

paragon AG Again Growing More Quickly Than Global Market in First Nine Months of 2016

- Group revenue up 9.4 percent to € 73.7 million
- Electromobility remains biggest driver of growth
- EBITDA increases 11.5 percent to € 10.2 million, EBIT margin rises slightly to 6.9 percent
- Revenue and earnings forecast for the current fiscal year confirmed
- Thanks to capital increase, higher investments set to make the most of current business opportunities

Delbrück, Germany, November 18, 2016 – paragon AG [ISIN DE0005558696] published its interim report for the first nine months through September 30, 2016, today. In the first nine months this year, the company generated consolidated revenue of € 73.7 million (prior year: € 67.4 million). With revenue growth of 9.4 percent, paragon once more grew significantly more quickly than the global automotive sector. Growth in the third quarter was again primarily driven by the dynamic performance of the Electromobility division. Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) increased 11.5 percent to € 10.2 million in the first nine months, despite a rise in personnel expenses resulting from the expansion of the business. With increased depreciation and amortization of € 5.0 million (prior year: € 4.5 million) and other operating expenses remaining on par with the prior year, consolidated EBIT (earnings before interest and taxes) amounted to € 5.1 million (prior year: € 4.6 million). This corresponds to an EBIT margin of 6.9 percent (prior year: 6.8 percent).

“Electromobility is clearly our current largest driver of growth,” says Klaus Dieter Frers, founder and Chief Executive Officer of paragon AG. “With the ongoing developments and

existing orders for new products in the automotive industry, we will see a significant atmosphere of growth in the other divisions starting in 2018.”

With a revenue growth for the first nine months of 96.8 percent, totaling € 6.9 million (prior year: € 3.5 million), production at the Voltabox subsidiaries in Delbrück, Germany, and Austin, Texas, USA, largely focused on battery modules for forklift trucks. Revenue in the Sensors division rose to € 26.4 million (prior year: € 25.1 million), mainly due to growth in take-rates of paragon products in current vehicle models. Revenue in the Acoustics division increased to € 12.9 million (prior year: € 11.9 million). This was primarily due to the boost in output quantity for the current version of the premium hands-free microphone. In the Cockpit division, revenue grew to € 25.2 million (prior year: € 24.0 million) as serial production of a new generation of cockpit instruments was launched for a long-standing customer. With a decrease in revenue to € 2.3 million (prior year: € 2.9 million), the Body Kinematics division continued to be strongly influenced by a number of series production developments for the 2017 fiscal year that ran parallel to each other. Prominent among the development activities were freely adjustable rear spoilers for optimized aerodynamics, which will enter pre-serial production in the fourth quarter.

“Our technological innovations serve the increasing demand for modern solutions in the areas of health, connectivity, safety, comfort and electrification,” says Dr. Stefan Schwehr, Chief Technology Officer. “Here, we are adapting to the constantly shrinking innovation cycles in the automotive sector with the intensification of our agile project management.”

The cost of material developed subproportionally, increasing 8.4 percent to € 40.8 million (prior year: € 37.6 million). The material input ratio amounted to 55.3 percent (prior year: 55.9 percent). Gross profit rose to € 43.2 million (prior year: € 40.2 million), which corresponds to a gross profit margin of 51.4 percent (prior year: 51.7 percent).

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Total assets increased to € 99.9 million (prior year: € 86.4 million) due to the prior year's substantial investments in property, plant and equipment and due to capitalized development costs. Following the reporting period, there was a significant cash inflow of € 13.4 million, generated by an increase in the company's share capital from authorized capital, which resulted in an equity ratio of 28.8 percent after the capital transaction (as of October 5, 2016).

paragon's Managing Board now expects to increase its investment volume from € 14 million to € 20 million in the current year to make the most of current business opportunities. New products will be ready for the market sooner, for example, the particle sensor that meets a strong customer demand. New technical ideas will reduce the costs of conversion for battery systems and microphones. Construction costs for the building on Artegastrasse, Delbrück, have risen due to environmental and security aspects, as well as an expansion of the surface area.

Based on the results of the first nine months, the Managing Board is confirming its earlier forecast for the current fiscal year with an increase in revenue of 8 percent and an EBIT margin of about 9 percent. The main growth drivers in the current fiscal year are likely to be the Electromobility division (VoltaBox), as well as the Sensors and Acoustics divisions in the medium term.

The interim report with the condensed interim consolidated financial statements as of September 30, 2016, can be downloaded from www.paragon.ag/en/investors.

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Company Profile

Listed in the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt am Main, paragon AG (ISIN DE0005558696) develops, produces, and sells innovative automotive electronics solutions. The portfolio of this direct supplier to the automotive industry includes products in the business segments of Sensors, Acoustics, Cockpit, E-mobility and Body Kinematics. In addition to its headquarters in Delbrück (North Rhine-Westphalia), paragon AG and its subsidiaries have locations in Suhl (Thuringia), Nuremberg (Bavaria), St. Georgen (Baden-Württemberg), and Bexbach (Saarland), as well as in Kunshan (China) and Austin (Texas, USA).

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