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Press Message

Susanne Kunschert: Financial year 2021 and forecast for 2022

Pilz GmbH & Co. KG
Felix-Wankel-Straße 2
73760 Ostfildern
Germany
<http://www.pilz.com>

Ostfildern, 19.05.2022 - **(Check against delivery)**

Recent years have not been easy for any of us, presenting Pilz employees all over the world with new challenges every day. But the result from 2021 is a positive confirmation that the effort has been worth it. We as a group maintained our path while our employees around the world worked tirelessly, flexibly responding to changes. For that my brother and I are very grateful. Our optimism remains undiminished and we are certain that we will emerge from this time even stronger.

Financial year 2021 was a record year for Pilz. With turnover of € 348.4 million and thus sales growth of 21.7 percent compared to the previous year, we reached a new record turnover in the history of our company. Despite the noticeable bottlenecks in material and cargo capacities, especially since the summer, our employees were able to secure the supply of all production sites with components and – with 2.4 million devices – produce more than ever before.

This achievement on the part of our employees is even more impressive in the context of the ongoing problems on the procurement markets: Since 2020 we have been experiencing unparalleled disruptions in the supply chains. One reason that we have been so successful at overcoming these challenges is the networking of our production sites in Ostfildern, Jintan (China) and Betschdorf (France) and the standardisation of the on-site processes. This enabled us to flexibly transfer production, thereby countering any delivery problems.

The second reason is our “security of supply” task force. This task force includes the Purchasing, Development, Production Technology, Production and Sales departments. The Purchasing department is thus in close co-operation with the suppliers, escalates bottlenecked articles and establishes additional sources of supply. Development qualifies alternative components and materials, Production Technology controls the use of (scarce) components, Production flexibly adapts its processes and, in the event of good availability of components, also works in additional shifts for short periods. Sales always maintains contact with the customer and keeps them informed of any current developments.

Commitments from suppliers are currently often without obligation or change at short notice. We have placed orders for the long-term, at various points in the future depending on the product group. Up to 2 years for particularly critical components.

Delivery capability is the highest priority! This requires Pilz to travel unconventional paths. To resolve a bottleneck in green plastic granulate, for example, Pilz has been supplying safety relays with transparent plastic housings since mid-September 2021 – without any technical restrictions for the customers. The housing was changed in record time and in close collaboration with the responsible notified bodies TÜV, UL, CQC, Kosha and EAC.

All our measures were not enough to prevent Pilz from also experiencing breakdowns in production, however. In these cases, the affected customers were informed immediately and alternatives were developed together.

Growth in all sectors and regions

Pilz is a full-service provider for safe automation.

With our automation solutions, we make the world more digital, connected, flexible, efficient, safe and secure every day.

Our portfolio includes sensor, control and drive technology – including systems for industrial communication, diagnostics and visualisation. An international range of services with consultancy, engineering and training completes the portfolio.

In terms of products, the revenue gains in 2021 were fairly evenly distributed across the individual product areas. This is particularly gratifying as it shows that we have a balanced product portfolio. We are pleased with the successful market launch of our new modular safety relay **myPNOZ** for safe monitoring of functions such as emergency stop or safety gate. With the new myPNOZ Creator, it offers our customers a unique digital ordering process for safety in batch size 1. With this, our product management and development team achieved a true innovation. The advantages due to simple operation and modular design were well received and the growth in sales figures in recent months was once again above that of our other products. The services have also been growing in equal measure. We offer comprehensive safety services customised to each company's needs throughout the entire machine lifecycle. That way we guarantee worldwide compliance with local regulatory requirements, such as CE marking in Europe or OSHA in the USA for example.

Pilz is a company with an international reach. This is proven by the high export share of 75.2 percent, unchanged from the previous year. In terms of regions, we were able to achieve particularly high growth in the **Asian-Pacific region**. If examining the Pilz Group as a whole, China, South Korea and Japan are the countries with the highest increases in turnover. The safe automation trend of the past years has continued. Our solutions are used in Asia, for example, in the manufacture of batteries. New production capacities have resulted from the trend toward e-mobility in road traffic. We can easily satisfy the safety requirements in this sector with our experience and our automation solutions. We also wish to support European battery manufacturers with this expertise. Intralogistics is another emerging sector, not only in Asia. Safety also plays a key role here. I will talk more about our offer for intralogistics later.

Despite the tight delivery situation, Europe also recorded double-digit sales growth and ended 2021 with a record number of orders received. The readiness to invest is palpable. Due to the Covid lockdowns, our staff here has expanded the online training package. It is now also possible to offer online training on machinery safety. The product area with the fastest growth in Europe in 2021 was the sensor area. Pilz was able to gain additional market shares in the region with this product range. With light curtains in particular, which make up the largest market for safety components. Especially in the sector of systems and special purpose machines, the region is experiencing a high demand for safety solutions, primarily in the automotive industry, the railway technology sector and the semiconductor industry.

The Americas are very heterogeneous. While machine builders and distributors are our business partners in North America, in Central and South America many of our customers are end users. Pilz benefits in all markets from the growing demand for consumer goods such as food and beverages or hygiene products.

We provide support both in the development of new production capacities as well as during retrofitting, where existing plants are once again brought up to the state of the art. We are particularly pleased that last year we once again successfully increased our market shares in sensor and control technology (incl. relays) in North America. In Central and South America, our services package makes us a sought-after partner for large international consumer goods manufacturers. The ability to perform services with the same quality globally often leads to subsequent projects at different locations in the world.

Human Resources: Staff increase planned for 2022

The number of employees of the Pilz Group has shrunk by 1.3 percent to 2,335 (as at 31.12.2021) compared to 2,366 the previous year. With 42 subsidiaries and branches, Pilz creates worldwide safety for human, machine and the environment. Some of these are celebrating notable anniversaries in 2022. Our subsidiary in England, for example, is already turning 35, Spain is celebrating 30 years, Japan and Scandinavia are 25.

The number of employees also fell slightly in Germany: from 1,012 in 2020 to 993 in 2021 (-1.9 percent). We have still managed to avoid forced redundancies in the course of the crisis. This year we are planning to hire additional staff again.

Pilz continued to pursue its comprehensive and intensive research and development work in these crisis years, thereby further establishing itself as a technological leader. The number of employees serves as further proof of this: Almost 21 percent of all employees around the world was working in Research and Development at the end of the year.

Pilz is interested in long-term collaboration – not only with our customers and business partners, but also with our staff. Our testament to the high employee loyalty at Pilz is our staff's **many years of service**. In Germany, for example, the average length is 14 years. If you take into account the high employee growth in the years before 2019 (and thus the relatively high number of employees who have only been at Pilz for a short time), this number is even more impressive.

I would like to single out a few employees at this juncture: This year, 10 of our staff members at the headquarters in Ostfildern are celebrating over 40 years at Pilz. Steve Farrow, Managing Partner of our subsidiary in Great Britain, is celebrating his 30th anniversary at Pilz, Allan Paulsen, Managing Partner of Pilz Scandinavia, is celebrating his 25th and David Machanek, Managing Partner of our Austrian subsidiary, is celebrating his 20th. The actions and strengths of each of these long-term employees helped Pilz to grow into the internationally operating family company that it is today.

And now from the “veterans” to the new generation at Pilz: Pilz remains committed to the company's **in-house professional training**. Eight trainees and six students from the Baden-Württemberg Cooperative State University started at our headquarters in 2021. By this count, as of 31.12.2021 Pilz is teaching 46 trainees and students. They will be thrilled to learn that they will once again be sent on international assignments this year, provided that the pandemic allows this.

The coronavirus pandemic is still affecting other parts of work life, however. The applicant market is currently very tight, both for permanent positions and for training posts.

Outlook for 2022

Pilz also expects 2022 to be a challenging year. Though orders continue to be received at a record level, the procurement of electronic components, metals and plastic granulate remain a challenge. With the war in Ukraine, additional price increases for resources and material costs are to be expected.

The Pilz team is collaborating closely around the world and we hope to continue working together with our customers for and with one another. Our good relationships with our customers and business partners help strengthen us in this. We are facing the future with confidence.



Caption: Susanne Kunschert, Managing Partner (photo: © Pilz GmbH & Co. KG)

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