

Organic growth strengthens transformation of the MAHLE Group

- Strong organic growth of 6.4 percent
- Sales rise to EUR 12.8 billion
- Increase in earning power
- Ongoing consistent focus on dual strategy
- Fresh culture of innovation for the mobility of tomorrow

Stuttgart, April 25, 2018 – The MAHLE Group continued to grow steadily in the 2017 business year. With significant organic growth of 6.4 percent, MAHLE has further expanded its market position. In 2017, group sales rose by 3.8 percent to EUR 12.8 billion.

Steady growth for MAHLE

MAHLE again achieved a record high and consolidated its market position among the world's 20 largest automotive suppliers. It is particularly pleasing that all of the group's business areas contributed to this positive development of sales. Notable sales growth was achieved in the core regions, with South America (+18.1 percent) and Asia/Pacific (+8.6 percent) seeing the greatest increases. This brings the group ever closer to reaching its strategic goal of a globally balanced sales distribution.

The headcount also developed positively, with the MAHLE Group employing 78,277 people as at December 31, 2017—an increase of 2.1 percent. The addition of around 1,600 jobs resulted on the one hand from the rise in demand accompanied by additional staffing requirements, and on the other hand from the further strengthening of the Mechatronics division, which included the takeover of Nagares, now MAHLE Electronics.

MAHLE also improved its net income for the year, which now amounts to EUR 102 million compared with EUR 63 million in the previous year. While this represents a substantial increase, the

comparison is based on a low initial value, however. This was particularly due to the costs associated with the realignment of the group, such as for the integration of acquired business areas.

“The realignment of the MAHLE Group to meet the requirements of the mobility of tomorrow costs a lot of money. We are using these funds to invest in our own future. That’s why we are even prepared to accept a weaker result over the short term,” said Dr. Jörg Stratmann, Chairman of the MAHLE Management Board and CEO, at his first press conference on the Financial Statements in Stuttgart/Germany in his new role as CEO of the group. “In the future, however, we will have to get back to generating higher results to further advance our ongoing development.”

R&D expenses remain at a high level

As in the previous year, R&D expenses remained at a high level, at around EUR 750 million. The research and development ratio thus amounts to 5.9 percent (previous year: 6.1 percent). This slight decline was due to efficiency improvements and consolidation measures within the R&D organization. The number of development engineers and technicians rose slightly. Approximately 6,100 people currently work on new technologies and future innovations at MAHLE. In future, many of these innovations will be produced at the MAHLE location in Valencia/Spain, which MAHLE is developing into a global competence center for vehicle electronics.

Innovations: admission ticket to the mobile future

In 2017, MAHLE again focused on implementing its dual strategy: the further optimization of the combustion engine while driving forward e-mobility. This remains the strategic technological foundation of the group. The technological highlights of 2017 featured the vehicle concept MEET (MAHLE Efficient Electric Transport)—a highly efficient, affordable electric solution for future

urban mobility—which was introduced to the public at the IAA. Other milestones included the recently developed e-compressors, making MAHLE a full-line supplier in air conditioning systems for electric vehicles, and the new generation of U-flex oil control rings that reduce particulate emissions and oil ash by up to 30 percent. “We will expand our innovative strength even further. Our aim is to rank among the world’s top three suppliers in all of our business segments. That’s why we are consistently aligning all of our business areas with the requirements of the future,” said Stratmann.

Fresh atmosphere, dynamic workforce

MAHLE is also responding to trends in the automotive industry from an organizational perspective. The demand from new customers and the highly dynamic market environment require shorter development cycles. To become even more agile in advancing projects in the future, MAHLE supports flexible cooperation in cross-functional, global teams. In the CEO’s opinion, one of the main tasks for top management is to reinforce the group’s good corporate culture across the world so that the company is well-prepared for future challenges. “We have outstanding employees who have made MAHLE what it is today with their extensive expertise, commitment, and inventiveness. We want to make even better use of these strengths, intensify networking among MAHLE employees, and foster a corporate culture that supports innovative ideas for even better products.”

Expectations for 2018: further growth

The first quarter of 2018 was satisfactory for MAHLE. For the year as a whole, the group expects further growth to be more moderate than in 2017. As is well known, the global political framework remains unpredictable. It is therefore important for MAHLE to be consistent on its path of change. “We are making good progress in this respect—from a technological, organizational, financial, and cultural perspective,” said Stratmann.

About MAHLE

MAHLE is a leading international development partner and supplier to the automotive industry as well as a pioneer for the mobility of the future. The MAHLE Group is committed to making transportation more efficient, more environmentally friendly, and more comfortable by continuously optimizing the combustion engine, driving forward the use of alternative fuels, and laying the foundation for the worldwide introduction of e-mobility. The group's product portfolio addresses all the crucial issues relating to the powertrain and air conditioning technology—both for drives with combustion engines and for e-mobility. MAHLE products are fitted in at least every second vehicle worldwide. Components and systems from MAHLE are also used off the road—in stationary applications, for mobile machinery, rail transport, as well as marine applications.

In 2017, the group generated sales of approximately EUR 12.8 billion with about 78,000 employees and is represented in 32 countries with 170 production locations. At 16 major research and development centers in Germany, Great Britain, Luxembourg, Spain, Slovenia, the USA, Brazil, Japan, China, and India, 6,100 development engineers and technicians are working on innovative solutions for the mobility of the future.

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