# SICK’s growth continues in 2018

# Investments in Start-Up Initiatives pay off

Waldkirch, 30 April 2019 – SICK achieved above-average growth in sales again during the 2018 fiscal year, measured against the growth rate of Germany’s engineering sector. Orders received exceeded the value of the previous year by 10.3 percent. Group sales also continued growing: With EUR 1,636.8 million, sales surpassed those of the previous year (EUR 1,511.6 million) by 8.3 percent. The number of employees in the SICK Group grew by 10.5 percent worldwide.

The EBIT of 7.2 percent (2017: 9.8 percent) remained at a high level given the massive, previously planned, increase in innovation-related expenditure to its present 11.8 percent of sales. The growth forecast at the start of the year was thus achieved, though dampened somewhat by signs of overheating on the procurement markets – which led to considerable increases on the material costs side. Conflicting exchange rate effects also had an impact on the results. “The targeted rise in the share of R&D increases our innovative strength, ensuring our future ability to participate in the technological transition to artificial intelligence,” explained Dr. Robert Bauer, Chairman of the Executive Board of SICK AG, on publication of the Annual Report. “The success of our Start-Up Initiatives, already apparent, justifies our confidence: Sensor intelligence profits from deep learning and provides new functionalities for sensors.” SICK presented its new software solution based on deep learning algorithms at the Hannover Messe 2019. Users of SICK system solutions in logistics automation already obtain added value from this new technology.

**Worldwide demand for sensors and application solutions from SICK is highly dynamic**

In addition to SICK’s presence in the established markets, sales activities in the growth regions of the world also contributed towards further increased sales. Sales in the domestic market in Germany grew by 1.3 percent compared to the previous year. The general flattening of economic development in the home market slowed the dynamism of SICK’s growth in Germany. In particular, customers in the automotive sector, as well as in intralogistics and transport logistics, held back with their investments during the 2018 fiscal year.

The sales region of Europe, the Middle East and Africa (EMEA) achieved an increase in sales of 8.5 percent. Particularly strong growth stimuli came from the Scandinavian countries during the 2018 fiscal year. Excellent and sustainable growth was achieved here in transport logistics and in process automation, in particular, e.g. in the field of ship emission measurements. Growth in the southwest European countries met expectations, though customers in the process automation segment in the oil and gas industry were cautious regarding their purchasing. Satisfactory growth was achieved in Turkey in euros, despite major fluctuations in the Turkish lira.

Sales grew by 10.1 percent in North, Central and South America (the Americas). The main driver of this growth was the increase in customer demand in the USA. The particularly successful business with US customers in intralogistics and transport logistics, as well as in the oil and gas industry, continued. The very satisfactory growth in the region, however, was marred by exchange rate effects.

On the other hand, growth in the Asia-Pacific region was highly dynamic. The double-digit rise in sales continued in 2018 with an increase of 12.9 percent. Business volumes in China again rose considerably – driven by customers in all sectors. Sales also rose sharply in Japan, Singapore and Taiwan. Exchange rate effects throughout the entire Asia-Pacific region, above all the weak value of the Chinese renminbi in comparison to the euro, had an impact on the positive development in sales.

## Profitability enables investments in the future

Earnings before interest and taxes (EBIT) fell during the 2018 fiscal year. This result principally reflects the planned increases in structural expenditure to safeguard the company’s future viability. The extraordinary measures undertaken to ensure delivery capability in response to the extreme bottlenecks on the procurement markets were also significant. In total, an EBIT of EUR 117.5 m. was achieved (2017: EUR 148.8 m.). Large investments in research and development (R&D) are necessary to safeguard and strengthen the company’s leading market position in view of the enormous technological potentials and the dynamic competitive situation. Such investments can only be made by a financially sound and innovative company.

##### **Investments in innovative strength**

As in previous years, SICK made large investments on R&D activities during the 2018 fiscal year. Overall, the SICK Group expanded its R&D activities in 2018, spending EUR 192.5 m. (2017: EUR 169.4 m.) to achieve its R&D objectives. Total expenditure on the Start-Up Initiatives was in the low double-digit millions in 2018. The high rate of expenditure on R&D of 11.8 percent of sales (2017: 11.2 percent) reflects the innovative power of the SICK Group. The company’s R&D activities remain focused on German sites.

## Employees: Competences in R&D, production, and the worldwide sales and service organization further enhanced

The number of employees worldwide increased by 928, in line with the growth in sales during the last fiscal year. The SICK Group employed a total of 9,737 personnel at the end of 2018. Growth was thus 10.5 percent compared to the end of 2017 (8,809 employees). This is principally due to the increase in the number of employees outside Germany. New employees were mainly hired in the operative production units, as well as in R&D, Sales and Services. The increase also included personnel for the Start-Up Initiatives.

**Business prospects for the automation sector open up further growth opportunities for 2019**

Sensors remain a growth industry. Relatively stable global growth, rising industrialization in the threshold countries, and the increasing digitalization and networking of industrial production and delivery chains form the basis for greater demand for the products and system solutions of the sensor industry.

Overall, prospects for the 2019 fiscal year are subdued. Forecasts of global economic growth are consistently being corrected downwards. The risks facing the global economy are much greater, and increase the uncertainty of forecasts. The SICK Group, however, is in a promising position to further profit from the increased requirements – particularly in the context of digitalization and Industry 4.0 – as a result of its broad sector presence and its innovative portfolio of products and services. The very good order situation regarding solutions for measuring ship emissions and for systems for the logistics sector, in particular, will support the growth target in 2019. SICK’s worldwide presence remains a good basis for again taking advantage of further growth opportunities in 2019 and for safeguarding the profitability of the SICK Group.

## Overview of the key figures in this press release:

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| **SICK Group (IFRS)** | **2017** | **2018** | **Percentage change** |
| Orders received (in m. EUR) | 1,542.3 | 1,701.0 | 10.3 |
| Sales (in m. EUR) | 1,511.6 | 1,636.8 | 8.3 |
| EBIT (in m. EUR) | 148.8 | 117.5 | -21.0 |
| Group profits (in m. EUR) | 104.3 | 81.7 | -21.7 |
| R&D expenditure (in m. EUR) | 169.4 | 192.5 | 13.6 |
| Employees on 31 December | 8,809 | 9,737 | 10.5 |

**SICK is one of the world’s leading producers of sensors and sensor solutions for industrial applications. The company, founded in 1946 by Dr. Erwin Sick and based in Waldkirch-im-Breisgau near Freiburg, is a technology and market leader with a global presence – with more than 50 subsidiaries and associated companies, as well as numerous sales offices. SICK achieved Group sales of about EUR 1.6 bn. in the 2018 fiscal year with almost 10,000 employees worldwide.

Further information on SICK is available at http://www.sick.com or by phone at +49 (0)7681 202-5747.**