paragon Reacts to Production Stoppages by Automotive Manufacturers and Temporarily Winds Its Own Production Down

- Production stoppage at German automotive sites until mid-April for the time being – application for government-subsidized short-time work (Kurzarbeit) submitted
- Management expects to see compensatory effects later on in the year once production is resumed
- Effects on further business development currently not foreseeable - depending on the duration of the production stop

Delbrück, Germany, March 19, 2020 – paragon [ISIN DE0005555896] is set to take immediate action in response to moves by automotive manufacturers to close their plants at short notice and to delivery stops of own suppliers, reducing production at its automotive manufacturing sites in Germany to a minimum for the time being. In order to minimize the impact of the looming coronavirus pandemic on employees and the company to the greatest extent possible, the company has submitted an application for a shorter working hours model that will also cover development and administrative departments within paragon Automotive proportionately. As the news is changing by the hour and it is difficult to estimate how the situation will develop for the company’s customers, it is currently impossible to predict what the impact on revenue and earnings forecasts will be.

paragon Automotive had made a good start to the year; revenue rose by 10% in January and was still 2% ahead of the prior-year figure in February. The company had managed to maintain its supply chains despite the coronavirus crisis and also to keep its business operations running by taking prudent measures in response to the crisis, including implementing greater distances between workstations and arrangements allowing employees to work from home. As reports started to come in from customers this week, however, revealing that they would be closing their plants across Germany for several weeks and would no longer be purchasing any goods, the paragon management team had no other option but to halt its own production in line with these moves. The production stoppage at paragon will affect the plants in Suhl (Thuringia),
Landsberg am Lech and Neu-Ulm (Bavaria), Delbrück (North Rhine-Westphalia), St. Georgen (Baden-Württemberg) and Limbach (Saarland). Development and administrative departments will also adopt shorter working hours models proportionately.

Klaus Dieter Frers, founder, majority shareholder and Chairman of the Board of the general partner, says, “We are taking these drastic measures in an effort to save every single job. The unforeseeable events are hitting countless other suppliers, impacting the industry as a whole. We are also looking into the options for assistance granted by the German development bank KfW, as announced by the German government. paragon is very well positioned for the future – the coronavirus crisis doesn’t invalidate a strategy that has proved to be the right course of action in the past.”

So far, paragon had only suffered a slight loss of revenue due to the temporary shutdown of its Chinese plant in Kunshan. The market in China is now gradually bouncing back. Nevertheless, it is impossible to predict how the global spread of COVID-19 and the resulting situation on the automotive market will affect ongoing business development as the year progresses. The management is closely watching how this situation develops to create possible scenarios for further business development in the course of the year.

The management currently expects to be able to resume production in mid-April, although this obviously depends on suppliers being in a position to deliver and on the company’s customers resuming production.
About paragon GmbH & Co. KGaA

paragon GmbH & Co. KGaA (ISIN DE0005558696), which is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange, develops, produces and distributes forward-looking solutions in the field of automotive electronics, body kinematics and e-mobility. As a market-leading direct supplier to the automotive industry, the company’s portfolio includes the Electronics operating segment’s innovative air-quality management, state-of-the-art display systems and connectivity solutions, and high-end acoustic systems. In the Mechanics operating segment, paragon develops and produces active mobile aerodynamic systems. With Voltabox AG (ISIN DE000A2E4LE9), a subsidiary that is also listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange, the Group is also active in the rapidly growing Electromobility operating segment with its cutting-edge lithium-ion battery systems developed in-house.

In addition to the company headquarters in Delbrück (North Rhine-Westphalia, Germany), paragon GmbH & Co. KGaA and its subsidiaries operate sites in Suhl (Thuringia, Germany), Landsberg am Lech and Neu-Ulm (Bavaria, Germany), Markgröningen and St. Georgen (Baden-Württemberg, Germany), Limbach (Saarland, Germany), Aachen (North Rhine-Westphalia, Germany) as well as in Kunshan (China), Oroslavje (Croatia) and Austin (Texas, USA).

Additional information about paragon can be found at www.paragon.ag.

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