

Press release on the business development of the MAHLE Group in the first half of 2008

Stuttgart, September 15, 2008—MAHLE records further growth

Development of sales and revenue

In the first six months of 2008, the MAHLE Group increased its sales by 7.3 percent to EUR 2,668.6 million (EUR +181.1 million in comparison with the previous year). The most substantial contribution was made by first-time consolidations, which accounted for EUR 173.4 million. Changes in euro exchange rates, primarily against the U.S. dollar and Korean won, had a negative impact on reported sales amounting to EUR 97.5 million (-3.9 percent). Organic growth amounted to EUR 102.9 million (+4.1 percent).

As expected at the planning stage, the operating profit of the MAHLE Group did not reach the level of the previous year. At Group level, the profit fell just short of the previous year's value for the first half of the year, primarily as a result of adverse effects on profit caused by increases in material prices, unfavorable changes in exchange rates, and the impact of first-time consolidations. Despite growth in sales and productivity increases, which were better than planned, the profit could only be maintained at a level just below that of the previous year. The full effect of restructuring measures that will result in plant closures in Canada and the USA will not be seen until 2009/2010.

Human resources

The number of employees rose by 4,268 in comparison with the previous year to 50,729. This growth of 9.2 percent corresponds to the increase in sales adjusted for currency exchange rate effects. Companies included in the consolidation group for the first time brought an additional 2,698 employees (+5.8 percent). Excluding the effects on the consolidation group, the staffing level rose by

1,570 employees (+3,4 percent). The number of employees in Germany grew from 9,091 to 9,280.

Outlook

For the second half of the business year, MAHLE expects a considerably slower rate of growth. While Europe, Asia, and South America were able to more than offset the decline in sales in North America in the first six months and contributed to positive organic growth of 4.1 percent, all indicators, at least for Europe and Asia, show weakening production figures in the second half of the year for most of our major customers. With an expected stable exchange rate of 1.50 between the euro and the U.S. dollar, we anticipate a slight decline in sales for the existing MAHLE consolidation group in the second half of the year.

However, as a result of the acquisition projects undertaken in the first half of the year, acquisition-related growth will also be recorded in the second half of the year. MAHLE therefore expects to achieve Group sales of approximately EUR 5.3 billion (2007: EUR 5.1 billion) for the whole 2008 business year, which would represent sales growth of just under 5 percent.

Additional factors adversely affecting profit are expected to influence the development of revenue in the second half of the year. Besides the fact that no improvement in profit is expected in North America in the short term, the leveling off of sales will also adversely affect profit in the other regions of the world. In addition, dramatic price increases in the steel and resin segments will be seen in the second half of the year, which will adversely affect profit by a figure in the tens of millions as a result of the insufficient absorption of costs by our customers.

Development of the MAHLE Group

The significant milestones of the MAHLE Group's development in the first half of 2008 were:

- January: Acquisition of 60 percent of the shares in the Turkish engine components manufacturer Mopisan

The company with two production plants in Konya and Izmir primarily manufactures pistons and cylinder components for the independent aftermarket. In the future, these plants will act as specialist plants for the production of engine components for this market segment. More than 1.5 million pistons were produced last year. In 2007, the company achieved sales of around EUR 24 million, with 580 employees. The majority acquisition of Mopisan supplements MAHLE's flexible production capacities geared toward small lots for pistons, piston pins, and cylinder liners. The company, which will operate in the future as MAHLE Mopisan Izmir A.S. and MAHLE Mopisan Konya A.S., is thus becoming an important building block of MAHLE's growth strategy in the independent aftermarket for engine components.

- May: Founding of a majority joint venture with Hirschvogel in Brazil

The joint venture is being created from the existing company Forjas Brasileiras S.A. in Queimados near Rio de Janeiro. MAHLE will hold 51 percent of the shares in the new company, which will be fully consolidated with MAHLE, and Hirschvogel 49 percent. The company employs approximately 600 people and achieved sales of 196 million reais (approx. EUR 75 million) in 2007. The third largest forge in Brazil, MAHLE Hirschvogel Forjas S.A. manufactures connecting rods, components for injection systems, and other components for the automotive industry.

- May: Anti-trust authorities' approval of the joint venture Bosch Mahle Turbo Systems

Robert Bosch GmbH and MAHLE GmbH have founded a 50/50 joint venture for the development, production, and sale of exhaust gas turbochargers. The company commenced business in June. The company's head office in Stuttgart will house the development, administration, and sales activities. Initially,

around 100 employees will work here, with half drawn from each of the parent companies. Series production of exhaust gas turbochargers will begin in 2011 at existing locations in St. Michael ob Bleiburg, Austria, and Blaichach/Immenstadt, Germany. Up to 500 employees will manufacture major parts and components of a high quality and assemble exhaust gas turbochargers for use in passenger cars and light commercial vehicles.

- June: Acquisition of Clemex Mexico S.A. de C.V.

The company, which manufactures bearings and bushings for the automotive spare parts trade and for original equipment for automobile manufacturers, will be fully integrated into the MAHLE Group at the beginning of 2009. It employs approximately 400 people and achieved sales of USD 16 million (approx. EUR 10.3 million) in 2007. All employees are being taken on by MAHLE.

- June: Opening of the new research and development center in Brazil

The brand-new complex for research and development in Jundiaí near São Paulo includes laboratories and test benches spread across a developed area of 16,800 square meters. The 260 employees of the R&D center will carry out all of the MAHLE Group's research and development activities in South America, and will operate the design and sales departments. In addition, the use of second- and third-generation biofuels forms a focal point of research.

- July: Acquisition of the Thuringian pump manufacturer ENTEC

The company develops and manufactures controlled oil pumps for combustion engines and is therefore an important building block for the MAHLE Liquid Management Systems product line for the future. It achieved sales of approximately EUR 7 million in the 2007 business year, with about 60 employees. While development is concentrated in the Crock/Thuringia location, production principally takes place at the Brattendorf/Thuringia location. Development trends in modern generations of combustion engines are focused strongly on significantly reducing fuel consumption, especially in light of imminent CO₂ regulations. In the future, controlled oil pumps will make significant contributions in this area, since they provide only the amount of oil specifically needed at different engine operating points. Potential fuel savings due to optimization of the entire oil circuit system, using controlled oil pumps, range at up to three percent.

- August: Acquisition of Amafilter Group Holding BV

The Amafilter Group expects sales of around EUR 80 million for 2008 and employs around 450 people. The company with production plants in the Netherlands, England, France, Italy, and the USA manufactures integrated filtration solutions for process technology and thus complements the existing production plants of the MAHLE Industrial Filtration business division perfectly. In the next few years, MAHLE plans to achieve significant sales growth as a result of utilizing the expanded product range and additional output capacities, particularly in the growth markets of foodstuffs, energy technology, oil and gas, and chemicals. MAHLE already plans to achieve sales of more than EUR 200 million in the Industrial Filtration business division in the coming year.

New MAHLE corporate exhibition: MAHLE INSIDE

On September 17, MAHLE inaugurates its new corporate exhibition at the Group's headquarters in Stuttgart Bad Cannstatt, Germany: MAHLE INSIDE.

In the last few decades, MAHLE has developed from a piston manufacturer to a globally positioned automotive supplier. In the last ten years alone, sales have risen from EUR 1.9 billion to EUR 5.1 billion, and the number of employees worldwide from 21,000 to 48,000. The product portfolio has expanded considerably and now includes five product lines and six profit centers. This structure and product diversity could not be adequately portrayed in the old MAHLE "Piston museum". When it had to make way for a new computer center around two years ago, the decision was made to construct a new building for a corporate exhibition.

Representatives from the Management Committee, the Supervisory Board, and the MAHLE Foundation will officially inaugurate the new corporate exhibition as part of a celebration on September 17. An open day was held for the employees at the Stuttgart location on September 13.

MAHLE INSIDE is open first and foremost to MAHLE employees, customers, and parties interested in the technology. It is not a public museum with fixed opening times, but external groups are welcome to visit on request.

Preview of the IAA 2008

MAHLE presents a whole range of product innovations at this year's IAA in Hanover:

- MonoXcomp[®] pistons for commercial vehicle engines for reducing thermal load
- Scraper ring made from sheet metal for reliable removal of any oil carbon deposits on the piston
- Piston pins with PVD coating for high-performance engines
- Composite camshaft for a weight saving of up to 50 percent as well as for integrating additional functions such as camshaft oil separation or balance shafts

- New valve alloys with a reduced nickel content for a cost saving of more than 30 percent in some cases
- Innovative EGR management with charge air valve to reduce the raw emissions of diesel engines
- Electrically driven cone stack separator to separate oil from crankcase ventilation blow-by gas
- BlueDrain system—environmentally friendly, automatic low-maintenance water disposal system for diesel fuel filters

Detailed information on the product innovations at the IAA 2008 will be available on the MAHLE website from September 23.

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