

The Management Board of ElringKlinger AG



Theo Becker

responsible for the business units Battery Technology & E-Mobility, Drivetrain as well as the corporate units New Business Areas, Purchasing, Real Estate & Facility Management and Tool Shop/Technology

Dr. Stefan Wolf (CEO)

responsible for Group companies; the corporate units Legal & Compliance, Human Resources, Strategic Communications, Marketing & Communications and Original Equipment Sales as well as the Aftermarket division

Thomas Jessulat

responsible for the corporate units Finance, Operational IT, Strategic IT, Logistics and Business Development as well as the Industrial Parks division

Reiner Drews

responsible for the business units Cylinder-head Gaskets, Specialty Gaskets, Light-weight/Elastomer Technology and Shielding Technology; the corporate units Production and Quality & Environmental Management as well as ElringKlinger AG plants

(from left to right)



Thomas Jessulat, CFO



Dr. Stefan Wolf, CEO/Chairman



Theo Becker, CTO & Reiner Drews, COO

Letter to Shareholders

Dear Shareholders,
Ladies and gentlemen,

The 2018 financial year just ended was far from easy. In fact, it was dominated by a number of uncertainties. The world's biggest automobile market, China, was faced with a visible downturn in the second half of the year. The European markets – and Germany in particular – also showed signs of weakness in the post-summer months, primarily as a result of the introduction of the new WLTP-based test cycle. This situation was further compounded by global trade disputes. Our industry as a whole was severely impacted by US import tariffs on steel and aluminum. ElringKlinger, too, was affected, despite the fact that we produce goods in the United States and source raw materials from US companies. What is more, commodity prices rose sharply in 2018. In fact, the average prices in our three principal commodity groups – steel, aluminum, and polymer granules – increased by 10% and more compared with the previous year. As a result, raw materials constituted a major cost component in the financial year just ended – more so than we could have anticipated at the beginning of 2018.

Operating in this difficult climate, ElringKlinger was also faced with an issue that many would consider quite favorable: our products are proving to be so popular in the NAFTA region that we managed to expand revenue by 16% in 2018 when adjusted for currency effects, whereas the market as a whole actually contracted by 1% during the same period. This means that we outpaced market growth by 17 percentage points. As a result, we were operating at full capacity. In some cases, significant flexibility was called for on our part in order to meet customer contracts. This, however, led to follow-on costs that adversely affected our earnings. To address this issue, we immediately implemented a number of measures aimed at curbing costs in the short term and eliminating them in the medium term. New machinery was installed and logistics processes were streamlined. Additionally, our local team has worked in three shifts – seven days a week. We also renegotiated contracts with our customers. While we are definitely on the right track, these measures do require a certain lead time before they can take full effect.

In total, we managed to expand revenue further in 2018, taking the figure to EUR 1,699 million. Year-on-year growth in this area demonstrates quite clearly that our choice of product portfolio is a wise one. At EUR 100 million, however, earnings (EBIT before purchase price allocations) fell well short of expectations. In agreement with the Supervisory Board, we have therefore decided to depart from the dividend policy formerly pursued by the Group and suspend our dividend payment in respect of the 2018 financial year. This is aimed at strengthening the Group's internal financing. This decision was by no means easy, but it represents an important step forward in our efforts to adapt ElringKlinger's structure in such a way as to ensure that we are well positioned to tackle the future challenges associated with change in the automotive industry. Moving forward, it is essential that we translate ElringKlinger's solid order book into revenue in the most cost-effective manner possible and avoid exceptional events such as those seen in the NAFTA region. Our earnings performance is far from satisfactory. However, it also acts as a strong and enduring incentive for the future.

“Hard times build determination and inner strength,” as the Dalai Lama once put it. It is precisely these thoughts that we will be embracing in 2019. We are firmly committed to streamlining our cost structures further in the months ahead. However, there is every chance that the situation within our industry as a whole will deteriorate as a result of trade conflicts and the downturn of key markets. Given these fundamentals, the financial year ahead is also likely to produce a number of challenges. In view of this, we anticipate that our EBIT margin in 2019 will be weaker year on year, which is due in part to the fact that fiscal 2018 included proceeds from the sale of the Hug Group.

The automotive industry is undergoing considerable change, as reflected in daily news items in the media. Public debate over diesel engines has been relentless. Fueled to some extent by various court rulings on driving bans, this technology is becoming less popular among consumers, although it can be considered one of the cleanest solutions for combustion engines if combined with state-of-the-art exhaust gas purification systems. What is more, car makers had been targeting higher sales of diesel-powered vehicles in order to meet the CO₂ emission standards that come into force in the EU as from 2021. In response, they are now introducing more and more new models equipped with alternative drive systems.

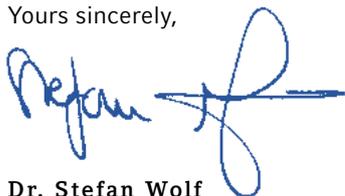
Having made an early strategic move in this direction, ElringKlinger is well prepared when it comes to embracing this transition. And yet we are by no means resting on our laurels. Our nominations in the field of battery and fuel cell technology point to sustained growth in the coming months. We have already established a solid foundation from a technological perspective. At present, we are setting up manufacturing lines for our very first series production order for a battery system – as part of a contract secured by our company in 2018. In parallel, our new research and development center in Dettingen an der Erms is scheduled for completion in the first quarter of 2020. At the organizational level, we expanded the Management Board in 2018, as a result of which Theo Becker as Chief Technology Officer is now responsible for those fields of business considered to be of strategic importance to the future of the Group. Reiner Drews has taken over his duties as Chief Operating Officer. Under his leadership, we are currently introducing a new production system. The focus here is on optimizing and harmonizing our production processes worldwide in order to pursue our growth targets in a cost-effective manner. We will resolutely continue along this path for the purpose of also positioning ourselves more strongly with regard to internal operations.

This year marks the 140th anniversary of ElringKlinger. In 1879, Paul Lechler established a trading firm in Stuttgart. ElringKlinger AG can trace its roots back to this company. Acknowledged mainly as a gasket specialist during the second half of the last century, the mid-sized enterprise from the southwest of Germany has evolved into a highly diversified player with global operations. Highlighting our international ambitions, this year's annual report is entitled "Global Dimensions." In conjunction with technological change, globalization has far-reaching implications for our industry as a whole. Our accomplishments over the last twenty years have provided us with a solid foundation. To complement our gaskets and seals, we established additional fields of business in the form of plastic housing modules and shielding systems, thereby diversifying our product portfolio targeted at combustion engines. In the area of lightweight engineering, we have extended our product offering to include components used in vehicle bodies, i. e., parts that are in no way dependent on the type of drivetrain. In parallel, we established a global network of sites. In preparation for change, we were an early mover when it came to embracing new technologies. As a result, we are now already in a position to supply complete battery and high-performance fuel cell systems. Building on our investment in hofer powertrain, we now also offer complete electric drive units for the high-end sports car and luxury vehicle segment.

Indeed, all these strategic decisions and the most recent measures aimed at improving our operational excellence provide a platform from which we as ElringKlinger can look forward with confidence to what lies ahead. On behalf of the entire Management Board, I would like to encourage you to explore our business on the following pages and in the magazine that accompanies our annual report. I hope it makes for an enjoyable read.

Dettingen/Erms, March 2019

Yours sincerely,



Dr. Stefan Wolf
Chairman of the Management Board

Report by the Supervisory Board 2018

The financial year just ended was not an easy one for ElringKlinger. Capacity constraints and the unfavorable direction taken by commodity prices had a dampening effect on the company's positive performance, as a result of which it fell short of its earnings targets. At the same time, however, ElringKlinger AG took important steps forward in its efforts to prepare itself for the future and establish a sustainable foundation, particularly in the area of alternative drive concepts.

During the 2018 financial year, the Supervisory Board of ElringKlinger AG fully performed the duties incumbent upon it according to the law, the Articles of Association, the rules of procedure, and the German Corporate Governance Code. It monitored the activities of the Management Board continuously and, in particular, supported it in an advisory capacity with regard to key issues such as the strategic positioning of the Group. The Supervisory Board was involved in all decision-making processes deemed to be of fundamental importance to the company. These decisions were the subject of thorough and in-depth discussion with the Management Board. To the extent that decisions or measures taken by the management required the approval of the Supervisory Board, the Management Board obtained such approval accordingly. Furthermore, the Management Board briefed the Supervisory Board in an appropriate manner on key performance indicators, occurrences, and circumstances as part of monthly written reports.

The Supervisory Board convened for five meetings in the reporting period. At the scheduled meetings, the Management Board provided a detailed overview of business developments, particularly as regards the direction taken by revenue and earnings as well as the cash flows and financial performance of the Group, ElringKlinger AG, and its subsidiaries. The Management Board presented its latest projections together with its evaluation of the economic, market, and competitive situation. In addition, the Management Board supplied regular information on the current risk situation, relevant compliance-related issues, the status of any significant legal disputes, and other matters of critical importance. Last but not least, reporting encompassed strategic projects and acquisitions. The issues were presented and discussed during the sessions of the full Supervisory Board. The members of the Supervisory Board were always briefed extensively and in writing on the respective agenda items, this information being furnished in good time so that they were able to prepare for the meetings.

The company's strategic positioning formed one of the focal points of the Supervisory Board's activities during the reporting period.

In the year under review, the Supervisory Board dealt with the following topics at its meetings, alongside the regularly recurring agenda items already mentioned:

- On March 23, 2018, the Supervisory Board focused on the annual financial statements of ElringKlinger AG and the Group as of December 31, 2017, including the Supervisory Board report, the corporate governance report, the compensation report, and the auditor's report compiled by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The Supervisory Board adopted the annual financial statements of ElringKlinger AG and endorsed the consolidated financial statements together with the combined management report. It approved the Management Board's proposal for the appropriation of profit as well as the non-financial statement. At this meeting, it approved the items on the agenda for the Annual General Meeting. In matters relating to the Management Board, Mr. Reiner Drews was appointed as a member of the Management Board effective from April 1, 2018, under the provisions of a fixed-term employment contract scheduled to end on March 31, 2021. Additionally, the Supervisory Board agreed an extension, until December 31, 2023, of the employment contract concluded with Mr. Thomas Jessulat as well as an increase in the fixed component of compensation effective from January 1, 2018.
- At the Supervisory Board meeting on May 16, 2018, which took place immediately after the Annual General Meeting, Messrs. Klaus Eberhardt and Markus Siegers were elected Chairman and Deputy Chairman of the Supervisory Board respectively.
- At the extraordinary meeting convened on July 2, 2018, the Management Board outlined the situation of various subsidiaries in Switzerland and the NAFTA region against the backdrop of current capacity problems and the associated negative effects on financial performance. Furthermore, the action plans already put in place were presented to the Supervisory Board and planned improvement measures were discussed.



Klaus Eberhardt
Chairman of the Supervisory Board

- At the Supervisory Board meeting on September 28, 2018, the Supervisory Board dealt with issues surrounding commodity price developments and their effects on the ElringKlinger Group. The Management Board also reported extensively on developments at the subsidiaries that had previously been the focus of discussions at the Supervisory Board meeting on July 2, 2018. It also adopted the amended rules of procedure for the Management Board, necessitated by changes to the Areas of Responsibility.
- The agenda for the meeting on December 6 and 7, 2018, included the 2019 budget and medium-term business planning. The Supervisory Board also dealt with matters relating to the audit and compliance report. It decided to commission Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to assist it in auditing the non-financial statement. The Management Board explained its plan to introduce a new ElringKlinger production concept, the aim being to further standardize and optimize manufacturing processes and operating procedures within the ElringKlinger Group. Last but not least, the presentation focused to a large extent on ElringKlinger's corporate strategy against the backdrop of the challenges facing the automotive industry and measures being

pursued by ElringKlinger with regard to new drive concepts. The Group's future strategic orientation, associated opportunities and risks, and fundamental measures to be implemented were discussed and debated thoroughly by those present.

The majority of meetings were attended by all of the Supervisory Board members, with the exception of the meetings on March 23, 2018, July 2, 2018, and December 6, 2018. In each case, one member of the Supervisory Board was unable to attend for good reason, while another member of the Supervisory Board was only able to attend part of the meetings.

The Audit Committee convened on two occasions during the year under review. The meeting in March 2018 was devoted to in-depth discussion of the auditor's report on the 2017 annual financial statements. The agenda of the December 2018 meeting convened by the Audit Committee included the task of defining the focal points of the audit for the financial year 2018 as well as the supervision of financial reporting processes and the internal control and compliance system. In addition, as in previous years, the CEO reported regularly to the Chairman of the Audit Committee on the results of internal audits.

The Personnel Committee convened on February 15, 2018. Among the items discussed were the appointment of Mr. Drews as a member of the Management Board and the terms incorporated within his employment contract, in addition to the extension of the employment contract of Mr. Thomas Jessulat and adjustments to his compensation package.

The Mediation Committee did not have to be convened during the financial year just ended.

There were no conflicts of interest between Supervisory Board members and the company in 2018.

The Declaration of Conformity by the Supervisory Board and the Management Board pursuant to Section 161 of the German Stock Corporation Act (AktG) and regarding the German Corporate Governance Code in the version of February 7, 2017, was approved unanimously and published on the company's website on December 4, 2018. The provisions of the Corporate Governance Code, and in particular the scheduled amendment of the Code in 2019, were discussed at both the Audit Committee meeting and the Supervisory Board meeting in December.

In addition to the monthly written reports and the Supervisory Board meetings, as in previous years, the Chairman of the Supervisory Board remained in regular contact with the Chairman of the Management Board. These ongoing exchanges covered the current economic situation, important business developments, and other events of particular significance. The Chairman of the Supervisory Board informed his Board colleagues of significant occurrences.

In December 2018, the Supervisory Board, as stipulated by the provisions set out in the German Corporate Governance Code, conducted an efficiency review in respect of its activities on the basis of a questionnaire issued to all members. This did not result in any need for action.

The annual financial statements of ElringKlinger AG and the corresponding consolidated financial statements with the combined management report for the 2018 financial year, as presented by the Management Board, were audited by the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The audit mandate was issued by the Supervisory Board in accordance with the appointment of the auditor by the Annual General Meeting on May 16, 2018. In accordance with Section 315e of the German Commercial Code (HGB), the consolidated financial statements of ElringKlinger AG

were prepared on the basis of International Financial Reporting Standards (IFRS). The auditing firm issued unqualified audit opinions for the annual financial statements of ElringKlinger AG as well as for the consolidated financial statements, including the combined management report, for the financial year 2018. The Supervisory Board was in possession of the documents relating to the financial and consolidated financial statements together with the Management Board's proposal for the appropriation of profits, as well as the two audit reports compiled by the auditor. The aforementioned documents were studied in depth by the Audit Committee and the Supervisory Board as a whole before being discussed at length and examined in consultation with the auditors. The Supervisory Board concurred with the outcome of the audit. No objections were raised. At its meeting on March 22, 2019, the Supervisory Board adopted the annual financial statements of ElringKlinger AG and endorsed the consolidated financial statements together with the combined management report. At the same meeting, the Supervisory Board approved the Management Board's proposal for the appropriation of profit.

The Supervisory Board would like to thank the Management Board and all members of staff at ElringKlinger AG and its subsidiaries in Germany and abroad for their hard work and excellent cooperation.

The Honorary Chairman of the Supervisory Board, Professor Walter Herwarth Lechler, passed away unexpectedly on May 17, 2018, having attended the Annual General Meeting of ElringKlinger AG just a day earlier. Mr. Lechler held various positions within the ElringKlinger Group for a period spanning several decades, most recently as the Chairman of its Supervisory Board until May 2017. He was a linchpin within the company and played a pivotal role in shaping its business. The Supervisory Board is greatly indebted to Professor Lechler and will honor his memory.

Dettingen, March 22, 2019

On behalf of the Supervisory Board

Klaus Eberhardt
Chairman of the Supervisory Board

ElringKlinger on the Capital Market

Against the backdrop of more widespread political and economic uncertainties, global equity markets put in a much weaker performance in 2018 than in the previous year. Cyclical stocks such as those of companies in the automobile industry were affected more severely than others by the downward spiral seen within the market – with automotive suppliers faring worse than the manufacturers themselves. Over the course of the 2018 financial year, ElringKlinger's Investor Relations department again provided a comprehensive and transparent commentary on the Group's business performance and its prospects for the future. In addition, ElringKlinger engaged in regular dialogue with the capital markets by attending investor conferences and road shows at home and abroad.

Stock markets impacted by trade conflicts and recessionary fears

Overall, 2018 proved to be a disappointing year from an investor's perspective. Besides geopolitical factors such as uncertainty over the outcome of Brexit negotiations and ongoing global trade conflicts, weaker economic fundamentals, as evidenced by a gradual loss of economic momentum in China, caused stock markets as a whole to tumble in the period under review.

Markets around the globe came under pronounced pressure as early as the first quarter of the year. The visible deterioration in leading economic indicators for the eurozone, the introduction of US import duties on steel and aluminum, and growing anxiety over the level of US inflation were the source of greater volatility and prompted a significant downturn in stock market prices.

Markets recovered somewhat during the second quarter. In this context, equity markets were supported by the appreciation of the US dollar against the euro, the reduction in duties on cars imported into China, and the decision by the European Central Bank (ECB) to leave benchmark interest rates unchanged for the time being at an all-time low of zero percent. On a less positive note, however, global trade conflicts continued to exert downward pressure on stock markets.

The third quarter saw global markets develop along different lines. In the United States, robust economic data and the trade

deal reached with Mexico and Canada provided a favorable updraft. In Europe, by contrast, fraught Brexit negotiations and negative headlines surrounding the state of the Italian and Turkish economies proved detrimental. China was buffeted by the effects of the smoldering trade dispute with the US.

The fourth quarter, finally, saw a dramatic slump in stock market prices. Among the key influencing factors were less favorable projections for the economies of the eurozone, the US, and China – fueling recessionary fears. Furthermore, the ECB announced its plans to discontinue its bond-buying program at the end of the year. Toward the end of the year, persistent political fears over trade conflicts and Brexit negotiations also resulted in turbulent trading.

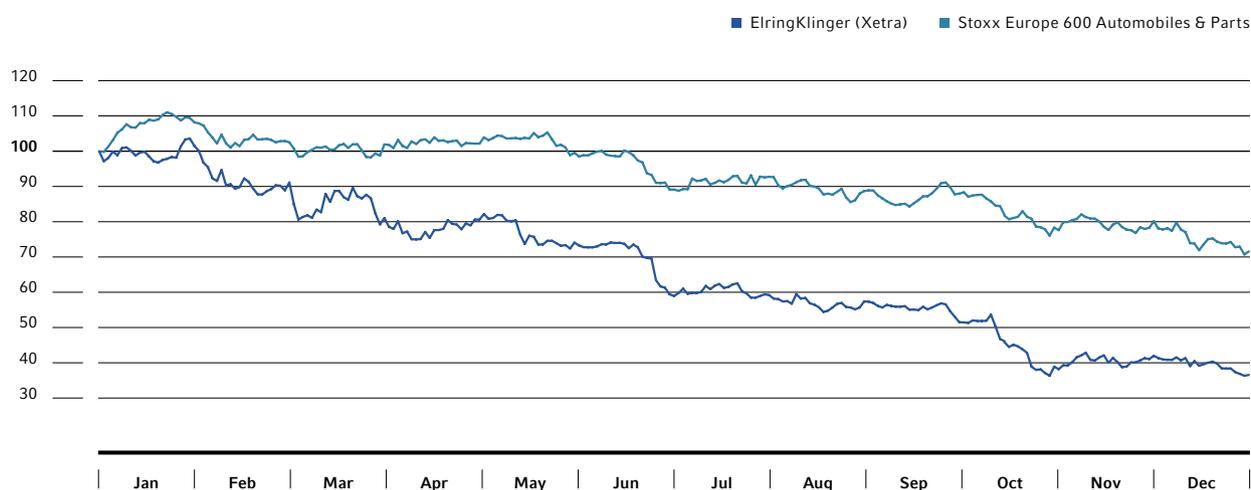
Against this backdrop, Germany's stock market recorded significant losses in 2018. Its blue chip index, the DAX, plummeted from an all-time high in January to a two-year low in December, thus losing 18.3% over the 2018 annual period as a whole. Germany's mid- and small-cap indices suffered a similar fate, with the MDAX falling by 17.6% and the SDAX by 20.0%.

ElringKlinger stock closes year at EUR 6.80

Automotive industry stocks in general were faced with considerable losses in the year just ended. Alongside car makers, automotive suppliers bore the brunt of the impact. ElringKlinger shares also recorded a significant downturn over the course of the year.

ElringKlinger's share price performance from January 1 to December 31, 2018 (indexed)

in %



Having ended the 2017 year of trading at EUR 18.68, ElringKlinger's share price initially developed along similar lines at the beginning of 2018 and reached its annual high of EUR 19.37 at the end of January. February saw a general deterioration in market sentiment that subsequently also had an impact on ElringKlinger's stock. In March, the publication of the Group's financial results for fiscal 2017 prompted another correction in the share price. Toward the end of the first quarter of 2018, ElringKlinger's share price stood at EUR 15.14.

In the second quarter, prices trended sideways to a large extent. The company's financial results for the first quarter of 2018, which were presented at the beginning of May, fell short of capital market expectations – leading to another correction in the share price. The adjustment to ElringKlinger's earnings guidance for fiscal 2018 produced further pressure on the share price toward the end of June. At the end of the first half of 2018, ElringKlinger's share price stood at EUR 10.99.

At the beginning of the third quarter, the company's stock trended sideways in line with seasonal patterns. The financial results presented at the beginning of August for the period covering the first half of 2018 initially led to slight gains. However, the stock was unable to maintain this momentum in the following months, with some analysts having revised their estimates relating to ElringKlinger and having adjusted their price targets. At the end of the third quarter of 2018, ElringKlinger's share price stood at EUR 9.56.

In the fourth quarter, the publication of ElringKlinger's financial results for the first nine months of 2018 in early November finally drove its stock price lower – coinciding with a general downturn in market sentiment at the end of the year. Once again, the adjustment in stock prices was particularly noticeable within the automotive segment. The final quarter of the year produced an annual low of EUR 6.76. At the end of 2018, ElringKlinger's share price stood at EUR 6.80.

Trading volume in 2018 down on previous year

Trading volume for the ElringKlinger share in 2018 was down on the previous year's figure. The average daily volume traded totaled 152,800 (209,600) shares. The average daily value of ElringKlinger shares traded on German stock exchanges was approx. EUR 1.9 (3.4) million. Despite the lower trading volume compared to the previous year, ElringKlinger's share again offered sufficiently high levels of liquidity for institutional investors to conduct larger share transactions.

EUR 0.50 per share agreed as a dividend

In his speech at the Annual General Meeting of ElringKlinger AG, which was held on May 16, 2018, CEO Dr. Stefan Wolf reviewed the 2017 financial year, highlighting important strategic milestones with regard to future business development. These included the investment in the hofer Group, the placement of a *Schuldscheindarlehen* (loan granted to the company against a form of promissory note) – covering a total volume of EUR 200 million – for the first time in its corporate history, and an agreement on the sale of the Hug Group.

The shareholders of ElringKlinger AG approved by a large majority the proposal put forward by the Management Board and Supervisory Board for a dividend of EUR 0.50 (0.50) per share for fiscal 2017, unchanged on the previous financial year. The total distribution to shareholders of ElringKlinger AG thus remained stable year on year at EUR 31.7 million. The dividend ratio was 45.3% (40.3%), i. e.,

slightly in excess of the figure targeted by the company's long-term dividend policy, as part of which between 30 and 40% of Group net income after non-controlling interests is to be distributed.

Based on the earnings situation of the 2018 financial year, the Management Board and Supervisory Board jointly decided to depart from the Group's established dividend policy and to suspend the dividend in respect of the 2018 financial year.

Shareholder structure: Lechler family as an anchor investor

ElringKlinger AG's shareholder structure as of December 31, 2018, was as follows: 52.0% (52.0%), i. e., the majority of ownership interests in ElringKlinger AG, continued to be held by the Lechler family estate. The passing of Prof. Walter H. Lechler in May 2018 had no impact on the family's ownership interest. In keeping with his wishes, interests held by Prof. Lechler in ElringKlinger AG were transferred to the family trust upon his death in order to safeguard the ongoing development of ElringKlinger AG.

Correspondingly, the company's free float accounted for 48.0% (48.0%) of the 63,359,990 no-par-value shares issued in total. There was a year-on-year percentage shift within the free float: institutional investors now held 26.2% (31.8%) of ElringKlinger AG's share capital. The overall interest held by private investors was up at 21.8% (16.2%) at the end of the financial year.

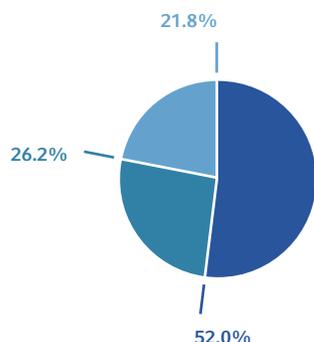
Key Figures for the ElringKlinger Share

	2018	2017
Earnings per share IFRS (after non-controlling interests, in EUR)	0.69	1.10
Shareholders' equity per share (in EUR) ¹	13.46	13.45
High (in EUR) ²	19.37	20.14
Low (in EUR) ²	6.76	13.59
Closing price (in EUR) ^{1,2}	6.80	18.68
Price-earnings ratio ¹	9.86	16.98
Dividend per share (in EUR)	0.00	0.50
Average daily trading volume (German stock exchanges; no. of shares traded)	152,800	209,600
Average daily trading value (German stock exchanges; in EUR)	1,894,700	3,436,400
Market capitalization (EUR millions) ^{1,2}	430.8	1,183.6

¹ As of December 31

² Xetra trading

Shareholder Structure as of December 31, 2018



- Estate of Lechler family
- Institutional investors
- Private investors

Engaged in dialogue with the capital markets

ElringKlinger is committed to reporting on current and future corporate and market developments regularly and in a timely and transparent manner. The Investor Relations department makes a point of addressing the needs of investor groups in equal measure when it comes to providing information and engaging in communication. ElringKlinger continued to take an active approach to communicating with key players within capital markets over the course of the 2018 financial year. In total, the company took part in 16 capital market conferences and hosted four road shows.

In Germany, ElringKlinger attended several conferences held in the financial hub of Frankfurt/Main, the aim being to showcase its business performance and prospects for the future. Over the course of the year, the company also took part in capital market events in Baden-Baden, Hamburg, and Munich, attended primarily by international and institutional investor groups. Among the major European centers of finance visited by the Investor Relations team were London, Paris, and Geneva. As in previous years, North America was also a key destination. The company also addressed new investor groups as part of a road show that focused on Australia and Singapore for the very first time.

For the purpose of presenting its quarterly results, ElringKlinger regularly organizes conference calls for institutional investors and analysts, which includes live online coverage. An audio recording of the conference and the presentation are subsequently made available on ElringKlinger's website.

ElringKlinger also organizes conferences for journalists and analysts in order to present its annual financial results. These brick-and-mortar events are attended by the Management Board of ElringKlinger AG for the purpose of engaging in dialogue with the financial community.

It is also customary for ElringKlinger to meet with representatives of the capital markets at company sites. Institutional investors and financial analysts are given the opportunity to familiarize themselves first-hand with the company's latest technologies and production processes – an offer that continues to be well received by these groups.

In order to foster direct dialogue with private investors, ElringKlinger also takes part in events hosted by local Sparkasse and Volksbank financial institutions. They are targeted primarily at non-institutional investors and regional asset managers.

Multiple awards for ElringKlinger's annual report

ElringKlinger AG's 2017 annual report won several awards as part of major communication and design competitions. At the LACP (League of American Communications Professionals) Vision Awards, the company managed to outpace other entrants from around the globe; the panel of judges awarded it a gold medal in the "Automobiles & Components" category. ElringKlinger's annual report also impressed in the ARC (Annual Report Competition) award competition and won a silver medal in the "Automotive Parts" category.

The report was again among the winners of the Automotive Brand Contest within the category of "Corporate Publishing." In addition, ElringKlinger's annual report excelled in the Fox Finance Award competition, where it received a gold medal in the Automotive category. The company's annual report also impressed the jury of the Good Design Award, making it onto the winners' podium in the Graphic Design category.

Sustainability funds focus on ElringKlinger share

Alongside financial criteria, both environmental and social aspects are also of relevance to a growing number of private and institutional investors. In addition, they often tend to make their investment decisions on the basis of whether a company has embraced the recommendations set out in the German Corporate Governance Code (GCGC). ElringKlinger shares have become an interesting investment proposition for these groups of investors.

As a future-focused company committed to a sustainable approach to business, the ElringKlinger Group operates in line with applicable quality and environmental standards as well as the latest GCGC requirements. At the same time, the company's pioneering portfolio of products targeted at the key issues of CO₂ reduction and alternative drive technology is making a sizeable contribution when it comes to cutting greenhouse gases and other pollutants.

For more detailed information on ElringKlinger's efforts in the area of sustainability, readers are kindly requested to access the Sustainability section on the company's website. The Group's most recent sustainability report can also be accessed online. The impacts of the company's operations on environmental matters, social and employee-related matters, respect for human rights, and anti-corruption and bribery matters are discussed separately in the non-financial report issued by the ElringKlinger Group (cf. "Combined Non-Financial Report," page 77).

Stock Market Data for the ElringKlinger Share

International Security Identification Number	DE0007856023
German Securities Identification Code	785602
Stock exchange symbol	ZIL2
Bloomberg ticker symbol	ZIL2 GY
Reuters ticker symbol	ZILGn.DE
Capital stock	EUR 63,359,990
Number of shares outstanding	63,359,990
Stock exchanges	Xetra and all German stock exchanges
Market segment	Regulated Market
Transparency level	Prime Standard

Corporate Governance Report

The joint report issued by the Management Board and the Supervisory Board of ElringKlinger AG with regard to corporate governance, including the Declaration of Conformity passed on December 4, 2018, in respect of the Code, has

been published online at www.elringklinger.de/en/company/corporate-governance in accordance with Section 3.10 of the German Corporate Governance Code in connection with the Corporate Governance Statement.