SCHAEFFLER

Q1 Mobility for tomorrow

Interim Financial Report as at March 31, 2016

Technological Expertise and Systems Know-how

Schaeffler Group at a glance

Key figures

Income statement (in € millions)	2016 (1st three months)	2015 (1st three months)	Change	
Revenue	3,343	3,339	0.1	%
• at constant currency			2.4	%
EBIT	421	434	-3.0	%
• in % of revenue	12.6	13.0	-0.4	%-pts.
EBIT before special items [1]	421	441	-4.5	%
• in % of revenue	12.6	13.2	-0.6	%-pts.
Net income [2]	253	167	51.5	%
Earnings per common non-voting share (basic/diluted, in €) [3]	0.38	0.42	-9.5	%
Statement of financial position (in € millions)	**03/31/2016**	**12/31/2015**	Change	
Total assets	12,607	12,480	1.0	%
Shareholders' equity [4]	1,609	1,568	41	€ millions
• in % of total assets	12.8	12.6	0.2	%-pts.
Net financial debt	4,909	4,889	0.4	%
• Net financial debt to EBITDA ratio before special items) [1), 5)]	2.1	2.1		

Statement of cash flows (in € millions)	2016 (1st three months)	2015 (1st three months)	Change	
EBITDA	598	604	-1.0	%
• in % of revenue	17.9	18.1	-0.2	%-pts.
EBITDA before special items [1]	598	611	-2.1	%
• in % of revenue	17.9	18.3	-0.4	%-pts.
Cash flows from operating activities	206	184	22	€ millions
Capital expenditures (capex) [6]	318	244	74	€ millions
• in % of revenue (capex ratio)	9.5	7.3	2.2	%-pts.
Free cash flow	-112	-60	-52	€ millions

Value added	2016 (1st three months)	2015 (1st three months)	Change	
ROCE (return on capital employed, in %)	18.5	22.0	-3.5	%-pts.
ROCE before special items [1]	22.1	22.8	-0.7	%-pts.
Schaeffler Value Added	228	246	-7.3	%
Schaeffler Value Added before special items [1]	228	253	-9.9	%
Employees	**03/31/2016**	**03/31/2015**	Change	
Headcount	85,016	83,331	2.0	%

1) EBIT, debt to EBITDA ratio, EBITDA, ROCE, and Schaeffler Value Added before special items for legal cases and restructuring.
2) Attributable to shareholders of the parent company.
3) Earnings per share were calculated in accordance with IAS 33.
4) Including non-controlling interests.
5) EBITDA based on the last twelve months.
6) Capital expenditures on intangible assets and property, plant and equipment.

Automotive (in € millions)	2016 (1st three months)	2015 (1st three months)	Change	
Revenue	2,576	2,515	2.4	%
• at constant currency			5.0	%
EBIT	372	343	8.5	%
• in % of revenue	14.4	13.6	0.8	%-pts.
EBIT before special items [1]	372	350	6.3	%
• in % of revenue	14.4	13.9	0.5	%-pts.

Industrial (in € millions)	2016 (1st three months)	2015 (1st three months)	Change	
Revenue	767	824	-6.9	%
• at constant currency			-5.5	%
EBIT	49	91	-46.2	%
• in % of revenue	6.4	11.0	-4.6	%-pts.
EBIT before special items [1]	49	91	-46.2	%
• in % of revenue	6.4	11.0	-4.6	%-pts.

Prior year information presented based on 2016 segment structure.
1) EBIT before special items for legal cases and restructuring.

Highlights Q1 2016

Revenue increased slightly in Q1 2016

Revenue at EUR **3.3** bn
(2.4 % at constant currency)

Earnings quality maintained at high level

EBIT margin before special items at **12.6** %
(prior year: 13.2 %)

Free cash flow seasonally negative, capital expenditures increased

Free cash flow at EUR **-112** m
(prior year: EUR -60 m)

Return on capital remains high

ROCE before special items at **22.1** %
(prior year: 22.8 %)

Outlook for 2016 confirmed

Contents

Schaeffler on the capital markets

Capital market trends

The global capital markets were characterized by high volatility in the first quarter of 2016. Concerns regarding the Chinese economy and its potential impact on the global economy caused the oil price and then the DAX and the EURO STOXX 50 to drop by a good 20 % within a few weeks. At times, a barrel of Brent Crude oil cost little over 30 USD, compared to 40 USD at the beginning of the year. The DAX fell to a low of 8,753 points on February 11, 2016.

However, global equities markets began to recover mid-quarter as market participants increasingly considered fears of a recession exaggerated. The brightening mood confirmed this view and drove further gains. The DAX closed the first quarter down 7.2 %, and the EURO STOXX 50 declined by 8.0 % from December 31, 2015. The Dow Jones Industrial rose by about 1.5 %.

The corporate bond market experienced a slightly positive overall trend in the first quarter of 2016. The iTraxx CrossOver (5 year maturity), an indicator of credit risk in the European high yield market, closed at 304 basis points on March 31, 2016 compared to 314 basis points on December 31, 2015. However, iTraxx volatility was similar to that of the DAX. The highest premium was charged in mid-February (487 basis points).

Schaeffler shares

Performance of Schaeffler shares
On March 31, 2016, the common non-voting shares of Schaeffler AG were quoted at EUR 14.13, approximately 13.0 % less than on December 31, 2015. This trend was approximately in line with that of the European Euro Stoxx Automobiles & Parts sector index, albeit weaker than the remaining indexes. The share price reached its high on January 05 (EUR 15.94) and its low on February 12 (EUR 12.25).

On March 31, 2016, Schaeffler AG's shares were up 7.5 % from their closing price on October 09, 2015 (EUR 13.15), Schaeffler's first day of trading, better than the key comparison index Euro Stoxx Automobiles & Parts (-2.3 %).

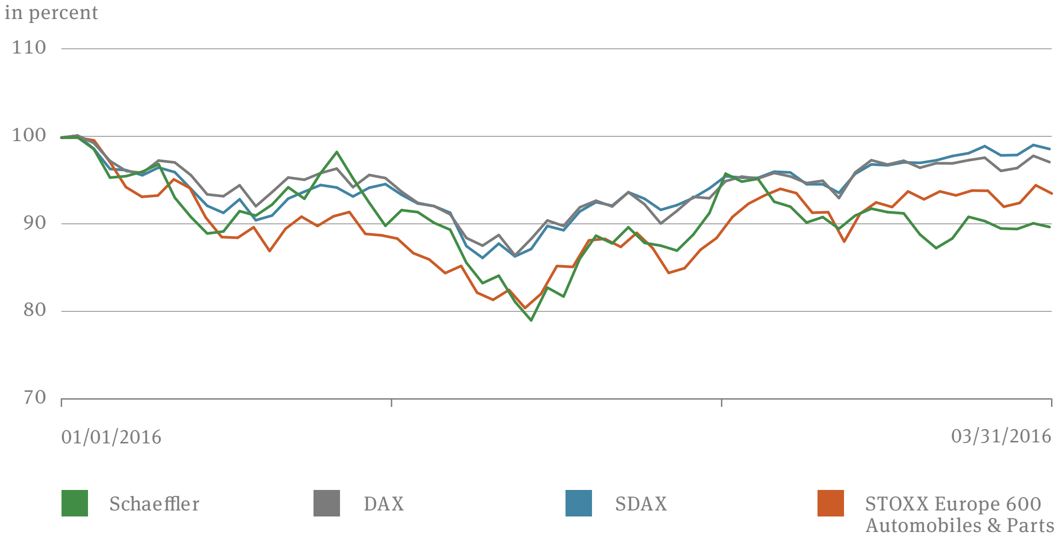
Placement of approximately 94.4 million common non-voting shares on April 05, 2016
On April 04, 2016, INA-Holding Schaeffler GmbH & Co. KG announced the sale of approximately 94.4 million common non-voting Schaeffler AG shares by Schaeffler Verwaltungs GmbH. A consortium of banks offered the shares to institutional investors in an accelerated offering. The placement price was set at EUR 13.10 per common non-voting share on April 05, 2016.

The transaction has raised the free float to 100 % of common non-voting shares and approximately 24.9 % of Schaeffler AG's total common and common non-voting share capital.

Annual general meeting passes resolution to pay a special dividend
Schaeffler AG's annual general meeting held on April 22, 2016 passed a resolution to pay a dividend of EUR 0.34 per common share and EUR 0.35 per common non-voting share to Schaeffler AG's shareholders for 2015. This represents a dividend of 28.9 % of net income attributable to shareholders before special items related to legal cases and restructuring. In addition, the company paid a special dividend for 2015 as previously suggested in connection with the listing. The special dividend amounted to EUR 0.15 per common share and common non-voting share.

Schaeffler AG intends to pay a dividend of 25 to 35 % of net income to its shareholders in the future. Both common and common non-voting shares carry dividend rights. Common non-voting shares carry a preferential right to profits consisting of a preferred dividend of EUR 0.01 per share.

Schaeffler share price



Schaeffler share performance (ISIN: DE000SHA0159)

	03/31/2016	Change in %
Schaeffler share (Xetra price in €)	14.13	-13.0
DAX	9,966	-7.2
SDAX	8,810	-3.2
STOXX Europe 600 Automobiles & Parts	502	-11.2

	1st three months	
Average number of shares	**2016**	**2015**
• Common shares	500,000,000	500,000,000
• Common non-voting shares	166,000,000	100,000,000
Earnings per share [1] (in €)		
• Common shares	0.38	0.25
• Common non-voting shares	0.38	0.42

[1] Earnings per share were calculated in accordance with IAS 33.

Schaeffler bonds

Performance of Schaeffler bonds
The Schaeffler Group has nine series of bonds outstanding at the end of March 2016, six of them denominated in EUR and three in USD. All of the bonds were issued by Schaeffler Finance B.V., Barneveld, Netherlands.

The Schaeffler Group had the following bonds outstanding at March 31, 2016:

Schaeffler Group bonds

ISIN	Currency	Face value in millions	Coupon	Maturity	Price in % [1] 03/31/2016	Price in % [1] 12/31/2015
XS0923613060	EUR	600	4.25 %	05/15/2018	101.77	102.18
XS1067864881 [2]	EUR	500	3.25 %	05/15/2019	101.77	101.51
XS1067862919	EUR	500	2.75 %	05/15/2019	101.60	101.29
XS1212469966	EUR	400	2.50 %	05/15/2020	102.07	100.98
US806261AJ29	USD	700	4.25 %	05/15/2021	102.00	99.94
US806261AE32	USD	850	4.75 %	05/15/2021	102.50	101.13
XS1067864022	EUR	500	3.50 %	05/15/2022	103.60	102.35
US806261AM57	USD	600	4.75 %	05/15/2023	102.06	98.94
XS1212470972	EUR	600	3.25 %	05/15/2025	102.23	97.52

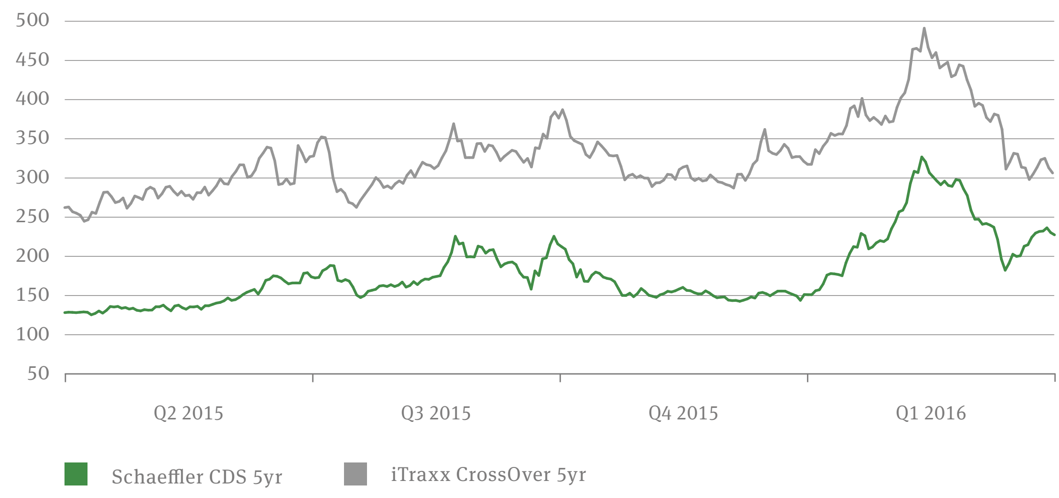
[1] Source: Bloomberg.
[2] Bond is unsecured.

Bond prices largely showed encouraging trends in the first quarter. The majority increased slightly in value, reducing the effective yield.

The premium for Schaeffler AG 5-year credit default swaps increased from 150 basis points at December 31, 2015 to 225 basis points as at March 31, 2016.

Credit default swap (CDS) price trend since the 2nd quarter of 2015

in percent (source: Bloomberg)



Schaeffler's ratings

The rating agency Standard & Poor's upgraded the Schaeffler Group's company rating to BB with a stable outlook on April 28, 2016, while the rating for the secured bonds was raised to BB and the rating for the unsecured bonds to B+. The Schaeffler Group's ratings by rating agency Moody's are unchanged from December 31, 2015. The following summary shows the Schaeffler Group's current ratings by the two rating agencies:

Schaeffler Group ratings

	Company		Bonds secured	Bond unsecured
Rating agency	Rating	Outlook	Rating	Rating
Standard & Poor's	BB	stable	BB	B+
Moody's	Ba2	stable	Ba2	B1

Group interim management report

Impact of currency translation/constant currency

Revenue and earnings figures at constant currency, i. e. excluding the impact of currency translation, are calculated by translating revenue and earnings using the same exchange rate for both the current and the prior year or comparison reporting period.

1. Report on the economic position

1.1 Economic environment

The reporting period saw the economy in some industrialized nations weaken and the challenging environment for many emerging and developing countries persist. In light of this, the global economic recovery continued with a once more slower and increasingly fragile momentum.

Compared to the prior year, global gross domestic product[1] grew by 2.8 % during the reporting period (Oxford Economics, April 2016). Europe region[2] gross domestic product increased by 2.8 %. The economy in the Americas region[2] stagnated, generating a growth rate of 0.6 %, while the Greater China region[2] expanded by 6.1 %. Asia/Pacific gross domestic product grew by 2.4 %.

In the currency markets, the Euro rose against the U.S. Dollar, the Chinese Renminbi, and the South Korean Won during the reporting period, closing at USD 1.14 on March 31, 2016 (December 31, 2015: USD 1.09; March 31, 2015: USD 1.08). However, the Euro weakened slightly against the Hungarian Forint and the Romanian Leu.

Global automobile production, measured as the number of vehicles up to six tons in weight produced, increased only slightly during the reporting period, growing by 0.9 % (IHS, April 2016). Automobile production in Schaeffler's Europe region was up by 2.1 %. While the United Kingdom and Italy generated double-digit growth rates, India's growth was disappointingly low. Automobile production in the Americas region stagnated during the reporting period, growing by only 0.1 %, since a very encouraging trend in the U.S. and Canada was offset by a decline in Mexico and especially in Brazil. Automobile production in the Greater China region increased by 4.0 % during the reporting period. In the Asia/Pacific region, automobile production fell by 4.2 % during the reporting period, with declines in all significant producing countries.

Worldwide industrial production only achieved a low growth rate during the first quarter of 2016 (Oxford Economics, March 2016), which was in line with expectations for the year 2016 as a whole. Growth in industrial production in the Europe region rose slightly. In the Americas region, industrial production declined below the prior year level, driven in particular by a further considerable contraction in Brazil. The Greater China region's industrial production was up significantly, while industrial production in the Asia/Pacific region was flat with the prior year level.

[1] For gross domestic product and industrial production, quarterly data are only available for selected representative countries and their aggregates. Furthermore, only preliminary projections are available for all indicators mentioned for the first quarter of 2016, including automobile production.
[2] Schaeffler Group region.

1.2 Course of business

Results of operations first quarter 2016

The Schaeffler Group's **revenue** for the first quarter of 2016 amounted to EUR 3,343 m (+0.1 %; prior year: EUR 3,339 m). Numerous currencies weakening against the Euro had an unfavorable effect on the company's revenue trend. Excluding the impact of currency translation, revenue rose by 2.4 %. The Automotive division contributed revenue growth of 5.0 % excluding the impact of currency translation. The Industrial division, on the other hand, reported a decline in first-quarter revenue of 5.5 % excluding the impact of translation.

The Schaeffler Group's **EBIT** declined by EUR 13 m or 3.0 % to EUR 421 m during the reporting period (prior year: EUR 434 m). The prior year included special items related to legal cases of EUR 7 m. Prior year EBIT adjusted for special items was EUR 441 m. Schaeffler's adjusted EBIT margin declined by 0.6 percentage points to 12.6 % (prior year: 13.2 %) due to the considerable sales-related margin decline in the Industrial division. Automotive, on the other hand, increased its EBIT margin to 14.4 %.

Free cash flow for the first quarter of 2016 amounted to EUR -112 m (prior year: EUR -60 m), due especially to the seasonal expansion of working capital. Cash flows from operating activities increased by EUR 22 to EUR 206 m (prior year: EUR 184 m), capital expenditures (capex) rose from EUR 244 m by EUR 74 m to EUR 318 m.

Return on average capital employed (ROCE) amounted to 18.5 % (prior year: 22.0 %). ROCE before special items was 22.1 %, slightly below the prior year (prior year: 22.8 %). The decrease is primarily due to higher production-related property, plant and equipment and the resulting increase in capital employed.

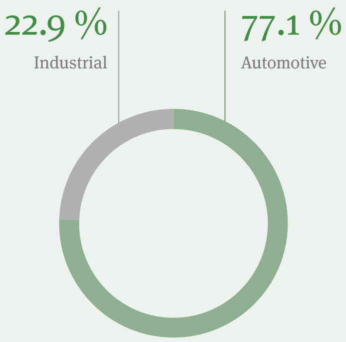
Major events first quarter 2016

At its meeting on March 11, 2016, Schaeffler AG's Supervisory Board appointed Matthias Zink, Global Head of the Transmission Systems business division, to the Board of Managing Directors of Schaeffler AG effective January 01, 2017. Matthias Zink will succeed Norbert Indlekofer, whose contract was not extended at his own request. Norbert Indlekofer will leave the company as at December 31, 2016 and will continue to perform his role as Co-CEO of the Automotive division until that time. The Supervisory Board also decided to extend the contract of Prof. Dr.-Ing. Peter Pleus, also Co-CEO of the Automotive division, by a further two years until December 31, 2018.

1.3 Earnings

Schaeffler Group earnings

Revenue EUR 3,343 m



EBIT before special items EUR 421 m

Positive group-level revenue trend continued: Revenue growth 2.4 % at constant currency // Revenue growth largely driven by higher volumes in Automotive // Increased R&D activities to create new technologies and innovations

Schaeffler Group earnings No. 001

in € millions	1st three months 2016	1st three months 2015	Change in %
Revenue	3,343	3,339	0.1
• at constant currency			2.4
Revenue by business division			
Automotive	2,576	2,515	2.4
• Share of revenue in %	77.1	75.3	
Industrial	767	824	-6.9
• Share of revenue in %	22.9	24.7	
Revenue by region 1)			
Europe	1,816	1,826	-0.5
• Share of revenue in %	54.3	54.7	
Americas	706	748	-5.6
• Share of revenue in %	21.1	22.4	
Greater China	476	451	5.5
• Share of revenue in %	14.2	13.5	
Asia/Pacific	345	314	9.9
• Share of revenue in %	10.4	9.4	
Cost of sales	-2,399	-2,398	0.0
Gross profit	944	941	0.3
Functional expenses 2)	-516	-502	2.8
Earnings before financial result and income taxes (EBIT)	421	434	-3.0
• in % of revenue	12.6	13.0	-
EBIT before special items 3)	421	441	-4.5
• in % of revenue	12.6	13.2	-
Financial result	-65	-176	-63.1
Income taxes	-100	-89	12.4
Net income 4)	253	167	51.5
Earnings per common non-voting share (basic/diluted, in €)	0.38	0.42	-9.5

1) Based on market (customer location).
2) Research and development, selling and administration.
3) EBIT before special items for legal cases and restructuring.
4) Attributable to shareholders of the parent company.

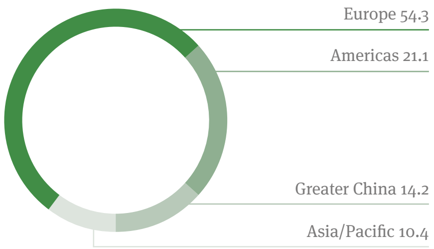
Revenue

EUR 3.3 bn

The Schaeffler Group generated EUR 3,343 m (+0.1 %; prior year: EUR 3,339 m) in revenue in the first quarter of 2016. Excluding the impact of currency translation, revenue grew by 2.4 %. The Automotive division contributed revenue growth of 5.0 % excluding the impact of translation, once again significantly exceeding global growth in the production of passenger cars and light commercial vehicles of 0.9 %. The Industrial division, on the other hand, reported a decline in first-quarter revenue of 5.5 % excluding the impact of translation.

Schaeffler Group revenue by region No. 002

in percent by market view



Trends in the four Schaeffler Group regions' revenue differed. Revenue in Schaeffler's Europe region was down slightly by 0.5 % (0.2 % at constant currency), with the added revenue in the Automotive division only partially offsetting the decline in Industrial division revenue. The Americas region reported a drop in revenue of 5.6 % (-0.1 % at constant currency), a reflection not only of the decline in the industrial business and the negative impact of currency translation, but also of Brazil's uncertain economic situation. The revenue trend in the Greater China and Asia/Pacific regions remained positive. Despite the negative impact of currency translation, these regions' revenue increased by 5.5 % (8.0 % at constant currency) and 9.9 % (13.4 % at constant currency), respectively, in both regions driven entirely by the Automotive division.

Cost of sales for the first quarter of 2016 amounted to EUR 2,399 m (prior year: EUR 2,398 m). Gross profit of EUR 944 m was in line with prior year (prior year: EUR 941 m). At 28.2 %, the company's gross margin was unchanged from prior year since cost increases, primarily due to collectively bargained wage increases, were offset by consistent cost improvements, a more profitable revenue mix, and lower raw materials costs.

Research and development expenses increased by 4.5 % to EUR 184 m (prior year: EUR 176 m) or 5.5 % (prior year: 5.3 %) of revenue during the reporting period. Besides cost increases due to inflation, the increase is primarily due to a focused increase in headcount in product and systems development.

Selling and administrative expenses increased by 1.8 % to EUR 332 m (prior year: EUR 326 m), largely driven by inflation. In addition, logistics expenses grew slightly, driven by higher volumes. Total functional costs rose by 2.8 % to EUR 516 m (prior year: EUR 502 m), growing to 15.4 % of revenue (prior year: 15.0 %).

EBIT margin before special items

12.6 %

EBIT fell by EUR 13 m or 3.0 % to EUR 421 m (prior year: EUR 434 m) during the reporting period. The Schaeffler Group's EBIT margin was 12.6 %. The prior year included the unfavorable earnings impact of a provision for legal cases in the amount of EUR 7 m. Excluding this special item, the company's prior year EBIT amounted to EUR 441 m and its prior year EBIT margin to 13.2 %. The decrease in EBIT margin was primarily attributable to gross profit remaining stable while functional costs increased.

The Schaeffler Group's financial result improved by EUR 111 m to EUR -65 m (prior year: EUR -176 m) in the first quarter of 2016.

Schaeffler Group financial result No. 003

	1st three months	
in € millions	2016	2015
Interest expense on financial debt 1)	-57	-275
Interest income on shareholder loans	19	17
Foreign exchange gains and losses	61	-252
Fair value changes and compensation payments on derivatives	-69	263
Fair value changes on embedded derivatives	-7	84
Interest income and expense on pensions and partial retirement obligations	-11	-11
Other	-1	-2
Total	**-65**	**-176**

1) Incl. transaction costs.

Interest expense on financial debt amounted to EUR 57 m in the first quarter of 2016 (prior year: EUR 275 m). The prior year amount includes a prepayment penalty of EUR 173 m for the early redemption of bonds.

Interest income on loans to shareholders was EUR 19 m (prior year: EUR 17 m).

Foreign exchange gains on financial assets and liabilities amounted to EUR 61 m (prior year: losses of EUR 252 m) and resulted primarily from translating financing instruments denominated in U.S. Dollar to Euro (see notes to the consolidated financial statements "Current and non-current financial debt"). The company has hedged this financial debt using cross-currency derivatives and reports the resulting offsetting impact of EUR -69 m (prior year: EUR 263 m) under fair value changes and compensation payments on derivatives.

Fair value changes on embedded derivatives, primarily prepayment options for external financing instruments, resulted in net losses of EUR 7 m (prior year: EUR 84 m).

Income tax expense amounted to EUR 100 m in the first quarter of 2016 (prior year: EUR 89 m), representing an effective tax rate of 28.1 % (prior year: 34.5 %) The prior year's effective tax rate was negatively affected by one-time items related to the refinancing transactions.

Net income attributable to shareholders of the parent company for the first quarter of 2016 was EUR 253 m (prior year: EUR 167 m).

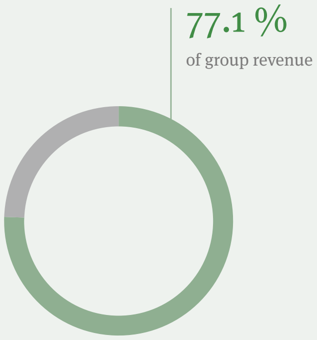
Basic and diluted earnings per common share for the first quarter increased to EUR 0.38 (prior year: EUR 0.25) in 2016. Basic and diluted earnings per common non-voting share amounted to EUR 0.38 (prior year: EUR 0.42). The number of shares used to calculate earnings per common share and earnings per common non-voting share was 500 million (prior year: 500 million) and 166 million (prior year: 100 million), respectively.[3]

[3] Earnings per share were calculated in accordance with IAS 33.

Automotive division

Revenue EUR 2,576 m

EBIT before special items EUR 372 m



Revenue growth outpaced increase in global automobile production // Above-average increase in Aftermarket revenue // Increased gross margin reflects profitable growth // Increased R&D activities to create new technologies and innovations

Automotive division earnings No. 004

in € millions	1st three months 2016	2015	Change in %
Revenue	**2,576**	**2,515**	**2.4**
• at constant currency			5.0
Revenue by business division			
BD Engine Systems	653	660	-1.1
• Share of revenue in %	25.3	26.2	
BD Transmission Systems	1,106	1,065	3.8
• Share of revenue in %	42.9	42.3	
BD Chassis Systems	385	377	2.1
• Share of revenue in %	14.9	15.0	
BD Automotive Aftermarket	432	413	4.6
• Share of revenue in %	16.8	16.4	
Revenue by region [1]			
Europe	1,358	1,356	0.1
• Share of revenue in %	52.7	53.9	
Americas	561	585	-4.1
• Share of revenue in %	21.8	23.3	
Greater China	384	338	13.6
• Share of revenue in %	14.9	13.4	
Asia/Pacific	273	236	15.7
• Share of revenue in %	10.6	9.4	
Cost of sales	-1,845	-1,825	1.1
Gross profit	731	690	5.9
EBIT	**372**	**343**	**8.5**
• in % of revenue	14.4	13.6	-
EBIT before special items [2]	**372**	**350**	**6.3**
• in % of revenue	14.4	13.9	-

Prior year information presented based on 2016 segment structure.
[1] Based on market (customer location).
[2] EBIT before special items for legal cases and restructuring.

Automotive division revenue increased by 2.4 % to EUR 2,576 m (prior year: EUR 2,515 m) in the first quarter of 2016. Excluding the impact of currency translation, the growth rate was 5.0 %. Global production volumes of passenger cars and light commercial vehicles increased by 0.9 % from the prior year comparison period. Thus, the Automotive division's business once more significantly outpaced the rise in global automobile production, primarily due to the increasing value of Schaeffler products installed per vehicle. From a regional perspective, it was primarily high demand in China and Japan that contributed to the additional revenue. The Aftermarket was also very successful.

Overall, revenue trends varied widely across market regions in the first quarter of 2016. The Europe region generated only 0.1 % in additional revenue (0.9 % at constant currency), less than the average growth in regional production volumes (2.1 %). This was primarily due to projects winding down that were not fully offset by start-ups. The Americas region reported a decline in revenue of 4.1 %, largely due to the unfavorable impact of currency translation. The region's revenue increased by 1.9 % at constant currency while automobile production remained flat with prior year. The division also expanded its revenue significantly in the Greater China region, generating additional revenue of 13.6 % (17.0 % at constant currency) while that region's vehicle production increased by 4.0 %. Revenue in the Asia/Pacific region was up 15.7 % (19.1 % at constant currency) with vehicle production there declining by 4.2 %.

The Automotive division business is organized in the Engine Systems, Transmission Systems, Chassis Systems, and Automotive Aftermarket business divisions (BD), each of which reported growing revenue at constant currency in the first quarter of 2016.

Revenue for the **BD Engine Systems** decreased by 1.1 %. However, excluding the impact of currency translation, revenue rose slightly by 0.3 %. This growth was primarily buoyed by the accessory drive and camshaft phasing units product groups. The innovative thermal management module which helps reduce fuel consumption and CO_2 emissions also generated considerable additional revenue. Revenue at constant currency for the valve train and timing drives product groups, on the other hand, was below that of the prior year comparison period.

Transmission Systems BD revenue rose by 3.8 % (6.2 % at constant currency), primarily driven by significant demand for components for automated transmissions, such as torque converters. In addition, the dual-mass flywheel product group also experienced a significant increase in volume.

The **Chassis Systems BD** generated revenue growth of 2.1 % (4.8 % at constant currency) mainly based on the solid performance of the newest generation of wheel bearings, highly integrated units containing mounting brackets for the brake disk, rim, and wheel carrier that ensure top running accuracy. Volume production of the electromechanical active roll control also considerably increased revenue in the chassis actuators product group.

The **Automotive Aftermarket BD** grew its revenue by 4.6 % (9.8 % at constant currency) in the first quarter of 2016. The increase was primarily due to higher sales in the Americas and Europe regions. Reasons for the additional revenue in Americas include increased requirements of automobile manufacturers (OES customers). Europe not only reported strong growth in Southern and Western Europe, but also generated considerable additional revenue in Eastern Europe. The main reason behind the higher revenue was increased market coverage as a result of an expanded customer base.

Cost of sales increased by 1.1 % to EUR 1,845 m in the first quarter of 2016 (prior year: EUR 1,825 m), growing slightly less than revenue. In total, the Automotive division improved its gross profit by EUR 41 m or 5.9 % to EUR 731 m (prior year: EUR 690 m). The division's gross margin of 28.4 % was ahead of the prior year comparison period (prior year: 27.4 %). The Automotive division is thus continuing its profitable growth, offsetting cost increases, primarily due to collectively bargained wage and salary increases, with consistent cost improvements and a more profitable revenue mix. Lower raw materials prices also had a positive effect on gross profit.

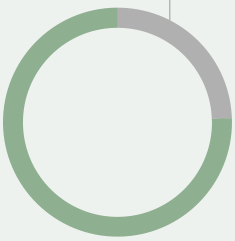
Functional costs increased by 3.2 % to EUR 353 m (prior year: EUR 342 m), rising slightly to 13.7 % of revenue (prior year: 13.6 %). The main driver of this increase was research and development expenses rising by 4.9 % to EUR 150 m (prior year: EUR 143 m) or 5.8 % (prior year: 5.7 %) of revenue, reflecting increased activities aimed at offering solutions for future mobility concepts for motor vehicles, ranging from chassis innovations and optimizing the classic drive train with an internal combustion engine as well as the transmission to hybrid solutions and electric mobility applications. In addition, selling and administrative expenses rose by 2.0 % to EUR 203 m (prior year: EUR 199 m). Besides cost increases due to inflation, the increase is primarily due to higher logistics expenses driven by higher volumes.

Automotive division EBIT grew by 8.5 % to EUR 372 m (prior year: EUR 343 m) during the reporting period, while its EBIT margin increased to 14.4 % (prior year: 13.6 %). Expenses for legal cases of EUR 7 m were recognized in the first quarter of 2015. Excluding this special item, prior year EBIT amounted to EUR 350 m or 13.9 % of revenue. The EBIT margin adjusted for special items thus improved by 0.5 percentage points primarily due to the improvement in gross profit.

Industrial division

Revenue EUR 767 m

EBIT before special items EUR 49 m



Revenue at constant currency decreased in all regions // Margin decline mainly driven by reduction in sales volumes and less profitable revenue mix

Industrial division earnings No. 005

in € millions	1st three months 2016	2015	Change in %
Revenue	**767**	**824**	**-6.9**
• at constant currency			-5.5
Revenue by region [1]			
Europe	458	470	-2.6
• Share of revenue in %	59.7	57.0	
Americas	145	163	-11.0
• Share of revenue in %	18.9	19.8	
Greater China	92	113	-18.6
• Share of revenue in %	12.0	13.7	
Asia/Pacific	72	78	-7.7
• Share of revenue in %	9.4	9.5	
Cost of sales	-554	-573	-3.3
Gross profit	213	251	-15.1
EBIT	**49**	**91**	**-46.2**
• in % of revenue	6.4	11.0	-
EBIT before special items [2]	**49**	**91**	**-46.2**
• in % of revenue	6.4	11.0	-

Prior year information presented based on 2016 segment structure.
[1] Based on market (customer location).
[2] EBIT before special items for legal cases and restructuring.

Industrial division revenue declined by 6.9 % to EUR 767 m (prior year: EUR 824 m) in the first quarter of 2016. Excluding the impact of currency translation, revenue declined by 5.5 %.

Until December 31, 2015, the Industrial division managed its business primarily using two global business divisions (BD) and their business units as profit centers: The Industrial Applications BD, which consisted of the OEM business in the industrial sector, and the Industrial Aftermarket BD, which represented the trading, spare parts, and service business. Since January 01, 2016, the Industrial business is primarily managed based on regions due to its broad customer and business structure. The Europe, Americas, Greater China, and Asia/Pacific regions operate as profit centers responsible for the Industrial business in their respective markets. Within the regions, the Industrial business is grouped into eight sector clusters: wind, raw materials, aerospace, rail, offroad, two wheelers, power transmission, and industrial automation. The realignment along sectors that include all Industrial customers of the OEM and MRO business is aimed at significantly increasing transparency in the Industrial division. The distribution business rounds out the Industrial division's business.

All regions experienced a decline in revenue from the prior year comparison period. Low commodities prices and the drastic drop in in oil prices combined with economic uncertainties had the effect of significantly restraining customers' investing activities, especially in the raw materials and power transmission sectors. Declining distribution business revenue also had a considerable effect on the division's revenue trend. However, the division's wind and two wheelers sectors generated double-digit growth rates.

Revenue in the **Europe region** was down slightly by 2.6 % (-1.9 % at constant currency). Revenue trends varied widely across individual sectors. Especially the persistently low commodities prices and related weakness in the oil, gas, mining, and steel industry reduced revenue in the raw materials and power transmission sectors. Rail sector and distribution business revenue was similarly considerably lower than in the prior year, partially due to customer-driven delays in purchases. In contrast, revenue increased in the aerospace, industrial automation, and offroad sectors, and the wind and two wheelers sectors reported double-digit revenue growth.

In the **Americas region**, revenue declined considerably by 11.0 % (-7.4 % at constant currency). The negative trend was primarily driven by double-digit declines in revenue in the raw materials, industrial automation, and power transmission sectors as well as in the distribution business. The offroad and rail sectors also reported revenue below the prior year level. Excluding the impact of currency translation, aerospace sector revenue rose slightly. The wind and two wheelers sectors experienced an encouraging trend, generating double-digit growth rates.

The **Greater China region** reported a significant drop in revenue of 18.6 % (-18.4 % at constant currency). Except for the wind and aerospace sectors, which reported double-digit growth, all sectors as well as the distribution business saw double-digit declines in revenue.

The decrease in revenue for the **Asia/Pacific region** by 7.7 % (-3.8 % at constant currency) is primarily attributable to the offroad sector.

Industrial division cost of sales declined by 3.3 % to EUR 554 m (prior year: EUR 573 m), falling less than revenue. As a result, gross profit declined by 15.1 % to EUR 213 m (prior year: EUR 251 m) and gross margin fell by 2.7 % to 27.8 % (prior year: 30.5 %). Lower volumes and a less profitable revenue mix contributed to these reductions.

Functional costs for the first quarter of 2016 increased by 1.9 % to EUR 163 m (prior year: EUR 160 m) or 21.3 % of revenue (prior year: 19.4 %). Research and development expenses increased by 3.0 % to EUR 34 m (prior year: EUR 33 m) in the reporting period and largely related to the fields of mechatronics, sensors, and digitalization. Selling and administrative expenses rose by 1.6 % to EUR 129 m (prior year: EUR 127 m).

Industrial division EBIT decreased to EUR 49 m (prior year: EUR 91 m) in the first quarter of 2016. The division's EBIT margin before special items dropped correspondingly to 6.4 % for the first quarter of 2016 (prior year: 11.0 %), following 7.8 % in the fourth quarter of 2015. The decline compared to the first quarter of 2015 was primarily attributable to lower volumes, a resulting lower utilization of production capacities, and an unfavorable impact of currency translation. The "CORE" program initiated last year has inherently not yet made a notable contribution this quarter.

Performance indicators and special items

In order to make the evaluation of the company's results of operations as transparent as possible, the Schaeffler Group reports EBIT, EBITDA, debt to EBITDA ratio, ROCE, and Schaeffler Value Added before special items. Special items are items whose nature, frequency and/or size may render the financial indicators less meaningful for evaluating the sustainability of the Schaeffler Group's profitability. In addition to presenting special items, the company also aims to make the evaluation of the company's results of operations as transparent as possible by presenting its revenue figures excluding the impact of currency translation. Revenue figures at constant currency, i. e. excluding the impact of translation, are calculated by translating functional currency revenue using the same exchange rate for both the current and the prior year or comparison reporting period. Please refer to pages 68 et seq. of the Schaeffler Group's annual report 2015 for a detailed discussion.

In the 2015 and 2016 reporting periods, special items relate primarily to issues in the categories legal cases and restructuring.

Reconciliation

No. 006

	Total		Automotive		Industrial	
					1st three months	
in € millions	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
EBIT	**421**	**434**	**372**	**343**	**49**	**91**
• in % of revenue	12.6	13.0	14.4	13.6	6.4	11.0
Special items						
Legal cases	0	7	0	7	0	0
Restructuring	0	0	0	0	0	0
EBIT before special items	**421**	**441**	**372**	**350**	**49**	**91**
• in % of revenue	12.6	13.2	14.4	13.9	6.4	11.0
EBITDA	**598**	**604**				
• in % of revenue	17.9	18.1				
Special items						
Legal cases	0	7				
Restructuring	0	0				
EBITDA before special items	**598**	**611**				
• in % of revenue	17.9	18.3				
Net financial debt (03/31)	4,909	6,190				
/ EBITDA [2]	2,090	2,204				
Debt to EBITDA ratio (03/31)	**2.3**	**2.8**				
Net financial debt (03/31)	4,909	6,190				
/ EBITDA before special items [2]	2,357	2,261				
Debt to EBITDA ratio before special items (03/31)	**2.1**	**2.7**				
EBIT [2]	1,389	1,539				
/ Average capital employed [2]	7,496	6,999				
ROCE (in %) [1]	**18.5**	**22.0**				
EBIT before special items [2]	1,656	1,596				
/ Average capital employed [2]	7,496	6,999				
ROCE before special items (in %) [1]	**22.1**	**22.8**				
EBIT	421	434				
• Cost of capital	193	188				
Schaeffler Value Added	**228**	**246**				
EBIT before special items	421	441				
• Cost of capital	193	188				
Schaeffler Value Added before special items	**228**	**253**				

[1] EBIT in relation to average capital employed (property, plant and equipment + intangible assets + working capital).
[2] Based on the last twelve months.

1.4 Financial position

Cash flow and liquidity

The Schaeffler Group generated cash flows from operating activities of EUR 206 m (prior year: EUR 184 m) in the first quarter of 2016.

Cash flow No. 007

	1st three months		
in € millions	**2016**	**2015**	Change in %
Cash flows from operating activities	206	184	12.0
Cash used in investing activities	-318	-244	30.3
Free cash flow	**-112**	**-60**	**86.7**
Cash provided by financing activities	14	8	75.0
Net increase (decrease) in cash and cash equivalents	**-98**	**-52**	**88.5**
Effects of foreign exchange rate changes on cash and cash equivalents	-8	25	-
Cash and cash equivalents as at beginning of period	799	636	25.6
Cash and cash equivalents	**693**	**609**	**13.8**

The increase in cash flows from operating activities by EUR 22 to EUR 206 m was primarily due to lower interest payments of EUR 35 m (prior year: EUR 75 m), partially offset by higher tax payments of EUR 99 m (prior year: EUR 85 m). Cash outflows of EUR 250 m (prior year: EUR 246 m) related to expanding working capital were in line with the prior year period.

Capital expenditures on property, plant and equipment and intangible assets amounted to EUR 318 m (prior year: EUR 244 m) in the first quarter of 2016. The capex ratio for intangible assets and property, plant and equipment for the first quarter of 2016 was 9.5 % (prior year: 7.3 %) of revenue. The increase in investing activities is designed to facilitate future growth.

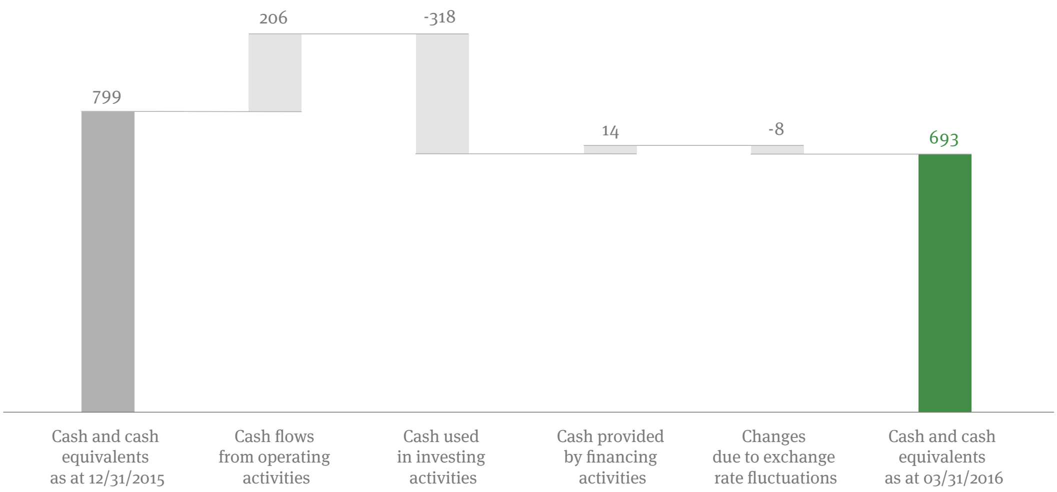
These developments resulted in negative free cash flow of EUR 112 m (prior year: EUR -60 m) for the first quarter of 2016.

EUR 14 m in cash was provided by financing activities (prior year: EUR 8 m) during the reporting period.

Cash and cash equivalents decreased by EUR 106 m to EUR 693 m as at March 31, 2016 (December 31, 2015: EUR 799 m).

Change in cash and cash equivalents No. 008

in € millions



At March 31, 2016, cash and cash equivalents amounted to EUR 693 m (December 31, 2015: EUR 799 m) and consisted primarily of bank balances. EUR 189 m (December 31, 2015: EUR 198 m) of this amount related to countries with foreign exchange restrictions and other legal restrictions. In addition, the Schaeffler Group has a revolving line of credit of EUR 1.0 bn (December 31, 2015: EUR 1.0 bn), of which EUR 13 m (December 31, 2015: EUR 24 m) were utilized at March 31, 2016, primarily in the form of letters of credit.

Capital expenditures

Capital expenditures by region (capex) No. 009

	in € millions	Δ in %
Europe	**193**	38.8
	139	
Americas	**37**	42.3
	26	
Greater China	**75**	25.0
	60	
Asia/ Pacific	**13**	-31.6
	19	
World	**318**	30.3
	244	

Q1 2016 Q1 2015

Regions reflect the regional structure of the Schaeffler Group.

The Schaeffler Group made capital expenditures on property, plant and equipment and intangible assets (capex) of EUR 318 m (prior year: EUR 244 m) in the first quarter of 2016. The capex ratio was 9.5 % (prior year: 7.3 %) of consolidated revenue in the first quarter of 2016.

EUR 193 m and EUR 75 m of the EUR 318 m in total capital expenditures were made in the Europe and Greater China regions, respectively. In order to strengthen its competitive position, the Schaeffler Group primarily invested in expanding capacity and in new product start-ups. Approximately EUR 37 m and EUR 13 m of total capital expenditures were made in the Americas and Asia/Pacific regions, respectively.

In terms of additions to intangible assets and property, plant and equipment, approximately 38 % of the total volume were made to expand capacity while approximately 32 % were invested in new product start-ups. Further additions to intangible assets and property, plant and equipment were made to replace plants (approx. 15 %) and expand functionalities (approx. 11 %) as well as for rationalization measures (approx. 4 %).

Additions to intangible assets and property, plant and equipment primarily related to the Automotive division. In the first quarter of 2016, the Automotive division accounted for approx. 80 % of total additions.

Additions to intangible assets and property, plant and equipment as a percentage of consolidated revenue amounted to 6.5 % (prior year: 5.6 %). Amortization and depreciation as a percentage of consolidated revenue was 5.3 % (prior year: 5.1 %) in the first quarter of 2016.

Financial debt

Net financial debt increased by EUR 20 m to EUR 4,909 m (December 31, 2015: EUR 4,889 m) in the first quarter of 2016.

The debt to EBITDA ratio, defined as the ratio of net financial debt to earnings before financial result, income taxes, depreciation and amortization and impairment losses (EBITDA), amounted to 2.3 at March 31, 2016 (December 31, 2015: 2.3). Excluding special items related to legal cases and restructurings, the net debt to EBITDA ratio is 2.1 (December 31, 2015: 2.1).

Net financial debt No. 010

in € millions	03/31/2016	12/31/2015	Change in %
Bonds	4,963	5,048	-1.7
Loan tranches Facilities Agreement	616	632	-2.5
Other financial debt	23	8	> 100
Total financial debt	**5,602**	**5,688**	**-1.5**
Cash and cash equivalents	693	799	-13.3
Net financial debt	**4,909**	**4,889**	**0.4**

In previous years, the Schaeffler Group has taken extensive measures to refinance its existing financial liabilities. These transactions have diversified the Group's financing resources, extended the maturity profile of its debt, and lowered its borrowing cost. No refinancing transactions occurred in the first quarter of 2016.

The Facilities Agreement consists of the following loan tranches at March 31, 2016:

Facilities Agreement loan tranches No. 011

		03/31/2016	12/31/2015	03/31/2016	12/31/2015	03/31/2016	12/31/2015	
Tranche	Currency	Face value in millions		Carrying amount in € millions		Coupon		Maturity
Senior Term Loan B	EUR	250	250	251	251	Euribor + 3.50 % 1)	Euribor + 3.50 % 1)	05/15/2020
Senior Term Loan B	USD	440	440	376	392	Libor + 3.50 % 2)	Libor + 3.50 % 2)	05/15/2020
Revolving Credit Facility 3)	EUR	1,000	1,000	-11	-11	Euribor + 2.6875 % 4)	Euribor + 2.6875 % 4)	10/27/2019
Total				**616**	**632**			

1) Euribor floor of 0.75 %.
2) Libor floor of 0.75 %.
3) EUR 13 m (December 31, 2015: EUR 24 m) were drawn down as at March 31, 2016, primarily in the form of letters of credit.
4) Since October 16, 2015.

The following bonds issued by Schaeffler Finance B.V., Barneveld, Netherlands, were outstanding as at March 31, 2016:

Schaeffler Group bonds

No. 012

ISIN	Currency	Face value in millions 03/31/2016	Face value in millions 12/31/2015	Carrying amount in € millions 03/31/2016	Carrying amount in € millions 12/31/2015	Coupon	Maturity
XS0923613060	EUR	600	600	598	597	4.25 %	05/15/2018
XS1067864881 [1)]	EUR	500	500	497	497	3.25 %	05/15/2019
XS1067862919	EUR	500	500	497	497	2.75 %	05/15/2019
XS1212469966	EUR	400	400	396	396	2.50 %	05/15/2020
US806261AJ29	USD	700	700	610	637	4.25 %	05/15/2021
US806261AE32	USD	850	850	743	777	4.75 %	05/15/2021
XS1067864022	EUR	500	500	499	499	3.50 %	05/15/2022
US806261AM57	USD	600	600	528	553	4.75 %	05/15/2023
XS1212470972	EUR	600	600	595	595	3.25 %	05/15/2025
Total				**4,963**	**5,048**		

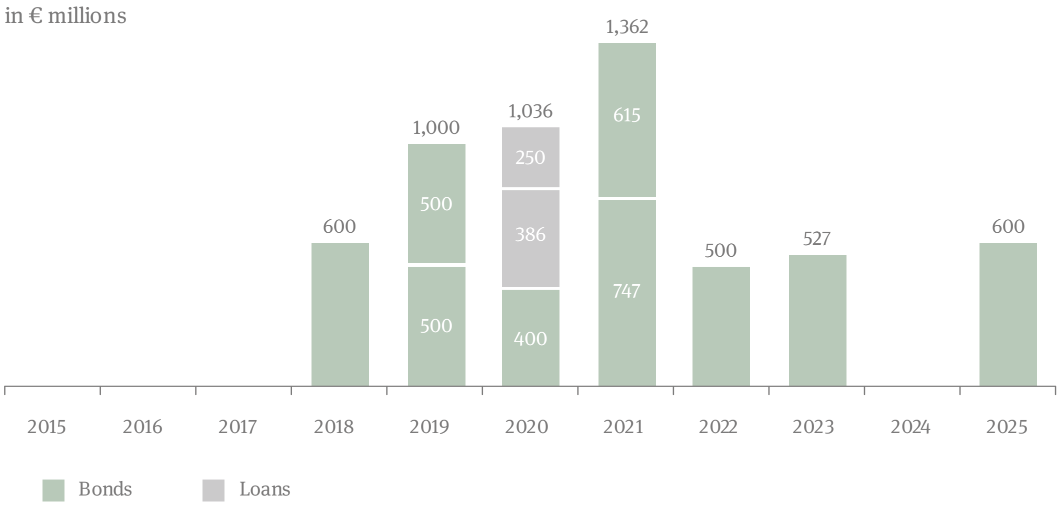
[1)] Bond is unsecured.

The Schaeffler bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

The company's maturity profile, which consists of the two institutional loan tranches and the bonds issued by Schaeffler Finance B.V., Barneveld, Netherlands, was as follows as at March 31, 2016:

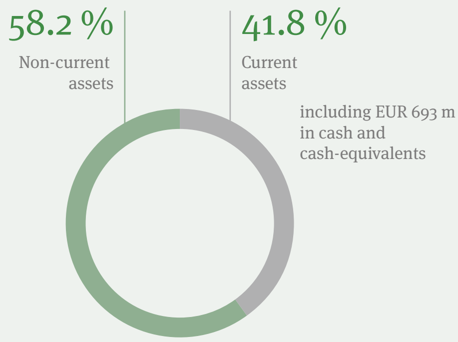
Maturity profile (principal outstanding as at March 31, 2016)

No. 013



1.5 Net assets and capital structure position

Assets

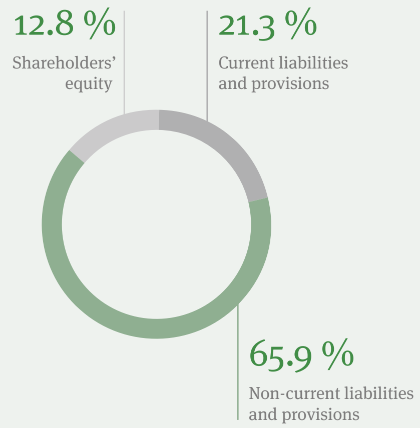


Property, plant and equipment down despite high additions // Increase in deferred tax assets on pension obligations due to lower discount rate // Higher inventories and trade receivables due to business growth

Asset structure No. 014

in € millions	03/31/2016	12/31/2015	Change in %
Intangible assets	587	589	-0.3
Property, plant and equipment	4,159	4,180	-0.5
Other financial assets	1,993	2,123	-6.1
Other assets	52	57	-8.8
Income tax receivables	4	4	0.0
Deferred tax assets	544	485	12.2
Total non-current assets	**7,339**	**7,438**	**-1.3**
Inventories	1,861	1,812	2.7
Trade receivables	2,215	2,023	9.5
Other financial assets	194	123	57.7
Other assets	230	211	9.0
Income tax receivables	75	74	1.4
Cash and cash equivalents	693	799	-13.3
Total current assets	**5,268**	**5,042**	**4.5**
Total assets	**12,607**	**12,480**	**1.0**

Shareholders' equity and liabilities



Shareholders' equity improved slightly by net income // Decrease in financial debt due to impact of currency translation on financial debt denominated in U.S. Dollar // Change in discount rate results in increase in provisions for pensions and similar obligations

Capital structure No. 015

in € millions	03/31/2016	12/31/2015	Change in %
Total shareholders' equity	**1,609**	**1,568**	**2.6**
Provisions for pensions and similar obligations	2,187	1,942	12.6
Provisions	185	182	1.6
Financial debt	5,584	5,685	-1.8
Income tax payables	215	210	2.4
Other financial liabilities	9	12	-25.0
Other liabilities	5	6	-16.7
Deferred tax liabilities	121	107	13.1
Total non-current liabilities	**8,306**	**8,144**	**2.0**
Provisions	396	431	-8.1
Financial debt	18	3	> 100
Trade payables	1,336	1,405	-4.9
Income tax payables	102	112	-8.9
Other financial liabilities	459	512	-10.4
Other liabilities	381	305	24.9
Total current liabilities	**2,692**	**2,768**	**-2.7**
Total shareholders' equity and liabilities	**12,607**	**12,480**	**1.0**

Assets

The Schaeffler Group's total assets increased by EUR 127 m or 1.0 % to EUR 12,607 m as at March 31, 2016 (December 31, 2015: EUR 12,480 m).

Property, plant and equipment decreased by EUR 21 m to EUR 4,159 m (December 31, 2015: EUR 4,180 m). Additions of EUR 210 m compared to EUR 169 m in depreciation. The impact of currency translation of EUR 60 m reduced property, plant and equipment.

Non-current other financial assets declined by EUR 130 m to EUR 1,993 m as at March 31, 2016 (December 31, 2015: EUR 2,123 m). They largely consist of EUR 1,773 m in loans receivable from the company's shareholder Schaeffler Verwaltung Zwei GmbH and non-current derivative financial assets of EUR 182 m. The decrease is primarily the result of derivatives due in January 2017 that are held to hedge the bonds denominated in U.S. Dollars being reclassified to current other financial assets. Unfavorable changes in the fair value of non-current derivatives also contributed to the reduction in other financial assets.

Deferred tax assets increased by EUR 59 m to EUR 544 m (December 31, 2015: EUR 485 m). The increase is mainly attributable to an increase in deferred tax assets on pension obligations due to a reduction in the discount rate compared to December 31, 2015.

The increases in inventories of EUR 49 m and in trade receivables of EUR 192 m are primarily due to business growth generated in the first quarter of 2016. The increases in inventories and trade receivables were partially offset by the impact of currency translation.

Other current financial assets increased by EUR 71 m to EUR 194 m (December 31, 2015: EUR 123 m), largely as a result of the impact of the reclassification from non-current other financial assets described above. Favorable changes in the fair value of derivatives hedging currency risk from operations also increased other financial assets.

Cash and cash equivalents decreased by EUR 106 m to EUR 693 m at March 31, 2016 (December 31, 2015: EUR 799 m) (see "Cash flow", page 22).

Shareholders' equity and liabilities

The Schaeffler Group's shareholders' equity (including non-controlling interests) increased by EUR 41 m to EUR 1,609 m as at March 31, 2016 (December 31, 2015 : EUR 1,568 m). Net income of EUR 256 m increased shareholders' equity and was partially offset by other comprehensive loss of EUR 215 m (December 31, 2015: loss of EUR 9 m). Net other comprehensive loss consists primarily of the impact of translating the net assets of foreign group companies (EUR -56 m) and the effect of remeasuring pension obligations and similar obligations (EUR -175 m), partially offset by the impact of cash flow hedges (EUR 16 m). The equity ratio was 12.8 % at March 31, 2016 (December 31, 2015: 12.6 %).

Provisions for pensions and similar obligations increased by EUR 245 m to EUR 2,187 m (December 31, 2015: EUR 1,942 m) mainly as a result of the reduction in the discount rate for the company's pension obligations compared to December 31, 2015. The Schaeffler Group's average discount rate as at March 31, 2016 amounted to 2.1 % (December 31, 2015: 2.6 %).

Non-current financial debt decreased by EUR 101 m to EUR 5,584 m (December 31, 2015: EUR 5,685 m), primarily due to the impact of translating the financial debt denominated in U.S. Dollar to Euro.

Current provisions declined by EUR 35 m to EUR 396 m compared to December 31, 2015 (December 31, 2015: EUR 431 m).

Trade payables decreased by EUR 69 m to EUR 1,336 m in the first quarter of 2016 (December 31, 2015: EUR 1,405 m), mainly due to the impact of currency translation.

The decline in other current liabilities by EUR 53 m to EUR 459 m (December 31, 2015: EUR 512 m) resulted primarily from a reduction in accrued selling expenses and in amounts payable to staff for profit sharing.

The increase in other current liabilities by EUR 76 m to EUR 381 m (December 31, 2015: EUR 305 m) resulted primarily from accrued vacation and overtime accounts due to employees.

2. Supplementary report

On April 05, 2016, Schaeffler Verwaltungs GmbH sold its remaining holding of common non-voting Schaeffler AG shares, a total of 94.4 million shares. As a result, all of Schaeffler AG's common non-voting bearer shares are now widely held. The placement of these shares has increased the free float from approximately 10.8 % to approximately 24.9 % of Schaeffler AG's total common and common non-voting share capital.

Schaeffler AG's annual general meeting held on April 22, 2016 passed a resolution to pay a dividend of EUR 0.34 per common share and EUR 0.35 per common non-voting share to Schaeffler AG's shareholders for 2015. In addition, the company paid a special dividend for 2015 as previously suggested in connection with the listing. The special dividend amounted to EUR 0.15 per common share and common non-voting share.

The rating agency Standard & Poor's upgraded the Schaeffler Group's company rating to BB with a stable outlook on April 28, 2016, while the rating for the secured bonds was raised to BB and the rating for the unsecured bonds to B+.

No other material events expected to have a significant impact on the results of operations, financial position, or net assets of the Schaeffler Group occurred after March 31, 2016.

3. Report on opportunities and risks

Please refer to pages 93 et seq. of the Schaeffler Group's annual report 2015 for a discussion of Schaeffler's risk management system and potential opportunities and risks. The statements made in the annual report 2015 regarding the opportunities and risks are largely unchanged.

Current and future investigations regarding violations of antitrust law could have an adverse impact on the net assets, financial position, and results of operations of the Schaeffler Group as well as on its reputation. Possible payment obligations in connection with these investigations and proceedings may result in cash outflows. A Schaeffler Group company continues to be subject to an antitrust investigation in Brazil. The Schaeffler Group has received a request from the antitrust authorities in India. In addition, a local subsidiary in Korea is subject to legal proceedings, as well. The Schaeffler Group cooperates with the investigating authorities as a matter of principle. The imposition of penalties cannot be ruled out. The Schaeffler Group has recognized appropriate provisions. In Spain and Korea, the company has appealed judgments imposing penalties.

In addition, claims for damages have been filed against Schaeffler Group companies as a result of antitrust proceedings. The Schaeffler Group has recognized appropriate provisions for these claims.

The Schaeffler Group's risks are limited, both individually and in combination with other risks, and, according to current estimates, do not jeopardize the continued existence of the company.

4. Report on expected developments

4.1 Expected economic and sales market trends

In its latest forecast (April 2016), the International Monetary Fund (IMF) expects the global economy to grow by 3.2 % this year, while Oxford Economics (April 2016) anticipates an expansion of 3.0 %. In light of these forecasts, the Schaeffler Group continues to believe that the global economy will grow by approximately 3 % in 2016.

The following risk factors regarding the future development of the global economy have since emerged in addition to the uncertainties discussed in the 2015 annual report. For instance, the U.S. economy has recently unexpectedly lost momentum. Although this country's economy still has a solid foundation in its domestic economy, it cannot be ruled out that it will cool more extensively than currently expected. Should the United Kingdom leave the European Union ("Brexit"), this would disrupt established trade relations and flows of funds, potentially causing massive damage to the regional and global economy.

The current forecast of automobile and industrial production does not contain any significant changes compared to the forecasts in the 2015 annual report. Therefore, the Schaeffler Group continues to anticipate that automobile production will grow by approximately 2 % in 2016, while slight growth is still expected for industrial production.

4.2 Schaeffler Group outlook

Outlook 2016 Nr. 016

	Outlook 2016	Actual Q1 2016
Revenue growth in % compared with prior year (at constant currency)	3 to 5 %	2.4 %
EBIT margin (before special items)	12 to 13 %	12.6 %
Free cash flow	approx. EUR 600 m	EUR -112 m

The Schaeffler Group continues to expect its revenue to grow by 3 to 5 % excluding the impact of currency translation in 2016. This outlook is based on the assumption that global automobile production will expand by approximately 2 % and worldwide industrial production will grow slightly.

Based on these considerations, the company continues to expect to generate an EBIT margin before special items[4] of 12 to 13 %.

The Schaeffler Group still expects approximately EUR 600 m in free cash flow for 2016.

Herzogenaurach, May 02, 2016

The Board of Managing Directors

[4] Please refer to page 20 et seq. for details of special items.

Consolidated interim financial statements

1. Consolidated income statement

No. 017

	1st three months		
in € millions	**2016**	**2015**	Change in %
Revenue	3,343	3,339	0.1
Cost of sales	-2,399	-2,398	0.0
Gross profit	**944**	**941**	**0.3**
Research and development expenses	-184	-176	4.5
Selling expenses	-222	-220	0.9
Administrative expenses	-110	-106	3.8
Other income	4	16	-75.0
Other expenses	-11	-21	-47.6
Earnings before financial result and income taxes (EBIT)	**421**	**434**	**-3.0**
Financial income	102	366	-72.1
Financial expenses	-167	-542	-69.2
Financial result	**-65**	**-176**	**-63.1**
Earnings before income taxes	**356**	**258**	**38.0**
Income taxes	-100	-89	12.4
Net income	**256**	**169**	**51.5**
Attributable to shareholders of the parent company	253	167	51.5
Attributable to non-controlling interests	3	2	50.0
Earnings per common share (basic/diluted, in €)	0.38	0.25	52.0
Earnings per common non-voting share (basic/diluted, in €)	0.38	0.42	-9.5

2. Consolidated statement of comprehensive income

No. 018

	1st three months					
			2016			2015
in € millions	before taxes	taxes	after taxes	before taxes	taxes	after taxes
Net income	**356**	**-100**	**256**	**258**	**-89**	**169**
Foreign currency translation differences for foreign operations	-78	0	-78	297	0	297
Net change from hedges of net investments in foreign operations	32	-9	23	-100	28	-72
Effective portion of changes in fair value of cash flow hedges	21	-6	15	-20	7	-13
Net change in fair value of available-for-sale financial assets	0	0	0	1	0	1
Total other comprehensive income (loss) that may be reclassified subsequently to profit or loss	**-25**	**-15**	**-40**	**178**	**35**	**213**
Remeasurement of net defined benefit liability	-245	70	-175	-302	80	-222
Total other comprehensive income (loss) that will not be reclassified to profit or loss	**-245**	**70**	**-175**	**-302**	**80**	**-222**
Total other comprehensive income (loss)	**-270**	**55**	**-215**	**-124**	**115**	**-9**
Total comprehensive income (loss) for the period	**86**	**-45**	**41**	**134**	**26**	**160**
Total comprehensive income (loss) attributable to shareholders of the parent company	85	-43	42	121	27	148
Total comprehensive income (loss) attributable to non-controlling interests	1	-2	-1	13	-1	12

3. Consolidated statement of financial position

No. 019

in € millions	03/31/2016	12/31/2015	03/31/2015	Change in %
ASSETS				
Intangible assets	587	589	563	-0.3
Property, plant and equipment	4,159	4,180	3,950	-0.5
Other financial assets	1,993	2,123	2,330	-6.1
Other assets	52	57	49	-8.8
Income tax receivables	4	4	8	0.0
Deferred tax assets	544	485	591	12.2
Total non-current assets	**7,339**	**7,438**	**7,491**	**-1.3**
Inventories	1,861	1,812	1,822	2.7
Trade receivables	2,215	2,023	2,282	9.5
Other financial assets	194	123	380	57.7
Other assets	230	211	204	9.0
Income tax receivables	75	74	56	1.4
Cash and cash equivalents	693	799	609	-13.3
Total current assets	**5,268**	**5,042**	**5,353**	**4.5**
Total assets	**12,607**	**12,480**	**12,844**	**1.0**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	666	666	600	0.0
Capital reserves	2,348	2,348	1,600	0.0
Other reserves	-682	-935	-1,109	-27.1
Accumulated other comprehensive income (loss)	-810	-599	-756	35.2
Equity attributable to shareholders of the parent company	**1,522**	**1,480**	**335**	**2.8**
Non-controlling interests	87	88	83	-1.1
Total shareholders' equity	**1,609**	**1,568**	**418**	**2.6**
Provisions for pensions and similar obligations	2,187	1,942	2,304	12.6
Provisions	185	182	75	1.6
Financial debt	5,584	5,685	5,433	-1.8
Income tax payables	215	210	248	2.4
Other financial liabilities	9	12	12	-25.0
Other liabilities	5	6	7	-16.7
Deferred tax liabilities	121	107	94	13.1
Total non-current liabilities	**8,306**	**8,144**	**8,173**	**2.0**
Provisions	396	431	265	-8.1
Financial debt	18	3	1,366	> 100
Trade payables	1,336	1,405	1,284	-4.9
Income tax payables	102	112	186	-8.9
Other financial liabilities	459	512	760	-10.4
Other liabilities	381	305	392	24.9
Total current liabilities	**2,692**	**2,768**	**4,253**	**-2.7**
Total shareholders' equity and liabilities	**12,607**	**12,480**	**12,844**	**1.0**

4. Consolidated statement of cash flows

No. 020

	1st three months		
in € millions	**2016**	**2015**	Change in %
Operating activities			
EBIT	421	434	-3.0
Interest paid	-35	-75	-53.3
Interest received	3	2	50.0
Income taxes paid	-99	-85	16.5
Depreciation, amortization and impairments	177	170	4.1
Gains/losses on disposal of assets	1	1	0.0
Changes in:			
• Inventories	-76	-14	> 100
• Trade receivables	-226	-269	-16.0
• Trade payables	52	37	40.5
• Provisions for pensions and similar obligations	-8	-6	33.3
• Other assets, liabilities and provisions	-4	-11	-63.6
Cash flows from operating activities [1]	**206**	**184**	**12.0**
Investing activities			
Proceeds from disposals of property, plant and equipment	1	1	0.0
Capital expenditures on intangible assets	-5	-7	-28.6
Capital expenditures on property, plant and equipment	-313	-237	32.1
Other investing activities	-1	-1	0.0
Cash used in investing activities	**-318**	**-244**	**30.3**
Financing activities			
Receipts from loans	15	8	87.5
Repayments of loans	-1	0	-
Cash provided by financing activities	**14**	**8**	**75.0**
Net increase (decrease) in cash and cash equivalents	**-98**	**-52**	**88.5**
Effects of foreign exchange rate changes on cash and cash equivalents	-8	25	-
Cash and cash equivalents as at beginning of period	799	636	25.6
Cash and cash equivalents as at end of period	**693**	**609**	**13.8**

[1] Excluding interest payments, cash flows from operating activities for the period from 01/01 to 03/31/2016 amount to EUR 241 m (prior year: EUR 259 m).

5. Consolidated statement of changes in equity

No. 021

in € millions	Share capital	Capital Reserves	Other Reserves	Accumulated other comprehensive income (loss): Translation reserve	Hedging reserve	Fair value reserve	Defined benefit plan remea-surement reserve	Subtotal	Non-controlling interests	Total
Balance as at January 01, 2015	**600**	**1,600**	**-1,276**	**-109**	**-75**	**1**	**-554**	**187**	**71**	**258**
Net income			167					167	2	169
Other comprehensive income (loss)				215	-13	1	-222	-19	10	-9
Total comprehensive income (loss) for the period	**0**	**0**	**167**	**215**	**-13**	**1**	**-222**	**148**	**12**	**160**
Balance as at March 31, 2015	**600**	**1,600**	**-1,109**	**106**	**-88**	**2**	**-776**	**335**	**83**	**418**
Balance as at January 01, 2016	**666**	**2,348**	**-935**	**-79**	**-29**	**0**	**-491**	**1,480**	**88**	**1,568**
Net income			253					253	3	256
Other comprehensive income (loss)				-52	16	0	-175	-211	-4	-215
Total comprehensive income (loss) for the period	**0**	**0**	**253**	**-52**	**16**	**0**	**-175**	**42**	**-1**	**41**
Balance as at March 31, 2016	**666**	**2,348**	**-682**	**-131**	**-13**	**0**	**-666**	**1,522**	**87**	**1,609**

6. Consolidated segment information

(Part of the condensed notes to the consolidated financial statements)

No. 022

	Automotive		Industrial		Total	
	1st three months		1st three months		1st three months	
in € millions	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue	2,576	2,515	767	824	3,343	3,339
Cost of sales	-1,845	-1,825	-554	-573	-2,399	-2,398
Gross profit	731	690	213	251	944	941
EBIT	372	343	49	91	421	434
• in % of revenue	14.4	13.6	6.4	11.0	12.6	13.0
Depreciation, amortization and impairments	129	121	48	49	177	170
Inventories 1)	1,182	1,151	679	671	1,861	1,822
Trade receivables 1)	1,712	1,706	503	576	2,215	2,282
Property, plant and equipment 1)	3,102	2,920	1,057	1,030	4,159	3,950
Additions to intangible assets and property, plant and equipment	174	157	43	30	217	187

Prior year information presented based on 2016 segment structure.
1) Amounts as at March 31.

7. Condensed notes to the consolidated financial statements

Reporting entity

Schaeffler AG, Herzogenaurach, is a publicly listed corporation domiciled in Germany with its registered office located at Industriestraße 1–3, 91074 Herzogenaurach. The company was founded on April 19, 1982 and is registered in the Commercial Register of the Fürth Local Court (HRB No. 14738). The condensed consolidated financial statements of Schaeffler AG as at March 31, 2016 comprise Schaeffler AG and its subsidiaries, investments in associated companies, and joint ventures (together referred to as "Schaeffler" or "Schaeffler Group"). The Schaeffler Group is a leading integrated global supplier to the automotive and industrial sectors.

Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union and effective at the end of the reporting period and in accordance with the Interpretations by the IFRS Interpretations Committee (IFRIC).

The consolidated interim financial statements of Schaeffler AG, Herzogenaurach, for the reporting period ended March 31, 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all information necessary for a complete set of consolidated financial statements.

The accounting policies used in these consolidated interim financial statements are largely based on the accounting policies used in the 2015 consolidated financial statements, where the latter are discussed in detail. Except as described below, these accounting policies have been applied consistently in these consolidated interim financial statements.

In the past, customer payments for development services were presented in the consolidated income statement as service revenue. Starting in 2016, these customer payments are netted against the related development costs and reported under research and development expenses in the consolidated income statement. Comparative 2015 figures for revenue (decrease of EUR 6 m) and research and development expenses (decrease of EUR 6 m) were adjusted retrospectively. The change is designed to bring the presentation in line with common industry practice.

The amendments to and new requirements of IFRS effective starting in 2016 do not have a significant impact on these consolidated interim financial statements.

In the preparation of financial statements in accordance with IFRS, management exercises judgment in making estimates and assumptions. Such estimates and judgments are unchanged from the matters described in the consolidated financial statements of the Schaeffler Group as at and for the year ended December 31, 2015. The only change relates to the assumptions regarding the discount rate used to measure the company's pension obligations. These assumptions were adjusted to reflect current market trends. The adjustment has led to an increase in pension obligations and a reduction in shareholders' equity. Please refer to "Provisions for pensions and similar obligations" below for more detailed information.

Processes and systems of Group companies ensure appropriate recognition of income and expenses on the accrual basis. Due to the nature of the Schaeffler Group's business, the comparability of its consolidated interim financial statements is not significantly affected by seasonality.

Income taxes were determined based on best estimate.

As amounts (in EUR m) and percentages have been rounded, rounding differences may occur.

Foreign currency translation

The exchange rates between the group's most significant currencies and the Euro are as follows:

Selected foreign exchange rates No. 023

	Closing rates			Average rates 1st three months	
1 Euro equals	03/31/2016	12/31/2015	03/31/2015	2016	2015
BRL (Brazil)	4.12	4.31	3.50	4.31	3.22
CNY (China)	7.35	7.06	6.67	7.21	7.03
USD (U.S.A.)	1.14	1.09	1.08	1.10	1.13
KRW (Korea)	1,294.88	1,280.78	1,192.58	1,323.88	1,241.04
INR (India)	75.43	72.02	67.27	74.41	70.19
MXN (Mexico)	19.59	18.92	16.51	19.90	16.83

Scope of consolidation

The consolidated financial statements of Schaeffler AG as at March 31, 2016 cover, in addition to Schaeffler AG, 154 (December 31, 2015: 153) subsidiaries; 51 (December 31, 2015: 51) entities are domiciled in Germany and 103 (December 31, 2015: 102) in other countries.

The scope of consolidation of Schaeffler AG did not change significantly compared to December 31, 2015.

In the consolidated financial statements as at March 31, 2016, five (December 31, 2015: five) investments (including two joint ventures; December 31, 2015: two) are accounted for at equity.

Current/Non-current financial debt

Financial debt (current/non-current) No. 024

	03/31/2016			12/31/2015		
in € millions	Total	Due in up to 1 year	Due in more than 1 year	Total	Due in up to 1 year	Due in more than 1 year
Bank and institutional loans	634	18	616	635	3	632
Bonds	4,963	0	4,963	5,048	0	5,048
Other financial debt	5	0	5	5	0	5
Financial debt	**5,602**	**18**	**5,584**	**5,688**	**3**	**5,685**

The decrease in financial debt compared to December 31, 2015 resulted primarily from the impact of translating the financial debt denominated in U.S. Dollar to Euro.

Provisions for pensions and similar obligations

Interest rate levels as at March 31, 2016 have declined compared to December 31, 2015. As a result, the Schaeffler Group has adjusted the discount rate used to value its key pension plans as at the reporting date. The Schaeffler Group's average discount rate as at March 31, 2016 amounted to 2.1 % (December 31, 2015: 2.6 %). The resulting remeasurement of the company's obligations under defined benefit pension plans resulted in actuarial losses of EUR 245 m as at March 31, 2016, which were recognized in the consolidated statement of comprehensive income and are reported under accumulated other comprehensive income net of deferred taxes.

Provisions

Current provisions decreased by EUR 35 m to EUR 396 m at March 31, 2016 compared to December 31, 2015 (December 31, 2015: EUR 431 m), primarily because a provision for potential third party claims in connection with the EU antitrust proceedings finalized in March 2014 was utilized.

Financial Instruments

The carrying amounts and fair values of financial instruments by class of the consolidated statement of financial position and by category per IFRS 7.8 are summarized below. Investments in associated companies and derivatives subject to hedge accounting are also shown, although they do not fall under any of the IAS 39 measurement categories. No financial instruments were reclassified between categories.

Financial instruments by class and category in accordance with IFRS 7.8 No. 025

			03/31/2016		12/31/2015		03/31/2015	
in € millions	Category per IFRS 7.8	Level per IFRS 13	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, by class								
Trade receivables	LaR		2,215	2,215	2,023	2,023	2,282	2,282
Other financial assets								
• Investments in associates [1]	n.a.		3	-	3	-	3	-
• Other investments [2]	AfS		14	-	17	-	14	-
• Marketable securities	AfS	1	15	15	14	14	15	15
• Derivatives designated as hedging instruments	n.a.	2	71	71	127	127	66	66
• Derivatives not designated as hedging instruments	HfT	2	225	225	235	235	584	584
• Miscellaneous other financial assets	LaR	2 [3]	1,859	1,949	1,850	1,856	2,028	2,608
Cash and cash equivalents	LaR		693	693	799	799	609	609
Financial liabilities, by class								
Financial debt	FLAC	1, 2 [4]	5,602	5,770	5,688	5,793	6,799	7,332
Trade payables	FLAC		1,336	1,336	1,405	1,405	1,284	1,284
Other financial liabilities								
• Derivatives designated as hedging instruments	n.a.	2	5	5	16	16	92	92
• Derivatives not designated as hedging instruments	HfT	2	40	40	33	33	56	56
• Miscellaneous other financial liabilities	FLAC		423	423	475	475	624	624
Summary by category								
Available-for-sale financial assets (AfS)			29	-	31	-	29	-
Financial assets held for trading (HfT)			225	-	235	-	584	-
Loans and receivables (LaR)			4,767	-	4,672	-	4,919	-
Financial liabilities at amortized cost (FLAC)			7,361	-	7,568	-	8,707	-
Financial liabilities held for trading (HfT)			40	-	33	-	56	-

[1] Equity-accounted investees.
[2] Investments accounted for at cost.
[3] Level shown based on long-term loan receivable of EUR 1,773 m (12/31/2015: EUR 1,773 m).
[4] Level 1: EUR 5,082 m (December 31, 2015: EUR 5,069 m; March 31, 2015: EUR 0 m); Level 2: EUR 688 m (December 31, 2015: EUR 724 m; March 31, 2015: EUR 7,332 m).

The carrying amounts of trade receivables, miscellaneous other financial assets and cash and cash equivalents, trade payables, as well as miscellaneous other financial liabilities are assumed to equal their fair value due to the short maturities of these instruments. However, this does not apply to loans receivable of EUR 1,773 m (December 31, 2015: EUR 1,773 m) included in miscellaneous other financial assets, which mature in December 2024.

Other investments include investments (shares in incorporated companies and cooperatives) for which quoted prices in an active market are not available. As a result, the fair value of these instruments cannot be measured reliably. These investments are therefore accounted for at cost. There were no partial disposals of such investments in the first three months of 2016, and no (partial) disposals are planned in the foreseeable future.

The fair values of financial assets and liabilities that are either measured at fair value or for which fair value is disclosed in the consolidated interim financial statements were determined using the following valuation methods and inputs:

- Level 1: The fair value of marketable securities as well as bonds payable included in financial debt is determined using the exchange-quoted price as at the reporting date.
- Level 2: Cross-currency swaps and foreign exchange contracts are measured using discounted cash flow valuation models and the exchange rates in effect at the end of the reporting period as well as risk-adjusted interest and discount rates appropriate to the instruments' terms. These models take into account counterparty credit risk via credit value adjustments. Embedded derivatives are measured using a Hull-White model. Key inputs to this model are interest rates, volatilities, and credit default swap rates (CDS rates).

  The fair value of miscellaneous other financial assets and of financial debt (except for the publicly listed bonds payable) is the present value of expected cash in- or outflows discounted using risk-adjusted discount rates that are appropriate to the term of the item being valued and that are in effect at the end of the reporting period.
- Level 3: The Schaeffler Group does not have any financial instruments in this level.

The company reviews its financial instruments at the end of each reporting period for any required transfers between levels. No such transfers were made between the various levels of the fair value hierarchy (Level 1-3) during the period.

Contingent liabilities

The statements made in the annual report 2015 with respect to contingent liabilities in connection with investigations for possible agreements violating antitrust law and third party claims for damages as well as legal cases are largely unchanged.

Segment reporting

The allocation of customers and products to segments is reviewed regularly and adjusted where necessary. To ensure that the information on the Automotive division and Industrial division segments is comparable, prior year information is also presented using the current year's customer and product structure.

Since January 01, 2016, the Industrial division segment is primarily managed based on regions due to its broad customer and business structure. On this basis, the Europe, Americas, Greater China, and Asia/Pacific regions operate as profit centers responsible for the Industrial business in their respective markets. Within the regions, the Industrial business is grouped into eight sector clusters: wind, raw materials, aerospace, rail, offroad, two wheelers, power transmission, and industrial automation. The distribution business rounds out the Industrial division's business.

Reconciliation of segment information No. 026

Reconciliation to earnings before income taxes in € millions	1st three months 2016	2015
EBIT Automotive [1]	372	343
EBIT Industrial [1]	49	91
EBIT	**421**	**434**
Financial result	-65	-176
Earnings before income taxes	**356**	**258**

[1] Prior year information presented based on 2016 segment structure.

Related parties

The extent of transactions with related persons and entities remained largely unchanged compared to the 2015 consolidated financial statements.

Transactions with associated companies and joint ventures were insignificant in the first quarter of 2016.

Events after the reporting period

On April 05, 2016, Schaeffler Verwaltungs GmbH sold its remaining holding of common non-voting Schaeffler AG shares, a total of 94.4 million shares. As a result, all of Schaeffler AG's common non-voting bearer shares are now widely held. The placement of these shares has increased the free float from approximately 10.8 % to approximately 24.9 % of Schaeffler AG's total common and common non-voting share capital.

Schaeffler AG's annual general meeting held on April 22, 2016, passed a resolution to pay a dividend of EUR 0.34 per common share and EUR 0.35 per common non-voting share to Schaeffler AG's shareholders for 2015. In addition, the company paid a special dividend for 2015 as previously suggested in connection with the listing. The special dividend amounted to EUR 0.15 per common share and common non-voting share.

The rating agency Standard & Poor's upgraded the Schaeffler Group's company rating to BB with a stable outlook on April 28, 2016, while the rating for the secured bonds was raised to BB and the rating for the unsecured bonds to B+.

No other material events expected to have a significant impact on the results of operations, financial position, or net assets of the Schaeffler Group occurred after March 31, 2016.

Herzogenaurach, May 02, 2016

The Board of Managing Directors

Additional information

Summary 1st quarter 2015 to 1st quarter 2016

No. 027

	2015				2016
Income statement (in € millions)	1st quarter	2nd quarter	3rd quarter	4st quarter	1st quarter
Revenue	3,339	3,382	3,237	3,221	3,343
EBIT	434	384	433	151	421
• in % of revenue	13.0	11.4	13.4	4.7	12.6
EBIT before special items [1]	441	384	433	418	421
• in % of revenue	13.2	11.4	13.4	13.0	12.6
Net income [2]	167	142	212	70	253
Earnings per common non-voting share (basic/diluted, in €) [3]	0.42	0.36	0.53	0.11	0.38
Statement of financial position (in € millions)					
Total assets	12,844	12,221	12,450	12,480	12,607
Shareholders' equity [4]	418	532	631	1,568	1,609
• in % of total assets	3.3	4.4	5.1	12.6	12.8
Net financial debt	6,190	6,245	5,950	4,889	4,909
• Net financial debt to EBITDA ratio before special items [1], [5]	2.7	2.7	2.6	2.1	2.1
Statement of cash flows (in € millions)					
EBITDA	604	557	604	331	598
• in % of revenue	18.1	16.5	18.7	10.3	17.9
EBITDA before special items [1]	611	557	604	598	598
• in % of revenue	18.3	16.5	18.7	18.6	17.9
Cash flows from operating activities	184	238	490	460	206
Capital expenditures (capex) [6]	244	257	242	282	318
• in % of revenue (capex ratio)	7.3	7.6	7.5	8.8	9.5
Free cash flow	-60	-12	264	178	-112
Value added					
ROCE (return on capital employed, in %)	22.0	21.4	21.1	18.8	18.5
ROCE before special items (in %) [1]	22.8	22.2	21.9	22.5	22.1
Schaeffler Value Added	246	198	248	-35	228
Schaeffler Value Added before special items [1]	253	198	248	232	228
Employees					
Headcount (at end of reporting period)	83,331	83,774	84,414	84,198	85,016
Automotive (in € millions) [7]					
Revenue	2,515	2,554	2,442	2,466	2,576
EBIT	343	308	356	128	372
• in % of revenue	13.6	12.1	14.6	5.2	14.4
EBIT before special items [1]	350	308	356	359	372
• in % of revenue	13.9	12.1	14.6	14.6	14.4
Industrial (in € millions) [7]					
Revenue	824	828	795	755	767
EBIT	91	76	77	23	49
• in % of revenue	11.0	9.2	9.7	3.0	6.4
EBIT before special items [1]	91	76	77	59	49
• in % of revenue	11.0	9.2	9.7	7.8	6.4

[1] EBIT, debt to EBITDA ratio, EBITDA, ROCE, and Schaeffler Value Added before special items for legal cases and restructuring.
[2] Attributable to shareholders of the parent company.
[3] Earnings per share were calculated in accordance with IAS 33.
[4] Including non-controlling interests.
[5] EBITDA based on the last twelve months.
[6] Capital expenditures on intangible assets and property, plant and equipment.
[7] Prior year information presented based on 2016 segment structure.

List of figures

Contact details/imprint

Forward-looking statements
This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond Schaeffler's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies, and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. Schaeffler does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

Rounding differences may occur.

This English version of the interim financial report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

Both language versions of the interim financial report can be downloaded from the internet at www.schaeffler.com/ir.

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Financial calendar

Publication of results for the first three months 2016

May 12, 2016

Publication of results for the first six months 2016

August 11, 2016

Publication of results for the first nine months 2016

November 10, 2016

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