

PRESS RELEASE

ElringKlinger anticipates growth in revenue and higher profitability for 2021

- **Revenue in 2020 year of coronavirus down 11.7% organically at EUR 1,480 million, compared with global market slump of 16.2%**
- **EBITDA of EUR 181 million comparable to prior-year figure despite downturn in revenue; EBIT at EUR 28 million**
- **Operating free cash flow in positive triple-digit million euro range for second year in a row; net debt scaled back significantly**
- **Guidance 2021: revenue growth at market level and higher profitability**
- **Dividend suspended to strengthen internal financing**
- **Annual General Meeting to be held in a virtual format**

Dettingen/Erms (Germany), March 30, 2021 +++ ElringKlinger AG has presented its full results for the 2020 financial year, a period marked by the coronavirus pandemic. The impact can be seen, among other things, in global automobile production, which slumped by 16.2%. As a result, revenues generated by the Group fell by EUR 246.6 million or 14.3% to EUR 1,480.4 million (2019: EUR 1,727.0 million). However, excluding the effects of currencies and acquisitions, the year-on-year decline was only 11.7%. The Group thus succeeded in meeting its expectations of performing slightly better than the market as a whole in 2020 based on the direction taken by organic revenue.

The pandemic developed along different lines in the Asia-Pacific region over the course of the first quarter of 2020. While China saw an extension to its New Year holidays as well as plant closures, little impact was initially felt in other parts of Asia. As the year progressed, China recovered quickly from the crisis experienced in the first quarter, while other parts of Asia felt the repercussions of the pandemic. In this region, Group revenues fell by EUR 30.2 million or 9.7% to EUR 279.8 million (2019: EUR 310.0 million). It was not until mid-March that Europe saw the introduction of lockdown measures. Against this backdrop, economic recovery in the region as a whole was more sluggish than in China. Overall, the Group generated revenue – adjusted for currency effects – of EUR 785.2 million (2019: EUR 889.2 million), which corresponds to a decline of EUR 104.0 million or 11.7%. The downturn was more pronounced in North America. Here, revenue stood at EUR 384.9 million (2019: EUR 450.9 million), down EUR 66.0 million or 14.6% on the prior-year figure after adjusting for exchange rate effects.

Asked to comment, Dr. Stefan Wolf, CEO of ElringKlinger AG, said, "The effects of the pandemic were felt in all regions in 2020. However, we were able to cushion the blow

relatively well and improve key performance indicators for the Group. Despite the decline in revenue, earnings before interest, taxes, depreciation, and amortization remained at the previous year's level. We also further optimized net working capital. Benefiting from this, among other things, we thus managed to achieve operating free cash flow in the triple-digit million euro range for the second time in a row, in addition to further reducing net debt by a significant margin. This illustrates that our global program aimed at raising efficiency levels is fully on track."

Efficiency enhancement program continues to deliver in second year

Having been successfully implemented in 2019, the program aimed at improving efficiency continued to be rolled out over the course of the financial year just ended. The measures were aimed, among other things, at avoiding costs for special freight movements and additional shifts through process optimization, staff training, and the elimination of inefficiencies in administration and production. In addition, both the materials and personnel expense ratios were reduced in a targeted manner in 2020. Benefiting from these improvements, the Group was able to partially offset the effects of the pandemic-induced decline in demand.

Overall, earnings before interest and taxes (EBIT) for the 2020 financial year stood at EUR 27.7 million, while the EBIT margin amounted to 1.9%. As originally expected, this was noticeably lower than the previous year's figure of EUR 61.2 million or 3.5%. Unrealized foreign exchange losses and losses from associated companies prompted an increase in net finance costs. Income taxes decreased by EUR 10.2 million to EUR 26.4 million (2019: EUR 36.6 million). This resulted in net income attributable to shareholders of EUR -40.8 million in 2020 (2019: EUR 4.1 million). Correspondingly, at EUR -0.64, earnings per share were significantly below the previous year's level of EUR 0.06.

Strong operating free cash flow

Committed to strengthening its operating free cash flow for the long term, the Group optimized its net working capital as part of the package of measures. To this end, receivables were scaled back, payment terms extended, and inventories actively managed. In the 2020 financial year, the Group generated operating free cash flow of EUR 164.7 million (2019: EUR 175.8 million), which provided the basis for further reducing net financial liabilities. These were cut by EUR 337 million within 21 months to EUR 458,8 million as of December 31, 2020 (Dec. 31, 2019: EUR 595,3 million). In addition, with a robust equity ratio of 41.4% (2019: 41.5%), the Group remains within its long-term target range of 40% to 50%.

Two strategic milestones in fuel cell technology

ElringKlinger also charted two important routes for the future in the financial year just ended. First, the Group entered into a strategic partnership with Airbus to jointly develop and validate aviation-compatible fuel cell stacks over the coming years. ElringKlinger is providing access to key technology for this purpose and, in return,

received proceeds of EUR 25 million during the fourth quarter of 2020. Following extensive market analysis, Airbus had selected ElringKlinger as its partner primarily because of the high power density of its fuel cell stacks and its expertise in the field of industrial-scale production. Secondly, ElringKlinger holds the majority interest (60%) in EKPO Fuel Cell Technologies, a joint venture with Plastic Omnium. The aim of both partners is to develop the global market for fuel cell stacks and components.

Guidance for 2021

Due to the ongoing pandemic and many other factors, the current fiscal year is subject to a high degree of uncertainty. In light of these risks and opportunities, the Group expects organic growth in revenue over 2021 as a whole to be roughly in line with the percentage increase in global vehicle production. Market experts currently estimate the latter at around 13%.

The efficiency enhancement program will continue into its third year in 2021. If global car production develops as projected, the Group expects an EBIT margin of around 4 to 5% for the 2021 financial year as a whole.

Suspension of dividend

Due to the earnings situation in 2020, the dividend for the 2020 financial year has been suspended. In taking this approach, the Group is looking to strengthen its internal financing for the ongoing transformation process.

Virtual Annual General Meeting

In view of the current rate of infection, the Management Board and the Supervisory Board have jointly decided to hold the Annual General Meeting, scheduled for May 18, 2021, in a virtual format, as in the previous year.

As Dr. Wolf points out, "For us, the health of everyone involved remains our top priority. Currently, cases of infection are on the rise again, and the government has only just extended the protective measures aimed at containing the pandemic. At the same time, the vaccination campaign has not really taken off yet. Taking these factors into consideration, we have decided to hold the AGM as a virtual event again this year in order to protect the health of everyone involved. Additionally, it can be considered unlikely that an Annual General Meeting with shareholders present would be approved by the competent authorities."

Having registered prior to the specified deadline, shareholders may participate in the Annual General Meeting via the internet and exercise their voting rights by granting power of attorney to the proxies nominated by the company or by means of postal voting. Questions on the agenda can be submitted in advance. Further details will be contained in the invitation to the Annual General Meeting, which is to be published in the electronic Federal Gazette in due time in April 2021.

Key financials for FY 2020 and Q4 2020

EUR million	FY 2020	FY 2019	Δ abs.	Δ rel.	Q4 2020	Q4 2019	Δ abs.	Δ rel.
Order intake	1,483.1	1,737.2	-254.1	-14.6%	512.0	381.5	130.5	+34.2%
Order backlog	1,033.1	1,030.3	+1.8	+0.3%	1,033.1	1,030.3	+1.8	+0.3%
Revenue	1,480.4	1,727.0	-246.6	-14.3%	450.9	419.9	+31.0	+7.4%
of which FX effects			-40.7	-2.4%			-18.2	-4.3%
of which M&A			-4.1	-0.2%			-0.7	-0.2%
of which organic			-201.8	-11.7%			+49.9	+11.9%
EBITDA	181.5	181.0	+0.5	+0.3%	87.6	57.4	+30.2	+52.6%
EBIT	27.7	61.2	-33.5	-54.7%	25.2	24.3	+0.9	+3.7%
EBIT margin (in %)	1.9	3.5	-1.6PP	-	5.6	5.8	-0.2PP	-
Net finance cost	-41.3	-19.6	-21.7	>100%	-15.4	-4.9	-10.5	>100%
EBT	-13.6	41.7	-55.3	<-100%	9.8	19.5	-9.7	-49.7%
Income taxes	26.4	36.6	-10.2	+27.9%	18.7	11.8	+6.9	+58.5%
Effektive tax rate (in %)	<-100.0	88.0	-	-	>100.0	60.7	-	-
Net income (after non-controlling interests)	-40.8	4.1	-44.9	<-100%	-10.7	7.5	-18.2	<-100%
Earnings per share (in EUR)	-0.64	0.06	-0.70	<-100%	-0.17	0.12	-0.29	<-100%
Investitionen (in PPE and investment property)	57.3	92.2	-34.9	-37.9%	19.4	17.4	+2.0	+11.5%
Operating free cash flow	164.7	175.8	-11.1	-6.3%	62.4	65.7	-3.3	-5.0%
Dividend per share (in EUR)	0.00	0.00	±0.0	±0.0%				
ROCE (in %)	1.7	3.4	-1.7PP	-				
Net working capital	402.8	423.5	-20.7	-4.9%				
Equity ratio (in %)	41.4	41.5	-0.1PP	-				
Net financial liabilities	458.8	595.3	-136.5	-22.9%				
Employees (as at Dec. 31)	9,724	10,393	-669	-6.4%				

The annual report for 2020 is available online at:
<https://www.elringklinger.de/investor/2020-gb-en.pdf>

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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 around 10,000 people at 45 ElringKlinger Group locations around the globe.

Disclaimer

This release 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.