

## **paragon AG achieves the figures forecast for 2017 and announces another jump in sales in 2018**

- **Group sales up 21.4 percent in 2017 to € 124.8 million (prior year: € 102.8 million)**
- **E-mobility grows 73.0 percent to € 24.7 million (prior year: € 14.3 million),  
Body Kinematics up 188.0 percent to € 9.3 million (prior year: € 3.2 million)**
- **EBIT margin adjusted for special items at 9.0 percent, unadjusted EBIT down 14.5 percent to € 7.6 million (prior year: € 8.9 million)**
- **Equity ratio now at 56.8 percent (December 31, 2016: 30.0 percent)**
- **Forecast for 2018: Further growth in revenue of some 40 percent to around € 175 million – with an EBIT margin of around 9.0 percent**

**Delbrück, Germany, March 13, 2018 – Today, paragon AG [ISIN DE0005558696] published its results for fiscal year 2017 and its forecast for the current fiscal year.**

In the past fiscal year, the company generated Group sales of € 124.8 million (prior year: € 102.8 million) and, with revenue up 21.4 percent, closed 2017 at the upper end of the forecast. The increase in revenue was largely attributable to the very good performance in the new operating segments of Electromobility and Mechanics (Body Kinematics unit), which recorded an increase in revenue with third parties of 73.0 percent and 188.0 percent respectively, thereby increasing their cumulative revenue share to 27.3 percent (prior year: 17.0 percent). The largest growth driver in the Electromobility operating segment was the serial production of battery modules for forklifts. The Mechanics operating segment benefited substantially from the start of serial production of new generations of freely adjustable rear spoilers for optimizing aerodynamics for several vehicle models. Electronics remains the operating segment with the highest revenue levels, with third-party revenue of € 90.8 million (prior year: € 85.3 million), an increase of 6.5 percent. This was mainly due to a new generation

of instruments in the Cockpit unit and an increase in the output volumes of the current version of premium hands-free microphones in the Acoustics unit.

“Year after year, we meet our forecasts and grow faster than the market, a fact which our investors really appreciate,” said Klaus Dieter Frers, founder and CEO of paragon AG. “We are the benchmark in a dynamic environment. We are forging ahead with our latest innovations and becoming more and more of an integrated system provider. One of our strengths is our balanced growth across all operating segments. The important Electronics unit is growing steadily, while the Electromobility and Mechanics operating segments are proving to be extremely dynamic.”

The cost of materials rose by 23.4 percent to € 71.2 million in the year under review (prior year: € 57.7 million), which reflects a changed product mix as a result of the creation of the new units and is due to various one-time start-up costs. The material input ratio went up in tandem to 57.1 percent (prior year: 56.2 percent). As a result, gross profit rose to € 70.2 million (prior year: € 60.5 million), which represents a gross profit margin of 56.3 percent (prior year: 58.9 percent).

Capitalized development costs rose by 7.0 percent to € 16.4 million (prior year: € 15.3 million) due to several new projects.

“The demands which private customers place on their vehicles are changing rapidly. As a result, innovation cycles are getting shorter and shorter in the automotive industry. paragon focuses on recognizing the changing demands of private customers as early as possible, particularly in our Electronics operating segment, and incorporating them into the development process”, said Dr. Stefan Schwehr, Chief Technology Officer (Electronics).

The 20.6 percent increase in personnel expenses to € 35.3 million (prior year: € 29.2 million) is primarily attributable to the strong growth in the Electromobility and Mechanics operating

segments, as well as the expansion of structures within central Group functions. Nevertheless, the personnel expense ratio fell slightly to 28.2 percent (prior year: 28.5 percent). Other operating expenses rose to € 17.9 million (prior year: € 15.2 million), which was mainly due to the operative growth within paragon Group. Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 5.8 percent to € 17.0 million (prior year: € 16.1 million), providing an EBITDA margin of 13.6 percent (prior year: 15.7 percent).

Depreciation and amortization increased substantially as planned to € 9.4 million (prior year: € 7.1 million). The EBIT margin was 9.0 percent when adjusted for one-time items in the Body Kinematics operating segment totaling € 1.4 million as well as one-time expenses which were not passed on to customers in the past fiscal year amounting to € 2.2 million. Unadjusted earnings before interest and taxes (EBIT) decreased 14.5 percent to € 7.6 million (prior year: € 8.9 million), largely due to the € 2.7 million increase in other operating expenses. The unadjusted EBIT margin therefore declined to 6.1 percent (prior year: 8.7 percent).

Due to the reduced financial result of € -4.4 million (prior year: € -3.2 million), earnings before taxes (EBT) also fell to € 3.2 million (prior year: € 5.8 million). At the same time, income taxes increased to € 3.9 million (prior year: € 2.2 million). Overall, the paragon Group generated a consolidated net loss of € -0.7 million in the year under review (prior year: € 3.6 million). This corresponds to earnings per share of € -0.15 (prior year: € 0.84).

The assets of paragon AG increased significantly to € 311.8 million as at the balance sheet date (December 31, 2016: € 115.6 million). This is mainly due to the capitalization of development costs, the 2017/2022 bond issue with a volume of € 50 million at the end of the first half of 2017, the IPO of the subsidiary Voltabox AG, the acquisition of HS Genion GmbH (now paragon movasys GmbH) and the increase in receivables in the Electromobility operating segment in the fourth quarter.

paragon AG's equity increased correspondingly by 410.6 percent to € 177.1 million (December 31, 2016: € 34.7 million). As a result of Voltabox AG's IPO, profit carried forward rose to € 106.0 million (December 31, 2016: € 12.9 million). Given the sharp rise in total assets, the equity ratio increased to 56.8 percent as at the reporting date (December 31, 2016: 30.0 percent).

Cash flow from operating activities decreased in the period under review to € -8.4 million (prior year: € 16.8 million). In addition to the lower earnings before taxes (EBT), this development is primarily due to a significant increase in trade receivables and an increase in inventories.

Adjusted for transaction investments, cash flow from investment activity decreased in the period under review by 3.2 percent to € 21.3 million (prior year: € 22.0 million). This development is the result of the sharp 39.0 percent decrease in payments for investments in property, plant and equipment, which amounted to € 4.7 million (prior year: € 7.7 million), while payments for investments in intangible assets increased 18.7 percent to € 17.1 million (prior year: € 14.4 million). The increase in transaction investments to € 15.9 million in the year under review led to a total cash flow from investing activities of € -37.2 million (prior year: € -23.2 million).

Cash and cash equivalents increased to € 145.8 million as at the reporting date (prior year: € 14.3 million), which is mainly attributable to the issue of the 2017/2022 bond and the IPO of Voltabox AG.

Based on the good order situation for 2018, the Management Board once again expects to grow significantly faster than the automotive sector. It is also forecasting a further jump in Group sales of more than 40 percent to around € 175 million, with a consolidated EBIT margin of around 9 percent. In view of Voltabox AG's robust order backlog for 2018, the Management

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Board is expecting a significantly higher growth rate in the Electromobility operating segment. The Electromobility operating segment is expected to more than double its revenues to around € 60 million and make a sustained contribution to the Group's profitability with an EBIT margin of around 10 percent. The Body Kinematics unit is also expected to make an above-average contribution to the increase in revenue.

The Management Board intends to increase the investment volume to around € 35 million. The purpose of the further significant expansion planned in the Electromobility operating segment is to make paragon more resilient to macroeconomic factors in the automotive industry and broaden the customer structure.

This forecast does not take a number of promising acquisitions of paragon AG and Voltabox AG into account that are currently at different project phases. The annual report and consolidated financial statements for the year ended December 31, 2017 are available for download at <http://www.paragon.ag/en/investors.html>.

### **Company Profile**

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

In addition to the company headquarters in Delbrück (North Rhine-Westphalia, Germany), paragon AG and its subsidiaries operate sites in Suhl (Thuringia, Germany), Nuremberg and Landsberg am Lech (Bavaria, Germany), St. Georgen (Baden-Württemberg, Germany), Bexbach (Saarland, Germany) and Aachen (North Rhine-Westphalia, Germany) as well as in Kunshan (China) and Austin, Texas (USA).

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