

SCHAEFFLER

Facts and figures
First half 2017

Schaeffler Group at a glance

Income statement (in € millions)	1 st six months		Change
	2017	2016	
Revenue	7,046	6,712	5.0 %
• at constant currency			3.8 %
EBIT	793	859	-7.7 %
• in % of revenue	11.3	12.8	-1.5 %-pts.
EBIT before special items ¹⁾	780	859	-9.2 %
• in % of revenue	11.1	12.8	-1.7 %-pts.
Net income ²⁾	485	494	-1.8 %
Earnings per common non-voting share (basic/diluted, in €)	0.73	0.75	-2.7 %
Statement of financial position (in € millions)	06/30/2017	12/31/2016	Change
Total assets	11,120	11,564	-3.8 %
Shareholders' equity ³⁾	2,168	1,997	171 € millions
• in % of total assets	19.5	17.3	2.2 %-pts.
Net financial debt	2,956	2,636	12.1 %
• Net financial debt to EBITDA ratio before special items ^{1) 4)}	1.2	1.1	
• Gearing Ratio (Net financial debt to shareholders' equity, in %)	136.3	132.0	4.3 %-pts.
Statement of cash flows (in € millions)	1 st six months		Change
EBITDA	1,175	1,217	-3.5 %
• in % of revenue	16.7	18.1	-1.4 %-pts.
EBITDA before special items ¹⁾	1,162	1,217	-4.5 %
• in % of revenue	16.5	18.1	-1.6 %-pts.
Cash flows from operating activities	506	777	-271 € millions
Capital expenditures (capex) ⁵⁾	594	561	33 € millions
• in % of revenue (capex ratio)	8.4	8.4	0.0 %-pts.
Free cash flow	-89	216	-305 € millions
Value Added	1 st six months		Change
ROCE before special items (in %) ^{1) 4)}	20.7	23.2	-2.5 %-pts.
Schaeffler Value Added before special items (in € millions) ^{1) 4)}	837	973	-14.0 %
Employees	06/30/2017	12/31/2016	Change
Headcount	87,937	86,662	1.5 %

¹⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

²⁾ Attributable to shareholders of the parent company.

³⁾ Including non-controlling interests.

⁴⁾ EBIT/EBITDA based on the last twelve months.

⁵⁾ Capital expenditures on intangible assets and property, plant and equipment.

Automotive (in € millions)	1 st six months		Change
	2017	2016	
Revenue	5,455	5,182	5.3 %
• at constant currency			4.2 %
EBIT	657	735	-10.6 %
• in % of revenue	12.0	14.2	-2.2 %-pts.
EBIT before special items ¹⁾	644	735	-12.4 %
• in % of revenue	11.8	14.2	-2.4 %-pts.
Industrial (in € millions)	1 st six months		Change
Revenue	1,591	1,530	4.0 %
• at constant currency			2.3 %
EBIT	136	124	9.7 %
• in % of revenue	8.5	8.1	0.4 %-pts.
EBIT before special items ¹⁾	136	124	9.7 %
• in % of revenue	8.5	8.1	0.4 %-pts.

Prior year information presented based on 2017 segment structure.

¹⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

Highlights H1 2017

Revenue increased further in the first half of 2017, earnings below prior year

Revenue at constant currency up **3.8 %**,
EBIT margin before special items at 11.1 %
(prior year: 12.8 %)

Weak results of operations in the Automotive division for the 2nd quarter

Revenue at constant currency up 4.2 %,
EBIT margin before special items at **11.8 %**
(prior year: 14.2 %)

Industrial division back on growth course, EBIT margin further stabilized

Revenue at constant currency up 2.3 %,
EBIT margin before special items at **8.5 %**
(prior year: 8.1 %)

Free cash flow affected, among other things, by non-persistent cash outflows

Free cash flow at **EUR -89 m** (prior year: EUR 216 m)

Revenue guidance confirmed, outlook for EBIT and free cash flow for 2017 adjusted

EBIT margin before special items of **11-12 %**
(previously: 12-13 %),

Free cash flow of ~ EUR 500 m
(previously: ~ EUR 600 m)

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Schaeffler Group

Revenue EUR **7,046 m**

22.6 %

Industrial



77.4 %

Automotive

EBIT margin before special items **11.1 %**

Revenue up 3.8 % at constant currency // Weak Automotive division performance impacts EBIT margin // Positive revenue and earnings development in the Industrial division – encouraging second quarter // Double-digit growth in Greater China // R&D activities for E-mobility expanded considerably

Schaeffler Group earnings

in € millions	1 st six months			2 nd quarter		
	2017	2016	Change in %	2017	2016	Change in %
Revenue	7,046	6,712	5.0	3,472	3,369	3.1
• at constant currency			3.8			2.2
Revenue by division						
Automotive	5,455	5,182	5.3	2,664	2,604	2.3
• at constant currency			4.2			1.6
Industrial	1,591	1,530	4.0	808	765	5.6
• at constant currency			2.3			4.5
Revenue by region ¹⁾						
Europe	3,664	3,679	-0.4	1,796	1,863	-3.6
• at constant currency			-0.9			-4.2
Americas	1,523	1,418	7.4	747	712	4.9
• at constant currency			4.1			2.6
Greater China	1,125	939	19.8	562	463	21.4
• at constant currency			21.7			23.8
Asia/Pacific	734	676	8.6	367	331	10.9
• at constant currency			5.0			7.9
Cost of sales	-5,093	-4,792	6.3	-2,551	-2,393	6.6
Gross profit	1,953	1,920	1.7	921	976	-5.6
• in % of revenue	27.7	28.6	-	26.5	29.0	-
Research and development expenses	-428	-378	13.2	-216	-194	11.3
Selling and administrative expenses	-715	-668	7.0	-355	-336	5.7
Earnings before financial result and income taxes (EBIT)	793	859	-7.7	358	438	-18.3
• in % of revenue	11.3	12.8	-	10.3	13.0	-
Special items ²⁾	-13	0	-	-13	0	-
EBIT before special items	780	859	-9.2	345	438	-21.2
• in % of revenue	11.1	12.8	-	9.9	13.0	-
Financial result	-103	-153	-32.7	-55	-88	-37.5
Income taxes	-196	-206	-4.9	-92	-106	-13.2
Net income ³⁾	485	494	-1.8	206	241	-14.5
Earnings per common non-voting share (basic/diluted, in €)	0.73	0.75	-2.7	0.31	0.37	-16.2

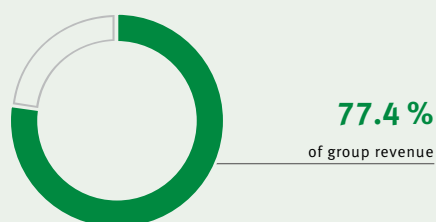
¹⁾ Based on market (customer location).

²⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

³⁾ Attributable to shareholders of the parent company.

Automotive division

Revenue EUR **5,455** m



EBIT margin before special items **11.8 %**

Revenue up 4.2 % at constant currency // Slight cooling of global automobile production and temporary supply chain shortages in the Aftermarket business // Second quarter earnings less than expected // Earnings affected by adverse pricing effects which could not be compensated by corresponding production cost optimization, as well as by rising costs for new product launches in the OEM business // Higher R&D and other expenses – including in the field of E-mobility

Automotive division earnings

in € millions	1 st six months			2 nd quarter		
	2017	2016	Change in %	2017	2016	Change in %
Revenue	5,455	5,182	5.3	2,664	2,604	2.3
• at constant currency			4.2			1.6
Revenue by business division						
BD Engine Systems	1,399	1,324	5.7	684	670	2.1
• at constant currency			4.8			1.6
BD Transmission Systems	2,333	2,179	7.1	1,148	1,073	7.0
• at constant currency			6.3			6.3
BD Chassis Systems	798	775	3.0	390	390	0.0
• at constant currency			1.7			-0.7
BD Automotive Aftermarket	925	904	2.3	442	471	-6.2
• at constant currency			0.8			-7.5
Revenue by region ¹⁾						
Europe	2,743	2,763	-0.7	1,330	1,404	-5.3
• at constant currency			-1.1			-5.8
Americas	1,222	1,135	7.7	599	573	4.5
• at constant currency			4.4			1.9
Greater China	905	753	20.2	444	369	20.3
• at constant currency			22.5			23.2
Asia/Pacific	585	531	10.2	291	258	12.8
• at constant currency			6.8			10.2
Cost of sales	-3,970	-3,701	7.3	-1,971	-1,854	6.3
Gross profit	1,485	1,481	0.3	693	750	-7.6
• in % of revenue	27.2	28.6	-	26.0	28.8	-
Research and development expenses	-360	-311	15.8	-182	-160	13.8
Selling and administrative expenses	-461	-413	11.6	-228	-209	9.1
EBIT	657	735	-10.6	290	368	-21.2
• in % of revenue	12.0	14.2	-	10.9	14.1	-
Special items ²⁾	-13	0	-	-13	0	-
EBIT before special items	644	735	-12.4	277	368	-24.7
• in % of revenue	11.8	14.2	-	10.4	14.1	-

Prior year information presented based on 2017 segment structure.

¹⁾ Based on market (customer location).

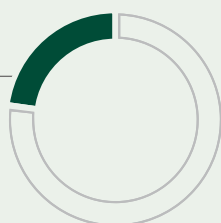
²⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

Industrial division

Revenue EUR **1,591 m**

22.6 %

of group revenue



EBIT margin before special items **8.5 %**

Industrial division back on growth course – revenue increases by 2.3 % at constant currency // Largely driven by higher volumes in the Greater China region and in the power transmission and industrial automation sectors // Earnings in line with expectations – margin further stabilized // Cost and efficiency measures are consistently executed and proving effective

Industrial division earnings

in € millions	1 st six months			2 nd quarter		
	2017	2016	Change in %	2017	2016	Change in %
Revenue	1,591	1,530	4.0	808	765	5.6
• at constant currency			2.3			4.5
Revenue by region ¹⁾						
Europe	921	916	0.5	466	459	1.5
• at constant currency			-0.3			0.6
Americas	301	283	6.4	148	139	6.5
• at constant currency			2.6			5.1
Greater China	220	186	18.3	118	94	25.5
• at constant currency			18.7			26.3
Asia/Pacific	149	145	2.8	76	73	4.1
• at constant currency			-1.7			0.1
Cost of sales	-1,123	-1,091	2.9	-580	-539	7.6
Gross profit	468	439	6.6	228	226	0.9
• in % of revenue	29.4	28.7	-	28.2	29.5	-
Research and development expenses	-68	-67	1.5	-34	-34	0.0
Selling and administrative expenses	-254	-255	-0.4	-127	-127	0.0
EBIT	136	124	9.7	68	70	-2.9
• in % of revenue	8.5	8.1	-	8.4	9.2	-
Special items ²⁾	0	0	0.0	0	0	0.0
EBIT before special items	136	124	9.7	68	70	-2.9
• in % of revenue	8.5	8.1	-	8.4	9.2	-

Prior year information presented based on 2017 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

Consolidated income statement

in € millions	1 st six months			2 nd quarter		
	2017	2016	Change in %	2017	2016	Change in %
Revenue	7,046	6,712	5.0	3,472	3,369	3.1
Cost of sales	-5,093	-4,792	6.3	-2,551	-2,393	6.6
Gross profit	1,953	1,920	1.7	921	976	-5.6
Research and development expenses	-428	-378	13.2	-216	-194	11.3
Selling expenses	-485	-450	7.8	-242	-228	6.1
Administrative expenses	-230	-218	5.5	-113	-108	4.6
Other income	42	15	>100	30	11	>100
Other expenses	-59	-30	96.7	-22	-19	15.8
Earnings before financial result and income taxes (EBIT)	793	859	-7.7	358	438	-18.3
Financial income	87	112	-22.3	86	10	>100
Financial expenses	-190	-265	-28.3	-141	-98	43.9
Financial result	-103	-153	-32.7	-55	-88	-37.5
Earnings before income taxes	690	706	-2.3	303	350	-13.4
Income taxes	-196	-206	-4.9	-92	-106	-13.2
Net income	494	500	-1.2	211	244	-13.5
Attributable to shareholders of the parent company	485	494	-1.8	206	241	-14.5
Attributable to non-controlling interests	9	6	50.0	5	3	66.7
Earnings per common share (basic/diluted, in €)	0.72	0.74	-2.7	0.30	0.36	-16.7
Earnings per common non-voting share (basic/diluted, in €)	0.73	0.75	-2.7	0.31	0.37	-16.2

Consolidated statement of financial position

in € millions	06/30/2017	12/31/2016	06/30/2016	Change in %
ASSETS				
Intangible assets	631	632	585	-0.2
Property, plant and equipment	4,569	4,507	4,242	1.4
Other financial assets	147	217	1,922	-32.3
Other assets	60	51	41	17.6
Income tax receivables	0	0	4	0.0
Deferred tax assets	488	572	603	-14.7
Total non-current assets	5,895	5,979	7,397	-1.4
Inventories	2,010	1,905	1,914	5.5
Trade receivables	2,327	2,218	2,266	4.9
Other financial assets	85	55	119	54.5
Other assets	293	218	222	34.4
Income tax receivables	111	93	64	19.4
Cash and cash equivalents	399	1,071	572	-62.7
Assets held for sale	0	25	0	-100
Total current assets	5,225	5,585	5,157	-6.4
Total assets	11,120	11,564	12,554	-3.8
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	666	666	666	0.0
Capital reserves	2,348	2,348	2,348	0.0
Other reserves	-247	-404	-769	-38.9
Accumulated other comprehensive income (loss)	-703	-713	-909	-1.4
Equity attributable to shareholders of the parent company	2,064	1,897	1,336	8.8
Non-controlling interests	104	100	89	4.0
Total shareholders' equity	2,168	1,997	1,425	8.6
Provisions for pensions and similar obligations	2,077	2,182	2,358	-4.8
Provisions	88	96	138	-8.3
Financial debt	3,003	3,704	5,442	-18.9
Income tax payables	141	163	219	-13.5
Other financial liabilities	55	86	7	-36.0
Other liabilities	7	6	6	16.7
Deferred tax liabilities	136	124	116	9.7
Total non-current liabilities	5,507	6,361	8,286	-13.4
Provisions	300	354	419	-15.3
Financial debt	352	3	4	>100
Trade payables	1,581	1,625	1,384	-2.7
Income tax payables	198	176	135	12.5
Other financial liabilities	593	696	506	-14.8
Other liabilities	421	344	395	22.4
Liabilities held for sale	0	8	0	-100
Total current liabilities	3,445	3,206	2,843	7.5
Total shareholders' equity and liabilities	11,120	11,564	12,554	-3.8

Consolidated statement of cash flows

in € millions	1 st six months			2nd quarter		
	2017	2016	Change in %	2017	2016	Change in %
Operating activities						
EBIT	793	859	-7.7	358	438	-18.3
Interest paid	-77	-107	-28.0	-47	-72	-34.7
Interest received	4	73	-94.5	1	70	-98.6
Income taxes paid	-181	-161	12.4	-100	-62	61.3
Depreciation, amortization and impairments	382	358	6.7	193	181	6.6
(Gains) losses on disposal of assets	1	1	0.0	1	0	-
Changes in:						
• Inventories	-161	-112	43.8	-68	-36	88.9
• Trade receivables	-174	-264	-34.1	57	-38	-
• Trade payables	38	89	-57.3	-2	37	-
• Provisions for pensions and similar obligations	26	-19	-	9	-11	-
• Other assets, liabilities and provisions	-145	60	-	-82	64	-
Cash flows from operating activities	506	777	-34.9	320	571	-44.0
Investing activities						
Proceeds from disposals of property, plant and equipment	3	1	> 100	1	0	-
Capital expenditures on intangible assets	-14	-10	40.0	-7	-5	40.0
Capital expenditures on property, plant and equipment	-580	-551	5.3	-288	-238	21.0
Aquisition of subsidiaries	-23	0	-	0	0	-
Proceeds from disposal of subsidiaries	20	0	-	16	0	-
Other investing activities	-1	-1	0.0	-1	0	-
Cash used in investing activities	-595	-561	6.1	-279	-243	14.8
Financing activities						
Dividends paid to shareholders and non-controlling interests	-330	-329	0.3	-330	-329	0.3
Receipts from loans	350	1	> 100	350	-14	-
Repayments of loans ¹⁾	-588	-208	> 100	-586	-207	> 100
Other financing activities	0	98	-100	0	98	-100
Cash used in financing activities	-568	-438	29.7	-566	-452	25.2
Net increase (decrease) in cash and cash equivalents	-657	-222	> 100	-525	-124	> 100
Effects of foreign exchange rate changes on cash and cash equivalents	-15	-5	> 100	-23	3	-
Cash and cash equivalents as at beginning of period	1,071	799	34.0	947	693	36.7
Cash and cash equivalents as at June 30	399	572	-30.2	399	572	-30.2

¹⁾ Incl. EUR 38 m in cash inflows from cross-currency derivatives terminated early in connection with the redemption of the USD bonds.

Summary – 1st quarter 2016 to 2nd quarter 2017

Income statement (in € millions)	2016				2017	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
Revenue	3,343	3,369	3,265	3,361	3,574	3,472
EBIT	421	438	417	280	435	358
• in % of revenue	12.6	13.0	12.8	8.3	12.2	10.3
EBIT before special items ¹⁾	421	438	417	424	435	345
• in % of revenue	12.6	13.0	12.8	12.6	12.2	9.9
Net income ²⁾	253	241	178	187	279	206
Earnings per common non-voting share (basic/diluted, in €)	0.38	0.37	0.27	0.28	0.42	0.31
Statement of financial position (in € millions)						
Total assets	12,607	12,554	12,862	11,564	11,941	11,120
Shareholders' equity ³⁾	1,609	1,425	1,554	1,997	2,400	2,168
• in % of total assets	12.8	11.4	12.1	17.3	20.1	19.5
Net financial debt	4,909	4,874	2,876	2,636	2,742	2,956
• Net financial debt to EBITDA ratio before special items ^{1) 4)}	2.1	2.0	1.2	1.1	1.1	1.2
• Gearing Ratio (Net financial debt to shareholders' equity, in %)	305.1	342.0	185.1	132.0	114.3	136.3
Statement of cash flows (in € millions)						
EBITDA	598	619	600	476	624	551
• in % of revenue	17.9	18.4	18.4	14.2	17.5	15.9
EBITDA before special items ¹⁾	598	619	600	620	624	538
• in % of revenue	17.9	18.4	18.4	18.4	17.5	15.5
Cash flows from operating activities	206	571	528	571	186	320
Capital expenditures (capex) ⁵⁾	318	243	268	317	299	295
• in % of revenue (capex ratio)	9.5	7.2	8.2	9.4	8.4	8.5
Free cash flow	-112	328	263	256	-130	41
Value Added						
ROCE before special items (in %) ^{1) 4)}	22.8	23.2	22.6	22.3	22.1	20.7
Schaeffler Value Added before special items (in € millions) ^{1) 4)}	928	973	944	939	938	837
Employees						
Headcount (at end of reporting period)	85,016	85,225	86,029	86,662	87,341	87,937

¹⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

²⁾ Attributable to shareholders of the parent company.

³⁾ Including non-controlling interests.

⁴⁾ EBIT/EBITDA based on the last twelve months.

⁵⁾ Capital expenditures on intangible assets and property, plant and equipment.

Automotive (in € millions)	2016				2017	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter
Revenue	2,578	2,604	2,525	2,631	2,791	2,664
EBIT	367	368	362	276	367	290
• in % of revenue	14.2	14.1	14.3	10.5	13.1	10.9
EBIT before special items ¹⁾	367	368	362	384	367	277
• in % of revenue	14.2	14.1	14.3	14.6	13.1	10.4
Industrial (in € millions)						
Revenue	765	765	740	730	783	808
EBIT	54	70	55	4	68	68
• in % of revenue	7.1	9.2	7.4	0.5	8.7	8.4
EBIT before special items ¹⁾	54	70	55	40	68	68
• in % of revenue	7.1	9.2	7.4	5.5	8.7	8.4

Prior year information presented based on 2017 segment structure.

¹⁾ Please refer to pp. 17 et seq. of the interim financial report H1 for the definition of special items.

Financial calendar

August 08, 2017

Publication of results for the first six months 2017

November 08, 2017

Publication of results for the first nine months 2017

March 07, 2018

Publication of annual results 2017

All information is subject to correction and may be changed at short notice.

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