

MAHLE's sales in 2005 exceed EUR 4 billion for the first time

The MAHLE Group, based in Stuttgart, was able to increase its sales by almost 10 percent to more than EUR 4.1 billion during the 2005 business year.

With stable sales development in Europe, MAHLE's extensive activities in Asia, North America and South America were responsible for the strong sales growth. The high demand worldwide for commercial vehicles and the increase of diesel engines to almost 50 percent in the passenger car sector in Western Europe also had a positive effect. MAHLE traditionally plays a strong role in both market segments on account of its technological leadership.

While the majority of the sales increases resulted from organic growth, some strategic acquisitions also contributed to the above-average rate of increase. These include the acquisition of the Cosworth Technology Group, now MAHLE Powertrain, on January 1, 2005. With this acquisition, MAHLE is strengthening its engineering and system competence and is opening up new market segments for the long term – from engineering services to integrated powertrain and engine equipment.

Other new acquisitions concerned the integration of a new piston manufacturing facility in Thailand and the expansion of filter production in India. The construction of new production plants in China will contribute to sales growth to a greater extent from 2006.

Despite the above-average growth, most likely only slight improvements are expected to be achieved in both earnings before interest and taxes (EBIT) and the Group net income for the year. The partly very high increases in material prices and unfavorable exchange rate relationships put a strain on the profit

side. In addition to this, the high price pressure of automobile manufacturers continued unabated. "Due to some unfavorable economic conditions, it took great effort to achieve the operating profit of the previous year," explained Prof. Heinz K. Junker, Chairman of the Management Board. In line with the strong growth and acquisition activities, the headcount worldwide also rose to approx. 37,500 employees towards the end of 2005, corresponding to an increase of 4.7 percent versus the previous year. The staffing level in Germany amounted to approx. 9,000, only a slight reduction in comparison with the previous year. This was primarily caused by the discontinuation of production in some isolated cases.

For 2006, MAHLE expects further growth in sales, in particular due to further increases in production figures of automobile and engine manufacturers in Asia. MAHLE is striving for a stable development in revenue, as expected cost increases in material and human resources should be compensated for by means of new programs to increase productivity and efficiency.

The MAHLE Group is the globally leading manufacturer of components and systems for the combustion engine and engine peripherals. With more than 70 production plants, MAHLE ranks amongst the 30 leading companies in the automotive supply industry worldwide.

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