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Sound results despite COVID-19 crisis: SCHOTT increases sales and earnings – investments planned at record level

- **Sales rise by 2.2% to EUR 2.24 billion, EBIT of EUR 288 million**
- **Investments of EUR 350 million planned, the highest in company history**
- **SCHOTT products help in the fight against COVID-19**
- **Climate protection: 75% of energy needs covered by green electricity**

The international specialty glass company SCHOTT continued its positive development and set the course for further growth by engaging in a bold investment program. Despite the generally weak economic environment due to the corona pandemic, SCHOTT managed to continue to develop its key financial figures positively in fiscal year 2020, or to maintain them at the good level of the previous year. “We stayed on course even in these difficult economic times. Therefore, we are quite satisfied with the past fiscal year,” emphasized Chairman of the Board of Management, Dr. Frank Heinrich. “This is largely thanks to the groundwork we have done in recent years. We have invested consistently, introduced many innovations to the market and have demonstrated stringent portfolio management. At the same time, we initiated a cultural change towards more agility in our organization. This has made us stronger as a company and paid off in this very unique fiscal year.”

Sales rose by 2.2% to EUR 2.24 billion. Operating profit (EBIT) also improved, and now stands at EUR 288 million. The foreign share of sales increased to 87%. SCHOTT was particularly successful in Asia, where the company increased its sales by nearly 6%. The number of employees rose to around 16,500, 5,900 of whom are based in Germany.

The effects of the COVID-19 pandemic were clearly felt in parts of the portfolio. Business with specialty glass for the household appliance industry recovered toward the end of the year after demand initially declined significantly at the beginning of the pandemic. In contrast, business in products for the pharmaceutical industry developed very dynamically.

Investments successfully carried out; equity remained stable

The fact that SCHOTT realized the record investment it had announced last year as planned, even despite the corona crisis – a total of around EUR 320 million or an increase of around 24% – is particularly worth noting. Roughly half of this sum was invested in German-speaking sites, such as a new building for pharmaceutical packaging in Müllheim in the German state of Baden, as well as in optics production in Mainz. On an international level, SCHOTT invested in a new plant in China and new melting units in India, both for pharmaceutical tubing production. Other main investment focuses included Hungary, Switzerland, Brazil and the United States.

The equity ratio remained at a healthy level of 32%. “We are in a rock-solid position in these challenging times,” explained CFO Dr. Jens Schulte. “This gives us sufficient scope for organic growth. We are also interested in making further acquisitions. We have successfully integrated the acquisitions of recent years into our product portfolio. As a result, we have expanded our materials and digitalization expertise.”

Active contribution to the fight against COVID-19

SCHOTT currently produces more than 11 billion pharmaceutical packages for vaccines and liquid medications every year. Therefore, the company has special system relevance during the pandemic. Three out of four projects worldwide that either already manufacture or are still researching a COVID-19 vaccine use glass vials from SCHOTT. The company will have delivered enough vials for two billion vaccine doses by the end of 2021. SCHOTT has already been investing in its production capacity since the spring of 2019 and was therefore able to ramp up capacities quickly during the pandemic. Investments in the pharmaceutical business will amount to roughly one billion U.S. dollars in total by 2025. SCHOTT will have spent half of this amount by the end of 2021.

Other specialty glass products are also making an active contribution to combating the pandemic:

- Coated glass substrates for COVID-19 tests
- Light guides in endoscopes that help doctors see better during intubation

Outlook: New record investments and initial steps on the road to climate neutrality

SCHOTT intends to enter a new growth phase this fiscal year. Despite the challenging economic situation, the company plans to increase its sales by up to 5%. “Of course, we are also anticipating a decline in demand in some industries. At the same time, our balanced portfolio is helping us. We feel well prepared to master these economic challenges,” said Chairman of the Board of Management Heinrich.

To achieve a further boost, SCHOTT will once again increase last year’s record investments by spending EUR 350 million. The investment strategy is consistently aligned with market expectations. The technology Group continues to expect positive impulses in pharmaceutical packaging, in the field of diagnostics, as well as in cover and thin glasses for smartphones and consumer electronics. New plans include a new melting unit for pharmaceutical glass and the expansion of thin glass production. International focal points include expansion of capacities in China, Switzerland, Hungary and the United States.

SCHOTT is also intensifying its efforts in the area of climate protection. In its new Group Strategy, the Group has set itself the ambitious goal of becoming climate-neutral by 2030. “We have already reached an important initial milestone here,” CFO Dr. Jens Schulte explained. Worldwide, the Group already covers 75% of its global electricity needs with green power via relevant certificates of origin. At the same time, a whole series of projects have been launched to develop the use of hydrogen and other energy sources for heating the melting units.

Key figures for fiscal year 2019/2020

| in EUR millions | 2019/2020 | 2018/2019 | Change in % |
|---|-----------|-----------|-------------|
| Sales | 2,238 | 2,190 | +2 |
| Earnings before interest and taxes (EBIT) | 288 | 275 | +5 |
| Net profit for the year | 199 | 206 | -3 |
| Cash flow from operating activities | 393 | 278 | +41 |
| Free cash flow | 95 | -9 | --- |
| Net liquidity (financial balance) | -11 | 52 | --- |
| Investments in property, plant and equipment | 318 | 257 | +24 |
| Equity | 997 | 876 | +14 |
| R&D expenses | 92 | 86 | +7 |
| Employees as of the balance sheet date (number) | 16,466 | 16,196 | +2 |

Pioneering – responsibly – together.

These attributes characterize SCHOTT as a manufacturer of high-tech materials for specialty glass. Founder Otto Schott is considered its inventor and became the pioneer of an entire industry.

Always opening up new markets and applications with a pioneering spirit and passion – this is what has driven the #glasslovers at SCHOTT for more than 130 years. Represented in 34 countries, the company is a highly skilled partner for high-tech industries: Healthcare, Home Appliances & Living, Consumer Electronics, Semiconductors & Datacom, Optics, Industry & Energy, Automotive, Astronomy, and Aerospace. In the fiscal year 2020, its 16,500 employees generated sales of 2.24 billion euros. With the best teams, supported by the best digital tools, the group intends to continue to grow. SCHOTT AG is owned by the Carl Zeiss Foundation, one of the oldest foundations in Germany. It uses the Group's dividends to promote science. As a foundation company, SCHOTT has anchored responsibility for employees, society and the environment deeply in its DNA. The goal is to become a climate-neutral company by 2030.

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|  | <p>Active contribution to the fight against the corona pandemic: 75% of all COVID-19 vaccine projects use vials from SCHOTT.</p> <p><i>Photo: SCHOTT</i></p> |
|  | <p>Flexible, ultra-thin cover glasses are revolutionizing the smartphone market and opening up completely new possibilities for developers.</p> <p><i>Photo: SCHOTT</i></p> |
|  | <p>SCHOTT manufactures more than 11 billion pharmaceutical packages each year that vital medications are filled in.</p> <p><i>Photo: SCHOTT</i></p> |
|  | <p>SCHOTT sees good growth opportunities for specialty glass for diagnostics in the years ahead.</p> <p><i>Photo: SCHOTT</i></p> |
|  | <p>First steps on the way to climate neutrality: SCHOTT covers 75% of its global electricity needs with green electricity.</p> <p><i>Photo: SCHOTT</i></p> |