PRESS RELEASE

Q3 2021: ElringKlinger records growth in revenue, improvement in earnings, and positive cash flow

- **Revenue up by 5.1% to EUR 401 million in third quarter of 2021 and by 18.3% to EUR 1,218 million after first nine months**
- **EBIT margin at 6.7% in third quarter of 2021 and 8.1% after first nine months**
- **Operating free cash flow again in positive territory, prompting further reduction in net financial liabilities to EUR 361 million; net debt/EBITDA now at 1.3**
- **Confirmation of slight upward revision of guidance in October 2021**

Dettingen/Erms (Germany), November 4, 2021 +++ ElringKlinger AG managed to defy the general market trend within the automotive sector in the third quarter just ended: while global production output fell by around 20% according to data published by IHS, the Group saw its revenue expand by EUR 19.5 million, or 5.1%, year on year to EUR 400.6 million.

In his overall assessment, Dr. Stefan Wolf, CEO of ElringKlinger AG, takes a very positive view of the quarter just ended: "ElringKlinger can look back on an extremely encouraging quarterly performance. Despite downside market factors, we were able to increase our revenue in the third quarter. As regards our EBIT margin, we improved further compared to the previous year and again achieved positive operating cash flow, thus allowing us to further reduce our net financial liabilities. On this basis, the efficiency enhancement program being pursued for almost three years now has clearly had a very favorable impact."

Producing revenue growth of 5.1%, the third quarter contributed to a strong aggregate performance after nine months in which ElringKlinger generated sales revenue totaling EUR 1,218.2 million. As a result, the Group was up 18.3% or EUR 188.7 million on the figure posted for the same period a year ago, which had still been affected by the repercussions of the lockdown. Assuming constant exchange rates, growth would have been as high as 19.5%. The market in general, by contrast, managed to grow by just 9.5% in the first nine months of 2021 compared to the same period of the previous year.

The positive trajectory of growth was evident in the Engineered Plastics and Aftermarket segments as well as in the Original Equipment segment. In this area, growth was strong within the E-Mobility business unit, which brings together the Group's activities centered around battery technology and electric drive units in addition to fuel cell technology. The business unit managed to increase significantly its share of revenue in total Group sales from 1% in the third quarter of 2020 to 6% in the reporting period.

This illustrates ElringKlinger's strong foothold in the vehicle market relying on new drive technologies, particularly as this share of revenue is further underpinned by revenues from components from the traditional business areas and lightweight structural components that are used in the series production of all-electric vehicles.

Order intake up markedly, order backlog at record level

Against the backdrop of more expansive revenue, ElringKlinger recorded consistently solid order books. After substantial growth rates in the previous quarters of 62.4% (Q1) and 123.0% (Q2), order intake in the third quarter of 2021 was also up markedly on the prior-year level with an increase of 14.8%, taking the total to EUR 486.3 million. On the back of this particularly buoyant order intake, ElringKlinger's order backlog also increased significantly. As of September 30, 2021, i.e., the end of the quarter, the Group had orders worth EUR 1,307.3 million – an increase of 7.0% compared to Q2 2021 and 34.5% compared to Q3 2020.

Significant improvement in earnings

In line with revenue growth, ElringKlinger was able to improve its earnings significantly in the reporting period. In this context, the continuation of the efficiency enhancement program, which the Group has been successfully implementing since the beginning of 2019, provided a solid foundation. Indeed, it also helped to cushion negative effects such as high commodity prices. In the third quarter, earnings before interest, taxes, depreciation, and amortization (EBITDA) stood at EUR 55.0 million, up EUR 6.0 million, or 12.3%, on the figure for the previous year. In the first nine months of 2021, ElringKlinger managed to almost double EBITDA year on year to EUR 182.6 million (9M 2020: EUR 93.9 million).

After nine months, earnings before interest and taxes (EBIT) amounted to EUR 98.5 million, compared to EUR 2.5 million in the period from January to September 2020. In the reporting quarter, EBIT stood at EUR 27.0 million, up EUR 8.1 million on the figure posted for the third quarter of 2020. As a result, the EBIT margin was 6.7% for the third quarter of 2021 and 8.1% for the first nine months of 2021, a significant improvement compared to the prior-year levels (Q3 2020: 5.0% and 9M 2020: 0.2%).

The bottom line also includes the effects of persistently high commodity prices. As was the case over the course of the year to date, the prices of raw materials that are of particular relevance to ElringKlinger, such as steel, aluminum, and polyamides (plastic granules, also known as pellets), remain at an elevated level. In the reporting quarter, the cost of materials increased by 11.3% compared to the same quarter of the previous year. Staff costs also increased again in the third quarter of 2021 as business picked up. Staff costs in relation to Group revenue stood at 30.9%, up year on year (Q3 2020: 29.3%) but down from the previous quarters (Q1 2021: 32.0% and Q2 2021: 32.8%), partly due to the consistent implementation of the global efficiency enhancement program.

Further reduction in net financial liabilities amid consistently positive operating free cash flow

Both earnings performance and financial liabilities developed favorably over the course of the year, leading to a significant improvement in the net debt/EBITDA ratio. It stood at 1.3 at the reporting date of September 30, 2021, following 2.5 at the end of 2020 and 3.4 a year earlier. Net working capital increased in absolute terms by 4.2% to EUR 424.3 million. However, this increase was disproportionately lower than revenue growth, as a result of which net working capital as a percentage of revenue improved to 25.4% as of September 30, 2021, compared to 28.1% at the quarterly reporting date of the previous year and 27.2% at the end of 2020. In conjunction with the disciplined investment approach again taken by the Group, the third quarter also saw operating free cash flow remain in positive territory. In fact, the third quarter of 2021 contributed EUR 8.1 million to operating free cash flow of EUR 73.7 million generated in the first nine months of 2021 as a whole. As a result of this, among other aspects, the Group was able to reduce its net financial liabilities by EUR 151.6 million year on year, taking the figure to EUR 360.8 million as of September 30, 2021.

Confirmation of slight upward revision of guidance in October 2021

Based on its strong quarterly performance, ElringKlinger adjusted its forecast for the current 2021 financial year as part of the preliminary publication of its results in October 2021. In this context, it should be noted that the general market outlook deteriorated considerably in the final weeks of the quarter under review, with bottlenecks in the semiconductor industry, strains in the supply of raw materials, and elevated commodity prices taking their toll. Uncertainty relating to the stability of sales volumes as well as demand for raw materials and their availability continues. Against this backdrop, ElringKlinger now expects revenue to be several percentage points higher than the anticipated change in global light vehicle production (previously: roughly in line with the percentage change). Most recently, the industry service provider IHS estimated global production growth of 1.6 % for 2021 compared to the previous year and has since revised this slightly downwards to 0.3%. As regards earnings, the Group expects an EBIT margin of around 6% (previously: around 5 to 6%), having taken into account the site optimizations planned within the Shielding Technology unit. The Group's projections for its other key performance indicators remain unchanged for the annual period as a whole. The Group has also confirmed its medium-term targets.

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Key financials for the third quarter and the first nine months of 2021

in EUR m	9M 2021	9M 2020	Δ abs.	Δ rel.	Q3 2021	Q3 2020	Δ abs.	Δ rel.
Order intake	**1,492.4**	**971.1**	+521.3	+53.7%	**486.3**	**423.6**	+62.7	+14.8%
Order backlog	**1,307.3**	**971.8**	+335.5	+34.5%	**1,307.3**	**971.8**	+335.5	+34.5%
Revenue	**1,218.2**	**1,029.6**	+188.7	+18.3%	**400.6**	**381.2**	+19.5	+5.1%
of which currency			-12.6	-1.2%			+6.8	+1.8%
of which M&A			±0.0	±0.0%			±0.0	±0.0%
of which organic			+201.3	+19.5%			+12.6	+3.3%
EBITDA	**182.6**	**93.9**	+88.7	+94.5%	**55.0**	**49.0**	+6.0	+12.2%
EBIT	**98.5**	**2.5**	+96.0	+>100%	**27.0**	**18.9**	+8.1	+42.9%
EBIT margin (in %)	**8.1**	**0.2**	+7.9PP	-	**6.7**	**5.0**	+1.7PP	-
Net finance cost	**-6.7**	**-25.9**	-19.2	-	**-3.2**	**-9.8**	+6.6	-
Profit before taxes	**91.7**	**-23.4**	+115.1	+>100%	**23.8**	**9.2**	+14.6	+>100%
Taxes on income	**37.3**	**7.7**	+29.6	+>100%	**14.4**	**6.3**	+8.1	+>100%
Net income (after non-controlling interests)	**54.8**	**-30.1**	+84.9	+>100%	**9.0**	**3.4**	+5.6	+>100%
Earnings per share (in EUR)	**0.86**	**-0.47**	+1.33	+>100%	**0.14**	**0.05**	+0.09	+>100%
Investments (in property, plant, and equipment and investment property)[1]	**37.7**	**37.9**	-0.2	-0.5%	**15.2**	**15.1**	+0.1	+0.7%
Operating free cash flow	**73.7**	**102.3**	-28.6	-28.0%	**8.1**	**78.6**	-70.5	-89.7%
Net working capital	**424.3**	**407.3**	+17.0	+4.2%				
Equity ratio (in %)	**46.7**	**41.0**	+5.7PP	-				
Net financial debt	**360.8**	**512.4**	-151.6	-29.6%				
Employees (as of Sep. 30)	**9,554**	**9,579[2]**	-25	-0.3%				

Differences due to rounding
[1] Payments for investments
[2] Figure adjusted, as working students and vocational trainees are no longer included as from 2021

About ElringKlinger AG
As an automotive supplier, ElringKlinger has become a trusted partner to its customers – with a firm commitment to shaping the future of mobility. Whether optimized combustion engines, high-performance hybrids, or environmentally-friendly battery and fuel cell technology, ElringKlinger provides innovative solutions for all types of drive system. ElringKlinger's 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. In response to increasingly complex combustion engine technology, the Group also continues to refine and evolve its offering within the area of seals and gaskets in order to meet the highest possible standards. This is complemented by solutions centered around thermal and acoustic shielding technology. Additionally, the Group's portfolio includes products made of the high-performance plastic PTFE, which is 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.

Legal notice
This release contains forward-looking statements. These statements are based on the expectations, market assessments, and forecasts of the Management Board and the information currently available to it. These forward-looking statements shall, in particular, not be construed as guarantees of future developments and results referred to therein. Although the Management Board is of the firm opinion that the statements made and their underlying beliefs and expectations are realistic, they are based on assumptions that may prove to be incorrect. Future results and developments depend on a variety of factors, risks, and uncertainties that may lead to changes in the expectations and judgments that have been expressed. These factors include, for example, changes in general economic and business conditions, fluctuations in exchange rates and interest rates, lack of acceptance of new products and services, and changes in business strategy.