SCHAEFFLER

Q1

Mobility for tomorrow

Interim Financial Report as at March 31, 2018

Leading into the future

Schaeffler Group at a glance

	1st three months			
Income statement (in € millions)	**2018**	**2017**		Change
Revenue	3,551	3,574	-0.6	%
• at constant currency			3.9	%
EBIT	391	435	-10.1	%
• in % of revenue	11.0	12.2	-1.2	%-pts.
EBIT before special items [1]	391	435	-10.1	%
• in % of revenue	11.0	12.2	-1.2	%-pts.
Net income [2]	240	279	-14.0	%
Earnings per common non-voting share (basic/diluted, in €)	0.36	0.42	-14.3	%
Statement of financial position (in € millions)	**03/31/2018**	**12/31/2017**		Change
Total assets	11,855	11,537	2.8	%
Shareholders' equity [3]	2,742	2,548	194	€ millions
• in % of total assets	23.1	22.1	1.0	%-pts.
Net financial debt	2,439	2,370	2.9	%
• Net financial debt to EBITDA ratio before special items [1] [4]	1.1	1.0		
• Gearing Ratio (Net financial debt to shareholders' equity [3], in %)	88.9	93.0	-4.1	%-pts.
	1st three months			
Statement of cash flows (in € millions)	**2018**	**2017**		Change
EBITDA	587	624	-5.9	%
Cash flows from operating activities	237	186	51	€ millions
Capital expenditures (capex) [5]	306	299	7	€ millions
• in % of revenue (capex ratio)	8.6	8.4	0.2	%-pts.
Free cash flow (FCF) before cash in- and outflows for M&A activities	-69	-111	42	€ millions
• FCF conversion ratio (ratio of FCF before cash in- and outflows for M&A activities to EBITDA, in %) [1] [4]	24.1	29.9	-5.8	%-pts.
Value-based management				Change
ROCE before special items (in %) [1] [4]	19.3	22.1	-2.8	%-pts.
Schaeffler Value Added before special items (in € millions) [1] [4]	743	938	-20.8	%
Employees	**03/31/2018**	**12/31/2017**		Change
Headcount	91,414	90,151	1.4	%

	1st three months			
Automotive OEM division [6] (in € millions)	**2018**	**2017**		Change
Revenue	2,279	2,308	-1.3	%
• at constant currency			3.2	%
EBIT	217	275	-21.1	%
• in % of revenue	9.5	11.9	-2.4	%-pts.
EBIT before special items [1]	217	275	-21.1	%
• in % of revenue	9.5	11.9	-2.4	%-pts.
Automotive Aftermarket division [6] (in € millions)				Change
Revenue	446	484	-7.9	%
• at constant currency			-4.4	%
EBIT	80	93	-14.0	%
• in % of revenue	17.9	19.2	-1.3	%-pts.
EBIT before special items [1]	80	93	-14.0	%
• in % of revenue	17.9	19.2	-1.3	%-pts.
Industrial division [6] (in € millions)				Change
Revenue	826	782	5.6	%
• at constant currency			10.8	%
EBIT	94	67	40.3	%
• in % of revenue	11.4	8.6	2.8	%-pts.
EBIT before special items [1]	94	67	40.3	%
• in % of revenue	11.4	8.6	2.8	%-pts.

[1] Please refer to pp. 20 et seq. for the definition of special items.
[2] Attributable to shareholders of the parent company.
[3] Including non-controlling interests.
[4] Based on the last twelve months.
[5] Capital expenditures on intangible assets and property, plant and equipment.
[6] Prior year information presented based on 2018 segment structure.

Highlights Q1 2018

Revenue increased by 3.9% at constant currency in the first quarter

Revenue at **EUR 3.6 bn**
(prior year: EUR 3.6 bn)

EBIT margin before special items in line with outlook

EBIT margin before special items at **11.0%**
(prior year: 12.2%)

Free cash flow improved from prior year

Free cash flow before M&A activities at **EUR -69 m**
(prior year: EUR -111 m)

2018 started according to plan

Outlook for 2018 confirmed

Schaeffler on the capital markets

Recent events

Dividend – increase to 55 cents per common non-voting share

On April 20, 2018, Schaeffler AG's annual general meeting passed a resolution to pay a dividend of EUR 0.54 (prior year: EUR 0.49) per common share and EUR 0.55 (prior year: EUR 0.50) per common non-voting share to Schaeffler AG's shareholders for 2017. This represents a dividend payout ratio of 35.4% of net income attributable to shareholders before special items.

One Schaeffler India

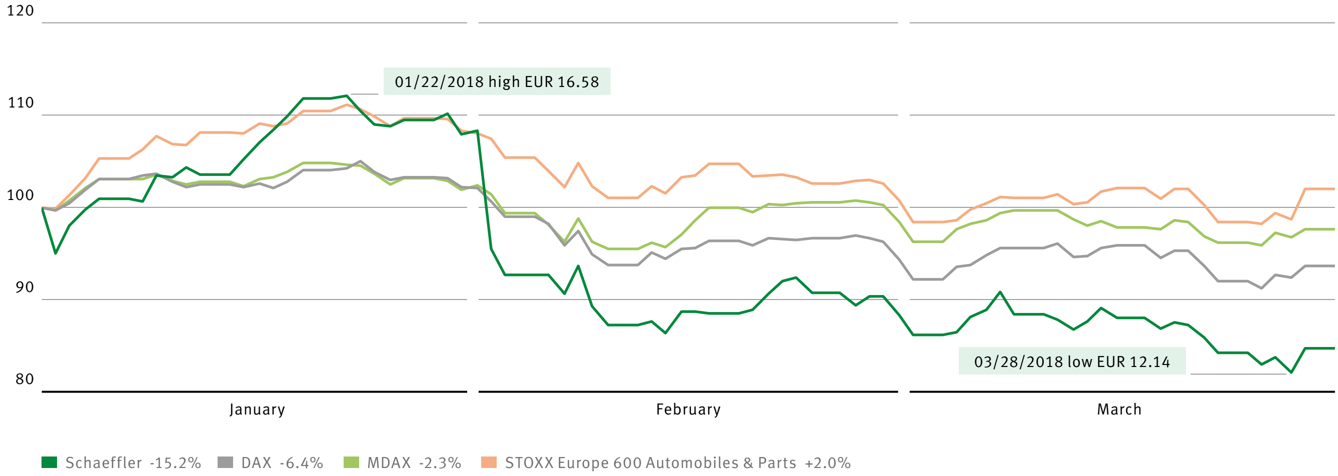
On March 20, 2018, the shareholders and creditors of Schaeffler India Limited consented to the merger of the two unlisted entities, INA Bearings India Private Limited and LuK India Private Limited, with Schaeffler India Limited. The transaction is now pending final approval by the Indian authorities and is expected to close by the third quarter of 2018. Once the merger has been completed, the Schaeffler Group will have only one subsidiary, the listed company Schaeffler India Limited, in India. The transaction will increase Schaeffler AG's indirect interest in Schaeffler India Ltd. from currently approx. 51% to approx. 74%. The objective of the transaction is to simplify the existing structure, reduce complexity, and create a strong Schaeffler entity in India in order to better realize the potential for future growth in India. This step also documents that the Automotive and Industrial activities – in line with the "One Schaeffler" approach – are closely linked and strengthen and complement one another.

Program for the future "Agenda 4 plus One"

The Schaeffler Group continues to drive the transformation of the company, aligning the company toward the future. To this end, the company started its program for the future, "Agenda 4 plus One", in 2016 and has expanded it to a total of 20 initiatives since. The objective of the "Agenda 4 plus One" is to position the Schaeffler Group for success in meeting the challenges of the future, thus laying the foundation for continued profitable long-term growth. It is designed to improve earnings by approx. EUR 300 m by 2022. This is also the basis for bringing the company's EBIT margin before special items back to its longstanding average of 12 to 13% and for achieving the Financial Ambitions set for 2020. Schaeffler will also invest approximately one billion euros in connection with the "Agenda 4 plus One" in order to secure the profitability of the Schaeffler Group's operations for the long term and grow shareholder value. Including the new initiatives started recently, 40% of the "Agenda 4 plus One" have been completed to date. Approx. 1,000 employees are currently working on implementing the program. The 20 initiatives include, among others, the "E-Mobility" and "Industry 4.0" initiatives as well as the "Digital Agenda". In addition, the company's Board of Managing Directors, Works Council, and the IG Metall trade union signed a Future Accord on April 16, 2018. The parties' intention in signing the Accord is to jointly and collaboratively manage and drive the ongoing development and transformation of the Schaeffler Group – with particular regard to the three key future trends of E-Mobility, Industry 4.0, and Digitalization – in the interests of the company and of its employees. Under the Future Accord, the Schaeffler Group will make available a EUR 50 m innovation fund over a period of five years. The purpose of the fund is to foster innovation and thereby to actively harness the great innovative capacity of Schaeffler's employees and to achieve sustainable value creation.

Schaeffler share price trend 2018

in percent (12/31/2017 = 100)



Source: Bloomberg (closing prices).

Capital market trends

In early 2018, the global capital markets were largely characterized by speculation regarding future interest rate policy, especially the Fed's, rising geopolitical tensions, and increasing trade protectionism.

In this context, the trend in the global equities markets weakened in the first quarter of 2018. While higher interest rates and the strong euro caused the Euro STOXX 50 to drop by 4.1%, the Dow Jones Industrial Average fell by 2.5%. The Nikkei 225 index lost 5.8% of its value. The Deutsche Aktienindex (DAX) declined by 6.4% in the first quarter of 2018, falling to a level of 12,097 points as at March 31, 2018.

Schaeffler shares

On March 31, 2018, the common non-voting shares of Schaeffler AG were quoted at EUR 12.54, 15.2% less than on December 31, 2017. This performance fell short of that of the benchmark indexes DAX (-6.4% compared to December 31, 2017) and MDAX (-2.3%) as well as that of the STOXX Europe 600 Automobiles & Parts sector index (+2.0%) during the reporting period. This underperformance was largely related to the publication of key figures for 2017 and of the outlook for 2018 on February 01, 2018. The outlook was affected, among other things, by additional investments made to accelerate implementation of the company's program for the future, the "Agenda 4 plus One", which is designed to help strengthen the profitability of the Schaeffler Group's operations for the long term.

Schaeffler AG's share price reached its high for the first quarter of 2018 on January 22, 2018 (EUR 16.58) and its low on March 28, 2018 (EUR 12.14). The daily trading volume averaged 1,127,302 shares in the first quarter of 2018 (prior year: 609,332). The free float amounted to approx. 24.9% as at March 31, 2018.

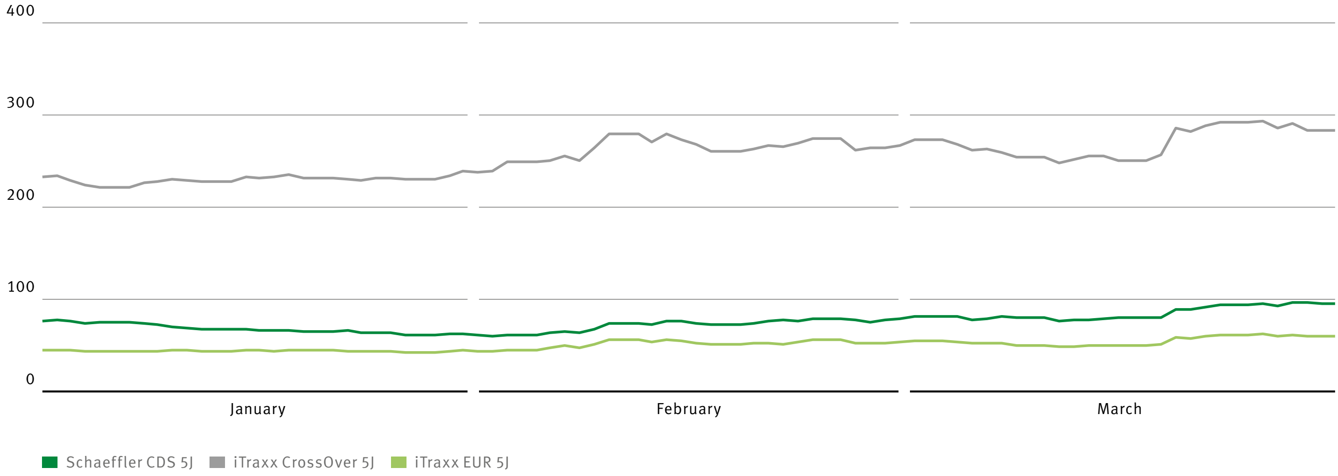
The company was covered by analysts representing a total of 21 banks as at April 30, 2018. Ten of these banks issued a recommendation of either buy or overweight on Schaeffler AG's common non-voting shares. Their average upside target was EUR 15.30.

Schaeffler share performance (ISIN: DE000SHA0159)

	1st three months	
	2018	**2017**
Schaeffler share price 03/31 (in €) [1]	12.54	16.48
Average trading volume (in units)	1,127,302	609,332
DAX 03/31 [1]	12,097	12,313
MDAX 03/31 [1]	25,592	23,904
STOXX Europe 600 Automobiles & Parts 03/31 [1]	627	567
Average number of shares (in million units)		
• Common shares	500	500
• Common non-voting shares	166	166
Earnings per share (in €)		
• Common shares	0.36	0.42
• Common non-voting shares	0.36	0.42

[1] Source: Bloomberg (closing prices).

Credit default swap (CDS) price trend 2018
in basis points



Source: Bloomberg (closing prices).

Schaeffler bonds and ratings

The Schaeffler Group had four series of bonds outstanding as at March 31, 2018, three of them denominated in EUR and one in USD. All of the bonds were issued by Schaeffler Finance B.V., Barneveld, Netherlands.

More on the bonds starting on page 24

Bond prices remained stable in the first quarter of 2018. The two bond series maturing in 2023 and 2025 declined slightly, which increased their effective yield. The 2023 bond series callable beginning on May 15, 2018, was approaching its contractual redemption price. The other two bond series, which mature in 2020 and 2022, were trading at a relatively stable level around their contractual redemption price at which these bond series have been callable since May 15, 2017.

The premiums for Schaeffler AG 5-year credit default swaps increased from 76 basis points as at December 31, 2017, to 96 basis points as at March 31, 2018. The benchmark indexes iTraxx CrossOver and iTraxx Europe rose by 50 basis points and 15 basis points, respectively, over the same period.

The Schaeffler Group's ratings by the three rating agencies, Fitch, Moody's, and Standard & Poor's, are unchanged from December 31, 2017. The following summary shows the three rating agencies' ratings as at March 31:

Schaeffler Group ratings
as at March, 31

	2018	2017	2018	2017
		Company		Bonds
Rating agency		Rating/Outlook		Rating
Fitch	BBB-/stable	-	BBB-	-
Moody's	Baa3/stable	Baa3/stable	Baa3	Baa3
Standard & Poor's	BB+/positive	BB+/stable	BB+	BB+

See back cover for financial calendar

Contents

Special items
In order to facilitate a transparent evaluation of the company's results of operations, the Schaeffler Group reports EBIT, EBITDA, net income, debt to EBITDA ratio, ROCE, and Schaeffler Value Added before special items (= adjusted).

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

References
Content of websites referenced in the group interim management report merely provides further information and is not part of the group interim management report.

Rounding differences may occur.

Disclaimer in respect of forward-looking statements
This group interim management report contains forward-looking statements that are based on the Board of Managing Directors' current estimation and expectations at the time of the creation of this report. Such statements refer to future developments, future periods, or, for example, they are designated by terms such as "estimate", "forecast", "intend", "predict", "plan", "assume", or "expect". By their nature, forward-looking statements are subject to risks and uncertainties. A variety of these risks and uncertainties are determined by factors not subject to the influence of the Schaeffler Group, 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 these or other risks or uncertainties occur, or if assumptions underlying statements prove incorrect, then actual results may be materially different from those (explicitly or implicitly) described. Schaeffler AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this group interim management report.

Navigation aid

Further detail elsewhere in the report

Further detail online

1. Report on the economic position

1.1 Economic environment

The **global economy** continued to experience robust growth overall during the first quarter of 2018, although the economies of certain industrialized nations were less dynamic than they had been as recently as in the last quarter of the prior year. Initial estimates indicate that global gross domestic product[1] increased by 4.0% compared to the prior year (Oxford Economics, April 2018).

Based on preliminary information, the growth momentum in the euro region, which had been very robust recently, declined in the first quarter of 2018 due in part to a calendar impact. The most recent information indicates that, similar to prior years, economic activity in the U.S. has temporarily slowed in the first quarter of the year due to factors including weak private consumption. During the reporting period, the Fed continued to gradually tighten its monetary policy, once again raising its benchmark interest. Based on available data, Japanese exports grew more slowly in the first quarter of 2018. Information currently available indicates that China experienced solid economic momentum overall in the first quarter of 2018, driven by strong foreign trade and continuing robust activity in the real estate sector.

In this context, the situation of the Schaeffler Group's regions was as follows: Gross domestic product in the Europe region rose by 4.0%, and the Americas region reported growth of 2.4%. The economic output of the Greater China region increased by 6.4% while gross domestic product in the Asia/Pacific region grew by 3.4%.

In the **currency markets**, the euro rose against the U.S. dollar and the Chinese renminbi compared to the prior year period. On average, the euro was valued at USD 1.23 and CNY 7.81, respectively, during the first quarter of 2018 (prior year: USD 1.06 and CNY 7.33, respectively; Bloomberg).

Please refer to the condensed notes to the consolidated financial statements on page 38 for further details on foreign currency translation

Preliminary estimates put global **automobile production**, measured as the number of vehicles up to six tons in weight produced, for the first quarter of 2018 at 0.7% less than in the prior year (IHS, April 2018). The Europe region reported growth of 1.4%. Quite considerable growth rates in India, France, Russia, and Portugal were partially offset by noticeable declines in countries such as Germany, Spain, and the United Kingdom due to the calendar impact resulting from the timing of the Easter holidays. Automobile production in the Americas region decreased by 1.0% since the contraction in Canada and especially in the U.S. was not fully offset by increases in Brazil and Mexico. The Greater China region reported production levels 2.3% below the prior year, due in part to the expiry of buying incentives provided by the government at the end of the prior year. In the Asia/Pacific region, production declined by 1.5% from prior year. Except for considerable growth in Thailand, production dropped below the prior year level in all countries of this region. While Japan reported only a slight decrease, South Korea experienced a more pronounced contraction.

[1] For gross domestic product and industrial production, quarterly data are available only for selected, representative countries. Furthermore, for the first quarter of 2018, only preliminary projections are available for gross domestic product as well as for automobile and industrial production.

Quarterly data on the **vehicle population** and the **average vehicle age** are not available. Based on current IHS forecasts (March 2018), growth in the global vehicle population will decline slightly in 2018 compared to 2017 (2017: 3.9%), with the average vehicle age remaining nearly unchanged.

Based on preliminary estimates, global **industrial production**, measured as gross value added based on constant prices and exchange rates, expanded by 4.1% in the first quarter of 2018 (Oxford Economics, March 2018). The Europe region reported a growth rate of 3.7%, much of which was due to above-average growth in Germany and in India. Production levels in Russia declined, however. Growth in the Americas region amounted to 4.4%, mainly driven by the highly positive trend in the U.S. In the Greater China region, industrial production expanded by 5.5% compared to the prior year. The Asia/Pacific region generated a growth rate of 4.3%. The very encouraging trend in Japan contributed most significantly to this growth, while the growth rate for South Korea fell below the regional average.

In the **procurement markets**, average prices for commodities and input materials significant to the Schaeffler Group consistently exceeded the level of the prior year period in the first quarter of 2018 (Bloomberg; EIA). However, trends during the reporting period were mixed. Following a temporary weaker phase, the crude oil price increased again toward the end of the first quarter of 2018, closing slightly higher on March 31 than at the beginning of the year. In most of the Schaeffler Group's relevant procurement regions, prices for hot- and cold-rolled steel also rose compared to their level at the beginning of the year. Prices for the non-ferrous metals aluminum and copper, on the other hand, declined during the course of the reporting period. Commodity market price trends affect the Schaeffler Group's cost to varying degrees and in some instances with some delay, depending on the terms of the relevant supplier contracts.

1.2 Course of business

Results of operations first quarter 2018

The Schaeffler Group's **revenue** for the reporting period amounted to EUR 3,551 m (-0.6%; prior year: EUR 3,574 m); the adverse impact of currency translation resulting from the significantly higher euro had a considerable unfavorable effect on the revenue trend. Excluding the impact of currency translation, the Schaeffler Group generated 3.9% in additional revenue. The Greater China region once again generated the highest growth rate.

The Automotive OEM division reported revenue growth of 3.2% excluding the impact of currency translation, consistently continuing to grow faster than the market. The Industrial division also continued its growth trend in the first quarter of 2018 and generated a considerable 10.8% in additional revenue excluding the impact of currency translation. The Automotive Aftermarket division, on the other hand, declined during the reporting period. Its revenue dropped by 4.4% excluding the impact of currency translation.

The Schaeffler Group's earnings before financial result and income taxes (EBIT) decreased by EUR 44 m or 10.1% to EUR 391 m (prior year: EUR 435 m) during the reporting period. Its EBIT margin amounted to 11.0% (prior year: 12.2%). As there were no special items during either the current or the prior year reporting period, the **EBIT margin** before special items amounted to 11.0% (prior year: 12.2%) as well. The Automotive OEM division margin declined to 9.5% (prior year: 11.9%). The EBIT margin of the Automotive Aftermarket division of 17.9% was 1.3 percentage points below the prior year level (prior year: 19.2%). The Industrial division, however, increased its EBIT margin to 11.4% (prior year: 8.6%).

Free cash flow before cash in- and outflows for M&A activities was seasonally at EUR -69 m in the first quarter of 2018, EUR 42 m higher than the prior year amount of EUR -111 m. Weaker earnings were more than offset, primarily by lower outflows related to the expansion of working capital. Capital expenditures on property, plant and equipment and intangible assets of EUR 306 m were nearly flat with prior year (prior year: EUR 299 m).

Schaeffler Value Added before special items **(SVA)** amounted to EUR 743 m (prior year: EUR 938 m), representing a return on capital employed before special items **(ROCE)** of 19.3% (prior year: 22.1%). The decline was the result of weaker earnings compared to the prior year as well as an increase in average capital employed.

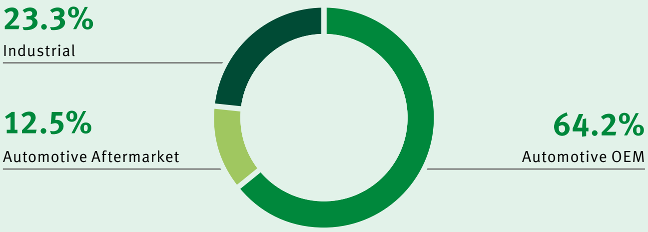
Major events – first quarter 2018

At its meeting on March 02, 2018, the Supervisory Board of Schaeffler AG appointed Andreas Schick (previously Regional CEO Asia-Pacific) to become Member of the Board of Managing Directors of Schaeffler AG as of April 01, 2018. Andreas Schick will take over the role as Chief Operating Officer of Schaeffler AG from Oliver Jung, who left Schaeffler AG as of March 31, 2018. Also at that meeting, the contract of Corinna Schittenhelm, Chief Human Resources Officer, was extended for a term of five years ending on December 31, 2023. Helmut Bode will replace Andreas Schick as Regional CEO Asia-Pacific and was appointed to the Executive Board effective April 01, 2018.

On March 20, 2018, the shareholders and creditors of Schaeffler India Limited consented to the merger of the two unlisted entities, INA Bearings India Private Limited and LuK India Private Limited, with Schaeffler India Limited. The transaction is now pending final approval by the Indian authorities and is expected to close by the third quarter of 2018. Once the merger has been completed, the Schaeffler Group will have only one subsidiary, the listed company Schaeffler India Limited, in India. The transaction will increase Schaeffler AG's indirect interest in Schaeffler India Ltd. from currently approx. 51% to approx. 74%. The objective of the transaction is to simplify the existing structure, reduce complexity, and create a strong Schaeffler entity in India in order to better realize the potential for future growth in India. This step also documents that the Automotive and Industrial activities – in line with the "One Schaeffler" approach – are closely linked and strengthen and complement one another.

Schaeffler Group

Revenue EUR 3,551 m



EBIT margin before special items 11.0%

Revenue trend held back significantly by the impact of currency translation – revenue growth at 3.9% at constant currency // Largely driven by higher volumes in the Automotive OEM and Industrial divisions // Highest revenue growth once again in the Greater China region // EBIT margin before special items at 11.0% – margin decline primarily due to Automotive OEM division // Implementation of program for the future, "Agenda 4 plus One", continued

Schaeffler Group earnings No. 001

in € millions	1st three months 2018	2017	Change in %
Revenue	**3,551**	**3,574**	**-0.6**
• at constant currency			3.9
Revenue by division			
Automotive OEM	2,279	2,308	-1.3
• at constant currency			3.2
Automotive Aftermarket	446	484	-7.9
• at constant currency			-4.4
Industrial	826	782	5.6
• at constant currency			10.8
Revenue by region [1]			
Europe	1,878	1,868	0.5
• at constant currency			1.5
Americas	699	776	-9.9
• at constant currency			1.4
Greater China	622	563	10.5
• at constant currency			18.1
Asia/Pacific	352	367	-4.1
• at constant currency			1.5
Cost of sales	-2,591	-2,542	1.9
Gross profit	**960**	**1,032**	**-7.0**
• in % of revenue	27.0	28.9	-
Research and development expenses	-224	-212	5.7
Selling and administrative expenses	-361	-360	0.3
Earnings before financial result and income taxes (EBIT)	**391**	**435**	**-10.1**
• in % of revenue	11.0	12.2	-
Special items [2]	0	0	0.0
EBIT before special items	**391**	**435**	**-10.1**
• in % of revenue	11.0	12.2	-
Financial result	-52	-48	8.3
Income taxes	-95	-104	-8.7
Net income [3]	240	279	-14.0
Earnings per common non-voting share (basic/diluted, in €)	0.36	0.42	-14.3

Prior year information presented based on 2018 segment structure.
[1] By market view (customer location).
[2] Please refer to pp. 20 et seq. for the definition of special items.
[3] Attributable to shareholders of the parent company.

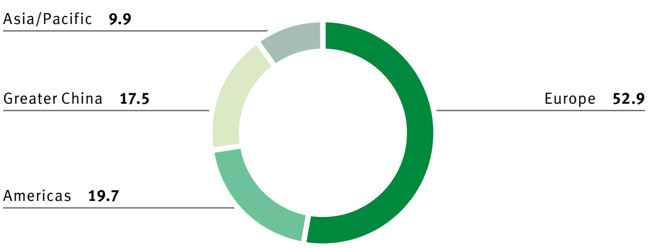
1.3 Earnings

Schaeffler Group earnings

Until December 31, 2017, the Schaeffler Group divided its business into the two divisions Automotive and Industrial. In order to make the company even more customer-oriented in a fast-changing market and competitive environment, the Automotive Aftermarket was separated from the Automotive division of Schaeffler AG and set up as a stand-alone division with its own CEO as of January 01, 2018. As a consequence, the Schaeffler Group has been dividing its business into three divisions – Automotive OEM, Automotive Aftermarket, and Industrial – since January 01, 2018.

The Schaeffler Group's revenue for the first quarter of 2018 of EUR 3,551 m was nearly flat with prior year (-0.6%; prior year: EUR 3,574 m). Currency translation had a considerable adverse impact on the revenue trend. Excluding the impact of currency translation, revenue increased by 3.9%. While the Automotive OEM division increased its revenue by 3.2% excluding the impact of currency translation, global automobile production for the same period declined by 0.7%. Revenue in the Automotive Aftermarket division declined by 4.4% excluding the impact of currency translation. The Industrial division continued its growth trend and generated considerable additional revenue of 10.8% excluding the impact of currency translation.

Schaeffler Group revenue by region No. 002
in percent by market view



Revenue in the Europe region was up 0.5% (+1.5% at constant currency). In the Americas region, revenue declined by 9.9% (+1.4% at constant currency) due to the adverse impact of currency translation. The revenue trend in the Greater China region remained encouraging, with revenue increasing by 10.5% (+18.1% at constant currency) despite a considerably adverse impact of currency translation. The Asia/Pacific region reported a currency-related decrease in revenue by 4.1% (+1.5% at constant currency).

Cost of sales increased by 1.9% to EUR 2,591 m (prior year: EUR 2,542 m) during the reporting period. Gross profit declined by 7.0% or EUR 72 m to EUR 960 m (prior year: EUR 1,032 m). The company's gross margin of 27.0% fell short of the prior year period level (prior year: 28.9%). The margin was adversely affected by the earnings trend of the Automotive OEM division in particular. This division saw its gross margin decline to 24.1% (prior year: 26.6%) in the first quarter of 2018, mainly due to the revenue mix, the adverse impact of pricing and currency translation, as well as other expenses, including those related to E-Mobility. The gross margin of the Automotive Aftermarket division amounted to 35.9% (prior year: 36.6%). In the Industrial division, the gross margin declined slightly to 30.4% (prior year: 30.7%).

In order to position the company for success in meeting the challenges of the future, thus laying the foundation for continued profitable long-term growth, the Schaeffler Group has accelerated implementation of its program for the future, the "Agenda 4 plus One". Among other things, this resulted in a considerable increase in research and development expenses by 5.7% to EUR 224 m (prior year: EUR 212 m), representing an R&D ratio of 6.3% (prior year: 5.9%) of revenue. Selling and administrative expenses of EUR 361 m were flat with prior year (prior year: EUR 360 m). Total functional costs rose by 2.3% to EUR 585 m (prior year: EUR 572 m), growing to 16.5% of revenue (prior year: 16.0%).

The Schaeffler Group generated EUR 391 m in EBIT for the first three months of 2018 (prior year: EUR 435 m), resulting in an EBIT margin of 11.0% (prior year: 12.2%). As there were no special items during either the current or the prior year reporting period, the EBIT margin before special items amounted to 11.0% (prior year: 12.2%) as well. The lower EBIT margin is largely due, firstly, to the decline in the gross margin and, secondly, to the expenditures related to the program for the future, "Agenda 4 plus One", which are as planned. Gains on foreign currency transactions had a compensating effect on the adverse impact of currency translation on gross profit.

The Schaeffler Group's financial result of EUR -52 m (prior year: EUR -48 m) for the first quarter of 2018 was nearly flat with prior year.

Schaeffler Group financial result No. 003

	1st three months	
in € millions	**2018**	**2017**
Interest expense on financial debt	-22	-29
Gains and losses on derivatives and foreign exchange	-4	-8
Fair value changes on embedded derivatives	-19	-3
Interest income and expense on pensions and partial retirement obligations	-10	-10
Other	3	2
Total	**-52**	**-48**

Interest expense on financial debt amounted to EUR 22 m in the first three months of 2018 (prior year: EUR 29 m). The decrease in interest expense is largely due to the reduction in financial debt compared to the prior year and improved terms of the group's financing arrangements.

Net foreign exchange losses on financial assets and liabilities and net losses on derivatives amounted to EUR 4 m (prior year: EUR 8 m). These include the impact of translating the financing instruments denominated in U.S. dollars to euros and hedges of these instruments using cross-currency swaps.

Changes in the fair value of embedded derivatives, primarily prepayment options for external financing instruments, resulted in net losses of EUR 19 m (prior year: EUR 3 m).

Income tax expense amounted to EUR 95 m in the first three months of 2018 (prior year: EUR 104 m), representing an effective tax rate of 28.0% (prior year: 26.9%).

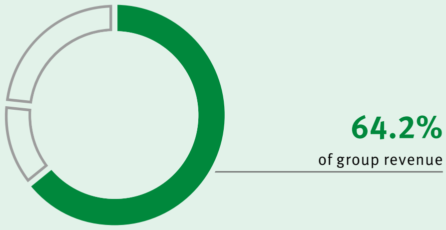
Net income attributable to shareholders of the parent company for the reporting period was EUR 240 m (prior year: EUR 279 m).

Basic and diluted earnings per common share decreased to EUR 0.36 in the first quarter of 2018 (prior year: EUR 0.42). Basic and diluted earnings per common non-voting share also amounted to EUR 0.36 (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: 166 million), respectively.

Automotive OEM division

Revenue EUR 2,279 m

EBIT margin before special items 9.5%



Revenue up 3.2% at constant currency // New E-Mobility BD since 01/01/2018 // Revenue growth at constant currency in all regions – China business maintains highly dynamic growth // Earnings quality below prior year – increased volumes and efficiency cannot fully compensate for offsetting effects // R&D activities stepped up further

Automotive OEM division earnings No. 004

	1st three months		
in € millions	2018	2017	Change in %
Revenue	**2,279**	**2,308**	**-1.3**
• at constant currency			3.2
Revenue by business division			
Engine Systems BD	709	716	-1.0
• at constant currency			4.1
Transmission Systems BD	1,075	1,084	-0.8
• at constant currency			3.9
E-Mobility BD	104	101	3.0
• at constant currency			6.6
Chassis Systems BD	391	407	-3.9
• at constant currency			-0.3
Revenue by region 1)			
Europe	1,057	1,062	-0.5
• at constant currency			0.4
Americas	480	516	-7.0
• at constant currency			3.7
Greater China	472	447	5.6
• at constant currency			12.4
Asia/Pacific	270	283	-4.6
• at constant currency			0.5
Cost of sales	-1,730	-1,693	2.2
Gross profit	**549**	**615**	**-10.7**
• in % of revenue	24.1	26.6	-
Research and development expenses	-182	-171	6.4
Selling and administrative expenses	-163	-161	1.2
EBIT	**217**	**275**	**-21.1**
• in % of revenue	9.5	11.9	-
Special items 2)	0	0	-
EBIT before special items	**217**	**275**	**-21.1**
• in % of revenue	9.5	11.9	-

Prior year information presented based on 2018 segment structure.
1) By market view (customer location).
2) Please refer to pp. 20 et seq. for the definition of special items.

Automotive OEM division earnings

The Automotive division, which existed until December 31, 2017, organized its business into the four business divisions (BD) Engine Systems, Transmission Systems, Chassis Systems, as well as Automotive Aftermarket. Since the Automotive Aftermarket BD was set up as the third division effective January 01, 2018, the Automotive OEM business has been organized in the Automotive OEM division. In addition, the new E-Mobility BD was created within the Automotive OEM division, also effective January 01, 2018. On this basis, the new Automotive OEM division is subdivided into the four BDs Engine Systems, Transmission Systems, E-Mobility, and Chassis Systems.

Automotive OEM division revenue decreased slightly by 1.3% to EUR 2,279 m in the first three months of 2018 compared to the prior year amount (prior year: EUR 2,308 m) for currency-related reasons. Excluding the impact of currency translation, the Automotive OEM division increased its revenue by 3.2%. In contrast, global automobile production declined by 0.7% during the reporting period.

The Europe region reported a slight decline in revenue of 0.5% (+0.4% at constant currency). The region's vehicle production grew by 1.4% during the reporting period. In the Americas region, revenue declined by 7.0% due to the adverse impact of currency translation. Excluding the impact of currency translation, the region generated revenue growth of 3.7%, while the regional automobile production declined by 1.0%. The Automotive OEM division continued to expand its revenue in the Greater China region, generating 5.6% (+12.4% at constant currency) in additional revenue, while that region's vehicle production fell by 2.3%. The Asia/Pacific region reported a drop in revenue of 4.6%, (+0.5% at constant currency). In contrast, regional vehicle production dropped 1.5% during the reporting period.

The **Engine Systems BD** reported a currency-related decline in revenue of 1.0% during the reporting period. Excluding the impact of currency translation, however, revenue was up 4.1%, largely driven by the valve train components and valve train systems product groups. The innovative thermal management module also generated considerable additional revenue.

Transmission Systems BD revenue declined slightly by 0.8% (+3.9% at constant currency) for currency-related reasons. The growth in revenue excluding the impact of currency translation was driven especially by higher volumes of components for automated transmissions, such as torque converters and dry dual clutches.

The new **E-Mobility BD** combines all components and system solutions for hybrid and purely battery-electric vehicles – from mild hybrids (48-volt) and plug-in hybrids through to purely electric vehicles. The product portfolio includes hybrid modules, primary components for continuously variable transmissions (CVTs), electric axle drives, hydrostatic clutch actuators, and electric wheel hub motors. The E-Mobility BD increased its revenue by 3.0% (+6.6% at constant currency) in the first quarter of 2018. The encouraging revenue trend was backed by a high level of order intake in the first quarter of 2018. The growth in revenue excluding the impact of currency translation was largely driven by the hybrid transmission product groups.

The **Chassis Systems BD** reported a revenue decline of 3.9%. Excluding the impact of currency translation, revenue was nearly flat with prior year (-0.3%). Slightly higher revenue from products related to chassis applications/accessory units offset slightly lower revenue from products in the areas of wheel modules and chassis actuators.

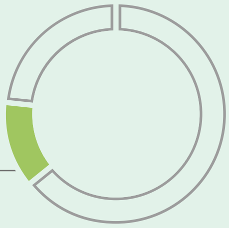
Automotive OEM division cost of sales increased by 2.2% to EUR 1,730 m (prior year: EUR 1,693 m) in the first three months of 2018. Gross profit declined by EUR 66 m or 10.7% to EUR 549 m (prior year: EUR 615 m). The division's gross margin fell 2.5 percentage points to 24.1% (prior year: 26.6%), mainly due to the revenue mix and an adverse impact of pricing and currency translation that could not be fully offset by volume and the related production cost optimization. In addition, other expenses and start-up projects, including in the field of E-Mobility, also had an adverse effect on the gross margin.

Functional costs increased by 3.9% to EUR 345 m (prior year: EUR 332 m), rising to 15.1% of revenue (prior year: 14.4%). The main driver of this increase was the rise in research and development expenses by 6.4% to EUR 182 m (prior year: EUR 171 m) or 8.0% (prior year: 7.4%) of revenue, reflecting, among other things, the activities to further develop hybrid modules and electric axles. In addition, the division expanded its development activities in the field of electric motors and power electronics. Selling and administrative expenses of EUR 163 m were in line with prior year (prior year: EUR 161 m).

Automotive OEM division EBIT of EUR 217 m was below the prior year level (prior year: EUR 275 m), and its EBIT margin declined to 9.5% (prior year: 11.9%). As there were no special items during either the current or the prior year reporting period, the EBIT margin before special items amounted to 9.5% (prior year: 11.9%) as well. The decrease in EBIT was primarily due to the declining gross margin. Additional reasons for the decrease were higher development expenses and other expenses for the considerably expanded activities in connection with the "E-Mobility" initiative under the company's program for the future, the "Agenda 4 plus One", which are reflected in EBIT. Gains on foreign currency transactions had a compensating effect on the adverse impact of currency translation on gross profit.

Automotive Aftermarket division

Revenue EUR 446 m



12.5%
of group revenue

EBIT margin before special items 17.9%

New Automotive Aftermarket division since 01/01/2018 // Revenue declined by 4.4% at constant currency // Mainly driven by Americas region – decrease in one OES customer's requirements // Earnings quality slightly below prior year

Automotive Aftermarket division earnings No. 005

	1st three months		
in € millions	2018	2017	Change in %
Revenue	**446**	**484**	**-7.9**
• at constant currency			-4.4
Revenue by region [1]			
Europe	337	352	-4.3
• at constant currency			-3.6
Americas	78	107	-27.1
• at constant currency			-16.5
Greater China	19	14	35.7
• at constant currency			40.9
Asia/Pacific	12	11	9.1
• at constant currency			16.1
Cost of sales	-286	-307	-6.8
Gross profit	**160**	**177**	**-9.6**
• in % of revenue	35.9	36.6	-
Research and development expenses	-7	-7	0.0
Selling and administrative expenses	-73	-72	1.4
EBIT	**80**	**93**	**-14.0**
• in % of revenue	17.9	19.2	-
Special items [2]	0	0	0.0
EBIT before special items	**80**	**93**	**-14.0**
• in % of revenue	17.9	19.2	-

Prior year information presented based on 2018 segment structure.
[1] By market view (customer location).
[2] Please refer to pp. 20 et seq. for the definition of special items.

Automotive Aftermarket division earnings

Effective January 01, 2018, the former Automotive Aftermarket business division was set up as a third stand-alone division of the Schaeffler Group with its own CEO. This step reflects the increased significance of the Automotive Aftermarket business to the Schaeffler Group. The management model of the new division follows a regional approach based on the Europe, Americas, Greater China, and Asia/Pacific regions. Within each region and the related subregions, the division uses two distribution channels to sell its products and services: the Original Equipment Service (OES) and the open (independent) market, known as the Independent Aftermarket (IAM). The OES comprises the automobile manufacturers' spare parts business, that is, supplying original spare parts and services to branded repair shops, i.e. those that are authorized by automobile manufacturers. IAM, on the other hand, supplies independent repair shops that are not tied to any one vehicle brand with spare parts and services via the various distribution levels.

Automotive Aftermarket division revenue fell by a total of 7.9% to EUR 446 m (prior year: EUR 484 m) in the first three months of 2018. Excluding the impact of currency translation, the division reported a revenue decline of 4.4% primarily due to lower revenue in the Americas region. The vehicle population – one of the indicators for the development of the Automotive Aftermarket division's business – is expected to grow slightly less in 2018 compared to the prior year, with the average vehicle age remaining nearly unchanged.

In the **Europe region**, revenue was down 4.3% (-3.6% at constant currency) in the reporting period. This trend was especially due to customers of the Independent Aftermarket in the Germany and Central and Eastern Europe & Middle East and Africa subregions reducing inventory levels.

The **Americas region** reported considerably lower revenue for the reporting period, 27.1% less than the high prior year level – a revenue trend that was affected by a substantial adverse impact of currency translation. Excluding the impact of currency translation, revenue fell by 16.5%, due especially to decreased requirements of one OES customers.

The division continued to make good headway in developing its Chinese market. The **Greater China region** generated revenue growth of 35.7% (+40.9% at constant currency) due to an increase in OES customers' requirements.

In the **Asia/Pacific region**, revenue rose by 9.1%. Excluding the impact of currency translation, the region generated 16.1% in additional revenue, primarily as a result of higher Independent Aftermarket revenue in the Southeast Asia subregion.

Automotive Aftermarket division cost of sales fell by EUR 21 m or 6.8% to EUR 286 m (prior year: EUR 307 m). Gross profit declined by EUR 17 m or 9.6% to EUR 160 m (prior year: EUR 177 m), and gross margin dropped 0.7 percentage points to 35.9% (prior year: 36.6%) due primarily to the impact of pricing and currency translation.

Functional costs, primarily consisting of selling expenses, of EUR 80 m were nearly flat with prior year (prior year: EUR 79 m). Functional costs as a percentage of revenue rose to 17.9% (prior year: 16.3%).

EBIT for the first three months of 2018 amounted to EUR 80 m (prior year: EUR 93 m), while the division's EBIT margin declined by 1.3 percentage points to 17.9% (prior year: 19.2%). As there were no special items during either the current or the prior year reporting period, the EBIT margin before special items amounted to 17.9% (prior year: 19.2%) as well. Along with the decrease in gross profit, both the decline in revenue and the increased cost of expanding the logistics network, including in connection with the "Agenda 4 plus One", adversely affected the relative functional cost structure. Gains on foreign currency transactions had a compensating effect on the adverse impact of currency translation on gross profit.

Industrial division

Revenue EUR 826 m

EBIT margin before special items 11.4%

Revenue up 10.8% at constant currency // Revenue growth in all regions – Greater China sees highly dynamic growth // Double-digit growth rates in the railway, raw materials, offroad, and power transmission sector clusters and in Industrial Distribution // EBIT margin increased over prior year // Program "CORE" cost and efficiency measures proving effective

Industrial division earnings No. 006

in € millions	1st three months 2018	2017	Change in %
Revenue	**826**	**782**	**5.6**
• at constant currency			10.8
Revenue by region [1]			
Europe	484	454	6.6
• at constant currency			8.2
Americas	141	153	-7.8
• at constant currency			5.4
Greater China	131	102	28.4
• at constant currency			40.0
Asia/Pacific	70	73	-4.1
• at constant currency			3.2
Cost of sales	-575	-542	6.1
Gross profit	**251**	**240**	**4.6**
• in % of revenue	30.4	30.7	-
Research and development expenses	-35	-34	2.9
Selling and administrative expenses	-125	-127	-1.6
EBIT	**94**	**67**	**40.3**
• in % of revenue	11.4	8.6	-
Special items [2]	0	0	0.0
EBIT before special items	**94**	**67**	**40.3**
• in % of revenue	11.4	8.6	-

Prior year information presented based on 2018 segment structure.
[1] By market view (customer location).
[2] Please refer to pp. 20 et seq. for the definition of special items.

Industrial division earnings

The Industrial division increased its revenue by 5.6% to EUR 826 m (prior year: EUR 782 m) during the first three months of 2018. Excluding the impact of currency translation, revenue was up 10.8%. The increase was primarily driven by Industrial Distribution. Considerable increases in the railway, raw materials, offroad, power transmission, and industrial automation sector clusters also contributed to the growth in revenue.

The Industrial business is primarily managed based on regions. 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; trends varied across these markets in the first three months of 2018.

Revenue in the **Europe region** grew by 6.6% (+8.2% at constant currency) during the reporting period. This growth was primarily due to higher sales in Industrial Distribution. The offroad and railway sector clusters also reported considerably higher revenue. Revenue also increased in the two-wheelers, power transmission, and industrial automation sector clusters, while the aerospace sector cluster was approximately at par with the prior year. Revenue for the raw materials and wind sector clusters declined, however.

The **Americas region** reported a decrease in revenue of 7.8% due to the adverse impact of currency translation. Excluding the impact of currency translation, the region's revenue grew by 5.4%. This growth was mainly driven by the power transmission, raw materials, offroad, and industrial automation sector clusters, all of which generated double-digit growth rates excluding the impact of currency translation. The two-wheelers and aerospace sector clusters as well as Industrial Distribution also saw their revenue increase slightly excluding the impact of currency translation. Demand in the wind and railway sector clusters declined.

In the **Greater China region,** revenue rose by 28.4% (+40.0% at constant currency). All sector clusters as well as Industrial Distribution generated double-digit revenue growth. The wind, raw materials, railway, industrial automation, offroad, and power transmission sector clusters and Industrial Distribution reported particularly strong growth. The aerospace and two-wheeler sector clusters generated revenue increases as well.

In the **Asia/Pacific region**, revenue decreased by 4.1% due to the adverse impact of currency translation. Excluding the impact of currency translation, the region generated 3.2% in additional revenue. The increase was primarily driven by Industrial Distribution. The industrial automation and offroad sector clusters also contributed to the region's revenue growth.

Industrial division cost of sales rose 6.1% to EUR 575 m (prior year: EUR 542 m). Gross profit increased by EUR 11 m or 4.6% to EUR 251 m (prior year: EUR 240 m). The division's gross margin fell 0.3 percentage points to 30.4% (prior year: 30.7%) since an adverse impact of currency translation and inflation-related cost increases as well as temporary productivity losses resulting from extremely high utilization of capacity could not be fully offset by cost optimization and economies of scale.

Functional costs of EUR 160 m (prior year: EUR 161 m) were flat with prior year. The cost reduction measures of the program "CORE" more than offset inflation-related cost increases, particularly in personnel expenses, as well as higher group overheads. Functional costs as a percentage of revenue fell to 19.4% (prior year: 20.6%). Research and development expenses amounted to EUR 35 m (prior year: EUR 34 m), and selling and administrative expenses were EUR 125 m (prior year: EUR 127 m).

EBIT for the first three months of 2018 amounted to EUR 94 m (prior year: EUR 67 m), while the division's EBIT margin improved by 2.8 percentage points to 11.4% (prior year: 8.6%). As there were no special items during either the current or the prior year reporting period, the EBIT margin before special items amounted to 11.4% (prior year: 8.6%) as well. The increase resulted from considerably higher demand and improvements in the functional cost structure due to the program "CORE". Progress in implementing the measures of the second wave and the – now full – potential of the measures of the first wave of the program "CORE" are proving effective. In addition, gains on foreign currency transactions had a compensating effect on the adverse impact of currency translation on gross profit.

Performance indicators and special items

The information on the Schaeffler Group's earnings, net assets, and financial position is based on the requirements of International Financial Reporting Standards (IFRS) and, where applicable, German commercial law and German Accounting Standards (GAS).

In addition to the disclosures required by these standards, the Schaeffler Group also discloses certain performance indicators that are not defined in the relevant financial reporting standards. The company presents these measures in accordance with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority, ESMA. Therefore, these indicators should be considered supplementary information. They are designed to provide comparability over time and across sectors and are calculated by making certain adjustments to, or calculating ratios between, line items contained in the income statement, statement of financial position, or statement of cash flows prepared in accordance with applicable financial reporting standards. These performance indicators include, among others, EBIT, earnings before financial result, income taxes, depreciation, amortization, and impairment losses (EBITDA), the net debt to EBITDA ratio, ROCE, and SVA.

In order to make the evaluation of the company's results of operations as transparent as possible, the Schaeffler Group reports the indicators described above before special items (= adjusted). Special items are items that the Board of Managing Directors considers to render the financial indicators less meaningful for evaluating the sustainability of the Schaeffler Group's profitability due to their nature, frequency, and/or size. Net income attributable to shareholders of the parent company before special items in EBIT is also presented in order to facilitate calculating the dividend payout ratio. Special items are categorized as legal cases, restructuring, and other.

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 currency 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. Starting in 2018, the company also reports free cash flow (FCF) before cash in- and outflows for M&A activities. To facilitate evaluation of the cash conversion cycle, the company determines the FCF conversion ratio, which represents the ratio of FCF before cash in- and outflows for M&A activities to EBITDA before special items.

Please refer to pp. 30 et seq. and page 61 of the Schaeffler Group's annual report 2017 for a detailed discussion of performance indicators and special items

Reconciliation No. 007

	1st three months		1st three months		1st three months		1st three months	
	2018	2017	2018	2017	2018	2017	2018	2017
Income statement (in € millions)		Total		Automotive OEM		Automotive Aftermarket		Industrial
EBIT	**391**	**435**	**217**	**275**	**80**	**93**	**94**	**67**
• in % of revenue	11.0	12.2	9.5	11.9	17.9	19.2	11.4	8.6
Special items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
• Legal cases	0	0	0	0	0	0	0	0
• Restructuring	0	0	0	0	0	0	0	0
• Other	0	0	0	0	0	0	0	0
EBIT before special items	**391**	**435**	**217**	**275**	**80**	**93**	**94**	**67**
• in % of revenue	11.0	12.2	9.5	11.9	17.9	19.2	11.4	8.6
Net income 1)	**240**	**279**						
Special items	**0**	**0**						
• Legal cases	0	0						
• Restructuring	0	0						
• Other	0	0						
– Tax effect 2)	0	0						
Net income before special items 1)	**240**	**279**						
Statement of financial position (in € millions)	**03/31/2018**	**12/31/2017**						
Net financial debt	2,439	2,370						
/ EBITDA LTM	2,258	2,295						
Net financial debt to EBITDA ratio	**1.1**	**1.0**						
Net financial debt	2,439	2,370						
/ EBITDA before special items LTM	2,314	2,351						
Net financial debt to EBITDA ratio before special items	**1.1**	**1.0**						
	1st three months							
Statement of cash flows (in € millions)	**2018**	**2017**						
EBITDA	**587**	**624**						
Special items	**0**	**0**						
• Legal cases	0	0						
• Restructuring	0	0						
• Other	0	0						
EBITDA before special items	**587**	**624**						
Free cash flow (FCF)	**-71**	**-130**						
-/+ Cash in- and outflows for M&A activities	2	19						
FCF before cash in- and outflows for M&A activities	**-69**	**-111**						
FCF before cash in- and outflows for M&A activities LTM	557	736						
/ EBITDA before special items LTM	2,314	2,463						
FCF conversion ratio (in %)	**24.1**	**29.9**						
Value-based management (in € millions)								
EBIT LTM	1,484	1,570						
/ Average capital employed	7,972	7,760						
ROCE (in %)	**18.6**	**20.2**						
EBIT before special items LTM	1,540	1,714						
/ Average capital employed	7,972	7,760						
ROCE before special items (in %)	**19.3**	**22.1**						
EBIT LTM	1,484	1,570						
– Cost of capital	797	776						
Schaeffler Value Added (SVA)	**687**	**794**						
EBIT before special items LTM	1,540	1,714						
– Cost of capital	797	776						
SVA before special items	**743**	**938**						

LTM = Based on the last twelve months.
1) Attributable to shareholders of the parent company.
2) Based on the group's effective tax rate for the relevant year.

1.4 Financial position

Cash flow and liquidity

Cash flow No. 008

in € millions	1st three months 2018	2017	Change in %
Cash flows from operating activities	237	186	27.4
Cash used in investing activities	-308	-316	-2.5
Free cash flow	**-71**	**-130**	**-45.4**
Cash used in financing activities	55	-2	-
Net decrease in cash and cash equivalents	**-16**	**-132**	**-87.9**
Effects of foreign exchange rate changes on cash and cash equivalents	-10	8	-
Cash and cash equivalents as at beginning of period	698	1,071	-34.8
Cash and cash equivalents as at March 31	**672**	**947**	**-29.0**

The Schaeffler Group generated **cash flows from operating activities** of EUR 237 m (prior year: EUR 186 m) in the first quarter of 2018. Weaker earnings were more than offset, primarily by lower outflows related to the expansion of working capital. These outflows amounted to EUR 212 m, below the prior year amount of EUR 284 m since the increase in inventories, which was higher than in the prior year period, was more than offset by a significantly lower increase in trade receivables. The working capital ratio, defined as working capital as a percentage of revenue, was 18.6% as at March 31, 2018 (prior year: 20.1%). Total interest and income taxes paid during the first quarter of 2018 of EUR 117 m were in line with prior year (prior year: EUR 111 m).

Capital expenditures on property, plant and equipment and intangible assets (capex) amounted to EUR 306 m (prior year: EUR 299 m) in the reporting period. The first quarter of 2018 included net cash outflows for M&A activities of EUR 2 m (prior year: EUR 19 m).

These developments resulted in a seasonally negative free cash flow of EUR -71 m (prior year: EUR -130 m) for the first quarter of 2018. Excluding net cash outflows for M&A activities, **free cash flow** amounted to EUR -69 m (prior year: EUR -111 m). The free cash flow conversion ratio, defined as the ratio of free cash flow before cash in- and outflows for M&A activities to EBITDA before special items, was 24.1% as at March 31, 2018 (prior year: 29.9%).

EUR 55 m in cash was provided by **financing activities** (prior year: cash used of EUR 2 m) during the reporting period. An additional EUR 50 m was drawn in March 2018 under the loan agreement obtained in late 2017 to finance long-term logistics projects.

Cash and cash equivalents decreased by EUR 26 m to EUR 672 m as at March 31, 2018 (December 31, 2017: EUR 698 m).

As at March 31, 2018, cash and cash equivalents consisted primarily of bank balances. EUR 255 m (December 31, 2017: EUR 293 m) of this amount related to countries with foreign exchange restrictions and other legal restrictions. In addition, the Schaeffler Group has a Revolving Credit Facility of EUR 1.3 bn (December 31, 2017: EUR 1.3 bn), of which EUR 12 m (December 31, 2017: EUR 12 m) were utilized as at March 31, 2018, primarily in the form of letters of credit.

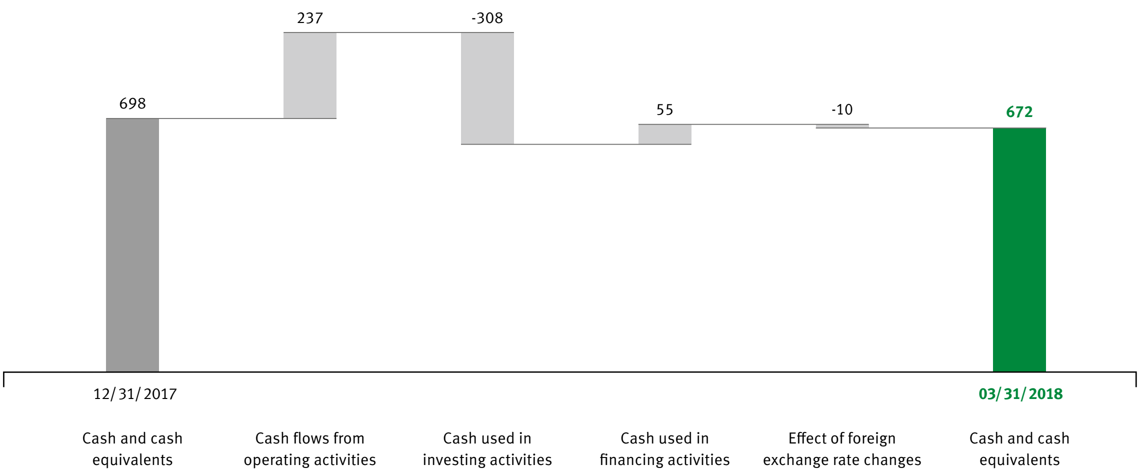
Capital expenditures

Investing in intangible assets and property, plant and equipment is key to driving the Schaeffler Group's growth. Capital expenditures on property, plant and equipment and intangible assets (capex) increased by 2.3% to EUR 306 m (prior year: EUR 299 m) in the first quarter of 2018. Capital expenditures amounted to 8.6% (prior year: 8.4%) of revenue (capex ratio).

Total additions to intangible assets and property, plant and equipment amounted to EUR 234 m (prior year: EUR 279 m). Approx. 76% of these additions related to the Automotive OEM division, approx. 6% to the Automotive Aftermarket division, and approx. 18% to the Industrial division.

Change in cash and cash equivalents No. 009

in € millions



From a regional perspective, by far the largest share of total capital expenditures related to the Europe (EUR 191 m; prior year: EUR 173 m) and Greater China regions (EUR 69 m; prior year: EUR 66 m). In these regions, the company made targeted investments in expanding capacity and to realize new product start-ups of future electrified drive concepts in the Automotive OEM division. The Industrial division invested mainly in expanding capacity and in measures aimed at reducing shifts. A further significant share of capital expenditures made in the Europe region related to the state-of-the-art integrated assembly and packaging center of the Automotive Aftermarket division known as “Aftermarket Kitting Operation” (AKO). The AKO, one of the initiatives under the program for the future, the “Agenda 4 plus One”, is designed to further optimize Automotive Aftermarket processes and generate sustained improvements in quality of delivery.

Capital expenditures by region (capex) No. 010

	in € millions	Change in € millions
Europe	**191** 173	+18
Americas	**34** 41	-7
Greater China	**69** 66	+3
Asia/Pacific	**12** 19	-7
Schaeffler Group	**306** 299	+7

Q1 2018 (bold), Q1 2017

Regions reflect the regional structure of the Schaeffler Group.

Financial debt

The group’s net financial debt increased by EUR 69 m to EUR 2,439 m as at March 31, 2018 (December 31, 2017: EUR 2,370 m), primarily due to a slight decline in cash and cash equivalents in the first quarter of 2018.

The debt to EBITDA ratio, defined as the ratio of net financial debt to EBITDA, amounted to 1.1 as at March 31, 2018 (December 31, 2017: 1.0). The net debt to EBITDA ratio before special items was 1.1 (December 31, 2017: 1.0) as well.

The gearing ratio, the ratio of net financial debt to shareholders’ equity including non-controlling interests, decreased to 88.9% as at March 31, 2018 (December 31, 2017: 93.0%).

Net financial debt No. 011

in € millions	03/31/2018	12/31/2017	Change in %
Bonds	1,980	1,994	-0.7
Facilities Agreement	984	983	0.1
Capital investment loan	139	89	56.2
Other financial debt	8	2	> 100
Total financial debt	**3,111**	**3,068**	**1.4**
Cash and cash equivalents	672	698	-3.7
Net financial debt	**2,439**	**2,370**	**2.9**

In March 2018, Schaeffler AG drew down an additional EUR 50 m under the capital investment loan obtained to finance the long-term logistics projects. As a result, a total of EUR 140 m of the facility was utilized as at March 31, 2018 (December 31, 2017: EUR 90 m).

The Schaeffler Group had the following loans outstanding as at March 31, 2018:

Schaeffler Group loans No. 012

		03/31/2018	12/31/2017	03/31/2018	12/31/2017	03/31/2018	12/31/2017	
Tranche	Currency	Principal in millions		Carrying amount in € millions		Coupon		Maturity
Term Loan	EUR	1,000	1,000	991	991	Euribor [1] + 1.20%	Euribor [1] + 1.20%	07/18/2021
Revolving Credit Facility [2]	EUR	1,300	1,300	-7	-8	Euribor [1] + 0.80%	Euribor [1] + 0.80%	07/18/2021
Capital investment loan [3]	EUR	250	250	139	89	Euribor [1] + 1.00%	Euribor [1] + 1.00%	12/15/2022
Total				**1,123**	**1,072**			

[1] Euribor floor of 0.00%.
[2] EUR 12 m (December 31, 2017: EUR 12 m) were drawn down as at March 31, 2018, primarily in the form of letters of credit.
[3] EUR 140 m (December 31, 2017: EUR 90 m) were drawn down as at March 31, 2018.

In addition, the Schaeffler Group had further lines of credit in the equivalent of approx. EUR 152 m (December 31, 2017: approx. EUR 154 m), primarily regarding the U.S. and China. Approx. EUR 117 m of these facilities were unutilized as at March 31, 2018 (December 31, 2017: approx. EUR 111 m).

The following bonds issued by Schaeffler Finance B.V., Barneveld, Netherlands, were outstanding as at March 31, 2018. All bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

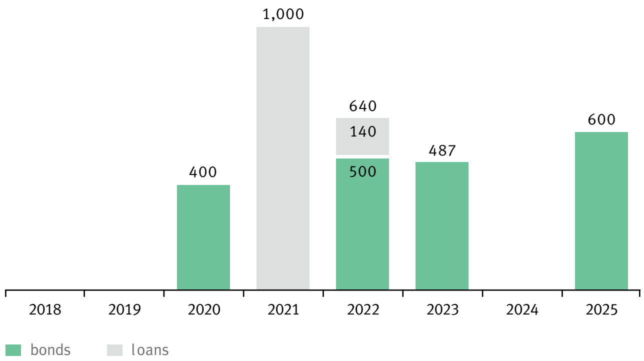
Schaeffler Group bonds No. 013

		03/31/2018	12/31/2017	03/31/2018	12/31/2017		
ISIN	Currency	Principal in millions		Carrying amount in € millions		Coupon	Maturity
XS1212469966	EUR	400	400	398	398	2.50%	05/15/2020
XS1067864022	EUR	500	500	498	498	3.50%	05/15/2022
US806261AM57	USD	600	600	488	502	4.75%	05/15/2023
XS1212470972	EUR	600	600	596	596	3.25%	05/15/2025
Total				**1,980**	**1,994**		

The company's maturity profile, which consists of the term loan, the capital investment loan, and the bonds issued by Schaeffler Finance B.V., Barneveld, Netherlands, was as follows as at March 31, 2018:

Maturity profile No. 014

Principal outstanding as at March 31, 2018, in € millions



1.5 Net assets and capital structure

The Schaeffler Group's **total assets** increased by EUR 318 m or 2.8% to EUR 11,855 m as at March 31, 2018 (December 31, 2017: EUR 11,537 m).

Consolidated statement of financial position (abbreviated) No. 015

in € millions	03/31/2018	12/31/2017	Change in %
ASSETS			
Total non-current assets	6,229	6,178	0.8
Total current assets	5,626	5,359	5.0
Total assets	**11,855**	**11,537**	**2.8**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Total shareholders' equity	2,742	2,548	7.6
Total non-current liabilities	5,718	5,676	0.7
Total current liabilities	3,395	3,313	2.5
Total shareholders' equity and liabilities	**11,855**	**11,537**	**2.8**

Non-current assets amounted to EUR 6,229 m as at March 31, 2018 (December 31, 2017: EUR 6,178 m). Deferred tax assets increased by EUR 43 m during the reporting period, primarily due to higher carryforwards under the interest deduction cap and a slight decrease in the discount rate for pension obligations. In addition, property, plant and equipment was up EUR 25 m. Furthermore, the initial application of IFRS 9 increased other investments by EUR 24 m. Negative changes in the fair value of non-current derivatives had an offsetting effect.

Current assets increased by EUR 267 m to EUR 5,626 m (December 31, 2017: EUR 5,359 m) during the first three months of 2018, mainly due to increases in inventories and trade receivables. At March 31, 2018, trade receivables with a carrying amount of EUR 156 m (December 31, 2017: EUR 123 m) net of retained default risks had been sold under an ABCP program (asset-backed commercial paper). Furthermore, the initial application of IFRS 15 increased contract assets by EUR 28 m (December 31, 2017: EUR 0 m). Other assets increased as well. These increases were partially offset by a reduction in cash and cash equivalents (see "Cash flow and liquidity", page 22).

Shareholders' equity including non-controlling interests rose by EUR 194 m to EUR 2.742 m as at March 31, 2018 (December 31, 2017: EUR 2,548 m). The increase in shareholders' equity was primarily due to net income of EUR 244 m. The new financial reporting standards applicable effective in 2018, IFRS 9 and IFRS 15, increased other reserves by EUR 30 m. These increases were partially offset mainly by the adverse impact of foreign currency translation and of discount rate-driven adjustments to pensions and similar obligations on accumulated other comprehensive income. The equity ratio was 23.1% as at March 31, 2018 (December 31, 2017: 22.1%).

Non-current liabilities rose by EUR 42 m to EUR 5,718 m as at March 31, 2018 (December 31, 2017: EUR 5,676 m). This change was mainly attributable to the increase in provisions for pensions and similar obligations by EUR 43 m which resulted primarily from a slight decrease in the average discount rate to 2.1% (December 31, 2017: 2.2%), and the utilization of an additional EUR 50 m of the capital investment loan. These factors were partially offset by, in particular, lower non-current income tax payables and deferred tax liabilities.

Current liabilities increased by EUR 82 m to EUR 3,395 m (December 31, 2017: EUR 3,313 m) as at March 31, 2018, primarily as a result of higher current income tax payables and other liabilities. The initial recognition of EUR 23 m (December 31, 2017: EUR 0 m) in contract liabilities in accordance with IFRS 15 increased current liabilities as well. A decrease in other financial liabilities had an offsetting effect.

2. Supplementary report

On April 16, 2018, the company's Board of Managing Directors, Works Council and the IG Metall trade union signed a Future Accord. The parties' intention in signing the Accord is to jointly and collaboratively manage and drive the ongoing development and transformation of the Schaeffler Group – with particular regard to the three key future trends of E-Mobility, Industry 4.0, and Digitalization – in the interests of the company and of its employees. Under the Future Accord, the Schaeffler Group will make available a EUR 50 m innovation fund over a period of five years. The purpose of the fund is to foster innovation and thereby to actively harness the great innovative capacity of Schaeffler's employees and to achieve sustainable value creation.

Schaeffler AG's annual general meeting, which was held on April 20, 2018, passed a resolution to pay a dividend of EUR 0.54 (prior year: EUR 0.49) per common share and EUR 0.55 (prior year: EUR 0.50) per common non-voting share to Schaeffler AG's shareholders for 2017.

On April 30, 2018, the Board of Managing Directors of Schaeffler AG approved a reorganization that will see the internal supplier, "Bearing & Components Technologies (BCT)", integrated into the Automotive OEM and Industrial divisions and the plants previously assigned to BCT and the Operations function reassigned to these two divisions as well. The approval is subject to consent by the Presiding Committee of the Schaeffler AG Supervisory Board. The reorganization is designed to eliminate duplicate structures and leverage further efficiencies.

No other material events expected to have a significant impact on the net assets, financial position, or results of operations of the Schaeffler Group occurred after March 31, 2018.

3. Report on opportunities and risks

Please refer to pp. 71 et seq. of the Schaeffler Group's annual report 2017 for a discussion of Schaeffler Group's risk management system and potential opportunities and risks. The statements made in the annual report 2017 regarding the opportunities and risks are largely unchanged.

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

4. Report on expected developments

4.1 Expected economic and sales market trends

In its current forecast (April 2018), the International Monetary Fund expects the global economy to grow by 3.9% this year. Oxford Economics (April 2018) anticipates a growth rate of 3.9% as well. In light of these forecasts, the Schaeffler Group continues to expect global economic growth of just under 4% in 2018.

Please refer to the discussion in the 2017 annual report regarding risks potentially affecting the development of the global economy.

The current forecasts regarding automobile and industrial production, vehicle population, and average vehicle age do not contain any significant changes compared to the forecasts in the 2017 annual report. Therefore, the Schaeffler Group continues to anticipate that automobile production will grow by approx. 2% in 2018, while the vehicle population is still expected to grow slightly less than in the prior year, with the average vehicle age remaining nearly unchanged. The Schaeffler Group continues to expect industrial production to grow at a rate similar to the prior year's.

4.2 Schaeffler Group outlook

Outlook 2018 – group No. 016

Schaeffler Group	Outlook 2018	Actual Q1 2018
Revenue growth [1]	5 to 6%	3.9%
EBIT margin before special items [2]	10.5 to 11.5%	11.0%
Free cash flow [3]	~ EUR 450 m	EUR -69 m

[1] Compared to prior year; excluding the impact of currency translation.
[2] Please refer to pp. 20 et seq. for the definition of special items.
[3] Before cash in- and outflows for M&A activities.

The Schaeffler Group continues to expect its revenue to grow by 5 to 6% excluding the impact of currency translation in 2018.

In addition, the company still expects to generate an EBIT margin before special items of 10.5 to 11.5% in 2018.

The Schaeffler Group's expectation of approx. EUR 450 m in free cash flow before cash in- and outflows for M&A activities for 2018 remains unchanged.

Outlook 2018 – divisions No. 017

Automotive OEM	Outlook 2018	Actual Q1 2018
Revenue growth [1]	6 to 7%	3.2%
EBIT margin before special items [2]	9.5 to 10.5%	9.5%
Automotive Aftermarket	**Outlook 2018**	**Actual Q1 2018**
Revenue growth [1]	3 to 4%	-4.4%
EBIT margin before special items [2]	16.5 to 17.5%	17.9%
Industrial	**Outlook 2018**	**Actual Q1 2018**
Revenue growth [1]	3 to 4%	10.8%
EBIT margin before special items [2]	9 to 10%	11.4%

[1] Compared to prior year; excluding the impact of currency translation.
[2] Please refer to pp. 20 et seq. for the definition of special items.

For the Automotive OEM division, the Schaeffler Group continues to expect revenue growth excluding the impact of currency translation of 6 to 7% in 2018. The company also still expects an EBIT margin before special items of between 9.5 and 10.5% for 2018 for the Automotive OEM division.

For the Automotive Aftermarket division, the group continues to expect revenue growth – excluding the impact of currency translation – of 3 to 4% and an EBIT margin before special items of 16.5 to 17.5% in 2018.

Furthermore, the company still expects its Industrial division to generate 3 to 4% in revenue growth in 2018, excluding the impact of currency translation. In addition, the Industrial division anticipates generating an EBIT margin before special items of between 9 and 10% in 2018.

Herzogenaurach, April 30, 2018

The Board of Managing Directors

Consolidated income statement

No. 018

in € millions	1st three months 2018	2017 1)	Change in %
Revenue	3,551	3,574	-0.6
Cost of sales	-2,591	-2,542	1.9
Gross profit	**960**	**1,032**	**-7.0**
Research and development expenses	-224	-212	5.7
Selling expenses	-242	-243	-0.4
Administrative expenses	-119	-117	1.7
Other income	26	12	> 100
Other expenses	-10	-37	-73.0
Earnings before financial result and income taxes (EBIT)	**391**	**435**	**-10.1**
Financial income	16	1	> 100
Financial expenses	-68	-49	38.8
Financial result	**-52**	**-48**	**8.3**
Earnings before income taxes	**339**	**387**	**-12.4**
Income taxes	-95	-104	-8.7
Net income	**244**	**283**	**-13.8**
Attributable to shareholders of the parent company	240	279	-14.0
Attributable to non-controlling interests	4	4	0.0
Earnings per common share (basic/diluted, in €)	0.36	0.42	-14.3
Earnings per common non-voting share (basic/diluted, in €)	0.36	0.42	-14.3

1) The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See “Basis of preparation” in the condensed notes to the consolidated interim financial statements for further details.

Consolidated statement of comprehensive income

No. 019

	1st three months					
			2018			2017 1)
in € millions	before taxes	taxes	after taxes	before taxes	taxes	after taxes
Net income	**339**	**-95**	**244**	**387**	**-104**	**283**
Foreign currency translation differences for foreign operations	-44	0	-44	37	0	37
Net change from hedges of net investments in foreign operations	4	-1	3	6	-2	4
Effective portion of changes in fair value of cash flow hedges	-22	6	-16	6	-2	4
Total other comprehensive income (loss) that may be reclassified subsequently to profit or loss	**-62**	**5**	**-57**	**49**	**-4**	**45**
Remeasurement of net defined benefit liability	-33	10	-23	103	-28	75
Total other comprehensive income (loss) that will not be reclassified to profit or loss	**-33**	**10**	**-23**	**103**	**-28**	**75**
Total other comprehensive income (loss)	**-95**	**15**	**-80**	**152**	**-32**	**120**
Total comprehensive income (loss)	**244**	**-80**	**164**	**539**	**-136**	**403**
Total comprehensive income (loss) attributable to shareholders of the parent company	243	-78	165	529	-134	395
Total comprehensive income (loss) attributable to non-controlling interests	1	-2	-1	10	-2	8

1) The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.

Consolidated statement of financial position

No. 020

in € millions	03/31/2018	12/31/2017 1)	03/31/2017 1)	Change in %
ASSETS				
Intangible assets	636	636	634	0.0
Property, plant and equipment	4,890	4,865	4,622	0.5
Other financial assets	105	114	210	-7.9
Other assets	63	71	59	-11.3
Deferred tax assets	535	492	557	8.7
Total non-current assets	**6,229**	**6,178**	**6,082**	**0.8**
Inventories	2,166	2,017	2,011	7.4
Contract assets	28	0	0	-
Trade receivables	2,275	2,192	2,462	3.8
Other financial assets	95	111	54	-14.4
Other assets	285	236	271	20.8
Income tax receivables	105	102	90	2.9
Cash and cash equivalents	672	698	947	-3.7
Assets held for sale	0	3	24	-100
Total current assets	**5,626**	**5,359**	**5,859**	**5.0**
Total assets	**11,855**	**11,537**	**11,941**	**2.8**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	666	666	666	0.0
Capital reserves	2,348	2,348	2,348	0.0
Other reserves	519	249	-125	> 100
Accumulated other comprehensive income (loss)	-897	-822	-597	9.1
Equity attributable to shareholders of the parent company	**2,636**	**2,441**	**2,292**	**8.0**
Non-controlling interests	106	107	108	-0.9
Total shareholders' equity	**2,742**	**2,548**	**2,400**	**7.6**
Provisions for pensions and similar obligations	2,167	2,124	2,107	2.0
Provisions	170	173	97	-1.7
Financial debt	3,103	3,066	3,687	1.2
Income tax payables	141	153	137	-7.8
Other financial liabilities	16	24	76	-33.3
Other liabilities	6	7	6	-14.3
Deferred tax liabilities	115	129	123	-10.9
Total non-current liabilities	**5,718**	**5,676**	**6,233**	**0.7**
Provisions	242	233	341	3.9
Financial debt	8	2	2	> 100
Contract liabilities	23	0	0	-
Trade payables	1,866	1,867	1,653	-0.1
Income tax payables	223	162	232	37.7
Other financial liabilities	575	682	654	-15.7
Other liabilities	458	367	418	24.8
Liabilities held for sale	0	0	8	0.0
Total current liabilities	**3,395**	**3,313**	**3,308**	**2.5**
Total shareholders' equity and liabilities	**11,855**	**11,537**	**11,941**	**2.8**

1) The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.

Consolidated statement of cash flows

No. 021

	1st three months		
in € millions	2018	2017 [1]	Change in %
Operating activities			
EBIT	391	435	-10.1
Interest paid	-28	-30	-6.7
Interest received	3	3	0.0
Income taxes paid	-89	-81	9.9
Depreciation, amortization, and impairment losses	196	189	3.7
(Gains) losses on disposal of assets	-2	0	-
Changes in:			
• Inventories	-159	-93	71.0
• Trade receivables	-132	-231	-42.9
• Trade payables	79	40	97.5
• Provisions for pensions and similar obligations	1	17	-94.1
• Other assets, liabilities, and provisions	-23	-63	-63.5
Cash flows from operating activities	**237**	**186**	**27.4**
Investing activities			
Proceeds from disposals of property, plant and equipment	1	2	-50.0
Capital expenditures on intangible assets	-3	-7	-57.1
Capital expenditures on property, plant and equipment	-303	-292	3.8
Acquisition of subsidiaries	-2	-23	-91.3
Proceeds from disposal of subsidiaries	0	4	-100
Other investing activities	-1	0	-
Cash used in investing activities	**-308**	**-316**	**-2.5**
Financing activities			
Receipts from loans	56	0	-
Repayments of loans	-1	-2	-50.0
Cash used in financing activities	**55**	**-2**	**-**
Net decrease in cash and cash equivalents	**-16**	**-132**	**-87.9**
Effects of foreign exchange rate changes on cash and cash equivalents	-10	8	-
Cash and cash equivalents as at beginning of period	698	1,071	-34.8
Cash and cash equivalents as at March 31	**672**	**947**	**-29.0**

[1] The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.

Consolidated statement of changes in equity

No. 022

in € millions	Share capital	Capital reserves	Other reserves	Accumulated other comprehensive income (loss): Translation reserve	Hedging reserve	Defined benefit plan remeasurement reserve	Total	Equity attributable to shareholders [1]	Non-controlling interests	Total
Balance as at January 01, 2017 [2]	**666**	**2,348**	**-404**	**-27**	**-35**	**-651**	**-713**	**1,897**	**100**	**1,997**
Net income			279					279	4	283
Other comprehensive income				37	4	75	116	116	4	120
Total comprehensive income	**0**	**0**	**279**	**37**	**4**	**75**	**116**	**395**	**8**	**403**
Balance as at March 31, 2017 [2]	**666**	**2,348**	**-125**	**10**	**-31**	**-576**	**-597**	**2,292**	**108**	**2,400**
Balance as at January 01, 2018 before IFRS 9 and IFRS 15 adjustments [2]	**666**	**2,348**	**249**	**-267**	**15**	**-570**	**-822**	**2,441**	**107**	**2,548**
Adjustments IFRS 9			27					27		27
Adjustments IFRS 15			3					3		3
Balance as at January 01, 2018	**666**	**2,348**	**279**	**-267**	**15**	**-570**	**-822**	**2,471**	**107**	**2,578**
Net income			240					240	4	244
Other comprehensive loss				-36	-16	-23	-75	-75	-5	-80
Total comprehensive income (loss)	**0**	**0**	**240**	**-36**	**-16**	**-23**	**-75**	**165**	**-1**	**164**
Balance as at March 31, 2018	**666**	**2,348**	**519**	**-303**	**-1**	**-593**	**-897**	**2,636**	**106**	**2,742**

[1] Equity attributable to shareholders of the parent company.

[2] The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.

Consolidated segment information

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

No. 023

	1st three months		1st three months		1st three months		1st three months	
	2018	2017 [1) 2)]	2018	2017 [1) 2)]	2018	2017 [1) 2)]	2018	2017 [1)]
in € millions		Automotive OEM		Automotive Aftermarket		Industrial		Total
Revenue	2,279	2,308	446	484	826	782	3,551	3,574
EBIT	217	275	80	93	94	67	391	435
• in % of revenue	9.5	11.9	17.9	19.2	11.4	8.6	11.0	12.2
EBIT before special items [3)]	217	275	80	93	94	67	391	435
• in % of revenue	9.5	11.9	17.9	19.2	11.4	8.6	11.0	12.2
Depreciation, amortization, and impairment losses	-151	-142	-2	-1	-43	-46	-196	-189
Working capital [4) 5)]	1,265	1,443	402	464	908	913	2.575	2,820
Additions to intangible assets and property, plant and equipment	178	223	13	2	43	54	234	279

Prior year information presented based on 2018 segment structure.
1) The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.
2) Prior year amounts are based on a retrospective change in segment structure. See "Segment information" in the condensed notes to the consolidated interim financial statements for further details.
3) EBIT before special items for legal cases, restructuring, and other. See "Segment information" in the condensed notes to the consolidated interim financial statements for further details.
4) Inventories plus trade receivables less trade payables.
5) Amounts as at March 31.

Condensed notes to the consolidated interim 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 consolidated interim financial statements of Schaeffler AG as at March 31, 2018, comprise Schaeffler AG and its subsidiaries, investments in associated companies, and joint ventures (together referred to as "Schaeffler Group"). The Schaeffler Group is a global automotive and industrial supplier.

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 International Financial Reporting Interpretations Committee (IFRIC).

The consolidated interim financial statements of Schaeffler AG, Herzogenaurach, for the reporting period ended March 31, 2018, have been compiled 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 2017 consolidated financial statements, where the latter are discussed in detail. Except for the amendments to and new requirements of IFRS effective starting in 2018, these accounting policies have been applied consistently in these consolidated interim financial statements. Please see the discussion on IFRS 16 Leases, which is applicable effective January 01, 2019, in the notes to the consolidated financial statements contained in the 2017 annual report for information on the impact this standard's initial application is expected to have. To date, the ongoing implementation project has not led to any significant changes to the assessment set out in that discussion.

In compiling 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, 2017. 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 decrease 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.

The effects of applying IFRS 9 and IFRS 15 effective January 01, 2018, which are discussed below, have resulted in a change in accounting policy. The Schaeffler Group has chosen the modified retrospective transition approach for both IFRS 9 and IFRS 15.

IFRS 9

Classification and measurement of financial assets

Classification and measurement of the part of the portfolio of trade receivables that is available for sale under the ABCP program (asset-backed commercial paper), has changed from the previous measurement base, amortized cost (AC), to measurement at fair value through profit or loss (FVTPL). Investments previously measured at amortized cost under the exception allowed by IAS 39 because their fair value was not reliably determinable are now accounted for at fair value through other comprehensive income (FVOCI).

Impairment model for financial assets

IFRS 9 has also introduced a new impairment model for financial assets accounted for at amortized cost. The standard has replaced the previous incurred loss model with an expected loss model.

Hedge accounting

In accordance with the option provided for hedge accounting in the transition requirements of IFRS 9, the Schaeffler Group will continue to apply the hedge accounting requirements of IAS 39 and intends to initially apply IFRS 9 at a later date, i.e. after January 01, 2018.

Initial application of these changes has increased the Schaeffler Group's other reserves as at January 01, 2018, by EUR 27 m.

The carrying amounts of financial instruments by class of the consolidated statement of financial position and by category per IFRS 9 can be reconciled to the categories previously used under IAS 39 as follows:

Financial instruments by class and category in accordance with IFRS 7.8 1) No. 024

		03/31/2018	01/01/2018		12/31/2017
in € millions	Category IFRS 7.8 per IFRS 9	Carrying amount	Carrying amount	Category IFRS 7.8 per IAS 39	Carrying amount
Financial assets, by class					
Trade receivables 1)	Amortised cost	2,139	2,131	LaR	2,127
Trade receivables – ABCP program 2)	FVTPL	136	65	LaR	65
Other financial assets					
• Investments in associates 3)	n.a.	3	3	n.a.	3
• Other investments 1)	FVOCI	38	41	AfS	17
• Marketable securities	FVTPL	17	16	AfS	16
• Derivatives designated as hedging instruments	n.a.	33	58	n.a.	58
• Derivatives not designated as hedging instruments	FVTPL	55	85	HfT	85
• Miscellaneous other financial assets	Amortised cost	54	46	LaR	46
Cash and cash equivalents	Amortised cost	672	698	LaR	698
Financial liabilities, by class					
Financial debt	FLAC	3,111	3,068	FLAC	3,068
Trade payables	FLAC	1,866	1,867	FLAC	1,867
Other financial liabilities					
• Derivatives designated as hedging instruments	n.a.	19	11	n.a.	11
• Derivatives not designated as hedging instruments	FVTPL	30	25	HfT	25
• Miscellaneous other financial liabilities	FLAC	542	670	FLAC	670
Summary by category					
Financial assets at amortized cost (Amortized cost)		2,865	2,871	LaR	2,936
Financial assets (equity instruments) at fair value through profit or loss (FVTPL)		208	166	HfT	85
Financial assets at fair value through other comprehensive income (FVOCI)		38	41	AfS	33
Financial liabilities at amortized cost (FLAC)		5,519	5,605	FLAC	5,605
Financial liabilities at fair value through profit or loss (FVTPL)		30	25	HfT	25

1) The change in measurement basis as a result of IFRS 9 affects trade receivables and other investments.
2) The reclassification under IFRS 9 relates to trade receivables that are available for sale under the ABCP program.
3) Equity-accounted investees.

IFRS 15

Customer tools

The new requirements regarding customers obtaining control have resulted in changes regarding tools for initial series production as at January 01, 2018. Under the new requirements, certain contracts regarding tools for initial series production result in a separate performance obligation vis-à-vis the customer, therefore requiring the Schaeffler Group to recognize revenue when the customer obtains control. The related costs incurred are expensed as cost of sales when revenue is recognized.

Development services

Since January 01, 2018, revenue is recognized for development services that represent a distinct, separately identifiable performance obligation vis-à-vis the customer and for which the Schaeffler Group is entitled to consideration under the contract. This consideration is recognized as revenue when the customer obtains control of the completed development services. The related expenses are expensed as cost of sales when revenue is recognized.

Customer-specific products

Since January 01, 2018, revenue is recognized over time for products that have no alternative use due to their specifications, provided the Schaeffler Group has an enforceable right to payment from the customer for these products amounting to at least any costs of performance completed to date plus a reasonable profit margin.

Initial application of these changes has increased the Schaeffler Group's other reserves as at January 01, 2018, by EUR 3 m.

The following summaries provide an overview of the impact of IFRS 15 on the consolidated interim financial statements as at March 31, 2018:

IFRS 15 – impact on consolidated statement of financial position No. 025

in € millions	03/31/2018	Impact IFRS 15	03/31/2018 before applying IFRS 15
ASSETS			
Property, plant and equipment	4,890	-1	4,891
• Customer tools		-1	
Deferred taxes	535	1	534
Non-current assets	**6,229**	**0**	**6,229**
Inventories	2,166	3	2,163
• Customer tools		1	
• Development services		23	
• Customer-specific products		-21	
Contract assets	28	28	0
• Customer-specific products		28	
Current assets	**5,626**	**31**	**5,595**
Total assets	**11,855**	**31**	**11,824**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Other reserves	519	5	514
Shareholders' equity	**2,742**	**5**	**2,737**
Deferred tax liabilities	115	3	112
Non-current liabilities	**5,718**	**3**	**5,715**
Contract liabilities	23	23	0
• Development services		23	
Current liabilities	**3,395**	**23**	**3,372**
Total shareholders' equity and liabilities	**11,855**	**31**	**11,824**

IFRS 15 – impact on consolidated income statement No. 026

in € millions	01/01 - 03/31/2018	Impact IFRS 15	01/01 - 03/31/2018 before applying IFRS 15
Revenue	3,551	12	3,539
Cost of sales	-2,591	-15	-2,576
Gross profit	**960**	**-3**	**963**
Research and development expenses	-224	6	-230
EBIT	**391**	**3**	**388**
Income taxes	-95	-1	-94
Net income	**244**	**2**	**242**

Foreign currency translation

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

Selected foreign exchange rates No. 027

Currencies		03/31/2018	12/31/2017	03/31/2017	1st three months 2018	1st three months 2017
1 € in				Closing rates		Average rates
CNY	China	7.75	7.80	7.36	7.81	7.33
INR	India	80.30	76.61	69.33	79.16	71.37
KRW	South Korea	1,310.89	1,279.61	1,194.94	1,317.96	1,227.97
MXN	Mexico	22.52	23.66	20.02	23.03	21.64
USD	U.S.	1.23	1.20	1.07	1.23	1.06

Scope of consolidation

The consolidated financial statements of Schaeffler AG as at March 31, 2018, cover, in addition to Schaeffler AG, 155 (December 31, 2017: 151) subsidiaries; 53 (December 31, 2017: 50) entities are domiciled in Germany and 102 (December 31, 2017: 101) in other countries.

The companies acquired in 2017, autinity systems GmbH and afr-consulting GmbH (both Chemnitz), were consolidated for the first time effective January 01, 2018. The impact of these companies on the Schaeffler Group's net assets, financial position, and earnings is insignificant. The remaining changes in the scope of consolidation were the result of additions in the form of newly founded companies and the elimination of one company following its merger with another group company.

In the consolidated financial statements as at March 31, 2018, five (December 31, 2017: five) investments (including two joint ventures; December 31, 2017: two) are accounted for at equity.

Revenue

Revenue from contracts with customers can be analyzed by category and segment as follows:

IFRS 15 – Analysis of revenue by category No. 028

	1st three months 2018	1st three months 2017 1)	1st three months 2018	1st three months 2017 1)	1st three months 2018	1st three months 2017 1)	1st three months 2018	1st three months 2017 1)
in € millions		Automotive OEM		Automotive Aftermarket		Industrial		Total
Revenue by type								
• Revenue from the sale of goods	2,244	2,275	445	483	818	777	3,507	3,535
• Other revenue	35	33	1	1	8	5	44	39
Total	**2,279**	**2,308**	**446**	**484**	**826**	**782**	**3,551**	**3,574**
Revenue by region 2)								
• Europe	1,057	1,062	337	352	484	454	1,878	1,868
• Americas	480	516	78	107	141	153	699	776
• Greater China	472	447	19	14	131	102	622	563
• Asia/Pacific	270	283	12	11	70	73	352	367
Total	**2,279**	**2,308**	**446**	**484**	**826**	**782**	**3,551**	**3,574**

1) The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.
2) By market (customer location).

Current and non-current financial debt

Financial debt (current/non-current) No. 029

	03/31/2018			12/31/2017		
in € millions	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	Total
Bonds	0	1,980	1,980	0	1,994	1,994
Facilities Agreement	0	984	984	0	983	983
Capital investment loan	0	139	139	0	89	89
Other financial debt	8	0	8	2	0	2
Financial debt	**8**	**3,103**	**3,111**	**2**	**3,066**	**3,068**

The increase in financial debt compared to December 31, 2017, resulted primarily from an additional EUR 50 m drawn under the capital investment loan, partially offset by the impact of translating the financial debt denominated in U.S. dollars to euros.

Provisions for pensions and similar obligations

Interest rate levels as at March 31, 2018, have decreased slightly compared to December 31, 2017. 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, 2018, amounted to 2.1% (December 31, 2017: 2.2%). The resulting remeasurement of the company's obligations under defined benefit pension plans resulted in actuarial losses of EUR 33 m as at March 31, 2018, which were recognized in the consolidated statement of comprehensive income and are reported under accumulated other comprehensive income net of deferred taxes.

Financial instruments

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.

Other investments included minority investments (shares in incorporated companies and cooperatives of less than 20%) for which fair value was determined using an EBIT multiple methodology. Since these equity instruments are classified as at fair value through other comprehensive income, any changes in fair value are not reclassified to the consolidated income statement. The company is currently not planning to sell these investments.

Marketable securities consist almost entirely of financial instruments in the form of money market fund units without fixed maturities. These are measured at fair value through profit or loss.

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

- Level 1: Exchange-quoted prices as at the reporting date are used for marketable securities as well as bonds payable included in financial debt.
- 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). Minority investments are measured using an EBIT multiple methodology.
  The fair value 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 fair value levels. No transfers between levels were made during the reporting period.

The carrying amounts and fair values of financial instruments per IFRS 7.25-30 are summarized by class of the consolidated statement of financial position below.

Disclosure of fair value of financial instruments in accordance with IFRS 7.25-30 No. 030

		03/31/2018		12/31/2017 [1]		03/31/2017 [1]	
in € millions	Level per IFRS 13	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, by class							
Trade receivables		2,139	2,139	2,127	2,127	2,462	2,462
Trade receivables – ABCP program	2	136	136	65	65	0	0
Other financial assets							
• Investments in associates		3	-	3	-	3	-
• Other investments	2	38	38	17	-	14	-
• Marketable securities	1	17	17	16	16	18	18
• Derivatives designated as hedging instruments	2	33	33	58	58	59	59
• Derivatives not designated as hedging instruments	2	55	55	85	85	132	132
• Miscellaneous other financial assets		54	54	46	46	38	38
Cash and cash equivalents		672	672	698	698	947	947
Financial liabilities, by class							
Financial debt	1, 2 [2]	3,111	3,232	3,068	3,165	3,689	3,856
Trade payables		1,866	1,866	1,867	1,867	1,653	1,653
Other financial liabilities							
• Derivatives designated as hedging instruments	2	19	19	11	11	38	38
• Derivatives not designated as hedging instruments	2	30	30	25	25	44	44
• Miscellaneous other financial liabilities		542	542	670	670	648	648

[1] The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.
[2] Level 1: EUR 2,083 million (December 31, 2017: EUR 2,071 million; March 31, 2017: EUR 2,801 million);
Level 2: EUR 1,149 million (December 31, 2017: EUR 1,094 million; March 31, 2017: EUR 1,055 million).

Contingent liabilities and other obligations

The statements made in the annual report 2017 with respect to contingent liabilities are largely unchanged.

Open commitments under fixed contracts to purchase property, plant and equipment amounted to EUR 455 m as at March 31, 2018 (December 31, 2017: EUR 451 m).

Segment information

In accordance with IFRS 8, the Schaeffler Group reports segment information under the management approach, reflecting the internal organizational and management structure including the internal reporting system to the Schaeffler AG Board of Managing Directors.

Effective January 01, 2018, the Automotive Aftermarket was separated from the Automotive division of Schaeffler AG and set up as a third stand-alone division with its own CEO. As a consequence, the Schaeffler Group has been dividing its business into three segments – Automotive OEM division, Automotive Aftermarket division, and Industrial division – since January 01, 2018.

The allocation of customers to the three segments and the allocation of indirect expenses are reviewed annually and adjusted. To ensure that the information on the Automotive OEM division, Automotive Aftermarket division, and Industrial division segments is comparable, prior year information was presented using the current year's customer structure. Revenue related to transactions between operating segments is not included.

Segment information has been adjusted to reflect a change in internal reports.

Reconciliation to earnings before income taxes No. 031

	1st three months	
in € millions	**2018**	**2017** [1) 2)]
EBIT Automotive OEM	217	275
EBIT Automotive Aftermarket	80	93
EBIT Industrial	94	67
EBIT	**391**	**435**
Financial result	-52	-48
Earnings before income taxes	**339**	**387**

[1] The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.
[2] Prior year amounts are based on a retrospective change in segment structure.

In order to make the evaluation of the company's results of operations as transparent as possible, the Schaeffler Group reports EBIT before special items (= adjusted). Special items are items which the Board of Managing Directors considers to render this indicator less meaningful due to their nature, frequency, and/or size. Special items are categorized as legal cases, restructuring, and other.

Reconciliation EBIT to EBIT before special items No. 032

	1st three months		1st three months		1st three months		1st three months	
	2018	**2017 1) 2)**	**2018**	**2017 1) 2)**	**2018**	**2017 1) 2)**	**2018**	**2017 1)**
in € millions	Automotive OEM		Automotive Aftermarket		Industrial		Total	
EBIT	**217**	**275**	**80**	**93**	**94**	**67**	**391**	**435**
• in % of revenue	9.5	11.9	17.9	19.2	11.4	8.6	11.0	12.2
Special items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
• Legal cases	0	0	0	0	0	0	0	0
• Restructuring	0	0	0	0	0	0	0	0
• Other	0	0	0	0	0	0	0	0
EBIT before special items	**217**	**275**	**80**	**93**	**94**	**67**	**391**	**435**
• in % of revenue	9.5	11.9	17.9	19.2	11.4	8.6	11.0	12.2

1) The Schaeffler Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 01, 2018, using the modified retrospective approach to transition to the new requirements. Under this approach, prior year amounts are not adjusted. See "Basis of preparation" in the condensed notes to the consolidated interim financial statements for further details.
2) Prior year information presented based on 2018 segment structure.

Related parties

The extent of transactions with related persons and entities remained largely unchanged compared to the 2017 consolidated financial statements.

Transactions with associated companies and joint ventures in the first three months of 2018 were insignificant.

Events after the reporting period

On April 16, 2018, the company's Board of Managing Directors, Works Council and the IG Metall trade union signed a Future Accord. The parties' intention in signing the Accord is to jointly and collaboratively manage and drive the ongoing development and transformation of the Schaeffler Group – with particular regard to the three key future trends of E-Mobility, Industry 4.0, and Digitalization – in the interests of the company and of its employees. Under the Future Accord, the Schaeffler Group will make available a EUR 50 m innovation fund over a period of five years. The purpose of the fund is to foster innovation and thereby to actively harness the great innovative capacity of Schaeffler's employees and to achieve sustainable value creation.

Schaeffler AG's annual general meeting, which was held on April 20, 2018, passed a resolution to pay a dividend of EUR 0.54 (prior year: EUR 0.49) per common share and EUR 0.55 (prior year: EUR 0.50) per common non-voting share to Schaeffler AG's shareholders for 2017.

On April 30, 2018, the Board of Managing Directors of Schaeffler AG approved a reorganization that will see the internal supplier, "Bearing & Components Technologies (BCT)", integrated into the Automotive OEM and Industrial divisions and the plants previously assigned to BCT and the Operations function reassigned to these two divisions as well. The approval is subject to consent by the Presiding Committee of the Schaeffler AG Supervisory Board. The reorganization is designed to eliminate duplicate structures and leverage further efficiencies.

No other material events expected to have a significant impact on the net assets, financial position, or results of operations of the Schaeffler Group occurred after March 31, 2018.

Herzogenaurach, April 30, 2018

The Board of Managing Directors

List of figures

Forward-looking statements

This document contains forward-looking statements that are based on the Board of Managing Directors' current estimation and expectations at the time of the creation of this report. Such statements refer to future developments, future periods, or, for example, they are designated by terms such as "estimate", "forecast", "intend", "predict", "plan", "assume", or "expect".

By their nature, forward-looking statements are subject to risks and uncertainties. A variety of these risks and uncertainties are determined by factors not subject to the influence of the Schaeffler Group, 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 these or other risks or uncertainties occur, or if assumptions underlying statements prove incorrect, then actual results may be materially different from those (explicitly or implicitly) described. Schaeffler AG 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.

For better readability, this report generally uses only the masculine form when referring to groups of persons. Unless indicated otherwise, these statements should not be construed to refer to a specific gender.

Summary – 1st quarter 2017 to 1st quarter 2018

	2017				2018
Income statement (in € millions)	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
Revenue	3,574	3,472	3,434	3,541	3,551
EBIT	435	358	416	319	391
• in % of revenue	12.2	10.3	12.1	9.0	11.0
EBIT before special items [1]	435	345	416	388	391
• in % of revenue	12.2	9.9	12.1	11.0	11.0
Net income [2]	279	206	306	189	240
Earnings per common non-voting share (basic/diluted, in €)	0.42	0.31	0.46	0.29	0.36
Statement of financial position (in € millions)					
Total assets	11,941	11,120	11,536	11,537	11,855
Shareholders' equity [3]	2,400	2,168	2,401	2,548	2,742
• in % of total assets	20.1	19.5	20.8	22.1	23.1
Net financial debt	2,742	2,956	2,620	2,370	2,439
• Net financial debt to EBITDA ratio before special items [1] [4]	1.1	1.2	1.1	1.0	1.1
• Gearing ratio (Net financial debt to shareholders' equity [3], in %)	114.3	136.3	109.1	93.0	88.9
Statement of cash flows (in € millions)					
EBITDA	624	551	605	515	587
Cash flows from operating activities	186	320	610	662	237
Capital expenditures (capex) [5]	299	295	279	400	306
• in % of revenue (capex ratio)	8.4	8.5	8.1	11.3	8.6
Free cash flow (FCF) before cash in- and outflows for M&A activities	-111	25	333	268	-69
• FCF conversion ratio (ratio of FCF before cash in- and outflows for M&A activities to EBITDA, in %) [1] [4]	29.9	18.2	21.1	21.9	24.1
Value-based management					
ROCE before special items (in %) [1] [4]	22.1	20.7	20.5	19.9	19.3
Schaeffler Value Added before special items (in € millions) [1] [4]	938	837	829	787	743
Employees					
Headcount (at end of reporting period)	87,341	87,937	89,359	90,151	91,414

	2017				2018
Automotive OEM division [6] (in € millions)	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
Revenue	2,308	2,220	2,138	2,325	2,279
EBIT	275	221	229	226	217
• in % of revenue	11.9	10.0	10.7	9.7	9.5
EBIT before special items [1]	275	208	229	261	217
• in % of revenue	11.9	9.4	10.7	11.2	9.5
Automotive Aftermarket division [6] (in € millions)					
Revenue	484	444	506	446	446
EBIT	93	68	117	55	80
• in % of revenue	19.2	15.3	23.1	12.3	17.9
EBIT before special items [1]	93	68	117	80	80
• in % of revenue	19.2	15.3	23.1	17.9	17.9
Industrial division [6] (in € millions)					
Revenue	782	808	790	770	826
EBIT	67	69	70	38	94
• in % of revenue	8.6	8.5	8.9	4.9	11.4
EBIT before special items [1]	67	69	70	47	94
• in % of revenue	8.6	8.5	8.9	6.1	11.4

[1] Please refer to pp. 20 et seq. for the definition of special items.
[2] Attributable to shareholders of the parent company.
[3] Including non-controlling interests.
[4] Based on the last twelve months.
[5] Capital expenditures on intangible assets and property, plant and equipment.
[6] Prior year information presented based on 2018 segment structure.

Financial calendar

May 08, 2018
Publication of results for the first three months 2018

August 07, 2018
Publication of results for the first six months 2018

November 07, 2018
Publication of results for the first nine months 2018

All information is subject to correction and
may be changed at short notice.

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Investor Relations
tel.: +49 (0)9132 82 -4440
fax: +49 (0)9132 82 -4444
e-mail: ir@schaeffler.com

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Industriestr. 1-3
91074 Herzogenaurach
Germany

www.schaeffler.com

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