

ElringKlinger Group

Zwei Antriebswelten. Eine Strategie

*Embracing both worlds – combustion and electric*



Analysts Conference

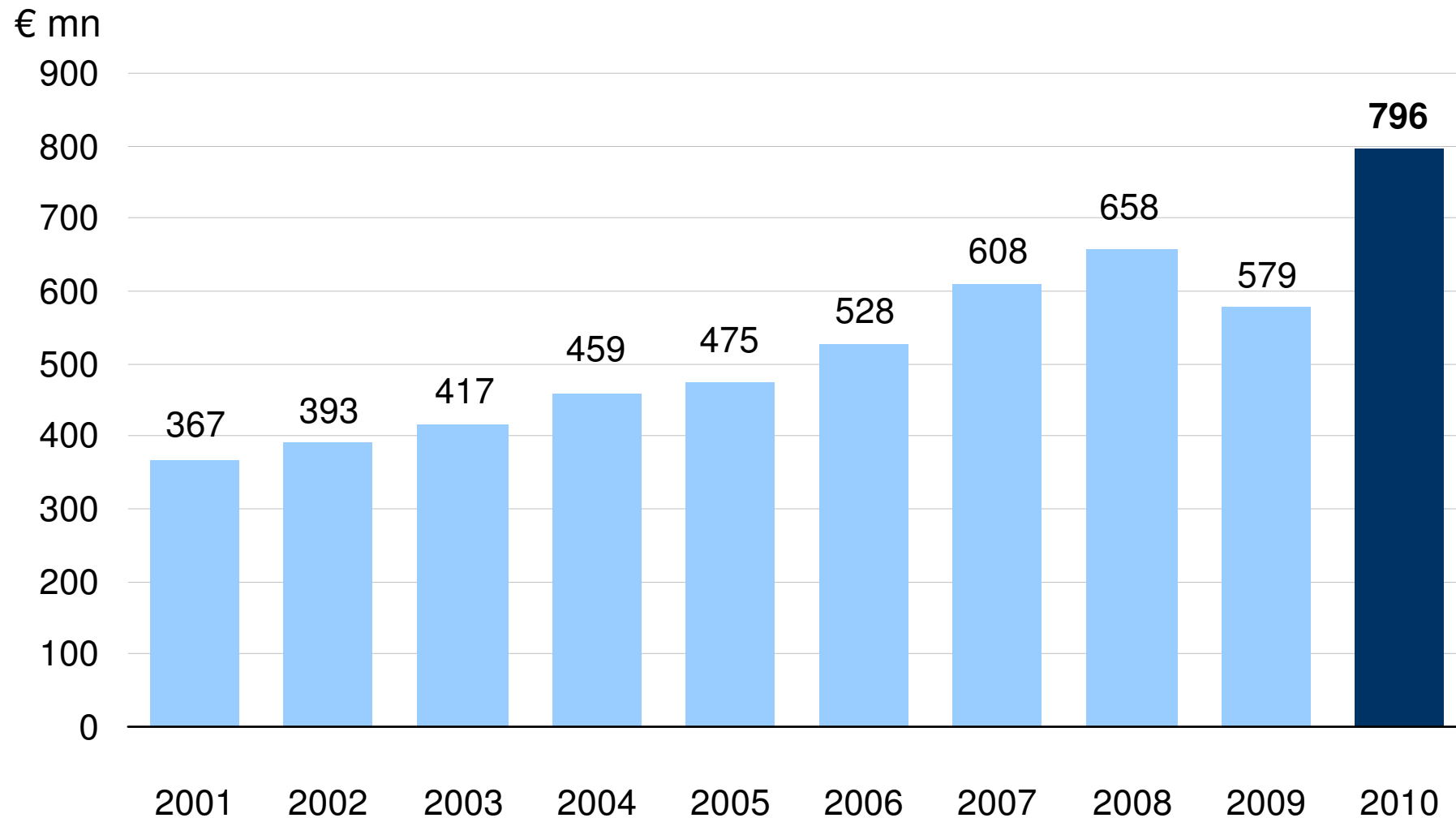
on the 2010 Financial Year

March 29, 2011

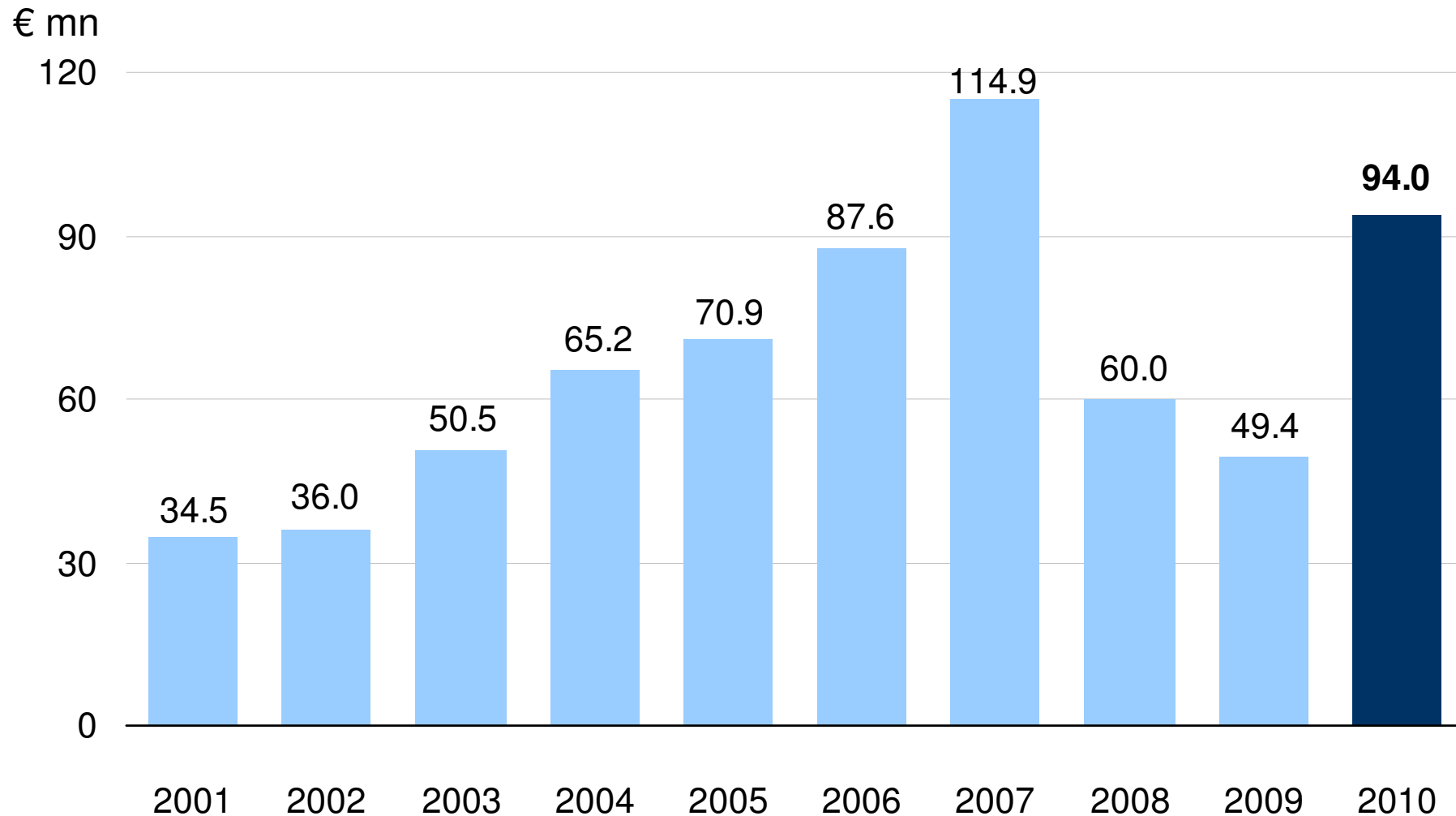
## Business year 2010: Key developments

- Dynamic recovery in world car production, up almost 23% driven by Asia, South America but also the US
- ElringKlinger Group grows sales revenue at a higher rate by 37%
- Operating result increased 83%
- Strong investments in new plant, property and equipment
- New division E-Mobility established
- Significant increase in production capacities in China
- Signing takeover of Freudenberg Group's static metal gasket business
- Capital increase to finance E-Mobility center/production facility, new PHM plant as well as further external growth opportunities

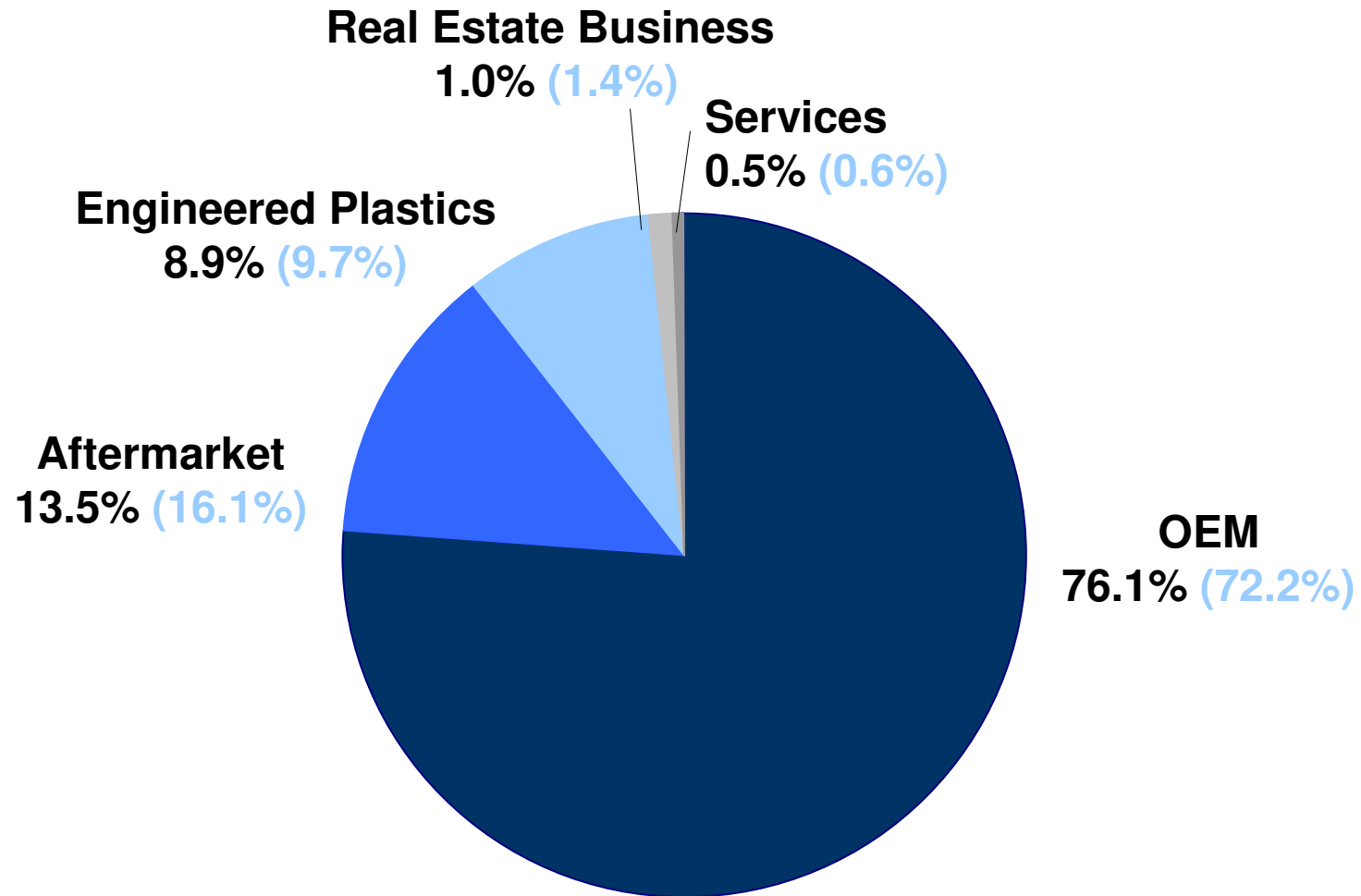
## Sales: Long-term growth above market trend



## Earnings before taxes growing at a higher rate than sales

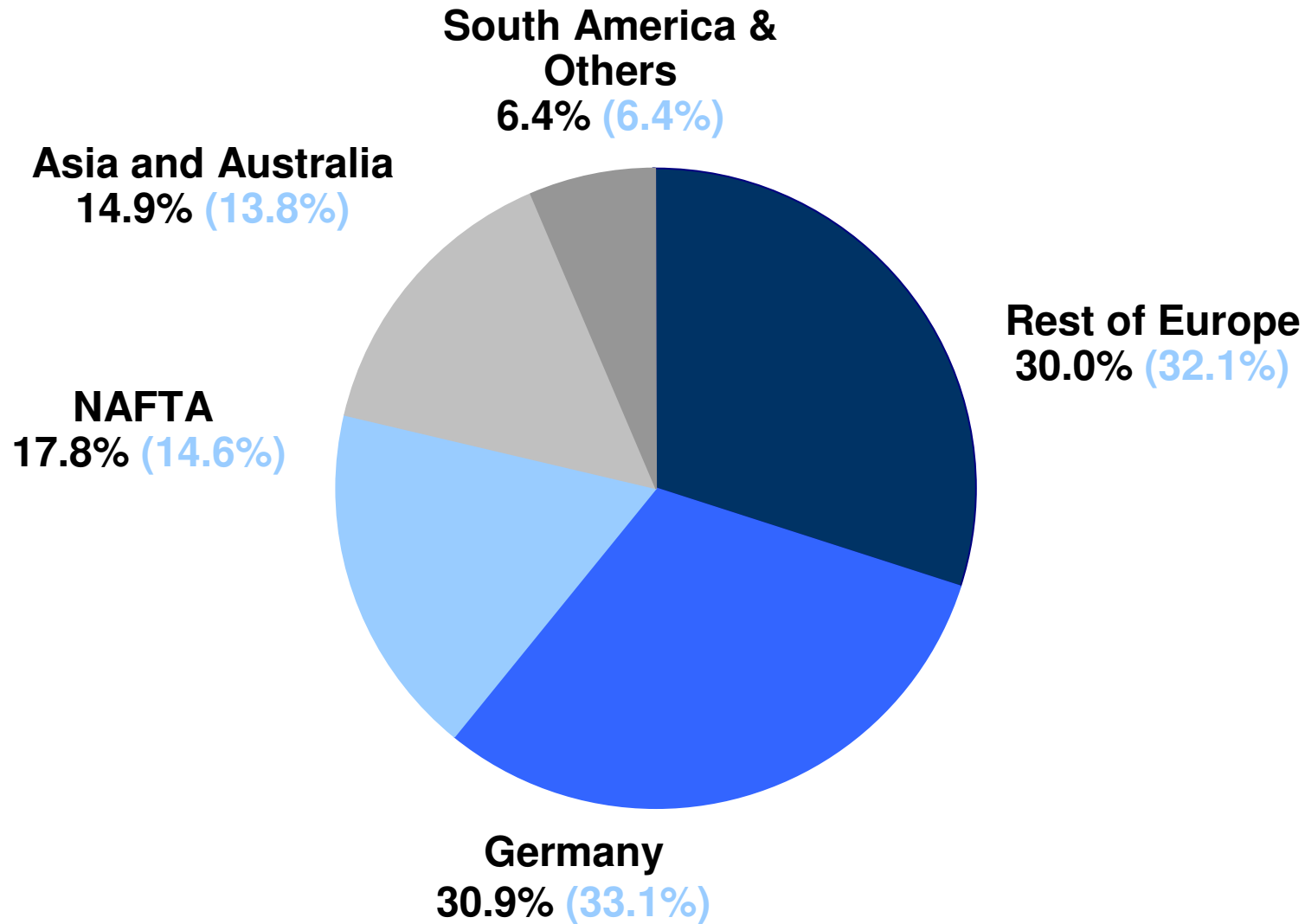


# Group Sales by Market Segments 2010 (py)



## Group Sales by region 2010 (py)

Asia and NAFTA post disproportionate growth rates



# Employees ElringKlinger Group worldwide

as of December 31, 2010  
(py)

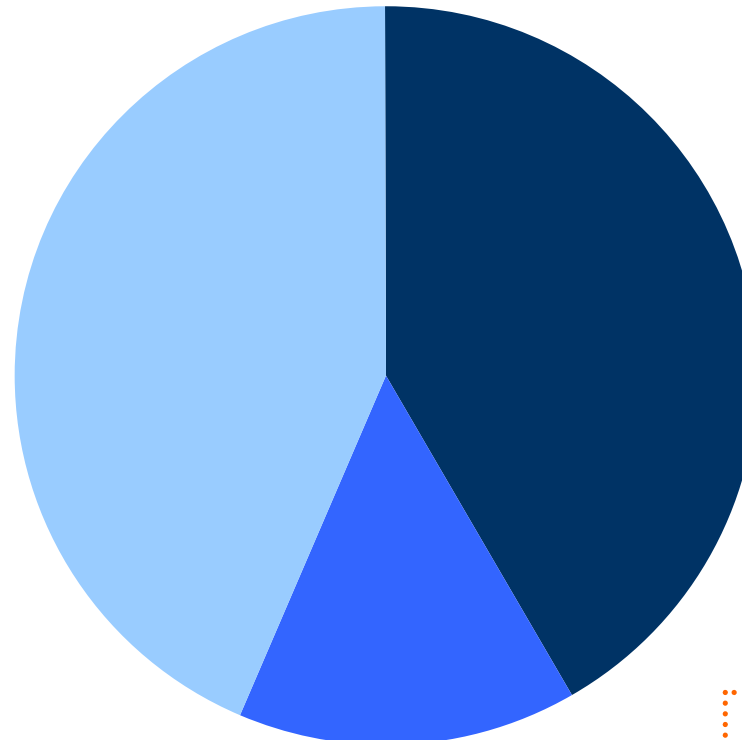
**Group**  
4,676 (4,171)  
+12.1%

**International subsidiaries**  
2,275 (1,946)

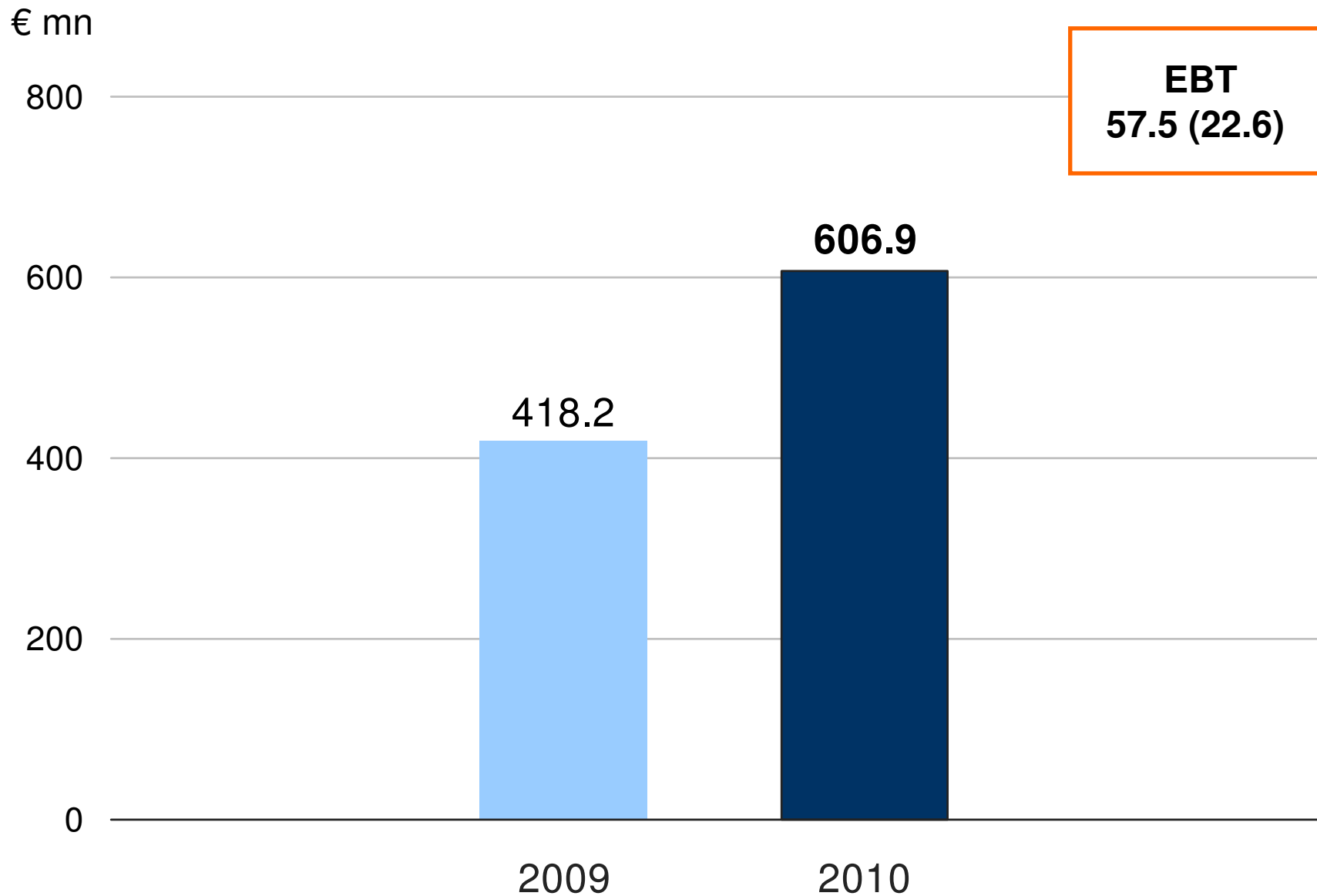
**AG**  
1,757 (1,636)

**Domestic subsidiaries**  
644 (589)

**Germany**  
2,401 (2,225)

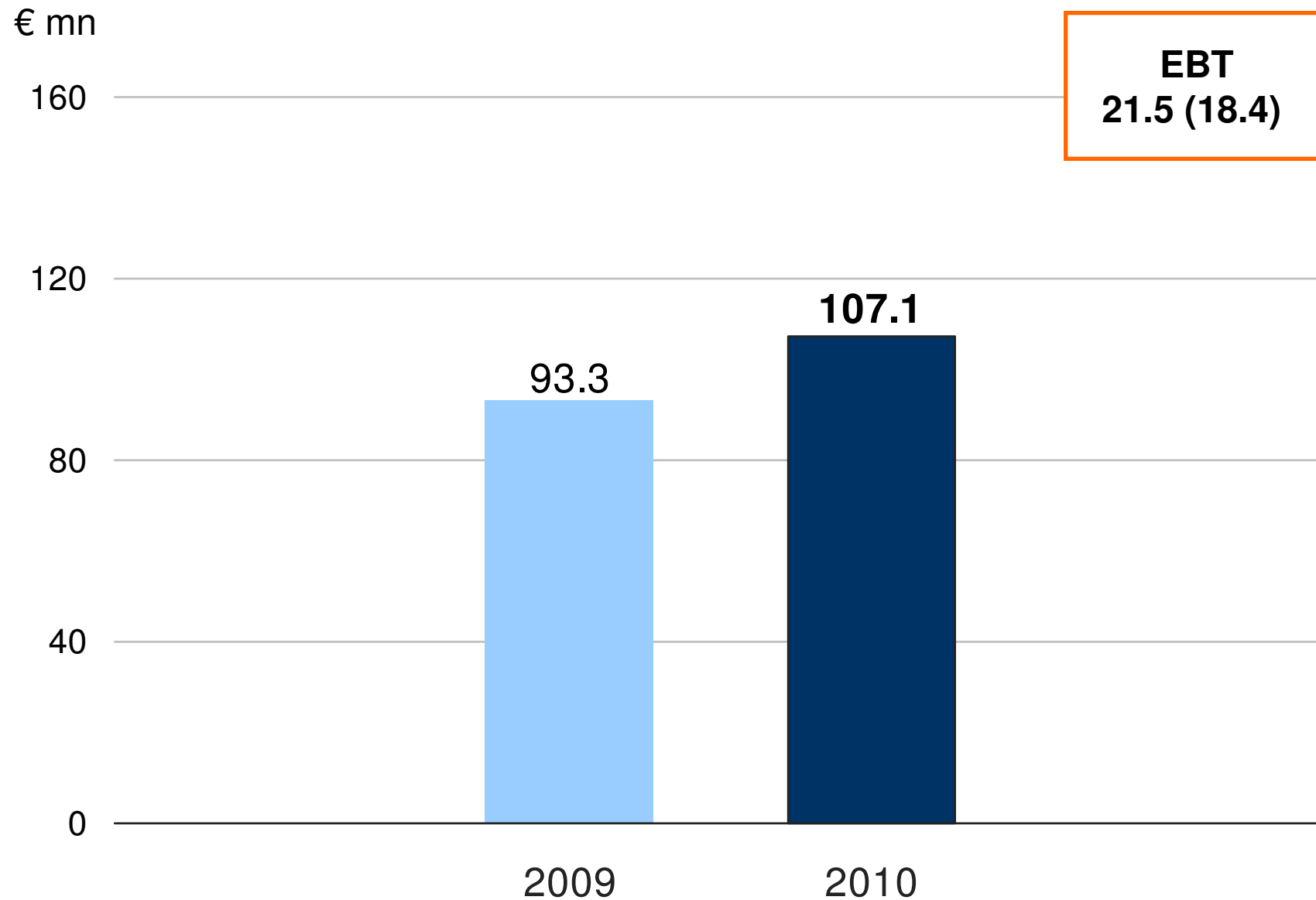


## Recovery driven by sales in the OE business – up 45.1%

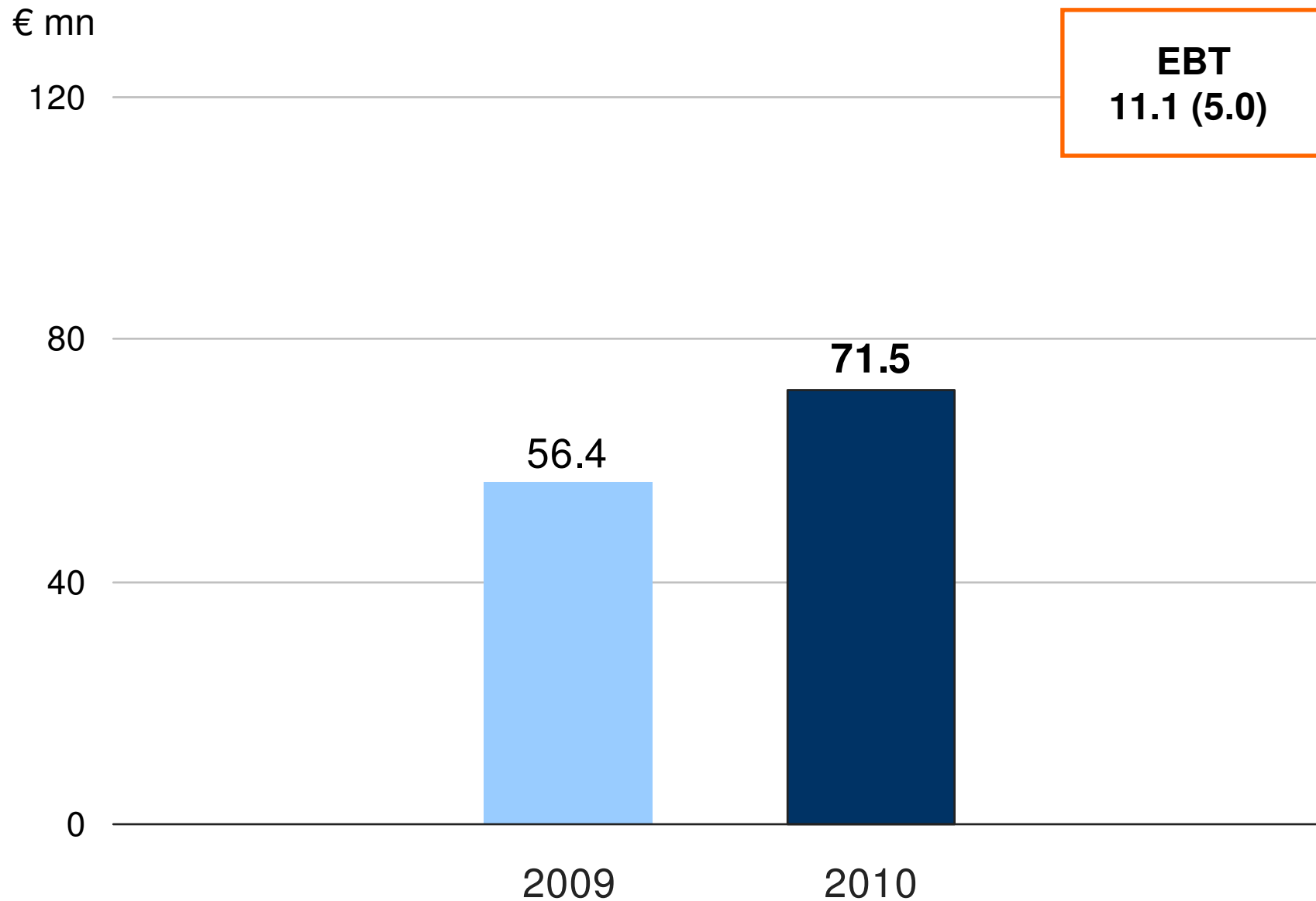




## Sales in the Aftermarket outgrow long-term trend – up 14.8%



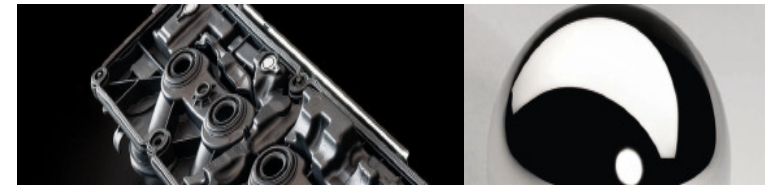
## Sales in Engineered Plastics up 26.8%



## FY 2010: Sales and operating result

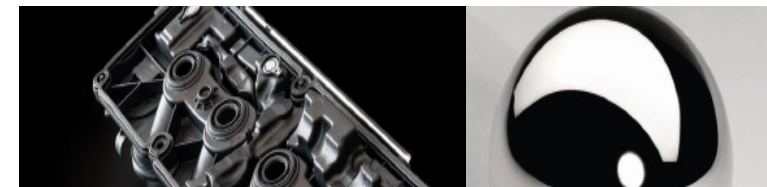
in € mn	FY 2010	FY 2009	Change in %
Sales	<b>795.7</b>	579.3	+ 37.4
Cost of sales	<b>556.1</b>	426.3	+ 30.4
EBITDA <sup>1</sup>	<b>188.9</b>	134.5	+ 40.4
EBIT <sup>1</sup>	<b>106.7</b>	63.3	+ 68.6
Operating result	<b>116.0</b>	63.3	+ 83.3

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



## FY 2010: Financial Result and Net Income

in € mn	FY 2010	FY 2009	Change in %
Net finance costs	<b>-22.1</b>	-13.9	-59.0
EBT	<b>94.0</b>	49.4	90.3
Taxes	<b>25.4</b>	14.6	74.0
Net income	<b>68.6</b>	34.8	97.1
Minority interests	<b>3.0</b>	1.6	87.5
Profit attributable to shareholders of EK	<b>65.6</b>	33.2	97.6

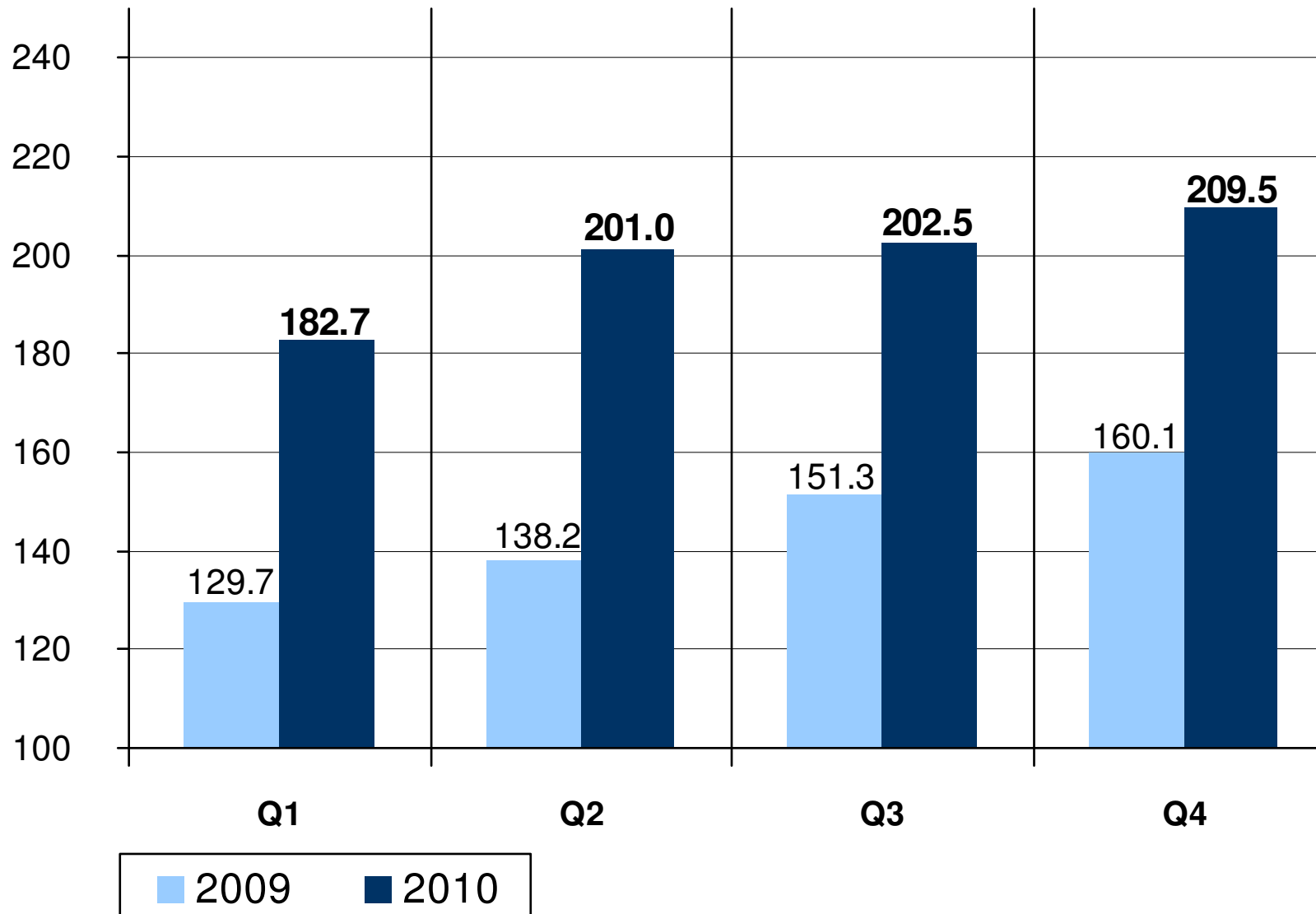


## Earnings per share and dividend proposal

- EPS in 2010 came in at EUR 1.11 per share (weighted average) as compared to EUR 0.58 per share in the previous year
- Dividend payout proposal for BY 2010 to the AGM at EUR 0.35 (0.20), an increase of 75.0 %

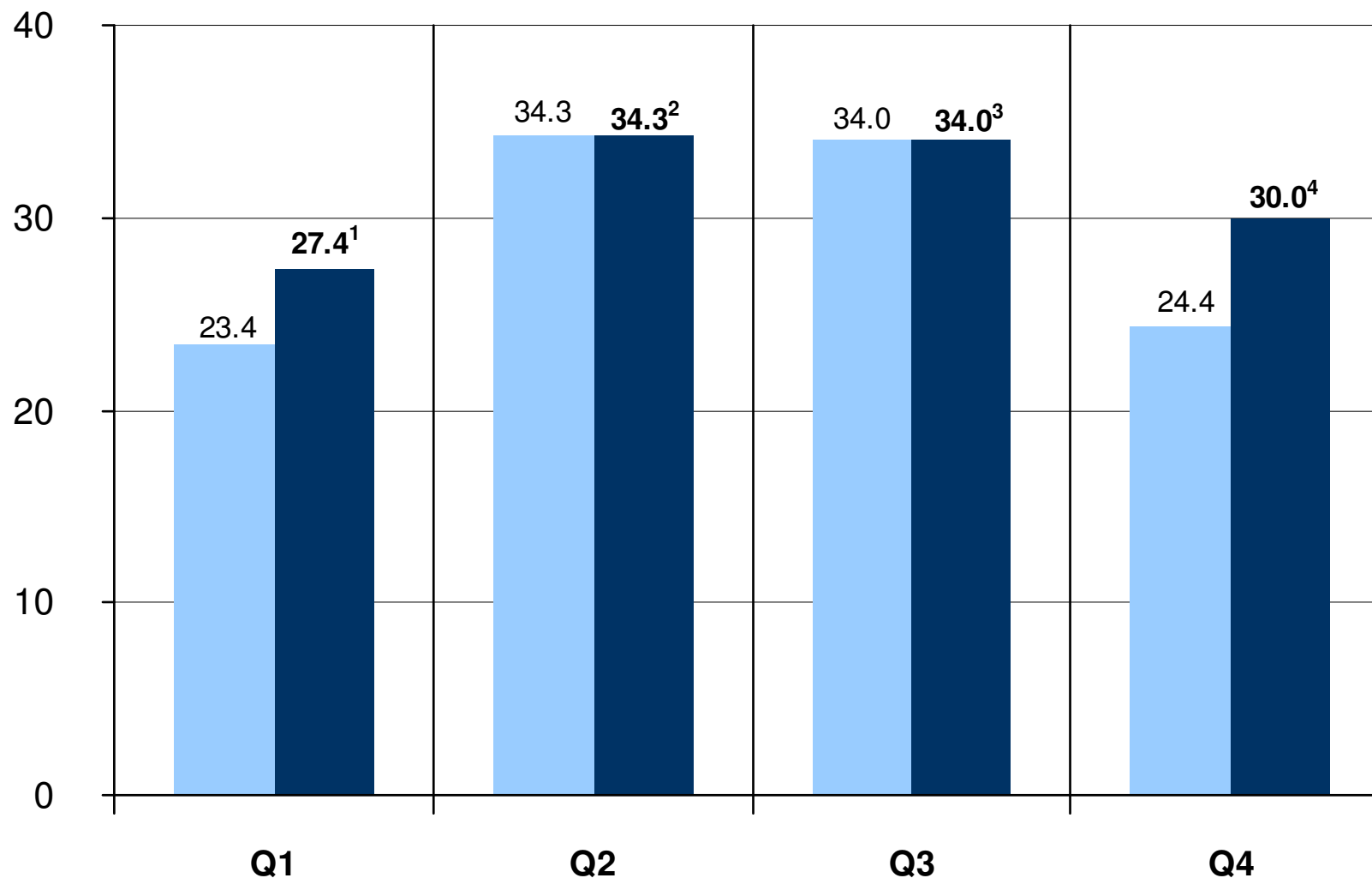
## Sales recovering quarter by quarter

€ mn



# Operating results by quarter

€ mn



Op. result    Op. result adjusted

<sup>1</sup> excl. EUR 0.2 mn Ni hedging, EUR 1.8 mn partial-retirement provisions, EUR 2.4 mn employee benefits

<sup>2</sup> incl. EUR 1.4 mn in R&D grants    <sup>3</sup> incl. EUR 0.6 mn in R&D grants

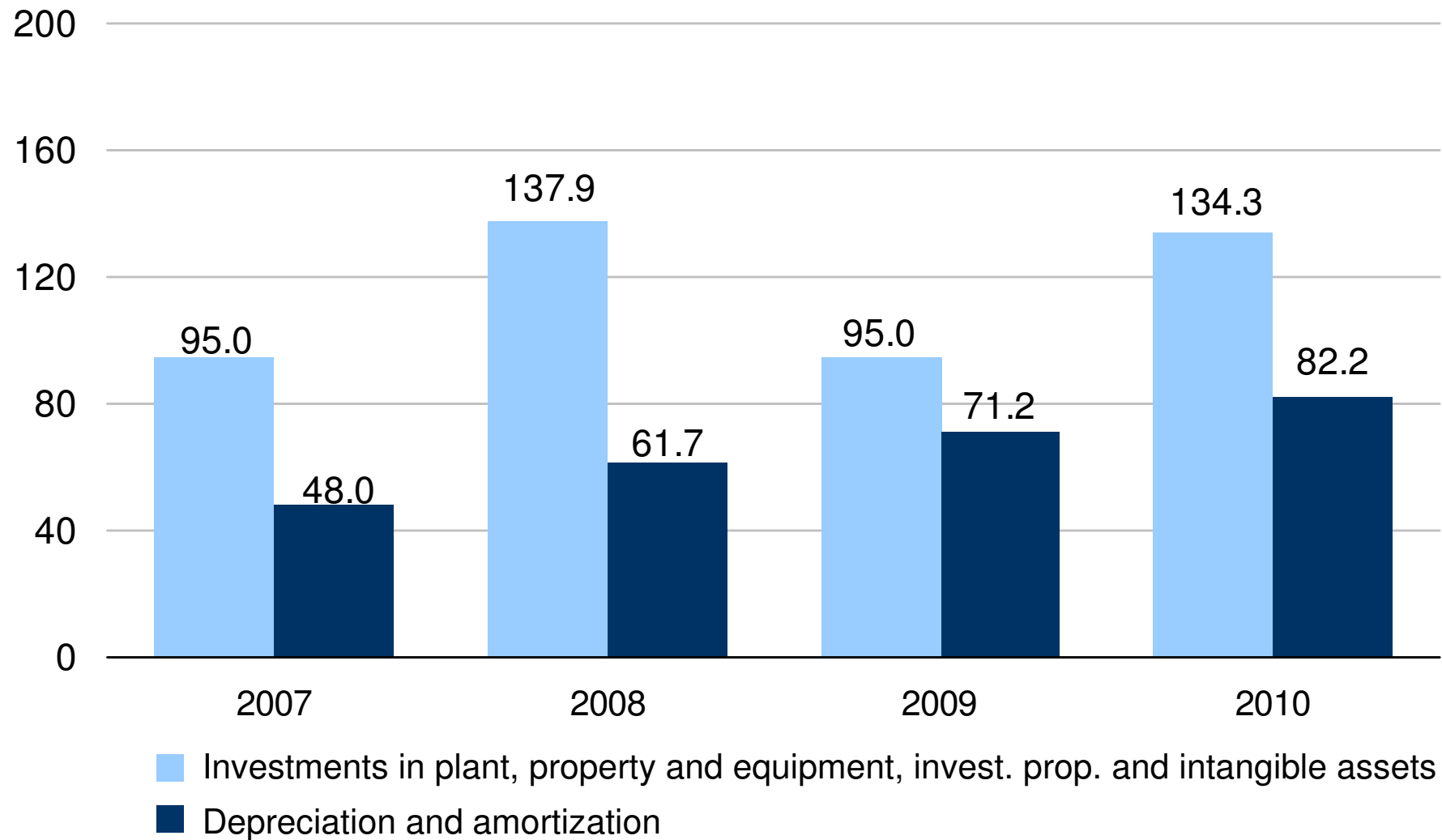
<sup>4</sup> incl. one-offs cp.next page

## Operating result and EBIT adjusted Q4 2010

		Q4 2010
		in € mn
	Operating result	<b>24.4</b>
	Total currency effects	<b>- 3.4</b>
	Thereof SEVEX neg. currency effect	<b>- 2.9</b>
	EBIT	<b>21.0</b>
<i>Non-recurring</i>	Provisioning for ERA	<b>- 1.7</b>
	Provision flexitime accounts	<b>- 1.1</b>
	Change in accounting policies	<b>- 0.5</b>
	Closing cost AM sales office Spain	<b>- 0.5</b>
	Relocation cost Changchun/EKAB	<b>- 1.8</b>
	Operating result adjusted	<b>30.0</b>
	EBIT adjusted	<b>26.6</b>

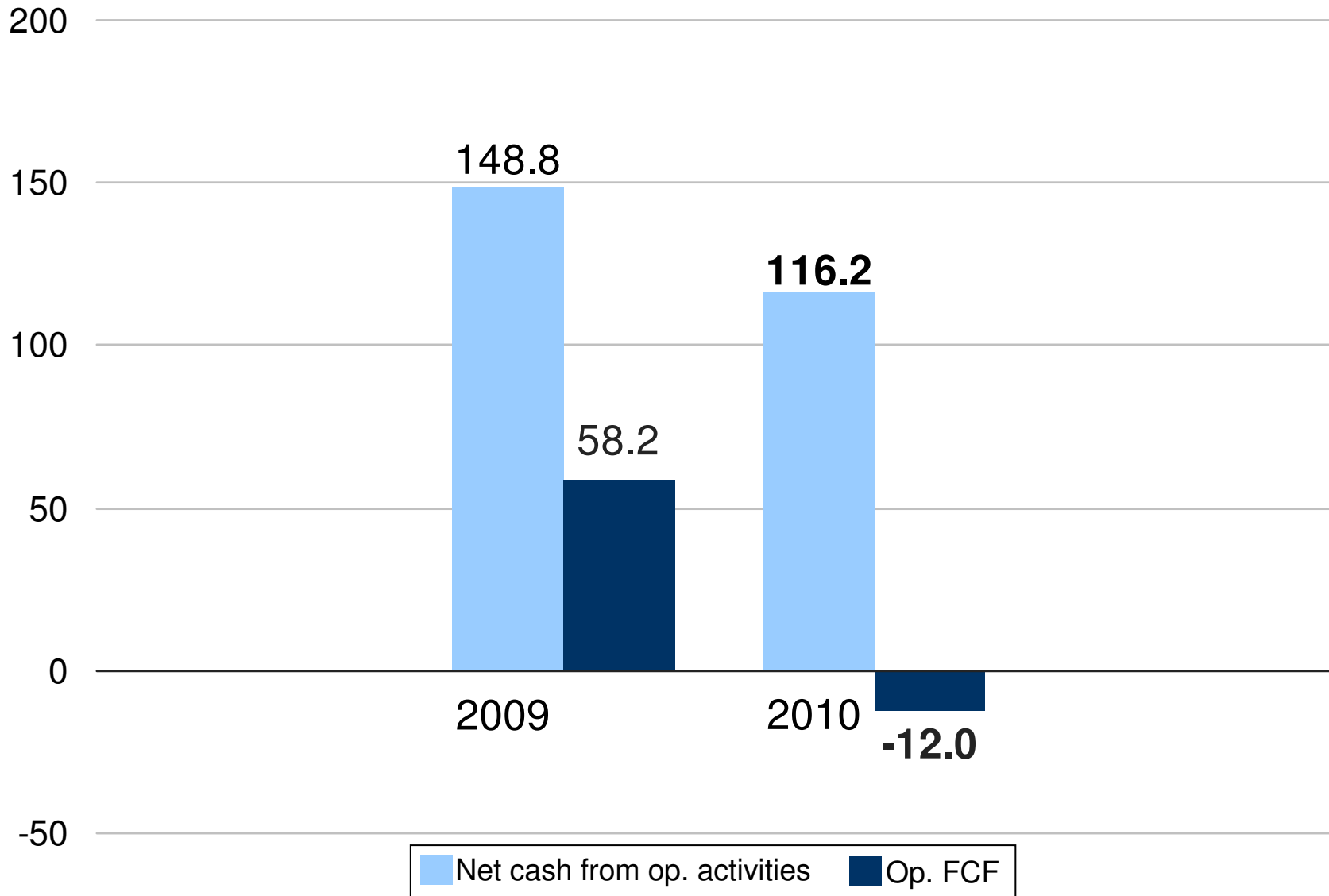


## Investments vs. depreciation and amortization



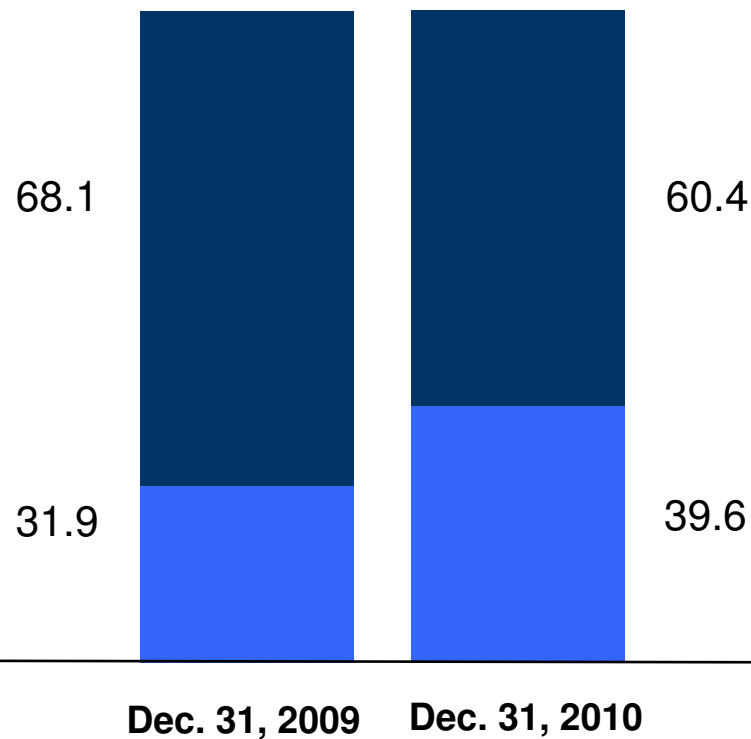
# Net cash from operating activities affected by dynamic sales growth

€ mn

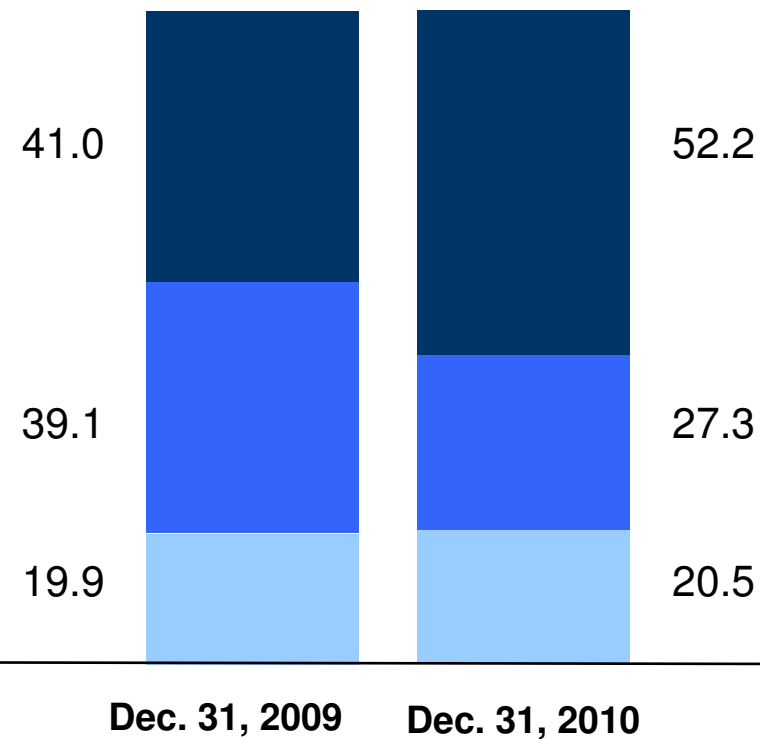


# Balance Sheet Structure ElringKlinger Group: Equity ratio 52.2% - up after seasoned equity offering

**Assets  
in %**



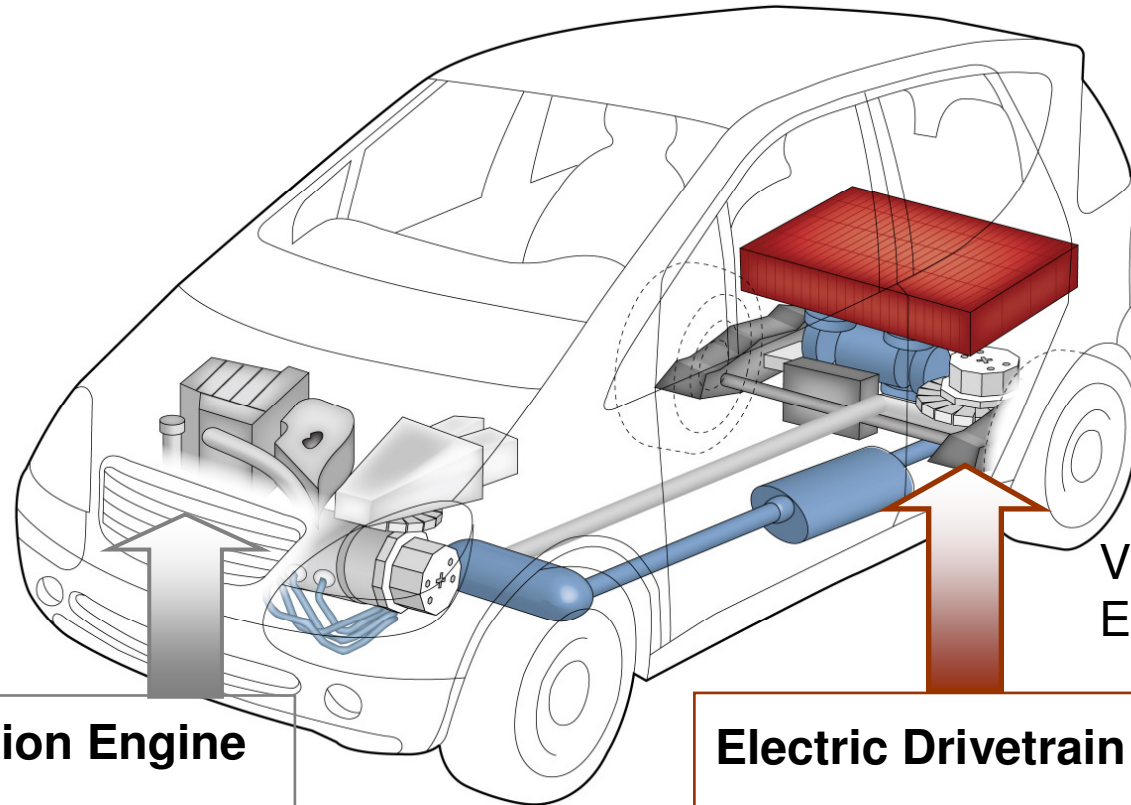
**Liabilities and  
shareholders' equity  
in %**



■ Non-current assets  
■ Current assets

■ Shareholders' equity  
■ Non-current liabilities  
■ Current liabilities

# ElringKlinger embracing both worlds: combustion + electric



Value sold in  
max. Euro 40 to 60

Value sold in  
Euro 100 to 150

## Optimized Combustion Engine

- Turbocharger sealing
- Advanced HT gaskets
- Thermal shielding parts
- Plastic housing modules

## Hybrid

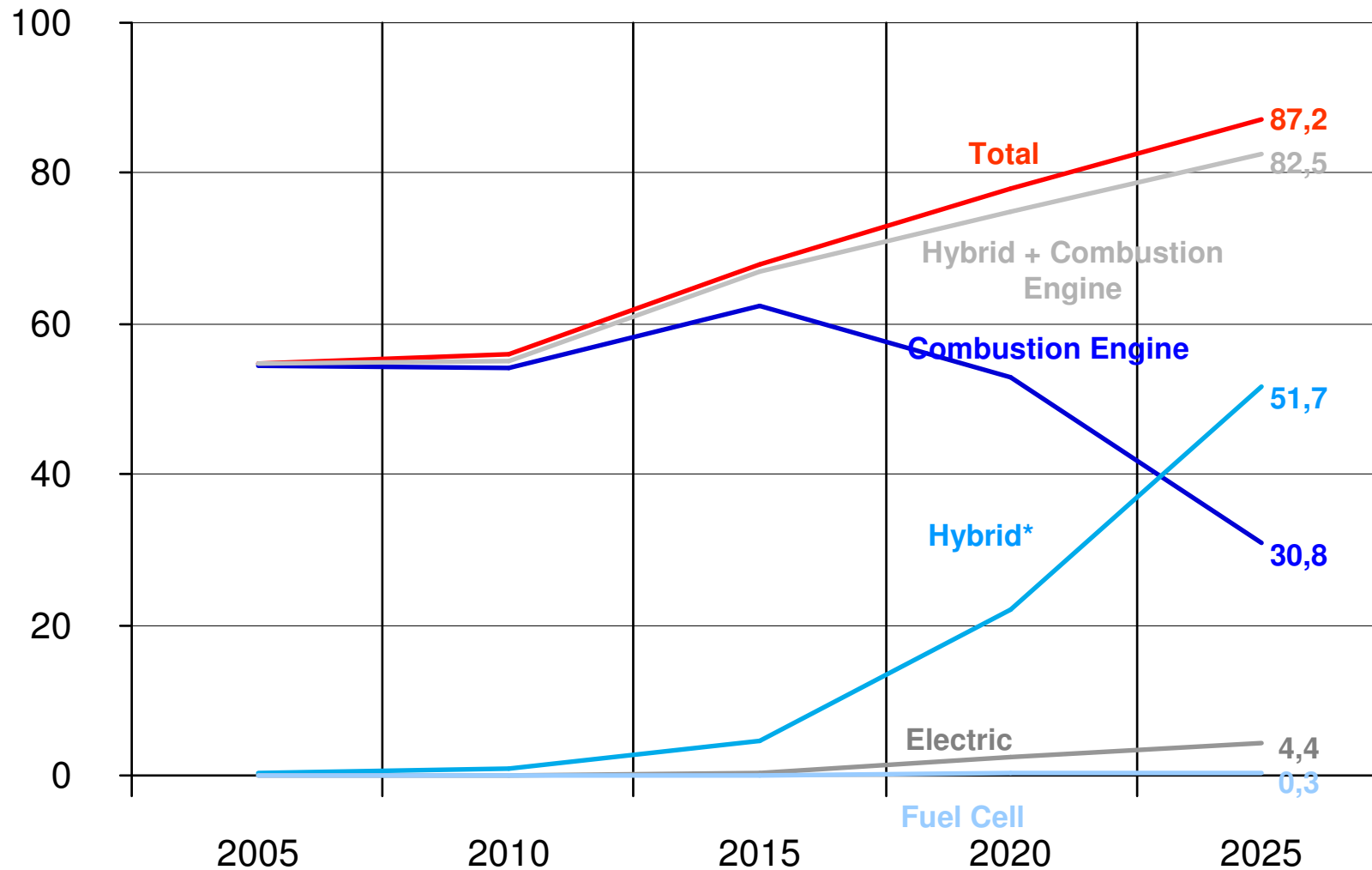
## Electric Drivetrain

- Lithium-ion battery components
  - > cell & module connector system
  - > plastic housing frames/covers
- Separators and bipolar plates for bipolar lead/acid batteries
- Fuel-cell components and stacks

# Forecast car market worldwide: Drive technologies trends

in mn units

→ In 2025 only 5.4 % are projected to run without a combustion engine



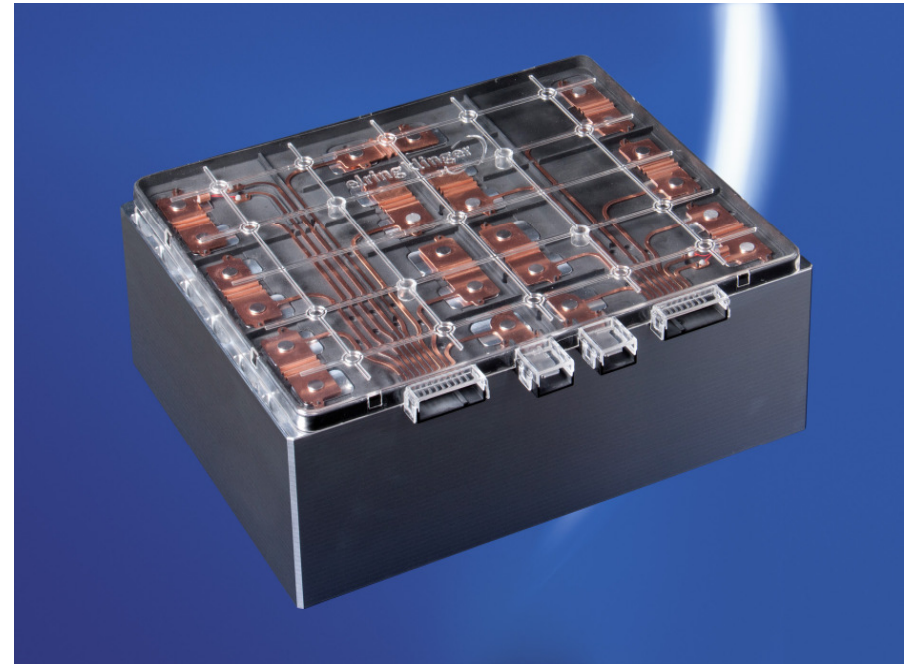
## Reducing CO<sub>2</sub>: Substituting metal by plastic

- Weight reduction = lower consumption
- ElringKlinger designs cam covers modules, gearbox casings and oil pan modules with many integrated features
- New, even lighter MuCell material
- Increasing acceptance and substantial orders also from truck OEs
- New large PHM production facility to open in late 2011



## E-Mobility Division - Battery Technology

- Two major in-series contracts for cell contact systems (hybrids + PEV)
- Four additional requests for quotations: specimen components in development
- Development projects for battery housing gaskets, pressure exchange modules, rotor and stator layers for the electric engine
- Cell contact systems for cylindrical, prismatic and coffee-bag geometries
- In-series manufacturing lines for cell contact systems production currently being installed



## Fuel-cell technology: Mobile and stationary applications

- Fuel-cell components for PEM, SOFC and DMFC applications
- Auxiliary power units (SOFC-system) for trucks HVAC in cooperation with two development partners
- In development: Cogeneration units (SOFC-system) for households and homes
- PEM bipolar plates for full drive-train application
- Solid patent base secured
- Renewed interest from customers

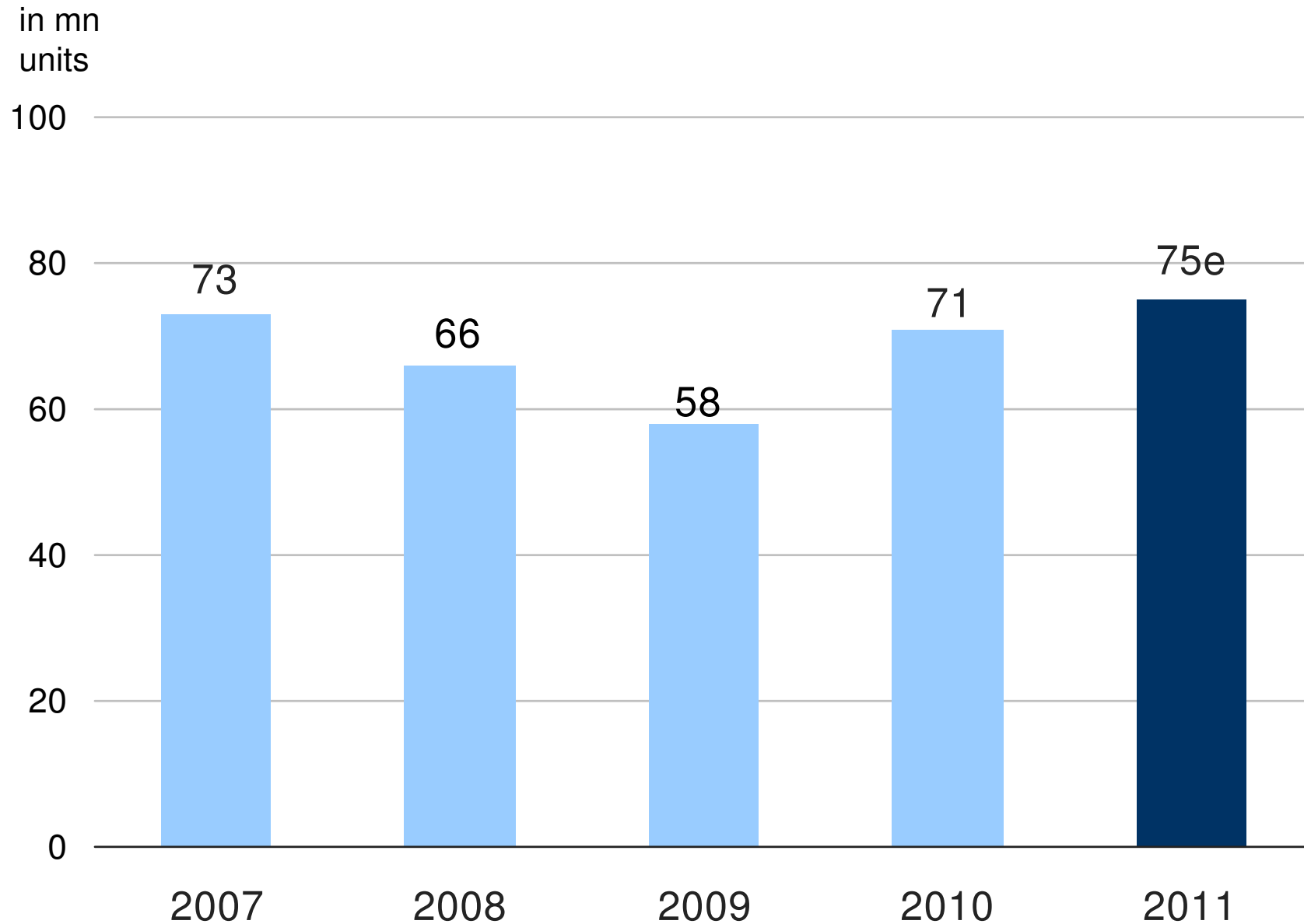




## Outlook: Markets 2011

- For 2011 ElringKlinger estimates world car production to rise by 2 to 3%
- Truck-related business recovering further
- European car production is expected to remain stable.
- Further increase in production in the German car market.
- North American car production will slightly pick up.  
Car production in South America solid
- Car production in Asia to grow further with an estimated mid-single-digit growth in China
- Temporary effects/risks from Japanese market situation

## Light vehicles production: Back to pre-crisis by 2011



## Outlook 2011: Company

- Further rise in material prices cannot be ruled out; counter measures have already been implemented
- Strong build-up of newly established E-Mobility division: Production facility and R&D center at Dettingen/Erms (Germany)
- Pre-expenses for development and application technology, start of in-series production in summer
- Opening of new Changchun plant in China in May with double the previous floorspace
- Building of new fully automated plant for plastic housing modules
- Capex requirements for ppe planned at EUR 95 mn
- Substantial number of new products in ramp-up phase
- External growth opportunities focused on complementary technologies

## Outlook 2011: Financial performance

- Book-to-bill-ratio has remained strong: Q4 order intake came in 31.5% higher at EUR 227.3 (172.8) mn, 2010 order backlog up 37.5 % (EUR 333.1 mn)
- Assuming a continued recovery of world car markets and a stable economic environment, ElringKlinger Group anticipates organic sales growth of 5 to 7 %
- The acquired flat metal gaskets division of Freudenberg is expected to contribute an additional EUR 49 mn to Group sales
  - > Temporary margin dilution of 0.6 to 0.8 pp expected for 2011
  - > EBIT margin objective for acquired Freudenberg businesses 10% until year end
- Despite this dilutive effect, material prices assumed trending higher and various products still in the start-up pipeline, EBIT is expected to grow at a more pronounced rate than sales, rising by 15 to 25%
- By 2012 the Group anticipates a return to its pre-crisis EBIT margin of between 16 and 18%

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Thank you for your attention

## Disclaimer – Forward-looking Statements and Predictions

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