



Financial Statement Q1 2020 **Smart Intelligence**



## Effects of COVID-19 pandemic clearly noticeable at the end of the first quarter

- Revenue at €87.3m (prior year: €92.3m) significantly down on prior year, due to impact of COVID-19 pandemic in EU countries
- Costs reduced by 3.8% in first-quarter 2020 relative to prior year excl. currency effects
- EBIT at €1.7m (prior year: €2.6m) despite cost reductions, down on prior year due to lower revenue
- Order backlog still above prior year
- Free cash flow up €10.8m to €1.4m (prior year: €-9.4m)
- Guidance for 2020 retracted due to unforeseeable business impact of COVID-19 pandemic

### 1<sup>st</sup> quarter

rounding differences may occur		Q1 2020	Q1 2019	Change	
				absolute	in %
Revenue	€m	87.3	92.3	-5.0	-5.4
EBIT	€m	1.7	2.6	-0.9	-34.6
EBIT margin	in %	1.9	2.8	-0.9	-
EBT	€m	1.6	2.5	-0.9	-36.0
Consolidated net income	€m	-0.2	0.5	-0.7	-140.0
Employees at reporting date	people	1,856	1,885	-29	-1.5
Average number of shares	units	13,382,324	13,382,324	0	0
Earnings per share <sup>1</sup>	€	-0.02	0.04	-0.06	-140.0
Free cash flow <sup>2</sup>	€m	1.4	-9.4	10.8	114.9
Capital expenditure	€m	0.6	2.7	-2.1	-77.8
Equity ratio at reporting date <sup>3</sup>	in %	31.0	36.9	-5.9	-
ROCE	in %	17.6	26.4	-8.8	-

<sup>1</sup> Basic = diluted

<sup>2</sup> Net cash flow – net cash flow from investing activities

<sup>3</sup> Equity/balance sheet total

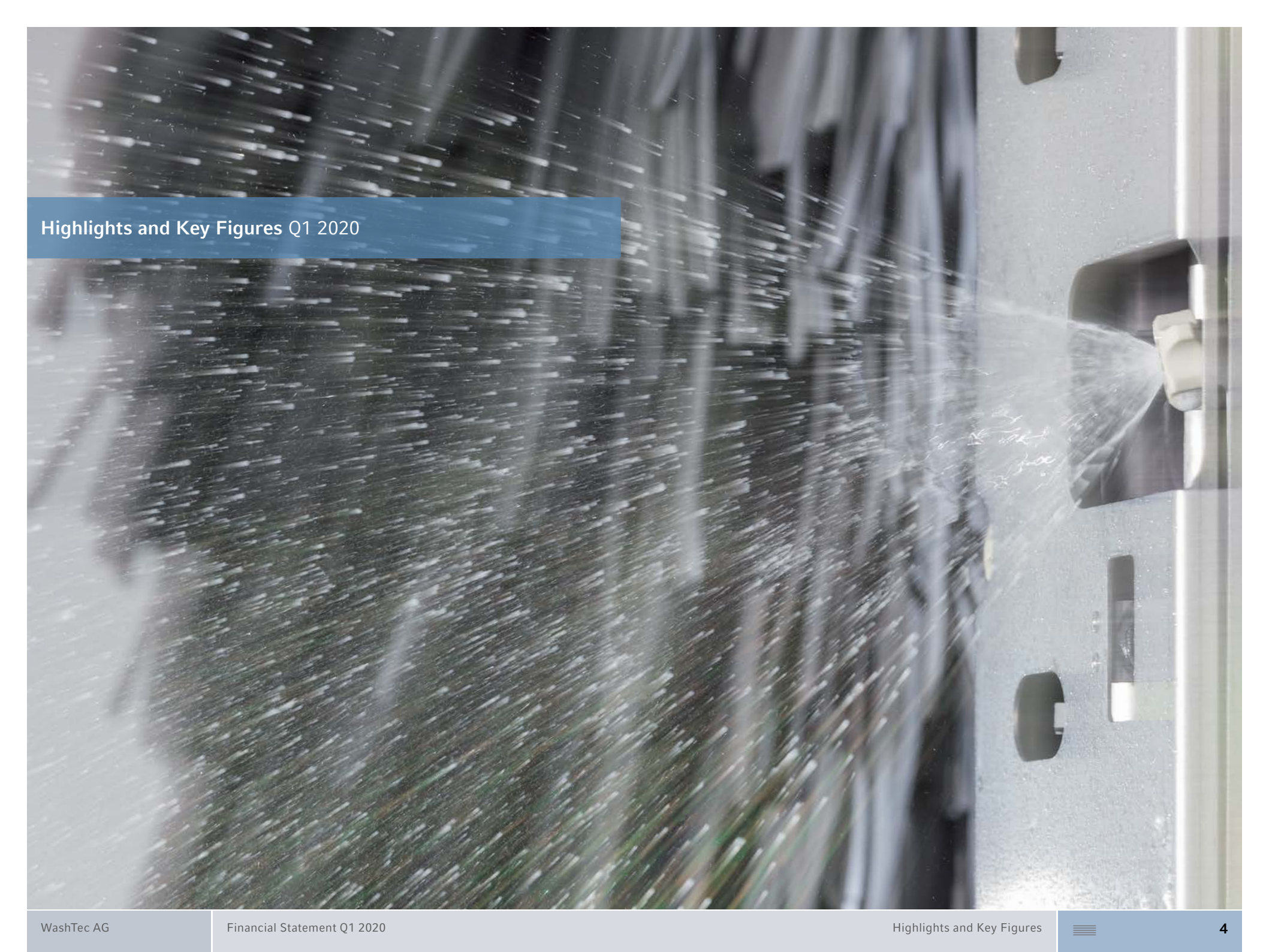
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Highlights and Key Figures Q1 2020

## Highlights and Key Figures

### 1. Overall revenue and earnings development

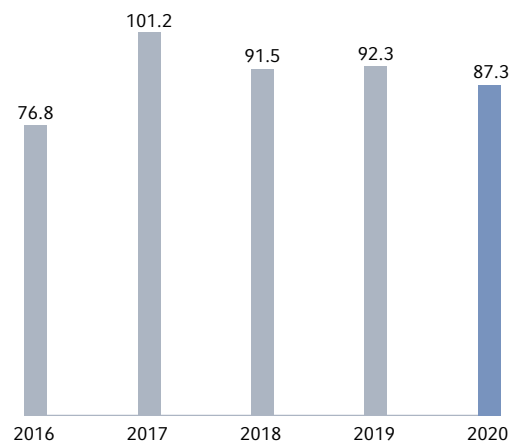
First-quarter **revenue**, at €87.3m (prior year: €92.3m), was 5.4% or €5.0m down year-on-year. On an exchange rate adjusted basis, revenue was 5.6% down on the prior year.

Revenue performance in the first quarter was affected by the spreading COVID-19 pandemic. While performance on the Chinese market was hit particularly hard in January, the effects spread to Europe as the quarter progressed. In particular as a result of the very weak March in the European countries most severely affected by the crisis – Italy, Spain, France and Austria – first-quarter revenue was down 24% on the prior year. The Chinese market is recovering again, but revenue there was nevertheless about 40% below expectations.

Revenue on the North American market was not yet affected by the crisis in the first quarter. As the crisis also started to spread rapidly there at the end of the quarter, however, the first cancellations of already placed orders began to be received, and the Company reacted with extensive immediate measures.

*Corona crisis impacts revenue performance*

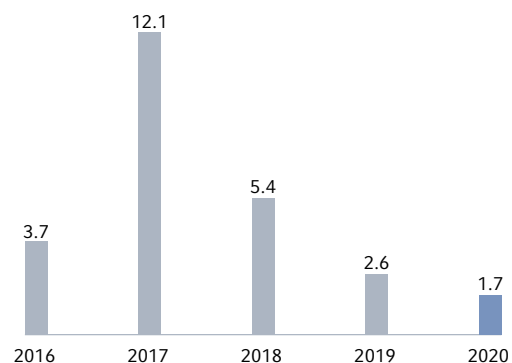
Revenue Q1 (with share of annual turnover) in €m



**EBIT** fell by €0.9m to €1.7m in the first three months of 2020 (prior year: €2.6m) due to the negative revenue trend. Despite a 3.8% reduction in costs\* on a currency-adjusted basis relative to the prior year, it was not possible to offset the lost earnings contribution because of the lower revenue.

*EBIT performance also affected by COVID-19 pandemic*

**EBIT Q1 (with share of annual earnings) in €m**



The **order backlog** at the end of the first quarter showed an increase on the prior year. Unlike in previous years, however, the order backlog provides little indication as to business development in the months ahead. In the current situation, this is determined less by the size of the order backlog and to a far greater extent by the situation-driven stipulations in the various countries and consequently the ability to install carwashes.

\*Relating to personnel expenses, amortization, depreciation and impairment, other operating expenses including impairment loss of trade receivables and other taxes adjusted by the increase of foreign currency valuation.

## 2. Report on economic position

### 2.1 Earnings

#### 2.1.1 Earnings and expense items

##### Earnings, Q1

in €m, rounding differences may occur	Q1 2020	Q1 2019	Change	
			absolute	in %
Gross profit*	51.2	53.7	-2.5	-4.7
EBIT	1.7	2.6	-0.9	-34.6
EBIT margin in %	1.9	2.8	-0.9	-
EBT	1.6	2.5	-0.9	-36.0

\* Revenue plus change in inventory minus cost of materials

The **gross profit margin** increased, mainly due to the altered product mix, to 58.6%, compared to 58.2% in the prior year.

Due to the lower number of employees and to the severance payment included in the prior year following a change on the Management Board, **personnel expenses** decreased by €0.9m to €34.8m (prior year: €35.7m). As of March 31, 2020, the Group had 29 (or 1.5%) fewer employees than a year earlier.

**Other operating expenses\*** fell by €0.1m to €13.2m (prior year: €13.3m). Within this figure, losses from exchange rate differences on the measurement of balance sheet items increased by €0.9m. Adjusted for this increase, other operating expenses fell by €1.0m or 7.5%.

In total, exchange rate differences on the measurement of balance sheet items resulted in a gain of €0.7m (prior year: €0.4m).

\* Including expense from impairments of trade receivables and other taxes

## Revenue at €87.3m

### 2.1.2 Revenue by regions and products

#### Revenue by region, Q1

in €m rounding differences may occur	Q1 2020	Q1 2019	Change	
			absolute	in %
Europe	72.2	79.0	-6.8	-8.6
North America	15.0	11.9	3.1	26.1
Asia/Pacific	3.3	4.0	-0.7	-17.5
Consolidation	-3.2	-2.5	-0.7	-
<b>Total Group</b>	<b>87.3</b>	<b>92.3</b>	<b>-5.0</b>	<b>-5.4</b>

Revenue in largest region, Europe, decreased sharply by 8.6% or €6.8m relative to the prior-year period. The key factor here was the revenue trend in countries hit particularly hard by the COVID-19 pandemic.

In local currency, revenue in the North America region was USD 16.5m (prior year: USD 13.6m), some 21% higher than the prior-year figure.

Revenue in the Asia/Pacific region fell by 17.5% compared to the prior-year quarter. This was mainly due to the revenue performance in China falling short of expectations because of the COVID-19 pandemic.

#### Revenue by product, Q1

in €m, rounding differences may occur	Q1 2020	Q1 2019	Change	
			absolute	in %
Equipment and Service	72.5	78.7	-6.2	-7.9
Chemicals	13.0	11.6	1.4	12.1
Carwash management business and others	1.9	2.0	-0.1	-5.0
<b>Total Group</b>	<b>87.3</b>	<b>92.3</b>	<b>-5.0</b>	<b>-5.4</b>

Equipment and Service revenue was down, mainly because of postponed installations and a lack of service calls due to the local restrictions in the various regions. In Chemicals, revenue increased by 12.1%, mainly due to the regaining of a contract with a key account in North America and a number of restocking orders from key accounts in Europe.

### 2.1.3 Earnings by regions

#### EBIT by regions, Q1

in €m rounding differences may occur	Q1 2020	Q1 2019	Change	
			absolute	in %
Europe	5.1	5.8	-0.7	-12.1
North America	-2.6	-2.9	0.3	10.3
Asia/Pacific	-0.5	-0.4	-0.1	-25.0
Consolidation	-0.3	0.1	-0.4	-
<b>Total Group</b>	<b>1.7</b>	<b>2.6</b>	<b>-0.9</b>	<b>-34.6</b>

EBIT performance in Europe was affected by the negative revenue trend due to the COVID-19 pandemic.

In North America, EBIT improved by 10.3% despite a negative exchange rate effect of about €0.5m (prior year: exchange rate gain of €0.2m). Adjusted for this effect, the increase in operating earnings was approximately 34%.

In Asia/Pacific, EBIT went down slightly due to the lower revenue.

## 2.2 Net assets and financial position

**Net operating working capital** (trade receivables + inventories – trade payables – prepayments on orders) decreased by €10.1m due to the slower start of business in the first quarter than in the preceding quarter, falling from €96.2m as of December 31, 2019 to €86.1m. In particular, as a result of payments received for the fourth quarter of 2019, trade receivables decreased by a substantial €19.0m compared to December 2019.

The **cash inflow from operating activities (net cash flow)** increased to €2.0m (prior year: €-6.7m). This was mainly due to the reduction in net operating working capital (NOWC). The net cash flow figure also includes a €5.3m prepayment of tax on investment income. A refund of the prior-year prepayment will come in the second quarter.

The **cash outflow from investing activities** decreased by €2.1m to €0.6m (prior year: €2.7m). This is due to the Group-wide capital expenditure freeze due to uncertainty about the future development of the business because of the COVID-19 pandemic. At present, capital expenditure is restricted to absolutely necessary strategic projects and essential maintenance expenditure on production equipment.

**Free cash flow** (net cash flow – cash outflow from investing activities) increased significantly, rising by €10.8m to €1.4m (prior year: €-9.4m).

In total, **cash funds** went down relative to December 31, 2019 by €1.7m to €-36.4m.

For the purposes of safeguarding the Company's liquidity in connection with the current uncertainty due to the spread of the corona crisis, credit facilities have been increased by a further €35m to €122.5m (December 2019: €87.5m).

## 3. Outlook, opportunities and risk report

### 3.1 Outlook

On April 3, 2020, the Company retracted the guidance for the 2020 fiscal year that it provided in the Annual Report 2019 published on March 18, 2020 (pages 72 to 74).

In view of the rapid global spread of the COVID-19 pandemic in recent weeks in particular, related crisis measures taken by the various countries and their severe economic impact and the development of orders received for the second quarter, it is not possible to reliably estimate our business development in fiscal year 2020.

In the current rapidly changing situation, hence it is impossible to provide an updated forecast. Compared to the prior year, the Company presumably anticipates an unforeseeable decline in revenue and EBIT. WashTec has responded to the crisis with extensive measures in addition to the existing cost reduction program. These include establishing contingency plans and forward-looking measures to safeguard the Company's liquidity. In this connection, WashTec is also reviewing its March 11, 2020 dividend proposal.



### 3.2 Opportunities and risks for group development

The WashTec Group's opportunity and risk management system is described in the Annual Report 2019.

The risk with regard to overall economic development due to the spread of the coronavirus arose during the last weeks of March and is having a significant impact on the development of the Group's business activities. It is not currently possible to provide a more accurate estimate of the resulting effects. Binding restrictions in individual countries have led to installations being halted at short notice and to a collapse in carwash volumes together with service and chemical revenue in the affected markets for the duration of the restrictions. While the Company expects that installations will largely be able to continue once the restrictions are eased, it will not be possible to make up the losses in the service and chemicals business. In addition, the Company is observing a reluctance to commit to capital expenditure both among key accounts and among direct sales customers. It is not currently possible to predict how long this will go on for or the size of the reduction in capital spending planned for this year.

Supplier risk has also risen. WashTec procures various production materials from countries that are currently severely affected. While there are no supply shortages so far, difficulties in material procurement could result if the current situation persists for a substantial period of time.

The remaining opportunities and risks in the 2019 report remain largely unaltered.

## 4. WashTec shares and investor relations

The Management Board communicated with shareholders, journalists and the financial community on an ongoing basis through the first quarter. As part of the Company's investor relations activities, Management took part in investor conferences and held road shows in Frankfurt, London, Paris and Lyon.

### 4.1 Share price performance

The WashTec share price was €36.15 on March 31, 2020. This is 32.68% down on the prior year-end closing price of €53.70 on December 30, 2019. The negative impacts of the COVID-19 pandemic were also reflected strongly in the performance of the share price indices. The SDAX fell by a substantial 26.09%.

WashTec AG is currently covered by Hauck & Aufhäuser, HSBC Trinkaus & Burkhardt, MM Warburg and Bankhaus Lampe. The price targets given by analysts are at least €57.00 and range up to €70.00 (as of March 2020).

## 4.2 Shareholder structure

WashTec AG did not receive any voting rights notifications under the Securities Trading Act (Wertpapierhandelsgesetz) in the first quarter of 2020.

Shareholding in %	31 Mar 2020
Axxion S.A.	9.99
Kempen Oranje Participaties N.V.	9.60
EQMC Europe Development Capital Fund plc. <sup>1</sup>	7.43
Dr. Kurt Schwarz <sup>2</sup>	6.82
Bank of America Corporation <sup>3</sup>	6.27
Investment AG für langfristige Investoren TGV	5.43
Paradigm Capital Value Fund <sup>4</sup>	4.58
Treasury shares	4.25
Diversity Industrie Holding AG	4.00
Wellington Management Group LLP	3.06
Free float	38.57

<sup>1</sup> Alantra EQMC Asset Management, SGIIC, S.A. (as investment management function)

<sup>2</sup> Leifina GmbH & Co. KG et al.

<sup>3</sup> BofA Securities Europe SA (6.22% voting rights)

<sup>4</sup> Carne Global Fund Managers (Luxembourg) S.A.

Based on notifications made pursuant to the WpHG

### Manager Transactions

On February 11, 2020, Dr. Ralf Koeppel, Chief Executive Officer, acquired 1.200 shares.

## 4.3 Annual General Meeting 2020

WashTec AG has decided to postpone the 2020 Annual General Meeting planned for April 28, 2020 to a later date during 2020. The new date will be announced in due course.

This decision was made in light of the rapid spread of coronavirus infections (the COVID-19 pandemic). In this situation, the health of shareholders and of the employees of WashTec AG and its service providers involved in organizing the Annual General Meeting has absolute priority.



Selected Financial Information Q1 2020

## Consolidated Income Statement

in €k	Q1 2020	Q1 2019
Revenue	87,330	92,340
Other operating income	2,484	1,406
Capitalized development costs	46	629
Change in inventory	8,031	4,718
<b>Total</b>	<b>97,891</b>	<b>99,094</b>
Cost of raw materials, consumables and supplies and of purchased material	36,418	35,628
Cost of purchased services	7,778	7,734
<b>Cost of materials</b>	<b>44,196</b>	<b>43,362</b>
Personnel expenses	34,805	35,732
Amortization, depreciation and impairment	3,964	4,081
Other operating expenses	12,397	12,965
Impairment loss of trade receivables	520	40
Other taxes	313	283
<b>Total operating expenses</b>	<b>96,195</b>	<b>96,462</b>
<b>EBIT</b>	<b>1,696</b>	<b>2,631</b>
Financial income	31	40
Financial expenses	164	171
<b>Financial result</b>	<b>-133</b>	<b>-130</b>
<b>EBT</b>	<b>1,562</b>	<b>2,501</b>
Income taxes	1,801	1,955
<b>Consolidated net income</b>	<b>-239</b>	<b>546</b>
<b>Average number of shares in units</b>	<b>13,382,324</b>	<b>13,382,324</b>
<b>Earnings per share (basic = diluted) in €</b>	<b>-0.02</b>	<b>0.04</b>

Rounding differences  
may occur.

## Consolidated Balance Sheet – Assets

in €k	Mar 31, 2020	Dec 31, 2019
<b>Non-current assets</b>		
Property, plant and equipment	31,984	33,238
Goodwill	42,311	42,312
Intangible assets	12,066	12,251
Right-of-use assets	21,265	21,488
Non-current trade receivables	7,225	7,313
Other non-current financial assets	184	240
Other non-current non-financial assets	486	486
Deferred tax assets	4,124	3,740
<b>Total non-current assets</b>	<b>119,646</b>	<b>121,069</b>
<b>Current assets</b>		
Inventories	50,402	38,097
Current trade receivables	65,196	84,041
Tax receivables	20,946	15,244
Other current financial assets	1,474	1,335
Other current non-financial assets	3,230	2,737
Cash and cash equivalents	8,440	12,426
<b>Total current assets</b>	<b>149,687</b>	<b>153,880</b>
<b>Total assets</b>	<b>269,333</b>	<b>274,949</b>

Rounding differences may occur.

## Consolidated Balance Sheet – Equity and Liabilities

in €k	Mar 31, 2020	Dec 31, 2019
<b>Equity</b>		
Subscribed capital	40,000	40,000
Capital reserves	36,463	36,463
Treasury shares	-13,177	-13,177
Other reserves and currency translation effects	-6,278	-5,445
Profit carried forward	26,635	4,385
Consolidated net income	-239	22,251
	<b>83,405</b>	<b>84,478</b>
<b>Non-current liabilities</b>		
Non-current lease liabilities	13,901	14,224
Provisions for pensions	10,978	10,938
Other non-current provisions	3,902	3,904
Other non-current financial liabilities	44	57
Other non-current non-financial liabilities	523	1,431
Non-current contract liabilities	1,807	2,118
Deferred tax liabilities	4,542	4,486
<b>Total non-current liabilities</b>	<b>35,696</b>	<b>37,158</b>
<b>Current liabilities</b>		
Interest-bearing loans	44,843	47,132
Current lease liabilities	7,634	7,467
Trade payables	22,296	20,783
Income tax liabilities	4,720	4,886
Other current financial liabilities	17,206	18,475
Other current non-financial liabilities	22,876	25,120
Other current provisions	9,100	9,625
Current contract liabilities	21,556	19,825
<b>Total current liabilities</b>	<b>150,231</b>	<b>153,313</b>
<b>Total equity and liabilities</b>	<b>269,333</b>	<b>274,949</b>

Rounding differences may occur.

## Consolidated Statement of Changes in Equity

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
<b>As of January 1, 2020</b>	<b>13,382,324</b>	<b>40,000</b>	<b>36,463</b>	<b>-13,177</b>	<b>-5,445</b>	<b>26,635</b>	<b>84,478</b>
Income and expenses recognized directly in equity					-804		-804
Taxes on transactions recognized directly in equity					-29		-29
Consolidated net income						-239	-239
<b>As of March 31, 2020</b>	<b>13,382,324</b>	<b>40,000</b>	<b>36,463</b>	<b>-13,177</b>	<b>-6,278</b>	<b>26,396</b>	<b>83,405</b>

Rounding differences may occur.

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
<b>As of January 1, 2019</b>	<b>13,382,324</b>	<b>40,000</b>	<b>36,463</b>	<b>-13,177</b>	<b>-5,057</b>	<b>37,171</b>	<b>95,401</b>
Income and expenses recognized directly in equity					316		316
Taxes on transactions recognized directly in equity					-21		-21
Consolidated net income						546	546
<b>As of March 31, 2019</b>	<b>13,382,324</b>	<b>40,000</b>	<b>36,463</b>	<b>-13,177</b>	<b>-4,762</b>	<b>37,717</b>	<b>96,242</b>

## Consolidated Cash Flow Statement

in €k	Q1 2020	Q1 2019
<b>EBT</b>	<b>1,562</b>	<b>2,501</b>
Amortization, depreciation and impairment	3,964	4,081
Gain/loss from disposals of non-current assets	15	-41
Other gains/losses	-791	-1,351
Financial income	-31	-40
Financial expenses	164	171
Movements in provisions	-423	547
Income tax paid	-8,056	-7,191
<b>Gross cash flow</b>	<b>-3,596</b>	<b>-1,323</b>
Increase/decrease in trade receivables	18,310	8,453
Increase/decrease in inventories	-12,566	-8,023
Increase/decrease in trade payables	1,506	-3,272
Increase/decrease in prepayments on orders	2,130	-1,444
<b>Increase/decrease in net operating working capital</b>	<b>9,379</b>	<b>-4,286</b>
Changes in other net working capital	-3,797	-1,066
<b>Net cash inflow from operating activities</b>	<b>1,986</b>	<b>-6,675</b>
Purchase of property, plant and equipment (without leases)	-602	-3,196
Proceeds from sale of property, plant and equipment	46	455
<b>Net cash outflow from investing activities</b>	<b>-556</b>	<b>-2,742</b>
<b>Free cash flow</b>	<b>1,430</b>	<b>-9,416</b>
Interest received	31	40
Interest paid	-164	-171
Repayment of lease liabilities	-1,993	-2,340
<b>Net cash outflow from financing activities</b>	<b>-2,126</b>	<b>-2,470</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-696</b>	<b>-11,887</b>
<b>Net foreign exchange difference</b>	<b>-1,000</b>	<b>-229</b>
<b>Cash and cash equivalents at January 1</b>	<b>-34,706</b>	<b>-7,111</b>
<b>Cash and cash equivalents at March 31</b>	<b>-36,402</b>	<b>-19,227</b>
<b>Composition of cash and cash equivalents for cash flow purposes:</b>		
<b>Cash and cash equivalents</b>	<b>8,440</b>	<b>11,744</b>
<b>Interest-bearing loans</b>	<b>-44,843</b>	<b>-30,971</b>
<b>Cash and cash equivalents at March 31</b>	<b>-36,402</b>	<b>-19,227</b>

Rounding differences may occur.



## Consolidated Segment Reporting

<b>Q1 2020</b> in €k	<b>Europe</b>	<b>North America</b>	<b>Asia/ Pacific</b>	<b>Conso- lidation</b>	<b>Group</b>
<b>Revenue</b>	<b>72,209</b>	<b>14,791</b>	<b>3,320</b>	<b>-3,170</b>	<b>87,330</b>
with third parties	69,074	14,936	3,320	0	87,330
with other divisions	3,135	35	0	-3,170	0
<b>EBIT</b>	<b>5,054</b>	<b>-2,579</b>	<b>-484</b>	<b>-295</b>	<b>1,696</b>
EBIT margin in %	7.0	-17.2	-14.6	-	1.9
Financial income					31
Financial expenses					164
<b>EBT</b>					<b>1,562</b>
Income taxes					1,801
<b>Consolidated net income</b>					<b>-239</b>

Rounding differences  
may occur.

<b>Q1 2019</b> in €k	<b>Europe</b>	<b>North America</b>	<b>Asia/ Pacific</b>	<b>Conso- lidation</b>	<b>Group</b>
<b>Revenue</b>	<b>78,996</b>	<b>11,913</b>	<b>3,954</b>	<b>-2,523</b>	<b>92,340</b>
with third parties	76,491	11,895	3,954	0	92,340
with other divisions	2,505	18	0	-2,523	0
<b>EBIT</b>	<b>5,839</b>	<b>-2,898</b>	<b>-396</b>	<b>87</b>	<b>2,631</b>
EBIT margin in %	7.4	-24.3	10.0	-	2.8
Financial income					40
Financial expenses					171
<b>EBT</b>					<b>2,501</b>
Income taxes					1,955
<b>Consolidated net income</b>					<b>546</b>



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#### Financial Calendar

Jul 28, 2020	Financial Statement H1 2020
Oct 27, 2020	Financial Statement Q3 2020
Nov 16–18, 2020	Equity Forum, Frankfurt