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Speech for the annual results press conference on

11 April 2013

Embargoed until: 11 April 2013, 10:00 CET

- Check against delivery -
Ladies and Gentlemen,

I would also like to welcome you to this year’s annual results press conference. Mr Weber has already mentioned some key elements in our business development.

Before I take you through the finances of the MANN+HUMMEL Group for 2012, I would like to first comment on a few aspects of the last year. Following our speeches, we will of course be available to answer your questions.

The new financial year began well for MANN+HUMMEL. At the start of 2012, we were in a position to take over the water filtration specialists Fluid Brazil based in Jundiaí, which will certainly give us a boost in the new business segment of water filtration.

In times of global economic crisis, and in an environment that is increasingly competitive, strong results require the entire company and all its employees to pull together. Everyone must be willing to cooperate with the management in implementing the measures which we decided on two years ago.
As was also the case in 2011, 2012 was dominated by our strategic growth targets, which we are aiming to achieve by 2018:

- Increase in worldwide turnover to a total of at least 3.4 billion euros
- Growth in all divisions, and above-average growth in the divisions outside of the automotive industry
- Growth in all markets, with above-average growth outside of Europe, and a shift in the relative shares of our sales divisions: Europe 50 percent, Asia and America 25 percent each

Ladies and Gentlemen,

Allow me to give you a brief summary of our solid progress over the last financial year, in particular from a financial perspective.

- In spite of the difficult economic situation, our turnover and operating profit both increased.
- We have invested extensively, particularly in opening up and promoting growth in new markets.

In 2012 MANN+HUMMEL Group turnover increased by 5.8 percent from 2.47 billion euros to 2.62 billion euros. At 146 million euros, the EBIT is at a satisfactory level. Overall, investments amounting to 124 million euros were made in tangible assets, which corresponds to an increase of 13
percent in comparison with 2011 and therefore a new record level of investment in the company history.

We primarily invested in new production technologies, for example in Marklkofen, home to the world's largest filter plant, and in Changchun in China, where we built a new production plant.

One large project included the investment in production capacities at the Indaiatuba location in Brazil, the plant in Dunlap in the USA, and several infrastructure and technology initiatives.

In 2012 the annual net income was 26 percent higher than in the previous year, largely thanks to a better financial result and a slightly increased EBIT.

But now, let's have a detailed look at the developments in sales.

The currency effect on the total sales amounted to 53.6 million euros, in relation to the USA, China and Korea. Our sales increased by 150 million euros in 2012.

We were able to achieve sales increases in 2012 in all regions, with the exception of Europe. As expected, sales in Asia and on the American continent increased.
Germany contributed 24 percent of the Group sales, Asia 18 percent, and North and South America 26 percent. With this above-average growth in America and Asia, we have moved a good step closer to achieving our strategic target. Our sales in Europe decreased by 23 million euros in 2012. This reduction is due both to the problems in southern Europe and to a shrinking market in the industrial filtration segment.

We are satisfied that sales stabilised at the level of the previous year, because the most recent market developments looked to be much worse. We are intending to launch a number of new projects in 2013, which will stabilise sales in Europe in spite of the continued poor market development.

As part of a financial statement press conference, we not only need to look at the turnover and profit situation, we also need to examine the balance sheet in more detail. The economic environment was and is still proving challenging. This uncertainty influenced our balance sheet for 2012.

The world economy slowed during the course of 2012 and the decline in international economic momentum has impacted on the demand for consumer and investment goods.
In Germany, following a positive start, the general economic situation lost considerable momentum, and in the second half of 2012 in particular.

The automotive economy was inconsistent during the year. While some records were broken in China, the USA and India, there were few positive developments in Western Europe. The greatest cause for concern was the automotive sector in France. Following a market decline last year, Italy and Spain have at least stabilised recently, but the prospects for the French national economy and its car market are rather gloomy.

In the course of 2012, the mechanical engineering industry around the world was also increasingly confronted with a decline in demand for investment goods.

Our balance sheet total amounted to 1.67 billion euros in 2012, which corresponds to an increase of 0.9 percent in comparison with the previous year.

MANN+HUMMEL Group turnover also increased by 5.8 percent to 2.62 billion euros in 2012. This growth is largely thanks to the positive trends in the original equipment and automotive aftermarket. The total turnover also increased nominally by 5.1 percent.
Thanks to the successful implementation of streamlining measures and product mix effects, we were able to reduce material usage by 0.6 percent in comparison with the previous year. In absolute terms, material expenses increased by 59 million euros. The high material prices are, as in 2011, a consistent feature of our accounting.

Personnel expenses were up by 46 million euros in comparison with 2011. In 2012 we hired 237 new employees and reduced the number of agency workers, in some cases transferring them into permanent or temporary employment contracts.

Consequently personnel expenses increased by eight percent, which is disproportionate to the increase in employee numbers of 1.7 percent.

The EBIT increased by 4 million euros to 146 million euros; return on sales decreased slightly to 5.6 percent in comparison with 5.7 percent in the previous year.

The financial result was positively influenced by earnings from securities and improved from minus 27 million euros in 2011 to minus 18 million euros last year. The key burden on the financial result continues to come from interest for pension provisions.
The chart of our turnover development since 2005 is fairly self-explanatory based on what we've discussed so far. However, I still find the overview very interesting, because since the crisis of 2009, our turnover has averaged almost 18 percent over the growth in the world economy.

We are in the happy position of being able to employ highly-qualified, committed, and long-standing employees at our company. Turnover per employee increased by 1,000 euros, with added value remaining virtually unchanged.

Around the world, MANN+HUMMEL is represented in 50 different locations. Employee growth continued in 2012. We now have 14,575 employees, which is 237 more than in 2011. Of this number, 226 were hired for the Asian locations alone.

The decline in employee numbers in Germany, in spite of numerous new appointments, is explained by the sale of our subsidiary Pro Tec, which has more than 100 employees.

The employee numbers reflect the status as of 31 December of each year, as per the German Commercial Code.
Ladies and Gentlemen,

Let me sum up the figures for 2012:

In a difficult and very volatile market environment, decent earnings were achieved in operative business.

MANN+HUMMEL is a stable and strong company with an excellent position on the world market, extensive experience in all areas of filter technology, and robust finances.

Overall, 2012 was a solid year for MANN+HUMMEL. We grew organically by 5.8 percent, increased our operating result by 0.9 percent, made record investments, and have 237 new employees on board. We remain cautiously optimistic for 2013.

Thank you very much for your attention. I will now pass you back to Mr Weber for an outlook on 2013 and beyond.

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