

Interim Release as at 31 March 2021



Safety and Reliability for
Rail



Safety and Reliability for
DC-POWER

Group key performance indicators (IFRS) ¹

In € million unless otherwise indicated	01.01. – 31.03.2021	01.01. – 31.03.2020	Change
Order intake	136.5	143.2	-4.7%
Revenue	124.2	119.6	3.8%
EBITDA	10.1	7.8	30.2%
EBIT	6.1	3.9	58.8%
EBIT margin (in %)	4.9	3.2	1.7 pp
Group net profit	3.8	1.7	120.3%
- attributable to Schaltbau Holding AG	3.2	1.3	146.3%
Cash flows from operating activities	-7.3	-1.7	332.2%
Cash flows from investing activities	-3.3	-3.2	4.7%
Free cash flow	-10.6	-4.9	117.8%
In € million unless otherwise indicated	31.03.2021	31.12.2020	Change
Balance sheet total	412.8	411.8	0.2%
Fixed assets	145.8	145.8	0%
Net Working Capital	142.3	127.4	11.7%
Return on Capital Employed (ROCE)	8.4	8.1	0.4 pp
Group equity	93.7	90.7	3.3%
Equity ratio (in %)	22.7	22.0	n/a
Net financial liabilities (including lease liabilities)	94.0	79.8	17.7%
Employees	2,925	2,916	0.3%
Share			
Xetra closing price in €	33.50	29.80	12.4%
Market capitalisation in € million	296.5	263.8	12.4%
Number of shares issued	8,852.190	8,852.190	0.0%

¹ Changes expressed in percentages were calculated on the basis of more precise figures.

SCHALTBAU

HOLDING

Safety and Reliability for Rail and DC-POWER

Why invest?



Attractive markets

Stable growth in Rail with attractive After Sales business, dynamic growth in DC future markets



Strong market position

Leading supplier of safety-critical components and systems
Strong, established brands: Pintsch, Bode, Schaltbau



Unique DC expertise

Outstanding expertise in DC technology from Rail for new DC applications in New Energy/New Industry and e-Mobility



Sustainable business model

Diversified portfolio addresses megatrends in sustainable mobility and energy supply



Capture the value creation potential

Experienced management improves business performance and expands into new dynamically growing markets

Strategic key approaches

①

Sustainable performance improvement
(Profitability, return on capital, and cash generation)

②

Grow core business on a profitable basis:
Rail infrastructure and Rolling Stock/Bus

③

Growing the After Sales business, utilizing the installed base
and growth in modernisation/refurbishment

④

Development of new DC components and applications in New Energy/New Industry,
and e-Mobility, entering high-growth markets

Schaltbau Holding AG makes good start to fiscal year 2021 with significantly improved profitability

- Group revenue rises by 4% to EUR 124.2 million (3M 2020: EUR 119.6 million)
- Focus on financial performance already having impact:
 - EBIT improves sharply by 59% to EUR 6.1 million (3M 2020: EUR 3.9 million),
 - EBIT margin increases by 1.7 percentage points to 4.9% (3M 2020: 3.2%)
- Group net profit grows by 120.3% to EUR 3.8 million (3M 2020: EUR 1.7 million)
- Strong order intake growth in new target markets of New Energy and New Industry
- Outlook for 2021 confirmed

In € million unless otherwise indicated	Pintsch		Bode		Schaltbau		SBRS		Group	
	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020
Order intake (with third parties)	25.1	19.5	57.1	72.8	42.0	41.1	12.2	9.8	136.5	143.2
Revenue (with third parties)	16.2	19.4	61.0	62.6	35.9	33.6	11.0	3.9	124.2	119.6
EBIT	0.2	0.7	2.2	0.8	5.7	5.0	0.4	0.1	6.1	3.9
EBIT margin (in %)	0.9	3.4	3.5	1.3	15.8	14.8	3.6	3.2	4.9	3.2

Schaltbau Holding AG has made a good start to fiscal year 2021 and significantly boosted its profitability. Although order intake at EUR 136.5 million was slightly below the previous year's figure (3M 2020: EUR 143.2 million) due to typical fluctuations in project-related business, Group revenue grew by 4% to EUR 124.2 million (3M 2020: EUR 119.6 million). At 1.1, the book-to-bill ratio remained at a high level (3M 2020: 1.2).

Railway core market shows robust revenue performance and improved profitability

Results in the Pintsch segment displayed the usual seasonal fluctuations during the first three months of 2021. Driven primarily by demand for components for level crossings and axle counting systems, order intake increased significantly by 29.2% from EUR 19.5 million to EUR 25.1 million, while at EUR 16.2 million, revenue remained 16.4% down year-on-year (3M 2020: EUR 19.4 million). EBIT totalled EUR 0.2 million (3M 2020: EUR 0.7 million); the EBIT margin came in at 0.9% (3M 2020: 3.4%). In the same period one year earlier, revenue and EBIT were positively impacted by exceptional items after completion of the Platform Screen Doors project in Brazil. The pilot project for the groundbreaking „Zwieseler Spinne“ digital interlocking system is progressing on schedule. The project plan has been approved by Deutsche Bahn AG and the relevant authorities.

The Bode segment began the new fiscal year with significantly higher profitability. Due to typical fluctuations in project-related business, order intake totalled EUR 57.1 million, i.e. 21.6% down year-on-year (3M 2020: EUR 72.8 million). At EUR 61.0 million, revenue was robust and only marginally below the level recorded in the same period one year earlier (3M 2020: EUR 62.6 million). The focus on financial performance is beginning to bear fruit in the form of substantial growth in segment profitability. First-quarter EBIT improved from EUR 0.8 million to EUR 2.2 million year-on-year, significantly increasing the EBIT margin by 2.2 percentage points to 3.5% (3M 2020: 1.3%) through a variety of measures, including expanding the segment's service business (+29%), boosting productivity and cutting costs.

Expansion in new growth markets New Energy, New Industry and e-Mobility gaining pace

Order intake for the Schaltbau segment totalled EUR 42.0 million (3M 2020: EUR 41.1 million) and was therefore slightly up on the preceding year's first-quarter figure. The components business in the rail sector remained well below the previous year's level due to production backlogs amongst rolling stock manufacturers. The COVID-19 pandemic had frequently caused the relevant supply chains to be interrupted, thus delaying production processes. In contrast, business with DC components and applications gained a great deal of momentum in the new markets, especially New Energy and New Industry, leading to a 32% increase in order intake. Schaltbau segment revenue amounted to EUR 35.9 million and was therefore 6.7% up year-on-year (3M 2020: EUR 33.6 million), despite the impact of COVID-19 on rail sector business. EBIT also improved by 13.9% to EUR 5.7 million (3M 2020: EUR 5.0 million), causing the EBIT margin to rise by one percentage point to 15.8% (3M 2020: 14.8%). Moreover, the construction of the NEXt Factory is proceeding according to schedule and the excavation work is almost completed. The new factory is due to commence production in autumn 2022.

The strong growth in new markets is also evident in the SBRS segment. Despite order intake of EUR 12.2 million already rising considerably by 25.4% (3M 2020: EUR 9.8 million), revenue grew at a far more dynamic rate, almost tripling year-on-year to EUR 11.0 million (3M 2020: EUR 3.9 million). Segment EBIT increased to EUR 0.4 million (3M 2020: EUR 0.1 million); the EBIT margin came in at 3.6% (3M 2020: 3.2%). The robust revenue growth in the SBRS segment is being driven primarily by demand for fast-charging solutions in the field of E-Mobility.

"We have now defined both the targets and the key measures for implementing our Strategy 2023. For example, we are already seeing the first sustainable improvements in earnings with boarding systems for rolling stock. We are also making good progress both in developing our service business in the rail sector and expanding our components and applications business into new high-growth markets such as New Energy and New Industry".

Dr. Jürgen Brandes, CEO

"In the first three months of the fiscal year, we have already significantly improved our profitability, slightly increased our return on capital employed (ROCE) and secured our growth financing with the full placement of the Mandatory Convertible Bond for EUR 60 million. We confirm our outlook for the fiscal year 2021".

Steffen Munz, CFO

Group earnings performance

Group revenue increased by 3.8% to EUR 124.2 million during the period under report (January – March 2020: EUR 119.6 million). Total output also went up by 3.6% to EUR 130.4 million (January – March 2020: EUR 125.8 million). Other operating income was lower at EUR 1.8 million (January – March 2020: EUR 2.9 million) and cost of materials remained almost unchanged at EUR 67.4 million (January – March 2020: EUR 67.2 million), resulting in a 5.3% increase in gross profit to EUR 64.7 million (January – March 2020: EUR 61.5 million). While personnel expenses amounting to EUR 42.8 million (January – March 2020: EUR 43.1 million), other operating expenses of EUR 10.7 million (January – March 2019: EUR 10.7 million) and depreciation and amortisation of EUR 4.0 million (January – March 2020: EUR 3.9 million) all remained practically unchanged, profit before financial result and taxes (EBIT) was significantly higher at EUR 6.1 million (January – March 2020: EUR 3.9 million). After an unchanged financial result of negative EUR 1.5 million (January – March 2020: negative EUR 1.5 million) and an income tax expense of EUR 0.7 million (January – March 2020: EUR 0.9 million), the Schaltbau Group generated a net profit of EUR 3.8 million for the period (January – March 2020: EUR 1.7 million). Of this amount, EUR 0.6 million was attributable to minority interests (January – March 2020: EUR 0.4 million) and EUR 3.2 million to the shareholders of Schaltbau Holding AG (January – March 2020: EUR 1.3 million).

Net assets

The balance sheet total at 31 March 2021 remained practically unchanged at EUR 412.8 million (31 December 2020: EUR 411.8 million). Non-current assets fell only marginally to EUR 154.8 million (31 December 2020: EUR 155.0 million) and current assets rose slightly to EUR 258.0 million (31 December 2020: EUR 256.9 million). While inventories increased to EUR 127.6 million (31 December 2020: EUR 118.7 million) and trade accounts receivable to EUR 77.9 million (31 December 2020: EUR 72.8 million), cash and cash equivalents decreased to EUR 27.1 million (31 December 2020: EUR 39.4 million).

Group equity improved slightly to stand at EUR 93.7 million at the end of the reporting period (31 December 2020: EUR 90.7 million). Non-current liabilities went down slightly to EUR 171.3 million (31 December 2020: EUR 173.4 million), primarily due to the lower level of personnel provisions of EUR 43.6 million (31 December 2020: EUR 44.3 million) and financial liabilities of EUR 107.0 million (31 December 2020: EUR 108.6 million). By contrast, current liabilities remained almost unchanged at EUR 147.8 million (31 December 2020: EUR 147.7 million), with personnel-related provisions decreasing to EUR 10.5 million (31 December 2020: EUR 14.2 million), trade accounts payable to EUR 40.5 million (31 December 2020: EUR 41.9 million) and other liabilities to EUR 27.9 million (31 December 2020: EUR 29.3 million). At the same time, other provisions rose to EUR 29.0 million (31 December 2020: EUR 26.1 million).

Financial position

Cash outflows from operating activities deteriorated to EUR 7.3 million in the three-month reporting period (January – March 2020: outflows of EUR 1.6 million). Whereas profit before financial result and taxes was significantly higher at EUR 6.1 million (January – March 2020: EUR 3.9 million), change in inventories was negative EUR 9.1 million (January – March 2020: EUR negative 12.0 million) and change in trade accounts receivable was negative EUR 5.4 million (January – March 2020: EUR 2.6 million). Change in trade payables amounted to EUR -1.5 million (January – March 2020: EUR 7.0 million). Other non-cash income / expenses added up to a net positive amount of EUR 2.5 million (January – March 2020: net negative amount of 0.7 million). Cash outflows from investing activities increased slightly to EUR 3.3 million (January – March 2020: EUR 3.2 million).

Net working capital rose temporarily by 11.7% to EUR 142.3 million (31 December 2020: EUR 127.4 million) due to COVID-19-related project delays and a constrained supply situation. The return on capital employed (ROCE) improved slightly to 8.4% in the first quarter 2021 (31 December 2020: 8.1%).

In April 2021, Schaltbau issued a Mandatory Convertible Bond (ISIN: DE000A3E5FV1) with a total volume of EUR 60 million that was fully placed with existing shareholders. The bond bears interest at 0.5%, matures on 30 September 2022, and can be converted at an initial price of EUR 29.00 per share into a total of (up to) 2,068,965 Schaltbau Holding AG shares. The majority (approx. 50-60%) of the net issue proceeds of around EUR 57.4 million will be used to finance the construction of the new production facility in Velden (“NEXt Factory”), with which Schaltbau intends to drive forward its strategic expansion into new markets such as New Energy, New Industry and e-Mobility. The issue proceeds will also be used selectively to finance minor acquisitions in the areas of rolling stock and rail infrastructure in order to round off the Group’s product portfolio and underpin profitable growth in these business areas (approx. 15-20%). In addition, Schaltbau intends to repay bank liabilities in order to bolster the balance sheet structure and provide greater flexibility for making strategic investments (approx. 25-30%).

Risk and opportunity report

During the first three months of 2021 there were no significant changes compared with the risks and opportunities described in detail in the risk and opportunity report contained in the Group management report 2020. The Group management report is an integral part of the Annual Report 2020 and available online at: ir.schaltbaugroup.com.

Outlook

In the Group management report 2020, the Executive Board gave a detailed explanation of its outlook for the current fiscal year and the main assumptions on which it is based. Accordingly, the Executive Board forecasts order intake in the region of EUR 550 million to EUR 580 million for the Schaltbau Group as a whole in the fiscal year 2021. The Group forecasts revenue of between EUR 520 million and EUR 540 million over the 12-month period. Based on higher revenue, further productivity improvements and savings in both direct and indirect materials, the Executive Board is targeting an EBIT margin of around 5% for the Group.

Development of the key performance indicators

In € million unless otherwise indicated	2020	Jan – March 2021	Outlook 2021
Financial performance indicators			
Order intake	538.3	136.5	550 – 580
Revenue	502.3	124.2	520 – 540
EBIT margin (in %)	4.3%	4.9%	approx. 5%

Condensed Interim Group Financial Statements (unaudited)

Consolidated income statement

for the period from 1 January to 31 March 2021 (IFRS)

k€	01.01. – 31.03.2021	01.01. – 31.03.2020
Revenue	124,151	119,559
Change in inventories of finished goods and work in progress	5,768	5,821
Own work capitalised	474	422
Total output	130,393	125,802
Other operating income	1,775	2,894
Cost of materials	-67,447	-67,239
Personnel expense	-42,839	-43,056
Depreciation, amortisation and impairment losses	-3,984	-3,908
Other operating expenses	-10,671	-10,678
Impairment losses	-1,108	40
Profit before financial result and taxes (EBIT)	6,119	3,855
Results from investments	-163	221
Financial result	-1,463	-1,480
Profit before tax	4,493	2,596
Income taxes	-706	-877
Group net profit for the period	3,787	1,719
Allocation of Group net profit for the period		
Attributable to minority shareholders	593	422
Attributable to shareholders of Schaltbau Holding AG	3,194	1,297
Group net profit for the period	3,787	1,719
Earnings per share – undiluted	€ 0.36	€ 0.15
Earnings per share – diluted	€ 0.36	€ 0.15

Consolidated balance sheet

as at 31 March 2021 (IFRS)

Assets

k€	31.03.2021	31.12.2020
Non-current assets		
Intangible assets	43,242	43,416
Property, plant and equipment	95,255	94,438
Investment property	3,631	3,678
At-equity accounted investments	1,642	2,154
Other investments	2,048	2,067
Deferred tax assets	8,971	9,204
	154,789	154,957
Current assets		
Inventories	127,568	118,690
Trade accounts receivable	77,880	72,816
Current tax assets	181	162
Other receivables and assets	18,102	19,850
Contract assets (current)	7,147	5,982
Cash and cash equivalents	27,143	39,379
	258,021	256,879
Total assets	412,810	411,836

Equity and liabilities

k€	31.03.2021	31.12.2020
Equity		
Subscribed capital	10,800	10,800
Capital reserves	11,534	11,534
Statutory reserves	231	231
Revenue reserves	51,043	46,614
Currency translation reserve	-8,004	-8,634
Revaluation reserve	2,975	2,975
Attributable to shareholders of Schaltbau Holding AG	68,579	63,520
Minority interests	25,126	27,215
	93,705	90,735
Non-current liabilities		
Personnel-related provisions	43,581	44,323
Other provisions	467	499
Financial liabilities	106,962	108,598
Contract liabilities (non-current)	11,724	11,727
Other liabilities	6,788	6,465
Deferred tax liabilities	1,759	1,817
	171,281	173,429
Current liabilities		
Personnel-related provisions	10,512	14,224
Other provisions	28,955	26,144
Income tax liabilities	3,183	3,306
Financial liabilities	14,138	10,587
Trade accounts payable	40,524	41,869
Contract liabilities (current)	22,602	22,219
Other liabilities	27,910	29,323
	147,824	147,672
Total equity and liabilities	412,810	411,836

Consolidated cash flow statement

for the period from 1 January to 31 March 2021 (IFRS)

k€	01.01. – 31.03.2021	01.01. – 31.03.2020
Profit before financial result and taxes (EBIT)	6,119	3,855
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	3,975	3,908
Gains/losses on the disposal of intangible assets and property, plant and equipment	170	34
Change in inventories	-9,117	-12,023
Change in trade accounts receivable	-5,433	2,560
Change in other assets	668	362
Change in provisions	-20	-1,533
Change in trade accounts payable	-1,532	7,031
Change in other liabilities	-3,381	-3,940
Income tax paid	-1,192	-1,184
Other non-cash income/expenses	2,485	-749
Cash flows from operating activities	-7,258	-1,679
Payments for investments in		
– Intangible assets and property, plant and equipment	-3,436	-3,992
– Fully consolidated entities or business units	0	719
Proceeds from/disbursements for disposals of		
– Property, plant and equipment	15	8
– Investments	19	22
Interest received	69	60
Cash flows from investing activities	-3,333	-3,183
New loans raised	4,000	0
Loan repayments	-1,946	-2,519
Repayment of lease liabilities	-1,137	-766
Interest paid	-1,669	-731
Change in sundry other financial liabilities	-873	-2,340
Cash flows from financing activities	-1,625	-6,356
Change in cash funds due to exchange rate fluctuations	-20	1,059
Change in cash funds	-12,236	-10,159
Cash funds at the end of the period	27,143	15,025
Cash funds at the beginning of the period	39,379	25,184

Financial calendar 2021

11 May	Stifel SMID
17 – 19 May	Equity Forum Spring Conference
28 May	Annual General Meeting
10 June	Quirin Champions
15 – 17 June	Edison Open House – Transport Futures 2021
29 July	Half-Year Financial Report as at 30 June 2021 – 1st six months
25 – 26 August	Montega Hamburger Investors Day
1 – 2 September	Stifel Cross Sector Insight
6 – 7 September	Equity Forum Autumn Conference
22 September	Berenberg / Goldman Sachs German Corporate Conference
28 October	Group Interim Report as at 30 September 2021 – 9 months
22 – 24 November	Equity Capital Forum
1 December	DZ Bank Equity Conference
7 – 8 December	Munich Capital Market Conference

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