

CLAAS records stable development in uncertain market environment

- Sales slightly above previous year's record level
- Income before taxes down
- Spending on research and development reaches new high
- Outlook for 2020: moderate rise in sales and stable income

CLAAS, one of the leading international manufacturers of agricultural equipment, recorded a slight year-on-year rise in sales at €3.898 billion (prior year: €3.889 billion). Income before taxes fell to €136 million (prior year: €226 million).

“CLAAS recorded stable development in an increasingly negative market environment. Despite the anticipated drop in income, we kept the company on course and systematically invested in the further digitalization and the expansion of our market positions,” said Thomas Böck, CEO of the CLAAS Group.

There was a significant rise in sales in France and the rest of western Europe. In eastern Europe, core business continued to develop well, while sales in Germany fell as a result of weather conditions. Outside Europe, the situation was mixed, with overall sales down year on year.

Spending on research and development up again

Investment in research and development reached a new record high at €244 million (prior year: €233 million). In 2019, the often complex projects resulted in a series of important new product launches.

The new LEXION combine harvester introduced in the summer remains the world's leading combine

harvester thanks to its perfect synthesis of mechanics and software. Pre-launch machines that have been used by farmers around the world, have shown that the new LEXION is able to considerably increase harvest productivity. At Agritechnica, CLAAS revealed the unique AXION TERRA TRAC half-track tractor with full suspension. The TERRA TRAC track system, which is already in use in combine harvesters and forage harvesters, protects the soil and provides better comfort through its large footprint. Also introduced was DataConnect, which is the first manufacturer-independent cloud-to-cloud solution. In the future, farmers will be able to view their entire fleet of machinery via one interface, regardless of whether the equipment was made by CLAAS, John Deere, or CNH Industrial.

“We are creating new digital standards beyond company boundaries and, in doing so, confirming the role of agricultural machinery as a driver of innovation,” says Thomas Böck.

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CLAAS



Higher investments in property, plant and equipment

Investment in property, plant and equipment increased again to €125 million (prior year: €113 million). In spring, CLAAS opened the new testing and validation center at its Harsewinkel headquarters, which is used to test the function and durability of new components. In addition to the current modernization of tractor production in France, preparations are underway for a similar modernization of the combine harvester assembly plant in Germany. There have also been further localization processes in production in Krasnodar, Russia, as well as the completion of the new high-bay warehouse in Hamm, Germany, making the international spare parts supply business even more efficient.

Number of employees worldwide is up

As of September 30, 2019, the number of employees worldwide was up slightly to 11,448 (prior year: 11,132). In Germany, the number of employees grew by 3.9 percent to 5,503 (prior year: 5,295) and in France the number grew by 2.4 percent to 2,301 (prior year: 2,246), with these numbers including many new IT specialists and engineers. The number of apprentices rose throughout the Group to 735 (prior year: 714).

CLAAS Group in figures			
(IFRS)	2019 in € million	2018 in € million	Change in %
Net sales	3,898.0	3,889.2	+0.2
EBITDA	280.3	372.7	-24.8
Income before taxes	135.7	225.7	-39.9
Net income	96.3	152.0	-36.6
Free cash flow	-138.2	-83.9	-64.7
Equity and liabilities	1,417.3	1,395.5	+1.6
Capital expenditure	125.4	113.3	+10.7
Research and development	243.6	233.4	+4.4
Total assets	3,531.9	3,449.7	+2.4
Number of employees as of the balance sheet date (Sep. 30)	11,448	11,132	+2.8

Outlook

For the current fiscal year 2020, CLAAS expects stable development in global agricultural equipment markets despite regional uncertainties. In light of simmering international trade conflicts and the risk of a further economic slowdown, negative effects on sales and income cannot be ruled out. Despite this trend, CLAAS expects a slight year-on-year rise in sales and stable income before taxes in the current fiscal year. Efforts to enhance efficiency and make lasting cost reductions will also continue unabated in the current year.