2014

Report on the 3rd Quarter and 1st Nine Months

beyond CO_2

elringklinger

beyond

CO_2

Solutions from ElringKlinger

ElringKlinger specializes in the development of cutting-edge green technology that helps not only to reduce CO_2 but also to cut emissions of nitrogen oxides, hydrocarbons and particulates, all of which can damage our health. Today, ElringKlinger is one of only a small number of automotive suppliers around the world to develop and produce technologically sophisticated components for every type of vehicle drive, from downsized and optimized versions of the traditional combustion engine through to electric vehicles powered by batteries or fuel cells. To round off our emissions-reduction portfolio, we supply particulate filters and complete exhaust gas purification systems for use in ships, buses, trucks, construction and agricultural machinery, locomotives and power stations. Additionally, ElringKlinger Kunststofftechnik supplies products made of high-performance PTFE plastics – increasingly to sectors outside the automotive industry. One of our great strengths lies in our capacity to innovate, and we harness this to achieve the company's goals of sustainable mobility and profitable growth. These efforts are supported by our committed workforce of some 7,000 people at more than 40 ElringKlinger Group locations worldwide.

Contents

Macroeconomic Conditions and Business Environment

Slowdown in global economic recovery

The world's major economies have been developing along divergent lines over the course of 2014 to date. While economic data for the eurozone fell below expectations and the Chinese economy showed signs of slight cooling, albeit from a high base, the United States saw its economy gather pace from the second quarter onwards, generating robust, inflation-free growth. Although the world economy still appears to be standing its ground in a climate dominated by geopolitical crises, the situation is beginning to cause greater uncertainty.

Western Europe shows inconsistent growth and lackluster pace of expansion

The second quarter revealed a eurozone economy mired in stagnation following a decline in investment spending and sluggish exports. By contrast, Q3 2014 saw its gross domestic product grow slightly quarter on quarter, up 0.2%. The performance of the individual economies within the eurozone has been anything but uniform. Hampered by a general lack of reform, the economies of France and Italy have failed to pick up speed, while other countries such as Spain, Portugal and Ireland have returned to moderate growth on the back of successful efforts to regenerate their economies. The UK economy recorded strong, sustained growth during the first three quarters of 2014, complemented by a low unemployment rate of 6.5%. The European Union's decision to impose economic sanctions on Russia, together with the Russian import embargo on specific goods from the EU, caused greater uncertainty within the markets.

The German economy, meanwhile, had to contend with a slowdown in growth over the course of the year. After a strong first quarter, buoyed in particular by favorable weather conditions, the country's gross domestic product expanded by 1.3% year on year in the third quarter of 2014, based on the latest estimates. More recently, a downturn in industrial output and incoming orders have given cause for concern with regard to the eurozone's main growth engine.

US economy gains momentum

Having failed to spark at the beginning of the year, paralyzed by sub-zero temperatures, the US economy became increasingly dynamic from the second quarter onwards. Inflation-free growth was underpinned by more expansive private investment spending, a reduction in household debt and greater stability in the real estate market. Although the recent leading indicators were below expectations, the US economy managed to sustain its dynamic growth.

The key markets of Latin America, by contrast, saw a further deterioration in economic performance as the year progressed. Brazil, as the largest economy in South America, has been in reverse gear since mid-2014. Faced with a number issues, including spiraling inflation, high interest rates, wage hikes in excess of productivity gains and a fraught budget situation, the country is in need of far-reaching structural reforms. It remains to be seen, however, whether the newly elected government can bring about the necessary changes.

China's growth rate above 7%

Impacted by less buoyant domestic demand and the end of the building boom, the Chinese economy cooled slightly during the first nine months. With growth remaining solid at more than 7%, however, the country has defended its position at the top of the leader board comprising the emerging countries of South-East Asia, which are still generating above-average growth when compared to other economies around the globe. Faced with a sustained lull in its economic activity, India has been showing signs of a return to growth since the second quarter of 2014. The key member states of ASEAN – Indonesia, Malaysia and the Philippines – also recorded stable growth rates of more than 5% in the first nine months of 2014.

In Japan, the pre-emptive effects from purchases made prior to the planned increase in value-added tax, which was implemented in April, resulted in comparatively strong growth in the first quarter. As expected, domestic demand became less dynamic as the year progressed. The economic stimulus package introduced by the Japanese government has yet to deliver any tangible impetus in terms of demand.

GDP GROWTH RATES (Year-on-year change)

in %	1st Quarter 2014	2nd Quarter 2014	3rd Quarter 2014
Germany	2.2	1.3	1.3
Eurozone	1.0	0.7	0.7
United States	1.9	2.6	2.1
Brazil	1.9	-0.9	-0.3
China	7.4	7.3	7.3
India	4.6	5.7	5.6
Japan	3.0	-0.1	0.0

Source: HSBC, (October 2014)

US and China provide boost to global car sales

Despite the downturn in Brazil and Russia, global vehicle production remained on track for growth in the third quarter of 2014. The three largest sales markets – China, USA and also Western Europe – maintained their forward momentum, with the United States and China in particular providing a good boost.

Split in Western European car markets – 5% growth in total

Car registration figures for Western Europe continued to rise in the third quarter of 2014. This region has thus been achieving consistent gains again since the end of 2013. The top five markets have been developing along different lines in the year to date: the United Kingdom and Spain recorded substantial growth rates, Italy's car market grew by a modest 3.6%, and France had to wait until September to see any visible signs of an upturn in sales.

The number of new cars registered in Germany over the first nine months of 2014 totaled 2.3 million units, which was around 3% more than in the previous year. The rate of growth relating to vehicle production was higher. Although growth from exports decelerated in September, the German automobile industry can rely on stable production figures. Manufacturers benefited from strong demand from the United States and China as well as from other European countries, particularly in the first half of the year. The number of passenger cars produced in the period from January to September 2014 grew by 3.8% to 4.2 million units.

The Eastern European car markets recorded dynamic double-digit growth. As a result, their share of the European market as a whole has also expanded from its present low level which is still under 10%.

Car sales in Russia continued to slide in the third quarter of 2014, despite the introduction of a car scrappage scheme. In September 2014, the number of new cars sold was 20% down on the figure for the same month a year ago, while the aggregate year-on-year downturn for the first nine months of 2014 was 13%.

US vehicle market remains buoyant

In the United States, demand for new cars was buoyed yet again in the third quarter of 2014 by an improvement in the labor market and favorable financing. Consumers focused in particular on SUVs and light trucks. Correspondingly, German manufacturers at the premium end of the market also benefited from the sustained surge in sales in the United States.

Market slump in Brazil

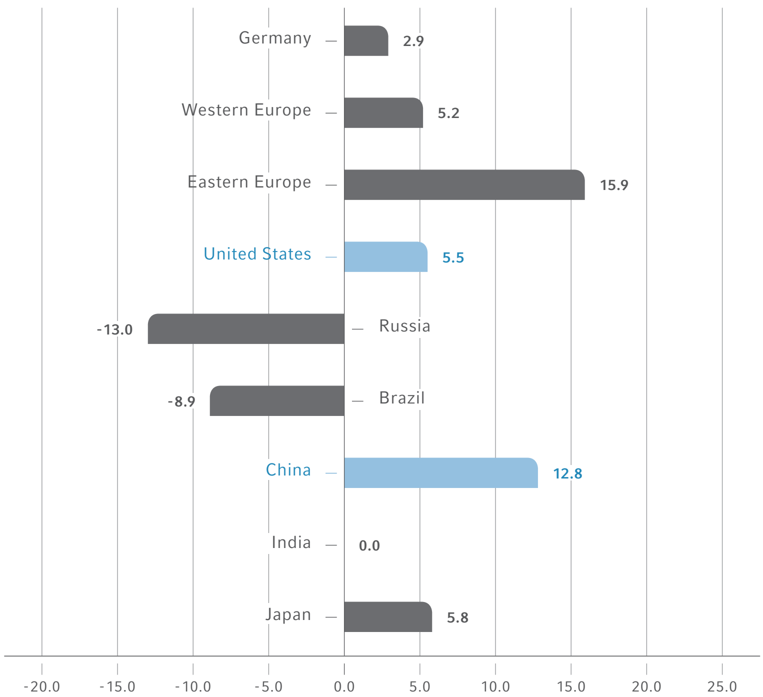
Having already been faced with a downturn in sales volumes in 2013, the world's fourth single largest market, Brazil, saw new car registrations slump by a further 8.9% in the first nine months of 2014. At -16.8%, the decline in vehicle production was even more pronounced. The rate of contraction was slightly less severe in September. ElringKlinger responded to the downturn in the market immediately by adjusting capacity levels at its Brazilian subsidiary to reflect the substantial decline in customer demand.

Growth in China's car market remains impressive

Recording double-digit growth in the first nine months of 2014, the number of new cars sold in the world's largest vehicle market, China, once again exceeded the impressive figure achieved in the previous year. The rate of growth slowed in the third quarter, but still stood at almost 10%. After a protracted period of weakness, the Indian car market edged its way up again slightly from the second quarter of 2014 onwards.

In Japan, meanwhile, the pre-emptive effect of an increase in value-added tax in April has since had a negative impact on domestic car sales. In total, however, the number of cars sold was still around 6% up on the previous year's figure.

NEW CAR REGISTRATIONS JAN. – SEPT. 2014
Year-on-year change (in %)



Source: VDA (October 2014)

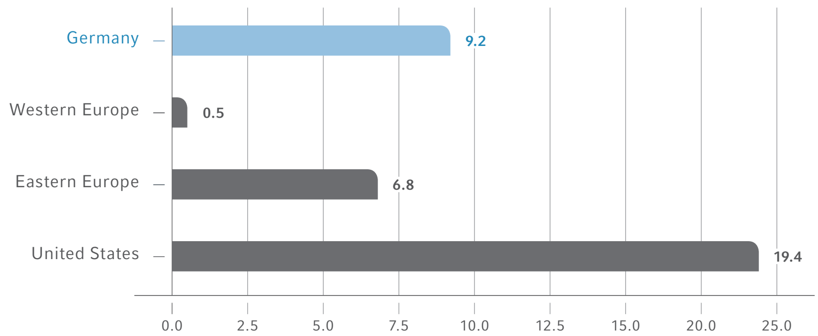
World's commercial vehicle markets led by US truck sector

As prevailing market conditions tend to have a direct impact on freight volumes, truck markets generally develop in line with economic growth in the respective regions. With this in mind, the commercial vehicle markets around the globe showed significant divergence in the third quarter of 2014. Whereas truck sales in the United States rose at a dynamic rate, the Western European market as a whole was faced with an increasingly difficult situation.

The first half of the year had seen new truck registrations in Western Europe expand by 2.4%. However, in the summer months of July and August sales of mid-sized and heavy trucks dipped into negative territory. Initially, the effects from purchases brought forward in anticipation of the transition to Euro VI appeared to be less severe than originally expected. However, pre-purchases of Euro V vehicles had also had a positive impact on figures in 2014, as some of these trucks were produced in 2013 but not registered for operation until 2014. The individual markets in Europe drifted apart noticeably when it came to the number of vehicles sold. Germany set the pace over the course of 2014 with aggregate growth of 9.2% and the largest market share in Western Europe.

NEW REGISTRATIONS OF MID-SIZED AND HEAVY TRUCKS JAN. – SEPT. 2014

Year-on-year change (in %)



Source: ACEA, Automotive News Data Center (October 2014)

The North American truck market also performed very well in the third quarter of 2014. The segment comprising Class 8 trucks grew by a further 25% in September, having already recorded impressive double-digit gains in the months prior to that date.

ElringKlinger generates more than 15% of its revenue – and this trend is rising – through truck parts in the Original Equipment segment. The commercial vehicle industry has increasingly been converting to lightweight components, which confirms the strategic direction taken by ElringKlinger. As part of the transition to Euro VI vehicles, demand for lightweight polymer-based components – to replace heavy metal parts – rose markedly. An increasing number of modules developed and produced by ElringKlinger in its Plastic Housing Modules division are supplied to the truck industry.

Significant Events

In the third quarter of 2014, ElringKlinger AG acquired 75% of the interests in New Enerday GmbH, based in Neubrandenburg, Germany, from a consortium made up of the existing owners. Inclusion in the scope of consolidation of the ElringKlinger Group occurred as of July 1, 2014. The other 25% ownership interest remained with the founder of the enterprise. At the time of acquisition, New Enerday had a workforce of 12 employees at its Neubrandenburg site, focusing mainly on development and pilot production.

In acquiring a 75% interest in the fuel cell system specialist, ElringKlinger AG has strengthened its business activities relating to high-temperature SOFCs (solid oxide fuel cells) and extended its own expertise centered around associated electronics, reformer technology and system integration.

New Enerday possesses marketable LPG-based products in an output range of 350 to 750 W, which can be interconnected on a modular basis if required for the purpose of achieving higher levels of system output. The acquisition has also given ElringKlinger access to important industrial property rights. Together with New Enerday, ElringKlinger will now be operating with an end-to-end value chain and extensive systems expertise.

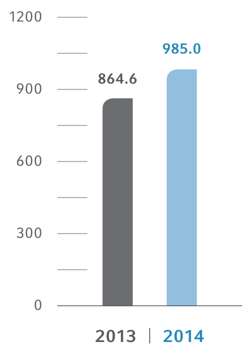
Promising areas of business include, in particular, the on-board power supply of boats and yachts as well as recreational vehicles. Additionally, the focus is on producing, in small-scale series, systems used as emergency standby power units to protect sensitive installations against the effects of power failures. The development pipeline also includes miniature LPG-fueled combined heat/power generation systems for domestic use in single-family houses and holiday homes. Together with cooperation partners, the company is currently developing a fuel cell unit for the low-emission on-board supply of power in trucks and other commercial vehicles. It is to be used to convert diesel into electrical energy at a high rate of efficiency. This conversion process takes place without noise exposure and is virtually emission-free.

Sales and Earnings Performance

Revenue driven by structural growth and strong demand from abroad

In the first nine months of 2014 revenue growth generated by the ElringKlinger Group again exceeded the rate of expansion achieved by car markets around the globe. This positive trend was fueled by buoyant demand in the key sales markets of China and the United States, but also in Western Europe. At the same time, more expansive business is a reflection of the company's capabilities as an innovator. ElringKlinger is able to supply an increasingly wide range of vehicle components and has thus been enjoying structural growth in many of its product groups. Additionally, revenue growth was driven by several new product ramp-ups in the period under review.

GROUP SALES 9 MONTHS
in EUR million



Group revenue increased by 13.9% to EUR 985.0 (864.6) million in the first nine months of 2014. Adjusted for the effects of consolidation and foreign exchange rates, growth amounted to 10.7%. When determining organic revenue growth, ElringKlinger Marusan Corporation, Tokyo, Japan, was accounted for as if the entity had remained subject to proportionate consolidation, as was originally the case in 2013. The third quarter of 2014 saw revenue increase by 13.9% to EUR 327.4 (287.5) million. Organic growth stood at 8.5%.

Overall, the strength of the euro during the first half of 2014, particularly against the US dollar, some of Asia's currencies and the Brazilian real, has had a dilutive effect on Group revenue in the financial year to date. ElringKlinger generates around 40% of its revenue in markets outside the eurozone. Without the negative effects of currency translation, Group revenue would have been EUR 13.3 million higher in the first nine months of 2014. The euro began to weaken from the second half of the year onward. In the third quarter of 2014, the Group thus saw a contrary, positive effect on sales revenue equivalent to EUR 2.1 million.

Due to the necessary retrospective application of IFRS 11 as regards the presentation of comparative prior-year figures (2013), the joint venture ElringKlinger Marusan Corporation was no longer accounted for on a proportionate basis but rather in accordance with the equity method (cf. Notes, page 50). As a result, the Group revenue figure originally presented for the first nine months of 2013 was retrospectively reduced to EUR 864.6 million, the difference being attributable to the entity's revenue contribution (EUR 19.5 million) formerly included at a proportionate rate of 50%. In the third quarter of 2013, Group revenue was thus reduced by EUR 6.5 million to EUR 287.5 million.

However, ElringKlinger Marusan Corporation was fully consolidated as from the first quarter of 2014 as a result of the assumption of control completed as of December 31, 2013, and was included in the Group accounts with its total revenue of EUR 35.4 million. Therefore, the additional revenue contribution was EUR 17.7 million. In the third quarter of 2014 total revenue generated by ElringKlinger Marusan Corporation amounted to EUR 12.2 million; the additional revenue contribution as a result of full consolidation stood at EUR 6.1 million.

Growth in revenue and earnings for Exhaust Gas Purification division

Benefiting from buoyant demand in its US retrofitting business for heavy trucks as well as from new projects for inland waterway vessels and business centered around exhaust gas purification systems for natural gas power plants, sales at the Hug Group in the first three quarters of 2014 rose by a substantial 35.2% to EUR 57.2 (42.3) million. The pattern of business during the first two quarters of 2014 was dominated to a large extent by billings in connection with large-scale contracts; the third quarter saw a return to more normal levels. Between July and September 2014, Hug accounted for revenue of EUR 17.1 million, compared with EUR 20.7 million in the first quarter and EUR 19.5 million in the second quarter. Year-on-year growth stood at 30.5% in the third quarter of 2014.

Hug is currently working on several new projects, including the certification of retrofit solutions for off-road vehicles in the United States as well as an SCR dosing system for marine engines, which was developed in response to the IMO exhaust emission regulations coming into force in 2016.

The improvement in capacity utilization also brought about a considerable improvement in earnings performance at the Hug Group in the first nine months of the year. Before interest and taxes, Hug earned EUR 13.7 (7.3) million in this period. Correspondingly, its operating margin was well above that of the Group average. In the third quarter, EBIT amounted to EUR 2.0 (2.3) million. The lower volume of revenue generated in the third quarter when compared with the first two quarters of the current financial year also translated into a less pronounced earnings contribution in this quarter. Given the strong focus on project-specific business at Hug, this entity's revenue and earnings performance is also likely to be open to fluctuation on a quarterly basis in the future.

Business in Europe and North America as a regional growth driver

Growth in the number of cars produced in Germany over the course of the first nine months of 2014 was also reflected in ElringKlinger's sales performance within its domestic market. The company expanded its revenue from sales in Germany by 7.4% to EUR 291.2 (271.2) million. Thus, 29.6% (31.4%) of Group revenue generated by ElringKlinger was attributable to the German market. It should be noted that some of the ElringKlinger components supplied to German premium-range car makers in particular are fitted to vehicles or engines subsequently exported from Germany to foreign markets. The third quarter of 2014 accounted for revenue of EUR 97.2 (92.5) million.

Achieving growth of 20.2% in the first nine months of 2014 and accounting for around one-third of total revenue, the region comprising the "Rest of Europe" (excluding Germany) remained the largest sales market for the ElringKlinger Group. Revenue climbed to EUR 323.9 (269.5) million in the period. In the third quarter, revenue increased by 21.5% to EUR 105.0 (86.4) million.

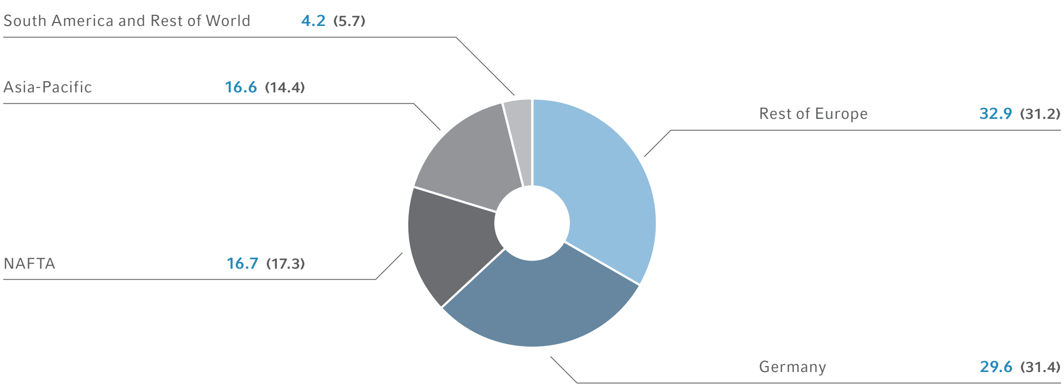
The encouraging direction taken by business in Europe was attributable partly to more buoyant demand for new cars within the European sales markets. In this context, the UK market grew at an above-average rate. ElringKlinger has its own production plant in England and was thus able to benefit directly from local market expansion. At the same time, various serial production ramp-ups, the focus being in particular on lightweight plastic components for trucks, provided a visible boost to sales revenue. The significant level of growth in this region was also underpinned by indirect exports to Asia and North America by customers served by ElringKlinger's European plants.

Supported by strong demand for vehicles in North America, ElringKlinger managed to lift sales revenue in the "NAFTA" region by 10.2% to EUR 164.8 (149.6) million in the first nine months of 2014. Without the, on balance, adverse effects of currency translation on revenue in the first nine months of the financial year, growth would have been even higher. In the third quarter of 2014 sales revenue amounted to EUR 54.5 (50.3) million, which corresponds to growth of 8.3%.

By contrast, sales volumes in South America were down markedly. As a result of the slump in Brazil's vehicle market, ElringKlinger had to contend with substantial year-on-year losses in revenue from its business activities in Brazil. In the first nine months of 2014 the subsidiary Elring Klinger do Brasil Ltda. saw a contraction in its sales revenue of around 19% compared to the same period a year ago. In the region comprising "South America", revenue generated by the ElringKlinger Group during this period shrank by 16.1% to EUR 41.6 (49.6) million. In this case, it should also be taken into account that the weakness of the Brazilian real – alongside the market slump – also had a negative impact on Group revenue. Thus, the proportion of Group sales attributable to South America fell to 4.2% (5.7%). The third quarter of 2014 accounted for sales of EUR 14.6 (15.8) million, which corresponds to a decline of 7.6%.

GROUP SALES BY REGION 9 MONTHS 2014

(prior year) in %



Group revenue generated in the "Asia-Pacific" region over the course of the first nine months of 2014 rose by 31.1% to EUR 163.5 (124.7) million. However, year-on-year growth in this region was inflated by the effects of changes to the scope of consolidation. Revenues attributable to ElringKlinger Marusan Corporation are no longer included in the prior-year figures on a proportionate basis (EUR 19.5 million) due to the retrospective application of IFRS 11, as explained above. As from 2014, by contrast, ElringKlinger Marusan Corporation was fully consolidated. Adjusted for the additional revenue contribution (EUR 17.7 million in 2014) due to the changes in consolidation of ElringKlinger Marusan Corporation, growth in the Asia-Pacific region was considerably lower. Here, too, the negative effects of foreign currency translation – attributable to the poor performance of Asia's currencies in relation to the euro – acted as a decelerating force.

ElringKlinger remains clearly focused on the growth markets of Asia. In the two preceding years, the company established new plants in both the ASEAN region (near Jakarta) and in Korea. The proportion of total Group sales attributable to business in Asia rose to 16.6% (14.4 %) in the first nine months of 2014. Factoring in revenue contributions associated with indirect exports from Europe to Asia, the share of ElringKlinger's Original Equipment revenue attributable to Asia would amount to roughly one quarter.

In the first nine months of 2014, the share of foreign sales in Group revenue increased to 70.4% (68.6%).

Original Equipment segment records strongest growth

The growth in business at Group level during the first nine months of 2014 was supported primarily by a strong performance of the company's core activities in the Original Equipment segment. This segment encompasses 82% of the Group's entire revenue and includes business relations with engine and vehicle manufacturers as well as Tier 1 and Tier 2 customers.

Buoyant demand within the key car markets of North America, Western Europe and Asia provided a boost to Original Equipment sales between January and September 2014, taking revenue to EUR 807.5 (692.0) million. At +16.7%, a disproportionately large increase, this segment recorded the highest growth rate compared to all the other reporting segments. Without the effects from the above-mentioned change to the consolidation method applied to ElringKlinger Marusan Corporation, i.e. if retaining the method of proportionate consolidation for this entity, the Original Equipment segment would have grown by 11.0%.

In the third quarter of 2014, segment revenue increased by 18.7% to EUR 269.3 (226.8) million. Adjusted for the effects of consolidation of ElringKlinger Marusan Corporation, growth amounted to 12.8%.

Business in the Original Equipment segment continued to benefit not only from new product ramp-ups but also from growing customer demand at a structural level for automatic transmission components, turbocharger gaskets, thermal-acoustic shielding parts and lightweight plastic modules. With the product portfolio in the divisions of the company's core business expanding, the number of ElringKlinger parts fitted per vehicle has risen.

The Original Equipment segment managed to lift segment earnings before taxes at a faster rate in relation to segment revenue. In the first nine months of 2014, segment earnings before taxes were up 28.5% on the figure reported for the same period a year ago and stood at EUR 90.6 (70.5) million in total. In the third quarter of 2014, earnings before taxes within this segment rose to EUR 32.9 (22.1) million.

To some extent, however, the segment's growth in earnings and in particular the marked increase during the third quarter of 2014 compared to the same period a year ago was attributable to an improvement in net finance costs. The appreciation of the US dollar and other currencies in relation to the euro from the second half of 2014 onward had a positive impact on the net result of foreign exchange gains and losses in the third quarter of 2014, which was accounted for primarily in the Original Equipment segment. Without these foreign exchange gains, the increase in earnings within the Original Equipment segment would have been 6.2% in the third quarter and 14.1% in the first nine months.

It should be noted that the company's core business within the Original Equipment segment had to compensate for a number of adverse effects in the period under review. Among the factors to exert downward pressure on the profit margin was the company's sluggish performance in Brazil. At the same time, earnings (including the effects of purchase price allocation) contributed by ElringKlinger Marusan Corporation, which was fully consolidated as from 2014 and provided revenue of EUR 34.7 million in the first nine months of 2014, were in slightly negative territory. Additionally, tool-related revenue was relatively high at more than EUR 20 million in the second and the third quarter respectively. This, too, put pressure on profitability levels.

The Exhaust Gas Purification division (Hug) made an above-average contribution to segment earnings in the first nine months of 2014 in particular, but also in the third quarter.

By contrast, the E-Mobility division again incurred a loss in the third quarter of 2014. Persistently weak demand for electric vehicles is reflected in comparatively low revenue from ElringKlinger's activities in the area of battery technology. In the first nine months of 2014 revenue generated from sales of battery components amounted to EUR 7.0 (6.2) million. The third quarter of 2014 accounted for EUR 2.0 million in sales revenue. These revenue contributions are as yet insufficient for the division to move into profit. Substantial fixed costs, up-front expenses attributable to development activities and higher-than-expected start-up costs associated with serial production projects launched in 2014 contributed to a loss before interest and taxes of EUR 6.0 (-5.1) million in the first nine months of 2014. At the same time, the company succeeded in steadily improving its cost base over the course of the year by optimizing internal processes. As a result, the loss in the third quarter of 2014 remained stable at EUR 1.9 million, despite a downturn in revenue compared to the previous quarter. At present, the division is ramping up production of cell contact systems for another vehicle manufactured by one of Germany's premium- range car makers.

Slower growth in Aftermarket segment

Operating in a business environment that was more challenging as a whole, the Aftermarket segment recorded revenue growth of 4.7% in the first nine months of 2014, taking this figure to EUR 97.3

(92.9) million. After highly dynamic growth of 11.7% in the first half of 2014, the segment was faced with a slowdown in business across some regions in the third quarter. Revenue generated in the period from July to September 2014 totaled EUR 31.3 (33.8) million, which was down 7.4% on the figure for the same period a year ago.

Due to the strong divergence in economic performance within the respective sales markets, business in the individual regions also developed along very different lines. This was compounded by the moderately adverse effects of geopolitical tensions, among them the smoldering conflict between Ukraine and Russia as well as the situation in the Middle East.

In the first nine months of 2014, Aftermarket business developed well in Germany, where the company managed to further cement its market position and achieved double-digit revenue growth.

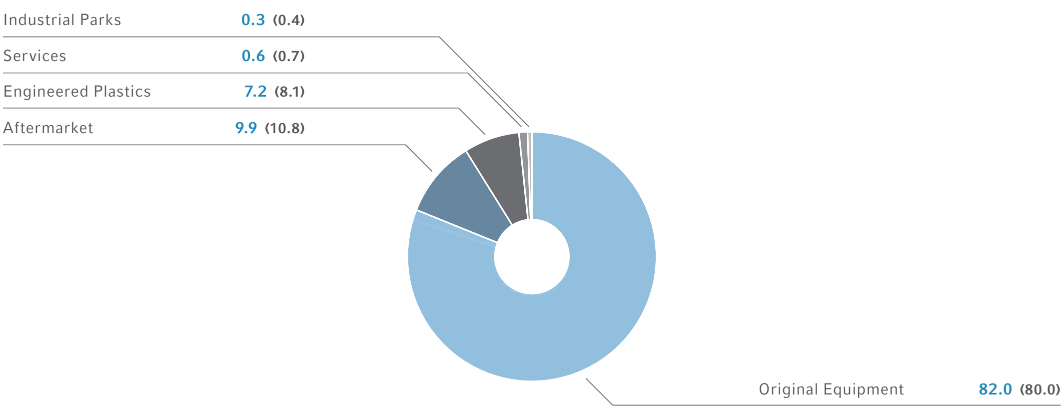
Economic recovery in Southern and Western Europe had positive effects on sales volumes within ElringKlinger's Aftermarket segment, as car owners now often went ahead with repairs previously postponed in response to the crisis at the time. Revenue growth was also fueled by more extensive market cultivation in countries such as Italy, France and Spain.

Despite the protracted conflict in Ukraine and the slowdown in business with Russia – triggered by sanctions imposed by the European Union –, the Aftermarket segment achieved encouraging growth in revenue in the Eastern European region. Weaker sales revenue in Russia and Ukraine was more than offset by substantial growth in the new member states of the European Union. ElringKlinger has benefited in particular from the sustained growth in ownership of German-made cars with the markets of Eastern Europe.

In the course of the year, pressures on business in the crisis-plagued countries of North Africa and the Middle East increased as a result of the difficult political and economic situation. In the third quarter, this region recorded a slight decline in revenue.

GROUP SALES BY SEGMENT 9 MONTHS 2014

(prior year) in %



In percentage terms, ElringKlinger's Aftermarket segment recorded its strongest rate of growth in North America during the first nine months, albeit from a relatively low base. Here, too, business profited from more extensive efforts to develop the market.

Earnings before taxes improved to EUR 19.6 (17.5) million in the first nine months of 2014. In the third quarter, earnings before taxes amounted to EUR 6.5 (5.8) million. However, year-on-year growth was buoyed by the fact that exceptional expenses (EUR 1.5 million) that had been incurred in 2013 in connection with market penetration now no longer applied.

Slight increase in revenue for Engineered Plastics segment

Within the Engineered Plastics segment, ElringKlinger develops and manufactures products made of the high-performance plastic PTFE (polytetrafluoroethylene), which are also supplied to industries not associated with the automotive sector. While revenue from sales to the vehicle industry increased at a solid rate, business with customers operating in the mechanical engineering sector and other industries was subdued. In total, the Engineered Plastics segment saw its revenue grow slightly in the first nine months of 2014, up by 0.6% to EUR 70.8 (70.4) million.

The Group pressed ahead with efforts to internationalize its business, which had previously been focused heavily on Central Europe. While China made an increasingly solid contribution to segment revenue, ElringKlinger Kunststofftechnik is still in the process of penetrating the US market, the world's largest commercial arena for PTFE. Having said that, the company succeeded in acquiring its first projects in this market.

Earnings before taxes for the Engineered Plastics segment improved slightly in the first nine months of 2014, edging up to EUR 11.5 (11.3) million.

Third-quarter revenue was slightly lower year on year at EUR 23.5 (23.7) million. Despite this, earnings before taxes improved to EUR 4.8 (4.2) million, benefiting from a more profitable product mix and lower up-front costs associated with market cultivation.

Revenue contribution of Industrial Parks remains stable

Rental income from premises at the Group's industrial parks in Idstein, Germany, and Kecskemét-Kádafalva, Hungary, totaled EUR 3.3 (3.4) million in the first nine months of the current financial year. At EUR 0.4 (0.2) million, earnings before taxes were slightly higher than in the same period a year ago.

Sustained growth in demand for Engineering Services in third quarter

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

Following a dip in business in the first quarter of 2014, order intake in the Services segment gradually improved in the subsequent months. In the third quarter, sales revenue rose to EUR 2.1 (1.9) million. Therefore, at EUR 6.1 (6.0) million, sales revenue for the first nine months of 2014 as a whole returned to the level recorded in the same period a year ago. This also applies to the segment's earnings performance. In the first nine months of 2014, the Services segment recorded earnings before taxes of EUR 1.7 (1.5) million. Earnings before taxes rose to EUR 0.7 (0.5) million in the third quarter.

Headcount rises slower than revenue growth

As of September 30, 2014, the ElringKlinger Group employed 7,110 (6,556) people in total. This represents a year-on-year increase of 8.5%, i.e. the headcount was up by 554. The full consolidation of ElringKlinger Marusan Corporation, Tokyo, Japan, added 96 employees to the workforce, while the acquisition of New Enerday GmbH, Neubrandenburg, increased the headcount by 13.

In the first nine months of 2014, the number of employees rose by 394 people or 5.9%. In the third quarter of 2014 staff levels were up by 169. The significant expansion of production volumes at Group level necessitated staff upsizing primarily in areas closely associated with manufacturing operations as well as research and development. Slightly more than half of all the new recruits to have joined the Group in the year to date were assigned to the German sites operated by the parent company ElringKlinger AG as well as ElringKlinger Kunststofftechnik GmbH.

The proportion of the workforce employed by the ElringKlinger Group in Germany rose slightly as of September 30, 2014, to 46.4% (46.1%). The domestic sites operated by the Group had a total headcount of 3,302 (3,022) at the end of the reporting period. This corresponded to a year-on-year increase of 9.3%.

Staffing levels at the international Group companies rose by 7.8% to 3,808 (3,534). The production companies based in Asia recorded the biggest increase in HR levels, led by India and China. At the same time, however, ElringKlinger Abschirmtechnik (Schweiz) AG in Switzerland as well as Elring Klinger (Great Britain) Ltd., United Kingdom, also saw a rise in staffing levels. By contrast, the Group reduced its workforce in Brazil, in particular, as a reaction to the slump in vehicle sales in that country. The headcount also fell in Korea and France.

The international subsidiaries and investees accounted for 53.6% (53.9%) of the Group's employees.

Slight improvement in gross profit margin compared to previous quarter

The financial performance of the ElringKlinger Group remained solid in the first nine months of 2014. At 27.9% (28.5%), the gross profit margin was slightly lower year on year. In the third quarter, the gross profit margin also stood at 27.9% (29.4%), which was up on the figure recorded for the second quarter (27.5%) – despite the much lower earnings contribution made by Hug.

The main reason for the weaker gross profit margin in the period from January to September 2014 was the full consolidation of ElringKlinger Marusan Corporation, which diluted the Group's margin by around half a percentage point. In addition, the relatively high level of tool-related billings in the year to date had an impact, as the margin within this area is relatively low compared to business associated with serial production.

Prices for the majority of commodities trended slightly higher in the first nine months of 2014, although there was significant volatility across the respective quarters. Alloy surcharges for high-grade steel rose in the first half, before then consolidating their position at a high level in the third quarter. By contrast, purchase prices for plastic granules remained at a relatively high level.

The two collective pay increases for personnel employed in Germany, effective from July 1, 2013 (+3.4%), and May 1, 2014 (+2.2%), led to a significant increase in staff costs in the year to date. The increase in staff costs was partially offset by more far-reaching automation and productivity gains with regard to operational processes.

The staff profit-sharing bonus of EUR 1,450 (1,300) per employee for members of the ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH and Elring Klinger Motortechnik GmbH workforce, as agreed for the financial year 2013, resulted in additional staff costs of EUR 4.7 (3.7) million in total, which were mainly attributable to the cost of sales.

R&D expense remains high

In the first nine months of 2014, the ElringKlinger Group expended EUR 43.2 (40.5) million on research and development. R&D costs attributable to the third quarter amounted to EUR 14.1 (13.1) million. Additionally, a total of EUR 5.9 (4.9) million in research and development cost was capitalized in the first nine months, while systematic depreciation/amortization amounted to EUR 4.7 (4.1) million. Capitalization had no significant effect on earnings. The R&D ratio, which takes into account all capitalized R&D costs, fell to 5.0% (5.3%) due to the significant growth in revenue.

Under IFRS, scheduled amortization of capitalized R&D costs amounting to EUR 4.7 million is no longer recognized in R&D expense but rather in cost of sales; this has a dilutive effect on the gross profit margin.

In the first nine months of 2014, ElringKlinger AG received government grants of EUR 4.7 (4.0) million for ongoing research and development projects, the emphasis being on activities in the area of fuel cells and lightweight engineering. In parallel, the company incurred expenses at a comparable level for development work and prototyping. The third quarter accounted for EUR 2.2 (1.8) million in government grants.

Alongside development work centered around new solutions and applications in the area of cylinder-head and specialty gaskets, the focus of research and development in the first nine months of 2014 was on new lightweight components made of plastics or organo-plastics as well as concepts that combine lightweight metal parts with injection-molded components. In addition, the emphasis was on innovative material concepts for thermal-acoustic shielding components and, in the area of exhaust gas purification technology, on the development of higher-performance substrates for the reduction of diesel particulates and nitrogen oxide emissions. At Hug, activities included preparations for testing a pioneering diesel particulate filter for large engines fitted to ocean vessels powered by heavy fuel oil. In the E-Mobility division, development activities focused on additional battery components such as cell housing covers used in lithium-ion batteries.

Selling expenses rose by 14.0% to EUR 68.3 (59.9) million in the period from January to September 2014, which was in line with revenue growth. In the third quarter, by contrast, selling expenses rose at a slower rate of 10.8% to EUR 23.5 (21.2) million. General and administrative expenses increased at a disproportionately large amount in percentage terms, up 19.2% to EUR 43.5 (36.5) million.

EBIT up 11% in first nine months

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached EUR 182.2 (166.3) million in the first nine months of 2014. The third quarter of 2014 accounted for EUR 60.7 (56.4) million. Depreciation and amortization rose to EUR 57.3 (54.3) million in the period from January to September 2014. In the third quarter of 2014, depreciation/amortization amounted to EUR 19.5 (18.1) million.

Depreciation/amortization for the first nine months includes negative effects from the purchase price allocation associated with Hug Engineering AG amounting to EUR 0.9 (1.0) million as well as from the assumption of control over ElringKlinger Marusan Corporation (EUR 1.7 million). In the third quarter of 2014, the purchase price allocations totaled EUR 0.9 million.

Despite the up-front and start-up costs incurred in the E-Mobility division (EUR 6.0 million) and much lower earnings contributed by the Brazilian subsidiary (almost EUR 3 million less than in the same period a year ago), the Group's operating result (=EBIT) for the first nine months of 2014 was EUR 124.8 (112.0) million, up 11.4% on the figure posted for the same period a year ago. The EBIT margin was 12.7% (13.0%).

Before purchase price allocation, adjusted EBIT for the period from January to September 2014 totaled EUR 127.4 (113.0) million. Correspondingly, the adjusted EBIT margin before purchase price allocation was 12.9% (13.1%).

In addition to benefiting from revenue growth in all areas of the Original Equipment segment, the improvement in earnings was driven in particular by the significant year-on-year improvement in nine-month earnings – almost doubled – contributed by business in the field of exhaust gas purification technology (Hug Group). The Aftermarket and Engineered Plastics segments also managed to improve their earnings year on year, with the Aftermarket segment benefiting from the fact that one-off expenses (EUR 1.5 million) accounted for in 2013 in connection with market development efforts were no longer applicable in the period under review.

By contrast, full consolidation of ElringKlinger Marusan Corporation had a dilutive effect – equivalent to around 0.2 percentage points – on the Group's EBIT margin.

Third-quarter EBIT up 8% on previous year

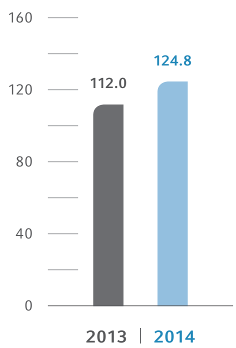
Group EBIT rose by 7.6% to EUR 41.2 (38.3) million in the third quarter of 2014. The EBIT margin was 12.6% (13.3%). As had been the case in the second quarter of 2014, the decline in the Group's EBIT margin was attributable mainly to the effects of full consolidation of ElringKlinger Marusan as well as the large proportion of tool-related revenue, which is associated with below-average earnings contributions. A proportion of tools accounted for in the second and third quarters was attributable to preparations for several large-scale ramp-ups from 2015 onwards, the focus being on lightweight components.

EBIT contributed by the Hug Group was down EUR 2.0 million compared to the second quarter of 2014 at EUR 2.0 (2.3) million. The negative earnings contribution made by the E-Mobility division remained unchanged on the previous quarter (EUR -1.9 million). Earnings generated by the Brazilian subsidiary were also well down on the previous year's figure and below target, having been adversely affected by the extremely poor performance of Brazil's vehicle market.

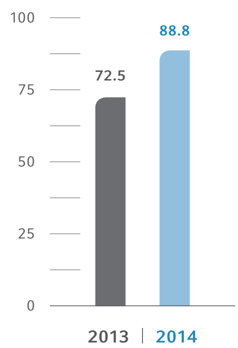
Before purchase price allocation, adjusted EBIT for the third quarter was EUR 42.1 (38.6) million. The adjusted EBIT margin before purchase price allocation was 12.9% (13.4%) in the third quarter.

For the purpose of improved comparability, as from December 31, 2013, ElringKlinger no longer includes foreign exchange effects, which are mainly attributable to financing activities, in the financial indicator EBIT. Thus, as is standard, EBIT corresponds to the company's operating result reported in the income statement. Applying the former method of calculation, EBIT – which in contrast to the operating result included foreign exchange gains and losses from financing activities – would have amounted to EUR 132.9 (109.7) million in the first nine months of 2014. In the third quarter, EBIT would have amounted to EUR 48.0 (35.5) million. This corresponds to (based on the former method of calculation) a margin of 13.5% (12.7%) in the first nine months and 14.7% (12.3%) in the third quarter.

GROUP EBIT 9 MONTHS
in EUR million



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



Net finance costs influenced by foreign exchange gains

In the period from January to September 2014 net finance costs fell sharply to EUR 1.0 (10.9) million compared to the same period a year ago. This was attributable to a swing in the effects of foreign currency translation from EUR -2.3 million in the first nine months of the previous year to EUR +8.0 million in the same period of 2014. The improvement was attributable primarily to the appreciation of the US dollar and the Chinese renminbi against the euro, as accounted for at the end of the reporting period. By contrast, net interest expenses remained relatively stable at EUR 9.0 (8.6) million, despite an increase in net debt by EUR 31.3 million. In the third quarter of 2014, the Group recorded net finance income of EUR 3.7 million, as opposed to net finance costs of EUR 5.6 million for the same period a year ago.

The difference of EUR 0.7 million between the net finance costs previously reported for the third quarter of 2013 (EUR 6.3 million) and the figure now disclosed (EUR 5.6 million) for that period is due to the earnings contribution made by ElringKlinger Marusan Corporation, which until December 31, 2013, had been accounted for on the basis of proportionate consolidation and, under the provisions of IFRS 11, has now been consolidated retrospectively using the equity method.

Earnings before taxes thus increased by 22.5% year on year in the first nine months of 2014, rising to EUR 123.8 (101.1) million. In the third quarter, the ElringKlinger Group saw its earnings before taxes rise by 37.3% to EUR 44.9 (32.7) million.

Net income rises by 23%

The significant increase in earnings before taxes resulted in higher income tax expenses for the Group. They amounted to EUR 31.0 (25.4) million in the first nine months of 2014. The Group's tax rate thus remained largely unchanged at 25.0% (25.1%).

Correspondingly, the ElringKlinger Group managed to increase its net income by 22.6% to EUR 92.8 (75.7) million in the first nine months of 2014. In the third quarter of 2014, net income exceeded the previous year's third-quarter figure by 50.9% and rose to EUR 33.8 (22.4) million.

Net income attributable to non-controlling interests, mainly consisting of non-controlling interests in the Hug Group and ElringKlinger Kunststofftechnik GmbH, rose to EUR 4.0 (3.2) million. Correspondingly, net income attributable to the shareholders of ElringKlinger AG amounted to EUR 88.8 (72.5) million. In the third quarter, the ElringKlinger Group posted growth in net income after non-controlling interests of 44.0%, taking the total to EUR 32.4 (22.5) million.

On this basis, basic and diluted earnings per share totaled EUR 1.40 (1.14) in the first nine months of the financial year. In the third quarter, earnings per share stood at EUR 0.51 (0.36). As of September 30, 2014, the number of ElringKlinger AG shares outstanding remained unchanged at 63,359,990.

Financial Position and Cash Flows

The financial position and cash flows of the ElringKlinger Group remained solid as of September 30, 2014, underpinned by an equity ratio of 50.5% and positive operating cash flow of EUR 97.2 million.

Total assets up due to more expansive business and foreign exchange effects

As of September 30, 2014, total ElringKlinger Group assets were up by 15.0% at EUR 1,546.0 (1,344.8) million. This increase is attributable in part to the tangible effects of foreign exchange rates, particularly the appreciation of the US dollar and the Chinese renminbi against the euro, as accounted for at the end of the reporting period. Additionally, the Group saw an increase in working capital and an investment-induced expansion of intangible assets and property, plant and equipment as a result of buoyant growth in business activities. Compared to the figure of EUR 1,392.1 million posted as of December 31, 2013, total assets were up by 11.1%.

Investments in property, plant and equipment and intangible assets totaled EUR 105.0 (80.7) million in the first nine months of 2014. This was well in excess of depreciation/amortization amounting to EUR 57.3 (54.3) million. Correspondingly, property, plant and equipment rose to EUR 670.6 million as of September 30, 2014, compared to EUR 612.1 million at the end of the 2013 financial year. Compared to the total of EUR 578.6 million recorded as of September 30, 2013, this figure grew by 15.9%, which was slightly higher than the Group's reported revenue growth of 13.9%. The significant increase in intangible assets to EUR 182.2 (136.0) million is attributable to investments made by the company as well as, in particular, the assumption of control over ElringKlinger Marusan Corporation through the acquisition of interests effective from December 31, 2013. Compared to the figure reported as of December 31, 2013 (EUR 176.7 million), intangible assets grew by just 3.1%.

Due to the retrospective application of IFRS 11 for the first quarter of 2013, ElringKlinger Marusan Corporation, Tokyo, Japan, which was fully consolidated for the first time in 2014, was no longer consolidated on a proportionate basis as regards the prior-year figures. Instead, this entity was accounted for using the equity method. Therefore, as of September 30, 2013, this investment is presented as "Investments accounted for using the equity method", at an amount totaling EUR 20.8 million.

Business growth leads to expansion of working capital

In line with the further expansion of the company's business activities, ElringKlinger also saw an increase in its working capital in the first nine months of the financial year. However, the expansion of working capital was inflated by the effects of foreign exchange rate movements, particularly the appreciation of the US dollar and other currencies against the euro, as accounted for at the end of the reporting period.

Trade receivables grew by 20.9% to EUR 259.9 (215.0) million. As had been the case in the second quarter, part of the increase in receivables in the third quarter was attributable to above-average billings for tools, which are associated with ramp-ups for new products.

Inventories expanded at a similar percentage rate, up by 18.2% year on year to EUR 292.4 (247.3) million. Compared to June 30, 2014 (EUR 270.2 million), inventories increased by just 8.2%, despite the more pronounced effects of currency translation due to foreign exchange movements. The increase in inventories is also attributable in part to a substantial rise in tool-related inventories in anticipation of planned product ramp-ups.

CURRENT AND NON-CURRENT ASSETS

EUR million	Sept. 30, 2014	June 30, 2014	Dec. 31, 2013
Intangible assets	182.2	179.7	176.7
Property, plant and equipment	670.6	635.8	612.1
Other items	30.2	30.6	30.7
Non-current assets	**883.0**	**846.1**	**819.5**
Inventories	292.4	270.2	257.4
Trade receivables	259.9	248.5	207.5
Other items	110.7	107.6	107.7
Current assets	**663.0**	**626.3**	**572.6**
Total assets	1,546.0	1,472.4	1,392.1

Equity ratio at over 50%

As of September 30, 2014, Group equity was up at EUR 780.5 (662.4) million. The Group's equity ratio improved by slightly more than one percentage point to 50.5% (49.3%).

This was largely attributable to higher revenue reserves, which rose to EUR 555.3 (468.0) million as a result of net income generated by the Group. In this context, it should be noted that the second quarter included a dividend payout to shareholders of ElringKlinger AG of EUR 31.7 million that had a corresponding impact on revenue reserves. The change in other reserves had a positive effect equivalent to EUR 24.0 million, which was attributable to currency translation differences.

Compared to December 31, 2013 (EUR 701.3 million), equity rose by EUR 79.2 million.

Net debt at EUR 339 million

Corporate growth was funded by means of operating cash flow as well as through additional bank loans. Current and non-current financial liabilities rose by 11.0% to EUR 402.6 (362.6) million in total as of September 30, 2014. Having deducted cash and cash equivalents, the Group's net financial debt was EUR 339.1 (307.8) million.

Compared to June 30, 2014, net financial debt increased slightly by EUR 5.8 million in the third quarter of 2014. The Group anticipates that net financial debt will fall again by the end of 2014 in line with the usual seasonal patterns.

Trade payables rose to EUR 76.1 (70.0) million as of September 30, 2014, i.e. at a slower rate compared with growth in sales revenue. Compared to June 30, 2014 (EUR 73.1 million), they increased by EUR 3.0 million.

The year-on-year reduction in pension provisions to EUR 94.2 (100.2) million is due to an adjustment in the actuarial interest rate as of December 31, 2013. Compared to the figure reported at the end of the 2013 financial year (EUR 92.3 million), pension provisions rose slightly.

The substantial year-on-year increase in other current liabilities to EUR 107.0 (62.7) million as of September 30, 2014, was attributable primarily to a liability of EUR 37.1 million from an obligation regarding a possible subsequent acquisition of ElringKlinger Marusan Corporation; this liability had been recognized as of December 31, 2013. Compared to June 30, 2014 (EUR 96.4 million), other current liabilities rose by EUR 10.6 million.

Deferred tax liabilities fell to EUR 31.5 (44.0) million year on year. Compared to the figure of EUR 31.7 million posted as of June 30, 2014, this item remained largely unchanged. By contrast, tax liabilities rose to EUR 19.0 (12.2) million as of September 30, 2014.

The other current and non-current liabilities remained largely unchanged compared to December 31, 2013.

Overall, the share of liabilities in total equity and liabilities fell slightly to 49.5% (50.7%).

CURRENT AND NON-CURRENT LIABILITIES

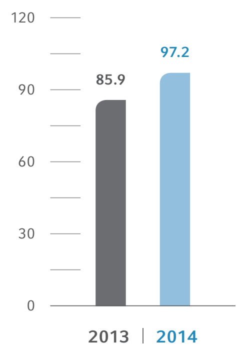
EUR million	Sept. 30, 2014	June 30, 2014	Dec. 31, 2013
Provisions for pensions	94.2	93.7	92.3
Non-current financial liabilities	241.7	244.5	237.3
Other items	45.6	45.8	49.4
Non-current liabilities	**381.5**	**384.0**	**379.0**
Trade payables	76.1	73.1	68.6
Current financial liabilities	160.9	148.9	120.9
Other items	147.0	132.7	122.2
Current liabilities	**384.0**	**354.7**	**311.7**

Marked year-on-year improvement in net cash from operating activities

In the first nine months of 2014, net cash from operating activities increased significantly to EUR 97.2 (85.9) million compared to the same period a year ago. Year-on-year growth in this area was fueled in particular by the Group's business performance in the third quarter, which saw operating cash flow rise to EUR 42.1 (31.8) million.

The positive effects associated with operating cash flow in the third quarter were attributable to a substantial increase in earnings before taxes, up to EUR 44.9 (32.7) million, higher depreciation/amortization (EUR 19.5 million compared with EUR 18.1 million) and lower income tax payments of EUR 8.0 (10.9) million. A contrary effect came from other non-cash expenses and income totaling EUR -9.3 (4.8) million. This item mainly includes adjustments relating to non-cash foreign exchange gains and losses contained in earnings before taxes.

NET CASH FROM OPERATING ACTIVITIES 9 MONTHS
in EUR million



The Group saw an increase in funds committed to working capital (inventories and trade receivables) as a result of more expansive business, which also had a negative impact on cash flow. In total, the change in inventories, trade receivables and other assets not attributable to investing or financing activities and the change in trade payables and other liabilities not attributable to investing or financing activities produced a cash outflow of EUR 6.8 (12.8) million. Thus, the negative impact of an increase in working capital in the third quarter of 2014 was much less severe than in the same period a year ago.

The Group's income of EUR 0.5 million from investments accounted for using the equity method, as presented in the statement of cash flows for the financial year 2013, relates to the income contribution (determined on the basis of this method) made by ElringKlinger Marusan Corporation in the third quarter of 2013. This prior-year adjustment was required under IFRS 11.

Focus of investments at subsidiaries

In the third quarter of 2014, the ElringKlinger Group invested EUR 45.0 (27.4) million in intangible assets and property, plant and equipment. Therefore, at EUR 105.0 (80.7) million, the total volume of investments made during the first nine months was higher than in the same period a year ago. The investment ratio (investments in relation to Group revenue) was 10.7% (9.3%) in the first nine months, which was just outside the range of 8 to 10% generally targeted by the company. The focus was on expansion investments at the foreign subsidiaries in Asia and North America.

In China, the emphasis of investing activities was on purchases made in preparation for production ramp-ups – this project is advancing as planned – relating to new lightweight components based on hybrid polymer-metal technology. For this purpose, new production machinery was bought at the site in Suzhou, including an injection-molding unit and an assembly line. In addition, further investments were made to expand capacity levels at the plant in Changchun.

At ElringKlinger Canada, too, the focus of investing activities was on preparing for new product ramp-ups, particularly in the Plastic Housing Modules division or in the area of lightweight polymer-based components.

ElringKlinger Kunststofftechnik GmbH in Bietigheim-Bissingen has made rapid progress in its efforts to expand local production capacity. Construction work on the new production premises, including the extruder tower, and the purchase of additional production machinery accounted for the majority of investments made during the period under review. The additional production capacity at this site is to be used primarily for new projects in the area of automotive and medical engineering.

Among the investments made at the site operated by ElringKlinger AG in Dettingen/Erms were a new logistics center for reusable packaging and a stamping press for the Cylinder-head Gaskets division. Additionally, ElringKlinger AG made an additional land purchase and invested in new premises for the subsidiary ElringKlinger Logistic Service in Ergenzingen.

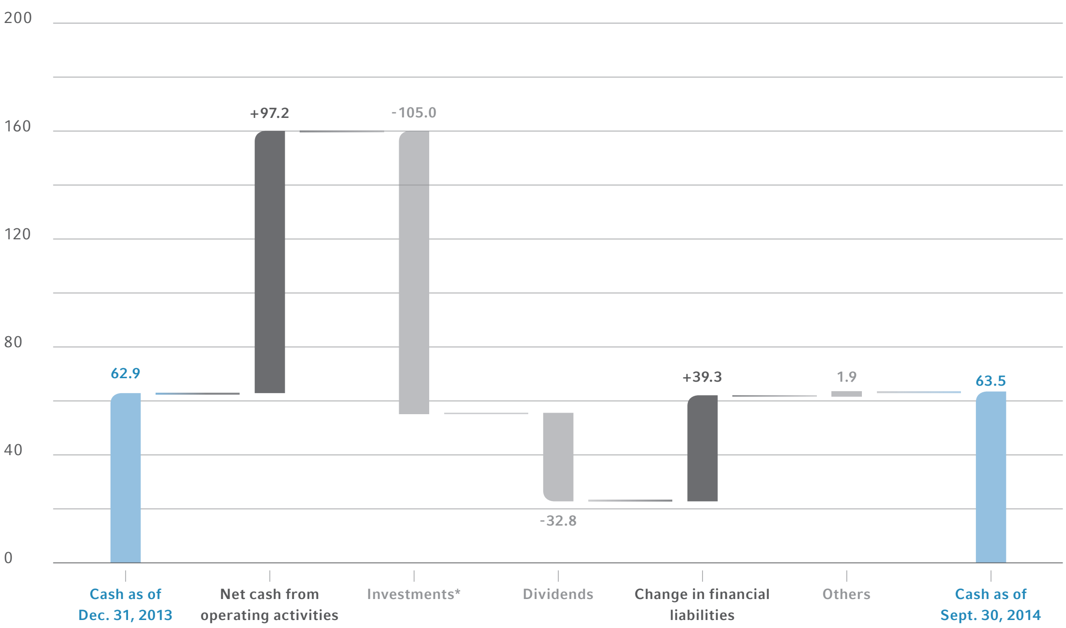
Owing to the significant increase in investments in the third quarter of 2014, ElringKlinger recorded slightly negative operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions) in this period, totaling EUR -2.8 (4.6) million. In the first nine months of 2014, operating free cash flow totaled EUR -7.4 (5.6) million.

Slight cash inflow from financing activities

In the third quarter of 2014, the Group recorded a net cash inflow of EUR 5.7 (-0.3) million from financial loans taken out and financial loans repaid. In the previous year, the company also accounted for a payout of EUR 5.3 million to non-controlling interests in connection with the purchase of ownership interests in Swiss exhaust gas specialist Hug. In total, net cash from operating activities stood at EUR 5.8 (-5.6) million.

As of September 30, 2014, cash and cash equivalents held by the Group amounted to EUR 63.5 (54.8) million.

CHANGE IN CASH JAN. – SEPT. 2014
in EUR million



* Investments in property, plant and equipment, investment property and intangible assets

Opportunities and Risks

More pronounced risk from political hot spots around the globe and market downturn in Brazil and Russia

As regards the assessment of opportunities and risks for the ElringKlinger Group in respect of the third quarter of 2014, there were no fundamental changes to the details discussed in the 2013 Annual Report of the ElringKlinger Group (page 117 et seq.). There are currently no perceivable risks that might jeopardize the future existence of the Group as a going concern, either in isolation or in conjunction with other risk factors.

Having said that, the prospects for the global economy with regard to its rate of growth and figures relating to consumer confidence were hit more severely than originally anticipated over the course of the first nine months of the current 2014 financial year. It is impossible to rule out that the disappointing growth performance of the eurozone will persist or that the economy will recover at a much slower pace than expected.

The geopolitical uncertainties and risks that are beyond the control of the company have become much more pronounced as a result of several hot spots existing side by side in the Middle East, North Africa and Ukraine. The above-mentioned regions are of relevance as sales markets in particular to the company's Aftermarket segment.

The conflict in Ukraine continues to pose risks as regards the effects of sanctions already agreed in response to the crisis. Exchange rate fluctuations and less favorable terms of refinancing have had a negative impact on demand patterns and have resulted in subdued consumer spending in the region as a whole. In fact, the volume of passenger cars sold in Russia fell by 20 percent in September.

While these uncertainties had no significant effect on the company's business performance in the third quarter, their influence was nevertheless noticeable. The ElringKlinger Group generates less than one percent of its revenue, centered mainly around the Aftermarket segment, in the states of the Russian Federation and in Ukraine itself. Therefore, the risk to the financial position, financial performance and cash flows of the ElringKlinger Group can be categorized as being limited.

The visible slump in the Brazilian vehicle market, which saw car production figures fall by 16.8% in the period up to the end of September 2014, has already had an impact on the Group's revenue and earnings performance in the first nine months of 2014. Both revenue and earnings generated during this period fell well short of the original targets for this region. The impact on earnings at the Brazilian company was cushioned by fast-track adjustments to capacity levels and cost savings. Despite a month-on-month increase in the number of new registrations by 8.7% in September 2014, there are no tangible signs of improvement in Brazil's market situation in the short term. The ElringKlinger Group currently generates around 4% of its consolidated revenue in South America.

The report on opportunities and risks can be accessed on the website of ElringKlinger at www.elringklinger.de/ar2013/report-on-opportunities-and-risks.

Outlook

Outlook – Market and Sector

Global recovery slower than expected

Against the backdrop of disappointingly weak growth in the year to date and the more pronounced risk of a downturn, the International Monetary Fund (IMF) again revised downward its outlook for global economic growth in 2014 as part of its most recent forecast.

Only the "C" remains in BRIC

According to the IMF, the smoldering risks to the economy are attributable to prevailing geopolitical tensions, unresolved issues nagging at many of Europe's economies and a politically induced slowdown in both demand and investment spending in a number of the emerging markets, which in some cases have seen their growth rates decelerate significantly. Growth projections for 2014 as a whole have been trimmed markedly both for Brazil and for Russia. These erstwhile beacons of hope are now expected to see car sales plunge by double figures. Projections for India suggest a slight upturn in economic growth. China remains the strongest growth driver, albeit with some reservations. Only the US economy is expected to grow at a more dynamic rate than previously anticipated. However, even in the USA, the economic upturn lacks quality.

Despite the harbingers of global economic slowdown, at 3.3 percent in total the world economy is nevertheless expected to grow at a rate comparable to that seen in the preceding year.

Bifurcated trends in Western Europe and economic stagnation

The eurozone's key economic figures are anything but impressive. The economies of Western Europe have been developing along diverging lines. While some countries outside the euro area, such as the United Kingdom, Poland and the EFTA states, have relatively good prospects for growth, the mood in the majority of the eurozone economies is rather subdued. Overall, business sentiment throughout the eurozone has deteriorated over the course of the year. In addition to the adverse effects of substantial debt in the wake of the recession, the low rate of inflation has become something of a burden. Despite lower forecasts, persistently low interest rates and downward pressure on the euro should at least provide some impetus for the eurozone's export trade and, in turn, for corporate profits.

Subdued growth in Germany

Germany, the growth driver within the eurozone, has also seen its forecasts come under pressure on the back of diminishing industrial output and a decline in incoming orders. Against this backdrop, Germany's federal government revised downward its outlook for growth in 2014 and 2015. Dwindling demand from emerging markets, the fallout from sanctions imposed on Russia and the possibility of more severe military action pose tangible risks to the country's export trade. Although it has lost much of its forward momentum, Germany will remain a major stalwart of the eurozone. In this climate, its economy is expected to grow slightly.

Growth momentum in US remains high

With the US economy maintaining its dynamic performance in the year to date and with the job market continuing to recover, the point at which the Federal Reserve would consider ending its bond-buying program appears to have come closer. The same applies to a possible hike in interest rates in 2015. Pointing to a US economy that has been gaining considerable momentum since the second quarter, the IMF revised upwards its outlook for 2014 by 0.5 percentage points to 2.2%. At the same time, however, the picture has been marred somewhat recently by disappointing economic data emerging in isolated cases.

In Brazil, meanwhile, it remains to be seen in the wake of October's general election whether the necessary structural reforms can be initiated for the purpose of improving the country's precarious economic situation. At present, however, there are no signs of a rapid turnaround.

China's growth rate remains above 7%

With the building boom coming to an end in China, the country's economy has recently seen a slight dip in its rate of growth. While the Chinese government is eschewing far-reaching stimulus packages, it is still likely to keep the economy on track with the aid of targeted measures. China's gross domestic product is expected to reach 7.4% in 2014, compared with 7.7% in the previous year. As such, the country has maintained much of its economic momentum. At the same time, the ASEAN member states are likely to make a considerable contribution to global economic growth, with more buoyant demand for personal mobility representing a major driving force behind the future development of the car industry in terms of vehicle sales.

The change in political direction in Japan towards even higher levels of state spending and a more expansive monetary policy have yet to produce any tangible impact on the country's floundering economy. The outlook for Japan remains patchy.

GDP GROWTH PROJECTIONS (Year-on-year change)

in %	2013	Projections 2014	Projections 2015
World	3.3	3.3	3.8
Germany	0.5	1.4	1.5
Eurozone	-0.4	0.8	1.3
United States	2.2	2.2	3.1
Brazil	2.5	0.3	1.4
China	7.7	7.4	7.1
India	5.0	5.6	6.4
ASEAN-5	5.2	4.7	5.4
Japan	1.5	0.9	0.8

Source: International Monetary Fund (October 2014)

China and North America keep global car market in positive territory

Amidst significant political uncertainties, sluggish recovery in Europe and difficulties facing markets in Brazil and Russia, the majority of forecasts relating to global car production have been downgraded.

Projections now point to moderate growth in global automobile production, fueled primarily by the United States and China. The latest forecasts suggest that global vehicle production will expand by 3 to 3.5% in 2014 as a whole.

Reconfirming its outlook issued at the beginning of the year, ElringKlinger projects growth of 2 to 3% in global car production for the 2014 annual period.

Recovery of car markets in Western Europe remains anemic

Forecasts for the Western European car market have also been revised downwards slightly, not least as a result of the less favorable economic outlook for Europe. The figure for new passenger car registrations is now expected to exceed last year's lackluster value by just 2 to 4%.

German car production remains above par

Buffeted by stormy conditions in foreign markets, as outlined above, Germany's auto industry is having to contend with the prospect of slightly less dynamic production output. Three in four of all the cars produced in Germany are currently exported abroad. Therefore, the performance of the domestic automobile sector is inextricably linked with demand patterns in international markets.

Despite the advanced age of vehicles on the roads, domestic demand for cars among private households remains unusually weak. Overall, Germany is expected to see new car registrations expand by a relatively meager 2% to 3.0 million vehicles in 2014. Domestic automobile production looks set to grow by 3% to almost 5.6 million vehicles in 2014.

With projected double-digit growth rates, Eastern Europe's car markets are likely to outperform their Western European counterparts – given the fact that the improvement there was only modest – in 2014. Russia, however, as the region's largest car market, is facing the prospect of a slump of up to 12%, having already been hit by a downturn of 5.5% in the preceding year.

US vehicle market remains solid

The outlook for the United States in 2014 points to growth in the mid-single-digit percentage range as regards new registrations of cars and light trucks. This would correspond to sales well in excess of 16.0 (15.6) million units. After several years of recovery, the US market will probably continue to grow at a slightly slower rate in future.

Brazil remains the problem child among the world's key vehicle markets. Due to the persistent economic challenges facing the country, there is no end in sight to the malaise currently afflicting the automobile sector. After a slump in the number of passenger cars sold in recent months – down by as much as 30% – the percentage decline for the year as a whole is likely to be at the upper end of the single-digit range.

Car ownership in China only stands at just over 5% of the population. Given the relatively low density of car ownership and a steady rise in purchasing power, demand for vehicles and production output look set to rise further. After several record years in succession, the number of vehicles sold in 2014 is again expected to be well in excess of the previous year's total of 16.3 million newly registered cars. As such, China's vehicle market will continue to deliver the lion's share of growth when it comes to global car sales.

The Indian vehicle market has finally returned to a pattern of modest growth. An improved performance in the second half of the year should more than offset the decline in sales volumes seen during the first six months of 2014. In Japan, by contrast, the forecast for 2014 suggests a downturn in the number of cars sold in comparison with the previous year.

European truck market impacted by transition to Euro VI emission standards

Recovery within the commercial vehicle sector, an area that is particularly susceptible to economic forces, has been sluggish in Europe. It is hard to ignore the signs pointing to a slight downturn in demand. The individual markets in Western Europe continue to be highly divergent in their patterns of development. In Western Europe, performance in the fourth quarter of 2014 will be judged against a strong comparative base for the same period a year ago. Due to the transition to the new Euro VI emission standards at the beginning of 2014, resulting in pre-emptive purchases, the Western European commercial vehicle market had made massive gains in the fourth quarter of 2013. Against this background, a contraction in the number of new truck registrations by 5 to 10% is considered the most likely scenario for Western Europe in 2014 as a whole. After a growth rate of 9.2% in the first nine months of 2014, Germany is expected to see solid gains in the year as a whole within the mid-sized and heavy truck category.

By contrast, the US market remains buoyant when it comes to the sale of Class 8 trucks. Indeed, in September order intake within the industry was the highest since 2005. At the end of the year, the increase in the number of vehicles sold could even exceed the projected figure of 10%. In parallel with the general economic situation, Brazil's truck market has yet to show any signs of improvement. The number of units sold in South America's largest vehicle market is likely to shrink by 10%.

Business in the truck component market is generally taking on greater importance for ElringKlinger. In the case of some large accounts the new product portfolio for lightweight plastic housing modules, in particular, provides the basis for higher revenue per vehicle starting from the new generation of Euro VI trucks. In the Original Equipment segment, the revenue share from parts supplied to the truck sector is expected to expand noticeably in the coming years, up from 15% in 2013.

Outlook – Company

Order intake up once again in Q3 – Order backlog at record level

The Group anticipates further year-on-year growth in revenue and earnings for the 2014 financial year as a whole.

The ElringKlinger Group is supported by a solid order backlog when it comes to achieving revenue growth targeted for both 2014 and 2015. At the end of the third quarter, order backlog amounted to EUR 651.9 (572.4) million, i.e. 13.9% up on the figure recorded for the same period a year ago. Thus, the Group again exceeded its previous record of EUR 649.1 million achieved in the preceding quarter.

Incoming customer orders also pointed upwards. In the third quarter of 2014 order intake rose by 13.9% to EUR 330.3 (289.9) million compared to a strong third-quarter performance in 2013.

Solid revenue and earnings at exhaust gas specialist Hug

Exhaust gas specialist Hug will exceed its original revenue target for 2014, which had been set as percentage growth – from a base of EUR 57.6 million in 2013 – towards the upper end of the single-digit range. For the year as a whole, the Group's projection with regard to this subsidiary's operating margin is for a figure in excess of the Group average.

CARB truck retrofitting with diesel particulate filters continues to be a key revenue driver, the focus being on North America. Additionally, Hug sees further revenue potential in exhaust gas purification systems for large natural-gas-powered units often used in North American power stations for the purpose of electricity generation. A newly developed recuperation catalytic converter capable of significantly reducing the leakage of methane, a hazardous greenhouse gas, is to provide an additional boost in this area.

In the medium term, the Exhaust Gas Purification division looks set to benefit from further growth opportunities for exhaust gas purification systems in the shipping industry, the emphasis being on reducing particulates, hydrocarbons and nitrogen oxides emitted by marine diesel engines in freight vessels and cruise liners. The ElringKlinger subsidiary already equips a significant number of inland waterway vessels with complete exhaust gas purification systems. In this context, the implementation of binding emission standards for large vessels could provide considerable impetus.

Demand is generally driven by the introduction of pollutant standards or stricter emission legislation. Against this backdrop, Hug sees potential in the US and China for exhaust gas purification systems used in diesel locomotives, construction machinery, agricultural equipment and stationary engines.

Tangible market weakness in Brazil

The persistent severity of the crisis afflicting Brazil's vehicle market will result in a noticeable decline in revenue generated by ElringKlinger in this market. Contrary to the company's forecast, revenue from sales in Brazil is likely to fall by EUR 12.0 to 15.0 million in 2014 as a whole. Despite having limited the effects on the operating margin of the Brazilian subsidiary by making rapid adjustments to capacity levels, profit generated in Brazil will be EUR 2.0 to 3.0 million lower than originally planned for the financial year as a whole.

Exceptionally strong impact on earnings from weak demand in E-Mobility division

The E-Mobility division continues to be heavily dependent on up-front expenditure relating to the development of optimized cell contact systems and for additional components used in high-voltage batteries, such as cell housing covers with integrated functions. Development work and production ramp-ups associated with these projects centered around new drive technologies tend to exert temporary pressure on the Group profit margin. However, they are seen as an essential launch pad for sustained growth in the promising area of electromobility.

The below-target performance of operating profit currently seen in the area of battery technology was attributable primarily to lower-than-expected general demand in this segment of the market. The low cost of vehicles equipped with combustion engines compared to cars powered by batteries or vehicles featuring plug-in hybrid technology, together with the modest maximum range of electric cars and issues relating to infrastructure, have generally prevented more buoyant demand, particularly on the part of private vehicle buyers.

By contributing higher revenue flows, the serial projects initiated at production level towards the end of 2013 should help improve to a much larger extent the coverage of fixed costs compared to the previous year. Depending on future demand patterns relating to end customers and thus revenue performance, ElringKlinger believes that there is potential for restricting the above-mentioned charges associated with the E-Mobility division in 2014 as a whole. However, the company now anticipates that earnings will improve only slightly in 2014 compared to the previous year (EBIT of EUR -7.6 million).

Larger volumes requested by customers, additional vehicle models fitted with cell contact systems supplied by ElringKlinger and optimized production processes, but also adjustments to capacity levels where required should lead to a steady improvement in the earnings situation.

Forecast for full financial year confirmed

ElringKlinger anticipates that car production will expand by between 2 and 3% in 2014 as a whole. At the same time, the Group is still looking to achieve revenue growth well in excess of general market expansion.

On the back of EUR 1,175.2 million in revenue generated in 2013, ElringKlinger has retained its revenue target of 5 to 7% organic growth in 2014 – despite the fact that some car markets have been trending much lower than previously expected.

The full consolidation of ElringKlinger Marusan Corporation, Japan, is expected to contribute up to EUR 25 million in additional revenue for the Group. Full inclusion of the lower-margin subsidiary ElringKlinger Marusan Corporation within the Group's scope of consolidation will, however, have a dilutive effect on the EBIT margin of the ElringKlinger Group (approx. minus 0.3 percentage points), primarily as a result of the purchase price allocation.

By contrast, improved capacity utilization with regard to the production of lightweight components for trucks following the introduction of Euro VI as well as the anticipated earnings contribution from organic revenue growth and the improved earnings performance at Hug should help to raise the Group's aggregate profit margin slightly in 2014.

Adjusted for non-recurring items, EBIT is to rise for the fifth consecutive year, reaching a projected level of EUR 160 to 165 million.

Events after the Reporting Period

Acquisition of plastics specialist Polytetra GmbH

Effective from October 1, 2014, ElringKlinger Kunststofftechnik GmbH, Bietigheim-Bissingen, a wholly-owned subsidiary of ElringKlinger AG, acquired from the former owner all interests in Polytetra GmbH, based in Mönchengladbach, Germany. The purchase agreements were signed on October 20, 2014.

Polytetra GmbH develops and produces polymer-based heat exchangers and electric heaters used in industrial applications as well as tubing and finished parts made of fluoropolymers and high-performance plastics. The products are used primarily in the field of plant engineering, in the chemical industry, in the area of energy and power station technology as well as in the semiconductor industry.

In acquiring the company, ElringKlinger Kunststofftechnik GmbH has further strengthened its position in the industrial sectors outlined above, as well as securing additional growth opportunities relating to the production of modules and systems. Product solutions centered around the generation of heat from surface waterbodies (geothermal energy), which can be used to supply houses, holiday homes and houseboats, are also considered promising from a commercial perspective. Additionally, the development pipeline currently includes polymer-based heat exchangers for power generation from wastewater and ventilation systems.

In 2013, Polytetra GmbH recorded sales revenue of EUR 5 million, with an operating margin in high single figures. At the time of acquisition, the company employed 32 people at its site in Mönchengladbach. Annual revenue growth, in percentage terms, is expected to be at the upper end of the single digit range.

Beyond this, no other significant events requiring disclosure occurred after the reporting period.

Dettingen/Erms, November 5, 2014
The Management Board


Dr. Stefan Wolf


Theo Becker


Karl Schmauder

ElringKlinger and the Capital Markets

Stock markets come under pressure

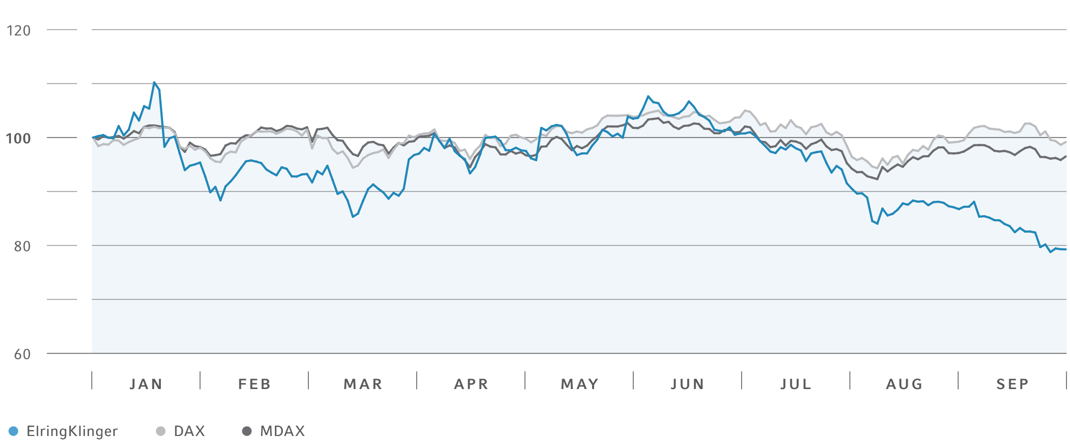
Europe's economic recovery only progressed at a modest pace over the course of the first nine months of 2014. While the policy of low interest rates adopted by the European Central Bank (ECB) provided a boost, there was also more concrete evidence in the United States to suggest that the Federal Reserve would taper its bond-buying program to a greater extend and raise interest rates for the first time in the coming year. Operating against this backdrop, on June 5, 2014, the DAX moved beyond the 10,000 mark for the first time in its history. At the end of the first half, however, Germany's blue chip index closed well below this level – at 9,833 points.

Concerns over the economy exerted pressure on the markets from the middle of the year onwards. Economic sanctions against Russia and the conflict enveloping the Middle East triggered a substantial downturn in the market. At the same time, international investors were fearful of losses prompted by the depreciation of the euro. Markets were plagued by uncertainty as forecasts – including those for Germany – were revised downwards on several occasions by the respective economic research institutes and the International Monetary Fund (IMF). European stock markets, particularly Germany's blue chip index, the DAX, saw prices tumble sharply in the third quarter of 2014. In this context, cyclical stocks – the focus being on shares attributable to the automobile and automotive supply sector – bore the brunt of the sell-off.

In these conditions, any gains from market trading during the first half of the year were completely eroded as the year progressed. Ultimately, the markets trended downwards in the period from January to September 2014. While the DAX lost close to one percent, the MDAX contracted by 3.5%.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JAN. 1, 2014

compared to MDAX and DAX



ElringKlinger stock shows volatility and trades lower in third quarter

Rising by 16%, shares in ElringKlinger had produced double-digit gains for investors in 2013. At the beginning of 2014 the stock initially surged by a further 10% to its current annual high of EUR 32.60. In line with weaker market performance as a whole, the company's share price receded to EUR 25.23 in mid-March.

ElringKlinger's results published at the beginning of May in respect of the first quarter of 2014 had a positive impact. The company's share price was given a boost by the announcement of ElringKlinger's first major contract for newly developed lightweight metal-polymer parts, which heralded the company's move into lightweight engineering for vehicle body and chassis components using hybrid hydroforming technology. This was the single largest order in ElringKlinger's history, with projected sales of EUR 120 to 130 million in total over a five-year period.

By mid-June 2014, ElringKlinger's share price had recovered markedly. It closed the first half at a level of EUR 30.14. In the subsequent months, however, geopolitical hot spots had increasingly dire effects on market performance and produced significant downward pressure.

In the first nine months of 2014 as a whole ElringKlinger saw its share price fall by 20.7%, which was attributable primarily to a poor performance in the third quarter.

Trading volume up markedly in first nine months

The first nine months of 2014 saw a significant increase in the average volume of ElringKlinger shares traded per day. Compared to the same period a year ago, the stock's trading volume rose by 17.8% to 103,800 (88,100) units.

Expressed in euros, the average daily trading value of ElringKlinger shares on German stock exchanges still increased by 23.8% to EUR 2.91 (2.35) million. Despite the lower freefloat (48.0%) when compared to the MDAX average (64.8%), ElringKlinger's stock thus also offers sufficiently high levels of liquidity for institutional investors to conduct larger share transactions.

Communicating with the capital markets: on-site events prove popular

During the first nine months of 2014, ElringKlinger took part in five capital market conferences, presenting the company to international audiences primarily made up of institutional investors. The company's program of regional roadshows was mainly focused on Scandinavia and North America.

Local events hosted at company sites – with the chance to find out first-hand about ElringKlinger's technological expertise, production processes and R&D activities – proved very popular, particularly among investors and buy-side analysts. Staging more than twenty on-site events, the Investor Relations team organized a record number of factory tours and technology presentations. Alongside the topic of downsizing and exhaust gas purification technology, visitors showed particular interest in new approaches within the field of lightweight construction, but also in fuel cell and battery technology.

Several of these events were held at the Centre of Excellence for Injection-Molding Tools, located at the former Hummel-Formen Group in Lenningen, as well as at the company's Chinese plant in Suzhou.

Multiple awards for ElringKlinger's 2013 annual report

"It has that special something." This was the assessment of ElringKlinger's latest annual report at the coveted Vision Awards. The Vision Awards competition is one of the world's most well-known annual report events of its kind. In fact, more than 1,000 enterprises and associates entered their latest annual reports in the competition.

The image section of ElringKlinger's annual report for 2013, which used striking double-spread pages and concise headlines such as "Masters of Reduction" or "Captains of Cleanliness" to illustrate the key role played by ElringKlinger when it comes to reducing harmful emissions, stood out for its successful combination of the respective messages with a particularly succinct design concept. The judges were particularly impressed by the financial section. "The annual report is very well presented and structured," was the verdict given by the League of American Communications Professionals (LACP). Based on this performance, the company was awarded a silver medal in the Automotive & Components category.

This year's Fox Award competition saw ElringKlinger make the grade for a second time, again winning Silver for its annual report. The Fox Awards focus on exceptional performances in the field of corporate publishing and have now been presented for the fifth time. The high-caliber panel consisting of editors and corporate publishing experts from the academic community, agencies and companies assessed more than 400 entries, all of which had to undergo a complex selection process with regard to quality of content, competence of dialog and brand conformity.

ELRINGKLINGER STOCK (ISIN DE 0007856023)	Jan.–Sept. 2014	Jan.–Sept. 2013
Number of shares outstanding	63,359,990	63,359,990
Share price (daily closing price EUR)[1]		
High	32.60	33.26
Low	23.30	22.46
Closing price as of Sept. 30	23.44	33.26
Average daily trading volume (German stock exchanges; no. of shares traded)	103,800	88,100
Average daily trading value (German stock exchanges; in EUR)	2,909,700	2,349,700
Market capitalization as of Sept. 30 (EUR millions)	**1,485.2**	**2,107.4**

[1] Xetra trading

Group Income Statement

of ElringKlinger AG, January 1 to September 30, 2014

EUR k	3rd Quarter 2014	3rd Quarter 2013*	9 months 2014	9 months 2013*
Sales revenue	**327,439**	**287,462**	**984,962**	**864,575**
Cost of sales	-236,069	-202,976	-710,554	-618,345
Gross profit	**91,370**	**84,486**	**274,408**	**246,230**
Selling expenses	-23,511	-21,229	-68,335	-59,928
General and administrative expenses	-14,897	-12,452	-43,486	-36,498
Research and development costs	-14,101	-13,070	-43,248	-40,530
Other operating income	3,378	3,582	9,853	8,624
Other operating expenses	-1,043	-3,044	-4,372	-5,875
Operating result	**41,196**	**38,273**	**124,820**	**112,023**
Finance income	7,530	1,756	12,215	7,989
Finance costs	-3,808	-7,360	-13,195	-18,914
Net finance costs	**3,722**	**-5,604**	**-980**	**-10,925**
Earnings before taxes	**44,918**	**32,669**	**123,840**	**101,098**
Income tax expense	-11,075	-10,223	-31,005	-25,434
Net income	**33,843**	**22,446**	**92,835**	**75,664**
of which: attributable to non-controlling interests	1,484	-58	3,991	3,206
of which: attributable to shareholders of ElringKlinger AG	32,359	22,504	88,844	72,458
Basic and diluted earnings per share in EUR	**0.51**	**0.36**	**1.40**	**1.14**

* Prior-year figures restated in accordance with IFRS 11 and IAS 8, see comments in the notes to the interim consolidated financial statements

Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to September 30, 2014

EUR k	3rd Quarter 2014	3rd Quarter 2013*	9 months 2014	9 months 2013*
Net income	**33,843**	**22,446**	**92,835**	**75,664**
Currency translation difference	13,075	-4,589	19,198	-9,538
Actuarial losses from pension commitments, net after tax	-50	0	-50	0
Gains and losses that can be reclassified to the income statement in future periods	**13,025**	**-4,589**	**19,148**	**-9,538**
Other comprehensive income after taxes	**13,025**	**-4,589**	**19,148**	**-9,538**
Total comprehensive income	**46,868**	**17,857**	**111,983**	**66,126**
of which: attributable to non-controlling interests	2,287	-969	4,689	3,211
of which: attributable to shareholders of ElringKlinger AG	**44,581**	**18,826**	**107,294**	**62,915**

* Prior-year figures restated in accordance with IFRS 11 and IAS 8, see comments in the notes to the interim consolidated financial statements

Group Statement of Financial Position

of ElringKlinger AG, as at September 30, 2014

EUR k	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013*
ASSETS			
Intangible assets	182,235	176,710	135,971
Property, plant and equipment	670,584	612,108	578,648
Investment property	12,056	12,747	12,806
Financial assets	2,080	1,980	2,131
Investments accounted for using the equity method	0	0	20,813
Non-current income tax assets	2,201	2,189	2,432
Other non-current assets	3,363	3,001	2,376
Deferred tax assets	10,472	10,745**	28,186**
Non-current assets	**882,991**	**819,480**	**783,363**
Inventories	292,433	257,387	247,276
Trade receivables	259,854	207,453	215,012
Current income tax assets	3,884	3,986	3,615
Other current assets	43,319	40,820**	40,700**
Cash and cash equivalents	63,513	62,949	54,835
Current assets	**663,003**	**572,595**	**561,438**
	1,545,994	1,392,075	1,344,801

Prior-year figures restated in accordance with IFRS 11(*) and IAS 8 (**), see comments in the notes to the interim consolidated financial statements

EUR k	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013*
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	555,295	498,131**	468,000**
Other reserves	12,553	-5,897	-11,404
Equity attributable to the shareholders of ElringKlinger AG	**749,446**	**673,832**	**638,194**
Non-controlling interest in equity	31,062	27,507	24,247
Equity	**780,508**	**701,339**	**662,441**
Provisions for pensions	94,223	92,323	100,200
Non-current provisions	11,380	10,345	10,717
Non-current financial liabilities	241,739	237,346	222,274
Deferred tax liabilities	31,497	32,528	43,958
Other non-current liabilities	2,679	6,504	3,798
Non-current liabilities	**381,518**	**379,046**	**380,947**
Current provisions	21,018	19,472	16,241
Trade payables	76,070	68,574	70,002
Current financial liabilities	160,877	120,883	140,328
Tax payable	18,954	14,696	12,156
Other current liabilities	107,049	88,065	62,686
Current liabilities	**383,968**	**311,690**	**301,413**
	1,545,994	1,392,075	1,344,801

Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to September 30, 2014

EUR k	Share capital	Capital reserves	Revenue reserves*
Balance as of Dec. 31, 2012	**63,360**	**118,238**	**424,440**
Adjustments for IAS 8, IFRS 11*			-3,215
Balance as of Jan. 1, 2013	**63,360**	**118,238**	**421,225**
Dividend distribution			-28,512
Change in scope of consolidated financial statement			391
Purchase of shares from controlling interests			2,438
Total comprehensive income			72,458
Net income			72,458
Other comprehensive income			
Balance as of Sept. 30, 2013	**63,360**	**118,238**	**468,000**
Balance as of Dec. 31, 2013	**63,360**	**118,238**	**498,131**
Dividend distribution			-31,680
Change in scope of consolidated financial statement			
Total comprehensive income			88,844
Net income			88,844
Other comprehensive income			
Balance as of Sept. 30, 2014	**63,360**	**118,238**	**555,295**

* Prior-year figures restated in accordance with IFRS 11 and IAS 8, see comments in the notes to the interim consolidated financial statements

Other reserves					
Actuarial gains and losses from pension commitments, net	Equity impact of controlling interests	Currency translation differences*	Equity attributable to the shareholders of ElringKlinger AG*	Non-controlling interests in equity*	Group equity*
-22,003	**-833**	**27,748**	**610,950**	**31,268**	**642,217**
		-6,180	-9,395	-1,443	-10,838
-22,003	**-833**	**21,568**	**601,555**	**29,825**	**631,380**
			-28,512	-1,138	-29,650
21			412	67	479
	-614		1,824	-7,718	-5,894
		-9,543	62,915	3,211	66,126
			72,458	3,206	75,664
		-9,543	-9,543	5	-9,538
-21,982	**-1,447**	**12,025**	**638,194**	**24,247**	**662,441**
-15,989	**2,033**	**8,059**	**673,832**	**27,507**	**701,339**
			-31,680	-1,088	-32,768
				-46	-46
-50		18,500	107,294	4,689	111,983
			88,844	3,991	92,835
-50		18,500	18,450	698	19,148
-16,039	**2,033**	**26,559**	**749,446**	**31,062**	**780,508**

Group Statement of Cash Flows

of ElringKlinger AG, January 1 to September 30, 2014

EUR k	3rd Quarter 2014	3rd Quarter 2013*	9 months 2014	9 months 2013*
Earnings before taxes	44,918	32,669	123,840	101,098
Depreciation/amortization (less write-ups) of non-current assets	19,545	18,104	57,332	54,301
Net interest	3,066	2,795	9,022	8,594
Change in provisions	768	464	1,122	-2,159
Gains/losses on disposal of non-current assets	135	10	261	-107
Earnings from investments accounted for using the equity method	0	-472	0	-569
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-19,485	-10,678	-73,126	-52,776
Change in trade payables and other liabilities not resulting from financing and investing activities	12,691	-2,145	26,389	11,615
Income taxes paid	-8,013	-10,932	-30,788	-28,765
Interest paid	-2,248	-2,886	-6,284	-6,904
Interest received	77	91	215	186
Other non-cash expenses/income	-9,344	4,798	-10,824	1,376
Net cash from operating activities	**42,110**	**31,818**	**97,159**	**85,890**
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	125	212	496	847
Proceeds from disposals of financial assets	266	325	440	540
Payments for investments in intangible assets	-2,940	-2,485	-11,567	-6,573
Payments for investments in property, plant and equipment and investment property	-42,096	-24,926	-93,406	-74,145
Payments for investments in financial assets	-270	-388	-496	-953
Payments for the acquisition of subsidiaries, less cash	-1,958	0	-1,958	-3,151
Net cash from investing activities	**-46,873**	**-27,262**	**-106,491**	**-83,435**
Proceeds from non-controlling interests for the purchase of shares	0	0	0	98
Payments to non-controlling interests for the purchase of shares	0	-5,307	0	-5,896
Dividends paid to shareholders and to non-controlling interests	40	0	-32,768	-29,650
Proceeds from the addition of financial liabilities	12,506	12,523	79,026	107,475
Payments for the repayment of financial liabilities	-6,771	-12,786	-39,739	-65,716
Net cash from financing activities	**5,775**	**-5,570**	**6,519**	**6,311**
Changes in cash	1,012	-1,014	-2,813	8,766
Effects of currency exchange rates on cash	2,444	0	3,377	-406
Cash at beginning of period	60,057	55,849	62,949	46,475
Cash at end of period	**63,513**	**54,835**	**63,513**	**54,835**

* Prior-year figures restated according to IFRS 11, see comments in the notes to the interim consolidated financial statements

Group Sales by Region

EUR k	3rd Quarter 2014	3rd Quarter 2013*	9 months 2014	9 months 2013*
Germany	97,184	92,523	291,171	271,196
Rest of Europe	105,037	86,390	323,949	269,526
NAFTA	54,457	50,302	164,750	149,552
Asia-Pacific	56,197	42,458	163,484	124,741
South America and Other	14,564	15,789	41,608	49,560
Group	**327,439**	**287,462**	**984,962**	**864,575**

* Prior-year figures restated in accordance with IFRS 11, see comments in the notes to the interim consolidated financial statements

Segment Reporting

of ElringKlinger AG, July 1 to September 30, 2014

Segment	Original Equipment		Aftermarket		Engineered Plastics	
EUR k	2014	2013	2014	2013	2014	2013
Sales revenue	**269,315**	**226,801**	**31,333**	**33,771**	**23,546**	**23,710**
Intersegment revenue	6,451	4,679	1	0	83	67
Segment revenue	**275,766**	**231,480**	**31,334**	**33,771**	**23,629**	**23,777**
EBIT[1]	**29,010**	**27,199**	**6,722**	**6,260**	**4,687**	**4,271**
+ Interest income	83	63	0	4	111	109
- Interest expense	-2,776	-2,491	-337	-313	-137	-160
Earnings before taxes	**32,862**	**22,108**	**6,500**	**5,808**	**4,780**	**4,204**
Depreciation and amortization	-17,578	-16,539	-476	-389	-1,078	-912
Capital expenditures[2]	37,555	24,943	613	996	4,493	1,125

January 1 to September 30, 2014

Segment	Original Equipment		Aftermarket		Engineered Plastics	
EUR k	2014	2013	2014	2013	2014	2013
Sales revenue	**807,478**	**691,958**	**97,327**	**92,866**	**70,781**	**70,351**
Intersegment revenue	18,272	13,520	67	0	233	386
Segment revenue	**825,750**	**705,478**	**97,394**	**92,866**	**71,014**	**70,737**
EBIT[1]	**90,954**	**80,209**	**20,272**	**18,592**	**11,504**	**11,454**
+ Interest income	248	155	19	10	339	294
- Interest expense	-8,157	-7,612	-1,014	-934	-427	-479
Earnings before taxes	**90,625**	**70,547**	**19,560**	**17,520**	**11,516**	**11,255**
Depreciation and amortization	-51,865	-49,690	-1,254	-1,080	-3,000	-2,739
Capital expenditures[2]	93,053	71,607	1,594	1,704	7,489	4,087

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

Industrial Parks		Services		Consolidation		Group	
2014	2013	2014	2013	2014	2013	2014	2013
1,117	**1,289**	**2,128**	**1,891**	**0**	**0**	**327,439**	**287,462**
58	10	1,370	1,151	-7,963	-5,907	0	0
1,175	**1,299**	**3,498**	**3,042**	**-7,963**	**-5,907**	**327,439**	**287,462**
96	**95**	**681**	**448**			**41,196**	**38,273**
4	0	8	5	-128	-100	78	81
-14	-15	-8	-1	128	100	-3,144	-2,880
95	**97**	**681**	**452**			**44,918**	**32,669**
-114	-12	-299	-252			-19,545	-18,104
38	8	2,337	339			45,036	27,411

Industrial Parks		Services		Consolidation		Group	
2014	2013	2014	2013	2014	2013	2014	2013
3,323	**3,410**	**6,053**	**5,990**	**0**	**0**	**984,962**	**864,575**
175	85	3,869	3,207	-22,616	-17,198	0	0
3,498	**3,495**	**9,922**	**9,197**	**-22,616**	**-17,198**	**984,962**	**864,575**
388	**244**	**1,702**	**1,524**			**124,820**	**112,023**
12	3	22	14	-424	-298	216	178
-42	-44	-22	-1	424	298	-9,238	-8,772
437	**239**	**1,702**	**1,537**			**123,840**	**101,098**
-312	-33	-901	-759			-57,332	-54,301
61	47	2,776	3,273			104,973	80,718

Notes to the Third Quarter and First Nine Months of 2014

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, 2014, have been prepared on the basis of IAS 34 (Interim Financial Reporting). The interim financial statements conform with the International Financial Reporting Standards (IFRS), including the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union.

As the consolidated interim financial statements are presented in a condensed format, the financial statements as of September 30, 2014, 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 5, 2014.

Basis of reporting

Correction of prior-year figures

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. In the meantime, the amount attributable to the aggregate loss has been settled in full. In parallel, ElringKlinger AG has a claim against the primary insurer and excess carrier for the same amount, of which EUR 10.0 million was already settled in 2011. Settlement of the remaining amount claimed has not yet occurred. The primary insurer denied compulsory insurance cover beyond the amount of EUR 10.0 million already paid. Therefore, ElringKlinger AG filed a suit against the primary insurer in respect of payment of EUR 14.4 million. In April 2014, the court of first instance dismissed the claim put forward by ElringKlinger AG. ElringKlinger has appealed against the ruling. ElringKlinger anticipates that the court of second instance will rule in favor of the legal opinion presented by ElringKlinger and that the primary insurer will be ordered to pay the amount in question, i.e. EUR 14.4 million. In view of the ruling by the court of first instance, ElringKlinger has decided to adjust retrospectively, without affecting profit or loss, the partial amount of EUR 4.4 million in respect of the claim for compensation not covered by the excess carrier, as the degree of certainty required for recognition of this claim was insufficient. Should ElringKlinger definitively fail in its legal action, the maximum cover provided by the excess carrier would be EUR 10.0 million in respect of this loss event.

The effect on the comparative figures for the previous financial year is presented in the following tables:

Group statement of financial position *EUR k*	Amount published Jan. 1, 2013	Change	Amount adjusted Jan. 1, 2013
Assets			
Deferred tax assets	29,552	1,225	30,777
Other current assets	45,351	-4,440	40,911
Equity and liabilities			
Revenue reserves	424,440	-3,215	421,225

Group statement of financial position *EUR k*	Amount published Dec. 31, 2013	Change	Amount adjusted Dec. 31, 2013
Assets			
Deferred tax assets	9,520	1,225	10,745
Other current assets	45,260	-4,440	40,820
Equity and liabilities			
Revenue reserves	501,346	-3,215	498,131

For the purpose of improving the presentation of the Group income statement, as of the financial year 2013 amortization of internally generated capitalized development costs is recognized under cost of sales instead of under research and development costs.

As of September 30, 2013, this resulted in an increase in the cost of sales by EUR 4,076k and a reduction in research and development costs by the same amount.

The following new or amended Standards and Interpretations issued by the IASB were to be applied to the consolidated interim financial statements for the first time in 2014:

IFRS 11 – Joint Arrangements – and
IAS 28 – Investments in Associates and Joint Ventures –

Having previously been accounted for in the consolidated financial statements on the basis of proportionate consolidation, the entity ElringKlinger Marusan Corporation, Tokyo, Japan, was fully consolidated as of December 31, 2013, following a contractual agreement concerning assumption of control.

Retrospective application of IFRS 11 necessitates the disclosure of adjusted comparative figures for the prior period. Correspondingly, the joint venture is deconsolidated in 2013 and presented as investments accounted for using the equity method. The effects of applying IFRS 11 are as follows:

Effect on income statement:

EUR k	Sept. 30, 2013
Sales revenue	- 19,488
Cost of sales	16,527
Selling expenses	482
General and administrative expenses	1,183
Research and development costs	374
Other operating income	- 142
Other operating expenses	0
Finance income	491
– of which income from investments accounted for using the equity method	569
Finance costs	83
Income tax expense	490
Net income for the period	**0**

The transition had no effect on net income for the period or on basic or diluted Group earnings per share.

Effects on statement of financial position:

EUR k	Sept. 30, 2013
Intangible assets	180
Property, plant and equipment	7,678
Financial assets	25
Other non-current assets	110
Deferred tax assets	329
Inventories	2,127
Trade receivables	6,940
Other current assets	1,996
Cash and cash equivalents	6,038
Total assets	**25,423**
Provisions for pensions	844
Non-current provisions	47
Non-current financial liabilities	23
Deferred tax liabilities	131
Other non-current liabilities	3
Current provisions	461
Trade payables	2,492
Current financial liabilities	974
Tax liabilities	1,333
Other current liabilities	724
Total liabilities	**7,032**
Net assets	**18,391**
Proportionate goodwill	2,695
Non-controlling interests	-1,387
Effect from proportionate consolidation	3,794
Foreign exchange translation differences	-2,680
Investments accounted for using the equity method	**20,813**

Effects on statement of cash flows:

EUR k	Sept. 30, 2013
Operating activities	-916
Investing activities	1,268
Financing activities	-352
Net reduction in cash and cash equivalents	-6,038

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.

Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of September 30, 2014, include the financial statements of seven domestic and 30 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.

Corporate acquisitions

Effective from July 1, 2014, ElringKlinger AG acquired 75% of the interests in New Enerday GmbH, based in Neubrandenburg, Germany.

In acquiring a 75% interest in the fuel cell specialist, ElringKlinger AG is looking to strengthen its business activities relating to high-temperature SOFCs (solid oxide fuel cells) and extend its own expertise centered around associated electronics, reformer technology and system integration. The acquisition has given ElringKlinger access to important industrial property rights.

The purchase price agreed with regard to the acquisition was EUR 1,962k. The costs related to the transaction, amounting to EUR 15k to date, were recognized as general and administrative expenses.

The assets and liabilities of the acquired interests were measured at their fair value as of the date of acquisition. Within this context, an excess of EUR 2,050k was recognized as goodwill, having additionally accounted for deferred tax liabilities (EUR 20k) on hidden reserves realized (EUR 70k). The aforementioned goodwill was paid primarily in respect of the favorable earnings prospects as well as anticipated synergies; it was allocated to the Original Equipment segment.

This goodwill is not tax deductible.

Due to the first-time full consolidation of the entity, Group revenue increased by EUR 45k and earnings before taxes by EUR 8k as of September 30, 2014. Had the acquisition become effective as early as January 1, 2014, New Enerday GmbH would have contributed EUR 117k to consolidated revenue and a loss of EUR 393k to earnings before taxes.

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

EUR k	IFRS carrying amount at date of purchase	Purchase price allocation	Fair value at date of purchase
Intangible assets	5	70	75
Property, plant and equipment	221	-	221
Inventories	245	-	245
Other current assets	179	-	179
Cash and cash equivalents	4	-	4
Total assets	**654**	**70**	**724**
Deferred tax liabilities	0	20	20
Other non-current liabilities	59	-	59
Current trade payables	72	-	72
Tax liabilities	77	-	77
Other current liabilities	630	-	630
Total liabilities	**838**	**20**	**858**
Net assets	**-184**	**50**	**-134**
Non-controlling interests			46
Goodwill			2,050
Purchase price			**1,962**

No contingent liabilities were identified during the acquisition procedure.

The fair values presented for the respective assets and liabilities are provisional. A definitive valuation of the assets and liabilities has yet to be made.

Exchange rates

Exchange rates developed as follows:

Currency	Abbr.	Closing rate Sept. 30, 2014	Closing rate Dec. 31, 2013	Average rate Jan.–Sept. 2014	Average rate Jan.–Dec. 2013
US dollar (USA)	USD	1.25830	1.37910	1.34869	1.33083
Pound (United Kingdom)	GBP	0.77730	0.83370	0.80876	0.85008
Swiss franc (Switzerland)	CHF	1.20630	1.22760	1.21578	1.22906
Canadian dollar (Canada)	CAD	1.40580	1.46710	1.48022	1.37711
Real (Brazil)	BRL	3.08210	3.25760	3.09297	2.89373
Mexican peso (Mexico)	MXN	16.99770	18.07310	17.74819	17.12746
RMB (China)	CNY	7.72620	8.34910	8.33248	8.17328
WON (South Korea)	KRW	1,330.34000	1,450.93000	1,405.76667	1,456.23833
Rand (South Africa)	ZAR	14.26060	14.56600	14.50398	13.01281
Yen (Japan)	JPY	138.11000	144.72000	139.21444	130.18167
Forint (Hungary)	HUF	310.57000	297.04000	309.90889	297.93333
Turkish lira (Turkey)	TRY	2.87790	2.96050	2.92912	2.56752
Leu (Romania)	RON	4.41020	4.47100	4.43721	4.41495
Indian rupee (India)	INR	77.85640	85.36600	81.92134	78.47108
Indonesian rupiah (Indonesia)	IDR	15,366.97000	16,764.78000	15,849.79778	14,067.13083
Bath (Thailand)	THB	40.80000	45.1780	43.79111	41.08033

Disclosures relating to financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments. There was no offsetting of financial instruments recognized by the company.

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

	Cash and cash equivalents	Trade receivables	Other current assets	Financial assets		Total
EUR k	CA	CA	CA	CA	FV	CA
As of Sept. 30, 2014						
Loans and receivables	63,513	259,854	2,404	75	75	325,846
held to maturity	0	0	0	1,439	1,451	1,439
held for trading	0	0	25	0	0	25
available for sale	0	0	0	566	566	566
Total	**63,513**	**259,854**	**2,429**	**2,080**	**2,092**	**327,876**
As of Dec. 31, 2013						
Loans and receivables	62,949	207,453	1,228	74	74	271,704
held to maturity	0	0	0	1,433	1,431	1,433
held for trading	0	0	87	0	0	87
available for sale	0	0	0	473	473	473
Total	**62,949**	**207,453**	**1,315**	**1,980**	**1,978**	**273,697**

The other current assets include derivatives of EUR 25k (Dec. 31, 2013: EUR 87k) measured at fair value.

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

	Other current liabilities		Current financial liabilities	Trade payables	Derivatives		Non-current financial liabilities		Total
EUR k	CA	FV	CA	CA	CA	FV	CA	FV	CA
As of Sept. 30, 2014									
Financial liabilities measured at acquisition cost	51,899	51,899	160,877	76,070	0	0	241,739	246,347	530,585
Financial liabilities measured at fair value through profit or loss	0	0	0	0	38	38	0	0	38
As of Dec. 31, 2013									
Financial liabilities measured at acquisition cost	49,040	49,040	120,883	68,574	0	0	237,346	239,438	475,843
Financial liabilities measured at fair value through profit or loss	0	0	0	0	220	220	0	0	220

The other current liabilities include a purchase price liability of EUR 37,054k in respect of a written put option, which has been measured at amortized cost.

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

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

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks, finance lease liabilities and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific interest rate.

The fair value of the put option, included in other current liabilities, of non-controlling interests in ElringKlinger Marusan Corporation in respect of their interests is based on projections of the enterprise value. As regards the valuation of this put option of non-controlling interests, estimates are made with regard to the forecast of business performance as well as with regard to the choice of the interest rate to be applied in respect of the liability to be recognized. A change in the enterprise value by 10% would result in an increase/decrease in the put option by EUR 3,705k.

Financial assets and liabilities measured at fair value are classified into the following three-level fair value hierarchy as of the end of the reporting period of September 30, 2014:

EUR k	Level 1	Level 2	Level 3
Sept. 30, 2014			
Financial assets			
available for sale	566	0	0
held for trading*	0	25	0
Total	**566**	**25**	**0**
Financial liabilities			
available for sale	0	0	0
held for trading*	0	38	0
Total	**0**	**38**	**0**
Dec. 31, 2013			
Financial assets			
available for sale	473	0	0
held for trading*	0	87	0
Total	**473**	**87**	**0**
Financial liabilities			
available for sale	0	0	0
held for trading*	0	220	0
Total	**0**	**220**	**0**

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

The following table provides details of the classification of financial assets and liabilities that are not measured at fair value but for which a fair value has been presented, according to the three-level fair value hierarchy as of the end of the reporting period of September 30, 2014:

EUR k	Level 1	Level 2	Level 3
Sept. 30, 2014			
Financial assets			
Financial assets	1,451	0	75
Total	**1,451**	**0**	**75**
Financial liabilities			
Non-current liabilities from finance leases	0	0	46
Non-current financial liabilities	0	241,693	0
Purchase price liability from written put option	0	0	37,054
Total	**0**	**241,693**	**37,100**
Dec. 31, 2013			
Financial assets			
Financial assets	1,431	0	74
Total	**1,431**	**0**	**74**
Financial liabilities			
Non-current liabilities from finance leases	0	0	162
Non-current financial liabilities	0	237,184	0
Purchase price liability from written put option	0	0	37,054
Total	**0**	**237,184**	**37,216**

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

Level 1: Measurement based on quoted prices

Level 2: Measurement based on quoted prices for similar instruments or on the basis of measurement models based on inputs that are observable on markets

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

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

Contingencies and related-party disclosures

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

Government grants

In the first nine months of 2014, other operating income included government grants of EUR 4,705k, of which a total of EUR 2,544k was attributable to the first half of 2014.

These grants were attributable primarily to development projects.

Events after the reporting period

Subsequent to the reporting period, ElringKlinger Kunststofftechnik GmbH, a subsidiary of ElringKlinger AG, acquired 100% of the ownership interests in Polytetra GmbH, headquartered in Mönchengladbach, Germany. The entity is to be included in the scope of consolidation of the ElringKlinger Group effective from October 1, 2014.

The purchase price agreed with regard to the acquisition was EUR 4,000k. The process of purchase price allocation has yet to be concluded.

Serving markets outside the automotive industry, the acquiree's technological focus is on developing and producing polymer-based heat exchangers and electric heaters used in industrial applications. The company's product portfolio also includes tubing and finished parts made of fluoropolymers and high-performance plastics. In acquiring the company, ElringKlinger Kunststofftechnik GmbH has further strengthened its position in the industrial sectors outlined above, as well as securing additional growth opportunities in the production of modules and systems.

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 5, 2014

The Management Board

Dr. Stefan Wolf   Theo Becker   Karl Schmauder

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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 5, 2014, and is available in German and English. Only the German version shall be legally binding.

Corporate Calendar 2014

Financial Calendar

05/13/2015 110th Annual General Shareholders' Meeting, Stuttgart

Calendar Trade Fairs 2014

11/13 – 14 4th Aachen Colloquium China, Automobile and Engine Technology, Beijing, China

12/09 – 10 13th International CTI Symposium, Automotive Transmissions, HEV and EV Drives, Berlin, Germany

For further events and trade fairs please visit our websites:
http://www.elringklinger.de/en/press-events
www.hug-eng.ch/en-index.html

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