

## Press Releases

### COST-CUTTING PROGRAM AND NEW BUSINESS ON THE ORDER BOOKS LEND PREH A HIGH DEGREE OF STABILITY EVEN IN THE CRISIS

In 2019 on growth path despite difficult environment – robustly positioned for the 2020 crisis

Bad Neustadt a. d. Saale. Preh GmbH maintained its growth path even in the difficult industry environment of the 2019 financial year. Against the declining market trend, the specialist for driver control systems and e-mobility control units was able to hold its own and increase its sales by 14% to around EUR 1.5 billion (2018: EUR 1.32 billion), setting a new record in the company's 100-year history. The automotive supplier increased the value of orders received by 18% year-on-year to around EUR 1.6 billion in 2019. New business orders totaling EUR 3.5 billion further consolidated the growth path.

On the other hand, increased customer requirements to make savings, higher material costs, and problems with difficult product launches, as well as high growth-related investments, had a negative impact on Preh's profitability. The operating result (EBITDA) amounted to EUR 174.4 million, well above the previous year's figure of EUR 134.3 million. However, it should be borne in mind that the result includes the special effect of the intra-group sale of Preh Car Connect GmbH (PCC), Dresden, on the end-of-year result. In order to increase the company's competitiveness and profitability, Preh's management launched a cost-reduction program of EUR 47 million at the end of 2019, which among other things resulted in cutting around 80 jobs at the Bad Neustadt headquarters. After an initial success in 2020, business development since March has been increasingly shaped by the measures to contain the coronavirus pandemic. All the Preh Group's plants have been gradually shut down and the German sites in Bad Neustadt and Dippach have been on short time since the end of March. In addition, the Preh Group's entire management have said that in response to the Corona crisis, they are prepared to waive 20% of their salary until a return to 90% of the planned utilization. Since the beginning of May, the Preh Group has been gradually ramping up production again.

Dr. Michael Roesnick, who is acting as President and CEO on an interim basis, said at the presentation of the 2019 balance sheet figures: "At the end of 2019, we adapted to the market situation, which was already strained before the coronavirus, by beginning a comprehensive cost-cutting program. Together with the sale of PCC to our Chinese parent company Joyson, we were able to put the company onto a much more robust footing financially. In the current crisis, we are benefiting from the fact that we did our homework on time and now enjoy a much-improved cost basis. However, the corona pandemic is far deeper than the impact of the 2008/2009 financial crisis, so we have to maintain tight cost discipline and continue tight controls over our expenditure. Nevertheless, I am convinced that with our typical team spirit and our great strength in innovation, we shall also overcome this crisis."

10-year growth phase cost us a lot

Preh had already returned to dynamic growth in 2010 after overcoming the financial crisis of 2008/2009. While sales in 2010 amounted to EUR 352 million, the company generated revenues of EUR 1.5 billion in 2019. The number of employees has also risen steadily since 2010 – from 2,470 to almost 8,100 in 2019 (7,160 excluding PCC, which was sold at the end of 2019). However, profitability could not keep pace with the high sales growth. In order to ensure the company's competitiveness, Preh had to cut jobs again for the first time since 2009. At the beginning of 2020, around 80 jobs had to go in Bad Neustadt. Currently, 1,781 staff are employed at the headquarters. At the end of 2019, the number of employees in Bad Neustadt was 1,831.

#### Growth in both HMI and e-mobility

Preh has reason to be optimistic about the future, despite the current coronavirus pandemic and the generally high cost pressures. With an increase of 17%, the traditional HMI business even showed above-average growth in 2019. The comparatively new e-mobility division continued to develop positively as sales nearly doubled, rising by 96%. This underlines Preh's strong market positioning. With innovative technologies such as active haptic feedback and integrated touchpad solutions, as well as boosters and on-board chargers, Preh is well positioned for new developments in cockpit design, as well as in electromobility.

In addition, Preh has recently put prestigious orders into production again, with Preh supplying several on-board systems for the Porsche Taycan. In addition to the control unit in the center console and the climate control system in the rear, the high-voltage booster and the DC converter are also made by Preh.

#### No serious forecast for 2020 possible – “drive by sight”

Interim CEO Dr. Michael Roesnick does not believe that business development forecasts for the 2020 full year make much sense at the moment: “At the moment we can only “drive by sight” and have to react flexibly to our customers' requirements. We recorded a 9% fall in sales in the first quarter of 2020, but then suffered a 70% drop in April due to the lockdown. However, a noticeable recovery is emerging for May and I am confident that we will see a gradual normalization of orders from June.”

At the beginning of June, one month earlier than originally planned, the new CEO, Dr. Stephan Weng, will also take up his position at Preh. “In Dr. Weng, we have been able to gain an outstanding automotive expert with a high level of technical know-how and in-depth management experience for the CEO position,” said Dr. Roesnick. “I look forward to working with Dr. Weng during the orientation phase in June, but then it will be time for me to let go and leave the bridge to my younger colleague. However, after a total of 20 years as Managing Director and Member of the Supervisory Board, I will always feel connected to this great company.”