

Winterthur, March 6, 2019

## Revenue growth significantly above market level – 2019: difficult year in a challenging environment

**In 2018, Autoneum grew organically by 3.7%<sup>1</sup> and has thus considerably outperformed the market. Revenue in Swiss francs rose to CHF 2 281.5 million. However, operational inefficiencies in model ramp-ups in the key North American market USA had a particular impact on the Group's result. Despite the continued strong performance of Business Group Europe with an EBIT margin of 8.3%, the Group margin fell to 5.0% compared to the previous year. Due to the lower net profit, the Board of Directors proposes a dividend of CHF 3.60 per share for 2018.**

For the first time since the economic crisis in 2009, the number of vehicles produced worldwide in 2018 fell compared to the previous year. In this difficult market environment, Autoneum significantly increased its revenue in all regions except North America thanks to a favorable model mix. The Company recorded organic growth of 3.7% for 2018. Revenue consolidated in Swiss francs rose by 3.4% from CHF 2 205.4 million<sup>2</sup> to CHF 2 281.5 million.

### Operational inefficiencies in the USA impact Group profitability

Operational inefficiencies in particular related to model ramp-ups in the USA, the key North American market, and expansion in Asia as well as increasing raw material prices and rising labor costs in Eastern Europe and China had an impact on the Group's profitability in the reporting year. Continued high production efficiency combined with optimal capacity utilization in Europe as well as the adjustment of capacity to the market potential of the SAMEA region had a positive impact on the result but could not offset the decline in North America and Asia. EBITDA fell by CHF 60.7 million compared to the previous year to CHF 197.2 million, which corresponds to a decline in the EBITDA margin of 3.0 percentage points to 8.6%. EBIT decreased to CHF 114.1 million (2017: CHF 179.9 million). At 5.0%, the EBIT margin was below the figure for the previous year.

### High equity ratio

Compared to the previous year, net profit dropped in 2018 from CHF 118.9 million to CHF 74.7 million, primarily due to the loss recorded by Business Group North America. The lower earnings resulted in a decline in cash flow from operating activities to CHF 124.0 million (2017: CHF 145.2 million). Expansion-related investments in tangible assets totaled CHF 162.6 million in 2018, down CHF 11.0 million from their peak in 2017. The decrease in earnings as well as the investments in capacity building and expansion reduced the return on net assets (RONA) to 7.8% (2017: 15.0%) and led to a rise in net debt to CHF 283.7 million (2017: CHF 183.3 million). At 39.2% (2017: 42.7%), the equity ratio was only slightly below the mid-term financial target of at least 40%. Earnings per share in the reporting year amounted to CHF 11.83 (2017: CHF 19.53).

<sup>1</sup> Adjusted for currency, hyperinflation and divestment effects.

<sup>2</sup> The 2017 figures have been restated to reflect the adoption of IFRS 15.

### **Strengthening of market leadership through global expansion**

2018 was another year marked by the development and expansion of global production capacity. Strong demand for lightweight and multifunctional noise and heat-reducing components necessitated the construction of a new plant in Europe for the first time since Autoneum became an independent company in 2011. Since May, Autoneum has been producing carpet systems, inner dashes and wheelhouse outer liners as well as other acoustically effective components at its Hungarian plant in Komárom for German and British manufacturers in Hungary and Slovakia. Also based on strong demand, the Company expanded its development and production facilities for tooling and molding in the Czech city of Hnátnice. From summer 2019, injection molding, bending and foaming tools will be manufactured on an area of 6 000 square meters using state-of-the-art production processes to produce carpet systems, inner dashes and heatshields among other things. In China, Autoneum continued its strategy-driven growth course with new plants in Pinghu (Zhejiang Province) and Shenyang Tiexi (Liaoning Province) in addition to the eight existing ones. In Pinghu, some 100 kilometers southwest of Shanghai, Autoneum will produce over five million textile underbody components made of the innovative material composition Ultra-Silent for European, US-American and Chinese customers each year. In Shenyang Tiexi, the site of Autoneum's second plant in the province of Liaoning, the Company produces carpet systems, inner dashes, floor insulators and heatshields on 23 000 square meters for German and Swedish vehicle manufacturers in China.

In view of new forms of mobility such as self-driving cars and a passenger cabin with correspondingly greater wear and tear, carpet systems are particularly important in shielding against external noise sources. In 2018, Autoneum developed the "Carpet Cleanability Analyzer" measuring system to be able to conceptualize these components during predevelopment of new vehicle models. The underlying process enables the cleanability and dirt resistance of different carpet surfaces to be analyzed and compared. Moreover, Autoneum has further strengthened its innovation leadership with "IFP-R3", a manufacturing process for multifunctional, felt-based inner dashes and floor insulators. With a corresponding production line, output is 50% higher than with the predecessor model with less material usage. IFP-R3 is particularly suitable for the manufacture of large-area components and for use in SUVs. In this way, Autoneum is contributing significantly to the reduction in weight, noise and emissions of this globally growing vehicle segment.

### **Board of Directors proposes dividend of CHF 3.60**

Due to the lower net profit, the Board of Directors will propose to the Annual General Meeting on March 28, 2019 a dividend of CHF 3.60 (2018: CHF 6.50) per share. This represents a distribution of around CHF 16.8 million or around 30% of the Group's net profit attributable to Autoneum shareholders.

### **Business Groups**

In 2018, Business Group Europe continued to be the revenue driver for Autoneum. In a stagnating market, the Business Group increased its revenue in local currencies by 7.7%. In Swiss francs, revenue climbed by 11.1% to CHF 984.5 million (2017: CHF 886.2 million), making Europe Autoneum's strongest Business Group in terms of revenue. EBIT improved by CHF 9.0 million in the reporting year to CHF 82.0 million, equating to an EBIT margin of 8.3%. Thanks

to the continuously implemented efficiency improvements, a slight margin increase was achieved compared to the previous year despite higher material costs.

Lower production volumes of models supplied by Autoneum led to a decline in revenue at Business Group North America of –3.4% in local currencies. In Swiss francs, revenue totaled CHF 921.8 million (2017: CHF 963.8 million). Operational inefficiencies, corresponding restructuring expenses as well as higher labor costs and raw material prices resulted in a loss of Business Group North America. At CHF –8.2 million, EBIT was significantly below the prior-year level (2017: CHF 65.3 million).

Despite the decline in automobile production in 2018 in China, the world's largest market, Business Group Asia achieved revenue growth of 6.6% in local currencies thanks primarily to high-volume orders from Japanese and European customers. In the Group currency, revenue increased by 7.6% to CHF 260.3 million (2017: CHF 241.9 million). Decisive for this only single-digit revenue growth is an accounting effect<sup>3</sup>, which had a positive impact on the prior year's figures. Without this effect, organic growth in 2018 would have still been in the double-digit range. Expansion, rising raw material and labor costs also in this region as well as growing pressure on sales prices resulted in an EBIT margin of 7.3%.

Business Group SAMEA (South America, Middle East and Africa) strongly outperformed the market in this region once again, posting organic revenue growth of 24.4%. Revenue in Swiss francs, however, declined by –2.3% to CHF 111.5 million (2017: CHF 114.1 million) as a consequence of significant currency depreciation in this region. Higher production quantities, above all in Brazil, as well as the continued high-volume export business in Turkey and South Africa were the main reasons for this above-average growth rate. An uncompromising focus on operational process optimization and the adjustment of production capacity to the South American market potential are clearly reflected in the Business Group's result. EBIT of CHF 10.8 million (2017: CHF 1.2 million) includes a special effect through a subsequently awarded value-added tax credit of CHF 7.5 million from previous years. The EBIT margin thus stood at 9.7%. Even without this special effect, both EBIT and the EBIT margin more than doubled compared to the previous year, indicating that Business Group SAMEA has entered a phase of sustainable profitable growth.

## Outlook

In light of a stagnating automobile market, trade disputes and geopolitical tensions, Autoneum expects revenue in 2019 to be on previous year's level. However, continuing losses in North America and costs associated with the turnaround as well as the still pending return on investment in China will result in a decline in profitability. For the first-half year 2019 the Company therefore anticipates a negative net result. Based on the countermeasures taken, Autoneum should reach substantial improvements in earnings in 2020 and achieve a sound profitability level again in 2021.

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<sup>3</sup> The 2017 figures have been restated to reflect the adoption of IFRS 15.

Further information about the 2018 results as well as the Annual Report 2018 can be found at [www.autoneum.com/2019/03/06/2018-annual-results](http://www.autoneum.com/2019/03/06/2018-annual-results).

At [www.autoneum.com/media/subscription-media/](http://www.autoneum.com/media/subscription-media/) you can subscribe to the mailing list for media releases.

### **2018 Annual Results Media Conference**

Today, March 6, 2019, 9.30 am

**Location:** Autoneum, Schlosstalstrasse 43, 8406 Winterthur, Switzerland

### **Important dates 2019**

Annual General Meeting            March 28, 2019

2019 Semi-Annual Results        July 25, 2019

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#### **About Autoneum**

Autoneum is globally leading in acoustic and thermal management for vehicles. The Company develops and produces multifunctional, lightweight components and systems for interior floor and engine bay as well as the underbody. Customers include almost all automobile manufacturers in Europe, North & South America, Asia and Africa. Autoneum operates 55 production facilities and employs around 13 000 people in 25 countries. The Company with its headquarters in Winterthur, Switzerland, is listed on the SIX Swiss Exchange (ticker symbol AUTN).

[www.autoneum.com](http://www.autoneum.com)

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**Autoneum. Mastering sound and heat.**

## Financial highlights

CHF million	2018		2017 <sup>1</sup>		Change	Organic growth <sup>2</sup>
<b>Autoneum Group</b>						
Revenue	2 281.5	100.0%	2 205.4	100.0%	3.4%	3.7%
EBITDA	197.2	8.6%	257.8	11.7%	-23.5%	
EBIT	114.1	5.0%	179.9	8.2%	-36.6%	
Net profit	74.7	3.3%	118.9	5.4%	-37.2%	
Return on net assets (RONA) <sup>3</sup>	7.8%		15.0%			
Cash flows from operating activities	124.0		145.2			
Net debt at December 31	283.7		183.3			
Number of employees at December 31 <sup>4</sup>	12 946		12 133		6.7%	
<b>BG Europe</b>						
Revenue	984.5	100.0%	886.2	100.0%	11.1%	7.7%
EBIT	82.0	8.3%	73.0	8.2%		
<b>BG North America</b>						
Revenue	921.8	100.0%	963.8	100.0%	-4.4%	-3.4%
EBIT	-8.2	-0.9%	65.3	6.8%		
<b>BG Asia</b>						
Revenue	260.3	100.0%	241.9	100.0%	7.6%	6.6%
EBIT	18.9	7.3%	28.8	11.9%		
<b>BG SAMEA<sup>5</sup></b>						
Revenue	111.5	100.0%	114.1	100.0%	-2.3%	24.4%
EBIT <sup>6</sup>	10.8	9.7%	1.2	1.1%		
<b>Share AUTN</b>						
Share price at December 31 in CHF	147.40		280.75		-47.5%	
Market capitalization at December 31	685.8		1 306.6		-47.5%	
Basic earnings per share in CHF	11.83		19.53		-39.4%	
Dividend per share in CHF <sup>7</sup>	3.60		6.50		-44.6%	

<sup>1</sup> The 2017 figures have been restated to reflect the adoption of IFRS 15.

<sup>2</sup> Change in revenue in local currencies, adjusted for hyperinflation and for the disposal of the Betim plant (Minas Gerais), Brazil, in 2017.

<sup>3</sup> Net profit before interest expenses in relation to average shareholders' equity plus borrowings.

<sup>4</sup> Full-time equivalents including temporary employees (excluding apprentices).

<sup>5</sup> Including South America, Middle East and Africa.

<sup>6</sup> Includes a special effect through a subsequently awarded value-added tax credit of CHF 7.5 million from previous years.

<sup>7</sup> As proposed by the Board of Directors and subject to the approval of the Annual General Meeting.