



Press Release

ebm-papst strengthens global market position

Leading supplier of fan and motor technology with growth of 4.8% to €1.573 billion – record investment program launched

The ebm-papst Group, the world market leader for fans and motors, is staying on course for global growth. At the close of the fiscal year on March 31, 2015, revenue at the family-owned company based in Mulfingen, Baden-Württemberg, amounted to €1.573 billion, an increase of 4.8% from the previous year's figure (€1.501 billion). With these results, ebm-papst strengthened its leading position on the global market. The company invested over €105 million in the expansion of its production capacity and €95 million in research and development activities.

The primary driver of growth was the Asia region, followed by the Americas and Europe. In its business segments, the company achieved satisfactory growth in six of its eight main sectors, including ventilation and air conditioning, mechanical engineering, refrigeration, transport and household appliances. The positive business trend was also reflected in the number of new jobs created at the company. At the end of the fiscal year, ebm-papst employed 11,954 employees worldwide (previous year 11,701 – up 253).

Rainer Hundsdörfer, Chairman of the Board of Directors of the ebm-papst Group: "In a difficult global economic environment, we were able to extend our international market and technology leadership. Our long-range corporate focus on energy efficiency, conservation of resources and digitalization is in keeping with the spirit of the times, and we will maintain it with record investments in research and development and in increased production capacity."

For the 2015/2016 fiscal year in progress since April 1, the ebm-papst Group plans for revenue growth of 6.3% to €1.672 billion.

Background information on the 2014/2015 fiscal year (April 1, 2014 to March 31, 2015)

Sectors: Positive growth in six main sectors

ebm-papst recorded satisfying growth in six of its eight main sectors, with double-digit revenue growth in ventilation and air conditioning (14.6%) and distribution (10.4%), and positive trends in refrigeration (8.1%), mechanical engineering (7.2%) and transport (3.0%) as well. Growth in the household appliance sector (1.3%) showed a pleasing turnaround, but the heating sector (-5.8%) and – once again – the IT and telecommunications (-6.7%) sector were unable to meet expectations.

Regions: Asia driving growth, followed by the Americas and Europe. Domestic business declines

Foreign revenue grew by 8.5% to €1.179 billion (previous year €1.0869 billion) as ebm-papst extended its international technological lead and strengthened its market position. The foreign share of total revenue rose to 75% (previous year 72%). Driving the growth were Asia with 17.8% to €272.4 million (previous year €231.2 million), followed by the Americas with 9.5% to €199 million (previous year €181.7 million). In spite of the difficult economic situation, the trend in Europe (outside Germany) was quite positive, with satisfactory growth of 5.0% to €707.6 million (previous year €674 million) given the continued market uncertainty. The domestic market saw a decline of 5.0% to €393.5 million (previous year €414.3 million).

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Significant increase in capital spending

In the fiscal year just concluded, ebm-papst increased its capital spending by 22.1% to a record €105 million (previous year €86 million), focusing its investments on increased production capacity and research and development.

Record investments in R&D – technology leader sets market standards

With expenditures of €95 million (previous year €86 million), an increase of 10.4%, ebm-papst once again increased its research and development investments to a record level. At about 6% of Group revenue, the R&D quota remains well above the typical average for the sector. ebm-papst generates roughly 40% of its revenue with products less than four years old; the company continues to focus on setting market standards with constant innovation. ebm-papst is currently planning to establish its own research institute at the Künzelsau campus of the University of Heilbronn, with about €3.5 million slated to fund buildings and equipment and to employ professors and lecturers. The purpose of the institute is to expand research in the field of electrical drives. Rainer Hundsdörfer says: "With this investment in science and education, we are looking to strengthen the university's position and, in particular, to promote the 'Technology Agenda' in Künzelsau. Research into electromagnetism is very important not only to us but also to many other companies in the area aiming to make products such as fan drives and motors ever more efficient."

Industry 4.0 ("Industrie 4.0"): Evolution, not revolution

In addition to energy efficiency and resource conservation, ebm-papst has for many years been focusing its development activities on the digitalization of its products, processes and production. For the company, this means evolution, not revolution. Industry 4.0 ("Industrie 4.0") stands for an integration process, already in progress for many years, in which people, machines and software work together efficiently and productively. Rainer Hundsdörfer says: "Our products are ready for Industry 4.0; a fan can be networked at any time and can also be controlled via app. And in our own production facilities, we laid the foundations for the future some time ago. Since 2009, we have been a development partner for SAP ME, a software module that controls the productivity of machinery and systems and helps to reduce lead times. To secure the position of industry in Germany and Europe, it is imperative for government to ensure grid integrity and data security. Data security in particular is an essential requirement. Misuse of data can be extremely dangerous and could cause a society to become paralyzed overnight."

Staff: 250 new jobs – Germany's top employer in 2015

At the close of the fiscal year, ebm-papst employed 11,954 people worldwide, 253 more than the year before. In Germany, the number of employees increased by 153 to 5,997 (previous year 5,844). The number of employees abroad rose by 100 to 5,957 (previous year 5,857). There are also 544 temporary workers at ebm-papst worldwide, an increase of 14 (previous year 532).

For the second consecutive year, the annual poll conducted by Focus magazine in cooperation with the Xing social network and the employer evaluation portal kununu.com showed that ebm-papst is one of the most attractive employers in Germany. In the overall standings, ebm-papst ranked 56th among 800 companies. In the mechanical and systems engineering sector, ebm-papst reached 5th place. Last year, ebm-papst successfully introduced flexible working hours at its headquarters in Mulfingen, switching from a presence-oriented to a results-oriented working hours system. With the 7th "alliance for jobs," a job-preservation agreement, the board of directors, the works council and HR management made a strong statement in favor of a good work/life balance.

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Enhanced training activities

In 2014, ebm-papst continued its tradition as a training center, once again increasing the number of trainee positions at its facilities. At the end of the fiscal year, the company employed 303 trainees and dual study students (previous year 280), an increase of 8.1% for a trainee quota in Germany of more than 5%. To ensure the availability of fresh academic talent, ebm-papst acts as a partner to universities and other institutions of higher education by endowing professorships and funding scholarships, and it sponsors schools and acts as an organizer for "Jugend forscht," a German youth science competition.

In addition to its classical training activities, ebm-papst promotes a variety of projects such as the Energy Scouts, a successful trainee project that has been adopted nationwide by the Association of German Chambers of Commerce and Industry.

Continued growth in fiscal year 2015/2016

For the 2015/2016 fiscal year in progress since April 1, the ebm-papst Group plans for revenue growth of 6.3% to €1.672 billion. Plans call for record capital spending of €176 million, of which about €64 million is to be invested in the expansion of facilities at existing sites, including €36 million for a logistics center in Mulfingen-Hollenbach following approval of the required infrastructure improvements by state, district and local authorities. In addition, a new building for the expansion of R&D and administration is to be erected in Mulfingen for about €25 million.

Construction began in March for a new electronics production facility in Hagenmoos near St. Georgen, costing approx. €5 million, and the new production facility in Landshut (€13.2 million) is also almost complete. Spending of about €6 million is also planned during the current fiscal year to expand production in the East European locations in Slovenia and Hungary. ebm-papst remains committed to its strategy of broad sector diversification. It sees the highest potential for growth in the current year in the heating, ventilation and air conditioning and mechanical and systems engineering sectors.

"We are benefiting from the fact that purchasing decisions depend more and more on issues such as energy savings, low noise, long service life and good service, issues that our company has always been focused on," says Rainer Hundsdörfer. ebm-papst is also planning on strong growth in the automotive/transport sector, where it has enhanced its reputation as a high-tech manufacturer, not least thanks to its successful team partnership with Mercedes AMG Petronas. A number of new products are due to go into production soon. In the IT and telecommunications sector, ebm-papst expects the market situation to remain difficult.

At 10%, Asia is expected to generate the highest growth for the ebm-papst Group in the current year. In the Asian market, the company supplies solutions for air purification, air conditioning, mobility and environmental protection and has established itself in China by opening a research and development center in 2012.

Thanks to changing attitudes toward energy-saving products, ebm-papst expects revenue growth of 6% in the American market. "TTIP is indispensable for the expansion of our transatlantic cooperation," says Hundsdörfer. "Significant growth has been achieved wherever free-trade areas have been established in the world. There are no more customs duties, and standards and approval procedures are harmonized. That saves time and money and is, ultimately, good for consumers," says Hundsdörfer.

The Group is expanding its production capacity in the United States and is looking for an additional facility within the NAFTA area.

ebm-papst views future market growth in Europe as moderate at 2.5%. Hundsdörfer says: "In the medium term, business with Russia will not return to its previous level, and the European debt crisis has by no means been resolved yet."

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For the market in Germany, ebm-papst expects revenue growth of 5%. "In order to maintain Germany's current economic success in the long run, we urgently need to undertake necessary political reforms in education, employment and energy, and to address infrastructure issues," says Rainer Hundsdörfer.

"Germany needs a higher educational standard for the future. We have to do better than we have in the past at keeping older workers employable, motivating young people for engineering careers and bringing new people to Germany. We also need to make our energy transition work and should take advantage of the opportunity to make it an export success. Instead of pension and tax gifts from the government, investments in infrastructure expansion or repair are urgently needed," says Hundsdörfer.

With record spending of €105 million for research and development activities, ebm-papst intends to maintain its global technological lead in 2015/16. The most important physical parameters for fans are efficiency and operating noise, so in addition to electronics and digitalization, the focus of research and development activities at ebm-papst is on aerodynamics and aero-acoustics.

Background information about ebm-papst locations in Germany

ebm-papst Mulfingen, site of the corporate headquarters, generated revenue of €788 million (previous year €775 million), an increase of 1.7%. The number of employees rose to 3,139 (previous year 3,014), an increase of 125. The parent company plans for revenue growth of 5.0% to €827 million in the current fiscal year. ebm-papst St. Georgen, which specializes in drive technology and small fans, achieved considerable revenue growth in the drives and ventilation and air conditioning sectors, more than compensating for the decline in the IT and telecommunications market. The automotive segment, which ebm-papst expanded with a high-technology center at the Herbolzheim location in recent years, remained stable. Revenue at the St. Georgen subsidiary rose 3.6% to €318 million (previous year €307 million). At the end of the fiscal year, ebm-papst St. Georgen employed 1,443 people (previous year 1,416). For the 2015/16 fiscal year, the location expects revenue growth of 5.7% to €335 million.

Revenue at ebm-papst Landshut, which focuses on the sectors heating and household appliance, remained unchanged at €280 million. The Landshut subsidiary was affected by the difficult economic situation in the heating industry. Employment there remained nearly constant, increasing by 1 to 1,135 employees (previous year 1,134). For the current fiscal year, Landshut expects moderate revenue growth of 2.7% to €287 million.

ebm-papst ZEITLAUF, a specialist in gearboxes based in the town of Lauf and part of the ebm-papst Group since the beginning of 2013, generated revenue of €36 million (previous year €34 million), up 5.9%. The number of employees remained unchanged from the previous year at 280. For the 2015/16 fiscal year, Zeitlauf expects revenue growth of 6.5% to €39 million.

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