COMMENTED SLIDES / CONFERENCE CALL RESULTS Q3 AND 9M 2019

Company Representatives

Klaus Rosenfeld, CEO
Dietmar Heinrich, CFO
Renata Casaro, Head of Investor Relations

Conference Call (Active) Participants

Kai Mueller, *BofA Merrill Lynch*
Raghav Gupta-Chaudhary, *Citigroup*
Sascha Gommel, *Jefferies*
Christoph Laskawi, *Deutsche Bank*
Jemma Permalloo, *JP Morgan*
Thomas Swift, *CreditSights*

Operator

Dear ladies and gentlemen, welcome to the Q3 2019 Results of the Schaeffler Group. Please note that this call is for financial analysts and institutional investors only. As a reminder, all participants will be in a listen-only mode. After the presentation there will be opportunity to ask questions. At our reserved customer's request, this conference will be recorded, and a replay will be available shortly after the call on the website.

May I now hand you over to Renata Casaro, Head of IR, who will lead you through this conference. Please go ahead.

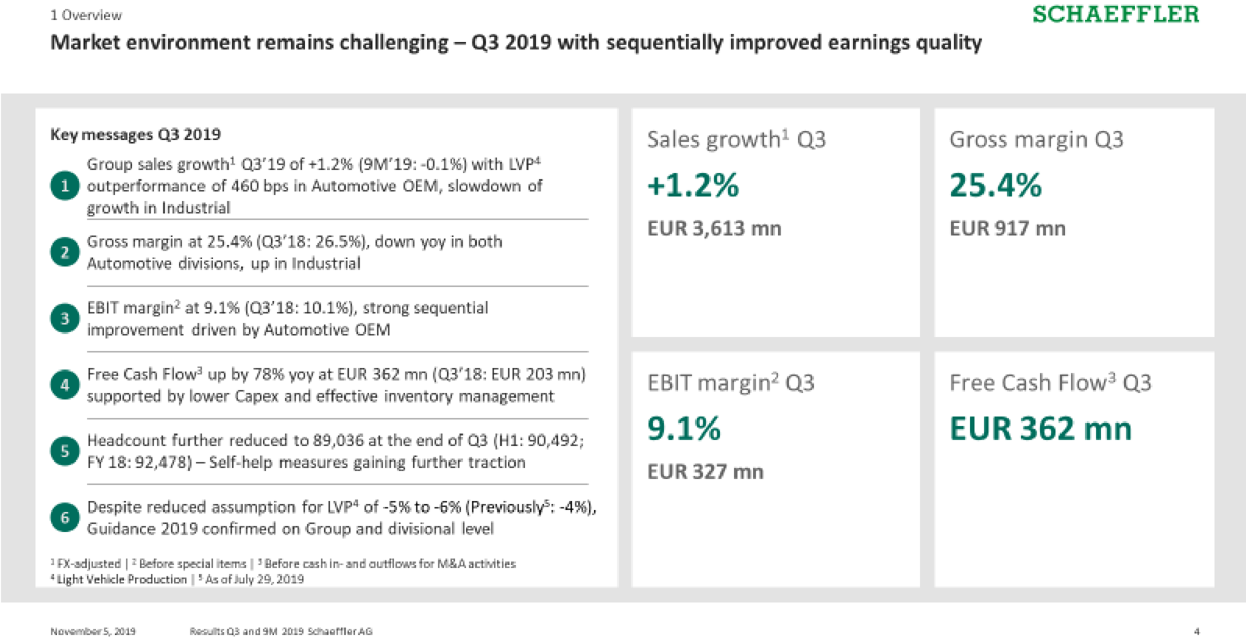
Renata Casaro

Thank you very much, operator. Thank you very much for your time today with the conference call on the Q3 results with Mr. Rosenfeld, CEO of the Schaeffler Group and Mr. Heinrich, CFO of the Schaeffler Group.

Without a further ado, I leave the floor to Mr. Rosenfeld.

Klaus Rosenfeld

Thank you, Renata. Ladies and gentlemen, welcome to our Q3 earnings call. I'm here together with Dietmar and you all have the presentation in front of you. We published the results this morning and we want to guide you through the main figures and the main information as usual.



Let me start on Page number 4, with the key messages as an overview. As you see in the headline here, we are still cruising through a challenging market environment. The downturn in the market has continued and we all know that there is still uncertainty around us. However, in this environment, we have performed quite well in Q3 2019 and have, I think, with the numbers shown that we are able to sequentially step-by-step improve our earnings quality. And that is a function very much of the self-help measures that we introduced at the beginning of the year, that these self-help measures are gaining further traction. Let me also say at this point already, we are certainly not through, and the fact that this Q3 is better than expected does not mean that we will not forcefully continue with the execution of these measures, and I will give you a little bit more background on this during my part.

Very quickly on the key numbers, I think you saw that, but let me stress the most important points. Group sales grow in Q3 by 1.2% more or less flat on an FX adjusted basis for the first nine months. That means an outperformance of 460 basis points in Automotive OEM, what is clearly positive, you will see later on, very much driven by the Americas and China.
On the other side, we also see that our Industrial businesses are impacted by the slowdown in that sector and we see a slightly reduced growth in that area compared to the previous quarter growth rates. Gross margin, more or less stable compared to the previous quarters, but clearly down compared to the previous

year in both Automotive divisions go in that direction. On the other hand, we see a positive trend in Industrial. So, you see that also here we are continuing with our improvement programs. EBIT margin 9.1%, clearly a strong margin, driven by the Automotive OEM division, I will come back to this. I think one of the key numbers to look at is our Free Cash Flow. You all know that we are managing this Group very much for Free Cash Flow and we are up significantly year-on-year to EUR 362 million before cash in and outflows for M&A activities. Even if you deduct these, it's a strong number.

And also here you clearly see that our measures to introduce a stronger Capex discipline and also manage our inventory more effectively have paid off. We have also seen a one-off type of impact here that stems from a tax refund after a long debate with foreign tax authorities, we got about EUR 30 million from a foreign tax authority back that has also impacted this, it's certainly not recurring, but it's something that we paid for in the previous years and therefore we clearly counted and do not adjust for that.

You also see the impact from the execution of our self-help measures. If you look at the headcount numbers, we are - as we indicated, also in the last quarterly presentation, we are continuously going down with headcount, end of September, we have now reached 89,000 people, after nearly 92,500 end of the year 2018. There you see that the variety of measures we have put in place are gaining traction. This is clearly not only the measures related to reducing headcount through a Freiwilligenprogramm and reducing headcount by laying off some people in Germany, but there's also impact from the portfolio transactions we have executed during the year. Think about the plant that we sold here in Germany or the activities in the United Kingdom.
So you see that what we promised is starting to materialize and I can clearly rest assure that this will continue, and this will relate to further structural savings. I think you all remember from the press that at the beginning of October, as indicated during our Capital Markets Day, we started a new Freiwilligenprogramm here in Germany with another 1,300 people that will now be executed into the next years.

I think that our more sequential and step-by-step approach starts to pay off. The fact that we are working very carefully with our employee representatives helps us to execute and these voluntary severance schemes that we have been executed now clearly also have moved us on the learning curve to get things properly done.

All of that together leads me to key message number six. Even with a further reduced assumption for light vehicle production for the rest of the year, IHS down minus 5% to minus 6%, from previously minus 4%. We are convinced that we will achieve our guidance for 2019, both on Group and on Divisional level. So, these are the key messages.

1 Overview

Schaeffler Group Q3 2019 – Highlights and lowlights

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Highlights	Lowlights
Automotive OEM: 460 bps LVP[1] Q3 outperformance driven by Americas and especially Greater China; E-Mobility Business Division grew more than 40%[2] in Q3	Continued topline weakness of Automotive OEM business in Europe (-5.6%[2])
Automotive Aftermarket: sequentially improved earnings quality driven by good growth in Independent Aftermarket (+3.5%[2] in Q3)	Industrial division impacted by lower sales in Europe (-5.0%[2] in Q3) due to weaker macro environment and double-digit declines in several cyclical Sector Clusters
Self-help measures gained further traction, in October additional voluntary severance scheme launched in Germany	Gross Margin in Automotive OEM still subdued, flexing of costs in German and other European Automotive plants intensified
Group Capex to Sales ratio down to 6.3% in Q3, resulting in strong cash generation	Still high admin costs driven by costs related to personnel and Agenda 4 plus One, especially IT

[1] Light Vehicle Production | [2] FX-adjusted

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I think I will - in the interest of time, and to have more time for your questions, cut the next pages pretty short. I've already mentioned, some of the most important messages, outperformance, Automotive clearly a positive, we also would like to convey that the E-Mobility division continuing growing with plus 40% in Q3. Automotive Aftermarket, another plus, has seen a sequential improvement of earnings quality, clearly driven by the Independent Aftermarket, as you know, the measures are gaining traction, and also here with the Group Capex to sales ratio, you see that we are delivering what we promised in Q3, 6.3% clearly within the range that we indicated.

On the other hand, I mean this is not all positive. On the negative side, you still see that the market in Europe is difficult and that we use the opportunity here to quickly mention also the second Autogipfel yesterday in Berlin where we participated as one of the main suppliers. I think what you saw coming out of this Autogipfel was an indication that the German government is committed to support the transformation in the German car industry. The conversation there with some, Madam Chancellor and her Ministers and the various experts from the new platform Mobility and the representatives of most of the OEMs and the big suppliers was good and constructive.

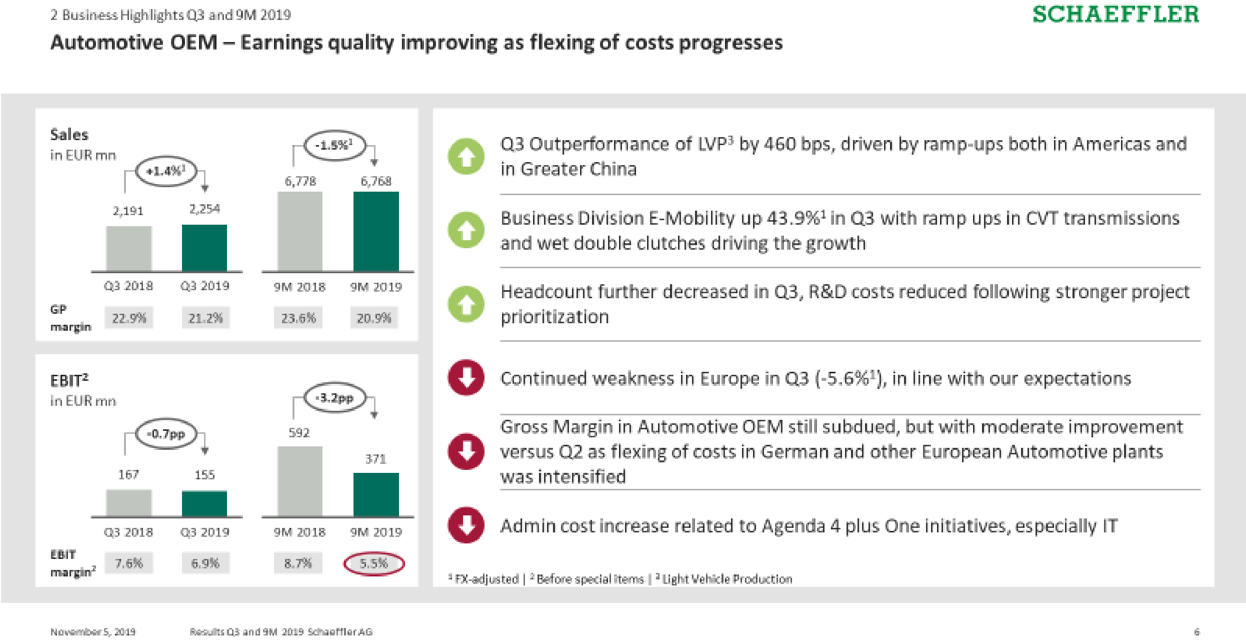
I think the measures that have been put in place will help to push forward E-Mobility. For us, it's important to note that E-Mobility is not only battery electric vehicle, but in particular hybrid. The fact that these Umweltbonus or the subsidies for buying cars has been further increased and has been extended, clearly sends a strong signal.

We also appreciate the fact that the ceiling for prices of cars has been lifted upwards. So, this Auto Summit from our point of view should give a positive incentive and a positive impact on the further development. It's also good that we have - the labor unions on the table and this whole idea of managing this transformation, preparing for the transformation, in one of the main auto production car markets of the world together is from our point of view exactly the right direction and we are confident that that will also help to stabilize the situation.

With this little deviation from the map here, clicking on Industrial. Yes, Industrial was down in Europe in Q3 by -5%. It's due to weaker market environment and in some sectors clearly double digits decline, you've seen that from competitors as well. We are watching that very carefully. It's not Schaeffler specific, but market driven, and you also saw that we have not only focused on our Auto when we think about efficiency programs but continue to focus on Industrial as well to improve our margin.

Gross Margin in Automotive, one of the key figures that you are following, is still subdued. And I think you saw from my explanations that the flexing of the cost base in Germany and other European automotive plants has paid off. But I also want to clearly say it has to be further intensified, we are becoming more agile, we are becoming more flexible, but there is still a way to go to make sure that that becomes a more continuous character of our European and German operations.

And still let me say that, also we have - we still see some admin cost increases that are driven to some extent by our Agenda, in particular in IT, this is to some extent investment in the future, but I also want to make sure here that you all understand we are adamant and focused on - also on that line of our P&L.

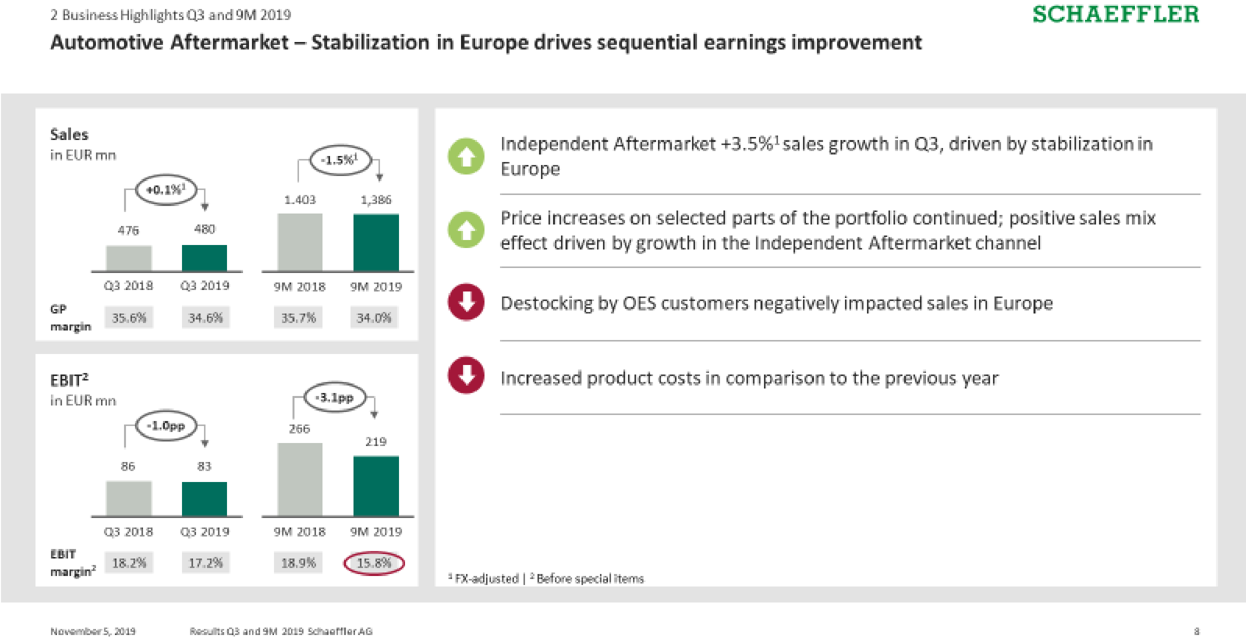


Quickly on the Auto side, I think I've already mentioned most of the things that you see on Page 6. You see some of the numbers that you have clearly digested, the 6.9% EBIT margin in Q3 is clearly pointing in the right direction, but let's also make sure that we need to go through the fourth quarter that is typically a little bit weaker. And for us it's important that this is a continuous improvement.

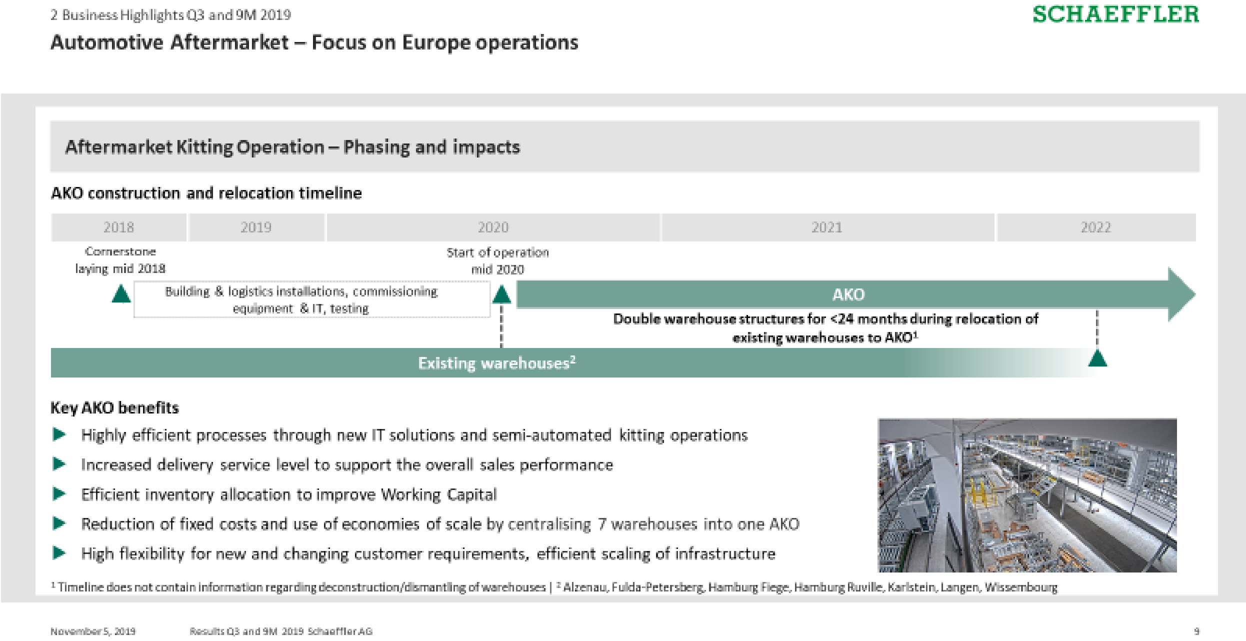
I just want to mention one point here, and that's the successes on the R&D cost side. As we promised, we have followed a much tougher project prioritization logic and also with our new Head of R&D, Uwe Wagner that clearly made a difference, in particularly on the Automotive OEM side. That doesn't mean that we're not continuing to invest in those areas, but it shows again that we are serious and being more selective.

Page 7 is a little bit to get the message across and this is not only self-help measures, cost cutting, R&D prioritization, but that we are very much focused on new innovations. Two examples here from the Show in Frankfurt, where you all - or some of you participated, Matthias and myself, we have just been in Tokyo at the Tokyo Motor Show and showed our latest innovations, both for the powertrain and the chassis side. And we see great interest here from customers. That does not mean that there is immediate impact on the P&L in Q4, but the future is the most important. And as we see in electric mobility, also on the chassis side with our Schaeffler Mover, with the new acquisitions supporting that, and also with our new products like the wheel hub motor, there is great interest on that side.

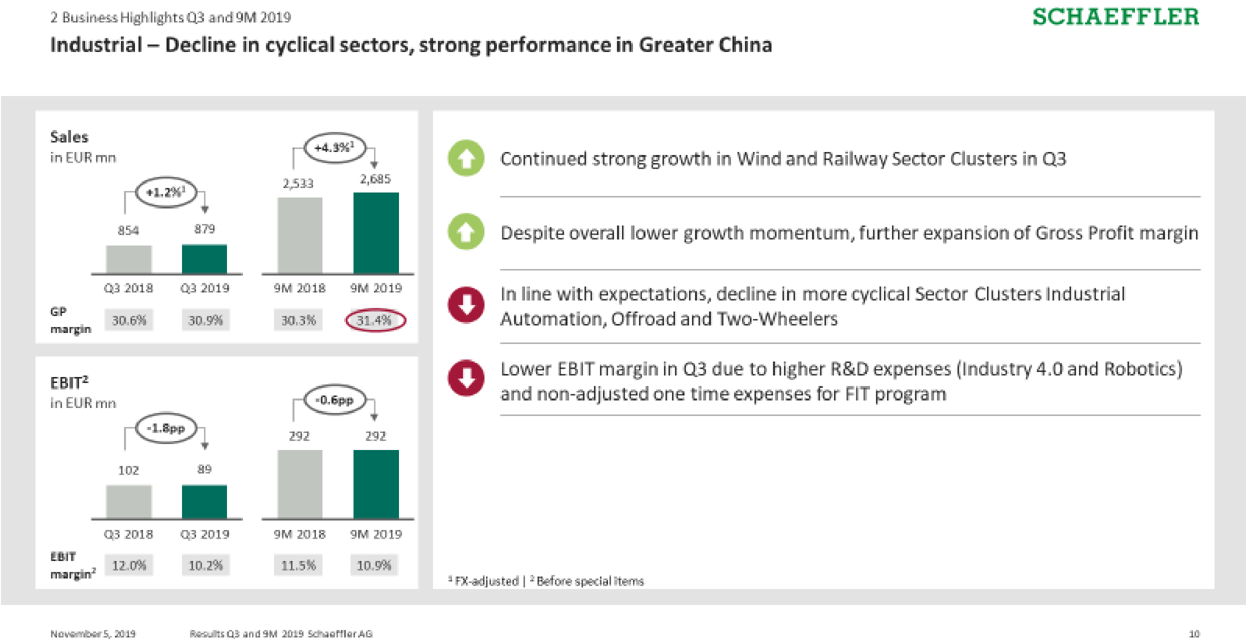
Let me add one more thing that you should also note, we have announced as part of our restructuring that we outlined to you at the Capital Markets Day, a separate business unit for fuel cell, that's nothing completely new for us. Because since a long time we have invested into the coating of components and that includes bipolar plates and we feel very good that we have a chance here to participate also in the upcoming opportunities in the hydrogen space, not only in Auto, but also in Industrial.



Very quickly on Page 8. I think I mentioned also the main points here, the Independent Aftermarket has stabilized the growth in Q3. Clearly driven by Europe, we have been able to push through some selected price increases that also helped here and there, also positive sales mix impact. But don't forget the market also here is still seeing some destocking from OES customers that impacted negatively, and also some of the product cost increases are to be digested.



To prepare the grounds a little bit for the next year, I want to go on Page 9. A little bit more in detail when it comes to AKO or our Aftermarket Kitting Operations. Some of you already questioned that in the past. Outlining here the phasing of the impact, we are in line with expectation when it comes to the start of operations of our AKO or slightly delayed, but still okay mid-2020. And the main message from this slide is, while we have all these benefits from the AKO, always much more efficient processes and delivery service levels, there is a period of approximately 12 months to 24 months overlap, where we run a double warehouse structure that needs to be there, because you cannot just switch from one warehouse to another or from one kitting operation to another in one day. So that will impact also our cost base for quite some time, but when the AKO then is fully in place, the existing warehouses have been run down and there will be further cost improvement, but just to make sure that will be a drain in 2021 on our performance in Aftermarket.



Industrial, I already mentioned it. Page number 10, decline in certain cyclical sectors. You'll see this later on, also from Dietmar, Industrial Automation, one of the sectors, Offroad, clearly Offroad one of the lead indicators for a weak environment, but also Two-Wheelers. So, some of the sectors are clearly suffering. Again, market driven, not so much Schaeffler driven. On the other hand, you see a continued strong outperformance in Wind with growth rates that are far beyond what we expected. We are clearly working here add capacity limit and see that in particular our strong footprint in China opens opportunities that were unexpected. And I think that helps us to get to this result that you see here with the two-digit margin. There is a cyclical swing that we need to absorb, but I think the structural drivers that we have initiated for the Industrial division are intact and will pay off in the future. Again, when we come to the next Strategy Capital Markets Day, we'll also give you more insight how we want to focus and prioritize our growth areas in that division.

The FIT program is running well, and clearly the Industrial colleagues are very experienced when it comes to pushing through their efficiency and also price related measures.

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Industrial – Business and product portfolio expansion to support growth in a weakening market environment

Growth with customized bearings

Largest-ever spherical plain bearing produced for marine application

- The bearing will be used on a cutter suction dredger, a ship which is used near shores for cutting and fragmenting soils and rock. The material is conveyed through a floating pipeline to a deposit area
- The spherical plain bearing is mounted on the hull and supports the rotary motions that take place between the hull and the pipeline

Growth with digitally enabled services

Increased business with Condition Monitoring services for marine aftersales

- Remote monitoring by service experts combined with routine on-site inspections
- Customers stay informed on the status of the assets' operating conditions. This enables customers to precisely schedule maintenance in advance – Preventing downtime and saving money

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On Page 11, let me cut this the short, you see just some examples of what has happened, growth with customized bearings has been strong. Two examples from the marine applications, and then also in the same sector marine after-sales taking off with a new condition monitoring service being offered. That's just a little bit of an insight that this business, how broad this business is and how we are moving forward.

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Capital allocation – Well on track to reach 2019 goal of Capex ratio below 8%

Investment[1] allocation | in EUR mn

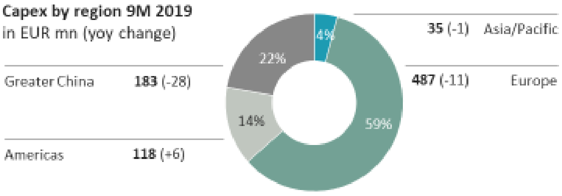
	FY 17	FY 18	Q3 18	Q3 19	9M 19
Automotive OEM	1,006	970	259	179	578
Automotive Aftermarket	33	64	-4	-1	37
Industrial	248	241	33	52	117
Schaeffler Group	**1,287**	**1,275**	**288**	**231**	**732**
Capex	1.273	1.232	262	229	823
Capex ratio[2]	9.1%	8.7%	7.4%	6.3%	7.6%

[1] Additions to intangible assets and property, plant and equipment | [2] Capex in % of sales
[3] Additions to intangible assets and property, plant and equipment divided by D&A

Key aspects

- Measures to improve capital efficiency in place; Q3 Capex ratio[2] at 6.3% shows clear Capex prioritization
- Clear focus to deliver an average Reinvestment rate[3] of ~ 1; Reinvestment rate[3] in Q3 reached 0.94 (9M: 1.01)
- Full focus on spending discipline will continue in Q4 to meet goal of Capex ratio[2] below 8% (Mid-term target: 6-8%)

Capex by region 9M 2019
in EUR mn (yoy change)



Let me finish my part as usual with the capital allocation page. And you see here, once again, the Capex ratio, you see also the investment allocation EUR 231 million is the number that is relevant for Q3 2019, clearly below 2018. You also see that we increased our property, plant and equipment investment in Industrial, while in Automotive it came down. This is a function of all the capital efficiency measures that we have put in place.

Those of you that were part of the Capital Markets Day in Frankfurt, remember that we are changing focus from a pure Capex to sales ratio to a more reinvestment rate driven approach. So, we have agreed within the management team that we will for the time being invest not more than our depreciation, that starts to pay off. In Q3 the number was 0.94, so clearly below 1. And that simple measure is also a good measure and tool to focus the organization.

I can say that the spending discipline, Dietmar, also thanks to your hard work has clearly improved and we are clearly confident that even with the typical seasonal movements in Q4, we will definitely meet our 8% target or end up somewhere comfortably between the 6% and 8% for the rest of the year. The regional mix has not really changed. So, I think we are well on track here to demonstrate to you that Capex, Capital employed and also Free Cash Flow are the key measures to turn this company around in a way that it becomes again more successful.
And with this, I hand over to Dietmar.

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Key figures Q3 and 9M 2019

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in EUR mn		Q3 2018	Q3 2019	Q3 2019 vs. Q3 2018	9M 2018	9M 2019	9M 2019 vs. 9M 2018
Sales	1	3,521	3,613	+2.6% +1.2%[1]	10,714	10,839	+1.2% -0.1%[1]
Gross Profit	2	934	917	-17 mn	2,867	2,729	-138 mn
Gross Margin		*26.5%*	*25.4%*	-1.1pp	*26.8%*	*25.2%*	-1.6pp
EBIT[2]	3	356	327	-29 mn	1,150	883	-267 mn
EBIT Margin[2]		*10.1%*	*9.1%*	*-1.0pp*	*10.7%*	*8.1%*	*-2.6pp*
Net income[3]	4	256	212	-44 mn	762	485	-277 mn
EPS[4] **(in EUR)**		0.38	0.31	-0.07	1.15	0.73	-0.42
Schaeffler Value Added[5]	4	722	247	-475 mn	722	247	-475mn
ROCE[6]		18.8%	12.9%	-5.9pp	18.8%	12.9%	-5.9pp
Free Cash Flow[7]	5	203	362	+159 mn	127	133	+6 mn
Capex	6	262	229	-33 mn	857	823	-34 mn
Net financial debt	7	2,645	2,842	+197 mn	2,645	2,842	+197 mn
Gearing ratio[8]		89.7%	103.1%	+13.4pp	89.7%	103.1%	+13.4pp
Headcount					92,836	89,036	-4.1%

[1] FX-adjusted | [2] Before special items | [3] Attributable to shareholders of the parent company | [4] Earnings per common non-voting share | [5] Defined as EBIT before special items LTM minus Cost of Capital (10% × Ø Capital Employed) | [6] Before special items and based on LTM | [7] Before cash in-and outflows for M&A activities | [8] Ratio of net financial debt to equity incl. non-controlling interests

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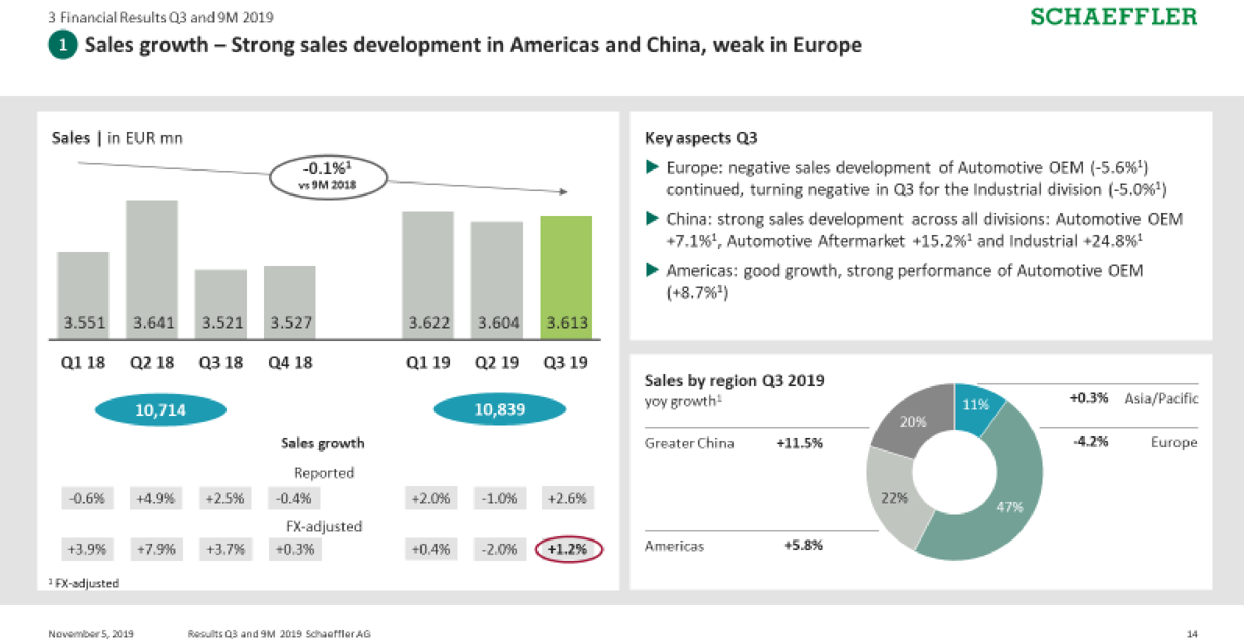
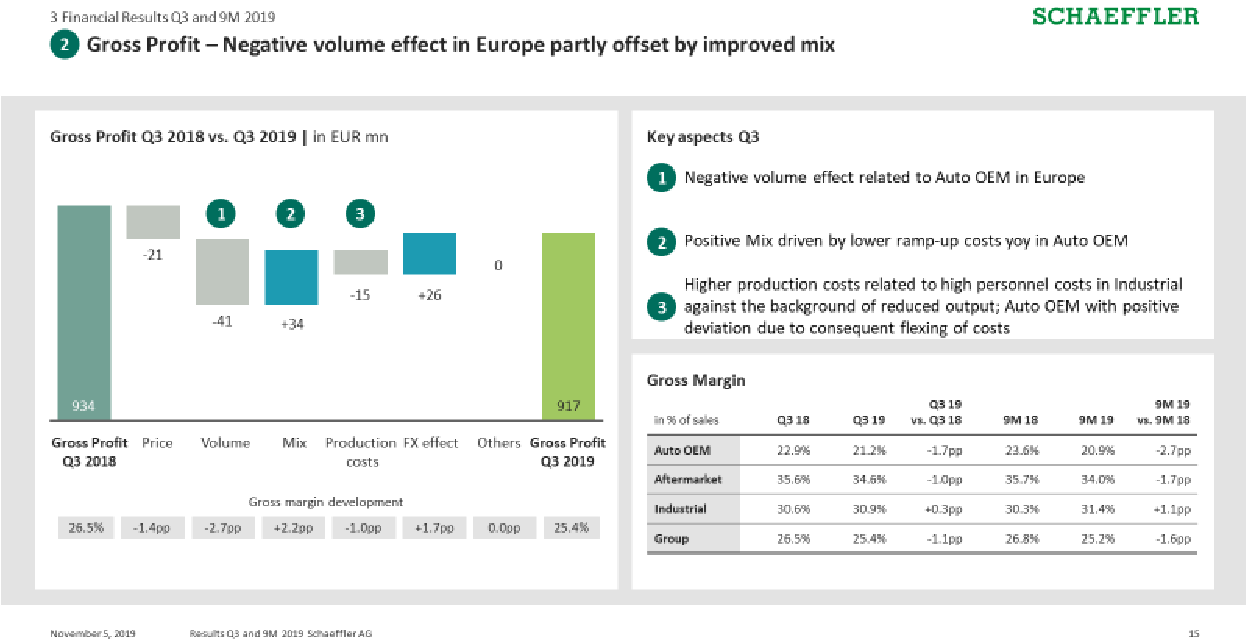
Yes, Klaus, thank you very much and for handing over. A good morning to everybody and maybe let me take, first of all, the opportunity to comment on today's news as far as I am concerned myself. As you may have seen, I have decided not to extend my contract beyond its current expiration date, which is end of July of next year. This was not an easy decision now after almost 25 years with Schaeffler and I really have to say I very much enjoyed working for Schaeffler in various functions and identify strongly with this company.

Certainly joining the Board as CFO back in August, two years ago has been the highlight of my carrier at Schaeffler and I very much enjoyed working together with the other Board members during that period, but it was also a pleasure to meet you on roadshows and in one-on-ones. The reasons for my decision are of personal nature and I don't want to go too much into details, but really would like to highlight at the very end its in conjunction with the family situation, I would like to be closer to my family and spend more time with them and nevertheless, maybe getting a little bit of insight, my parents already crossed 80s, my father-in-law as well, and as you can expect their health is not as good as it was before and I feel it's important now to be able to spend more time together with them and same applies to my wife. Nevertheless, I look forward to seeing many of you again in the coming days, weeks and months and, yes, thank you very much for this short opportunity also to explain my situation.

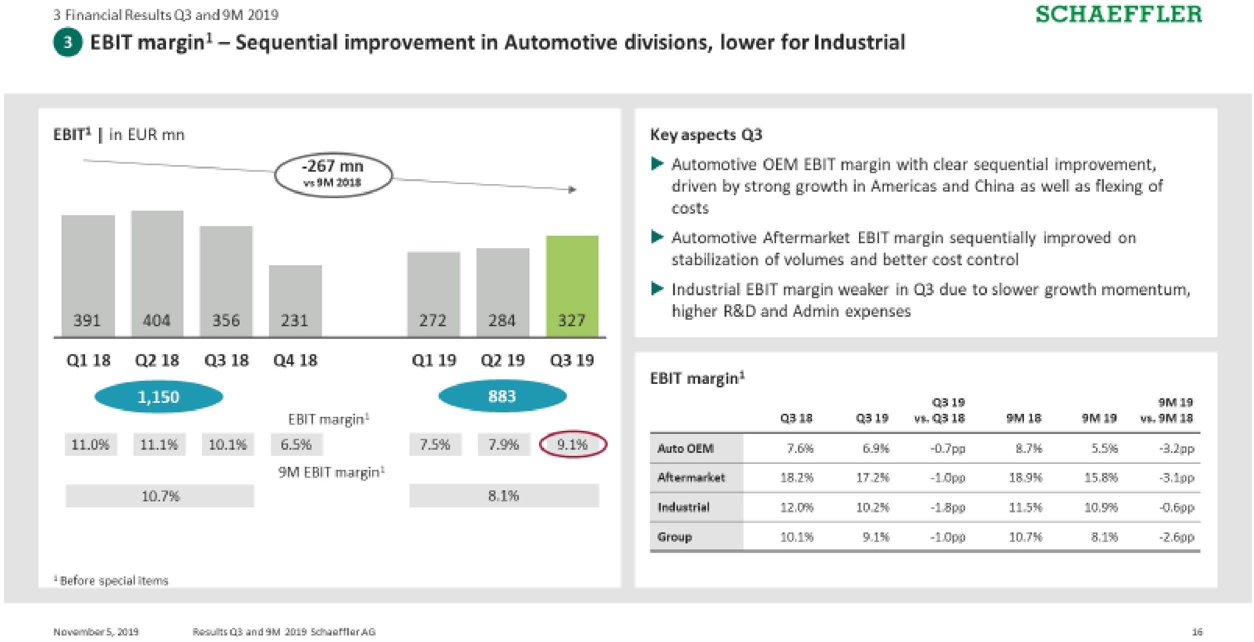


And now let me turn to the first nine months and the third quarter and I would actually like to jump directly to Page number 14. And then as you can see on the sales development on a quarter-to-quarter basis, basically stable growth 1.2% now in the third quarter. Nevertheless being driven by different dynamics in the different regions, Europe, in regard to Auto OEM and Industrial was down in both divisions, by around 5%. China continued with a strong development on the Industrial side with 24% growth. And also, as Klaus already highlighted, in conjunction with the outperformance, Automotive was developing well for us and the Automotive Aftermarket also picked up.



In regard to the gross profit development going now to Page number 15. We can see on one side that margin was 25.4%, is a slight decrease compared to the same period last year and we have a negative volume impact in there related to the Auto OEM business in Europe, as I explained with drop in business there. We also have positive mix impact coming from lower ramp-up costs year-on-year in the Automotive OEM area and we have impact here from higher production costs related to personnel cost in Industrial side being caused by the reduced output.

On the other side, as we explained during the Capital Markets Day, we are very focused and Klaus also related to this or referred to this, on flexing the cost and this works very well especially August and September continued to develop even more positive in that regard, so we further gained momentum.



	Q3 18	Q3 19	Q3 19 vs. Q3 18	9M 18	9M 19	9M 19 vs. 9M 18
Auto OEM	7.6%	6.9%	-0.7pp	8.7%	5.5%	-3.2pp
Aftermarket	18.2%	17.2%	-1.0pp	18.9%	15.8%	-3.1pp
Industrial	12.0%	10.2%	-1.8pp	11.5%	10.9%	-0.6pp
Group	10.1%	9.1%	-1.0pp	10.7%	8.1%	-2.6pp

Now moving on overall to the EBIT margin, we see the sequential improvement out of the Automotive OEM side being supported by the strong growth in Americas and China and is explained by the flexing of cost. Aftermarket also improved sequentially, and we see a stabilization of volumes and a better cost control on the Aftermarket side as well.

Now, Industrial, we had a weaker margin in Q3 being by the slowdown of the growth momentum, especially Europe is a big share of our Industrial business, higher R&D costs and also admin expenses, which are related to our FIT program. Overall, third quarter now 9.1% EBIT margin and year-to-date we are now 8.1%, so being in line with the guidance for the whole year.

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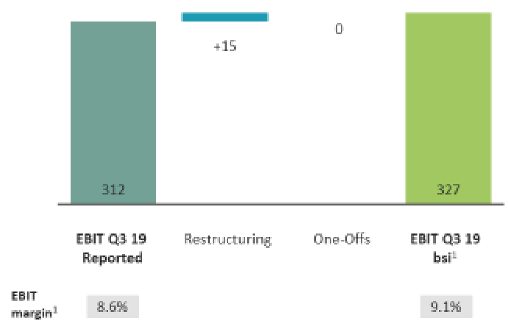
3 EBIT Reported vs. EBIT before special items – Overview Q3 2019

EBIT Reported vs. EBIT bsi[1] Q3 2019 | in EUR mn



[1] Before special items

Key aspects Q3

- From Q3 onwards we will provide you the Restructuring and one-off details for the special items
- Restructuring includes EUR 10 mn for Program RACE (YTD: EUR 82 mn) and EUR 5 mn for UK reorganization launched in 2018
- No one-offs in Q3 (H1 includes a EUR 13 mn positive effect from a refund of a penalty paid in 2015)

Special items by division | in EUR mn

in EUR mn	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
EBIT Reported	**391**	**382**	**376**	**204**	**230**	**253**	**312**
Auto OEM	-	10	-13	14	55	18	15
Aftermarket	-	-	-3	-	-	-	-
Industrial	-	12	-5	12	-13	13	-
Group	**-**	**22**	**-21**	**26**	**42**	**31**	**15**
EBIT bsi[1]	**391**	**404**	**356**	**231**	**272**	**284**	**327**

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In regard to Page number 17, it's new information that we provide over here to give you an insight with regard to the special cost. On one side, restructuring of EUR 15 million that we posted in Q3, and on the other side, there have been no one-offs. The EUR 15 million are basically caused by the program RACE and by the UK reorganization that we already announced in the fourth quarter of last year. And there have been no one-offs.

In regard to provision - okay, I think we'll get back to that later. Okay. Yes, so next regard to the special items.

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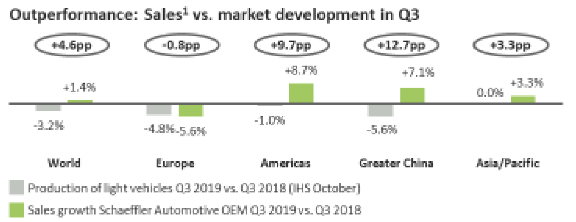
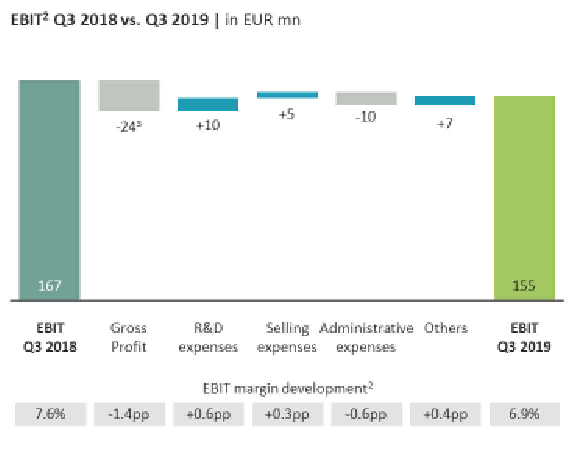
Automotive OEM – Strong Outperformance, sequentially improved earnings quality

Sales by business division | yoy growth

	Q3 2018	Q3 2019	Δ[1]
Engine Systems	690	700	0.0%
Transmission Systems	995	995	-1.7%
E-Mobility	131	189	+43.9%
Chassis Systems	376	370	-2.5%
Total	**2,191**	**2,254**	**+1.4%**





[1] FX-adjusted | [2] Before special items | [3] Includes positive FX effects of EUR 15 mn

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Then let's go to Page 18 and go to the divisions, on the Automotive OE side, you can see, first of all, top line development on E-Mobility side still continuing with 44% growth, very well. You can also see on the outperformance side and especially America, I think Greater China developed very well. As Klaus already mentioned, the general outperformance over there, that's helped very well. And overall, now the margin, EBIT margin 6.9% which is, as already mentioned, a sequential improvement. Nevertheless, we have to be cautious in regard to the outlook, Q4 we continue of course with our measures in regard to cost discipline, but as you are aware, the year-end is always you would tend to prepare the factories for the New Year. So we will have some additional spending on the maintenance side in the factories as well, and we do not expect such a high level of profitability in the fourth quarter.

3 Financial Results Q3 and 9M 2019

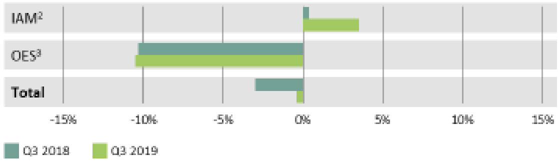
SCHAEFFLER

Automotive Aftermarket – Stabilization in European market improves earnings quality

Sales by region | yoy growth

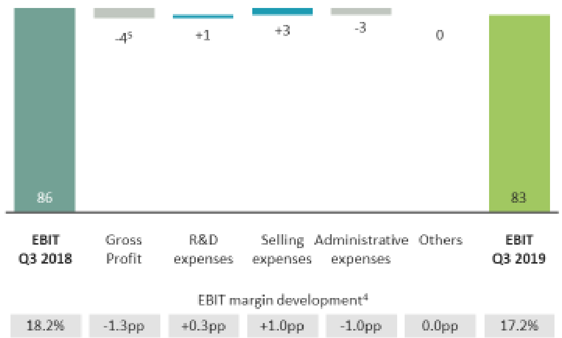
	Q3 2018	Q3 2019	Δ[1]
Europe	355	359	+0.7%
Americas	88	86	-3.7%
Greater China	19	22	+15.2%
Asia/Pacific	14	12	-12.7%
Total	**476**	**480**	**+0.1%**

Automotive Aftermarket sales growth by channel[1]



[1] FX-adjusted | [2] Independent Aftermarket | [3] Original Equipment Service

EBIT[4] Q3 2018 vs. Q3 2019 | in EUR mn



[4] Before special items | [5] Includes positive FX effect of EUR 2 mn

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On the Automotive Aftermarket side and switching to Page number 19, we see Greater China and Asia-Pacific with different developments. Greater China growth of 15%, Asia-Pacific with a drop of 12%. As you can see on the lower left side, our Independent Aftermarket in the third quarter with a growth of 3.5% was going very well. On the other side, on the OES side, we still see inventory reduction on customer level, on the OEM side. And also then other automotive customers that we are supplying. Profitability, nevertheless with the stabilization of sales increased to 17.2%, also being driven by a reduction on expenses with a clear focus also in regard to our marketing activities on the Aftermarket side.

3 Financial Results Q3 and 9M 2019

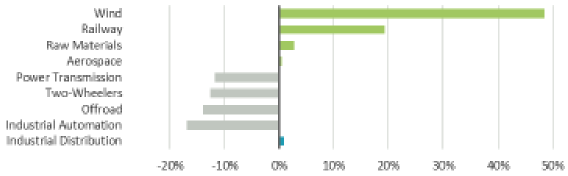
SCHAEFFLER

Industrial – Lower earnings quality as positive volume and price effects are more than offset by higher production and overhead costs

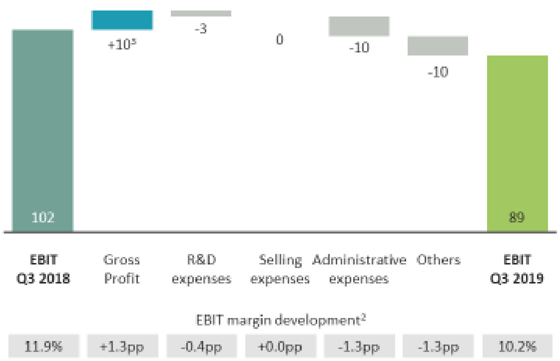
Sales by region | yoy growth

	Q3 2018	Q3 2019	Δ[1]
Europe	469	449	-5.0%
Americas	150	159	+1.8%
Greater China	151	193	+24.8%
Asia/Pacific	84	79	-7.4%
Total	**854**	**879**	**+1.2%**

Industrial sales growth by sector cluster Q3 2019[1]



EBIT[2] Q3 2018 vs. Q3 2019 | in EUR mn



[1] FX-adjusted | [2] Before special items | [3] Includes positive FX effects of EUR 9 mn

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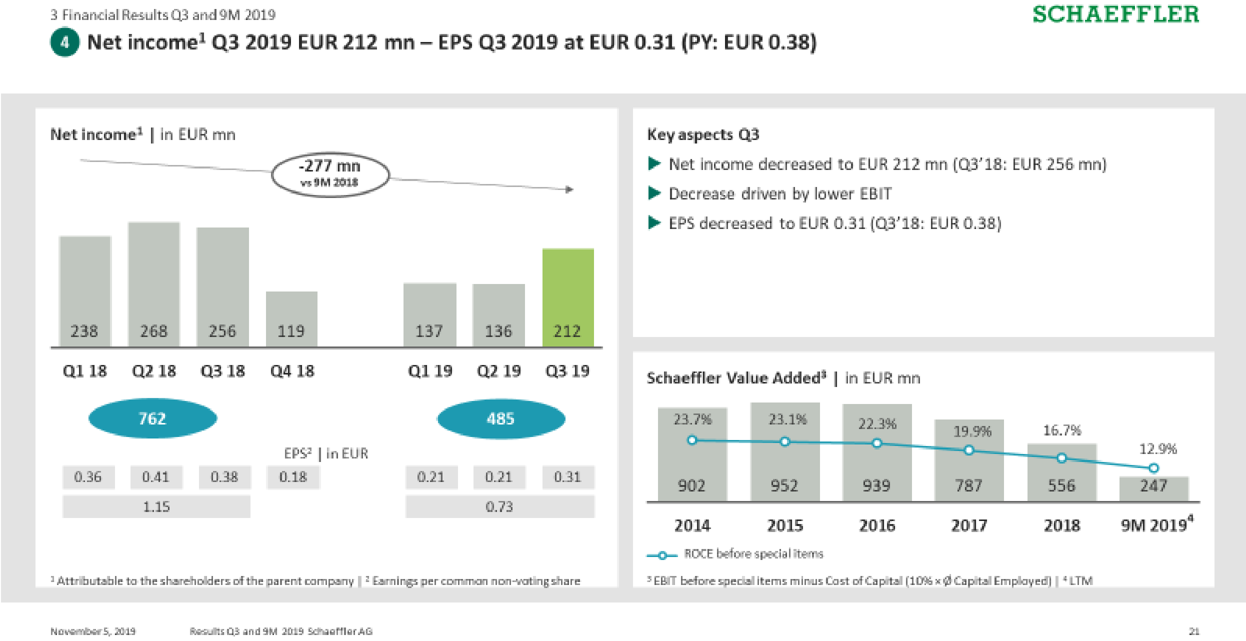
Then moving to the Industrial side, Page 20. As already mentioned, Europe is weak in Q3 with minus 5%. China continues to grow in a strong way. Asia-Pacific down, and on the lower left side, we can still see a continuation of the good development in the Industrial sector clusters, Wind and Railway, Raw Materials still a growth, but getting less strong in that regard. And as Klaus already indicated, the more cyclical sectors already see a significant decline in the business activity now in the third quarter.

And looking to the profitability development, we still have a positive impact on the gross profit side, being driven by positive price impact. We can see that our efforts to position us in regard to Industry 4.0 and Robotics, with the additional spending there are having an impact with increased R&D expenses. And on the administrative side we have the additional expenses in conjunction with our FIT program. So that led finally to the fact that our EBIT margin is at 10.2% now in the third quarter.

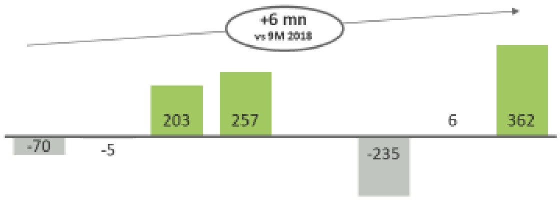


And moving on then to the net income, you can actually see compared to previous year, it decreased to a level of EUR 212 million and the main impact over there was the lower EBIT margin.

SCHAEFFLER

5 Free Cash Flow before M&A[1] 9M at EUR 133 mn (PY: EUR 127 mn)

Free Cash Flow before M&A[1] | in EUR mn



	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
FCF reported	-71	-5	203	96	-300	10	322
FCF Conversion ratio[2]	24%	22%	17%	18%	10%	11%	19%
Capex ratio[3]	8.6%	7.9%	7.4%	10.6%	10.3%	6.1%	6.3%

[1] Before cash in- and outflows for M&A activities
[2] LTM FCF before M&A divided by EBITDA before special items | [3] Capex in % of sales

Key aspects Q3

- FCF[1] in 9M reached EUR 133 mn (PY: EUR 127 mn)
- FCF[1] development helped by strict Capex discipline and effective inventory management; Capex Ratio Q3 19 at 6.3%
- Strong FCF[1] in Q3 also supported by lower interest payments and tax refunds

FCF Details | in EUR mn

	Q3 2018	Q3 2019	*Δ Q3 18/19*	9M 2018	9M 2019	*Δ 9M 18/19*
FCF as reported	**203**	**322**	***119***	**126**	**32**	***(94)***
Non recurring items[4]	12	12	*0*	105	52	*(53)*
Investments[5]	7	1	*(6)*	33	52	*19*
M&A	(1)	40	*41*	1	101	*100*
Receivable Sale Program	(47)	1	*48*	(47)	1	*48*
	174	**376**	***202***	**218**	**238**	***20***

[4] Including payments for legal cases and restructuring measures | [5] Capex in major strategic projects, e.g. Agenda 4 plus One (AKO Europe, EDC, Focus)

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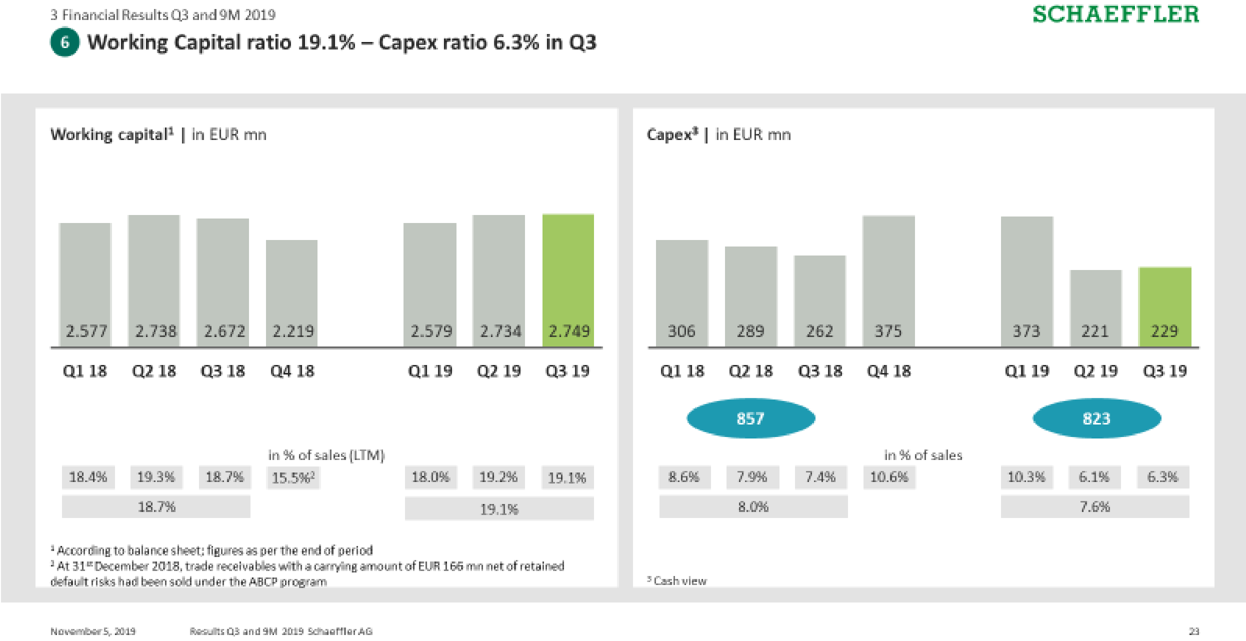
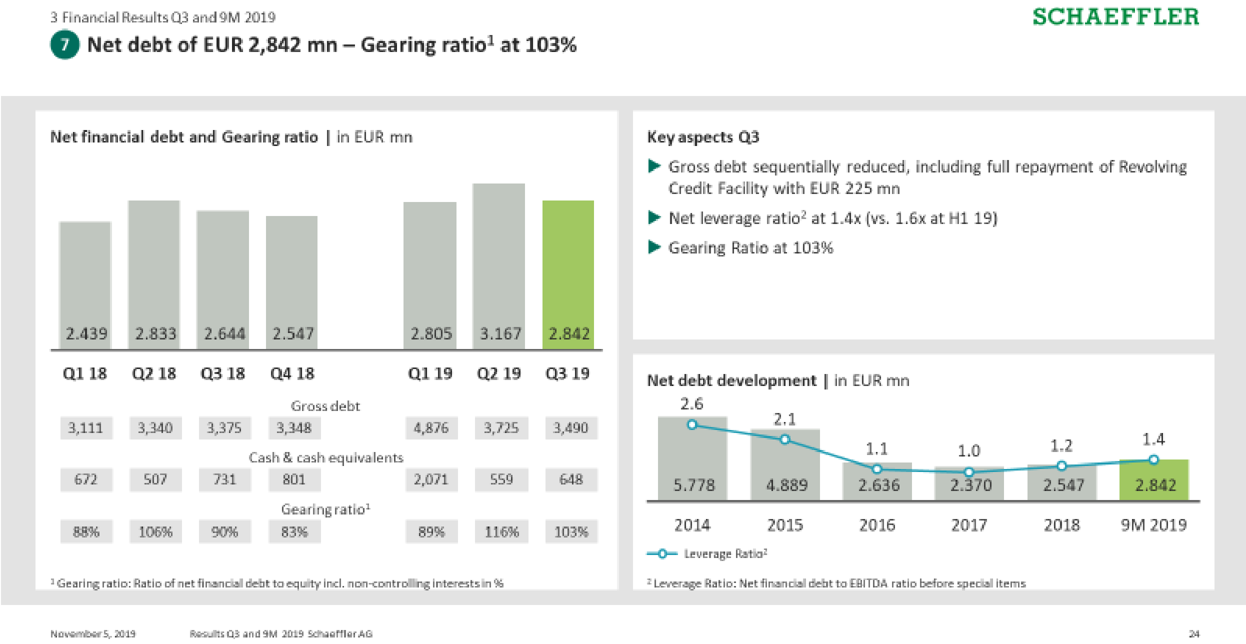
On the Free Cash Flow side, Klaus already mentioned some impact now in the third quarter, which was a strong quarter. We had positive impact from the inventory reduction, we had the positive impact from this VAT refund, which is clearly a one-off. So overall, year-to-date now we are at level of EUR 133 million and we are basically with the continuation of an effective inventory management and a strict Capex discipline, on track to achieve our guidance of around EUR 350 million to EUR 400 million as we already explained.



That's also what you can see on Page 23 and especially highlighting again the Capex development with 6.3% of sales in the third quarter, well on track and we expect even to decrease that number for the fourth quarter.



In line with the cash flow generation, the net debt development - decreased. The gearing ratio decreased to 103% and our leverage ratio down now to 1.4%. And yes, that's basically from my side. Klaus, with these things, I'm turning back to you.

Klaus Rosenfeld:
Well, thank you Dietmar and let me use the opportunity here to make one comment on your decision and I speak for our owners and the Chairman of the Supervisory Board as well. We clearly regret your decision that we respect. We know that this is your personal decision and we understand the reasons. We have been with Dietmar for a long time working together very closely with some really great success for both of us and it's something that I also personally accepted, but I really regret the fact that you will not be at my side then in the future. There is still nearly nine months to go that will give us the opportunity to find a good successor and I want to use the opportunity here to thank you for all your cooperation in the last weeks. Without you, we clearly would not have seen this development that we are now able to report and please take it as a greater sign of respect that - that we have for you when we now continue also in the next eight, nine months.

Dietmar Heinrich:
Klaus, thank you very much for this appreciation. And yes, looking forward, we'll continue as we worked together in the past. So still a lot of work to be done.

4 Outlook

Guidance 2019 – Confirmed on Group and divisional level

SCHAEFFLER

Group Guidance

	Actuals 9M 2019	Guidance FY 2019[4]
Sales growth[1]	-0.1%	-1 - +1%
EBIT margin[2]	8.1%	7 - 8%
Free Cash Flow[3]	EUR 133 mn	EUR 350 - 400 mn

[1] FX-adjusted | [2] Before special items
[3] Before cash in- and outflows for M&A activities | [4] As of July 29, 2019

Divisional Guidance

Automotive OEM		Automotive Aftermarket		Industrial	
Actuals 9M 2019	Guidance FY 2019[4]	Actuals 9M 2019	Guidance FY 2019[4]	Actuals 9M 2019	Guidance FY 2019[4]
-1.5%	-2 - 0%	-1.5%	-2 - 0%	+4.3%	2 - 4%
5.5%	5 - 6%	15.8%	15 - 16%	10.9%	10 - 11%

Market assumptions 2019

- Automotive OEM: Decrease of global passenger car production of around **-5% to -6%** (Previously[4]: -4%)
- Automotive Aftermarket: Slower growth in the global vehicle population and a nearly unchanged average vehicle age
- Industrial: Growth of industrial production of approximately 2%

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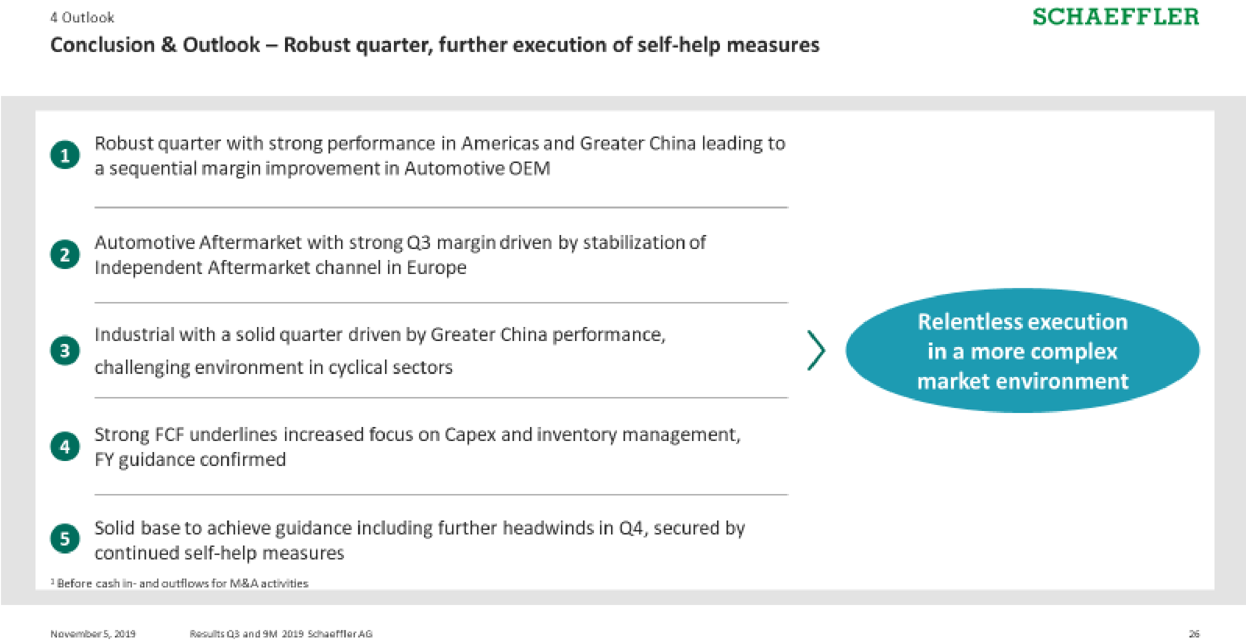
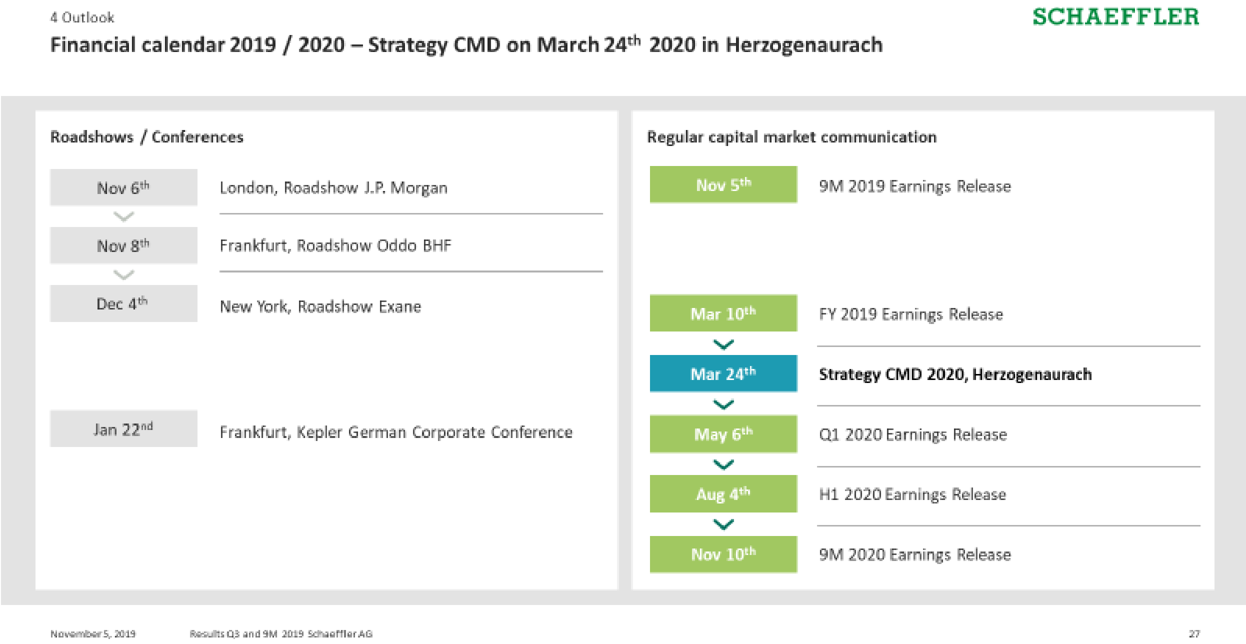
Klaus Rosenfeld:
Now let's continue with the final page. Outlook, I think we already mentioned the key message that we don't want to spend more time here. You saw all the good things and I also mentioned that there are still areas that we need to further improve.



So I'm not going to read the numbers on Page 26 again. What counts in this complex market environment is relentless execution and I think we have shown that this is possible. I also want to use the opportunity here and say the - as an overall conclusion, all our divisions have really contributed to this result. They have done a very good job in working together and there is more to do and hopefully also more to come, discipline counts and it's good to see that while the divisions are focused on the top line, all our functions contributed on the cost side and this spirit is from my point of view, the most important thing if you go through challenging and difficult times. Again, we are not forgetting that there is innovation necessary, but it goes in both directions, the self-help momentum has to continue, it will continue, and it will open up new opportunities at the same time on the top line.



So, let me finish here. Thank you for your attention and hand back to Renata for your questions.

Q AND A SESSION

Kai Müller, BofAML

Thank you very much for taking my question. The first one, if I may, is, you said you've been much more efficient in the third quarter in terms of running your capacities alongside where demand was. And I understand you've been also reducing your over time banks basically in order to do that. Can you give us a bit of color in terms of how much you've tapped into, in terms of extra holidays and how much you can still tap into, let's say, into Q4 and into next year?

The second question is, we've had some of your peers already starting to do a slight look into 2020, I'm not expecting any guidance whatsoever, but I'm just trying to understand how you think about 2020 as you're preparing possibly for a further drop in volumes or are you seeing a stabilization?

And then thirdly, just sort of a more specific one. In your Automotive OEM bridge on Page 18, you show that the others line is now a positive EUR 7 million in the quarter, I think it was minus EUR 17 million in Q2 and it was I think negative before in Q1 as well. Can you give us a bit of color what the swing factor really is in there?

Thank you.

Klaus Rosenfeld

Thank you Kai. Let me take the first two ones. And I think if I understand your first question correctly, you're asking whether the possibilities on further adjustment by reducing holidays or our overtime is exhausted? And the answers is, no, it's not. There we have a continuous improvement process here in place, we are monitoring the plans more or less on a weekly basis, but also the indirect areas. We just had a "Schließungstag" again in October, that is clearly not in the September results. And again, don't get us wrong. This is a good third quarter, but there is still headwind and we need to manage this with our eyes on the road and the hands upon the wheels and that's what we're doing. And there is always also towards the end of the year, there is year-end impact that needs to be handled. We definitely want to make sure and I think Dietmar indicated this already, when it comes to working capital also be very disciplined there and do not deviate from the course that we have taken. So, there is still potential, but clearly we have made more progress compared to the last year and in some areas, when you think about part time holidays have been run to zero under the German regime. So, it's very distinct area by area.

Second, in terms of what's going to happen next year. Again, we will, as you all know, give our guidance for the next year on 10th of March when we come out with our numbers will give Mid-term targets on 24th of March. When you look at the IHS numbers, I think their indication is that it's somewhere around zero. And if I can stress it a little bit, be around zero with all these things that we have seen in this year, I think that's also what we think is probably a good indicator for what's coming. But it's premature, we need to watch this very carefully and you all know the key number for us behind that is then the question, what's happening in China? China will be very interesting for the rest of this year to see what's happening there. But we want to be cautious in 2020. We all know that there is too much capacity in the system and therefore, managing this capacity and adjusting for any potential downturn as well is critical. And that's why we have put in place the 1,300. The 1,300 program has been announced. It has been agreed with our Workers Council. We're using the same instruments that we have used before and it will give us some flexibility to adjust, if necessary, because it's always a good thing to have this out and it increases our resilience if things get under pressure again.

I handover to Dietmar.

Dietmar Heinrich
Yes, Kai, in regard to your question, the other position in the Automotive OEM bridge, the EUR 7 million, that's basically caused by adjustment for our RACE impact.

Kai Müller, BofAML
Why was it minus EUR 17 million in the second quarter? Do you know?

Dietmar Heinrich
At that time, we had other impacts in there, and adjustments have been now posted in Q3.

Kai Müller, BofAML
Okay. All right. Thank you very much.

Raghav Gupta-Chaudhary, Citigroup Inc
Good morning team. Raghav Gupta from Citi. Firstly, on Free Cash Flow. When I look at what you've achieved year-to-date and couple that with both an improvement in Automotive margins and lower Capex in Q4, I'd expect you to

comfortably exceed the top end of your Free Cash Flow guidance. What am I missing here please?
Secondly, on the Automotive margin, EBIT margins improved clearly versus the first half although gross margins, I noted, were broadly stable. What levers have you got to improve gross margins from here? Clearly, you got - done a lot on the cost side, but that seems to be below the gross profit line? Just trying to understand what levers you've got to improve gross margins from here on the Automotive side?

And then finally a quick one on the headcount reduction, you reported that 4% reduction year-over-year, how much of this is full time employees versus fewer temporary workers? Thank you.

Klaus Rosenfeld
Okay. Let me start with the Free Cash Flow question. Again, we stay with our guidance, the year is not over and we, I think, explained to you what the drivers of the Q3 performance are. We have seen a pretty good working capital management, in the inventory side, but we've also seen a situation that some of it linked also to the lower Capex, that our payables, do not give us the benefits that we had in the past. With lower sales, also clearly there's an impact on the receivable side, but there is always year-end and that's why we decided to stay within EUR 350 million to EUR 400 million. There is still a way to go, and that's why we would like to leave it as it is. Let's see what the year-end is going to bring.

On the headcount side, we have - I don't have that number at hand. But if you think about the overall reduction, a significant part comes from the sale of activities and the temporary workers so far we have not highlighted externally. That is part of the equation, but clearly not a major part. What we have been doing and it goes back to this resilience argument and the flexibility argument and let me stress this because I also stressed at the Autogipfel yesterday. For us, it's very important that we keep the high qualified people and that we put the right qualification programs internally in place. We're not going to wait for the German Republic to help us on this, but we have our own program in place, FIT for mechatronics, where people that want to take the offer can go into training courses, can go into doable occasional training programs, and can make them themselves fit for the new requirements. So that clearly plays a role. And clearly also having an acceptable level of part time work is always good to be able to react if necessary. So that is not the main driver of this, it's part of this and we are clearly looking at the whole composition of our workforce very carefully. A, not to lose the highly qualified; and B, try to be as flexible as possible in the future.

Dietmar, you want to do the gross profit?

Raghav Gupta-Chaudhary, Citigroup Inc
Klaus, can I ask a follow-up, and just on the Free Cash Flow side? So, the past few years, your Q4 Capex has been above Q3 in the order of magnitude, I think around 300 basis points of sales or 3% of sales, sorry. In light of your Capex discipline strategy, what's your expectation for the fourth quarter this year? I understand the tooling point that you need to get the factories ready for next year, but just given that discipline and you're heading that committee, what can you tell us about that, please?

Klaus Rosenfeld
Yes, well, if you see the pattern of Capex and the Capex outflow in the last years, you always have these peaks in the fourth quarter. And if you recall, I think the first quarter presentation, we clearly agreed on a strategic target for the organization that looks at the delta between the years where we said we don't want to have this hockey stick, we want to manage more evenly and make sure that they'd be better - continuously improves and having - and being within this 6% to 8% range than having always these outlier in the fourth quarter.
And therefore, again, we need to see how this pays off, but the team here and also the underlying leadership group is clearly incentivized on managing this against their hockey stick in the fourth quarter. That's what I can say. We also don't want to see a situation like last year where in the fourth quarter, there is too much a spillover effect from working capital into the next year, and we start with a pretty low Capex into the next year. But as all of you know, managing Capex and managing cash flow and working capital towards the end of the year in an uncertain environment is more an art than a science, but please take the key message with you, we will manage it more proactively and we will be careful on Capex allocation, that's clearly the one factor for the future that counts and it leads also back to the whole question of return on capital employed and achieving a better Schaeffler Value Added.

Raghav Gupta-Chaudhary, Citigroup Inc
Okay, clear, thank you. And then on the Automotive margins, please?

Klaus Rosenfeld
I think Dietmar, would you like to takeover.

Dietmar Heinrich
Yes, of course, Klaus. On the Automotive margin, starting first of all with the gross profit side, we have a positive mix impact in there with actually reduced ramp-up costs that contributed to the development in Q3, especially in comparison to Q2. Then the flexing of cost became even more effective in August and September and that's a positive impact in there. We have some other impact from these - we are also integrating the numbers of our acquisition, Elmotec, that was countering a little bit. This was on the gross profit side and when looking to the EBIT side, we have then additionally, again being derived or being a result of our RACE measures was more focused not just on the Capex discipline, but also in regard to spending on our R&D project and we have a significant saving in the R&D expense as compared to last year. And additionally, we have a positive contribution that actually the special freights, which have been on a high level during the whole of last year, are on a significant lower level this year. So that's basically the impact there.

Raghav Gupta-Chaudhary, Citigroup Inc
And I guess, Dietmar, just thinking forward. Gross margins in the Auto OE division have fallen 400 basis points right or kind of that magnitude over the past few years, what opportunity do you see for the company to improve that going forward?

Dietmar Heinrich
The opportunities are basically the RACE programs that we saw that Wave 1 is in execution. We are optimizing the footprint in that regard. Two plants are basically already sold. One plant actually we could sell then to a third-party plant in UK was closed now in October, just the final finishing work is being done and we have three more factory related activities going on where we are in close negotiation with our unions and to finalize this as well. And then we target all the three establish a second phase of wave. This is currently in the preparation, so Klaus, whether you want to add something? I think we will come out with the direction in that regard next year during the Capital Market Day end of March.

Raghav Gupta-Chaudhary, Citigroup Inc
Okay, thank you. Thanks very much.

Sascha Gommel, Jefferies
Good morning, everyone. I have three questions as well. The first one is on your regional split, you see an acceleration in China basically across all three divisions

and I was wondering if you can explain a bit more what is behind that and also how we should think about that in the coming quarters?

Then, my second question is a bit with one of your major customers said that they're planning to cut production. And the impression is a little bit that OEMs are rightsizing their inventories and also their production mix in the fourth quarter for the upcoming regulation in Europe. So, I was wondering if you see any major shifts in the production schedules in your fourth quarter?

And then very lastly on your pension liability, it keeps coming up and I was wondering as part of your negotiations with the unions that if this is a demand that you have to fund a bit more of your pension or if this is not a discussion at all? Thank you very much.

Klaus Rosenfeld
Let me start with the last one. Again, the pension liability increase was a function of the discounting. Interest rates are low, and I think you will see this across - there are other companies that clearly need that adjustment. It has nothing to do with Workers' Council or employee representatives. And there is no discussion there - there is a discussion, I think, I can already indicate that, how we transform our pension system starting with the Board. And that's something we're working on since quite some time now and where we will come out with a decision to adjust the system that is clearly driven by historical measures into a more modern system, starting with a portion and then bringing this forward to the next levels.

Again, we're not - on the second one, we're not here to comment on OEMs. As I said at the beginning, the market environment is challenging. We - there is no trend that is absolutely clear to everybody and the transformation is ongoing. We are part of this transformation, it's the question of how you focus this. So, the best thing you can do as a big supplier is that you monitor very carefully what's going on, but we're close to our customers. We are close to our customers and for us managing production capacity is as important as increasing our order intake.

In terms of China. Yes, I mean in China, you all know that we are pretty well positioned. We have the outperformance there in Automotive OEM. If you think about the Automotive Aftermarket and the 15% growth in Automotive Aftermarket China, then don't forget that's a very low base number. The really impressive number is the continued growth in Industrial, and as I said, that's very much driven by the Wind business that is really rocketing there. So, a sequential improvement in Automotive OEM should not come as a surprise after the very bad quarters that we had, and the two others is also well explained. So, let's see how they stabilize, as I said, Q4 will be decisive to see what's – how China behaves and what also related decision here on the tariffs debates will mean. Again, our market position in China has always been good, and that's clearly something that we will benefit from when this region of the world turns around a little bit.

Sascha Gommel, Jefferies
Understood. Can I quickly follow-up on the Q4 production schedule in Europe. So, if I look at IHS, you would confirm that this is a realistic scenario, and we're not missing any major shifts that you might already see on your order intake.

Klaus Rosenfeld
Well, I think Q4 is - if I understand this correctly, somewhere between minus 5% and minus 6% in IHS numbers. We said minus 4% for the year and we left this also when it comes to the guidance that we just confirmed. I think that is not very far off, we need to see what's developing.

Sascha Gommel, Jefferies
Great, thank you very much.

Klaus Rosenfeld
Again, then - No more questions, then I would once again come to the final point here and I think you'd see the dates that we have on our calendars, Renata and Dietmar are going on roadshows, London and Frankfurt. I will be on a roadshow in New York on December 4th. And then when the year is finished, we - I think have a chance to talk in Frankfurt. Dietmar is continuing to do all the Capital Markets regular work and he also will clearly be with me on the earnings release for the full year. What I would like to highlight here before we come to the end is the 24th of March, it's not a new date, you already know it, it's our Strategy Capital Market Day, again in Herzogenaurach. We have promised to share with you the Mid-term targets. We are heavily working on this. And that's something that is clearly a very important date in our further development.
So, Renata, with that, I hand back to you for the final comments and closing of the call.

Renata Casaro
I'm just checking with the operator if there are no further questions.

Operator
We have received further questions.

Christoph Laskawi, Deutsche Bank
Hi, good morning and thanks for still taking my question. The first one would be on the mix impact that you highlighted in Auto OE. My assumption would be that it's primarily driven by project ramp-ups in China on the Engine Systems side. Is that something that you could confirm? And do you expect the same tailwind from the mix going into Q4, or do you expect mix shift to some degree in the fourth quarter?

Dietmar Heinrich
Yes, maybe let me get back to this, Klaus, if that's okay. The mix impact is not coming from China, but in conjunction with the project ramp-ups in Americas and Europe in the first and second quarter and we see improvement on the cost situation. Our Chinese colleagues even now with the ramp-ups that we see in Q3, which led to the outperformance are doing an excellent job in regard to managing their costs to the outstanding, what their colleagues are doing there. So that's the situation over there.

Christoph Laskawi, Deutsche Bank
And would the tailwind be the same in Q4 or do you expect it to fade to some degree?

Dietmar Heinrich
Yes, they will be supposed at least in that regard in Q4, coming from the mix and we expect the positive continuation of this ramp-ups in China as well for the fourth quarter.

Christoph Laskawi, Deutsche Bank
And on Europe, you've underperformed the market again in Q3. The question would be, do you expect to return to an outperformance in the near term. And could you point us towards some project ramp-ups which might help you with that in the near future?

Dietmar Heinrich
As you mentioned, the performance was on a weaker level in the third quarter, and then we have some ramp-ups coming up in the E-Axle side, especially now with Audi e-tron picking up, so that's where we expect further volume increase on that side, but overall the market expectation for Europe is weak. Klaus explained

regarding the summit with the chancellor last night at least it gives us a little bit of hope that during the remainder of the year the important market Germany within Europe then should gain some more confidence.

Klaus Rosenfeld
Maybe let me add a little bit on the dimension here, because your question, your observation is right, but, I mean, you saw that the market was down in Europe in Q3 by minus 4.8%. We are down by minus 5.6%, so I wouldn't say we massively underperformed the market. We have gone down with the market, whether it's rounded minus five or a rounded upwards minus five is not really relevant. So I'm not disagreeing with you that Europe is an issue, but between, you know, a massive underperformance, as it sounded and a performance with the markets, I think there is a slight difference. So, I think, just to correct that impression.

Christoph Laskawi, Deutsche Bank
Point taken. Yes. Lastly, just a housekeeping question. On the EUR 7 million in the EBIT, which I couldn't really get, it was tough to understand. What was behind it? Was it RACE related or rates related, I just couldn't figure out?

Dietmar Heinrich
It is RACE related adjustments, especially effect in conjunction we've raised that we adjusted.

Christoph Laskawi, Deutsche Bank
Excellent, thanks a lot.

Jemma Permalloo, JP Morgan
Hi, morning. Thank you for taking my questions and well done on this quarter. Sir, I've got two questions. I'm looking at ratings here. So, you are on negative outlook from S&P and you've obviously maintained your guidance for this year, including margins. And now, I understand that you won't be able to give guidance for 2020, but I was just hoping for some color in terms of your commitment to maintaining an investment grade rating going into 2020.
And then my second question, just on the FCA and Peugeot merger, so the way I see it is that with consolidation obviously comes pricing pressure for suppliers and I think some of your peers have actually been vocal on this front recently. So, two parts to my question, if you could remind us of your customer exposure to either

Fiat or Peugeot if any. And just secondly, your general thoughts on pricing going forward? Thank you.

Klaus Rosenfeld
Okay. Let me first tackle the rating related question. We concur with you that one of the key figures to look at is the Automotive margin, you saw an improvement now. We are long term clearly committed to investment grade rating, Dietmar has in the last quarters done all of this work to bring this also in our financing structure and we will - we're in very constructive conversations with our ratings agencies since years. So, let's see what's happening with this outlook. What needs to happen from our side is an improvement in the margin, and that's why we're working on our self-help measures and although rating agencies will then decide, it's their decision, but for us, an Investment Grade is clearly a long-term commitment.

In terms of consolidation, what's happening around us Fiat and now the new version with Italy and France something remains to be seen. You all know our biggest customer is VW, the VW Group. We have very strong business with the large US players, we have good business with European players. This consolidation move doesn't expose us any undue concentration risk. We are looking forward to seeing what's happening there. We think that this combined group will be stronger than the single companies and that typically gives also additional potential. And in particular when it comes to helping these two companies in optimizing their CO2 strategy, and when it comes to the mix of their fleets, we want to be there, we have good relationships to both companies, and we will see what comes out of that. But I wouldn't conclude from all mergers that it's always means cost pressure. I mean there are some very prominent names here that you all know that are very good in this. But again, I wouldn't like to finish this call with this notion that everything is going to be paid by the suppliers. That's definitely not the case, the whole industry knows that we can only survive together. And CO2 efficiency, let me point this out, is one of our key strengths, whether it's E-Mobility, hybrid or the combustion engine and that will be absolutely key in winning new business. I think we have a good chance here to benefit from this combination as well.

Jemma Permalloo, JP Morgan
Thank you.

Tomas Swift, CreditSights

Hi, good morning. Just a question on working capital. I saw there was an improvement in this year, but it seems to be from the other assets, liabilities and provisions lines. So, can we get a bit of color as to what that is exactly, because if I add up inventories receivables and payables, it kind of nets out. That's my first question.

The second question is, the growth from E-Mobility, I mean, how long do you expect this cadence to continue as very solid, but just some color for that going forward.

And then finally, I guess this is, it's a question slightly out of topic, in terms of - can we get a ballpark estimate or a figure for how much cash is up at the IHO Verwaltungs GmbH or even layers above the Schaeffler AG Group? Thank you.

Klaus Rosenfeld

Let me start with the last one. Again, this is not an IHO call. I think we have always explained to you how the corporation or - that's how the whole system with the IHO Holding works and therefore please understand we are not going to - we cannot give at this call such a figure. I think what you all know is that the IHO just issued new bonds that the financing structure is very sound. There are all sorts of elements in the structure that can help us to sustain also a situation where there is less cash. We've also committed, and you know that I have a role on the Holding as well to a step by step deleveraging there and there is no reason to believe that this is now changed. And on the contrary, I think with the performance we have shown now and with our dividend policy guidance that we've given, I think it's fair to assume that there will be dividend paid by us to the Holding that is then sufficient to deliver on our promises.

On E-Mobility, how long is the cadence. That's one of the really interesting questions. We have been, if I may say so, a little bit later than others in this, but we have invested already years ago into this. It's a function of how the market develops, it's a function of what the customers do and a function of our own readiness. I think we have improved our own readiness quite substantially. And back to what happened yesterday in Berlin, I think there is a clear push forward, also from the regulators and from the governments and we want to benefit from this, but it will not come in quarters, it will take some years. I mean these ramp-ups are long term businesses and that's also a good opportunity, because there is no radical change in the environment here to be expected. We see it as positive and don't forget, it's not only E-Mobility versus combustion engine, it's both. With our 30-40-30 scenario, I think we are very well positioned to benefit from the overall transformation of the industry. And let me add, if there's anything on the IHO that you need, your - the IHO treasury is available and can kindly call you if necessary.

Dietmar Heinrich
Regarding the working capital, maybe giving you a little bit of insight, we reduced on the inventory side by 80 million euro and on the financial supply chain side in conjunction also with September picking up compared to the month of July, which was a vacation month, we have a slight increase in receivables and on the other side, we strengthened as we already explained our measures in regard to Capex, but also be focused in the factories on reducing services. Then to the really necessary level and in line with this our accounts payables actually dropped, so at the very end working capital slightly increased in an absolute number, but we have this positive contribution then in that conjunction from the inventory development and at the very end the lower Capex, the payout also help in conjunction with the other impacts that we already explained, including some one time one offs.

Tomas Swift, CreditSights
Okay, thanks very much.

Klaus Rosenfeld
You’re welcome

Renata Casaro
So, dear operator, if there are no other questions as I see from the system, I think we are ready to close this call. I just want to anticipate, thank you very much to all bondholders and equity holders and also analysts on the line. We will be on the road with Mr. Heinrich from tomorrow. And thank you very much, and goodbye.

Klaus Rosenfeld
Thank you.