



Preh has been continually reinventing itself for 100 years. Whether car indicators, toys, components for the radio and TV industry or control systems for vehicle interiors, technical flair has always been an important part of all Preh's products.

# Continually reinventing itself

Starting as a small supplier to the radio industry, Preh has long since established itself as a supplier for the market segments driver controls, electro-mobility, and connectivity. In the course of its 100-year history, Preh had to undergo many changes and continually reinvent itself. "That's in our blood, innovation is in our DNA", says CEO Christoph Hummel as he looks forward into the future full of confidence.

- BY CLAUS-PETER KÖTH -

**O**n March 11, 2019, Preh GmbH celebrated a proud anniversary when the car components supplier from Bad Neustadt an der Saale marked its centenary. A look at Preh's history is just

as exciting as its future prospects. In the last 100 years, the company had to overcome crises in the sector, completely change its product portfolio countless times and constantly reinvent itself. In view of the

huge changes now affecting the car industry, the next 100 years will be no less challenging. Preh has always positioned itself as an innovator in the market segments for vehicle control systems, e-mobility and con-

nectivity. Under its slogan “We Drive Innovation” the supplier will play an active role in shaping the e-mobility of the future and determine the operations in the car of tomorrow.

#### PREH CEO CHRISTOPH HUMMEL IN AN EXCLUSIVE INTERVIEW

Preh is continuing on its growth trajectory in its centenary year. CEO Christoph Hummel talks about the main areas in which it is active at the moment, the influence of the megatrends to e-mobility and autonomous driving, its great strengths in innovation, and its role within the Joyson Group.

» Preh is celebrating its 100th birthday at the moment. How is the company positioned nowadays and where do you want to go in the next two or three years?

We are very well positioned. Last year we grew by 7.8 percent and achieved sales of around € 1.32 billion. In addition, we were able to win a lot of new orders which will lead to sales in two or three years. In terms of production, our capacity is well utilized right up to the end of the planning period in 2023.

In the current year, we are even seeing double-digit percentage growth, especially in our traditional business, due to the many orders we have acquired since 2015 – globally, with both new and existing customers.

» What is your traditional business?

Our classic business embraces the fields of Car HMI, Commercial Vehicle HMI and our work in electro-mobility. The Preh Car Connect business, which provides infotainment and connectivity solutions, is still relatively new. Last year, PCC’s sales remained stable, as planned. This year, PCC will put a new generation of navigation and connectivity systems into production and see further growth.

In general, PCC has succeeded in expanding its customer base and has achieved great success recently. That applies especially to its Chinese sister company JPCC, which benefited greatly from the support of the parent company Joyson in developing the Chinese market.

» The number of employees also increased, but EBIT was significantly lower than in the previous year. Why?

The number of our employees has increased by around ten percent compared to 2017. At € 44.8 million, earnings before interest and taxes were about € 8 million below the previous year’s level, partly because we

invested selectively in building our workforce in view of the planned growth in 2019, and partly because our customers made additional demands regarding cost cuts. Cost pressure on the part of the OEMs has again risen massively.

» How can this pressure on suppliers be reconciled with the announcements by OEMs that the new technology trends can only be managed together?

Innovations do not come free of charge. Savings of the magnitude required are only possible if we work together on the products and define technical modifications. In our case, for example, that means using other electronic components, changing the surfaces or reducing the number of variants. In this area, we have to find common solutions with the OEMs. Otherwise, we have no wiggle room for price cuts, not least because we are also coming under pressure not only from our customers, but also from our suppliers. In particular, passive components such as the so-called multi-layer ceramic capacitors, or MLCCs, are causing us a lot of concern at the moment because their prices have risen dramatically, but their availability has declined. As a result, we incur additional costs every day, for example in the form of special deliveries.

May 2019

Retrospective and Future –  
Interview with Preh CEO Christoph Hummel

July 2019

Development and Production –  
Interview with Jochen Ehrenburg CTO

October 2019

Infotainment, Connectivity and Telematics  
Interview with Stavros Mitrakis, CEO of  
Preh Car Connect

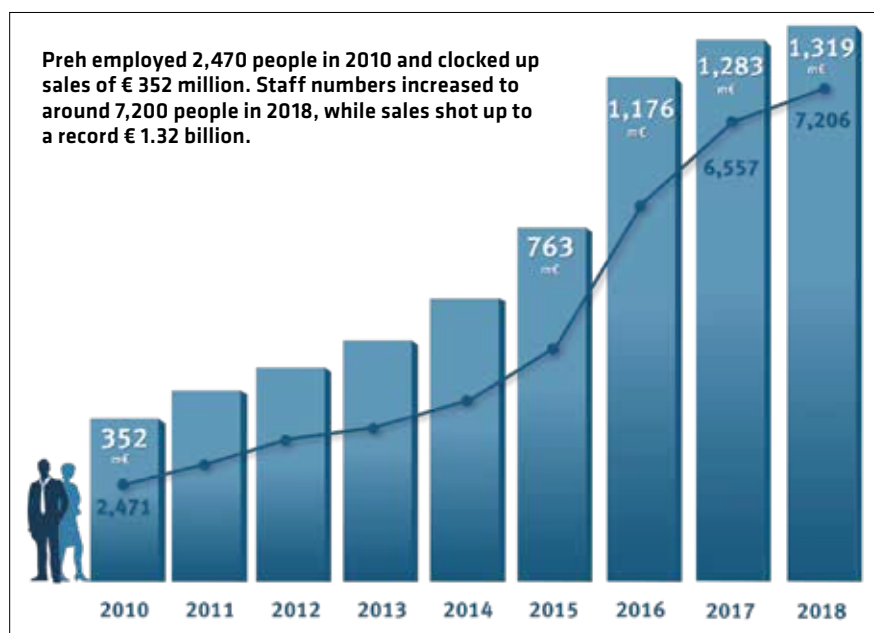
» Do you see any relief in the medium term?

Pressure from the suppliers will continue. All sectors are becoming electrified and products are becoming “smart,” so the demand for electronic components is correspondingly high. The strong US dollar is also depressing our margins. With regard to our customers, we are again hoping for higher volumes in the second half of the year. However, among the end customers we are continuing to see a high degree of uncertainty with regard to which car or which engine they



Caption: Preh

Preh CEO Christoph Hummel: “Our production capacity is well utilized up to the end of the 2023.”



should buy. Added to this are the major trade conflicts that are still awaiting resolution. In order to improve our earnings again, we have launched a comprehensive cost reduction program across all the company's divisions.

» **Let's talk about 2018: What were your two main fields of activity?**

First of all, our E-Mobility division once again made strong progress, not least in the high-voltage sector with the acquisition of "ePower" in Sweden. We will be even more active in this area and put two interesting products into production during the course of this year. E-Mobility is our fastest growing area. We have significantly broadened the customer portfolio, most recently with orders for Chinese customers. We are currently investing heavily in the production of the products we have developed.

Secondly, we also intensified our cooperation within the Joyson Group, especially as Joyson Electronics grew significantly again with the acquisition of Takata in 2018: along with the Automotive Electronics, Automotive Components and Automotive Safety divisions, the company now ranks in the Top 30 suppliers worldwide. There are, for example, some good approaches and concepts with JoysonQuin, where we combine the expertise in décor, which our sister company has, with our own electronics know-how. Historically, we have long since been supplying steering wheel multi-function

switches to Joyson Safety Systems, formerly Takata. Here we see great potential, for example, if we develop steering wheels jointly right from the beginning.

» **How will the second megatrend, autonomous driving, change Preh's business in the medium term?**

Autonomous driving is an interesting business field, especially for Preh Car Connect. For example, PCC's "Connectivity Box" provides a foundation for smart on-road communication by linking the infrastructure with road users and the cloud.

» **Can you offset falling business with traditional car manufacturers through orders from new OEMs?**

Revenues there are not falling – the growth in Preh's traditional business is in the double digits and our value per component is increasing significantly. The Modular Center Console Control Panel, for example, which we developed for BMW, integrates in one component the gear selector lever, the iDrive Touch Controller and various switching functions with active haptic feedback. In addition, we are gaining business with new OEMs – especially in China, where our affiliation with the Joyson Group helps us with the corresponding market access.

» **To what extent do you benefit from new vehicle concepts such as People Movers or Robo-taxis?**

These concepts are not yet an issue for us, but they too will need operating and

display systems in some form or components from our E-Mobility business unit. We are looking forward to their development with interest.

» **BMW awarded you the Supplier Innovation Award for the Modular Center Console Control Panel we have just mentioned. How do you succeed in upholding your culture of innovation and constantly convincing your customers with new products?**

Preh often had to change and reinvent itself during the course of its 100-year history. That's in our blood, innovation is in our DNA. In addition, we undertake advance developments which are very innovative and always manage to own new topics before other market participants. Our R&D quota is in the double-digits.

» **In which fields do you still see opportunities for Preh to expand its portfolio through acquisitions? Are the technology trends in Artificial Intelligence, 5G, Blockchain, and Cloud Computing, etc. an area of activity?**

With the acquisitions of Quin in 2015, Technisat Automotive (now Preh Car Connect) and Key Safety Systems (KSS) in 2016, as well as Takata in 2018, the Joyson Group expanded very quickly. Above all we have to process this rapid growth. The integration of Takata in particular will keep us busy for a while. We are currently focusing on more intensive cooperation within the Group because we still see great potential there. At the same time, I do not want to exclude another acquisition, should an attractive acquisition present itself.

The new technology trends you mention are a daily topic at Preh Car Connect in Dresden – above all the 5G mobile communications standard.

» **How important is your affiliation with the Joyson Group, one of the top 100 suppliers in the world?**

We definitely feel that we are perceived quite differently by certain customers. We have therefore also promoted a common customer approach within the company group.

» **What do you see as Preh's biggest challenge in the next two or three years?**

Our paramount task is to master successfully and profitably the dynamic growth of the coming years in the face of immense cost pressures. We approach this challenge with confidence.