

Press release

2024-05-03

Well prepared for the future

The E.G.O.-Group is feeling the effects of the crisis in the household appliance industry and saw a drop in turnover last year. However, the management board has taken steps to steer away from the crisis. Various measures have made the business group more efficient and positioned E.G.O. more effectively on the market. Innovations at all stages of development offer potential for the future.

Oberderdingen – The E.G.O.-Group (E.G.O.) generated a turnover of 699.2 million euros last year. This is 13 percent below the previous year's figure. At the press conference of the BLANC & FISCHER Family Holding, Dr. Karlheinz Hörsting, Chief Executive Officer (CEO) of the E.G.O.-Group, emphasized that the huge decline in turnover did not mean a loss of market share, but rather that the household appliance industry is in crisis worldwide. "The situation will not change from one day to the next – we need to see it as the new normal for the near future and adjust to it," said Dr. Hörsting. Nevertheless, he is cautiously optimistic: "I am sure that we will grow again in the medium and long term. The initial figures make me hopeful that things are gradually picking up." He is referring to Euromonitor's economic forecasts, which expect to see positive growth rates (CAGR) for the next five years for the application categories dishwashing, laundry, cooking applications, microwaves, and cooling applications. "As a business group, we are prepared for this: on the one hand, we have products and innovations that enrich the market, and on the other, as a company, we have optimized our structures and positioned ourselves for the future," Dr. Hörsting emphasized.

Innovation at all stages of development

"Whether concept, technology, or new products, at E.G.O., we design innovations that always make people's everyday lives a little better," Dr. Hörsting stressed, as he presented the E.G.O.-Group's innovations at the various stages of development.

With the EGO E1 induction platform, the company is rounding off its induction product portfolio and will offer a solution for the entry-level segment in future.

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“We are now a full-range supplier of induction heating. This is in line with our ambition to be the preferred partner for the household appliance industry,” explained Dr. Hörsting.

One new technology that makes operating home appliances easier is EGO TFT-Mid. TFT (Thin Film Transistors) is already established as a display technology for computer monitors and offers advantages such as very good image quality (resolution and sharpness) and a fast reaction time. This enables a high degree of flexibility in the display of detailed text, full-color images, animations, and videos. As the market matures and volumes increase, TFT technology has become more attractive in terms of price and has also made its way into “white goods.” E.G.O. is expanding its product portfolio to include EGO TFT-Mid and is thus able to offer products based on this technology that are also of interest to the mid-range price segments.

The company is demonstrating its foresight with an innovative concept for dealing with microplastics in washing. “When clothes made of synthetic textiles are washed, microfibers are shed and settle in the washing machine. Since washing machines only have a coarse filter, some microfibers are released into the environment via the wastewater and sewage treatment plants,” explained Dr. Hörsting. A solution was therefore sought to filter out the microfibers during the washing process. “We found a source of inspiration in nature – the basking shark,” said the CEO. “With a body of up to ten meters in length and a weight of up to four tons, it is one of the largest creatures on Earth. But it only feeds on plankton. To get enough food, the basking shark swims with its mouth open and takes in plankton through the shape and ribbed structure of its mouth cavity. Using this method, it can filter around 1,800 tons of water per hour for food.” E.G.O. has adopted this bionic principle and developed a filter system featuring a conical ribbed structure and a replaceable sieve casing. “This bionic filter concept is already award-winning,” said Dr. Hörsting, proudly.

Greater efficiency

According to Dr. Hörsting, the previous company structures were designed for a turnover of one billion euros. In the current situation, with the significant drop in demand for household appliances worldwide, this meant that the business group was operating at overcapacity – both in production and in the administrative area. “We responded to this, cut around 900 jobs worldwide, and examined where we could create synergies,” explained Dr. Hörsting. Discussions are also currently underway with employee representatives at the

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headquarters in Oberderdingen about the future direction of the site. Dr. Hörsting continued: “In all the changes we make, the customer is always at the center of our actions – we focus on customer proximity. This means that we want to grow in regions that are becoming more important for our customers.” For this reason, the E.G.O.-Group is expanding its capacities in Mexico and Poland. “Because the existing production infrastructure in Querétaro is not sufficient, we will move to the new site in Querétaro/Amexhe in 2024, which offers us 18,500 square meters of production space and potential to expand further.” The company will initially relocate HiLight production from Newnan (USA) to this site, followed by electronics production from the previous Mexican site by the end of 2024. There is a similar situation in Poland. Since it is no longer possible to expand the production area at the previous site in Łódź, E.G.O. will construct a new building near the old site. “We have done a lot in recent months to strengthen our production network and the administrative areas,” said Dr. Hörsting, summarizing the many changes. He also thanked employees: “We have mastered all the challenges together and we have always been able to rely on a strong and committed team.” This was demonstrated by the E.G.O. team in the successful go-live of the new S/4 HANA ERP system, the introduction of which was a milestone in the business group’s own digitalization agenda.

Positioned as a solution provider

With the objective of improving customer proximity, understanding customers’ challenges even better, and strengthening the regions, E.G.O. has adapted its corporate structure and is now positioning itself as a solution provider with a clear focus on applications and the three new business units Induction Cooking (IND), Laundry, Dish, Cooling (LDC), and Food Preparation (FPR). To increase the proximity of all business units to the market, they will be represented by regional business units in the four regions EMEA (Europe, Middle East, Africa), AMERICAS, APAC (Asia-Pacific), and GREATER CHINA in future. At the same time, the BUs’ competencies will be expanded to include, for example, the sales function and stronger electronics expertise to facilitate our growth ambitions.

Furthermore, on April 1, the E.G.O.-Group added the position of Chief Financial Officer (CFO) to its management board. The CFO oversees Corporate Finance & Controlling and Corporate Digital Transformation. Heiko Pott, CFO of the BLANC & FISCHER Family Holding, will temporarily take on this position in addition to his current role. In this way, the E.G.O.-Group believes it is well positioned for the future.

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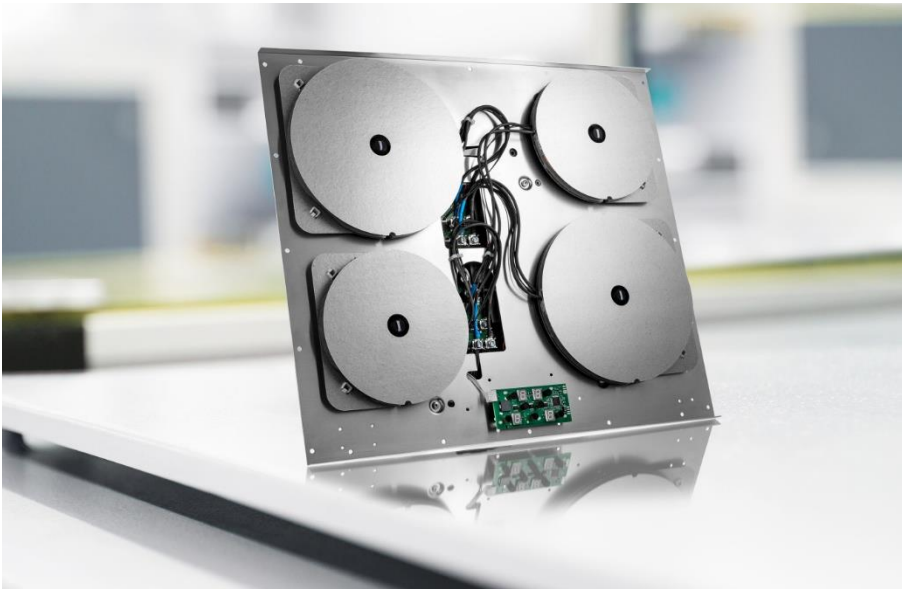


Image description: Innovative new product: with the EGO E1 induction platform, the company is rounding off its induction product portfolio and will offer a solution for the entry-level segment in future. **Photo: E.G.O.**



Image description: Dr. Karlheinz Hörsting, Chief Executive Officer (CEO) of the E.G.O.-Group, reviewed the past fiscal year for the E.G.O.-Group and presented how the company is positioned for the future. **Photo: E.G.O.**

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About the E.G.O.-Group

The E.G.O.-Group (E.G.O.), with its headquarters in Oberderdingen, Baden-Wuerttemberg, is considered one of the world's leading suppliers to manufacturers of household appliances. It all began almost 100 years ago when company founder Karl Fischer developed the first electric hotplate suitable for series production. The core values summed up in the words "made by E.G.O." are found not only in your stove but also in washing machines, dryers, refrigerators, and many other household appliances and commercial machines. The supplier covers four different business areas with its technologies and products: heating, controlling, converting, and connecting. The E.G.O.-Group has around 5,270 employees worldwide, working in 23 sales and production companies in 19 countries. Their drive: innovations that make people's everyday lives easier, create benefits, and conserve natural resources. In 2023, the Group generated a turnover of more than 699 million euros. More information is available on the website www.egoproducts.com

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