

KLINGELNBERG AG
Binzmühlestrasse 171
8050 Zurich, Switzerland



Media Release

KLINGELNBERG Group (SIX: KLIN): First half of 2020/21 financial year impacted by global lockdown – first positive signals since August – EBIT remains stable

- Automotive industry and mechanical engineering worldwide suffer from Covid-19 implications
- Declining sales – KLINGELNBERG strongly resists effects of Covid-19 pandemic – results almost unchanged compared to the previous year
- Order backlog above expectations
- First positive signals since August – order intake from the renewable energies sector is picking up noticeably – additional orders due to trend towards electromobility
- CEO Jan Klingelberg: “Our rapid and early cost-cutting measures meant that our half-year results were relatively little affected by the global downturn.”

Zurich/Switzerland, 05 November 2020 – **The business of the KLINGELNBERG Group, one of the world's leading manufacturers of high-tech gear technology for a wide range of industries, was under the impact of the global Corona pandemic in the first half of the 2020/21 financial year. The Group's financial year runs from 01 April to 31 March of the following year.**

In view of the lockdown of the global economy, which began already in March and continued in some regions until June, combined with a worldwide decline in total industrial production – especially in automobile production – KLINGELNBERG was unable to escape a decrease in sales volume and order intake. Sales and incoming orders declined noticeably overall. However, the operating result (EBIT) was only slightly below last year's results, which had been characterized by cost-cutting programs and significant economic downturns. Also, KLINGELNBERG achieved a positive development in incoming orders in August, for example from customers operating in the wind energy sector, but also the automotive industry. Investments from the field of electromobility have a positive impact here. This trend continued in September. At EUR 122,9 million (prior year: EUR 135,1 million), orders on hand were down from the previous year but still above expectations.

Overall, KLINGELNBERG recorded a decline in net sales from EUR 88,4 million to EUR 61,7 million in the first six months of the financial year. Due to the business's seasonal nature, the company generally reports weaker results in the first half of the financial year; in this year, this effect was additionally influenced by the impact of the pandemic. Therefore, it is all the more remarkable that the EBIT recorded in the first half of the new financial year of EUR -10,6 million was only EUR 0,6 million below the comparable figure for the previous financial year (EUR -10,0 million).

Jan Klingelberg, CEO of the KLINGELNBERG Group, said: “The KLINGELNBERG Group has taken early and decisive action against the impacts of the pandemic and the significant global economic downturn. The aim was to secure the company’s future, to continue to serve our customers while also taking responsibility for the health of our employees – and continuing on our path to increase efficiency. The effects of this program, as well as cost reductions and the introduction of short-time work, meant that we were comparatively little affected and able to successfully weather the first six months of the global economic crisis caused by the Covid-19 pandemic.

Our management staff, in particular, have done a great job during the pandemic. We found new ways to increase customer loyalty, such as our successful webseminar series for customers. Whenever it was reasonably possible, we visited customers, acquired orders, and completed unfinished orders. But also digital acceptance tests and the installation of machines based on digital instructions by specialists at the customer's premises have proven to be excellent measures to carry on under pandemic conditions. And our customers appreciate that we leave no stone unturned to serve their needs.”

Klingelberg continued: “In the last months of this first half of the current financial year, we were able to win significant order volumes from China and North America and other regions. Investments in electromobility also had a positive effect on order intake. In September, our order intake was back at a pre-Corona level for the first time. The solid capital base and our tight and professional crisis management have ensured that the company rests on a solid foundation, on the one hand, and can look to the future with relative confidence, on the other. It is obvious that nobody can predict what this future will look like at present.”

Net sales decreased by EUR 26,7 million to EUR 61,7 million. Sales in the Bevel Gear segment fell most sharply compared with the previous financial year, from EUR 35,0 million to EUR 19,2 million. This area was particularly affected by the reluctance of the automotive industry, which is under pressure worldwide. In the Cylindrical Gear segment, sales were around EUR 16,7 million, compared with EUR 22,8 million in the same period of the previous financial year. Sales in the Measuring Centers segment remained virtually unchanged at EUR 19,0 million from EUR 21,0 million in the same period of the previous financial year – as did those in the Drive Technology segment, where KLINGELNBERG achieved sales of around EUR 5,2 million, slightly down from EUR 5,9 million in the same period of the previous year. The order backlog amounted to EUR 122,9 million, compared with EUR 135,1 million in the same period of the previous year. The number of employees fell from 1.340 to 1.176.

Outlook

Since August, the KLINGELNBERG Group recorded an increasingly positive order intake. This resulted from major efforts in sales and customer service, on the one hand, and some recovery in individual sub-markets, on the other. This trend continued in September. In particular, orders from China for large machines and a revival in demand for measuring centers led to incoming orders in September at a pre-Corona level.

The coming months will tell whether this development is sustainable. Nevertheless, KLINGELNBERG is cautiously confident: Against the backdrop of an emerging wave of global investment in the wind power segment, manufacturers and suppliers are preparing for significantly higher demand. China alone, for example, is planning to double the amount of wind energy as part of its new Five-Year Plan. With its excellent positioning in this market segment with large grinding machines, KLINGELNBERG firmly expects to benefit from this outlook.

The trend in precision measuring centers will continue to be positively influenced by further investments in electromobility in the coming months. KLINGELNBERG expects to be able to participate in this development disproportionately, also due to the company's progress in the field of optical gear measurement.

As in the past financial year, KLINGELNBERG will not issue a detailed forecast for the full year until further notice. The extent of exogenous uncertainty factors is too great for such a projection. Nevertheless, the company is justified in being cautiously optimistic that once this crisis is over, we will be able to participate disproportionately in the opportunities that will arise. KLINGELNBERG maintains this assessment, confirmed in recent months by a number of significant new orders.

The complete half-year report for the 2020/21 financial year of the KLINGELNBERG Group is available on the company's website at <https://www.klingelberg.com/en/investors/financial-reports/>.

Contact:

Jan Klingelberg / Christoph Küster
KLINGELNBERG AG
Binzmühlestrasse 171
8050 Zurich, Switzerland
e-mail: investorrelations@klingelberg.com
Phone: +41 44 278 7940

About KLINGELNBERG

Founded in 1863, KLINGELNBERG is one of the leading companies in the global gear industry. 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. With headquarters in Zurich, Switzerland, and more than 1.000 employees, KLINGELNBERG operates development and production facilities in Zurich (Switzerland), Hückeswagen and Ettlingen (Germany) and is represented by sales and service subsidiaries in Germany, Switzerland, France, Italy, Spain, Japan, India, China, Brazil, the USA and Mexico. KLINGELNBERG 's shares are listed on the SIX Swiss Exchange (KLIN).

Disclaimer

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Furthermore, this release contains alternative performance indicators that are not defined or listed in the applicable, recognized accounted standard (Swiss GAAP FER).