PRESS RELEASE

SCHWARZMÜLLER
INTELLIGENTE FAHRZEUGE

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Changeover to flow production in all three plants

- **CEO Roland Hartwig:**
  “Faster changeover for more solid growth.”
- **Order intake up to 50 percent higher than in previous year.**
- **Germany supercedes Austria as the market with highest sales.**

The Schwarzmüller Group is slowing its growth in the current year in order to faster implement an already initiated production changeover. At the close of the first half of the year, the vehicle manufacturer is slightly behind the previous year's production figures. An increase of 200 vehicles is projected for the end of the year: this amounts to 9,100 trailers. Roland Hartwig, CEO of the Schwarzmüller group, announced the news today, Monday July 31, at the company headquarters in Freinberg (Upper Austria). The premium manufacturer based in Upper Austria will remain on its current growth path until 2020, at the end of which a turnover of €450 million with 10,000 vehicles is planned.

Hartwig explained that Schwarzmüller is currently implementing the biggest production changeover in its history. The three plants in Austria, the Czech Republic and Hungary are being converted from stand to sequenced flow production lines. This increases efficiency and at the same time shortens the vehicles’ lead time. “We promised that our vehicles will be manufactured around 50 percent faster. That is the ultimate goal in this planning phase leading up to the company’s 150th anniversary. We accept that we will not grow as much this year and will produce about 400 vehicles fewer than planned,” stated Hartwig.

Timed production despite individual vehicles

The conversion to a timed flow production is extremely complex, because Schwarzmüller manufactures 135 vehicle types in about 1,000 variantions. More than 60 percent of the vehicles have individual components. The CEO emphasised the fact that the promised acceleration in production can only be achieved through intelligent flow production. Ultimately, such great diversity means that the optimal order for vehicles on the production lines can only be represented by mathematical models. “This sequencing can no longer be planned by humans alone,” said Hartwig. The Schwarzmüller Group is the only manufacturer in the commercial vehicle sector to sequence its entire production. Total production – flow production and sequencing – is expected to be achieved in the first half of 2018.

Each plant a fully-fledged centre of excellence

In the current quarter, Schwarzmüller decided to speed up the changeover in order to be able to complete it sooner. It is not just production that is being completely reorganised, the three plants are already being developed into independent centres of excellence, with assigned vehicle groups from design to assembly. Thus far, specialisation has been implemented at the assembly level. “We will reduce growth somewhat and thereby reduce the changeover time,” explained Hartwig. “This enables us to offer our customers shorter production times in different vehicle groups earlier than planned.”

2017: Growing with the market

The Schwarzmüller Group will nevertheless continue to grow in 2017. The CEO currently plans sales of €360 million, compared to €342 million last year. This is an increase of five percent, compared to 10 percent in 2016. Hartwig stated that the company will grow with the market. Due to the optimisation in the new production areas, the anticipated results are stable positive. Since the adoption of its 2012 growth strategy, Schwarzmüller has grown organically from €229 million to €342 million in 2016. That is 49 percent in four years.

Complex vehicles are in high demand

Schwarzmüller is very satisfied with the performance on the market side. A significant increase in new orders was recorded in the intensely value-added vehicle segments for the construction and waste management industries. This is the case forof the steel tippers manufactured in Žebrák, Czech Republic. In the first half of the year, orders of steel tippers were up by 50 percent over the same period in the previous year. The production principles implemented in the Czech production plant have already led to an on-schedule delivery rate of 90 percent. In the main plant in Hanzing, the production changeover has increased the output of walking-floor vehicles by 40 per cent using the same amount of resources.

Growth in Germany continues

Germany also performed particularly well in the first half of 2017. The shift in product segments towards construction vehicles is more pronounced than in any other market. This is reflected in order intake through the end of June, which was 30 percent higher than in the previous year (2017: 1,202 vehicles, 2016: 902 vehicles). With a planned total number of 2,400 vehicles in 2017, Germany will be the strongest market for sales and will overtake Austria the first time.

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The Schwarzmüller Group is one of Europe's largest suppliers of commercial vehicles and is currently located in 20 countries, mainly in Central, Southeast and Eastern Europe. As the innovation and technology leader in the market, the company sets the benchmarks and is considered the specialist for customised transportation solutions based on its more than 140 years of know-how. The most important sectors that use Schwarzmüller commercial vehicles are long-distance transport, the construction and oil industries as well as the food and timber industries. Schwarzmüller builds more than 8,800 commercial vehicles every year. The Group currently employ approx. 2,240 employees and generated €342 million during the past business year (2016). In addition to its production facilities in Austria (Hanzing), Czech Republic (Zebrak) and Hungary (Budapest), the company also offers a network of almost 350 service centres across Europe.