

QUARTERLY COMMUNICATION

January 1 – March 31, 2019

**MOVE
FORWARD**

TECHNOTRANS AT A GLANCE

	Δ previous year	1/1/ - 31/3/2019	1/1/ - 31/3/2018	2018
Revenue (€ '000)	- 2.0%	53,069	54,130	216,286
Technology (€ '000)	- 3.9%	38,119	39,680	156,476
Services (€ '000)	3.5%	14,950	14,450	59,810
EBITDA (€ '000)	- 11.9%	5,096	5,786	22,599
EBITDA margin (%)		9.6	10.7	10.4
EBIT (€ '000)	- 26.3%	3,334	4,524	17,351
EBIT margin (%)		6.3	8.4	8.0
Net profit for the period¹ (€ '000)	- 29.6%	2,248	3,191	12,383
as percentage of revenue		4.2	5.9	5.7
Earnings per share (€)	- 29.6%	0.33	0.46	1.79
Balance sheet total assets (€ '000)	7.8%*	146,613	130,553	136,032
Equity (€ '000)	2.9%*	77,418	72,860	75,244
Equity ratio (%)		52.8	55.8	55.3
Net debt^{2,4} (€ '000)		23,851	7,062	19,435
Free cash flow³ (€ '000)		132	2,644	- 3,753
Employees (average)	7.7%	1,453	1,349	1,402
Employees (FTE) (average)	7.9%	1,282	1,188	1,236
Personnel expenses (€ '000)	7.3%	20,079	18,717	75,374
as percentage of revenue		37.8	34.6	34.8
Revenue per employee (FTE) (€ '000)	- 9.1%	41	46	175
Number of shares at end of period		6,907,665	6,907,665	6,907,665
share price max (€)		30.00	47.90	47.90
share price min (€)		24.70	39.15	24.00

* Change since December 31, 2018

¹Net profit for the period = Profit attributable to shareholders of technotrans SE

²Net debt = interest-bearing financial liabilities - cash and cash equivalents

³Free cash flow = net cash from operating activities

+ cash used for investments according to cash flow statement

⁴Net debt as of March 31, 2019 including leasing liabilities in accordance with IFRS 16. Previous year's figure not adjusted.

Quarterly Communication

January 1 – March 31, 2019

Q1/2019: TECHNOTRANS GROWTH STORY CONFIRMED DESPITE WEAKNESS IN THE FIRST QUARTER

QUARTERLY RESULT AT A GLANCE

- ➔ Q1 REVENUE OF € 53.1 MILLION MODERATELY BELOW EXPECTATIONS
- ➔ EBITDA AMOUNTS TO € 5.1 MILLION
- ➔ EBIT WEAKER AT € 3.3 MILLION, EBIT MARGIN AT 6.3 PERCENT
- ➔ BALANCED FREE CASH FLOW

The technotrans Group generated revenue of € 53.1 million in the first quarter of 2019, thus remaining at the level of the fourth quarter of 2018. Compared with the same quarter of the previous year (Q1 2018), group revenue declined by 2 percent.

The reluctance to invest by the automotive-related plastics-processing industry continued longer than expected at the turn of the year and thereafter and thus had a particularly negative impact on business performance at the Meinerzhagen location.

The printing industry and the services business in the field of technical documentation developed as expected. By contrast, the growth markets and the laser and machine tool industry had a very good start to the new fiscal year.

However, this positive effect could not fully compensate for the aforementioned reluctance to invest, with the result that the Technology segment got off to a weaker start in 2019. Compared to the same quarter of the previous year, the segment recorded a decline in revenue of 3.9 percent to € 38.1 million (previous year: € 39.7 million), the share of consolidated revenue amounted to 71.8 percent (previous year: 73.3 percent).

The Services segment, on the other hand, was stable as expected and achieved revenue growth of 3.5 percent to € 15.0 million in the reporting period (previous year: € 14.5 million). The segment's share of revenue increased accordingly to 28.2 percent (previous year: 26.7 percent).

The cost base, which is geared to further growth, and the respective capacities adjusted to it weighed on earnings and profit margins in the first quarter. Earnings before interest and taxes (EBIT) declined significantly to € 3.3 million (previous year: € 4.5 million). The group's EBIT margin reached 6.3 percent compared with 8.4 percent in the previous year. The profit margin of the segment Technology amounted to 2.9 percent; the segment Services achieved 15.0 percent.

Earnings per share for the first three months of the financial year 2019 amounted to € 0.33 (previous year: € 0.46).

The equity ratio at the end of the first quarter was 52.8 percent (December 31, 2018: 55.3 percent).

In the first quarter of the 2019 financial year, the technotrans Group had an average of 1,453 employees (corresponding to 1,282 FTE/full time employee equivalents).

In the current environment, management expects full-year revenue for 2019 in the range of € 218 to 226 million (previously € 224 to 232 million). For the operating result (EBIT), a range of € 12.0 to 16.0 million is planned (previously: € 17.5 to 19.0 million).

Already in the financial year 2018, the Board of Management had initiated concrete measures to increase profitability and efficiency. With a view to the business performance in the first quarter of 2019, these will be expanded by capacity and structural adjustments.

PRESENTATION OF SIGNIFICANT EVENTS AND BUSINESS PERFORMANCE

Significant events at a glance

- › The weakening global economy, geopolitical uncertainties such as Brexit and international trade disputes led to a reduction in incoming orders and slowed business performance.
- › The printing industry developed according to plan. The outlook for the current financial year remains stable.
- › Market shares in the laser and machine tool industry were further expanded. The course for growth continues.
- › The plastics processing industry suffered from the reluctance to invest by the automotive-related sector.
- › Regarding growth markets technotrans has tapped additional potential for structural growth.
- › The E-mobility sector continued to gain momentum. The gratifying order situation and numerous new projects support the management's revenue expectations.
- › The order volume in the semiconductor industry (EUV lithography) and in the medical and scanner technology continued to grow.
- › The first-time application of IFRS 16 led to changes in the net assets, financial position and results of operations due to the changed presentation of leasing transactions. Please refer to page 7 for further details.

Overall statement on the course of business

"The ongoing slowdown of the economic environment continued in the first quarter of the new financial year and was particularly noticeable for technotrans due to a decline in revenue with the automotive-related plastics processing industry. On the one hand group revenues in the first quarter were only moderately below our expectations. On the other hand the decline in margins hit us much harder. Accordingly, we have introduced concrete measures to safeguard profitability," says Dirk Engel, Spokesman of the Board of Management of technotrans SE.

Business performance of the technotrans Group in the first three months of 2019

Revenue and financial performance

		Q1 2019	Q1 2018	Change in %
Revenue	€ million	53.1	54.1	- 2 %
Gross profit	€ million	16.7	17.3	- 3 %
Gross margin	in %	31.6 %	32.0 %	
EBITDA	€ million	5.1	5.8	- 12 %
EBIT	€ million	3.3	4.5	- 26 %
EBIT margin	in %	6.3	8.4	
Net profit for the period	€ million	2.2	3.2	- 30 %
EPS	in €	0.33	0.46	- 30 %

Revenue performance

At € 53.1 million, revenue for the technotrans Group in the first quarter was slightly below expectations (previous year € 54.1 million).

With customers in the printing industry revenues of € 21 million (previous year: € 22 million) were achieved. The share of group revenue amounted to 39 percent and declined by around three percentage points compared with the same quarter of the previous year.

The larger share of revenue, more than € 32 million, was again generated in markets outside the printing industry.

The development in the plastics processing industry outlined above had a particular impact on the Technology segment. Segment revenue declined by 3.9 percent year-on-year to € 38.1 million (previous year: € 39.7 million). The other sectors were unable to fully compensate for this effect.

The Services segment started as expected into the 2019 financial year. Compared to the previous year, revenues of € 15.0 million were realized (previous year: € 14.5 million). This reflects a stable spare parts and service business as well as slight growth in the area of technical documentation.

Performance indicators by segment

		Technology		Services		technotrans Group	
		Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenue	€ million	38.1	39.7	15.0	14.4	53.1	54.1
EBITDA	€ million	2.2	3.2	2.9	2.6	5.1	5.8
EBIT	€ million	1.1	2.2	2.2	2.3	3.3	4.5
EBIT margin	in %	2.9	5.7	15.0	15.8	6.3	8.4

Financial performance

The operating result (EBIT) reached € 3.3 million in the first quarter (previous year: € 4.5 million). The EBIT margin fell from 8.4 to 6.3 percent compared to the previous year. It thus fell substantially short of the lower end of the target corridor of 7.8 to 8.2 percent for the technotrans Group for the 2019 financial year.

After three months, gross profit reached € 16.7 million (previous year: € 17.3 million). A changed product mix, a significant decline in revenues in the end customer and project business as well as an expansion of capacities in respective operating business units aimed at further growth had a negative impact on gross profit. At 31.6 percent, the gross margin was moderately below the figure of 32.0 percent for the same quarter of the previous year.

In addition, general cost increases of around 3 percent compared to the previous year in selling, general and administrative expenses and development expenses could not be fully compensated and led to an additional margin decline.

In the Technology segment, operating profit (EBIT) fell from € 2.2 million in the prior-year quarter to € 1.1 million. The rate of return for the segment went down to 2.9 percent after 5.7 percent in the first quarter of 2018.

As expected, operating profit in the Services segment was robust at € 2.2 million (previous year € 2.3 million) and generated a segment rate of return of 15.0 percent in the first quarter 2019 (previous year: 15.8 percent).

At € 5.1 million, EBITDA (earnings before interest, taxes, depreciation and amortization) as of March 31, 2019 was below the figure of € 5.8 million for the same period of the previous year. Scheduled depreciation increased to € 1.8 million (previous year: € 1.3 million). At € 0.2 million, the interest charge was higher than in the previous year (€ 0.1 million). Income tax expense amounted to € 1.0 million compared with € 1.2 million in the same quarter of the previous year.

Group earnings after taxes reached € 2.2 million in the reporting period (previous year: € 3.2 million). A return on revenue of 4.2 percent was achieved after 5.9 percent in the same quarter of the previous year. Earnings per share in the first three months of the financial year declined to € 0.33 (previous year: € 0.46) respectively.

Net Worth

Asset and capital structure (€ million)

Assets	31/03/2019	31/12/2018
Fixed assets	62.2	59.8
Inventories	31.5	28.3
Trade receivables	27.8	27.1
Cash	15.9	15.6
Other assets *	9.2	5.2
Total Assets	146.6	136.0

Liabilities	31/03/2019	31/12/2018
Equity	77.4	75.2
Borrowings	35.2	34.4
Provisions	10.6	10.7
Trade payables	9.1	6.7
Payments received	3.9	3.1
Other equity and liabilities *	10.4	5.9
Total Assets	146.6	136.0

► *First-time Adoption of IFRS 16: The rights of use and liabilities from leasing transactions were allocated to other assets and liabilities respectively. Figures as of Dec. 31, 2018 have not been adjusted.

As at March 31, 2019, the technotrans Group's total assets increased by 7.8 percent compared with December 31, 2018 to € 146.6 million.

As expected, non-current assets increased further in connection with the construction progress of the new Termotek GmbH plant in Baden-Baden.

In addition, the first-time application of the amended disclosure of lease agreements in accordance with IFRS 16 led to an increase in the technotrans Group's total assets as at March 31, 2019.

Furthermore, some group companies recorded a growth-related increase in current assets, especially inventories. At € 15.9 million, cash and cash equivalents were moderately above the level at the end of the 2018 financial year (€ 15.6 million).

On the equity and liabilities side, increases in current and non-current liabilities compared with the end of the 2018 financial year became apparent. This is due to the business-related increase in trade payables as well as a higher volume of non-current liabilities due to borrowings for the construction project in Baden-Baden and, for the first time, the recognition of leasing liabilities in the balance sheet in accordance with IFRS 16. Despite an increase in equity to € 77.4 million in absolute terms (December 31, 2018: € 75.2 million), the equity ratio decreased slightly to 52.8 percent due to the higher amount of total assets (December 31, 2018: 55.3 percent).

Financial position

Bank borrowings amounted to € 35.2 million at the end of the first quarter of 2019. The borrowing arrangements largely diversified across several banks, have a well-balanced maturity structure. Net debt - after netting of cash and cash equivalents with interest-bearing borrowings - increased by € 4.0 million at the end of 2018 to € 23.9 million, mainly because of the first-time recognition of leasing liabilities in accordance with IFRS 16 (December 31, 2018: € 19.4 million).

Cash flow (€ million)	01/01/ - 31/03/2019	01/01/ - 31/03/2018
Cash flow from operating activities	5.2	6.1
Net cash flow from operating activities	3.8	3.1
Cash flow from investing activities	-3.6	-0.4
Free cash flow	0.1	2.6
Cash flow from financing activities	0.2	-0.3

Cash flow from operating activities reached € 5.2 million in the reporting period, compared with € 6.1 million in the same quarter of the previous year. The cash flow from investing activities of € -3.6 million (previous year: € -0.4 million) is mainly attributable to advance payments for the new construction project in Baden-Baden. Also in the In the course of the year, investment activity will continue to be characterized by the new construction project. The completion of the building is planned for August 2019. Free cash flow in the first three months of fiscal 2019 remained balanced at € 0.1 million despite increased capital expenditure (previous year: € 2.6 million).

IFRS 16 Leases - First-time Adoption

IFRS 16 replaces the previous guidelines on leases and introduces a uniform accounting model under which leases must be recognised in the lessee's balance sheet. A lessee recognises a right of use asset, which represents its right to use the underlying asset, and a liability from the lease, which represents its obligation to make lease payments. The standard is to be applied with effect from January 1, 2019. The consolidated financial statements for the first quarter of 2019 include the recognition of a right of use in the amount of € 3.8 million and a lease liability in the amount of € 4.0 million. This results in a one-off adjustment effect of € -0.2 million in the opening balance sheet as at 1 January 2019, which is recognised in retained earnings. The increase in leasing liabilities also results in a corresponding increase in net financial liabilities.

Whereas payment obligations for operating leases were previously recognised as expenses on a straight-line basis over the lease term, depreciation for rights of use and interest expenses from leasing liabilities are recognised in the income statement from January 1, 2019. The impact on EBIT and operating cash flows is not material. Previous years' figures have not been adjusted and therefore are not comparable.

SUPPLEMENTARY INFORMATION

On April 17, 2019 technotrans SE published preliminary figures for the first quarter of the 2019 financial year in the form of an ad hoc announcement under the heading "Weaker start for technotrans SE in Q1 2019".

No other events with a material impact on the technotrans Group's financial position or financial performance occurred after March 31, 2019.

The material risks of business activities and the risk early warning system are described in detail in the Combined Group Management Report 2018 (page 77 onwards).

There were no material changes in the reporting period.

OUTLOOK

Increasing political uncertainties and the risk of a further weakening of the global economy are weighing on the growth prospects and optimism of German industrial companies. This particularly affects export-oriented, cyclical sectors such as the automotive industry and mechanical engineering. VDMA indicated a decline in incoming orders already at the beginning of 2019. The outlook for 2019 is accordingly cautious: The Ifo Business Climate Index fell by 0.5 points to 99.2 points in April 2019. In its outlook for April 2019, the International Monetary Fund (IMF) has also trimmed its growth forecasts for 2019 in relation to gross domestic products for numerous regions. Whereas in January 2019 the German GDP was still expected to grow by 1.3 percent in 2019, the IMF is currently forecasting growth of only 0.8 percent.

The Board of Management of technotrans SE also expects a sustained slowdown in economic growth. In combination with the business performance in the first quarter of 2019, which fell short of expectations, the Board of Management therefore feels compelled to adjust the forecast for the 2019 financial year according to the changed environment.

The reasons for updating the forecast are the continuing weak order development in the market environment of the plastics processing industry and the associated unfavourable product mix.

In the growth markets and the laser and machine tool industry a good order situation as well as new revenue potentials are confirming the growth expectations. Regarding the global end customer business in the printing industry there are still no positive market stimuli to be expected this year.

Under the aforementioned conditions, the management expects full-year 2019 revenue in the range from € 218 to 226 million (previously: € 224 to 232 million) and confirms the overall growth path of the Group.

For the operating result (EBIT), a range from € 12.0 to 16.0 million is expected (previously: € 17.5 to 19.0 million). The EBIT-margin is expected in a range between 5.5 and 7.0 percent.

Already in the financial year 2018, the Board of Management has initiated concrete measures to increase profitability and efficiency. With a view to the business performance in the first quarter of 2019, these will be expanded by capacity and structural adjustments and cover four main categories:

- › **Product:** Cost and complexity reduction of the product portfolio
- › **Process:** Waste-free, lean processes and manufacturing methods within lean transformation
- › **Capacity:** Optimized, demand-oriented deployment of personnel and resources
- › **Structure:** Adaptation of the organizational structure to market and competence requirements

The aforementioned measures establish the basis to promptly continue to grow revenue and profits as it was successfully done in the last years.

For the current financial year, the Board of Management continues to expect a positive free cash flow on the basis of expected income and earnings. Investments in property, plant and equipment and intangible assets are expected to amount to around € 8 million in 2019 (including the new construction project in Baden-Baden, excluding acquisitions).

The technotrans Group's medium-term strategy remains unchanged. In addition to organic growth, the Board of Management takes the acquisition of suitable companies into consideration in order to reach a revenue of € 300 million in mid-term.

FURTHER INFORMATION

IR service

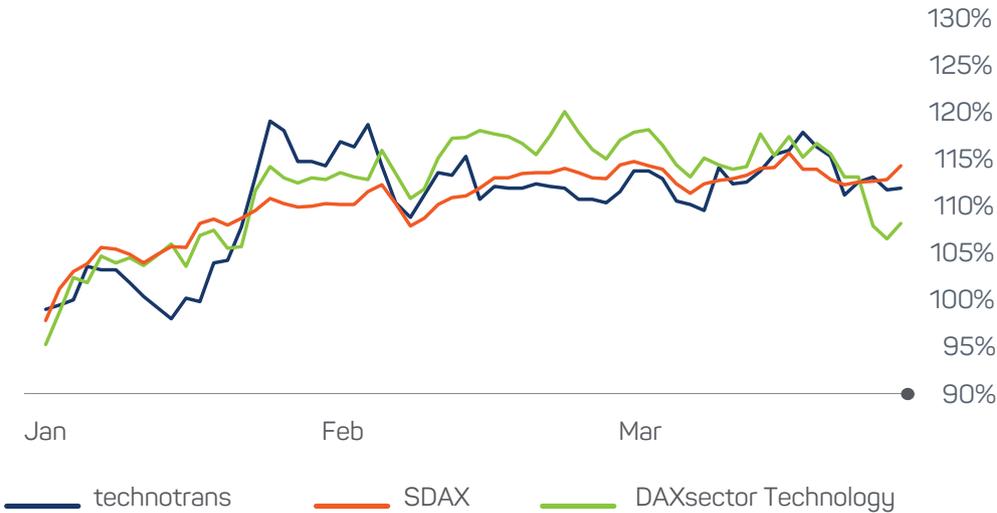
Our website offers a comprehensive IR service. In addition to company reports, analyst estimates, financial presentations or information on the Annual General Meeting, you can also find our factsheet and financial resources here.

<https://www.technotrans.com/en/investor-relations.html>

The technotrans share initially performed well in the first quarter of 2019: Based on the XETRA closing price of € 24.50 at the end of the last financial year (as at 28 December 2018), the share price rose by 15.1 percent to € 28.20 (as at 29 March 2019). Market capitalization improved by € 25.6 million to € 194.8 million.

The ad hoc announcement dated April 17, 2019 led to a decline in the price of technotrans shares.

At present the analysts' price targets for the technotrans shares range between € 30.75 € and € 38.00.



Note

This Quarterly Communication contains statements on the future development of the technotrans Group. They reflect the current views of the management of technotrans SE and are based on corresponding plans, estimates and expectations. Please note that these statements involve certain risks and uncertainties that could cause actual results to differ materially from those anticipated. Rounding differences may occur in the figures and percentages contained in this release. The quarterly financial statements of technotrans SE as at March 31, 2019 have been prepared in accordance with Section 51a of the Exchange Rules for the Frankfurt Stock Exchange (FWB).

FINANCIAL CALENDAR

Publication	Date
Annual Shareholder Meeting 2019	May 10, 2019
Half-Year Financial Report 1-6/2019	August 6, 2019
Quarterly Communication 1-9/2019	November 5, 2019

Event	
M. M. Warburg Highlights, Hamburg	June 28, 2019
Berenberg DACH Conference, Copenhagen	August 28, 2019
German Equity Forum, Frankfurt	November 25 – 27, 2019

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