

KLINGELNBERG AG
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Press Release

KLINGELNBERG AG (SIX: KLIN) has successful first year after IPO – all targets achieved and with regard to earnings slightly exceeded – adverse effects expected in the new fiscal year due to economic downturn and international trade disputes

- Net revenue rises
- EBIT up 36 percent year on year
- Successful launch of generation grinding
- Net cash grows to EUR 20 million
- Equity ratio 64 percent

EUR million	01.04.2018 – 31.03.2019	01.04.2017 – 31.03.2018	Change
Net revenue	278,2	257,0	+21,2
Operating earnings (EBIT)	30,0	22,1	+7,9
Operating earnings (EBIT) adjusted for non-recurring IPO expenses	31,1	22,8	+8,3

Zurich/Switzerland, 9 July 2019 – **The KLINGELNBERG Group, a world-leading producer of advanced gear technology in numerous industries, has had a successful fiscal year (fiscal year: 1 April to 31 March). In 2018/19 and thus the year of the IPO, Klingelberg at least achieved and in some cases exceeded the targets communicated at the time of the IPO. Net revenue rose by around 8 percent to EUR 278,2 million. The company also significantly increased its EBIT by EUR 7,9 million to EUR 30,0 million. Adjusted EBIT therefore exceeded the forecast. Nearly all areas of the company reported positive developments.**

Jan Klingelberg, CEO and shareholder of the KLINGELNBERG Group: "We are delighted that we delivered a little bit more than we promised investors at the time of our IPO. We have therefore reinforced our claim of credible and realistic communication with the capital markets and investors. At the same time, Klingelberg achieved significant advancements in terms of both technology and strategy and further expanded its market shares in the past fiscal year. The new machines are being well received on the market. Klingelberg is on track and is therefore well equipped for the cooldown that has already started to make itself felt in the industry as a result of a global economic downturn and the consequences of trade disputes. Our strategy of tapping new markets with new

products, such as the Speed Viper, and new applications in measurement technology, worked admirably last year, and it will help us to face the mounting challenges in the current year as well."

In the context of its IPO, the company had communicated a net revenue target of EUR 270 – 280 million with operating EBIT of EUR 29 – 30 million (adjusted for non-recurring IPO expenses).

According to the audited figures now available, net revenue was at the upper end of forecast range of EUR 270 – 280 million at EUR 278,2 million. Adjusted operating EBIT amounted to EUR 31,1 million and therefore exceeded the communicated forecast of EUR 29 – 30 million.

Growth drivers: Cylindrical gears and "non-gear"

The solid organic growth of the KLINGELNBERG Group is thanks above all to cylindrical gear technology and precision measuring centers. As announced during the IPO, the company placed ten Speed Viper cylindrical gear grinders on a wide range of geographical markets as incoming orders. Straight out of the gate, the new machines secured references on key sales markets following the launch in India, Germany, China and North America. We also added a system for the rapid cycloid measurement in robot gears to the measuring software of our precision measuring centers and established this on the market. This is of far-reaching, long-term and strategic importance, because it opens up a larger portion of the fast-growing robot gear market for the Group.

Business performance trends

The development of incoming orders was likewise slightly positive in the past year. Here, too, cylindrical gear technology and precision measuring centers grew, while the bevel gear technology segment fell significantly short of previous years as a result of the market.

Regionally, revenue performance was highly positive in Asia and Europe especially.

Dividend

The Board of Directors will propose to the General Meeting on 27 August 2019 a dividend of CHF 1,00 per share from the capital reserve, which is tax-free for shareholders resident in Switzerland. This equates to a distribution ratio of around 40 percent.

Outlook

Despite the current uncertainty in the automotive industry, the KLINGELNBERG Group assumes that it will be able to continue the growth in cylindrical gear and measurement technology.

The company anticipates a tougher uphill struggle in bevel gear and drive technology owing to the general economic uncertainty, but is confident that revenue growth in cylindrical gear technology and precision measuring centers can largely neutralize the market effects in the other two segments. Taking all this into account, the company assumes that it can maintain revenue at the prior-year level. Owing to shifts in the product mix and the changes in the margin structure this will entail, the earnings will be below the very good previous year. Nonetheless, the KLINGELNBERG Group expects earnings to be clearly positive.

We will continue to achieve double-digit EBIT margins when the markets return to normal.

The complete KLINGELNBERG Group annual report for the 2018/19 financial year is available online at <https://www.klingelberg.com/en/investors/financial-reports/>.

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About Klingelberg

Founded in 1863, Klingelberg is a world leader in the gear industry. The company develops and produces machines for manufacturing of bevel and cylindrical gears, measuring centers for axially symmetrical objects of all types, as well as high-precision gear components. With headquarters in Zurich (Switzerland) and around 1.300 employees, Klingelberg operates development and production facilities in Zurich (Switzerland), Hückeswagen and Ettlingen (Germany) and Győr (Hungary) and is represented with sales and service offices in Germany, Switzerland, Hungary, France, Italy, Spain, Japan, India, China, Brazil, the United States and Mexico. Klingelberg shares are listed on the SIX Swiss Exchange (KLIN).

Disclaimer

This release contains forward-looking statements that can be subject to certain risks, uncertainties and changes that are unpredictable and not in the KLINGELNBERG Group's control. The KLINGELNBERG Group can therefore make no assurances regarding the correctness of such forward-looking statements, their effect on the KLINGELNBERG Group's financial situation or the market in which shares and other securities of the KLINGELNBERG Group 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.