

## Press release

### Technology group publishes figures

## Strong sales and profit growth for the Freudenberg Group in the 2021 financial year

- Record sales above €10 billion (plus 14 percent)
- Operating profit of €877 million (plus 31 percent)
- Battery and fuel cell business as independent Business Group
- Progress in Sustainability – Freudenberg climate-neutral by 2045

Weinheim, March 30, 2022. The Freudenberg technology group can look back on a successful year. Sales and profit increased significantly in the past 2021 financial year. “It was a strong and very successful year for Freudenberg. For the first time, sales exceeded the €10 billion mark,” said Dr. Mohsen Sohi, CEO of the Weinheim-based Freudenberg Group, commenting on the results. At €10,038.7 million, sales were significantly above the previous year’s figure of €8,840.8 million. Furthermore, Freudenberg reported a profit from operations of €877.3 million, also considerably higher than the figure of €669.9 million for 2020. “Thanks to our entrepreneurial success, we continue to invest in machinery, equipment and future-oriented technologies at a high level. The battery and fuel cell business is being grouped together in a separate Freudenberg Battery & Fuel Cell Business Group. The change takes effect April 1,” Sohi added.

The Freudenberg Group is following the tragic events in Ukraine with grave concern: “Freudenberg is committed to an open, free Europe and peaceful coexistence worldwide. Our thoughts are

#### Press contact

Michael Scheuer  
Global Head of Corporate Communications  
Freudenberg & Co. KG  
Phone: +49 6201 80-4094  
Fax: +49 6201 88-4094  
[michael.scheuer@freudenberg.com](mailto:michael.scheuer@freudenberg.com)

Martina Muschelknautz  
Corporate Communications  
Freudenberg & Co. KG  
Phone: +49 6201 80-6637  
Fax : +49 6201 88-6637  
[martina.muschelknautz@freudenberg.com](mailto:martina.muschelknautz@freudenberg.com)

with the people affected by the war. To support them, Freudenberg is donating €3 million as immediate humanitarian aid. €1 million has already been paid out and is split equally between Doctors without Borders, Save the Children, Aktion Deutschland hilft and Aktionsbündnis Katastrophenhilfe,” Sohi said. The company's employees and partners also donated a further €560,000.

### **Sustainability: a climate-neutral company by 2045**

By 2045, Freudenberg intends to become a climate-neutral company. An initial target is to achieve a 25 percent reduction in specific CO<sub>2</sub> emissions per million euros of sales by 2025 compared with 2020. With this aim in mind, the company is pursuing a strategy based on energy-saving, electrification, the purchase and generation of green power, and the offsetting of CO<sub>2</sub> emissions. Last year, these efforts focused on two objectives: electrifying energy demand and obtaining all required electricity from renewable sources such as wind, solar and hydroelectric power.

One example is the Power Purchase Agreement covering the supply of solar electricity from Tramm-Göthen, where Germany's largest photovoltaic park to date has been built. On an area equivalent to 347 football fields, 420,000 solar modules generate about 172 megawatts of electricity annually. The financing of this megaproject was facilitated by a purchase contract for all of its green electricity over a period of ten years. The agreement was concluded by Freudenberg and automaker Volkswagen on one hand and the electricity provider RWE on the other.

### **Financial figures in detail**

At €10,038.7 million, total sales were considerably above the level for 2020 (previous year: €8,840.8 million). This figure includes negative currency effects amounting to €94.9 million. These chiefly result from trends in the exchange rates of the US dollar, the Turkish lira and the Japanese yen. Acquisitions contributed

about €193.3 million to sales in the year under review, while disinvestment effects amounted to about €25.4 million.

On the basis of business developments, the Group generated profit from operations of €877.3 million, considerably higher than the prior-year figure of €669.9 million. This corresponds to a return on sales of 8.7 percent. The main driver of growth was higher sales; significantly higher material prices had a negative impact.

At €861,8 million, cash flow was below the figure of €1,138.8 million for the previous year. The reasons included the considerable increase in working capital. The equity ratio has slightly increased to 50.2 percent (previous year: 48.0 percent).

The international rating agency Moody's Deutschland GmbH confirmed a credit rating of A3 for Freudenberg, with a stable outlook. The Group therefore continues to hold an excellent single A rating.

## **Employees**

Freudenberg recruited about 6,800 new employees last year and in total employs around 50,000 people. Freudenberg is also investing in training. Throughout the world, 482 people from 15 countries are participating in training programs with Freudenberg.

In Germany, the number of employees grew slightly to 11,918 (previous year: 11,625). In Europe (excluding Germany), there was also an increase in the headcount to 14,450 (previous year: 13,924). In North America, the number of employees rose by almost 1,300 to 11,528 (previous year: 10,241). The headcount in other regions remained almost constant, with 10,474 (previous year: 10,516) employees in Asia, 542 (previous year: 566) in Africa/Australia and 924 (previous year: 905) in South/Central America.

## **Research and development**

Freudenberg further increased its research and development expenditures. In the 2021 financial year, the Group conducted research and development activities in the amount of €500.2 million (previous year: €446.3 million). This represents 5.0 percent of sales. The share of sales generated with products that are less than four years old is 32.4 percent.

## **Investments**

After eliminating acquisitions, investments in intangible assets, tangible assets and investment properties amounted to €304.8 million (previous year: €287.1 million).

Freudenberg Filtration Technologies commissioned a new manufacturing facility at Shunde, Foshan City, China. Freudenberg Performance Materials invested in a new needle punch line at the Slovenian production location Škofja Loka. Vibracoustic invested in the modification of its facilities in Dey, Romania for the production of plastic parts and components, and in Sroda Slaska, Poland, for the production of air springs.

Investments in Germany totaled €88.0 million (previous year: €85.8 million). Freudenberg Sealing Technologies commissioned the first sections of the Fuel Cell Innovation Center in Munich, Germany. Freudenberg Performance Materials significantly expanded its manufacturing capacity for gas diffusion layers (a key component of fuel cells) and invested in the expansion of its plant in Weinheim. Vibracoustic expanded its air spring manufacturing capacities in Hamburg, Germany.

## **Expanding the portfolio through strategic acquisitions**

“We continue to expand our portfolio in line with our strategy. The main emphasis in future acquisitions will be outside Europe. Our long-term goal is to ensure a balanced distribution of sales, with

Europe, Asia and America each accounting for about one-third,” explained Sohi.

The Freudenberg Filtration Technologies Business Group achieved this goal through two acquisitions in the USA. Firstly, the Business Group acquired PPA Holdings, Inc., Indianapolis, USA (“Protect Plus Air”). The company is a leading producer of high-quality air filters for residential buildings. They are mainly sold through retailers. In 2020, PPA Holdings generated sales of US\$118 million with 940 employees. The second acquisition was R.P.S. Products, Inc., Hampshire, Illinois, USA. This company also sells air filters for residential and office buildings via retailers; it recorded sales of about US\$41 million with more than 200 employees in 2020.

In addition, Freudenberg Chemical Specialities acquired Deurowood Holding GmbH, Hard, Austria, and the associated shares of DEUROWOOD Produktions GmbH, Hard, Austria. Deurowood is a supplier of chemical additives for paper impregnation and the production of laminates.

### **Mobility: future-oriented positioning for fuel cell business**

With effect from April 1, the battery and fuel cell business is being grouped together in a new Freudenberg Battery & Fuel Cell Business Group. One hundred experts are already working at Freudenberg’s Fuel Cell Technology Center in Munich, Germany. Together with partners, applications for buses, trucks and shipping are being developed. This includes the development of a high-performance fuel cell system for long-distance buses, which may be combined with a battery to create a hybrid system. Freudenberg is also working on fuel cell systems for use on ocean-going passenger liners in partnership with Meyer Werft in Papenburg.

## **Corporate Social Responsibility**

Freudenberg has been committed to society since the company was founded. Our social engagement is reinforced by our “education and environment” initiative. The objective is to provide people with access to education and employment and support environmental protection. In 2021, Freudenberg contributed a further sum of €4 million to the initiative, bringing the total donated amount to €18 million.

One example of how these funds are being used is the Aqua Tower project in India. A year after the successful installation of two filtration systems on the subcontinent, Freudenberg employees and the project partner Planet Water installed other Aqua Towers in the Mexican towns of Cerro Prieto and San Vicente de Ferrer. The Aqua Towers transform contaminated water from rivers, streams and wells into drinking water. Two other Aqua Towers are planned for Mexico, and work is ready to start on a project in Thailand.

The Ahrtal region of Germany was especially hard-hit by the catastrophic flooding in July 2021. Many employees of Freudenberg’s Remagen plant live in the region. The floods destroyed the homes of more than 30 employees. Although the plant itself was undamaged, production was halted for several days due to power cuts. The losses suffered by the flooding victims triggered a wave of solidarity. Freudenberg employees and partners donated a total of about €345,000.

## **Outlook**

Freudenberg expects the macro-economic and geopolitical environments to remain uncertain. The war in Ukraine and the embargo measures that have been taken are expected to cause significant disruption to global supply chains with direct and indirect effects on the Freudenberg Group. They will be reflected in limited

product availability, particularly when it comes to raw materials and supplier parts, as well as in across-the-board increases in energy and logistics costs. The effects are unavoidable and cannot be offset by short-term operational and strategic measures. The Group's broad geographical and industrial diversification will help to keep the overall impact on Freudenberg manageable, despite the potential for isolated problem areas.

### **About the Freudenberg Group**

Freudenberg is a global technology group that strengthens its customers and society long-term through forward-looking innovations. Together with its partners, customers and research institutions, the Freudenberg Group develops leading-edge technologies and excellent products and services for about 40 markets and for thousands of applications: seals, vibration control components, battery and fuel cell, technical textiles, filters, cleaning technologies and products, specialty chemicals and medical products.

Innovation strength, strong customer orientation, diversity, and team spirit are the cornerstones of the Group. The 170-year-old company lives by its core values: a commitment to excellence, reliability and pro-active, responsible action. In 2021, the Freudenberg Group employed some 50,000 people in around 60 countries worldwide and generated sales of more than €10 billion. For more information, please visit [www.freudenberg.com](http://www.freudenberg.com).