

Q2

**Results H1 2012
Schaeffler Group**

Herzogenaurach, August 28, 2012

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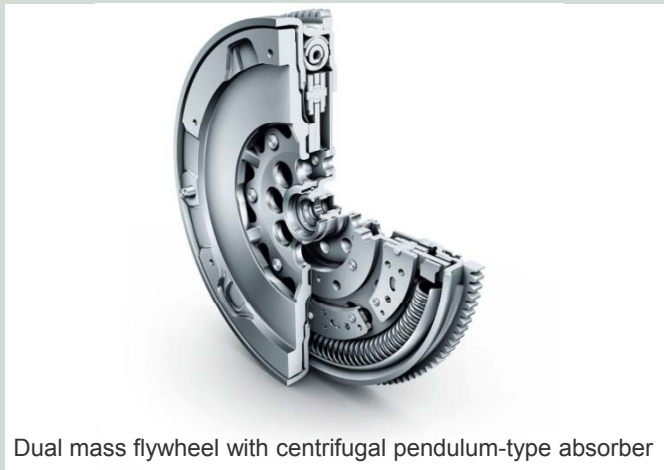
Agenda

1 Overview

2 Results H1 2012

3 Outlook

H1 2012 – Strong results despite challenging environment



Dual mass flywheel with centrifugal pendulum-type absorber

Continuous growth and profitability:

- ▶ H1 sales growth of 5% y-o-y
- ▶ Profitability still on a high level with EBIT margin at 13.8%

Strong operating cash flow in Q2:

- ▶ Positive free cash flow in H1 of EUR 30 mn despite one-off effects in Q1 2012

Quality recognitions:

- ▶ Honda award for Schaeffler Brazil (4th year in a row)
- ▶ Steel Innovation Prize '12 for centrifugal pendulum-type absorber

Refinancing closed:

- ▶ Successful placement of EUR 326 mn retail/employee bond
- ▶ Consortium of 8 banks expanded to 11 banks

Rating upgrade:

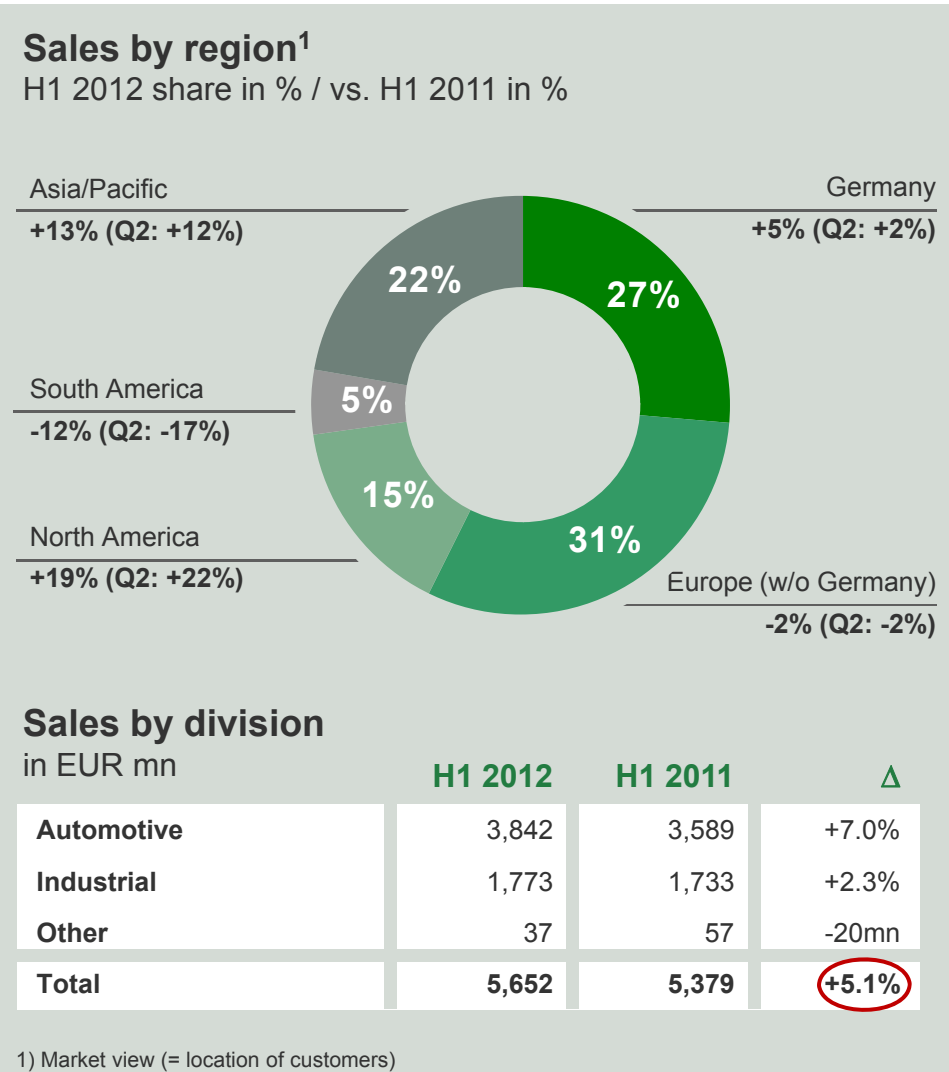
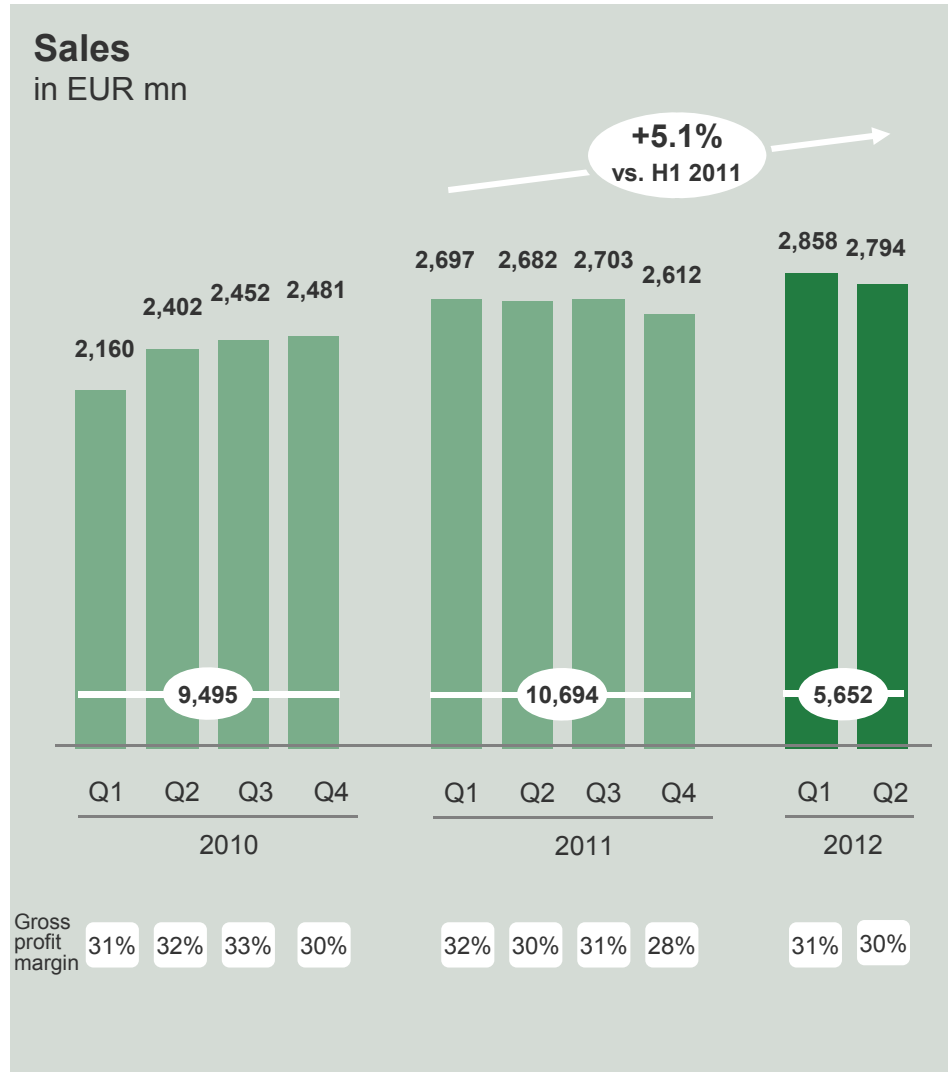
- ▶ S&P upgrades company and issue rating from 'B' to 'B+'

Overview results Schaeffler Group

	H1 2012 in EUR mn	H1 2011 in EUR mn	Δ in EUR mn / %	Q2 2012 in EUR mn	Q2 2011 in EUR mn	Δ in EUR mn / %
Sales	5,652	5,379	+5.1%	2,794	2,682	+4.2%
EBITDA	1,079	1,165	-7.4%	530	552	-4.0%
EBITDA margin	19.1%	21.7%	-2.6%pts.	19.0%	20.6%	-1.6%pts.
EBIT	780	883	-11.7%	379	411	-7.8%
EBIT margin	13.8%	16.4%	-2.6%pts.	13.6%	15.3%	-1.7%pts.
Net income	505	641	-21.2%	269	203	+32.5%
Free cash flow	30	77	-47mn	137	66	+71mn
Leverage ratio ¹	3.2x	2.7x	+0.5	3.2x	2.7x	+0.5

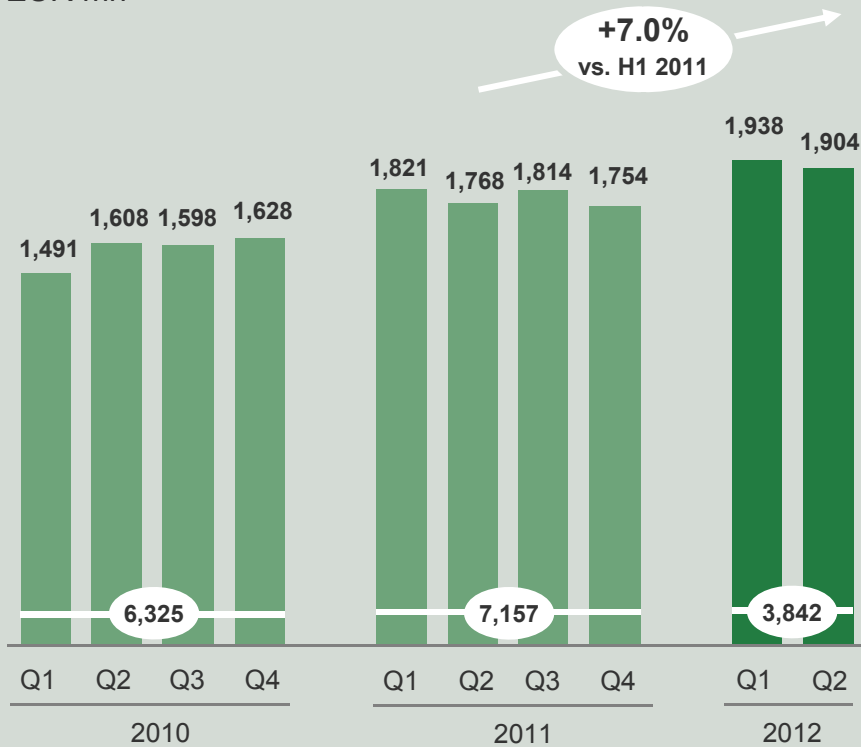
1) Excl. shareholder loans

Sales growth continued



Automotive – Continuous growth and strong profitability

Sales Automotive in EUR mn



	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
Gross profit margin	29%	29%	31%	27%	29%	27%	28%	25%	28%	28%
EBIT margin	16%	17%	16%	14%	17%	15%	16%	12%	13%	14%

Highlights Automotive Q2 2012

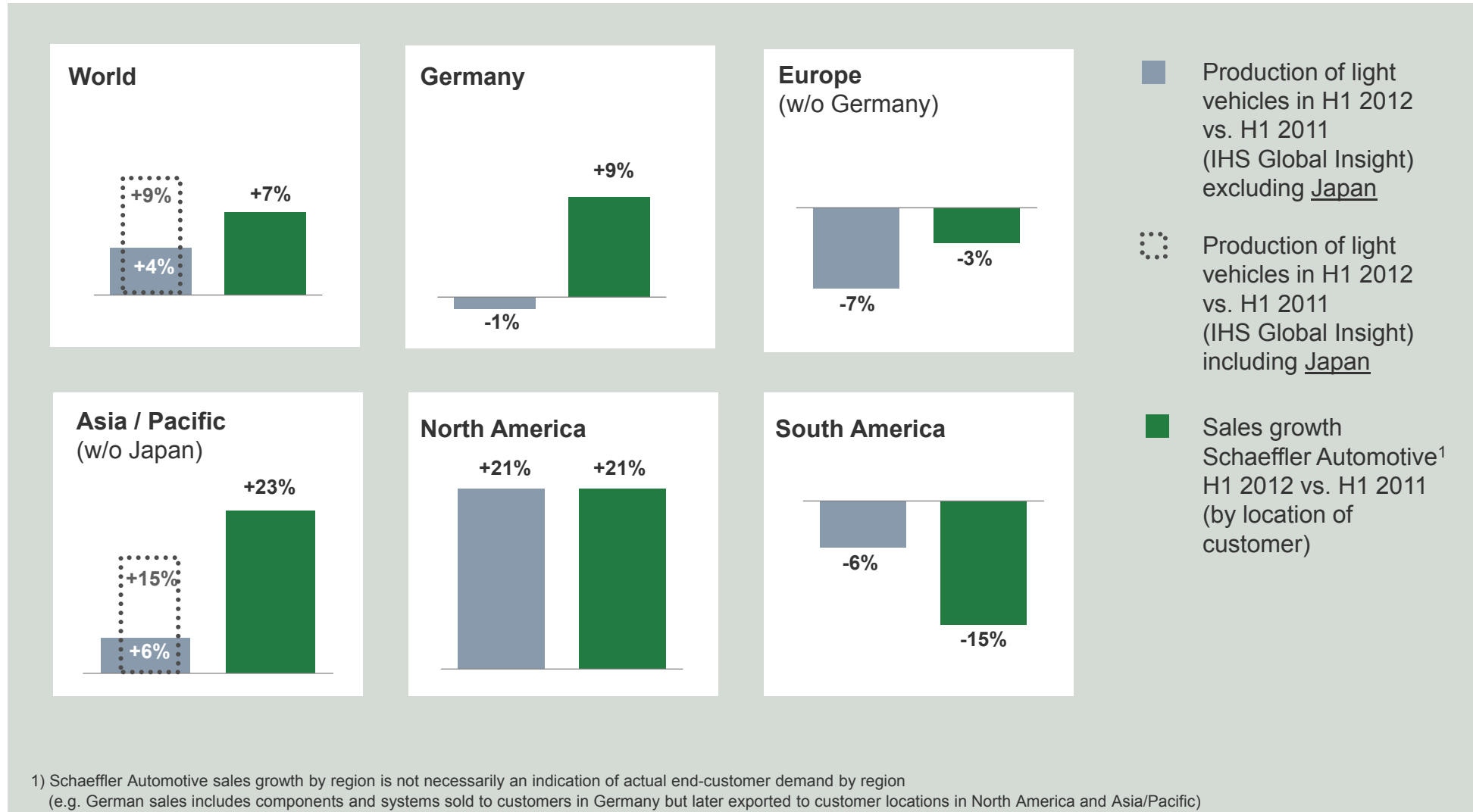
Balanced growth across all business divisions driven by scale effects and strong growth in innovative new products

Strongest growth rates in Asia/Pacific and North America

Above proportional growth in dry double clutches, cam shaft shifters and torque converters

Nissan „Global Quality Award“ for outstanding performance as a supplier and service partner

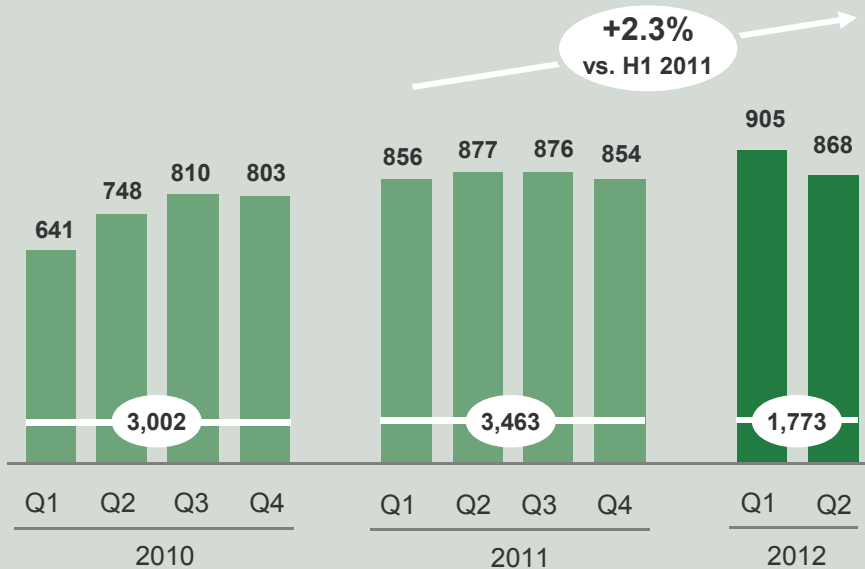
Automotive – Above average growth in most regions



Industrial – Weakening momentum in key markets and regions

Sales Industrial

in EUR mn



	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
Gross profit margin	37%	39%	39%	37%	39%	36%	38%	34%	39%	36%
EBIT margin	15%	18%	18%	18%	20%	17%	20%	14%	17%	14%

Highlights Industrial

Q2 2012

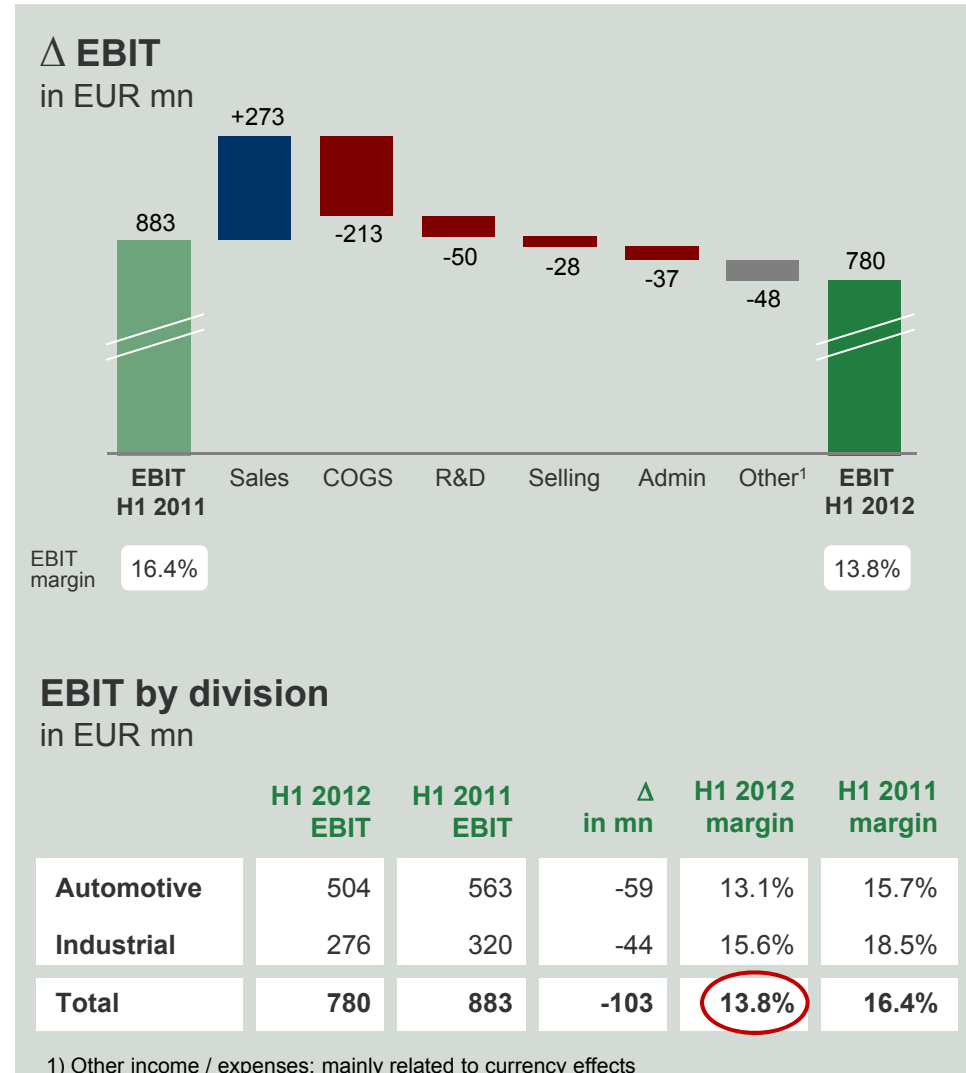
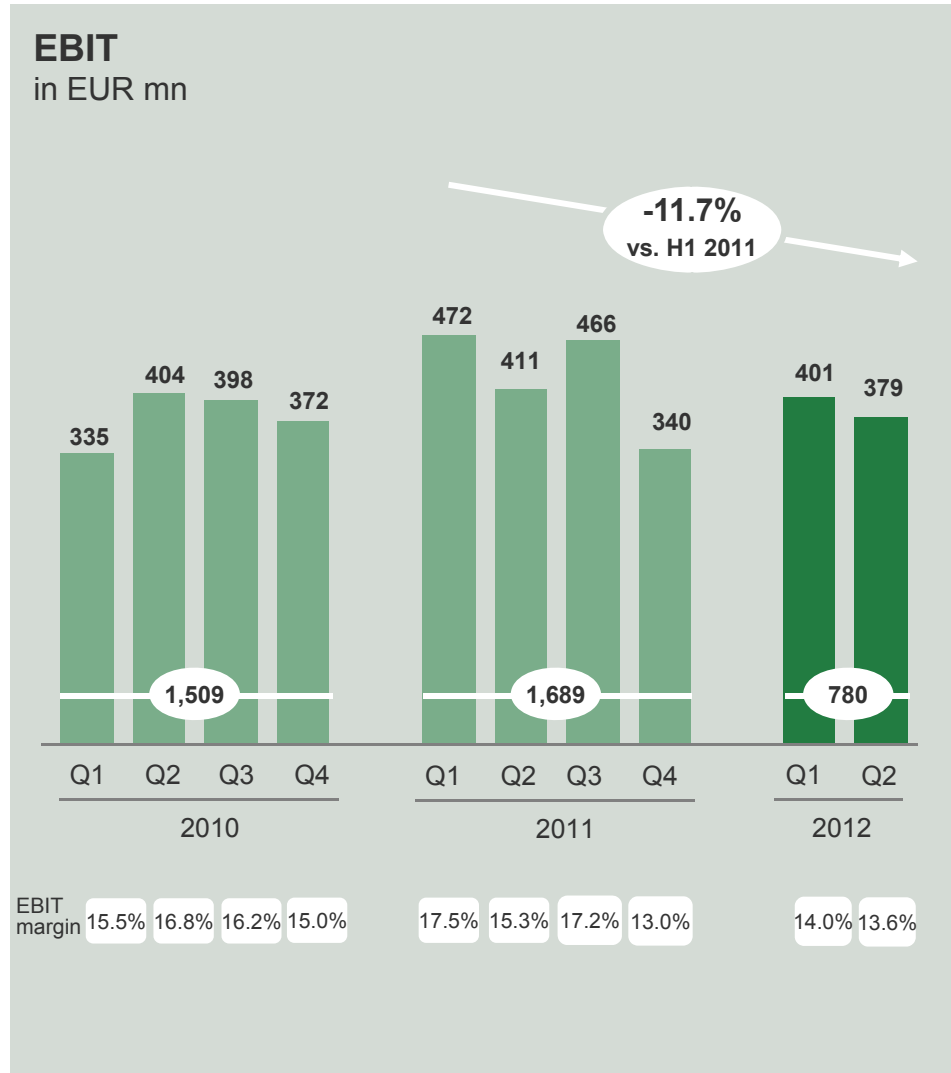
Sales driven by Heavy Industries and Aerospace – sales decrease in Wind Power and Production Machinery

Strong growth in Eastern Europe and North America – sales decrease in Western Europe and Asia

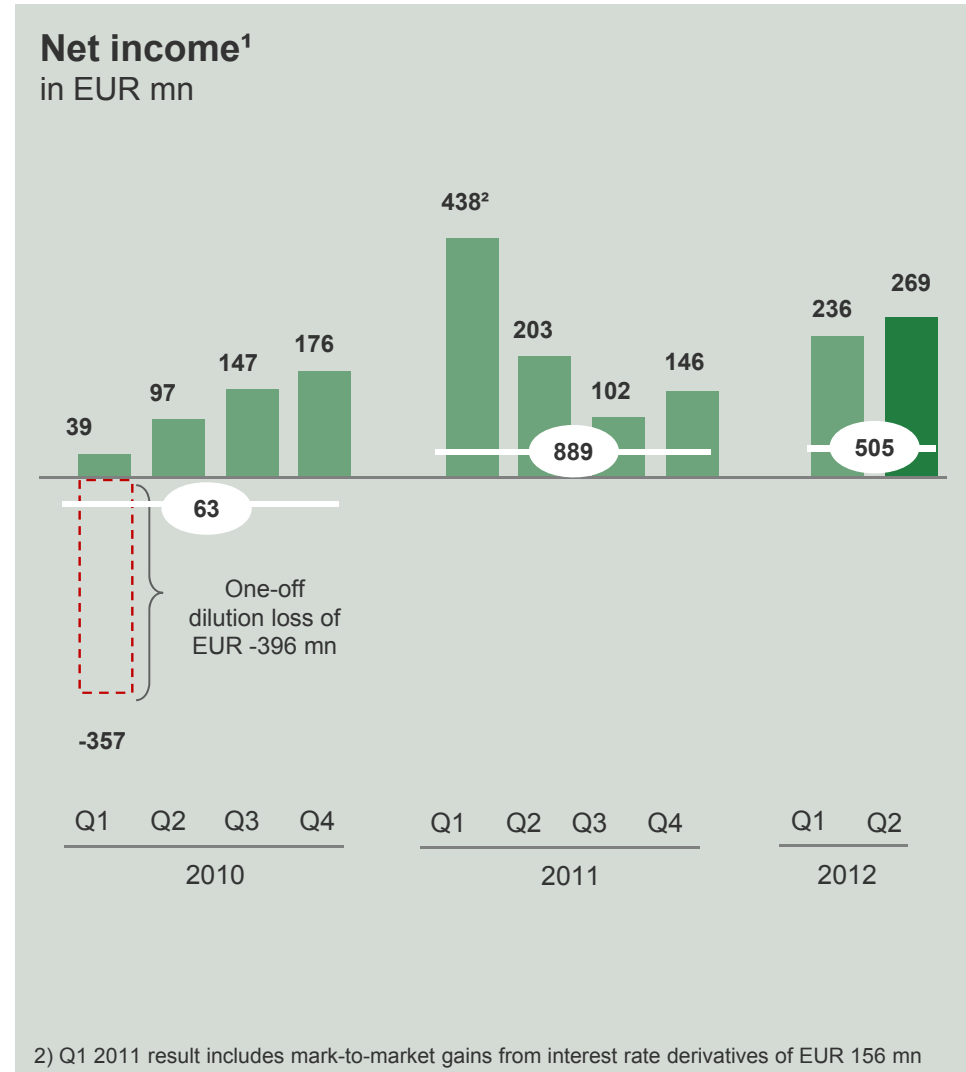
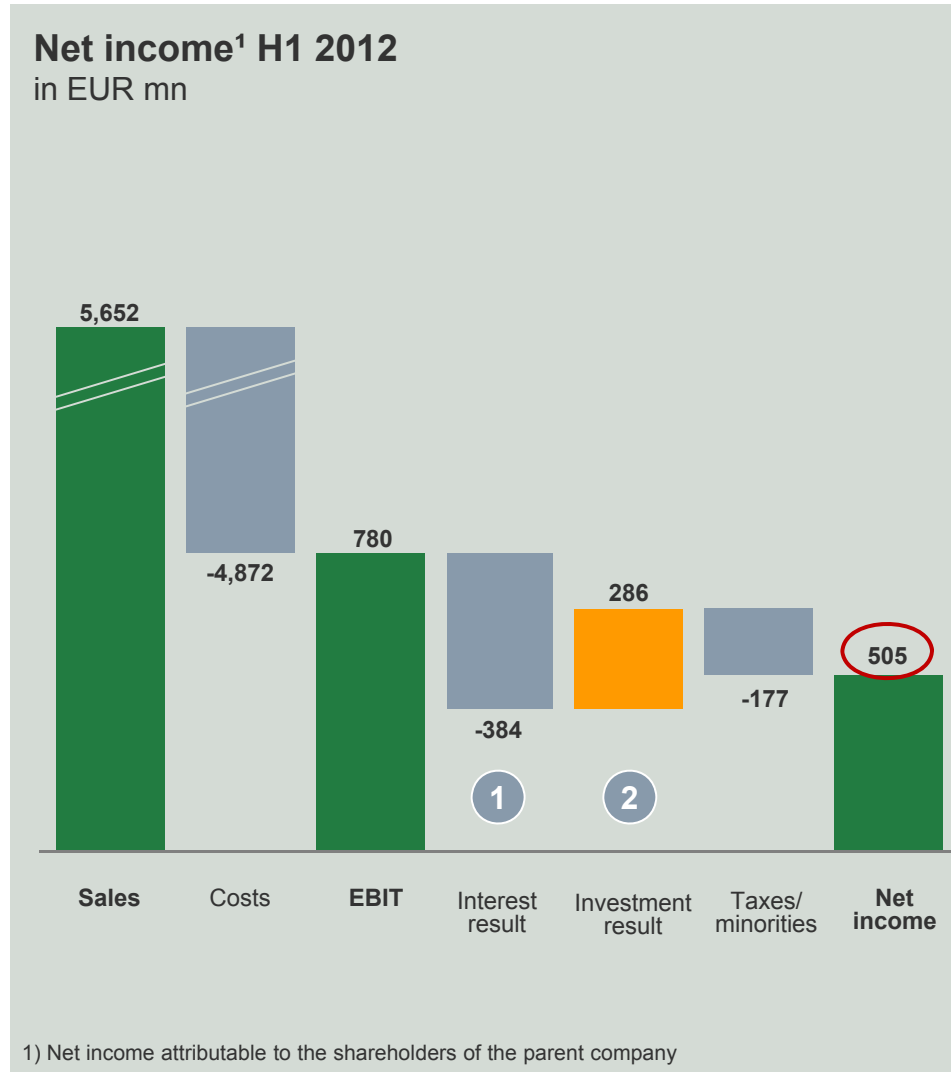
Continuous extension of X-life ranges for all product groups, e.g. launch of INA X-life radial insert ball bearings

Implementation of 21 local 'Schaeffler Technology Centers' providing engineering and service knowledge for the customer

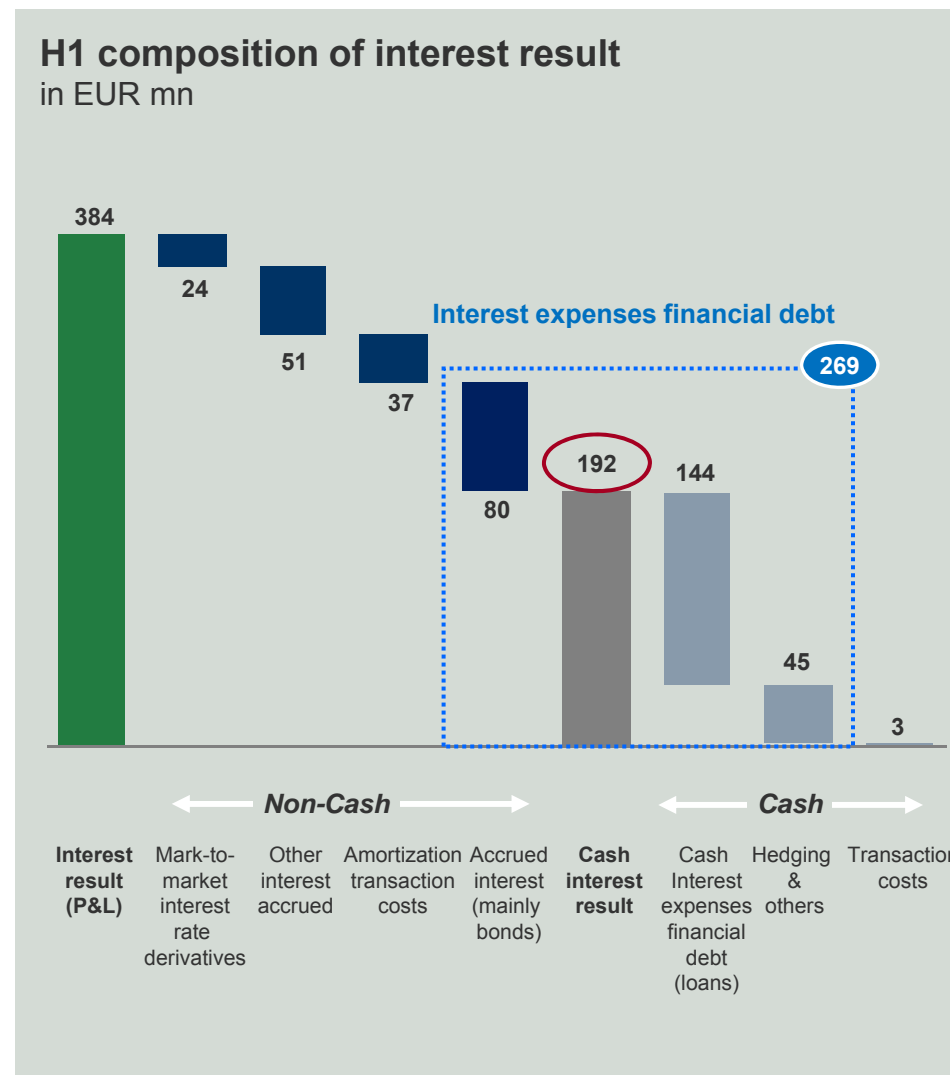
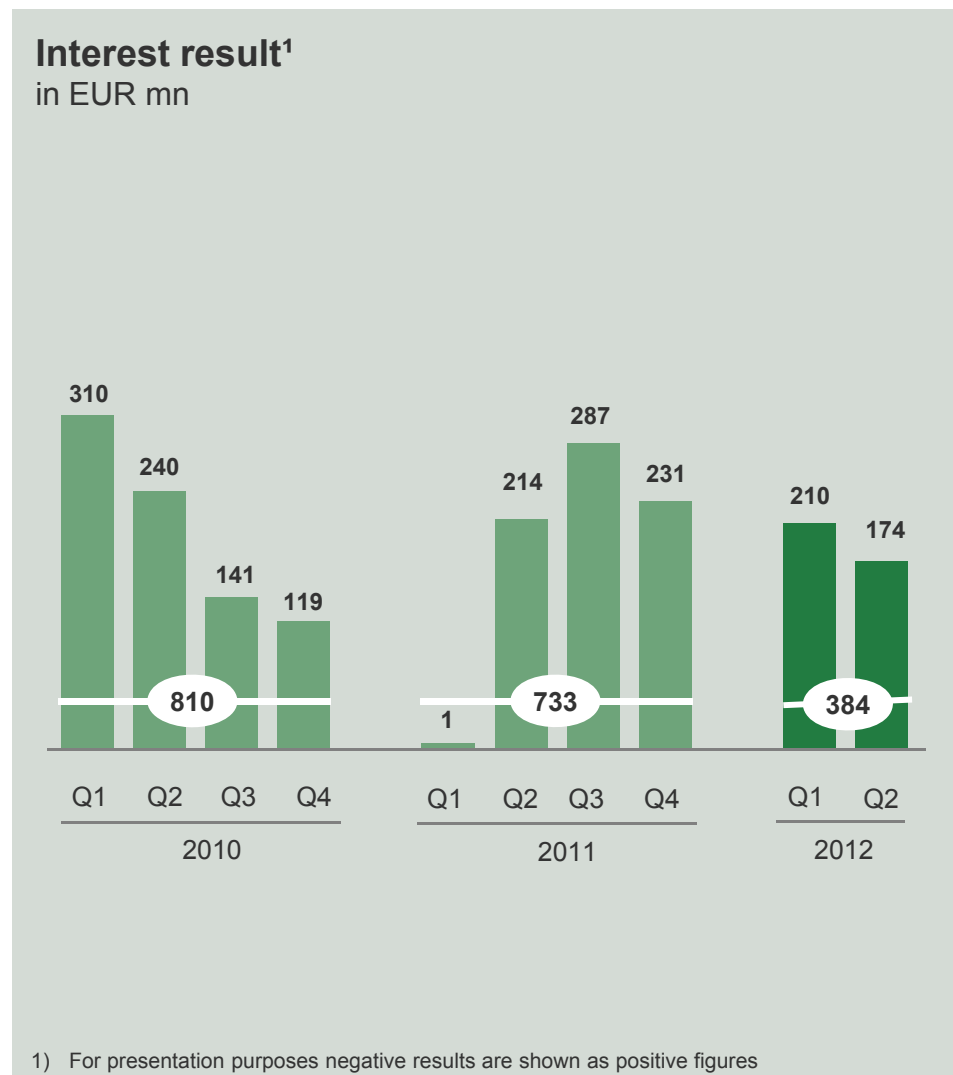
Above average profitability maintained – EBIT margin at 13.8%



Positive net income of EUR 505 mn

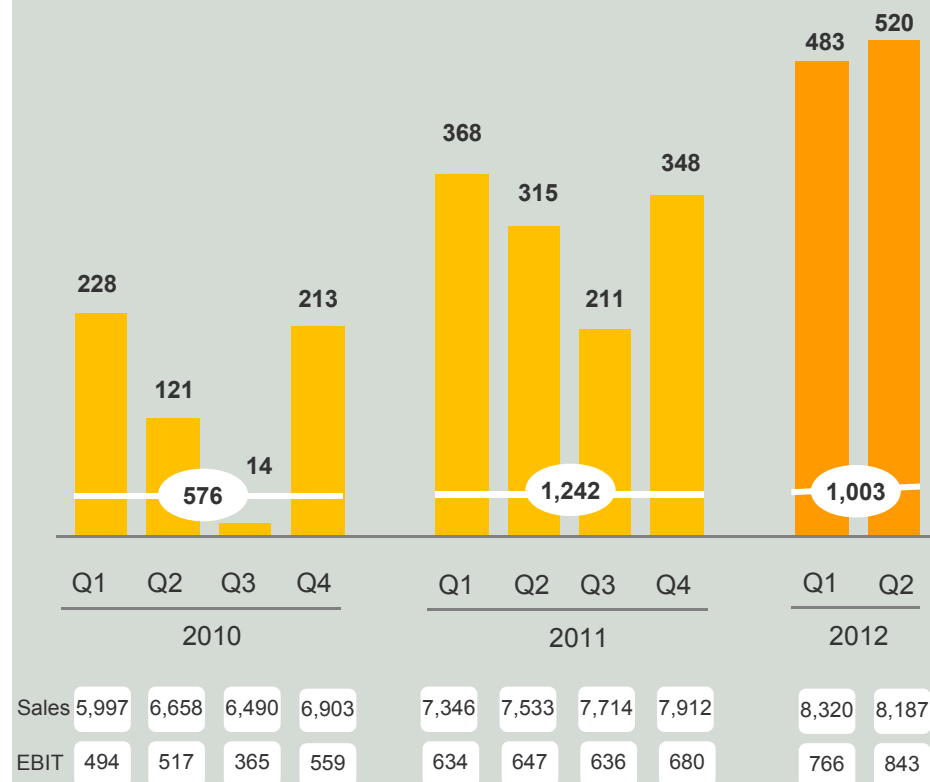


1 H1 cash interest at EUR 192 mn



2 At equity result further improved

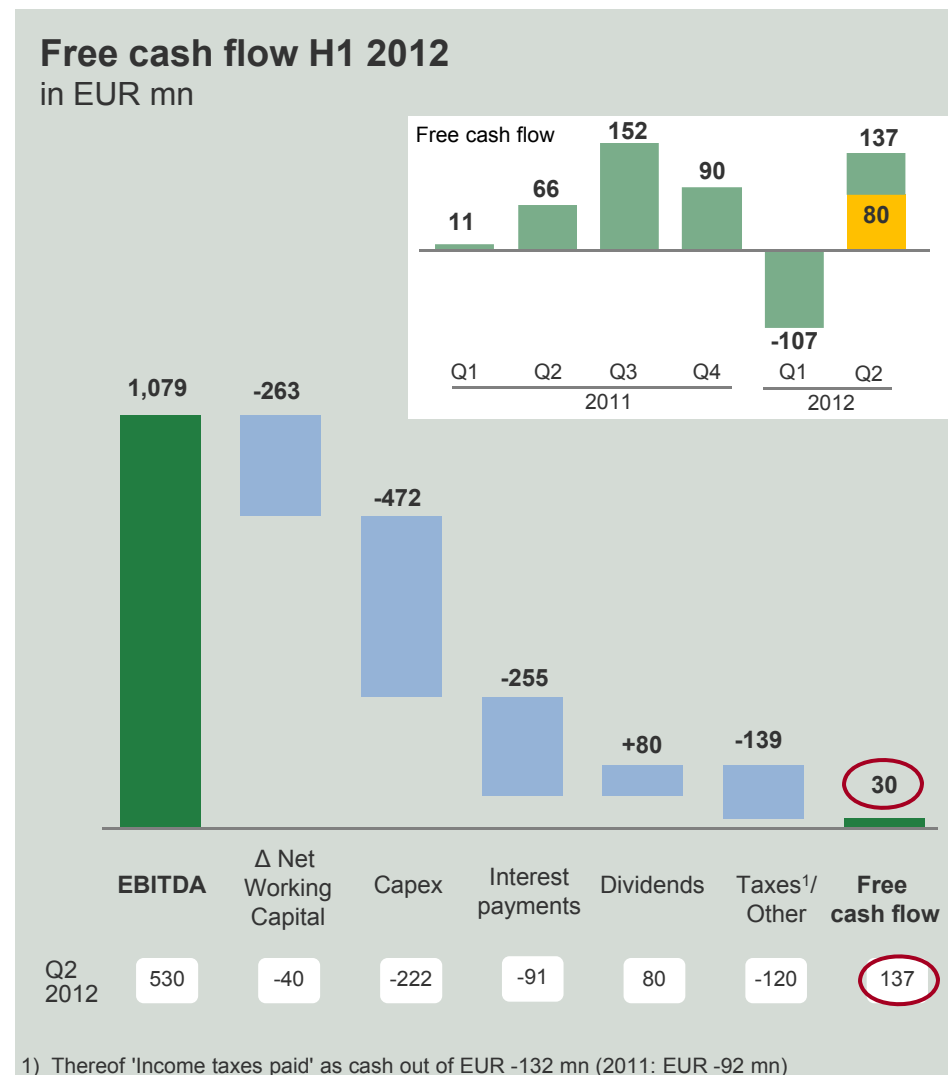
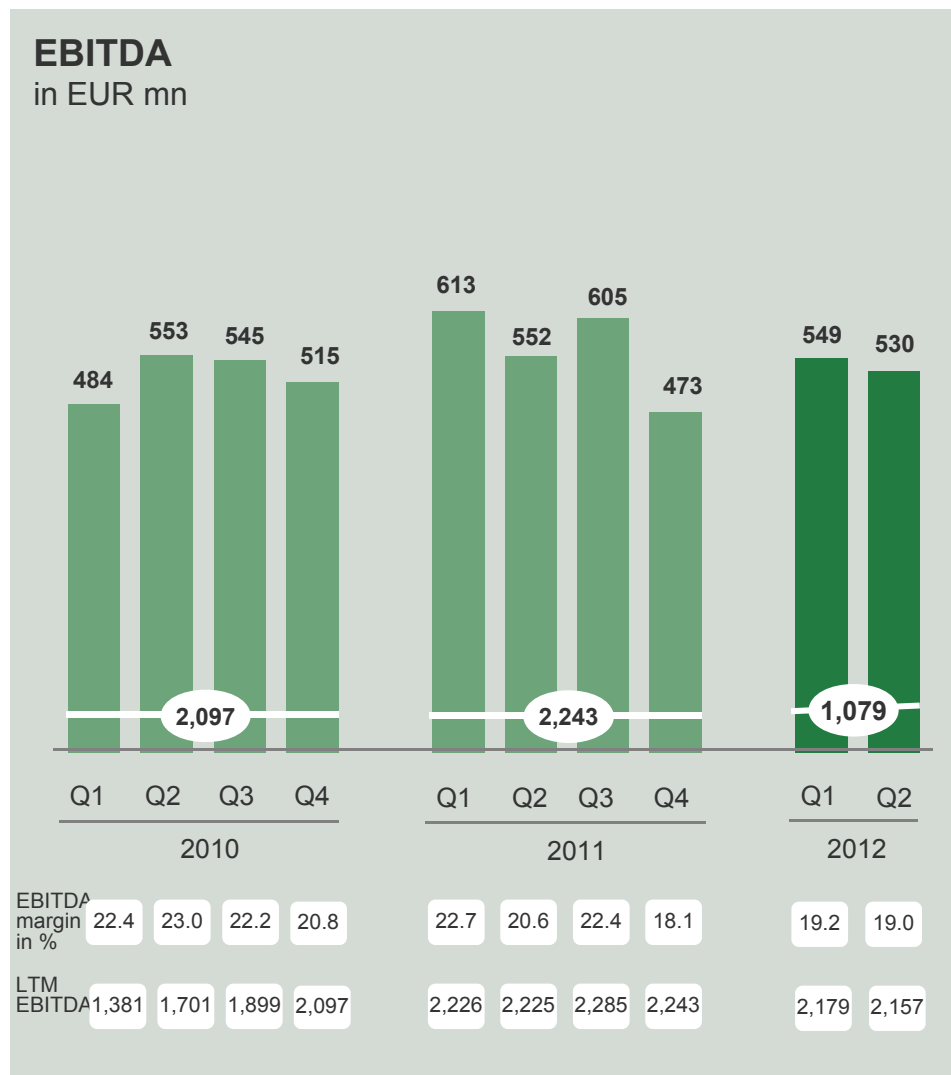
Net income Continental in EUR mn



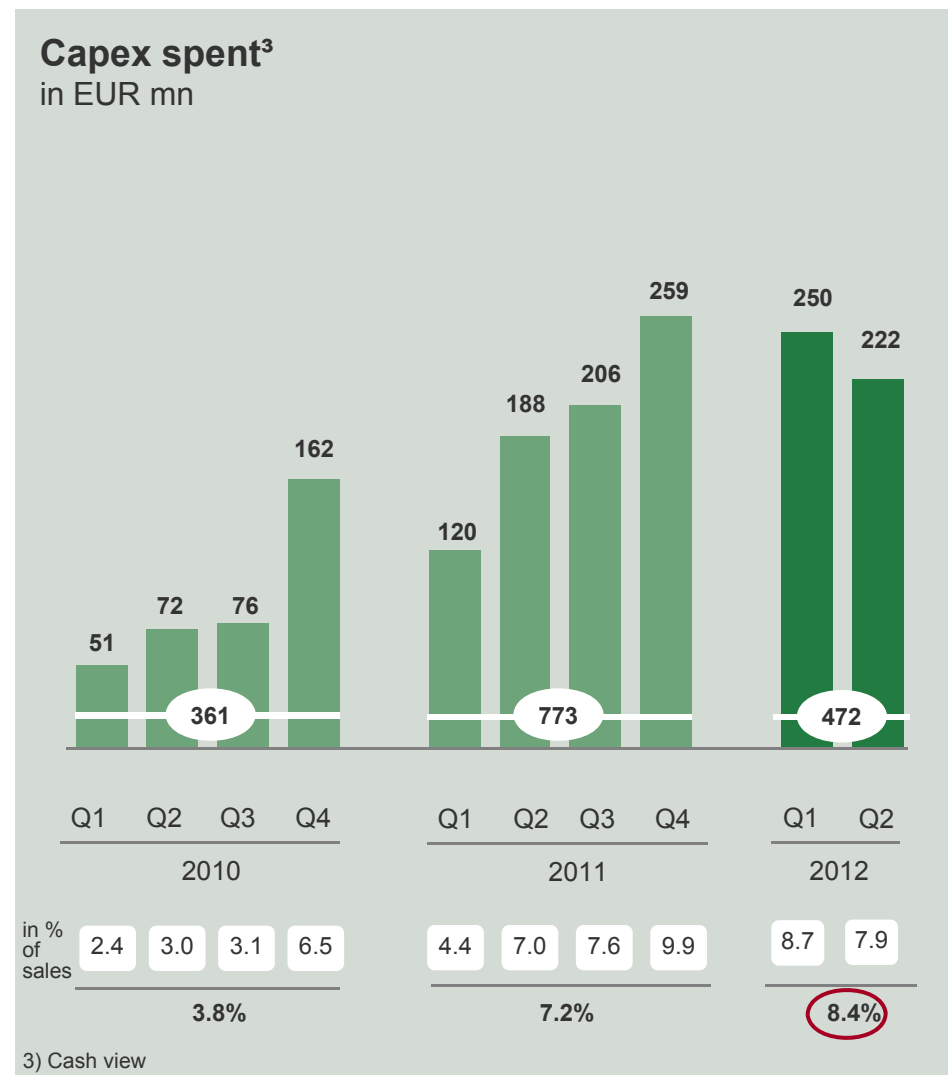
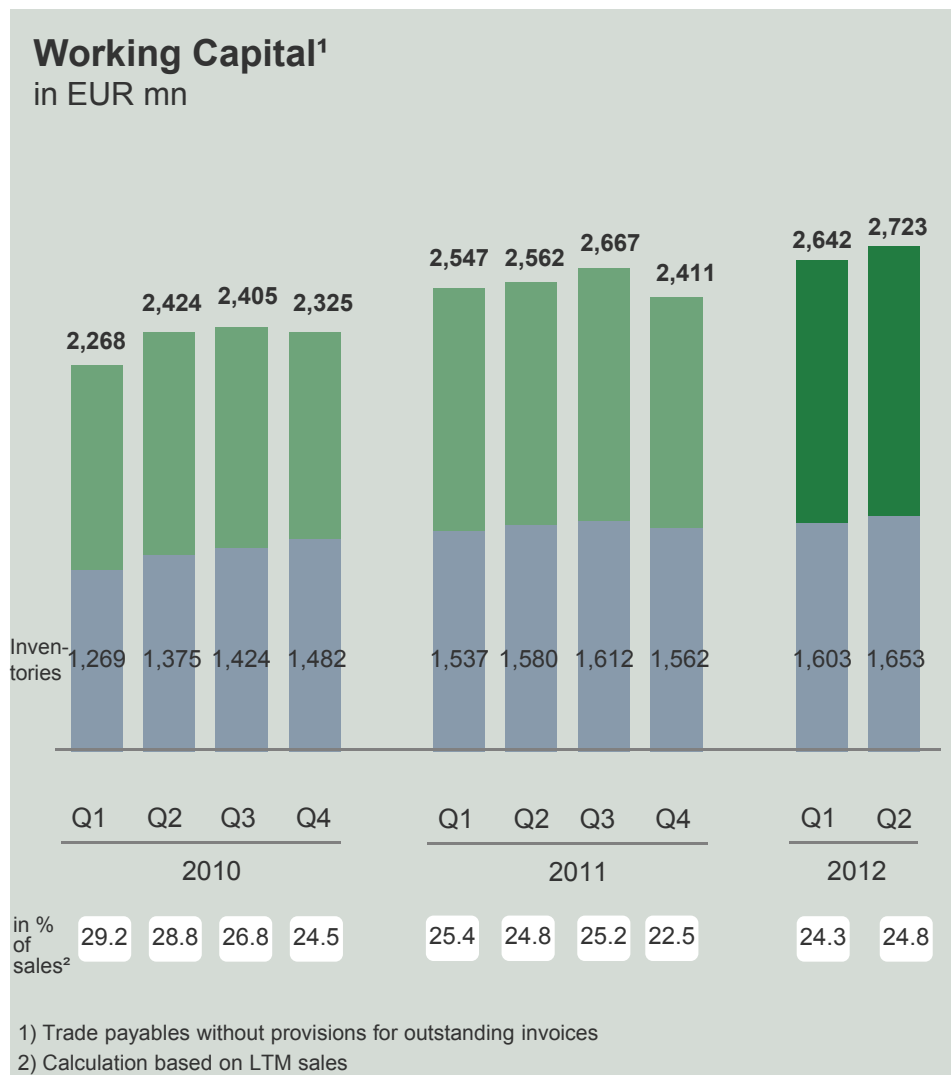
At equity result Schaeffler in EUR mn

	2011					2012	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Net Income Continental	368	315	211	348	1,242	483	520
Conti shares (per 30/06/12: 36.14%)	155	120	76	126	477	175	189
PPA effects	-49	-44	-42	-31	-166	-39	-40
Other	0	13	0	0	13	0	0
At Equity Result	106	89	34	95	324	136	149

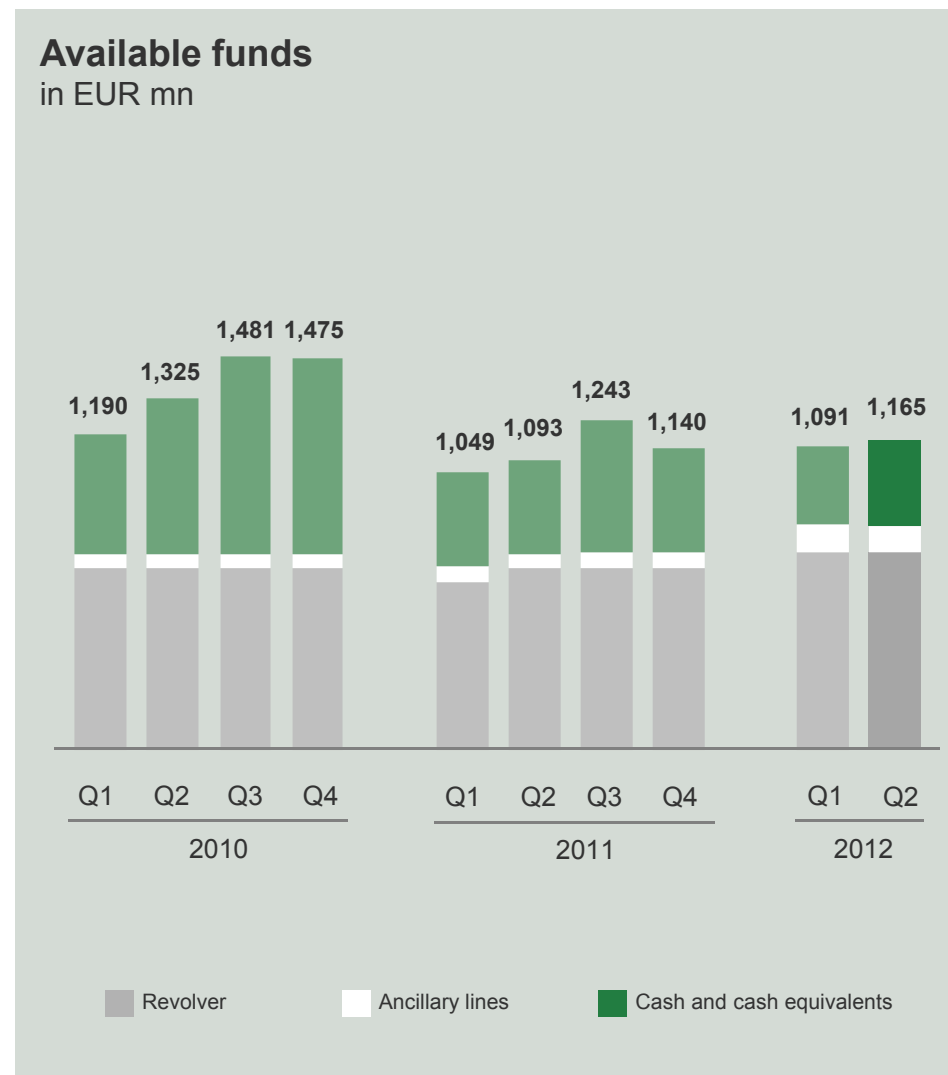
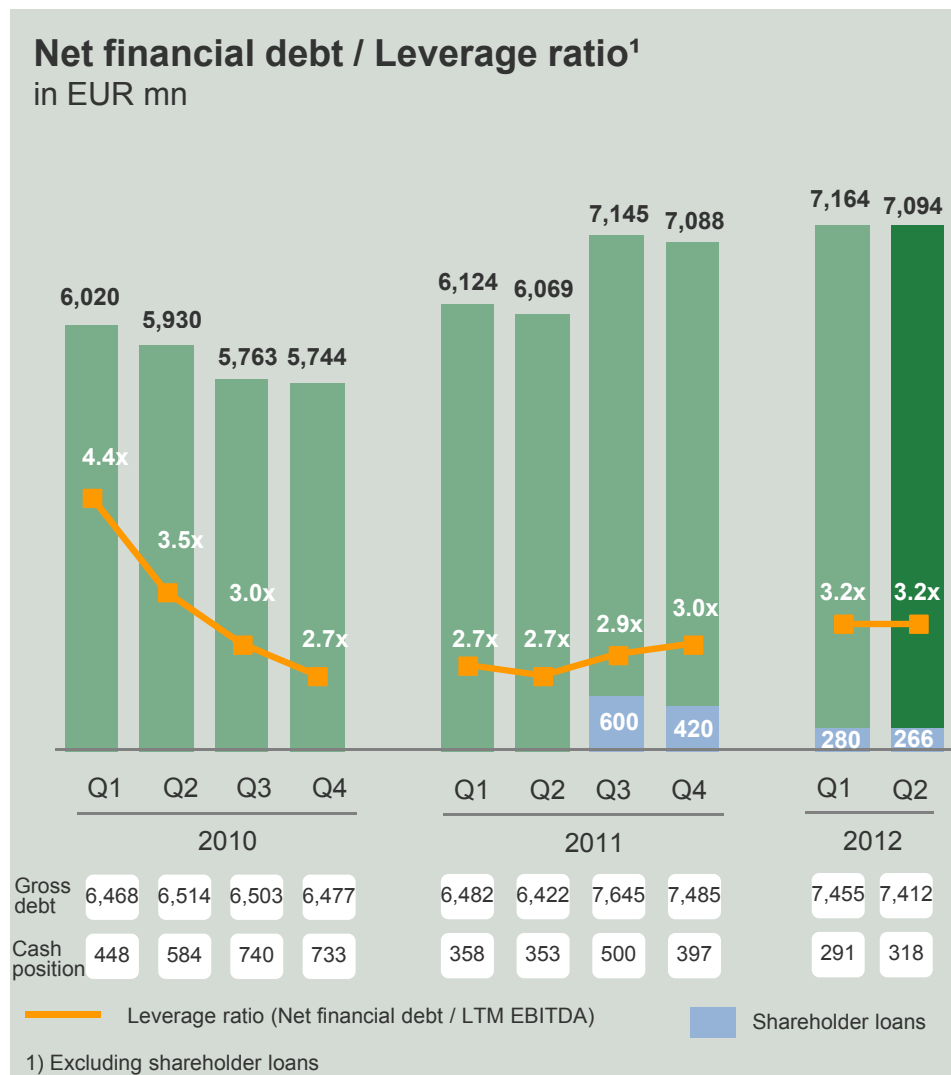
Free cash flow EUR 30 mn



Working capital level maintained – Capex decreased sequentially



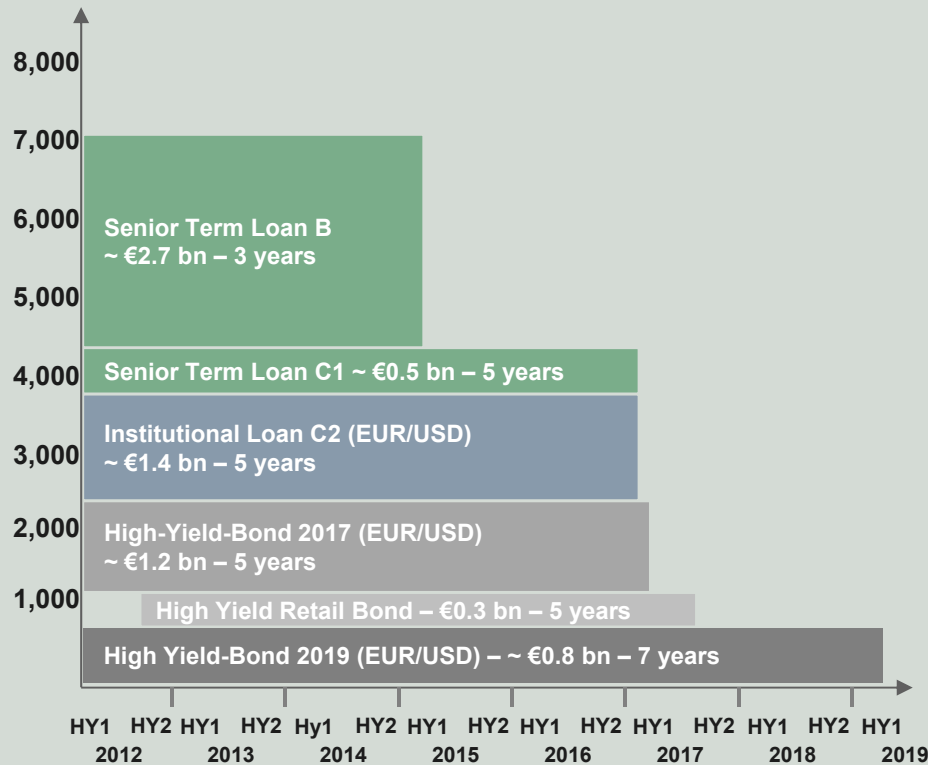
Leverage ratio at 3.2x – Solid liquidity position



Strong bond performance – S&P upgrade from 'B' to 'B+'

Maturity Profile

in EUR mn

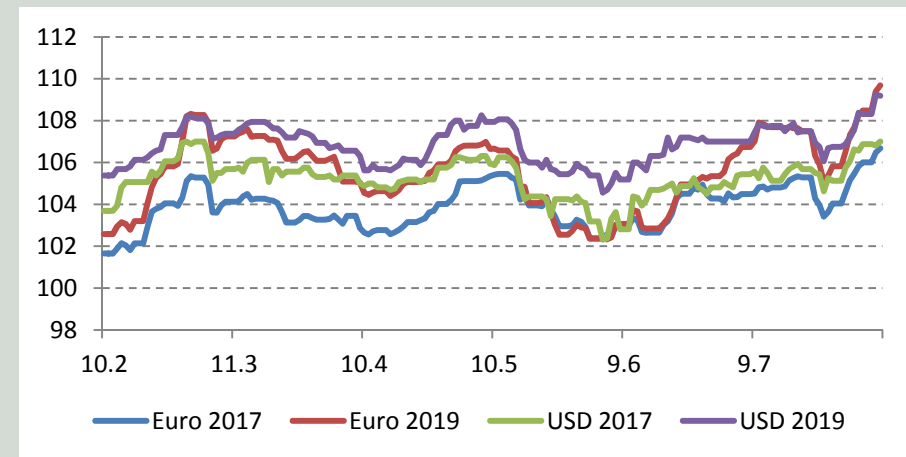


Key aspects

- ▶ Successful placement of €326 mn retail/employee bond in June/July 2012
- ▶ Consortium of 8 banks expanded to 11 banks – Bank syndication closed
- ▶ S&P upgrades corporate and issue rating from 'B' to 'B+'

Bond Performance

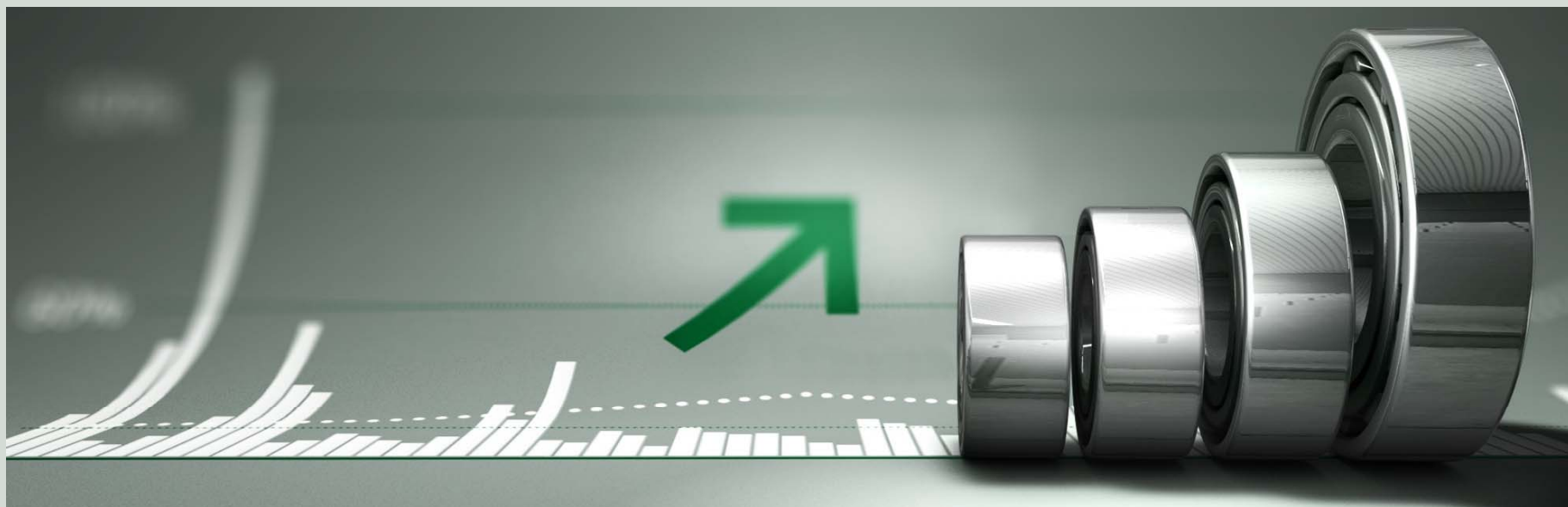
in %



On track to meet our targets for 2012 – Guidance unchanged

Growth		Profitability	
	Target 2012		Target 2012
Sales growth	> 5 %	EBIT margin	> 13 %
Capex	6-8 % of Sales	Free cash flow	Sustainably positive
Quality		Innovation	
	Target 2012		Target 2012
Quality policy	Further improve	R&D expenses	~ 5 % of Sales
Employees	> 3,500 new jobs	Innovation	Maintain leading position in patent applications

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Financial Calendar 2012

Q3 2012 results: November 28, 2012

Q4 2012 results: March 21, 2013

Backup
Bond data

SCHAEFFLER

Issuer	Schaeffler Finance B.V.	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	Senior Secured Notes
Principal Amount	€800 mn	\$600 mn	€400 mn	\$500 mn	€326 mn
Offering Price	98.981%	98.981%	100.000%	100.000%	98.981%
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)	B1 (Moody's) B+ (S&P)
Coupon	7.75%	7.75%	8.75%	8.50%	6.75%
Issue Date	February 9, 2012	February 9, 2012	February 9, 2012	February 9, 2012	June 29, 2012
Maturity	February 15, 2017	February 15, 2017	February 15, 2019	February 15, 2019	July 1, 2017
Interest Payment	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	May 15 / Nov. 15
ISIN	XS0741938624	US806261AC75	XS0741939788	US806261AA10	XS0801261156
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	€1,000 with minimum tradable amount €1,000

Summary – Quarterly development

In EUR mn	2011				2012	
	Q1	Q2	Q3	Q4	Q1	Q2
Income statement						
Revenue	2,697	2,682	2,703	2,612	2,858	2,794
EBITDA	613	552	605	473	549	530
- in % of revenue	22.7	20.6	22.4	18.1	19.2	19.0
EBIT	472	411	466	340	401	379
- in % of revenue	17.5	15.3	17.2	13.0	14.0	13.6
Net income ¹⁾	438	203	102	146	236	269
Statement of financial position						
Total assets	13,372	12,738	13,001	12,989	13,449	13,806
Shareholders' equity ²⁾	3,288	2,719	1,498	1,714	1,617	1,865
- in % of total assets	24.6	21.3	11.5	13.2	12.0	13.5
Net financial debt ³⁾	6,108	6,063	6,529	6,668	6,884	6,828
- Financial debt to EBITDA ratio ⁴⁾	2.7	2.7	2.9	3.0	3.2	3.2
Capital expenditures	122	190	212	322	235	224
Statement of cash flows						
Free cash flow	11	66	152	90	-107	137
Employees						
Headcount (at end of reporting period)	69,517	71,084	72,951	74,031	74,948	75,868

¹⁾ Attributable to shareholders of the parent company. ⁴⁾ EBITDA based on the last 12 months.
²⁾ Including non-controlling interests.
³⁾ Excluding shareholder loans.

Consolidated statement of income

In EUR mn	H1 2012			Q2 2012		
	2012	2011	Change in %	2012	2011	Change in %
Revenue	5,652	5,379	5.1	2,794	2,682	4.2
Cost of sales	-3,933	-3,720	5.7	-1,960	-1,885	4.0
Gross profit	1,719	1,659	3.6	834	797	4.6
Research and development expenses	-294	-244	20.5	-147	-123	19.5
Selling expenses	-382	-354	7.9	-191	-181	5.5
Administrative expenses	-241	-204	18.1	-114	-103	10.7
Other income	99	134	-26.1	72	73	-1.4
Other expenses	-121	-108	12.0	-75	-52	44.2
Earnings before financial result and income taxes (EBIT)	780	883	-11.7	379	411	-7.8
Share of net income of equity-accounted investees	286	195	46.7	150	89	68.5
Interest income	33	22	50.0	1	8	-87.5
Interest expense	-417	-237	75.9	-175	-222	-21.2
Financial result	-98	-20	> 100	-24	-125	-80.8
Earnings before income taxes	682	863	-21.0	355	286	24.1
Income taxes	-170	-215	-20.9	-82	-79	3.8
Net income	512	648	-21.0	273	207	31.9
Attributable to shareholders of the parent company	505	641	-21.2	269	203	32.5
Attributable to non-controlling interests	7	7	0.0	4	4	0.0

Consolidated balance sheet – Assets

In EUR mn	6/30/2012	12/31/2011	6/30/2011	Change in % ¹⁾
ASSETS				
Intangible assets	556	553	562	0.5
Property, plant and equipment	3,510	3,328	3,033	5.5
Investments in equity-accounted investees	5,067	4,772	4,636	6.2
Other investments	14	14	7	0.0
Other assets	109	95	170	14.7
Income tax receivables	18	22	0	-18.2
Deferred tax assets	384	350	280	9.7
Total non-current assets	9,658	9,134	8,688	5.7
Inventories	1,653	1,562	1,580	5.8
Trade receivables	1,876	1,607	1,698	16.7
Other assets	198	200	342	-1.0
Income tax receivables	103	89	77	15.7
Cash and cash equivalents	318	397	353	-19.9
Total current assets	4,148	3,855	4,050	7.6
Total assets	13,806	12,989	12,738	6.3

¹⁾ June 30, 2012 compared to December 31, 2011.

Consolidated balance sheet – Equity and liabilities

In EUR mn	6/30/2012	12/31/2011	6/30/2011	Change in % ¹⁾
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	500	500	500	0.0
Reserves	1,544	1,324	2,279	16.6
Accumulated other comprehensive income (loss)	-236	-163	-110	44.8
Equity attributable to shareholders of the parent	1,808	1,661	2,669	8.9
Non-controlling interests	57	53	50	7.5
Total shareholders' equity	1,865	1,714	2,719	8.8
Provisions for pensions and similar obligations	1,391	1,217	1,109	14.3
Provisions	73	79	126	-7.6
Financial debt	6,869	7,168	6,410	-4.2
Income tax payables	204	172	99	18.6
Other liabilities	298	261	279	14.2
Deferred tax liabilities	102	124	145	-17.7
Total non-current liabilities	8,937	9,021	8,168	-0.9
Provisions	193	208	341	-7.2
Financial debt	543	317	12	71.3
Trade payables	930	873	850	6.5
Income tax payables	195	184	192	6.0
Other liabilities	1,143	672	456	70.1
Total current liabilities	3,004	2,254	1,851	33.3
Total shareholders' equity and liabilities	13,806	12,989	12,738	6.3

¹⁾ June 30, 2012 compared to December 31, 2011.

Consolidated statement of cash flow

In EUR mn	1 st six months			2 nd quarter		
	2012	2011	Change in %	2012	2011	Change in %
Operating activities						
EBIT	780	883	-11.7	379	411	-7.8
Interest paid	-259	-315	-17.8	-93	-144	-35.4
Interest received	4	6	-33.3	2	4	-50.0
Income taxes paid	-132	-92	43.5	-78	-22	> 100
Dividends received	80	0	-	80	0	-
Depreciation, amortization and impairments	299	282	6.0	151	141	7.1
Gains (losses) on disposal of assets	0	-1	-100	1	0	-
Other non-cash items	-30	-22	36.4	-11	-1	> 100
Changes in:						
Working Capital	-263	-301	12.6	-40	-16	> 100
Provisions for pensions and similar obligations	-33	-25	32.0	-25	-18	38.9
Other assets, liabilities and provisions	49	-44	< -100	-8	-109	-92.7
Cash flows from operating activities ¹⁾	495	371	33.4	358	246	45.5
Investing activities						
Proceeds from disposals of intangible assets and property, plant and equipment	8	9	-11.1	1	3	-66.7
Capital expenditures on intangible assets	-20	-7	> 100	-11	-3	> 100
Capital expenditures on property, plant and equipment	-452	-301	50.2	-211	-185	14.1
Investments in other investments	-1	-1	0.0	0	0	-
Inflows from other investing activities	0	6	-100	0	5	-100
Cash used in investing activities	-465	-294	58.2	-221	-180	22.8
Financing activities						
Dividends paid to non-controlling interests	-1	-1	0.0	-1	-1	0.0
Receipts from loans	170	4	> 100	0	-49	-100
Repayments of loans	-102	-21	> 100	-91	-11	> 100
Acquisitions in stages	-13	0	-	0	0	-
Dividends paid to Schaeffler Verwaltungs GmbH	0	-400	-100	0	0	-
Payments made for other financing activities ²⁾	-166	-26	> 100	-22	-9	> 100
Cash used in financing activities	-112	-444	-74.8	-114	-70	62.9
Net increase (decrease) in cash and cash equivalents	-82	-367	-77.7	23	-4	< -100
Effects of foreign exchange rate changes on cash and cash equivalents	3	-13	< -100	4	-1	< -100
Cash and cash equivalents as of beginning of period	397	733	-45.8	291	358	-18.7
Cash and cash equivalents as of end of period	318	353	-9.9	318	353	-9.9

¹⁾ Excluding interest payments, cash flows from operating activities for the period from 01/01/2012 to 06/30/2012 amount to EUR 754 m (prior year: EUR 686 m).

²⁾ To parent company.

Financials Automotive and Industrial divisions

Automotive

In EUR mn	1 st six months		Change	
	2012	2011		
Revenue	3,842	3,589	7.0	%
EBITDA	711	765	-7.1	%
- in % of revenue	18.5	21.3	-2.8	%-pts.
EBIT	504	563	-10.5	%
- in % of revenue	13.1	15.7	-2.6	%-pts.

Prior year information presented based on 2012 segment structure.

Industrial

In EUR mn	1 st six months		Change	
	2012	2011		
Revenue	1,773	1,733	2.3	%
EBITDA	368	400	-8.0	%
- in % of revenue	20.8	23.1	-2.3	%-pts.
EBIT	276	320	-13.8	%
- in % of revenue	15.6	18.5	-2.9	%-pts.

Prior year information presented based on 2012 segment structure.

Useful links and references

Schaeffler Investor Relations website	http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/IR.jsp
Annual and interim reports	http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/newsir/reports/reports.jsp
Investor Relations news and publications	http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/newsir/irreleases/News.jsp
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Sustainability at Schaeffler	http://www.schaeffler-group.com/content.schaefflergroup.de/en/mediathek/library/library-detail-language.jsp?id=3448715
Schaeffler FAQ	http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/faq/faq.jsp