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Pforzheim, 2019-05-10

Witzenmann optimistic in the face of major challenges

Corporate group registers growth in all divisions, but experiences growing cost and price pressures.

The Witzenmann Group has made a positive start to the new business year. 2018 proved satisfactory for the company and it was able to achieve a slight increase in turnover.

In the context of a general drop in incoming orders within the German economy and growing trade-policy risks for international business, the company management is significantly more cautious about the future but continues to be optimistic.

A look back at 2018 - Turnover goals substantially achieved

The economy weakened slightly in 2018. Especially in Witzenmann's important home markets of Germany and Europe, economic growth was significantly below average.

In the USA, the economy was spurred on by strong fiscal stimuli. By contrast, growth in Asia was weaker.

In these conditions, both Witzenmann GmbH and the Witzenmann Group were able to achieve their revenue goals for 2018. In business year 2018, the Witzenmann Group recorded sales of €633.5 million (2017: €614.1 million). Witzenmann GmbH had sales of €328.8 million (2017: €313.4 million).

Profit goals for 2018 were missed, however. The main causes of this are a constantly higher cost pressure in the automotive industry, weaker demand in industrial business, a ever-increasing burden of bureaucracy along with labour costs and corporate taxes in Germany that are high by international standards.

Parent company growth

The major sales boost (€15.4 million / + 4.9%) for the parent company came from growth in the utility vehicles and engines division. Here the new production site in Pforzheim's Buchbusch business park performed notably. The parent company's revenues fell slightly in the industrial business division - due to weakening demand - and the automotive components division - following outsourcing to other sites.

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Positive developments in the Group

The automotive components business division continued to contribute the largest share of Witzemann Group revenues (50.5%). In second place came the utility vehicles and engines division with a stable share of 21.7%, slightly ahead of the industrial division (20.5%).

The automotive components business continues to grow, but demand was significantly below planned estimates last year due to delays in releases following the new WLTP test cycle.

Turnover in the utility vehicles division increased significantly by 13.6% compared to the previous year to €137.5 million. The industrial division, too, continued its recovery, global turnover growing by 6.8% to €129.9 million.

The aerospace business division, founded at the start of 2018, was still the smallest with a revenue share of 1.3%.

The construction industry remained healthy and sales in the technical building equipment segment were stable, as expected. It accounted for 5.7% of total sales.

The worldwide sales turnover of the Witzemann Group is distributed over one third each in Germany (32.7%), Europe (32.1%) as well as in total to the American and Asian subsidiaries (together 35.2%).

The German market recorded the strongest growth. Here sales grew by €11.3 million (+ 5.8 %) in 2018, followed by Europe which was up by €6.8 million (+ 3.25 %) and Asia/America with €2.7 million (+ 2.7 %).

Planning & current business developments

Planning for the current year assumes moderate growth in the most important divisions. Developments in the first quarter of 2019 confirm these projections. For 2019 the Witzemann Group expects turnover of around €665 million.

To achieve this growth, investments of more than €50 million are planned for 2019 (2017: €42.8 million; 2018: €49 million), €13.2 million Witzemann GmbH.

A comprehensive package of measures has been set in motion to improve the profit situation in the parent company and selected subsidiaries as well as to strengthen the industrial division.

The number of corporate employees continues to rise

At the end of 2018, 4,681 people were employed by the Witzemann Group. This represents an increase of 7.8%, corresponding to the highest ever number of employees in the company's history. The greatest growth among the workforce was registered by the European subsidiaries (12%) followed by America and Asia (10.9%).

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1749 employees work at Witzemann GmbH.

Strategy

Wide-ranging global and macrosocial developments such as the transition to new forms of transport and energy use, digitalisation and increasing protectionism form the background to development of the Witzemann Group's strategy.

Its key components are:

- a broadening of the product range and openness to new applications
- active use of the digital transformation for new products, business models and process improvement
- systematic exploitation of opportunities in growth markets and corresponding development of the Witzemann Group
- more efficient processes and sharper profit focus
- the development of electro-mobility solutions, such as battery degassing pipes, cooling sleeves for electrical motors, battery tempering elements or fuel cell pipes.

Photo 1: The Witzemann GmbH management team: Philip Paschen, Dr. Andreas Kämpfe, Dr. Eberhard Wildermuth and Heiko Pott (from 16 May 2019)



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Photo 2: Heiko Pott, member of the board of management (from 16 May 2019)



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The Witzemann Group

The Witzemann Group is the world's leading manufacturer of flexible metal tubes, expansion joints, metal bellows and automotive components. Over 4,600 employees at 24 companies in 19 countries develop and produce custom-tailored solutions for customers from all branches of industry. Within its sector, Witzemann offers both an extensive product range and broad spectrum of service and technology expertise.