

Endress+Hauser proves reliable

Group exceeds own expectations in the 2021 financial year

For the financial year 2021, Endress+Hauser has exceeded its own expectations. The measurement and automation technology specialist achieved new records in incoming orders, sales, profit and headcount and continued to carry this momentum into the new year. Although the Ukraine conflict is dampening hopes for continuation of the solid growth, the company considers itself well equipped for a difficult economic environment.

Endress+Hauser delivered 2.6 million instruments in 2021. “Our customers placed a high degree of trust in us,” said CEO Matthias Altendorf at the annual media conference in Basel. “They were able to rely on us after the outbreak of the pandemic. And we were a reliable partner once demand picked up again.” Despite strains on the procurement markets and logistics chains, the company ensured material availability around the world and maintained its high delivery performance.

Broad-based growth

As a result, Endress+Hauser could not only build on the pre-Covid period but significantly improve key business metrics. Net sales rose 11.7 percent to 2.879 billion euros. The Group experienced dynamic growth in Asia and America and a solid performance in Europe. While Africa was up, business in the Middle East, with its heavy dependence on the oil & gas industry, suffered a decline. China extended its lead as the company’s strongest sales market, followed by the US and Germany.

Incoming orders were some 5 percentage points higher than sales growth. Behind this development the CEO sees catch-up effects, as well as renewed demand in nearly all industries. Advanced analysis and industrial digitalization provided an impetus for the process instrumentation business. In the laboratory instrumentation business, which had been boosted by the demand for PCR diagnostics in 2020, the Analytik Jena subsidiary experienced strong growth through chemical analysis products.

Vocational training campaign and focus on sustainability

The family-owned company had 15,117 employees worldwide at the end of 2021, 663 more than the year before. New jobs were created primarily in production. Nearly all apprentices were offered positions in the company upon completion of their training. Endress+Hauser wants to strengthen its commitment to vocational training and eventually double the number of apprentices, students and interns over the coming years.

In the independent EcoVadis sustainability audit, Endress+Hauser scored 76 points, four more than the previous year. That puts the company in the top percentile of the comparison group. In addition, the company has created the position of corporate social responsibility officer at Group level. She will be responsible for further developing and driving forward the implementation of the sustainability strategy.

Scores of innovations, extensive investments

Of the more than 70 product innovations introduced by the company last year, many are related to digitalization. In 2021 Endress+Hauser spent 213.4 million euros on research and development,

roughly 7.4 percent of sales and an increase of 9.4 percent over the prior year. 258 initial patent filings around the world testify to the Group's strong spirit of innovation. The intellectual property portfolio currently encompasses 8,600 active patents and patent filings.

Endress+Hauser invested 192.8 million euros in 2021 (6.4 percent less than 2020). Currently staff are moving into new buildings in Reinach, Switzerland. Construction projects are still underway at production sites in Gerlingen and Waldheim, Germany and Aurangabad, India. The largest projects include an expansion of production facilities in Maulburg, Germany and Suzhou, China. Sales centers in Mexico and Finland will be constructing their own buildings, whereas the subsidiaries in Australia and Argentina will purchase premises.

Above-average rise in profit

Exchange rates had minimal impact in 2021 according to CFO Dr Luc Schultheiss' report. Depreciation of the euro decreased sales by half of a percentage point. While expenses for materials, logistics and personnel rose, costs for business travel, customer support and trade fairs remained under the level of previous years, owing to the coronavirus pandemic. As a result, operating expenses grew below average. Operating profit (EBIT) increased 28.8 percent to 434 million euros.

Due in part to the fact that financial investments generated a solid return last year, profit before taxes (EBT) improved 37.4 percent to 463.8 million euros. Return on sales (ROS) climbed three points to 16.1 percent. Net income grew 40 percent to 356.8 million euros due to a lower tax rate. The equity ratio reached 79.1 percent, an increase of 2.1 percentage points. The family company has virtually no bank debt.

War in Ukraine overshadows outlook

Endress+Hauser started the year with records in order backlog, and incoming orders were above plan for the first quarter. Although the Group planned growth in the upper-single-digit range for 2022, at the moment it is uncertain whether this target is attainable. "Russia's attack on Ukraine changed everything overnight," said Matthias Altendorf. "This conflict is bringing suffering to millions of people and is impacting many companies at a time when the pandemic is far from over."

Endress+Hauser stopped all deliveries to Russia at the beginning of the invasion. "We will adhere to the full scope of the sanctions," emphasized the CEO. "At the same time we have a responsibility to our employees and customers in Russia." The sales center in Russia employs 182 people. The Group wants to continue delivering to companies that supply civil society and are not subject to sanctions, such as those in the food & beverage, life sciences and water & wastewater industries.

Strong community within the Group

"What's important is not whether we by any means reach our financial targets, but that we continue to provide our customers with the best possible support in this situation," emphasized Dr Klaus Endress, President of the Supervisory Board. The employees and management of the Group have the full trust of the Supervisory Board and the shareholder family. "We will stand together in the company and be there for our employees. Together, we will get through these challenging times and continue to be a reliable partner for our customers."

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 2.9 billion euros in 2021 with a total workforce of more than 15,000.

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 more than 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. 8,600 patents and applications protect the Group's intellectual property.

For further information, please visit www.endress.com/media-center or www.endress.com

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