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Outperforming Chinese market as well

## **KSPG with clear growth in sales and consolidated result**

With significant sales growth and a disproportionate upturn in earnings in the third quarter of 2015 automotive supplier KSPG AG (Rheinmetall Group) is on the home stretch for a successful fiscal year 2015.

KSPG achieved sales of €1,957 million in the first nine months of 2015. With growth of €126 million or 7% compared to the same period of the previous year, the sector again exceeded the global market growth of automotive production (light vehicles up to 3.5 tons) of 1%. KSPG CEO Horst Binnig comments: "When adjusted for currency effects, KSPG's growth in sales was almost four times higher than the increase in worldwide automotive production, which is an outstanding performance."

In addition the growth in earnings was disproportionately high. In the first nine months of this year, Rheinmetall's Automotive sector generated a €25 million or 18% improvement in the operating result to €164 million. The operating earnings margin thus increased to 8.4%, following 7.6% in the same period of the previous year. In addition to the sales growth, this increase is above all attributable to improved operating performance.

The slower growth of the automotive industry in China resulted in somewhat muted sales performance at the Chinese joint venture companies, which are not included in the Automotive sector's sales figures. Binnig: "Nonetheless, they enjoyed growth of 27% in the first nine months of 2015 calculated on a 100% basis, with sales amounting to €587 million as against €461 million in the previous year". Adjusted for currency effects, the joint ventures' sales growth was 7%, while Chinese automotive production grew by 3% in the first nine months.

The Chinese 100% subsidiaries of KSPG are also growing. Their sales volume increased from €36 million (as of Q3 2014) to €64 million as of September 30, 2015.

To expand its position in China, the world's largest automotive market, KSPG founded a joint venture with the Japanese Riken Corporation in September for the collaborative production of piston rings. It is based on Riken's pre-existing large production site in the Chinese province of Hubei, in which KSPG now holds a 30% interest. Both companies, market leaders in the fields of piston and piston ring technology, have thus strengthened their pre-existing global cooperation.

As a notable supplier, KSPG supports automotive manufacturers in meeting strict regulations regarding pollutant emissions. For example, KSPG received two major orders for innovative components for reducing emissions just in September. The ordered products, which are worth a total of more than €300 million, are modules for reducing emissions for a large European automotive manufacturer and for a major American customer.

Based on the assumption of continued stable development of the global automotive industry the margin target of 8% for financial 2015 is still expected to be achieved.



Electric motor driven exhaust flap

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