



PARAGON®

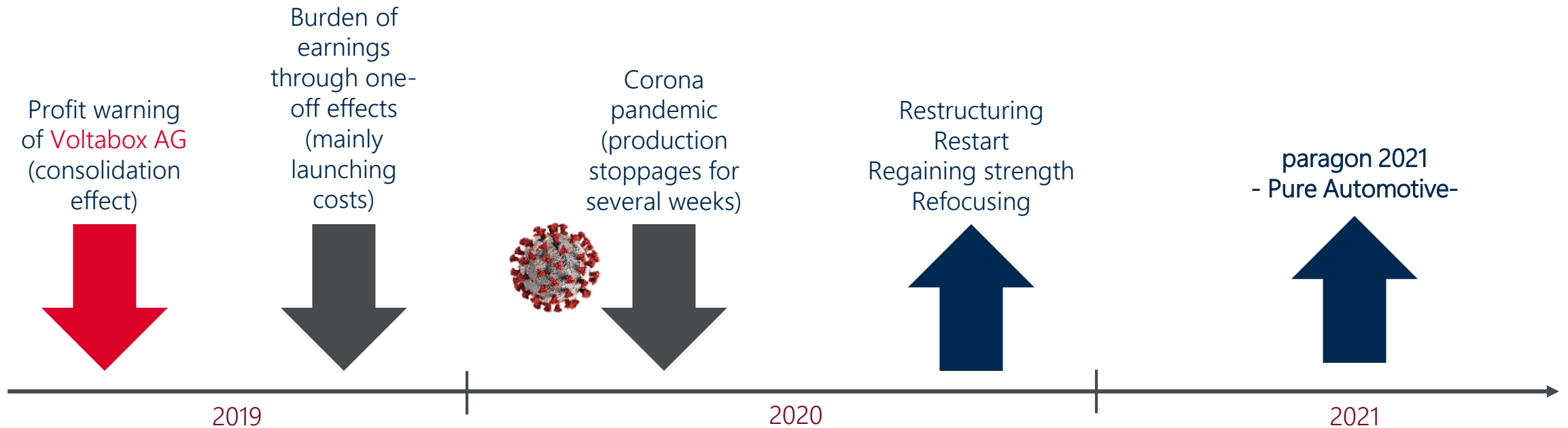
**paragon GmbH & Co. KGaA**  
**Analyst / Investor Presentation**

EquityForum | June 30 – July 2, 2020

# **Presenting paragon 2021 - Enhanced Driving -**

Business Overview

# Adjusting to the „new normal“



Business Overview

# paragon Automotive - Retrospective

# 2019

- ⊕ Beneficiary of the transformation of the automotive industry
- ⊕ No influence of Diesel crisis or trade disputes
- ⊕ Revenue growth 16 %! (Sales core market: -3.9 %)
  - ⊕ Acoustics +37.1 %
  - ⊕ Kinematics +31.7 %
- ⊕ Order intake +11.5 %!

Business Overview

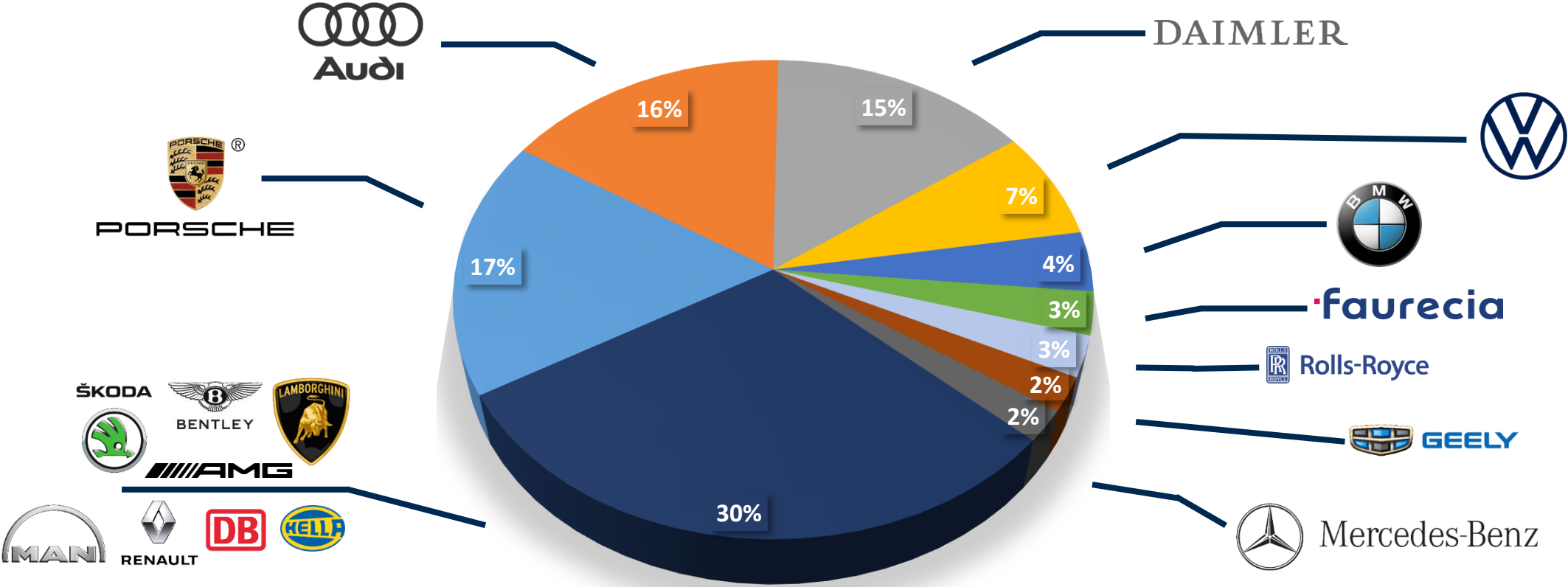
# paragon Automotive - Retrospective

# 2019

- ⊖ Launching costs of Kinematics projects
  - ⊖ One-off effect € 6.0m
  - ⊕ Successful restructuring gaining profit of € 14.2m over lifetime
- ⊖ Integration / consolidation costs of subsidiaries
  - ⊖ One-off effect € 2.5m
  - ⊕ Consolidation of three locations into one new enables savings of € 1.5m annually
- ⊖ Introduction costs of new ERP software
  - ⊖ One-off effect € 0.5m
  - ⊕ Consistent ERP systems in subsidiaries enable significant cost savings

Business Overview

# Revenue Share of paragon Automotive Customers



**Business Overview**

**Highlights from paragon's Business Units in 2019**



- \_ Air Quality Sensor and Ionizer for Porsche electro platform (e.g. Porsche Taycan)
- \_ Air Quality Sensor for new Volkswagen MEB electric platform (initially for ID.3)
- \_ R&D project: Near-field radar sensor for detecting children on rear seats of vehicles to prevent heat exhaustion (significant potential in the US)

- \_ 5 more car models equipped with smart assistants – incl. Golf 8
- \_ New platform for building companions
- \_ Market entry smart office solution



- \_ Major order for microphones for largest VW platform
- \_ Nomination by Porsche for new instruments
- \_ EISA Awarded ETON loudspeaker Core S3 now being distributed by European market leader for car hifi aftersales

Business Overview

paragon Automotive - Retrospective

2020

- ⊕ January: Perfect start of the year
  - ⊕ Sensors +12.3 %
  - ⊕ Overall turnover +10 %
- ⊖ March: Comprehensive production stoppages at all automotive customers
  - ⊖ All paragon production plants closed
  - ⊖ Short-time work



Business Overview

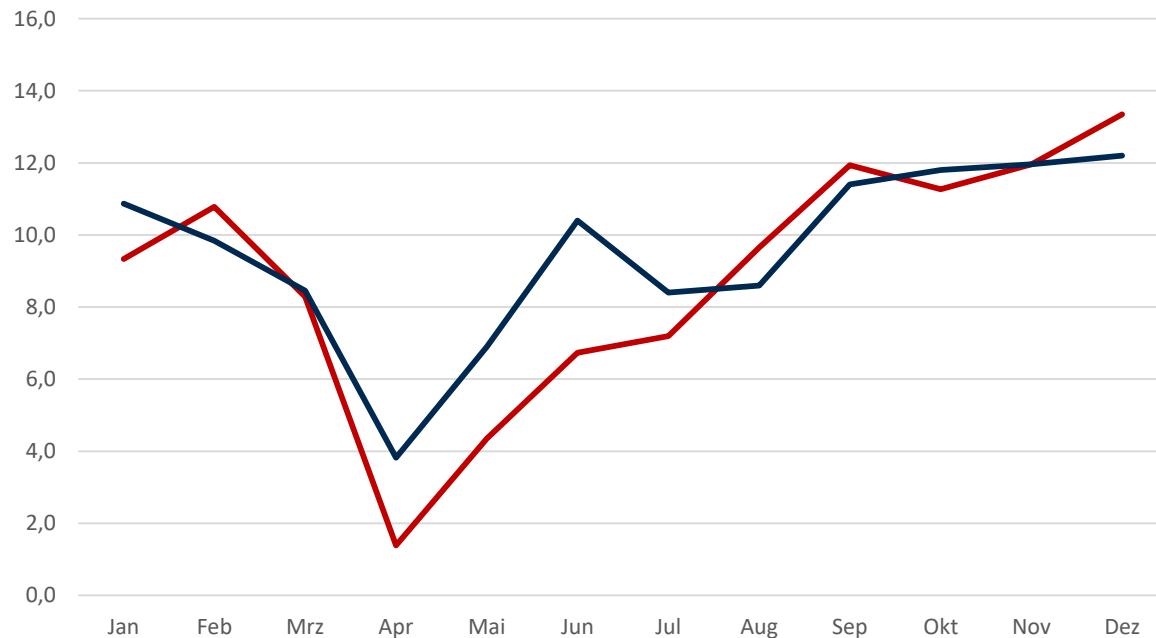
# Comprehensive Production Stoppage of Car Manufacturers

- All customers impose production stoppages
- Complete shutdown initially announced for 2-4 weeks in March and April 2020
- >> paragon sales collapse immediately, virtually "overnight"
- Extension of production stops due to requirements of the authorities, to protect our employees and as a consequence of missing deliveries (e.g. from Italy)
- paragon plants closed for 6 weeks



**Business Overview**

# Comparison Corporate Development to McKinsey Expectations



- Initiated measures show effect
- Restart of production in calendar week 16
- Current capacity utilization of the plants approx. 95 % compared to 2019
- On-hand call-offs show even better capacity utilization in upcoming months

Revenue scenario post-Corona paragon  
 Revenue scenario McKinsey

Source: McKinsey & Company COVID-19 Automotive Outlook, Release: April 16, 2020



**Actually less impact of the pandemic than predicted by external forecasts**

Business Overview

**Success through USPs**

Share Single Source  
paragon-Automotive 2019:

**86 %**

- Customers appreciate technologically sophisticated and innovative products from paragon
- paragon has a high degree of trust and support

„There is no alternative to paragon.“\*

\*Aggregated confirmation by paragon customers.

Outlook

## Using the Time



# Sharpen the focus!

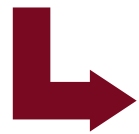
Outlook

## The Outcome of the Pandemic

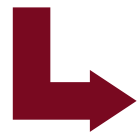
*"What was right before Corona couldn't be wrong after the pandemic."*



*"Live goes on after Corona."*



The Corona pandemic is a game-changer!



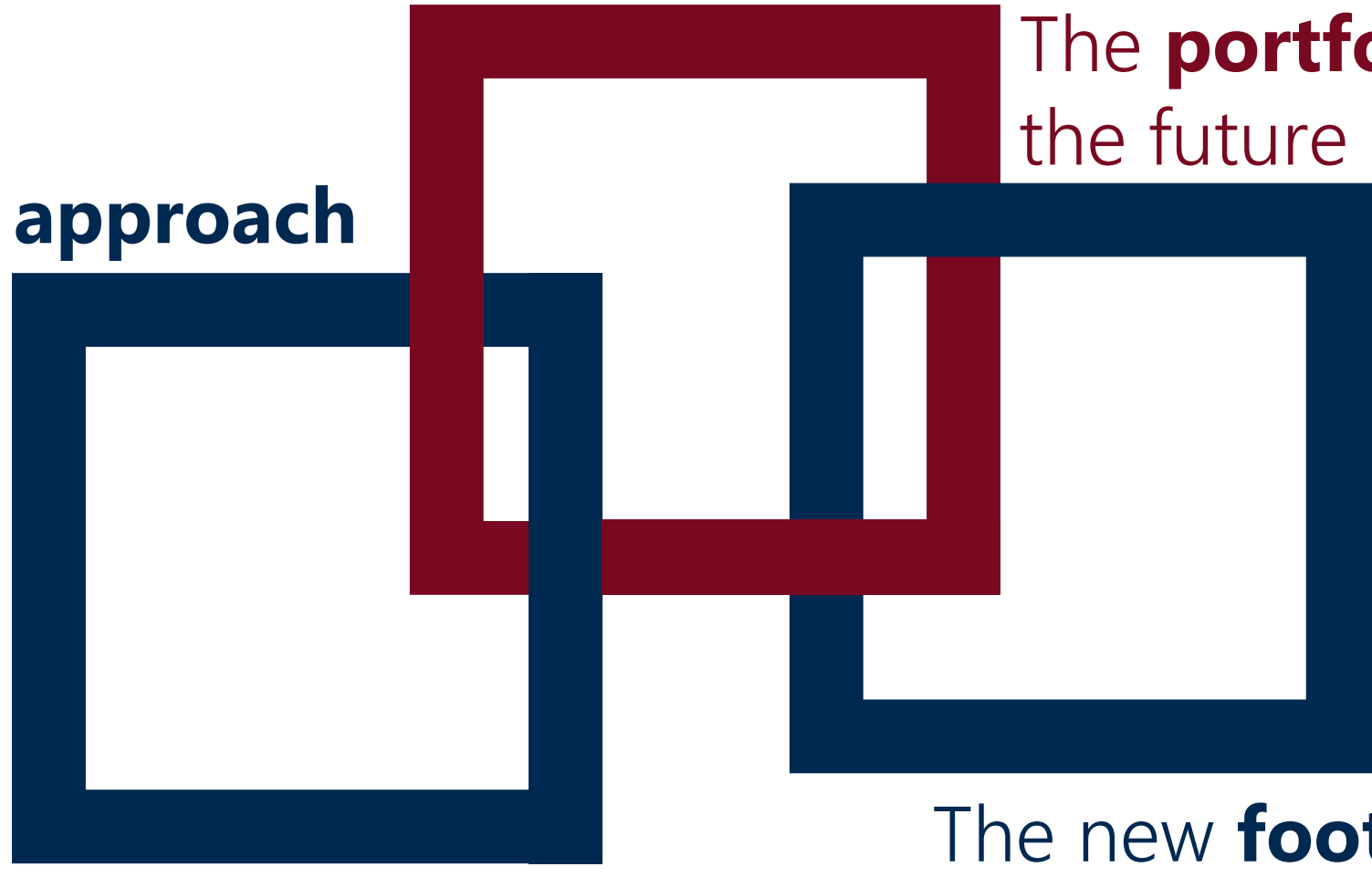
Once the pandemic is over it'll be a completely new ball game and the industry will be in a different position.

Outlook

## The paragon 2021

The new **approach**

The **portfolio** of  
the future



The new **footprint**



# The new approach - Enhanced Driving -

---

**Move**  
& Support

**Breathe**  
& Protect

**Listen**  
& Act

**See**  
& Assist

**Feel**  
& Relax

Outlook

# The portfolio of the future

## Listen and act

- Microphones **NEW**
- Exterior sound **NEW**
- Loudspeakers
- Mini-Woofer **NEW**
- Sound system **NEW**
  - Modular/scaleable platform
  - Distributed or centralized
  - 3D sound experience



„Best car soundsystem on the planet!“

Source: connect.de

## See and assist

- Digital assistance, AI based **NEW**
  - Adaptive voice control
  - Multimodal interaction
  - Data protection
  - Platform for building companions **NEW**
- Connection Box for seamless handover **NEW**
  - Embedded Infotainment
  - Mobile applications
  - Cloud services
- Supplementary instruments
- Hidden technologies
  - Smart surfaces **NEW**
  - Passenger – individual control context **NEW**



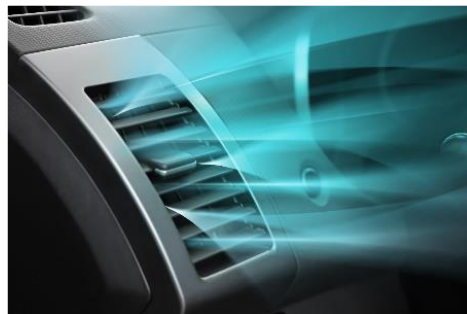


Outlook

# The portfolio of the future

## Breathe and protect

- Air Quality Sensors
- Ionizer
- Vital data sensors **NEW**
- Child Presence Detection **NEW**
- Anti-virus electrostatic filter **NEW**



## Feel and relax

- Electric drives for seats
- Sensors for seats **NEW**
- Road noise cancelation **NEW**



## Move and support

- Front and rear spoilers (incl. drives)
- Drives for wind deflectors and sunroofs **NEW**

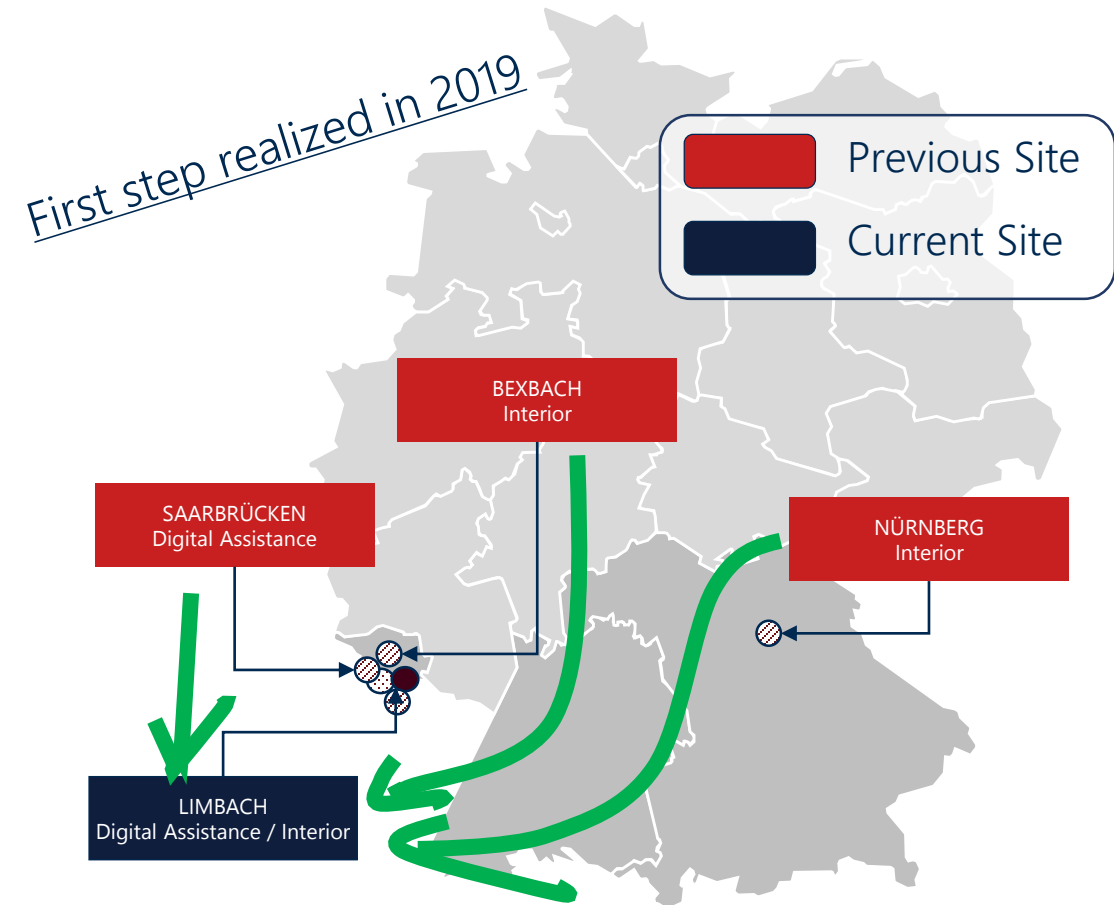


Outlook

**paragon 2021**

The new footprint

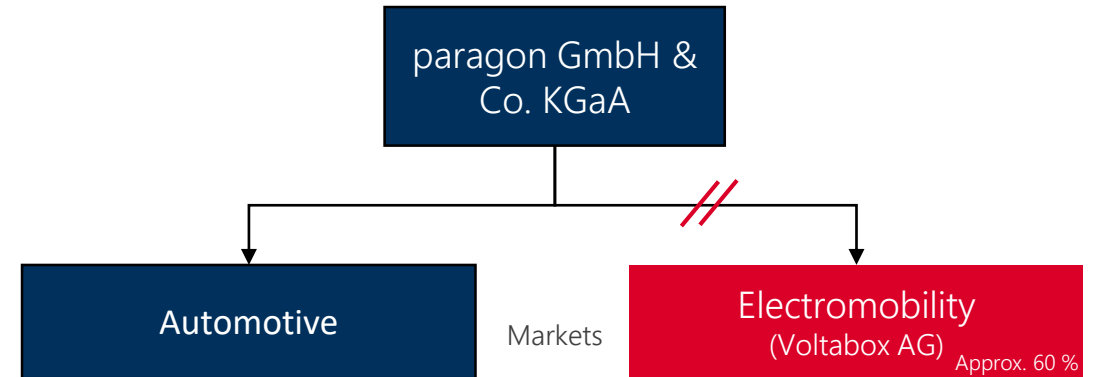
- Fewer locations with
- Dedicated tasks
- Low-cost-countries considered



Outlook

# The sale of Voltabox is the enabler

- \_ Stock market doesn't value paragon's financial investment Voltabox
  - \_ No overlap with paragon
  - \_ Stable business model/no cash-needs actually
  - \_ Buyer to scale up Voltabox's business globally
  - \_ Professional sales process going very well
  - \_ 10+ bidders
  - \_ Closing expected for end of August
- >> Proceeds to be invested into paragon's Automotive business plus debt relief



## Outlook

# Release of results FY 2019 and Q1/2020

### Target

- >> Correct reflection of worldwide threatening consequences of the pandemic on paragon's business
- >> Best possible transparency and substantiated statements for capital markets

### Challenges

- paragon is confronted with discretionary decisions due to Coronavirus pandemic (e.g. valuation of receivables)
- No secured data basis, long-term call-off behaviour of the automotive industry has to be forecasted >> bandwidth still high
- All matters relating to the future against the backdrop of dynamic economic consequences of the COVID-19 pandemic at paragon customers have to be considered

## Outlook

# Financial Calendar

July 15, 2020:	Preliminary Results FY 2019 and Q1/2020	paragon/Voltabox
July 22, 2020:	Annual Report 2019 and Quarterly Report Q1/2020	Voltabox
Est. August 7, 2020:	Annual Report 2019 and Quarterly Report Q1/2020	paragon *)
Est. September 1, 2020:	Virtual Annual Shareholder Meeting	paragon **)
Est. September 2, 2020:	Virtual Annual Shareholder Meeting	Voltabox

\*) paragon doesn't get non-public information from Voltabox prior to other shareholders; approx. 12 business days needed for consolidation and processing

\*\*\*) Subsequently 21 days for invitation

## Outlook

# Summary

- \_ 2019: Revenue growth 16% → share single source 86% (“there is no alternative to paragon”)
- \_ 2019: Burden of earnings solved → one-off effects through **restructuring**
- \_ 2020: Promising start
- \_ **Restart** in CW 16 after 6 weeks of closure due to production stoppages of costumers
- \_ Adjusting to the “new normal” → less impact of the pandemic than predicted
- \_ Already 95% capacity utilization compared to 2019 → **regaining strength**
- \_ Adequate liquidity position → payment of interest for €-/CHF-bond no problem
- \_ Voltabox sale to be closed in two months → **refocusing** and lucrative proceeds
- \_ The paragon 2021: Enhanced Driving as new approach → new products (e.g. Anti-virus filter!)

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