

## **Press release on the business development of the MAHLE Group in the first half of 2014**

Stuttgart/Germany, September 8, 2014

**The sales and result of the MAHLE Group developed positively in the first half of 2014.**

### **Sales**

In the first half of 2014, the MAHLE Group achieved global sales of EUR 4,914.6 million, thereby exceeding the figure for the corresponding period of the previous year by EUR 1,881.2 million (+62.0 percent). This increase is largely due to the first consolidation of the MAHLE Behr Group on October 1, 2013. Adjusted for consolidation and exchange rate effects, sales increased by 3.4 percent in the first half-year.

In Europe, MAHLE recorded sales totaling EUR 2,605.4 million (+80.3 percent). The new Thermal Management business unit contributed to this growth with its high sales of air conditioning and heat exchanger products for premium manufacturers. A slow recovery was recorded in most western European units; business remained relatively stable in Germany. In contrast, sales in countries such as Russia and Turkey were much lower than expected due to the political and economic situation. Exchange rate effects of EUR 11.4 million also had an adverse impact on sales. Overall, the share of group sales generated by European units amounted to 53.0 percent (+5.4 percent).

In North America, sales of EUR 1,112.4 million (+76.2 percent) were achieved. Adjusted for strong negative exchange rate effects (EUR –47.9 million), primarily due to the weakening of the U.S. dollar, sales in the corresponding period of the previous year were exceeded by 83.8 percent. The units recently included as part of the first consolidation of the MAHLE Behr Group, as well as the increased production of passenger cars, light commercial vehicles, and heavy-duty commercial vehicles contributed to this development. The share of group sales generated in North America rose slightly in the first half-year to 22.6 percent.

At EUR 335.7 million, sales in the South America region fell short of the previous year's value by EUR 24.0 million. Exchange rate effects of EUR 61.0 million had a considerable adverse effect on sales—in particular due to the devaluation of the Brazilian real and the Argentinian peso. Adjusted for negative exchange rate effects, sales, however, exceeded the figure for the corresponding period in 2013. Due to the far less marked presence of the new MAHLE Behr activities and the above mentioned exchange rate effects, the share of group sales generated in South America fell from 11.9 to 6.8 percent.

In the Asia/Pacific region, sales of EUR 837.4 million were achieved (+40.1 percent) as a result of the consistently pleasing economic trend in China and an increase in market shares, in addition to the positive development in South Korea. The units of the new MAHLE Behr Group contributed EUR 214.6 million to the sales growth. A decline in sales development was recorded in some markets, primarily in Thailand. As in the previous year, negative exchange rate effects of EUR 50.8 million had a major impact on the entire Asia/Pacific region. This was largely due to the further devaluation of the Japanese yen by around 12 percent in the year-on-year comparison. The share of group sales in Asia amounted to 17.0 percent.

Due to the integration of the MAHLE Behr Group, sales were generated in South Africa for the first time, which amounted to EUR 23.7 million.

#### Result

The overall positive development of sales significantly improved group result in the first half-year in the year-on-year comparison. In the first half of 2014, MAHLE achieved an overall income from ordinary activities totaling EUR 217.1 million, which corresponds to a return on sales of 4.4 percent, following 3.8 percent in the corresponding period of the previous year. At EUR 146.1 million, the net income for the half-year also significantly exceeded the previous year's value.

#### Employees

As at the reference date of June 30, 2014, there was a year-on-year increase of 15,564 in the number of employees to 63,519 (+32.5 percent). This increase compared with the previous year is exclusively attributable to the integration of the MAHLE Behr Group. In Spain, Italy, and Germany, the instrument of short-time work had to be used in light of the partly restrained market demand in some locations.

#### Outlook for the full year

For 2014 as a whole, MAHLE continues to anticipate uneven development in Europe. Slight increases are expected in the passenger car sector whereas a slight decline should be observed in the commercial vehicle sector. The recovery in both vehicle segments is forecast to continue in North America, while significantly declining market development in both vehicle segments is anticipated in South America. For Asia, continued positive development and additional growth is expected, although market stagnation is currently recorded in some countries. Overall, we envisage total annual sales of around EUR 9.7 to EUR 9.8 billion. The current situation in the eastern European and Arab crisis regions will likely burden both sales and result.

### Highlights of the group's development

In March 2014, MAHLE opened a new Aftermarket sales and logistics center in Limeira/Brazil, thereby doubling its storage and logistics capacity.

In June, a new sales and logistics center for the Aftermarket business unit also commenced operation in Obninsk/Russia. MAHLE has thus strengthened its presence in the eastern European automotive parts market and can now provide local support to its customers. Furthermore, the location provides a good base for potential future production of original equipment.

In June, MAHLE signed an agreement for the acquisition of the majority share in the Slovenian group Letrika d.d. The relevant antitrust and supervisory authorities have approved the majority acquisition. The closing is expected to take place around mid-September. Letrika is of central importance to MAHLE as part of the medium- and long-term strategy to strengthen the mechatronics/electrics unit. In 2013, the manufacturer of electric motors, generators, and electrical and mechatronic drive systems generated sales of EUR 242.5 million with its 2,416 employees and production locations in Slovenia, Bosnia and Herzegovina, Belarus, China, and Brazil.

In China, two new plants were opened in Wuhan and Shenyang in mid-August. Now with sixteen locations in this country, MAHLE can benefit even further from the continued growth of the Chinese market and move closer to its long-term strategic goal of a balanced regional distribution of sales between Europe, North and South America, and Asia. The Wuhan production plant in the Hubei province is the fifth Chinese location of the MAHLE Filtration and Engine Peripherals business unit. The new plant in Shenyang is specialized in the manufacture of products for vehicle air conditioning and engine cooling.