

Results Q1 2019 Schaeffler AG

Conference Call
May 8th, 2019
Herzogenaurach

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Agenda

- 1 Overview
- 2 Business Highlights Q1 2019
- 3 Financial Results Q1 2019
- 4 Outlook

Q1 2019 with mixed results – Market environment still subdued

Key messages

- 1 Group sales growth¹ of +0.4% with an expected slow start into the year, Auto OEM Outperformance of 500 bps
- 2 Gross margin 25.2% (Q1'18: 27.0%), down y-o-y in Automotive divisions, up in Industrial
- 3 EBIT margin² 7.5% (Q1'18: 11.0%), sequentially stabilized vs. Q4'18 (6.5%)
- 4 Free Cash Flow³ of EUR -235 mn due to lower profitability and higher Capex
- 5 Transformation continues – Acquisition of XTRONIC, consolidation of European plant footprint
- 6 Guidance 2019 confirmed on Group and divisional level

¹ FX-adjusted | ² Before special items | ³ Before cash in- and outflows for M&A activities

Sales growth¹

+0.4%

EUR 3,622 mn

Gross margin

25.2%

EUR 913 mn

EBIT margin²

7.5%

EUR 272 mn

Free Cash Flow³

EUR -235 mn

Schaeffler Group Q1 2019 – Highlights and lowlights



Automotive OEM: LVP¹ outperformance of 500 bps driven by strong growth in Americas (+12.4%²)



Strong growth in Industrial division (+6.9%²) with all regions contributing, especially Greater China (+14.1%²)



EBIT margin³ sequentially improved by 100 bps mainly driven by Automotive OEM



Refinancing: Successful placement of EUR 2.2bn Investment Grade bonds

¹ Light Vehicle Production | ² FX-adjusted | ³ Before special items



Weak Automotive OEM business in Greater China (-14.5%²) and Europe (-3.3%²)



Automotive Aftermarket sales impacted by weak OES business and pricing pressure from customer consolidation in Europe



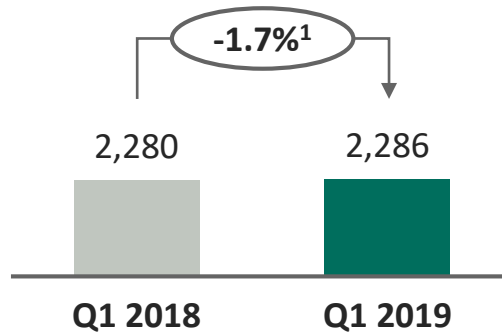
Gross margin still negatively impacted by higher production costs, overhead costs continued to grow faster than sales



Capex to Sales ratio temporary over 10% driven by payouts of investments decided in H2 2018

Automotive OEM – Strong Outperformance, earnings quality still unsatisfactory, albeit stabilized

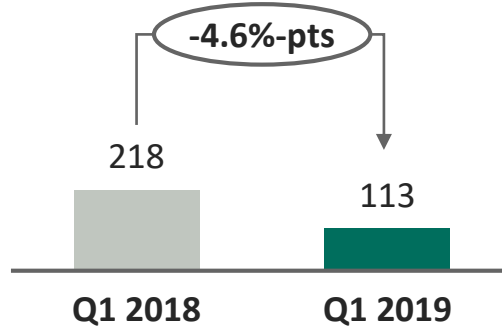
Sales
in EUR mn



Gross profit
margin

Quarter	Gross profit margin
Q1 2018	24.2%
Q1 2019	21.1%

EBIT²
in EUR mn



EBIT margin²

Quarter	EBIT margin ²
Q1 2018	9.6%
Q1 2019	5.0%



Strong Outperformance of LVP³ by 500 bps, driven by strong growth in Region Americas with 12.4%¹



Business division E-Mobility growing by 33.9%¹ driven by ramp ups for hybrid modules, CVT transmissions and clutch actuators



R&D ratio flat y-o-y at 8%, especially focusing on E-Mobility & mechatronic systems



Weakness in Automotive OEM business in China (-14.5%¹) and Europe (-3.3%¹) continued in Q1 2019



Negative fixed cost effects caused by lower volumes despite flexing costs in China



Overhead costs increased, in particular personnel costs, but headcount decreased in Q1 2019

¹ FX-adjusted | ² Before special items | ³ Light Vehicle Production

Automotive OEM – Successful Auto Show Shanghai and projects pipeline building up

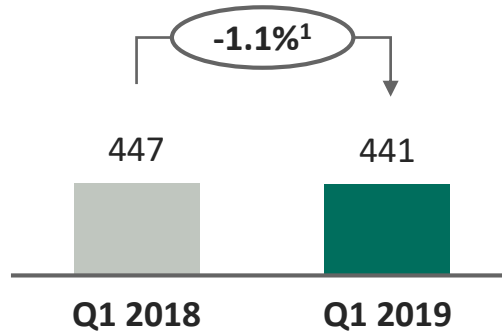


Business highlights

- Successful **Auto fair in Shanghai** (16 - 25 April, 2019)
 - Showcasing Schaeffler's Powertrain Matrix and SpaceDrive Technology
 - E-Axle Production Launch Ceremony parallel to Auto Shanghai
- Positive **Business Development in Q1 2019**
 - Classic Engine and Transmission business divisions with growing share of system solutions vs. components in the order intake
 - Pipeline of new projects in **E-Mobility building up**

Automotive Aftermarket – Slow start with mixed sales and lower EBIT margin

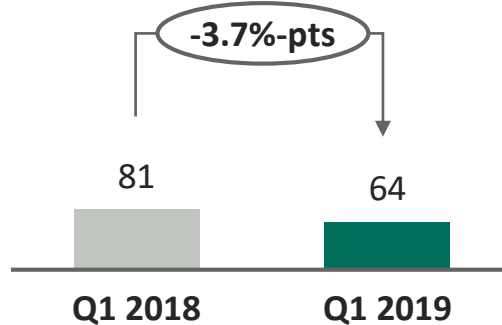
Sales
in EUR mn



Gross profit margin

Quarter	Gross profit margin
Q1 2018	35.6%
Q1 2019	33.7%

EBIT²
in EUR mn



EBIT margin²

Quarter	EBIT margin ²
Q1 2018	18.1%
Q1 2019	14.4%



Good growth in Independent Aftermarket with +3.0%¹, driven by strong performance in Region Americas (in particular South America)



Price increases for selected parts of the product portfolio implemented



Demand in OES business in Region Europe showing temporary decline



Price pressure due to customer consolidation in European markets



Lower gross margin due to higher product costs and negative price impact, efficiency measures (in particular on SG&A) initiated to compensate headwinds

¹ FX-adjusted | ² Before special items

Automotive Aftermarket – Chassis Specialist and additional NAPA business

Portfolio re-positioning: FAG brand, the chassis specialist

- ▶ Re-positioning of RUVILLE steering portfolio under FAG brand
- ▶ Upgrade of product quality and positioning as premium brand
- ▶ Market launch in Europe on June 1, 2019 and global roll-out until 2021



Steering & suspension



Strut mountings



Drive shaft assemblies



Wheel bearings & modules



Portfolio expansion: Entering the North American bearings & seals business

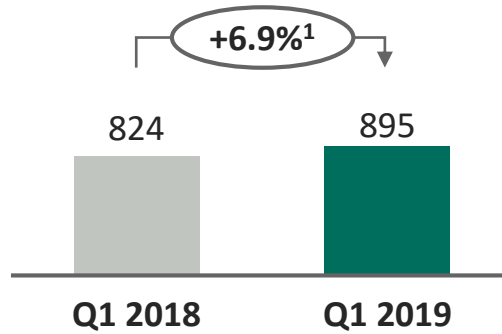
- ▶ Bearings & seals program started in North America in Q2/18
- ▶ Product catalogue is expanding - currently covering more than 9,000 parts and 1.1 million referenced applications
- ▶ Continued ramp-up of sales volume results in up to 7 EUR mn of incremental sales in Q1/19
- ▶ Steady improvements in profitability as a result of additional fixed cost coverage, as well as purchasing productivity



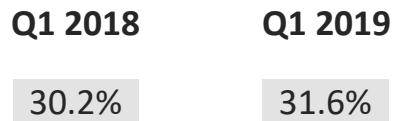
NAPA

Industrial – Strong growth and slightly lower earnings quality

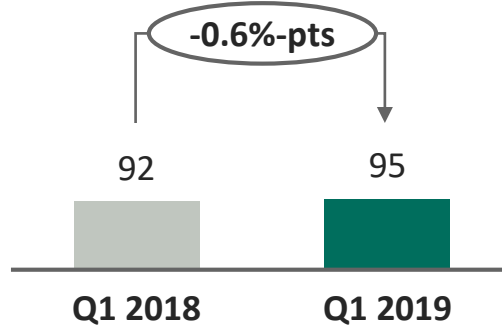
Sales
in EUR mn



Gross profit margin



EBIT²
in EUR mn



EBIT margin²



Above average sales growth with positive contribution from all regions (China +14.1%¹)



Continued double digit growth in Wind, Raw Materials and Railway sector clusters



Gross margin increased due to positive volume development and favorable pricing more than offsetting an increase in production costs



Growth momentum declining, industrial production forecast lowered to 2% (Prior: 2.6%)



Higher logistic costs driven by increase of special freights, full ramp up of our European distribution center and remaining costs in replenishment centers

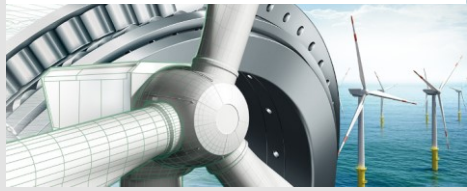


Higher overhead costs in all functional areas overcompensated positive price and margin evolution, program FIT to support earnings quality going forward

¹ FX-adjusted | ² Before special items

Industrial – Continued growth in key sectors

Sector Wind



Further localization & growth in China

- ▶ Significant sales growth with key customer for multi-megawatt turbines in China
- ▶ Local production ramp-up of large size bearings in Nanjing, China

Sector Rail



Rail growth in Eastern Europe

- ▶ New orders with large railway OEM in Eastern Europe
- ▶ Supply of broad product range including spherical, ball and axle box bearings

Sector Raw Materials



Raw Materials growth in Asia-Pacific and China

- ▶ Orders secured with key customers in Asia-Pacific and China
- ▶ New large size bearing contract for cement industry, renewed contract with partners in the pulp and paper industry and new major order for continuous caster bearings in China

Sector Ind. Automation



Industry 4.0 partnership

- ▶ Mitsubishi Electric Corporation and Schaeffler entered into a global strategic partnership
- ▶ Target is to boost connectivity and to create Industry 4.0 solutions that reduce machine downtime and maximize productivity for the customer

Capital allocation – Focus increased and discipline strengthened

Investment¹⁾ allocation | in EUR mn

Mid-term target:
Capex ratio: 6-8%²⁾

	FY 2017	FY 2018	Q1 2018	Q1 2019
Automotive OEM	1,006	970	181	225
Automotive Aftermarket	33	64	18	40
Industrial	248	241	35	30
Schaeffler Group	1,287	1,275	234	296
Capex ratio²⁾	9.1%	8.7%	8.6%	10.3%

¹⁾ Additions to intangible assets and property, plant and equipment | ²⁾ Capex in % of sales

Investment prioritization going forward

- ▶ Automotive OEM: Strategic growth fields E-Mobility and Chassis Mechatronics – clearly linked to our EUR 1.5-2.0 bn p.a. order intake target of program RACE
- ▶ Automotive Aftermarket: Expansion of our logistics network in all regions to increase speed and reliability of our delivery process
- ▶ Industrial: Improve our technological expertise in future growth fields Industry 4.0 and Mechatronics

Strengthened Capex discipline – Actions taken in Q1

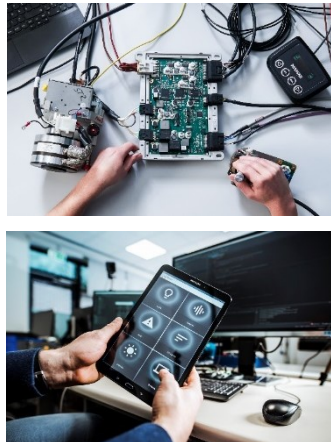
- ▶ Capex ratio²⁾ Q1 temporarily increased due to Q4 investment payouts and higher spending for AKO Europe
- ▶ Capex Committee started in Q1 with tightened hurdle rates and stricter approval levels
- ▶ Capex budgets further reduced in non-strategic areas

Transformation continues – XTRONIC and European footprint

Acquisition of XTRONIC

Automotive
OEM

- ▶ Backward integration for recently acquired Paravan technology for autonomous driving
- ▶ Strengthen software competence for existing mechatronic projects and enable more advanced solutions going forward
- ▶ Key leadership personnel committed to continue to work for the company
- ▶ Fully consistent with our M&A radar priorities




- ▶ Integration of XTRONIC will further support position of Schaeffler as partner for mechatronics and future mobility solutions

XTRONIC

SCHAEFFLER
PARAVAN

Divestment of Barden plant, UK

Industrial

- ▶ Signing of agreement to sell The Barden Corporation (UK), Plymouth to HQW Holding, a UK affiliate of HQW Precision GmbH
 - ▶ Divestment is part of Schaeffler's UK realignment activities announced last November and the company's „Global Footprint“ initiative
- 
- ▶ Divestment of Barden plant is another step to make Schaeffler's footprint in Europe more efficient

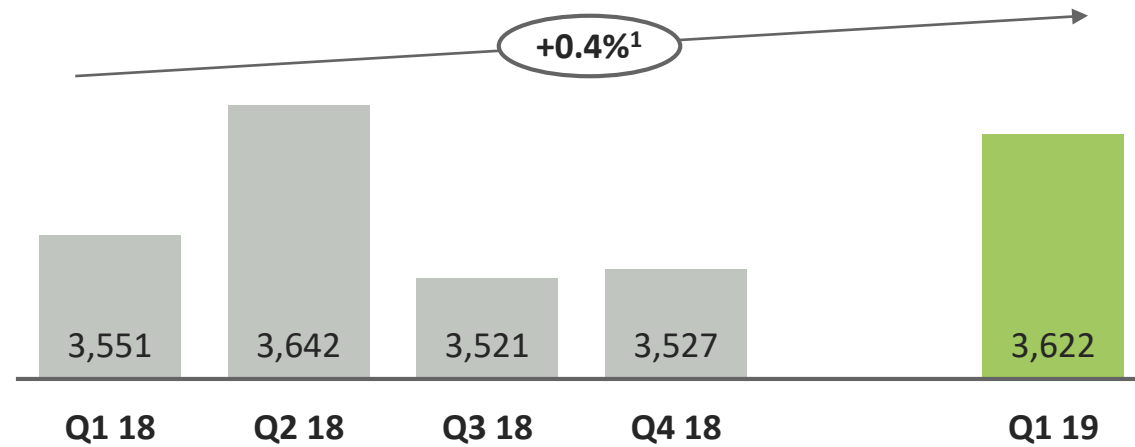
Key figures Q1 2019

in EUR mn		Q1 2018	Q1 2019	Q1 2019 vs. Q1 2018
Sales	1	3,551	3,622	+2.0% +0.4% ¹
Gross Profit	2	960	913	-47 mn
Gross Margin		27.0%	25.2%	-1.8%-pts.
EBIT ²	3	391	272	-119 mn
EBIT Margin ²		11.0%	7.5%	-3.5%-pts.
Net income ³	4	238	137	-101 mn
EPS ⁴ (in EUR)		0.36	0.21	-0.15
Schaeffler Value Added ⁵	4	743	421	-322 mn
ROCE ⁶		19.3%	15.0%	-4.3%-pts.
Free Cash Flow ⁷	5	-69	-235	-166 mn
Capex	6	306	373	+67 mn
Net financial debt		2,439	2,805	+366 mn
Gearing ratio ⁸	7	87.8%	88.5%	+0.7%-pts.

¹ FX-adjusted | ² Before special items | ³ Attributable to shareholders of the parent company | ⁴ Earnings per common non-voting share | ⁵ Defined as EBIT before special items 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

1 Sales growth – Region Americas with double-digit growth rates

Sales | in EUR mn



14,241

Sales growth

Reported

-0.6%

+4.9%

+2.5%

-0.4%

+2.0%

FX-adjusted

+3.9%

+7.9%

+3.7%

+0.3%

+0.4%

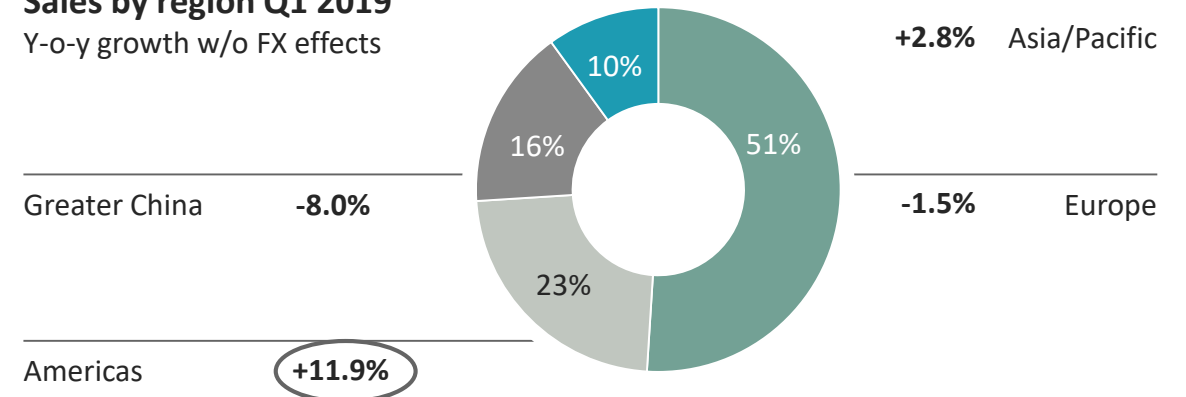
¹ FX-adjusted

Key aspects

- ▶ Group sales up by +0.4%¹ (Q1'18: +3.9%¹)
- ▶ Sales growth¹ mainly driven by Americas (+11.9%), offsetting negative growth in Greater China (-8.0%) and Europe (-1.5%)
- ▶ Strong growth¹ in Americas driven by all divisions (Auto OEM: +12.4%, Auto AM: +14.1%, Industrial: +9.1%)

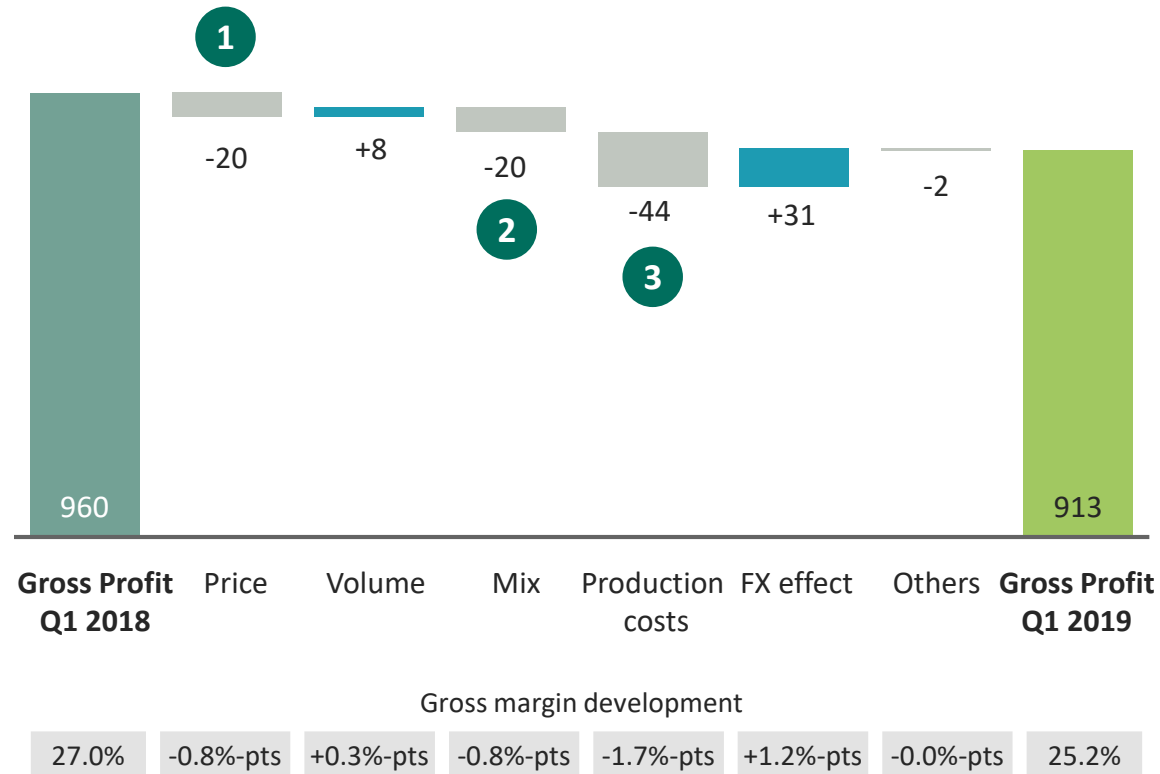
Sales by region Q1 2019

Y-o-y growth w/o FX effects



2 Gross Profit – Gross margin lower on negative price, mix and higher production costs

Gross Profit Q1 2018 vs. Q1 2019 | in EUR mn



Key aspects

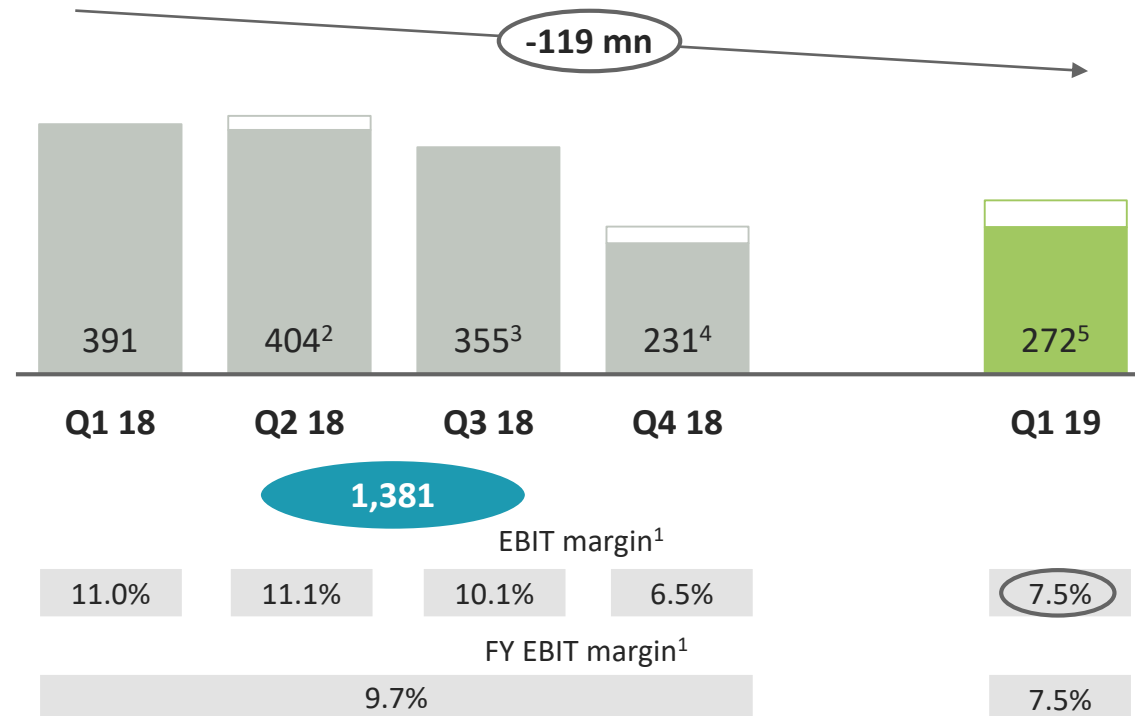
- 1 Negative price effect driven by continued price pressure in major AOEM end markets, especially in China; Industrial division with favorable pricing
- 2 Negative mix effect driven by AOEM, due to adverse customer and product mix in classic product lines and negative regional mix (mainly China)
- 3 Higher production costs in all divisions mainly due to higher input costs (raw materials and personnel costs)

Actions

- ▶ Additional closing days
- ▶ Further reduction of number of temporary workers
- ▶ Hiring freeze in all indirect areas

3 EBIT margin – Sequential improvement, but still subdued earnings quality

EBIT¹ | in EUR mn



¹ Before special items | ² Reported EBIT of EUR 382 mn including EUR 22 mn restructuring expenses related to the integration of the internal supplier BCT | ³ Reported EBIT of EUR 376 mn including EUR 21 mn positive special item | ⁴ Reported EBIT of EUR 205 mn including EUR 4 mn restructuring expenses related to the integration of the internal supplier BCT and 22 mn restructuring expenses for reorganization of UK business activities

Key aspects

- ▶ Even if sequentially improving, Automotive OEM division's Q1 2019 EBIT margin is the main driver of the Group's EBIT margin y-o-y erosion
- ▶ Automotive Aftermarket EBIT margin affected by market consolidation in Western Europe
- ▶ Industrial EBIT margin slightly lower y-o-y as ongoing positive volume and price effects could not fully offset higher production and logistic costs

EBIT margin¹

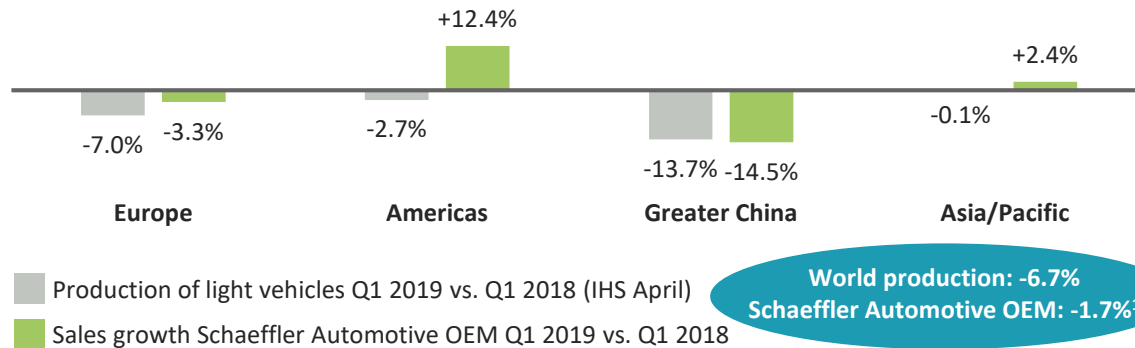
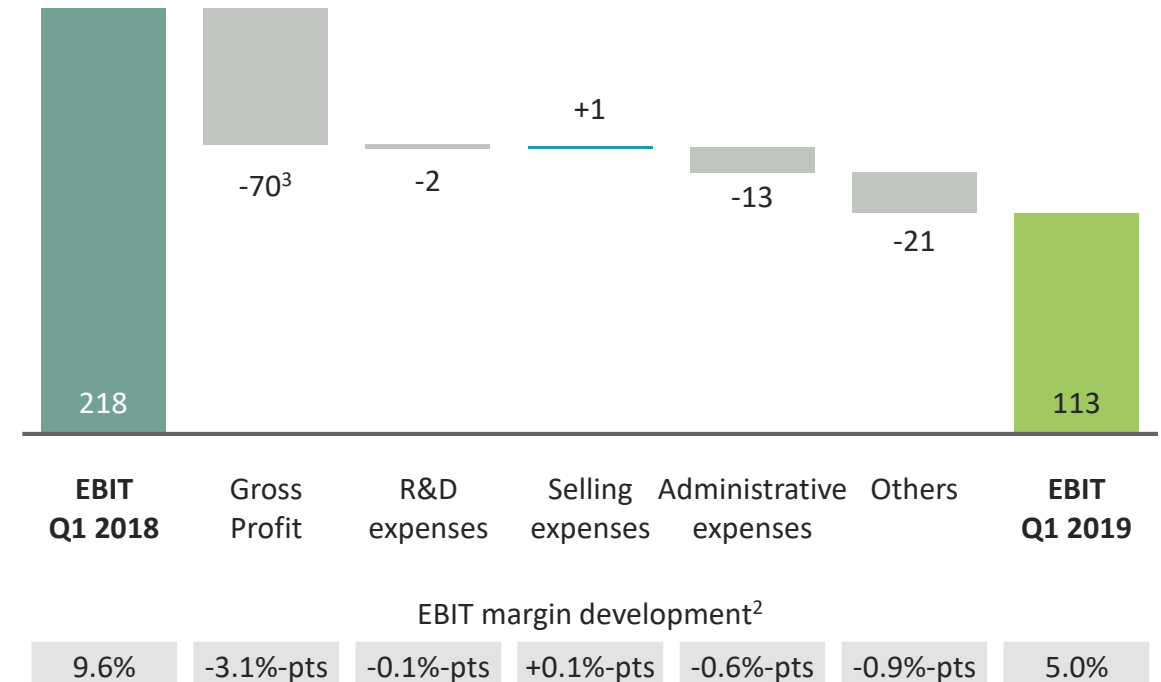
in EUR mn	Q1 18	Q1 19	Q1 19 vs. Q1 18
Auto OEM	9.6%	5.0%	-4.6%-pts.
Aftermarket	18.1%	14.4%	-3.7%-pts.
Industrial	11.2%	10.6%	-0.6%-pts.
Group	11.0%	7.5%	-3.5%-pts.

⁵ Reported EBIT of EUR 230 mn including EUR 55 mn restructuring expenses in connection with the program RACE and a EUR 13 mn refund of a penalty paid in 2015 in the Industrial division in connection with antitrust proceedings in South Korea

Automotive OEM – Q1 with strong outperformance; low quality of earnings

Sales by business division | y-o-y growth

	Q1 2018	Q1 2019	Δ^1
Engine Systems	710	699	-3.4%
Transmission Systems	1,077	1,035	-6.0%
E-Mobility	105	145	+33.9%
Chassis Systems	388	406	+3.6%
Total	2,280	2,286	-1.7%

Automotive OEM sales¹ and market development Q1EBIT² Q1 2018 vs. Q1 2019 | in EUR mn

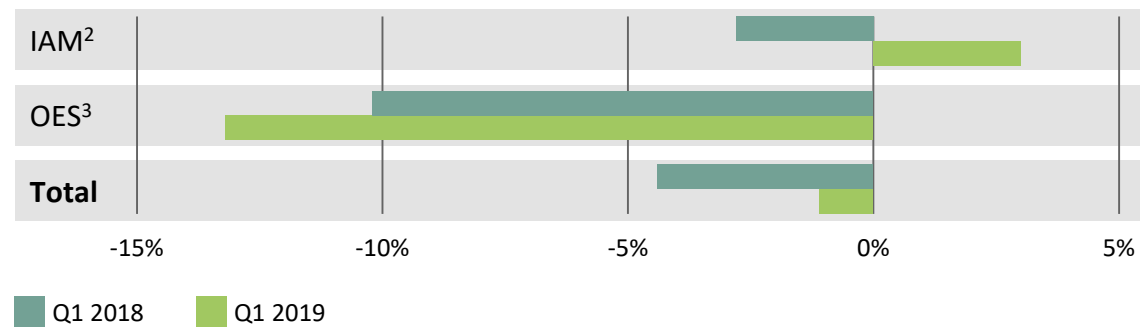
¹ FX-adjusted | ² Before special items | ³ Includes positive FX effects of EUR 21 mn

Automotive Aftermarket – Slow start driven by weaker OES business and higher product costs

Sales by region | y-o-y growth

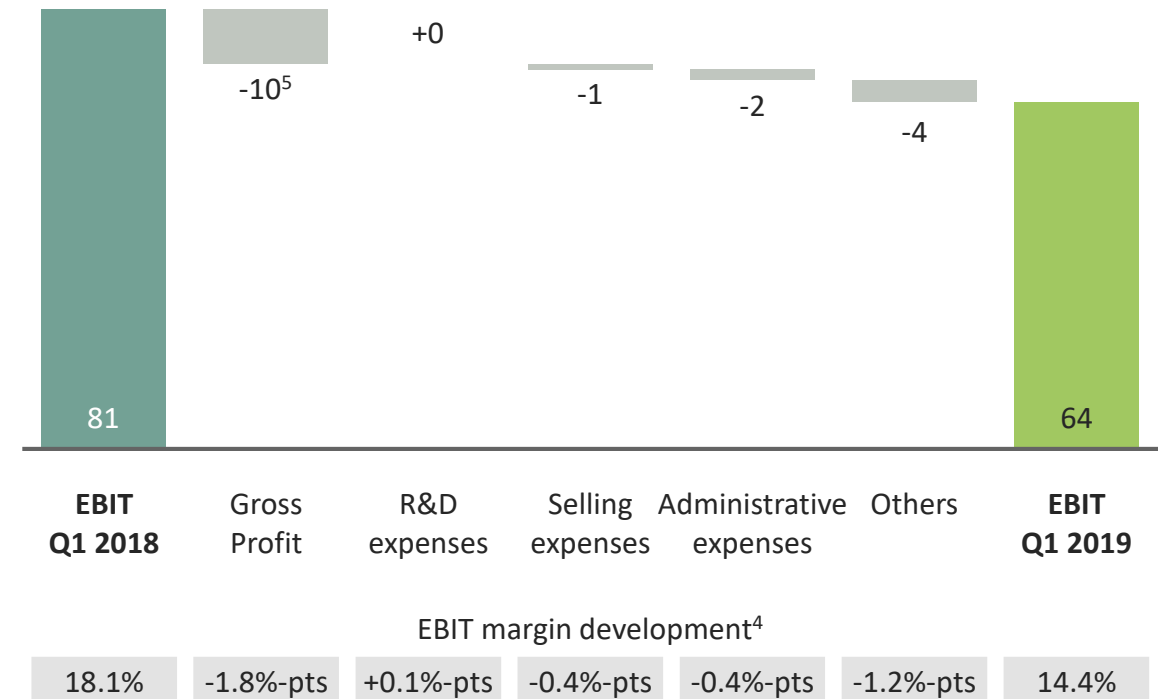
	Q1 2018	Q1 2019	Δ^1
Europe	338	321	-4.2%
Americas	78	88	+14.1%
Greater China	19	20	+1.1%
Asia/Pacific	12	11	-9.6%
Total	447	441	-1.1%

Automotive Aftermarket sales growth by channel¹



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

EBIT⁴ Q1 2018 vs. Q1 2019 | in EUR mn



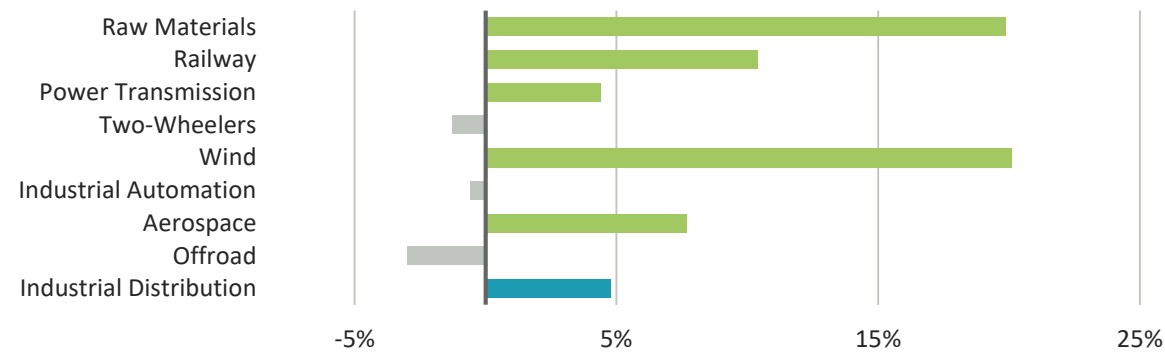
⁴ Before special items | ⁵ Includes negative FX effects of EUR 1 mn

Industrial – Q1 with continued growth momentum, gross margin increase offset by higher overhead costs

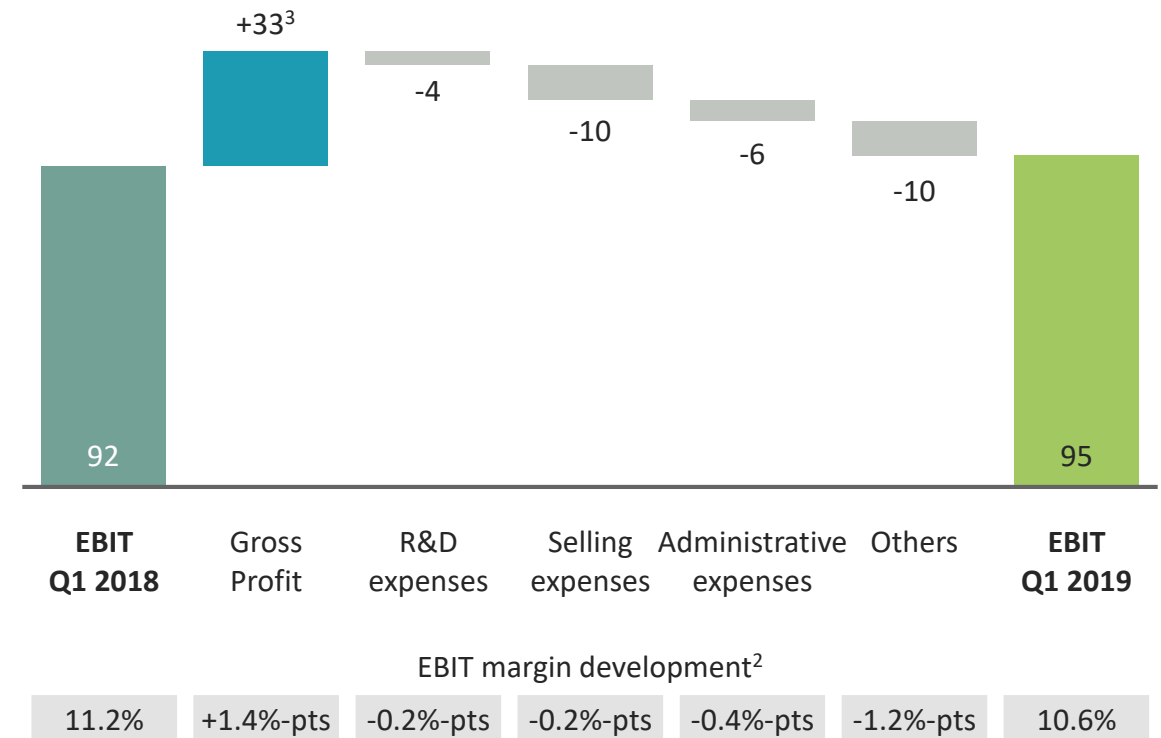
Sales by region | y-o-y growth

	Q1 2018	Q1 2019	Δ^1
Europe	482	501	+4.4%
Americas	141	162	+9.1%
Greater China	131	155	+14.1%
Asia/Pacific	70	77	+6.3%
Total	824	895	+6.9%

Industrial sales growth by sector cluster Q1 2019¹



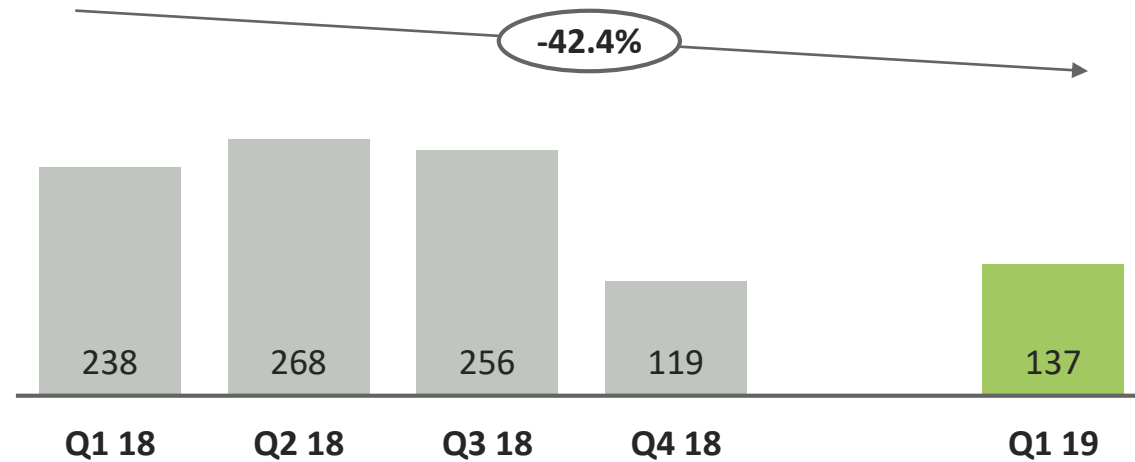
EBIT² Q1 2018 vs. Q1 2019 | in EUR mn



¹ FX-adjusted | ² Before special items | ³ Includes positive FX effects of EUR 11 mn

4 Net income¹ Q1 2019 EUR 137 mn – EPS Q1 2019 at EUR 0.21 (PY: EUR 0.36)

Net income¹ | in EUR mn



881

EPS² | in EUR

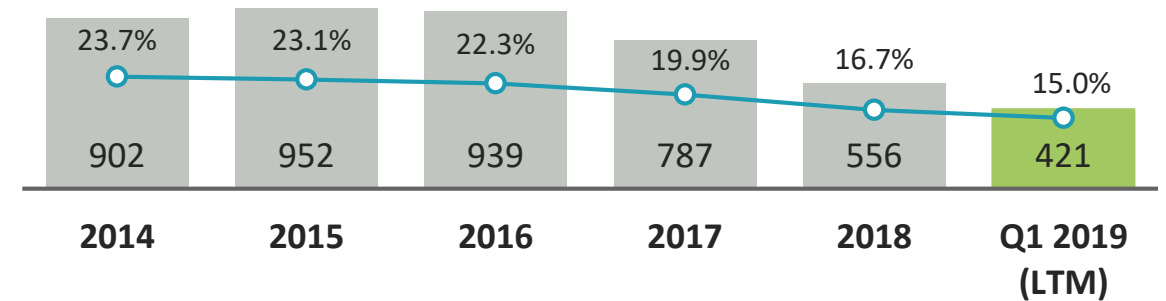


¹ Attributable to the shareholders of the parent company | ² Earnings per common non-voting share

Key aspects

- ▶ Net income decreased to EUR 137 mn (Q1'18: EUR 238 mn)
- ▶ Decrease driven by lower EBIT
- ▶ EPS decreased to EUR 0.21 (Q1'18: EUR 0.36)

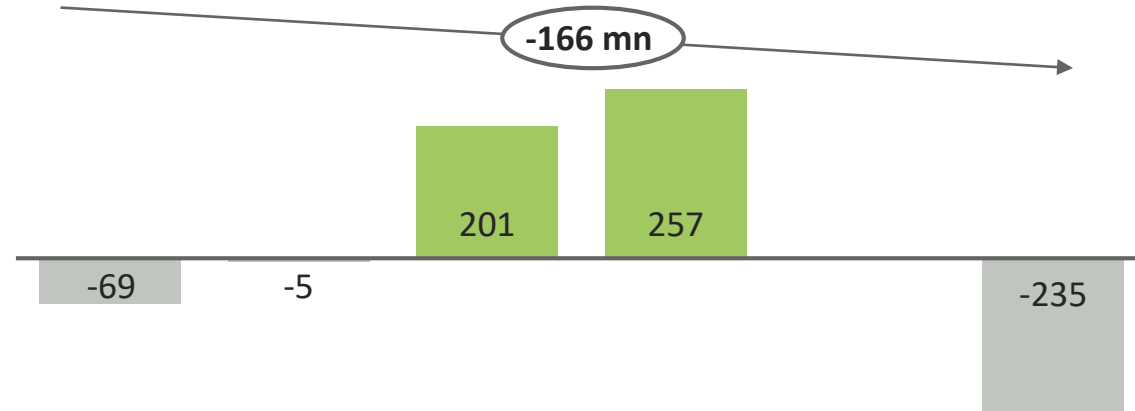
Schaeffler Value Added³ | in EUR mn



— ROCE before special items

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

5 Free Cash Flow before M&A¹ FY at EUR -235 mn (PY: EUR -69 mn) – Capex Ratio Q1 19 at 10.3%

Free Cash Flow before M&A¹ | in EUR mn

Key aspects

- ▶ FCF before M&A decreased to EUR -235mn (PY: EUR -69mn)
- ▶ Lower profitability and higher Capex
- ▶ FCF before M&A impacted by strategic investments, e.g. AKO Europe – Underlying FCF before M&A at EUR -173 mn

FCF Details | in EUR mn

	Q1 2018	Q1 2019	Δ Q1 18/19
FCF as reported	(71)	(300)	(229)
Non recurring items ⁴	33	11	(22)
Investments ⁵	19	51	32
M&A	2	65	63
Receivable Sale Program	0	0	0
	(17)	(173)	(156)

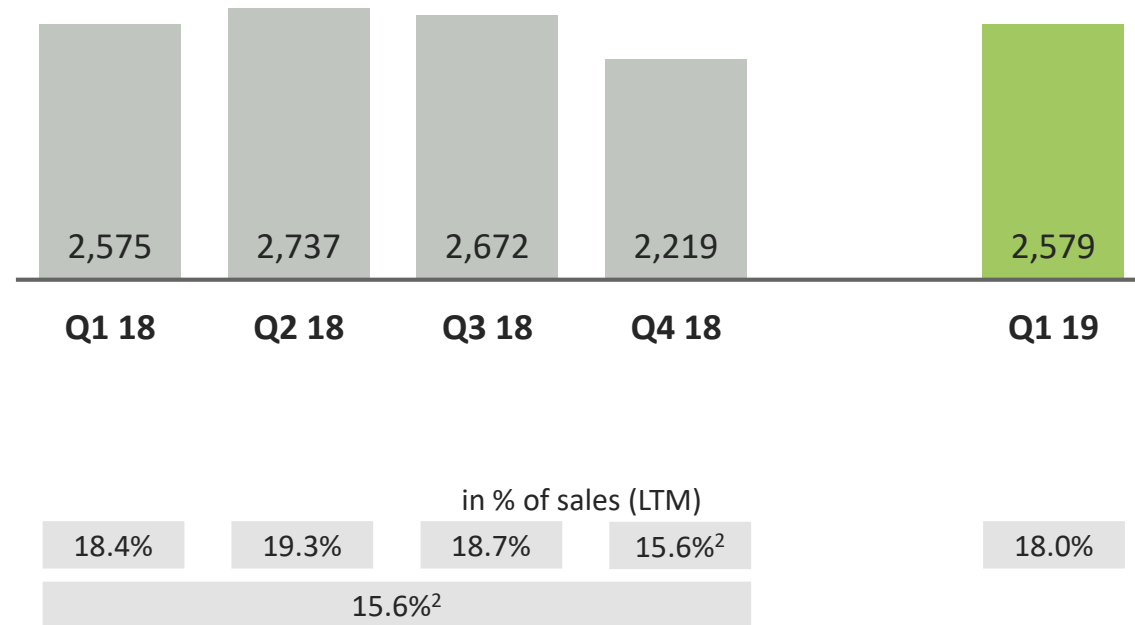
¹ Before cash in- and outflows for M&A activities

² LTM FCF before M&A divided by EBITDA before special items | ³ Capex in % of sales

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)

6 Working Capital ratio 18.0% – Capex ratio 10.3% in Q1

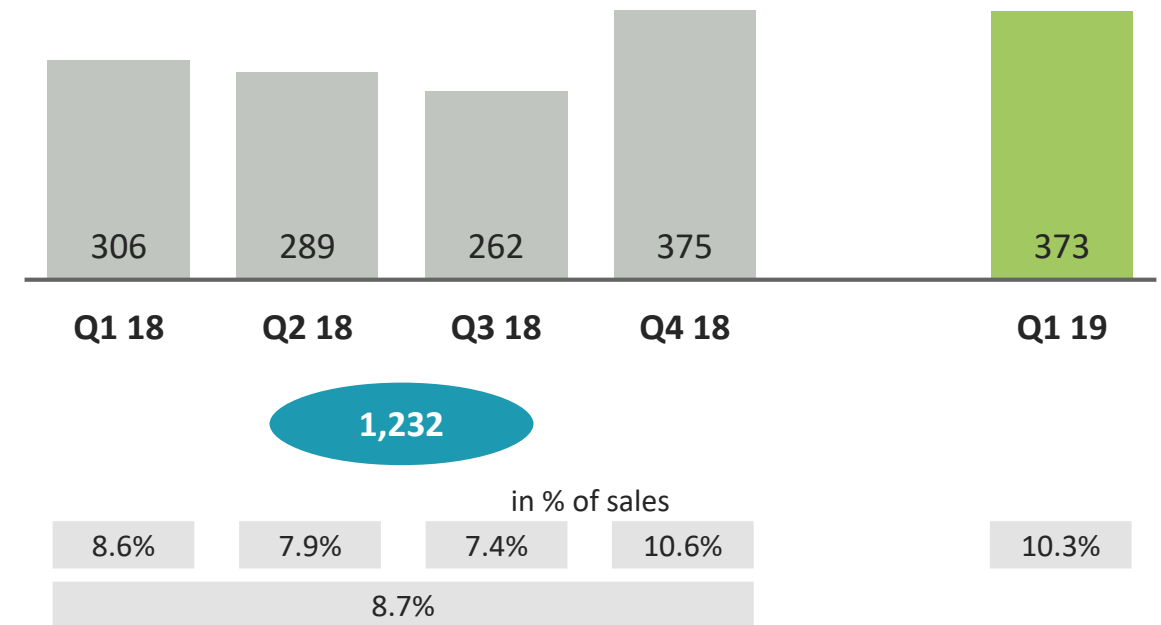
Working capital¹ | in EUR mn



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

² At December 31st, 2018, trade receivables with a carrying amount of EUR 166 mn (net of retained default risks had been sold under the ABCP program)

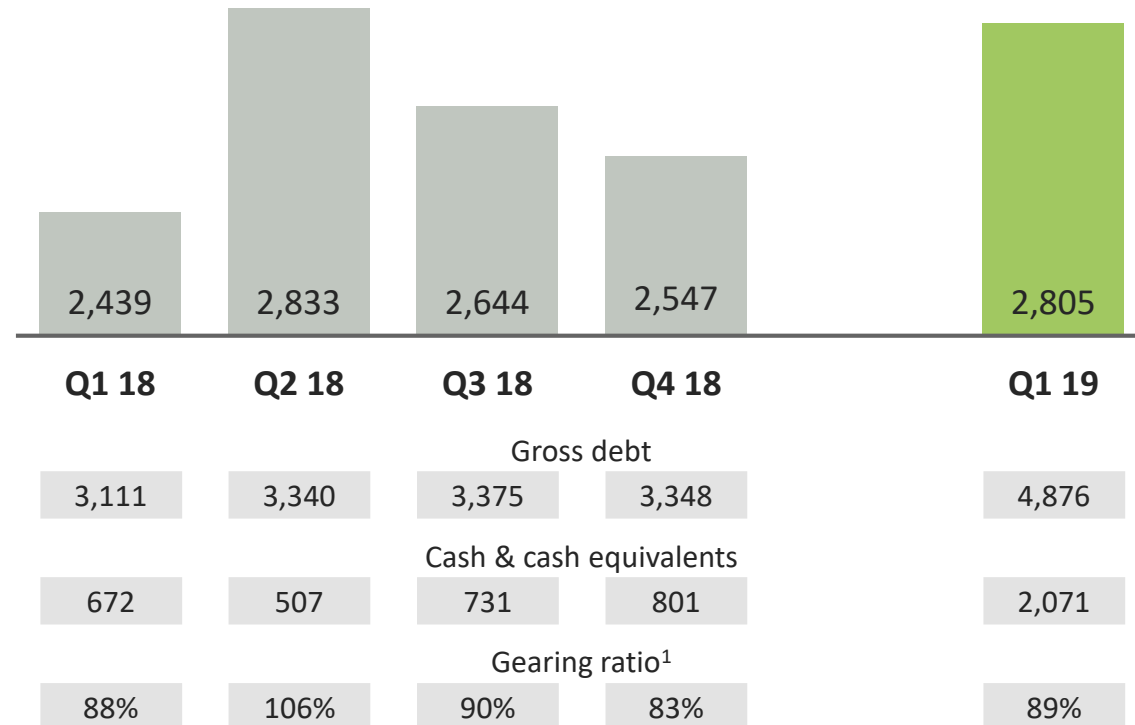
Capex³ | in EUR mn



³ Cash view

7 Net debt of EUR 2,805 mn – Gearing ratio¹ at 89%

Net financial debt and Gearing ratio | in EUR mn

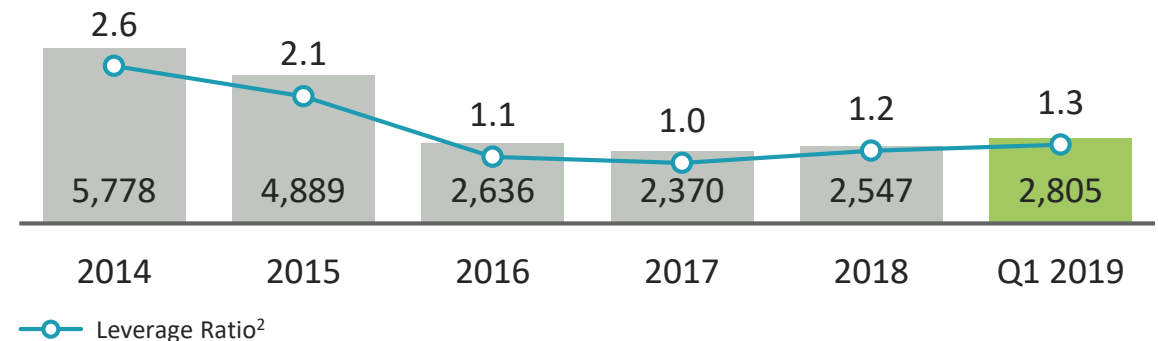


¹ Gearing ratio: Ratio of net financial debt to equity incl. non-controlling interests in %

Key aspects

- ▶ Net debt increased slightly to EUR 2,805 mn (FY'18: EUR 2,547 mn) due to seasonally negative FCF; Net leverage ratio² at 1.3x
- ▶ Successful placement of Investment Grade bonds to refinance existing indebtedness
- ▶ Early Repayment of the three Schaeffler Finance B.V. bonds scheduled for May 15, 2019

Net debt development | in EUR mn



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

Guidance 2019 confirmed on Group and divisional level

Group Guidance

	Actuals Q1 2019	Guidance FY 2019
Sales growth¹	+0.4%	1 - 3%
EBIT margin²	7.5%	8 - 9%
Free Cash Flow³	EUR -235 mn	~ EUR 400 mn

¹ FX-adjusted | ² Before special items³ Before cash in- and outflows for M&A activities

Divisional Guidance

Automotive OEM		Automotive Aftermarket		Industrial	
Actuals Q1 2019	Guidance FY 2019	Actuals Q1 2019	Guidance FY 2019	Actuals Q1 2019	Guidance FY 2019
-1.7%	1 - 3%	-1.1%	1 - 3%	+6.9%	1 - 3%
5.0%	6 - 7%	14.4%	15 - 16%	10.6%	10 - 11%

Market assumptions 2019

- ▶ Automotive OEM: Decrease of global passenger car production of around **minus 1%**
- ▶ Automotive Aftermarket: Slower growth in the global vehicle population and a nearly unchanged average vehicle age
- ▶ Industrial: Growth of industrial production of approximately 2% (Prior⁴: 2.6%)

⁴ At March 6th 2019

Conclusion & Outlook – Full focus on cost and capex discipline, cash generation and transformation

- 1 Q1 sales development impacted by subdued market conditions, better second half expected in the Automotive divisions, but visibility remains low

- 2 Automotive OEM: Program RACE on track, on top, additional measures to reduce production costs

- 3 Automotive Aftermarket: SG&A efficiency measures to compensate for headwinds

- 4 Industrial: Gross margin increased in Q1, program FIT to support earnings quality going forward

- 5 Capex budgets further reduced in non-strategic areas, hurdle rates tightened, stricter approval levels. Overhead cost discipline enforced across the board



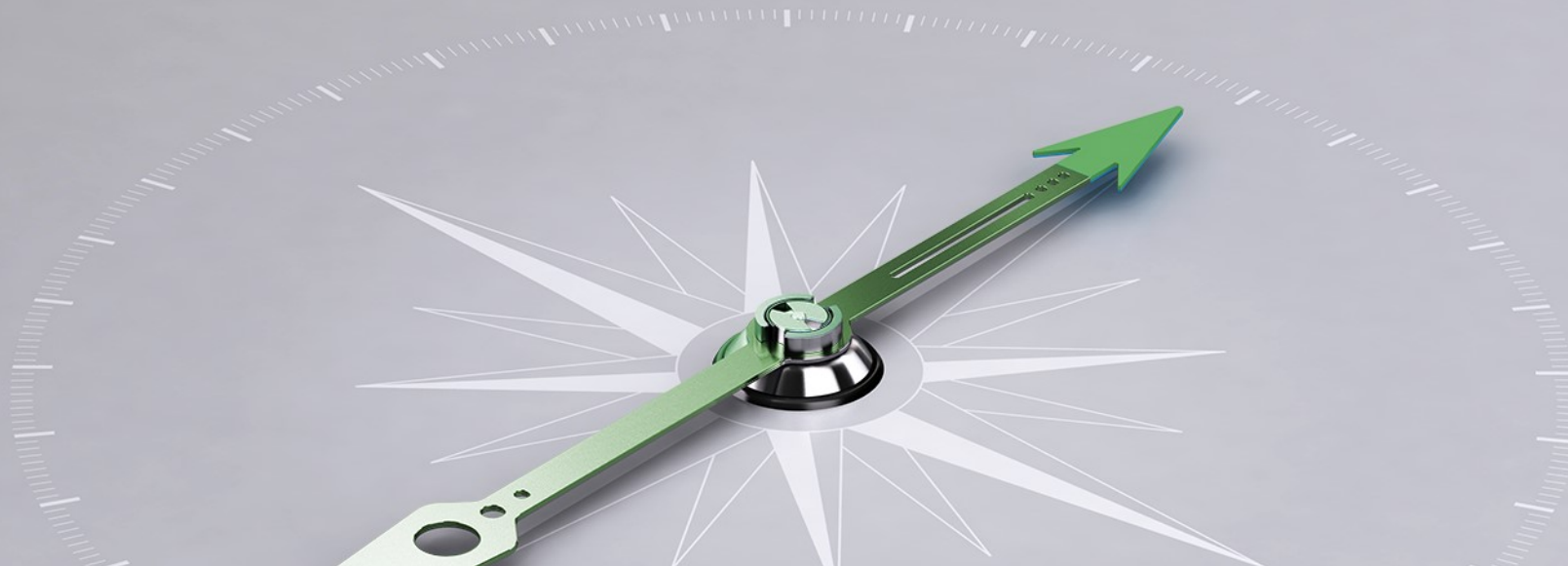
**Adapting execution
to a more complex
market environment**

Financial calendar 2019 – CMD 2019 moved to September 11th, 2019**Roadshows**

May 9 th	London
▼	
May 10 th	Frankfurt
▼	
May 16 th	Paris
▼	
May 23 rd	Toronto

Regular capital market communication

May 8 th	Q1 2019 Earnings Release
▼	
Aug 6 th	Q2 2019 Earnings Release
▼	
Sep 11 th	Capital Markets Day 2019, Deutsche Bank IAA Conference
▼	
Nov 5 th	Q3 2019 Earnings Release



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Key figures by Group and division

Group | in EUR mn

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Sales	3,551	3,642	3,521	3,527	3,622
Sales Growth ¹	+3.9%	+7.9%	+3.7%	+0.3%	+0.4%
EBIT Reported	391	382	376	205	230
EBIT bsi	391	404	355	231	272
EBIT bsi margin	11.0%	11.1%	10.1%	6.5%	7.5%

Automotive OEM | in EUR mn

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Sales	2,280	2,307	2,191	2,218	2,286
Sales Growth ¹	+3.2%	+6.5%	+3.2%	-4.2%	-1.7%
EBIT Reported	218	193	181	70	59
EBIT bsi	218	203	168	84	113
EBIT bsi margin	9.6%	8.8%	7.7%	3.8%	5.0%

¹ FX-adjustedAdjusted comparative
figures 2018

Automotive Aftermarket | in EUR mn

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Sales	447	480	476	459	441
Sales Growth ¹	-4.4%	+12.3%	-3.0%	+5.0%	-1.1%
EBIT Reported	81	96	88	76	64
EBIT bsi	81	96	85	76	64
EBIT bsi margin	18.1%	20.0%	17.9%	16.6%	14.4%

Industrial | in EUR mn

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Sales	824	855	854	850	895
Sales Growth ¹	+10.8%	+9.3%	+9.4%	+11.0%	+6.9%
EBIT Reported	92	93	107	59	108
EBIT bsi	92	105	102	71	95
EBIT bsi margin	11.2%	12.3%	11.9%	8.4%	10.6%

Automotive OEM Outperformance by quarters

FY 19 (YTD)
Outperformance: +5.0pp

Q1 19

	IHS ¹	Auto OEM ²	Outper- formance
World	-6.7%	-1.7%	+5.0pp
Americas	-2.7%	+12.4%	+15.1pp
Europe	-7.0%	-3.3%	+3.7pp
Greater China	-13.7%	-14.5%	-0.8pp
Asia/Pacific	-0.1%	+2.4%	+2.5pp

FY 18
Outperformance: +3.1pp

Q1 18

Q2 18

Q3 18

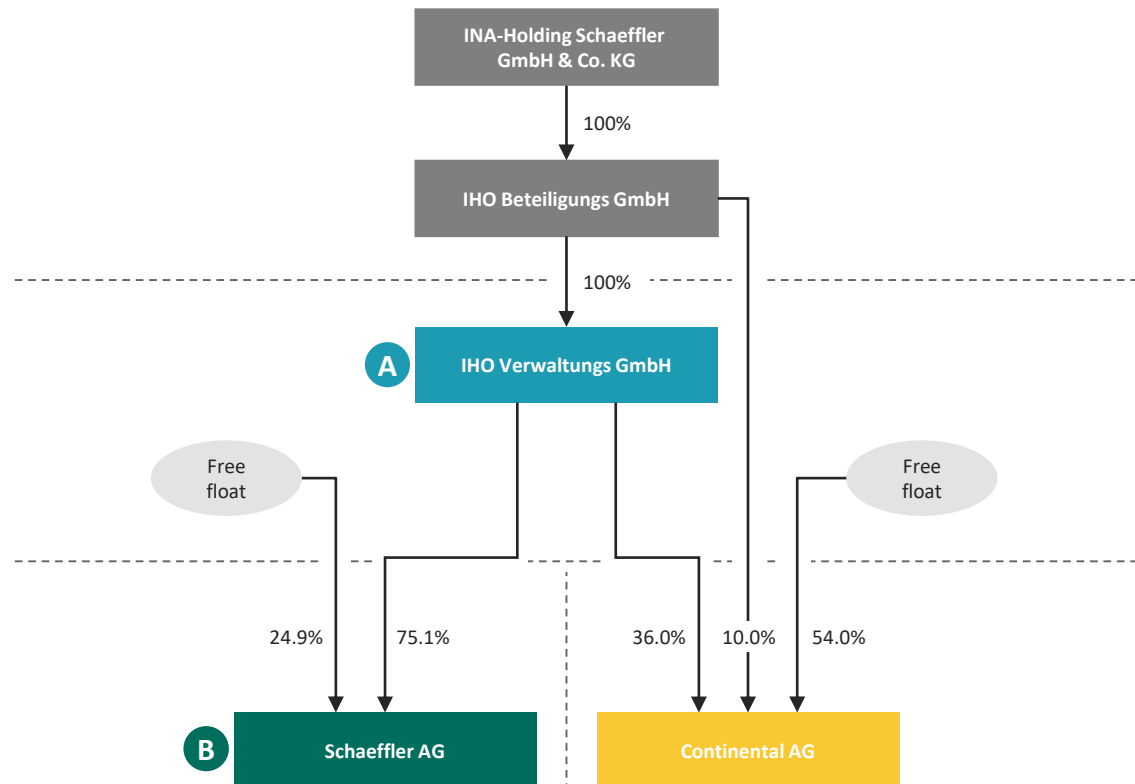
Q4 18

	IHS ¹	Auto OEM ²	Outper- formance		IHS ¹	Auto OEM ²	Outper- formance		IHS ¹	Auto OEM ²	Outper- formance		IHS ¹	Auto OEM ²	Outper- formance
World	-0.1%	+3.2%	+3.3pp		+4.7%	+6.5%	+1.8pp		-2.7%	+3.2%	+5.9pp		-5.6%	-4.2%	+1.4pp
Americas	-1.4%	+3.7%	+5.1pp		-0.7%	+3.7%	+4.4pp		+1.9%	+9.9%	+8.0pp		+1.0%	+5.1%	+4.1pp
Europe	+2.4%	+0.4%	-2.0pp		+6.6%	+4.6%	-2.0pp		-4.0%	+1.6%	+5.6pp		-6.7%	-2.7%	+4.0pp
Greater China	-1.6%	+12.4%	+14.0pp		+10.5%	+14.5%	+4.0pp		-4.5%	+2.5%	+7.0pp		-15.5%	-17.4%	-1.9pp
Asia/Pacific	-0.7%	+0.5%	+1.2pp		-0.4%	+7.6%	+8.0pp		-3.0%	-0.7%	+2.3pp		+8.0%	+2.1%	-5.9pp

¹ LVP Growth according to IHS Markit (April 2019) | ² FX-adjusted Sales Growth Automotive OEM division

Overview Corporate and Financing Structure

Corporate structure (simplified) | as of March 31, 2019



¹ EUR/USD = 1.1235 | ² After redemption of called bonds: 2.02%; incl. commitment and utilization fees

³ Bonds issued by Schaeffler Finance B.V., guaranteed by Schaeffler AG

⁴ Bonds have been called for redemption and will be redeemed in full on 15th May 2019

Financing structure | as of March 31, 2019

A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD mn)	Nominal (EUR ¹ mn)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	Term loan (EUR)	-	750	E+2.25%	Dec-22	Not rated
	RCF (EUR 250 mn)	-	8	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	437	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	437	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	437	4.75%	Sep-26	BB+/Ba1/BB+
Total IHO Verwaltungs GmbH			4,318	Ø 3.49% ²		

B Schaeffler AG

	Debt instrument	Nominal (USD mn)	Nominal (EUR ¹ mn)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	Term loan (EUR)	-	500	E+0.80%	Sep-23	Not rated
	RCF (EUR 1,500 mn)	-	-	E+0.50%	Sep-23	Not rated
	Investment Facility (EUR 250 mn)	-	184	E+1.00%	Dec-22	Not rated
Bonds	2.50% SNs 2020 (EUR) - SFBV ³	-	400	2.50%	May-20 ⁴	BBB-/Baa3/BBB-
	3.50% SNs 2022 (EUR) - SFBV ³	-	500	3.50%	May-22 ⁴	BBB-/Baa3/BBB-
	4.75% SNs 2023 (USD) - SFBV ³	600	534	4.75%	May-23 ⁴	BBB-/Baa3/BBB-
	1.125% SNs 2022 (EUR)	-	750	1.125%	Mar-22	BBB-/Baa3/BBB-
	1.875% SNs 2024 (EUR)	-	800	1.875%	Mar-24	BBB-/Baa3/BBB-
	3.25% SNs 2025 (EUR) - SFBV ³	-	600	3.25%	May-25	BBB-/Baa3/BBB-
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BBB-/Baa3/BBB-
Total Schaeffler Group			4,918	Ø 2.50% ²		