

Group interim report as of March 31, 2020

3 months

Key Group Figures (IFRS)

€m	Jan. 1 – Mar. 31, 2020	Jan. 1 – Mar. 31, 2019 ¹	Change
Order intake	143.2	152.5	-6.1%
Revenues	119.6	120.0	-0.4%
Total output	125.8	126.9	-0.9%
EBITDA	7.8	11.9	-34.5%
EBIT	3.9	8.2	-52.4%
EBIT margin (in %)	3.2	6.9	n. a.
Group result	1.7	5.5	-69.1%
– attributable to shareholders of Schaltbau Holding AG	1.3	4.5	-71.1%
Cash flow from operating activities	1.6	-1.7	n. a.
Cash flow from investment activities	-3.2	-2.3	39.1%
Free cash flow	-1.6	-4.0	-60.0%

€m	Mar. 31, 2020	Dec. 31, 2019	Change
Order backlog	509.4	488.9	4.2%
Balance sheet total	398.4	401.2	-0.7%
Fixed assets	149.6	150.8	-0.8%
Liquid funds	15.0	25.2	-40.3%
Equity	96.4	97.4	-1.0%
Equity ratio (in %)	24.2	24.3	n. a.
Net financial liabilities (incl. Leasing)	88.6	82.2	7.7%
Employees	2,878	2,863	0.5%
Share			
Xetra closing price in €	24.40	34.00	-28.2%
Market capitalisation	216.0	301.0	-28.2%
Number of outstanding shares	8,852,190	8,852,190	0.0%

¹ Like-for-like (excl. Sepsa, Alte), unadjusted.

To our shareholders

Dear shareholders

the first quarter was significantly impacted by the COVID-19 pandemic. However, the effects on the operations of the Schaltbau Group were inconsistent. In the reporting period, we were particularly affected in the Schaltbau segment at our locations in China, Italy and the USA. As expected, this also had a direct impact on economic development. The Bode segment was and is also affected by the temporary plant closures of the major bus manufacturers, which was partially offset by the Rail business, but led to increased expenses overall. By contrast, business in the Pintsch and SBRS segments was comparatively encouraging and promising at the beginning of the year, each with significant growth in order intake. Overall, revenue was maintained at almost the same level as in the prior-year quarter due to very rapid rebalancing within and between segments, but the revenue mix between segments and the increased expenditure for production under COVID-19 conditions had a significant impact on profitability.

We therefore look back on a quarter with mixed developments in terms of earnings, in which our strategic positioning – in addition to our careful operational management in the current crisis mode – once again shows its special importance for the stability of the entire group. In the medium and long term, we will benefit from the intact growth drivers in the markets that are relevant to us. This continues to give us a very positive and confident outlook for the future and encourages us to consistently implement our growth strategy despite the currently difficult and generally uncertain market environment. With group sales at the level of the particularly strong first quarter of 2019 (like-for-like) of around EUR 120 million and a Group EBIT margin of 3.2%, we believe that we are on the right track to reach our goals for the full financial year.

On behalf of my colleagues on the Executive Board, I would like to take this opportunity to thank you for the special personal commitment of our approximately 3,000 employees who ensure the day-to-day business operations and our performance towards our customers. At this point, I would also like to extend a warm welcome to Dr Jürgen Brandes, who was appointed as an additional Executive Board member for the Schaltbau segment with effect from April 1, 2020 and will succeed me as Chairman of the Executive Board on January 1, 2021. I myself will continue to advise Schaltbau Holding AG in 2021.



Kind regards,
Dr Albrecht Köhler

Course of business

In the first quarter, business development in the four segments was uneven and, as expected, influenced by the COVID 19 pandemic. As expected, order intake fell by €9.3 million to €143.2 million (previous year like-for-like: €152.5 million). Nevertheless, the book-to-bill ratio remained high at 1.2 (previous year: 1.3).

€m	Bode		Schaltbau		Pintsch		SBRS		Group	
	Q1/2020	Q1/2019 ¹	Q1/2020	Q1/2019 ¹	Q1/2020	Q1/2019 ¹	Q1/2020	Q1/2019 ¹	Q1/2020	Q1/2019 ¹
Order intake (third parties)	72.8	85.4	41.1	46.8	19.5	16.1	9.8	4.2	143.2	152.5
Revenue (third parties)	62.6	62.3	33.6	38.7	19.4	14.6	3.9	4.3	119.6	120.0
EBIT	0.8	2.8	5.0	7.1	0.7	1.1	0.1	0.4	3.9	8.2
EBIT margin (in %)	1.3	4.5	14.6	18.2	3.4	7.3	3.1	9.4	3.2	6.9

¹ like-for-like, unadjusted

With a 14.8% decline in order intake to €72.8 million, the Bode segment made a significant contribution to this development (previous year: €85.4 million). In contrast, segment sales increased slightly by 0.5% to €62.6 million (previous year: €62.3 million). The segment EBIT decreased by €2.0 million to €0.8 million (previous year: €2.8 million). This corresponds to an EBIT margin of 1.3% (previous year: 4.5%).

Order intake in the Schaltbau segment also declined by 12.2% to €41.1 million (previous year: €46.8 million). At €33.6 million, segment sales in the period under report were 13.2% lower than in the previous year (€38.7 million). Segment EBIT fell by €2.1 million to €5.0 million (previous year: €7.1 million). This corresponds to an EBIT margin of 14.6% (previous year: 18.2%).

In the Pintsch segment, incoming orders increased significantly by 21.1% to €19.5 million (previous year: €16.1 million). Segment sales also rose disproportionately by 32.9% to €19.4 million (previous year: €14.6 million). However, segment EBIT decreased by €0.4 million to €0.7 million (previous year: €1.1 million). This resulted in an EBIT margin of 3.4% (previous year: 7.3%).

With growth of 133.3% to €9.8 million, incoming orders in the SBRS segment showed the greatest dynamic (previous year: €4.2 million). In contrast, segment revenues declined by 9.3% to €3.9 million in the reporting period (previous year: €4.3 million). Segment EBIT fell by €0.3 million to €0.1 million (previous year: 0.4 million euros). This corresponds to an EBIT margin of 3.1% (previous year: 9.4%).

Earnings position

Consolidated sales fell only slightly by 0.4% to € 119.6 million in the period under review (previous year: € 120.0 million). At € 125.8 million, total output also remained almost unchanged (previous year: € 126.9 million). With significantly higher other operating income of € 2.9 million (previous year: € 1.2 million) and a 4.5% increase in the cost of materials to € 67.2 million (previous year: € 64.3 million), gross profit fell by 3.6% to € 61.5 million (previous year: € 63.8 million). While personnel expenses rose by 8.0% to € 43.1 million (previous year: € 39.9 million), other operating expenses decreased by 7.0% to € 10.7 million (previous year: € 11.5 million). Taking into account the 5.4% higher depreciation and amortisation of € 3.9 million (previous year: € 3.7 million), earnings before interest and taxes (EBIT) amounted to € 3.9 million (previous year: € 8.2 million). With an almost unchanged financial result of € -1.5 million (previous year: € -1.3 million) and income taxes of € 0.9 million (previous year: € 1.8 million), the Schaltbau Group generated a net profit of € 1.7 million (previous year: € 5.5 million) in the period under report. Of this amount, € 0.4 million was attributable to minority interests (previous year: € 0.9 million) and € 1.3 million to shareholders of Schaltbau Holding AG (previous year: € 4.5 million).

Net assets and financial position

The balance sheet total remained virtually unchanged at € 398.4 million as of the balance sheet date (December 31, 2019: € 401.2 million). Accordingly, non-current assets declined only slightly to € 162.1 million (December 31, 2019: € 164.2 million), mainly due to a decline in other financial assets to € 2.6 million (December 31, 2019: € 3.6 million) and deferred tax assets to € 12.6 million (December 31, 2019: € 13.4 million). Current assets also remained virtually unchanged at € 236.3 million (December 31, 2019: € 237.0 million). While inventories increased to € 121.3 million (December 31, 2019: € 109.7 million), trade receivables decreased to € 80.5 million (December 31, 2019: € 83.6 million). Furthermore, cash and cash equivalents decreased to € 15.0 million (December 31, 2019: € 25.2 million).

Equity remained almost unchanged at € 96.4 million as of the balance sheet date (December 31, 2019: € 97.4 million). Non-current liabilities declined slightly to € 138.4 million (31 December 2019: € 146.5 million), in particular due to lower pension provisions of € 36.5 million (31 December 2019: € 39.0 million), other provisions of € 1.2 million (31 December 2019: € 2.2 million) and financial liabilities of € 88.6 million (31 December 2019: € 92.7 million). In contrast, current liabilities increased slightly to € 163.6 million (December 31, 2019: € 157.3 million). This development is primarily due to an increase in trade payables to € 56.9 million (December 31, 2019: € 50.4 million), while other current liabilities fell to € 23.2 million (December 31, 2019: € 26.1 million).

Liquidity position

Cash flow from operating activities increased to € 1.6 million in the reporting period (previous year: € -1.7 million). While earnings before interest and taxes were significantly lower at € 3.9 million (previous year: € 8.2 million), the reduction in current assets in the reporting period was only € 9.1 million, compared to € 22.8 million in the previous year. In addition, provisions decreased by € 1.5 million, compared with an increase of € 6.3 million in the previous year. Finally, liabilities increased by € 6.3 million (previous year: € 2.4 million). Cash flow from investing activities declined slightly to € -3.2 million (previous year: € -2.3 million), in particular due to increased payments for investments in intangible assets and property, plant and equipment of € 4.0 million (previous year: € 2.3 million).

Risk and opportunity report

In the first quarter of 2020, there were no material changes in the risks and opportunities compared with those described in detail in the Group management report for the 2019 financial year in the risk and opportunity report. The Group Management Report is available as part of the Annual Report 2019 online at ir.schaltbaugroup.com.

Outlook report

The Executive Board explained in detail its forecast for the current financial year and the key assumptions for its derivation in the Group management report for the 2019 financial year. Accordingly, in view of the COVID 19 pandemic, the Executive Board expects Group revenues of between € 460 and 500 million with a consolidated EBIT margin of around 4% and an unchanged segment and product mix.

The Executive Board expects order intake in the range of € 520 to 540 million.

Development of key performance indicators

€m	2019 ¹	Year-to-date / 3 months	Forecast 2020
Financial performance indicators			
Order intake	532.7	143.2	520 – 540
Revenues	491.9	119.6	460 – 500
EBIT margin (in %)	3.7 %	3.2 %	Approx. 4 %

¹ like-for-like, unadjusted

Condensed consolidated financial statements (unaudited)

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Consolidated income statement

for the period from January 1 to March 31, 2020 (IFRS)

k€	Jan. 1 – Mar. 31, 2020	Jan. 1 – Mar. 31, 2019
Revenue	119,559	134,823
Change in inventories of finished and work in progress	5,821	4,695
Own work capitalized	422	703
Total output	125,802	140,221
Other operating income	2,894	2,213
Cost of materials	-67,239	-70,254
Gross profit	61,457	72,180
Personnel expenses	-43,056	-45,519
Other operating expenses	-10,678	-14,051
Depreciation and amortization	-3,908	-3,823
Impairment losses	40	-433
Earnings before interest and taxes (EBIT)	3,854	8,354
Result from at-equity accounted investments	221	263
Financial result	-1,480	-1,731
Earnings before taxes	2,596	6,886
Income taxes	-877	-2,052
Group net profit/loss for the period	1,719	4,834
Allocation of Group net profit / loss for the period		
Attributable to minority shareholders	422	926
Attributable to shareholders of Schaltbau Holding AG	1,297	3,908
Group net profit / loss for the period	1,719	4,834
Earnings per share – undiluted	0.15	0.44
Earnings per share – diluted	0.15	0.44

Consolidated balance sheet

as of March 31, 2020 (IFRS)

Assets

k€	March 31, 2020	December 31, 2019
Non-current assets		
Intangible assets	48,697	49,814
Property, plant and equipment	90,861	89,894
Investment property	3,820	3,868
At-equity accounted investments	3,585	3,641
Other investments	2,591	3,561
Deferred tax assets	12,584	13,383
	162,138	164,161
Current assets		
Inventories	121,307	109,725
Trade accounts receivable	80,536	83,580
Current tax assets	755	581
Other receivables and assets	14,344	14,936
Contract assets (current)	3,138	3,007
Current asset securities	1,168	0
Cash and cash equivalents	15,025	25,184
	236,273	237,013
Total assets	398,411	401,174

Equity and liabilities

k€	March 31, 2020	December 31, 2019
Equity		
Subscribed capital	10,800	10,800
Capital reserve	11,534	11,534
Statutory reserve	231	231
Revenue reserve	47,069	40,742
Currency translation reserve	-3,753	-2,308
Revaluation reserve	2,975	2,975
Group net profit/loss for the period attributable to shareholders of Schaltbau Holding AG	1,297	4,095
Equity attributable to shareholders of Schaltbau Holding AG	70,153	68,069
Minority interests	26,281	29,338
	96,434	97,407
Non-current liabilities		
Pension provisions	36,457	39,015
Personnel-related provisions	5,158	5,493
Other provisions	1,192	2,249
Financial liabilities	88,607	92,715
Contract liabilities (non-current)	150	161
Other liabilities	4,923	4,660
Deferred tax liabilities	1,916	2,190
	138,403	146,483
Current liabilities		
Personnel-related provisions	14,335	13,593
Other provisions	28,744	29,308
Current income tax liabilities	3,073	3,052
Financial liabilities	14,980	14,717
Trade accounts payable	56,950	50,388
Contract liabilities (current)	22,300	20,100
Other liabilities	23,192	26,126
	163,574	157,284
Total equity and liabilities	398,411	401,174

Consolidated cash flow statement

for the period from January 1 to March 31, 2020 (IFRS)

k€	Jan. 1 – Mar. 31, 2020	Jan. 1 – Mar. 31, 2019
Earnings before interest and taxes (EBIT)	3,854	8,354
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	3,908	3,810
Gains/losses on the disposal of intangible assets and property, plant and equipment	34	184
Change in current assets	-9,101	-20,856
Change in provisions	-1,533	6,637
Change in liabilities	6,352	1,667
Income tax paid	-1,184	-848
Other non-cash income/expenses	-746	497
Cash flow from operating activities	1,584	-555
Payments for investments in		
– Intangible assets and property, plant and equipment	-3,992	-2,319
– Business units and entities	719	0
Proceeds from/disbursements for disposals of		
– Property, plant and equipment	8	41
– Financial assets	22	0
Cash flow from investment activities	-3,243	-2,278
Distribution to minority interests	-3,261	-3,238
Loan repayments	-2,519	-1,087
New loans raised	0	1,000
Repayment of leasing liabilities	-766	-835
Interest paid	-714	-838
Interest received	43	89
Change in other financial liabilities	-2,340	3,942
Cash flow from financing activities	-9,557	-967
Change in cash funds due to exchange rate fluctuations	1,060	-27
Change in cash funds	-10,159	-3,829
Cash funds at the end of the period	15,025	17,995
Cash funds at the beginning of the period	25,184	21,824

Financial calendar 2020

January 9/10, 2020	Oddo BHF Forum 2020, Lyon
March 31, 2020	Annual Report – consolidated financial statements 2019
April 29, 2020	Group interim report as of March 31, 2020 – 3 months
May 25, 2020	Annual General Meeting
June 30/July 1, 2020	Equity Forum, Frankfurt am Main
July 30, 2020	Group interim report as of June 30, 2020 – 1. half-year
September 1 – 3, 2020	Equity Forum, Frankfurt am Main
October 29, 2020	Group interim report as of September 30, 2020 – 9 months
November 16 – 8, 2020	Eigenkapitalforum, Frankfurt am Main
November 25, 2020	DZ Bank Equity Conference, Frankfurt am Main

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