

IR Release

Financial press conference

Schaeffler increases revenue by more than 8%

HERZOGENAURACH, 2015-03-26.

Above-average growth – revenue increases to EUR 12.1 bn

- Earnings quality remains high – EBIT margin at 12.6%
- Capital expenditures increased significantly – up 50% to EUR 857 m
- Global presence expanded – 4,000 new staff worldwide
- Strategic concept “mobility for tomorrow” – basis for further growth

The Schaeffler Group has continued along its successful course in 2014. For the first time, it has generated over EUR 12.1 bn in revenue, representing growth of 8.2% from the prior year. Excluding the adverse impact of currency translation, the growth rate was 9.0%. The company's EBIT has increased to EUR 1,523 m (prior year: EUR 1,008 m), while the EBIT margin has improved to 12.6% (prior year: 9.0%). Net income amounted to EUR 654 m.

“Our positive revenue and earnings trend once again demonstrates the Schaeffler Group's great strength as an integrated global automotive and industrial supplier,” explains Klaus Rosenfeld, CEO. “By again increasing our investment in new technologies and in the expansion of our global production network in 2014, we have laid the groundwork for future growth,” Rosenfeld continues.

Automotive division grows faster than market – Industrial division back on growth path

With revenue growth of 10.0% compared to the prior year (+10.7% at constant currency), Schaeffler's Automotive division once again grew considerably faster than global production volumes of passenger cars and light commercial vehicles. The Automotive division benefitted from the continuing high demand for its products, especially in the key sales markets of China and the U.S.

The company's Industrial business generated growth of 3.3% in 2014 (+4.2% at constant currency). Revenue growth was strongest in the Greater China region, where high levels of demand in the rail vehicles, renewable energy, and production machinery sectors had a particularly positive effect.

All business divisions and regions contributed to the company's growth. The Schaeffler Group experienced its highest growth rate in the Greater China region, which increased its revenue by 29% compared to the prior year, followed by the Asia/Pacific region, where revenue was up 7%. In the Europe and America regions, revenue grew by 6% and 5%, respectively, compared to 2013.

More than 2,500 new patents registered in Germany

The number of new patents registered clearly demonstrates the Schaeffler Group's innovative ability. With 2,518 new patents registered in Germany, the Schaeffler Group once again ranked second among the most innovative companies in Germany in 2014. Research and development expenses grew to EUR 626 m or 5.2% of revenue in 2014.

Investments increased significantly – free cash flow positive

The Schaeffler Group has significantly raised its capital expenditures, investing EUR 857 m (prior year: EUR 572 m) in new products and technologies as well as in the expansion of the group's global production network. This represents a 50% increase from the prior year. The company's capex ratio (capital expenditures as a percentage of revenue) was 7.1% (prior year: 5.1%). In addition to opening its new production location in Ulyanovsk, Russia, the group further expanded its plants in Taicang and Nanjing, both in China, as well as in Puebla, Mexico.

Cash flows from operating activities before one-time outflows were EUR 1.3 bn (prior year: EUR 1.0 bn). One-time outflows amounted to EUR 371 m. This resulted in total positive free cash flow of EUR 48 m for 2014 (prior year: EUR 473 m).

Global presence expanded – 4,000 new staff worldwide

Schaeffler had approx. 82,300 employees as at December 31, 2014, approx. 4,000 or 5% more than in the prior year. In Germany, Schaeffler employed a total of approx. 30,500 staff at year-end (prior year: approx. 29,400), representing an increase of approx. 1,100 staff. Worldwide, approx. 2,700 trainees or 3% of Schaeffler's workforce were pursuing an apprenticeship at the Schaeffler Group at the end of 2014. The number of trainees has grown by approx. 5% compared to the prior year.

Strategic concept "mobility for tomorrow" – further growth planned for 2015

As in prior years, the Schaeffler Group anticipates revenue growth of 5 to 7% at constant currency in 2015. The company is forecasting a capex ratio of 6 to 8% of revenue. The group expects to once again generate an EBIT margin of 12 to 13% this year. The Schaeffler Group is expecting to improve its positive free cash flow for the current year compared to last year.

As Rosenfeld explains: "With our strategic concept "mobility for tomorrow", we are well prepared for the future. We want to actively help shape "mobility for tomorrow" with and for our customers in order to successfully continue along our growth path in the coming years."

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<http://www.schaeffler-annual-report.com>

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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 84,000 employees, Schaeffler is one of the world's largest family-owned companies and one of Germany's most innovative companies.

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