REPORT ON THE 1ST QUARTER 2017

pure mobility

elringklinger

KEY FIGURES

ELRINGKLINGER GROUP

		1st Quarter 2017	4th Quarter 2016	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016
ORDER SITUATION						
Order intake	€ million	494.3	444.9	383.7	441.2	424.0
Order backlog	€ million	993.5	932.5	894.7	885.2	835.0
SALES/EARNINGS						
Sales revenue	€ million	433.3	407.2	374.2	390.9	385.2
Cost of sales	€ million	323.9	300.0	280.6	293.2	287.7
Gross profit margin		25.3%	26.3%	25.0%	25.0%	25.3%
EBITDA	€ million	62.6	64.5	55.1	58.5	53.2
EBIT/Operating result	€ million	37.9	38.4	31.2	35.2	30.8
EBIT margin		8.7%	9.4%	8.3%	9.0%	8.0%
EBIT pre ppa[1]	€ million	39.1	39.5	32.6	36.2	32.0
EBIT margin pre ppa		9.0%	9.7%	8.7%	9.3%	8.3%
Earnings before taxes	€ million	34.5	39.4	27.6	32.6	24.4
Net income	€ million	26.0	21.3	19.9	23.5	17.9
Net income attributable to shareholders of ElringKlinger AG	€ million	25.1	19.7	19.0	22.6	17.2
CASH FLOW						
Net cash from operating activities	€ million	19.8	57.6	46.3	32.3	39.5
Net cash from investing activities	€ million	-62.2	-62.1	-44.5	-44.2	-38.9
Net cash from financing activities	€ million	46.2	-3.3	-27.8	15.4	20.2
Operating free cash flow[2]	€ million	-11.6	0.4	1.8	-6.6	0.6
BALANCE SHEET						
Balance sheet total	€ million	1,985.7	1,878.2	1,859.7	1,853.3	1,809.5
Equity	€ million	919.1	886.4	872.8	857.7	864.1
Equity ratio		46.3%	47.2%	46.9%	46.3%	47.8%
HUMAN RESOURCES						
Employees (as at end of quarter)		8,738	8,591	8,433	8,283	8,126
STOCK						
Earnings per share	in €	0.40	0.31	0.30	0.36	0.27

[1] EBIT adjusted for amortization resulting from purchase price allocation

[2] Net cash from operating activities minus net cash from investing activities (excluding acquisitions and excluding investments in financial assets)

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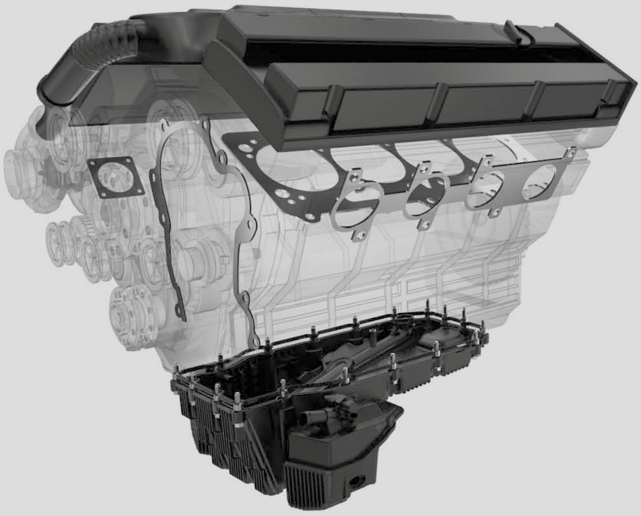
Climate change and the resulting emissions legislation are to be seen as the key drivers behind technological advancement in the automotive industry. Against this backdrop, manufacturers have been stepping up their efforts to increase the proportion of alternative-drive vehicles within their fleets in the foreseeable future. This is motivated by the fact that ever-stricter CO_2 standards can ultimately only be met with the help of more efficient combustion engines or alternative powertrain technology. ElringKlinger was quick off the mark when it came to embracing the idea of next-generation mobility. For more than a decade, the company has been focusing closely on areas that are of particular significance to the future of the industry, such as battery systems, fuel cell technology, and lightweight design. ElringKlinger provides innovative solutions for all types of drive systems. Building on its extensive portfolio of products, it is actively shaping the path that leads to tomorrow's mobility.



ENGINE

- Cylinder-head gaskets: Metaloflex™, metal-elastomer
- Sealing systems: Metaloseal™, metal-elastomer, elastomer and Volumesoftseal
- Thermal and acoustic shielding systems: ElroTherm™, ElroCoustic™
- Lightweight plastic components: e.g. cam cover modules, oil pans
- Topseal deep-drawn and topographic housing components
- Plastic components (PTFE, PTFE compounds/composites, PEEK, Moldflon™)
- Development services

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MACROECONOMIC CONDITIONS AND BUSINESS ENVIRONMENT

Despite many uncertainties, the world economy proved robust in the first quarter of 2017.

The economy within the eurozone continued to benefit from a relatively week euro and low oil prices. Having said that, there was a certain lack of dynamism given the problems facing the monetary union, such as high unemployment that is receding only slowly and substantial debt piled up by some Member States. The loose monetary policy being pursued by the European Central Bank and a slight improvement seen within the global economic environment provided fresh impetus for the German economy. The upturn in Germany was fueled in particular by private consumption, which included substantial expenditure within the area of construction in particular.

The US economy performed well, buoyed primarily by strong domestic demand. What is more, the country is very close to full employment. In response to signs of an upward trend in inflation, the US Federal Reserve raised interest rates slightly in March as expected. The downward spiral experienced by Brazil's economy decelerated somewhat, with lower inflation and thus improved purchasing power among consumers providing a boost.

Supported by government measures, the Chinese economy stabilized at an elevated level and therefore remains an important pillar for Asia and global economic performance as a whole. In India, meanwhile, a currency reform implemented in November 2016 had initially caused some turbulence, but the economy nevertheless produced relatively solid growth in the first quarter of 2017. Japan saw a slight improvement in its economic performance, which was mainly attributable to gains made within the area of exports.

Good start to the year for car markets

Global car markets performed relatively well in the first quarter of 2017. Among the key markets, Western Europe, China, India, and even Japan recorded significant growth. This was influenced to some extent by calendar effects, as the first quarter of 2017 had more working days compared to the same period a year ago. Having climbed to record levels in 2016, the US market – not surprisingly – showed signs of a slight slowdown.

Elsewhere, the Western European car industry made encouraging gains. All of the top-five markets were well into positive territory, led by Italy and Spain, where the number of new car registrations increased

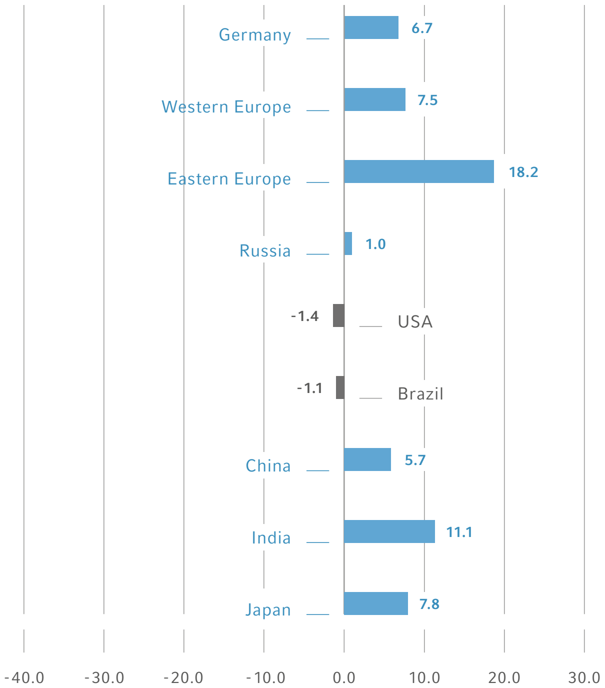
GDP GROWTH RATES

Year-on-year change in %	Full Year 2016	4th Quarter 2016	1st Quarter 2017
Germany	1.8	1.8	1.5
Eurozone	1.7	1.7	1.6
USA	1.6	1.9	2.0
Brazil	-3.6	-2.5	-2.0
China	6.7	6.8	6.7
India	6.8	7.0	7.0
Japan	1.0	1.6	1.7

Source: HSBC, IMF (April 2017)

by 11.9% and 7.9% respectively. Growth within the UK market was unexpectedly high at 6.2%. While sales of new vehicles in Germany expanded by 6.7%, domestic production output rose by 2.9% to 1.5 million cars. German exports increased by 4.3%, taking the figure to almost 1.2 million cars.

NEW CAR REGISTRATIONS 1ST QUARTER 2017
Year-on-year change (in %)



Source: VDA (April 2017)

The US market for light vehicles (cars and light commercial vehicles) was unable to match the substantial sales figures recorded in the same quarter a year ago. The slight downturn coincided with more extensive discounts offered by car dealers. The year-on-year decline was confined to passenger cars, while the segment covering light commercial vehicles and SUVs continued to expand. Business in the United States was encouraging for German manufacturers, with local sales volumes expanding by a solid 5%.

The world's largest single market, China, saw its overall volume of cars increase to 5.8 million in the first quarter of 2017. In the previous year, the market had benefited from tax incentives for smaller passenger cars. In 2017, these measures were discontinued in part. India's car market expanded by a double-digit figure, with the volume of vehicles sold reaching 0.8 million units. Demand for new cars in Japan was up throughout the first three months of 2017.

While Brazil recorded a surprising increase in sales in March, the quarter as a whole remained in negative territory. Russia, meanwhile, recorded an expansion in car sales within the first quarter – for the first time in four years.

Divergence in truck market

Mirroring the situation seen in 2016, the major commercial vehicle markets developed along different lines in the period under review. The key Western European markets continued to expand, albeit at varying rates of growth. Overall, there were signs of diminishing momentum. While Italy saw first-quarter sales of mid-sized (> 3.5 t) and heavy (> 16 t) trucks expand by a percentage rate that was into double figures, Western Europe as a whole recorded more modest growth of 6.2%. The segment covering trucks weighing in excess of 6 tons, a category that is of particular importance to the German market, grew by 4.4% in the first quarter of 2017, taking new registrations to around 21,600 (20,700) units.

The North American truck market, which has been sluggish since 2016, continued to show signs of weakness in the first quarter of 2017, with sales relating to mid-sized and heavy trucks (Class 4 to 8) declining by 14.2%. Total orders for new trucks stood at 111,800 (130,300) units. Sales of Class 8 trucks were hit particularly hard – down by 28.7% to 51,900 units compared to the same period a year ago.

SIGNIFICANT EVENTS

Amalgamation of two subsidiaries

Effective from January 1, 2017, ElringKlinger North America, Inc., with its registered office in Plymouth, USA, was merged into ElringKlinger Automotive Manufacturing, Inc., with its registered office in Southfield, USA.

Interest acquired in Hofer

Effective from March 1, 2017, ElringKlinger AG acquired 27.0% of the ownership interests in hofer AG, with its registered office in Nürtingen, Germany. Effective from February 6, 2017, ElringKlinger AG acquired 53.0% of the ownership interests in the aforementioned entity's subsidiary hofer powertrain products GmbH, also with its registered office in Nürtingen, Germany. The hofer Group is a skilled automotive developer of systems used within the exhaust tract. In acquiring the ownership interest, ElringKlinger will benefit from the aforementioned innovatory abilities, particularly in the development and production of alternative drive technologies.

Change at helm of Supervisory Board

At the Supervisory Board meeting on March 24, 2017, Chairman of the Supervisory Board Walter H. Lechler informed his fellow board members that he would be standing down from his post at the end of the Annual General Meeting on May 16, 2017, and would thus be vacating the Supervisory Board of ElringKlinger AG. Lechler has been Chairman of the Supervisory Board since May 16, 2012. Having held leading positions at ElringKlinger AG and its predecessor companies over a period spanning 45 years in total, he is following the standard practice embraced by the family of principal shareholders not to occupy key positions beyond the age of 75.

Klaus Eberhardt has been nominated as a successor to the current Chairman. He has been a member of the Supervisory Board of ElringKlinger AG since May 2013. The election will take place during the Supervisory Board meeting to be convened on completion of the upcoming Annual General Meeting. The Supervisory Board will propose to the Annual General Meeting that Andreas Wilhelm Kraut be appointed to fill the vacant seat on the board. He is Chief Executive Officer of weighing technology specialist Bizerba SE & Co. KG, with its registered office in Balingen, Germany.

Extension of Management Board contracts brought forward

At its meeting on March 24, 2017, the Supervisory Board agreed to extend by five years, i.e., up to January 31, 2023, the contracts with Management Board members Dr. Stefan Wolf and Theo Becker, which were scheduled to end at the beginning of 2018. In taking this approach, it has ensured that the company will benefit at an early stage from managerial continuity at the most senior level. Dr. Wolf has held a seat on the Management Board since January 2005 and was appointed its Chairman/CEO in March 2006. Becker joined the Management Board in January 2006 and is responsible for operations.

SALES AND EARNINGS PERFORMANCE

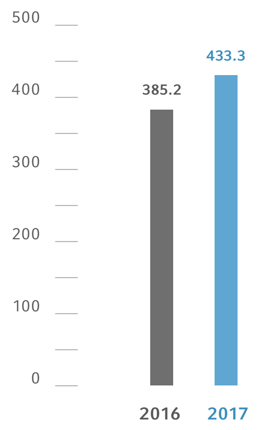
Strong sales performance fueled by several new product launches

ElringKlinger began the new financial year, fiscal 2017, with a substantial increase in sales revenue. A solid performance by global automotive markets and an increase in the number of working days compared to the first quarter of 2016 provided fresh impetus for the Group in the period under review. At the same time, ElringKlinger benefited from the introduction of new products in the first three months of 2017.

In total, sales revenue increased by 12.5% to EUR 433.3 (385.2) million. While the first three months of 2016 had been impacted to some extent by negative currency effects equivalent to EUR 11.7 million, the first quarter of 2017 produced foreign exchange gains that added

EUR 2.9 million, or +0.8%, to revenue. The interests acquired in Hug Engineering B.V. (formerly: COdiNOx Beheer B.V.), Enschede, Netherlands, and Maier Formenbau GmbH, Bissingen/Teck, Germany, in 2016 together with the first-time inclusion of hofer powertrain products GmbH, Nürtingen, Germany, in February 2017 boosted revenue by EUR 3.3 million, or +0.9%, in the first quarter of 2017. Excluding the effects of currencies and consolidation, ElringKlinger saw revenue expand by 10.9% in the first three months of 2017. Maintaining its trajectory of global expansion, ElringKlinger recorded first-quarter growth that was well in excess of the figure achieved by the industry as whole on the basis of worldwide automobile production, which rose by a solid 3%.

GROUP SALES 1ST QUARTER
in € million



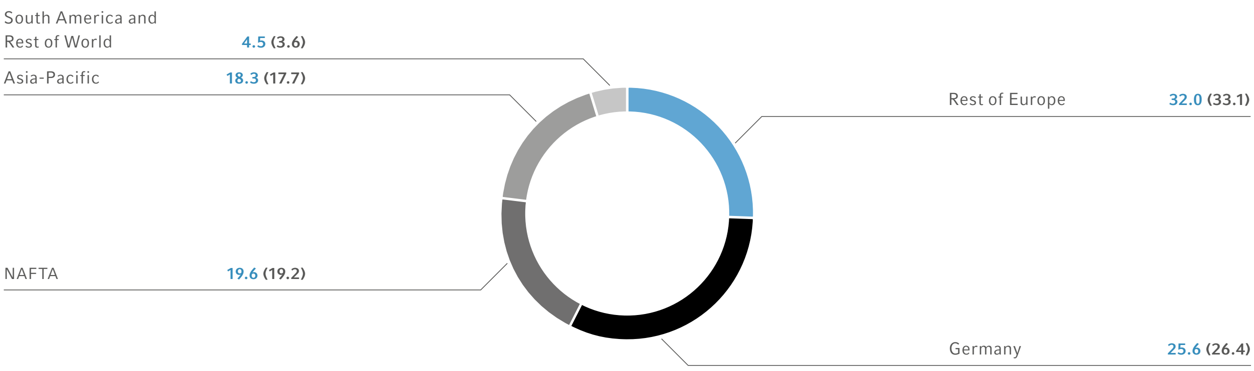
Revenue growth in all key regions

On the back of a very solid final quarter in 2016, the Asia-Pacific region put in another strong performance in the first three months of 2017. Sales revenue grew by 16.1% to EUR 79.2 (68.2) million, driven partly by an expansion in production capacity with the help of the new plant in Suzhou – opened in the second quarter of 2016 – and solid demand for hybrid polymer-based components. Asia-Pacific accounted for 18.3% of total Group revenue in the reporting quarter, up from 17.7% in the same period a year ago.

While the preceding quarters had been weaker, the first three months of 2017 saw revenues in the NAFTA region develop well for ElringKlinger. Growing by 14.5% to EUR 85.1 (74.3) million, sales in the NAFTA region accounted for 19.6% (19.2%) of Group revenue. Benefiting from several new product ramp-ups in the United States and Mexico, in conjunction with higher tool-related revenue, the Group managed to lift revenues substantially despite a general downturn seen within the US automobile market.

The region covering South America and the Rest of the World put in a strong performance at the beginning of 2017, with revenue expanding by 38.8% to EUR 19.3 (13.9) million. Correspondingly, the percentage share of sales in relation to total Group revenue rose from 3.6% to 4.5%. Adjusted for currency effects, revenue increased by EUR 2.9 million. The strong start to the year was attributable primarily to higher tool-related revenues, buoyant aftermarket sales in Brazil, and growth in revenue achieved by the subsidiary in South Africa.

GROUP SALES BY REGION 1ST QUARTER 2017
(prior year) in %



The Rest of Europe (excluding Germany) retained its position as ElringKlinger's largest sales market. It's contribution to Group revenue stood at 32.0% (33.1%) in the first quarter, with sales expanding by 9.0% to EUR 138.8 (127.3) million. This was a reflection of the positive direction taken by the automobile market as a whole. For the same reason, revenue generated from sales in Germany also expanded in the first quarter of 2017, up by 9.2% to EUR 110.8 (101.5) million. On this basis, the percentage share of domestic sales in relation to Group revenue stood at 25.6% (26.4%). This reflects the strong international approach taken by the ElringKlinger Group, which recorded disproportionately large growth in many of its foreign markets in the period under review.

The share of foreign sales in total revenue generated by the ElringKlinger Group rose to 74.4% (73.6%).

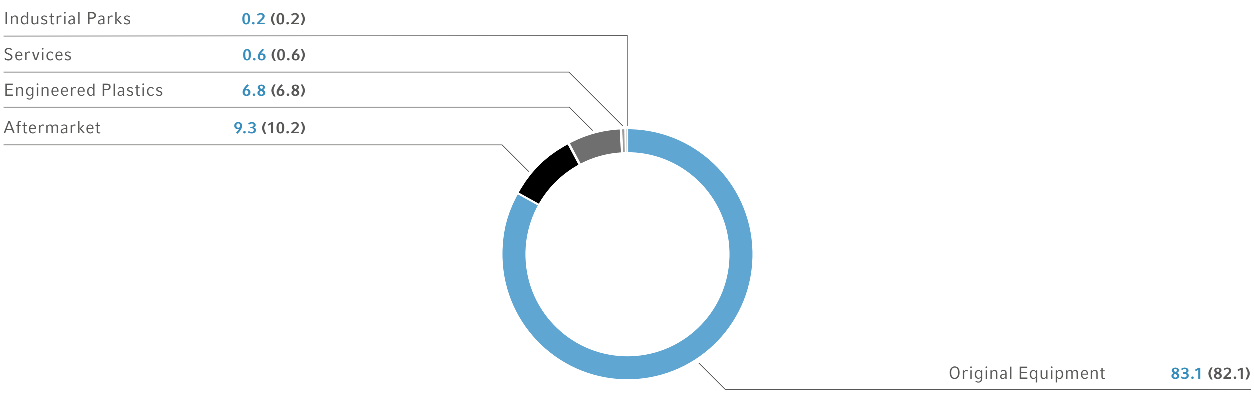
Visible growth in earnings for Original Equipment

The sales performance displayed by almost all the divisions within the Original Equipment segment was strong in the first quarter of 2017. As anticipated, only the Exhaust Gas Purification division – an area driven by project-related business – was unable to match the buoyant sales figures recorded in the final quarter of 2016. In total, the segment recorded revenue growth of 13.8% in the first quarter of 2017, taking the figure to EUR 359.9 (316.3) million. As had been the case in the previous quarters, the largest gains in revenue were made in the high-growth areas of Lightweighting/Elastomer Technology and Shielding Technology.

The Shielding Technology division, which had incurred substantial costs in 2015 and 2016 due to capacity constraints at its operating site in Switzerland, made progress in the first quarter of 2017. In this context, additional machinery and systems previously installed at the aforementioned Swiss production plant were relocated to the Hungarian facility established in 2016. At the beginning of the year the subsidiary continued to operate with substantial fixed costs. In line with advances made with regard to the migration of machinery and systems, however, it managed to scale back costs in the first quarter. As a result, the division posted a slight profit in the first quarter of 2017. ElringKlinger anticipates that a determined approach to implementing measures aimed at streamlining costs in the coming three years will bring about a significant reduction in fixed operating costs. This, in turn, will allow the division in question to gradually raise its profitability to the level seen within the Group as a whole.

From now on, the E-Mobility division includes hofer powertrain products GmbH, an entity that has been fully consolidated within the ElringKlinger Group since February. This, too, provided a boost to revenues generated in the E-Mobility division, which rose from EUR 2.0 million a year ago to EUR 4.0 million in the quarter under review. Despite this, the division posted a loss before interest and earnings of EUR 1.4 (-1.8) million in the first quarter of 2017. This was attributable to persistently sluggish demand for battery-powered vehicles.

SALES REVENUE BY SEGMENT 1ST QUARTER 2017
(prior year) in %



The Exhaust Gas Purification division, which supplies exhaust treatment systems for industrial applications and ships, is more exposed to the effects of economic fluctuations than ElringKlinger's long-standing serial production business centered around the automotive industry. With revenue totaling EUR 11.5 (12.9) million, the division fell short of its prior-year figure. At the same time, it was unable to make a positive earnings contribution to Group EBIT.

In total, earnings before interest and taxes in the Original Equipment segment rose by EUR 4.8 million to EUR 25.1 (20.3) million.

Aftermarket business grows slightly year on year

The Aftermarket segment was up slightly on the strong prior-year quarter, with sales revenue increasing to EUR 40.2 (39.3) million in the first three months of 2017. This segment covers ElringKlinger's range of spare parts, consisting mainly of cylinder-head gaskets and complete gasket sets.

Among the most buoyant growth regions in the first quarter of 2017 were the Eastern European market and NAFTA. Germany's spare parts market and sales in the rest of Europe proved robust and matched the solid prior-year figures to a large extent. By contrast, persistent geopolitical uncertainties meant that consumers in the Middle East and Africa were more reticent.

Segment earnings before interest and taxes (EBIT) came close to last year's figure at EUR 7.7 (7.8) million in the period from January to March 2017.

Engineered Plastics on track for growth

The Engineered Plastics segment specializes in processing the high-performance plastic PTFE (polytetrafluoroethylene). It's activities are also centered around the associated application technology. Alongside its business dealings with the automotive industry, this segment also supplies sectors such as mechanical engineering, medical devices, and chemical and plant technology.

The Engineered Plastics segment lifted its sales revenue by 12.6% to EUR 29.5 (26.2) million in the first quarter of 2017. This sizeable increase was attributable to the solid performance of the global automotive market as a whole as well as the strong start to the year made by the mechanical engineering industry. Revenue from sales relating to the energy sector and power plants also increased significantly.

The favorable direction taken by revenue was reflected in earnings: in total, earnings before interest and taxes (EBIT) rose to EUR 4.3 (2.1) million. Thus, the EBIT margin improved from 8.0% in the first quarter of 2016 to 14.6% in the first three months of 2017. Compared to the same period a year ago, which among other things had been impacted by additional costs for relocating to a new building, the first quarter of 2017 also benefited from positive effects within the area of staff costs, which rose at a slower rate than sales revenue.

Industrial Parks with marginal loss

In the first three months of 2017, rental income from the industrial parks in Idstein, Germany, and Kecskemét, Hungary, amounted to EUR 1.0 (0.9) million. As a result of refurbishments carried out at the industrial park in Idstein, the segment result before interest and taxes stood at EUR -0.1 (-0.1) million in the first quarter of 2017.

Year-on-year growth in Engineering Service

The Services segment includes Elring Klinger Motortechnik GmbH, Idstein, Germany, KOCHWERK Catering GmbH, Dettingen/Erms, Germany, and ElringKlinger Logistic Service GmbH, Rottenburg/Neckar, Germany. In the first three months of 2017 the entities within this segment generated sales revenue of EUR 2.7 (2.5) million. Segment earnings before interest and taxes reached EUR 0.7 (0.6) million.

Slight increase in headcount

Between January and March 2017, the Group headcount rose from 8,591 to 8,738. This represents an increase of 1.7% or 147 people. In the period under review, ElringKlinger expanded its workforce in Germany as well as at its non-domestic sites. The largest increase in absolute terms was attributable to the NAFTA region, where solid order intake prompted an expansion in staffing levels at the Mexican site in particular. Reflecting the progress made in relocating machinery from Switzerland to Hungary, the Group adjusted its headcount at both sites.

Compared to December 31, 2016, the number of staff employed in Germany fell just slightly to 41.3% (41.4%). Correspondingly, operations abroad accounted for 58.7% (58.6%) of the total headcount.

Gross profit margin remains at 25%

In the first three months of 2017, gross profit on sales rose by 12.3% to EUR 109.5 (97.5) million. As in the same quarter a year ago, the cost of sales figure for the first quarter of 2017 includes the staff profit-sharing bonus of EUR 5.2 (5.7) million agreed for the financial year 2016 with regard to the employees of ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH, and Elring Klinger Motortechnik GmbH. This bonus is attributable mainly to the cost of sales. The bonus of EUR 1,450 (1,600) per employee was recognized as an expense item within other current liabilities in the period under review and is to be paid out in the second quarter of 2017. The cost of sales rose by 12.6% to EUR 323.9 (287.7) million in the first quarter. Expenses relating to materials and personnel are the key determinants of the cost of sales. The latter was impacted not only by the expansion in staffing levels but also by higher prices for materials in the first quarter of 2017. This was prompted by an increase in alloy surcharges payable for high-grade steels as well as higher prices within the steel market as a result of a reduction in global supply. Ongoing efforts to optimize the cost structures at one of the Swiss production sites over the course of the first quarter did not come into full effect, as some of the key measures aimed at relocating capacities to the plant in Hungary had yet to be completed. As a result of the factors outlined above, the gross profit margin remained unchanged year on year at 25.3% (25.3%).

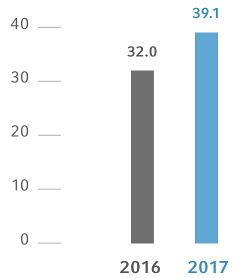
Slight increase in research and development costs

ElringKlinger directed a total of EUR 19.5 (17.3) million at research and development projects in the first quarter of 2017. In the same period, an amount of EUR 0.5 (1.1) million was capitalized. At 4.6% (4.8%), the R&D ratio, having factored in capitalized R&D costs, was slightly below the prior-year figure due to strong growth in revenue.

ElringKlinger is using government grants for its current research and development projects. In the first quarter, the Group received funds totaling EUR 1.5 (1.5) million, the majority of which were directed at its key research activities within the area of fuel cell and battery technology. In parallel, the company incurred project-related expenses at a comparable level for development work and prototyping.

In the period from January to March 2017 selling expenses rose to EUR 33.0 (28.0) million. The year-on-year increase was attributable to the general expansion in business as well as higher staff costs.

EBIT* 1ST QUARTER 2017
in € million



*Pre purchase price allocation

EBITDA improves by 18%

The Group's significant growth in revenue during the reporting period had a positive impact on earnings performance. In total, ElringKlinger managed to increase earnings before interest, taxes, depreciation, and amortization (EBITDA) by 17.7% – from EUR 53.2 million to EUR 62.6 million. Amortization and depreciation of intangible assets and property, plant, and equipment amounted to EUR 24.7 (22.4) million. As in the same quarter a year ago, depreciation and amortization relating to purchase price allocation amounted to EUR 1.2 (1.2) million. Among other items, alongside HUG Engineering B.V. and Maier Formen GmbH, this figure also includes hofer powertrain products GmbH for the first time, an entity consolidated within the ElringKlinger Group as from February 2017.

In the first three months of 2017, earnings before interest and taxes (EBIT) were up EUR 7.1 million on the prior-year figure at EUR 37.9 (30.8) million. The Group's earnings before interest and taxes totaled EUR 39.1 (32.0) million before purchase price allocation. Calculated in relation to sales revenue, the EBIT margin before purchase price allocation improved by 0.7 percentage points to 9.0% in the period from January to March 2017, compared to 8.3% in the first quarter of 2016.

Net finance result benefits from foreign exchange gains

On balance, higher foreign exchange gains amounting to EUR 5.2 (2.8) million in conjunction with a slight reduction in foreign exchange losses meant that the net result of currency translation improved by EUR 3.0 million year on year to EUR -0.4 (-3.4) million. The net interest result stood at EUR -3.0 (-2.9) million, i.e., largely unchanged year on year. Therefore, net finance costs for the first quarter were down by EUR 2.9 million to EUR 3.4 (6.3) million.

As a result, earnings before taxes rose by EUR 10.1 million to EUR 34.5 (24.4) million. Due to a reversal of tax provisions, the Group tax rate fell slightly below its usual level, down to 24.7% (26.6%). Income tax expenses amounted to EUR 8.5 (6.5) million.

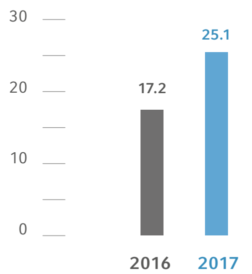
Net income rises to EUR 26 million

After deducting tax expenses, net income for the ElringKlinger Group stood at EUR 26.0 (17.9) million.

At EUR 0.9 (0.7) million, non-controlling interests increased slightly in the first quarter of 2017. Eliminating these interests, net income attributable to the shareholders of ElringKlinger AG amounted to EUR 25.1 (17.2) million.

As of March 31, 2017, the number of shares outstanding that were entitled to a dividend was unchanged at 63,359,990. On this basis, earnings per share amounted to EUR 0.40 (0.27) in the first quarter of 2017.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ELRINGKLINGER AG 1ST QUARTER 2017
in € million



FINANCIAL POSITION AND CASH FLOWS

The financial position and cash flows of ElringKlinger AG remained solid as of March 31, 2017. The Group equity ratio stood at 46.3% (47.8.%). ElringKlinger generated net cash from operating activities of EUR 19.8 (39.5) million.

Assets rise due to expansive business and corporate acquisition

Compared with December 31, 2016, total assets within the ElringKlinger Group were up by 5.7% or EUR 107.5 million at EUR 1,985.7 million. This was attributable to mainly three factors: First, the Group saw a temporary expansion in its investing activities, which was reflected in a higher level of property, plant, and equipment. Secondly, the corporate acquisition of hofer was completed in the first quarter of 2017. Thirdly, receivables were up due to the relatively high level of Group revenue.

Property, plant, and equipment grew by EUR 10.5 million to EUR 927.8 million between the end of 2016 and March 31, 2017. This increase – and also the expansion in property, plant, and equipment compared to the end of the same quarter a year ago (Mar. 31, 2017: EUR 835.0 million) – reflects the slight upturn in investment spending by the Group in support of company growth.

The corporate acquisition in the first quarter of 2017 includes the purchase of a 27.0% interest in hofer AG, Nürtingen, Germany, and a 53.0% interest in its subsidiary hofer powertrain products GmbH, Nürtingen, Germany (cf. Notes, page 30). The ownership interests in hofer AG were recognized in the Group's non-current assets as of March 1, 2017 and disclosed as investment accounted for using the equity method. At the end of the quarter, they amounted to EUR 28.8 million. Hofer powertrain products GmbH was fully consolidated effective from the date of acquisition on February 6, 2017. The inclusion of hofer powertrain products GmbH led to a marginal increase in the Group's total assets by EUR 5.5 million.

Current assets rose to EUR 776.9 (Dec. 31, 2016: 710.3) million, which was mainly attributable to higher trade receivables and, to a lesser extent, higher inventories. This is connected directly to the substantial levels of Group revenue recorded in the first quarter. Receivables increased as a result of the comparatively large number of shipments made to customers in March in particular. Of the rise in inventories by EUR 14.9 million, a sum of EUR 8.5 million was attributable to tools, which are accounted for in this item until they are sold on to the customer. Forthcoming product ramp-ups are usually accompanied by a more expansive tool stock. Compared with revenue growth in the first quarter, which stood at 12.5%, working capital rose at a slightly less pronounced rate of 10.6%, taking the figure to EUR 684.7 (Mar. 31, 2017: 619.0) million.

Equity ratio of 46% within target range

Group equity amounted to EUR 919.1 (Mar. 31, 2017: 864.1) million as of March 31, 2017, which represented 46.3% (47.8%) of the balance sheet total. This figure remains within the range of 40 to 50% targeted by management.

The increase in revenue reserves by EUR 25.1 million compared to the end of fiscal 2016 was due to the allocation of net income to reserves (net income attributable to shareholders of ElringKlinger AG) in the first quarter of 2017.

Non-controlling interests in equity rose by EUR 3.1 million compared to the figure recorded on December 31, 2016. Alongside growth in earnings, this was also driven by the above-mentioned full consolidation of hofer powertrain products GmbH, Germany, which added EUR 2.2 million to the total.

There were no significant changes to provisions, including pension provisions, compared to year-end 2016.

Net debt reflects growth and corporate acquisition

Non-current and current financial liabilities rose by EUR 46.1 million compared to December 31, 2016, taking the figure to EUR 624.3 million. Current financial liabilities accounted for the largest share (EUR 39.2 million) of this increase. The expansion in financial liabilities was attributable, among other things, to funding required to settle the purchase price in respect of the hofer acquisition.

The Group's net debt (current and non-current financial liabilities less cash) thus rose by EUR 42.3 million to EUR 581.1 (Dec. 31, 2016: 538.8) million.

At EUR 111.9 million, trade payables were only marginally higher than on December 31, 2016 (EUR 103.2 million).

Other current liabilities totaled EUR 110.7 million as of March 31, 2017, up EUR 14.2 million on the figure recorded at the end of 2016. Due to seasonal factors, this item tends to grow by a comparatively large amount in the first quarter of the financial year. For example, it includes the staff profit-sharing bonus in respect of the prior-year performance – as agreed by the Supervisory Board in March 2017 – that is scheduled for payment in the second quarter. The profit-sharing bonus totaled EUR 5.2 (5.7) million.

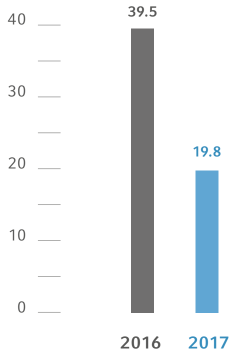
Cash flow influenced by higher working capital

The ElringKlinger Group generated net cash from operating activities of EUR 19.8 (39.5) million in the first three months of 2017.

The year-on-year decline was due to the substantial increase in working capital (inventories and trade receivables less trade payables) against the backdrop of buoyant sales in the first quarter. At the same time, trade payables rose only marginally due to early-payment discounts, as a result of which the change in net working capital (working capital less trade payables) produced a substantial outflow of cash. In this context, it should be noted that the volume of billings was substantial in March 2017. As a result, receivables were higher at the end of the reporting period. However, there is a time lag before the inflow of cash from more expansive operating activities occurs.

As regards the Group statement of cash flows, the above-mentioned developments are illustrated by the two line items that reflect changes in inventories, trade receivables, and other assets not attributable to

CASH FLOW FROM OPERATING ACTIVITIES 1ST QUARTER 2017
in € million



investing or financing activities and changes in trade payables and other liabilities not attributable to investing or financing activities. Here, the net result was a cash outflow of EUR 33.1 million in the period under review, compared to a cash outflow of EUR 6.6 million in the first quarter of the previous year.

Depreciation and amortization of non-current assets rose by EUR 2.3 million year on year to EUR 24.7 (22.4) million, which contributed to higher cash flows.

"Other non-cash expenses and income" mainly include adjusting items relating to currency effects. In the same period a year ago, this item had had an accretive effect on first-quarter cash flow from operating activities that was equivalent to EUR 6.3 million. In the period under review, by contrast, the figure was diluted slightly by EUR 0.3 million.

Payments for investments in property, plant, and equipment down

Payments made in connection with investments in property, plant, and equipment as well as investment property amounted to EUR 29.6 (37.5) million in the first quarter of 2017, which was substantially lower than in the same period a year ago. This is a reflection of the fact that investing activity, which had been more expansive from 2015 onward, will be scaled back slightly, as planned, as from the current financial year.

In the first quarter of 2017, the investment ratio (capital expenditure on property, plant, and equipment and on investment property relative to Group sales revenue) was around 7% (9.7%).

The largest part of expenditure by far was again attributable to expansion measures aimed at raising capacity levels and introducing production systems for new ramp-ups. In regional terms, the emphasis was on the production companies in North America, together with Hungary and the Group headquarters in Dettingen/Erms. In China, capital expenditure was restricted to comparatively small projects and streamlining measures, after high expenditure on state-of-the-art plants in the Chinese sites in previous years.

At the Group headquarters in Dettingen/Erms construction work progressed on a new logistics building for the Lightweighting/Elastomer Technology division. The new facility will help to optimize logistics processes and free up space for additional production lines. The logistics center is scheduled to commence operations in mid-2017.

In 2016, the Group pressed ahead with efforts to expand production capacity at its site in Kecskemét, Hungary. Alongside shielding parts, the focus is on production ramp-up for new door module carriers that are to be supplied – as from the second half of 2017 – to a Tier 1 automotive company. The modules will be fitted to a compact-class vehicle produced by a global car manufacturer.

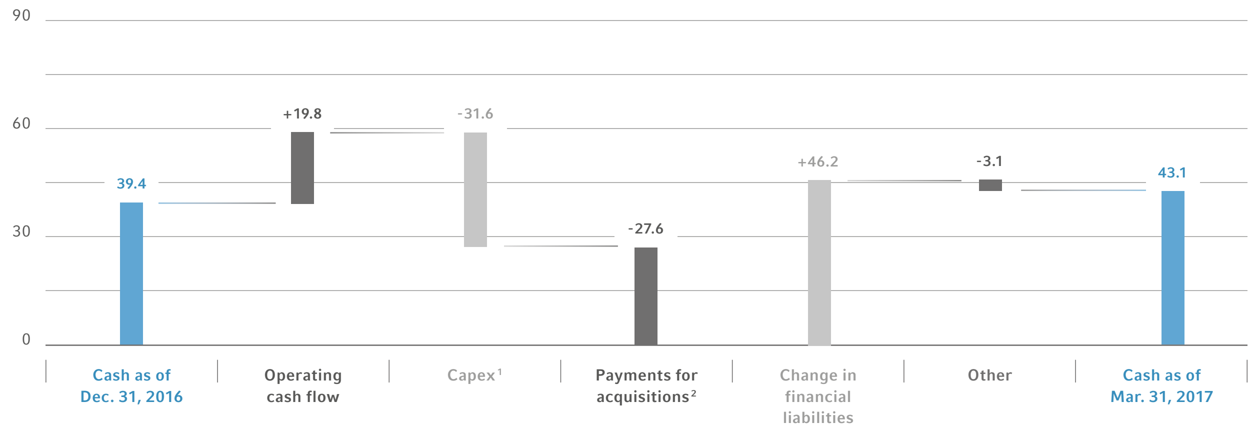
In the NAFTA region measures are being implemented to raise capacity levels at all five ElringKlinger plants, primarily in connection with ramp-ups for new products. At the site in Fremont, USA, which was established at the end of 2016, preparations are under way for the production of cockpit cross-car beams, shipments of which are to commence from mid-2017.

Outflows for investments in financial assets, totaling EUR 3.2 (0) million, were attributable to short-term cash investments by the respective subsidiaries.

In total, net cash used in investing activities in the first quarter of 2017 stood at EUR 62.2 (38.9) million; the substantial increase in this figure compared to the previous year was due to the acquisition of hofer.

CHANGES IN CASH 1ST QUARTER 2017

in € million



[1] Investments in property, plant and equipment, investment property and intangible assets
[2] Including outflows for the acquisition of an entity accounted for using the equity method

Financial situation influenced by acquisition of equity stake in first quarter

The purchase of an interest in hofer AG, accounted for using the equity method, led to an outflow of EUR 28.9 million. The acquisition of hofer powertrain products GmbH produced an inflow of EUR 1.3 million due to the set-off with cash and cash equivalents or interest advantages. The net outflow in connection with the corporate acquisition was EUR 27.6 (0) million.

With this in mind, the Group took on appropriate funds as part of its financing activities. Net cash from financing activities amounted to EUR 46.2 (20.2) million in the first quarter of 2017.

As operating cash flow was insufficient (due to the temporary increase in working capital) to cover investment spending, operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions and investments in financial assets) was negative at EUR - 11.6 (0.6) million.

OPPORTUNITIES AND RISKS

As regards the assessment of opportunities and risks for the ElringKlinger Group in respect of the first quarter of 2017, there were no significant changes to the details discussed in the 2016 Annual Report of the ElringKlinger Group (page 88 et seqq.).

There are currently no identifiable risks that might jeopardize the future existence of the Group as a going concern, either in isolation or in conjunction with other risk factors.

The report on opportunities and risks from the 2016 Annual Report can also be accessed on the website of ElringKlinger at www.elringklinger.de/ar2016/report-on-opportunities-and-risks.

REPORT ON EXPECTED DEVELOPMENTS

Outlook – Market and Sector

According to the latest forecast issued by the International Monetary Fund (IMF), the prospects for growth within the world economy are considered to be good, at least in the short term. In its outlook for the year 2017 as a whole, published in April 2017, the IMF revised upward slightly its growth estimate for economic output to 3.5% (previously: 3.4%). Yet again, the emerging and developing economies are expected to make a larger contribution to global growth than the industrialized nations.

Among the upside factors fueling economic growth in the European Monetary Union are higher government expenditure, an essentially positive climate within the financial markets, and the relatively weak euro. As regards world economy as a whole, the IMF cited rising commodity prices and the associated reduction in deflationary pressures as a key element underpinning growth. Additionally, the prospect of US spending programs with an invigorating effect on the economy and ongoing deregulation in the United States are expected to have a positive impact in the short term.

At the same time, however, the IMF also sounded a cautionary note by pointing to a number of potential risks. Among them are a growing protectionist stance with the associated repercussions for world trade as well as the protracted weakness in productivity due to a lack of structural reforms and infrastructure measures in many countries, together with increasingly high income inequality. Overly rapid normalization of US monetary policy may have an adverse effect on the emerging and developing economies in particular due to the fact that their currencies are pegged to the US dollar. In Europe, substantial sovereign debt piled up by some countries and uncertainty with regard to future trading relations with the United Kingdom are seen as a downside risk.

Car markets in 2017

The direction taken by car markets in the first three months would appear to confirm recent growth projections for the global vehicle market in 2017 as a whole. The industry has benefited from favorable economic conditions in key sales regions, coinciding with a high propensity among consumers to spend. Despite a slowdown in its momentum, China – as the world's largest single market – will continue to make a sizeable contribution to growth in the auto market. Sharing the views of industry experts, ElringKlinger anticipates that car sales will expand by 1 to 2% in 2017. Germany's VDA, the Association of the Automotive Industry, has issued a similar forecast, suggesting that car sales will rise by 2% to around 84 million vehicles.

GDP GROWTH PROJECTIONS

Year-on-year change in %	2016	Projections 2017	Projections 2018
World	3.1	3.5	3.6
Industrialized countries	1.7	2.0	2.0
Emerging and developing countries	4.1	4.5	4.8
Germany	1.8	1.6	1.5
Eurozone	1.7	1.7	1.6
USA	1.6	2.3	2.5
Brazil	-3.6	0.2	1.7
China	6.7	6.6	6.2
India	6.8	7.2	7.7
Japan	1.0	1.2	0.6

Source: IMF, (April 2017)

Based on this assumption, the individual regions are expected to develop as follows: Western Europe is likely to grow only marginally or to even remain unchanged year on year with a total of 14 million new vehicle registrations, despite a strong performance in the first quarter. In this context, there is uncertainty as to the future direction likely to be taken by the UK market. In terms of future trends, the Southern European markets are thought to have further upside potential. Sales figures in Italy and Spain, for example, are still well down on those recorded in the pre-crisis year of 2007. Germany is expected to achieve volumes comparable to the substantial levels seen in 2016 (3.4 million cars). At the same time, the VDA is predicting that domestic production will remain stable. At 4.3 million units, German exports are expected to be slightly down year on year, whereas non-domestic production output by German car makers is likely to expand by 3%.

In 2016, the United States saw sales of light vehicles (cars and light commercial vehicles) rise to record levels for the second year in succession. By contrast, this market is expected to trend slightly lower in 2017, thus failing to match the substantial prior-year figure of 17.5 million new vehicle registrations.

China, as one of the world's most important car markets, will lose some of its forward momentum. The VDA has predicted growth of 5%, taking the total figure to 24.9 million vehicles. Benefiting from a slight upturn, the Japanese car market should also be in positive territory at the end of 2017.

Based on developments in the first three months of 2017, the crisis markets of Brazil and Russia can finally look forward to a turnaround.

Improved mood in US truck market

The first quarter of 2017 saw an improvement in market sentiment with regard to commercial vehicle sales in the US, which had been declining. The segment covering heavy trucks (Class 8), for example, recorded a 30% increase in incoming orders in the first quarter. Together with a reduction in stock levels, this signals a return to market stability in the near term according to industry analysts.

The Western European commercial vehicle market is expected to grow at a moderate rate and at a slower pace than in 2016 (+10.1%). Correspondingly, the VDA predicts that Germany will see sales improve only marginally in 2017.

Outlook – Group

Benefiting from sustained momentum in incoming orders, ElringKlinger is confident that it can continue to outpace the market as a whole in terms of growth. Order intake stood at EUR 494.3 million in the first quarter of 2017, up EUR 70.3 million or 16.6% on the figure recorded in the same period a year ago. Currency effects produced a slight tailwind; had foreign exchange rates remained unchanged, order intake would have been up by EUR 61.3 million or 14.5% at EUR 485.3 million.

Correspondingly, order backlog also improved significantly. At EUR 993.5 million, it came close to the billion euro mark and was EUR 158.5 million or 19.0% up on the prior-year figure. Growth within this area includes currency effects equivalent to EUR 11.7 million or 1.4 percentage points.

Guidance confirmed

Against this background, ElringKlinger remains confident that it can exceed global market growth by around 2 to 4 percentage points both in the current financial year and in the medium term. In this context, the Group is working on the assumption that the global market will expand by around 1 to 2% in 2017 as a whole. Organic growth will be complemented by consolidated revenue attributable to hofer powertrain products GmbH, Hug Engineering B.V. (formerly COdiNOx Beheer B.V.), and the asset deal relating to Maier Formenbau GmbH. These revenue contributions from acquired interests are expected to total EUR 6 to 8 million in the annual period as a whole.

The Group's earnings performance in 2017 will be influenced primarily by two factors. First, organic revenue growth will provide an increase to earnings. Secondly, the Group will be looking to further improve fixed cost structures at its Swiss site by gradually relocating parts of its production to the plant in Hungary. Overall, these key elements in particular are expected to contribute to an EBIT margin (before purchase price allocation) of around 9 to 10% in fiscal 2017. In the medium term, the Group is looking to achieve an EBIT margin of around 13%.

Dettingen/Erms, May 9, 2017
The Management Board

Dr. Stefan Wolf
Chairman/CEO

Theo Becker

Thomas Jessulat

ELRINGKLINGER AND THE CAPITAL MARKETS

Stock markets remain buoyant at beginning of year

On the whole, the start to the 2017 year of trading proved encouraging around the globe. With the exception of the Nikkei, all of the major stock market indices made gains of more than 5% in the period from January to March. Benefiting in part from the continued rise in leading indicators in the eurozone, the United States, and China, together with the announcement by the US president of a comprehensive tax reform and news of strong financial results recorded by various exchange-listed corporations, stock markets managed to maintain their forward momentum – first seen towards the end of 2016 – during trading over the first quarter of 2017. Concerns over the possible introduction of protectionist measures by the new US administration, further interest rate hikes by the US Federal Reserve, and persistent geopolitical risks prompted a downturn in stock prices that was only temporary in nature.

Germany's blue chip index, the DAX, reached its highest level since April 2015, climbing by 7.2% since the beginning of the year to take the figure to 12,313 points. The MDAX completed the first quarter of 2017 with a gain of 7.7%, taking it to 23,904 points. In the same period, the SDAX rose by 6.0% to 10,093 points.

ElringKlinger share price up sharply in first quarter of 2017

On the back of a 20% gain recorded in December, ElringKlinger's shares had closed the 2016 year of trading at a price of EUR 15.88. The company's stock continued to recover over the course of January 2017, before reaching its provisional high of EUR 17.43 on January 27. Following a subsequent period of consolidation, the stock managed to stand its ground at a figure above the EUR 16 mark on publication of the company's preliminary results for fiscal 2016 at the end of February. Amid favorable market conditions, ElringKlinger's share price received a further boost towards the end of March.

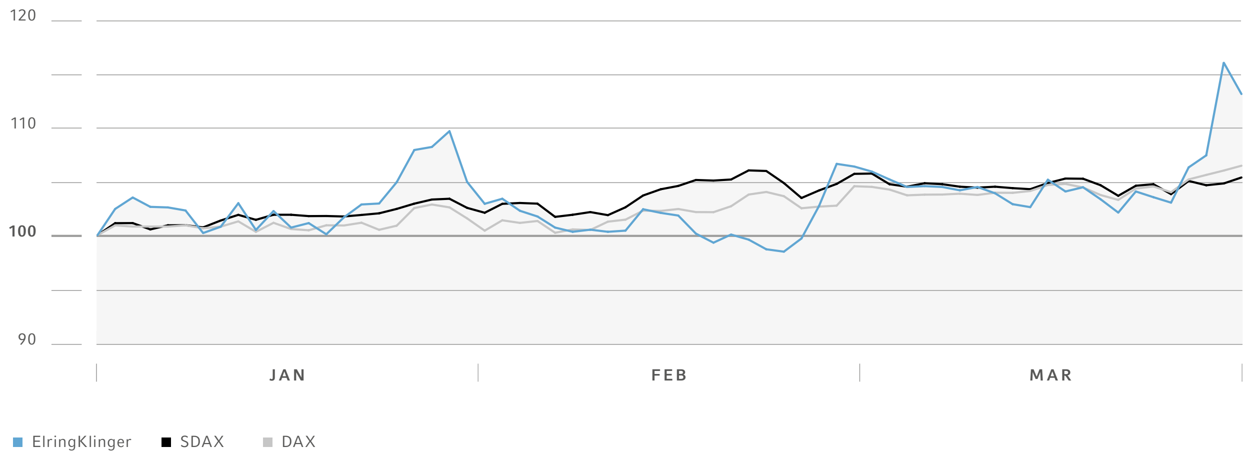
The announcement of the company's definitive financial results for 2016 was well received by the capital markets, with the stock gaining up to seven percent in value during the day of publication. On March 30, ElringKlinger's stock stood at EUR 18.40 – its highest level in the year to date. At the end of the first quarter of 2017, ElringKlinger's share price was EUR 18.22, a gain of 14.8% since the beginning of the year.

Trading volume at a level similar to previous year

The daily volume of ElringKlinger shares traded on the stock exchange proved particularly buoyant in the first quarter of 2017. On average, 192,600 (190,800) shares were traded on a daily basis. The average daily trading value was EUR 3,167,600 (4,212,800).

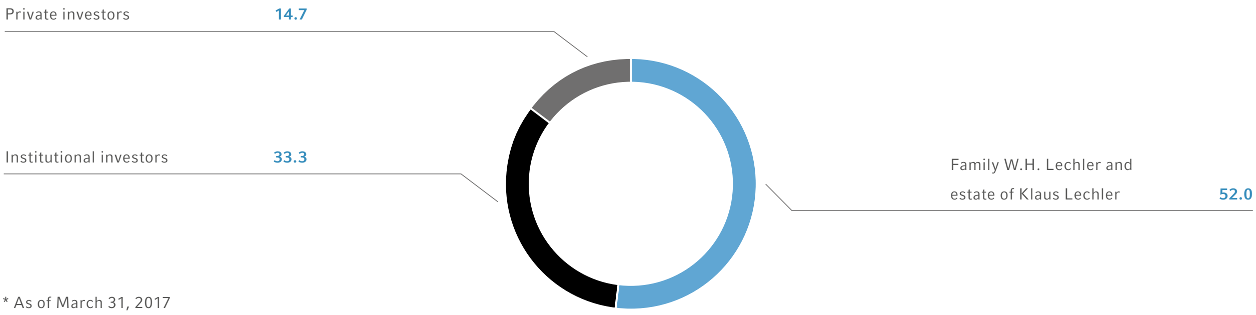
ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JANUARY 1, 2017 (INDEXED, DEC. 30, 2016 = 100%)

compared with DAX and SDAX



SHAREHOLDER STRUCTURE*

in %



* As of March 31, 2017

Capital market communication

ElringKlinger maintained its dialogue with capital market representatives over the course of the first quarter of 2017. The company took part in three conferences organized in the key financial cities of Frankfurt and New York; these were attended mainly by international analysts and investors. This was complemented by road shows in London and the United States, the aim being to showcase ElringKlinger's business models at local venues.

ElringKlinger held a financial results press conference in Stuttgart and an analysts' meeting in Frankfurt am Main for the purpose of discussing its 2016 annual financial statements announced on March 30, 2017. The Management Board of ElringKlinger AG presented its financial results for 2016 and provided a business outlook for the 2017 financial year. Journalists and analysts attending the two events showed a keen interest in the company's presentations.

2017 AGM: dividend proposal of EUR 0.50

The 112th Annual General Meeting of ElringKlinger AG will convene on Tuesday, May 16, 2017, at the Liederhalle Culture and Congress Center in Stuttgart. The Management Board and the Supervisory Board will propose to the Annual General Meeting a dividend of EUR 0.50 (0.55) per share for the 2016 financial year. The proposed dividend payment amounts to EUR 31.7 (34.8) million in total. On this basis, the dividend ratio will rise to 40.3 (38.0)%, which lies at the upper range of the long-term dividend policy adopted by the company. Fundamentally, it stipulates a dividend payment equivalent to between 30 to 40% of Group net income after non-controlling interests for the purpose of ensuring that shareholders receive an appropriate and sustainable return on their investment.

ELRINGKLINGER STOCK (ISIN DE 0007856023)

	1st Quarter 2017	1st Quarter 2016
Number of shares outstanding	63,359,990	63,359,990
Share price (daily closing price in EUR)[1]		
High	18.40	24.09
Low	15.60	19.68
Closing price as of March 31	18.22	24.09
Average daily trading volume (German stock exchanges; no. of shares traded)	192,600	190,800
Average daily trading value (German stock exchanges; in EUR)	3,167,600	4,212,800
Market capitalization as of March 31 (EUR millions)	**1,154.4**	**1,526.3**

[1] Xetra trading

GROUP INCOME STATEMENT

of ElringKlinger AG, January 1 to March 31, 2017

EUR k	1st Quarter 2017	1st Quarter 2016
Sales revenue	**433,345**	**385,207**
Cost of sales	-323,885	-287,709
Gross profit	**109,460**	**97,498**
Selling expenses	-32,961	-27,965
General and administrative expenses	-20,620	-21,513
Research and development costs	-19,488	-17,305
Other operating income	4,332	2,992
Other operating expenses	-2,833	-2,941
Operating result	**37,890**	**30,766**
Finance income	5,255	2,886
Finance costs	-8,627	-9,215
Net finance costs	**-3,372**	**-6,329**
Earnings before taxes	**34,518**	**24,437**
Income tax expense	-8,513	-6,509
Net income	**26,005**	**17,928**
of which: attributable to non-controlling interests	869	710
of which: attributable to shareholders of ElringKlinger AG	**25,136**	**17,218**
Basic and diluted earnings per share in EUR	**0.40**	**0.27**

GROUP STATEMENT OF COMPREHENSIVE INCOME

of ElringKlinger AG, January 1 to March 31, 2017

EUR k	1st Quarter 2017	1st Quarter 2016
Net income	**26,005**	**17,928**
Currency translation difference	4,557	-9,391
Gains and losses that can be reclassified to the income statement in future periods	**4,557**	**-9,391**
Other comprehensive income after taxes	**4,557**	**-9,391**
Total comprehensive income	**30,562**	**8,537**
of which: attributable to non-controlling interests	895	290
of which: attributable to shareholders of ElringKlinger AG	**29,667**	**8,247**

GROUP STATEMENT OF FINANCIAL POSITION

of ElringKlinger AG, as at March 31, 2017

EUR k	March 31, 2017	Dec. 31, 2016	March 31, 2016
ASSETS			
Intangible assets	212,500	212,440	210,212
Property, plant and equipment	927,805	917,318	834,979
Investment property	15,847	15,822	15,775
Financial assets	1,246	1,029	1,250
Investment accounted for using the equity method	28,786	0	0
Non-current income tax assets	214	211	874
Other non-current assets	4,180	4,291	2,674
Deferred tax assets	18,200	16,808	14,768
Non-current assets	**1,208,778**	**1,167,919**	**1,080,532**
Inventories	343,197	328,334	323,078
Trade receivables	341,537	299,522	295,946
Current income tax assets	4,193	3,803	3,658
Other current assets	44,881	39,184	37,698
Cash and cash equivalents	43,129	39,407	68,560
Current assets	**776,937**	**710,250**	**728,940**
	1,985,715	**1,878,169**	**1,809,472**

EUR k	March 31, 2017	Dec. 31, 2016	March 31, 2016
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	697,771	672,635	646,151
Other reserves	1,702	-2,829	1,933
Equity attributable to the shareholders of ElringKlinger AG	**881,071**	**851,404**	**829,682**
Non-controlling interest in equity	38,018	34,963	34,424
Equity	**919,089**	**886,367**	**864,106**
Provisions for pensions	137,164	136,562	118,951
Non-current provisions	13,688	13,604	13,379
Non-current financial liabilities	327,714	320,813	318,769
Deferred tax liabilities	16,429	16,456	22,838
Other non-current liabilities	3,645	3,834	4,544
Non-current liabilities	**498,640**	**491,269**	**478,481**
Current provisions	21,016	17,279	18,847
Trade payables	111,880	103,228	89,945
Current financial liabilities	296,548	257,392	231,656
Tax payable	27,813	26,151	22,216
Other current liabilities	110,729	96,483	104,221
Current liabilities	**567,986**	**500,533**	**466,885**
	1,985,715	**1,878,169**	**1,809,472**

GROUP STATEMENT OF CHANGES IN EQUITY

of ElringKlinger AG, January 1 to March 31, 2017

EUR k	Share capital	Capital reserves	Revenue reserves
Balance as of Dec. 31, 2015/Balance as of Jan. 1, 2016	**63,360**	**118,238**	**628,933**
Purchase of shares from non-controlling interests			
Total comprehensive income			17,218
Net income			17,218
Other comprehensive income			
Balance as of March 31, 2016	**63,360**	**118,238**	**646,151**
Balance as of Dec. 31, 2016/Balance as of Jan. 1, 2017	**63,360**	**118,238**	**672,635**
Change in scope of consolidated financial statements			
Total comprehensive income			25,136
Net income			25,136
Other comprehensive income			
Balance as of March 31, 2017	**63,360**	**118,238**	**697,771**

Other reserves: Remeasurement of defined benefit plans	Other reserves: Equity impact of controlling interests	Other reserves: Currency translation differences	Equity attributable to the shareholders of ElringKlinger AG	Non-controlling interests in equity	Group equity
-32,985	**-17**	**44,100**	**821,629**	**34,102**	**855,731**
	-194		-194	32	-162
		-8,971	8,247	290	8,537
			17,218	710	17,928
		-8,971	-8,971	-420	-9,391
-32,985	**-211**	**35,129**	**829,682**	**34,424**	**864,106**
-43,616	**-212**	**40,999**	**851,404**	**34,963**	**886,367**
			0	2,160	2,160
		4,531	29,667	895	30,562
			25,136	869	26,005
		4,531	4,531	26	4,557
-43,616	**-212**	**45,530**	**881,071**	**38,018**	**919,089**

GROUP STATEMENT OF CASH FLOWS

of ElringKlinger AG, January 1 to March 31, 2017

EUR k	1st Quarter 2017	1st Quarter 2016
Earnings before taxes	34,518	24,437
Depreciation/amortization (less write-ups) of non-current assets	24,702	22,390
Net interest	3,012	2,934
Change in provisions	3,557	3,412
Gains/losses on disposal of non-current assets	196	176
Profit/loss from investments accounted for using the equity method	154	0
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-56,575	-28,788
Change in trade payables and other liabilities not resulting from financing and investing activities	23,515	22,222
Income taxes paid	-10,532	-11,057
Interest paid	-2,519	-2,550
Interest received	47	62
Other non-cash expenses and income	-318	6,296
Net cash from operating activities	**19,757**	**39,534**
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	203	104
Proceeds from disposals of financial assets	0	4
Payments for investments in intangible assets	-2,012	-1,507
Payments for investments in property, plant and equipment and investment property	-29,586	-37,520
Payments for investments in financial assets	-3,198	0
Payments for investments accounted for using the equity method	-28,940	0
Proceeds from the acquisition of subsidiaries and other entities	1,322	0
Net cash from investing activities	**-62,211**	**-38,919**
Payments to non-controlling interests for the purchase of shares	0	-163
Proceeds from the addition of non-current financial liabilities	13,967	4,464
Payments for the repayment of non-current financial liabilities	-6,615	-9,823
Change in current financial liabilities	38,820	25,739
Net cash from financing activities	**46,172**	**20,217**
Changes in cash	3,718	20,832
Effects of currency exchange rates on cash	4	-1,197
Cash at beginning of period	39,407	48,925
Cash at end of period	**43,129**	**68,560**

GROUP SALES BY REGION

of ElringKlinger AG, January 1 to March 31, 2017

EUR k	1st Quarter 2017	1st Quarter 2016
Germany	110,838	101,503
Rest of Europe	138,841	127,334
NAFTA	85,095	74,341
Asia-Pacific	79,246	68,153
South America and rest of the world	19,325	13,876
Group	**433,345**	**385,207**

SEGMENT REPORTING

of ElringKlinger AG, January 1 to March 31, 2017

Segment	Original Equipment		Aftermarket		Engineered Plastics	
EUR k	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016
Sales revenue	**359,934**	**316,292**	**40,150**	**39,331**	**29,506**	**26,189**
Intersegment revenue	5,542	6,749	0	0	4	21
Segment revenue	**365,476**	**323,041**	**40,150**	**39,331**	**29,510**	**26,210**
EBIT[1]	**25,147**	**20,268**	**7,742**	**7,831**	**4,342**	**2,134**
Depreciation and amortization[2]	-21,965	-20,166	-543	-470	-1,454	-1,228
Capital expenditures[3]	30,497	34,384	272	381	658	1,611

[1] Earnings before interest and taxes (operating result)
[2] Excluding impairments
[3] Investments in intangible assets, property, plant and equipment and investment property

	Industrial Parks		Services		Consolidation		Group	
	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016	1st Quarter 2017	1st Quarter 2016
	1,041	**942**	**2,714**	**2,453**	**0**	**0**	**433,345**	**385,207**
	27	58	1,593	1,488	-7,166	-8,316	0	0
	1,068	**1,000**	**4,307**	**3,941**	**-7,166**	**-8,316**	**433,345**	**385,207**
	-73	**-85**	**732**	**618**			**37,890**	**30,766**
	-256	-206	-484	-320			-24,702	-22,390
	77	1,794	94	857			31,598	39,027

NOTES TO THE FIRST THREE MONTHS OF 2017

ElringKlinger AG is an exchange-listed stock corporation headquartered in Dettingen/Erms, Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of March 31, 2017, have been prepared on the basis of IAS 34 (Interim Financial Reporting). The interim financial statements conform with the International Financial Reporting Standards (IFRS), including the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union.

As the consolidated interim financial statements are presented in a condensed format, the financial statements as of March 31, 2017, do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements as of March 31, 2017, have been neither audited nor reviewed in any way by an independent auditor.

They were authorized for issue based on a resolution passed by the Management Board on May 9, 2017.

Basis of reporting

Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of March 31, 2017, include the financial statements of nine domestic and 33 foreign entities in which Elring-Klinger AG holds 50% of the interests, either directly or indirectly, or over which, for other reasons, it has the power to govern the financial and operating policies ("Control"). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

Effective from January 1, 2017, ElringKlinger North America, Inc., with its registered office in Plymouth, USA, was merged into ElringKlinger Automotive Manufacturing, Inc., with its registered office in Southfield, USA.

With the exception of the acquisition of hofer powertrain products GmbH, Nürtingen, Germany, and the merger of ElringKlinger North America, Inc. into ElringKlinger Automotive Manufacturing, Inc., Southfield, USA, there were no other changes to the scope of consolidation compared with the consolidated financial statements as of December 31, 2016.

Corporate acquisition

Effective from March 1, 2017, ElringKlinger AG acquired 27.0% of the ownership interests in hofer AG, with its registered office in Nürtingen, Germany. Effective from February 6, 2017, ElringKlinger AG acquired 53.0% of the ownership interests in aforementioned entity's subsidiary hofer powertrain products GmbH, also with its registered office in Nürtingen, Germany. In both cases, the acquisition of interests was transacted by means of an increase in capital.

As regards hofer AG, ElringKlinger AG paid an amount of EUR 3,570k into share capital and an amount of EUR 25,370k into the capital reserve. The interests held in hofer AG are accounted for using the equity method and are recognized as financial assets. The net finance result includes a loss of EUR 154k from equity investments.

As regards hofer powertrain products GmbH, ElringKlinger AG paid an amount of EUR 1,060k into share capital. All payments were made in January 2017. Additionally, the contractual agreement includes a global loan arrangement totaling EUR 30,000k for the purpose of financing future investments relating to hofer powertrain products GmbH. The associated interest advantage amounts to EUR 1,654k, which is attributable to the purchase price. The costs related to the transaction, amounting to EUR 80k, were recognized as general and administrative expenses.

The hofer Group is a skilled automotive developer of systems used within the exhaust tract. In acquiring the ownership interest, ElringKlinger will benefit from the aforementioned innovatory abilities, particularly in the development and production of alternative drive technologies.

The assets and liabilities of the acquired interests pertaining to hofer powertrain products GmbH were measured at the fair value as of the date of acquisition. Within this context, an excess of EUR 278k was recognized as goodwill, having additionally accounted for deferred tax liabilities (EUR 279k) on hidden reserves realized (EUR 946k). The aforementioned goodwill was paid primarily in respect of the favorable earnings prospects as well as anticipated synergies.

Due to the first-time full consolidation of hofer powertrain products GmbH effective from February 6, 2017, Group revenue increased by EUR 893k, while the loss contributed to earnings before taxes was EUR 23k. Had the acquisition become effective as early as January 1, 2017, hofer powertrain products GmbH would have contributed EUR 1,449k to Group revenue and would have increased earnings before taxes by EUR 64k.

The preliminary allocation of the purchase price to assets and liabilities is presented in the table below:

EUR k	IFRS carrying amount at date of purchase	Purchase price allocation	Fair value at date of purchase
Intangible assets	8	946	954
Property, plant, and equipment	52	–	52
Inventories	792	–	792
Trade receivables	2,656	–	2,656
Other current assets	61	–	61
Cash and cash equivalents	2,382	–	2,382
Total assets	**5,951**	**946**	**6,897**
Deferred tax liabilities	0	279	279
Non-current financial liabilities	1,048	0	1,048
Current provisions	22	–	22
Trade payables	347	–	347
Tax liabilities	155		155
Other current liabilities	450	–	450
Total liabilities	**2,022**	**279**	**2,301**
Net assets	**3,929**	**667**	**4,596**
Goodwill			278
Non-controlling interests in net assets			-2,160
Purchase price			**2,714**

No contingent liabilities were identified during the acquisition procedure. The fair values presented for the respective assets and liabilities are provisional.

Exchange rates

Exchange rates developed as follows:

Currency	Abbr.	Closing rate Mar. 31, 2017	Closing rate Dec. 31, 2016	Average rate Jan.–Mar. 2017	Average rate Jan.–Dec. 2016
US dollar (USA)	USD	1.06910	1.05410	1.06810	1.10317
Pound (United Kingdom)	GBP	0.85553	0.85618	0.85654	0.82269
Swiss franc (Switzerland)	CHF	1.06960	1.07390	1.06707	1.09085
Canadian dollar (Canada)	CAD	1.42650	1.41880	1.41017	1.45892
Real (Brazil)	BRL	3.38000	3.43050	3.33817	3.81926
Mexican peso (Mexico)	MXN	20.01750	21.77190	21.12767	20.68174
RMB (China)	CNY	7.36420	7.32020	7.34640	7.34151
WON (South Korea)	KRW	1,194.54000	1,269.36000	1,211.18000	1,279.91750
Rand (South Africa)	ZAR	14.24040	14.45700	14.15847	16.12887
Yen (Japan)	JPY	119.55000	123.40000	120.10667	120.440830
Forint (Hungary)	HUF	307.62000	309.83000	308.83667	311.90917
Turkish lira (Turkey)	TRY	3.88940	3.70720	3.93057	3.34263
Leu (Romania)	RON	4.55250	4.53900	4.52523	4.49330
Indian rupee (India)	INR	69.39650	71.59350	70.94200	74.20010
Indonesian rupiah (Indonesia)	IDR	14,237.94000	14,173.43000	14,244.55333	14,678.48083
Bath (Thailand)	THB	36.72400	37.72600	37.15633	38.86225

Disclosures relating to financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments. There was no offsetting of financial instruments recognized by the company.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

	Cash	Trade receivables	Other current assets	Derivatives	Non-current securities		Other financial investments		Total
EUR k	CA	CA	CA	CA	CA	FV	CA	FV	CA
as of March 31, 2017									
Loans and receivables	43,129	341,537	15,227	0	0	0	8	8	399,901
held to maturity	0	0	0	0	1,025	1,028	0	0	1,025
held for trading	0	0	0	110	0	0	0	0	110
available for sale	0	0	0	0	206	206	7	7	213
Total	**43,129**	**341,537**	**15,227**	**110**	**1,231**	**1,234**	**15**	**15**	**401,249**
as of Dec. 31, 2016									
Loans and receivables	39,407	299,522	5,752	0	0	0	8	8	344,689
held to maturity	0	0	0	0	819	819	0	0	819
held for trading	0	0	0	0	0	0	0	0	0
available for sale	0	0	0	0	194	194	8	8	202
Total	**39,407**	**299,522**	**5,752**	**0**	**1,013**	**1,013**	**16**	**16**	**345,710**

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

	Other current liabilities	Current financial liabilities	Finance leases		Trade payables
EUR k	CA	CA	CA	FV	CA
as of March 31, 2017					
Financial liabilities measured at acquisition cost	48,449	296,387	0	0	111,880
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0
No measurement category under IAS 39	0	0	161	164	0
as of Dec. 31, 2016					
Financial liabilities measured at acquisition cost	48,685	257,231	0	0	103,228
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0
No measurement category under IAS 39	0	0	161	167	0

	Derivatives		Non-current financial liabilities		Finance leases		Total
EUR k	CA	FV	CA	FV	CA	FV	CA
as of March 31, 2017							
Financial liabilities measured at acquisition cost	0	0	327,434	319,094	0	0	784,150
Financial liabilities measured at fair value through profit or loss	134	134	0	0	0	0	134
No measurement category under IAS 39	0	0	0	0	280	286	441
as of Dec. 31, 2016							
Financial liabilities measured at acquisition cost	0	0	320,495	318,100	0	0	729,639
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0	0	0
No measurement category under IAS 39	0	0	0	0	318	344	479

The other current liabilities include two purchase price liabilities totaling EUR 33,801k (2016: EUR 33,801k) in respect of written put options, which are measured at amortized cost.

The management has ascertained that the carrying amounts of cash, trade receivables, other receivables, trade payables, other current financial liabilities, and other current liabilities largely correspond to their fair values, primarily as a result of the short maturities of these instruments.

The fair values of other financial instruments held to maturity are based on prices in an active market as of the end of the reporting period.

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks, finance lease liabilities, and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific interest rate.

The fair value of the put option, included in other current liabilities, of non-controlling interests in ElringKlinger Marusan Corporation, Tokyo, Japan, in respect of their interests is based on internal projections of the enterprise value. As regards the valuation of this put option of non-controlling interests, estimates are made with regard to the forecast of business performance as well as with regard to the choice of the interest rate to be applied in respect of the liability to be recognized. A change in the enterprise value by 10% would result in an increase/decrease in the put option by approx. EUR 3,293k.

Financial assets and liabilities measured at fair value are classified into the following three-level fair value hierarchy as of the end of the reporting period of March 31, 2017:

EUR k	Level 1	Level 2	Level 3
March 31, 2017			
Financial assets			
Non-current securities	206	0	0
Other financial investments	7	0	0
Derivatives*	0	110	0
Total	**213**	**110**	**0**
Financial liabilities			
Derivatives*	0	134	0
Total	**0**	**134**	**0**
Dec. 31, 2016			
Financial assets			
Non-current securities	194	0	0
Other financial investments	8	0	0
Derivatives*	0	0	0
Total	**202**	**0**	**0**
Financial liabilities			
Derivatives*	0	0	0
Total	**0**	**0**	**0**

* These are derivatives that do not qualify for hedge accounting.

The following table provides details of the classification of financial assets and liabilities that are not measured at fair value but for which a fair value has been presented, according to the three-level fair value hierarchy as of the end of the reporting period of March 31, 2017:

EUR k	Level 1	Level 2	Level 3
March 31, 2017			
Financial assets			
Non-current securities	1,028	0	0
Other financial investments	0	0	8
Total	**1,028**	**0**	**8**
Financial liabilities			
Non-current liabilities from finance leases	0	0	286
Non-current financial liabilities	0	319,094	0
Purchase price liability from written put option	0	0	33,801
Total	**0**	**319,094**	**34,087**
Dec. 31, 2016			
Financial assets			
Non-current securities	819	0	0
Other financial investments	0	0	8
Total	**819**	**0**	**8**
Financial liabilities			
Non-current liabilities from finance leases	0	0	344
Non-current financial liabilities	0	318,100	0
Purchase price liability from written put option	0	0	33,801
Total	**0**	**318,100**	**34,145**

The levels of the fair value hierarchy are defined as follows:

Level 1: Measurement based on quoted prices
Level 2: Measurement based on inputs for the asset or liability that are observable in active markets either directly or indirectly
Level 3: Measurement based on inputs for assets and liabilities not representing observable market data

The assessment as to whether a transfer has occurred between the levels of the fair-value hierarchy with regard to the assets and liabilities carried at fair value is conducted in each case at the end of the reporting period. No transfers occurred in the reporting period under review.

Contingencies and related-party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2016 were not subject to significant changes in the first three months of 2017.

Government grants

As a result of government grants, other operating income rose by EUR 1,542k in the first three months of 2017. These grants were attributable primarily to development projects.

Events after the reporting period

There were no further significant events after the end of the interim reporting period that necessitate additional explanatory disclosure.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dettingen/Erms, May 9, 2017
The Management Board

Dr. Stefan Wolf
Chairman/CEO

Theo Becker

Thomas Jessulat

IMPRINT

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Disclaimer – Forward-looking Statements and Forecasts
This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

Supplementary Notes
Due to rounding, some of the numbers and percentage figures specified in this document may differ from the actual values, particularly in the case of summation and percentage calculations.

This report was published on May 9, 2017, and is available in German and English. Only the German version shall be legally binding.

FINANCIAL CALENDAR 2017

16 MAY

112th Annual General Shareholders' Meeting, Stuttgart, Cultural and Congress Center Liederhalle, 10:00 a.m. CEST

08 AUGUST

Interim Report on the 2nd Quarter and 1st Half of 2017

07 NOVEMBER

Interim Report on the 3rd Quarter and First Nine Months of 2017

16 MAY 2018

113th Annual General Shareholders' Meeting, Stuttgart, Cultural and Congress Center Liederhalle, 10:00 a.m. CEST

Changes to the above dates cannot be ruled out.
We therefore recommend visiting our website to check specific financial dates at **www.elringklinger.de/en/investor-relations/financial-calendar**.

CALENDAR TRADE FAIRS 2017

MAY/JUNE	30 – 02	Moulding Expo – International Trade Fair for Tool, Pattern and Mould Making, Stuttgart, Germany
JUNE	27 – 29	Power-Gen Europe, Cologne, Germany
JULY	05 – 06	VDI Congress – Drivetrain for Vehicles, Bonn, Germany
SEPTEMBER	12 – 24	67th International Motor Show (IAA) Cars, Frankfurt/Main, Germany
	27 – 30	Monaco Yacht Show, Le Suffren, Monaco
OCTOBER	09 – 11	26th Aachen Colloquium, Aachen, Germany
	17 – 21	Fakuma – International Trade Fair for Plastics Processing, Friedrichshafen, Germany
NOV/DEC	29 – 02	Automechanika, Shanghai, China
DECEMBER	05 – 06	International CTI Symposium, Berlin, Germany

For further events and trade fairs please visit our websites:
www.elringklinger.de/en/press/dates-events
www.elringklinger-kunststoff.de/english/service/trade-fair-dates
www.hug-engineering.com/en/news/exhibitions
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