INVESTOR AND ANALYST CALL
HALF-YEAR FIGURES
JUNE 30, 2017

Dr. Stefan Sommer, CEO
Dr. Konstantin Sauer, CFO

ZF Friedrichshafen AG
CURRENT CORPORATE DEVELOPMENT

Dr. Stefan Sommer, CEO
VISION ZERO
ECO SYSTEM ENABLES ZF VISION ZERO

ZERO ACCIDENTS

ZERO EMISSIONS

Division E

Division I

Micromobility Solutions

OPENMATICS
<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>Investments</td>
<td>Divestments</td>
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<tr>
<td>2016</td>
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</table>

- **Investments**
  - **thereof Fixed Assets**: -1.323, -1.620, -1.576, -1.736
  - **thereof Intangibles**: -395, -418, -416, -381
  - **thereof M&A/others**: -156, -392, -122, -6

- **Divestments**
  - **thereof Fixed Assets/Intangibles**: 81, 54, 17, 17
  - **thereof M&A/others**: 489, 900, 0, 0
FINANCIAL FIGURES H1 2017

Dr. Konstantin Sauer, CFO
3 PERCENT ORGANIC GROWTH

SALES in € million

H1 2016: 17,846
H1 2017: 18,327

DEVELOPMENTS

- Sales increased by 3%
  - thereof, organic: + 3%
  - thereof, exchange rate effects: + 1%
  - thereof, M&A effect: - 1%
SALES BY REGIONS

SALES in € million
% of Group sales

NORTH AMERICA
5,170
28%

SOUTH AMERICA
516
3%

EUROPE
8,815
48%

ASIA-PACIFIC
3,734
20%

AFRICA
92
1%
**SALES BY DIVISIONS**

**SALES in € million**

- **Car Powertrain Technology**
  - H1/16: 4,008
  - H1/17: 4,347

- **Car Chassis Technology**
  - H1/16: 3,227
  - H1/17: 3,314

- **Commercial Vehicle Technology**
  - H1/16: 1,532
  - H1/17: 1,593

- **Industrial Technology**
  - H1/16: 1,317
  - H1/17: 1,276

- **E-Mobility**
  - H1/16: 407
  - H1/17: 446

- **Active & Passive Safety Technology**
  - H1/16: 7,014*
  - H1/17: 7,051*

- **ZF Aftermarket**
  - H1/16: 1,410*
  - H1/17: 1,524*

- Strong growth within all business units
- Organic growth mainly due to ramp up of new projects in North America and China
- Growth in Asia-Pacific due to Chinese regulations for commercial vehicles
- Strong second half year of 2017 will overcompensate the dip of the first half year
- Growth by almost 10% of bundled E-Mobility activities
- Growth despite sale of Business Unit in 2016
- Newly formed division with combined aftermarket business showed growth of 8%

* Adjusted by sales share of Parts&Services
R&D BUDGET INCREASED

R&D
in € million and in % of Sales

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>966</td>
<td>1,087</td>
</tr>
<tr>
<td>% Sales</td>
<td>5.4%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Fixed Asset Investments
in € million and in % of Sales

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2017</th>
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</thead>
<tbody>
<tr>
<td>€</td>
<td>444</td>
<td>466</td>
</tr>
<tr>
<td>% Sales</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
CONSIDERABLE INCREASE IN PROFITS

ADJUSTED EBIT
in € million and margin in %

<table>
<thead>
<tr>
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<th>H1 2016</th>
<th>H1 2017</th>
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<tbody>
<tr>
<td>EBIT</td>
<td>1,127</td>
<td>1,202</td>
</tr>
<tr>
<td>Margin</td>
<td>6.3%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

DEVELOPMENTS

EBIT:
- Increase of the EBIT margin
- Increased R&D expenses
- Improvement of gross margin driven by higher operational performance and synergies

EBITDA:
- EBITDA margin with 10.8% within the target corridor
SOLID EBIT MARGIN

ADJUSTED EBIT H1 2016
in € million and margin in %

- EBIT: 828, Margin: 4.6%
- Purchase price allocation: 299
- Adjusted EBIT: 1,127, Margin: 6.3%

ADJUSTED EBIT H1 2017
in € million and margin in %

- EBIT: 895, Margin: 4.9%
- Purchase price allocation: 307
- Adjusted EBIT: 1,202, Margin: 6.6%
NET PROFIT AFTER TAX IMPROVED

NET PROFIT AFTER TAX
in € million

<table>
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<tr>
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<th>H1 2016</th>
<th>H1 2017</th>
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<tr>
<td>NET PROFIT AFTER TAX</td>
<td>408</td>
<td>559</td>
</tr>
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</table>

DEVELOPMENTS

- Improved total result due to higher operating result
- Financial result improved mainly due to reduced financing costs
- Tax rate at 25% comparing to last year at 32%
ADJUSTED FREE CASH FLOW AT €322 MILLION

FREE CASH FLOW in € million

- Free cash flow in H1 2017 at €291 million
- Adjustments of M&A activities by €31 million include participations
- Adjusted free cash flow in H1 2017 at €322 million
GROSS/NET DEBT
in € million

DEVELOPMENTS

- Gross debt reduced by €684 million
- Net debt reduced by €174 million
- Close to investment grade
  - Moody’s: Ba1 (outlook positive)
  - S&P: BB+ (outlook positive)

Note: Gross debt = financial liabilities excluding derivative financial instruments
* Without consideration of financial securities applied for pension securitization in 2016. Considering these securities net debt was at €5.645 million.
EQUITY RATIO FURTHER IMPROVED

DEVELOPMENTS

- Improvement of equity ratio by 2 percentage points to 23%
- Increase in equity by €385 million mainly due to positive net profit after tax
- Reduction of balance sheet total by €1,022 million due to further debt pay-down and rise in discount rate applied to pension provisions

LIABILITIES AND EQUITY
in € million and % of the balance sheet total

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2016</th>
<th>June 30, 2017</th>
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<tbody>
<tr>
<td>Equity</td>
<td>29,128</td>
<td>28,106</td>
</tr>
<tr>
<td>Pension provisions</td>
<td>6,640</td>
<td>6,644</td>
</tr>
<tr>
<td>Other liabilities/provisions</td>
<td>15,164</td>
<td>14,868</td>
</tr>
<tr>
<td>Total</td>
<td>41,932</td>
<td>40,618</td>
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- Equity: 23% of the balance sheet total
- Pension provisions: 14% of the balance sheet total
- Other liabilities/provisions: 63% of the balance sheet total
MATURITY of main Group financings as per June 30, 2017
Nominal amounts in € million

- Bonded Loans
- EUR Bonds
- USD Bonds
- Syndicated Loan (undrawn)

thereof €580 million due to voluntary cancellation of bonded loans

prolongation by 1 year in July 2017
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<th>FINANCIAL KEY FIGURE</th>
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<td>Sales</td>
<td>€17,846 million</td>
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<td>EBIT*</td>
<td>€1,127 million</td>
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<td>EBIT margin*</td>
<td>6.3 %</td>
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<td>EBITDA*</td>
<td>€1,908 million</td>
<td>€1,984 million</td>
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<td>EBITDA margin*</td>
<td>10.7%</td>
<td>10.8%</td>
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<td>Free cash flow*</td>
<td>€401 million</td>
<td>€322 million</td>
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<td>Gross debt</td>
<td>(2016-12-31) €8,262 million</td>
<td>€7,578 million</td>
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* Adjusted values
OUTLOOK 2017

Dr. Stefan Sommer, CEO
MARKET DEVELOPMENT 2017

• **Further moderate economic momentum in Europe** and Germany.
  • Opportunities and challenges due to technological change in the automotive industry. Positive trend in the European automotive sector, economic turnaround toward positive growth seems to have been achieved in Russia.

• **Outlook for U.S. economy** generally positive, however with **declining momentum**. Recently weaker demand in the automotive industry due to accumulated stocks of used and new vehicles.
  • **Ongoing economic crisis since 2014** (esp. Brazil and Argentina).
  • Trough gradually reached, but for 2017 still no sweeping recovery. First positive news about growth in automotive sector in the first months (however at a low level).

• **China’s economy** grows thanks to state investments in the defined corridor, expansive fiscal policy. Weak growth rates in the car sector, but significant growth in the commercial vehicle sector.

• **Newly industrialized countries** push forward **without dramatically positive momentum**.
FORECAST 2017

Sales >€36 billion

EBIT margin* >6%

EBITDA margin* >10%

Free cash flow* >€1 billion

* adjusted values
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