SCHAEFFLER

Press and IR release

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Schaeffler successfully places investment grade bonds

HERZOGENAURACH, *2019-03-20*.

- **Total bond volume of EUR 2.2 billion in three tranches**
- **Investment grade ratings confirm strong balance sheet and capital strength**
- **Use of proceeds for refinancing of existing indebtedness**

Global automotive and industrial supplier Schaeffler has for the first time placed investment grade bonds in the capital markets. The transaction has a total volume of EUR 2.2 billion and consists of three tranches.

- EUR 750 million 1.125 % senior notes, due 2022
- EUR 800 million 1.875 % senior notes, due 2024
- EUR 650 million 2.875 % senior notes, due 2027

On the back of very strong investor demand the bond issuance was several times oversubscribed. The new investment grade bonds were issued by Schaeffler AG under its debt issuance programme.

Net proceeds from the issuance will primarily be used for the refinancing of existing indebtedness. Besides the prepayment of a bank term loan by EUR 500 million, three callable bonds issued by Schaeffler Finance B.V. in an aggregate volume of about EUR 1.4 billion are intended to be repaid.

The refinancing transaction is a major step for Schaeffler to establish a pure investment grade financing structure. Schaeffler is rated investment grade by the rating agencies Fitch (“BBB-“), Moody’s (“Baa3”) and Standard & Poor’s (“BBB-“). The outlook of all three agencies on the ratings is stable.

“The first-time placement of investment grade bonds by Schaeffler AG is a key milestone in our efforts to position Schaeffler Group for the long-run as investment grade issuer”, said Dietmar Heinrich, Chief Financial Officer of Schaeffler AG. “The high demand for the new bonds is a strong sign of trust of investors into the future development of Schaeffler Group.”

The newly issued investment grade bonds are expected to be settled on 26 March 2019. They will be listed on the Luxembourg Stock Exchange. The company had mandated Bank of America Merrill Lynch, BNP Paribas, Commerzbank and Deutsche Bank as active joint bookrunners for the placement of the new bonds.

The early redemption of the callable bonds of Schaeffler Finance B.V. is planned for May 15, 2019.

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The targeted investors are expected to have (1) at least basic knowledge and/ or experience with financial products, (2) a medium investment horizon, (3) asset accumulation as investment objective, (4) the ability to bear small losses and (5) the risk tolerance and compatibility of the risk/reward profile correspond to 3 as Summary Risk Indicator (SRI).

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