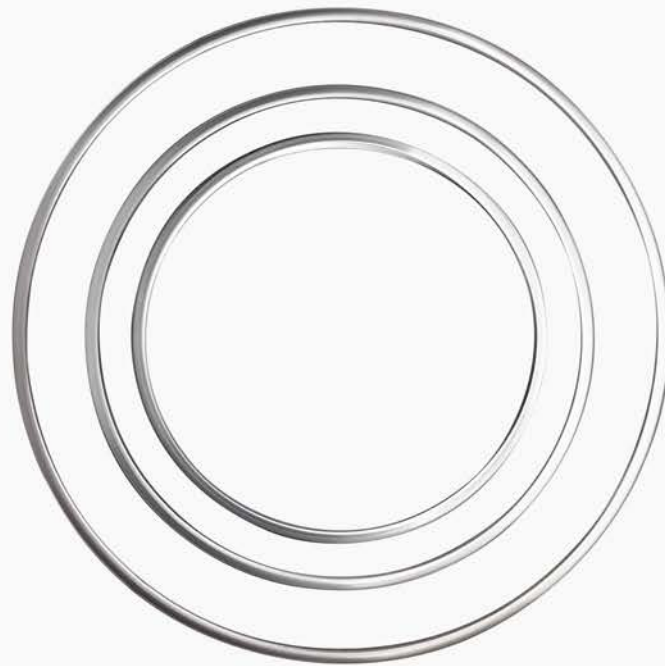


REPORT ON THE 3RD QUARTER AND 1ST NINE MONTHS 2015

---

# pure *process*



**elring**klinger

# pure *process*

---

*“Pure Process” reflects the unique core competencies developed by ElringKlinger: out-and-out process expertise. The company’s skill set covers intricate metal processing operations using highly sophisticated precision die-cutting and embossing techniques as well as functional coating technology, complemented by an in-depth understanding of plastics. Combined with specialist materials expertise and in-house tool construction facilities, this symbiosis of high-tech processes forms the foundation for progressive innovation and a steady expansion of the Group’s product and service portfolio. Applying these skills, we are committed to pursuing the key issues shaping the future of our industry.*



# Contents

PAGE

**02**

---

## *Interim Group Management Report*

02	Macroeconomic Conditions and Business Environment
04	Significant Events
05	Sales and Earnings Performance
12	Financial Position and Cash Flows
16	Opportunities and Risks
17	Outlook
20	Events after the Reporting Period

PAGE

**21**

---

## *ElringKlinger and the Capital Markets*

PAGE

**24**

---

## *Interim Consolidated Financial Statements*

24	Group Income Statement
25	Group Statement of Comprehensive Income
26	Group Statement of Financial Position
28	Group Statement of Changes in Equity
30	Group Statement of Cash Flows
31	Group Sales by Region
32	Segment Reporting
34	Notes to the Interim Consolidated Financial Statements
39	Responsibility Statement

## Macroeconomic Conditions and Business Environment

In the third quarter of 2015 it was primarily the cooling of the Chinese economy and uncertainty over when the US Federal Reserve would raise interest rates that made the headlines. Despite a raft of positive economic data from the United States and the eurozone, there was increasing concern about the further weakening of economic activity in some emerging markets.

### Sustained economic growth in USA and eurozone

Overall, the eurozone continued to expand in the third quarter of 2015 despite indications of a slowdown among the region's larger economies. Throughout the first nine months of 2015, it benefited from the weakness of the single currency and from low commodity and energy prices. The German economy maintained its upward momentum with help from consumer spending and strong exports.

Between July and September 2015, the established pattern of growth in the US economy was bolstered above all by strong domestic demand. Consumer confidence remained consistently high thanks to a buoyant labor market and low interest rates. On the downside, growth was constrained by the strong US dollar and emerging market weakness.

### Emerging markets hold back global economy – Slowdown in China

There was still no sign of an end to recession in Brazil or Russia in the third quarter of 2015. As well as structural problems, these economies remain affected by the slump in commodity prices. Brazil slipped even further into crisis on account of its unresolved structural issues.

In the third quarter of 2015 the markets also witnessed a dampening of the euphoria surrounding Asia. In China, the pace of growth continued to slow throughout the year despite government stimulus measures. It should be noted, however, that the Chinese government is pursuing a deliberate policy of economic normalization that involves reducing the country's reliance on export-fueled growth and encouraging domestic consumption. Following a loss of momentum in spring, India experienced a renewed, albeit modest, upswing in the third quarter. The country's growth figures indicate a clear pattern of expansion. In Japan, after a further downturn in the second quarter of 2015, there was again no sustained momentum for growth in the third quarter despite the weak yen and the country's loose monetary policy.

#### GDP GROWTH RATES

Year-on-year change in %	1 <sup>st</sup> Quarter 2015	2 <sup>nd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2015
Germany	1.1	1.6	1.8
Eurozone	1.2	1.5	1.7
USA	2.9	2.7	2.0
Brazil	-1.6	-2.6	-3.0
China	7.0	7.0	6.9
India	7.5	7.0	7.6
Japan	-0.8	0.8	1.3

Source: HSBC (Sept. 2015)

### Global car market records solid growth

Despite weaker sales figures in China, there was no let-up in the growth rate of the global car market in the third quarter of 2015. Sales within the European markets were particularly encouraging. In the US, there was a marked upswing in sales, especially in September. By contrast, the downward trend in both Brazil and Russia was even more pronounced than before. News of the VW emissions scandal that broke in mid-September had no tangible impact on car sales as a whole or on diesel car sales as a proportion of all new cars (cf. "Opportunities and Risks", page 16).

### Broad-based growth in Western Europe – US car market remains buoyant

After putting on roughly 8% over the first six months of 2015, Western Europe's car market recorded further dynamic growth in the third quarter. Total market volume for the first three quarters of 2015 was in excess of ten million new vehicles. All the top five markets were well within positive territory, led by Spain and Italy. Growth in Eastern Europe was also strong. By contrast, new registrations in Germany were below the average for Europe as a whole. Nevertheless, German car makers benefited from high levels of international demand that allowed them once again to boost production and export volumes.

Car sales in the United States remained buoyant in the third quarter of 2015. Over the first nine months of 2015, demand for light vehicles (cars and light commercial vehicles) was driven by low fuel prices and favorable interest rates. There was solid business in the US for some of Germany's car makers thanks to particularly strong demand for premium vehicles and SUVs.

Car sales in Brazil and Russia continued to decline. By September total sales had fallen by around 30% in each case on top of previous downturns in both regions in 2014.

### Chinese car market regains momentum after marked slowdown

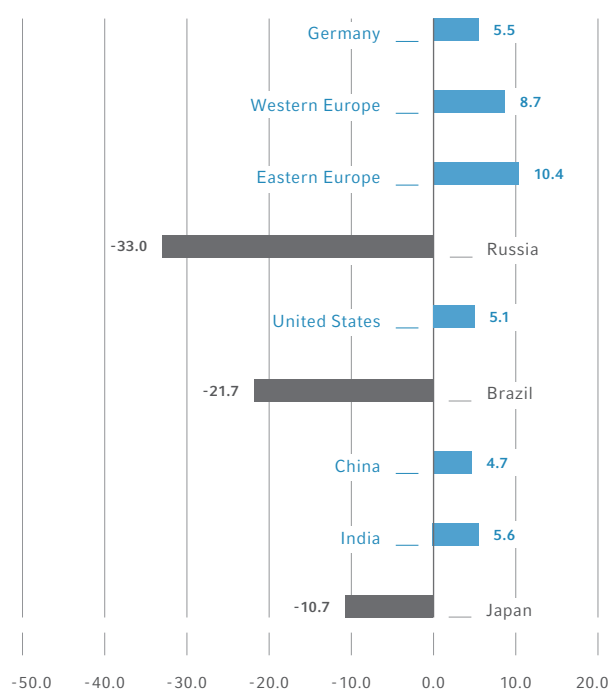
September brought a modest recovery in China, the world's biggest car market, following three months of declining sales. The recent stabilization of China's equity markets provided a welcome boost to sales. Over

the first nine months of 2015, new car sales in China were a good 5% up year on year.

India maintained its trajectory of solid growth in the third quarter of 2015 and overtook Brazil to become the world's fourth-biggest single market. However, there was no sign of an end to the sales crisis affecting Japan, where new registrations were again considerably down compared with the same period in 2014.

#### NEW CAR REGISTRATIONS JAN. – SEPT. 2015

Year-on-year change (in %)



Source: VDA (Oct. 2015)

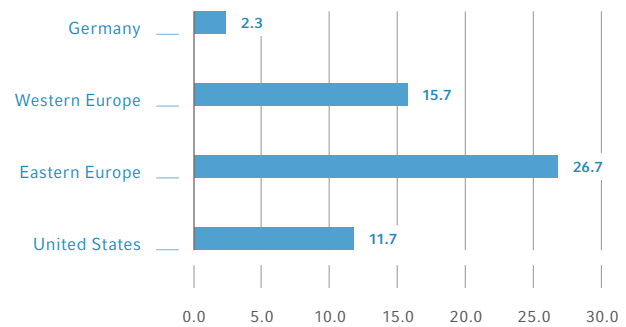
### Renewed signs of life in Europe's commercial vehicle market

Reflecting the wider economic recovery, the year to date has seen an upswing in commercial vehicle markets, primarily in the US, but also, increasingly, in Europe. In 2014, Western Europe had been faced with a downturn in new truck registrations. However, sales within this region showed steady growth at the beginning of 2015, and this upward trend became more pronounced in the third quarter. In the period from January to September

2015 new registrations of commercial vehicles weighing in excess of 3.5 tons grew in double figures in Western Europe when compared to the same period a year ago. Although Germany's truck market was relatively subdued, sales of mid-sized and heavy commercial vehicles nevertheless picked up slightly between July and September 2015.

Commercial vehicle manufacturers were able to report full order books, especially in North America. After posting strong growth in 2014, the recovery in commercial vehicle sales in the US continued in the first nine months of 2015. The percentage increase in sales of Class 8 heavy trucks reached double digits in the region. At the other end of the scale, sales in this category showed a further marked decline in crisis-hit Brazil.

NEW REGISTRATIONS OF MID-SIZED AND HEAVY TRUCKS JAN. – SEPT. 2015  
Year-on-year change (in %)



Source: ACEA, Automotive News Data Center (Oct. 2015)

## Significant Events

Effective from February 14, 2015, ElringKlinger acquired 100% of the interests in US automotive supplier M&W Manufacturing Company, Inc., Warren/USA (M&W), from the former owner family. Subsequently, the name of this subsidiary was changed to ElringKlinger Automotive Manufacturing, Inc.

In completing the acquisition, ElringKlinger strengthened its Specialty Gaskets division with regard to its regional presence in North America and its production activities in the US market. Together with US market leader M&W, ElringKlinger has thus advanced to become the premier supplier of transmission control plates. Operating from its US production base, M&W supplies not only the North American market but also, to an increasing extent, customers in China.

Expressed in euros, the target for fiscal 2015 is to generate sales revenue totaling around EUR 30 million, with a projected operating margin (adjusted EBIT before purchase price allocation) in high single figures.

Additionally, as of July 17, 2015, ElringKlinger acquired a further 3.0% of the ownership interests in the subsidiary ElringKlinger Kunststofftechnik GmbH, Bietigheim-Bissingen/Germany, from the co-owners. Following this transaction it holds 77.5% of the interests in the PTFE specialist. This is in keeping with ElringKlinger AG's continued strategy of scaling back non-controlling interests within the Group to the largest extent possible.

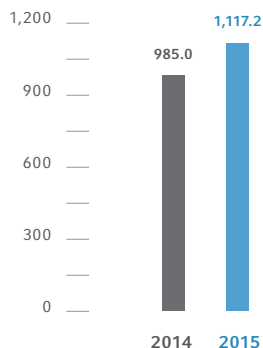
# Sales and Earnings Performance

## Strong organic growth in revenue driven by product ramp-ups and structural expansion

In the first nine months of 2015 revenue growth generated by the ElringKlinger Group again outstripped the rate of expansion seen within global vehicle markets. Sales revenue was propelled forward by consistently solid demand in the United States and signs of recovery in Europe. Additionally, the Group benefited from several new product rollouts as well as significant structural growth in many of the product groups targeted at CO<sub>2</sub> reduction.

In the period from January to September 2015 the ElringKlinger Group generated sales of EUR 1,117.2 (985.0) million – an increase of 13.4%. Calculated on an organic basis, i. e. without the effects of consolidation and currency translation, growth stood at 5.3%.

GROUP SALES JAN. – SEPT.  
in € million



In the third quarter of 2015, sales rose by 11.8% to EUR 366.1 (327.4) million. On an organic basis, revenue growth during this period stood at 5.8%.

The first-time inclusion of former M&W Manufacturing Company, Inc., Warren/USA (M&W), in the scope of consolidation as from February 14, 2015, contributed revenue of EUR 23.1 million in the first nine months of 2015, EUR 9.4 million of which was attributable to the third quarter. Earnings before interest and taxes (EBIT) totaled EUR 0.8 million; the third quarter accounted for EUR 0.4 million of this amount. Write-

downs relating to the preliminary purchase price allocation stood at EUR 1.1 million.

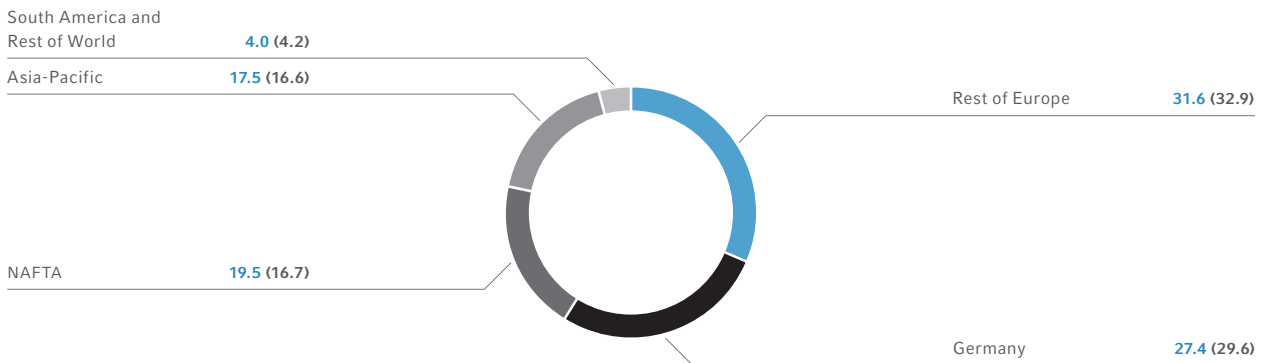
The weakness of the euro – particularly in relation to the Swiss franc, the US dollar and some of the Asian currencies – had a positive effect on currency translation and helped to push Group revenue up by EUR 56.9 million in the first nine months of 2015. The currency-related effects, however, were gradually reversed over the course of the year to date, dwindling to just EUR 10.4 million in the third quarter. ElringKlinger generates more than 40% of its Group sales revenue outside the eurozone.

## North America and Asia remain growth drivers

ElringKlinger recorded its strongest growth in revenue within the NAFTA region over the course of the first nine months of 2015. Here, revenue increased by 32.0% to EUR 217.5 (164.8) million, driven mainly by sustained buoyancy within the market. The acquisition of the enterprise M&W provided additional impetus. Without the effects of consolidation growth would have amounted to 18.0%. Revenue growth was also fueled to some extent by positive foreign exchange factors. The NAFTA region thus accounted for 19.5% (16.7%) of Group sales revenue. In the third quarter of 2015, revenue amounted to EUR 71.6 (54.5) million, which corresponds to growth of 31.4% or 23.9% adjusted for currencies.

ElringKlinger also recorded a significant expansion in revenue from sales within the Asia-Pacific region – up 19.8% to EUR 195.9 (163.5) million in the first nine months of 2015. The year-on-year increase was partially due to the favorable effects of foreign exchange rates. The Chinese economy, which represents the single largest market in Asia, has returned to a more normal trajectory of growth. In spite of this, ElringKlinger managed to further expand its sales by 19.6% to EUR 67.2 (56.2) million in the third quarter. Eliminating currency-related effects, revenue growth still amounted to a solid 10.3% in the third quarter. Among other factors, the company benefited from the successful launch of innovative polymer hybrid components produced for one of Germany's luxury car makers. Series production of these parts commenced in the second quarter of 2015 at the Group's facility in Suzhou/China.

## GROUP SALES BY REGION JAN. – SEPT. 2015

*(prior year) in %*

The proportion of total Group sales directly attributable to business in the Asia-Pacific region rose to 17.5% (16.6%) in the first nine months of 2015. Factoring in revenue contributions associated with indirect exports, i. e. from components that ElringKlinger supplies to European (in particular German car makers) and which are subsequently exported to Asia, the share of Original Equipment revenue attributable to Asia would amount to roughly one quarter. This trend illustrates the growing importance of the burgeoning Asian markets to ElringKlinger as a whole.

More expansive business within the international growth markets means that the share of revenue generated from sales in Europe (excluding Germany) has continued to shrink. Having said that, at 31.6% (32.9%), this region still represents the largest sales market for ElringKlinger. In the period from January to September 2015 the company generated revenue of EUR 353.3 (323.9) million in this sales region. The year-on-year increase of 9.1% was attributable mainly to the forward momentum shown by Europe's vehicle markets. In the third quarter of 2015, ElringKlinger recorded revenue growth of 6.7%, taking the figure to EUR 112.0 (105.0) million.

Business in Germany was slightly more restrained, with sales revenue expanding by 5.2% to EUR 306.2 (291.2) million in the first nine months. Of this total, EUR 101.2 (97.2) million was attributable to the third quarter. Thus, the percentage share of domestic sales in relation to Group revenue declined to 27.4% (29.6%). These developments have been accelerated by the fact that German car makers are increasingly taking the route of establishing new local production capacity in the destination markets of North America and Asia.

Business performance in the region encompassing South America and the Rest of the World was influenced by the languishing car market in Brazil as well as the severe depreciation of the Brazilian real. Following growth of 11.5% in the first half of 2015, sales revenue was slightly down in the third quarter of 2015 due to the effects of currency translation. Overall, revenue generated in the first nine months of the financial year stood at EUR 44.3 (41.6) million, which corresponds to growth of 6.5%. Adjusted for currencies, the increase in sales revenue would have been much more pronounced.

The percentage share of foreign sales in relation to Group revenue rose to 72.6% (70.4%) in the first nine months of 2015.

#### Strong growth in Original Equipment – Earnings impacted by exceptional factors

The Original Equipment segment, which accounts for around 83% of Group sales, made the largest contribution to revenue growth. Demand for ElringKlinger products was fueled by buoyant growth in the North American market and by Europe's resurgent economy. What is more, the number of ElringKlinger parts fitted per vehicle is trending upwards, as a result of which the company is benefiting from growing demand in structural terms, the focus being on automatic transmission components, turbocharger gaskets, thermal-acoustic shielding parts and lightweight plastic modules. In addition, revenue was boosted by a number of new product rollouts. Growth was also driven by the inclusion of M&W as well as favorable exchange rate patterns.

In the first nine months, sales revenue grew by 14.6% to EUR 925.1 (807.5) million in the Original Equipment



segment. Without the effects of consolidation associated with M&W, growth would have amounted to 11.7%. In the third quarter of 2015, sales revenue amounted to EUR 301.5 (269.3) million.

Business within the Original Equipment segment over the course of the first nine months of 2015 was characterized by extremely high levels of capacity utilization. Individual divisions within this segment recorded a disproportionately large surge in demand. The thus resulting additional costs, e.g. for extra shifts and additional freight movements, had an adverse effect on the Group's cost base and swelled it by around EUR 21 million, of which EUR 12 million alone was attributable to the third quarter. ElringKlinger has already initiated measures aimed at optimizing its earnings situation. However, these did not take full effect to the extent originally planned in the third quarter. At present, the company anticipates that earnings performance will improve as from 2016. Exceptional charges are also likely to be incurred in the coming financial year, but to a much lesser extent than in 2015 (cf. "Outlook", page 20).

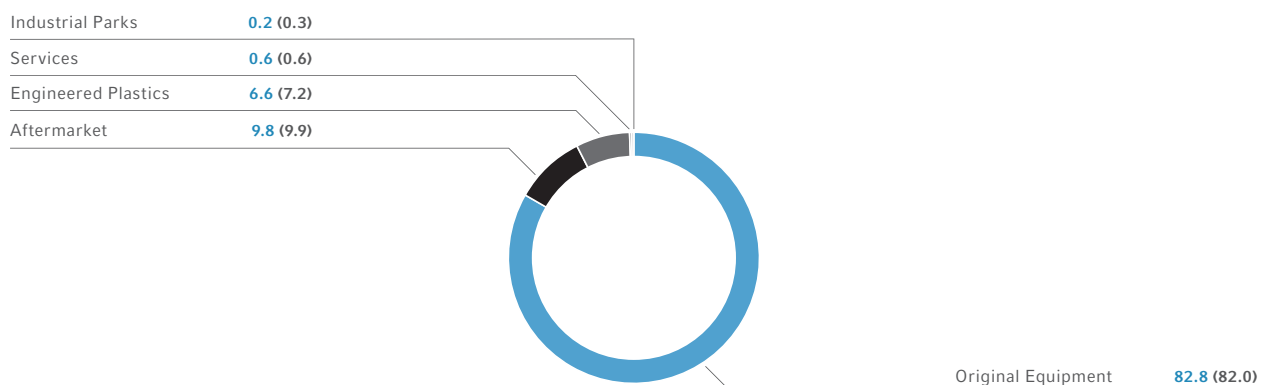
As expected, the E-Mobility division was as yet unable to post a profit in the first nine months of 2015. Consumer demand for battery-powered vehicles as well as plug-in hybrids remains sluggish, as a result of which fixed costs cannot yet be covered within this area of the business. Sales revenue totaled EUR 9.6 (7.0) million in the first nine months of 2015 and EUR 3.4 (2.0) million in the third quarter. Thanks to process optimizations, however, losses (EBIT) were scaled back to EUR 4.0 (6.0) million year on year. Of this total, EUR 0.9 (1.9) million was attributable to the third quarter of 2015.

In the Exhaust Gas Purification division (Hug), which produces exhaust treatment systems mainly for industrial applications and ships, revenues and earnings tend to fluctuate more noticeably than in the case of ElringKlinger's conventional series production business. Revenues totaled EUR 36.6 (57.2) million in the first nine months, with the third quarter accounting for EUR 11.1 (17.1) million. EBIT, which was impacted in particular by the strong appreciation of the Swiss franc against the euro in the first quarter of 2015, amounted to EUR 0.1 (13.7) million in the first nine months of 2015. Due to weaker revenue streams in the third quarter, the earnings contribution for the period from July to September 2015 was in negative territory. When comparing these figures with the prior-year performance it should be noted that results in 2014 were influenced to a significant extent by two large-scale contracts.

Hug is working on several new projects, including the certification of retrofit solutions for off-road vehicles and SCR (Selective Catalytic Reduction) dosing systems for nitrogen oxide reduction, which were developed in response to the IMO exhaust emission regulations coming into force in 2016. This is complemented by development projects relating to construction machinery, stationary engines and exhaust gas reduction systems for large vessels powered by heavy fuel oil.

In total, earnings before interest and taxes (EBIT) within the Original Equipment segment fell to EUR 74.3 (91.0) million in the first nine months of 2015 as a result of the developments outlined above. In the third quarter, this segment contributed EBIT of EUR 21.7 (29.0) million.

SALES REVENUE BY SEGMENT JAN. – SEPT. 2015  
(prior year) in %



### Strong third quarter for Aftermarket business

The Aftermarket segment covers ElringKlinger's range of spare parts, consisting mainly of cylinder-head gaskets and complete gasket sets. Despite geopolitical tensions in some of the company's key markets, ElringKlinger further expanded its revenue over the course of the first nine months of 2015 to a figure of EUR 109.3 (97.3) million, which corresponds to growth of 12.3%. With sales standing at EUR 38.0 (31.3) million, the third quarter in particular saw above-average growth of 21.4%. In addition to recording solid growth, the ElringKlinger Group managed to extend its share of the market slightly in some regions – operating from a high base.

Business in the company's home market – Germany – continued to develop along satisfactory lines in the first nine months of 2015. The improved economic situation in Europe was reflected in buoyant growth within the region of Southern and Western Europe, where car owners finally went ahead with repairs that had often been postponed during the financial crisis. Despite the volatile situation in Russia and Ukraine, business in Eastern Europe and the Middle East produced above-average revenue growth, primarily in the third quarter. ElringKlinger has been benefiting from the larger proportion of German-made vehicles in these markets.

The Aftermarket segment also recorded significant growth rates in North America, albeit from a low base at present. The company is currently stepping up its efforts to further expand its spare parts business both in North America and Asia.

Segment earnings before interest and taxes rose by 12.8% to EUR 22.9 (20.3) million in the period from January to September 2015. After the first half of 2015 had remained largely unchanged year on year, the third quarter made an above-average contribution of EUR 9.3 (6.7) million to total earnings, particularly as a result of the improved geographical mix. When comparing this performance with that of the previous year, it should be noted that the prior-year figure had included costs attributable to the leading trade show for the aftermarket industry, a biennial event by the name of Automechanika.

### Engineered Plastics with slight revenue growth following acquisition of Polytetra

Within the Engineered Plastics segment, ElringKlinger develops and manufactures products made of the high-performance plastic PTFE (polytetrafluoroeth-

ylene), which are also supplied to industries not associated with the automotive sector. While business within the automotive industry was solid in the first nine months of 2015, sectors such as mechanical engineering or medical devices remained sluggish.

In the first nine months of 2015 the Engineered Plastics segment recorded revenue of EUR 73.3 (70.8) million, of which EUR 23.2 (23.5) million was attributable to the third quarter. The slight increase in revenue of 3.5% in the nine-month period was driven by Polytetra GmbH, an entity acquired as of October 1, 2014. Without the effects of consolidation, revenue would have been slightly down on the prior-year figure.

The Engineered Plastics segment is currently making efforts to put its business on a more international footing, which until now has been focused heavily on the German-speaking region. Having successfully completed market entry in China, ElringKlinger is currently pressing ahead with market penetration in the United States.

Measures aimed at international expansion produced expenses that had an impact on segment earnings. Earnings were also adversely affected by the lower-margin industry mix. Additionally, earnings were still diluted by the acquisition of Polytetra GmbH. In total, segment earnings before interest and taxes stood at EUR 9.4 (11.5) million in the first nine months of 2015. In the third quarter, the segment recorded earnings before interest and taxes of EUR 3.4 (4.7) million.

### Stable revenue contribution from Industrial Parks

In the period from January to September 2015, rental income from the industrial parks in Idstein/Germany and Kecskemét/Hungary amounted to EUR 3.3 (3.3) million. Segment earnings before interest and taxes stood at EUR 0.8 (0.4) million.

### Services business comparable to prior-year level

In the Services segment, Elring Klinger Motortechnik GmbH provides engineering and testing services for vehicle manufacturers and other automotive suppliers. Among other things, the company's range of services within this area includes SCR technology (Selective Catalytic Reduction) for the purpose of nitrogen oxide reduction as well as particle counting for diesel particulate filters. Additionally, ElringKlinger Logistic Service GmbH, which also operates in the Services segment, provides internal and external logistics services within the area of sorting and packing.

Revenue generated within the Services segment grew slightly to EUR 6.2 (6.1) million in the first nine months of 2015. Segment earnings before interest and taxes reached EUR 1.7 (1.7) million.

#### Headcount rises to above 7,700

Due to the significant increase in production output and the takeover of M&W, the overall headcount of the ElringKlinger Group rose sharply in the period under review. Staffing levels were expanded in particular within the Group's manufacturing units. As of September 30, 2015, ElringKlinger employed 7,733 (7,110) people worldwide. This corresponds to an increase of 8.8% or 623 people.

Compared to December 31, 2014 (7,255), this represents an expansion in personnel levels by 478 employees, i.e. 6.6%. At the end of September, 103 people were employed at M&W. Without this acquisition, the overall increase in the number of employees would have been just 5.2% compared to the figure at the end of 2014. Thus, the increase in personnel was in line with the level of organic revenue growth within the ElringKlinger Group in the first nine months (5.3%).

The company's foreign subsidiaries again accounted for the most extensive recruitment drive, led in particular by Redcar/UK, Toluca/Mexico, Changchun/China and Buford/USA. Staffing levels also had to be expanded significantly at the Swiss site operated by ElringKlinger Abschirmtechnik in Sevelen.

By contrast, the headcount at the Brazilian plant in Piracicaba was reduced in response to sluggish market conditions. The same applied to the Swiss subsidiary Hug.

As of September 30, 2015, the number of people employed abroad rose to 4,312 (3,808) in total. Therefore, the non-domestic headcount increased to 55.8% (53.6%). Correspondingly, the overall proportion of people employed in Germany fell to 44.2% (46.4%). The domestic sites operated by the Group had a total headcount of 3,421 (3,302).

#### Higher exceptional charges exert pressure on gross profit margin

Due to the adverse factors outlined above, the Group failed to emulate last year's solid earnings performance in the first nine months of 2015. The significant

rise in demand within specific divisions in the Original Equipment segment in particular drove the cost base up by around EUR 12 million in the third quarter.

This mainly impacted on the cost of sales, which rose faster than revenue in the first nine months of 2015, up by 17.3% to EUR 833.2 (710.6) million. The gross profit margin fell accordingly to 25.4% (27.9%). At 25.0%, the third-quarter margin was also down year on year (27.9%).

As regards materials used by ElringKlinger, the price of aluminum in particular trended upwards during the period under review. Prices for polyamide granules remained largely stable, whereas alloy surcharges payable for high-grade steels were slightly higher year on year in the first nine months of 2015.

The staff profit-sharing bonus of EUR 1,600 (1,450) per employee for members of the ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH and ElringKlinger Motortechnik GmbH workforce, as agreed for the financial year 2014, resulted in additional expenses of EUR 5.6 (4.7) million, which were mainly attributable to the cost of sales. Furthermore, the wage increase of 2.2% that came into effect on May 1, 2014, as well as the one-off payment in March 2015 of EUR 150 per person and a further collective wage increase by 3.4% as of April 1, 2015, for Group personnel employed in Germany under collective agreements prompted a rise in staff costs. In total, this produced additional staff costs of around EUR 6 million when compared to the level recorded in the same period a year ago. These additional costs were largely offset by improved efficiency levels in production.

#### Research and development expense remains above industry average

In the first nine months of 2015, ElringKlinger expanded its spending on research and development (R&D) to EUR 46.7 (43.2) million. Additionally, an amount of EUR 5.3 (5.9) million was capitalized over the same period. In parallel, systematic depreciation/amortization totaled EUR 5.7 (4.7) million. Therefore, capitalization had no significant impact on earnings. Having accounted for capitalized R&D costs, the R&D ratio fell to 4.7% (5.0%) as a result of the significant increase in revenue. Having said that, this figure remains above the industry average.

The ElringKlinger Group received a total of EUR 4.5 (4.7) million in government grants for ongoing research and development projects in the period from January to September 2015, which included projects relating to lightweight engineering and e-mobility. In parallel, the company incurred expenses at a comparable level for development work and prototyping.

Alongside new solutions and applications in the area of cylinder-head and specialty gaskets, the focus of research and development in the first nine months was on refining lightweight components made of plastics or organo-plastics. Additionally, ElringKlinger worked on concepts that combine lightweight metal parts with injection-molded components. In the area of Shielding Technology, the emphasis of development projects was on innovative concepts regarding materials used in thermal-acoustic shielding parts. The E-Mobility division focused on the development of additional battery components such as cell housing covers for lithium-ion batteries as well as research within the area of fuel cell technology.

In the first nine months of 2015, selling expenses rose by 19.2% to EUR 81.4 (68.3) million. Of this total, an amount of EUR 28.7 (23.5) million was attributable to the third quarter. The year-on-year increase was due in part to the additional costs outlined above, which include unscheduled deliveries and freight movements.

General and administrative expenses increased by EUR 9.6 million to EUR 53.1 (43.5) million in the first nine months of 2015. A sizeable proportion of this increase is attributable to the additional expenses that were incurred in the first quarter as a result of the M&W acquisition. A total of EUR 16.8 (14.9) million in general and administrative expenses was recorded in the third quarter. This corresponds to 4.6% of sales revenue, unchanged year on year.

Other operating income rose to EUR 13.1 (9.9) million in the first nine months of 2015. The third quarter accounted for the largest proportion of this year-on-year increase (EUR 6.5 million). Among other items, this includes the one-off payment received from an insurer, which was counterbalanced by corresponding expenses accounted for in the cost of sales.

### EBITDA falls to EUR 173 million

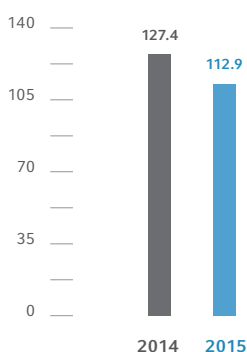
The ElringKlinger Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 172.6 (182.2) million in the first nine months of 2015. Of this total, an amount of EUR 56.7 (60.7) million was attributable to the third quarter. As a result of more extensive investment spending by the Group, depreciation and amortization rose to EUR 63.6 (57.3) million in the first nine months and to EUR 21.4 (19.5) million in the third quarter. This includes the negative effects of purchase price allocation, which totaled EUR 3.9 million in the first three quarters. In the third quarter, the purchase price allocation amounted to EUR 1.3 million.

### Adjusted EBIT margin of 10% before purchase price allocation

Earnings before interest and taxes (EBIT) fell to EUR 109.0 (124.8) million in the period from January to September. In the third quarter of 2015, Group EBIT amounted to EUR 35.4 (41.2) million. Before purchase price allocation, adjusted EBIT stood at EUR 112.9 (127.4) million in the first nine months of 2015 and at EUR 36.7 (42.1) million in the third quarter.

As anticipated on the basis of developments in the first half of the financial year, business in the Original Equipment segment has continued to be driven by high levels of capacity utilization. The decline in the Group's adjusted EBIT margin to 10.1% (12.9%) before purchase price allocation was attributable largely to the additional costs of around EUR 21 million associated with more expansive business in the first nine months of 2015. The third quarter accounted for around EUR 12 million in exceptional charges. In this period, the ElringKlinger Group achieved an adjusted EBIT margin of 10.0% (12.9%) before purchase price allocation.

EBIT\* JAN. – SEPT.  
in € million



\* Adjusted for non-recurring items, pre purchase price allocation

Business within the area of E-Mobility remained sluggish in the first nine months of 2015, which also had a dilutive effect on the EBIT margin (equivalent to around 0.4 percentage points). Additionally, the most recent acquisitions still fell short of the Group level; this also diluted the Group's EBIT margin by around 0.4 percentage points.

The figure posted for the same period a year ago had included an exceptionally large earnings contribution from the Exhaust Gas Purification division (Hug), which was due to billings relating to two major contracts in the preceding year.

#### Higher foreign exchange losses impact on net finance costs

Having recorded significant net foreign exchange gains of EUR 6.5 (0.1) million in the first quarter of 2015 as a result of the weak euro, the ElringKlinger Group was faced with lower currency-related gains in the subsequent quarters. In fact, the third quarter saw a marked increase in foreign exchange losses. The net result of foreign exchange gains and losses in the third quarter alone fell by EUR 9.2 million year on year and thus stood at EUR -2.4 (6.8) million. As regards the first nine months of 2015, that corresponds to a decline of EUR 7.3 million to EUR 0.7 (8.0) million. At EUR 9.3 (9.0) million, net interest costs were slightly higher than in the same period a year ago.

Overall, net finance costs rose to EUR 8.6 (1.0) million in the first nine months of 2015. The third quarter accounted for net finance costs of EUR 5.6 (net finance income 3.7) million.

The ElringKlinger Group thus achieved earnings before taxes of EUR 100.5 (123.8) million in the first nine months of 2015 and EUR 29.8 (44.9) million in the third quarter of 2015.

As a result of the fall in pre-tax profit, tax expenses declined by 8.1% to EUR 28.5 (31.0) million in the first nine months of 2015 and by 18.0% to EUR 9.1 (11.1) million in the third quarter. Due to the reduction in earnings contributions from subsidiaries in countries with a lower tax rate, particularly in the second and third quarter, the Group tax rate rose to 28.4% (25.0%) in the first nine months of 2015 and to 30.5% (24.7%) in the third quarter.

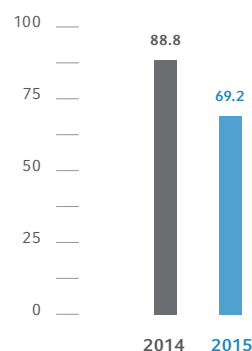
#### Net income at EUR 72 million

At EUR 20.7 (33.8) million, net income generated by the ElringKlinger Group remained down on the prior-year figure in the third quarter of 2015, having been impacted by the adverse factors outlined above. Net income for the first three quarters of 2015 totaled EUR 71.9 (92.8) million.

Net income attributable to non-controlling interests fell to EUR 2.8 (4.0) million in the first nine months of 2015 due to the smaller earnings contribution made by the Hug Group and by ElringKlinger Kunststofftechnik GmbH. Correspondingly, net income attributable to the shareholders of ElringKlinger AG stood at EUR 69.2 (88.8) million. In the third quarter of 2015, net income attributable to the shareholders of ElringKlinger AG amounted to EUR 20.0 (32.4) million.

On this basis, earnings per share stood at EUR 1.09 (1.40) in the period from January to September 2015 and at EUR 0.32 (0.51) in the third quarter. As of September 30, 2015, the number of shares outstanding that were entitled to a dividend remained unchanged at 63,359,990.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS  
OF ELRINGKLINGER AG JAN. – SEPT.  
in € million



## Financial Position and Cash Flows

The ElringKlinger Group remained solid with regard to its financial position and cash flows, recording an equity ratio of 46.7% and positive operating cash flow of EUR 91.6 million as of September 30, 2015.

### Investment spending and M&A activities reflected in balance sheet total

Total assets were up as of September 30, 2015, reaching a figure of EUR 1,757.4 million at the end of the reporting period. The 12.7% expansion compared to December 31, 2014, (EUR 1,558.8 million) was attributable to a growth-induced increase in property, plant and equipment and working capital as well as the first-time consolidation of the recently acquired US-based entity M&W (now: ElringKlinger Automotive Manufacturing, Inc.) in the first quarter of 2015.

Overall, the depreciation of the euro against key currencies of relevance to the Group had an accretive effect on the Group's balance sheet in the first quarter of 2015. Although this trend was reversed in the second and third quarter, these counteracting effects were not sufficiently pronounced to offset fully the factors that had influenced the first quarter. As of September 30, 2015, total assets were comparable to the balance recorded at the end of the first half.

The inclusion of M&W in the scope of consolidation of the ElringKlinger Group prompted an expansion in total assets by EUR 38.1 million in total in the first quarter of 2015. Of this total, the largest part was attributable to intangible assets. This item included derived goodwill of EUR 17.1 million as well as the purchase price allocation of EUR 8.0 million. The detailed implications of the M&W acquisition with regard to the Group statement of financial position have been outlined in the Notes (cf. "Notes", page 34 et seqq.)

As a consequence, intangible assets were up considerably as of September 30, 2015, when compared with the figure posted on December 31, 2014, rising by EUR 27.2 million to EUR 212.5 million.

The substantial investments made by the ElringKlinger Group during the first nine months of 2015 prompted an expansion in property, plant and equipment by EUR 84.3 million to EUR 792.3 million. In total, EUR 13.3 million of the difference was attributable to the third quarter of 2015.

### Working capital stable for two quarters in succession

Overall, capital tied up in inventories and trade receivables has remained stable since the end of the first quarter (EUR 622.3 million). As of September 30, 2015, inventories and trade receivables totaled EUR 624.1 million, compared to EUR 620.8 million at the end of the first half.

However, these two items were up markedly on the figure recorded at the end of 2014 (EUR 535.2 million). Inventories expanded by EUR 48.3 million to EUR 338.4 million, while trade receivables increased by EUR 40.6 million to EUR 285.7 million. This was mainly attributable to the usual seasonal increase at the beginning of the year as well as the acquisition-specific increase in these items following the first-time consolidation of M&W. The latter accounted for an increase of EUR 4.8 million in inventories and EUR 4.5 million in trade receivables.

The accretive effect of currency translation as of March 31, 2015, was reversed in the second and third quarter. Compared to the figure at year-end 2014, the currency-related increase in inventories and trade receivables as of September 30, 2015, stood at just EUR 4.4 million and EUR 3.5 million respectively.

## CURRENT AND NON-CURRENT ASSETS

<i>EUR million</i>	Sept. 30, 2015	June 30, 2015	Dec. 31, 2014
Intangible assets	212.5	218.1	185.3
Property, plant and equipment	792.3	779.0	708.0
Other	27.6	30.5	30.4
<b>Non-current assets</b>	<b>1,032.4</b>	<b>1,027.6</b>	<b>923.7</b>
Inventories	338.4	333.2	290.1
Trade receivables	285.7	287.6	245.1
Other	100.9	117.1	100.0
<b>Current assets</b>	<b>725.0</b>	<b>737.9</b>	<b>635.2</b>
<b>Total assets</b>	<b>1,757.4</b>	<b>1,765.6</b>	<b>1,558.8</b>

### Further growth in equity despite dividend payment and acquisition

As of September 30, 2015, Group equity was up by 6.0% to EUR 821.5 million compared to the figure recorded as of December 31, 2014 (EUR 775.2 million).

This was attributable primarily to the Group's net income for the first nine months of 2015, which totaled EUR 71.9 million and was accounted for in revenue reserves. They amounted to EUR 606.5 million as of September 30, up EUR 34.3 million on the figure posted at the end of 2014. Contrary to this, the dividend payment to shareholders of ElringKlinger AG, totaling EUR 34.8 (31.7) million, had reduced equity in the second quarter of 2015.

Other reserves include foreign exchange translation differences. As of September 30, 2015, the latter resulted in a reduction of this item to EUR 1.2 million when compared to the figure recorded at the end of the first half (EUR 28.2 million).

The equity ratio fell to 46.7%, down from a ratio of 49.7% recorded on December 31, 2014. Thus, the equity ratio remained well above the Group's minimum target of 40%.

### Growth-induced increase in financial liabilities

The Group's financing requirements were covered largely by cash flow from operating activities and beyond that by bank borrowings and other loans.

Compared to the end of 2014 (EUR 417.0 million), current and non-current financial liabilities rose to EUR 521.9 million in total as of September 30, 2015. Alongside the purchase consideration payable for the above-mentioned acquisition of M&W in the first quarter of 2015 and interim financing of the dividend payment in the second quarter, the new funds taken on by ElringKlinger were attributable to the Group's structural growth. Compared to the end of the first half of 2015 (EUR 517.2 million), total financial liabilities remained largely unchanged. In response to the favorable interest rates currently available for long-term loans, ElringKlinger restructured some of its short-term loans in favor of longer-term contracts during the third quarter of 2015.

As of September 30, the Group's net debt (non-current and current financial liabilities less cash) totaled EUR 461.0 million, compared to EUR 348.3 million as of December 31, 2014.

Trade payables stood at EUR 92.8 million at the end of the reporting period, up from EUR 68.8 million at year-end 2014. Compared to June 30, 2015, this item remained stable to a large extent.

The other current and non-current liabilities were virtually unchanged compared to December 31, 2014.

Overall, the share of liabilities in total equity and liabilities was higher at 53.3%, compared to 50.3% at the end of 2014.

## CURRENT AND NON-CURRENT LIABILITIES

<i>EUR million</i>	Sept. 30, 2015	June 30, 2015	Dec. 31, 2014
Provisions for pensions	127.0	126.9	124.1
Non-current financial liabilities	338.7	300.3	268.5
Other	44.0	50.0	46.8
<b>Non-current liabilities</b>	<b>509.7</b>	<b>477.2</b>	<b>439.4</b>
Trade payables	92.8	97.2	68.8
Current financial liabilities	183.2	216.9	148.5
Other	150.2	143.9	126.9
<b>Current liabilities</b>	<b>426.2</b>	<b>458.0</b>	<b>344.2</b>

**Cash flow from operating activities at EUR 92 million**

In the first nine months of 2015, the ElringKlinger Group generated net cash from operating activities of EUR 91.6 (97.2) million. The year-on-year decline was attributable to the lower contribution made by net income, down by EUR 23.4 million. Despite this, operating cash flow was just EUR 5.6 million down on the figure posted for the same period a year ago.

This was due first and foremost to lower additional absorption of funds in working capital. In total, the change in inventories, trade receivables and other assets not attributable to investing or financing activities and the change in trade payables and other liabilities not attributable to investing or financing activities produced a cash outflow of EUR 40.7 (46.7) million in the first nine months of the financial year.

Depreciation and amortization (less write-ups) of non-current assets are taken into account for the purpose of determining operating cash flow. Due to the increase in assets, particularly property, plant and equipment, depreciation/amortization rose to EUR 63.6 (57.3) million in the period from January to September 2015.

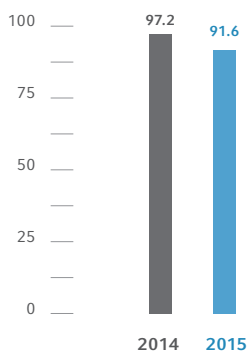
In the third quarter of 2015, too, net cash from operating activities was down on the prior-year figure, thus mirroring the decline in net income. Despite this situation, it improved quarter on quarter in 2015 and totaled EUR 32.7 (42.1) million in the third quarter of 2015.

The item classified as “other non-cash expenses and income” mainly includes eliminations relating to currency translation. The first quarter had seen the elimi-

nation of substantial net non-cash income (EUR 14.2 million). The two subsequent quarters developed in the opposite direction. After the first nine months, the net result was income of EUR 2.9 million.

There was no significant impact from other items used in indirectly calculating operating cash flow.

## NET CASH FROM OPERATING ACTIVITIES JAN. – SEPT.

*in € million***Cash outflow for investments dominated by capacity expansion**

In the first nine months of 2015, the ElringKlinger Group expended EUR 124.6 (93.4) million on property, plant and equipment as well as investment property. Of this total, an amount of EUR 48.7 (42.1) million was attributable to the third quarter. The investment ratio (investments in relation to Group revenue) was 11.2% (9.5%) in the first nine months of 2015. Thus, it slightly exceeded the target corridor of 7 to 9%.



The aforementioned deviation is mainly the result of investments made to a larger extent from the second quarter of 2015 onward for the purpose of expanding the Group's production capacity. Capital expenditure within this area became necessary in order to respond to a disproportionately large increase in demand with-in some areas of business in the year to date.

The regional focus of these investments was on Europe and Asia. In this context, the majority of investment spending (EUR 106.5 million) was directed at the Original Equipment segment.

The German sites operated by the parent company ElringKlinger AG have seen a number of additions to their plant and equipment in the financial year 2015 to date. In the third quarter of 2015, for instance, production floorspace was increased and a Metaloseal

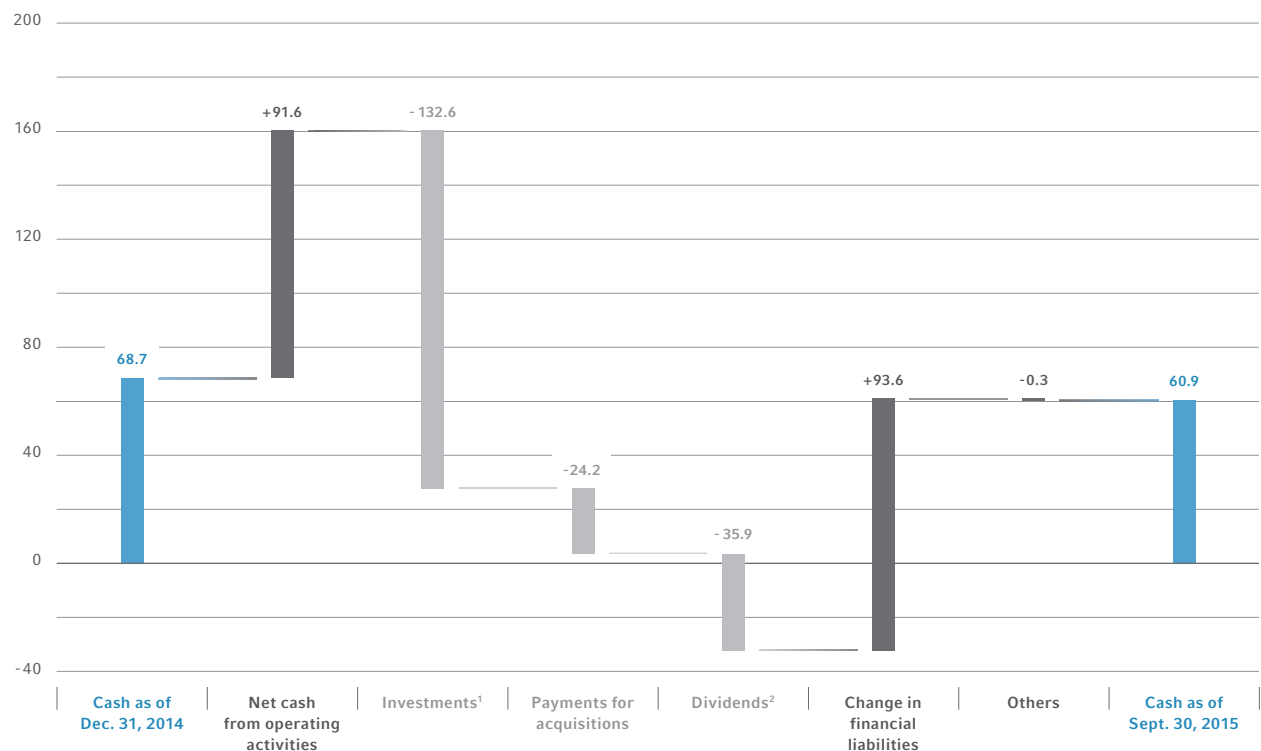
coating machine was installed in order to expand existing capacity levels in the area of Specialty Gaskets. In the same period, the Shielding Technology division installed a forming press at its Langenzenn facility.

In Germany, other investments made during the period from January to September 2015 were attributable to the Engineered Plastics and Services segments. At the service provider ElringKlinger Logistic Service GmbH, Ergenzingen, additional funds were channeled into the construction of a warehouse, a new administration building and a production facility during the third quarter of 2015.

Since the second quarter of 2015, ElringKlinger Abschirmtechnik (Schweiz) AG, Sevelen/Switzerland, has been investing to a larger extent in capacity expansion by installing new production lines.

#### CHANGES IN CASH JAN. – SEPT. 2015

in € million



<sup>1</sup> Investments in property, plant and equipment, investment property and intangible assets

<sup>2</sup> Dividends paid to shareholders and to non-controlling interests

The Chinese subsidiaries accounted for a sizeable proportion of capital expenditure in the third quarter of 2015. In Suzhou/China, construction work on a new plant continued in the period from July to September 2015, complemented by the installation of additional production machinery. Presses and assembly lines for the production of cylinder-head and specialty gaskets were bought for the plant in Changchun.

In North America, meanwhile, funds were channeled into a highly automated servo press at M&W, Warren/USA, an enterprise acquired in February; this press is used in the production of control plates for automatic transmission units. During the first half of the year the plant operated by ElringKlinger Canada Ltd., Leamington, installed production lines for the ramp-up of lightweight components manufactured on the basis of polymer-metal hybrid technology.

In the first quarter of 2015, the purchase consideration for the above-mentioned acquisition of M&W had resulted in outflows for the purchase of subsidiaries – less cash – of EUR 24.2 (2.0) million.

In total, net cash used in investing activities amounted to EUR 156.1 (106.5) million in the first nine months of 2015. Operating free cash flow (cash flow from operat-

ing activities less cash flow from investing activities, adjusted for payments in respect of acquisitions) amounted to EUR -40.3 (-7.3) million. Of this amount, operating free cash flow totaling EUR -18.0 (-2.8) million was attributable to the third quarter of 2015.

### Slight increase in financial liabilities in Q3

In the first nine months of 2015, the ElringKlinger Group took on net financial liabilities of EUR 93.6 (39.3) million. External funds were required primarily in the first half of 2015 and were used – in addition to covering investing activities – for the purchase price payment in respect of the US entity M&W as well as for the dividend payment. In the third quarter, the Group recorded a cash inflow of EUR 9.4 (5.7) million from the change in financial liabilities. During this period, a payment of EUR 4.2 (0) million was made for the purpose of acquiring a further 3% of the ownership interests in subsidiary company ElringKlinger Kunststofftechnik GmbH. In the period from July to September 2015 cash and cash equivalents fell by EUR 13.7 million.

At the end of the first nine months of 2015, cash and cash equivalents held by the Group amounted to EUR 60.9 (63.5) million, compared to EUR 68.7 million at the end of the 2014 financial year.

## Opportunities and Risks

As regards the assessment of opportunities and risks for the ElringKlinger Group in respect of the third quarter of 2015, there were no fundamental changes to the details discussed in the 2014 Annual Report of the ElringKlinger Group (page 90 et seq.).

There are currently no identifiable risks that might jeopardize the future existence of the Group as a going concern, either in isolation or in conjunction with other risk factors.

In September 2015, reports emerged that the Volkswagen Group had manipulated emissions tests in its diesel-powered vehicles. As a result of these developments, operational risks, and in particular price-related pressures and customer-specific risk, have become more prominent. The impact on the automobile industry – both car makers and automotive suppliers – cannot be fully

gauged at this moment in time. As regards sales volumes within the global automobile market, ElringKlinger currently anticipates a shift in demand at the very most, rather than a severe downturn in demand. Based on this scenario, no significant repercussions are expected for the Group as a whole. ElringKlinger has been steadily broadening its customer base in recent years in order to reduce its dependence on individual customers, also with regard to pricing-related pressure. In this context, the customer contributing the single largest share of sales accounted for 10.4% of Group revenue in the 2014 financial year.

The report on opportunities and risks from the 2014 Annual Report can be accessed on the website of ElringKlinger at [www.elringklinger.de/ar2014/report-on-opportunities-and-risks](http://www.elringklinger.de/ar2014/report-on-opportunities-and-risks).

# Outlook

## Outlook – Market and Sector

According to recent projections by the International Monetary Fund (IMF), the global economy is expected to grow by 3.1% in 2015, which is slightly less (previously: 3.3%) than originally predicted. Buoyed by a favorable outlook for the industrialized nations, however, the world economy as a whole is likely to maintain its forward momentum. Expectations have been dampened somewhat by concerns over the direction taken by the emerging markets, which have been struggling in the wake of low commodity prices and a slowdown in China's economy.

### Outlook for the USA and Europe remains positive

The eurozone economy is expected to maintain a pattern of growth, although it may slacken in terms of its overall rate of expansion as a result of weaker demand from the emerging countries. The forecast for Germany's economy remains favorable. While the tailwind produced by the emerging economies is expected to subside, the domestic economy and the highly competitive nature of German products within the international arena – together with a low euro – are likely to provide sustained impetus.

Based on current projections, the US economy is expected to remain buoyant despite the downside risks associated with a strong dollar and the possibility of waning overseas demand. For the time being, therefore, the world's leading economic power is likely to

remain an engine for the world economy even after the anticipated reversal in interest rates.

### Business barometer buffeted by emerging economies – China in transition to an economy driven by normal levels of growth

By contrast, the oil-exporting nations and, in particular, the economies of Latin America are expected to remain on a downward path. Growth forecasts for China, one of the world's economic heavyweights, have recently been revised downward slightly. With Beijing looking to transform the country's economy into one driven by domestic demand and consumption rather than exports, China is expected to see a more normal trajectory of growth. Japan's economy is recovering only slowly following the blow suffered by a hike in sales tax back in 2014.

### Sluggish growth in global vehicle market

The global automobile market is likely to end 2015 at a slightly higher level. On the back of strong growth in the year to date, Europe's car markets are expected to maintain their forward momentum in the fourth quarter. At the same time, the positive trend seen in the United States is likely to continue. By contrast, the Chinese vehicle market can look forward, at best, to a moderate increase in the number of new registrations. According to the latest estimates by industry analysts, the global car market will expand by one to two percent in 2015. The potential repercussions of the VW emissions scandal that surfaced in September 2015 cannot be fully gauged at this moment in time. However, the overall impact on the global car market should be relatively small (cf. "Opportunities and Risks", page 16).

## GDP GROWTH PROJECTIONS

Year-on-year change in %	2014	Projections 2015	Projections 2016
World	3.4	3.1	3.6
Germany	1.6	1.5	1.6
Eurozone	0.9	1.5	1.6
USA	2.4	2.6	2.8
Brazil	0.1	-3.0	-1.0
China	7.3	6.8	6.3
India	7.3	7.3	7.5
Japan	-0.1	0.6	1.0

Source: IMF (October 2015)

As regards global automobile production, the ElringKlinger Group also anticipates growth by a percentage figure at the lower end of the single-digit range for 2015.

#### **Car sales in Europe pick up speed – USA on track for top-level growth**

The European vehicle market gained momentum in the first nine months of 2015 and managed to exceed original expectations. Against this backdrop, market analysts have now revised upward their forecasts for 2015 as a whole to as much as 8%. Homing in on a target of approx. 13 million new registrations, however, car sales will still fall short of the record-breaking figure of around 16 million vehicles seen in 2007. Looking at the top five markets, new car registrations in Germany were below average. By contrast, production output by domestic car makers has been buoyed by growing demand from Western Europe. ElringKlinger anticipates that the Western European car market will see sales expand at a percentage rate in the mid-single digit range in 2015.

The US auto industry, meanwhile, is on track for its highest sales in years. Consumer sentiment is positive and the focus is mainly on powerful SUVs. On the back of 16.4 million light vehicles sold in 2014, car sales in 2015 are on track to exceed the mark of 17 million units by a significant margin. On this basis, ElringKlinger anticipates percentage growth in the mid-single digit range.

By contrast, there is no end in sight when it comes to languishing vehicle sales in South America – particularly in Brazil – and Russia. Registering double-digit losses, these markets will remain on a downward trajectory in 2015, having already declined in the year before.

#### **Slow-down in China**

The year 2015 will mark the turning point for the Chinese vehicle market as it evolves from a high-growth market to one performing at more moderate levels. After a dramatic loss in momentum towards mid-2015

industry experts now predict slight growth for the annual period as a whole. Announced in September and implemented on October 1, 2015, the extensive tax breaks for small vehicles have recently provided fresh impetus. Based on the high level now reached in absolute terms, the world's biggest car market continues to see substantial unit sales despite the lower rates of growth. For 2015, ElringKlinger anticipates that Chinese car sales will expand at a percentage rate in the low single-digit figures.

Car sales in India should remain on track for moderate growth in 2015 as a whole. Japan, by contrast, will end 2015 in negative territory as regards the number of newly registered cars.

#### **Commercial vehicle markets: upturn in Europe, US sales remain at full throttle**

Driven by Europe's economic upturn, the commercial vehicle markets have been more buoyant since the beginning of 2015. Performing better than originally expected, many countries in this region can look forward to double-digit growth rates at the end of 2015.

The United States will remain the second regional heavyweight when it comes to growth within the commercial vehicle industry. After a surge of 15% in 2014, the rate of expansion in the US looks set to decelerate only slightly in 2015.

The prospects for Brazil's truck market are far less favorable in terms of the future pattern of demand for trucks. Due to the persistently weak performance there, sales figures within the commercial vehicle sector are likely to decline even further in 2015.

ElringKlinger benefits directly from an increase in truck production output in the established markets. Following the introduction of Euro VI models in 2014, revenue per vehicle tends to be higher due to additional sales associated with lightweight plastic housing modules. With this in mind, ElringKlinger anticipates that business relating to truck components will produce above-average growth rates in the coming years.

## Outlook – Company

### Weaker order intake due to forex effects

ElringKlinger expects to record further organic growth in 2015 and 2016. This target is underpinned by solid order books.

In the third quarter of 2015, order intake stood at EUR 336.6 (330.3) million, i. e. 1.9% up on the figure recorded in the same quarter a year ago. Having said that, order intake fell markedly when compared to the particularly buoyant first two quarters in 2015 (Q1: EUR 414.0 million, Q2: EUR 435.1 million). Eliminating incoming orders attributable to the acquisition of M&W, order intake in the third quarter of 2015 would have been slightly lower than in the same period a year ago. However, it should be noted that the negative effects of foreign exchange rates exerted downward pressure on order intake due to the slight appreciation of the euro as of September 30, 2015. In the first half of 2015, by contrast, order intake had been buoyed by foreign exchange rates. In organic terms, i. e. without the effects of foreign exchange rates and acquisitions, order intake would have been up by a much more pronounced rate of 5.8% in the third quarter of 2015.

As of September 30, 2015, order backlog amounted to EUR 756.7 (651.9) million, i. e. 16.1% up on the figure recorded for the same period a year ago.

### Integration of former M&W on track – Performance of acquired entities

The US entity M&W (now trading as ElringKlinger Automotive Manufacturing Inc.) acquired in February 2015 is to be fully integrated into the ElringKlinger Group by the end of 2015. During the third quarter, its IT structures were successfully incorporated into ElringKlinger's systems. The coming months will see further improvements to existing structures and processes, which will also include bringing together the two production sites in Michigan/USA at a new facility. M&W will contribute around EUR 30 million to Group revenue in fiscal 2015 as a whole. Its EBIT margin before purchase price allocation will be at the higher end of the single-digit percentage range. As a result, the Group's EBIT margin will still be slightly diluted.

Full consolidation of the Japanese subsidiary ElringKlinger Marusan Corporation will also have a slightly dilutive effect on the Group EBIT margin in 2015.

The entities Polytetra GmbH and new enerday GmbH acquired in the second half of 2014 will have no significant influence on Group EBIT.

### E-Mobility still impacted by sluggish demand

Against the background of persistently weak demand for all-electric cars and plug-in hybrids, production lines within the E-Mobility division remain underutilized. With fuel prices remaining low, there is no particular incentive for consumers to buy such vehicles. As a result of this situation, ElringKlinger sees no signs of a short-term improvement in this division. The company is addressing the issue by streamlining its cost structures. Depending on demand patterns, the E-Mobility division will continue to exert downward pressure on the Group's EBIT margin in 2015.

### Commodity prices predominantly stable

Prices for the majority of materials used by ElringKlinger remained stable or trended lower in the first nine months. Declining oil prices failed to impact fully on purchasing prices for polyamide granules required by the Plastic Housing Modules/Elastomer Technology division. The latter are likely to remain stable over the remainder of fiscal 2015. Likewise, prices relating to alloy surcharges for high-grade steels are not expected to change significantly in the final quarter of 2015. As regards aluminum and the associated processing prices, ElringKlinger has already secured favorable terms for some of the volumes it requires for 2016.

### 2015: investments in property, plant and equipment expected to reach EUR 145 to 155 million

The surge in demand in specific divisions meant that the sites in question had to operate well beyond their upper capacity limits in the first nine months of the year. ElringKlinger has been expanding its production capacity in order to reduce extra shifts and unscheduled freight movements. With this in mind, the company anticipates that its investment volume will

be relatively high at EUR 145 to 155 million in fiscal 2015 as a whole. Against this backdrop, ElringKlinger is not expected to generate positive operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions) in 2015.

**Outlook 2015: adjusted EBIT before purchase price allocation expected to be between EUR 135 and 145 million**

ElringKlinger anticipates that global automobile production in 2015 will expand by a percentage figure at the lower end of the single-digit range. The European markets as a whole should develop better than originally anticipated, whereas the Chinese market is expected to slacken slightly.

Against this backdrop, ElringKlinger is targeting organic revenue growth of 5 to 7% for fiscal 2015 as a whole. Additionally, the consolidation of M&W will contribute around EUR 30 million to Group revenue.

As anticipated on the basis of developments in the first half of the 2015 financial year, business in the Original Equipment segment was still driven by high levels of capacity utilization in the third quarter. Individual divisions within this segment again recorded a sustained surge in demand. The thus resulting additional costs, e.g. for extra shifts and additional

freight movements, had an adverse effect on the Group's cost base equivalent to EUR 21 million in the first nine months of 2015. Measures already initiated for the purpose of improving the company's cost structures have yet to take full effect. With this in mind, ElringKlinger no longer expects to achieve its original forecast for the current financial year. In response, the company revised downwards its outlook as early as September 2015.

ElringKlinger is expected to incur additional exceptional charges of EUR 8 to 18 million in the fourth quarter of 2015 due to the high levels of capacity utilization in specific divisions. Against this backdrop, EBIT adjusted for non-recurring items and before purchase price allocation is expected to be within a corridor of EUR 135 to 145 million (previous target: around EUR 165 million) in the 2015 financial year. At present, ElringKlinger anticipates that earnings performance will improve in 2016. Exceptional charges are also likely to be incurred in the coming financial year, but to a much lesser extent than in 2015.

The special charges outlined above, earnings contributions from acquired entities that are as yet below the Group average and sluggish demand in the E-Mobility division will have a dampening effect on the Group's EBIT margin.

## Events after the Reporting Period

No significant events requiring disclosure occurred after the reporting period.

Dettingen/Erms, November 9, 2015  
The Management Board



Dr. Stefan Wolf  
Chairman/CEO



Theo Becker



Karl Schmauder

# ElringKlinger and the Capital Markets

## Stock markets trend downwards – Pressure from various factors in Q3 2015

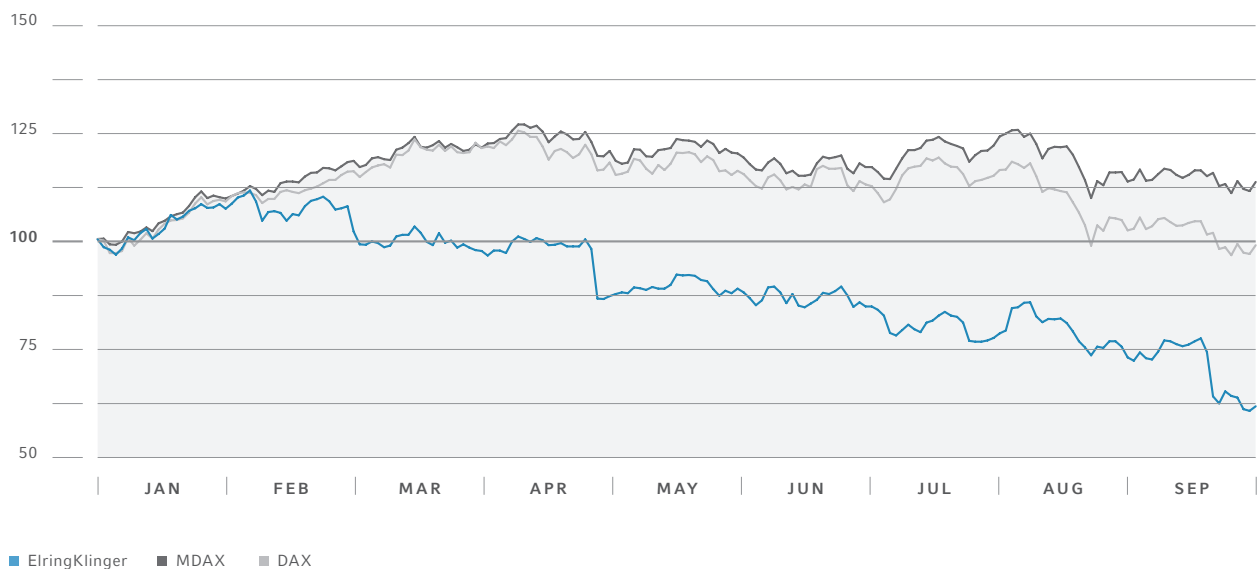
Stock markets were exposed to the effects of see-saw movements over the course of the third quarter of 2015. The Volkswagen emissions scandal, the unexpected depreciation of the yuan and weak economic data in China led to significant losses within the global equity markets. The respite provided by a bailout package agreed for Greece, the reduction in interest rates by the Chinese central bank and robust economic data in the eurozone and the United States was only of a temporary nature.

The third quarter of 2015 proved turbulent for the DAX. Overall, its performance moved into negative territory. After a last-minute agreement on a third financial aid program for Greece had produced fresh

impetus in July, the German blue-chip index fell below the mark of 10,000 points again in August – for the first time since January – amid concerns over the direction taken by China's economy. In September, the Volkswagen incident weighed heavily on the DAX. Stock associated with vehicle manufacturing and the automotive supply industry came under particular pressure as a result of the factors outlined above.

Against this backdrop, gains made by the DAX during the first half of the year were reversed in full and on September 30, 2015, the index closed at 9,660 points. This corresponded to a fall by 11.7 percentage points in the third quarter of 2015. By contrast, Germany's mid-cap indices proved slightly more robust, with the MDAX losing just 1.7% during the same period.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JANUARY 1, 2015  
compared with MDAX and DAX



## ElringKlinger shares at EUR 17.20 as of September 30, 2015

Having gained 22.8% towards the end of 2014 and 11.8% at the beginning of 2015, ElringKlinger shares reached a year-to-date high of EUR 32.18 in February 2015. Profit-taking following the announcement of the company's preliminary results for the 2014 financial year exerted downward pressure on ElringKlinger's

share price. The preliminary figures for the first quarter of 2015, together with the adjusted outlook for fiscal 2015, prompted a further downturn in the company's share price towards the end of April. Trading within an environment generally dominated by market consolidation, ElringKlinger's stock failed to make any decisive moves in the subsequent months.

In July, the company's share price rose slightly in line with the overall market trend before eventually losing ground again in August as the outlook for China's economy became bleaker. In September, a further adjustment to ElringKlinger's earnings forecast for the 2015 financial year saw a double-digit percentage fall in the company's stock. This coincided with reports of manipulated emissions tests at Volkswagen, which subsequently also exerted downward pressure on ElringKlinger's share price – a plight shared by the entire automotive sector in Germany.

Overall, ElringKlinger shares lost 28.7% in value during the third quarter of 2015. However, the company's share price recovered slightly at the beginning of October, climbing to a level of almost EUR 19 towards the middle of the month.

#### Trading volume almost doubled year on year

The average volume of ElringKlinger shares traded per day rose substantially in the first nine months of 2015. Compared to the same period a year ago, the stock's trading volume rose by 91.4% to 198,700 (103,800) units.

Expressed in euros, the average daily trading value of ElringKlinger shares on German stock exchanges increased by a sizeable 75.9% to EUR 5.1 (2.9) million. Despite the low freefloat of 49.0% when compared to the MDAX average (67.9%), ElringKlinger's stock thus also offers sufficiently high levels of

liquidity for institutional investors to conduct larger share transactions.

#### Capital market communications driven by IAA

ElringKlinger's Investor Relations team welcomed a number of guests to the company's exhibition booth at this year's International Motor Show (IAA) in Frankfurt/Main, meeting up with both capital market players and representatives of the financial press. Additionally, the company presented its business model to analysts and investors attending the capital market conference held in parallel with the motor show.

Under the heading "Intelligent Lightweight Solutions" – and with a newly designed booth – the company showcased a number of exhibits relating to recent product developments as well as technological market trends. Trade and other interested visitors to the IAA were able to explore ElringKlinger's extensive portfolio, which also included a presentation of the company's tooling expertise. The highlight of the exhibition was a 16-ton mold. This tool is used to manufacture components made of plastic and metal on the basis of hybrid hydroforming technology.

Additionally, ElringKlinger held a number of meetings with shareholders and potential investors as part of capital market conferences and multi-day roadshows over the course of the third quarter of 2015. Among the destinations were Munich, London, Edinburgh, Toronto and the United States.



### Two bronze medals and one silver for ElringKlinger's 2014 annual report

Comparing well with its international peers, ElringKlinger's 2014 annual report received a number of awards as part of prestigious competitions judged by an acknowledged panel of experts.

At the renowned LACP Vision Awards, for instance, ElringKlinger managed to secure a bronze award for its most recent annual report. Among other things, the League of American Communications Professionals (LACP) awarded top marks for the cover, the letter to shareholders and the report narrative. The ElringKlinger annual report also received a bronze medal at the internationally acclaimed ARC design award sponsored by MerComm, USA, thus securing a place among the world's top 15 percent companies

competing against each other at an international level. The report covering the last financial year also performed well at the FOX Award competition and received a silver medal in recognition of the highly effective nature of its communication.

The "pure process" motto chosen for the 2014 annual report captures the core competencies of ElringKlinger: pure process know-how in the form of exceptional metalworking capabilities, the very best in functional coating technology and far-reaching plastics expertise. Preceding the actual financial presentation, a magazine section – using a reporting style – tells the story of company employees and the latest products and technologies within the Group. This section is further enhanced by high-quality photographs as well as informative charts and graphics.

#### ELRINGKLINGER STOCK (ISIN DE 0007856023)

	Jan. – Sept. 2015	Jan. – Sept. 2014
Number of shares outstanding	63,359,990	63,359,990
Share price (daily closing price in EUR) <sup>1</sup>		
High	32.18	32.60
Low	16.87	23.30
Closing price as of Sept. 30	17.20	23.44
Average daily trading volume (German stock exchanges; no. of shares traded)	198,700	103,800
Average daily trading value (German stock exchanges; in EUR)	5,119,933	2,909,700
<b>Market capitalization as of Sept. 30 (EUR millions)</b>	<b>1,089.8</b>	<b>1,485.2</b>

<sup>1</sup> Xetra trading

# Group Income Statement

of ElringKlinger AG, January 1 to September 30, 2015

EUR k	3 <sup>rd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2014	9 months 2015	9 months 2014
<b>Sales revenue</b>	<b>366,115</b>	<b>327,439</b>	<b>1,117,240</b>	<b>984,962</b>
Cost of sales	-274,651	-236,069	-833,151	-710,554
<b>Gross profit</b>	<b>91,464</b>	<b>91,370</b>	<b>284,089</b>	<b>274,408</b>
Selling expenses	-28,724	-23,511	-81,385	-68,335
General and administrative expenses	-16,786	-14,897	-53,077	-43,486
Research and development costs	-14,507	-14,101	-46,676	-43,248
Other operating income	6,457	3,378	13,078	9,853
Other operating expenses	-2,525	-1,043	-6,999	-4,372
<b>Operating result</b>	<b>35,379</b>	<b>41,196</b>	<b>109,030</b>	<b>124,820</b>
Finance income	3,127	7,530	15,860	12,215
Finance costs	-8,713	-3,808	-24,432	-13,195
<b>Net finance costs</b>	<b>-5,586</b>	<b>3,722</b>	<b>-8,572</b>	<b>-980</b>
<b>Earnings before taxes</b>	<b>29,793</b>	<b>44,918</b>	<b>100,458</b>	<b>123,840</b>
Income tax expense	-9,056	-11,075	-28,514	-31,005
<b>Net income</b>	<b>20,737</b>	<b>33,843</b>	<b>71,944</b>	<b>92,835</b>
of which: attributable to non-controlling interests	755	1,484	2,793	3,991
<b>of which: attributable to shareholders of ElringKlinger AG</b>	<b>19,982</b>	<b>32,359</b>	<b>69,151</b>	<b>88,844</b>
<b>Basic and diluted earnings per share in EUR</b>	<b>0.32</b>	<b>0.51</b>	<b>1.09</b>	<b>1.40</b>

# Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to September 30, 2015

<i>EUR k</i>	3 <sup>rd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2014	9 months 2015	9 months 2014
<b>Net income</b>	<b>20,737</b>	<b>33,843</b>	<b>71,944</b>	<b>92,835</b>
Currency translation difference	-25,445	13,075	14,487	19,198
Remeasurement of defined benefit plans, net	0	-50	0	-50
<b>Gains and losses that can be reclassified to the income statement in future periods</b>	<b>-25,445</b>	<b>13,025</b>	<b>14,487</b>	<b>19,148</b>
<b>Other comprehensive income after taxes</b>	<b>-25,445</b>	<b>13,025</b>	<b>14,487</b>	<b>19,148</b>
<b>Total comprehensive income</b>	<b>-4,708</b>	<b>46,868</b>	<b>86,431</b>	<b>111,983</b>
of which: attributable to non-controlling interests	197	2,287	3,698	4,689
<b>of which: attributable to shareholders of ElringKlinger AG</b>	<b>-4,905</b>	<b>44,581</b>	<b>82,733</b>	<b>107,294</b>

# Group Statement of Financial Position

of ElringKlinger AG, as at September 30, 2015

<i>EUR k</i>	Sept. 30, 2015	Dec. 31, 2014	Sept. 30, 2014
<b>ASSETS</b>			
Intangible assets	212,518	185,343	182,235
Property, plant and equipment	792,329	707,980	670,584
Investment property	12,099	11,712	12,056
Financial assets	1,734	1,728	2,080
Non-current income tax assets	1,507	1,553	2,201
Other non-current assets	2,234	6,568	3,363
Deferred tax assets	9,996	8,782	10,472
<b>Non-current assets</b>	<b>1,032,417</b>	<b>923,666</b>	<b>882,991</b>
Inventories	338,361	290,098	292,433
Trade receivables	285,690	245,084	259,854
Current income tax assets	4,028	4,294	3,884
Other current assets	36,077	26,944	43,319
Cash and cash equivalents	60,860	68,733	63,513
<b>Current assets</b>	<b>725,016</b>	<b>635,153</b>	<b>663,003</b>
	<b>1,757,433</b>	<b>1,558,819</b>	<b>1,545,994</b>

<i>EUR k</i>	Sept. 30, 2015	Dec. 31, 2014	Sept. 30, 2014
<b>LIABILITIES AND EQUITY</b>			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	606,508	572,205	555,295
Other reserves	1,249	-10,283	12,553
<b>Equity attributable to the shareholders of ElringKlinger AG</b>	<b>789,355</b>	<b>743,520</b>	<b>749,446</b>
Non-controlling interest in equity	32,167	31,674	31,062
<b>Equity</b>	<b>821,522</b>	<b>775,194</b>	<b>780,508</b>
Provisions for pensions	126,972	124,090	94,223
Non-current provisions	13,234	16,638	11,380
Non-current financial liabilities	338,736	268,508	241,739
Deferred tax liabilities	26,293	23,930	31,497
Other non-current liabilities	4,501	6,219	2,679
<b>Non-current liabilities</b>	<b>509,736</b>	<b>439,385</b>	<b>381,518</b>
Current provisions	21,712	16,469	21,018
Trade payables	92,765	68,753	76,070
Current financial liabilities	183,183	148,532	160,877
Tax payable	21,167	16,773	18,954
Other current liabilities	107,348	93,713	107,049
<b>Current liabilities</b>	<b>426,175</b>	<b>344,240</b>	<b>383,968</b>
	<b>1,757,433</b>	<b>1,558,819</b>	<b>1,545,994</b>

# Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to September 30, 2015

<i>EUR k</i>	Share capital	Capital reserves	Revenue reserves
<b>Balance as of Dec. 31, 2013</b>	<b>63,360</b>	<b>118,238</b>	<b>498,131</b>
Dividend distribution			- 31,680
Change in scope of consolidated financial statement			
Total comprehensive income			88,844
Net income			88,844
Other comprehensive income			
<b>Balance as of Sept. 30, 2014</b>	<b>63,360</b>	<b>118,238</b>	<b>555,295</b>
<b>Balance as of Dec. 31, 2014</b>	<b>63,360</b>	<b>118,238</b>	<b>572,205</b>
Dividend distribution			- 34,848
Purchase of shares from controlling interests			
Total comprehensive income			69,151
Net income			69,151
Other comprehensive income			
<b>Balance as of Sept. 30, 2015</b>	<b>63,360</b>	<b>118,238</b>	<b>606,508</b>

Other reserves					
Remeasurement of defined benefit plans	Equity impact of controlling interests	Currency translation differences	Equity attributable to the shareholders of ElringKlinger AG	Non-controlling interests in equity	Group equity
-15,989	2,033	8,059	673,832	27,507	701,339
			-31,680	-1,088	-32,768
				-46	-46
-50		18,500	107,294	4,689	111,983
			88,844	3,991	92,835
-50		18,500	18,450	698	19,148
-16,039	2,033	26,559	749,446	31,062	780,508
-37,349	2,033	25,033	743,520	31,674	775,194
			-34,848	-1,055	-35,903
	-2,050		-2,050	-2,150	-4,200
		13,582	82,733	3,698	86,431
			69,151	2,793	71,944
		13,582	13,582	905	14,487
-37,349	-17	38,615	789,355	32,167	821,522

# Group Statement of Cash Flows

of ElringKlinger AG, January 1 to September 30, 2015

<i>EUR k</i>	3 <sup>rd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2014	9 months 2015	9 months 2014
Earnings before taxes	29,793	44,918	100,458	123,840
Depreciation/amortization (less write-ups) of non-current assets	21,350	19,545	63,552	57,332
Net interest	3,225	3,066	9,287	9,022
Change in provisions	-1,632	768	400	1,122
Gains/losses on disposal of non-current assets	-60	135	-64	261
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-14,778	-19,485	-76,197	-73,126
Change in trade payables and other liabilities not resulting from financing and investing activities	612	12,691	35,457	26,389
Income taxes paid	-7,592	-8,013	-31,714	-30,788
Interest paid	-2,473	-2,248	-6,905	-6,284
Interest received	101	77	229	215
Other non-cash income/expenses	4,138	-9,344	-2,899	-10,824
<b>Net cash from operating activities</b>	<b>32,684</b>	<b>42,110</b>	<b>91,604</b>	<b>97,159</b>
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	213	125	662	496
Proceeds from disposals of financial assets	0	266	12	440
Payments for investments in intangible assets	-2,202	-2,940	-8,010	-11,567
Payments for investments in property, plant and equipment and investment property	-48,749	-42,096	-124,638	-93,406
Payments for investments in financial assets	-2	-270	-7	-496
Payments for the acquisition of subsidiaries, less cash	0	-1,958	-24,151	-1,958
<b>Net cash from investing activities</b>	<b>-50,740</b>	<b>-46,873</b>	<b>-156,132</b>	<b>-106,491</b>
Payments to non-controlling interests for the purchase of shares	-4,200	0	-4,200	0
Dividends paid to shareholders and to non-controlling interests	0	40	-35,903	-32,768
Proceeds from the addition of financial liabilities	16,725	12,506	129,310	79,026
Payments from the repayment of financial liabilities	-7,281	-6,771	-35,744	-39,739
<b>Net cash from financing activities</b>	<b>5,244</b>	<b>5,775</b>	<b>53,463</b>	<b>6,519</b>
Changes in cash	-12,812	1,012	-11,065	-2,813
Effects of currency exchange rates on cash	-949	2,444	3,192	3,377
Cash at beginning of period	74,621	60,057	68,733	62,949
<b>Cash at end of period</b>	<b>60,860</b>	<b>63,513</b>	<b>60,860</b>	<b>63,513</b>



## Group Sales by Region

of ElringKlinger AG, January 1 to September 30, 2015

<i>EUR k</i>	3 <sup>rd</sup> Quarter 2015	3 <sup>rd</sup> Quarter 2014	9 months 2015	9 months 2014
Germany	101,151	97,184	306,234	291,171
Rest of Europe	111,990	105,037	353,269	323,949
NAFTA	71,621	54,457	217,548	164,750
Asia-Pacific	67,217	56,197	195,904	163,484
South America and Other	14,136	14,564	44,285	41,608
<b>Group</b>	<b>366,115</b>	<b>327,439</b>	<b>1,117,240</b>	<b>984,962</b>

# Segment Reporting

of ElringKlinger AG, July 1 to September 30, 2015

Segment <i>EUR k</i>	Original Equipment		Aftermarket		Engineered Plastics	
	2015	2014	2015	2014	2015	2014
<b>Sales revenue</b>	<b>301,532</b>	<b>269,315</b>	<b>37,965</b>	<b>31,333</b>	<b>23,213</b>	<b>23,546</b>
Intersegment revenue	7,394	6,451	0	1	164	83
<b>Segment revenue</b>	<b>308,926</b>	<b>275,766</b>	<b>37,965</b>	<b>31,334</b>	<b>23,377</b>	<b>23,629</b>
<b>EBIT<sup>1</sup></b>	<b>21,689</b>	<b>29,010</b>	<b>9,285</b>	<b>6,722</b>	<b>3,398</b>	<b>4,687</b>
+ Interest income	133	83	9	0	44	111
- Interest expense	-2,969	-2,776	-362	-337	-80	-137
<b>Earnings before taxes</b>	<b>16,745</b>	<b>32,862</b>	<b>8,659</b>	<b>6,500</b>	<b>3,406</b>	<b>4,780</b>
Depreciation and amortization	-19,176	-17,578	-494	-476	-1,270	-1,078
Capital expenditures <sup>2</sup>	41,644	37,555	353	613	5,649	4,493

January 1 to September 30, 2015

Segment <i>EUR k</i>	Original Equipment		Aftermarket		Engineered Plastics	
	2015	2014	2015	2014	2015	2014
<b>Sales revenue</b>	<b>925,074</b>	<b>807,478</b>	<b>109,340</b>	<b>97,327</b>	<b>73,349</b>	<b>70,781</b>
Intersegment revenue	20,794	18,272	75	67	535	233
<b>Segment revenue</b>	<b>945,868</b>	<b>825,750</b>	<b>109,415</b>	<b>97,394</b>	<b>73,884</b>	<b>71,014</b>
<b>EBIT<sup>1</sup></b>	<b>74,285</b>	<b>90,954</b>	<b>22,920</b>	<b>20,272</b>	<b>9,358</b>	<b>11,504</b>
+ Interest income	316	248	25	19	168	339
- Interest expense	-8,536	-8,157	-1,003	-1,014	-260	-427
<b>Earnings before taxes</b>	<b>66,624</b>	<b>90,625</b>	<b>22,057</b>	<b>19,560</b>	<b>9,312</b>	<b>11,516</b>
Depreciation and amortization	-57,244	-51,865	-1,437	-1,254	-3,639	-3,000
Capital expenditures <sup>2</sup>	106,463	93,053	1,732	1,594	15,459	7,489

<sup>1</sup> Earnings before interest and taxes (operating result)

<sup>2</sup> Investments in intangible assets, property, plant and equipment and investment property

Industrial Parks		Services		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
1,065	1,117	2,340	2,128	0	0	366,115	327,439
58	58	1,690	1,370	-9,306	-7,963	0	0
1,123	1,175	4,030	3,498	-9,306	-7,963	366,115	327,439
238	96	769	681			35,379	41,196
9	4	11	8	-206	-128	0	78
-14	-14	-6	-8	206	128	-3,225	-3,144
209	95	774	681			29,793	44,918
-98	-114	-312	-299			-21,350	-19,545
984	38	2,321	2,337			50,951	45,036

Industrial Parks		Services		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
3,302	3,323	6,175	6,053	0	0	1,117,240	984,962
175	175	4,568	3,869	-26,147	-22,616	0	0
3,477	3,498	10,743	9,922	-26,147	-22,616	1,117,240	984,962
753	388	1,714	1,702			109,030	124,820
30	12	30	22	-327	-424	242	216
-40	-42	-17	-22	327	424	-9,529	-9,238
738	437	1,727	1,702			100,458	123,840
-297	-312	-935	-901			-63,552	-57,332
1,129	61	7,865	2,776			132,648	104,973

## Notes to the Third Quarter and First Nine Months of 2015

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, 2015, have been prepared on the basis of IAS 34 (Interim Financial Reporting). The interim financial statements conform with the International Financial Reporting Standards (IFRS), including the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union.

As the consolidated interim financial statements are presented in a condensed format, the financial statements as of September 30, 2015, 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 9, 2015.

### Basis of reporting

#### Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of September 30, 2015, include the financial statements of eight domestic and 31 foreign entities in which ElringKlinger AG holds 50% of the interests, either directly or indirectly, 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.

### Corporate acquisitions

Effective from February 14, 2015, ElringKlinger AG acquired 100% of the interests in the US-based entity M&W Manufacturing Company, Inc. with its registered office in Warren, Michigan, USA.

Subsequently, the name of M&W Manufacturing Company, Inc. was changed to ElringKlinger Automotive Manufacturing, Inc.

The latest acquisition will allow the Specialty Gaskets division to strengthen its regional presence in North America and its production activities in the US market. Together with US market leader M&W, ElringKlinger has advanced to become the premier supplier of transmission control plates. Operating from its US production base, M&W supplies not only the North American market but also, to an increasing extent, customers in China.

The purchase price agreed with regard to the acquisition was EUR 24,276k. The costs related to the transaction, amounting to EUR 263k to date, were recognized as general and administrative expenses.

The assets and liabilities of the acquired interests were measured at their fair value as of the date of acquisition. Within this context, an excess of EUR 17,122k was recognized as goodwill, having additionally accounted for deferred tax liabilities (EUR 2,757k) on hidden reserves realized (EUR 8,016k). The aforementioned goodwill was paid primarily in respect of the favorable earnings prospects as well as anticipated synergies; it was allocated to the Original Equipment segment. This goodwill is not tax deductible.

Due to the first-time full consolidation of the entity, Group revenue increased by EUR 23,052k and earnings before taxes by EUR 731k as of September 30, 2015. Had the acquisition become effective as early as January 1, 2015, ElringKlinger Automotive Manufacturing, Inc. would have contributed EUR 27,168k to consolidated revenue and would have increased earnings before taxes by €1,628k.

The preliminary allocation of the purchase price to assets and liabilities is presented in the table below:

<i>in EUR k</i>	IFRS carrying amount at date of purchase	Purchase price allocation	Fair value at date of purchase
Intangible assets	–	8,016	8,016
Property, plant and equipment	3,294	–	3,294
Inventories	4,795	–	4,795
Trade receivables	4,500	–	4,500
Other current assets	259	–	259
Cash and cash equivalents	125	–	125
<b>Total assets</b>	<b>12,973</b>	<b>8,016</b>	<b>20,989</b>
Non-current provisions	104	–	104
Deferred tax liabilities	772	2,757	3,529
Current provisions	229	–	229
Trade payables	4,530	–	4,530
Current financial liabilities	4,715	–	4,715
Tax liabilities	56	–	56
Other current liabilities	672	–	672
<b>Total liabilities</b>	<b>11,078</b>	<b>2,757</b>	<b>13,835</b>
<b>Net assets</b>	<b>1,895</b>	<b>5,259</b>	<b>7,154</b>
Goodwill			17,122
<b>Purchase price</b>			<b>24,276</b>

No contingent liabilities were identified during the acquisition procedure. The fair values presented for the respective assets and liabilities are provisional. A definitive valuation of the assets and liabilities will be made in the fourth quarter 2015.

#### Acquisition of non-controlling interests

On July 17, 2015, ElringKlinger AG acquired the former non-controlling interests of 3.0% relating to the

subsidiary ElringKlinger Kunststofftechnik GmbH, Bietigheim-Bissingen, Germany.

The purchase price was EUR 4,200k. The thus resulting difference between this amount and the amount recognized in respect of non-controlling interests was accounted for directly in equity. Since the conclusion of this transaction, ElringKlinger AG has held 77.5% of the ownership interests.

## Exchange rates

Exchange rates developed as follows:

Currency	Abbr.	Closing rate Sept. 30, 2015	Closing rate Dec. 31, 2014	Average rate Jan.–Sept. 2015	Average rate Jan.–Dec. 2014
US dollar (USA)	USD	1.12030	1.21410	1.11181	1.32108
Pound (UK)	GBP	0.73850	0.77890	0.72594	0.80310
Franc (Switzerland)	CHF	1.09150	1.20240	1.05680	1.21274
Canadian dollar (Canada)	CAD	1.50340	1.40630	1.41369	1.46358
Real (Brazil)	BRL	4.48080	3.22070	3.58397	3.10933
Peso (Mexico)	MXN	18.97680	17.86790	17.48066	17.64530
RMB (China)	CNY	7.12060	7.53580	6.95166	8.15428
WON (South Korea)	KRW	1,328.27000	1,324.80000	1,254.66444	1,392.14250
Rand (South Africa)	ZAR	15.49840	14.03530	13.76682	14.34063
Yen (Japan)	JPY	134.69000	145.23000	134.37778	140.50250
Forint (Hungary)	HUF	313.45000	315.54000	308.62000	309.98250
Turkish lira (Turkey)	TRY	3.39030	2.83200	3.00094	2.89420
Leu (Romania)	RON	4.41760	4.48280	4.43106	4.43848
Indian rupee (India)	INR	73.48050	76.71900	70.83886	80.70096
Indonesian rupiah (Indonesia)	IDR	16,347.81000	15,076.10000	14,881.51222	15,681.55750
Bath (Thailand)	THB	40.71200	39.91000	37.74122	42.98783

## Disclosures relating to financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments.

There was no offsetting of financial instruments recognized by the company.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

in EUR k	Cash	Trade re- ceivables	Other current assets	Deriva- tives	Non-current securities		Other financial assets		Total
	CA	CA	CA	CA	CA	FV	CA	FV	CA
<b>As of Sept. 30, 2015</b>									
Loans and receivables	60,860	285,690	2,474	0	0	0	80	80	349,104
Held to maturity	0	0	0	0	1,577	1,445	0	0	1,577
Held for trading	0	0	0	69	0	0	0	0	69
Available for sale	0	0	0	0	199	199	11	11	210
<b>Total</b>	<b>60,860</b>	<b>285,690</b>	<b>2,474</b>	<b>69</b>	<b>1,776</b>	<b>1,644</b>	<b>91</b>	<b>91</b>	<b>350,960</b>
<b>As of Dec. 31, 2014</b>									
Loans and receivables	68,733	245,084	945	0	0	0	76	76	314,838
Held to maturity	0	0	0	0	1,444	1,448	0	0	1,444
Held for trading	0	0	0	29	0	0	0	0	29
Available for sale	0	0	0	0	194	194	14	14	208
<b>Total</b>	<b>68,733</b>	<b>245,084</b>	<b>945</b>	<b>29</b>	<b>1,638</b>	<b>1,642</b>	<b>90</b>	<b>90</b>	<b>316,519</b>

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

in EUR k	Other current liabilities	Current financial liabilities	Trade payables	Derivatives		Non-current financial liabilities		Finance leases		Total
	CA	CA	CA	CA	FV	CA	FV	CA	FV	CA
<b>As of Sept. 30, 2015</b>										
Financial liabilities measured at acquisition cost	52,102	183,183	92,765	0	0	338,426	365,872	310	345	666,786
Financial liabilities measured at fair value through profit or loss	0	0	0	236	236	0	0	0	0	236
<b>As of Dec. 31, 2014</b>										
Financial liabilities measured at acquisition cost	47,989	148,532	68,753	0	0	268,263	266,098	245	257	533,782
Financial liabilities measured at fair value through profit or loss	0	0	0	140	140	0	0	0	0	140

The other current liabilities include a purchase price liability of EUR 36,987k (2014: EUR 36,987k) in respect of a written put option, which has been measured at amortized cost.

The management has ascertained that the carrying amounts of cash, trade receivables, other receivables, trade payables, other current financial liabilities and other current liabilities largely correspond to their fair values, primarily as a result of the short maturities of these instruments.

The fair values of other financial instruments held to maturity are based on prices in an active market as of the end of the reporting period.

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks, finance lease liabilities and derivatives by discounting expected future cash flows with the current prevailing inter-

est rates for similar financial liabilities with comparable residual terms and the company-specific interest rate.

The fair value of the put option, included in other current liabilities, of non-controlling interests in ElringKlinger Marusan Corporation in respect of their interests is based on projections of the enterprise value. As regards the valuation of this put option of non-controlling interests, estimates are made with regard to the forecast of business performance as well as with regard to the choice of the interest rate to be applied in respect of the liability to be recognized. A change in the enterprise value by 10% would result in an increase/decrease in the put option by EUR 3,699k.

Financial assets and liabilities measured at fair value are classified into the following three-level fair value hierarchy as of the end of the reporting period of September 30, 2015:

<i>in EUR k</i>	Level 1	Level 2	Level 3
<b>Sept. 30, 2015</b>			
Financial assets			
Non-current securities	199	0	0
Other financial assets	11	0	0
Derivatives*	0	69	0
<b>Total</b>	<b>210</b>	<b>69</b>	<b>0</b>
Financial liabilities			
Derivatives*	0	236	0
<b>Total</b>	<b>0</b>	<b>236</b>	<b>0</b>
<b>Dec. 31, 2014</b>			
Financial assets			
Non-current securities	194	0	0
Other financial assets	14	0	0
Derivatives*	0	29	0
<b>Total</b>	<b>208</b>	<b>29</b>	<b>0</b>
Financial liabilities			
Derivatives*	0	140	0
<b>Total</b>	<b>0</b>	<b>140</b>	<b>0</b>

\* These are derivatives that do not qualify for hedge accounting.

The following table provides details of the classification of financial assets and liabilities that are not measured at fair value but for which a fair value has been presented, according to the three-level fair value hierarchy as of the end of the reporting period of September 30, 2015:

<i>in EUR k</i>	Level 1	Level 2	Level 3
<b>Sept. 30, 2015</b>			
Financial assets			
Non-current securities	1,445	0	0
Other financial assets	0	0	80
<b>Total</b>	<b>1,445</b>	<b>0</b>	<b>80</b>
Financial liabilities			
Non-current liabilities from finance leases	0	0	345
Non-current financial liabilities	0	365,872	0
Purchase price liability from written put option	0	0	36,987
<b>Total</b>	<b>0</b>	<b>365,872</b>	<b>37,332</b>
<b>Dec. 31, 2014</b>			
Financial assets			
Non-current securities	1,448	0	0
Other financial assets	0	0	76
<b>Total</b>	<b>1,448</b>	<b>0</b>	<b>76</b>
Financial liabilities			
Non-current liabilities from finance leases	0	0	257
Non-current financial liabilities	0	266,098	0
Purchase price liability from written put option	0	0	36,987
<b>Total</b>	<b>0</b>	<b>266,098</b>	<b>37,244</b>



The levels of the fair value hierarchy are defined as follows:

**Level 1:** Measurement based on quoted prices

**Level 2:** Measurement based on inputs for the asset or liability that are observable in active markets either directly or indirectly

**Level 3:** Measurement based on inputs for assets and liabilities not representing observable market data

The assessment as to whether a transfer has occurred between the levels of the fair-value hierarchy with regard to the assets and liabilities carried at fair value is conducted in each case at the end of the reporting period. No transfers occurred in the reporting period under review.

### Contingencies and related-party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2014 were not subject to significant changes in the first nine months of 2015.

### Government grants

As a result of government grants received, other operating income rose by EUR 4,479k in the first nine months of 2015, of which a total of EUR 2,937k was attributable to the first half of 2015. These grants were attributable primarily to development projects.

### Events after the reporting period


There were no significant events after the end of the interim reporting period that necessitate additional explanatory disclosure.

## 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 9, 2015  
The Management Board



Dr. Stefan Wolf  
Chairman/CEO



Theo Becker



Karl Schmauder

# Imprint

## **ElringKlinger AG**

Max-Eyth-Straße 2  
D-72581 Dettingen/Erms  
Phone +49 7123 724-0  
Fax +49 7123 724-9006  
[www.elringklinger.com](http://www.elringklinger.com)

## **IR Contact**

Sabrina Haufler  
Phone +49 7123 724-137  
Fax +49 7123 724-85137  
[sabrina.haufler@elringklinger.com](mailto:sabrina.haufler@elringklinger.com)

Further information is available at  
[www.elringklinger.com](http://www.elringklinger.com)

## **Disclaimer – Forward-looking Statements and Forecasts**

This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments 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.

This report was published on November 9, 2015, and is available in German and English. Only the German version shall be legally binding.

# Corporate Calendar

## 2015/2016

### Financial Calendar

- 03/30/2016** Annual Press Conference, Stuttgart  
Analysts' Meeting, Frankfurt/Main
- 05/04/2016** Interim Report on the 1st Quarter of 2016
- 05/31/2016** 111th Annual General Shareholders' Meeting, Stuttgart,  
Cultural and Congress Center Liederhalle, 10:00 a.m. CEST
- 08/04/2016** Interim Report on the 2nd Quarter and 1st Half of 2016
- 11/08/2016** Interim Report on the 3rd Quarter and 1st Nine Months of 2016

### Calendar Trade Fairs 2015

- 12/08 – 09** International CTI Symposium – Automotive Transmissions,  
HEV and EV Drives, Berlin, Germany
- 12/08 – 10** POWER-GEN USA, Las Vegas, USA

For further events and trade fairs please visit our websites:  
[www.elringklinger.de/en/press-events](http://www.elringklinger.de/en/press-events)  
[www.hug-eng.ch/en-messen.html](http://www.hug-eng.ch/en-messen.html)  
[www.elringklinger-kunststoff.de/english/service/trade-fair-dates](http://www.elringklinger-kunststoff.de/english/service/trade-fair-dates)



**ElringKlinger AG**  
Max-Eyth-Straße 2  
72581 Dettingen/Erms  
(Germany)