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At a glance

The Eberspächer Group successfully closed 2019 with another increase in revenue. Consolidated net income for the year was moderately up year-on-year due to the improved operating business trend. The main contributors to this development were the positive development in the Chinese market and the technology plants in Portugal and Romania.

2020 is impacted by uncertain framework conditions. The Coronavirus pandemic will have a massive impact on the global economy and the automotive industry. Eberspächer nevertheless continues to drive innovations and penetrate new markets and customer groups. We expect an increase in revenue and results thanks to products that create the Clean Mobility for the future.

Performance Indicators in EUR million	2019	Change on 2018 in %	2018	2017	2016	2015
Revenue	4,965.6	7.7	4,610.4	4,480.9	4,323.6	4,370.8
Revenue generated abroad as a % of total revenue	78.7		71.8	69.8	67.0	67.4
Cash flow from operating activities	194.3	43.2	135.7	149.5	137.0	66.5
Ratio of equity to total assets as a %	23.8		22.4	21.0	20.1	16.0
Equity ratio as a %*	25.4		24.0	22.9	21.9	17.8
Capital expenditure**	149.2	71.9	86.8	103.2	131.4	123.2
Amortization, depreciation, and write-downs	105.3	2.6	102.6	100.6	91.7	84.7
Research and development expenses	159.7	-1.7	162.4	156.5	147.3	149.6
Personnel expenses	562.8	3.9	541.5	514.8	506.5	480.3
Net income / net loss for the year	58.1	8.8	53.4	52.5	61.0	-29.2
EBIT***	135.8	33.8	101.5	119.0	127.7	126.4
EBITDA	241.1	18.1	204.1	219.6	219.4	211.1
Return on sales as a % (after taxes)	1.2		1.2	1.2	1.4	-0.7
Number of employees (average number of employees including trainees)	9,928	0.7	9,862	9,489	9,063	8,611

* Including loan liabilities to partners

** Without changes in the consolidated group

*** Earnings before tax, investment, and financial result

The Group

Corporate boards of the Group

as of Dezember 31, 2019

Advisory Board

Mario Trunzer
Chairman

Franziska Beckmann

Christian Fürst

Klemens Schmiederer

Bernhard Wolf

Management Board

Heinrich Baumann
COO /
Managing Partner

Martin Peters
CFO /
Managing Partner

Dr. Thomas Waldhier
COO
Exhaust Technology

Dr. Jörg Schernikau
COO
Climate Control Systems / Automotive Controls

The Group Divisions

as of Dezember 31, 2019



Exhaust Technology

Revenue* 2019

EUR **4,395** million

For environmentally compatible mobility: exhaust-gas aftertreatment, noise reduction, and sound design for passenger and commercial vehicles.



Climate Control Systems

Revenue* 2019

EUR **506** million

For comfortable thermal management: pre-heaters and auxiliary heaters for all types of vehicles, air conditioning for buses, and special vehicles.



Automotive Controls

Revenue* 2019

EUR **65** million

For safe electronics: vehicle power and performance management, battery management systems, and control units for mobile, medical, and industrial applications.



*Rounded revenue figure

2019

In 2019, our industry remained confronted by the technological changes and re-thinking of society with regard to the protection of the environment and resources. The growth momentum of the global economy has slowed down. As a supplier, we feel the direct impact of the stagnating production volumes of the automotive industry. We were nevertheless able to acquire major contracts at a national and international level and at the same time expand our international production network.

We see further potential for our globally active family-owned Company. Digitization is opening up numerous possibilities for us in our daily operations, in the way we design our products and production processes. Efficiency increasing measures in various plants had a positive effect on our consolidated net income for the year. We will therefore continue to implement these measures and expand them in a targeted manner.

The Coronavirus pandemic shows that modern working methods and processes are crucial. Both society and the economy are finding out how important it is to be agile and adaptable to all kinds of situations. The Eberspächer Team is steering through these times with responsibility and empathy.

We are proud of the collaboration between our colleagues, their commitment and willingness to perform during these critical times. We can rely on our Dedicated People at Eberspächer. The consequences of the pandemic are a crucial turning point for the automotive industry and our Company.

We must overcome these and other challenges, including the ever tougher legal requirements around the world, such as the upcoming Euro 7 emission standard in Europe and China 6 and Bharat Stage VI in Asia. For us, this is our motivation to shape Clean Mobility.

We respond to the challenges presented to us by the market, legislators, organizational and health and safety requirements with innovations and Smart Solutions. For Eberspächer, they form the basis for the future development and success of our Company.

These innovations are the link between the existing business segments and the targeted evaluation of future business fields. We focus on future-proofing the established Business Units through further developments and at the same time tapping additional business sectors.

Meanwhile, our employees remain the focus of all our activities. In times of transformation, we aim to enrich our customers' experience with our motivated team. We place great importance in an open culture and welcome the wealth of ideas and creativity of each and every individual. We actively shape the changes around us instead of merely managing our existing status quo and reacting to market requirements and new technologies. This takes entrepreneurial courage as well as a critical assessment of existing processes and affairs. We shape our own future with flexibility and innovative spirit.

Heinrich Baumann
COO /
Managing Partner

Martin Peters
CFO /
Managing Partner

Group Management Report

In 2019, Eberspächer Group's consolidated revenue increased by 7.7 % to EUR 4,965.6 million. The consolidated net income of EUR 58.1 million is moderately up year-on-year. This increase was primarily caused by the rise in operating result as well as one-off effects that did cause a negative effect in the prior year. Despite numerous challenges in the automotive industry in 2019, Eberspächer successfully closed the fiscal year and continued its profitable growth.

With its three Divisions, Exhaust Technology, Climate Control Systems, and Automotive Controls, the Group developed positively. International growth, such as in China, Romania, and Portugal, was advanced further. In addition to securing the Group's competitiveness by increasing the efficiency of existing segments, Eberspächer Group is continuously developing its product portfolio. The research and development departments, which are integrated in the three Divisions, continue to drive the core business and work on future mobility solutions. Furthermore, a team called 'Next Shed' at head office in Esslingen, Germany, pools the activities into defined future fields and searches purposefully the market for new technologies and business segments.

The novel Coronavirus (SARS-CoV-2) continues to spread across the globe since January 2020. At present, it cannot be foreseen what its effects will be on the economy and global economy, and therefore on Eberspächer Group's revenue and results development. Our forecast of anticipated developments in 2020 is based on the December 2019 planning and has not yet been adjusted to account for this new development. Going by the current state of affairs, however, we expect that the automotive industry will be massively affected by the Coronavirus pandemic. This will again have a negative effect on Eberspächer Group in 2020. In the medium term, we continue to expect for consolidated revenue and results to increase.

Fundamentals of the Group

Business model of the Group

Eberspächer Group is registered in Esslingen am Neckar, Germany. It was founded in 1865 by Jakob Eberspächer. With around 10,000 employees* in 80 sites around the globe, the Group is one of the largest system developers and suppliers in the automotive industry. The Company produces series of complete systems and components for automobile manufacturers and also supplies the aftermarket with exactly fitting retrofit solutions. The Group comprises three Divisions, Exhaust Technology, Climate Control Systems, and Automotive Controls, which in turn are supported by the Corporate Center.

Eberspächer develops its position in existing and new markets by driving innovation as well as acquisitions and partnerships. The family-owned Company aims to shape the mobility of the future. The Business Innovation department specifically targets new products and markets. The overall Corporate Strategy, MOVE, leads the way in this respect: We are shaping the Clean Mobility of the future and are inspiring our customers with Smart Solutions both developed and produced by Dedicated People.

EXHAUST TECHNOLOGY

Eberspächer's Exhaust Technology Division develops and produces exhaust systems for passenger and commercial vehicles in cooperation with the automobile manufacturers. This exhaust technology contributes to meet the emissions and noise standards. It aims to reduce fuel consumption and CO₂ emissions.

CLIMATE CONTROL SYSTEMS

The Climate Control Division focuses on thermal management in vehicles. This comprises pre-heaters for passenger, commercial, and non-road vehicles as well as air-conditioning systems for buses and special vehicles. Eberspächer provides innovative solutions in the form of electrical heaters for passenger vehicles with hybrid, electric and fuel cell drives.

AUTOMOTIVE CONTROLS

Eberspächer's Automotive Controls Division develops and produces standardized and customer-specific electronics solutions. The vehicle electronics applications comprise vehicle electric system and energy management, engine and drive train management, as well as control units and electronics modules for vehicle air-conditioning systems and extended vehicle functions. The portfolio is completed with battery management and energy storage systems used in special vehicles, medical technology and industrial applications.

*We use the male form for ease of reading but obviously refer to persons of all genders.

Research and development

In fiscal year 2019, research and development expenses amounted to EUR 159.7 million. They are therefore marginally down year-on-year (EUR 162.4 million). This amount includes internal expenses plus all external services purchased for design, computer-aided engineering, testing and prototypes.

In order to meet the increasing demand for series applications, we continue to expect expenses for direct product development to remain high. These costs are necessary to ensure that the global revenue targets will be met. We also advance standards, processes, and methods and invest in basic development (research).

EXHAUST TECHNOLOGY

The main development activities in the Exhaust Technology Division take place at the three sites in Esslingen, Germany, Novi, USA, and Shanghai, China.

In 2019, we continued to focus our research and development activities on modern emission control systems for passenger and commercial vehicles. In the passenger car segment, we continued development activities for the Euro 6d emission standard in particular. Basic development focuses on solutions for the Euro 7 emission standard, which is currently expected to come into effect after 2025. This primarily comprises new components that can actively influence the thermal management for exhaust-gas aftertreatment. Developments further focused on modular exhaust valves in the past year. Exhaust valves for improving muffling and exhaust-emission conversion were introduced in series with various customers. Eberspächer developed modern exhaust-gas aftertreatment system for the Chinese and Indian commercial vehicle markets for compliance with the China National 6 and Bharat Stage VI standards, which apply from 2020.

CLIMATE CONTROL SYSTEMS

In the Climate Control Systems Division, research and development activities are primarily carried out at the respective main sites of the individual product groups in Germany: for the two Business Units, Fuel Operated Heaters and Special Markets in Esslingen, for Electrical Heaters in Herxheim and Hermsdorf, and for Bus & Coach in Renningen.

To complete the product portfolio, the new and further product developments for fuel operated heating systems were consistently driven further in the past year. Eberspächer developed the third air heater generation, Airtronic 3, further in 2019. These heaters are primarily used for commercial and light commercial vehicles, but also in construction machinery and special vehicles as well as camping and recreational vehicles of all sizes. The hardware and software were developed in cooperation with the Automotive Controls Division. The product range of small water heaters was also expanded and optimized. The first series samples of the Hydronic S3 heater product range with integrated catalytic converter (InCat) were delivered to customer in November 2019. These heaters are mainly used in passenger vehicles. The Hydronic S3 InCat reduces almost all carbon monoxide and HC emissions without requiring any additional installation space.

The Special Markets Business Unit continued to focus on implementing heating and cooling system solutions for customers. Operating elements, accessories and diagnostic tools as well as vehicle-specific installation proposals and kits were developed for this purpose. In 2019, the main focus was on expanding the functions of the EasyStart Web end user application. A Group-wide digital connectivity platform was also set up. This platform links components in special vehicles, such as auxiliary batteries and vehicle heaters. It provides fleet managers and drivers with numerous additional functions, from a central control management to a digital log book.

In the Electrical Heaters Business Unit, the focus remained on development activities for the high-voltage coolant heaters. The Business Unit acquired further series orders and additional volumes for the third generation of this product in China, Europe and the NAFTA region. The necessary application development was initiated and already completed in part. Since 2019, an application team at the location in Tianjin, China, has been supporting the business development in the Chinese market. The development of the fourth generation high-voltage coolant heaters was also continued. The customer-related product validation started at the end of January 2020. In addition, the development of PTC ceramics for high- and low-voltage products also continued. These ceramic elements are part of intrinsically safe PTC heating systems for automotive applications for battery conditioning as well as the quickly provision of hot air in the passenger compartment.

In the Bus & Coach Business Unit, a new generation product platform was released and transferred to production in Oława after creating a facelift and successful customer validation. The development of another, also new, product platform for roof-mounted air-conditioning systems was also advanced with the aim of globally consolidating the current local solutions. Technological development focused on CO₂ as a natural coolant in 2019. A concept and pilot system enables heat pump customers to switch easily and ensures standardized interfaces.

AUTOMOTIVE CONTROLS

The development activities of the Automotive Controls Division take place particularly at the German locations in Esslingen and Landau as well as Concord in Canada. In 2019, numerous investments were made in order to further expand competences.

Vehicle electronics developments focused on products for autonomous driving functions, electric mobility and CO₂ reduction. The further development of highly secure switches for autonomous driving required for vehicles without a driver (level 5) was completed. In order to meet the tough safety requirements, corresponding professional competences had to be developed, particularly in terms of functional safety. The Division also invested in the additional high-voltage PTC heater for electric and hybrid vehicles, together with the Climate Control Systems Division. The two development sites in Esslingen and Landau focused on the development of a new electronic platform for future air and water heaters in order to realize shorter product launch times.

The focus of the development activities in Concord, Canada, remains on developing products for industrial mobile energy supplies, such as for transport vehicles in production, and providing a wide range of variants for these applications. In addition to developing the existing hardware solutions further, the Automotive Battery Management Business Unit focuses on developing the software for these battery solutions. The option to add remote access via Bluetooth has been added to the basic technology, for instance.

Production, logistics, and procurement

Eberspächer further developed its global production network in 2019. The joint venture with China Yuchai International Ltd., China, which was founded in 2018, started the industrialization of various production programs. The joint venture agreement with Sharda Motor Industries Ltd., India, which had been initiated in the prior year, was signed and in Mexico, construction started on a new exhaust technology plant. The internationalization of the procurement markets was strengthened through newly opened International Procurement Offices. The Climate Control Systems and Automotive Controls Divisions also implemented further important steps for reaching future milestones. The move to the newly constructed plant in Hermsdorf is one such project worth pointing out.

EXHAUST TECHNOLOGY

The production volume of the Exhaust Technology Division was almost on par with the prior year. Whereas fewer passenger and commercial exhaust systems and components were produced in Germany and Sweden, the Portuguese and Romanian plants, in particular, recorded an increase in production volumes.

Production in Europe

Within the Exhaust Technology Division, the site in Neunkirchen, Germany, and its related assembly plants forms the largest production unit for passenger vehicle exhaust systems. The Neunkirchen production plant continues to face huge challenges in the coming years in view of the decreasing sales figures. A concept has been specially developed to guarantee the location's ability to continue its operations and remain competitive in the future. Eberspächer will be focusing on systems and core components for complex exhaust systems at the Neunkirchen site in the future. Of the approximate 280 jobs that will have to be cut as a result of this, solutions have already been found for around 180 employees in the form of social agreements and natural fluctuations. Roughly 100 employees will still be affected by this until the end of 2020.

The technology plants in the passenger vehicle segment, Oradea, Romania, and Tondela, Portugal, which were set up in 2016 and 2017, considerably increased their production volumes in 2019.

The sites in Wilsdruff, Germany, and Nyköping, Sweden, produce series of Euro 6 exhaust systems for the European commercial vehicle market. As a major customer order will come to an end as planned in Nyköping, the organization of this location continues to be adjusted accordingly. In Wilsdruff, the measures for increasing efficiency and productivity were consistently continued in 2019. New business was also acquired and lifetime extensions with major customers were agreed as from 2021.

Production in the USA, China, and India

Exhaust systems for the passenger car and commercial vehicle market in the NAFTA region are manufactured in our US production network. Our site in Wixom, Michigan, USA, primarily specializes in the production of passenger car exhaust systems that comply with the EPA Tier 3 emission standard. Our site in Brighton, Michigan, USA, specializes in the production of commercial vehicle exhaust systems that comply with the EPA 2010 standard. In 2019, the focus at the Brighton site was on realizing and implementing measures for increasing efficiency and productivity. The location started adjusting various capacities as the market is expected to recede considerably in 2020. Eberspächer is currently also investing in a new exhaust technology plant in Saltillo, Mexico. On around 21,000 square meters of production space, complete exhaust systems and components such as particulate filters and catalytic converters will be produced for the NAFTA market. The plant is scheduled for completion in 2020.

The Chinese market provides significant growth potential for Eberspächer. A joint venture with China Yuchai International Ltd. was founded in 2018 in order to meet the highest emission standard, China National 6. China Yuchai is one of the biggest Diesel engine manufacturers in China. The industrialization of China National 6 emission standard programs started in 2019. The aim is to successfully industrialize the current projects so that they can be launched in 2020.

In order to further develop its presence in Asia, Eberspächer and Sharda Motor Industries Ltd. founded a joint venture in 2019. Sharda Motor is a leading local exhaust-gas aftertreatment system manufacturer in India.

The new joint venture will develop, produce and sell exhaust-gas aftertreatment systems for Indian commercial vehicle manufacturers so that their vehicles meet the Bharat Stage VI emission standard. The industrialization of programs for the Bharat Stage VI emission standard, which will come into effect in 2020, has also started in India.

Supply chain management

The increasingly short product lifecycles of the individual vehicle models and simultaneously increasing number of different models is a continuous challenge for suppliers to the automotive industry. An efficient supply chain management is therefore becoming increasingly important. In 2019, the Group launched a SCOR (Supply Chain Operation Reference) model. With this model, it was possible to display the entire logistics process and to monitor it on the basis of the corresponding performance indicators.

The Procurement department met the 2019 savings targets for purchased parts by implementing various procurement initiatives, such as Best Cost Country Sourcing and value analyses. Within the scope of Best Cost Country Sourcing, the costs of material and transport as well as quality aspects and risks when selecting suitable procurement regions for individual goods groups are taken into consideration. Pooling effects were created through new allocations as part of additional measures and negotiations. As the Best Cost Country Sourcing turned out to be successful for procuring production materials, the activities were expanded to include indirect procurement. New suppliers, both local and global, were included in the portfolio in this respect. Newly opened International Procurement Offices support the consistent further development of the internationalization of procurement markets. They are responsible for implementing our purchasing initiatives and targets for production materials in Central Eastern Europe (Romania) and Asia (China).

CLIMATE CONTROL SYSTEMS

The production volume of the Climate Control Systems Division was up year-on-year. Whereas the production volume in the Fuel Operated Heaters and Special Markets Business Units decreased, the production volume of the Electrical Heaters and Bus & Coaches Business Units increased.

Fuel Operated Heaters Production

At the production plant for fuel operated heaters in Esslingen, further improvement measures were defined and implemented in production and logistics. A production layout optimized on the basis of lean principles was implemented and various production processes were optimized. The shopfloor management was further digitized and the trolley supply for the workstations completed. The Kanban control was supported by using RFID (radio frequency identification) technology for the C parts management. The production volume in Esslingen increased year-on-year due to the ramp-ups of two new heater generations. The Group therefore invested in the production facilities to cover the increased number of sellable units. At the Polish site in Oława, on the other hand, the number of produced units was down year-on-year due to the economic downturn. Efficiency at this location was increased considerably by implementing optimization measures.

Electrical Heaters Production

The manufacturing of the Electrical Heaters Business Unit is located at the German location in Herxheim and the Polish plant in Oława. Whilst Herxheim produced all three generations of electrical high- and low-voltage heaters, the Oława location primarily produced low-voltage products. Production capacities for the high voltage heaters were also installed. PTC stones for the low-voltage and high-voltage range are produced at the Hermsdorf location. In 2019, the operations at this location started to move to the newly constructed building, meaning that production in the new plant started already in the current year. The new production plant in Tianjin, China, produces third generation electrical high-voltage heaters. Additional production capacities were installed to meet demand in Asia.

Bus & Coach Production

As part of the continuous globalization and industrialization of the Bus & Coach product group, the focus for the Production, Logistics, and Procurement departments in 2019 was on developing the process integration of the international locations and the related transfer of assembly and knowledge to new and existing production facilities. The German site in Renningen developed its functions as a competence center and manages the global assembly processes within the Bus & Coach Business Unit. New and existing customer projects continued to be developed further in 2019. These projects were successfully industrialized at various locations of the Business Unit with the help of global manufacturing engineering.

Logistics and procurement

We increased our purchasing organization at the Polish site to support our Best Cost Country Sourcing strategies. Our International Procurement Office in Shanghai, which was founded for consistently tapping the Asian procurement market, further developed the Asian supplier basis for the production of electrical and fuel operated vehicle heaters. This significantly strengthened both localization and dual sourcing in China. An increasing number of growth-related project and industrialization purchasing activities for the Chinese market are performed locally in Tianjin, China. The situation in the electronics components market relaxed, particularly in the second half of 2019, but the situation remained tense for individual semiconductor products. Measures such as intensive forward-looking component lifecycle planning therefore remained crucial.

AUTOMOTIVE CONTROLS

The Automotive Controls Division produces vehicle electronics at the site in Landau, Germany. The capacity utilization of the machines increased slightly year-on-year due to revenue developments. The capacities could be used more efficiently and changed to a three-shift system due to the increased overall equipment effectiveness of the plant. The production site in Concord, Canada, produces battery management systems for medical, military and increasingly also industrial applications.

Business report

In 2019, according to the International Monetary Fund, the global gross domestic product increased by 2.9 % (prior year: 3.7 %). The growth momentum of the global economy therefore slowed down considerably. The main reason for this is the decreased global trading volume. The ongoing trade dispute between the USA and China caused continuing uncertainty which slowed down investment growth. The cyclical slowdown of the economy, which follows the previous sustained period of growth, led to weak industrial production, particularly in the developed economies. The United Kingdom's exit from the EU further impacted the already tense global economic situation. The eurozone economies lost further momentum in 2019, mainly due to the poor demand for exports. The weakness of the global industrial production and global trade had a particularly negative effect on the export-oriented German economy. Growth in Germany amounted to merely 0.5 % (prior year: 1.5 %). In the USA, the majority of the positive impulses from the tax reform ran their course in 2019. As a result, investments and consumer spending decreased, thus adding to the decreasing growth rate. In addition to the trade dispute and related punitive customs duties, a downturn of the Chinese domestic economy resulted in weaker economic growth year-on-year.

Sector environment

Demand for passenger cars marginally down year-on-year

The global demand for passenger cars in 2019 was marginally down year-on-year. New passenger vehicle registrations in the European automobile market were on par with the prior year. The number of new passenger vehicles registered in Germany increased slightly year-on-year according to the German Association of the Automotive Industry (Verband der Automobilindustrie; VDA). The domestic order intake of German OEMs increased moderately year-on-year and order backlog decreased marginally year-on-year. The German production volume of 4.7 million passenger cars decreased moderately and German vehicle exports significantly. In the USA, the total number of new passenger car registrations decreased slightly year-on-year in 2019. The passenger car business in China once again decreased significantly year-on-year due to the trade dispute and the end of tax relief on passenger car purchases in 2018.

The global number of production units for electric and hybrid vehicles (BEV and PHEV) increased by 18.8 % year-on-year in 2019, according to the information provided by IHS Markit. This corresponds to a share of 3.1 % in the

global passenger car production volume. In Germany, the production numbers in the passenger car segment increased by 25.5 %. The production share of electric and hybrid vehicles therefore amounts to 4.6 % of the domestic passenger car production volume.

Slightly positive trend in the commercial vehicle market

New vehicle registrations in the US commercial vehicle sector increased moderately. Demand for commercial vehicles increased slightly in Western Europe. Demand in Germany grew by 6 %. The Chinese commercial vehicle market remained on par with the prior year.

Continued growth in the bus market

The sales market for buses with a gross vehicle weight in excess of 3.5 tons in Europe was slightly up year-on-year. The global bus market will grow steadily in the coming years, according to the information provided by Power Systems Research. China, India, and Europe, in particular, will record above-average growth. The technologies for alternative types of drives and the related necessary infrastructure have not yet been fully developed.

The trend toward low-consumption vehicle concepts with hybrid and electric drives nevertheless continues. China is classed as the largest global sales market for electrically operated omnibuses.

Outlook for 2020

In January 2020, the International Monetary Fund forecasts a slight increase in the growth rate to 3.3 % in 2020. However, these assumptions are based on forecasts prior to the global outbreak of the novel Coronavirus (SARS-CoV-2), which has been spreading at an exponentially increasing rate of infection. The progressive global spread of the

virus since January 2020, which by now has developed into a pandemic, will result in significant decreases of global economic growth in China as well as in other economies around the world. The OEMs reduced or stopped their production as a result. Production can be expected to stand still for several weeks, which will affect the supply industry accordingly. The total consequences for the global economy can therefore not be forecast at the time this report was prepared. In January 2020, the German gross domestic product growth rate was still expected to be 1.1 %. A lower growth rate is to be expected in this country as well as a result of the Coronavirus pandemic.

Business trend

Development of revenue

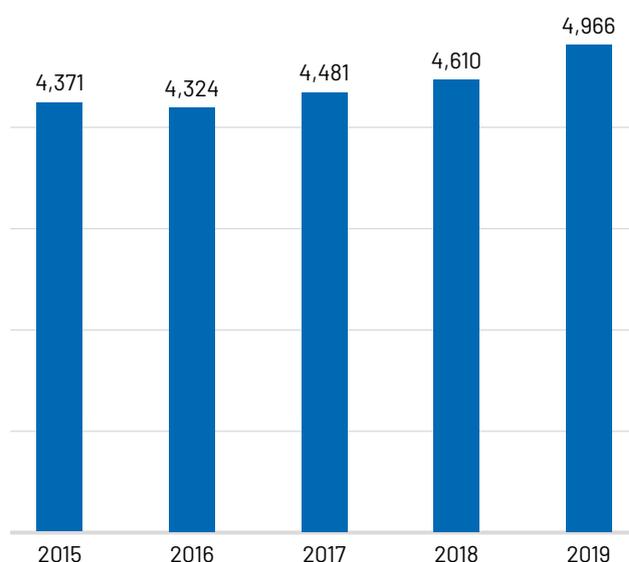
In 2019, the consolidated revenue of Eberspächer Group amounted to EUR 4,965.6 million (prior year: EUR 4,610.4 million), corresponding to an increase of 7.7 %. This increase was impacted by the initial consolidation of a Portuguese company of the Exhaust Technology Division as well as two companies of the Climate Control Systems Division in China and France. In the 2018 management report, we forecast revenue to be slightly up year-on-year. Net revenue (adjusted for transitory items such as monoliths and third-party parts that do not contribute to value creation) decreased by 1.0 % in 2019.

EXHAUST TECHNOLOGY

In the Exhaust Technology Division, revenue increased by 8.1 % to EUR 4,394.9 million (prior year: EUR 4,064.3 million). This increase in revenue primarily resulted from increased sales volumes in the Chinese market as well as the two passenger vehicle technology plants in Portugal and Romania.

Revenue in the Exhaust Technology Division contains a large proportion of transitory items. These are mainly coated monoliths and other components that Eberspächer installs. In 2019, this share amounted to 58.5 % (prior year: 53.9 %). Net revenue, adjusted for these transitory items, amounted to EUR 1,825.3 million (prior year: EUR 1,874.7 million), a decrease of 2.6 % year-on-year. Gross revenue in the Division increased year-on-year, whereas net revenue decreased.

Revenue of the Eberspächer Group in EUR million



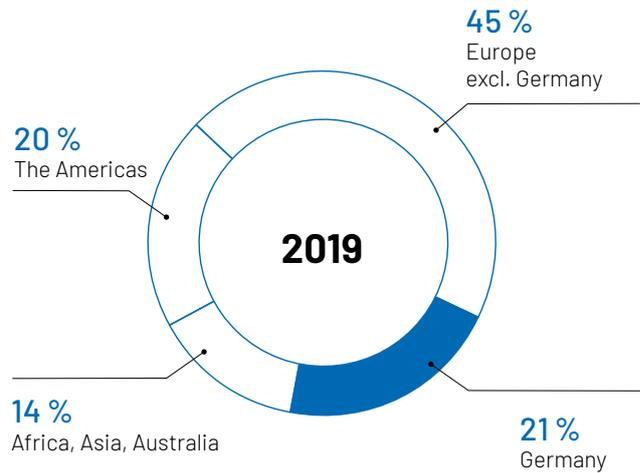
Sales markets worldwide

Our worldwide sales markets developed differently in 2019. In the core sales region, Europe, revenue generated from commercial vehicle sales decreased significantly, whereas revenue in the passenger vehicle segment increased year-on-year. In the passenger vehicle segment, the call numbers at the Czech site and the plant in Neunkirchen, Germany, were down year-on-year. The Portuguese and Romanian plants, on the other hand, recorded significant increases. Revenue increased significantly once again in China. Meanwhile, revenue in North America decreased moderately year-on-year. This development is primarily caused by the loss of a follow-up order from a major customer and the decrease of total demand for passenger vehicles.

Technologies for Diesel and gasoline engines

Contrary to the original assumption, the sale of products for Diesel vehicles decreased less strongly than expected. There is nevertheless great uncertainty in the market and reluctance amongst end customers. We expect a steady decrease in sales over the coming years in this segment. Compliance with the latest emission standards for combustion engines with updated test cycles and measurement during real operation prove to be great challenges for vehicle manufacturers, especially in Europe. In order to improve compliance with ambitious CO₂ limits for the fleet average for the current products, we are in demand as a system partner for exhaust technologies. Eberspächer works together with its customers on the further optimization of the modern Diesel technology. Notwithstanding the current discussions, this type of drive accounts for a significant share of the medium-term, global sales forecasts of our customers. In Europe, Eberspächer also acquired comprehensive new business in the gasoline engine segment in the past year.

Revenue of the Eberspächer Group by region



CLIMATE CONTROL SYSTEMS

In the Climate Control Systems Division, revenue in 2019 amounted to EUR 506.0 million (prior year: EUR 491.9 million), slightly up year-on-year.

Fuel Operated Heaters revenue decreases again

In the Fuel Operated Heaters Business Unit, revenue from fuel operated heaters decreased significantly year-on-year. Both revenue from commercial vehicle and passenger vehicle OEM business went down, with revenue in the commercial vehicle OEM business decreasing significantly, in particular. This primarily resulted from fewer calls from the European and US OEM customers. The general weakness in the Diesel vehicle sector, uncertainties regarding the general drive concepts, and economic influences are all factors in this respect.

Special Markets revenue increases slightly

The Special Markets Business Unit pools the activities with subsidiaries and sales representations in Germany and abroad as well as OES and non-automotive OEM customers. Its revenue was slightly up year-on-year. The stronger development is primarily due to the consolidation of a French company in fiscal year 2019.

Electrical Heaters revenue increases significantly

In 2019, revenue in the Electrical Heaters Business Unit was significantly up year-on-year, primarily due to the initial consolidation of the respective Chinese company. However, revenue from the series production of high-voltage heaters did not meet our expectations due to the volatile demand for electric vehicles.

Bus & Coach revenue increases moderately

Revenue in the Bus & Coach Business Unit increased moderately year-on-year in 2019, mainly due to the acquisition of comprehensive projects in the city bus segment in the US and French markets.

AUTOMOTIVE CONTROLS

In the Automotive Controls Division, revenue amounted to EUR 64.6 million (prior year: EUR 54.1 million), significantly up year-on-year. The revenue increase primarily resulted from increased series revenues due to the production ramp-ups for supercap-modules and control units for glow plugs at two OEM customers.

Financial performance indicators

Revenue is a key financial benchmark. Especially the Exhaust Technology Division, and therefore the Group, distinguishes between gross and net revenue. In contrast to the figures forecast for 2019, net revenue of Eberspächer Group was slightly down year-on-year. This decrease is primarily due to a decrease in net revenue of the Exhaust Technology Division in the passenger vehicle business in the USA and plant in Neunkirchen, Germany, as well as with European commercial vehicle customers.

Earnings before interest and taxes (EBIT) is another key financial performance indicator. The EBIT results from the operating profit before financial result and taxes. We forecast a clearly positive business trend in last year's management report. At EUR 135.8 million, the Group's EBIT in 2019 was considerably up year on year (prior year: EUR 101.5 million). The EBIT was negatively impacted in the prior year by expenses for restructuring measures.

Net financial debt was another financial benchmark. It is calculated from the liabilities to banks less cash and cash equivalents. The Group's net financial debt amounted to EUR 340.2 million (prior year: EUR 376.9 million).

Due to the planned repayment of non-current liabilities, this performance indicator improved considerably compared with the prior year, as planned.

The consolidated net income is also referred to as a key performance indicator. In 2019, it amounted to EUR 58.1 million, thus moderately up year-on-year, as forecast (prior year: EUR 53.4 million).

Based on the description of our financial performance indicators, we examine the Group's net assets, financial position and results of operations below.

Net assets, financial position, and results of operations

Net assets

As at December 31, 2019, total assets increased by EUR 128.3 million (+6.9 %) to EUR 1,980.3 million. Current assets increased by EUR 68.2 million and fixed assets by EUR 57.9 million.

In the fixed asset item, financial assets decreased by EUR 53.2 million. This is primarily due to the initial consolidation of the Portuguese company, Eberspächer Exhaust Technology Portugal, Unipessoal LDA, Lisbon, the French company, Eberspächer Kalori SAS, Pusignan, and the Chinese company, Eberspaecher Automotive Technology (Beijing) Co. Ltd., Beijing.

Investments in intangible assets and property, plant and equipment totaled EUR 174.3 million (prior year: EUR 88.4 million). These are offset by depreciation and amortization in the amount of EUR 99.1 million (prior year: EUR 99.3 million), adjusted for amortization of goodwill. Amortization of goodwill amounted to EUR 6.3 million (prior year: EUR 3.2 million).

Investments in property, plant, and equipment totaled EUR 149.2 million. Of this amount, EUR 98.6 million was invested in the Exhaust Technology Division. This development is primarily due to the expansion of production capacities at various locations. EUR 46.6 million was invested in the Climate Control Systems Division, primarily in the expansion of production capacities, particularly at the production plant in Hermsdorf. The remaining investments were made in the Automotive Controls Division (EUR 4.0 million) and in central service units of Eberspächer Group.

Current assets include trade receivables, which mainly increased by EUR 100.9 million to EUR 709.7 million. This increase resulted from effects on the reporting date and, primarily, from an increase in revenue at various companies of the Exhaust Technology Division, particularly in China and Romania. The decrease in receivables from affiliates primarily pertained to the initial consolidation of the Portuguese and Chinese companies.

On the liabilities side, primarily equity increased (EUR +57.7 million) as well as trade payables (EUR +45.6 million) year-on-year. The increase in trade payables primarily affects the Exhaust Technology Division and is mainly caused by the increase in business volume and effects on the reporting date and extended payment targets.

Increase of equity by EUR 57.7 million primarily results from the consolidated net income. The equity ratio (including liabilities to partners) amounts to 25.4 % (prior year: 24.0 %).

Financial position

Net financial debt decreased by EUR 36.6 million to EUR 340.2 million (prior year: EUR 376.9 million). Cash inflow from operating activities was EUR 194.3 million and cash flow from investing activities was EUR -151.2 million. Due to the scheduled repayment of loans, interest paid, and subsidies received, total cash flow from financing activities was negative at EUR -66.1 million.

Revolving receivables are sold monthly and weekly for financing purposes as part of factoring agreements. As at the reporting date, these transactions in the amount of EUR 35.2 million (prior year: EUR 66.7 million) led to a balance sheet contraction. The Group's liquidity is secured with unused credit facilities in the amount of approximately EUR 197 million under a syndicated loan agreement.

Results of operations

Consolidated revenue in 2019 amounted to EUR 4,965.6 million (prior year: EUR 4,610.4 million), thus EUR 355.2 million, or 7.7 %, up year-on-year. Revenue in the Exhaust Technology Division, in particular, increased, primarily due to the initial consolidation of the Portuguese company, to which an increasing number of orders had already been moved in the past two years. The sites in China and Romania recorded significant revenue increases. In contrast, revenues in Germany, Sweden, and the USA decreased significantly.

The consolidated result amounted to EUR 58.1 million in the reporting year, thus moderately up on the prior year's figure of EUR 53.4 million.

Other operating income increased by EUR 26.7 million to EUR 91.1 million. This is due to an increase in income from the reversal of provisions as well as the reversal of impairments of receivables from a non-consolidated company.

Personnel expenses increased by EUR 21.3 million (+3.9 %). Even though employee numbers increased only slightly, this increase primarily resulted from regular wage and salary increases. In fiscal year 2019, an average of 9,928 (prior year: 9,862) persons were employed by Eberspächer.

Depreciation and amortization were up EUR 2.8 million year-on-year and totaled EUR 105.3 million. This is due to an increase in amortization of goodwill.

Other operating expenses decreased by EUR 21.5 million to EUR 347.3 million. This decrease primarily resulted from a decrease in expenses for restructuring measures, leased employees, and leasing expenses. In contrast to this development, the expenses from impairments of receivables and other operating expenses increased.

EBIT increased by EUR 34.3 million to EUR 135.8 million.

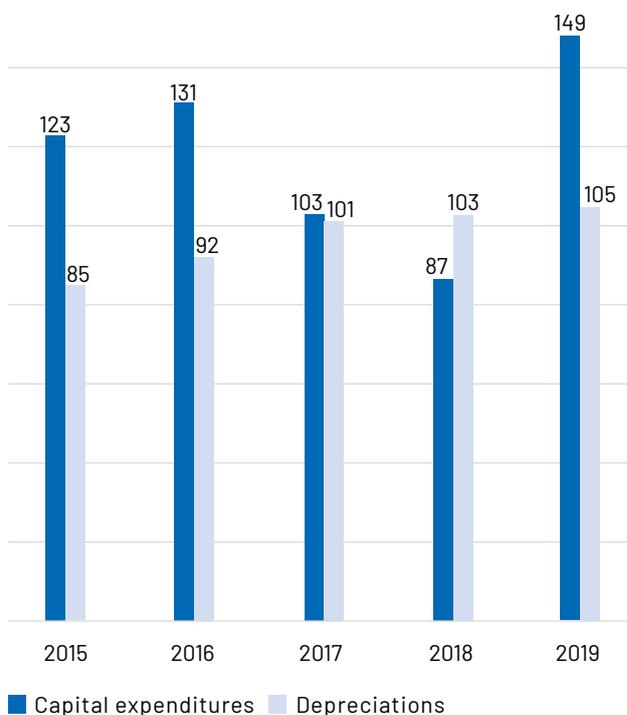
The financial result decreased considerably year-on-year by EUR 13.8 million. This development primarily resulted from the impairment of the shares in a non-consolidated company in Russia in the amount of EUR 12.4 million.

Earnings before taxes significantly increased by EUR 20.5 million year-on-year. Taxes on income increased significantly by EUR 14.7 million due to a decrease in usable tax loss carryforwards.

In summary, operating earnings exceeded expectations.

Following great expenses for restructuring measures in the prior year, amortization of financial assets and increased bad debt allowances significantly decreased the consolidated result in 2019. Consolidated net income for the year was moderately up year-on-year due to the improved operating business trend.

Capital expenditures and depreciation in EUR million



Opportunities and risk report

Eberspächer is a globally active company and as such subject to numerous risks that are intrinsically linked with our business activities. However, these risks also go hand in hand with various opportunities, which could have a positive impact on business developments.

Our Group-wide risk management aims to minimize the probability of occurrence of risks and related damages. It therefore helps to secure the Company's future success and sustainably increases Company value.

Risks within the Group are identified at Division level and assessed on the basis of the probability of occurrence and financial impact within the scope of risk management. All material risks are included. Risk management, which is based on these analyses, selects and implements risk reduction measures to prevent risks, including risks that would endanger the Company as a going concern. In addition, potential damages (damages that have not yet occurred, but for whose potential occurrence in the near future there are sufficient indications) in excess of EUR 250,000 are defined on a monthly basis, recorded, and monitored. Risk reporting is a part of monthly reporting to the Company's management.

The following risks are presented prior to the implementation of risk-limiting measures. We are aware of the risks and attempt to manage them actively with the following measures. Our activities are linked with the following key risks and opportunities:

Procurement market risks and opportunities

We are a manufacturer and as such subject to the high risk that primary and intermediate products for our production may be unavailable. This risk is of particular importance in view of the current dynamics of the global markets, which can result in supply bottlenecks as demand is increasing. We aim to prevent this risk through intensive planning, forward-looking reconciliation between customers and suppliers, intensive bottleneck management, and by using our opportunities of the increased dual sourcing of process steps and components to counteract impending capacity bottlenecks among our suppliers. The outbreak of the Coronavirus (SARS-CoV-2) may also have a significant negative impact on the procurement market. Restricted production at our suppliers could lead to supply bottlenecks and increasing purchase prices.

To safeguard against price risks for our products, the procurement markets are continuously monitored and the supplier portfolio and corresponding goods group strategies are planned in the long term as far as possible. We also conclude long-term procurement agreements with currency and materials escalation clauses. These measures are required as we consider the probability of occurrence of this risk to be high. The OEMs' continuing niche policy will continue to increase the range of vehicle models, which reduces synergy potential and increases unit costs. However, the targeted globalization of the sourcing and goods group strategies and continuous optimization of the efficiency of the value-added chain enable us to develop our own market position, secure our performance, and increase our profitability.

Price risks and opportunities

Multi-year price development agreements are usually concluded immediately when appointing a supplier. The risk of sudden price drops is therefore rather low. Customers nevertheless attempt to achieve additional price reductions by negotiating with us. However, the multi-year price development agreements can also present us with opportunities.

The automobile manufacturers rely on broadly diversified model ranges in order to service numerous vehicle segments and various group brands. At the same time, engine platforms of numerous OEMs standardized throughout the entire group. The allocation volumes for close-coupled systems are allocated in pools. This development results in numerous exhaust system variants, thus increase unit costs.

Whereas the automobile manufacturers are attempting to partially compensate the increasing costs created by the large number of models and electrification by reducing component prices, suppliers find it difficult to pass on the increased development and production costs to the OEMs. As a rule it can be said that even the premium manufacturers are tending toward shifting the weighting away from technical content to component costs.

In addition to continuing pricing pressure from the automobile manufacturers, the comprehensive development activities and services are shifting to the suppliers, which are therefore confronted with continuously increasing investment and financing requirements.

However, the shift of development activities and services also provides suppliers with the opportunity of expanding their know-how further and strengthening their own technology portfolios. The high degree of competence along the entire value added chain can create savings potentials through cost optimizations and strengthen the competitive position.

Key market risks and opportunities

We have been able to broaden our customer basis in recent years, thus reducing our dependence on individual customers. In view of long-term supply agreements over the entire lifecycle of the various model series, the risk of business relationships with one of our large customers being terminated at short notice is rather low. We are also tapping new market potential through our activities in growth markets. The outbreak of the Coronavirus (SARS-CoV-2) may further have far-reaching effects on Eberspächer Group's sales development. How serious these effects will be at the end of the day depends on the further spread of the Coronavirus (SARS-CoV-2).

Future mobility is creating new challenges for the entire automotive industry. In view of global mobility trends and ever tougher emission standards, electric mobility is increasingly gaining in importance. In the long term, we see ourselves confronted by the risk of a shrinking market for combustion engines. We counter this risk by developing new business models and at the same time growing in our existing business segment and increasing our efficiency. Within the scope of this technological change, traditional drives must be optimized further and the development of new drive concepts, such as hybrid and electric drives, advanced. We regard ourselves as well positioned for the future due to our development of innovative products, some of which are developed in cooperation with individual automobile manufacturers. The increasing globalization as well as technological and social change provide the Group with additional regional growth opportunities.

This change in the automotive market further requires for the companies actively participating in it to transform by pursuing new paths and continuously recognizing and driving innovations. In this context, Next Shed by Eberspächer aims to develop new business segments in addition to the core business and further developments in the Divisions. Next Shed acts as an incubator, collects and validates ideas from the internal and external project teams, and as a coach and mentor supports the development of ideas into a scalable business model and bringing it market launch. Next Shed also acts as a strategic partner or investor for innovative companies and start-ups with promising ideas and products. Defined searches, such as 'autonomous systems' or 'heating and cooling', help to focus Next Shed's activities, yet provide a certain leeway.

Financial risks and opportunities

For Eberspächer, compliance with the law and order forms the basis for all business activities. Eberspächer has set out the material standards for all employees in a code of conduct and internally assesses compliance with competition and antitrust laws.

In 2014, several antitrust authorities initiated investigations against manufacturers of exhaust systems for the automotive industry on the grounds of potential agreements that violate antitrust laws. The proceedings have been terminated in the meantime where jurisdictions in the core markets, Europe, America, and Asia, were concerned without any violations of antitrust law being found and without any penalties being imposed. Only one antitrust authority is still reviewing its further course of action. There nevertheless remains the risk of third parties potentially filing claims for damages. Corresponding provisions were set aside for potential follow-up claims.

Eberspächer is subject to currency and interest rate risks as part of its ordinary activities. In cases where we intend to secure these risks, we use derivative financial instruments if they are backed by positions, cash investments, and financing from operating activities. We therefore regard the probability of occurrence of these risks as moderate. However, positive currency and interest rate changes also provide financial opportunities for the Eberspächer Group.

We believe existing default risks to be moderate overall on the basis of our customer portfolio, meaning that above-average bad debts are not expected. We have nevertheless intensified our regular customer credit checks. The Group's financing requirements are secured with a long-term syndicated loan and further bilateral agreements. This forms a sound basis for successfully implementing the growth strategy, which brings with it extensive investments, in the coming years.

Warranty risks

Due to the increasing complexity of our products and the OEMs' and end customers' rising quality requirements, the probability of occurrence of warranty risks is to be regarded as high. As has been the norm in the automotive industry for some time, the OEMs transfer the majority of these risks, especially those relating to product development, to the suppliers, the so-called 'system developers'. Eberspächer therefore endeavors early on during the product development process to recognize and avoid potential warranty risks. In addition, early failures during series ramp-up are analyzed in cooperation with the OEMs to counteract the causes of such failures. Individual customers' demands for extended warranty periods may increase warranty costs.

Particularly in the US market, quality risks are higher due to legislation in this country. We counteract these increased risks by continuously developing our quality management and increasing our legal audits of potential contracts already during the offer preparation phase. The tapping of new markets furthermore requires us to intensively deal with the respective applicable warranty legislation.

In order to reduce expenses for warranty obligations along the supply chain, the provisions of warranty agreements with suppliers are synchronized as much as possible with those of the OEMs. We continue to aim to prevent faulty primary products by optimizing our supplier management, thus reducing expenses for warranty obligations. In cooperation with our suppliers, we also implement quality assurance measures. High quality standards make us a reliable partner in the market and enable us to develop longterm customer relationships.

We measured the risk positions arising from warranties and recognized corresponding provisions and took out appropriate insurance cover.

IT risks and opportunities

Electronic data processing enables the Group to design even more efficient and effective business processes within the organization, to improve the quality of work, and to supply customers just in time or just in sequence. Complex IT systems have to be implemented and operated for this purpose.

A loss of availability or breach of integrity of digital information may temporarily disrupt Eberspächer's ability to supply, and therefore customers' production processes. The disclosure of confidential information and business secrets also constitutes a high risk, which can result in claims for damages being raised by partners and customers. Security aspects therefore play an important role in the continuous optimization of the IT landscape.

The appointment of an IT Security Officer (ITSO) and integration of the central IT in a Group-wide and cross-departmental information security organization creates a direct reporting path for corresponding risks to the management of the Group. The ITSO continuously identifies and checks IT security risks. He communicates them to the management to derive measures. In order to compensate for remaining IT risks, a cyber insurance was concluded in 2019, which covers Eberspächer Group for the financial damages caused by a cyber attack within the contractually agreed insurance cover.

Technical and organizational protective measures as well as management processes were checked during internal and external audits in 2019 to ensure the fulfillment of contractual, legal, and internal IT security requirements. In addition to the subsequent certification of the IT Security Management System (ISMS) in the IT department (in accordance with ISO 27001), approval in accordance with the test standard TISAX® was also obtained due to customer requirements in the Exhaust Technology Division at the Esslingen site. With this TISAX® approval, Eberspächer Group meets an important requirement for the future cooperation with its customers.

In order to make the opportunities created by digitization and networking usable, Eberspächer continuously integrates further companies of the Divisions in the global IT infrastructure and the ERP system SAP ERP 6.0. New or acquired companies are familiarized with the global IT and information security standards. Existing protective measures are continuously adapted to current requirements and threats. The central computer center in Esslingen asynchronously mirrors relevant data from the key IT systems to the backup computer center in Neunkirchen. Damage and recovery scenarios are also regularly practiced as part of an emergency concept.

Overall risk and opportunity position

From today's perspective, the majority of the above risks can be managed well and do not endanger the Group's continued existence as a going concern. However, the Coronavirus pandemic is a challenge for the Group and its employees whose effects cannot be fully discerned at present. Eberspächer is exposed to more than the above risks. Risks that Eberspächer is not yet aware of and risks that are still being regarded as less significant at present could also have a negative effect on the Group. The above opportunities could also have effects that offset the risks. These opportunities further provide numerous possibilities for strengthening Eberspächer's position.

Forecast

The following outlook contains forward-looking statements. These are based on current plans, estimates, and expectations regarding future developments in our key markets and Eberspächer Group. They are subject to uncertainties that may harbor both risks and opportunities.

Based on our planning, we expected for Eberspächer Group's gross and net revenue, EBIT, and the consolidated result in 2020 to be roughly on par with the prior year. Net financial debt will increase considerably due to high investments in the expansion of production capacities and new locations as well as the year-on-year rise in working capital (net financial debt in 2019: EUR 340.2 million). However, at present we are faced with the challenge of the Coronavirus pandemic, which is not accounted for in our planning. In the current situation, we continue to expect an economic standstill, the length of which is hard to anticipate at present. Production is also likely to come to a standstill for weeks. How long this standstill will last can also not yet be foreseen. We therefore expect that both revenue and results will fall short of the planned figures. Eberspächer will adjust its activities at short notice, depending on the further development of the Coronavirus pandemic and its consequences. Countermeasures with an effect on costs and liquidity have also already been implemented, which will result in a postponement and avoidance of investments and expenses.

In order to position ourselves successfully in the long term, we continue to focus on developing new business segments and at the same time increasing efficiency in the existing business segment. Technological competence has to be continuously developed and a mixed product portfolio consisting of established and new technologies created in this respect.

EXHAUST TECHNOLOGY

In the Exhaust Technology Division, fuel operated passenger and commercial vehicles with their increasingly complex exhaust systems will remain an important sales market in the future. Despite the current discussions, Diesel drives will account for an important share in our customers' medium-term sales forecasts, particularly in Europe. Eberspächer expanded its global production capacities in recent years due to newly acquired orders and its global presence near the customer. In order to further drive global growth, the Division's main focus in 2020 will be on developing new plants in China, India, and Mexico. The introduction of the China National 6 and Bharat Stage VI in China and India represent a great technological leap and require increasingly complex exhaust-emission conversion

solutions. We therefore expect positive growth here in the coming years. It is therefore crucial for the Division to drive innovation and meet future emission standards, such as Euro 7. This is offset by a decrease in revenue from commercial vehicle exhaust systems in the North American market and in Europe for commercial vehicles with the Euro 6 emission standard. We expect further revenue increases in the passenger car business at our Portuguese and Romanian technology plants. Both locations profited from new series ramp-ups and the moves of production programs within the production network. Also in the US passenger car segment, we expect growth due to major new orders from important customers. However, the Coronavirus pandemic will also cause severe disruptions here.

CLIMATE CONTROL SYSTEMS

In order to profit from the market trends, such as electric mobility, mobile comfort, autonomous driving, and connectivity, the Climate Control Systems Division increasingly invests in new products and production facilities. In the coming years, we expect particularly the market for vehicles with hybrid and electric drives to generate continuous sales growth for innovative heating concepts. In 2020, new product productions will start in all Business Units. These include, for example, new generations of fuel operated air heaters and electrical high-voltage heaters in Oława. These measures serve to achieve the revenue growth target. The Division will further focus on improving the operating output of the German production facilities and inventory management.

AUTOMOTIVE CONTROLS

Reliable switches, performance electronics, control units, and battery management systems are the core competence of the Automotive Controls Division. By developing these products, Eberspächer creates the basis for sustainable mobility. An efficient vehicle electric system management supports highly or fully automated vehicle systems, modern drive assistants, and environmentally friendly engine specifications such as the start-stop function. In 2019, the Division added Autonomous Drive Safety Switches to its portfolio. The Redundant Safety Switch is the first product in this group that is being installed in Level 4 autonomous drive vehicles. As the Automotive Controls Division profits from the trend of the increasing proportion of electronics in vehicles and the trend toward autonomous driving, we expect significant growth in the coming years. The still young Division is moving outside the automotive industry with its battery management systems. In the medical technology, logistics, and production sectors, they guarantee the reliable functioning of lithium-ion battery-driven systems and means of transport.

Outlook

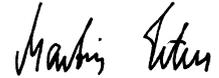
We will be highly unlikely to maintain the previous result forecast on par with the prior year due to the Coronavirus pandemic. It cannot yet be foreseen how severe the negative effects of the spread of the Coronavirus (SARS-CoV-2) will be on the economy and global economy, and therefore on Eberspächer Group's revenue and results development. In the medium and long term, we expect profitable growth, based on a product portfolio consisting of established and new technologies.

Esslingen am Neckar, April 14, 2020

Eberspächer Gruppe GmbH & Co. KG
- Management -



Heinrich Baumann



Martin Peters

Corporate Social Responsibility

Quality and environmental management

Eberspächer Group sets itself high standards, including in the areas of quality and environment. Eberspächer ensures that the environment is protected and resources used responsibly, from the earliest development of new technologies, across the entire production process, to the product deliveries to its customers. Consistent quality management emphasizes the reliability of our work.

Quality

All plants of the Exhaust Technology Division are certified in accordance with the new version of the IATF 16949 (International Automotive Task Force). This particularly includes the plants whose new production started up in 2019. Global standards and processes were developed further and optimized in 2019. The successful launch of a SAP process for managing faulty parts in the production of all plants in the Exhaust Technology Division is one such example. The continuous knowledge transfer by the Group was advanced with various projects, such as the set-up of a lessons learned database and optimized audit management tool. The continuous improvement of customer satisfaction is of crucial importance. This is reflected in the further decrease of the already low number of customer complaints.

A Q-University was developed further globally in the Climate Control Systems Division to promote individual quality awareness and its integration in daily operations. Training modules relating to the topic of quality management are available globally. To further standardize the processes, the central Eberspächer Business Operating System (EBOS) was advanced in a targeted manner in the Climate Control Systems Division.

Environment

The environmental management systems at almost all sites are certified in accordance with the requirements of the ISO 14001 standard. By integrating the management system in the existing Eberspächer Business Operating System (EBOS), administrative expenses were reduced to a minimum.

Based on the energy management system at the Neunkirchen site, which is certified in accordance with ISO 50001, a superordinated management system was created for the Exhaust Technology Division in Europe. This will be gradually rolled out to all locations. In addition, all sites that were legally required to do so performed an energy audit in accordance with DIN 16247.

Employees

Management approach and HR policy

The biggest technological innovations are always developed by people who show the greatest commitment, intelligence, and passion for their tasks and think outside the box. This is why Eberspächer gives its employees the leeway and opportunities for exploiting their creativity and potential. As a family-owned company, Eberspächer places great importance on trust, longterm thinking, and an established value culture. In a culture based on respect, the Company ensures that fairness is employed at all levels. Eberspächer does not tolerate any discrimination and instead promotes diversity and equal opportunities. Compliance with labor laws and adequate pay are regarded as natural. Eberspächer respects the legitimate representation of its employees interests and entirely rejects corruption and any form of forced and child labor. As a global player, Eberspächer is committed to upholding human rights and fair working conditions around the world. This is embedded in the Code of Conduct. Eberspächer creates the organizational framework conditions and provides comprehensive social benefits that are required for retaining employees and simplifying the integration of new employees. At Eberspächer, this includes measures such as providing occupational health management and a company-owned day care facility for children at the location in Esslingen.

The Group's guiding principle, as the whole of the shared values and opinions, was continuously lived in 2019. In order to reduce complexity, the previous seven corporate values were condensed into three and strengthened among employees in workshops: trust, respect, and tolerance. In 2019, Eberspächer developed its Employer Brand as well as a new employer positioning. The Employer Value Proposition developed together with the employees is based on the guiding principle: 'Respect for people and their know-how. Trust in each other and a great future. Our success formula: We can. We may. We want.'

Number of employees

The international focus and global growth of Eberspächer is reflected in the number of its employees. In fiscal year 2019, an average of 9,928 persons (including trainees) were employed, of which 4,506 in Germany, and 5,422 abroad. Compared with the prior year (9,862 employees), 66 new jobs were created. 6,816 employees worked in the Exhaust Technology Division, 2,663 in the Climate Controls Systems Division, 370 in the Automotive Controls Division, and 79 in the Corporate Center. As a liberal company, Eberspächer employs people from around 50 nationalities at the head office in Esslingen, Germany, alone.

Vocational and further training

Life-long learning and continuous development form the basis for the Company's success. As part of its HR and talent development activities, Eberspächer conducts regular feedback talks and development planning. The focus is on implementing specific programs to develop and expand the professional, method, and process competences as well as the personal development of employees. 'JAKOB University', a digital learning management system, provides direct access to training opportunities and therefore gives employees a transparent overview of the comprehensive training offers. The online learning tool therefore contributes to the development of knowledge within the Group. 'JAKOB University' is available at almost all German and US sites at present.

Designing a new competence model and the new 'Leads!' executive program were focal points of global HR development in 2019. Both are to be rolled out in 2020. The corporate values are an important part, and at the same time form the basis, of both measures. The cross-site, three-year Eberspächer development program for young professionals has become another important HR development tool. 70 employees are currently participating in this. In 2019, 45 graduates of the class of 2015 celebrated their graduation. Eberspächer will continue the development program in 2020 after reviewing its concept.

In the past year, Eberspächer further invested in its executive training with programs such as 'Coach, don't tell', 'Career Path', and the internationally aligned 'Development Centers'. The latter assist executives with determining their personal position on the career ladder and their further development. Coach Leaders were appointed around the world in order to further strengthen the 'Coach, don't tell' executive initiative. They support the initiative on site in the national companies. The Onboarding Days, a two-day introductory program for new hires, were continued in 2019 and by now form an important part of the introduction period for new employees.

Eberspächer has always placed great importance on training young people. The Company provides industrial and business training as well as dual studies with a technical and business management focus. In 2019, an average of 283 trainees worked for the Company in Germany and abroad.

Occupational health and safety

The superior aim of Eberspächer's occupational health and safety activities is to prevent accidents and industrial diseases. The Company implements a Group-wide occupational HSE (Health, Safety and Environment) management system for this purpose. The HSE performance indicator system is a key part in which all plants of all Divisions are integrated. In 2019, the occupational health and safety management system in the Exhaust Technology Division was also certified in accordance with the ISO 45001 standard at the sites in Neunkirchen, Schwäbisch-Gmünd, Rakovnik, Oradea, Port Elizabeth, Cowley, Spartanburg and Shanghai. The ISO 45001 certification will be gradually rolled out to further sites in the coming years.

Eberspächer has experts at all plants who assist the local management with creating safe working conditions and minimizing the effects of the activities on the environment. An HSE function, which has been set up in every Division, coordinates the global activities to promote networking between experts, learning from one another, and developing global standards based on best practices. The strategies, targets, and procedures as well as joint reviews are regularly implemented in all Divisions.

Eberspächer lives by the principle: 'Safety first, Quality always'. A key benchmark for the success of this guiding principle and preventive occupational health and safety activities is the trend of absenteeism and accidents. The accident frequency rate and severity decreased considerably in recent years (2013 to 2019) due to active occupational Health, Safety and Environment measures.

The Company's health management was further developed, particularly in Germany. It comprises numerous preventive offers and health-promoting measures: from healthcare training to company sports groups, eye test, ergonomics and nutrition workshops and company reintegration management. At Eberspächer, responsible doing is also reflected in the range of social consulting services on offer. A health week was once again held at the Esslingen site in 2019, which gave employees the opportunity to participate in workshops, consulting services and topical talks.

Employee dialog

It is important for Eberspächer to engage in an open dialog with its employees. Employee feedback is a fixed control and evaluation instrument. In 2018, a global employee survey was conducted again in all of the Group's Divisions. Based on its results, the required actions defined in the last employee survey were validated and redefined. These actions were continuously pursued in 2019.

The Team E Employee Magazine is also an important part of internal communications. The quarterly publication provides information on the Company's activities in seven languages. It provides employees with the opportunity to get to know backgrounds, developments, and colleagues outside their own working environment. The global 'Dialog

with Management' series provides employees with the opportunity to provide the members of the Management Board with feedback, share ideas, or ask questions relating to decisions and developments at Eberspächer during a personal talk. This initiative is another step toward Eberspächer's continuous development of the dialog with employees.

A thank you to our employees

Our employees are committed and reliable. Their dedication and know-how drive Eberspächer and strengthen the Group in times of transformation. These loyal and committed employees live our MOVE strategy. We would like to take this opportunity to thank them for this.

Corporate Social Responsibility

As a global player, Eberspächer is committed to fulfilling its social responsibility. As part of our sustainability strategy, we are engaged in social projects as well as in the science and education, culture, and sport sectors. For Eberspächer, it is important that employees support social commitment. We therefore support our employees

with their efforts to give back to their global community. As we feel committed to improving the living conditions of people in our sites around the world, we place particular importance on local relationships in our corporate social responsibility activities. Our social commitment initiatives are based on three pillars:



Assuming responsibility together

Our Company employs around 10,000 people. Together, we stand by our global responsibility. We support and enable our employees to act in the interest of the Company and the greater good.



For our sites

We feel particularly committed to improve the living conditions of people at our sites. We therefore place particular importance on local social commitment.



Global

A global presence comes with global responsibility. We contribute to promoting social and environmental progress to the best of our ability.

Commitments are reviewed on the basis of a Group-wide Corporate Citizenship concept and a mandatory Company-wide donation and sponsoring guideline.

'Helping Hands' Corporate Citizenship

Eberspächer supports the voluntary positions of its employees with the 'Helping Hands' initiative. In 2018, a pilot project started in Esslingen, which provided employees with the opportunity to request financial aid for their social projects. This initiative took place on a global scale for the first time in 2019. More than 45 colleagues from 11 countries submitted a grant application for their voluntary work. This is proof of the great number of Dedicated People working for Eberspächer. The donation totaling EUR 10,000 was divided between 13 voluntary positions. By supporting voluntary positions, Eberspächer strengthens the corporate and social commitment of its employees.

Donations and sponsorings

Eberspächer supports social projects with donations and sponsoring activities. Our activities are based on a global guideline which stipulates the criteria and related internal processes. We support social and humanitarian projects as well as activities in the science, education, sport, art, and culture sectors. To meet the specific requirements in each region, the individual locations coordinate and implement the activities in their local areas.

The support for the Lamani elementary school in South Africa by the Eberspächer site in Port Elizabeth is an excellent example of local social commitment. The South African Eberspächer site came to the rescue when the school was about to close down in 2013 due to a lack of financial resources. We are supporting the school to this day. Up to now, classrooms have been renovated, a fully fitted library and computer center have been installed, and the roof and facade of the building have been maintained. Eberspächer continuously helps with purchasing school uniforms and provides grain each month to ensure that the children have a daily school meal. In 2019, Eberspächer gave more than 300 students a winter jacket. This year, the plant in South Africa also invited students to a site visit and gave an award for particularly good performance at school.

This project is just one of many which the Eberspächer sites initiate around the world. Eberspächer is convinced that Corporate Citizenship initiatives such as this create an important link between the Company and society.

Consolidated balance sheet

Abbreviated summary as of December 31, 2019

Assets	2019 in EUR k	2018 in EUR k
Fixed assets		
Intangible assets	36,805	24,053
Property, plant and equipment	643,043	544,689
Financial assets	39,447	92,638
Current assets		
Inventories	319,681	329,214
Trade receivables	709,662	608,719
Receivables from affiliates	75,052	123,663
Receivables from other equity investments	3,137	14,886
Other assets	72,475	40,855
Cash and cash equivalents	67,905	62,406
Prepaid expenses	13,061	9,467
Deferred tax assets	44	1,467
	1,980,312	1,852,057

Equity and liabilities	2019 in EUR k	2018 in EUR k
Own funds		
Equity	472,079	414,381
Partner loans	30,912	30,955
Special items		
Special item for investment subsidies	3,717	4,331
Provisions		
Pension provisions and similar obligations	120,965	112,766
Sundry provisions	243,132	226,755
Liabilities		
Liabilities to banks	408,123	439,262
Trade payables	617,455	571,902
Liabilities to affiliates	1,076	1,742
Other liabilities	76,035	49,258
Deferred income	6,818	705
	1,980,312	1,852,057

Consolidated income statement

Abbreviated summary for fiscal year 2019

	2019 in EUR k	2018 in EUR k
Revenue	4,965,587	4,610,422
Changes in inventories	28,510	-25,031
Other own work capitalized	9,220	6,369
Total operating performance	5,003,317	4,591,760
Other operating income	91,083	64,340
Cost of materials	-3,943,189	-3,541,765
Personnel costs	-562,794	-541,457
Amortization, depreciation and write-downs	-105,316	-102,556
Other operating expenses	-347,308	-368,796
Earnings before interest and tax (EBIT)	135,793	101,526
Investment and financial result	-27,827	-14,042
Taxes on income	-43,491	-28,787
Income after income taxes	64,475	58,697
Other taxes	-6,354	-5,264
Consolidated net income for the year*	58,121	53,433

* Thereof net income attributable to minority interests: EUR 1,180 k (2018: EUR 1,259 k).

Notes to the consolidated financial statements

Abbreviated summary for fiscal year 2019

General information

The consolidated financial statements of Eberspächer Gruppe GmbH & Co. KG have been prepared in accordance with Sections 290 et seqq. of the German Commercial Code (Handelsgesetzbuch; HGB) in the version of the German Accounting Directives Implementation Act (Bilanzrichtlinien-Umsetzungsgesetz; BilRUG). The consolidated income statement has been prepared using the cost-summary method.

The full version of the consolidated financial statements and group management report audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, are published in the elektronischer Bundesanzeiger [Electronic German Federal Gazette].

Consolidated group

The consolidated financial statements of Eberspächer Gruppe GmbH & Co. KG include, in addition to the parent company, 36 German and 28 foreign subsidiaries. The name and registered offices and the share of capital of the subsidiaries can be found in the list of shareholdings.

The group of consolidated companies changed compared with the previous year. In the Climate Control Systems Division, Eberspächer Kalori SAS, Pusignan (hereinafter referred to as CCKA-FRA), a French company that was acquired at the end of 2018, and the Chinese subsidiary, Eberspächer Automotive Technology (Beijing) Co. Ltd., Beijing (herein after referred to as EATC-CHN), were consolidated for the first time as at January 1, 2019.

In the Exhaust Technology Division, the Portuguese subsidiary, Eberspächer Exhaust Technology Portugal, Unipessoal LDA, Lisbon (hereinafter referred to as ETPT-PRT), was consolidated for the first time as at January 1, 2019.

Eberspächer Finanz GmbH (hereinafter referred to as EFIN-DEU) and Eberspächer Venture Capital GmbH (hereinafter referred to as EVEN-DEU) were founded at the end of 2019 and consolidated straight away. These two companies do not have any material effects on the consolidated financial statements.

For the subsidiaries not included pursuant to Section 296(2) HGB, we refer to the list of shareholdings.

Accounting and valuation principles

The following accounting and valuation methods, which have essentially remained unchanged in comparison to the prior year, have been used to prepare the consolidated financial statements.

The financial statements of Eberspächer Gruppe GmbH & Co. KG and the financial statements of the German and foreign subsidiaries have been prepared in accordance with uniform accounting and valuation principles.

Purchased intangible assets are recognized at acquisition cost and, if they have a limited life, are amortized over their useful lives (regularly over three to six years).

Goodwill created during the initial consolidation of companies is amortized in a straight line over its anticipated useful life. The useful life of individual goodwill reflects the period during which the acquired transactions are expected to generate profit. It has been set at between five to seven years.

Tangible fixed assets are stated at cost of acquisition and are depreciated in a straight line, if they are subject to wear and tear, over their expected useful lives (regularly 3 to 33 years). The production costs for systems produced by the Company contain proportionate overhead costs as well as depreciation caused by production.

With regard to the financial assets, shares in affiliates and equity investments are recognized at the lower of cost or net realizable value.

Inventories are recognized at the lower of cost or market.

Inventories of raw materials, consumables, and supplies are valued at the lower of average cost or market on the reporting date.

Finished goods and work in process are valued at production cost on the basis of individual product costings derived from the cost accounting. In addition to the direct cost of materials, direct labor, and other special direct costs, production costs include production and materials overheads as well as recognized depreciation. In accordance with Section 255 (2) Sentence 3 HGB, general administrative expenses were not capitalized. Interest on debt was also not capitalized.

In all cases, valuation was at net realizable value, i.e., the cost to complete was deducted from the expected sales prices.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs. There are additional markdowns for discounts and bonuses.

Merchandise is recognized at the lower of cost or market.

Adequate provisions have been recognized for losses resulting from supply obligations.

Apart from normal retentions of title, no inventories have been pledged as security to third parties.

Receivables and other assets are stated at their nominal value less allowances for specific risks and for the general credit risk.

Provisions for pensions and similar obligations were determined in accordance with the projected unit credit method using the "2018 G mortality tables". Pension provisions were discounted at the average market rate calculated over the past ten reporting periods on the basis of an assumed general remaining term of 15 years (2.71%). The difference between the discount rate and the average market rate resulting from the past seven reporting periods (1.97%) is EUR 14,581 k. Expected salary increases were accounted for at 2.0% and expected pension increases at 1.0%. An employee fluctuation rate of 0.77% and 0.82% was applied, depending on each company.

As in the prior year and in accordance with Section 277 (5) HGB, the interest portion from the change in provisions is disclosed under financial result.

The securities, which serve exclusively to fulfill the pension obligations and which are protected against claims asserted by all other creditors (covering assets as defined by Section 246 (2) Sentence 2 HGB), were offset at their fair value (market value) against the provisions.

Sundry provisions include tax provisions and other provisions that account for all uncertain liabilities and potential losses from pending transactions. They are recognized at the settlement value deemed necessary according to prudent business judgment. Provisions with a residual term of more than one year are discounted on the basis of the interest rate announced by Deutsche Bundesbank on the reporting date. The interest rate is the average market rate for matching average maturities over the past seven fiscal years.

Liabilities were recorded at the settlement value.

To determine deferred taxes arising due to temporary or almost permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax burden and relief are valued using the company-specific tax rates at the time the differences are reversed; these amounts are not discounted.

Differences due to consolidation procedures in accordance with Sections 300 to 307 HGB are taken into account. Differences from the initial recognition of goodwill and / or negative differences from acquisition accounting are not reported.

The resulting deferred tax assets and liabilities are offset.

The option to recognize deferred tax assets arising from differences in the separate financial statements of the consolidated companies was not exercised.

Where hedge accountings are generated in accordance with Section 254 HGB, the following accounting and valuation principles apply:

Economic hedging relationships are accounted for by generating hedge accountings. When it is possible to apply either the 'frozen-value method', under which offsetting changes in value attributable to the hedged risk are not accounted for, or the 'fair value through net income method', where offsetting changes in value attributable to the hedged risk of both the hedged item and the hedging instrument are accounted for, the 'frozen-value method' is applied. Offsetting positive and negative changes in value are not recognized in the income statement.

Assets and liabilities denominated in foreign currency were always translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Section 298 (1) in conjunction with Section 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Section 298 (1) in conjunction with Section 253 (1) Sentence 1 HGB) were applied.

With the exception of equity, which was translated at historical rates at the reporting date, all balance sheet items in the consolidated financial statements of the group companies not reporting in euros were translated into euros at the mean closing rate on the reporting date. Differences arising from the translation of balance sheet items resulting from fluctuations in the closing rates are transferred to the reserve without affecting income.

The items of the income statement are translated into euros at the average exchange rate. The resulting translation difference is recognized in consolidated equity below the reserves in the 'Equity difference from currency translation' item.

As part of the elimination of intercompany balances, receivables and liabilities between affiliates are valued at the historical rate if the receivables and liabilities relate to long-term loans between affiliates. Any resulting currency differences are added to the reserves without affecting income. In contrast, short-term receivables and liabilities between affiliates are valued at the closing rate. Any resulting exchange gains and losses are recorded with an effect on income.

The 'of which' notes on currency translation in the income statement contain both realized and unrealized currency differences.

Consolidation principles

Companies which were consolidated for the first time due to an acquisition (or additional share purchase) were accounted for using the purchase method as of the date on which the company became a subsidiary.

The carrying amount of the shares belonging to the parent company is offset against the equity of the subsidiary attributable to those shares. Equity is stated at the fair value of the assets, liabilities, prepaid expenses, deferred income and special items to be included in the consolidated financial statements at the time of consolidation. Any asset difference remaining after offsetting is disclosed as goodwill; any difference on the liabilities side is disclosed below equity as difference from capital consolidation.

The authoritative date for acquisition accounting and for determining the fair value of the assets, liabilities, prepaid expenses, deferred income and special items to be included in the consolidated financial statements is the date on which the company became a subsidiary. For subsidiaries, which had previously not been consolidated in accordance with Section 296 HGB, the relevant date is the date on which the subsidiary was included in the consolidated financial statements.

Pursuant to Section 309(1) HGB, goodwill recognized during acquisition accounting is amortized over its expected useful life.

Receivables, provisions and liabilities, revenue, income and expenses and any intercompany profits and losses were eliminated.

Notes to the consolidated balance sheet

Abbreviated summary as of December 31, 2019

Assets

Fixed assets

Additions in the fiscal year relate to	2019 in EUR k
Intangible assets	25,115
Property, plant and equipment	149,211
Financial assets	27,564
	201,890

Current assets

Inventories	2019 in EUR k
Raw materials, consumables and supplies	114,543
Work in process	131,252
Finished goods and merchandise	122,664
Prepayments	1,459
Prepayments received on account of orders	-50,237
	319,681

Assets

Receivables and other assets

The item receivables and other assets includes receivables of EUR 310 k due in more than one year.

Receivables from affiliates

Of the stated EUR 75,052 k (prior year: EUR 123,663 k), EUR 28,651 k (prior year: EUR 39,116 k) pertains to trade receivables and EUR 46,401 k (prior year: EUR 84,547 k) loan receivables.

Prepaid expenses

Among other things, this item includes loan procurement costs from the syndicated loan agreement concluded in 2015 and rent and leasing fees paid in advance.

Equity and liabilities

Own funds

Own funds can be broken down into capital shares, reserves, equity difference from currency translation and minority interests. The limited partners' shares remain unchanged at EUR 90 million.

In order to facilitate comparison to groups in which the parent company is a corporation, the item 'own funds' essentially comprises the material long-term partners' loans, in addition to equity.

Special item for investment subsidies

Subsidies were granted for investments in buildings and machinery in the Exhaust Technology Division. The special item recognized for this purpose is reversed in accordance with the depreciation of the subsidized assets.

Sundry provisions

Sundry provisions were primarily formed for taxes, matters relating to personnel (accrued vacation, long-service awards, flextime, obligations related to the German phased retirement scheme ('Altersteilzeit') and early retirement commitments), production (warranty obligations), sales (revenue adjustments) and for litigation risks.

Statement of liabilities

EUR 333,701 k of the liabilities (including partner loans) is due in between one and five years and EUR 15,716 k in more than five years.

Deferred taxes

After netting with the deferred tax liabilities, deferred tax assets totaling EUR 44 k (prior year: EUR 1,467 k) are disclosed in the reporting year.

Deferred tax assets were calculated based on the individually applicable tax rate.

Contingent liabilities, off-balance sheet transactions, and other financial obligations

The level of uncertain liabilities is within the scope of ordinary business transactions. Off-balance-sheet transactions of EUR 108,920 k relate to lease agreements as well as factoring. The sundry other financial commitments are all within the scope of ordinary business.

Notes to the consolidated income statements

Abbreviated summary for fiscal year 2019

Revenue	2019		2018	
	in EUR k	%	in EUR k	%
by Division				
Exhaust Technology	4,394,924	88.5	4,064,333	88.1
Climate Control Systems	506,014	10.2	491,949	10.7
Automotive Controls	64,649	1.3	54,140	1.2
	4,965,587	100.0	4,610,422	100.0
by region				
Germany	1,059,071	21.3	1,300,174	28.2
European Union countries excl. Germany	2,165,267	43.6	1,686,689	36.6
Rest of Europe	59,196	1.2	93,734	2.0
The Americas	985,391	19.9	1,043,239	22.6
Africa, Asia, Australia	696,662	14.0	486,586	10.6
	4,965,587	100.0	4,610,422	100.0

Other operating income and expenses

Other operating income mainly comprises exchange gains, the income from the disposal of fixed assets, reversals of provisions as well as investment subsidies/grants.

Other operating expenses essentially comprise operating costs and administrative, selling and lease expenses as well as exchange losses.

Investment and financial result

The investment and financial result is the balance of interest and similar income and investment income against interest and similar expenses and write-downs on financial assets.

Income taxes

The item income taxes reports corporate income tax and trade tax on income in Germany and comparable foreign income taxes and deferred taxes.

Consolidated cash flow statement

Abbreviated summary for fiscal year 2019

	2019 in TEUR	2018 in TEUR
Cash flow from operating activities	194,337	135,729
Cash flow from investing activities	-151,216	-124,485
Cash flow from financing activities	-66,149	-14,002
Cash and cash equivalents* at the end of the period (including changes in cash and cash equivalents due to changes in exchange rates, the consolidated group and valuation)	-12,669	4,213

*Cash and cash equivalents in the fiscal year comprise cash of EUR 67,905 k (2018: EUR 62,406 k) and current account liabilities to banks of EUR 80,575 k (2018: EUR 58,194 k).

The cash and cash equivalents disclosed in the cash flow statement comprise all cash on hand, credit balances, and short-term liabilities to banks with a term of up to three months that are recognized in the consolidated balance sheet.

Group shareholdings

as of December 31, 2019

		Share- holding ¹⁾
Germany		
catem Holding GmbH & Co. KG	Herxheim	100 %
Eberspächer Beteiligungs-GmbH	Esslingen	100 %
Eberspächer catem GmbH & Co. KG	Herxheim	100 %
Eberspächer catem Hermsdorf GmbH & Co. KG	Hermsdorf	100 %
Eberspächer catem Verwaltungs-GmbH	Herxheim	100 %
Eberspächer CC RUS Beteiligungs-GmbH	Esslingen	100 %
Eberspächer Climate Control Systems GmbH & Co. KG	Esslingen	100 %
Eberspächer Climate Control Systems International Beteiligungs-GmbH	Esslingen	100 %
Eberspächer Controls Esslingen GmbH & Co. KG	Esslingen	100 %
Eberspächer Controls Esslingen Verwaltungs-GmbH	Esslingen	100 %
Eberspächer Controls International GmbH	Esslingen	100 %
Eberspächer Controls Landau GmbH & Co. KG	Landau	100 %
Eberspächer Controls Landau Verwaltungs-GmbH	Landau	100 %
Eberspächer Exhaust Aftermarket GmbH & Co. KG	Neunkirchen	100 %
Eberspächer Exhaust Aftermarket Verwaltungs-GmbH	Neunkirchen	100 %
Eberspächer Exhaust Technology GmbH	Neunkirchen	100 %
Eberspächer Exhaust Technology International GmbH	Esslingen	100 %
Eberspächer Exhaust Technology Wilsdruff GmbH	Wilsdruff	100 %
Eberspächer Exhaust Technology Wilsdruff Verwaltungs-GmbH	Wilsdruff	100 %
Eberspächer Finanz GmbH	Esslingen	100 %
Eberspächer Financial Services GmbH	Esslingen	100 %
Eberspächer Heizung Vertriebs-GmbH & Co. KG	Torgelow	90 %
Eberspächer Heizung Vertriebs-Verwaltungs-GmbH	Torgelow	90 %
Eberspächer Insurance Services GmbH	Esslingen	100 %
Eberspächer International GmbH	Esslingen	100 %
Eberspächer Prototechnik GmbH	Schwäbisch Gmünd	100 %
Eberspächer Sütrak GmbH & Co. KG	Renningen	100 %
Eberspächer Sütrak Verwaltungs-GmbH	Renningen	100 %
Eberspächer Torgelow GmbH & Co. KG	Torgelow	60 %
Eberspächer Torgelow Verwaltungs-GmbH	Torgelow	60 %
Eberspächer Vermögensverwaltung GmbH	Esslingen	100 %
Eberspächer Verwaltungs-GmbH	Esslingen	100 %
EM Emissions Technology GmbH	Esslingen	100 % ²⁾
Eberspächer Venture Capital GmbH	Esslingen	100 %
Menesa Verwaltungs-GmbH	Neunkirchen	100 %
Montagewerk Abgastechnik Emden GmbH	Emden	50 % ³⁾
PACE Telematics GmbH	Karlsruhe	21,66 % ²⁾
Prototechnik Verwaltungs-GmbH	Schwäbisch Gmünd	100 %
Europe		
Eberspächer AB	Trollhättan / Sweden	100 %
Eberspächer Avtovazagregat Exhaust Systems LLC	Tolyatti / Russia	100 % ²⁾
Eberspächer Climate Control Systems Sp. z o.o.	Oława / Poland	100 %
Eberspächer Danmark ApS	Copenhagen / Denmark	100 %
Eberspächer Exhaust Systems RUS 000	Moscow / Russia	100 % ²⁾
Eberspächer Exhaust Technology Portugal, Unipessoal LDA	Lisbon / Portugal	100 %
Eberspächer Exhaust Technology Romania S.R.L.	Oradea / Romania	100 %
Eberspächer Exhaust Technology Slovakia, s.r.o.	Nitra / Slovak Republic	100 % ²⁾
Eberspächer Exhaust Technology Sweden AB	Nyköping / Sweden	100 %
Eberspächer Exhaust Technology UK Ltd.	Ringwood / UK	100 % ²⁾

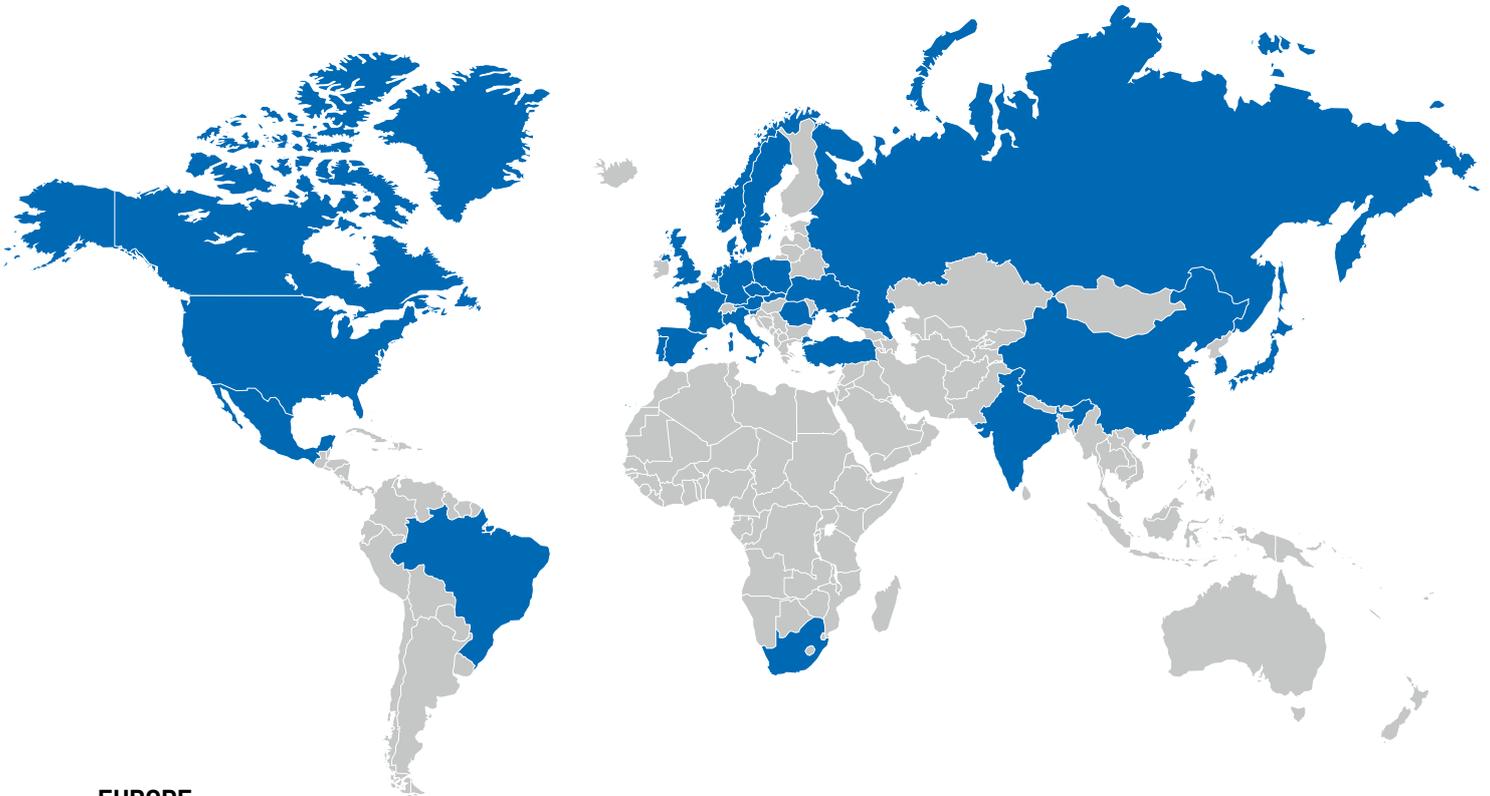
Eberspächer GmbH	Wiener Neudorf / Austria	100 %
Eberspaecher Italia S.p.A.	Castellalto / Italy	100 %
Eberspächer Kalori SAS	Pusignan / France	100 %
Eberspächer Praha s.r.o.	Prague / Czech Republic	100 %
Eberspaecher RO SRL	Florești / Romania	100 % 2)
Eberspaecher S.A.S.	Elancourt / France	100 %
Eberspaecher S.r.l.	Borgosatollo / Italy	100 % 2)
Eberspaecher Sp. z o.o.	Wysogotowo / Poland	100 %
Eberspächer spol. s r.o.	Rakovnik / Czech Republic	100 %
Eberspächer Sutrak S.A.	Madrid / Spain	100 % 2)
Eberspaecher Systèmes d'Échappement S.A.S.	St. Michel / France	100 %
Eberspaecher Turkey Egzoz Teknolojisi Sanayi Ve Ticaret Limited Şirketi	Bursa / Turkey	100 % 2)
Eberspaecher Ukraine OOO	Kiev / Ukraine	100 % 2)
Eberspaecher (UK) Holdings Ltd.	Ringwood / UK	100 %
Eberspaecher (UK) Ltd.	Ringwood / UK	100 %
Joint-Stock Company Eberspaecher Climate Control Systems RUS	Moscow / Russia	100 %
South Africa		
Eberspächer Properties (Pty.) Ltd.	Port Elizabeth / South Africa	100 %
Eberspaecher Rosslyn (Pty.) Ltd.	Pretoria / South Africa	100 %
Eberspächer South Africa (Pty.) Ltd.	Port Elizabeth / South Africa	100 %
The Americas		
Calsonic-Eberspächer Exhaust Systems Inc.	Shelbyville / USA	50 % 2)
Eberspaecher Climate Control Systems Canada Inc.	Mississauga / Canada	100 %
Eberspaecher Climate Control Systems Ltda.	Sorocaba / Brazil	100 % 2)
Eberspächer Climate Control Systems S.A. de C.V.	Mexico City / Mexico	100 % 2)
Eberspaecher Climate Control Systems USA Inc.	Novi / USA	100 %
Eberspaecher Controls North America Inc.	Novi / USA	100 %
Eberspaecher Exhaust Systems Canada Inc.	Brampton / Canada	100 %
Eberspaecher Exhaust Technology Mexico S.A. de C.V.	Saltillo / Mexico	100 % 2)
Eberspaecher North America Inc.	Novi / USA	100 %
Eberspaecher Tecnologia de Exaustão Ltda.	Sorocaba / Brazil	100 % 2)
Eberspaecher Vecture Inc.	Concord / Canada	84 %
Asia		
Eberspaecher Automotive Technology (Beijing) Co. Ltd.	Beijing / China	100 %
Eberspaecher catem Japan Ltd.	Nagoya / Japan	100 % 2)
Eberspaecher Climate Control Systems South East Asia Pte. Ltd.	Singapore	100 % 2)
Eberspaecher Exhaust Systems Korea, Ltd.	Seoul / Korea	100 % 2)
Eberspaecher Exhaust Technology (Chongqing) Co. Ltd.	Chongqing / China	100 % 2)
Eberspaecher Exhaust Technology (Shanghai) Co., Ltd.	Shanghai / China	100 %
Eberspaecher Exhaust Technology (Taizhou) Co., Ltd.	Taizhou / China	100 % 2)
Eberspaecher Exhaust Technology (Xi'an) Co., Ltd.	Xi'an / China	49 % 2)
Eberspaecher Exhaust Technology (Zhangjiakou) Co. Ltd.	Zhangjiakou / China	100 % 2)
Eberspaecher Exhaust Technology Japan K.K.	Yokohama / Japan	100 % 2)
Eberspaecher Mikuni Climate Control Systems Corporation	Odawara-City / Japan	66 % 2)
Eberspaecher Suetrak Bus Climate Control Systems India Private Limited	Bangalore / India	100 % 2)
Eberspächer Yuchai Exhaust Technology Co., Ltd.	Yulin / China	51 % 2)
Exhaust Technology Pvt. Ltd.	New Delhi / India	50 % 2)
Tenneco-Eberspaecher (Dalian) Exhaust System Co. Ltd.	Dalian / China	45 % 2)
Zhongshan Eberspächer Kalori Air Conditioning Industry Co., Ltd.	Zhongshan / China	100 % 2)

1) Including the shares of the partners in the Eberspächer Group (excluding the Eberspächer Vermögensverwaltung GmbH)

2) Non-consolidated

3) 50 % consolidation

Eberspächer worldwide



EUROPE

Austria

- Graz
- Wiener Neudorf

Czech Republic

- Prague
- Rakovník

Denmark

- Copenhagen

France

- Elancourt / Paris
- Maubeuge
- Pusignan / Lyon
- St. Michel

Germany

- Emden
- ▲ Esslingen
- Hermsdorf
- Herxheim
- Homburg
- ▲ Landau
- Neunkirchen
- Renningen
- Schwäbisch Gmünd
- Torgelow
- Wilsdruff / Dresden

Italy

- Borgosatollo
- Castellalto
- Turin

Netherlands

- Sittard

Norway

- Trollåsen / Oslo

Poland

- Oława
- Wysogotowo / Poznań

Portugal

- Tondela

Romania

- Cluj
- Oradea

Russia

- Krasnoyarsk
- Moscow
- Nizhniy Novgorod
- Novosibirsk
- St. Petersburg
- Tolyatti
- Yekaterinburg

Slovak Republic

- Nitra

Slovenia

- Ljubljana

Spain

- Getafe / Madrid

Sweden

- Nacka Strand / Stockholm
- Nyköping
- Trollhättan

Turkey

- Nilüfer / Bursa

Ukraine

- Kiev

United Kingdom

- Cowley / Oxford
- Ringwood

THE AMERICAS

Brazil

- Resende
- Sorocaba

Canada

- ▲ Concord / Toronto
- Mississauga / Toronto

Mexico

- Mexico City
- Monterrey
- Saltillo

USA

- ▲ Brighton, MI
- Northport / Tuscaloosa, AL
- Novi, MI
- Spartanburg, SC
- Wixom, MI

AFRICA

South Africa

- Port Elizabeth
- Rosslyn / Pretoria

ASIA

China

- Beijing
- Changchun
- Chongqing
- Foshan
- Shanghai
- Taizhou
- ▲ Tianjin
- Xi'an
- Yulin
- Zhangjiakou
- Zhongshan

India

- Bangalore
- Pune

Japan

- Nagoya
- Odawara
- Yokohama

Republic of Korea

- Seoul

Singapore

- Singapore

- Exhaust Technology
- Climate Control Systems
- ▲ Automotive Controls

Excluding sales representations (Version May 2020)

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