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## **"100 years of TRUMPF"**

### **Statement**

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### **Annual Press Conference 2023**

Ditzingen, October 26, 2023

Good morning, ladies and gentlemen! I, too, would like to welcome you to this year's Annual Press Conference in the year of TRUMPF's 100th anniversary – which we celebrated, among other things, with a "mega-laser" at the beginning of August, which you can see in the background. Something like a mile-high birthday candle! And perhaps also a reminder that enlightenment and rationality can brighten up these dark times for world politics...

I wanted to get that out of the way, because everything I'm going to talk about today pales in comparison to the horrific news and images that have been reaching us for months now from Ukraine - and more recently from middle East.

As I've said elsewhere: Germany's place must now be very clearly on Israel's side.

We also need to follow up our words with actions, and speak out more clearly against anti-Semitism in our own country. Notwithstanding the fact that there is hope for some kind of pacification of the situation in the Middle East, possibly with the support of the USA.

I.

In contrast, ladies and gentlemen, we're lucky enough to live in completely different circumstances.

It was gratifying to see so many people here in Ditzingen and on social media celebrating TRUMPF's birthday with us on August 6. And after this annual press conference and a snack, I invite you, if you have time, to visit the historical exhibition in the building next door. It's turned out very well, and it also shows what is sometimes missing: the importance of assessing economic developments over longer periods of time, rather than just judging them in the here and now.

In short: we're delighted that you've come to Ditzingen today! Also those of you following us via the livestream – especially the representatives from the international press!

A warm welcome from all of us - "all of us" meaning, as Mr. Möller mentioned, two new faces in addition to those you already know: Dr. Schmidt, as CTO, also responsible for Electronics and EUV, and Dr. Zimer, as CEO of Laser Technology!

## II.

Ladies and gentlemen: I'd now like to present you with the figures for the fiscal year 2022/23, which ended on June 30, 2023. Our anniversary year, "100 years of TRUMPF" – that's also the motto of the new annual report, with its many historical photos.

At the end of this anniversary year, I have to say that it gives me great pleasure and satisfaction to be able to thank our more than 18,400 employees, as well as our loyal customers and partners all over the world, not only with warm words, but also with hard figures! However, there are undeniable economic challenges ahead, for us and many other companies, and I don't want to play them down - I'll come back to them at the end.

But for now, let me just tell you that the challenges are significant.

In fact, if you look at our order intake since early summer, as well as the general economic expectations of the economic research institutes and associations, and also our own forecasts, which are very specific to individual product segments, we probably won't see a fiscal year like 2022/23 this year or even next year.

Let me start by saying that TRUMPF has successfully achieved the highest sales in its 100-year history! There's a clearly identifiable reason for this: the strong recovery of the economy after Covid-19, and the processing of orders from the previous year that had remained unprocessed due to the tense situation in the global supply chain. The war

in Ukraine had only a minor impact on this – in contrast to the basic material industries with their dependence on gas and electricity.

The TRUMPF Group, with more than 80 subsidiaries worldwide, recorded a 27 percent increase in sales compared to the previous year. Specifically, TRUMPF sales amounted to 5.4 billion euros. This is the first time in the company's 100-year history that TRUMPF has significantly exceeded the 5 billion euro mark.

In today's presentation of our balance sheet, however, the positive sales trend is overshadowed by the already mentioned decline in incoming orders since the spring – and this is already reflected in the order intake for the fiscal year to June 30 that we're presenting today.

Order intake decreased by 8.8 percent year-on-year to 5.1 billion euros. In addition, the good order backlog, which we were able to "carry over" from the old to the new fiscal year starting July 1 as a result of rising sales, will require new growth impetus in the coming months.

### III.

Now that we have discussed Group sales and order intake, let us take a brief look at our business divisions and business fields:

Sales at our largest business division, Machine Tools, increased very pleasingly by 32.8 percent to 3 billion euros. This significant increase in sales was due not only to the recovery in demand but also to the resolution of supply chain problems that had led to delivery delays in the previous year. As a result, and as mentioned at the beginning, we had a high order backlog, which we were able to work off.

Added to this was the success of our Smart Factory solutions and new entry-level products. As a result, the Machine Tools division significantly exceeded the growth expected in our planning.

The Laser Technology division also exceeded its sales forecast, reaching 2.1 billion euros. This corresponds to growth of 28 percent compared to the previous year.

Laser Technology benefited here from continued strong growth in the electronics business and in the electromobility sector, and of course from our EUV business, which we're reporting separately due to its size.

Since July 1, 2023, these two successful business fields have been the operational responsibility of Dr. Schmidt – so in addition to his role as CTO, he can also be described as TRUMPF's "Executive Board member for semiconductors".

Allow me to take a brief look at the figures: sales in the Electronics division, which is based at TRUMPF Hüttinger in Freiburg and Warsaw, rose to 546 million euros – that is an astounding 58-percent increase over the previous year.

In addition to the Electronics division, I would also like to mention the EUV business field based here in Ditzingen – that is, the high-power lasers for our customer ASML. ASML supplies these systems for chip production worldwide, also to the world's three largest chip manufacturers. They're the talk of the town at the moment, not least in connection with their relocation to the USA, Europe and Germany: TSMC, Samsung and Intel.

Driven by the strong growth in order intake during the previous year, EUV's sales in the current fiscal year rose by 22.2 percent to 971 million euros (previous year 795 million euros). The ambitious sales forecast was therefore achieved. If EUV were a country market, this business field would rank first among all TRUMPF markets worldwide – even ahead of the USA! You can see from this how important this business field is for us – scientifically, technologically, and also economically.

#### IV.

Ladies and gentlemen, this comparison between EUV and the USA brings us on seamlessly to sales by region. Let's start with the most successful country market or region already mentioned:

- The American markets as a whole can look back on a successful fiscal year. In the USA, we were able to continue the strong growth of the previous year, with sales increasing by 39 percent to 899 million euros.
- In Mexico, sales more than doubled. In South America, we again recorded strong growth. In Brazil, our largest market, sales rose by 60 percent.
- In our home market of Germany, we also achieved a significant increase in sales over the past fiscal year. They rose by 32 percent to 779 million euros, compared with 589 million euros in the previous year.
- This is a very pleasing development after the somewhat subdued growth of the previous year. The growth rate was above the Group average; America was the only place where growth was even higher.
- The markets in the rest of Western Europe also developed positively: The most important Western European markets were Italy, France, Spain and Great Britain, each with double-digit growth rates.
- The Asian markets also achieved double-digit growth. In China we increased sales to 602 million euros, despite the continuing difficult economic conditions. However, this was slightly below the previous year's sales. In the other Asian markets, however, we achieved significant overall growth. The growth drivers were the markets of South Korea with +43 percent, and Japan with +30 percent.
- India again showed strong growth of +30 percent, while sales in Taiwan declined.

- Finally, let's look at Eastern Europe: After a slight decline in the previous year, sales in the Czech Republic increased again very significantly by +41 percent. We also achieved notable growth in Poland, and most especially in Hungary (+50 percent), which we will develop into a hub for Southeastern Europe and where we recently opened a new demonstration factory.
- Ladies and gentlemen: Due to Russia's ongoing despicable war in Ukraine, the Group's sales in Russia have fallen to almost zero since 2022.
- As you know, TRUMPF has not delivered any machines or spare parts to Russia since March 2022. In recent months, however, we still had warranty obligations from sales prior to 2022 that we had to fulfil.
- In line with the expiry of the last warranty obligations, we are working toward a complete withdrawal from Russia by the end of the year.

So what do these figures mean for the shift in sales shares in the TRUMPF Group? They mean the following:

- The share of the American markets increased to 22 percent. By contrast, Asia's share of sales was down on the previous year at 22 percent as well.
- Germany's share of sales compared to the previous year increased slightly to 14.5 percent. By contrast, the share of Europe excluding Germany remained stable at 24 percent.

V.

Ladies and gentlemen: After the regional development, I now come to the most important key figure, also for our employees: earnings before interest and taxes of the TRUMPF Group.

At 615 million euros, EBIT was significantly higher than in the previous year. It was up by 31 percent - mainly due to the strong sales growth, but also to the high profitability of business fields such as EUV and Electronics.

As a result, the EBIT margin rose from 11.1 percent in the previous year to 11.5 percent in the year under review. And I have to say once again – in unusually personal words at a balance sheet presentation to representatives of the media – this is an outstanding result in TRUMPF's 100th year, for which we owe a great debt of gratitude not only to all of our customers, but also and above all to the TRUMPF employees for their tireless efforts in the past fiscal year!

## VI.

This brings me to our investments and the development of the number of employees. I'll start with research and development expenditures – our investment in the future:

In the past fiscal year, TRUMPF invested more than ever before. At 476 million euros, research and development expenditures were significantly higher than the previous year's figure of 448 million euros.

It is true that as a result of the strong sales growth, the development cost ratio decreased to 8.9 percent – but it is still at a very high level and well above the industry average. The number of employees working in research and development increased by 8.8 percent to 2,900.

And not only in R&D: The number of employees worldwide - back to the parent company - also increased significantly by almost 2,000 in the year under review.

New jobs were created once more, especially in the growth areas of EUV and Electronics. As of June 30, 2023, the company employed 18,352

people worldwide – that figure has now risen to 18,500. In Germany, the number of employees increased by 8.4 percent to 9,124, of whom 5,767 worked at the headquarters in Ditzingen, Gerlingen and Hettingen.

In the year under review, 550 young people completed a training course or a co-op work-study program. At 3.5 percent, the rate was once again higher than in the previous year. In this context, I would like to mention our new Training Center, which we officially opened three weeks ago.

In addition to IT specialists and digital networking specialists, it will also train cybersecurity experts. The total investment in the wooden building was 13 million euros.

## VII.

This is a fitting transition to the penultimate block of topics for today. Over the past fiscal year, despite the subdued outlook for the global economy, we once again increased our investments, especially in construction projects at various locations around the world. These include not only Laser Area 4 and the aforementioned TRUMPF Education Center at our headquarters in Ditzingen, but also various new buildings and expansions, including those in Schramberg, Warsaw and Budapest. Investments increased by 44.7 percent compared to the previous year (218 million euros) to a new all-time high of 316 million euros.

Property, plant and equipment accounted for 311 million euros (excluding internally used, self-constructed machinery of 105 million euros), while intangible assets accounted for 5 million euros.

Land and building extensions accounted for 40 percent of total investment. 24 percent was invested in technical equipment and machinery, and 35 percent in factory and office equipment.

We made 60 percent of our investments in Germany. Almost half of this was spent on construction, most of it at our headquarters in Ditzingen,

accounted for almost half of them. This is a continuation of construction projects started in previous years.

TRUMPF's acquisitions and divestments should also be mentioned:

- In February 2023, we agreed on a strategic partnership for smart factory solutions with STOPA, a leading manufacturer of automated storage systems.
- To this end, TRUMPF acquired a 25.1 percent stake in STOPA Anlagenbau GmbH. Among other things, STOPA supplies automated storage systems for TRUMPF's smart factory solutions. Customers can use these to automate the loading and unloading of their machines and network them logistically.
- In March 2023, we increased our stake in Auroma Technologies Co. DbA Access Laser Company (USA) from 85 percent to 100 percent.

## VIII.

So much, ladies and gentlemen, for the company's key figures for the fiscal year, which you can see again at a glance in the background. Our TRUMPF anniversary year was extraordinarily successful. Since spring, however, we have felt a decline in demand in many markets.

In view of the difficult overall economic development, we are very cautious about the coming months – which is why we are assuming sales growth in the single-digit percentage range at best for the current fiscal year. This is despite the fact that inflation has peaked and is declining moderately.

The outlook for the current fiscal year to June 30, 2024 is therefore a cause for concern, although it would be far too short-sighted to try to pinpoint any single cause.

The global economy, the development of energy and raw material prices, and investment willingness in countries such as China or the US are key factors in our business development. Together, these two countries

account for one quarter of TRUMPF's global sales. If customers there react cautiously and begin to postpone investments, we feel it directly. Just like bottlenecks in the supply chain.

Nevertheless, it is no secret that Germany is currently bringing up the rear in Europe in terms of growth, as can be seen from the European Commission's latest economic forecast, which predicts that Germany's economic output will shrink this year and then grow only marginally in 2024.

Here at our Annual Press Conference, I don't want to succumb to the temptation of judging the measures taken by the federal government. However, I would like to make it very clear that the "deindustrialization" that has been the subject of discussion for weeks is not a threat from energy-intensive industry, but a real danger in view of the imbalance in energy prices and other factors in relation to international competition.

In addition to energy prices, from the point of view of small and medium-sized enterprises in particular, there are high corporate taxes, rampant bureaucracy and burdensome documentation requirements all the way down the supply chain, and none of this has been alleviated by policymakers.

In this context, I would like to highlight the lack of support from the BMWK in Berlin regarding export licenses for our lasers. Our outstanding receivables have increased to a high double-digit million amount, despite numerous intervention attempts on our part. The BMWK continues to focus on capacity problems. This cannot be an answer from a ministry whose primary task is to support German companies as best it can in an already difficult economic situation.

It is clear that this will not only affect German carmakers in China or South Korea, but also our reputation in the market as a whole if we are unable to deliver even standard products and have to put off customers.

My interim assessment of the coalition's work is therefore very cautious, despite the difficult start after Covid-19 and the outbreak of the war in Ukraine. As far as concrete decisions are concerned, we believe that too little attention is being paid to the realities of the economy and the competitiveness of the location.

In this conflict situation, the fact that the unions are discussing a four-day week with full wage compensation is sending a wrong signal. We already work shorter hours in Germany today than in many other countries, including the USA and Poland, where the TRUMPF Group has registered and will continue to register the strongest individual growth.

The proposals would further exacerbate the shortage of skilled workers – not to mention the many workers who will "naturally" become scarce in the coming years as a result of demographic change.

What we need much more urgently, instead of a debate about less work, is more imagination for the design of flexible working hours. After all, our experience at TRUMPF shows that, given suitable offers, people actually want to work more, not less! Creating incentives for this in the form of tax improvements or pension insurance would be the task of the state at the present time.

## IX.

None of this, ladies and gentlemen, detracts from the very good TRUMPF figures I mentioned earlier, which we were able to achieve primarily due to our outstanding products and the processing of a high order backlog from the previous year. Warnings from companies should therefore not be seen as unfounded criticism, but rather as an incentive for us to initiate a turnaround in economic policy.

Thank you for your attention – and now I'm ready to take your questions!

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