

Press Release

Schaeffler Group – half year results 2015

Schaeffler continues along path of profitable growth

- **Revenue for 1st half of 2015 increased by 12.4 percent to EUR 6.7 billion**
- **EBIT margin remains high at 12.2 percent despite special items**
- **Free cash flow adversely affected by one-time refinancing charges**
- **Outlook for 2015 confirmed**

HERZOGENAURACH, *August 20, 2015*. Global automotive and industrial supplier Schaeffler looks back on a successful first half of its 2015 business year. “We have continued along our path of profitable growth during the first half of 2015. Our business has now grown for six consecutive quarters,” Klaus Rosenfeld, CEO of Schaeffler AG, said on Thursday during the presentation of the results for the first half of 2015.

The Schaeffler Group generated **revenue** of EUR 6.7 billion in the first half of 2015. This represents growth of 12.4 percent over the prior year, 4.9 percent excluding the impact of currency translation.

The encouraging revenue trend was once more driven by the company’s Automotive business. With its growth rate of 14.1 percent compared to the prior year (+6.9 percent at constant currency), Schaeffler’s Automotive division clearly outpaced the increase in global production volumes of passenger cars and light commercial vehicles (+0.8 percent). The Automotive division benefitted from continued high demand for its products, especially in the key sales markets of Greater China and the U.S. The Industrial business reported revenue growth of 7.5 percent. Growth was primarily generated in Schaeffler Group’s Greater China region, where revenue was mainly bolstered by high demand in the wind power sector. Excluding the impact of currency translation, Industrial division revenue declined by 0.8 percent.

All four of the Schaeffler Group's regions reported revenue increases, with currency translation having a significant favorable impact on non-Euro region revenue. The growth dynamic varied widely across regions. Revenue grew fastest in the Schaeffler Group's Greater China region, rising by 35.4 percent (+12.0 percent at constant currency) over prior year there, followed by the Americas region, where revenue increased by 25.6 percent (+11.6 percent at constant currency). The Asia/Pacific region experienced revenue growth of 11.9 percent (-0.7 percent at constant currency), while the Europe region grew its revenue by 3.4 percent (+2.2 percent at constant currency).

The Schaeffler Group's **EBIT** (earnings before interest and taxes) increased to EUR 818 million for the first six months of 2015 from the prior year period (prior year: EUR 801 million). The company's EBIT margin measured in terms of revenue remained high at 12.2 percent, although it did not quite reach the high prior year level of 13.4 percent. "In addition to one-time charges related to legal cases and the business-driven margin decline in the Industrial division, the lower margin in the first half of 2015 is also attributable to our expanded research and development activities and higher selling expenses," CFO Dr. Ulrich Hauck explained. "During the second half of 2015, we plan to strengthen our efforts to limit cost increases and align them with future revenue levels".

The Schaeffler Group generated cash inflows from operating activities of EUR 422 million in the first six months of 2015 (prior year: outflows of EUR 29 million). Capital expenditures were EUR 501 million (prior year: EUR 298 million). The **capex ratio** (capital expenditures as a percentage of consolidated revenue) amounted to 7.4 percent (prior year: 5.0 percent). The Schaeffler Group reported negative **free cash flow** of EUR 72 million for the first half of 2015 (prior year: negative free cash flow of EUR 325 million); free cash flow was affected by the negative impact of one-time outflows related to the refinanced Euro and USD bonds. These one-time cash outflows amounted to EUR 173 million and largely consisted of early redemption payments incurred when the company redeemed outstanding higher-yield bonds as part of the refinancing transaction in late April.

The number of employees has increased by close to 1,500 staff since the end of 2014, rising to approximately 83,800 at the end of the first half of 2015. The Schaeffler Group recruited skilled personnel primarily in production and production-related areas, mainly in its Europe and Greater China regions.

In order to improve the modest development of the group's Industrial business and to make this division more efficient and profitable in the medium term, Schaeffler AG's Board of Managing Directors approved a realignment program for the Industrial division today. The key elements of this program are described in a separate press release.

Schaeffler AG is confirming its **guidance for 2015** as a whole. "Our Automotive division continues to perform very well. Despite the modest development of our Industrial division, we are optimistic that we will be able to achieve our annual targets – revenue growth of 5 to 7 percent at constant currency and an EBIT margin of 12 to 13 percent," Rosenfeld said.

Key figures

in €millions	1 st six months		Change	
	2015	2014		
Consolidated statement of income				
Revenue	6.732	5.990	12,4	%
• at constant currency			4,9	%
EBITDA	1.161	1.113	4,3	%
• in % of revenue	17,2	18,6	-1,4	%pts.
EBIT	818	801	2,1	%
• in % of revenue	12,2	13,4	-1,2	%pts.
Net income ¹⁾	309	210	99	in €millions

in €millions	16/30/2015		12/31/2014		Change
	16/30/2015	12/31/2014	16/30/2015	12/31/2014	
Consolidated statement of financial position					
Total assets	12.221	11.617	5,2	%	
Shareholders' equity ²⁾	532	258	274	€millions	
• in % of total assets	4,4	2,2	2,1	%pts.	
Net financial debt	6.245	5.778	8,1	%	
• Net financial debt to EBITDA ratio ³⁾	2,8	2,7			

in €millions	1 st six months		Change	
	2015	2014		
Consolidated statement of cash flows				
Cash flows from operating activities ⁴⁾	422	-29	451	€millions
Capital expenditures (capex) ⁵⁾	501	298	203	€millions
• in % of revenue (capex ratio)	7,4	5,0	2,4	%pts.
Free cash flow ⁴⁾	-72	-325	253	€millions

Employees

Headcount	1 st six months		Change	
	2015	2014		
	83.774	80.054	4,6	%

¹⁾ Attributable to shareholders of the parent company.

²⁾ Including non-controlling interests.

³⁾ EBITDA based on the last twelve months.

⁴⁾ Including a one-time outflow of EUR 371m for the EU antitrust penalty in the 2nd quarter of 2014

⁵⁾ Capital expenditures on intangible assets and property, plant and equipment.

in €millions	1 st six months		Change	
	2015	2014		
Automotive				
Revenue	5.064	4.439	14,1	%
• at constant currency	0	0	6,9	%
EBIT	647	627	3,2	%
• in % of revenue	12,8	14,1	-1,3	%pts.

Prior year information based on 2015 segment structure.

in €millions	1 st six months		Change	
	2015	2014		
Industrial				
Revenue	1.668	1.551	7,5	%
• at constant currency			-0,8	%
EBIT	171	174	-1,7	%
• in % of revenue	10,3	11,2	-0,9	%pts.

Prior year information based on 2015 segment structure.

About Schaeffler

The Schaeffler Group is a leading global integrated automotive and industrial supplier. The company stands for the highest quality, outstanding technology, and strong innovative ability. The Schaeffler Group makes a key contribution to “Mobility for tomorrow” with high-precision components and systems in engine, transmission, and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The company generated sales of approximately EUR 12.1 billion in 2014. With around 84,000 employees, Schaeffler is one of the world’s largest technology companies in family ownership and, with approximately 170 locations in 50 countries, has a worldwide network of manufacturing locations, research and development facilities, and sales companies.

The full interim report as at June 30, 2015 is available for download at:

http://www.schaeffler.com/content.schaefflergroup.de/de/investorrelations/newsir/reports/reports_2015.jsp

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Forward-looking statements and projections

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