1 Schaeffler at a glance – 9M 2018 results and current market environment
2 Strategy “Mobility for tomorrow”
3 Excellence Program “Agenda 4 plus One”
4 Deep-dive E-mobility
5 Long-term value creation
6 Summary and outlook
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 72 plants and 18 R&D centers
Schaeffler Group – Diversified business portfolio with three divisions

**Automotive OEM**
- Sales\(^1\): 8,991 mn
- EBIT margin\(^2\): 10.8%

**Automotive Aftermarket**
- Sales\(^1\): 1,880 mn
- EBIT margin\(^2\): 19.0%

**Industrial**
- Sales\(^1\): 3,150 mn
- EBIT margin\(^3\): 8.0%

---

1) FX adjusted Sales FY 2017
2) Based on EBIT Before special items FY 2017
3) in % of Group Sales 2017

Based on 2017 Sales
Macroeconomic environment – Increasingly challenging and complex

Growth
Lower GDP-growth expected from 2019 onwards

Trade
Trade war between USA and China a serious threat

China
Slow down of economic growth in China

Macro-economic risks

External conditions became much more complex
– Temporary „dip“ or downturn?

Automotive
OEMs suffer from the new WLTP-cycle

Industrial
Slow down of industrial production expected from 2019 onwards

Capital Markets
Several guidance revisions in the automotive sector

Industry-specific developments
### 1 Schaeffler at a glance

#### 9M 2018 figures – Mixed performance in Q3

<table>
<thead>
<tr>
<th>Group</th>
<th>Q3 18</th>
<th>9M 18</th>
<th>Automotive OEM</th>
<th>Automotive AM</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Q3</td>
<td>9M</td>
<td>Q3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Q3</td>
<td>9M</td>
<td>Q3</td>
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<td></td>
<td>Q3</td>
<td>9M</td>
<td>Q3</td>
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<td>Q3</td>
<td>9M</td>
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<td></td>
<td></td>
<td></td>
<td>Q3</td>
<td>9M</td>
<td>Q3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Q3</td>
<td>9M</td>
<td>Q3</td>
</tr>
<tr>
<td>Sales growth¹) (in EUR mn and %)</td>
<td>3,521</td>
<td>10,714</td>
<td>2,191</td>
<td>6,778</td>
<td>854</td>
</tr>
<tr>
<td></td>
<td>+3.7%</td>
<td>+5.1%</td>
<td>+3.2%</td>
<td>+4.3%</td>
<td>+9.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-3.0%</td>
<td>+1.3%</td>
<td></td>
</tr>
<tr>
<td>EBIT margin²) (in EUR mn and %)</td>
<td>355</td>
<td>1,150</td>
<td>172</td>
<td>596</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>10.1%</td>
<td>10.7%</td>
<td>7.9%</td>
<td>8.8%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Free Cash Flow³) (in EUR mn)</td>
<td>201</td>
<td>127</td>
<td>80</td>
<td>256</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>16.8%</td>
<td>18.3%</td>
<td></td>
</tr>
<tr>
<td>Capex-to-sales ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.4%</td>
<td>8.0%</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

#### Key aspects Q3 2018

- **Automotive OEM** with decreasing margin due to weakness in China and negative mix
- **Automotive Aftermarket** sales decline due to high comps and weaker than expected demand in Europe
- **Industrial** very strong quarter, both in terms of sales and EBIT margin
- Lower than expected FCF due to lower earnings quality and higher inventories

---

1) FX adjusted  
2) Before special items  
3) Before cash in- and outflows for M&A activities
## Group Guidance

<table>
<thead>
<tr>
<th><strong>Sales growth</strong></th>
<th><strong>EBIT margin</strong></th>
<th><strong>Free Cash Flow</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1) (in %)</td>
<td>2) (in %)</td>
<td>3) (in EUR mn)</td>
</tr>
<tr>
<td>+4-5%</td>
<td>9.5-10.5%</td>
<td>EUR ~300 mn</td>
</tr>
</tbody>
</table>

## Divisional Guidance

<table>
<thead>
<tr>
<th><strong>Automotive OEM</strong></th>
<th><strong>Automotive AM</strong></th>
<th><strong>Industrial</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5-2.5%</td>
<td>17-17.5%</td>
<td>10.5-11.0%</td>
</tr>
</tbody>
</table>

## Market assumptions

- **Automotive**: Global Light Vehicle production growth revised down from around 2% to around 0.5%
- **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) FX adjusted  
2) Before special items  
3) Before cash in- and outflows for M&A activities  
4) As of October 30, 2018
2 Strategy “Mobility for tomorrow”
Schaeffler Roadmap 2016-2020 – Transformation gaining momentum

Key aspects

- Strategy “Mobility for tomorrow” to position Schaeffler for key future trends
- Excellence program "Agenda 4 plus One" to make Schaeffler a better company
- 3 divisions to enhance transparency and accountability
- Rigorous execution of efficiency initiatives to achieve financial ambitions

Roadmap Schaeffler Group

Vision Mission Values

2012 – 2016

Today

Sustainable profitable growth

Mobility for tomorrow

"Agenda 4 plus One"
2016-2020

IPO

BCT

2016 – 2020

2021 and beyond

1) Bearing & Components Technologies
Strategy "Mobility for tomorrow" – 8 strategic pillars

1. Preferred technology partner
2. Automotive and Industrial supplier
3. Components and systems
4. Global player with local presence
5. E-Mobility, Industry 4.0, and digitalization
6. Quality, efficiency and delivery performance
7. Attractive employer
8. Global family business

One Schaeffler Approach
Mechanical Systems

2 Strategy “Mobility for tomorrow”
Automotive and Industrial supplier – both in Components and Systems

Key aspects

- Long-standing experience in development and manufacturing of best-in-class mechanical components
- Proven system-level understanding enabling integration of components into powerful mechatronic systems
- Ability to combine systems know-how across all three divisions into new innovative product and service offerings

Schaeffler AG - Global Auto Industry Conference
January 15, 2019
E-Mobility, Industry 4.0 and Digitalization – Focused on future opportunities

**Key aspects**

- E-Mobility, Industry 4.0 and Digitalization as key growth opportunities for the long-term future
- E-Mobility, Industry 4.0 and Digitalization are three key initiatives of our Agenda 4 plus One
- Digitalization relevant for external “Go to market”, but in particular for optimizing our internal efficiency
### Key aspects

- Comprehensive program with 20 initiatives started in Q2 2016
- All initiatives in implementation, overall Completion ratio of 50% as of September 2018
- EUR 300 mn profitability improvement target until 2022 (improvement compared to FY 2017)

#### EBIT impact

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>-32</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2017A</td>
<td></td>
<td></td>
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<tr>
<td>2018E</td>
<td></td>
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</tr>
<tr>
<td>2019E</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020E</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>2021E</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022E</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Special Items**

-45\(^1\)  -39\(^2\)

---

1) Before special items
2) Provision for CORE II of EUR 45m in 2016, provision for Shared Services provision of EUR 39m in 2017
### 3 Excellence Program “Agenda 4 plus One”

**Rigorous execution of efficiency initiatives – Continuously improving our performance**

**Overview as discussed at September 2018 CMD**

<table>
<thead>
<tr>
<th></th>
<th>Start Date</th>
<th>Cost Efficiency Target</th>
<th>HCO&lt;sup&gt;1)&lt;/sup&gt; Reduction Target</th>
<th>Restructuring Cost</th>
<th>Full Financial Impact</th>
<th>Focus</th>
<th>Completion Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CORE I</td>
<td>10/2015</td>
<td>~ EUR 40 mn</td>
<td>-500</td>
<td>EUR 36 mn booked in 2015</td>
<td>12/2018</td>
<td>Industrial</td>
</tr>
<tr>
<td>2</td>
<td>CORE II</td>
<td>10/2016</td>
<td>~ EUR 80 mn</td>
<td>-400</td>
<td>EUR 45 mn booked in 2016</td>
<td>12/2019</td>
<td>Industrial</td>
</tr>
<tr>
<td>3</td>
<td>Shared Services</td>
<td>10/2017</td>
<td>~ EUR 25 mn</td>
<td>-100</td>
<td>EUR 39 mn booked in 2017</td>
<td>12/2022</td>
<td>Group</td>
</tr>
<tr>
<td>4</td>
<td>BCT&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>5/2018</td>
<td>~ EUR 60 mn</td>
<td>-1,000</td>
<td>EUR [50] mn&lt;sup&gt;3)&lt;/sup&gt;</td>
<td>12/2021</td>
<td>Auto OEM/Industrial</td>
</tr>
</tbody>
</table>

**FCF Improvement Target**

<table>
<thead>
<tr>
<th></th>
<th>FCF Improvement Target</th>
<th>Start Date</th>
<th>Cost Efficiency Target</th>
<th>HCO&lt;sup&gt;1)&lt;/sup&gt; Reduction Target</th>
<th>Restructuring Cost</th>
<th>Full Financial Impact</th>
<th>Focus</th>
<th>Completion Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Working Capital&lt;sup&gt;4)&lt;/sup&gt;</td>
<td>4/2016</td>
<td>~ EUR 350 mn</td>
<td>-</td>
<td>-</td>
<td>12/2020</td>
<td>Group</td>
<td>75%</td>
</tr>
<tr>
<td>6</td>
<td>Supply Chain&lt;sup&gt;5)&lt;/sup&gt;</td>
<td>8/2018</td>
<td>to come</td>
<td>-</td>
<td>-</td>
<td>12/2021</td>
<td>Group</td>
<td>0%</td>
</tr>
</tbody>
</table>

---

1) HCO = Headcount
2) On-top initiatives outside of Agenda 4 plus One
3) Best estimate for 2018
4) Focused on Trade Payables and Receivables
5) Focused on delivery performance and inventories

---

January 15, 2019

Schaeffler AG - Global Auto Industry Conference
Automotive OEM – At a glance

Sales and EBIT margin¹)

in EUR mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8,525</td>
<td>12.8%</td>
</tr>
<tr>
<td>2017</td>
<td>8,991</td>
<td>10.8%</td>
</tr>
<tr>
<td>2018e</td>
<td></td>
<td>8-8.5%</td>
</tr>
</tbody>
</table>

Growth rate²) | +4.8% | +6.5% | +3.5-4.5% |
EBIT margin³)  | 12.8% | 10.8% | 8-8.5% |

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

Sales by business division¹)

Sales FY2017: EUR 8,991 mn

- Chassis Systems
- Engine Systems
- Transmission Systems
- E-Mobility

Sales split by customer mix

- Top 10 automotive customers
- Other customers

4 Deep-dive E-mobility
4 Deep-dive E-mobility

Product portfolio – Broad drivetrain know-how

Engine systems 31% of Automotive OEM sales in 2017

Transmission systems 47% of Automotive OEM sales in 2017

E-Mobility 5% of Automotive OEM sales in 2017

Chassis systems 18% of Automotive OEM sales in 2017
4 Deep-dive E-mobility

Mobility for Tomorrow – Our E-mobility Strategy

Vision Powertrain

Global vehicle production [in mn units]

<table>
<thead>
<tr>
<th>Year</th>
<th>ICE</th>
<th>HEV</th>
<th>EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>90</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>102</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>2020 e</td>
<td>110</td>
<td>12%</td>
<td>70%</td>
</tr>
<tr>
<td>2025 e</td>
<td></td>
<td>33%</td>
<td>40%</td>
</tr>
<tr>
<td>2030 e</td>
<td></td>
<td>55%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: IHS and Schaeffler Assumptions / Values based on Light Vehicles < 6 tons only; ICE = Internal Combustion Engine; HEV = Hybrid Electric Vehicles ranging from 48V Mild Hybrid to PHEV, BEV = Battery Electric Vehicles (incl. Fuel Cell Electric Vehicles)

Electrified Drivetrain Portfolio

January 15, 2019
Schaeffler AG - Global Auto Industry Conference
### Vision Powertrain

**Global vehicle production [in mn units]**

- **2017**: 90 (4%)
- **2020 e**: 102 (11%)
- **2025 e**: 110 (12%)
- **2030 e**: 117 (30%)

### E-mobility Pyramid

- **System Understanding**
- **Mechatronic Systems**
- **Mechanical Systems**
- **Components**

**Source:** IHS and Schaeffler Assumptions / Values based on Light Vehicles < 6 tons only. ICE = Internal Combustion Engine; HEV = Hybrid Electric Vehicles ranging from 48V Mild Hybrid to PHEV, BEV = Battery Electric Vehicles (incl. Fuel Cell Electric Vehicles)
### Vision Powertrain

**Global vehicle production [in mn units]**

<table>
<thead>
<tr>
<th>Year</th>
<th>ICE</th>
<th>HEV</th>
<th>EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>90</td>
<td>102</td>
<td>110</td>
</tr>
<tr>
<td>2020e</td>
<td>70%</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>2025e</td>
<td>55%</td>
<td>33%</td>
<td>12%</td>
</tr>
<tr>
<td>2030e</td>
<td>95%</td>
<td>86%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: IHS and Schaeffler Assumptions / Values based on Light Vehicles < 6 tons only, ICE = Internal Combustion Engine; HEV = Hybrid Electric Vehicles ranging from 48V Mild Hybrid to PHEV, BEV = Battery Electric Vehicles (incl. Fuel Cell Electric Vehicles)

### E-mobility Production Roadmap

- **Hybrid Module Gen.2 and 2-speed E-Axle Transmissions for HEV applications in Series production**
- **Coaxial and parallel design 1-speed E-Axle Transmission for BEV application Europe SOP in process**
- **Hybrid Module Gen.3 with integrated Torque Converter to follow 12/2018**
Content per Vehicle 1)

in EUR

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

### ICE

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of light vehicles</th>
<th>Content per Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>90 mn</td>
<td>~90</td>
</tr>
<tr>
<td>2025</td>
<td>56 mn</td>
<td>~125</td>
</tr>
</tbody>
</table>

### HEV

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of light vehicles</th>
<th>Content per Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3 mn</td>
<td>~60</td>
</tr>
<tr>
<td>2025</td>
<td>39 mn</td>
<td>~150</td>
</tr>
</tbody>
</table>

### BEV

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of light vehicles</th>
<th>Content per Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.5 mn</td>
<td>~25</td>
</tr>
<tr>
<td>2025</td>
<td>16 mn</td>
<td>~100</td>
</tr>
</tbody>
</table>

Average Content per Vehicle 2025
~EUR 130 2)
~6% CAGR 3)
**4 Deep-dive E-mobility**

**Hybrid solutions for all relevant core markets, tailored to customers’ strategy**

### 2017/2018 Schaeffler Hybrid Modules in Series Production

<table>
<thead>
<tr>
<th>Module Type</th>
<th>Launch Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen. 2 Hybrid Module</td>
<td>SOP Q4/2017</td>
</tr>
<tr>
<td>Gen. 3 Hybrid Module</td>
<td>SOP Q4/2018</td>
</tr>
</tbody>
</table>

**Market-specific solutions based on Schaeffler core know-how in Transmission Systems**

### Schaeffler Hybrid System Solutions 2020+

- **Gen. 4 Hybrid Module**
- **Dedicated Hybrid Transmission**

- **Hybrid Modules with integrated Power Electronics, as well as full dedicated Hybrid Transmissions (DHT) to meet future CO2 requirements at attractive cost, for all markets**

- **Additional content potential per vehicle of up to +100% compared to Gen. 2 Hybrid Modules**
Best-in-class power density for E-Axle transmissions: 230 Nm/kg

2011-2014: BEV Concept Car Active-E-Drive

E-Axle System solution with 2-speed transmission and torque vectoring unit

2018 Schaeffler E-Axle Transmissions

SOP Q3/2018

Schaeffler E-Axle System Solutions 2020+

Weight and material reduced by ~15 kg

Peak Torque x2 and peak Performance x2.5

Additional cost benefits due to modular design kits
Automotive OEM – Schaeffler e-Axle transmission is driving the brand new Audi eTron Quattro

- Schaeffler supplies both E-Axle Transmissions for the new Audi eTron Quattro
- Both E-Axles are based on Schaeffler’s patented Lightweight Differential technology
- The rear axle is built in coaxial design and sets a new benchmark in power density (230 Nm/kg).
- The front axle is built in parallel design and includes a parking lock with electro-mechanical actuator

Best-in-class power density for E-Axle transmissions: 230 Nm/kg
Long-term value creation

Use of cash – Focus on future growth and attractive dividend

Our Cash Flow formula

+ Operating Cash Flow

+/- Δ Working Capital

- Capex (Internal Growth)

= Free Cash Flow

- Regular Dividend

- M&A^1 (External Growth)

+ Financing Proceeds

- Deleveraging

Key aspects

▶ Strong cash flow generation from operating business and 3 main uses of cash:

1. Dividend
2. External Growth
3. Deleveraging

▶ Above average annual dividend pay-out (30-40% of net income^2)

▶ Internal growth financed from operating cash-flow, external growth primarily by debt

▶ Sound balance sheet, sufficient financing headroom to target external growth

---

^1 Before Δ Working Capital
^2 Including one-off long-term investment projects (i.e. Real estate)
^3 Adjusted for one-offs
5 Long-term value creation

M&A strategy – Focus on technology and execution

Key aspects

- Clearly defined M&A strategy based on 7 search fields with focus on technology, innovation and smaller add-on acquisitions
- Target transaction sizes to vary between EUR 100 – EUR 500 mn, strategic/cultural fit and value contribution as most important acquisition criteria
- 4 acquisitions made so far, growing M&A pipeline, disciplined execution is key to success

M&A transactions announced until November 30:

1. Compact Dynamics 12/2016
2. aubinity systems 10/2017
3. PARAVAN 8/2018
4. Electro Station 11/2018

Focus on technology and execution
5 Long-term value creation

Steer by wire acquisition – Positioning our Chassis business for autonomous driving growth potential

Steer by wire – Key aspects

▪ Steer by wire is a key-enabling technology for the fast-growing market segment autonomous driving
▪ Paravan’s unique SPACE DRIVE technology is the only Steer-By-Wire System in the market which:
  ▪ is road approved (> 500 Mio. Kilometers)
  ▪ meets latest safety regulation standards
  ▪ can operate also braking and secondary vehicle functions
  ▪ can be scaled in to mass production

Acquisition – Key aspects

▪ 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
▪ Acquired technology allows Schaeffler to enter the very attractive and fast-growing "Drive by wire"-market in an accelerated manner
▪ Closing in Q4 2018

Steer-By-Wire Systems
Market Development in EUR

- CAGR 2025-2035 ~ 25%
- 2020: 0.1bn
- 2025: <1bn
- 2030: 5.7bn
- 2035: 9bn

Selected components of the "Steer by wire"-technology

Paravan's unique SPACE DRIVE technology is the only Steer-By-Wire System in the market which:

- is road approved (> 500 Mio. Kilometers)
- meets latest safety regulation standards
- can operate also braking and secondary vehicle functions
- can be scaled in to mass production
Elmotec Statomat – Key aspects

- Elmotec is a pioneer in the production of stator manufacturing machines and one of the leading suppliers of machines for the production of stators for electric motors, alternators and generators
- The headquarters of Elmotec Statomat GmbH is located in Karben near Frankfurt am Main (Germany). Elmotec has around 200 employees
- Elmotec has been focusing on the round wire, flatwire and continuous-hairpin process technologies, and holds over 50 patents for innovative winding technology (e.g. wave-winding)

Innovative technology & production processes

Expertise in winding-technology for E-Mobility

- Round wire winding
- Flat wire wave-winding
- Continuous Hairpin winding

Acquisition – Key aspects

- Schaeffler acquires 100% of Elmotec Statomat GmbH from its two founders who remain in charge operationally
- Elmotec Statomat will be integrated within the E-Mobility business division
- The acquisition complements Schaeffler’s E-Motor mass production and industrialization capabilities
- Closing expected in Q1 2019

January 15, 2019

Schaeffler AG - Global Auto Industry Conference
Elmotec Statomat acquisition – Closing the technology gap for mass production

Schaeffler already covered the majority of the E-Motor production processes

With this acquisition we are closing now the last remaining production technology gap

Ready to produce E-Motors by 2020
Key messages

1. FY 2018 guidance confirmed despite increasingly challenging and complex environment

2. We are executing on our strategy – “Agenda 4 plus One” excellence program drives our transformation, well on track

3. E-mobility deep-dive – We have a clear vision, the right team, leading technology platforms and strong capabilities to win in the market

4. Value creation – 30-40% dividend payout policy unchanged, more selective CapEx allocation, diligent execution of compelling M&A strategy

5. Currently working on a comprehensive plan to enhance our long-term competitiveness in Automotive OEM, while preserving our flexibility

6. FY 2019 guidance and revised 2020 Financial Targets will be communicated on March 6th