PRESS RELEASE

ElringKlinger records organic growth of 5.3% in third quarter

- **Order intake up 8.1% year on year, order backlog remains strong at EUR 1,027 million**
- **Revenue expands by 5.3% organically in third quarter and by 7.4% in year to date**
- **EBIT margin before purchase price allocation at 7.0% in first nine months**
- **Guidance for 2018 financial year confirmed**

Dettingen/Erms (Germany), November 6, 2018 +++ After a strong first half the ElringKlinger Group maintained its forward momentum in the third quarter of 2018. Despite adverse influencing factors such as trade conflicts or the introduction of WLTP, revenue increased by 0.5% year on year to EUR 405.8 (403.6) million. Currency effects associated with the strength of the euro – particularly against the Turkish lira, Brazilian real, and Mexican peso – diluted revenue by EUR 7.1 million or 1.8%. Additionally, revenue attributable to the divested entity (Hug Group), totaling EUR 12.1 million or 3.0%, has to be taken into account. Correspondingly, organic revenue growth amounted to EUR 21.4 million or 5.3% in the third quarter.

The sustained buoyancy in demand for ElringKlinger products is reflected in the Group's performance in the NAFTA region in particular over the course of the third quarter. While automobile production rose only marginally by 1.6%, sales revenue generated by ElringKlinger surged by 14.5% or EUR 11.7 million. This significant increase was driven mainly by several new product roll-outs and persistently large orders placed by customers as part of their production scheduling. The situation was similar in the first nine months as a whole: revenue, adjusted for currency effects, was up by 11.6%, whereas vehicle production for the same period was down by 0.7%. Europe also proved to be less dynamic in the third quarter. The new WLTP emissions testing method had anticipatory effects, as a result of which production output within the industry as a whole was down slightly by around 1%. ElringKlinger, by contrast, managed to expand its revenue by more than 1% in the same period, adjusted for the effects of the Hug disposal.

"Not only revenues but also orders continue to develop very well," commented CEO Dr. Stefan Wolf. "Adjusted for currency effects, we saw incoming orders increase by EUR 44 million or 11.5% in the third quarter compared to the same period a year ago. At EUR 1,027 million, order backlog at the end of September 2018 thus remained very high. This provides us with a foundation for sustained organic growth."

The Group's earnings performance in the year to date has been impacted above all by persistently high commodity prices and buoyant demand in the NAFTA region. After nine months, the EBIT margin before purchase price allocation was 7.0%. In the third quarter, it stood at 5.9%, which was roughly equal to the figure of 6.1% recorded in the previous quarter. Similar to the situation in the second quarter of 2018, costs attributable to these factors translated into higher cost of sales in the third quarter. As a result, the gross profit margin was lower than in the same period a year ago at 22.9% (25.7%). By contrast, a reduction in foreign exchange losses had a positive impact on net finance costs. In total, net income stood at EUR 12.3 (17.2) million and earnings per share at EUR 0.17 (0.25).

Guidance for 2018 confirmed

The Group has confirmed its guidance with regard to revenue and earnings for 2018, despite the global automotive industry having to operate against an intense competitive backdrop and macroeconomic conditions remaining equally challenging. Amid the ongoing debate surrounding diesel-powered vehicles, together with the effects of tariffs and trade disputes, repercussions from the introduction of WLTP, and last but not least the weakness of the Chinese market, uncertainty within the sector as a whole has become more pronounced. The automotive industry will continue to be influenced by these factors in the coming months and quarters. Against this background, ElringKlinger is now working on the assumption that automobile production will expand by 1 to 2% in 2018 (previous projection: 2 to 3%). With organic revenue growth standing at 7.4% after the first nine months and orders remaining strong, the Group is confident that it can outpace market expansion by 2 to 4 percentage points on the basis of organic revenue growth.

After the first nine months, the Group remains on track with regard to its earnings target, the objective being to achieve an EBIT margin before purchase price allocation of around 7% in the annual period as a whole. At the same time, however, market uncertainty and elevated commodity prices, together with the costs associated with consistently strong demand in the NAFTA region, are likely to affect earnings. Having considered the influencing factors outlined above together with anticipated operational improvements, the Group remains confident that it can achieve the earnings margin it has set itself as a target for 2018. The medium-term outlook for revenue and earnings has also been confirmed.

For further information, please contact:

ElringKlinger AG
Dr. Jens Winter
Strategic Communications
Max-Eyth-Straße 2
72581 Dettingen/Erms (Germany)
Phone: +49 7123 724-88335
Fax: +49 7123 724-85 8335
E-mail: jens.winter@elringklinger.com

Key Financials for Q3 and 9M of 2018

EUR million	9M 2018	9M 2017	Δ abs.	Δ rel.	Q3 2018	Q3 2017	Δ abs.	Δ rel.
Order intake	**1,344.6**	**1,288.6**	+56.0	+4.3%	**411.8**	**381.0**	+30.8	+8.1%
Order backlog	**1,027.2**	**976.5**	+50.7	+5.2%	**1,027.2**	**976.5**	+50.7	+5.2%
Revenue	**1,267.2**	**1,244.7**	+22.5	+1.8%	**405.8**	**403.6**	+2.2	+0.5%
of which FX effects			-42.3	-3.4%			-7.1	-1.8%
of which acquisitions			-27.2	-2.2%			-12.1	-3.0%
of which organic			+92.0	+7.4%			+21.4	+5.3%
EBITDA	**158.8**	**182.5**	-23.7	-13.0%	**48.4**	**59.4**	-11.0	-18.5%
EBIT before purchase price allocation	**88.5***	**111.1**	-22.6	-20.3%	**23.8**	**34.8**	-11.0	-31.6%
EBIT margin before purchase price allocation (in %)	**7.0**	**8.9**	-1.9PP	-	**5.9**	**8.6**	-2.7PP	-
Purchase price allocation	**2.9**	**3.5**	-0.6	-	**1.0**	**0.9**	+0.1	-
EBIT	**85.6**	**107.7**	-22.1	-20.5%	**22.9**	**33.9**	-11.0	-32.4%
Net finance cost	**-11.4**	**-19.2**	+7.8	-	**-1.0**	**-8.0**	+7.0	-
EBT	**74.2**	**88.4**	-14.2	-16.1%	**21.8**	**25.9**	-4.1	-15.8%
Taxes on income	**26.2**	**25.9**	+0.3	+1.2%	**9.5**	**8.7**	+0.8	+9.2%
Effective tax rate (in %)	**35.3**	**29.3**	+6.0PP	-	**43.6**	**33.6**	+10.0PP	-
Net income (after non-controlling interests)	**45.0**	**59.6**	-14.6	-24.5%	**10.8**	**16.1**	-5.3	-32.9%
Earnings per share (in EUR)	**0.71**	**0.94**	-0.23	-24.5%	**0.17**	**0.25**	-0.08	-32.0%
Investments (in property, plant, and equipment)	**121.6**	**114.1**	+7.5	+6.6%	**53.9**	**42.1**	+11.8	+28.0%
Operating free cash flow	**-88.8**	**-53.3**	-35.5	-66.6%	**-46.5**	**-31.5**	-15.0	-47.6%
Net working capital	**617.9**	**595.7**	+22.2	+3.7%				
Equity ratio (in %)	**42.1**	**44.1**	-2.0PP	-				
Net financial liabilities	**728.6**	**644.4**	+84.2	+13.1%				
Employees (as of Sep. 30)	**10,231**	**9,376**	+855	+9.1%				

* Incl. gain from sale of Hug subgroup

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. Be it optimized combustion engines, high-performance hybrids, or environmentally-friendly battery and fuel cell technology, ElringKlinger provides innovative solutions for all types of drive systems. 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 CO_2, 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 make refinements with regard to 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 are also marketed to industries beyond the automotive sector. These efforts are supported by a dedicated workforce of more than 10,000 employees at 44 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.