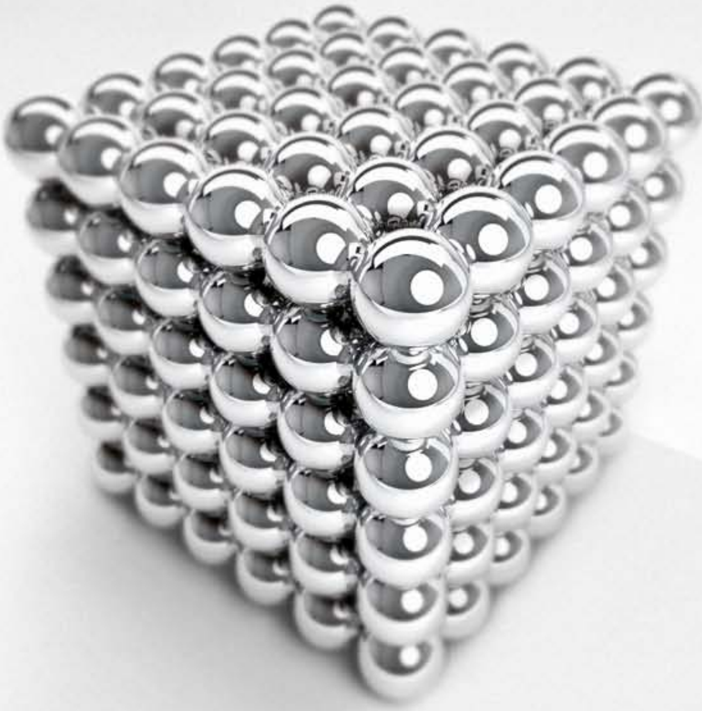
REPORT ON THE 3RD QUARTER AND 1ST NINE MONTHS OF 2012

# NEW DIMENSIONS

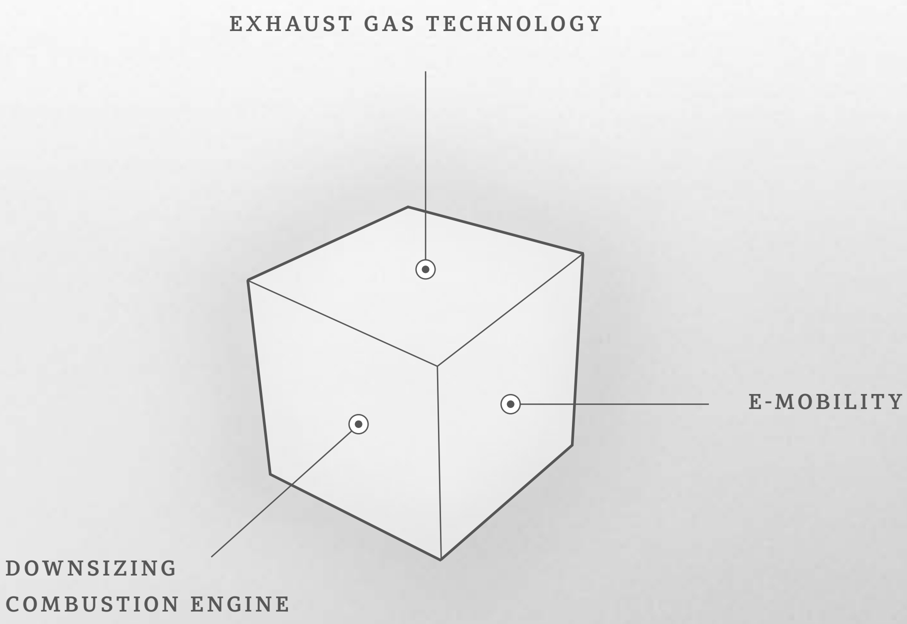


elringklinger

# New dimensions

Whether the focus is on the combustion engine or e-mobility, ElringKlinger is one of just a handful of suppliers in the world that develop technologically sophisticated components for all drive systems – for conventional combustion engines optimized by downsizing as well as for hybrid and electric vehicles using battery-powered electric motors or fuel cells. With its acquisition of the Hug Group, ElringKlinger has now added a third dimension to its business model – that of exhaust gas purification.

As a development partner and original equipment manufacturer with a global presence, we supply cylinder-head and specialty gaskets, plastic housing modules, shielding components for engine, transmission and exhaust systems, exhaust gas purification technology as well as battery and fuel cell components to almost all of the world's vehicle and engine manufacturers. To round off our portfolio, the ElringKlinger Kunststofftechnik supplies products made of high-performance PTFE plastics also to manufacturers outside the automotive industry. We harness our innovative strengths to achieve the company's goals of environmentally compatible mobility and profit-driven growth. These efforts are supported by our committed workforce of around 6,200 people at 42 ElringKlinger Group locations worldwide.



# Contents

# Macroeconomic Conditions and Business Environment

### Marked downturn in global economy

The third quarter of 2012 saw a pronounced slowdown in growth for the world's largest economies. Recessionary trends within the crisis states of southern Europe proved detrimental to growth, as did the loss in forward momentum recorded among emerging economies such as China.

At minus 0.9 %, the eurozone's gross domestic product (GDP) again contracted heavily in the third quarter of 2012. High rates of unemployment, lower incomes and restrictive lending by banks continued to exert downward pressure on private consumption. Although Germany's economy also became increasingly sluggish, it still managed to generate modest growth of 0.6 % in the third quarter.

The US economy remained on a path of expansion, albeit at a relatively slow pace. The United States saw its GDP grow by 2.4 % in the third quarter, benefiting in particular from the Federal Reserve's loose monetary reins. The Brazilian economy expanded by around 2.3 % over the same period.

China, too, felt the effects of waning exports to eurozone countries. Although its economic climate was visibly cooler, China nevertheless grew at a much more dynamic rate compared to its western counterparts. In the third quarter of 2012, China's GDP rose by 7.5 %. Elsewhere, India saw its GDP grow by 5.9 %.

In Japan the positive impetus provided by redevelopment efforts in the wake of the natural disaster in 2011 gradually began to ebb away. At the same time, exports were adversely affected by lower global demand. GDP growth slowed over the course of the third quarter of 2012, standing at just 0.8 %.

### Meager growth in global vehicle production during third quarter

In the third quarter of 2012, global vehicle production was around 2.0 % up on the figure recorded for the same period a year ago. Compared to the second quarter of 2012, however, car production figures were down by 6.5 %. In contrast to the two preceding years, the third quarter of 2012 thus returned to a more common seasonal pattern, dominated by plant closures among numerous manufacturers during the peak holiday period.

Having said that, the significant downturn in car sales within the Western European market was offset by buoyancy in North America and solid aggregate demand in the emerging countries of Asia.

Data relating to GDP based on provisional figures

### Western Europe continues on a downward spiral – Growth in Russia

Although the vehicle market in Western Europe is already languishing in the doldrums, there is evidence to suggest that it has yet to reach its lowest point. Indeed, September saw the number of new car registrations contract for the twelfth month in succession. On this basis, the Western European market declined by 7.6 % in the first nine months of 2012.

After an encouraging performance in the first half of the year, over the course of the third quarter the car market in Eastern Europe (excluding Russia) was also drawn into the quagmire created by the European sovereign debt crisis. In September 2012 alone, new car registrations slumped by 8.1 %. At 0.4 %, growth for the entire nine-month period remained just within positive territory. Russia, by contrast, continued to produce solid gains over the same period. Between January and September 2012 local car sales rose by 13.8 % to 2.2 (1.9) million units. Thus, the Russian automobile market is well on the way to overtaking Germany with regard to unit sales.

### German car market also runs into headwind

The repercussions of the protracted debt crisis are now also being felt to an increasing extent by the German automotive industry. In September 2012, new car registrations declined by 10.9 % in Germany. Within this context, however, it should be noted that September 2012 was shorter than the corresponding month a year ago – by two working days. Adjusted for this effect, the decline would have amounted to 2 %. In total, the volume of new cars registered during the first nine months stood at 2.4 (2.4) million units.

The continued solidity in demand from Asian and North American markets had a stabilizing effect on domestic car production. A large proportion of vehicles produced in Germany is exported to these regions. Having said that, the Asian and overseas markets were unable to compensate fully for extremely sluggish demand in Europe. Against this backdrop, domestic car production declined by 2.5 % to 4.1 (4.2*) million units in the first nine months of 2012. Of this total, 3.2 (3.2*) million vehicles were exported to other countries.

### Double-digit growth in US vehicle market

The vehicle market in the United States retained its dynamism in the third quarter of 2012. In the period from January to September 2012, the number of passenger cars and light trucks sold grew by 14.5 % to 10.9 (9.5) million units.

The South American vehicle market also developed favorably. After a sluggish first half, demand in Brazil was boosted by government-led purchase incentives. This was the main driving force behind the rise in sales by 5.5 %, taking the number of cars and light trucks sold to 2.7 (2.5) million units in the first nine months of 2012.

*Prior-year figures have been adjusted by the VDA, with the country of production being defined according to the main focus of value creation

### Asia continues to expand from a high base

Yet again, the Asian markets were among the strongest growing sales regions within the global automobile market over the course of the first nine months of 2012. Car sales in China were slightly more subdued in recent months. Despite the slight loss in forward momentum, however, this market continued to expand – having already emerged as the single largest market worldwide, with more than 15 million new cars being registered each year. In the first nine months of 2012, China recorded car sales of 9.6 (8.9) million units – an increase of 8.5 %. Adding light trucks to this figure, the overall total stood at 11.3 million vehicles sold. During the same period, car sales in India rose by 10.0 % to 2.1 (1.9) million units.

In Japan, meanwhile, the catch-up effects associated with the natural disaster in 2011 have become less pronounced over the course of the year to date. Despite this, the Japanese automobile market saw car sales rise to 3.7 (2.6) million units in the first nine months of 2012. This corresponds to growth of 41.5 %.

### Europe's commercial vehicle markets with visible signs of fatigue

Prevailing economic conditions are considered a key indicator when it comes to gauging the performance of commercial vehicle markets. Against this background, Europe's truck markets were particularly lackluster in the first nine months of 2012.

In the first three quarters as a whole, new registrations for medium and heavy commercial vehicles fell to 336,049 (363,661) units in Western Europe, representing a decline of 7.6 %. Among the major truck markets in Europe only the United Kingdom managed to buck the trend, recording a 9.1 % increase in the number of new vehicles registered. At the other end, meanwhile, the Italian market bore the brunt of the current downturn, with new truck registrations slumping by more than 30 %.

Purchasing patterns among German freight forwarders and fleet operators were also adversely affected by the cooler economic climate within the eurozone. Indeed, new truck registrations fell by 7.3 % to 109,789 (118,472) units in the first nine months of 2012.

Having recorded growth of 70 % in 2011, Eastern Europe also had to contend with more sluggish sales within the commercial vehicle market during the first nine months of 2012. The number of new trucks registered came to 56,273 (58,774) units.

Brazil saw the number of new registrations relating to mid-sized and heavy trucks decline by a quarter in the period under review, having previously benefited from the anticipatory effects associated with the introduction of the Euro 5 emission standard.

By contrast, the US market displayed a solid performance. Between January and September 2012, new registrations of Class 8 trucks rose to 146,831 (115,995) units. This corresponds to year-on-year growth of 26.6 %. In North America as a whole, the number of heavy trucks sold in the first nine months totaled 205,963 (163,041) units. Having said that, order intake figures suggest that this region may also have to brace itself for a downturn in the truck market.

# Sales and Earnings Performance

### Sales boosted by new products and structural growth

Despite the slowdown in car demand across Europe, the ElringKlinger Group recorded a solid gain in revenue of 11.3 % during the first nine months of 2012. In total, sales rose to EUR 849.6 (763.2) million. Calculated on the basis of car production figures, the Group again succeeded in outpacing growth within the global vehicle markets by a considerable margin.

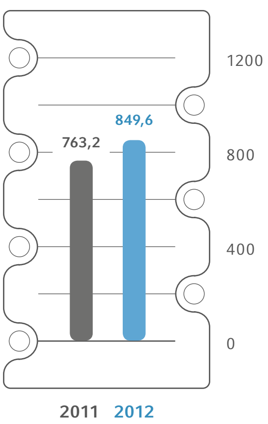
The boost in organic sales was driven to a large extent by structural growth in product areas such as turbocharger and exhaust gaskets, thermal shielding parts and lightweight plastic housing modules. This was complemented by a number of new product ramp-ups in the company's core line of business as well as in the New Business Areas division, such as the start of serial production for cell contact systems used in lithium-ion batteries.

The third quarter of 2012 saw revenue increase by a solid 5.8 % to EUR 279.8 (264.4) million.

### First-time consolidation of acquisitions adds EUR 18.6 million to sales

As a result of the inclusion into the ElringKlinger Group accounts of the Hug Group, the Hummel-Formen Group and ThaWa GmbH, the latter of which has already been merged into ElringKlinger AG, Group sales rose by an additional EUR 18.6 million during the first nine months of 2012. When comparing the latest figures to those of the first nine months of the previous year, it should be taken into account that the aforementioned entities had not yet been included in the consolidated sales and earnings of the Group at that time or had only been included on a pro-rata basis. The Swiss exhaust treatment specialist Hug was included in the scope of consolidation of the ElringKlinger Group as at May 1, 2011, and the mold and tool manufacturer Hummel-Formen Group as at October 1, 2011. In the second quarter, ThaWa GmbH Thaler Warenautomaten and related AGD Group Entwicklungs- und Vertriebs GmbH were merged into ElringKlinger AG retrospectively as from January 1, 2012.

SALES 9 MONTHS
in EUR million



In the third quarter of 2012, the Hummel-Formen Group and ThaWa GmbH – both of which had not been included in the scope of consolidation in the same quarter a year ago – contributed EUR 1.7 million to Group sales.

The aggregate contribution made to Group earnings before taxes by entities consolidated for the first time was in negative territory in the first nine months of 2012 – primarily due to the unsatisfactory earnings performance of the Hug Group. In total, the loss before taxes incurred by the acquired entities in this period stood at EUR 3.4 million.

Adjusted for the additional revenue contributions from first-time consolidation of the above-mentioned entities, Group sales rose by a solid 8.9 % organically to EUR 831.0 million in the first nine months of 2012.

### Further reduction in losses at Hug Group during third quarter

Revenue generated by the Swiss-based Hug Group totaled EUR 22.5 million in the first nine months. In the third quarter, the company recorded sales of EUR 7.2 million. The loss before taxes amounted to EUR 3.6 million in the first nine months. Within this context, EUR 1.5 million of the total loss was attributable to the purchase price allocation.

Measures introduced for the purpose of improving Hug's unsatisfactory earnings performance by means of cost streamlining and process enhancements gradually began to take effect over the course of the reporting period. The loss before taxes incurred by Hug was scaled back from EUR 2.0 million in the first quarter and EUR 0.9 million in the second to just EUR 0.7 million in the third quarter. Totaling EUR 0.5 million, the purchase price allocation was again responsible for exerting downward pressure on earnings in the third quarter.

At an operational level, business at Hug Engineering AG continued to be impacted by the strength of the Swiss franc and associated foreign exchange losses. Hug generates a substantial proportion of its sales revenue in euros. By contrast, the majority of costs are incurred in Swiss francs. Overall sales volumes fell short of expectations, having been impacted mainly by the weak domestic market in Switzerland and sluggish business in Europe.

The acquisition and expansion of Thawa GmbH, a Hug supplier that has already been integrated fully into ElringKlinger AG, will help to mitigate foreign exchange risks associated with the Swiss franc and scale back production costs. Measures aimed at expanding the site in Thale, Saxony-Anhalt, were initiated during the second quarter. The new operating facility is scheduled for completion in the fourth quarter of 2012, to be followed by relocation during the first quarter of 2013. This site will then be responsible mainly for the production of housings used for exhaust gas purification systems as well as the canning of diesel particulate filters manufactured in larger volumes.

Hug achieved an important milestone in the US market, having secured approval from the California Air Resources Board (CARB) for its diesel particulate filter for on-road vehicles weighing in excess of 6.3 tons. On the back of this, the company managed to win a number of large-scale contracts for the retrofit of trucks and other heavy goods vehicles.

The ElringKlinger subsidiary Hug has also identified significant potential for exhaust purification systems used in marine diesel engines. During the second and third quarter, Hug received several major orders to equip ship engines with exhaust abatement systems, in addition to securing contracts for stationary applications. Hug is to develop and manufacture exhaust aftertreat-ment technology for a fleet of six river cruise ships. The Hug exhaust gas purification systems include a catalytic diesel particulate trap filter as well as oxidation catalytic converters for the reduction of hydrocarbon and carbon monoxide emissions. In North America, meanwhile, the company Hug is supplying the end-to-end exhaust gas purification technology for a power plant; fired by gas and light oil, the plant generates 170 MW of electricity. In total, the new orders secured by the company will contribute more than EUR 5 million to sales as from 2013.

Former ThaWa GmbH accounted for EUR 2.6 million of Group sales in the first nine months of 2012 as a whole. Earnings before taxes were just above the break-even point. In the third quarter, sales revenue attributable to ThaWa stood at EUR 0.6 million, with earnings remaining in neutral territory.

### Hummel-Formen Group adds expertise in lightweight design

Specializing in mold and tool production, the Hummel-Formen Group has been a member of the ElringKlinger Group since October 1, 2011. In acquiring the company, ElringKlinger has been able to extend its expertise in the area of lightweight construction using plastics. In the first nine months of 2012, Hummel-Formen contributed EUR 5.7 million to Group revenue. A significant proportion of operating activities attributable to the Hummel-Formen Group was performed for the Plastic Housing Modules division of ElringKlinger AG.

The loss before taxes stood at EUR 0.9 million in the first nine months of 2012. This figure included a charge of EUR 0.3 million attributable to the purchase price allocation.

External sales amounted to EUR 1.1 million in the third quarter. The loss before taxes for this period stood at EUR 0.5 million.

In future, the Hummel-Formen Group will focus to a larger extent on the development and production of tools used in the manufacture of shielding components by ElringKlinger Abschirmtechnik (Schweiz) AG. In the past, these tools had been sourced from external suppliers. Additionally, Hummel-Formen offers tool design and development, including associated services, to non-affiliated companies.

### Improvement in earnings performance at former Freudenberg companies

The earnings performance of the metallic flat gaskets business acquired from the Freudenberg Group as at January 1, 2011, gradually improved over the course of the first nine months of 2012. Within this context, automation introduced at an operational level as well as the deployment of state-of-the-art manufacturing technology together with leaner cost structures helped to provide a solid foundation.

The German site in Gelting, which is mainly responsible for the production of turbocharger gaskets, achieved an operating margin that was just within the double-digit range, while the Italian plant in Settimo-Torinese achieved an operating margin in high single figures.

By contrast, the site in Nantiat, France, has not yet moved into positive territory in the first nine months of 2012. Having said that, it operated profitably for the first time in the third quarter of 2012. Business at this site was impacted in particular by the anemic state of the Western European car market and consequently by the extremely low volume of just-in-time deliveries requested by customers in this region. However, the effects of this downturn were offset to some extent by new product ramp-ups and solid demand for specific components.

In total, the former Freudenberg sites generated sales of EUR 38.5 million in the first nine months of 2012. At the same time, they contributed EUR 1.0 million to the Group's earnings before taxes.

At EUR 11.5 million, revenue generated from sales in the third quarter of 2012 was slightly lower than in the previous quarter. However, earnings before taxes improved by EUR 0.2 million compared to the second quarter, rising to EUR 0.5 million in total.

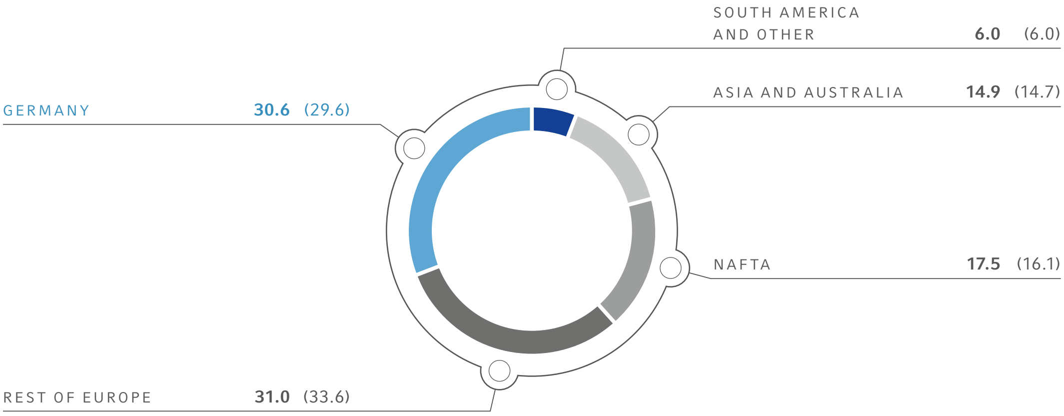
### European market with signs of growing weakness

The ElringKlinger Group managed to boost its revenues in markets around the globe over the course of the first nine months of 2012. The Group's strong positioning within the emerging economies and in the United States as well as the broad customer base helped to alleviate the malaise experienced within the vehicle markets of Western Europe. While the first nine months as a whole produced slight revenue growth in Europe (excluding Germany), sales generated within this region over the course of the third quarter of 2012 were down year on year. Gains achieved in North and South America as well as within the Asian markets more than offset the contraction in revenue seen in Europe.

In the domestic market, the Group saw sales revenue grow by 15.2 % to EUR 259.8 (225.6) million in the first nine months of 2012, despite the more pronounced slowdown experienced within the German automotive market. Growth was fueled by the rollout of new products as well as by gains achieved in the context of ongoing business relations with Germany's premium car makers. In the high-end market, in particular, domestic automobile production benefited from the sustained buoyancy in demand throughout Asia and North America. In fact, three in four of the cars produced in Germany are subsequently exported to other countries. Additionally, contributions from the consolidation of former ThaWa GmbH, an entity included in the scope of consolidation for the first time, as well as the Hummel-Formen Group were attributable largely to the German sales region. Against this backdrop, the percentage share of domestic sales in relation to total Group revenue grew to 30.6 % (29.6 %). Contributing a share of 31.1 %, Germany actually emerged as the strongest revenue-generating region within the Group during the third quarter of 2012.

Despite the marked downturn in car sales within the Western European markets, revenue in the Rest of Europe (excluding Germany) increased by as much as 2.4 % to EUR 263.0 (256.8) million in the first nine months of 2012. In the third quarter, however, revenue from sales in this region fell significantly – down 5.2 %.

**GROUP SALES BY REGION 9 MONTHS 2012** (prior year) in %




The surprisingly buoyant performance of the US car market in terms of overall vehicle sales is also reflected in the business performance of the ElringKlinger Group. In the first nine months of 2012, revenue generated from sales in the NAFTA region surged by 21.0 % to EUR 148.8 (123.0) million. Benefiting from new product ramp-ups at the Buford plant, ElringKlinger saw its sales revenue expand at a faster rate relative to car production in this region too. Business in South America was similarly buoyant in the period under review, with the Group recording revenue growth of 10.6 %, which took sales to EUR 51.0 (46.1) million.

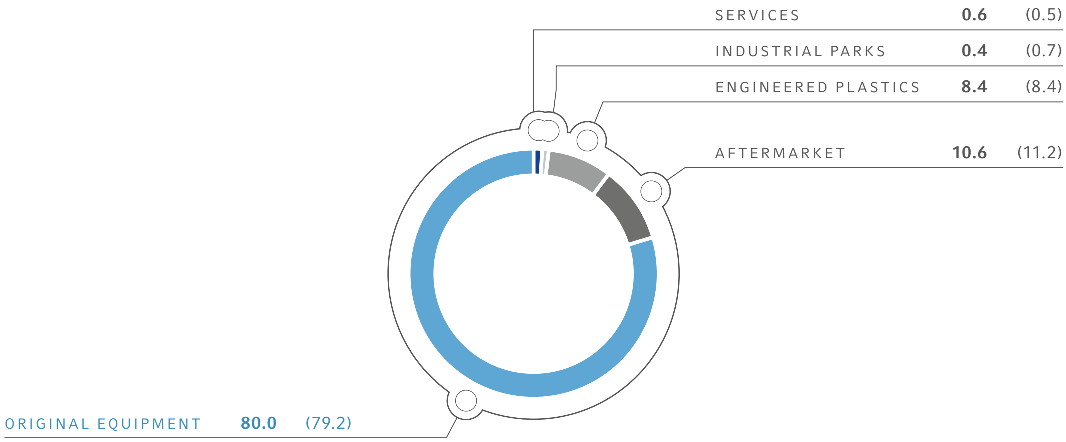
Revenue generated within the Asian markets as a whole totaled EUR 126.9 (111.7) million in the first nine months of 2012, an increase of 13.6 %.

Growth was driven mainly by the Chinese subsidiaries operating within the ElringKlinger Group, but also by the positive performance at ElringKlinger Marusan Corporation, Japan. In the third quarter of 2012, the regional contribution to Group sales made by Asia rose to 16.9 %. However, the significance of the Asian markets with regard to overall business performance of the ElringKlinger Group is in fact much greater than this figure suggests. After all, a substantial share of the cars, transmissions and engines produced mainly in Germany, but also at other European sites, and equipped with components supplied by ElringKlinger is actually exported to Asia. If these exports were to be taken into account, the proportion of Group sales attributable to the Asian markets would now actually be around 23 %.

Working in cooperation with its joint-venture partner ElringKlinger Marusan Corporation, ElringKlinger has built a new production plant in Indonesia. Production is currently in the start-up phase. In setting up a local production site, the ElringKlinger Group has thus taken an important lead in establishing itself within the burgeoning car market of the ASEAN region.

As a result of the developments outlined above, the total share of foreign sales in Group revenue fell slightly to 69.4 % (70.4 %) in the first nine months of 2012.

SALES REVENUES BY SEGMENT 9 MONTHS 2012 (prior year) in %




## Original Equipment records significant growth

The largest proportion of revenue growth generated by the Group was attributable to the Original Equipment segment. Driven by the forward momentum seen within the car markets of Asia as well as North and South America, coupled with product ramp-ups as well as with the contributions made by the acquired entities, sales revenue within this segment increased by 12.3 % to EUR 679.3 (604.7) million in the first nine months of 2012. Included in the scope of consolidation for the first time, the acquired entities contributed EUR 18.6 million to Group sales in the period under review. Excluding the revenue contributions from acquisitions, segment revenue was still up by 9.3 % to EUR 660.7 million.

Segment earnings were impacted by the as yet negative earnings contributions of the acquired entities. In total, however, earnings before taxes increased at a more pronounced rate than sales, rising by 17.3 % to EUR 67.9 (57.9) million.

## Stable growth in Aftermarket segment

The Aftermarket segment managed to expand its sales revenue by 6.7 % in the first nine months of 2012, taking segment revenue to EUR 91.2 (85.5) million.

In Germany, gains in market share resulted in slight year-on-year growth. ElringKlinger AG also received excellent customer feedback for its promotional activities as an exhibitor at the world's largest trade show for the aftermarket industry, Automechanika, which took place in Frankfurt, Germany, in September 2012.

The Western European markets for spare parts were relatively weak in the period under review. However, in acquiring the metallic flat gaskets unit from the Freudenberg Group, ElringKlinger is now in a position to expand its portfolio of cylinder-head and specialty gaskets for the French and Italian aftermarket. Having been under-represented as a supplier within these markets, ElringKlinger's

Aftermarket segment is currently expanding its product range and sales channels in these countries. These markets are considered to have significant growth potential in the coming years.

In the Eastern European markets, meanwhile, ElringKlinger was able to reap the rewards of consistently buoyant demand, while also benefiting from the strength of its "Elring – das Original" brand. In this region, aftermarket business produced double-digit growth.

Despite the political volatility seen in some countries in North Africa and the Middle East, together with visible hesitancy on the part of many aftermarket wholesalers, the Group managed to increase revenue from sales in this key region. This was driven by a strong performance within the truck market.

Within the Aftermarket segment, earnings before taxes rose faster than revenue to EUR 19.5 (17.6) million in the first nine months of 2012. In the third quarter, expenses associated with the Automechanika trade show and printing costs for new product catalogs exerted downward pressure on earnings. In this period, ElringKlinger's Aftermarket segment recorded earnings before taxes of EUR 6.1 (6.1) million, which was EUR 0.8 million less than in the second quarter of 2012.

### Further upturn in Engineered Plastics segment

The Engineered Plastics segment produced double-digit growth in revenue over the course of the first nine months of 2012. Solid demand from the automotive, mechanical engineering and medical devices industry prompted a boost in sales revenue by 11.6 % to EUR 71.0 (63.6) million. Revenue growth was fueled in particular by new products, such as sealing rings for brake systems made of the injection-moldable high-performance plastic Moldflon™.

At the same time, consistent efforts aimed at international expansion of activities previously restricted almost entirely to the German-speaking region are bearing fruit. Having successfully established a sales company in Qingdao, China, and introduced its own manufacturing operations in Suzhou, China, the Engineered Plastics segment is now making preparations for market entry in the United States.

Benefiting from solid capacity utilization, measures aimed at raising efficiency levels and a promising mix of products, this segment saw earnings before taxes rise by 18.0 % to EUR 13.1 (11.1) million in the first nine months of 2012. Compared to the strong performance achieved in the same period a year ago, however, the third quarter of 2012 saw a slight downturn in earnings by 9.8 % – from EUR 5.1 million to EUR 4.6 million.

### Lower earnings contribution by Industrial Parks after disposal of Ludwigsburg site

In the Industrial Parks segment operated by the ElringKlinger Group, the sale of the Ludwigsburg industrial park effective from October 1, 2011, had a major impact on revenues and earnings. ElringKlinger had recorded a non-recurring gain on disposal of EUR 22.7 million from this transaction in the third quarter of 2011.

As a result, rental income within the Industrial Parks segment was significantly lower in the first nine months of 2012 than in the same period a year ago. In total, it declined to EUR 3.6 (5.8) million.

Correspondingly, earnings before taxes generated by the Industrial Parks segment fell significantly year on year, down from EUR 24.7 million in the first nine months of 2011 to EUR 0.2 million in the same period of 2012.

### Strong demand for engineering services

The Services segment, an area in which ElringKlinger mainly provides engineering and testing services for vehicle manufacturers as well as other automotive suppliers, saw its revenue increase by 15.1 % to EUR 8.4 (7.3) million in the first nine months of 2012.

Services within the area of exhaust gas technology, with a specific focus on SCR technology aimed at reducing nitrogen oxides, were in particularly high demand.

With capacity utilization reaching significant levels, earnings before taxes within this segment increased at a particularly high rate, rising to EUR 1.5 (1.1) million.

### Headcount grows by 9.4 %

The rise in production output and expansion of operational capacity over the course of the first nine months of 2012 prompted an increase in staffing levels within the ElringKlinger Group. The overall headcount also expanded as a result of the recent acquisitions. The acquired Hummel-Formen Group as well as the former entity ThaWa GmbH together with its subsidiary AGD Group Entwicklungs- und Vertriebs GmbH had 292 employees in total as at September 30, 2012. Neither of the companies had been included in the figures reported as at September 30, 2011.

As at September 30, 2012, the number of people employed by the Group rose by 541 (9.4 %) in total to 6,284 (5,743). Excluding the acquired entities, the headcount rose by just 4.3 %. Thus, the increase in personnel within the Group's core business was less pronounced relative to organic growth (8.9 %).

In the third quarter of 2012 staffing levels expanded by 0.9 % compared to June 30, 2012.

The number of people employed in Germany rose to 2,920 (2,630) as at September 30, 2012. At the same date, the international sites operating within the Group had a total of 3,364 (3,113) employees. As the majority of personnel working for the recently acquired companies ThaWa GmbH and Hummel-Formen Group are based in Germany, the domestic headcount increased at a more pronounced rate than the foreign headcount. Domestic operations thus accounted for 46.5 %, up from 45.8 % a year ago. At the same time, the proportion of staff employed abroad fell to 53.5 % (54.2 %).

### Gross profit margin improves despite charges attributable to acquisitions

The Group saw its gross profit margin improve to 29.1 % (27.6 %) in the first nine months of 2012.

Compared to the peaks recorded in 2011, purchase prices for some of the raw materials required by ElringKlinger trended lower during the first nine months of 2012. However, there tends to be some delay before the reduction in most of the surcharges payable for alloys such as nickel finally trickles through to ElringKlinger's purchasing prices. By contrast, the decline in revenue generated from scrap materials in the form of discarded cut-outs was both severe and immediate.

In parallel, prices for polymer granules, which are being used to a larger extent by the company, remained at relatively high levels and surged even further between the second and third quarters of 2012.

For the purpose of counteracting the rise in raw material costs, ElringKlinger generally agrees supply contracts that are as long term as possible, as well as optimizes its product designs on a continual basis and develops more cost-effective materials.

The Group's gross profit margin was adversely affected by the collective pay rise by 4.3 % at sites in Germany, which came into effect on May 1, 2012. Given the fact that almost half of the workforce within the ElringKlinger Group is still employed at domestic sites, the impact of the wage increase was particularly severe.

The adverse effects of pay rises were partially offset by automation and the introduction of leaner production processes. The Group's headcount expanded at a slower rate relative to gross operating revenue and sales.

The staff profit-sharing bonus of EUR 1,150 per employee for members of the ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH and Elring Klinger Motortechnik GmbH workforce, as agreed for the financial year 2011, were accounted for as other liabilities in the first quarter of 2012 and thus resulted in additional staff costs of EUR 3.3 (2.5) million in total.

The Group's profit margin was influenced to a large extent by the as yet weaker gross profit margins recorded by the acquired entities. Overall, the contributions made by the Hug Group, the Hummel-Formen Group, the former company ThaWa GmbH and the metallic flat gaskets business acquired from the Freudenberg Group had a significant dilutive effect on the gross profit margin. Despite sustained improvements, the former Freudenberg companies in total also fell short of the Group's performance with regard to gross profit margins over the course of the first nine months.

Despite this, the cost of sales rose by just 8.9 % to EUR 602.0 (552.8) million in the first nine months, whereas sales revenue expanded by 11.3 %.

### R&D costs rise to 5.3 % of sales revenue

ElringKlinger spent EUR 7.7 million more on research and development during the first nine months of 2012 than in the same period a year ago. The Group expanded its development activities not only in its core business but also in the New Business Areas and E-Mobility divisions. In total, research and development costs thus rose to EUR 44.7 (37.0) million. The share of R&D expenses in Group sales increased to 5.3 % (4.8 %). ElringKlinger AG received government grants of EUR 2.4 (1.8) million in the first nine months of 2012. In parallel, however, the company incurred expenses at a comparable level for development work and prototyping.

The focus of R&D activities in the area of E-Mobility was on developing cell connectors with even higher performance ratings for the use in lithium-ion batteries, which are deployed primarily in hybrid vehicles but also in pure electric cars. ElringKlinger is currently working on a number of new development projects and prototype contracts for cylindrical and prismatic cell structures of the next generation.

While the E-Mobility division has incurred considerable start-up costs, in line with expectations it has yet to generate corresponding sales revenues. As soon as the volumes requested by customers expand within the context of existing serial-production projects and new contracts, ElringKlinger anticipates that it will reach the profit threshold in this highly promising new line of business within the next two years. ElringKlinger has recently been able to secure two further serial-production contracts for cell contact systems to be used in a hybrid vehicle produced by a German car maker and in a pure electric vehicle built by another European manufacturer. The overall volume of these contracts is around EUR 9 million.

In the period under review, the Group capitalized development costs totaling EUR 5.0 (3.9) million. Systematic depreciation and amortization of R&D activities capitalized by the Group totaled EUR 4.0 (3.2) million in the first nine months of 2012. The positive effect on earnings attributable to this item was equivalent to EUR 1.0 million.

Selling expenses rose by 24.4 % to EUR 60.2 (48.4) million, while general and administrative expenses increased by 22.5 % to EUR 34.9 (28.5) million. The disproportionately large increase in SG&A expenses relative to sales revenue was attributable partly to the first-time inclusion of acquisitions. Additionally, ElringKlinger's response to significant growth was to expand staffing levels within the sales department and in some of the central functions.

Other operating income fell markedly to EUR 8.0 (29.8) million in the first nine months of 2012, which was attributable to the fact that the figure posted in the same period a year ago had included a non-recurring gain of EUR 22.7 million from the disposal of the Ludwigsburg industrial park.

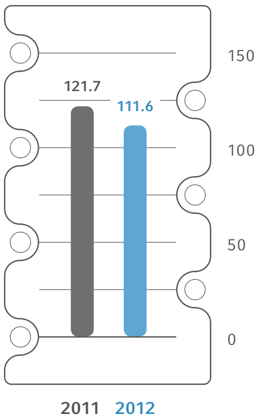
### Slight contraction in adjusted EBIT in third quarter

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell by 8.2 % compared to the same period a year ago, which had been buoyed by the sale of the industrial park. Thus, EBITDA totaled EUR 172.1 (187.5) million in the first nine months of 2012. In the third quarter of 2012, the Group recorded EBITDA of EUR 56.7 (82.1) million.

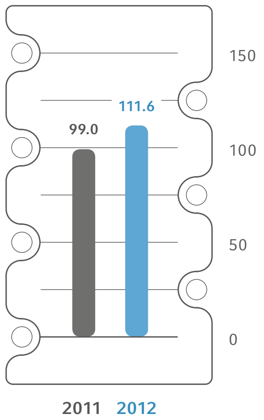
Depreciation and amortization declined to EUR 60.5 (65.8) million in the first nine months of 2012. It should be noted, however, that the reduction in depreciation and amortization was attributable partly to changes regarding the interpretation of supply contracts for tools. The purchase price allocations relating to recent acquisitions produced a charge of EUR 1.8 million.

The operating result declined by 8.8 % to EUR 113.1 (124.0) million in the first nine months. Of this total, an amount of EUR 36.5 (58.0) million was attributable to the third quarter. Adjusted for the above-mentioned non-recurring gain in the same period a year ago, the Group's operating result for the third quarter of 2012 was up by 3.4 %. The contribution made by the aforementioned acquisitions, including the former Freudenberg companies, diluted the Group's operating result by minus EUR 2.2 million in the first nine months of 2012 and by minus EUR 0.4 million in the third quarter.

EBIT 9 MONTHS
in EUR million




EBIT ADJUSTED* 9 MONTHS
in EUR million




*adjusted for non-recurring gain from sale of industrial park in 2011

Earnings before interest and taxes (EBIT) – in contrast to the operating result, this indicator includes foreign exchange gains and losses – fell by 8.3 % to EUR 111.6 (121.7) million in the first nine months of 2012. Excluding the one-time gain from sale of the industrial park in the previous year, the Group managed to expand EBIT by 12.7 %. Foreign-exchange losses of EUR 0.5 million exerted downward pressure during the third quarter of 2012. Against this backdrop, EBIT stood at EUR 36.0 (60.2) million. Eliminating the one-time gain attributable to the third quarter of the preceding year, EBIT contracted by 4.0 % in the third quarter 2012. The EBIT margin for the first nine months was 13.1 %. In the third quarter, it stood at 12.9 %.

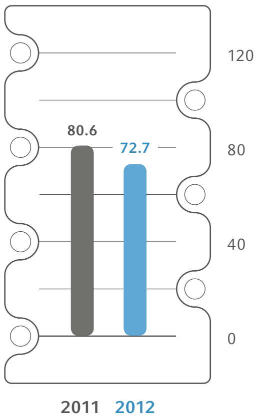
Excluding the dilution of earnings attributable to the acquisition of the Hug Group, the Hummel-Formen Group and ThaWa GmbH – the latter has already been integrated into ElringKlinger AG – as well as to the Freudenberg companies, which as yet generate lower margins in Group comparison, the ElringKlinger Group recorded an EBIT margin of 14.6 % in its core business over the nine-month period.

## Net finance costs down due to foreign exchange effects

In the first nine months of 2012, net finance costs were scaled back from EUR 11.6 million to EUR 10.8 million. This was attributable largely to foreign exchange effects. While net foreign exchange losses had stood at EUR 2.2 million in the first nine months of 2011, the negative foreign exchange effects for the same period in 2012 were equivalent to just EUR 1.5 million. This figure included a negative component of minus EUR 0.2 (- 1.7) million from a forex-related increase in liabilities associated with the loan taken out for the purchase of the Swiss SEVEX Group in 2008. At the time, ElringKlinger AG had financed the purchase consideration in Swiss francs.

Due to the sustained decline in interest rates compared to the previous year, net interest expense remained unchanged year on year in the first nine months of 2012 despite the increase in financial liabilities. In the first nine months of 2012, net interest expense thus amounted to EUR 9.4 (9.4) million.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ELRINGKLINGER AG 9 MONTHS
in EUR million




At EUR 3.6 (0.8) million, net finance costs attributable to the third quarter of 2012 were higher than in the same period a year ago. The third quarter of 2011 had seen net foreign exchange gains of EUR 2.2 million, producing an equivalent increase in earnings. By contrast, the third quarter of 2012 was adversely affected by net foreign exchange losses of EUR 0.5 million. At EUR 3.1 (3.0) million, net interest expense was slightly higher than in the same period a year ago.

### Adjusted earnings before taxes increases within nine-month period

The ElringKlinger Group saw its earnings before taxes decline by 9.0 % to EUR 102.2 (112.3) million in the first nine months. Excluding the effects of the non-recurring gain from the sale of the industrial park a year ago, the Group managed to raise its earnings before taxes by 14.1 %. Adjusted for the aforementioned one-time gain, earnings before taxes posted in the third quarter of 2012 were down 4.3 % to EUR 33.0 (34.5) million. At 26.6 % (26.1 %), the Group's tax rate for the first nine months remained largely unchanged year on year.

On this basis, the ElringKlinger Group recorded net income after minority interests of EUR 72.7 (80.6) million in this period. In the third quarter of 2012, net income after minority interests fell by 43.3 % to EUR 23.3 (41.1) million. Excluding the one-time gain of EUR 16.5 million included in the same quarter a year ago, ElringKlinger saw net income after minority interests contract by just 5.3 % in the third quarter 2012.

Earnings per share amounted to EUR 1.15 (1.27) in the first nine months of 2012. As at September 30, 2012, the number of ElringKlinger AG shares outstanding remained unchanged year on year at 63,359,990. In the third quarter of 2012, earnings per share stood at EUR 0.37 (0.65).

# Financial Position and Cash Flows

The financial position and cash flows of the ElringKlinger Group remained solid as at September 30, 2012. Operating cash flow for the nine-month period rose by 48.5 %, while the equity ratio reached 50.7 %.

### Growth boosts total assets to EUR 1,279.4 million

As at September 30, 2012, total assets held by the ElringKlinger Group amounted to EUR 1,279.4 (1,151.9) million. This was driven mainly by an expansion in property, plant and equipment as well as the growth-induced increase in working capital.

When comparing these figures with those reported as at September 30, 2011, it should be taken into account that the Hummel-Formen Group has only been included in the consolidated financial statements of the ElringKlinger Group since October 1, 2011. Additionally, ThaWa GmbH, the entity now merged into ElringKlinger AG, has only been included in the scope of consolidation of the ElringKlinger Group since January 1, 2012.

As a result of investments made for the purpose of supporting the company's growth, property, plant and equipment rose to EUR 557.2 (514.2) million as at September 30, 2012. Compared to December 31, 2011 (EUR 537.5 million), this corresponds to an increase of EUR 19.7 million.

### Expansion in inventories and receivables

Inventories were also up in the period under review, driven in particular by higher production volumes and more expansive procurement activities at an international level. As at September 30, 2012, inventories stood at EUR 241.0 (193.5) million. The rise in inventories compared to December 31, 2011, amounted to EUR 24.5 million. Within this context, a total of EUR 13.0 million was attributable to the reinterpretation of supply contracts, which had resulted in changes to the treatment of tools in 2011. Until the transfer of economic ownership, they are now accounted for as inventories, rather than being recognized as property, plant and equipment. Compared to June 30, 2012, inventories were up by EUR 3.3 million as a result of this specific factor.

As at September 30, 2012, the share of inventories in total assets rose to 18.8 % (16.8 %).

Capital tied up in trade receivables rose to EUR 204.1 (193.0) million at the end of the third quarter of 2012, i. e. at a slower rate relative to revenue growth. Having increased by 9.0 % compared to December 31, 2011, receivables were stabilized at a level comparable to that recorded on June 30, 2012 (EUR 204.6 million). ElringKlinger is pursuing a policy of disciplined receivables management throughout the Group, with the express purpose of optimizing its working capital.

### Strong equity ratio of 51 %

Due to allocations made from net income for the period, revenue reserves rose to EUR 412.8 million as at September 30, 2012, despite the higher dividend payout of EUR 36.7 million in 2012. As a result, equity of the ElringKlinger Group rose to EUR 649.0 (592.5) million.

Correspondingly, the Group's equity ratio stood at a solid 50.7 % (51.4 %) as at September 30, 2012.

### Net debt scaled back slightly in third quarter

ElringKlinger extended its bank borrowings for the interim financing of its dividend payout as well as for the partial financing of investments in working capital and in property, plant and equipment. In total, current and non-current financial liabilities rose to EUR 338.2 (254.1) million as at September 30, 2012. More specifically, non-current financial liabilities increased to EUR 140.4 (132.9) million, while current financial liabilities rose to EUR 197.8 (121.2) million.

Thus, the Group's net debt (current and non-current financial liabilities less cash) was EUR 274.1 (197.5) million as at September 30, 2012. This represents an increase compared to the year-end 2011 and to the same date a year ago. Compared to June 30, 2012 (EUR 279.2 million), however, the Group was able to reduce net debt by EUR 5.1 million.

Despite higher production output, trade payables were scaled back to EUR 51.5 million as at September 30, 2012, down from EUR 65.0 million at December 31, 2011.

Compared to the year-end 2011, other liabilities fell by EUR 12.0 million to EUR 77.5 million. This reduction was attributable primarily to the payment of EUR 6.0 million made in connection with a warranty incident (Notes, p. 41).

In total, current and non-current liabilities accounted for 49.3 % (48.6 %) of total equity and liabilities.

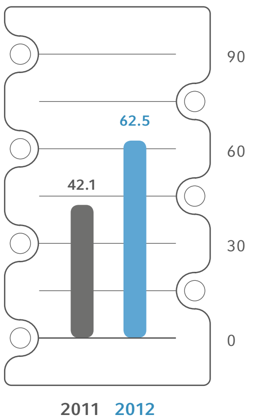
### Operating cash flow rises to EUR 62.5 million

In the first nine months of 2012, ElringKlinger generated net cash from operating activities of EUR 62.5 (42.1) million. Of this total, an amount of EUR 34.1 (23.2) million was attributable to the third quarter.

As regards year-on-year comparisons, it should be noted that operating cash flow for the first nine months of 2011 was adversely affected by payments in connection with a warranty incident (Notes, p. 41), the net effect of which was a cash outflow of EUR 7.4 million. Overall, the warranty incident had no effect on operating cash flow in the third quarter of 2011.

In the first nine months of 2012, the contribution made to operating cash flow by earnings before taxes was EUR 10.1 million lower than in the same period a year ago. It should be taken into account, however, that last year's earnings included a non-recurring gain of EUR 22.7 million from the disposal of the Ludwigsburg industrial park, as outlined above. The reduction in depreciation, amortization and write-downs by EUR 5.3 million to EUR 60.5 (65.8) million also had a lowering effect.

NET CASH FROM OPERATING ACTIVITIES 9 MONTHS
in EUR million




More expansive inventories and the increase in trade receivables, as well as other assets not attributable to investing or financing activities, exerted downward pressure on operating cash flow. They rose by EUR 43.2 (80.6) million in the first nine months of 2012, i.e. at a much slower rate than in the same period a year ago. Having said that, the figure posted for the first nine months of 2011 had included a claim of EUR 14.4 million against an insurer in connection with the aforementioned warranty incident. Changes relating to the treatment of supply contracts for tools were responsible for an additional EUR 13.0 (12.7) million in inventories in the first nine months of 2012 and EUR 3.3 million in the third quarter of 2012.

In the third quarter of 2012, trade receivables remained unchanged despite higher sales revenue. By contrast, inventories expanded during the same period. In total, inventories, trade receivables and other assets not attributable to investing or financing activities rose by EUR 10.5 (7.7) million in the third quarter.

Trade payables as well as other liabilities not attributable to investing or financing activities were scaled back by EUR 30.1 (20.1) million between January and September 2012, and by EUR 0.5 (18.3) million in the third quarter. The payment of EUR 6.0 million during the first half of 2012 in connection with a warranty incident resulted in a corresponding reduction in other liabilities in the first nine months of 2012. By contrast, the liability of EUR 7.0 million still outstanding as at September 30, 2011, in connection with the warranty incident had a positive effect on cash flow in the nine-month period of 2011.

Income taxes paid increased significantly to EUR 29.4 (15.4) million in the first nine months of 2012. This figure included tax arrears for fiscal 2011 totaling EUR 5.3 million. In parallel, the Group saw an increase in tax prepayments.

### Reduction in cash outflow for investing activities

Over the course of the first nine months of 2012, ElringKlinger invested a total of EUR 76.2 (82.7) million in property, plant and equipment, investment property and intangible assets. Of this total, an amount of EUR 30.8 (29.5) million was attributable to the third quarter. The investment ratio in the first nine months 2012 fell to 9.0 % (10.8 %). This was in line with ElringKlinger's plans to scale back the ratio to a more normal level based on a long-term comparison. The long-term target set for the investment ratio is between 8 and 10 %.

The company purchased additional systems for the production of plastic housing modules at the new plant located at its headquarters in Dettingen/Erms. Production of lightweight plastic components at this site commenced at the beginning of the year. Furthermore, investments were directed at additional equipment required for the serial-production line for cell connectors used in lithium-ion batteries.

Acquired in January 2012, the site in Thale, Saxony-Anhalt, is currently being extended to include a new production facility. Preparations are also underway for the introduction of automated manufacturing of housing modules for exhaust gas purification systems.

Further investments were made at the Chinese plants in Changchun and Suzhou, alongside funds targeted at new assembly lines for scheduled product ramp-ups.

ElringKlinger paid EUR 1.3 million for the takeover of ThaWa GmbH in the first nine months of 2012; the purchase consideration was settled as early as the first quarter. By contrast, payments for the acquisition of subsidiaries totaled EUR 51.6 million in the same period a year ago – for the purchase of the metallic flat gaskets business of the Freudenberg Group and the Swiss Hug Group.

In total, net cash used in investing activities amounted to EUR 74.9 (99.2) million in the first nine months of 2012. In the third quarter of 2012, net cash used in investing activities totaled EUR 29.6 million, as opposed to EUR 4.5 million in net cash from investing activities in the third quarter of 2011. The latter had been attributable primarily to an inflow of cash of EUR 34.0 million from the disposal of the Ludwigsburg industrial park.

At minus EUR 11.1 (-5.5) million, operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions) was still in negative territory in the first nine months of 2012. In the third quarter, however the ElringKlinger Group returned to positive operating free cash flow of EUR 4.5 (27.7) million.

### Stronger focus on long-term financing structures in Q3

In the second quarter of 2012, ElringKlinger had agreed short-term interim financing for transactions such as its dividend payment. In the third quarter, by contrast, current financial liabilities were replaced to a larger extent by long-term loans. The company took on non-current financial liabilities of EUR 27.0 (21.8) million in the third quarter of 2012. At the same time, it repaid current financial liabilities totaling 27.2 (34.2) million and non-current liabilities amounting to EUR 3.3 (3.4) million.

In the first nine months of 2012, the net amount of long- and short-term bank loans taken out by the ElringKlinger Group was EUR 49.1 (28.1) million.

In the period from January to September 2012, net cash from financing activities totaled EUR 10.9 (10.2) million. In the third quarter of 2012, net cash used in financing activities was EUR 3.5 (16.7) million.

As at September 30, 2012, cash held by the ElringKlinger Group amounted to EUR 64.1 (56.6) million.

# Opportunities and Risks

As regards the assessment of opportunities and risks relating to the business performance of the ElringKlinger Group, there were no fundamental changes to the statements made in the 2011 Annual Report (pages 85 to 97). However, it should be noted that the economic situation in Europe in particular has been gradually deteriorating over the course of 2012 to date.

With the international consumer climate showing signs of instability at the end of the third quarter of 2012, even China's forward momentum appears to be waning. The debt crisis currently engulfing the eurozone as well as the fiscal cliff threatening the United States have had a dampening effect on consumer behavior as a whole (Macroeconomic Conditions and Business Environment, page 2).

Against this backdrop, the risks associated with future sales within the global car market have not subsided over the course of 2012. Recessionary trends and high unemployment in the southern states of Europe represent a latent risk to car demand in Europe – despite the very low level of demand already seen within this area.

The ElringKlinger Group is suitably prepared to respond to a more pronounced economic downturn, with a concomitant impact on automobile production. Benefiting from its flexible approach, the company is in a position to react to changing market conditions and adjust its cost structures with similar agility as that demonstrated during the crisis of 2008/9.

The company has no direct means of influencing the political and macroeconomic uncertainties outlined above. These factors continue to represent a risk that is difficult to quantify, which also includes the possibility of more severe interest rate fluctuations and more pronounced exchange rate volatility.

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 factors.

The report on opportunities and risks can be accessed on the website of ElringKlinger at www.elringklinger.de/ar2011/report-on-opportunities-and-risks.

# Outlook

## Outlook – Market and Sector

### Global economy shows signs of weakening

Despite a raft of action plans put forward and implemented by governments and central banks, there are as yet no visible signs of a long-term solution to the international sovereign debt crisis. This situation is having an adverse effect on the global economy. Against this backdrop, in October 2012 the International Monetary Fund (IMF) revised downward its forecast for global economic growth in 2012 as a whole by 0.2 percentage points. Thus, its most recent outlook points to growth of just 3.3 %. In parallel, the IMF downgraded its forecast for 2013 to 3.6 %.

Europe has been particularly hard hit by the effects of high debt levels as well as the austerity measures introduced in response to the crisis and rising unemployment. The IMF predicts that the eurozone economy will contract by 0.4 % in 2012 as a whole. On a slightly more positive note, Germany is expected to see moderate growth of 0.9 % in its gross domestic product (GDP).

In the United States, meanwhile, expansive monetary policy and signs of an improvement in the employment market have provided some support for the economy. With this in mind, the IMF has forecast GDP growth of 2.2 % for the current year. Having said that, there continues to be a latent risk of a fiscal cliff, which may severely dampen consumer spending in the United States over the course of 2013. The largest economy of South America, Brazil, is expected to generate growth of 1.5 % in 2012.

Asia remains the driving force behind the global economy. China's central bank has been responding to the recent deceleration in growth by lowering lending rates and relaxing its minimum reserve requirements. The forecast for China has been set at GDP growth of around 7.8 % for 2012. The IMF expects India's economy to expand by 4.9 % in 2012. Additionally, the ASEAN member states are likely to see solid growth in GDP.

As it entered the second half of the year, Japan also fell victim to the insidious effects of global economic weakening. Having benefited from the forward momentum generated in the first six months of the year as the country emerged from the natural disaster of 2011, Japan is now likely to be restricted to GDP growth of just 2.2 % in 2012 as a whole. In response, the government in Tokyo has passed an extensive recovery program aimed at providing a much needed boost to the ailing economy in 2013.

### Global car sales up slightly despite severe slump in Europe

The visible differences in performance within the various regional vehicle markets are likely to persist. Western Europe, which has now reached a twenty-year low in terms of new vehicle registrations, is likely to remain anemic. At a global level, however, solid demand within the emerging markets and North America proved sufficient when it came to offsetting the downturn in sales recorded within this region. Against this backdrop, the majority of market forecasters predict that global vehicle sales will grow by between 3 and 4 % in 2012 as a whole. Having said that, this relatively solid performance is attributable to the significant rate of expansion seen in the first half of the year. Global vehicle production figures are expected to develop along similar lines.

As regards its own market projections, ElringKlinger has retained its forecast of 1 to 2 % growth in global vehicle production for 2012 as a whole. The Group's budget for 2013 is guided by the assumption that car production figures will stagnate or, at the very best, expand slightly at a global level.

Given the low level of consumer confidence and the decline in household income, the prospects for Western Europe have deteriorated even further. Many car makers have revised downward their original production targets. After a sluggish third quarter, Europe is now expected to see car sales slip by at least 8 % in 2012 as a whole. Indeed, the region may even be faced with a double-digit decline.

Amid this weak environment, the German automotive market remains relatively stable. According to the forecast for 2012 presented by the Verband der Automobilindustrie (VDA), Germany's association of the automobile industry, new car registrations will match the level recorded in 2011, a particularly buoyant year. This would correspond to a figure of 3.1 million units. Looking at production figures, however, it seems unlikely that the record performance seen in 2011 can still be emulated in 2012. The VDA has projected a figure of 5.5 (5.6*) million vehicles produced domestically. Of this total, 4.2 million units are destined for export markets.

The US auto market may be able to return to its pre-crisis levels in 2012. Industry experts have forecast an increase by more than 10 % in the number of cars and light trucks sold, taking the figure to well in excess of 14 million units. September's seasonally adjusted annual rate (SAAR) for the full year had even been set at 14.9 million cars and light trucks – the best figure since March 2008.

Data published for Brazil presents a mixed picture. The volume of cars sold is expected to grow by around 5 % in the year as a whole. With government-led incentive schemes being phased out at the end of August, however, the September figure for new car registrations was already down by 5.4 %.

Despite an increasing number of reports pointing to a rise in stock levels and less buoyancy within the consumer market, car sales in China look set to expand yet again in 2012. According to the latest forecast for 2012, growth is expected to lie between 7 and 8 %. Given the size of the Chinese vehicle market, this rate of expansion can be considered very respectable. The outlook for India is more subdued. Having witnessed a gradual downturn in demand for new cars over the course of the year, India is now expected to be faced with little more than stagnation in vehicle sales.

In Japan, meanwhile, car sales are projected to weaken over the course of the fourth quarter of 2012. Supported by catch-up effects in the first six months, however, the volume of vehicles sold in 2012 as a whole is still expected to exceed last year's figure by 15 to 20 %.

*Prior-year figures have been adjusted by the VDA, with the country of production being defined according to the main focus of value creation

### Commercial vehicle markets impacted by stagnant economy

Given the debilitated state of the European markets as well as the loss of momentum in the emerging economies, the global truck industry may very well be faced with a further downswing during the remainder of 2012.

Against the backdrop of persistent economic weakness, Western Europe is having to brace itself for a slump in truck sales by up to 10 % in 2012 as a whole.

In North America, too, truck makers were faced with a decline in order intake. Growth rates are expected to weaken or even dip into negative territory in some cases as the year progresses. Calculated on an annual basis, however, percentage growth in truck sales is still likely to reach double figures in 2012.

The Brazilian commercial vehicle market is expected to contract by 20 to 25 % in 2012. The fourth quarter of 2012 may benefit from the stimulating effects of purchase incentives newly introduced by the government, such as tax breaks and lower interest rates for borrowers.

China is experiencing similar difficulties in 2012, with the domestic market for light trucks projected to fall well short of the level recorded in the previous year. The overall number of heavy trucks sold is also expected to contract.

## Outlook – Company

The industry as a whole remains highly competitive with regard to the majority of product groups manufactured by ElringKlinger and continues to be dominated by price demands on the part of customers.

At the same time, suppliers are now responsible for an increasingly large proportion of value creation relating to new vehicle production. This calls for a consistent level of research and development expenditure as well as associated financing capabilities. Given these multifaceted challenges, it is likely that consolidation within the industry will continue at pace.

The slump in car demand throughout Europe as well as the danger of a downturn in other markets, coupled with the smoldering debt crisis in Europe and the United States, represent a latent risk. Nevertheless, ElringKlinger will still be able to offset partially the adverse effects outlined above with the help of structural growth in various product groups and supported by a significant number of new product rollouts.

Some manufacturers might make adjustments to production or extend the period of holiday closures for their factories at the end of the year. Therefore, the fourth quarter of 2012 and the period beyond will present some uncertainty as to the extent of customer demand.

Operating within this market environment, it is essential for the company to maintain a high level of flexibility with regard to cost structures and capacity planning. Should demand ebb away, ElringKlinger will respond immediately by implementing appropriate cost-reduction measures, as was the case during the financial crisis in 2008/9.

### Gradual improvement in performance of acquired companies

ElringKlinger is committed to scaling back the pressure exerted on the Group's profit margin following the inclusion of the entities acquired in 2011 – particularly the former Freudenberg companies, Hug Engineering AG and the Hummel-Formen Group. In the first nine months of 2012, the aggregate contribution to earnings before taxes made by the acquired entities was as yet in negative territory. Looking ahead to 2013, further step-by-step improvements to the profitability of the recently acquired companies are expected, the aim being to guide the profit margin closer towards that of the Group. In this context, the commencement of operations at the new plant in Thale, scheduled for the first quarter of 2013, will be a driver. In establishing Thale as a low-cost site and an "extended workbench" for Hug Engineering AG, the focus being on the production of housings for exhaust gas purification systems and the canning of particulate filters, ElringKlinger will be able to optimize its cost structures and alleviate some of the downward pressure exerted on the operating margin of Hug Engineering AG as a result of the sustained strength of the Swiss franc.

The measures currently being implemented for the purpose of raising efficiency levels – extensive automation as well as harmonization of production processes and product designs – will lead to cost savings and gradually enhance earnings generated by the acquired companies.

### Cost situation

ElringKlinger is committed to the continuous improvement of its production processes throughout the Group, with the express purpose of raising efficiency levels by at least 3 % with the aid of additional automation, process optimization and new manufacturing methods. Within this context, the emphasis of streamlining programs over the course of 2012 is on the subsidiaries and investees.

Over the course of the first nine months of 2012 prices for some of the key commodities and materials used by ElringKlinger declined from the peaks observed in 2011, particularly in the case of alloy surcharges for high-grade steel. The positive effects tend to trickle through to ElringKlinger's purchasing prices with some delay. By contrast, revenue generated by the company from scrap materials fell markedly. At the same time, prices for the growing volume of polymer granules required for production purposes continued to rise, particularly in the third quarter. Overall, however, ElringKlinger anticipates that prices will remain relatively stable during the remainder of 2012.

As a result of the collective wage agreement in the metal and electrical engineering industry, salaries and wages at almost all German sites operated by the ElringKlinger Group rose by 4.3 % effective from May 1, 2012. The ElringKlinger Group employs almost half of its workforce at sites in Germany. As in the past, the significant rise in wages will have to be offset by extensive streamlining measures and cost savings. Therefore, in 2012 and beyond any increase in the Group's headcount will be less pronounced relative to revenue growth.

### Investments in property, plant and equipment back at normal level

Following the substantial investments made by the ElringKlinger Group in property, plant and equipment over recent years, dominated in particular by construction work on new facilities at sites in Germany as well as in Asia, capital expenditure within this area will return to a more normal level in 2012 as a whole and in the subsequent years.

Therefore, the investment ratio, i. e. capital expenditure as a percentage of Group sales, will be lower in the coming years. At present, annual investments planned for 2012 and 2013 are between EUR 95 and 100 million respectively. The focus of capital expenditure will be on new machines and systems for scheduled product ramp-ups as well as on projects aimed at operational streamlining.

### Slight increase in order intake during third quarter

Order intake rose by 3.8 % to EUR 267.5 (257.8) million in the third quarter of 2012. As at September 30, 2012, order backlog within the ElringKlinger Group as a whole thus stood at a solid EUR 472.8 (440.9) million, up 7.2 % on the previous year's figure.

### Growth in sales and EBIT, before one-time effects, also planned for full fiscal year

At present, a further downturn within the automotive markets, particularly in Europe cannot be excluded. Overall, ElringKlinger is working on the assumption that global vehicle production will expand at a moderate rate in 2012 as a whole. Against this backdrop, the Group still anticipates that it will be able to raise sales revenue by 5 to 7 % in 2012 on an organic basis – depending on how customer demand develops over the course of the fourth quarter. An additional revenue contribution of approximately EUR 20 million is expected from the consolidation of recently acquired Hug Engineering AG, the Hummel-Formen Group and former ThaWa GmbH, which in 2012 will be included in the scope of consolidation for a full annual financial period for the first time. In 2011, the Hug Group had been included in the scope of consolidation of the ElringKlinger Group on a pro-rata basis as from May 1, while the Hummel-Formen Group had been included on a pro-rata basis as from October 1.

The EBIT margin of the Group's core business will be adversely affected to some extent by the much weaker margins recorded by the acquired entities, the purchase price allocations associated with these acquisitions and the substantial outlays attributable to the E-Mobility division. Despite these effects, ElringKlinger still anticipates that earnings before interest and taxes, adjusted for non-recurring items, will expand at a faster rate than sales revenue. Group EBIT, adjusted for non-recurring items, is expected to be in a range of EUR 145 to 150 million in 2012 (EUR 126.0 million in 2011) as a whole.

# Events after the Reporting Period

No significant events requiring disclosure occurred after the reporting period.

Dettingen/Erms, November 7, 2012

The Management Board

Dr. Stefan Wolf | Theo Becker | Karl Schmauder

# ElringKlinger and the Capital Markets

## Stock markets propelled to new annual high in third quarter of 2012

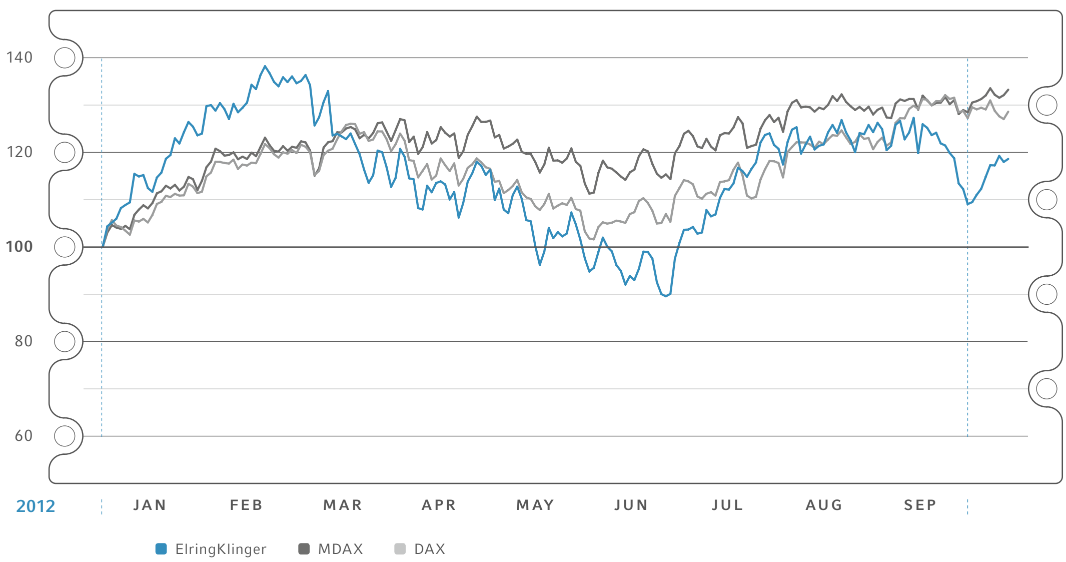
After a weak second quarter, stock markets around the globe put in a bullish performance in the third quarter of 2012. Despite unfavorable economic data, the markets were buoyed in particular by an announcement by the European Central Bank that it would buy government bonds without any limit if required. In parallel, further measures implemented by the US Federal Reserve with an emphasis on expansionary monetary policy helped to drive markets upward.

Germany's blue chip index DAX continued to edge its way forward, reaching 7,452 points in mid-September – its highest level in the year to date. In doing so, it almost matched the levels seen prior to the outbreak of the sovereign debt crisis. The DAX closed the third quarter of 2012 at 7,216 points, thus recording a gain of 800 points or 12.5 %. The MDAX, by contrast, trended slightly lower. Having said that, it still managed to expand by 6.1 % to 10,978 points in the period from July to September 2012. Between January and September 2012 the DAX gained 22.3 %, while the MDAX rose by 23.4 %.

At the beginning of 2012, ElringKlinger stock outperformed the benchmark indices DAX and MDAX by a significant margin. Shares in the company rose to EUR 25.20 in February, the highest level recorded so far this year. In the second quarter cyclical stocks in particular, which included ElringKlinger's shares, were exposed to significant pressure within an unfavorable market environment. However, the company's share price managed to gain significant ground during the third quarter. At the beginning of July, the stock again straddled the EUR 20 mark and climbed by 9.7 % to EUR 20.59 by the end of the quarter. In the first nine months of 2012 the stock recorded an aggregate gain of 7.4 %. ElringKlinger shares continued on its path of expansion at the beginning of October, reaching a level of around EUR 22.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JANUARY 1, 2012

compared to MDAX and DAX



### Decline in trading volume

Operating within a market environment dominated by lower trading volumes, the number of ElringKlinger shares traded on average declined to 143,400 (214,900) per trading day in the first nine months of 2012. Thus, the average daily value of shares traded was down 34.6 % year on year at EUR 3,107,000 (4,750,000). Based on the overall market capitalization of ElringKlinger AG, shares in the company remained liquid.

### Comprehensive and transparent: Investor Relations at ElringKlinger

ElringKlinger is committed to open, consistent and timely communication with private shareholders, institutional investors and financial analysts. With this in mind, we were again engaged in a close dialog with the capital market over the course of the third quarter of 2012. The road shows and conferences attended by the company included venues in Munich, Frankfurt/Main, Düsseldorf, Brussels, Amsterdam, The Hague, Copenhagen, Oslo, Stockholm and Madrid.

In September, private investors were able to talk in person to the CEO of ElringKlinger via an online chat accessible at www.elringklinger.de/de/chat-mit-dem-ceo. It was the third such event organized by the company. The thirty-minute live chat proved very popular, with numerous online users keen to discuss current corporate and market developments with Dr. Stefan Wolf.

Additionally, we further expanded our communication activities within the area of Social Media. We now provide a regular information service via Twitter (www.twitter.com/ElringKlingerAG) and Facebook (www.facebook.com/ElringKlinger) for the purpose of presenting exciting news about ElringKlinger.

### Multi-award winner: the ElringKlinger annual report

ElringKlinger's annual report for 2011 has won as many as three prestigious awards. At the 2012 ARC Awards coordinated by US awards organization MerComm, Inc. ElringKlinger received a "Silver" in the category "Non-Traditional Annual Report: Automotive Parts". Elsewhere, the renowned German Design Council, initiator and organizer of the Automotive Brand Contest (abc), chose ElringKlinger's publication as "Winner" within the "Corporate Publishing" category. Finally, the annual report received a silver medal as part of the coveted LACP Vision Awards in the category "Automobile & Components".

ELRINGKLINGER STOCK (ISIN DE 0007856023)

| | Jan.–Sept. 2012 | Jan.–Sept. 2011 |
|---|---|---|
| Number of shares outstanding | 63,359,990 | 63,359,990 |
| Share price (daily closing price in EUR)[1] | | |
| High | 25.20 | 26.45 |
| Low | 17.51 | 15.15 |
| Closing price as of Sept. 30 | 20.59 | 17.63 |
| Average daily trading volume (German stock exchanges; number of shares traded) | 143,400 | 214,900 |
| Average daily trading value (German stock exchanges; in EUR) | 3,107,000 | 4,750,000 |
| Market capitalization as of September 30 (in EUR million) | 1,304.6 | 1,117.0 |

[1] XETRA trading

# Group Income Statement

## of ElringKlinger AG, January 1 to September 30, 2012

| | 3rd Quarter 2012 EUR k | 3rd Quarter 2011 EUR k | 9-months 2012 EUR k | 9-months 2011 EUR k |
|---|---|---|---|---|
| **Sales revenue** | **279,793** | **264,360** | **849,601** | **763,226** |
| Cost of sales | -199,095 | -191,751 | -601,992 | -552,753 |
| **Gross profit** | **80,698** | **72,609** | **247,609** | **210,473** |
| | | | | |
| Selling expenses | -20,679 | -16,907 | -60,189 | -48,445 |
| General and administrative expenses | -11,701 | -10,567 | -34,935 | -28,453 |
| Research and development costs | -14,377 | -12,782 | -44,744 | -36,993 |
| Other operating income | 3,242 | 26,355 | 8,029 | 29,811 |
| Other operating expenses | -635 | -746 | -2,693 | -2,434 |
| **Operating result** | **36,548** | **57,962** | **113,077** | **123,959** |
| | | | | |
| Finance income | 1,988 | 6,473 | 7,634 | 11,385 |
| Finance costs | -5,562 | -7,269 | -18,467 | -23,010 |
| **Net finance costs** | **-3,574** | **-796** | **-10,833** | **-11,625** |
| | | | | |
| **Earnings before taxes** | **32,974** | **57,166** | **102,244** | **112,334** |
| Income tax expense | -8,574 | -14,942 | -27,244 | -29,334 |
| **Net income** | **24,400** | **42,224** | **75,000** | **83,000** |
| | | | | |
| of which: attributable to non-controlling interests | 1,127 | 1,155 | 2,259 | 2,423 |
| **of which: attributable to shareholders of ElringKlinger AG** | 23,273 | 41,069 | 72,741 | 80,577 |
| | | | | |
| **Basic and diluted earnings per share in EUR** | **0.37** | **0.65** | **1.15** | **1.27** |

# Group Statement of Comprehensive Income

## of ElringKlinger AG, January 1 to September 30, 2012

| | 3rd Quarter 2012 EUR k | 3rd Quarter 2011 EUR k | 9-months 2012 EUR k | 9-months 2011 EUR k |
|---|---|---|---|---|
| **Net income** | **24,400** | **42,224** | **75,000** | **83,000** |
| Currency translation difference | -824 | 735* | 2,146 | -794* |
| **Changes recognized directly in equity** | **-824** | **735** | **2,146** | **-794** |
| **Total comprehensive income** | **23,576** | **42,959** | **77,146** | **82,206** |
| | | | | |
| of which: attributable to non-controlling interests | 960 | 1,340 | 2,786 | 2,964 |
| **of which: attributable to shareholders of ElringKlinger AG** | 22,616 | 41,619 | 74,360 | 79,242 |

* Prior-period figure adjusted; see disclosure in the consolidated notes of the annual report 2011

# Group Statement of Financial Position

## of ElringKlinger AG, as at September 30, 2012

| | Sept. 30, 2012 EUR k | Dec. 31, 2011 EUR k | Sept. 30, 2011 EUR k |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 133,703 | 134,133 | 123,681* |
| Property, plant and equipment | 557,188 | 537,545 | 514,233 |
| Investment property | 13,647 | 13,071 | 13,763 |
| Financial assets | 1,221 | 2,621 | 1,772 |
| Non-current income tax assets | 2,570 | 3,355 | 3,086 |
| Other non-current assets | 1,576 | 1,730 | 1,197 |
| Deferred tax assets | 21,068 | 20,991 | 19,899 |
| **Non-current assets** | **730,973** | **713,446** | **677,631*** |
| | | | |
| Inventories | 240,957 | 216,467 | 193,462 |
| Trade receivables | 204,101 | 187,279 | 192,988 |
| Current income tax assets | 2,691 | 1,539 | 260 |
| Other current assets | 36,611 | 33,706 | 30,991 |
| Cash | 64,078 | 65,153 | 56,558 |
| **Current assets** | **548,438** | **504,144** | **474,259** |
| | 1,279,411 | 1,217,590 | 1,151,890* |

* Prior-period figure adjusted; see disclosure in the consolidated notes of the annual report 2011

| LIABILITIES AND EQUITY | Sept. 30, 2012 EUR k | Dec. 31, 2011 EUR k | Sept. 30, 2011 EUR k |
|---|---|---|---|
| Share capital | 63,360 | 63,360 | 63,360 |
| Capital reserves | 118,238 | 118,238 | 118,238 |
| Revenue reserves | 412,839 | 376,847 | 362,549 |
| Other reserves | 24,117 | 22,208 | 19,869* |
| **Equity attributable to the shareholders of ElringKlinger AG** | **618,554** | **580,653** | **564,016*** |
| Non-controlling interest in equity | 30,452 | 29,458 | 28,477 |
| **Equity** | **649,006** | **610,111** | **592,493*** |
| | | | |
| Provisions for pensions | 80,378 | 79,132 | 74,306 |
| Non-current provisions | 7,935 | 7,402 | 12,192 |
| Non-current financial liabilities | 140,433 | 161,348 | 132,872 |
| Deferred tax liabilities | 45,025 | 44,900 | 43,192 |
| Other non-current liabilities | 11,309 | 21,069 | 23,284 |
| **Non-current liabilities** | **285,080** | **313,851** | **285,846** |
| | | | |
| Current provisions | 14,501 | 15,499 | 14,366 |
| Trade payables | 51,492 | 65,019 | 50,273 |
| Liabilities to affiliated companies | 0 | 0 | 0 |
| Current financial liabilities | 197,846 | 126,145 | 121,175 |
| Tax payable | 15,314 | 18,546 | 12,991 |
| Other current liabilities | 66,172 | 68,419 | 74,746 |
| **Current liabilities** | **345,325** | **293,628** | **273,551** |
| | 1,279,411 | 1,217,590 | 1,151,890* |

* Prior-period figure adjusted; see disclosure in the consolidated notes of the annual report 2011

# Group Statement of Changes in Equity

## of ElringKlinger AG, January 1 to September 30, 2012

| | Share Capital EUR k | Capital-reserve EUR k | Revenue reserves EUR k |
|---|---|---|---|
| **Balance as of Dec. 31, 2010 / Balance as of Jan. 1, 2011** | **63,360** | **118,238** | **304,148** |
| Dividend distribution | | | -22,176 |
| Changes in scope of consolidated financial statements | | | |
| Total comprehensive income | | | 80,577 |
| Net income | | | 80,577 |
| Changes recognized directly in equity | | | |
| **Balance as of Sept. 30, 2011** | **63,360** | **118,238** | **362,549** |
| | | | |
| **Balance as of Dec. 31, 2011** | **63,360** | **118,238** | **376,847** |
| Dividend distribution | | | -36,749 |
| Purchase of shares in controlled entities | | | |
| Total comprehensive income | | | 72,741 |
| Net income | | | 72,741 |
| Changes recognized directly in equity | | | |
| **Balance as of Sept. 30, 2012** | **63,360** | **118,238** | **412,839** |

| Other reserves | | | | | | |
|---|---|---|---|---|---|---|
| Revenue reserves from SoRIE/OCI EUR k | Equity impact of controlling interests EUR k | Currency translation differences EUR k | IAS 8 adjustment EUR k | Equity attributable to the shareholders of ElringKlinger AG EUR k | Non-controlling interests in equity EUR k | Group equity EUR k |
| **-4,255** | **-946** | **16,448** | **9,957** | **506,950** | **15,340** | **522,290** |
| | | | | -22,176 | -908 | -23,084 |
| | | | | 0 | 11,081 | 11,081 |
| | | -3,002 | 1,667 | 79,242 | 2,964 | 82,206 |
| | | | | 80,577 | 2,423 | 83,000 |
| | | -3,002 | 1,667 | -1,335 | 541 | -794 |
| **-4,255** | **-946** | **13,446** | **11,624** | **564,016** | **28,477** | **592,493** |
| | | | | | | |
| **-8,287** | **-1,484** | **31,979** | **0** | **580,653** | **29,458** | **610,111** |
| | | | | -36,749 | -1,173 | -37,922 |
| | 290 | | | 290 | -619 | -329 |
| | | 1,619 | | 74,360 | 2,786 | 77,146 |
| | | | | 72,741 | 2,259 | 75,000 |
| | | 1,619 | 0 | 1,619 | 527 | 2,146 |
| -8,287 | -1,194 | 33,598 | 0 | 618,554 | 30,452 | 649,006 |

# Group Statement of Cash Flows

## of ElringKlinger AG, January 1 to September 30, 2012

| | 3rd Quarter 2012 EUR k | 3rd Quarter 2011 EUR k | 9-months 2012 EUR k | 9-months 2011 EUR k |
|---|---|---|---|---|
| Earnings before taxes | 32,974 | 57,166 | 102,244 | 112,334 |
| Depreciation/Amortization (less write-ups) of non-current assets | 20,698 | 21,896 | 60,486 | 65,774 |
| Net interest | 3,066 | 3,017 | 9,358 | 9,380 |
| Change in provisions | -2,175 | -345 | -1,371 | 31 |
| Gains/losses on disposal of non-current assets | -595 | -23,003 | -461 | -22,763 |
| Change in inventories, trade receivables and other assets not resulting from financing and investing activities | -10,493 | -7,728 | -43,233 | -80,585 |
| Change in trade payables and other liabilities not resulting from financing and investing activities | -547 | -18,340 | -30,146 | -20,092 |
| Income taxes paid | -7,430 | -4,052 | -29,398 | -15,392 |
| Interest paid | -2,162 | -1,966 | -6,800 | -6,927 |
| Interest received | 55 | 5 | 155 | 151 |
| Other non-cash expenses/income | 685 | -3,451 | 1,629 | 181 |
| **Net cash from operating activities** | **34,076** | **23,199** | **62,463** | **42,092** |
| | | | | |
| Proceeds from disposals of intangible assets and of property, plant and equipment and investment properties | 820 | 34,000 | 1,004 | 35,112 |
| Proceeds from disposals of financial assets | 402 | 251 | 1,583 | 367 |
| Payments for investments in intangible assets | -2,998 | -2,086 | -6,218 | -4,986 |
| Payments for investments in property, plant and equipment and investment properties | -27,835 | -27,384 | -69,975 | -77,687 |
| Payments for investments in financial assets | -1 | -262 | -9 | -371 |
| Payments for the acquisition of consolidated entities, less cash | 0 | 0 | -1,315 | -51,629 |
| **Net cash from investing activities** | **-29,612** | **4,519** | **-74,930** | **-99,194** |
| | | | | |
| Contributions from capital increases from minority shareholders | 0 | 0 | 0 | 5,181 |
| Payments to minorities for the purchase of shares | 0 | 0 | -329 | 0 |
| Dividends paid to shareholders and minorities | 0 | -908 | -37,924 | -23,084 |
| Changes in current financial liabilities | -27,208 | -34,180 | 72,464 | 28,043 |
| Additions to non-current financial liabilities | 27,000 | 21,761 | 27,925 | 28,729 |
| Repayment of non-current financial liabilities | -3,274 | -3,399 | -51,246 | -28,709 |
| **Net cash from financing activities** | **-3,482** | **-16,726** | **10,890** | **10,160** |
| | | | | |
| Changes in cash | 982 | 10,992 | -1,577 | -46,942 |
| Effects of currency exchange rates on cash | -436 | 1,823 | 502 | 143 |
| Cash inflow from the acquisition of consolidated entities | 0 | 0 | 0 | 2,167 |
| Cash at beginning of period | 63,532 | 43,743 | 65,153 | 101,190 |
| Cash at end of period | 64,078 | 56,558 | 64,078 | 56,558 |

# Group Sales by Region

| | 3rd Quarter 2012 EUR k | 3rd Quarter 2011 EUR k | 9-months 2012 EUR k | 9-months 2011 EUR k |
|---|---|---|---|---|
| Germany | 86,931 | 78,858 | 259,806 | 225,637 |
| Rest of Europe | 80,934 | 85,377 | 263,036 | 256,763 |
| NAFTA | 46,856 | 40,571 | 148,808 | 123,049 |
| Asia and Australia | 47,091 | 43,833 | 126,905 | 111,677 |
| South America and other | 17,982 | 15,721 | 51,046 | 46,100 |
| Group | 279,793 | 264,360 | 849,601 | 763,226 |

# Segment Reporting

## of ElringKlinger AG, July 1 to September 30, 2012

| Segment | Original Equipment 2012 EUR k | Original Equipment 2011 EUR k | Aftermarket 2012 EUR k | Aftermarket 2011 EUR k | Engineered Plastics 2012 EUR k | Engineered Plastics 2011 EUR k |
|---|---|---|---|---|---|---|
| **Segment revenue** | **227,365** | **214,714** | **32,103** | **29,181** | **23,424** | **23,260** |
| - Intersegment revenue | -6,049 | -5,509 | 0 | 0 | 0 | 0 |
| **Sales revenue** | **221,316** | **209,205** | **32,103** | **29,181** | **23,424** | **23,260** |
| **EBIT**[1] | **24,325** | **25,304** | **6,445** | **6,390** | **4,636** | **5,019** |
| + Interest income | 29 | 19 | 2 | 5 | 94 | 127 |
| - Interest expense | -2,714 | -2,697 | -351 | -261 | -82 | -45 |
| **Earnings before taxes** | **21,640** | **22,626** | **6,096** | **6,134** | **4,648** | **5,101** |
| Depreciation and amortization | -19,264 | -20,671 | -347 | -235 | -757 | -712 |
| Capital expenditures[2] | 28,989 | 25,815 | 598 | 2,797 | 642 | 739 |

## January 1 to September 30, 2012

| Segment | Original Equipment 2012 EUR k | Original Equipment 2011 EUR k | Aftermarket 2012 EUR k | Aftermarket 2011 EUR k | Engineered Plastics 2012 EUR k | Engineered Plastics 2011 EUR k |
|---|---|---|---|---|---|---|
| **Segment revenue** | **696,654** | **621,678** | **91,211** | **85,541** | **71,027** | **63,598** |
| - Intersegment revenue | -17,355 | -16,998 | 0 | 0 | 0 | 0 |
| **Sales revenue** | **679,299** | **604,680** | **91,211** | **85,541** | **71,027** | **63,598** |
| **EBIT**[1] | **76,234** | **65,662** | **20,521** | **18,356** | **13,057** | **11,447** |
| + Interest income | 106 | 150 | 9 | 16 | 304 | 235 |
| - Interest expense | -8,398 | -7,962 | -1,013 | -785 | -247 | -533 |
| **Earnings before taxes** | **67,942** | **57,850** | **19,517** | **17,587** | **13,114** | **11,149** |
| Depreciation and amortization | -56,266 | -61,683 | -919 | -554 | -2,257 | -2,112 |
| Capital expenditures[2] | 70,318 | 75,456 | 1,728 | 4,164 | 2,700 | 2,413 |

[1] Earnings before interest and taxes
[2] Investments in intangible assets and property, plant and equipment and investment property

| Industrial Parks | | Services | | Consolidation and other | | Group | |
|---|---|---|---|---|---|---|---|
| 2012 EUR k | 2011 EUR k | 2012 EUR k | 2011 EUR k | 2012 EUR k | 2011 EUR k | 2012 EUR k | 2011 EUR k |
| 1,139 | 1,557 | 3,033 | 2,460 | -1,222 | -1,303 | 285,842 | 269,869 |
| 0 | 0 | 0 | 0 | 0 | 0 | -6,049 | -5,509 |
| 1,139 | 1,557 | 3,033 | 2,460 | -1,222 | -1,303 | 279,793 | 264,360 |
| | | | | | | | |
| -51 | 23,092 | 684 | 378 | | | 36,039 | 60,183 |
| | | | | | | | |
| 0 | 0 | 3 | 0 | -73 | -115 | 55 | 36 |
| -41 | -157 | -5 | -8 | 73 | 115 | -3,120 | -3,053 |
| -92 | 22,935 | 682 | 370 | | | 32,974 | 57,166 |
| | | | | | | | |
| -103 | -28 | -227 | -250 | | | -20,698 | -21,896 |
| 68 | 20 | 536 | 99 | | | 30,833 | 29,470 |

| Industrial Parks | | Services | | Consolidation and other | | Group | |
|---|---|---|---|---|---|---|---|
| 2012 EUR k | 2011 EUR k | 2012 EUR k | 2011 EUR k | 2012 EUR k | 2011 EUR k | 2012 EUR k | 2011 EUR k |
| 3,550 | 5,777 | 8,419 | 7,264 | -3,905 | -3,634 | 866,956 | 780,224 |
| 0 | 0 | 0 | 0 | 0 | 0 | -17,355 | -16,998 |
| 3,550 | 5,777 | 8,419 | 7,264 | -3,905 | -3,634 | 849,601 | 763,226 |
| | | | | | | | |
| 287 | 25,156 | 1,502 | 1,093 | | | 111,601 | 121,714 |
| | | | | | | | |
| 1 | 0 | 10 | 0 | -275 | -191 | 155 | 210 |
| -116 | -471 | -13 | -30 | 275 | 191 | -9,512 | -9,590 |
| 172 | 24,685 | 1,499 | 1,063 | | | 102,244 | 112,334 |
| | | | | | | | |
| -304 | -581 | -740 | -844 | | | -60,486 | -65,774 |
| 197 | 195 | 1,250 | 444 | | | 76,193 | 82,672 |

# Notes to the Third Quarter and First Nine Months of 2012

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, 2012, have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union (EU).

As the consolidated interim financial statements are presented in a condensed format, the financial statements accompanying the report on the third quarter of the financial year do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements have not been audited. They were authorized for issue based on a resolution passed by the Management Board on November 7, 2012.

## Basis of reporting

The accounting policies applied to the consolidated interim financial statements for the first nine months of 2012 correspond to those used in the consolidated financial statements for the financial year ended December 31, 2011.

For a detailed description of the basis of preparation and accounting policies, please refer to the notes to the consolidated financial statements of the 2011 Annual Report published by ElringKlinger AG.

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

The presentation currency of the ElringKlinger Group is the euro.

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of September 30, 2012, include the financial statements of six domestic and 26 foreign entities in which ElringKlinger AG holds more than 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.

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

In connection with a warranty incident, ElringKlinger AG and the customers concerned concluded a settlement agreement in 2011 for the payment of an amount totaling EUR 24.4 million. The warranty case relates to gaskets supplied at the beginning of 2008. A partial amount of EUR 17.4 million was paid in 2011. Another part payment of EUR 5.0 million was made in the first quarter of 2012, while a further payment of EUR 1.0 million was made in the second quarter of 2012. The remaining amount of EUR 1.0 million is due for payment in 2013. In parallel, ElringKlinger AG has a claim against its primary insurer and excess carrier for the same amount, of which EUR 10.0 million was settled in July 2011. Settlement of the remaining amount claimed has not yet occurred. Therefore, ElringKlinger has filed suit. The proceedings have yet to be concluded. ElringKlinger continues to anticipate that this claim will be settled in full.

In the third quarter, Hummel-Formen Kunststofftechnik GmbH, Lenningen, Germany, was merged into Hummel-Formen GmbH, Lenningen, Germany, retrospectively as of January 1, 2012.

During the second quarter of 2012, ThaWa GmbH Thaler Warenautomaten, Thale, Germany, and AGD Group Entwicklungs- und Vertriebs GmbH, Gütersloh, Deutschland, acquired effective from January 1, 2012, were merged into ElringKlinger AG retrospectively as of January 1, 2012. In the first nine months of 2012, the acquisition of the two companies contributed EUR 2,567k to sales and EUR 36k to earnings before taxes of the ElringKlinger Group.

At September 30, 2012, 6,284 (5,743) people were employed by the ElringKlinger Group. Amounts relating to leased personnel included in the financial reports of two international subsidiaries were eliminated; the prior-year figures were adjusted accordingly.

## Exchange rates

Exchange rates developed as follows:

| Currency | Abbr. | Rate on the closing date Sept. 30, 2012 | Rate on the closing date Dec. 31, 2011 | Average rate Jan.–Sept. 2012 | Average rate Jan.–Dec. 2011 |
|---|---|---|---|---|---|
| US Dollar (USA) | USD | 1.29300 | 1.29320 | 1.28853 | 1.39887 |
| Pound (United Kingdom) | GBP | 0.79805 | 0.83670 | 0.81179 | 0.87124 |
| Swiss Franc (Switzerland) | CHF | 1.20990 | 1.21650 | 1.20347 | 1.23198 |
| Canadian Dollar (Canada) | CAD | 1.26840 | 1.31920 | 1.28692 | 1.38082 |
| Real (Brazil) | BRL | 2.62320 | 2.41370 | 2.47996 | 2.33703 |
| Mexican Peso (Mexico) | MXN | 16.60860 | 18.07250 | 16.93427 | 17.43407 |
| RMB (China) | CNY | 8.12610 | 8.14350 | 8.15020 | 9.02397 |
| WON (South Korea) | KRW | 1,439.33000 | 1,499.59000 | 1,459.53111 | 1,542.59167 |
| Rand (South Africa) | ZAR | 10.71250 | 10.47630 | 10.33288 | 10.15627 |
| Yen (Japan) | JPY | 100.37000 | 100.07000 | 101.91111 | 111.32833 |
| Forint (Hungary) | HUF | 284.89000 | 312.82000 | 288.97778 | 280.84250 |
| Turkish Lira (Turkey) | TRY | 2.32030 | 2.44600 | 2.30677 | 2.35696 |
| Leu (Romania) | RON | 4.53830 | 4.33090 | 4.44300 | 4.23938 |
| Indian Rupee (India) | INR | 68.34800 | 68.58550 | 68.32012 | 65.47647 |

## Contingencies and related party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2011 were not subject to significant changes in the first nine months of 2012.

## Government grants

As a result of government grants received in respect of development projects, other operating income rose by EUR 2,421k in the first nine months of 2012, of which a total of EUR 1,177k was attributable to the third quarter of 2012.

## 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 7, 2012

The Management Board

Dr. Stefan Wolf    Theo Becker    Karl Schmauder

**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 7, 2012, and is available in German and English. Only the German version shall be legally binding.

# Financial Calendar

**MARCH 28, 2013**
Annual Press Conference, Stuttgart
Analysts' Meeting, Frankfurt/Main

**MAY 16, 2013**
108th Annual General Shareholders' Meeting, Stuttgart,
Cultural and Congress Centre Liederhalle

# Calendar Trade Fairs

**NOVEMBER 13 – 15, 2012**
The Battery Show, Detroit, USA

**DECEMBER 4 – 5, 2012**
11th International CTI Symposium & Exhibition
Innovative Automotive Transmissions and Hybrid & Electric Drives, Berlin

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