

Press release

2017-05-18

E.G.O. head Dr. Haupt: “Once again, 2016 was the best year in the history of the company”

Household appliance supplier with headquarters in Oberderdingen once again achieved a record year – turnover increased by 2.1 percent to 606 million euros – enormous increase in profit

Oberderdingen – Profitability at a record level and a turnover plus of 2.1 percent, which is double the market average: Dr. Johannes Haupt, Chairman of the Management Board of the E.G.O.-Group, was visibly proud when reflecting on 2016 in a press conference on Wednesday, May 18, in Oberderdingen. “I am very pleased to be able to also say this about 2016: it was again the best year in the history of the company,” said Dr. Haupt. Worldwide, approximately 5,795 employees generated 606 million euros in turnover for the E.G.O.-Group in 2016. And the positive trend is expected to continue: In 2017, the company plans growth of around five percent. Moreover, E.G.O. has decided to build a new central head office for the company at its headquarters in Oberderdingen in Baden-Württemberg. The new construction, comprising 8,500 square meters of floor space, is planned to be completed by the end of 2018 at a total investment of well into the double-digit million range. The new building will unite important functional divisions – previously scattered throughout various buildings – under one roof. According to the current planning status, around 200 E.G.O employees will work in the new building in the future. Dr. Haupt: “This is a clear acknowledgment by the company of its home base. Is there any more positive signal of future sustainability than investment?”

Concentration on the core business and on high-growth markets

In addition to its concentration on the core household appliance industry, above all, the path to a successful company future lies in the expansion of digitization and further internationalization. The focus here is on expanding market activities in the high-growth Asia-Pacific region as well as North, Central, and South America. Dr. Haupt, who also acts as Chairman of the

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Management Board of BLANC & FISCHER Family Holding, also announced closer cooperation with the subgroups in order to utilize synergies for the corporate group. BLANC & FISCHER Family Holding is the central umbrella for the subgroups E.G.O., BLANCO, BLANCO Professional, DEFENDI, and ARPA. In 2016, the holding strengthened sales in China by bundling the activities of the E.G.O., BLANCO, and DEFENDI groups in Shanghai. This new joint sales location will open in just a few months. Further fields of intensive cooperation include, for example, the distribution logistics of the sister companies E.G.O, BLANCO, and BLANCO Professional. Synergy effects also arise as a result of the close consolidation of the sales areas of the subgroups. “In short: autonomy when handling each separate market while ensuring the optimal coordination of strategic and economic interests of BLANC & FISCHER Family Holding – that is our objective,” Dr. Haupt emphasized.

Largest turnover for induction heating elements

Several E.G.O.-Group product groups have shown above-average development over the past year. Induction heating elements, which are increasingly becoming the standard for new cooktops (especially in industrialized countries), generated 12.6 percent more turnover than the previous year. A welcome development, from E.G.O.'s perspective: The growth of induction is not at the expense of the radiant heating element, the system most commonly known as Ceran cooktops. This product group, which currently contributes the largest percentage of turnover at E.G.O., also grew by 3.3 percent. Thick film heating elements (used in dishwashers, for example) also experienced above-average growth in 2016 at 5.7 percent. E.G.O. considers both induction as well as thick film heating elements to be innovation products and are banking on them as growth areas in the future. “Traditional” products, which include hotplates, thermostats, and energy regulators, are slowly but steadily decreasing in importance in highly developed nations. However, this is being compensated for by increasing demand from emerging countries. Overall, the turnover in this area remained nearly stable in 2016.

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160 percent growth in Thailand

When considered regionally, the turnover in the Asia-Pacific region increased most strongly, by almost 20 percent. Amongst other factors, a company-owned new sales company in South Korea contributed with a plus of 26 percent. Very strong growth of 160 percent was recorded by E.G.O on the Thai market. This was the result of beginning to specifically target the Thai market in 2016. Even if, in terms of absolute numbers, this has not had such a strong effect due to the comparatively low baseline level, it does demonstrate the growth potential this region offers E.G.O.

Europe with a high degree of saturation

E.G.O. saw total growth of 1.3 percent in Europe. The German domestic market grew by 0.3 percent. Even individual positive outliers with high growth rates of nine percent do not change anything in the wider European picture, according to Dr. Haupt. This is because there were also countries such as Spain where the turnover fell by eleven percent. This is not a phenomenon specific to E.G.O. "Europe is a market with a high degree of saturation in which the economic problems of individual countries lead to a decrease in turnover but good economic situations in other countries only rarely result in larger jumps in sales. The fact that the percentage of households here that already cook with electricity is the highest in the world also impacts us. Moreover, this results in less potential attributable to a possible change of energy sources on a large scale. This is the background to our strategic decision to seek growth predominantly outside Europe," Dr. Haupt explained.

In the long-term, the Group also sees significant potential on the American continent. Turnover was stable in North America in 2016, whereas it decreased in the important Central and South American markets as the result of the current weak economy. The result was an overall decrease of 3.1 percent. E.G.O. will now significantly expand the development capacity of the USA and adapt the portfolio to the local market even more. The turnover there of far more than 100 million USD offers a solid base to achieve the strategic target for growth.

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Development is in tune with the long-term strategy

With an approximately 70 percent share of turnover, Europe currently remains the E.G.O. Group's core market. The second largest share, with around 20 percent, is the American continent, followed by the Asia-Pacific region with about 10 percent. "We would like to remain strong in Europe but increase the share in the other regions through above-average growth in the medium and long term. With a view to this objective, our 2016 business in the Asia-Pacific region has developed along the lines of this long-term strategy and the American continent will also achieve this in the coming years," Dr. Haupt explained.

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Caption: Dr. Johannes Haupt, Chairman of the Management Board of the E.G.O.-Group and BLANC & FISCHER Family Holding

Photo: E.G.O.

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Caption: E.G.O. has decided to build a new central head office for the company at its headquarters in Oberderdingen in Baden-Württemberg. **Photo:** E.G.O.

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About the E.G.O.-Group

The E.G.O.-Group includes 18 sales and production companies in 16 countries. The Group generated around 606 million euros in turnover in 2016 and has around 6,000 employees. The company, which is based in Oberderdingen in Baden-Württemberg, is regarded as one of the leading suppliers to household appliance manufacturers in the world. The company's founder, Karl Fischer, developed his first electric hotplate for series production over 80 years ago. Today, the company produces all of the heating and control elements that are required for cooking, baking, washing, drying, and dishwashing. E.G.O. also delivers components, systems, and technology for the restaurant industry and professional laundries, together with complex components for medical technology, building services, and the automobile industry. More information can be found on the website www.egoproducts.com

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