

## Following Record Revenue in 2019, paragon's Automotive Division Is Systematically Preparing for the Post-Coronavirus Period

- According to preliminary figures, the automotive business increased by 16 percent to € 139.6 million in 2019 against the market trend
- The EBITDA of paragon Automotive was € 9.2 million, corresponding to a margin of 6.6 percent – Group EBIT was burdened by value adjustments of the subsidiary Voltabox and special effects
- Automotive revenue in the first quarter of 2020 was € 29.5 million, EBITDA margin of 6.8 percent
- After six weeks of reduced working hours, capacity utilization for the coming months is almost back at the prior year's level
- Substantial relief expected in the third quarter – forecast for 2020 nevertheless significantly influenced by the coronavirus pandemic: revenue of € 105 to 115 million with an EBITDA margin of 8 to 12 percent
- Voltabox sale near completion – great interest from investors

Delbrück, Germany, July 15, 2020 – paragon [ISIN DE0005558696] presented preliminary figures today for fiscal year 2019 and for the first quarter of 2020. According to these figures, the automotive business showed sales growth of around 16 percent last year. This was significantly better than the overall market, which was already declining at the time. The financial statements will be finalized after the presentation of the consolidated financial statements from the subsidiary Voltabox. paragon's annual report is expected to be presented on August 7, 2020. paragon's Management anticipates that the setback from the coronavirus pandemic will only be severe in the short term. The Group expects to already return to its original growth path in 2021.

Group revenue rose by 2.6 percent to € 192.2 million in fiscal year 2019. The automotive business of the direct supplier to car manufacturers performed 16 percent better than in the prior year and 7 percent above plan at almost € 140 million. The Acoustics segment, with growth of 37 percent, and the new Body Kinematics unit, with growth of 32 percent, were

major contributors to this. paragon Automotive's EBITDA reached € 9.2 million, corresponding to a margin of 6.6 percent. However, as communicated early in the course of fiscal year 2019, the total comprehensive income is burdened as expected by special costs of around € 9 million. These additional expenses are guaranteed to be non-recurring. They resulted from technically complex and time-sensitive series launches for spoilers (approx. € 6 million), final measures to integrate company acquisitions and consolidate locations (approx. € 2.5 million) and the introduction of an ERP system at subsidiaries (approx. € 0.5 million). Due to the consequent measures taken, Management expects additional earnings effects of around € 14 million over the duration of the affected spoiler projects, which would more than compensate for the cost burden in 2019. The consolidation of three locations into the new, ultra-modern building in Limbach (Saarland) will result in annual cost savings of € 1.5 million beginning in 2020. Not surprisingly, at the Group level, earnings were significantly impacted by coronavirus-related value adjustments of around € 100 million at the subsidiary Voltabox.

“We are very satisfied with the development of our automotive business in 2019. Thanks to our strong market position in a number of product segments, we have been able to withstand the downward trend in the industry,” says Klaus Dieter Frers, CEO of paragon. “The coronavirus pandemic is a major setback for our industry. However, our development over the past year shows that we are on the right track.”

With revenue growth of 10 percent in January compared to the same month in the prior year, paragon Automotive also was off to a good start in the new year. In February, business in China was initially only slightly affected despite its interruption by the coronavirus pandemic. The supply chain was maintained at all times. With widespread customer production stops beginning in mid-March, paragon also had to abruptly cut back its activities. As a result, according to preliminary figures, the Group generated revenue of € 29.5 million with its Automotive business in the first quarter, a decrease of only -3.0 percent compared to the same quarter of the prior year. The EBITDA margin was 6.8 percent.

The six-week closure of all production sites put a severe strain on the second quarter. Now that the logistical challenges of restarting production have been successfully overcome, the eight paragon Automotive production sites are operating again at an average capacity utilization rate of 95 percent compared to the prior year. The orders on hand for the coming months indicate further improvement in capacity utilization. To optimize its cost structure, paragon will also take further steps to streamline its production network.

“The sale of our stake in Voltabox will enable us to focus more strongly on the automotive business again,” emphasized Dr. Matthias Schöllmann, Managing Director Automotive. “As innovators, we continue to offer manufacturers new, exciting solutions that will make driving even more pleasant, safe and attractive in the future. We are gearing our product management even more strongly to an improved driving experience. This portfolio expansion, themed ‘The paragon 2021,’ will have a lasting impact on the years to come.”

In the meantime, the process of selling the subsidiary Voltabox is well underway. Management expects to successfully conclude negotiations in the third quarter. As planned, the proceeds will be invested in the further expansion of the automotive business and used to repay financial liabilities.

Taking into account the current order situation as well as studies by renowned consulting firms and market research institutes, paragon expects a coronavirus-related decline in revenue for its automotive business in 2020 to € 105 to 115 million with an EBITDA margin of 8 to 12 percent.

“After our strong year in 2019, the coronavirus pandemic will only briefly slow us down. The existing customer orders for the third and fourth quarters show that the consequences for paragon are far less dramatic than initially assumed. On the contrary, the coronavirus pandemic has made it clear that paragon is an extremely important partner for its customers with its products,” says Klaus Dieter Frers.

paragon's annual report is expected to be published on August 7. The prerequisite to this is the publication of the consolidated financial statements from subsidiary Voltabox, which is expected on July 28. After thorough examination of forward-looking valuations under consideration of coronavirus-related conditions and the corresponding outlook for paragon's business, Management now expects the current situation to cause no future surprises on the balance sheet.

**Profile: paragon GmbH & Co. KGaA**

paragon GmbH & Co. KGaA (ISIN DE0005558696), which is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange, develops, produces and distributes forward-looking solutions in the field of automotive electronics, body kinematics and e-mobility. As a market-leading direct supplier to the automotive industry, the company's portfolio includes the Electronics operating segment's innovative air-quality management, state-of-the-art display systems and connectivity solutions, and high-end acoustic systems. In the Mechanics operating segment, paragon develops and produces active mobile aerodynamic systems. With Voltabox AG (ISIN DE000A2E4LE9), a subsidiary that is also listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange, the Group is also active in the rapidly growing Electromobility operating segment with its cutting-edge lithium-ion battery systems developed in-house.

In addition to the company headquarters in Delbrück (North Rhine-Westphalia, Germany), paragon GmbH & Co. KGaA and its subsidiaries operate sites in Suhl (Thuringia, Germany), Landsberg am Lech and Neu-Ulm (Bavaria, Germany), St. Georgen (Baden-Württemberg, Germany), Limbach (Saarland, Germany), Aachen (North Rhine-Westphalia, Germany) as well as in Kunshan (China), Oroslavje (Croatia) and Austin (Texas, USA).

Additional information about paragon can be found at [www.paragon.ag](http://www.paragon.ag).

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