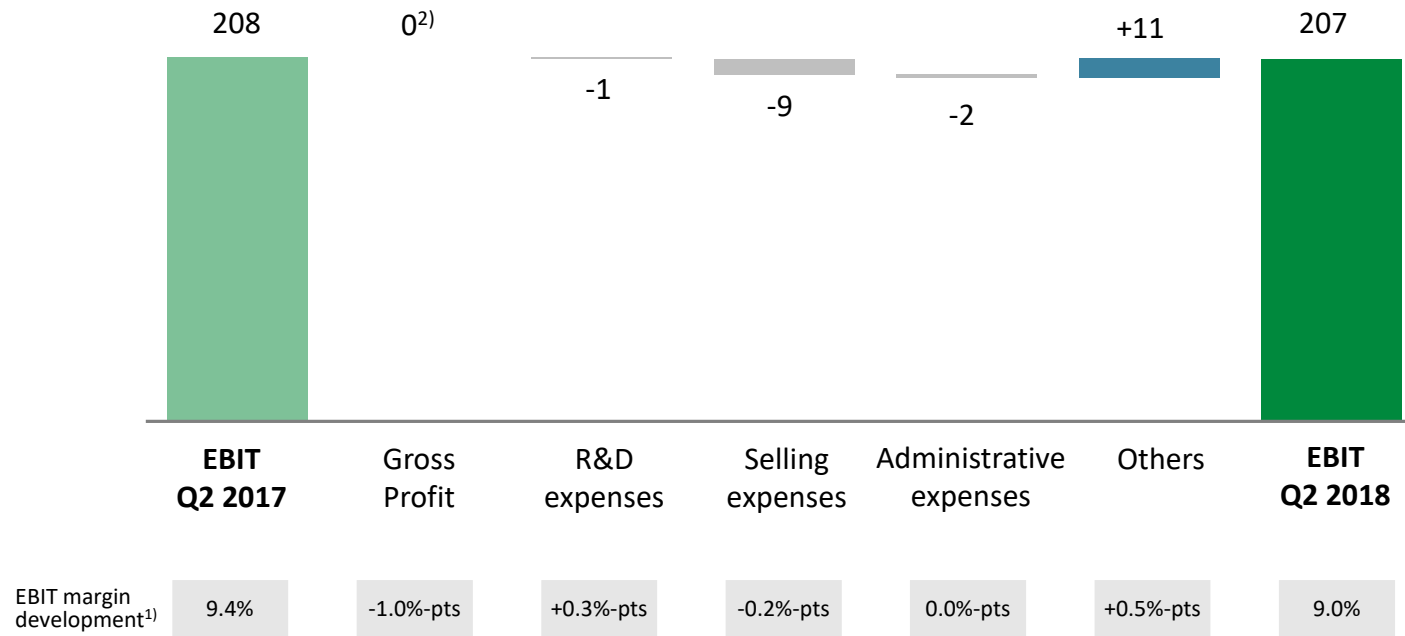
- ▶ Outperformance Q2'18 of 2.6%-pts. versus global production growth
- ▶ Temporary project delays in Greater China – acceleration of growth expected in H2'18
- ▶ FY sales target for BD E-Mobility of EUR 500-600 mn

1) FX-adjusted 2) Source: IHS, as of July 2018

# A Automotive OEM – Q2 EBIT margin<sup>2)</sup> of 9.0% (Q2'17: 9.4%)

## EBIT<sup>1)</sup> Q2 2017 vs. Q2 2018

in EUR mn



1) Before special items

2) Includes negative FX effects of EUR -17 mn

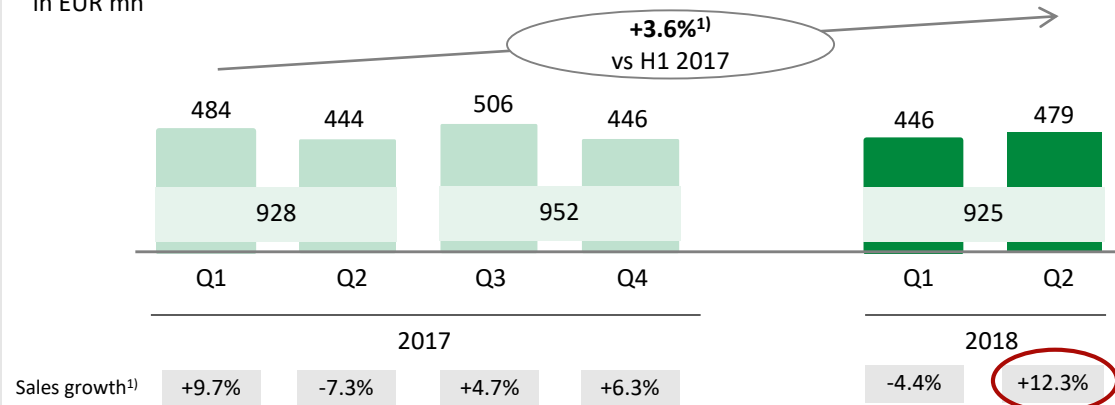
## Key aspects

- ▶ Gross margin declined from 24.5% to 23.5% mainly driven by ramp-up costs, temporary project delays in China and higher raw material costs
- ▶ Increase in selling expenses due to special freight
- ▶ EBIT margin 9.0% in Q2'18 after 9.4% in Q2'17

## B Automotive Aftermarket – Strong growth in Q2'18

### Automotive Aftermarket sales by quarter

in EUR mn

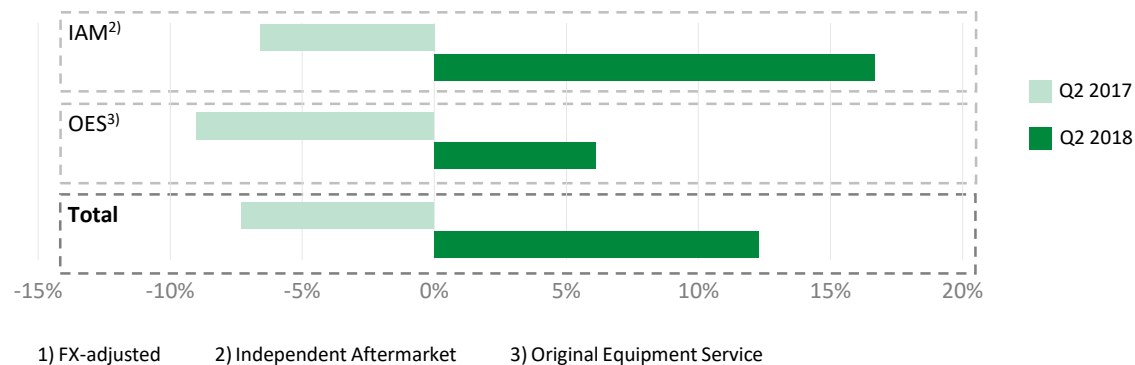


### Sales by region

y-o-y growth

	Q2 2017	Q2 2018	Δ <sup>1)</sup>
Europe	320	362	+15.2%
Americas	97	84	-0.7%
Greater China	15	20	+38.8%
Asia/Pacific	12	13	+15.7%
<b>Total</b>	<b>444</b>	<b>479</b>	<b>+12.3%</b>

### Automotive Aftermarket sales growth by channel Q2 2018<sup>1)</sup>



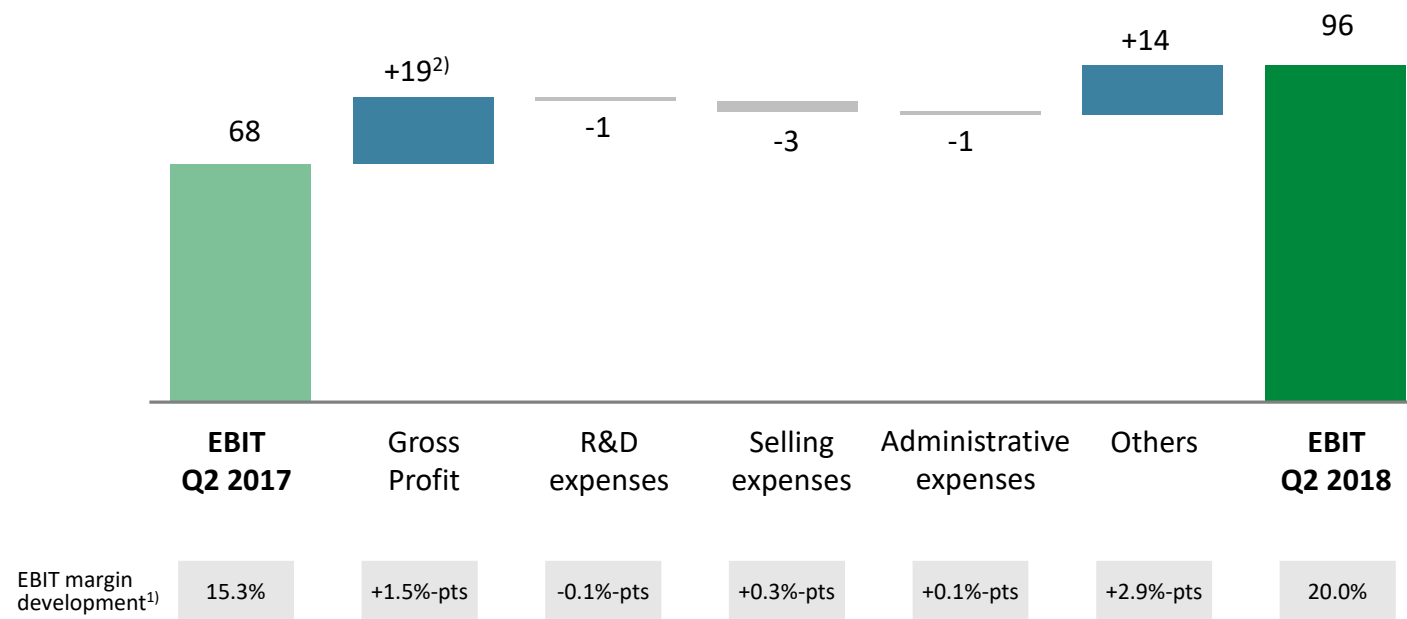
### Key aspects

- Sales growth<sup>1)</sup> of +12.3% in Q2'18
- Strong regional growth rates in Europe, Greater China and Asia/Pacific – Americas slightly below PY
- Stable growth according to divisional guidance expected in H2'18

# B Automotive Aftermarket – Q2 EBIT margin<sup>2)</sup> of 20.0% (Q2'17: 15.3%)

## EBIT<sup>1)</sup> Q2 2017 vs. Q2 2018

in EUR mn



1) Before special items

2) Includes negative FX effects of EUR -9 mn

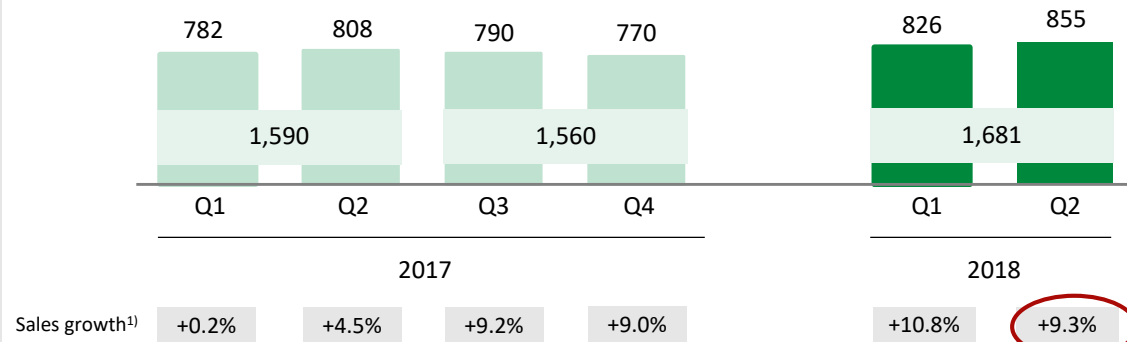
## Key aspects

- ▶ Gross margin increased from 33.8% to 35.3% of sales, mainly driven by positive volume and mix effects as well as low base effect
- ▶ Others includes positive one-off effect
- ▶ EBIT margin 20.0% in Q2'18 after 15.3% in Q2'17

# Industrial Division – all sectors growing, four out of eight sectors with double digit growth

## Industrial sales by quarter

in EUR mn

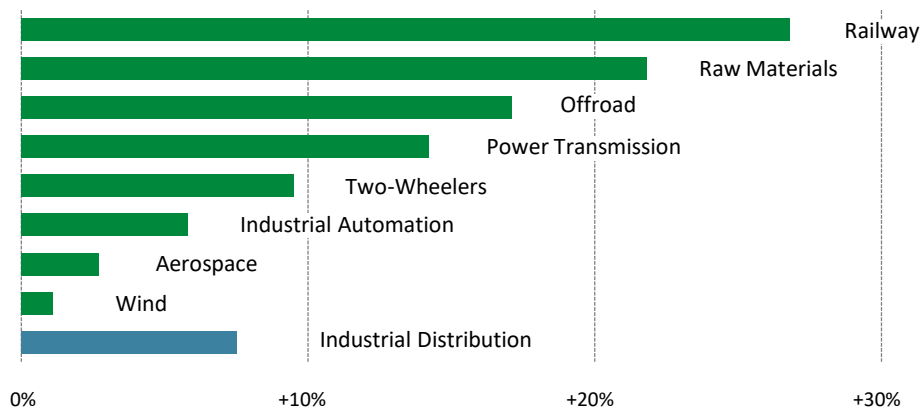
+10.0%<sup>1)</sup>  
vs H1 2017

## Sales by region

y-o-y growth

	Q2 2017	Q2 2018	Δ <sup>1)</sup>
Europe	467	472	+3.7%
Americas	148	149	+8.4%
Greater China	118	154	+34.0%
Asia/Pacific	75	80	+10.1%
<b>Total</b>	<b>808</b>	<b>855</b>	<b>+9.3%</b>

## Industrial sales by sector cluster Q2 2018<sup>1)</sup>



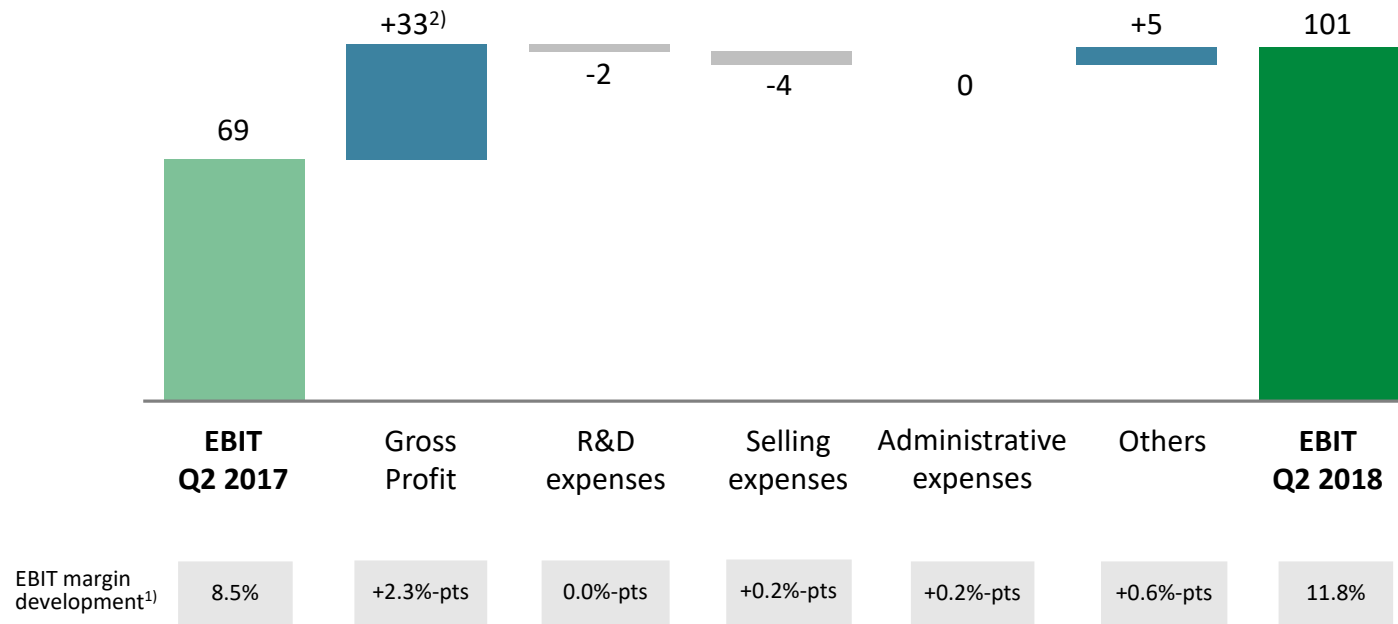
## Key aspects

- ▶ Sales growth<sup>1)</sup> of 9.3% in Q2'18
- ▶ Positive development in all sectors as well as Industrial Distribution
- ▶ Growth rates to normalize in coming quarters due to strong comparables

1) FX-adjusted

**EBIT<sup>1)</sup> Q2 2017 vs. Q2 2018**

in EUR mn



1) Before special items

2) Includes negative FX effects of EUR -16 mn

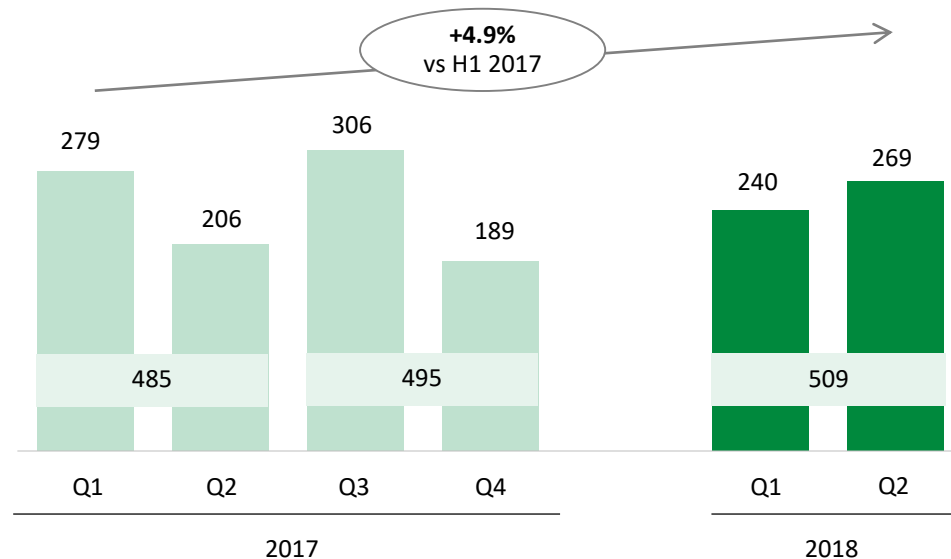
3) Cost efficiency initiative

**Key aspects**

- ▶ Gross margin increased to 30.5% (Q2'17: 28.2%) driven by positive volume and favourable pricing
- ▶ Successful execution on CORE<sup>3)</sup> – CORE I program completed, CORE II program well on track (Completion ratio of 40%)
- ▶ EBIT margin 11.8% in Q2'18 vs. 8.5% in Q2'17

## Net income<sup>1)</sup>

in EUR mn



EPS<sup>2)</sup>  
in EUR

0.42	0.31	0.46	0.29	0.36	0.41
0.73		0.75		0.77	

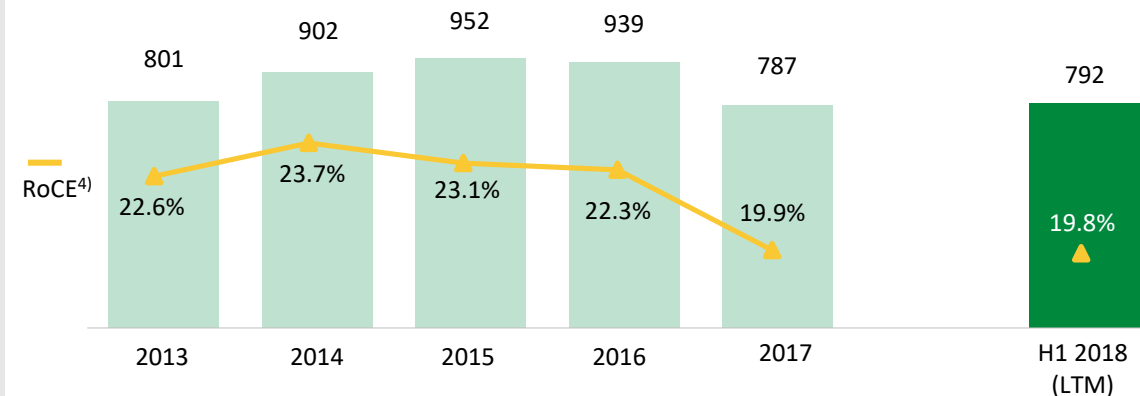
1) Attributable to the shareholders of the parent company

2) Earnings per common non-voting share

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

## Schaeffler Value Added<sup>3)</sup>

in EUR mn



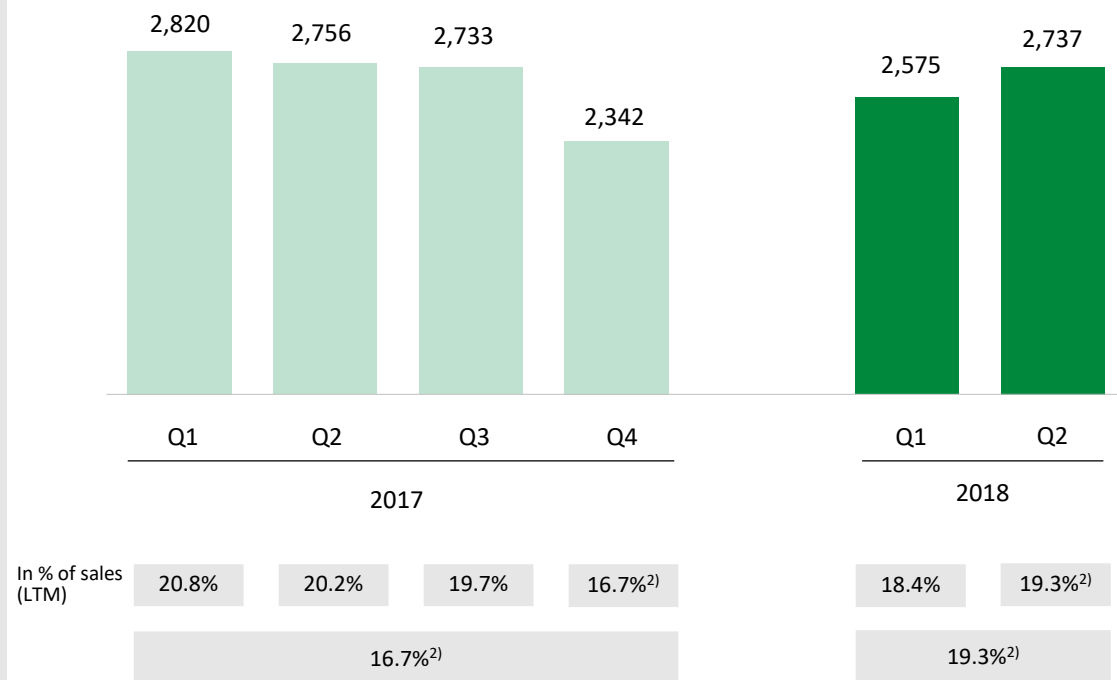
## Key aspects

- ▶ Net income increased to EUR 269 mn (Q2'17: EUR 206 mn)
- ▶ Increase driven by higher EBIT and better financial result
- ▶ EPS increased to EUR 0.41 (Q2'17: EUR 0.31)

# 4 Working Capital ratio 19.3% of sales – Capex ratio 7.9% of sales in Q2 2018

## Working capital<sup>1)</sup>

in EUR mn

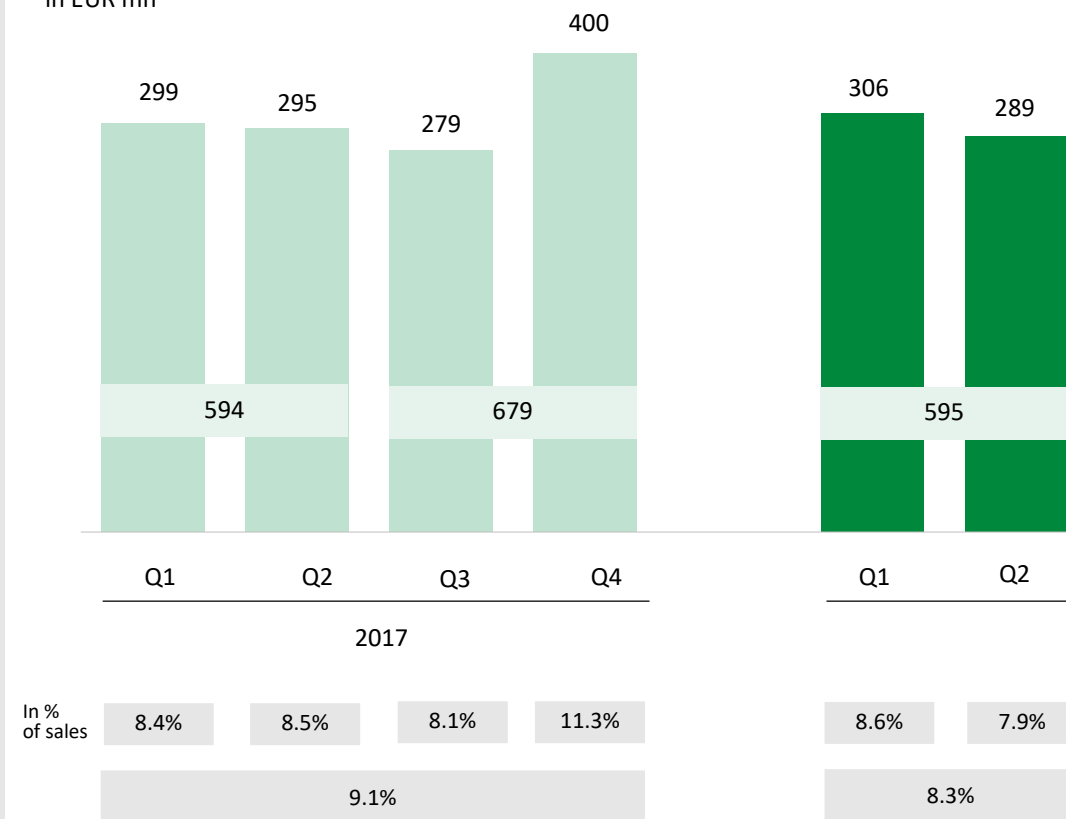


1) According to balance sheet; figures as per the end of period

2) At June 30, 2018, trade receivables with a carrying amount of EUR 129 mn (December 31, 2017: EUR 123 mn) net of retained default risks had been sold under the ABCP program

## Capex<sup>2)</sup>

in EUR mn



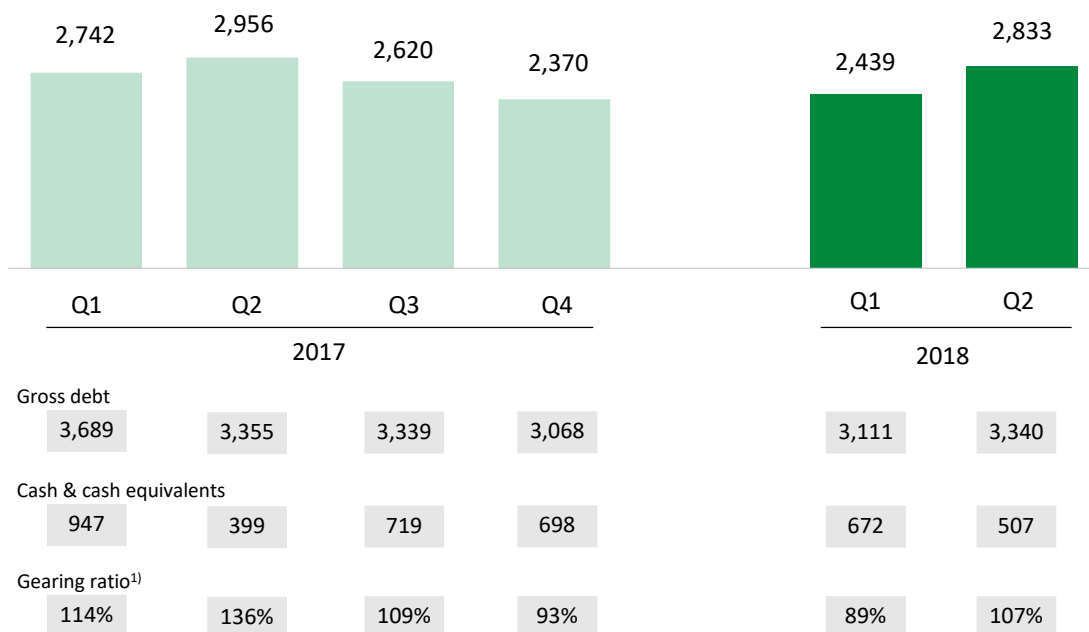
2) Cash view



## 5 Net debt increased due to temporarily higher Gross debt – Gearing ratio at 107%

### Net financial debt and Gearing ratio

in EUR mn



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

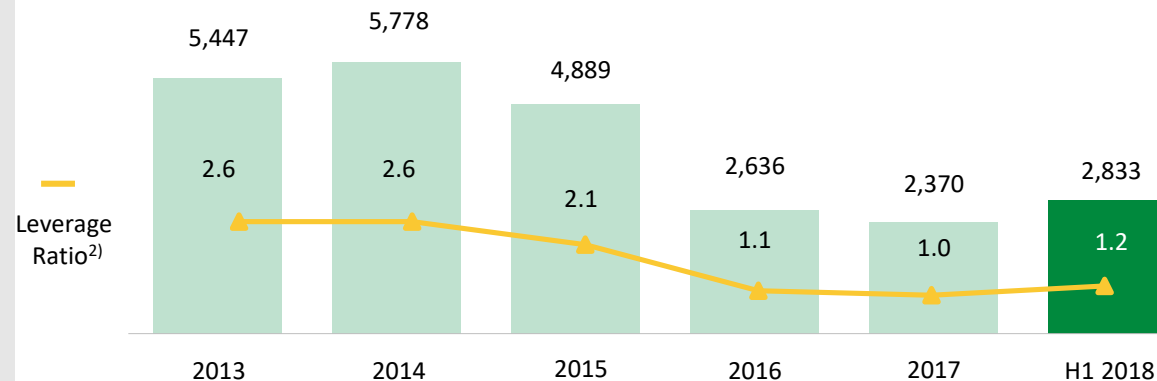
2) Leverage Ratio: Net financial debt to LTM EBITDA ratio before special items

### Key aspects

- ▶ Net debt increased seasonally to EUR 2,833 mn (FY'17: EUR 2,370 mn) due to the dividend payout
- ▶ Gearing ratio at 107%
- ▶ Net leverage ratio<sup>2)</sup> increased to 1.2x sequentially

### Net debt development

in EUR mn



## Group Guidance

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



## Divisional Guidance

Automotive OEM	Automotive AM	Industrial
6-7% FX-adjusted	3-4% FX-adjusted	6-7% <sup>2)</sup> FX-adjusted
9.5-10.5% before special items	16.5-17.5% before special items	9-10% before special items

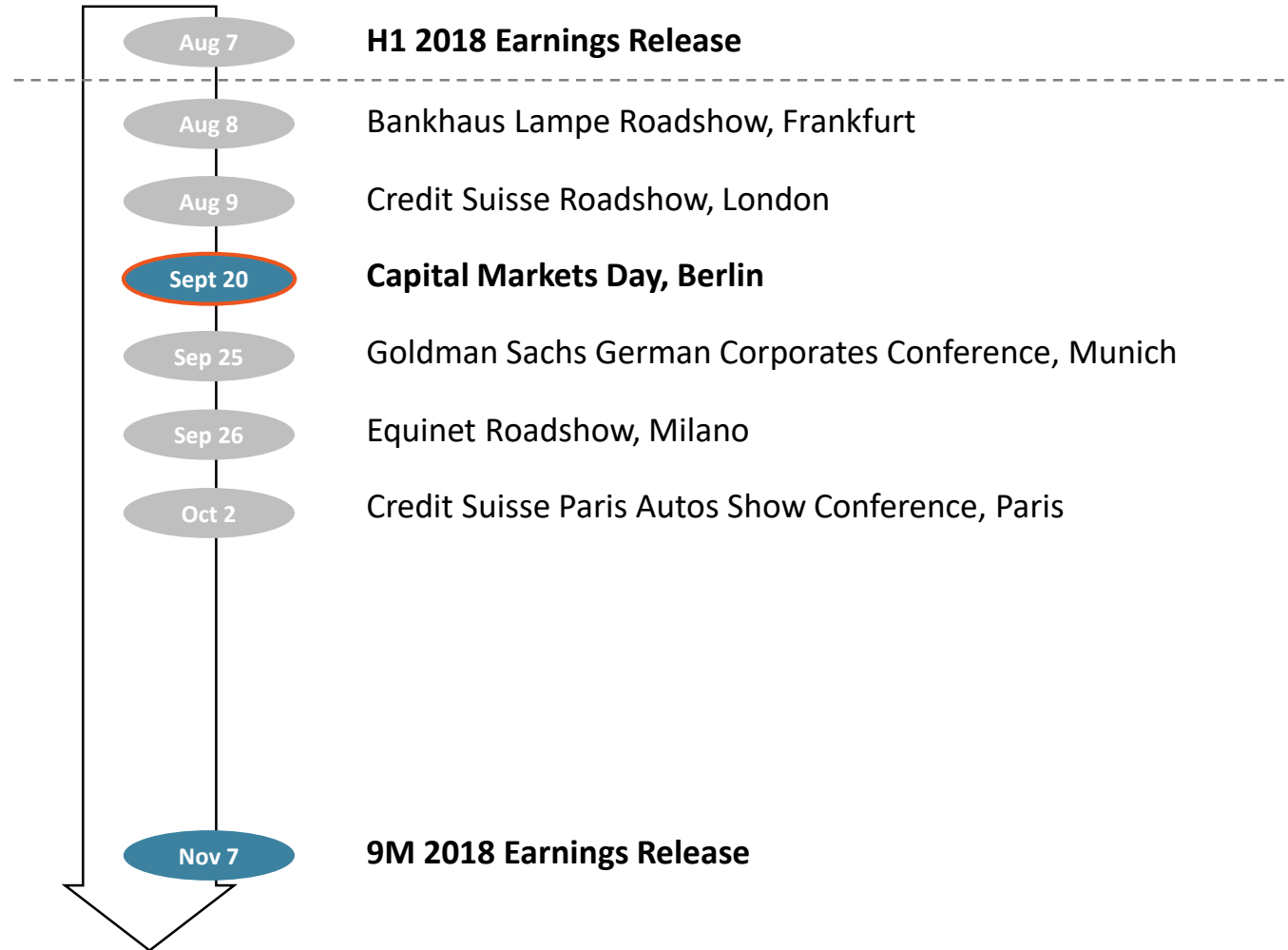
New

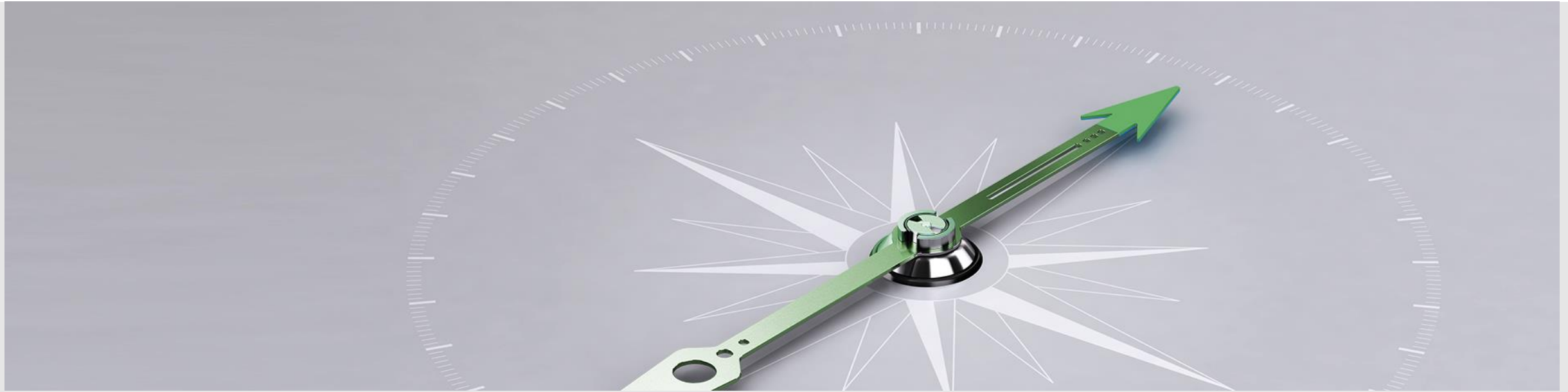
## Market assumptions

- ▶ 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: Similar growth rate of industrial production in 2018 compared to 2017

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

2) Former guidance as of 7 March 2018 of 3-4% FX adjusted growth upgraded to 6-7% FX adjusted growth





### Investor Relations

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Key figures<sup>1)</sup> by Group and division – new structure**Group**

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18
Sales	3,574	3,472	3,434	3,541	3,551	<b>3,642</b>
<i>Sales Growth<sup>2)</sup></i>	+5.4%	+2.2%	+7.4%	+8.5%	+3.9%	<b>+7.9%</b>
EBIT	435	358	416	319	391	<b>382</b>
EBIT Adjusted <sup>3)</sup>	435	345	416	388	391	<b>404</b>
EBIT Margin Adj.	12.2%	9.9%	12.1%	11.0%	11.0%	<b>11.1%</b>

**Automotive OEM**

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18
Sales	2,308	2,220	2,138	2,325	2,279	<b>2,308</b>
<i>Sales Growth<sup>2)</sup></i>	+6.4%	+3.5%	+7.4%	+8.7%	+3.2%	<b>+6.5%</b>
EBIT	275	221	229	226	217	<b>197</b>
EBIT Adjusted <sup>3)</sup>	275	208	229	261	217	<b>207</b>
EBIT Margin Adj.	11.9%	9.4%	10.7%	11.2%	9.5%	<b>9.0%</b>

1) Proforma figures

2) FX-adjusted

3) EBIT before special items

**Automotive Aftermarket**

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18
Sales	484	444	506	446	446	<b>479</b>
<i>Sales Growth<sup>2)</sup></i>	+9.7%	-7.3%	+4.7%	+6.3%	-4.4%	<b>+12.3%</b>
EBIT	93	68	117	55	80	<b>96</b>
EBIT Adjusted <sup>3)</sup>	93	68	117	80	80	<b>96</b>
EBIT Margin Adj.	19.2%	15.3%	23.1%	17.9%	17.9%	<b>20.0%</b>

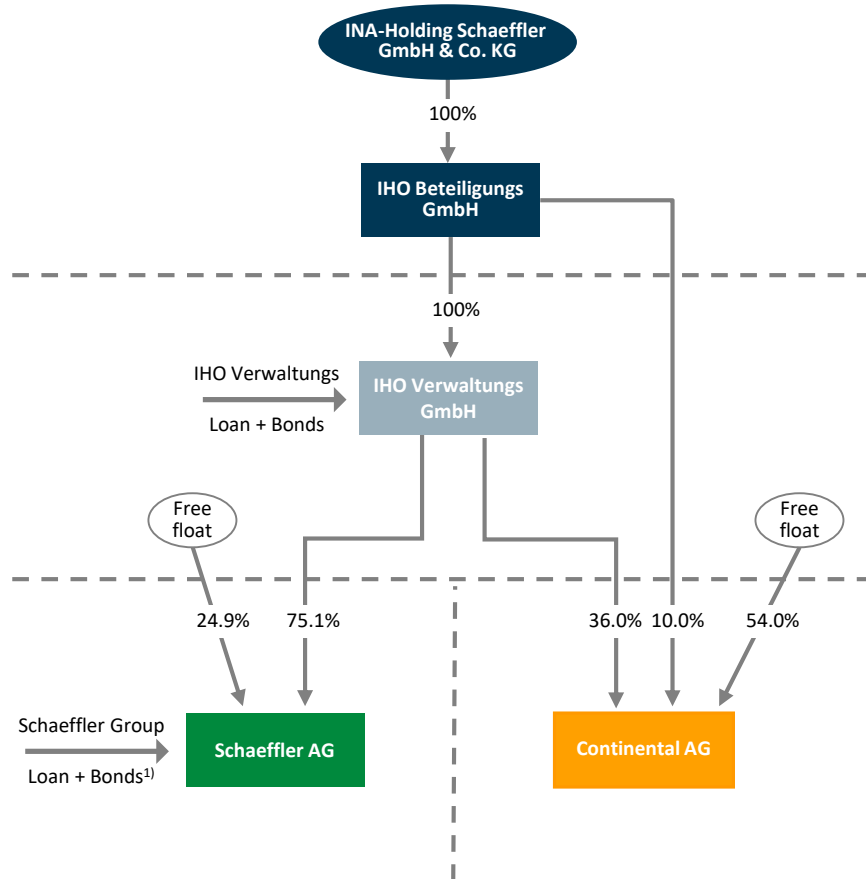
**Industrial**

in EUR mn

	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18
Sales	782	808	790	770	826	<b>855</b>
<i>Sales Growth<sup>2)</sup></i>	+0.2%	+4.5%	+9.2%	+9.0%	+10.8%	<b>+9.3%</b>
EBIT	67	69	70	38	94	<b>89</b>
EBIT Adjusted <sup>3)</sup>	67	69	70	47	94	<b>101</b>
EBIT Margin Adj.	8.6%	8.5%	8.9%	6.1%	11.4%	<b>11.8%</b>

## Corporate structure (simplified)

as of June 30, 2018



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

## Financing structure

in EUR<sup>2)</sup> mn, as of June 30, 2018

IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD mn)	Nominal (EUR mn)	Interest	Maturity	Rating (F/M/S) <sup>(4)</sup>
Loans	Term loan (EUR)	-	750	E+2.25%	Dec-22	not rated
	RCF (EUR 250 mn)	-	-	E+2.25%	Dec-22	not rated
Bonds	2.75% SSNs 2021 (EUR)	-	750	2.75%	Sep-21	BB+/Ba1/BB-
	4.125% SSNs 2021 (USD)	500	429 <sup>(2)</sup>	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	429 <sup>(2)</sup>	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	429 <sup>(2)</sup>	4.75%	Sep-26	BB+/Ba1/BB-
	<b>Total</b>		<b>4,287</b>	<b>Ø 3.47%<sup>(3)</sup></b>		

Schaeffler Group

	Debt instrument	Nominal (USD mn)	Nominal (EUR mn)	Interest	Maturity	Rating (F/M/S) <sup>4)</sup>
Loans	Term loan (EUR)	-	1,000	E+1.20%	Jul-21	not rated
	RCF (EUR 1,300 mn)	-	125	E+0.90%	Jul-21	not rated
	Investment Facility (EUR 250 mn)	-	140	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	515 <sup>2)</sup>	4.75%	May-23	BBB-/Baa3/BB+
	3.25% SSNs 2025 (EUR)	-	600	3.25%	May-25	BBB-/Baa3/BB+
	<b>Total</b>		<b>3,280</b>	<b>Ø 2.73%<sup>3)</sup></b>		

2) EUR/USD = 1.1658.

3) Incl. commitment fees.

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