

## Press release

May 28, 2019

### **Revenue virtually the same: E.G.O. develops in line with the domestic appliance markets in Germany and worldwide**

#### **First press conference at new company headquarters - Delivery bottlenecks for components for electronic products and currency effects pressure sales performance**

Oberderdingen – Double premiere at E.G.O.: At the newly completed company headquarters, Dirk Schallock, Chairman of the Management Board since the beginning of the year, provided an initial glimpse into the how the Oberderding home appliance supplier developed over the past year. After years of continuous growth, compared to the previous year, the turnover of the E.G.O.-Group in 2018 remained almost constant at EUR 603 million and a minus of 0.9 percent. "We are thus moving in line with the household appliance markets in Germany and the rest of the world, which, according to figures from the German Electrical and Electronic Manufacturers' Association (ZVEI) and GfK, have also dropped around 1 percent. In 2018, the turnover of the E.G.O.-Group was generated by an average of 5,646 employees.

Schallock said that last year's development was mainly influenced by two factors: "We clearly want to grow faster than the market. We did not succeed this time for two reasons: Allocation and currency development. Especially in the second half of the year, there were considerable supply bottlenecks for components that we need for our high-growth electronic products. In the meantime, the situation here has improved considerably again, but unfortunately it was not possible to compensate for the production losses that had already occurred. The second reason is the currency developments in the course of the year, which also had a negative impact on us. Adjusted for currency effects, turnover would have been EUR 5.9 million higher than the attained value, and the E.G.O.-Group would thus have achieved the previous year's sales of EUR 609 million," said Schallock.

For 2019, E.G.O. is planning for 4.5 percent growth. "This would be well above the forecast growth for the global household appliance market and we are very confident that we have the right strategy, the right products, and the right innovation ideas to achieve this objective."

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The kitchen domain and thus the market are currently changing very dynamically. In addition to the smart home and the growing importance of digitization, new players from the electronics sector are pushing the market; players who have not had a major role in the household appliance industry so far. All this leads to the fact that E.G.O. must become even more agile and adaptable than the company already is, Schallock explained. "This includes significantly strengthening our innovative strength - but also implementing our FoCUS strategy (which stands for "For Customers") even more intensively. We must be as close as possible to our customers and markets. This enables us to identify even more quickly which trends and developments will play a decisive role in the future."

According to Schallock, changes in lifestyle always have an effect on the kitchen domain in general. As a company that understands innovation as part of its DNA and a decisive component of its competitiveness, E.G.O. of course has the ability to quickly find suitable technological answers to current kitchen trends. One example is the trend towards understanding and integrating open-plan kitchens as part of the living space. One consequence of this development is that the noise generated by household appliances in the kitchen is becoming an important factor. E.G.O. is therefore developing technologies to make the appliances quieter and more energy-efficient. A second current trend is the growing awareness of healthy nutrition. In response to this, E.G.O. has launched a technology on the market that makes it possible to cook food leniently - or to combine steam and heating in one space-saving appliance. The digitization of the kitchen as part of a smart home is also becoming increasingly popular. This assumes that E.G.O. offers all kinds of connectivity for the household appliances, and that: there are new operating concepts with which the appliances can be integrated into automated scenarios; they can also be operated remotely together with other appliances in the house via modern user interfaces. A fourth important trend is that cooking at home is experiencing a renaissance - essentially as a counter-trend to the desire for the simplest, most convenient preparation of meals possible (e.g. pre-made products). "People want a hob that offers them as much flexibility as possible when using pots and pans. We solve this by consistently developing our induction technology. Features like temperature controls or "weighing on the hob" to optimize cooking outcomes are also part of our innovative pursuits," said the E.G.O. CEO.

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### **Development in Oberderdingen, Spain and China**

According to Schallrock, the majority of the new products in Oberderdingen are pushed forward from the initial idea through to series production. But with a view to the FoCUS strategy, the literal proximity to the end customers is very important in order to understand their sometimes very different habits and wishes with regard to household appliances - and to incorporate them into products that precisely fit people's needs. This is why E.G.O. has two additionally strong development centers: Lliçà de Vall in Spain and Taicang in China. In the past year, development capacities in Taicang in particular have been significantly expanded.

### **HOT business area remains turnover leader**

Wolfgang Bauer, member of the management board responsible for turnover and product management, explained how sales are distributed among the individual business areas of E.G.O.. The HOT business area is traditionally the strongest. With products for cooking, baking or grilling as well as components for extractor hoods, it again contributed €392 million (more than half of the company's turnover) in 2018. At €73 million, the WET business area, i.e. solutions for dishwashing or washing, accounts for the second-largest share of turnover. The INDUSTRIAL business area accounts for 10 percent of turnover. According to Bauer, the PROFESSIONAL division showed stable development in 2018. In applications for professional cooking, baking, washing, dishwashing and drying, the E.G.O.-Group recorded a constant 11 percent share of turnover compared to 2017.

### **Turnover drivers at the E.G.O.-Group**

"At E.G.O., we make a distinction between electromechanical and electronic products. Sales of electromechanical products developed very positively - especially thermostats and tubular heating elements. Thermostats, for example, were up 3.6 percent on the previous year. In the electronic products segment, our induction technology products (11.3 percent) and innovative touch controls (8.2 percent) were strong turnover drivers. And our components for professional cooking have also increased considerably by 8.2 percent," explained Bauer. Overall, turnover in the electromechanical product segment declined slightly. The reasons for this were a slow but steady decline in demand for cast iron hotplates and an ever-increasing price pressure



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on the market. Sales of electronic components, on the other hand, grew despite challenges such as the shortage on the procurement market.

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Dirk Schallock, Chairman of the Management Board of the E.G.O.-Group since January 1, 2019



Wolfgang Bauer, Managing Director Sales and Product Management of the E.G.O.-Group

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### About the E.G.O.-Group

The E.G.O.-Group consists of 20 sales and production companies in 17 countries. In 2018, the group generated sales of around EUR 603 million and employed over 5,600 employees. The company, which has its headquarters in Oberderdingen in Baden-Württemberg, Germany, is considered one of the world's leading suppliers to manufacturers of household appliances. Karl Fischer, the company founder, developed the first electric hotplate suitable for series production more than 80 years ago. Today, the company produces all of the heating and control elements that are needed for cooking and baking, washing and drying laundry, and washing dishes. E.G.O. also supplies parts, systems and technologies for the food service and professional laundry sectors, as well as sophisticated parts for the medical equipment and building services sectors and the automobile industry. More information can be found on the website [www.egoproducts.com](http://www.egoproducts.com)

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