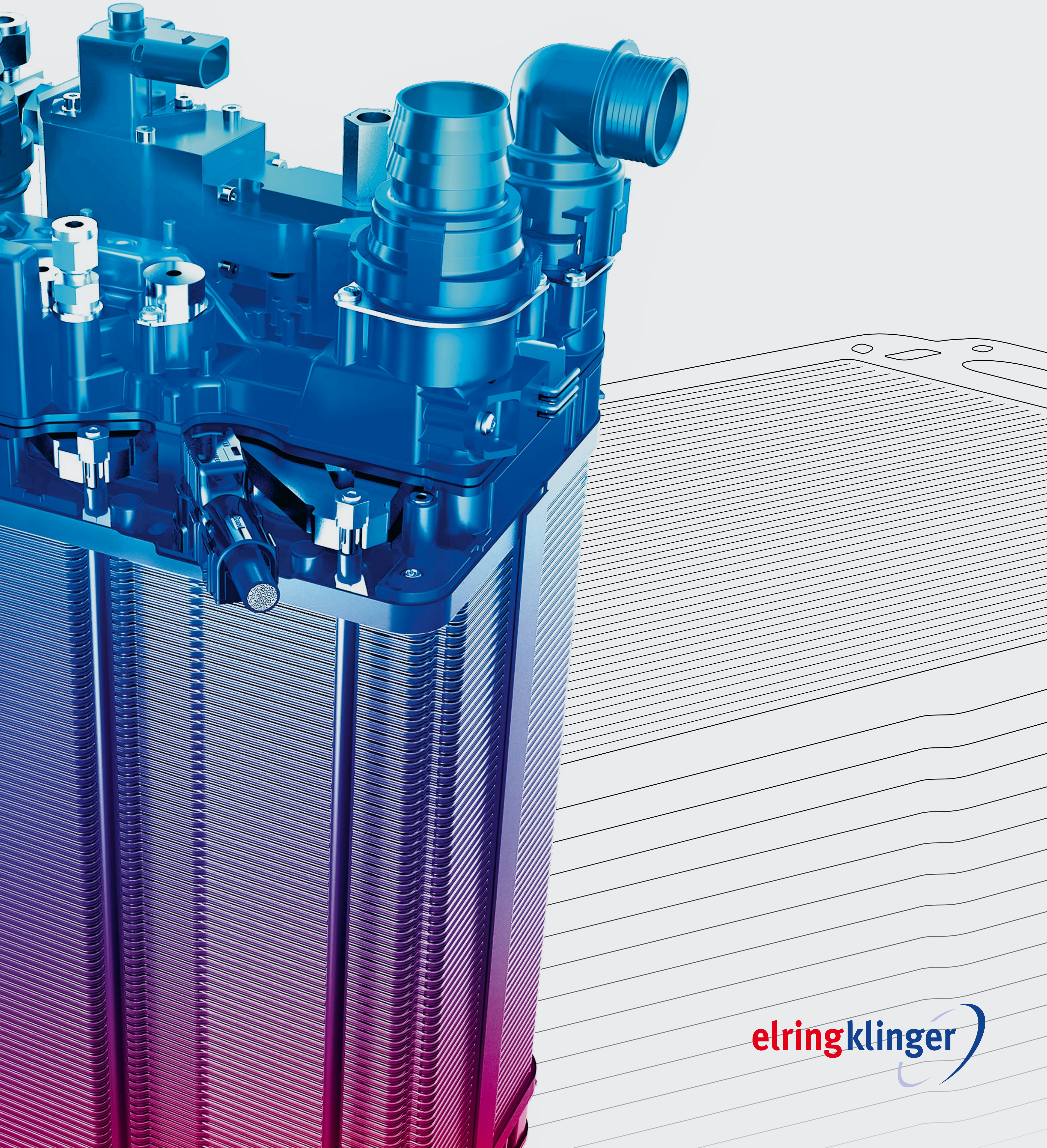
REPORT ON THE 1ST QUARTER 2020



elringklinger

Key figures

ElringKlinger Group

		1st Quarter 2020	4th Quarter 2019	3rd Quarter 2019	2nd Quarter 2019	1st Quarter 2019
Order Situation						
Order intake	€ million	354.9	381.5	437.6	419.8	498.3
Order backlog	€ million	989.0	1,030.3	1,068.7	1,063.0	1,077.3
Sales/Earnings						
Sales revenue	€ million	396.2	419.9	431.9	434.1	441.1
Cost of sales	€ million	308.4	358.1	340.1	348.0	355.5
Gross profit margin		22.2%	14.7%	21.3%	19.8%	19.4%
EBITDA	€ million	45.8	57.4	49.8	39.0	34.8
EBIT/Operating result	€ million	16.0	24.3	20.3	10.2	6.4
EBIT margin		4.0%	5.8%	4.7%	2.3%	1.5%
Earnings before taxes	€ million	6.2	19.5	15.3	1.5	5.4
Net income	€ million	1.6	7.6	7.2	-8.7	-1.1
Net income attributable to shareholders of ElringKlinger AG	€ million	2.0	7.5	6.7	-8.6	-1.5
Cash flow						
Net cash from operating activities	€ million	12.8	87.7	58.8	119.4	11.7
Net cash from investing activities	€ million	-16.4	-1.7	-28.5	-22.0	-32.2
Net cash from financing activities	€ million	-26.5	-56.8	-12.5	-72.1	37.6
Operating free cash flow[1]	€ million	-2.2	65.7	30.8	98.6	-19.3
Balance Sheet						
Balance sheet total	€ million	2,091.4	2,146.5	2,199.3	2,174.1	2,207.1
Equity	€ million	872.4	891.2	895.5	885.2	902.0
Equity ratio		41.7%	41.5%	40.7%	40.7%	40.9%
Net debt[2]	€ million	603.1	595.3	681.5	699.9	795.5
Human Resources						
Employees (as at end of quarter)		10,373	10,393	10,492	10,411	10,485
Stock						
Earnings per share	€	0.03	0.12	0.11	-0.14	-0.02

[1] Net cash from operating activities minus net cash from investing activities (excluding M&A activities and excluding investments in financial assets)

[2] As from FY 2020 reduced by time deposites and current securities

Q1 2020 in brief

- **Group revenue** falls by 10.2% to EUR 396.2 million (Q1 2019: EUR 441.1 million), while automobile production slumps by 23.0%;
  decline in revenue in Asia and Europe, sustained growth in North America;
  E-Mobility division stable; Aftermarket business with substantial gains

- **Group EBIT** improves to EUR 16.0 million (Q1 2019: EUR 6.4 million), despite downturn in revenue; EBIT margin rises to 4.0%;
  Group-wide program to raise efficiency levels as well as optimization measures at North American sites take effect

- **Net debt** of EUR 603.1 million at level of December 31, 2019, and well below figure recorded in Q1 2019 (Mar. 31, 2019: EUR 795.5 million);
  net debt ratio improves further to 3.1

- **Net cash from operating activities** up slightly to EUR 12.8 million (Q1 2019: EUR 11.7 million);
  operating free cash flow at EUR -2.2 million (Q1 2019: EUR -19.3 million);
  disciplined approach to investment continues; liquidity remains high

- Global automobile markets collapse in wake of coronavirus pandemic;
  order intake falls by 28.8% to EUR 354.9 million (Mar. 31, 2019: EUR 498.3million); order backlog declines by 8.2% to EUR 989.0 million (Mar. 31, 2019: EUR 1,077.3 million)

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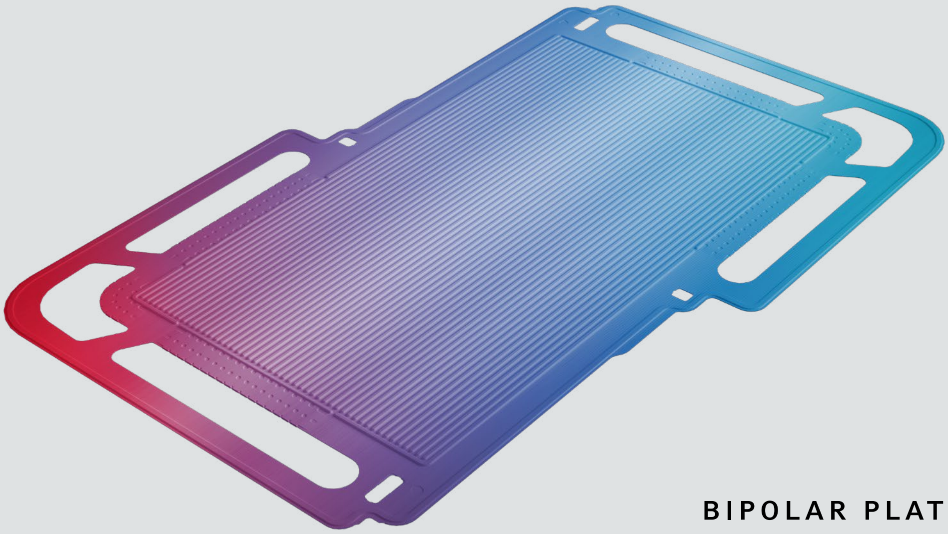


BIPOLAR PLATE

The image shows a metallic bipolar plate, which is a core element within the fuel cell system. Layered in stacks, bipolar plates provide the hydrogen and oxygen supply to the cells and distribute the coolant. Find out more in the article entitled »Cell growth« in our magazine »pulse«.

Macroeconomic Conditions and Business Environment

Global economy paralyzed by coronavirus

The world economy came under severe pressure towards the end of the first quarter of 2020 as the coronavirus pandemic tightened its grip. At the beginning of the year, growth had initially remained subdued. In January, the United States and China signed a "phase one" trade deal, thereby raising hopes of a possible de-escalation of trade disputes. The aim was to alleviate the strain on world trade caused by further import restrictions such as customs duties. The market for crude oil saw a substantial decline in prices. Other risk factors included geopolitical tensions, particularly with regard to the situation in Iran and the Middle East. What had already been a loose monetary policy adopted by central banks took on historic proportions as support measures to counteract the effects of the coronavirus crisis were put in place.

From mid-February onwards, economic activity was overshadowed to an increasing extent by the global spread of the coronavirus and related containment measures initiated by governments. Originating in the Chinese province of Hubei, the virus spread rapidly from January 2020 onwards – first in China and then globally.

Governments took far-reaching measures to protect the population with the aim of slowing down the spread of the virus and preventing an overload of their health care systems. Many countries imposed quarantine measures, social distancing or curfew restrictions, travel bans, and border and shop closures, which immediately triggered a global slump in demand across many industries. In China, the situation returned to normal from February onwards, as new infections declined according to official figures. On the back of this, Chinese economy began to recover again from March onwards. Europe and the United States were enveloped by the wave of infection at a later stage. As a result of government measures, industrial companies also temporarily closed down their plants and domestic demand collapsed.

In order to limit the immediate damage to the economy, governments offered aid packages, while central banks intervened with additional bond purchases and interest rate cuts. The US government launched a USD 2,000 billion rescue package and the German government plans to provide aid in the amount of EUR 750 billion. The European Central Bank (ECB) announced a EUR 750 billion bond purchase program for government and corporate bonds.

Global slump in automobile demand and production

Having already suffered declines in the first two months due to the economic slowdown in Europe, India, and Japan, vehicle markets were hit hard by the impact of the coronavirus pandemic. Car buyers postponed their purchases, prompted also by the high level of uncertainty, while car dealers were forced to close their showrooms in many regions. On the production side, companies were faced with disruptions

GDP growth projections

Year-on-year change in %	3rd quarter 2019	4th quarter 2019	1st quarter 2020[1]
Germany	0.6	0.5	-1.2
Eurozone	1.3	1.0	-2.0
USA	2.1	2.3	-0.3
Brazil	1.2	1.7	-3.4
China	6.0	6.0	-5.5
India	5.1	4.7	2.0
Japan	1.7	-0.7	-1.8

Source: HSBC (April 2020)
[1] Forecast

Production Light Vehicles

Region	Year-on-year-change
Europe[1]	-19%
China[2]	-46%
Japan/Korea	-10%
Middle East/Africa	-22%
North America	-10%
South America	-17%
South Asia	-18%
World	**-23%**

Source: IHS (April 2020)
[1] Excl. Russia
[2] Greater China

to the movement of goods. Extended plant shutdowns as part of New Year celebrations in China as well as operational interruptions at numerous manufacturing facilities in Europe and North and South America led to a substantial decline in vehicle production.

The Chinese market was hit particularly hard in February, while the effects of the pandemic on European and North American markets were not felt until the second half of March.

Significant Events

Interruptions to production after pandemic outbreak

In the wake of the coronavirus pandemic, the Chinese plants operating within the ElringKlinger Group saw extended New Year vacations and closures during the first quarter of 2020. In the second half of March, the Group also experienced production interruptions elsewhere, primarily at its European and North American plants, but also at the sites in Brazil, India and South Africa.

Sales and Earnings Performance

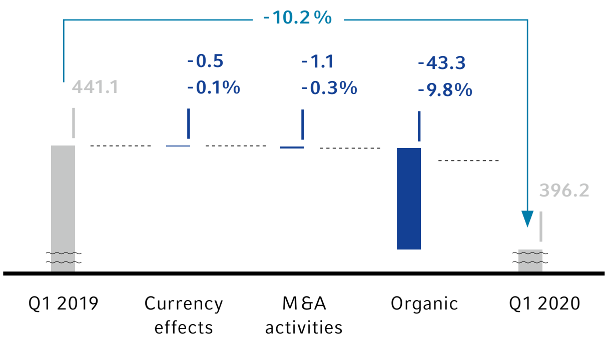
Revenue impacted by market weakness and coronavirus pandemic

In the first quarter of 2020, revenue fell by 10.2% year on year to EUR 396.2 million (Q1 2019: EUR 441.1 million). The decline in revenue followed on from the anticipated economic slowdown that had become apparent in the fourth quarter of 2019. In addition, the initial economic repercussions of the coronavirus pandemic in China were seen in mid-February, as a result of which global vehicle production fell markedly by 23.0% in the quarter under review. Exchange rate movements had heterogeneous effects on the quarter under review: while the US dollar and the Swiss franc appreciated significantly, the translation of the Mexican peso and the Brazilian real into the Group currency, the euro, above all had a negative impact, diluting Group revenue by EUR 0.5 million or 0.1%. Furthermore, revenue in the period under review trended lower by EUR 1.1 million or 0.3% due to the deconsolidation of the industrial park in Hungary in the fourth quarter of 2019. Excluding currency effects and M&A activities, organic Group revenue was down by 9.8%. On the basis of global vehicle production (-23.0%), ElringKlinger thus outperformed the industry as a whole by 13.2 percentage points.

North America remains only region with revenue growth

The severe downturn in global vehicle production during the first quarter of 2020 was reflected in declining sales revenue within the majority of regions covered by ElringKlinger. By contrast, on the back of a strong performance during

Factors influencing Group revenue
in EUR million



fiscal 2019 the region encompassing North America again managed to grow by 4.1% to EUR 105.8 million (Q1 2019: EUR 101.6 million). This expansion was driven in part by a strong US dollar, but having adjusted for currency effects, growth still stood at 3.3%. The increase in revenue is all the more significant when viewed against the backdrop of a 10.3% fall in vehicle production within the sales region of North America. As a result of last year's significant growth, North America, now the second strongest sales region, increased its share of Group revenue from 23.0% to 26.7% in the twelve-month period.

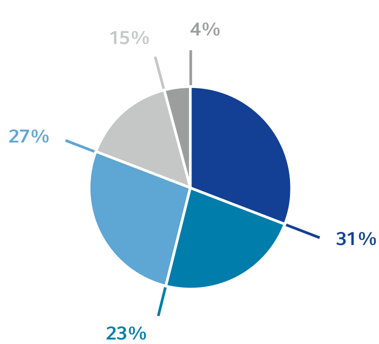
In Europe, as in Germany, the slowdown in the economy was also reflected in sales performance. In total, the Group saw revenues drop by EUR 30.0 million year on year. About half of this was attributable to the Rest of Europe (excluding Germany), where revenues declined from EUR 137.8 million in the first quarter of 2019 to EUR 122.5 million in the quarter under review. In Germany, revenues fell by EUR 14.7 million, or 13.8%, to EUR 91.9 million (Q1 2019: EUR 106.6 million) in the period under review.

In the region encompassing Asia-Pacific, the economic effects of the coronavirus pandemic were reflected in the performance of the first quarter of 2020. They are associated with extended New Year vacations, plant closures, and related temporary production cutbacks at automobile manufacturers and suppliers that were implemented in mid-February 2020 – first in China and then in other parts of Asia. This also largely explains the decline in revenue for the ElringKlinger Group, which saw sales in Asia-Pacific fall by EUR 16.3 million in total to EUR 58.9 million (Q1 2019: EUR 75.2 million). Adjusted for currency effects, the year-on-year reduction was slightly higher at EUR 16.6 million.

In South America and the Rest of the World, meanwhile, revenues were down by EUR 2.7 million to EUR 17.1 million (Q1 2019: EUR 19.8 million) in the first quarter of 2020. Adjusted for currencies, they fell by just EUR 0.7 million.

Overall, business within the international markets continues to gain in importance for ElringKlinger. In this context, the Group saw its share of revenue generated abroad increase by 1.0 percentage point to 76.8% in the period under review (Q1 2019: 75.8%).

Group sales by region 1st quarter 2020



	in EUR million	(previous year)
Rest of Europe	**122.5**	(137.8)
Germany	**91.9**	(106.6)
North America	**105.8**	(101.6)
Asia-Pacific	**58.9**	(75.2)
South America and Rest of the World	**17.1**	(19.8)
Group sales	**396.2**	(441.1)

Revenue shortfalls in many Original Equipment divisions

Revenue generated from sales within the Original Equipment segment fell by EUR 47.5 million to EUR 313.2 million (Q1 2019: EUR 360.7 million) in the quarter under review. At a divisional level, revenue attributable to the Lightweighting/Elastomer Technology division was substantially lower. In this context, the downturn was mainly seen within the area of engine-related components, whereas demand for innovative lightweight structural modules was only slightly lower year on year. The other long-standing divisions of Shielding Technology, Cylinder-head Gaskets, and Specialty Gaskets also recorded a downturn in revenue due to the current weakness of the global vehicle market. Only the E-Mobility division managed to emulate its prior-year performance with revenues of EUR 6.4 million (Q1 2019: EUR 6.4 million).

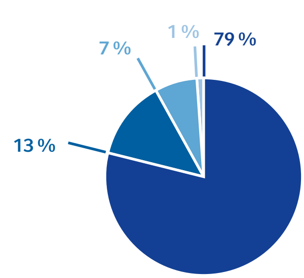
The segment result, which had been adversely affected by US anti-dumping and countervailing duties as well as high levels of capacity utilization at the North American plants in the first quarter of 2019, improved by EUR 5 million to EUR -0.3 million (Q1 2019: EUR -5.3 million) in the period under review, despite a significant reduction in revenue. This was attributable, among other things, to optimized cost structures at the North American sites, as a result of which the local companies saw a marked improvement in earnings in the first quarter of 2020. Additionally, the program introduced throughout the Group in 2019 for the purpose of raising efficiency levels also had a positive impact on EBIT generated by the ElringKlinger Group. Overall, almost all divisions managed to improve their bottom-line results compared to the previous year, in some cases significantly.

Among other things, the E-Mobility division, an area of strategic importance to the future that encompasses components, modules, and systems centered around battery and fuel cell technology as well as electric drive units, incurred expenses relating to the installation of a new battery production line at the site in Thale during the first quarter. In addition, further production capacities were built up in the UK and Germany in the field of electric drive units, with the result that the E-Mobility segment posted negative earnings before interest and taxes in the first quarter of 2020.

Strong earnings performance for Aftermarket segment in first quarter

The Aftermarket segment made an impressive start to the 2020 financial year with substantial revenue growth as early as January. Eastern Europe and the Middle East, in particular, saw a marked increase in quarterly revenues, whereas Western Europe failed to match its strong prior-year figures. With the production restrictions in place for automobile manufacturers and suppliers in China as an essential response to the coronavirus pandemic in February 2020, the Aftermarket segment showed the first signs of an increase in volumes requested by customers as part of their production scheduling, which was due to some extent to the demand-side optimization of inventories. Following the global spread of the virus and the associated measures taken in the various countries, this trend intensified, with the result that revenues also rose significantly in March 2020. In total, the Group managed to expand its revenue from sales in the Aftermarket segment by 17.0% to EUR 52.3 million (Q1 2019: EUR 44.7 million).

Group sales by division 1st quarter 2020



	in EUR million	(previous year)
Original Equipment	**313.2**	(360.7)
Lightweighting/Elastomer Technology	**108.1**	(124.9)
Shielding Technology	**83.8**	(99.1)
Specialty Gaskets	**72.6**	(80.5)
Cylinder-head Gaskets	**39.9**	(47.0)
E-Mobility	**6.4**	(6.4)
Exhaust Gas Purification	**2.4**	(2.5)
Others	**0.0**	(0.3)
Aftermarket	**52.3**	(44.7)
Engineered Plastics	**28.9**	(32.2)
Others	**1.8**	(3.5)

This substantial growth also had a positive impact on segment EBIT, which rose by 75.3% to EUR 12.8 million (Q1 2019: EUR 7.3 million) in the first quarter of 2020. The disproportionately large increase in relation to revenue growth is attributable not only to forward momentum in sales but also to a disciplined approach to costs within the Group as well as a favorable product-country mix in the period under review. The segment EBIT margin was 24.5% (Q1 2019: 16.3%).

Downturn in revenue for Engineered Plastics segment

The Engineered Plastics segment also felt the persistent market malaise in Europe as well as the first effects of the coronavirus pandemic in Asia. As a result, segment revenue fell by 10.2% to EUR 28.9 million (Q1 2019: EUR 32.2 million) in the quarter under review.

Despite consistently strict cost management, Engineered Plastics was not able to compensate for the impact of lower revenue on earnings. As a result, segment EBIT declined by 14.6% to EUR 3.5 million (Q1 2019: EUR 4.1 million) in the first quarter of 2020. The EBIT margin in this segment stood at 12.1% (Q1 2019: 12.7%).

Services and Industrial Parks now combined within segment classified as Others

As from January 1, 2020, the segments formerly referred to as "Services" and "Industrial Parks" have been combined within the segment classified at "Others." The new segment consists primarily of Elring Klinger Motortechnik GmbH, ElringKlinger Logistic Service GmbH, and the industrial park in Idstein. Revenue fell from EUR 3.5 million in Q1 2019 to EUR 1.8 million in the period under review, while segment EBIT totaled EUR 0.0 million (Q1 2019: EUR 0.3 million). The comparative prior-year quarter had included revenue and earnings contributions from the industrial park in Hungary, which was sold in the fourth quarter of 2019.

Further reduction in headcount during Q1 2020

The extensive program aimed at efficiency improvements also had an impact on the Group's personnel policy at home and abroad. At 10,373, the headcount as of March 31, 2020, was largely unchanged compared to the figure posted for December 31, 2019 (10,393 employees). Compared with the previous year's reporting date (10,485 employees), however, the headcount was significantly lower. In Europe, ElringKlinger reduced its staffing levels primarily in the United Kingdom and Switzerland during the first three months. By contrast, more expansive business within the Aftermarket segment necessitated an increase in the headcount for this area during the period under review. Within the Asian markets, meanwhile, ElringKlinger adjusted its HR capacity by a headcount of 50 compared to the same quarter a year ago. In North America, by contrast, the growth in revenue called for an increase in staffing levels by 87 in order to reduce the number of leased personnel. The headcount abroad fell to 58.3% (Mar. 31, 2019: 58.7%) as of March 31, 2020. Thus, the proportion of staff members employed at domestic facilities was 41.7% (Mar. 31, 2019: 41.3%).

Gross profit margin rises to 22 percent

In the period from January to March 2020, the cost of sales fell by 13.2% to EUR 308.4 million (Q1 2019: EUR 355.5 million). This significant downturn was attributable primarily to lower material-related expense. It fell from EUR 204.2 million in the first quarter of 2019 to EUR 159.4 million in the reporting quarter, a reduction of EUR 44.8 million. In addition to a decline in sales volumes and a significant reduction in tooling costs, lower raw material prices also contributed to the decline as the situation within commodity markets eased slightly in the reporting quarter. The price of polyamides (plastic pellets), which are used in the production of plastic housing modules, as well as the price of steel and aluminum, which ElringKlinger uses in the manufacture of gaskets and shielding products, trended lower in the period under review. Only high-grade steel prices rose slightly in the reporting quarter. In addition, the prior-year figure included so-called antidumping and countervailing duties introduced by the US government for the purpose of targeting aluminum imported from China. At the same time, the Group was able to avoid special freight movements for raw materials, which had been necessary in the previous year to safeguard delivery capabilities at the North American sites. Therefore, the cost-of-materials ratio (cost of materials in relation to revenue) fell to 40.2%, which was considerably lower than the figure of 46.3% recorded in the same quarter a year ago. As the cost of sales fell at a faster pace in relation to revenue, the gross profit margin rose to 22.2% (Q1 2019: 19.4%).

In the first quarter of 2020, staff costs incurred by the ElringKlinger Group fell to EUR 139.8 million (Q1 2019: EUR 146.5 million). The decline in costs was attributable primarily to the necessary reduction of flexitime accounts. This gave the Group the requisite flexibility in the context of the coronavirus pandemic to be able to respond rapidly to declining demand in the subsequent quarter. In total, staff costs in relation to revenue stood at 35.3% (Q1 2019: 33.2%).

Selling expenses fell by a significant EUR 4.5 million in the period from January to March 2020, down from EUR 35.9 million a year ago to EUR 31.4 million. In response to the coronavirus pandemic, ElringKlinger was quick to implement extensive travel restrictions in order to protect its employees. This had a positive impact on travel expenses. The reduction in exceptional freight movements in North America is also reflected in this figure. General and administrative expenses were scaled back by 8.1% to EUR 21.6 million (Q1 2019: EUR 23.5 million), primarily as a result of lower staff costs.

Slight year-on-year increase in R&D ratio

Research and development activities in the quarter under review continued to focus on developing products and solutions for alternative drive technologies. At EUR 20.6 million (Q1 2019: EUR 22.1 million), research and development (R&D) expenses were down slightly in this period. Of this figure, a total of EUR 2.2 million (Q1 2019: EUR 2.4 million) was capitalized, which corresponds to a capitalization ratio of 10.7% (Q1 2019: 10.9%). Due to the reduction in Group revenue, the R&D ratio (incl. capitalized R&D expenses) stood at 5.2% (Q1 2019: 5.0%), which was within the short- to medium-term range of around 5 to 6%.

In the first quarter of 2020, ElringKlinger received government grants that are directed primarily at research projects in the field of battery and fuel cell technology. Funds granted with regard to R&D projects and recognized in profit or loss totaled EUR 0.9 million (Q1 2019: EUR 1.2 million). Some of the funded projects came to a conclusion in the period under review. Plans are already under way for new projects.

Strong start to year for earnings

The successful execution of streamlining measures at the sites in North America, which had been adversely affected by capacity bottlenecks in the previous year, made a significant contribution to the improvement in key earnings indicators in the quarter under review. At the same time, the broad range of measures implemented as part of the Group-wide program to raise efficiency levels had a positive impact on the cost of sales as well as selling and general and administrative expenses. This, in turn, also proved beneficial with regard to earnings performance. As a result, the Group saw earnings before interest, taxes, depreciation, and amortization (EBITDA) improve by EUR 11.0 million or 31.6% year on year, taking the figure to EUR 45.8 million (Q1 2019: EUR 34.8 million). At EUR 29.8 million (Q1 2019: EUR 28.3 million), depreciation and amortization in the reporting period were up EUR 1.5 million on the prior-year figure. Thus, earnings before interest and taxes (EBIT) totaled EUR 16.0 million (Q1 2019: EUR 6.4 million). The EBIT margin improved from 1.5% in the first quarter of 2019 to 4.0%. As depreciation/amortization relating to the purchase price allocation of previous acquisitions is now at a very low level, i. e. the annual total is not expected to exceed EUR 0.3 million, ElringKlinger has opted not to present this item separately as from January 1, 2020.

Net finance result impacted by Mexican peso

In the quarter under review, the Mexican peso depreciated significantly against both the US dollar and the euro, but other currencies also showed strong fluctuations. In total, foreign exchange gains rose by EUR 11.2 million to EUR 20.2 million (Q1 2019: EUR 9.0 million), while foreign exchange losses increased by EUR 18.9 million to EUR 23.9 million (Q1 2019: EUR 5.0 million). The net interest result improved slightly by EUR 0.4 million. The loss of associates, which related to the interest held in hofer AG, expanded by EUR 1.5 million to EUR -2.2 million (Q1 2019: EUR -0.7 million). In total, net finance costs rose by EUR 8.8 million compared to the same quarter a year ago, which took the figure to EUR -9.8 million (Q1 2019: EUR -1.0 million).

Thus, earnings before taxes (EBT) stood at EUR 6.2 million (Q1 2019: EUR 5.4 million), which was slightly higher than in the same quarter a year ago.

Improvement in effective tax rate

Income tax expenses fell to EUR 4.5 million (Q1 2019: EUR 6.5 million) in the first quarter of 2020. The effective tax rate thus decreased from over 100% to 73.6%. This reduction is attributable, among other factors, to the improvement in earnings in North America. The persistently high tax rate in the period under review was due primarily to losses incurred by subsidiaries for which no deferred tax assets were recognizable. Additionally, in the first three months of 2020 ElringKlinger earned most of its profits in countries whose tax rates tend to be higher than the German tax rate.

Having deducted income taxes, net income for the period from January to March 2020 stood at EUR 1.6 million (Q1 2019: EUR - 1.1 million). Net income attributable to non-controlling interests amounted to EUR - 0.3 million (Q1 2019: EUR 0.4 million). Calculated on this basis, net income attributable to the shareholders of ElringKlinger AG totaled EUR 2.0 million (Q1 2019: EUR - 1.5 million). The number of shares outstanding that were entitled to a dividend remained unchanged at 63,359,990. Earnings per share improved to EUR 0.03 (Q1 2019: EUR - 0.02).

Financial Position and Cash Flows

The financial position and cash flows of the ElringKlinger Group continued to be solid at the end of the first quarter of 2020, underpinned by an equity ratio of 41.7% and a substantial liquidity cushion in the form of cash and undrawn lines of credit. The Group generated net cash from operating activities of EUR 12.8 million in the first quarter of 2020.

Total assets at EUR 2.1 billion

Total assets stood at EUR 2,091.4 million as of March 31, 2020, compared with EUR 2,146.5 million at the end of 2019. Overall, the downward trend was partly influenced by exchange rate movements: the currency translation of separate statements of financial position of Group entities outside the eurozone into the Group currency, the euro, at the end of the reporting period had a dilutive effect. The contraction in total assets compared to March 31, 2019 (EUR 2,207.1 million) by EUR 115.7 million is mainly due to the reduction in working capital (inventories and trade receivables) over the course of the 2019 financial year.

Property, plant, and equipment fell to EUR 1,021.3 million (Mar. 31, 2019: EUR 1,059.3 million). Compared to the year-end 2019, the carrying amount was EUR 22.4 million lower. This reflects the Group's disciplined approach when it comes to capital expenditure, as – at EUR 12.3 million – investment-related additions in the first three months of 2020 were substantially lower than systematic depreciation (less write-ups) of property, plant, and equipment (EUR 27.8 million).

Total non-current assets amounted to EUR 1,293.2 million as of March 31, 2020 (Mar. 31, 2019: EUR 1,322.5 million), representing a share of 61.8% of total assets (Mar. 31, 2019: 59.9%).

Current assets account for 38% of total assets

Within current assets, which accounted for 38.2% of total assets as of March 31, 2020, and had a carrying amount of EUR 798.2 million (Mar. 31, 2019: EUR 878.6 million), working capital was the largest item at EUR 596.7 million. At EUR 365.3 million, inventories included in this figure were slightly higher than at the end of 2019 (EUR 356.5 million), while trade receivables had a comparable volume at EUR 231.4 million (Dec. 31, 2019: EUR 233.2 million). Additions to inventories mainly relate to component-specific tools, which are recognized here in the case of upcoming product roll-outs until the start of series production or until they are billed to the customer. Compared with the level recorded as of March 31, 2019 (EUR 746.8 million), working capital was significantly reduced by EUR 150.1 million thanks to targeted optimization measures implemented by management.

Net working capital, in which trade payables are deducted, amounted to EUR 452.8 million as of March 31, 2020. Compared with the end of 2019 (EUR 432.6 million), it increased slightly by EUR 20.2 million, which is primarily due to the reduction in trade payables. As of March 31, 2019, it had been on the books at EUR 607.1 million.

With cash and cash equivalents of EUR 101.0 million (Mar. 31, 2019: EUR 63.1 million), the Group still had a solid liquidity cushion at the end of the first quarter of 2020. Compared to the year-end 2019, cash and cash equivalents decreased by EUR 34.5 million – part of which was used to repay loans.

Equity ratio at 42%

As of March 31, 2020, equity accounted for by the ElringKlinger Group amounted to EUR 872.4 million (Mar. 31, 2019: EUR 902.0 million). The reduction by EUR 18.8 million compared to the end of the 2019 reporting period (EUR 891.2 million) is mainly due to foreign exchange translation differences not affecting profit or loss. They diluted equity by EUR 20.6 million in the first quarter, while net income of EUR 2.0 million for the first three months of 2020 had an accretive effect.

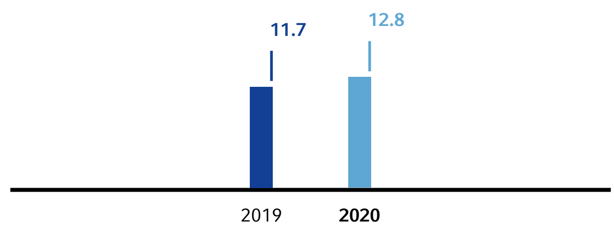
The equity ratio improved slightly to 41.7% (Mar.31, 2019: 40.9%) compared both to the end of 2019 and the same quarter of the previous year and thus remained within the targeted range of 40 to 50% of total capital.

There were no significant changes to provisions, including pension provisions, in the first three months of 2020. Compared with the level at the end of March 2019 (EUR 124.9 million), pension provisions rose by EUR 23.8 million to EUR 148.7 million, mainly due to regular revaluation at the end of fiscal 2019 and the parameters on which they are based, such as interest rates. Other provisions include other personnel-related obligations, warranty obligations, and other minor items.

Further reduction in net debt ratio

Thanks to the positive cash flow trend seen in recent quarters, the Group was able to reduce bank borrowings. As a result, net debt (current and non-current financial liabilities less cash and current time deposits/securities*) as of March 31, 2020, fell to EUR 603.1 million, down substantially from EUR 795.5 million at the end of the first quarter of 2019. It remained stable in the last three months: at the end of 2019 the figure was comparable at EUR 595.3 million. As of March 31, 2020, the debt ratio (net debt/EBITDA) was 3.1, which is a significant improvement on the figure recorded for the same quarter of the previous year (4.7), as well as being better than the figure posted at the end of 2019 (3.3).

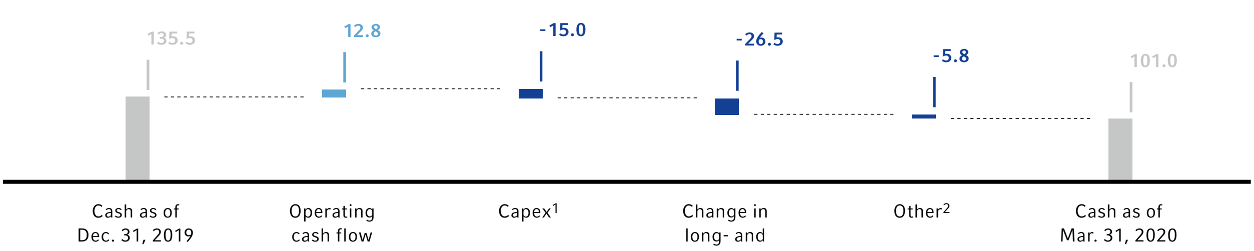
Cash flow from operating activities 1st quarter
in EUR million



Operating cash flow at EUR 13 million

The ElringKlinger Group generated net cash from operating activities of EUR 12.8 million in the first quarter (Q1 2019: EUR 11.7 million). The change in net working capital (inventories and trade receivables less trade payables), including other assets and liabilities not attributable to financing activities, led to a cash outflow of EUR 31.4 million in the first quarter of 2020 (Q1 2019: EUR -8.7 million). "Other non-cash expenses and income," an item that mainly includes currency effects, resulted in an increase in operating cash flow by EUR 12.5 million (Q1 2019: EUR -7.8 million).

Changes in cash 1st quarter 2020
in EUR million



1 Investments in property, plant and equipment, investment property, and intangible assets
2 Primarily foreign exchange effects

* Current time deposits and securities (Mar. 31, 2020: EUR 10.2 million) considered in net debt as from 2020;

Investing activities scaled back significantly

Capital expenditure on property, plant, and equipment fell by EUR 16.5 million to EUR 12.3 million (Q1 2020: EUR 28.8 million). This illustrates the disciplined approach pursued by the Group since 2019: investment projects are focused on measures in connection with upcoming product launches and the strategic orientation of the Group towards fields considered promising for the future. The Technology Center for E-Mobility established at the main site in Dettingen/Erms commenced part of its operations as planned in the first quarter of 2020. The center's key focus is on research and development activities in the field of battery and fuel cell technology.

The investment ratio* fell to 3.1% in the first quarter of 2020, compared with 6.5% in the same period last year.

Payments for intangible assets amounted to EUR 2.7 million (Q1 2019: EUR 2.6 million) in the first three months of 2020.

Taking into account cash inflows and outflows for financial assets as well as asset disposals, total cash flow from investing activities amounted to EUR -16.4 million (Q1 2019: EUR -32.2 million).

Reduction in loans

The high level of liquidity generated by the Group through the cash inflow from operating activities, particularly in the previous financial year, was used in the first quarter of 2020 to scale back loans even further. On balance, non-current loans decreased by EUR 42.6 million. Current loans increased by EUR 16.2 million. In total, the ElringKlinger Group recorded an outflow of cash of EUR 26.5 million relating to financing activities in the first quarter, whereas the same period a year ago had seen an inflow of EUR 37.6 million from loans.

Cash flow from operating activities in the first quarter of 2020 was sufficiently high to finance a large part of the investment outflows in the same period. Operating free cash flow (operating cash flow minus cash flow from investing activities adjusted for cash flows for financial assets) was just within negative territory at EUR -2.2 million (Q1 2019: EUR -19.3 million).

As of March 31, 2020, the Group had a high level of liquidity with cash and cash equivalents totaling EUR 101.0 million and open, unused credit lines amounting to EUR 182.8 million.

Opportunities and Risks

In the wake of the coronavirus pandemic, numerous manufacturers in Europe and North America suspended production from mid-March onwards and were ramping operations up again at the time of writing this report. It can be assumed that this restart phase will last at least until May 2020. As a result, there is a heightened risk of an economic downturn for 2020 as a whole, particularly for the automotive industry and its suppliers.

An assessment of other opportunities and risks for the ElringKlinger Group in respect of the first quarter of 2020 shows that there were no significant changes to the details discussed in the 2019 Annual Report of the ElringKlinger Group (page 46 ff.).

The report on opportunities and risks from the 2019 annual report can also be accessed on the website of ElringKlinger at https://www.elringklinger.com/ar2019/report-on-opportunities-and-risks.

* Capital expenditure on property, plant, and equipment and investment property relative to Group sales revenue

Report on Expected Developments

Outlook – Market and Sector

Coronavirus pandemic causes slump in global economy

The coronavirus pandemic has pushed the global economy to the edge of a recession in 2020. In April, the International Monetary Fund (IMF) lowered its original forecast, which in January had still pointed to global economic growth of 3.3% for 2020, to a decline of 3.0%. In this context, the assumption is that the pandemic will subside in the second half of the year. At the same time, the IMF stresses the high degree of uncertainty associated with its forecast. If the pandemic were to last longer or another outbreak were to occur, the global slump could be even more dramatic.

A two-stage process is planned for the purpose of overcoming the crisis, with governments and central banks attempting to stabilize the situation by means of specific regulations and aid packages. The first step is to contain the pandemic. In the second step, the focus will be on economic recovery. With the containment measures taken to date, such as social distancing or curfews, border closures, travel bans, and restaurant and shop closures, countries have intervened heavily in economic activity. Supply chains have been disrupted, consumption has been reduced to a minimum, and business stoppages have had an adverse effect on industries – leading to a decline in employment and a significant reluctance to invest. The crisis is expected to hit the industrialized nations particularly hard over the year as a whole, but emerging and developing countries are also suffering from the decline in the volume of world trade, the collapse in oil prices and, in particular, the outflow of capital.

Governments and central banks are currently attempting to cushion the negative economic effects with short-term state financial aid and monetary stabilization measures. The possibility of further economic stimulus programs and liquidity support is being discussed.

Outlook for global vehicle markets in 2020

The automotive industry in particular has been hit hard by the coronavirus crisis. Since March 2020, global vehicle markets have been experiencing a downturn in both sales and production figures, in some cases dramatic. In many regions, vehicle sales have come to a complete standstill due to the closure of car dealerships. Automobile manufacturers have temporarily suspended or severely restricted production or have been obliged to do so. Industry experts have adjusted their forecasts for 2020 accordingly. It should be noted that current estimates are subject to a high degree of uncertainty and are dependent on how the crisis is managed. In their baseline scenario, analysts from the IHS research institute expect production of light vehicles to decline by 22% to around 70 million units in 2020 – a significant downward revision compared with the estimate in January (-0.5%). For the second quarter of 2020, IHS expects a 47% decline in global vehicle production on the back of a 23%

GDP growth projections

Year-on-year change in %	2019	Projections 2020	Projections 2021
World	**2.9**	**-3.0**	**5.8**
Advanced economies	1.7	-6.1	4.5
Emerging and developing countries	3.7	-1.0	6.6
Germany	0.6	-7.0	5.2
Eurozone	1.2	-7.5	4.7
USA	2.3	-5.9	4.7
Brazil	1.1	-5.3	2.9
China	6.1	1.2	9.2
India	4.2	1.9	7.4
Japan	0.7	-5.2	3.0

Source: International Monetary Fund (April 2020, baseline scenario) downturn seen in the first quarter. A slight improvement is expected for the second half of the year (-9%).

In terms of regions and timing, markets are likely to develop along different lines over the course of 2020. While China, the largest single market, saw a severe slump by 46% in the first quarter, a much less pronounced downturn is expected from the second quarter and especially the second half of the year. Based on current estimates, Europe and North America, by contrast, will experience the biggest cuts in the second quarter, with production declines of -60% and -70% respectively.

The original forecasts have been revised downwards across the board, not only for the production markets but also for the sales markets. According to data provided by the German industry association VDA, worldwide demand for automobiles will fall by 16% to 67 million new vehicles in 2020. The previous outlook a month ago had still pointed to total sales of 78 million vehicles. The association sees the largest percentage decline in Europe with -21% to 12.5 million new vehicles, followed by the USA with -18% to 13.9 million light vehicles and China with -10% to 19.0 million cars.

Light vehicle production – Forecast 2020

Region	Vehicles (millions)	Year-on-year change
Europe[1]	15.9	-25%
China[2]	20.9	-15%
Japan/Korea	10.6	-19%
Middle East/Africa	1.5	-25%
North America	12.2	-25%
South America	2.3	-30%
South Asia	6.0	-29%
World	**69.3**	**-22%**

Source: IHS (April 2020)
[1] Excl. Russia
[2] Greater China

Outlook – Company

The coronavirus pandemic continues to have a grip on global activities. In order to contain the spread of the disease and to ensure that health care systems remain functional to the greatest extent possible, governments around the world have in some cases made far-reaching interventions in the freedom of the population. In the majority of countries business has been put on hold. Far-reaching measures were initially implemented throughout Asia as from February 2020, followed by European and North and South American countries from mid-March onwards. As a consequence, it can be assumed that considerable economic effects will be felt worldwide, especially in the second and third quarters of 2020.

Order intake down markedly

Order intake in the first quarter of 2020 was affected quite significantly by the extended New Year vacations and the mandatory suspension of plant operations in China as well as production stoppages in Europe and North and South America. The slowdown in Europe's economy also had an impact. Order intake for the first quarter of 2020 stood at EUR 354.9 million, which was 28.8% or EUR 143.4 million lower than in the same period a year ago (Q1 2019: EUR 498.3 million). Adjusted for currencies, the downturn was 24.7% or EUR 123.1 million.

The situation was similar with regard to order backlog, albeit not as severe: after EUR 1,077.3 million at the end of the first quarter of 2019 order backlog fell by 8.2% or EUR 88.3 million to EUR 989.0 million. If foreign exchange rates had remained unchanged, order backlog would be down by EUR 68.3 million or 6.3%.

Still little visibility for the current year

The economic repercussions of the coronavirus pandemic are still virtually impossible to predict in concrete terms. At the time of writing this report, much will depend on how business activities pick up again, especially in Europe and North America – whether supply chains are affected, whether processes can be resumed efficiently, and whether individual countries are spared a second wave of the pandemic, including another lockdown. At the same time, it remains to be see whether demand will develop at a sustainable level in the quarters ahead.

As a result, it is extremely difficult to make any specific forecasts. At the end of April, ElringKlinger has begun to ramp up production again step by step in Germany and at its other European sites. This process will take until May 2020 at the very least. The plants in North America and Brazil will follow with a time lag. Delays may also occur in the respective countries, depending on the course of the pandemic and government measures. With the exception of India, the situation at the Group's Asian plants is continuing to stabilize significantly.

Change in revenue expected to be slightly better relative to market level

Operating against this backdrop and reemphasizing the many uncertainties that exist, ElringKlinger anticipates a change in organic revenue that will be slightly more favorable compared to global automobile production. Industry experts expect the latter to contract by 22% in the 2020 financial year. Even though the Group has reacted swiftly to the decline in demand, e. g., with short-time work or greater cost discipline, these measures will not be sufficient to fully compensate for the earnings effects of the expected revenue shortfalls. Thus, on the back of a strong first quarter, significant strains are expected in terms of earnings performance in the second quarter. Overall, the Group is anticipating an EBIT margin (EBIT relative to Group revenue) for 2020 that is visibly lower than in the previous year. As depreciation/amortization of purchase price allocations (PPA) is not expected to exceed EUR 0.3 million for the full year, the Group will in future present the margin of reported earnings before interest and taxes (EBIT) in its outlook.

In addition, due to the anticipated dip in earnings, overall profitability – measured on the basis of return on capital employed (ROCE) – is also likely to decrease.

Targeting positive operating free cash flow

As regards the current financial year, ElringKlinger will maintain its disciplined approach to capital expenditure on property, plant, and equipment as well as investment property. Relative to Group revenue, the overall volume will be below 7%. The Group will also continue to optimize net working capital. Taking into account the expected decline in revenue, the ratio (in % of Group revenue) for the 2020 financial year is expected to be approximately the same as in the previous year. Overall, the Group expects positive operating free cash flow for 2020.

Despite the expected positive operating free cash flow, it is unlikely that the net debt indicator "net financial liabilities in relation to EBITDA" will improve further in view of the expected earnings situation. Instead, the Group anticipates a deterioration compared to the prior-year figure of 3.3.

With regard to the equity ratio, the Group expects to remain within the long-term target range of 40% to 50% of total capital.

The Group expects research and development costs, including capitalization, to account for around 5 to 6% of consolidated revenue.

Mid-term outlook

Despite the challenging factors currently driving the business environment in which ElringKlinger operates, the company considers itself to be well positioned in the medium to long term. ElringKlinger was quick off the mark in its efforts to embrace the transition towards e-mobility with products engineered specifically for battery and fuel cell systems. Additionally, the Group has a strong market position centered around its long-standing Lightweighting/Elastomer Technology, Shielding Systems, and Cylinder-head and Specialty Gaskets divisions. Provided the coronavirus pandemic does not take an abrupt and unforeseen route, ElringKlinger essentially continues to take the view that it will outpace global vehicle production growth at an organic level.

With regard to the earnings situation, the Group has again set itself the goal of gradually improving its EBIT margin in the medium term. However, the exceptional consequences of the coronavirus pandemic still have to be taken into account, especially in the reporting periods that are approaching.

On this basis, the Group continues to assume that in the medium term it will

- improve its return on capital employed (ROCE) compared to each preceding year;
- maintain its disciplined approach with regard to capital expenditure on property, plant, and equipment and investment property;
- maintain a level of net working capital (as a percentage of Group revenue) of around 25%;
- achieve positive operating free cash flow;
- optimize its net debt indicator (net financial liabilities in relation to EBITDA) such that it is below 2.0;
- spend around 5 to 6% of Group revenue, including capitalization, on research and development activities per reporting period;
- manage to maintain its equity ratio in a range of 40 to 50% of total capital.

Dettingen/Erms, May 7, 2020
The Management Board

Dr. Stefan Wolf CEO	Theo Becker	Thomas Jessulat	Reiner Drews

ElringKlinger and the Capital Markets

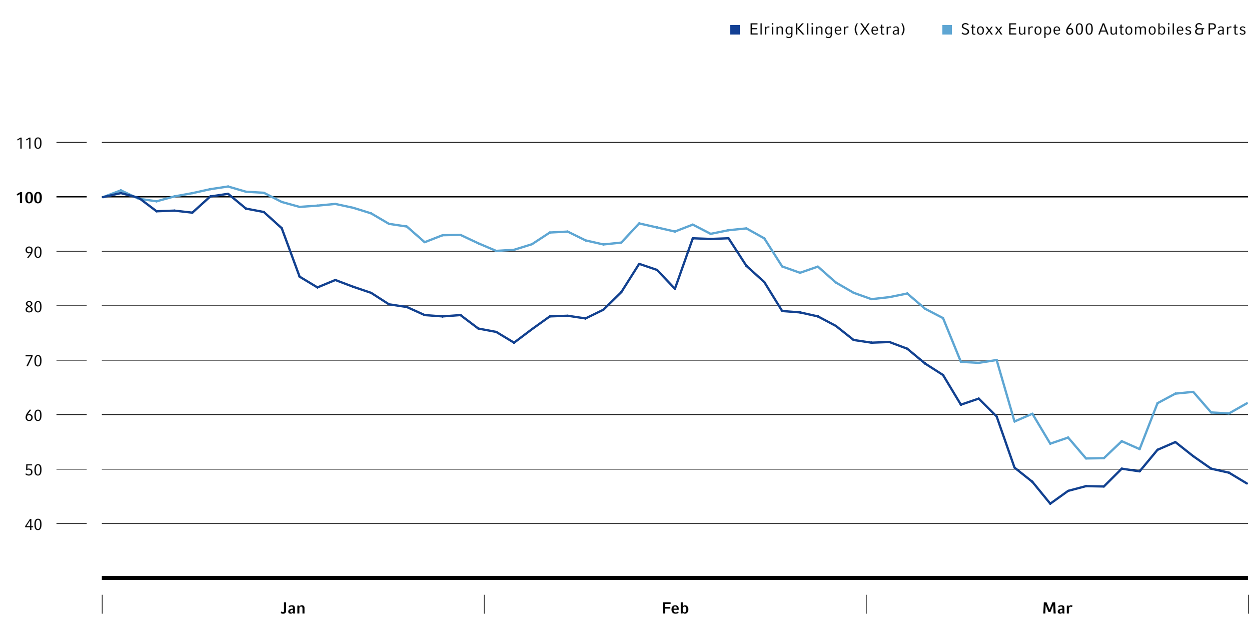
Turbulent times for stock markets

The global coronavirus pandemic had a severe impact on stock markets during the first quarter of 2020. China implemented far-reaching protective measures as early as mid-January in an effort to counteract the spread of the virus. As a result, the domestic economy came to a complete standstill in large parts of the country. Regardless of this, the virus spread to Europe as well as North America. This prompted an economic deadlock in many countries around the globe, a slump in the price of oil, a severe decline in the Purchasing Managers' Index, a dip in the Ifo Index, and a global collapse of car sales that precipitated a string of profit warnings by exchange-listed companies and a stock market sell-off. In the wake of this, the DAX lost almost 40 percent in value in just 28 days, having previously recorded an all-time high during the quarter. Having experienced a record high, the S&P 500 index fell by 25 percent in just 16 days of trading – the fastest downturn within a bear market in the history of the US stock market. Swiftly implemented support measures – such as the EUR 750 billion rescue package by the German government, the EUR 750 billion bond purchase program of the ECB, the USD 2,000 billion rescue package by the US government, the two unscheduled interest rate cuts announced by the US Federal Reserve, and falling benchmark interest rates in China – helped to stabilize equity markets in the short term.

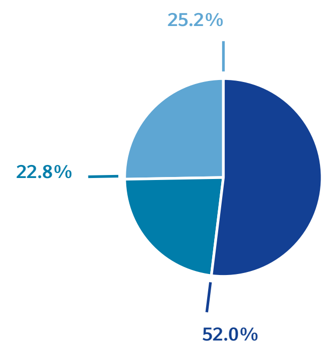
ElringKlinger stock affected by coronavirus crisis

Against the backdrop of a favorable trading environment, ElringKlinger saw its share price rise to its current annual high of EUR 8.22 at the beginning of January 2020. This was followed by a period of consolidation that included a slight dip in the share price and lasted until the beginning of February. Subsequently, the company's share price trended higher again, reaching a level of EUR 7.55 in the period leading up to the publication of ElringKlinger's figures for the fiscal year 2019 on February 19, 2020. The entire German stock market then felt the full force of the coronavirus pandemic, as a result of which ElringKlinger's stock came under severe pressure and fell to a low of EUR 3.61 in mid-March. Due to the dramatic impact of the coronavirus crisis on the global automotive industry and the host of uncertainties within the market, the company's stock was only able to recover slightly by the end of the quarter on March 31, 2020, closing at EUR 3.91.

ElringKlinger's share price performance from Jan. 1 to March 31, 2020 (indexed)
in %



Shareholder structure as of March 31, 2020



Substantial expansion in trading volume

The average daily volume of ElringKlinger shares traded was 238,200 units in the first quarter of 2020, i.e., almost double the volume recorded in the same period a year ago (Q1 2019: 123,100 units). In this context, several factors may have had an impact. These include more widespread reporting on the automotive industry, which brought the sector into greater focus during the first quarter – and with it share prices. It is also possible that the lower price level in the quarter under review acted as more intense buying incentives among investors. As a result, the average daily value of ElringKlinger shares traded on German stock exchanges was also substantially higher at approx. EUR 1.5 (Q1 2019: around 0.8) million. Thus, ElringKlinger's stock again offered sufficiently high levels of liquidity to conduct relatively large share transactions in the quarter under review.

Ongoing dialogue with the capital markets

ElringKlinger took part in two capital market conferences during the first quarter of 2020 and presented the company's business activities to a predominantly international audience. Additionally, the Group organized a telephone-based financial statements press conference and analysts' meeting for the purpose of presenting its 2019 financial report. In this context, the Management Board of ElringKlinger AG outlined the company's results of the financial year just ended and its strategic orientation to the many journalists and analysts taking part in the conference call.

Postponement of AGM and suspension of dividend

The impact caused by the global spread of the coronavirus prompted ElringKlinger to postpone its 115th Annual General Meeting (AGM) originally scheduled for May 19, 2020, to the later date of July 7, 2020. The AGM will be held solely as a virtual event, i.e. via the Internet. Additionally, against the background of the Group's earnings performance in 2019 and the economic impact of the coronavirus crisis, the dividend has been suspended for the 2019 financial year. In taking this approach, the Group is looking to strengthen its internal financing for the ongoing transformation process.

ElringKlinger Stock (ISIN DE0007856023/WKN 785 602)

	1st Quarter 2020	1st Quarter 2019
Number of shares outstanding	63,359,990	63,359,990
Share price (daily price in EUR)[1]		
High	8.22	8.11
Low	3.61	5.71
Closing price[2]	3.91	6.06
Average daily trading volume (German stock exchanges; units traded)	238,200	123,100
Average daily trading value (German stock exchanges; in EUR)	1,467,300	842,100
Market capitalization (EUR millions)[1,2]	247.7	384.0

[1] Xetra trading
[2] as of March 31

Group Income Statement

of ElringKlinger AG, January 1 to March 31, 2020

EUR k	1st Quarter 2020	1st Quarter 2019
Sales revenue	**396,239**	**441,086**
Cost of sales	-308,408	-355,487
Gross profit	**87,831**	**85,599**
Selling expenses	-31,361	-35,942
General and administrative expenses	-21,585	-23,544
Research and development costs	-18,418	-19,696
Other operating income	1,976	2,740
Other operating expenses	-2,443	-2,754
Operating result/EBIT	**16,000**	**6,403**
Finance income	20,524	9,116
Finance costs	-28,139	-9,433
Share of result of associates	-2,206	-703
Net finance costs	**-9,821**	**-1,020**
Earnings before taxes	**6,179**	**5,383**
Income tax expense	-4,547	-6,510
Net income	**1,632**	**-1,127**
of which: attributable to non-controlling interests	-339	399
of which: attributable to shareholders of ElringKlinger AG	**1,971**	**-1,526**
Basic and diluted earnings per share in EUR	0.03	-0.02

Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to March 31, 2020

EUR k	1st Quarter 2020	1st Quarter 2019
Net income	**1,632**	**-1,127**
Currency translation difference	-20,517	13,062
Share of other comprehensive income of associates	135	-42
Gains and losses that can be reclassified to the income statement in future periods	**-20,382**	**13,020**
Gains and losses that cannot be reclassified to the income statement in the future periods	**0**	**0**
Other comprehensive income after taxes	**-20,382**	**13,020**
Total comprehensive income	**-18,750**	**11,893**
of which: attributable to non-controlling interests	-83	992
of which: attributable to shareholders of ElringKlinger AG	**-18,667**	**10,901**

Group Statement of Financial Position

of ElringKlinger AG, as at March 31, 2020

EUR k	March 31, 2020	Dec. 31, 2019	March 31, 2019
ASSETS			
Intangible assets	211,117	208,149	192,747
Property, plant and equipment	1,021,287	1,043,736	1,059,294
Investment property	3,258	3,263	16,436
Financial assets	3,552	3,551	3,555
Shares in associates	21,635	23,706	22,529
Non-current income tax assets	293	295	65
Other non-current assets	4,448	5,420	8,081
Deferred tax assets	16,342	14,964	12,111
Contract performance costs	10,011	9,428	6,795
Non-current contract assets	1,305	1,512	921
Non-current assets	**1,293,248**	**1,314,024**	**1,322,534**
Inventories	365,254	356,477	414,786
Current contract assets	10,561	10,891	8,709
Trade receivables	231,439	233,231	331,995
Current income tax assets	5,655	7,739	7,879
Other current assets	84,238	88,683	52,151
Cash and cash equivalents	101,016	135,450	63,108
Current assets	**798,163**	**832,471**	**878,628**
Assets held for sale	**0**	**0**	**5,966**
	2,091,411	**2,146,495**	**2,207,128**

EUR k	March 31, 2020	Dec. 31, 2019	March 31, 2019
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	727,099	725,128	719,534
Other reserves	-73,124	-52,486	-37,135
Equity attributable to the shareholders of ElringKlinger AG	**835,573**	**854,240**	**863,997**
Non-controlling interest in equity	36,876	36,980	37,986
Equity	**872,449**	**891,220**	**901,983**
Provisions for pensions	148,692	148,215	124,855
Non-current provisions	18,013	18,503	19,625
Non-current financial liabilities	571,298	570,416	653,184
Non-current contract liabilities	12,411	11,997	5,253
Deferred tax liabilities	14,927	16,168	15,260
Other non-current liabilities	8,120	8,204	9,250
Non-current liabilities	**773,461**	**773,503**	**827,427**
Current provisions	16,312	17,713	10,225
Trade payables	143,931	157,119	139,687
Current financial liabilities	143,024	160,307	205,455
Current contract liabilities	22,590	19,995	9,450
Tax payable	16,099	17,060	13,155
Other current liabilities	103,545	109,578	99,746
Current liabilities	**445,501**	**481,772**	**477,718**
	2,091,411	**2,146,495**	**2,207,128**

Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to March 31, 2020

EUR k	Share capital	Capital reserves	Revenue reserves
Balance as of Dec. 31, 2018	**63,360**	**118,238**	**721,060**
Dividend distribution			
Total comprehensive income			**-1,526**
Net income			-1,526
Other comprehensive income			
Balance as of Mar. 31, 2019	**63,360**	**118,238**	**719,534**
Balance as of Dec. 31, 2019	**63,360**	**118,238**	**725,128**
Dividend distribution			
Total comprehensive income			**1,971**
Net income			1,971
Other comprehensive income			
Balance as of Mar. 31, 2020	**63,360**	**118,238**	**727,099**

Other reserves					
Remeasurement of defined benefit plans	**Equity impact of controlling interests**	**Currency translation differences**	**Equity attributable to the shareholders of ElringKlinger AG**	**Non-controlling interests in equity**	**Group equity**
-37,316	**-422**	**-11,824**	**853,096**	**37,014**	**890,110**
			0	-20	-20
		12,427	**10,901**	**992**	**11,893**
			-1,526	399	-1,127
		12,427	12,427	593	13,020
-37,316	**-422**	**603**	**863,997**	**37,986**	**901,983**
-52,909	**-422**	**845**	**854,240**	**36,980**	**891,220**
			0	-21	-21
		-20,638	**-18,667**	**-83**	**-18,750**
			1,971	-339	1,632
		-20,638	-20,638	256	-20,382
-52,909	**-422**	**-19,793**	**835,573**	**36,876**	**872,449**

Group Statement of Cash Flows

of ElringKlinger AG, January 1 to March 31, 2020

EUR k	1st Quarter 2020	1st Quarter 2019
Earnings before taxes	6,179	5,383
Depreciation/amortization (less write-ups) of non-current assets	29,813	28,348
Net interest	3,954	4,383
Change in provisions	-1,227	-648
Gains/losses on disposal of non-current assets	232	194
Share of result of associates	2,206	703
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-12,924	-32,758
Change in trade payables and other liabilities not resulting from financing and investing activities	-18,478	24,066
Income taxes paid	-6,692	-7,081
Interest paid	-3,113	-3,139
Interest received	311	84
Other non-cash expenses and income	12,514	-7,842
Net cash from operating activities	**12,775**	**11,693**
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	25	399
Proceeds from disposals of financial assets	881	1,603
Payments for investments in intangible assets	-2,659	-2,568
Payments for investments in property, plant and equipment and investment property	-12,338	-28,848
Payments for investments in financial assets	-2,301	-2,807
Net cash from investing activities	**-16,392**	**-32,221**
Dividends paid to shareholders and to non-controlling interests	-21	-20
Proceeds from the addition of long-term loans	13,378	162,045
Payments for the repayment of long-term loans	-56,035	-6,654
Change in current loans	16,189	-117,819
Net cash from financing activities	**-26,489**	**37,552**
Changes in cash	-30,106	17,024
Effects of currency exchange rates on cash	-4,328	770
Cash at beginning of period	135,450	45,314
Cash at end of period	**101,016**	**63,108**

Group Sales Revenue

of ElringKlinger AG, January 1 to March 31, 2020

Sales revenue by regions

EUR k	1st Quarter 2020	1st Quarter 2019
Germany	91,855	106,640
Rest of Europe	122,505	137,756
North America	105,845	101,618
Asia-Pacific	58,928	75,238
South America and rest of the world	17,106	19,834
Group	**396,239**	**441,086**

Sales revenue by segments

EUR k	1st Quarter 2020	1st Quarter 2019
Lightweighting/Elastomer Technology	108,146	124,926
Shielding Technology	83,780	99,147
Specialty Gaskets	72,627	80,474
Cylinder-head Gaskets	39,898	46,952
E-Mobility	6,355	6,407
Exhaust Gas Purification	2,372	2,461
Other	35	302
Segment Original Equipment	**313,213**	**360,669**
Segment Aftermarket	**52,293**	**44,724**
Segment Engineered Plastics	**28,932**	**32,166**
Sale of goods	**394,438**	**437,559**
Segment Other	**1,801**	**3,527**
Group	**396,239**	**441,086**

Segment Reporting

of ElringKlinger AG, January 1 to March 31, 2020

Segment	**Original Equipment**		**Aftermarket**		**Engineered Plastics**	
EUR k	**1st Quarter 2020**	**1st Quarter 2019**	**1st Quarter 2020**	**1st Quarter 2019**	**1st Quarter 2020**	**1st Quarter 2019**
External revenue	**313,213**	**360,669**	**52,293**	**44,724**	**28,932**	**32,166**
Intersegment revenue	6,156	5,487	0	0	3	8
Segment revenue	**319,369**	**366,156**	**52,293**	**44,724**	**28,935**	**32,174**
EBIT[1]/Operating result	**-290**	**-5,290**	**12,798**	**7,292**	**3,495**	**4,053**
Depreciation and amortization	-26,686	-25,392	-957	-737	-1,655	-1,578
Capital expenditures[2]	21,161	30,295	609	564	428	2,152

[1] Earnings before interest and taxes
[2] Investments in intangible assets and property, plant and equipment and investment property

Other		Consolidation		Group	
1st Quarter 2020	1st Quarter 2019	1st Quarter 2020	1st Quarter 2019	1st Quarter 2020	1st Quarter 2019
1,801	**3,527**	**0**	**0**	**396,239**	**441,086**
2,132	1,829	-8,291	-7,324	0	0
3,933	**5,356**	**-8,291**	**-7,324**	**396,239**	**441,086**
-3	**348**			**16,000**	**6,403**
-515	-641			-29,813	-28,348
186	385			22,384	33,396

Notes to the first three months of 2020

General Information

ElringKlinger AG is an exchange-listed stock corporation headquartered in Dettingen/Erms, Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of March 31, 2020, have been prepared on the basis of IAS 34 (Interim Financial Reporting). The interim financial statements conform with the International Financial Reporting Standards (IFRS), including the Interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union.

As the consolidated interim financial statements are presented in a condensed format, the financial statements as of March 31, 2020, do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements as of March 31, 2020, have been neither audited nor reviewed in any way by an independent auditor.

They were authorized for issue based on a resolution passed by the Management Board on May 7, 2020.

Basis of reporting

Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of March 31, 2020, include the financial statements of 6 domestic and 32 foreign entities in which ElringKlinger AG holds 50% of the interests, either directly or indirectly, or over which, for other reasons, it has the power to govern the financial and operating policies. Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

The interests held in hofer AG, Nürtingen, Germany, totaling 24.71% have been accounted for as an associate in non-current Group assets, as ElringKlinger has significant influence over the entity's operating and financial policies. A significant influence over an associate is presumed to exist if an entity holds 20% to 50% of the voting power of the investee.

There were no changes in the scope of consolidation compared with the consolidated financial statements as of December 31, 2019.

Segment reporting

The Group has decided to change its segment structure. Effective from January 1, 2020, the two segments formerly referred to as "Services" and "Industrial Parks" will be combined under the new segment designation of "Others."

Exchange rates

Exchange rates developed as follows:

		Closing rate		Average rate	
Currency	Abbr.	Mar. 31, 2020	Dec. 31, 2019	Jan. – Mar. 2020	Jan. – Dec. 2019
US dollar (USA)	USD	1.09560	1.12340	1.09950	1.11945
Pound (United Kingdom)	GBP	0.88643	0.85080	0.86044	0.87587
Swiss franc (Switzerland)	CHF	1.05850	1.08540	1.06310	1.11114
Canadian dollar (Canada)	CAD	1.56170	1.45980	1.50003	1.48221
Real (Brazil)	BRL	5.70010	4.51570	5.11300	4.41745
Mexican peso (Mexico)	MXN	26.17720	21.22020	22.87287	21.60815
RMB (China)	CNY	7.77840	7.82050	7.70367	7.72366
WON (South Korea)	KRW	1,341.03000	1,296.28000	1,329.20333	1,303.16917
Rand (South Africa)	ZAR	19.60950	15.77730	17.73187	16.17013
Yen (Japan)	JPY	118.90000	121.94000	119.53667	121.95917
Forint (Hungary)	HUF	360.02000	330.53000	344.88000	325.75167
Turkish lira (Turkey)	TRY	7.20630	6.68430	6.88427	6.35774
Leu (Romania)	RON	4.82830	4.78300	4.80673	4.75011
Indian rupee (India)	INR	82.89850	80.18700	80.36300	78.77538
Indonesian rupiah (Indonesia)	IDR	17,869.24000	15,595.60000	16,236.66667	15,800.49750
Bath (Thailand)	THB	35.92500	33.41500	35.00567	34.59233
Swedish krona (Sweden)	SEK	11.06130	10.44680	10.80397	10.58238

Significant events and business transactions

The economic slowdown in Europe and the effects of the COVID-19 pandemic in Asia had a negative impact on the financial position, financial performance, and cash flows of the ElringKlinger Group in the first quarter. The Chinese plants in particular were affected by extended New Year vacations and state-imposed closures. With regard to the expected further developments associated with the COVID-19 pandemic, please refer to the details presented in our interim management report.

Disclosures relating to financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments. There was no offsetting of financial instruments recognized by the company.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

	Cash	Trade receivables	Other current assets	Derivatives	Non-current securities		Other financial investments		Total
EUR k	CA	CA	CA	CA	CA	FV	CA	FV	CA
as of Mar. 31, 2020									
Financial assets measured at amortized cost	101,016	231,439	22,998	0	1,438	1,385	2,008	2,008	358,899
Financial assets measured at fair value through profit or loss	0	0	0	0	0	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0	98	98	8	8	106
Total	**101,016**	**231,439**	**22,998**	**0**	**1,536**	**1,483**	**2,016**	**2,016**	**359,005**
as of Dec. 31, 2019									
Financial assets measured at amortized cost	135,450	233,231	22,294	0	1,438	1,443	2,008	2,008	394,421
Financial assets measured at fair value through profit or loss	0	0	0	832	0	0	0	0	832
Financial assets measured at fair value through other comprehensive income	0	0	0	0	97	97	8	8	105
Total	**135,450**	**233,231**	**22,294**	**832**	**1,535**	**1,540**	**2,016**	**2,016**	**395,358**

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

	Other current liabilities	Current financial liabilities	Current lease liabilities IFRS 16	Trade payables
EUR k	CA	CA	CA	CA
as of Mar. 31, 2020				
Financial liabilities measured at amortized cost	45,829	133,267	9,757	143,931
Financial liabilities measured at fair value through profit or loss	0	0	0	0
as of Dec. 31, 2019				
Financial liabilities measured at amortized cost	51,882	149,181	11,049	157,119
Financial liabilities measured at fair value through profit or loss	0	0	0	0

	Derivatives		Non-current financial liabilities		Non-current lease liabilities IFRS16	Total
EUR k	CA	FV	CA	FV	CA	CA
as of Mar. 31, 2020						
Financial liabilities measured at amortized cost	0	0	531,379	500,102	39,919	904,082
Financial liabilities measured at fair value through profit or loss	2,921	2,921	0	0	0	2,921
as of Dec. 31, 2019						
Financial liabilities measured at amortized cost	0	0	534,724	489,862	35,658	939,613
Financial liabilities measured at fair value through profit or loss	1,210	1,210	0	0	0	1,210

The other current liabilities include a purchase price liability of EUR 30,252k (Dec. 31, 2019: EUR 30,252k) in respect of a written put option, which has been measured at amortized cost.

The other current assets include time deposits and securities amounting to EUR 10,231k (Dec. 31, 2019: EUR 8,724k).

The management has ascertained that the carrying amounts of cash, trade receivables, other current assets, trade payables, other current financial liabilities, and other current liabilities largely correspond to their fair values, primarily as a result of the short maturities of these instruments.

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific interest rate.

The fair value of the put option, included in other current liabilities, of non-controlling interests in ElringKlinger Marusan Corporation, Tokyo, Japan, in respect of their interests is based on internal projections of the enterprise value. As regards the valuation of this put option of non-controlling interests, estimates are made with regard to the forecast of business performance as well as with regard to the choice of the interest rate to be applied in respect of the liability to be recognized. A change in the enterprise value by 10% would result in an increase/decrease in the put option by approx. EUR 3,025k (Dec. 31, 2019: EUR 3,025k).

Financial assets and liabilities measured at fair value are classified into the following three-level fair value hierarchy as of the end of the reporting period of March 31, 2020:

EUR k	**Level 1**	**Level 2**	**Level 3**
Mar. 31, 2020			
Financial assets			
Non-current securities	98	0	0
Other financial investments	8	2,008	0
Derivatives*	0	0	0
Total	**106**	**2,008**	**0**
Financial liabilities			
Derivatives*	0	2,921	0
Total	**0**	**2,921**	**0**
Dec. 31, 2019			
Financial assets			
Non-current securities	97	0	0
Other financial investments	8	0	0
Derivatives*	0	832	0
Total	**105**	**832**	**0**
Financial liabilities			
Derivatives*	0	1,210	0
Total	**0**	**1,210**	**0**

*These are derivatives that do not qualify for hedge accounting.

The following table provides details of the classification of financial assets and liabilities that are not measured at fair value but for which a fair value has been presented, according to the three-level fair value hierarchy as of the end of the reporting period of March 31, 2020:

EUR k	Level 1	Level 2	Level 3
Mar. 31, 2020			
Financial assets			
Non-current securities	1,385	0	0
Other financial investments	0	0	2,008
Total	**1,385**	**0**	**2,008**
Financial liabilities			
Non-current financial liabilities	0	500,102	0
Purchase price liability from written put option	0	0	30,252
Total	**0**	**500,102**	**30,252**
Dec. 31, 2019			
Financial assets			
Non-current securities	1,443	0	0
Other financial investments	0	0	2,008
Total	**1,443**	**0**	**2,008**
Financial liabilities			
Non-current financial liabilities	0	502,152	0
Purchase price liability from written put option	0	0	30,252
Total	**0**	**502,152**	**30,252**

The levels of the fair value hierarchy are defined as follows:

Level 1: Measurement based on quoted prices

Level 2: Measurement based on inputs for the asset or liability that are observable in active markets either directly or indirectly

Level 3: Measurement based on inputs for assets and liabilities not representing observable market data

The assessment as to whether a transfer has occurred between the levels of the fair-value hierarchy with regard to the assets and liabilities carried at fair value is conducted in each case at the end of the reporting period. No transfers occurred in the reporting period under review.

Contingencies and related-party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2019 were not subject to significant changes in the first three months of 2020.

Government grants

Other operating income in the first three months of 2020 includes government grants totaling EUR 855k. These grants were attributable primarily to development projects.

Events after the reporting period

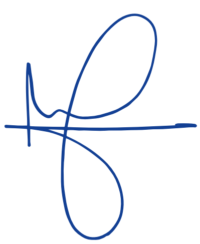
There were no further significant events after the end of the interim reporting period that would necessitate additional explanatory disclosure.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

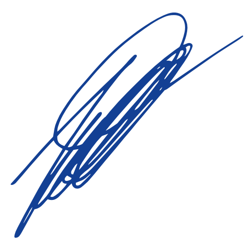
Dettingen/Erms, May 7, 2020

The Management Board



Dr. Stefan Wolf
CEO

Theo Becker



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ElringKlinger AG assumes no responsibility for data and statistics originating from third-party publications.

Further information is available at www.elringklinger.com

Disclaimer – Forward-looking Statements and Forecasts
This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

Supplementary Notes
Due to rounding, some of the numbers and percentage figures specified in this document may differ from the actual values, particularly in the case of summation and percentage calculations. For the purpose of readability, we have not used gender specific forms of grammer when referring to general designations of people. Specific terms relate to all people irrespective of gender.

This report was published on May 7, 2020, and is available in German and English. Only the German version shall be legally binding.

Financial Calendar 2020

JULY

07

115th Annual General Shareholders' Meeting, virtual event

AUGUST

11

Interim Report on the 2nd Quarter and 1st Half of 2020

NOVEMBER

10

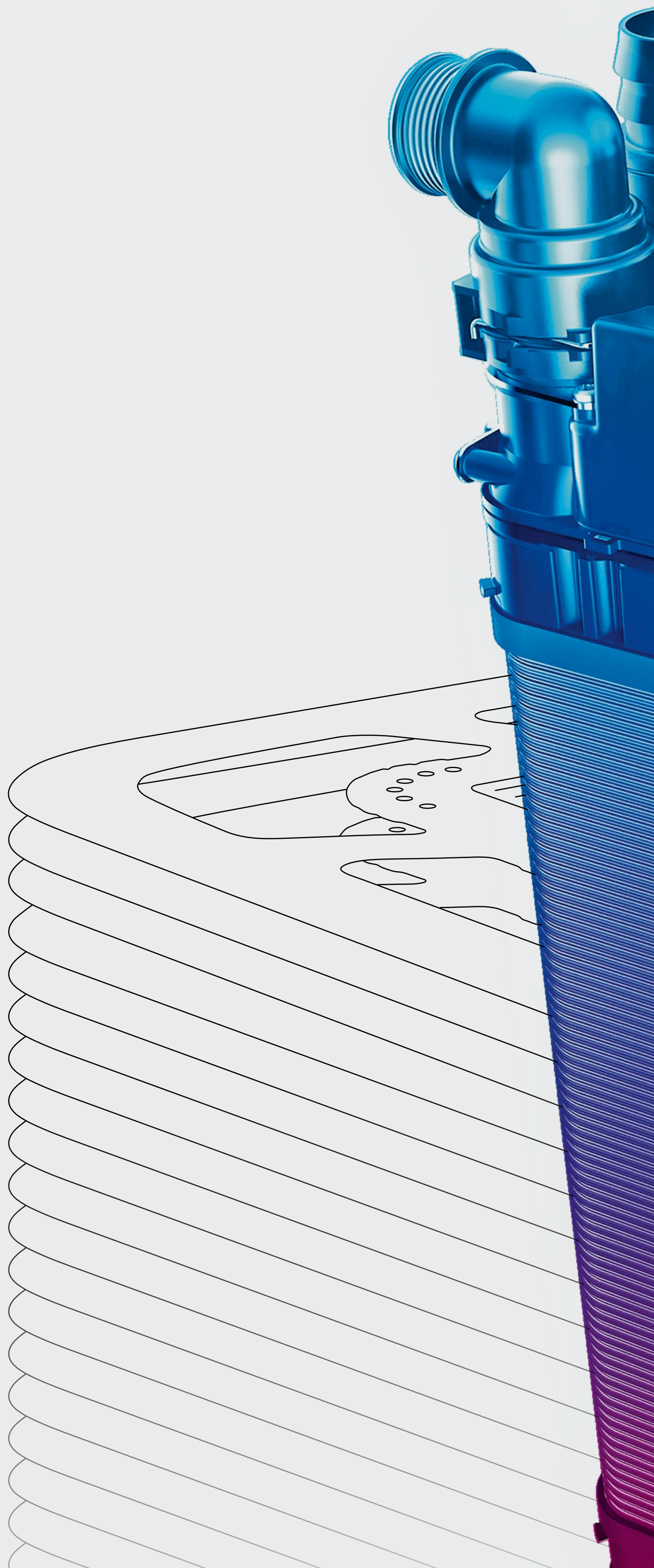
Interim Report on the 3rd Quarter and 1st Nine Months of 2020

MAY 2021

18

116th Annual General Shareholders' Meeting

Changes to the above dates cannot be ruled out.
We therefore recommend visiting our website to check specific financial dates at **www.elringklinger.de/en/investor-relations/financial-calendar**



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