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GEA confirms guidance for 2019 and introduces measures to improve earnings in Business Area Solutions

- Order intake 7.6 % above previous year
- Revenue 1.7 % above previous year
- Promising development in service business in Business Area Equipment
- All parameters lie within expectations for the financial year

Düsseldorf, May 10, 2019 – Düsseldorf-based engineering group GEA posted order intake of around EUR 1.2 billion for the first quarter of 2019, a rise of 7.6 percent. With a slight increase of 1.7 percent to around EUR 1.1 billion, revenue was slightly up on the previous year – North and Central Europe, Asia Pacific and North America being the principal motors of growth. Apart from the Compression product group and the Dairy application center, all areas recorded growth. Service business in the Business Area Equipment posted above-average growth, leading to a rise in profit margins in this area. In contrast, a decline in the gross margin, higher selling expenses, and risk provisioning adversely affected the result of the Business Area Solutions. At EUR 74.6 million, group EBITDA before restructuring measures was around EUR 2.8 percent below the figure – adjusted for IFRS 16 – for the same quarter of the previous year. The return on capital employed (ROCE) was 12 percent in the first quarter. Both indicators, ROCE and EBITDA before restructuring measures, were in line with expectations. In order to create more transparency and comparability, GEA revised its management system for the current fiscal year. Therefore, as of this quarter, GEA has been applying the customary market indicators of EBITDA before restructuring measures, and ROCE.

“GEA made a solid start to 2019. The Business Area Equipment managed to increase earnings in the first quarter, thanks largely to higher revenues and a disproportionate increase in service business. As announced in March, we have now drawn up further measures to counter the decline in earnings in the Business Area Solutions in the short term, this following the personnel changes already introduced there,” said Stefan Klebert, CEO of GEA Group Aktiengesellschaft.

They include measures to address the issue of overcapacity in the short term – notably in the field of dairy processing – and the fixing of selective underperforming businesses. According to initial estimates, between 200 and 250 full time equivalents will be affected by the cuts at various locations around the world.

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“These measures are the result of analyses conducted in recent weeks, and aim solely to optimize the operative business side of the Business Area Solutions. The provisions set aside for the planned restructuring will amount to between EUR 30 and 45 million and will probably be posted in the second quarter of the year. All in all, we can confirm our forecast for the 2019 financial year,” said Stefan Klebert.

At the same time, GEA is working on plans to restructure the future organization of the group, which is to be communicated on June 24.

IFRS Key Figures of GEA

(EUR million)	Q1 2019	Q1 2018	Change in %
Results of operations			
Order intake	1,186.3	1,102.6	7.6
Revenue	1,057.3	1,039.4	1.7
EBITDA before restructuring measures[1]	74.6	76.8	–2.8
as % of revenue	7.1	7.4	–
EBIT before restructuring measures[1]	27.0	28.0	–3.6
as % of revenue	2.6	2.7	–
EBIT	21.7	23.5	–7.8
Net assets			
Working capital intensity in % (average of the last 4 quarters)	17.2	15.5	–
Net liquidity (+)/Net debt (-)	–155.3	–162.9	4.7
Financial position			
ROCE in % (goodwill adjusted)[2]	12.0	16.6	–
Full-time equivalents (reporting date)	18,718	18,073	3.6
GEA shares			
Earnings per share (EUR)[3]	0.17	0.02	> 100

1) Before effects from restructuring (see Annual Report 2018, page 28 ff.); pro-forma figures for Q1 2018 incl. IFRS 16 effects from 2019.
2) Capital employed excluding goodwill from the acquisition of the former GEA AG by former Metallgesellschaft AG in 1999 (average of the last 4 quarters); pro-forma figures for Q1 2018 incl. IFRS 16 effects from 2019.
3) 2019 incl. interest income of around EUR 26 million due to an adjustment in the method of calculating interest when measuring provisions for long-term liabilities. The adjustment in the method of calculating interest is a change in an accounting estimate according to IAS 8.36.

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About GEA

GEA is one of the largest suppliers for the food processing industry and a wide range of other industries that generated consolidated revenues of approximately EUR 4.8 billion in 2018. The international technology group specializes in machinery, and plants as well as process technology and components. GEA provides sustainable energy solutions for sophisticated production processes in various end-user markets and offers a comprehensive service portfolio. The group generates around 70 percent of its revenue in the food and beverages sector that enjoys long-term sustainable growth. As of December 31, 2018, the company employed more than 18,500 people worldwide. GEA is a market and technology leader in its business areas. The company is listed on the German MDAX (G1A, WKN 660 200), the STOXX® Europe 600 Index and selected MSCI Global Sustainability Indexes. Further information is available on the Internet at gea.com.

If you do not want to receive any further information from GEA, please send an email to pr@gea.com.