

MAHLE presses ahead with its global realignment and plans location adjustments

- Sustainable corporate positioning and measures to safeguard competitiveness
- Diverse factors result in planned restructuring measures
- Systematic continuation of location audits

Stuttgart/Germany, October 23, 2019 – After a thorough review, MAHLE is planning further adjustments to its locations in Italy, France, and Luxembourg. 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 vehicles, this calls for further action.

The planned location adjustments, following on from an intensive audit of our locations and structures, will primarily affect production and development locations in Europe. This is due to conditions that are specific to the individual locations, such as an intensified market and competitive situation, or a further decline in demand for diesel engines.

MAHLE is therefore planning to relocate its research and development center in Foetz/Luxembourg. By mid-2021, all activities there will be discontinued and integrated into other MAHLE locations. Development activities at the location are currently focused on air conditioning compressors. Because of the strong trend toward electrified vehicles, the integrated product development of the electric compressor is seen as an important step toward sustainable competitiveness. The organizational merger of the main competences in the areas of mechanics, electric motors, and electronics is already under way with the

creation of the new MAHLE business unit for mechatronics and electronics as of January 1, 2020. The existing profit center for compressors will also be integrated into this business unit. The relocation of the development activities from Luxembourg to MAHLE locations with expertise in the areas of electric motors and electronics now also creates the geographical conditions for even more efficient integration and more effective cooperation between the development teams. Currently, 78 employees work at Foetz.

In addition, a location closure is planned for the plants in La Loggia/Saluzzo, Italy. The plants in La Loggia (production) and Saluzzo (foundry) produce exclusively diesel engine pistons. The group of plants has been suffering from declining sales and profit losses for more than a decade. With the continuing fall in demand for diesel engines and the vehicle manufacturers' change in strategy, the outlook is no longer sustainable and MAHLE is entering into a consultation process with the public authorities and employee representatives. The two locations currently have a total of around 450 employees.

For the production and development location in Rouffach/France, MAHLE is planning a strategic realignment with the aim of safeguarding the plant's long-term prospects. The group is investing heavily in development and manufacturing competences in the area of PTC heating elements, which will be the location's focus in the future. In order to create the necessary structures, the production of air conditioners in Rouffach should be discontinued and the activities for the aftermarket relocated. Going forward, this would require the loss of around 240 jobs.

In March 2019, MAHLE launched an internal cost reduction program that supplements the programs already initiated at the start of 2018 to improve profitability. In this context, the group has driven forward measures to continuously audit its locations and structures worldwide.

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 2018, the group generated sales of approximately EUR 12.6 billion with more than 79,000 employees and is represented in over 30 countries with 160 production locations. At 16 major research and development centers in Germany, Great Britain, Luxembourg, Spain, Slovenia, the USA, Brazil, Japan, China, and India, more than 6,100 development engineers and technicians are working on innovative solutions for the mobility of the future.

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