

KLINGELNBERG AG  
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Media Release

## Extremely Challenging Financial Year 2019/20

- Following downturn in 2019, significant impact of the global corona lockdown
- Prompt measures adopted at an early stage are taking effect
- Financial year reports loss owing to exceptional circumstances and impact of the corona pandemic
- CEO Jan Klingelberg: "We are firmly positioned and stably financed – new orders from China and USA give reason for cautious optimism".

EUR million	01.04.2019 – 31.03.2020	01.04.2018 – 31.03.2019	Change
Net sales from goods and services	212,1	278,2	-66,1
Operating result (EBIT)	-18,8	30,0	-48,8

Zurich/Switzerland, 17 June 2020 – **KLINGELNBERG AG**, a world leading manufacturer of high-tech gear technology for a wide range of industries, looks back on an exceptional and extremely challenging financial year in every respect. Whereas in the first six months of the year under report the company had to face negative global economic developments – and more specifically the downturn in the key automotive industry, with its far-reaching consequences for the entire industrial production sector – the corona pandemic, with its dramatic and totally unexpected impact on the world economy, dominated business operations, particularly in the last quarter from January to March 2020.

Notwithstanding this adverse environment, KLINGELNBERG AG was nevertheless able to achieve net sales of EUR 212,1 million (previous year EUR 278,2 million), demonstrating the commitment with which the company won orders despite the most difficult circumstances. Operating profit stood at EUR -18,8 million (previous year EUR 30,0 million), of which EUR 14 million must be attributed to the planned one-off costs of the successful efficiency enhancement program that was initiated in the second half of 2019. In view of what has occurred in global markets in the course of the economic slump of 2019 and subsequently the even greater severity triggered by the corona pandemic, this result can only be interpreted as proof of Klingelberg's enduring strength and ability to respond quickly to market predicaments.

Jan Klingelberg, CEO of KLINGELNBERG AG: "This financial year must be seen as two separate realities. In the first six months, Klingelberg reacted promptly to reflect structurally necessary changes – and has been quite successful in doing so. For example, the company generated a comprehensive efficiency enhancement program aimed at reducing costs, optimizing processes while, at the same time, penetrating new markets. These initiatives are proving successful – and are underlining that Klingelberg is on the right track". Klingelberg continues: "Then, at the beginning of 2020 year, an unforeseeable and unwelcome new challenge arose. We reacted quickly and decisively to the corona-related trends. The absolute priority was and remains securing the company and its future, while at the same time being comprehensively accessible to our customers. Equally, our responsibility for the health of all employees is unwavering. Additionally, the Klingelberg Executive Management has focused on implementing immediate and effective measures to preserve and secure liquidity and profitability".

CEO Klingelberg emphasizes that the company will continue on this course of securing liquidity, tightly controlling all costs while, at the same time, continuing with the efficiency program. Klingelberg stated clearly: "KLINGELNBERG AG will benefit from its solid balance sheet and sound substance, which will help our group remain one of the most stable and sustainable organizations in its market sectors. Finally, this also justifies our cautious optimism that, once this crisis is over, we will be able to participate disproportionately in the opportunities that will then arise. First orders received in recent weeks from China and the USA underline this assessment".

## **Outlook**

In the current global economic situation it is simply not possible to provide a reliable outlook. For this reason, Klingelberg will not issue any forecasts for the time being. The Board of Directors, the Executive Management and Senior Management are steering the company through a profound global economic crisis. A global recession has set in and it is presently impossible to predict when and how the economy will return to a growth path. Against this backdrop, the Board of Directors of KLINGELNBERG AG has decided to propose to the Annual General Meeting that the dividend be suspended. This step will create the financial basis for continuing the successful development program for those new products and services that will secure Klingelberg decisive starting positions for the period when the economy picks up again. In the past year, Klingelberg once again invested more than 11% of net sales value in this area despite the burdens of the economic downturn, thereby using those assets to secure the long term future of the company. Klingelberg is confident that through this combination of a healthy balance sheet, sufficient liquidity and the cutting-edge technology of its product range, the organization will be able to weather the crisis and take advantage of any opportunities that arise.

The complete KLINGELNBERG Group Annual Report for the financial year 2019/20 is available online at <https://www.klingelberg.com/en/investors/financial-reports/>.

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**About Klingelberg**

Founded in 1863, Klingelberg is a global leader in gear technology. The company develops and builds machines for the production of bevel and cylindrical gears, measuring centers for axially symmetric workpieces of all kinds, including high-precision transmission components to customer specifications. Headquartered in Zurich, Switzerland, and employing more than 1.000 specialists, Klingelberg operates development and production facilities in Zurich (Switzerland), Hückeswagen and Ettlingen (Germany) and maintains sales and service subsidiaries in Germany, Switzerland, France, Italy, Spain, Japan, India, China, Brazil, the USA and Mexico. Klingelberg shares are listed on the SIX Swiss Exchange (KLIN).

**Disclaimer**

This release contains forward-looking statements that may involve certain risks, uncertainties and changes that are not foreseeable and hence beyond the control of the KLINGELNBERG Group. Therefore, the KLINGELNBERG Group cannot provide any assurances regarding the correctness of such future-oriented statements, their impact on the financial situation of the KLINGELNBERG Group or the market in which KLINGELNBERG Group shares are traded.

Furthermore, this release contains alternative performance indicators that are not defined or listed in the applicable, recognized accounting standard (Swiss GAAP FER). Definitions of these indicators and reconciliations between these indicators and the corresponding indicators in accordance with Swiss GAAP FER are included in this release.