

# Quarterly Statement

9M/Q3 2020



## At a glance

### GROUP KEY FIGURES

IFRS in EUR million	9M/2019	9M/2020	Change
Total Group revenues	1,239.4	1,098.2	-11.4%
Sales revenues	1,107.7	990.8	-10.6%
Order intake	1,288.1	1,270.2	-1.4%
Order backlog	1,062.3	1,199.7	12.9%
EBITDA	121.0	98.4	-18.7%
EBIT	48.5	21.6	-55.5%
Earnings after tax	-0.4	-13.2	n/a
Total assets	1,771.1	1,646.9	-7.0%
Equity	415.0	352.4	-15.1%
Employees (on average over the year)	11,570	11,459	-1.0%

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	~ 1,500
EBIT	22.5	about previous year's level
Earnings after tax	-36.6	negative; significant improvement

## Summary

At the end of the third quarter of 2020, the **total Group revenues** of the BAUER Group significantly decreased by 11.4%, from EUR 1,239.4 million to EUR 1,098.2 million, compared to the same period of the previous year. This was primarily attributable to the Equipment segment. **Sales revenues** fell by 10.6% to EUR 990.8 million. At EUR 21.6 million, **EBIT** was significantly below the previous year's value of EUR 48.5 million. The Construction segment and, in particular, the Equipment segment fell significantly short of the original expectations, which can primarily be attributed to the effects of the coronavirus pandemic. The Resources segment has remained nearly unaffected and demonstrates a better development than the previous year in operational terms.

The Group's **earnings after taxes** were clearly negative and amounted to EUR -13.2 million (previous year: EUR -0.4 million). In addition to the losses in the Construction and Equipment segments, interest rate hedging transactions had a significant negative impact as these must be valued in the balance sheet according to the development of market interest rates. As the market interest rates decreased compared with the end of December 2019, this created a negative effect of EUR -6.1 million on earnings after taxes after the first nine months of 2020 (previous year: EUR -2.5 million).

The **order backlog** in the Group increased very significantly by 12.9% compared with the reference period in the previous year and also rose by 16.7% to EUR 1,199.7 million compared to the end of 2019. This was primarily attributable to Construction, where very large order volumes were commissioned, including in Europe. In the Equipment and Resources segments, the order backlog was lower than in the previous year. **Order intake** decreased by 1.4%, from EUR 1,288.1 million to EUR 1,270.2 million.

## Significant events and transactions

### CONSTRUCTION SEGMENT

in EUR '000	9M/2019 *	9M/2020	Change
Total Group revenues	484,546	484,275	-0.1%
Sales revenues	458,705	451,449	-1.6%
Order intake	534,563	669,015	25.2%
Order backlog	597,289	795,828	33.2%
EBIT	593	5,840	n/a

\* Previous year adjusted. SPESA Spezialbau und Sanierung GmbH as well as SCHACHTBAU NORDHAUSEN Bau GmbH have been reclassified from the Construction to the Resources segment.

At EUR 484.3 million, **total Group revenues** in the Construction segment were on a par with the previous year's EUR 484.5 million. **EBIT** improved compared to the same period in the previous year, from EUR 0.6 million to EUR 5.8 million. In the current year, these developments reflect the effects of the coronavirus pandemic as well as the negative market valuation of interest rate hedging transactions. As already explained in the half-year report, the segment's key earnings figures include a positive earnings contribution of around EUR 8 million from the deconsolidation of the subsidiary in Hong Kong. In the previous year, the segment was significantly affected by a lack of orders and project postponements in the Far East which led to a considerable burden of fixed costs.

The reclassification of SPESA Spezialbau und Sanierung GmbH and SCHACHTBAU NORDHAUSEN Bau GmbH into the Resources segment, which was carried out during the first half of the year, reduced the total Group revenues of the same period in the previous year by around EUR 30 million. The effects on the earnings figures were not significant.

Overall, Construction was significantly affected by the consequences of the coronavirus pandemic over the past several months. In many countries, temporary curfews and travel restrictions complicated logistics and supply at construction sites in terms of equipment, materials and personnel, sometimes even making operations impossible. In some countries, these restrictions are still in place. On the other hand, we are able to work well in countries which are currently important to us, such as Germany as well as the USA, Bangladesh or Bhutan, which also applies to most major projects.

**Order backlog** in the Construction segment grew significantly by 33.2% from EUR 597.3 million in the previous year to EUR 795.8 million. This was primarily due to very large orders received in the first half of the year, above all in Europe. At EUR 669.0 million, the **order intake** rose by 25.2% compared to the previous year's EUR 534.6 million.

## EQUIPMENT SEGMENT

in EUR '000	9M/2019	9M/2020	Change
Total Group revenues	558,924	456,058	-18.4%
Sales revenues	446,680	351,899	-21.2%
Order intake	545,344	466,309	-14.5%
Order backlog	136,317	118,558	-13.0%
EBIT	51,456	13,714	-73.3%

At the end of the third quarter, the **total Group revenues** in the Equipment segment fell significantly by 18.4% compared to the previous year, from EUR 558.9 million to EUR 456.1 million; **sales revenues** dropped by 21.2% from EUR 446.7 million to EUR 351.9 million. **EBIT** decreased considerably compared to the previous year, from EUR 51.5 million to EUR 13.7 million.

The Equipment segment is still the segment most significantly affected by the customers' reluctance to invest, resulting from the uncertainty caused by the coronavirus pandemic. While the impact was still small in the first quarter, sales and incoming orders decreased significantly in the second quarter. The order situation did not experience a significant recovery in the third quarter. At the main site in Schrobenhausen, Germany, production was reduced starting in April and a short-time working arrangement was introduced in response. The business is showing an unchanged positive development in China, where there has been a good order situation again since April.

Over the course of the third quarter, all transactions were finalized to end the joint venture launched together with Schlumberger in 2015 to develop and build large-scale land-based deep drilling rigs for the oil and gas industry. Overall, this resulted in a positive contribution to the earnings figures.

The **order backlog** fell by 13.0%, from EUR 136.3 million in the previous year to EUR 118.6 million, and the **order intake** dropped by 14.5%, from EUR 545.3 million to EUR 466.3 million.

## RESOURCES SEGMENT

in EUR '000	9M/2019 *	9M/2020	Change
Total Group revenues	235,329	208,366	-11.5%
Sales revenues	201,310	186,610	-7.3%
Order intake	247,509	185,431	-25.1%
Order backlog	328,658	285,308	-13.2%
EBIT	-2,299	-2,792	n/a

\* Previous year adjusted. SPESA Spezialbau und Sanierung GmbH as well as SCHACHTBAU NORDHAUSEN Bau GmbH have been reclassified from the Construction to the Resources segment.

At EUR 208.4 million, **total Group revenues** in the Resources segment were down by 11.5% after the third quarter, compared to the previous year's EUR 235.3 million. This was largely attributable to the area of mining. **EBIT** decreased slightly from EUR -2.3 million to EUR -2.8 million.

The reclassification of SPESA Spezialbau und Sanierung GmbH and SCHACHTBAU NORDHAUSEN Bau GmbH into the Resources segment, which was carried out during the first half of the year, increased the total Group revenues of the same period in the previous year by around EUR 30 million. The effects on the earnings figures were not significant.

The sale of ESAU & HUEBER GmbH, which specialized in brewery and beverage technology, to the Schulz Group was finalized by the balance sheet date at the end of September. The negative effects on the earnings figures due to the sale amounted to approximately EUR -1.7 million.

In the first nine months, the segment only experienced minimal effects of the coronavirus pandemic. However, in the following months, the impact of the coronavirus pandemic has become apparent here as well since fewer projects are coming to market. The environmental business achieved good results, as did the business with well materials.

After the first nine months, the **order backlog** decreased by 13.2%, from EUR 328.7 million to EUR 285.3 million. The **order intake** fell by 25.1%, from EUR 247.5 million to EUR 185.4 million.

## Earnings, financial and net asset position

At the end of the third quarter, the **total assets** amounted to EUR 1,646.9 million, corresponding to a decrease of 7.0% compared to the previous year's value of EUR 1,771.1 million. **Inventories** decreased by 4.8% to EUR 471.3 million compared to the previous year, and **receivables and other assets** fell by 15.9% to EUR 449.8 million. Compared to the end of the third quarter in 2019, net debt decreased by 2.4%.

**Equity** declined by 15.1% from EUR 415.0 million to EUR 352.4 million, primarily due to currency and interest rate effects as well as the recorded loss. Compared to the end of 2019, the decline was 8.9%.

Compared to the Half-Year Interim Report, loans with a volume of EUR 147.3 million were transferred from **non-current liabilities** to **current liabilities to banks** as the remaining term of the corresponding loans was less than a year on the balance sheet date.

## Full-year outlook

The global effects of the coronavirus pandemic also had a significant influence on our business, primarily in the Construction and Equipment segments. As before, it is difficult to forecast future developments, particularly for the year 2021. This is especially true since infection numbers have started to significantly increase again over the last few weeks since October.

The Group applied for short-time work for a number of its companies in Germany as of April 1, 2020. From today's perspective, this will have to be extended at least until the end of the first quarter of 2021.

Due to the uncertainties surrounding the rest of the year, BAUER AG withdrew its forecast for the 2020 financial year in an ad-hoc announcement on June 17, 2020 after reviewing the projections.

On November 3, the Management Board of BAUER AG released a new forecast for the 2020 financial year in an ad-hoc announcement. Total Group revenues are anticipated to be approximately EUR 1.5 billion, and EBIT to remain at about the previous year's level. Earnings after taxes are anticipated to be negative, yet significantly better than in the previous year and better than EUR -20 million.

Overall, the Management Board remains confident that it will still be possible to limit the negative effects of the crisis on the BAUER Group thanks to the tremendous dedication of all employees in these difficult times.

# Interim consolidated financial statements

## INCOME STATEMENT

in EUR '000	Q3/2019	Q3/2020	9M/2019	9M/2020
Sales revenues	362,223	342,297	1,107,665	990,824
Changes in inventories	21,669	-14,109	65,548	20,846
Other capitalized goods and services for own account	1,601	2,169	4,626	5,317
Other income	7,217	24,189	15,084	43,135
<b>Consolidated revenues</b>	<b>392,710</b>	<b>354,546</b>	<b>1,192,923</b>	<b>1,060,122</b>
Cost of materials	-198,158	-150,940	-615,133	-501,231
Personnel expenses	-103,942	-98,643	-308,616	-295,819
Other operating expenses	-52,116	-64,568	-148,196	-164,701
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>38,494</b>	<b>40,395</b>	<b>120,978</b>	<b>98,371</b>
Depreciation and amortization				
a) Depreciation of fixed assets	-21,616	-22,192	-62,154	-67,298
b) Write-downs of inventories due to use	-3,624	-3,157	-10,310	-9,489
<b>Earnings before interest and tax (EBIT)</b>	<b>13,254</b>	<b>15,046</b>	<b>48,514</b>	<b>21,584</b>
Financial income	14,079	9,012	33,959	23,642
Financial expenses	-25,010	-20,362	-69,619	-54,899
Share of the profit or loss of associated companies accounted for using the equity method	3,230	3,708	7,505	8,169
<b>Earnings before tax (EBT)</b>	<b>5,553</b>	<b>7,404</b>	<b>20,359</b>	<b>-1,504</b>
Income tax expense	-5,589	-4,600	-20,773	-11,682
<b>Earnings after tax</b>	<b>-36</b>	<b>2,804</b>	<b>-414</b>	<b>-13,186</b>
of which attributable to shareholders of BAUER AG	-17	2,517	-2,131	-13,960
of which attributable to non-controlling interests	-19	287	1,717	774

in EUR	Q3/2019	Q3/2020	9M/2019	9M/2020
Basic earnings per share	0.00	0.15	-0.12	-0.81
Diluted earnings per share	0.00	0.15	-0.12	-0.81
Average number of shares in circulation (basic)	17,131,000	17,131,000	17,131,000	17,131,000
Average number of shares in circulation (diluted)	17,131,000	17,131,000	17,131,000	17,131,000

## STATEMENT OF COMPREHENSIVE INCOME

in EUR '000	Q3/2019	Q3/2020	9M/2019	9M/2020
<b>Earnings after tax</b>	<b>-36</b>	<b>2,804</b>	<b>-414</b>	<b>-13,186</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	-14,744	-13,225	-35,344	-5,851
Deferred taxes on that revaluation with no effect on profit and loss	4,137	3,713	9,922	1,640
Market valuation of other investments	0	0	0	0
Income and expenses which will be subsequently reclassified to profit and loss				
Market valuation of derivative financial instruments (hedging reserve)	789	1,508	280	1,786
Included in profit and loss	-343	-1,210	0	-1,439
Market valuation of derivative financial instruments (reserve for hedging costs)	1,402	-122	-168	-451
Included in profit and loss	-1,456	97	0	410
Deferred taxes on financial instruments with no effect on profit and loss	-110	-77	-31	-86
Exchange differences on translation of foreign subsidiaries	6,853	-7,332	12,307	-16,328
<b>Other comprehensive income</b>	<b>-3,472</b>	<b>-16,648</b>	<b>-13,034</b>	<b>-20,319</b>
<b>Total comprehensive income</b>	<b>-3,508</b>	<b>-13,844</b>	<b>-13,448</b>	<b>-33,505</b>
of which attributable to shareholders of BAUER AG	-4,624	-13,543	-17,634	-33,219
of which attributable to non-controlling interests	1,116	-301	4,186	-286

## CONSOLIDATED BALANCE SHEET

<b>Assets</b> in EUR '000	Sep. 30, 2019	Dec. 31, 2019	Sep. 30, 2020
Intangible assets	16,302	16,946	21,495
Property, plant and equipment	445,123	460,470	470,436
Investments accounted for using the equity method	115,513	118,185	75,694
Participations	8,384	8,806	8,848
Deferred tax assets	67,346	67,273	71,362
Other non-current assets	6,249	7,175	6,888
Other non-current financial assets	13,395	13,923	13,990
<b>Non-current assets</b>	<b>672,312</b>	<b>692,778</b>	<b>668,713</b>
Inventories	507,290	467,239	482,845
Less advances received on inventories	-12,151	-8,921	-11,554
	<b>495,139</b>	<b>458,318</b>	<b>471,291</b>
Receivables and other assets	534,973	434,608	449,838
Effective income tax refund claims	4,551	5,270	3,597
Cash and cash equivalents	64,121	37,575	53,446
<b>Current assets</b>	<b>1,098,784</b>	<b>935,771</b>	<b>978,172</b>
	<b>1,771,096</b>	<b>1,628,549</b>	<b>1,646,885</b>
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<b>Equity and liabilities</b> in EUR '000	Sep. 30, 2019	Dec. 31, 2019	Sep. 30, 2020
<b>Equity of BAUER AG shareholders</b>	<b>408,847</b>	<b>381,804</b>	<b>348,725</b>
Non-controlling interests	6,156	5,112	3,674
<b>Equity</b>	<b>415,003</b>	<b>386,916</b>	<b>352,399</b>
Provisions for pensions	171,178	158,641	165,440
Financial liabilities	392,492	135,300	222,653
Other liabilities	5,993	6,028	6,295
Deferred tax liabilities	29,963	27,149	27,996
<b>Non-current debt</b>	<b>599,626</b>	<b>327,118</b>	<b>422,384</b>
Financial liabilities	308,149	465,953	452,099
Other liabilities	405,531	402,318	377,563
Effective income tax obligations	21,453	19,566	14,108
Provisions	21,334	26,678	28,332
<b>Current debt</b>	<b>756,467</b>	<b>914,515</b>	<b>872,102</b>
	<b>1,771,096</b>	<b>1,628,549</b>	<b>1,646,885</b>
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## CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR '000	9M/2019	9M/2020
<b>Cash flows from operational activity:</b>		
Earnings before tax (EBT)	20,359	-1,504
Depreciation of property, plant and equipment and intangible assets	62,154	67,298
Write-downs of inventories due to use	10,310	9,489
Financial income	-33,959	-23,642
Financial expenses	69,619	54,899
Other non-cash transactions and results of de-consolidations	2,074	-5,852
Dividends received	1,859	4,686
Income from the disposal of property, plant and equipment and intangible assets	-2,657	-5,435
Income from associated companies accounted for using the equity method	7,505	8,169
Change in provisions	-1,674	-2,056
Change in trade receivables	74,852	30,243
Change in contract assets	-27,111	-19,999
Change in other assets and in prepayments and deferred charges	-27,521	-24,885
Change in inventories	-107,707	-38,966
Change in trade payables	4,777	-6,403
Change in contract liabilities	8,296	-9,480
Change in other current and non-current liabilities	18,345	9,554
<b>Cash and cash equivalents generated from day-to-day business operations</b>	<b>79,521</b>	<b>46,116</b>
Income tax paid	-32,712	-15,276
<b>Net cash from operating activities</b>	<b>46,809</b>	<b>30,840</b>
<b>Cash flows from investment activity:</b>		
Acquisition of affiliated companies less net cash and cash equivalents procured	0	-17,649
Acquisition of property, plant and equipment and intangible assets	-66,644	-68,767
Proceeds from the sale of property, plant and equipment and intangible assets	20,164	22,716
Consolidation scope-related change in financial resources	5	-434
Purchase of financial assets (participations)	-34	-42
<b>Net cash used in investing activities</b>	<b>-46,509</b>	<b>-64,176</b>
<b>Cash flows from financing activity:</b>		
Raising of loans and liabilities to banks	262,612	265,136
Repayment of loans and liabilities to banks	-231,441	-183,962
Repayment of liabilities from lease agreements	-14,822	-14,197
Disbursements for the purchase of additional shares in subsidiaries	0	-200
Dividends paid	-3,247	-812
Interest paid	-22,236	-18,570
Interest received	7,907	3,061
<b>Net cash used in financing activities</b>	<b>-1,227</b>	<b>50,456</b>
<b>Changes in liquid funds affecting payments</b>	<b>-927</b>	<b>17,120</b>
Influence of exchange rate movements on cash	2,461	-1,249
<b>Total change in liquid funds</b>	<b>1,534</b>	<b>15,871</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>64,121</b>	<b>53,446</b>
<b>Change in cash and cash equivalents</b>	<b>1,534</b>	<b>15,871</b>

\* Previous year's figure adjusted: non-cash changes in fair values of derivative financial instruments were reclassified from net cash used in financing activities to other non-cash transactions.

### **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

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 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](http://www.bauer.de).

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