

IR release

## **Solid 3<sup>rd</sup> quarter 2017 for Schaeffler**

- **7.4 percent 3<sup>rd</sup> quarter revenue growth to prior year at constant currency**
- **EBIT margin back up at 12.1 % in the 3<sup>rd</sup> quarter (2<sup>nd</sup> quarter 9.9 %)**
- **EUR 333 million Free cash flow in 3<sup>rd</sup> quarter**
- **Net income increased by 18 percent after 9 months to prior year**
- **Guidance for the full year 2017 confirmed**

HERZOGENAURACH, *November 8, 2017*. Global automotive and industrial supplier Schaeffler has turned in a positive revenue and earnings performance thanks to a solid 3<sup>rd</sup> quarter of 2017. The **revenues** rose over the first nine months of the year to approximately EUR 10.5 billion (prior year: approximately EUR 10.0 billion), which represents growth of 5.0 percent in constant currency terms. The growth momentum increased in the 3<sup>rd</sup> quarter of 2017. After two relatively weak quarters, growth in constant currency terms in the 3<sup>rd</sup> quarter was 7.4 percent (as compared with 2.2 percent in the previous quarter). Following the significant margin drop in the 2<sup>nd</sup> quarter with 9.9 percent, the 3<sup>rd</sup> quarter EBIT margin before special items was 12.1 percent, which is close to the 1<sup>st</sup> quarter figure of 12.2 percent. The EBIT margin before special items for the first nine months was 11.4 percent (prior year 12.8 percent). Additionally, a considerable improvement in financial result increased net income for the first nine months by 18 percent to EUR 791 million (prior year: EUR 672 million).

Revenue growth of the **Automotive** division in the 3<sup>rd</sup> quarter of 2017 amounted to 6.9 percent at constant currency (prior year 5.1 percent), bringing the constant currency growth rate for the first nine months of 2017 to 5.1 percent. Thus, the Automotive business expanded faster than global production volumes for passenger cars and light commercial vehicles, both in the 3<sup>rd</sup> quarter and in the first nine months. This expansion was largely driven by the OEM business in the Greater China region, growing by 26.3 percent.

The **Industrial** division continued its growth trend in the 3<sup>rd</sup> quarter of 2017, with a growth in revenue at constant currency of 9.2 percent (prior year minus 6.2 percent). Revenue rose by 4.6 percent at constant currency during the first nine months of 2017. This favorable revenue trend was supported by all 8 sectors in the 3<sup>rd</sup> quarter.

Revenue trends differed across the four Schaeffler Group regions. While revenue in the Europe region was approximately flat with prior year (+0.4 percent; +0.2 percent at constant currency), in the Americas region, revenue increased by 5.0 percent (+3.8 percent at constant currency). Revenue in the Greater China region rose by a total of 21.3 percent (+24.7 percent at constant currency) during the first nine months, with both divisions generating double-digit growth rates. The Asia/Pacific region generated revenue growth of 6.9 percent (+6.2 percent at constant currency) with the support of both divisions.

The Schaeffler Group generated an **EBIT** in the 3<sup>rd</sup> quarter of EUR 416 million, reaching the level of prior year with EUR 417 million. Thus, the temporary adverse earnings impact experienced by the Automotive division in the prior quarter was largely recovered. For the first nine months this resulted in an EBIT before one-off effects of EUR 1,196 million (prior year EUR 1,276 million).

The company's financial result improved in the same period of time to minus EUR 104 million from minus EUR 320 million in the prior year – mainly driven by lower interest expense on financial debt – resulting in **net income** of EUR 791 million after nine months (prior year: EUR 672 million). Earnings per share increased in the first nine months by 17 percent, totaling EUR 1.19 (prior year: EUR 1.02).

In the 3<sup>rd</sup> quarter 2017 the **Free cash flow** of Schaeffler Group resulted in EUR 333 million (prior year EUR 263 million). This leads to a Free cash flow for the first nine months of EUR 244 million (prior year EUR 479 million). Capital expenditures for the first nine months were EUR 873 million (prior year: EUR 829 million), resulting in a capex ratio (capital expenditures in relation to consolidated revenue) of 8.3 percent (prior year: 8.3 percent). The number of employees rose by 3.1 percent to approximately 89,400 (prior year: approximately 86,700).

The company has confirmed its **guidance for the full year 2017**. The Schaeffler Group anticipates revenue growth of 4 to 5 percent at constant currency, an EBIT margin of 11 to 12 percent before special items, and free cash flow of approximately EUR 500 million before external growth.

“Following the difficult 2<sup>nd</sup> quarter, our business and earnings have stabilized considerably in the third quarter. At the same time we were able to clearly improve our Free cash flow. We are confident that we will meet our annual targets for 2017 as adjusted in June,” Klaus Rosenfeld, CEO of Schaeffler AG, said on Wednesday during the presentation of the results for the first nine months of 2017.

## **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 at September 30, 2017, is available for download at:

[www.schaeffler.com/de/ir](http://www.schaeffler.com/de/ir)

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## **About Schaeffler**

The Schaeffler Group is a global automotive and industrial supplier. Top quality, outstanding technology, and exceptionally innovative spirit form the basis for the continued success of the company. By delivering 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 Schaeffler Group is already shaping “Mobility for tomorrow” to a significant degree. The technology company generated sales of approximately EUR 13.3 billion in 2016. With around 89,400 employees, Schaeffler is one of the world’s largest family companies and, with approximately 170 locations in over 50 countries, has a worldwide network of manufacturing locations, research and development facilities, and sales companies.



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