



Investor Update Call – 2019 Half-Year Results | September 10, 2019
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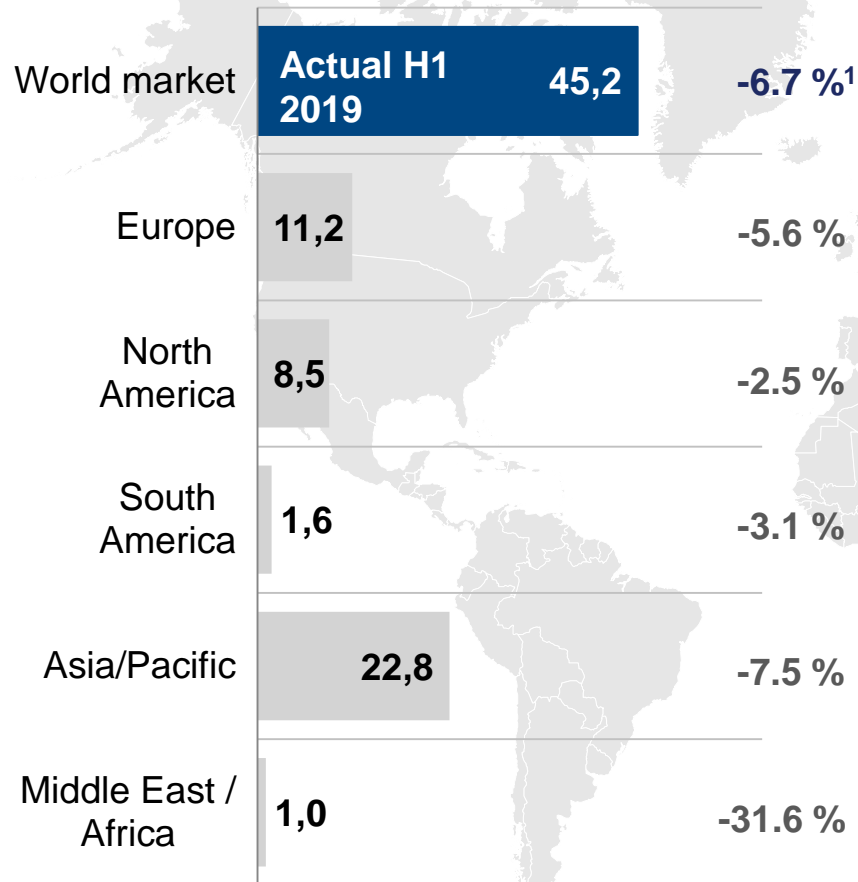
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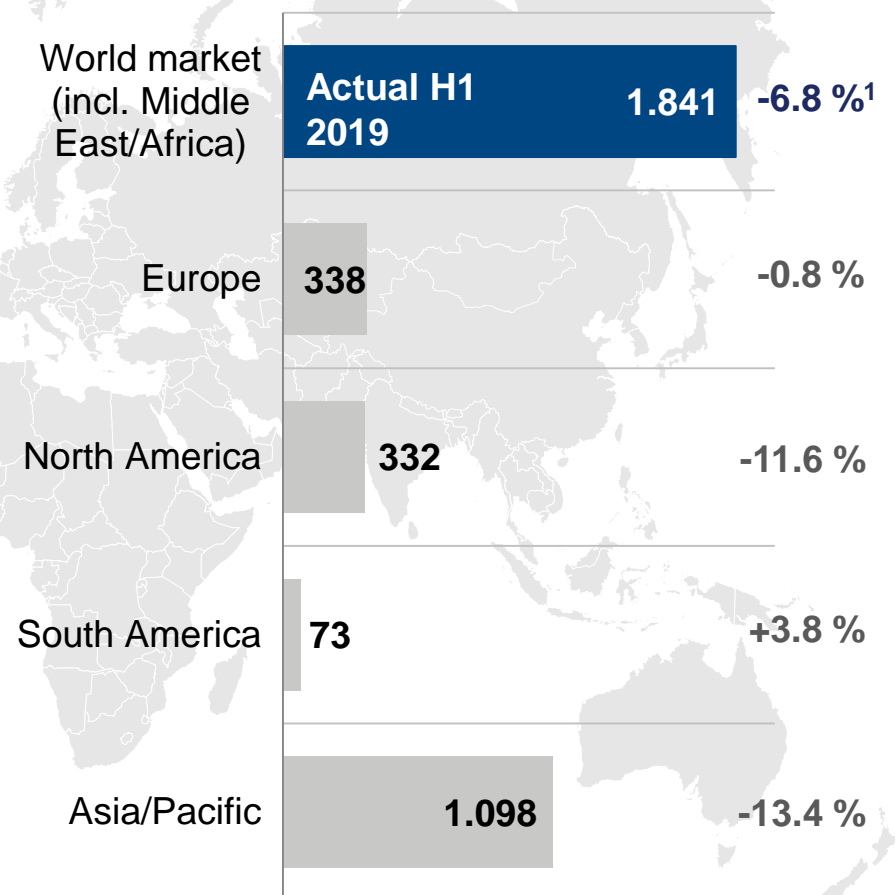
Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Market development dominated by global economic downturn due to rising trade conflicts and protectionism

YTD Jan-Jun Production of Passenger Cars and Light Commercial Vehicles [in mn pcs.]



YTD Jan-Jun Production of Medium and Heavy Duty Vehicles and Buses (>6t) [in tsd pcs.]

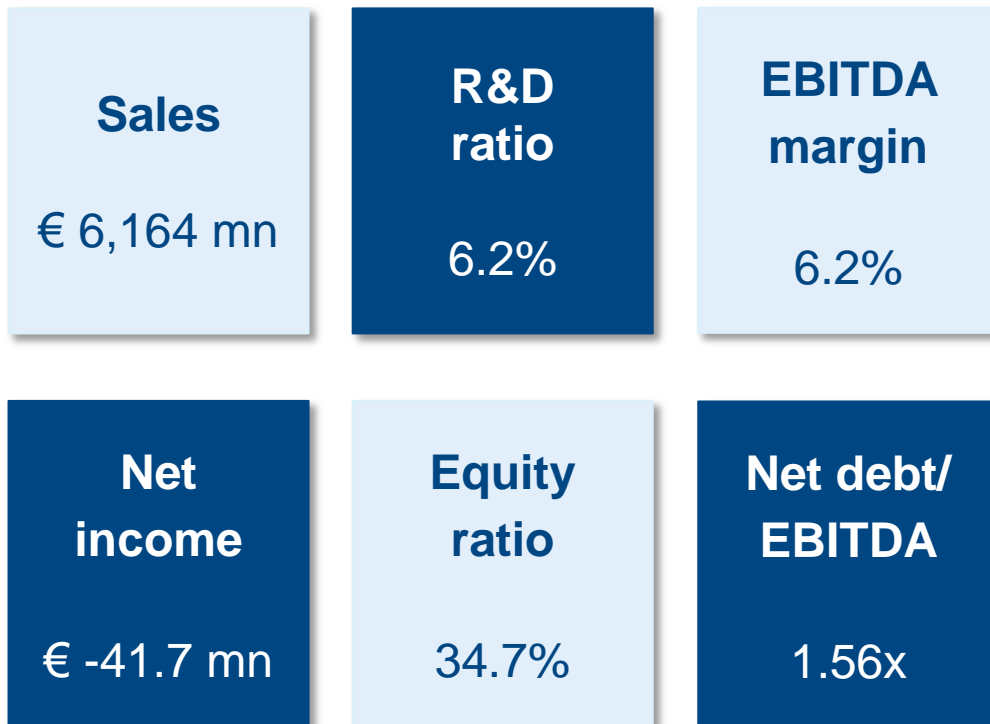


¹ Comparison Actual H1 2019 with Actual H1 2018

Source: Data provided by IHS Markit Copyright © 2019, Light Vehicles up to 6t, LV Production Aug. 2019 and MHD Production Aug. 2019

Weak market development impacted sales and profitability

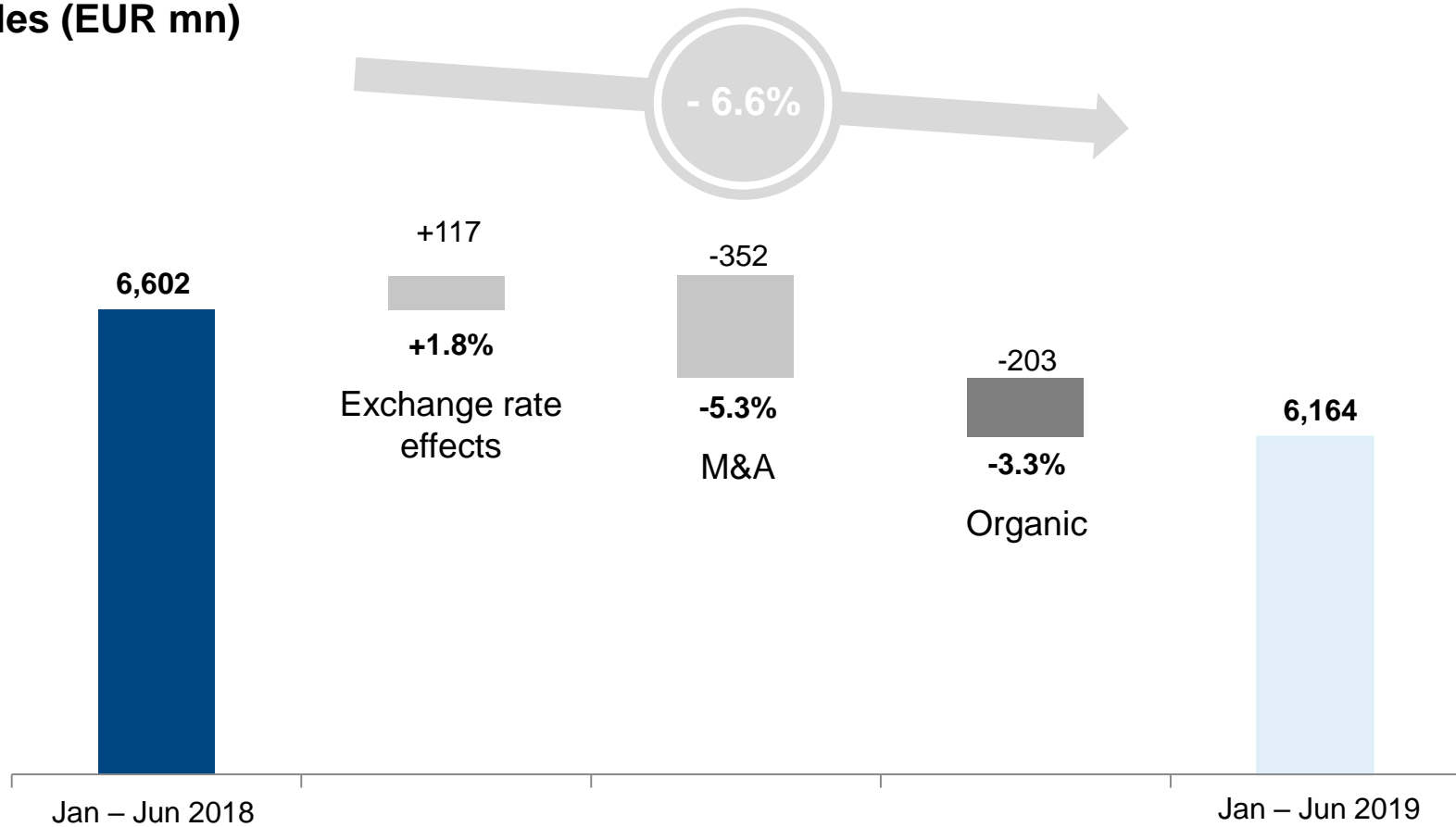
MAHLE Group – Key financials H1 2019



- Sales performance better than market reduction
- EBITDA margin effected by lower sales volumes and restructuring accruals
- Net income adjusted for EUR 56 mn restructuring accruals slightly positive
- R&D ratio remains stable to support transformation

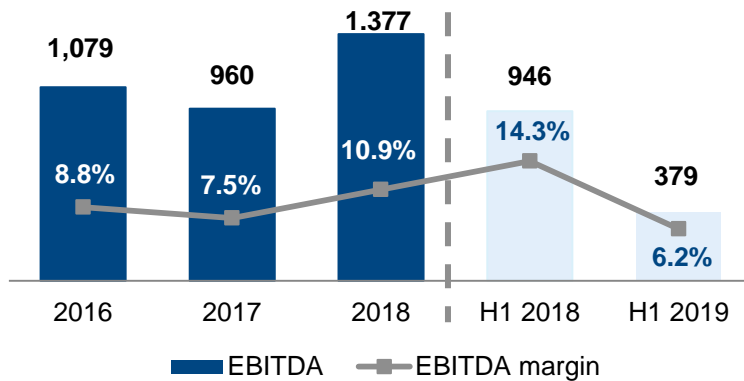
Positive sales performance in Mechatronics/ Electronics and Aftermarket leads to market outperformance

Sales (EUR mn)



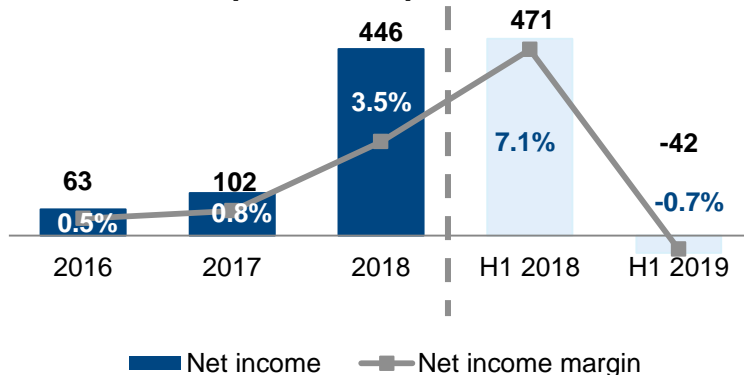
Earnings impacted by market decline and restructuring accruals

EBITDA (EUR mn)*



- Decrease in EBITDA & Net Income due to:
 - Lower sales,
 - Less attractive product mix,
 - Higher prices for plastic granulate,
 - Anti-dumping duties on Aluminum in the US, and
 - restructuring accruals of EUR 56 mn
 - No significant earnings impact from M&A activities

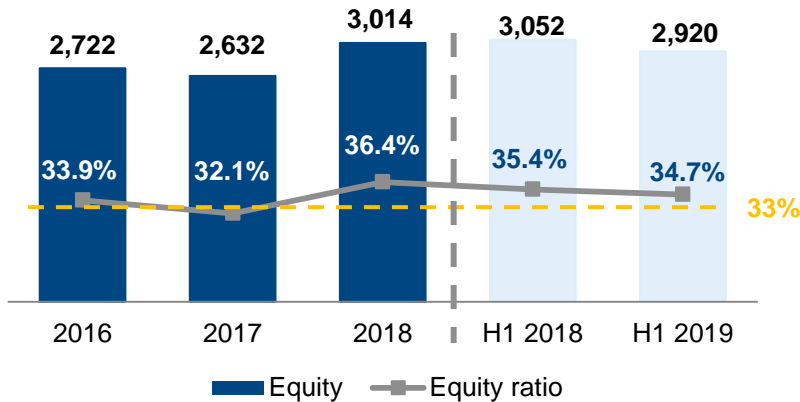
Net income (EUR mn)



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

Despite significant head wind from markets, MAHLE is still in line with its financial thresholds

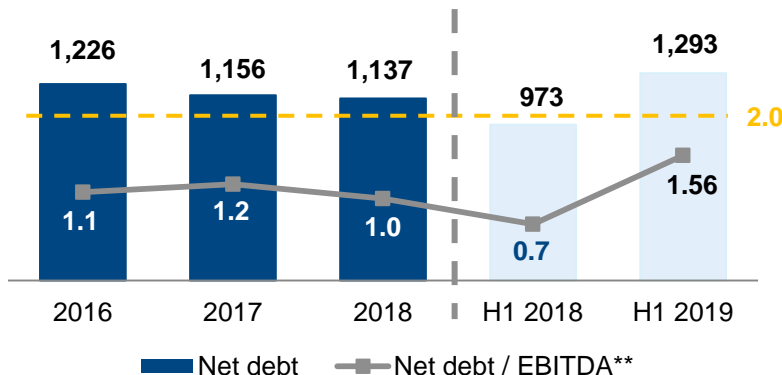
Equity (EUR mn)



- Reduced profitability and extended balance sheet total leads to slight deterioration of the equity ratio

- Net debt/ EBITDA ratio below our internal threshold but strongly influenced by reduced profitability in H2 2018 and H1 2019

Net debt* (EUR mn)



- Despite the reduced profitability continued commitment to implicit investment grade rating

* Net debt = liabilities to banks + bonds – cash in hand, bank balances and checks ** EBITDA for H1 calculated on the basis of trailing 12 months EBITDA

Measures to support profitability and liquidity

Adjust global footprint

Closure of Telford, UK (BU2)

Closure of Öhringen, D (BU2)

due to lack of profitability and competitiveness



Reduce overhead and increase efficiency

Process harmonization & standardization including shared service centers

Reduction of overhead and indirect cost including reduced workforce at headquarter in Stuttgart



Focus on core competencies

Focus on reduction of all manufacturing cost elements

Continued strong R&D for future technologies

New organizational structure reflects dual strategy and growth areas



Secure long term funding

RCF increased to EUR 1.8 bn and extended to 2024

Issuance of new Schuldschein loans (5, 7 & 10y) with focus on USD

Private Placement Bond EUR 30 mn with 5y maturity



All measures in alignment with MAHLE's dual strategy

New Business Unit from 2020 for growth products in Electronics and Mechatronics

BUSINESS UNITS

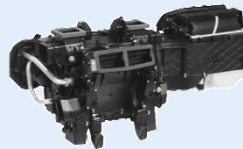
Engine Systems and Components



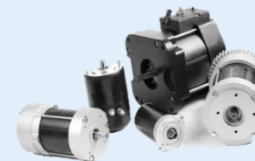
Filtration and Engine Peripherals



Thermal Management



Electronics & Mechatronics



Aftermarket



PROFIT CENTERS

Engineering Services, Motorsports, and Special Applications

Large and small Engine Components

Industrial Thermal Management

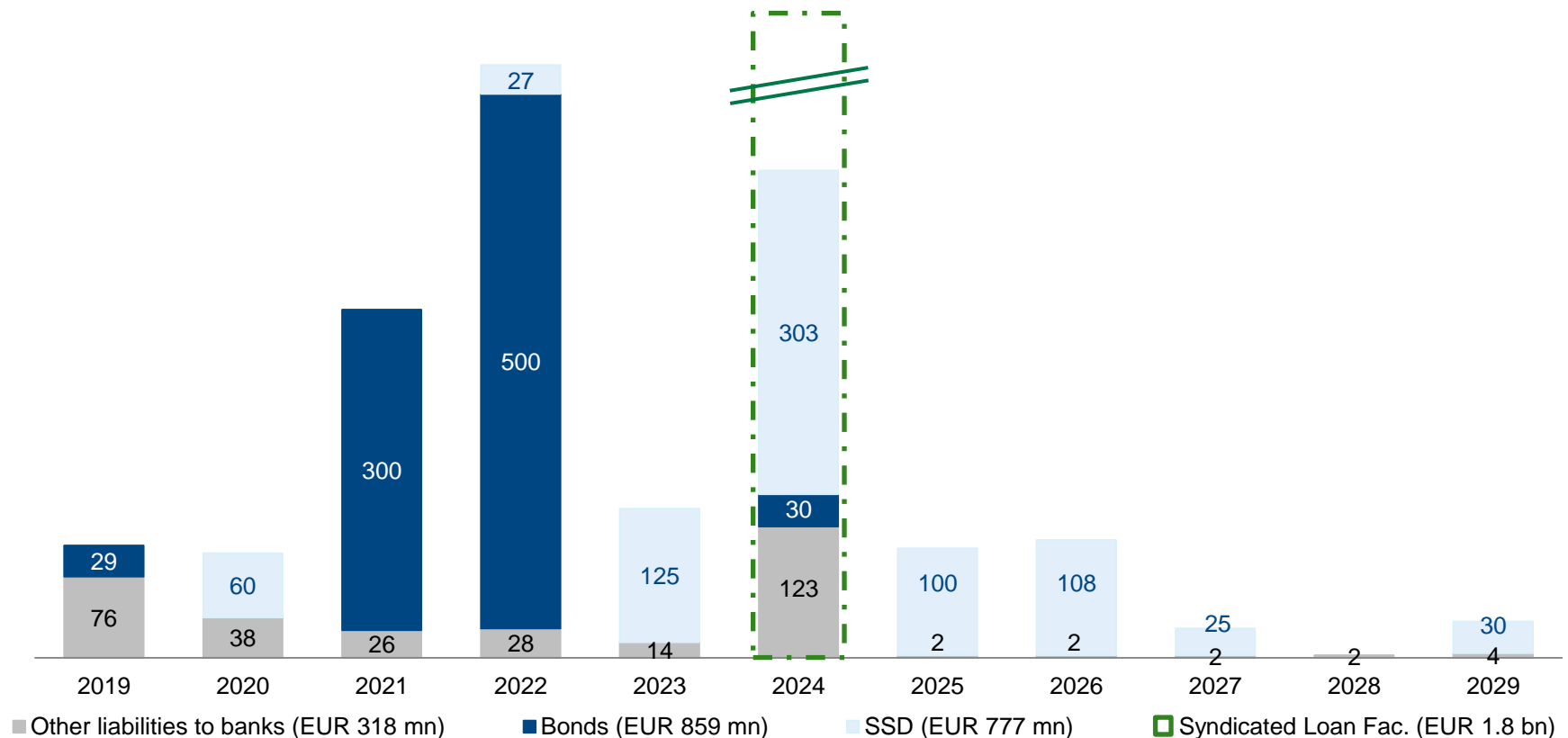
A/C Control Units



New organizational structure reflects MAHLE's dual strategy and supports growth areas

Well balanced long term maturity profile to secure the transformation phase in the automotive industry

- MAHLE has increased the RCF to EUR 1.8bn and extended its maturity to 5+1+1 years
- MAHLE has issued SSD in July/August 2019 in the amounts of EUR 175mn and USD 213mn
- MAHLE has issued a 5 year Private Placement Bond of EUR 30mn



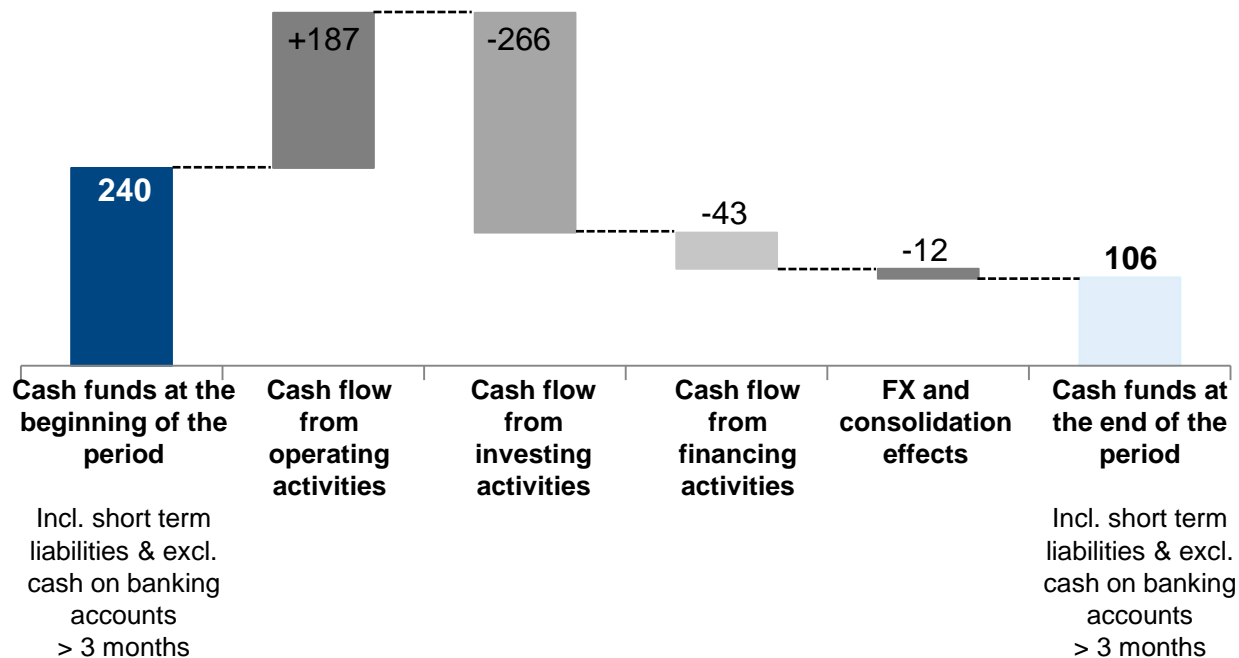
Data as of Aug. 31st, 2019

RCF = Revolving Credit Facility

SSD = Schuldscheindarlehen

Weak operating cash flow due to market downturn and final installment from 2017 quality issue

Cash flow development H1 2019 (EUR mn)



- Reduced operating cash flow due to final payment from 2017 warranty claims and increased working capital
- Investing cash flow for property & equipment remains stable at EUR 223mn
- M&A cash flow only includes reduced payment for additional 5% in MAHLE Behr
- Schuldschein & Private Placement issuances in July & August 2019 not represented in H1 figures

Cautious outlook for full year 2019

	Passenger cars and light commercial vehicles	Medium and heavy duty vehicles		
Outlook vehicle markets* <i>(Forecast 2019 vs. 2018)</i>	World market	-3.7%	World market	- 5.1%
	Europe	-2.5%	Europe	- 0.5%
	North America	-1.8 %	North America	+ 3.1%
	South America	+ 0.7%	South America	+ 12.2%
	Asia/Pacific	- 4.1%	Asia/Pacific	- 9.6%
	Middle East/ Africa	- 23.2%		

- Outlook MAHLE Group**
- 2019 and 2020 sales will be impacted by global economic downturn
 - MAHLE will continue optimization of global footprint resulting in restructuring costs
 - MAHLE will continue its cost optimization program to support profitability
 - Cash Flows will be impacted by growth funding for new business unit
 - Risks from political and trade related decisions may affect outlook negatively
 - Risks from local and regional regulatory decisions concerning powertrain & emissions

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

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Thank you for your attention
Q & A