

MAHLE launches cost reduction program

- Economic decline and transformation necessitate savings
- MAHLE anticipates decline in sales for 2019
- Package of measures to ensure sustainable development of the group

Stuttgart, March 25, 2019 – MAHLE responds to the deterioration in the general economic conditions with an internal cost reduction program. The high expenditure on the transformation, declining sales figures, and negative forecasts for the next few months due to ongoing market uncertainty have made these measures necessary. The objective is to ensure the sustainable development of the group.

Volatile markets, the flattening of economic growth curves, and a multitude of political imponderables, such as trade policy conflicts or the uncertainty surrounding Brexit, are causing the economic situation to deteriorate significantly. Together with the considerable expenditure involved in the technological transformation, regulatory requirements, and declining sales figures, particularly for diesel, this calls for immediate action. MAHLE has therefore launched an internal cost reduction program that supplements the programs already initiated at the start of 2018 to improve profitability.

“We need a strong profit situation to continue consistently transforming the MAHLE Group and remain a technology driver in our industry. The current conditions mean that we need to work even more intensively on our performance and structure,” says Dr. Jörg Stratmann, Chairman of the Management Board and CEO of MAHLE.

The cost reduction measures include a general cut in general expenses—for example, for travel, trade fairs, events, and

international meetings—as well as savings in purchasing and a decrease in personnel costs. In Germany, an agreement safeguarding employment, which precludes compulsory redundancies, is applicable until the end of 2019. A review is being carried out of the global production footprint and of the personnel capacities available in individual regions and countries. Locations or product areas that show no signs of sustainable profitability are being restructured at an accelerated pace.

Besides optimizing costs and improving profitability, the group will therefore focus on tapping the technological opportunities arising from the transformation currently taking place in the industry. MAHLE has recently won a number of series projects for electric vehicles.

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 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. In 2017, the group generated sales of approximately EUR 12.8 billion with about 78,000 employees and is represented in more than 30 countries with 170 production locations.

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