

The Management Board of ElringKlinger AG





Dr. Stefan Wolf (Chairman/CEO)
 Responsible for Group companies, the corporate functions Finance, Controlling, Legal Affairs, Human Resources, IT, Investor Relations and Corporate Communications, as well as the After-market and Industrial Parks divisions

(from left to right)

Karl Schmauder
 Responsible for Original Equipment Sales and New Business Areas

Theo Becker
 Responsible for the Cylinder-head Gaskets, Specialty Gaskets, Plastic Housing Modules/Elastomer Technology, Shielding Technology, Exhaust Gas Purification Technology, E-Mobility and Tooling Technology divisions as well as the corporate functions Quality and Environment, Materials Management and ElringKlinger AG plants

Letter to Shareholders

Dear Shareholders,
Ladies and gentlemen,

2014 proved to be another encouraging year for ElringKlinger. This was attributable first and foremost to buoyant growth in the vehicle markets of North America and Asia. At the same time, the industry benefited from a more pronounced recovery in large parts of Europe. Operating in a climate marked to some extent by geopolitical uncertainty, we succeeded in expanding sales revenue by 15.3% to EUR 1,325.8 million within the ElringKlinger Group. What is more, the Group maintained its profitable growth in the period under review.

Having seen business develop largely along favorable lines, we are again in a position to reward our shareholders in the form of a dividend payment. We will submit a proposal to the Annual General Meeting for a dividend distribution of EUR 0.55 per share. This corresponds to another year-on-year increase of five cents per share.

“Pure Process” – the title of this year’s annual report captures the essence of our company’s core competencies. High-tech processes such as precision die-cutting and functional coating as well as unrivalled expertise in metal and plastics processing have provided us with a solid platform from which to expand our product portfolio over the course of time. We are tackling issues that are of strategic importance to the future of our industry and, at the same time, we are offering premium-class solutions tailored to today’s market needs.

In this context, the reduction of fuel consumption and emissions is at the heart of our efforts. ElringKlinger was among the first to embrace the trend towards downsizing and is now moving forward at pace within this area. Whether cylinder-head or specialty gaskets, whether thermal or acoustic shielding systems – we are and will continue to be judged on quality, performance and functional reliability. It goes without saying that this also applies to all our other lines of business.

Hydroformed hybrids, or HFH for short, represent a milestone in ElringKlinger’s product policy. As of now, we are capable of supplying lightweight solutions such as cockpit cross-car beams, front-end carriers and front-end adapters for vehicle body and chassis. Our accomplishments in this area are a testament to the materials and tooling expertise we have amassed over the last decades. By 2020, we hope to generate revenue of EUR 120 to 130 million from polymer hybrid components. At present, production lines are being installed at our sites in Leamington (Canada) and Suzhou (China).

Of course, alternative drive technologies were also high on ElringKlinger's agenda in 2014. With this in mind, we acquired a 75% stake in new enerday GmbH, a system specialist in the field of fuel cell technology. In doing so, we will be able to step up our activities relating to high-temperature solid oxide fuel cells (SOFCs) and expand substantially our know-how in this line of business.

We had expected more from our E-Mobility division, i.e. the area encompassing battery technology, in the financial year just ended. Unfortunately, this area of our business made a negative contribution to earnings in the period under review. Despite this, however, I am quietly confident that I will be able to report on an improved situation in this line of business in the medium term. One thing is certain, after all: sustainability forms the basis for our success as a company. ElringKlinger is well aware of its responsibilities. Indeed, corporate social responsibility is an essential element of our company's strategy, and we remain committed to responsible interaction with employees, the environment and society as a whole. In the battle for climate justice, we support the "Plant for the Planet" initiative, whose aim is to create a sense of awareness among youngsters and adults of global justice and climate change. To find out more about our involvement, please read pages 8 et seqq.

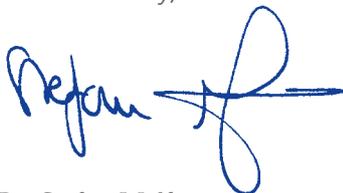
We are also pursuing a clearly defined goal within the capital markets. The aim is for ElringKlinger to maintain a strong position in the MDAX well into the future. In order to achieve this, we plan to generate organic growth of 5% to 7% per annum. We have already succeeded in attaining this target in the past. And in the future, too, we must be prepared to think outside the box and chart new territory. I am of the firm belief that we will continue on a path of profitable growth and will remain a company of formidable strength.

ElringKlinger maintained its forward momentum in 2014, and this is a tribute in no small part to a team that now numbers almost 7,400 people. It is they who square up to challenges on a daily basis, solve problems, chart new routes and embrace ElringKlinger's unique culture of innovation. In recognition of these efforts, the Management Board would like to express its gratitude to all employees at the 45 sites now operated by the company.

ElringKlinger has entered one of the most exciting and successful chapters in its history. We intend to build further on our excellent reputation among customers, business partners and the capital markets. Safe in the knowledge that you, as our shareholders, will continue to back us, we are committed to remaining innovative and focused in our approach. You can count on it.

I hope you enjoy reading our latest annual report.

Yours sincerely,



Dr. Stefan Wolf

Report by the Supervisory Board 2014

During the fiscal year 2014, the Supervisory Board discharged the duties incumbent on it according to the law, the Articles of Association, the rules of procedure and the German Corporate Governance Code. The Supervisory Board monitored the activities of the Management Board and supported it in an advisory capacity, particularly with regard to the strategic positioning of the Group. The Management Board submitted monthly written reports to the Supervisory Board concerning developments in the wider economy, ElringKlinger's business performance, order intake, order backlog, revenue and earnings (in each case comparing targeted and prior-year figures), significant new orders, the employment situation of the Group, of ElringKlinger AG with its divisions and of the subsidiaries as well as liquidity. The Supervisory Board was involved in all decisionmaking processes deemed to be of fundamental importance to the company.

The Supervisory Board convened for four scheduled meetings in 2014. At these meetings, the Management Board provided a detailed review of business developments in respect of the most recent part of the year, including all key indicators as well as comparisons with prior-year figures and targets for the Group, for Elring-Klinger AG with its divisions and for the subsidiaries. It also looked ahead at figures for the annual period as a whole and assessed the economic, market and competitive environment. In addition, the Management Board supplied regular information on the current risk situation, the status of any significant legal disputes and other matters of critical importance. The issues were presented and, where necessary, discussed in detail during the sessions of the full Supervisory Board.

Aside from the aforementioned regular reports and topics, the Supervisory Board addressed the following subjects at its scheduled meetings:

- The meeting on March 24, 2014, was devoted to the Management Board's explanation of the 2013 annual financial statements of ElringKlinger AG and the Group. It also dealt with the report of the auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the authorization and approval of the financial statements of ElringKlinger AG and the consolidated financial statements, as well as the resolution on the Management Board's proposal for

the appropriation of profit. Furthermore, the Supervisory Board was furnished with reports on possible acquisitions and preparations for the Annual General Meeting, in addition to approving the agenda for the Annual General Meeting. Finally, the Supervisory Board discussed and adopted adjustments to and restructuring of Management Board compensation on the basis of details prepared by the Personnel Committee. The members of the Management Board were not present at the meeting when this item on the agenda was discussed.

- In the Supervisory Board meeting subsequent to the Annual General Meeting on May 16, 2014, Mr. Walter H. Lechler was elected as the Chairman and Mr. Markus Siegers as Deputy Chairman of the Supervisory Board. Ms. Gabriele Sons was elected as a member of the Personnel Committee and the Mediation Committee. Other items on the agenda included the Annual General Meeting that had taken place immediately prior to the Supervisory Board meeting as well as further potential acquisitions.
- The focus of the Supervisory Board meeting held on September 26, 2014, was on strategic projects. Again, the Supervisory Board discussed acquisitions that may be of interest to ElringKlinger. Additionally, it debated the possibility of outsourcing pension liabilities. No resolution was passed with regard to this issue.
- The agenda defined for the final Supervisory Board meeting of the reporting period on December 4, 2014, included the budget for 2015 and medium-term planning for the period from 2015 to 2019. Other key topics were, as in the past, the report on findings relating to internal audits conducted in 2014, plans for internal audits scheduled for 2015, current risk assessments, relevant precautionary measures to be taken by the Management Board and, finally, adjustments to the risk management system of ElringKlinger AG in response to more far-reaching requirements as a result of the sustained growth of the ElringKlinger Group. Risk reporting also included the issue of compliance and implementation of the compliance system within the company. The Chairman of the Audit Committee, Mr. Klaus Eberhardt, also commented on the aforementioned issues and reported on the outcome of consultations within the Audit Committee.



Walter Herwarth Lechler
Chairman of the Supervisory Board

The scheduled meetings were attended by all of the Supervisory Board members, with the exception of the meeting in December. In 2014, there were again no separate meetings of the Supervisory Board's employee and shareholder representatives for the purpose of preparing the scheduled meetings. Such meetings were deemed unnecessary, not least in view of the extensive information made available in advance. No extraordinary meetings of the Supervisory Board were convened in the period under review, as no such meetings were required.

The Audit Committee convened on three occasions during the year under review. The March meeting was devoted to indepth discussion relating to the auditor's report on the audit of the annual financial statements. At the meeting in September, the Audit Committee discussed the results of the first half and restructuring of the risk management system. The agenda of the December meeting convened by the Audit Committee included the audit of the annual financial statements for 2014, which included in particular the task of defining the focal points of the audit together with the independent auditors, a status report on the introduction of the new risk management system and a description of

the current compliance system. Additionally, the CEO reported regularly to the Chairman of the Audit Committee on the results of internal audits and subsequent measures to be introduced. The Personnel Committee convened on one occasion, in March 2014, for the purpose of preparing a suggestion to the full Supervisory Board on the restructuring of Management Board compensation. No meetings of the Mediation Committee were necessary in the reporting period.

There were no conflicts of interest in 2014 between Supervisory Board members and the company.

The Declaration of Conformity by the Supervisory Board and the Management Board pursuant to Section 161 of the German Stock Corporation Act (AktG) and regarding the German Corporate Governance Code in the version of June 24, 2014, was approved unanimously at the Supervisory Board meeting on December 4, 2014 and published on the same day on the company's website.

In addition to the monthly written reports and the four scheduled Supervisory Board meetings, as in the previous years, the Chairman of the Supervisory Board

remained in contact with the Chairman of the Management Board by telephone, e-mail and in person at regular intervals throughout the year. These ongoing exchanges covered the current economic situation, important business developments and other events of particular significance. The Chairman of the Supervisory Board informed his Board colleagues of significant occurrences by e-mail or by telephone.

The Management Board liaised with the Supervisory Board in good time with regard to all transactions requiring approval, furnishing it with clear and detailed information. The Supervisory Board granted its approval in all cases.

At the Annual General Meeting held on May 16, 2014, Mrs. Gabriele Sons was elected to the Supervisory Board as a representative of the shareholders; Mrs. Sons had already been appointed, as requested, as a member of the Supervisory Board on a temporary basis – up to the conclusion of the Annual General Meeting – by way of a resolution passed by the Stuttgart District Court on March 12, 2014. The court appointment and the subsequent election were necessary as Dr. Thomas Klinger-Lohr had stepped down from the Supervisory Board for personal reasons as of December 31, 2013. Dr. Klinger-Lohr had been a member of the Supervisory Board of Elring-Klinger AG for a period spanning 14 years. He is credited with having made possible the merger between Elring GmbH with parts of the Klinger Group, thereby laying the foundation for ElringKlinger AG's success. It is not only for this reason that Dr. Klinger-Lohr deserves our gratitude.

At the end of 2014, the Supervisory Board, as stipulated by the provisions set out in the German Corporate Governance Code, again evaluated the effectiveness of its work relating to the previous financial year on the basis of a questionnaire issued to all members. This covered issues such as the openness of communication at Supervisory Board meetings and the involvement of all members in discussions. The outcome of this survey and proposed measures for optimization are to be taken into consideration in respect of future Supervisory Board activities.

The annual financial statements of ElringKlinger AG and the corresponding consolidated financial state-

ments with the combined management report for the 2014 financial year, as presented by the Management Board, were audited by the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The audit mandate was issued by the Supervisory Board in accordance with the appointment of the auditor by the Annual General Meeting on May 16, 2014. In accordance with Section 315a of the German Commercial Code (HGB), the consolidated financial statements of ElringKlinger AG were prepared on the basis of International Financial Reporting Standards (IFRS). The auditing firm issued unqualified audit opinions for the annual financial statements of ElringKlinger AG as well as for the consolidated financial statements, including the combined management report, for the financial year 2014. The Supervisory Board was in possession of the documents relating to the financial and consolidated financial statements together with the Management Board's proposal for the appropriation of profits, as well as the two audit reports compiled by the auditor. The aforementioned documents were studied in depth by the Audit Committee and the Supervisory Board as a whole before being discussed at length and examined in consultation with the competent auditors. The Supervisory Board concurred with the outcome of the audit. No objections were raised. At its meeting on March 25, 2015, the Supervisory Board adopted the annual financial statements of ElringKlinger AG and endorsed the consolidated financial statements together with the combined management report. At the same meeting, the Supervisory Board approved the Management Board's proposal for the appropriation of profit.

The Supervisory Board would like to thank the Management Board and all members of staff at ElringKlinger AG and its investees in Germany and abroad for their successful efforts.

Stuttgart, March 25, 2015

On behalf of the Supervisory Board

Walter Herwarth Lechler
Chairman of the Supervisory Board

ElringKlinger and the Capital Markets

Stock markets remain buoyant

Europe’s economic recovery proved to be relatively sluggish over the course of 2014. While the ECB’s policy of low interest rates provided some support, there was increasing evidence to suggest that US bond buying would be scaled back and the Federal Reserve was also about to raise the interest rate.

Given the disappointing performance by many of the world’s emerging economies and the International Monetary Fund’s decision to revise downwards its growth forecasts for Germany, the markets were faced with growing uncertainty as to the future direction of the world economy from mid-2014 onwards. This, in turn, had a visible impact on share prices.

The conflict in the Middle East and economic sanctions imposed on Russia produced significant volatility in stock performance during the third quarter, at times prompting a severe slump in prices quoted on the international financial markets. Cyclical stocks, particularly with regard to car manufacturers and automotive suppliers, came under considerable pressure. Against this backdrop, any gains made during the first half of the year were reversed in full.

The sustained surfeit of liquidity among central banks and an all-time low in interest rates, coupled with strong growth generated by the particularly buoyant

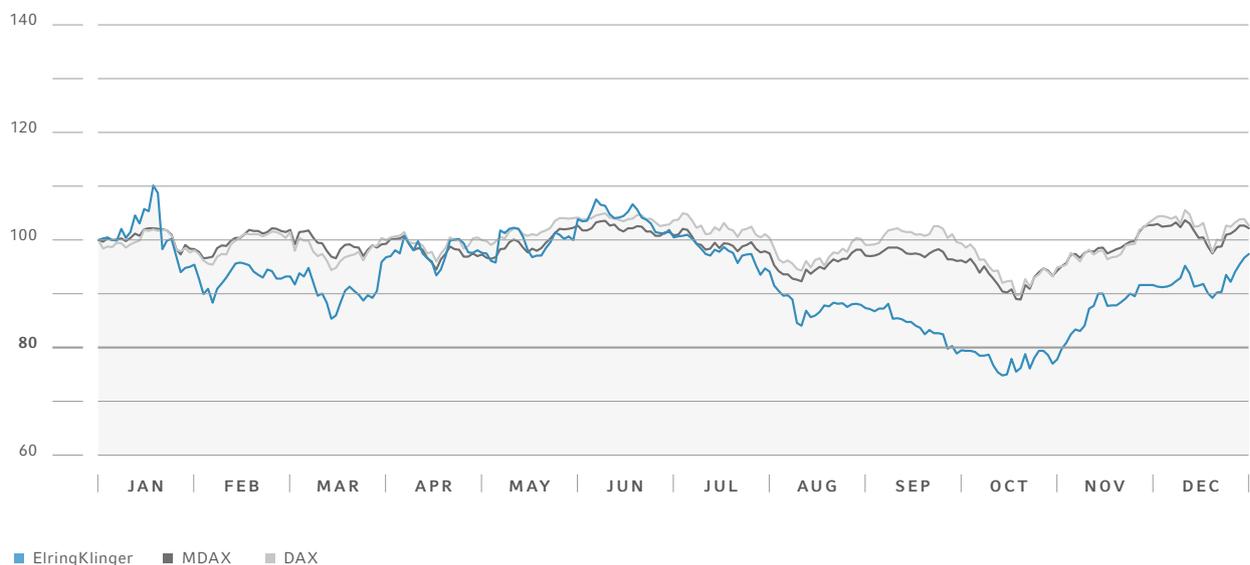
US economy, produced a sudden boost in share prices as the markets emerged from the October trough. On balance, the German blue chip index, the DAX, closed with a gain of 2.7%. The MDAX, which had conceded more than 10% when it was at its most vulnerable, completed 2014 with a gain of 2.2%.

Year-end rally for ElringKlinger stock

On the back of double-digit growth of 16.0% in 2013, ElringKlinger’s share price initially rose by a further 10% at the beginning of 2014 to reach an annual high of EUR 32.60. By mid-March, the stock had receded to EUR 25.23 amid a general downturn in the market as a whole.

The company’s share price was given a boost by the results for the first quarter of 2014 and 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. This was the single largest order in ElringKlinger’s history, with total sales of EUR 120 to 130 million over a six-year period. Trading in this environment, ElringKlinger shares made considerable gains and closed the first half at EUR 30.14.

ELRINGKLINGER’S SHARE PRICE PERFORMANCE (XETRA) SINCE JANUARY 1, 2014
compared with MDAX and DAX



The markets came under increasing pressure over the summer months, buffeted in particular by uncertainties emanating from the world's geopolitical hot spots. In this lackluster market environment, profit-taking on the part of institutional investors saw the company's share price slip to below the mark of EUR 22. From October onwards, however, a general turnaround in market conditions, but also more favorable assessments by analysts and increasingly dynamic capital market activities, produced a visible upturn in ElringKlinger's stock performance.

In the fourth quarter, ElringKlinger shares outperformed both the MDAX and the DAX by a considerable margin, achieving a gain of 22.8% by the end of the year. Thus, the considerable losses recorded in the third quarter were almost completely offset. At EUR 28.80, the company's share price was down 2.6% on the figure recorded at the end of the previous year. ElringKlinger's stock performance was again encouraging in January 2015.

Trading volume up on German stock exchanges

Stock liquidity, a factor that is of particular importance to institutional investors, was favorable in the period under review. It is also considered a key criterion for index membership.

In 2014, the number of ElringKlinger shares traded on a daily basis rose by almost a quarter to 112,900 (91,000).

Expressed in euros, the average daily trading value increased by 24.0% to EUR 3.1 (2.5) million.

On the road: communicating with the capital markets at road shows and local venues

ElringKlinger continued to pursue its policy of maintaining an ongoing and proactive dialog with the capital markets in 2014. The emphasis of its investor relations activities in the period under review was on the international markets, with a particular focus on North America and Scandinavia.

By attending three road shows and ten, primarily international, capital market conferences, ElringKlinger's management reported on the latest market developments and business performance as well as the company's most recent research and development projects. Those who participated in the events showed particularly keen interest in ElringKlinger, and – rising from a high base – attendance figures exceeded the previous year's level by a significant margin.

Many analysts and investors took advantage of the chance to find out firsthand about ElringKlinger's technologies, production processes and R&D activities as part of organized visits to the local sites operated by the Group. In addition to focusing on key topics such as downsizing and exhaust gas purification technology, those who attended the events were particularly interested in the company's new projects in the field of lightweight design as well as activities relating to fuel cell and battery technology.

KEY INDICATORS FOR ELRINGKLINGER'S STOCK

	2014	2013
Earnings per share IFRS (after non-controlling interests, in EUR)	1.67	1.66
Shareholders' equity per share (in EUR) ¹	12.23	11.07
High (in EUR) ²	32.60	35.14
Low (in EUR) ²	22.09	22.46
Closing price as of Dec. 31 (in EUR) ²	28.80	29.57
Price-earnings ratio (P/E ratio) ¹	17.25	17.81
Dividend per share (in EUR)	0.55 ³	0.50
Average daily trading volume (German stock exchanges; no. of shares traded)	112,900	91,000
Average daily trading value (German stock exchanges; in EUR)	3,090,700	2,525,100
Market capitalization as of December 31 (EUR millions) ²	1,824.8	1,873.6

¹ as of December 31

² Xetra trading

³ Proposal to 2015 AGM

ELRINGKLINGER AG STOCK MARKET DATA

ISIN	DE 0007856023
German Securities Identification Code (WKN)	785 602
Bloomberg	ZIL2
Reuters	ZILG n.DE
Capital stock	EUR 63,359,990
Number of shares outstanding	63,359,990
Stock exchanges	Official trading: XETRA, Frankfurt, Stuttgart, Munich, Düsseldorf, Hamburg, Berlin
Market segment	Prime Standard
Index	MDAX

Over the course of 2014, the Investor Relations team staged around 30 meetings at the company, mainly in the form of group visits or reverse road shows. They included tours of the production premises and technology presentations as well as visits to the development unit. The program of investor meetings was rounded off by events organized at the center of excellence for injection-molding tools and lightweight plastics engineering of the former Hummel-Formen Group in Lenningen as well as at the Chinese plant in Suzhou.

In addition to holding an annual analysts' conference in Frankfurt, ElringKlinger sets up conference calls for the purpose of commenting on particularly important issues and developments such as recent business performance, corporate acquisitions or technological innovations. The company also organizes conference calls when publishing its quarterly results; these live teleconferences are freely accessible via the ElringKlinger website at www.elringklinger.com.

This is a relatively convenient way for private investors, in particular, to follow the latest company developments. This approach underpins the principle of timely, simultaneous and transparent communication for all groups of investors and other parties interested in the company.

Capital markets remain keen on mid cap ElringKlinger

Over the course of 2014, the company was monitored by a total of 25 financial analysts. 20 analysts covered ElringKlinger's shares continuously and issued regular reports in the form of research telegrams and studies.

An up-to-date list with the names of banks and brokers providing coverage of ElringKlinger on a regular basis, as well as recommendations in respect of the company's shares, can be accessed on the ElringKlinger website in the Investor Relations section (www.elringklinger.de/en/investor-relations/stock/analysts-conference).

Direct dialog with private investors – ElringKlinger's CEO chat

ElringKlinger is committed to maintaining a close dialog with all investor groups considered to be of relevance to its business. This also includes private investors in the company, who currently hold around 8.0% of ElringKlinger's free float shares and therefore represent a major shareholder group. ElringKlinger has put in place additional channels of communication for the purpose of promoting a direct exchange of views.

The telephone hotline established by ElringKlinger (+49 7123 724-137) again proved particularly popular in 2014 and was frequently used by those wishing to engage with the company. A member of the Investor Relations team is on hand as a dedicated point of contact to answer specific questions relating to the company and its shares.

Available 24/7, the company's website at www.elringklinger.com is a source of extensive information and offers up-to-date news on the latest corporate developments and coming publications. Additionally, investors are able to follow the company's activities via the latest social media channels. The Investor Relations department has access to Facebook (www.facebook.com/elringklinger) and Twitter (www.twitter.com/elringklingerAG) for the purpose of publishing, on a regular basis, interesting news items about the company and its stock for the benefit of users of social networks.

The most recent communication tool launched by the company – its Online CEO Chat with CEO Dr. Stefan Wolf – was particularly well received. The online chat was conceived by the company specifically for the purpose of engaging with private investors, giving them the chance to converse with ElringKlinger senior executives. There was extensive coverage in the business media with regard to this new initiative. The dates of upcoming chat sessions are published well in advance on the company's website (www.elringklinger.de/de/chat-mit-dem-ceo).

ElringKlinger's commitment to an ongoing dialog with private investors is also reflected in the company's membership in the interest group of Baden-Württemberg Small Caps (Interessengemeinschaft Baden-Württembergische Small Caps – BWSC: www.bwsc.de). ElringKlinger regularly takes part in a number of events together with seven other stock corporations from the region, all of which are listed in the Prime Standard segment. They are targeted primarily at non-institutional shareholders and regional asset managers. Subsequent to the corporate presentations, those attending the events are given the opportunity to put their questions to the respective company representatives. At the beginning of October 2014, ElringKlinger and two other BWSC member companies took part in an investor event in Reutlingen hosted together with Volksbank Reutlingen, which was very well attended.

Multiple awards for ElringKlinger's 2013 annual report

ElringKlinger AG's efforts in the area of financial communication were honored on several occasions during 2014, attracting a number of coveted awards.

At the Vision Awards, one of the most prestigious competitions for annual reports, ElringKlinger's 2013 annual report received a silver medal from the League of American Communications Professionals (LACP) in the Automotive & Components category. The 2013 annual report was published under the heading "beyond CO₂", focusing on ElringKlinger-developed solutions for clean and sustainable forms of mobility – going beyond the widely publicized reduction of CO₂. The company was encouraged in particular by the panel's favorable response to the image-oriented sections of the report, which were praised for the manner in which they successfully combined ElringKlinger's key messages with a clearly conceived design concept. The jury also focused on the financial section of the report, emphasizing the excellent structure and presentation of this part of the publication.

In addition, ElringKlinger's "beyond CO₂" annual report received the Good Design Award. The coveted design award is presented as part of one of the oldest and most revered competitions of its kind worldwide. Focusing on excellence in design, the award was created in 1950 by the Chicago Athenaeum Museum of Architecture and Design. The panel of judges acknowledged the excellent conceptualization and visual execution of the report. This was the second time in succession, after 2013, that ElringKlinger received this sought-after award in honor of its financial report.

ElringKlinger's 2013 annual report was also among the winners of the Fox Awards competition. It honors particularly successful communication efforts in the print and digital segment, the focus being not only on a strong commitment to communication but also on the ability of such solutions to contribute visibly to brand building and to underpin a company's sales activities. In the "Corporate Reports" category, the annual report submitted by ElringKlinger AG received a silver Fox Award in recognition of the highly effective nature of its communication. The panel of judges praised the exceptional quality of content, conceptual strength and visible brand conformity displayed by ElringKlinger's annual report.

2014 AGM approves higher dividend of 50 cents – Gabriele Sons elected as new member of the Supervisory Board

On May 16, 2014, ElringKlinger AG convened its 109th Annual General Meeting at the Liederhalle Culture and Congress Center in Stuttgart. Addressing an audience of around 550 shareholders and guests, Dr. Stefan Wolf, as CEO of ElringKlinger AG, looked back on what was a successful financial year 2013.

Shareholders supported the proposal put forward by the Management Board and Supervisory Board and passed a resolution, with 99.99% in favor, to increase the regular dividend to EUR 0.50 (0.45) per share. Participating in the company's success, the shareholders in the company thus received a dividend payout of EUR 31.7 (28.5) million in total, up 11.2% on the previous dividend payment. Calculated on the basis of ElringKlinger AG's applicable net income amounting to EUR 60.2 (56.5) million, the dividend ratio for the financial year 2013 is 52.7% (50.4%).

Fundamentally, the company's dividend policy stipulates that shareholders should receive an appropriate and sustainable return on their investment, the aim being to distribute between 40 and 60% of

ElringKlinger AG’s annual net income as a dividend. As regards the 2014 financial year, the Management Board and Supervisory Board intend to propose to the 2015 AGM a dividend of EUR 0.55 per share.

With 99.54% votes in favor, the AGM appointed Gabriele Sons, member of the Management Board of ThyssenKrupp Elevator AG, as a new member of the Supervisory Board. Mrs. Sons replaced Dr. Thomas Klinger-Lohr, who had stepped down from the Supervisory Board effective from December 31, 2013. She had already been appointed as a member of the Supervisory Board on a temporary basis by the District Court.

Shareholder structure – large proportion of international institutional investors

As of December 31, 2014, the shareholder structure of ElringKlinger AG was as follows: The company’s free float accounted for 47.9% (48.0%) of the 63,359,990 no-par-value shares issued in total. The Lechler families continue to hold 52.1% (52.0%) of the interests in ElringKlinger AG, i.e. the majority of the share capital. In 2014, they increased their holding in ElringKlinger AG slightly by 0.1%.

Large, primarily international, institutional investors – banks, insurance companies or pension funds – are by far the largest group of shareholders within the company’s free float. Additionally, ElringKlinger shares are held in the portfolios of many of Germany’s smaller and mid-size asset managers. At the end of 2014, this group of investors held 40.3% (39.6%) of ElringKlinger AG’s total share capital. The percentage of free float shares held by institutional investors thus remained stable at a high level.

The proportion of private investors with ElringKlinger shareholdings was slightly down in 2014. This reflects the general situation in Germany, where stock-based investments by private households are relatively unpopular. At the end of 2014, 7,004 (6,275) private investors held shares in ElringKlinger. This corresponds to 7.6% (8.2%) of the company’s total share capital.

Focus on sustainable investment

As a future-focused company committed to a sustainable approach to business, ElringKlinger has in recent years begun to engage directly with investors who focus their attention mainly on companies that operate according to the principles of sustainability. In addition to looking at financial parameters, these investor groups base their investment decisions on environ-

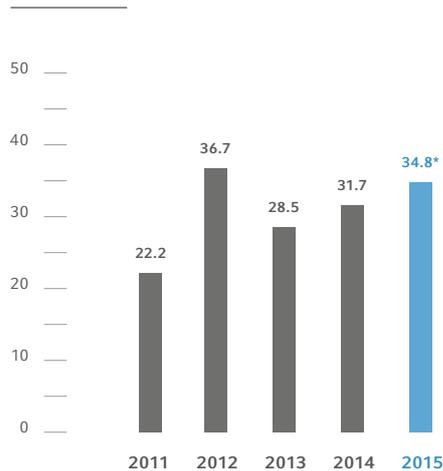
mental and social criteria as well as good corporate governance.

This investment segment recorded an above-average inflow of capital in 2014 and is expected to become increasingly important in future. Against this backdrop, it is all the more encouraging for ElringKlinger that the number of sustainability funds with holdings in the company continued to rise in 2014.

ElringKlinger shares have become an interesting investment proposition for these groups of investors. ElringKlinger took part in the Carbon Disclosure Project as early as 2007 – the first automotive supplier to do so. At the same time, the company’s products themselves are making a sizeable contribution to the reduction of greenhouse gases and other pollutants.

ElringKlinger is assessed in regular intervals by sustainability rating agencies such as Oekom, EIRIS and Sustainalytics. The company has also been listed in the DAXglobal® Sarasin Sustainability Germany Index since 2010. In addition, ElringKlinger has been awarded the “Quality Mark for Sustainability” by DZ Bank on multiple occasions in recent years.

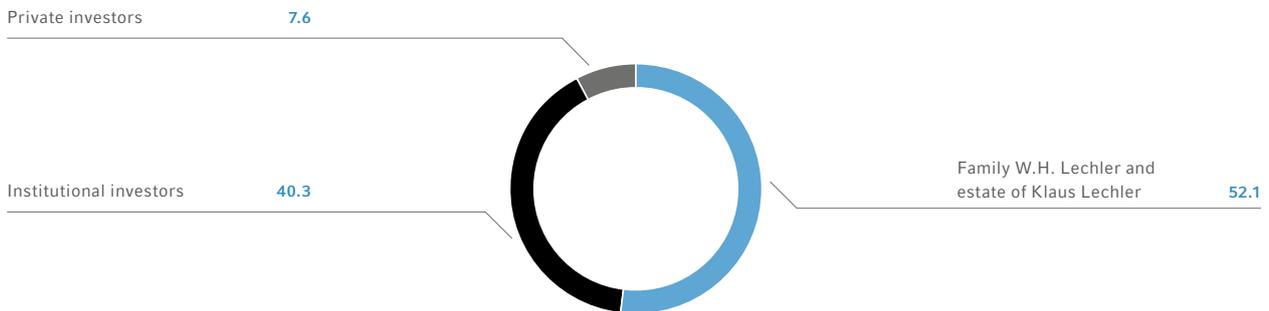
TOTAL DIVIDEND PAYMENTS
in EUR million



* Proposal to 2015 AGM

SHAREHOLDER STRUCTURE*

in %



* Based on information available to the company as of December 31, 2014

For further information on sustainability at ElringKlinger, please refer to the chapter entitled “Sustainability” (page 83). In response to the growing interest shown in this particular topic, the company again published a separate CSR report in 2014; it was well received by ElringKlinger’s customers, the capital markets as well as the general public.

Program for 2015

ElringKlinger’s business model is founded on a long-term approach to value creation. Its future-focused product portfolio, meanwhile, is centered around the core industry topics of CO₂ reduction, exhaust gas purification and alternative drive technologies. As a result, the company is closely correlated with the investment segment focusing on sustainability. With this in mind, one of the objectives in 2015 will be to raise the company’s profile among potential shareholders targeting sustainable investments.

At the same time, ElringKlinger’s investor relations activities are to be further extended at an international level in 2015. Increasingly, the focus will be on targeting sovereign wealth funds, which generally tend to pursue a long-term investment approach.

Additionally, the company plans to host local capital market events at specific Group companies considered to be of particular interest to key players operating within the capital markets. These events will allow the company to provide more targeted information on technological developments and outline the potential of its product portfolio.

As a member of the BWSC interest group, ElringKlinger will continue to be represented at regional events aimed at engaging with private investors. Planning procedures have already commenced for two such events to be held in 2015. For further details of current events, please feel free to visit the company’s website or contact a member of staff via the ElringKlinger telephone hotline.

Corporate Governance Report

The joint report issued by the Management Board and the Supervisory Board of ElringKlinger AG with regard to corporate governance, including the Declaration of Conformity passed on December 4, 2014, in respect of the Code, has been published online at

www.elringklinger.de/en/company/corporate-governance in accordance with Section 3.10 of the German Corporate Governance Code in connection with the Corporate Governance Statement.