



Investor Update Call – Annual Result 2017 | April 26, 2018
Michael Frick | Corporate EVP and CFO
Philipp Kuckuck | VP Corporate Finance

Disclaimer



Driven by performance

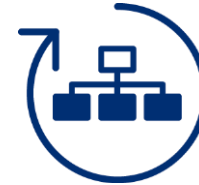
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Successful execution of dual strategy addressing the current change in the automotive industry



Portfolio alignment

Innovation focus

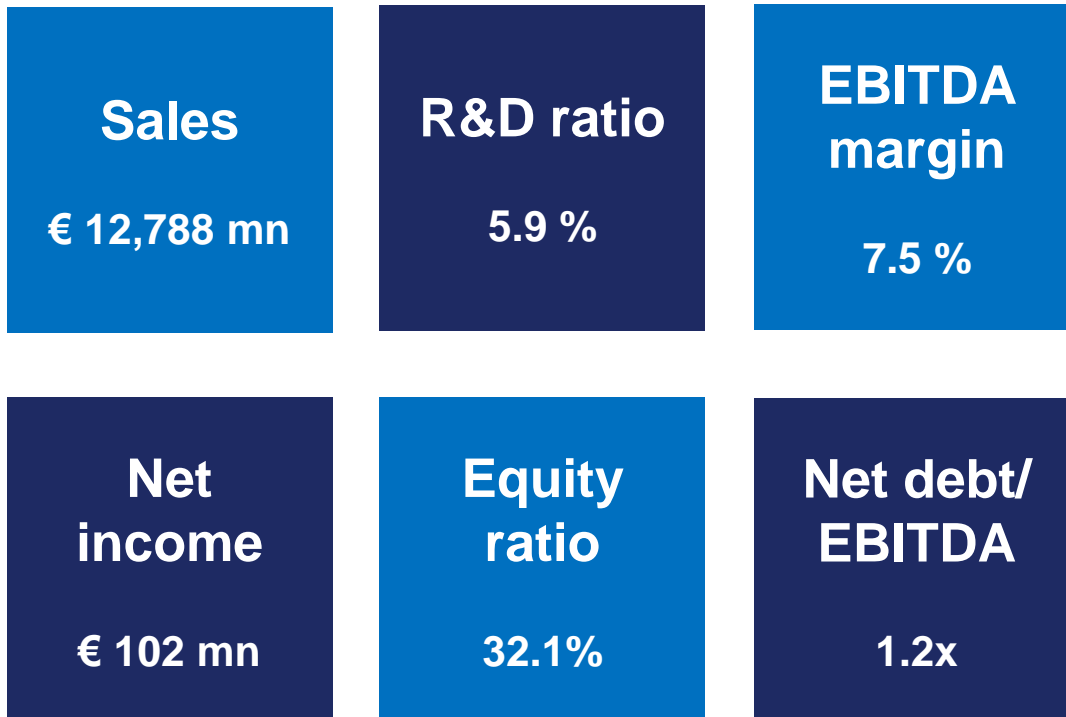
Transforming the organization

Rapid CEO succession

MAHLE will be a driver of e-mobility, as it already is for the conventional powertrain today.

Organic sales growth three times as high as market expansion but earnings impacted by one-off effects

MAHLE Group – Key financials 2017

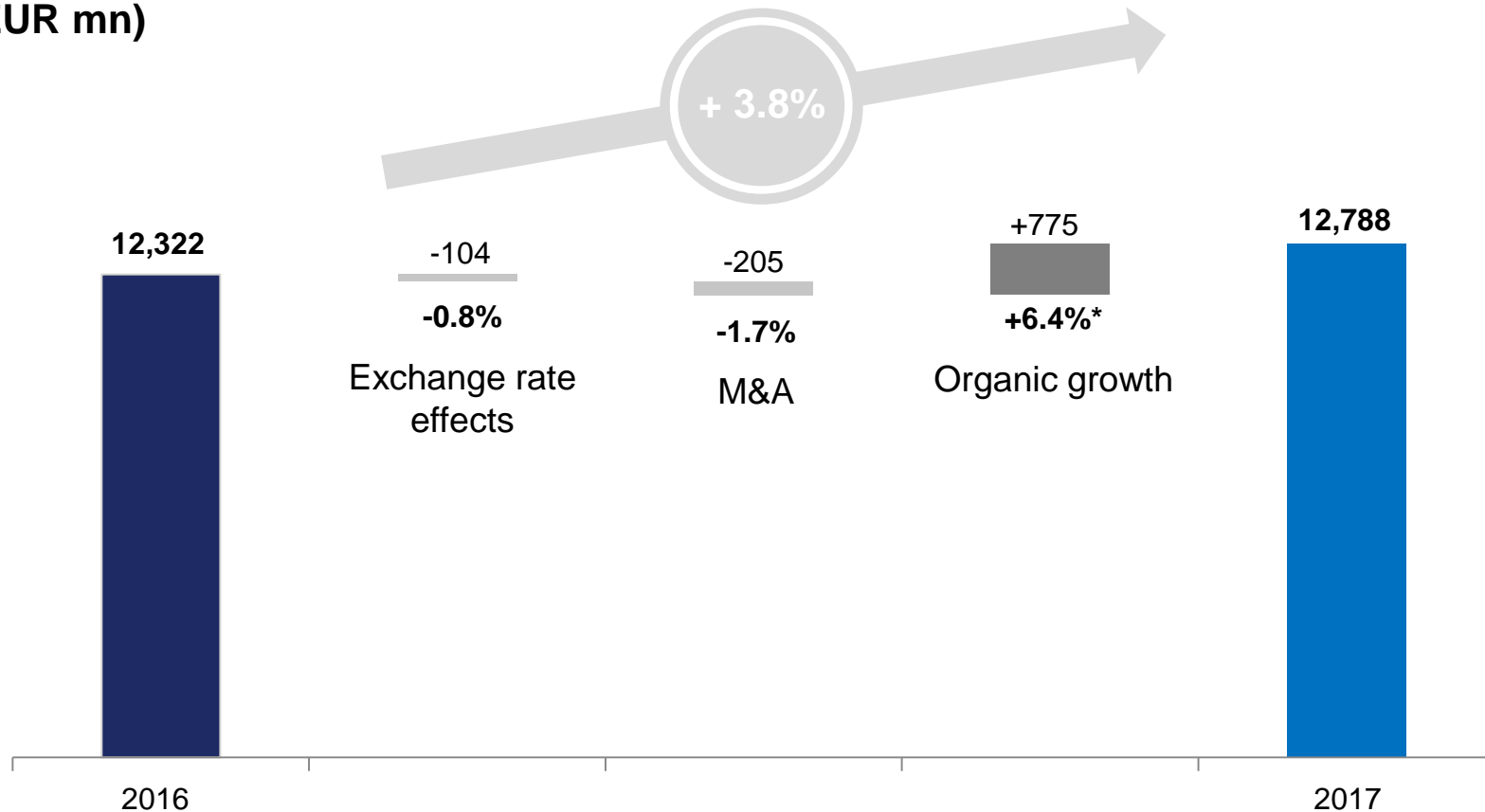


- Group sales grew by 3.8% exceeding expectations
- Organic sales growth of 6.4% clearly outperformed market expansion of 2.1%*
- Earnings negatively impacted by one-off effects
- Strong second half-year 2017
- Equity ratio temporarily below target ratio of 33.0% due to FX effects and a higher balance sheet total
- Solid net debt/ EBITDA ratio

*According to IHS light vehicle production 2017.

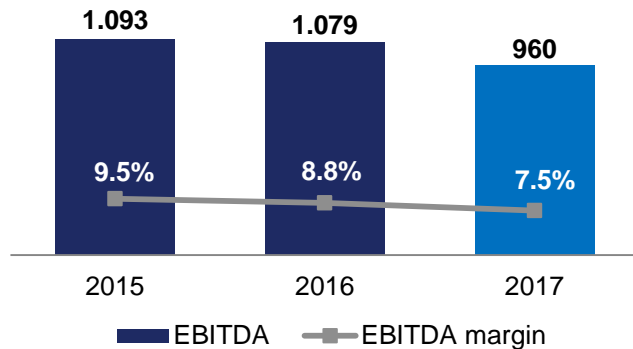
All business units contributed to the strong organic sales growth of more than 6%

Sales (EUR mn)

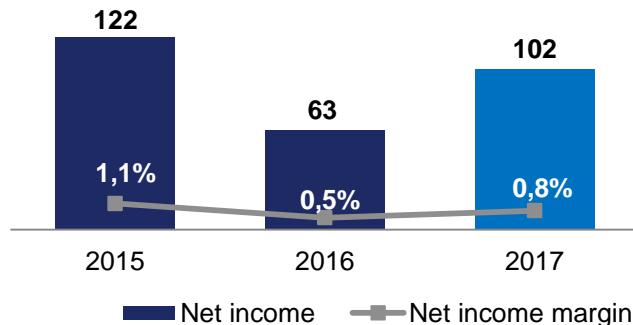


* Note: To calculate the organic growth, sales from 2016 were adjusted for effects from deconsolidation.

EBITDA (EUR mn)



Net income (EUR mn)



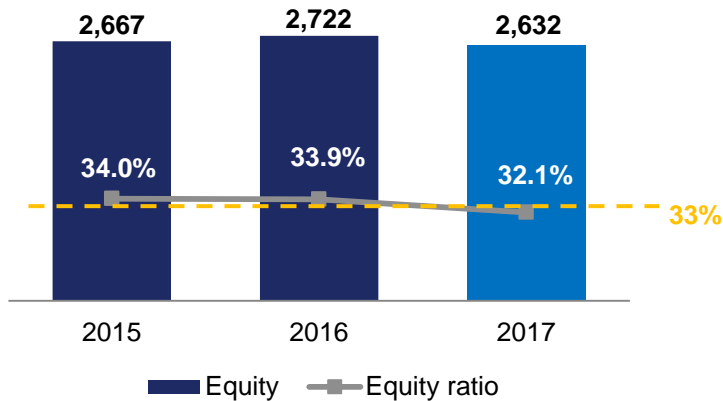
- EBITDA impacted by increased material prices and one-time effects from warranty expenses
- Amortization of goodwill and purchase price allocation from past acquisitions within EBIT amounting to 1.1% of group sales
- Improved net income by 62% due to better investment result mainly influenced by the sale of BMTS
- Several corporate initiatives for improving operational efficiency introduced

Solid net debt ratio and clear commitment to implicit investment grade rating



Driven by performance

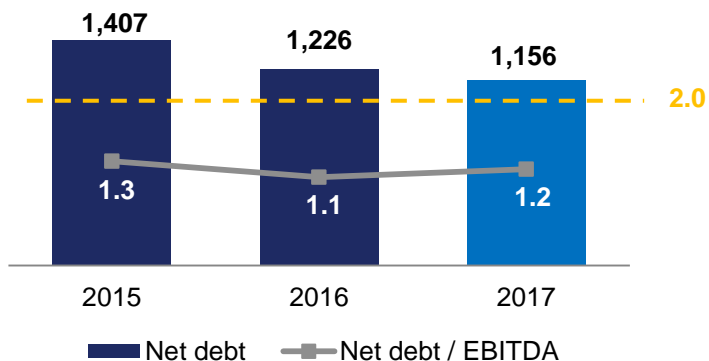
Equity (EUR mn)



■ Equity ratio is below target ratio due to

- Increased balance sheet total
- Negative FX translation effects
- Higher warranty liabilities and provisions

Net debt* (EUR mn)

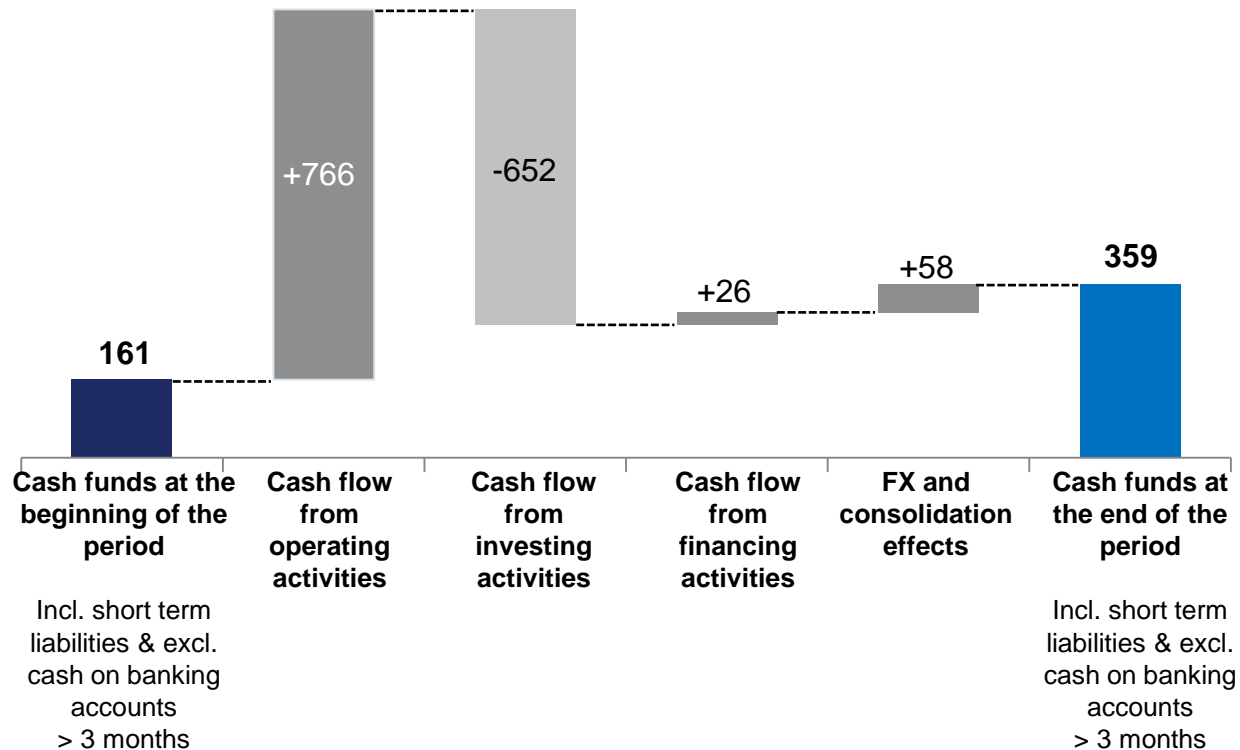


■ Net debt/ EBITDA ratio still within conservative target range

■ Commitment to implicit investment grade rating

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

Cash flow development 2017 (EUR mn)



- Reduced cash flow from operating activities due to cash out from EU antitrust fine, warranty claim payments and increased working capital
- High investments in property, plant, and equipment amounting to EUR 612 mn, funded by operating cash flow

Dual Strategy – focus on existing market position and future mobility trends

Strengthen our existing market position

Highly efficient combustion engines



Emerging Markets



Commercial Vehicles & Off-Highway



Aftermarket



Shape the future in a changing mobility world

HVAC



Electric drive systems



Thermal management



Power electronics



Electric auxiliaries



New projects

ENTERING
Startup

Acquisitions 2017/18

NAGARES, Spain 	Vehicle control electronics
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O-Flexx, Germany 	Thermo-electrics technology
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BrainBee, Italy 	Workshop equipment and services
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+5% at MAHLE Behr GmbH & Co. KG, Germany	Automotive thermal components
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- Focus on core business areas & strong market position
- Continuous development of products for future mobility
- Strengthening system solution products
- Investment Focus:
 - Thermal Management
 - Mechatronics
 - Electrification

Divestments 2017/18

Forging activities	Non-core business
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Sinter component activities	Non-core business
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Turbochargers BMTS (Bosch MAHLE Turbo Systems)	Targeted market position not achieved
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Front-end modules HBPO (Hella Behr Plastic Omnium)	Non-core business
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Market trends and strategic positioning

Innovations addressing future automotive solutions

MAHLE

Driven by performance



ICE & Basic 48V
Mild Hybrid



Premium
48V Mild Hybrid



Plug-in &
Full Hybrid



Battery Vehicle

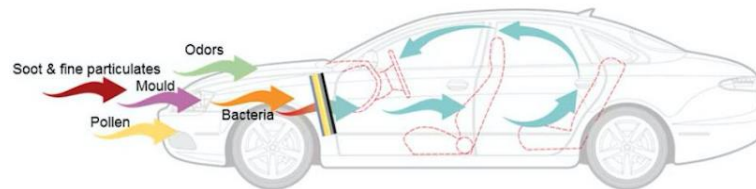
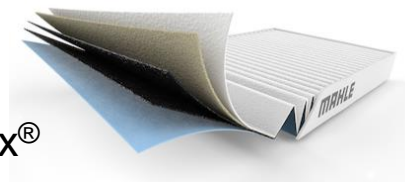


Fuel Cell Vehicle

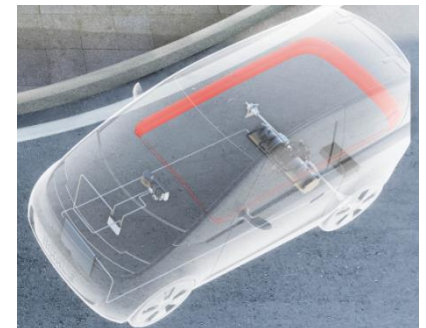
U-flex piston ring



CareMetix®



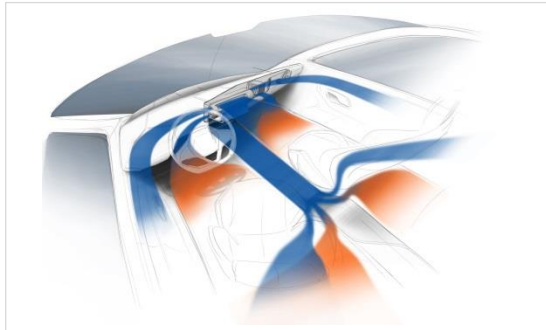
Thermoelectric heat pump



MAHLE's differentiated innovation portfolio meets changing customer requirements.

Current solutions from established collaboration

Downsized eHVAC design allows innovative cockpit architectures



Energy efficient thermal solutions



Individual passenger comfort



Combination of competences to enable innovative solutions

faurecia

Full interior system integration



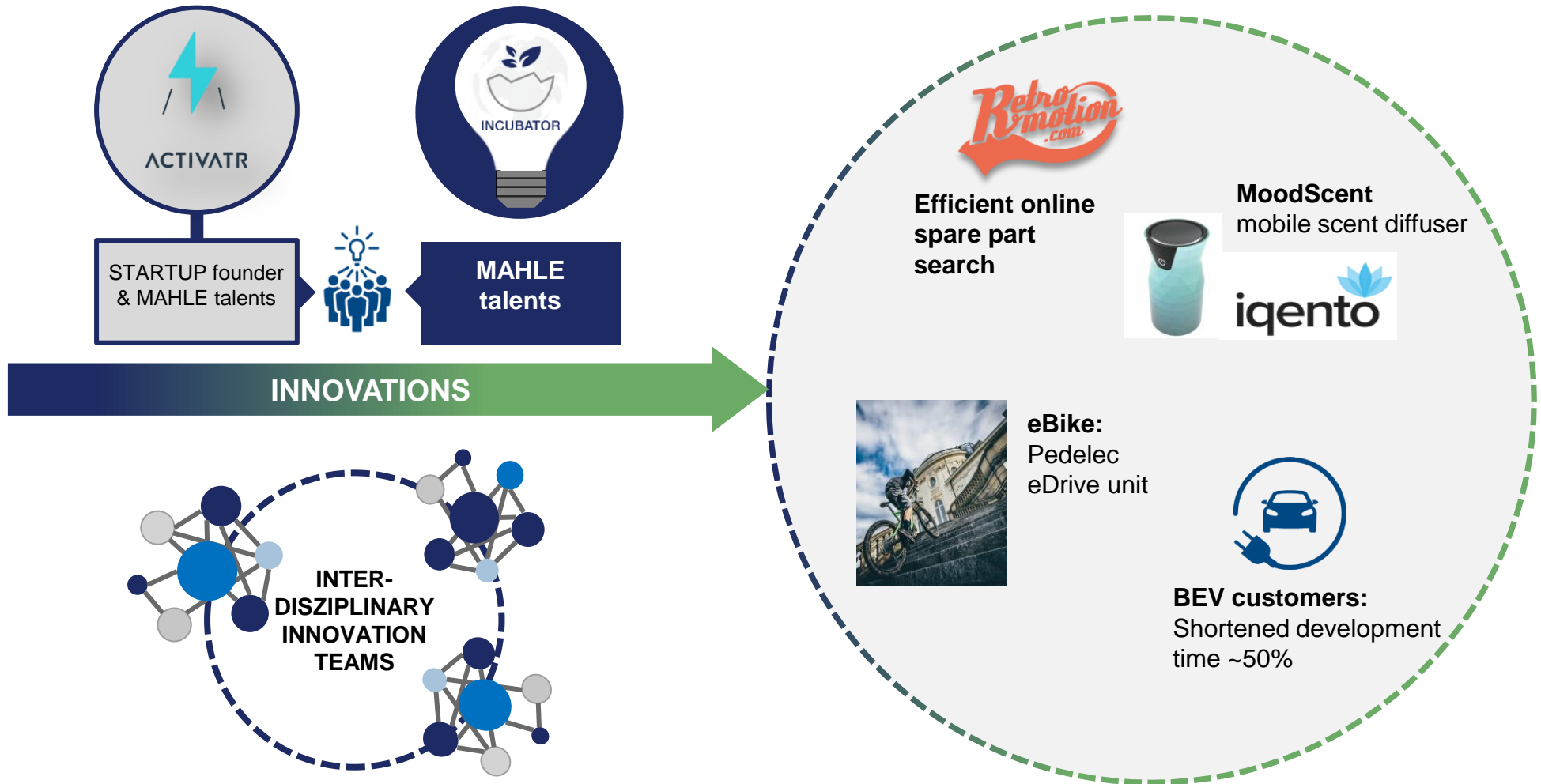
MAHLE

Holistic thermal comfort & efficiency

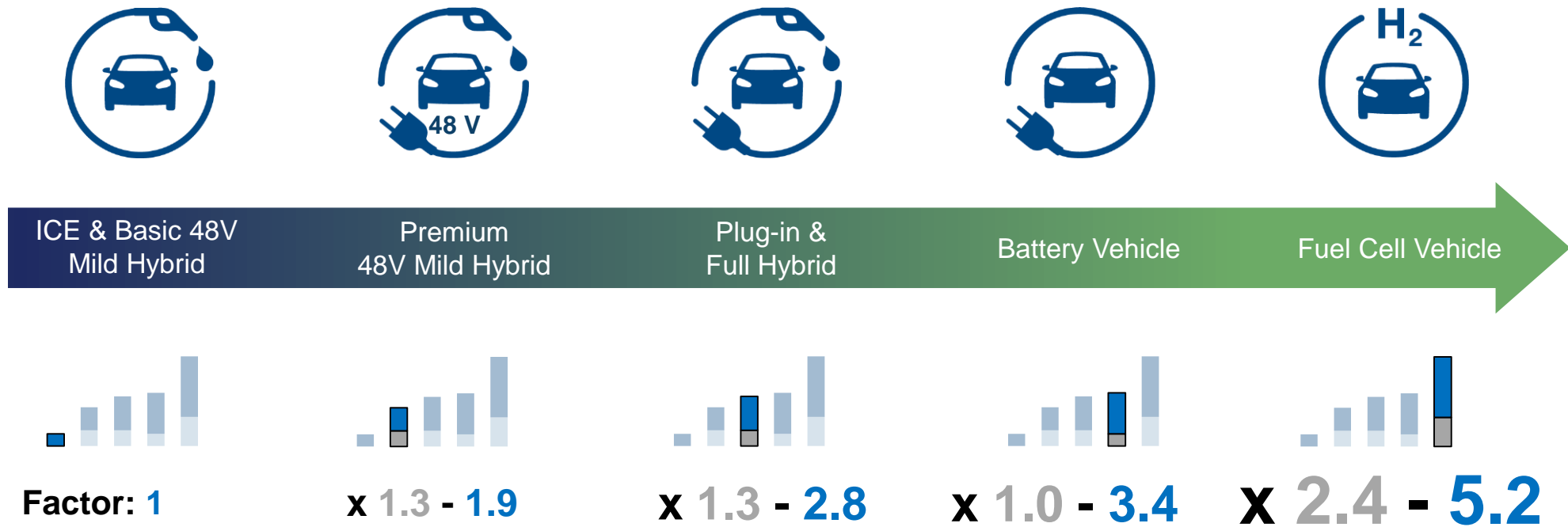


Innovative interior thermal management technologies for future mobility solutions!

Increasing flexibility of internal structures to foster innovations

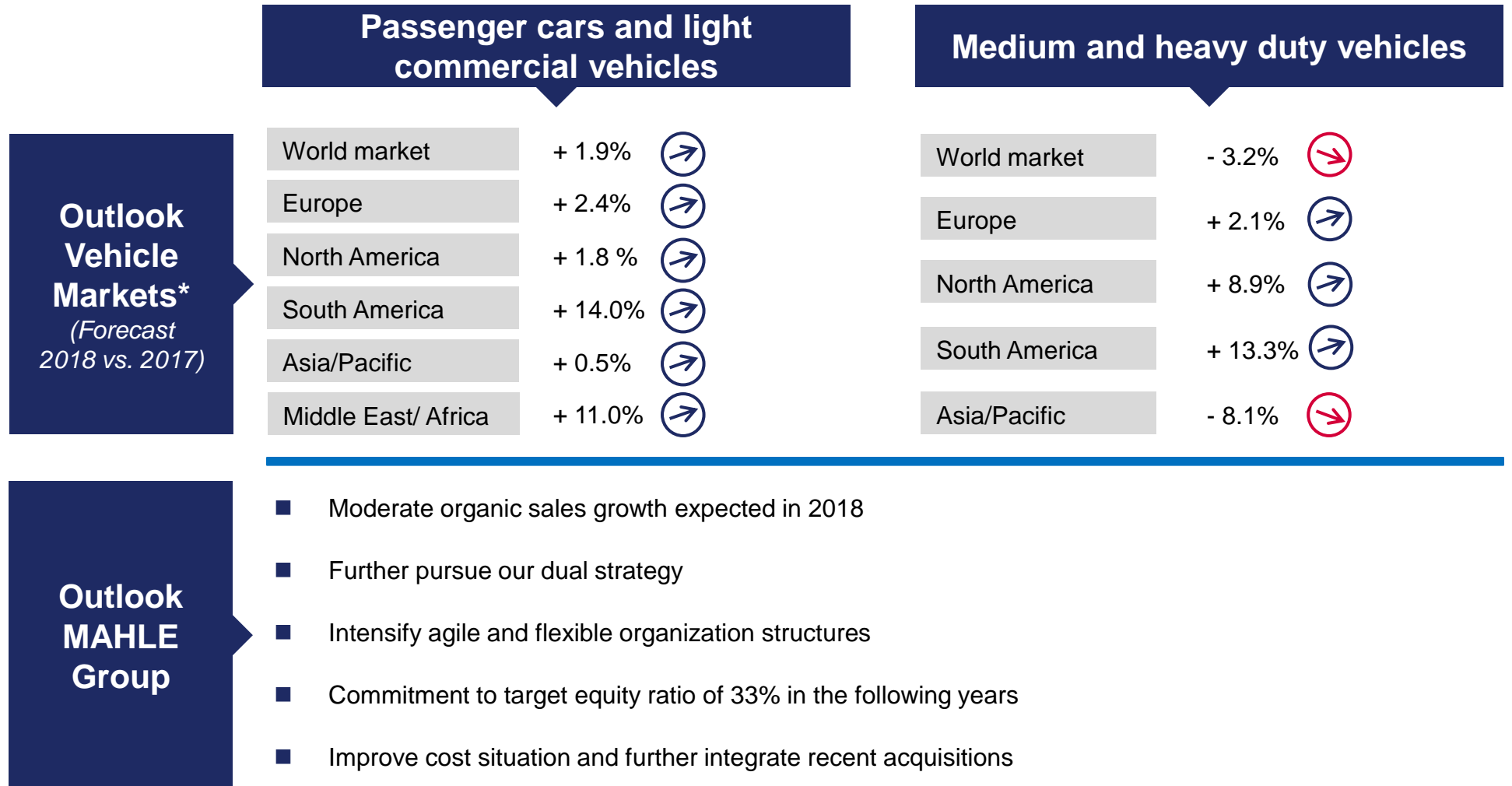


MAHLE CPV potential*



MAHLE's growth drivers: higher value-added adaptive and new technologies

* Range depending on future market share and strategic decisions regarding the product portfolio. CPV = Content per light vehicle; ICE = Internal Combustion Engine



*Source: Includes data provided by IHS, LV Production March 2nd 2018 and MHD Production February 5th 2018 (Comparison Forecast 2018 with Actual 2017)

Investor Relations contacts



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Finance



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and Investor Relations



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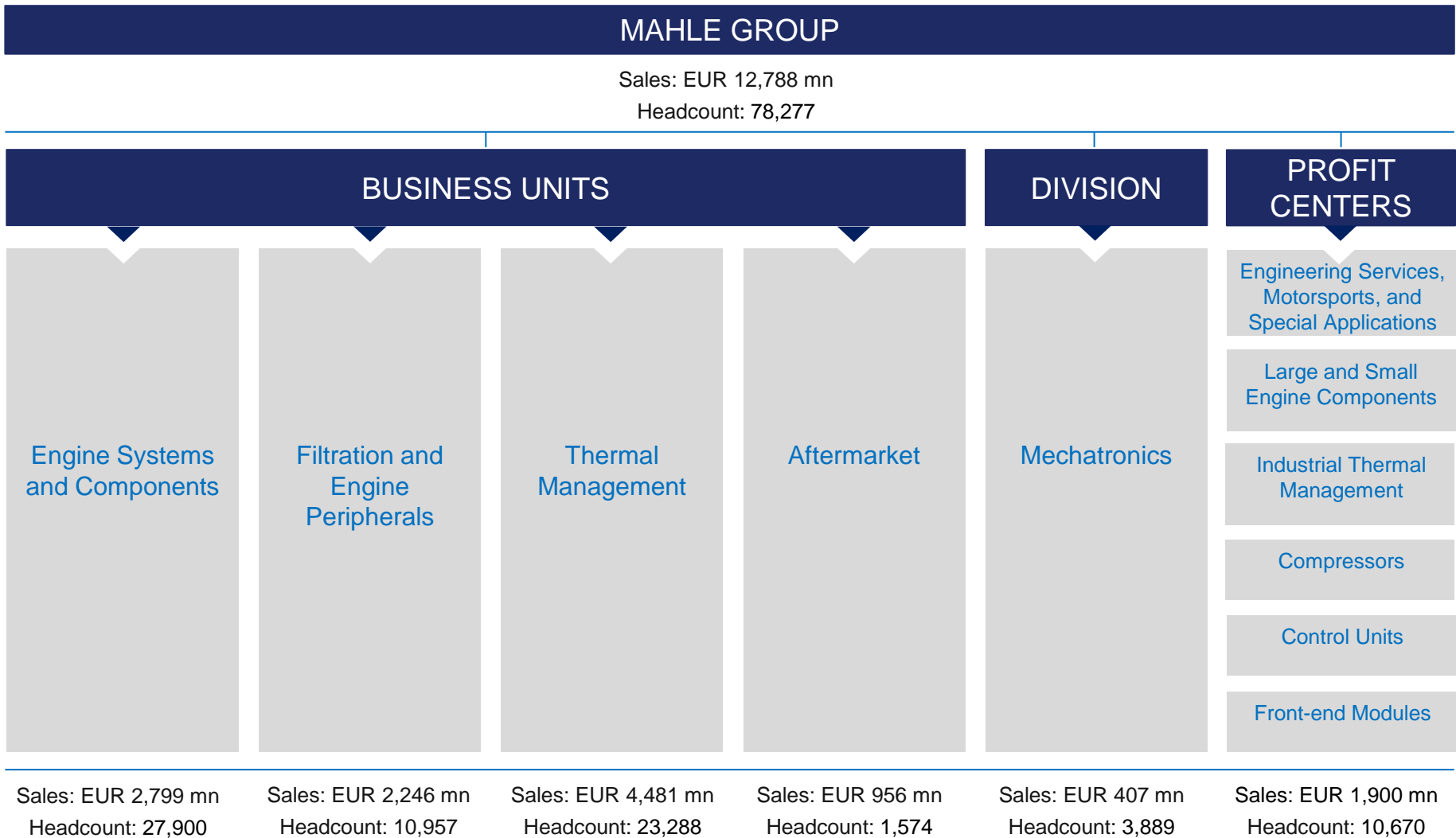
APPENDIX

Group structure reflects diversified product portfolio

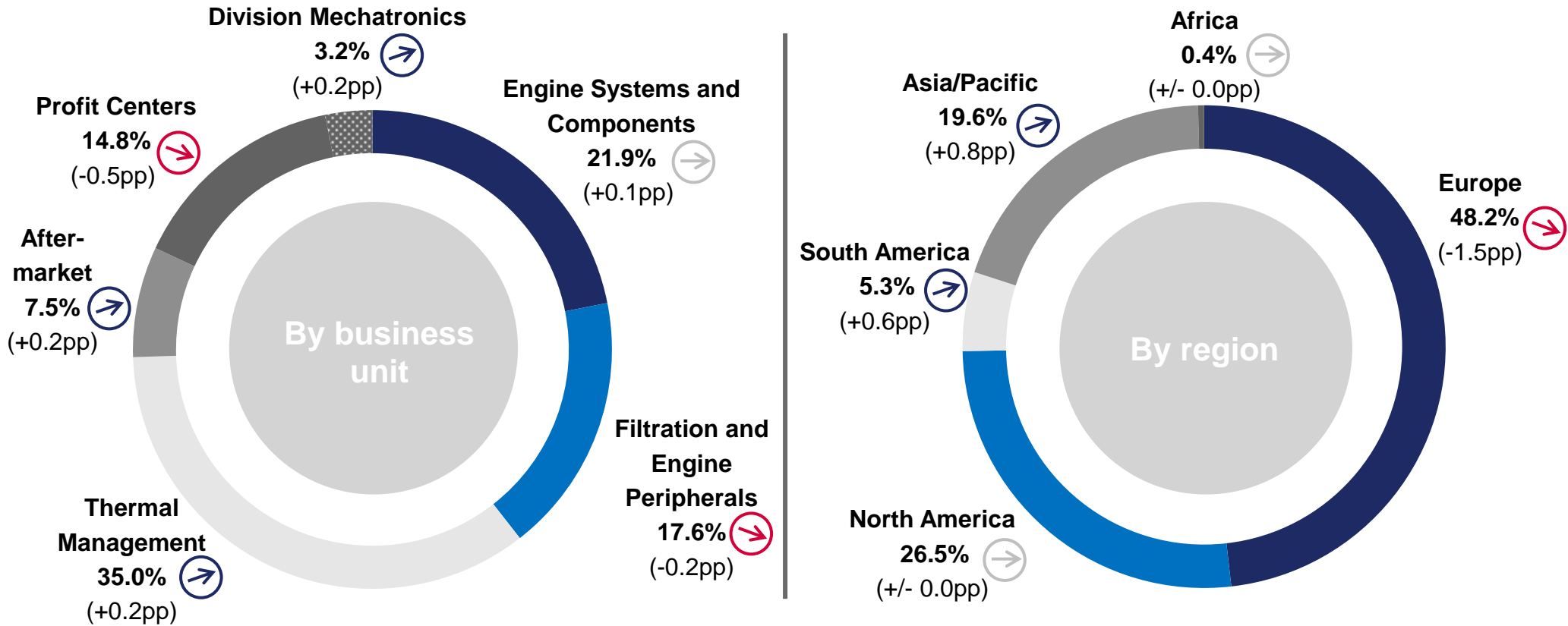
(As of Dec 31, 2017)



Driven by performance

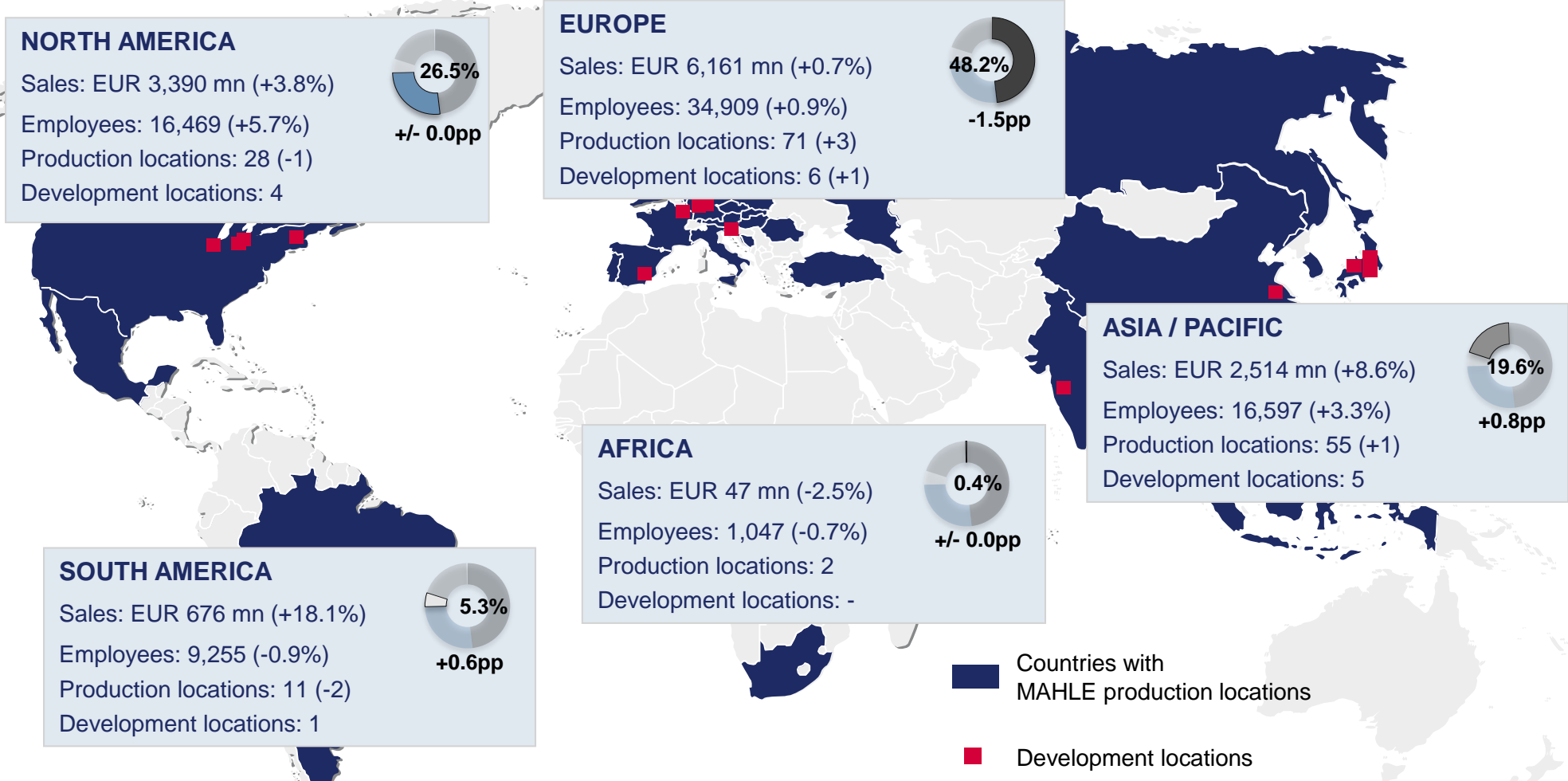


Sales split 2017
Total: EUR 12.8 bn



→ → → and (pp) = Sales share 2017 vs. 2016

MAHLE is present in all global core markets enhancing its well-balanced footprint



Note: Sales and Headcount figures as of Dec 31, 2017, Locations as of Dec 31, 2017

Sales by country of origin compared to 2016, Employees by region compared to Dec 31, 2016 incl. development locations and sales branches

Income statement (key figures)

Driven by performance

	ACTUAL 1-12/2016		ACTUAL 1-12/2017		CHANGE
	in million EUR	in % of sales	in million EUR	in % of sales	in million EUR
Sales	12,321.8	100.0%	12,788.0	100.0%	466.3
Cost of sales and other income and expenses	-11,242.4	-91.2%	-11,827.6	-92.5%	-585.1
EBITDA	1,079.3	8.8%	960.5	7.5%	-118.9
Depreciation / amortization of tangible and intangible assets (incl. goodwill) & longterm loans and securities	-606.6	-4.9%	-605.3	-4.7%	1.3
EBIT	472.8	3.8%	355.2	2.8%	-117.6
Investment result	-148.3	-1.2%	9.7	0.1%	158.0
Result from interest (incl. pensions)	-96.4	-0.8%	-102.4	-0.8%	-6.0
Result from business activities	228.1	1.9%	262.5	2.1%	34.4
Taxes on income	-132.2	-1.1%	-124.9	-1.0%	7.3
Result after taxes	95.9	0.8%	137.6	1.1%	41.7
Other taxes	-32.9	-0.3%	-35.4	-0.3%	-2.5
Consolidated net income	63.0	0.5%	102.2	0.8%	39.2

	ACTUAL 12/31/2016		ACTUAL 12/31/2017		CHANGE
	in million EUR	%	in million EUR	%	in million EUR
Intangible assets	630.7	7.9%	543.8	6.6%	-86.9
Property, plant, and equipment	3,029.0	37.7%	3,008.9	36.7%	-20.1
Financial assets	90.0	1.1%	149.1	1.8%	59.2
Inventories	1,268.8	15.8%	1,324.7	16.2%	55.9
Receivables and other assets	2,350.3	29.3%	2,341.6	28.6%	-8.8
Cash and cash equivalents	372.5	4.6%	503.6	6.1%	131.1
Prepaid expenses	20.9	0.3%	23.6	0.3%	2.7
Deferred tax assets	196.2	2.4%	226.4	2.8%	30.2
Plan assets	73.6	0.9%	73.4	0.9%	-0.2
Total	8,032.1	100.0%	8,195.1	100.0%	163.1

	ACTUAL 12/31/2016		ACTUAL 12/31/2017		CHANGE
	in million EUR	%	in million EUR	%	in million EUR
Equity	2,721.9	33.9%	2,632.1	32.1%	-89.8
Badwill	1.5	0.0%	0.0	0.0%	-1.5
Accruals for pensions and similar obligations	575.3	7.2%	577.8	7.1%	2.5
Other accruals	1,462.5	18.2%	1,515.2	18.5%	52.7
Bonds	829.0	10.3%	829.0	10.1%	0.0
Liabilities to banks	769.3	9.6%	830.3	10.1%	60.9
Trade payables	1,256.8	15.6%	1,233.9	15.1%	-22.9
Other liabilities	415.6	5.2%	576.9	7.0%	161.2
Total	8,032.1	100.0%	8,195.1	100.0%	163.1

Abbreviated cash flow statement

[in million EUR]	ACTUAL 1-12/2016	ACTUAL 1-12/2017	CHANGE
Cash funds at beginning of period	131,3	161,2	29,9
Cash flows from operating activities	855,7	765,5	-90,2
Cash flows from investing activities	-575,2	-652,0	-76,8
Cash flows from financing activities	-266,0	26,4	292,4
Total cash flow	14,5	139,9	125,4
Change in cash funds from exchange rate movements and valuation procedures	18,9	58,0	39,0
Change in cash funds from changes in the consolidation group	-3,5	0,0	3,5
Cash funds at end of period	161,2	359,1	197,9

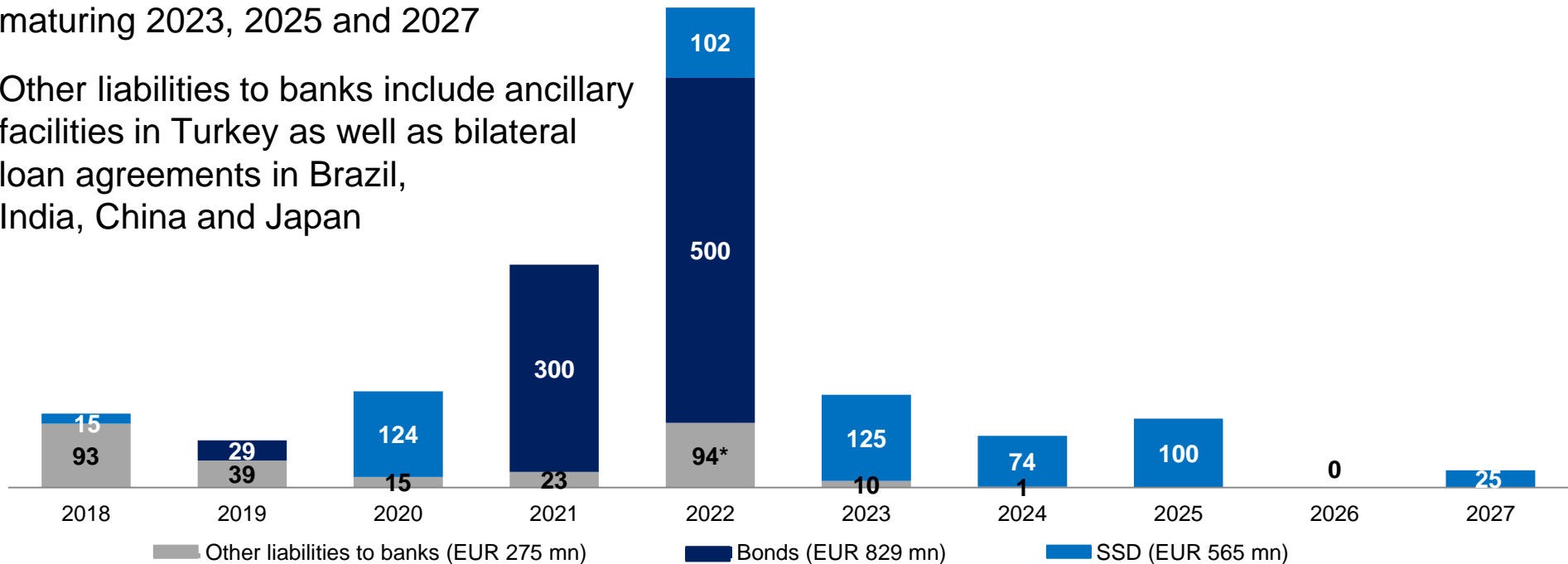
Well balanced maturity profile and diversified funding mix with different debt instruments



Driven by performance

- MAHLE has continuously increased and diversified its investor base
- Maturity of EUR 1,600 mn RCF has been extended by one year to July 2022
- New EUR 250 mn Schuldschein were issued in June, maturing 2023, 2025 and 2027
- Other liabilities to banks include ancillary facilities in Turkey as well as bilateral loan agreements in Brazil, India, China and Japan

Total financial liabilities:
EUR 1,669 mn
 (incl. liabilities to banks, bonds and certain other liabilities)



* EUR 39,1 mn of other liabilities to banks represent short-term drawdowns from RCF maturing in 2022
 RCF = Revolving Credit Facility SSD = Schuldscheindarlehen

New CEO – Experienced Management Board



Dr. Jörg Stratmann
(CEO)

Joined MAHLE in 2008,
since 01st February 2018 CEO
Since 2014 member of the board
18 Y of experience in the automotive industry

- Previously:
- Behr, MAHLE, Conti Automotive, Siemens
 - Studied Industrial Engineering



Georg Dietz
(BU Engine Systems & Components)

Joined MAHLE in 1989,
since 2018 member of the board
29 Y of experience in the automotive industry

- Previously:
- MAHLE
 - Studied Engineering



Bernd Eckl
(BU Thermal Management)

Joined MAHLE in 2017,
since 2017 member of the board
26 Y of experience in the automotive industry

- Previously:
- GETRAG, Mannesmann VDO,
 - Studied Mechanical Engineering



Wilhelm Emperhoff
(BU Filtration & Engine Peripherals
and Division Mechatronics)

Joined MAHLE in 2012,
since 2012 member of the board
29 Y of experience in the automotive industry

- Previously:
- Behr-Hella Thermocontrol, Continental, Siemens
 - Studied Electronic Engineering



Arnd Franz
(Automotive Sales & Application
Engineering and BU Aftermarket)

Joined MAHLE in 2001,
since 2013 member of the board
19 Y of experience in the automotive industry

- Previously:
- Magna Seating Systems, TEV, Deutsche Industrie-Holding
 - Studied Business Administration



Michael Frick
(CFO)

Joined MAHLE in 2003,
CFO since 2014
15 Y of experience in the automotive industry

- Previously:
- Behr, MAHLE, Emtec Group, Invensys Group and Coopers & Lybrand
 - Studied Business Administration

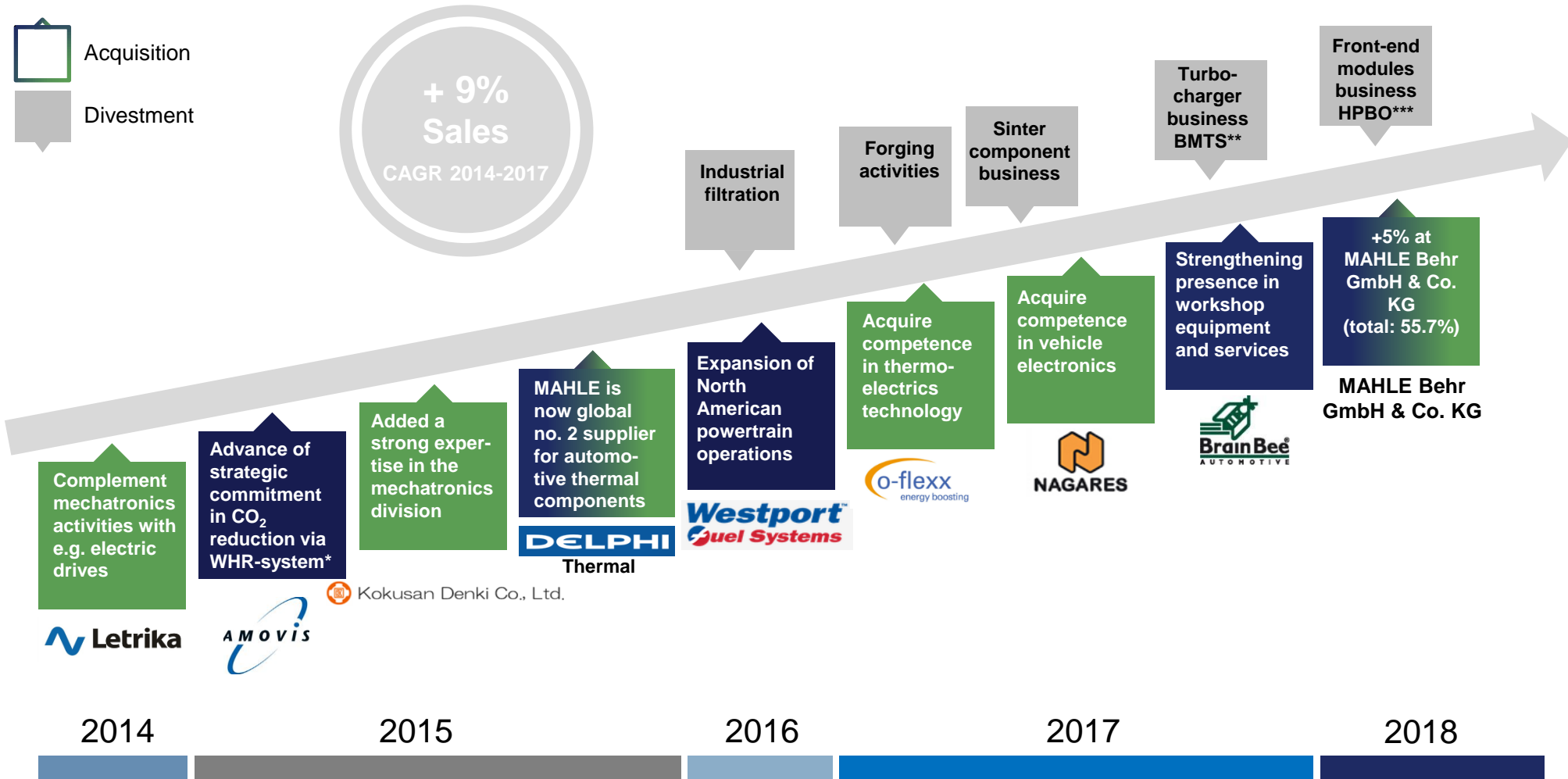


Michael Glowatzki
(Human Resources and Legal)

Joined MAHLE in 2005,
since 2005 member of the board
27 Y of experience in the automotive industry

- Previously:
- ZF Friedrichshafen
 - Graduated as Attorney at Law

Strategic evolution of business portfolio



* Waste heat recovery

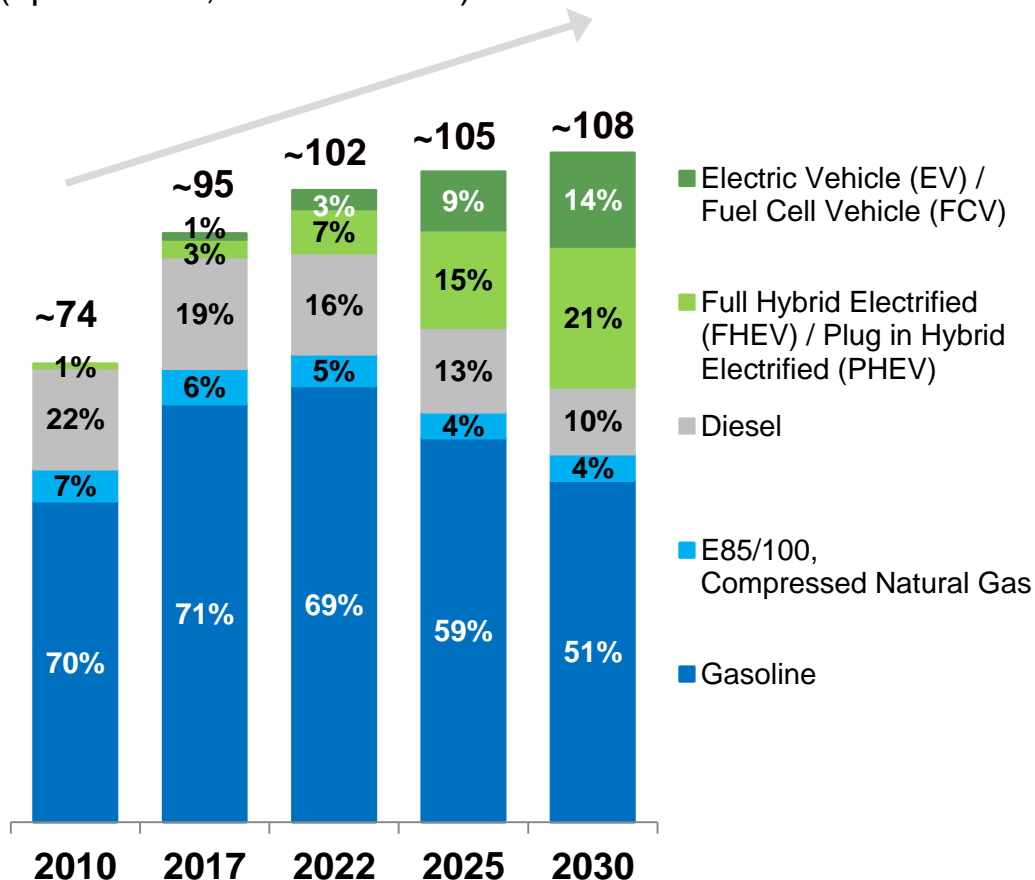
** Bosch MAHLE Turbo Systems

*** Hella Behr Plastic Omnium

Increasing diversity of powertrain solutions in a growing market

Base scenario: global light vehicle production

(up to 6 tons, in million units)



- Gasoline will still represent main fuel type in 2030
- Significant global reduction of diesel
- Further reduction of fuel consumption via high-efficiency engines and increasing electrification
- Growing powertrain complexity drives demand for integrated system solutions
- Alternative powertrains require specific thermal management solutions (e.g. for EV and FCV)
- Potential to increase sales per vehicle, especially with hybrids

Global light vehicle production expected to grow, truck market shrinks due to cyclical slowdown in China



Driven by performance

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

Region	Forecast 2019	Forecast 2018	% Change
World market	99,1	97,0	+2.2 %
Europe	22,8	22,8	+0.3 % ²
North America	17,4	17,4	+1.8 %
South America	4,0	3,8	+6.7 %
Asia/Pacific	52,0	50,2	+3.4 %
Middle East / Africa	2,9	2,8	+2.1 %

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

Region	Forecast 2019	Forecast 2018	% Change
World market (incl. Middle East/Africa)	3.492	3.592	-2.8 %
Europe	701	672	+4.3 % ²
North America	579	573	+0.9 %
South America	134	124	+7.9 %
Asia/Pacific	2.078	2.222	-6.5 %

¹ Comparison Forecast 2018 with Actual 2017 ² Comparison Forecast 2019 with Forecast 2018

Source: Includes data provided by IHS, www.ihs.com; Copyright © [2018], LV Production March 2nd 2018 and MHD Production February 5th 2018