

ElringKlinger Group

Zwei Antriebswelten. Eine Strategie

Embracing both worlds – combustion and electric



Conference Call

Preliminary Results 2nd Quarter 2011

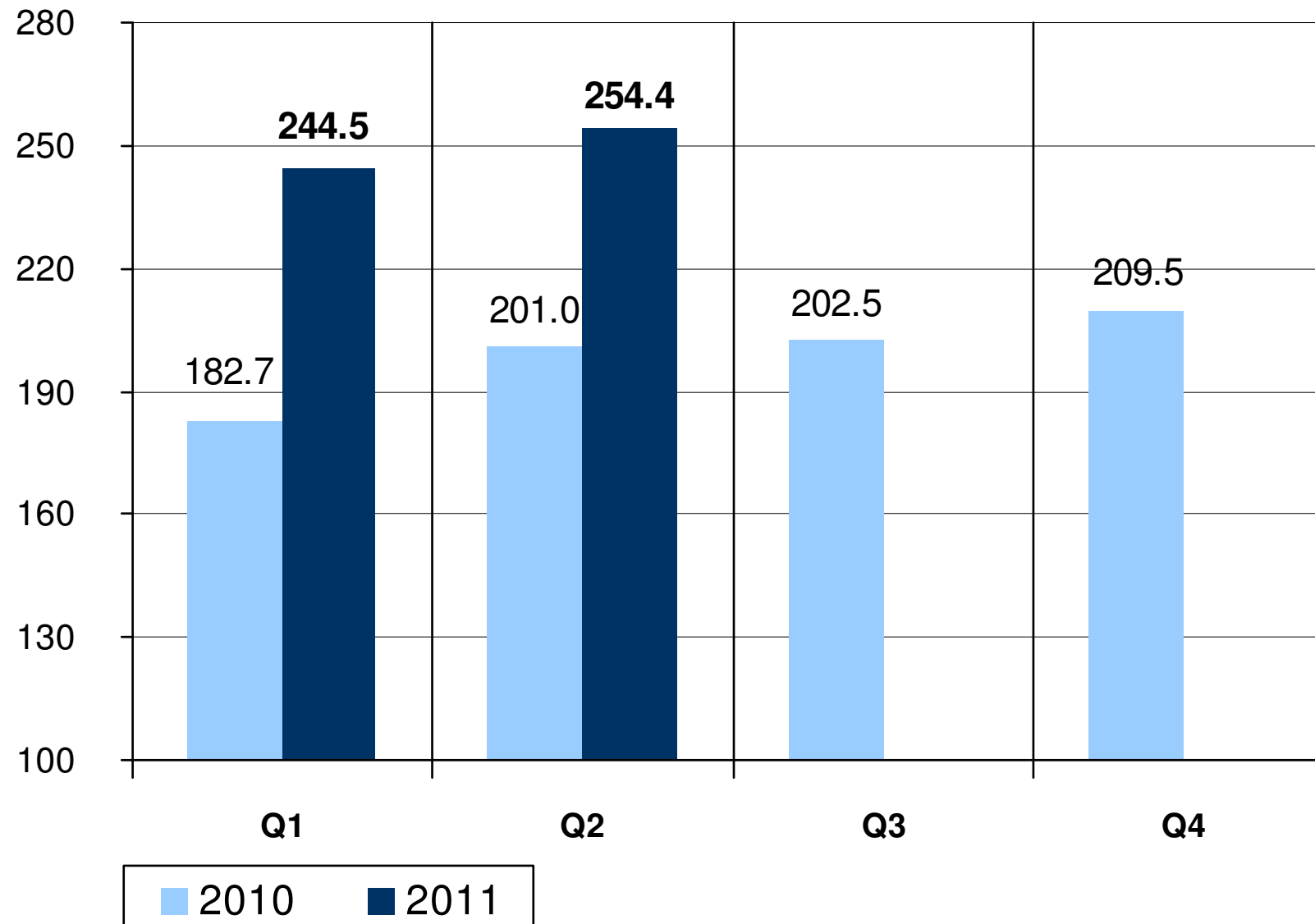
July 26, 2011

Q2 2011: Key developments

- Growth of worldwide automotive markets dampened due to Japan crisis: Q2 car production slightly down on Q1, but recovery continues
- ElringKlinger sales grow by 27%, faster than market growth (adjusted for acquisitions 16.3%), driven by new product ramp-ups
- First-time inclusion of Swiss exhaust abatement specialist Hug Group as of May 1, 2011
- Integration of Freudenberg: First margin-improvements achieved (gross margin from 7.2% in Q1 to 11.5% in Q2)
- Pre-expenses for build-up of E-Mobility division, first in-series production line for cell connectors installed
- Overall, gross margin came to 27.9% - impacted by acquisitions (approx. -1.5 pp), rising material prices, extra shifts in the production and lower sales contribution from Aftermarket, but: slight improvement from Q1 2011 (27.3%)
- Operating result down by 2.9% mostly as a result of dilutive effects from acquisitions (approx. -1.5pp)

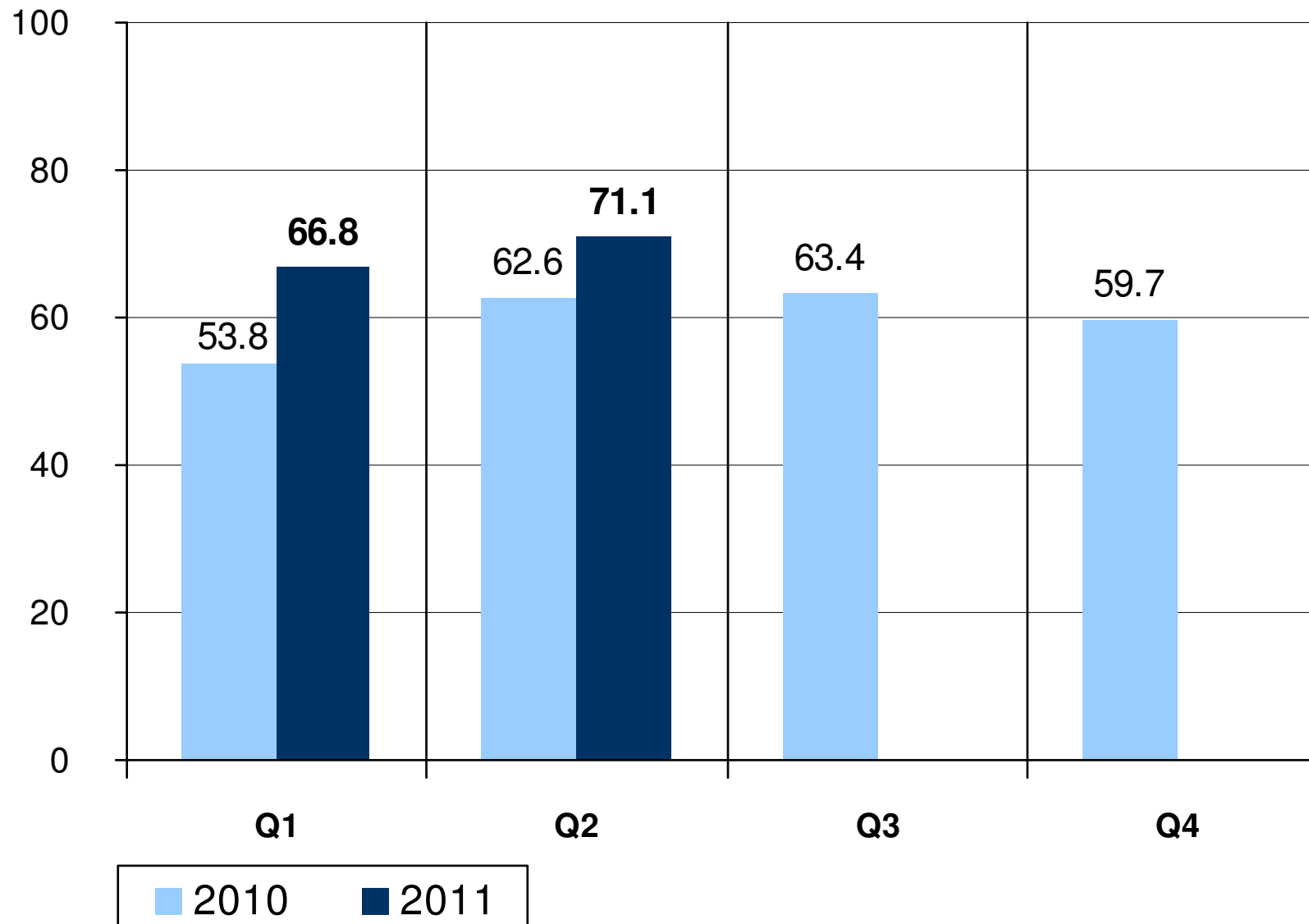
Sales increase by 26.6% driven by market growth, product ramp-ups and acquisitions

€ mn



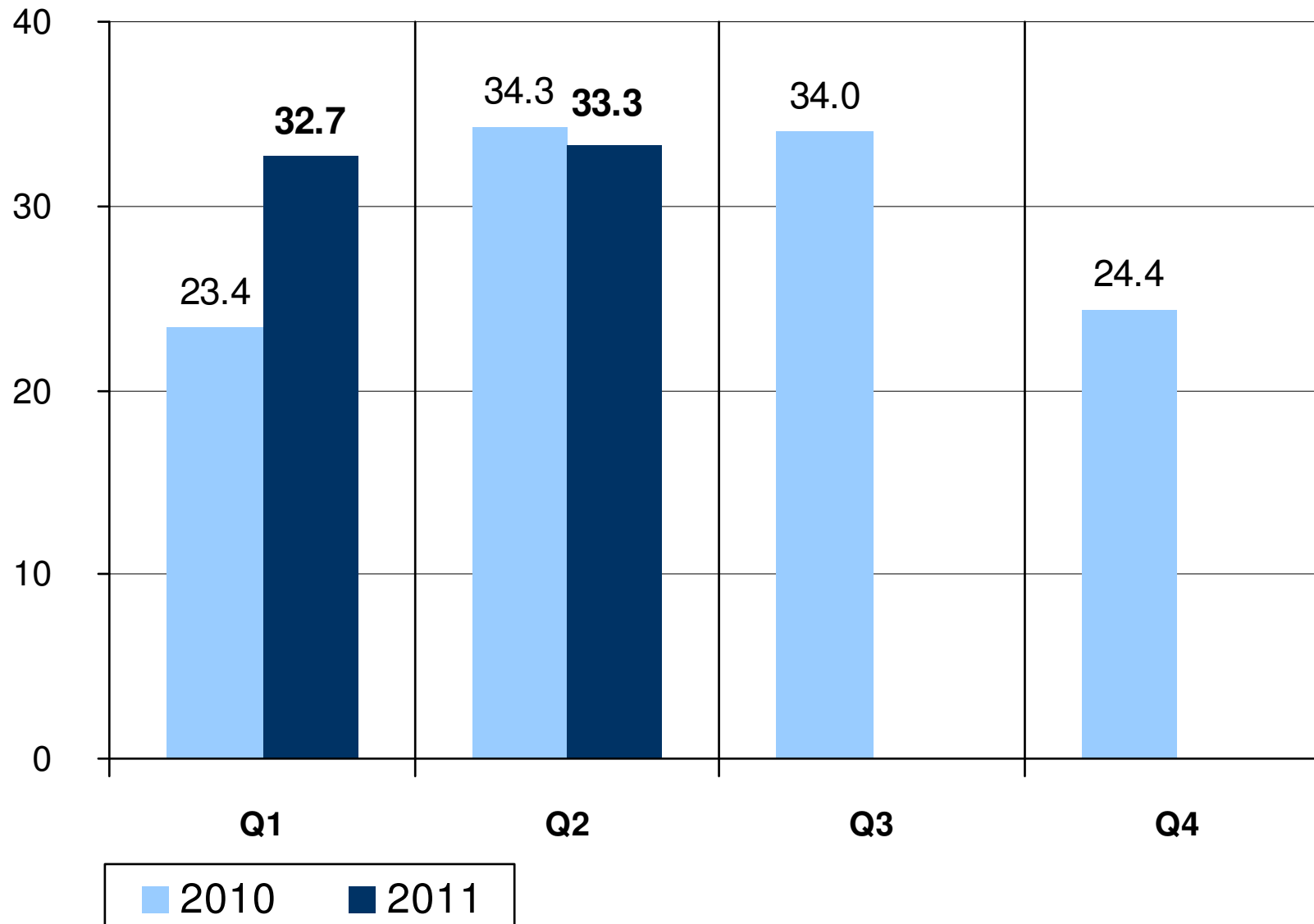
Gross profit increased 13.6% – gross margin slightly improved from Q1 to Q2 despite acquisition effects

€ mn



Operating result down 2.9% mostly due to dilutive effects from acquisitions – adjusted operating margin 14.6%

€ mn

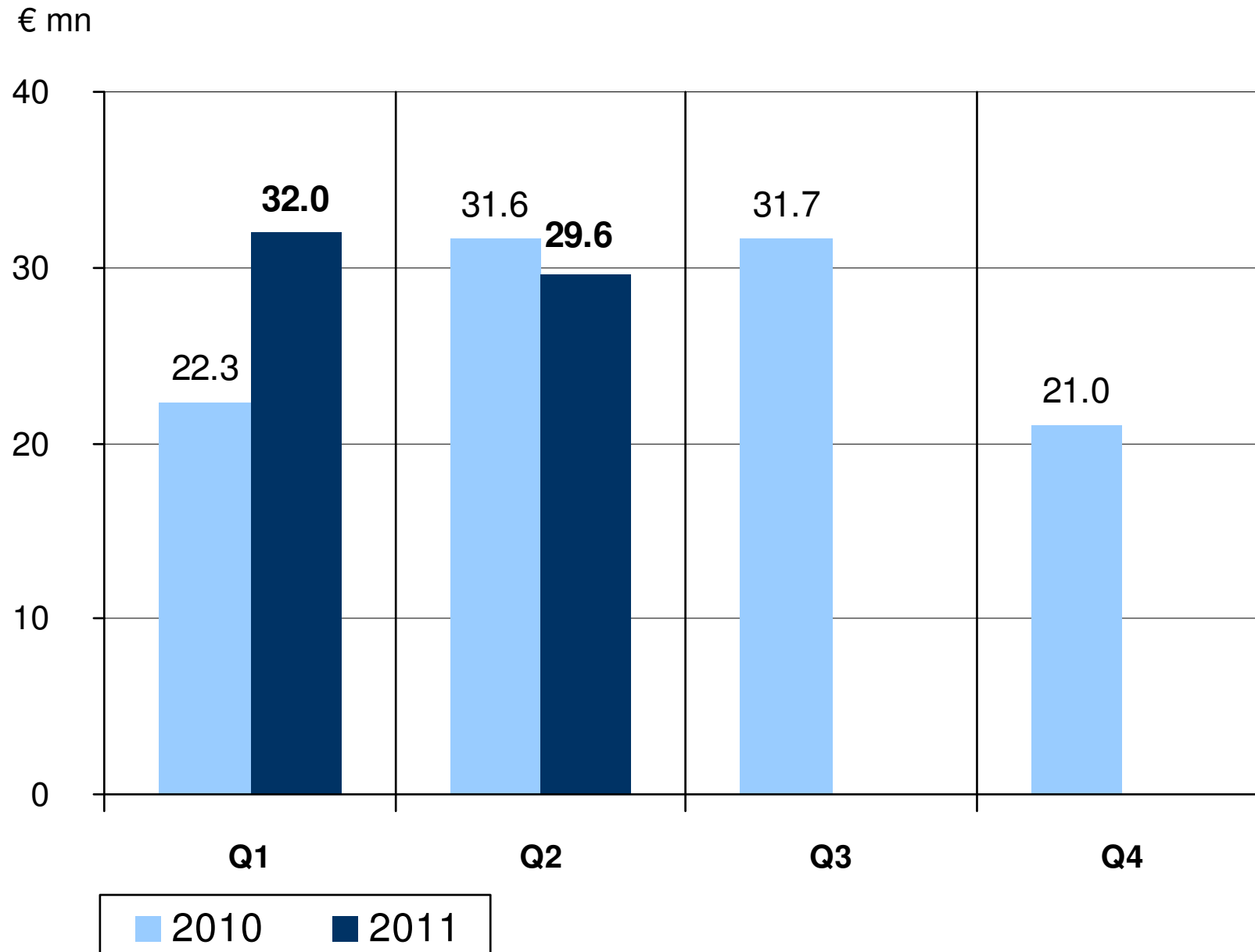


Effects on Q2 operating margin

- Redundancy payments for former Freudenberg Gelting site of EUR 0.4 mn
- EUR 0.3 mn severance payment for termination of AM sales agreement with Oigra-Meillor distributor
- Acquisition related incidental cost EUR 0.2 mn

- R&D grants in Q2 2011 were EUR 0.6 mn as compared to EUR 1.4 mn in last year's Q2 (EUR 0.8 mn net effect)
- EUR 0.4 mn PPA

EBIT influenced by negative currency effects of EUR 3.8 mn

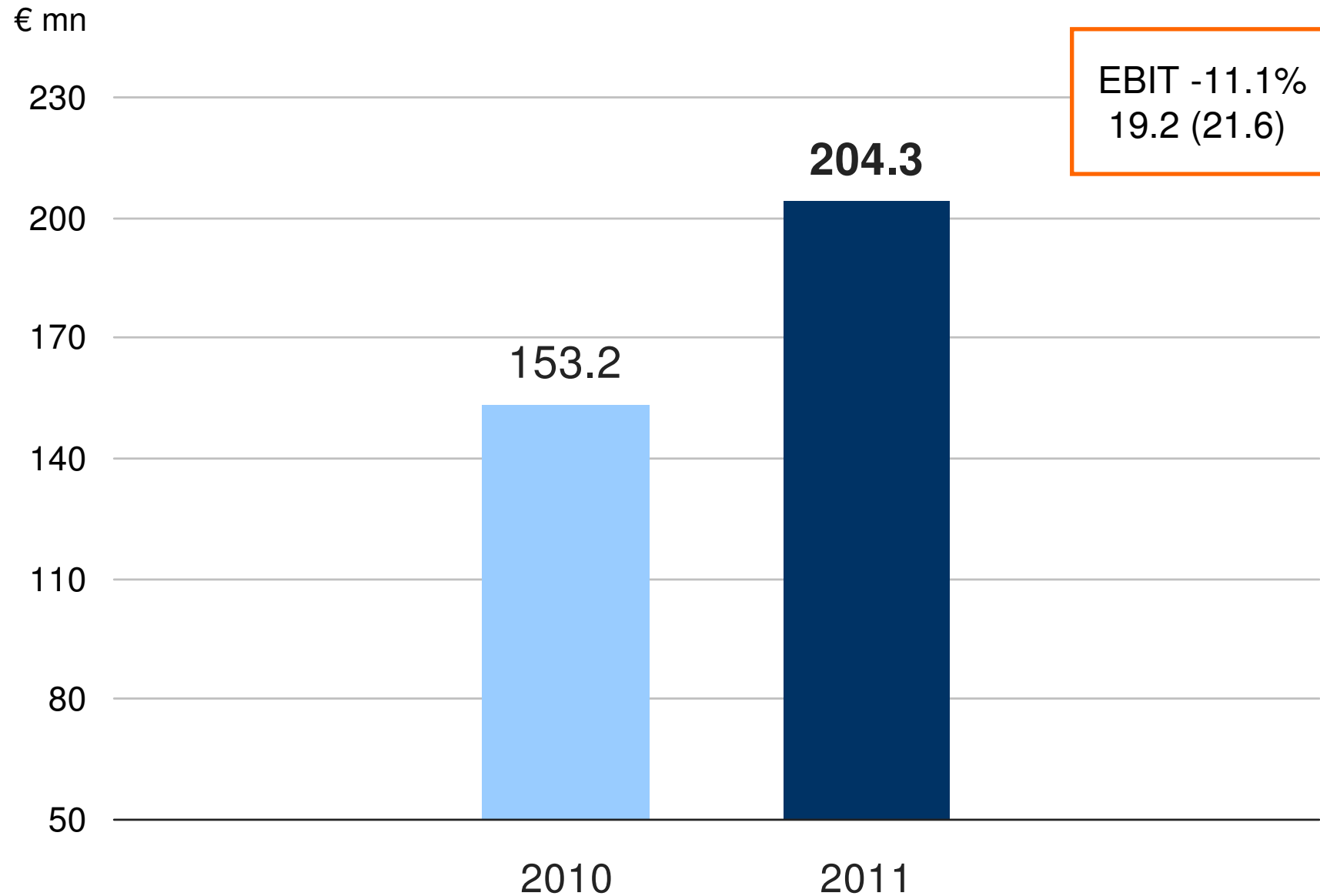


Q2 2011: Effects from Freudenberg and Hug consolidation

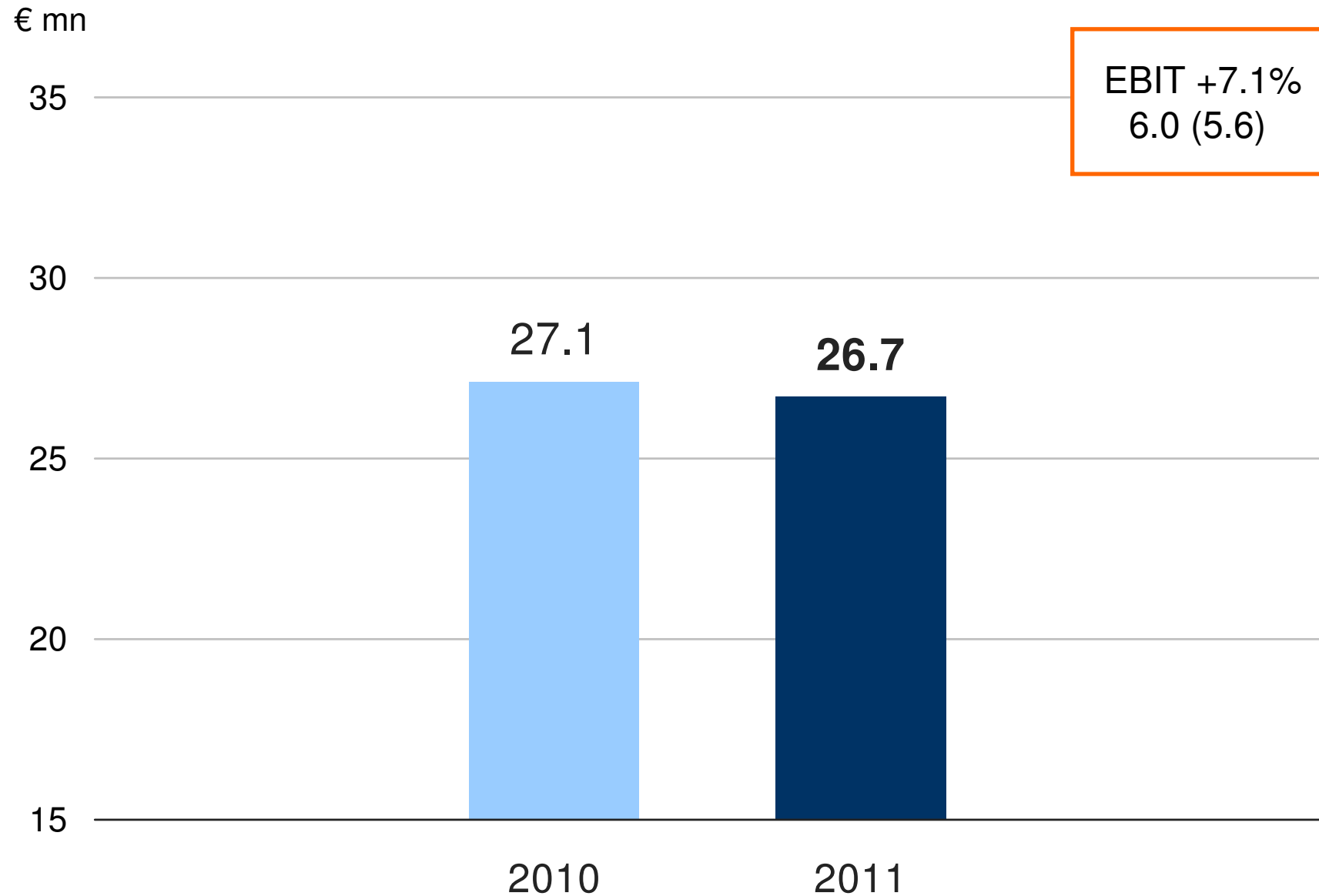
in € mn	Freuden berg	Hug	in € mn	Freuden berg	Hug
Sales	14.0	6.7	EBIT	- 0.6	- 0.5
PPA	- 0.1	- 0.3	EBT	- 0.6	- 0.8
Goodwill		5.5			

- Gross margin dilution of approx. 1.5 pp
- Dilution of Group operating margin of approx. 1.5 pp
- Improvement of Freudenberg gross margin from Q1 to Q2 by 4.2 pp
- EUR 0.4 mn one-time-personnel expenses at Freudenberg
- Target: Group EBIT margin

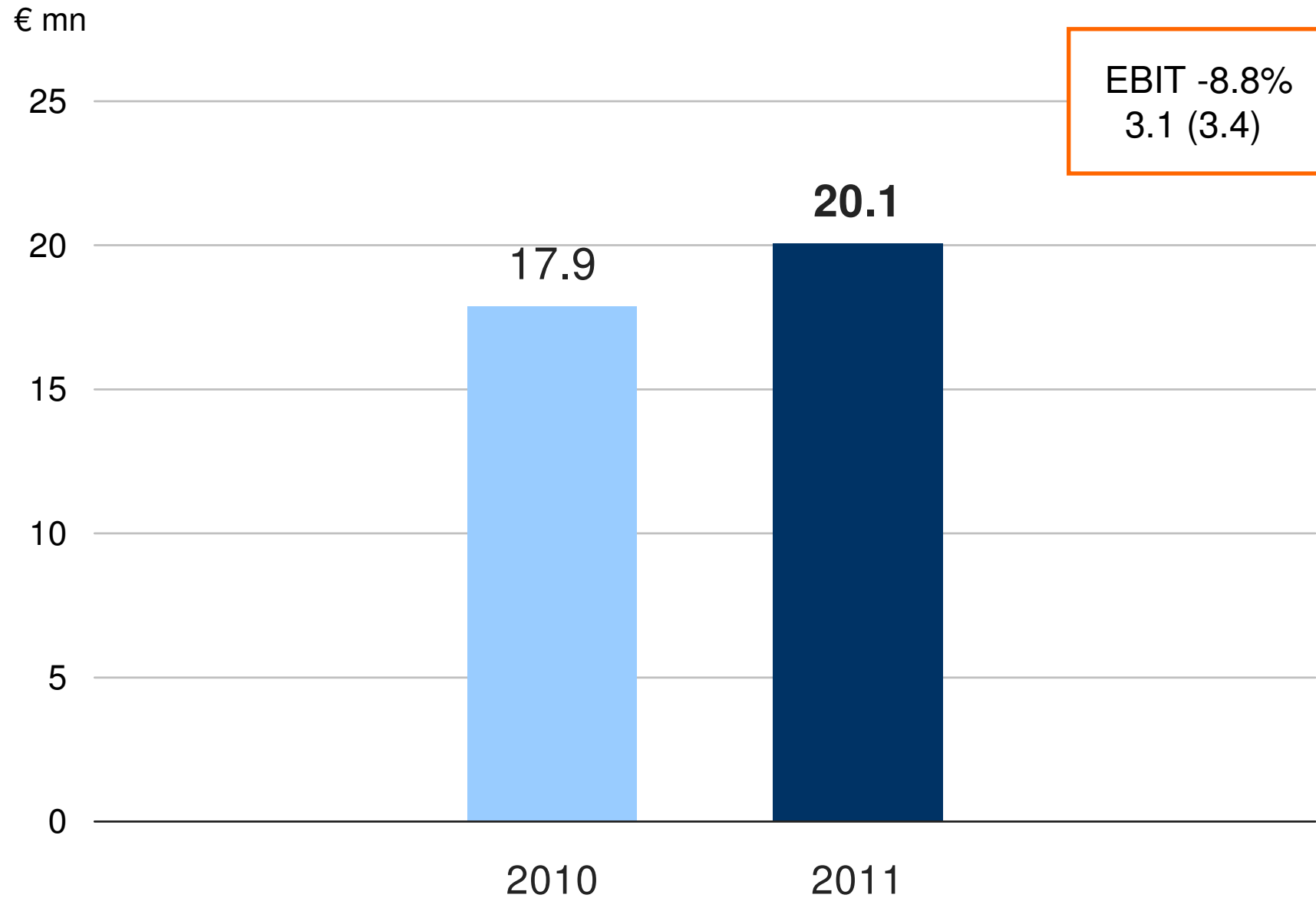
Q2 2011: OEM sales up 33.4%



Q2 2011: Aftermarket EBIT up 7.1% despite lower sales

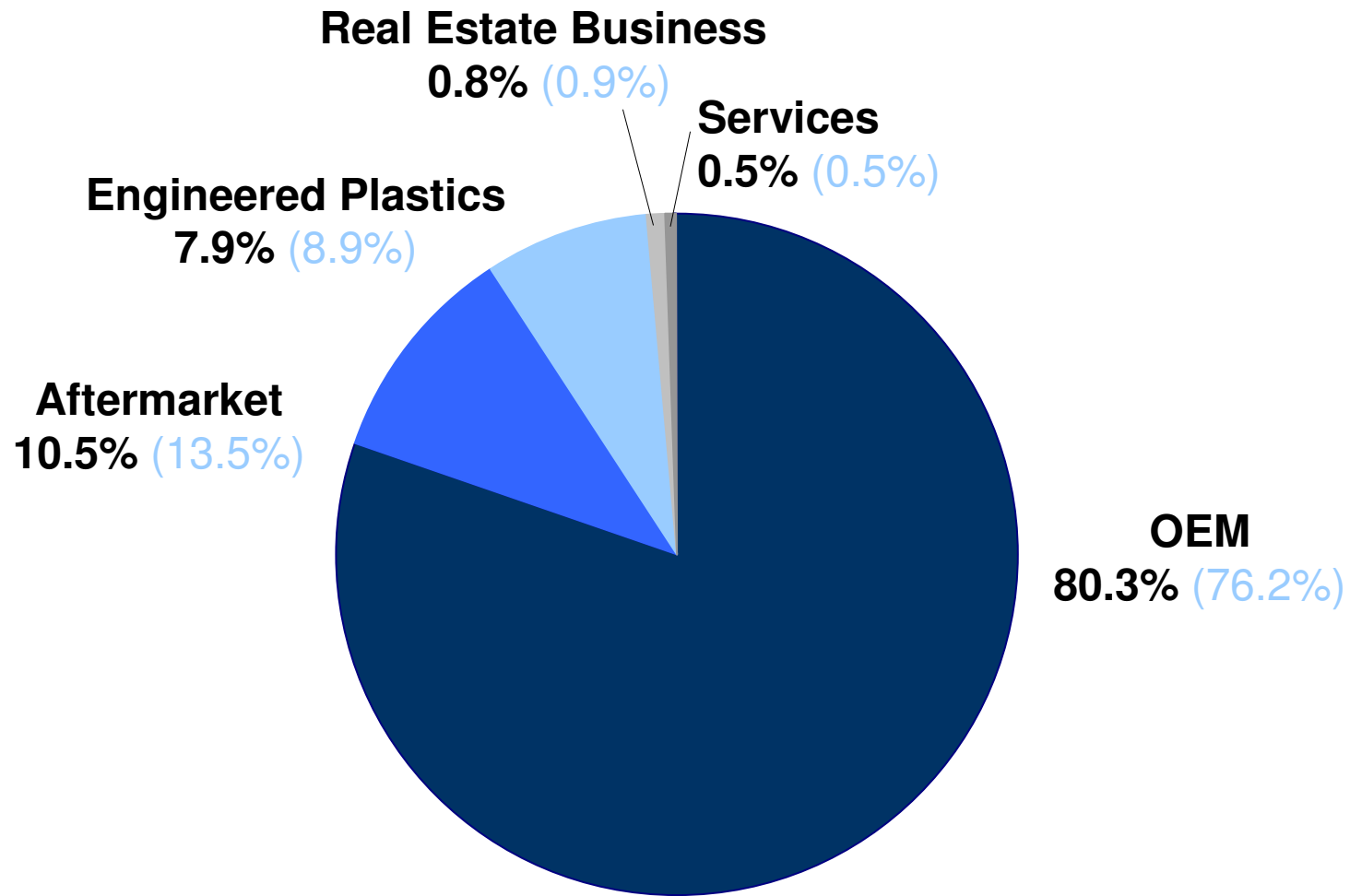


Q2 2011: Sales Engineered Plastics up 12.3%



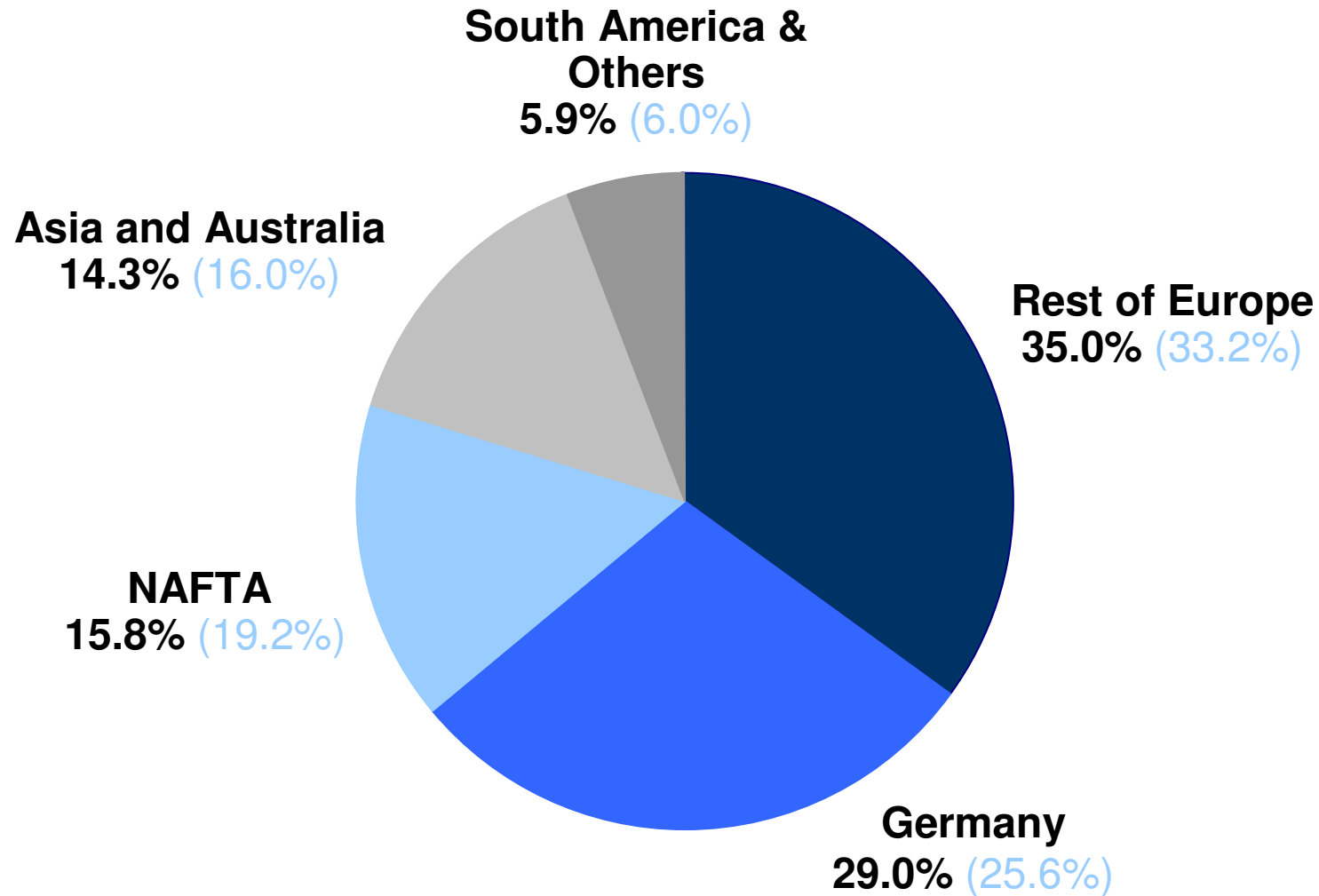
Group Sales by segment Q2 2011 (py)

Lower Aftermarket sales share



Group Sales by region Q2 2011 (py)

Impacted by acquisitions in Europe

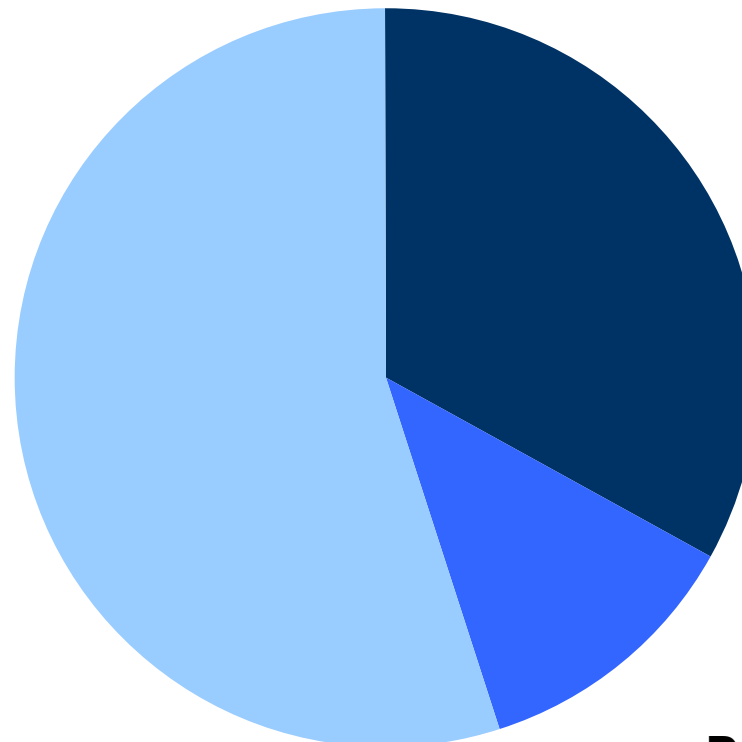


Employees ElringKlinger Group worldwide

as of June 30, 2011 (py)

Group
5,601 (4,390)
+27.6%

International subsidiaries
3,087 (2,132)



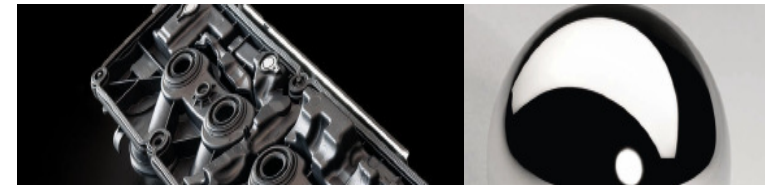
AG
1,853 (1,647)

Domestic subsidiaries
661 (611)

Germany
2,514 (2,258)

Q2 2011: Sales and operating result

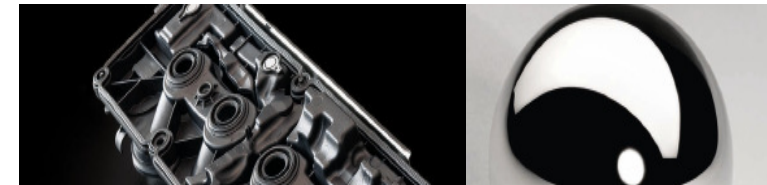
in € mn	Q2 2011	Q2 2010	Change in %
Sales	254.4	201.0	+ 26.6
Cost of Sales	183.3	138.4	+ 32.4
EBITDA¹	52.1	52.6	- 1.0
EBIT¹	29.6	31.6	- 6.3
Operating Result	33.3	34.3	- 2.9



¹ Incl. currency effects

Q2 2011: Financial Result and Net Income

in € mn	Q2 2011	Q2 2010	Change in %
Net finance cost	7.0	5.6	+ 25.0
EBT	26.3	28.6	- 8.0
Taxes	7.0	7.0	-
Net income	19.4	21.6	- 10.2
Profit attributable to EK shareholders	18.8	20.6	- 8.7
EPS (in €)	0.30	0.36	- 16.7



Integration of Freudenberg and Hug: First results and next steps

■ Freudenberg: 70-Points-Program

- Transfer of cylinder-head gaskets production line from Germany to France (closer to customer, improvement of supply chain/logistics)
- Optimization of production processes ongoing: Introduction of fully automated manufacturing processes, implementation of new tooling technology
- First synergies realized (e.g. headcount reduction in Germany by 25%)

■ Hug

- Optimization and automation of production processes
- Cost reduction / forex issues resolved by transferring stages of production to lower-cost sites
- New major contract for exhaust gas systems in negotiation
- First successful joint product presentations at ElringKlinger customers

Outlook 2011: Markets and Company

- For 2011 ElringKlinger now estimates world car production to rise by 4 to 5% (prev. 2 to 3%), truck-related business recovering further
- Material prices still at high levels: Counter measures implemented
- E-Mobility division: First manufacturing line for cell contact systems at Dettingen/Erms (Germany) installed, 5 additional RFQs
- Construction of new fully automated plant for plastic housing modules focused on truck-segment until year-end
- Further expansion of Suzhou plant in China
- Capex requirements for ppe planned at EUR 95 mn (pre-acquisition)

Outlook 2011: Financial performance

- Very solid order book: Q2 order intake came in 22.1% higher at EUR 298.1 mn, order backlog now up 36.2 % to EUR 412.7 mn (excl. Hug)
- Assuming a further recovery of world car markets and a stable economic environment, ElringKlinger anticipates organic sales growth of between 12 and 14% (prev. 5 to 7%) in 2011
 - > the acquired businesses of Freudenberg and Hug are expected to contribute EUR 50 mn respectively EUR 30 mn to Group sales
 - > Group sales between EUR 970 to 985 mn anticipated
- Temporary margin dilution due to acquisitions and pre-expenses for E-Mobility
- Despite this dilutive effect, material prices assumed trending higher and various products still in the start-up pipeline, EBIT in 2011 is expected to grow at a more pronounced rate than sales, rising by 15 to 25%

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Thank you for your attention.

Disclaimer – Forward-looking Statements and Predictions

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