



Financial Statement Q1–3 2019 **All around clean cars**

Third quarter EBIT margin 10.1%

■ Revenue

- Third quarter down 2.2% on prior year (€110.1m; prior year: €112.6m)
- Cumulative revenue to September 2019 down 1.2% on prior year (€309.1m; prior year: €312.7m)
- Key account cumulative revenue to September 2019 significantly behind expectations due to delays; revenue from direct sales business continues double-digit growth on prior year.

■ EBIT

- Third quarter significantly down on prior year (€11.1m; prior year: €14.9m)
- cumulative EBIT to September 2019 likewise significantly down on prior year (€20.3m; prior year: €33.2m)

■ Order backlog as of September 30, 2019 above prior year's level

■ 2019 guidance for the Group:

- Stable revenue performance
- EBIT margin of around 9% before extraordinary expenses

Q1-3		Q1-3 2019	Q1-3 2018	Change absolute	Change in %
rounding differences may occur					
Revenue	€m	309.1	312.7	-3.6	-1.2
EBIT	€m	20.3	33.2	-12.9	-38.9
EBIT margin	in %	6.6	10.6	-4.0	-
EBT	€m	19.9	32.7	-12.8	-39.1
Consolidated net income		11.6	21.3	-9.7	-45.5
Employees at reporting date	persons	1,888	1,875	13	0.7
Average number of shares	units	13,382,324	13,382,324	0	0
Earnings per share ¹	€	0.87	1.59	-0.72	-45.5
Free cash flow ^{2*}	€m	-0.5	2.2	-2.7	-122.7
Capital expenditure	€m	6.1	3.7	2.4	64.9
Capital ratio at reporting date ³	in %	27.4	32.5	-5.1	-
ROCE*	in %	19.8	26.1	-6.3	-

Q3		Q3 2019	Q3 2018	Change absolute	Change in %
rounding differences may occur					
Revenue	€m	110.1	112.6	-2.5	-2.2
EBIT	€m	11.1	14.9	-3.8	-25.5
EBIT margin	in %	10.1	13.2	-3.1	-
EBT	€m	11.0	14.7	-3.7	-25.2
Consolidated net income		7.3	9.9	-2.6	-26.3
Average number of shares	units	13,382,324	13,382,324	0	0
Earnings per share ¹	€	0.54	0.74	-0.2	-26.3

¹ Basic = diluted

² Net cash flow – net cash flows from investing activities

³ Equity capital/balance sheet total

* Effects in 2019 due to accounting in accordance with IFRS 16

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Highlights and
Key Figures Q1–3 2019

Highlights and Key Figures

Double-digit growth in direct sales business continues

1. Overall revenue and earnings development

As expected, third quarter **revenue** was down 2.2% year-on-year (€110.1m; prior year: €112.6m). On an exchange rate adjusted basis, revenue was 3.1% down on the prior year.

In the first nine months, revenue remained behind at the previous year's level with a decrease of 1.2% (€309.1m; prior year: €312.7m). Adjusted for exchange rate effects, revenue decreased by 1.9%.

As in the first half year, revenue performance showed conflicting trends with double-digit growth in direct sales business and a corresponding decrease in the key account business. However, the Company expects that the key account business will continue to recover in the fourth quarter.

The order backlog as of September 30, 2019 was above the prior-year figure.

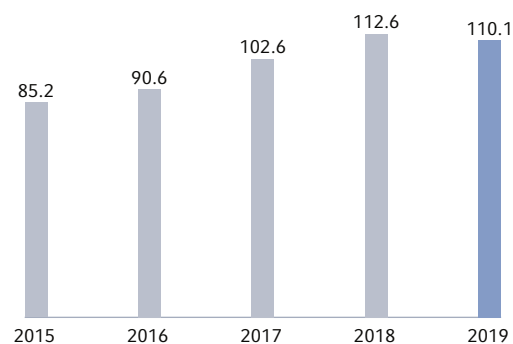
The Chemicals business generated positive revenue performance in the third quarter. After a weak second quarter, the Company reported over 9% revenue growth in this business.

Revenue in the Carwash Management business (previously the Operations business) was down as expected due to the sales of locations last year.

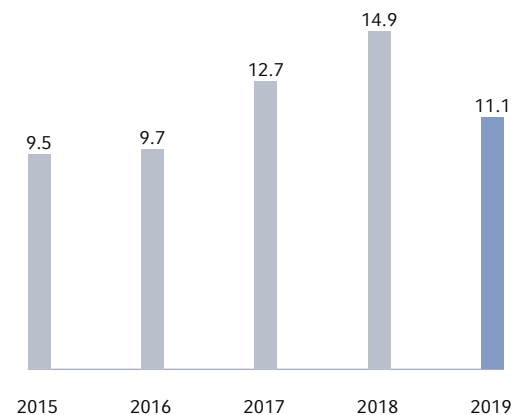
EBIT went down in the third quarter to €11.1m (prior year: €14.9m), with an EBIT margin of 10.1% (prior year: 13.2%). The decrease is mainly due to the weaker sales performance. Operating expenses rose only slightly in the third quarter.

At €20.3m, EBIT for the first nine months was down on the prior year (€33.2m). As in the first half year, the main factor here alongside the weaker revenue was the expansion of workforce capacity in the direct sales business.

Revenue Q3 in multi-year comparison in €m



EBIT Q3 in multi-year comparison in €m



The larger order backlog than in the prior year varied from region to region. While it showed double-digit growth in North America and stabilized in Asia/Pacific, the order backlog in Europe was down on the prior-year figure.

The new digital SmartCare gantry carwash based on a modular platform system, which was presented for the first time at industry trade fairs in 2019, has been installed at selected locations with the first test machines in order to gain experience under real operating conditions in the field. This highly innovative gantry carwash is the basis for the future-oriented expansion of our global technology leadership.

2. Report on economic position

2.1 Earnings

2.1.1 Earnings and expense items

Earnings, Q1–3				
in €m, rounding differences may occur	Q1–Q3 2019	Q1–Q3 2018	Change	
			absolute	in %
Gross profit*	175.3	180.8	–5.5	–3.0
EBIT	20.3	33.2	–12.9	–38.9
EBIT margin in %	6.6	10.6	–4.0	–
EBT	19.9	32.7	–12.8	–39.1
Consolidated net income	11.6	21.3	–9.7	–45.5

* Revenue plus change in inventory minus cost of materials

Earnings, Q3				
in €m, rounding differences may occur	Q3 2019	Q3 2018	Change	
			absolute	in %
Gross profit*	61.6	64.2	–2.6	–4.0
EBIT	11.1	14.9	–3.8	–25.5
EBIT margin in %	10.1	13.2	–3.1	–
EBT	11.0	14.7	–3.7	–25.2
Consolidated net income	7.3	9.9	–2.6	–26.3

* Revenue plus change in inventory minus cost of materials

Due to an altered product and regional mix, the **gross profit margin** for the first nine months decreased to 56.7% (prior year: 57.8%).

Personnel expenses went up compared with the prior-year quarter by €5.0m or 4.9% to €107.3m (prior year: €102.3m) as a result of the larger workforce and collectively agreed pay increases. The increase in personnel expenses in the third quarter was narrowed to 2.8% as a

result of the cost reduction measures already taken (first half year: 6.0%). The Group had 13 more employees at the end of September than a year earlier, an increase of 0.7%.

Other operating expenses* fell by €4.3m to €39.4m (prior year: €43.7m). It should be noted that in comparison with the prior year, this figure additionally includes an effect from the change in accounting policy due to the introduction of IFRS 16 (a reclassification of expense items from other operating expenses to depreciation and amortization). Adjusted for this effect, however, other operating expenses went up by €0.9m, mainly due to higher energy, trade fair and advertising costs and consulting fees. In total, other operating expenses were already reduced by €0.9m in the third quarter compared with the prior year. Overall, the transition to IFRS 16 had only a minor impact of approximately €-0.2m on the WashTec Group's EBIT.

**Including changes in impairments of trade receivables and other taxes*

2.1.2 Revenue by regions and products

Revenue by regions, Q1-3				
in €m, rounding differences may occur	Q1-Q3 2019	Q1-Q3 2018	Change	
			absolute	in %
Europe	256.3	259.1	-2.8	-1.1
North America	49.5	49.4	0.1	0.2
Asia/Pacific	12.3	13.0	-0.7	-5.4
Consolidation	-9.0	-8.7	-0.3	-
Total Group	309.1	312.7	-3.6	-1.2

Revenue by regions, Q3				
in €m, rounding differences may occur	Q3 2019	Q3 2018	Change	
			absolute	in %
Europe	87.7	92.4	-4.7	-5.1
North America	21.6	18.6	3.0	16.1
Asia/Pacific	4.3	4.5	-0.2	-4.4
Consolidation	-3.5	-2.8	-0.7	-
Total Group	110.1	112.6	-2.5	-2.2

Revenue in Europe was down 5.1% in the third quarter. In the first nine months, the region showed a revenue decrease of 1.1% and thus remained at the previous year's level.

Revenue in the North America region increased in the third quarter by 16.1%. This positive trend is expected to pick up further in the fourth quarter. On an exchange rate adjusted basis, revenue growth was 10.7%. The segment's cumulative revenue to September was already back up to the previous year's level, due to the very good development in direct business. On an exchange rate adjusted basis, however, total revenue growth was still 5.8% below the prior-year figure. The order backlog as of September 30, 2019 showed double-digit growth on the prior year.

At -4.4%, revenue in the Asia/Pacific region was down on the prior year. However, the measures taken are having an impact, enabling orders backlog to be increased in this region during the third quarter relative to the prior year. China continued to develop very positively.

Positive third-quarter revenue performance in North America

Revenue by product, Q1–3				
in €m, rounding differences may occur	Q1–Q3 2019	Q1–Q3 2018	Change	
			absolute	in %
Equipment and Service	267.3	268.1	–0.8	–0.3
Chemicals	35.1	34.7	0.4	1.2
Carwash Management business and others	6.7	10.0	–3.3	–33.0
Total Group	309.1	312.7	–3.6	–1.2

Revenue by product, Q3				
in €m, rounding differences may occur	Q3 2019	Q3 2018	Change	
			absolute	in %
Equipment and Service	97.0	99.7	–2.7	–2.7
Chemicals	10.8	9.9	0.9	9.1
Carwash Management business and others	2.3	3.1	–0.8	–25.8
Total Group	110.1	112.6	–2.5	–2.2

2.1.3 Earnings by regions

EBIT by regions, Q1–3				
in €m, rounding differences may occur	Q1–Q3 2019	Q1–Q3 2018	Change	
			absolute	in %
Europe	27.7	36.7	–9.0	–24.5
North America	–5.8	–2.9	–2.9	–100.0
Asia/Pacific	–1.5	–0.4	–1.1	–275.0
Consolidation	–0.1	–0.2	0.1	–
Total Group	20.3	33.2	–12.9	–38.9

EBIT by regions, Q3				
in €m, rounding differences may occur	Q3 2019	Q3 2018	Change	
			absolute	in %
Europe	12.2	14.9	–2.7	–18.1
North America	–0.6	0.0	–0.6	–
Asia/Pacific	–0.4	–0.1	–0.3	–300.0
Consolidation	–0.1	0.1	–0.2	–
Total Group	11.1	14.9	–3.8	–25.5

As expected, EBIT performance was significantly stronger in the third quarter (€11.1m) than in the second quarter (€6.6m). This was mainly due to the higher revenue and targeted efficiency improvements in the North America region.

Earnings in Europe were significantly down both in the third quarter and in the nine months up to September. This was driven by the capacity expansion in the direct sales business in the prior year and to collectively agreed pay increases in combination with a slight decrease in revenue.

The earnings performance in the Asia/Pacific region mainly relates to the Australian market. The substantial decrease in revenue in this region also meant that earnings were reduced, despite the implemented structural adjustments. China, on the other hand, in revenue continued to develop positively. The aim now is to reach profitability step by step.

Measurement of foreign currency-denominated assets and liabilities as of the reporting date had a positive impact of €0.5m on earnings (prior year: negative impact of €0.4m).

2.2 Net assets and financial position

Net operating working capital (trade receivables + inventories – trade payables – prepayments on orders) increased, mainly due to the seasonal rise in inventories and trade receivables, by €13.6m from €82.6m as of December 31, 2018 to €96.2m.

The **cash inflow from operating activities** (net cash flow) decreased in the first nine months from €5.9m in the prior year to €5.5m due to the lower EBT and a smaller increase in net operating working capital than in the prior year.

The **cash outflow from investing activities** went up by €2.4m to €6.1m (prior year: €3.7m). The prior-year figure included €2.6m in proceeds from asset disposals. For the year as a whole, the Company expects that capital expenditure will be slightly higher than in the prior year.

Free cash flow (net cash flow – cash outflow from investing activities) decreased relative to the prior year to €–0.5m (prior year: €2.2m) because of the proceed from asset disposals contained in the cash outflow from investing activities in the prior year.

It is necessary to take into account the effects of accounting in accordance with IFRS 16 in the »depreciation and amortization« item and the »repayment of lease liabilities« item.

Overall, as a result of dividend payments and the repayment of lease liabilities, **cash and cash equivalents** went down relative to December 31, 2018 by €40.9m to €–48.0m.

3. Outlook, opportunities and risk report

3.1 Outlook

The Company is adjusting its guidance and is aiming for a stable revenue performance with an EBIT margin of now around 9%, following the first three quarters for the full year 2019.

The fourth quarter is expected to be above the prior year, although revenue growth will be lower than expected in the first half of the year.

The announced cost-reduction measures have started and are showing initial effects. The aim is to cut other operating expenses and to reduce the WashTec Group headcount to around 1,820 in line with the 2017 structures. This will cause additional expenses in the full year. The EBIT margin of around 9 % does not include any such extraordinary expenses.

The guidance for the individual segments is therefore as follows:

- Europe: Stable revenue and significant decrease in EBIT
- North America: Slight increase in revenue and significant increase in EBIT
- Asia/Pacific: Stable revenue and significant decrease in EBIT

The Company expects a slight decrease in free cash flow and ROCE below the target of 25%.

This outlook is subject to uncertainties.

3.2 Opportunities and risks for group development

The WashTec Group's opportunity and risk management system is described in the Annual Report 2018. There have been no material changes in the risks described therein.

4. WashTec shares and investor relations

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

4.1 Share price performance

The WashTec share price stood at €47.25 on September 30, 2019. That marks a 21.77% decrease on the prior year-end closing price of €60.40 on December 28, 2018. The SDAX, on the other hand, improved 15.96% relative to the beginning of the year.

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 €74.00 (as of September 2019).

4.2 Shareholder structure

WashTec AG did not receive any voting rights notifications under the Securities Trading Act (Wertpapierhandelsgesetz) in the third quarter of 2019.

Shareholding in %	Sept 30, 2019
Axxion S.A.	9.99
Kempen Oranje Participaties N.V.	9.60
EQMC Europe Development Capital Fund plc. ¹	7.43
Dr. Kurt Schwarz ²	6.82
Bank of America Corporation ³	6.27
Investment AG für langfristige Investoren, TGV	5.43
Paradigm Capital Value Fund ⁴	4.58
Treasury shares	4.25
Diversity Industrie Holding AG	4.00
FMR LLC ⁵	3.35
Wellington Management Group LLP	3.06
Fidelity Investment Trust	3.01
Free float	32.21

Stable shareholder structure

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

² Leifina GmbH & Co. KG et al.

³ BofA Securities Europe SA (6.22% voting rights)

⁴ Carne Global Fund Managers (Luxembourg) S. A.

⁵ Fidelity Management & Research Company

Based on notifications made pursuant to the Securities Trading Act (WpHG)

Manager Transactions

On September 24, 2019, Dr. Koeppel, Member of the Management Board, acquired 600 shares.



Selected
Financial Information
Q1-3 2019

Consolidated Income Statement

Rounding differences may occur.

in €k	Q1–3 2019	Q1–3 2018	Q3 2019	Q3 2018
Revenue	309,130	312,750	110,069	112,637
Other operating income	3,390	3,967	1,352	2,045
Capitalized development costs	680	1,805	26	480
Change in inventory	4,795	2,582	–378	–459
Total	317,995	321,103	111,068	114,703
Cost of raw materials, consumables and supplies and of purchased material	112,986	106,925	39,222	37,680
Cost of purchased services	25,687	27,647	8,906	10,333
Cost of materials	138,673	134,572	48,128	48,013
Personnel expenses	107,257	102,250	35,528	34,563
Amortization, depreciation and impairment	12,327	7,357	4,213	2,453
Other operating expenses	37,944	42,772	11,645	14,513
Impairment loss of trade receivables	575	313	137	174
Other taxes	872	603	320	69
Total operating expenses	297,648	287,866	99,971	99,785
EBIT	20,348	33,237	11,097	14,918
Financial income	111	50	41	46
Financial expenses	527	629	183	304
Financial result	–416	–579	–142	–258
EBT	19,931	32,658	10,955	14,660
Income taxes	8,284	11,334	3,662	4,745
Consolidated net income	11,647	21,324	7,292	9,915
Weighted average number of shares in units	13,382,324	13,382,324	13,382,324	13,382,324
Earnings per share (basic = diluted) in €	0.87	1.59	0.54	0.74

Consolidated Balance Sheet

Rounding differences may occur.

* in the previous year, finance lease liabilities

Assets in €k	Sep30,2019	Dec31,2018
Non-current assets		
Property, plant and equipment	34,287	37,347
Goodwill	42,312	42,312
Intangible assets	12,411	11,754
Right-of-use assets	19,659	n/a
Trade receivables	5,900	7,729
Other non-current financial assets	216	176
Other non-current non-financial assets	478	470
Deferred tax assets	3,790	4,131
Total non-current assets	119,052	103,919
Current assets		
Inventories	46,149	37,272
Trade receivables	74,257	68,631
Tax receivables	16,096	12,230
Other current financial assets	1,035	842
Other current non-financial assets	3,737	2,713
Cash and cash equivalents	10,638	11,630
Total current assets	151,911	133,319
Total assets	270,963	237,238

Equity and Liabilities in €k	Sep30,2019	Dec31,2018
Equity		
Subscribed capital	40,000	40,000
<i>Contingent capital</i>	0	8,000
Capital reserves	36,463	36,463
Treasury shares	-13,177	-13,177
Other reserves and currency translation effects	-5,135	-5,057
Profit carried forward	4,385	3,137
Consolidated net income	11,647	34,035
	74,184	95,401
Non-current liabilities		
Lease liabilities*	12,184	2,068
Provisions for pensions	10,648	10,065
Other non-current provisions	3,878	4,009
Other non-current financial liabilities	58	53
Other non-current non-financial liabilities	1,469	1,001
Non-current contract liabilities	1,699	1,887
Deferred tax liabilities	3,843	4,247
Total non-current liabilities	33,780	23,329
Current liabilities		
Interest-bearing loans	58,687	18,741
Lease liabilities*	7,519	897
Trade payables	18,860	18,463
Tax provisions	4,593	5,867
Other current financial liabilities	19,615	18,116
Other current non-financial liabilities	26,436	27,784
Other current provisions	8,717	9,028
Current contract liabilities	18,571	19,612
Total current liabilities	162,999	118,508
Total equity and liabilities	270,963	237,238

Consolidated Statement of Changes in Equity

Rounding differences may occur.

*Adjustment as of Jan 1, 2018 due to the first-time adoption of IFRS 9 Financial Instruments.

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
As of January 1, 2019	13,382,324	40,000	36,463	-13,177	-5,057	37,171	95,401
Income and expenses recognized directly in equity					-228		-228
Taxes on transactions recognized directly in equity					150		150
Dividend						-32,787	-32,787
Consolidated net income						11,647	11,647
As of September 30, 2019	13,382,324	40,000	36,463	-13,177	-5,135	16,032	74,184

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
As of December 31, 2017	13,382,324	40,000	36,463	-13,177	-5,586	36,490	94,191
Adjustment as of January 1, 2018*						-566	-566
As of January 1, 2018	13,382,324	40,000	36,463	-13,177	-5,586	35,924	93,625
Income and expenses recognized directly in equity					428		428
Taxes on transactions recognized directly in equity					-51		-51
Dividend						-32,787	-32,787
Consolidated net income						21,324	21,324
As of September 30, 2018	13,382,324	40,000	36,463	-13,177	-5,209	24,461	82,538

Consolidated Cash Flow Statement

Rounding differences may occur.

in €k	Q1–3 2019	Q1–3 2018
EBT	19,931	32,658
Amortization, depreciation and impairment	12,327	7,357
Gain/loss from disposals of non-current assets	-53	-950
Other gains/losses	-380	-666
Financial income	-111	-50
Financial expenses	527	629
Movements in provisions	-540	-171
Income tax paid	-13,310	-16,236
Gross cash flow	18,392	22,572
Increase/decrease in trade receivables	-3,228	-2,948
Increase/decrease in inventories	-8,337	-9,035
Increase/decrease in trade payables	258	1,768
Increase/decrease in prepayments on orders	-1,515	-5,139
Increase/decrease in net operating working capital	-12,822	-15,354
Changes in other net working capital	-30	-1,333
Net cash flow from operating activities	5,540	5,885
Purchase of property, plant and equipment (without leases)	-6,839	-6,320
Proceeds from sale of property, plant and equipment	755	2,606
Net cash flow from investing activities	-6,085	-3,714
Free cash flow	-544	2,171
Dividend paid	-32,787	-32,787
Interest received	111	50
Interest paid	-527	-598
Repayment of lease liabilities	-6,626	-1,206
Net cash flow from financing activities	-39,829	-34,541
Net increase/decrease in cash and cash equivalents	-40,374	-32,372
Net foreign exchange difference	-564	-311
Cash and cash equivalents at January 1	-7,111	-3,941
Cash and cash equivalents at September 30	-48,049	-36,624
Composition of cash and cash equivalents for cash flow purposes:		
Cash and cash equivalents	10,638	11,584
Interest-bearing loans	-58,687	-48,207
Cash and cash equivalents at September 30	-48,049	-36,624

Consolidated Segment Reporting

Rounding differences may occur.

Q1–3 2019 in €k	Europe	North America	Asia/ Pacific	Conso- lidation	Group
Revenue	256,340	49,458	12,329	-8,997	309,130
with third parties	247,491	49,310	12,329	0	309,130
with other divisions	8,849	148	0	-8,997	0
EBIT	27,696	-5,772	-1,519	-57	20,348
EBIT margin (in %)	10.8	-11.7	-12.3	-	6.6
Financial income					111
Financial expenses					527
EBT					19,931
Income taxes					8,284
Consolidated net income					11,647

Q1–3 2018 in €k	Europe	North America	Asia/ Pacific	Conso- lidation	Group
Revenue	259,070	49,418	12,959	-8,697	312,750
with third parties	250,526	49,265	12,959	0	312,750
with other divisions	8,544	153	0	-8,697	0
EBIT	36,735	-2,933	-407	-158	33,237
EBIT margin (in %)	14.2	-5.9	-3.1	-	10.6
Financial income					50
Financial expenses					629
EBT					32,658
Income taxes					11,334
Consolidated net income					21,324



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Financial Calendar

Nov 25–27, 2019 Equity Capital Forum, Frankfurt

