



Investor Update Call – Results H1 2018 | September 19, 2018
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Driven by performance

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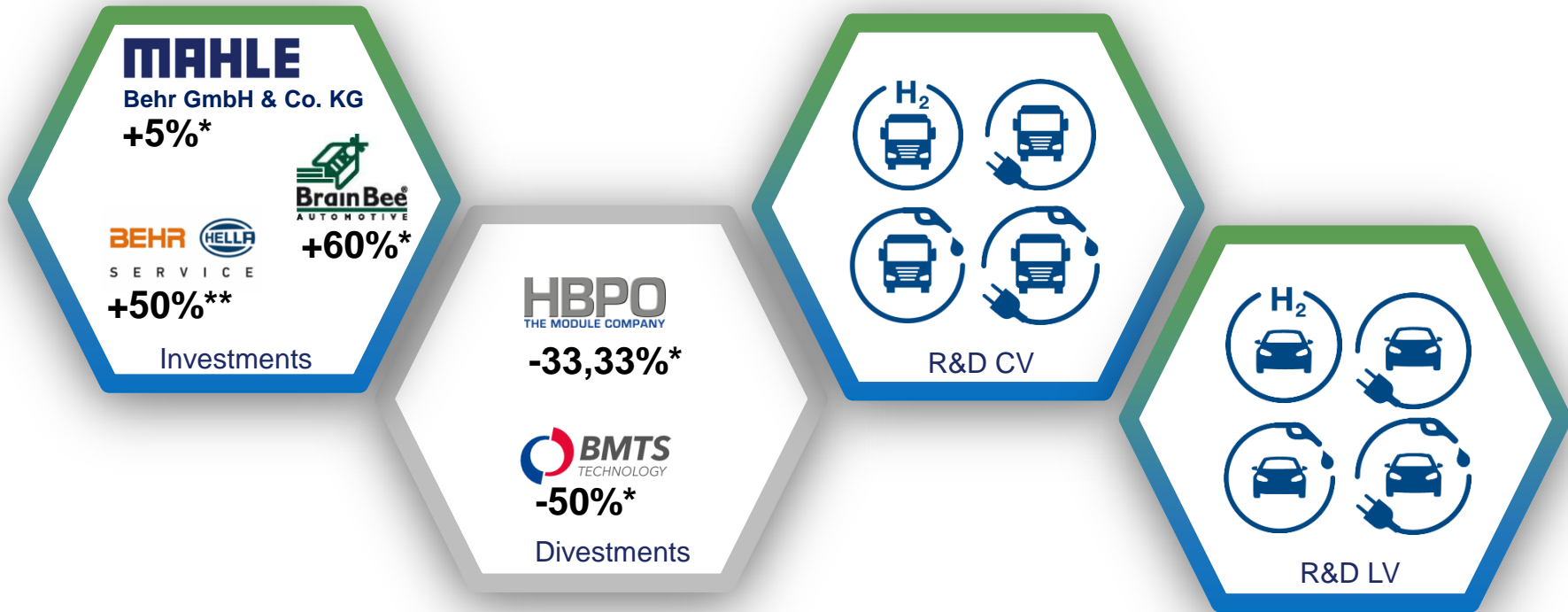
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Continued portfolio management and strong R&D in line with our dual strategy



Portfolio alignment

Innovation focus

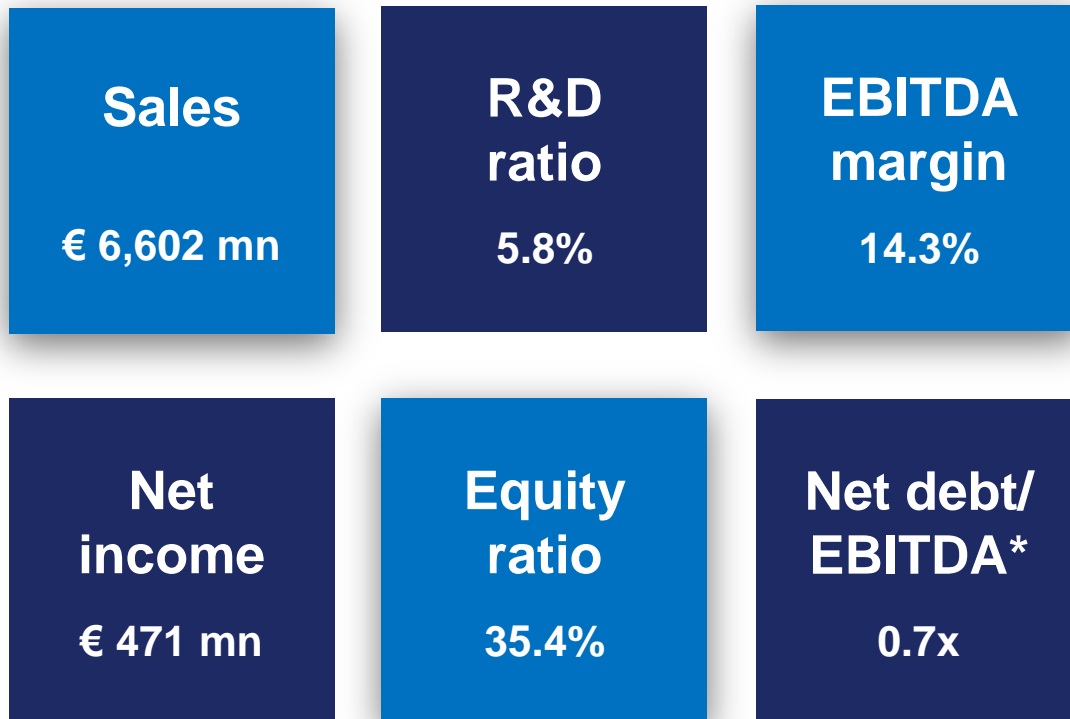


Divestments significantly impacted half-year results 2018

* Percentage of shareholding acquired/divested by MAHLE Group ** Still subject to the approval by the antitrust authorities

Strong organic sales growth of 6% accompanied by negative exchange rate effects

MAHLE Group – Key financials H1 2018

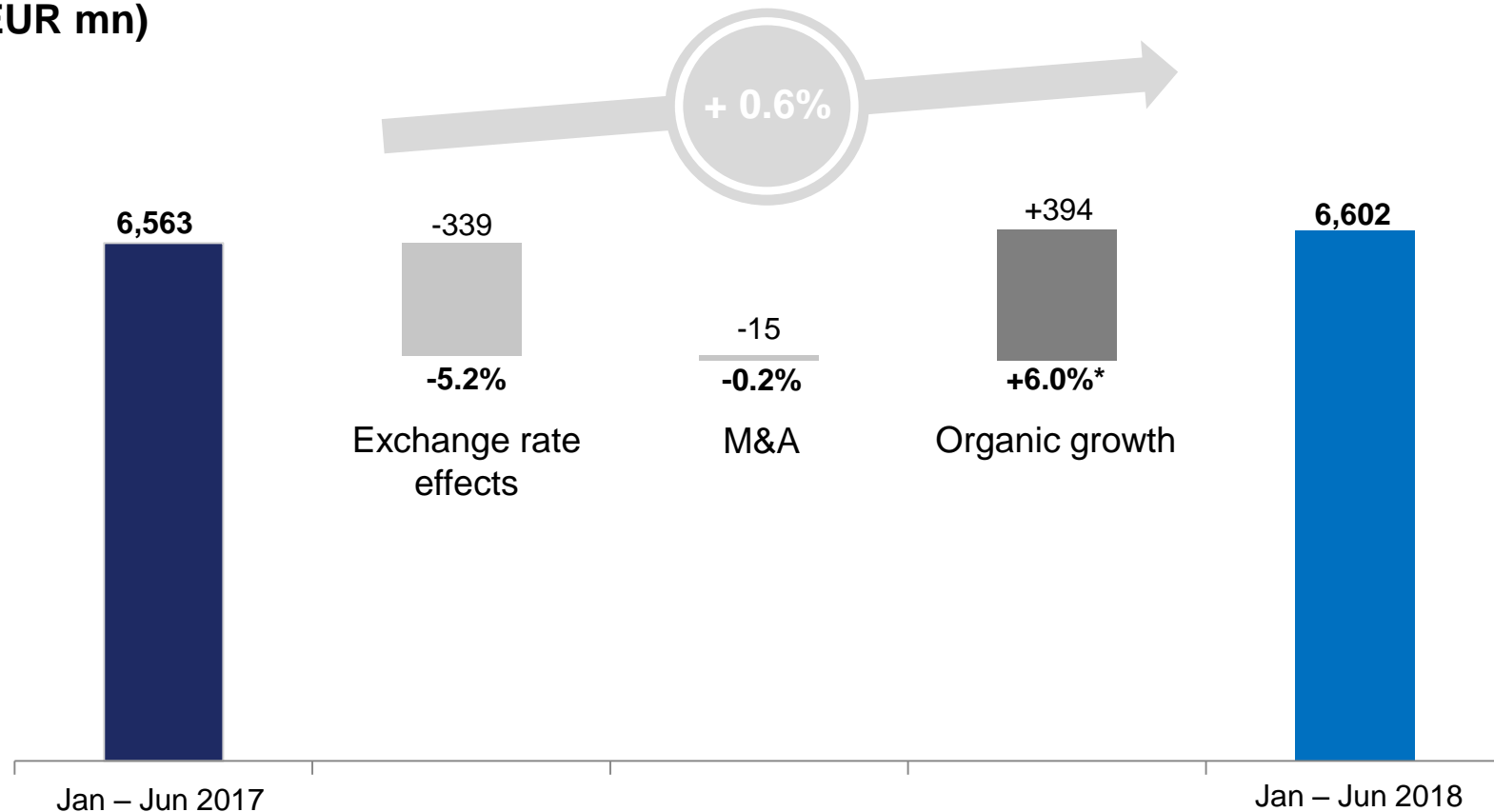


- Organic sales growth of 6.0% outperformed market growth of 1.7%**
- Earnings are positively influenced by one-off effects
- Equity ratio above the internal target of 33.0%
- Net debt/ EBITDA ratio improved significantly due to the sale of Joint Ventures and improved EBITDA

* EBITDA for H1 2018 calculated on the basis of trailing 12 months EBITDA

** According to IHS light vehicle production H1 2018 +1.7%

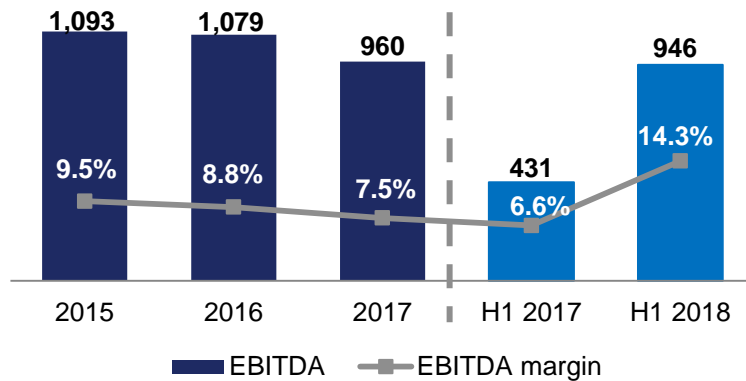
Sales (EUR mn)



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

Earnings increased due to positive effects from our portfolio management

EBITDA (EUR mn)



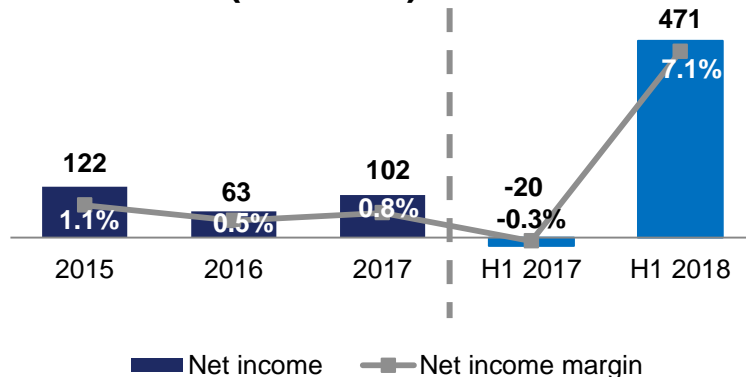
- Increase in EBITDA compared to H1 2017 mainly due to the sale of HBPO* and BMTS** and less one-off effects from warranty cases

- 8.8 % EBITDA margin adjusted for the effects from HBPO and BMTS sales

- EBIT margin of 9.3% (4.1% adj. for HBPO and BMTS sales) is impacted by amortization of goodwill and purchase price allocation from past acquisitions by 1.1pp

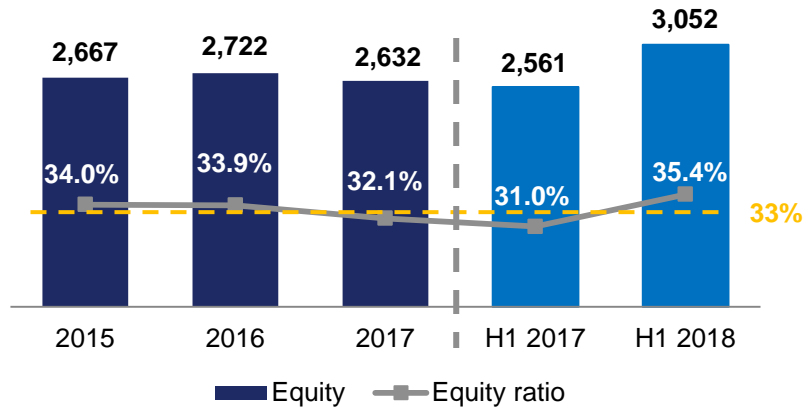
- Earnings negatively impacted by increased material prices

Net income (EUR mn)



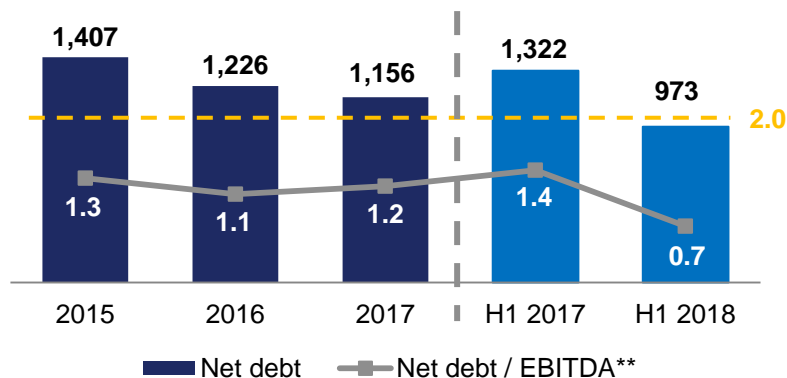
* Hella Behr Plastic Omnium ** Bosch MAHLE Turbo Systems

Equity (EUR mn)



- Rise in equity ratio mainly due to the sale of HBPO
- Net debt/ EBITDA ratio improved significantly due to higher cash position and improved EBITDA

Net debt* (EUR mn)

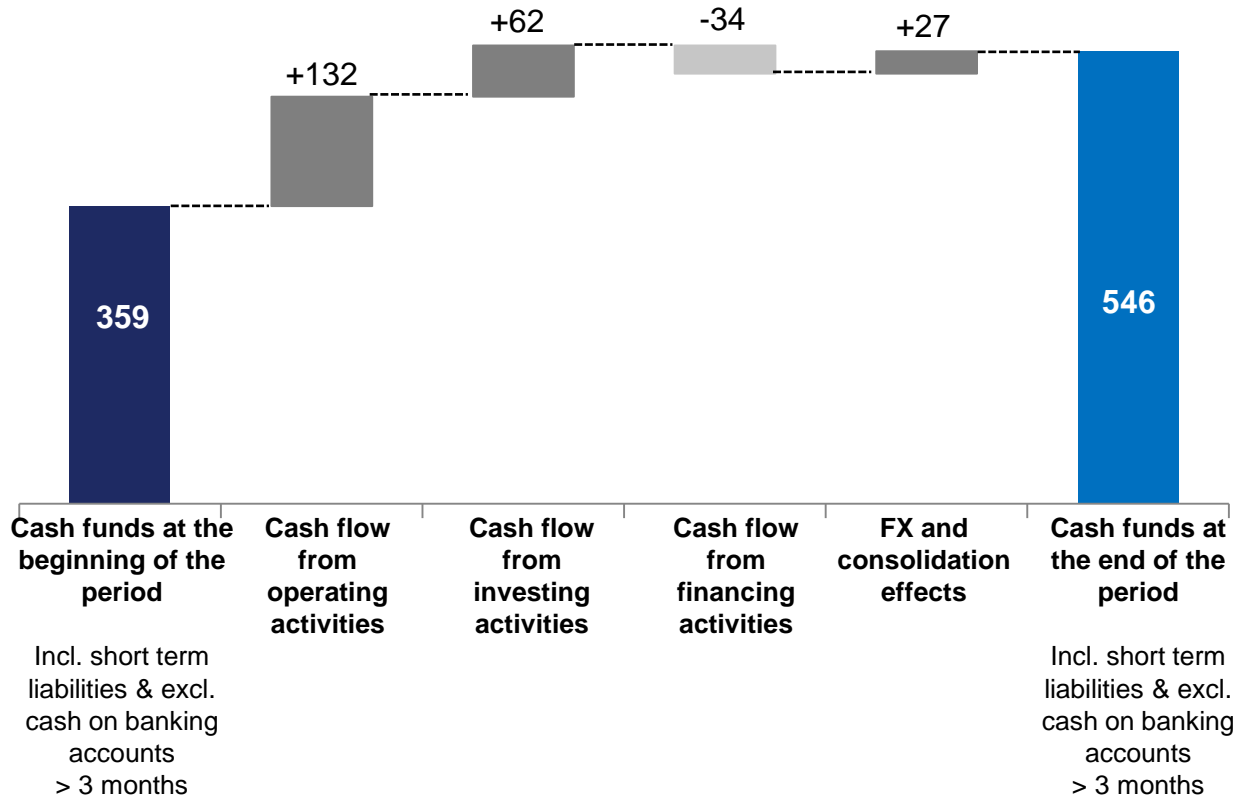


- Commitment to implicit investment grade rating

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

** EBITDA for H1 2017 calculated on the basis of trailing 12 months EBITDA

Cash flow development H1 2018 (EUR mn)



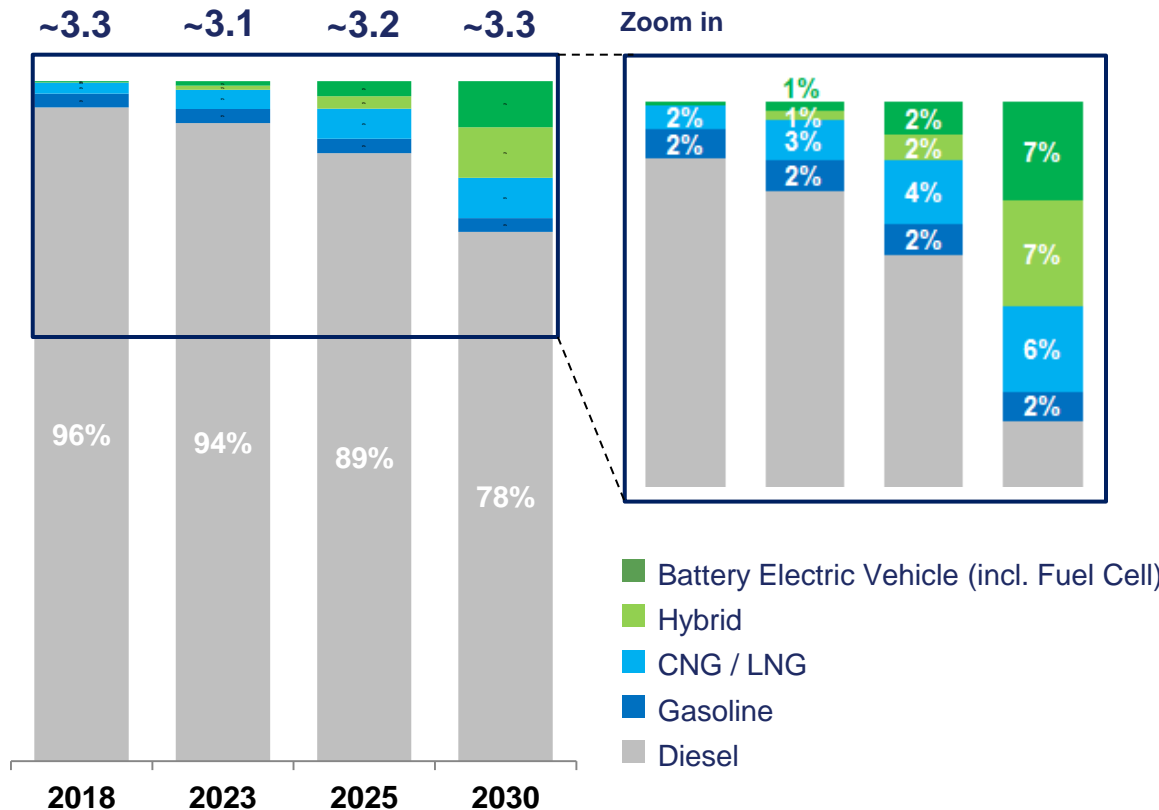
- Reduced cash flow from operating activities due to payment from last years warranty claims and increased working capital
- Cash flow from investing activities was mainly influenced by the sale of shares in HBPO and BMTS and the acquisition of 5% of MAHLE Behr GmbH & Co. KG and 60% of Brain Bee
- Investments in property, plant, and equipment amounting to EUR 230 mn remain at last years level

* Free cash flow = Cash flow from operating activities + cash flow from investing activities

Increasing diversity of MHD powertrain solutions with still prevailing proportion of diesel

Base scenario: middle and heavy duty truck production*

(> 6 tons, in million units)



- MAHLE is able to supply the necessary technology for all types of commercial vehicle powertrains
- Continuous increase in efficiency as a key to sustainability
- Toll and EU-emission regulations increase Total Cost of Ownership especially for diesel
- With the rising oil price, the line of profitability of alternative powertrains is approaching
- Hydrogen prices and mass production can improve the Total Cost of Ownership of Fuel Cell Vehicles

* Source: MAHLE MHD Truck Powertrain Scenarios >6t, MAHLE FC 07-2018; This scenario does not include information about buses.

Market trends and strategic positioning

Innovative technologies for the global commercial vehicle powertrain mix of the future

MAHLE

Driven by performance

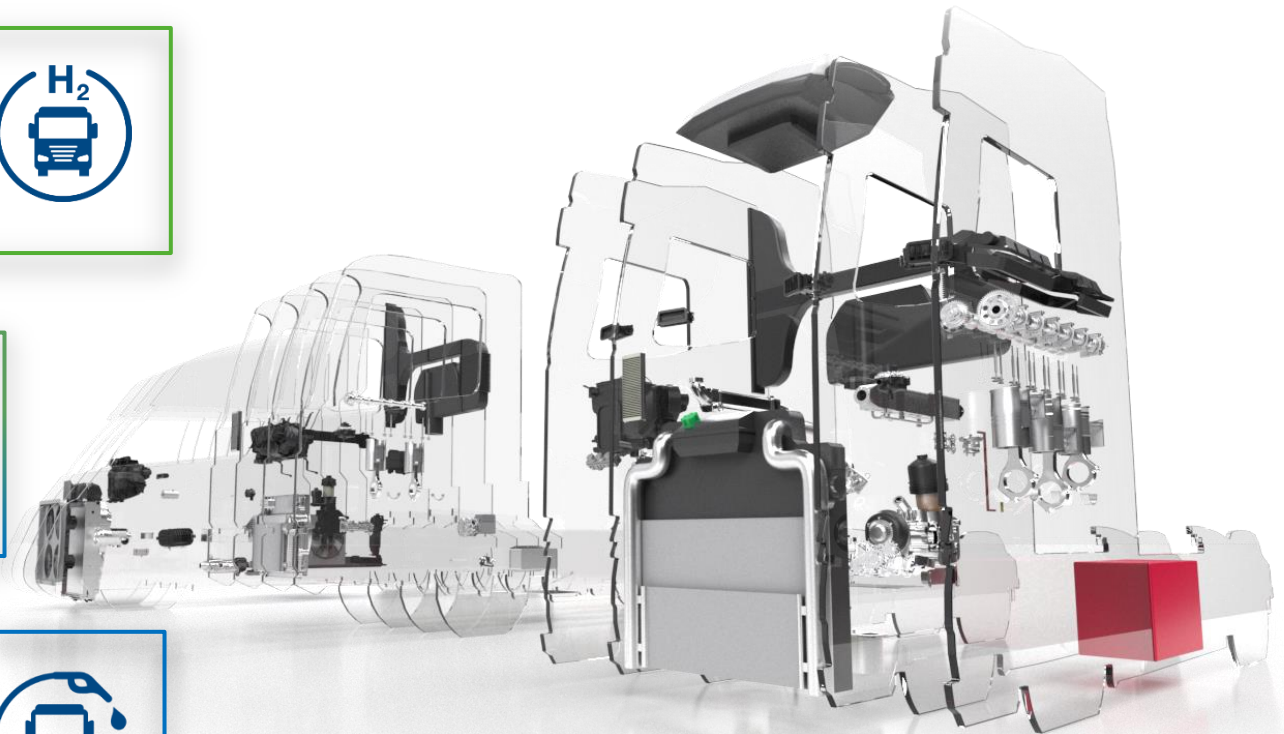
- ▶ Flat Membrane Humidifier
- ▶ e-Compressor
- ▶ Charge Air Cooler
- ▶ Fuel Cell Monitor Modul



- ▶ Visco® Hybrid Fan Drive
- ▶ Demand-based Battery Conditioning



- ▶ e-Waste Heat Recovery
- ▶ Oil-free Brake Compressor
- ▶ Thermal Piston Coatings
- ▶ Variable Valve Train System



MAHLE is well prepared for a broad spectrum of drive architectures and applications

Outlook vehicle markets*
(Forecast 2018 vs. 2017)

Passenger cars and light commercial vehicles

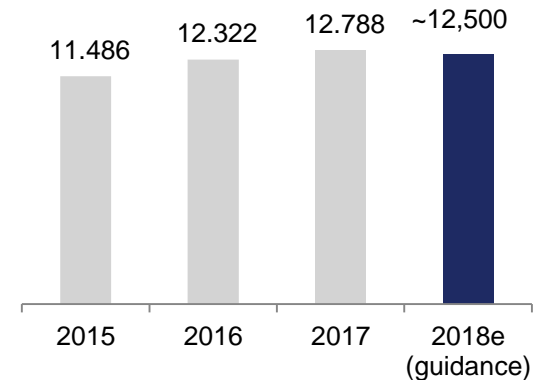
World market	+ 2.1%	➔
Europe	+ 1.7%	➔
North America	+ 0.7 %	➔
South America	+ 10.3%	➔
Asia/Pacific	+ 2.0%	➔
Middle East/ Africa	+ 5.5%	➔

Medium and heavy duty vehicles

World market	+ 1.4%	➔
Europe	+ 3.7%	➔
North America	+ 10.3%	➔
South America	+ 11.7%	➔
Asia/Pacific	- 1.7%	➔

Outlook MAHLE Group

- Slight decrease in sales due to the sale of HBPO
- Equity ratio expected to remain above 33%
- Further pursue our dual strategy
- Risks from exchange rates and political decisions may affect outlook negatively



* Source: Includes data provided by IHS, www.ihs.com; Copyright © [2018], LV Production August 6th 2018 and MHD Production August 6th 2018

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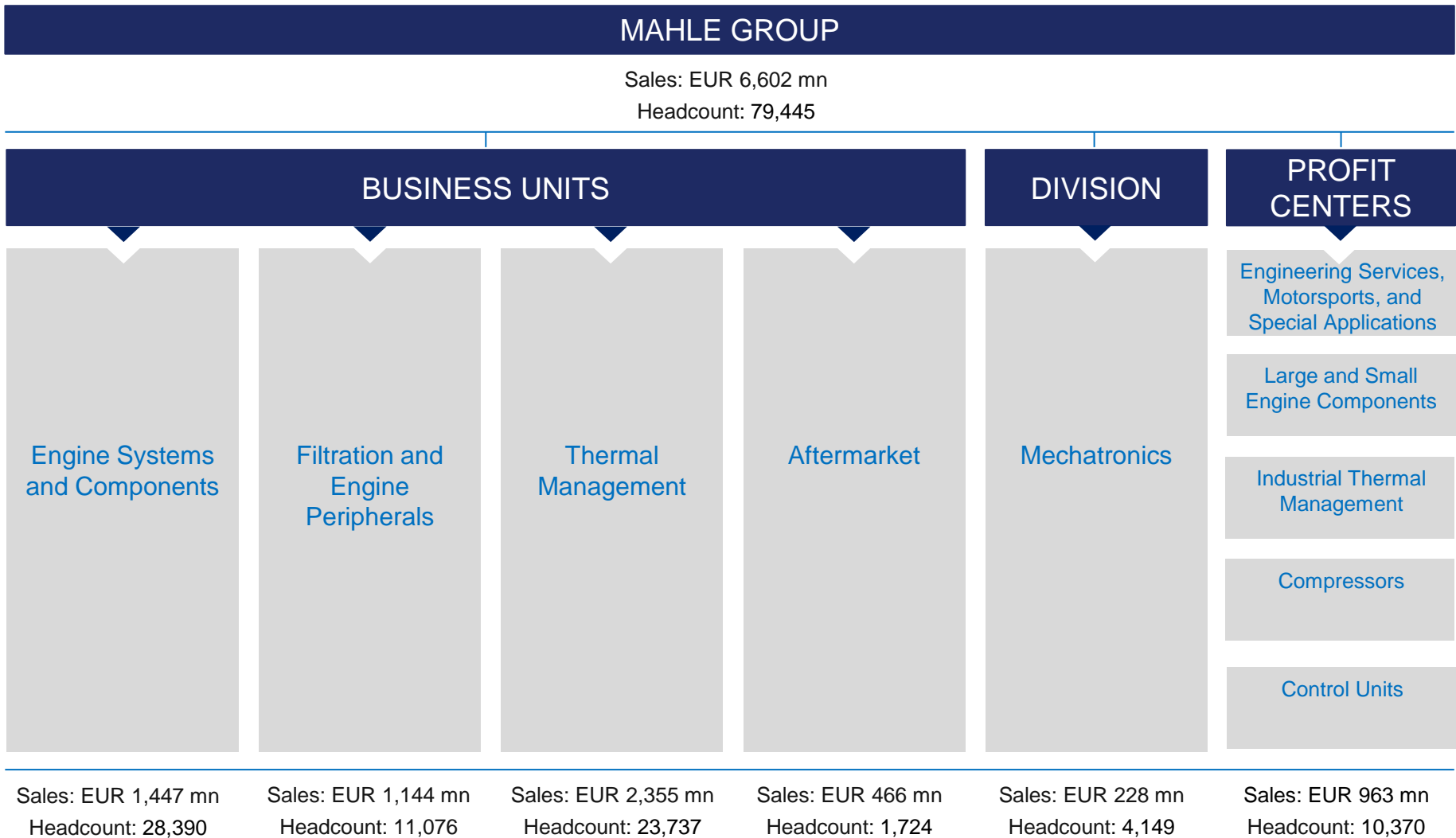
APPENDIX

Group structure reflects diversified product portfolio

(As of Jun 30, 2018)



Driven by performance



Sales split H1 2018
Total: EUR 6.6 bn

Division

Mechatronics
3.5% (→)
(+0.4pp)

Profit Centers
14.6% (→)
(-0.1pp)

Engine Systems and Components
21.9% (→)
(-0.5pp)

After-market
7.1% (→)
(-0.5pp)

By business unit

Thermal Management
35.7% (→)
(+0.9pp)

Filtration and Engine Peripherals
17.3% (→)
(-0.1pp)

Region

Africa
0.4% (→)
(0.0pp)

Asia/Pacific
19.4% (→)
(+0.5pp)

Europe
49.1% (→)
(+0.1pp)

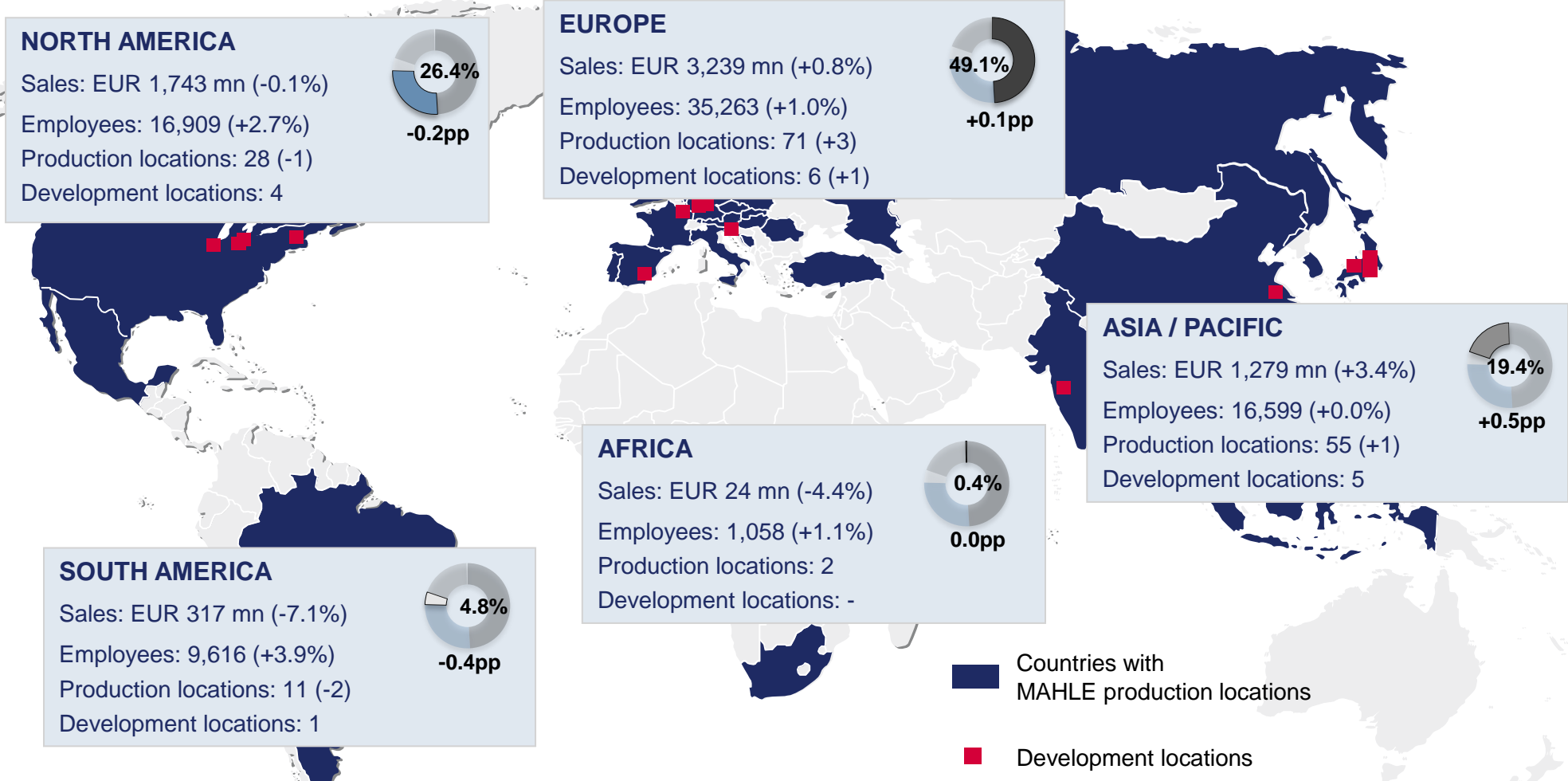
South America
4.8% (→)
(-0.4pp)

By region

North America
26.4% (→)
(-0.2pp)

(→) (→) (→) and (pp) = Sales share H1 2018 vs. H1 2017

MAHLE is present in all global core markets enhancing its well-balanced footprint



Note: Sales and Headcount figures as of June 30, 2018, Locations as of Dec 31, 2017
 Sales by country of origin compared to H1 2017, Employees by region compared to Dec 31, 2017 incl. development locations and sales branches

Income statement (key figures)

	ACTUAL 1-6/2017		ACTUAL 1-12/2017		ACTUAL 1-6/2018		CHANGE
	in million EUR	in % of sales	in million EUR	in % of sales	in million EUR	in % of sales	in million EUR
Sales	6,562.9	100.0%	12,788.0	100.0%	6,602.4	100.0%	39.5
Cost of sales and other income and expenses	-6,131.9	-93.4%	-11,827.6	-92.5%	-5,656.5	-85.7%	475.4
EBITDA	431.0	6.6%	960.5	7.5%	945.9	14.3%	514.9
Depreciation / amortization of tangible and intangible assets (incl. goodwill) & longterm loans and securities	-300.6	-4.6%	-605.3	-4.7%	-329.5	-5.0%	-28.9
EBIT	130.4	2.0%	355.2	2.8%	616.4	9.3%	486.0
Investment result	-3.7	-0.1%	9.7	0.1%	-3.3	0.0%	0.4
Result from interest (incl. pensions)	-57.5	-0.9%	-102.4	-0.8%	-58.3	-0.9%	-0.8
Result from business activities	69.2	1.1%	262.5	2.1%	554.8	8.4%	485.6
Taxes on income	-71.9	-1.1%	-124.9	-1.0%	-66.9	-1.0%	5.0
Result after taxes	-2.7	0.0%	137.6	1.1%	487.9	7.4%	490.6
Other taxes	-17.4	-0.3%	-35.4	-0.3%	-17.2	-0.3%	0.2
Consolidated net loss / net income	-20.1	-0.3%	102.2	0.8%	470.7	7.1%	490.8

	ACTUAL 06/30/2017		ACTUAL 12/31/2017		ACTUAL 06/30/2018		CHANGE
	in million EUR	%	in million EUR	%	in million EUR	%	in million EUR
Intangible assets	618.5	7.5%	543.8	6.6%	601.4	7.0%	57.6
Property, plant, and equipment	2,929.8	35.4%	3,008.9	36.7%	2,971.3	34.5%	-37.6
Financial assets	115.2	1.4%	149.1	1.8%	102.7	1.2%	-46.4
Inventories	1,315.8	15.9%	1,324.7	16.2%	1,415.7	16.4%	91.0
Receivables and other assets	2,488.0	30.1%	2,341.6	28.6%	2,483.6	28.8%	142.0
Cash and cash equivalents	498.4	6.0%	503.6	6.1%	710.8	8.2%	207.2
Prepaid expenses	34.9	0.4%	23.6	0.3%	34.7	0.4%	11.1
Deferred tax assets	204.7	2.5%	226.4	2.8%	235.4	2.7%	9.0
Plan assets	69.1	0.8%	73.4	0.9%	67.3	0.8%	-6.1
Total	8,274.4	100.0%	8,195.1	100.0%	8,622.9	100.0%	427.8

	ACTUAL 06/30/2017		ACTUAL 12/31/2017		ACTUAL 06/30/2018		CHANGE
	in million EUR	%	in million EUR	%	in million EUR	%	in million EUR
Equity	2,561.0	31.0%	2,632.1	32.1%	3,051.7	35.4%	419.6
Badwill	1.4	0.0%	0.0	0.0%	0.0	0.0%	0.0
Accruals for pensions and similar obligations	567.5	6.9%	577.8	7.1%	626.8	7.3%	49.0
Other accruals	1,640.6	19.8%	1,515.2	18.5%	1,546.2	17.9%	31.0
Bonds	829.0	10.0%	829.0	10.1%	829.0	9.6%	0.0
Liabilities to banks	990.8	12.0%	830.3	10.1%	854.4	9.9%	24.1
Trade payables	1,232.3	14.9%	1,233.9	15.1%	1,234.0	14.3%	0.1
Other liabilities	451.8	5.5%	576.9	7.0%	480.8	5.6%	-96.1
Total	8,274.4	100.0%	8,195.1	100.0%	8,622.9	100.0%	427.8

Abbreviated cash flow statement

[in million EUR]

	ACTUAL 1-6/2017	ACTUAL 1-12/2017	ACTUAL 1-6/2018	CHANGE
Cash funds at beginning of period	161.2	161.2	359.1	197.9
Cash flows from operating activities	244.4	765.5	131.9	-112.5
Cash flows from investing activities	-311.0	-652.0	62.1	373.0
Cash flows from financing activities	171.7	26.4	-33.9	-205.5
Total cash flow	105.1	139.9	160.1	55.0
Change in cash funds from exchange rate movements and valuation procedures	5.6	58.0	27.0	21.4
Change in cash funds from changes in the consolidation group	0.0	0.0	0.0	0.0
Cash funds at end of period	271.9	359.1	546.2	274.3

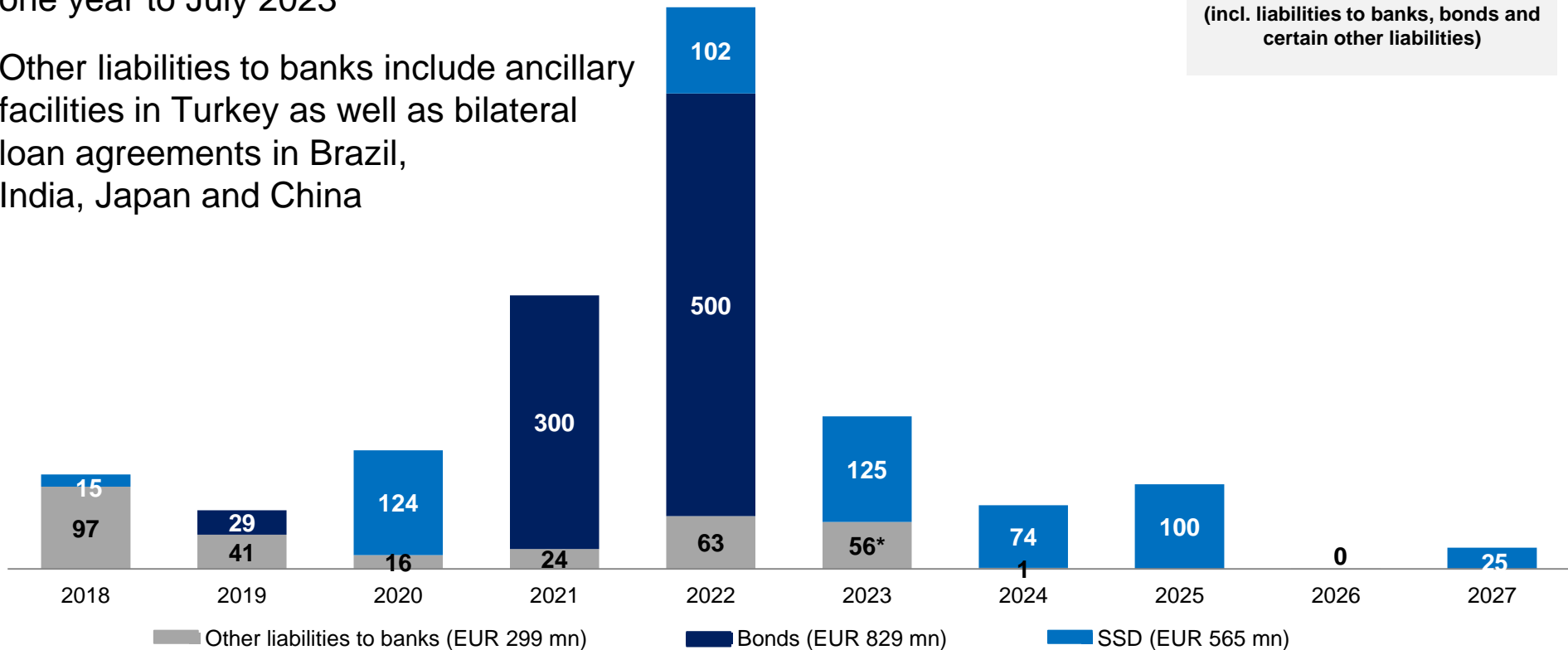
Well balanced maturity profile and diversified funding mix with different debt instruments



Driven by performance

- MAHLE has continuously increased and diversified its investor base
- Maturity of EUR 1,600 mn RCF has been extended by one year to July 2023
- Other liabilities to banks include ancillary facilities in Turkey as well as bilateral loan agreements in Brazil, India, Japan and China

Total financial liabilities:
EUR 1,693 mn
 (incl. liabilities to banks, bonds and certain other liabilities)



* EUR 46,4 mn of other liabilities to banks represent short-term drawdowns from RCF maturing in 2023

RCF = Revolving Credit Facility SSD = Schuldscheindarlehen

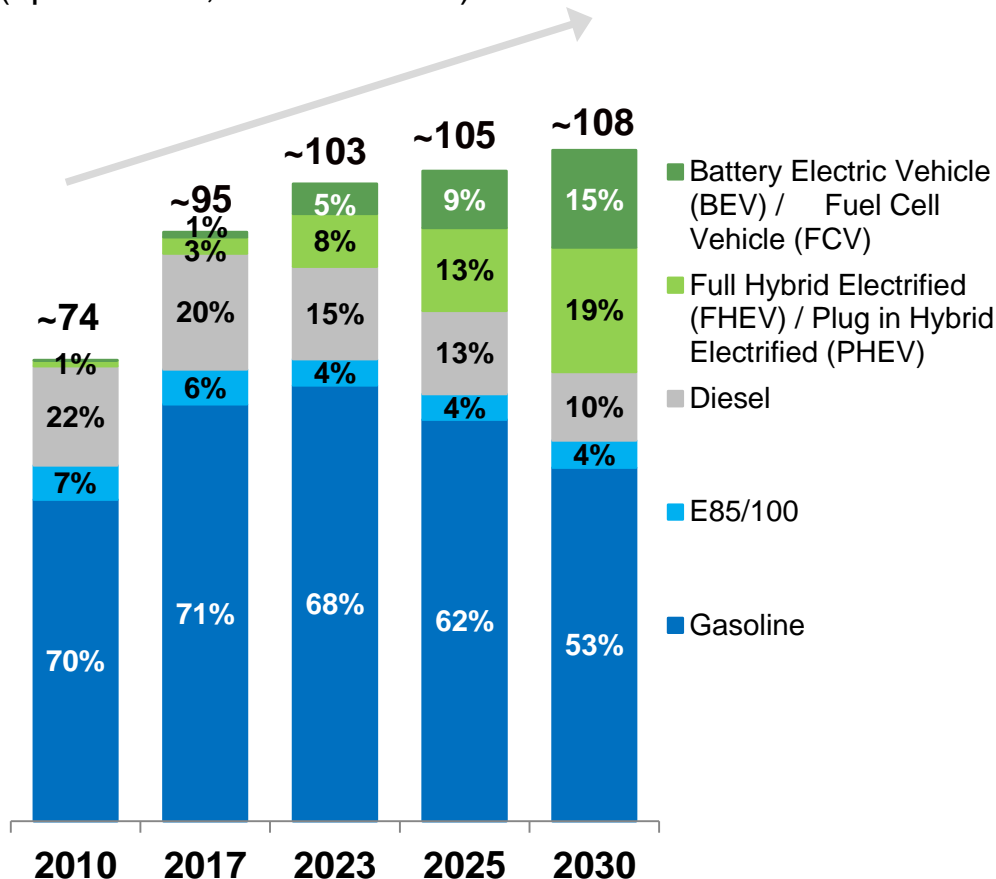
Increasing diversity of powertrain solutions in a growing market



Driven by performance

Base scenario: global light vehicle production

(up to 6 tons, in million units)



- Gasoline will still represent main fuel type in 2030
- Significant global reduction of diesel
- Further reduction of fuel consumption via high-efficiency engines and increasing electrification
- Growing powertrain complexity drives demand for integrated system solutions
- Alternative powertrains require specific thermal management solutions (e.g. for EV and FCV)
- Potential to increase sales per vehicle, especially with hybrids

*FHEV / PHEV incl. REEV; Diesel incl. S/S and Diesel Mild Hybrid; E85/100 incl. Flex Fuel; Gasoline incl. S/S, CNG/LNG and Gasoline Mild Hybrid

Dual Strategy – focus on existing market position and future mobility trends



**HIGHLY EFFICIENT
COMBUSTION ENGINES**



EMERGING MARKETS



HVAC



THERMAL MANAGEMENT



ELECTRIC AUXILIARIES



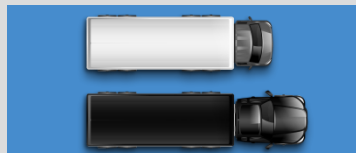
**ELECTRIC DRIVE
SYSTEMS**



POWER ELECTRONICS



NEW PROJECTS



**COMMERCIAL VEHICLES
& OFF-HIGHWAY**



AFTERMARKET

Strengthen our existing market position

Shape the future in a changing mobility world

Acquisitions 2017/18

NAGARES, Spain 	Vehicle control electronics
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O-Flexx, Germany 	Thermo-electrics technology
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BrainBee, Italy 	Workshop equipment and services
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+5% at MAHLE Behr GmbH & Co. KG, Germany	Automotive thermal components
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- Focus on core business areas & strong market position
- Continuous development of products for future mobility
- Strengthening system solution products
- Investment Focus:
 - Thermal Management
 - Mechatronics
 - Electrification
 - Aftermarket

Divestments 2017/18

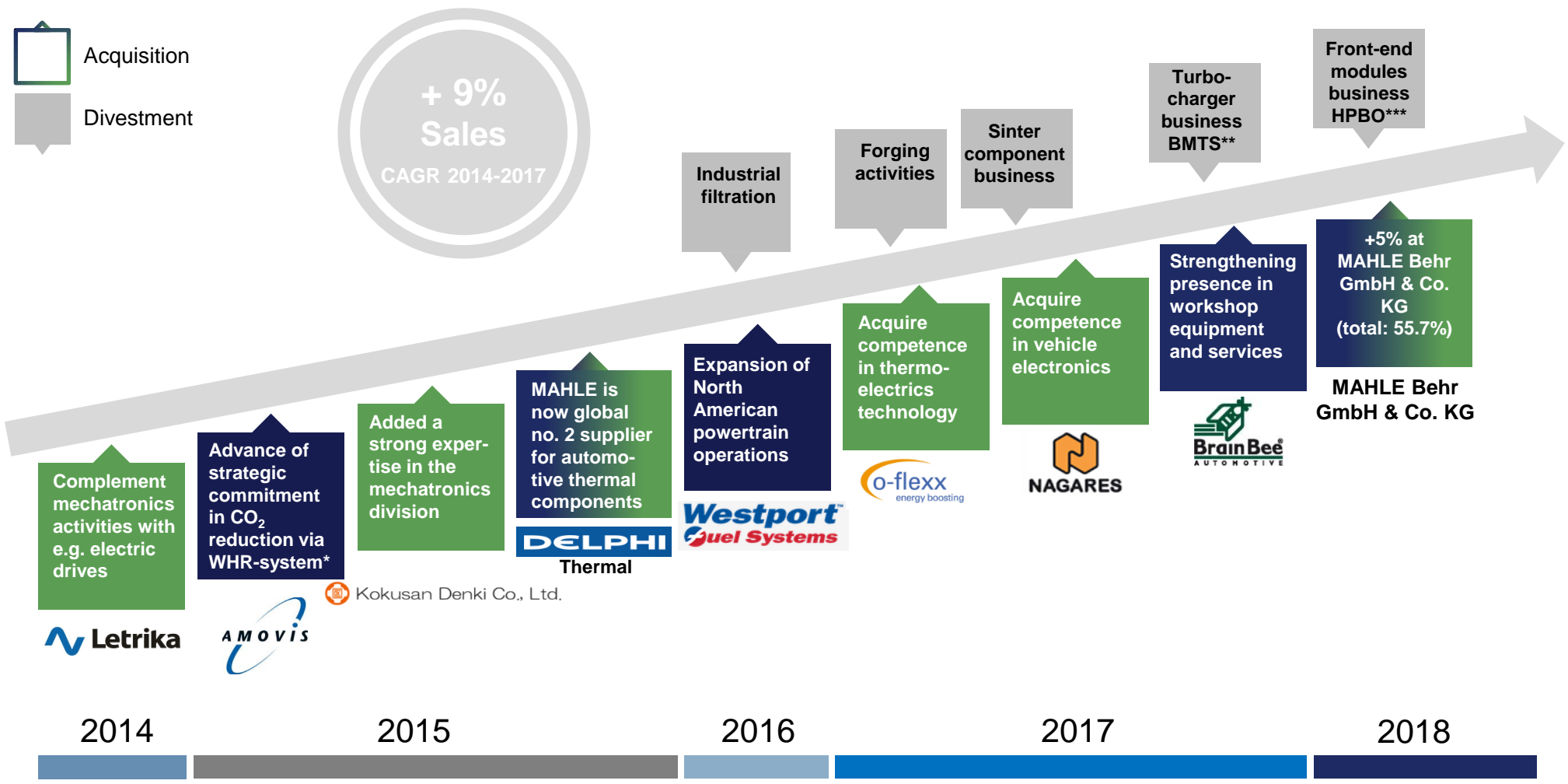
Forging activities	Non-core business
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Sinter component activities	Non-core business
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Turbochargers BMTS (Bosch MAHLE Turbo Systems)	Targeted market position not achieved
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Front-end modules HBPO (Hella Behr Plastic Omnium)	Non-core business
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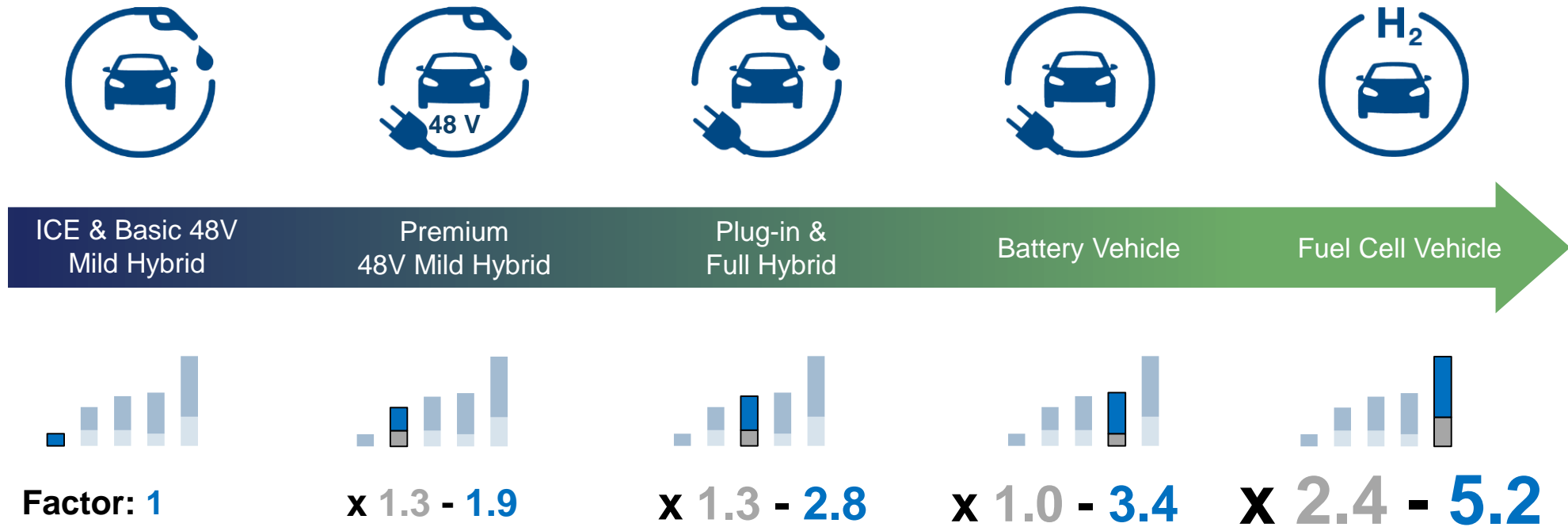
Strategic evolution of business portfolio



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

Electrification offers potential for more MAHLE content in light vehicles

MAHLE CPV potential*



MAHLE's growth drivers: higher value-added adaptive and new technologies

* Range depending on future market share and strategic decisions regarding the product portfolio. CPV = Content per light vehicle; ICE = Internal Combustion Engine

Global light vehicle production expected to grow, truck market shrinks due to cyclical slowdown in China

Production of Passenger Cars and Light Commercial Vehicles [in million pcs.]

Region	Forecast 2019	Forecast 2018	% Change
World market	99.5	97.1	+2.5 %
Europe	22.7	22.6	+0.6 % ²
North America	17.4	17.2	+1.1 %
South America	4.0	3.6	+10.3 %
Asia/Pacific	52.9	51.0	+3.8 %
Middle East / Africa	2.5	2.8	-7.5 %

Production of Medium and Heavy Duty Vehicles and Buses (>6t) [in thousand pcs.]

Region	Forecast 2019	Forecast 2018	% Change
World market (incl. Middle East/Africa)	3,653	3,780	-3.4 %
Europe	709	688	+3.1 % ²
North America	594	594	+0.0 %
South America	135	126	+7.2 %
Asia/Pacific	2,214	2,372	-6.7 %

¹ Comparison Forecast 2018 with Actual 2017 ² Comparison Forecast 2019 with Forecast 2018

Source: Includes data provided by IHS, www.ihs.com; Copyright © [2018], LV Production August 6th 2018 and MHD Production August 6th 2018