

Investor Call Annual Results 2015

MAHLE

Driven by performance

April 25th, 2016

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Important achievements in 2015 pave the way for sustainable future growth as a technology leader

- Strategic acquisitions strengthen system competence with expertise in mechatronics and thermal management

- Expansion of global footprint to more than 170 production facilities in 34 countries

- Innovations focussing on clean air, fuel efficiency and driving pleasure set new performance standards

- Diversification of customer portfolio continued: top 10 customers account for less than 55% of sales

- Among the top 20 global automotive suppliers and among the top 3 in our three core business areas
- More than every 2nd vehicle runs with MAHLE technology inside
- Present in all relevant automotive manufacturing markets and supplier to all major OEMs worldwide

BUSINESS UNITS

Engine Systems and Components

Sales: EUR 2,698 mn
Employees: 28,304

Filtration and Engine Peripherals

Sales: EUR 2,196 mn
Employees: 10,524

Thermal Management

Sales: EUR 3,761 mn
Employees: 21,517

Aftermarket

Sales: EUR 835 mn
Employees: 1,582

DIVISION MECHATRONICS

Sales: EUR 321 mn
Employees: 3,093

PROFIT CENTERS

Sales: EUR 1,675 mn
Employees: 10,615

Compressors

Engineering Services, Motorsports, and Special Applications

Large Engine Components

Small Engine Components

Industrial Filtration

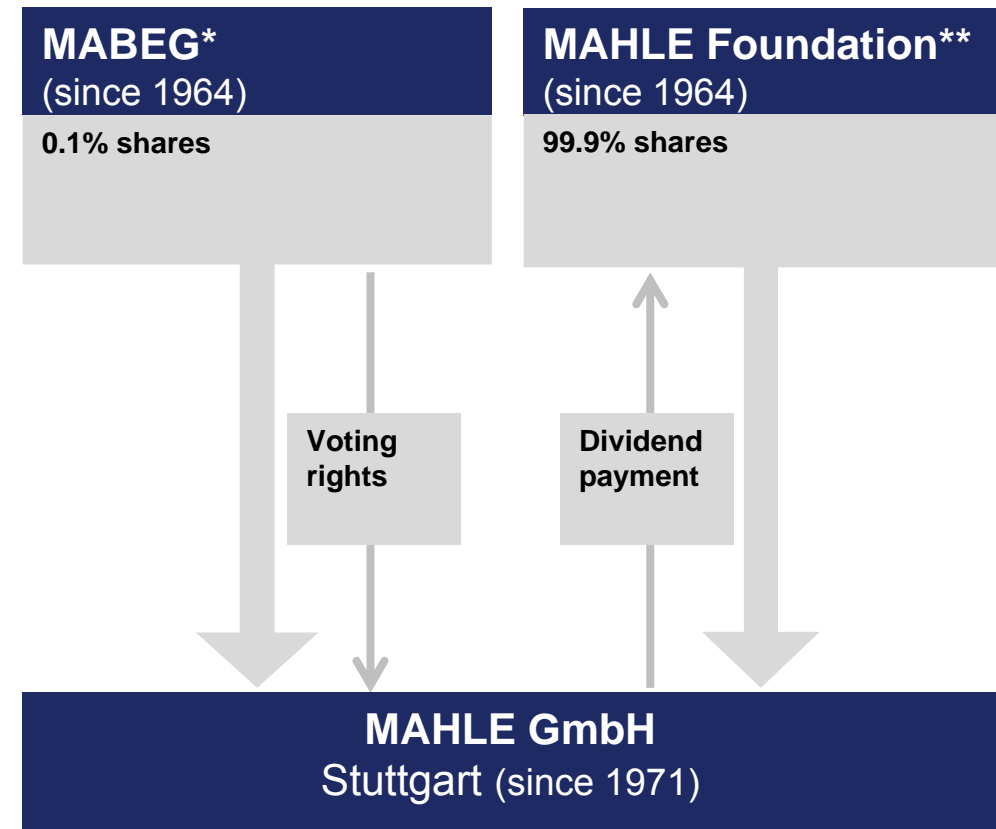
Industrial Thermal Management

Control Units

Front-end Modules

MAHLE Foundation – Stable long-term ownership structure

- The MAHLE Foundation
 - ensures stability in the ownership structure
 - acts based on its own statutes managing its assets for beneficial purposes
 - has no direct control on the management of MAHLE GmbH, the voting rights lie with the shareholders' committee called MABEG
- Dividend payments to MAHLE Foundation are restricted by the statutes of MAHLE GmbH. This allows a sustainable and long term growth strategy of the MAHLE group
- Strict Corporate Governance via MABEG* holding 100% of voting rights



* MABEG = Verein zur Förderung und Beratung der MAHLE Gruppe e.V. **MAHLE Foundation = MAHLE Stiftung GmbH

ART / CULTURE



EDUCATION



50 years
MAHLE
FOUNDATION

HEALTH



AGRICULTURE

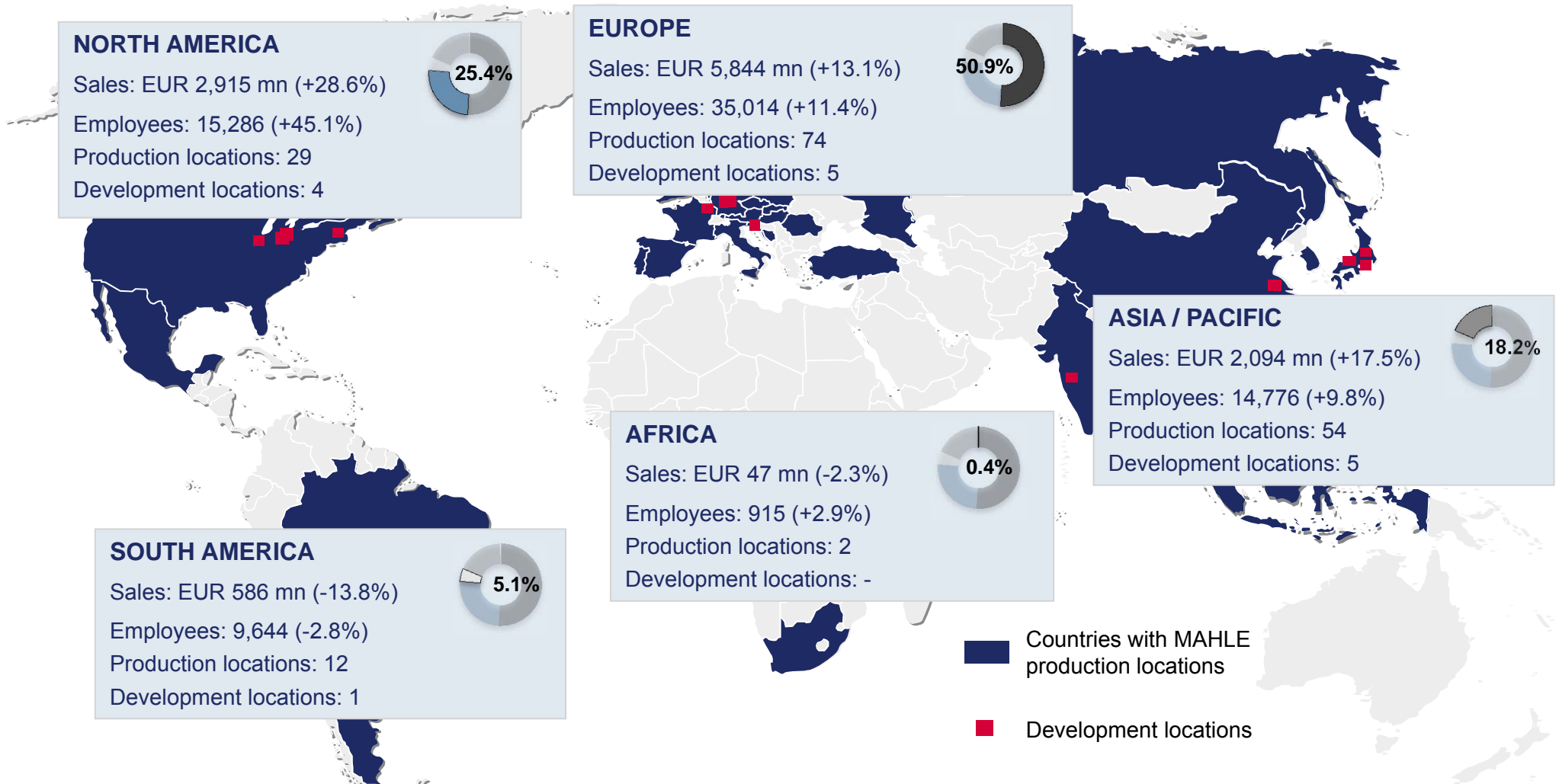


- Corporate Social Responsibility is an integral part of MAHLE Group
- MAHLE Foundation supports projects in selected areas, e.g.:
 - Healthcare: hospital in Germany/Stuttgart
 - Education: school education for the children of the Indian Thar Desert
 - Agriculture: development of resistant ecological winter wheat with above-average baking results
- A winning team: the economic success of MAHLE group contributes to social welfare

Expansion of global footprint in all significant automotive markets



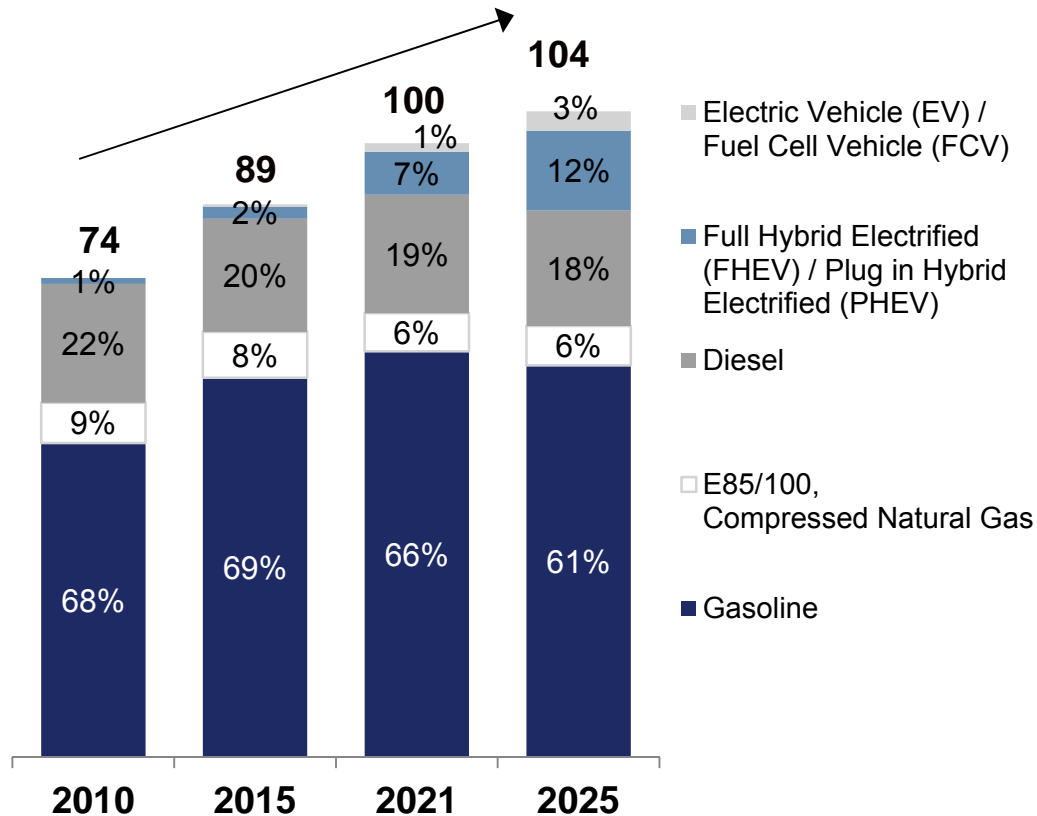
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Note: Figures as of Dec 31, 2015, Sales by country of origin, Employees by region, incl. development locations and sales branches

Increasing diversity of powertrain solutions along with market growth

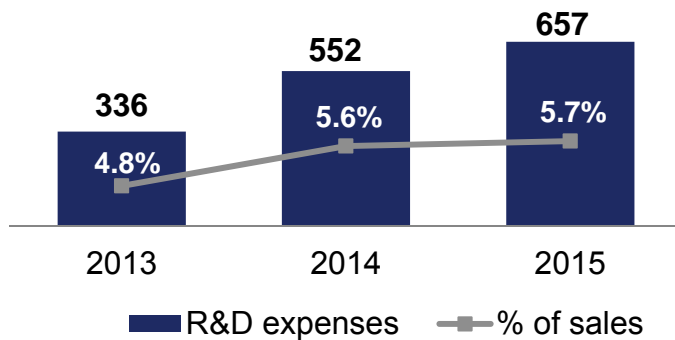
Global light vehicle production (up to 6 tons, in million units)



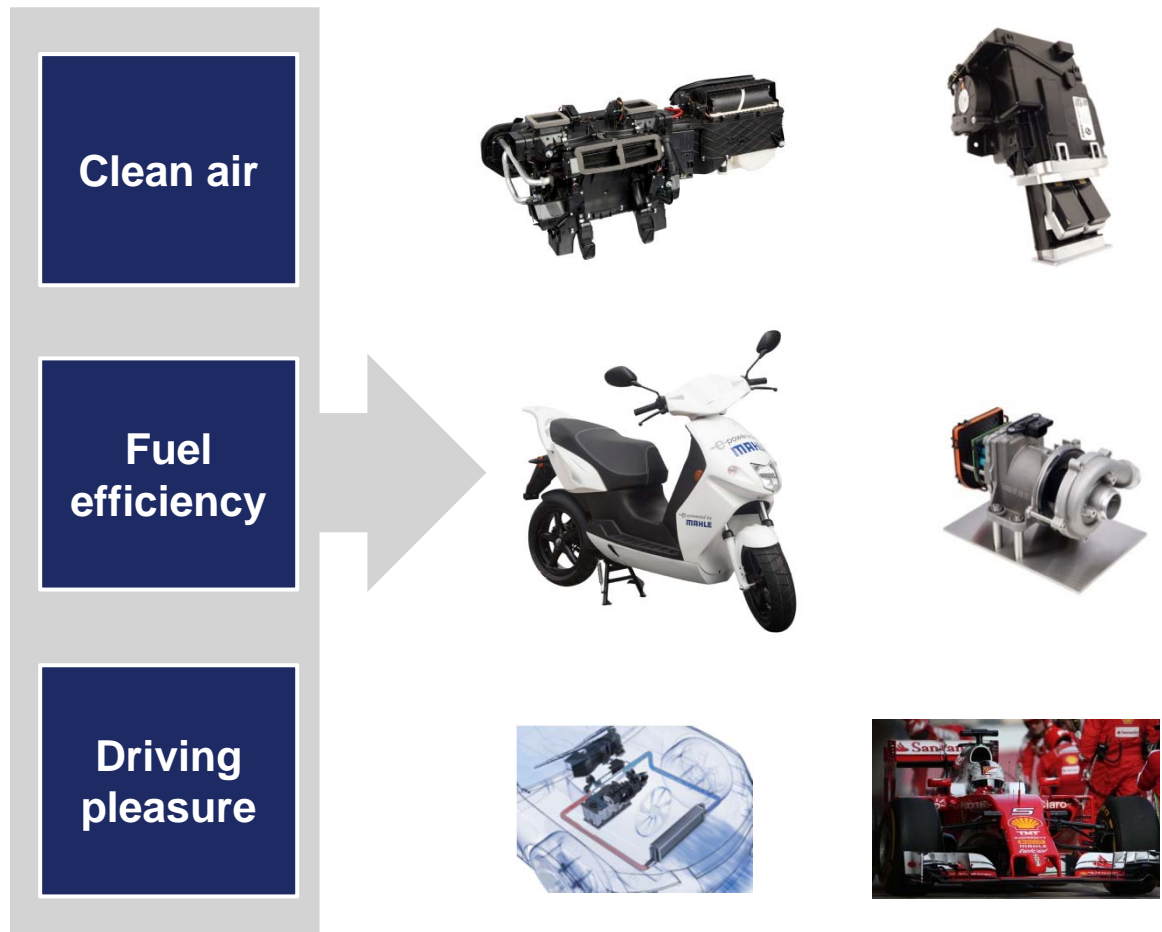
- Further reduction of fuel consumption via high-efficiency engines (downsizing / rightsizing) and increasing electrification
- Growing powertrain complexity drives demand for integrated system solutions
- MAHLE offers required technologies:
 - Thermal Management
 - Mechatronics / Electric Drives
 - Turbochargers
 - Exhaust Gas Recirculation
 - Variable systems (valve train, flex fuel, engine displacement)
- Alternative powertrains need specific thermal management solutions (e.g. for EV and FCV)

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



Market trends and strategic positioning

New reliable and powerful motor generations for e-scooters for young urban citizens

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- Urbanization is generating new mobility concepts with increasing demand for efficient and high-performance e-scooters
 - MAHLE produces electric motors for premium e-scooter manufacturer GOVECS based in Munich
 - Cooltra (“cool transport”) – a Spanish success story for e-mobility
 - Rental of e-scooters in 12 Spanish cities
 - Current fleet of more than 500 e-scooters
- ➔ High market potential for future business


Market trends and strategic positioning

Recent acquisitions – MAHLE supports its customers in all powertrain and air conditioning solutions

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Acquisitions 2015

	Thermal Management	<ul style="list-style-type: none">▪ Compressors▪ Air conditioning modules▪ Cooling components
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✓ **Portfolio complementation**


✓ **Overall system competencies**

	Mechatronics	<ul style="list-style-type: none">▪ Electric motors▪ Ignition components▪ Alternators▪ Fuel injection systems
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✓ **Increased innovation potential**

✓ **Reduced dependency on LV ICE***

	Engine Systems & Components	Waste heat recovery
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✓ **Synergies**

*LV ICE = Light vehicle internal combustion engine

Market trends and strategic positioning

Opening of three new plants in strategic important growth regions



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Mexico



China



Ramos Arizpe and Celaya:

Air conditioning modules, air cleaner systems for North and South American markets



Chengdu:

Air conditioners, components and systems for engine cooling



Market trends and strategic positioning

Globally diversified – top 10 customers account for less than 55% of sales

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CATERPILLAR®



- After the “Ex Delphi Thermal” acquisition our top 10 customers account for less than 55% of sales



- Customer satisfaction is expressed by various supplier awards MAHLE won worldwide, e.g.:



- Ford
- Caterpillar
- Nissan
- PSA



Market trends and strategic positioning

We strive to be among the top 3 players in our key business areas (Light vehicles ≤ 6 tons)



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Engine Systems and Components		Filtration and Engine Peripherals		Thermal Management	
Pistons	#1	Oil Filter Module	#1	HVAC ¹⁾ Module	#4
Piston Rings	#1	Air Filter and Air Intake System	#1	Condenser	#2
Bearings	#4	Cylinder Head Cover	#1	A/C Compressor ²⁾	#6
Camshafts	#4	Oil Coolers	#4	Radiator	#2
Valves	#6	Fuel Filter	#3	Charge Air Cooler	#1

Main competitors:

Federal Mogul, Kolbenschmidt, Riken, Daido, Eaton

Mann & Hummel, Denso, Elring Klinger, Sogefi

Denso, Valeo, Hanon, Modine, Calsonic Kansei

¹⁾ HVAC = Heating, Ventilation, Air Conditioning, ²⁾ MAHLE PC03

MAHLE Group – Key financials 2015

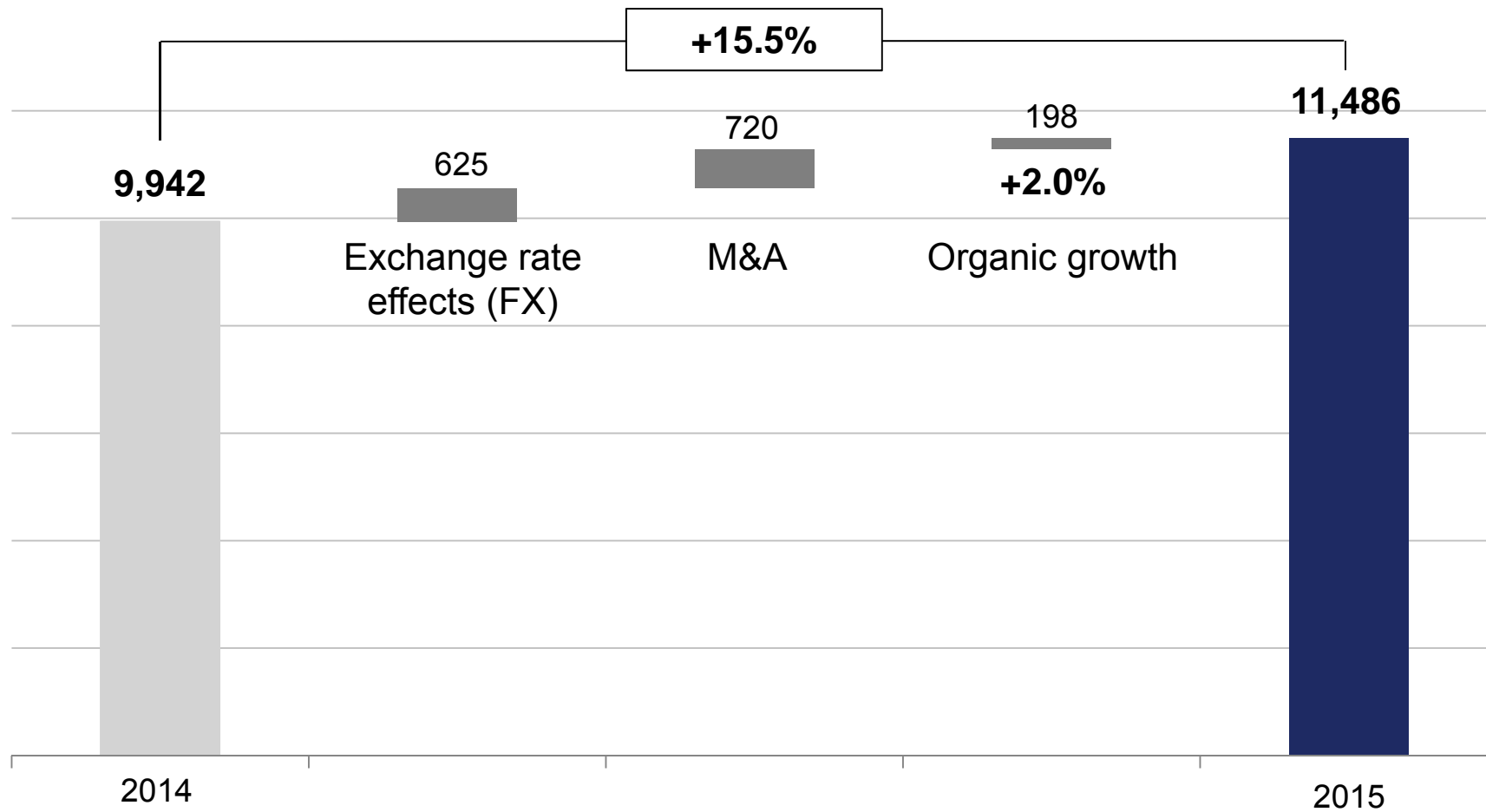
Sales	EUR 11,486.1 mn
EBITDA	EUR 1,092.6 mn
EBIT	EUR 511.2 mn
R&D ratio	5.7%
Net income	EUR 122.4 mn
Equity ratio	34.0%
Net debt / EBITDA	1.3x
Employees*	75,635

- Highest turnover in MAHLE’s history and sales guidance fulfilled
- Organic sales growth of 2.0% outperformed global light vehicle production**
- Profit margins under pressure mainly due to non-recurring effects from acquisitions and challenging markets in China and Brazil

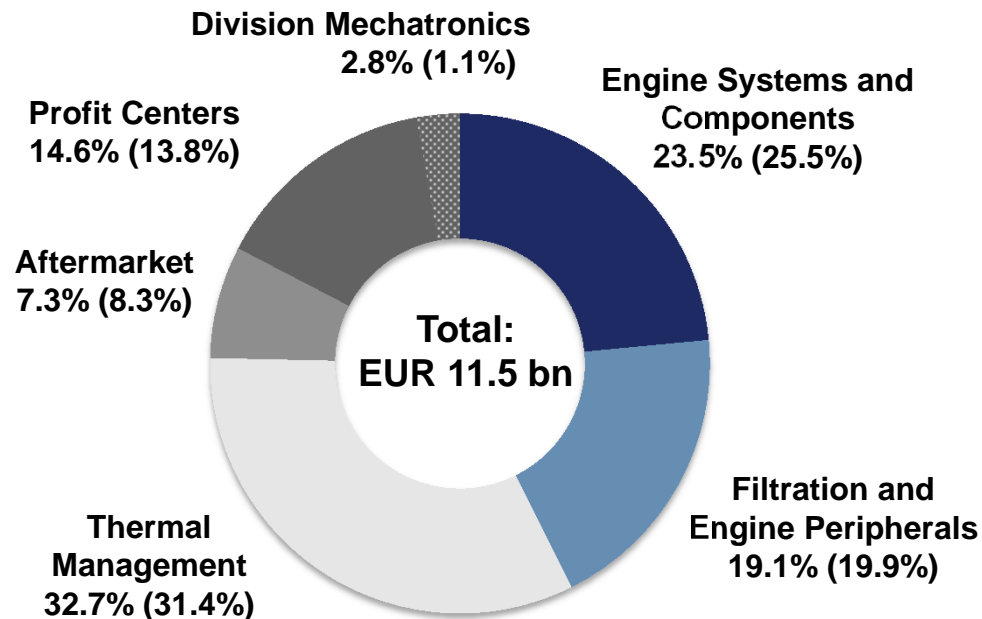
* Incl. “Ex Delphi Thermal” (7,944) and Kokusan Denki (673) as of Dec 31, 2015

** According to IHS, light vehicle production +1.0%

Sales (EUR mn)

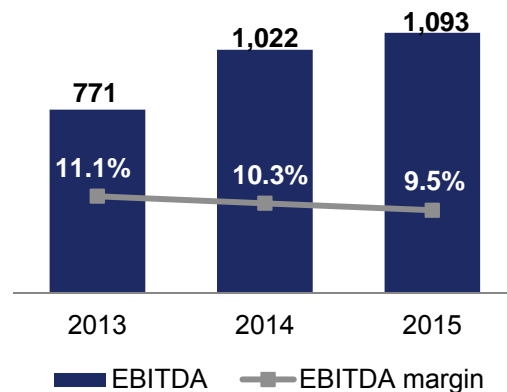


**Sales split by business segments
2015 (2014)**



- Well-diversified product portfolio
- Strategic expansion of Mechatronics business
- Thermal Management business significantly increased, due to integration of “Ex Delphi Thermal”
- Business activities, which are dependent on OE business with passenger car combustion engine account for less than 50% of group sales

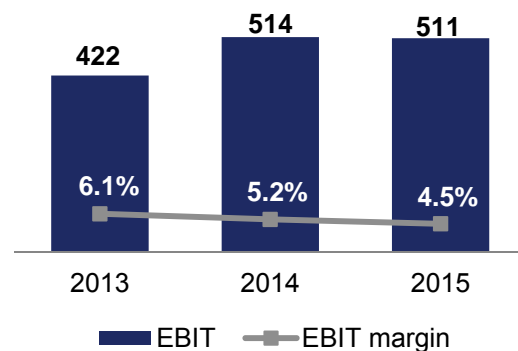
EBITDA (EUR mn)



- EBITDA improved in absolute terms, but negatively affected by integration costs and mix effect through higher share of thermal management business

- EBIT margin decreased, but adjusted for amortization of goodwill and effects from purchase price allocation the EBIT margin was 5.8%

EBIT (EUR mn)

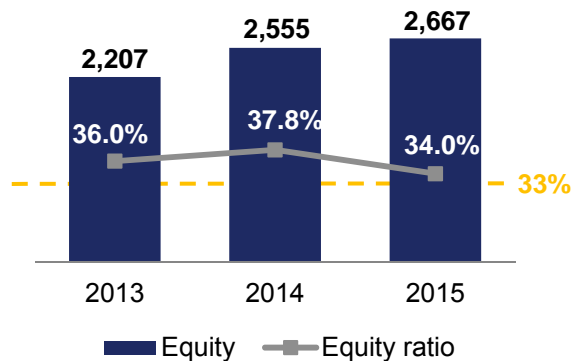


- Net income declined to EUR 122 mn

- Less income from pension plan assets
- Higher interest and tax expenses

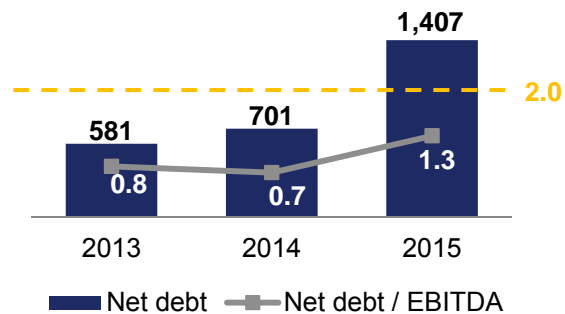
Moderate increase of net debt due to “Ex Delphi Thermal” acquisition

Equity (EUR mn)



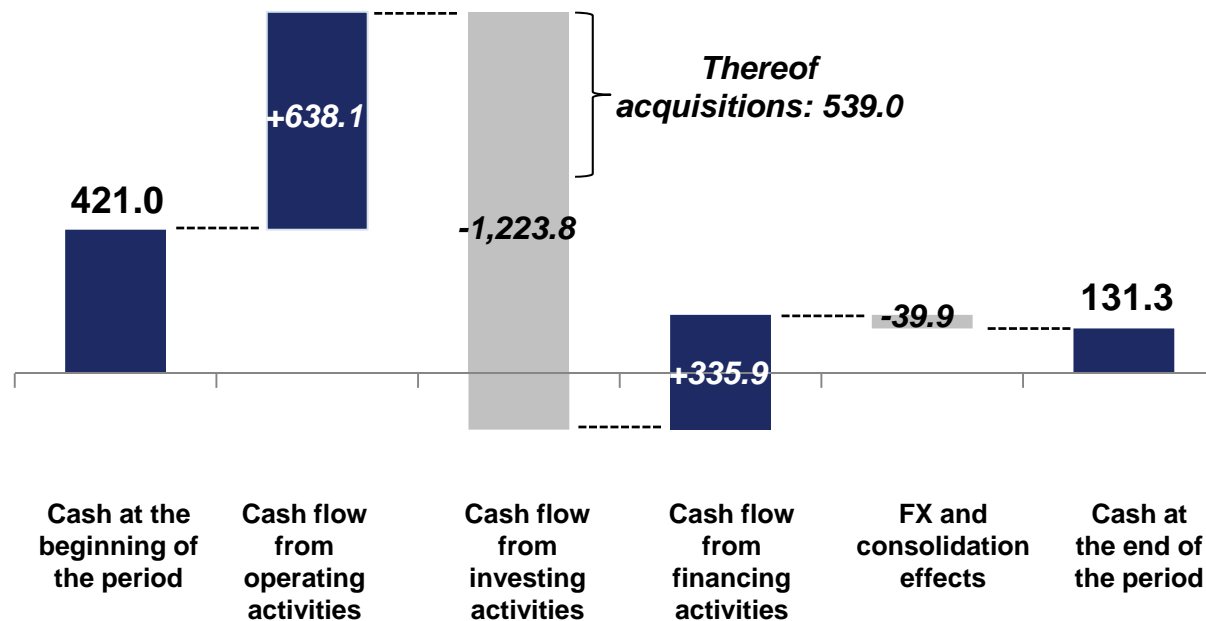
- Leverage remains within conservative target range despite recent acquisitions
- Commitment to implicit investment grade rating confirmed
- Conservative financial policy

Net debt (EUR mn)



* **Net debt** = liabilities to banks + bonds – cash in hand, bank balances and checks

Cash flow development 2015 (EUR mn)



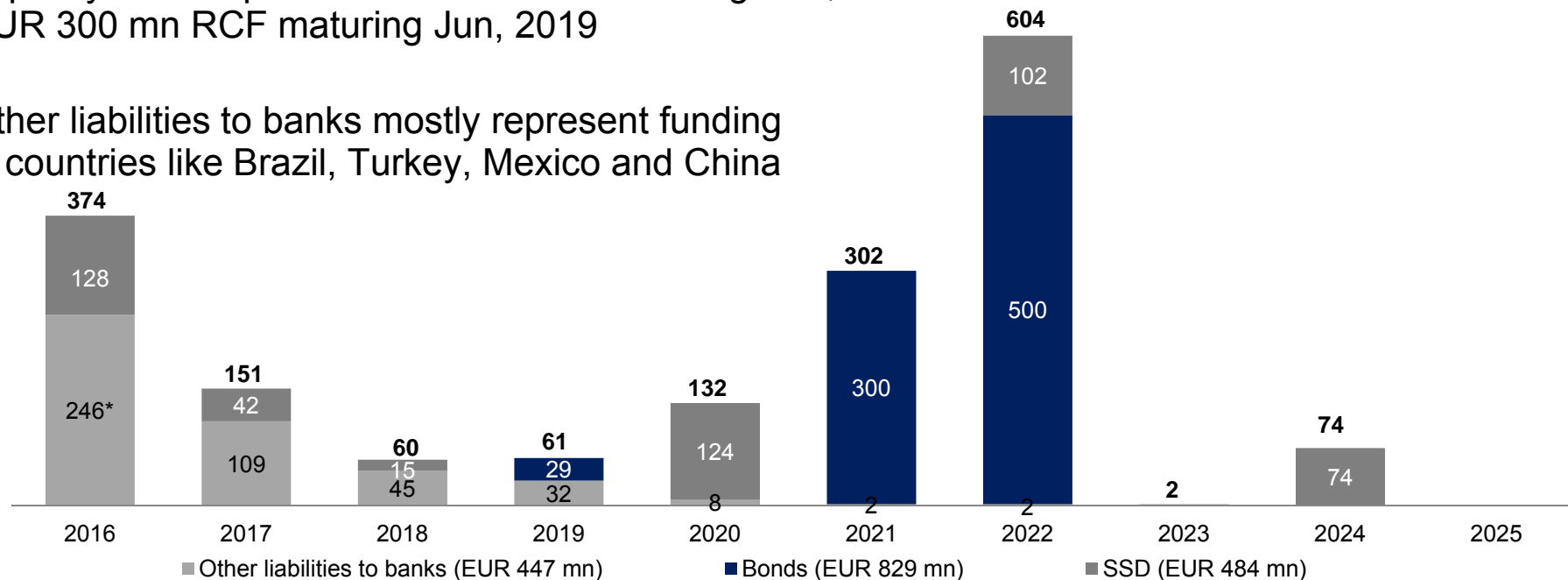
- Cash flow figures not comparable to 2014 due to new accounting treatment (GAS 21)
- Investments in acquisitions of EUR 539.0 mn, e.g.
 - “Ex Delphi Thermal”
 - Kokusan Denki
- Investments in property, plant, and equipment of EUR 564.5 mn were primarily focused on
 - Eastern Europe
 - North America

Well diversified funding mix with balanced maturity profile

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- MAHLE has continuously increased and diversified its investor base
- First benchmark bond issued in May, 2015 supported the acquisition of “Ex 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, Turkey, Mexico and China

Total financial liabilities:
EUR 1,760 mn
 (incl. liabilities to banks, bonds and certain other liabilities)



*104,5 mn of other liabilities to banks represent short-term drawdowns from RCF maturing in 2018

RCF = Revolving Credit Facility SSD = Schuldscheindarlehen

Global vehicle production expected to grow in both segments

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 2017	93.8	+2.7 %
	Forecast 2016	91.4	+3.1 %
Europe	21.7		+2.4 %²
	21.2		+1.5 % ¹
North America	18.5		+1.5 %
	18.2		+4.1 %
South America	2.8		+3.4 %
	2.7		-11.1 %
Asia/Pacific	48.5		+3.1 %
	47.0		+3.9 %
Middle East / Africa	2.3		+6.0 %
	2.2		+13.5 %

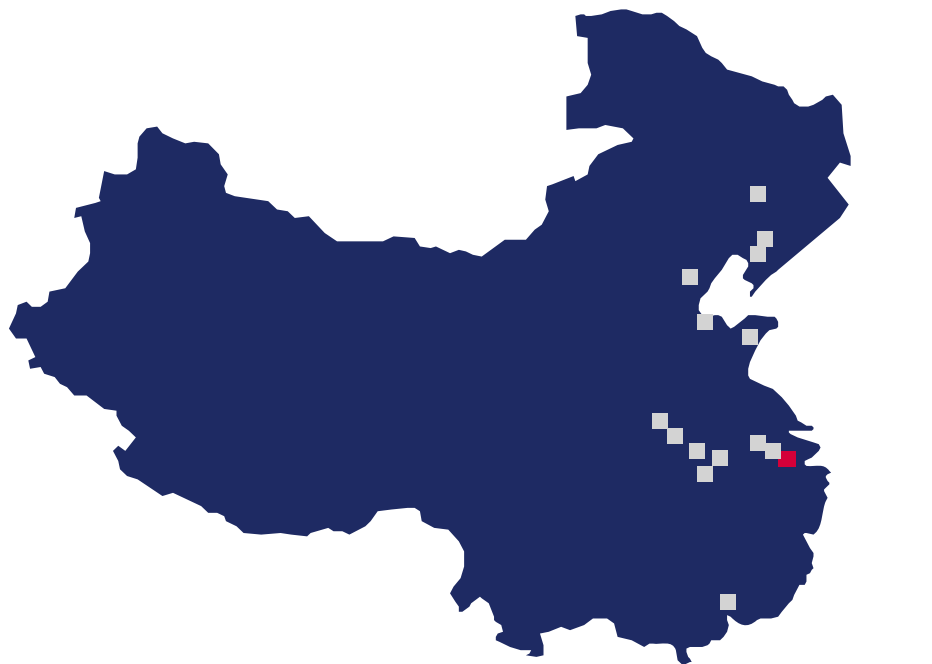
World market (incl. Middle East/Africa)	Forecast 2017	3.291	+3.6 %
	Forecast 2016	3.177	+3.3 %
Europe	623		+6.4 %²
	586		+2.7 % ¹
North America	590		-1.3 %
	598		-2.4 %
South America	115		+2.2 %
	112		+0.1 %
Asia/Pacific	1.962		+4.3 %
	1.880		+5.7 %

¹ Comparison Forecast 2016 with Actual 2015 ² Comparison Forecast 2017 with Forecast 2016

Source: Includes data provided by IHS, www.ihs.com; Copyright © [2016], LV Production IHS March 1, 2016 and MHD Production February 4, 2016

Chinese market remains an important long-term growth driver for MAHLE Group

MAHLE presence China



- Production locations in:
Changchun, Chengdu, Chongqing, Guangzhou, Jinan, Macheng, Nanjing, Qingdao, Shenyang, Shiyan, Suzhou, Tianjin, Wuhan, Yingkou
- Development location in Shanghai

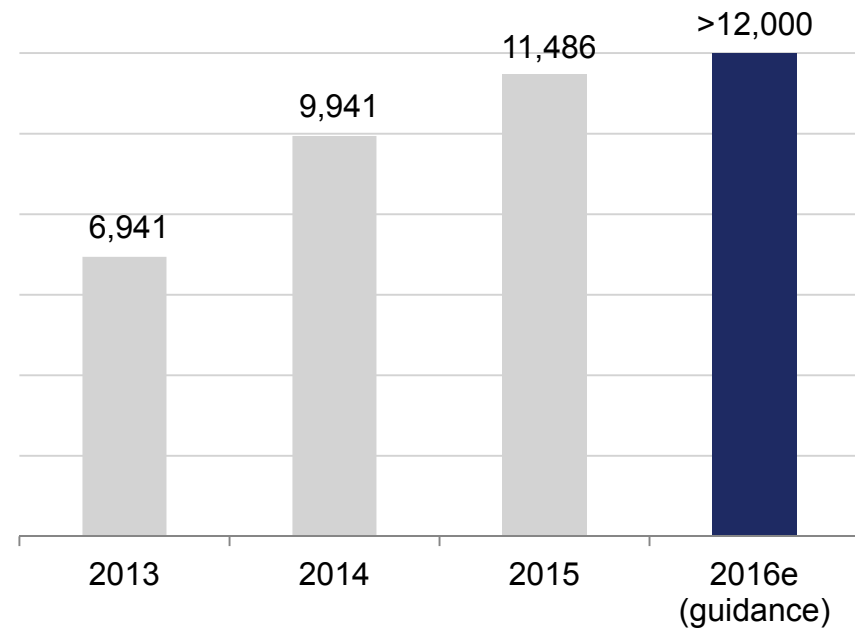
- Strong footprint of all business units in China with 22 production locations and more than 7,000 employees
- Sales of approx. EUR 1.1 bn representing more than 50% of total sales in Asia/Pacific
- Sales with local OEMs in China increased
- R&D headcount increased by approx. 200% during the last 4 years (total headcount in China: +70%)
- Still low passenger car density around 100 per 1,000 inhabitants

MAHLE aims to again grow faster than the market

- Group sales expected to grow by 4-5%
- Growth in all regions and business segments
- Expand market positions
- Drive innovations for clean air, fuel efficiency and driving pleasure
- Investments will lead to a higher level of earnings in the future

Sales performance

EUR mn



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Appendix

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Income statement (key figures)



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	ACTUAL 1-12/2014		ACTUAL 1-12/2015		CHANGE
	in million EUR	in % of sales	in million EUR	in % of sales	in million EUR
Sales	9,942.4	100.0%	11,486.1	100.0%	1,543.7
Cost of sales and other income and expenses	-8,920.2	-89.7%	-10,393.5	-90.5%	-1,473.4
EBITDA	1,022.2	10.3%	1,092.6	9.5%	70.4
Depreciation / amortization of tangible and intangible assets (incl. goodwill) & longterm loans and securities	-508.1	-5.1%	-581.4	-5.1%	-73.3
EBIT	514.1	5.2%	511.2	4.5%	-2.9
Investment result	-35.3	-0.4%	-80.9	-0.7%	-45.6
Result from interest (incl. pensions)	-77.8	-0.8%	-121.4	-1.1%	-43.6
Result from ordinary activities	401.0	4.0%	308.9	2.7%	-92.1
Taxes	-121.8	-1.2%	-186.5	-1.6%	-64.6
Net income	279.2	2.8%	122.4	1.1%	-156.8

Assets



Driven by performance

	ACTUAL 12/31/2014		ACTUAL 12/31/2015		CHANGE
	in million EUR	%	in million EUR	%	in million EUR
Intangible assets	505.0	7.5%	771.4	9.8%	266.4
Property, plant, and equipment	2,446.2	36.2%	2,888.4	36.8%	442.2
Financial assets	170.5	2.5%	152.3	1.9%	-18.1
Inventories	1,097.4	16.2%	1,242.3	15.8%	144.9
Receivables and other assets	1,785.4	26.4%	2,239.6	28.5%	454.2
Cash and cash equivalents	527.0	7.8%	310.0	4.0%	-216.9
Prepaid expenses	17.3	0.3%	23.2	0.3%	5.9
Deferred tax assets	170.5	2.5%	165.9	2.1%	-4.6
Plan assets	39.1	0.6%	55.5	0.7%	16.4
Total	6,758.4	100.0%	7,848.8	100.0%	1,090.4

Equity and liabilities



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	ACTUAL 12/31/2014		ACTUAL 12/31/2015		CHANGE
	in million EUR	%	in million EUR	%	in million EUR
Equity	2,554.8	37.8%	2,667.3	34.0%	112.5
Badwill	0.0	0.0%	1.9	0.0%	1.9
Accruals for pensions and similar obligations	503.2	7.4%	544.0	6.9%	40.8
Other accruals	1,168.2	17.3%	1,412.9	18.0%	244.6
Bonds	329.0	4.9%	829.0	10.6%	500.0
Liabilities to banks	898.2	13.3%	887.3	11.3%	-10.9
Trade payables	888.0	13.1%	1,096.5	14.0%	208.5
Other liabilities	416.9	6.2%	410.0	5.2%	-7.0
Total	6,758.4	100.0%	7,848.8	100.0%	1,090.4

ACTUAL
1-12/2015

Cash funds at beginning of period	421.0
Cash flow from operating activities	638.0
Cash flow from investing activities	-1,223.8
Cash flow from financing activities	335.9
Total cash flow	-249.9
Change in cash funds from exchange rate movements and valuation procedures	-46.5
Change in cash funds from changes in the consolidation group	6.6
Cash funds at end of period	131.3