

Quarterly Statement

Q1 2019



At a glance

GROUP KEY FIGURES

IFRS in EUR million	3M/2018	3M/2019	Change
Total Group revenues	370.8	410.9	10.8%
Sales revenues	318.4	341.9	7.4%
Order intake	429.0	419.8	-2.1%
Order backlog	1,036.0	1,022.6	-1.3%
EBITDA	33.2	32.7	-1.4%
EBIT	11.1	10.5	-5.0%
Earnings after tax	-5.8	-5.1	n/a
Total assets	1,655.8	1,700.1	2.7%
Equity	405.0	426.8	5.4%
Employees (on average over the year)	10,877	11,797	8.5%

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 2018	Forecast 2019
Total Group revenues	1,686	~ 1,700
EBIT	100.1	~ 95
Earnings after tax	24.1	significant increase

Summary

At the end of the first quarter of 2019, the **total Group revenues** of the BAUER Group significantly increased by 10.8%, from EUR 370.8 million to EUR 410.9 million compared to the same period in the previous year. All three segments showed gains, particularly Construction and Resources, but the Equipment segment also showed a slight increase compared to the good result in the previous year. **Sales revenues** increased by 7.4%, from EUR 318.4 million to EUR 341.9 million. **EBIT** fell slightly from EUR 11.1 million in the previous year to EUR 10.5 million. The Group's **earnings after tax** were EUR -5.1 million. In the previous year they totaled EUR -5.8 million.

At EUR 1,022.6 million, the **order backlog** in the Group is only slightly below the previous year of EUR 1,036.0 million and somewhat higher than at the end of 2018, when it amounted to EUR 1,013.6 million. While the order backlog in the Construction segment grew significantly, there was a decrease in the Equipment segment. The Resources segment remained nearly unchanged. **Order intake** decreased slightly by 2.1%, from EUR 429.0 million to EUR 419.8 million.

Overall, the order situation and the opportunities on the market provide a good basis for the goals we have set.

Significant events and transactions

CONSTRUCTION SEGMENT

in EUR '000	3M/2018	3M/2019	Change
Total Group revenues	150,894	170,160	12.8%
Sales revenues	143,154	161,468	12.8%
Order intake	169,498	168,695	-0.5%
Order backlog	511,285	545,807	6.8%
EBIT	2,674	-47	n/a

Total Group revenues for the Construction segment were EUR 170.2 million, which represent a significant increase of 12.8% compared to EUR 150.9 million in the previous year. The increase in the first quarter is attributed to the general volatility of the portfolio of ongoing projects in Construction. After the first three months, **EBIT** nearly entered the positive range, after an unusually good value of EUR 2.7 million was reached due to projects in the previous year contrary to the usual seasonal pattern.

The **order backlog** in the Construction segment showed a significant increase of 6.8%, from EUR 511.3 million to EUR 545.8 million. **Order intake** of EUR 168.7 million was 0.5% lower than the previous year's level of EUR 169.5 million. Overall, the order backlog represents a good basis for achieving our targets. In addition, we are currently working on other interesting and larger project opportunities.

EQUIPMENT SEGMENT

in EUR '000	3M/2018	3M/2019	Change
Total Group revenues	180,860	185,802	2.7%
Sales revenues	128,610	125,346	-2.5%
Order intake	226,636	185,778	-18.0%
Order backlog	195,120	149,873	-23.2%
EBIT	14,177	8,241	-41.9%

In the first three months of this year, **total Group revenues** in the Equipment segment increased by 2.7% year-on-year, from EUR 180.9 million to EUR 185.8 million. **Sales revenues** fell slightly by 2.5%, from EUR 128.6 million to EUR 125.3 million. **EBIT** decreased from EUR 14.2 million to EUR 8.2 million year-on-year. Included in this is a non-operating charge in the amount of EUR 4.5 million, which is attributable to a earnings-affecting restructuring of a subsidiary, which was transferred from the Resources segment to the Equipment segment. The opposite effect is seen in the earnings figures of the Resources segment.

The **order backlog** in the Equipment segment decreased by 23.2% year-on-year, from EUR 195.1 million to EUR 149.9 million. The **order intake** also decreased by 18.0%, from EUR 226.6 million to EUR 185.8 million, with the first quarter of 2018 having reached an extraordinarily high level. Overall, we continue to expect a good order situation in the coming months. The numerous conversations with our equipment customers at the successful Bauma trade fair in Munich and current sales provide a good basis for this.

in EUR '000	3M/2018	3M/2019	Change
Total Group revenues	51,673	69,145	33.8%
Sales revenues	46,252	54,726	18.3%
Order intake	45,517	79,567	74.8%
Order backlog	329,615	326,900	-0.8%
EBIT	-5,670	2,697	n/a

RESOURCES SEGMENT

At the end of the first quarter of 2019, **total Group revenues** in the Resources segment were significantly higher than in the previous year, at EUR 69.1 million compared to EUR 51.7 million, an increase of 33.8%. **EBIT** improved from EUR -5.7 million to EUR 2.7 million. This includes the non-operating contribution to earnings of EUR 4.5 million, which was described in the Equipment segment. Independent of this effect, a better operative development is seen in this segment.

After the first three months of this year, the **order backlog** has decreased only slightly by 0.8%, from EUR 329.6 million to EUR 326.9 million. **Order intake** increased 74.8%, from EUR 45.5 million to EUR 79.6 million. Overall, we expect a better development for the segment than in previous years.

EARNINGS, FINANCIAL AND NET ASSET POSITION

Total assets at the end of the first quarter amounted to EUR 1,700.1 million, 2.7% higher than the previous year's figure. At EUR 25.2 million, non-current assets showed a considerable increase compared to the previous year, which was caused primarily by the first-time adoption of IFRS 16 in the amount of EUR 15.8 million. In line with seasonal trends, inventories compared to the end of 2018 increased by 12.3%, which is essentially attributable to the Equipment segment.

The seasonal increase of debt in the first quarter of 2019, at EUR 58.0 million, is in line with our expectations.

Full-year outlook

Compared to the forecast published in April for the financial year 2019, no significant economic or political changes have occurred that would influence our overall positive outlook. Our good order backlog in the Construction segment shows that we are succeeding in using the opportunities on the markets. The Equipment segment started the current year well, and in the Resources segment we continue to work intensively on achieving considerable advances toward a balanced result.

Therefore, we continue to forecast that in the financial year 2019 we will achieve **total Group revenues** in the amount of about EUR 1.7 billion for the Group and an **EBIT** of about EUR 95 million. We expect **earnings after tax** to be significantly higher than in the previous year.

Interim consolidated financial statements

CONSOLIDATED INCOME STATEMENT

in EUR '000	3M/2018	3M/2019
Sales revenues	318,403	341,898
Changes in inventories	35,188	47,052
Other capitalized goods and services for own account	1,564	1,650
Other income	3,817	4,340
Consolidated revenues	358,972	394,940
Cost of materials	-183,410	-213,756
Personnel expenses	-92,095	-99,952
Other operating expenses	-50,274	-48,520
Earnings before interest, tax, depreciation and amortization (EBITDA)	33,193	32,712
Depreciation and amortization		
a) Depreciation of fixed assets	-18,759	-18,968
b) Write-downs of inventories due to use	-3,378	-3,236
Earnings before interest and tax (EBIT)	11,056	10,508
Financial income	8,809	13,739
Financial expenses	-19,708	-25,415
Share of the profit or loss of associated companies accounted for using the equity method	-69	638
Earnings before tax (EBT)	88	-530
Income tax expense	-5,859	-4,595
Earnings after tax	-5,771	-5,125
of which attributable to shareholders of BAUER AG	-5,917	-6,253
of which attributable to non-controlling interests	146	1,128

in EUR	3M/2018	3M/2019
Basic earnings per share	-0.35	-0.37
Diluted earnings per share	-0.35	-0.37
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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	3M/2018	3M/2019
Earnings after tax	-5,771	-5,125
Income and expenses which will not be subsequently reclassified to profit and loss		
Revaluation of commitments arising from employee benefits after termination of employment	-2,663	-9,039
Deferred taxes on that revaluation with no effect on profit and loss	669	2,539
Market valuation of other investments	0	0
Income and expenses which will be subsequently reclassified to profit and loss		
Market valuation of derivative financial instruments (hedging reserve)	5,499	-1,533
Included in profit and loss	-5,467	1,410
Market valuation of derivative financial instruments (reserve for hedging costs)	0	-1,100
Included in profit and loss	0	913
Deferred taxes on financial instruments with no effect on profit and loss	-9	87
Exchange differences on translation of foreign subsidiaries	-1,898	6,976
Other comprehensive income	-3,869	253
Total comprehensive income	-9,640	-4,872
of which attributable to shareholders of BAUER AG	-9,615	-6,524
of which attributable to non-controlling interests	-25	1,652

CONSOLIDATED BALANCE SHEET

Assets in EUR '000	Mar. 31, 2018	Dec. 31, 2018	Mar. 31, 2019
Intangible assets	20,126	18,077	17,560
Property, plant and equipment	405,310	411,571	435,411
Investments accounted for using the equity method	120,404	113,019	114,393
Participations	10,650	8,350	8,350
Deferred tax assets	48,634	49,189	55,322
Other non-current assets	6,492	7,637	9,247
Other non-current financial assets	16,580	13,198	13,093
Non-current assets	628,196	621,041	653,376
Inventories	471,654	426,353	477,365
Less advances received on inventories	-18,869	-16,098	-16,611
	452,785	410,255	460,754
Receivables and other assets	512,873	535,111	534,428
Effective income tax refund claims	3,268	3,290	3,559
Cash and cash equivalents	58,654	62,587	48,006
Current assets	1,027,580	1,011,243	1,046,747
	1,655,776	1,632,284	1,700,123

Equity and liabilities in EUR '000	Mar. 31, 2018	Dec. 31, 2018	Mar. 31, 2019
Equity of BAUER AG shareholders	401,766	428,312	421,670
Non-controlling interests	3,224	3,504	5,156
Equity	404,990	431,816	426,826
Provisions for pensions	129,251	134,389	143,944
Financial liabilities	409,518	338,304	317,964
Other non-current liabilities	6,869	5,335	5,617
Deferred tax liabilities	22,269	23,396	26,314
Non-current debt	567,907	501,424	493,839
Financial liabilities	288,034	286,104	349,968
Other current liabilities	364,314	357,851	383,215
Effective income tax obligations	15,697	31,687	22,653
Provisions	14,834	23,402	23,622
Current debt	682,879	699,044	779,458
	1,655,776	1,632,284	1,700,123

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	3M/2018	3M/2019
Cash flows from operational activity:		
Earnings before tax (EBT)	88	-530
Depreciation of property, plant and equipment and intangible assets	18,759	18,968
Write-downs of inventories due to use	3,378	3,236
Financial income	-8,809	-13,739
Financial expenses	19,708	25,415
Other non-cash transactions and results of de-consolidations	7,246	8,365
Dividends received	15	0
Income from the disposal of property, plant and equipment and intangible assets	-1,341	-1,513
Income from associated companies accounted for using the equity method	-69	638
Change in provisions	-5,216	-361
Change in trade receivables	18,403	74,058
Change in contract assets	-3,603	-37,870
Change in other assets and in prepayments and deferred charges	-15,551	-27,393
Change in inventories	-44,339	-55,101
Change in trade payables	-1,607	17,579
Change in contract liabilities	4,035	1
Change in other current and non-current liabilities	-9,749	10,694
Cash and cash equivalents generated from day-to-day business operations	-18,652	22,447
Income tax paid	-5,536	-14,112
Net cash from operating activities	-24,188	8,335
Cash flows from investment activity:		
Acquisition of property, plant and equipment and intangible assets	-19,354	-21,882
Proceeds from the sale of property, plant and equipment and intangible assets	4,258	5,918
Net cash used in investing activities	-15,096	-15,964
Cash flows from financing activity:		
Raising of loans and liabilities to banks	116,975	61,100
Repayment of loans and liabilities to banks	-53,802	-49,016
Repayment of liabilities from finance lease agreements	-5,762	-3,577
Interest paid	-6,721	-18,126
Interest received	722	1,672
Net cash used in financing activities	51,412	-7,947
Changes in liquid funds affecting payments	12,128	-15,576
Influence of exchange rate movements on cash	-740	995
Total change in liquid funds	11,388	-14,581
Cash and cash equivalents at beginning of reporting period	47,266	62,587
Cash and cash equivalents at end of reporting period	58,654	48,006
Change in cash and cash equivalents	11,388	-14,581

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 2019

April 15, 2019	Publication Annual Report 2018 Annual Press Conference Analysts' Conference
May 14, 2019	Quarterly Statement Q1 2019
June 27, 2019	Annual General Meeting
August 14, 2019	Half-Year Interim Report to June 30, 2019
November 14, 2019	Quarterly Statement 9M/Q3 2019

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

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