

paragon Group with jump in revenue and earnings in first half of 2015

- Half-year revenue rises year-on-year by 18.2% to € 44.6 million
- EBIT margin more than doubles to 8.6%
- Substantial increase in operating cash flow to € 8.0 million (previous year: € 0.1 million)
- Large-scale serial order worth € 72 million acquired for starter batteries
- Impressive confirmation of revenue and earnings forecast for 2015

Delbrück, August 20, 2015 – Following a strong start to the year, the revenue and earnings performance of paragon Group gained further momentum in the second quarter of 2015 impressively underpinning the company's full-year performance expectations. At € 44.6 million consolidated revenue for the first half of 2015 exceeded the previous year's figure of € 37.8 million by 18.2%. Key earnings figures showed even stronger growth. EBIT improved by 155.7% to € 3.8 million (previous year: € 1.5 million) and the EBIT margin more than doubled from 4.0% to 8.6%. Indications for the further course of the year are also very positive. As of June 30, 2015, paragon had already received customer orders for more than 97% of the total revenue planned for the current fiscal year. The Managing Board therefore confirms its forecast for the fiscal year 2015 expecting consolidated revenue of up to € 100 million and an EBIT margin of around 10%.

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"The high investments made in recent years are now paying off even more clearly. We achieved substantial growth in nearly all business divisions – and especially in our new Body Kinematics and Electromobility divisions whose half-year revenue share is now almost 9% and keeps growing. That is also reflected in our excellent earnings figures," commented Klaus Dieter Frers, CEO of paragon AG, with regard to the company's half-year results.

Products for premium manufacturers still going extremely strong

Alongside the pleasing development in the new Body Kinematics and Electromobility divisions, the existing business with products for premium manufacturers was also running at full swing in the first half of 2015. The Sensors business division continued to benefit from strong demand for air quality management (AQS, AQI) products and thus posted a 14.5% revenue growth. The Acoustics business division maintained the high previous year's level while the Cockpit business division grew by 12%. Rapid progress is also being made with the integration of SphereDesign GmbH – the company acquired at the beginning of the year – where notable synergies have already been realised. With capital expenditure of € 13.6 million, paragon Group maintained a high level of investment in the first half of the year (previous year: € 4.5 million). In addition to the SphereDesign GmbH acquisition, investments related above all to the construction of the production building in the US as well as to replacement and new investments in machinery. The Managing Board expects investment activities in 2016 to return to the level seen prior to 2015. The period of increased investment in the new business divisions is now coming to an end and has already started to pay off.

The positive business performance has also left its mark on the company's earnings development. EBIT thus increased year-on-year by 155.7% from € 1.5 million to € 3.8 million and the EBIT margin more than doubled from 4.0% to 8.6%. Consolidated net income calculated in line with IFRS rose to

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€ 1.9 million as of June 30, 2015 – five times the previous year's figure (€ 0.4 million). Correspondingly, earnings per share increased to € 0.46 (previous year: € 0.09).

Seizing growth potential

In the further course of the year paragon will be exploiting the significant growth potential resulting – among other factors – from its diversification and internationalization strategy. paragon's two subsidiaries Voltabox Deutschland GmbH and Voltabox of Texas, Inc. not only celebrated the opening of the newly constructed production building in the US but also acquired their first large-scale serial order from a well-known German carmaker for starter batteries for conventionally powered vehicles (order volume: approx. € 72 million) and thus accessed an additional business field. This is further evidence of the enormous range of possible uses and the strong growth potential harboured by paragon's Electromobility business division.

The company is also pressing further ahead with its plans for the Chinese market. The sales subsidiary operating in Shanghai since 2012 is currently being expanded into a production company and is due to move to a new building offering ideal conditions - located in Kunshan not far from Shanghai - in September. In the future, the new plant will manufacture air quality sensors, air quality improvement systems, and stepper motors for display instruments. It is planned to expand the product range in a second stage.

Not only that, at the IAA fair due to be held in Frankfurt in September 2015 paragon will be presenting further world novelties – such as the new modular sound system or the new connectivity platform, new steering wheel control elements and interior components, innovative aerodynamic systems, and a substantially extended Electromobility product range.

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The order situation and outlook for the various business divisions remain highly positive. The innovative products offered by paragon Group are meeting with ever greater interest from customers and in some cases even exceed the company's own expectations. Thus, paragon Group is not only able to tie its existing customers more closely to the company but also to increasingly acquire new customers. Against this backdrop, the Managing Board reiterates its forecast for the fiscal year 2015, targeting consolidated revenue of up to € 100 million and an EBIT margin of around 10%.

Company profile

Listed in the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt am Main, paragon AG develops, produces, and sells advanced automotive electronics solutions. The portfolio of this direct supplier to the automotive industry includes products in the following business divisions: Sensors, Acoustics, Cockpit, Electromobility, and Body Kinematics. Headquartered in Delbrück (North Rhine-Westphalia), paragon AG has branches in Suhl (Thuringia), Nuremberg (Bavaria), St. Georgen (Baden-Württemberg) and Shanghai (China), as well as its subsidiary SphereDesign in Bexbach (Saarland) and a subsidiary in Austin (Texas, USA).

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