



# Results Q1 2012 Schaeffler Group

May 29, 2012

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# Agenda

**1** Overview

**2** Results Q1 2012

**3** Outlook

## Key themes Q1 2012



E-mobility System House, Germany



Large-size bearing test rig, Schweinfurt, Germany

Growth strategy continued:  
Sales growth of 6% y-o-y in Q1, EBIT margin 14%

Free cash flow negative:  
High capital expenditure and one-off transaction costs

Successful capital market debut:  
Schaeffler placed senior secured notes and loans of €3.5 bn in Europe and in the U.S.

Continuous investments in plants and capacities:  
Growth region Asia / Pacific strengthened  
(Rayong, Thailand; Ansan, Korea; among others)

Innovation strength:  
Schaeffler ranked 4<sup>th</sup> most innovative company in Germany with 1,832 patent applications in 2011

High-profile award:  
Large-size bearing test rig in Schweinfurt wins prize in "Germany: Land of ideas" initiative by German Federal Government

# Agenda

**1** Overview

**2** Results Q1 2012

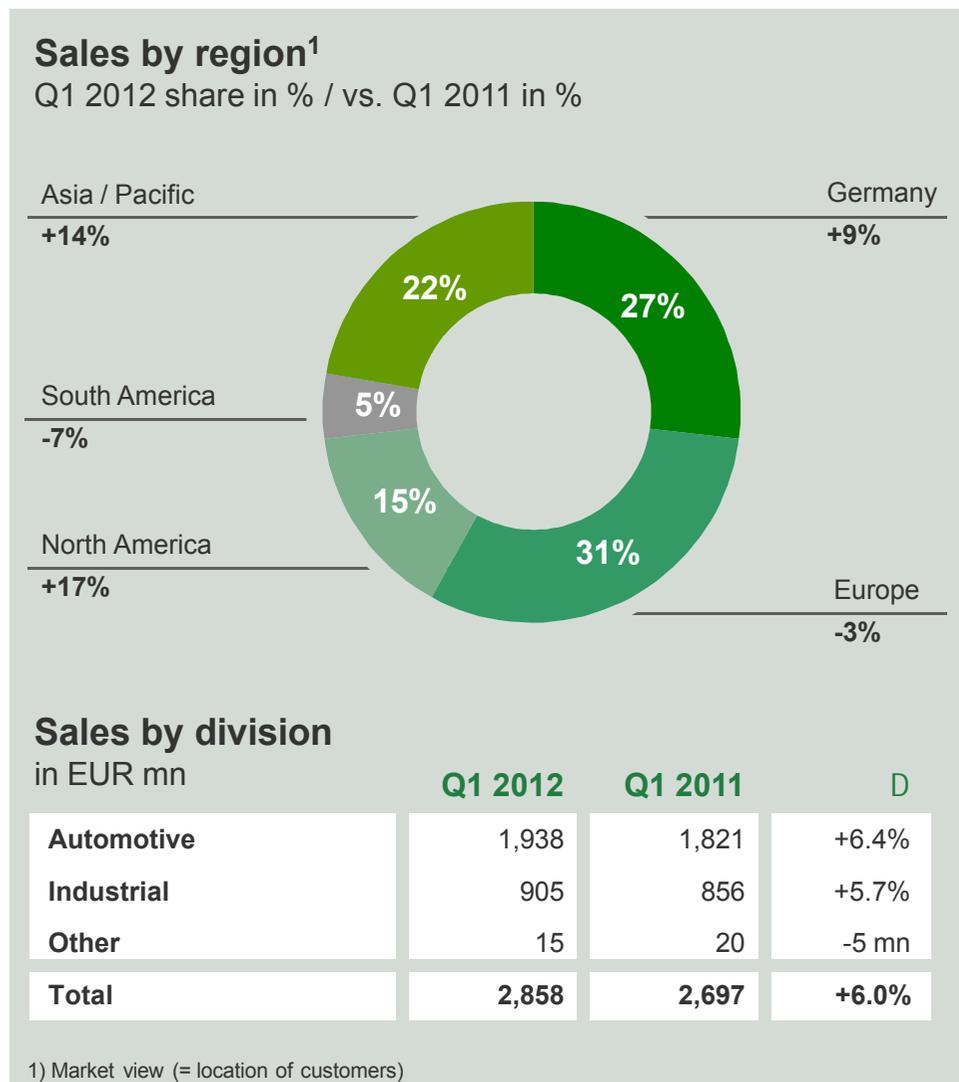
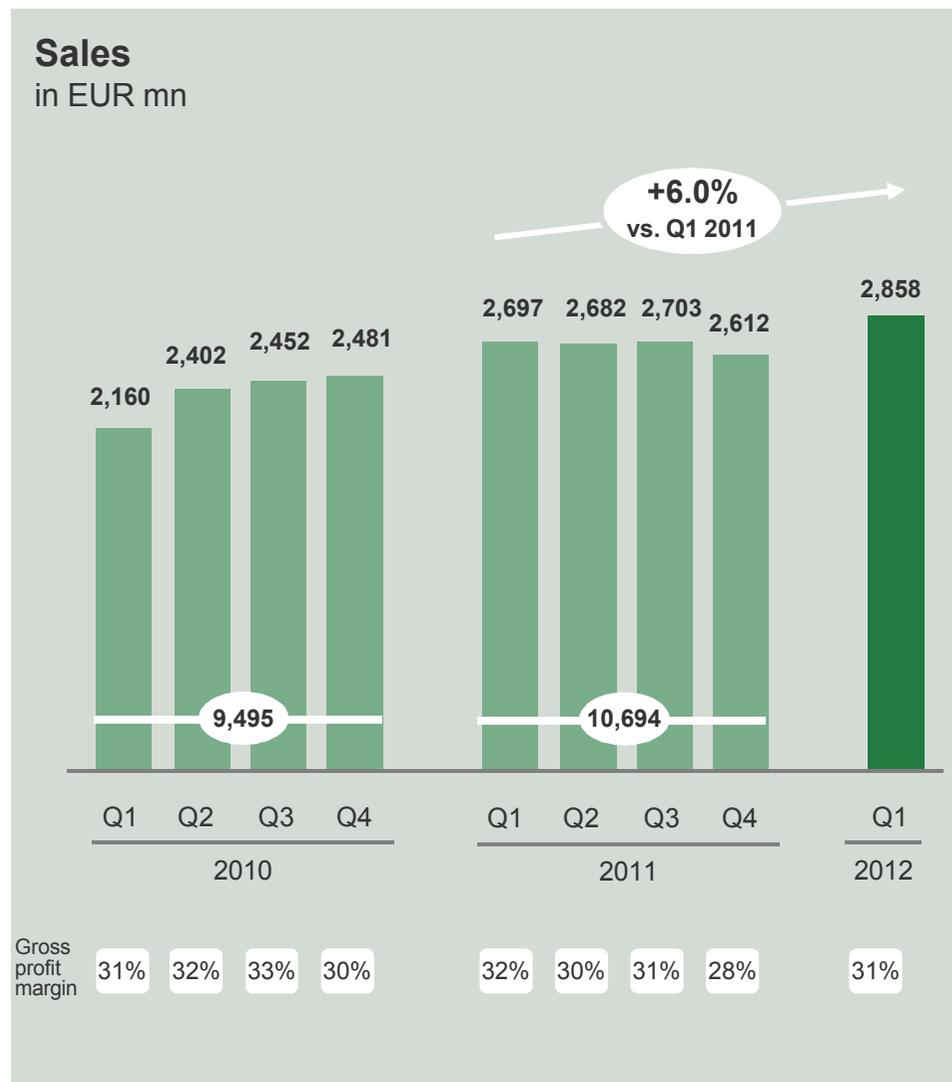
**3** Outlook

## Overview results Q1 2012 Schaeffler Group

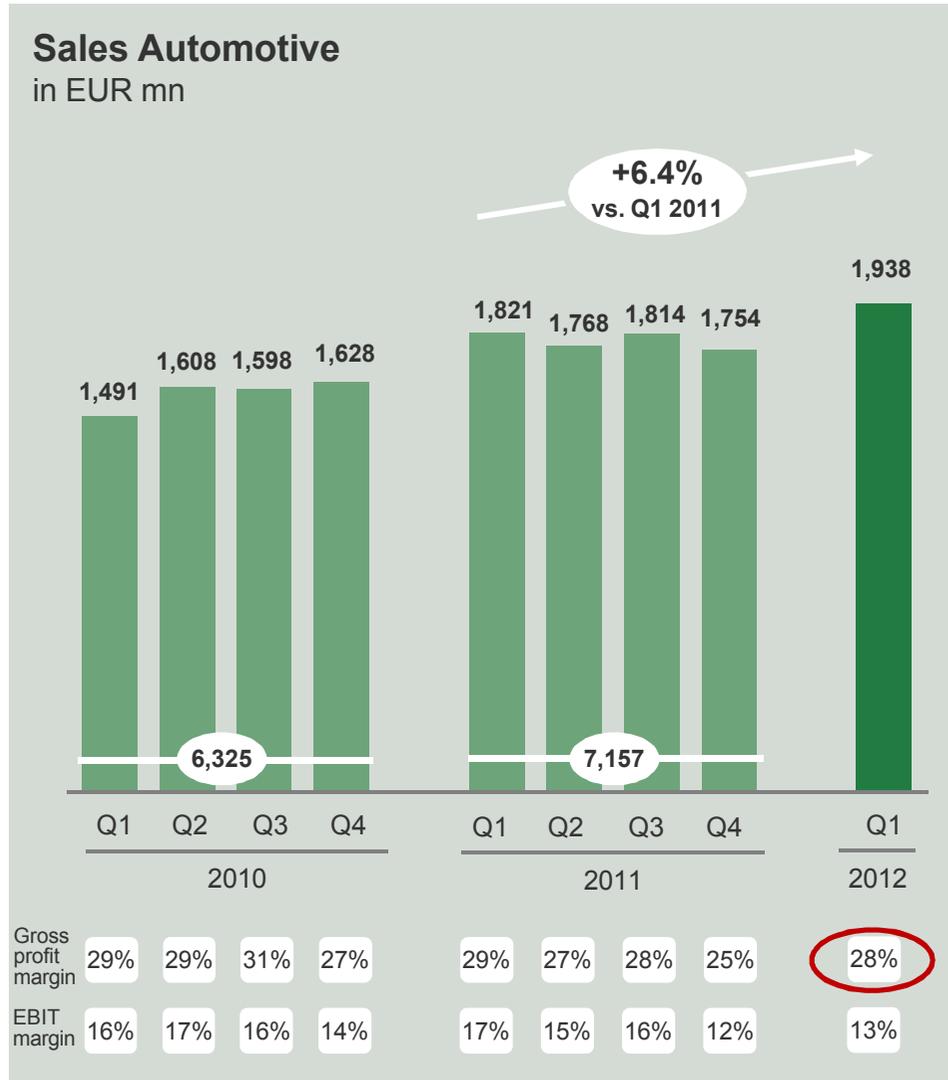
	Q1 2011 in EUR mn	Q1 2012 in EUR mn	Δ in EUR mn / %
Sales	2,697	2,858	+6.0%
EBITDA	613	549	-64
EBITDA margin	22.7%	19.2%	-3.5% pts.
EBIT	472	401	-71
EBIT margin	17.5%	14.0%	-3.5% pts.
Net Income	438	236	-202
Free Cash-Flow	11	-107	-118
Leverage ratio <sup>1</sup>	2.7x	3.2x	+0.5x

1) Excl. shareholder loans

# Sales growth intact – Growth rate normalizing



# Automotive – Solid start into 2012



### Highlights Automotive

Q1 2012

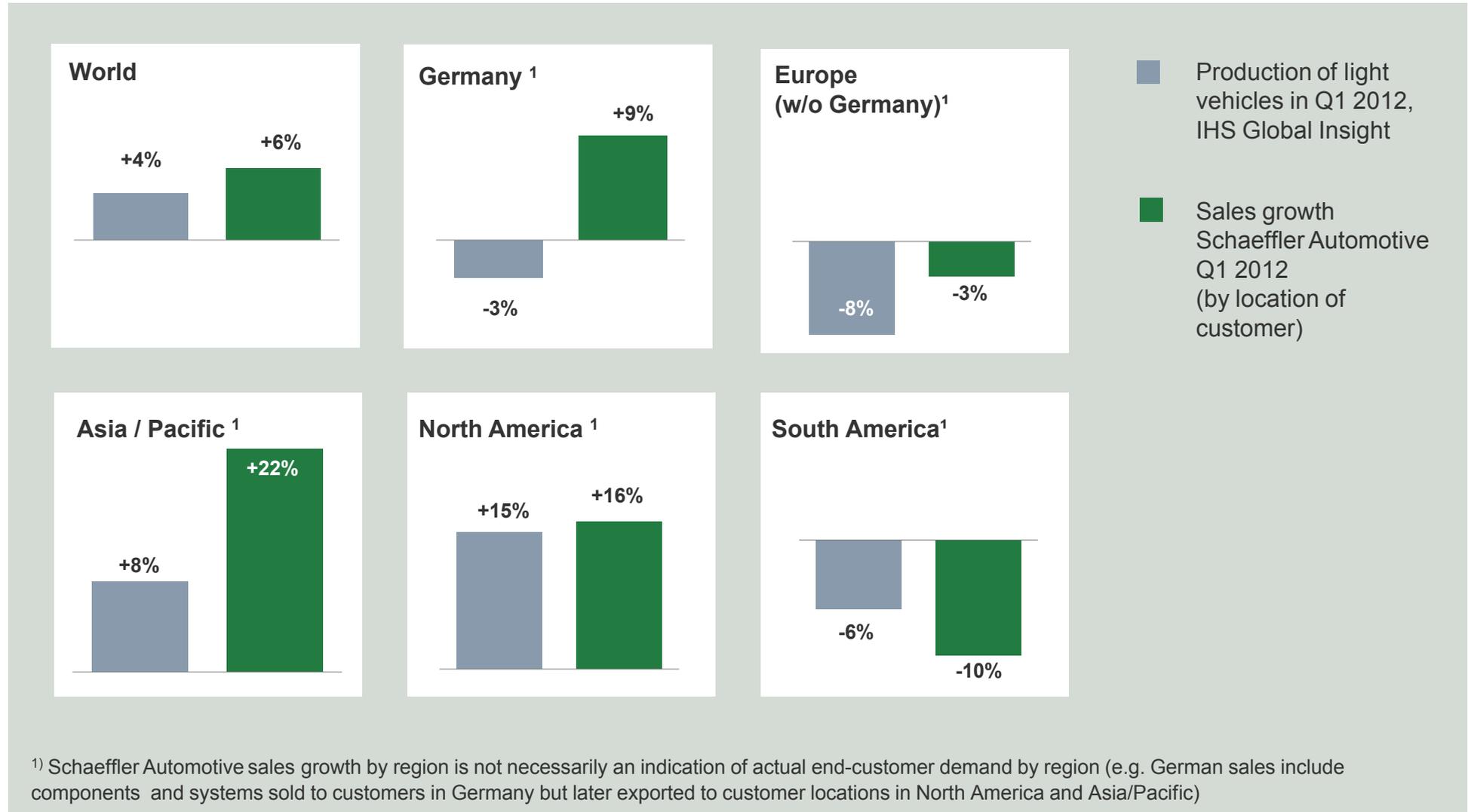
Automotive division continued to grow above market in Q1

All business divisions contributed to Q1 sales growth

'Pace Award' for UniAir received in the 'Product' category

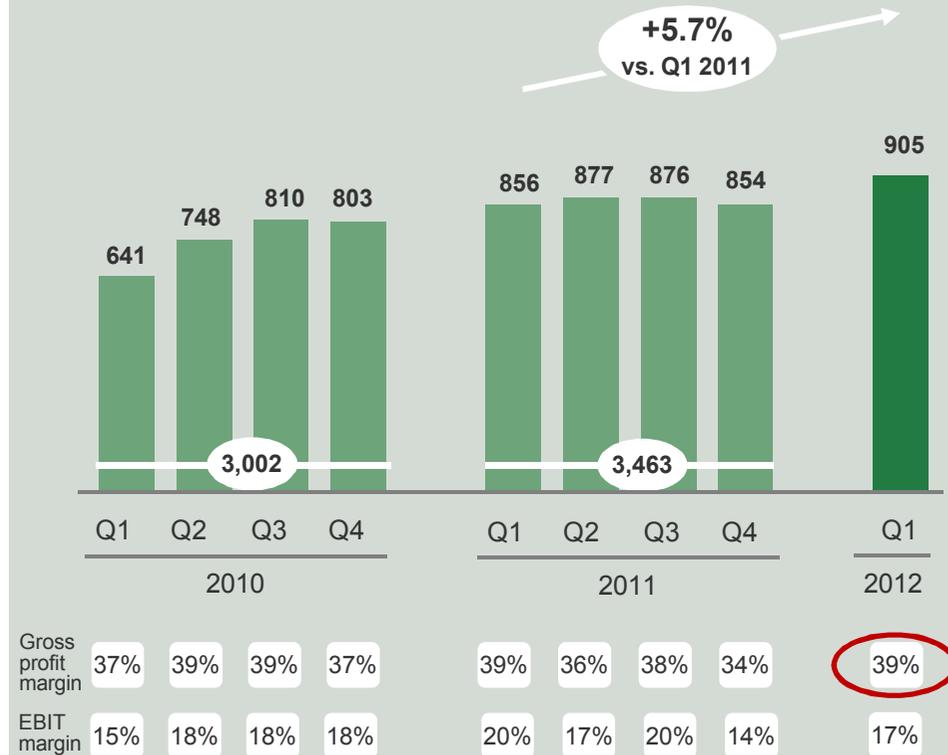
Quality Awards in Europe, Asia and the Americas

# Automotive business growing above market



# Industrial – Crossing the 900 million Euro threshold

## Sales Industrial in EUR mn



## Highlights Industrial Q1 2012

Sales growth in Q1 driven by Power Transmission, Aerospace and Aftermarket

FAG SmartCheck introduced as a innovative measuring system for real-time monitoring with patented diagnosis technology

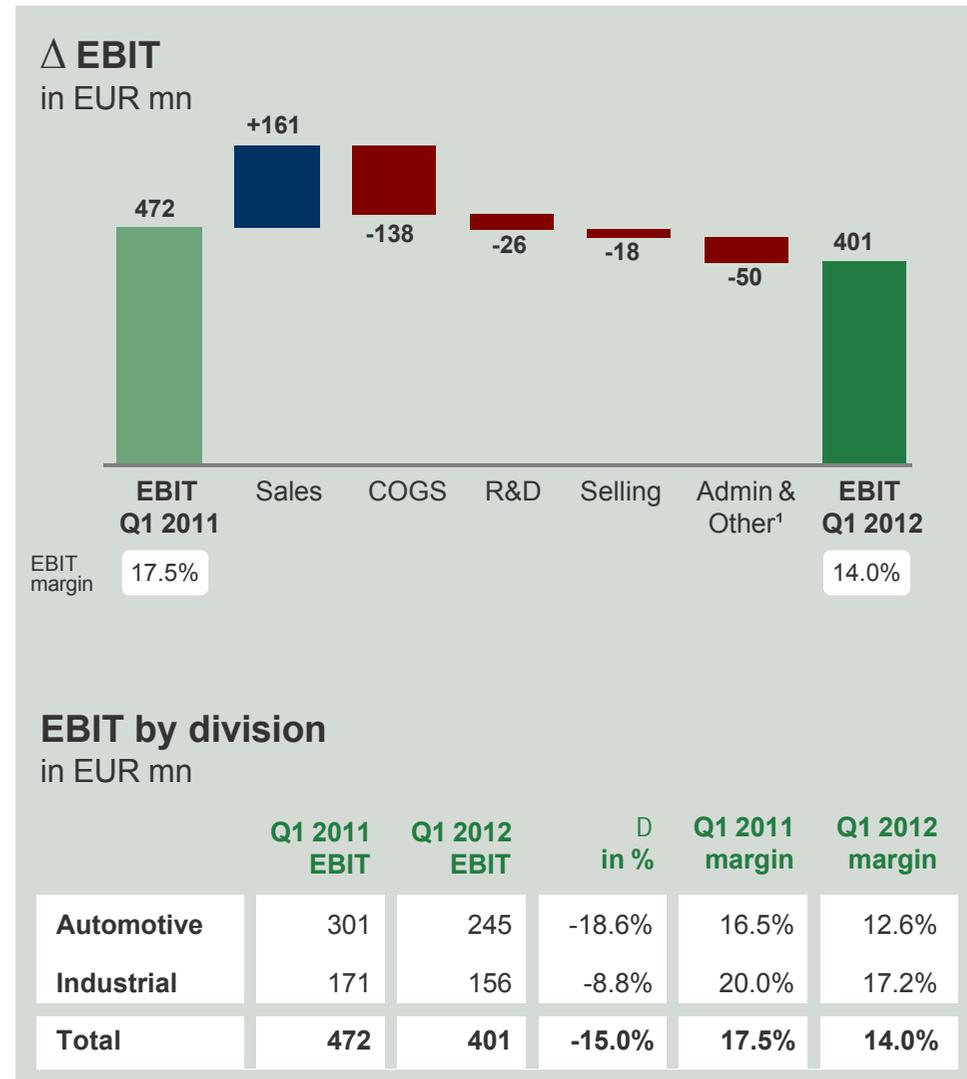
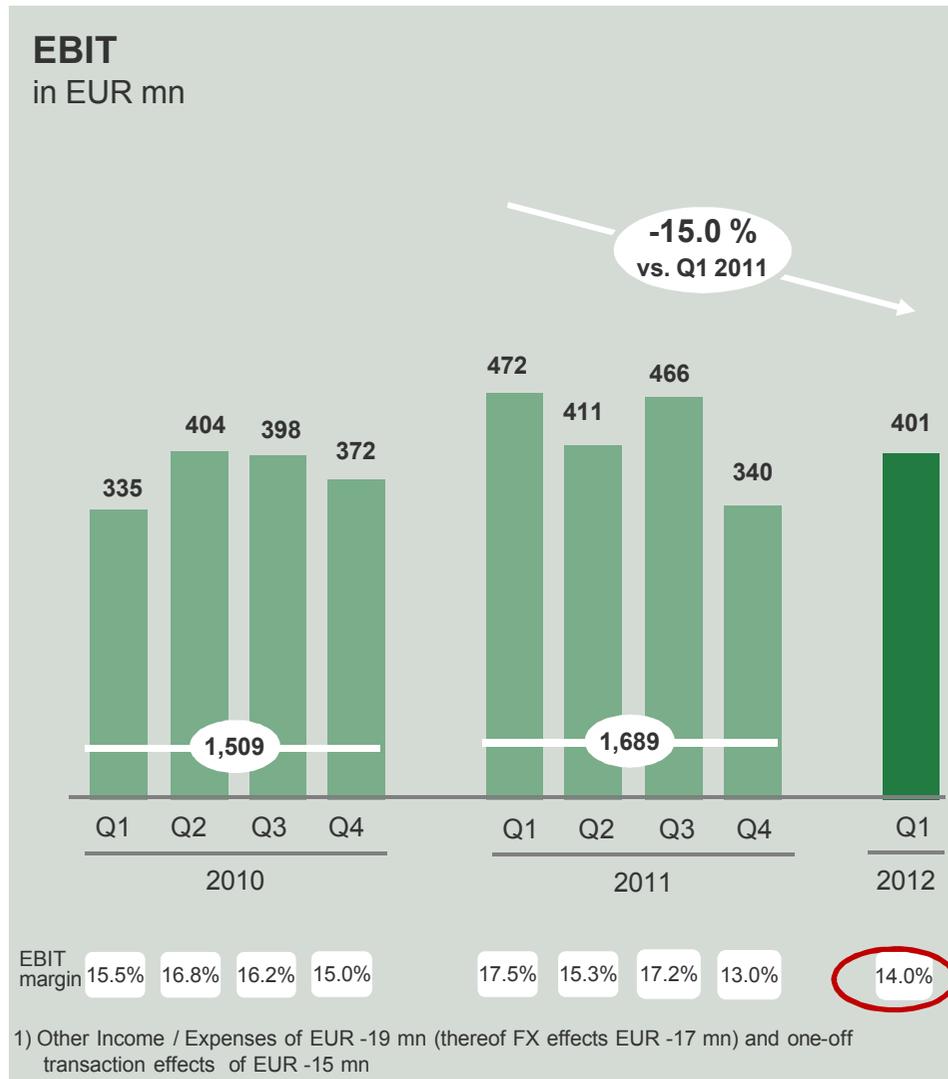
Schaeffler wins Goldwind '2011 Excellent Supplier Award' and Gildemeister 'Supplier of the Year Award'

Most recent product developments were introduced to customers at 'Innovation Days' in Schweinfurt

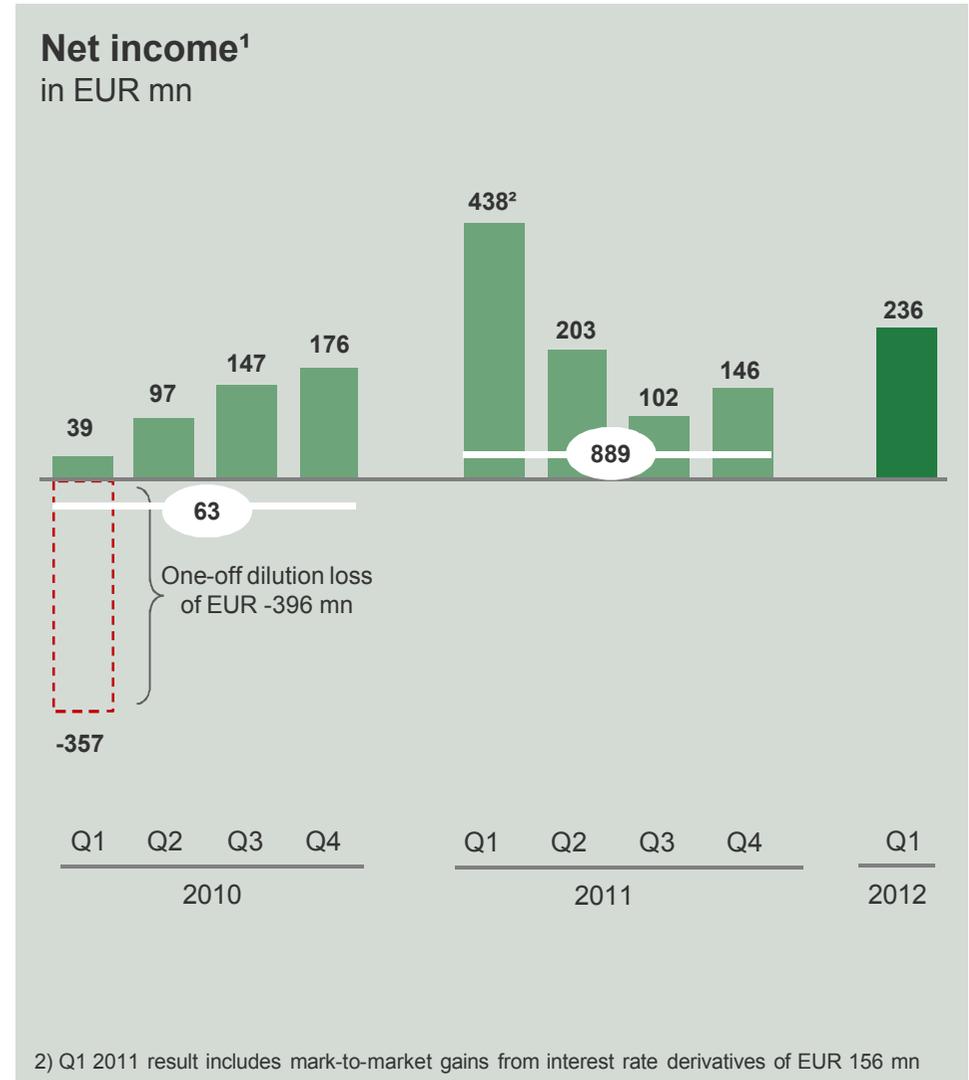
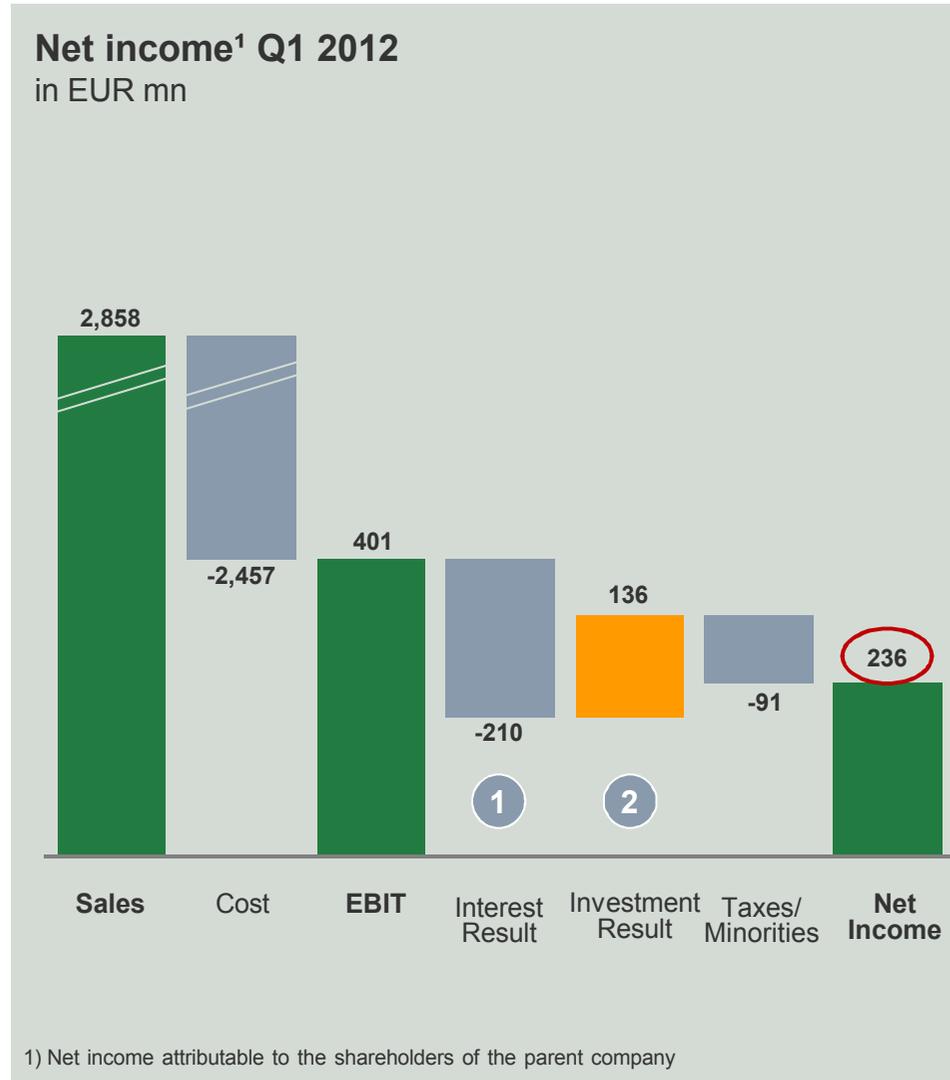
## 2 Results Q1 2012

# EBIT margin 14.0%

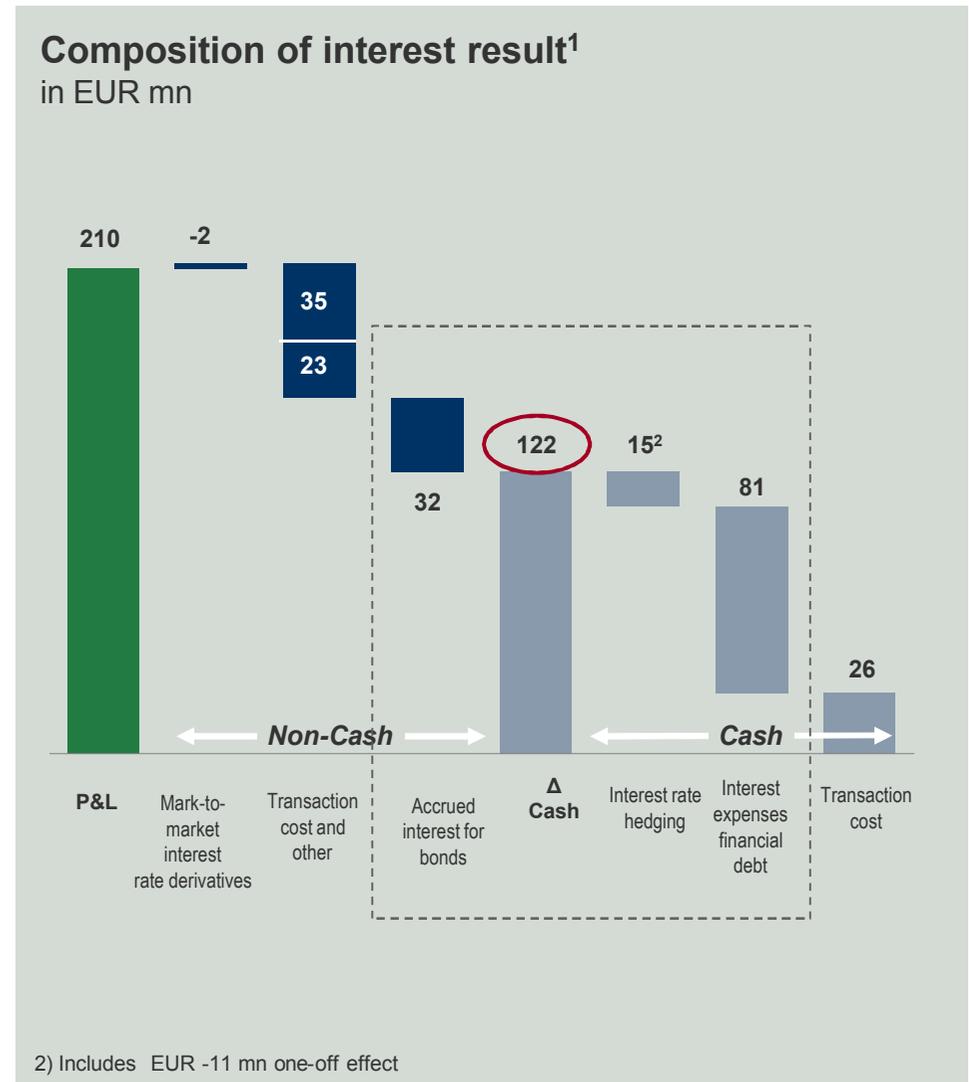
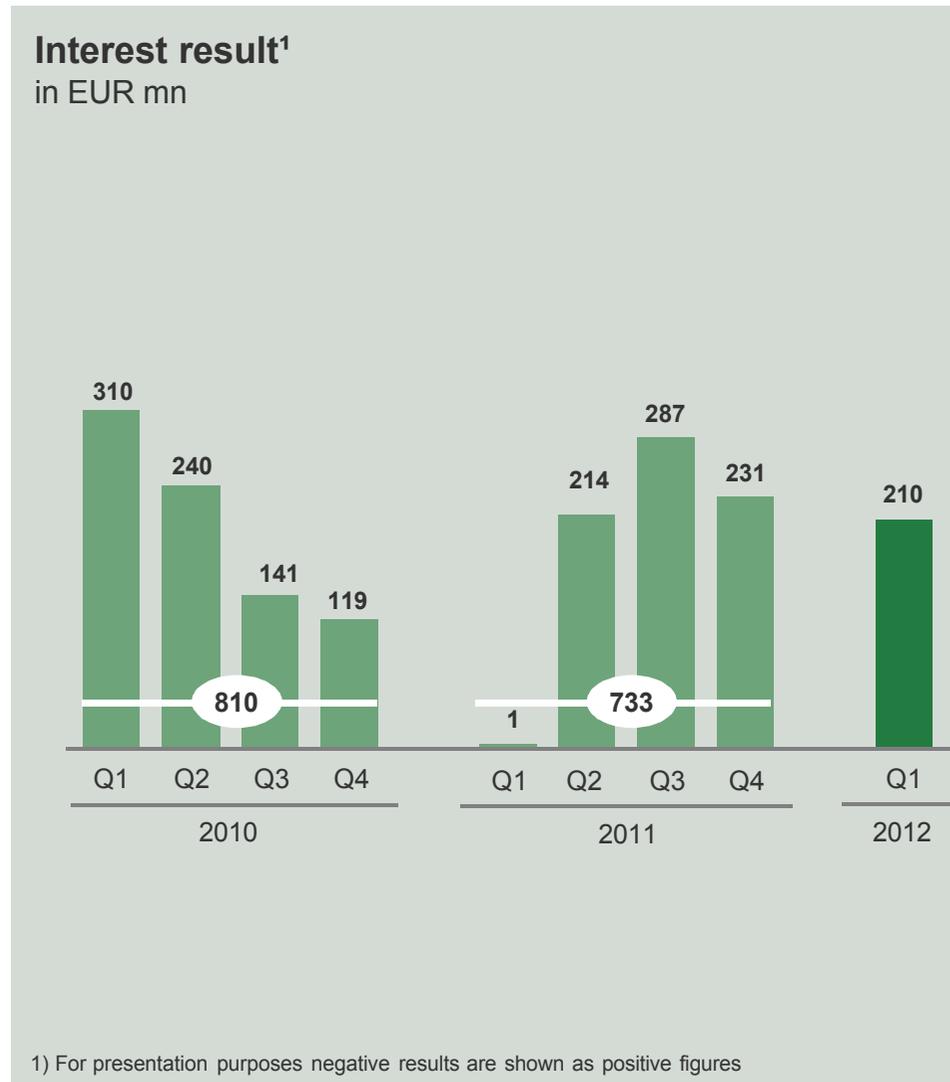
SCHAEFFLER



# Net income of 236 million Euro

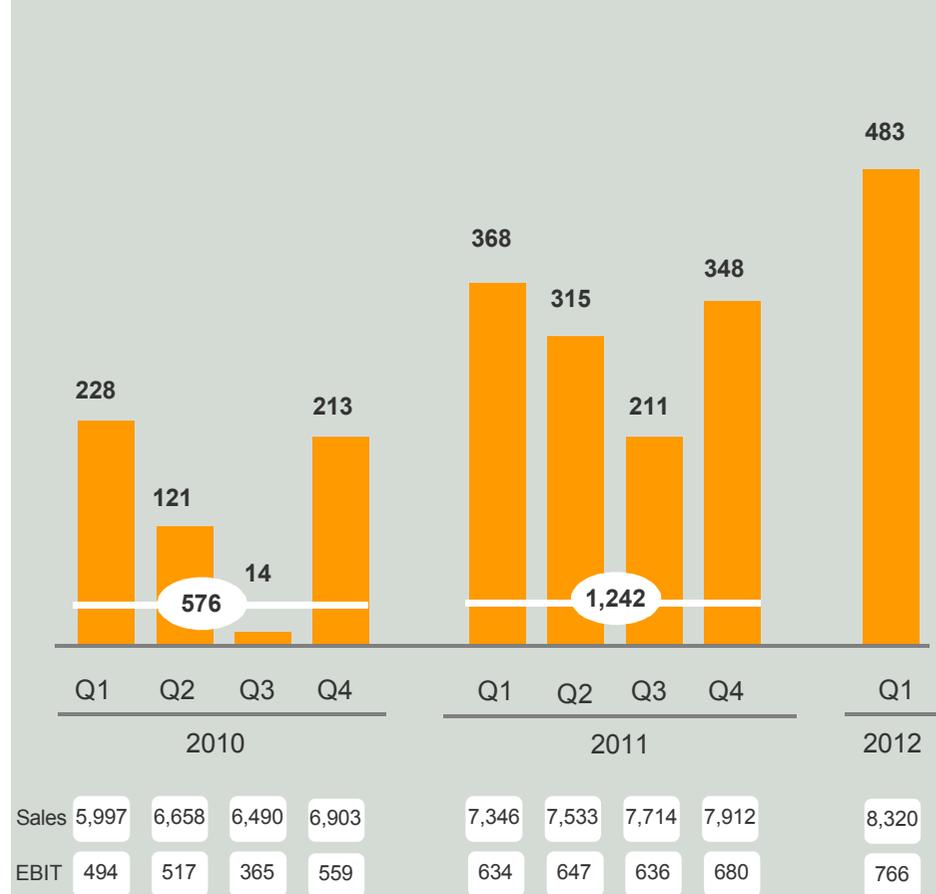


# 1 Cash interest down to 122 million Euro



## 2 At equity result further improved

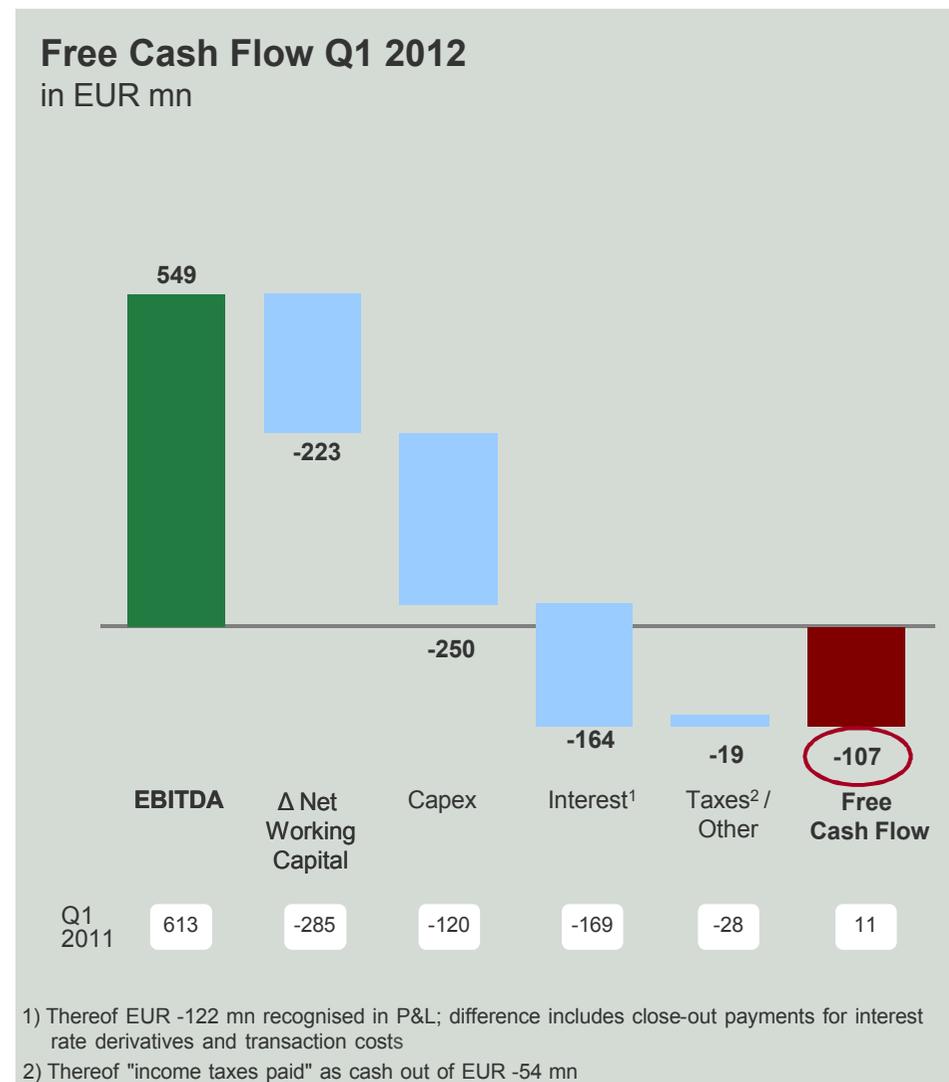
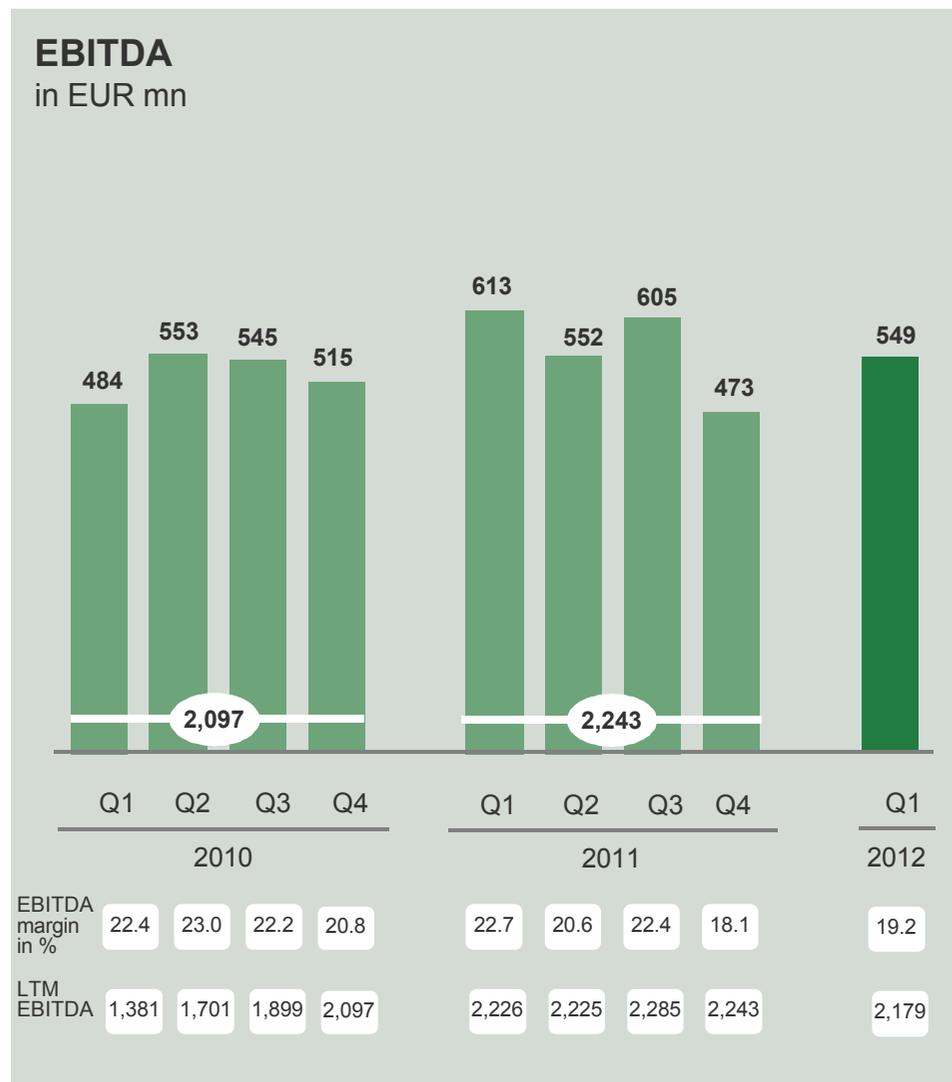
### Net income Continental in EUR mn



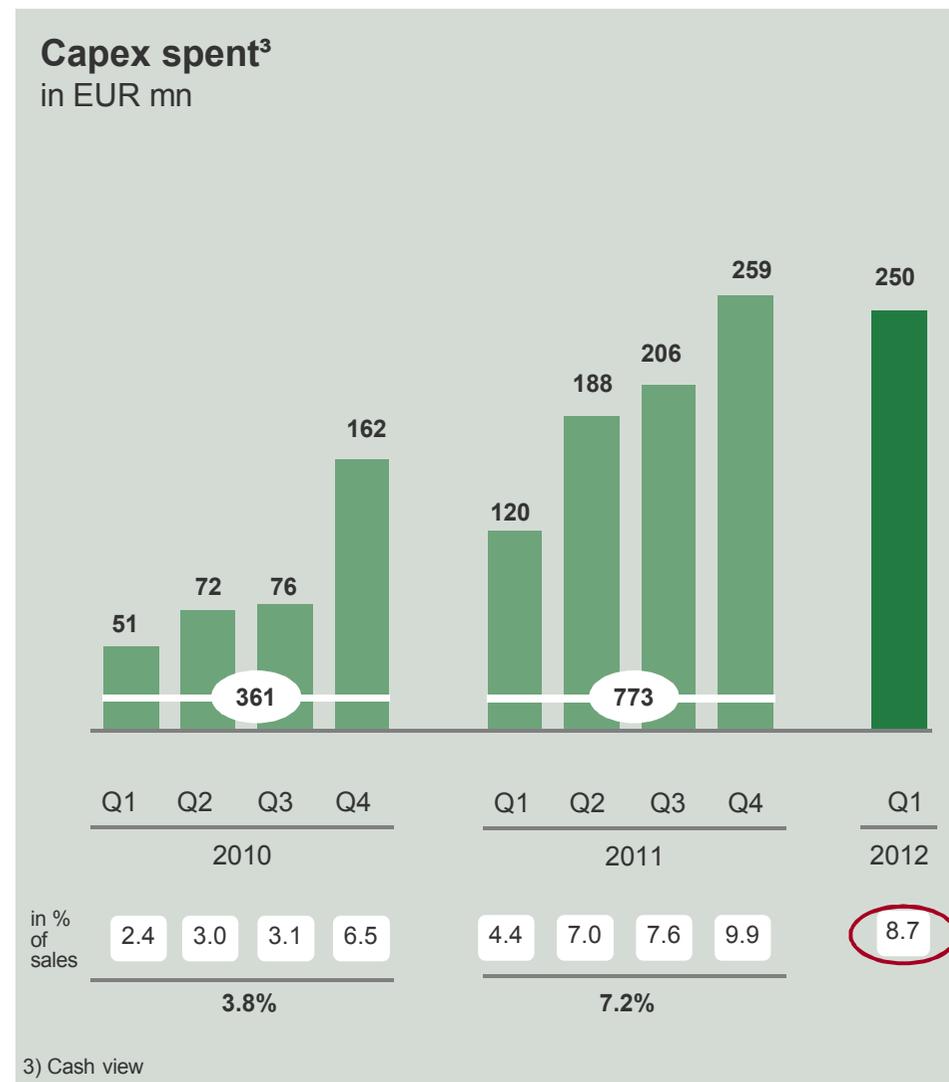
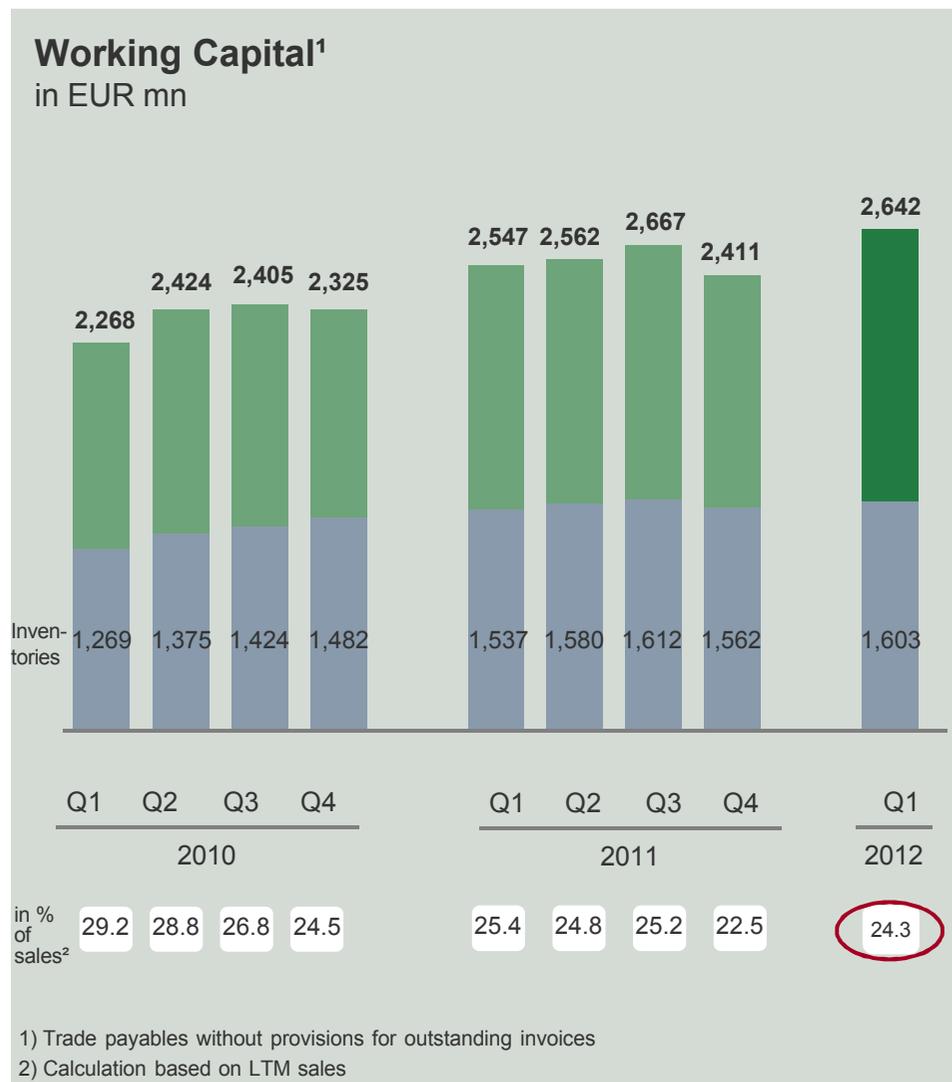
### At equity result Schaeffler in EUR mn

	2011				2012	
	Q1	Q2	Q3	Q4	FY	Q1
Net Income Continental	368	315	211	348	1,242	483
Conti shares (per 31/03/2012: 36,14%)	155	120	76	126	477	175
PPA effects	-49	-44	-42	-31	-166	-39
Other	0	13	0	0	13	0
At Equity Result	106	89	34	95	324	136

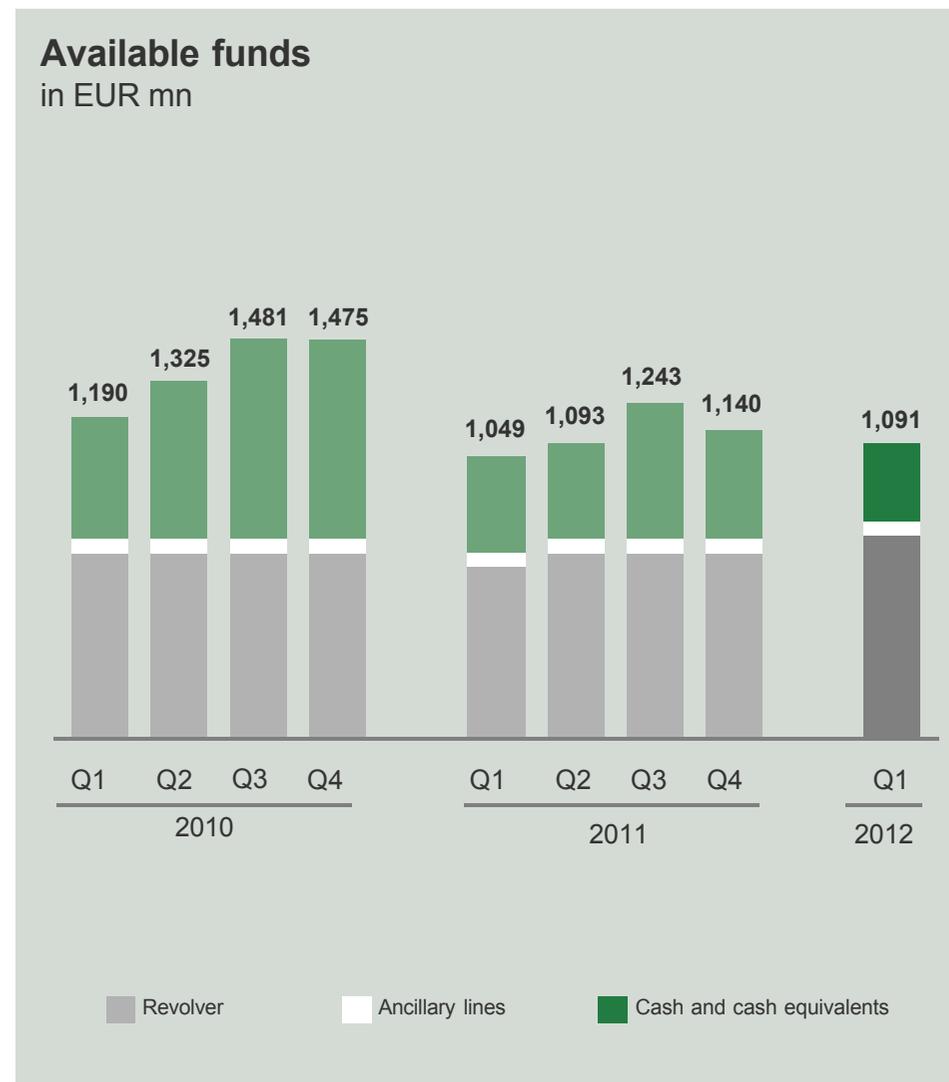
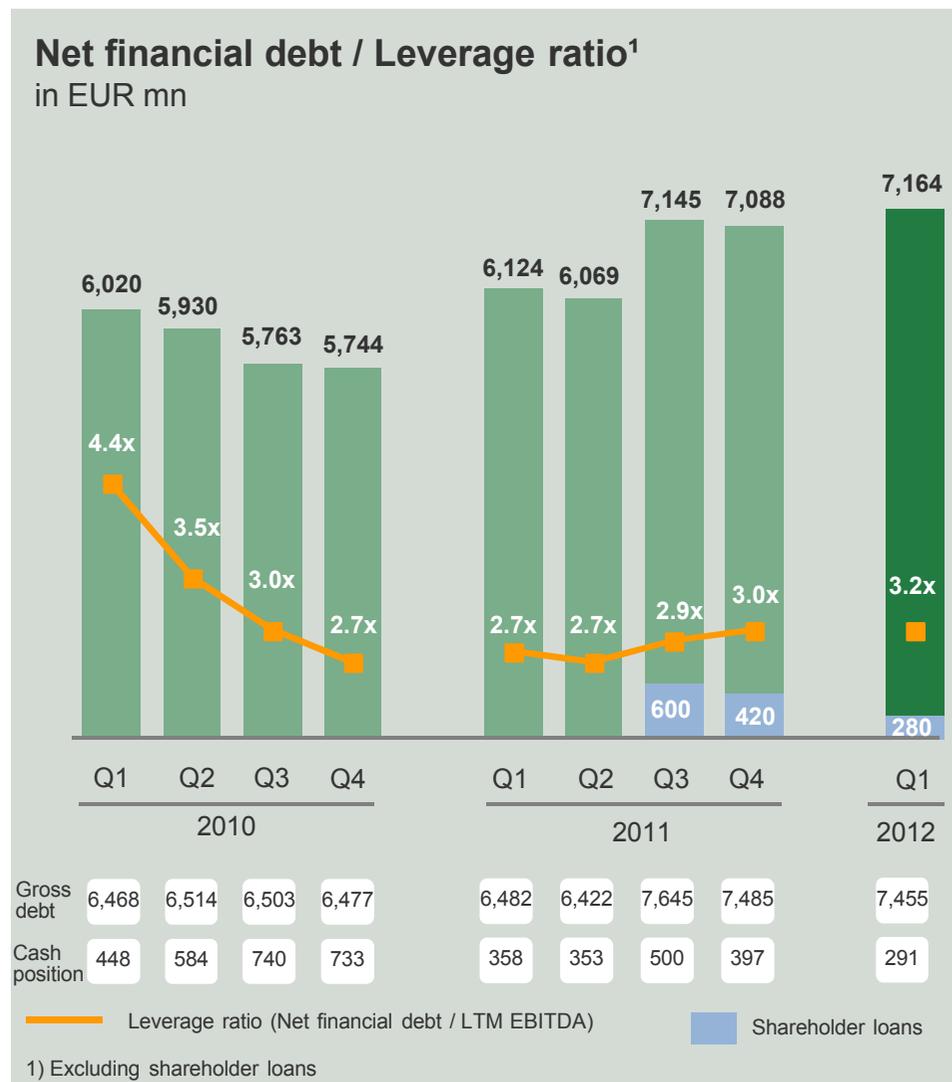
# Free cash flow negative



# Working capital increased – Capex increased



# Leverage ratio at 3.2x – Solid liquidity pattern



# Agenda

- 1** Business
- 2** Results Q1 2012
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# On track to meet our targets for 2012 – Guidance unchanged

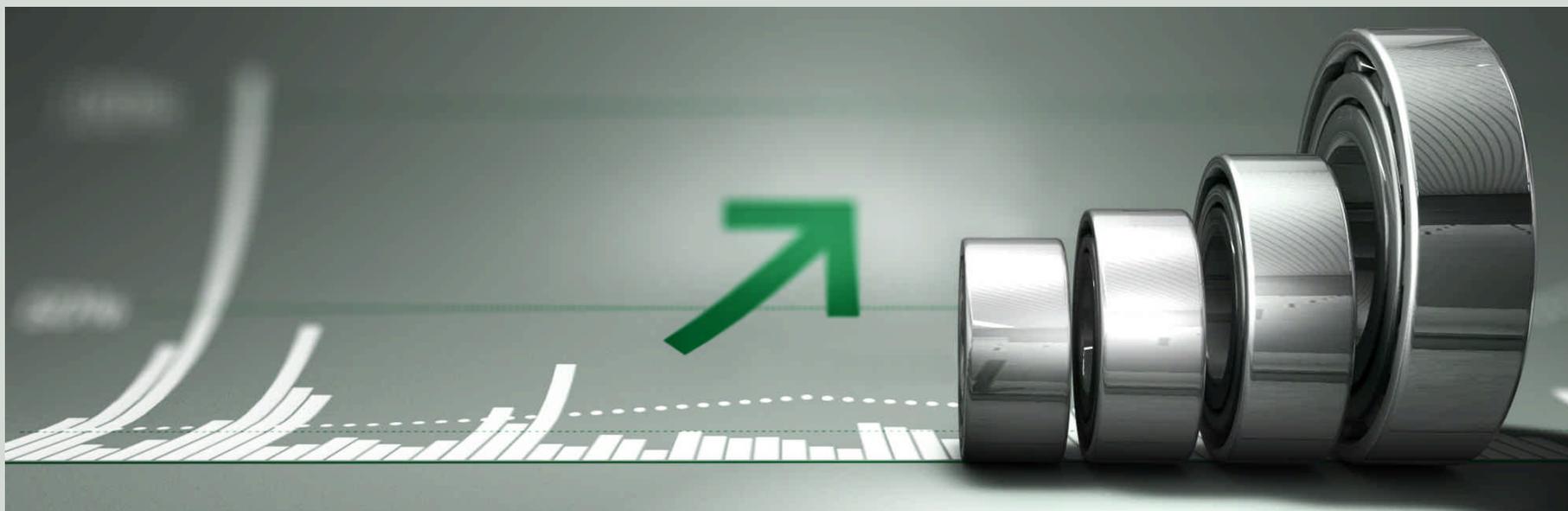
Growth	
	Target 2012
Sales growth	> 5 %
CAPEX	6-8 % of Sales

Profitability	
	Target 2012
EBIT Margin	> 13 %
Free Cash Flow	Sustainably positive

Quality	
	Target 2012
Quality policy	Further improve
Employees	> 3,500 new jobs

Innovation	
	Target 2012
R&D expenses	~ 5 % of Sales
Innovation	Maintain leading position in patent applications

## Schaeffler IR contact



### Investor Relations

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### Financial Calendar 2012

**Q1 2012 results: May 29**

Q2 2012 results: August 28

Q3 2012 results: November 20

Backup  
Bond data

SCHAEFFLER

<b>Issuer</b>	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.	Schaeffler Finance B.V.
<b>Issue</b>	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes	Senior Secured Notes
<b>Principal Amount</b>	€800 mn	\$600 mn	€400 mn	\$500 mn
<b>Offering Price</b>	98.981%	98.981%	100.000%	100.000%
<b>Rating</b>	B1 (Moody's) B (S&P)	B1 (Moody's) B (S&P)	B1 (Moody's) B (S&P)	B1 (Moody's) B (S&P)
<b>Coupon</b>	7.75%	7.75%	8.75%	8.50%
<b>Issue Date</b>	February 9, 2012	February 9, 2012	February 9, 2012	February 9, 2012
<b>Maturity</b>	February 15, 2017	February 15, 2017	February 15, 2019	February 15, 2019
<b>Interest Payment</b>	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15	Feb. 15 / Aug. 15
<b>ISIN</b>	XS0741938624	USN77608AB82	XS0741939788	USN77608AA00
<b>Denomination</b>	€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

## Summary – Quarterly development

In € millions	2011 Q1	Q2	Q3	Q4	2012 Q1
<b>Income statement</b>					
Revenue	2,697	2,682	2,703	2,612	2,858
EBITDA	613	552	605	473	549
- in % of revenue	22.7	20.6	22.4	18.1	19.2
EBIT	472	411	466	340	401
- in % of revenue	17.5	15.3	17.2	13.0	14.0
<b>Net income <sup>1)</sup></b>	<b>438</b>	<b>203</b>	<b>102</b>	<b>146</b>	<b>236</b>
<b>Statement of financial position</b>					
Total assets	13,372	12,738	13,001	12,989	13,449
Shareholders' equity <sup>2)</sup>	3,288	2,719	1,498	1,714	1,617
- in % of total assets	24.6	21.3	11.5	13.2	12.0
Net financial debt <sup>3)</sup>	6,108	6,063	6,529	6,668	6,884
- Financial debt to EBITDA ratio <sup>4)</sup>	2.7	2.7	2.9	3.0	3.2
Capital expenditures <sup>5)</sup>	122	190	212	322	235
<b>Statement of cash flows</b>					
Free cash flow <sup>6)</sup>	11	66	152	90	-107
<b>Employees</b>					
Headcount (at end of reporting period)	69,517	71,084	72,951	74,031	74,948

<sup>1)</sup> Attributable to shareholders of the parent company.      <sup>4)</sup> EBITDA based on the last 12 months.

<sup>2)</sup> Including non-controlling interests.      <sup>5)</sup> Capital expenditures for the quarter.

<sup>3)</sup> Excluding shareholder loans.      <sup>6)</sup> Free cash flow for the quarter.

## Consolidated statement of income

In € millions	Q1 2012	Q1 2011	Δ	Change in %
Revenue	2,858	2,697	161	6.0
Cost of sales	-1,973	-1,835	-138	7.5
<b>Gross profit</b>	<b>885</b>	<b>862</b>	<b>23</b>	<b>2.7</b>
Research and development expenses	-147	-121	-26	21.5
Selling expenses	-191	-173	-18	10.4
Administrative expenses	-127	-101	-26	25.7
Other income	27	61	-34	-55.7
Other expenses	-46	-56	10	-17.9
<b>Earnings before financial result and income taxes (EBIT)</b>	<b>401</b>	<b>472</b>	<b>-71</b>	<b>-15.0</b>
Share of net income of equity-accounted investees	136	106	30	28.3
Interest income	32	14	18	128.6
Interest expense	-242	-15	-227	1513.3
<b>Financial result</b>	<b>-74</b>	<b>105</b>	<b>-179</b>	<b>-170.5</b>
<b>Earnings before income taxes</b>	<b>327</b>	<b>577</b>	<b>-250</b>	<b>-43.3</b>
Income taxes	-88	-136	48	-35.3
<b>Net income</b>	<b>239</b>	<b>441</b>	<b>-202</b>	<b>-45.8</b>
Attributable to shareholders of the parent company	236	438	-202	-46.1
Attributable to non-controlling interests	3	3	0	0.0

## Consolidated balance sheet – Assets

ASSETS	3/31/2012	12/31/2011	3/31/2011	Δ <sup>1</sup>	Change in % <sup>1)</sup>
Intangible assets	554	553	569	1	0
Property, plant and equipment	3,392	3,328	2,989	64	2
Investments in equity-accounted investees	4,908	4,772	5,324	136	3
Other investments	14	14	8	0	0
Other assets	116	95	209	21	22
Income tax receivables	24	22	0	2	9
Deferred tax assets	366	350	243	16	5
<b>Total non-current assets</b>	<b>9,374</b>	<b>9,134</b>	<b>9,342</b>	<b>240</b>	<b>3</b>
Inventories	1,603	1,562	1,537	41	3
Trade receivables	1,885	1,607	1,706	278	17
Other assets	221	200	318	21	11
Income tax receivables	75	89	111	-14	-16
Cash and cash equivalents	291	397	358	-106	-27
<b>Total current assets</b>	<b>4,075</b>	<b>3,855</b>	<b>4,030</b>	<b>220</b>	<b>6</b>
<b>Total assets</b>	<b>13,449</b>	<b>12,989</b>	<b>13,372</b>	<b>460</b>	<b>4</b>

1) March 31, 2012 compared to December 31, 2011.

## Consolidated balance sheet – Equity and liabilities

SHAREHOLDERS' EQUITY AND LIABILITIES	3/31/2012	12/31/2011	3/31/2011	Δ <sup>1</sup>	Change in % <sup>1)</sup>
Share capital	500	500	500	0	0
Reserves	1,260	1,324	2,841	-64	-5
Accumulated other comprehensive income (loss)	-200	-163	-101	-37	23
<b>Equity attributable to shareholders of the parent company</b>	<b>1,560</b>	<b>1,661</b>	<b>3,240</b>	<b>-101</b>	<b>-6</b>
Non-controlling interests	57	53	48	4	8
<b>Total shareholders' equity</b>	<b>1,617</b>	<b>1,714</b>	<b>3,288</b>	<b>-97</b>	<b>-6</b>
Provisions for pensions and similar obligations	1,282	1,217	1,111	65	5
Provisions	75	79	130	-4	-5
Financial debt	7,155	7,168	6,411	-13	0
Income tax payables	187	172	93	15	9
Other liabilities	341	261	290	80	31
Deferred tax liabilities	122	124	123	-2	-2
<b>Total non-current liabilities</b>	<b>9,162</b>	<b>9,021</b>	<b>8,158</b>	<b>141</b>	<b>2</b>
Provisions	203	208	339	-5	-2
Financial debt	300	317	71	-17	-5
Trade payables	976	873	823	103	12
Income tax payables	202	184	159	18	10
Other liabilities	989	672	534	317	47
<b>Total current liabilities</b>	<b>2,670</b>	<b>2,254</b>	<b>1,926</b>	<b>416</b>	<b>18</b>
<b>Total shareholders' equity and liabilities</b>	<b>13,449</b>	<b>12,989</b>	<b>13,372</b>	<b>460</b>	<b>4</b>

1) March 31, 2012 compared to December 31, 2011.

## Consolidated statement of cash flow

In € millions	Q1 2012	Q1 2011	Δ <sup>1</sup>	Change in %
<b>Operating activities</b>				
EBIT	401	472	-71	-15.0
Interest paid	-166	-171	5	-2.9
Interest received	2	2	0	0.0
Income taxes paid	-54	-70	16	-22.9
Depreciation, amortization and impairments	148	141	7	5.0
Gains on disposal of assets	-1	-1	0	0.0
Other non-cash items	-19	-21	2	-9.5
Changes in Working Capital	-223	-285	62	21.8
Provisions for pensions and similar obligations	-8	-7	-1	14.3
Other assets, liabilities and provisions	57	65	-8	-12.3
Cash flows from operating activities	137	125	12	9.6
<b>Investing activities</b>				
Proceeds from disposals of intangible assets and property, plant and equipment	7	6	1	16.7
Capital expenditures on intangible assets	-9	-4	-5	125.0
Capital expenditures on property, plant and equipment	-241	-116	-125	107.8
Investments in other investments	-1	-1	0	0.0
Inflows from other investing activities	0	1	-1	-100.0
Cash used in investing activities	-244	-114	-130	114.0
<b>Financing activities</b>				
Receipts from loans	170	53	117	220.8
Repayments of loans	-11	-10	-1	10.0
Acquisitions in stages	-13	0	-13	-
Dividends paid to Schaeffler Verwaltungs GmbH	0	-400	400	-100.0
Payments made for other financing activities	-144	-17	-127	747.1
Cash provided by (used in) financing activities	2	-374	376	-100.5
<b>Net decrease in cash and cash equivalents</b>	<b>-105</b>	<b>-363</b>	<b>258</b>	<b>-71.1</b>
Effects of foreign exchange rate changes on cash and cash equivalents	-1	-12	11	-91.7
Cash and cash equivalents as of beginning of period	397	733	-336	-45.8
<b>Cash and cash equivalents as of end of period</b>	<b>291</b>	<b>358</b>	<b>-67</b>	<b>-18.7</b>

## Financials Automotive and Industrial divisions

### Automotive

In € millions	Q1 2012	Q1 2011	Δ	Change
Revenue	1,938	1,821	6	%
EBITDA	348	402	-13	%
- in % of revenue	18.0	22.1	-4.1	%-pts.
EBIT	245	301	-56.0	€ millions
- in % of revenue	12.6	16.5	-3.9	%-pts.

Prior year information presented based on 2012 segment structure.

### Industrial

In € millions	Q1 2012	Q1 2011	Δ	Change
Revenue	905	856	6	%
EBITDA	201	211	-5	%
- in % of revenue	22.2	24.6	-2.4	%-pts.
EBIT	156	171	-15.0	€ millions
- in % of revenue	17.2	20.0	-2.8	%-pts.

Prior year information presented based on 2012 segment structure.

## Useful links and references

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