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PRESENTATION

Oliver Luckenbach - *GEA Group AG - Head of Investor Relations*

Good afternoon, ladies and gentlemen, and thank you for joining us today for our first-quarter 2025 earnings conference call.

With me on the call are Stefan Klebert, our CEO; and Bernd Brinker, our CFO. Stefan will begin today's call with our first quarter highlights. Bernd will then cover the business and financial review before Stefan takes over again for the outlook 2025. Afterwards, we open up the call for the Q&A session. Please be aware of the cautionary language that is included in our Safe Harbor statement as in the material that we have distributed today.

And with that, I hand over to Stefan.

Stefan Klebert - *GEA Group AG - Chairman of the Executive Board, Chief Executive Officer*

Thank you very much, Oliver, and good afternoon, everybody. It's my pleasure to welcome you to our conference call today. GEA had a good start into the new fiscal year with a strong first quarter. We improved all major financial KPIs and continued our profitable growth trajectory. As indicated with our fourth quarter release, the EUR1.6 billion order intake, which we booked in the fourth quarter of '24 was extraordinarily strong and shouldn't be considered as a new normal. We benefited from seven large orders, which cannot be repeated every single quarter.

The first quarter of '25 reflects now a more normalized level of large orders ended with an order intake volume of EUR1.4 billion and a year-over-year increase of 3.7%, a very solid start into the year. Sales rose by 1.4% to EUR1.3 billion. Organic sales growth amounted to 0.9%. The reason for this lower start in terms of sales generation is the order backlog composition at the end of last year.

The order backlog contained more large orders, which led to a slower sales generation at the beginning of the year and should lead to an acceleration towards the second half. EBITDA before restructuring expenses increased by 9.8% year-over-year to EUR198 million. The corresponding EBITDA margin improved significantly from 14.5% in the first quarter of '24 to now 15.8% in the first quarter of '25. This sets a new record for our first quarter.

Return on capital employed continued to rise at a high level and crossed the 34% mark for the first time. We have achieved an outstanding ROCE of 34.9% in the quarter. Let me now provide you with an update on our share buyback program. As already communicated, we finished our EUR400 million share buyback program on 11 of April. We bought back in total 9.5 million shares, which represents 5.53% of shares outstanding.

We bought these shares back at an average price of EUR41.98. It was a very successful investment because the current stock price based on yesterday's closing is 38% higher. So we are talking about a benefit of more than EUR150 million. Please keep in mind that the shares will be canceled within the coming weeks latest before end of June. Hence, the total number of shares outstanding will be reduced to 162.8 million shares.

As you know, the last couple of months has been shaped by geopolitical uncertainties, triggered by announcements of the new US government to introduce or change tariffs. We do understand that this is very important for you to understand how we as a company, are potentially impacted by tariffs. Therefore, we would like to share the facts and figures on our US exposure.

The United States accounted for 18% of our sales in '24. Around one third of our US sales were generated with products which were imported, that means roughly EUR330 million. They were mainly imported from Europe. And as you can see on the slide, more than 50% came from Germany. Regarding our purchasing volume, approximately 90% of our US procurement spend with third parties is done locally, only 10% is spent with suppliers based outside of the United States.

These are the facts on our US exposure so far so good, but who is paying the tariffs on imported products? The answer, tariffs must be paid by customers. This is already a well-established guideline at GEA, and any changes in tariffs must also be passed on to customers. We have screened all our contracts for their terms and conditions, and the good news is the vast majority of our contracts already contained pass-through clauses for changes in tariffs.

The risk from the other contracts, not having these clauses is very limited. Based on the 10% universal tariffs, which are currently in place, we are talking about tariffs of low single-digit million euros, which are subject to negotiation with customers. As of today, we see a limited impact from US tariffs on our business, and we are closely monitoring any changes in relation to tariffs.

And with that, I hand over to Bernd.

Bernd Brinker - GEA Group AG - Chief Financial Officer, Member of the Executive Board

Thank you, Stefan. Good afternoon, ladies and gentlemen. Let's start with order intake. Order intake rose by 3.7% year-over-year, supported by large orders. We have received three large orders. So orders above EUR15 million with a total value of EUR83 million versus two large orders amounting to EUR51 million in the prior year quarter.

As Stefan said, sales generation was a bit slower at the beginning of the year due to the order backlog composition. Organic sales growth of 0.9% was driven by strong growth in service sales, while new machine sales declined organically.

EBITDA before restructuring margin increased considerably by 120 basis points to now 15.8% because of a significantly higher gross margin. The higher profitability also supported the return on capital employed development, which further improved to a new record level of 34.9%. Net liquidity decreased year-over-year by only EUR32 million to EUR186 million despite the cash outflow of EUR253 million for the share buyback program. This reflects our strong cash generation over the last four quarters.

Looking a bit deeper into the group performance. Order intake developed solidly with an organic increase of 3.4% year-over-year, particularly on the back of a continued positive development of base orders as well as strong growth of large orders. All divisions contributed to this positive order intake development, except for Heating & Refrigeration Technologies, which faced a slight organic decline.

From a customer industry perspective, Dairy Processing and Dairy Farming were the main growth drivers. Dairy Processing has been developing well for several quarters now. It has been a growth contributor since Q2 2024, and this is the third consecutive quarter in which we have received a large order in this customer industry.

Sales grew organically by 0.9%, driven by a strong organic service sales growth of 10.3% year-over-year to which all divisions contributed. This marks the 18th consecutive quarter of organic service sales growth. New machine sales, on the other hand, declined organically by 4.9% year-over-year. This slower start into 2025 was expected due to the structure in the order backlog composition, resulting from the high volume of large orders received towards the end of 2024. Consequently, new machine sales acceleration is expected to be skewed towards the second half of 2025.

The service sales share increased by 3.7 percentage-points year-over-year to 41.7%, which marks a new record level. EBITDA before restructuring expenses rose by EUR18 million to EUR198 million, resulting in a corresponding year-over-year margin expansion of 120 basis points to 15.8% which is a new record for the first quarter.

Next, I will continue with the figures for Separation & Flow Technologies, which reported solid growth across all key performance indicators. An increase in order intake in sales as well as a further EBITDA margin expansion. Let me run you through the details. Order intake rose organically by 1.7% year-over-year, mainly driven by orders ranging from EUR1 million to EUR5 million in size.

From a customer industry perspective, Dairy Processing was the main growth contributor, but also other customer industries like New Food, Renewable Resources and Oil and Gas contributed here. Organic sales grew by 5.5% year-over-year, driven by an organic service sales growth of 17.9%. But please remember that in Q1 last year, we experienced some challenges when changing our logistics provider, which resulted in lower service sales in the first quarter of 2024.

The significant year-over-year increase in service sales can be mainly attributed to this base effect. Consequently, the service sales share rose by 5.3 percentage-points to 50.5%. The strong service sales growth and the corresponding higher service sales share resulted in a year-over-year improvement in the EBITDA margin by 70 basis points to 27.7% in the first quarter.

Let's move on to the Liquid & Powder Technologies division, which showed solid order intake growth and strong profitability expansion. Order intake increased organically by 4.8% year-over-year, driven by three large orders with a total volume of EUR83 million. The prior year quarter, one large order of EUR31 million was booked in the customer industry Beverage. This quarter, all three large orders came from the Dairy Processing industry, which were spread across the globe, namely North America, Eastern Europe as well as Asia Pacific. Therefore, it is not surprising to see that Dairy Processing showed again a positive development in this quarter.

By the way, this is the third quarter in a row in which we have received large orders from the Dairy Processing industry. The Chemical customer industry also developed well. Sales declined organically by 2.8% year-over-year. Service sales continued its growth trajectory since Q4 2021, increasing organically by 3.3% year-over-year.

At the same time, organic new machine sales declined by 5.1%, resulting from the lower order intake in the first half of 2024. On the back of the pickup in large order intake activity since the fourth quarter of 2024, new machine sales is expected to improve during the course of 2025.

As a result of the stronger service sales growth, the service sales share increased by 1.7 percentage-points year-over-year to 28.6% in the first quarter. EBITDA before restructuring expenses increased significantly by EUR11 million year-over-year to EUR36 million, mainly driven by two effects. Firstly, an increase in gross margin because of a positive product mix and better project execution. And secondly, efficiency measures implemented in 2024, showing their positive impact by reducing operating costs. Consequently, the EBITDA margin increased by 310 basis points to 10.0% in the quarter.

Moving to Food & Healthcare Technologies, which continued its sequential profitability improvement and reported solid top line growth. Organic order intake increased by 4.2% year-over-year, although no large order was booked in this quarter. The prior year quarter contained one large order of EUR20 million from the pharma industry.

The growth in the customer industry Food offset the decline in Pharma. Within the food industry, growth came in particular from business with process lines for the food processing and packaging industry. When looking at the order size brackets, all order sizes were up this quarter, except for large orders. Sales grew organically by 5.4% year-over-year with contributions from both new machine and service business.

New machine sales reported a strong organic growth rate of 5.9%, while service sales grew also solidly by 4.5% organically. The service sales share rose slightly to 36.1%. The EBITDA margin continued its quarter-on-quarter improvement since its low point of 6.1% in Q2 2023. EBITDA before restructuring expenses reached EUR31 million with a corresponding margin of 12.5% in the quarter, significantly up from 9.5% in the prior year quarter. Main drivers behind this profitability expansion are higher sales volume and a significantly better gross margin.

Continuing with Farm Technologies, which recorded a strong order intake. Sales and profitability were as expected, lower due to the low order intake in 2024. But let me give you some more details here. Order intake increased organically by 7.2% year-over-year, driven by a strong development in orders below EUR5 million. Growth in conventional milking and manure handling as well as the service business were the main growth drivers. The increase in order intake in the first quarter of 2025 confirms the market improvement observed in December 2024. We are cautiously optimistic that this positive trend will continue.

Sales decreased organically by 11.4% year-over-year. This development is in line with our organic -- with our annual organic sales growth guidance of 6%-minus to 12%-minus for Farm Technologies. The sales decline in the first quarter is due to the low order backlog in the new machine business at the beginning of this year. Lower sales in the new machine business could not be fully offset by the strong performance in the service business.

On the back of this development, the service sale share increased considerably by 10.9 percentage points to [58.7%] (corrected by company after the call) in the quarter. As a result of lower volume and less cost absorption in the new machine business, gross profit declined. Operating costs decreased slightly. As a result, EBITDA before restructuring expenses declined by EUR6 million to EUR21 million with the corresponding margin decreasing by 170 basis points from 14.5% to 12.8% in Q1 2025.

Finally, let's turn to Heating & Refrigeration Technologies. This division recorded strong sales growth combined with further EBITDA margin expansion. Order intake declined slightly by 1.3% organically year-over-year, while it remained virtually unchanged in reported terms. This division saw strong development in base orders, so orders below EUR1 million in size, which was slightly offset by lower volume of orders in the ticket size between EUR1 million and EUR15 million.

In terms of customer industries, Dairy Processing, probably not surprising to hear after having mentioned it already for several other divisions and Beverage were the end markets with the strongest demand development. This was offset by the decline in Distribution & Storage and Food. Sales rose strongly by 6.3% organically due to the very positive demand for energy-efficient solutions. The service sales share was broadly flat at 39.3% in the quarter as new machine and service sales both increased by 6.3% organically.

EBITDA before restructuring expenses rose by 13.4% to EUR21 million due to an improved gross margin profit resulting from higher sales volume and higher gross margin. The corresponding margin of 14.0% showed an expansion of 70 basis points compared to the margin in the prior year quarter. Closing the divisional chapter with the overview on the EBITDA growth contribution in the first quarter of 2025.

Except for Farm Technologies, all divisions contributed to the strong increase in EBITDA before restructuring expenses by improving their gross profit and despite facing higher operational costs in some cases. It is important to highlight that the group's EBITDA improvement is broad-based across divisions. Key drivers behind this growth are price and cost discipline, savings from our procurement and production optimization, efficiency gains as well as a strong service business.

Coming now to another important topic, which is net working capital. As in the last year, the first quarter is showing the typical seasonal uptick in net working capital from year-end. However, this year, the quarter-on-quarter increase in the net working capital to sales ratio has been less pronounced from 6.0% in the fourth quarter of 2024, to now only 7.1% in the first quarter of 2025. This is due to significant reduction in trade receivables.

In a year-over-year comparison, net working capital declined by EUR71 million to EUR386 million. This reduction is resulting from the continuous focus on working capital optimization and includes also structural improvements. Measures have been implemented, which are showing positive impact in the quarter. Lower inventories, higher trade payables and reduced trade receivables overcompensated the year-over-year decrease in contract liabilities.

The high progress in processing the projects in the order backlog offset the advanced payments received, which led to the reduction in contract liabilities. The resulting net working capital to sales ratio of 7.1% puts us favorably at the lower end of the new guided corridor of 7% to 9%. A good start into the new fiscal year also for net working capital.

In line with our expectations, free cash flow has been negative in the first quarter of the year. Let's have a look at the details.

Operating cash flow was a negative EUR18 million, which can be explained by the following factors. Firstly, the net working capital outflow because of the quarter-on-quarter buildup. Secondly, the EUR120 million outflow in others. This position contains the outflow of bonus payments for fiscal year 2024, which was, as you know, again a very successful year.

In addition, we paid out the onetime special bonus for the early achievement of our Mission 26, which accounted for another roughly EUR30 million. The CapEx-related outflow of EUR33 million has been rather low in comparison to our full year guidance for 2025 of around EUR235 million. So the step-up in CapEx will be seen in the coming quarters.

As a result, free cash flow stands at EUR49 million-minus, which is better than the EUR57 million-minus in the prior year quarter.

The cash conversion ratio, which indicates how much of the EBITDA before restructuring expenses has been converted into free cash flow before restructuring expenses in the last four quarters, improved significantly from 48% in Q1 2024 to 63% in Q1 2025. When looking at the quarter-on-quarter net cash development, the cash out from the share buyback program needs to be considered.

As a result of this program, the typical seasonal net cash reduction in the first quarter has been more pronounced and the corresponding cash out comes on top of the negative free cash flow in Q1. Following the repayment of our borrowers note loan of EUR100 million in February, we are basically financial debt-free at the end of Q1 2025.

With that, I hand back to Stefan for the outlook.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

Thank you, Bern. Before talking about our fiscal year guidance, let me share with you our view on the current order intake situation. As large orders can be lumpy, and we cannot perfectly forecast the timing when orders will be signed, therefore, it makes more sense to look at our order intake development on a rolling last four quarters prospectively. When looking at this development, it is clearly visible that the second quarter of last year marked through and that we have seen good order intake development since then. This trend continued in the first quarter and we are also quite optimistic for the next quarters, to continue with this positive trend.

After a strong start into the year and despite the current geopolitical development and the ongoing debate on US tariffs, we confirm our guidance for the fiscal year '25, that is organic sales growth of 1% to 4%. EBITDA margin before restructuring expenses between 15.6% and 16.0%, and the return on capital employed in the range of 30% to 35%. With this guidance, we expect continuous organic sales growth and further improvement in profitability for the fifth year in a row.

Finally, our roadmap for '25, the next important date will be the release of our second quarter results on 7 of August. But I'm sure we will see many of you in the meantime at the upcoming roadshows and conferences, Bernd, the investor relations team and I are on the road seeing investors almost every week until the end of June. And we are looking forward to meeting many of you in the coming weeks.

One more thing just comes to my mind, which we have not prepared here, but it's also maybe be important to mention. We just concluded also our latest employee satisfaction survey, and I'm very happy and proud to tell you that we had a participation rate of 80%, which is outstanding and in all dimensions we could again improve the employee satisfaction and to give you [111] concrete example, we also ask about engagement and if our people feel that and recommend GEA is a good place to work and we have meanwhile an outstanding yes to this question of 82%.

So 82% of all, who answered that, I would recommend GEA as a good place to work. And this is far above the industry standard. That's also what we get is the feedback from our survey supplier. And I think it's also worth to mention we are not only improving numbers quarter by quarter, also our people, and this is probably our success factor are getting more and more happy every quarter.

With that, I hand over to Oliver for the Q&A session.

Oliver Luckenbach - GEA Group AG - Head of Investor Relations

Yeah. Thank you very much, Stefan and Bernd. And as Stefan said, Sarah, please open up the call for the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Klas Bergelind, Citi.

Klas Bergelind - Citi - Analyst

Thank you. Hi, Stefan and Bernd. I want to start with the impact from mix of the higher service sales versus machine sales. I mean don't get me wrong, your service growth has been stellar. A job really well done. But in '24 and in this quarter, in particular, we saw a big increase in the share of service as also new machine sales was a bit weaker, and this coincided with a solid increase in the gross margin.

I totally hear your, Bernd, about easy comp on service and SSE this quarter. But if you look back over time and your 2 percentage-points increase in the service share last year, and a 4 percentage-point increase in this quarter. And that is, I don't think we've seen historically and at the same time, this coincided with big increases in the gross margin.

So here's my question really. What I'm trying to understand is how much of this gross margin improvement is linked to this mix shift to service versus the underlying improvement looking at the sales health on the COGS side because you're going to invoice more machine sales now out of the backlog. Thank you very much.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

Yes, Klas, it was quite difficult to understand you. However, I think I've got the question. Let me answer in that way. We are improving in both areas, our margin. So not only in service, we are improving our margins also in new equipment, our margins are improving quarter-by-quarter and also if we compare this quarter to the Q1 last year.

So we will always have a kind of fluctuation between -- from quarter-to-quarter in service share to new equipment. However, as I said, the most important information is we are improving in both areas, both directions, though the positive impact is not only coming by the mix. And therefore, we are quite optimistic that we will continue every quarter with the improvement of performance like we also did in the last five years.

Klas Bergelind - Citi - Analyst

Let me now ask it in a different way. I'm sorry if I wasn't clear. I thought that I was clear, is if you think about seasonality, if you do this margin in the first quarter, that typically means that if you think about seasonality profitability, you could reach at the higher end of your top end of the guide. But you're not raising the guide and given that you're going to deliver more machine sales out of the backlog now, given the backlog composition as you alluded to.

Is that the reason why you're not raising the range that you will see sort of the gross margin improvement moderate, as you have more machine sales in the second half? I hope that was clear. Thank you.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

The line is very bad, Klas. So we try to align here what we understand that we give you the write answer so hang on for a moment, please.

Okay. If your question is focusing on the guidance, I mean, you know that we just started the year. The year has 12 months. We only completed three of them, even if it looks good, we need to watch for the next months. There is nothing in mind, which we already would know, which would, let's say, kill our margin. But it's simply the fact that only 3 of 12 months are gone and we feel it's now not the right moment to be so sure that everything will be on top of the end.

Klas Bergelind - Citi - Analyst

Very good. I hope you can hear me now. I have one more question. I will speak slowly. And just to be clear, I'm not talking about killing the margin in the second half. I was just alluding to that you will have more machine sales in the second half, and that was my question.

Now my second question is on the larger orders. Through the quarter, I'm curious to hear if you saw more hesitation towards the end of the quarter, looking at the conversion from the order pipeline? And if you can also comment on what you see now in April? I'm trying to understand for GEA toward the extent you sort of see changed customer behavior because of macro uncertainty around the tariffs? Thank you.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

I mean, yes, concerning the mix of new equipment and sales, you might be right that, of course, the sales for our new equipment will pick up over the year and the share will slightly change. However, that's the reason why we have a range of the guidance. And I can simply repeat that we feel comfortable with everything we promised so far.

Concerning the large orders, I would even like to phrase it in the opposite, like your fear would be, we have very, very attractive, really interesting large orders around us, and I'm very optimistic that we will see good next six months, nine months, even if I cannot promise you if we see this interesting large orders kicking in, in Q2 or Q3. But I'm very, very optimistic that we can close interesting significant orders within the next six months.

Klas Bergelind - Citi - Analyst

That's good to hear, Stefan. Thank you very much.

Operator

(Operator Instructions)

Adrian Pehl, ODDO BHF.

Adrian Pehl - ODDO BHF - Analyst

Yes. Good afternoon, everyone. Thanks for plugging me in here. Actually, I have a question I think Mr. Brinker, you mentioned price and cost discipline. And I wondered if you could give us a little bit of more insight on what is the incremental environment with respect to prices when you compare it sequentially and both year-over-year?

And on the cost side of things, obviously, the position that had a bit of an increase versus last year is the Other operating expenses. Well, I understood obviously that you are still in some rollouts here, but maybe you could help us on that position a little bit to understand this and how it should unfold over the next couple of quarters?

And then very lastly on supply chains. Did you see some disruptions anywhere from what has happened on the global trade war ramifications? Or is everything running smoothly on that end? Thank you.

Bernd Brinker - GEA Group AG - Chief Financial Officer, Member of the Executive Board

Yes. So thanks for the question, Adrian. For the first question on price, our expectation for 2025 is inflation rate in the magnitude of 2% to 3%. We expect pricing to cover roughly 50% of that increase and that is still our expectation for the full year. With regards to cost, you're absolutely right that we have an increase in Other operating expenses.

You might recall that during our capital markets presentation, we indicated that we increase our efforts in the area of rollout of our global ERP structures, and this will lead according to our information last year, and I can confirm that to a higher expense in the magnitude of EUR10 million to EUR15 million in the upcoming years. And this is one of the drivers for the higher operating expenses.

The last question on supply chain. Fortunately, we haven't seen any disruption yet as a result of the global trade conflicts. This might be due to our setup, which is quite favorable. And in at the very beginning, Stefan explained already the impact of tariffs on our cost structures and our revenue streams. And this is also true with regard to our supply chain, we haven't faced any disruption yet, any meaningful disruption yet in this area.

Adrian Pehl - ODDO BHF - Analyst

And then maybe a very quick follow-up. On FX, actually, in particular, with the -- with respect to the movements of the euro versus the dollar. Could you help us understand what that potentially means for your business in the next couple of quarters? Thank you.

Bernd Brinker - GEA Group AG - Chief Financial Officer, Member of the Executive Board

So as you have seen now this year for the first time, the reported numbers are higher than the organic numbers. So that means we have an impact the US dollar development. We expect this. Although we don't have a crystal ball to continue in the course of 2025, but what is important we hedge 100% of our transaction risk. We don't hedge our translation risk. The translation risk is only reported and we take it as it comes. So therefore, no guidance on the translation risk, on the transaction it's fully hedged.

Adrian Pehl - ODDO BHF - Analyst

Very helpful. Thank you.

Operator

(Operator Instructions)

Adrian Pehl, ODDO BHF.

Adrian Pehl - ODDO BHF - Analyst

I'm obviously using the opportunity, actually, a bit of airtime. Maybe one question really from a very broad angle and maybe linked to a question that we had in the beginning on new product sales versus service increase. I mean, obviously, you did a very good job on increasing the services share. So I was wondering where at some point is the inflection?

Because I mean, potentially the declines that we saw to some extent on the new product business should probably revert at some time and maybe then orders are more linked to that part of the business. So I was just thinking that probably this decline is maybe back firing in the medium to longer term on your potential to generate service business.

But how do you think of that in general? Where should we think of some kind of turning point where service growth, service share growth normalizes or stabilizes and actually new product business should come up more pronouncedly on a broader basis? Thank you.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

Okay. Thanks for the question. Good question. I mean, let me maybe first mention the average lifetime of the equipment or product we sell is about 20 years. So even if we see a kind of fluctuation in order intake in new equipment at a quarter or maybe even if it would continue for two or three years, it would not have a significant impact on the installed base.

And therefore, we have always and still huge opportunities to grow in service. And if you look back in the last three or four years, we also saw interesting growth rates in new equipment also from the volume point of view. And that is also likely will continue. That is maybe the best answer I can give you.

Adrian Pehl - ODDO BHF - Analyst

Yes, that's indeed helpful. So -- and maybe on service growth, I mean I understood that partially that was due to GEA striking different kind of contract schemes to some extent with clients and that has helped the service share. Also going forward, is that an effect that at some point, fades? Should we take this into account that most of it is behind us? Or how should we see the components of service share growth?

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

I mean the growth in service is based on many, many items, let's say. There is a huge program going on in all divisions or business unit to extend the share of wallet. Many activities I could talk hours about is what we do to improve and grow our service business. So it's not only spare parts. It's, of course, also contracts, our new service models. We are talking about performance partnerships. We have an increasing number of connected machines, which we combine with contracts. And I would say it's a huge bundle of activities what we do in service.

Adrian Pehl - ODDO BHF - Analyst

Awesome. Thank you.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

Welcome.

Operator

Klas Bergelind, Citi.

Klas Bergelind - Citi - Analyst

Thank you. I just have a quick follow-up on Dairy and FT. It looks like there is some momentum here now. In the fourth quarter, I think, Stefan, you weren't sure whether Dairy was turning the corner for outside processing, but now orders look strong. Of course, tariffs can see demand weaken, but cautious to hear about the improvement sort of in FT and Dairy through the quarter and how that feels right now when you have April behind you? Thank you.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

Yes. Maybe you also remember when we spoke last year about the order intake in Farm Technology, which was quite weak last year, my expectation was that latest in the second half of the year, this year, it will pick up. We see fortunately a quite good development in the first quarter already here in the order intake. And I'm quite optimistic that we will see significantly more here. I just mentioned that I'm very optimistic to see really large orders coming in, in Q2 or Q3, and there also might be very interesting large orders for Farm Technology coming in.

Klas Bergelind - Citi - Analyst

Oh, that's interesting. All right. Thank you.

Operator

Thank you. (Operator Instructions) One moment, please.

We are showing no further questions. I will now hand the call back to Stefan Klebert.

Stefan Klebert - GEA Group AG - Chairman of the Executive Board, Chief Executive Officer

Okay. Good. Thank you, everybody, for listening. I hope we could show you again that GEA is delivering what we promised. We had a quite good start in the year in terms of order intake sales and especially also EBITDA margin. So we walk the talk, we continue our journey, it was in many aspects, an all-time high Q1.

And we are also not scared about the ongoing discussions about US tariffs because we provided you the facts and figures that this whatever will happen will have a very limited impact on our company. And also, if we look ahead for the next two quarters, we expect also a very favorable order intake situation. So we have, all in all, a very optimistic view for the remainder of the year.

And with that, yeah, I think we can conclude today's call.

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