



## **Next steps following the collapse of orders in the Industrial division and the uncertain development of the order situation in the Automotive division while the debt situation has remained unchanged**

### **Meeting of the EWC Executive Committee**

On 10 December 2012, the executive committee of the European Works Council met in Herzogenaurach in order to continue the discussion of cost-cutting measures which have been implemented at European sites. The participants were: Thomas Mölkner (Chairman), Francesco Nicolliello (Deputy Chairman) and Ullrich Schöppllein (Secretary).

During the meeting, the Head of CC Fundamental Principles and Remuneration Policies, Kai Kuhlow, reported on the current economic situation and on changes in the company strategy. Mr Kuhlow said that the previous strategy, "Challenge 14/14" (sales of 14 bn for 2014) had been superseded, but that Schaeffler continued to aim for growth. The new strategy is called "Consequent Global", the company intends to increasingly decentralize its operations and to connect its sites with each other.

Below is a list of the key factors that have affected the economic and financial situation of Schaeffler during the first nine months of 2012:

- Industrial: During the first nine months, sales figures remained stable
- Automotive: During the first nine months, sales figures went up by 7 %
- S&P and Moody's upgraded the company rating
- However, all large business units in Industrial/Automotive are below budget for 2012 while investments were in line with the budget
- The debt situation of Schaeffler AG remained unchanged with debts in the amount of approx. 7.5 bn (together with Schaeffler Holding approx. EUR 11 bn)

The main objective of the company is to retain staff at European sites and to counter plunging sales figures with flexibility measures, e.g. by reducing the number of working hours.

Below you will find an overview of cost-cutting measures based on information gathered from sites in different countries in response to the last EWC newsletter.

Important changes are taking place in the following countries:

- Spain: Employment contracts of week-end staff are cancelled, working hour flexibility increased, a procedure for making staff redundant for economic reasons has been introduced
- Italy: Drop in the number of hired staff, working hours are reduced along with salaries but compensated by the employee fund
- France: Short-term work until the end of April 2013

- Austria: Working time accounts are extended, closing days, reduction of temporary and permanent staff
- Romania: Measures to reduce staff may be introduced
- Slovakia: Phased reduction of temporary staff by 10% concurrent with the decline in production

### **Further measures**

- (1) The board has been asked to provide more transparency. Which measures are taken in which country, and what are the consequences?
- (2) In mid-February, works council representatives at European sites will be asked again about any new changes.
- (3) The next meeting of the EWC Executive Committee is planned for the end of the 1<sup>st</sup> quarter of 2013. One of the agenda items will be the amendment of the 2009 EWC guideline. The next steps will depend on the information gathered.

### Schaeffler European Works Council

Thomas Mölkner  
(Chairman)

Norbert Lenhard  
(Deputy Chairman)

Francesco Nicolliello  
(Deputy Chairman)