

ElringKlinger Group

Neue Dimensionen  
*New Dimensions*



Conference Call

Results Q3 2012

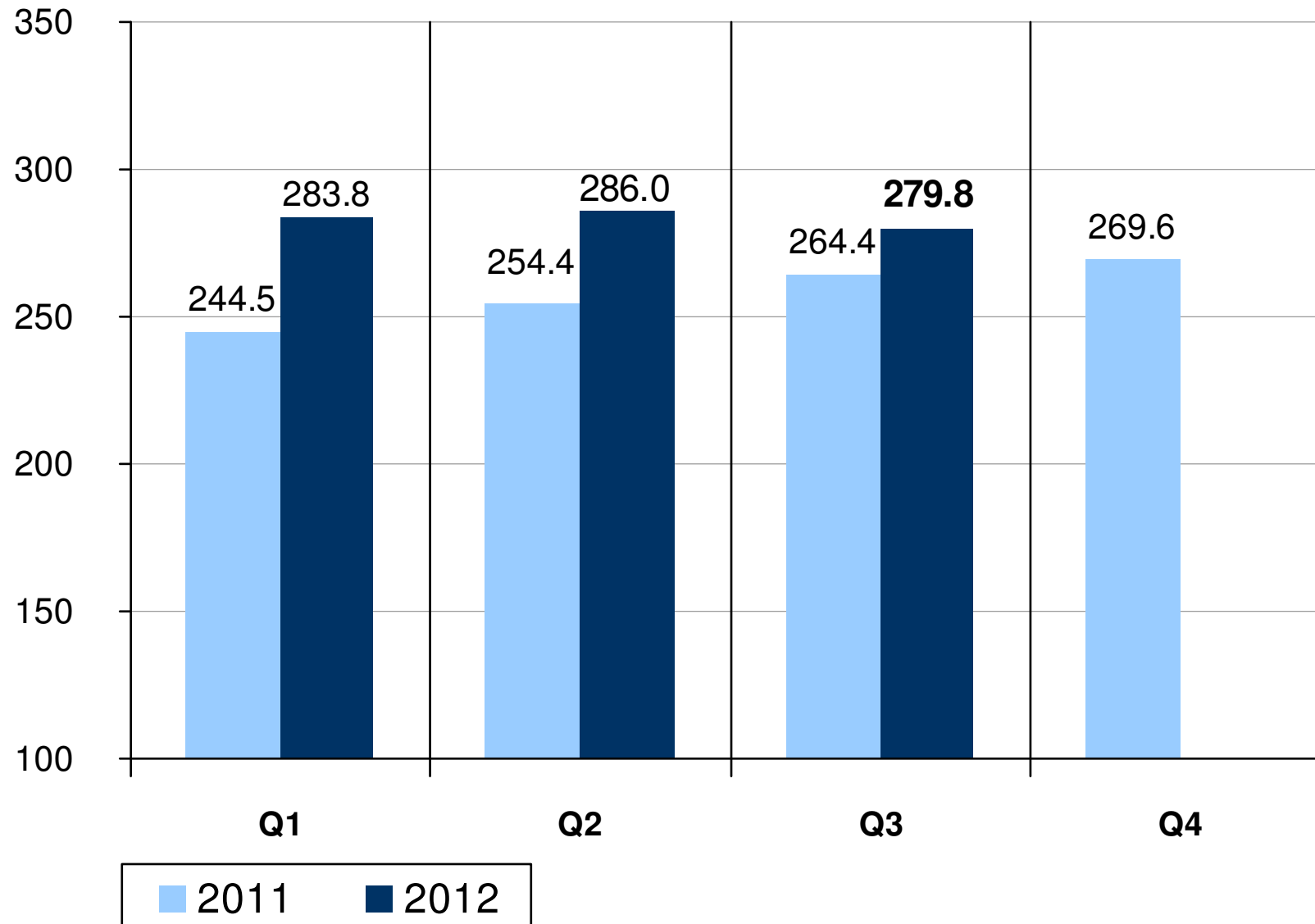
November 7, 2012

## Q3 2012: Key developments

- Global light vehicle production posts slight increase by 2.0% y-o-y, but minus 6.5% q-o-q
- Western Europe extremely weak at 20-year-low, down 11% y-o-y in Sept.
- US market up 14% y-o-y in Q3, China car sales plus 6%
- Return to common seasonal patterns in Q3/Q4;  
OE plant vacations reduce number of available production days
- ElringKlinger Group sales up 5.8% (excl. acquisitions 5.2%) again topping market growth
- Performance at Hug and Freudenberg in Q3 has further improved
- Two additional orders for cell contact systems (total value EUR 9 mn)

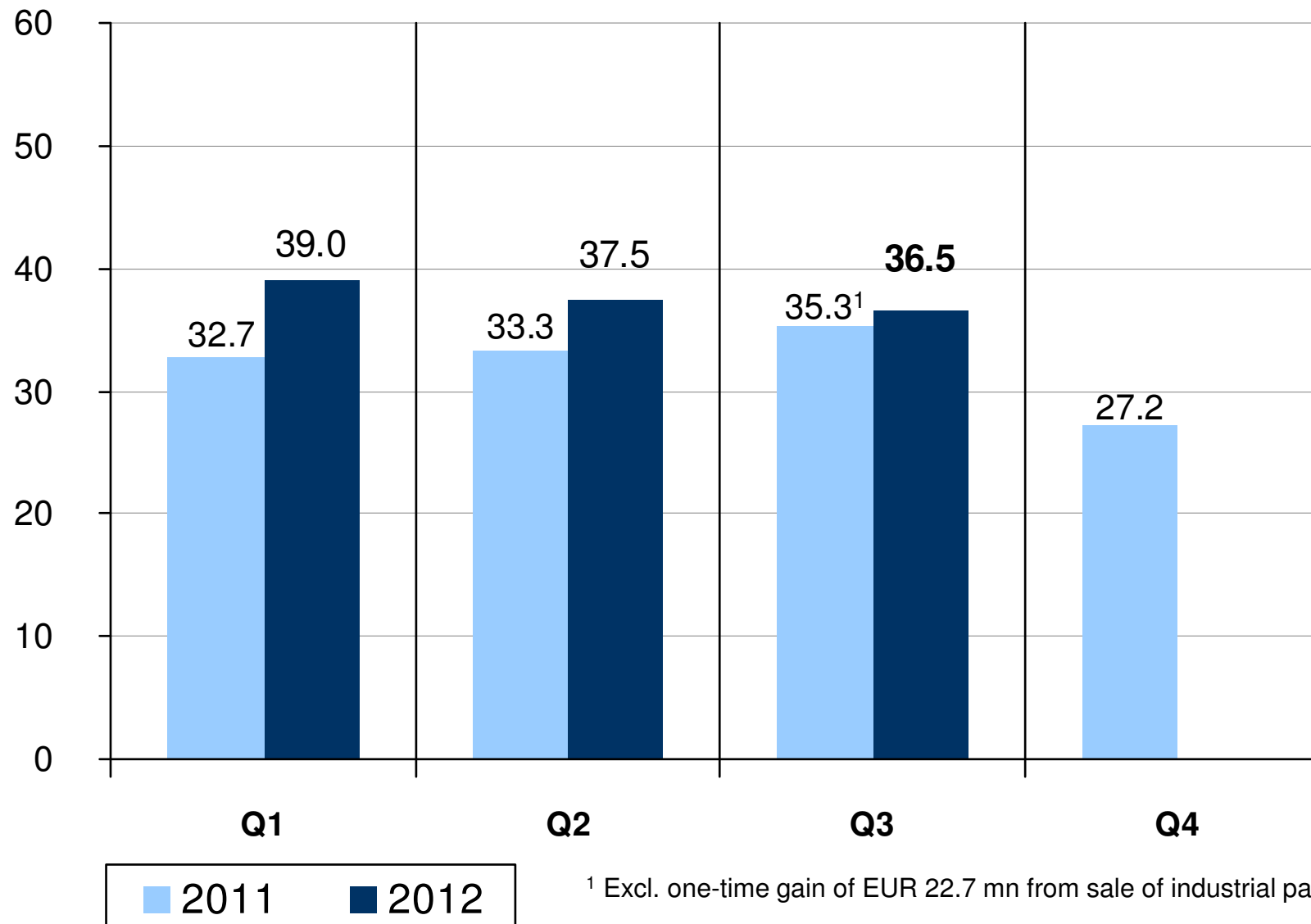
## Q3 2012: Sales grow 5.8% y-o-y, excl. acquisitions 5.2%

€ mn



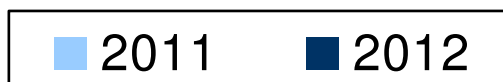
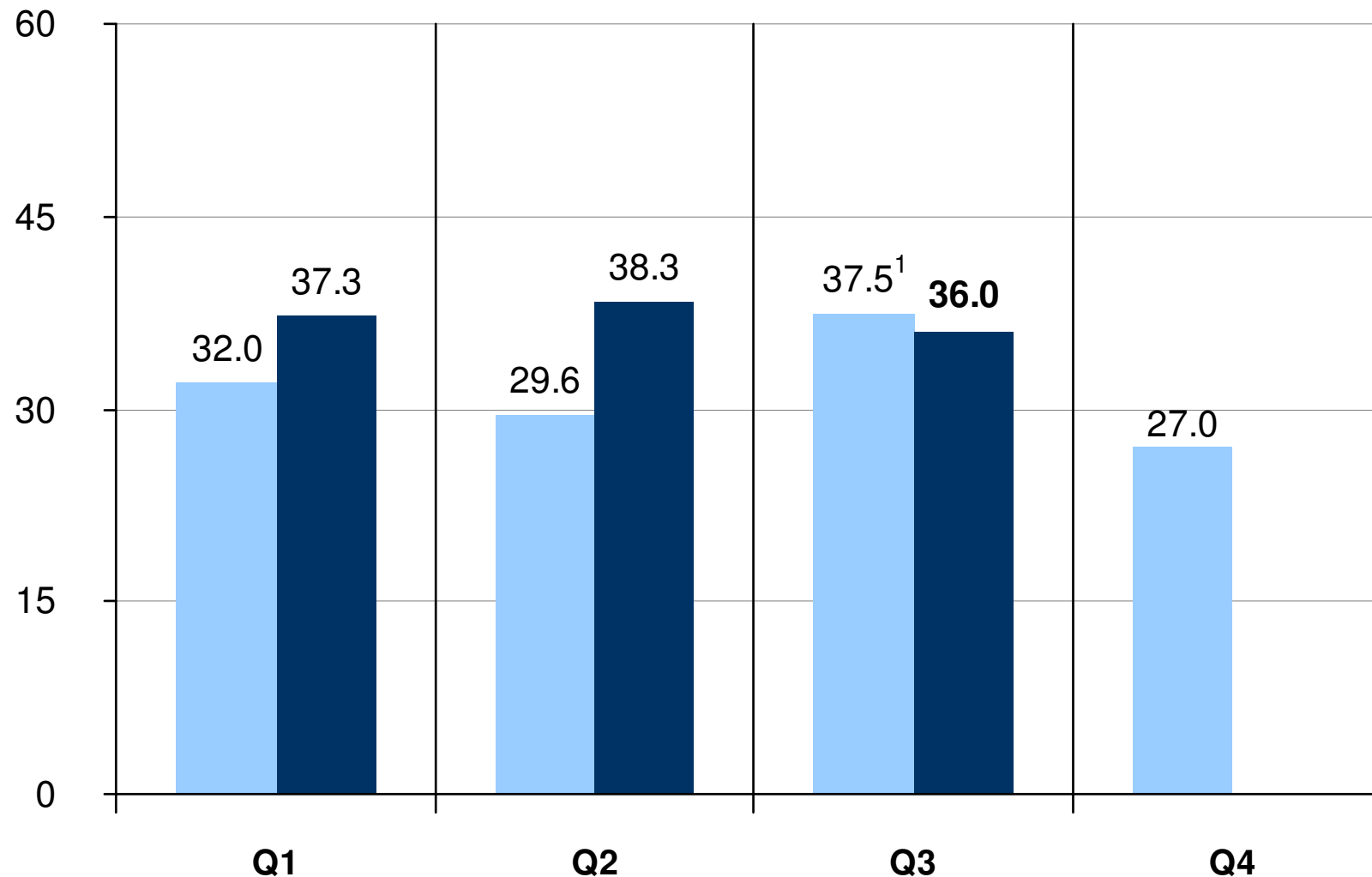
## Q3 2012: Operating result up 3.4% (13.1% margin)

€ mn



## Q3 2012: EBIT at EUR 36.0 mn (12.9% margin)

€ mn



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

## Q3 2012: Incremental effects from acquisitions

- Injection mould tool maker Hummel-Formen Group and canning specialist former ThaWa GmbH were not included in the scope of consolidation of ElringKlinger Group in Q3 2011
- Hummel-Formen Group was consolidated as of October 1, 2011, ThaWa as of January 1, 2012
- ThaWa now already integrated into AG structure
- Q3 incremental contribution:
  - > sales of EUR 1.7 mn (Hummel EUR 1.1 mn)
  - > minus EUR 0.5 mn in EBT (incl. EUR 0.1 mn PPA) related to Hummel

## Q3 2012: Effects from Hug acquisition

in € mn	Hug			in € mn	Hug		
	Q1	Q2	Q3		Q1	Q2	Q3
<b>Sales</b>	7.0	8.4	7.2	<b>EBIT</b>	-1.9	-0.8	-0.6
<b>PPA</b>	-0.5	-0.5	-0.5	<b>EBT</b>	-2.0	-0.9	-0.7

- Hug still burdened by EUR/CHF exchange rate, high personnel costs and PPA
- But: continuous performance improvement due to implemented cost saving measures and process optimization
- New plant in Thale completed end of Q4 2012 – relocation in Q1 2013, in order to decrease cost base in CHF and lower personnel cost
- New contracts in the US (> 6,34 tons CARB certificate) and for ship diesels

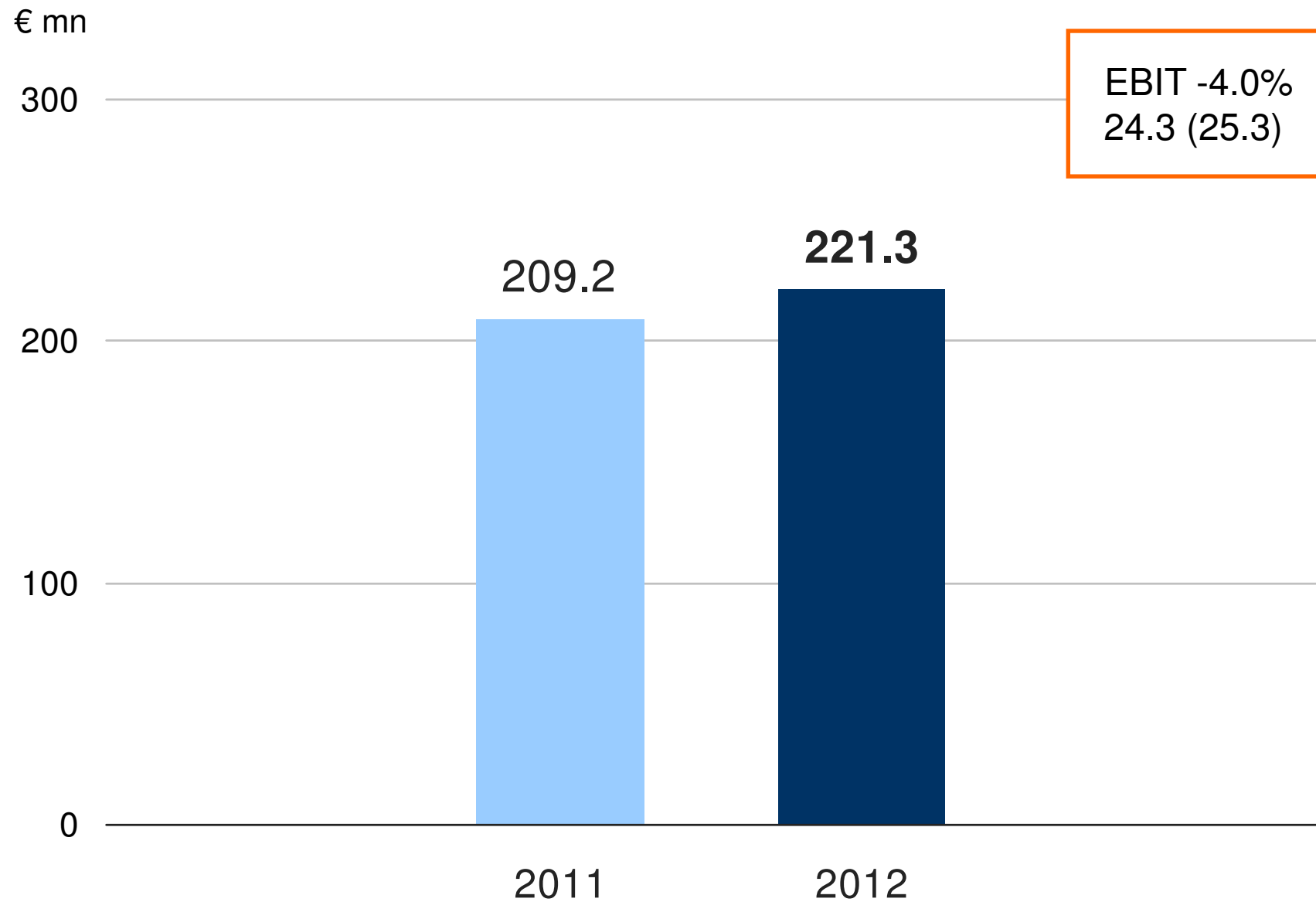
## Q3 2012: Effects from Freudenberg acquisition

in € mn	Freudenberg			in € mn	Freudenberg		
	Q1	Q2	Q3		Q1	Q2	Q3
<b>Sales</b>	13.7	13.3	11.5	<b>EBIT</b>	0.5	0.5	0.7
<b>PPA</b>	-	-	-	<b>EBT</b>	0.2	0.3	0.4

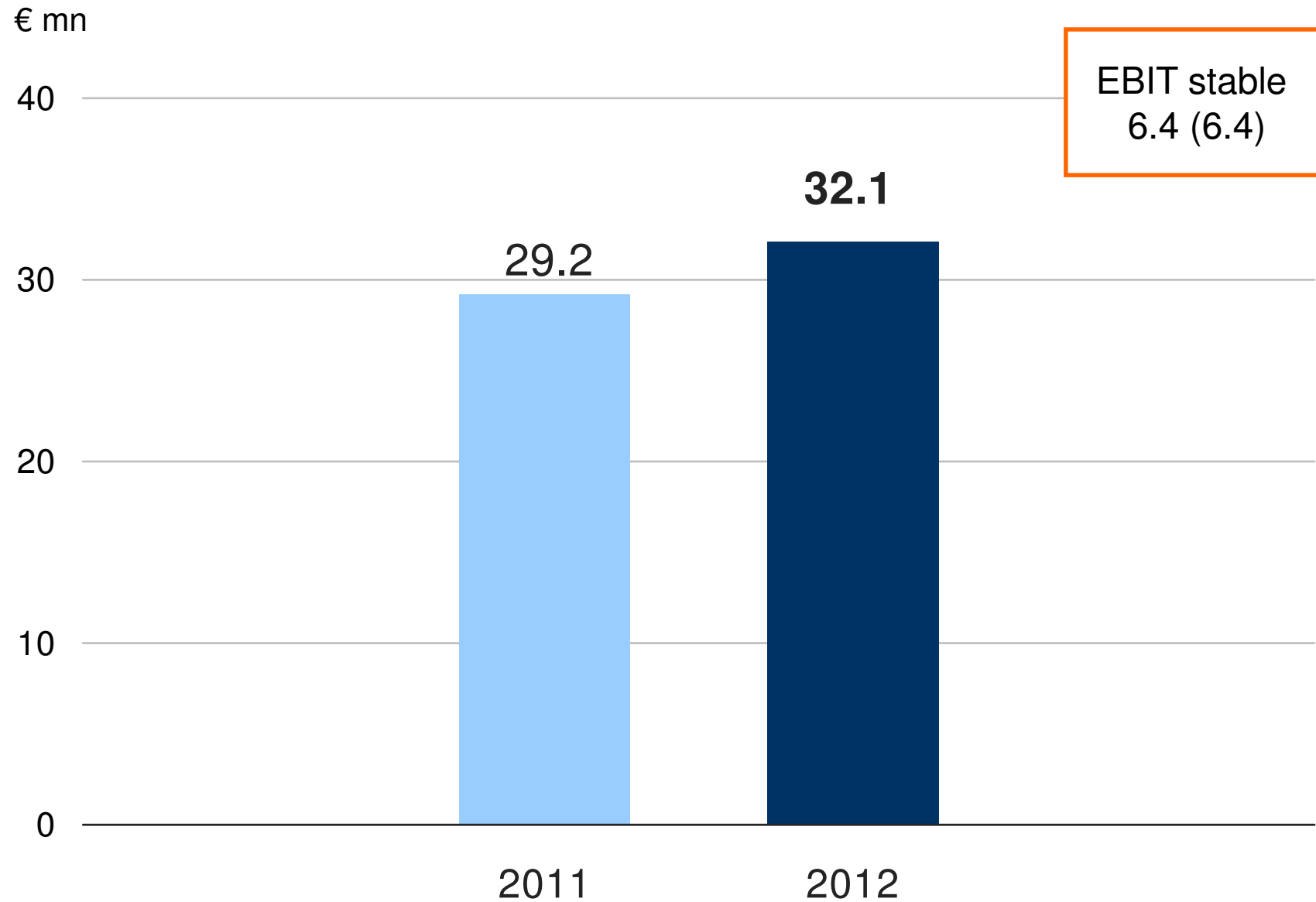
- Acquired former Freudenberg companies suffer from extremely weak Southern European markets – still improved profitability
- French site profitable in Q3 for the first time, German and Italian site with double digit resp. mid single digit operating margins
- Total dilution from all acquisitions incl. Freudenberg on Group EBIT margin: 1.0 PP
- Total PPA (incl. Hummel + ThaWa): EUR 0.6 mn



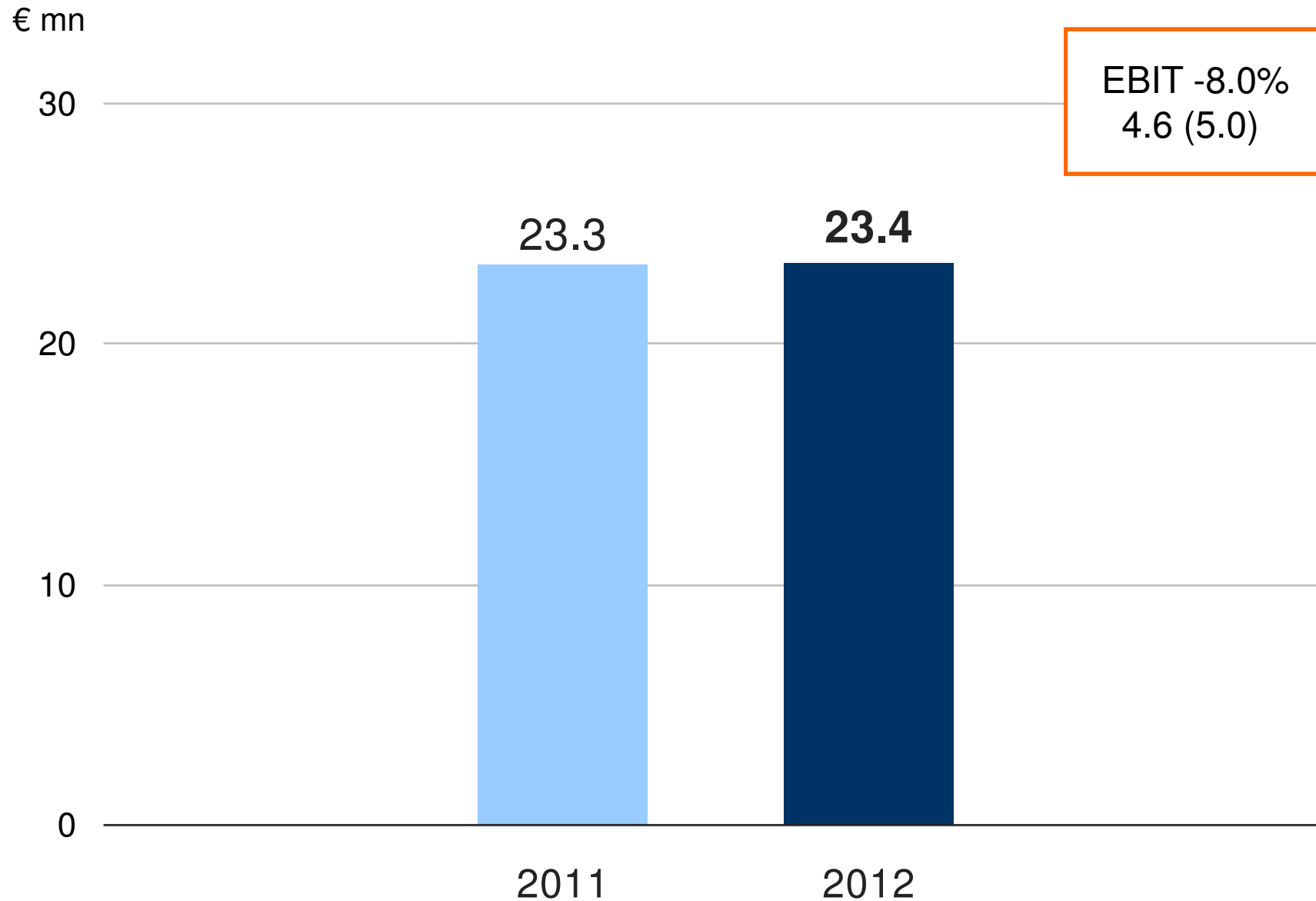
## Q3 2012: OEM sales up 5.8%



## Q3 2012: Aftermarket sales up 9.9%

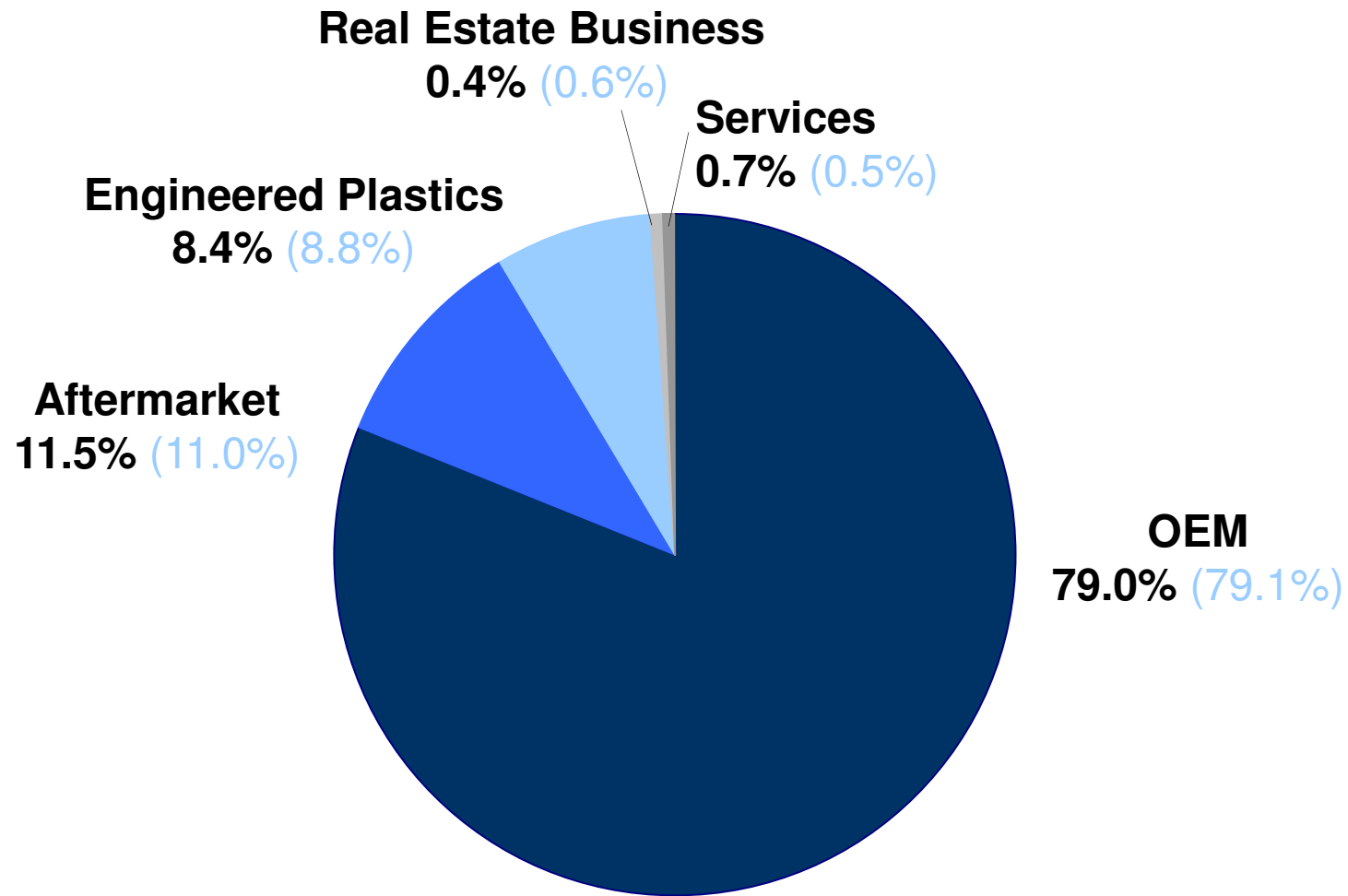


## Q3 2012: Sales Engineered Plastics up 0.4% on strong PY



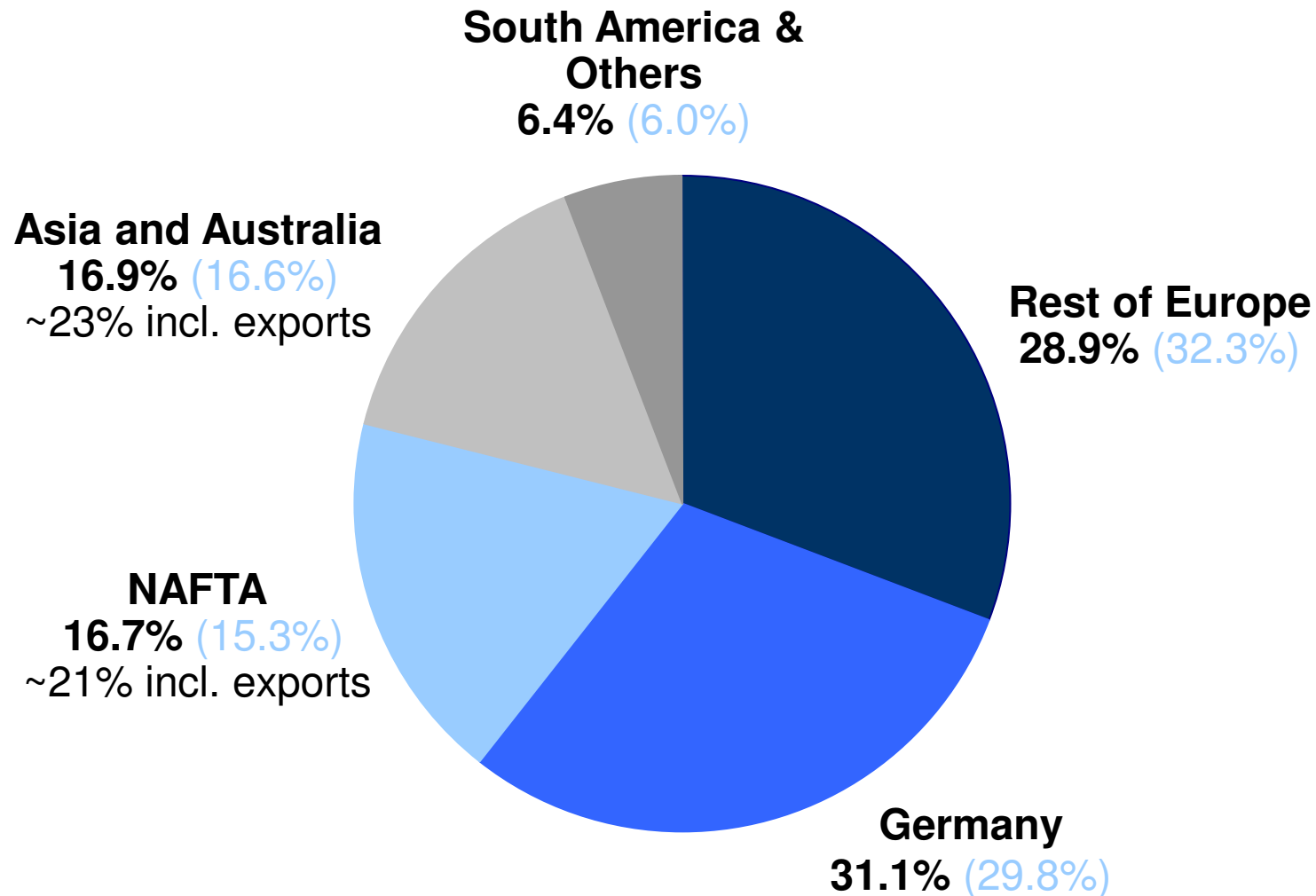
# Group Sales by segment Q3 2012 (py)

## Aftermarket business share increasing



## Group Sales by region Q3 2012 (py)

Share of sales decrease in Rest of Europe reflects market slump



# Employees ElringKlinger Group worldwide

as of September 30, 2012 (py)

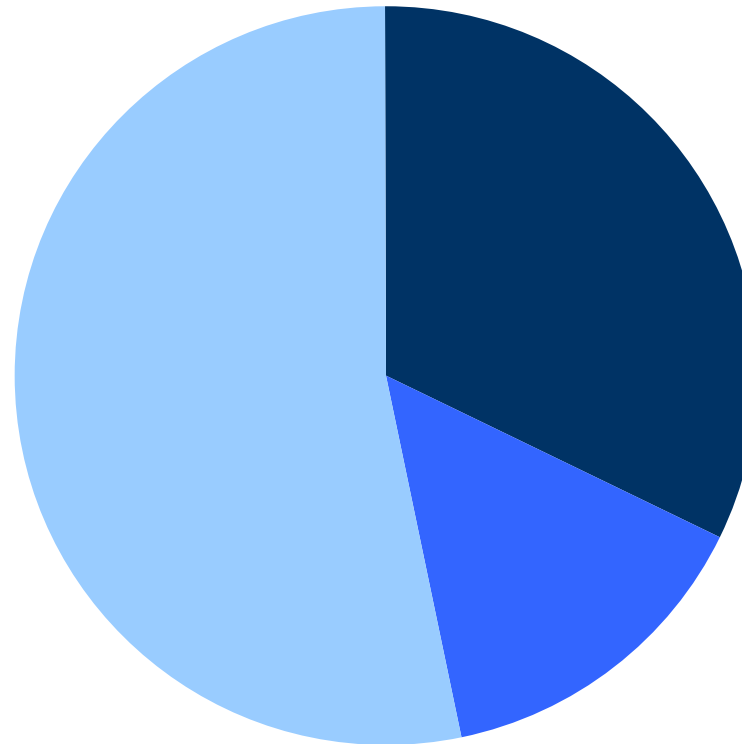
**Group**  
**6,284** (5,743)  
**+9.4%**

**Germany**  
**2,920** (2,630)

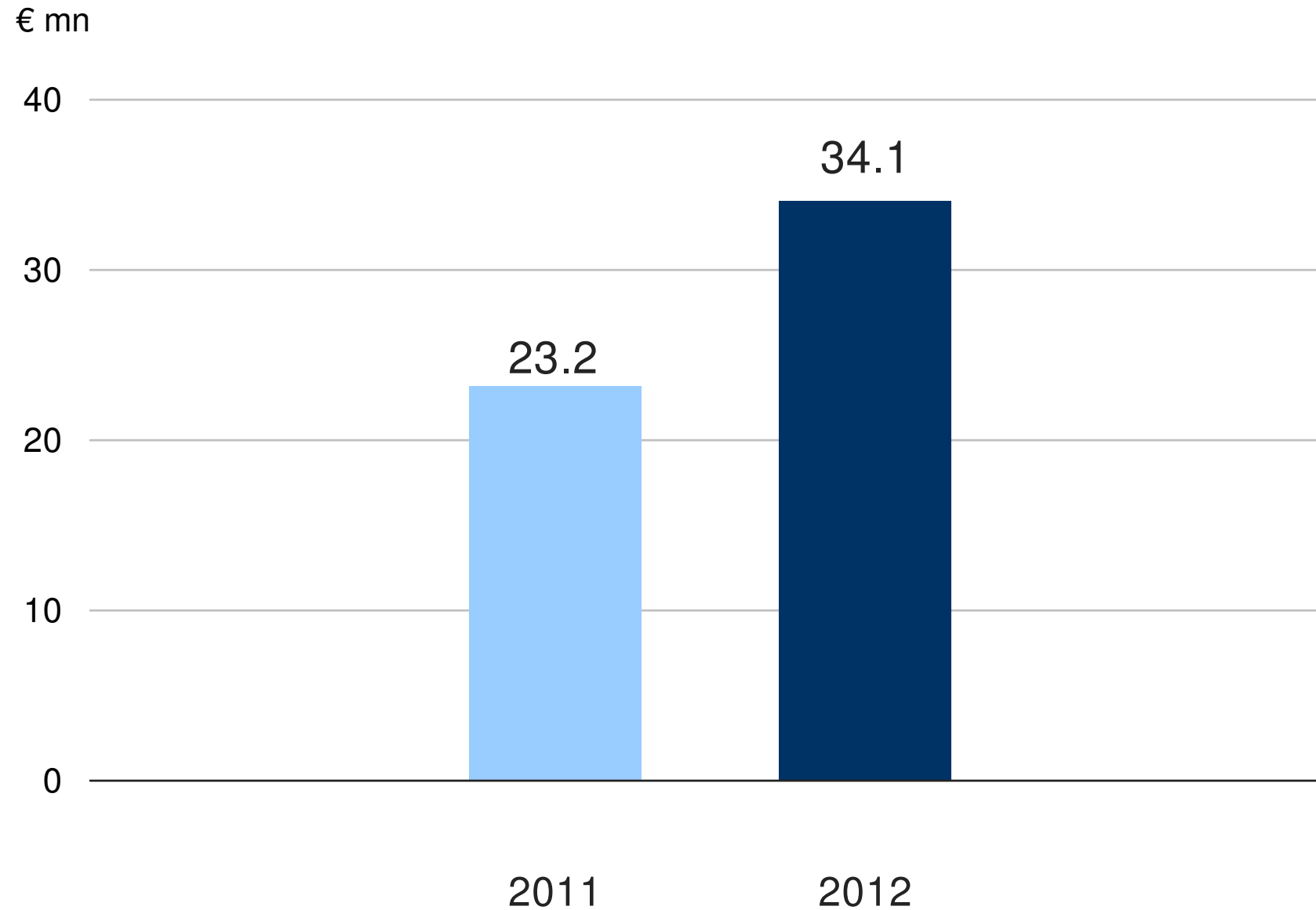
**International subsidiaries**  
**3,364** (3,113)

**AG**  
**2,060** (1,937)

**Domestic subsidiaries**  
**860** (693)

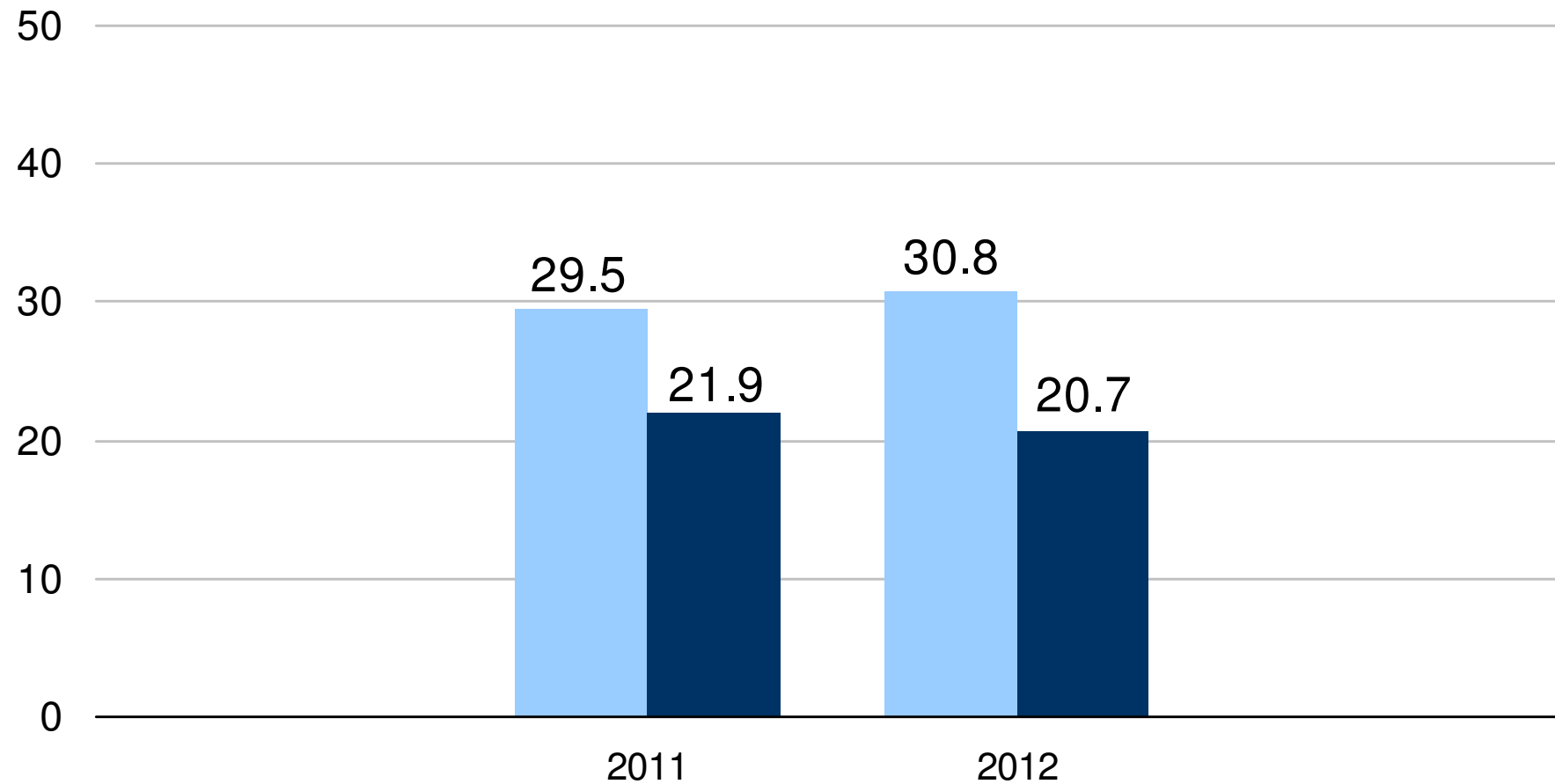


## Q3 2012: Net cash from operating activities



## Q3 2012: Investments vs. depreciation

€ mn



- Investments in plant, property and equipment, invest. prop. and intangible assets (pre-acquisition)
- Depreciation



## Q3 2012: Sales and operating result

in € mn	Q3 2012	Q3 2011	Change in %
<b>Sales</b>	279.8	264.4	+ 5.8
<b>Cost of Sales</b>	199.1	191.8	+ 3.8
<b>EBITDA<sup>1</sup></b> <i>adjusted<sup>2</sup></i>	56.7	82.1 59.4	- 30.9 - 4.5
<b>EBIT<sup>1</sup></b> <i>adjusted<sup>2</sup></i>	36.0	60.2 37.5	- 40.2 - 4.0
<b>Operating Result</b> <i>adjusted<sup>2</sup></i>	36.5	58.0 35.3	- 37.1 + 3.4

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

<sup>2</sup> Excl. one-time gain from sale of industrial park in Q3 2011

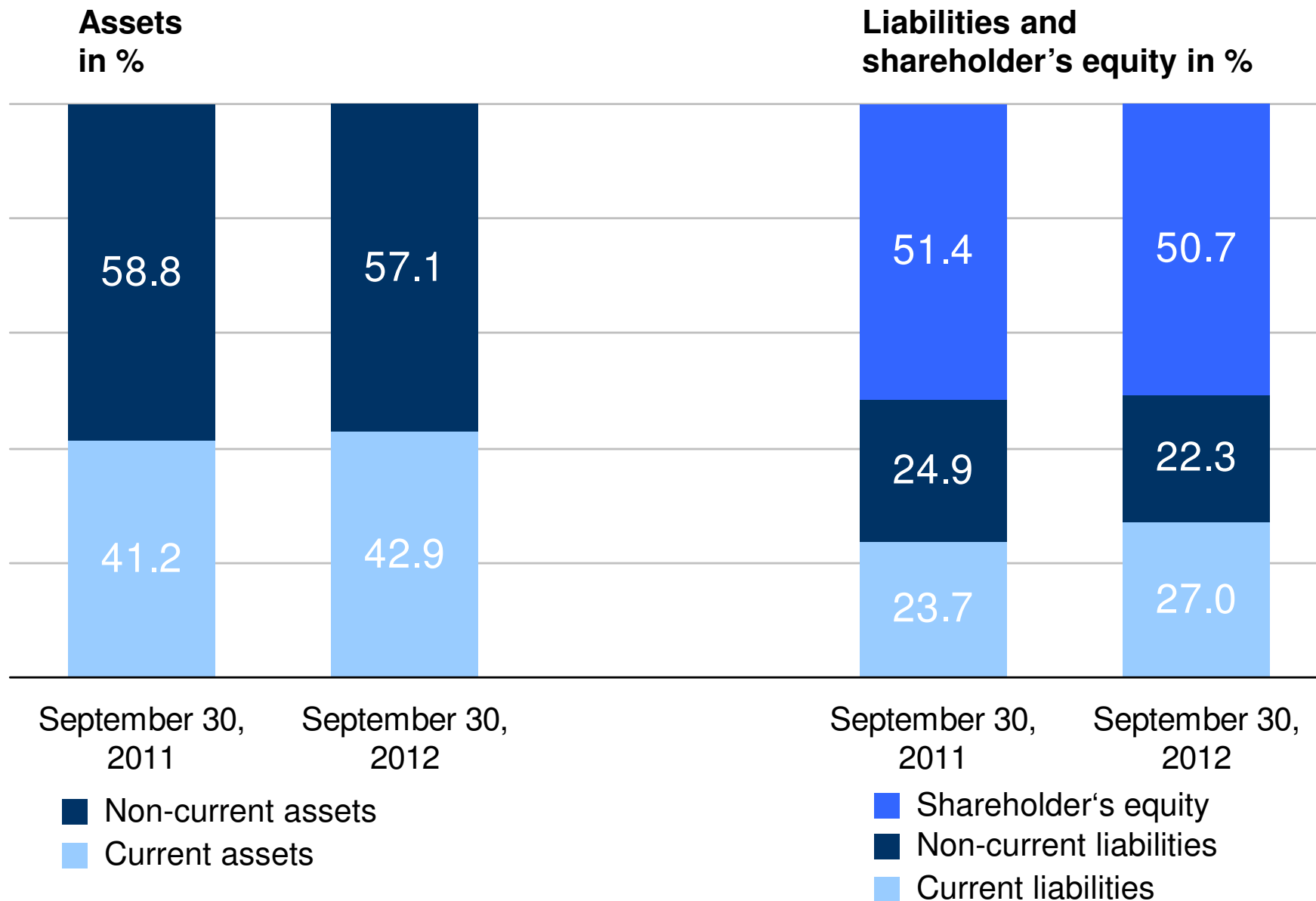
## Q3 2012: Financial Result and Net Income

in € mn	Q3 2012	Q3 2011	Change in %
<b>Net finance cost</b>	3.6	0.8	+ 350
<b>EBT</b>	33.0	57.2	- 42.3
<i>adjusted<sup>2</sup></i>		34.5	- 4.3
<b>Net Income</b>	24.4	42.2	- 42.2
<i>adjusted<sup>2</sup></i>		25.7	- 5.1
<b>Profit attributable to EK shareholders</b>	23.3	41.1	- 43.3
<i>adjusted<sup>2</sup></i>		24.6	- 5.3
<b>EPS (in €)</b>	0.37	0.65	- 43.1
<i>adjusted<sup>2</sup></i>		0.39	- 5.1

<sup>2</sup> Excl. one-time gain from sale of industrial park in Q3 2011

# Balance sheet structure as at September 30, 2012

## Equity Ratio remains strong at 50.7%



## Outlook 2012: Markets

- ElringKlinger expects worldwide car production in 2012 to still rise by 1 to 2% overall
- Demand clearly driven by Asia and North America
- Car sales in Europe expected to shrink by approx. 8% in 2012, pending risk of further downturn in car sales and production in Europe
- Q4 production trend also depending upon OE Xmas vacations and destocking
- Truck segment Europe continues to suffer from weak economy
- Stagnating world car market in 2013 cannot be ruled out
- But: New products & structural growth in core business (turbocharger gaskets, heat shields) enable outgrowing the market top line growth

## Outlook 2012: Company

- Wage increase by 4.3% in Germany as of May 1, 2012
- Material cost mostly stable, but increasing prices for plastic granules; yet significantly lower income from scrap due to weak economy
- Capex (PPE) for 2012/13 expected at EUR 95 to 100 mn – going forward investment ratio will normalize towards 8 to 9% of sales
- Swing potential from further performance improvement of acquisitions

## Outlook 2012: Financial performance

- Q3 order intake up 3.8% to EUR 267.5 (257.8) mn, order backlog plus 7.2% (EUR 472.8 mn)
- Organic revenue growth of 5 to 7% depending upon how customer demand develops over the course of Q4
- Additional incremental sales contribution of approx. EUR 20 mn from acquired Hug Engineering AG, Hummel-Formen Group and former ThaWa GmbH, which in 2012 are included in the consolidated Group for the full annual period for the first time
- Weaker margins at the acquired entities, PPA as well as pre-expenses for E-Mobility dilute Group EBIT margin in 2012
- Despite these effects, EBIT adjusted for one-offs is to increase at a faster rate than sales in 2012 and is expected in a range of EUR 145 to 150 (126.0) mn

ElringKlinger Group

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Thank you for your attention!

## Disclaimer – Forward-looking Statements and Predictions

This presentation contains statements about the future. These statements are based on current expectations, market evaluations and predictions by the Management Board, and on information that is currently available to them. The statements about the future should not be interpreted as guarantees of the future developments and results that they refer to. Whilst the Management Board are convinced that the statements that have been made, and the convictions and expectations on which they are based, are realistic, they rely on suppositions that may conceivably prove to be incorrect; future results and developments are dependant on a multitude of factors, they involve various risks and imponderabilities that can affect whether the ongoing development deviates from the expectations 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.