

PRESS RELEASE

Q3 2023: ElringKlinger announces improved earnings and cash flow metrics

- **Group revenue in the third quarter of 2023 at EUR 451.6 million (Q3 2022: EUR 464.1 million); headwind from exchange rate movements; slight organic revenue growth of 0.7 % year on year**
- **Adjusted EBIT at EUR 22.7 million; adjusted EBIT margin at 5.0 % (Q3 2022: EUR 18.5 million and 4.0 %)**
- **Improvement in other key performance indicators: operating free cash flow of EUR 11.7 million (Q3 2022: EUR -10.2 million), net debt ratio scaled back to 1.8 (Q3 2022: 2.7), net working capital ratio reduced to 27.1 % (Q3 2022: 29.1 %)**
- **CEO Thomas Jessulat: "Overall, we had a good quarter with solid metrics. The recently received nominations that are set to ramp up in the coming years will form the foundation for ElringKlinger's further transformation."**

Dettingen/Erms (Germany), November 7, 2023 +++ ElringKlinger AG has published its full results for the third quarter of 2023, confirming the preliminary figures reported on October 25, 2023. Group revenue amounted to EUR 451.6 million in the quarter just ended. In this context, revenue was influenced by headwinds from exchange rate fluctuations, which caused a slight downturn compared to the previous year's figure (Q3 2022: EUR 464.1 million). In organic terms, i.e., excluding currency effects, revenue expanded by EUR 3.2 million or 0.7 %. Looking at the period covering the first nine months of 2023, Group revenue improved by EUR 78.8 million or 5.9 % to EUR 1,408.1 million (9M 2022: EUR 1,329.3 million). Based on the assumption of stable exchange rates, revenue grew by 7.7 % in the period from January to September 2023.

Growth momentum in Europe, headwinds in Asia

The region accounting for the Group's highest revenue, Rest of Europe, recorded the most dynamic growth in the quarter just ended, with revenue increasing by EUR 7.3 million. ElringKlinger generated sales revenue of EUR 137.4 million in this region (Q3 2022: EUR 130.1 million). Revenue from sales in Germany also increased slightly by 1.8 % to EUR 88.5 million (Q3 2022: EUR 86.9 million) in the third quarter.

With revenue totaling EUR 118.6 million in the third quarter of 2023 (Q3 2022: EUR 121.4 million), North America is the Group's second-strongest region. In the Asia-Pacific region, ElringKlinger generated revenue of EUR 79.8 million in the period from July to September 2023 (Q3 2022: EUR 101.4 million). Currency effects had a dilutive effect on revenue in both regions.

Group earnings up significantly on prior-year figure

As in the first two quarters, ElringKlinger saw an improvement in consolidated earnings in the third quarter of 2023 compared to the same period of the previous year. The

Group achieved adjusted EBIT of EUR 22.7 million (Q3 2022: EUR 18.5 million), corresponding to an adjusted EBIT margin of 5.0 % (Q3 2022: 4.0 %). Non-recurring items resulting in differences between reported EBIT and adjusted EBIT totaled EUR 1.3 million in the third quarter of 2023 (Q3 2022: EUR 0.5 million), which includes the effects associated with the discontinuation of production activities at one of the sites in Germany. In the period from January to September, the ElringKlinger Group increased its adjusted EBIT from EUR 35.3 million to EUR 73.9 million. The adjusted EBIT margin almost doubled in the first nine months from 2.7 % (9M 2022) to 5.2 % (9M 2023).

Taking into account net finance cost of EUR -4.5 million (Q3 2022: EUR -0.4 million), earnings before taxes totaled EUR 16.9 million in the third quarter of 2023, compared to EUR 17.7 million in the same period of the previous year. Earnings before taxes amounted to EUR 44.9 million in the first nine months of 2023 (9M 2022: EUR -62.2 million). After deducting income tax expenses, ElringKlinger recorded net income for the period of EUR 4.7 million (Q3 2022: EUR 3.9 million). In the first nine months of the year, net income for the period of EUR 8.6 million (9M 2022: EUR -86.4 million) was up significantly on the prior-year figure, primarily due to the exceptional items in the second quarter of 2022.

Overall, earnings per share attributable to the shareholders of ElringKlinger AG amounted to EUR 0.12 in the third quarter (Q3 2022: EUR 0.05) and EUR 0.27 in the first nine months of 2023 (9M 2022: EUR -1.37).

Reduction of net working capital in third quarter

Net working capital totaled EUR 509.5 million at the end of the quarter. Compared to the previous quarter, it was down by EUR 19.5 million. In a year-on-year comparison, net working capital remained largely unchanged (Sept. 30, 2022: EUR 505.4 million). As a percentage of revenue, the net working capital ratio for the last twelve months was 27.1 % at the end of the third quarter. This represents a slight improvement on the figure of 28.0 % at the end of the first half and on the figure posted at the end of same quarter last year (Sept. 30, 2022: 29.1 %).

ElringKlinger generated operating free cash flow of EUR 11.7 million in the third quarter of 2023 (Q3 2022: EUR -10.2 million). As a result, cash flow improved significantly compared to the two previous quarters as well as on a year-on-year basis. This positive trend was also seen in the first nine months of 2023; at EUR -4.9 million (9M 2022: EUR -26.2 million), operating free cash flow was still slightly negative in the year to date but much improved on the previous year.

Equity ratio stable within target range – Further reduction in net debt

As of September 30, 2023, ElringKlinger's equity accounted for 43.7 % of total equity and liabilities (Sept. 30, 2022: 42.7 %) and continues to provide an important and solid basis for Group financing. Thus, it remains within the management's defined target range of 40 to 50 %. The Group's net financial liabilities have been steadily scaled back by management since 2019 with the help of targeted measures. Standing at a low level in a multi-year comparison, net debt was reduced by a further EUR 13.8 million subsequent to the end of the first half of 2023 to EUR 366.3 million at the end of the third quarter of 2023 (Sept. 30, 2022: EUR 411.0 million). The debt ratio improved further to 1.8, compared to 2.7 a year earlier.

Asked to summarize the performance, CEO Thomas Jessulat said, "Overall, we had a good quarter with solid metrics. In terms of earnings, we are fully on track – at 5.2 %, the adjusted EBIT margin is slightly above our target of around 5 % for the annual period as a whole. In addition, we were able to further optimize net working capital despite unsettled macroeconomic conditions, achieve a significant improvement in operating free cash flow, and scale back our net debt ratio to 1.8, well below the target of 2.0. This year, we have already recorded multiple nominations that are set to ramp up in the coming years and will form the foundation for ElringKlinger's further transformation."

Key orders received for e-mobility applications

ElringKlinger has received various orders for e-mobility applications over the course of the year. In particular, large-scale series production orders scheduled to commence in 2025 and 2026 provide the basis for further transformation. In the first quarter, for example, the Group subsidiary EKPO Fuel Cell Technologies GmbH received a major series production order. A high-volume series production order for the supply of cell contact systems for the BMW Group's "New Class" is scheduled to ramp up as early as 2025. ElringKlinger also received a series production order for metal battery housings to be supplied to a global battery manufacturer. This nomination encompasses a volume in the low triple-digit million euro range over a five-year period.

Outlook confirmed, revenue guidance revised

The global economic environment continues to be shaped by a lack of momentum and persistent uncertainty. Against the background of the results for the third quarter and the first nine months of 2023, the Group continues to expect an adjusted EBIT margin of around 5% for the 2023 financial year as a whole. With regard to Group revenue, the Management Board of ElringKlinger AG revised its revenue guidance for the 2023 financial year on October 25, 2023. Industry data provider S&P Global Mobility had most recently revised upwards its estimates for global light vehicle production to 7.5% after 3.3 % at the beginning of the year and 5.3% in mid-2023. An updated internal revenue forecast has now resulted in a reduced revenue projection compared to previous forecasting, in particular due to changed year-end orders placed by customers as part of their ongoing scheduling arrangements. On this basis, the Group expects to report organic revenue growth of around 3% to 5% for the 2023 financial year. Expectations relating to the other key financials for 2023 have been confirmed.

Medium-term forecast

ElringKlinger considers itself to be well positioned in the medium to long term. The company was quick off the mark in its efforts to embrace the transition towards e-mobility with components engineered specifically for battery and fuel cell systems. Against this backdrop, ElringKlinger continues to expect organic growth to outpace global vehicle production in the future, provided that there are no abrupt and unexpected developments in the market given the general underlying conditions, which are associated with significant uncertainty and in some cases considerable volatility. With regard to the earnings situation, the Group has again set itself the goal of gradually improving its EBIT margin in the medium term.

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Key financials for the third quarter and first nine months of 2023

in EUR million	9M 2023	9M 2022	Δ abs.	Δ rel.	Q3 2023	Q3 2022	Δ abs.	Δ rel.
Order intake	1,225.5	1,408.2	-182.7	-13.0 %	376.8	376.7	+0.1	+0.0 %
Order backlog	1,279.3	1,465.1	-185.8	-12.7 %	1,279.3	1,465.1	-185.8	-12.7 %
Revenue	1,408.1	1,329.3	+78.8	+5.9 %	451.6	464.1	-12.5	-2.7 %
of which currency			-24.0	-1.8 %			-15.7	-3.4 %
of which M&A			±0.0	±0.0 %			±0.0	±0.0 %
of which organic			+102.8	+7.7 %			+3.2	+0.7 %
EBITDA	148.0	116.5	+31.5	+27.0 %	47.7	47.0	+0.7	+1.5 %
Adjusted EBIT	73.9	35.3	+38.6	>+100 %	22.7	18.5	+4.2	+22.7 %
Adjusted EBIT margin (in %)	5.2	2.7	+2.5 PP	-	5.0	4.0	+1.0 PP	-
EBIT	64.1	-64.9	+129.0	>+100 %	21.4	18.1	+3.3	+18.2 %
EBIT margin (in %)	4.6	-4.9	+9.5 PP	-	4.7	3.9	+0.8 PP	-
Net finance cost	-19.2	2.7	-21.9	>-100 %	-4.5	-0.4	-4.1	>-100 %
EBT	44.9	-62.2	+107.1	>+100 %	16.9	17.7	-0.8	-4.5 %
Income taxes	36.3	24.2	+12.1	+50.0 %	12.2	13.8	-1.6	-11.6 %
Net income (after minorities)	16.8	-86.8	+103.6	>+100 %	7.8	3.3	+4.5	>+100 %
Earnings per share (in EUR)	0.27	-1.37	+1.64	>+100 %	0.12	0.05	+0.07	>+100 %
Investments (in PPE)	46.4	44.7	+1.7	+3.8 %	16.7	18.1	-1.4	-7.7 %
Operating free cash flow	-4.9	-26.2	+21.3	+81.3 %	11.7	-10.2	+21.9	>+100 %
ROCE (in %)	5.6	-5.4	+11.0 PP	-				
ROCE adjusted (in %)	6.5	3.0	+3.5 PP	-				
Net working capital	509.5	505.4	+4.1	+0.8 %				
Equity ratio (in %)	43.7	42.7	+1.0 PP	-				
Net financial debt	366.3	411.0	-44.7	-10.9 %				
Net financial debt / EBITDA	1.8	2.7	-0.9	-33.3 %				
Employees (September 30)	9,625	9,523	+102	+1.1 %				



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 45 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.