



P R E S S R E L E A S E

Eberspaecher's recent performance and future prospects: financial years 2019 – 2020

- Revenue of more than 4.9 billion euros in 2019
- Growth in China and improvements in operational business development
- 2020 and subsequent years challenging due to economic impact of coronavirus pandemic

Esslingen, May 26, 2020 – The Eberspaecher Group increased its consolidated revenue in 2019 registering in excess of 4.9 billion euros. Improvements in operational business development enabled it to achieve a net income of 58 million euros. Positive developments on the Chinese market and at the technology plants in Portugal and Romania in particular contributed to this. However, due to the huge effects that the coronavirus pandemic is having on the global economy and the automotive industry, the Esslingen-based automotive supplier expects to see a fall in revenue and earnings for the current year.

During the last year, the Eberspaecher Group managed to increase its consolidated revenue by just under 8% to 4.966 billion euros. "We can be pleased with our performance last year", says Martin Peters, Managing Partner of the Eberspaecher Group, summarizing the overall results. Peters continues: "We managed to secure major orders from key clients and simultaneously successfully expanded our global production network." The Group's consolidated annual net income of 58 million euros (previous year: 53 million euros) underlines the positive developments. Last year, the company invested primarily in expanding its production capacity, including in China, India and Mexico, and recorded its highest ever level of capital expenditure (149 million euros). "We specifically invested in our international plants as we are experiencing

global growth in our business areas – with products designed to achieve clean mobility for the future”, summarizes Peters. The further internationalization of the Group is reflected in the proportion of foreign business: almost 80% of revenue was generated abroad. The number of employees rose slightly to an average of 9,928 (+0.7%); 5,422 of them are employed abroad. Expenditure on research and development remained high at 160 million euros. “Innovative products form the basis for our future success. We are focusing firstly on ensuring that our established Business Units are fit for the future by implementing further developments, and secondly on simultaneously developing additional business areas”, says Peters clarifying the Group’s innovation strategy.

Coronavirus pandemic presents companies with challenges

“It is doubtful whether we will be able to successfully utilize the investments made in 2019 in 2020”, says Peters expressing restraint concerning recent achievements on account of the current situation. Eberspaecher has had to deal with the effects of the coronavirus since the start of this year. The protection of its employees is the family-owned company’s top priority. Numerous measures have been introduced throughout the entire global organization, from the wearing of protective masks and the implementation of hygiene rules to the rectification of contact points. Partition walls have been installed in areas where the minimum distance required between production workstations cannot be observed. Office workers have been working extensively from home since the middle of March. “The swift and responsible action we have taken to protect our employees has been successful and so far globally we have only had a few isolated infections”, says Peters.

However, the Managing Partner believes that the economic consequences of the pandemic will be serious: “We cannot yet put an exact figure on the economic consequences for 2020 but can only assume that there will be a significant fall in revenue.” Like all companies in the supplier industry, Eberspaecher has for weeks been affected by global production shutdowns and the very slow and cautious restart by vehicle manufacturers. The sales markets in Europe and America took a huge hit in March and practically seized up altogether in April. The German sites are on short-time work since April 1, and similar country-specific rules are being introduced all around the world. “The German production sites in particular are currently under even greater pressure compared to other countries. In order not to jeopardize the entire company during this situation, we need to introduce necessary changes more swiftly than this would be necessary under normal market conditions”, summarizes Peters. This means,

that for example the production plant of fuel operated heaters with about 300 employees in Esslingen, Germany will be phased out by the beginning of 2022. Progress in the financial year 2020 will depend on further country-specific developments as well as the resulting slow economic recovery. The Chinese sales markets are showing positive initial signs. However, like the entire automotive industry, the company does not expect a return to pre-crisis revenues and earnings levels until the medium term.

Review of business performance in 2019 across the three Divisions

Exhaust systems for reducing emissions continue to experience growth

Once again, in 2019 the largest of the Divisions, the **Exhaust Technology Division**, saw a significant increase in revenue achieving 4,395 million euros (+8.1%). This growth was due to increased sales volumes in the Chinese passenger and commercial vehicle markets as well as the sharp increase in call-off figures experienced by the passenger car technology plants in Portugal and Romania. "We are continuing to work on different types of technology designed to reduce emissions – including in the Asian markets", explains Peters. The Division developed complex exhaust-gas aftertreatment systems for the emission standards China National 6 and Bharat IV set to come into force in 2020 and industrialized them together with local joint-venture partners in two new plants. The Division is developing innovative components for the upcoming Euro 7 standard in order to further promote clean mobility in Europe. They will reduce cold-start emissions by preheating the catalytic converter. The internationalization of this Division, which continues to experience further growth and has managed to double its customer portfolio in the last five years, is showing no signs of stopping thanks to the construction of an Exhaust Technology plant in Mexico (Saltillo). Production for the local market and the US American market will start there in late summer of 2020. In the long term, the site is expected to employ up to 500 staff.

Stable thermal management solutions for all types of drives

The **Climate Control Systems Division** achieved revenue in 2019 of 506 million euros, which was slightly higher than the previous year. This was partly thanks to an increase in revenue from electrical heaters for passenger cars with hybrid and electric drives. However, due to volatile demand, this was below expectations. Declines were recorded in

the Fuel Operated Heaters Business Unit in the passenger car as well as commercial vehicles segments. There was a slight increase in revenue from air-conditioning systems for buses. This was in particular due to new projects in the city bus segment for the US American and French markets. The Division expects to see significant growth in the next few years on account of growing demand amongst customers for e-mobility-related heating and cooling products.

Automotive electronics experiences continuous growth

The automotive electronics business was able to achieve the growth spurt which had been forecasted during the previous year. The **Automotive Controls Division** recorded revenue of 65 million euros (previous year: 54 million euros). This was partly thanks to the start of production of energy storage modules and control units for glow plugs for two automotive manufacturers. Electronics production for electrical vehicle heaters at the Tianjin plant in China also began in 2019. Products for safety-relevant functions of driverless vehicles in particular represent future potential for the Division. Last year, a specially developed safety switch for the vehicle electrical system was the first product to go into series production.

Eberspaecher Group Key Performance Indicators

In EUR million

	2019	Change on 2018 as a percentage	2018	2017	2016	2015
Revenue	4,965.6	7.7	4,610.4	4,480.9	4,323.6	4,370.8
Revenue generated abroad as a % of total revenue	78.7		71.8	69.8	67.0	67.4
Cashflow from operating activities	194.3	43.2	135.7	149.5	137.0	66.5
Ratio of equity to total assets as a %	23.8		22.4	21.0	20.1	16.0
Equity ratio as a % *	25.4		24.0	22.9	21.9	17.8
Capital expenditure **	149.2	71.9	86.8	103.2	131.4	123.2
Amortization, depreciation, and write-downs	105.3	2.6	102.6	100.6	91.7	84.7
Research and development expenses	159.7	-1.7	162.4	156.5	147.3	149.6
Personnel expenses	562.8	3.9	541.5	514.8	506.5	480.3
Net income/net loss for the year	58.1	8.8	53.4	52.5	61.0	-29.2
EBIT ***	135.8	33.8	101.5	119.0	127.7	126.4
EBITDA	241.1	18.1	204.1	219.6	219.4	211.1
Return on sales as a % (after taxes)	1.2		1.2	1.2	1.4	-0.7
Number of employees (average number of employees including trainees)	9,928	0.7	9,862	9,489	9,063	8,611

* Including loan liabilities to partners

** Without changes in the consolidated group

*** Earnings before tax, investment, and financial result

Captions:

- Revenue of more than 4.9 billion euros – Eberspaecher saw a successful financial year 2019 but expects a considerable fall in revenue in 2020.
- A new exhaust technology plant which is set to start production in 2020 has been constructed in Mexico boasting 21,000 m² of floorspace.
- Considerable increases in call-off figures for the Exhaust Technology Division at the technology plants in Portugal and Romania (photo).
- Tianjin site: Increase in revenue from electrical heaters for passenger cars with hybrid and electric drives.
- Future potential for automotive electronics in particular from products for safety-relevant functions of driverless vehicles. A safety switch for the vehicle electrical system went into series production last year.

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About Eberspächer:

With approximately 10,000 employees at 80 locations worldwide, the Eberspächer 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. Eberspächer components and systems provide more comfort, greater safety and a cleaner environment on or off the road. In 2019, the Group generated revenue of more than 4.9 billion euros.