



PARAGON

paragon GmbH & Co. KGaA

Eigenkapitalforum

November 16-18, 2020



>30 yrs
of experience
Founded 1988

>300
Products

>30
OEMs
served as
Tier 1

>220
Vehicle Types
with paragon technology

Every
7th
vehicle is equipped with
paragon technology
Globally

>20%
of 846
employees
in R&D

8
Locations
worldwide

Market Leading Products

Sensors

Unique solutions for air quality improvement, e.g.: air quality sensors and improvers, CO2 sensors, particle sensors, electrostatic virus filters, odorifier systems, vital data sensors



Interior

Various solutions for the acoustics and cockpit area, such as: microphones, display instruments, charging trays, media interfaces, external sound systems



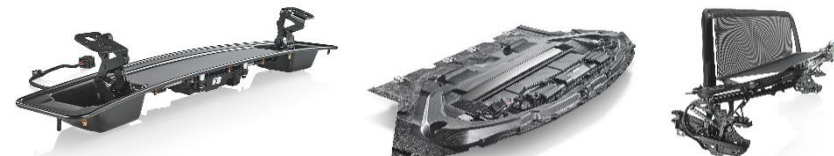
Digital Assistance

Innovative solutions and technologies for voice control, human-technology interaction and intelligent assistance systems with empathy based on AI and machine learning



Kinematics

Technical solutions to increase the efficiency and the comfort of car's moving parts and exterior, e.g. aero-dynamic solutions and convertible systems



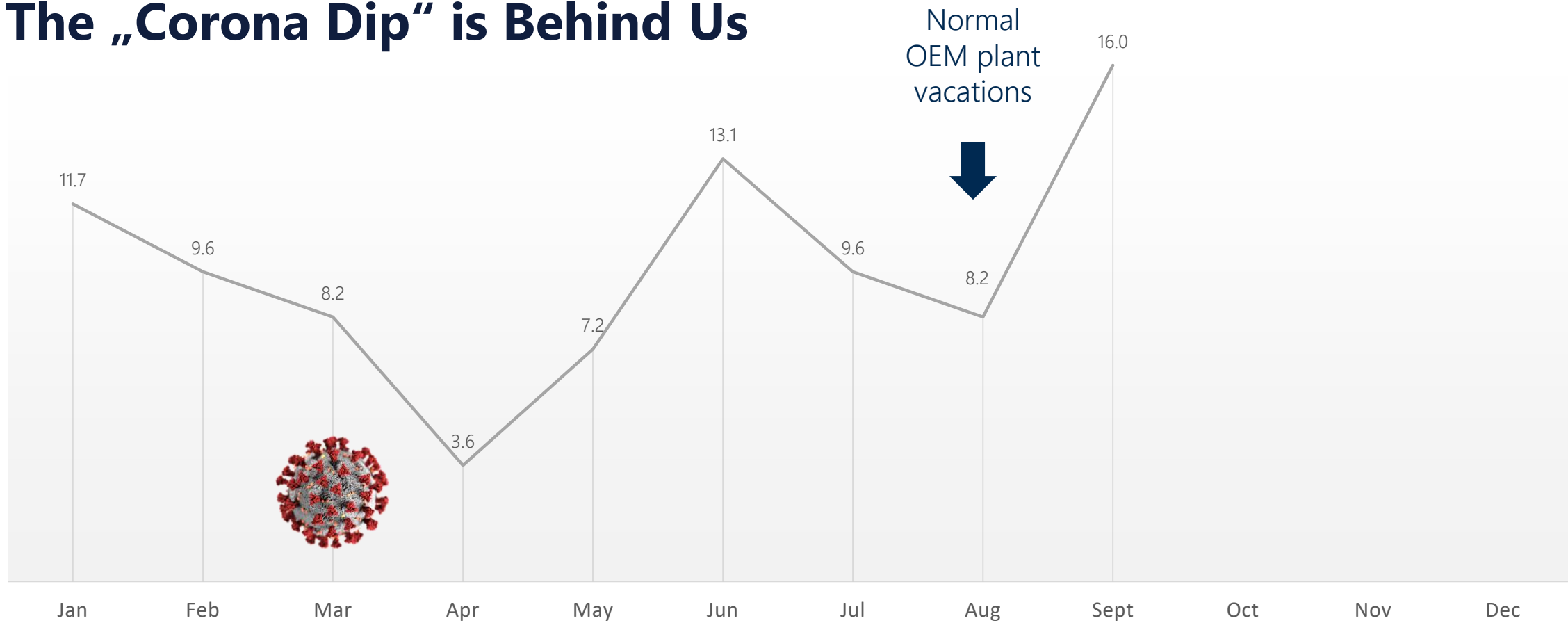
Business Update

GROUP INTERIM STATEMENT
AS OF SEPTEMBER 30, 2020
NINE MONTHS

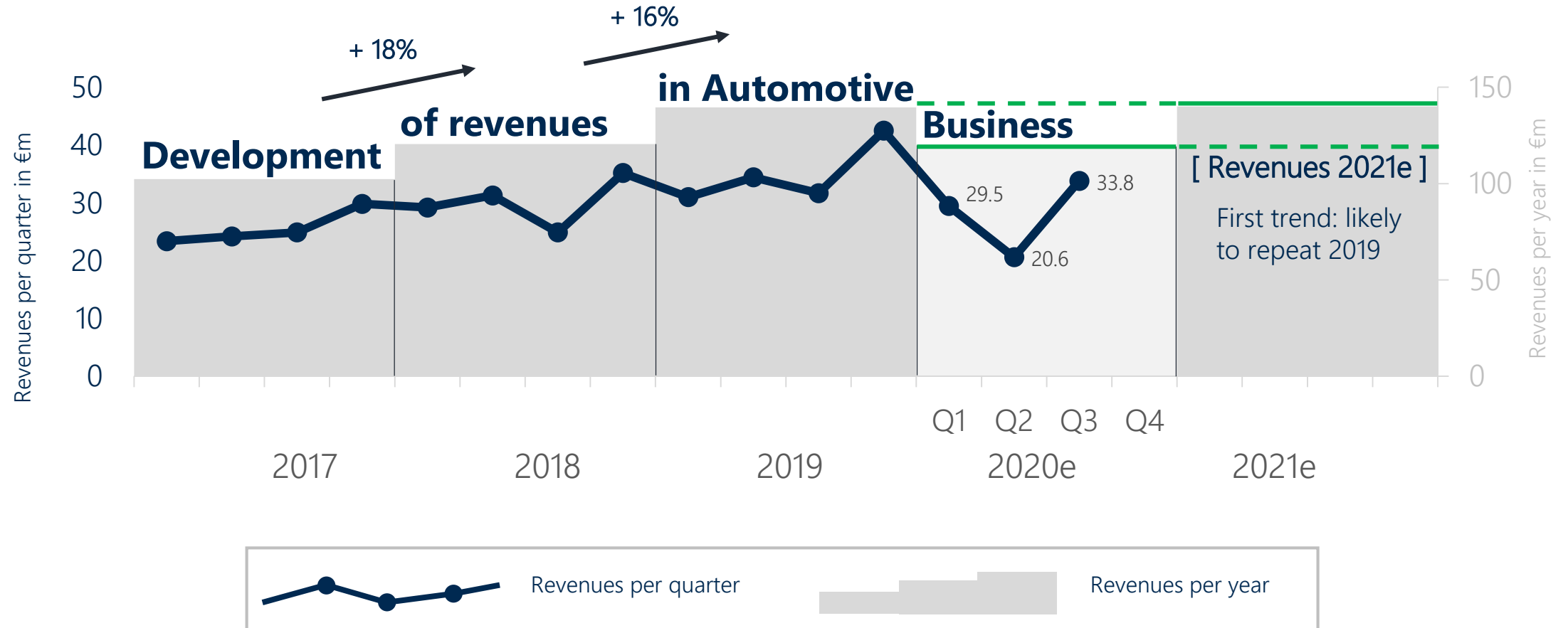
“Sales growth by far more than 9% in third quarter compared to prior year”

“paragon achieves strongest third quarter for automotive in company’s history”

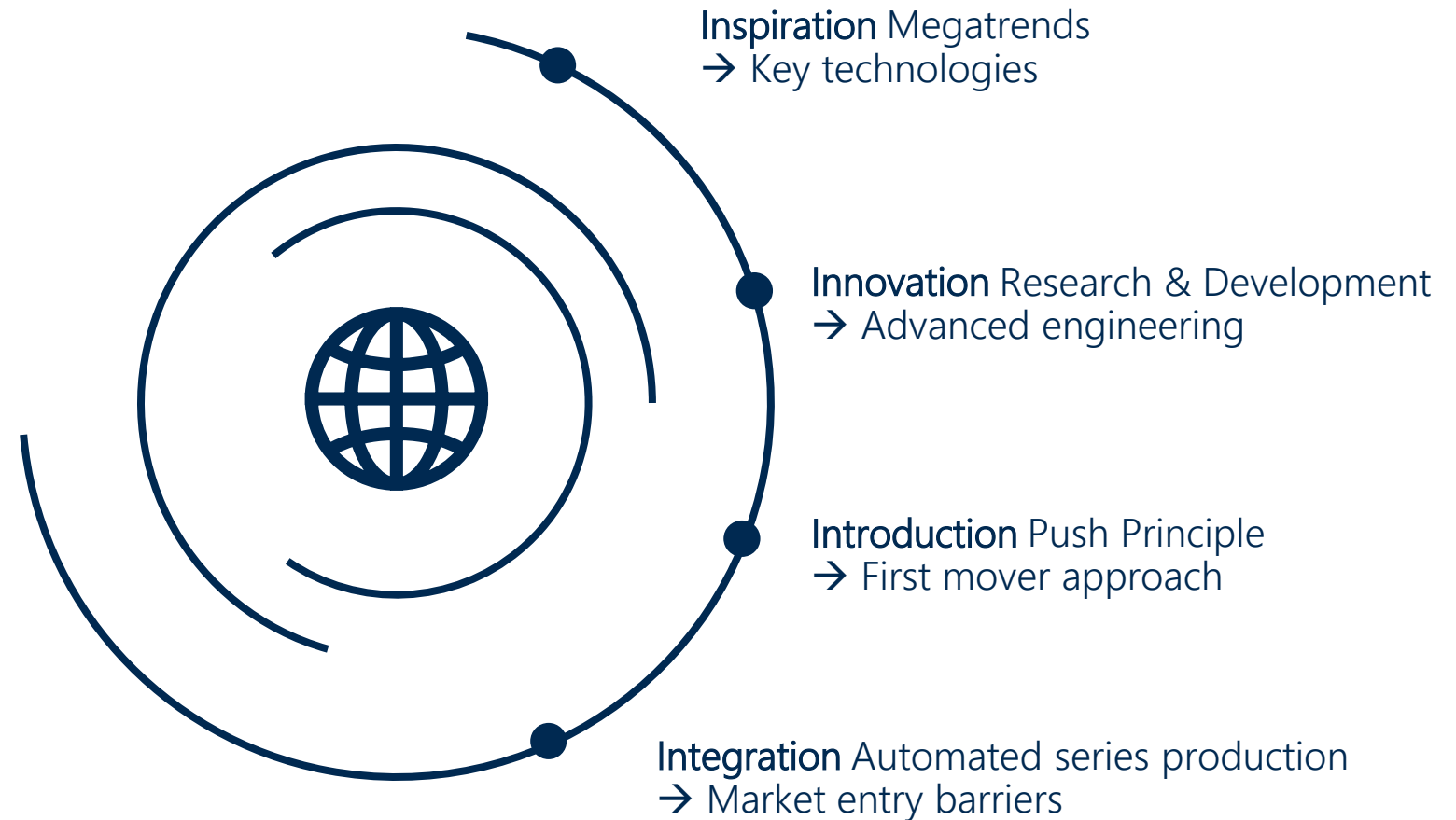
The „Corona Dip“ is Behind Us



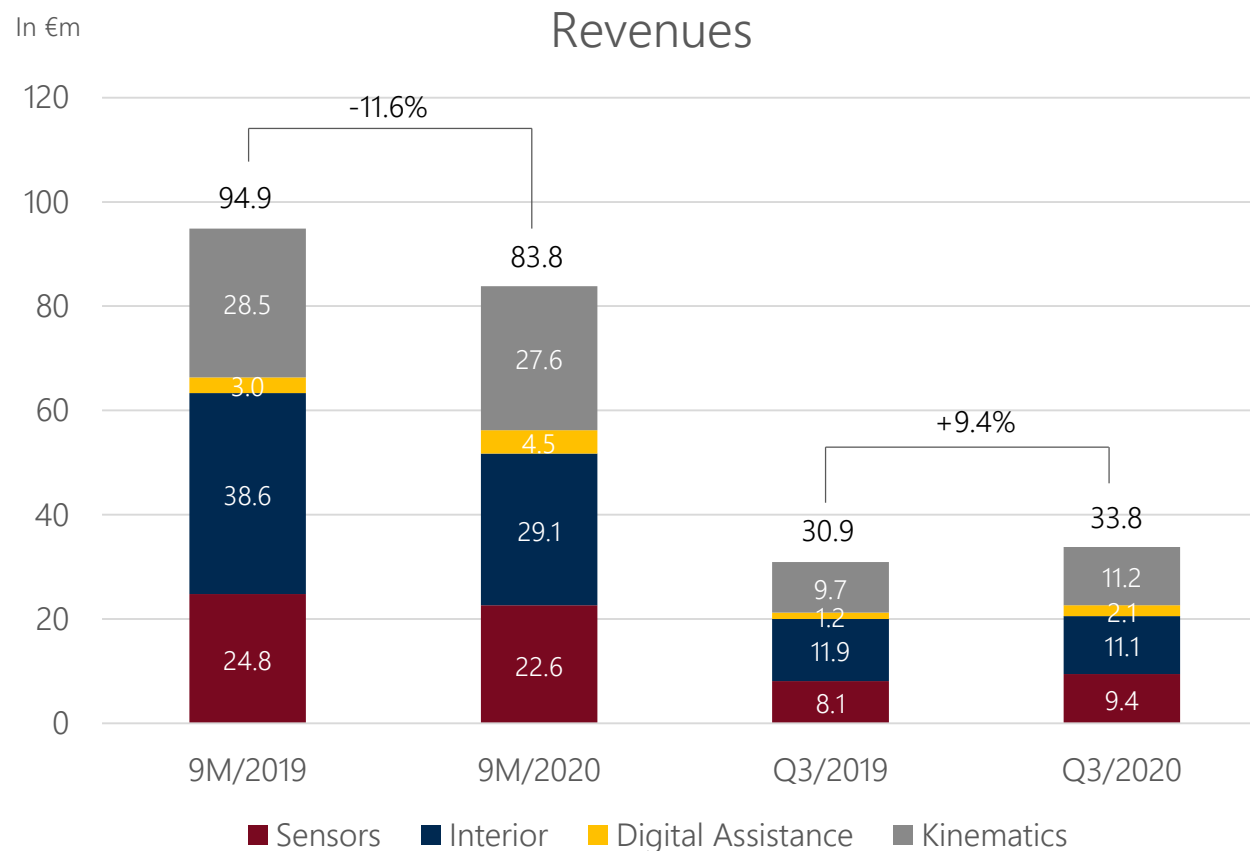
On Track to Pre-Corona Level



Robust Business Modell as Success Factor



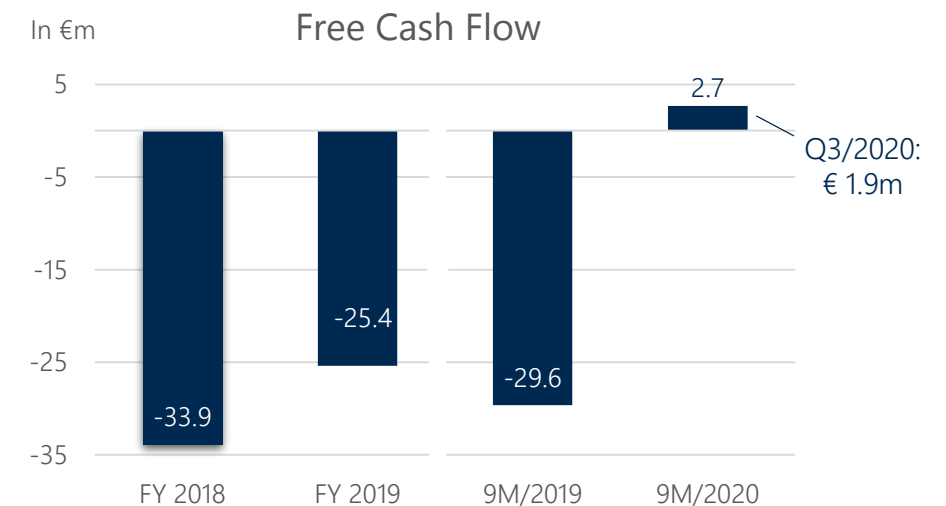
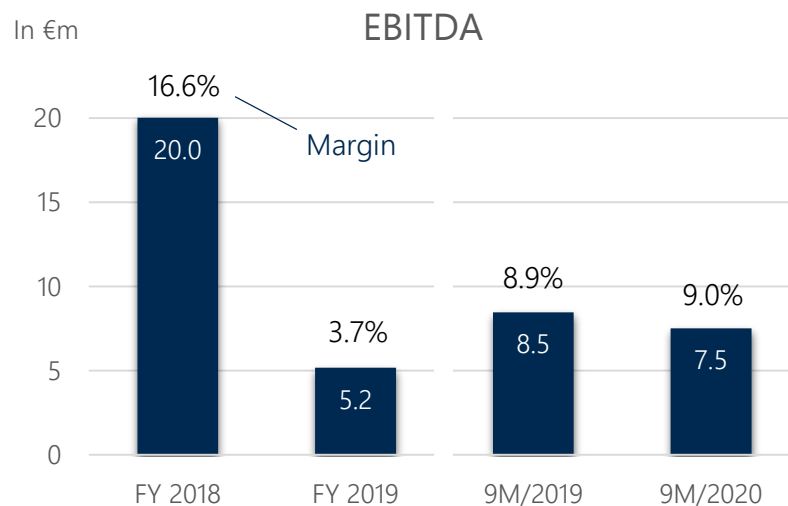
COVID-19 Effects on Sales Less Severe than Originally Expected



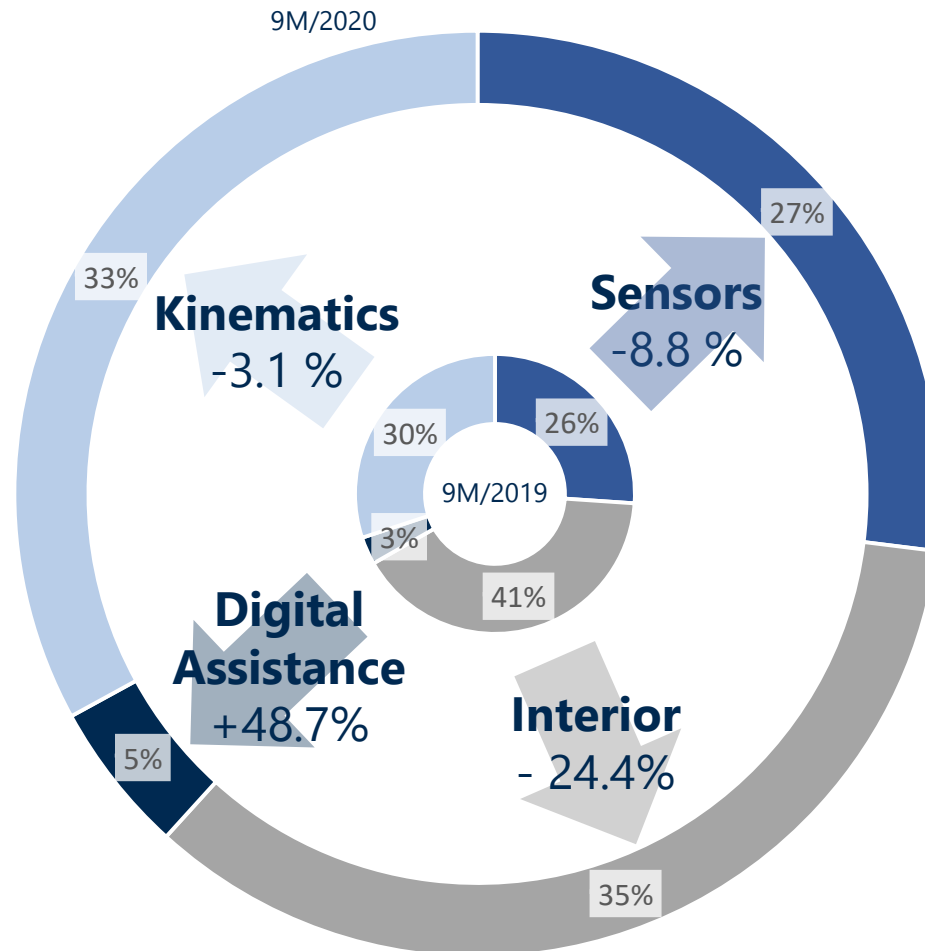
- Rapid recovery of Chinese market – direct and indirect deliveries to China estimated to determine 40% of paragon’s sales
- Strong increase of major vehicle sales – production portfolio adapted
- 100+ extra shifts for key products until year end – capacity increase on the way

Steady Cost Reduction and Efficiency Increases Show Effect

- EBITDA margin for Q3/20 of 12.2 % despite factory vacations that are typical for OEMs in the industry
- Development of earnings confirms effectiveness of cost reduction measures done
- Earnings already back at a level similar to Q3/19 despite coronavirus-related revenue decline in H1/20
- Operating cash flow improved significantly from € -2.0m (9M/2019) to € 8.3m (9M/2020)



Revenue Share of Business Units After 9M/2020

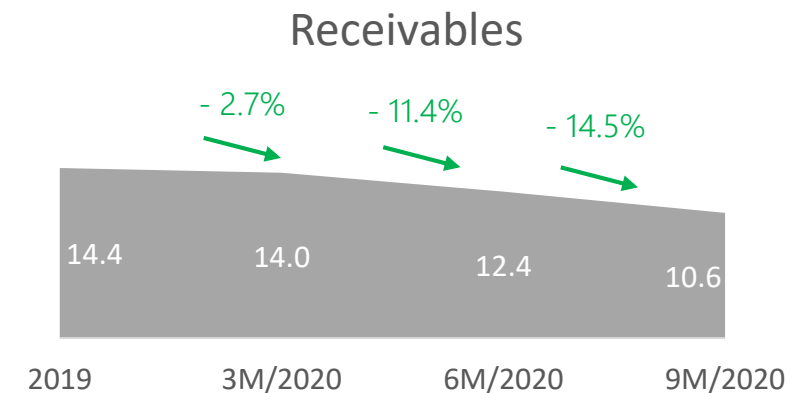
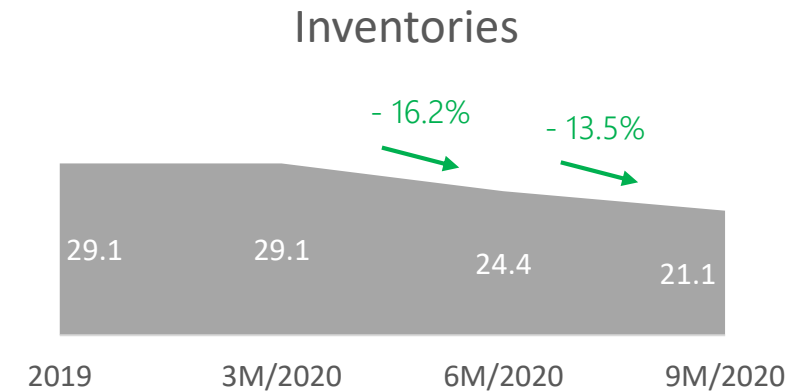


- Business unit Digital Assistance: uninterrupted growth dynamics – more and more volume models equipped
- Business unit Kinematics: decline of only 3% due to robust premium segment
- Decrease in Interior due to lifecycle effects; diverse product launches in 2021
- Sensors business will show significant increase of sales in 2021 due to series production ramp up of new products

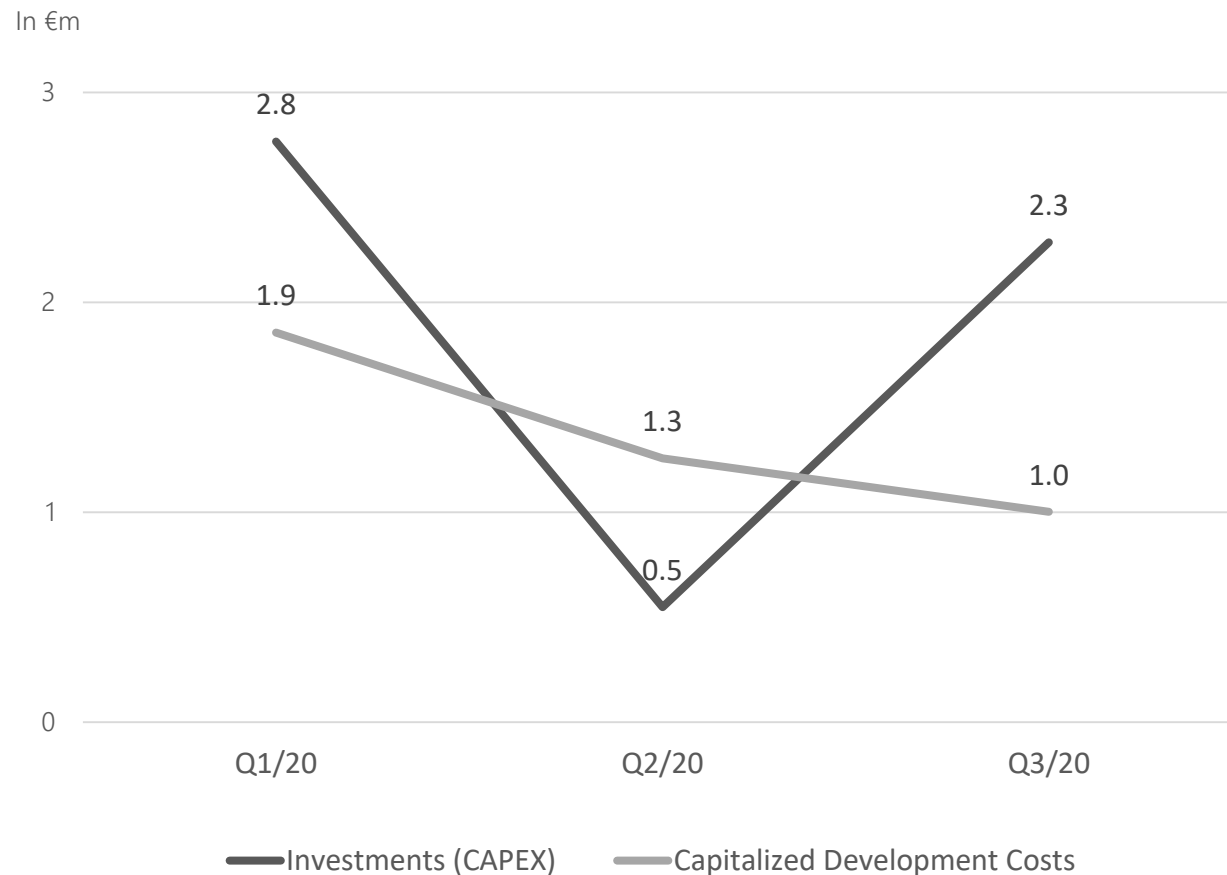
Intensified Working Capital Management

- Inventories reduced by 27.5% YTD due to active management measures
- Reduction of receivables by 24.3% YTD due to improved collection of overdues and one time payments from customers

>> Positive liquidity effects of € 11.8m

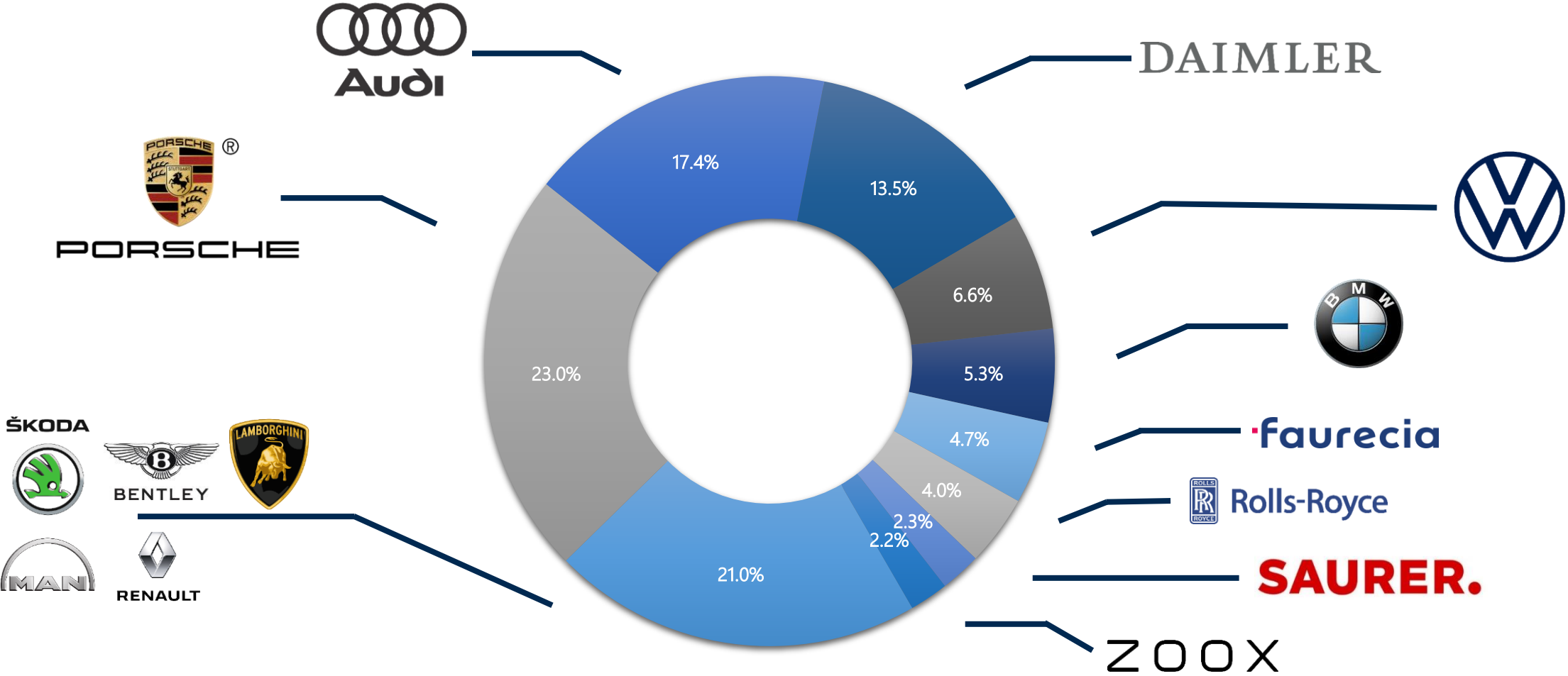


CAPEX Investments YTD



- Following the shutdown: Review of investment projects
 - Partial postponement of CAPEX Investments to 2021
 - Comprehensive investments into paragon's future already done in recent years
- >> paragon is now able to harvest the investment efforts in M&A, PPE and intangible assets (especially in 2018/2019)**

Current paragon Automotive Revenue Split Customer Structure



Forecast Exceeded Market Expectations

Improved forecast paragon-Automotive (post-corona)

Revenues 2020e

Expected at upper end of range of

€ 110-120m

(was: € 105-115m)

>> Potential for € 125m

EBITDA margin 2020e

At upper end of range of

8-12%

Investments 2020e

Reduced due to increased cost sensitivity

€ 10-15m

(was: € 15-20m)



paragon Automotive

Technology Provider for the Mobility of Tomorrow since the Year One!

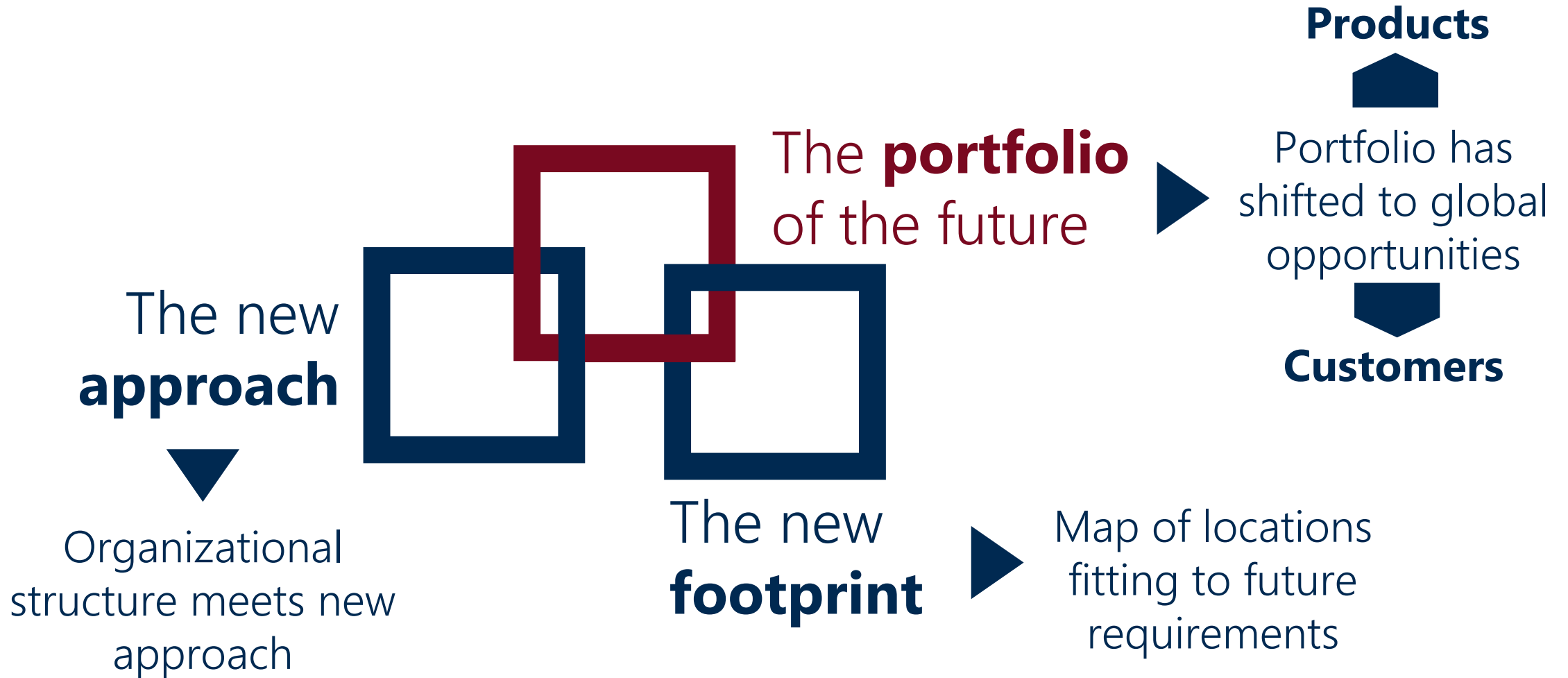


The paragon 2021 – Driving perfection

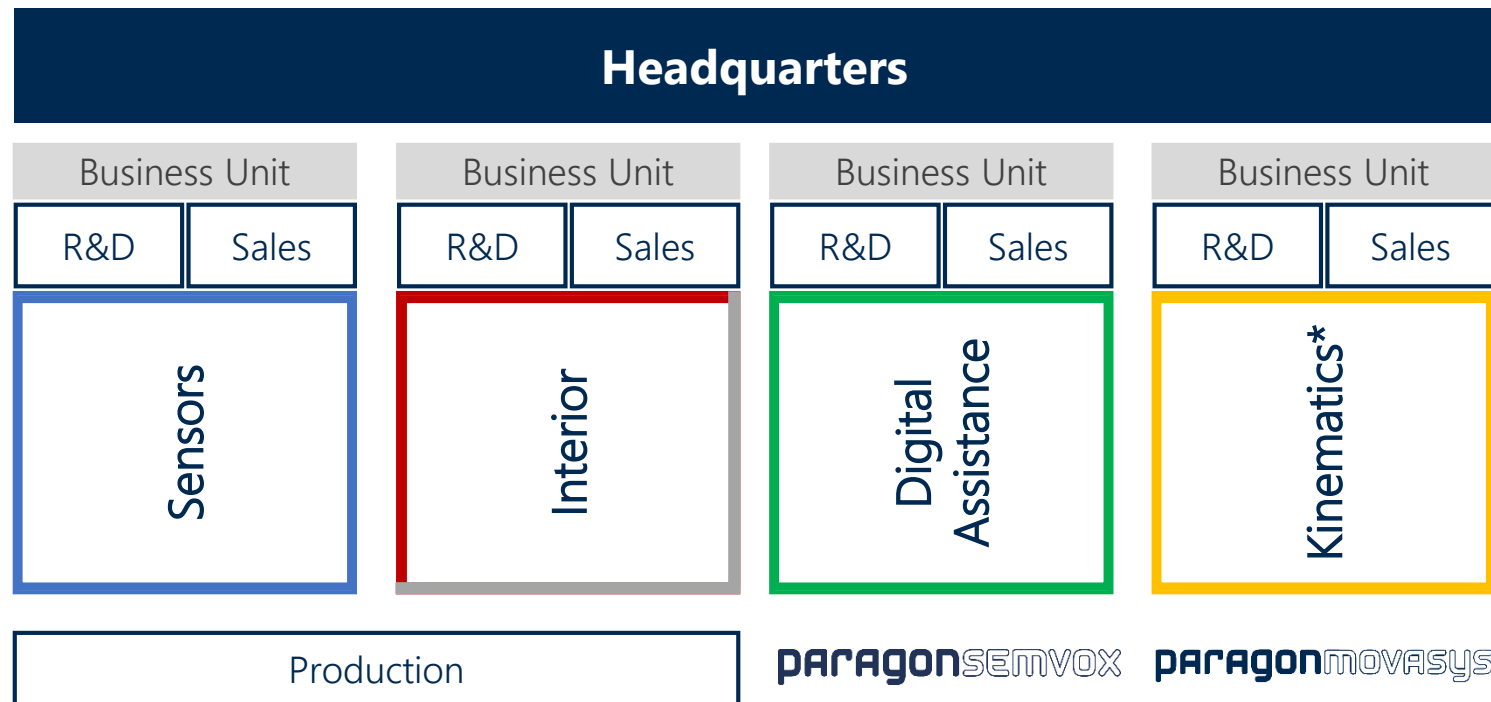
The new
approach



The paragon 2021 – Driving perfection



Today's Internal Organization

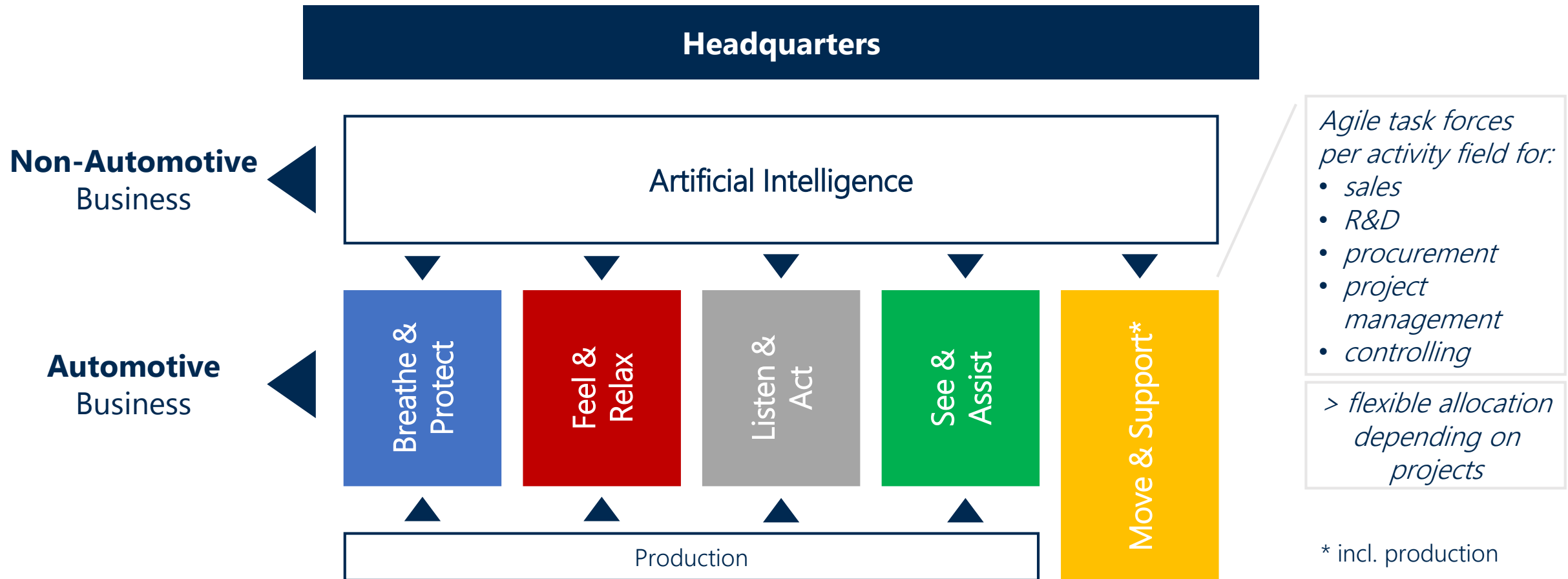


Status Quo

Each business unit with own R&D and sales

* incl. production

Organizational Structure @ 2023



Software is the Key!

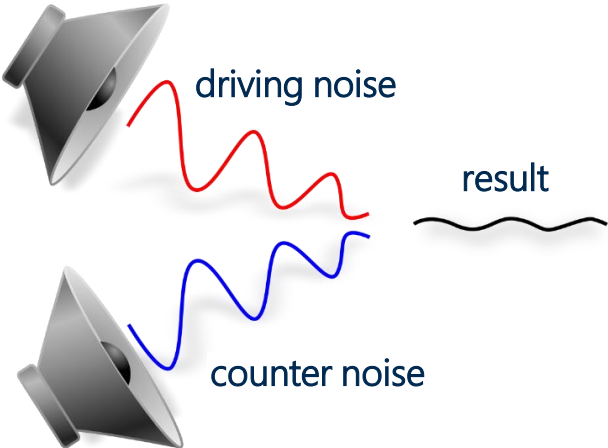
...increases product performance



Perfect Loudspeaker



...enables new products



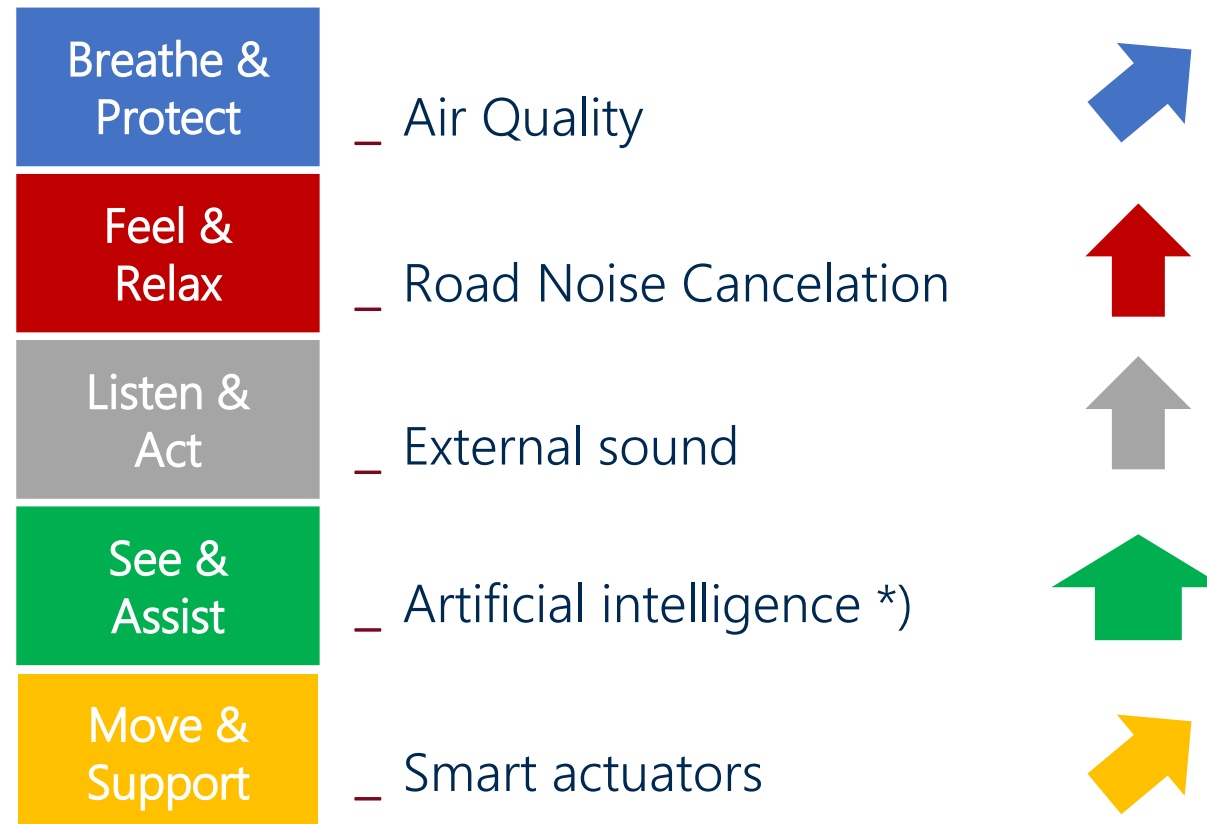
Road Noise Cancelation

...as a product



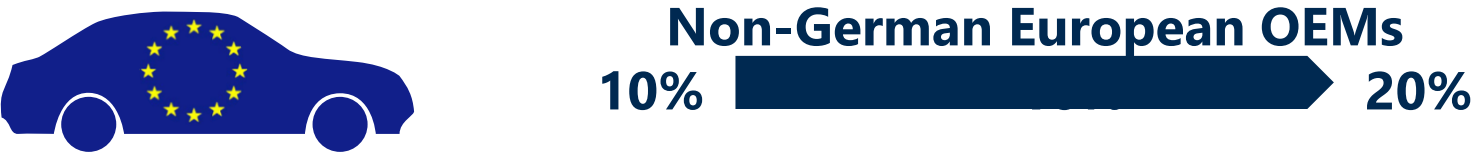
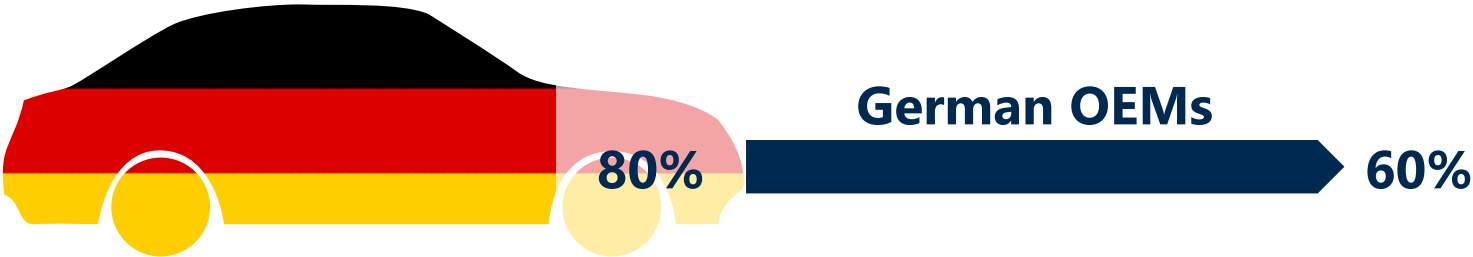
EDWIN – Enhanced Driving With Intelligence

Product Categories with Highest Growth Potential @ 2023



*) Incl. non-automotive

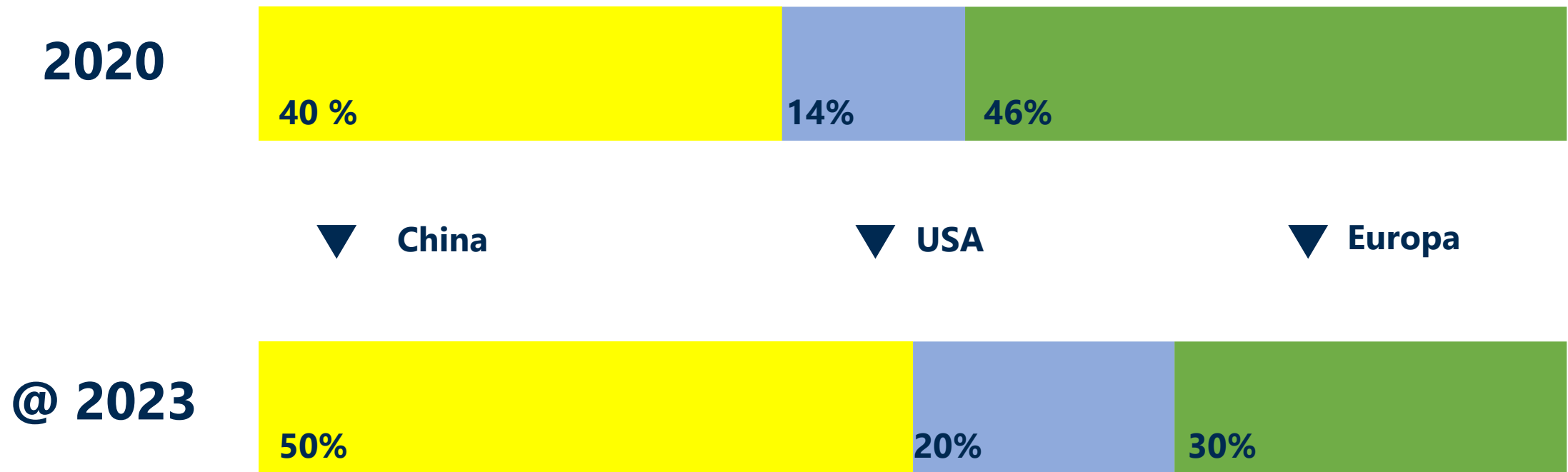
Levelling Revenue Split



2020

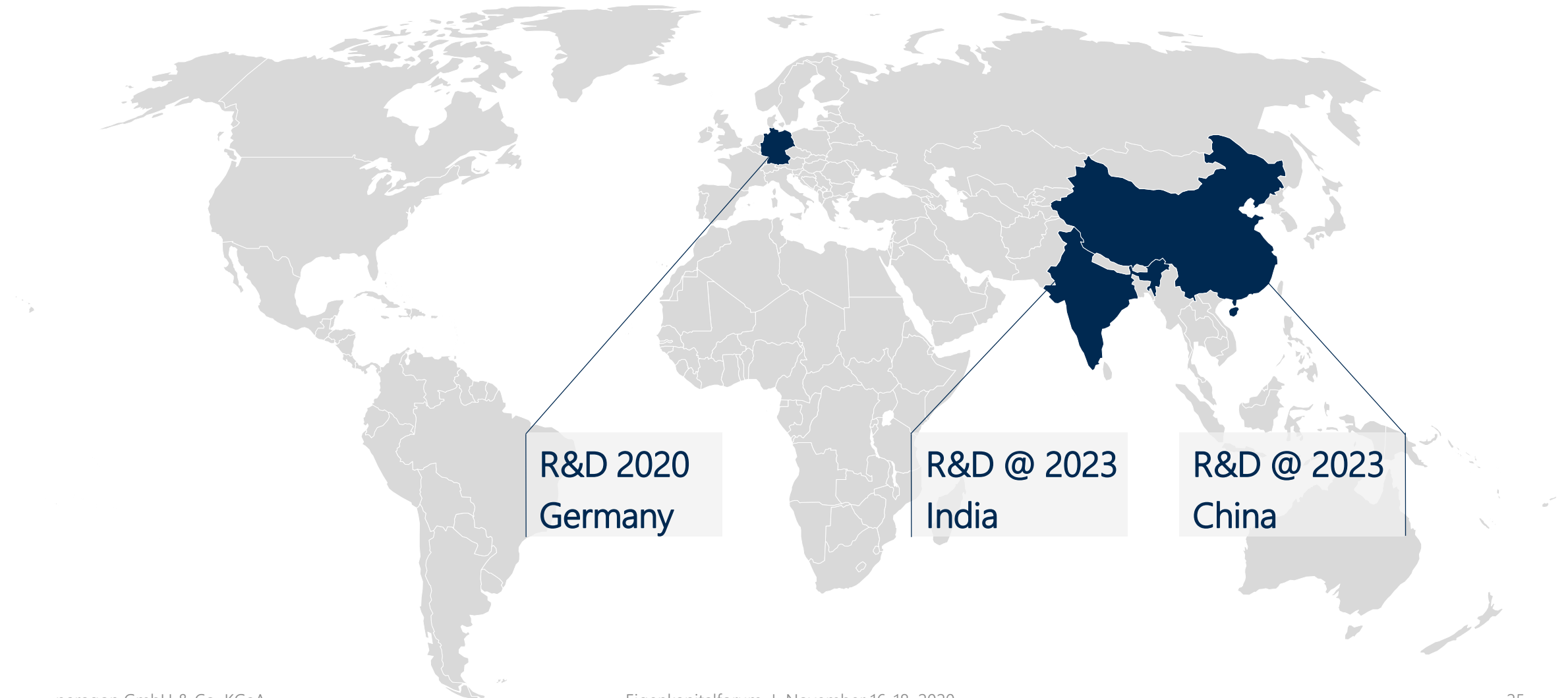
@ 2023

Distribution Sales Markets *)



*) Direct and indirect sales

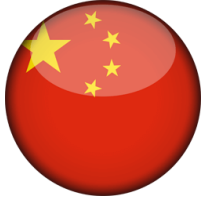
Further Internationalization Aspired



**Production
2020**



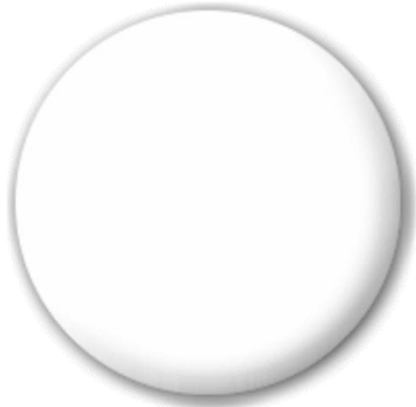
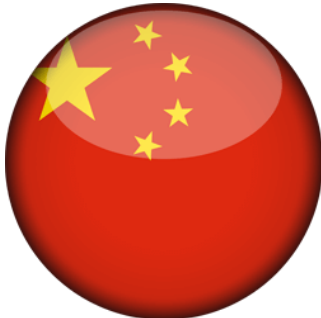
Germany



China

Best-Cost-Country

**Production
@ 2023**



Summary

- _ Corona dip behind us – on track to pre-Corona level
- _ Less impact of the pandemic than predicted
- _ Measures show effect – cash flow significantly improved
- _ Revenues 2020 eventually exceeding even upper end of forecast
- _ 2021:
 - _ Back to normal
 - _ New approach defines the growth

The background is an abstract, motion-blurred image with a color palette of deep blues, purples, and whites. The lines are curved and flow from the foreground towards a bright horizon in the distance, creating a sense of speed and depth.

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