



## Press release

**Not to be released before Tuesday, 03 June 2014 – 11am**

### **ebm-papst stronger than ever**

**Powered by innovation, the leading supplier of fan and motor technology increases sales by more than 10% to €1.5 billion**

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03 June 2014 - Page 1 of 7

#### **Mulfingen, Stuttgart,**

The ebm-papst Group, the world market leader in fans and motors, continues to pursue a successful course with a double-figure increase in sales. At the close of the fiscal year on 31 March 2014, the sales revenue of the family-owned company based in Mulfingen, Baden-Württemberg, amounted to €1.501 billion. This represented a substantial growth rate of 11.2% over the previous year (€1.349 billion) and meant that ebm-papst surpassed the global trend for their industry. Worldwide, the pioneers in energy efficiency and sustainability created 810 new jobs (+7.4%) and employed a total workforce of 11,701 at the close of the fiscal year.

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Rainer Hundsdörfer, Chairman of the Board of Directors of the ebm-papst Group: "The key to our success is a high level of investment in research and development, recognising new trends and constantly promoting the development of new market standards to consolidate our global position as technological leader." Investing around 6% of turnover in research and development last year, the company developed and successfully marketed a whole range of innovative products in the fields of ventilation, air conditioning and refrigeration, mechanical engineering, household appliances, automotive/transport and heating.

#### **Pioneering role in energy efficiency and sustainability**

In November 2013, the market leader received the German Sustainability Award as Germany's most sustainable business in recognition of the company's GreenTech strategy. This distinction emphasises the leading role of the fan specialist in the field of energy and resource efficiency. In addition to this victory in the premium category, ebm-papst made it into the top 3 in the special "Resource efficiency" class by the "German Sustainability Award Foundation". In the opinion of ebm-papst, who is also founding member of the Klimaschutzunternehmen e.V. (association of climate protection companies) set up by the DIHK (Association of German Chambers of Commerce and Industry), the Federal Ministry for the Environment and the Federal Ministry for Economic Affairs, the energy transformation process in Germany cannot succeed if considerations only ever is given solely to the aspect of energy generation. Rainer Hundsdörfer: "The most ecological power is that which does not have to be used."

Alongside industry, private households are the major consumers of power in Germany. Nearly all the power used in the home is spent on by heating, hot water, cooking and refrigeration. Reducing this consumption and increasing efficiency will be the key to whether or not Germany manages to meet its CO<sub>2</sub> targets. "Against this background, we feel the need to bring and keep energy consumer at the focus of public debate," says the head of ebm-papst. "Glamorising electric mobility



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politically whilst casting aside the aspect of and focus on power consumption are the wrong political messages to send if you really want to protect the climate," says Hundsdörfer.

03 June 2014 - Page 2 of 7

#### **Continued growth in 2014/2015**

For the fiscal year 2014/2015 starting on 1 April, the ebm-papst Group is expecting an increase in turnover of around 4.5%, to €1.565 billion. To achieve this goal, the technology leader will be investing some €40 million in the coming months to expand capacity at the German locations alone. ebm-papst plans to have a total investment volume of around €150 million this year.

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ebm-papst continues to pursue their strategy of broad diversification into existing market segments. Due to the continued demand for GreenTech fans, the company sees its greatest potential for growth in the areas of heating, air conditioning and refrigeration, mechanical and systems engineering and automotive/transport. ebm-papst expects the market situation to remain difficult in the telecommunications and IT segment due to strong competition from low-cost standard manufacturers in Asia.

In **Asia**, ebm-papst expects to achieve their highest growth rate of 7% in the coming year, primarily in air purification, air conditioning, mobility and environmental protection. On the **American continent**, there is still plenty of potential for the fan specialist with their GreenTech energy saving technology. Although the market is characterised by the widespread use of simple fans, the trend is towards energy-efficient high-tech products with a long service life. For this reason, ebm-papst will be increasing production capacity for the North American market over the medium term. The company is already expecting an increase in sales of 8% for this year. In **Europe (including Germany)**, the world market leader sees moderate growth ahead, with an expected increase of 2-3%. "We are anticipating economic recovery in Europe and are cautiously optimistic - provided things calm down in the Ukraine," says Hundsdörfer.

With around €90 million, ebm-papst will again be investing a large sum in **research and development**, thus expanding and consolidating the company's market position and technological leadership. This year's development activities will again focus on resource conservation and energy efficiency, while aerodynamics will be at the centre of the research activities. The medium-term aim is to further expand global R&D activities, as already successfully put into practice in China. In 2012, the Shanghai development centre saw the installation of the latest test stand technology for air performance, acoustics, environmental and motor applications.



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With their internationalisation strategy of setting up development centres around the world – USA and India are to follow – ebm-papst maintains and expands their global position as technology leader.

"The aim of the ebm-papst Group is to make the company even more of a global player and to strengthen its lead in terms of technology and position on the market. In doing so, the focus will be on topics such as lean enterprise, project management office and the expansion of our production and R&D capacities," says Rainer Hundsdörfer, Chairman of the Board of Directors.

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03 June 2014 - Page 3 of 7

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#### **Background information on fiscal year 2013/14**

##### **Industries: Excellent growth in six of the eight main industries**

ebm-papst registered a high growth rate in six of the company's eight main industries. With a double-figure increase in sales, the development was particularly positive in automotive/transport (+19.4%), ventilation and air conditioning (+19.3%), mechanical engineering (+15.6%) and refrigeration (+14.5%). Heating (+6.7%) and distribution (+7.9%) also continued to show an upward trend. Household appliances dropped slightly at -0.5% on the previous year, but remained stable overall. Again, IT/telecommunications proved to be a difficult market with its "low cost" competition from Asia and fewer sales in the west, resulting in turnover dropping by -12.0% compared to the previous year.

##### **Regions: Strong domestic and European business results – stable development in Asia and on the American continent**

In keeping with their technological leadership, ebm-papst enjoyed strong and impressive sales and strengthened its market position. With €435 million (previous year €378 million / +15.2%), the domestic market in particular contributed enormously to the strong growth of the Group. Abroad, the revenue from sales rose by 9.7% to €1,065 million (previous year €972 million). In Asia, ebm-papst registered substantial growth to €225 million (previous year €202 million / +11.2%), mainly due to the Shanghai development centre founded in 2012 and the acquisition of new customers. The situation in Europe (excluding Germany) was also extremely positive. While the European economy took a downward turn, the fan specialist enjoyed an excellent growth rate of 11.2% to a total of €660 million (previous year €594 million). Turnover on the American continent rose slightly to €180 million (previous year €175 million / +2.7%). ebm-papst can see great potential for medium-term growth in this region and is exploring how to expand capacity there.



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#### **Employees: Almost equal number of workforce at home and abroad**

At the close of the fiscal year, the worldwide workforce of the technology leader totalled 11,701. This meant an increase of 810 in staff over the previous year. 5,844 people were employed in Germany (previous year: 5,551 / +293) and 5,857 abroad. 532 leased staff worked for ebm-papst worldwide (previous year 371 / +161).

03 June 2014 - Page 4 of 7

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#### **Attractive employer: Increased number of trainee positions**

In the last fiscal year, ebm-papst had a number of innovative projects in basic and advanced training going. The Energy Scouts project, launched in 2010 and subsequently implemented throughout the Group, has now become an established feature of the "Mittelstandsinitiative Energiewende" (energy transformation initiative of small and medium-sized enterprises) of the DIHK (Association of German Chambers of Commerce and Industry) and the Federal Ministries for Economic Affairs and the Environment. In this project, trainees use compressed air measuring devices and thermal imaging cameras to look for energy-saving potential in their companies. The DIHK has now decided to introduce the "Energy Scouts" idea as a standardised training concept throughout Germany to promote awareness of energy efficiency in companies.

Training also featured large in the company's trade fair presentation at this year's Hannover Messe, too. It was trainees who represented the Group, successfully demonstrating that ebm-papst juniors are not just trained to be highly competent and skilled personnel, they are also encouraged to assume responsibility at an early stage to boost both personal growth and self-confidence. The company - rated as one of the 50 most popular employers in Germany (according to a study conducted by the magazine Focus in 2014) - attracted a lot of media attention with its highly flexible working time system. Adopting this model, by basically abolishing core working times in administration at headquarters in Mulfingen, was and is a milestone in the industrial sector.

In the last fiscal year, the number of trainees and cooperative state university students at ebm-papst rose by 4.1% to reach a current total of 280 (previous year: 269). The trainee quota of the technology leader is thus at around 5%. To consolidate its leading technological position and attract young academics, ebm-papst has maintained a close relationship with universities and cooperative state universities for years, offering sponsorship in the form of Foundation Chairs, scholarships and school patronage, for example, as well as organising the "Jugend forscht" (young researchers) competition.

#### **Focus on R&D – New developments set new standards**

40% of ebm-papst's turnover comes from products developed in the last four years. Continuous innovation thus remains the focal point for the worldwide technology



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leader. In the past business year, ebm-papst invested just under €86 million (previous year €76 million) in research and development, thus increasing expenditure by 13.2%. At around 6% of Group turnover, the R&D quota is higher than the industry average.

Operating noise and efficiency are the principal physical parameters of fans. Consequently, the focal points of research and development work at ebm-papst are aerodynamics and aero-acoustics.

With the development of the FlowGrid® streamer, ebm-papst created a further milestone in fan technology. This innovation allows optimum fan operation irrespective of the installation situation in the customer's device. With this product-specific guiding of air flow, noise-increasing turbulences are completely avoided, making for a decrease in noise level of up to 3 decibels and as much as 12 decibels for background hum. "Acoustic environmental pollution" caused by ventilation, refrigeration and air conditioning fans in residential and semi-residential areas is thus markedly reduced.

The same effect is achieved with the AxiTop® diffuser module for axial fans which reduces energy consumption by around 25%, at the same time bringing down the noise level by up to 7 decibels. Both these products have already been widely accepted in the air conditioning market for both industrial and residential buildings.

With their new iNR 77, ebm-papst has developed the world's most compact gas blower unit for an electronic combustion system in condensing boiler technology. The two main components, the fan and the gas valve, have been turned into one unit, with both functions optimally and ideally matched. This is an important innovation paving the way for more efficient gas heating systems in future.

Another highlight from the ebm-papst Group is their S-Panther® product line, a new generation of high-performance fans guaranteeing maximal flow rates at minimal use of energy. Their optimised guiding of air flow allows identical air performance at reduced speed, with sound power levels reduced by up to 9 dB(A) compared to existing designs.

Having successfully integrated the gear specialist Zeitlauf they acquired in 2013, ebm-papst finds it easy to develop optimised system solutions consisting of gear, motors and software-based process control. The latest development here is the new compact and brushless external-rotor motor VDC-3.49.15-K4, yielding top performance and a high starting torque in minimum installation space. Due to its high overload capacity and its user-friendly K4 electronics that can be easily parameterised, this motor is the ideal choice whenever top reliability is a must.

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03 June 2014 - Page 5 of 7

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03 June 2014 - Page 6 of 7

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#### **Formula 1-Team partnership with MERCEDES AMG PETRONAS**

Formula 1 motor racing is currently experiencing its greatest technical revolution since 1950 with its new focus on efficiency. This shift in focus encouraged ebm-papst to enter into a partnership with the MERCEDES AMG PETRONAS Formula 1 team.

Their team partnership involves developing and designing cooling solutions to fit onto the latest generation of racing cars, as well as innovative, specially manufactured cooling and heat dissipation systems for the pits, and improving energy performance at the MERCEDES AMG PETRONAS plant in Brackley. Another aspect of this partnership is the transfer of expertise in the fields of energy efficiency and aerodynamics. Both sides are convinced that the project will yield significant technical progress. The partnership agreement is scheduled to run for an initial period of three years.

#### **Stable level of investment**

Following the record sum of €92 million in 2012/13, the ebm-papst Group invested €86 million (-6.5%) in the last fiscal year. The largest investment items were the completion of the distribution & logistics centre in Landshut, the further development of Herbolzheim into a high-tech automotive plant, and laboratory equipment for the new research and development centre in China.

#### **ebm-papst locations in Germany**

ebm-papst **Mulfingen**, the company headquarters, recorded a turnover of €775 million (previous year: €666 million / +16.4%). A huge number of new developments, e.g. air conditioning systems for industrial and residential building, were successfully established on the market. The number of employees increased to 3,014 (previous year: 2,772 / +242).

ebm-papst **St. Georgen** and the production plant in Herbolzheim managed to turn the investment into their high-tech automotive centre into extra sales, thus offsetting the decline in the photovoltaic and IT/telecommunications market segments. The turnover of the Black Forest subsidiary showed a marked increase of 15% to €307 million (previous year: €267 million). At the close of the fiscal year, ebm-papst St. Georgen employed 1,416 people (previous year: 1,420 / -4).

A robust growth in turnover of 4.9% to €280 million (previous year: €267 million) was recorded by ebm-papst **Landshut**. The workforce at the Bavarian subsidiary, which specialises in household appliances and heating systems, increased by 49 employees to a total staff of 1,134 (previous year 1,085).



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ebm-papst **Zeitlauf**, the gearbox specialist based in Lauf in northern Bavaria and part of the ebm-papst Group since January 2013, achieved a turnover of €34 million (previous year: €32 million / +6.3%). The number of employees increased to 280 (previous year 274 / +6).

03 June 2014 - Page 7 of 7

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#### **Facts and figures at a glance**

<b>ebm-papst worldwide</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>Change in %</b>
Turnover	1,349 Mio. €	1,501 Mio. €	+ 11.2
Percentage of sales abroad	72 %	71 %	
Investment	92 Mio. €	86 Mio. €	- 6.5
Total for R&D	76 Mio. €	86 Mio. €	+ 13.2
Employees at 31/03	10,891	11,701	+ 7.4
Production sites	18	18	
Sales locations	57	57	
of which subsidiaries	48	48	

#### **About ebm-papst**

The ebm-papst Group is the world's leading manufacturer of fans and motors. Since it was founded, the technology company has continuously set global market standards. Developments have ranged from electronically controlled EC fans, through aerodynamic improvements of fan blades, and on to the resource-conserving selection of materials, with bio-materials being just one option. In fiscal year 2013/14, the company achieved a turnover of €1.5 billion. Throughout the world, ebm-papst employs around 11,500 people at 18 production sites (including in Germany, China and the USA) and in 57 sales offices. Fans and motors from the global market leader can be found in many industries, including ventilation, air conditioning and refrigeration, household appliances, heating, IT and telecommunications, as well as automotive and commercial vehicles.