



### **Fiscal year 2020: Heckler & Koch achieves strong growth**

- Sales increase by around 15 percent to 275 million euros in 2020
- Operating result EBITDA 2020 at 49.9 million euros over 60 percent higher than in 2019
- Group result EAT of 13.5 million euros
- Continued good order situation in NATO and EU countries, more efficient production processes and innovative new products are basis for further growth beyond 2021

Heckler & Koch (H&K AG Group) in 2020 achieved its most successful financial year since many years despite the Corona pandemic. Sales in 2020 increased by around 15 per cent to €275.0 million (2019: €239.4 million). Operating profit before tax, interest, depreciation and amortisation (EBITDA) was 49.9 million euros, over 60 per cent higher than in the previous year (30.3 million euros). Profit after tax amounted to 13.5 million euros (2019: 1.6 million euros), while net cash flow from operating activities increased to 41.5 million euros (2019: 14.9 million euros).\*

The development and the result achieved confirm the course of realignment and modernization taken by the H&K Executive Board. H&K's return to economic success is the result of the restructuring and efficiency enhancement in production initiated since 2018, as well as significant cost reductions in all areas of the company. A strong impetus was provided by the collective restructuring agreement concluded with the workforce in 2019. It helped H&K to return to profitability as early as 2019. CEO Dr Jens Bodo Koch: "The profits now enable us to generate stable cash flow on a permanent basis. Despite the high level of debt, H&K is once again a well-positioned and solid company."

The path jointly decided by staff and employer, the so-called growth and innovation pact, has helped the company quite significantly to have become profitable again so quickly. "Due to this development, it is no longer necessary to continue the restructuring collective agreement in its current form beyond the summer. The measures were successful and will perpetuate the good result. Following the restructuring collective agreement, we now want to enter into a discussion with the bargaining parties on more modern, flexible working time models," Koch continued.

### **Green-country strategy brings profitability boost**

1.7 per cent of the H&K Group's total turnover came from countries outside NATO, the EU and NATO-equivalent countries (Australia, New Zealand, Japan, Switzerland). Following clearance by the Federal Security Council, naval units in Indonesia, police units in India and naval special forces in South Korea have been supplied. "The 2020 development proves that arms deals can be responsible and profitable. Our weapons should serve those who sustainably ensure freedom and security," says Jens Bodo Koch.



## **H&K as a leading supplier to authorities and armed forces in the EU and NATO**

In the past financial year, H&K was able to stabilize its order situation at a high level. Major long-term orders came from Great Britain (modernization of the SA80 assault rifle), France (HK416 assault rifle), Germany (police forces and Bundeswehr) and the USA (US Army precision rifles). Sales for H&K pistols are also stable in the American civilian market.

"We are confident that this trend will continue this year," says CFO Dr Björn Krönert. The reason for this is the continued investment by EU and NATO countries in the modernization of their security forces. In particular, the refocusing of NATO on national and alliance defense as well as new threats to internal security through terrorist attacks are causing armed forces and police forces to invest in new equipment. "It makes us proud that more and more democracies trust in our products. Heckler & Koch is one of the leading suppliers of equipment to authorities and armies in the EU and NATO," Krönert continued.

## **New products will close portfolio gaps**

The growth achieved is based on a continuing good order situation, the completed reorganizations and the investments of more than 25 million euros in the past two and a half years. These have made the production processes much more efficient. H&K's task now is to consolidate and strategically expand its success.

The growth and innovation course set by the Executive Board also includes the development of new products. CEO Koch: "The ability to innovate is a guarantee of success for H&K." A new pistol and several new assault rifle calibres (extensions to the HK416 and HK433 product families) are currently in development. These innovations have met with a positive response in initial customer demonstrations. In addition, H&K will now close the gaps in its portfolio with new weapon categories.

"The return to profit in 2019 and the result in 2020 confirm that Heckler & Koch is back on track after difficult years. The financial recovery of our company and sustainable, profitable growth will continue to be the key benchmark for our actions in the coming years," says CFO Björn Krönert.

\* Not yet audited

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