

PRESS RELEASE

Pforzheim, 2020-05-08

Witzenmann sets an important course for the future

On a solid foundation facing major challenges

Far-reaching global changes, such as increasing climate awareness, steady growth in urban regions, the associated energy and mobility transition, the upswing in Asia and digitalization as well as increasing protectionism and trade sanctions have left clearly visible traces in the development of the global economy in 2019.

On the whole, Witzenmann is satisfied with the course of the difficult year in 2019 and is consistently pursuing the path of a strategic realignment that was taken in 2017.

These global developments will continue, even if they are currently overshadowed by the corona pandemic and the recession following the pandemic will be worse than the crisis of 2008 and 2009.

With the strategic realignment and the site continuation agreement for the main plant, Witzenmann is also well positioned for the current difficult situation and for the time after the Corona crisis.

Important strategic decisions

In order to be well prepared for the challenges of the future, an intensive strategy process was started at Witzenmann. The basis for this is the new corporate mission statement developed together with the workforce and the shareholders and the corporate strategy that is based upon it. Central points include further diversification of the product and service portfolio as well as the digitization and strengthening of innovative capacity.

An important part of the future concept is the restructuring of the Pforzheim production with the expansion of the Buchbusch plant in the coming years. The expansion of this location is also a central feature of the **site continuation collective agreement** for Witzenmann GmbH. Furthermore, investments in future technologies, an employment guarantee until mid-2022 as well as the foregoing of large parts of the special tariff payments by the workforce were agreed on.

Financial Data

In 2019, group sales increased slightly to €644 million.

This is 1 % more than in the previous year.

Witzenmann recorded growth in Eastern Europe. The sales increases in the Czech Republic and Slovakia are due to the startup of series production of motor cables.

Sales in Germany were below the level of the previous year and business in Asia was significantly hampered. Sales in North America were also worse than expected.

The newly founded Aerospace business division developed according to plan in 2019, but has contributed little to total sales so far.

In 2020, the corona pandemic is leading to a weak start in all business segments. In the 1st quarter of 2020, the Witzenmann Group recorded

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sales of €151 million. This is 9 % less than in the same quarter of the previous year 2019. While the situation in China has been improving since March, Europe and North America are now severely affected by the pandemic. Temporary plant closures have occurred or are occurring at many locations. Short-time work was agreed for the main plant.

The number of corporate employees has declined slightly

On 31.12.2019, 4,607 people were employed at the Witzemann Group. This is 74 less than the previous year. With 1,625 employees, the parent company in Pforzheim represents about 35 % of the global workforce. A further decline in the global number of employees is expected for 2020.

Current situation

The corona pandemic also poses major challenges for Witzemann. In addition to coping with declining sales and worldwide plant closures as well as mobile work, special attention is being paid to the health protection of employees. Wide-ranging measures to minimize the risk of infection and to protect the health of employees are being implemented in ongoing production and management.

The positive findings from the Corona crisis include the great commitment and willingness of the Witzemann workforce to give their best for the group, even in these very stressful times.

For this we owe them all our deepest gratitude.

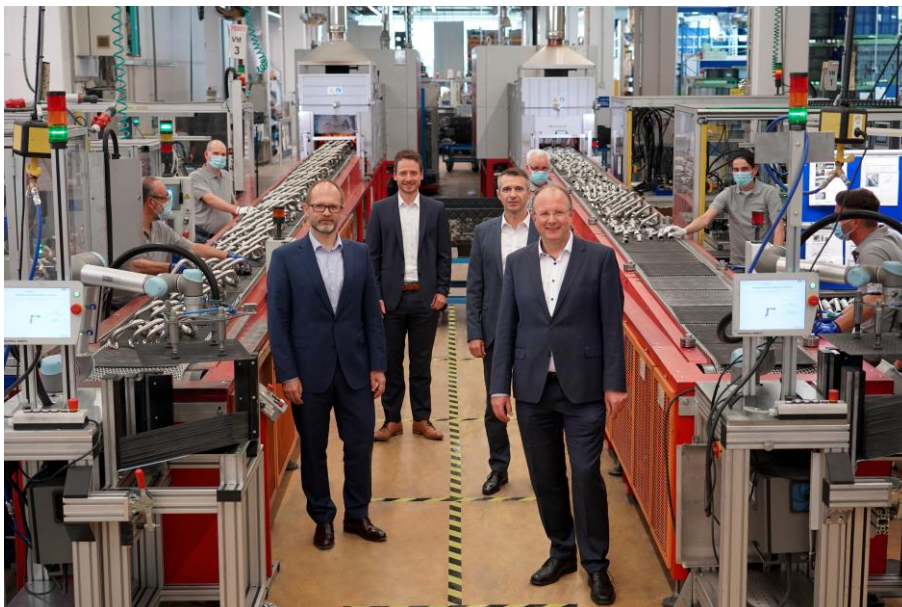


Photo 1: Production of engine related pipes – Witzemann production starts up in a controlled manner. Protective measures for employees have top priority.

See from left to right:

Heiko Pott, Managing Director

Bernd Kratochwille, Vice President Human Resources

Reiner Karl, Vice President Production Engine Related Pipes

Dr. Andreas Kämpfe, CEO

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The Witzenmann Group

The Witzenmann Group is the world's leading manufacturer of flexible metal tubes, expansion joints, metal bellows and automotive components. Over 4,600 employees at 24 companies in 19 countries develop and produce custom-tailored solutions for customers from all branches of industry. Within its sector, Witzenmann offers both an extensive product range and broad spectrum of service and technology expertise.