

31 percent more sales, 10 percent more employees

## Strong growth at LAPP in difficult times

*Stuttgart, March 2, 2023* - Despite geopolitical and economic challenges, the Lapp Group has once again successfully completed the past fiscal year 2021/2022 (October 1 to September 30). Sales of the global market leader for integrated solutions in the field of cable and connectivity technology climbed by 31.0 percent to 1,864 million euros. The number of employees increased by 10.2 percent to 5,055 worldwide as of the reporting date September 30, 2022. Earnings before taxes (EBT) increased to 132.9 million euros.

"We have turned over a new leaf at LAPP and positioned our company to be robust and fit for the future in a difficult environment. At the core of our transformation are the continuous strengthening of our innovative power, a special focus on services, and a comprehensive cultural change that makes our company even faster, more agile, and more sustainable", emphasizes Matthias Lapp, CEO of the Lapp Group. Matthias Lapp is realistic about the current fiscal year (2022/2023). "Together with our customers and partners, last year was a real challenge. We expect this to continue - we are consistently investing in the future."

### Fundamentally sound net assets and financial position

In the past fiscal year 2021/2022, LAPP once again exceeded the sales growth achieved in fiscal year 2020/21. Sales increased by 441 million euros (+31.0 percent) to 1,864 million euros. The increase in the average copper price contributed around 6.5 percent to this sales growth, as did currency developments (+1.9 percent). Adjusted for these copper and currency effects, there was still a significant increase in sales of 22.6 percent. "This growth was mainly due to higher capacities and market share gains in our focus markets combined with increased market prices.

Added to this were general catch-up effects along the supply chains", explains CFO Jan Ciliax.

The group made strong gains in all three of LAPP's regions. EMEA (Europe, Middle East, Africa), the most important region accounting for around two-thirds of group sales, improved by 29.4 percent to 1,352 million euros. In the Americas region (USA, Mexico, Canada, South America), sales soared to 192 million euros - an increase of 40.2 percent. And in the APAC region (Asia, Pacific, Oceania), sales climbed 32.7 percent to 320 million euros. Moreover, as LAPP's average order intake for the year was +6.5 percent higher than sales, the order backlog at the balance sheet date of September 30, 2022, increased to €356 million, significantly higher than at the same date last year.

Earnings before taxes (EBT) increased to 132.9 million euros and return on sales by 1.5 percentage points to 7.1 percent. Significant pressure on margins due to increased material and logistics costs was offset by improved capacity utilization in the factories and only a disproportionately low increase in personnel and other expenses. At 44.0 percent, the equity ratio was up on the previous year and thus remained at a consistently high level. "LAPP's net assets and financial position remain rock solid, allowing us to continue implementing strategic measures and investments for the benefit of our customers in the coming years", affirms Jan Ciliax.

## OVERVIEW

	FY 2020/2021	FY 2021/2022	Change
Total Turnover (million Euros)	1,423	1,864	31 %
Earnings before taxes (million Euros)	82.4	132.9	61.3 %
Employees worldwide	4,586	5,055	10.2 %
Equity ratio (%)	42.3	44.0	1.7 %-points

## Pillars for change at LAPP

LAPP has undergone major changes in recent years. Under the leadership of Matthias Lapp, previously responsible for the top selling EMEA region and CEO of Lapp Group since October 1, 2022, the course for a successful future has been set in all relevant areas of the company and new, bold developments have been initiated. "To continue growing successfully, our family-owned company needs a breath of fresh air and strong entrepreneurship. We want to be ahead technologically and culturally. To do this, we must keep putting ourselves to the test. In view of the current changes in the economy and society, this is no easy task, but it is all the more important", said Matthias Lapp. The central pillars of change are:

## **1. High investment in digitization**

LAPP invested in intangible assets and property, plant and equipment even more in the past fiscal year, at EUR 40.2 million (previous year: EUR 25.8 million). The focus was on software acquisitions and digitization projects as well as the further expansion of the ERP system in order to further optimize automation and processes in the areas of finance, human resources, manufacturing, supply chain, services and procurement. An important milestone in the digital transformation is the go live of the new Online Shop and customer portal, which is continuously being expanded and further developed in terms of functionalities. Last but not least, LAPP has pushed ahead with the expansion and further automation of the production plants in France, Germany, India and China.

## **2. Pioneering new technologies and services**

LAPP positions itself as an innovative solution provider and technology leader. To this end, the family-owned company has reorganized the area of global research and development as well as the management of laboratory and test center activities. Thus, LAPP has once again succeeded in occupying economic and industrial trend topics with innovations:

- With zeroCM<sup>®</sup> technology, unwanted interference currents in industrial plants can be prevented.

- With the Health Check Service, LAPP is expanding its service offering for customers. The service helps to preventively minimize the risk of industrial machine failures.
- The multi-award-winning MOBILITY DOCK enables an e-car to be charged at any household socket using any Type 2 charging cable.

"At the same time, we have further expanded our portfolio in our strategically important area of Industrial Communication. In this area alone, we were able to achieve significant, disproportionate sales growth compared to the Lapp Group as a whole", adds Georg Stawowy, Chief Innovation and Technology Officer.

### **3. Challenging markets, strong customer relationships**

One important focus is the expansion of digital sales. "In a customer-centric solutions business, we have to pay particular attention to establishing the right processes and offering customers added value", emphasizes Dr. Christoph Hiller, Chief Sales and Marketing Officer. LAPP's core market continues to be mechanical and plant engineering. Other important sales markets are infrastructure, the food industry, logistics and, within the energy sector, especially photovoltaics and mobility. Some examples:

#### **- Developing together with customers**

Using fast prototyping, the LAPP Singapore team develops solutions in the field of intralogistics together with a major international customer. Traditionally, elaborate samples are first constructed and tested in the development process. Today, physical samples are created using 3D printing to verify haptics, optics, handling, and assembly in production and at the customer's site. This accelerates the innovation process.

#### **- 700 kilometers of cable for mega airport**

In November 2024, Korea's Incheon Airport is expected to be the third largest international airport in the world with a handling capacity of 106 million travelers per year. LAPP's connectivity solutions will guarantee safe

and reliable operations at the 60 new passenger boarding bridges and the baggage handling system, which will cover a conveying distance of 184 kilometers when completed. In total, the LAPP Korea team has already supplied 700 kilometers of cable.

#### - **Future markets of alternative energy sources**

In addition to connectivity solutions for photovoltaics and wind, demand is increasing worldwide for alternative energy storage systems & energy sources: For the Korean company LG Energy Solution, leading manufacturer of lithium-ion batteries and energy storage systems, LAPP supplied 338 kilometers of cable for 393 energy storage systems.

For the Dutch company Nedstack, leading supplier of high-performance fuel cell solutions, LAPP developed customized "plug and play" assembly solutions for different fuel cell systems. The customer was thus able to reduce its costs and standardize the cabling.

Hydrogen technology is also an exciting future topic for LAPP. For the company Maximator Hydrogen, leading manufacturer of hydrogen filling stations, LAPP supplied customized connectivity solutions that meet the high safety requirements, especially with regard to explosion protection.

#### **4. Employee motivation through culture change**

Due to the strong order situation and the ambitious goals of the Strategy 2027, LAPP has significantly increased the number of employees. As of September 30, 2022, LAPP had 5,055 employees worldwide - 10.2 percent more than the previous year. "We want to attract, develop and retain the best talent in our industry for LAPP. This is only possible with a culture of constant adaptation and lifelong learning", says Matthias Lapp. "This is also reflected in the organizational structure with new, global and cross-functional cooperation. Only in this way can we succeed in being even more powerful and faster on the market."

An important building block in the company's change process is the cultural change that LAPP initiated four years ago. And it has been successful: in the mood barometer, for example, the proportion of satisfied employees has risen by 12.8 percent to 87.5 percent. And the most important indicator of employer attractiveness - the likelihood of recommendation - recorded an increase of 10 percent. "I am pleased that our efforts are being recognized and rewarded. But we still have a long way to go. We need to grow closer together globally as a group. Although we started early, we are still at the beginning of the transformation", says Matthias Lapp.

## **5. The path to sustainability**

On the market side, LAPP is positioning itself in the area of sustainability and offers products specifically for the solar and wind energy industry, for rail transport and for the charging infrastructure of electric cars. A central credo is: Start with yourself. All LAPP national companies worldwide are encouraged to operate their buildings or plants as energy-efficiently as possible. Wherever possible, the sites purchase green electricity or operate their own PV systems.

The concept of sustainability also plays an important role in logistics. Decentralized warehouses and delivery partnerships are used to minimize transport routes. For example, truck capacity utilization has been increased from 60% to 80% and transport distances have been reduced by a third. However, LAPP's commitment to sustainability also focuses in particular on the product and the manufacturing process. LAPP is committed to the efficient use of raw materials and the environmentally compatible handling of chemicals and waste.

## **Outlook for the current fiscal year 2022/2023**

Increased inflation rates, continuing uncertainties regarding material availability, and the economic and social impact of geopolitical tensions will continue to shape the current fiscal year. "Despite these challenging conditions, we are encouraged by the continuing good demand situation

and a high order backlog", says Matthias Lapp, adding, "The flexibility of our supply chain was a key success factor in the past fiscal year. We will continue to expand this." Added to this are consistent investments in establishing a global sales, procurement, and production network. Just as consistently, LAPP also intends to continue investing in digitalization, innovation, sustainability. "And above all in our employees, who make all the difference", emphasizes Matthias Lapp. For the current fiscal year 2022/2023, the company is currently assuming a further moderate increase in sales.

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### **Executive Board**

The Executive Board of Lapp Holding SE (from left to right): Jan Ciliax, Matthias Lapp, Georg Stawowy and Dr Christoph Hiller.

Photo: LAPP

You can download this picture [here](#).



### **Tubular strander**

The new tubular strander in the Stuttgart production plant.

Photo: LAPP

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### **High-bay warehouse**

High-bay warehouse in the Ludwigsburg Logistics and Service Centre.

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## About LAPP:

Headquartered in Stuttgart, Germany, LAPP is a leading supplier of integrated solutions and branded products in the field of cable and connection technology. The company's portfolio includes standard and highly flexible cables, industrial connectors and screw technology, customised system solutions, automation technology and robotics solutions for the intelligent factory of the future, as well as technical

accessories. LAPP's core market is in the industrial machinery and plant engineering sector. Other key markets are in the food industry, logistics, as well as the energy and the mobility sector.

The company was founded in 1959 and is still fully owned by the founding family to this day. In the 2020/21 financial year, it generated a consolidated turnover of EUR 1,423 million. LAPP (including its non-consolidated companies) currently employs approximately 4,586 people across the world, produces at 21 international sites and has over 44 sales companies. LAPP also cooperates with around 100 international offices.

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<https://www.lapp.com/de/de/news/presse/e/000143>

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