Presse-Information   Press release

Coronavirus pandemic overshadows first quarter of 2020 - Automation and logistics growing in importance

- **Consequences of the pandemic felt in business worldwide, significant decline in orders received, revenues and EBIT in the first quarter of 2020**
- **CEO Peter Mohnen: "Our most important task is to protect our employees and to be a dependable partner for our customers in difficult times."**
- **Automation, logistics and healthcare will grow in importance in the medium term**

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Augsburg, April 27, 2020 - The effects of SARS-CoV-2 had a strong impact on KUKA's business performance in the first quarter of 2020. As a global corporation, the Augsburg-based automation specialist is active in more than 40 countries. Numerous customers have shut down their production due to the worldwide spread of the coronavirus. Investments and projects worldwide were postponed because of uncertainties and the unforeseeable effects of the coronavirus crisis, and travel activities were suspended.

This led to declines at KUKA, too. The shortfalls were particularly noticeable in the project business. For example, in many places it was not possible to gain access to construction sites in plant construction or to hospitals in the health sector. In contrast, production in the product business at the Augsburg site remained relatively stable.

"We are acutely feeling the impacts of the pandemic around the globe. Like many other companies, we have ramped down our activities or temporarily closed sites, especially in affected regions. It has also not been possible to continue many projects at customer locations," stated Peter Mohnen, CEO of KUKA AG.

"Our most important task was and still is to protect the health of our employees and to be a dependable partner for our customers in difficult times. I am proud of our employees, who are working together all over the world to overcome these challenges and to make sure that KUKA is well-positioned for the time after the coronavirus. Our topics such as logistics, automation and healthcare will grow in importance in the medium term." According to Mohnen, the first quarter, which was heavily affected by the pandemic, was "certainly not meaningful for the year 2020" in its results. "The effects of the pandemic will be felt in the first half of the year." A reliable forecast of the results for the year as a whole is not possible at this time, however.

KUKA Group

In the first quarter of 2020, KUKA Group posted orders received worth €689.0 million, representing a substantial year-on-year decline of 23% (Q1/19: €895.2 million). The reluctance of customers to place orders was clearly evident in both the automotive sector and general industry. Sales revenues of KUKA Group amounted to €624.6 million in the first quarter of 2020 (Q1/19: €737.7 million), a 15.3% decrease on the prior-year period. The book-to-bill ratio, namely the ratio of orders received to sales revenues, was 1.10 in the first quarter of 2020 (Q1/19: 1.21). Earnings before interest and taxes (EBIT) fell from €22.2 million in Q1/19 to -€34.2 million in Q1/20. This resulted in an EBIT margin of -5.5% (Q1/19: 3.0%) and is attributable to the decline in revenues as well as project deteriorations and the associated under-recovery of costs. In the period under review, free cash flow amounted to -€12.8 million (Q1/19: -€20.7 million). Free cash flow improved in the first quarter of 2020 despite the coronavirus crisis.

Systems

The Systems segment booked orders received valued at €115.5 million, down 43.2% on the prior-year quarter (Q1/19: €203.4 million). Customers did not place any major orders in the first quarter of the financial year on account of the uncertain situation. Sales revenues of €173.2 million were generated (Q1/19: €216.9 million). Compared with the same period of the previous year, this represents a decrease of 20.1%. The decline in revenues reflects the low volume of orders received in the previous year. The book-to-bill ratio dropped from 0.94 in Q1/19 to 0.67 in Q1/20. EBIT amounted to -€8.3 million in Q1/20 after €4.8 million in Q1/19, resulting in an EBIT margin of -4.8% (Q1/19: 2.2%).

Robotics

In the past quarter, orders received in the Robotics segment totaled €269.8 million, 17.6% down on the prior-year quarter (Q1/19: €327.3 million). Sales revenues also showed a decline, amounting to €221.1 million. They fell by 19.4% compared with the previous year (Q1/19: €274.4 million). The book-to-bill ratio stood at 1.22 after 1.19 in the previous year. The Robotics segment posted an EBIT of -€3.9 million. Earnings of €14.1 million had been generated in the same period of the previous year. Correspondingly, the EBIT margin was -1.8% after 5.1% in the first quarter of 2019. The negative EBIT resulted particularly from the lower revenue volume.

Swisslog

Swisslog's logistics division posted orders received totaling €150.4 million in the period under review. This represents a year-on-year decline of 22.0% (Q1/19: €192.9 million). The decline is attributable to the postponement of projects, even though Swisslog is generally benefiting from the high demand in its focus markets of consumer goods and e-commerce/retail. Sales revenues increased slightly by 3.7% to €147.3 million from €142.0 million in the previous year. The book-to-bill ratio dropped from 1.36 in Q1/19 to 1.02 in Q1/20. The Swisslog segment achieved an EBIT of €3.6 million in the first quarter of 2020. Compared with the previous year, this represents an increase of €2.3 million (Q1/19: €1.3 million). The EBIT margin was 2.4% in Q1/20 after 0.9% in Q1/19. The improvement over the previous year is based on the higher volume and increased efficiency.

Swisslog Healthcare

The volume of orders received rose slightly by €0.4 million from €50.0 million in Q1/19 to €50.4 million in Q1/20. The slight increase of 0.8% was achieved in all regions. The generated revenues totaled €58.3 million, a 14.5% increase on the same period of the previous year (Q1/19: €50.9 million). The higher order backlog with which Swisslog Healthcare started the financial year had a positive impact. The book-to-bill ratio stood at 0.86 in Q1/20 after 0.98 in Q1/19. EBIT dropped slightly from €0.5 million in Q1/19 to €0.4 million in Q1/20. This is equivalent to an EBIT margin of 1.0% in Q1/19 and 0.7% in Q1/20. Investments in R&D aimed at expanding the product portfolio had a negative impact on earnings.

China

The China segment reported orders received amounting to €139.9 million in the first quarter of 2020, down 19.0% on the previous year (Q1/19: €172.8 million). China was impacted by the effects of the coronavirus crisis at a very early stage. Sales revenues fell by 47.5% from €94.2 million in the first three months of 2019 to €49.5 million in the first three months of 2020. A lower order backlog from the 2019 financial year and project delays due to production cutbacks led to the aforementioned revenue losses. The book-to-bill ratio rose from 1.83 in Q1/19 to 2.83 in Q1/20. The China segment generated an EBIT of -€5.3 million in the first quarter of 2020. This corresponds to a marked decrease compared with the previous year (Q1/19: €5.4 million). The effect of the deconsolidation and 50% recognition of the at-equity investment at fair value was included in EBIT in the previous year. If this effect were eliminated, the China segment would show a slight increase in EBIT resulting from improved cost control. The EBIT margin was -10.7% in Q1/20 and 5.7% in Q1/19.

Here you find the statement for the first quarter 2020 ***including an overview of all tables.***

KUKA

KUKA is a global automation corporation with sales of around 3.2 billion euro and roughly 14,000 employees. The company is headquartered in Augsburg, Germany. As one of the world's leading suppliers of intelligent automation solutions, KUKA offers customers everything they need from a single source: from robots and cells to fully automated systems and their networking in markets such as automotive, electronics, general industry, consumer goods, e-commerce/retail and healthcare. (As at December 31, 2019)