

PRESS RELEASE

ElringKlinger completes 2022 financial year with successful operating performance

- **Group revenue up by 10.7% to all-time high of EUR 1,798 million**
- **EBIT before exceptional items at EUR 61.0 million; operating EBIT margin slightly above guidance at 3.4%; EBIT at EUR -42.4 million**
- **Continuity in dividend payment: proposal of EUR 0.15 per share**
- **Guidance 2023: revenue growth projected to be substantially above market level and adjusted EBIT margin at around 5%**
- **CEO Dr. Stefan Wolf: "ElringKlinger is very well positioned to embrace the transformation as an opportunity for profitable growth."**

Dettingen/Erms (Germany), March 28, 2023 +++ ElringKlinger AG has presented its definitive, audited results for the 2022 financial year as part of its 2022 annual report. In the financial year just ended, the Group managed to propel revenue by 10.7% to EUR 1,798.4 million (2021: EUR 1,624.4 million). Compared to the pre-pandemic year of 2019, ElringKlinger expanded its sales revenues by 4.1%. Generating organic revenue growth of 7.4% and performing in line with the Group's outlook, the ElringKlinger Group succeeded in outpacing the global automobile industry as a whole, which saw production output increase by 6.7% according to data published by industry service provider S&P Global Mobility.

Asked to comment, Dr. Stefan Wolf, CEO of ElringKlinger AG, said, "The financial year just ended was dominated by geopolitical conflicts, spiraling inflation, and elevated commodity and energy prices. Despite these challenging exogenous factors, ElringKlinger met, and in some instances exceeded, the annual targets it had set itself in August. Having set its strategic focus on electromobility at an early stage, ElringKlinger now holds an excellent vantage point. Building on stable cash flows and a transformed product portfolio, ElringKlinger has established a very solid base position for the future. Among other things, we have secured high-volume contracts in the field of new drive technologies, and these projects are now gradually being implemented. Against this backdrop, we can embrace the far-reaching transformation as an opportunity for profitable growth under our own steam."

Revenue growth in all regions

ElringKlinger's strongest growth during the 2022 financial year was attributable to North America, where sales revenue rose by 17.6% or EUR 69.1 million to EUR 462.8 million (2021: EUR 393.7 million). The Asia-Pacific region, meanwhile, saw ElringKlinger generate revenue of EUR 354.5 million (2021: EUR 325.4 million), despite partial lockdowns in the wake of China's zero-covid strategy, representing growth of EUR 29.1 million or 8.9%. The region encompassing the Rest of Europe, ElringKlinger's strongest revenue driver, delivered growth of EUR 37.8 million or 7.7%, taking the

figure to EUR 526.6 million in the 2022 financial year (2021: EUR 488.8 million). ElringKlinger's home region, Germany, also produced forward momentum, with revenue expanding by EUR 19.2 million or 5.5% in the year under review. In total, domestic sales revenue thus amounted to EUR 365.9 million (2021: EUR 346.7 million).

Earnings influenced by exceptional factors

In terms of earnings, ElringKlinger slightly exceeded its guidance presented in August 2022, with EBIT before exceptional items of EUR 61.0 million and an operating margin of 3.4%. In this context, a major influencing factor was the cost of raw materials, energy, and transportation, which remained at a very high level in the financial year just ended. As early as the second quarter of 2022, the Group had also recognized goodwill-related impairment losses in response to the rapid rise in interest rates. These, together with impairments of intangible assets and property, plant, and equipment, exerted downward pressure on earnings before interest and taxes (EBIT). Including these exceptional items, the Group's reported EBIT stood at EUR -42.2 million in the 2022 financial year (2021: EUR 102.0 million), which corresponds to a margin of -2.3% (2021: 6.3%). This was within the target range of -2 to -3%.

After deducting income tax expenses and having factored in the share of net income attributable to non-controlling interests, net income attributable to the shareholders of ElringKlinger AG for the year under review stood at EUR -89.1 million (2021: EUR 55.7 million). Correspondingly, earnings per share totaled EUR -1.41 (2021: EUR 0.88).

The ElringKlinger Group's financial position and cash flows remained stable and very solid in the 2022 financial year. Capital expenditure on property, plant, and equipment amounted to €69.3 million (2021: €70.0 million). ElringKlinger adapted its approach to inventory management in line with prevailing circumstances in an effort to ensure smooth production processes at all times, particularly against the backdrop of supply chain issues and the limited availability of materials in some cases. Nevertheless, the net working capital ratio remained largely unchanged year on year at 25.3% (2021: 24.8 %). At EUR 14.8 million (2021: EUR 72.0 million), ElringKlinger again generated positive operating free cash flow, which provided the basis for a slight reduction in net debt to EUR 364.2 million (Dec. 31, 2021: EUR 369.2 million) despite challenging underlying conditions. At 43.8% (Dec. 31, 2021: 47.0%), the equity ratio at the end of the 2022 financial year remained within the long-term target range of 40% to 50%.

Proposed dividend of EUR 0.15

The annual financial statements of ElringKlinger AG, which are relevant for the payment of dividends, showed a net loss of EUR 45.5 million at the end of the reporting period (2021: net income of EUR 70.11 million).

Taking into consideration the far-reaching process of transformation and the net loss for the year posted by ElringKlinger AG on the one hand as well as the investment interests of shareholders in the Group on the other, the Management Board and the Supervisory Board are looking to retain a balanced dividend policy. At the same time, both boards are committed to ensuring continuity, particularly against the background of the favorable projections made for the coming financial years.

In the 2022 financial year, therefore, reversals of revenue reserves amounting to EUR 55.0 million (2021: allocation of EUR 26.6 million) were made. Thus, the reported unappropriated surplus was identical to the previous year at EUR 9.5 million. In unison with the Supervisory Board, the Management Board therefore proposes to the Annual General Meeting that an unchanged dividend of EUR 0.15 per share (2021: EUR 0.15 per share) be paid out for the 2022 financial year.

Guidance 2023: revenue growth projected to be substantially above market level and adjusted EBIT margin at around 5%

With the outcome of the war in Ukraine impossible to predict and other potential geopolitical conflicts brewing, the general situation is still one of major uncertainty and high volatility on the world's markets. Raw material, energy, and transportation costs are expected to remain largely unchanged overall.

Against this background of persistently challenging underlying conditions that are plagued by uncertainty, the Group is anticipating further growth in the future as well in light of the favorable projections for global automobile production and its own healthy order book. This will be driven above all by orders in the strategic fields of the future, i.e., in the area of lightweighting and in the various fields of electromobility. Therefore, the Group is anticipating a level of organic revenue growth in the 2023 financial year that will substantially outstrip the trend in global automotive production. The latter has been estimated at +3.3% for 2023 by S&P Global Mobility.

In addition, ElringKlinger expects to further improve its earnings situation in the current financial year thanks to its strict cost discipline and the anticipated increase in revenue. Overall, the Group is forecasting adjusted EBIT of around 5% of its revenue for 2023. In future, ElringKlinger will report adjusted EBIT so that it can compare the Group's operating profitability over several periods in a way that discounts the effect of exceptional items, such as impairment losses, restructuring costs, or changes in the scope of consolidation.

Medium-term forecast

ElringKlinger considers itself to be in an excellent strategic position in the medium and long term. The company was quick off the mark in its efforts to structure its product portfolio in line with the transition toward electromobility and can also build on a first-class market position in its long-standing fields of business. In the medium term, the Group anticipates disproportionately high organic growth compared to global automotive production levels and continues to expect to improve its adjusted EBIT margin gradually over this period.

The annual report for 2022 is available online at:

<https://ar2022.elringklinger.de/>

Key financials for FY 2022 and Q4 2022

EUR million	FY 2022	FY 2021	Δ abs.	Δ rel.	Q4 2022	Q4 2021	Δ abs.	Δ rel.
Order intake	1,874.1	1,977.5	-103.4	-5.2 %	465.9	485.1	-19.2	-4.0 %
Order backlog	1,461.9	1,386.2	+75.7	+5.5 %	1,461.9	1,386.2	+75.7	+5.5 %
Revenue	1,798.4	1,624.4	+174.0	+10.7 %	469.2	406.1	+63.1	+15.5 %
of which FX effects			+53.6	+3.3 %			+9.9	+2.4 %
of which M&A			+0.0	+0.0 %			+0.0	+0.0 %
of which organic			+120.4	+7.4 %			+53.2	+13.1 %
EBITDA	174.2	216.1	-41.9	-19.4 %	57.7	33.5	+24.2	+72.2 %
EBIT	-42.2	102.0	-144.2	->100 %	22.6	3.6	+19.0	->100 %
EBIT margin (in %)	-2.3	6.3	-8.6 PP	-	4.8	0.9	+3.9 PP	-
Net finance cost	-13.8	-1.3	-12.5	->100 %	-16.5	5.4	-21.9	->100 %
EBT	-56.1	100.8	-156.9	->100 %	6.1	9.0	-2.9	-32.2 %
Income taxes	34.6	46.2	-11.6	-25.1 %	10.4	8.9	+1.5	+16.9 %
Net income (after minorities)	-89.1	55.7	-144.8	->100 %	-2.3	0.9	-3.2	->100 %
Earnings per share (in EUR)	-1.41	0.88	-2.29	->100 %	-0.04	0.01	-0.05	->100 %
Investments in PPE (payments)	69.3	70.0	-0.7	-1.0 %	24.6	32.3	-7.7	-23.5 %
Operating free cash flow	14.8	72.0	-57.2	-79.4 %	41.0	-1.7	+42.7	->100 %
Dividend per share (in EUR)	0.15*	0.15	0.00	0.0 %				
ROCE (in %)	-2.7	6.4	-9.1 PP	-				
Net Working Capital	454.7	402.2	+52.5	+13.1 %				
Equity ratio (in %)	43.8	47.0	-3.2 PP	-				
Net financial debt	364.2	369.2	-5.0	-1.4 %				
Net financial debt / EBITDA	2.1	1.7	+0.4	+23.5 %				
Employees (as at Dec. 31)	9,540	9,462	+78	+0.8 %				

* Proposal to Annual Meeting 2023

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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 9,500 people at 46 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.