Press release

Schaeffler continues its successful business performance

- **Revenue for first six months of 2012 up five percent to €5.7 billion**
- **EBIT margin remains high at 13.8 percent**
- **Positive free cash flow for first six months**
- **Standard & Poor's upgrades company rating from B to B+**
- **Growth and earnings targets for 2012 unchanged**

HERZOGENAURACH, *August 28, 2012*. The Schaeffler Group continued its growth path during the first six months of 2012. "We were able again to grow profitably within the current challenging environment during the first half. Our global positioning and our innovative product range represent significant competitive advantages for us, particularly in this volatile market environment," stated Schaeffler AG CEO Dr. Juergen M. Geissinger.

The Schaeffler Group's revenue increased by five percent to approximately €5.7 billion during the first six months of 2012. The Automotive division expanded by seven percent to approximately €3.8 billion. The Industrial division was able to increase its revenue by two percent to approximately €1.8 billion. While the North American region grew by 19 percent, Asia/Pacific by 13 percent, and Germany by five percent, the regions Europe excluding Germany, and South America, declined by two and twelve percent, respectively.

As expected, the company's EBIT of €780 million fell short of the exceptionally high prior year level of €883 million. The EBIT margin for the first six months was 13.8 percent (prior year: 16.4 percent). Net income for the period excluding non-controlling interests amounted to €505 million (prior year: €641 million).

Operating cash flow increased significantly, particularly during the second quarter, reaching €495 million (prior year: €371 million) for the first six months of 2012. Reasons for the increase include dividends of €80 million received from Continental AG, decreased cash outflows within working capital, and lower interest payments. Cash used in investing activities was €465 million (prior year: €294 million). Capital expenditures were primarily made to expand capacity at production facilities in the growth region Asia/Pacific, particularly in China, India, and Thailand, as well as in the U.S. and Mexico. The improved operating cash flow resulted in free cash flow of €30 million (prior year: €77 million) for the first six months. “We were able to significantly improve our free cash flow during the second quarter, more than offsetting the negative amount for the first quarter, which was impacted by one-time effects. In light of the volatile environment, the consistent and proactive management of our cash flow continues to be a high priority for us,” said Klaus Rosenfeld, CFO of Schaeffler AG.

Net financial debt totaled approximately €7.1 billion at June 30, 2012 (year-end 2011: €7.1 billion). The issuance of a €326 million high yield retail bond in June of this year marked the company’s entry into a new market segment and further improved its capital structure. On the basis of the refinancing arrangement completed during the first six months, the rating agency Standard & Poor’s has upgraded Schaeffler AG’s company rating from ‘B’ to ‘B+’.

Schaeffler created approximately 1,800 new jobs during the first six months of 2012. The company now employs almost 76,000 staff worldwide. In Germany, Schaeffler had around 29,800 employees at the end of June, approximately 400 more than at year-end.

Outlook for 2012

Growth rates have continued to vary across the Schaeffler Group’s markets during the second quarter. Automobile production and industrial sectors in North America and Asia are experiencing positive trends, while the situation in Europe and South America remains challenging. Looking to the second half of the year, Dr. Geissinger stated: “We are watching the overall economic situation and developments in our sales markets very closely. Uncertainty and risks characterize the economy in almost all regions. However, we continue to see solid growth opportunities for our business. Based on this, we are optimistic that we will achieve the targets for 2012 we set at the beginning of the year – revenue growth of more than 5 percent and an EBIT margin in excess of 13 percent.”

In € millions	1st six months 2012	1st six months 2011	Change	
Income statement				
Revenue	5,652	5,379	5.1	%
EBITDA	1,079	1,165	-7.4	%
- in % of revenue	19.1	21.7	-2.6	%-pts.
EBIT	780	883	-11.7	%
- in % of revenue	13.8	16.4	-2.6	%-pts.
Net income [1)]	505	641	-136	€ millions

In € millions	6/30/2012	12/31/2011	Change	
Statement of financial position				
Total assets	13,806	12,989	6.3	%
Shareholders' equity [2)]	1,865	1,714	151	€ millions
- in % of total assets	13.5	13.2	0.3	%-pts.
Net financial debt [3)]	6,828	6,668	2.4	%
- Financial debt to EBITDA ratio [4)]	3.2	3.0	0.2	pts.
Capital expenditures [5)]	459	312*	147	€ millions

In € millions	1st six months 2012	1st six months 2011	Change	
Statement of cash flows				
Cash flows from operating activities	495	371	124	€ millions
Free cash flow	30	77	-47	€ millions
Employees				
Number of employees (as of June 30.)	75,868	71,084	6.7	%

[1)] Attributable to shareholders of the parent company.

[2)] Including non-controlling interests.

[3)] Excluding shareholder loans.

[4)] EBITDA based on last tw elve months.

[5)] Additions (*2011: For period ended June 30, 2011).

Automotive

In € millions	1st six months 2012	1st six months 2011	Change	
Revenue	3,842	3,589	7.0	%
EBITDA	711	765	-7.1	%
- in % of revenue	18.5	21.3	-2.8	%-pts.
EBIT	504	563	-10.5	%
- in % of revenue	13.1	15.7	-2.6	%-pts.

Prior year information presented based on 2012 segment structure.

Industrial

In € millions	1st six months 2012	1st six months 2011	Change	
Revenue	1,773	1,733	2.3	%
EBITDA	368	400	-8.0	%
- in % of revenue	20.8	23.1	-2.3	%-pts.
EBIT	276	320	-13.8	%
- in % of revenue	15.6	18.5	-2.9	%-pts.

Prior year information presented based on 2012 segment structure.

Forward-looking statements and projections

Certain statements in this press release are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events described herein. No one undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You should not place any undue reliance on forward-looking statements which speak only as of the date of this press release. Statements contained in this press release regarding past trends or events should not be taken as representation that such trends or events will continue in the future. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that Schaeffler, or persons acting on its behalf, may issue.

The full interim report as of June 30, 2012 is available for download at

http://www.schaeffler-group.com/content.schaefflergroup.de/en/investorrelations/newsir/reports/reports.jsp

About Schaeffler

Schaeffler Group with its product brands INA, FAG, and LuK is a leading global manufacturer of rolling bearings and linear products as well as a renowned supplier of high-precision components and systems for engines, transmissions and chassis applications to the automotive industry. The Group stands for global customer focus, strong innovative ability and maximum quality. Its 180 locations in more than 50 countries generated sales of approximately €10.7 billion in 2011. With approximately 76,000 employees worldwide, Schaeffler Group is one of the largest family-owned industrial companies in Germany and Europe.

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