

Schaeffler AG

MainFirst Conference
March 22, 2018
Copenhagen

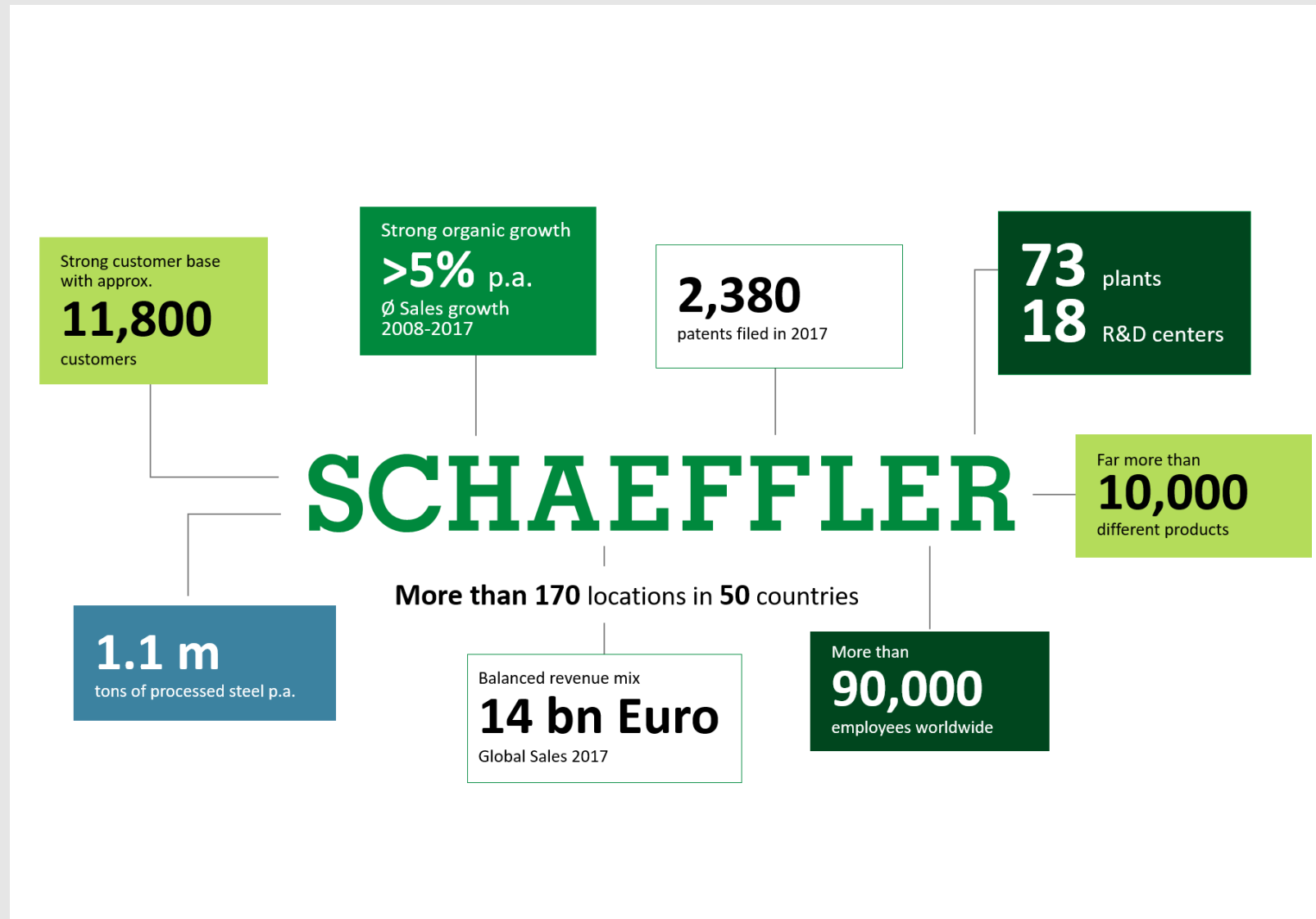
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- 1 Schaeffler at a Glance**
- 2 Overview**
- 3 Key Investment Highlights**
- 4 Overview Industrial Business**
- 5 Financial Results 2017**
- 6 Outlook**

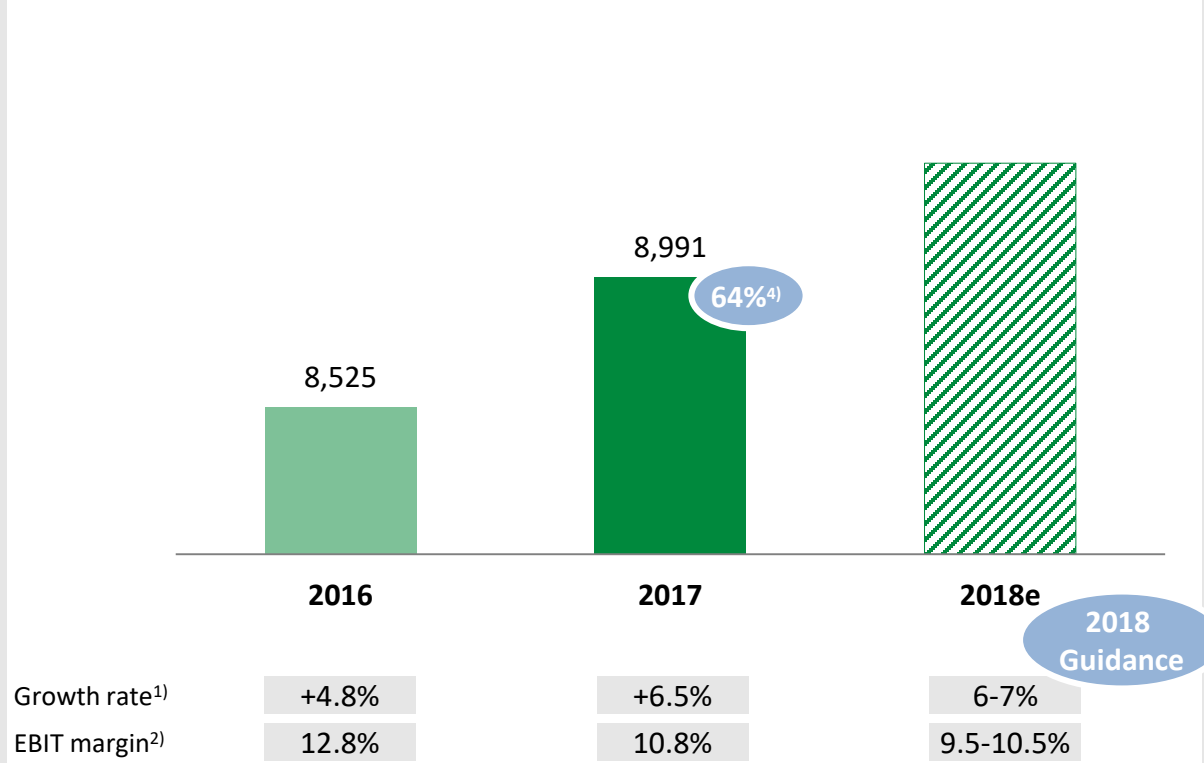


- ▶ Global Automotive and Industrial supplier of high-precision components and mechatronic systems
- ▶ Quality, technology and innovation as key success factors
- ▶ Well defined strategy 'Mobility for Tomorrow'
- ▶ Above average growth and profitability with global sales of EUR 14 bn in 2017
- ▶ Well balanced customer base
- ▶ Global footprint with 73 plants and 18 R&D centers

Automotive OEM – At a Glance

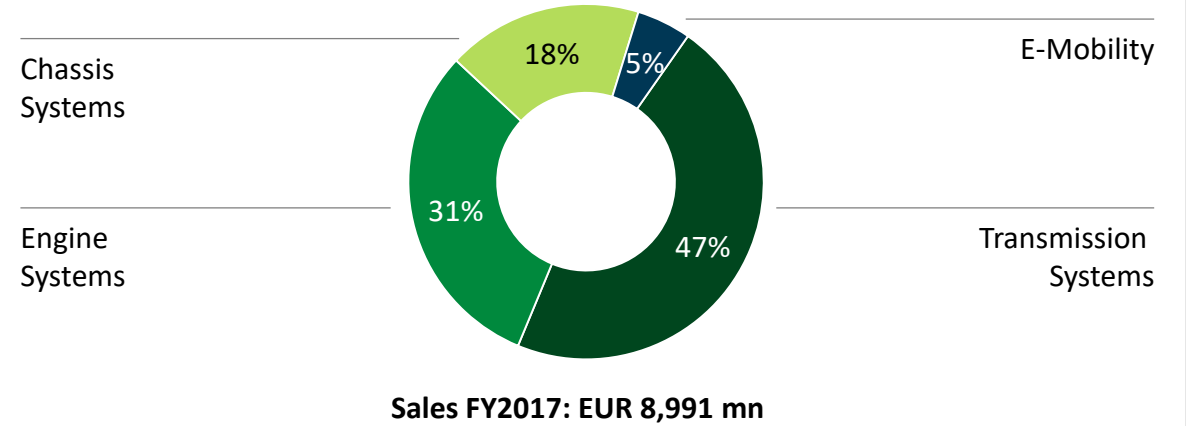
Sales and EBIT margin³⁾

in EUR mn



1) FX-adjusted
 2) Before special items
 3) Proforma figures FY 2017
 4) In % of Group Sales 2017

Sales by business division³⁾



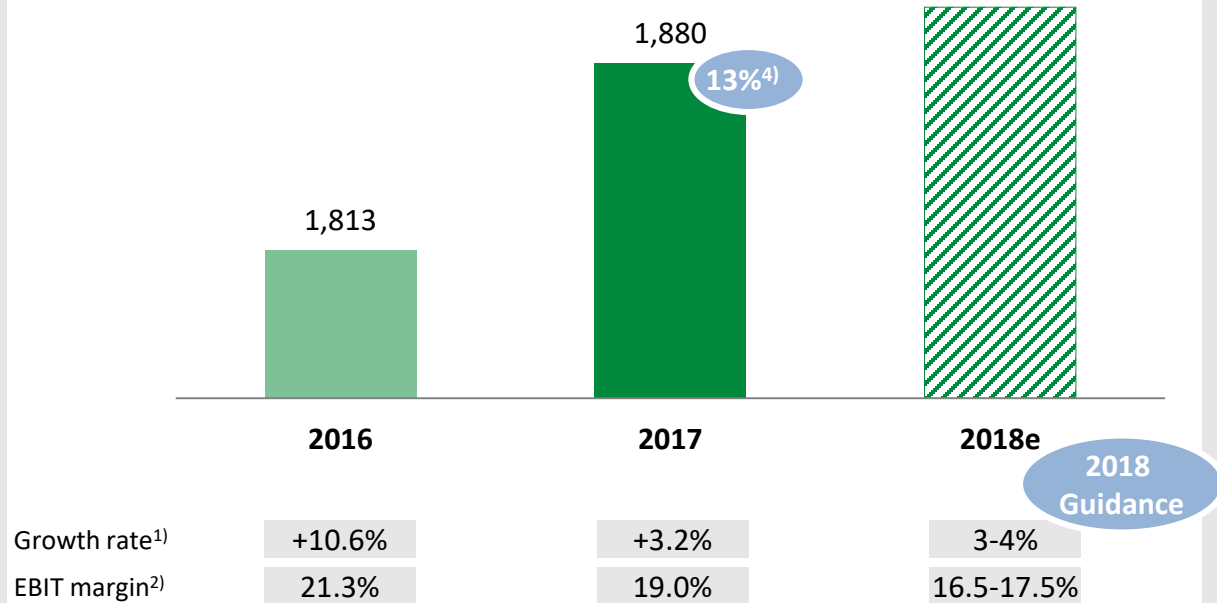
Sales split by customer mix



Automotive Aftermarket – At a Glance

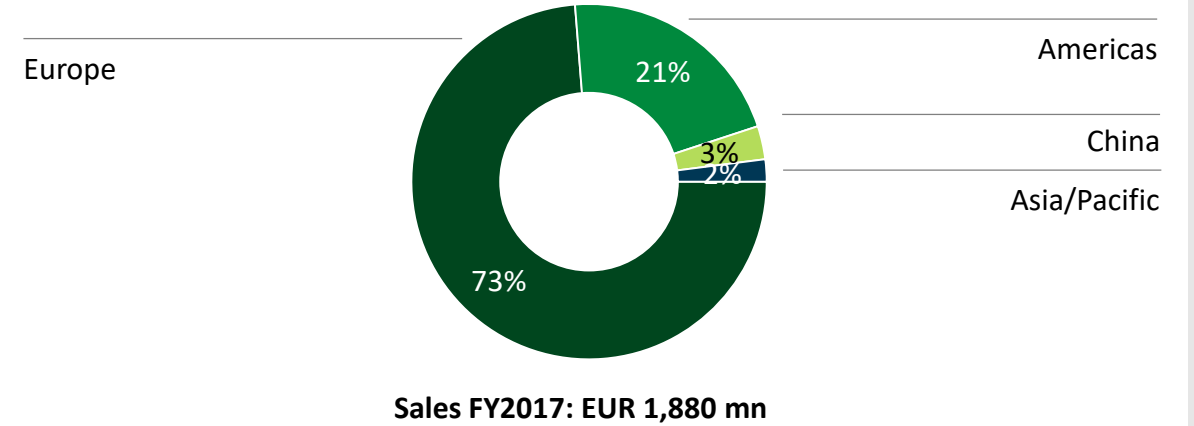
Sales and EBIT margin³⁾

in EUR mn



1) FX-adjusted
 2) Before special items
 3) Proforma figures FY 2017
 4) In % of Group Sales 2017

Sales by region³⁾

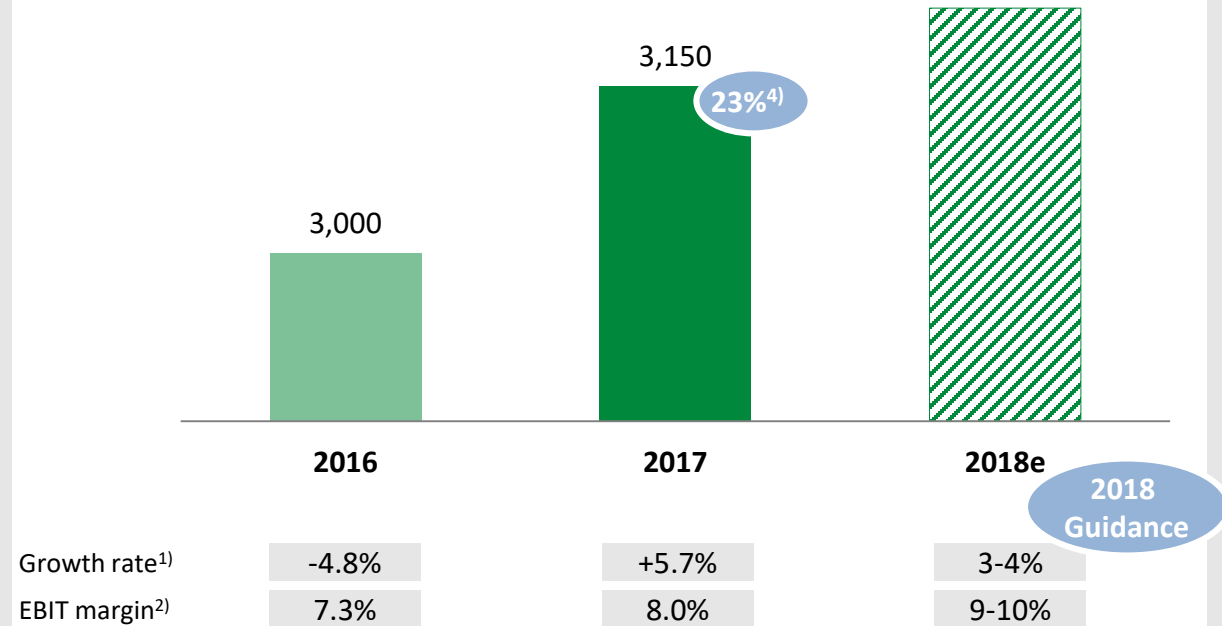


Sales split by channel



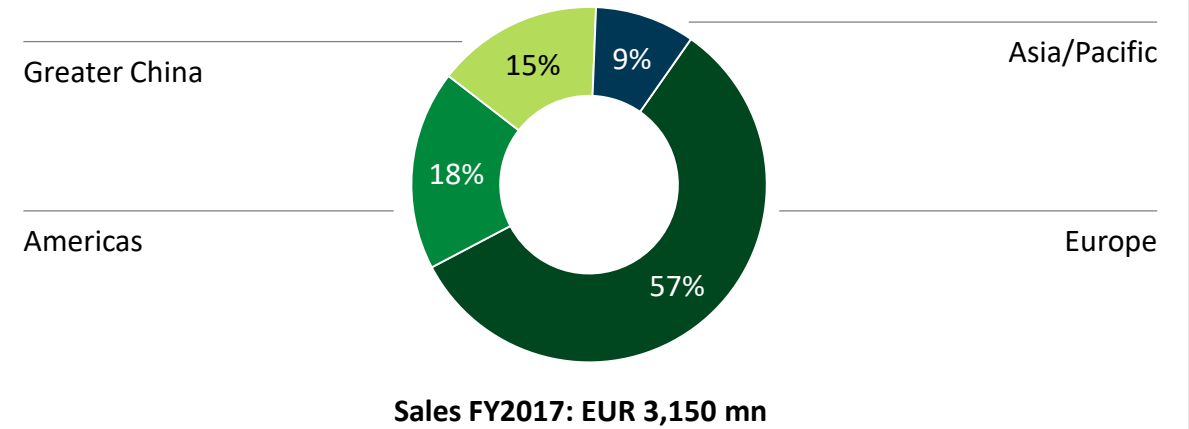
Sales and EBIT margin³⁾

in EUR mn

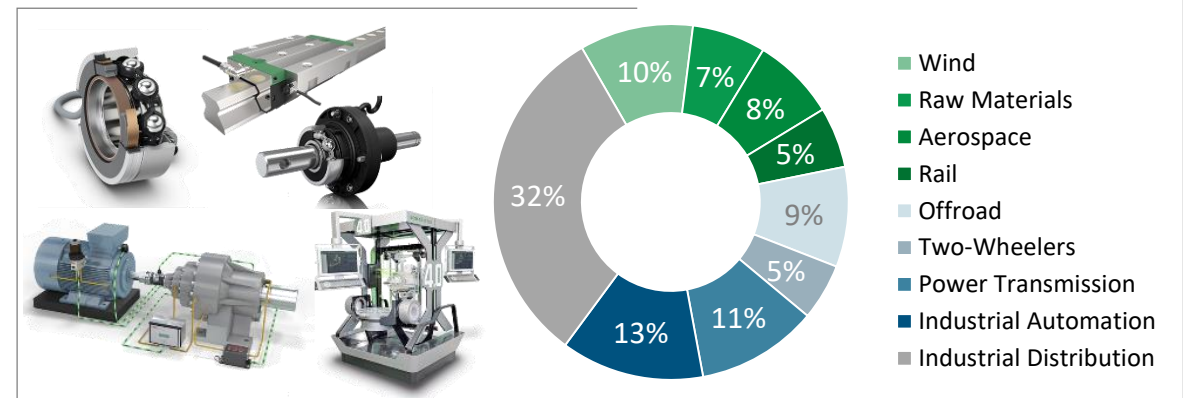


1) FX-adjusted
 2) Before special items
 3) Proforma figures FY 2017
 4) In % of Group Sales 2017

Sales by region³⁾



Industrial sales by sector cluster



Vision / Mission

Mission

"Guided by the values of a global family business, we work closely together with our customers as true partners to deliver a compelling value proposition through our best-in-class expertise in manufacturing technology and systems know-how. In doing so, we contribute to the success of our customers, the advancement of our employees, and the prosperity of our society."

Vision

"As a leader in technology, we combine a passion for innovation with the highest standards of quality to shape the future of mobility – for a world that will be cleaner, safer, and smarter."



4 Focus areas

Eco-friendly drives

- ▶ Optimized combustion engine
- ▶ Electric vehicles
- ▶ Industrial drives



Urban mobility

- ▶ Two-wheelers
- ▶ Inner-city railways
- ▶ Micro mobiles



Mobility for tomorrow

Interurban mobility

- ▶ Rail vehicles
- ▶ Aircraft
- ▶ Off-highway



Energy chain

- ▶ Wind power
- ▶ Solar power
- ▶ Conventional power generation



8 Strategic pillars

- 1** We want to be the preferred technology partner for our customers.
- 2** We are an Automotive and Industrial supplier.
- 3** We are a global company with a local presence throughout the world.
- 4** We produce components and systems.
- 5** We view E-Mobility, Industry 4.0, and Digitalization as key opportunities for the future.
- 6** We strive for the highest possible quality, efficiency, and delivery performance.
- 7** We want to be an attractive employer.
- 8** We live by the values of a global family business.

Agenda 4 plus One

- 1** Customer Focus
 - 2** Operational Excellence
 - 3** Financial Flexibility
 - 4** Leadership and Talent Management
- Long-term Competitiveness and Value Creation
- plus One

20 strategic initiatives

- | | |
|---|---|
| Customer Focus <ul style="list-style-type: none"> 1 Customer Excellence 2 E-Mobility 3 Industry 4.0 17 Global Supply Chain | Operational Excellence <ul style="list-style-type: none"> 4 Quality for Tomorrow 5 Global Footprint 6 Factory for Tomorrow 7 Shared Services 8 Process Excellence 18 Aftermarket Kitting Operation (AKO) |
| Leadership and Talent Management <ul style="list-style-type: none"> 10 Leadership & Corporate Values 11 Qualification for Tomorrow 12 New Work | Financial Flexibility <ul style="list-style-type: none"> 9 Working Capital 19 Global Reporting |
| Long-term Competitiveness and Value Creation <ul style="list-style-type: none"> 13 Program CORE 15 Digital Agenda 14 IT 2020 16 Global Branding 20 Focus | |



Key aspects

- 1 FY 2017 Schaeffler Group Sales +5.9%¹⁾ – All divisions and regions contributed
- 2 FY 2017 EBIT margin²⁾ at 11.3% (FY 2016: 12.7%) – Net Income³⁾ increased to EUR 980 mn (+14% vs. Prior Year)
- 3 FY 2017 Free Cash Flow of EUR 488 mn (FY 2016: EUR 735 mn) – Capex to sales at 9.1% in FY 2017 (FY 2016: 8.6%)
- 4 Guidance 2017⁴⁾ achieved – Financial Ambitions 2020 confirmed
- 5 New business structure with 3 divisions⁵⁾ – More transparency, more accountability
- 6 Excellence program "Agenda 4 Plus One" – Increased to 20 initiatives

1) FX-adjusted 2) Before special items 3) Attributable to shareholders of the parent company 4) Revised guidance as of June 26, 2017 5) As of January 1st, 2018

New board member – Andreas Schick becomes new COO as of April 1st

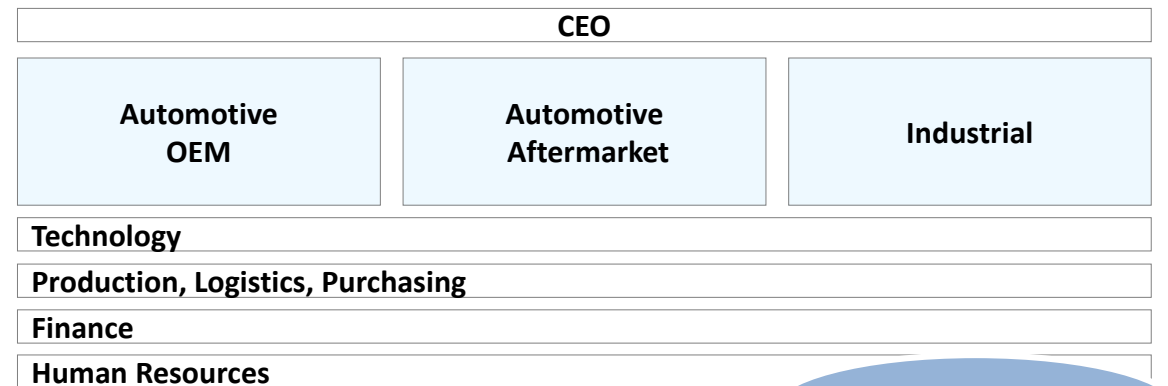


- ▶ Joined the Schaeffler Group in 1994
- ▶ Many years of experience in Germany and abroad, especially in the operations area
- ▶ Regional CEO Asia/Pacific and Member of the Executive Board since 2014

Decisions Supervisory Board, 2nd March

- ▶ Andreas Schick becomes Member of the Board of Managing Directors of Schaeffler AG, responsible for Production, Logistics and Purchasing as of April 1st, 2018
- ▶ Oliver Jung leaves Schaeffler AG as of March 31st, 2018
- ▶ Contract of Corinna Schittenhelm, Chief Human Resources Officer, extended for five years

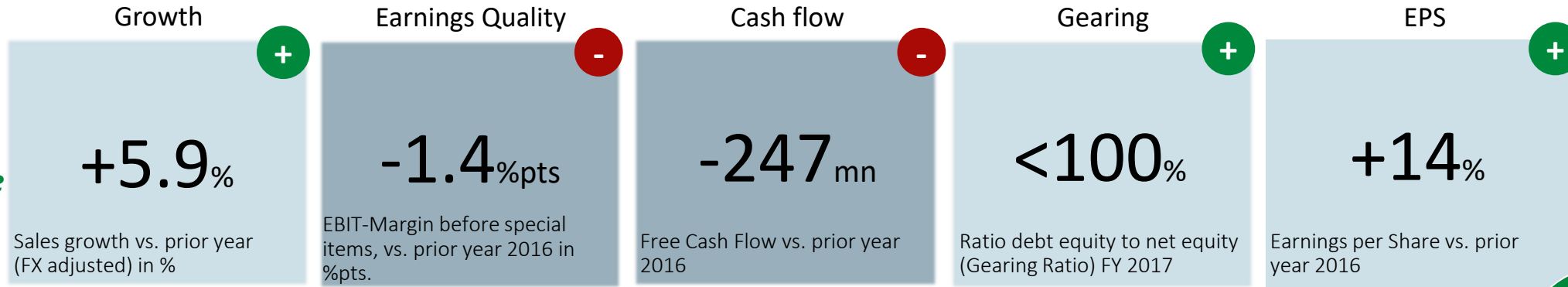
Executive Board Schaeffler Group



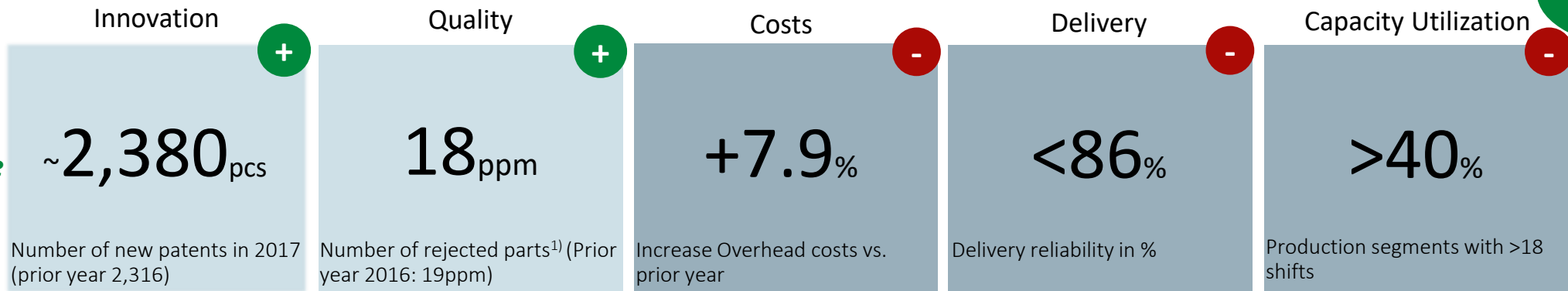
plus 4 Regions

10 Performance Indicators 2017

Financial Performance



Operating Performance



SVA²
787mn EUR
19.9%

ROCE³

1) Defined as number of rejected parts per PPM

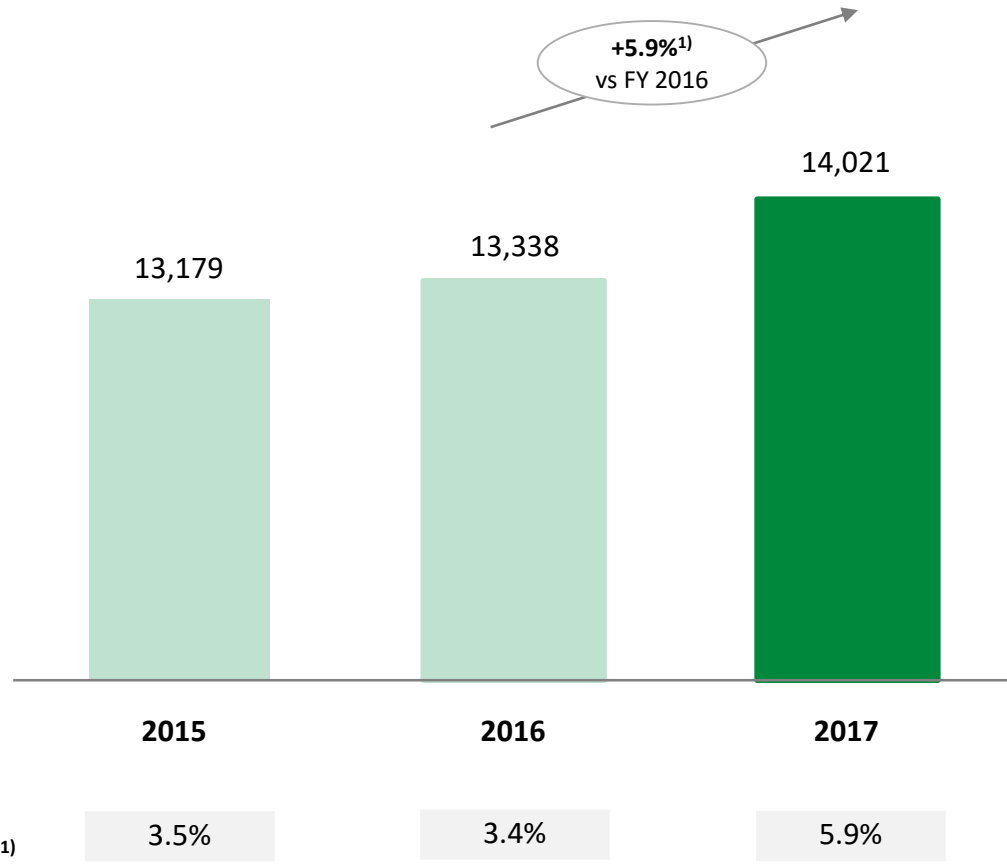
2) Schaeffler Value Add before special items = EBIT before special items LTM – Cost of capital

3) ROCE = EBIT before special items / Ø Capital employed (quarterly)

1 Sales Schaeffler Group FX-adjusted plus 5.9% – All regions and divisions contributed

Sales

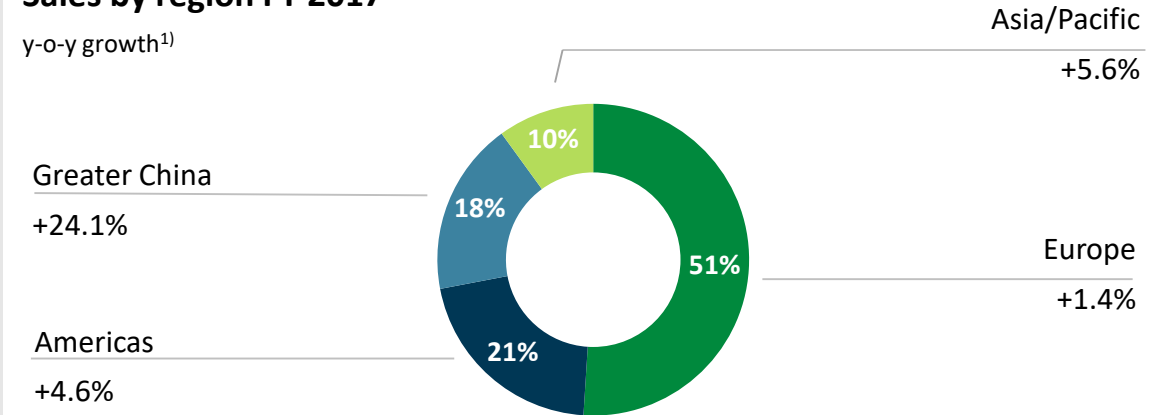
in EUR mn



1) FX-adjusted

Sales by region FY 2017

y-o-y growth¹⁾



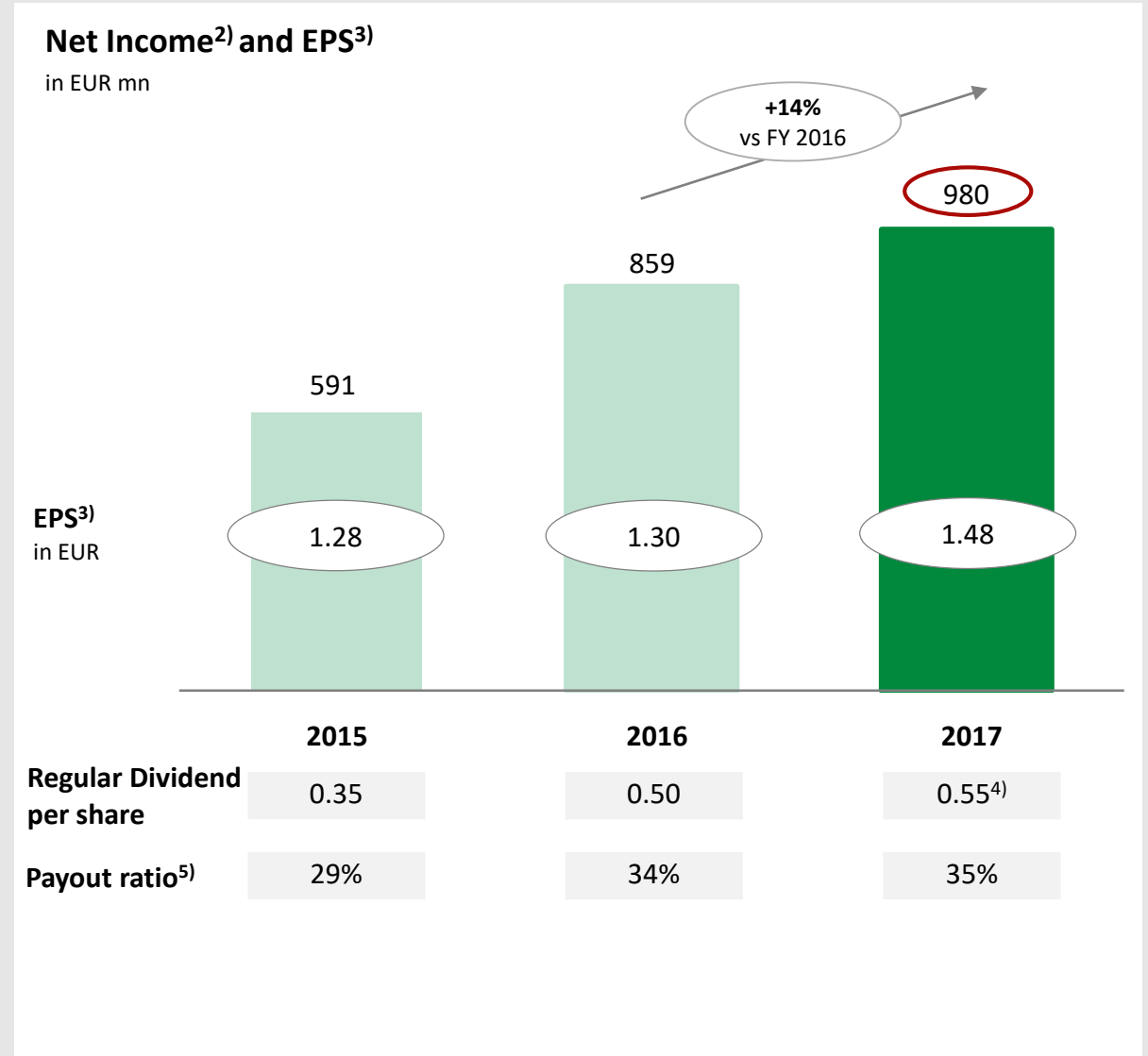
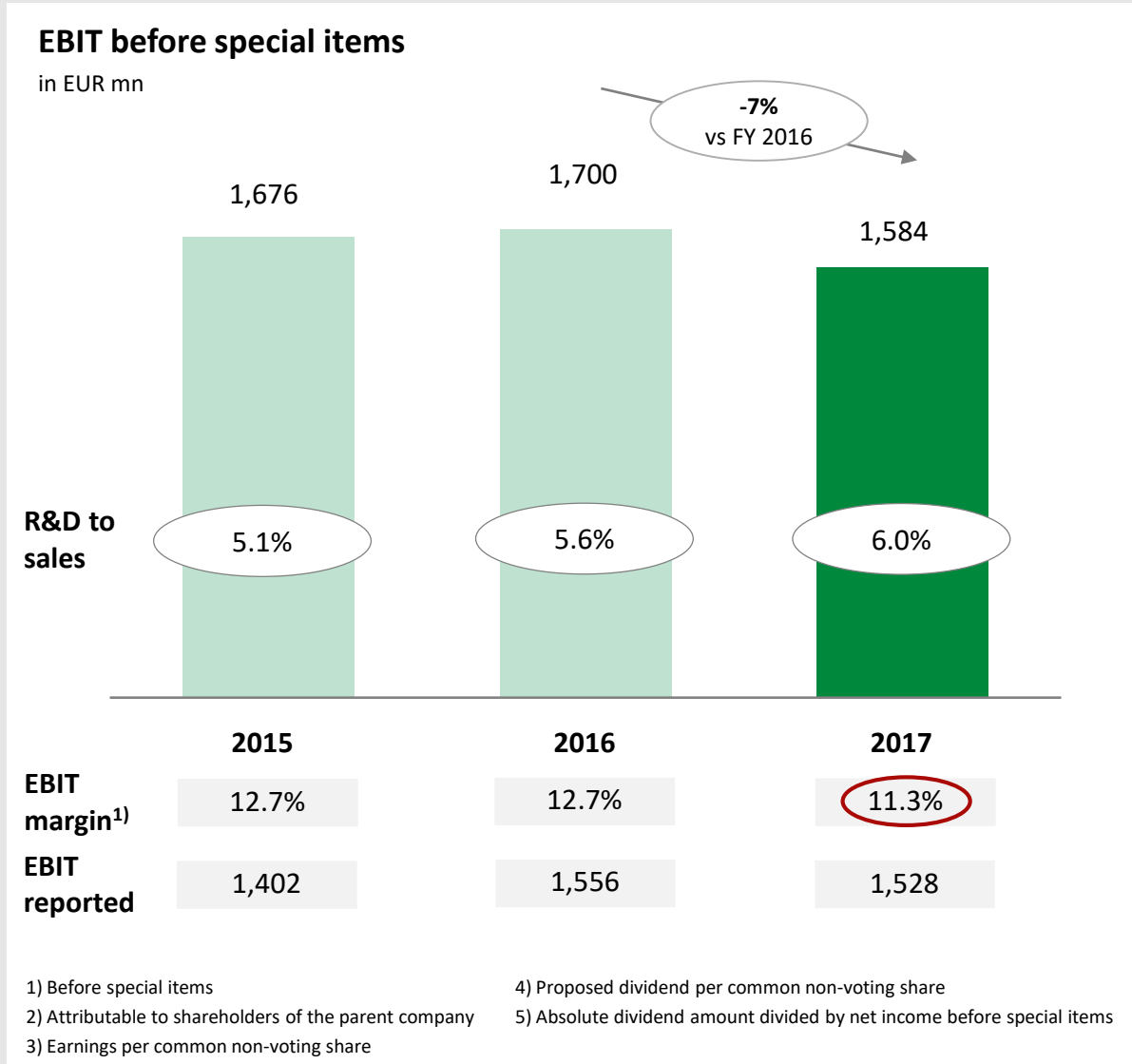
Sales by division²⁾

y-o-y growth

| | FY 2015 | FY 2016 | FY 2017 | Δ 16/17 ¹⁾ |
|------------------------|---------------|---------------|---------------|-----------------------|
| Automotive OEM | 8,272 | 8,525 | 8,991 | +6.5% |
| Automotive Aftermarket | 1,705 | 1,813 | 1,880 | +3.2% |
| Industrial | 3,202 | 3,000 | 3,150 | +5.7% |
| Group | 13,179 | 13,338 | 14,021 | +5.9% |

2) Proforma figures

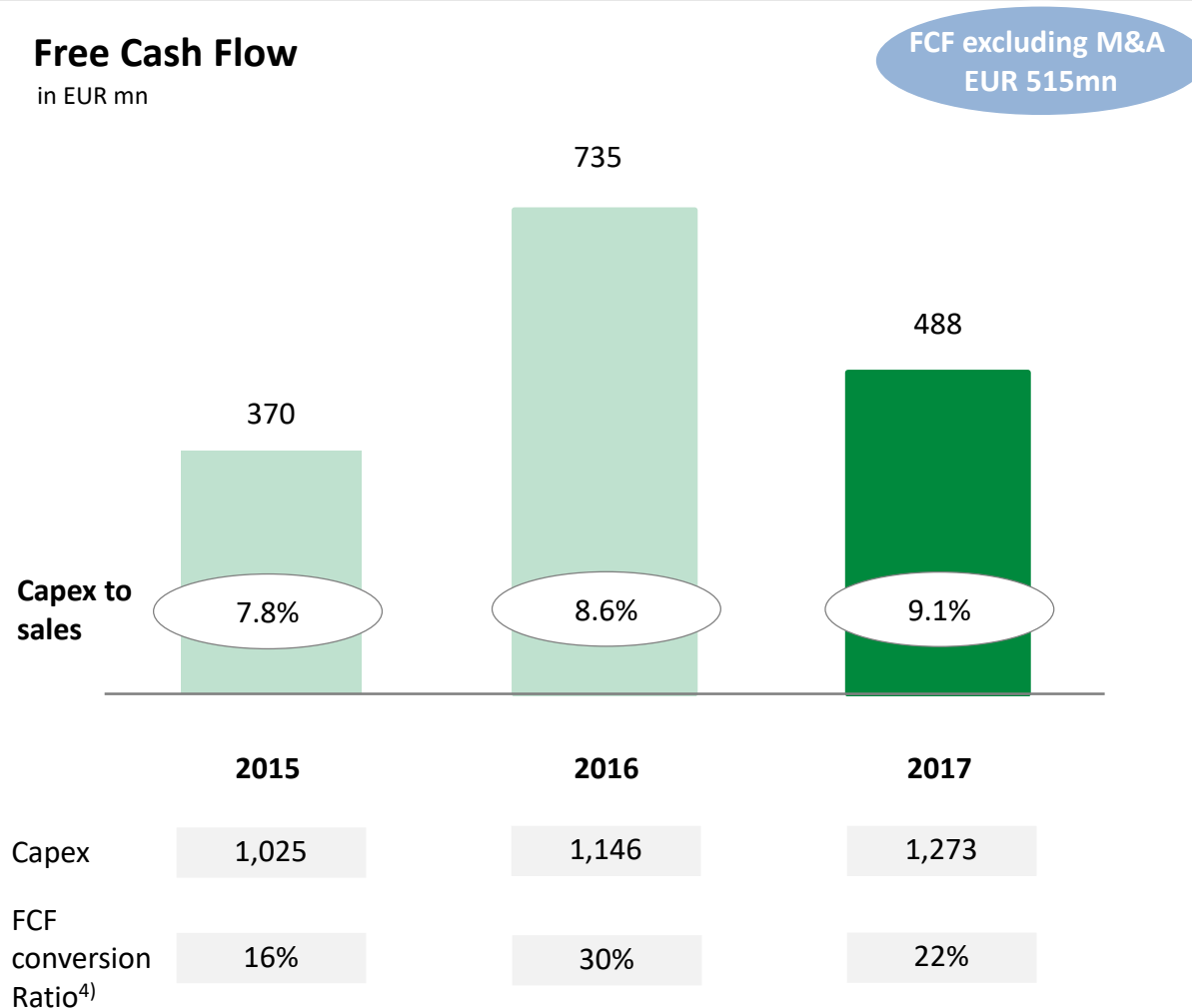
2 EBIT Margin¹⁾ at 11.3% – Net Income²⁾ further increased by 14% to EUR 980 mn



3 Free Cash Flow EUR 488 mn – Capex ratio increased to 9.1%

Free Cash Flow

in EUR mn



1) Including payments for legal cases, restructuring measures and financing transactions

2) Capex in major logistic projects Aftermarket Kitting Operation (AKO) and European Distribution Center (EDC)

3) Cash in- and outflows for M&A activities

4) FCF before M&A to EBITDA before special items

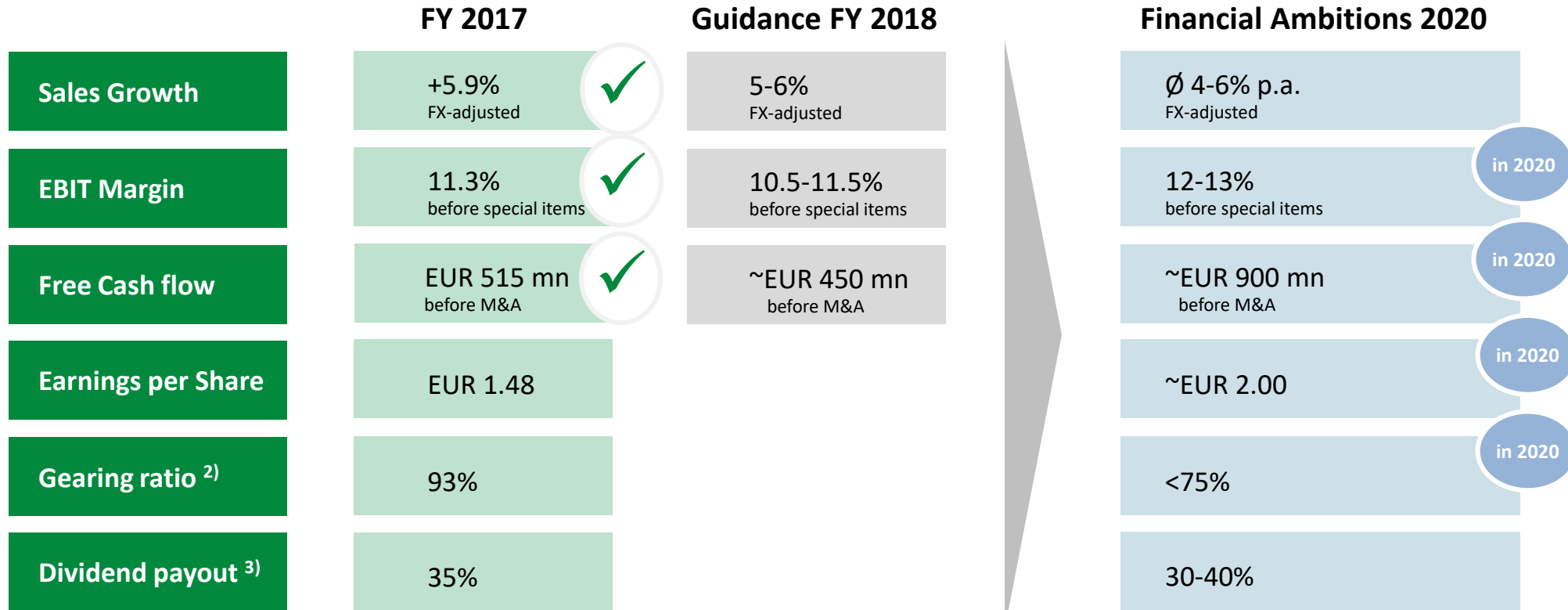
Key aspects

- ▶ Free Cash Flow decreased from EUR 735 mn to EUR 488 mn due to lower profitability and higher capital expenditures
- ▶ Capex to sales at 9.1% in FY 2017 (8.6% in FY 2016)
- ▶ Receivable Sale Program with EUR 150mn positive impact on FCF in 2nd half 2017

FCF Details

in EUR mn

| | FY 2015 | FY 2016 | FY 2017 | Δ 16/17 |
|-----------------------------------|------------|------------|------------|--------------|
| FCF as reported | 370 | 735 | 488 | (247) |
| Non recurring items ¹⁾ | 215 | 97 | 175 | 78 |
| AKO / EDC ²⁾ | 0 | 16 | 120 | 104 |
| M&A ³⁾ | 0 | 0 | 27 | 27 |
| Receivable Sale Program | 0 | 0 | (150) | (150) |
| | 585 | 848 | 660 | (188) |



Market assumptions 2018

- ▶ Automotive OEM: Growth of global passenger car production of around 2%
- ▶ Automotive Aftermarket: Stable growth in the global vehicle population and a nearly unchanged average vehicle age
- ▶ Industrial: Slightly higher growth in industrial production in 2018 than in 2017

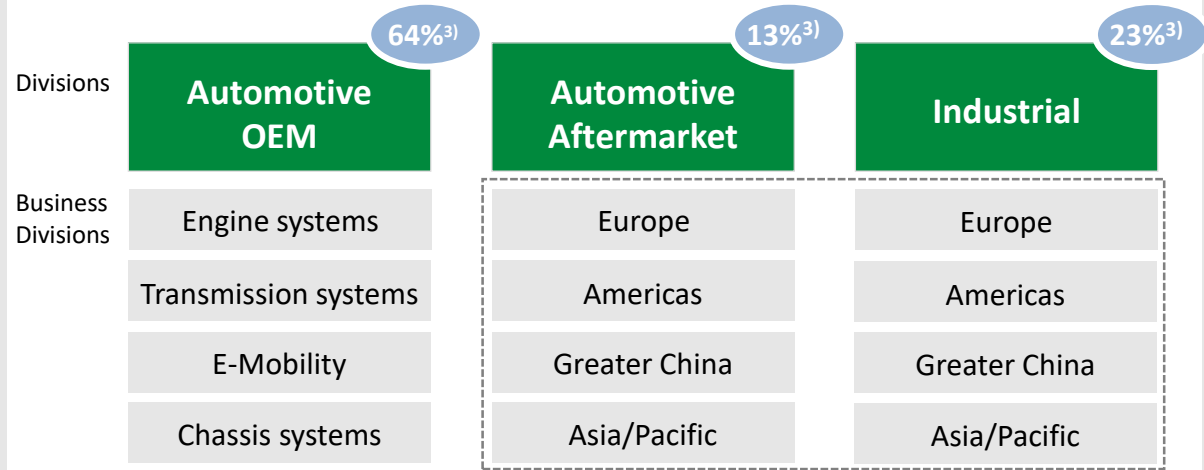
1) Revised guidance as of June 26, 2017

2) Ratio of net financial debt to equity incl. non-controlling interests

3) Payout ratio based on net income before special items and on dividend proposal of 55 cents

5 New business structure with 3 divisions – More transparency, more accountability

New business structure



Key aspects

- ▶ New business structure with 3 divisions
- ▶ Automotive Aftermarket reported separately as of January 1st 2018
- ▶ Automotive OEM with new business division E-Mobility

1) FX adjusted
2) Before special items

3) in % of Group Sales 2017
4) Proforma figures

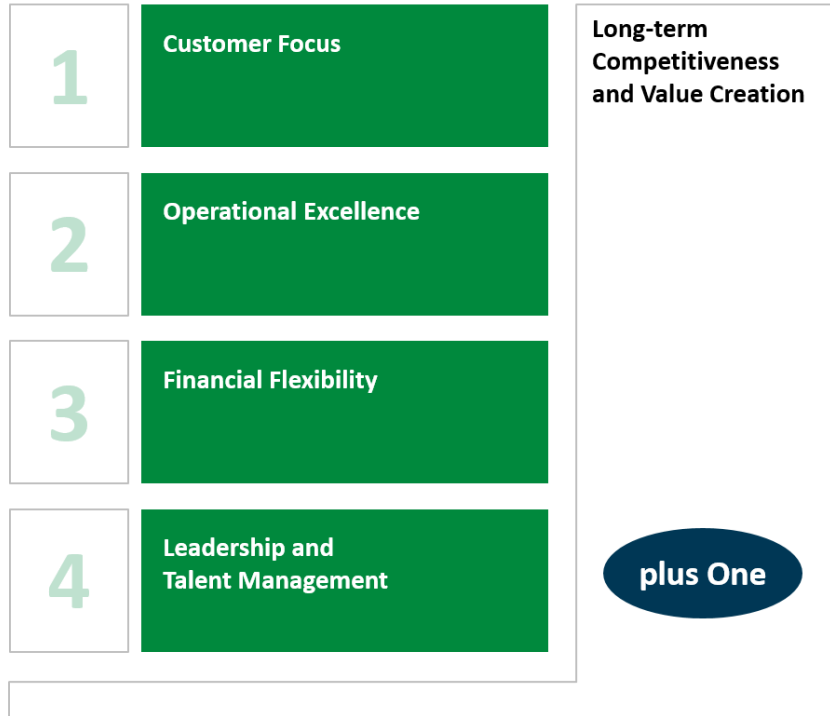
Key performance indicators

| | | FY 2016 ⁴⁾ | FY 2017 ⁴⁾ |
|-------------------------------|---------------------|-----------------------|-----------------------|
| Automotive OEM | Sales ¹⁾ | 8,525 mn | 8,991 mn |
| | EBIT ²⁾ | 1,095 mn | 973 mn |
| Automotive Aftermarket | Sales ¹⁾ | 1,813 mn | 1,880 mn |
| | EBIT ²⁾ | 386 mn | 358 mn |
| Industrial | Sales ¹⁾ | 3,000 mn | 3,150 mn |
| | EBIT ²⁾ | 219 mn | 253 mn |

6 Excellence program "Agenda 4 Plus One" – Increased to 20 initiatives

Completion ratio
as of Dec 31, 2017: 35%²⁾

Agenda 4 plus One



20 strategic initiatives

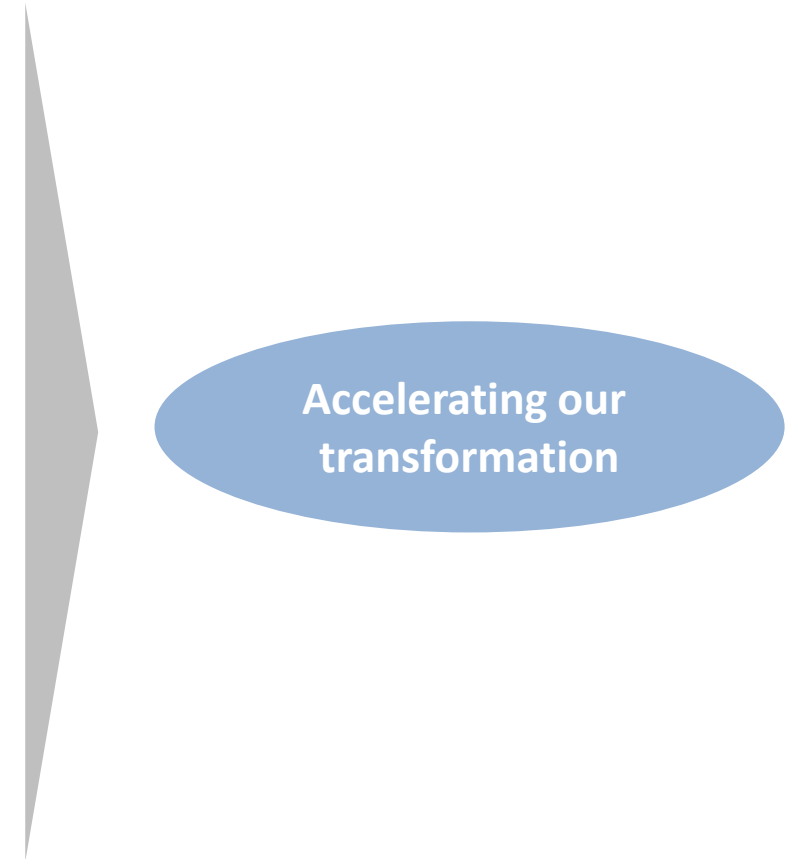
| | |
|---|---|
| <p>Customer Focus</p> <ul style="list-style-type: none"> 1 Customer Excellence 2 E-Mobility 3 Industry 4.0 17 Global Supply Chain New | <p>Operational Excellence</p> <ul style="list-style-type: none"> 4 Quality for Tomorrow 5 Global Footprint 6 Factory for Tomorrow 7 Shared Services 8 Process Excellence 18 Aftermarket Kitting Operation (AKO) New |
| <p>Leadership and Talent Management</p> <ul style="list-style-type: none"> 10 Leadership & Corporate Values 11 Qualification for Tomorrow 12 New Work | <p>Financial Flexibility</p> <ul style="list-style-type: none"> 9 Working Capital 19 Global Reporting New |
| <p>Long-term Competitiveness and Value Creation</p> <ul style="list-style-type: none"> 13 Program CORE 15 Digital Agenda 14 IT 2020 16 Global Branding 20 Focus³⁾ New | |

- ▶ Comprehensive program increased to 20 initiatives
- ▶ EUR 300 mn profitability improvement potential until 2022¹⁾ and over EUR 1 bn of additional investment
- ▶ Each initiative driven by Board sponsor and supported by a business case

1) Compared to FY 2017 2) For all 20 initiatives 3) Real Estate optimization

5 key questions

- A What is the financial impact of Agenda 4 plus One?
- B What is the expected profitability of your 3 divisions in 2018?
- C How will you close the gap to your Financial Ambitions 2020?
- D How is your order book developing?
- E How do you plan to allocate capital and use your cashflow going forward?



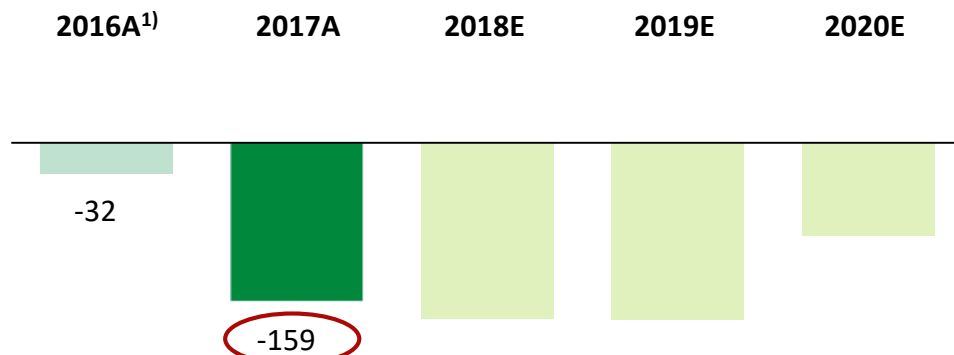
A "What is the financial impact of Agenda 4 plus One?"

Financial impact Agenda 4 plus One

in EUR mn

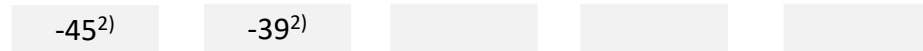
EBIT impact before special Items

in EUR mn



Special items

in EUR mn



1) 2016 based on the already started initiatives in 2016

2) Provision for CORE II of EUR 45m in 2016, provision for Shared Services provision of EUR 39m in 2017

Key aspects

- ▶ Agenda 4 plus One with its 20 initiatives led to EUR 159 mn expenditures in 2017 reducing the EBIT before special items
- ▶ Total profitability improvement potential of Agenda 4 plus One of EUR 300 mn until 2022
- ▶ Guidance 2018 includes financial impact from Agenda 4 Plus One

P&L Details

in EUR mn

| | Actual 2015 | Actual 2016 | Actual 2017 |
|---|-------------|-------------|-------------|
| Sales | 13,179 | 13,338 | 14,021 |
| thereof Agenda 4 Plus One | 0 | 50 | 70 |
| EBIT before special items | 1,676 | 1,700 | 1,584 |
| EBIT margin before special items | 12.7% | 12.7% | 11.3% |
| thereof Agenda 4 Plus One | 0 | -32 | -159 |
| Special Items | -274 | -144 | -56 |
| thereof Agenda 4 Plus One | 0 | -45 | -39 |

B "What is the expected profitability of your 3 divisions?"

Includes impact of "Agenda 4 Plus One"

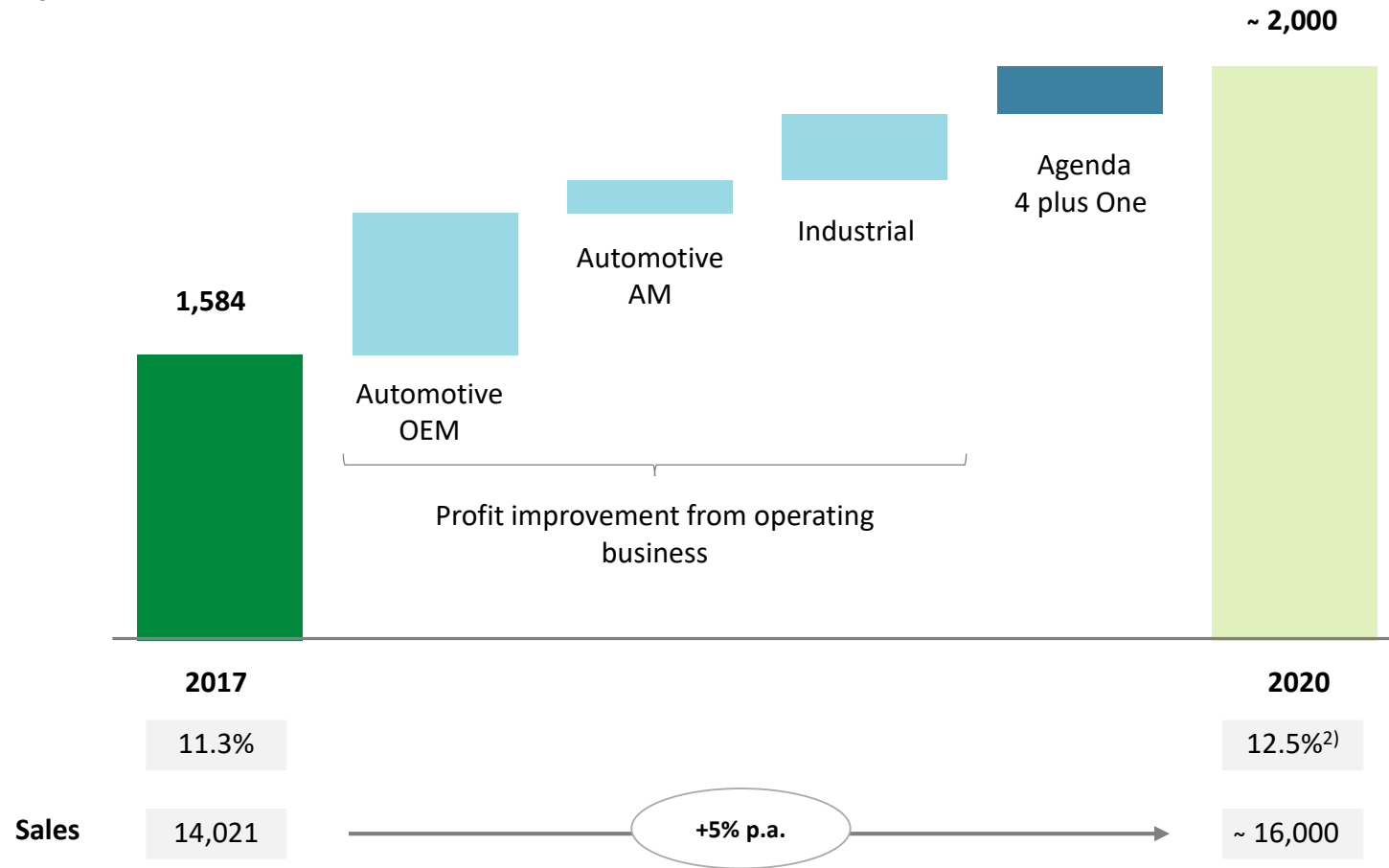
| | | Proforma FY 2016 | Proforma FY 2017 | | Divisional Guidance FY 2018 |
|-------------------------------|----------------------------|---------------------|-------------------------------------|----------------------------|--------------------------------|
| Automotive OEM | Sales Growth ¹⁾ | +4.8% | +6.5% 64%³⁾ | Sales growth ¹⁾ | 6-7% |
| | EBIT margin ²⁾ | 12.8% | 10.8% | EBIT margin ²⁾ | 9.5-10.5% |
| Automotive Aftermarket | Sales Growth ¹⁾ | +10.6% | +3.2% 13%³⁾ | Sales growth ¹⁾ | 3-4% |
| | EBIT margin ²⁾ | 21.3% | 19.0% | EBIT margin ²⁾ | 16.5-17.5% |
| Industrial | Sales Growth ¹⁾ | -4.8% | +5.7% 23%³⁾ | Sales growth ¹⁾ | 3-4% |
| | EBIT margin ²⁾ | 7.3% | 8.0% | EBIT margin ²⁾ | 9-10% |

1) FX adjusted
 2) Before special items
 3) In % of Group Sales 2017

"How will you close the gap to your Financial Ambitions 2020?"

Gap to Financial Ambitions 2020 - EBIT before special items²⁾

in EUR mn



1) Financial Ambitions 2020 with EBIT before special items margin range of 12-13% (midpoint of 12.5% for indicative calculation)

2) For illustration purposes

Key aspects

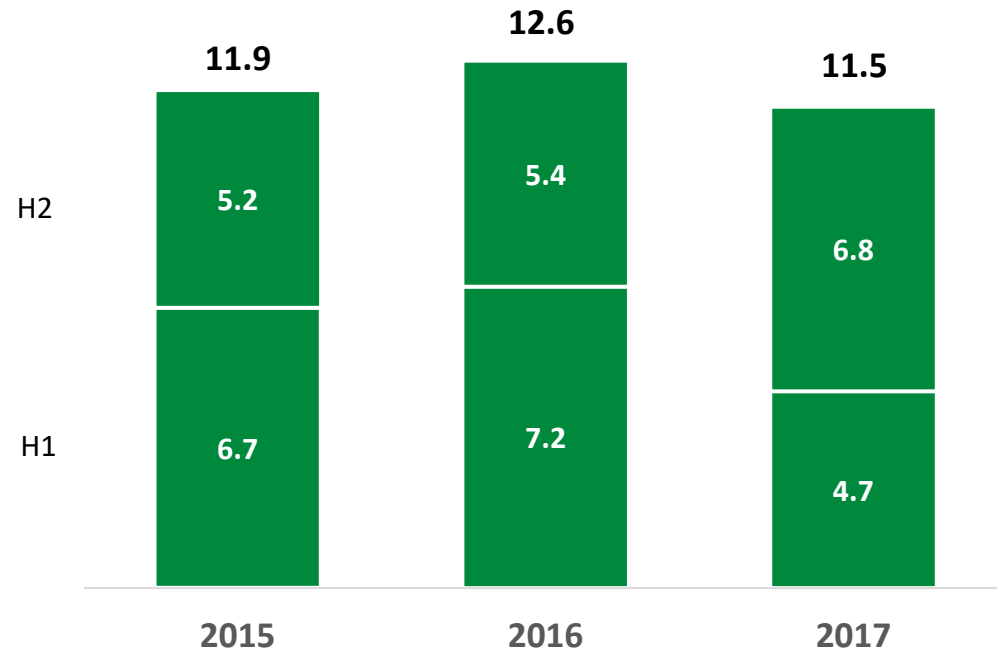
- ▶ Financial Ambition for 2020 based upon operating performance and realization of Agenda 4 plus One
- ▶ Operating performance driven by growth of Automotive OEM above market, steady growth of Automotive Aftermarket at stable margins and Industrial division reaching 11-13% EBIT margin by 2020
- ▶ Impact from Agenda 4 Plus One driven by execution of key initiatives

Execution is key to success

D "How is your order book developing?"

Automotive OE Order Intake¹⁾³⁾

in EUR bn



| Book to Bill Ratio ²⁾ | H2 | H1 | FY |
|----------------------------------|------|------|-------------|
| 2015 | 1.3x | 1.6x | 1.4x |
| 2016 | 1.3x | 1.6x | 1.5x |
| 2017 | 1.5x | 1.0x | 1.3x |

¹⁾ Received orders in given time period ²⁾ Lifetime Sales / Current period revenue ³⁾ Excluding Automotive Aftermarket

Industrial Order book 3M

y-o-y growth²⁾

For illustration purposes only



²⁾ FX-adjusted product sales

³⁾ The order book 3M measures the amount of customer orders which are due in the next three months. It is presented as a relative, fx-adjusted year-over-year growth indicator which reflects the short-term business expectations. Developments in the distribution business have typically a shorter reach and are therefore only partially reflected by this indicator.

E "How do you plan to allocate capital and use your cash flow going forward?"

Free Cash Flow Analysis

in EUR mn

FCF generation

| | Actual 2016 | Actual 2017 | Guidance 2018 |
|------------------------------------|----------------|-------------------|------------------|
| EBITDA | 2,293 | 2,295 | |
| Capex | -1,146 | -1,273 | |
| Others | -412 | -534 | |
| FCF ¹⁾ | = 735 | = 488 | |
| M&A | 0 | +27 ⁴⁾ | |
| FCF before M&A | = 735 | = 515 | ~ 450 |
| FCF Conversion Ratio ²⁾ | 30% | 22% | |

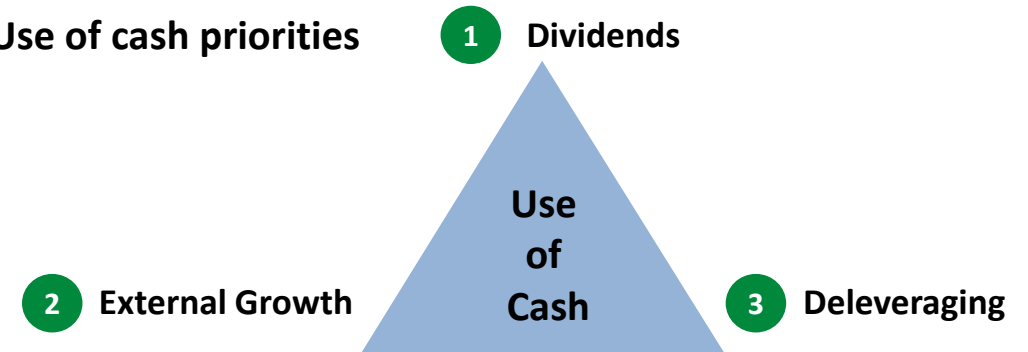
FCF allocation

| | 735 | 515 | ~ 450 |
|-----------------------------|--------------|-------------------|--------------------|
| FCF before M&A | 735 | 515 | ~ 450 |
| 1 Dividends | -329 | -330 | -361 ³⁾ |
| 2 M&A | 0 | -27 ⁴⁾ | |
| 3 Deleveraging | -137 | -500 | |
| Others & FX | +3 | -31 | |
| Δ Cash | = 272 | = -373 | |
| Cash EoP | 1,071 | 698 | |
| Gearing Ratio ⁵⁾ | 132% | 93% | |

Key aspects

- ▶ Schaeffler Group generates significant Free Cash Flow from its operating business
- ▶ Schaeffler Group finances organic growth from internal cash generation, external growth shall be financed by external debt
- ▶ Dividend continues to remain first priority (30-40% payout ratio)

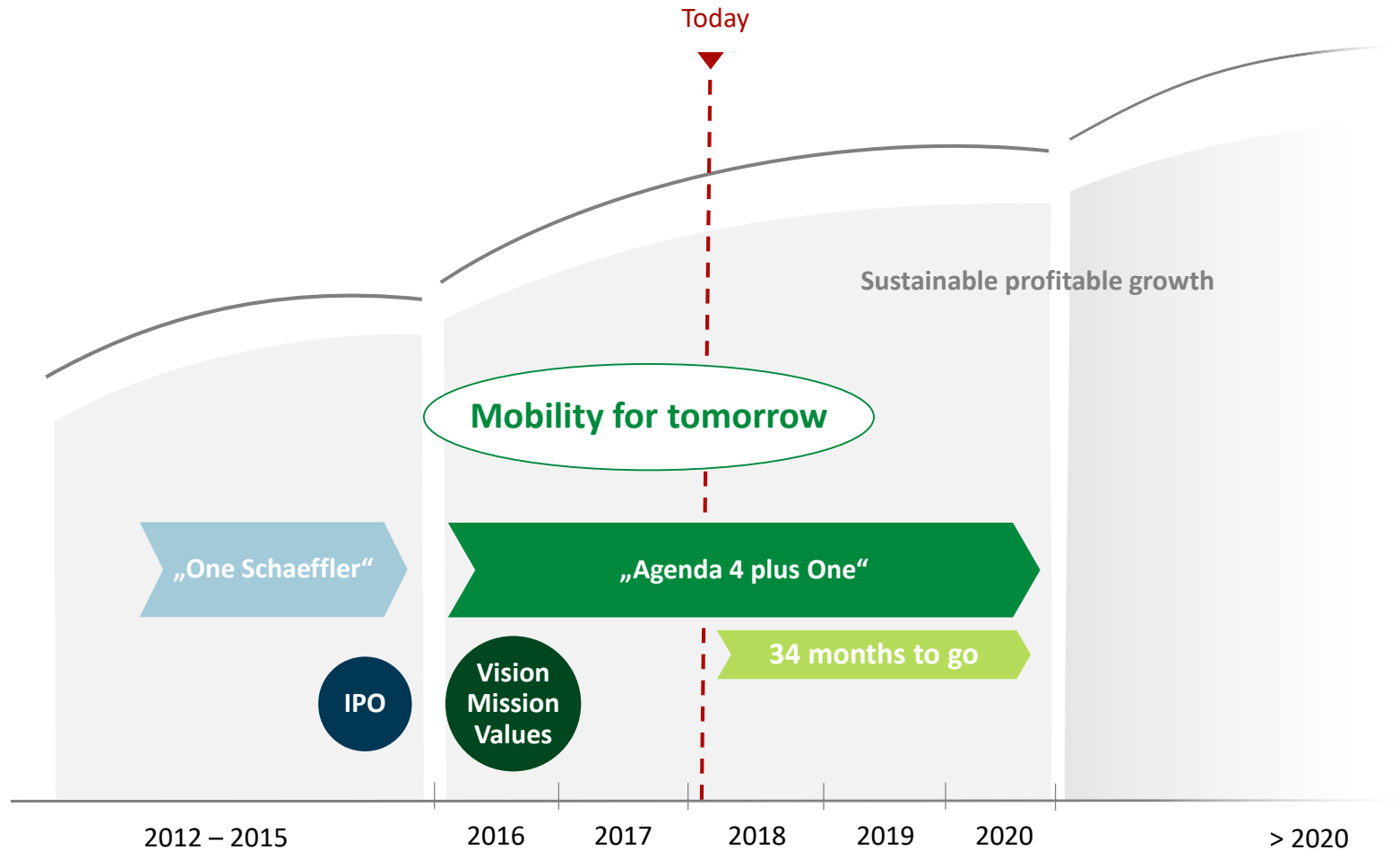
Use of cash priorities



- 1) As reported 2) FCF before M&A to EBITDA before special items
 3) Dividend proposal to the AGM
 4) Net balance of acquisitions and divestitures
 5) Ratio of net financial debt to equity incl. non-controlling interests

Schaeffler "Mobility for tomorrow" – Transformation to be accelerated

Schaeffler Group



Key aspects

- ▶ Strategy "Mobility for tomorrow" successfully implemented
- ▶ Excellence program "Agenda 4 plus One" increased to 20 initiatives
- ▶ 3 divisions from January 1st 2018 onwards: Automotive OEM, Automotive Aftermarket, Industrial
- ▶ "One Schaeffler" approach to be further strengthened



Industrial division – Broad range of standard and customized products

Standard product business, e.g.

Ball Bearings



Ball bearing (DGBB)

Cylindrical Roller Bearings



Cylindrical roller bearing (CRB)

Spherical Roller Bearings



Spherical roller bearing (SRB)

Tapered Roller Bearings



Tapered roller bearing (TRB)

Needle Roller Bearings



Needle roller bearing (NRB)

Linear Technology



Linear guides

Plain Bearings



Plain bearing

Systems



Housing

Mechatronics



VarioSense and SmartCheck

SCHAEFFLER INDUSTRIAL

Industry 4.0



Cronitect-hybrid bearing – Bicycle



Heavy duty CRB – Construction Machin.



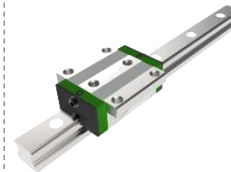
Coated SRB – Windpower rotor brng.



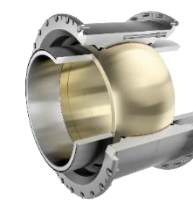
Wheelset bearing – Highspeed trains



"Slimline" drawn cup NRB – Gearbox



Six-row linear recirculating ball bearing – Machine Tool



Spherical plain bearing with special coating - Marine



Linear system – Machine Tool

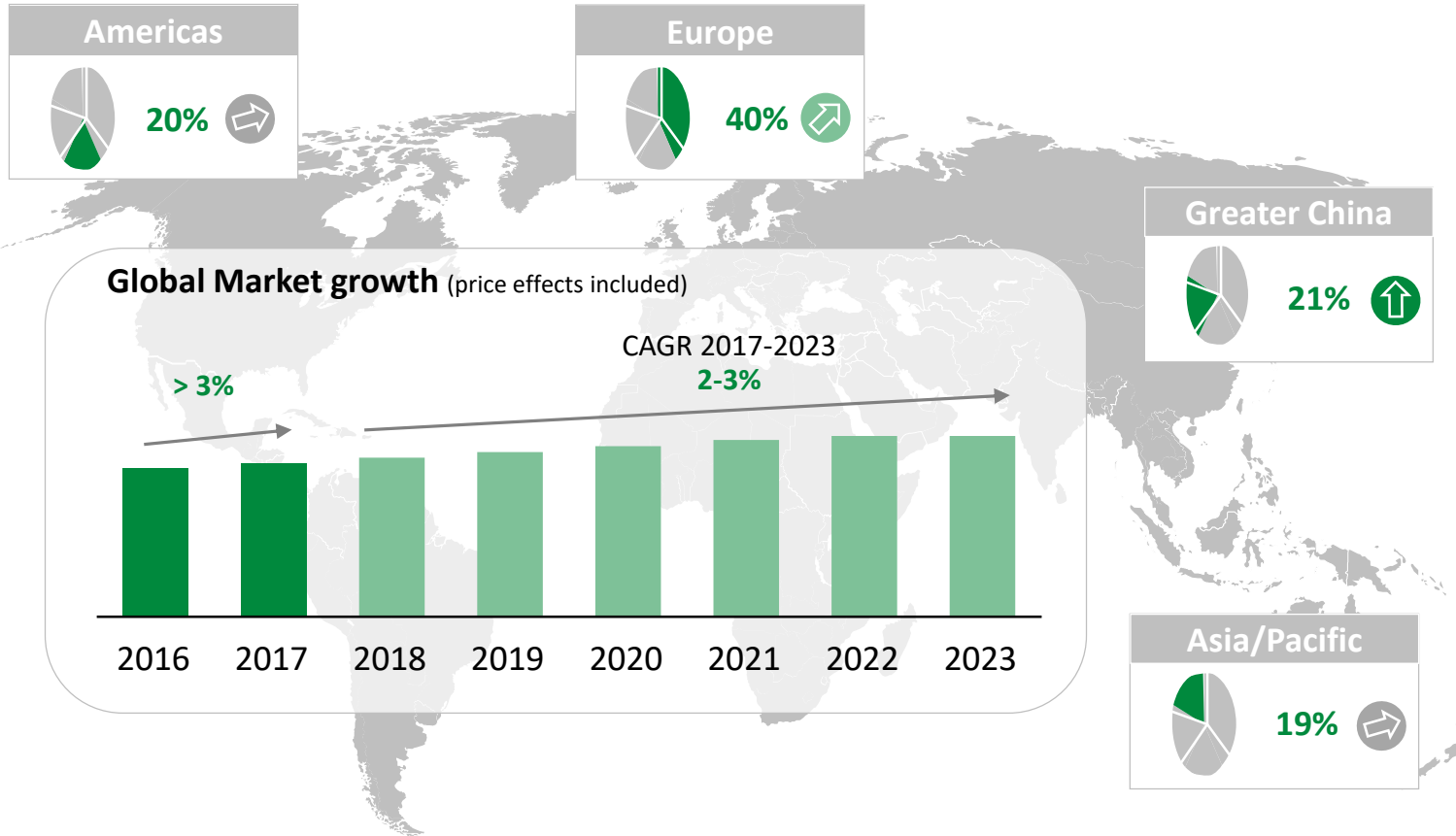


Sensorized rotary table bearing & sensorized linear guides RUE4.0 – Machine Tool

Customized product business, e.g.

Industrial market – Moderate growth expected until 2023

Industrial Market



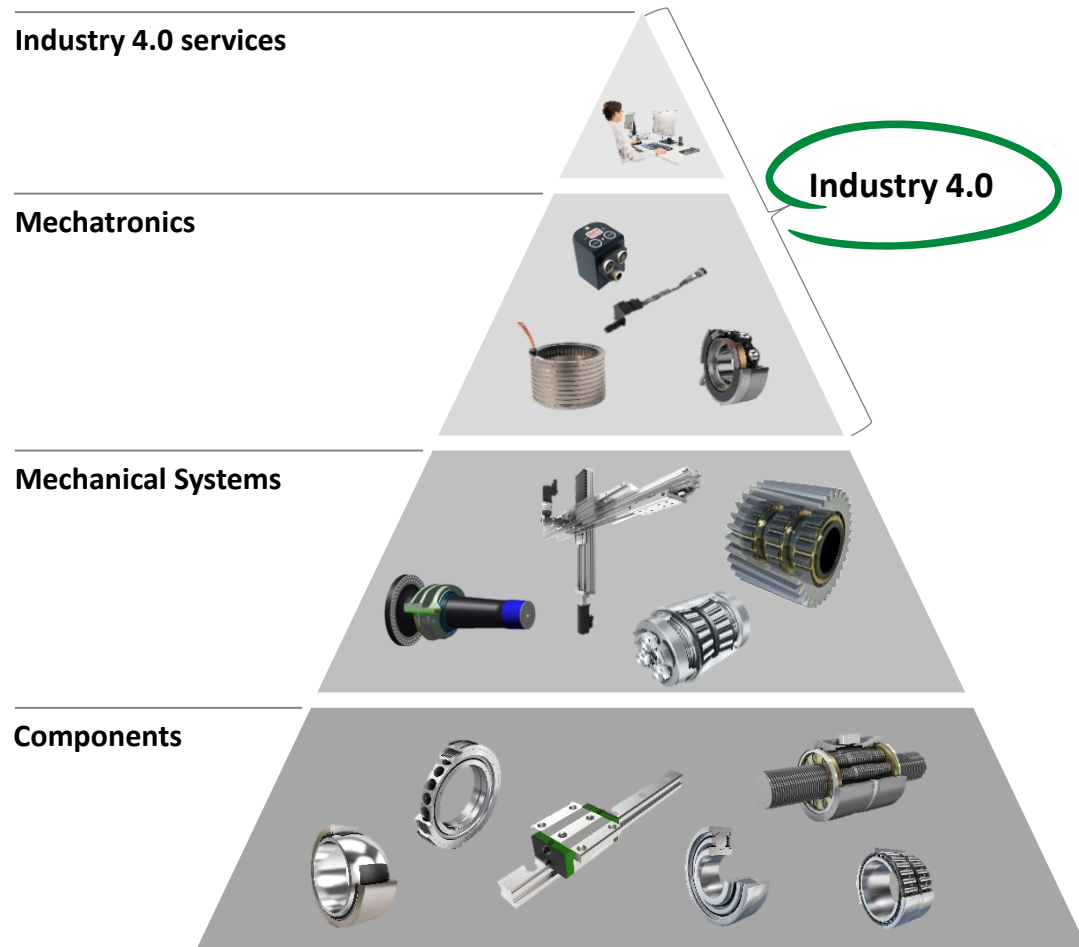
Key aspects

- ▶ Market recovered in 2017
- ▶ Market is expected to grow between 2 to 3 % p.a. between 2017 and 2023, including price effects
- ▶ Greater China and India are key market drivers

x% ↑ Share of global market volume 2017 and long-term volume growth trend

Business Portfolio – From components to Industry 4.0

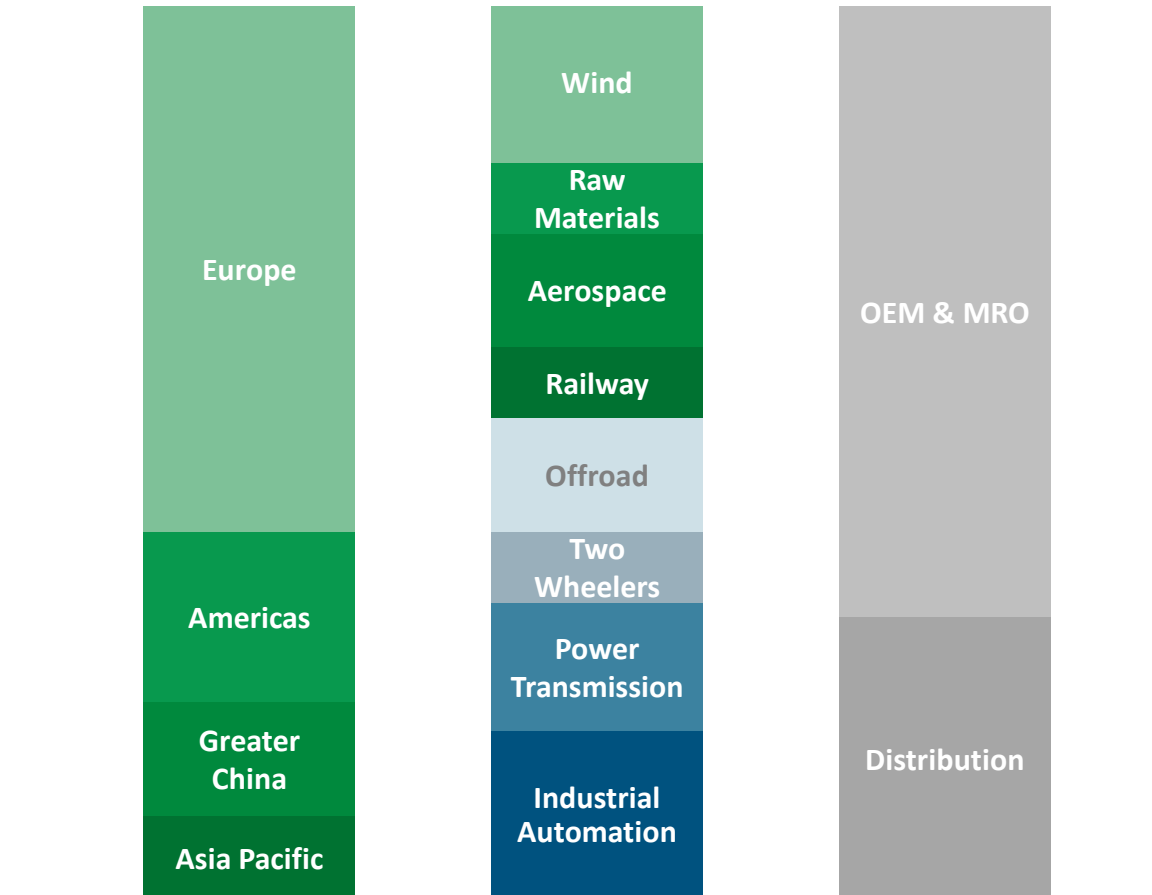
Portfolio



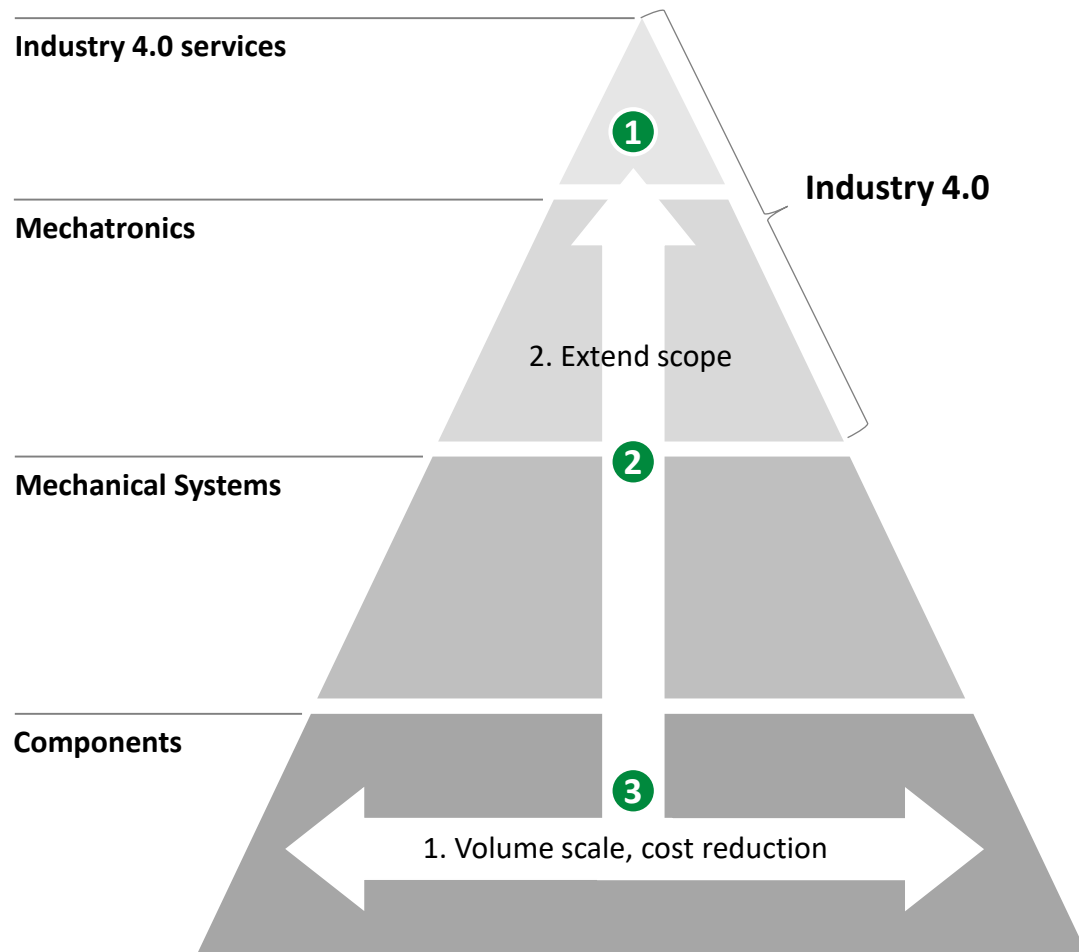
Region

Sector split

Channel



Portfolio



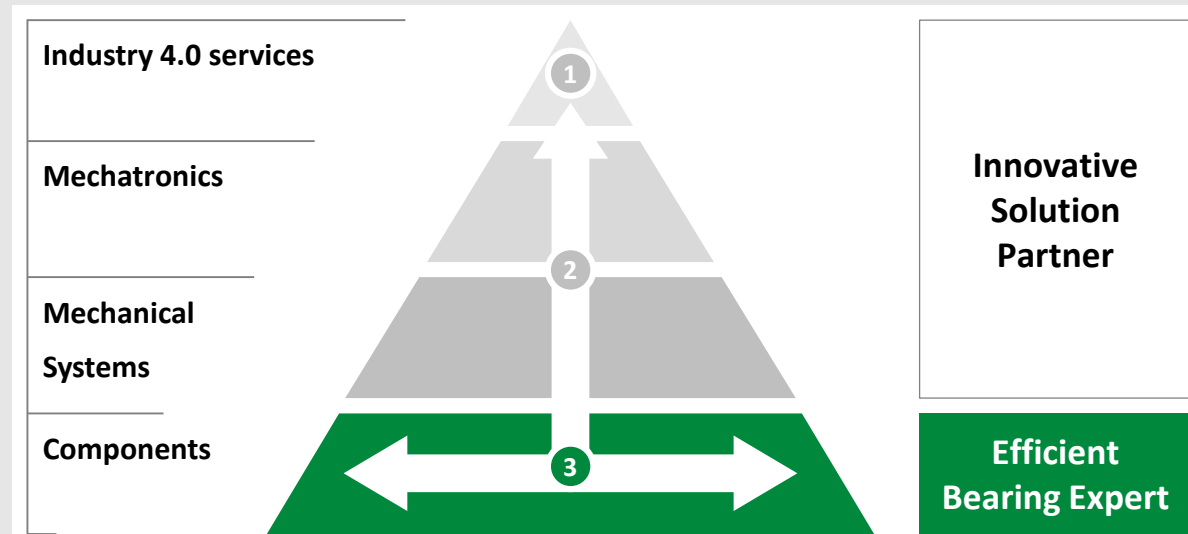
Our value proposition



Our strategy

- 1 Be an innovation leader for **Industry 4.0 solutions** in combination with extended service offerings.
- 2 Grow with customized value-add solutions including packages to **increase content per application.**
- 3 Expand market position for the **standard bearing business** and reduce **COGS and Overhead costs (driven by Program CORE).**

3 Components – Digitalization to handle component business efficiently



- Application**
 - ▶ State of the art e-commerce & support solutions
 - ▶ Central access point to technical and commercial information
- Product**
 - ▶ Standard catalogue portfolio for Schaeffler products (rotative, linear, ...)
- Customer benefit**
 - ▶ Easy 24/7 access to purchase Schaeffler products
 - ▶ Provide high quality product information & consultancy to partners and portals
- Market**
 - ▶ Standard and distribution business

22220-E1-XL-C3
 Spherical roller bearings
 Spherical roller bearings 222-E1, main dimensions to DIN 635-2

List price: € --,--
 Preferred product

Quantity: 1
 In Stock

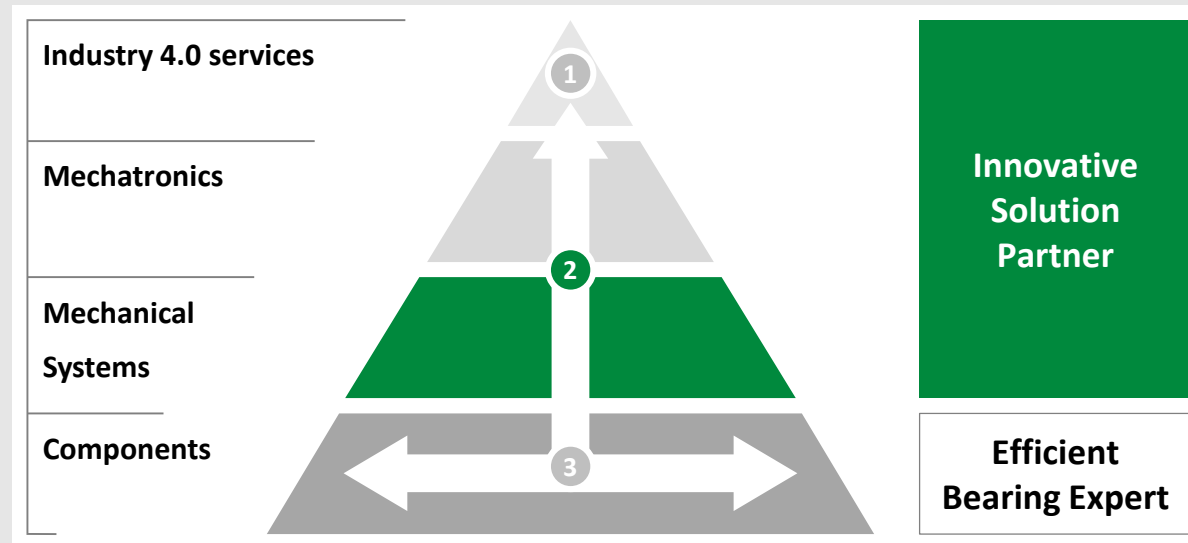
Add to cart | Add to wish list

PrecisionDesk
 Hauptspindellager

DMC scannen / Messprotokoll erstellen / Datensatz anlegen
 Produktinformation
 Montageanleitungen

| Berechnungsergebnisse | | |
|---|-------------|--------------|
| | Linke Seite | Rechte Seite |
| | 3210-BD | 6210-2RSR |
| Modifizierte Referenz-Lebensdauer L _{hm} [h] | 4814 | 3968 |
| Nominelle Referenz-Lebensdauer L _h [h] | 336 | 2779 |
| Kataloglebensdauer nach DIN ISO 281 | 143 | 2728 |

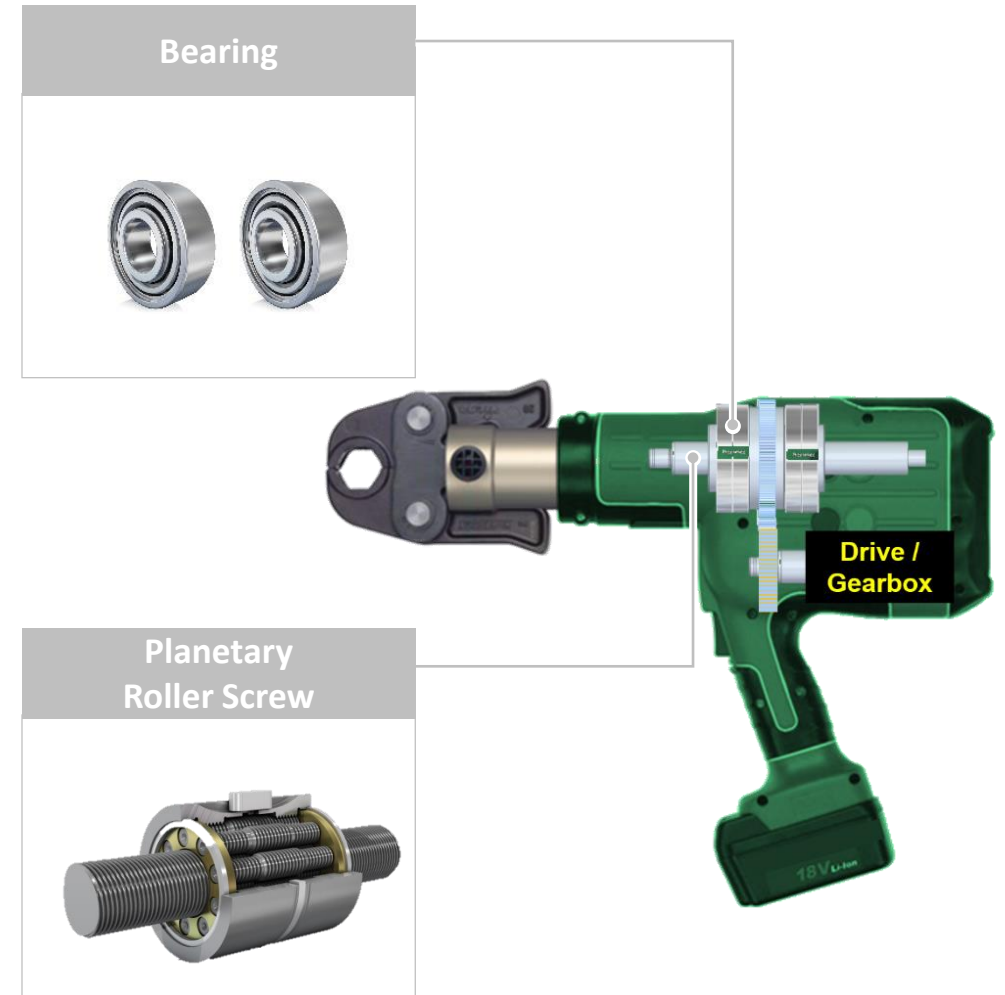
2 Mechanical Systems – Planetary Roller Screw (PWG)



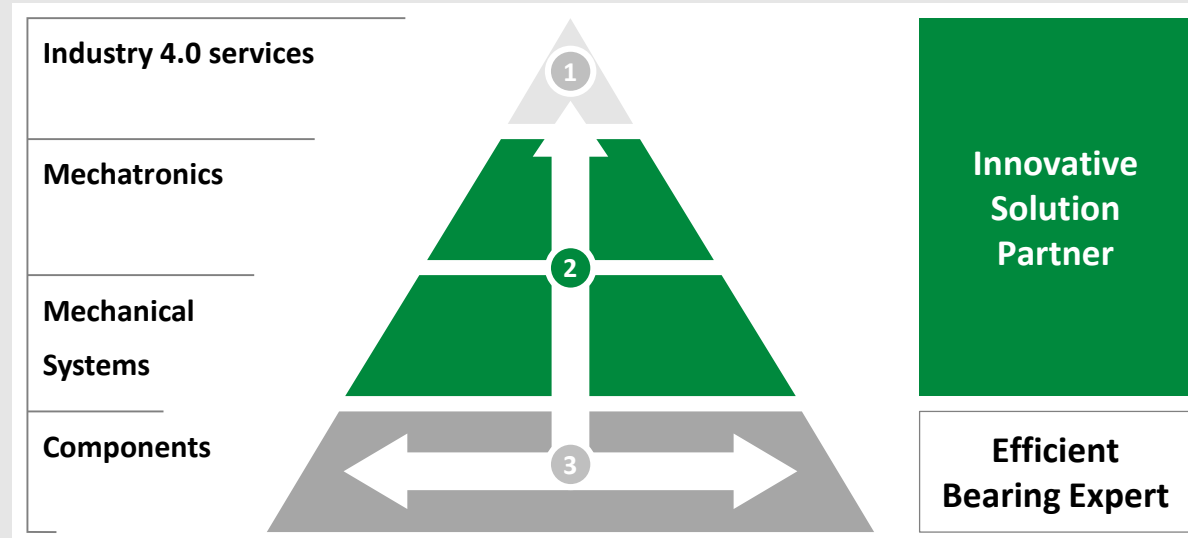
- | | |
|----------------------------|---|
| Application | <ul style="list-style-type: none"> ▶ Powertools industry, domestic sanitary installation ▶ Electro-mechanical press fitting machine (radial press) |
| Product | <ul style="list-style-type: none"> ▶ Part of electro-mechanical system to replace hydraulics ▶ Precise control of the crimping cycle with autom. adaptation |
| Customer benefit | <ul style="list-style-type: none"> ▶ Eliminate hydraulic fluid, no leakage of oil, green & clean ▶ Increased maintenance intervals, lower weight, ergonomic use |
| Market¹⁾ | <ul style="list-style-type: none"> ▶ Electric power tools market growth: 4.6 % (2017 – 2023) |

¹⁾ Source: Markets and Markets (2017)

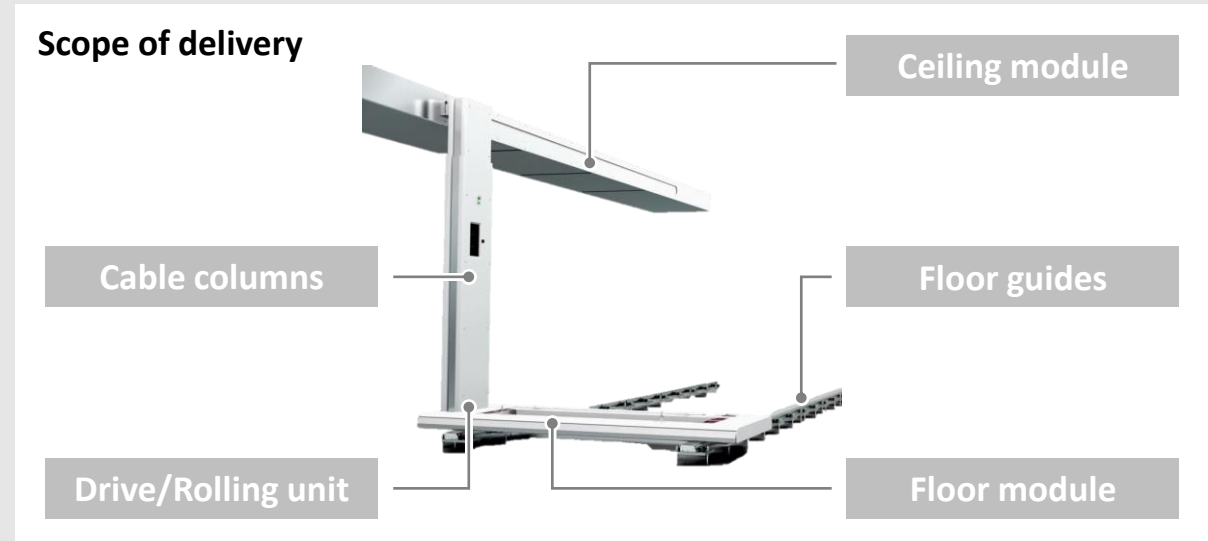
Scope of delivery



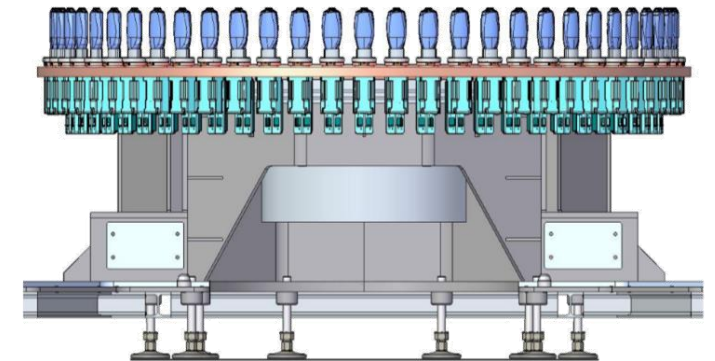
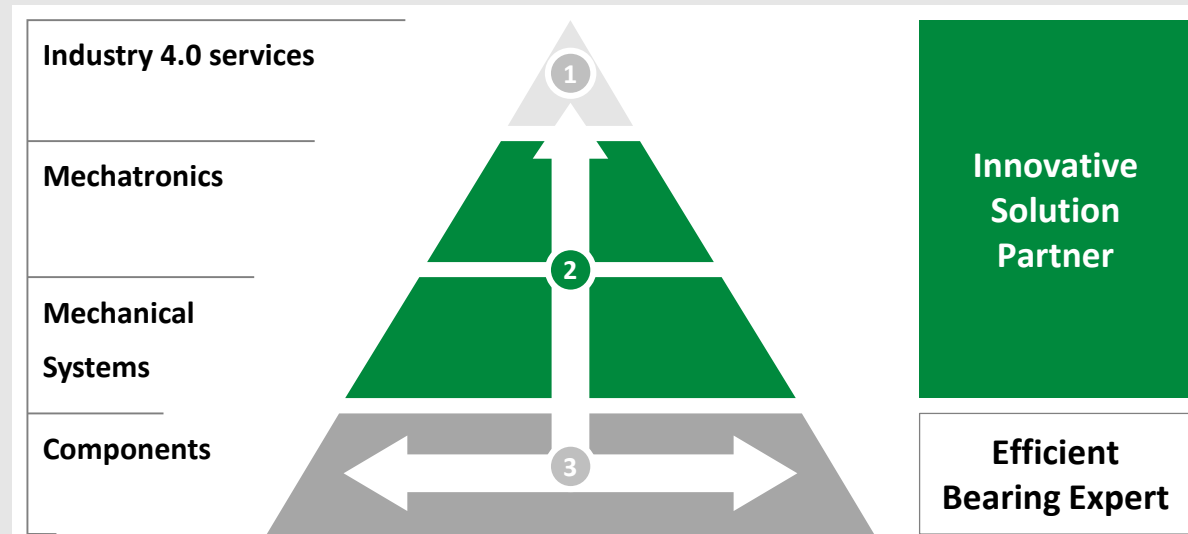
② Mechanical Systems & Mechatronics combined – Sliding gantry



- Application**
 - ▶ Medical industry
 - ▶ Computer Tomographics (CT)
 - Product**
 - ▶ Complete kinematic as mechatronical system
 - ▶ Broad portfolio of Schaeffler components and subsystems
 - Customer benefit**
 - ▶ Plug-and-play system solution, multi-room usability
 - ▶ Recessed in the floor to increase flexibility
 - Market¹⁾**
 - ▶ Medical industry growth: 3.4 % (2017 – 2020)
- ¹⁾ Source: Oxford Economics (2018)

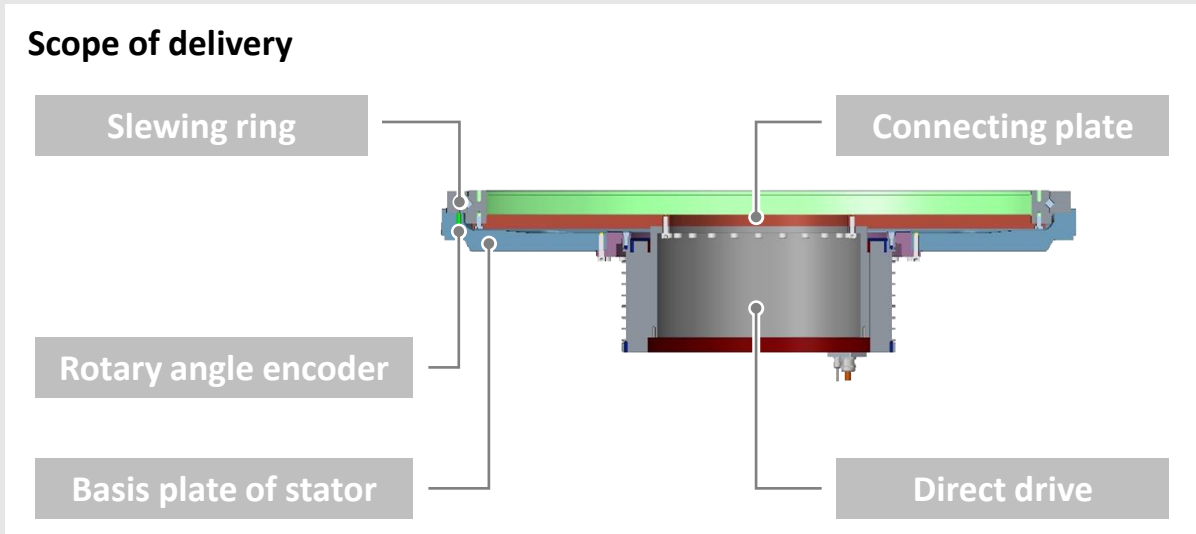


2 Mechanical Systems & Mechatronics combined – Rotary table kit

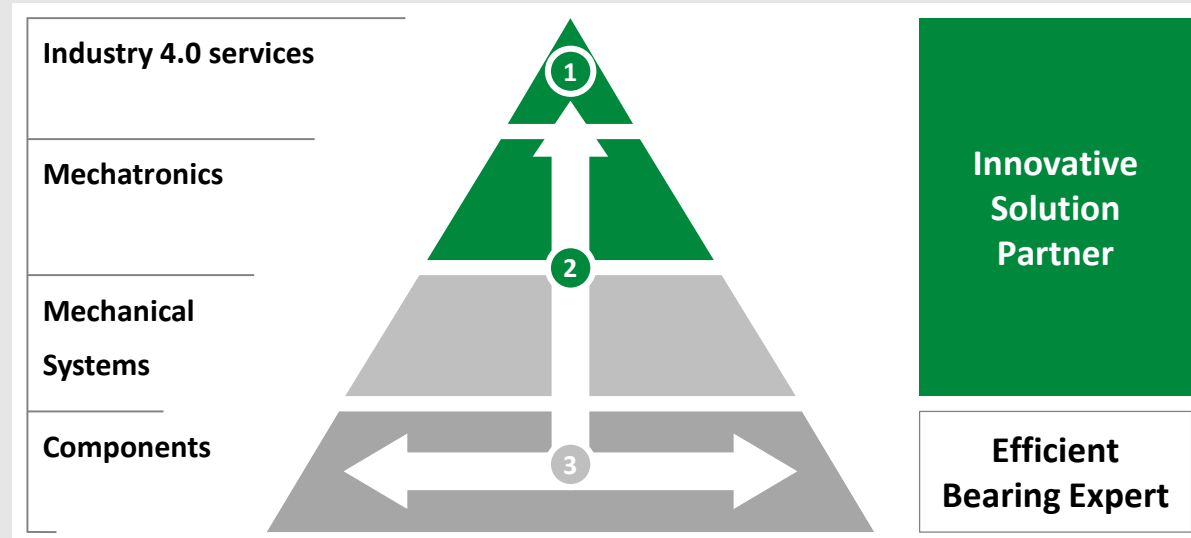


| | |
|----------------------------|--|
| Application | <ul style="list-style-type: none"> ▶ Food and packaging ▶ Bottling machinery |
| Product | <ul style="list-style-type: none"> ▶ Complete rotary table kit for direct printing of containers |
| Customer benefit | <ul style="list-style-type: none"> ▶ Plug-and-play system solution, easy installation ▶ Quick implementation of new prints, small batches cost efficient |
| Market¹⁾ | <ul style="list-style-type: none"> ▶ Food, beverage & tobacco industry growth: 5.5 % (2017 – 2020) |

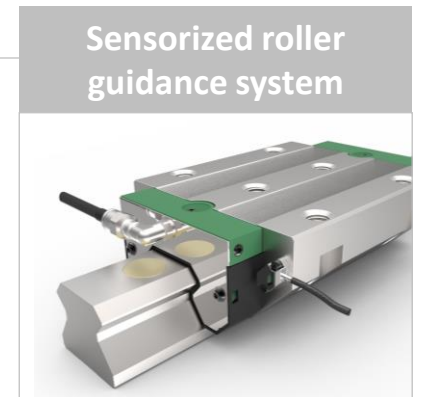
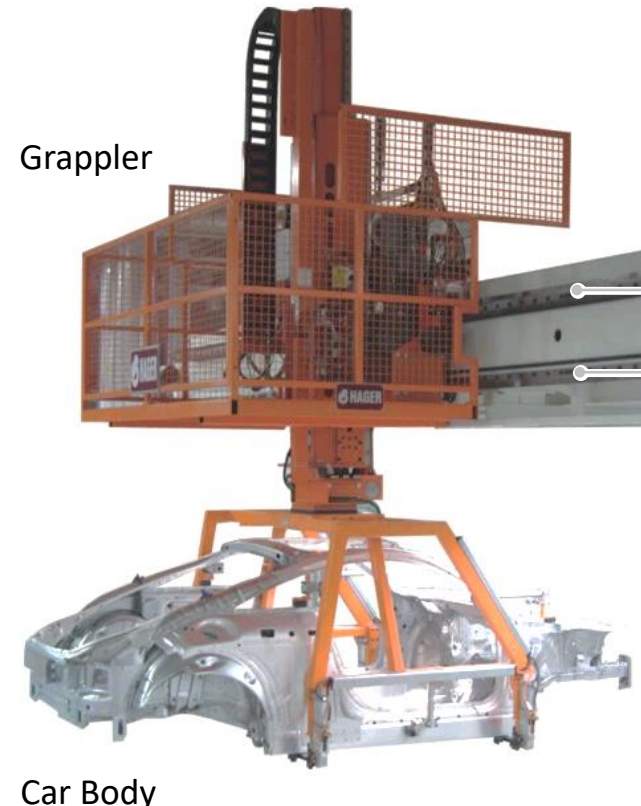
¹⁾ Source: IHS (2018)



② ① Mechatronics & Industry 4.0 Services – Smart linear guidance "DuraSense"



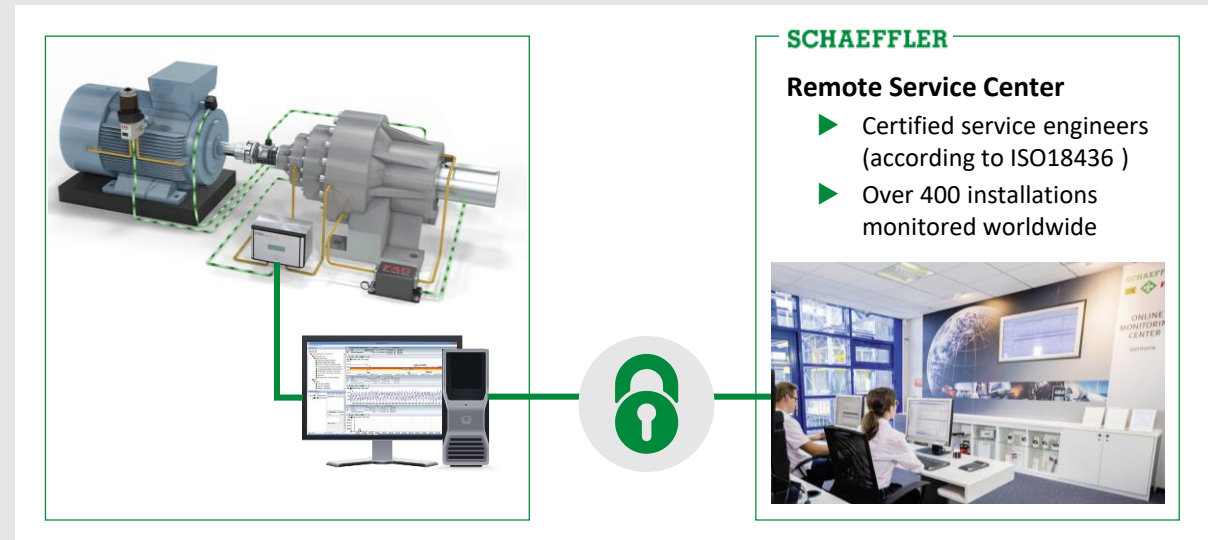
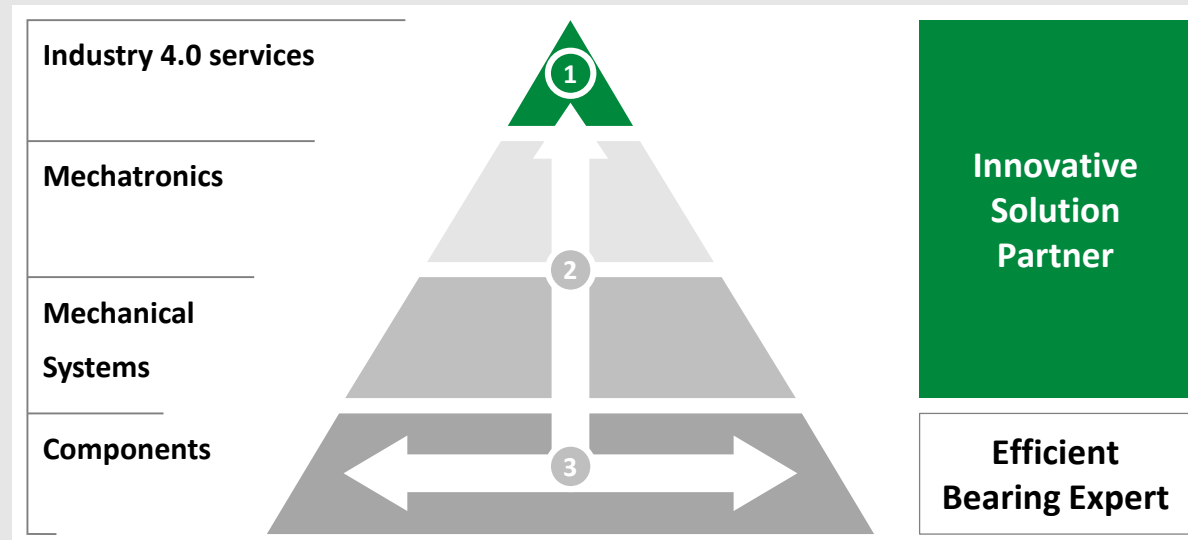
Use case: Automotive Assembly line



- Application**
 - ▶ Industrial Automation
 - ▶ Handling equipment
- Product**
 - ▶ Guidance with integrated sensor
 - ▶ Integrated evaluation algorithm defines the lube intervals
- Customer benefit**
 - ▶ Total Cost of Ownership reduction through failure avoidance and increased availability of the framer unit
- Market¹⁾**
 - ▶ Industrial Automation equipment market growth: 3.4 % (2017 – 2020)

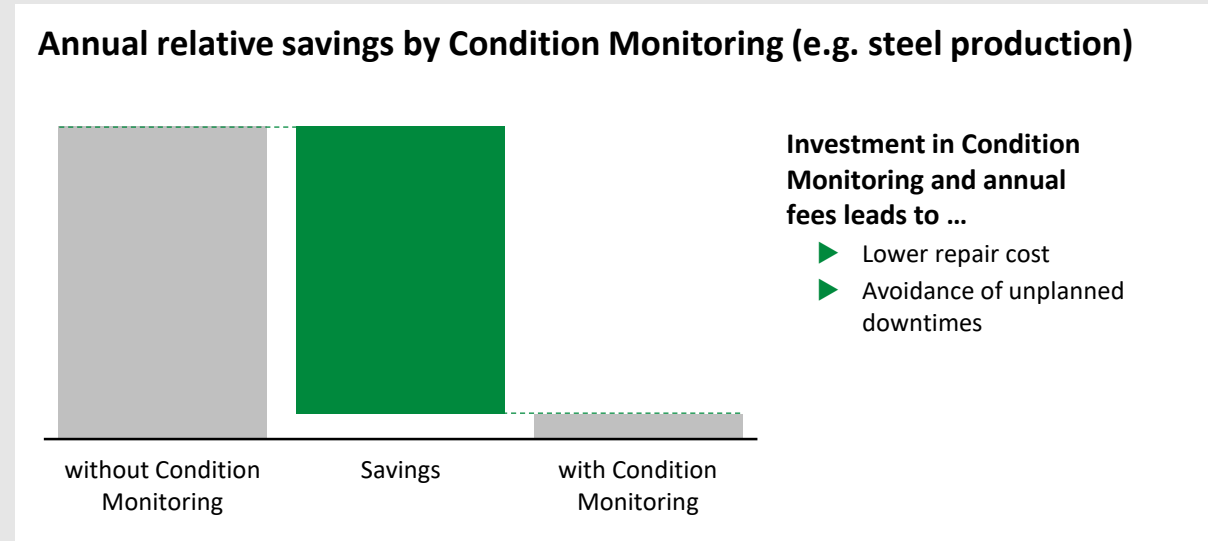
¹⁾ Source: IHS (2018)

1 Industry 4.0 Services – Condition Monitoring



| | |
|----------------------------|--|
| Application | <ul style="list-style-type: none"> ▶ Broad industry scope ▶ Machinery & equipment in operation |
| Product | <ul style="list-style-type: none"> ▶ Remote Condition Monitoring incl. automatic diagnosis ▶ Cloud-based Condition Monitoring Services |
| Customer benefit | <ul style="list-style-type: none"> ▶ Total-Cost of Ownership reduction due to increase of availability and reduction of repair cost |
| Market¹⁾ | <ul style="list-style-type: none"> ▶ Condition Monitoring equipment market growth: 5.0 % (2017 – 2020) |

¹⁾Source: Frost & Sullivan (2017)



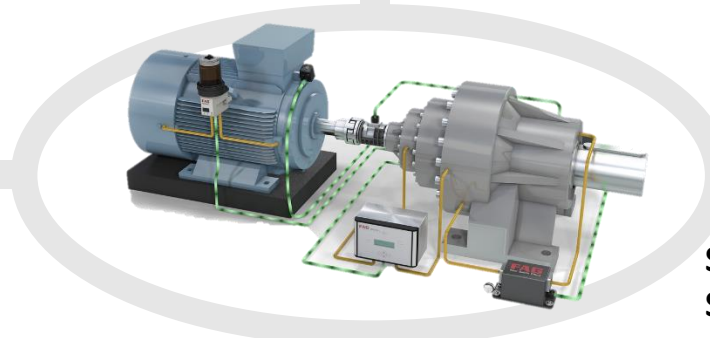


Showcase SPIT – E-Motors

- ▶ Handling of SmartCheck + easy access to the Schaeffler Services Cloud & digital services
- ▶ Presentation customer reference + value proposition
- ▶ Product- & service- portfolio

Showcase PERLENBACH – Pumps

- ▶ Plain text messages SmartQB + autonomous relubrication + openness Smart Ecosystem: Entry level
- ▶ Presentation customer reference + value proposition
- ▶ Product- & service- portfolio



Showcase ZF – Transmission

- ▶ Cloud-to-Cloud communication + Schaeffler Domain-Knowhow + openness of the Smart Ecosystems: Digital service without mechatronics
- ▶ Presentation customer reference + value proposition
- ▶ Product- & service- portfolio

Showcase SSI SCHÄFER – Logistics

- ▶ Condition Monitoring-solution and automated relubrication for logistics
- ▶ Presentation customer reference + value proposition
- ▶ Product- & service- portfolio



Key figures FY 2017

| in EUR mn | | FY 2016 | FY 2017 | FY 2017 vs. FY 2016 | Q4 2016 | Q4 2017 | Q4 2017 vs. Q4 2016 |
|------------------------------------|---|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|
| Sales | 1 | 13,338 | 14,021 | +5.1% +5.9% ¹⁾ | 3,361 | 3,541 | +5.4% +8.5% ¹⁾ |
| EBIT | 2 | 1,556 1,700 ²⁾ | 1,528 1,584 ²⁾ | -28 mn -116 mn | 280 424 ²⁾ | 319 388 ²⁾ | +39 mn -36 mn |
| EBIT margin | | 11.7% 12.7% ²⁾ | 10.9% 11.3% ²⁾ | -0.8%-pts. -1.4%-pts. | 8.3% 12.6% ²⁾ | 9.0% 11.0% ²⁾ | +0.7%-pts. -1.6%-pts. |
| Net income³⁾ | 3 | 859 | 980 | +121 mn | 187 | 189 | +2 mn |
| EPS⁴⁾ | | 1.30 | 1.48 | +0.18 | 0.28 | 0.29 | +0.01 |
| Free cash flow | 4 | 735 | 488 | -247 mn | 256 | 244 | -12 mn |
| Capex | | 1,146 | 1,273 | +127 mn | 317 | 400 | +83 mn |
| Net financial debt | 5 | 2,636 | 2,370 | -266 mn | 2,636 | 2,370 | -266 mn |
| Gearing Ratio ⁵⁾ | | 132% | 93% | -39%-pts. | 132% | 93% | -39%-pts. |
| ROCE ²⁾ | 6 | 22.3% | 19.9% | -2.4%-pts. | 22.3% | 19.9% | -2.4%-pts. |

1) FX-adjusted

3) Attributable to shareholders of the parent company

5) Ratio of net financial debt to equity incl. non-controlling interests

2) Before special items

4) Earnings per common non-voting share

1 Sales Schaeffler Group – Sales growth FY 2017 5.9%¹⁾

Sales

in EUR mn



Key aspects

- ▶ FY 2017 growth of +5.9%¹⁾ with acceleration in Q4
- ▶ Automotive growth with outperformance of 3.8% for the Full Year 2017
- ▶ Industrial growth of +5.7%¹⁾ in FY 2017 – all regions contributed

Divisional growth rates

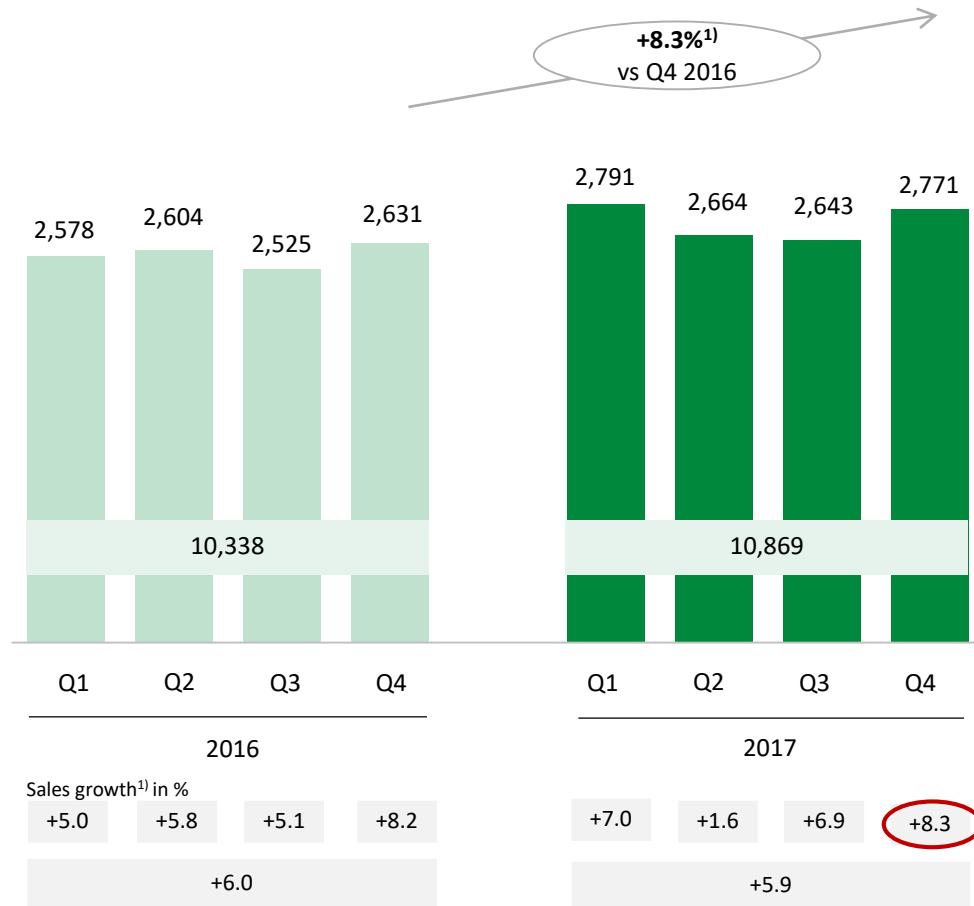
| | Q4 2017 as reported | Q4 2017 FX-adjusted | FY 2017 as reported | FY 2017 FX-adjusted |
|--------------|---------------------|---------------------|---------------------|---------------------|
| Automotive | +5.3% | +8.3% | +5.1% | +5.9% |
| Industrial | +5.5% | +9.0% | +5.1% | +5.7% |
| Group | +5.4% | +8.5% | +5.1% | +5.9% |

1) FX-adjusted

1 Sales Automotive Division – Sales growth FY 2017 5.9%¹⁾

Sales

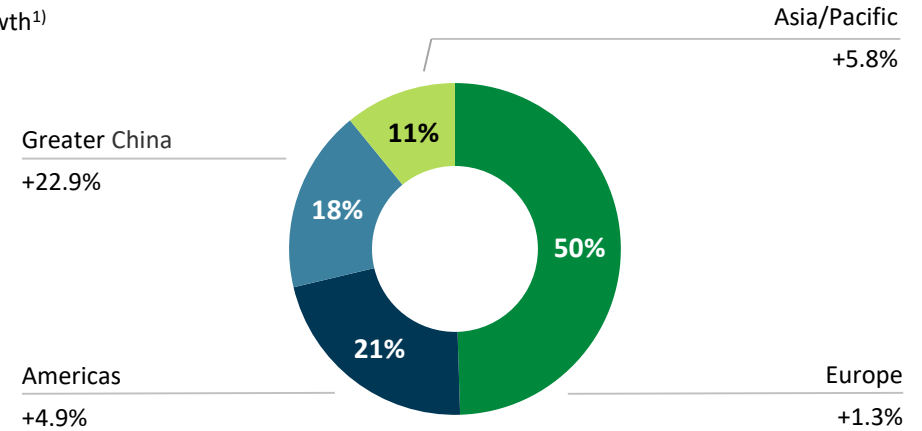
in EUR mn



1) FX-adjusted

Sales by region FY 2017

y-o-y growth¹⁾



Sales by business division

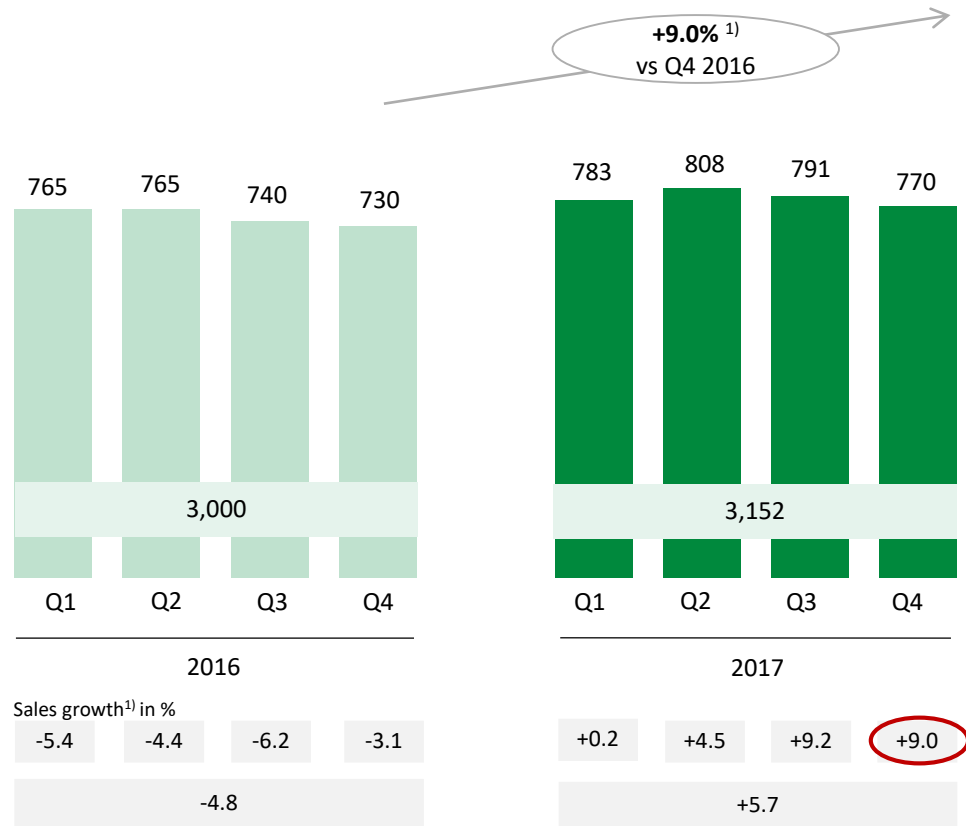
y-o-y growth (w/o FX effects)

| | FY 2016 | FY 2017 | Δ (w/o FX effects) | Q4 2016 | Q4 2017 | Δ (w/o FX effects) |
|--------------|---------------|---------------|-----------------------|--------------|--------------|-----------------------|
| Engine | 2,646 | 2,787 | +6.7% | 686 | 718 | +9.1% |
| Transmission | 4,346 | 4,620 | +7.4% | 1,130 | 1,192 | +8.7% |
| Chassis | 1,533 | 1,588 | +4.2% | 390 | 415 | +9.0% |
| Aftermarket | 1,813 | 1,874 | +3.2% | 425 | 446 | +6.5% |
| Total | 10,338 | 10,869 | +5.9% | 2,631 | 2,771 | +8.3% |

1 Sales Industrial Division – Sales growth FY 2017 5.7%¹⁾

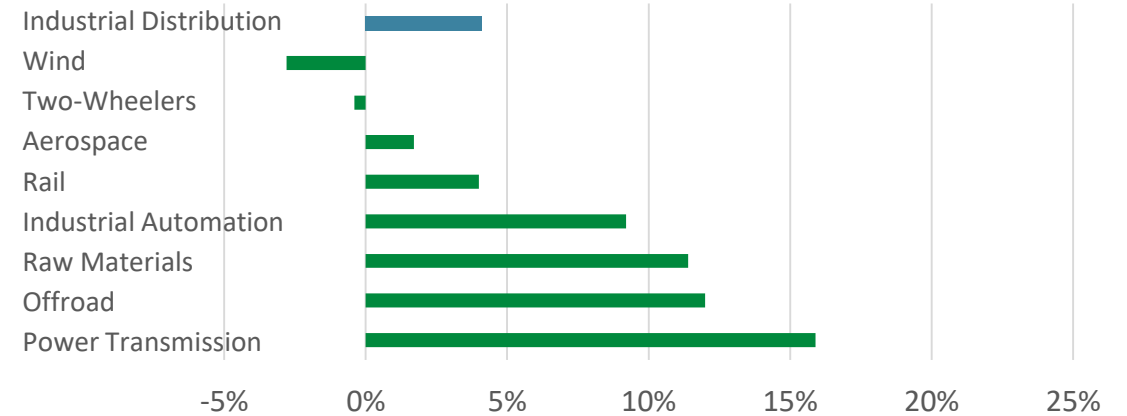
Sales

in EUR mn



1) FX-adjusted

Industrial sales growth by sector cluster FY 2017¹⁾



Sales by region

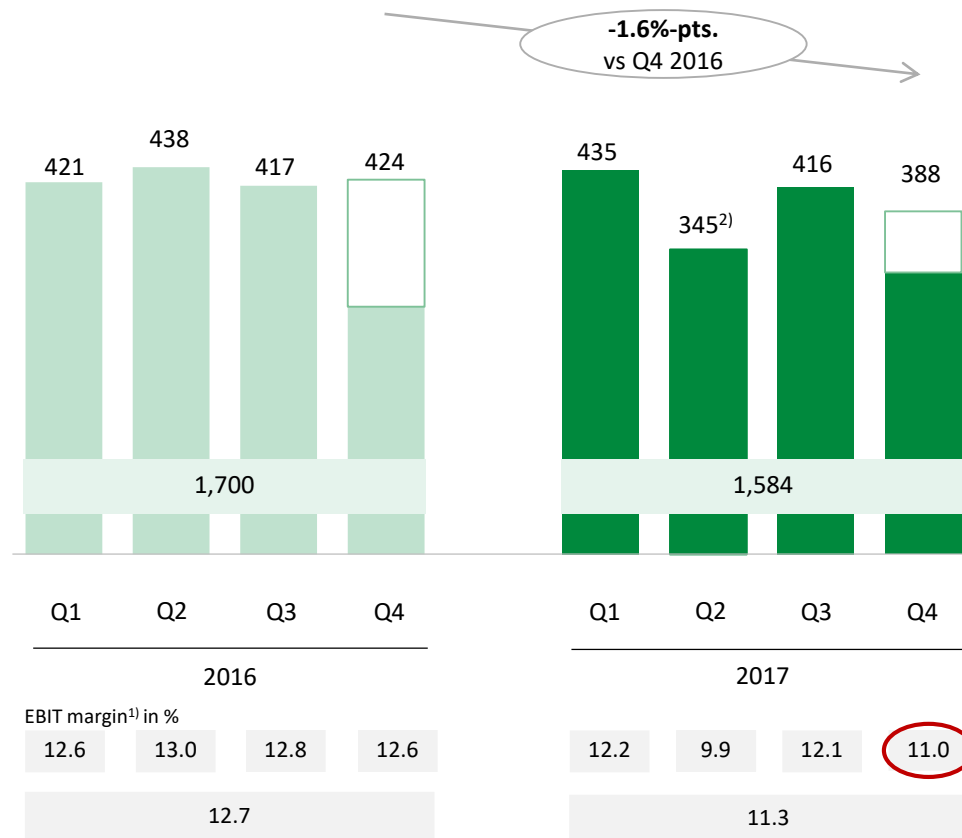
y-o-y growth (w/o FX effects)

| | FY 2016 | FY 2017 | Δ | Q4 2016 | Q4 2017 | Δ |
|---------------|--------------|--------------|--------------|------------|------------|--------------|
| Europe | 1,772 | 1,803 | +1.7% | 420 | 435 | +4.5% |
| Americas | 561 | 575 | +3.3% | 139 | 135 | +4.7% |
| Greater China | 378 | 472 | +29.3% | 99 | 122 | +32.2% |
| Asia/Pacific | 289 | 302 | +4.9% | 72 | 78 | +14.4% |
| Total | 3,000 | 3,152 | +5.7% | 730 | 770 | +9.0% |

2 Group EBIT margin – Q4 2017 weaker than expected

EBIT¹⁾

in EUR mn



1) Before special items

2) Reported EBIT of EUR 358m including EUR 13m positive special item

Moving parts Q4 2017

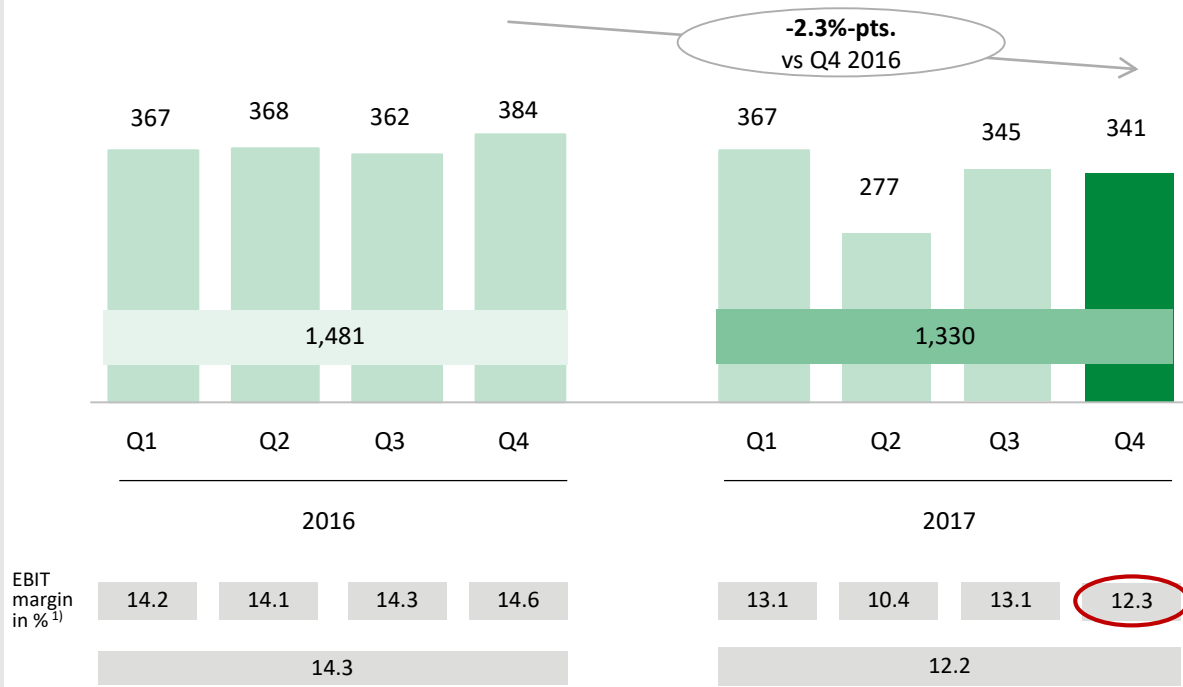
- ▶ Very high level of demand in Q4 compared to previous quarters led to:
 - ▶ Inefficiencies in plants caused by strained supply chain and high level of utilization
 - ▶ Increase of logistics costs including special freight due to high demand in China

- ▶ Small increase in Agenda 4 plus One expenses

2 Automotive EBIT – EBIT margin¹⁾ FY 2017 at 12.2%

EBIT¹⁾

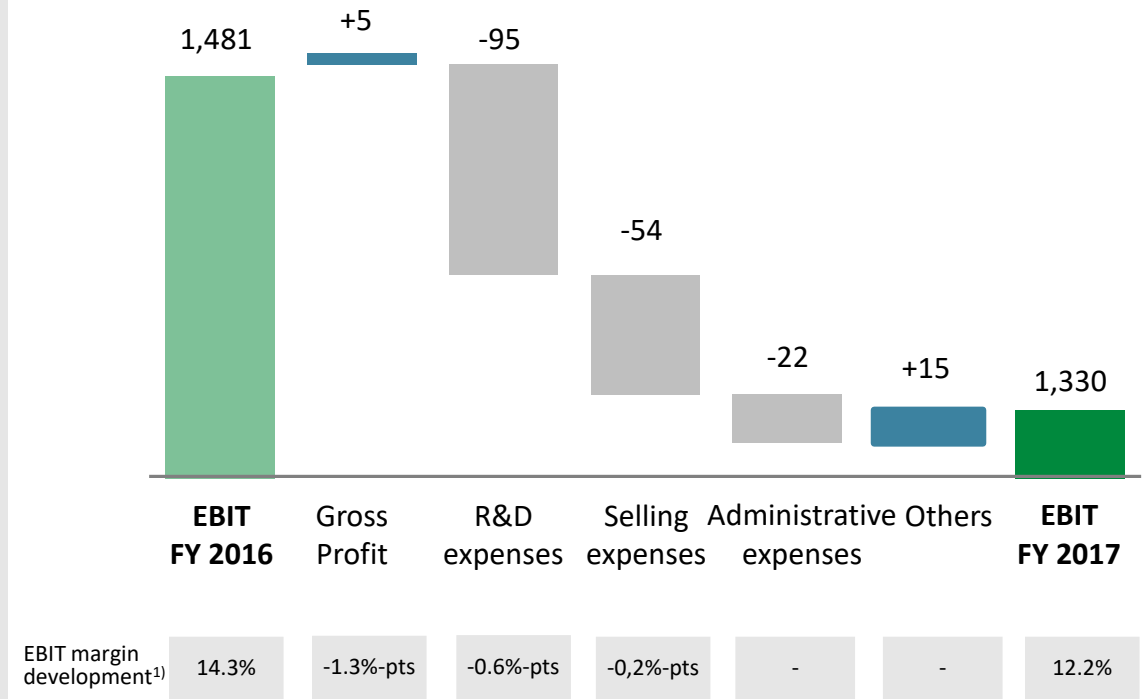
in EUR mn



1) Before special items

EBIT¹⁾ FY 2016 vs. FY 2017

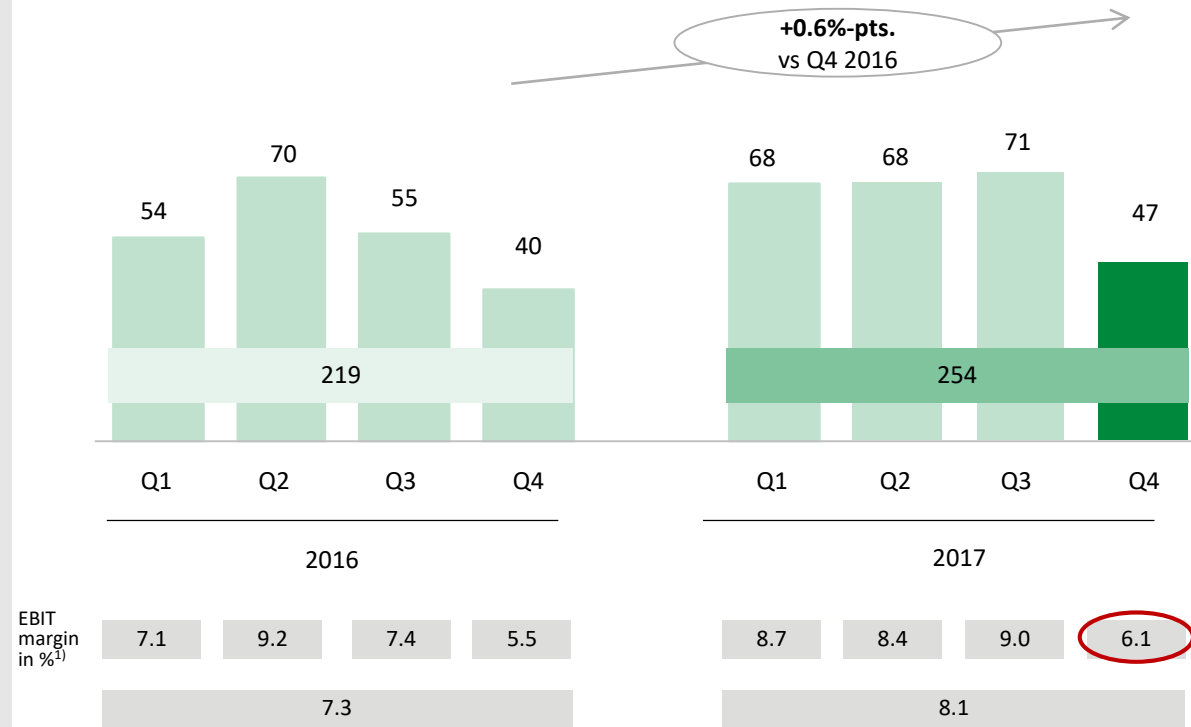
in EUR mn



2 Industrial EBIT – EBIT margin¹⁾ FY 2017 at 8.1%

EBIT¹⁾

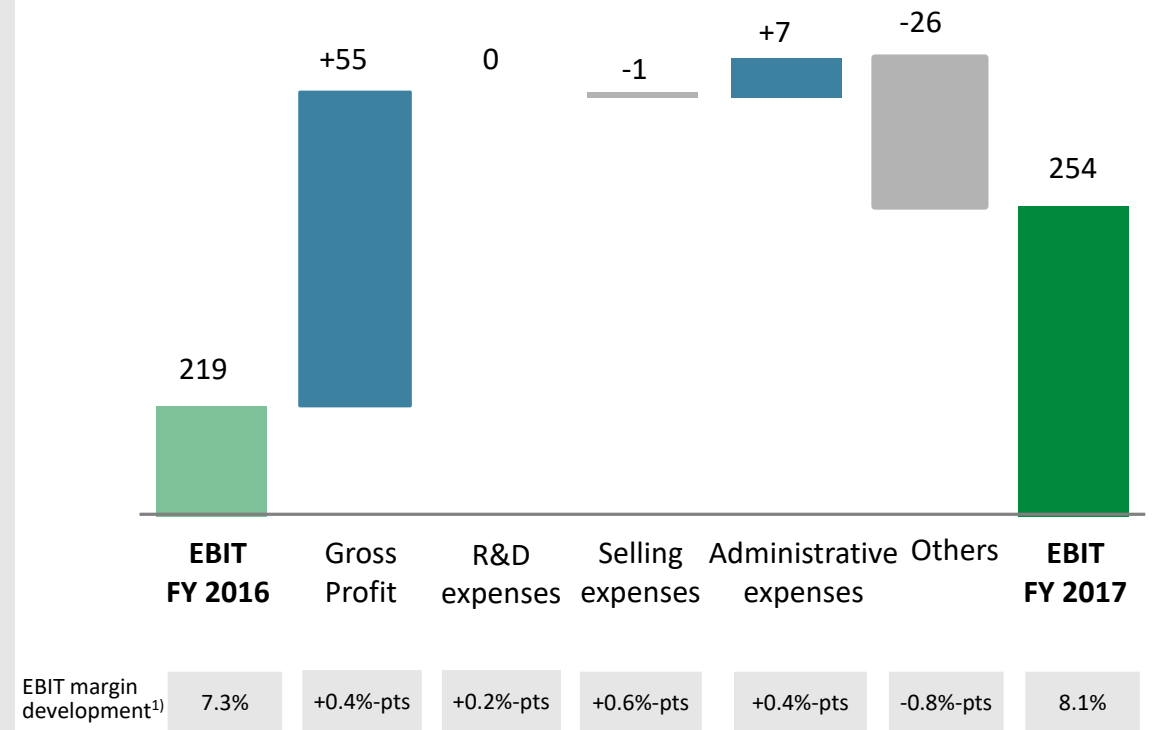
in EUR mn



1) Before special items

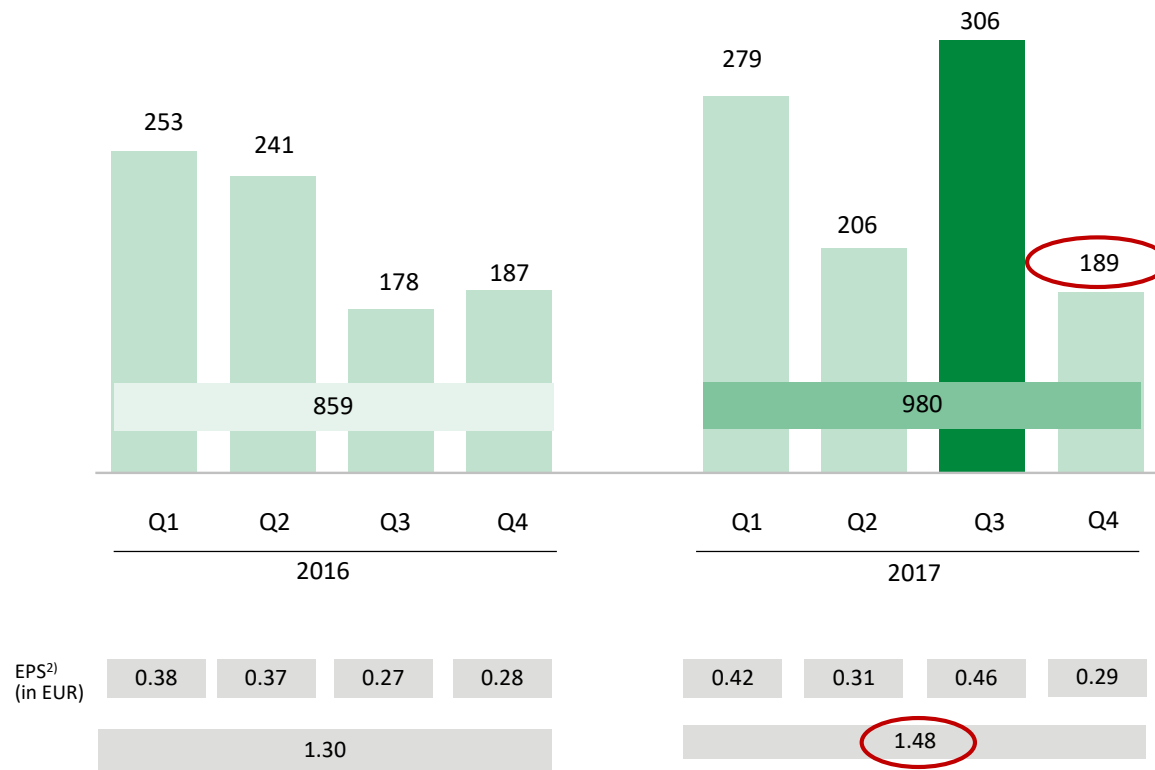
EBIT¹⁾ FY 2016 vs. FY 2017

in EUR mn



Net income¹⁾

in EUR mn



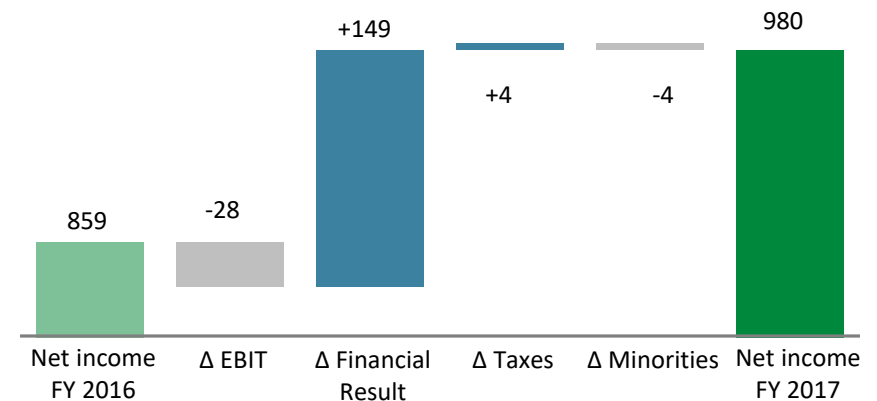
1) Attributable to the shareholders of the parent company
 2) Earnings per common non-voting share

Key aspects

- ▶ FY 2017 EPS improved by 14% to EUR 1.48
- ▶ Significant improvement of financial result due to lower interest expenses on financial debt
- ▶ Benefit from lower tax rate of 25.4% in FY 2017 vs 28.2% in FY 2016 mainly driven by one-time effects

Net income¹⁾ FY 2017 vs. FY 2016

in EUR mn

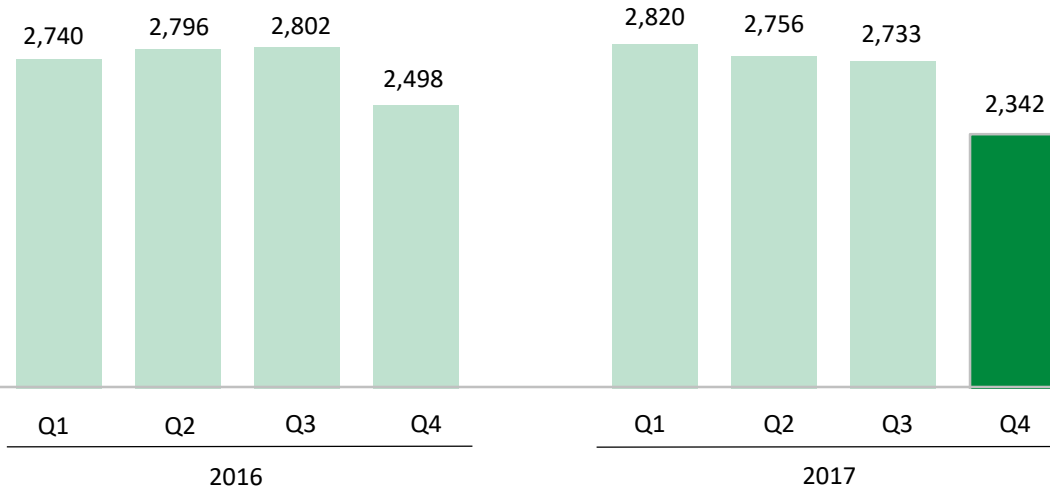


4 Working Capital ratio at 16.7% per year end – Capex ratio 11.3% in Q4 2017

Working capital¹⁾

in EUR mn

Q4 2017 includes
150 mn EUR Receivable
Sale Program



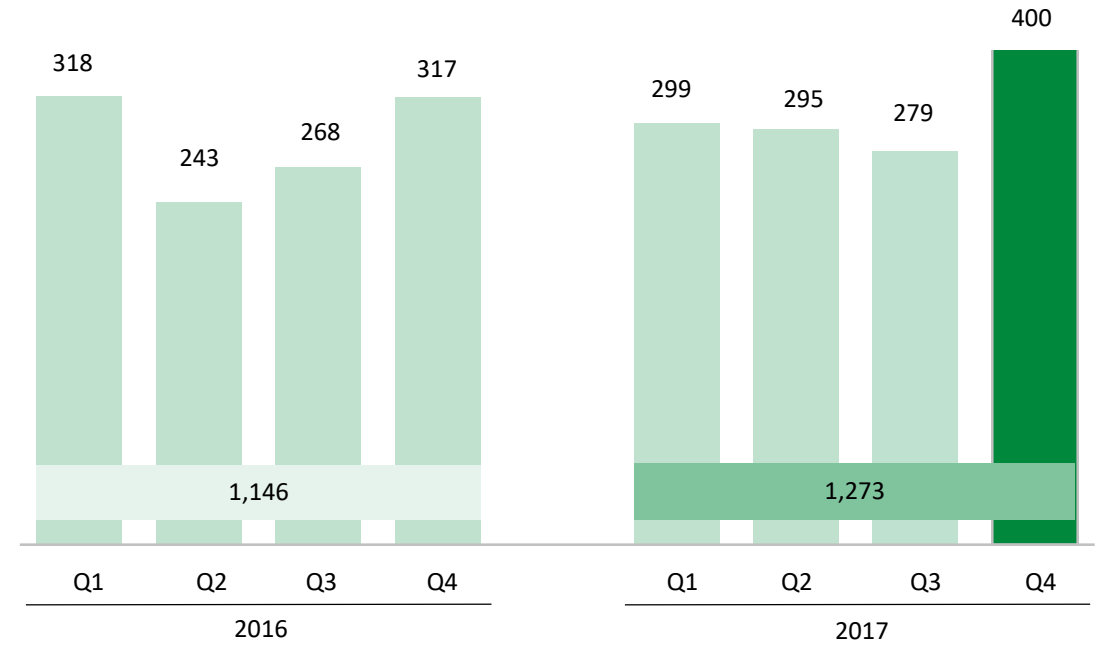
In % of sales (LTM)



1) According to balance sheet; figures as per the end of period

Capex²⁾

in EUR mn



In % of sales

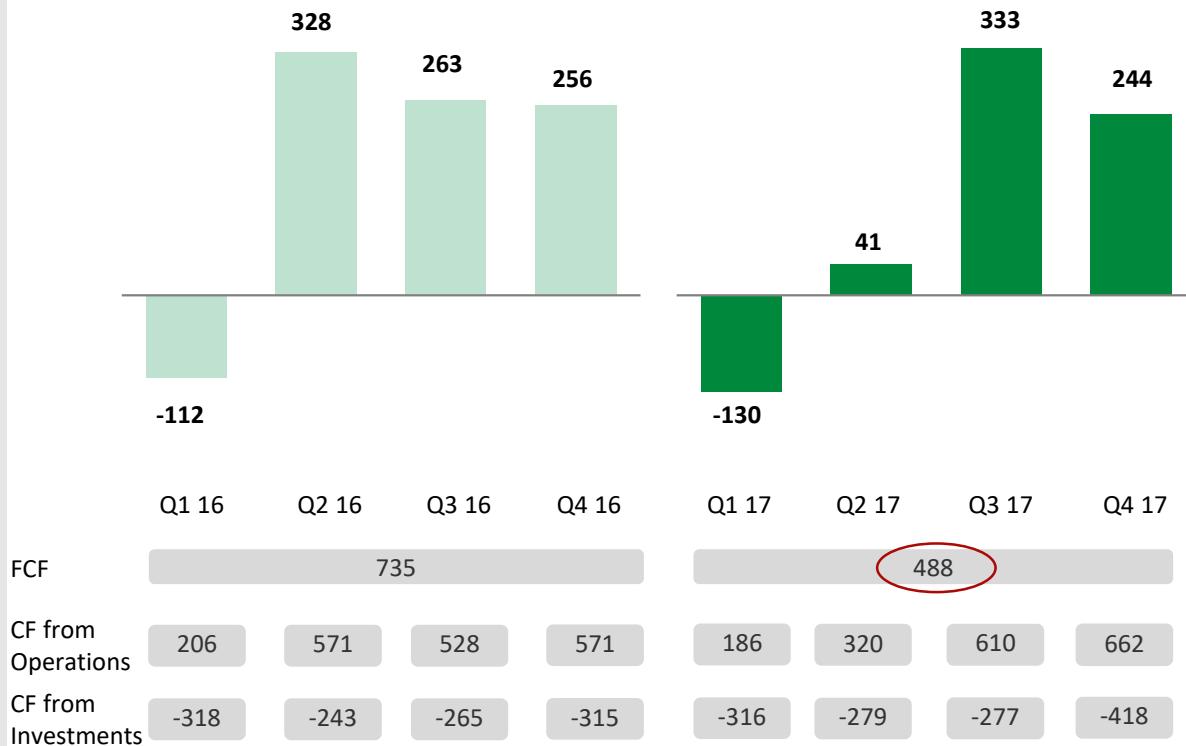


2) Cash view

4 Solid Free Cash Flow generation – Capex Ratio increased to 9.1%

Free Cash Flow development

in EUR mn



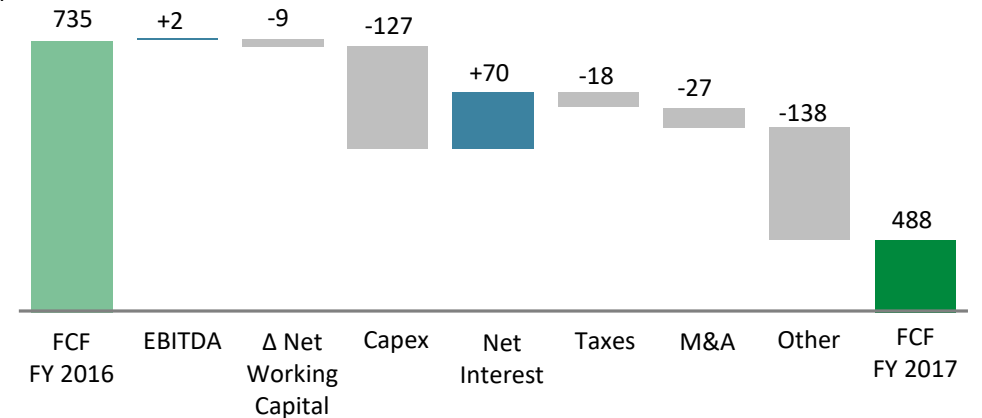
1) Refers to EBIT/EBITDA before special items

Key aspects

- ▶ Free Cash Flow decreased from EUR 735 mn to EUR 488 mn due to lower profitability¹⁾ and higher capex
- ▶ Capex to sales at 9.1% in FY 2017 (8.6% in FY 2016)
- ▶ Other line affected by non-persistent cash outflows related to legal cases and restructuring

FCF FY 2017 vs. FY 2016

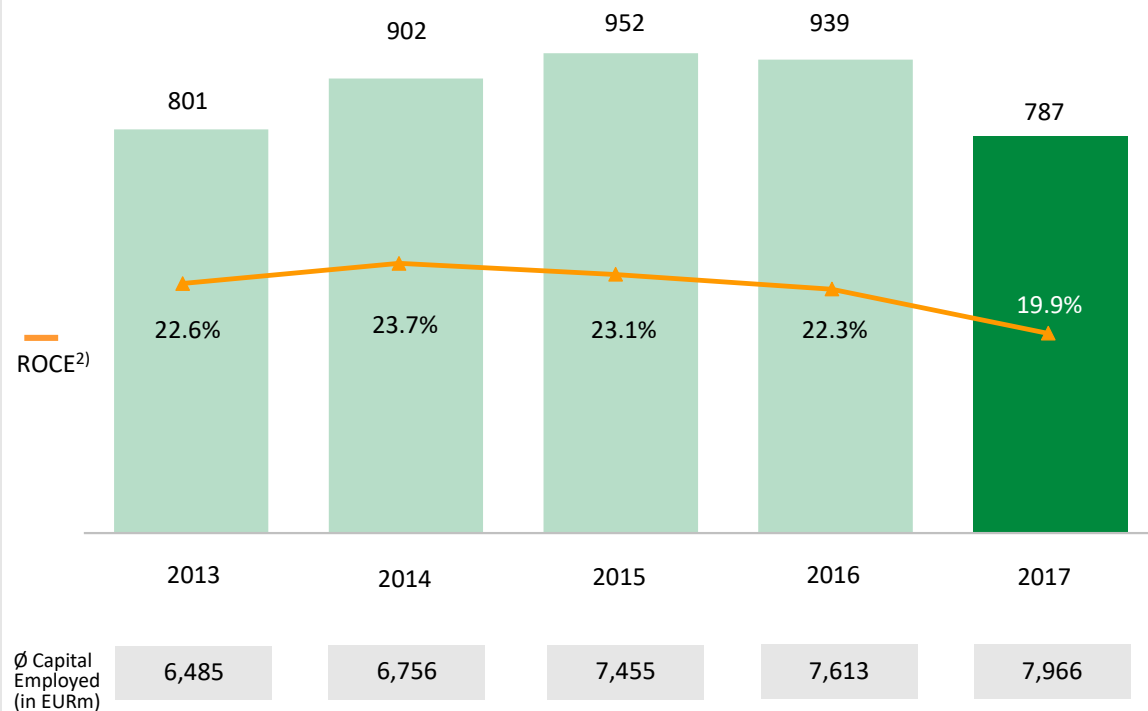
in EUR mn



Schaeffler Value Added EUR 787 mn – ROCE 19.9%

Schaeffler Value Added ^{1) 2)}

in EUR mn



1) Defined as EBIT before special items minus Cost of Capital (10% * ∅ Capital Employed)

2) Before special items

Key aspects Schaeffler Value Added

- ▶ Schaeffler Value Added ¹⁾ measures internal value creation on a group-wide basis
- ▶ Schaeffler Value Added 2017 of EUR 787 mn below prior year (EUR 939 mn) due to lower profitability and higher capital expenditures
- ▶ Cost of Capital: 10% (pre-tax)

Key aspects ROCE ³⁾

- ▶ ROCE measures capital efficiency on a pre-tax basis
- ▶ ROCE at 19.9% in FY 2017 (prior year: 22.3%) driven by lower EBIT of EUR 116 mn
- ▶ Capital Employed increased by 4.3% driven by 11% increase in capital expenditures in 2017

3) Defined as EBIT before special items/ ∅ Capital Employed

Group Guidance
 published on February 1st

| Group | |
|------------------------------------|------------------------------------|
| Sales growth | 5-6% FX-adjusted |
| EBIT margin | 10.5-11.5% before special items |
| Free Cash Flow¹⁾ | ~ EUR 450 mn |



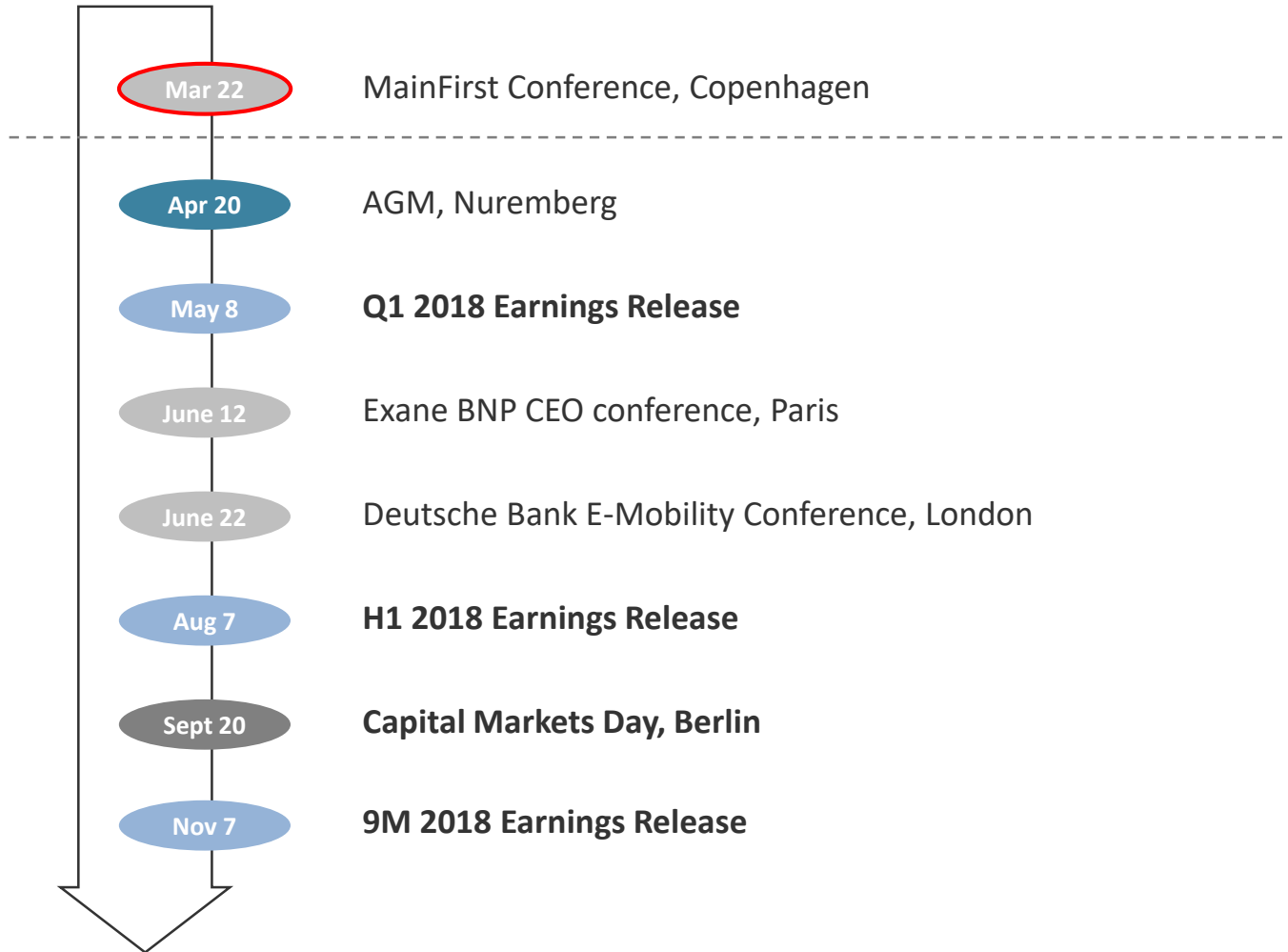
Divisional Guidance
 published on March 7th

| Automotive OEM | Automotive AM | Industrial |
|-----------------------------------|------------------------------------|-------------------------------|
| 6-7% FX-adjusted | 3-4% FX-adjusted | 3-4% FX-adjusted |
| 9.5-10.5% before special items | 16.5-17.5% before special items | 9-10% before special items |

Market assumptions

- ▶ Automotive OEM: Growth of global passenger car production of around 2%
- ▶ Automotive Aftermarket: Stable growth in the global vehicle population and a nearly unchanged average vehicle age
- ▶ Industrial: Slightly higher growth in industrial production in 2018 than in 2017

1) Before cash in- and outflows for M&A activities





Contacts

Renata Casaro

+49 9132 82 88125

renata.casaro@schaeffler.com

Niels Fehre, CFA

+49 9132 82 85805

niels.fehre@schaeffler.com

Jens-Philipp Briemle

+49 9132 82 86377

jens-philipp.briemle@schaeffler.com

Johann Eisenmann

+49 9132 82 88987

johann.eisenmann@schaeffler.com

www.schaeffler.com/ir

Key figures¹⁾ by division – new structure**Automotive OEM**

in EUR mn

| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|-----------------------------------|--------|--------|--------|--------|--------------|
| Sales | 2,308 | 2,220 | 2,138 | 2,325 | 8,991 |
| <i>Sales Growth</i> ²⁾ | +6.4% | +3.5% | +7.4% | +8.7% | +6.5% |
| EBIT | 275 | 221 | 229 | 226 | 951 |
| EBIT Adjusted ³⁾ | 275 | 208 | 229 | 261 | 973 |
| EBIT Margin Adj. | 11.9% | 9.4% | 10.7% | 11.2% | 10.8% |

Automotive Aftermarket

in EUR mn

| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|-----------------------------------|--------|--------|--------|--------|--------------|
| Sales | 484 | 444 | 506 | 446 | 1,880 |
| <i>Sales Growth</i> ²⁾ | +9.7% | -7.3% | +4.7% | +6.3% | +3.2% |
| EBIT | 93 | 68 | 117 | 55 | 333 |
| EBIT Adjusted ³⁾ | 93 | 68 | 117 | 80 | 358 |
| EBIT Margin Adj. | 19.2% | 15.3% | 23.1% | 17.9% | 19.0% |

Industrial

in EUR mn

| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|-----------------------------------|--------|--------|--------|--------|--------------|
| Sales | 782 | 808 | 790 | 770 | 3,150 |
| <i>Sales Growth</i> ²⁾ | +0.2% | +4.5% | +9.2% | +9.0% | +5.7% |
| EBIT | 67 | 69 | 70 | 38 | 244 |
| EBIT Adjusted ³⁾ | 67 | 69 | 70 | 47 | 253 |
| EBIT Margin Adj. | 8.6% | 8.5% | 8.9% | 6.1% | 8.0% |

1) Proforma figures

3) EBIT before special items

2) FX-adjusted

Sales by region, business division and sector cluster – old structure

Automotive sales growth¹⁾ by region

| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|---------------|--------------|--------------|--------------|--------------|---------------|
| Europe | +3.8% | -5.8% | +2.3% | +5.6% | +1.3% |
| Americas | +7.0% | +1.9% | +3.3% | +7.4% | +4.9% |
| Greater China | +21.8% | +23.2% | +26.3% | +20.7% | +22.9% |
| Asia/Pacific | +3.7% | 10.2% | +8.5% | +1.5% | +5.8% |
| Total | +7.0% | +1.6% | +6.9% | +8.3% | +5.9% |

Sales growth¹⁾ by business division

| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Transmission Systems | +6.4% | +6.3% | +8.1% | +8.7% | +7.4% |
| Engine Systems | +8.1% | +1.6% | +8.3% | +9.1% | +6.7% |
| Chassis Systems | +4.2% | -0.7% | +4.2% | +9.1% | +4.2% |
| Aftermarket | +9.9% | -7.5% | +4.8% | +6.5% | +3.2% |
| Total | +7.0% | +1.6% | +6.9% | +8.3% | +5.9% |

1) FX-adjusted

Industrial sales growth¹⁾ by region

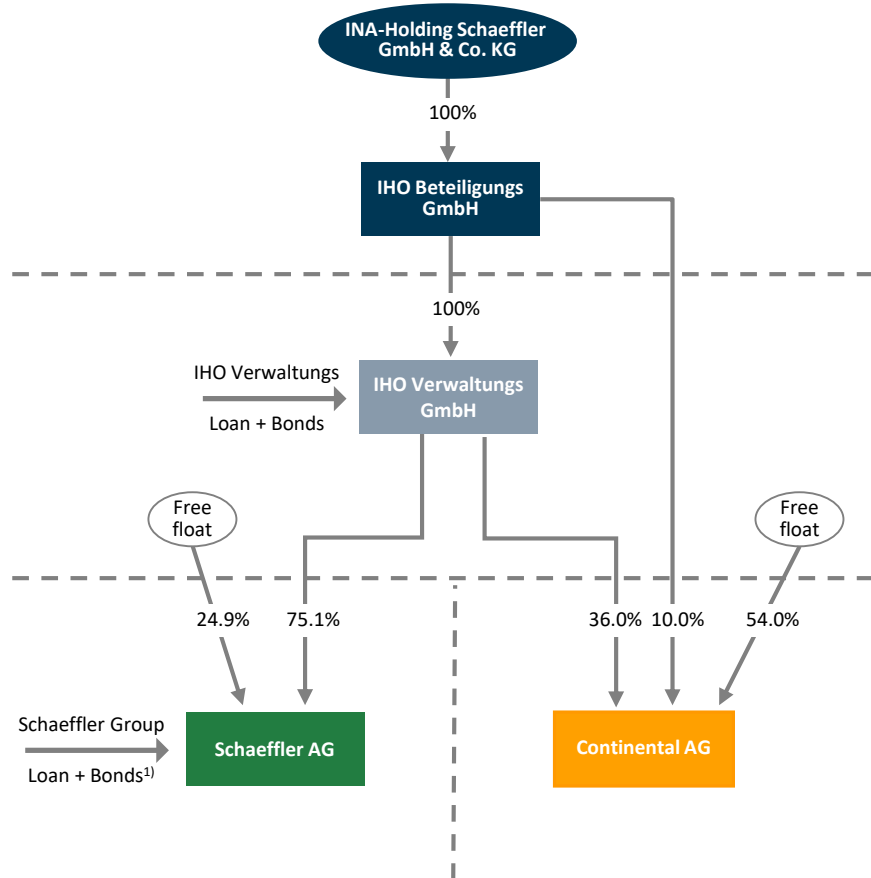
| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|---------------|--------------|--------------|--------------|--------------|---------------|
| Europe | -1.3% | +0.6% | 3.1% | 4.5% | 1.7% |
| Americas | +0.1% | +5.1% | +3.4% | +4.7% | +3.3% |
| Greater China | +10.8% | +26.3% | +47.5% | +32.2% | +29.3% |
| Asia/Pacific | -3.5% | +0.1% | +9.3% | +14.4% | +4.9% |
| Total | +0.2% | +4.5% | +9.2% | +9.0% | +5.7% |

Industrial Distribution Sales growth¹⁾

| | Q1 '17 | Q2 '17 | Q3 '17 | Q4 '17 | FY '17 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Industrial Distribution | +0.9% | +4.5% | +2.7% | +8.4% | +4.1% |
| Total | +0.2% | +4.5% | +9.2% | +9.0% | +5.7% |

Corporate structure (simplified)

as of December 31, 2017



1) All outstanding bonds are issued by Schaeffler Finance B.V., a 100% subsidiary of Schaeffler AG.

Financing structure

in EUR²⁾ mn, as of December 31, 2017

IHO Verwaltungs GmbH

| | Debt instrument | Nominal (USD mn) | Nominal (EUR mn) | Interest | Maturity | Rating (F/M/S) ⁴⁾ |
|-------|------------------------|------------------|-------------------|----------|-----------------------------|------------------------------|
| Loans | Term loan (EUR) | - | 600 | E+2.25% | Sep-21 | not rated |
| | RCF (EUR 200 mn) | - | - | E+2.25% | Sep-21 | not rated |
| | 2.75% SSNs 2021 (EUR) | - | 750 | 2.75% | Sep-21 | BB+/Ba1/BB- |
| Bonds | 4.125% SSNs 2021 (USD) | 500 | 417 ²⁾ | 4.125% | Sep-21 | BB+/Ba1/BB- |
| | 3.25% SSNs 2023 (EUR) | - | 750 | 3.25% | Sep-23 | BB+/Ba1/BB- |
| | 4.50% SSNs 2023 (USD) | 500 | 417 ²⁾ | 4.50% | Sep-23 | BB+/Ba1/BB- |
| | 3.75% SSNs 2026 (EUR) | - | 750 | 3.75% | Sep-26 | BB+/Ba1/BB- |
| | 4.75% SSNs 2026 (USD) | 500 | 417 ²⁾ | 4.75% | Sep-26 | BB+/Ba1/BB- |
| | Total | | 4,101 | | Ø 3.51%³⁾ | |

Schaeffler Group

| | Debt instrument | Nominal (USD mn) | Nominal (EUR mn) | Interest | Maturity | Rating (F/M/S) ⁴⁾ |
|--------------|-----------------------------|------------------|-------------------|----------|-----------------------------|------------------------------|
| Loans | Term loan (EUR) | - | 1,000 | E+1.20% | Jul-21 | not rated |
| | RCF (EUR 1,300 mn) | - | 0 | E+0.90% | Jul-21 | not rated |
| | Capex-Facility (EUR 250 mn) | - | 90 | E+1.00% | Dec-22 | not rated |
| Bonds | 2.50% SSNs 2020 (EUR) | - | 400 | 2.50% | May-20 | BBB-/Baa3/BB+ |
| | 3.50% SSNs 2022 (EUR) | - | 500 | 3.50% | May-22 | BBB-/Baa3/BB+ |
| | 4.75% SSNs 2023 (USD) | 600 | 500 ²⁾ | 4.75% | May-23 | BBB-/Baa3/BB+ |
| | 3.25% SSNs 2025 (EUR) | - | 600 | 3.25% | May-25 | BBB-/Baa3/BB+ |
| Total | | | 3,090 | | Ø 2.84%³⁾ | |

2) EUR/USD = 1.19930.

3) Incl. RCF commitment fee.

4) Fitch Ratings / Moody's Investor Services / Standard & Poor's.