

**Press release on the business development of the
MAHLE Group in the year 2007**

Stuttgart/Germany, April 25, 2008—MAHLE expands its market
position

Asia drives expansion of the global automotive industry

In 2007, the automotive industry benefited once again from the dynamical development of the global economy. As a result of the higher demand, particularly in China and India, but also in South America and Eastern Europe, the worldwide production of passenger cars and light commercial vehicles increased by 5.4 percent to 69.9 million units.

With a rise of 6.2 percent to 2.9 million units, the worldwide production of medium-weight and heavy commercial vehicles developed better than expected at the beginning of last year.

Sales

In the 2007 business year, the MAHLE Group achieved sales of EUR 5.06 billion; this corresponds to an increase of EUR 746.4 million or 17.3 percent compared with the previous year.

Much of the growth in sales resulted from newly acquired companies and business segments included in the consolidated financial statements for the first time (EUR 541.9 million; 12.6 percent).

Changes in exchange rates had an unfavorable impact, totaling EUR 105.3 million, on sales denominated in euro in the year under report. Excluding exchange rate factors, the Group achieved growth of 20 percent, of which 7 percent was due to organic business expansion.

The MAHLE Group's development thus considerably exceeded the development of the market as a whole. This success is primarily due to the gain of market shares in Europe and South America as well as increasing sales from systems supplies, which were in heavier demand because of the technological competence of the MAHLE Group.

Sales generated in Germany rose by 4 percent in comparison with the previous year to EUR 1,285 million.

Profit

While the Group recorded growth of 17.3 percent in sales, the profit before tax rose by just 4.6 percent from EUR 294.6 million (2006) to EUR 308.1 million (2007). The increase in the profit before tax was successfully converted into a rise of over 16 percent in the net income for the year (profit after tax).

In particular, significant increases in the costs of raw materials, which could not be passed on to the customers to a sufficient degree, reductions in sale prices, and foreign currency changes had an adverse effect on profit. In addition, some of the newly acquired units put a strain on profit, as expected, because of promptly initiated restructuring measures to optimize the production network in the medium and long term.

Investments

In 2007, with investments in new machinery, equipment, and buildings totaling EUR 309 million, the MAHLE Group once again invested significantly above the depreciation level of EUR 240 million. With an investment ratio of 6.1 percent of sales, MAHLE has once again significantly exceeded the average investment level of the automobile industry and automotive supply industry. This long-term, strategically oriented investment approach pursued by the MAHLE Group clearly demonstrates the Group's sustainable growth strategy, on the basis of the latest production and process technologies and continuous innovations.

Of the total investments in 2007, approximately EUR 150 million was used in Europe, of which around EUR 67 million went toward the German locations, approximately EUR 8 million more than in the previous year. Besides preparations for new customer projects, a large proportion of the investments in Europe was directed toward further expansion of capacities, rationalization projects, and continuous improvement of processes and quality. In addition, millions of euro had already been invested in 2007 in the area of exhaust gas turbochargers—not just a new product line for MAHLE, which will be incorporated in a new joint venture with Bosch from 2008. Exhaust turbocharging is one of the most important key technologies for future generations of engines.

The investment level for the Group's South American locations was considerably higher than the previous year's value at approximately EUR 50 million, while euro investments in North America decreased by EUR 3 million to approximately EUR 49 million. In the Asia/Pacific region, around EUR 54 million was invested in capacity and product portfolio expansions. One activity particularly worth mentioning is the construction of a new connecting rod manufacturing facility in Yingkou/China, which will supply customers locally from 2008.

Headcount development

MAHLE had 9,274 more employees (+24 percent) at the end of the 2007 business year than at the end of the previous year. This increase was primarily due to the inclusion of the newly acquired companies, but also to the organic business expansion at the previous locations. As of 12/31/2007, the total number of employees in the MAHLE Group was 47,877.

Headcount by region	2006	2007
Europe	17,727	20,314
<i>thereof Germany</i>	<i>8,850</i>	<i>9,185</i>
North America	3,650	7,325
South America	9,870	11,649
Asia/Pacific	7,356	8,589
Total	38,603	47,877

Development of the MAHLE Group

The development of the MAHLE Group in the past 10 years has been characterized by continuous profitable growth. Sales have developed from EUR 1.9 billion to EUR 5.1 billion, which corresponds to an average annual growth rate of 11.5 percent, significantly above general industry growth. Profit has risen from EUR 138 million to EUR 308 million, and we have been able to more than double the number of employees worldwide.

Today, MAHLE is the world's leading supplier of engine components and powertrain systems with an extensive product portfolio and, taking into account all its product groups, is one of the largest suppliers worldwide. With more than 100 production plants, MAHLE is comprehensively represented in all regions of the world and all major automobile-producing countries. The global presence is also demonstrated by the seven international research and development centers, where a total of more than 2,500 development engineers are employed.

In 2007, we were able to add further significant and—in the long term—strategically important building blocks for the Group's ongoing development:

- The acquisition of the Dana engine parts business with locations in 10 countries and approximately 5,000 employees primarily strengthens our Piston Rings, Engine Bearings, and Camshafts product groups.
- By acquiring the Siemens VDO intake modules and air filtration business segment, MAHLE was able to establish itself as the largest supplier worldwide of air management systems for combustion engines.

The strongly complementary locations and customer programs will allow a considerable strengthening of our position in the long term through the utilization of synergy effects.

Overall, the acquisitions of 2007 and the companies founded at the beginning of 2008 have led to a significant growth spurt and a further strengthening of the MAHLE Group's global presence. While the MAHLE Group's production network comprised 80 locations at the end of 2006, the number of locations has increased to 110 at the beginning of 2008.

Outlook for 2008

According to consistent estimates, global economic development will weaken in 2008, particularly as a result of the development of the economic situation in the USA and its impact on other market regions. Further increases in raw material and energy prices are also putting a strain on growth. Nevertheless, on a global level, a moderate rise in the world gross domestic product is anticipated.

In 2008, the MAHLE Group's profit situation will be characterized by the rapidly progressing integration of the larger units acquired in 2007, particularly the business segments taken over from the Dana Corporation and Siemens VDO. The cost-intensive integration and restructuring measures already started will be continued consistently, in order that the anticipated synergy potential can be realized as quickly as possible.

Adverse effects on profit in 2008 are also expected in connection with further heavy increases in costs of materials. Rising personnel costs and higher expenditure for expanded research and development activities will also affect profits negatively. We plan to compensate for these effects by means of an ambitious package of measures to increase productivity and efficiency. Our goal for 2008 is to maintain the earnings level of 2007 and improve it significantly in subsequent years following the full realization of synergy effects.

For further information:

MAHLE GmbH
Birgit Albrecht
Corporate Communications/Public Relations
Pragstraße 26-46
D-70376 Stuttgart

Phone +49 (0)711/501-12506
Fax +49 (0)711/501-13700
E-mail birgit.albrecht@mahle.com