PRESS RELEASE

ElringKlinger reports surge in revenue and record order backlog in second quarter of 2022

- **Group revenue up by 9.4% to EUR 430.6 million in the second quarter (Q2 2021: EUR 393.6 million) despite difficult economic conditions**
- **Operating EBIT at EUR -1.6 million, operating EBIT margin at -0.4%; EBIT including impairments of EUR 95,4 million at EUR -97.1 million**
- **Order backlog again at record level of EUR 1,553 million; order intake of EUR 453.2 million translates into growth of EUR 23.7 million (Q2 2021: EUR 429.5 million)**
- **Outlook for 2022: Organic growth in revenue slightly above market level and operating EBIT margin of around 2 to 3% expected**

Dettingen/Erms (Germany), August 4, 2022 +++ ElringKlinger AG (ISIN DE 0007856023 / WKN 785602) has published its financial results for the second quarter of 2022. The Group posted revenue of EUR 430.6 million (Q2 2021: EUR 393.6 million), thus generating growth of 9.4 % amid persistent strains on supply chains as well as the repercussions of the war in Ukraine and the coronavirus pandemic. The expansion in revenue was underpinned by exchange rate movements, especially with regard to the Chinese yuan, the US dollar, and the Mexican peso. Organically, i.e., adjusted for exchange rate and M&A effects, revenue in the second quarter of 2022 increased by EUR 21.9 million or 5.6% compared to the same period of the previous year.

Asked to comment on the quarterly results, Dr. Stefan Wolf, CEO of ElringKlinger AG, said: "The difficult economic conditions make for a challenging market environment. In spite of this, we were again able to expand revenue in the second quarter of 2022 and outperform the market as a whole in terms of growth. This performance, also seen in conjunction with our encouraging order situation, illustrates that ElringKlinger is very well positioned and that we are delivering the right solutions with the help of our products."

Global vehicle production showed no signs of growth in the second quarter of 2022, according to industry data provider IHS. The first half of 2022 actually saw the market decline by 1.8%, while ElringKlinger recorded organic revenue growth of 2.6%.

Growth in all regions
ElringKlinger saw revenue expand in all sales regions in the second quarter of 2022. The most pronounced rate of growth compared to the same quarter last year was attributable to North America and South America/Rest of the World by 24.4% resp. 31.1%. In the quarter under review, 79.5% (Q2 2021: 77.8%) of revenue was generated abroad, in the first half of 2022 79.3% (H1 2021: 77,8 %) or 78.8% when adjusted for currency effects (H1 2021: 77.8%).

Brimming order book at record level
Despite challenging economic conditions, ElringKlinger also benefited from forward momentum with regard to orders. Its order backlog in the second quarter of 2022 rose to a new record level of EUR 1,552.5 million, which translates into an expansion of EUR 330.9 million or 27.1%

compared to the figure reported for the same period last year (Jun. 30, 2021: EUR 1,221.6 million).

ElringKlinger was also able to increase its order intake compared to the same quarter of the previous year. In the period from April to June 2022, the Group recorded incoming orders of EUR 453.2 million (Q2 2021: EUR 429.5 million), an increase of EUR 23.7 million or 5.5%.

Earnings performance affected by persistently high raw material, energy, and logistics costs as well as impairments
Having already been exposed to severe macroeconomic strains, world markets were buffeted further in the first three months of the year by the war between Russia and Ukraine. The situation was compounded from March 2022 onward by government lockdown measures introduced in several regions across China, as a result of which the disruption of global supply chains continued and intensified. Overall, the aforementioned factors had an impact on ElringKlinger's earnings in the period under review, as did the persistently high level of raw material, energy, and logistics costs. EBITDA (earnings before interest, taxes, depreciation, and amortization) stood at EUR 26.7 million in the second quarter of 2022, compared to EUR 50.4 million in the months from April to June 2021.

In recognition of the rapid surge in interest rates in the second quarter of 2022, the Group conducted an impairment test on an ad hoc basis, which led to impairment losses of goodwill totaling EUR 86.1 million. In addition, the Group recognized an impairment loss of EUR 9.3 million for property, plant, and equipment.

As a consequence of these factors, earnings before interest and taxes (EBIT) amounted to EUR -97.1 million (Q2 2021: EUR 23.0 million). The EBIT margin for the period from April to June 2022 was -22.5% (Q2 2021: 5.9%). For the first half of the year, the EBIT margin was -9.6% (H1 2021: 8.7%). Adjusting EBIT for the one-off exceptional item of impairments, operating EBIT was EUR -1.6 million in the second quarter of 2022 and EUR 12.5 million in the first half of 2022, corresponding to an EBIT margin of -0.4% for the second quarter and 1.4% for the first half under review.

Positive actuarial effects on pension provisions
Higher interest rates also had an impact on equity and liabilities. Pension provisions decreased significantly by EUR 45.7 million to EUR 95.0 million in the second quarter of 2022, compared to EUR 140.7 million at the end of 2021, due to the actuarial effect of higher interest rates at the end of the first half. This was largely recognized directly in equity.

Due to the tense situation within the procurement markets, as evidenced by higher prices for materials and bottlenecks in supply, for example, inventories were adjusted for the purpose of safeguarding availability of essential materials in production. As a result, net working capital (i.e., inventories and trade receivables less trade payables) increased by EUR 52.9 million to EUR 465.9 million, which corresponds to a ratio of 27.9% (Q2 2021: 25.0%) in relation to Group revenue. With investments trending slightly higher, especially with regard to the strategic future areas, operating free cash flow amounted to EUR -16.0 million in the second quarter of 2022 (Q2 2021: EUR 65.6 million). The Group's net financial liabilities totaled EUR 389.5 million as of June 30, 2022, a significantly lower level when compared across multiple years. The higher net debt ratio of 2.5 (Q2 2021: 1.4) was attributable primarily to the Group's earnings performance, mainly to persistently high raw material, energy, and logistics costs as well as the exceptional items in the fuel cell business, which were still included in the second quarter of 2021.

Outlook 2022: Organic growth in revenue above market level, operating EBIT margin of around 2 to 3%
The positive situation in terms of orders and the general forecasts in respect of global demand for light vehicles point to potential revenue growth in the current financial year. According to the latest estimates, industry service provider IHS anticipates global light vehicle production to increase by 4.7%. Against this background, ElringKlinger expects to exceed this level of expansion slightly on the basis of organic revenue growth.

Earnings continue to be influenced by a wide range of multifaceted factors, the effects and extent of which are currently difficult to ascertain. The associated risks remain significant and the uncertainties are still considerable. Based on these underlying conditions, the Group anticipates an operating EBIT margin of around 2 to 3% in relation to Group revenue for the current financial year, excluding the exceptional effects of impairments. This corresponds to an EBIT margin at Group level of around -2 to -3%.

Prospect of positive operating free cash flow
Given the challenges facing the market as a whole, a prudent approach to working capital management is considered essential in an effort to ensure the availability of raw materials and primary products at all times. As regards investments, the Group will continue to focus on new drive technologies and maintain its disciplined approach. Overall, the Group expects slightly positive operating free cash flow in 2022.

Based on the projections described above, the Group expects its net debt ratio (net financial liabilities in relation to EBITDA) for the current financial year to be between 2.0 and 3.0. With regard to the equity ratio, the Group expects to remain within the long-term target range of 40% to 50% of total capital in 2022.

Mid-term outlook
Despite the challenging factors currently driving the business environment in which ElringKlinger operates, the company considers itself to be well positioned in the medium to long term. ElringKlinger 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. Additionally, the Group has a strong market position centered around its long-standing business. Provided that things do not develop abruptly amid the many uncertainties to which the markets are currently exposed, ElringKlinger essentially continues to take the view that it will outpace global vehicle production growth at an organic level. With regard to earnings performance, the Group has again set itself the goal of gradually improving its EBIT margin in the medium term. The Group can also confirm its other medium-term targets.

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Key financials for the second quarter and first half of 2022

in EUR m	H1 2022	H1 2021	Δ abs.	Δ rel.	Q2 2022	Q2 2021	Δ abs.	Δ rel.
Order intake	**1,031.5**	**1,006.1**	+25.4	+2.5%	**453.2**	**429.5**	+23.7	+5.5%
Order backlog	**1,552.5**	**1,221.6**	+330.9	+27.1%	**1,552.5**	**1,221.6**	+330.9	+27.1%
Revenue	**865.2**	**817.6**	+47.6	+5.8%	**430.6**	**393.6**	+37.0	+9.4%
of which curency			+26.1	+3.2%			+15.1	+3.8%
of which M&A			±0.0	±0.0%			±0.0	±0.0%
of which organic			+21.5	+2.6%			+21.9	+5.6%
EBITDA	**69.5**	**127.6**	-58.1	-45.5%	**26.7**	**50.4**	-23.7	-47.0%
Operating EBIT	**12.5**	**71.4**	-58.9	-82.5%	**-1.6**	**23.0**	-24.6	->100%
Operating EBIT margin (in %)	**1.4**	**8.7**	-7.3PP	-	**-0.4**	**5.9**	-6.3PP	-
EBIT	**-82.9**	**71.4**	-154.3	->100%	**-97.1**	**23.0**	-120.1	->100%
EBIT margin (in %)	**-9.6**	**8.7**	-18.3PP	-	**-22.5**	**5.9**	-28.4PP	-
Net finance cost	**3.1**	**-3.5**	+6.6	->100%	**6.3**	**-4.6**	+10.9	->100%
Profit before taxes	**-79.9**	**67.9**	-147.8	->100%	**-90.7**	**18.5**	-109.2	->100%
Taxes on income	**-10.4**	**-22.9**	+12.5	+54.6%	**-3.4**	**-12.0**	+8.6	+71.7%
Net income (after non-controlling interests)	**-90.1**	**45.8**	-135.9	->100%	**-94.1**	**7.9**	-102.0	->100%
Earnings per share (in EUR)	**-1.42**	**0.72**	-2.14	->100%	**-1.49**	**0.13**	-1.62	->100%
Investments (in property, plant, and equipment and investment property)	**26.6**	**22.5**	+4.1	+18.2%	**13.8**	**10.9**	+2.9	+26.6%
Operating free cash flow	**-16.0**	**65.6**	-81.6	->100%	**3.9**	**37.0**	-33.1	-89.4%
Net working capital	**465.9**	**413.0**	+52.9	+12.8%				
Equity ratio (in %)	**44.0**	**46.0**	-2.0PP	-				
Net financial debt	**389.5**	**363.3**	+26.2	+7.2%				
Employees (as of June 30)	**9,492**	**9,608**	-116	-1.2%				

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 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 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 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.