



Investor Update Call – Annual Result 2018 | May 13, 2019
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Successful execution of dual strategy addressing the current transformation in the automotive industry



Strengthened equity ratio



Innovation focus



Portfolio alignment

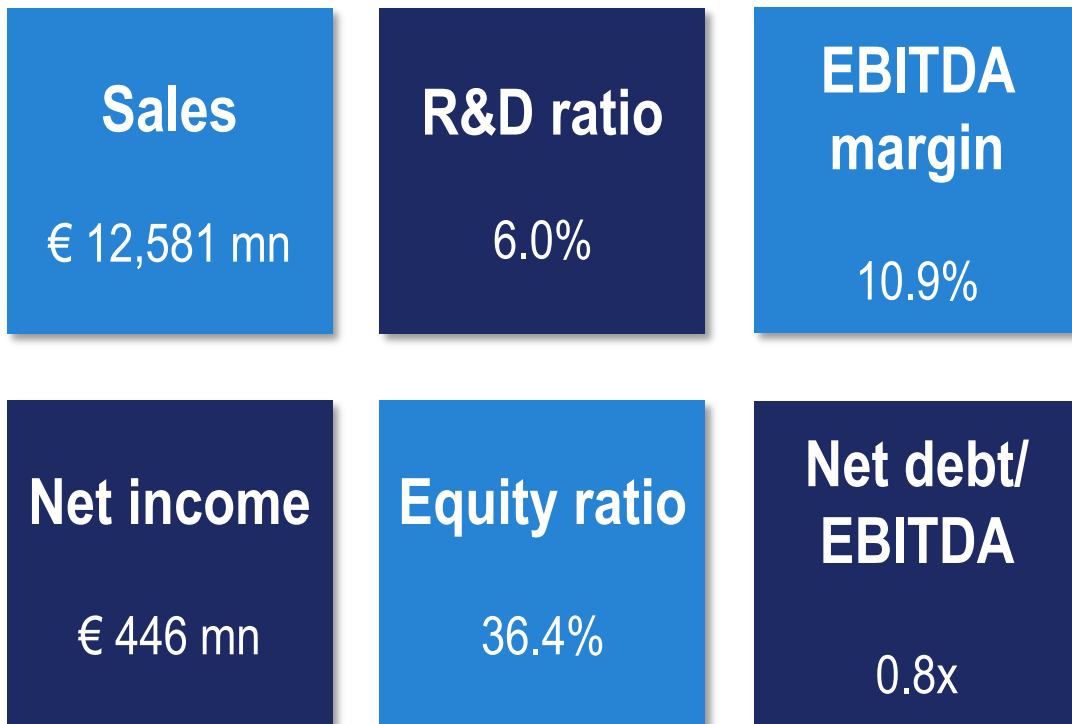


Transforming the organization

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

Strong organic sales growth and earnings positively affected by successful portfolio optimization

MAHLE Group – Key financials 2018

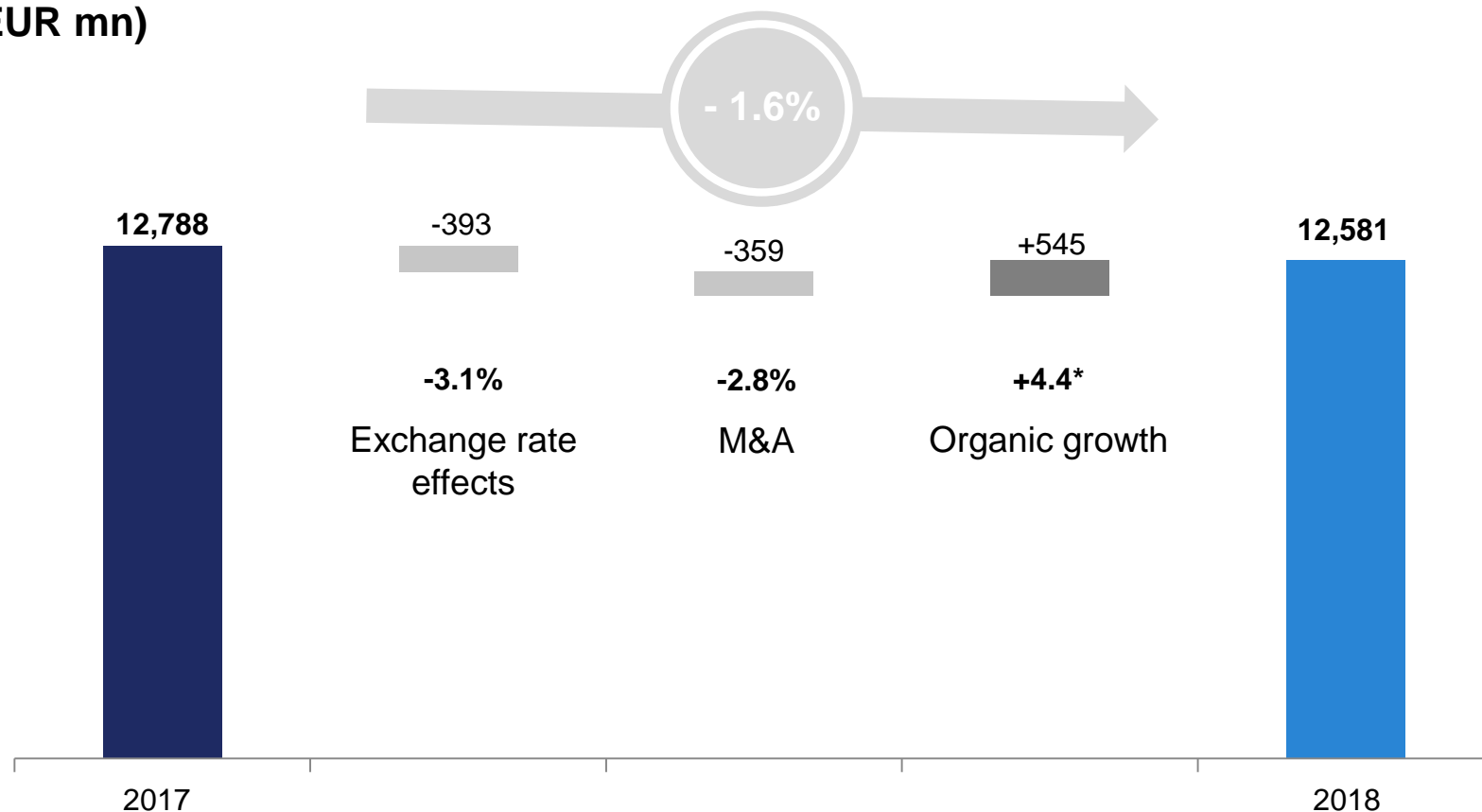


- Organic sales growth of 4.4% outperformed market decrease of 1.1%*
- Earnings are positively influenced by one-off effects
- R&D ratio stable on high level
- Equity ratio well above the internal minimum threshold of 33.0%
- Net debt/ EBITDA ratio improved significantly due to the sale of Joint Ventures and improved EBITDA

* Data provided by IHS Markit Copyright © 2019, Light Vehicles up to 6t

Organic growth in all business units balances the negative effects from FX and M&A

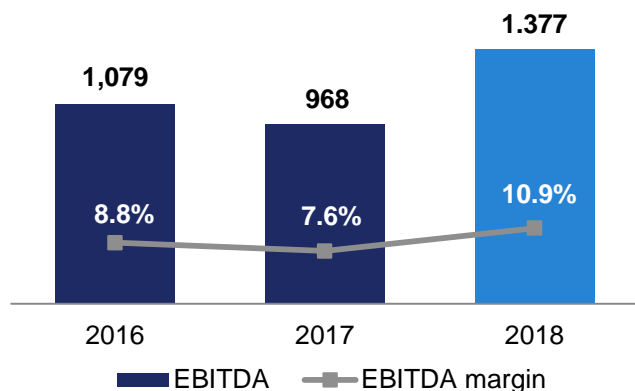
Sales (EUR mn)



* Note: To calculate the organic growth, sales from 2017 were adjusted for effects from deconsolidation.

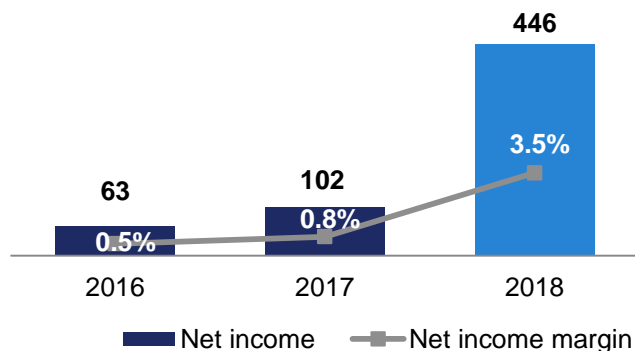
Earnings with positive impact from successful divestments of non core assets

EBITDA (EUR mn)*



- Increase in EBITDA compared to 2017 mainly due to the sale of HBPO** and BMTS*** and less warranty cases
- EBIT margin of 6.1% (German GAAP)
- In contrast to IFRS regular goodwill and purchase price allocation amortization affects EBIT with 1.1pp

Net income (EUR mn)



- Earnings negatively affected by increased material prices

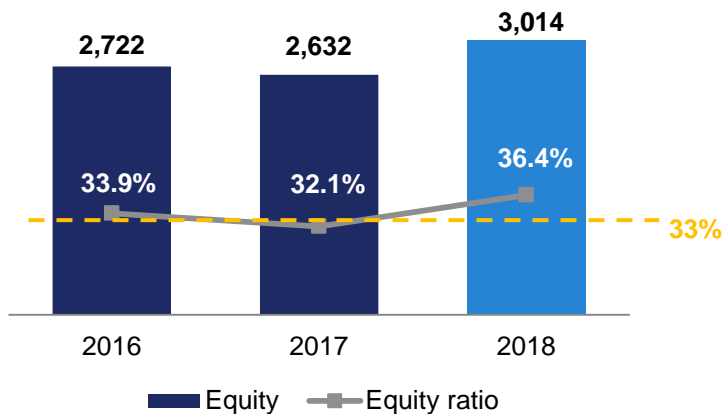
*since 2018: adjusted disclosure for 2017 and 2018 due to tax- and FX-effects

** Hella Behr Plastic Omnium

*** Bosch MAHLE Turbo Systems

Strong equity ratio of 36.4% well above our internal target ratio

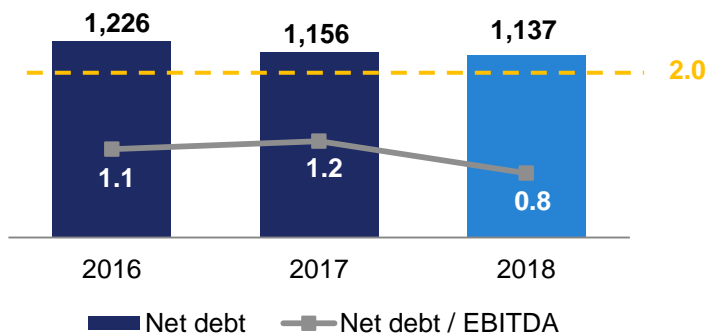
Equity (EUR mn)



- Rise in equity ratio mainly due to the sale of HBPO and less warranty liabilities and provisions

- Net debt/ EBITDA ratio improved significantly due to improved EBITDA

Net debt* (EUR mn)

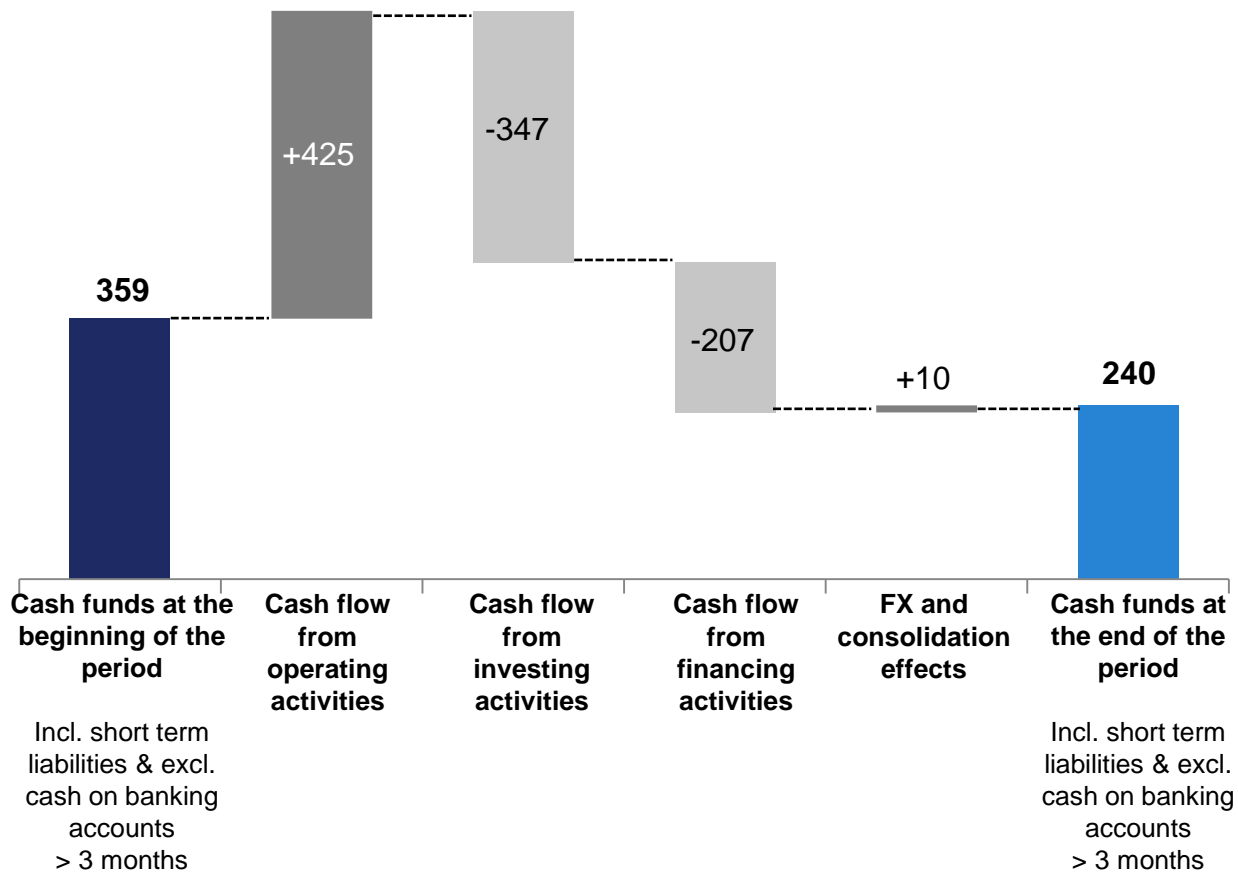


- **Commitment to implicit investment grade rating**

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

Operating cash flow influenced by the payment of warranty claims from last year

Cash flow development 2018 (EUR mn)



- Reduced cash flow from operating activities due to payment from last years one time warranty claims and increased working capital
- Cash flow from investing activities was mainly influenced by the sale of HBPO and BMTS and the acquisition of 5% of MAHLE Behr GmbH & Co. KG
- Liquidity surpluses were used to repay financial liabilities in the amount of EUR 139 mn

Market trends and strategic positioning

Innovations successfully evolve into series production



Hybrid

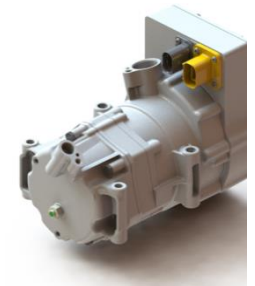
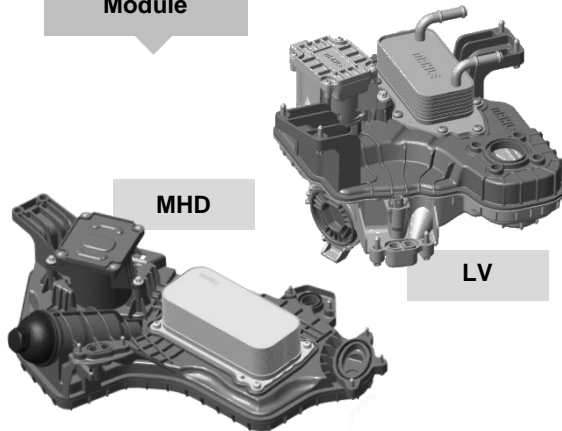
Battery Vehicle

Fuel Cell Vehicle

Oil Management Module

On-Board Charger

eCompressor

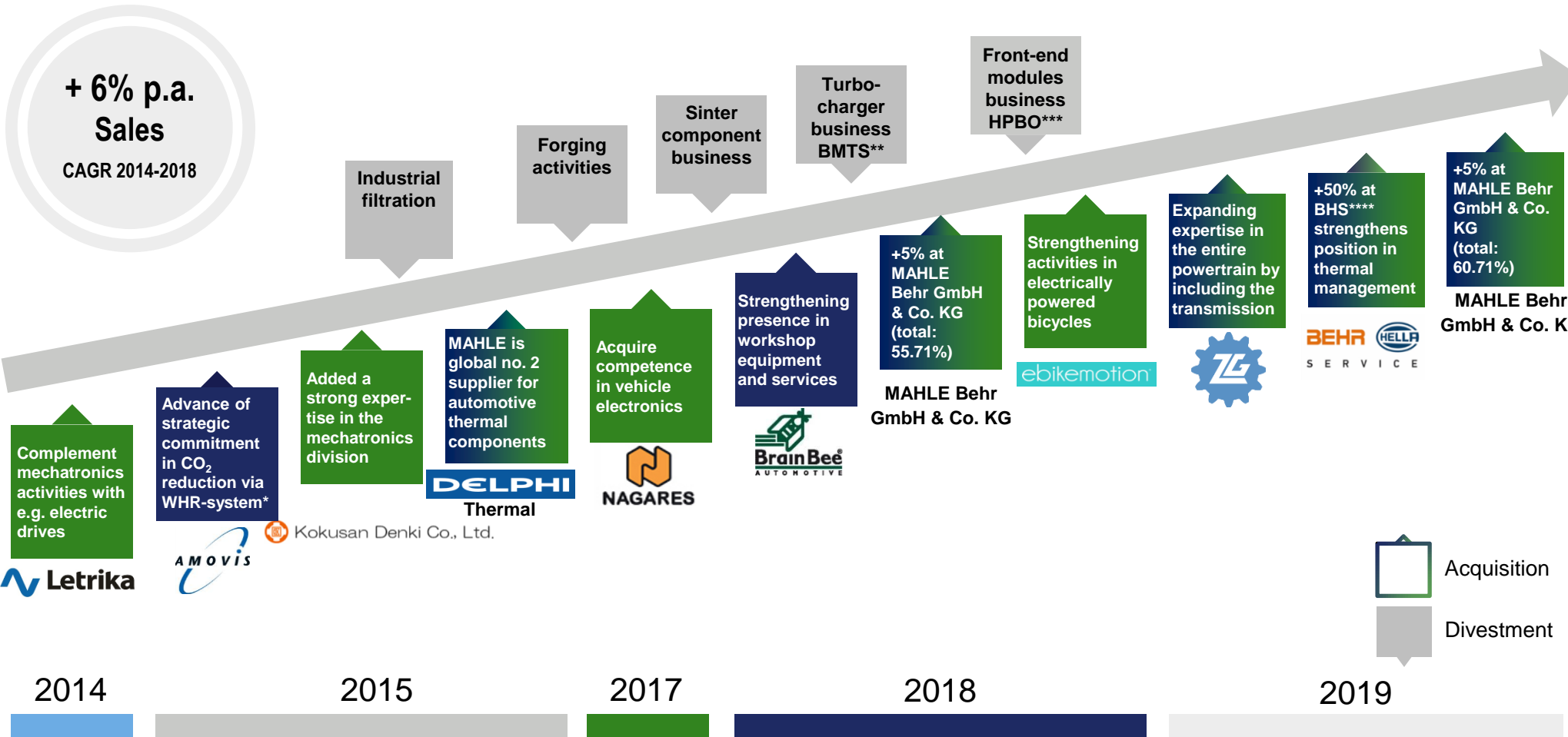


MAHLE's differentiated innovation portfolio addresses changing customer requirements.

Market trends and strategic positioning



Acquisitions improved MAHLE's depth of added value and led to new products after integration



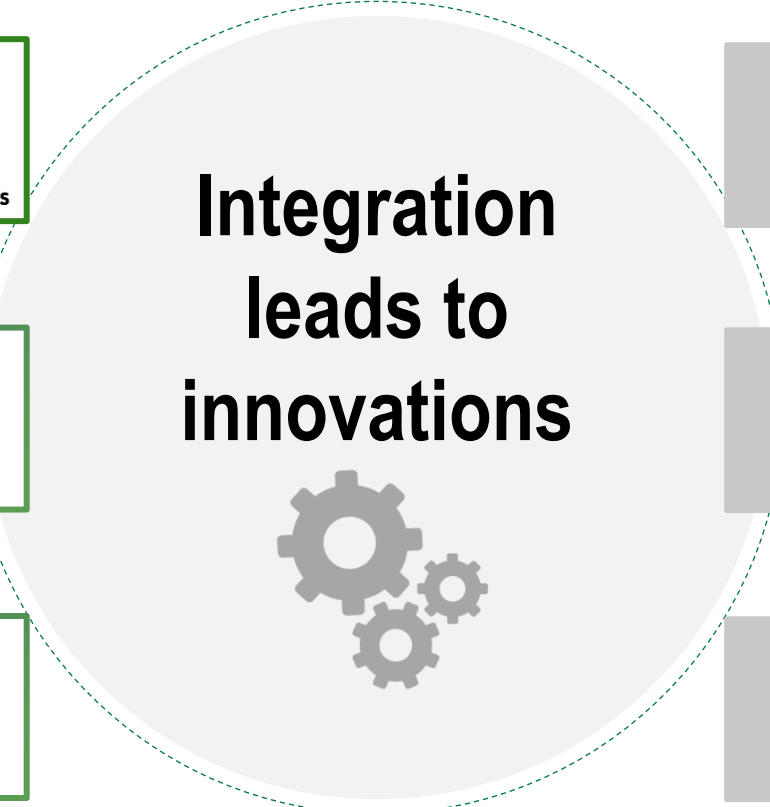
*Waste heat recovery ** Bosch MAHLE Turbo Systems *** Hella Behr Plastic Omnium **** Behr Hella Service

Market trends and strategic positioning

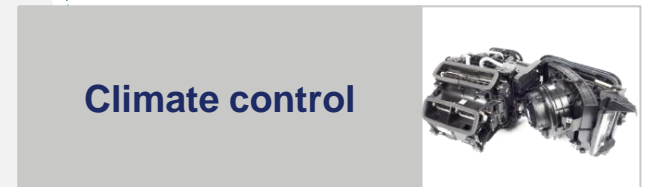
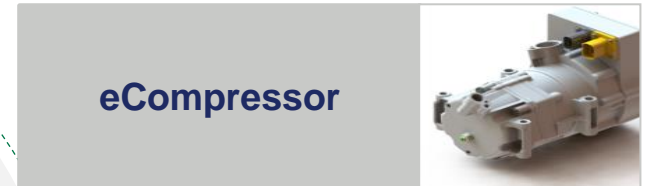
Acquisitions improved MAHLE's depth of added value and led to new products after integration



Acquisitions



New products

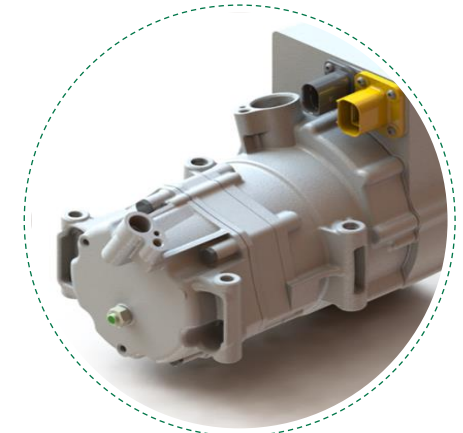


Strong investments in the expansion of plants accelerate MAHLE's transformation



First production plant for electric air conditioning compressors opened in Balassagyarmat / Hungary (Oct. 2018)

- Electric compressors remove the link between air conditioning systems and combustion engines
- Several customer projects have already been won



New research and development center for electronics opened in Valencia (Nov. 2018)

- Location expanded to become a global competence center for electronics



MAHLE organically strengthens its competence as systems supplier for eMobility

We shape future mobility – MAHLE is learning from new technologies

Game changing low weight pedelec drive systems

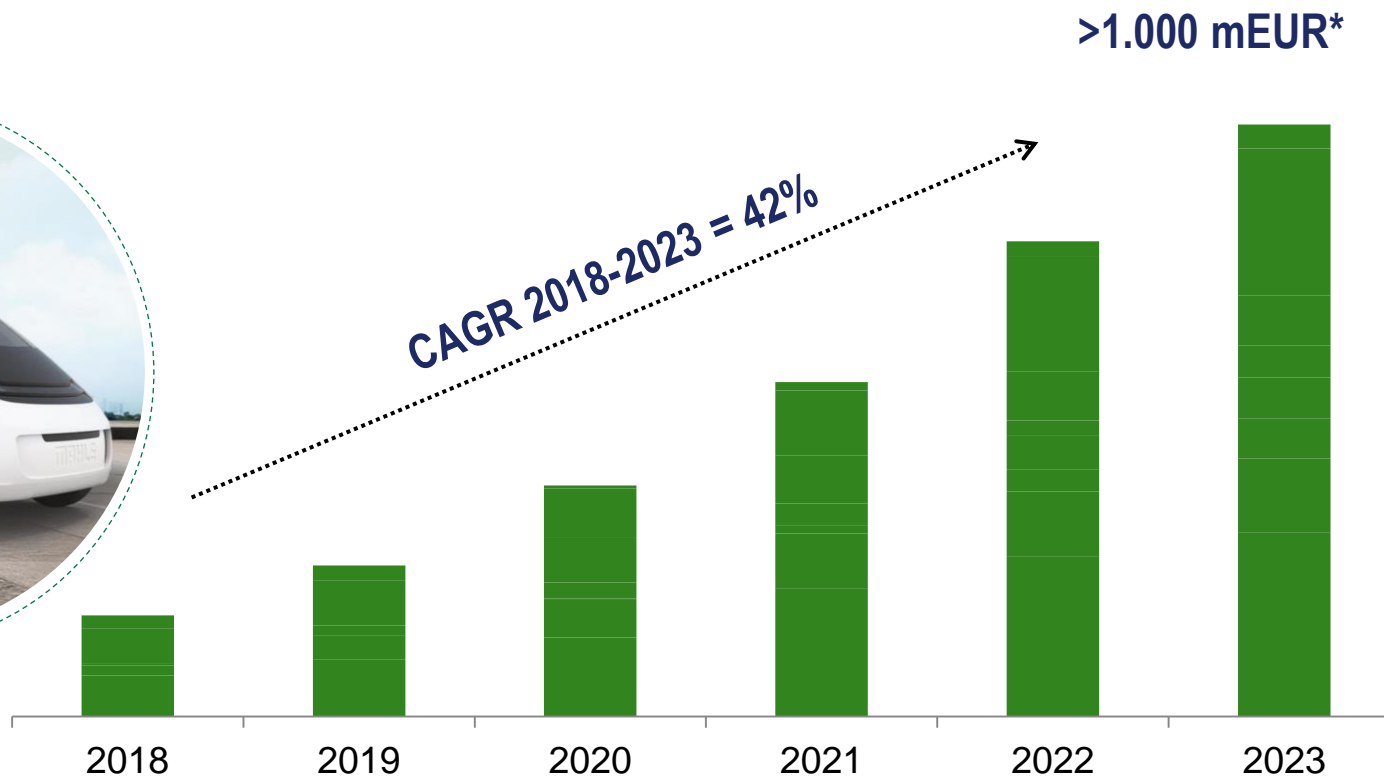


Intelligent distribution of available power with ChargeBIG



First orders of well-known customers confirm the demand

eMobility sales to reach 1 bn EUR over the next five years



MAHLE is participating with various products at Electrification Tendency. Expected growth in this segment will be higher 40% per year.

* Source: Internal sales planning data June 2018

Passenger cars and light commercial vehicles

Medium and heavy duty vehicles

Outlook vehicle markets*
(Forecast 2019 vs. 2018)

World market	-0.9%	↘
Europe	-2.3%	↘
North America	-1.6 %	↘
South America	+ 3.8%	↗
Asia/Pacific	+ 1.9%	↗
Middle East/ Africa	- 14.5%	↘

World market	- 1.4%	↘
Europe	+ 0.8%	↗
North America	+ 6.7%	↗
South America	+ 9.1%	↗
Asia/Pacific	- 4.8%	↘

Outlook MAHLE Group

- Continue to pursue our dual strategy
- 2019 Sales will be impacted by sale of HBPO
- Cost optimization program to support profitability
- Risks from political decisions may affect outlook negatively
- Risks from local and regional regulatory decisions concerning powertrain & automotive
- New debt issuance of EUR and USD Schuldschein in May/June 2019

* Source: Includes data provided by IHS, www.ihs.com; Copyright © [2019], LV Production May 2019 and MHD Production May 2019

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