PRESS RELEASE

Eberspaecher has a solid 2018 fiscal year

- **4.6 billion euros in revenue**
- **Growth markets in North America and China**
- **Restructuring impacts consolidated net income**

Esslingen, 22 May 2019 – **In 2018, the Eberspaecher Group increased its consolidated revenue to around € 4.6 billion and achieved a net income of € 53.4 million. This development was primarily due to increased sales volumes in the North American and Chinese automobile and commercial vehicle markets. The operationally successful business year was impacted by expenses for restructuring measures. For the current year, the Esslingen-based automotive supplier expects revenue to remain at the same level and to further improve the consolidated result.**

The Esslingen-based automotive supplier increased its consolidated revenue by 2.9% to € 4,610.4 million last year. "We can look back on an operationally successful year and we are satisfied with the overall result," says Heinrich Baumann, Managing Partner of the Eberspaecher Group. Baumann continues "We were able to inspire our customers with new technologies for the megatrends of e-mobility, autonomous driving and connectivity. And more than ever, our emission control systems are in demand worldwide for more stringent emission standards. "This positive result development is reflected in the consolidated net income of € 53.4 million (previous year: € 52.5 million).

The consolidated result was impacted by expenses for restructuring measures of € 36.1 million, in particular provisions to secure the future of the Saarland exhaust technology

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plant in Neunkirchen. However, these will trigger positive income development in the medium term.

In the past year, the Group made targeted investments in the further development of its product portfolio and customer portfolio. Research and development expenses were slightly over the previous year's level at € 162.4 million (previous year: € 156.5 million). The annual average number of employees increased to 9,862 employees (+3.9%). Heinrich Baumann points out: "Our employees are key to the Company´s success – they are a particular focus of our Corporate Strategy. We invest in promoting their professional, personal and social skills." Looking at the current fiscal year, Baumann concludes: “A sideward trend is expected for 2019 in view of uncertainties regarding overall economic developments. This means that our revenues will remain at a constant, high level. In addition, we plan to invest more as we set up new production facilities in China, India and Mexico. For the subsequent years, we expect continuously increasing revenues and results. "

Exhaust systems in demand worldwide

In 2018, the largest **Division**, **Exhaust Technology**, exceeded the € 4 billion mark in revenue for the first time (€ 4,064.3 million, +3.4%). This development was primarily due to increased sales volumes in the North American and Chinese automobile and commercial vehicle markets. The Division set a decisive course in 2018 for increasingly stringent emission regulations and the associated demand for more complex emission control systems in Asia. These include the establishment of a joint venture with China Yuchai and the 2019 signing of a joint venture contract with Sharda Motor in India. Baumann on the activities: “Our goal is to also have a leading position in the Asian commercial vehicle exhaust technology markets. For the future standards Bharat IV in India and China 6, we are bringing in our global technology and production expertise – for significantly reduced emissions in long-distance and freight traffic." The positive development in North America as well as newly accepted orders will lead to expansion of production capacities in 2019. In Mexico, the supplier is building a component plant for exhaust technology.

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Expanded thermal management solutions

The **Climate Control Systems Division** posted € 491.9 million in revenues, consistent with the previous year's level. Enhancements continued in the area of electrical heaters for cars with hybrid and electric drive. In Tianjin, China, the production of high-voltage heaters began in 2018. In Hermsdorf, Germany, construction started on a new plant for the production of ceramic elements. With increasing customer demand for vehicles with alternative drive systems, significant revenue growth is expected for these products in subsequent years. The 100% acquisition of the French company Kalori SAS was an important milestone on the way to becoming a leading global supplier of thermal management solutions in special-purpose vehicles. The climate control specialist with head office in Lyon, France, has been successfully developing and producing air-conditioning and ventilation systems for commercial and special-purpose vehicles for more than 25 years. While revenues of fuel operated heaters in retrofitting increased, especially for trucks, construction machinery and RVs, revenues fell in the original equipment of passenger cars. The air-conditioning systems segment recorded a plus and intensified its activities, especially with products for electric buses.

Vehicle electronics facing growth spurt

In the **Automotive Controls Division,** revenue was € 54.1 million, almost at the previous year's level. Baumann sees high potential in the Division’s product portfolio: "We expect significant growth in this area in the coming years, as two series production runs of major customers are planned for 2019." With its highly efficient vehicle electric system management, Eberspaecher's electronics support highly or fully automated vehicle systems, modern drive assistants, and environmentally friendly engine functions such as start-stop technology.

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Eberspaecher Group Key Performance Indicators

In EUR million

	2018	*Change on 2017 as a percentage*	2017	2016	2015	2014
Revenue	4,610.4	2.9	4,480.9	4,323.6	4,370.8	3,598.5
Revenue generated abroad as a % of total revenue	71.8		69.8	67.0	67.4	62.4
Cashflow from operating activities	135.7	–9.2	149.5	137.0	66.5	21.3
Ratio of equity to total assets as a %	22.4		21.0	20.1	16.0	20.0
Equity ratio as a % *	24.0		22.9	21.9	17.8	22.0
Capital expenditure **	86.8	–15.9	103.2	131.4	123.2	142.5
Amortization, depreciation, and write-downs	102.6	2.0	100.6	91.7	84.7	72.7
Research and development expenses	162.4	3.8	156.5	147.3	149.6	138.2
Personnel expenses	541.5	5.2	514.8	506.5	480.3	441.7
Net income/net loss for the year	53.4	1.8	52.5	61.0	–29.2	3.6
EBIT ***	101.5	–14.7	119.0	127.7	126.4	57.7
EBITDA	204.1	–7.0	219.6	219.4	211.1	130.3
Return on sales as a % (after taxes)	1.2		1.2	1.4	–0.7	0.1
Number of employees (average number of employees including trainees	9,862	3.9	9,489	9,063	8,611	8,385

* *Including loan liabilities to partners*
** *Without changes in the consolidated group*
*** *Earnings before tax, investment, and financial result*

Captions:

- *About € 4.6 billion in revenues – Eberspaecher looks back on a solid 2018 fiscal year.*
- *The Company expands its activities in the field of connectivity by investing in PACE Telematics and developing an Eberspaecher platform.*
- *Tianjin site: Opening of the electrical heaters production plant for fast growing electric mobility sector in China.*
- *Asian growth market: Through its joint venture with China Yuchai and the opening of a test center in Shanghai, Eberspaecher is expanding its activities in a targeted manner.*
- *Eberspaecher takes over French climate control specialist Kalori and continues to expand its expertise as a provider of thermal management systems.*
- *Landau site: Development and production of automotive electronics components for autonomous driving.*

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About Eberspaecher:
With approximately 10,000 employees at 80 locations worldwide, the Eberspaecher Group is one of the automotive industry's leading system developers and suppliers. The family business, headquartered in Esslingen am Neckar, stands for innovative solutions in exhaust technology, automotive electronics and thermal management for a broad range of vehicle types. Eberspaecher components and systems provide more comfort, greater safety and a cleaner environment on or off the road. In 2018, the Group generated revenue of around 4.6 billion euros.