

Quarterly Statement

Q1 2021



At a glance

GROUP KEY FIGURES

IFRS in EUR million	3M/2020 *	3M/2021	Change
Total Group revenues	390.2	356.6	-8.6%
Sales revenues	334.0	303.0	-9.3%
Order intake	455.2	516.1	13.4%
Order backlog	1,092.7	1,322.1	21.0%
EBITDA	33.3	25.9	-22.2%
EBIT	8.5	1.8	-78.9%
Earnings after tax	-5.0	-5.1	n/a
Total assets	1,708.9	1,635.4	-4.3%
Equity	375.9	376.4	0.1%
Employees (reporting date) **	12,392	11,759	-5.1%

* Previous year adjusted; see p. 70 of the 2020 Annual Report

** See explanations on p. 163 of the 2020 Annual Report

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.

Significant events and transactions

GROUP

At the end of the first quarter of 2021, the **total Group revenues** of the BAUER Group decreased by 8.6% from EUR 390.2 million to EUR 356.6 million, compared to the same period of the previous year. This was primarily attributable to the Equipment and Resources segments. At EUR 1.8 million, **EBIT** was significantly below the previous year's value of EUR 8.5 million due to the lower total Group revenues. Overall, the first quarter of 2021 is compared with the previous year's quarter, in which the effects of the COVID-19 pandemic had not yet significantly impacted the key figures of the Group and of the segments.

As already carried out for the 2020 annual financial statements, the income from shares accounted for using the equity method was reclassified within the income statement based on a recommendation from the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung, DPR e.V.) and is now part of the EBITDA and EBIT. The previous year's figures were adjusted accordingly.

The Group's **earnings after taxes** were nearly unchanged at EUR -5.1 million (previous year: EUR -5.0 million), in part because the financial income improved significantly compared to the previous year and the financial expenses decreased significantly. In this context, interest rate hedging transactions had a positive influence, as these must be valued in the balance sheet according to the development of market interest rates. As the market interest rates increased compared with the end of December 2020, this created a positive effect of EUR 1.8 million on earnings after taxes in the first quarter of 2021 (previous year: negative effect of EUR -2.7 million).

The **order backlog** in the Group increased very significantly by 21.0% compared with the reference period in the previous year and also rose significantly by 13.7% to EUR 1,322.1 million compared to the end of 2020. This was primarily attributable to Construction, where very large projects volumes were commissioned, including in Europe. The Equipment segment was also able to significantly increase its order backlog, while this figure decreased in the Resources segment. The **order intake** grew by 13.4% from EUR 455.2 million to EUR 516.1 million.

CONSTRUCTION SEGMENT

in EUR '000	3M/2020 *	3M/2021	Change
Total Group revenues	167,025	169,672	1.6%
Sales revenues	152,802	157,756	3.2%
Order intake	148,570	273,394	84.0%
Order backlog	592,633	825,058	39.2%
EBIT	188	-176	n/a

* Previous year adjusted; see p. 70 and 102 of the 2020 Annual Report

At EUR 169.7 million, **total Group revenues** in the Construction segment were approximately on a par with the previous year's EUR 167.0 million. In line with the total Group revenues, **EBIT** hardly changed compared to the same period in the previous year, from EUR 0.2 million to EUR -0.2 million.

Overall, the Construction segment recorded a typical start to the year. Work was able to proceed well in the markets of Europe and the USA, and there was a good workload in the Middle East due to an order in Jordan. In the Far East, there were still exit restrictions and travel restrictions in some places, however the situation in individual markets has already improved compared to recent months. Here, work to adapt capacities is ongoing.

Order backlog in the Construction segment grew significantly by 39.2% from EUR 592.6 million in the previous year to EUR 825.1 million. This includes larger projects that were awarded in the second quarter of the previous year. In addition, larger projects were commissioned in Europe, Jordan, India and Egypt in the first quarter of 2021. At EUR 273.4 million, the **order intake** rose very significantly by 84.0% compared to the previous year's EUR 148.6 million.

EQUIPMENT SEGMENT

in EUR '000	3M/2020 *	3M/2021	Change
Total Group revenues	163,771	151,973	-7.2%
Sales revenues	109,985	91,860	-16.5%
Order intake	186,173	185,828	-0.2%
Order backlog	130,709	152,711	16.8%
EBIT	3,807	514	-86.5%

* Previous year adjusted; see p. 70 of the 2020 Annual Report

At the end of the first quarter, **total Group revenues** in the Equipment segment fell by 7.2%, from EUR 163.8 million to EUR 152.0 million, when compared to the same period of the previous year. **EBIT** decreased compared to the previous year, from EUR 3.8 million to EUR 0.5 million.

In the first quarter of the previous year, the key figures still showed only minimal effects of the COVID-19 pandemic. Overall, the Equipment segment continues to be affected by customers' reluctance to invest, resulting from the uncertainty caused by the COVID-19 pandemic.

Order backlog increased by 16.8%, from EUR 130.7 million in the previous year to EUR 152.7 million. At EUR 185.8 million, **order intake** was almost the same as the previous year's EUR 186.2 million.

RESOURCES SEGMENT

in EUR '000	3M/2020	3M/2021	Change
Total Group revenues	80,733	63,216	-21.7%
Sales revenues	70,692	52,931	-25.1%
Order intake	141,817	85,221	-39.9%
Order backlog	369,327	344,349	-6.8%
EBIT	4,032	2,144	-46.8%

* Previous year adjusted; see p. 70 and 102 of the 2020 Annual Report

At EUR 63.2 million, **total Group revenues** in the Resources segment were down significantly by 21.7% after the first quarter, compared to the previous year's EUR 80.7 million. This was largely because the previous year's figures include the major Kesslergrube project, where the client has been responsible for continuation of works since July 2020. **EBIT** fell from EUR 4.0 million to EUR 2.1 million.

The segment continues to not be significantly influenced by the COVID-19 pandemic.

After the first quarter, the **order backlog** decreased by 6.8%, from EUR 369.3 million to EUR 344.3 million. The **order intake** fell by 39.9%, from EUR 141.8 million to EUR 85.2 million.

Earnings, financial and net asset position

The significant key figures for the earnings position have already been described in the previous section.

At the end of the first quarter, the **total assets** amounted to EUR 1,635.4 million, corresponding to a decrease of 4.3% compared to the previous year's value of EUR 1,708.9 million. The decline in receivables and other assets (EUR -40.6 million), investments accounted for using the equity method (EUR -39.9 million), inventories (EUR -22.5 million) and cash and cash equivalents (EUR -14.0 million) were factors with a negative impact on the asset side. The increase in property, plant and equipment (EUR +16.3 million) had a positive impact on the asset side. Non-current assets held for sale were recorded for the first time in the 2020 annual financial statements. At the end of the first quarter, they amounted to EUR 36.1 million. This item essentially comprises a property in the USA that was previously used for the joint venture in deep drilling technology with Schlumberger and which is now held for sale due to termination of the joint venture.

Equity slightly increased from EUR 375.9 million to EUR 376.4 million, which is primarily attributable to the capital increase from authorized capital (+EUR 16.0 million) carried out in December 2020.

Compared to the previous year, loans with a volume of EUR 201.7 million were transferred from **current liabilities** to **non-current liabilities to banks** as the remaining term of the corresponding loans was less than one year on the balance sheet date in the previous year. 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. This applied accordingly as of the balance sheet date on March 31, 2020.

Group interim financial information

BASIS AND METHODS

BAUER Aktiengesellschaft (hereinafter referred to as BAUER AG) is a publicly listed stock corporation headquartered in Schrobenhausen, Germany. The Group interim financial information - comprising the consolidated income statement and consolidated statement of comprehensive income, condensed consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows along with selected explanatory disclosures - of BAUER AG and its subsidiaries encompasses the period from January 1, 2021 to March 31, 2021.

FORALITH Drilling Support AG was deconsolidated as of March 31, 2021. This resulted in income from deconsolidation of EUR 558 thousand. In the comparative period March 31, 2020, BAUER Hong Kong Ltd. was deconsolidated, resulting in an earnings effect of EUR 8,046 thousand. There have been no other significant changes in the scope of consolidation since December 31, 2020.

In the 2014 financial year, an impairment loss was recognized on the shares in TERRABAUER S.L. due to negative expectations regarding the economic situation. In the meantime, the earnings outlook has improved significantly, which led to a reversal of the impairment loss in the first quarter of 2021 in the amount of EUR 1,550 thousand.

The Group interim financial information as at March 31, 2021 was prepared in accordance with the International Financial Reporting Standards (IFRS) relevant for these parts of the interim financial statements and the interpretations of the International Accounting Standards Board (IASB) associated with interim reporting, as these must be applied in the European Union. The financial information does not include all parts required in accordance with IAS 34 and the selected explanatory disclosures do not include all notes and disclosures required in accordance with IAS 34.

The accounting policies applied in the Group interim financial information are fundamentally based on the same policies that were used as a basis for the consolidated financial statements for the financial year from January 1, 2020 to December 31, 2020.

New or revised international accountancy regulations in accordance with IFRS requiring mandatory application for the first time in the financial year had no significant impact on the interim financial statements.

The income from shares accounted for using the equity method was reported as part of EBITDA under the other operating expenses as at December 31, 2020. The previous year was adjusted.

As at December 31, 2020, the liabilities to consortia were retroactively reclassified from trade payables into liabilities to companies and participations accounted for using the equity method.

As part of preparation of the Group interim financial information, the Management Board made assessments and estimates and reached assumptions based on the latest findings, which influence the application of the accounting principles in the Group and the reporting of assets and liabilities as well as earnings and expenses. The actual amounts may differ from these estimates. The results achieved so far in the 2021 financial year cannot necessarily be used to forecast the further course of business.

The income tax expense was deferred in the reporting period based on the tax rate that is anticipated for the entire financial year.

Consolidated Income Statement and Statement of Comprehensive Income

INCOME STATEMENT

in EUR thousand	3M/2020 *	3M/2021
Sales revenues	333,996	302,992
Changes in inventories	30,877	27,702
Other own work capitalized	1,731	5,173
Other income	9,604	4,809
Consolidated revenues	376,208	340,676
Cost of materials	-184,186	-165,656
Personnel expenses	-106,919	-104,881
Other operating expenses	-54,028	-47,080
Income from shares accounted for using the equity method	2,247	2,857
Earnings before interest, tax, depreciation and amortization (EBITDA)	33,322	25,916
Depreciation and amortization		
a) Depreciation of fixed assets	-22,128	-21,482
b) Write-downs of inventories due to use	-2,677	-2,637
Earnings before interest and tax (EBIT)	8,517	1,797
Financial income	14,962	17,535
Financial expenses	-25,746	-20,695
Earnings before tax (EBT)	-2,267	-1,363
Income tax expense	-2,696	-3,758
Earnings after tax	-4,963	-5,121
of which attributable to shareholders of BAUER AG	-5,165	-6,032
of which attributable to non-controlling interests	202	911

in EUR	3M/2020	3M/2021
Basic earnings per share	-0.30	-0.32
Diluted earnings per share	-0.30	-0.32
Average number of shares in circulation (basic)	17,131,000	18,844,066
Average number of shares in circulation (diluted)	17,131,000	18,844,066

STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	3M/2020	3M/2021
Earnings after tax	-4,963	-5,121
Income and expenses which will not be subsequently reclassified to profit and loss		
Revaluation of obligations arising from employee benefits after termination of the employment relationship	-9	12,532
Deferred taxes on that revaluation with no effect on profit and loss	0	-3,519
Market valuation of other participations	0	0
Income and expenses which will be subsequently reclassified to profit and loss		
Market valuation of derivative financial instruments (hedging reserve)	32	-1,342
Included in income and loss	-2	1,352
Market valuation of derivative financial instruments (reserve for hedging costs)	-318	145
Included in income and loss	253	110
Deferred taxes on financial instruments with no effect on profit and loss	10	-75
Exchange differences on translation of foreign subsidiaries	-6,001	7,896
Other earnings after tax	-6,035	17,099
Total comprehensive income	-10,998	11,978
of which attributable to shareholders of BAUER AG	-11,599	10,496
of which attributable to non-controlling interests	601	1,482

* Previous year adjusted; see p. 73 of the 2020 Annual Report

CONSOLIDATED BALANCE SHEET (REDUCED)

Assets in EUR thousand	Mar. 31, 2020	Dec. 31, 2020	Mar. 31, 2021
Intangible assets	16,377	14,598	14,464
Property, plant and equipment	454,029	452,487	470,330
Investments accounted for using the equity method	117,998	76,189	78,099
Participations	8,806	10,761	10,761
Deferred tax assets	66,416	66,916	64,794
Other non-current assets	7,963	7,425	7,725
Other non-current financial assets	13,918	13,165	14,113
Non-current assets	685,507	641,541	660,286
Inventories	501,104	434,966	473,471
Less advances received for inventories	-15,356	-10,340	-10,221
	485,748	424,626	463,250
Receivables and other assets	475,448	394,661	434,887
Effective income tax refund claims	9,549	2,356	2,336
Cash and cash equivalents	52,608	46,015	38,584
Non-current assets held for sale	0	34,786	36,103
Current assets	1,023,353	902,444	975,160
	1,708,860	1,543,985	1,635,446
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Equity and liabilities in EUR thousand			
	Mar. 31, 2020	Dec. 31, 2020	Mar. 31, 2021
Equity of BAUER AG shareholders	370,205	364,722	375,218
Non-controlling interests	5,713	801	1,137
Equity	375,918	365,523	376,355
Provisions for pensions	158,768	167,457	155,165
Financial liabilities	182,020	317,939	352,838
Other non-current liabilities	6,200	6,027	6,285
Deferred tax liabilities	27,506	20,599	22,096
Non-current debt	374,494	512,022	536,384
Financial liabilities	514,414	256,881	301,667
Other current liabilities	407,949	347,472	357,961
Effective income tax obligations	9,518	25,997	22,345
Provisions	26,567	36,090	40,734
Current debt	958,448	666,440	722,707
	1,708,860	1,543,985	1,635,446
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand

	Other revenue reserves and retained earnings									
	Subscribed capital	Capital reserve	Revenue reserves	of foreign subsidiaries	Derivative financial instruments (hedging reserve)	Derivative financial instruments (reserve for hedging costs)	Equity instruments	Attributable to BAUER AG Shareholders	Non-controlling interests	Total
As at January 1, 2020	73,001	38,404	278,430	-6,471	-273	-46	-1,241	381,804	5,112	386,916
Earnings after tax	0	0	-5,165	0	0	0	0	-5,165	202	-4,963
Exchange differences on translation of foreign subsidiaries	0	0	0	-6,400	0	0	0	-6,400	399	-6,001
Revaluation of obligations arising from employee benefits after termination of the employment relationship	0	0	-9	0	0	0	0	-9	0	-9
Market valuation of other participations								0		0
Market valuation of derivative financial instruments	0	0	0	0	30	-65	0	-35	0	-35
Deferred taxes with no effect on profit and loss	0	0	0	0	-8	18	0	10	0	10
Total comprehensive income	0	0	-5,174	-6,400	22	-47	0	-11,599	601	-10,998
Changes in basis of consolidation	0	0	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0
As at Mar. 31, 2020	73,001	38,404	273,256	-12,871	-251	-93	-1,241	370,205	5,713	375,918
As at January 1, 2021	80,301	47,069	265,111	-27,651	-14	-3	-91	364,722	801	365,523
Earnings after tax	0	0	-6,032	0	0	0	0	-6,032	911	-5,121
Exchange differences on translation of foreign subsidiaries	0	0	0	7,325	0	0	0	7,325	571	7,896
Revaluation of obligations arising from employee benefits after termination of the employment relationship	0	0	12,532	0	0	0	0	12,532	0	12,532
Market valuation of other participations	0	0	0	0	0	0	0	0		0
Market valuation of derivative financial instruments	0	0	0	0	10	255	0	265	0	265
Deferred taxes with no effect on profit and loss	0	0	-3,519	0	-3	-72	0	-3,594	0	-3,594
Total comprehensive income	0	0	2,981	7,325	7	183	0	10,496	1,482	11,978
Changes in basis of consolidation	0	0	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0	-1,146	-1,146
Other changes	0	0	0	0	0	0	0	0	0	0
As at Mar. 31, 2021	80,301	47,069	268,092	-20,326	-7	180	-91	375,218	1,137	376,355

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousand	3M/2020 *	3M/2021
Cash flows from operational activity:		
Earnings before tax (EBT)	-2,267	-1,363
Depreciation of property, plant and equipment and intangible assets	22,128	21,482
Write-downs of inventories due to use	2,677	2,637
Financial income	-14,962	-17,535
Financial expenses	25,746	20,695
Other non-cash transactions and results of de-consolidations	-7,688	8,718
Dividends received	2,686	1,752
Income from the disposal of property, plant and equipment and intangible assets	-1,541	-91
Income from shares accounted for using the equity method	2,247	2,857
Change in provisions	-3,860	-306
Change in trade receivables	1,680	4,476
Change in contract assets	-15,516	-23,034
Change in other assets and in prepayments and deferred charges	-24,299	-10,115
Change in inventories	-34,842	-38,106
Change in trade payables	1,946	21,335
Change in contract liabilities	7,849	-23,924
Change in other current and non-current liabilities	1,733	-9,848
Cash and cash equivalents generated from day-to-day business operations	-36,283	-40,370
Income tax paid	-17,351	-7,675
Net cash from operating activities	-53,634	-48,045
Cash flows from investing activity:		
Purchase of property, plant and equipment and intangible assets	-26,135	-43,037
Proceeds from the sale of property, plant and equipment and intangible assets	9,111	11,306
Change in financial resources resulting from the basis of consolidation	-271	0
Disbursements for the purchase of shares in joint ventures	0	-325
Net cash used in investing activities	-17,295	-32,056
Free Cash flow (Cash flow from operating activities + Cash flow from investing activities)	-70,929	-80,101
Cash flows from financing activity:		
Raising of loans and liabilities to banks	184,366	115,182
Repayment of loans and liabilities to banks	-86,326	-37,261
Repayment of liabilities from lease agreements	-6,352	-542
Disbursements for the purchase of additional shares in subsidiaries	0	0
Dividends paid	0	-1,146
Interest paid	-6,453	-5,453
Interest received	723	710
Net cash used in financing activities	85,958	71,490
Changes in liquid funds affecting payments	15,029	-8,611
Influence of exchange rate movements on cash	4	1,180
Total change in liquid funds	15,033	-7,431
Cash and cash equivalents at beginning of reporting period	37,575	46,015
Cash and cash equivalents at end of reporting period	52,608	38,584
Change in cash and cash equivalents	15,033	-7,431

* Previous Year adjusted; The change in liabilities to joint ventures was reclassified to the change in other current and non-current liabilities

FUTURE-RELATED STATEMENTS

This quarterly statement contains some future-related statements. Future-related statements are any statements which do not relate to historical facts and events, such as statements about future financial earning power, about plans and expectations with regard to the development of the business of the BAUER Group and about the general economic climate or other factors to which the Group is subject. The use of words such as “believe”, “expect”, “predict”, “intend”, “forecast”, “plan”, “estimate”, “aim”, “likely”, “assume” and similar language 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 income or revenue which are achieved differ widely from the developments, income or revenues 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.

2021 FINANCIAL CALENDAR

March 2, 2021	Preliminary figures for 2020
March 31, 2021	Extraordinary General Meeting
April 13, 2021	Publication Annual Report 2020 Annual Press Conference Analysts' Conference
May 12, 2021	Quarterly Statement Q1 2021
June 24, 2021	Annual General Meeting
August 12, 2021	Half-Year Interim Report to June 30, 2021
November 11, 2021	Quarterly Statement 9M/Q3 2021

You can find more information on the BAUER Group online at www.bauer.de.

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BAUER Aktiengesellschaft
BAUER-Strasse 1
86529 Schrobenhausen, Germany

Office of the Management Board
Phone: +49 8252 97-1095
E-mail: investor.relations@bauer.de

Registered place of business:
86529 Schrobenhausen, Germany
Registered at the Local Court of
Ingolstadt under HRB 101375



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