

Financial year 2017/2018

Lenze 2020+ growth strategy appears to be taking off: Lenze Group again achieves record revenue figures and EBIT

- Revenue grew by 9.2% to a new EUR 741.0 million record.
- Earnings before interest and taxes (EBIT) increased by 12.3% to EUR 65.7 million.
- Executive Board considers the company to be excellently positioned for digital transformation.

Hamelin, 11.09.2018 – In a generally positive market environment, the Lenze Group has successfully continued its strategic course of growth in the financial year 2017/2018 and again exceeded its key financial targets. Group revenue increased in the reporting year by 9.2% to a new record of EUR 741.0 million, far surpassing original expectations. Organic revenue growth, adjusted for currency effects, amounted to 11.2%. Operating results (EBIT) also reached a new high, rising by 12.3% to EUR 65.7 million. The EBIT margin rose to 8.9%. Net income grew by 21%, in particular as a result of a favorable tax ratio performance.

Future digital topics, new products, and intensified sales as growth drivers

Building on decades of mechatronics experience, Lenze is bolstering its position as a global systems partner for integrated machine automation as part of implementing its 2020+ strategy. Thanks to scalable hardware and modular software, Lenze is increasingly taking a leading role here.

The strategic divisions, Mechatronics and Automation Systems, are benefiting from the company's growth momentum. The revenue of the forward-thinking digital division likewise developed positively in the reporting year. Setting the pace in global factory automation, Lenze has a considerable competitive advantage with its two subsidiaries, the Bremen CPQ specialist Encoway and the software company Logicline based in Sindelfingen. This enables the company to provide digital services and solutions along the entire value chain from one single source. These primarily include key topics of the future relating to Industry 4.0 and the Internet of Things (IoT) such as remote and predictive maintenance, big data management and analytics, virtual reality, and working with a digital twin.

Lenze once again invested in developing global sales in the year under review and focused its sales activities specifically on five high-growth sectors: automotive, consumer goods, converting and printing, intralogistics, and textiles. In these focus industries, the company is able to most effectively implement its application and market competencies in highly specialized production processes, Lenze again demonstrated its technological and innovative strengths in the past financial year in more than 1,000 completed customer projects.

In terms of product development, the company has been pursuing a platform strategy for two years which both accelerates innovation cycles, as well as market penetration, and has a positive effect on costs in lean production. The successful i500 generation of frequency inverters and the i950 servo inverter launched into the market in the last financial year are effective components for a consistent automation platform.

The increase in sales activities also had an impact regionally. The company achieved the greatest absolute growth in revenue in Europe. With a sales increase of 18.6%, Asia recorded the largest rise in percentage terms, and sales in the US continued at a high level.

Profitability increases

Once again, the Group was able to increase its profitability. This is essentially due to the strong revenue growth. Operating result (EBIT) rose by 12.3% to EUR 65.7 million, reaching a new high. The EBIT margin increased to 8.9%. The return on capital employed (ROCE) grew in the financial year 2017/2018 by 1.2 percentage points to 23.5% (previous year: 22.3%).

Scope for investment

All in all, the Lenze Group generated a gross cash flow from operations of EUR 62.3 million (previous year: EUR 56.1 million) – prerequisite for financial strength and stability. The company therefore has sufficient scope for investment. At the Extertal location in North Rhine-Westphalia, for example, a major future project for Lenze is currently being developed with the Mechatronic Competence Campus (MCC). Overall, the company will be investing approximately EUR 50 million in the location until planned completion of the new mechatronics campus in 2020.

Equity capital also improved. With a balance sheet total of EUR 483.1 million, equity capital amounted to EUR 321.3 million (previous year: EUR 299.0 million). This corresponds with an equity ratio of 66.5% compared with 64.1% in the previous year. In addition, the Lenze Group has net financial assets totaling EUR 63.0 million (previous year: EUR 59.4 million).

Excellent strategic and financial position for the future

The Executive Board confidently considers Lenze to be very well-positioned, both strategically and financially, “We want nothing less than to set the pace for global factory automation and to be at the very front of shaping digital transformation,” explains Chair of the Executive Board Christian Wendler. Wendler expects moderate growth for the financial year 2018/2019. “We are pursuing our growth strategy and investing disproportionately in our sales channels, in research and development, and in our range of digital services.” Lenze reaffirms its intention to increase its revenue to EUR 850 million by the financial year 2020/2021. The automation specialist is further aiming for the one billion mark by leveraging the opportunities of digitalization in the years to come.

Digital annual report 4.0 provides insights into Lenze’s strategic focus

As a company helping to shape digitalization, this year Lenze has once again presented its business operations and results, for specific target groups, using multimedia with short 30-second clips on a digital platform. At <http://annual-report.lenze.com/en/>, the company provides detailed insights into its strategic focus, goals and path towards the future. This year, the annual report has been compiled with the theme: “Growing. Stronger.Better.Together.” After all, it primarily concerns the ongoing implementation of the Lenze 2020+ strategy initiated one year ago. This strategy is advanced by all 3,700 employees around the world, every day, to position the company optimally for the future.

Key figures 2017/2018

	2017/2018	2016/2017	Change
Revenue in EUR millions	741.0	678.3	+9.2%
EBIT in EUR millions	65.7	58.5	+12.3%
EBIT margin in %	8.9	8.6	+0.3% points
Return on capital employed (ROCE) in %	23.5	22.3	+1.2% points
Gross cash flow in EUR millions	62.3	56.1	+11.1%
Investment (in balance sheet assets) in EUR millions	22.4	11.5	+94.8%
Equity ratio as %	66.5	64.1	+2.4% points
Net financial assets in EUR millions	63.0	59.4	6.1%
Employees as at 30.04.2018	3,715	3,457	+258 (+7.5%)

About Lenze

Lenze is a worldwide leading automation company for mechanical engineering. With more than 70 years of experience in providing solutions, Lenze is a strong partner standing side-by-side with its customers. The portfolio includes high-quality mechatronic products and packages, efficient systems consisting of hardware and software for machine automation, and digitalization services in the areas of big data management, cloud and mobile solutions, as well as software within the context of the Internet of Things (IoT). Lenze employs approximately 3,700 people worldwide and is represented in more than 60 countries. As part of its 2020+ growth strategy, Lenze intends to continue investing strongly in Industry 4.0 sectors in the upcoming years – with the aim of further increasing revenues and profitability.

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