

# Financial Year 2018

Analyst-Call

Wiesbaden, April 3<sup>rd</sup>, 2019



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**1** **Market Environment**

**2** **Key Figures – Financial Year 2018**

**3** **Outlook – Financial Year 2019**





## World Economy

is expected to grow 3.5% in 2019 and 3.6% in 2020

## Automotive Industry

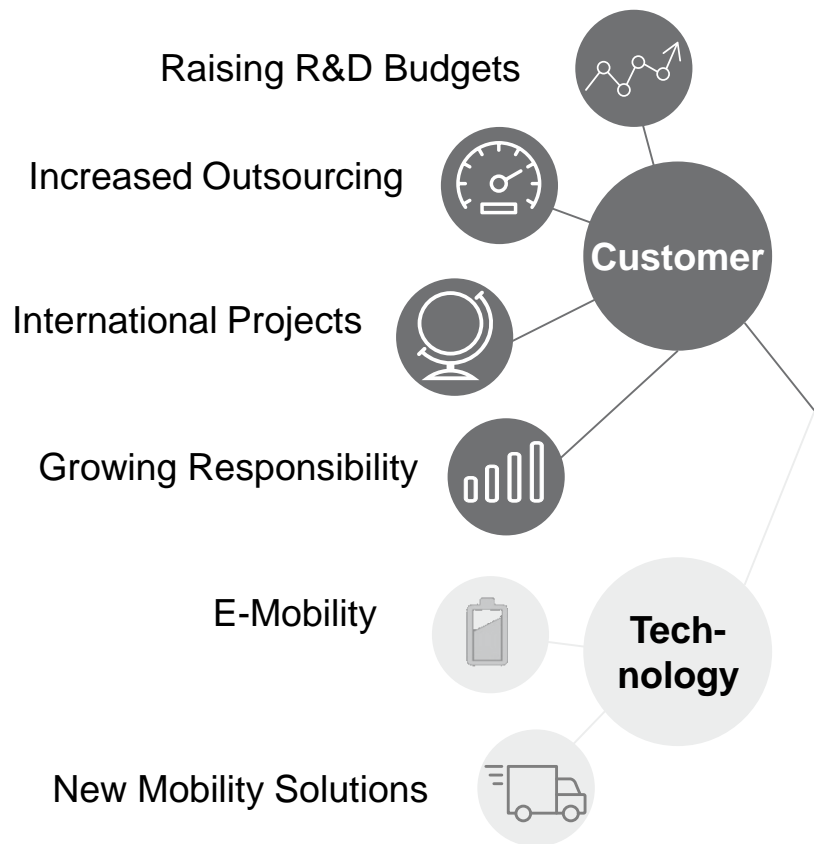
Sales are expected to grow 1% to 85.9 m. vehicles in 2019

## R&D Spendings

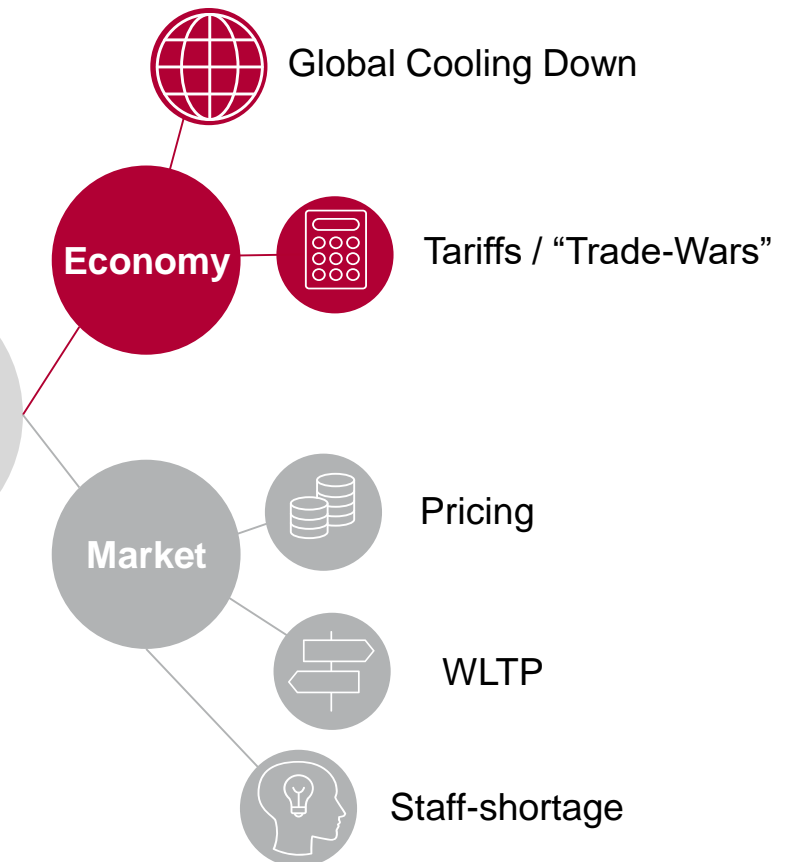
Increase expected due to new technologies/drivetrains



## Opportunities



## Challenges





**1** Market Environment and Recent Developments

**2** Key Figures – Financial Year 2018

**3** Outlook – Financial Year 2019

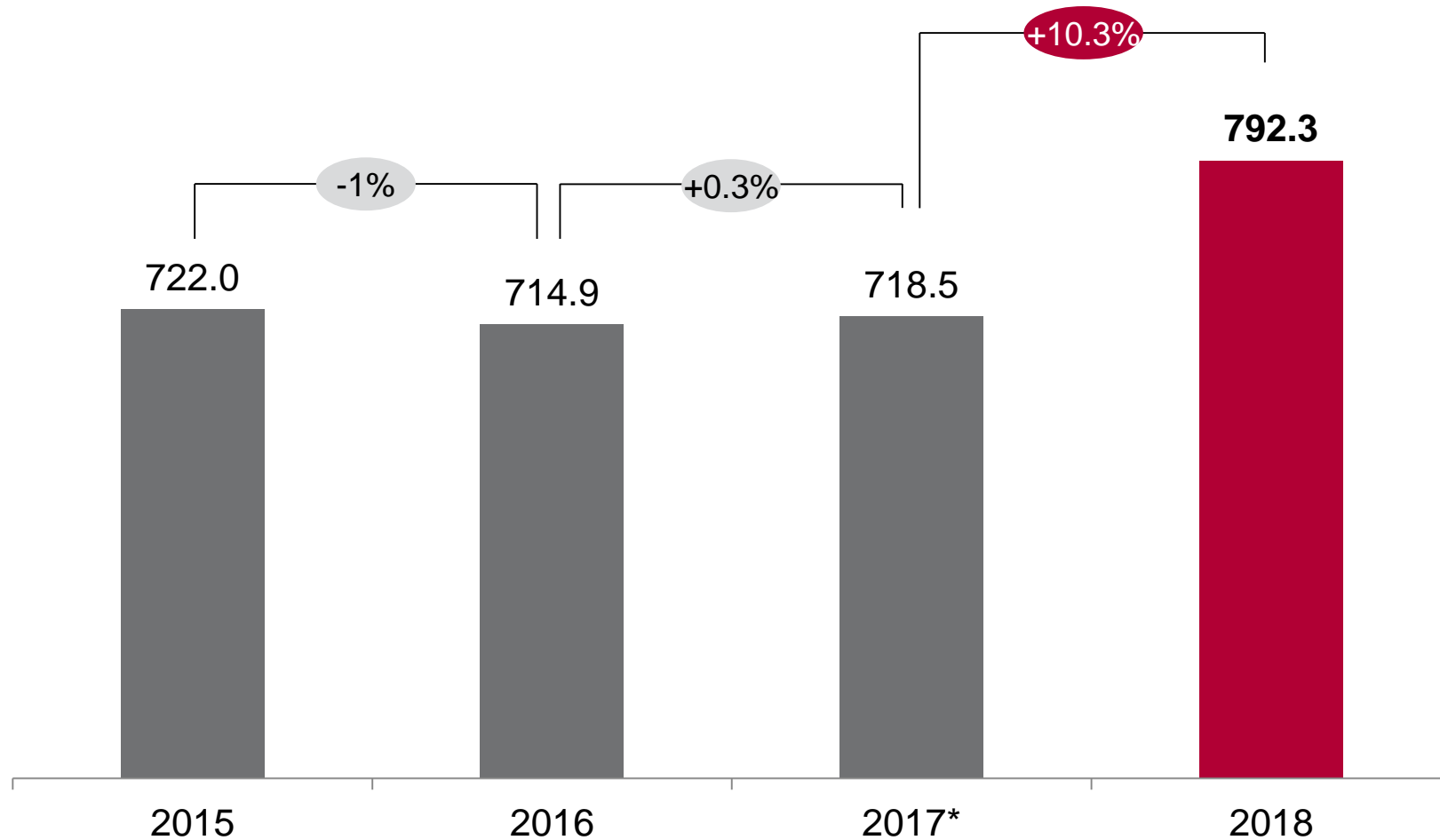


- Revenue growth of 10.3%
  - H2 almost fully organic growth
- Adj. EBIT significantly up by 38.8%
  - Margin up to 6.0%
- Free Cash-Flow more than doubled
  - Full-year: 47.4 million EUR
- Net financial debt strongly decreased
  - Leverage down to 1.2 x adj. EBITDA
- Headcount up to 8,641 (from 8,404)
- CapEx decreased to 2.8% of revenues
- Proposed dividend of 0.75€ per share





[m€]



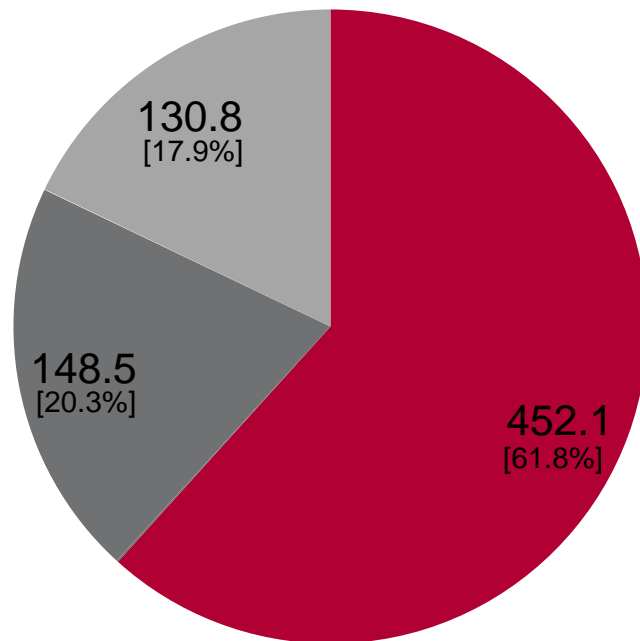
1. Revenue defined as sales revenue plus change in inventories
2. \*2017: Adjusted base on new IFRS 15

# Revenues by Segment <sup>(1)</sup>

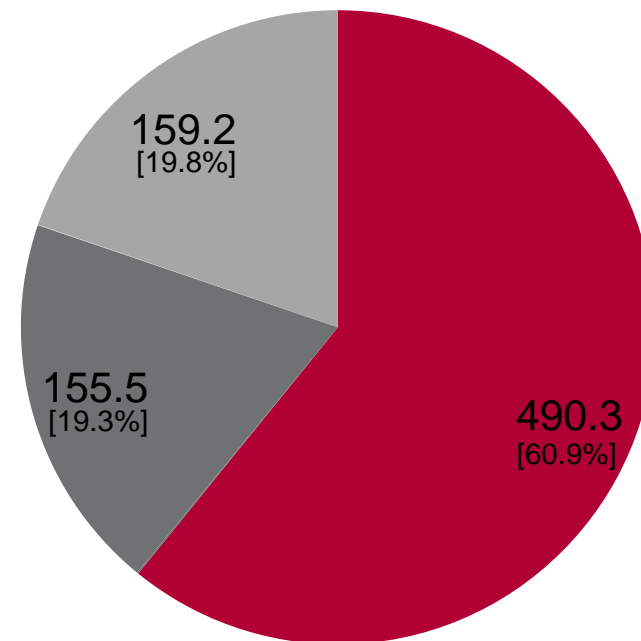


[m€]

2017\*

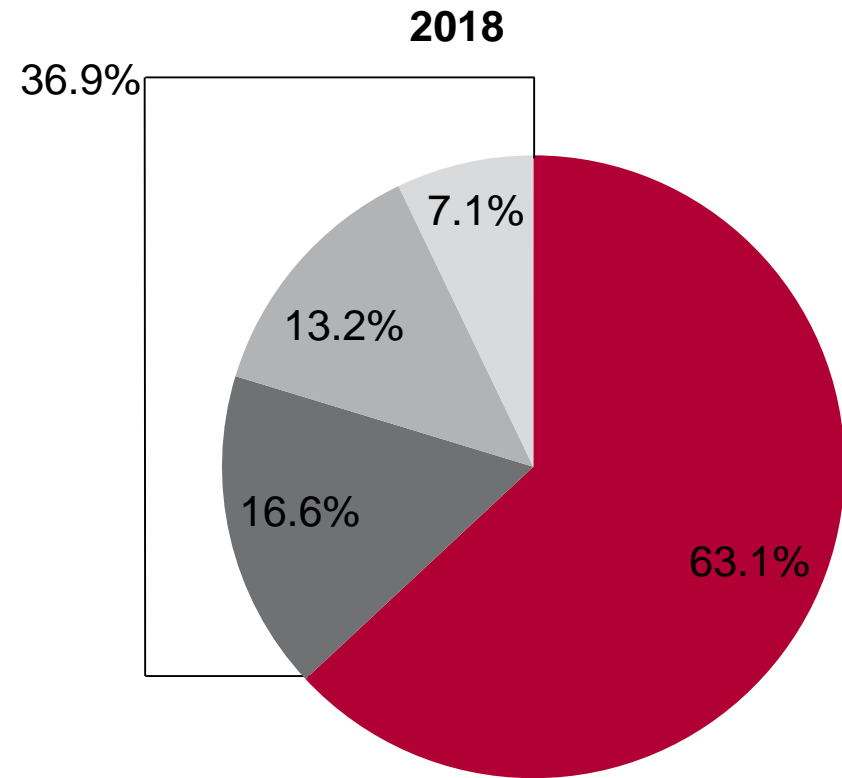
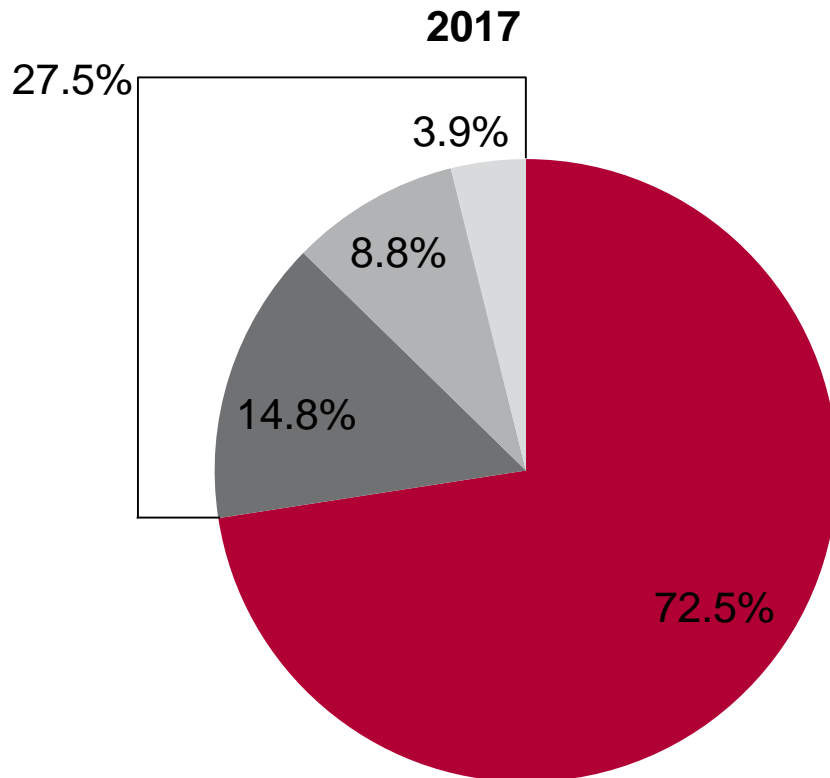


2018



■ Vehicle Engineering    ■ Electrics / Electronics    ■ Production Solutions

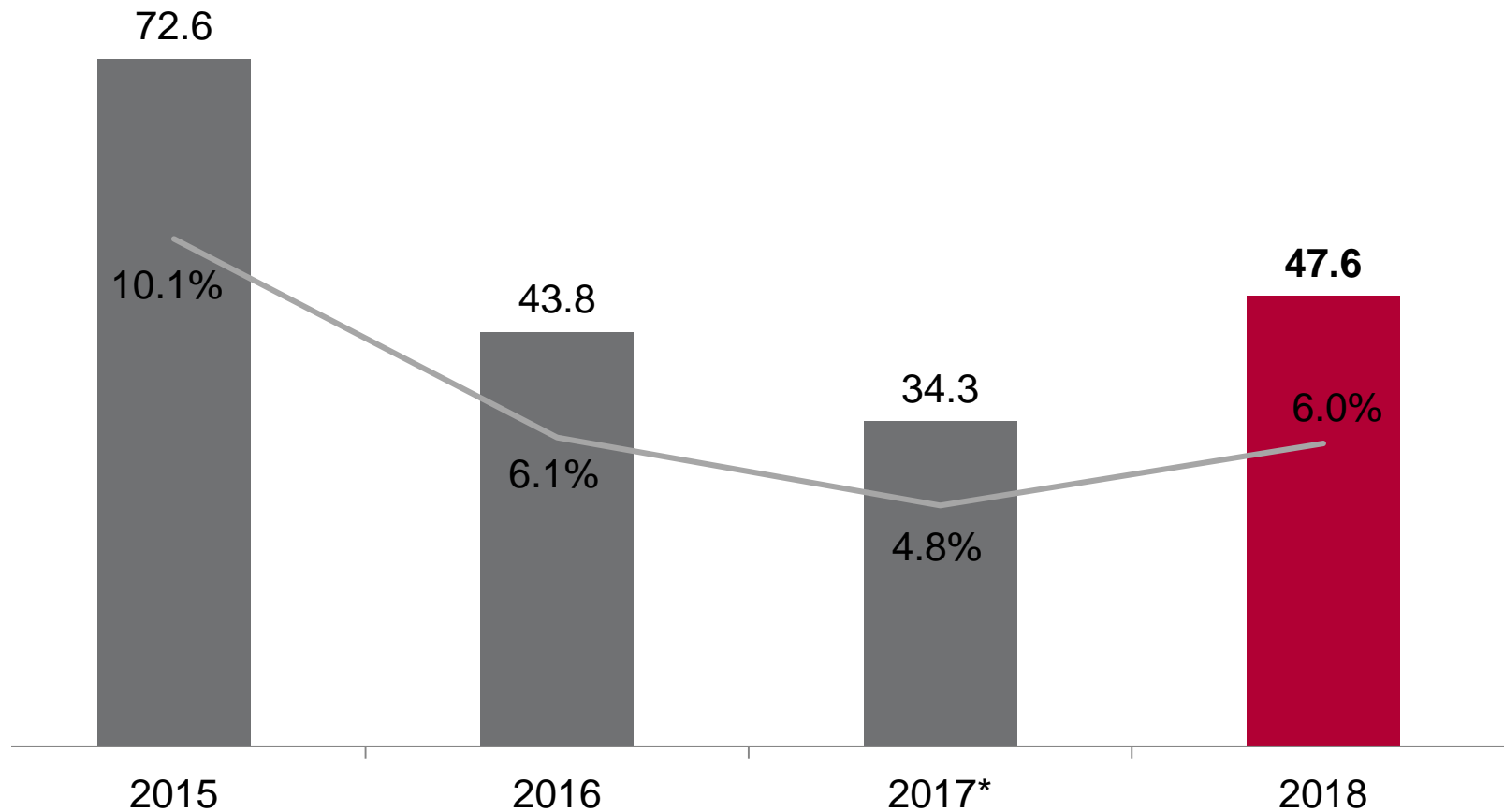
1. Revenue defined as sales revenue plus change in inventories; figures include sales revenue with other segments
2. \*2017: Adjusted base on new IFRS 15



■ Germany ■ Rest of Europe ■ Americas ■ Asia

1. Revenue defined as sales revenue plus change in inventories

[m€]

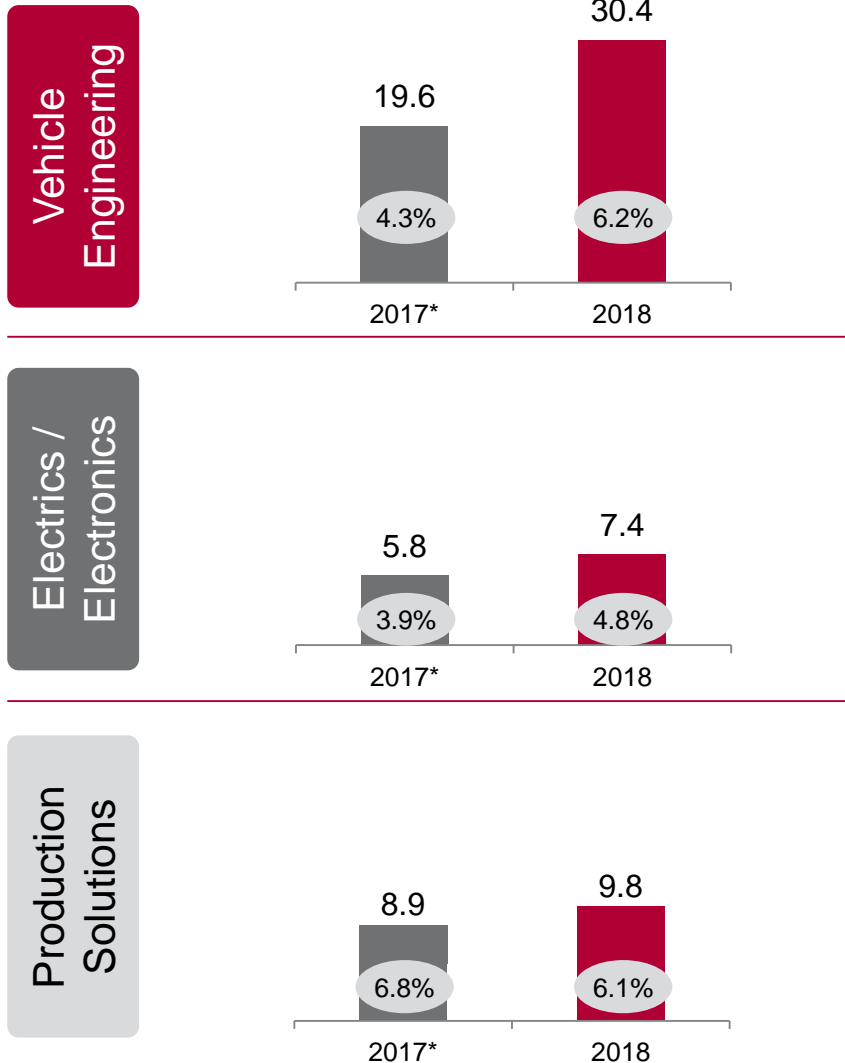


1. Adj. for one-offs (purchase price allocation, consolidation effects, M&A costs, restructuring costs, proceeds from real estate sales, a. o.)
2. \*2017: Adjusted base on new IFRS 15

# Adjusted EBIT by Segment <sup>(1)</sup>



## Adjusted EBIT [m€]

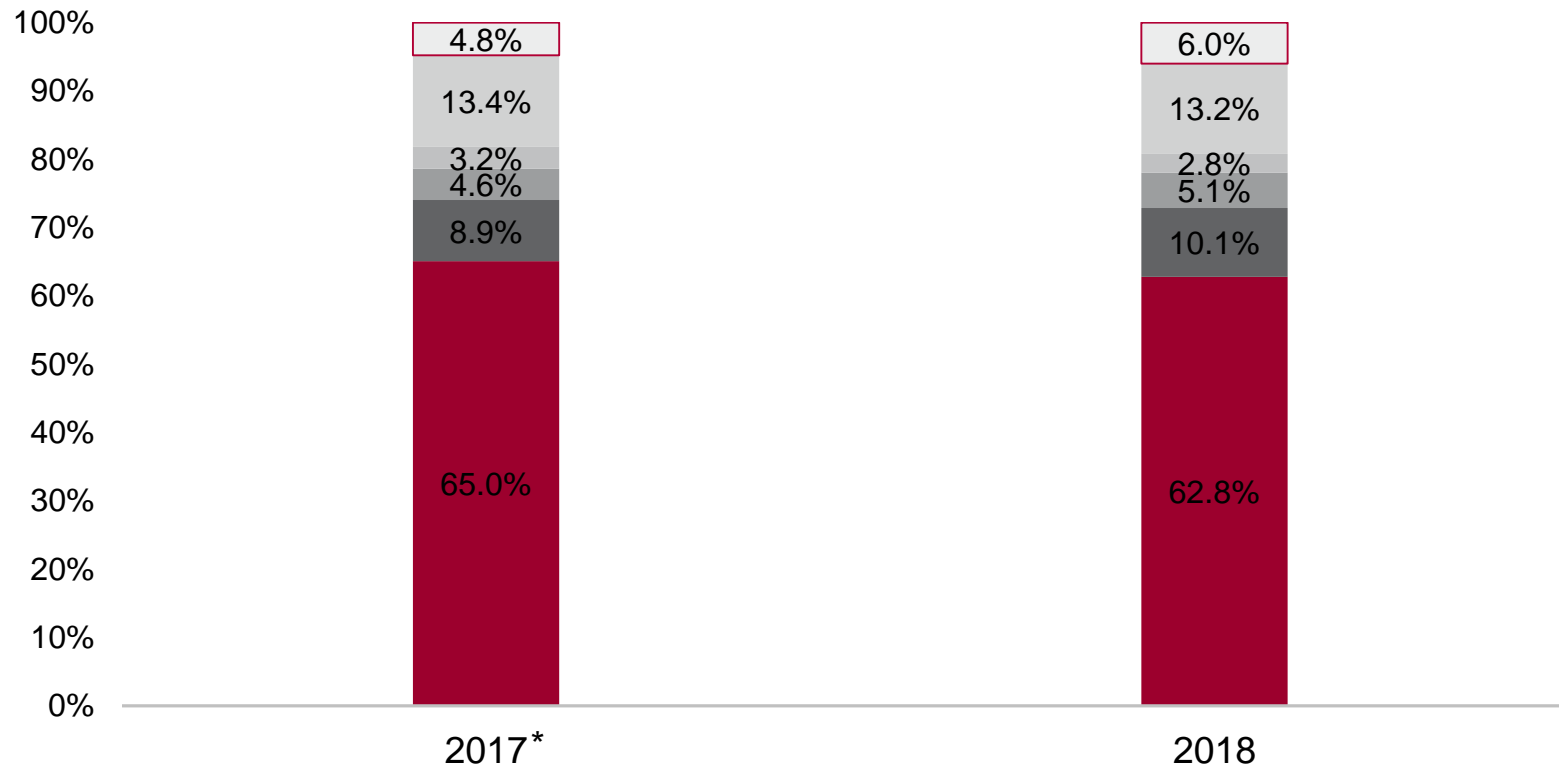


1. Adj. for one-offs (purchase price allocation, consolidation effects, M&A costs, restructuring costs, proceeds from real estate sales, a. o.)
2. \*2017: Adjusted base on new IFRS 15

x.x% Adj. EBIT-Margin



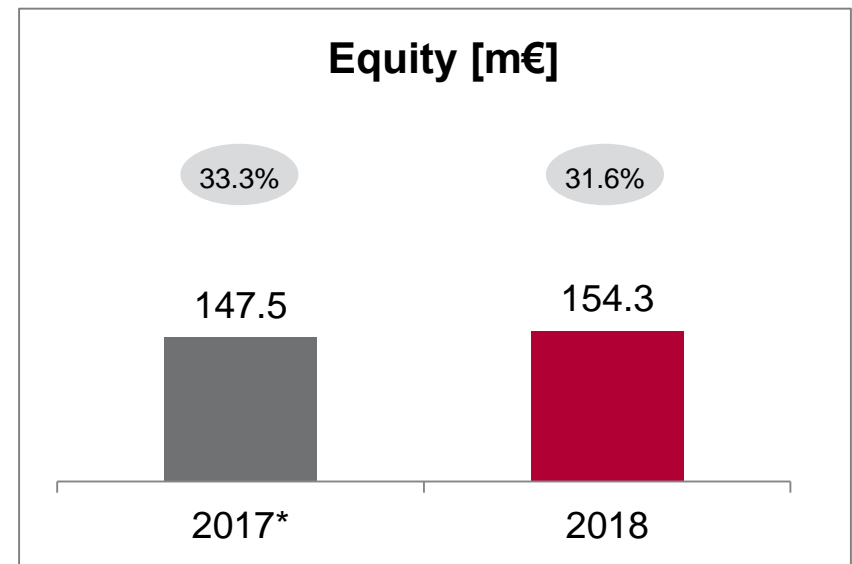
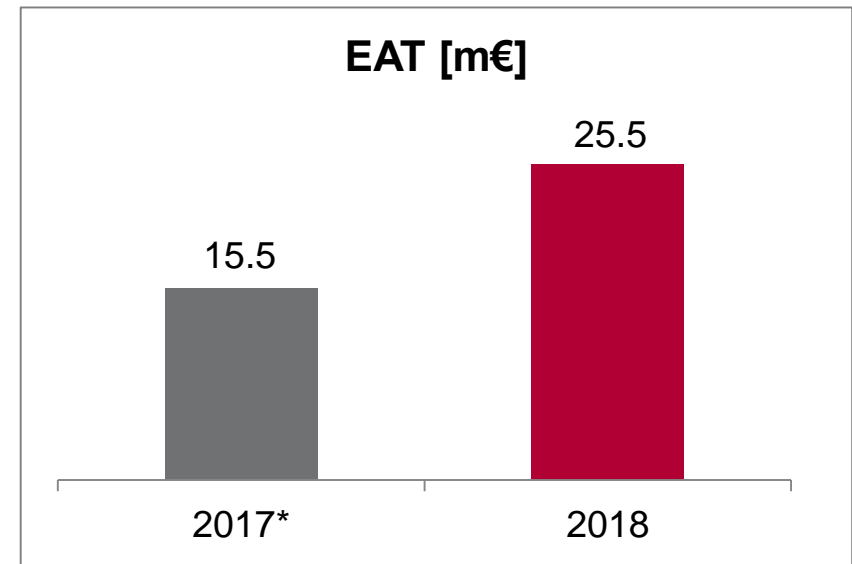
## Total cost structure breakdown (as % of revenue)



- Adjusted EBIT
- Net other expenses (1)
- Depreciation (2)
- Material expenses (raw materials)
- Expenses for external services
- Personnel expenses

1. \*2017: Adjusted base on new IFRS 15  
 2. Defined as other expenses net of other income plus all EBIT adjustments other than PPA amortization  
 3. Excluding PPA amortization  
 Slide 14

- Increase of EAT to 25.5 m€
  - EPS up by 64% to 1.02 EUR
  - Effective Tax ratio 33.1%
  
- Equity slightly up to 154.3 m. EUR
- Equity ratio at 31.6%



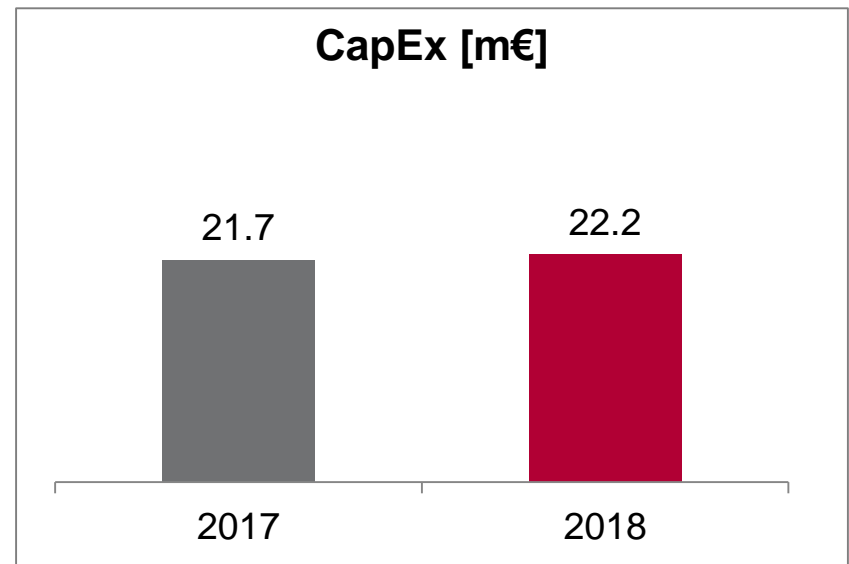
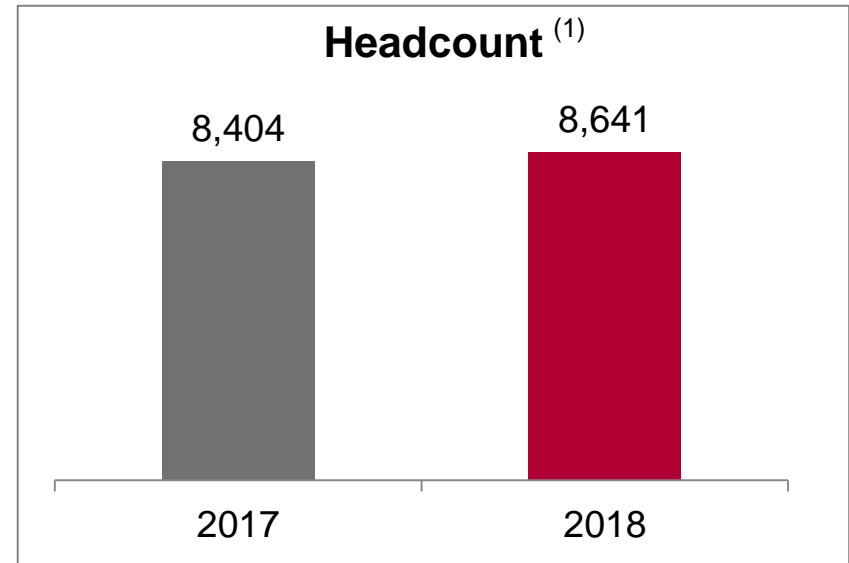
x.x% Equity / Balance Sheet total

\*2017: Adjusted base on new IFRS 15

- Headcount increased by 237 employees

- Slight increase in CapEx

- CapEx levels at 2.8% of revenues

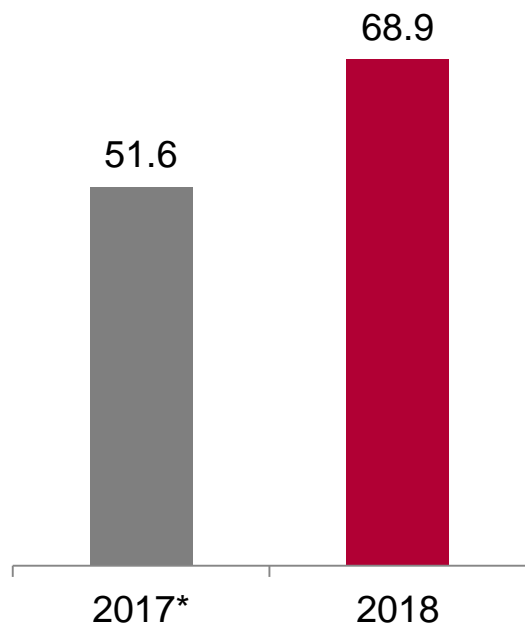


1. As of December 31<sup>st</sup>; including Trainees and work-study students

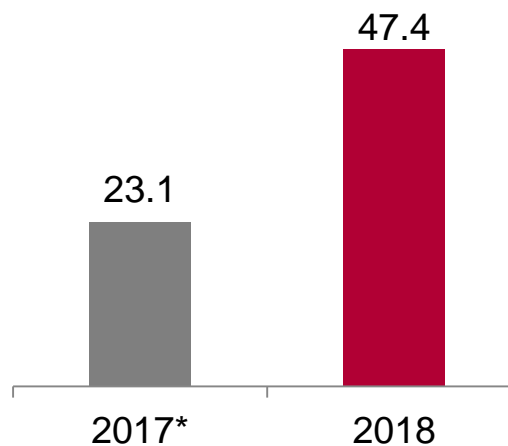
# Cash Flow and Adjusted Cash Conversion



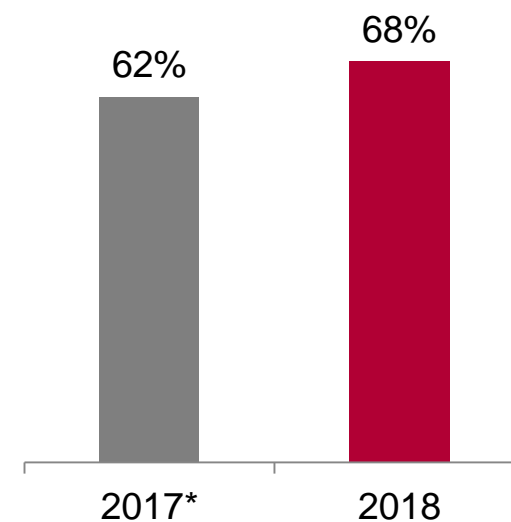
## Operating CF [m€]



## Free CF [m€]



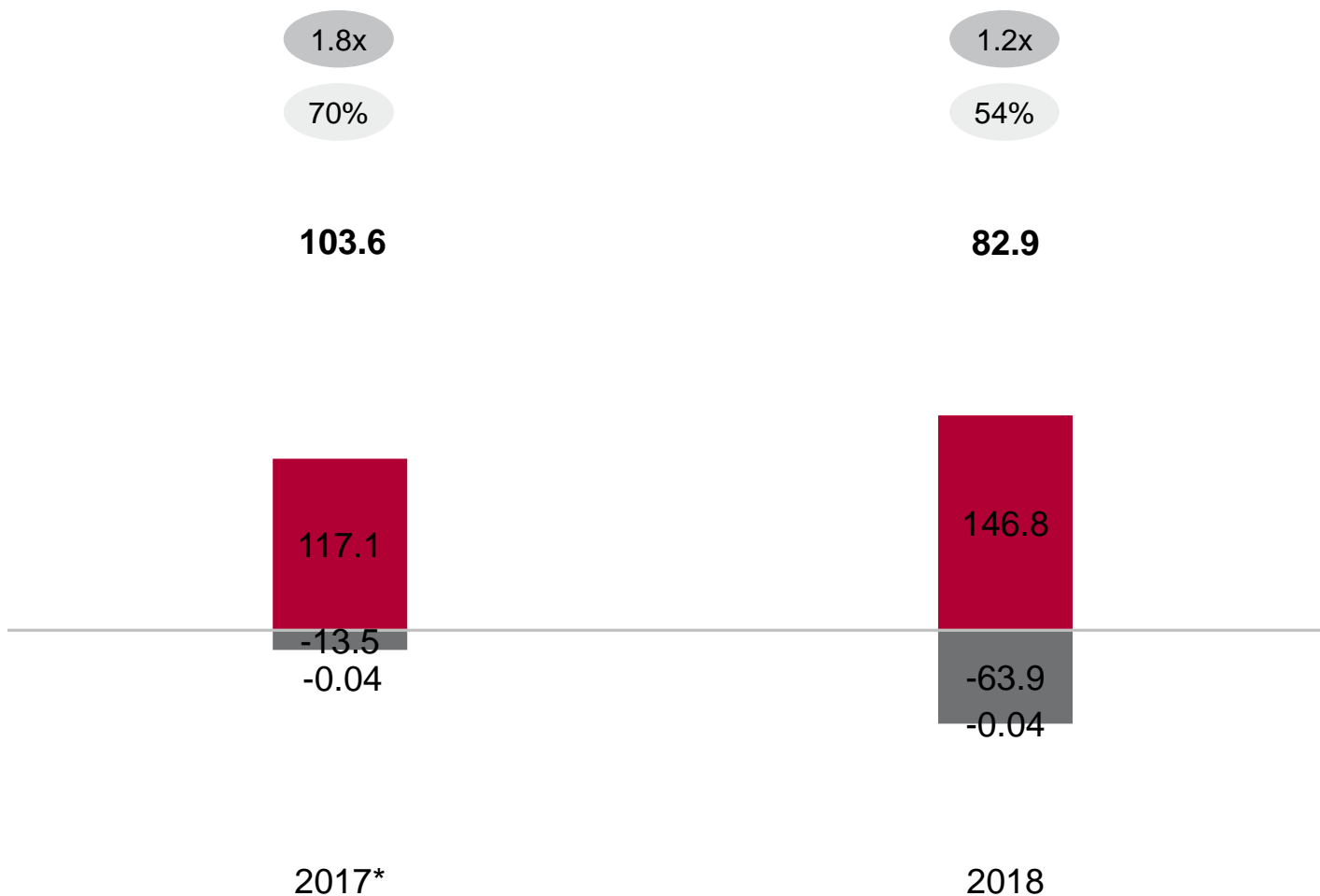
## Adj. Cash Conversion<sup>(1)</sup>



\*2017: Adjusted base on new IFRS 15

1. Adj. Cash Conversion = (Adj. EBITDA - Capex) / Adj. EBITDA; Adj. EBITDA = Adj. EBIT plus D&A less PPA-related D&A

## Net financial debt [m€]



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

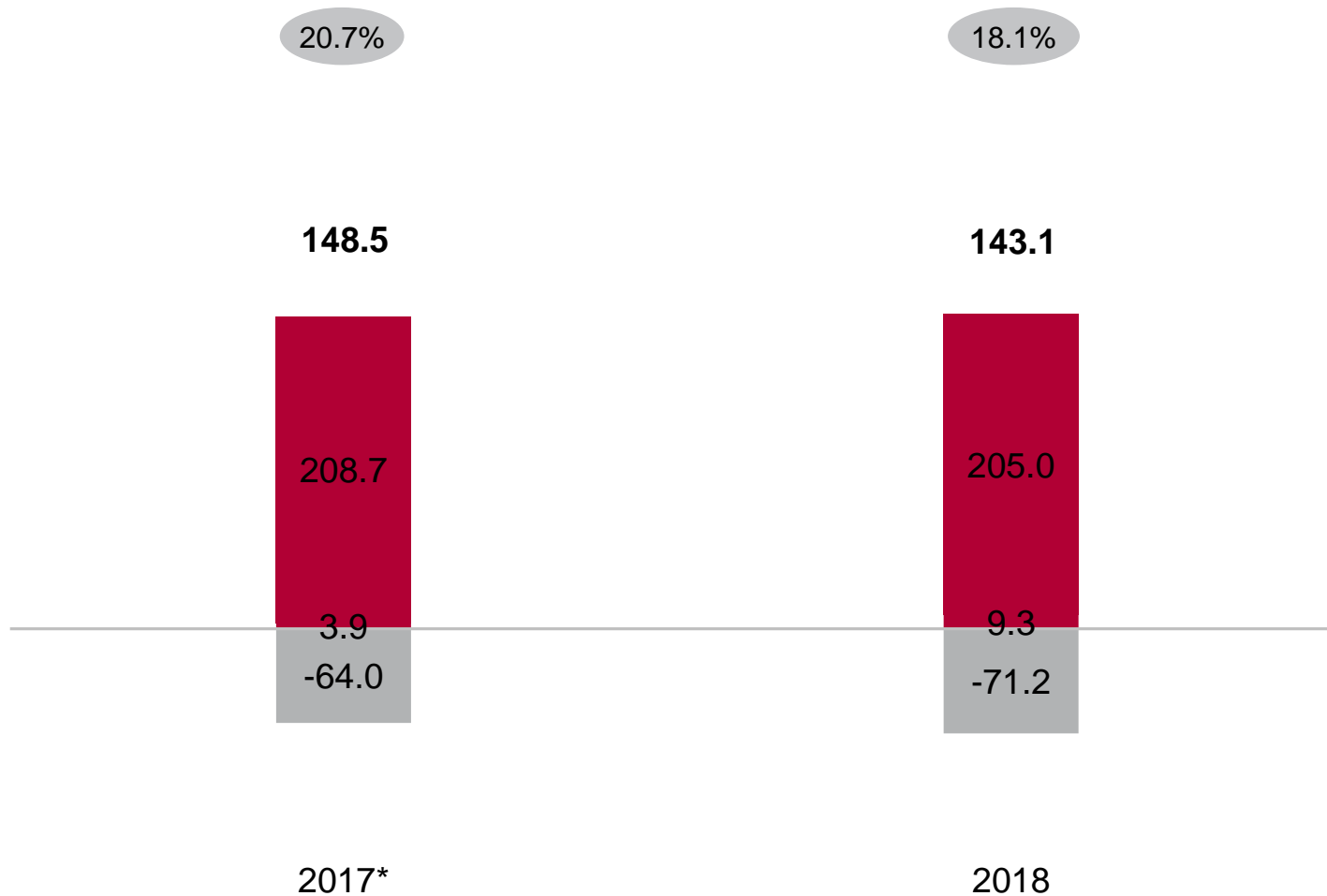
x Net financial debt / Adj. EBITDA

x Net Gearing

\*2017: Adjusted base on new IFRS 15



## Trade Working Capital [m€]






■ Trade receivables ■ Inventories ■ Trade payables

○ % Trade Working Capital as % of revenue




\*2017: Adjusted base on new IFRS 15

- IFRS 16 (Leases) is effective from January 1<sup>st</sup>, 2019.
- Substantial impacts on EDAG's financial reporting expected.
- Effects on P&L and Balance sheet calculated as follows:

## P&L

- Adjusted EBIT: 
- Interest costs: 
- EAT: 

## Balance sheet

- Overall scope: 
- Equity ratio: 
- Financial debt: 

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## ESP Market offers opportunities for further growth

- World Economy is projected to grow at a rate of 3.5% in 2019 and 3.6% in 2020.
- Automotive sales are expected to grow at a rate of 1% in 2019.  
Mid-term, automotive R&D budgets are further growing due to technological change.
- Established OEMs are shifting R&D budgets from classic engineering into new fields.  
Increased cooperation between OEM, suppliers and ESP expected.  
In this phase project delays may occur.
- ESP market with a projected CAGR of 4.6% until 2022 remains positive and intact, mid-term.
- Overall outsourcing to ESP is expected to grow mid-term, but pricing remains under pressure.
- We expect the first half of 2019 to be challenging, especially in the PS segment.

- For the full year 2019, we expect revenues to grow up to 5% and an adjusted EBIT-margin of approximately 5-7%.

in € million	2018	Forecast 2019 <sup>1)</sup>
<b>Group</b>		
Revenues	792.3	Increase of up to 5 percent
adjusted EBIT-margin	6.0%	Range of 5 to 7 percent
Investment rate	2.8%	Range of 2,8 to 4 percent
<b>Vehicle Engineering</b>		
Revenues	490.3	Increase of up to 5 percent
adjusted EBIT-margin	6.2%	Range of 5 to 7 percent
<b>Production Solutions</b>		
Revenues	159.2	Very significant deterioration
adjusted EBIT-margin	6.1%	Significantly below
<b>Electrics / Electronics</b>		
Revenues	155.5	Significant increase
adjusted EBIT-margin	4.8%	Range of 5 to 7 percent

1)

"Significant" refers to a percentage change of more than eight percent.

"Very significant" refers to a percentage change of more than fifteen percent.

"Significantly below " means a margin of less than two percent



# Questions / Answers





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