

Quarterly Statement

Q1 2017



At a glance

GROUP KEY FIGURES

IFRS in EUR million	3M/2016	3M/2017	Change
Total Group revenues	383.2	455.7	18.9 %
Sales revenues	317.6	379.0	19.3 %
Order intake	388.6	491.9	26.6 %
Order backlog	1,001.0	1,044.3	4.3 %
EBITDA	27.4	30.5	11.5 %
EBIT	4.8	8.5	75.7 %
Earnings after tax	-9.6	-3.9	n/a
Total assets	1,700.7	1,787.9	5.1 %
Equity	420.4	431.9	2.7 %
Employees (on average over the year)	10,634	10,854	2.1 %

At variance with the consolidated revenues presented in the Group income statement, the total Group revenues presented here include portions of revenues from associated companies as well as revenues of non-consolidated subsidiaries and joint ventures.

OUTLOOK

in EUR million	Actual 2016	Forecast 2017
Total Group revenues	1,586.1	~ 1,700
EBIT	68.3	~ 75
Earnings after tax	14.4	~ 23 - 28

Summary

In the first three months of 2017, **total Group revenues** of the BAUER Group increased by 18.9 % year-on-year, from EUR 383.2 million to EUR 455.7 million. The start into the financial year was exceptionally good in the Construction and Equipment segments. Order backlog was very good thanks to zero delays in the commencement of virtually all projects in the Construction segment as well as increased order intake in the Equipment segment. **Sales revenues** increased by 19.3 %. **EBIT** increased from EUR 4.8 million to EUR 8.5 million year-on-year. The Group's **earnings after tax** were EUR -3.9 million (previous year: EUR -9.6 million). Earnings before tax were already positive, at EUR 0.6 million.

The Group's **order backlog** for the period increased by 4.3 % year-on-year, and compared to the end of the fourth quarter of 2016, by 3.6 % to EUR 1,044.3 million. A high double-digit million order backlog was taken off the books after the sale of shares in a real estate company at the end of 2016. The resulting very significant growth is mainly due to the Construction and Equipment segments. The **order intake** increased substantially by 26.6 % from EUR 388.6 million to EUR 491.9 million. Numerous projects in the field of specialist foundation engineering were acquired in the Construction segment and order backlog increased in the Equipment segment thanks to a very good inflow of orders from all regions of the world. In the Resources segment, there continues to be a high order backlog, which further increased slightly. There are several more good opportunities for projects in this area.

All in all, the order situation and the opportunities offered by the market provide a good foundation for further business growth.

Significant events and transactions

CONSTRUCTION SEGMENT

in EUR '000	3M/2016	3M/2017	Change
Total Group revenues	159,872	213,382	33.5 %
Sales revenues	143,584	196,586	36.9 %
Order intake	153,480	206,418	34.5 %
Order backlog	584,667	578,308	-1.1 %
EBIT	1,011	-246	n/a

Total Group revenues of the Construction segment amounting to EUR 213.4 million were 33.5 % up on the previous year. Very good revenues were achieved in Germany, Canada, England, Switzerland, Egypt, Abu Dhabi, Malaysia, Indonesia and Thailand. It was delightful that virtually all projects were started without delays. **EBIT** declined slightly from EUR 1.0 million to EUR -0.2 million, but the first-quarter figure has little significance. We are expecting a significant recovery over the course of the year.

Order backlog in our Construction segment decreased slightly to EUR 578.3 million (previous year: EUR 584.7 million). However, this still represents a significant increase in order volume in specialist foundation engineering because of the derecognized order backlogs described above. We acquired contracts for numerous major projects in the past quarters. Order backlog is evenly distributed geographically across the world, providing a firm foundation for us to achieve our targets.

EQUIPMENT SEGMENT

in EUR '000	3M/2016	3M/2017	Change
Total Group revenues	164,964	191,662	16.2 %
Sales revenues	107,788	126,657	17.5 %
Order intake	166,084	216,440	30.3 %
Order backlog	129,216	168,808	30.6 %
EBIT	5,904	9,328	58.0 %

Total Group revenues in the Equipment segment in the first three months of this year increased by 16.2 % year-on-year, from EUR 165.0 million to EUR 191.7 million. **Sales revenues** grew by 17.5 %, from EUR 107.8 million to EUR 126.7 million. **EBIT** increased from EUR 5.9 million to EUR 9.3 million year-on-year. This increase was attributable to significant growth in sales and the delivery of several large-scale machines.

Order backlog in the Equipment segment increased from EUR 129.2 million to EUR 168.8 million. The adjustment of capacity in our markets and the overall growth in global construction markets have led to significantly higher order intake in recent months. Despite this positive development, we are aware that the global markets for construction machinery will remain volatile as a result of many factors. Contributing factors include many political and military conflicts as well as the continued low price of oil. Our impressive innovations of recent years and our global positioning have enabled us to cope with so much volatility.

RESOURCES SEGMENT

in EUR '000	3M/2016	3M/2017	Change
Total Group revenues	71,547	63,372	-11.4 %
Sales revenues	65,911	55,359	-16.0 %
Order intake	82,216	81,772	-0.5 %
Order backlog	287,132	297,195	3.5 %
EBIT	-1,592	-256	n/a

In the first three months of 2017, **total Group revenues** in the Resources segment amounted to EUR 63.4 million, down 11.4 % from the previous year (EUR 71.5 million). As in the Construction segment, the first quarter has little significance in this segment, and we expect to see a recovery in the course of the year. **EBIT** increased from EUR -1.6 million to EUR -0.3 million.

The Resources segment is still stabilizing after many reorganization measures in recent years. The environmental sector has a very good order backlog to work with. There are further interesting opportunities for projects in this area. In Jordan, we are working on a major well-drilling project to remediate old wells, ensuring good basic capacity utilization in a field of activity that is still difficult. Our performance in the mining division remains good.

The segment has an excellent **order backlog** with a volume of EUR 297.2 million, 3.5 % up on the previous year. The mining division of SCHACHTBAU NORDHAUSEN GmbH contributes to this total, with orders valued at EUR 52.6 million. Operations in this field include numerous projects in Germany and work on a mine in Kazakhstan.

EARNINGS, FINANCIAL AND NET ASSET POSITION

The balance sheet grew strongly due to an increase in receivables, which is attributable to the significant growth in sales. In our industry, this increase is common during the year, but it is rarely so strong in the first quarter. By the end of the year, receivables and therefore total assets will level off according to business performance.

Compared to the consolidated financial statements for 2016, a large proportion of liabilities to banks has shifted from current to non-current liabilities. This effect has been reversed accordingly since an amicable solution was already found with all the relevant financial partners for all affected loans in the first quarter of 2017. The covenant (net debt to EBITDA) of the syndicated loan and other long-term loans was exceeded slightly as of the end of 2016. According to IFRS, these loans must be transferred to current liabilities to banks on December 31.

Full-year outlook

We forecast a positive trend for our business overall. Despite the unchanged difficult market environment with its numerous disruptions, the global construction market continues to record positive growth. Our companies made a clear turnaround in the previous year and we now plan to strengthen this recovery. Disruptions are likely to continue in the current year, but we are positioned to succeed in improving our results on a sustained basis.

As reported in the annual report for 2016, we continue to forecast about EUR 1.7 billion in **total Group revenues** for the 2017 financial year. We forecast **earnings after tax** of about EUR 23 to 28 million and **EBIT** of about EUR 75 million.

Interim consolidated financial statements

INCOME STATEMENT

in EUR '000	3M/2016	3M/2017
1. Sales revenues	317,641	379,042
2. Changes in inventories	34,749	25,538
3. Other capitalized goods and services for own account	808	2,605
4. Other income	12,316	11,549
Consolidated revenues	365,514	418,734
5. Cost of materials	-172,074	-225,639
6. Personnel expenses	-90,644	-94,422
7. Other operating expenses	-75,444	-68,166
Earnings before interest, tax, depreciation and amortization (EBITDA)	27,352	30,507
8. Depreciation and amortization		
a) Depreciation of fixed assets	-18,493	-18,355
b) Write-downs of inventories due to use	-4,013	-3,637
Earnings before interest and tax (EBIT)	4,846	8,515
9. Financial income	667	2,411
10. Financial expenses	-11,101	-10,258
11. Share of the profit or loss of associated companies accounted for using the equity method	-201	-37
Earnings before tax (EBT)	-5,789	631
12. Income tax expense	-3,837	-4,528
Earnings after tax	-9,626	-3,897
of which attributable to shareholders of BAUER AG	-10,040	-4,746
of which attributable to non-controlling interests	414	849

in EUR	3M/2016	3M/2017
Basic earnings per share	-0.59	-0.28
Diluted earnings per share	-0.59	-0.28
Average number of shares in circulation (basic)	17,131,000	17,131,000
Average number of shares in circulation (diluted)	17,131,000	17,131,000

STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	3M/2016	3M/2017
Earnings after tax	-9,626	-3,897
Income and expenses which will not be subsequently reclassified to profit and loss		
Revaluation of commitments arising from employee benefits after termination of employment	-15,426	3,571
Deferred taxes on that revaluation with no effect on profit and loss	4,332	-1,001
Income and expenses which will be subsequently reclassified to profit and loss		
Market valuation of derivative financial instruments	-6,906	-705
Included in profit and loss	6,284	433
Deferred taxes on financial instruments with no effect on profit and loss	175	76
Exchange differences on translation of foreign subsidiaries	-9,656	-756
Other comprehensive income	-21,197	1,618
Total comprehensive income	-30,823	-2,279
of which attributable to shareholders of BAUER AG	-29,008	-3,025
of which attributable to non-controlling interests	-1,815	746

CONSOLIDATED BALANCE SHEET

ASSETS in EUR '000	Mar. 31, 2016	Dec. 31, 2016	Mar. 31, 2017
A. Non-current assets			
I. Intangible assets	26,479	25,640	24,484
II. Property, plant and equipment and investment property	411,320	407,977	402,205
III. Investments accounted for using the equity method	130,658	129,252	128,320
IV. Participations	3,460	9,730	9,746
V. Deferred tax assets	33,414	42,907	42,389
VI. Other non-current assets	7,865	8,256	8,408
VII. Other non-current financial assets	15,340	18,412	17,812
	628,536	642,174	633,364
B. Current assets			
I. Inventories	472,390	447,326	470,601
II. Receivables and other assets	532,794	554,076	614,074
III. Effective income tax refund claims	2,837	4,771	4,571
IV. Cash and cash equivalents	64,162	33,463	45,933
V. Assets held for sale	0	19,608	19,377
	1,072,183	1,059,244	1,154,556
	1,700,719	1,701,418	1,787,920

EQUITY AND LIABILITIES in EUR '000	Mar. 31, 2016	Dec. 31, 2016	Mar. 31, 2017
A. Equity			
I. Equity of BAUER AG shareholders	409,821	429,867	426,842
II. Non-controlling interests	10,566	4,264	5,010
	420,387	434,131	431,852
B. Non-current debt			
I. Provisions for pensions	127,742	127,081	124,198
II. Financial liabilities	388,559	199,864	469,169
III. Other non-current liabilities	7,172	7,556	7,305
IV. Deferred tax liabilities	22,628	22,296	22,886
	546,101	356,797	623,558
C. Current debt			
I. Financial liabilities	418,674	510,497	316,826
II. Other current liabilities	281,680	370,900	387,270
III. Effective income tax obligations	15,722	11,213	9,869
IV. Provisions	18,155	17,880	18,545
	734,231	910,490	732,510
	1,700,719	1,701,418	1,787,920

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	3M/2016	3M/2017
Cash flows from operational activity:		
Earnings before tax	-5,789	631
Depreciation of property, plant and equipment and intangible assets	18,493	18,355
Depreciation of financial assets	0	122
Write-downs of inventories due to use	4,013	3,637
Financial income	-667	-2,411
Financial expenses	11,101	10,136
Other non-cash transactions and results of de-consolidations	14,549	11,157
Income from the disposal of property, plant and equipment and intangible assets	-252	-1,228
Income from associated companies accounted for using the equity method	-201	-37
Change in provisions	205	158
Change in trade receivables	57,321	-2,088
Change in receivables from construction contracts	-36,522	-53,262
Change in other assets and in prepayments and deferred charges	-18,760	-7,490
Change in inventories	-40,179	-28,875
Change in trade payables	-13,471	29,066
Change in liabilities from construction contracts	-14,183	-2,736
Change in other current and non-current liabilities	-12,177	-8,040
Cash and cash equivalents generated from day-to-day business operations	-36,519	-32,905
Income tax paid	-5,184	-5,652
Net cash from operating activities	-41,703	-38,557
Cash flows from investment activity:		
Acquisition of property, plant and equipment and intangible assets	-30,284	-10,860
Proceeds from the sale of property, plant and equipment and intangible assets	4,108	3,893
Net cash used in investing activities	-26,176	-6,967
Cash flows from financing activity:		
Raising of loans and liabilities to banks	119,227	90,697
Repayment of loans and liabilities to banks	-19,071	-21,757
Repayment of liabilities from finance lease agreements	-2,642	-2,887
Interest paid	-10,484	-9,618
Interest received	553	1,560
Net cash used in financing activities	87,583	57,995
Changes in liquid funds affecting payments	19,704	12,471
Influence of exchange rate movements on cash	-2,948	-1
Total change in liquid funds	16,756	12,470
Cash and cash equivalents at beginning of reporting period	47,406	33,463
Cash and cash equivalents at end of reporting period	64,162	45,933
Change in cash and cash equivalents	16,756	12,470

FUTURE-RELATED STATEMENTS

This quarterly statement contains future-related statements. Future-related statements are any statements which do not relate to historical facts and events, such as forecasts of future financial earning power and indications of plans and expectations with regard to the development of the business of the BAUER Group and relating to the general economic climate or other factors to which the BAUER Group is subject. The use of words such as “believe”, “expect”, “predict”, “forecast”, “intend”, “plan”, “estimate”, “aim”, “likely”, “assume” and similar formulations indicates that the statements in question are future-related. Future-related statements are subject to risks and many uncertainties which may mean that actual developments, earnings or levels of performance differ widely from those explicitly or implicitly assumed in the future-related statements.

Readers are advised that, in view of the said risks and uncertainties, no inappropriately high degree of confidence should be placed in the likelihood of such statements proving to be accurate in the future. BAUER Aktiengesellschaft does not intend to, and assumes no obligation to, publish updates of such future-related statements in order to incorporate events or circumstances beyond the date of publication of this quarterly statement.

DATES 2017

April 13, 2017	Publication Annual Report 2016 Annual Press Conference Analysts' Conference
May 15, 2017	Quarterly Statement Q1 2017
June 29, 2017	Annual General Meeting
August 11, 2017	Half-Year Interim Report to June 30, 2017
November 14, 2017	Quarterly Statement 9M/Q3 2017

You will find more information on the BAUER Group on the Internet at www.bauer.de.

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