

With strong results into the anniversary year

Endress+Hauser achieves new highs in incoming orders, sales and employment in 2022

2022 was marked by strong growth worldwide for Endress+Hauser. The specialist for measurement and automation technology delivered more sensors than ever before despite strained procurement and logistics chains. Incoming orders, sales and employment reached new highs; profits fell due to a negative financial result. The company, which is celebrating its 70th anniversary in 2023, remains confident for the current year.

Russia's attack on Ukraine clouded the outlook at the beginning of last year. Threats of energy shortages in Europe, high inflation and rising interest rates in many countries, supply and logistics chains that remained strained and persistent Covid lockdowns in China: "Rarely has our business environment been characterized by so many challenges as in 2022," said CEO Matthias Altendorf at the annual media conference in Basel. "Our business nevertheless developed stably throughout the year."

Strong growth worldwide

The Group's net sales rose by 16.4 percent to 3.351 billion euros. CFO Dr Luc Schultheiss put the organic growth – excluding currency effects – at 11.6 percent. The company shipped more than 2.9 million instruments worldwide with reliable delivery performance. "Endress+Hauser has built efficient production and logistics networks over the years and we maintain long-term relationships with our suppliers," emphasized Matthias Altendorf.

All industries and regions contributed to the solid growth. Sales developed dynamically in the Americas and Asia-Pacific and strongly in Europe and the Middle East. Africa was the only region to experience a business decline. China maintained its position as the top-selling market followed by the USA, both now well ahead of Germany, the number three market. Endress+Hauser's process instrumentation and the sensor business of Innovative Sensor Technology IST both performed well. As expected, demand for laboratory instruments from Analytik Jena fell slightly after the end of the pandemic.

Investments in the future

Endress+Hauser invested 240.5 million euros in new buildings and machinery, 24.7 percent more than 2021. This means that more than 1 billion euros has been pumped into better infrastructure within the past five years. "With these investments we are laying the groundwork for future growth," said the CEO. Projects worth around 500 million euros are currently being implemented. The four largest involve locations in Maulburg, Germany; Suzhou, China; Jena, Germany; and Greenwood, Indiana, USA.

"Product innovations drive our growth," said Matthias Altendorf. Endress+Hauser introduced 43 new products to the market in 2022. The Group spent 242.4 million euros – roughly 7.2 percent of sales – on research and development, 13.6 percent more than the previous year. The company applied for 235 patents for the first time at patent offices around the world, a testament to the Group's innovative strength.

Last year was overshadowed by the closure of the Russian sales center as a result of the sanctions following the attack on Ukraine. An export ban on measurement technology deprived the Russian

business of its basis and led to the loss of 170 jobs. At the end of the year the family-owned company had 15,817 employees worldwide, an increase of 700. New training positions were also created. In the future, five percent of all jobs will be set aside for interns, apprentices, students and trainees.

Strong operating result

Currency effects and price increases boosted the Group's sales but weighed on the financial results. Because operating expenses rose at a faster pace than sales, operating profit grew by only 9.1 percent to 473.7 million euros. Endress+Hauser thus achieved an operating margin of 14.1 percent, 1 percentage point less than the previous year, "but still a highly respectable figure," added CFO Luc Schultheiss.

Rising costs for currency hedging and, above all, high losses from financial investments resulted in a significantly negative financial result. Profit before taxes fell 12.0 percent to 408.1 million euros. A tax rate of 25.6 percent (up 2.5 percentage points) caused net income to fall by 14.9 percent to 303.5 million euros. The company nevertheless enjoys a solid financial footing. The equity ratio rose to 80.2 percent, 1.1 percentage points more than 2021. The Group is virtually debt-free.

A generational mindset

With 76 out of 100 points, Endress+Hauser once again occupied a leading position in the 2022 EcoVadis sustainability benchmark and placed in the top percentile of the comparison group. The Group calculated its carbon footprint along the value chain as the basis for the development of a climate strategy. Endress+Hauser has recently joined the Science Based Targets initiative with the goal of reducing emissions to net-zero by 2050.

Thinking in terms of generations is also evident in succession planning. When Dr Klaus Endress leaves the Supervisory Board due to the age limit at the end of 2023, he will be succeeded by CEO Matthias Altendorf. Dr Peter Selders, who heads the competence center for level and pressure measurement technology, will then take over as Group CEO. Steven Endress, currently Managing Director of Endress+Hauser UK, will take a seat on the Supervisory Board as a second representative of the shareholder family. "All of these decisions were made with the backing of the shareholders, the family and the Supervisory Board," explained Klaus Endress.

With confidence into the year of the 70th anniversary

Because incoming orders grew another 8 percentage points faster than sales in 2022, Endress+Hauser was able to start the current year with a high volume of orders on hand. Incoming orders also developed positively in the first quarter of this year. While the Group expects the business to slow in the second half of the year, it still anticipates double-digit growth in 2023. Linked to this is the creation of 500 jobs worldwide.

Supervisory Board President Klaus Endress is convinced that the measurement technology specialist is active in a promising business area. Decarbonization and digitalization provided additional impetus. To mark the company's birthday, Endress+Hauser is inviting over 1,000 customers, partners and experts to Basel to discuss the sustainable transformation of the process industry. "For 70 years we have done everything we can to ensure a good future – and we will continue to do so," the CEO said.

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 more than 3.3 billion euros in 2022 with a total workforce of nearly 16,000.

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. 8,700 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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