

# “ON THE RIGHT TRACK WITH OUR LONG-TERM STRATEGY”

Interview with Ingo Steinkrüger, CEO of the worldwide Interroll Group, about the financial year 2021 and Interroll's prospects.



Ingo Steinkrüger, CEO of the global Interroll Group

**What was the decisive factor for you to take on the position of CEO at Interroll?**

**Ingo Steinkrüger:** Above all, the strategic orientation of the company. It convinced me right away. I was also impressed by the strong market position in a highly interesting industry of the future and the exciting task of further developing the great potential that lies within our company in a targeted manner.

**Switzerland is new territory for you as a business location. Do you feel at home in Ticino?**

Yes, absolutely. I am a friend of the Swiss way of approaching people and things in a neutral, calm and open manner. I like the cultural diversity and the self-image that unites the Swiss. Possibly for this very reason, this country – in conjunction with its excellent international network – offers an excellent environment for innovation and the basis for a high level of international competitiveness. Quality, precision and striving to place added value for the customer at the center of the work have a very high priority. This customer orientation and the motivation to always find the best solutions are also very important to me. That's where I naturally find myself.

**How did you meet your customers and what did you learn from these conversations?**

In person, I have been able to talk to numerous customers in Switzerland and Italy, but also during a longer trip through the United States. I have also held many virtual meetings with customers in other countries. In doing so, I emphasized that we will continue to stay on course and act globally as a neutral technology partner that aims to offer its customers the highest added value in the market. Our brand is perceived as very strong in our industry and customers are

convinced of the performance of our technology offering. However, there are still areas where we need to improve. In 2021, delivery times were clearly one of these areas.

**The year 2021 was the second year of the pandemic. What does this mean for market development?**

Despite all the turbulence caused by the pandemic, we see a clear tendency for growth in intralogistics to continue. Last year, I sought discussions with numerous customers, partners and users. This positive assessment was confirmed time and again. The need for material flow automation is growing in all regions of the world, not only because of the continuing boom in online trade, but also because of the limited availability of employees in certain areas. In our target markets, people are looking for reliable and productivity-enhancing solutions that can address current growth challenges as quickly, efficiently and pragmatically as possible. Thanks to our proven, modular and scalable technology platform, we are very well positioned here.

**So, would you describe Interroll as a pandemic winner?**

No, in my opinion this description has the wrong ring to it. Rather, it is about whether we are successfully fulfilling our responsibility to our employees and to society – particularly in times characterized by special challenges. This means, for example, that we must provide our customers with the right products for their businesses at the right time and in the right place. That's why we do our utmost to maintain our ability to deliver, even against a backdrop of very tight supply chains.

**What has Interroll learned from the pandemic?**

Above all, the pandemic has shown that it is very important to do your homework in good times. That makes you strong. Then you can sail close to the wind without suffering mast breakage. Our good result in 2021 shows us that we are on the right track with our long-term strategy and that this orientation gives us stability. We can also withstand strong storms. At the same time, we know from experience that markets can be very volatile. That's why our culture is important; it is based on strong, shared values, short decision-making paths and flexible action – for example in different countries – to cope with unpredictable situations.

**Keyword digitalization:****What can we expect from Interroll here?**

On the product side, we have further strengthened our position in the area of software and electronics with our new Center of Excellence Software & Electronics in Linz, Austria. The focus there is clearly on the

***“Supplying people and the economy with the necessary goods and food is a key challenge for the future. Logistics plays a crucial role in optimizing the necessary processes.”***

increasingly important interaction between hardware and software. In the past fiscal year, for example, we significantly improved our position in the field of sorter controls. We will systematically expand this digitalization know-how. We are also improving convenience for our customers with a new Layouter software tool that gives its users a great deal of freedom in designing their material flow solution and dramatically reduces their project workload. We have also further expanded, simplified, and automated order processing as well as our web shop, enabling our customers to place orders quickly and in a user-friendly manner. In our internal processes, we are starting the transformation to SAP S/4HANA. This is a new, even more powerful enterprise resource planning (ERP) system. In this context, we are putting all business processes to the test and will specifically increase their effectiveness and efficiency.

**Last year, Interroll presented its environment, social and governance (ESG) road map. What does sustainability mean to you?**

For us, sustainability is a holistic issue that is tackled from various perspectives. The ESG standards – environment, social and governance – are important building blocks of our long-term corporate development. An important prerequisite for operating more sustainably as a company is also to retain and strengthen the skills of our employees over the long term. We want to offer the best possible solutions for our customers and partners with the best team in our industry. However, responsible corporate governance also means that we are further sharpening our continuous focus on profitability. Against the background of our high financial stability, we are investing as planned in capacities on the one hand and in the further development of our technology platforms on the other. In both areas, we will make a sustainable contribution and focus even more strongly on the issue of energy savings in particular. This is also a clear benefit for our customers, especially in times of rapidly rising energy costs.

**In view of rising raw material prices, are permanently higher production costs to be expected?**

It is not really possible to make a serious forecast here. We want to continue to improve successively – that is my clear focus. In terms of material prices, we will influence those things that we can actually influence. We see ourselves as a long-term partner to our customers and will not immediately adjust our price every time there is a small change; at a certain point, however, we must also pass on structurally increased costs to the market. We did this in 2021 when prices for memory chips, steel and polymers increased significantly. We communicated proactively and transparently with our

customers about this and also about supply bottlenecks. In many cases we met with understanding. We see that our competitors are also affected to the same extent by these developments and therefore we do not expect our growth prospects to weaken.

**A look at the business figures:**

**What explains the high order backlog?**

In 2021, our order intake and sales will be 43.9% and 20.6%, respectively, above prior-year figures. We have therefore expanded our capabilities even in a difficult period. One reason for the high order backlog is high demand on the one hand, but also the recurring shortage of materials and the associated delivery times with which we are confronted. We addressed this issue at an early stage and with commitment. In almost all cases, we have succeeded in reaching sensible solutions with our customers in the event of delivery delays on the part of our suppliers. We continue to do everything we can to bring delivery times back to an excellent level against all odds.

**In 2021, you have commissioned your new plant in Mosbach, Germany. Was this a milestone for your growth strategy?**

Yes, together with the production expansion in the United States and the upcoming opening of our new plant in China, Mosbach plays a central role in our growth strategy. The capacity expansion for our conveyors as part of our so-called cell division – in which we transferred our Modular Conveyor Platform (MCP) and Modular Pallet Conveyor Platform (MPP) from the plant in Sinsheim, Germany, and the now-closed plant in Kronau, Germany – is very important to meet demand in the European market, especially since the new location simultaneously increases our capacity and output for sorters in Sinsheim. At the start of operations in Mosbach, we particularly felt the impact of material shortages, partly because this situation hit us at the same time as the plant ramped up. We countered this development with a dedicated effort from our team.

**The new service organization has now been launched. What offerings can customers expect in 2022?**

Our service provides customers and users with holistic support throughout the entire product life cycle. In doing so, we not only act quickly, but also proactively and transparently in the interests of maximum customer convenience. Our goal is not to compete with our customers (i.e., the system integrators) but to increase their range of services to the user. As early as the project planning phase, Interroll provides system



Ingo Steinkrüger at the headquarters in Sant'Antonino

integrators with expertise on request, such as analysis and consulting, as well as time-saving software tools (Interroll Layouter), and can support them in programming and parameterizing the solutions. The education of customers and users with regard to our solutions takes place in customer training sessions through our Interroll Academy. If required, Interroll also supports its customers during the installation phase. For installations already in operation, Interroll offers maintenance services and monitoring tools to optimize maintenance cycles. If repairs are necessary, Interroll ensures that the appropriate wear and spare parts are available as quickly as possible. On request, we support system integrators who operate their own production facilities in converting their offering to use the Interroll technology platform. This enables them to offer their end customers the complete benefits of a material-handling technology platform without having to invest in time- and capital-intensive development and production processes. In this way, we help them to focus on their core competencies.

**Keyword: technology platform. In 2021, there were two major innovations: an expansion of the sorter platform and the completely new Smart Pallet Mover (SPM). How have these innovations performed on the market so far?**

We have consistently developed our sorter platform on the technological basis that has offered our customers and users unique advantages for many years. We have also made these advantages available to the market in the high-performance and basic segments. In addition, we have once again brought our proven crossbelt sorters in the medium segment up to the very latest technical standard. This work has paid off: We were again able to significantly increase sales with a plus of 20.6% and order intake with a plus of 44.2%. As far as the Smart Pallet Mover (SPM) is concerned, this solution opens up additional business potential for us in a new market environment, namely production logistics. We have already won a major plant manufacturer as a customer and received very positive feedback from the industry for our solution. One example is the IFOY Award that we won with this solution.

**What is the outlook when it comes to further innovations?**

We are continuing to press on the gas pedal here by consistently expanding our technology platform. In spring 2022, we will be launching new conveying solutions for the food and pharmaceutical industries. We are currently expanding our site in Baal, Germany, for this purpose. In doing so, we are drawing on our many years of experience with hygienically sensitive applications in these industries. But that's not all: There will also be some interesting innovations for our customers in the fast sorting of goods.