

PRESS RELEASE

NAGARES S.A. AND MAHLE COMPANIES AGREEMENT

- Shareholders of NAGARES SA agree to sell the company to MAHLE
- A new leader partner is born facing electronic system and electric vehicles markets

Motilla del Palancar, March 15, 2017.- NAGARES' shareholders agree to sell 100% of the shares of the company to the worldwide leader MAHLE. It has been agreed not to disclose any additional details about the transaction, which is still subject to approval by the antitrust authorities.

NAGARES develops and manufactures a variety of products for the automotive industry, including control units and power electronics for electric auxiliary components and thermal management systems, as well as power converters for e-mobility solutions. With 435 employees, the company based in Motilla del Palancar (Cuenca, SPAIN) archived sales of approximately EUR 70 million in 2015.

The family-run company founded in 1971 operates four production plants and a development center in Spain and, through its offices, also has a presence in Europe, North America and Asia. Its customers include numerous international automobile manufacturers. In cooperation with the Polytechnic University of Valencia, the company has established a Chair for Mechatronics and Power Electronics.

“MAHLE and NAGARES are an excellent match. The two companies share the common goal of further developing mobility with new solutions and systems. With this transaction with our main customer, NAGARES becomes part of a big group as MAHLE, so we expect to remark and place in the market NAGARES's technology on power electronics, especially for electric vehicle applications,” emphasizes Herminio Navalón, Managing Partner of NAGARES.

The business segments of the Spanish company fit in well with MAHLE's Mechatronics division, which has combined all activities in the field of electric drives since 2016. Besides electric motors, the division also develops and manufactures electric powertrain and mechatronic systems. These technologies are primarily used in passenger cars, commercial vehicles and in off-highway applications. MAHLE therefore, and with the new acquisition of NAGARES, crucially contributes toward making transportation more sustainable, fostering e-mobility and energy efficiency, and significantly reducing air pollution from vehicles.

“With NAGARES, we are strengthening our competence with regard to systems for e-mobility. MAHLE’s move into control and power electronics is an important step on the way toward integrated electric drives and units,” explains Wolf-Henning Scheider, Chairman of the MAHLE Management Board and CEO.

MAHLE is a leading international development partner and supplier to the automotive industry. With its products for combustion engines and their peripherals as well as solutions for electric vehicles, the group addresses all the crucial issues related to the powertrain and air conditioning technology—from engine systems and components to filtration to thermal management. MAHLE products are fitted in at least every second vehicle worldwide. MAHLE components and systems are also used off the road—in stationary applications, for mobile machinery, rail transport, as well as aerospace and marine applications.

In 2015, the group generated sales of approximately EUR 11.5 billion with around 76,000 employees and is represented in 34 countries with over 170 production locations. At 15 major development locations in Germany, Great Britain, Luxembourg, Slovenia, the USA, Brazil, Japan, China, and India, about 6,000 development engineers and technicians are working on innovative solutions for the mobility of the future.

NAGARES S.A. has been supported during the process by Alexander Sanz lawyer, Fabregat-Perulles-Sales law firm, Ridibor advisors and Sanchez De Leon law firm.