

CONSOLIDATED INTERIM REPORT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2020

Key figures at a glance

Financial position and results of operations

(in EUR million)

	Q3 2020	Q3 2019
Sales	366.8	440.9
Total output	369.4	473.7
Gross profit	183.9	214.1
EBITDA *	18.3	25.8
EBIT **	8.3	17.4
Cash flow from operating activities	8.7	-15.9
Cash flow from investing activities	-10.5	-18.8

Net assets

(in EUR million)

	30 Sep 2020	31 Dec 2020
Total assets	305.5	312.6
Equity	122.4	121.2
Equity ratio % ***	40.1%	38.8%
Working capital ****	79.4	79.1
Net cash and cash equivalents *****	58.2	64.8
Employees *****	2,720	2,821

* Consolidated net income before depreciation and amortisation, financial result and income taxes

** Consolidated net income before financial result and income taxes,

*** Equity plus difference / total assets

**** Inventories plus trade receivables minus trade payables,

***** Net cash including securities classified as current assets, less liabilities to banks

***** Average number excluding trainees

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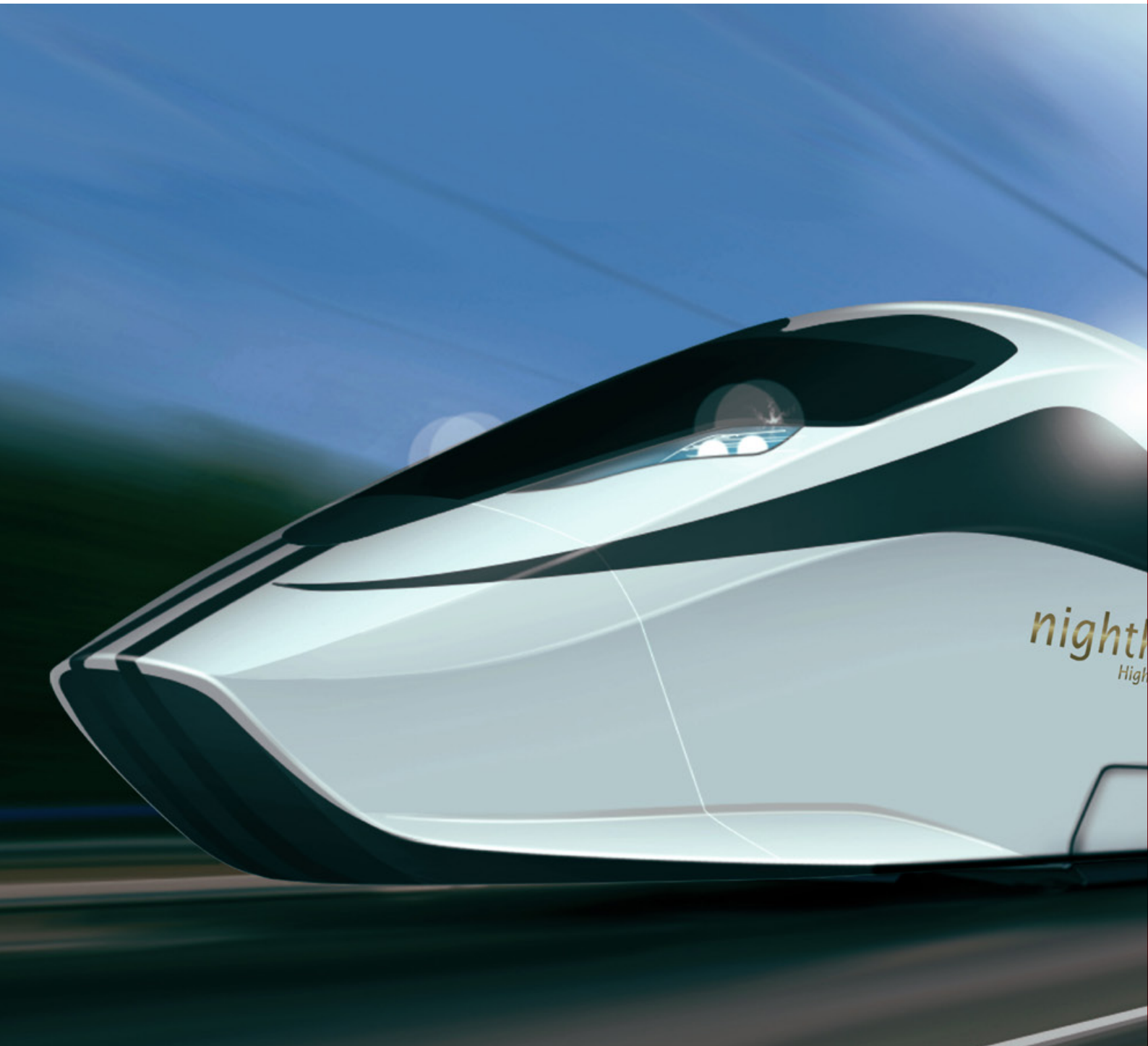
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Management Report

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» Our diversification is the stable success factor in the corona crisis and also gives us the energy to plan future projects with foresight. «

JOHANN SCHMID-DAVIS, CFO



Basic information on the Group

The Group, comprising HÖRMANN Industries GmbH and its direct and indirect subsidiaries, constitutes the industrial subgroup of the HÖRMANN Group. The Group is broken down into four strategic business divisions to which the individual companies are allocated. The information on the course of business in the management report is presented in line with the strategic Group structure.

The material equity investments are allocated to the divisions as follows:

AUTOMOTIVE

- ♦ HÖRMANN Automotive GmbH, Kirchseeon
- ♦ HÖRMANN Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg
- ♦ HÖRMANN Automotive Slovakia s.r.o., Bánovce, Slovakia
- ♦ HÖRMANN Automotive St. Wendel GmbH, St. Wendel
- ♦ HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken
- ♦ HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf
- ♦ HÖRMANN Automotive Eislingen GmbH, Ebersbach

In the **Automotive** division, HÖRMANN Industries is a supplier of metal components, modules and systems for the European commercial vehicle, construction and agricultural machinery industries.

The division covers the entire value chain with its engineering, production and logistics services.

The largest domestic location is HÖRMANN Automotive Gustavsburg GmbH, which specialises in the production of premium chassis and body parts and attachments for commercial vehicles. It is also a manufacturer of side members.

The other locations include HÖRMANN Automotive St. Wendel GmbH, a manufacturer of components and modules for the agricultural machinery industry in particular; HÖRMANN Automotive Saarbrücken GmbH, a developer and manufacturer of vehicle systems such as interior ceilings for buses, air conditioning and fuel pipes for buses and trucks and complete chassis for agricultural machinery; HÖRMANN

Automotive Wackersdorf GmbH, which performs module assembly, packaging and logistics for customers; HÖRMANN Automotive Eislingen GmbH, a manufacturer of luggage compartment flaps, interior covers, fuel tanks and hydraulic tanks for commercial vehicles and agricultural and construction machinery; and HÖRMANN Automotive Slovakia s.r.o., which produces labour-intensive metal components and chassis attachments for the commercial vehicle industry.

With effect from 1 April 2019, the shares in HÖRMANN Automotive Penzberg GmbH, Penzberg, were sold and the company was deconsolidated as a result. In 2018, HÖRMANN Automotive Penzberg GmbH generated sales of EUR 118.6 million and an EBIT of EUR -1.8 million. In the 2019 financial year, HÖRMANN Automotive Penzberg GmbH accounted for sales of EUR 29.8 million and EBIT of EUR -2.0 million for the period until the date of deconsolidation on 1 April 2019.

ENGINEERING

- ♦ AIC Ingenieurgesellschaft für Bauplanung Chemnitz GmbH, Chemnitz
- ♦ HÖRMANN Rawema Engineering & Consulting GmbH, Chemnitz
- ♦ HÖRMANN Logistik GmbH, Munich
- ♦ Klatt Fördertechnik GmbH, Neumarkt a. Wallersee, Austria
- ♦ HÖRMANN Vehicle Engineering GmbH, Chemnitz
- ♦ VacuTec Meßtechnik GmbH, Dresden

The **Engineering** division operates in the fields of industrial design, vehicle development and facility, building and factory planning, through to providing innovative solutions for intralogistics and complex high-bay warehouse systems. This service range is supplemented by the development and production of detectors for measuring ionising radiation.

AIC Ingenieurgesellschaft für Bauplanung Chemnitz GmbH provides engineering services within the construction industry, with a particular focus on complex industrial and infrastructure facility engineering and technical building services.

HÖRMANN Rawema Engineering & Consulting GmbH supplements our services with general planning and realisation for new factories and the re-engineering and/or relocation of existing factories and facilities.

HÖRMANN Logistik GmbH is a general contractor that builds turnkey material flow systems. With intelligent workflow concepts and complex storage strategies, HÖRMANN Logistik GmbH realises the most economical intralogistics solutions for individual requirements, thereby enabling its international customers from a wide range of industries to generate significant productivity and efficiency improvements. The acquisition of a majority interest (51 %) in Klatt Fördertechnik GmbH that was realised on 1 April 2019 expanded the general contractor portfolio to include high-tech conveyor systems.

In addition, HÖRMANN Vehicle Engineering GmbH provides expertise and resources in high-tech design engineering for the development of rail and road vehicles.

VacuTec Meßtechnik GmbH develops, produces and markets a broad range of detectors for measuring ionising radiation for use in medicine, industrial metrology and environmental monitoring.

COMMUNICATION

- ♦ Funkwerk AG, Kölleda
- ♦ Funkwerk Technologies GmbH, Kölleda
- ♦ FunkTech GmbH, Kölleda
- ♦ Funkwerk Systems GmbH, Kölleda
- ♦ Funkwerk video systeme GmbH, Nuremberg
- ♦ Funkwerk IoT GmbH, Bremen
- ♦ HÖRMANN Kommunikation & Netze GmbH, Kirchseeon
- ♦ HÖRMANN Warnsysteme GmbH, Kirchseeon
- ♦ HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria

Funkwerk AG and its subsidiaries (the Funkwerk Group) are a technologically leading provider of innovative communication, information and security systems. It focuses on professional hardware and software concepts for railway companies, public transportation, inland shipping and airports in addition to smart electronic security systems to protect buildings, public spaces, industrial properties, transport and people. As the market leader for railway communication, Funkwerk offers tailored solutions for voice and data communication using analogue and digital (LTE, GSM-R) mobile networks on the railways.

HÖRMANN Kommunikation & Netze GmbH, which was regrouped from the Services division to the Communication division effective 1 January 2020 with prior year figures adjusted on an "as if" basis, is a provider of infrastructure services related to railway traffic and communication technology as well as energy supply.

HÖRMANN Warnsysteme GmbH (formerly HÖRMANN GmbH) and HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria bundle our state-of-the-art siren warning systems for alerting the fire brigade or warning the population about disasters. The project-specific solutions are performed from a single source, from planning, development and realisation through to long-term maintenance.

SERVICES

- ♦ HÖRMANN Services GmbH, Kirchseeon
- ♦ HÖRMANN Industrieservice GmbH, Lehre/Wolfsburg
- ♦ HÖRMANN Automationservice GmbH, Salzgitter
- ♦ MAT Maschinentechnik GmbH, Salzgitter

In the **Services** division, we offer our customers a range of technical services in the industrial environment of automation and digitisation. The industrial service units HÖRMANN Industrieservice GmbH, HÖRMANN Automationservice GmbH and MAT Maschinentechnik GmbH focus on plant maintenance related to electrical, mechanical, control, robot, welding and conveyor technology, pneumatic and hydraulic systems as well as shift-accompanying maintenance of process technology, the assembly and commissioning of machining centres and the relocation of complete production plants, primarily for customers in the automotive industry and mechanical engineering.

Economic report

RESULTS OF OPERATIONS

In the first nine months of 2020, the HÖRMANN Industries GmbH subgroup generated **sales** of EUR 366.8 million. As a result, sales were down EUR 74.2 million or 16.8% on the first three quarters of 2019 (EUR 440.9 million). In the Automotive division, sales declined by EUR 97.6 million year-on-year, from EUR 287.5 million to EUR 189.9 million. Of this amount, EUR 27.3 million was attributable to HÖRMANN Automotive Penzberg GmbH, which was deconsolidated with effect from 1 April 2019, and around EUR 23 million to the planned decline in the order situation in the Heavy Trucks business segment. As a result of the unexpected spread of COVID-19, the large-scale closure of production capacities in the automotive industry, business development in the Automotive sector was severely impaired from mid-March onwards. Production in the Automotive division's plants in Germany was also interrupted, leading to an unplanned loss of sales of around EUR 51 million (cumulative) in the months from March to May 2020 alone.

Thanks to a good Q3 in 2020, with sales of EUR 132.5 million (previous year: EUR 141.9 million) putting it almost at pre-crisis levels, as well as the diversified Group structure and continued stable business development in the Communication and Engineering divisions in the first nine months of the year, the decline in sales at the Group and the effects of the COVID-19 pandemic were mitigated. With sales of EUR 63.4 million (previous year: EUR 48.0 million), the Engineering division increased its business volume significantly compared with the previous year by invoicing larger projects. The Communication division also reported sales growth of over 10 %, with sales of EUR 100.0 million (previous year: EUR 89.7 million). The Services division, which was also affected by the economic downturn in the automotive industry and the COVID-19 pandemic, generated sales of EUR 13.5 million (previous year: EUR 16.4 million).

Other operating income of EUR 5.8 million (previous year: EUR 4.4 million) includes EUR 1.3 million in income from the reversal of provisions, EUR 1.0 million in income from investment and research grants and EUR 1.2 million in payments in kind.

Taking into account a change in inventories of EUR 2.3 million, **total output** amounted to EUR 369.4 million, a EUR 104.3 million or 22.0 % decline on the previous year (EUR 473.7 million).

The **cost of materials** in the amount of EUR 191.5 million includes expenses for raw materials, consumables and supplies and purchased goods totalling EUR 154.5 million (previous year: EUR 215.9 million) as well as the cost of purchased services in the amount of EUR 36.8 million (previous year: EUR 48.2 million). The cost of materials corresponded to 51.8 % of total output, and was thus significantly lower than in the previous year (55.8 %). The lower cost of materials compared to the previous year was due to the deconsolidation of HÖRMANN Automotive Penzberg GmbH, the above-average sales growth in the Engineering and Communication division and the decline in material-intensive Automotive business. In addition, temporary workers and external services in the Automotive division were cut back at the beginning of the COVID-19 pandemic in the first half of 2020.

At EUR 183.9 million, **gross profit** decreased by EUR 30.3 million compared with the prior-year figure of EUR 214.1 million. The deconsolidation of HÖRMANN Automotive Penzberg GmbH accounted for EUR 11.5 million of this amount. The gross profit margin corresponded to 49.8 % of total output (previous year: 45.2 %).

Personnel expenses declined by EUR 19.5 million year-on-year to EUR 114.4 million (previous year: EUR 133.9 million). As a result of the sale of HÖRMANN Automotive Penzberg GmbH with effect from 1 April 2019 as described above, personnel expenses of EUR 10.6 million were eliminated in the first quarter of 2020 compared with the same period of the previous year. In addition, additional savings of approximately EUR 9 million in personnel expenses were made in comparison to the previous year as a result of measures taken (e. g. reduced working hours schemes, working off working time accounts and holiday entitlement, postponing new hires). Staff costs corresponded to 30.9 % of total output (previous year: 28.3 %). Excluding trainees, HÖRMANN Industries GmbH employed an average of 2,750 people in the reporting period (30 December 2019: 2,821).

At EUR 10.1 million, **depreciation and amortisation** was up EUR 1.7 million on the prior-year figure (EUR 8.4 million). This included goodwill amortisation of EUR 1.4 million (previous year: EUR 1.2 million) as well as write-downs on current fixed assets of EUR 1.6 million (previous year: EUR 0.0 million), which were responsible for the rise in depreciation and amortisation in the reporting period.

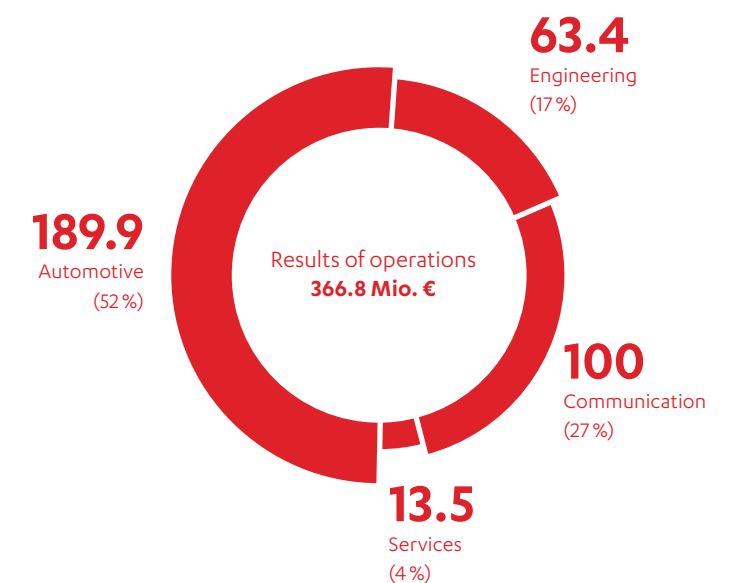
At EUR 50.5 million, **other operating expenses** were down EUR 3.2 million on the prior-year figure (EUR 53.7 million). Of this figure, EUR 10.1 million related to the cost of buildings and premises, EUR 12.4 million to administrative expenses and EUR 19.8 million to operating and selling costs. Other operating expenses corresponded to 13.7 % of total output (previous year: 11.3 %).

Thanks to the good course of business in the third quarter of 2020, the cumulative **operating result** was EUR 8.9 million (previous year: EUR 18.2 million). **EBIT** returned to positive figures in response to good business development in Q3 2020 on par with the previous year. After deducting other taxes of EUR 0.7 million, **EBIT** for the first nine months of 2020 amounted to EUR 8.3 million (previous year: EUR 17.4 million).

The **financial result** declined by EUR 0.5 million year-on-year to EUR -2.9 million, largely as a result of the pro rata interest expense for the 2019/2024 bond issued in June 2019 and the credit facilities drawn as a precautionary measure in the current financial year.

The **income tax expense** for trade tax and corporation tax amounted to EUR 3.9 million in the first nine months of 2020 (previous year: EUR 4.6 million). Income from deferred taxes in the reporting period amounted to EUR 1.1 million (previous year: EUR 1.2 million). The third quarter of 2020 closed with cumulative **consolidated net income** of EUR 2.6 million (previous year: EUR 11.6 million).

Breakdown of sales by business division for Q3 2020
in EUR million



FINANCIAL POSITION

Capital structure

The Group's **equity base** including non-controlling interests amounted to EUR 122.4 million as at 30 September 2020 (31 December 2019: EUR 121.2 million). At 40.1% as at 30 September 2020, the **equity ratio** was up in comparison to the reporting date 31 December 2019 (38.8%) on account of the quarterly earnings performance and lower total assets as at the reporting date.

The first-time consolidation of Funkwerk AG as at 1 October 2016 resulted in **goodwill** of EUR 5.5 million (31 December 2019: EUR 6.1 million), which was subject to pro rata amortisation of EUR 0.6 million in the year to 30 September 2020. The acquisitions of HÖRMANN Automationservice GmbH (formerly MAT Automationstechnik GmbH), MAT Industrieservice GmbH (merged with HÖRMANN Industrieservice GmbH) and MAT Maschinentechnik GmbH at the end of the 2017 financial year resulted in goodwill on first-time consolidation in the amount of EUR 1.0 million (31 December 2019: EUR 1.2 million), which was subject to pro rata amortisation of EUR 0.2 million in the reporting period. The first-time consolidation of Klatt Fördertechnik GmbH as at 1 April 2019 resulted in goodwill of EUR 4.4 million, which was subject to pro rata amortisation of EUR 0.4 million in 2020.

Total assets declined by EUR 7.3 million, falling from EUR 312.6 million to EUR 305.3 million.

Including inventories of EUR 57.8 million and trade receivables of EUR 53.1 million and less trade payables of EUR 31.5 million, **working capital** of EUR 79.4 million was on par with the figure for 31 December 2019 (EUR 79.1 million). Thanks to good, in some cases long-standing customer relationships and existing guarantee and surety facilities, the high advance payment rate has so far been maintained in 2020, a year marked by crises. At the end of the third quarter of 2020, payments received from customers for projects and orders that had already begun amounted to EUR 76.6 million (31 December 2019: EUR 73.9 million).

Liabilities in connection with **bonds** amounted to EUR 50.0 million as at 30 September 2020 (31 December 2019: EUR 50.0 million). The bond issued in June 2019 with a volume of EUR 50.0 million and a coupon of 4.5% has a term of five years until June 2024.

At the end of the third quarter of 2020, **liabilities to banks** came to just EUR 4.0 thousand (31 December 2019: EUR 6.0 thousand). The EUR 10 million EUBIBOR credit facility, which was drawn for HÖRMANN Industries GmbH as at 30 June 2020 as a precautionary measure in light of the COVID-19 pandemic, was repaid at the end of Q3 2020. Under the new five-year syndicated loan agreement with a two-year extension option concluded with a bank consortium comprising SaarLB, HeLaBa, Commerzbank AG and Oberbank AG in December 2019, the Group has a credit line of up to EUR 40.0 million, of which up to EUR 15 million can be used as a current account credit line and up to EUR 25 million as a revolving EURIBOR line.

In addition, at the end of July 2020 HÖRMANN Industries obtained approval for a EUR 40 million KfW entrepreneur loan it had applied for, as a precautionary measure, as part of the German Federal government's package of measures to mitigate the economic impact of the COVID-19 pandemic. In September 2020, the federal government contractually agreed the loan facility granted under the terms of the KfW Special Programme 2020 for large companies with the existing bank consortium as the financing partner assuming 80% of the risk. The loan has a term of five years with 16 quarterly repayment instalments beginning in the second year. HÖRMANN Industries GmbH drew down a partial amount of EUR 10.0 million in October 2020.

Liquidity

Bank balances including **securities classified as current assets** amounted to EUR 58.2 million at the reporting date (31 December 2019: EUR 64.8 million).

As at 30 September 2020, there were available credit facilities of EUR 82.5 million (31 December 2019: EUR 42.5 million).

At the reporting date, HÖRMANN Industries had **net cash and cash equivalents** of EUR 58.2 million (31 December 2019: EUR 64.8 million). Net cash and cash equivalents is calculated as cash in hand and bank balances plus securities classified as current assets, less liabilities to banks.

Consolidated cash flow statement

The cash flow statement is structured in accordance with GAS 21. **Cash flow from operating activities** amounted to EUR 8.7 million in the first nine months of 2020 (same period of 2019: EUR -15.9 million). **Cash flow from investing activities** fell from EUR -18.8 million in the previous year to EUR -10.5 million in the reporting period as a result of lower financial investments. **Cash flow from financing activities** amounted to EUR -4.8 million (previous year: EUR 37.9 million). This year-on-year decrease was the result of the EUR 50.0 million in proceeds from bond issuing, offset by repayments of EUR 11.9 million, that was included in the previous year.

Group companies were able to meet their payment obligations at all times.

NET ASSETS

At EUR 13.2 million (previous year: EUR 7.7 million), additions to **tangible fixed assets** and **intangible fixed assets** were higher than depreciation and amortisation (EUR 8.5 million). At EUR 9.3 million, investing activities in the reporting period were marked chiefly by advance payments and assets under construction and the relocation of machinery from Penzberg to the Banovce plant in Slovakia and other Automotive locations.

Total **inventories** (after deducting payments received on account of orders) rose by EUR 4.2 million to EUR 57.8 million compared with the 2019 reporting date. The slight rise in payments received to EUR 76.6 million (previous year: EUR 73.9 million) did not fully offset the increase in finished goods from EUR 10.3 million to EUR 13.8 million in the Communication division and in advance payments made from EUR 9.8 million to EUR 12.5 million, which were required to ensure supply. The ratio of days of inventories to sales was 42.5 days (previous year: 31.0 days). Daily turnover is calculated by dividing the inventories as at 30 September 2020 by the average sales per day in the period under review.

Trade receivables dropped from EUR 64.5 million to EUR 53.1 million, mainly as a result of the sales decline in the Automotive division, resulting in turnover of 39.1 days (previous year: 38.2 days). Daily turnover is calculated by dividing the receivables as at 30 September 2020 by the average sales per day in the period under review.

Other assets increased from EUR 16.7 million to EUR 17.2 million, essentially due to tax receivables.

Deferred taxes are taken over from the single-entity financial statements. Deferred tax assets primarily result from differences between the amounts recognised for provisions in the financial accounts and the tax accounts, as well as from utilisable tax loss carry-forwards. By 30 September 2020, deferred tax assets had increased from EUR 13.3 million to EUR 14.5 million.

Pension provisions continued to be recognised in the amount of the valuation as at 31 December 2019. In addition, pension obligations of Versorgungswerk HÖRMANN Automotive Gustavsburg e.V. were reclassified from social security liabilities to pension provisions in the amount of EUR 2.5 million in the reporting period.

Tax provisions amounted to EUR 0.8 million as at 30 September 2020 after EUR 3.7 million in the previous year.

Trade payables declined from EUR 39.0 million to EUR 31.5 million at the reporting date. The utilisation of supplier credits for the cost of materials and other operating expenses increased from an average of 33.3 days to 35.3 days due to the lower volume. The average duration of credit utilisation is calculated by dividing the trade payables as at 30 September 2020 by the sum of the average cost of materials and the average other operating expenses per day in the period under review.

Report on expected developments

OUTLOOK

The global economy is still suffering to an unprecedented extent from the consequences of the ongoing spread of the COVID-19 pandemic. Forecasts by experts are subject to a high degree of uncertainty regarding the duration and severity of the pandemic. A reliable forecast of the consequences for the global economy and the associated economic and financial crisis is not possible at the time of preparing this interim report. All available forecasts of the economic institutes and the German Council of Economic Experts also point to the enormous uncertainties regarding future developments.

The Council of Economic Experts released a special report on the COVID-19 pandemic in March 2020, which describes potential economic performance scenarios. The economic forecast was revised on 23 June 2020. The Joint Economic Forecast for autumn 2020 commissioned by the German Federal Ministry for Economic Affairs and Energy and conducted by the five economic institutes from 14 October 2020 currently gives a more pessimistic view of the recovery going forward.

The economic institutes now believe the German economy is likely to follow the risk scenario described in the special report as a “pronounced V”. For 2020 as a whole, the German Council of Economic Experts expects real gross domestic product (GDP) to decline by 5.4 %. It is forecasting growth of 4.7 % in 2021. With economic output picking up by 2.7 % in 2022, GDP is unlikely to return to 2019, pre-pandemic levels until 2022 at the earliest. The unemployment rate will likely continue to increase in the months ahead, not beginning to gradually fall again until 2022.

The global spread of COVID-19 has triggered a deep world recession. The poor external economic environment is weighing heavily on German exports this year. For the eurozone, the Council of Economic Experts anticipates a 8.5 % fall in real GDP in 2020 and growth of 6.2 % in 2021.

The pandemic spread across the world more rapidly than initially expected and numerous measures were taken to contain the virus. A sustained fall in the number of new cases and a gradual easing of restrictions imposed in Germany and key trade partners for public health reasons created the groundwork for economic recovery at the end of the second and over the third quarter. In addition, financial support measures and the economic stimulus programmes approved look set to have a positive impact.

However, national and international case numbers at present are still hurting the economic recovery and represent a significant risk to further economic performance. Following the first strong pick-up in May and June, the recovery process going forward is now more restrained. Nevertheless, the outlook remains positive thanks to a considerable upturn in incoming orders and ongoing improvement to corporate sentiment.

This forecast for economic performance going forward remains subject to a high degree of uncertainty. In particular, positive expectations are again significantly muted on account of the surge in case numbers across Europe in October 2020. Should it prove impossible to restrict/reduce the number of new cases again and lessen company and consumer uncertainty, the period of economic weakness will likely persist for longer. Another complete shutdown with an interruption of production in Germany or across large sections of the country this year would have severe consequences for ongoing economic performance.

OUTLOOK FOR HÖRMANN INDUSTRIES

In the current financial year, economic and industry-specific developments have a decisive influence on the operational and financial development of HÖRMANN Industries. The outlook made by the Group on the expected course of business is therefore based on certain assumptions regarding the development of the economy in Germany and the eurozone, as well as in the specific industries.

On the basis of the planning drawn up at the end of the 2019 financial year for the 2020 financial year, the management assumed – prior to the start of the COVID-19 pandemic – that HÖRMANN Industries would be able to maintain the sales level within a corridor of EUR 575 million to EUR 600 million in 2020 and, despite the high level of investment in the optimisation and expansion of production capacities, achieve a positive result at the level of the previous year. The net assets, financial position and results of operations were expected to remain at a very stable level. Considering the effects of the current COVID-19 pandemic, this business plan cannot be achieved.

HÖRMANN Industries GmbH developed according to plan until mid-March 2020. From mid-March 2020, business activities – especially in the Automotive division – were significantly impaired by the spread of the novel coronavirus COVID-19, the associated restrictions on public life and the large-scale closure of production capacities in the automotive industry. The effects of the production interruptions at automotive and commercial vehicle manufacturers were already felt in 2020 with a loss of sales of around EUR 51 million. Reacting to this, cost-reducing and liquidity-conserving measures were taken immediately after the production interruptions became known, and all German automotive plants applied for reduced working hours. Despite these countermeasures and good business development in the Engineering and Communication divisions, it was not possible to fully offset the loss of gross profit of around EUR 30 million against the previous year. Given this, the targets for the first three quarters of 2020 were not achieved.

Given the ongoing high levels of uncertainty at the time of preparing this report regarding the further course of the COVID-19 pandemic and the economic and financial effects of this crisis in the eurozone, HÖRMANN Industries assumes that the COVID-19 pandemic will have a significant impact on the sales and earnings performance of the company in 2020. Nonetheless, the company expects that overall macroeconomic conditions will – in line with the latest economic forecasts – also gradually recover in the fourth quarter of 2020 following the deep slump in the second quarter of 2020 and the return to considerably more stable development in Q3. However, any negative macroeconomic developments beyond this may mean that the actual results for the 2020 financial year differ from the forecast values.

In view of the good business performance in Q3 2020 and the current order situation in the Group, HÖRMANN Industries is cautiously raising its sales and earnings outlook set out in the 2019 Group management report and the management report to the consolidated interim financial statements as at 30 June 2020. A further complete shutdown with a production stop of the industry is not expected at present.

This outlook sets out a total sales target of around EUR 500 million to EUR 520 million in 2020 (previous year EUR 622.2 million). In operating business, a positive result before interest and taxes (operating EBIT) is expected at current levels. The good degree of utilisation in the Engineering and Communication divisions means that another successful financial year and stable, positive earnings are expected in these divisions. The Automotive and Services divisions are expected to report a loss equal to the half-year result. HÖRMANN Industries GmbH notes that the actual results may differ from the forecast results.

All in all, the management considers the position of the Group in the 2020 reporting year to be stable at the time at which this quarterly report was prepared.



The currently unforeseeable consequences of the COVID-19 pandemic on the economy and the financial system mean that it is not possible to make a reliable or resilient forecast for HÖRMANN Industries' economic performance going forward at the time of preparing the report. This is particularly true given that main customers in the commercial vehicle industry are choosing not to release sales forecasts and have announced large-scale staffing changes. On the basis of HÖRMANN Industries' stable net assets, financial position and results of operations at the beginning of the year and in view of the broad diversification of business activities, the management is nevertheless confident that HÖRMANN Industries will also successfully overcome the challenges facing the Group.

In the medium term, the management assumes that HÖRMANN Industries will return to the positive business development generated in previous years and to a growth trajectory once the COVID-19 pandemic has subsided.

Kirchseeon November 2020

HÖRMANN Industries GmbH

The Management

Dr.-Ing. Michael Radke

Johann Schmid-Davis

» We initiated the realignment of HÖRMANN Automotive in good time before the corona crisis, thus reducing the risk to the Group in the 2020 recession. «

MICHAEL RADKE, CEO



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Consolidated Balance Sheet

ASSETS (EUR thousand)	30 Sep 2020	31 Dec 2019
A. FIXED ASSETS	89,849	88,168
I. Intangible assets	13,759	15,438
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	1,451	1,704
2. Goodwill	12,231	13,672
3. Advance payments for intangible assets	77	63
II. Tangible assets	55,019	51,714
1. Land, land rights and buildings	11,753	12,480
2. Technical equipment and machinery	24,530	25,470
3. Furniture, fixtures and other equipment	7,590	7,755
4. Advance payments and assets under construction	11,146	6,009
III. Long-term financial assets	21,071	21,016
1. Investments in associated companies	0	0
2. Equity investments	305	62
3. Long-term securities	266	203
4. Other loans	20,500	20,751
B. CURRENT ASSETS	198,068	208,907
I. Inventories	57,769	53,586
1. Raw materials, consumables, and supplies	23,890	23,385
2. Work in progress	84,202	84,003
3. Finished goods and merchandise	13,750	10,333
4. Advance payments	12,528	9,746
5. Payments received on account of orders	-76,601	-73,882
II. Receivables and other assets	82,059	90,500
1. Trade receivables	53,118	64,480
2. Receivables from affiliated companies	11,758	9,295
3. Other assets	17,183	16,725
III. Securities		
Other securities	182	182
IV. Cash-in-hand and bank balances	58,058	64,639
C. DEFERRED INCOME	2,824	1,963
D. DEFERRED TAX ASSETS	14,472	13,325
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	71	253
Total Assets	305,284	312,616

Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	30 Sep 2020	31 Dec 2019
A. EQUITY	122,397	121,179
I. Subscribed capital	200	200
II. Capital reserves	43,422	43,422
III. Consolidated net retained profits	65,167	65,775
IV. Non-controlling interests	13,608	11,782
B. PROVISIONS	90,651	87,437
1. Provisions for pensions and similar obligations	21,680	18,811
2. Tax provisions	828	3,683
3. Other provisions	68,143	64,943
C. LIABILITIES	92,121	103,986
1. Bonds	50,000	50,000
2. Liabilities to banks	4	6
3. Trade payables	31,466	38,968
4. Liabilities to affiliated companies	1,255	1,689
5. Other liabilities	9,396	13,324
D. DEFERRED INCOME	115	14
Summe Passiva	305,284	312,616

Consolidated Income Statement

(EUR thousand)	1 Jan – 30 Sep 2020		1 Jan – 30 Sep 2019	
1. Sales		366,754		440,908
2. Increase in finished goods and work in progress		2,335		32,716
3. Other own work capitalized		281		123
4. Other operating income		5,827		4,427
5. Other operating income				
a) Expenses for raw materials, supplies and purchased goods		154,547		215,883
b) Cost of purchased services		36,798	191,345	48,169
Gross profit		183,852		214,122
6. Personnel expenses				
a) Wages and salaries		95,424		112,600
b) Social security, post-employment and other employee benefit costs		18,949	114,373	21,330
7. Depreciation, amortisation and write-downs				
a) of intangible fixed assets and depreciation and write-downs of tangible fixed assets		8,456		8,371
b) of current assets to the extent that they exceed the expenses that are usual for the corporation		1,608	10,064	8,371
8. Other operating expenses		50,482		53,658
		8,933		18,163
9. Other interest and similar income		329		200
10. Interest and similar expenses		3,229		2,572
11. Taxes on income		3,930		4,596
12. Deferred taxes		-1,147		-1,161
13. Result after taxes		3,250		12,355
14. Other taxes		676		780
15. Consolidated net income		2,574		11,575
16. Non-controlling interests		-1,826		-1,490
17. Consolidated net profit		748		10,085
18. Retained profits brought forward		65,775		58,674
19. Distribution to non-controlling interests		-1,357		-1,285
20. Consolidated balance sheet profit		65,166		67,474

Consolidated Cash Flow Statement

(EUR thousand)	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019
+ Net income for the period (consolidated net income/loss for the year including minority interest)	2,574	11,575
+/- (+) Depreciation, amortisation and write-downs of fixed assets/(-) reversals of write-downs of fixed assets	8,456	8,371
+/- (+) Increase/(-) decrease in provisions	4,525	9,904
+/- Other non-cash income/expenses	204	-4,194
+/- (+) Decrease/(-) increase in inventories, trade receivables and other assets not related to investing or financing activities	3,577	-35,166
+/- (-) Decrease/(+) increase in trade payables and other liabilities not related to investing or financing activities	-11,762	6,244
+/- (-) Gain/(+) loss on the disposal of fixed assets	-6	-29
+/- Interest expenses/Interest income	2,899	2,373
+/- Income tax expenses/income	2,783	3,435
- Payments in connection with expenses of an extraordinary magnitude or importance	0	-15,000
+/- Income tax payments	-4,485	-3,363
= Cash flow from operating activities	8,765	-15,850
+ Receipts from the disposal of intangible and tangible fixed assets	3	6
- Payments for intangible fixed assets	-498	-682
+ Receipts from the disposal of tangible fixed assets	3,041	133
- Payments for the acquisition of tangible fixed assets	-12,622	-6,976
+ Proceeds from the disposal of long-term financial assets	0	201
- Payment for the acquisition of long-term financial assets	-244	-5,825
- Payments for additions from the consolidated group	-306	-5,690
+ Interest received	95	73
= Cash flow from investing activities	-10,531	-18,760
+ Receipt from bond issue	0	50,000
- Payment for bond redemption	0	-11,858
- Dividends paid to other shareholders	-1,587	-1,641
- Payments for repayment of (finance) loans	-2	-212
- Interest paid	-3,226	-1,062
+ Change in liabilities to banks due to consolidated group	0	2,675
= Cashflow from financing activities	-4,815	37,901
Decrease (PY: increase) in cash flow	-6,581	3,291
Opening balance of cash and cash equivalents	64,639	77,426
Change in cash and cash equivalents due to consolidated group	0	1,199
Closing balance of cash and cash equivalents	58,058	81,916

Consolidated Statement of Changes in Fixed Assets

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS FOR THE PERIOD
FROM 1 JANUARY TO 30 SEPTEMBER 2020

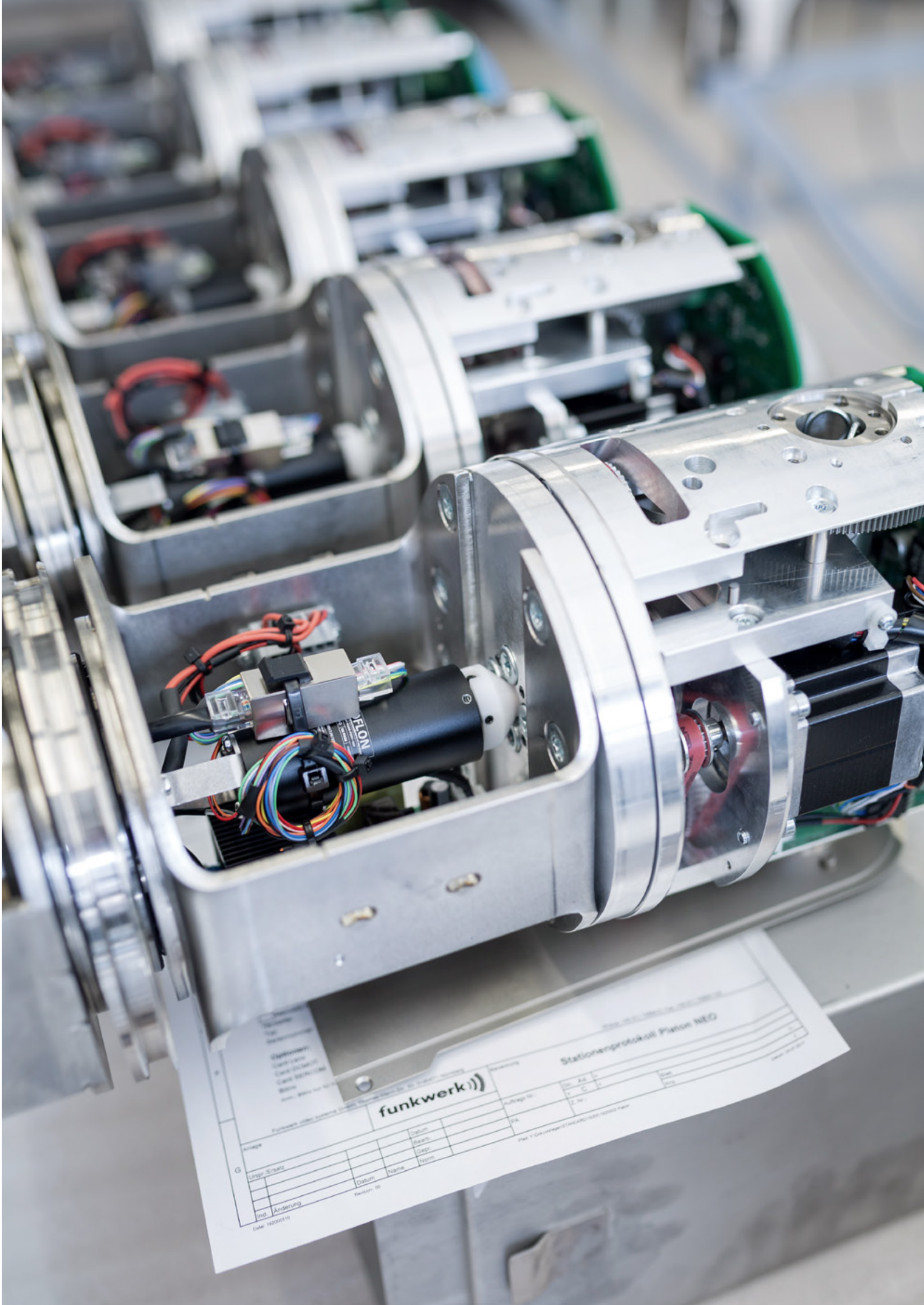
(EUR thousand)


	COST					DEPRECIATION, AMORTISATION AND WRITE-DOWNS					CARRYING AMOUNTS	
	Balance on 1 Jan 2020	Additions	Disposals	Reclassifications	Balance on 30 Sep 2020	Balance on 1 Jan 2020	Additions	Disposals	Reclassifications	Balance on 30 Sep 2020	Carrying amount 30 Sep 2020	Carrying amount 31 Dec 2019
A. FIXED ASSETS												
I. Intangible assets												
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	3,382	562	-417	-55	3,471	1,678	783	-414	-50	1,997	1,474	1,704
2. Goodwill	36,248	0	0	0	36,248	22,576	1,441	0	0	24,016	12,232	13,672
3. Advance payments	63	0	0	14	77	0	0	0	0	0	77	63
Total intangible fixed assets	39,692	562	-417	-41	39,773	24,253	2,224	-414	-50	26,013	13,760	15,438
II. Tangible assets												
1. Land, land rights and buildings	14,487	190	-16	-180	14,481	2,007	584	-5	142	2,728	11,753	12,480
2. Technical equipment and machinery	30,573	1,268	-441	1,625	33,025	5,104	3,656	-219	-29	8,511	24,514	25,470
3. Furniture, fixtures and other equipment	12,753	1,876	-2,207	35	12,457	4,997	1,992	-2,202	63	4,851	7,606	7,755
4. Advance payments and assets under construction	6,009	9,252	-2,747	-1,319	11,196	0	0	50	0	0	11,146	6,009
Total tangible fixed assets	63,822	12,586	-5,411	161	71,158	12,108	6,232	-2,376	175	16,140	55,018	51,714
III. Long-term financial assets												
1. Equity investments	5,887	244	-1	118	6,248	5,825	0	0	118	5,943	305	62
2. Long-term securities	788	63	0	0	851	585	0	0	0	585	266	203
3. Other loans	20,751	0	0	-157	20,594	0	0	0	94	94	20,500	20,751
Total financial assets	27,426	306	-1	-39	27,693	6,410	0	0	212	6,622	21,071	21,016
Total fixed assets	130,940	13,454	-5,829	81	138,624	42,771	8,456	-2,789	338	48,775	89,849	88,168

Consolidated Statement of Equity Changes

CONSOLIDATED STATEMENT OF EQUITY CHANGES AS OF 30 SEPTEMBER 2020

(EUR thousand)	EQUITY OF PARENT COMPANY					NON-CONTROLLING INTERESTS	CONSOLIDATED EQUITY
	Reserves						
	I. Subscribed capital	II. Capital reserves	III. Revenue reserves Other revenue reserves	IV. Consolidated balance sheet profit	Total	Profit / loss attributable to non-controlling interests	
Balance on 1 Jan 2019	200	43,717	0	58,674	102,592	10,215	112,806
Consolidated net income	0	0	0	7,101	7,101	2,754	9,855
Distributions	0	0	0	0	0	-1,958	-1,958
Shares purchased from third parties	0	0	-295	0	-295	771	476
Other changes	0	-295	295	0	0	0	0
Balance on 31 Dec 2019	200	43,422	0	65,775	109,397	11,782	121,179
Balance on 1 Jan. 2020	200	43,422	0	65,775	109,397	11,782	121,179
Consolidated net income	0	0	0	-320	70	2,254	2,574
Distributions	0	0	0	0	0	-1,357	-1,357
Balance on 30 Sep 2020	200	43,422	0	66,095	109,717	12,680	122,397





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on the proven
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principle. «

JOHANN SCHMID-DAVIS, CFO

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