

VANDERLANDE

Commercial Report FY2021



Vanderlande Industries Holding B.V.
Financial Year 2021

MOVING YOUR BUSINESS FORWARD

Commercial Report FY2021

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Vanderlande profile

Vanderlande is the global market leader for future-proof logistic process automation at airports. The company is also a leading supplier of process automation solutions for warehouses and in the parcel market.

Vanderlande's baggage handling systems are capable of moving over 4 billion pieces of baggage around the world per year. Its systems are active in more than 600 airports including 12 of the world's top 20. More than 52 million parcels are sorted by its systems every day, which have been installed for the world's leading parcel companies. In addition, many of the largest global e-commerce players and retailers have confidence in Vanderlande's efficient and reliable solutions.

The company focuses on the optimisation of its customers' business processes and competitive positions. Through close cooperation, it strives for the improvement of their operations and the expansion of their logistical activities. Vanderlande's extensive portfolio of integrated solutions – innovative systems, intelligent software and life-cycle services – results in the realisation of fast, reliable and efficient automation technology.

Established in 1949, Vanderlande has more than 7,500 employees, all committed to moving its customers' businesses forward at diverse locations on every continent. With a consistently increasing turnover of 1.8 billion euros, it has established a global reputation over the past seven decades as a highly reliable partner for future-proof logistic process automation.

Vanderlande was acquired in 2017 by Toyota Industries Corporation, which will help it to continue its sustainable profitable growth. The two companies have a strong strategic match, and the synergies include cross-selling, product innovations, and research and development.

For more information about Vanderlande, its products and technology, as well as career opportunities, please visit www.vanderlande.com.





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Development FY2021

Rising to the challenge

Vanderlande achieved record results in FY2021 despite the challenging times arising from the corona pandemic. During the past financial year, the world has experienced the biggest crisis since World War II, and so the company's top priority has been – and always will be – the safety of its employees.

At the same time, its 'customer-first' philosophy guided the entire organisation, and enabled it to effectively secure and support its key customer base. The Vanderlande team not only kept its global operations running across the three business segments – Airports, Parcel and Warehousing – but also executed all ongoing projects.

Flexibility is the key

While Vanderlande's Airports business has been adversely affected by the unprecedented market conditions, Parcel and Warehousing continued to grow in line with the resulting e-commerce boom. These trends reflect the strength of the company's current position, with a portfolio of activities that allows it to balance the positive and negative market dynamics of the pandemic.

Vanderlande's highly motivated and fully engaged workforce has also demonstrated once again that they go the extra mile. For instance, there has been excellent teamwork shown by the project and service teams. And overall, the staff have shown great flexibility and agility to work from home, cope with travel restrictions and (if required) relocate within the organisation.

A positive outlook

Despite the ongoing pandemic and related uncertainty for the future, Vanderlande has a positive outlook. The company will keep making significant investments in developing and improving its logistic solutions.

During FY2021, the company's multiple segment strategy, key customer focus and reliable partnerships have highlighted the strong resilience and flexibility of its business model. The team at Vanderlande is looking forward with confidence to realise further sustainable profitable growth.



Order intake: € 2.6bn

+27%

Revenue: € 1.8bn

+14%

Order book: € 3.5bn

+30%

Employees: 7,347

+7%

Key figures FY2021

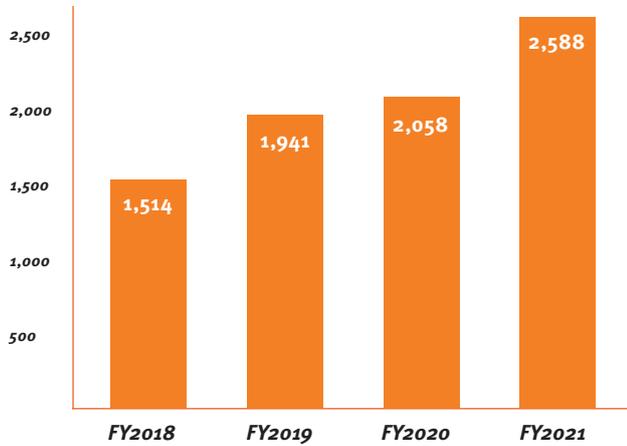
Vanderlande continued on its profitable growth path in FY2021, including:

- › 27% increase in order intake thanks to a significant number of new projects and service contracts
- › 14% growth in revenue
- › 30% higher order book, with life-cycle services becoming increasingly important
- › 7% more personnel, including over 300 from one of Vanderlande's competitors to staff its strategic partnership agreement with London Heathrow Airport.



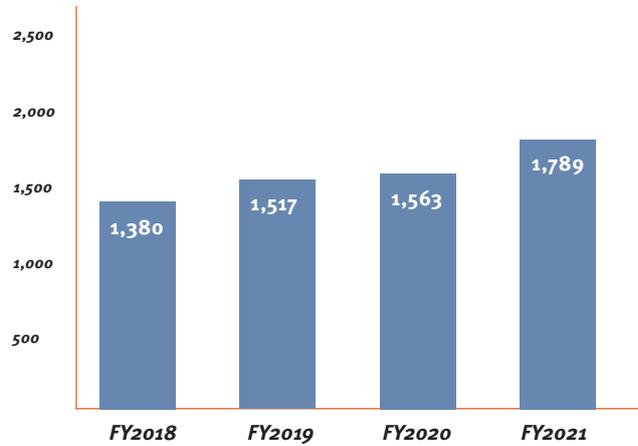
Order intake

(In millions of euros)



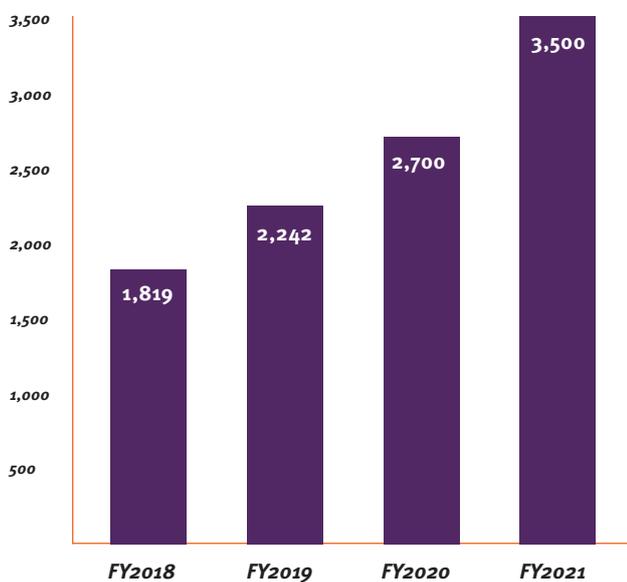
Revenue

(In millions of euros)

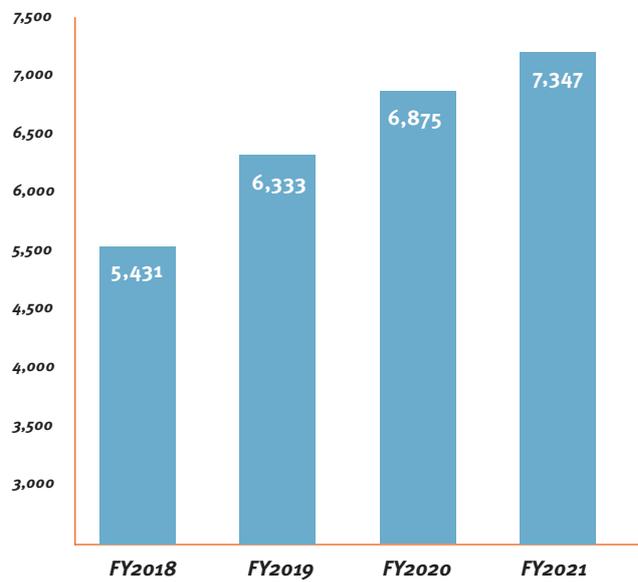


Order book

(In millions of euros)



Number of employees

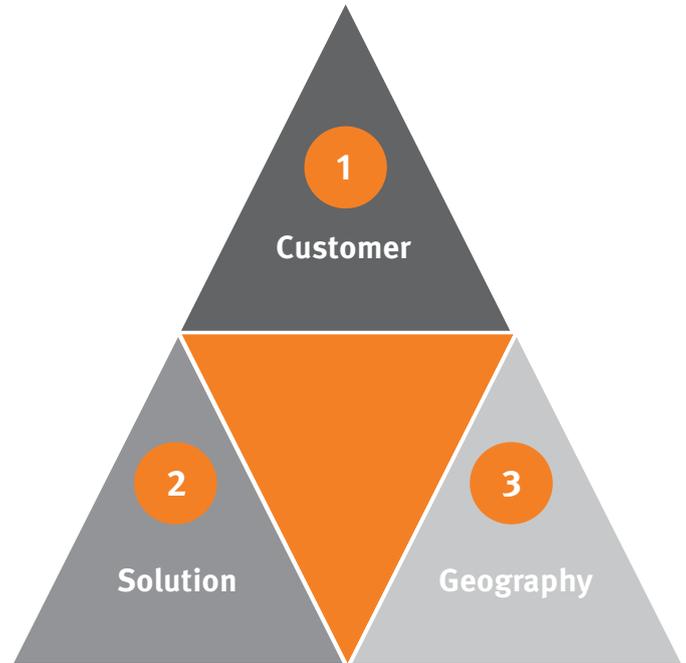


Strategic direction

Vanderlande has the strategic ambition to be a worldwide leader in the automated material handling industry and aims to:

- › Be the first choice for our customers
- › Airports: remain number one player
- › Parcel: regain top two position
- › Warehousing: grow with the market in our targeted segments.

To realise this strategic ambition, Vanderlande will pursue a focused growth strategy as a provider of integrated solutions to selected industry verticals. The company's Strategy 2026 is therefore based on three dimensions: customers, solutions and geography.



Customers

Key customers are leading with a focus on the Airports, Parcel and Warehousing (Food, Fashion, General Merchandise and Amazon) segments.

Solutions

Vanderlande will continue to be a provider of end-to-end integrated solutions. In its chosen market segments, it will differentiate through innovative market-leading concepts and a modular approach.

Geography

Vanderlande will further globalise its business by leveraging capabilities worldwide and continue to:

- › Further strengthen its market position in EMEA
- › Build market share and capabilities in North America and Asia Pacific
- › Localise activities, while retaining flexibility.



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> Oslo Airport

> Bergen Airport

Markets and customers: Airports

Market developments

At the beginning of FY2021, Vanderlande had a strong order book with many airport projects in progress worldwide. However, the industry went through an unprecedented change – due to the outbreak of the corona pandemic – from a position of growth to a virtual standstill. These extraordinary circumstances led to major restructuring of airport operations.

Through scenario planning and as a trusted business partner, Vanderlande was able to respond quickly by staying close to its customers and understanding their changing needs. It was not only able to get projects up and running without major delays, but the number of cancellations and descopeing of projects also remained limited.

These actions led to a positive financial result, including a promising order intake. There was also a significant new contract win with Western Sydney International Airport, which gives Vanderlande a long-term foothold in Australia.

Customers

The Vanderlande team has truly engaged and worked together with its customers, based on the principle of shared risk. Due to this level of cooperation, there have been successful joint planning initiatives regarding the recovery process.

In addition, the skills and capabilities of Vanderlande's people have been

successfully matched with the company's more standardised platform-based solutions. This has not only helped to maintain a good level of employment, but has also emerged as the key to the company maintaining its status as the market leader in the airports sector.

While there has been a delay to some investment decisions, the company has been working on contracts in North America, China and Central Europe. In addition, there has been ongoing demand for Vanderlande's life-cycle services, with a degree of flexibility offered to customers for the future. As an example, Vanderlande has taken over the majority of London Heathrow Airport's service operations, which in turn allows the airport to focus on its core business.

Outlook

The optimism for the future – even with limited capital investment for a minimum of the next two years – is evident in Vanderlande's regular communication with airports worldwide. There is a positive feeling about the success of the vaccination programmes and a corresponding growth in travel.

So, while Vanderlande is not expecting many new projects over the next few years – with some challenges to overcome in this short-term period – it is already in a strong position to capitalise on any opportunities within the airports market.



Markets and customers: Parcel

Market developments

E-commerce is the main driver of growth in parcel delivery volumes and globally it now accounts for almost 20% of total retail sales, up from around 7% in 2015. Global online sales were more than US\$ 4.2 trillion in 2020, having grown at a rate of 25% per year.

The high-street store closures and domestic lockdowns enforced following the spread of the corona pandemic led to consumers either choosing or being forced to shop online. The global parcel market has therefore grown in line with this increasing volume of online business.

Two other trends have developed in FY2021: the continued growth of large parcel hubs; and the acceleration of more localised depot structures in response to the increasing speed and flexibility required from the parcel carriers.

The impact of the pandemic was therefore less severe to the company's Parcel business segment than initially expected and as a result the FY2021 revenue grew compared to the previous year.

Customers

Vanderlande's work with two of the largest parcel companies, DHL and FedEx, has grown quite significantly, along with a strong performance from the company's other key customers. Towards the end of FY2021, DHL in particular awarded Vanderlande some significant new contracts in Asia.

Outlook

The parcel market will certainly benefit from continued growth in the online world. Vanderlande's position as a reliable partner will lead to the expansion of its offering into the large-scale hubs, as well as broadening its automation capabilities for more localised needs. Through strengthening its portfolio, the company has an excellent business opportunity to climb back into the top-two leading global suppliers.



DHL Madrid
CIBLEX



F. Leeler

Amazon



Markets and customers: Warehousing

Market developments

At the beginning of FY2021, it was unclear what the scale of the impact of the corona pandemic would be on the global warehousing market, but after some uncertainty there was a strong increase in all aspects of online orders and home deliveries.

Five years ago, Vanderlande took the strategic decision to focus on three market segments: Food, Fashion and General Merchandise. It has also made a significant investment in these warehousing sectors.

Customers

Key customer Amazon is leading the way in many aspects of the warehousing market. Its high pace, large volumes and high-quality standards are accelerators in the development of Vanderlande's solutions. The two companies have a long-term agreement, which gives both parties a three-year lead time to anticipate any changes in the market and then to act accordingly. This is also conducive to Vanderlande's more standardised platform-based approach.

In addition, the company's latest warehousing customer partnerships include: Walmart Canada; the implementation of a pilot project with the AIRTRAX Pocket sorter at the heart of a new Zalando fulfilment centre; and the installation of new robotised, end-to-end automated case picking warehouse solutions at distribution centres for German hypermarket chain Kaufland and Australia's largest supermarket chain Woolworths.

Furthermore, in addition to the new business opportunities arising in China and other parts of Asia, Vanderlande is supporting Toyota Industries Corporation to accelerate the strengthening of its automated material handling business in Japan.

Outlook

The positive market trends have also led to new developments for Vanderlande's key warehousing customers within the three segments:

- › Food – e-commerce was continuing to drive growth, with more automation and micro-fulfilment
- › Fashion – there was a substantial change from the high street to e-commerce, with leading brands developing their own channels and key customers requiring more automated solutions
- › General Merchandise – more significant growth, with Amazon setting the benchmark in e-commerce.

Therefore, Vanderlande is continuing to grow and outpace the market in e-commerce. As such, the company will find more skilled and dedicated people to adapt to its customers' rapidly changing needs for more flexibility, shorter delivery times and higher quality.

Technology

Vanderlande's technology development programme is divided into three areas:

1. **Innovation** – the exploration of new technology, ideas and solutions to validate if a specific idea can be developed into a product or solution
2. **Develop** modules and products for Vanderlande's market segments
3. **Maintain** a product once it has been made.

The **develop** and **maintain** activities are linked and organised in business platforms, which are being built for Airports, Parcel and Warehousing. These will consist of functional modules of configurable, standardised building blocks that will be used to build solutions.

Vanderlande is becoming a configure-to-order company, and as a consequence these platforms and modules must be in place to make the transition successful. This will ensure customer solutions are more efficient, with higher quality and shorter lead times.

Innovation

Vanderlande's programme has five themes: robotics; automated guided vehicles; artificial intelligence; smart and connected devices; and software. These technologies are the key to developing solutions in line with customer needs, including the utilisation of the data generated by the systems.

In the past financial year, Vanderlande has developed or is developing the latest:

- › Software solutions, high-speed transport modules and sorting solutions for airports
- › High-speed sorter solutions for warehousing and parcel, such as the POSISORTER III (sliding shoe sorter) and CROSSORTER XXL (cross-belt sorter)
- › Shuttle-based (ADAPTO) and software solutions for warehousing
- › AIRTRAX Pocket sorter solutions, which have already been delivered to some warehousing customers.

Vanderlande is continuing to invest in technology and innovation, and as an example the Digital Services Factory has been initiated to further expand the company's offering. With such good progress on the three aspects of the technology programme, Vanderlande is in a strong position to reap the rewards of the new platform-based approach in the next financial year.





People

Vanderlande's People First strategy is best described as, 'In a world of technology, a belief in people'. The company provides an excellent employee experience, which creates loyalty and engagement. There are four pillars that have contributed to this success.

1. High-volume talent acquisition

Vanderlande has attracted nearly 500 talented individuals over the past financial year to help grow the business globally, with this trend expected to continue in the next 12 months.

2. Accelerated capability building

Vanderlande continues to invest in the onboarding of new talent, and create an environment for development and growth – both professionally and personally – with the Vanderlande Academy at the forefront.

3. Next-generation leadership

There is continued investment in building and empowering local teams around a robust leadership. The leaders are being encouraged to reach both personal and team development goals in pursuit of Vanderlande's strategy.

4. Meaningful alignment and engagement

Vanderlande is promoting a culture that is connecting an increasingly diverse workforce to work together in harmony through meaningful alignment and engagement.

Vanderlande is laying the foundations with a new and scalable HR operating model. This, along with upgrading its Workday tool, will help to redesign, reorganise and restructure the HR function. Vanderlande's core values continued to guide the leadership team's decision-making, even through the pandemic. Immediate priority was given to the safety of all employees.

Meeting the challenge

Working remotely was the next focus and those who could work from home quickly adapted through the use of technology, safe in the knowledge that Vanderlande trusted them to find the right work/life balance. These measures paid off with a two-point increase in employee engagement.

Vanderlande's mitigation plans minimised the impact of COVID-19, resulting in limited redundancies. Other staff were retrained and relocated within the organisation. Special thanks and much appreciation go out to those who continued to travel and work on location at customer projects – despite the restrictions. Irrespective of the obstacles faced, the team has shown a high level of passion, dedication and loyalty to meet the challenges and exceed customer expectations.

The legacy of the pandemic is that staff globally will have the flexibility to spend 40% of their time working from home. This means that Vanderlande's offices will change so that they will have more capacity for meetings, brainstorming sessions and socialising. Those working remotely will also have every opportunity to work in cooperation with colleagues in other locations, which will reduce the need for business travel.

Vanderlande's four-pillar strategy of People First has come to the fore in FY2021. It has succeeded in providing the leadership team with the required guidance and contributing to the excellence of the company's employee experience, even in the most challenging of circumstances.

Sustainability

How companies operate in harmony with sustainable development has become crucial in guaranteeing the wellbeing of future generations – and therefore Vanderlande is playing a proactive role in this. As an important player and innovator in such sectors as e-commerce and aviation, its future decisions could make a vital contribution to the sustainable development of its customers' businesses.

Sustainability is an integral part of Vanderlande's corporate strategy, and in support of this vision, it has been established and implemented globally around the following four mission statements.

Zero carbon footprint

To strengthen its commitment to reduce its carbon footprint, Vanderlande has signed The Climate Pledge, a commitment co-founded by Amazon and Global Optimism. This calls on signatories to take urgent action and become a net-zero carbon footprint company by 2040 – ten years ahead of the Paris Agreement.

Circular economy

Vanderlande is a member of PACE's (Platform for Accelerating the Circular Economy) Capital Equipment Coalition, and is therefore committed to a vision of a closed-loop industry, in which value is preserved and recovered across the product life cycle.

Doing good business

The policy on Good Business expresses Vanderlande's ONE company philosophy. This is based on the ability to act and make decisions that are consistent with its policy on good business and ethics, which form an intrinsic part of its culture.

Fulfilling experiences

Vanderlande puts its people first by fostering environments to protect the wellbeing of all stakeholders, as well as promoting education, diversity and personal development.

These statements are based on a comprehensive analysis of 20 of Vanderlande's key customers, internal capabilities and existing projects. By accelerating its efforts in this way, Vanderlande will successfully achieve a strong triple bottom line of people, planet and prosperity. It will also continue to play an integral role in many global supply chains, and support key customers with their ambitions for sustainability.



