

# Quarterly Statement

Q1 2020



## At a glance

### GROUP KEY FIGURES

IFRS in EUR million	3M/2019	3M/2020	Change
Total Group revenues	410.9	390.2	-5.0%
Sales revenues	341.9	334.0	-2.3%
Order intake	419.8	455.2	8.4%
Order backlog	1,022.6	1,092.7	6.9%
EBITDA	32.7	31.1	-5.0%
EBIT	10.5	6.3	-40.3%
Earnings after tax	-5.1	-5.0	n/a
Total assets	1,700.1	1,708.9	0.5%
Equity	426.8	375.9	-11.9%
Employees (on average over the year)	11,797	11,745	-0.4%

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 2019	Forecast 2020
Total Group revenues	1,595	slight increase
EBIT	22.5	significant increase
Earnings after tax	-36.6	significant increase in the positive area

## Summary

At the end of the first quarter of 2020, the **total Group revenues** of the BAUER Group decreased by 5.0% from EUR 410.9 million to EUR 390.2 million, compared to the same period of the previous year. While revenues increased slightly in the segments of Construction and Resources, they fell significantly in the Equipment segment. **Sales revenues** also dropped by 2.3%, from EUR 341.9 million to EUR 334.0 million. **EBIT** fell from EUR 10.5 million in the previous year to EUR 6.3 million. **Earnings after tax** for the Group were EUR -5.0 million, compared to EUR -5.1 million in the previous year. In the first quarter, interest rate hedging transactions had a negative impact on earnings after tax, as these must be valued in the balance sheet according to the development of market interest rates. As the market interest rates continued to decrease compared with the end of December 2019, this created a negative effect of EUR 2.7 million on earnings after tax (previous year: EUR 7.7 million).

The **order backlog** in the Group was EUR 1,092.7 million, significantly higher than the previous year at EUR 1,022.6 million and the end of 2019 at EUR 1,027.6 million. While the order backlog showed significant growth in the Construction segment and slight growth in the Resources segment, there was a significant decrease in the Equipment segment compared with the previous year. The **order intake** increased by 8.4%, from EUR 419.8 million to EUR 455.2 million.

## Significant events and transactions

### CONSTRUCTION SEGMENT

in EUR '000	3M/2019	3M/2020	Change
Total Group revenues	170,160	177,073	4.1%
Sales revenues	161,468	161,766	0.2%
Order intake	168,695	187,605	11.2%
Order backlog	545,807	649,142	18.9%
EBIT	-47	-500	n/a

At EUR 177.1 million, **total Group revenues** in the Construction segment were up by 4.1% compared to the previous year at EUR 170.2 million. **EBIT** decreased slightly compared to the previous year to EUR -0.5 million.

Overall, work was able to continue on most construction sites worldwide during the first quarter. Our assumption that the coronavirus pandemic will impact the progress of construction sites has been increasingly confirmed. In some countries there are exit restrictions and travel restrictions that complicate logistics and facilities at construction sites in terms of equipment, material and personnel. This problem exists in many regions worldwide. On the other hand, we are still able to work well in significant countries and most major projects have been able to continue.

The **order backlog** in the Construction segment saw a significant increase of 18.9%, from EUR 545.8 million to EUR 649.1 million. Compared with EUR 638.6 million at the end of 2019, however, there was virtually no change. The **order intake** rose by 11.2% to EUR 187.6 million, compared to EUR 168.7 million in the previous year. The order backlog remained comparably high because some projects could not be processed as quickly as planned. It is also anticipated that there could be delays in the awarding of contracts planned for 2020 due to the current situation.

### EQUIPMENT SEGMENT

in EUR '000	3M/2019	3M/2020	Change
Total Group revenues	185,802	163,771	-11.9%
Sales revenues	125,346	109,985	-12.3%
Order intake	185,778	186,173	0.2%
Order backlog	149,873	130,709	-12.8%
EBIT	8,241	4,751	-42.3%

In the first three months of the year, **total Group revenues** in the Equipment segment fell by 11.9%, from EUR 185.8 million to EUR 163.8 million, when compared to the same period of the previous year. **Sales revenues** also dropped by 12.3%, from EUR 125.3 million to EUR 110.0 million. **EBIT** decreased compared to the previous year, from EUR 8.2 million to EUR 4.8 million. The previous year included a non-operating charge of EUR 4.5 million that was attributable to the earnings-affecting restructuring of a subsidiary, which was transferred from the Resources segment to the Equipment segment. Without this effect, the decrease would have been even more significant.

In the first weeks of the year, the coronavirus pandemic primarily impacted production in China, which was forced to remain closed for some time. At the main site in Schrobenhausen, Germany, production was shut down over the Easter holiday. Overall, there was a decrease in order intake. For some subsidiaries, business was still good in the first quarter.

**Order backlog** in the Equipment segment decreased by 12.8%, from EUR 149.9 million in the previous year to EUR 130.7 million. With EUR 186.2 million, **order intake** remained at the previous year's level of EUR 185.8 million. The coronavirus pandemic led to decreasing orders from customers in most sales areas. Since April, the market in China has revived significantly and we hope to recover most of the backlog there by the end of this year. In contrast, we anticipate restraint in equipment purchases in most other regions of the world.

## RESOURCES SEGMENT

in EUR '000	3M/2019	3M/2020	Change
Total Group revenues	69,145	70,685	2.2%
Sales revenues	54,726	61,728	12.8%
Order intake	79,567	102,782	29.2%
Order backlog	326,900	312,818	-4.3%
EBIT	2,697	1,530	-43.3%

With EUR 70.7 million, **total Group revenues** in the Resources segment were slightly higher at the end of the first quarter than the previous year's EUR 69.1 million, marking an increase of 2.2%. **EBIT** fell from EUR 2.7 million to EUR 1.5 million. However, the previous year already included the positive non-operating contribution of EUR 4.5 million described in the Equipment segment. Without this effect, EBIT would have improved by EUR 3.3 million compared to the previous year.

In the first quarter, the segment was not very affected by the coronavirus pandemic. The environmental business achieved good results, as did the business with well materials. Work is also able to continue in Jordan on the major project for deep wells. The future effects of the coronavirus pandemic on the Resources segment are particularly difficult to estimate due to its varied and broad range of products and services.

In the first three months of the year, the **order backlog** decreased by 4.3% from EUR 326.9 million to EUR 312.8 million, which can be attributed to the progress of the major Kesslergrube project. On the other hand, the mining division of SCHACHTBAU NORDHAUSEN GmbH reported a major project of around EUR 40 million in the first quarter, resulting in a higher order backlog for the segment compared to the end of the year 2019 at EUR 280.7 million. The **order intake** rose significantly by 29.2%, from EUR 79.6 million to EUR 102.8 million.

## EARNINGS, FINANCIAL AND NET ASSET POSITION

At the end of the first quarter, the **total assets** amounted to EUR 1,708.9 million, corresponding to an increase of 0.5% compared to the previous year's value of EUR 1,700.1 million.

The covenants for primary loans were exceeded as of the end of 2019. As a result, these loans had to be transferred from non-current liabilities to current liabilities to banks. Accordingly, this shift in positions is evident when comparing the first quarter of 2020 with the same quarter of the previous year, as no final agreement with the financing partners could be reached due to the short time between the ad-hoc announcement on March 18, 2020 and the balance sheet date of March 31.

By the end of April, an amicable solution was reached with the financing partners for the syndicated loan agreements. This is now being discussed with the other financing partners involved to the same extent.

## Full-year outlook

The worldwide effects of the coronavirus pandemic and the potential consequences for our business fundamentally entail a significant amount of uncertainty for the current financial year and outlook.

The Group applied for short-time work for a number of its companies in Germany as of April 1, 2020. This primarily applies to the Schrobenhausen machine production location, but also many areas of construction operations and administration functions. Another goal is to quickly implement measures as locally as possible in all countries to prevent major negative impacts on the business as far as possible.

Although the general situation involves considerable uncertainty, we currently still expect to achieve a slight increase in **total Group** revenues, a significant increase in **EBIT** as well as a significant increase in **earnings after tax** in the positive area for the 2020 financial year.

# Interim consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

in EUR '000	3M/2019	3M/2020
Sales revenues	341,898	333,996
Changes in inventories	47,052	30,877
Other capitalized goods and services for own account	1,650	1,731
Other income	4,340	9,604
<b>Consolidated revenues</b>	<b>394,940</b>	<b>376,208</b>
Cost of materials	-213,756	-184,186
Personnel expenses	-99,952	-106,919
Other operating expenses	-48,520	-54,028
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>32,712</b>	<b>31,075</b>
Depreciation and amortization		
a) Depreciation of fixed assets	-18,968	-22,128
b) Write-downs of inventories due to use	-3,236	-2,677
<b>Earnings before interest and tax (EBIT)</b>	<b>10,508</b>	<b>6,270</b>
Financial income	13,739	14,962
Financial expenses	-25,415	-25,746
Share of the profit or loss of associated companies accounted for using the equity method	638	2,247
<b>Earnings before tax (EBT)</b>	<b>-530</b>	<b>-2,267</b>
Income tax expense	-4,595	-2,696
<b>Earnings after tax</b>	<b>-5,125</b>	<b>-4,963</b>
of which attributable to shareholders of BAUER AG	-6,253	-5,165
of which attributable to non-controlling interests	1,128	202

in EUR	3M/2019	3M/2020
Basic earnings per share	-0.37	-0.30
Diluted earnings per share	-0.37	-0.30
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/2019	3M/2020
<b>Earnings after tax</b>	<b>-5,125</b>	<b>-4,963</b>
Income and expenses which will not be subsequently reclassified to profit and loss		
Revaluation of commitments arising from employee benefits after termination of employment	-9,039	-9
Deferred taxes on that revaluation with no effect on profit and loss	2,539	0
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)	-1,533	32
Included in profit and loss	1,410	-2
Market valuation of derivative financial instruments (reserve for hedging costs)	-1,100	-318
Included in profit and loss	913	253
Deferred taxes on financial instruments with no effect on profit and loss	87	10
Exchange differences on translation of foreign subsidiaries	6,976	-6,001
<b>Other comprehensive income</b>	<b>253</b>	<b>-6,035</b>
<b>Total comprehensive income</b>	<b>-4,872</b>	<b>-10,998</b>
of which attributable to shareholders of BAUER AG	-6,524	-11,599
of which attributable to non-controlling interests	1,652	601

## CONSOLIDATED BALANCE SHEET

<b>Assets</b> in EUR '000	Mar. 31, 2019	Dec. 31, 2019	Mar. 31, 2020
Intangible assets	17,560	16,946	16,377
Property, plant and equipment	435,411	460,470	454,029
Investments accounted for using the equity method	114,393	118,185	117,998
Participations	8,350	8,806	8,806
Deferred tax assets	55,322	67,273	66,416
Other non-current assets	9,247	7,175	7,963
Other non-current financial assets	13,093	13,923	13,918
<b>Non-current assets</b>	<b>653,376</b>	<b>692,778</b>	<b>685,507</b>
Inventories	477,365	467,239	501,104
Less advances received on inventories	-16,611	-8,921	-15,356
	460,754	458,318	485,748
Receivables and other assets	534,428	434,608	475,448
Effective income tax refund claims	3,559	5,270	9,549
Cash and cash equivalents	48,006	37,575	52,608
<b>Current assets</b>	<b>1,046,747</b>	<b>935,771</b>	<b>1,023,353</b>
	<b>1,700,123</b>	<b>1,628,549</b>	<b>1,708,860</b>

<b>Equity and liabilities</b> in EUR '000	Mar. 31, 2019	Dec. 31, 2019	Mar. 31, 2020
<b>Equity of BAUER AG shareholders</b>	<b>421,670</b>	<b>381,804</b>	<b>370,205</b>
Non-controlling interests	5,156	5,112	5,713
<b>Equity</b>	<b>426,826</b>	<b>386,916</b>	<b>375,918</b>
Provisions for pensions	143,944	158,641	158,768
Financial liabilities	317,964	135,300	182,020
Other non-current liabilities	5,617	6,028	6,200
Deferred tax liabilities	26,314	27,149	27,506
<b>Non-current debt</b>	<b>493,839</b>	<b>327,118</b>	<b>374,494</b>
Financial liabilities	349,968	465,953	514,414
Other current liabilities	383,215	402,318	407,949
Effective income tax obligations	22,653	19,566	9,518
Provisions	23,622	26,678	26,567
<b>Current debt</b>	<b>779,458</b>	<b>914,515</b>	<b>958,448</b>
	<b>1,700,123</b>	<b>1,628,549</b>	<b>1,708,860</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	3M/2019	3M/2020
<b>Cash flows from operational activity:</b>		
Earnings before tax (EBT)	-530	-2,267
Depreciation of property, plant and equipment and intangible assets	18,968	22,128
Write-downs of inventories due to use	3,236	2,677
Financial income	-13,739	-14,962
Financial expenses	25,415	25,746
Other non-cash transactions and results of de-consolidations	8,365	-7,688
Dividends received	0	2,686
Income from the disposal of property, plant and equipment and intangible assets	-1,513	-1,541
Income from associated companies accounted for using the equity method	638	2,247
Change in provisions	-361	-3,860
Change in trade receivables	74,058	1,680
Change in contract assets	-37,870	-15,516
Change in other assets and in prepayments and deferred charges	-27,393	-24,299
Change in inventories	-55,101	-34,842
Change in trade payables	17,579	1,713
Change in contract liabilities	1	7,849
Change in other current and non-current liabilities	10,694	1,966
<b>Cash and cash equivalents generated from day-to-day business operations</b>	<b>22,447</b>	<b>-36,283</b>
Income tax paid	-14,112	-17,351
<b>Net cash from operating activities</b>	<b>8,335</b>	<b>-53,634</b>
<b>Cashflows aus Investitionstätigkeit:</b>		
Acquisition of property, plant and equipment and intangible assets	-21,882	-26,135
Proceeds from the sale of property, plant and equipment and intangible assets	5,918	9,111
Change in financial resources resulting from the basis of consolidation	0	-271
<b>Net cash used in investing activities</b>	<b>-15,964</b>	<b>-17,295</b>
<b>Cash flows from financing activity:</b>		
Raising of loans and liabilities to banks	61,100	184,366
Repayment of loans and liabilities to banks	-49,016	-86,326
Repayment of liabilities from finance lease agreements	-3,577	-6,352
Interest paid	-18,126	-6,453
Interest received	1,672	723
<b>Net cash used in financing activities</b>	<b>-7,947</b>	<b>85,958</b>
<b>Changes in liquid funds affecting payments</b>	<b>-15,576</b>	<b>15,029</b>
Influence of exchange rate movements on cash	995	4
<b>Total change in liquid funds</b>	<b>-14,581</b>	<b>15,033</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>62,587</b>	<b>37,575</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>48,006</b>	<b>52,608</b>
<b>Change in cash and cash equivalents</b>	<b>-14,581</b>	<b>15,033</b>

## **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 2020**

<b>April 09, 2020</b>	<b>Publication Annual Report 2018 Annual Press Conference Analysts' Conference</b>
<b>May 13, 2020</b>	<b>Quarterly Statement Q1 2020</b>
<b>June 25, 2020</b>	<b>Annual General Meeting</b>
<b>August 13, 2020</b>	<b>Half-Year Interim Report to June 30, 2020</b>
<b>November 13, 2020</b>	<b>Quarterly Statement 9M/Q3 2020</b>

You will find more information on the BAUER Group on the Internet at [www.bauer.de](http://www.bauer.de).

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