

**Press release on the business development of the
MAHLE Group in the 1st half of 2007 and outlook**

Stuttgart, September 3, 2007 — MAHLE records further growth

Sales development

In the first six months of 2007, the MAHLE Group increased its sales by 13.9 percent — a much higher percentage than the market as a whole — to EUR 2,488 million. The sales growth recorded by the MAHLE Group was essentially determined by three factors: the development of exchange rates, organic growth, and acquisition-related growth.

The organic growth of around 8 percent is due to market share gains in engine components for modern diesel engines as well as the fact that, overall, the global growth of automobile production was more positive than expected. The regions Asia, Europe, and South America in particular provided positive impulse for growth, while the North American market failed to live up to expectations in both the passenger car and heavy commercial vehicle segments.

Group development

In the first half of the year, acquisition projects contributed around 8.5 percent to the growth in sales. These include:

Purchase of the engine parts business of the Dana Corporation

The acquisition of the engine parts business of Dana, which comprises all units worldwide including the Clevite® trading organization, was successfully completed in March 2007. The acquisition comprises around 25 locations in 10 countries, employing approximately 5,000 people. The business segment achieved sales of approximately USD 659 million in 2006. The main products are piston rings, engine bearings, cylinder liners, and camshafts.

Purchase of Promec in Mexico

In connection with the acquisition of the engine parts business of the Dana Corporation, MAHLE also acquired Promotora de Industrias Mecánicas, S.A. de C.V. (Promec). Promec produces cylinder liners and piston rings for passenger car and heavy commercial vehicle applications. In 2006, the company achieved sales of USD 67 million.

Acquisition of the air intake systems and air filtration business division of Siemens VDO

The acquisition comprises all units of the Siemens VDO intake systems and air filtration business division worldwide, with locations in Canada, Mexico, England, and China. In 2006, sales — generated by around 1,000 employees — amounted to approximately EUR 300 million. The main products are air intake modules and filter systems for passenger car gasoline and diesel engines.

Expansion of the valve train activities in China and Argentina

With the newly founded majority joint venture MAHLE Tri-Ring Valve Train (Hubei) Co., Ltd., MAHLE is expanding the valve train activities in China and further improving its position in this rapidly growing market. MAHLE Tri-Ring Valve Train produces approximately 20 million engine valves annually.

With around 800 employees, the Argentinian company Edival mainly produces valves, valve guides, and valve seat inserts for internal combustion engines. The company has an output capacity of 15 million valves per year.

In 2006, the new valve locations in China and Argentina recorded annual sales of around USD 55 million.

Revenue development

Planned restructuring measures and integration costs for the acquisition projects had an adverse effect on profit. Considerable increases in material and energy prices also had to be absorbed in the first half of the year. As a result, the operating profit improved by only an insignificant percentage, despite the sales growth.

Headcount development

The number of people employed worldwide by the MAHLE Group rose by 7,949 in comparison with the same period of the previous year to 46,461 (June 2006: 38,512). This increase is almost exclusively due to the acquisition projects.

Outlook

The rate of organic growth will be maintained in weakened form in the second half of 2007. A slowdown in growth is expected, particularly because the North American market is characterized by a high level of uncertainty, but also as a result of reduced production increases on the part of some Japanese and European customers. In contrast, the impact of the completed acquisition projects will be seen in its full extent in the development of sales during the second half of the year.

For the full 2007 business year, MAHLE therefore anticipates Group sales of around EUR 5 billion (2006: EUR 4.3 billion), which would correspond to sales growth of approximately 15 percent in comparison with the previous year.

Preview of the IAA 2007

At the IAA, MAHLE is presenting a whole range of product innovations that have been developed with a view to reducing fuel consumption and emissions:

- 1.2-liter 3-cylinder downsizing gasoline engine as a technology demonstrator for reducing fuel consumption and CO₂
- Exhaust gas turbocharger for new generations of consumption-optimized gasoline and diesel engines
- Innovative exhaust gas recirculation valves (EGR valves) for reducing nitrogen oxide emissions and fuel consumption
- Weight-optimized EVOTEC[®] pistons for gasoline engines
- New concepts for passenger car diesel pistons
- New aluminum rough cast cylinder liner compound (ALBOND[®])
- PVD-coated piston rings for passenger car diesel engines
- Weight-optimized connecting rods for high-performance gasoline and diesel engines

- Innovative bearings and bushings with lead-free materials
- Lightweight valves with internal cooling for high-performance, consumption-optimized gasoline engines
- CamInCam[®] camshaft for variable valve train control
- Composite steel camshaft for optimized charge exchange
- Oil mist separator with switched impactor
- Innovative actuators for engine compartment applications
- Diesel fuel filter with automatic water disposal
- New fuel filters and piston rings for flex fuel applications
- Highly integrated oil pan/oil filter/cooler module

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