

# Quarterly Statement

9M/Q3 2021



## At a glance

### GROUP KEY FIGURES

IFRS in EUR million	9M/2020 *	9M/2021	Change
Total Group revenues	1,098.2	1,149.6	4.7%
Sales revenues	990.8	1,044.3	5.4%
Order intake	1,270.2	1,258.0	-1.0%
Order backlog	1,199.7	1,270.9	5.9%
EBITDA	106.5	102.4	-3.9%
EBIT	29.8	24.1	-19.1%
Earnings after tax	-13.2	-5.9	n/a
Total assets	1,646.9	1,665.8	1.2%
Equity	352.4	454.8	29.1%
Employees (reporting date) **	11,353	11,891	4.7%

\* 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.

### OUTLOOK

in EUR million	Actual 2020	Forecast 2021
Total Group revenues	1,454	1,530 - 1,570
EBIT	55.5	35 - 45

## Significant events and transactions

### GROUP

At the end of the third quarter of 2021, the **total Group revenues** of the BAUER Group increased by 4.7%, from EUR 1,098.2 million to EUR 1,149.6 million, compared to the same period of the previous year. This was primarily attributable to the Construction and Equipment segments. At EUR 24.1 million, **EBIT** was below the previous year's value of EUR 29.8 million. The current financial year continued to show significant effects of the COVID-19 pandemic, particularly in the Construction and Equipment segments. In addition, there were significant delays at some individual major projects in Europe, including a project for the foundation of an offshore wind park on the French coast.

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.

At EUR -5.9 million, the Group's **earnings after taxes** were significantly above the previous year's value of EUR -13.2 million. Financial income improved significantly compared to the previous year, and 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 2.7 million on earnings after taxes after the first nine months of 2021 (previous year: negative effect of EUR -8.2 million).

The **order backlog** in the Group increased very significantly by 5.9% compared with the reference period in the previous year and also increased significantly by 9.3% to EUR 1,270.9 million compared to the end of 2020. This was primarily attributable to Construction, where very large project volumes were commissioned. The Equipment segment was also able to significantly increase its order backlog, while the Resources segment recorded a slight increase. **Order intake** decreased slightly by 1.0%, from EUR 1,270.2 million to EUR 1,258.0 million.

## CONSTRUCTION SEGMENT

in EUR '000	9M/2020 *	9M/2021	Change
Total Group revenues	468,281	517,622	10.5%
Sales revenues	435,814	485,970	11.5%
Order intake	618,480	595,520	-3.7%
Order backlog	761,287	799,234	5.0%
EBIT	7,397	-1,803	n/a

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

At EUR 517.6 million, **total Group revenues** in the Construction segment were up significantly by 10.5% compared to the previous year at EUR 468.3 million. **EBIT** decreased significantly compared to the same period in the previous year, from EUR 7.4 million to EUR -1.8 million, particularly because the segment continued to be impacted by the consequences of the COVID-19 pandemic.

Work was able to proceed well overall in the markets in Europe and in the USA, and positive results were achieved. There was a good workload in the Middle East due to an order in Jordan. In the Far East, particularly in Southeast Asia, the situation in individual markets has already improved compared to 2020, for example in Indonesia, however there were stricter exit and travel restrictions again, particularly in recent months, due to a renewed increasing spread of the COVID-19 pandemic. This impacted us much more significantly than anticipated in the current financial year. In the Far East, we are still working hard on the adjustment of our capacities, which presents an additional financial burden for us in addition to insufficient capacity utilization.

In addition, there were significant delays at some individual major projects in Europe, including a project for the foundation of an offshore wind park on the French coast.

**Order backlog** in the Construction segment grew by 5.0% from EUR 761.3 million in the previous year to EUR 799.2 million. This includes major projects in Europe, Jordan, India and Egypt. **Order intake** decreased by 3.7% to EUR 595.5 million, compared to EUR 618.5 million in the previous year.

## EQUIPMENT SEGMENT

in EUR '000	9M/2020 *	9M/2021	Change
Total Group revenues	456,058	485,174	6.4%
Sales revenues	351,899	376,605	7.0%
Order intake	466,309	505,736	8.5%
Order backlog	118,558	139,418	17.6%
EBIT	14,299	17,783	24.4%

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

At the end of the third quarter, **total Group revenues** in the Equipment segment increased by 6.4%, from EUR 456.1 million to EUR 485.2 million, when compared to the same period of the previous year. **EBIT** increased compared to the previous year, from EUR 14.3 million to EUR 17.8 million.

Compared to the previous year, the increase in revenue and earnings only demonstrates a slight improvement. Overall, however, the Equipment segment continues to be affected by customer reluctance to invest, resulting from uncertainty caused by the COVID-19 pandemic. Particularly in China and the countries of the Far East, sales figures so far have remained significantly below expectations. This is the result of restrictions imposed in many countries, which have also strongly impacted the construction markets. Overall, the increase in revenue is not yet sufficient to achieve a noticeable improvement in earnings. Capacity utilization continues to be insufficient overall.

**Order backlog** increased significantly by 17.6%, from EUR 118.6 million in the previous year to EUR 139.4 million. At EUR 505.7 million, the **order intake** rose by 8.5% compared to the previous year's EUR 466.3 million.

## RESOURCES SEGMENT

in EUR '000	9M/2020 *	9M/2021	Change
Total Group revenues	224,360	208,158	-7.2%
Sales revenues	202,245	180,791	-10.6%
Order intake	235,966	218,071	-7.6%
Order backlog	319,849	332,257	3.9%
EBIT	3,235	8,136	n/a

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

At EUR 208.2 million, **total Group revenues** in the Resources segment were down significantly by 7.2% after the third quarter, compared to the previous year's EUR 224.4 million. This was largely because the previous year's figures include the major Kesslergrube project, which was handed over to the client in July 2020. On the other hand, **EBIT** rose considerably from EUR 3.2 million to EUR 8.1 million.

The segment continues to not be significantly influenced by the COVID-19 pandemic. The restructuring carried out in recent years is now being increasingly reflected in the key figures. In particular the areas of water well construction, environmental services, constructed wetlands and mining performed well. Intensive work will continue until the end of the year on the merger and strategic realignment of the smaller area of rehabilitation. In the area of drilling services, capacity utilization was still insufficient.

At the end of the third quarter, the **order backlog** increased by 3.9%, from EUR 319.8 million to EUR 332.3 million. In contrast, the **order intake** fell by 7.6%, from EUR 236.0 million to EUR 218.1 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 third quarter of 2021, the **total assets** of the Group amounted to EUR 1,665.8 million, corresponding to an increase of 1.2% compared to the previous year's value of EUR 1,646.9 million. In particular, the decline in non-current assets (EUR -11.6 million) had a negative impact on the asset side. On the asset side, since 2020, non-current assets held for sale have been recorded in the annual financial statements. At the end of the third quarter, they amounted to EUR 36.5 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** significantly increased from EUR 352.4 million to EUR 454.8 million, which is primarily attributable to the capital increase from authorized capital (EUR +16.0 million) carried out in December 2020 as well as the larger capital increase with subscription rights (EUR +76.1 million). Thus the Group's **equity ratio** was 27.3% at the end of the third quarter of 2021 (previous year: 21.4%).

The income from the capital increase was used for the repayment of bank loans, which means that the **current and non-current liabilities to banks** reduced by a total of EUR 79.4 million compared to the same period of the previous year. Without taking into account the capital increase with subscription rights, the decrease compared to the previous year would be EUR 16.1 million.

In September, the existing syndicated loan agreement was extended in advance with a new volume of EUR 390 million. The term is three years with an option of extension. When compared to the Half-Year Interim Report, therefore, on the liabilities side of the balance sheet, the liabilities from the syndicated loan agreement amounting to EUR 162.3 million were reclassified from current liabilities to non-current liabilities to banks.

## Full-year outlook

The effects of the COVID-19 pandemic can still be felt worldwide. Particularly in the countries of the Far East, initial hopes concerning the easing of strict regulations in many countries were once again dashed by renewed spread of the virus, in particular the Delta variant. Strict exit restrictions were implemented again in many regions, leading to significant project delays or standstills on sites. As a consequence, equipment sales in the Far East were also inappropriately low.

In Europe, the USA and the Middle East, work on the construction sites was able to proceed well overall. However, specifically for our larger projects, there are also significant delays in some areas. The effects of the pandemic are still noticeable here.

The same applies for equipment sales. Although the demand situation has revived significantly, a reluctance to invest is still being felt overall. Particularly in the Far East, we are performing significantly below our original plans.

Our Resources segment continues to be unaffected by the COVID-19 pandemic, with a positive demand and order situation in nearly all areas even for the rest of the year.

Due to the ongoing consequences of the COVID-19 pandemic on our business in the Construction and Equipment segments, as well as significant delays in some areas with individual major projects in Europe, including a project for the foundation of an offshore wind park on the French coast, BAUER AG had to adjust the forecast in an ad-hoc announcement on November 2, 2021. Since then, the company expects to achieve **total Group revenues** of between EUR 1,530 million and EUR 1,570 million and **EBIT** of between EUR 35 and EUR 45 million for the 2021 financial year.

In addition to the forecast, the Executive Board anticipates that Group earnings after tax for the end of 2021 will remain at about the previous year's level due to the significant improvement in the financial result when compared to the previous year.

# Interim consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

in EUR thousand	Q3/2020 *	Q3/2021	9M/2020 *	9M/2021
Sales revenues	342,297	358,851	990,824	1,044,315
Changes in inventories	-14,109	-741	20,846	34,412
Other own work capitalized	2,169	3,676	5,317	12,012
Other income	24,189	3,423	43,135	11,260
<b>Consolidated revenues</b>	<b>354,546</b>	<b>365,209</b>	<b>1,060,122</b>	<b>1,101,999</b>
Cost of materials	-150,940	-187,577	-501,231	-559,429
Personnel expenses	-98,643	-107,732	-295,819	-320,968
Other operating expenses	-64,568	-36,336	-164,701	-127,008
Income from shares accounted for using the equity method	3,708	2,411	8,169	7,770
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>44,103</b>	<b>35,975</b>	<b>106,540</b>	<b>102,364</b>
Depreciation and amortization				
a) Depreciation of fixed assets	-22,192	-24,566	-67,298	-70,545
b) Write-downs of inventories due to use	-3,157	-2,662	-9,489	-7,748
<b>Earnings before interest and tax (EBIT)</b>	<b>18,754</b>	<b>8,747</b>	<b>29,753</b>	<b>24,071</b>
Financial income	9,012	10,642	23,642	34,625
Financial expenses	-20,362	-13,133	-54,899	-46,453
<b>Earnings before tax (EBT)</b>	<b>7,404</b>	<b>6,256</b>	<b>-1,504</b>	<b>12,243</b>
Income tax expense	-4,600	-6,516	-11,682	-18,114
<b>Earnings after tax</b>	<b>2,804</b>	<b>-260</b>	<b>-13,186</b>	<b>-5,871</b>
of which attributable to shareholders of BAUER AG	2,517	-1,186	-13,960	-8,288
of which attributable to non-controlling interests	287	926	774	2,417
in EUR	Q3/2020 *	Q3/2021	9M/2020 *	9M/2021
Basic earnings per share	0.15	-0.05	-0.12	-0.38
Diluted earnings per share	0.15	-0.05	-0.12	-0.38
Average number of shares in circulation (basic)	17,131,000	26,091,781	17,131,000	22,024,516
Average number of shares in circulation (diluted)	17,131,000	26,091,781	17,131,000	22,024,516

## STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	Q3/2020	Q3/2021	9M/2020	9M/2021
<b>Earnings after tax</b>	<b>2,804</b>	<b>-260</b>	<b>-13,186</b>	<b>-5,871</b>
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	-13,225	0	-5,851	12,552
Deferred taxes on that revaluation with no effect on profit and loss	3,713	-1	1,640	-3,525
Market valuation of other participations	0	0	0	0
Income and expenses which will be subsequently reclassified to profit and loss				
Market valuation of derivative financial instruments (hedging reserve)	1,508	-439	1,786	-397
Included in income and loss	-1,210	439	-1,439	418
Market valuation of derivative financial instruments (reserve for hedging costs)	-122	-123	-451	-290
Included in income and loss	97	129	410	331
Deferred taxes on financial instruments with no effect on profit and loss	-77	-1	-86	-17
Exchange differences on translation of foreign subsidiaries	-7,332	4,977	-16,328	11,620
<b>Other earnings after tax</b>	<b>-16,648</b>	<b>4,981</b>	<b>-20,319</b>	<b>20,692</b>
<b>Total comprehensive income</b>	<b>-13,844</b>	<b>4,721</b>	<b>-33,505</b>	<b>14,821</b>
of which attributable to shareholders of BAUER AG	-13,543	3,447	-33,219	11,587
of which attributable to non-controlling interests	-301	1,274	-286	3,234

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



## CONSOLIDATED BALANCE SHEET (REDUCED)

<b>Assets</b> in EUR thousand	Sep. 30, 2020	Dec. 31, 2020	Sep. 30, 2021
Intangible assets	21,495	14,598	14,617
Property, plant and equipment	470,436	452,487	465,868
Investments accounted for using the equity method	75,694	76,189	78,789
Participations	8,848	10,761	10,803
Deferred tax assets	71,362	66,916	63,989
Other non-current assets	6,888	7,425	7,436
Other non-current financial assets	13,990	13,165	15,623
<b>Non-current assets</b>	<b>668,713</b>	<b>641,541</b>	<b>657,125</b>
Inventories	482,845	434,966	482,965
Less advances received for inventories	-11,554	-10,340	-11,710
	471,291	424,626	471,255
Receivables and other assets	449,838	394,661	457,007
Effective income tax refund claims	3,597	2,356	4,697
Cash and cash equivalents	53,446	46,015	39,268
Non-current assets held for sale	0	34,786	36,491
<b>Current assets</b>	<b>978,172</b>	<b>902,444</b>	<b>1,008,718</b>
	<b>1,646,885</b>	<b>1,543,985</b>	<b>1,665,843</b>

<b>Equity and liabilities</b> in EUR thousand	Sep. 30, 2020	Dec. 31, 2020	Sep. 30, 2021
<b>Equity of BAUER AG shareholders</b>	<b>348,725</b>	<b>364,722</b>	<b>452,082</b>
Non-controlling interests	3,674	801	2,732
<b>Equity</b>	<b>352,399</b>	<b>365,523</b>	<b>454,814</b>
Provisions for pensions	165,440	167,457	155,517
Financial liabilities	222,653	317,939	373,804
Other non-current liabilities	6,295	6,027	6,503
Deferred tax liabilities	27,996	20,599	25,993
<b>Non-current debt</b>	<b>422,384</b>	<b>512,022</b>	<b>561,817</b>
Financial liabilities	452,099	256,881	230,641
Other current liabilities	377,563	347,472	370,494
Effective income tax obligations	14,108	25,997	14,487
Provisions	28,332	36,090	33,590
<b>Current debt</b>	<b>872,102</b>	<b>666,440</b>	<b>649,212</b>
	<b>1,646,885</b>	<b>1,543,985</b>	<b>1,665,843</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousand	9M/2020 *	9M/2021
<b>Cash flows from operational activity:</b>		
Earnings before tax (EBT)	-1,504	12,243
Depreciation of property, plant and equipment and intangible assets	67,298	70,545
Write-downs of inventories due to use	9,489	7,748
Financial income	-23,642	-34,625
Financial expenses	54,899	46,453
Other non-cash transactions and results of de-consolidations	-5,852	8,501
Dividends received	4,686	5,489
Income from the disposal of property, plant and equipment and intangible assets	-5,435	-1,808
Income from shares accounted for using the equity method	8,169	7,770
Change in provisions	-2,056	-17,807
Change in trade receivables	30,243	-10,274
Change in contract assets	-19,999	-25,432
Change in other assets and in prepayments and deferred charges	-24,885	-9,636
Change in inventories	-38,966	-60,509
Change in trade payables	-6,403	21,258
Change in contract liabilities	-9,480	-21,226
Change in other current and non-current liabilities	9,554	1,182
<b>Cash and cash equivalents generated from day-to-day business operations</b>	<b>46,116</b>	<b>-128</b>
Income tax paid	-15,276	-22,149
<b>Net cash from operating activities</b>	<b>30,840</b>	<b>-22,277</b>
<b>Cash flows from investing activity:</b>		
Purchase of entities included in the consolidated financial statements less net cash	-17,649	0
Purchase of property, plant and equipment and intangible assets	-68,767	-96,906
Proceeds from the sale of property, plant and equipment and intangible assets	22,716	29,483
Change in financial resources resulting from the basis of consolidation	-434	29
Disbursements for the purchase of shares in joint ventures	0	-334
Purchase of financial assets (participations)	-42	0
<b>Net cash used in investing activities</b>	<b>-64,176</b>	<b>-67,728</b>
<b>Free Cash flow (Cash flow from operating activities + Cash flow from investing activities)</b>	<b>-33,336</b>	<b>-90,005</b>
<b>Cash flows from financing activity:</b>		
Raising of loans and liabilities to banks	265,136	211,643
Repayment of loans and liabilities to banks	-183,962	-169,223
Repayment of liabilities from lease agreements	-14,197	-9,448
Incoming payments from equity contributions by shareholders of the parent company	0	64,101
Payments for transaction costs related to corporate actions	0	-568
Disbursements for the purchase of additional shares in subsidiaries	-200	0
Dividends paid	-812	-1,303
Interest paid	-18,570	-18,061
Interest received	3,061	4,659
<b>Net cash used in financing activities</b>	<b>50,456</b>	<b>81,800</b>
<b>Changes in liquid funds affecting payments</b>	<b>17,120</b>	<b>-8,205</b>
Influence of exchange rate movements on cash	-1,249	1,458
<b>Total change in liquid funds</b>	<b>15,871</b>	<b>-6,747</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>37,575</b>	<b>46,015</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>53,446</b>	<b>39,268</b>
<b>Change in cash and cash equivalents</b>	<b>15,871</b>	<b>-6,747</b>

\* 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.

## 2022 FINANCIAL CALENDAR

March 7, 2022	Preliminary figures business year 2021
April 7, 2022	Publication Annual Report 2021 Annual Press Conference Analysts' Conference
May 12, 2022	Quarterly Statement Q1 2022
June 23, 2022	Annual General Meeting
August 11, 2022	Half-Year Interim Report to June 30, 2022
November 11, 2022	Quarterly Statement 9M/Q3 2022

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

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