IN MOTION

Report on the Third Quarter and First Nine Months of 2009

Meeting a challenge takes substance.

Companies that prove their caliber over decades – companies like ElringKlinger, in fact – possess the ability to strengthen their competitive position even in the toughest of times. The sure-footed strategy that we pursue has established us as a reliable technology partner to the automobile industry and other sectors. Through consistent innovation – and never losing sight of our fundamental values – we develop future-oriented solutions that keep our customers moving.

To enable us to achieve our aims, we have a team that spans the globe. It is our staff's ideas and commitment that form the foundations for success in our traditional, as well as new fields of business. Our potential to meet every challenge is based on real substance.

Substance | Expertise | Commitment

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| Reliability | Sustainability

Economic and Business Climate

Global economy recovers slightly in the course of the year

In fall of 2009, it would appear that the global economy is gradually emerging from the deepest recession since the late 1920s. Indeed, lead indicators suggest that the economy is now recovering, albeit at a slow rate. The financial markets have stabilized somewhat, and government-funded stimulus packages have provided fresh impetus for the real economy. Despite this, in the majority of cases the key indicators tracking regional economic output around the globe during the third quarter of 2009 remain substantially down on last year's figures.

In the third quarter of 2009, Germany's gross domestic product (GDP) contracted by 4.9% year on year. Having said that, the rate of decline was not as pronounced as in the two preceding quarters.

The European economy as a whole has also improved slightly in the course of the year. GDP for the eurozone receded by 4.0% in the third quarter, which was less severe than in the second quarter (-4.8%).

Turning to other regions, the Eastern European economies as a whole also managed to escape the recent trough. While Russia's GDP had fallen by 10.9% year on year in the second quarter of 2009, Eastern Europe's largest economy was able to gain some momentum in the third quarter (-8.4%).

In the US, GDP slipped by 2.0% compared with the same quarter last year. By contrast, the South American economy as a whole has been less severely affected by the global crisis and continues to progress steadily. The Brazilian economy is a case in point, having achieved year-on-year GDP growth of 0.1% in the third quarter of 2009.

The emerging markets of Asia managed to return to growth as early as the first half of 2009, albeit at a slightly lower rate than in previous years. Within this context, the Asian countries have also benefited from government-funded stimulus packages aimed at supporting economic growth. The Chinese economy continued to grow unabated in the third quarter, with GDP expanding by 8.6% during this period. In India, economic output increased by 6.0% year on year in the third quarter of 2009.

By contrast, the Japanese economy remained very weak in the third quarter of 2009. On a more positive note, at -5.5%, the decline in GDP was less pronounced according to the same period a year ago.

Automobile markets in the grip of economic recession

At the beginning of 2009, the international automobile sector was plunged into one of the deepest recessions in its entire history. Tentativeness on the part of consumers, in conjunction with tighter credit and sizeable stock levels, prompted a dramatic cut in production output by vehicle manufacturers – by as much as 40%.

Government-funded stimulus packages aimed at stabilizing regional automobile markets helped to boost car sales in Western Europe and the US over the course of the second and third quarter. With the global economy showing signs of recovery, consumer demand began to pick up.

What is more, efforts by car manufacturers to scale back their stock of unsold vehicles, together with the more dynamic development of sales relative to the number of newly produced vehicles, helped to improve the overall situation within the automobile industry over the course of the year.

In the third quarter of 2009, therefore, the extent of production downsizing by vehicle manufacturers was much less pronounced than in the previous quarters. Some of the major automobile manufacturers even took the decision to increase their production schedules for the coming quarters.

In the first nine months of 2009, global automobile sales remained 10.2% down on last year's figure for the same period. The dominant vehicle markets of Western Europe, Japan and the US recorded a slump in unit sales by 15.8% in total.

German auto sales boosted by scrappage scheme and recovering exports

In Germany, new automobile registrations rose by 26.1% to 3.0 million units in the first nine months of 2009. However, this positive trend was attributable largely to a government-funded incentive scheme directed at the scrappage of old vehicles, as well as new legislation within the area of vehicle taxation. Domestic demand for small and compact cars was boosted as a result of these measures. Over the course of the year, German manufacturers also benefited from a slight upturn in car exports. Having said that, the aggregate figure for the first nine months remains 27.0% down according on last year's exports. Thus, in the first nine months of 2009 vehicle production in Germany fell 18.0% short of the figure recorded in the same period a year ago.

The European automobile market as a whole remained extremely sluggish. New car registrations in the first nine months of 2009 were down 6.6% on last year's figure for the same period. The decline in automobile production figures was even more pronounced at -21.1% in the first nine months of 2009. The third quarter produced fresh impetus in terms of consumer demand within Europe as a whole.

In Western Europe, new car registrations fell by 4.8% in the first nine months of 2009. Eastern Europe recorded a significant slump in vehicle sales by as much as 28.7% during the same period.

Within the Russian automobile market there were no clear signs of recovery with regard to car sales. Here, new registrations plummeted by 50.6% year on year in the first nine months of 2009.

North American automobile market gradually emerges from slump

In the United States, new car registrations totaled 7.8 million units in the first nine months of 2009, which corresponds to a year-on-year decline of 27.4%. The downturn in US vehicle production was even more severe, falling by 42.9% compared with the previous year. On a more positive note, the North American market saw a steady increase in demand over the course of the year, although it should be noted that growth was from an extremely low base (8.6 million units annually). Production figures improved gradually from the second half of the year onwards, in particular, buoyed by the reduction in stock levels by North American manufacturers over the course of the first half of 2009 as well as forward momentum produced by the cash-for-clunkers scrappage scheme introduced by the US government.

The South American automobile market developed at a relatively stable rate in the period under review. In Brazil, vehicle sales in the first nine months of 2009 totaled 2.2 million units, which corresponds to growth of 5.5%.

China steadily evolving into world's largest car market

Over the course of the first nine months of 2009 the global automobile market as a whole was supported primarily by growth in the Asian economies. In China, the automobile market – boosted in part by government tax incentives for new vehicle purchases – expanded by 36.0% in the first nine months, taking the number of vehicles sold to 5.8 million units. Buoyed by this performance, China was well on its way to establishing itself as the world's most powerful automobile market. At the same time, the ASEAN member states recorded rising demand for new vehicles on the back of more dynamic economic growth in the region. In India, new car registrations were up 9.2% after a temporary dip at the beginning of the year.

By contrast, the Japanese automobile market had to contend with a 14.0% year-on-year decline in new car registrations after the first nine months of 2009.

Commercial vehicle markets yet to recover worldwide

The commercial vehicle markets were heavily affected by the global recession during the first nine months of 2009, even more so than the passenger vehicle sector. Demand for heavy goods vehicles, in particular, slumped significantly in the period under review. Although order intake within the industry as a whole declined at a less pronounced rate in the third quarter of 2009, the market remains in the doldrums.

Production figures within the German commercial vehicle sector plunged by 58.0% in the first nine months of 2009, having failed to reach even half of last year's unit output for the first nine months. The segment of heavy goods vehicles weighing 6 tons and more was particularly hard hit. Within this category, the number of vehicles rolling off the production line was down 67.0% compared with the same period a year ago.

At -43.2%, commercial vehicle registrations in Europe as a whole also contracted significantly year on year. In Western Europe, vehicle sales fell by 39.1% during the first nine months, while the new EU member states in Eastern Europe had to contend with an even heftier slump of 67.9%.

Recording a 33.0% fall in sales, the US commercial vehicle market also remained extremely sluggish. The situation within the Japanese market was even more dismal.

Significant Events in the Reporting Period

ElringKlinger expands stake in subsidiary Changchun ElringKlinger Ltd., China

In the first nine month 2009, ElringKlinger AG bolstered its position in the key growth market of China and purchased an additional 10.0% interest in the subsidiary Changchun ElringKlinger Ltd. from the state investment company State Machinery, Electronics, Light and Textile Industry Investment Corporation, Changchun. The increase in ElringKlinger's ownership interest to now 88.0% was executed effective from June 30, 2009, following entry in the Companies Register and the conclusion of the official authorization procedure by the competent supervisory authority.

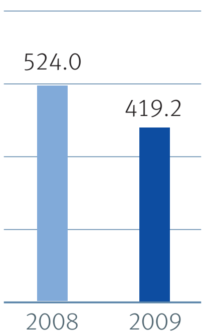
Changchun ElringKlinger Ltd. generated sales revenue of approx. EUR 16 million in 2008 and achieved an operating margin within the lower double-digit range. The company had already been included within the consolidated group prior to the latest transaction. Both parties agreed not to disclose details of the exact purchase price. It was within the lower single-digit million range. The company supplies Chinese automobile manufacturers with cylinder-head and specialty gaskets, as well as thermal shielding components and plastic housing modules for engines and transmission systems.

Sales and Earnings Performance

Stimulus to sales in third quarter

As a result of the global economic crisis and the severe downturn in demand for new automobiles, consolidated sales for the ElringKlinger Group receded by 20.0% to EUR 419.2 (524.0) million in the first nine months of 2009. By contrast, both the second and the third quarter of 2009 saw a tangible upturn in demand. Despite the continuing slump witnessed within the area of large commercial vehicles and the contraction in demand experienced by ElringKlinger Kunststofftechnik GmbH, third-quarter sales revenue rose by EUR 13.1 million compared to the preceding three months, taking the figure to EUR 151.3 million. Compared to the third quarter of the previous financial year, sales revenue fell by 12.9%.

Sales
First 9-months
in EUR million



Within this context, the comparative base for figures released from the second quarter of 2009 onwards is higher due to the inclusion of the former SEVEX Group within the consolidated group effective from April 1, 2008, and of ElringKlinger Marusan Corporation, Japan, effective from May 1, 2008. In the first nine months of 2009, the two aforementioned ElringKlinger enterprises contributed EUR 59.3 million to consolidated sales.

Higher proportion of foreign sales

The economic and financial crisis had a detrimental effect on sales throughout the majority of regions covered by the Group. The decline in business was significant in some of the Group's sales markets, with the exception of the Asian region, which developed more favorably. Benefiting from a strong market position in China, ElringKlinger managed to lift sales revenue substantially in Asia. The share of consolidated sales generated by the ElringKlinger Group in the first nine months of 2009 within markets located outside Germany rose to 67.7% (65.6%).

Sales remain sluggish in domestic market

Sales revenues contracted within the German market over the course of the first nine months of fiscal 2009, receding by 25.0% to EUR 135.2 (180.3) million. In the third quarter of 2009, sales remained 22.6% down on the figure posted for the sales period a year ago.

The overall decline in sales within the rest of Europe was comparable in scale. Within this region, sales fell by 23.5% to EUR 137.8 (180.1) million in the first nine months of 2009. However, the downturn in demand was much less severe in the third quarter of 2009. As a result, revenue attributable to sales in the rest of Europe was just 14.2% down on the third quarter of 2008.

Revenue decline in North America slows considerably in third quarter

Against the backdrop of production downsizing by around 40% in the segment of automobiles and light commercial vehicles, together with an extremely weak market for heavy goods vehicles, revenue generated by the ElringKlinger Group from sales in the NAFTA region contracted by 22.5% to EUR 59.3 (76.5) million in the first nine months of 2009. Both the Mexican peso and the US dollar trended weaker against the euro, as a result of which currency translation into euros had an adverse effect on consolidated sales expressed in the Group currency.

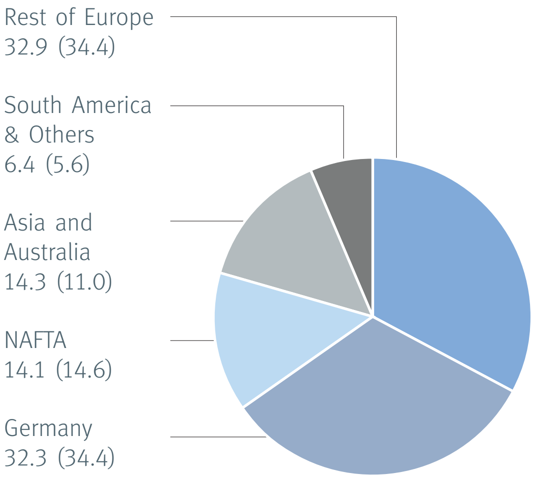
Buoyed by new product ramp-ups and higher revenue contributions from the subsidiary Elring-Klinger, USA, Inc., Buford, sales generated by the ElringKlinger Group in the NAFTA region developed more favorably than US car production figures. In the third quarter of 2009, sales within this region were just 6.8% down on the same period a year ago and stood at EUR 24.4 (26.2) million.

Asian market delivers significant revenue growth

Drawing on its solid position in the Chinese automotive market in particular, ElringKlinger managed to emulate its previous growth performance in Asia. In acquiring the former SEVEX subsidiary back in April 2008 – now trading under the name of ElringKlinger China, Ltd. –, the ElringKlinger Group had provided the basis for a stronger presence within the Chinese market. With new projects scheduled from 2010 onwards, the Group is currently establishing two new facilities at sites in Changchun (Northern China) and Suzhou (Southern China).

In India, too, order intake for the Ranjangaon facility opened at the end of 2007 developed more positively. Other projects associated with Indian vehicle manufacturers are currently underway.

Consolidated Sales by Region
First 9-months 2009 (prior year)
in %



Sales generated in Asia rose by 4.2% in the first nine months of 2009 to EUR 60.0 (57.6) million. Third-quarter revenue growth for this region stood at 6.0%. Thus, the proportion of Group sales attributable to business in Asia increased to 14.3% (11.0%).

In contrast to the more severe decline witnessed in European and North American markets, demand in South America remained relatively stable. In the first nine months of 2009, sales revenue in this region contracted by 9.2% to EUR 26.8 (29.6) million. In the third quarter, sales were just 7.3% down on last year's Q3 figure.

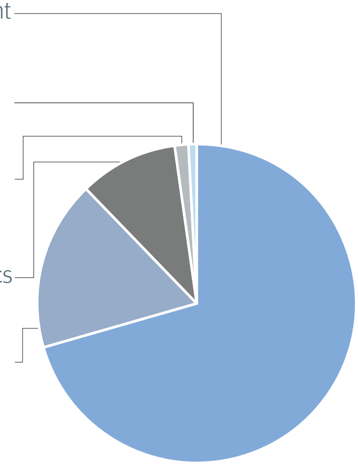
Sales from Original Equipment decline at a slower rate

The slump experienced by vehicle markets worldwide had a particularly severe impact on the Group's Original Equipment segment. Within this context, the area of elastomer technology/modules, which accounts for a significant share of business with the commercial vehicle industry, bore the brunt of the downturn. In total, sales revenue from Original Equipment fell by 22.5% to EUR 296.2 (382.3) million in the first nine months of 2009.

The share of consolidated revenue generated through business with vehicle manufacturers receded to 70.7% (73.0%) during this period.

On a more positive note, customer demand gained fresh impetus over the course of the second and, in particular, the third quarter of 2009. Third-quarter revenue from Original Equipment rose by EUR 12.0 million compared with the previous quarter.

Sales revenues by Segment
First 9-months 2009 (prior year)
in %



The significant decline in unit sales and excess capacities in production placed downward pressure on earnings before interest and taxes (EBIT) within the Original Equipment segment; EBIT for the first nine months of 2009 slumped to EUR 21.8 (47.5) million. By contrast, EBIT generated by Original Equipment in the second and third quarter was much more positive, driven also by the reversal of provisions for derivatives associated with commodity price hedging. The EBIT margin within the Original Equipment segment stood at 11.7% at the end of the third quarter, up from 8.6% in the second quarter of 2009.

Both shielding technology and specialty gaskets delivered above-average performances, having benefited from new product ramp-ups and growing industry demand for solutions aimed at reducing fuel consumption (downsizing concepts) and scaling back CO_2 emissions.

On the back of substantial growth over the course of 2008, the Aftermarket segment showed signs of slight contraction during the first nine months of 2009. In the wake of the economic and financial crisis credit has become increasingly tight for wholesalers within the aftermarket sector, particularly in the key markets of Eastern Europe and Southern Asia. This, in turn, has had an adverse effect on demand-side purchasing patterns. What is more, given the severity of the economic crisis, many vehicle owners have decided to postpone major servicing and repair work to the greatest extent possible. The car scrappage scheme introduced by the German government has led to a significant decline in the number of used vehicles with an age of nine years and over. Consequently, demand for repair work, mechanic services and thus also spare parts has declined. In part, this downturn was offset by a gain in market share for the Elring brand. Sales revenue generated in the Aftermarket segment fell by 6.7% to EUR 71.2 (76.4) million in the first nine months of 2009. In the third quarter of 2009, revenue within the Aftermarket segment was down just 3.3% on the same quarter last year.

Pre-tax earnings for the Aftermarket segment contracted by 11.4% to EUR 12.9 (14.6) million in the first nine month 2009.

The Engineered Plastics segment, which specializes in the development and manufacture of products made of polytetrafluoroethylene (PTFE), had to contend with a significant decline in sales over the course of the first nine months of 2009, particularly as regards its business with customers operating in the field of mechanical and plant engineering. Demand from automobile manufacturers began to stabilize in the course of the third quarter. Gaining considerable momentum, business within the area of medical engineering developed encouragingly in the period under review. In aggregate, sales generated by the Engineered Plastics segment fell by 22.6% to EUR 42.0 (54.3) million in the first nine months of 2009. In the third quarter, sales were down 20.9% year on year.

The slump in sales had a palpable effect on earnings. What is more, operating profit was adversely affected by preliminary costs attributable to the phase-in of industrial production processes for the new injection-moldable PTFE material Moldflon® as well as the expansion of ElringKlinger's promising business activities in the Asian market. Against this backdrop, pre-tax earnings declined by 65.5% to EUR 3.6 (10.5) million in the first nine months. There were no significant signs of improvement in earnings in the third quarter of 2009, with pre-tax profit contracting to EUR 1.1 (3.7) million. ElringKlinger is addressing this issue in the form of corrective measures aimed at reining back costs, in addition to stepping up its sales activities.

Within the Industrial Parks segment rental income contracted to EUR 6.0 (6.5) million in the first nine months of 2009 due to the end of a tenancy agreement at the industrial park in Hungary. However, site expansion plans by a major German vehicle manufacturer located in close proximity to the ElringKlinger industrial park in Hungary point to excellent growth potential within this segment. Pre-tax earnings generated by the Industrial Parks segment in the first nine months remained largely unchanged year on year at EUR 1.9 (2.0) million.

In the third quarter in particular, the growing trend among car makers towards insourcing had an impact on the Services segment, which offers engine testing and additional development services for vehicle manufacturers and other suppliers. Many automobile manufacturers are looking to reintegrate engineering services within their own operations in order to utilize excess capacities more efficiently during the current crisis. As a result, revenue generated within the Services segment declined to EUR 3.7 (4.5) million in the first nine months of 2009. In the third quarter of 2009, the decline in revenue stood at 48.6%. Earnings before taxes within the Services segment fell to EUR 0.5 (1.7) million in the first nine months of 2009 as a result of higher systematic depreciation following the introduction of a new test facility at the company's site in Bietigheim-Bissingen.

Lower break-even point

In response to what is widely considered the most severe slump to have hit the automobile market, the ElringKlinger Group initiated an extensive cost-reduction program as early as fall 2008. The associated savings and efficiency gains had an increasingly positive effect on earnings performance over the course of the first nine months of 2009.

Steady improvement in gross profit margin: commodity price hedging proves effective

The ElringKlinger Group recorded a 20.0% decline in revenue in the first nine months of 2009. The cost of sales was scaled back by just 13.8%. This was due mainly to settlement payments for medium-term hedging in connection with nickel alloy surcharges, as well as the significant decline in capacity utilization compared with the same period last year.

Settlement payments associated with hedging transactions for nickel contributed to higher material-related expenses – and in turn higher cost of sales – totaling an additional EUR 3.7 million in the second quarter of 2009 and an additional EUR 1.3 million in the third quarter of 2009.

In view of the general trend towards higher nickel prices since the end of the first quarter of 2009 and the concomitant changes to the fair value of commodity-related derivatives, ElringKlinger was able to reverse in part its provisions recognized in 2008 under IFRS. During the third quarter of 2009, ElringKlinger took advantage of the continuing rise in the nickel price and sold a substantial part of its contracts to hedge purchasing prices for raw materials. The reduction in settlement payments had a positive effect on the Group's gross profit margin in the third quarter. Within this context, material-related expenses were reined back.

As a result of these developments, other operating income rose by an additional EUR 9.5 million in the second quarter and by EUR 2.9 million in the third quarter. In the second quarter, the balance between the reduction of provisions and settlement payments had a positive effect on pretax earnings equivalent to EUR 5.8 million. In the third quarter of 2009, the positive effect on pretax earnings totaled EUR 1.6 million.

The Group was unable to benefit fully from the general decline in commodity prices during the first nine months. For the purpose of optimizing working capital, the overall purchasing volume was scaled back considerably as from the fourth quarter of 2008. The majority of materials used in the first half of 2009 came from existing inventories. Furthermore, prices for some of the commodities procured by ElringKlinger began to rise again slightly from spring 2009 onwards.

Staff costs were reined back significantly in the financial year to date. The termination of temporary employment contracts together with short-time work for some of the personnel base at German locations within the Group had a positive impact on HR cost structures. Overall, short-time work has been scaled down again since September 2009.

The Group's gross profit margin contracted to 25.5% (30.8%) in the first nine months of 2009. By contrast, the gross profit margin benefited from forward momentum in the third quarter and stood at 29.5% (30.0%) at the end of the reporting period. Compared to the preceding quarter, it improved by 5.7 percentage points.

Selling expenses rose by EUR 1.0 million in the first nine months of 2009. Thanks to extensive cost streamlining within the area of administrative expenses, this particular item was slashed by EUR 4.9 million in the first nine months of 2009. In the third quarter of 2009, ElringKlinger achieved year-on-year cost savings of EUR 1.1 million, mainly within the area of equipment-related expenses.

With the express purpose of securing its competitive advantage and establishing a strong position for the future through next-generation products, the ElringKlinger Group channeled EUR 3.5 million more into research and development in the first nine months of 2009 than in the same period a year ago, despite the general downturn in revenue. Thus, research and development expenses rose to EUR 28.7 (25.2) million. The R&D ratio at Group level was 6.8% (4.8%) for the period from January to September 2009.

ElringKlinger received a total of EUR 2.0 million in grants from government-funded programs for new development projects in the third quarter of 2009. These funds are recognized in other operating income.

Amongst other things, the emphasis of development activities within the ElringKlinger Group was on advancing existing technologies for new product applications, e.g. lightweight polyamide housing components and thermal shielding.

Work within the New Business Areas segment was focused on fuel cell and battery components. The company secured a government-funded project centered around the large-scale production of a fuel-cell-based application for combined power/heat generation in family homes and residential apartment blocks.

As part of the ongoing diesel particulate filter project, ElringKlinger is currently testing a new particularly cost-effective and environmentally-friendly coating material and process aimed at soot reduction in particulate filters.

A total of EUR 3.5 (1.5) million in development costs was capitalized in the first nine months of 2009. Systematic depreciation/amortization in connection with capitalized R&D activities amounted to EUR 2.5 (1.1) million in the first nine months, i.e. there was no significant effect on earnings.

Owing in particular to the partial reversal of provisions for commodity price hedging in the second quarter of 2009, as discussed earlier, other operating income increased by EUR 7.5 million in total to EUR 19.3 (11.8) million in the first nine months of 2009.

Other operating expenses, which had amounted to EUR 13.4 million in the same period a year ago, were scaled back to EUR 2.8 million in the first nine months of 2009. The year-on-year reduction in other operating expenses is attributable mainly to provisions of EUR 11.1 million recognized in the first nine months of 2008 in connection with commodity-related hedging transactions.

Despite excess capacities prompted by current market conditions, the ElringKlinger Group generated an EBITDA margin of 22.5% (23.2%), largely unchanged on last year's figure. Thus, EBITDA amounted to EUR 94.4 (121.7) million for the nine months ended September 30, 2009. In the third quarter, the Group increased EBITDA by 12.0% to EUR 38.3 (34.2) million. The considerable expansion of investments in previous years resulted in a rise in depreciation/amortization to EUR 51.5 (43.7) million for the first nine months of 2009. In the third quarter of 2009, depreciation/amortization expense rose by EUR 1.4 million to EUR 18.0 (16.6) million.

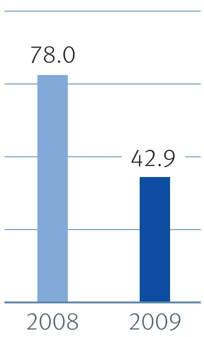
Further improvement in operating result and EBIT

The Group's operating result remained well within positive territory despite the significant decline in unit output and the associated excess capacities in production. In the first nine months of 2009, the ElringKlinger Group recorded an operating result of EUR 42.0 (78.2) million.

Buoyed by more dynamic revenue streams and the tangible effects of cost-reduction measures, earnings continued to improve over the course of the third quarter. Additionally, the reversal of provisions previously recognized in connection with hedging instruments for nickel alloy surcharges had a positive impact on earnings performance. Compared with the same quarter a year ago – which, as discussed, had been impacted by the recognition of provisions for commodity-related hedging –, the Group recorded an increase in its operating result of EUR 3.9 million to EUR 21.4 (17.5) million.

Performance was similar with regard to earnings before interest and taxes (EBIT), which totaled EUR 42.9 (78.0) million in the first nine months of 2009, including positive foreign-currency effects of EUR 0.9 million.

EBIT
First 9-months
in EUR million



In the third quarter of 2009, the ElringKlinger Group achieved EBIT of EUR 20.3 (17.6) million, which corresponds to an EBIT margin of 13.4%. Within this context, negative foreign-exchange effects equivalent to EUR 1.1 million placed downward pressure on EBIT. In the third quarter, the EBIT margin adjusted for the effects of the net reversal of provisions for commodity-related hedging as well as the government grants for research and development was 11.1%. Compared to the second quarter, EBIT rose by EUR 4.5 million in the third quarter.

Third-quarter earnings before taxes total EUR 16.8 million

As a result of higher interest cost for financing implemented in 2008 as well as restructuring of current financial liabilities in favor of loans with longer maturities, net finance cost in the first nine months rose by EUR 1.5 million to minus EUR 9.9 (-8.4) million. In the third quarter, net finance cost stood at minus EUR 4.6 (-3.3) million.

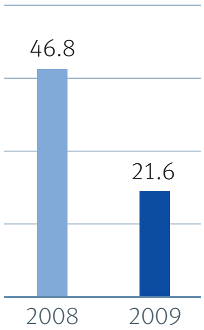
At the end of the first nine months of 2009, earnings before taxes for the ElringKlinger Group as a whole were down 54.0% on the figure posted for the same period a year ago – at EUR 32.1 (69.8) million. In the third quarter of 2009, Group earnings before taxes stood at EUR 16.8 (14.2) million. As discussed above, these figures are to be viewed against the backdrop of exceptional factors.

Year-on-year increase in net income for third quarter

The tax rate for the first nine months of 2009 stood at 28.7%, which was slightly lower than the tax rate of 29.1% for the same period a year ago. Thus, net income for the first nine months of 2009 totaled EUR 22.9 (49.5) million. In the third quarter of 2009, the ElringKlinger Group achieved a year-on-year improvement in net income, posting a profit of EUR 12.1 (9.7) million.

After deducting minority interests – these were scaled back following the purchase of interests by ElringKlinger AG – of EUR 1.3 (2.8) million, profit attributable to the owners of ElringKlinger AG was EUR 21.6 (46.8) million for the first nine months of 2009, i.e. 53.9% down on the figure posted for the same period a year ago. In the third quarter of 2009, profit attributable to the owners of ElringKlinger AG rose by EUR 3.0 million year on year to EUR 11.6 (8.6) million.

Profit attributable to owners of ElringKlinger AG
First 9-months
in EUR million



Basic and diluted earnings per share, as governed by IFRS, fell from EUR 0.81 to EUR 0.37 in the first nine months of 2009. In the third quarter of 2009, earnings per share rose to EUR 0.20 (0.15).

Year-on-year reduction in staffing levels

As at September 30, 2009, the ElringKlinger Group employed 4,041 (4,221) people in total. Thus, the overall headcount at Group level was 180 down on the figure recorded at September 30, 2008. Staff downsizing during the first nine months of 2009 was attributable primarily to the reduction of temporary contracts within the Group.

In Germany, the number of employees was scaled back by 169 compared with September 30, 2008, to 2,214 (2,383) people. As at September 30, 2009, the proportion of staff employed in Germany was 54.8%, compared to 56.5% a year earlier. As at September 30, 2009, the number of staff employed at foreign subsidiaries totaled 1,827 (1,838).

Since June 30, 2009, the headcount within the Group has increased by 42, prompted by the gradual recovery of automobile markets and more expansive production. This was attributable first and foremost to the expansion of capacities in the high-growth automobile markets of China and India, as well as Brazil.

Financial Position and Cash Flows

Despite the crisis affecting the vehicle industry as a whole, the financial position of the ElringKlinger Group remains extremely solid after the first nine months of 2009.

As a result of more intensive working capital management, including a reduction of inventories and trade receivables, total assets were scaled back by 2.3% to EUR 752.2 (770.3) million as at September 30, 2009.

Due to investments made over the course of the previous financial year in particular, property, plant and equipment increased by 10.6% compared to September 30, 2008, taking this figure to EUR 375.1 (339.0) million.

The share of non-current assets in total assets increased from 60.6% as at September 30, 2008, to 67.5% as at the end of the current reporting period.

Less capital tied up in inventories

The reduction in inventories initiated as early as the fourth quarter of 2008 in response to the severe slump facing vehicles markets worldwide produced positive effects over the course of the first two quarters of 2009 and proved particularly beneficial in the third quarter of the current financial year. Capital tied up in inventories was scaled back by EUR 33.9 million to EUR 95.9 (129.8) million between December 31, 2008, and September 30, 2009. As a result, inventories accounted for just 12.7% of total assets at the end of the reporting period, down from 17.0% at the end of fiscal 2008.

Trade receivables were reduced by EUR 15.4 million compared to December 31, 2008. As at September 30, 2009, they stood at EUR 113.4 million, down from EUR 133.0 million a year earlier. As a result of more buoyant sales in the third quarter, trade receivables rose by EUR 13.4 million compared to June 30, 2009.

As at September 30, 2009, other current assets, mainly comprising tax receivables, were down EUR 9.4 million on the figure posted at September 30, 2008, and stood at EUR 11.4 (20.8) million. This was attributable mainly to lower earnings and tax reimbursements.

As a result of the above-mentioned developments, cash available to the Group rose by EUR 9.2 million year on year to EUR 24.0 (14.8) million as at September 30, 2009.

Due to the increase in non-current assets, the percentage share of current assets in total assets fell from 39.4% as at September 30, 2008, to 32.5% at the end of the reporting period.

Group equity ratio returns to above 40%

As at September 30, 2009, equity increased by EUR 3.7 million year on year to EUR 301.7 (298.0) million. Having fallen to 38.7% in the previous financial year as a result of acquisitions financed mainly with external funds, the equity ratio edged up again in the period ended September 30, 2009 – by 1.4 percentage points to 40.1%. Thus, the Group returned to its target figure of 40%.

As a result of restructuring short-term loans into bank borrowings with predominantly longer contractual maturities, the Group saw an increase in non-current financial liabilities during the first nine months of 2009. Since December 31, 2008, non-current financial liabilities have grown by EUR 15.7 million to EUR 165.9 (150.1) million. Compared with June 30, 2009, however, this liability item was scaled back by EUR 2.6 million.

In turn, the Group reduced its current financial liabilities by EUR 31.2 million compared with December 31, 2008. Drawing on operating cash flow, current financial liabilities were reduced by EUR 9.4 million in the third quarter.

The share of non-current liabilities in total equity and liabilities rose from 35.6% as at December 31, 2008, to 39.1% as at September 30, 2009.

Reduction in net debt

Despite a dividend payment of EUR 8.6 million in May 2009, the Group managed to scale back net debt (financial liabilities less cash) in the period under review. In the period from the end of fiscal 2008 to September 30, 2009, the ElringKlinger Group reduced its net debt from EUR 238.4 million to EUR 218.7 million. In the third quarter, net debt was reined back by EUR 13.0 million.

Current provisions fell from EUR 13.6 million as at June 30, 2009, to EUR 9.5 million as at September 30, 2009. This was attributable primarily to the positive development of fair values associated with commodity-related derivatives, which paved the way for the reversal of provisions.

In response to sluggish demand during the first nine months of 2009, the ElringKlinger Group took an active decision to scale back its purchasing volumes. As a result, trade payables as at September 30, 2009, were down EUR 31.6 million on the figure posted a year earlier.

Consequently, the share of current liabilities in total equity and liabilities fell to just 20.8% as at September 30, 2009, compared to 26.7% as at December 31, 2008.

Net cash from operating activities up 62% after first nine months

In the first nine months of 2009, the year-on-year increase in depreciation and amortization of non-current assets by EUR 7.7 million to EUR 51.5 (43.7) million had a positive effect on cash flow from operating activities.

During the same period, the downturn in earnings and the reversal of provisions, which was EUR 15.6 million higher than in the first nine months of 2008 (primarily in connection with derivatives used within the area of commodity hedging), exerted downward pressure on cash flow.

As early as the fourth quarter of 2008, the ElringKlinger Group began to adjust its procurement volumes in line with falling demand. On top the Group has implemented an even more stringent management system for reducing trade receivables and capital lockup. During the first nine months of 2009, inventories and trade receivables were scaled back by EUR 20.8 million. During the same period a year ago, by contrast, these items had expanded by EUR 32.6 million.

In the third quarter of 2009, inventories and trade receivables increased by EUR 8.5 (8.1) million.

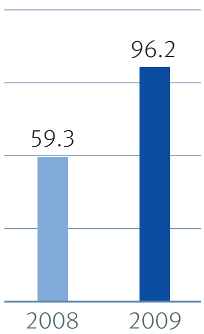
As a result of the reduction in purchasing volumes of commodities and materials in the first nine month 2009, trade payables rose at a less pronounced rate – equivalent to EUR 2.6 million – than in the same period a year ago. This had a positive effect on net cash from operating activities. In the third quarter of 2009, the rise in trade payables by EUR 8.0 million contributed to higher operating cash flow.

Moreover, in the first nine months of 2009 lower income tax expense together with tax reimbursements received by the company – due to the reduction in pre-tax earnings – had a positive impact on operating cash flow.

During this period, reimbursed taxes amounted to EUR 1.3 million. By contrast, in the first nine months of 2008, the ElringKlinger Group had paid income taxes of EUR 20.9 million.

In aggregate, net cash from operating activities rose by 62.2% to EUR 96.2 (59.3) million in the first nine months of 2009. The cash return (operating cash flow in relation to sales) stood at 22.9% (11.3%).

Net cash from operating activities
First 9-months
in EUR million



At EUR 64.2 (87.9) million, capital expenditure on property, plant and equipment as well as investment property and investments in intangible assets were scaled back by EUR 23.7 million in the first nine months of 2009. The majority of funds were channeled into investments for the purpose of business streamlining as well as scheduled product ramp-ups. In contrast to the substantial payments made in connection with corporate acquisitions in the previous year, ElringKlinger expended just EUR 2.2 (75.9) million on acquisitions in the first nine months of 2009, the focus being on the purchase of an additional 10.0% interest in Changchun ElringKlinger Ltd., China.

As a result, net cash used in investing activities receded from EUR 162.6 in the first nine months of 2008 to EUR 66.2 million in the first nine months of 2009.

In aggregate, the ElringKlinger Group generated operational free cash flow (cash flow from operating activities less cash flow from investing activities adjusted for acquisitions) of EUR 32.2 (-27.4) million in the first nine months of 2009.

In the first nine months of 2009, ElringKlinger replaced the majority of its short-term loans with financial liabilities featuring extended maturities, for the purpose of safeguarding long-term funding of growth at Group level. Within this context, the ElringKlinger Group took out long-term financial loans of EUR 40.0 (99.8) million in aggregate during the first nine months of 2009. At the same time, short-term financial liabilities of EUR 31.2 million were eliminated. Total debt was further reduced in the period under review. Benefiting from solid operating cash flow, the Group was able to repay EUR 24.3 million in non-current financial liabilities over the course of the first nine months.

During the first nine months of 2009, the ElringKlinger Group made dividend payments of EUR 10.4 (26.9) million in total to shareholders and minority interests. In aggregate, net cash used in financing activities amounted to EUR 26.0 million in the first nine months of 2009, compared to EUR 103.5 million in net cash from financing activities a year earlier.

As at September 30, 2009, available cash resources amounted to EUR 24.0 (14.8) million.

Opportunities and Risks

As regards the assessment of opportunities and risks associated with the future development of the ElringKlinger Group, there have been no significant changes to the opportunities and risks discussed in ElringKlinger's annual report for the 2008 financial year (page 50 et seq.). The vehicle markets in general, and thus also the risks and opportunities facing suppliers operating within this sector, are undergoing fundamental changes. Impacted by the global economic crisis and, in particular, the significant challenges facing the automotive industry and suppliers as a whole, production volumes have fallen substantially since mid-2008. With the market facing excess capacities, realignment is inevitable in the medium term. ElringKlinger anticipates that by 2013 the volume of newly produced vehicles will have returned to the substantial output levels seen in 2007. At the same time, however, the industry as a whole is likely to experience a regional shift. The Asian market, for instance, is expected to grow exponentially in relation to other regions, while growth in North America and Europe is likely to remain moderate. We will also see changes when it comes to the type of vehicles sold. The luxury and high-end segment will continue to grow, but at a more restrained pace. Increasingly, consumers are likely to opt for mid-range and small vehicles, the focus being on models that offer low fuel consumption and reduced emissions. Suppliers positioned predominately within the high-end segment will be exposed to considerable risk. This latest trend offers a number of significant opportunities for ElringKlinger. To meet the requirements of new engine and vehicle concepts, manufacturers will need an extensive range of lightweight shielding components and plastic housing modules. With subsidiaries in China, India, Korea and Japan, ElringKlinger has also established a strong vantage point when it comes to addressing the issue of evolving markets. In 2010, the majority of investments at Group level will be directed at two new facilities in China – in Changchun and in Souzhou.

On a positive note, global car production for the third quarter of 2009 contracted at a less pronounced rate than in the preceding quarters. It would appear that we have reached a trough in the key automobile markets of North America and Europe. At the same time, vehicle financing has improved for prospective buyers. What is more, despite the prevailing challenges, some of the early economic indicators give cause for optimism. Against this backdrop, the overall risk profile for suppliers and thus also for the ElringKlinger Group has improved slightly.

Having said that, the commercial vehicle sector remains a source of considerable risk. In some areas, this market has slumped by up to 70%. ElringKlinger has also been affected by this situation, albeit less severely than suppliers with a strong focus on the commercial vehicle sector. Group sales within the commercial vehicle sector account for around 11% of total revenue, and therefore the current weakness experienced within this area does not pose a significant problem.

On the whole, however, the lack of liquidity faced by many companies and the growing number of bankruptcies within this sector would appear to suggest that fundamentally conditions within the automobile sector have failed to improve significantly over the course of the last nine months. Against this backdrop, the supply sector is likely to undergo further consolidation. In the third quarter, ElringKlinger returned to an equity ratio in excess of 40%. Buoyed by solid cash flow in 2009, short-term debt was scaled back in the period under review. In part, current loans were restructured in favor of loans with longer maturities. Within this context, ElringKlinger seized the opportunity of extremely low interest rates. Furthermore, ElringKlinger has received funding commitments that provide a solid base for the Group to finance growth when customer demand picks up again.

Outlook

First signs of economic recovery

Since July 2009, lead indicators have increasingly been pointing to an incipient recovery of the global economy. Economic forecasts have been adjusted upwards slightly both for the current year 2009 and for 2010. Based on its latest data, the International Monetary Fund (IMF) anticipates that the world economy will decline by 1.1% in 2009 as a whole, a modest improvement on the projected figure of -1.4% issued towards the middle of the year.

In the same period, economic output in Germany is expected to shrink by 5.3%. Over the course of the third quarter, forecasts were also revised upward for the eurozone as a whole. GDP for the region is now expected to contract by just 4.2%.

By contrast, the overall economic outlook for the United States has deteriorated slightly. Projections for GDP currently stand at 2.7% (2.6%) for 2009 as a whole.

Increasingly, the main impetus for global economic growth appears to be shifting to the emerging markets of Asia. In China, GDP is expected to grow by 8.5% in 2009, which is more than originally anticipated at the beginning of the year. At the same time, forecasts for India suggest that economic output will expand by 5.4%.

Although the overall outlook for Japan's economy has also been revised upwards slightly, GDP is still expected to contract by 5.4%.

Automobile markets overcome historic slump

Over the course of the first half of 2009, the automobile industry gradually managed to emerge from the trough created by a slump in consumer demand for new vehicles. Within this context, government stimulus packages aimed at supporting the automobile industry have provided fresh impetus in key European markets and the US. By contrast, the situation within the international commercial vehicle market remains dire. Within this sector, the scope of incoming orders would appear to suggest that the road to recovery will be slow.

The volume of cars sold worldwide is expected to contract by around 15% in 2009 as a whole. At the same time, vehicle production – an indicator that is of greater relevance to ElringKlinger as an automotive supplier – is likely to remain approx. 25% down on last year's figure in the well-established markets of Japan, Europe and the US.

Buoyed by growing demand induced by a government-funded scrappage scheme, the German automobile market is expected to sell 3.7 million units in 2009. Prior to the introduction of the cash-for-clunkers program, new vehicle registrations were forecast to reach just 2.9 million. On a less positive note, car sales are likely to fall significantly in 2010 as a result of purchases brought forward in response to government stimulus packages. At the same time, automobile production in Germany is expected to dip only slightly.

Despite government incentives, Western Europe as a whole is expected to record an 11.0% decline in car sales in 2009. Projections for the Eastern European market point to a slump in automobile sales by 35 to 40%. Compared with the previous year, the Russian automobile market – the major player in Eastern Europe – is likely to shrink by more than 50% in 2009.

Despite the temporary introduction of a cash-for-clunkers package in what has been the weakest of the top 3 triad markets, the US, the forecast for domestic auto sales points to a severe slump by around one-third in 2009. Having said that, demand patterns have improved steadily in recent months. What is more, in view of the relatively low level of unsold stock, there is every chance that car production figures will pick up again in the coming quarters.

The South American market progressed solidly over the course of the first nine months of 2009. Against this backdrop, new car registrations for 2009 as a whole may in fact return to the solid levels recorded a year ago.

Growth within the buoyant Chinese vehicle market looks set to continue at a solid rate. In 2009, vehicle sales in China are expected to exceed last year's figure by at least 10%. In terms of vehicle production, 2009 will see China emulating the performance of the world's major players, Europe and North America.

Following a temporary dip in demand in the first half of 2009, India is expected to record annual vehicle sales that are slightly in excess of last year's figure.

By contrast, the mature market of Japan is likely to see automobile sales decline further in 2009 as a whole. Within this context, the overall figure may contract by as much as 15%, which would be considerably more than originally forecast.

On a more positive note, many vehicle manufacturers have been able to reduce their stock levels significantly in recent months. Whereas vehicle production in the European automobile market receded by around 21% in the first nine months of 2009, car sales contracted by just 6.6% during the same period. As a result, there is every chance that production volumes within the vehicle industry will be adjusted upwards slightly in the coming quarters.

Group Outlook

Order intake up 3.6% in third quarter

The significant downturn in car production in the majority of vehicle markets worldwide also had a tangible effect on orders received by the ElringKlinger Group as whole. In the first nine months of 2009, order intake stood at EUR 440.1 (515.2) million, which includes contributions by the former SEVEX Group and the proportionately consolidated ElringKlinger Marusan Corporation, Japan. This corresponds to a year-on-year decline of 14.6%.

In the third quarter of 2009, order intake totaled EUR 165.9 million, EUR 5.8 million up on the same period a year ago. Compared to the second quarter of 2009, the ElringKlinger Group recorded a EUR 17.1 million increase in incoming orders.

As at September 30, 2009, order backlog within the ElringKlinger Group stood at EUR 229.4 (274.5) million, down 16.4% on last year's figure.

Cost streamlining remains on track

As part of its cost-reduction program initiated in response to the general downturn in demand, ElringKlinger had set itself a target of scaling back costs by EUR 10 million in 2009. This figure will be met – at the very least. What is more, measures aimed at optimizing capacity utilization, together with the benefits of slightly more favorable commodity prices when compared to previous years, will make a small but positive contribution to the Group's efforts within this area.

ElringKlinger will continue to use short-time work as a versatile tool when it comes to containing staff costs according to the level of excess capacity in the respective business units. The Group scaled back the overall level of short-time work slightly in recent months, and thus fewer employees are now affected by these measures.

As regards the European automobile market, ElringKlinger anticipates a modest improvement in terms of vehicle production figures during the remainder of the year. Regardless of this, European car production looks set to fall by 10% to 15% in 2009 as a whole. In the same period, vehicle production in North America is likely to remain 25% to 30% down on last year's figure, before recovering at a more pronounced rate in 2010.

Calculated on the basis of the above-mentioned market trends and assuming that the economy continues to stabilize during the remainder of the year, within the current climate the ElringKlinger Group anticipates that it will generate consolidated sales of between EUR 540 and 580 million in 2009 as a whole. Within this context, the EBIT margin is projected to be 8 to 10%. However, due to the historically exceptional market circumstances, the issuance of forecasts concerning business performance continues to be subject to risk.

The direction of future sales trends has become more discernible during the first nine months of 2009, but nevertheless the market as a whole remains difficult to predict. Changes to the number of units requested by customers as part of their delivery schedules tend to occur at much shorter notice than in the past.

Drawing strength from its solid financial base and technology-driven approach, the ElringKlinger Group has significant advantages when it comes to securing new development projects and orders, all the more so now that the industry as a whole is having to operate within the confines of a very demanding market situation. As soon as the current market crisis has come to an end, ElringKlinger expects to return to its long-term target of revenue growth in the region of 5 to 7%, coupled, at the very least, with proportionate growth in earnings. Within this context, the Group will benefit in particular from its formidable position as a technology leader in the field of CO_2 reduction as well as from its activities in the New Business Areas segment and its significant growth prospects in the Chinese market.

Events after the Reporting Date

New production company ElringKlinger Türkei, A.Ş.

Effective from October 27, 2009, the ElringKlinger Group acquired a 90% interest in the Turkish automotive supplier Ompaş A.Ş., Bursa, thus strengthening its presence in the burgeoning Turkish automobile market with its own production company. The former owner family will retain an interest of 10%.

The purchase price – including liabilities incurred by Ompaş – was towards the lower end of the single-digit million range. Employing 45 people, the company generated sales revenue of approx. EUR 3 million in 2008. The operating margin was within the single-digit range. The core products manufactured by Ompaş are heat shields for the thermal shielding of a vehicle's engine, transmission and exhaust tract. Among others, the company's customer base includes BMC, vehicle producer and Fiat importer Tofas as well as Ford Otosan. In future, the enterprise will presumably trade under the name of ElringKlinger Türkei, A.Ş.

Share Performance

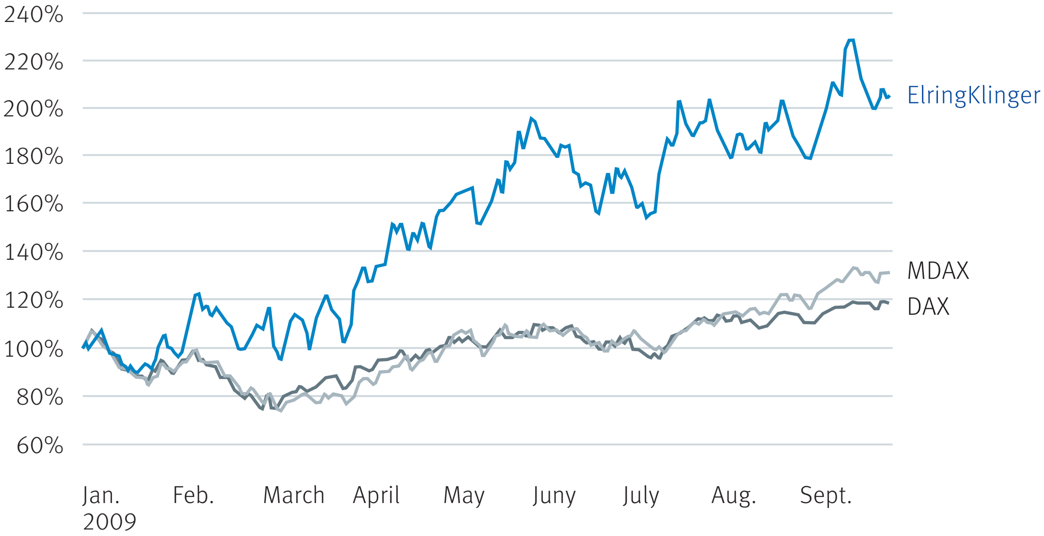
Stock outperforms benchmark indices

Buffeted by stormy market conditions at the beginning of the year, coupled with downward pressure exerted on the industry as a whole, ElringKlinger shares fell to a level of EUR 6.20 at the end of January 2009. From February 2009 onwards, however, the company's stock continued on a steady path of recovery, thus outperforming both the DAX and the MDAX indices in the period under review. This was attributable, among other factors, to the inclusion of ElringKlinger AG in the MDAX effective from March 20, 2009, which helped to raise investor awareness of the company's business activities by a significant margin.

The capital markets also honored the fact that ElringKlinger had remained in profit despite having to contend with an economic crisis of historic proportions.

In the period up to September 30, 2009, the company's stock reached a high of EUR 15.70. Following a temporary market correction, ElringKlinger shares gained fresh impetus from the company's promotional activities at the International Motor Show in Frankfurt in September. At the end of the third quarter of 2009, the share price stood at EUR 14.00.

ElringKlinger's Share Price Performance (XETRA) since January 1, 2009, compared to MDAX and DAX



Thanks to a solid performance, ElringKlinger's stock was among the strongest in the MDAX during the first nine months of the year.

Decline in trading value

In parallel with the significant decline in trading volumes on the world's stock markets over the first nine months of 2009, the average daily trading value of ElringKlinger shares fell from around EUR 2,609,000 to EUR 1,371,000. This was due to the fact that investors pursuing a long-term approach increased the weighting of ElringKlinger shares by retaining the stock in their portfolios or buying additional shares, thereby reducing the effective number of shares in circulation.

ElringKlinger showcases products at IAA

The company presented a range of new products and solutions at this year's IAA Motor Show in Frankfurt. Focusing on the core topics facing today's automobile industry – the reduction of fuel consumption and emissions –, ElringKlinger underscored its strengths as an innovator. Journalists, analysts and investors took the opportunity to meet with the company's management for the purpose of discussing the current market situation as well as development projects and medium-term business prospects.

Closer dialog with capital markets

Over the course of the first nine months of 2009, ElringKlinger AG again engaged in close dialog with institutional investors and analysts at key financial centers in Germany and abroad by attending six international road shows and three capital market conferences.

In the period under review, communication activities were focused in particular on sustainability funds. ElringKlinger also attended an environmental conference in London, as part of which the company addressed the issue of sustainability and presented its product portfolio designed to significantly reduce CO_2 emissions.

Addressing the needs of private investors

In September 2009, ElringKlinger teamed up with Volksbank Reutlingen and hosted a major event for private investors. The meeting, which was organized in cooperation with the BWSC (Baden-Württembergische Small Caps) – an interest group of nine exchange-listed corporations of which ElringKlinger has been a member since the date of formation in 2000 –, was well received by the general public. The company plans to take part in other events of this kind in the future.

ElringKlinger Stock (WKN 785 602)

	Jan. – Sept. 2009	Jan. – Sept. 2008
Number of shares as at Sept. 30 (in units)	57,600,000	57,600,000
Share price (daily closing price in EUR)		
High	15.65	28.42
Low	6.25	13.55
Closing price on Sept. 30	13.96	13.71
Average daily trading volume (German stock exchanges; no. of shares)	128,800	124,300
Average daily trading value (German stock exchanges in EUR)	1,371,000	2,609,000

Group Statement of Comprehensive Income

For the period from January 1 to September 30, 2009

	3rd Quarter 2009 EUR '000	3rd Quarter 2008 EUR '000	9-months 2009 EUR '000	9-months 2008 EUR '000
Sales	**151,300**	173,800	**419,200**	524,000
Cost of sales	-106,600	-121,600	-312,300	-362,400
Gross profit	**44,700**	**52,200**	**106,900**	**161,600**
Selling expenses	-12,300	-12,600	-36,700	-35,700
General and administrative expenses	-6,000	-7,100	-16,000	-20,900
Research and development expenses	-9,600	-8,700	-28,700	-25,200
Other operating income	6,300	1,200	19,300	11,800
Other operating expenses	-1,700	-7,500	-2,800	-13,400
Operating result	**21,400**	**17,500**	**42,000**	**78,200**
Financial income	624	1,000	7,541	4,000
Financial costs	-5,224	-4,300	-17,441	-12,400
Net finance costs	**-4,600**	**-3,300**	**-9,900**	**-8,400**
Earnings before taxes	**16,800**	**14,200**	**32,100**	**69,800**
Taxes on income	-4,700	-4,500	-9,200	-20,300
Net income	**12,100**	**9,700**	**22,900**	**49,500**
Other comprehensive income				
Exchange differences on translating foreign operations	438	894	2,723	-1,714
Total comprehensive income for the period	**12,538**	**10,594**	**25,623**	**47,786**
Profit attributable to owners of the parent	**11,621**	**8,640**	**21,572**	**46,750**
Profit attributable to minority interest	479	1,060	1,328	2,750
Total comprehensive income attributable to owners of the parent	12,208	9,232	24,405	44,868
Total comprehensive income attributable to minority interest	330	1,362	1,218	2,918
Basic and diluted earnings per share in EUR	**0.20**	**0.15**	**0.37**	**0.81**

Group Statement of Financial Position

ASSETS	Sept. 30, 2009 EUR '000	Dec. 31, 2008 EUR '000	Sept. 30, 2008 EUR '000
Intangible fixed assets	87,602	86,542	83,680
Property, plant and equipment	375,077	360,426	339,016
Investment property	27,668	28,588	29,950
Financial assets	1,675	1,592	1,523
Other non-current assets	4,764	5,467	5,586
Deferred tax assets	10,728	15,835	7,379
Non-current assets	**507,514**	**498,450**	**467,134**
Inventories	95,930	129,784	134,509
Trade receivables	113,383	98,032	132,981
Other current assets	11,423	18,527	20,819
Cash	23,990	19,741	14,819
Current assets	**244,726**	**266,084**	**303,128**
	752,240	764,534	770,262

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept, 30, 2009 EUR '000	Dec, 31, 2008 EUR '000	Sept, 30, 2008 EUR '000
Share capital	57,600	57,600	57,600
Capital reserve	2,747	2,747	2,747
Revenue reserves	228,677	212,912	223,217
Shareholders' equity before minority interests	**289,024**	**273,259**	**283,564**
Minority interests	12,719	14,888	14,429
Shareholders' equity	**301,743**	**288,147**	**297,993**
Provisions for pensions	58,529	58,519	57,762
Non-current provisions	5,322	5,461	6,750
Non-current financial liabilities	165,871	150,148	156,294
Deferred tax liabilities	30,764	30,936	30,529
Other non-current liabilities	33,936	27,369	24,247
Non-current liabilities	**294,422**	**272,433**	**275,582**
Current provisions	9,519	22,915	9,651
Trade payables	21,294	33,269	52,865
Current financial liabilities	76,813	108,029	91,022
Tax payables	7,014	5,867	2,670
Other current liabilities	41,435	33,874	40,479
Current liabilities	**156,075**	**203,954**	**196,687**
	752,240	764,534	770,262

Group Statement of Cash Flows

	3rd Quarter 2009	3rd Quarter 2008	9-months 2009	9-months 2008
	EUR '000	EUR '000	EUR '000	EUR '000
Earnings before taxes	16,800	14,200	32,100	69,800
Depreciation/Amortization (less write-ups) of non-current assets	18,040	16,643	51,460	43,713
Net interest	3,500	3,400	10,800	8,200
Change in provisions	-5,347	263	-15,718	-106
Losses from disposal of intangible assets and of property, plant and equipment	35	114	90	353
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-8,503	-8,112	20,847	-32,631
Change in liabilities not resulting from financing and investing activities	8,022	-219	2,069	4,649
Income taxes paid	3,820	-4,545	1,320	-20,919
Interest paid	-2,417	-2,364	-7,406	-5,236
Interest received	10	5	30	130
Other non-cash income	0	0	0	-5,808
Currency effects on items relating to operating activities	1,324	-2,510	603	-2,840
Net cash from operating activities	**35,284**	**16,875**	**96,195**	**59,305**
Proceeds from disposals of intangible assets and of property, plant and equipment	55	87	329	1,237
Proceeds from disposals of financial assets	165	208	375	311
Payments for investments in intangible assets	-1,353	-1,257	-3,736	-2,362
Payments for investments in property, plant and equipment and investment properties	-19,026	-31,436	-60,505	-85,501
Payments for investments in financial assets	-193	-201	-460	-389
Payments for the acquisition of consolidated entities	0	0	-2,198	-75,892
Net cash from investing activities	**-20,352**	**-32,599**	**-66,195**	**-162,596**
Dividends paid to shareholders and minorities	-1,645	-51	-10,364	-26,937
Changes in current financial liabilities	-9,440	2,136	-31,216	35,191
Additions to non-current financial liabilities	0	17,888	40,000	99,813
Repayment of non-current financial liabilities	-2,601	-2,449	-24,277	-4,407
Currency effects on items relating to financing activities	-277	-114	-155	-185
Net cash from financing activities	**-13,963**	**17,410**	**-26,012**	**103,475**
Changes in cash	969	1,686	3,988	184
Currency effects on cash	-25	-342	261	-25
Other transactions	0	0	0	-59
Cash inflow from the acquisition of consolidated entities	0	0	0	7,314
Cash at beginning of period	23,046	13,475	19,741	7,405
Cash at end of period	23,990	14,819	23,990	14,819

Group Statement of Changes in Equity

3rd Quarter 2009

	Share capital	Capital reserve	Revenue reserves: Revenue reserve first-time adoption of IFRS	Revenue reserves: Currency translation differences	Revenue reserves: Group equity generated	Revenue reserves: Total	Minority interests	Group equity
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
as of Dec, 31, 2007	**57,600**	**2,747**	**26,181**	**-7,275**	**186,323**	**205,229**	**15,484**	**281,060**
Dividends paid					-26,880	-26,880	-57	-26,937
Other changes							-3,916	-3,916
Total comprehensive income for the period				-1,882	46,750	44,868	2,918	47,786
as of Sept. 30, 2008	**57,600**	**2,747**	**26,181**	**-9,157**	**206,193**	**223,217**	**14,429**	**297,993**
as of Dec. 31, 2008	**57,600**	**2,747**	**26,181**	**-12,557**	**199,288**	**212,912**	**14,888**	**288,147**
Dividends paid					-8,640	-8,640	-1,724	-10,364
Other changes							-1,663	-1,663
Total comprehensive income for the period				2,833	21,572	24,405	1,218	25,623
as of Sept. 30, 2009	**57,600**	**2,747**	**26,181**	**-9,724**	**212,220**	**228,677**	**12,719**	**301,743**

Group Sales by Region

	3rd Quarter 2009	3rd Quarter 2008	9-months 2009	9-months 2008
	EUR '000	EUR '000	EUR '000	EUR '000
Germany	46,715	60,337	135,208	180,258
Change compared to prior year in %	-22.6		-25.0	
Rest of Europe	45,948	53,580	137,820	180,070
Change compared to prior year in %	-14.2		-23.5	
NAFTA	24,416	26,211	59,276	76,512
Change compared to prior year in %	-6.8		-22.5	
Asia and Australia	24,025	22,674	60,049	57,605
Change compared to prior year in %	6.0		4.2	
South America and others	10,196	10,998	26,847	29,555
Change compared to prior year in %	-7.3		-9.2	
Group	**151,300**	**173,800**	**419,200**	**524,000**
Change compared to prior year in %	-12.9		-20.0	

Segment Reporting

3rd Quarter 2009/3rd Quarter 2008

Segment	Original Equipment		Aftermarket		Engineered Plastics	
	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000
Segment revenues	115,178	150,046	25,540	26,519	14,833	18,072
- Intersegment revenues	3,359	-6,682	0	0	0	0
- Consolidation	-8,057	-15,854	-1,744	-1,901	-727	-228
Sales revenues	110,480	127,510	23,796	24,618	14,106	17,844
EBIT	13,488	6,892	4,507	5,369	1,281	3,733
+ Interest income	0	0	8	10	0	19
- Interest expense	-2,644	-2,719	-335	-365	-194	-74
Earnings before taxes	10,844	4,173	4,180	5,014	1,087	3,678
Depreciation and amortization	-16,719	-15,548	-178	-151	-604	-490
Investments*	18,906	29,655	280	74	728	2,666

Segment	Industrial Parks		Services		Group	
	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000
Segment revenues	2,070	2,178	1,709	2,579	159,330	199,394
- Intersegment revenues	0	0	0	0	3,359	-6,682
- Consolidation	0	0	-861	-929	-11,389	-18,912
Sales revenues	2,070	2,178	848	1,650	151,300	173,800
EBIT	927	840	97	766	20,300	17,600
+ Interest income	1	0	1	1	10	30
- Interest expense	-331	-272	-6	0	-3,510	-3,430
Earnings before taxes	597	568	92	767	16,800	14,200
Depreciation and amortization	-279	-279	-260	-175	-18,040	-16,643
Investments*	173	122	292	176	20,379	32,693

* in property, plant and equipment as well as intangible assets, incl. interests acquired during current respectively prev. financial year

Segment Reporting

9-months 2009/9-months 2008

Segment	Original Equipment		Aftermarket		Engineered Plastics	
	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000
Segment revenues	**321,112**	**446,846**	**76,060**	**82,401**	**43,140**	**54,648**
- Intersegment revenues	0	-16,007	0	0	0	0
- Consolidation	-24,872	-48,529	-4,814	-6,004	-1,117	-330
Sales revenues	**296,240**	**382,310**	**71,246**	**76,397**	**42,023**	**54,318**
EBIT	**21,782**	**47,457**	**13,880**	**15,557**	**4,088**	**10,667**
+ Interest income	0	0	19	24	6	58
- Interest expense	-8,653	-6,437	-973	-999	-465	-218
Earnings before taxes	**13,129**	**41,020**	**12,926**	**14,582**	**3,629**	**10,507**
Depreciation and amortization	-47,437	-40,383	-611	-421	-1,830	-1,519
Investments*	56,219	161,751	525	2,919	6,531	6,486

Segment	Industrial Parks		Services		Group	
	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000	2009 EUR '000	2008 EUR '000
Segment revenues	**6,003**	**6,474**	**5,967**	**7,168**	**452,282**	**597,537**
- Intersegment revenues	0	0	0	0	0	-16,007
- Consolidation	0	0	-2,279	-2,667	-33,082	-57,530
Sales revenues	**6,003**	**6,474**	**3,688**	**4,501**	**419,200**	**524,000**
EBIT	**2,611**	**2,581**	**539**	**1,738**	**42,900**	**78,000**
+ Interest income	2	0	3	4	30	86
- Interest expense	-727	-630	-12	-2	-10,830	-8,286
Earnings before taxes	**1,886**	**1,951**	**530**	**1,740**	**32,100**	**69,800**
Depreciation and amortization	-830	-857	-752	-533	-51,460	-43,713
Investments*	221	243	1,280	1,441	64,776	172,840

Notes to the Third Quarter and First Nine Months of 2009

ElringKlinger AG is an exchange-listed stock corporation headquartered in Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of September 30, 2009, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. As the consolidated interim financial statements are presented in a condensed format, the financial statements accompanying the report on the third quarter of the financial year do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements have not been audited. They were authorized for issue based on a resolution passed by the Management Board on November 2, 2009.

Basis of Reporting

The accounting policies applied to the consolidated interim financial statements for the first nine months of 2009 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2008. For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2008 Annual Report published by ElringKlinger AG.

As of January 1, 2009, new or amended IFRS and IFRIC became applicable for the first time. Within this context, the revised version of IAS 1 (2007), which sets out new provisions with regard to the presentation of consolidated financial statements, was of particular significance.

Additionally, as of January 1, 2009, IFRS 8 is to be applied in respect of segment reporting. This standard governs the scope of financial information to be disclosed by an entity as part of its reporting activities with regard to its operating segments. IFRS 8 is centered around the so-called "management approach", which stipulates that information concerning operating segments shall be furnished on the basis of internal reporting utilized by the entity. The organizational structure of the ElringKlinger Group is characterized by its focus on five fields of business. As in the past, segmentation is performed according to the reporting segments ”Original Equipment“, ”Aftermarket“, ”Engineered Plastics“, ”Services“ and ”Industrial Parks“.

Activities within the reporting segments ”Original Equipment“ and ”Aftermarket“ include the manufacture and sale of parts and assemblies used in the area of vehicle engines, transmissions and exhaust tracts (powertrain). Additionally, the Group provides services associated with these activities.

The ”Engineered Plastics“ segment covers the manufacture and sale of technical products made of high-performance PTFE plastics deployed in the automotive and general industry.

The ”Services“ segment mainly encompasses the operation of engine testing facilities as well as contributions made within the area of engine development.

The ”Industrial Parks“ segment comprises the administration and rental of real estate and buildings.

With the exception of deliveries made by the Original Equipment segment to the Aftermarket segment, there are no significant relations between the individual segments with regard to the supply of products or services. In the case of intersegment sales and transfers, the price quoted corresponds to that which would be applicable with regard to arm's length transactions. Internal management and reporting are based on the principles of IFRS accounting. The Group measures the performance of its segments on the basis of profit before tax in accordance with IFRS. The section ”Segment Reporting“ presents revenues, results as well as depreciation/amortization and investments.

The cost-of-sales (also referred to as function-of-expense) method has been applied when preparing the Group statement of comprehensive income. The Group currency is the euro.

In addition to the financial statements of ElringKlinger AG, the interim financial statements as of September 30, 2009, include 4 domestic and 19 foreign subsidiaries. Subsidiaries are entities in which the parent company holds more than half of the voting rights or over which, for other reasons, it has the power to govern the financial and operating policies (”Control"). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

The two joint-venture companies ElringKlinger Korea Co., Ltd., Changwon, South Korea, and ElringKlinger Marusan Corporation, Tokyo, Japan, were included in the interim report on the basis of proportionate consolidation in accordance with IAS 31. In the case of proportionate consolidation, all assets and liabilities as well as expenses and income of the joint ventures are included in the consolidated financial statements at the proportionate interest held (50%).

The acquisition of the SEVEX Group and ElringKlinger Marusan Corporation concluded in fiscal 2008 contributed sales of EUR 59,319 thousand (prev. year: EUR 45,019 thousand) as well as profit before tax of EUR 2,224 thousand (prev. year: EUR 3,349) and net income of EUR 2,652 thousand (prev. year: EUR 2,253 thousand) in the first nine months of 2009.

Effective from April 1, 2009, the interests in Sevex Holdings, Inc., Kansas, USA, which in turn holds all interests in ElringKlinger USA, Inc., Buford, USA (EKUS), were transferred from ElringKlinger Abschirmtechnik (Schweiz) AG, Sevelen, Switzerland, to ElringKlinger AG. Sevex Holdings, Inc. was merged into EKUS effective from July 31, 2009.

Exchange Rates and Derivative Financial Instruments

Exchange rates developed as follows:

Currency	Abbr.	Closing rate = EUR 1		Average rate = EUR 1	
		Sept. 30, 2009	Dec. 31, 2008	Jan. – Sept. 2009	Year 2008
US Dollar (USA)	USD	1.4668	1.3976	1.37059	1.47373
Pound Sterling (UK)	GBP	0.9103	0.9589	0.88690	0.80381
Swiss Franc (Switzerland)	CHF	1.5085	1.4882	1.51122	1.57871
Canadian Dollar (Canada)	CAD	1.5725	1.7170	1.58700	1.56643
Real (Brazil)	BRL	2.6214	3.2574	2.83428	2.68120
Mexican Peso (Mexico)	MXN	19.7645	19.2589	18.77841	16.39797
RMB (China)	CNY	10.0109	9.5358	9.36231	10.20669
WON (South Korea)	KRW	1,727.6800	1,753.1500	1,777.70889	1,611.54750
Rand (South Africa)	ZAR	10.8829	13.1700	11.64369	12.09396
Yen (Japan)	JPY	131.2500	126.4000	129.96444	151.43750
Forint (Hungary)	HUF	269.7600	264.2000	284.27333	250.83333
Indian Rupee (India)	INR	69.9887	67.7100	66.93757	64.20333

In the first nine months of 2009, financial instruments were used for the purpose of hedging interest rate risk and smoothing the volatility of purchasing prices for raw materials (nickel).

The overall trend of the fair value of commodity-related derivatives as well as the close-out of a derivative held for the purpose of hedging commodity prices had a positive effect on earnings in the third quarter of 2009. The balance between the reduction of current provisions (other operating income of EUR 2,853 thousand) and the required settlement payments (additional material expenses of EUR 1,287 thousand) led to an improvement in earnings before taxes of EUR 1,566 thousand in the third quarter of 2009.

Government Grants

As a result of government grants, primarily for development projects, other operating income rose by EUR 2,001 thousand in the third quarter.

Contingencies and Related-Party Disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2008 were not subject to significant changes in the first nine months of 2009.

Events after the Reporting Period

Effective from October 27, 2009, ElringKlinger AG acquired a 90% interest in Ompaş Otomotiv Metal Plastik Imalat Sanayi ve Ticaret A.Ş. as well as a 63% interest in Kitek Kalıp ve leri Teknoloji Makine Sanayi ve Ticaret Ltd. ti. Kitek is a subsidiary of Ompaş Otomotiv.

With the exception of this transaction, there were no significant events after the end of the interim reporting period.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

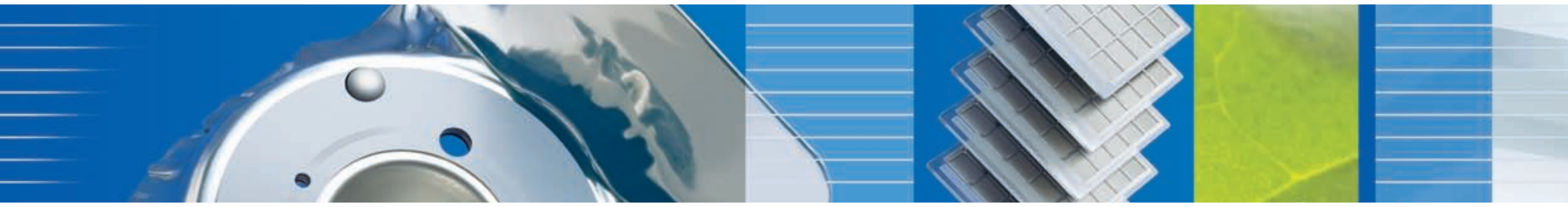
Dettingen/Erms, November 2, 2009

The Management Board

Dr. Stefan Wolf

Theo Becker

Karl Schmauder



Disclaimer – Future-oriented Statements and Predictions
This report 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.

The English version of this report is a translation of the original German report. Only the German version of this report is legally binding.

Calendar

German Equity Forum | Frankfurt	November 9 – 11, 2009
Annual Press Conference	March 30, 2010
Analysts' Conference	March 30, 2010
105th Annual General Shareholders' Meeting Cultural and Congress Centre Liederhalle, Stuttgart, Hegelsaal, 10.00 CET	May 21, 2010

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