



Quarterly Financial Report 30 September 2019

Aumann AG, Beelen

Welcome Note from the Executive Board

Dear Shareholders,

For several months, we have been operating in a challenging market environment that our customers are responding to with marked investment restraint and clearly discernible cost sensitivity. Even though we were able to increase order intake compared with the two previous quarters to €59.4 million in the third quarter, we are notably below the previous year after nine months with an accumulated order intake of €145.6 million. By contrast, order intake in the E-mobility segment is higher than in the previous year at €88.4 million. Moreover, we also succeeded in winning a key new E-mobility order for a well-known automobile manufacturer in the third quarter.

At €67.3 million, our revenue in the third quarter of 2019 was roughly level with the first two quarters. Nevertheless, at €200.8 million, revenue for the first nine months of 2019 is around 5% lower than the previous year's level. The current market environment is still burdening our adjusted EBIT and our EBIT margin, which have fallen year-on-year to €14.8 million and 7.4%, respectively. However, they are on track to achieve the forecasts revised earlier this year. The E-mobility segment accounted for 43% of total revenue and 44% of adjusted EBIT in the first nine months of the year.

In order to respond to the current challenges in the automotive industry, we have taken further concrete measures to optimise the company's cost structure and production depth. At the same time, we will continue to advance our strategic focus on E-mobility, and feel we are well positioned for the transition to electromobility.

Sincerely,



Rolf Beckhoff
Chief Executive Officer



Sebastian Roll
Chief Financial Officer

Aumann in figures

Nine months (unaudited)	2019	2018	Δ 2019 / 2018
	IFRS	IFRS	
	€ k	€ k	%
Order backlog	149,006	196,205	-24.1
Order intake	145,575	204,082	-28.7
Revenue	200,789	212,032	-5.3
there of E-mobility	85,692	78,355	9.4
Operating performance	201,151	212,385	-5.3
Total performance	211,185	217,782	-3.0
Cost of materials	-125,693	-128,580	-2.2
Staff costs	-56,766	-53,316	6.5
EBITDA	18,334	26,080	-29.7
<i>EBITDA margin</i>	<i>9.1%</i>	<i>12.3%</i>	
EBIT	14,757	21,729	-32.1
<i>EBIT margin</i>	<i>7.3%</i>	<i>10.2%</i>	
adjusted EBIT	14,803	23,719	-37.6
<i>adjusted EBIT margin</i>	<i>7.4%</i>	<i>11.2%</i>	
EBT	14,310	21,199	-32.5
<i>EBT margin</i>	<i>7.1%</i>	<i>10.0%</i>	
Consolidated net profit	9,561	14,774	-35.3
Number of shares	15,250	15,250	0.0
EPS in €*	0.63	0.97	-35.1
Figures from the statement of financial position	30 Sep	31 Dec	
	€ k	€ k	%
Non-current assets	94,806	87,206	8.7
Current assets	214,360	248,903	-13.9
there of cash and equivalents **	57,398	116,474	-50.7
Issued capital (share capital)	15,250	15,250	0.0
Other equity	188,755	180,678	4.5
Total equity	204,005	195,928	4.1
<i>Equity ratio</i>	<i>66.0%</i>	<i>58.3%</i>	
Non-current liabilities	45,773	45,420	0.8
Current liabilities	59,388	94,761	-37.3
Total assets	309,166	336,109	-8.0
Net debt (-) or net cash (+) **	35,718	93,391	-61.8
Employees	1,126	1,101	2.3

* Based on shares outstanding on 30 September 2019.

** This figure includes securities.

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Interim Group management report

Aumann is a world-leading manufacturer of innovative speciality machinery and automated production lines with a focus on e-mobility. The company combines unique winding technology for the highly efficient production of electric motors with decades of automation experience, particularly in the automotive industry. Leading companies around the world rely on Aumann solutions for the series production of purely electric and hybrid vehicle drives and for production automation. Given the long-term dynamic market growth in e-mobility, Aumann's products in the e-mobility segment focus on the development and production of automated production lines for electric powertrain components. The company has its own technologies, some of which unique, for the automated mass production of both electric engines and energy storage. Aumann's manufacturing solutions thus cover essential technologies for key electric powertrain components.

Business and economic conditions

Current forecasts do not suggest that the economic situation is stabilising. The trade conflicts between the US and China and the US and the EU are still causing turbulence, as is the as yet unresolved Brexit issue. In light of this as well, global economic growth will amount to just 3.0% in 2019 according to the International Monetary Fund's (IMF) autumn forecast. The fourth downward revision in the current year entailed by this GDP estimate is also reflected in the projections for the US (2.4%), China (6.1%) and the EU (1.5%). The IMF is predicting GDP growth for Germany of just 0.5%, which is consistent with the likewise revised estimates by the German government and various economic research institutions, such as the German Institute for Economic Research (DIW). While the DIW writes that it does not expect an economic crisis with pronounced underutilisation of German industry despite a drop in economic performance over the summer of 2019, it still comes to the conclusion that downside economic risks are currently at a high level.

There is also little joy to be found in registration figures for the automotive industry at the current time. According to the German Association of the Automotive Industry (VDA), new car registrations in the European Union were down by 1.6% year-on-year in the first nine months of 2019. Hindered by a very weak September, the number of new registrations in the US also declined by 1.1%. By comparison, the negative momentum in China is even more pronounced, with new car registrations sliding by 11.6% in the first nine months of 2019. In addition to this sales pressure, the fundamental shift in technology towards e-mobility is also weighing heavily on the financial situation in the automotive industry.

On top of the general turbulence described above, the mechanical engineering sector is in the grip of far-reaching structural change. According to the German Mechanical Engineering Industry Association (VDMA), mechanical engineering orders were down by 9.0% year-on-year in real terms in the first eight months of the year. Production itself is 1.6% lower than in the same period of the previous year. Nonetheless, the VDMA is standing by its production forecast for German mechanical engineering for this year and the next, namely a reduction of 2.0% each year.

Results of operations, financial position and net assets

The consolidated revenue of the Aumann Group declined by 5.3% to €200.8 million (previous year: €212.0 million).

EBITDA amounted to €18.3 million in the first nine months (previous year: €26.1 million). After depreciation and amortisation of €3.6 million, the Aumann Group's EBIT amounted to €14.8 million (previous year: €21.7 million). €0.05 million of this figure relates to hidden reserves that were capitalised as part of the acquisition of Aumann Limbach-Oberfrohna GmbH. Adjusted for depreciation and amortisation, EBIT amounts to €14.8 million. Adjusted for net finance costs of €0.5 million, EBT was €14.3 million (previous year: €21.2 million). Consolidated net profit amounts to €9.6 million (previous year: €14.8 million) or €0.63 per share (based on an average of 15,250,000 shares outstanding) in the first nine months.

Order intake amounted to €145.6 million after the first nine months. The order backlog amounted to €149.0 million as at the end of September.

The Group's equity rose by 4.1% to €204.0 million as at the end of the first nine months (31 December 2018: €195.9 million). Based on total consolidated assets of €309.2 million, the equity ratio is 66.0%.

Working capital has risen by €56.8 million since 31 December 2018.

Financial liabilities amount to €20.2 million as at 30 September 2019 (31 December 2018: €23.1 million) and cash funds, including securities, to €57.4 million (31 December 2018: €116.5 million). Accordingly, net cash from the above liabilities and cash items amounts to €35.7 million as against €93.4 million on 31 December 2018.

Segment performance

Given their different market prospects, Aumann differentiates between the E-mobility and Classic segments, which are described in more detail below.

In its E-mobility segment, Aumann predominantly manufactures speciality machinery and automated production lines with a focus on the automotive industry. Customers use Aumann's products for the highly efficient, technologically advanced mass production of electric motors and coils. This involves highly specialised and, in some cases, unique winding technologies that are used to wind electric components with copper wire. State-of-the-art automation solutions for related processes are no less important. Major customers from the automotive and e-bike industries use Aumann technology to manufacture the latest generation of electric motors. Aumann's product range also includes speciality machinery and production lines for the manufacture of energy storage systems and product-related services such as maintenance, repair and spare part supply.

Revenue in the E-mobility segment grew by 9,4 % year-on-year in the first nine months to €85.7 million. The segment's EBIT amounts to €6.4 million after the first nine months with an EBIT margin of 7.4%. The drop in profitability is due in particular to the deterioration of the market environment and the associated cost sensitivity on the part of customers. Incoming orders in E-mobility amount to €88.4 million.

In the Classic segment, Aumann mainly manufactures specialist machinery and automated production lines for the automotive, consumer electronics, appliances and aerospace industries. For example, Aumann's solutions include systems for the production of drive components that reduce CO₂ emissions from combustion engine vehicles. Aumann also offers highly automated manufacturing and assembly solutions for the consumer electronics and appliances industries in addition to specific solutions for other sectors.

Revenue in the Classic segment amounts to €115.1 million for the first nine months (previous year: €133.7 million). One of the main reasons for the current revenue decline in the Classic segment is the investment restraint in the automotive industry. Segment EBIT amounted to €8.2 million in the first nine months after €12.9 million in the same period of the previous year. This corresponds to an EBIT margin of 7.1%. Order intake in the Classic segment amount to €57.2 million.

Employees

Not including temporary employees or trainees, the number of employees was 1,126 as at 30 September 2019.

Report on risks and opportunities

A detailed presentation of the company's risks and opportunities can be found in the 2018 annual report at www.aumann.com. There have been no material changes in risks and opportunities since the publication of the 2018 annual report. Aumann's risk management system is suitable for identifying risks early on and taking immediate action.

Report on expected developments

Aumann issued a cautious reassessment of its revenue and earnings guidance for the 2019 financial year during the course of the year. The repeated postponements of contract awards of significant volumes led to disappointing incoming orders of €86.1 million in the first half of the year. In light of this, the company is forecasting revenue of between €240 and €260 million for the current financial year. Adjusted EBIT is projected to be up to €22 million, though the figure could drop to €16 million subject to ongoing market developments.

Above all, this development is because of the decline in vehicle sales and the resulting uncertainty in the automotive industry, which is reflected in substantial investment restraint and cost discipline among manufacturers and suppliers. Aumann anticipates that these factors will persist beyond the end of the current financial year, though feels that the medium-term trend towards E-mobility will be unbroken.

IFRS interim consolidated financial statements for 2019

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan - 30 Sep 2019 € k	1 Jan - 30 Sep 2018 € k
Revenue	200,789	212,032
Increase (+) / decrease (-) in finished goods and work in progress	362	353
Operating performance	201,151	212,385
Capitalised development costs	3,647	2,166
Other operating income	6,387	3,231
Total performance	211,185	217,782
Cost of raw materials and supplies	-97,147	-108,756
Cost of purchased services	-28,546	-19,824
Cost of materials	-125,693	-128,580
Wages and salaries	-45,051	-42,003
Social security and pension costs	-11,715	-11,313
Staff costs	-56,766	-53,316
Other operating expenses	-10,392	-9,806
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	18,334	26,080
Amortisation and depreciation expense	-3,577	-4,351
Earnings before interest and taxes (EBIT)	14,757	21,729
Other interest and similar income	118	163
Interest and similar expenses	-565	-693
Net finance costs	-447	-530
Earnings before taxes (EBT)	14,310	21,199
Income tax expense	-4,662	-6,367
Other taxes	-87	-58
Consolidated net profit	9,561	14,774
Earnings per share (in €)	0.63	0.97

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan - 30 Sep 2019 € k	1 Jan - 30 Sep 2018 € k
Consolidated net profit	9,561	14,774
Currency translation differences	17	49
FairValue Reserve	1,549	557
Other comprehensive income after taxes	1,566	606
Comprehensive income for the reporting period	11,127	15,380

IFRS consolidated statement of comprehensive income (unaudited)	1 Jun - 30 Sep 2019 € k	1 Jun - 30 Sep 2018 € k
Revenue	67,290	78,653
Increase (+) / decrease (-) in finished goods and work in progress	52	10
Operating performance	67,342	78,663
Capitalised development costs	876	796
Other operating income	542	2,161
Total performance	68,760	81,620
Cost of raw materials and supplies	-31,410	-41,976
Cost of purchased services	-11,211	-8,218
Cost of materials	-42,621	-50,194
Wages and salaries and pension costs	-14,191	-13,765
Staff costs	-18,134	-17,746
Other operating expenses	-3,529	-4,586
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	4,476	9,094
Amortisation and depreciation expense	-1,188	-1,521
Earnings before interest and taxes (EBIT)	3,288	7,573
Other interest and similar income	3	53
Interest and similar expenses	-154	-293
Net finance costs	-151	-240
Earnings before taxes (EBT)	3,137	7,333
Income tax expense	-1,289	-2,401
Other taxes	-28	-19
Consolidated net profit	1,820	4,913
Earnings per share (in €)	0.12	0.32

Statement of financial position	30 Sep 2019	31 Dec 2018
Assets (IFRS)	unaudited	audited
	€ k	€ k
Non-current assets		
Own produced intangible assets	8,755	5,548
Concessions, industrial property rights and similar rights	609	819
Goodwill	38,484	38,484
Intangible assets	47,848	44,851
Land and buildings		
including buildings on third-party land	26,654	26,820
Technical equipment and machinery	2,979	2,869
Other equipment, operating and office equipment	4,221	3,680
Advance payments and assets under development	1,704	1,231
Property, plant and equipment	35,558	34,600
Financial assets	11,120	7,454
Deferred tax assets	280	301
	94,806	87,206
Current assets		
Raw materials and supplies	3,179	3,035
Work in progress	2,125	1,996
Finished goods	354	525
Advance payments	6,432	4,713
Inventories	12,090	10,269
Trade receivables	34,294	25,071
Receivables from construction contracts	118,370	99,622
Other current assets	3,328	4,921
Trade receivables and other current assets	155,992	129,614
Securities	1,517	2,697
Cash in hand	15	8
Bank balances	44,746	106,315
Cash in hand, bank balances	44,761	106,323
	214,360	248,903
Total assets	309,166	336,109

Statement of financial position Equity and liabilities (IFRS)	30 Sep 2019 unaudited € k	31 Dec 2018 audited € k
Equity		
Issued capital	15,250	15,250
Capital reserve	131,841	131,841
Retained earnings	56,914	48,837
	204,005	195,928
Non-current liabilities		
Pension provisions	18,267	18,267
Liabilities to banks	17,015	19,429
Other provisions	832	933
Other interest bearing liabilities	626	1
Other liabilities	1,139	1,180
Deferred tax liabilities	7,894	5,610
	45,773	45,420
Current liabilities		
Liabilities to banks	3,219	3,631
Other interest bearing liabilities	820	21
Contractual obligations	6,931	21,186
Trade payables	19,998	30,891
Other liabilities	3,138	9,562
Provisions with the nature of a liability	12,610	13,828
Tax provisions	1,202	1,320
Other provisions	11,470	14,322
	59,388	94,761
Total equity and liabilities	309,166	336,109

Consolidated statement of cash flows (unaudited)	1 Jan - 30 Sep 2019 € k	1 Jan - 30 Sep 2018 € k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	14,758	21,729
Adjustments for non-cash transactions		
Write-downs on non-current assets	3,576	4,351
Increase (+) / decrease (-) in provisions	-2,953	-110
Losses (+) / Gains (-) for disposal of assets	-6	-34
Other non-cash expenses / income	-16	0
	601	4,207
Change in working capital:		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-28,457	-20,362
Decrease (-) / increase (+) in trade payables and other liabilities	-28,363	-17,933
	-56,820	-38,295
Income taxes paid (-) / received (+)	-2,300	-858
Interest received	118	163
	-2,182	-695
Cash flow from operating activities	-43,644	-13,054
2. Cash flow from investing activities		
Investments (-) / divestments (+) intangible assets	-3,766	-1,737
Investments (-) / divestments (+) property, plant and equipment assets and securities	-1,775	-2,928
Remaining purchase price payment ALIM	-938	-1,566
	-4,467	0
Cash flow from investing activities	-10,946	-6,231
3. Cash flow from financing activities		
Profit distribution to shareholders	-3,050	-3,050
Proceeds from borrowing financial loans	271	9
Repayments of financial loans	-3,655	-3,301
Interest payments	-565	-693
Cash flow from financing activities	-6,999	-7,035
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	-61,589	-26,320
Effects of changes in foreign exchange rates (non-cash)	27	49
Cash and cash equivalents at start of reporting period	106,323	106,701
Cash and cash equivalents at end of period	44,761	80,430
Composition of cash and cash equivalents		
Cash in hand	15	9
Bank balances	44,746	80,421
Reconciliation to liquidity reserve on 31 March	2019	2018
Cash and cash equivalents at end of period	44,761	80,430
Securities	12,637	8,617
Liquidity reserve on 30 Sep	57,398	89,047

Statement of changes in consolidated equity (unaudited)							
	Issued capital	Capital reserve	Currency translation difference	Retained earnings		Generated consolidated equity	Consolidated equity
	€ k	€ k	€ k	FairValue Re-serve	Pension re-serve	€ k	€ k
1 Jan 2018	15,250	131,841	15	-37	-1,971	35,521	180,619
Payed dividend	0	0	0	0	0	-3,050	-3,050
Subtotal	15,250	131,841	15	-37	-1,971	32,471	177,569
Amounts recognised in other comprehensive income	0	0	0	-314	466	0	152
Currency translation difference	0	0	-15	0	0	0	-15
Consolidated net profit	0	0	0	0	0	18,222	18,222
Total comprehensive income	0	0	-15	-314	466	18,222	18,359
31 Dec 2018	15,250	131,841	0	-351	-1,505	50,693	195,928
Payed dividend	0	0	0	0	0	-3,050	-3,050
Subtotal	15,250	131,841	0	-351	-1,505	47,643	192,878
Amounts recognised in other comprehensive income	0	0	0	1,549	0	0	1,549
Currency translation difference	0	0	17	0	0	0	17
Consolidated net profit	0	0	0	0	0	9,561	9,561
Total comprehensive income	0	0	17	1,549	0	9,561	11,127
30 Sep 2019	15,250	131,841	17	1,198	-1,505	57,204	204,005

Notes to the interim consolidated financial statements

Accounting

The interim financial report of the Aumann Group for the period 1 January to 30 September 2019 was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted in the EU. It was prepared in accordance with IAS 34.

Accounting policies

The accounting policies adopted are the same as those applied in preparing the consolidated financial statements as at 31 December 2018. The preparation of the financial statements is influenced by accounting policies and assumptions and estimates affecting the amount and reporting of recognised assets, liabilities, contingent liabilities and income and expense items. Matters relating to revenue are deferred intra-year.

Segment reporting

The management of the Aumann Group classifies the segments as described in the interim Group management report.

1 Jan - 30 Sep 2019 (unaudited)	Classic	E-mobility	Reconciliation	Group
	€ k	€ k	€ k	€ k
Order backlog	67,110	81,896	0	149,006
Order intake	57,192	88,383	0	145,575
Revenue from third parties	115,097	85,692	0	200,789
EBITDA	9,940	8,124	270	18,334
Amortisation and depreciation	-1,778	-1,752	-47	-3,577
EBIT	8,162	6,372	223	14,757
Financial result	-358	-179	90	-447
EBT	7,804	6,193	313	14,310
EBIT-Margin	7.1%	7.4%		7.3%
Trade receivables and				
Receivables from construction contracts	89,897	62,767	0	152,664
Contractual obligations	3,781	3,150	0	6,931

1 Jan - 30 Sep 2018 (unaudited)	Classic	E-mobility	Reconciliation	Group
	€ k	€ k	€ k	€ k
Order backlog	128,982	67,223	0	196,205
Order intake	129,201	74,881	0	204,082
Revenue from third parties	133,677	78,355	0	212,032
EBITDA	14,420	11,796	-136	26,080
Amortisation and depreciation	-1,555	-1,183	-1,613	-4,351
EBIT	12,865	10,613	-1,749	21,729
Financial result	-468	-224	162	-530
EBT	12,397	10,389	-1,587	21,199
EBIT-Margin	9.6%	13.5%		10.2%
Trade receivables and				
Receivables from construction contracts	86,210	46,034	0	132,244
Contractual obligations	7,558	3,520	0	11,078

Changes in contingent liabilities

There were no changes in contingent liabilities as against 31 December 2018.

Related party transactions

Business transactions between consolidated Group companies and other companies of the MBB Group are conducted at arm's-length conditions.

Events after the end of the reporting period

There were no significant events after the end of the reporting period.

Review

The condensed interim consolidated financial statements as at 30 September 2019 and the interim Group management report were neither audited in accordance with section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code) nor reviewed by an auditor.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the results of operations, financial position and net assets of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Beelen, 14 November 2019



Rolf Beckhoff
Chief Executive Officer



Sebastian Roll
Chief Financial Officer

Financial calendar

End of financial year

31 December 2019

Conferences

German Equity Forum

Frankfurt, Germany

26 November 2019

Berenberg European Conference

Pennyhill, UK

3 December 2019

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Legal notice

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