

Financial Year 2011 Results Schaeffler Group

March 20, 2012
Frankfurt

Agenda

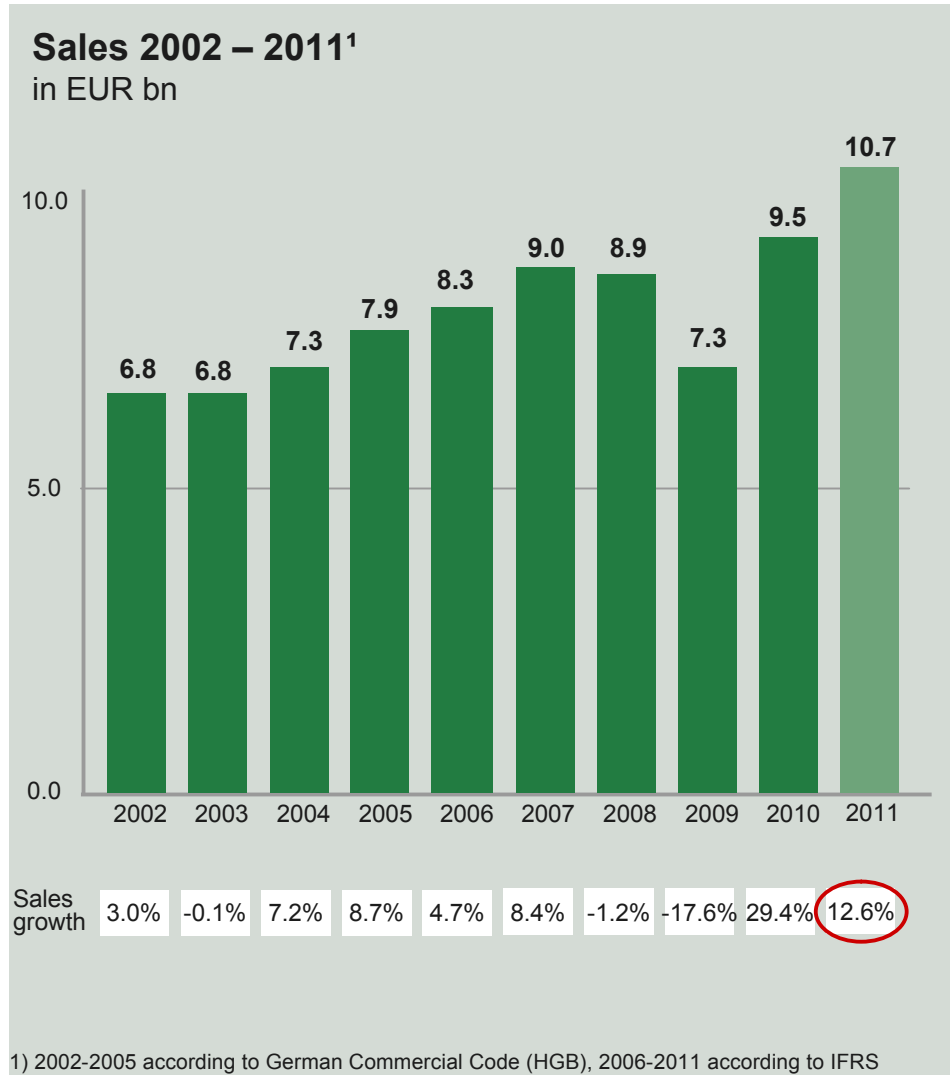
- 1** Overview 2011
- 2** Results 2011
- 3** Senior Refinancing
- 4** Outlook

Targets overachieved

Growth		Target 2011	Actual 2011	Profitability			
Sales growth	8-10 %	12.6 %	✓	EBIT Margin	> 13 %	15.8 %	✓
CAPEX	6-8 % of Sales	7.2 % of Sales	✓	Free Cash Flow	Sustainably positive	€319 mn	✓
Quality		Target 2011	Actual 2011	Innovation			
Quality policy	Zero defect principle	6 ppm	✓	R&D expenses	~ 5 % of Sales	4.6 % of Sales	✓
Employees	Education for new employees	~ 6,500 new jobs created	✓	Innovation management	Increase patent registrations	TOP ranking in Germany ¹	✓

1) Actual ranking expected end of March 2012

2011 – Another year of above average growth and margins



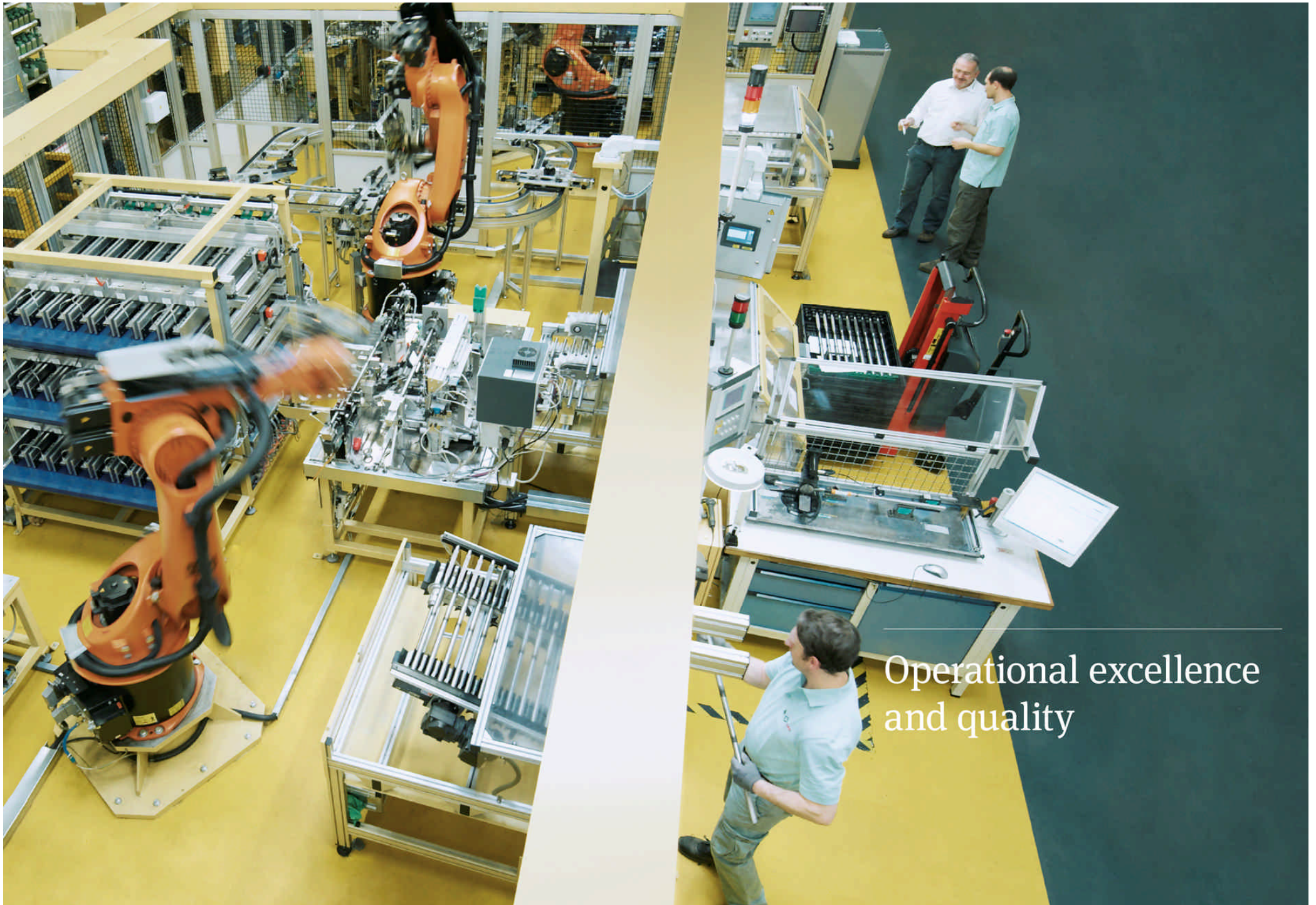
Why we are successful

Five key success factors

- 1 Operational excellence and quality
- 2 Market leadership and diversification
- 3 Customer proximity and systems know-how
- 4 Innovation and creativity
- 5 Employee development and commitment

Our vision

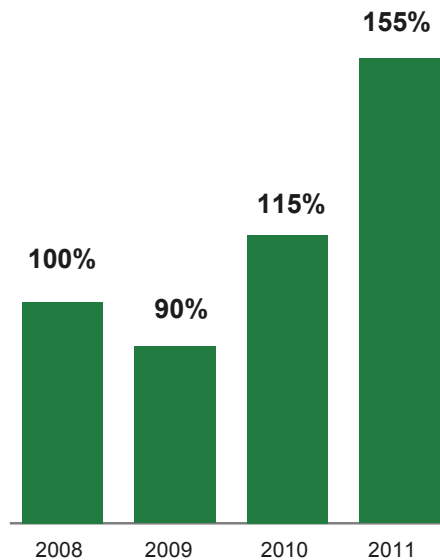
'Together
we move
the world'



Operational excellence
and quality

1 Superior global production setup – 70 plants worldwide

Quality index¹



1) Global production output per year / number of customer complaints

Integrated manufacturing platform with 70 plants worldwide

Manufacturing and production technology excellence as main competitive advantages for customer specific solutions

Continuous improvement through holistic MOVE program with global roll-out

Strict application of zero-defect principle throughout the Schaeffler world

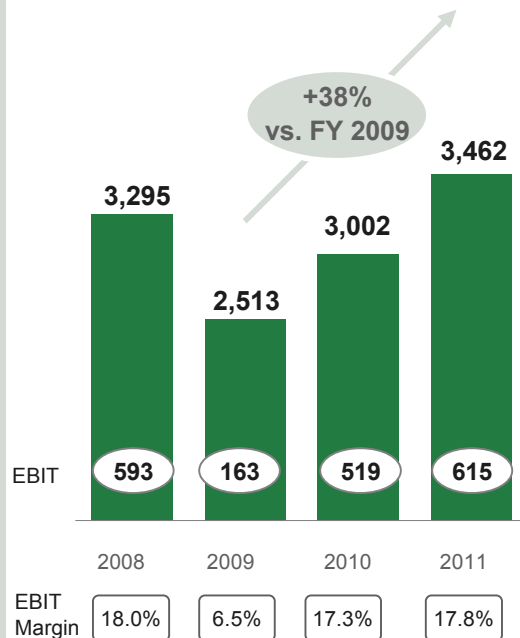
Numerous awards emphasize Schaeffler's leadership position in terms of engineering and quality

Market leadership
and diversification



2 Industrial division – Top 3 positions in all major business areas

Sales Industrial
in EUR mn



Sales growth of 15% in 2011 due to strong growth in Power Transmission, Production Machinery and Aftermarket

Very broad product spectrum of 225,000 products serving about 60 market sectors

Cage guided needle bearing: Schaeffler innovation more than 60 years ago – today production of more than 15,000 variants of needle roller bearings

Adding more functions to roller bearings: improved friction properties, longer operating life and higher operational safety

Competence in large size bearings – operating the world's largest and most modern large-size bearing rig

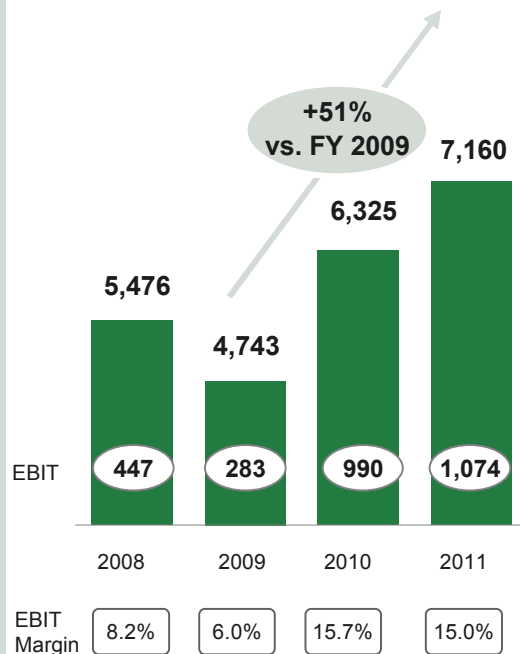
Customer proximity and
understanding systems



3 Automotive division – At the forefront of technology

Sales Automotive

in EUR mn



Sales growth of 13% in 2011 due to Transmission Systems and Aftermarket

Understanding of the customer's entire systems to tailor our components to the customer's requirements

Continuous improvement of drive train with modern engine and transmission systems

Dry double clutch: key element for efficient transmission; production of more than 150,000 dry double clutches p.m.

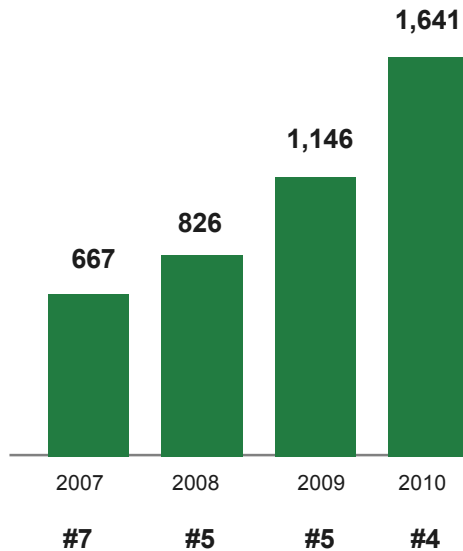
Variable valve-control systems, thermal management, wheel bearings solutions etc.

Innovation and
creativity



4 Innovation powerhouse – Engineering excellence

Number of patent applications¹



1) Source: German Patent and Trademark Office, patent registrations in 2011 will be published end of March 2012

Around 6,000 employees at 40 R&D centers worldwide operating in close cooperation with customers

Further investments planned in the fields of surface coating, materials research and tools for simulations

Schaeffler is again ranked as one of the most innovative companies in Germany in 2011¹

Bundling our comprehensive electric mobility expertise in "eMobility system division" (automotive and industrial)

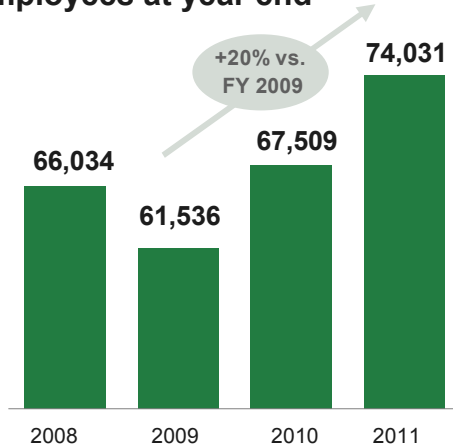
Electric mobility: start-stop solutions, hybrid technologies, eDifferential and eWheel Drive



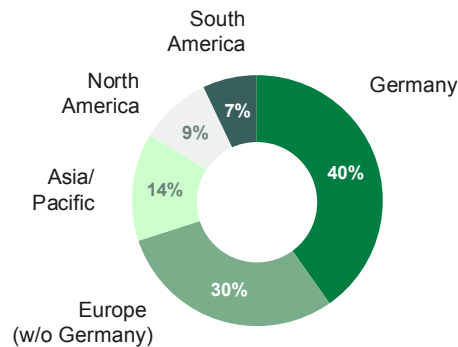
Employee development
and commitment

5 Forming a world-class workforce – 6,500 new jobs created

Employees at year end



Employees per region



Around 6,500 new jobs created – thereof 1,500 in Germany

Around 1,000 new trainees worldwide per year

50 training centers worldwide

Taicang (China), Irapuato (Mexico) and Brasov (Romania) use the German training system

Schaeffler Academy in Irapuato (Mexico) founded

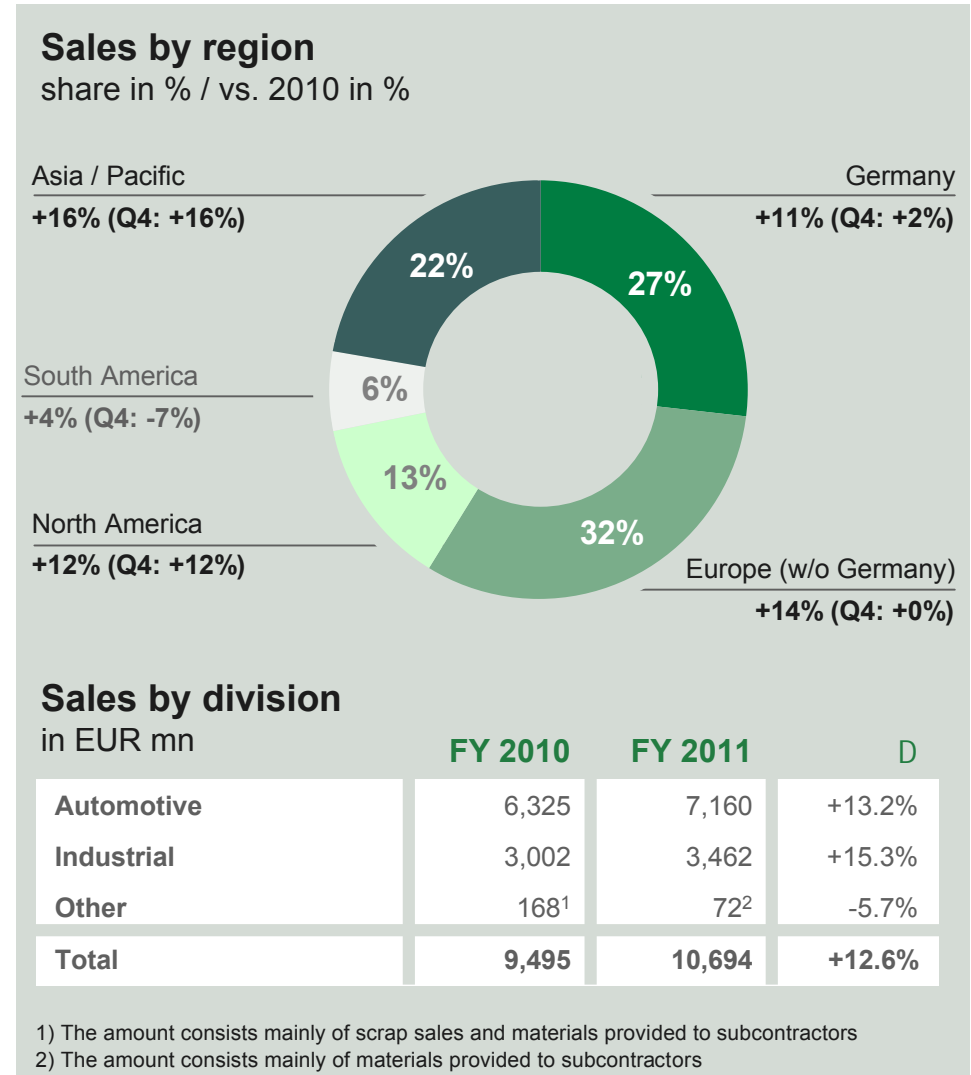
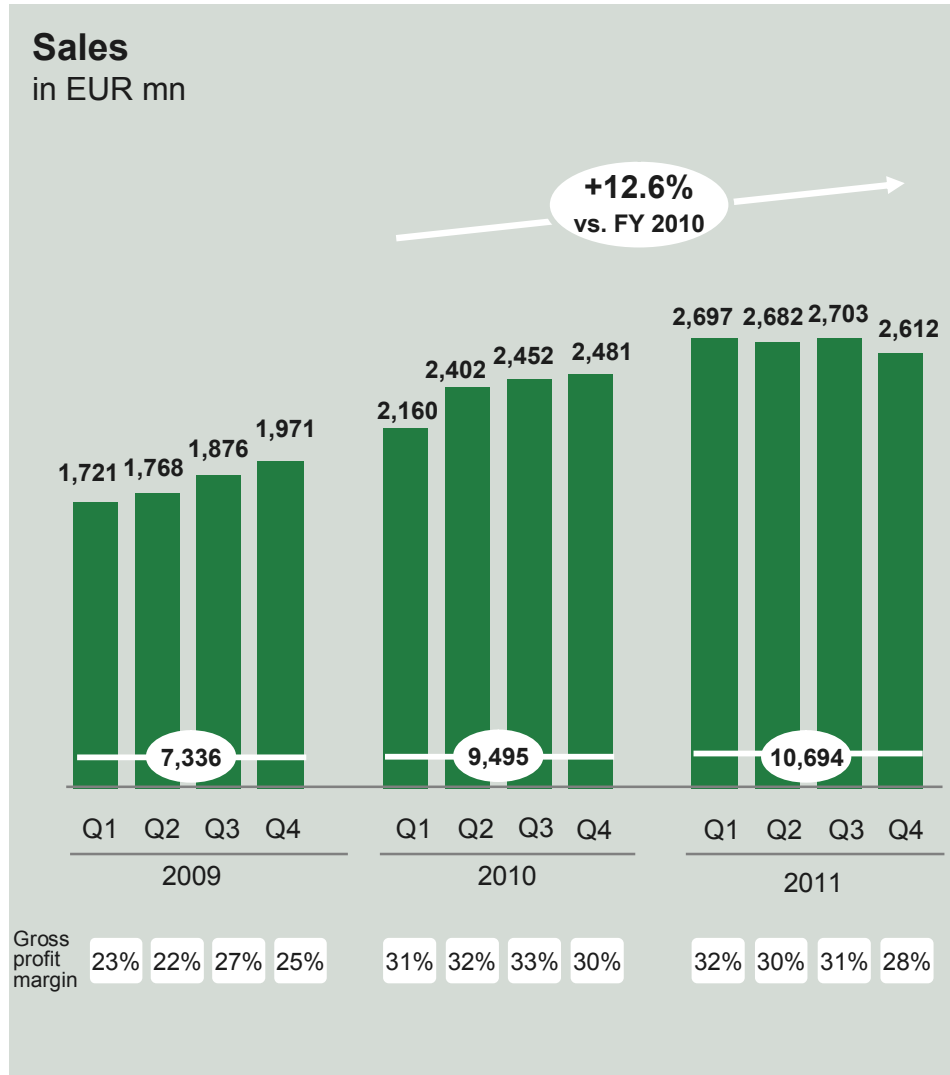
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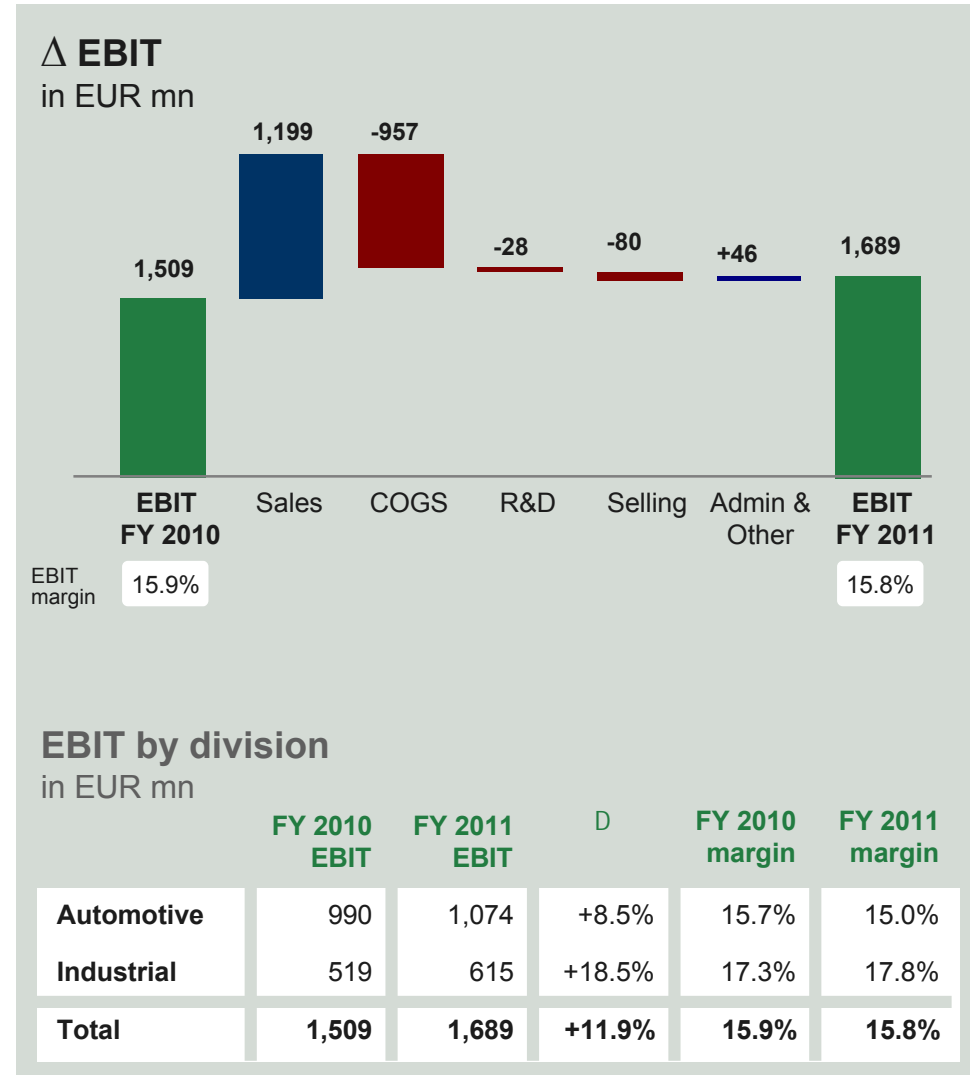
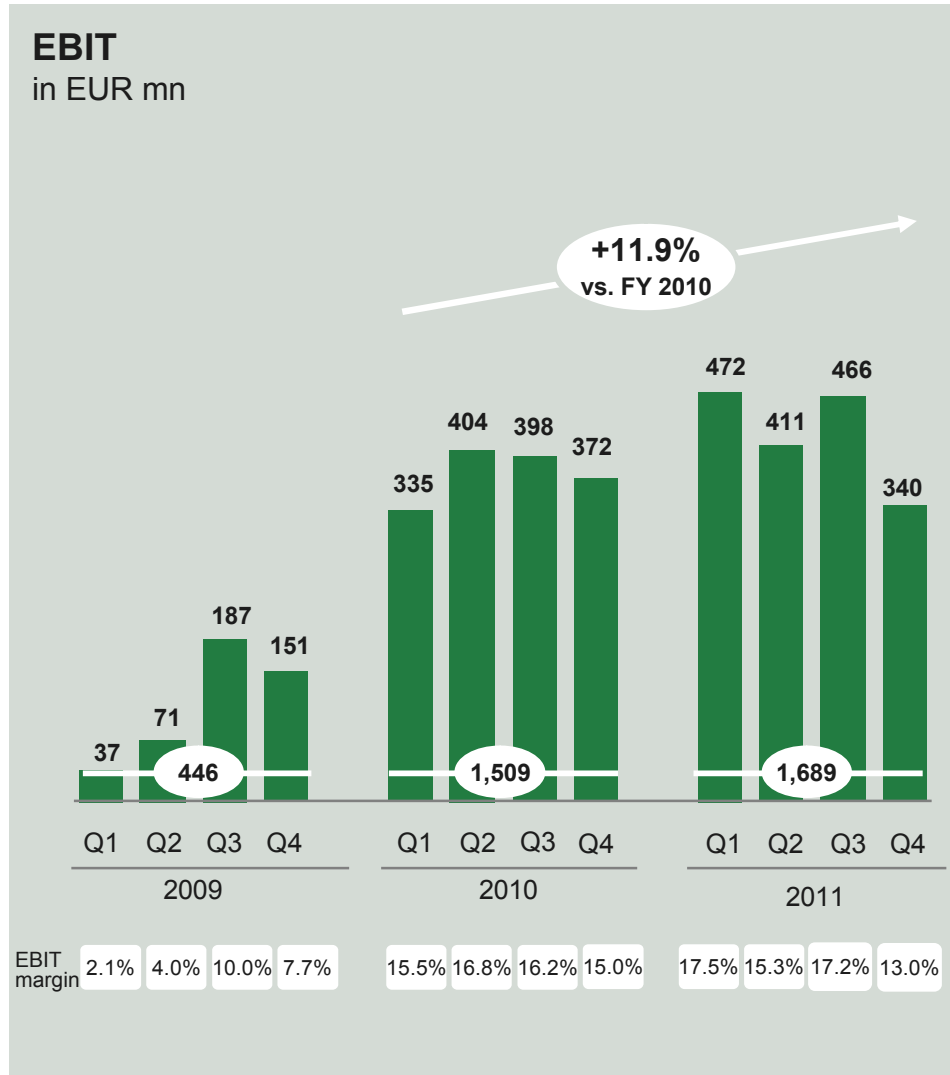
Strong results on all levels

	FY 2011 in EUR mn	FY 2010 in EUR mn	Δ in EUR mn / %	Q4 2011 in EUR mn	Q4 2010 in EUR mn	Δ in EUR mn / %
Sales	10,694	9,495	+12.6%	2,612	2,481	+5.3%
EBITDA	2,243	2,097	+146	473	515	-42
EBITDA margin	21.0%	22.1%	-1.1% pts.	18.1%	20.8%	-2.7% pts.
EBIT	1,689	1,509	+180	340	372	-32
EBIT margin	15.8%	15.9%	-0.1% pts.	13.0%	15.0%	-2.0% pts.
Net Income	889	63	+826	149	179	-30
Free Cash-Flow	319	566	-247	90	40	+50
Leverage ratio	3.0x	2.7x	+0.3x	3.0x	2.7x	+0.3x
ROCE	27.2%	25.1%	+2.1% pts.	27.2%	25.1%	+2.1% pts.

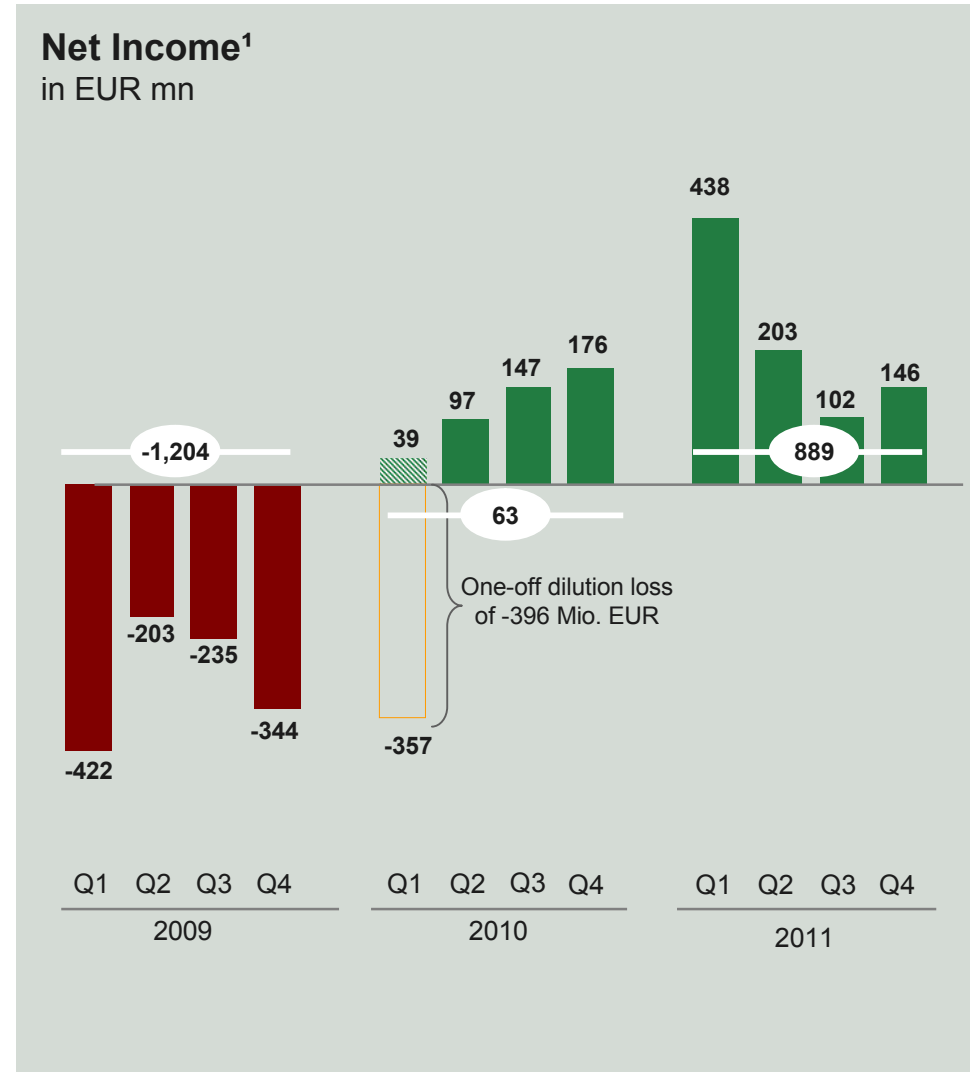
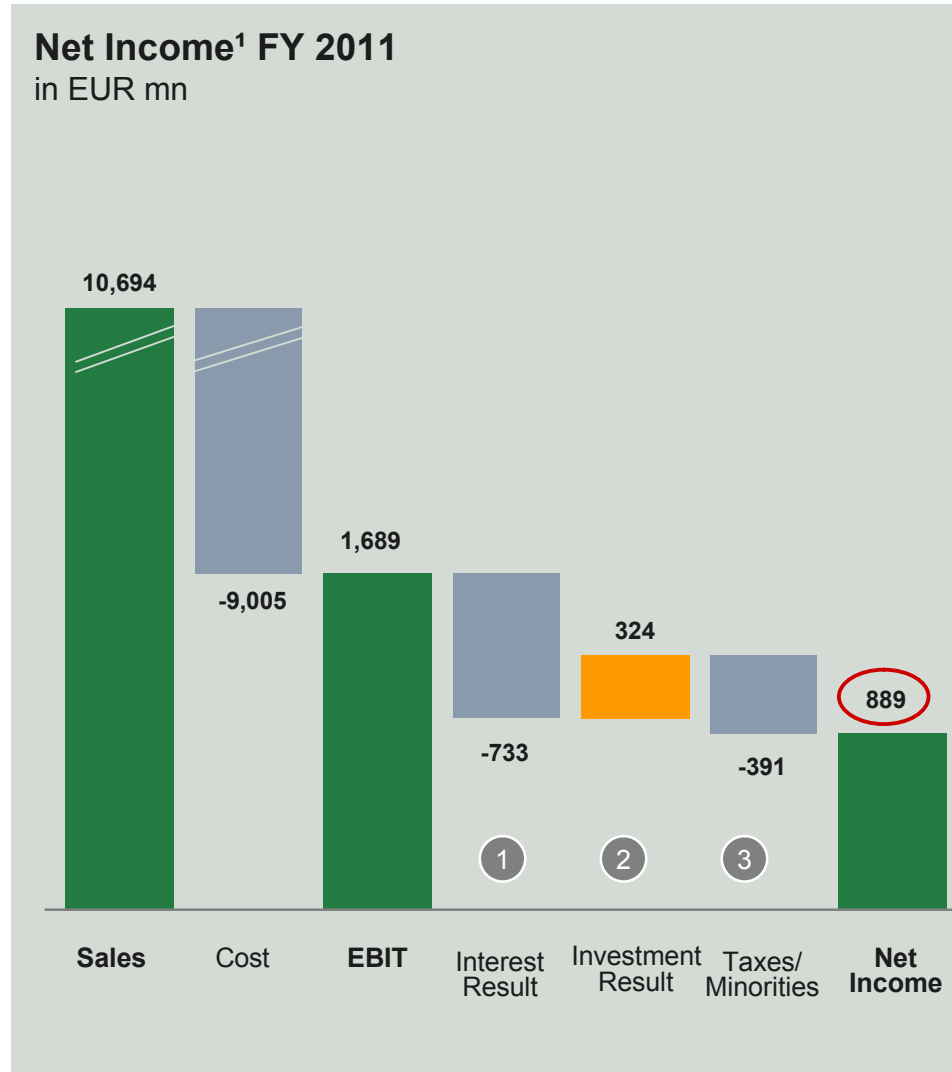
Crossing the 10 billion Euro sales threshold



EBIT margin 15.8%



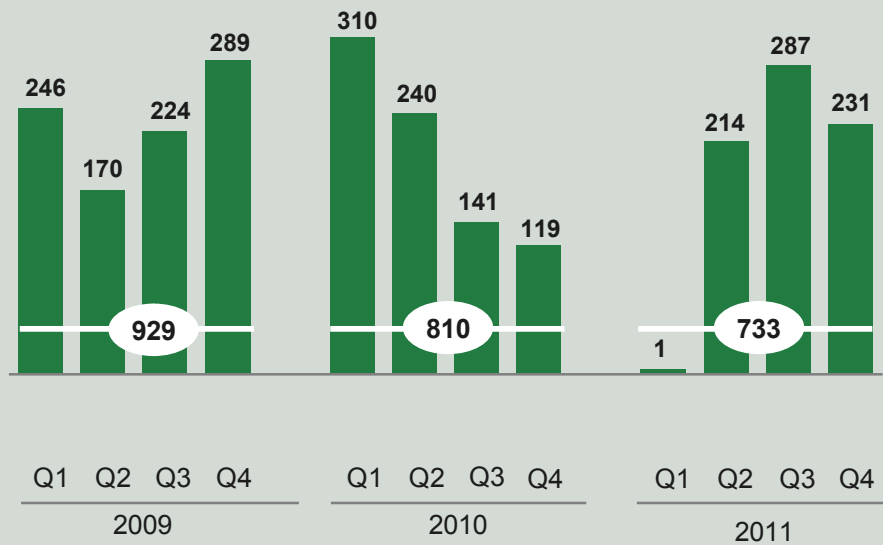
Net Income 889 million Euro



1) Net income attributable to the shareholders of the parent company

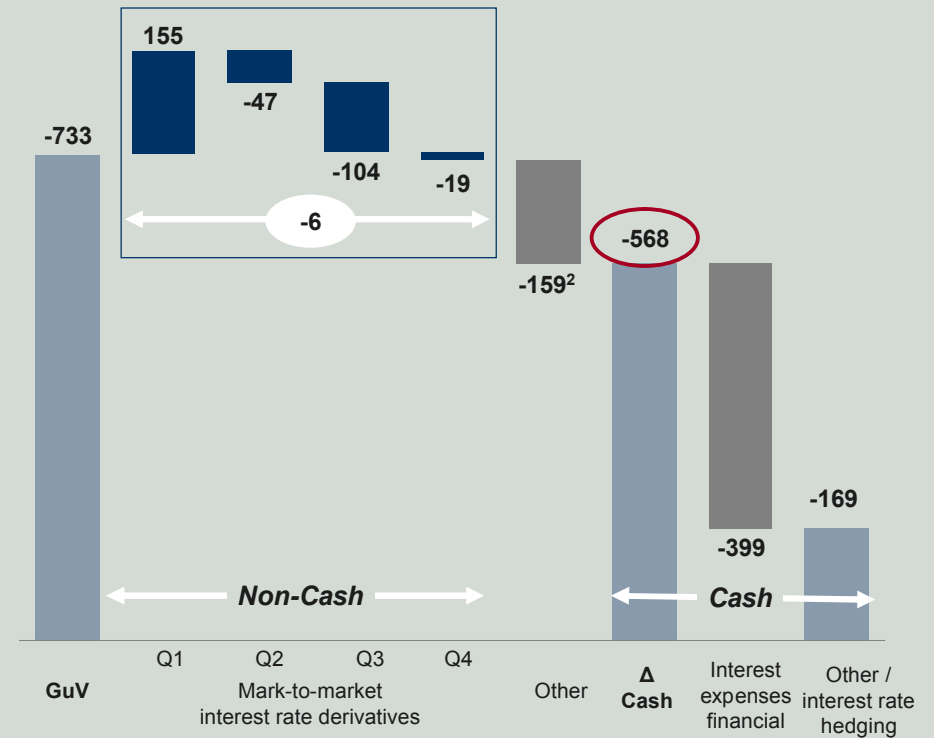
1 Net interest expense reduced

Interest Result¹
in EUR mn



1) For presentation purposes, results are shown as positive figures

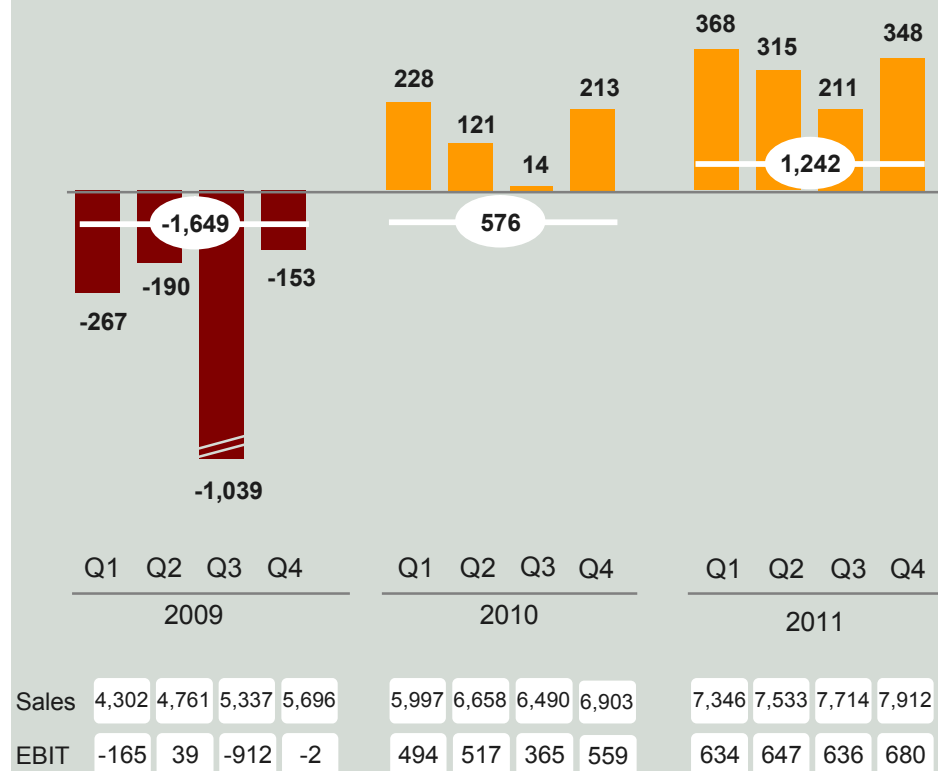
Composition of interest result
in EUR mn



2) Includes amortized transaction cost and interest for pension accruals

2 At equity result Continental 324 million Euro

Net Income Continental in EUR mn

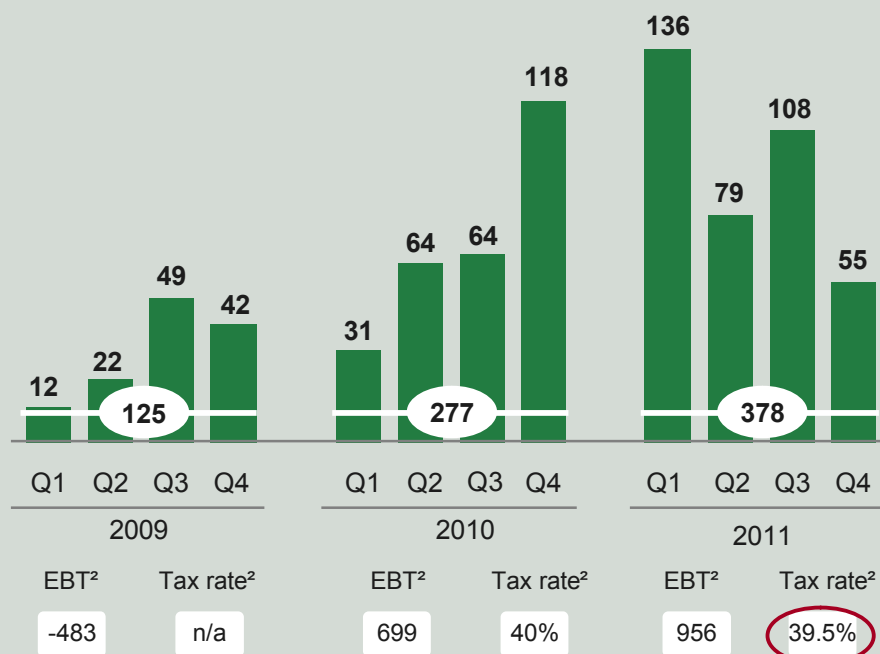


At equity result Schaeffler Group in EUR mn

	2010					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Net Income Continental	228	121	14	213	576	368	315	211	348	1,242
Conti shares (per 31/12/2011: 36,14%)	99	51	6	90	246	155	120	76	126	477
PPA	-52	-51	-51	-45	-199	-49	-44	-42	-31	-166
Dilution Loss/ Other	-396	0	0	0	-396	0	13	0	0	13
At Equity Result	-349	0	-45	45	-349	106	89	34	95	324

3 Tax rate impacted by non-deductible interest expense

Taxes¹ in EUR mn

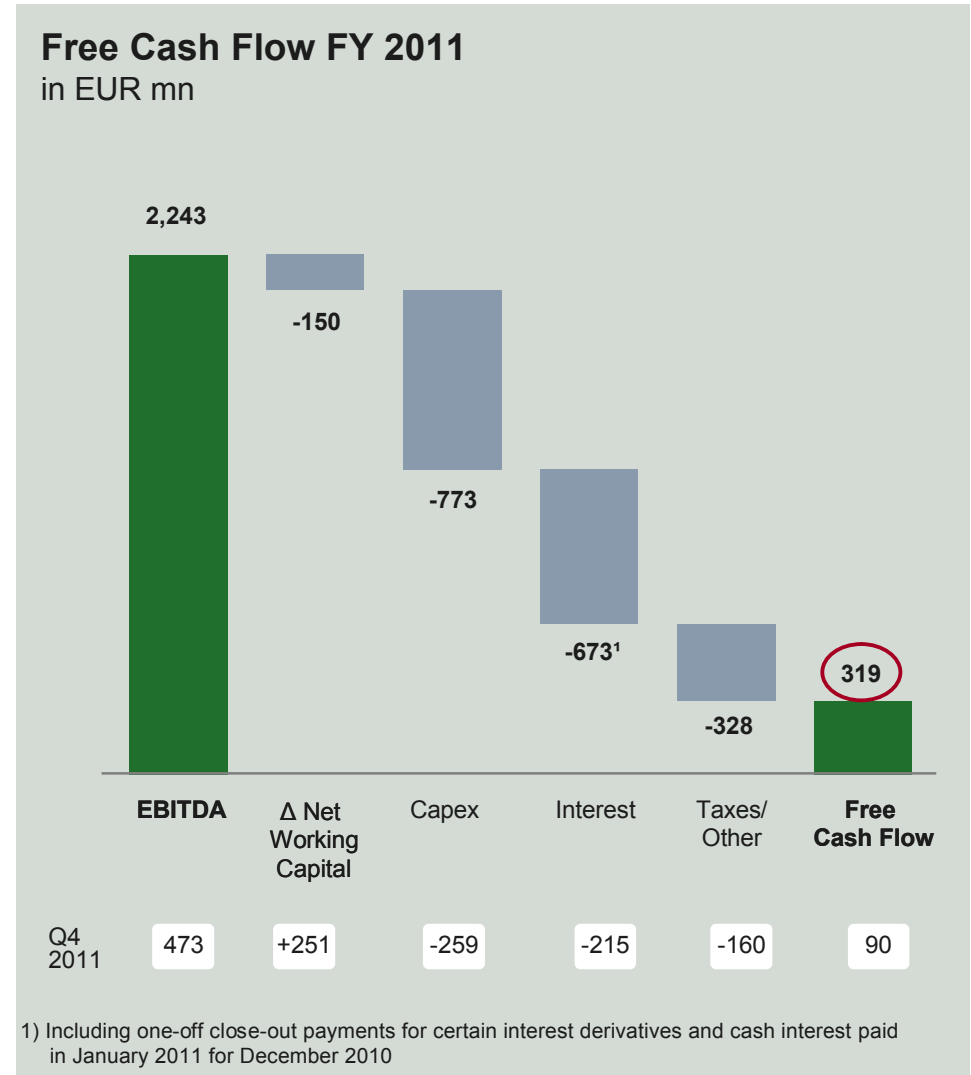
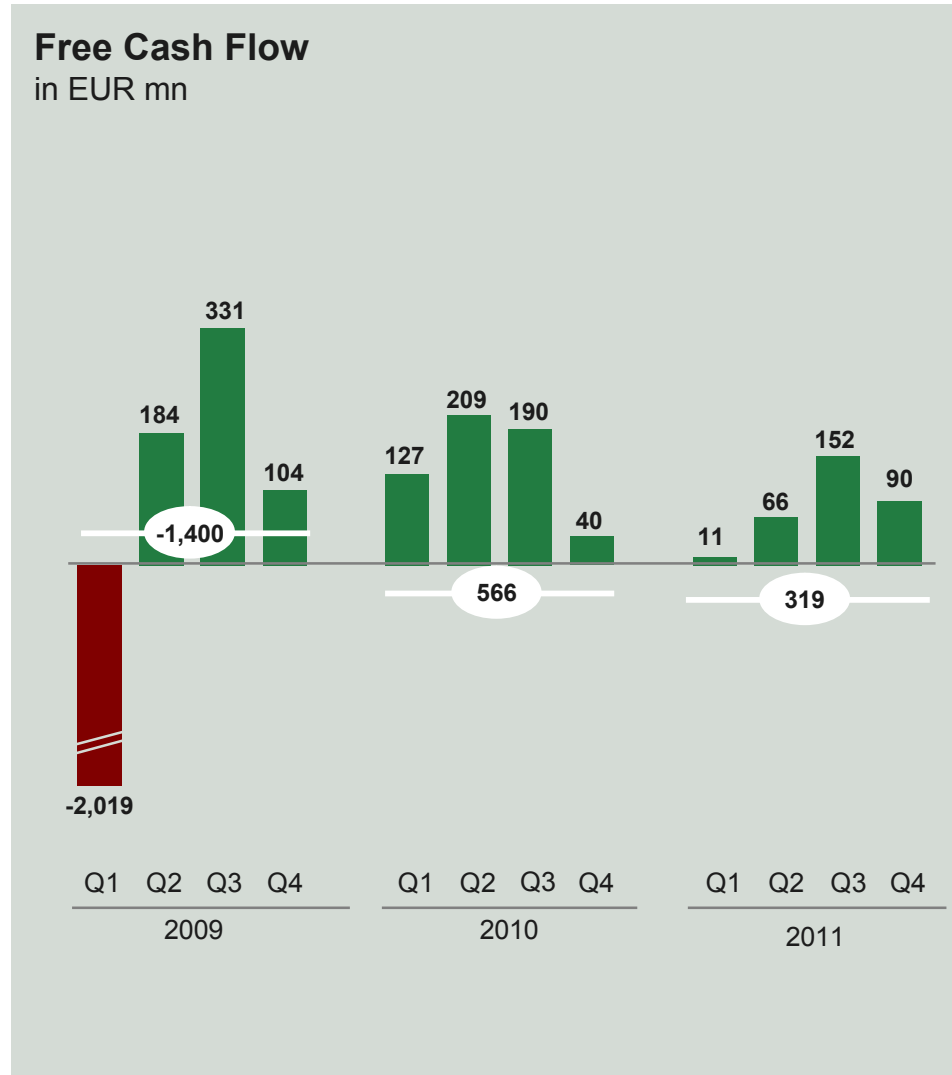


- 1) For presentation purposes, results are shown as positive figures
 2) Excluding result from associated companies accounted for at equity

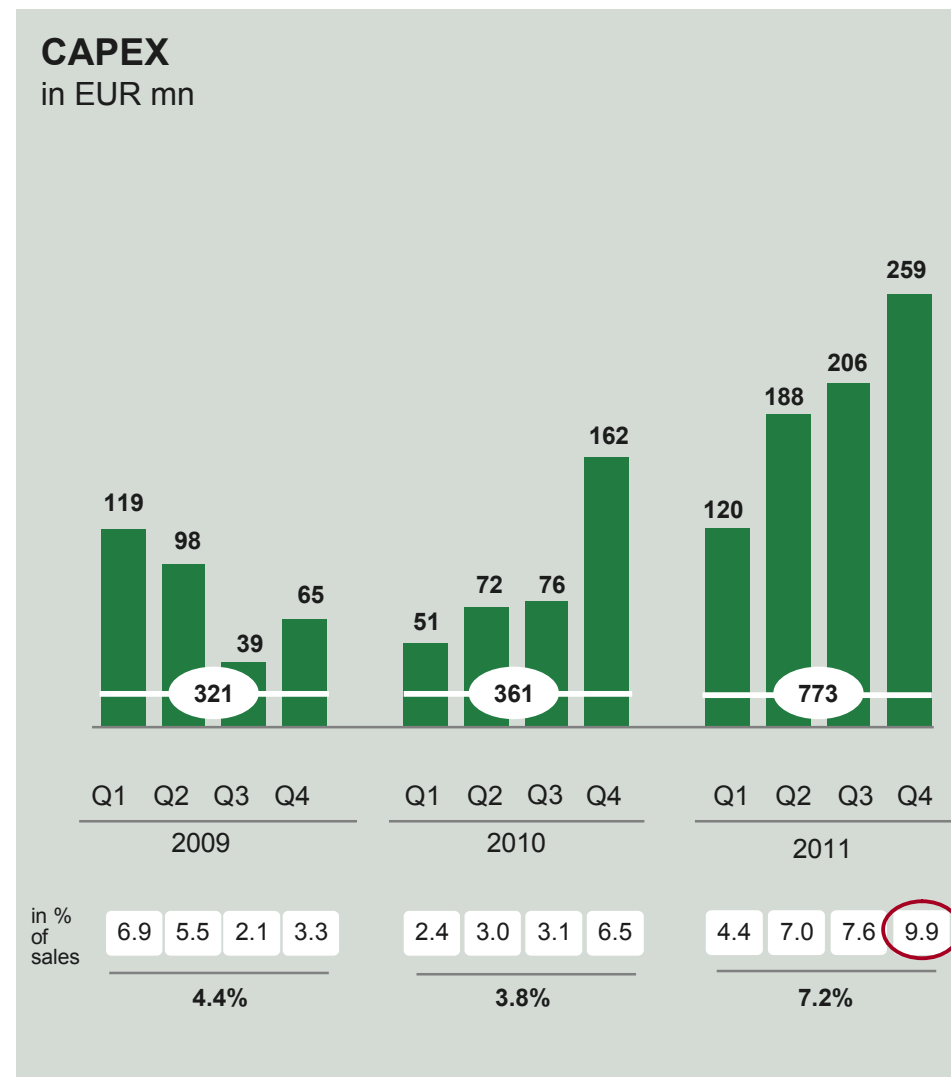
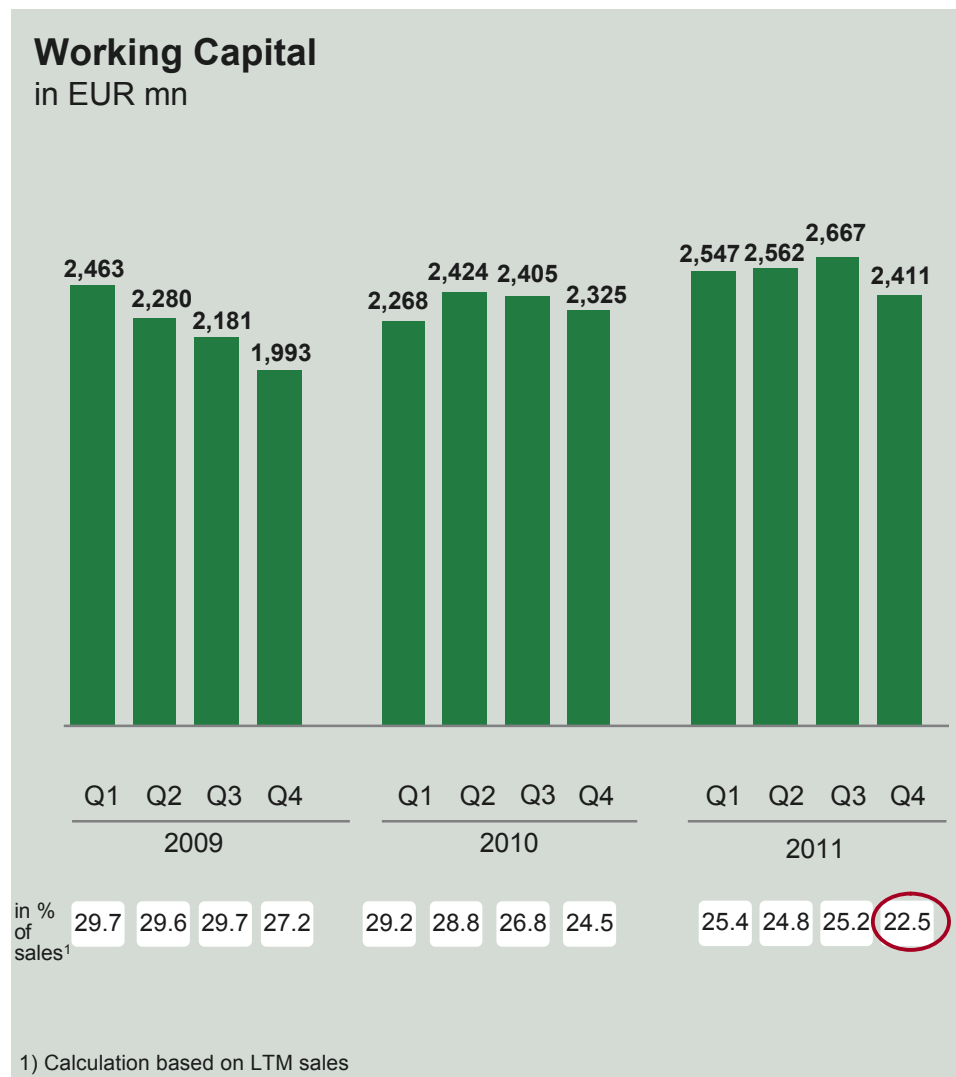
Tax rate reconciliation in EUR mn

	FY 2011	FY 2010
Net income before tax	1,280	350
Expected tax expense	358	98
Addition / reduction due to deviating local tax bases	-1	4
Foreign / domestic tax rate differences	-4	-1
Non-recognition of deferred tax assets	4	7
Change in tax rate and law	0	-5
Non-deductible expenses	122	146
Result from associated company accounted for at equity	-90	54
Taxes for previous years	2	-1
Other	-13	-25
Reported tax expense	378	277

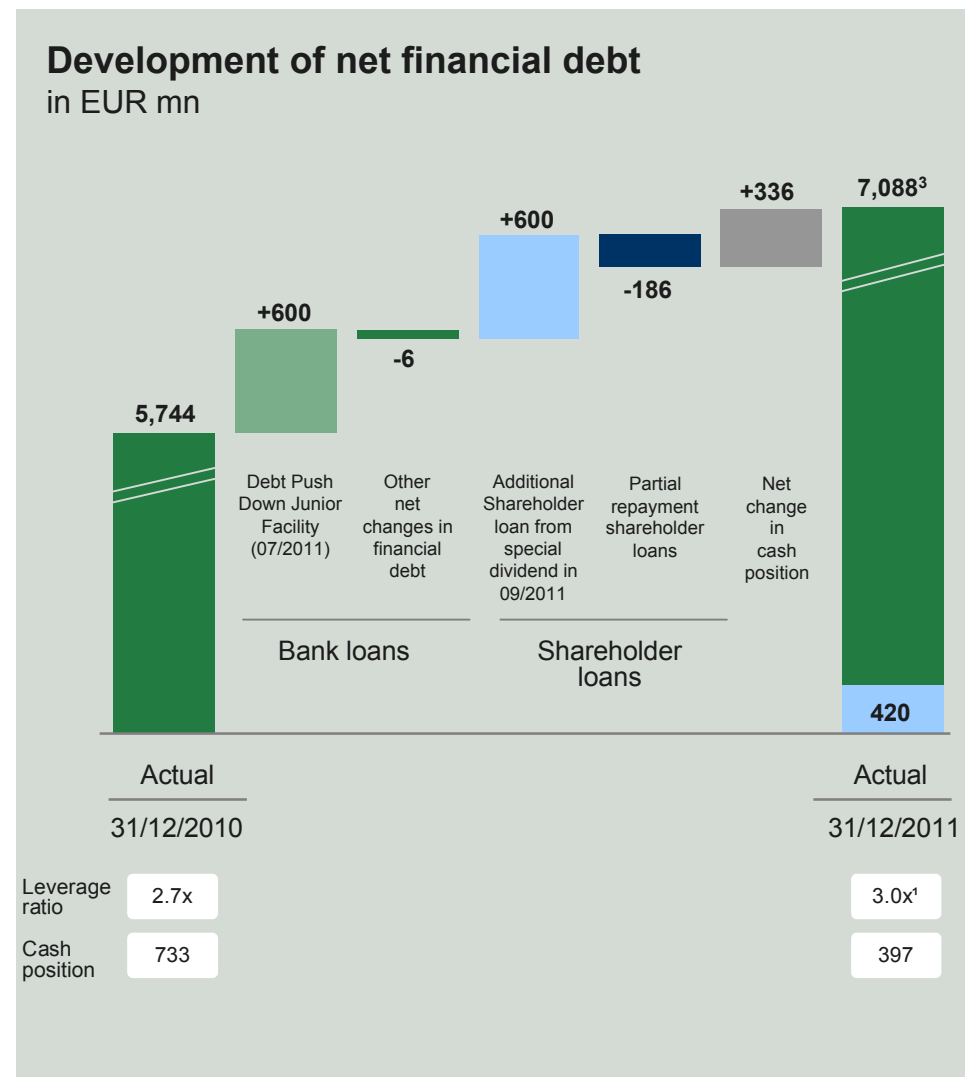
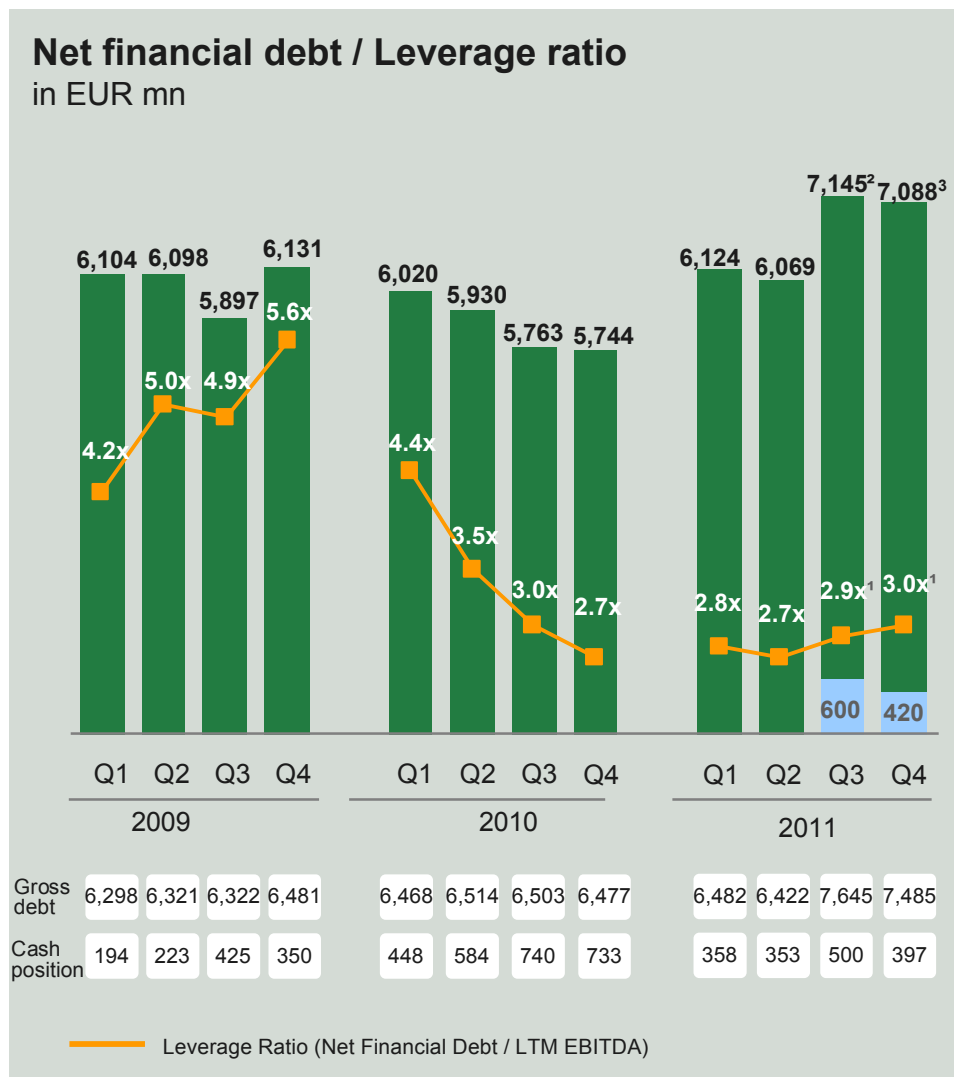
Continuous free cash flow generation



Working capital further improved – Capex significantly increased



Leverage ratio at 3.0x



1) Excluding shareholder loans 2) Including shareholder loans of EUR 600 mn as of 30 September 2011 3) Including shareholder loans of EUR 420 mn as of 31 December 2011

Equity ratio improved – Strong ROCE level maintained



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Milestones Schaeffler refinancing

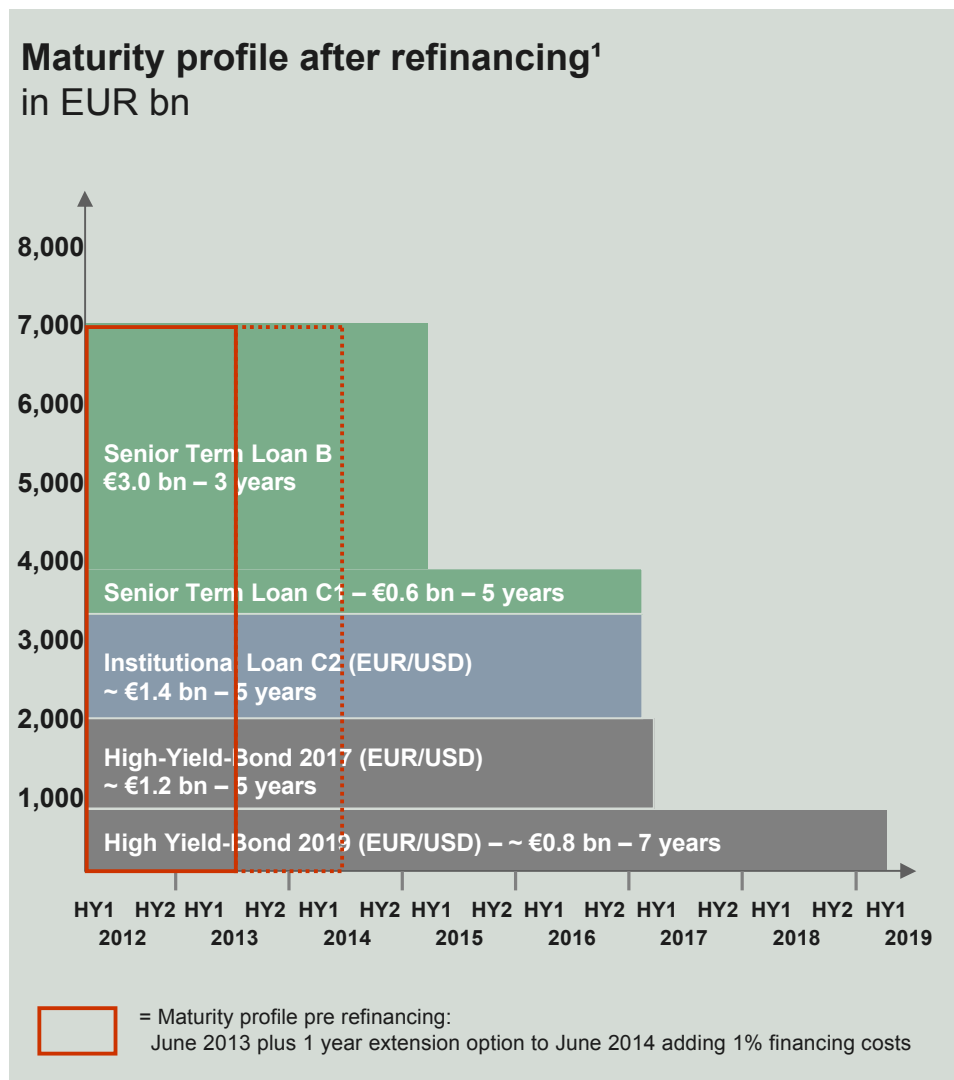
Three major steps

Step 1	20 November 2009	Initial refinancing of acquisition debt
	28 June 2010	Separating total debt into 'Upper Deck' debt (Junior) and 'Lower Deck' debt (Senior)
Step 2	27 March 2011	Refinancing of Junior debt on 'Upper Deck'
	13 October 2011	Conversion of Schaeffler GmbH into Schaeffler AG
Step 3	27 January 2012	Refinancing of Senior debt on 'Lower Deck'
	9/14 February 2012	Placement of €2.0 bn of bonds and €1.4 bn of institutional loans – bank syndication to come

All key objectives achieved

Six key success factors		Pre-refinancing	Post-refinancing	
1	Improve current financing costs	> 8%	~ 7.5%	✓
2	Extend debt maturity profile	Duration: Ø 1.5 years	Duration: Ø 4.4 years	✓
3	Diversify funding sources	Banks	Banks + Institutional bond and loan investors	✓
4	Expand banking consortium	4 Banks	8 banks + bank syndication	✓
5	Establish Schaeffler credit rating	No rating	S&P: B (positive) Moody's: B2 (stabil)	✓
6	Enhance financial flexibility	Restrictive terms	Improved terms	✓

Maturity profile extended – Capital sources diversified



1) Without revolving facility of about EUR 1.0 bn

Capital sources new¹

as of 29 Feb 2012

Facility	Amount in EUR	Initial margins / cash interest	Maturity	Source
Senior Term Loan B	3,000 mn	EURIBOR +4.25%	Jan. 2015	Banks
Senior Term Loan C1	600 mn	EURIBOR +4.75%	Jan. 2017	Banks
Institutional Loan C2	450 mn	EURIBOR +5.00%	Jan. 2017	Investors
Institutional Loan C2	~975 mn	LIBOR +4.75%	Jan. 2017	Investors
Bond 2017 (EUR)	800 mn	7.75%	Feb. 2017	Investors
Bond 2017 (USD)	~460 mn	7.75%	Feb. 2017	Investors
Bond 2019 (EUR)	400 mn	8.75%	Feb. 2019	Investors
Bond 2019 (USD)	~380 mn	8.50%	Feb. 2019	Investors
Total	~7,065 mn	~ 7.5%		

Capital sources old

as of 21 Dec 2011

Senior Term Loan ²	6,950 mn	EURIBOR +4.25% ² (+5.25%)	Jun. 2013 (Jun. 2014)	Bank consortium
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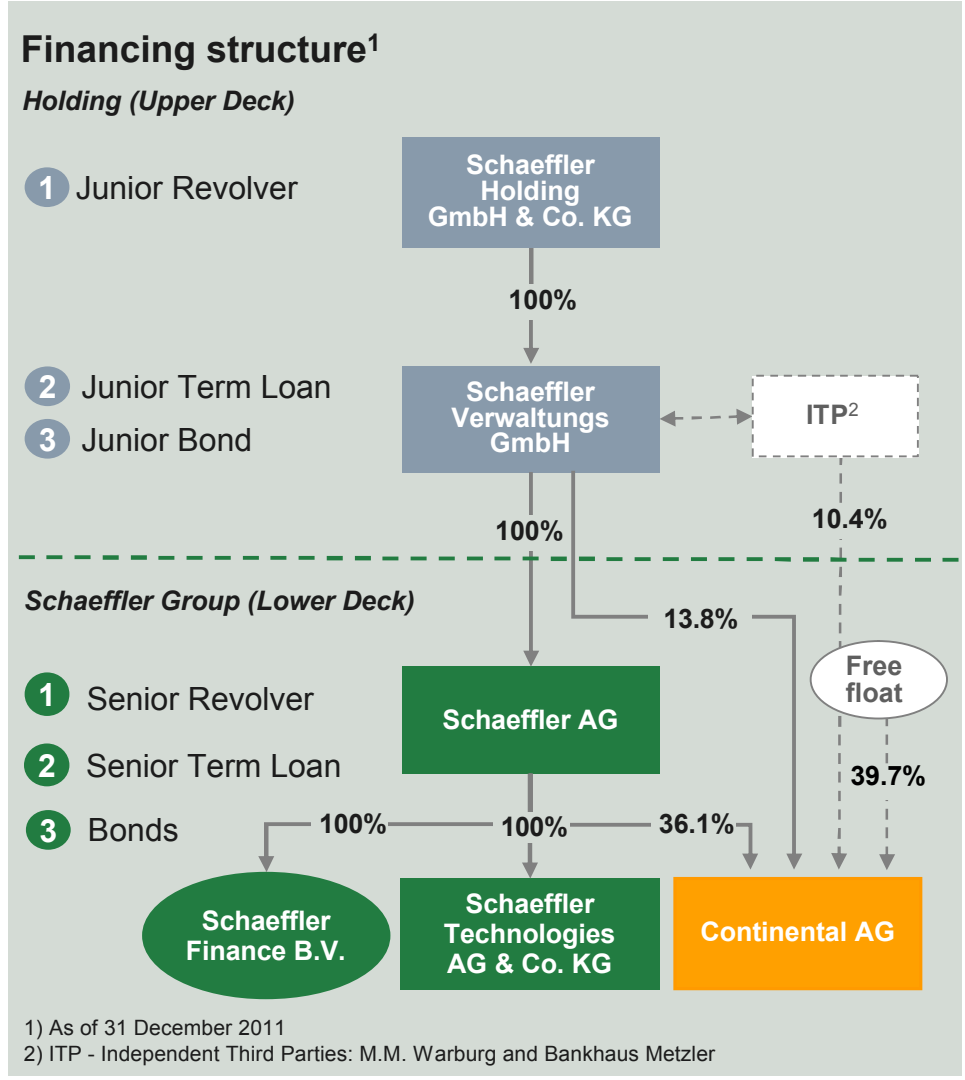
2) Variable rate of EURIBOR +4.25% was swapped into fixed rate in 2009 resulting in cash interest of ~ 8.5%

3 Senior Refinancing

New financing structure

SCHAEFFLER

Chart simplified for illustration purposes



- 1 **Junior Revolver (EUR 250 mn)**
 - Not drawn; maturing in June 2017³
 - Euribor +4.5% p.a. cash interest
- 2 **Junior Term Loan (EUR 3,029 mn)⁴**
 - Bullet structure maturing in June 2017³
 - Euribor +1.7% p.a. cash interest plus 6% p.a. PIK interest
- 3 **Junior Bond (EUR 1,855 mn)⁵**
 - Zero-coupon bond maturing in March 2018
 - 9.625% p.a. PIK interest
- 1 **Senior Revolver new (EUR 1,000 mn)**
 - Not drawn; maturing in June 2017⁶
 - Euribor +4.25% p.a. cash interest
- 2 **Senior Term Loan new (EUR 5,000 mn)**
 - Several tranches (B, C1, C2); maturing 2015 and 2017
 - Banks and institutional investors
 - Euribor/Libor plus margin (4,75-5,00%) cash interest with margin step-down
- 3 **Bonds (EUR 2,000 mn)**
 - 2 EUR (5y/7y) and 2 USD (5y/7y) tranches
 - 7.75% and 8.75% p.a. cash interest

3) Extended by 18 months as part of Senior refinancing 4) Nominal value as of Dec. 31, 2011
 5) Carrying value as of Dec. 31, 2011 6) Incl. 2x1 year extension option



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Key operational focus areas in the next years

<p>1 Maintain and expand our technology and quality leadership</p>	<ul style="list-style-type: none"> ▶ Leverage our technology leadership ▶ Further enhance "Zero-defect" principle ▶ Maintain outstanding operational excellence
<p>2 Further expand in attractive regions and business areas</p>	<ul style="list-style-type: none"> ▶ Focus on rapidly growing regions like Asia ▶ Expand on attractive business areas ▶ Further grow aftermarket business
<p>3 Focus on innovative components and systems to drive global industry trends</p>	<ul style="list-style-type: none"> ▶ Maintain leading position in patent applications ▶ Focus on energy efficiency and renewable energies ▶ Excel in mechatronic systems and hybrid technologies
<p>4 Increase cooperation with Continental</p>	<ul style="list-style-type: none"> ▶ Target leading systems offering in mechatronics ▶ Expand existing procurement cooperation

Ongoing regional diversification – “In the region, for the region”

Global footprint with five dedicated regions



Planned greenfield sites and plant extensions for 2012-2014

- ① Irapuato, Mexico
- ② Kysuce, Slovakia
- ③ Skalica, Slovakia
- ④ Szombathely, Hungary
- ⑤ Brasov, Romania
- ⑥ Nanjing, China
- ⑦ Yinchuan, China
- ⑧ Taicang 5, China
- ⑨ Taicang 6, China
- ⑩ Suzhou, China
- ⑪ Savli, India
- ⑫ Pune, India
- ⑬ Hosur, India
- ⑭ BienHoa City, Vietnam

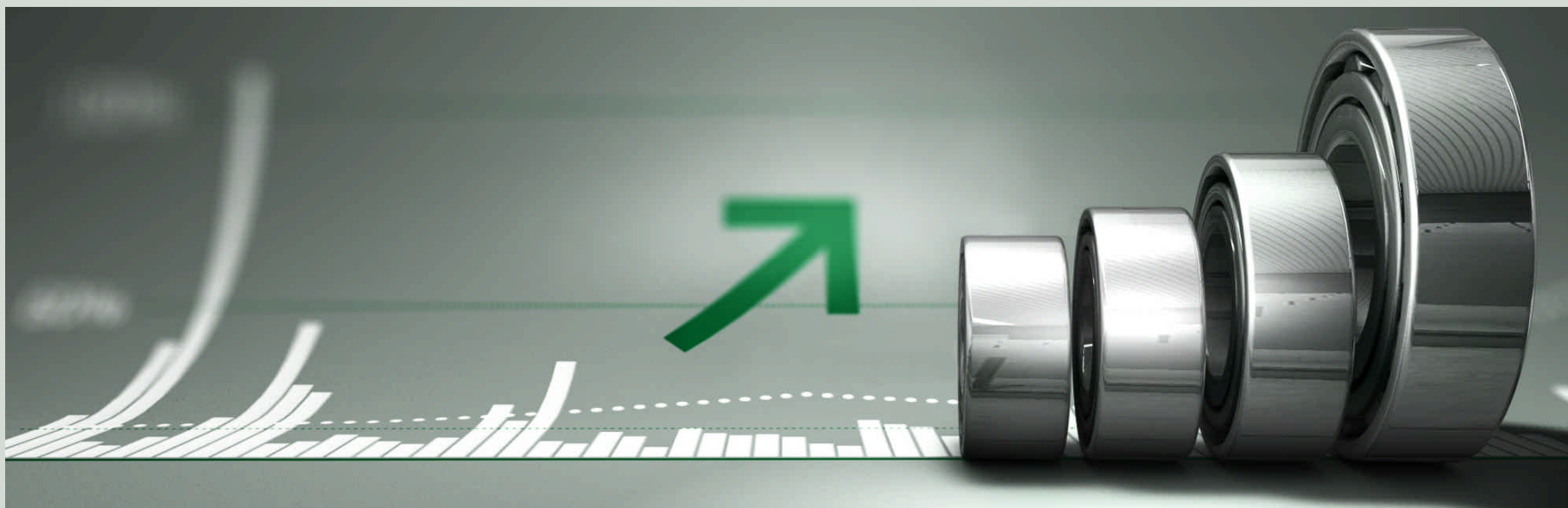
	Germany	Europe w/o Germany	North & South America	Asia / Pacific	Total
Plants	24	19	14	13	70
R&D centers	13	9	8	10	40

Our targets for 2012

Growth			Profitability		
	Actual 2011	Target 2012		Actual 2011	Target 2012
Sales growth	12.6 %	> 5 %	EBIT Margin	15.8 %	> 13 %
CAPEX	7.2 % of Sales	6-8 % of Sales	Free Cash Flow	€319 mn	Sustainably positive
Quality			Innovation		
	Actual 2011	Target 2012		Actual 2011	Target 2012
Quality policy	6 ppm	Further improve	R&D expenses	4.6 % of Sales	~ 5 % of Sales
Employees	~ 6,500 new jobs	> 3,500 new jobs	Innovation management	TOP ranking in Germany ¹	Maintain

1) Actual ranking expected end of March 2012

Contact



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Financial Calendar 2012

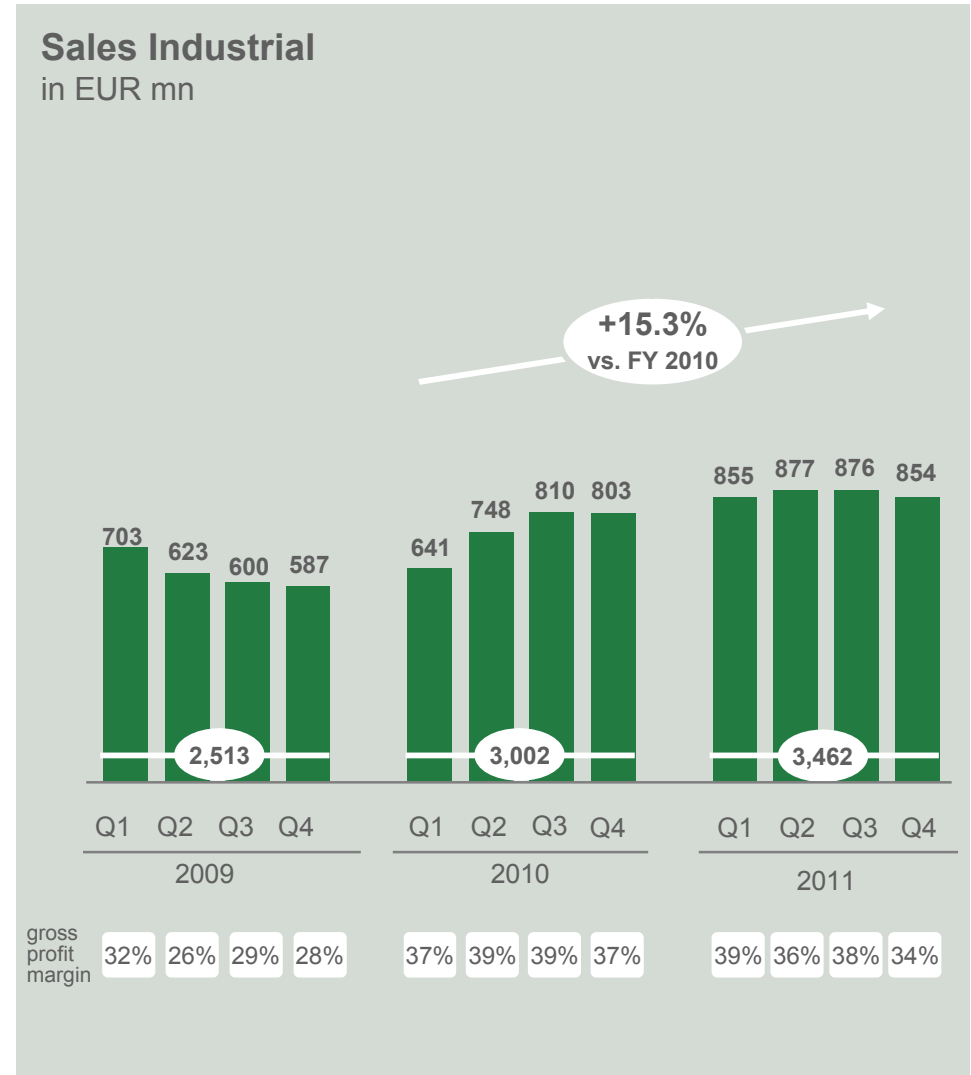
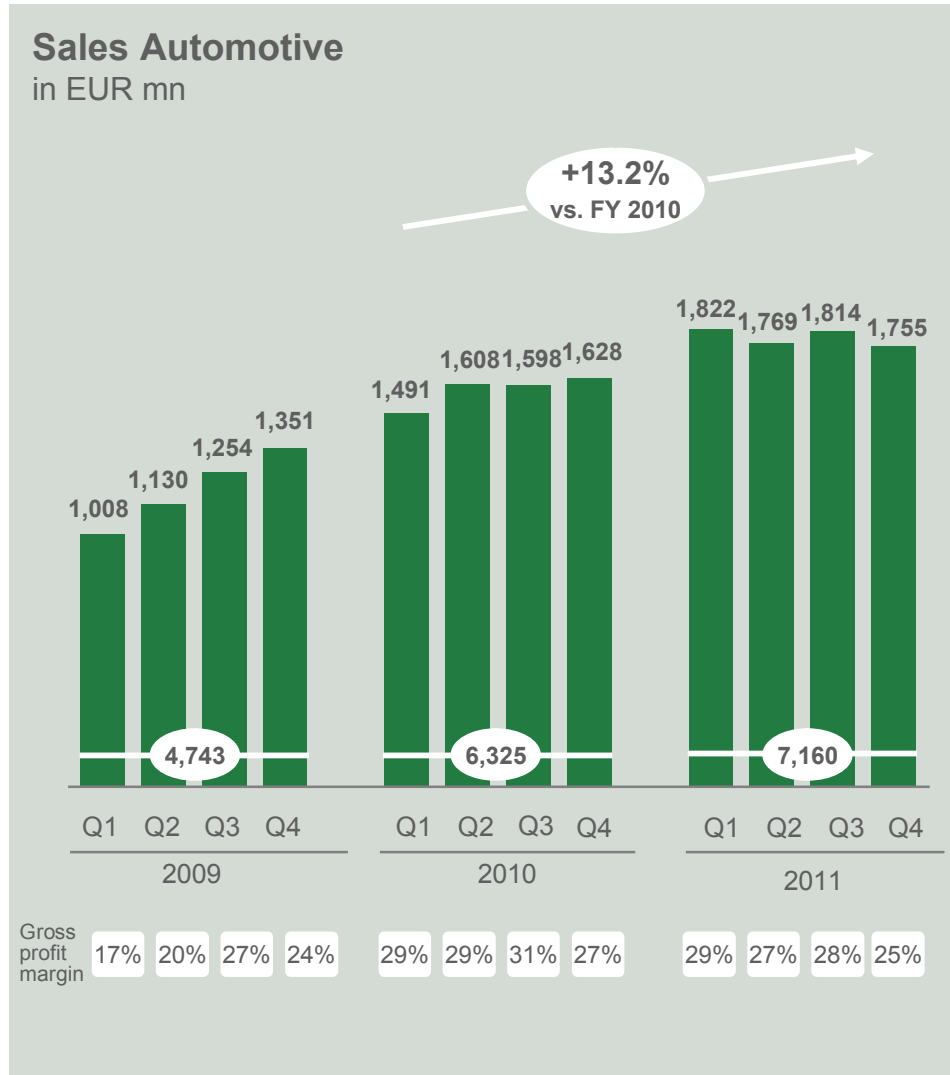
FY 2011 results: March 20

Q1 2012 results: May 29

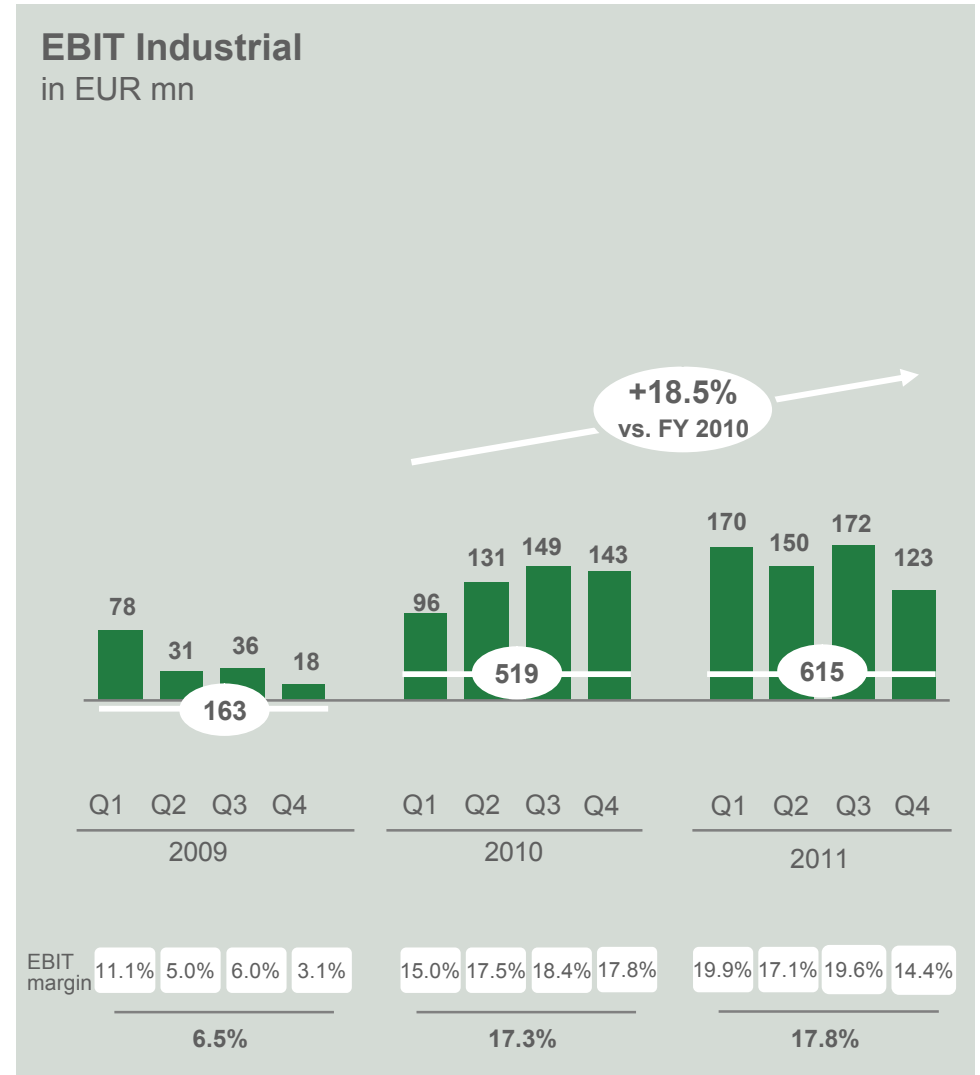
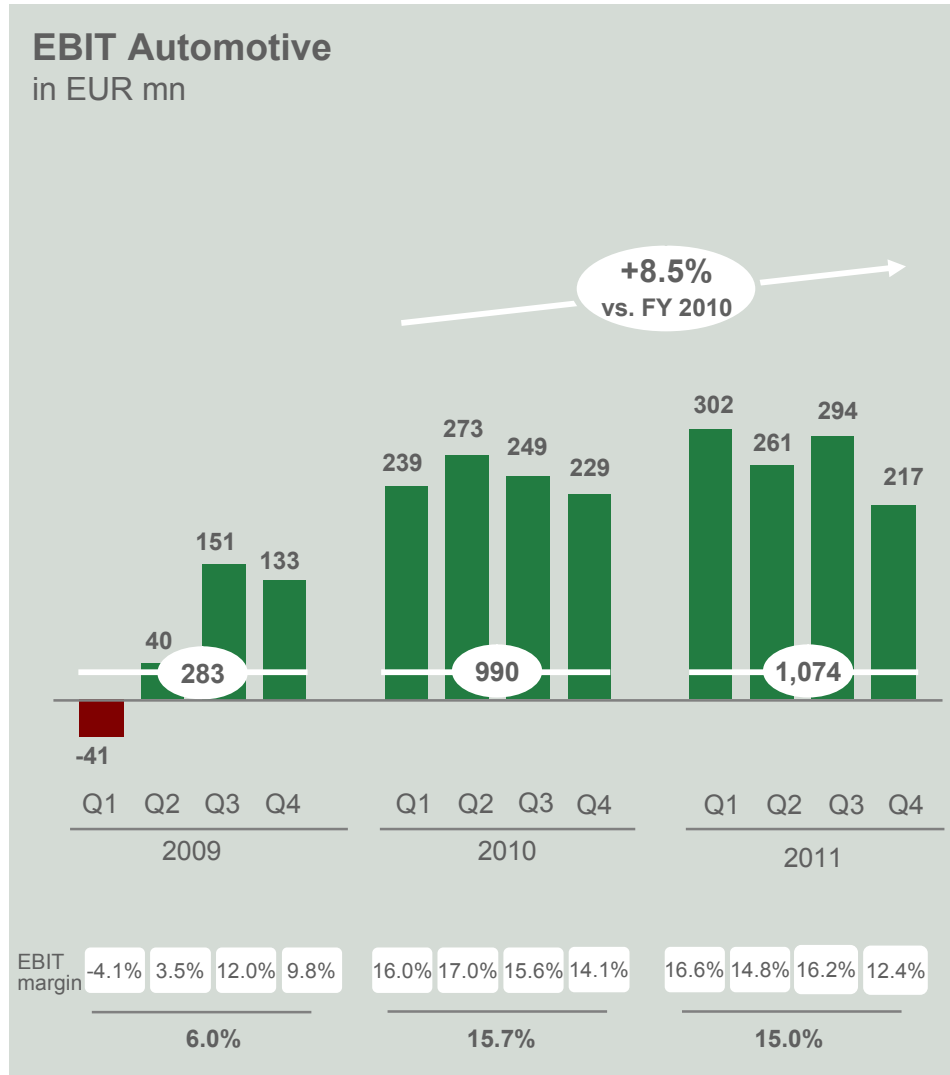
Q2 2012 results: August 28

Q3 2012 results: November 20

Sales growth in both divisions above market growth



Industrial and Automotive EBIT with record profitability



Backup
Bond data

SCHAEFFLER

Issuer	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.
Issue	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes
Principal Amount	€800 mn	\$600 mn	€400 mn	\$500 mn
Offering Price	98.981%	98.981%	100.000%	100.000%
Rating	B1 (Moody's) B (S&P)	B1 (Moody's) B (S&P)	B1 (Moody's) B (S&P)	B1 (Moody's) B (S&P)
Coupon	7.75%	7.75%	8.75%	8.50%
Issue Date	February 9, 2012	February 9, 2012	February 9, 2012	February 9, 2012
Maturity	February 15, 2017	February 15, 2017	February 15, 2019	February 15, 2019
Interest Payment	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15
WKN	A1G0J3	A1G0K6	A1G0J5	
ISIN	XS0741938624	USN77608AB82	XS0741939788	USN77608AA00
Denomination	€1,000 with minimum tradable amount €100,000	\$2,000 with minimum tradable amount \$200,000	€1,000 with minimum tradable amount €100,000	\$2,000 with minimum tradable amount \$200,000

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