Presse-Information   Press release

Coronavirus pandemic and economic crisis: KUKA confronted with challenges in the first half-year 2020

- **KUKA is feeling the effects of the coronavirus pandemic and the global economic crisis**
- **Customers are delaying investments and postponing planned orders**
- **Orders received, sales revenues and EBIT significantly below previous year's level**
- **KUKA CEO Peter Mohnen: "Our focus is on setting the course for the future. Automation can come out of this crisis as a winner."**

KUKA Aktiengesellschaft

Your contact:
Wolfgang Meisen
Corporate Communications

T +49 821 797 3722
F +49 821 797 5213

press@kuka.com
twitter.com/KUKA_press
blog.kuka.com

Augsburg, August 5, 2020 – The coronavirus pandemic has posed unprecedented challenges for the global economy and thus also for KUKA in the first half of 2020. "The coronavirus and its effects are creating a high degree of uncertainty. Many companies are reacting by holding back on investments. We are feeling this acutely in our markets, which were already under strain even before this crisis," says Peter Mohnen, CEO of KUKA AG.

Business declined in all five KUKA segments, but to differing extents. "The global economy is in recession. The difficult order situation worldwide, restrictions and plant closures have affected all divisions in the global KUKA Group, particularly the project business," says the KUKA CEO. KUKA is not alone in this respect: the industry association VDMA recently forecast a drop of 20% for the robotics market in 2020.

KUKA Group

The Group thus recorded orders received totaling €551.7 million **in the second quarter of 2020**. This corresponds to a 39.6% decrease on the second quarter of 2019 (Q2/19: €914.0 million). Sales revenues were down 32.1% to €544.2 million (Q2/19: €801.9 million). The book-to-bill ratio, which reflects the relation between orders received and revenues, was 1.01 in the past quarter (Q2/19: 1.14), representing a slight decline, but still over 1. At -€43.9 million, EBIT in the second quarter of 2020 was significantly lower year-on-year (Q2/19: €23.7 million) and down on the figure for the first quarter of 2020 due to shutdown measures. The EBIT margin dropped accordingly from 3.0% in the second quarter of 2019 to -8.1% in the second quarter of 2020.

From a cumulative perspective, KUKA Group generated orders received worth €1,240.7 million **in the first half-year 2020**, which was 31.4% lower than the previous year's figure (H1/19: €1,809.2 million). Sales revenues amounted to €1,168.8 million in the first half-year 2020, corresponding to a decrease of 24.1% on the previous year (H1/19: €1,539.6 million). The book-to-bill ratio stood at 1.06 in the first half-year 2020 (H1/19: 1.18). KUKA Group's earnings before interest and taxes (EBIT) of -€78.1 million were down from the previous year's result, which had amounted to €45.9 million. The EBIT margin fell from 3.0% in the first half-year 2019 to -6.7% in 2020.

Outlook for fiscal year 2020

It is expected that the effects of the coronavirus crisis will still be felt for a long time yet. Worldwide, billions are being pumped into stimulus programs to counteract the massive economic slumps. Due to these ongoing difficult conditions, KUKA anticipates a decline in demand for the current fiscal year. It is to be expected that both revenue and the EBIT margin will be clearly below the previous year's level. A negative EBIT margin is expected for the full year.

"We are in a period of upheaval; irrespective of coronavirus, important markets, such as the automotive sector, are undergoing a long-term transformation. Our focus is on setting the course for the future in order to steer KUKA through this crisis and prepare the company for future developments. Automation can come out of this crisis as a winner and gain significance in all regions," said Peter Mohnen. "Furthermore, we anticipate increased demand in the medium term – particularly for robotics and automation solutions – as a result of the experiences made during the coronavirus crisis and as the many investments that were put off are finally made."

Systems

The Systems business segment saw its volume of orders received fall from €222.2 million in the second quarter of 2019 to €124.0 million **in the second quarter of 2020**. This corresponds to a sharp decrease of 44.2%. Sales revenues fell from €238.9 million in the second quarter of 2019 to €118.7 million in the second quarter of 2020, corresponding to a drop of 50.3%. The book-to-bill ratio improved year-on-year from 0.93 (Q2/19) to 1.04 (Q2/20). EBIT decreased to -€25.7 million in the second quarter of 2020, compared with €12.9 million in the prior-year quarter. The EBIT margin of -21.7% was considerably below the previous year's figure of 5.4%. The sharp decline was due primarily to the difficult market environment, increased pressure on operating margins and project deteriorations in orders from previous years. While Systems was able to improve its cost structure, this was insufficient to compensate for the severe decrease in revenues. Both the effects of the pandemic and the project deteriorations put pressure on earnings.

Orders received **in the first half-year 2020** amounted to €239.5 million after €425.6 million in the first half-year 2019. Together with the lower volume of orders received in the first quarter of 2020, this constituted an overall decline of 43.7%. Sales revenues in the first half of the year totaled €291.9 million and thus fell short of the previous year's result (H1/19: €455.8 million). The book-to-bill ratio dropped from 0.93 in H1/19 to 0.82 in H1/20. EBIT in H1/20 amounted to -€34.0 million, after €17.7 million in H1/19. This corresponds to an EBIT margin of -11.6% (H1/19: 3.9%).

Robotics

In the second quarter of 2020, the Robotics segment generated orders received totaling €195.7 million, 30.0% down on the previous year (Q2/19: €279.6 million). Revenues decreased by 35.2% from €287.9 million in Q2/19 to €186.7 million in Q2/20. The book-to-bill ratio stood at 1.05 (Q2/19: 0.97). EBIT amounted to -€10.3 million, representing a substantial year-on-year decline (Q2/19: €20.7 million). The EBIT margin fell from 7.2% in Q2/19 to -5.5% in Q2/20. The low revenue volume impacted the earnings and resulted in a negative EBIT.

Orders received **in the first half-year 2020** had a value of €465.5 million, corresponding to a 23.3% decrease on the same period of the previous year (H1/19: €606.9 million). Sales revenues fell by 27.5% from €562.3 million in the first half of 2019 to €407.8 million in the first half of 2020. At 1.14, the book-to-bill ratio remained above 1 (H1/19: 1.08). EBIT in the first half-year amounted to -€14.2 million, corresponding to an EBIT margin of -3.5%. In the same period last year, the Robotics business segment earned €34.8 million with an EBIT margin of 6.2%.

Swisslog

Swisslog recorded a strong decrease in orders received of 60.8% to €109.8 million **in the second quarter of 2020** (Q2/19: €280.4 million). Numerous customers deferred their investment decisions due to the coronavirus crisis. Moreover, the orders received in the previous year included a major contract. Sales revenues fell by 7.9% from €142.6 million in Q2/19 to €131.4 million in Q2/20. The book-to-bill ratio dropped sharply to 0.84 (Q2/19: 1.97). EBIT deteriorated to -€1.5 million in the second quarter of 2020, after €5.6 million in the second quarter of 2019. The EBIT margin accordingly declined to -1.1% in Q2/20 after 3.9% in Q2/19. Both the developments resulting from the pandemic and one-off costs from efficiency measures reduced the margin.

On a cumulative basis, the Swisslog business segment reported orders received valued at €260.2 million **in the first half-year 2020** – a decrease of 45.0% (H1/19: €473.3 million). Sales revenues in the first half of 2020 amounted to €278.7 million and were thus below the previous year's level (H1/19: €284.6 million). The book-to-bill ratio fell from 1.66 last year to 0.93. EBIT in the first half-year 2020 totaled €2.1 million with an EBIT margin of 0.8% (H1/19: EBIT €6.9 million; EBIT margin 2.4%).

Swisslog Healthcare

At €39.3 million, orders received at Swisslog Healthcare **in Q2/20** were 29.7% below the prior-year figure of €55.9 million. The sales revenues of €52.7 million achieved in the reporting period were below the previous year's level (Q2/19: €54.8 million). Revenues decreased only slightly due to the strong order backlog from the previous year. The book-to-bill ratio deteriorated accordingly from 1.02 in Q2/19 to 0.75 in the second quarter of 2020. By contrast, EBIT increased significantly to €1.3 million, up from -€0.5 million in the same period last year. This corresponds to an EBIT margin of 2.5% (Q2/19: -0.9%). Swisslog Healthcare worked continuously on optimizing its cost structure and was thus able to increase EBIT year-on-year despite the coronavirus crisis.

In the first half of 2020, Swisslog Healthcare generated orders received worth €89.7 million, thus lying below the previous year's level of €105.9 million. Sales revenues increased from €105.7 million in H1/19 to €111.0 million in H1/20. The resulting book-to-bill ratio stood at 0.81 after 1.00 in the first half-year 2019. EBIT rose to €1.7 million in the first half-year 2020 (H1/19: €0.0 million), corresponding to an EBIT margin of 1.5% (H1/19: 0.0%).

China

In the second quarter of 2020, the China segment posted orders received amounting to €109.5 million. This is equivalent to a decline of 21.3% on the previous year's value (Q2/19: €139.2 million). Sales revenues fell by 37.5% to €83.5 million. In the previous year, revenues stood at €133.5 million. The book-to-bill ratio rose from 1.04 in the second quarter of 2019 to 1.31 in the second quarter of 2020. EBIT amounted to -€16.8 million in the past quarter (Q2/19: -€2.3 million), corresponding to an EBIT margin of -20.1% (Q2/19: -1.7%). This was primarily due to the low revenue level. The reduction in costs could not fully compensate for the sharp decline in sales revenues. Furthermore, deteriorations in customer projects also had a negative impact on earnings.

Altogether, orders received in the China segment totaled €249.4 million **in the first half-year 2020** and thus fell 20.1% short of the previous year's figure (H1/19: €312.0 million). At €133.0 million, sales revenues in the first half of 2020 were below the previous year's level (H1/19: €227.7 million). The book-to-bill ratio of 1.88 (H1/19: 1.37) was at a constantly high level above that of the previous year. EBIT decreased from €3.1 million to -€22.1 million in the first half-year 2020. The EBIT margin stood accordingly at -16.6% after 1.4% in the first half-year 2019. In the previous year, the one-off effect from the deconsolidation of a Chinese subsidiary had a positive impact on earnings.