COMMENTED SLIDES / CONFERENCE CALL RESULTS FY 2019

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Results FY 2019 Schaeffler AG

Conference Call
March 10, 2020
Herzogenaurach

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Operator

Dear ladies and gentlemen, welcome to the full year 2019 results call of Schaeffler Group. Please note 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 an opportunity to ask questions.
At our customer's request, this conference will be recorded, and a replay will be available shortly after the call on the website.

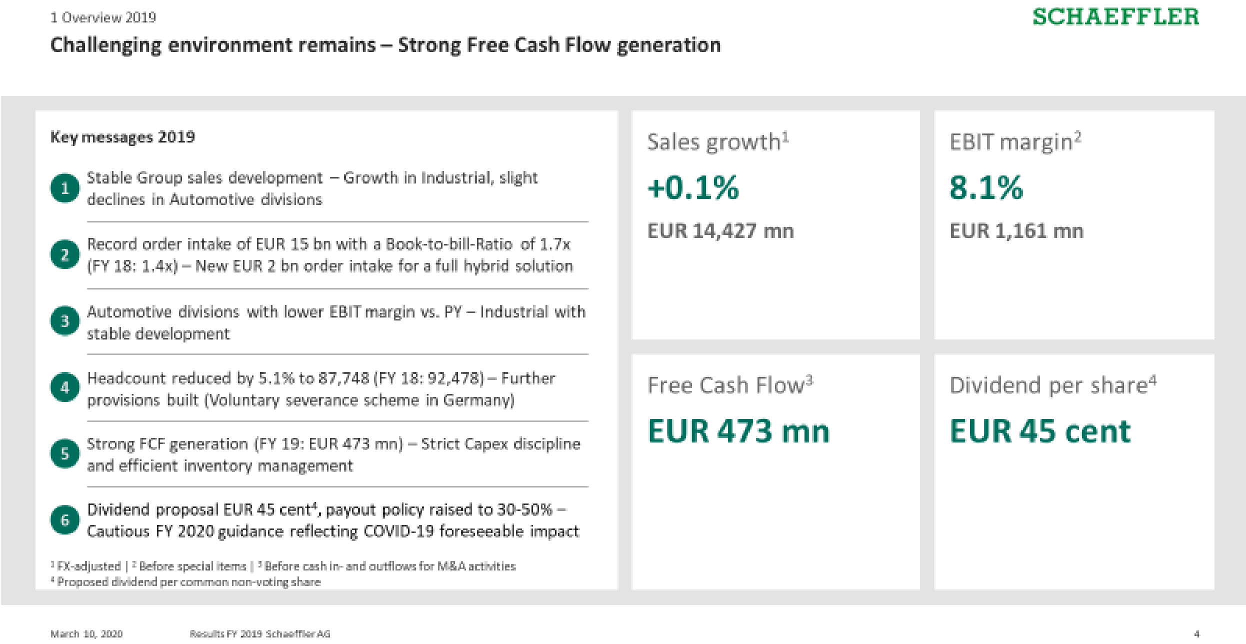
May I now hand you over to Renata Casaro, Head of IR, who will lead you through this conference. Please go ahead.

Renata Casaro

Thank you very much, operator. Dear Analysts, dear Investors, thank you very much for your time today. Mr. Rosenfeld, CEO of the Schaeffler Group and Mr. Heinrich, CFO, will lead you through the full-year 2019 results.
Please take a second to consider our disclaimer, because for sure our forward-looking statements also include a number of factors and uncertainties and there are also some of these which are beyond our control. Without further ado, I leave the floor to Mr. Rosenfeld. Klaus, the floor is yours.

Klaus Rosenfeld

Renata, thank you very much. Ladies and gentlemen, thanks for joining the Schaeffler call this afternoon. I think we've all seen a pretty tough environment in the last couple of days and the more it's appreciated that you join us for our presentation of the full-year results. You have a presentation in front of you and as usual I will split the presentation with Dietmar.



Let me start on Page 4 immediately with the key messages. I think we can say as Schaeffler Group, we have in a challenging environment delivered a very acceptable result with stable sales in 2019 on an FX-adjusted basis, a margin slightly above the upper end of our guidance for 2019 with 8.1%. And we are in particular confident and happy about the strong free cash flow generation, I think, EUR 473 million is a statement in itself, and it gives us confidence going forward. The growth has been bifurcated between Automotive divisions and Industrial, slight decline in the Automotive divisions, but the solid growth in Industrial shows again how important it is to be an automotive and industrial supplier at this time.

On Automotive, that's my second key message. I think we are blessed with a record order intake of EUR 15 billion, what is around 20% increase to the previous year. A book-to-bill ratio of 1.7x after 1.4x last year, also that speaks for itself. Together with the strong outperformance quarter-by-quarter that Dietmar will explain during the call, I think that shows that we have made great progress in particular, in our E-Mobility, but also in the Chassis area.
And apart from the EUR 2 billion order intake for our full hybrid solution from a preferred German customer, I can say we're also happy that this order intake is well balanced across our businesses. We believe that it's not only E-Mobility and the success in that direction that will drive us forward, but our more balanced view on the variety of powertrain solutions that will pay off based on our 30-40-30 scenario.

Clearly, we've seen that the Automotive divisions are lower in terms of EBIT margin. I think in this difficult environment, we have been able to defend the floor of our guidance for 2019, in particular, in the Automotive OEM division. And when you see later, what happened in the fourth quarter in terms of gross profit, I think you see from that, that all our activities in terms of flexing our cost base have paid off in the fourth quarter. And Industrial with the 10.5% has demonstrated that it's back on track after the many years of restructuring.

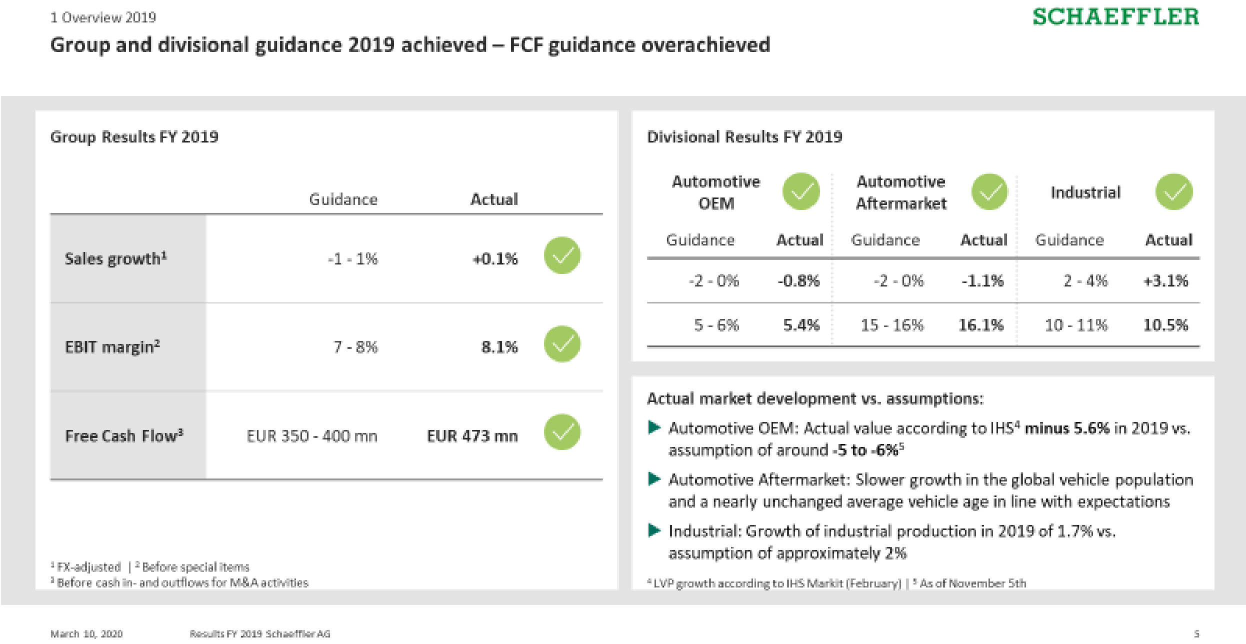
Let me come to number four. Everyone talks these days about cost discipline and headcount reduction. I think you'll see from these numbers that we are not only talking about things, we're executing what we promise. We have around 4,700 people less on board by end of the year 2019 compared to the previous year-end '18. That is a function of the various efficiency programs we have put in place in the last years. I've always said that I'm not a believer in big bangs, I rather believe in small, well-tuned and well-executed steps, and you now see that this strategy has started to pay off. And I think that will also help us going forward because not all the effects are already in the 2019 numbers.
On top of this, we have, as you noted from this release, agreed with our workers council within the company another voluntary severance scheme in Germany with around 1,300 positions to be reduced. That is also the reason why the one-off effects in the fourth quarter have increased because we have already built the necessary provisions for this program. They also explain - Dietmar will explain that in more detail - the drop of our net income. But this is another sign that continuous improvement is what counts, and we are ready, as we always said, to adjust when necessary.

So as I said, in the point 3, ladies and gentlemen, it's not only that flex works, but also self-help started to work, and it immediately leads to the fifth point, strong free cash flow generation. I'm proud to say that the EUR 473 million is a number that is clearly above the guidance, and it's a result of the strict CapEx discipline and also the efficient inventory management that we have shown during the year 2019. And if you look at the free cash flow number, and you all know that Schaeffler is a company that has a rather above-average free cash flow conversion ratio. If you look into our annual report that was published today, you see a free cash flow conversion ratio of 22.4% after 17.4% in the year before.
That's a 5%-pts. increase, and I think that is a statement in itself also compared to our peers. If you go later on into the pages that Dietmar will explain, you see that this free cash flow number still contains some one-offs that are not adjusted for that come from extraordinary investments like AKO or restructuring payments. It

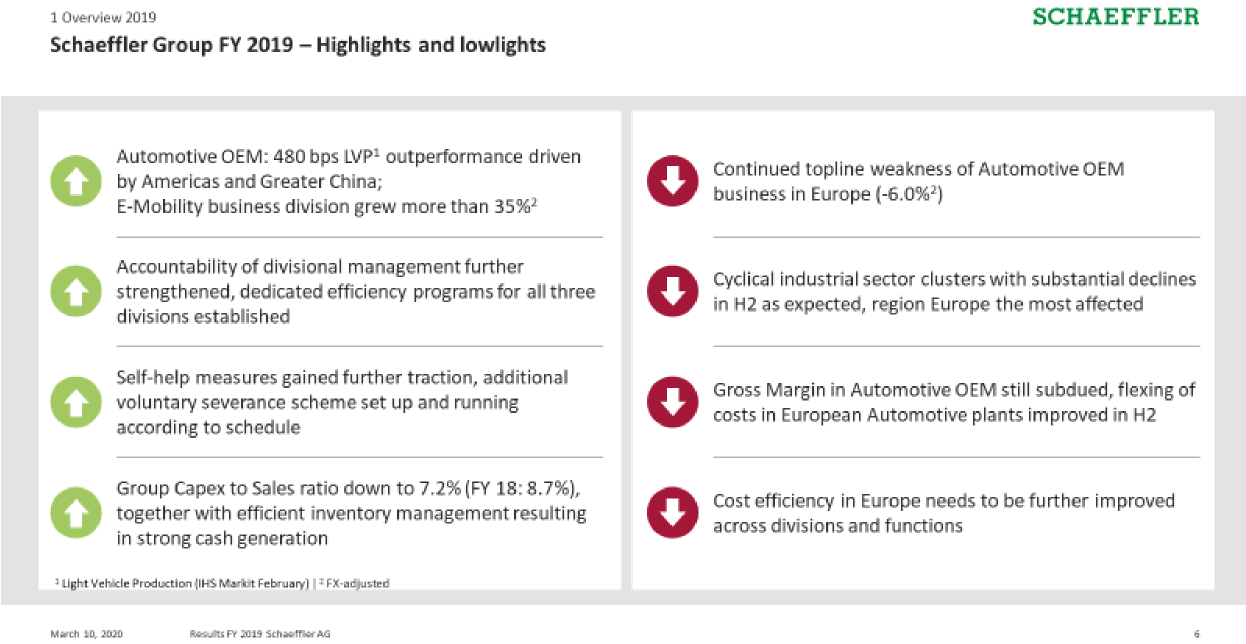
shows that the quality of the free cash flow number is even higher than the EUR 473 million indicates.

That's also - and that goes to point number 6, why we decided to pay and propose to the Annual General Meeting in April a dividend of EUR 0.45. That leads to a payout ratio of 43%, and that's slightly above what we told you before 30% to 40% as the range. We decided to slightly increase the range to 30% to 50% going forward, and I think that shows that we are consistent with our payout and dividend policy. And we also want to send a signal here of stability and continuity because of the solid free cash flow development in 2019. And you see from the guidance that we are also clearly committed to deliver a similar number, EUR 300 million to EUR 400 million in the year 2020, despite the cautious guidance and despite the fact that we are dealing with an unprecedented risk like the coronavirus that has clearly put also us in a new situation.

Let me quickly comment, before I go through the following pages, on the guidance. If you look in the annual report and go to page number 176, you find a line in the KPMG audit opinion that confirms what I just now explained. We closed the accounts on the 18th of February, but then decided to update our guidance as of the 5th of March. So the guidance that you have, ladies and gentlemen, is the most accurate guidance we can give, incorporating all the foreseeable, and let me stress the foreseeable, impact from corona. It's cautious, but it's there to frame the year that is in front of us. I can already say, here, we are fully committed to deliver on that guidance rather to the midpoint than to the low end. In these days, it's important that we show, in particular, execution, strength and credibility in terms of execution.



Let me go from there, from these 6 key messages now to Page 5, that shows the group and divisional guidance for 2019. I think I've already explained that, and these numbers are there for you to digest. Six green arrows show that we are on track in '19.



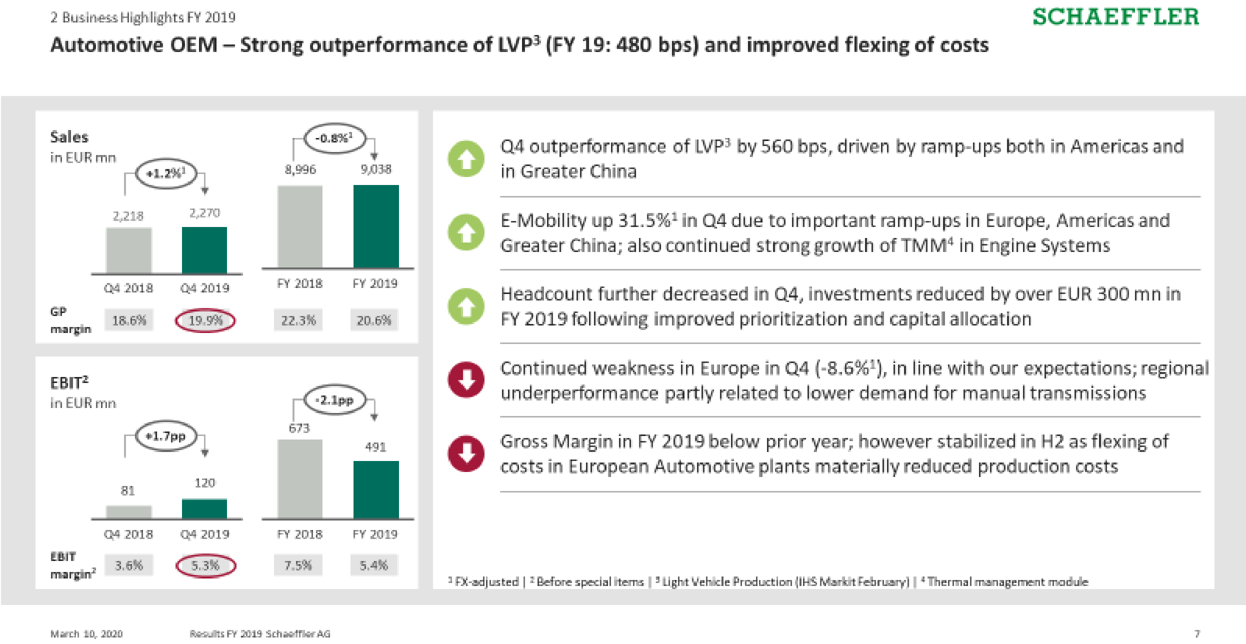
Page 6, highlights and lowlights. I think I mentioned most of them. On the positive side, nearly 500 basis points or 480 basis points outperformance driven by the Americas and Greater China. Look at the impressive numbers later on that Dietmar is going to explain the fourth quarter. And to add to that, E-Mobility business division growing by more than 35% is also a statement in itself.

Second is very important going forward, we have as you know finalized our divisionalization projects. The divisional management teams have received more accountability. Accountability across the whole group has further strengthened and you also see that by the additional efficiency programs RACE, FIT and GRIP. We had put in place beginning of the year 2019, even a little bit earlier, but they are now all incorporated into the divisional steering models.

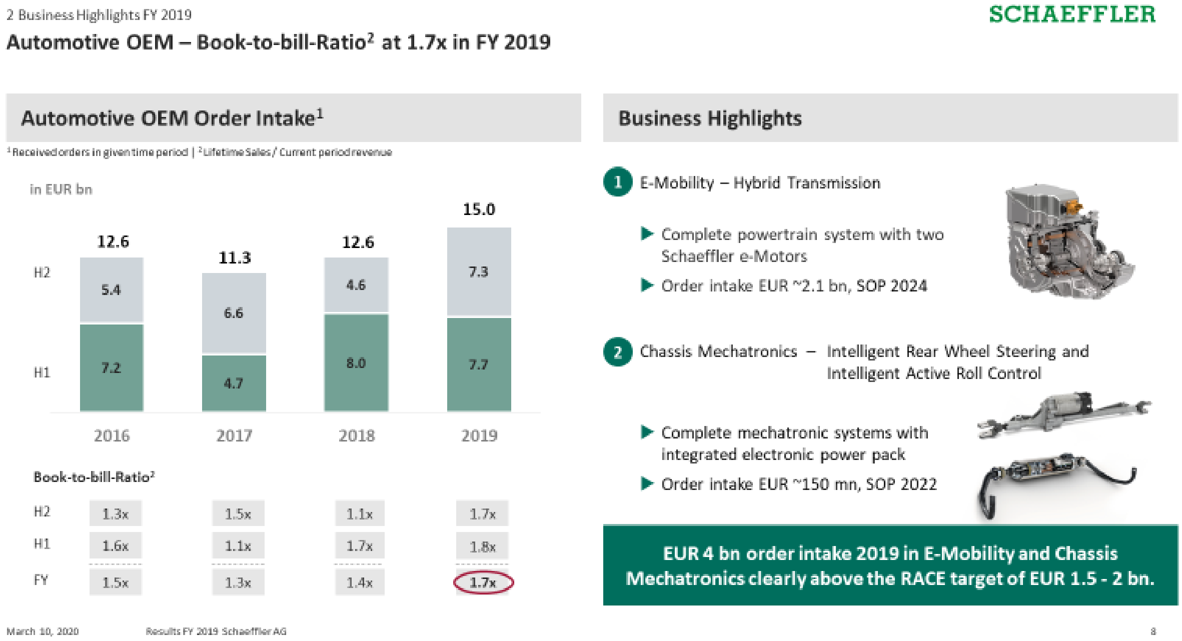
I already talked about self-help, the measures have gained further traction and the fact that there is an additional voluntary scheme that has been set up by end of November is a positive going forward, it will help us to mitigate the corona impact. And I can already say by end of February all schemes are running according to schedule with the adequate provisions being booked already in the 2019.

Account group's CapEx to sales down to 7.2%, so historically, now in the mid point where we have always been somewhere between 6% and 8% together with efficient inventory management is another proof that we are on track.

Automotive OEM in Europe continues with a weak top-line. That is something we need to watch out for.
Clearly we have seen that the industrial sectors started very well into the year, but in the second half it became a little bit more difficult. Also here region Europe is the most effected and we do believe that that's the third point that in Automotive OEM, we still need to catch up with our gross profit margin and the fact that the flexing work well in the European Automotive plants gives us some assurance in that respect.
All in all, I can say cost efficiency in Europe needs to be further improved across divisions and functions. And as I said, we are determined to put in additional measures if necessary.



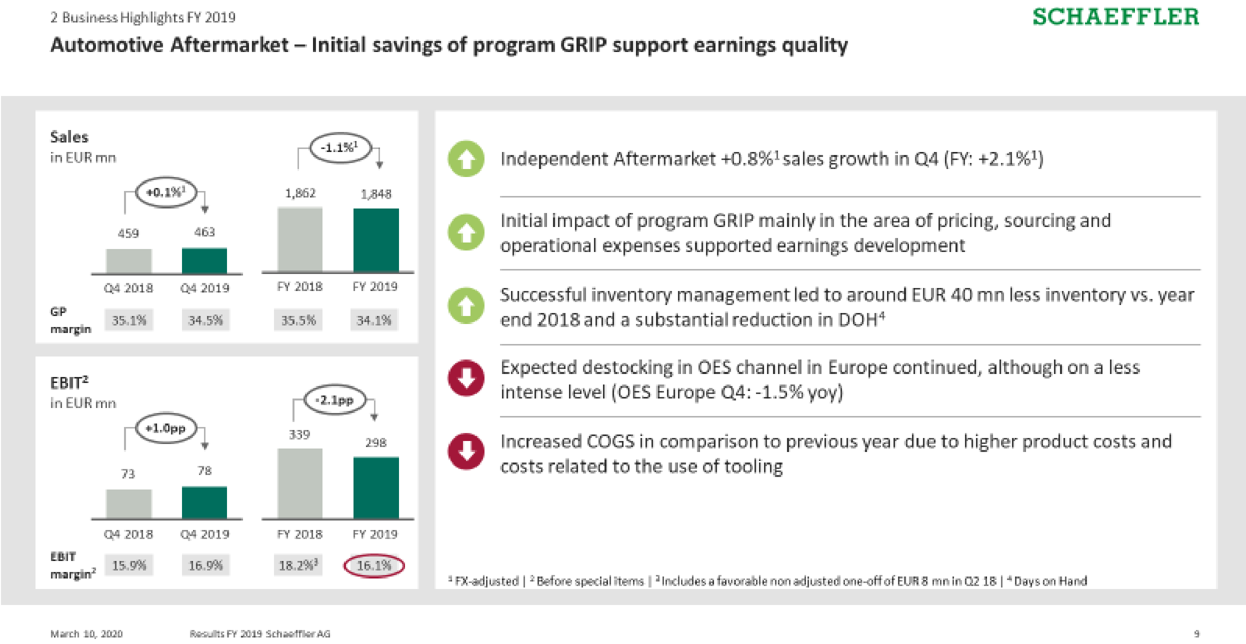
Page 7, I think, I can cut short, you see here most of the things that I mentioned before, and also the numbers.



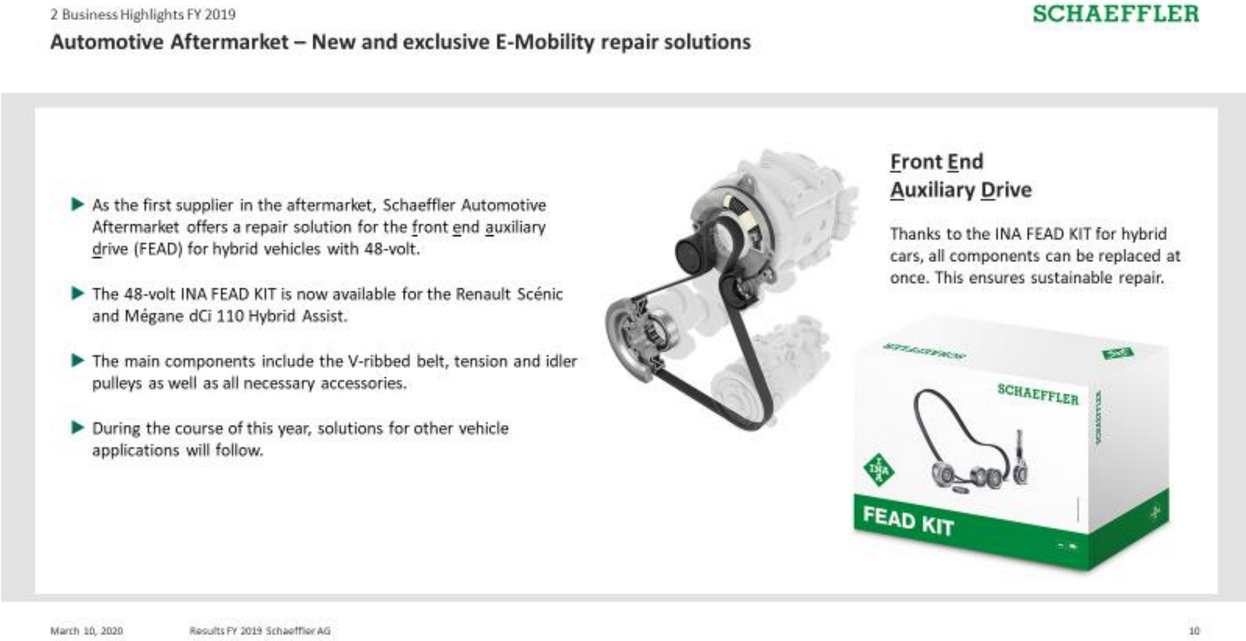
Let me jump immediately to the next page, Page 8. Here you have the news on the order intake EUR 15 billion, a strong second half with EUR 7.3 billion order intake. In the second half a prestigious order in the E-Mobility space in the range of EUR 2.1 billion. We have worked for this order since many, many months. It's a complete powertrain system with two Schaeffler e-Motors for one of our most important customers in Germany. We displayed this also at the IAA in Frankfurt, and we are very proud that with this order we can show all our strengths in the E-Mobility area combining innovation, combining highest quality, combining a strong system understanding and also our manufacturing excellence.

Second, we, as you know with the acquisition of the Paravan Technology and with our strengths in chassis, are building the chassis mechatronics area. And here I'm proud to say that we have gained a first order for something that is very innovative, an intelligent rear wheel steering system. A smaller order intake, but a first important order to pave the way for more growth in that area. We promised EUR 1.5 billion to EUR 2 billion order intake under RACE, we delivered four in 2019, I think that speaks for itself and I can say Dietmar at the moment we're getting more requests than ever, so we need to be more selective and need to decide what are we going to take on board and what not.

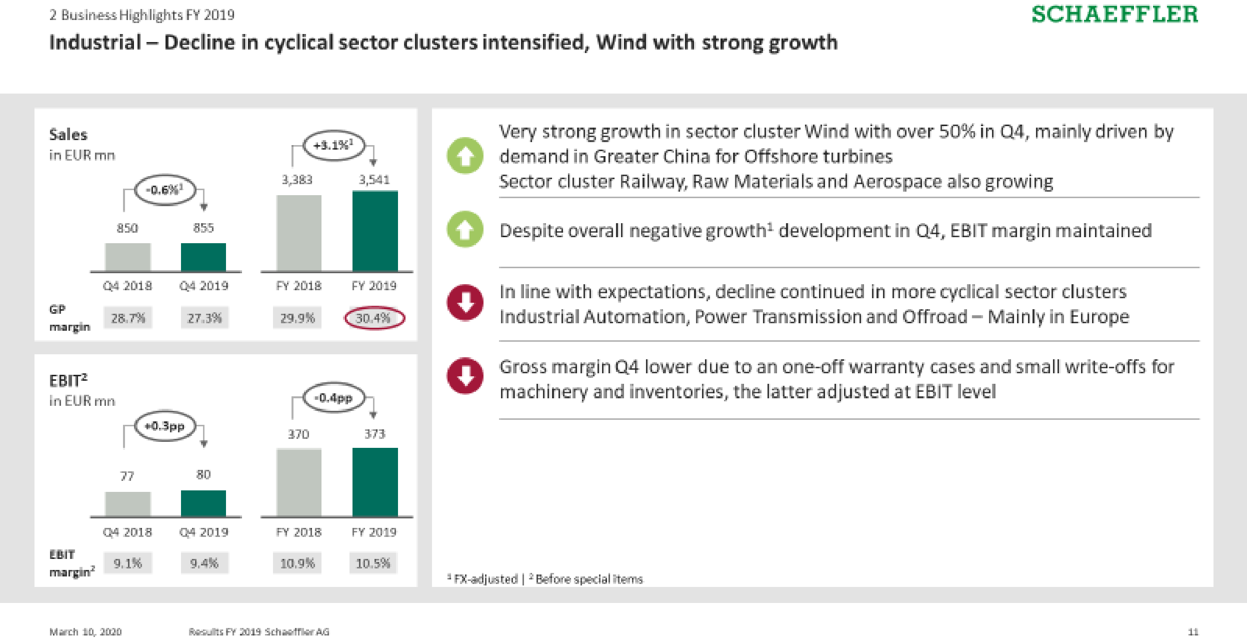
I would also like to emphasize that also in the traditional business, in particular Engine, the order intake is strong. So the strategy that I already mentioned with our 30-40-30 scenario pays off, it's good to be balanced and not to put all eggs into one basket.



Aftermarket, I think the storyline here is we see 16.1% and 16.9% EBIT margin in the fourth quarter. We are slightly above the guidance. I know that some of you are concerned about our margin guidance for Aftermarket, I will talk about this later on. We are still in the process of digesting the AKO investment. That still continues to be implemented. And we also see some headwinds from the product cost side that also hit our margin in 2020. But we are well on track when it comes to our independent Aftermarket. We also see that there are initial savings of program GRIP that support the earnings quality in the 2-digit area and also inventory management has worked well. However, the market is not easy these days. There is, on the one hand in the OES channels, a level of destocking that we're going to need to digest. And I already mentioned that the product cost increases and also the cost related to tooling need to be digested.

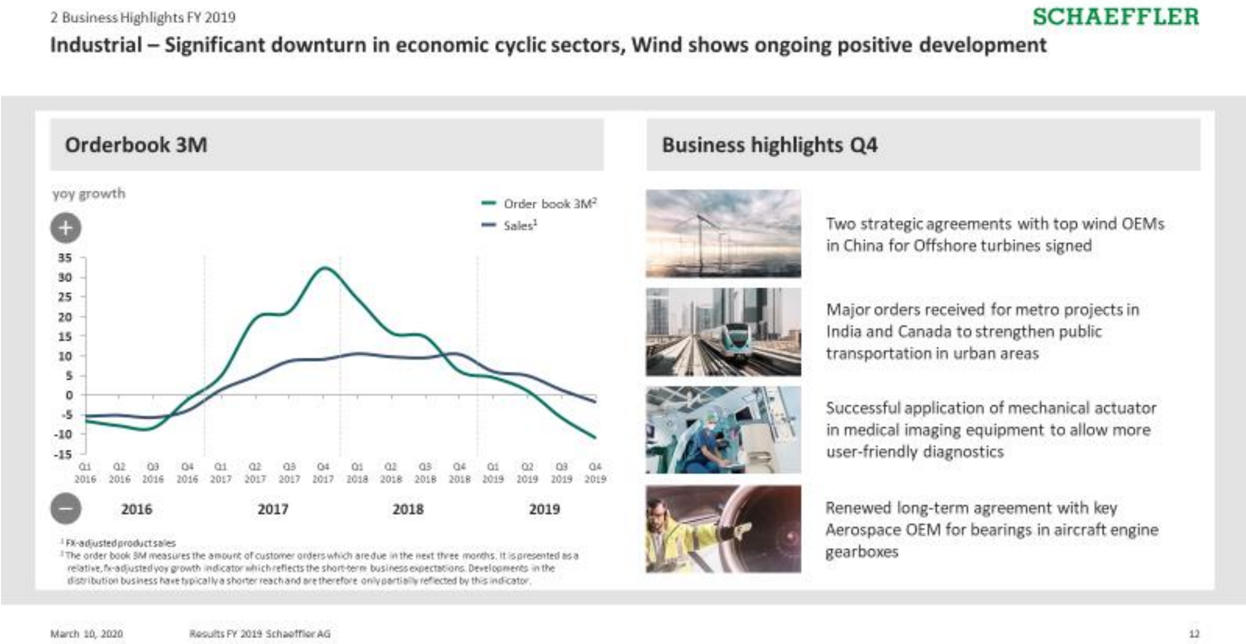


E-Mobility, ladies and gentlemen, please follow me to 10, Page 10 is not only an issue in the original equipment manufacturing part of our business, but also growing importance in the Aftermarket. I just want to show here on this page without too much detail, a new and innovative E-Mobility repair solution. We are the first supplier in the aftermarket that offers a repair solution for a front end auxiliary drive called FEAD for hybrid vehicles with 48-volt. It is a solution that is available in two cars from a French OEM, the Renault Scenic and Megane.
And the main components here includes parts as well as the necessary accessories. This type of concept that is a typical Schaeffler Kit will during the course of the year be rolled out for other vehicle applications and we're quite confident that we have a competitive edge with this solution in the growing E-Mobility aftermarket space.



Let's go to 11. Also here, I think I already mentioned some of the messages. Certainly a better first half than the second half in Industrial. And also a mix in terms of the sector, some of the more cyclical sectors declining, while some of the sectors that we are very good at are growing stronger than expected. Very strong growth in the sector cluster Wind, mainly driven by demand from China in offshore, but also in railway, raw materials and aerospace, good growth. So I think we are very well positioned for these opportunities.

Gross margin in Q4, a little lower than we wanted. There's a one-off warranty case in there and some smaller write-offs as a result of our capital discipline projects for machinery and inventories, some of which are adjusted at EBIT level. But clearly, an ongoing commitment to drive forward and further improve our profitability. Dietmar is going to talk about this. In particular, when it comes to pricing, we have seen some good positive development in the year 2019.



12 gives you a little bit of a sense of what's going on. I already explained the business highlights without going into much more detail, let me say that also the innovation in the industrial area will play an important role going forward. Unfortunately, the Hannover Fair has been canceled, but we'll find other ways to show the innovative products in particular in Robotics, but also in the whole services area at another occasion.

In terms of order book, yes the order book is slightly weaker and was weaker at the end of the year than at the beginning of the year. So far we have not seen any bigger order withdrawals. So, let's see how this turns around, and when the order book curve cuts the sales from the low end that's normally a good indicator when our business turns around.

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Capital discipline – Goal of Capex ratio below 8% overachieved

Investment[1] allocation | in EUR mn

	FY 17	FY 18	Q4 18	Q4 19	FY 19
Automotive OEM	1,006	1,049	353	124	702
Automotive Aftermarket	33	56	42	31	68
Industrial	248	170	74	46	163
Schaeffler Group	**1,287**	**1,275**	**469**	**201**	**933**
Capex	1,273	1,232	376	222	1,045
Capex ratio[2]	9.1%	8.7%	10.6%	6.2%	7.2%

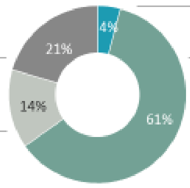
[1] Additions to intangible assets and property, plant and equipment | [2] Capex in % of sales

Key aspects

- Capex ratio[2] FY 19 (7.2%) well below the goal of "< 8%"
- Special target for Short Term Bonus achieved – No "hockey stick" in 2019
- Continued commitment to capital discipline going forward – For 2020 Capex of EUR ~1 bn implying a Capex ratio[2] of less than 7%

Capex by region FY 2019
in EUR mn (yoy change)

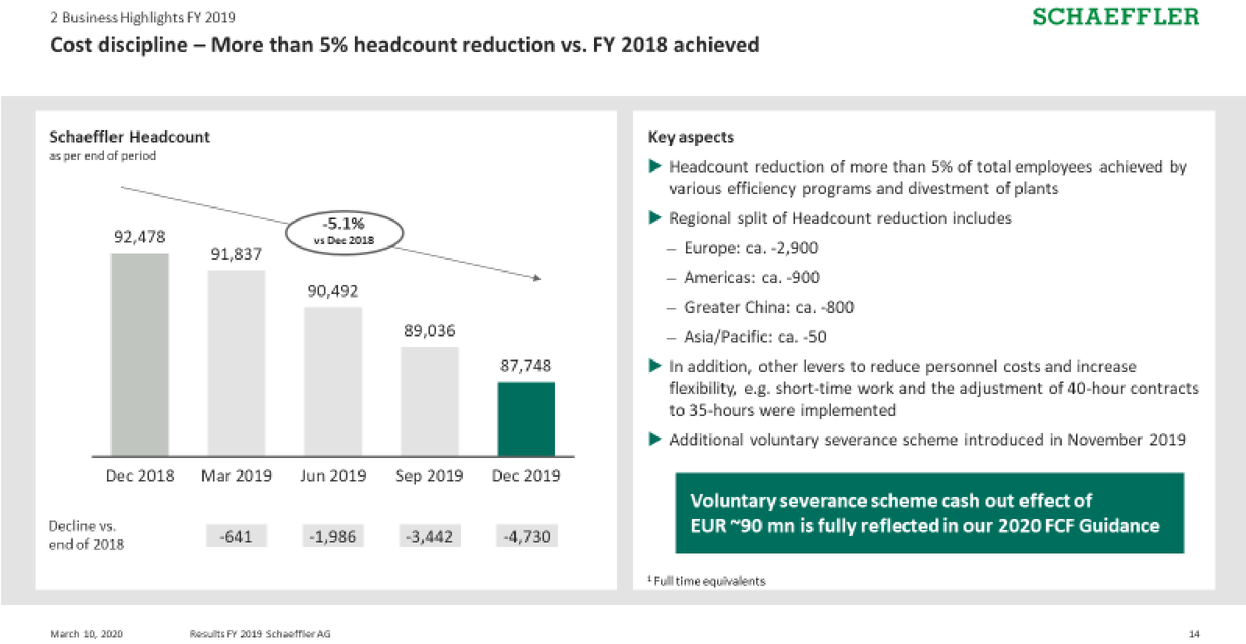
Greater China **214** (-91)
Americas **150** (-9)
44 (-17) Asia/Pacific
637 (-70) Europe



Let me go to Page 13, and that's one of my favorite pages, that's on the capital discipline. I already said that our goal of a CapEx ratio below 8% is overachieved. The 7.2% for the year is a good average. And if you look at Q4 19, you see even a more comfortable number with 6.2%. I don't have to say more. I think all of this shows that we have been successful in avoiding a hockey stick. And clearly, the special target imposed on the management team helped here to drive the organization into that direction.

Let me also highlight one other observation on this page. If you compare the numbers for investment or additions to intangible assets, property, plant and equipment for the full year 2019, you see for the Schaeffler Group EUR 933 million after EUR 1.275 billion in 2018. And the CapEx numbers, and these are the numbers that are related to cash flow, are showing a delta of more than EUR 100 million for 2019 in the one direction and a slight delta in 2018. In the other direction, what this tells you is that we are, at the moment, getting less additions to our balance sheet than in the previous year, and we're still walking through the CapEx spend that was triggered in the past. So the EUR 933 million, Dietmar, gives us a little bit of additional comfort that the cash payout in the year 2020 will even come down further.

The CapEx is balanced, as you know. And while we all are very concerned about coronavirus, I can say that in some of our factories in China, people are pressing for more investment, in particular when it comes to the large Wind demand that we are seeing even despite the crisis. So you can be rest assured here, we will continue to be very committed to capital discipline. For 2020, CapEx should be somewhere around EUR 1 billion, maybe even a little bit lower, implying a CapEx ratio of less than 7%. And you all remember from our Capital Markets Day last year that we are steering towards a reinvestment ratio that is below 1 and to rebalance the overspend in the last years. Without starving, EUR 1 billion investment is still a lot. If you spend it wisely, it can make a big difference.



Let me go to the second, in my part of the equation, cost discipline, Page 14, before I hand over to Dietmar. I already mentioned the key headline numbers. 5% headcount reduction versus 2018, I think it's a good achievement. It comes out of the various efficiency programs and also the divestments of plants. I'm proud to say that it's not only the U.K. plants, but 3 plants in Germany that we have now divested through intelligent transactions, either selling to the management team or selling to a partner. So you can do these kinds of things without extra stress with employee representatives if you do it in a consistent and fair and equal manner.

What is also important here in terms of headcount, not only the reduction, but also the fact that we have increased and used increasingly flexibility measures, short-term work, the adjustment of 40-hour contract to 35 hours. Also not easy, but all of that will help us also to master the challenges ahead of us when it comes to the corona crisis.

And last but not least, I mentioned the voluntary severance scheme. Let me also point out here very clearly that the cash out impact from the provisions that we have built is fully reflected in our 2020 free cash flow guidance, and we are seeing at the moment that the program is well accepted and running according to schedule. So it will help us in terms of profitability, with the cash flow effects being included in the guidance.

I think, once again, all of this tells you, 2019 has been a year of execution. It has been extremely hard work for the management team, and I think we are, with this experience, very well prepared now for the challenges ahead of us.

With that, I hand over to Dietmar. And already, thank you here for your attention.

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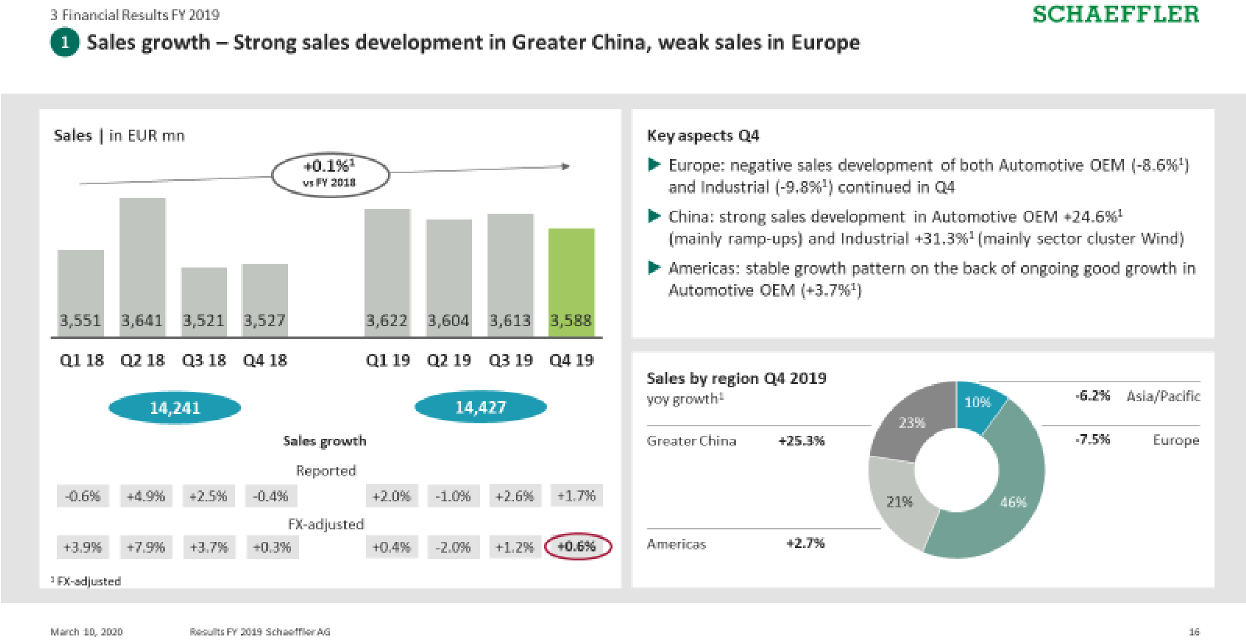
Key figures Q4 and FY 2019

in EUR mn		Q4 2018	Q4 2019	Q4 2019 vs. Q4 2018	FY 2018	FY 2019	FY 2019 vs. FY 2018
Sales	1	3,527	3,588	+1.7% +0.6%[1]	14,241	14,427	+1.3% +0.1%[1]
Gross Profit *Gross Margin*	2	816 *23.1%*	844 *23.5%*	+28 mn +0.4pp	3,683 *25.9%*	3,574 *24.8%*	-109 mn -1.1pp
EBIT[2] *EBIT Margin[2]*	3	231 *6.5%*	279 *7.8%*	+48 mn *+1.3pp*	1,381 *9.7%*	1,161 *8.1%*	-220 mn *-1.6pp*
Net income[3]	4	119	-56	-175 mn	881	428	-453 mn
EPS[4] (in EUR)		0.18	-0.08	-0.26	1.33	0.65	-0.68
Schaeffler Value Added[5]	4	557	284	-273 mn	557	284	-273 mn
ROCE[6]		16.7%	13.2%	-3.5pp	16.7%	13.2%	-3.5pp
Free Cash Flow[7]	5	257	340	+83 mn	384	473	+89 mn
Capex	6	376	222	-154 mn	1,232	1,045	-187 mn
Net financial debt	7	2,547	2,526	-21 mn	2,547	2,526	-21 mn
Gearing ratio[8]		83.2%	86.6%	+3.4pp	83.2%	86.6%	+3.4pp
Headcount		92,478	87,748	-5.1%	92,478	87,748	-5.1%

[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

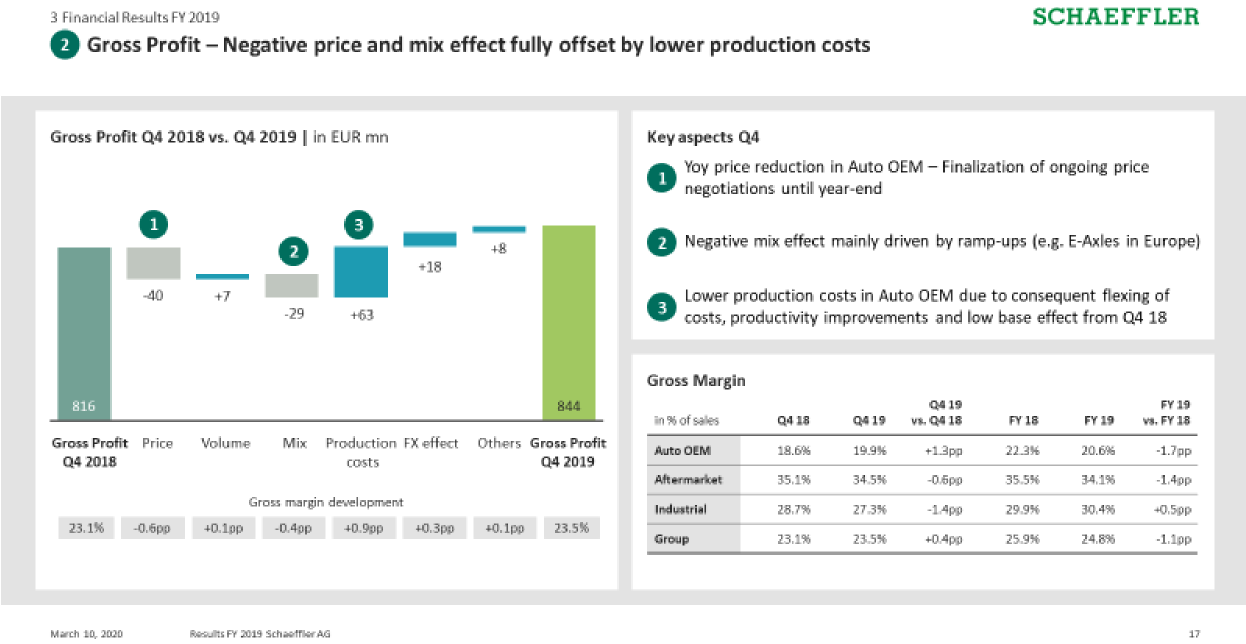
Dietmar Heinrich

Okay. So thank you very much, and welcome all to everybody from my side.



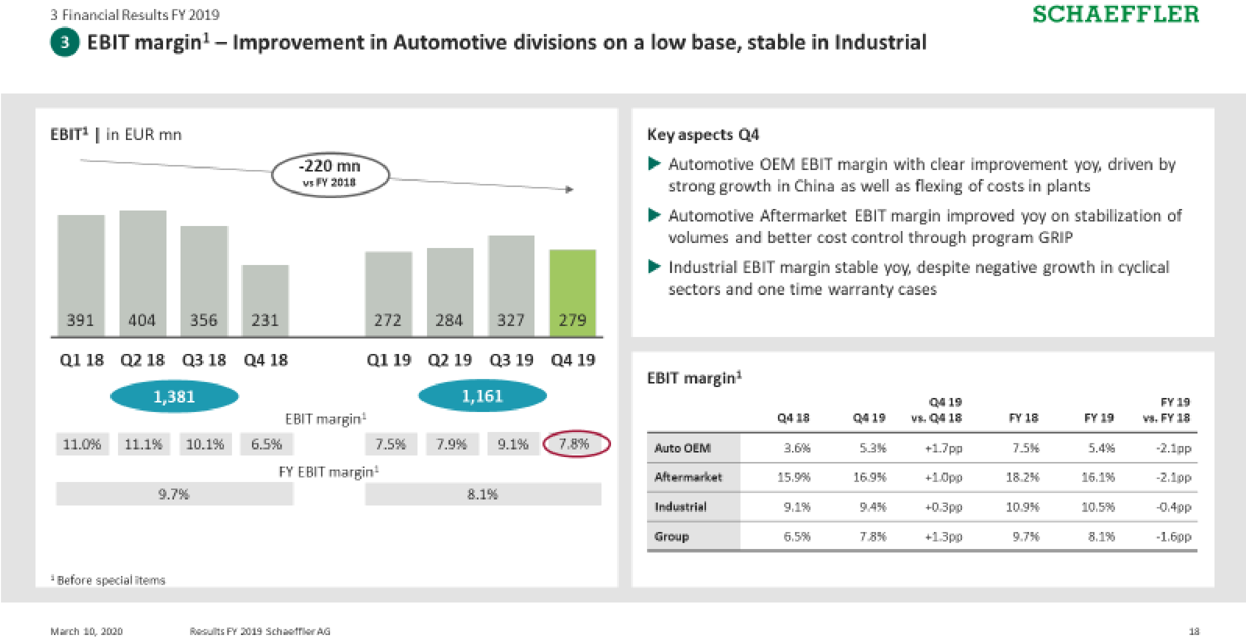
I would like to skip Page 15 and go directly to Page 16 to provide you some more insight with regard to the sales development. As you can see on the lower left side, in Q4, we realized a growth of 0.6 percent, FX-adjusted rate. And when we look to the right side, you could see that especially the region Greater China with a growth of 25% contributed. And this being supported on one side from Automotive OEM, but also from the Industrial side.

On the negative side, we had a sales decline of 7.5% in Europe being caused, basically, almost equally by Automotive OEM and Industrial, in a similar way, between 9% and 10% decline.



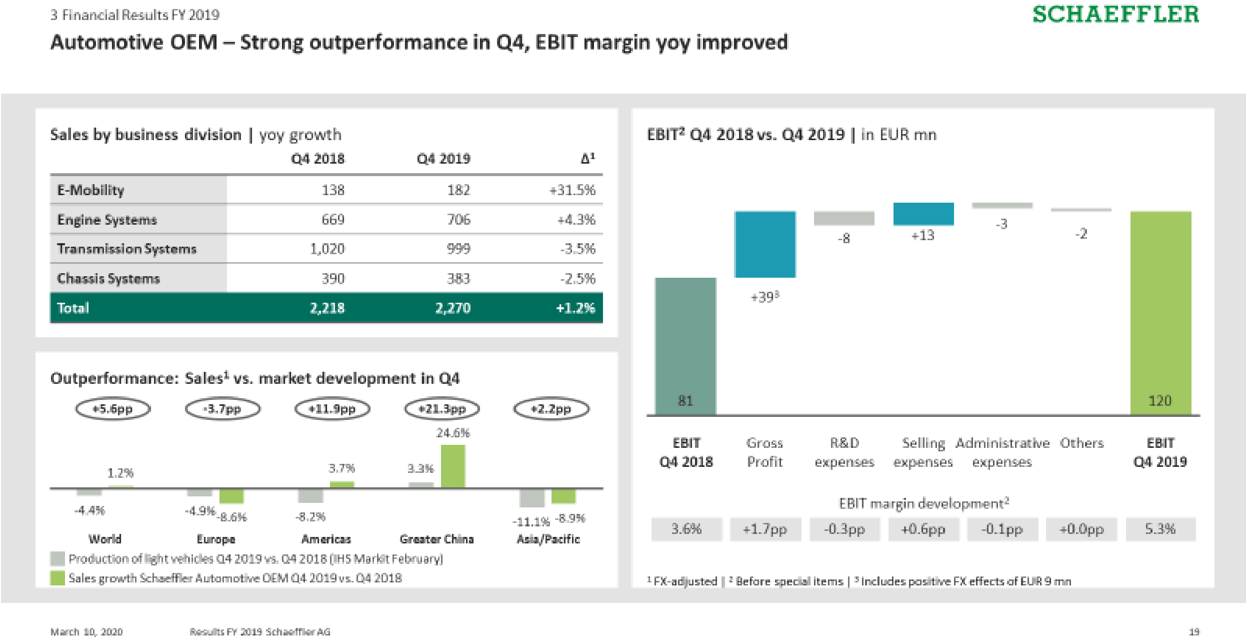
When we then move on to Page 17, you can see what Klaus already indicated that our profit development in fourth quarter was also on a good way. You can see that the gross profit development especially improved with a level of 23.5% slightly compared to the fourth quarter of last year. And main driver on the negative side was price and mix. And on the other side, positive impact being generated by the fact that we gained significantly momentum with - what we introduced during the Capital Markets Day - flexing the cost in the factories and this worked especially well in the automotive sectors in the fourth quarter. So overall, we had a compensation, a very positive impact coming from improvement in production costs.

And that's also what we see on the right side, the lower part of the chart that actually Automotive OEM improved their gross profit by 1.3 percentage points. And at the same time, Industrial could not yet manage to get up to this level of efficiency in adjusting to its fluctuating volumes. So we had a decline, actually, I do recall by 1.4 percentage points on the Industrial side.



	Q4 18	Q4 19	Q4 19 vs. Q4 18	FY 18	FY 19	FY 19 vs. FY 18
Auto OEM	3.6%	5.3%	+1.7pp	7.5%	5.4%	-2.1pp
Aftermarket	15.9%	16.9%	+1.0pp	18.2%	16.1%	-2.1pp
Industrial	9.1%	9.4%	+0.3pp	10.9%	10.5%	-0.4pp
Group	6.5%	7.8%	+1.3pp	9.7%	8.1%	-1.6pp

When moving then to Page 18, and we are actually going then to the EBIT margin. We can see that it is also reflected, finally, not only in gross profit, but on the EBIT margin as well. We see a margin of 7.8% versus 6.5% in the previous year. But we can see that on an EBIT level, basically, all 3 divisions showed an improvement, with the biggest improvement actually being realized by Automotive OEM. And this being supported on one side by the strong growth in China as well as with the flexing of costs that worked very well in the factories.



Then I would like to move over to Page 19, going more into the details of Automotive OEM. Klaus also already mentioned the outperformance for the whole year. And you can see here the outperformance for Q4, especially being supported by Americas with an outperformance of 12 percentage points, in Greater China of 21 percentage points. So that overall, despite a decline or not achieving outperformance in Europe and only slight outperformance in AP, overall, we have realized an outperformance of 5.6 percentage points. When you then look to the upper part of the left side of the chart, you can see that E-Mobility, on one side, contributed in a strong way, but also on the other side, the internal combustion engine-driven components being supplied by engine systems contributed to this.

And on the right side, you can see the bridge, and you can see, in addition to the positive gross profit impact that I basically already indicated, then also improvement in selling expenses being caused by less special freights that helped then to lift the EBIT in Q4 from last year's 3.6% to 5.3%.

3 Financial Results FY 2019

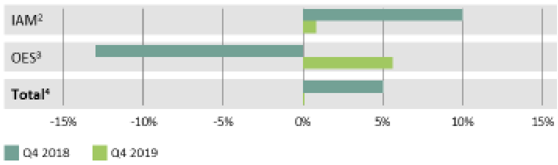
SCHAEFFLER

Automotive Aftermarket – Improved earnings quality in a flat market environment

Sales by region | yoy growth

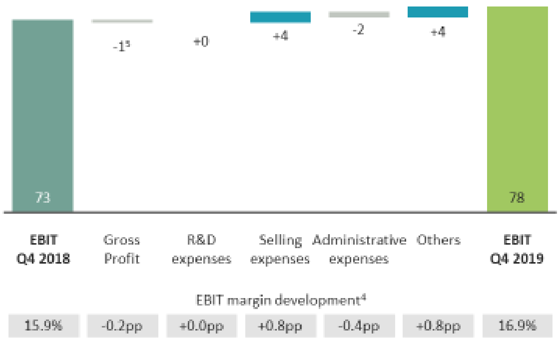
	Q4 2018	Q4 2019	Δ[1]
Europe	340	339	-1.1%
Americas	89	93	+5.2%
Greater China	18	18	-3.7%
Asia/Pacific	12	13	+6.4%
Total	459	463	+0.1%

Automotive Aftermarket sales growth by channel[1]



[1] FX-adjusted | [2] Independent Aftermarket | [3] Original Equipment Service | [4] Contains sales to Automotive suppliers in addition to IAM and OES

EBIT[4] Q4 2018 vs. Q4 2019 | in EUR mn



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

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And on Page 20, you can see the Automotive Aftermarket development. You can see the mixed picture with Americas and AP contributing in a strong growth way. But on the other side, the European market, which is the biggest portion actually of our Automotive Aftermarket sales, continued to be weak. But you can also see on the lower left side, Independent Aftermarket saw a good development in the fourth quarter, and OE has also recovered after having been on a low level than during the first 3 quarters of the year.

Overall, then EBIT at a level of 16.9%. And you can see that here, contribution actually was being done by a reduction of selling expenses and also adjustments in the other areas, where actually the negative impacts have been recorded on the gross profit side, in line with the restructuring, where I will go back in a few seconds, then the adjustments have been recorded in others.

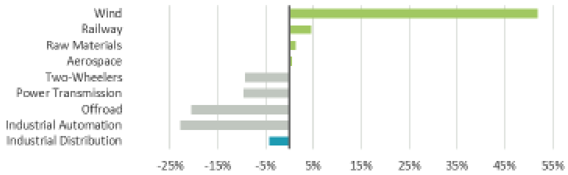
SCHAEFFLER

Industrial – Good earnings quality in a overall weak market environment

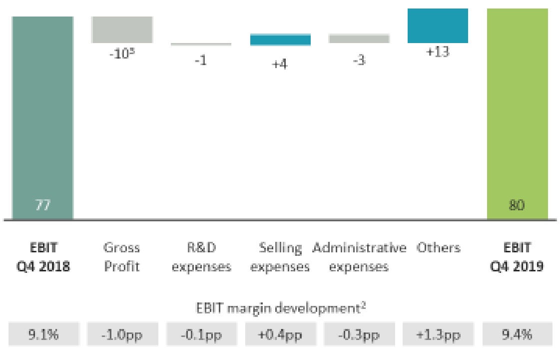
Sales by region | yoy growth

	Q4 2018	Q4 2019	Δ[1]
Europe	480	437	-9.8%
Americas	156	157	-1.6%
Greater China	139	184	+31.3%
Asia/Pacific	75	78	+2.3%
Total	**850**	**855**	**-0.6%**

Industrial sales growth by sector cluster Q4 2019[1]



EBIT[2] **Q4 2018 vs. Q4 2019** | in EUR mn



[1] FX-adjusted | [2] Before special items | [3] Includes positive FX effects of EUR 7 mn

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With this, then moving to Page 21. On the Industrial side, here, as already said, Europe declined by minus 10%, Greater China, plus 31%. And you can see that 2 sectors clusters, wind and railway, continue to contribute in a strong way then to the growth. But also on the other side, the more cyclical sectors like industrial automation, off-road and also power transmission actually recorded declines in growth.

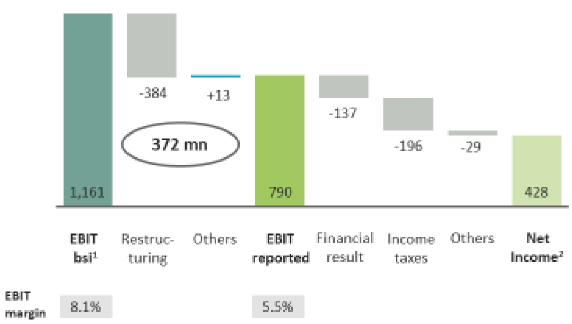
Nevertheless, overall, the negative impact that we discussed about on gross profit side could be compensated on the EBIT level. So that finally, in Q4, in Industrial, an EBIT level of 9.4% was achieved, being supported by improvement in selling expenses and also adjustments where the original charges have been recorded on the gross profit side.

3 Financial Results FY 2019

SCHAEFFLER

3 EBIT before special items – Reconciliation FY 2019

Reconciliation FY 2019 | in EUR mn



¹ Before special items | ² Attributable to the shareholders of the parent company

Key aspects

- Restructuring includes EUR 204 mn for Program RACE, EUR 137 mn for Program FIT and EUR 15 mn for Program GRIP
- Divisional programs include provisions for additional voluntary severance scheme introduced in November 2019

Special items by division | in EUR mn

in EUR m	Q1 18	H1 18	9M 18	FY 18	Q1 19	H1 19	9M 19	FY 19
EBIT Reported	391	773	1,149	**1,354**	230	483	795	**790**
Auto OEM	-	10	-3	11	55	73	87	209
Aftermarket	-	-	-3	-3	-	-	-	15
Industrial	-	12	7	19	-13	0	0	147
Group	-	22	1	**27**	42	73	88	**372**
EBIT bsi¹	391	794	1,150	**1,381**	272	556	883	**1,161**

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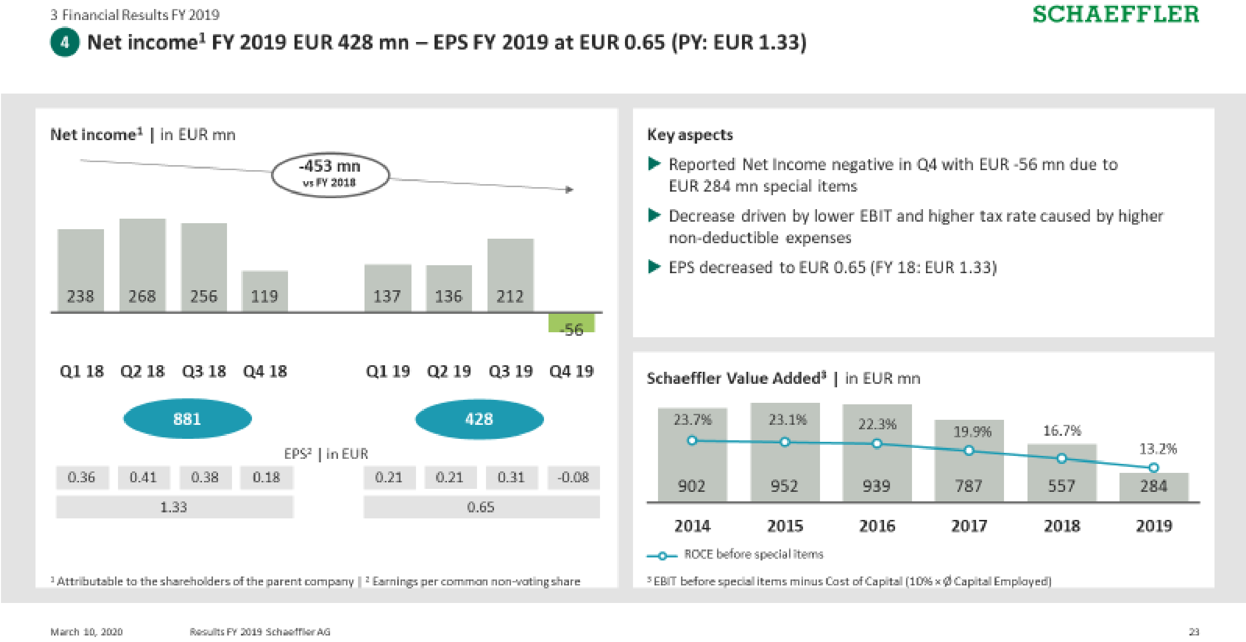
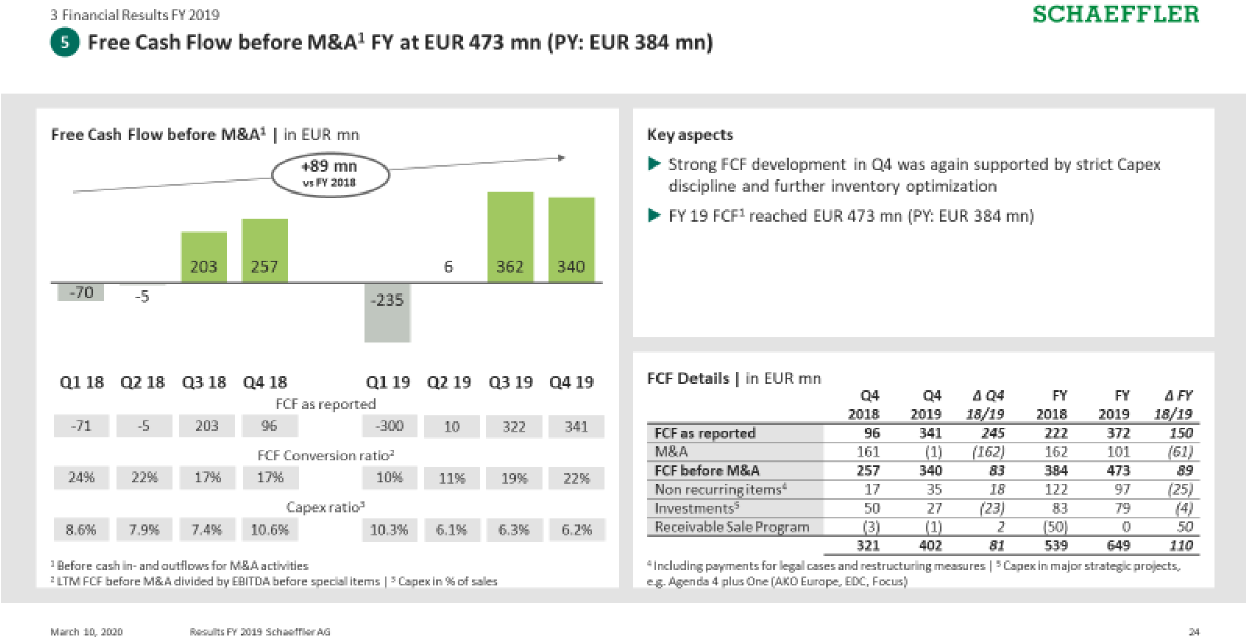
Then moving on to Page 22, you can see the reconciliation of the EBIT before special items. You can see on the left side then that for restructuring, we posted EUR 384 million. We have a positive impact coming from the legal costs or a matter where actually, we finally have been repaid tender money today. So that overall, the net impact was EUR 372 million. And in regard to net income after tax, that would be an impact of EUR 258 million.

On the right side, you can see the allocation of this restructuring expense to the 3 divisions. And you can see the direct allocation, with Automotive OEM EUR 204 million for the program RACE, for FIT in Industrial EUR 137 million and for GRIP in Automotive Aftermarket EUR 15 million. The difference to the table on the lower right side is we have some allocations from the dissolution of BCT to Automotive OEM in Industrial.

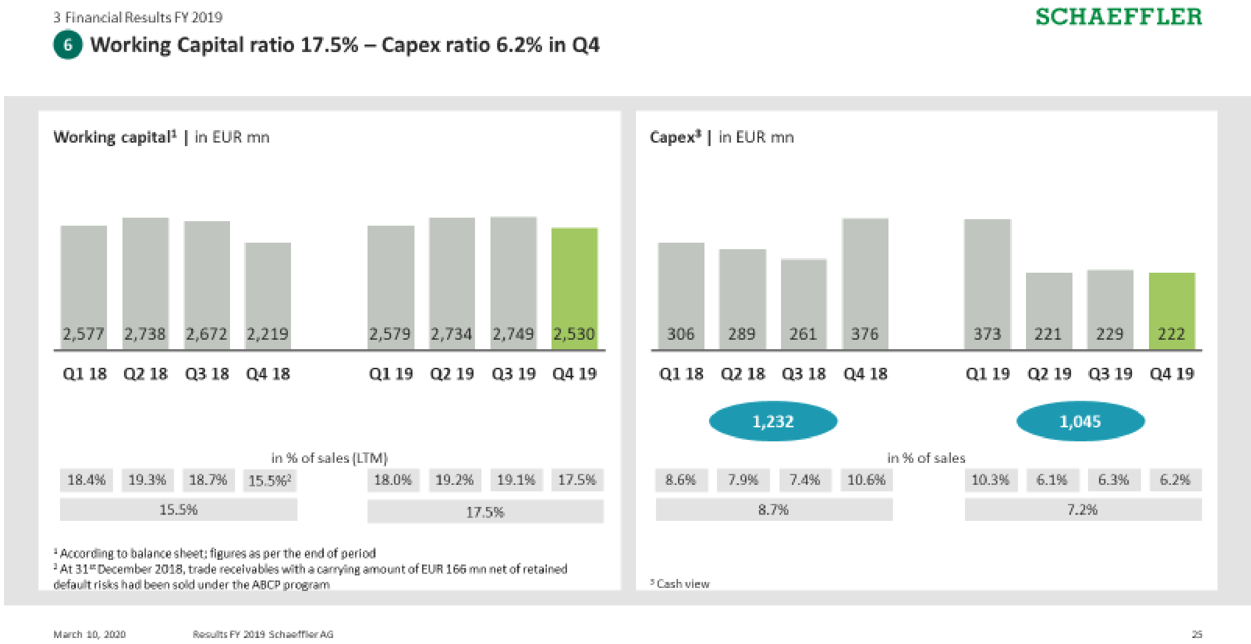


With this then, moving on to net income on Page 23. First of all, it's a significant drop from the last year's level of net income now to EUR 428 million. But please keep in mind what I already mentioned that this includes a charge or a negative impact of EUR 258 million being caused by the restructuring expense that I just explained. So overall, the earnings per share retained at a level of EUR 0.65 per share.



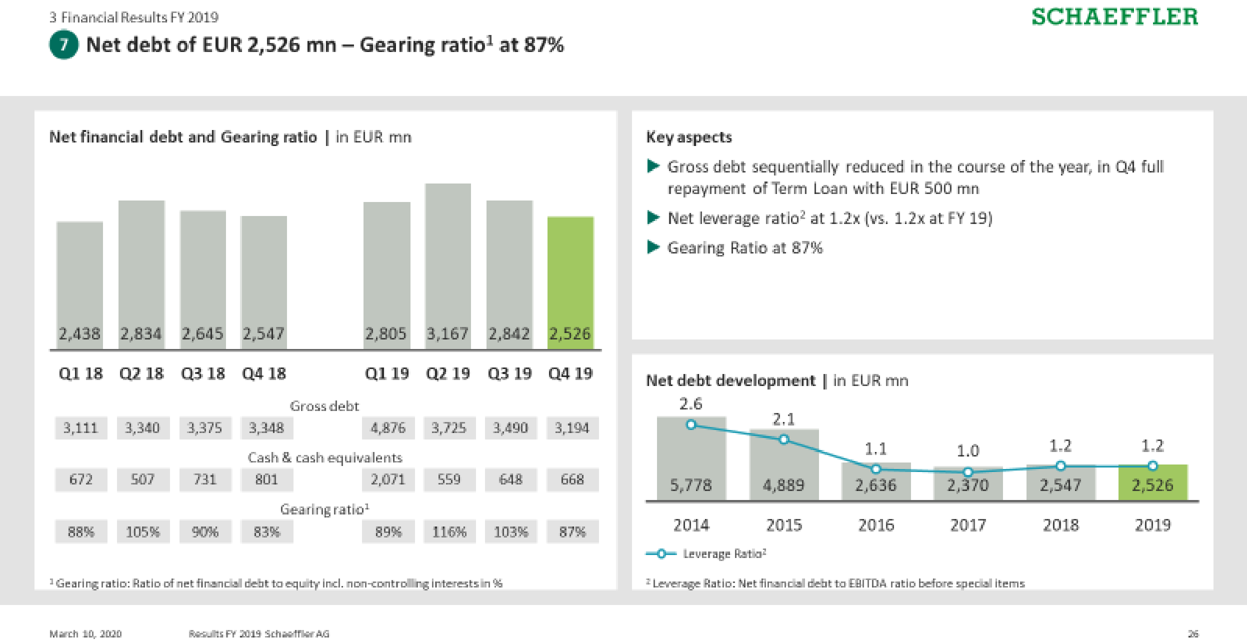
	Q4 2018	Q4 2019	Δ Q4 18/19	FY 2018	FY 2019	Δ FY 18/19
FCF as reported	**96**	**341**	***245***	**222**	**372**	***150***
M&A	161	(1)	*(162)*	162	101	*(61)*
FCF before M&A	**257**	**340**	***83***	**384**	**473**	***89***
Non recurring items[4]	17	35	*18*	122	97	*(25)*
Investments[5]	50	27	*(23)*	83	79	*(4)*
Receivable Sale Program	(3)	(1)	*2*	(50)	0	*50*
	321	**402**	***81***	**539**	**649**	***110***

And then moving on to the free cash flow development on Page 24. We continued the strong development that we already recorded in Q3, and we have seen almost a similar level in Q4 with EUR 340 million. Overall with EUR 473 million, a strong outperformance of the guidance, being caused on one side by further improvement on the inventory optimization, but also on the continuation of the straight Capex discipline that you could see actually that in Q2, Q3 and Q4, we have been at a level of 6-point something in regard to Capex. So this worked very well during this quarter.



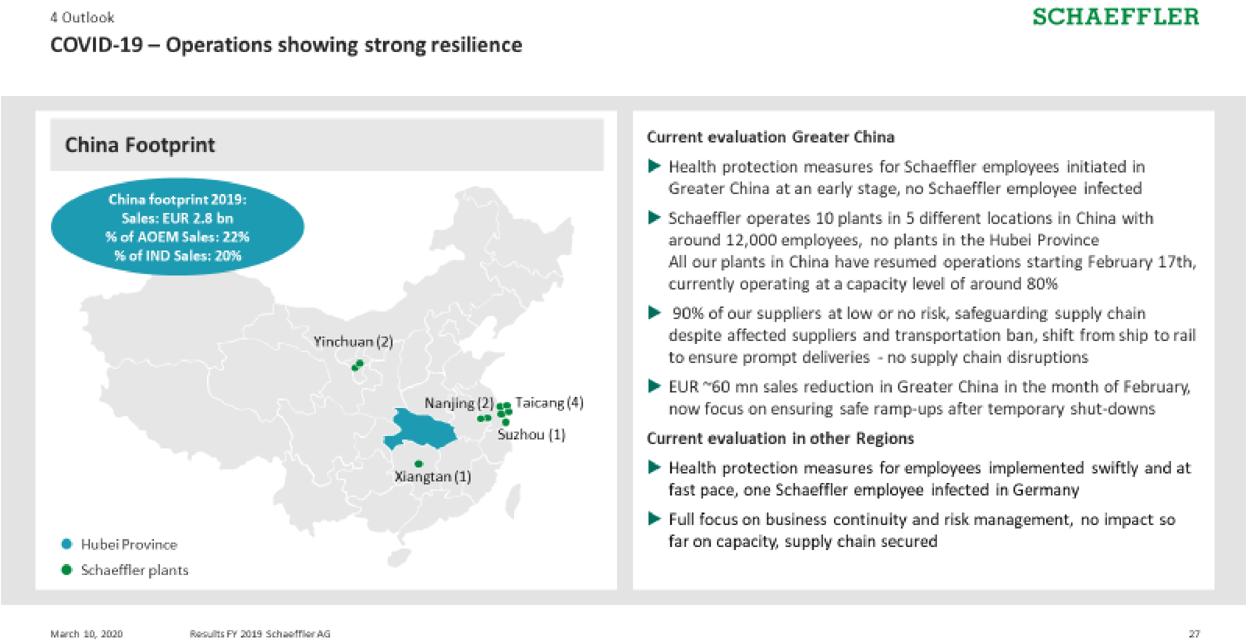
Then we are almost through with the working capital. We have a slight increase in regard to operating capital this year at the end of the year, but we have to keep in mind that the sharp drop in working capital in the fourth quarter of 2018 was caused by the sharp sales drop, especially in December. So there is actually nothing to concern. It's even good that we realized further inventory reduction in there.

And CapEx, I already explained, so I don't need to go into this. But just concluding that we manage now very well not to finally show again a hockey stick in the fourth quarter.



Moving to Page 26. You can see the net debt development. From my point of view, all fine there, a slight decrease of the net debt. Net leverage ratio at 1.2%.

And actually, with this being said, Klaus, I would like to hand back to you.



Klaus Rosenfeld
Thank you, Dietmar. Let me finish the last 2 pages. Ladies and gentlemen, you have heard all a lot about the coronavirus, and let me quickly share our experience in the last couple of weeks with you. As most of you know, we were one of the first companies that already started in mid-January with a travel ban from and to China.

The colleagues in China have been successful in fighting this crisis. To date, all our plants are back in operation. They started in February 17. Currently, they're operating at capacity levels of around 80%. 95% of our people are back, no one has been infected, what is clearly a blessing. More importantly, our supply chain has not been interrupted in China. We have been very quick and agile in assessing the supplier risk, and 90% of our suppliers have low or no risk.

We are since years a company that is not betting on single sourcing, that has clearly helped us in this situation. The guys have also been creative here in finding new ways to solve the problem, shifting delivery from ship to rail, ensure to help prompt delivery. Just an example, a ship to China takes normally six weeks, rail takes three weeks. We're one of the first ones who could make use of this opportunity and therefore, I'm proud to say there were no supply chain disruptions so far.

In terms of sales, clearly the auto sales in Greater China have dropped dramatically in February. For us, it's not the salesline, but the production levels we are seeing that they are improving in March and hopefully also in April. I do expect that the Chinese government will continue to support the economy and therefore the sales reduction in Greater China in the month of February of EUR 60 million will hopefully be compensated by a better second half. So we remain confident that the guidance that you will see in the next page will be made and achieved even with the situation that we have seen there.

Some of you thought at the beginning that the fact that China is important for Schaeffler in that respect is a difficult one, I think today we can turn this around and say, what we learned in China is very helpful when we now need to tackle the situation in Europe. In particular when it comes to crisis management, the guys over there have done an excellent job, and we're learning from that experience in terms of our health protection measures.

Just to give an example to make this a little bit more transparent, we had Holidays in Germany in February, and when people came back, 5,000 people came back from Holiday in Germany, everyone who we reentered the plant or in operation of Schaeffler had to go to a questionnaire. So, so far we are in a solid situation here with only one Schaeffler employee that hadn't been to work for 11 days has proven to be infected. So I think the situation is under control. Business continuity risk management, and also clearly leadership counts, we're doing the utmost possible here on our side to protect the house of our employees, to protect the supply chain, and also minimize the impact on our customers.

That's, ladies and gentlemen, what comes at the end of the day, and the fact that this organization is clearly an organization that is proven its ability to work through difficult times is something that we counter on.

4 Outlook

SCHAEFFLER

Cautious Guidance 2020 – Foreseeable negative implications by COVID-19 taken into account

Group Guidance

	Actuals FY 2019[4]	Guidance FY 2020
Sales growth[1]	+0.1%	**-2 - 0%**
EBIT margin[2]	8.1%	**6.5 - 7.5%**
Free Cash Flow[3]	EUR 473 mn	**EUR 300 - 400 mn**

[1] FX-adjusted | [2] Before special items | [3] Before cash in- and outflows for M&A activities
[4] Adjusted comparative figures, see backup slide 34

Divisional Guidance

Automotive OEM		Automotive Aftermarket		Industrial	
Actuals FY 2019[4]	Guidance FY 2020	Actuals FY 2019[4]	Guidance FY 2020	Actuals FY 2019[4]	Guidance FY 2020
-0.8%	**-2 - 0%**	-1.1%	**0 - 2%**	+3.1%	**-2 - 0%**
5.5%	**4.5 - 5.5%**	16.5%	**13 - 14%**	10.2%	**9.5 - 10.5%**

Market assumptions 2020

- Automotive OEM: Decrease of global passenger car production of around **-3% to -5%**
- Industrial: Growth of industrial production of **less than 1%**

More cautious guidance due to COVID-19.
We strive at delivering at the mid-point of margin guidance range for Group and Divisions

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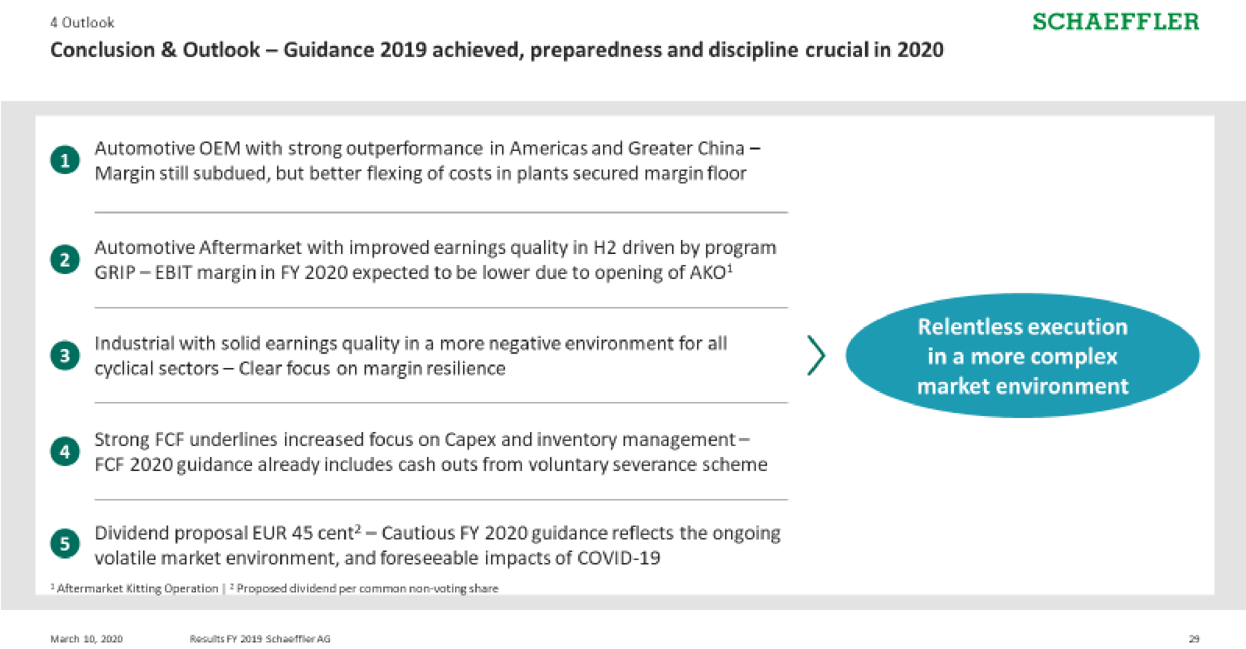
Let me finish with Page 28. You see the guidance that I already explained before, it's the most accurate guideance that I can give you. 5th of March, the board approved this guidance. Let me also say these days it's about defending the bottom line. I think, here I will go as far as to say that we want to achieve the midpoint of the guidance, that's what we think is definitely durable and we are fully committed to put in the necessary measures where necessary both in EBIT margin but clearly also on free cash flow.

Let me already indicate here that the first two months, we don't have the full numbers to February, but we have good indication show that our current trading clearly supports these numbers in the right direction.

So let me summarize here, it's a more cautious guidance due to the coronavirus. We strive to deliver at the midpoint of the margin guidance for group and divisions, and we are confident that with everything we have shown in the year 2019, we are well positioned and a stronger company than before.



29 once again lists all the conclusions. In the interest of time, I would just summarize this by saying it is all about execution, it's about agility, it's about working together as a strong team with a clear direction in a more complex environment.

We have as you know not only today the 10th of March earnings release, but also in the next days a Capital Markets Day in Herzogenaurach, that now is a digital Capital Market Day to update you on our strategy to show you how the next chapter in terms of transformation will look like and also what we think are achievable midterm targets for 2024.

We all invite you to this event, even if it's a digital event, it's the second step in a program that will bring this company to where it belongs, and make sure that the value that is in this company is fully reflected and supported and generated.

Thank you very much, back to the operator.

Q AND A SESSION

Tim Rokossa, Deutsche Bank

Tim Rokossa, Deutsche Bank. I would have 2 questions, please. So Mr. Rosenfeld, the first one is, we all know that circumstances are quite difficult for the sector. Now you managed to show a very good performance. The cash flow focus is very clear, and I think very much appreciated by a lot of your investors and also potential investors. Now the issue that I faced in many discussions with investors this morning is that your free float weighted market cap is so low that a lot of investors can simply not invest in your stock any longer. I appreciate that you are not the one that takes the ultimate decision on increasing this, but you are always very interested in capital market perception.

Have you made it clear to the family that this is an issue? And is this something that is debated and discussed a lot? I will come back with my second question afterwards, if that's okay.

Klaus Rosenfeld

Well, Tim, it's certainly a strategic issue. And as you all know, I'm in frequent conversation with Mr. Schaeffler and his esteemed mother on many issues. At the moment, we clearly are focused on how to manage the environment at the moment, but I'm happy to take that point up and share it with him. We always regard the capital market as a dialogue partner. And again, I take it up, and I'm happy to come back to you on that point.

Tim Rokossa, Deutsche Bank

And then one remark and a question together. The two of us had quite a few discussions in the past also on this call about how you see the market and how quickly you develop the things. And I think when we compare your reaction now to corona and also what has happened in China in Q4 versus what has happened at many other guys I must say that your reactions have certainly improved substantially. That's very, very good to see.

Now when I look at the outperformance, and that's the question part of this, obviously, it was really strong in Q4. Now you're guiding for something that is pretty much what you told us you can probably do in the midterm to 300, to 200 to 300 basis points. When you look at these SOPs of your customers, are they slowing down? Or is there a chance that you may also overachieve this 200 to 300 basis points, regardless of what the market does, going forward a little bit longer?

Klaus Rosenfeld

Well, Tim, it's a question that we will clearly also answer at our strategy Capital Market Day, but it's more a strategic question again. I think the outperformance in 2019 gives us credit and, to some extent, assurance that it can be even above 400 basis points. But again, the outperformance and what's happening with product ramp-ups is clearly something where we need to be clearly receptive of the fact that this is a function of the demand of our customers. There is uncertainty of which programs will run well and which programs will not run so well. We are playing again with 30-40-30, and therefore, I think for the time being, the 300 to 400 is a number that is on the midterm, not for a quarter and also a year, a good solid floor. If we can overachieve it, the better, but that's for the time being, what I can say is part of our view. With this switch to more content per vehicle products, that may change, but we first need to gain the necessary experience and see how all of these programs develop over time.

Gabriel Adler, Citigroup

I'd just like to get a little bit more color on the customer discussions you're having, particularly with European and U.S. customers currently in light of the coronavirus and the impact that's had on volumes. Are you having discussions around customers potentially scaling down production in anticipation of an impact from coronavirus in these regions? And also, what sort of visibility do you have currently from your customers in Europe and the U.S.?

Klaus Rosenfeld

Look, I can say we are, like probably every one of our peers, in very close contact with our major customers. Again, it starts with visits being canceled, conferences being canceled. So far, I think customers are not reacting in an erratic way. There is good conversation, and we're seeing clearly signs of weakness in some of the programs. I mentioned that the February sales number in China is down 80%. You cannot expect that a customer then doesn't start to adjust its demand. However, I think what is different in this situation than maybe in the year 2009, most customers, think, believe that this is a temporary situation that will be overcome.

No one has so far indicated that this is the beginning of a worldwide recession. So our customer conversations across the globe, whether it's a Chinese or a Germany or a European or a U.S. customer, indicate that people want to be sure that when this catches up, and that can be at least in some areas can be a challenge that we have the relevant parts available. So at the moment, it's more a supply chain security and being ready to deliver than the fact that we are adjusting already production. Clearly, we will see what's happening around us. And as I said, we are very close to the operations, and we'll react and make sure that we're not just producing into stock. But maybe that's a more balanced view than just saying everyone is already cutting demand.

Gabriel Adler, Citigroup
Yes, absolutely. That's reassuring and helpful. And I if I can...

Klaus Rosenfeld
On the, industrial side, it's slightly different because the cyclicality is a different one. And I think on that front, it started already in the fourth quarter that the demand is getting a lot weaker. Also here, I mean, there are some sectors that are clearly exposed, think about the aerospace business.
But I can say there is no radical cut at the moment in orders, and we need to see how this develops. If it comes, we are ready to respond.

Gabriel Adler, Citigroup
Okay. Can I follow-up with a question on M&A, please. I wanted to ask whether you believe in the current market environment, which, as we've already discussed, is clearly very challenging, whether the consolidation of powertrain businesses, like we've seen between some of your competitors in the U.S., becomes more likely and is this something that Schaeffler as a company is considering?

Klaus Rosenfeld
Thanks for the question. Let me answer it this way. We have been blessed by, I would say, a conservative and cautious M&A strategy that was articulated in 2016. In this environment, the least you want is something where you buy a lot of goodwill and then sit on an impairment risk. Our acquisitions have been small. Our acquisitions have been in areas where it's a technological add-on. So I feel quite well with that M&A strategy. On top of this, ladies and gentlemen, let's be very clear, I don't believe that size is the ultimate driver of success. I believe that what is in particular important is not size, but innovation, agility and efficiency, and that's what we are trying to follow.
So the whole mantra of powertrain can only be resolved by mergers is, from my point of view, a concept, but it's not our concept. And the fact that a Schaeffler Group that doesn't own all the necessary elements, but that is able to excel by its mechanical competence and by its competence in E-Motors together with the sophisticated systems understanding and with the ability to source from different sources electronics, is a very good proof that size is not the ultimate driver of success.

Maybe I add to that, just to make sure that you don't get this wrong. Portfolio management in this situation where transformation is ongoing, from my point of view, is clearly what it's all about. And portfolio management also means defining and executing on the things that you want to meet, whether through external growth or organic growth, but also thinking about what you need to deprioritize. And our capital allocation mechanism that we have put in place and explained to you at the last Capital Markets Day is showing and giving you the framework how we think about that.

Ashik Kurian, Exane
The first one is just on your Capex versus the order intake. Your order intake has shown a significant increase. Are you still guiding for Capex to be at or below EUR 1 billion for 2020? Is EUR 1 billion a sufficient level for you to sustain the current level of order intake or even higher at some point as the Capex need to increase?

Klaus Rosenfeld
The answer to this is yes, at least according to what we see at the moment. If there is more years like this, we need to see how this develops. It's not only a question of Capex, it's also then a question of how much additional cost you need and how much R&D you need. So what is important going forward with our plan is that we become very selective and very cash flow focused in what we can absorb in additional growth in E-Mobility, but also in other areas. So once again, it's about cash flow management, portfolio management. We feel good about the fact that we have shown and demonstrated our competence in E-Mobility, but we're also very clear that we cannot continue with an even stronger pace here. It's important that we are able to finance all of this and maintain our strong balance sheet. Dietmar explained that, a strong and robust balance sheet with acceptable leverage ratios and good gearing ratios is critical these days.

Ashik Kurian, Exane
Second question, just on the struggling to really square the guidance for free cash flow for 2020. Because at the midpoint of your guidance, you probably get to EUR 100 million to EUR 150 million drop in EBITDA. CapEx is expected to be flat to flat to down. I get that you have EUR 90 million more restructuring cash out in 2020. But then from your slides, you had plenty of one-offs in 2019 as well. Just wondering, I mean, are you factoring in another year of EUR 200 million or so of negative working capital? Or how do we get to the EUR 300 million to EUR 400 million free cash flow? It seems to be much, much higher, so...

Klaus Rosenfeld
Well, again, I think you mentioned most of the drivers. I do believe, if you go to the table that Dietmar explained on Page 24, you can see that the underlying free cash flow, not only in 2019, if I deduct for the non-recurring items and I deduct for the investments that were related to major strategic projects like the Agenda 4 Plus One or the AKO or EDC or focus our real estate project, you see that the underlying free cash flow is even higher than reported, before M&A, EUR 539 million in 2018, in 2019, EUR 649 million.
Even if I deduct a little bit more cautious EBIT numbers and add a little bit for the ones that you mentioned, I think you see from that by a simple calculation that the EUR 300 million to EUR 400 million is definitely achievable. What I can say, what also gives me comfort is the current trading in January and February, we see here compared to the last year's first positive signs of all the measures we have taken.

So I'm confident with the EUR 300 million to EUR 400 million, if not more.

Ashik Kurian, Exane
So can you just clarify, I mean, what is the working capital assumption for 2020? Should it be a lower headwind to your free cash flow than it has been for 2019?

Klaus Rosenfeld
Wll, if the ratio is again somewhere around 17% to 17.5%, I think that's what Dietmar said, that's not a bad indicator.

Ashik Kurian, Exane
Last question. Of the EUR 370 million provisions that you've taken in 2019, how much of it is cash charges, I see EUR 90 million of that is coming in 2020. But what's the timeline for the other cash charges of basically...

Klaus Rosenfeld
While Dietmar comes back with the numbers, in the programs where we have done so far in terms of releasing headcount, it's typically 3 years until 100% completion. So I think this will be '20, '21, '22. Again, the program is, at the moment still, in the implementation phase. So maybe that helps you to map out the impact. And the total number for provisions for this program is EUR 200 million.

Dietmar Heinrich
EUR 210 million.

Klaus Rosenfeld
Yes. So it's about a little bit more than EUR 210 million, EUR 220 million.

Dietmar Heinrich
So there will be another EUR 90 million in 2020, one part of this already was paid out in 2019.

Sascha Gommel, Jefferies
First one is actually a follow-up on Gabriel's question on M&A. Is my understanding right that you think you don't need electronics in-house and think that kind of knowing the system and integrating and sourcing it from someone else is enough?

Klaus Rosenfeld
Well, I mean, you phrased it slightly differently. I think what we need is we need to understand electronics, and we need to be able to work with software. And it's clearly good to have some in-house, but you can be successful in the mechatronic space without owning everything yourself, and that's what I said. And that, clearly, in this space, that means that you have to be able to in-source some of these components and elements.

And as this is a competitive area, you can also make use of the price competition on that. So that's what we see. And so the competence as such is important. If you want to be able to design something that needs this in terms of understanding, but you don't necessarily need to build and produce all these components and parts yourself, you can in-source it.

Sascha Gommel, Jefferies
Okay, understood. My second question would be on the Aftermarket margin guidance, maybe you can put a few numbers around that's called 300 basis points deterioration at midpoint. How much of that is really the incremental cost from the new distribution center and how much is the rest, just to get a understanding of what is the magnitude of the moving parts and what can recover in the years beyond 2020.

Klaus Rosenfeld
Let me explain it this way, Sascha. We came out at 16% with a strong fourth quarter. I can say I was positive surprised about the margin of Aftermarket was 16.9%. So the average margin for the year '19 was 16.1%, upper end of the guidance. Now if I take the 13% to 14%, and if you take the element of cautiousness

that I just explained at the beginning, I think you have a 200 basis point drop, if you take the 16% to the 14%. And you can basically say that around 100 to 120 basis points of that comes from the fact that we are digesting the AKO investment that comes with higher depreciation. It's EUR 180 million investment. And it also comes, at least over time, with a situation where we have to run 2 distribution systems in parallel. Let's say that is 100 to 120.

The rest in terms of the margin pressure, well, let's say, go into the direction of higher production costs, more competitive pricing, in particular in Europe. So it's basically half and half. Let's say, 200 to 250 basis points, half of this comes from this one-off project and the other half comes from the market.

Now if I assume that I can somehow recover the AKO impact because at some point in time, there will be cost efficiency, not tomorrow, but over time, it will roll in, in 2020, '21, and if I can also benefit from the GRIP project, I think I can probably recover off the 200 to 250, half of it, over time.

At least that's how we think at the moment, Michael is going to explain that at the Capital Markets Day on the 24th, and that may explain this rather conservative 13% to 14%. Let's get through the year 2020, let's make sure that we defend the bottom lines and the floors and then see how we adjust for '21.

Sascha Gommel, Jefferies
Appreciate it. And then a very small last question. I think your production cost bucket was the first time positive in Q4. I think it was negative in all other quarters. How should we think about that line in 2020?

Klaus Rosenfeld
Well, I mean, that is what Dietmar indicated, the fact that, in particular, the automotive plants were a good inflection in our cost base is the main driver of this positive production bucket. We have mapped this out month by month, and we saw that the deviations in production costs, deviations that you typically have end of the year were more or less down significantly. And again, we need to see what's now happening in 2020 with production cost, slightly different situation than in 2019 [*2020, corrected to 2019 by IR*].
But again, what gives me comfort is the way how consistent and efficient our guys reacted. In terms of production cost, let me give you one more sign that will hopefully be supportive, but don't underestimate the impact of material cost. Andreas has done a great job here in setting the scene for that. We will also

comment on the 24th. But with this environment, there may be a little bit of support from the material cost and also the energy cost development, and that will also help gross profit.

Henning Cosman, HSBC
I will start asking about the conservativeness element in your guidance that you discussed. If you wouldn't mind quantifying the impact or the magnitude of that. I think you said you updated this most recently at the 5th of March. Are you prepared to share with us what it would have been without this conservativeness element or how large the conservative element is?

Klaus Rosenfeld
Well, Henning, I really appreciate the question. But this is the guidance we have given, when a guidance does too positive, you question, whether it's too positive, when a guidance is conservative your question whether it's too conservative. What I can tell you without disclosing all the different elements is the walk, we have discussed this in the Management team very-very thoroughly, division-by-division and also with support of the regions.
What is most important to me, ladies and gentlemen that I have, the full commitment from my divisional CEOs and their teams that they will do everything that is necessary to protect the bottom line and achieve the midpoint of the guidance. But how much of that is corona and how much of this comes from whatever element is I think not appropriate to share that within this call.
I can say Dietmar has, since the end of January, updated us on a scenario analysis very carefully, incorporating all the impacts and the foreseeable impact into that and that was the basis for this analysis. But please accept that I cannot go further in now saying this is this and this is that. The most important thing is the guys are committed to deliver, whatever it takes and clearly based on what we can predict, unforeseeable impact cannot be predicted.

Henning Cosman, HSBC
Okay, and just in on this element of being foreseeable, right? I mean on your Slide 27 which we really very much appreciate, and then you focus a lot on China. Are you incorporating in your conservativeness impact beyond China, so impacts on demand in Europe or in other regions outside of China? Is that what incorporating impact means also?

Klaus Rosenfeld

Yes. The answer to this is yes, but again, you can only incorporate at a certain point in time what you know. On the March 5, no one was aware that Italy will be shut down completely. We were not aware of the turbulences that we saw on Monday. So you need to understand that this is always a picture at a time and therefore again, what is even more important than the foreseeable impact is the commitment that the colleagues will put in place the adequate measures if necessary to defend the bottom line.

Henning Cosman, HSBC

Okay. Yes. Sorry. I have to stay with the guidance, I am afraid. And just on the Auto OEM divisional guidance as compared to the Industrial divisional guidance. It's both sort of based around the minus two to flat revenue development, however the Auto OEM lines implies a margin decline, whereas the Industrial implies flattish. So, we've talked about the incremental measures, putting in place additional schemes. Does this mean this is now falling more into Industrial, so you more of a benefit there offsetting lack of operating leverage from revenue growth? Or does it just mean you have restructured and selected in Industrial to the point where you don't need as much growth to maintain a flat margin? Could you just give us a little more granularity on that, if you don't mind?

Klaus Rosenfeld

Sure. No, happy to share some thoughts on this. Don't forget the auto business is clearly more impacted directly by the corona environment because it's a customer business. And while there is no immediate sort of connection between sales and products, so that if sales go down, production goes also equally down at the same moment in time, it's obvious that if the car market sales dropped dramatically, then somehow production has to follow. So I think that is one part of the equation.

On the contrary, the Industrial business is more balanced. It's more short cyclical, and it has this large element of wind into that because the wind business is continuing. And also, the rail business is continuing and so it's a different profile. And clearly, also it's a different operating leverage that stands behind that. While Automotive has maybe the third element the transformation that you all know in terms of powertrain, but also in terms of Chassis that is undergoing in Industrial that is different. So maybe that explains why we have a little bit of a different view on the two businesses, and why I think that this guidance is logical and plausible.

Henning Cosman, HSBC
And maybe finally, if I may just on your point about production following sales, right? I think you talked about the 80% sales decline in China. Just in terms of phasing of this, would you expect the rather quicker inventory adjustment or do you think your Chinese customers they're relatively prepared to produce closer to original budgets, therefore inflating the short-term inventory and then successively using that in the course of the year, or would you rather expect a quicker and sharper cut to bring the inventory levels back to where they were supposed to be and then continue from there?

Klaus Rosenfeld
Well again, Henning much appreciated that you are asking that detail but directionally what I can say is that again this seems to be a temporary issue and not a structural issue. Again based on what we can see at the moment and I already said this this morning in TV, our guidance and all these impacted our foreseeable, should serve with the uncertainty that is in the situation more like a working hypothesis.
With this caveat and Renata said it at the beginning when she talked about the disclaimer, the forward-looking statement, what the intelligence that we have in China tells us. Yes, there is an 80% drop in sales in February. It's getting smaller in March, and it is getting even smaller in April, and now we need to see how production reacts to that.
I don't see any as I said erratic moves at the moment; I think all our customers, the German ones, but also the Chinese ones are clearly monitoring the situation now, trying to defend their supply chains. The worst thing that can happen is that a supply chain is interrupted and there is a customer or a supplier to us stopping that can create domino impacts and that is critical.
So I think so far what we're seeing is no erratic moves. It's more a very thoughtful way of how to organize the recovery, let's also say here if this comes quicker than expected, we also need to be ready to deliver, because then you want to also be able to follow your customers. You can fall off the cliff on the left side or on the right side, you need to walk straight, become and focus on the signals you get. So that's what I can say.

Akshat Kacker, JP Morgan
Thank you so much for taking my questions. The first one is on Auto gross margins. As you mentioned in Klaus, in your prepared remarks. It was much weaker than the fourth quarter as compared to the first half, and you also had a strong China mix. In one of the slides you also mentioned about pricing negotiations with the OEMs.

The first question is has something changed incrementally here? Can you just share some more details around that and then follow with the other questions after that? Thank you.

Dietmar Heinrich
Yes, actually in regard to the pricing. Its normal habits that negotiations with the customers are starting in the second quarter and towards end of the year, the purchasing people are having the pressure also to complete negotiations. And that's why when the negotiations are delayed, they are finally settled in the fourth quarter. That´s the impact. So there's no special impact that we are worried about.

Akshat Kacker, JP Morgan
Okay. The second question is on the R&D spend. You've obviously worked a lot on optimization, and the total spend in 2019 was lower year-on-year.
How do you think about this, especially for Automotive, going into 2020 as you need some higher spend for the E-Mobility orders from 2021?

Klaus Rosenfeld
What I can say is the R&D spend that we are showing in 2019 is - for the programs and for the ramp-up that we have - sufficient. Don't forget that most of these projects you get an order have the development costs in front before. As I said on Capex, I mean, if this now starts to explode in terms of order book, we would probably need to revisit what we have. But the fact that my colleague, Uwe Wagner, who's our new CTO, put in an R&D efficiency program in place and said we need to be more selective and therefore, reprioritize resources, is another sign of portfolio management on the R&D side. And what you're seeing here in terms of ratio shows like on Capex that you can -- with a little bit of discipline and prioritization can achieve a better outcome. And I think going forward, that's what we would like to see, what I would like to see. But again, it goes with normal course. If there is a bigger change in terms of order book, then we need to revisit that.

Akshat Kacker, JP Morgan
As of 2020, if I may conclude, it should still be below your medium-term guidance as of now for 8 to 8.5.

Klaus Rosenfeld
I think that is probably not a bad number for the time being.

Akshat Kacker, JP Morgan
Okay, and the third question is on the market underperformance in Europe. You do mention manual transmissions. Can you just discuss a few metrics that we should think about going forward on outperformance or underperformance in the region, please?

Dietmar Heinrich
I can explain this. First of all, it's dropping the demand in manual transmission that has been strong in Europe. And secondly that is stronger ramp-ups in regard to E-Mobility happened outside of Europe as well. That´s why, finally, our performance was not there in the European market.

Akshat Kacker, JP Morgan
Okay. Last one, please, on Industrial margin guide. Can you discuss the different puts and takes when you think about the margin down guidance? Because, yes, I agree that the environment has completely changed over the last 6 months, but at your Capital Markets Day, we were still talking about the range of 11% to 13%.

Klaus Rosenfeld
Yes, but the 11% to 13% is what Stefan indicated as a mid to long-term guidance, and it's nothing for the year 2020, because with this environment, I think, we have to be cautious. So again the 9.5 for my point of view create a little bit of an issue, if you think about what we said before, but let's be cautious for '20, when we see the development also in February, there is a headwind at the moment but we are determined to defend the 9.5 with all the programs we have, that's definitely doable, but it's don't forget, it's an annual number.

Stephanie Ann Vincent, JP Morgan
Thank you very much for taking my questions. I just have a question about some of the funding strategies that you took part in the fourth quarter. So you now have a commercial paper program of the EUR 1 billion, you repaid a term loan and upsized the revolver; just looking at the funding costs of the term loan versus the 2025, which I recall this year, so the 3.25%. Is that bond a piece of paper that you'd like to keep outstanding or is this something that you continued to evaluate depending on market conditions?
And just on the commercial paper program, your rationale for that given I guess the uncertain environment. I mean, obviously the upsize revolver gives us comfort that is sort of changing the procedure from longer-term issues to a shorter-term facility.

And then my next question is on your discussions with agencies. Obviously, you outperformed in 2019 in terms of free cash flow, but the margin guidance is quite conservative. How do you view this year? Obviously, the rating agencies were looking for some expansion of margin. Do you think that there's some wiggle room given that the coronavirus hopefully is a first-half sort of story?

Klaus Rosenfeld

No, Stephanie, thank you very much. It's always good to have at least one credit analyst asking a good question. And with my background being a credit guy, I always appreciate that. I think Dietmar is going to address...

Dietmar is going to answer the question on the funding strategy because that is his turf, but I can probably say something on the rating agencies.

We have already met with the rating agencies, so they have some sort of read of the situation some time ago. And we could share with them the indicative numbers. Without having all the full insight on the corona crisis. And yes, you're absolutely right. They definitely want to see a stabilization of the margin with the conservative guidance, I think they are fine for them. The free cash flow is as important as for the equity analysts, they want to see discipline in terms of our balance sheet quality and the diversification of the funding clearly up in that direction. Our investment-grade rating is from two agencies. Without a watch, S&P is on watch. We don't expect that, that is going to be affected now after this. They said it's a longer-term thing. Again, they have the same questions that were answered during this call, are you in command, are you in control? How do you execute on what you promised? They appreciated the fact that we are very cost driven, and they also appreciate the fact that capital discipline counts. So that's what I can say at the moment without saying too much.

And Dietmar, do you want to have the last word on the lending strategy? That's clearly your area of responsibility.

Dietmar Heinrich

As Stephanie mentioned or basically changed into investment grade funding strategy last year with the issuance of the program then or the doing the IG bonds of EUR 2.2 billion. The next step was at the end of last year's then with repaying the term loan, which is still committed. So, it's still there, it's not gone, but it was completely repaid.

Now, our step right now preparing for the Schuldschein and the green financing with replacing as you rightly mentioned, the last outstanding high yield bond that will become repayable in May, which will provide in lower interest rates so that we can finally reduce the financing cost. And so that's helping and that's exactly moving forward with the strategy.

But you also mentioned in regard to the commercial vehicle program of EUR 1 billion. We are using these basically for short term demands that we are having for funding, but we also and I think this was prepared by Dirk Schreiber [*IR: Head of Corporate Treasury*] in a really good way. We have underlying committed credit line so we feel very comfortable on one side, with having the flexibility being able to reduce the funding cost, but also on the other side having significant underlying committed credit lines.

Klaus Rosenfeld
Okay. Ladies and gentlemen, we already used 90 minutes of your valuable time, and we thank you for joining this call. Again, I would have loved to present these numbers in a different environment, but it is what it is. And fighting spirit and leadership clearly will count as strong as execution.
Let me stress one more time and also one more point that I think is important in this environment when you judge the Schaeffler Group, and for some of you that may be a repetition of what we said before, but Schaeffler is more than just an Automotive supplier, it's an Automotive and Industrial supplier. It is an Automotive supplier that has a strong Aftermarket business, and that is something that in this risk environment, it counts together with the strength of execution that we hopefully saw for 2019. So, stay with us.

We all invite you digitally to our Capital Markets Day. And I thank you for your attention and for your support in the challenging environment. Thank you very much and see all of you as soon as possible in person. Thank you.

Backup

Backup

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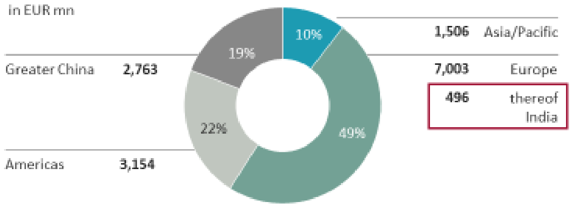
Regional reorganization – India to become part of our Asia/Pacific region with FY 2020 (before: Europe region)

Until FY 2019 – India was part of our Europe region

Sales by region FY 2019
in EUR mn



	FY 19	In % of Group Sales
Europe	7,003	48.5%
thereof India	*496*	*3.4%*
Asia/Pacific	1,506	10.4%
...	...	...
Group	14,427	100%

From FY 2020 – India is now part of our Asia/Pacific region

- India is now part of our Asia/Pacific region starting from Jan 1, 2020
- Better geographic and cultural fit – Improves alignment with operations of customers
- Opens up new end market synergies, e.g. for sectors Two Wheelers, Trucks and Buses, Railway, Raw Materials and Wind
- Schaeffler with 4 plants and 2 R&D centers in India – Footprint in region Asia/Pacific strengthened
- Regional outperformance in Automotive OEM is calculated according to the new regional split for all quarters 2019, see page 35

Backup

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Reported and adjusted comparative figures FY 2019 – Adjustments on divisional level

FY 19 – Reported and adjusted comparative figures

Group	FY 19 – Reported	FY 19 – Adjusted comp. figures	Δ
Sales Growth[1]	+0.1%	+0.1%	-
EBIT Margin[2]	8.1%	8.1%	-
Free Cash Flow[3]	473 mn	473 mn	-
Auto OEM			Δ
Sales Growth[1]	-0.8%	-0.8%	-
EBIT Margin[2]	5.4%	5.5%	+0.1pp
Aftermarket			Δ
Sales Growth[1]	-1.1%	-1.1%	-
EBIT Margin[2]	16.1%	16.5%	+0.4pp
Industrial			Δ
Sales Growth[1]	+3.1%	+3.1%	-
EBIT Margin[2]	10.5%	10.2%	-0.3pp

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

Key aspects

- Strengthening of divisional management accountability
- Direct assignment of costs increased, in line with our target of stronger steering of our business by the divisions
- Former centrally steered functions, e.g. logistic hubs, were transferred to the divisions

FY 2019 adjusted comparative figures build the basis for our FY 2020 guidance

Automotive OEM outperformance by quarters

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FY 19 Outperformance: +4.8pp

New regional structure

	Q1 19 IHS[1]	Q1 19 Auto OEM[2]	Q1 19 Outper-formance	Q2 19 IHS[1]	Q2 19 Auto OEM[2]	Q2 19 Outper-formance	Q3 19 IHS[1]	Q3 19 Auto OEM[2]	Q3 19 Outper-formance	Q4 19 IHS[1]	Q4 19 Auto OEM[2]	Q4 19 Outper-formance
World	-5.8%	-1.7%	+4.1pp	-8.2%	-4.2%	+4.0pp	-3.9%	+1.4%	+5.3pp	-4.4%	+1.2%	+5.6pp
Europe	-6.8%	-3.2%	+3.6pp	-8.4%	-6.7%	+1.7pp	-0.7%	-4.1%	-3.4pp	-4.3%	-8.3%	-4.0pp
Americas	-3.5%	+12.4%	+15.9pp	-2.3%	+4.7%	+7.0pp	-1.4%	+8.7%	+10.1pp	-8.2%	+3.8%	+12.0pp
Greater China	-11.3%	-14.5%	-3.2pp	-18.7%	-10.7%	+8.0pp	-7.5%	+7.1%	+14.6pp	+3.3%	+24.6%	+21.3pp
Asia/Pacific	-0.4%	+1.2%	+1.6pp	-0.9%	-0.8%	+0.1pp	-4.9%	-2.1%	+2.8pp	-10.5%	-9.7%	+0.8pp

FY 18 Outperformance: +3.1pp

Old regional structure

	Q1 18 IHS[1]	Q1 18 Auto OEM[2]	Q1 18 Outper-formance	Q2 18 IHS[1]	Q2 18 Auto OEM[2]	Q2 18 Outper-formance	Q3 18 IHS[1]	Q3 18 Auto OEM[2]	Q3 18 Outper-formance	Q4 18 IHS[1]	Q4 18 Auto OEM[2]	Q4 18 Outper-formance
World	-0.1%	+3.2%	+3.3pp	+4.7%	+6.5%	+1.8pp	-2.7%	+3.2%	+5.9pp	-5.5%	-4.2%	+1.3pp
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
Americas	-1.4%	+3.7%	+5.1pp	-0.7%	+3.7%	+4.4pp	+1.9%	+9.9%	+8.0pp	+0.9%	+5.1%	+4.2pp
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	-0.4%	+0.5%	+0.9pp	-0.1%	+7.6%	+7.7pp	-2.7%	-0.7%	+2.0pp	+8.4%	+2.1%	-6.3pp

[1] LVP Growth according to IHS Markit (February) || [2] FX-adjusted Sales Growth Automotive OEM division

Key figures by Group and division – Reported figures 2019

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Group | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	3,551	3,641	3,521	3,527	3,622	3,604	3,613	3,588
Sales Growth[1]	*+3.9%*	*+7.9%*	*+3.7%*	*+0.3%*	*+0.4%*	*-2,0%*	*+1.2%*	*+0.6%*
EBIT Reported	391	382	376	204	230	253	312	-5
EBIT bsi	391	404	356	231	272	284	327	279
EBIT bsi margin	11.0%	11.1%	10.1%	6.5%	7.5%	7.9%	9.1%	7.8%

Automotive Aftermarket | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	447	480	476	459	441	465	480	463
Sales Growth[1]	*-4.4%*	*+12.3%*	*-3.0%*	*+5.0%*	*-1.1%*	*-3.6%*	*+0.1%*	*+0.1%*
EBIT Reported	80	99	89	73	64	73	83	63
EBIT bsi	80	99	86	73	64	73	83	78
EBIT bsi margin	18.0%	20.6%	18.2%	15.9%	14.4%	15.7%	17.2%	16.9%

Automotive OEM | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	2,280	2,307	2,191	2,218	2,286	2,229	2,254	2,270
Sales Growth[1]	*+3.2%*	*+6.5%*	*+3.2%*	*-4.2%*	*-1.7%*	*-4.2%*	*+1.4%*	*+1.2%*
EBIT Reported	218	197	180	66	59	85	140	-2
EBIT bsi	218	207	167	81	113	103	155	120
EBIT bsi margin	9.6%	9.0%	7.6%	3.6%	5.0%	4.6%	6.9%	5.3%

Industrial | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	824	855	854	850	895	911	879	855
Sales Growth[1]	*+10.8%*	*+9.3%*	*+9.4%*	*+11.0%*	*+6.9%*	*+5.0%*	*+1.2%*	*-0.6%*
EBIT Reported	92	86	107	66	108	95	89	-67
EBIT bsi	92	98	102	77	95	108	89	80
EBIT bsi margin	11.2%	11.4%	12.0%	9.1%	10.6%	11.9%	10.2%	9.4%

[1] FX-adjusted

Backup

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Key figures by Group and division – Adjusted comparative figures 2019

Adjusted comparative figures 2019

Group | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	3,551	3,641	3,521	3,527	3,622	3,604	3,613	**3,588**
Sales Growth[1]	*+3.9%*	*+7.9%*	*+3.7%*	*+0.3%*	*+0.4%*	*-2.0%*	*+1.2%*	***+0.6%***
EBIT Reported	391	382	376	204	230	253	312	**-5**
EBIT bsi	391	404	356	231	272	284	327	**279**
EBIT bsi margin	11.0%	11.1%	10.1%	6.5%	7.5%	7.9%	9.1%	**7.8%**

Automotive Aftermarket | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	447	480	476	459	443	461	482	**462**
Sales Growth[1]	*-4.4%*	*+12.3%*	*-3.0%*	*+5.0%*	*-1.1%*	*-3.6%*	*+0.1%*	***+0.1%***
EBIT Reported	80	99	89	73	69	72	87	**62**
EBIT bsi	80	99	86	73	69	72	87	**77**
EBIT bsi margin	18.0%	20.6%	18.2%	15.9%	15.5%	15.6%	18.1%	**16.7%**

Automotive OEM | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	2,280	2,307	2,191	2,218	2,285	2,232	2,254	**2,272**
Sales Growth[1]	*+3.2%*	*+6.5%*	*+3.2%*	*-4.2%*	*-1.7%*	*-4.2%*	*+1.4%*	***+1.2%***
EBIT Reported	218	197	180	66	58	90	143	**-5**
EBIT bsi	218	207	167	81	113	108	158	**117**
EBIT bsi margin	9.6%	9.0%	7.6%	3.6%	4.9%	4.9%	7.0%	**5.1%**

Industrial | in EUR mn

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Sales	824	855	854	850	893	911	877	**853**
Sales Growth[1]	*+10.8%*	*+9.3%*	*+9.4%*	*+11.0%*	*+6.9%*	*+5.0%*	*+1.2%*	***-0.6%***
EBIT Reported	92	86	107	66	103	91	83	**-63**
EBIT bsi	92	98	102	77	90	104	83	**84**
EBIT bsi margin	11.2%	11.4%	12.0%	9.1%	10.1%	11.4%	9.4%	**9.9%**

[1] FX-adjusted

Backup

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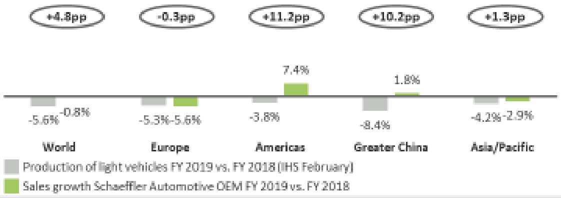
Automotive OEM – Strong outperformance in China and Americas, weaker development in Europe

Sales by business division | yoy growth

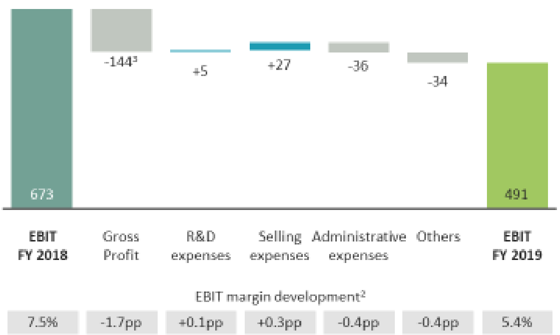
	FY 2018	FY 2019	Δ[1]
Engine Systems	2,782	2,793	-1.0%
Transmission Systems	4,167	4,006	-5.5%
E-Mobility	493	676	+36.7%
Chassis Systems	1,554	1,563	-0.3%
Total	**8,996**	**9,038**	**-0.8%**

New regional structure

Outperformance: Sales[1] vs. market development in FY



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



[1] FX-adjusted | [2] Before special items | [3] Includes positive FX effects of EUR 52 mn

Backup

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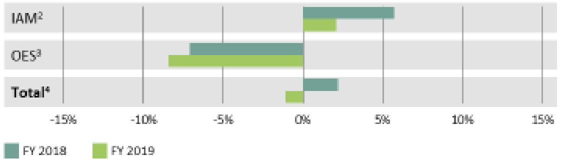
Automotive Aftermarket – IAM with good growth, OES with negative development

Sales by region | yoy growth

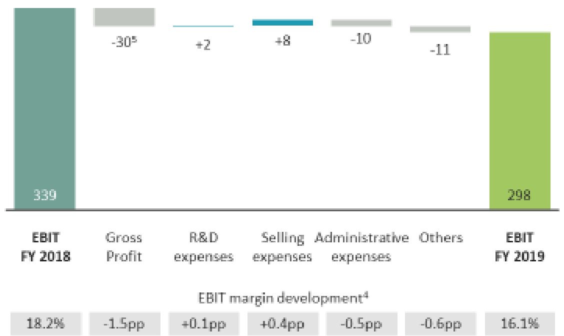
	FY 2018	FY 2019	Δ[1]
Europe	1,395	1,355	-3.1%
Americas	339	362	+6.6%
Greater China	76	81	+5.7%
Asia/Pacific	51	50	-5.4%
Total	**1,862**	**1,848**	**-1.1%**

Automotive Aftermarket sales growth by channel[1]



[1] FX-adjusted | [2] Independent Aftermarket | [3] Original Equipment Service | [4] Contains sales to Automotive suppliers in addition to IAM and OES

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



[4] Before special items | [5] Includes positive FX effect of EUR 3 mn

Backup

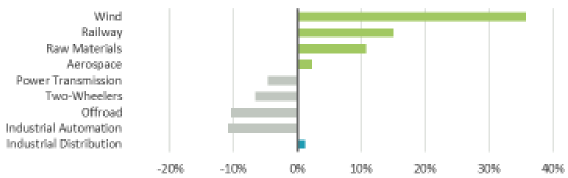
SCHAEFFLER

Industrial – Strong growth in Greater China, weak H2 in Europe

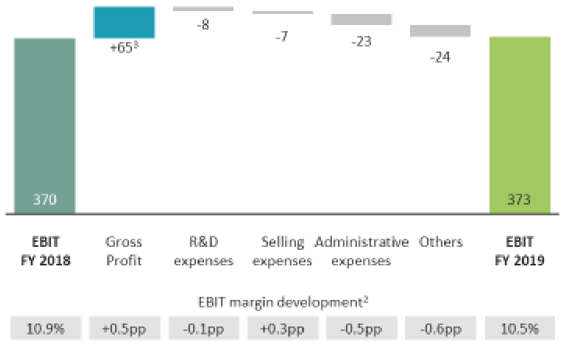
Sales by region | yoy growth

	FY 2018	FY 2019	Δ[1]
Europe	1,904	1,867	-2.4%
Americas	596	638	+2.9%
Greater China	575	723	+23.4%
Asia/Pacific	308	314	-0.1%
Total	**3,383**	**3,541**	**+3.1%**

Industrial sales growth by sector cluster FY 2019[1]



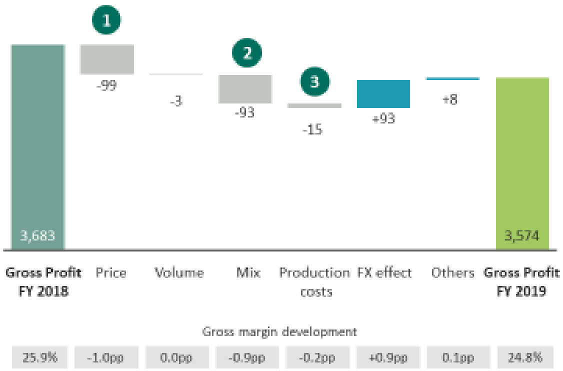
EBIT[2] FY 2018 vs. FY 2019 | in EUR mn



[1] FX-adjusted | [2] Before special items | [3] Includes positive FX effects of EUR 38 mn

Gross Profit – Still subdued in Automotive divisions, although stabilized in H2

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



Key aspects FY

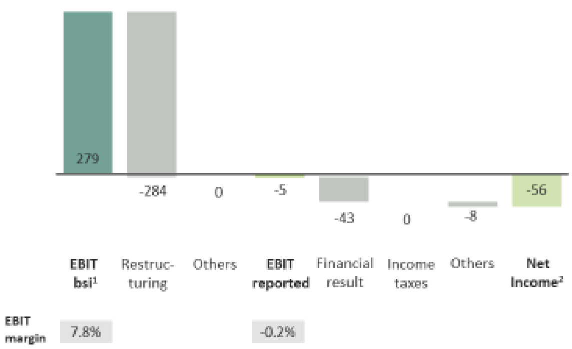
1. Yoy price reduction in Auto OEM – Still at lower rate than previous years, positive development in Industrial
2. Negative mix effect driven by Auto OEM and mainly related to ramp ups in system business (E-Mobility)
3. Negative production costs mainly driven by Industrial division, Auto OEM positive due to better flexing of costs in H2

Gross Margin

in % of sales	Q4 18	Q4 19	Q4 19 vs. Q4 18	FY 18	FY 19	FY 19 vs. FY 18
Auto OEM	18.6%	19.9%	+1.3pp	22.3%	20.6%	-1.7pp
Aftermarket	35.1%	34.5%	-0.6pp	35.5%	34.1%	-1.3pp
Industrial	28.7%	27.3%	-1.4pp	29.9%	30.4%	+0.5pp
Group	23.1%	23.5%	+0.4pp	25.9%	24.8%	-1.1pp

EBIT before special items – Reconciliation Q4 2019

Reconciliation Q4 2019 | in EUR mn



¹ Before special items | ² Attributable to the shareholders of the parent company

Key aspects Q4

- Restructuring includes EUR 122 mn for Program RACE, EUR 137 mn for Program FIT and EUR 15 mn for Program GRIP
- Divisional programs include provisions for additional voluntary severance scheme introduced in November 2019

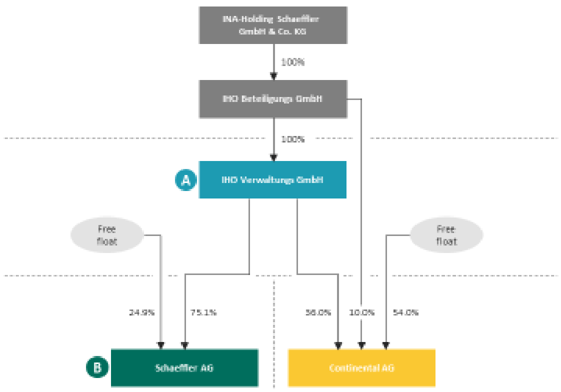
Special items by division | in EUR mn

in EUR m	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
EBIT Reported	391	382	376	**204**	230	253	312	**-5**
Auto OEM	-	10	-13	**14**	55	18	15	**122**
Aftermarket	-	-	-3	-	-	-	-	**15**
Industrial	-	12	-5	**12**	-13	13	-	**147**
Group	-	22	-21	**26**	42	31	15	**284**
EBIT bsi[1]	391	404	356	**231**	272	284	327	**279**

Overview Corporate and Financing Structure

SCHAEFFLER

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



Financing structure | as of December 31, 2019

A IHO Verwaltungs GmbH

	Debt instrument	Nominal (USD m)	Nominal (EUR[1] m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	Term loan (EUR)	-	600	E+2.75%	May-24	Not rated
	RCF (EUR 400m)	-	-	E+2.75%	May-24	Not rated
Bonds	3,625% SSNs 2025 (EUR)	-	800	3.625%	May-25	BB+/Ba1/BB+
	3.75% SSNs 2026 (EUR)	-	750	3.75%	Sep-26	BB+/Ba1/BB+
	4.75% SSNs 2026 (USD)	500	445	4.75%	Sep-26	BB+/Ba1/BB+
	3,875% SSNs 2027 (EUR)		500	3.875%	May-27	BB+/Ba1/BB+
	6.00% SSNs 2027 (USD)	450	401	6.00%	May-27	BB+/Ba1/BB+
	6.375% SSNs 2029 (USD)	400	356	6.375%	May-29	BB+/Ba1/BB+
	Total IHO Verwaltungs GmbH		**3,852**	**Ø 3.68%[2,3]**		

B Schaeffler AG

	Debt instrument	Nominal (USD m)	Nominal (EUR[1] m)	Interest	Maturity	Rating (Fitch/Moody's/S&P)
Loans	Term Loan (EUR)[5]	-	-	E+0.80%	Sep-23	Not rated
	RCF (EUR 1,800m)	-	-	E+0.50%	Sep-23	Not rated
	Investment Facility (EUR 250m)	-	250	E+1.00%	Dec-22	Not rated
CP	Commercial Paper Program (EUR 1.0b)	-	115	Ø -0,02%	Jan-20	Not rated
Bonds	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[4]	-	600	3.25%	May-25	BBB-/Baa3/BBB-
	2.875% SNs 2027 (EUR)	-	650	2.875%	Mar-27	BBB-/Baa3/BBB-
	Total Schaeffler Group		**3,165**	**Ø 2.15%[3]**		

[1] EUR/USD = 1.0889 | [2] After cross currency swaps | [3] Incl. commitment and utilization fees
[4] Bond issued by Schaeffler Finance B.V., guaranteed by Schaeffler AG | [5] Fully repaid on 20th Dec 2019