

H1 2017

Analyst-Call

Wiesbaden, August 17th, 2017



- For the purposes of the following disclaimer, references to “this Presentation” shall be deemed to include references to this document, the presenters’ speeches, the question and answer session and any other related verbal or written communications.
- The information contained in this Presentation has been prepared solely for use in the Analyst Conference on August 17, 2017
- This Presentation is confidential and does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any of its subsidiaries nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any of its subsidiaries, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Accordingly, any investment decision to purchase or subscribe for any securities of the Company should be made solely on the basis of the information that is issued by the Company and available in the public domain.
- This Presentation has been presented to you solely for your information and must not be copied, reproduced, distributed or passed (in whole or in part) to any other person at any time. Presentations are by their nature abbreviated information and cannot substitute for narrative information. In addition, the information herein is preliminary and is not comprehensive. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this Presentation or on its completeness, accuracy or fairness. Neither the Company, the remainder of its Group, its shareholders nor any financial or other advisors mandated by the Company nor any other manager, their respective affiliates, directors, officers, employees, advisers or agents accept any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information or opinions in this Presentation (or whether any information has been omitted from this Presentation) or any other information relating to the Group, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection therewith. In particular, no representation or warranty is given as to the likelihood of achievement or reasonableness of, and no reliance should be placed on, any projections, targets, ambitions, estimates or forecasts contained in this Presentation, and nothing in this Presentation is or should be relied on as a promise or representation as to the future.
- Certain industry and market information in this Presentation and/or related materials and/or given at the presentation has been obtained by the Company from third party sources. The Company has not independently verified such information and neither the Company nor any of its directors provides any assurance as to the accuracy, fairness or completeness of such information or opinions contained in this document and neither the Company nor any of its directors takes any responsibility for such information.
- Without prejudice to the foregoing, neither the Company nor any of its directors accept any liability whatsoever for any loss howsoever arising, directly or indirectly, from use of this document or its contents or otherwise arising in connection therewith.
- This Presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, are reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company, or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of regulators and other factors such as the Company’s ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Group operates or in economic or technological trends or conditions. These forward-looking statements speak only as at the date of this Presentation. Given these risks, uncertainties and other factors, recipients of this Presentation are cautioned not to place undue reliance on these forward-looking statements.
- All information in this Presentation is current at the time of publication but may be subject to change in the future. The Company disclaims any obligation to update or revise any statements, in particular forward-looking statements, to reflect future events or developments. Statements contained in this Presentation regarding past events or performance should not be taken as a guarantee of future events or performance. Recipients of this Presentation should not treat the contents of this Presentation as advice relating to legal, taxation or investment matters, and must make their own assessments concerning such matters and other consequences of a potential investment in the Company and its securities, including the merits of investing and related risks.
- This presentation is confidential and is being distributed to selected recipients only. In receiving or otherwise accessing this Presentation, you will be deemed to have represented, agreed and undertaken that (i) you will observe the foregoing provisions, limitations and conditions; (ii) you have read and agree to comply with the contents of this disclaimer including, without limitation, the obligation to keep the information given at the presentation and this document and its contents confidential; and (iii) you will not at any time have any discussion, correspondence or contact concerning the information given at the presentation with any of the directors or employees of the Company or its subsidiaries nor with any of its customers or suppliers, or any governmental or regulatory body without the prior written consent of the Company.
- This Presentation and any materials distributed in connection with this Presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Failure to comply with this restriction may constitute a violation of applicable securities laws.
- This Presentation is not for publication, release or distribution in the United States, Australia, Canada or Japan. The distribution of this Presentation in other jurisdictions may also be restricted by law.
- This Presentation and the information contained herein are not an offer of securities for sale in the United States. The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and may not be offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act.

1 Market Environment

2 Key Figures – H1 2017

3 Outlook – Financial Year 2017

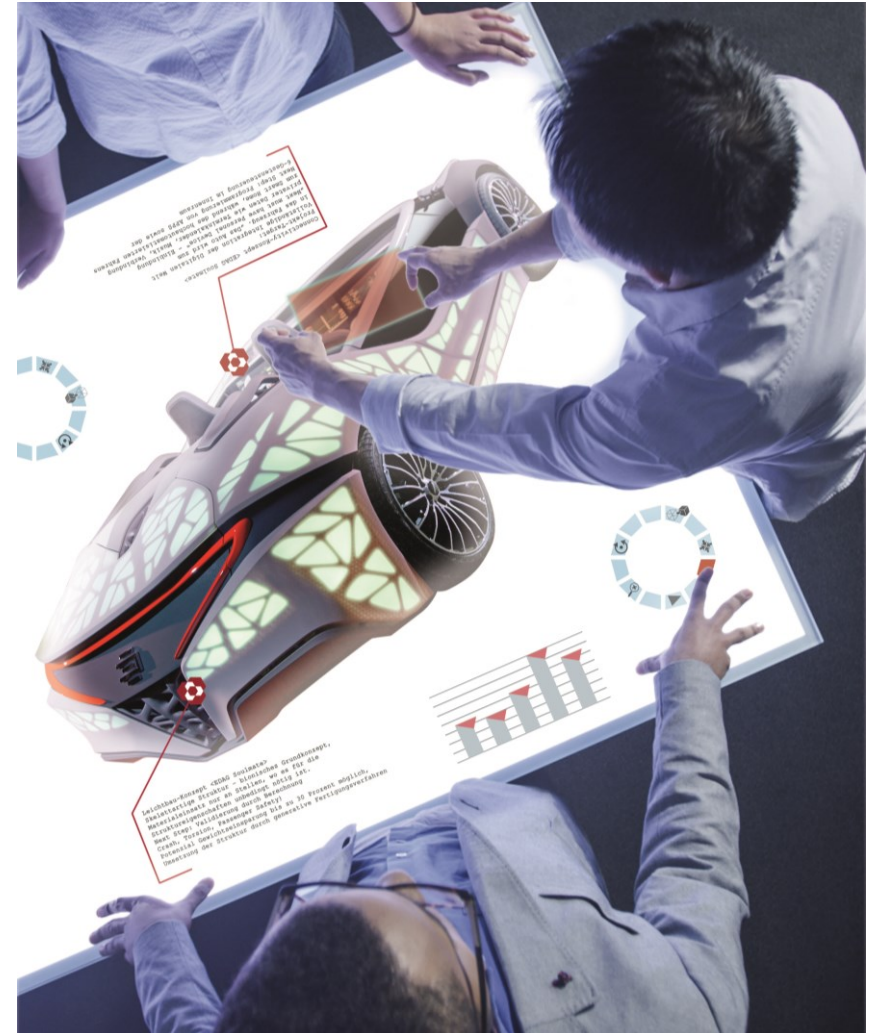


- World economy with robust development and increased growth forecast for 2017 (+3.5%) and 2018 (+3.6%).
- Worldwide car sales with continued growth in H1 2017, especially in Europe (+4.6%), China (+2.7%) and Russia with recovery from low levels (+6.9%). US markets seem to be at peak level and showing slight decrease in H1 (-2.2%).
- OEM R&D budgets are growing/remaining on high levels, which indicates an intact market environment.
- Delays in order placement at one OEM and resulting underutilization of ESP-capacities leads to persisting pricing pressure in the market.
- Transition in the automotive industry towards e-mobility, autonomous driving and digital business models leads to reallocation of R&D budgets.

- 1** Market Environment
- 2** Key Figures – H1 2017
- 3** Outlook – Financial Year 2017



- Core Revenues decreased by 3% to 351 m€
 - decrease throughout all three segments
- Adjusted EBIT at 14.2 m€
 - Margin down from 6.2% to 4.0%
 - Extraordinary effects of 2 - 2.5% of sales → not adjusted!
- Positive Cash-Flow development
 - Operating CF at 4.7 m€ (H1 2016: -9.0 m€)
 - Free CF at -9.7 m€ (H1 2016: -25.5 m€)
- Low CapEx at about 2.5% of revenues
- Acquisition of HRM Engineering in Sweden and CKGP/PW in the US

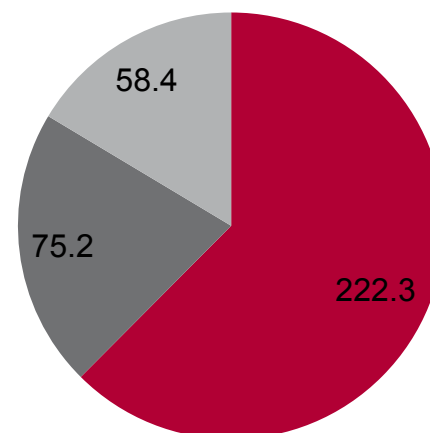


Revenues [m€]⁽¹⁾



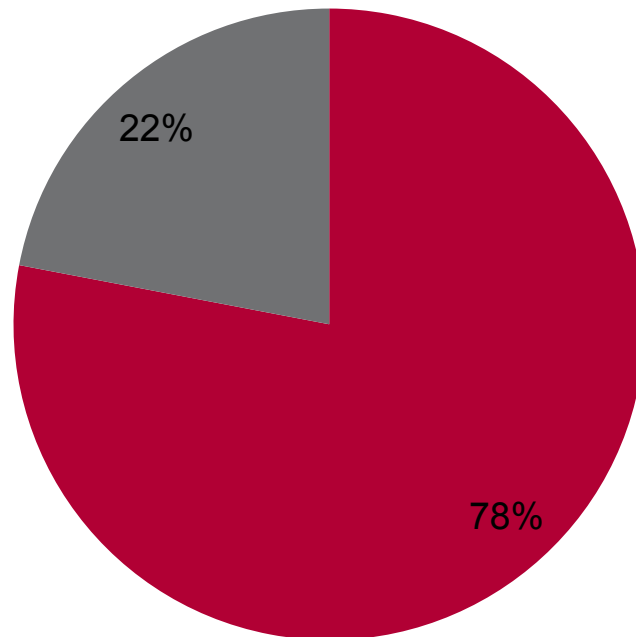
Revenues by Segment [m€]⁽²⁾

	change to H1 2016
Vehicle Engineering	-3.1%
Electrics / Electronics	-3.1%
Production Solutions	-2.8%

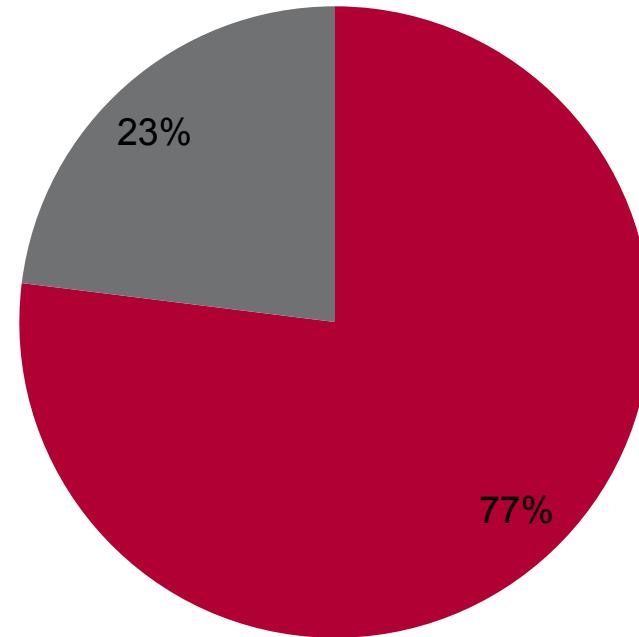


1. Revenue defined as sales revenue plus change in inventories
2. Figures include sales revenue with other segments

H1 2016

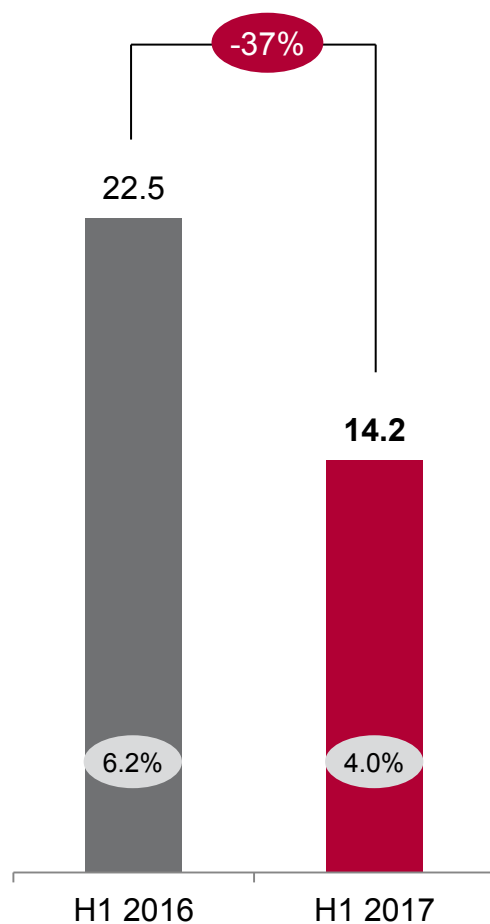


H1 2017



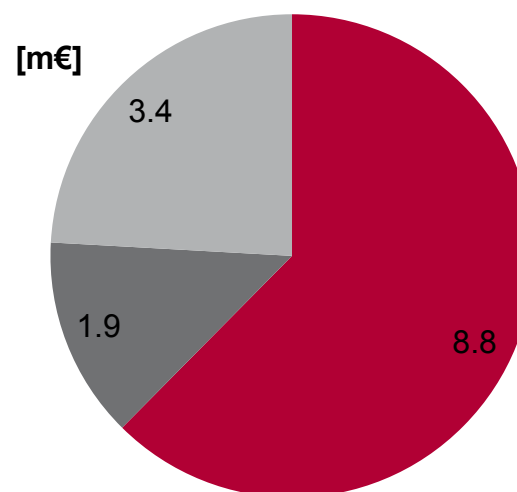
■ Germany ■ Rest of World

adjusted EBIT [m€]⁽¹⁾



Adjusted EBIT by Segment

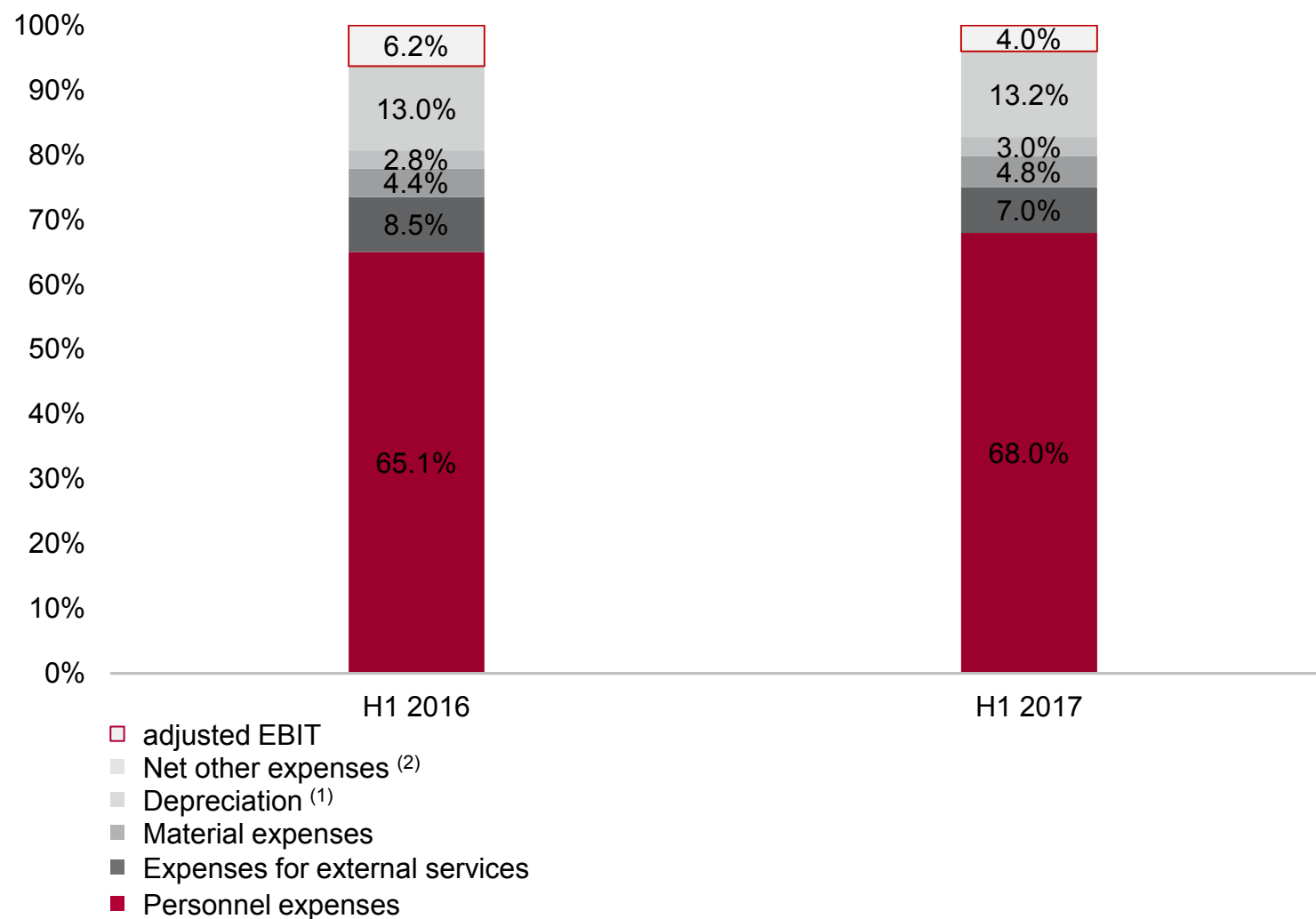
	margin	
	H1 2016	H1 2017
Vehicle Engineering	6.6%	4.0%
Electrics / Electronics	2.1%	2.6%
Production Solutions	10.0%	5.9%



1. Adj. for one-offs (purchase price allocation, consolidation effects, a. o.)

x.x% adjusted EBIT-Margin

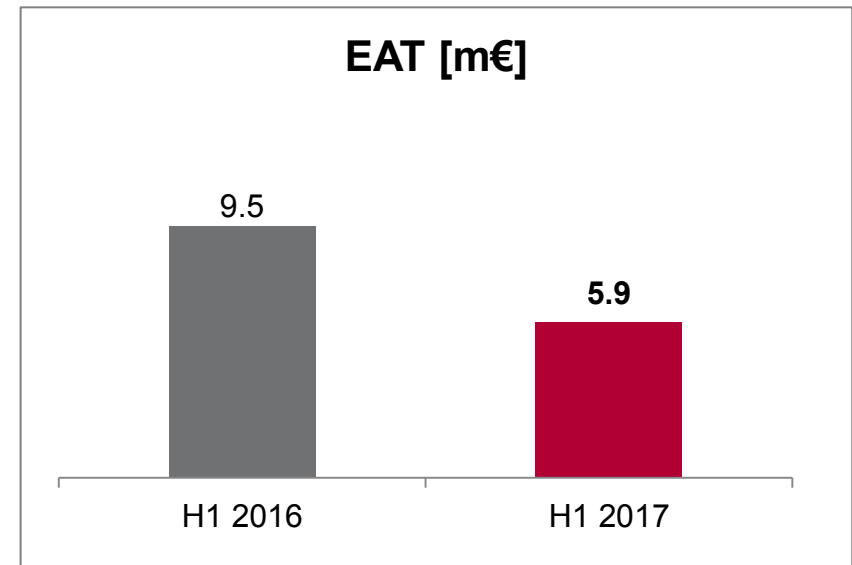
Total cost structure breakdown (as % of revenues)



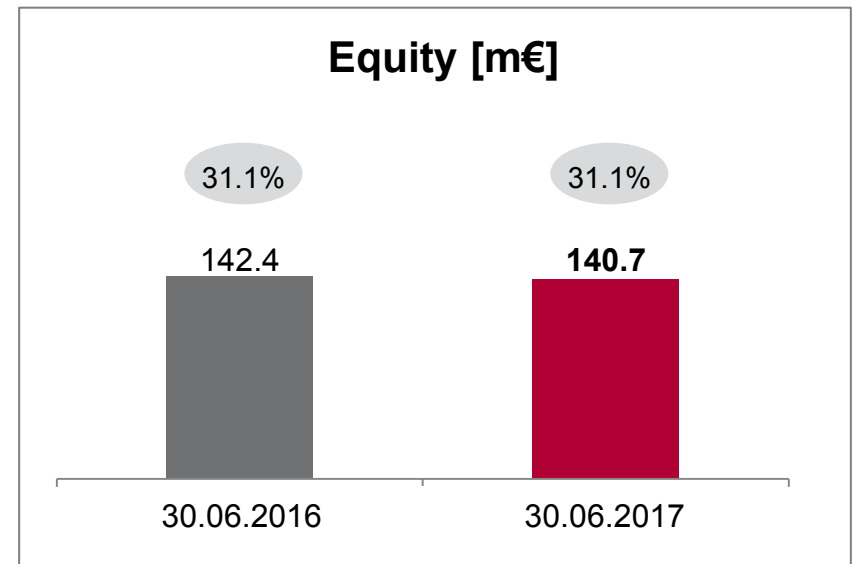
Notes

1. Excluding PPA amortization
2. Defined as other expenses net of other income plus all EBIT adjustments other than PPA amortization

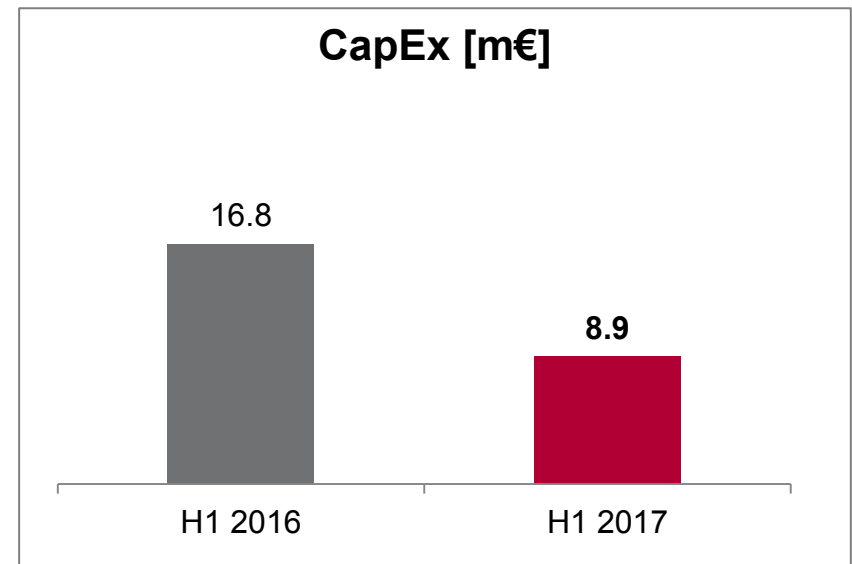
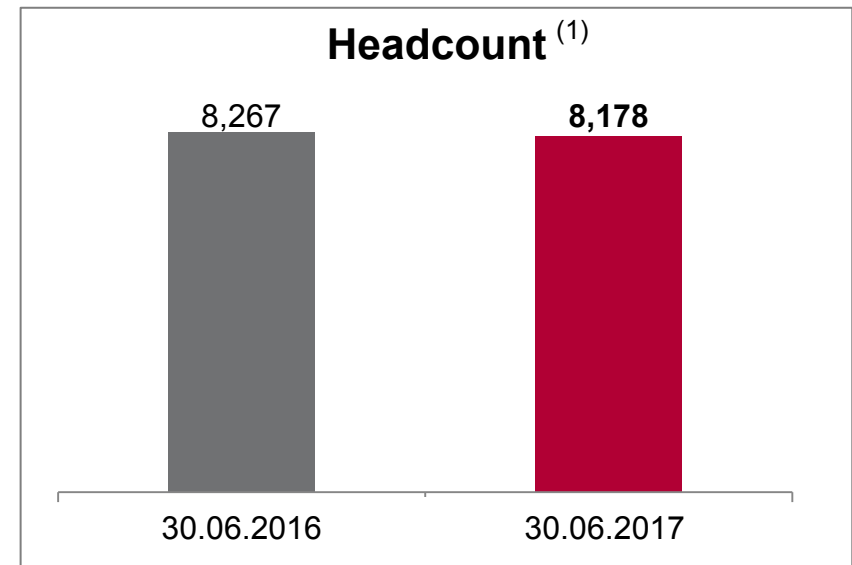
- Decrease of EAT to 5.9 m€



- Equity ratio stable at 31.1%



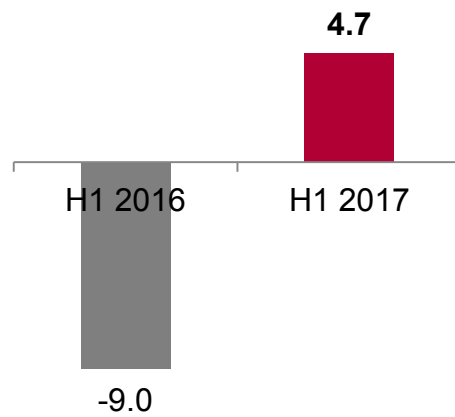
- Headcount decreased by 89 employees
 - Negative growth of 1.1% compared to H1 2016
 - Acquisition of HRM in Sweden with about 120 employees already included in figures
- CapEx showing significant decrease in H1 2017
- CapEx levels at about 2.5% of revenues



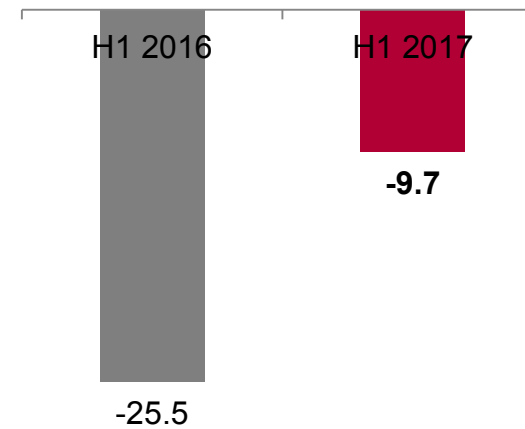
Notes

1. Including Trainees and work-study students

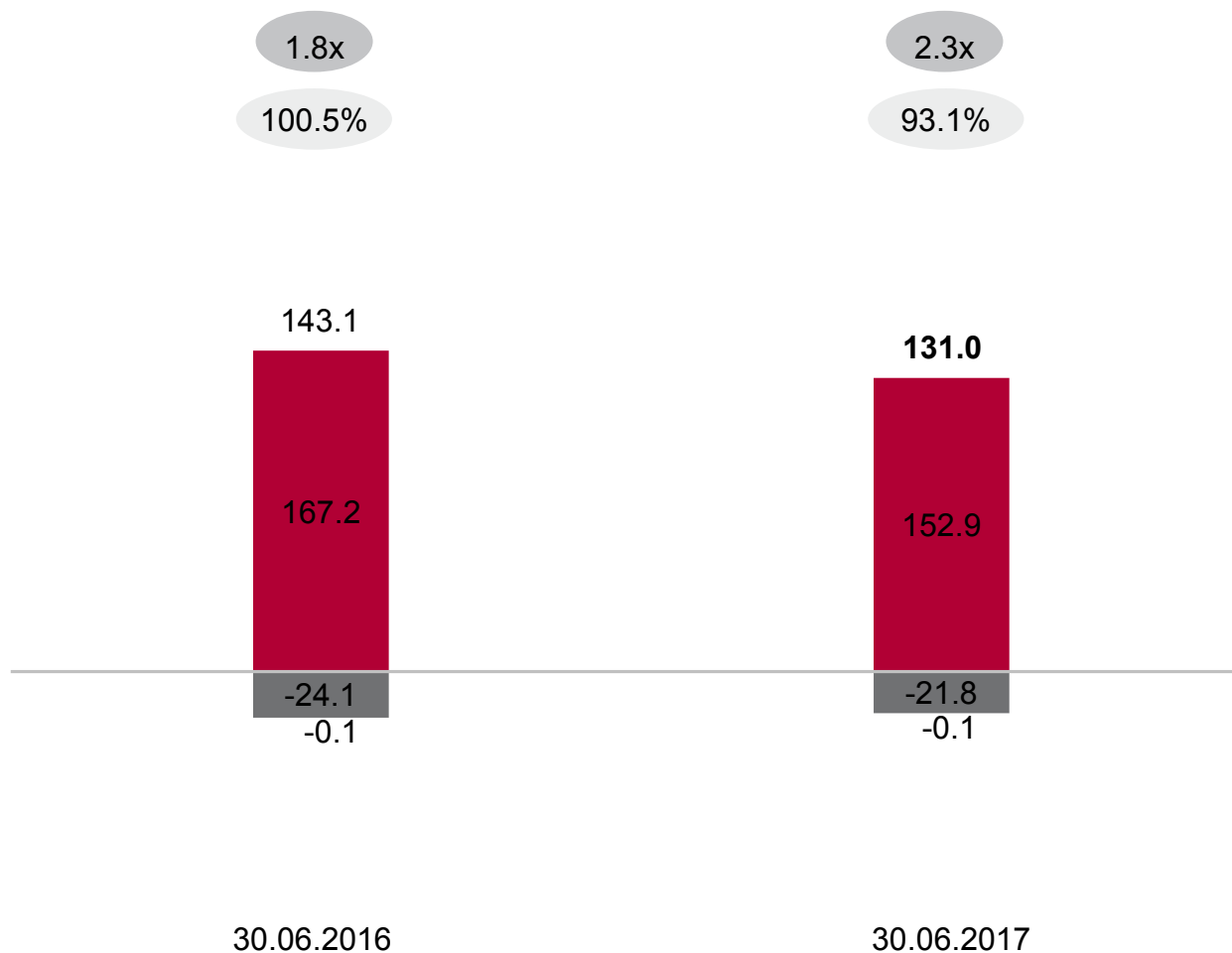
Operating CF [m€]



Free CF [m€]



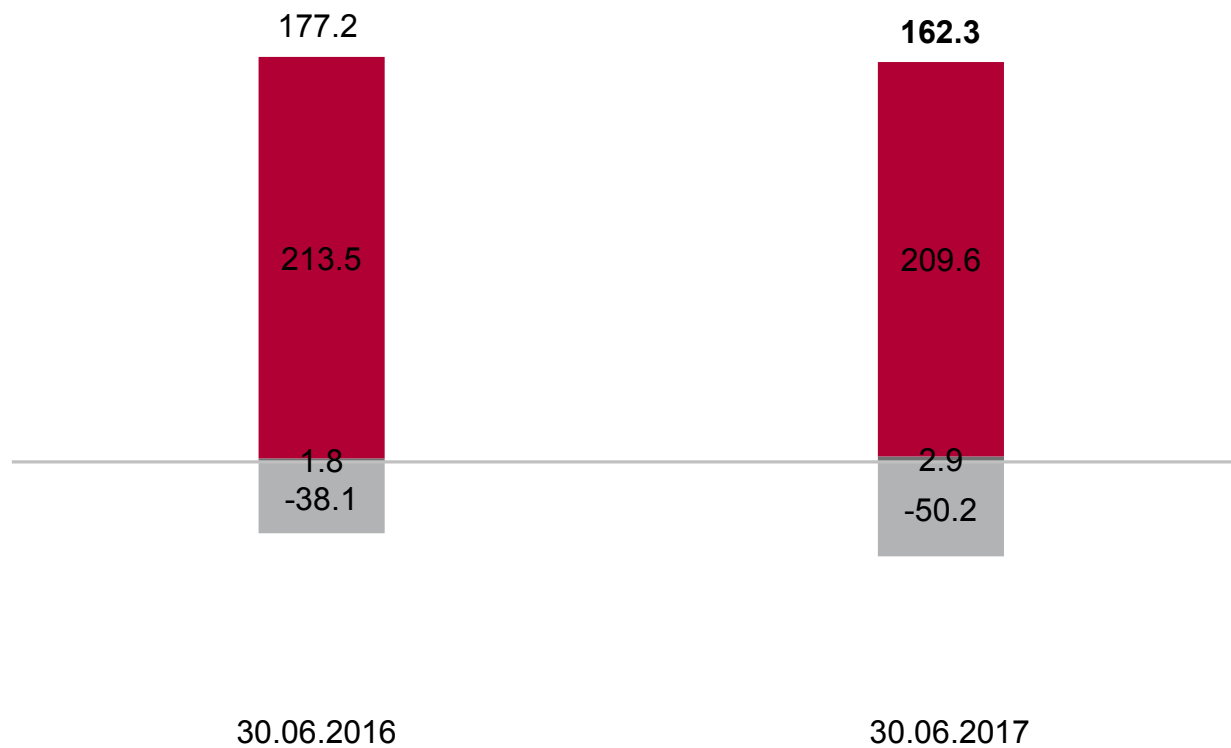
Net financial debt [m€]



■ Financial debt ■ Cash and cash equivalents ■ Other financial assets

x Net financial debt / Adj. EBITDA (LTM)
x Net Gearing (Net financial debt / equity)

Trade Working Capital [m€]



■ Trade receivables ■ Inventories ■ Trade payables

- 1** Market Environment
- 2** Key Figures – H1 2017
- 3** Outlook – Financial Year 2017



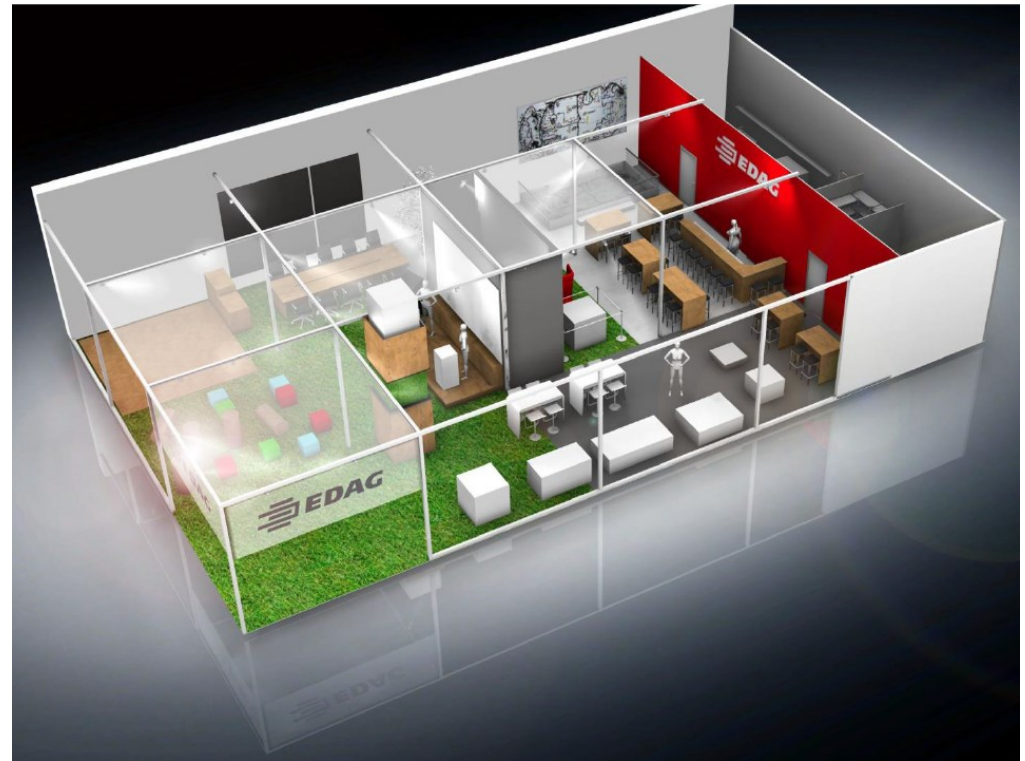
Overall R&D Budgets are increasing or remain on high level

- Daimler: Increase number of models from 30 in 2016 to 40 in 2020;⁽¹⁾
invest of 10 bn. EUR into 10 new electric-vehicles until 2022⁽²⁾
- BMW: Research & Development ratio shall remain within 5-5.5% of until 2020;⁽³⁾
but in 2017 and 2018 a higher R&D ratio of up to 6% is expected⁽⁴⁾
- Audi: Research & Development ratio within 6-6.5% until 2025;⁽⁵⁾
in 2017 a slightly higher R&D ratio is expected⁽⁶⁾ with 6.9% in H1 2017⁽⁷⁾
- Volkswagen: Research & Development ratio targeted at about 6% until 2020;⁽⁸⁾
Volkswagen Group to bring >30 additional, pure-electric vehicles to the market until 2025⁽⁹⁾
- Bosch: Research & Development ratio increased from 9% to 9,5% in 2016.
For 2017 R&D expenses of 7bn. EUR are planned⁽¹⁰⁾
- Continental: Research & Development ratio in H1 2017 at 7.2%,
budget growth from H1 2016 to H1 2017 amounting to about 137 mEUR⁽¹¹⁾

- Continued challenging market conditions, characterized by persisting pricing pressure in Germany.
- R&D investments of all major OEM and suppliers remain on high level. But transition in the automotive industry towards e-mobility, autonomous driving and digital business models leads to reallocation of R&D budgets.
- EDAG adopts strategy accordingly and conducts realignment of the personnel structure, in order to be prepared for future customer requirements.
- Overall, short-term market perspectives overclouded by extraordinary effects, but medium- and long-term market perspectives remain positive and intact.
- For the full year 2017, we expect an increase in revenues of up to 5% and an adjusted EBIT-margin of about 4-6%.

Highlights at the EDAG booth:

- "#collectivio" - probably the first live engineering project in the history of the automobile!
- NextGenSpaceframe 2.0
- Lightweight-design in the Interior and Exterior with "Micro Bubbles"
- Interactive demonstrator „cable set 2026“ for increased ethernet speed and weight reduction
- And many other innovative and forward-looking technologies around the mobility of the future



 **visit us at Hall 5-1/Stand B04**

Questions / Answers

