

## Webasto Continues to Invest in the Mobility of the Future

- **Sales at previous year's level after adjusting for currency effects**
- **High level of investment in new technologies and new business areas**
- **New organizational structure as the backbone for strategic development**

**Stockdorf/Munich – May 21, 2019** – "2018 was not a particularly inspiring year, but it was a very important one in terms of strategic decision making for Webasto," explained Dr. Holger Engelmann, Chairman of the Management Board of Webasto SE, during the automotive supplier's annual press conference in Munich.

**Sales** generated by the Webasto Group in 2018 were – for the first time following four years of growth – slightly below the previous year's level, at 3.4 billion euros (at the previous year's level after adjusting for currency effects). Of this, sales of sunroofs, panorama and convertible roofs accounted for 2.8 billion euros (82 percent), sales of heating and cooling solutions accounted for almost 600 million euros (17 percent) and sales by the Start-up Division accounted for almost 20 million euros (one percent) – which is primarily attributable to the charging solution business. Viewed on a regional level, 42 percent of Webasto Group sales in 2018 were attributable to Asia, 41 percent to Europe and 17 percent to the Americas. For the first time sales in Asia were slightly higher than the sales generated in Europe. The reason for this is the continuing growth of the company in China: Here, bucking the market trend, it has been possible to increase sales by more than six percent to over 1.2 billion euros.

During financial year 2018, strengthening the technological leadership in order to secure the strategic development over the long term was the primary aim. For instance, 271 million euros was spent on **research & development**, representing an increase of 16.5 percent compared with the previous year. These expenses primarily flowed into product development for battery systems, charging stations and electric heating, strengthening the mechatronics expertise and activities relating to advanced engineering in all business units. In the context of the long-term future direction, **investments** in buildings and plants also increased. Overall, the Webasto Group made investments amounting to 248 million euros – 40 percent greater than 2017. These investments were concentrated on the establishment and expansion of production capacities in all regions – in both the core business and in the new business areas.

"As we announced last year, we are investing a total of 600 million euros into our strategic development within three years," said Engelmann, confirming the long-term direction of the group of companies. "In the first year we already made advance payments amounting to some 210 million euros." Due to the high level of investment in the future, the **profit margin** of 5.9 percent was below last year's level (7.1 percent), following several years of growth.

The number of **employees** has risen by a good five percent compared with last year. "In the course of our strategic development we are also investing in the establishment and expansion of key professional skills," emphasized Engelmann. Most of our new colleagues are working in the new fields of business, are strengthening the company's expertise in the area of electronics or are contributing to capacity expansion in the area of roof systems, particularly in Mexico and China.

### **New organizational structure for strengthening the future direction**

During the course of the press conference Engelmann also informed about the new formal backbone of Webasto – a global matrix organization. Since the beginning of 2019 the group of companies has been structured into three globally active business units:

- **Roof & Components:** Development and production of sunroofs, panorama and convertible roofs
- **Energy & Components:** Development and production of battery systems, charging solutions and electric and fuel-operated heating systems.

Both units work very closely together as they serve the same target groups: car and commercial vehicle manufacturers.

- The third unit, **Customized Solutions**, offers solutions and services, based on the Webasto product range, for end customers, trade partners and manufacturers of special vehicles.

The **new organizational structure** is mainly driven by **two aspects**: On the one hand it strengthens the customer focus with customer groups which are globally responsible for all business units. On the other hand the organization is retaining the strong product focus in the core business as well as in the new business areas. "The new organizational structure allows us to leverage the existing structures better than before to the new business areas and with that grow this business rapidly," explained Engelmann. "Furthermore, we can achieve synergies through the flexible and global use of resources."

Following the introduction of the new organizational structure at the beginning of 2019, an important focus will be on the expansion of standardization. The blueprint for this is provided by the many years of excellent experience gained in the roof systems business unit. A further benefit of the matrix organization is that closer formal collaboration also promotes more intensive personal exchanges of know-how and best practices throughout the company. This successful method of working, which comes from the core business, can now be more simply transferred to the new product groups. "Our customers also benefit from this with shorter development times and a high level of product maturity," said Engelmann. "A further focal issue for us is the strengthening and improved integration of mechatronics expertise across all segments. The number of control units in vehicles is going to increase exponentially over the coming years. This is why we are bringing our mechanical and electronics know-how closer together in order to become a company that thinks and acts mechatronically by 2025," explained Engelmann.

### **Outlook**

The forecast for the current year is tied to the previous year's performance. Sales during the first quarter of 2019 matched the previous year's level after adjusting for currency effects. The profit margin for the first quarter was below the year-on-year figure as a result of the high level of investment in the future that was already made at the beginning of the year.

Full year expectation: Against the backdrop of investments in the new fields of business and the acquisition of the joint venture shares from long-standing South Korean partner Donghee, Webasto is expecting an increase in sales and a profit margin slightly below the previous year's level.

It has once again been possible to increase the **order backlog**. Its current value is 22.8 billion euros, of which 2.6 billion euros relate to the new technology products. This has a positive influence on the medium-term sales forecast. "We are steering our way into the mobile future with drive and innovative strength and have set ourselves the objective of doubling our sales by 2025," explained Engelmann, summing up the plans of the systems partner.

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**About Webasto:**

The Webasto Group is a global innovative systems partner to almost all automobile manufacturers and among the top 100 suppliers in this industry sector. The company's product portfolio comprises a broad range of roof and heating systems for every type of vehicle and all drive types as well as battery systems and charging solutions. Moreover, Webasto has a strong position in the aftermarket providing dealers and end customers with customized solutions and services relating to thermo management and electromobility. In 2018 the company generated sales of 3.4 billion euros and had over 13,000 employees at more than 50 locations (with over 30 of these being manufacturing plants). The headquarters of the company, founded in 1901, is located in Stockdorf near Munich (Germany). For more information please visit [www.webasto-group.com](http://www.webasto-group.com) / [www.twitter.com/WebastoGroup](https://www.twitter.com/WebastoGroup)

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