

Schaeffler Group back to profitable growth –



Record results in 2010

- Sales increased to €9.5 billion (plus 29%)
- Record EBIT margin at 15.9% (2009: 6.1%)
- Net income of €63 million
- Free cash flow at €566 million
- Leverage ratio further reduced
- Full innovation power (2010: 1.641 pending patents)
- Positive outlook for 2011

FRANKFURT/MAIN / HERZOGENAURACH, *March 29, 2011.* Schaeffler Group, one of the world's leading automotive and industrial suppliers, set new records in sales and operating results in 2010. "2010 was an extremely successful year for Schaeffler Group. With sales of €9.5 billion, up 29 percent, we managed an excellent comeback in 2010," stated Dr. Juergen M. Geissinger, CEO of Schaeffler Group, at the annual financial press conference in Frankfurt/Main. "Both divisions – Automotive and Industrial – recorded significantly higher sales in 2010. We were able to outpace the high demand in the automotive and industrial sectors, thanks to our strong presence in regional growth markets and our focus on innovative products and solutions." In the Automotive division sales increased 34 percent to €6,341 million (2009: €4,743 million), while sales in the Industrial division rose 20 percent to €3,012 million (2009: €2,513 million). EBIT of Schaeffler Group increased to €1,509 million, resulting in an EBIT margin of 15.9 percent.

Net income amounted to €63 million (2009: net loss of €1,204 million). Without the one-off dilution loss of €396 million in connection with the rights issue at Continental AG in January 2010, net income would have been €459 million.

Cash flow remained strong. Free cash flow improved almost €2.0 billion to €566 million (2009: outflow of €1,400 million). We invested €358 million (2009: €321 million) in new capacity around the world, with a specific focus on the growth region Asia/Pacific.

The company reduced its net financial debt by 6.1 percent to around €5.7 billion (2009: €6.1 billion). Schaeffler Group CFO Klaus Rosenfeld commented: “2010 has been a year of great progress for the Schaeffler Group. We were able to reduce our leverage ratio – calculated as net financial debt divided by EBITDA for the last twelve months – to 2.7 from 5.6 in 2009.”

Schaeffler Group’s workforce has increased by nearly ten percent to 67,509 (2009: 61,536), including 27,938 employed in Germany (2009: 26,670).

The outlook for 2011 remains positive. Global car production will continue to grow in 2011, albeit on a lower level than in 2010. We expect global production for passenger cars and light trucks to grow by around five percent in 2011. This positive development will be driven in particular by above average growth rates in Asia Pacific and North America. In the industrial sectors, we also expect the positive market environment to continue into 2011. The main drivers for growth in our Industrial segment remain the strong momentum in the Asian markets as well as higher than average growth in key sectors like wind energy, production machinery and power transmission.

Schaeffler Group is well positioned to benefit from the growth in its industries. Dr. Juergen M. Geissinger said: “Our target is to outperform market growth, as we have done over the past several years. We have had a good start to 2011. For the full year, we expect sales to increase between eight and ten percent, climbing over the €10 billion mark for the first time in Schaeffler’s history. We are confident that we can achieve an EBIT margin above 13 percent, despite headwinds in raw material and energy costs. That will keep our profitability above the long-term average.”

To support its various growth initiatives around the globe, the company plans to invest between six and eight percent of sales into new plants and plant expansions. The regional focus will be on the growth region Asia/Pacific, where Schaeffler is currently building new plants in China and India, as well as Germany.

Schaeffler Group continues to put high priority on innovation. “The main trends in our sector – energy efficiency, mechatronics, CO₂-reduction and electric mobility – will be the key drivers for further growth. We will continue to spend around five percent of sales on research and development which will enable us to remain a leading technology provider in those areas,” stated Dr. Juergen M. Geissinger.

The Schaeffler Group with its product brands INA, FAG and LuK is a leading manufacturer of rolling bearings and linear products as well as a renowned supplier to the automotive industry of high-precision products and systems for engines, transmissions and chassis applications. The Group stands for exceptional customer focus, innovative ability and maximum quality. It generated sales of around €9.5 billion at over 180 locations in more than 50 countries in 2010. With over 67,000 employees worldwide, the Schaeffler Group is one of the largest German and European industrial companies in family ownership.

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In € millions	2010	2009	Change
Earnings			
Revenue	9,495	7,336	+ 29.4 %
EBITDA	2,097	1,103	+ 90.1 %
- in % of revenue	22.1	15.0	7.1 %-pts
EBIT	1,509	446	+ 1,063 € millions
- in % of revenue	15.9	6.1	9.8 %-pts
Net income (loss) ¹⁾	63	-1,204	+ 1,267 € millions
Financial position			
Cash flows from operating activities	890	597	+ 293 € millions
Capital expenditures	386	325	+ 61 € millions
Free cash flow	566	-1,400	+ 1,966 € millions

In € millions	12/31/2010	12/31/2009	Change
Assets			
Total assets	13,344	12,608	+ 5.8 %
Shareholders' equity ²⁾	3,294	2,818	+ 476 € millions
- in % of total assets	24.7	22.4	2.3 %-pts
Net financial debt	5,744	6,131	- 6.3 %
- in % of equity	174.4	217.6	-43.2 %-pts
Employees			
Number of employees	67,509	61,536	+ 9.7 %

1) Attributable to shareholders of the parent company.

2) Equity attributable to shareholders of the parent company.

Automotive

In € millions	2010	2009	Change
Revenue	6,341	4,743	+ 33.7 %
EBITDA	1,352	707	+ 91.2 %
- in % of revenue	21.3	14.9	6.4 %-pts
EBIT	1,005	283	+ 722 € millions
- in % of revenue	15.8	6.0	9.8 %-pts

Industrial

In € millions	2010	2009	Change
Revenue	3,012	2,513	+ 19.9 %
EBITDA	745	396	+ 88.1 %
- in % of revenue	24.7	15.8	8.9 %-pts
EBIT	504	163	+ 341 € millions
- in % of revenue	16.7	6.5	10.2 %-pts