

PRESS RELEASE

ElringKlinger presents preliminary results for FY 2019: considerable success from efficiency program

- **Revenue up by 1.6% to EUR 1,727 million, organically by 0.5%**
- **EBIT before purchase price allocation (PPA) at EUR 63.2 million, EBIT margin before PPA at 3.7%**
- **Operating free cash flow at EUR 175.8 million, net debt down substantially at EUR 595.3 million**
- **Q4 2019: revenue down by 2.8% to EUR 419.9 million, organically -4.0%; EBIT before PPA at EUR 24.8 million, resulting in EBIT margin of 5.9%**
- **2020 outlook to be presented with publication of annual report at end of March**

Dettingen/Erms (Germany), February 19, 2020 +++ The preliminary, unaudited results of the ElringKlinger Group for the 2019 financial year point to the positive impact of the efficiency program launched at the beginning of 2019: the Group's operating free cash flow totaled EUR 175.8 million, which represents a year-on-year improvement of EUR 262.0 million. At the heart of this is a disciplined approach to capital expenditure on property, plant, and equipment as well as investment property. As planned, at EUR 92.2 million, this figure was markedly lower than in the previous year (EUR 163.5 million). At the same time, inventory management was consistently optimized and payment terms for trade payables were extended. The partial use of financial instruments also made it possible to reduce trade receivables, with the result that net working capital was scaled back significantly to EUR 423.5 million or 24.5% of revenue. In the previous year this ratio had stood at 33.4%.

As a consequence of the Group's strong operating free cash flow, net financial liabilities were driven back for the third consecutive quarter to EUR 595.3 million. Without the effect of the first-time application of IFRS 16 in 2019, this figure would have been down by a further EUR 46.7 million as of December 31. At 3.3, the Group thus also has a significantly better net debt/EBITDA ratio. At the end of the first quarter of 2019, this ratio had stood at 4.7.

As Dr. Stefan Wolf, CEO of ElringKlinger AG, explains: "In implementing our efficiency program, we have set the right levers to make the Group sustainably fit for the future. Operating free cash flow is well within positive territory, net debt has been noticeably reduced, and earnings have stabilized over the course of the year. We will continue to pursue this path consistently in the future."

In terms of earnings, the Group further improved on the previous year's quarter with a solid fourth quarter in 2019. With EBIT before purchase price allocation (PPA) totaling EUR 24.8 million, the figure is EUR 13.0 million higher than in Q4 2018. This performance was supported to some extent by the sale of an industrial park in Hungary, which resulted in other operating income of EUR 8.6 million and a cash inflow of EUR 21.6 million. After a difficult start, ElringKlinger showed signs of gradual improvement in earnings over the course of the year. In total, the Group recorded EBIT before PPA of EUR 63.2 million, which corresponds to a margin of 3.7%. The Group had anticipated a figure of around 4 to 5%.

In response Dr. Wolf explains: "Overall, our earnings performance was not satisfactory, but the host of measures aimed at cost streamlining did prove effective. Among other things, we managed to reduce the follow-up costs resulting from persistently strong demand in North America. We expect to see discernible earnings potential here in the current year. However, it remains to be seen to what extent external effects, such as the economic consequences of the coronavirus in China, will impact on business.

At EUR 1,727.0 million, Group revenue grew by EUR 28.0 million or 1.6% year on year in 2019 despite challenging market conditions. The effects of currency translation – primarily relating to the US dollar, but also the Mexican peso and the Swiss franc – made a significant contribution of EUR 25.1 million or 1.5%. Additionally, the Group was faced with changes to the scope of consolidation as a result of M&A transactions (from the sale of Hug in 2018) totaling EUR -6.2 million or -0.4%. Eliminating the effects of foreign exchange rates and consolidation, the Group saw revenue expand by EUR 9.1 million or 0.5% organically. Calculated on the basis of global automobile production, which declined by close to 6% in 2019, the Group saw its revenue outpace the market as a whole by more than 6 percentage points. Thus, the company exceeded its target of outperforming market growth by 2 to 4 percentage points in terms of organic sales.

ElringKlinger will publish its full and definitive results for the 2019 financial year as well as its outlook for the current financial year on March 30, 2020.

Preliminary, unaudited figures for FY 2019 and Q4 2019

EUR million	FY 2019	FY 2018	Δ abs.	Δ rel.	Q4 2019	Q4 2018	Δ abs.	Δ rel.
Revenue	1,727.0	1,699.0	+28.0	+1.6%	419.9	431.8	-11.9	-2.8%
of which FX effects			+25.1	+1.5%			+5.3	+1.2%
of which M&A			-6.2	-0.4%			±0.0	±0.0%
of which organic			+9.1	+0.5%			-17.2	-4.0%
EBITDA	181.0	196.6	-15.6	-7.9%	57.4	37.8	+19.6	+51.9%
EBIT before purchase price allocation (PPA)	63.2	100.2	-37.0	-36.9%	24.8	11.8	+13.0	>+100%
EBIT margin before PPA (in %)	3.7	5.9	-2.2PP		5.9	2.7	+3.2PP	
Purchase price allocation	1.9	4.0	-2.1	-52.5%	0.4	1.2	-0.8	-66.7%
EBIT	61.2	96.2	-35.0	-36.4%	24.3	10.6	+13.7	>+100%
Investments (in property, plant, equipment and investment property)	92.2	163.5	-71.3	-43.6%	17.4	41.9	-24.5	-58.5%
Operating free cash flow	175.8	-86.2	+262.0	<-100%	65.7	2.6	+63.1	>+100%
Net working capital	423.5	568.0	-144.5	-25.4%				
Net financial liabilities	595.3	723.5	-128.2	-17.7%				

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About ElringKlinger AG

As an independent and globally positioned supplier, ElringKlinger is a powerful and reliable partner to the automotive industry. Be it passenger car or commercial vehicle, equipped with an optimized combustion engine, with hybrid technology, or with an all-electric motor – we offer innovative solutions for all types of drive system. In doing so, we are making a committed contribution to sustainable mobility. Our lightweighting concepts help to reduce the overall weight of vehicles. As a result, vehicles powered by combustion engines consume less fuel and emit less CO₂, while those equipped with alternative propulsion systems benefit from an extended range. Developing cutting-edge battery and fuel cell technology as well as electric drive units, we were among the frontrunners when it came to positioning ourselves as a specialist in the field of e-mobility. At the same time, we are committed to evolving our sealing technology for a wide range of applications. Our shielding systems are designed to ensure high-end temperature and acoustics management throughout the vehicle. Dynamic precision parts developed by ElringKlinger can be used in all types of drive system. Additionally, the Group's portfolio includes engineering services, tooling technology, and products made of high-performance plastics, which are also marketed to industries beyond the automotive sector. These efforts are supported by a dedicated workforce of more than 10,000 people at 45 ElringKlinger Group locations around the globe.