

Press release on the business development in the 1st half of 2012 and outlook for the MAHLE Group

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1. Business environment/economic situation in the automotive industry

Weakening trends in global economy

Primarily because of the significant economic downturn in Europe and initial signals of growth slowing in North America and several Asian countries, we have to assume that our customers will be recording a production decline in the second half of 2012. Moreover, we currently do not see evidence for a notable upturn in 2013.

The current IHS forecast assumes global production of 80.8 million passenger cars and light commercial vehicles (vehicles <6 tons) for 2012 compared with 77.0 million in the previous year. This would correspond to growth of 4.9 percent.

Europe

Due to the ongoing economic weakness, particularly in the southern countries, Europe is expected to record a production of 19.1 million passenger cars and light commercial vehicles, which equates to a decline of 5.8 percent. If there are no macroeconomic improvements in the short term, a significantly more pronounced decline is to be expected.

NAFTA region

For the NAFTA region, IHS forecasts growth from 13.1 million in the previous year to 14.9 million passenger cars and commercial vehicles (+13.2%). This estimate reflects the continued positive economic development in the USA.

Asia/Pacific

Vehicle production in the Asia/Pacific region has been projected at 40.3 million units, which represents an increase of 9 percent compared with the previous year. In particular, this is due to the ongoing economic recovery from the natural disaster in Japan—where production is set to increase to 9.4 mil-

lion units (+19.0%)—as well as a further expansion of Chinese vehicle production to 18.7 million vehicles (+6.4%).

The growth originally expected for India will prove to be considerably lower. In contrast, a significant economic recovery is anticipated in other Asian countries, such as Thailand, following the flood disaster in the previous year.

Mercosur

For the Mercosur region, an increase in production from 4.3 to 4.5 million vehicles (+3.5%) has been forecast. This represents a weakening of the growth recorded in previous years.

Commercial vehicle forecast suggests declines in Western Europe and South America

In June, IHS forecast a commercial vehicle production of 3.6 million vehicles globally for 2012, following 3.4 million vehicles in 2011. This would correspond to a rise of 6.2 percent. From our current perspective, this forecast is too optimistic.

Europe

It is assumed that Europe will post a slight drop in commercial vehicle production, falling from 646,000 to 644,000 (–0.2%)—a major increase in Eastern European production (+12.0%) could almost fully offset the decrease in Western Europe (–6.0%). As with the production of passenger cars and light commercial vehicles, Russia is the driving force.

NAFTA region

The growth for commercial vehicles in the NAFTA region is expected to amount to 16.8 percent, or 528,000 vehicles.

Asia/Pacific

An increase of 7.7 percent in commercial vehicle production has been predicted for the Asia/Pacific region in comparison with 2011, which would amount to a total of 2.2 million units. The country with the largest growth in this sector will be Japan at 19.0 percent. This can be ascribed to the economic recovery following the 2011 natural disaster. Current perspectives suggest that the growth forecasts for China and India need to be revised.

Mercosur

With new exhaust emission limit standards being introduced in Brazil in 2012, some commercial vehicle production in South America was brought forward to 2011. For this reason, IHS currently anticipates a production decline of 7.4 percent to 260,000 units. Current perspectives indicate that this estimate is also too optimistic, as vehicles whose production was brought forward in the

previous year will still be coming onto the market until well into the second half of the year.

2. Business development in 2012 and outlook

In the first half-year of 2012, the MAHLE Group recorded sales of EUR 3,207.1 million, outperforming the previous year's value by 7.8 percent (EUR 232.9 million). The sales increase is based primarily on organic growth (EUR +145.9 million), with the revaluation of numerous foreign currencies, particularly the U.S. dollar, Japanese yen, and Chinese renminbi, having an additional positive impact (EUR +87.0 million).

In the first half-year, the MAHLE Group increased its European sales by 2.5 percent in comparison with the previous year to around EUR 1.54 billion, with extremely varied sales development within Europe. The recession in some southern European countries in particular led to double-digit percentage declines in sales in a number of production units. While sales in Germany remained almost at the previous year's level, growth was recorded primarily in Eastern Europe. As the MAHLE Group achieved more rapid growth in other markets, however, the contribution to sales made by the European units fell from 51 to 48 percent.

Asia, an important growth market for MAHLE, developed positively with sales of EUR 649 million, which corresponds to an increase of around 16 percent. The relative proportion of sales produced in Asia thus rose by one percentage point to 20 percent in the first half of the year. Catch-up effects in Japan following the natural disaster in the first half of 2011 and double-digit percentage growth in important markets such as China, South Korea, and Thailand were a major contributing factor in the sales increase, while sales in India declined slightly.

In the Mercosur region, the previous year's sales level was not achieved because of the aforementioned anticipatory effects in the commercial vehicle sector in connection with the new exhaust gas regulations in Brazil, which

reduced the relative contribution to sales of the South America region from 13 to 12 percent.

In the NAFTA region, the recovery of the automotive industry continued unabated. MAHLE increased its sales to EUR 646 million, which represents growth of 26 percent in comparison with 2011. The contribution to sales made by this region thus rose from 17 to 20 percent. NAFTA's contribution to sales is therefore at the same level as Asia's.

The growth in sales is expected to be lower in the second half of 2012; nevertheless, we still expect the economic situation in the automotive industry outside Europe to remain generally stable. Overall, we envisage potential total annual sales of around EUR 6.3 billion, which would correspond to sales growth of around 6 percent in comparison with 2011. However, this becomes unrealistic if the sovereign debt crisis in Western Europe affects the economic activity of other world regions.

The development of revenue was improved compared with the first half of 2011, remaining within the target range for our operating return on sales. However, we expect that the low sales growth will adversely affect the return on sales in the second half-year. From today's perspective, we anticipate that all world regions apart from Europe will succeed in stabilizing or increasing their contributions to profit.

The number of employees decreased from 49,103 to 48,084 in the first half of the year (June 30, 2012). In Europe (including Germany), the number of employees fell slightly in comparison with the previous year by 478 to 20,203. Compared with the previous year, the number of employees in Germany decreased marginally from 9,181 to 9,041. Thanks to the positive development of business in Asia, the number of employees rose by 258 to 9,370, while the figure rose by 153 to 7,586 in North America. In South America, on the other

hand, a decrease of 952 to 10,925 was necessary as a result of lower sales in the commercial vehicle sector.

Productivity increases in connection with the good capacity utilization in most plants meant that the sales per employee rose further.

3. Development of the MAHLE Group/major events

Significant milestones in the development of the MAHLE Group and major events of the 2012 business year were as follows:

January 2012

MAHLE Industry GmbH acquires InnoWa Membrane GmbH

MAHLE Industry GmbH, located in Stuttgart/Germany, has acquired the technology venture InnoWa Membrane GmbH in Schwaikheim/Germany.

InnoWa Membrane GmbH specializes in the development, application, and manufacture of high-performance filter systems based on membrane technology. It emerged from the former EBG GmbH and currently employs around 20 people, who were taken over from the original company. InnoWa Membrane GmbH now trades under the name MAHLE InnoWa GmbH, located in Stuttgart.

June 2012

At the annual technical press conference, MAHLE presents its range extender for electric vehicles

In order to demonstrate the advantages of the “combustion engine plus electric drive” combination, MAHLE has independently developed a complete range extender from scratch. A demonstrator vehicle was constructed for further testing and to verify the suitability of this application for daily use. It is based on a common series vehicle from the “A” segment in which the MAHLE range extender has been installed. With driving dynamics comparable to those of the series vehicle and almost no change in the cruising range, the vehicle achieves extremely low CO₂ emissions in the NEDC of 45 g/km.

MAHLE solidifies North American headquarters operations in Farmington Hills, Michigan/USA

MAHLE Industries, Incorporated has completed the acquisition of the former Nailco facility and will consolidate its Group activities in Farmington Hills. This facility provides the company with an additional 4,500 square feet of office space along with warehouse space that could be used for future growth.

The activities of the Test Systems and Engineering Services divisions of MAHLE Powertrain, LLC, currently based in Novi, Michigan, are also being relocated to Farmington Hills, along with the activities of the Aftermarket business unit, previously located in Ann Arbor. Extensive conversion and expansion projects are currently being carried out. After the completion of the centralization at the start of 2013, more than 350 people will be employed at the Farmington Hills location to assume the central service responsibilities for all of MAHLE's activities in the NAFTA region as well as the important TechCenter functions.

MAHLE plans logistics center for MAHLE Aftermarket in Russia

With the purchase of a 50,000 square meter plot in Obninsk/Russia, MAHLE has inaugurated a new phase of its aftermarket strategy for Eastern Europe.

Plans are in place to develop a 10,000 square meter logistics center for the spare parts business in Russia and Belarus, located in Obninsk in the Kaluga region about 70 km southwest of Moscow. Construction work is slated for 2013, and commissioning for the beginning of 2014.

At the new MAHLE site, intensive planning is currently under way for the construction of the first production units for the MAHLE business units Engine Systems and Components as well as Filtration and Engine Peripherals.

New building for MAHLE headquarters in Japan

The building in the northern part of Tokyo, occupied since August 20, complies with the latest construction guidelines for this metropolis. Across a total area of around 2,300 square meters and five floors, it houses 140 employees from sales, finance, controlling, IT, and the management for our filtration activities. In addition, we have been able to integrate the Aftermarket business unit, which was previously located at another site because of a lack of space, into the new building.

New MAHLE plant in Kyushu/Japan

On the north end of the island of Kyushu, well-known Japanese vehicle manufacturers currently produce about 1.5 million vehicles annually—with a rising trend, although the total number of vehicles built in Japan is stagnating. One advantage of the location in Kyushu is its access to seaports, which are important for exports and imports in East Asian markets. Proximity to Korea is also significant, because many supplier parts are imported from there. After the earthquake and tsunami in March 2011, dividing production plants between two islands (Honshu and Kyushu) presents a way to minimize risks.

Since our most important Japanese customers are moving a substantial share of their vehicle manufacturing to Kyushu, MAHLE has begun to construct a new production plant for air intake and filtration systems in the region. The new plant is near the production plants of important customers such as Nissan, Toyota, Mitsubishi, and others. The production area will comprise 7,500 square meters in the first stage of construction. Completion is scheduled for September 2012 and start of production for the end of the year.

July 2012

Two plant expansions in Thailand

More and more Japanese vehicle manufacturers are relocating production of passenger cars and commercial vehicles to Thailand. This is partially due to the strong yen, which makes it harder to export vehicles from Japan. In addition, local vehicle demand is expected to grow to over one million units. In order to keep pace with the increasing production of our customers, MAHLE is following the trend and is expanding the two existing MAHLE plants in Thailand.

MAHLE Engine Components (Thailand) is expanding its plant at the Bangkok location, which mainly produces pistons. Construction work on the new 45 by 90 meter building should be completed in September 2012. The new building will house new machining and assembly lines as well as measurement and testing equipment.

In Samutprakarn, MAHLE Siam Filter Systems is adding considerably to the existing location. The new buildings measuring 5,000 square meters will primarily house storage areas and offices. The previous areas that will be cleared will then have space for two new production lines for heat exchangers and greater capacity for the production of air intake systems and valve covers.

Majority acquisition of Behr delayed

The majority acquisition of Behr by MAHLE, scheduled for early next year, has been delayed. As a shareholder, MAHLE was informed by the Behr Management that investigation proceedings had been initiated against manufacturers of thermal systems for automobiles for suspected competition-restricting practices, which proceedings also concern Behr. The European Commission requested an inspection at Behr in Stuttgart/Germany in May. In

the United States, the local Department of Justice has also launched investigations.

MAHLE as a Company is in no way affected by this inspection. The subject of the investigations pertain to circumstances involving exclusively Behr.

The aim of acquiring the majority holding in Behr and of integrating Behr fully into the MAHLE Group is ongoing. However, it will be delayed as a result of the antitrust investigation proceedings.