

Press release on the business development of the MAHLE Group in 2010

Stuttgart, April 15, 2011

Highest sales figure in Company's history

1. Business development

The unexpectedly fast recovery of the global economy and of the automotive industry led to a premature resurgence in sales and profit key figures for the MAHLE Group, to precrisis levels. The sales and profit level improved steadily over the course of the year. MAHLE achieved Group sales of EUR 5,260.6 million in the 2010 business year—the highest sales figure in the Company's history—primarily as a result of a strong second half-year. In comparison with the previous year, which was heavily affected by the crisis, this corresponds to a rise of over 36 percent. For comparison: the worldwide production figures of passenger cars and light commercial vehicles increased by around 26 percent. MAHLE thus achieved a V-shaped recovery in its sales and profit situation, which was not considered realistic even a year ago.

All business units and profit centers contributed to these pleasing figures at Group level. However, they should be interpreted differently at a regional level. Taking 2008—a year largely unaffected by the financial and economic crisis—as the basis for comparison reveals significant structural changes. While 54 percent of sales were generated in Europe in 2008, this proportion fell to 48 percent in 2010. In contrast, the proportion of sales achieved in Asia and South America rose from 29 to 35 percent. North America's proportion remains almost unchanged at around 17 percent.

These figures show very clearly where the automotive industry's growth markets are, and that MAHLE invested proactively in these markets at an early stage and is now able to participate fully in them.

Return to a significantly positive net income for the year

The high utilization of capacities resulted in a considerable decrease in the production costs. The improvement of 5.1 percent in this ratio in comparison with the previous year reflects, in particular, the results of the consistently pursued restructuring and productivity improvement measures. The selling, administrative, and development expenses increased by a lower percentage than sales in comparison with the previous year; as a result, the combined ratio fell from 19.2 percent to 16.8 percent. Overall, a positive result from ordinary activities of EUR 251.5 million was achieved.

Headcount development

As at the end of 2010, the number of employees in the MAHLE Group was 47,457. This represents an increase of 3,968 employees or 9.1 percent in comparison with the figure of 43,489 at the end of 2009, following a decline in headcount because of restructuring and lower order levels. The current figure falls around 4,000 short of the peak of 51,383 employees at the end of the third quarter of 2008. This clearly demonstrates the increase in productivity achieved as a result of the restructuring measures.

In line with the differing development of sales in the regions, the increase in the number of employees in comparison with December 2009 was particularly pronounced in South America (+11.6%), the Asia/Pacific region (+7.1%), and North America including Mexico (+27.9%). The staffing level also increased in Europe, by 677 employees (+3.5%), but this was due to the first-time consolidation of MAHLE Behr Industry from July 1, 2010.

2. Development of the MAHLE Group

The most significant milestones were undoubtedly the majority acquisition of the industrial activities of the Behr Group and the acquisition of a participation in the Behr Automotive Group in several stages.

February 2010: MAHLE takes over majority share in Behr Industry

The Supervisory Boards of MAHLE GmbH and Behr GmbH & Co. KG agree upon the acquisition of 60 percent of the shares in Behr Industry GmbH & Co. KG by the MAHLE Group.

In 2009, the Industry division of the Behr Group achieved sales of around EUR 178 million with approximately 950 employees at five locations in Germany and the United States. Main products include cooling and air-conditioning systems for railway and special vehicles, buses, ships, construction and agricultural machinery, the aerospace industry, and stationary large engines for power generation. Behr Industry now trades under the name MAHLE Behr Industry.

MAHLE combines its existing industrial activities for large engines and industrial filtration with the activities of MAHLE Behr Industry to form the new Industry business unit, with a planned yearly sales volume of EUR 500 million. In the long term, organic growth in new industrial application areas, as well as acquisition steps, should allow the business unit to achieve a business volume in excess of EUR 1 billion.

July 2010: MAHLE and Behr sign share agreement

The two first stages of the participation in Behr GmbH & Co. KG (and thus in the entire Behr Group) will be covered by a unilateral capital increase by MAHLE. In the first stage (2010) MAHLE takes on 19.9 percent of shares; in the second stage, at the beginning of 2011, the participation is increased to 36.85 percent. The contract also provides that MAHLE can purchase additional shares by exercising a call option from the beginning of 2013, and can thereby take over the majority of Behr. The current Behr shareholders can then sell their shares to MAHLE over a period of ten years.

MAHLE and Behr are able to use their know-how to develop and produce function- and cost-optimized systems environments such as exhaust gas recirculation modules, air intake modules with integrated indirect charge air coolers, HVACs with integrated cabin air filters, and liquid filtration modules with integrated cooling and heating functions for the global customer base. The Behr product portfolio also gives MAHLE access to the strategically important future and growth area of efficient thermal management, in both automotive and industrial applications.

Behr currently operates in twelve countries with around 16,500 employees at over 30 development and production locations, and achieved an EBIT of around EUR 100 million with sales of approximately EUR 3.3 billion in 2010.

Following the majority acquisition, Behr will be organizationally integrated into the MAHLE Group in 2013 and operated as a business unit with legal autonomy. In the medium term, the existing development and production locations are to be shared, while new locations will be established jointly in specific countries with growth potential.

All of Behr's business segments (power train thermal management and cabin air conditioning) and all Behr joint venture activities will continue to be operated.

3. Outlook for the 2011 business year

For the coming business year, MAHLE expects a further rise in sales in all regional submarkets. Once again, the future-oriented markets in Asia and South America will be important. The MAHLE Group's good competitive position in these foreign markets will make it possible to achieve more rapid growth than the market as a whole. Overall, MAHLE expects sales to increase to more than EUR 5.5 billion in 2011 and, accordingly, expects to achieve a profit level above that of 2010.

On March 11, 2011, Japan was shaken by a very severe earthquake and tsunami. The MAHLE plants suffered only minor damage, as these are not located in the region affected by this disaster. It is not yet possible to gauge the consequences of the catastrophe at the Fukushima nuclear power plant.