

Our Broad Positioning Is Paying Off Particularly Now

2020 was, without a doubt, an exceptional year for INDUS. A year of particular challenges but also of small and large successes in our day-to-day business activities shaped by the coronavirus. The INDUS Board of Management takes stock.

How can you sum up a year like 2020?

DR. JOHANNES SCHMIDT – 2020 was an exceptional year and demanded a great deal from all the INDUS Group’s employees – both in the portfolio companies and in the holding company. At the same time, our portfolio companies’ high degree of agility, which the managing directors as “local entrepreneurs” and our motivated workforces proved day after day, enabled us to adapt quickly to the ever-changing external circumstances caused by the pandemic.

RUDOLF WEICHERT – We were able to maintain the added value in the companies most of the time, even during the lockdowns, while also maintaining high standards for protecting the health of our employees. We therefore came through the crisis year relatively well as a group, with consolidated sales decreasing by 10.6% to EUR 1.56 billion. At EUR 174.4 million, our operating cash flow was in fact above the previous year’s level. Operating income, which was EUR 25.1 million, was particularly affected by the Automotive Technology segment’s negative performance, the goodwill impairments recognized, and the effects from implementing the INTERIM SPRINT package of measures.

INTERIM SPRINT is a good term. What’s already happened there and what’s behind this?

DR. JOHANNES SCHMIDT – Implementing the INTERIM SPRINT package of measures meant we sold a portfolio company, a sub-subsidiary, and a division of a portfolio company in 2020. We also closed a division of a portfolio company, and we’ll fully complete the closure of another portfolio company in mid-2021. This means INTERIM SPRINT has significantly strengthened our portfolio structure.



What issues are particularly occupying your portfolio companies at the moment? What areas for improvement are you working on?

AXEL MEYER – The coronavirus pandemic is continuing to keep our managing directors and our portfolio companies' employees in suspense. We're focusing particular attention on implementing health protection measures for our employees and at the same time meeting operating challenges, which puts considerable strain on everyone involved. Where possible, our employees are working from home. And a lot of work is now being done virtually. For example, machinery at customers' premises all over the world is being installed and put into operation with video assistance, and certification audits are being conducted online. We've also expanded our web-based training options for customers.

JÖRN GROSSMANN – Despite the pandemic, the portfolio companies are looking ahead. Innovation activities continue. And the portfolio companies are also intensively focusing on initiating acquisitions of complementary additions to strengthen their market position or supplement their product portfolios.

How much has the pressure for innovation and efficiency further increased?

AXEL MEYER – It's noticeable that pressure for efficiency is still increasing. In addition to the many other coronavirus-related challenges, material prices are currently rising significantly. That's why our "improving performance" strategic initiative really hits the mark. Our "Operational Excellence in Production" and "Operational Excellence in Business Development/Sales" programs help our portfolio companies to improve their value-adding core processes. This

enables them to better exploit existing market opportunities or, in the spirit of lean management, "avoid waste." Especially in the area of business development and sales, there's considerable potential that can be leveraged – in some cases even faster than in production. The best example is the pricing of products and services: You have to develop a clear picture of customer benefit here and then price this consistently. A smart pricing policy creates concrete earnings potential.

JÖRN GROSSMANN – In the period after the coronavirus in particular, innovation pressure is also going to continue to increase. The topic of digitalization is still on everyone's lips. We're deliberately strengthening our portfolio companies' creativity and innovativeness with the "driving innovation" strategic initiative from our PARKOUR strategy program. Even in 2020, which was a difficult year, we carried on with important innovation projects and started new ones. We've invested a total of around EUR 1.5 million to support our portfolio companies' important innovation projects with our innovation development bank.

What does the current situation mean for the intended acquisitions?

DR. JOHANNES SCHMIDT – We've set ourselves clear growth targets for the portfolio with the "strengthening the portfolio structure" strategic initiative. We want to grow it





What can the shareholders and partners expect for 2021 overall?

RUDOLF WEICHERT – 2021 will be a transition year for the INDUS Group after the adverse year of 2020. We're going to see clear improvements in the Automotive Technology segment. However, 2021 will remain difficult for the two series suppliers in restructuring, because the series ramp-ups for important new projects are only just starting. The background to this is the long lead times in the industry. We expect a recovery in the Engineering, Medical Engineering/Life Science, and Metals Technology segments. And the Construction/Infrastructure segment remains an important linchpin of the portfolio.

DR. JOHANNES SCHMIDT – We're going to continue to systematically implement the PARKOUR strategy program in 2021. The positive effects from the INTERIM SPRINT package of measures and the tailwind as a result of anticipated positive macro-economic development let us take a major step toward healthy profitability. We're also going to further strengthen the portfolio structure with important acquisitions.

sustainably with acquisitions in the sectors we've identified as growth industries. In the past year, the market for the types of acquisition targets INDUS typically chooses – the hidden champions of the SME industry – largely dried up until well into the third quarter. Since the end of the third quarter, we have, however, seen a significant revival. The “good” companies have now proved that they can even develop in a stable way in times of pandemic. That is giving the sellers – and we almost exclusively talk to owners of family-run businesses here – the courage to start sales processes again.

We're currently at an advanced stage in several processes. I'm very confident that we'll succeed in several more acquisitions in 2021, as set out in our PARKOUR strategy program – both growth acquisitions at portfolio level and complementary additions for our portfolio companies.

We're going to achieve our goals – together with the creative and bold managing directors in our portfolio companies and particularly also together with our motivated and dedicated employees in our portfolio companies and the holding company. On behalf of the entire Board of Management, I'd like to thank everyone very much for this dedication. <<

