

ElringKlinger Group

Zwei Antriebswelten. Eine Strategie

*Embracing both worlds – combustion and electric*



Conference Call

Results 3rd Quarter 2011

November 10, 2011

## Q3 2011: Key developments

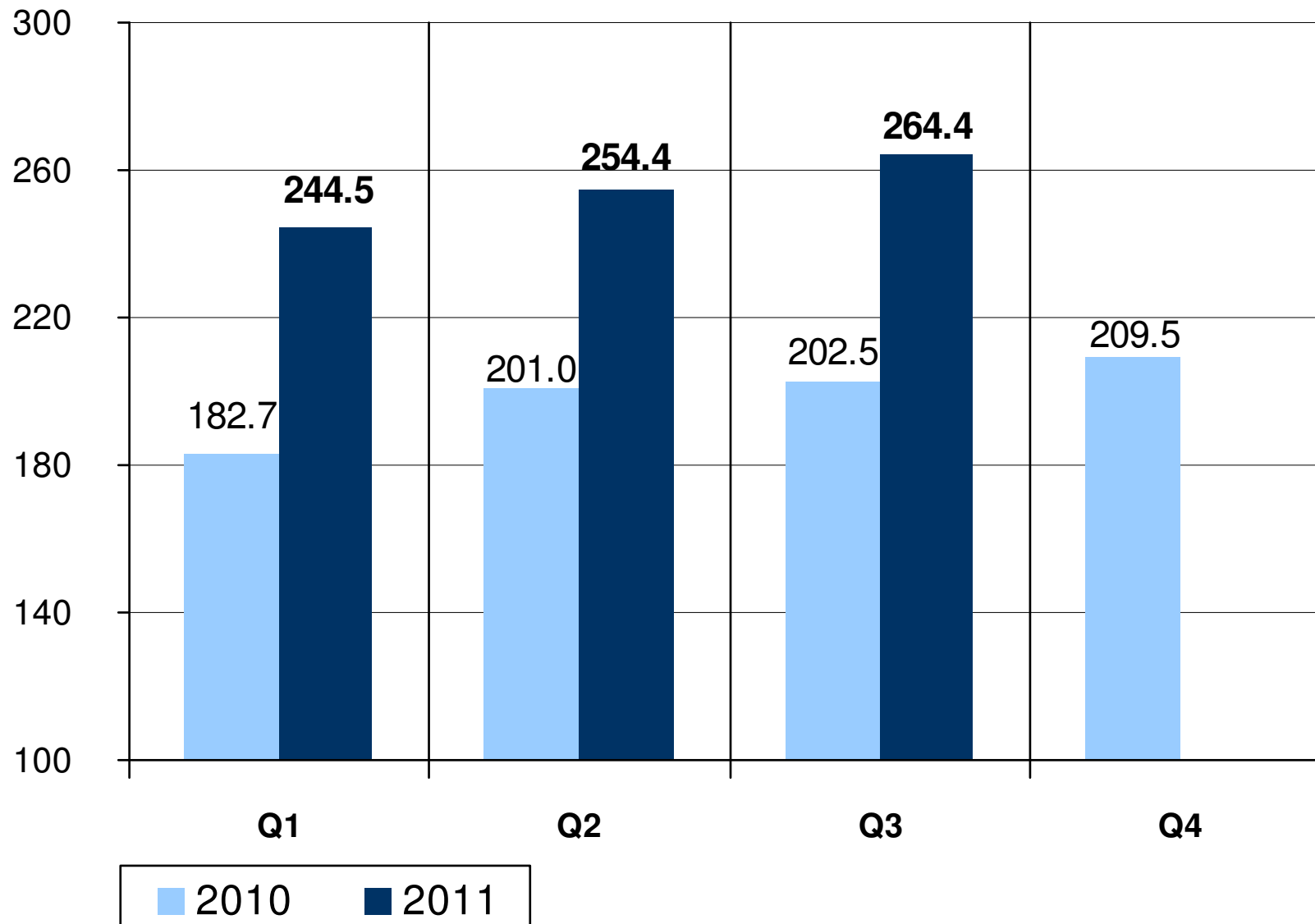
- Global automotive markets show heterogeneous developments, overall still growing at high levels
- European production in Q3 lower than Q2, North American production stable, with emerging markets posting solid growth
- German car production, up 12%, has remained at record levels driven by exports; Production at EK German sites running close to capacity limits
- ElringKlinger sales growth in Q3 with 30.6% yoy (excl. acquisitions 18.8%), once more clearly exceeding market growth

## Q3 2011: Key developments

- Integration of acquired Freudenberg and Hug entities progressing
- Sale of industrial park Ludwigsburg generates cash inflow of EUR 34 mn and EUR 22.7 mn one-off gain recognized as other operating income
- Operating result overall up 70.6% to EUR 58.0 mn incl. non-recurring item; adjusted at EUR 35.3 mn
- Signing of majority takeover (90% stake) in mold and tool manufacturer Hummel-Formen GmbH

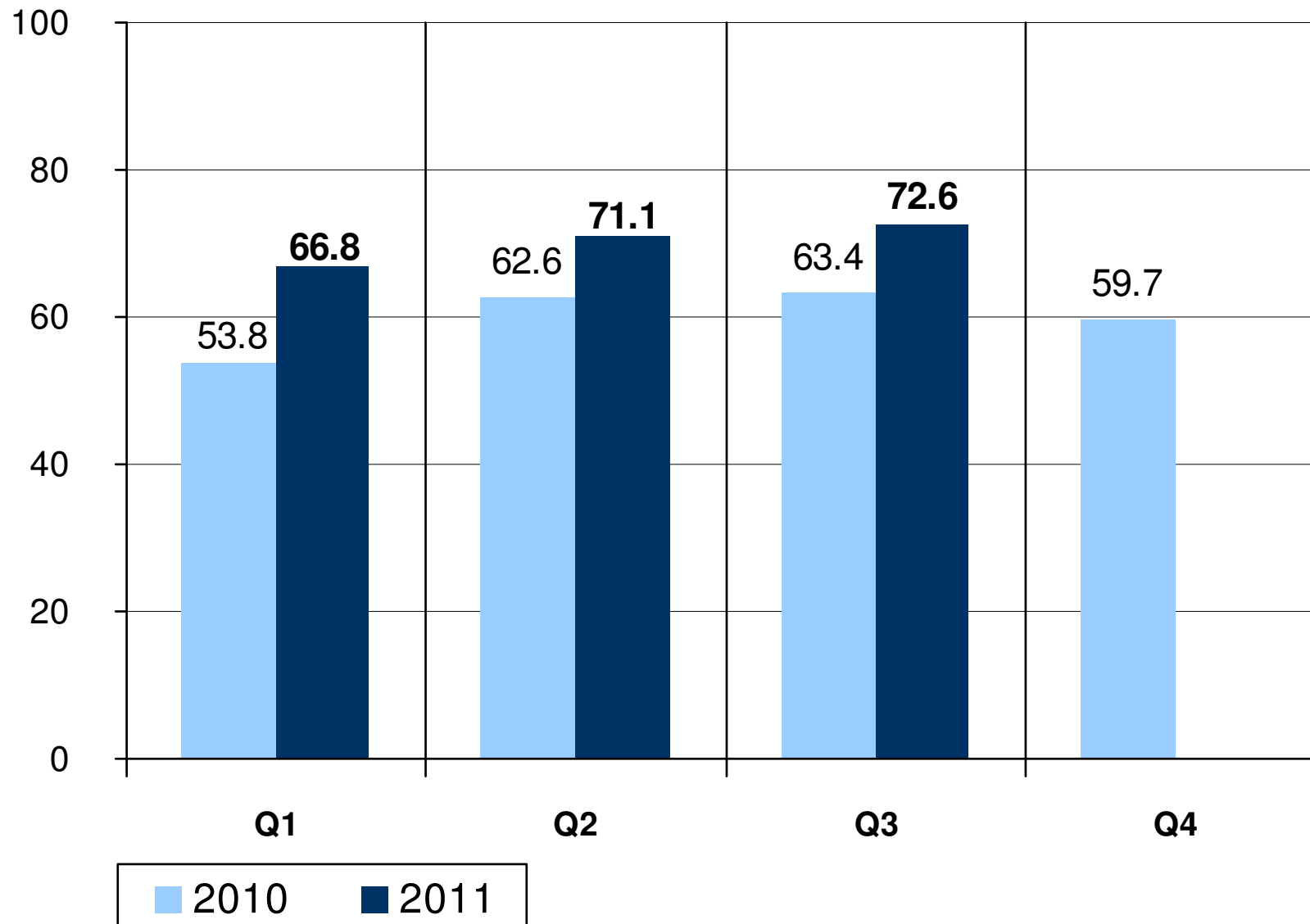
## Sales increase by 30.6% yoy driven by solid car demand, product ramp-ups and acquisitions

€ mn



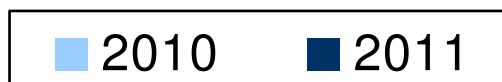
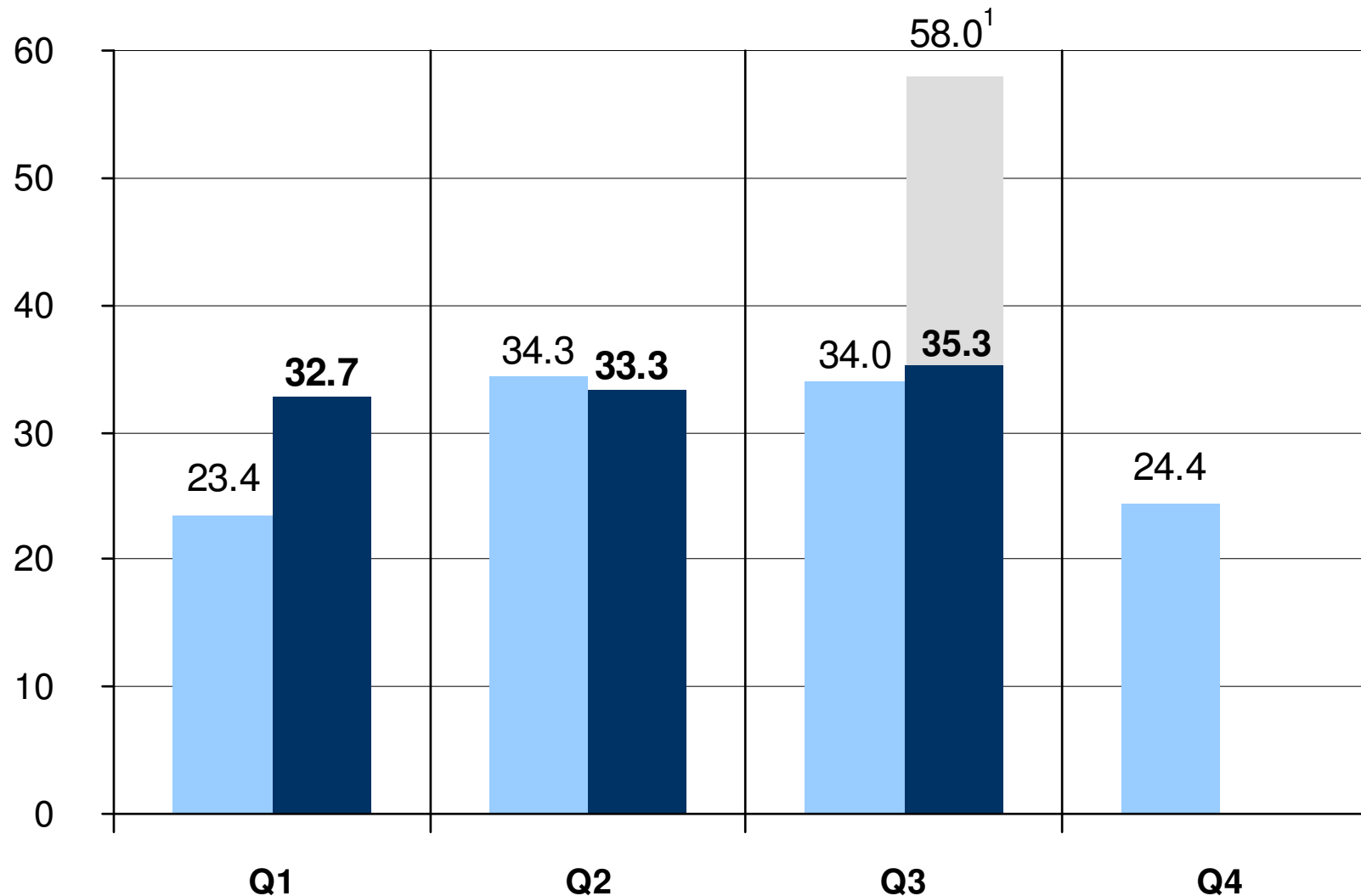
Gross profit increased 14.5% yoy – gross margin diluted by 1.3 pp due to Freudenberg and Hug acquisitions

€ mn



Operating result at EUR 58.0 mn – operating margin came to 14.8%  
(adjusted for sale of industrial park and acquisitions)

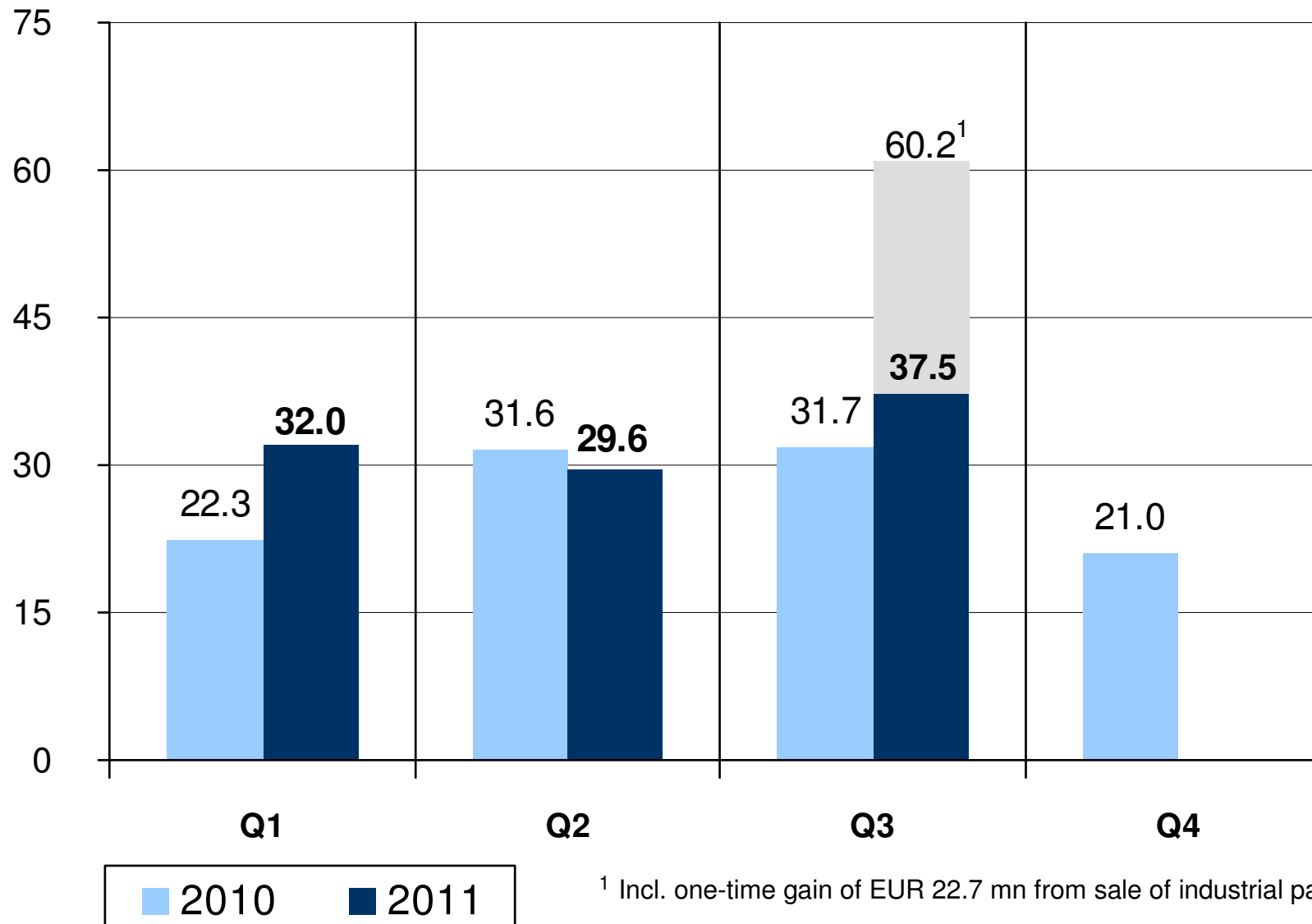
€ mn



<sup>1</sup> Incl. one-time gain of EUR 22.7 mn from sale of industrial park

## EBIT impacted positively by currency effects (EUR 2.2 mn in Q3)

€ mn



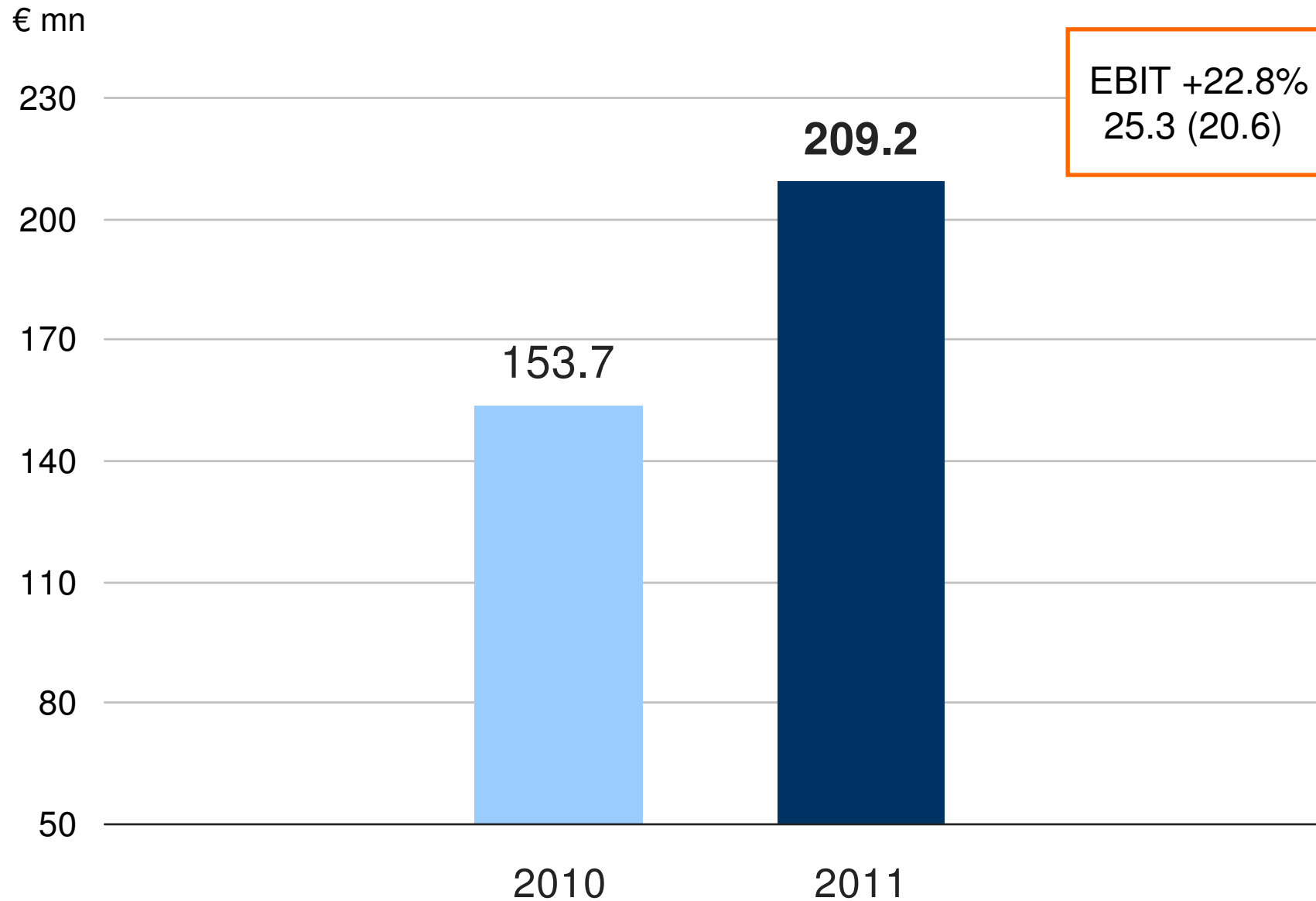
## Q3 2011: Effects from Freudenberg and Hug consolidation

in € mn	Freudenberg	Hug	in € mn	Freudenberg	Hug
<b>Sales</b>	13.0	10.8	<b>EBIT</b>	- 0.05	0.4
<b>PPA</b>	- 0.1	- 0.6	<b>EBT</b>	- 0.1	0.02

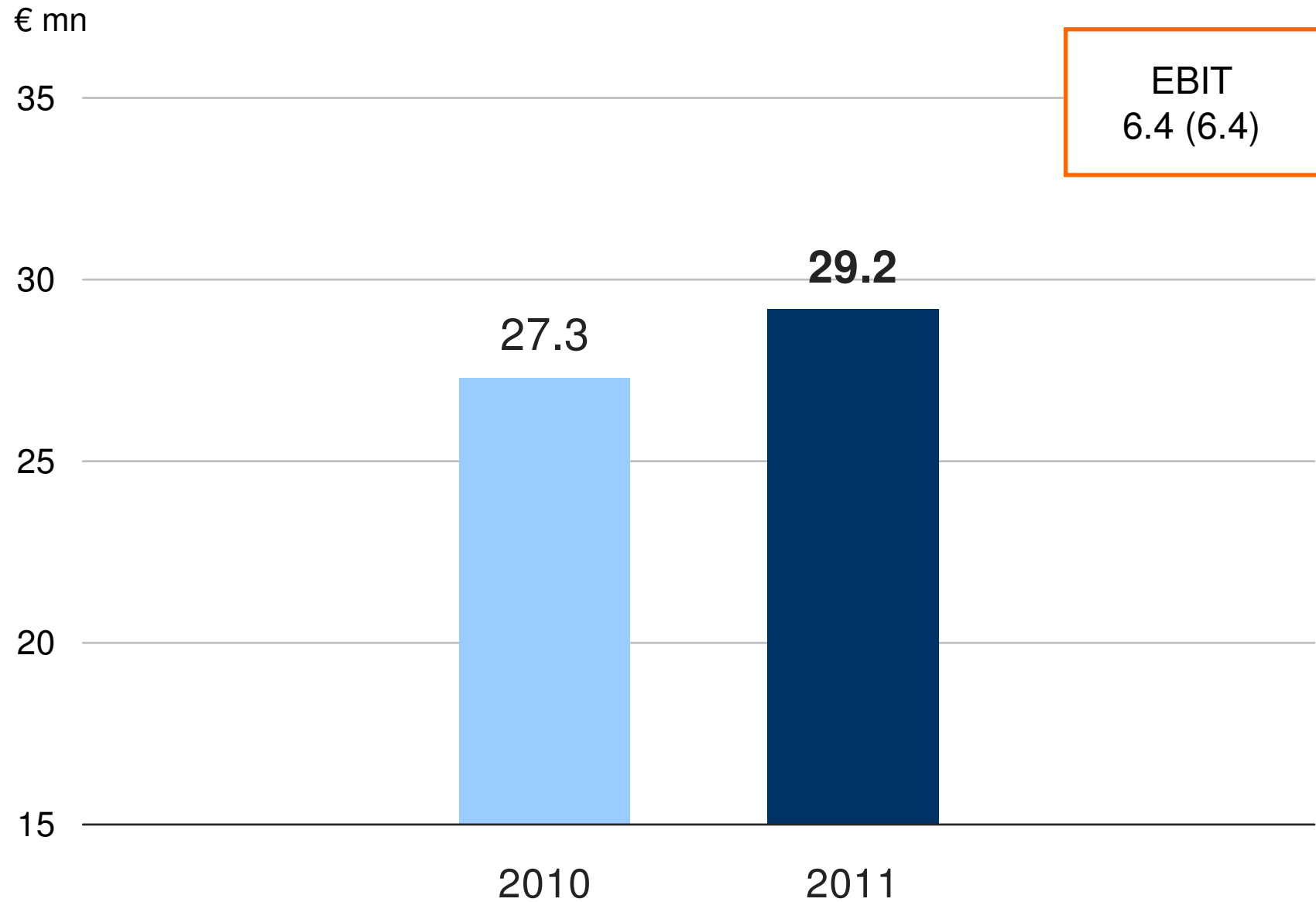
- In total: Group gross margin diluted by 1.3 pp
- Sequential gross margin improvement at former Freudenberg entities from 7,2% in Q1 to 14.8% in Q3
- In Q3 the German and Italian Freudenberg sites have achieved clearly positive EBT
- Hug Group despite being burdened by strong Swiss franc and ppa achieves slightly positive EBT in Q3
- Mid-term target: Group EBIT margin



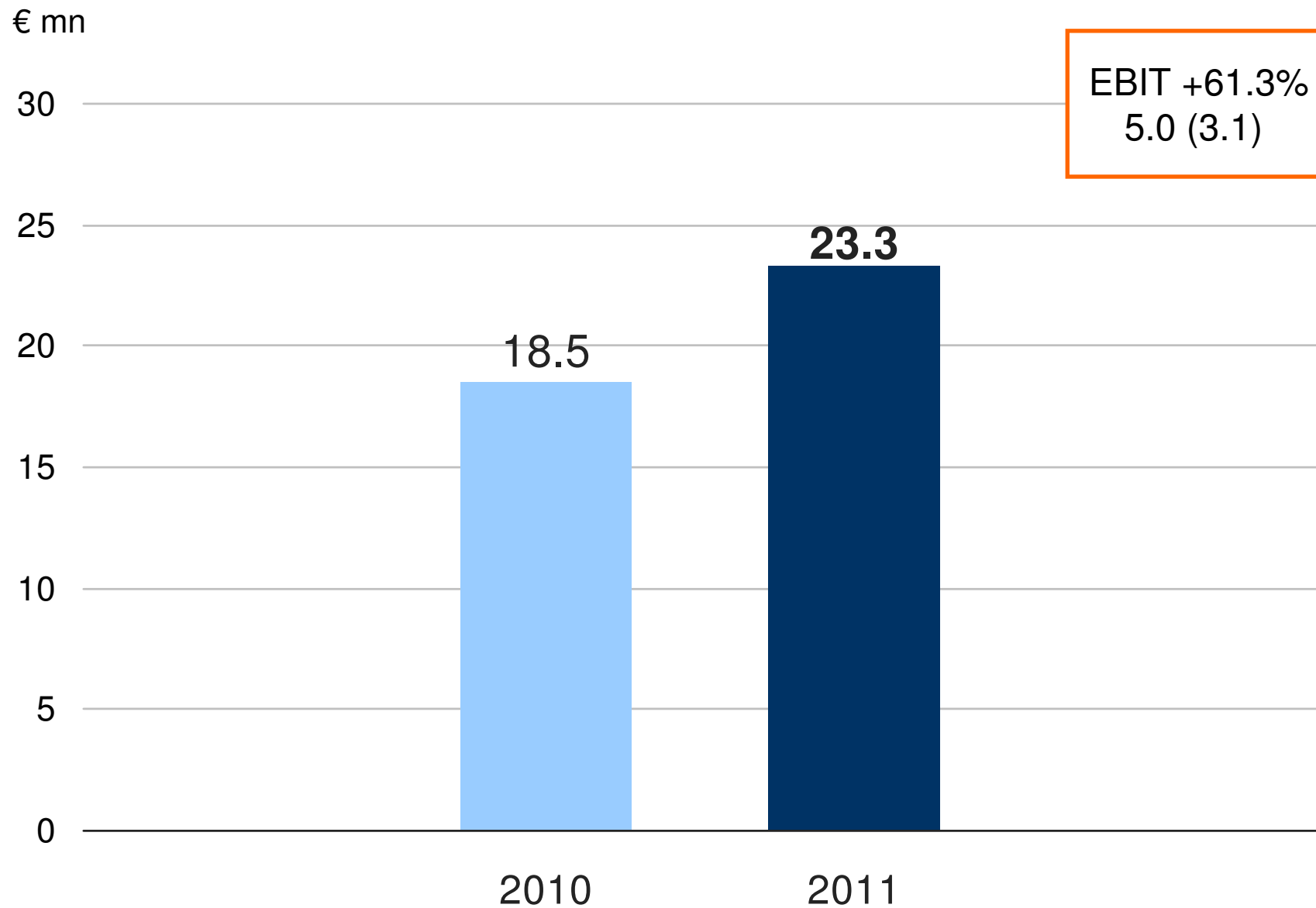
## Q3 2011: OEM sales up 36.1%



## Q3 2011: Aftermarket sales up 7.0%

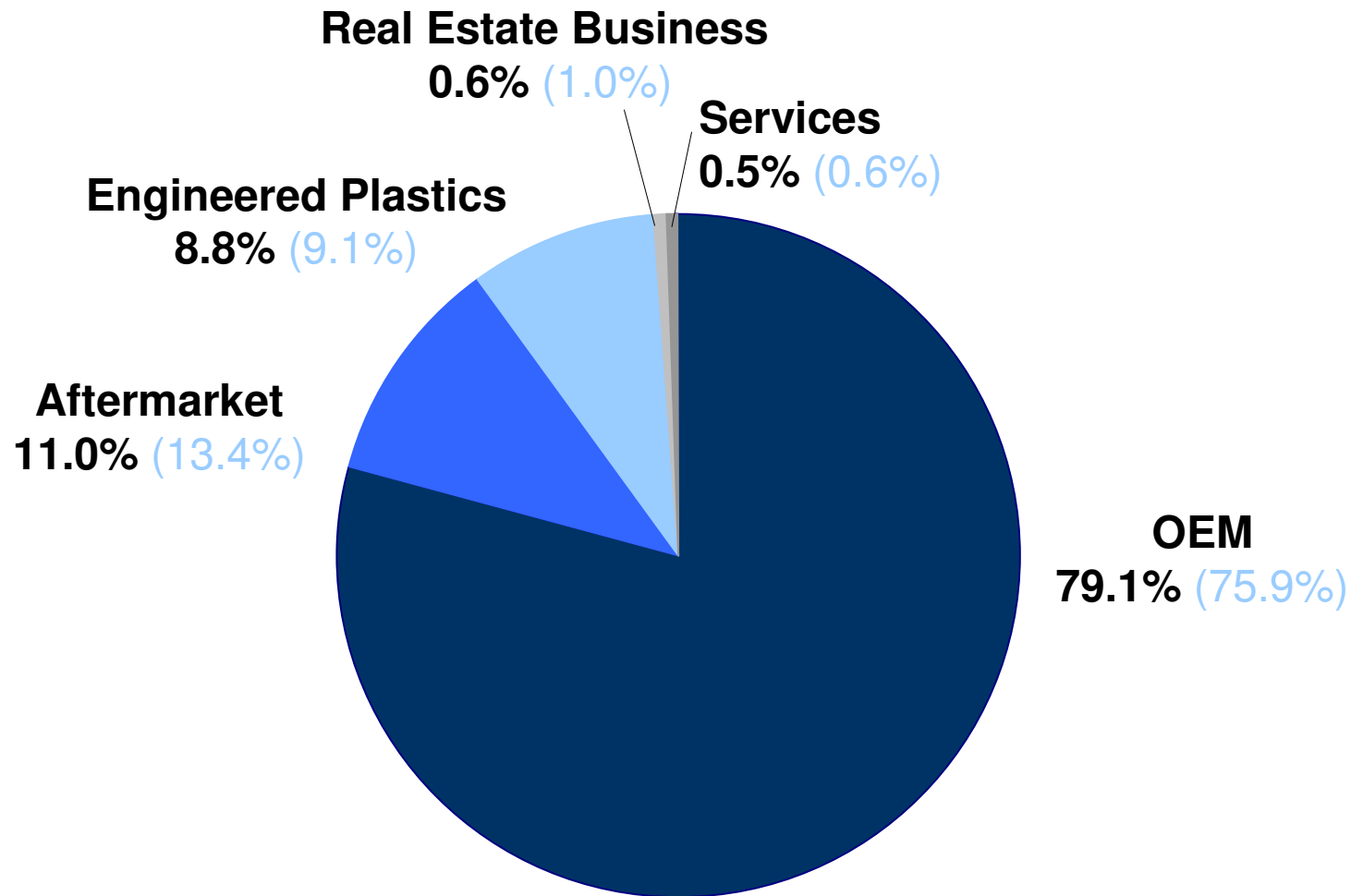


## Q3 2011: Sales Engineered Plastics up 25.9%

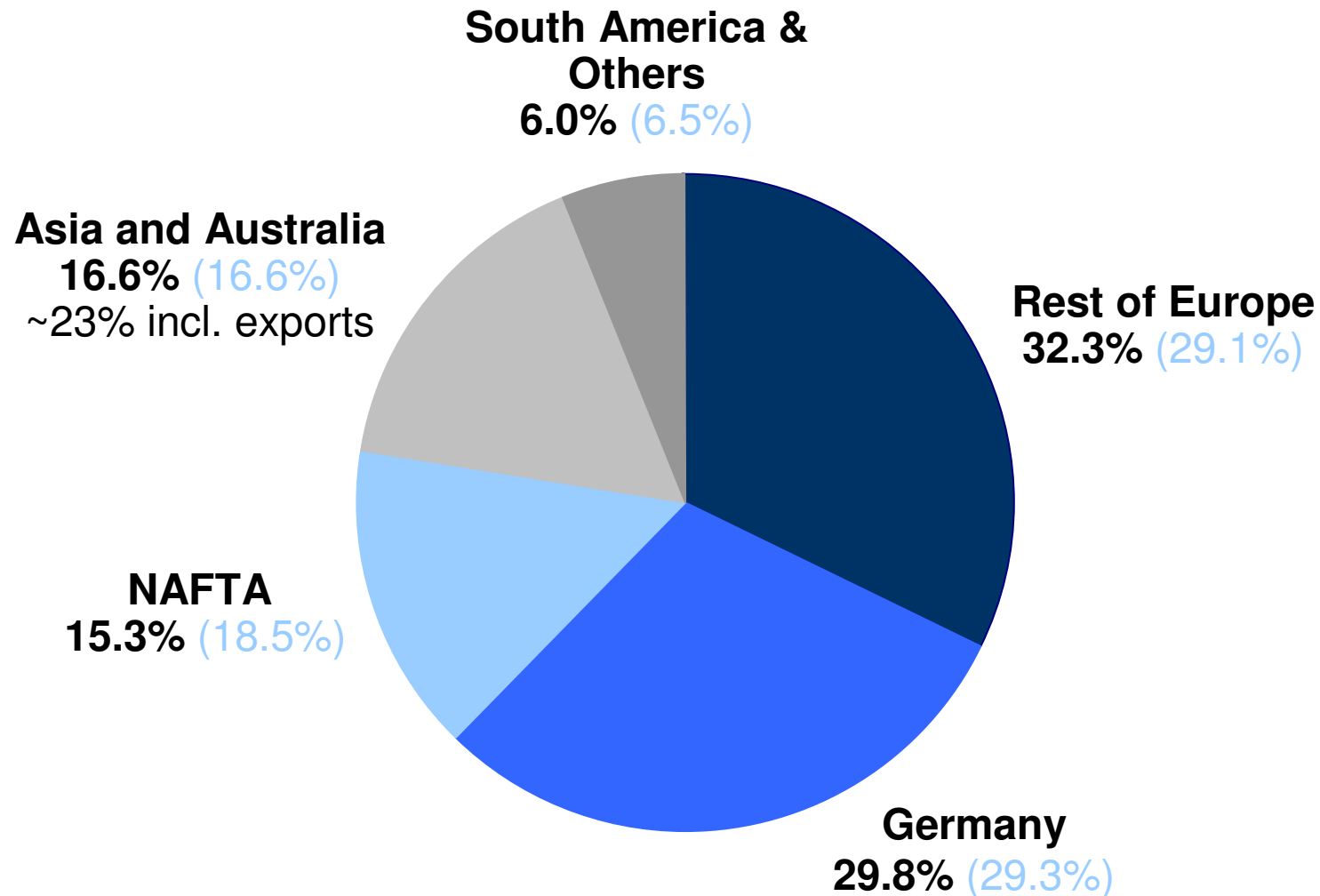


## Group Sales by segment Q3 2011 (py)

Lower Aftermarket share due to acquisitions

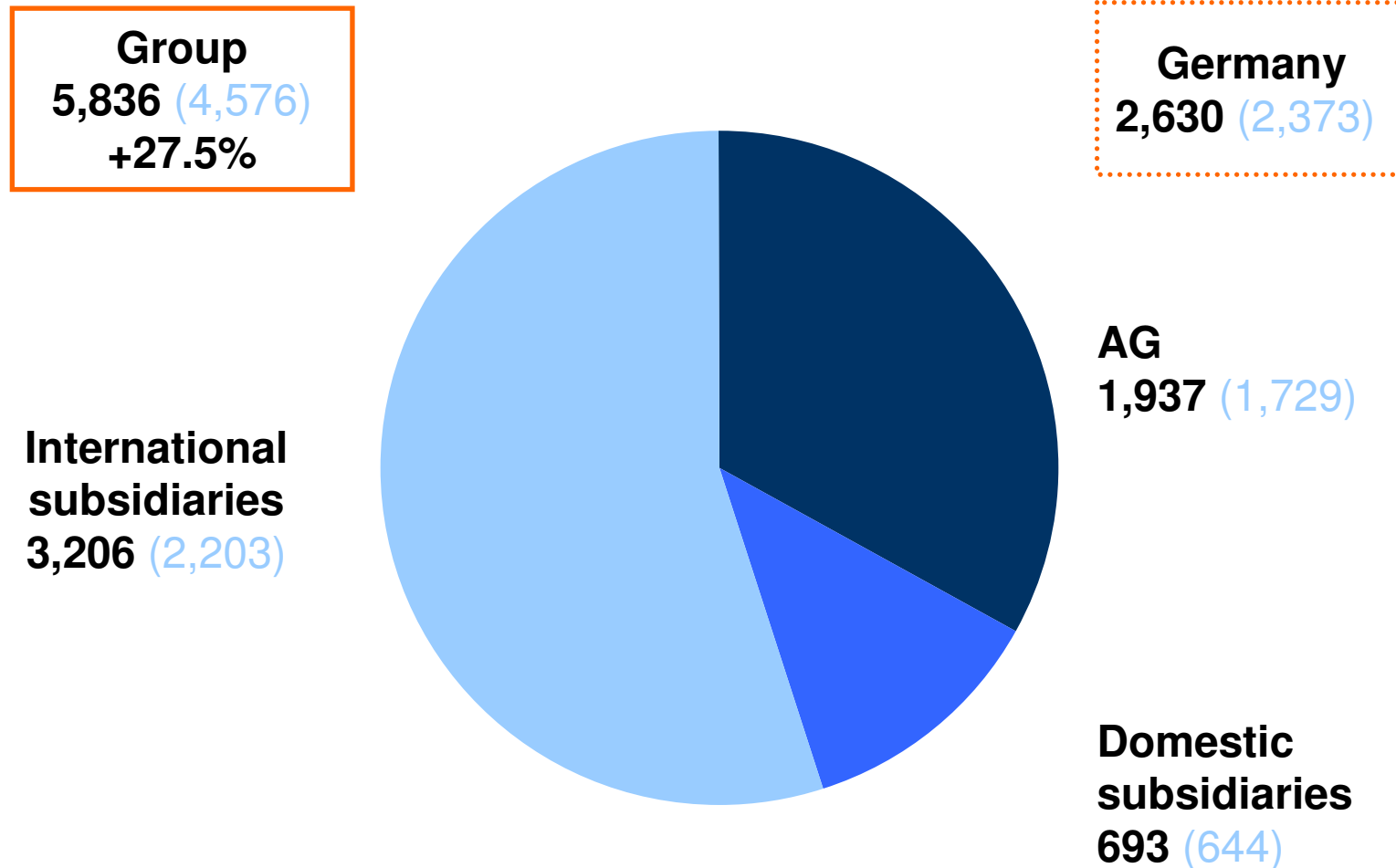


Group Sales by region Q3 2011 (py)  
 Impacted by acquisitions in Europe



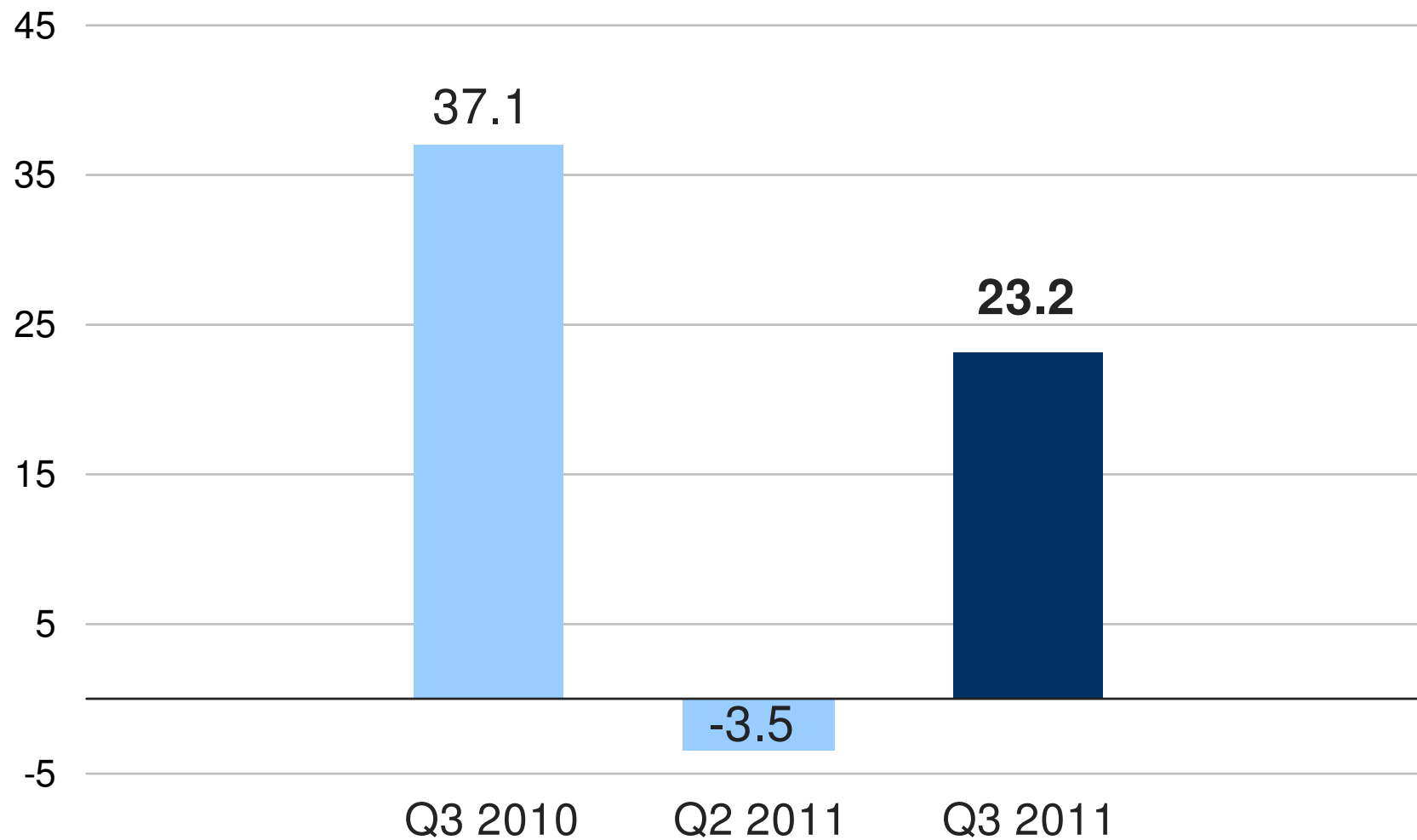
# Employees ElringKlinger Group worldwide - headcount grows at a lower rate than sales

as of September 30, 2011 (py)



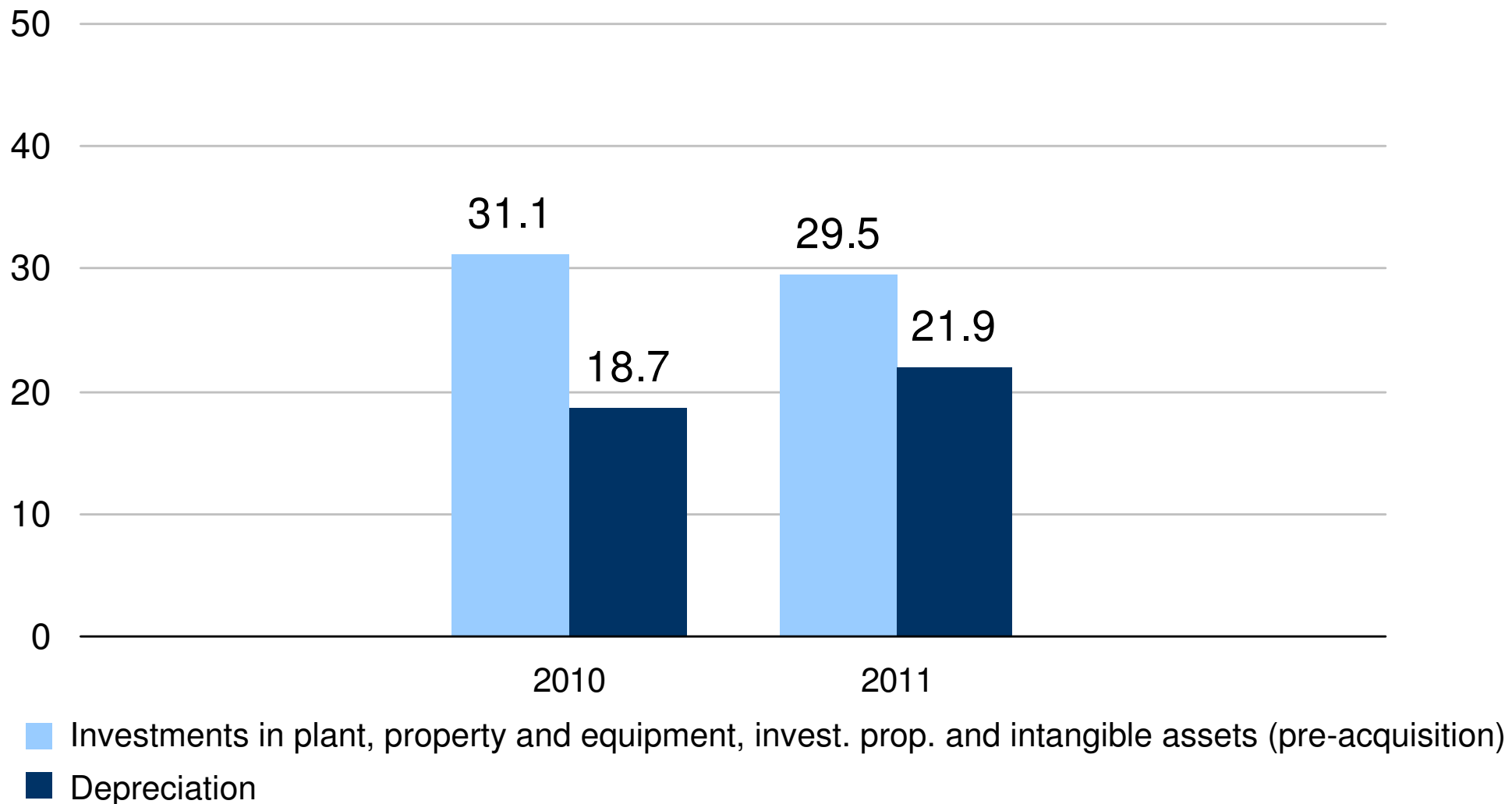
## Q3 2011: Net cash from operating activities

€ mn



## Q3 2011: Investments vs. depreciation

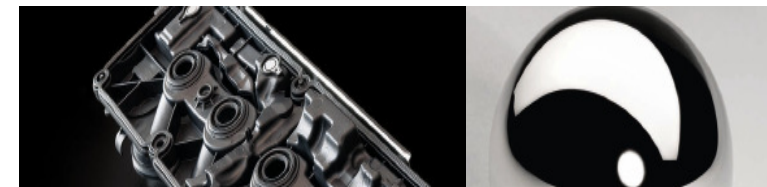
€ mn





## Q3 2011: Sales and operating result

in € mn	Q3 2011	Q3 2010	Change in %
<b>Sales</b>	264.4	202.5	+ 30.6
<b>Cost of Sales</b>	-191.8	-139.1	+ 37.9
<b>EBITDA<sup>1</sup></b> <i>adjusted<sup>2</sup></i>	82.1 59.4	50.5	+ 62.6 + 17.6
<b>EBIT<sup>1</sup></b> <i>adjusted<sup>2</sup></i>	60.2 37.5	31.7	+ 89.9 + 18.3
<b>Operating Result</b> <i>adjusted<sup>2</sup></i>	58.0 35.3	34.0	+ 70.6 + 3.8

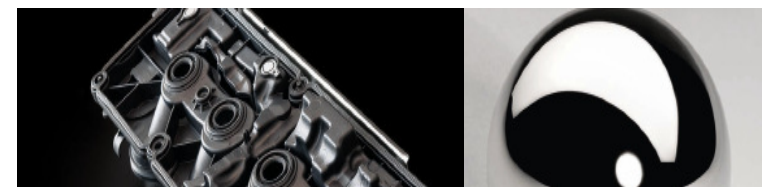


<sup>1</sup> Incl. currency effects

<sup>2</sup> Adjusted for one-time gain of EUR 22.7 mn from sale of industrial park

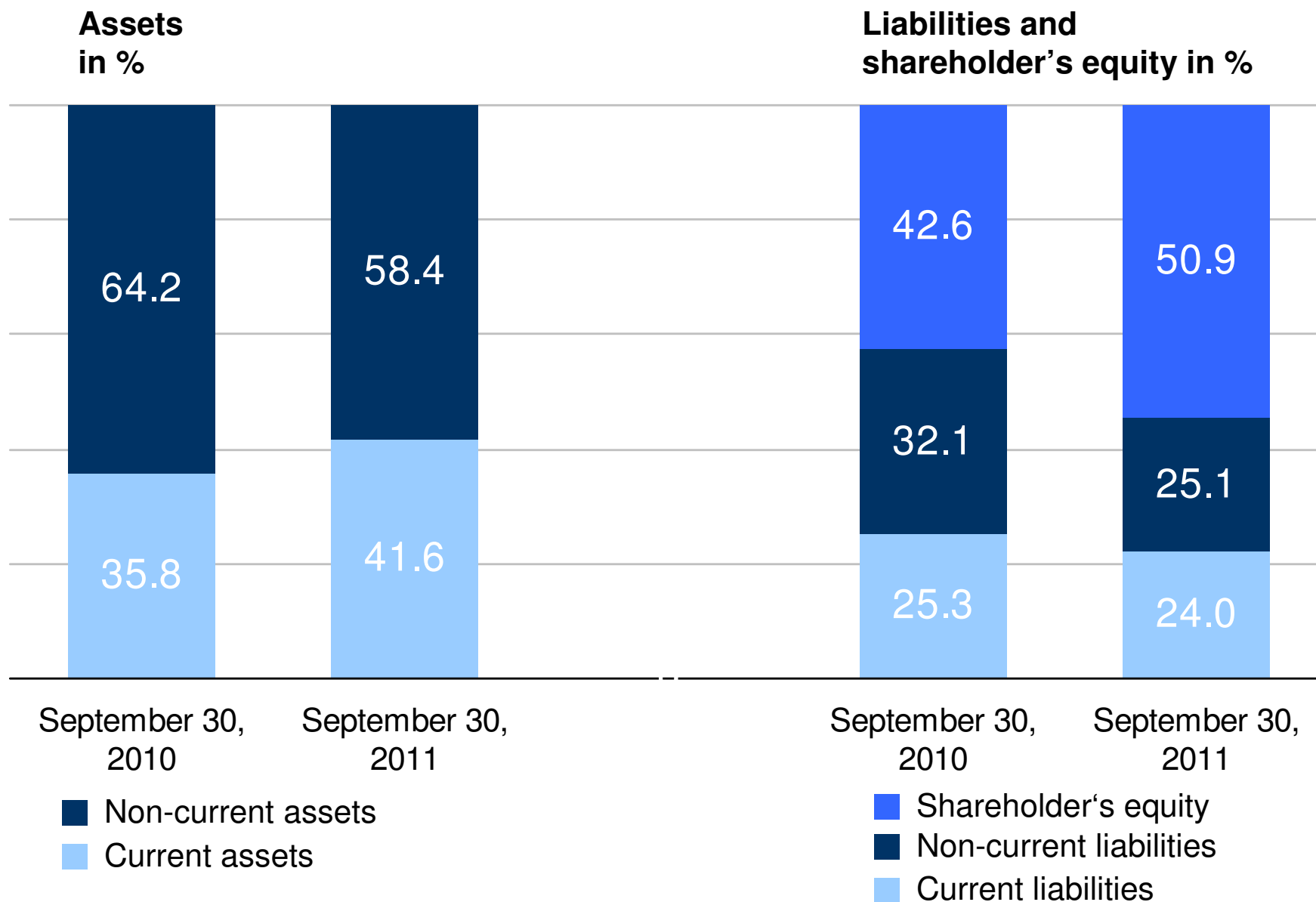
## Q3 2011: Financial Result and Net Income

in € mn	Q3 2011	Q3 2010	Change in %
<b>Net finance cost</b>	0.8	5.4	- 85.2
<b>EBT</b>	57.2	28.5	+ 100.7
<b>Taxes</b>	-14.9	-7.8	+ 91.0
<b>Net income</b>	42.2	20.7	+ 103.9
<b>Profit attributable to EK shareholders</b>	41.1	19.7	+ 108.6
<b>EPS (in €)</b>	0.65	0.34	+ 91.2



# Balance sheet structure as at September 30, 2011

## Equity Ratio at 50.9%



## Outlook 2011/12: Markets and Company

- For the full business year 2011 ElringKlinger estimates world car production to rise by approx. 4 to 5%
- Risks are that current sovereign crisis weighs on business confidence
- EK anticipates stable world LV production driven by Asia and to a limited extent by North America
- EK in most product areas features solid structural growth and is able to grow faster than the general car markets
- Further growth opportunities from Hug and Hummel
- Capex requirements for ppe in 2011 expected to come in at EUR 95 to 100 mn (pre acquisitions)
- Construction of new fully automated plant for plastic housing modules focused on truck segment; SOP in Q1 2012
- Further expansion of Suzhou plant in China by 5000 m<sup>2</sup> reflecting strong order intake in China

## Outlook 2011: Financial performance

- Q3 order intake came in 20.1% higher at EUR 257.8 (214.7) mn
- Order backlog as at September 30 up 39.8% to EUR 440.9 (315.3) mn
- Material prices in 9-months period have remained at high levels
- EK has capitalized on softening of alloy prices in recent weeks to partially hedge alloy surcharges
- Takeover of Hummel-Group, effective as of October 1, will not significantly contribute to Group sales and earnings in 2011
- Pre-expenses for further build-up of E-Mobility division with first sales ramping up

## Outlook 2011: Financial performance

- Assuming a further stable economic environment, ElringKlinger anticipates organic sales growth of between 12 and 14% in 2011
- The acquired businesses of Freudenberg and Hug are expected to contribute EUR 50 mn respectively EUR 30 mn to Group sales
- Total Group sales anticipated in the range of EUR 970 to 985 mn
- Despite significant pre-expenses for E-mobility, material prices still at high levels and various products in the start-up phase, EBIT in 2011 is expected to grow by 15 to 25%
- Additionally EBIT contribution of EUR 22.7 mn from one-time gain from sale of the Ludwigsburg industrial park

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Thank you for your attention.

## Disclaimer – Forward-looking Statements and Predictions

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