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

Eberspaecher increases revenue and achieves global growth

- **Revenue of approx. 4.5 billion euros**
- **Growing number of employees, in particular abroad**
- **Increasing global demand for exhaust-emission control technology**

Esslingen, 8 May 2018 – **During the financial year 2017, following a year of consolidation, the Eberspaecher Group once again increased its consolidated revenue and achieved positive consolidated result. This in particular reflects the growing global demand for exhaust-emission control technology. The Esslingen-based automotive supplier expects to achieve high-level revenue and an increase in result this year.**

During the financial year 2017, the Eberspaecher Group increased its consolidated revenue by 3.6% to € 4,480.9 million. “Eberspaecher is successfully achieving global growth. Almost 70% of our revenue now comes from abroad. Emission control technology accounts for a significant proportion of this. It has been and remains in very high demand, especially in view of the introduction of stricter emission standards worldwide,” reports Martin Peters, Managing Partner. However, the positive development in terms of net income could not be successfully continued in particular on account of amortization, depreciation and increased personnel expenses. The consolidated net income, which amounted to € 52.5 million, was less than the previous year (€ 61.0 million). Positive developments were made in terms of measures to optimize procurement processes and stock levels. These in turn improved operating cash flow (+9.1%). The focus on new technologies in the Group explains the over 6% increase in expenditure on research and development to € 156.5 million (previous year

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€ 147.3 million). The number of employees rose on average over the year by 4.7% to 9,489 and reflects the supplier's global operations: With 4,942 employees located abroad, for the first time ever in the company's more than 150-year history there are more employees based abroad than in Germany. Eberspaecher created 426 new positions worldwide.

With regard to the current financial year and subsequent years, Peters has his sights firmly set on the future: "Our order books are full and we are consistently working on improving efficiency and strengthening our innovative activities." With that in mind, the "Business Innovation" unit was set up and an internal cultural change was triggered in 2017. "Eberspaecher has a real flair for innovation which we focus on nurturing in order to come up with products designed to ensure clean, comfortable and safe mobility," Peters continues. The company plans to increase expenditure on new technologies for vehicles with traditional and alternative drives. Eberspaecher expects to achieve high-level revenue and an increase in result in 2018.

Investments in new plants

The international growth achieved by the Group, which has operations in 29 countries, resulted in new sites last year. In addition to the construction and opening of a passenger car exhaust technology plant in Portugal (Tondela), expansions were also made in China (Shanghai, Zhangjiakou, Taizhou and Tianjin), Slovakia (Nitra), Mexico (Monterrey), and Hermsdorf (Thuringia). "We are specifically investing in the Group's continued internationalization process both in terms of development and production capacity and now run operations at around 80 locations worldwide," emphasizes Martin Peters.

Revenue from exhaust systems continues to grow

In the largest Division, **Exhaust Technology**, revenue grew by 4.0% to € 3,931.0 million in 2017. This increase was in particular due to the rise in customer calls for commercial vehicle exhaust technology in Europe and growth in the Chinese automotive market. Ever stricter emission regulations and, as a result, more complex exhaust-emission control systems in volume markets are unlocking a huge amount of potential in the medium term. "We have been able to win new customers and introduce new products in these markets, such as the gasoline particulate filter which went into series production in 2017 and close-coupled SCR systems in Diesel vehicles," adds Peters regarding the division's positive developments.

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Thermal management solutions at previous year's level

The **Climate Control Systems Division** achieved revenue of € 495.3 million, similar to the year before. Revenue from fuel operated heaters as part of passenger car original equipment for car manufacturers grew slightly, as did operations with subsidiaries and sales agencies abroad. Revenue from bus air-conditioning systems, including products for electric buses, which are already in use in several European cities, saw positive growth. Operations relating to electrical heaters were ramped up in an effort to provide thermal management solutions in particular for vehicles with hybrid and electric drives. This division expanded capacity for new orders in China and acquired a site in Hermsdorf where a new plant for the production of ceramic elements will be built in 2018.

Increased revenue from vehicle electronics

The **Automotive Controls Division** closed out the financial year with revenue of € 54.6 million, an increase of 17.1%. The initial consolidation of Eberspaecher Vecture Inc., which manufactures battery management systems for industrial applications and medical technology, in particular contributed to this. "We see huge opportunities in this area. Last year we were able to significantly increase the number of incoming orders and impress customers with new products, such as those designed to improve the safety in autonomous driving," says Peters regarding future vehicle electronics prospects. The product portfolio includes electronic applications for reliable vehicle electrical systems, energy storage devices and high-voltage technology.

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Eberspaecher Group Key Performance Indicators
In EUR million

	2017	*Change on 2016 as a percentage*	2016	2015	2014	2013
Revenue	4,480.9	3.6	4,323.6	4,370.8	3,598.5	2,916.4
Revenue generated abroad as a % of total revenue	69.8		67.0	67.4	62.4	60.0
Cashflow from operating activities*	149.5	9.1	137.0	66.5	21.3	96.5
Ratio of equity to total assets as a %	21.0		20.1	16.0	20.0	23.0
Equity ratio as a % **	22.9		21.9	17.8	22.0	25.2
Capital expenditure ***	103.2	–21.5	131.4	123.2	142.5	134.9
Amortization, depreciation, and write-downs	100.6	9.7	91.7	84.7	72.7	64.3
Research and development expenses	156.5	6.2	147.3	149.6	138.2	138.0
Personnel expenses	514.8	1.6	506.5	480.3	441.7	416.4
Net income/net loss for the year	52.5		61.0	–29.2	3.6	19.5
EBIT ******	119.0	–6.8	127.7	126.4	57.7	52.9
EBITDA	219.6	0.1	219.4	211.1	130.3	117.2
Return on sales as a % (after taxes)	1.2		1.4	–0.7	0.1	0.7
Number of employees (average number of employees including trainees	9,489	4.7	9,063	8,611	8,385	7,888

* *Since fiscal year 2014, prepared in accordance with DRS 21 (German Accounting Standard No. 21)*
** *Including loan liabilities to partners*
*** *Without changes in the consolidated group*
**** *Earnings before tax, investment, and financial result*

Captions:

- *Eberspaecher increased its revenue in the financial year 2017 to approx. 4.5 billion euros.*
- *Expansion of the European production network: Eberspaecher has been manufacturing passenger car exhaust systems at its new site in Tondela, Portugal, since fall 2017.*
- *Wilsdruff site: Positive market developments and demand for commercial vehicle exhaust technology in Europe meeting the strictest emission standard Euro 6.*
- *Focus on the future: Eberspaecher has increased expenditure on research and development by over 6% to 156.5 million euros.*
- *New Tianjin site: Vehicle heaters for electric and hybrid vehicles – one of the Group's numerous areas of global expansion.*

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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 2017, the Group generated revenue of around 4.5 billion euros.