

Investor Call Half-Year Results 2015

MAHLE

Driven by performance

November 2, 2015

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Highlights

Successful business development in H1 2015
with above market growth

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Key financials as of June 30, 2015

Sales	EUR 5,527.3 mn
EBITDA	EUR 589.8 mn
EBIT	EUR 324.1 mn
Net Income	EUR 127.3 mn
Equity Ratio	33.5%
Net Debt / EBITDA	1.2x
Headcount	> 75,000*

- Double-digit growth in sales (+12.5%) and operating profit (+17.0%)
- Strategic acquisitions expand expertise in mechatronics and thermal management
- Expansion of global footprint to more than 170 production facilities in 37 countries and 16 technology centers
- Every second car worldwide with MAHLE products inside
- Innovations set new performance standards in engine and air conditioning technology
- Diversification of customer portfolio continues: No customer accounts for more than 10% of sales

*incl. Delphi Thermal and Kokusan Denki


Acquisitions and product innovations

Diversification - MAHLE supports its customers in all powertrain solutions

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Acquisitions 2015

	Thermal Management Sales: USD 1,200 mn	<ul style="list-style-type: none">CompressorsAir conditioning modulesCooling components
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✓ **Portfolio complementation**


✓ **Overall system competencies**

	Mechatronics Sales: EUR 130 mn	<ul style="list-style-type: none">Electric motorsIgnition componentsAlternatorsFuel injection systems
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✓ **Increased innovation potential**

✓ **Reduced dependency on LV ICE***

	Engine Systems & Components Technology Start-up	<ul style="list-style-type: none">ORC systems (Organic Rankine Cycle)
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✓ **Synergies**

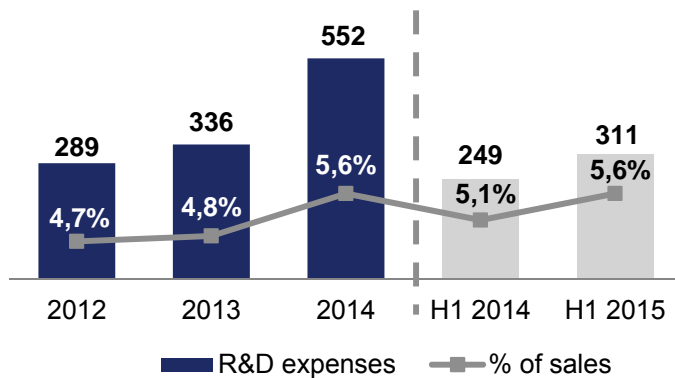
*LV ICE = Light vehicle internal combustion engine

Acquisitions and product innovations
Integrated R&D drives innovations

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R&D expenses (EUR mn)



- R&D expenses support clean air, fuel efficiency and driving pleasure
- Unique and networked business unit composition enables MAHLE to be innovative by combining various core competencies



Customer portfolio

Diversification of customer portfolio continues and reduces dependencies

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- After the Delphi Thermal acquisition no customer accounts for more than 10% of sales
- No significant light vehicle diesel exposure in global sales
- Europe and India are the major markets where light vehicle diesel engines are manufactured
- The diesel engine is still:
 - A technology with crucial advantages in terms of range
 - An important powertrain technology to achieve compliance with the strict CO₂ regulations in Europe

Production of Passenger Cars and Light Commercial Vehicles [in million pcs.]

Production of Medium and Heavy Duty Vehicles and Buses (>6t) [in thousand pcs.]

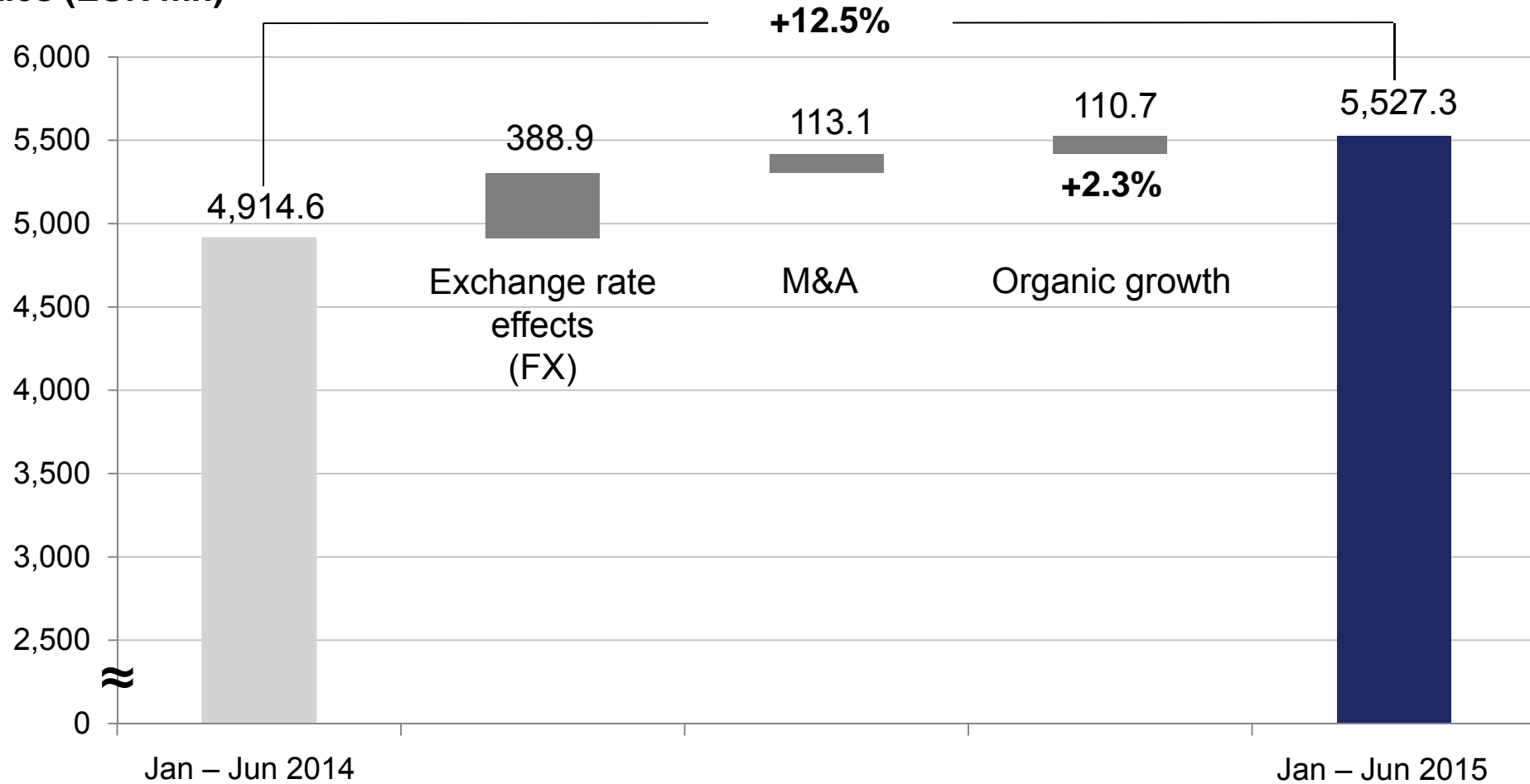
World market	Forecast 2015	88,1	+0.8 %
	Actual 2014	87,4	+3.1 %¹
Europe	20,7		+2.9 %²
	20,2		+3.3 %¹
North America	17,5		+2.6 %
	17,0		+5.3 %
South America	3,2		- 17.4 %
	3,8		- 15.7 %
Asia/Pacific	44,5		+0.2 %
	44,4		+3.4 %
Middle East / Africa	2,2		+14.3 %
	2,0		+25.1 %

World market (incl. Middle East/Africa)	Forecast 2015	3.166	-3.7 %
	Actual 2014	3.288	-1.8 %
Europe	556		+1.0 %²
	551		-6.2 %¹
North America	593		+8.5 %
	547		+17.8 %
South America	134		-30.2 %
	192		-24.5 %
Asia/Pacific	1.879		-5.8 %
	1.995		-2.2 %

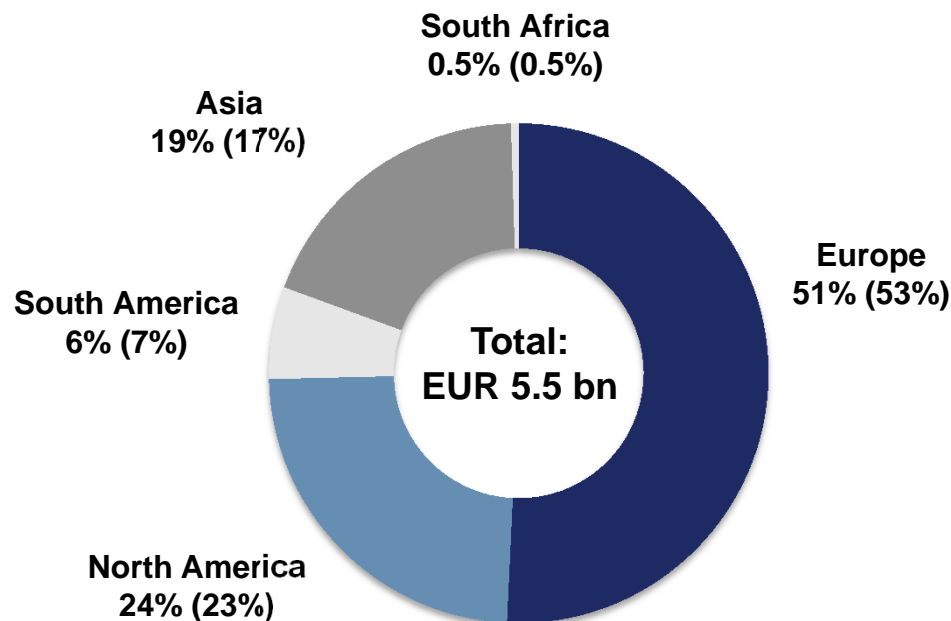
¹ Comparison Actual 2014 with Actual 2013 ² Comparison Forecast 2015 with Actual 2014

Source: Includes data provided by IHS, www.ihs.com; Copyright © [2015], LV Production October 1, 2015, MHD Production August 1, 2015

Sales (EUR mn)



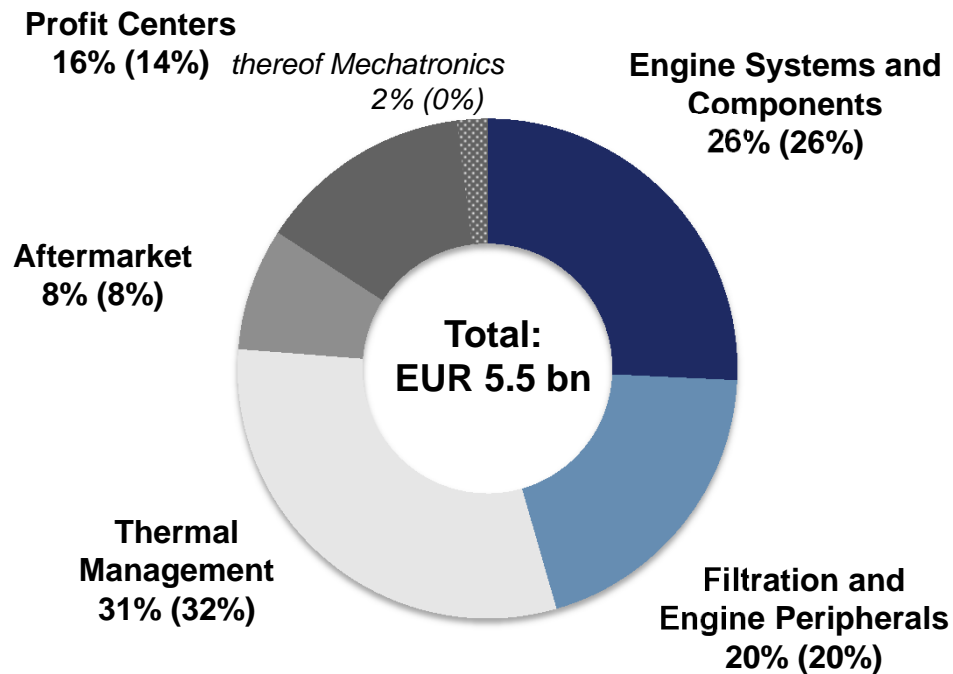
**Regional sales split*
H1 2015 (H1 2014)**



- Strong growth in Asia despite market losing momentum
 - Good growth with local Chinese OEMs
 - Chinese market remains a long-term growth driver
- MAHLE is benefiting from positive market development in North America and Western Europe
- Good performance in difficult South American market
 - Market is expected to shrink
 - MAHLE Brazil's exports are benefiting from weak BRL and strong local aftermarket position assures continuous profitability

*Sales by country of origin

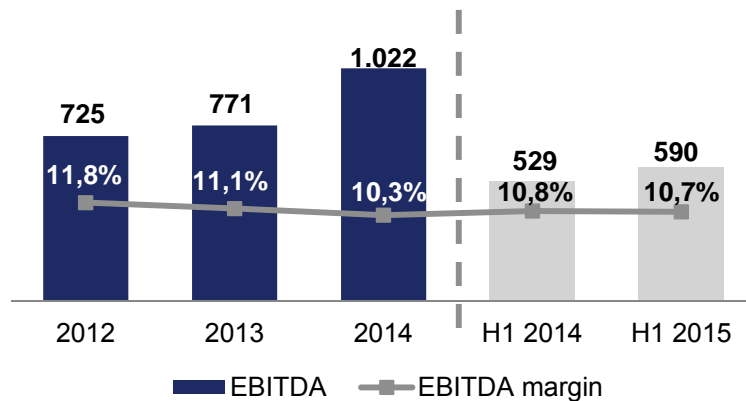
**Sales split by business segments
H1 2015 (H1 2014)**



- Well diversified product portfolio
- Strategic growth of Mechatronics business
- Less than 50% of OE sales volume is dependent on LV ICE*

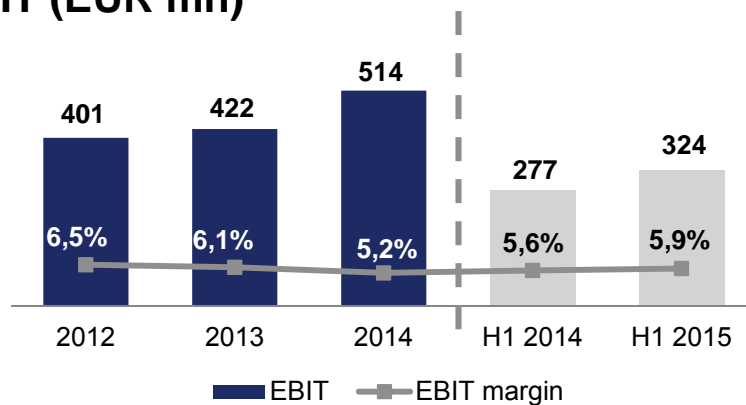
*LV ICE = Light vehicle internal combustion engine

EBITDA (EUR mn)



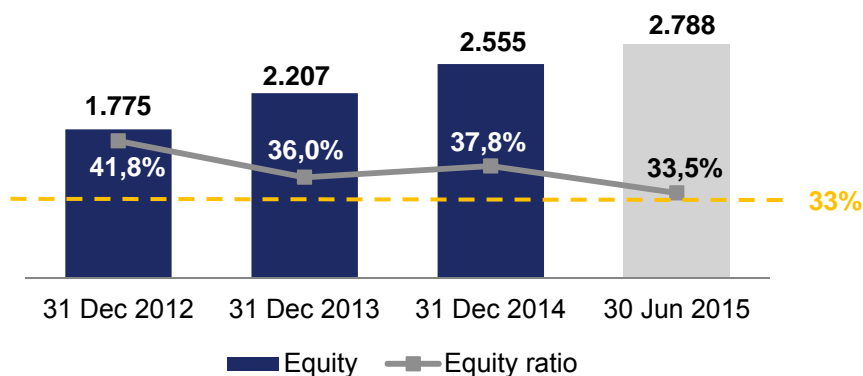
- EBITDA margin stable
- Improved EBIT margin due to lower depreciation on purchase price allocation and goodwill of MAHLE Behr
- Despite pension cost increase induced by low interest rates, net profit reached EUR 127.3 mn

EBIT (EUR mn)



Equity strengthened – moderate increase of net debt due to Delphi Thermal acquisition

Equity (EUR mn)

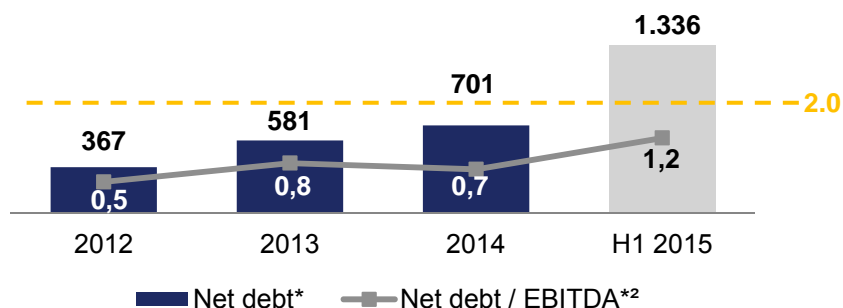


- Leverage remains within conservative target range despite recent acquisitions

- Commitment to implicit investment grade rating confirmed

- Conservative financial policy

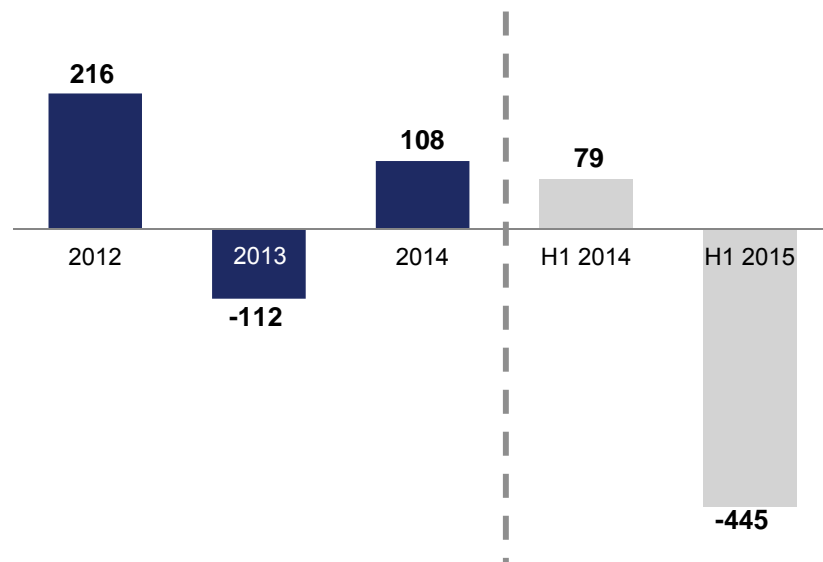
Net debt (EUR mn)



- Delphi Thermal was acquired free of debt

* Net Debt = liabilities to banks + bonds – cash and cash equivalents *2 For H1 2015 calculated on the basis of trailing 12 months EBITDA

Free cash flow* development (EUR mn)



H1 2015:

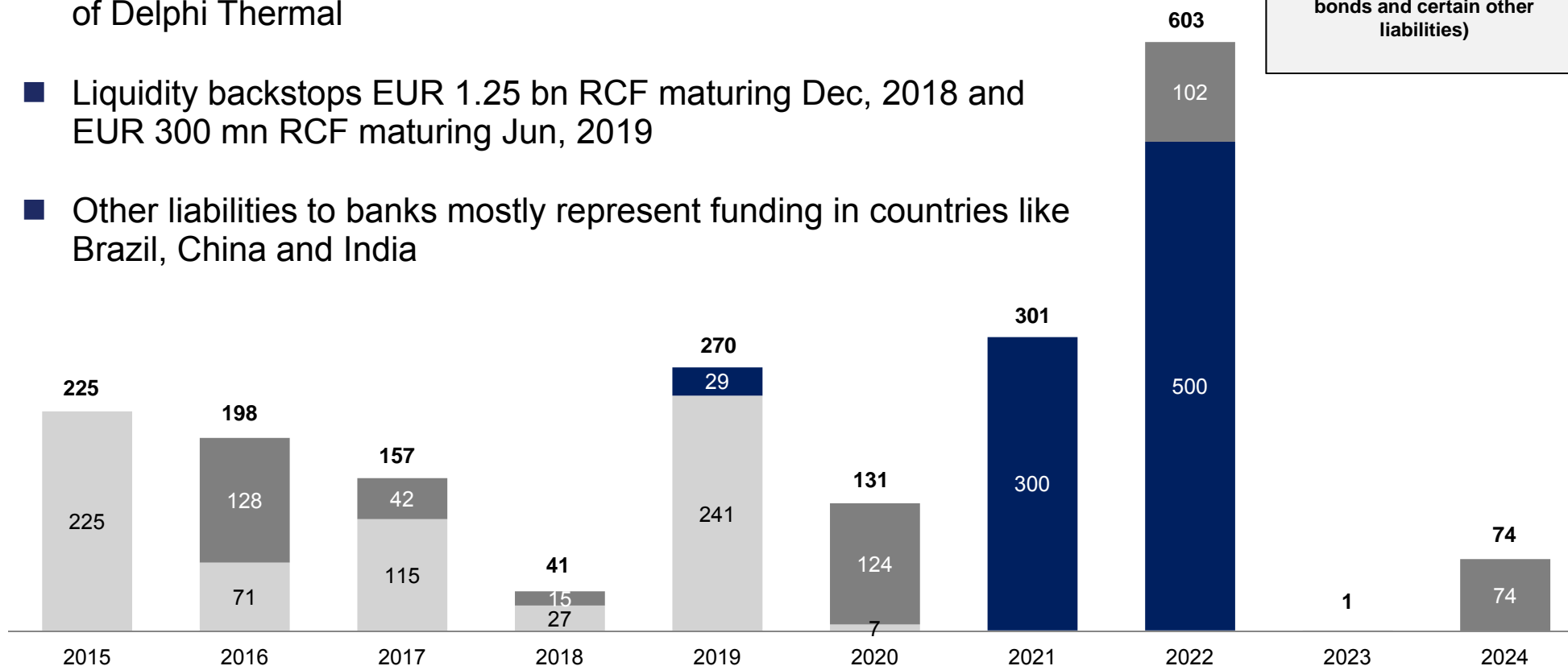
- Free cash flow positive after adjustment for acquisitions:
 - Delphi Thermal
 - Kokusan Denki
 - Amovis
- Strong operative business in Q2 led to higher receivables and growing working capital

*Calculation: Cash flow from operating activities – cash flow from investing activities

Well balanced maturity profile and diversified funding mix with different debt instruments

- MAHLE has continuously increased and diversified its investor base
- First benchmark bond issued in May, 2015 supported the acquisition of Delphi Thermal
- Liquidity backstops EUR 1.25 bn RCF maturing Dec, 2018 and EUR 300 mn RCF maturing Jun, 2019
- Other liabilities to banks mostly represent funding in countries like Brazil, China and India

Total financial liabilities:
EUR ca. 2,004 mn
 (incl. liabilities to banks,
 bonds and certain other
 liabilities)

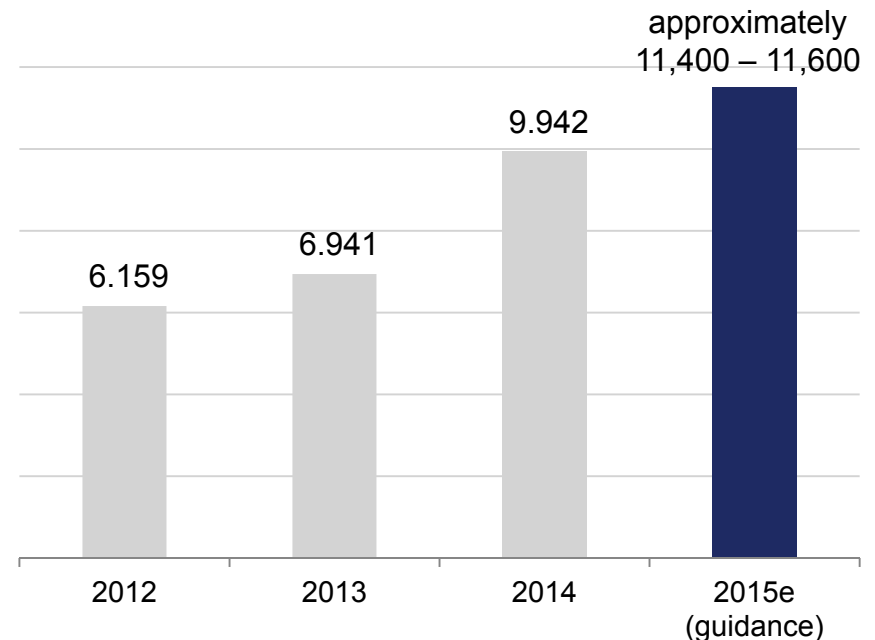


■ Other liabilities to banks (EUR 691 mn) ■ Bonds (EUR 829 mn) ■ SSD (EUR 484 mn) SSD = Schuldscheindarlehen

Full-year sales guidance confirmed

- Well on track to achieve full-year 2015 sales guidance
 - Delphi Thermal and Kokusan Denki to contribute to H2 2015 sales
 - High likelihood that Delphi's Thermal JV partner in China will acquire the local Delphi Thermal business
 - In H2 2015 no positive effects from currency development expected
- Earnings development suffering from:
 - Weakening markets in China and Brasil
 - Higher depreciation (PPA Delphi)
- Strengthening strategic position in all power train solutions

Sales performance (EUR mn)



Appendix

Half Year Closing - MAHLE Group

Income statement (key figures)



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	ACTUAL 1-6/2014		ACTUAL 1-12/2014		ACTUAL 1-6/2015		CHANGE
	in million EUR	in % of sales	in million EUR	in % of sales	in million EUR	in % of sales	in million EUR
Sales	4,914.6	100.0%	9,942.4	100.0%	5,527.3	100.0%	612.7
Cost of sales and other income and expenses	-4,385.7	-89.2%	-8,920.2	-89.7%	-4,937.5	-89.3%	-551.8
EBITDA	528.9	10.8%	1,022.2	10.3%	589.8	10.7%	60.9
Depreciation / amortization of tangible and intangible assets (incl. goodwill) & longterm loans and securities	-252.0	-5.1%	-508.1	-5.1%	-265.7	-4.8%	-13.8
EBIT	276.9	5.6%	514.1	5.2%	324.1	5.9%	47.2
Investment result	-20.1	-0.4%	-35.3	-0.4%	-38.3	-0.7%	-18.2
Result from interest (incl. pensions)	-39.7	-0.8%	-77.8	-0.8%	-69.2	-1.3%	-29.5
Result from ordinary activities	217.1	4.4%	401.0	4.0%	216.6	3.9%	-0.5
Taxes	-71.0	-1.4%	-121.8	-1.2%	-89.4	-1.6%	-18.3
Net income	146.1	3.0%	279.2	2.8%	127.3	2.3%	-18.8

	ACTUAL 06/30/2014		ACTUAL 12/31/2014		ACTUAL 06/30/2015		CHANGE
	in million EUR	%	in million EUR	%	in million EUR	%	in million EUR
Intangible assets	529.7	8.0%	505.0	7.5%	841.7	10.1%	336.7
Property, plant, and equipment	2,188.8	33.2%	2,446.2	36.2%	2,824.8	34.0%	378.6
Financial assets	155.9	2.4%	170.5	2.5%	147.0	1.8%	-23.4
Inventories	1,024.8	15.5%	1,097.4	16.2%	1,296.0	15.6%	198.6
Receivables and other assets	1,788.1	27.1%	1,785.4	26.4%	2,326.5	28.0%	541.1
Cash and cash equivalents	705.5	10.7%	527.0	7.8%	623.4	7.5%	96.4
Prepaid expenses	23.3	0.4%	17.3	0.3%	32.6	0.4%	15.3
Deferred tax assets	165.2	2.5%	170.5	2.5%	183.4	2.2%	12.9
Plan assets	21.0	0.3%	39.1	0.6%	44.8	0.5%	5.8
Total	6,602.4	100.0%	6,758.4	100.0%	8,320.3	100.0%	1,561.9

	ACTUAL 06/30/2014		ACTUAL 12/31/2014		ACTUAL 06/30/2015		CHANGE
	in million EUR	%	in million EUR	%	in million EUR	%	in million EUR
Equity	2,337.7	35.4%	2,554.8	37.8%	2,788.2	33.5%	233.4
Badwill	0.0	0.0%	0.0	0.0%	5.1	0.1%	5.1
Accruals for pensions and similar obligations	479.0	7.3%	503.2	7.4%	546.1	6.6%	42.9
Other accruals	1,187.8	18.0%	1,168.2	17.3%	1,395.4	16.8%	227.1
Bonds	300.0	4.5%	329.0	4.9%	829.0	10.0%	500.0
Liabilities to banks	931.2	14.1%	898.2	13.3%	1,130.5	13.6%	232.3
Trade payables	860.2	13.0%	888.0	13.1%	1,174.9	14.1%	286.9
Other liabilities	506.5	7.7%	416.9	6.2%	451.1	5.4%	34.2
Total	6,602.4	100.0%	6,758.4	100.0%	8,320.3	100.0%	1,561.9

Half Year Closing - MAHLE Group

Abbreviated cash flow statement (mn EUR)



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	ACTUAL 1-6/2014	ACTUAL 1-12/2014	ACTUAL 1-6/2015	CHANGE
Cash funds at the beginning of the period	465.5	465.5	526.4	60.9
Cash flow from operating activities	274.6	713.2	221.3	-53.3
Cash flow from investing activities	-195.9	-604.8	-666.4	-470.5
Cash flow from financing activities	158.9	-13.0	532.5	373.6
Total cash flow	237.5	95.4	87.5	-150.0
Change in cash funds from exchange rate movements and valuation procedures	-19.9	-34.6	2.1	22.0
Change in cash funds from changes in the consolidation group	0.0	0.0	7.0	7.0
Cash funds at the end of the period	683.2	526.4	623.0	-60.2

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Appendix

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The logo for MAHLE, consisting of the word "MAHLE" in a bold, blue, sans-serif font.

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