

Endress+Hauser shows confidence

Group holds its ground despite pandemic and starts 2021 with momentum

Endress+Hauser weathered the 2020 pandemic year well. Despite declining sales, the company, which specializes in measurement and automation technology, maintained profitability at a high level and strengthened its financial power. The Group created new jobs and expanded its global sales and production network. CEO Matthias Altendorf sees Endress+Hauser as well positioned, both for uncertain times and for economic recovery.

Business creates value for society

Endress+Hauser succeeded in protecting people's health and continuing to provide solid support to customers, CEO Matthias Altendorf said at the annual press conference in Basel, Switzerland. "We helped to keep important areas of our daily lives running during the pandemic. Our work is important for our customers and for society." Endress+Hauser products are used, for example, to produce vaccines; subsidiary Analytik Jena supplies PCR technology to detect the coronavirus.

Digitization played an important role, picking up speed during the pandemic – in products, in collaboration, in internal processes. Customers have long been able to conduct everyday transactions via the Endress+Hauser website. The number of registered users on the platform doubled, and online business grew by 39 percent. If needed, the Visual Support app brings service technicians virtually to customers' plants. Even factory acceptance tests can now take place remotely with video support.

Strong currency effects impact sales

Nevertheless, the Group's sales fell by 2.8 percent to 2.577 billion euros in 2020. However, this figure is heavily influenced by exchange rate developments. Apart from the Swiss franc, all major currencies depreciated against the euro. Without these effects, according to Chief Financial Officer Dr Luc Schultheiss, Endress+Hauser would have almost reached the previous year's level in sales. "In local currencies, we are above the industry average and have performed well in the market."

Individual regions, industries and segments developed differently. Of the three countries with the highest sales, only China achieved growth and is now Endress+Hauser's largest single market. In Germany and the USA, on the other hand, sales declined. In contrast to process engineering, laboratory instrumentation recorded strong growth. Cyclical industries suffered in the crisis, while non-cyclical sectors were stable. "The broad backing in the market helped us," said Matthias Altendorf.

Profit at a high level

Endress+Hauser's profitability did not suffer last year. On the cost side, exchange rates had a positive effect in 2020, for example on material expenses. Because many business trips and activities were canceled, operating expenses fell. Personnel expenses grew at a below-average rate. Overall, operating profit (EBIT) decreased by only 1.9 percent to 337.1 million euros.

Because the financial result deteriorated somewhat, earnings before taxes (EBT) fell by 2.7 percent to 337.6 million euros in 2020. Return on sales (ROS) remained unchanged at 13.1 percent. Net income fell by 4.1 percent to 254.9 million euros due to higher fiscal charges. The Group is virtually free of

bank loans. The equity ratio increased by 1.4 points to 77.0 percent. CFO Luc Schultheiss spoke of a “healthy financial situation”.

Strong cohesion in the crisis

“The shareholder family is pleased and proud that Endress+Hauser has come through this difficult year so well,” said Supervisory Board President Dr Klaus Endress. The company had announced at the beginning of the pandemic that it would avoid short working hours if possible and would not lay off any employees due to the crisis. For the Supervisory Board President, this was an important signal. “There was a lot of solidarity in the company that helped us in the pandemic,” Klaus Endress emphasized.

The number of employees grew by 126 to 14,454 worldwide in 2020. Virtually all apprentices were offered a position after completion of their training. Endress+Hauser aims to increase the share of women in management positions to around 30 percent by 2030 – double the current proportion. The company had already significantly reduced its environmental footprint in recent years. In the pandemic year, carbon dioxide emissions fell further from 10.1 to 8.9 tonnes per million euros of sales.

Major investments and plenty of innovation

In 2020, Endress+Hauser pushed ahead with major investment projects, spending 205.9 million euros (10.9 percent less than the previous year) primarily on production. The two largest projects relate to the expansion of the plants in Maulburg, Germany, and Reinach, Switzerland. In addition, the sites in Gerlingen and Waldheim in Germany and in Aurangabad in India are being expanded. The sales centers in Canada and Mexico are also building new facilities.

The company spent 195.1 million euros on R&D, equating to 7.6 percent of sales. Endress+Hauser filed patents for 276 inventions for the first time, 42 less than in 2019. For CEO Matthias Altendorf, this demonstrates the disadvantage of working from home: “People are more creative when they inspire each other and search for solutions collaboratively.” However, the Group’s innovative strength is intact: 40 new products were launched in 2020; in the current year, the figure is expected to be 74.

Good start to the current year

In 2021, Endress+Hauser aims to grow in the mid-single-digit percentage range. The Group started the current year with momentum. In the first three months, incoming orders were above the company’s own targets as well as above the still strong first quarter of 2020. Exchange rates are again weighing on consolidated sales. In addition, the company expects lower profitability, as many savings of the last year were one-offs.

“The outlook continues to be characterized by uncertainty,” emphasized CEO Matthias Altendorf. In addition to further pandemic waves and new virus variants, the supply chain continues to cause concern throughout the industry, he said. Endress+Hauser is therefore increasing inventories and strengthening its supplier network. New efficient logistics centers have been put into operation in China and Germany.

The Endress+Hauser Group

Endress+Hauser is a global leader in measurement and automation technology for process and laboratory applications. The family company, headquartered in Reinach, Switzerland, achieved net sales of approximately 2.6 billion euros in 2020 with a total workforce of more than 14,000.

Endress+Hauser devices, solutions and services are at home in many industries. Customers thus use them to gain valuable knowledge from their applications. This enables them to improve their products, work economically and at the same time protect people and the environment.

Endress+Hauser is a reliable partner worldwide. Its own sales companies in 50 countries as well as representatives in another 70 countries ensure competent support. Production facilities on four continents manufacture quickly and flexibly to the highest quality standards.

Endress+Hauser was founded in 1953 by Georg H Endress and Ludwig Hauser. Ever since, the company has been pushing ahead with the development and use of innovative technologies, now helping to shape the industry's digital transformation. 8,900 patents and applications protect the Group's intellectual property.

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