

**Press release on the business development in the 1st half of 2009 and outlook for the MAHLE Group**

Stuttgart, September 9, 2009 – After a decline in sales of more than 30 percent, MAHLE expects a slight revival in the second half of 2009.

Global economy faces most severe recession since the 1920s  
According to estimates by leading business experts, the global economy currently faces the most severe recession since the 1920s. Against this background, forecasts on the expected vehicle production for the current year have been adjusted once more. For passenger cars and light commercial vehicles, a decline of 13.4 million units in worldwide production, which corresponds to -20 percent, to 52.6 million units is currently anticipated for 2009, after an already weak preceding year.

**Business development 2009**

During the first six months of the current business year, Group sales fell by EUR 850.5 million (-31.9 percent) as compared to the previous year. First consolidations mitigated the decline in sales by EUR 50.6 million. Fluctuation of the exchange rates between the euro and the U.S. dollar, Japanese yen, and Chinese RMB had a positive effect on reported sales in the amount of EUR 38.6 million (+1.4 percent). The exchange rate-adjusted organic shift in sales thus amounted to EUR -939.7 million (-35.2 percent).

The significantly over proportional decline in sales in the first half-year was caused by three main factors:

1. Massive reduction of stock in the OE passenger car sector.
2. Distinctly over proportional production cuts in the commercial vehicle sector.

3. Massive market share shifts in Europe from diesel engines to lower-priced gasoline engines in the compact class division as a result of scrapping incentives.

From the second quarter of 2009 onward, sections of the non-automotive MAHLE business, such as the products for small and large engines or industrial filtration, likewise recorded marked decreases in sales as compared to the corresponding period of the previous year.

In order to return to the normal sales and return on investment levels in the medium term, structural measures were agreed upon in the first half-year that clearly go beyond the restructuring program introduced in 2008.

To this end, a notable streamlining of the organizational structure and set-up of the Group was launched. The automotive OE activities, formerly consisting of five product lines, were grouped into two business units: Engine Systems and Components as well as Filtration and Engine Peripherals. At the same time, the industrial activities of the Group were integrated into two organizational units. Through this step, which allows for a reduction of the Management Board, the Management Committee, and headcount at all management levels, a cut of all overhead costs by 20 percent will be achieved within the next twelve months.

#### Employees

As for the number of employees per reference date of June 30, a year-on-year reduction from 50,729 to 44,431 was achieved. Furthermore, a downward adjustment was made to the number of temporary staff by 1,888. The significant decrease in staff numbers within the Group has been possible, in particular, through the flexible adjustment measures in North and South America, while the instruments of short-time work and a reduction of the weekly working hours were applied at most of the European locations. Nevertheless, a loss of productivity could be observed at most of the locations with short-time work in comparison to a normal capacity utilization of the plants.

Compared to the previous year, the number of employees in Germany fell from 9,280 to 8,804. For the German locations, a general prolongation of the short-time work agreement until the middle of 2010 was settled with the works councils.

### Outlook

For the second half of the business year, MAHLE expects an easing of the situation on the markets and a slight revival in individual market segments. We expect a persistently difficult development in the European as well as the North American market for the second half-year, whereas South America and parts of Asia, particularly China, have returned to satisfactory growth rates and positive results over the last few months.

The measures initiated to date have led to a monthly improvement in the revenue development and provide the possibility of achieving a break-even result in the second half of the year. However, the prerequisite is a stable sales level in the second half-year, which would result in a forecast range of annual sales between EUR 3,750 to 3,900 million. This equals a decline in sales of 22 to 25 percent in comparison to the previous year.

### MAHLE daycare facility

On July 22, the ground-breaking ceremony was held for a new corporate kindergarten for the children of our employees at the Stuttgart site in Germany.

On the premises of the company in the Glockenstraße, a two-story building will be constructed that will provide enough space to accommodate a day-care facility for about 20 children between the age of six months to three years as well as around 20 additional children at an age between three and six years. Planned opening hours are Monday to Friday, 7 a.m. to 7 p.m.

With this facility, MAHLE intends to actively support employees who return to work after maternity and parental leaves—and definitely in its own interest: In this way, they can continue to share

their expertise and operational experience during times of child education.

The opening is scheduled for the fourth quarter of 2009.

The facility is partly financed through subsidies from the public sector and partly by MAHLE and the parents themselves.

#### Outlook on the Frankfurt Motor Show 2009

The combustion engine still offers great potential. MAHLE sees good chances to reduce the CO<sub>2</sub> emissions alone by optimizing the combustion engine and the complete vehicle by up to 40 percent – at acceptable additional cost of 2,000 to 3,000 euros per vehicle.

At the Frankfurt Motor Show 2009, MAHLE basically presents technical areas promising a particularly high optimization potential. These include:

1. Minimize friction loss (Power Cell Unit – PCU, valve train systems, controlled oil and coolant pumps)
2. Optimize charge exchange (CamInCam<sup>®</sup> camshaft, cylinder shut-off system)
3. Optimize the combustion process (Exhaust gas recirculation technologies)
4. Downsizing (MAHLE Technology Demonstrator, Exhaust gas turbo charging)

Detailed information on product innovations at the Frankfurt Motor Show 2009 will be available in the MAHLE Internet from September 15.

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