

Press release

Stuttgart, April 30, 2020

MAHLE steers steady course through coronavirus crisis

- **MAHLE can rely on sound financial position in current crisis**
- **CEO Dr. Jörg Stratmann: “We will master the crisis.”**
- **2019 financial year characterized by strategic transformation of Group**
- **Group remains on track for future despite crisis and consistently forges ahead with efficiency improvement programs**
- **Successful orientation of portfolio towards new technologies; highest volume of orders received in history of Group**

In the current coronavirus crisis, the MAHLE Group can rely on a sound financial position and liquidity. In the 2019 financial year, the automobile component supplier intensified its strategic and technological realignment despite challenging conditions. MAHLE recorded the largest volume of orders received in the history of the Group, with orders running into the billions in the field of new technologies alone. The technology group now has an unmatched broad-based portfolio for the various types of drive system. Dependence on the internal combustion engine for motor vehicles has now fallen almost to the 40 percent mark. Despite the current crisis, MAHLE remains on track for the future and is consistently forging ahead with its efficiency improvement programs. Intensive preparations are now underway for the resumption of production at the Group’s European plants.

“The coronavirus crisis is having a massive impact on our business. There was a drastic fall in sales in March and April and 2020 will be an extremely difficult year for MAHLE,” said Dr. Jörg Stratmann, CEO and Chairman of the MAHLE Group Management Board at the Annual Press Conference in Stuttgart on Thursday. “The MAHLE Group has a sound financial position. This is why we can survive a crisis for a certain time. It is our entrepreneurial responsibility to consistently

continue our efficiency improvement programs and to maintain our strict cost discipline. This way, we will master the crisis.”

Following the almost complete closure of its plants throughout the world, MAHLE is now preparing intensively for the resumption of production in Europe. “We have delivery capabilities and are in a position to meet our customers’ demand. We remain a partner that is known and appreciated for its reliability,” said Jörg Stratmann.

The MAHLE CEO appealed to politicians to define conditions for the revival of the economy and the stimulation of demand in the near future with a view to safeguarding value addition and employment in Germany. “In my opinion, incentives offered for a limited period such as car purchase bonuses or a temporary reduction in value-added tax would be effective tools,” said Stratmann. “It is important to create perspectives for industry and consumers now.” Stratmann expressly calls for technology-neutral measures that address the market on a broad basis, i.e. not only electric vehicles and hybrid drives but also modern, economical gasoline and diesel vehicles.

The 2019 financial year

The 2019 financial year was characterized by a decline in markets throughout the world. The MAHLE Group was not immune to this development. However, with an adjusted fall of 3 percent in sales to €12.0 billion, it performed better than the market as a whole, which suffered an overall decline of about 5 percent.

Despite the economic headwind and other challenging effects such as the fundamental transformation of the automotive industry, negative geopolitical impacts, the Brexit debate and a political environment with ambitious targets, MAHLE continued to pursue its strategy consistently last year. In 2019, the fall in sales, the continued high investments in research and development, operational issues and high accruals for restructuring led to a consolidated net loss of about €212 million. “Despite this temporary development, we continue to forge ahead with the realignment of MAHLE,” said Stratmann. “We are doing our homework to position our Group successfully for the future. We intend to play an active role in shaping change in our sector and to remain a successful market player and an attractive employer.”

MAHLE has clearly defined its goals for safeguarding its competitiveness; the further development of future-oriented technological fields, the improvement of productivity and profitability and the adaptation of the Group structure to the changed business environment.

In 2019, MAHLE implemented a comprehensive package of measures. The “Electronics and Mechatronics” business unit was newly established with effect from January 1, 2020 in order to pool the competences of the Group in these fields of technology and to focus even more strongly on the development and production of electric motors as well as electronic and mechatronic systems. The Group maintained investments in research and development unchanged at a high level. The cost saving programs in various business areas of the Group achieved their interim targets in 2019.

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 2019, the Group generated sales of approximately EUR 12.0 billion with approximately 77,000 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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