

IR Release

Schaeffler raises revenue forecast for 2014

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- Revenue up 11.2% at constant currency
- EBIT margin improved to 13.6% (prior year: 12.9%) despite adjustment
- Leverage ratio maintained at 2.6x EBITDA
- 2014 revenue forecast raised to more than 7%

Schaeffler Group continued along its impressive growth path during the first quarter of 2014. Its revenue increased by 8.0 percent to approximately €3.0 billion from the first quarter of the prior year. Excluding the impact of currency translation, the Group's operational revenue growth was 11.2 percent.

"We started very well into the year 2014. The key driver of the positive revenue development in the first quarter 2014 was again our Automotive business," said Klaus Rosenfeld, CEO and CFO of Schaeffler AG. Automotive division revenue increased by 11.3 percent to approximately €2.2 billion. At constant currency, the division achieved a growth rate of 14.4 percent, significantly higher than the growth in global vehicle production. Industrial division revenue for the first three months of 2014 declined slightly by 0.7 percent compared to the prior year quarter as a result of the adverse impact of currency translation. On an FX adjusted basis, revenues in the Industrial division rose by 3.1 percent.

At 26 percent, the Greater China region reported the highest growth rate compared to the prior year quarter, followed by the Asia/Pacific region, where revenue increased by 10 percent. The newly established regions Europe and Americas experienced revenue growth of 7 and 2 percent, respectively, compared to the first quarter of 2013.

Schaeffler Group's EBIT for the first quarter of 2014 increased by €59 million to €414 million (prior year: €355 million) from the prior year period. EBIT includes the one-off positive impact of approximately €10 million from the release of provisions. Excluding this impact, the Group's adjusted EBIT margin rose by 0.7 percentage points to 13.6 percent (prior year: 12.9 percent), while net income for the reporting period improved by €149 million to €382 million (prior year: €233 million).

The deleveraging achieved in 2013 and the measures taken to improve financing costs have reduced interest payments for the first quarter of 2014 to €111 million, significantly less than in the prior year period (prior year: €190 million). Operating cash flow of €134 million (prior year: €172 million) was lower than in the prior year due to an increase in funds required for working capital. Capital expenditures increased by €34 million to €155 million. Schaeffler primarily invested in new machinery concepts to strengthen its innovative ability and in the expansion of its worldwide production capacity. This resulted in negative free cash flow of €19 million (prior year: positive free cash flow of €52 million) in the first quarter of 2014.

Net external financial debt (financial debt less cash and excluding shareholder loans) increased slightly by €80 million to €5.5 billion at the end of the first quarter of 2014 compared to December 31, 2013. As a result, the leverage ratio, defined as the ratio of net financial debt to adjusted EBITDA, remained unchanged at 2.6 as at March 31, 2014.

Following the good start to the new year and the strong growth of the Automotive division in the first quarter of 2014, Schaeffler Group has raised its sales guidance for the year. The company now expects to generate revenue growth of more than 7 percent (previously: 5 to 7 percent) in 2014. Its forecast EBIT margin remains at 12 to 13 percent.

Klaus Rosenfeld commented: "With our strategic focus 'Mobility for tomorrow', our new organizational and leadership structure as well as the improvements we are achieving as a result of the 'ONE Schaeffler' program, we have laid the foundation for future profitable growth of our company. The fact that we are raising the sales guidance for 2014 emphasizes our confidence."

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.

Schaeffler Group – We pioneer motion The Schaeffler Group has been driving forward groundbreaking inventions and developments in the field of motion technology for over 75 years. With innovative technologies, products, and services for electric mobility, CO₂-efficient drives, chassis solutions, Industry 4.0, digitalization, and renewable energies, the company is a reliable partner for making motion more efficient, intelligent, and sustainable – over the entire life cycle. The Motion Technology Company manufactures high-precision components and systems for drive train and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The Schaeffler Group generated sales of EUR 16.3 billion in 2023. With around 83,400 employees, Schaeffler is one of the world's largest family-owned companies and one of Germany's most innovative companies.

Press picture

Interim Financial Report Q1 2014

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Q1 Presentation 2014

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Key Figures Q1 2014

CONTACT:

Christoph Beumelburg Senior Vice President Investor Relations & Corporate Communication

Tel. +49 9132 82 4440

Fax +49 9132 82 4444

E-Mail: ir@schaeffler.com