



2019

CONSOLIDATED INTERIM REPORT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019

Key figures at a glance

Financial position and results of operations

(in EUR million)

	9M 2019	9M 2018
Sales	440.9	429.3
Total output	473.7	469.4
Gross profit	214.1	223.0
EBITDA *	25.8	20.7
EBIT *	17.4	11.0
Cash flow from operating activities	-15.9	-8.8
Cash flow from investing activities	-18.8	-6.8

Net assets

(in EUR million)

	30/09/2019	31/12/2018
Total assets	335.2	294.7
Equity	123.6	112.8
Equity ratio ***	36.9%	38.3%
Working capital ****	87.0	77.4
Net cash and cash equivalents *****	81.9	77.3

* Consolidated net income before depreciation and amortisation, financial result and income taxes
** Consolidated net income before financial result and income taxes, including non-recurring effects
*** Equity plus goodwill/total assets
**** Inventories plus trade receivables minus trade payables
***** Net cash including securities classified as current assets

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Consolidated Interim Report

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Diversified into
four business divisions



The HÖRMANN Group is a medium-sized company with four business divisions – Automotive, Engineering, Communication and Services – and is positioned in promising business segments whose products and services generate high demand in a rapidly changing industrial landscape. For almost 65 years, the Group has been shaping a sustainable future.

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 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., Banovce, Slovakia
- ♦ HÖRMANN Automotive St. Wendel GmbH, St. Wendel
- ♦ HÖRMANN Automotive Saarbrücken GmbH, Saarbrücken
- ♦ HÖRMANN Automotive Wackersdorf GmbH, Wackersdorf
- ♦ HÖRMANN Automotive Eislingen GmbH, Ebersbach

The companies in the Automotive division are among the leading suppliers 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 location with the highest sales is HÖRMANN Automotive Gustavsburg GmbH, which specialises in the production of premium chassis and body parts and attachments for commercial vehicles and is one of Europe's leading manufacturers 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 including premium German car manufacturers; 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.

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 is a general contractor that offers all the necessary engineering services within the construction industry, with a particular focus on high-tech and complex industrial facility engineering.

HÖRMANN Rawema Engineering & Consulting GmbH supplements the 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, the HÖRMANN Group has also established expertise and resources for the development of rail and road vehicles at HÖRMANN Vehicle Engineering GmbH. Following the acquisition of et-parts GmbH in 2016, HÖRMANN Industries GmbH acquired the "Development Road & Rail" division of Leadec Engineering GmbH in 2017 and integrated it into HÖRMANN Rail & Road Engineering GmbH, Chemnitz. With this move, HÖRMANN Industries significantly strengthened its expertise in the area of design engineering, and particularly vehicle development. HÖRMANN Rail & Road Engineering GmbH and et-parts GmbH were merged into HÖRMANN Vehicle Engineering GmbH with retrospective effect from 1 January 2018.

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
- ♦ Funktech GmbH, Kölleda
- ♦ Funkwerk Systems GmbH, Kölleda
- ♦ Funkwerk Systems Austria GmbH, Vienna, Austria
- ♦ Funkwerk video systeme GmbH, Nuremberg
- ♦ Funkwerk IoT GmbH, Bremen
- ♦ HÖRMANN Warnsysteme GmbH, Kirchseeon
- ♦ HÖRMANN – KMT Kommunikations- und Melde-technik GmbH, Salzburg, Austria

Funkwerk AG is 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 Warnsysteme GmbH (formerly HÖRMANN GmbH) and HÖRMANN – KMT Kommunikations- und Meldetechnik GmbH, Salzburg, Austria bundle the 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 Kommunikation & Netze GmbH, Kirchseeon
- ♦ HÖRMANN Industrieservice GmbH, Lehre
- ♦ HÖRMANN Automationservice GmbH, Salzgitter
- ♦ MAT Maschinentechnik GmbH, Salzgitter

In the Services division, HÖRMANN Industries offers its customers a range of high-tech services in the industrial environment of automation, digitisation, energy and transport.

The consolidated group is presented in detail in the notes to the consolidated financial statements.

Economic report

MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

In its forecast in October 2019, the International Monetary Fund (IMF) states that it anticipates global economic growth of 3.0% across 2019 as a whole, down 0.2 percentage points compared with its forecast this July. According to the IMF, geopolitical tensions are leading to uncertainty with regard to general global economic development. The United Nations institution currently expects economic growth to amount to 1.7% in the industrialised nations and 3.9% in the emerging and developing economies. The IMF is forecasting growth of 1.2% in Europe. In Germany, economic growth is expected to slow to 0.5%.

Automotive division

According to figures from the European Automobile Manufacturers' Association (ACEA) published in September 2019, around 1.9 million commercial vehicles were registered in the EU in the first nine months of 2019 – up 4.6% on the same period of the previous year. In Germany, the number of new registrations in this vehicle class increased by 10.9% in the same period. The other main sales markets in the region saw similar upward trends: France +6.1%, United Kingdom +5.1%, Italy +4.9%, Spain +1.5%.

According to Germany's Association of International Motor Vehicle Manufacturers (VDIK), the growth in sales figures in the German commercial vehicle market also took place across all weight classes. The growth driver in the period under review was the medium-duty commercial vehicle segment, where new registrations increased by 16.6% year-on-year in the first nine months of 2019. Registrations of heavy-duty commercial vehicles (over 16 tonnes) rose by 8.5%, while light commercial vehicles (up to 3.5 tonnes) saw growth of 11.1%.

Communication division

According to the sales survey conducted by the German Federal Security Technology Association (BHE) in October 2019, the industry continued its positive development in the first nine months of 2019. Sales for 2019 as a whole are expected to increase by 5.8% year-on-year to around EUR 4.6 billion.

In mid-October 2019, the German Railway Industry Association (VDB) announced that sales in the rail industry in the first half of 2019 were high at EUR 5.2 billion but that this was 3.7% lower than in the same period on the previous year.

Engineering division

In the period from January to August 2019, the construction industry was one of the drivers of Germany's economic development. According to the Federation of the German Construction Industry (HDB), there was growth in both sales (+10.3%) and incoming orders (+9.7%). Accordingly, the Central Association of the German Construction Industry (ZDB) has raised its sales forecast for 2019 as a whole from 6.0% to 8.7%.

Based on the ifo logistics indicator, the ifo Institute recorded a deterioration in the business climate in the German logistics industry in the first nine months of 2019, largely as a result of falling orders on hand. This assessment is supported by the logistics consulting firm and the Fraunhofer Working Group for Supply Chain Services (SCS), which recorded a total volume of new logistics space of around 717,000 million square metres in the third quarter of 2019 (previous year: 1.2 million square metres). Logivest is anticipating a total volume of 4.0 million square metres for 2019 as a whole (2018: 4.4 million square metres).

Services division

The "Maintenance" industry indicator published by the Institute for Industrial Management (fir) at RWTH Aachen University declined to 26 points for industrial maintenance in the third quarter of 2019 (previous year: 34 points), demonstrating a direct correlation with the weak sentiment in the German economy and the difficult situation of the German car manufacturers.

Results of operations

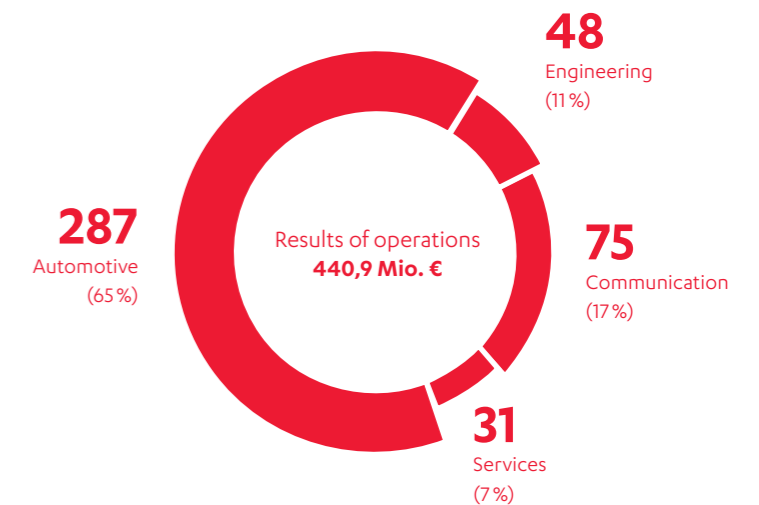
The HÖRMANN Industries GmbH subgroup generated **sales** of EUR 440.9 million in the first nine months of 2019, up EUR 11.6 million or 2.7% on the first nine months of 2018 (EUR 429.3 million). Of this figure, EUR 287.5 million was attributable to the Automotive division, EUR 74.9 million to the Communication division, EUR 48.0 million to the Engineering division and EUR 30.5 million to the Services division.

Other operating income of EUR 4.4 million (9M 2018: EUR 7.6 million) includes EUR 0.8 million in income from the reversal of provisions, EUR 0.8 million in income from investment grants and EUR 1.2 million in payments in kind.

Total output increased slightly by EUR 4.3 million or around 1.0%, from EUR 469.4 million in the same period of 2018 to EUR 473.7 million.

The **cost of materials** in the amount of EUR 264.1 million includes expenses for raw materials, consumables and supplies and purchased goods totalling EUR 215.9 million (9M 2018: EUR 208.8 million) as well as the cost of purchased services in the amount of EUR 48.2 million (9M 2018: EUR 45.2 million). The cost of materials corresponded to 55.8% of total output, an increase as against the previous year (54.1%); this was primarily due to the Automotive division. The strong order situation in the first nine months of 2019 and the ongoing relocation of the activities of the Penzberg production plant meant a higher proportion of temporary workers and external services.

Breakdown of sales by business division
for the period from 1 January to 30 September 2019
in EUR million



At EUR 214.1 million, **gross profit** decreased by EUR 8.9 million or 4.0% compared with the prior-year figure of EUR 223.0 million. This corresponded to 45.2% of total output (9M 2018: 47.5%).

Personnel expenses declined by EUR 10.4 million year-on-year to EUR 133.9 million (previous year: EUR 144.3 million). This was primarily due to the deconsolidation of HÖRMANN Automotive Penzberg GmbH with effect from 1 April 2019 (year-on-year effect: around EUR –17 million). By contrast, staff costs increased by around EUR 2 million at HÖRMANN Automotive Gustavsburg GmbH and HÖRMANN Automotive Slovakia s.r.o. and by around EUR 2.0 million at the Communication division. Around EUR 1 million was attributable to Klatt Fördertechnik GmbH, which was consolidated for the first time. Staff costs corresponded to 28.3% of total output (previous year, adjusted for non-recurring effects: 30.8%). Excluding managing directors and trainees, HÖRMANN Industries GmbH employed 2,827 people as at 30 September 2019 (31 December 2018: 3,175).

Depreciation, amortisation and write-downs amounted to EUR 8.4 million, down EUR 1.3 million or 13.4% on the same period of the previous year (EUR 9.7 million). This item includes goodwill amortisation of EUR 1.2 million (9M 2018: EUR 1.8 million).

At EUR 53.7 million, **other operating expenses** were down EUR 3.3 million on the same period of the previous year (EUR 57.0 million). Of this figure, EUR 9.9 million related to the cost of buildings and premises, EUR 14.7 million to administrative expenses and EUR 23.8 million to operating and selling costs. Other operating expenses corresponded to 11.3% of total output (9M 2018: 12.1%).

The period under review closed with a cumulative **operating result** of EUR 18.2 million (9M 2018: EUR 12.0 million). After deducting other taxes of EUR 0.8 million, **EBIT** for the first nine months of 2019 amounted to EUR 17.4 million (9M 2018: EUR 11.0 million).

The **financial result** declined by around EUR 0.9 million (or 60.0%) year-on-year to EUR –2.4 million, largely as a result of the higher level of expenditure for the exchange of old bonds for new bonds and the pro rata interest expense for the new 2019/2024 bond.

The **income tax expense** for trade tax and corporation tax amounted to EUR 4.6 million in the first nine months of 2019 (9M 2018: EUR 3.4 million).

Income from **deferred taxes** amounted to EUR 1.2 million in the period under review (9M 2018: EUR 0.0 million).

The first three quarters of 2019 closed with cumulative **consolidated net income** of EUR 11.6 million (9M 2018: EUR 6.1 million).

HÖRMANN Industries GmbH developed positively in the period under review and fully achieved or exceeded its growth targets in all four divisions. Thanks to the ongoing good macroeconomic conditions and the resulting order situation, the forecasts for the first nine months of 2019 of consolidated sales of EUR 430.9 million and EBIT of EUR 13.6 million were exceeded, with sales of EUR 440.9 million and EBIT of EUR 17.4 million. All in all, the management considers the position of the Group in the 2019 financial year to be positive at the time at which the interim report was prepared; however, the outlook is muted as a result of the tangible economic slowdown.

FINANCIAL POSITION

Capital structure

The Group's **equity base** including non-controlling interests improved from EUR 112.8 million at the end of the previous year to EUR 123.6 million at 30 September 2019 thanks to the positive results of operations. The increase in total assets to EUR 335.2 million as at the reporting date (31 December 2018: EUR 294.7 million) meant that the **equity ratio** was still down slightly on the end of the previous year, amounting to 36.9% as at 30 September 2019 (31 December 2018: 38.3%).

The first-time consolidation of Funkwerk AG as at 1 October 2016 resulted in **goodwill** of EUR 6.3 million (previous year: EUR 7.1 million), which was subject to pro rata amortisation of EUR 0.8 million in the year to 30 September 2019. The acquisitions of HÖRMANN Automationservice GmbH (formerly MAT Automationstechnik GmbH), MAT 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 2.0 million (previous year: EUR 2.2 million), which was subject to pro rata amortisation of EUR 0.2 million in the first nine months of 2019. The first-time consolidation of Klatt Fördertechnik GmbH as at 1 April 2019 resulted in goodwill of EUR 4.7 million, which was subject to pro rata amortisation of EUR 0.2 million in the second and third quarter of 2019.

Total assets rose by EUR 40.5 million, from EUR 294.7 million as at 31 December 2018 to EUR 335.2 million, as a result of the higher level of current assets and the successful placement of the EUR 50 million corporate bond on 6 June 2019.

Including inventories of EUR 59.4 million and trade receivables of EUR 67.8 million and less trade payables of EUR 40.2 million, **working capital** increased from EUR 77.4 million as at 31 December 2018 to EUR 87.0 million as at 30 September 2019. This was largely due to the year-on-year increase in work in progress from EUR 82.3 million to EUR 111.7 million, the increase in trade receivables from EUR 63.6 million to EUR 67.8 million, and the EUR 1.0 million reduction in trade payables to EUR 40.2 million. By contrast, payments received on account of orders rose by EUR 26.5 million to EUR 97.2 million.

Liabilities in connection with **bonds** amounted to EUR 68.1 million as at 30 September 2019 (previous year: EUR 30.0 million). The issue of a new bond in June 2019 with a volume of EUR 50.0 million, a coupon of 4.5% and a term of five years to June 2024 has already served to partially replace the previous bond (issued in November 2016 with a volume of EUR 30.0 million, a coupon of 4.5% and an original term of five years to November 2021) by way of an exchange offer. The remaining bond volume of around EUR 18 million was called as at 21 November 2019 as planned.

Liabilities to banks decreased by EUR 0.3 million to EUR 0.1 million as at 30 September 2019. The draw-down of EUR 2.5 million on the revolving global syndicated facility with a volume of up to EUR 30.0 million (term until November 2021) concluded at the level of HÖRMANN Industries GmbH with a banking syndicate headed by SaarLB that took place in the first half of 2019 was repaid as planned in the third quarter of 2019.

Liquidity

Bank balances including **securities classified as current assets** amounted to EUR 81.9 million at the reporting date (previous year: EUR 77.6 million). EUR 0.2 million of the bank balances are restricted as collateral. In November 2019, the company will use around EUR 18 million for the repayment of the remaining bond volume that was called as at 21 November 2019 and EUR 5 million for the contractual disbursement of the remaining loan for the refinancing of the social plan for HÖRMANN Automotive Penzberg GmbH.

The available credit facilities amounted to EUR 30.0 million as at 30 September 2019 (previous year: EUR 33.0 million).

At the reporting date, HÖRMANN Industries had **net cash and cash equivalents** of EUR 81.9 million (previous year: EUR 77.3 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.

Cash flow statement

The cash flow statement is structured in accordance with GAS 21. **Cash flow from operating activities** decreased by EUR 7.1 million in the first three quarters of 2019, from EUR –8.8 million in the same period of 2018 to EUR –15.9 million. In addition to the increase in working capital, the decrease is mainly attributable to the partial disbursement of the secured loan for refinancing the social plan of HÖRMANN Automotive Penzberg GmbH in the amount of EUR 15 million by the balance sheet date. **Cash flow from investing activities** increased from EUR –6.8 million to EUR –18.8 million as a result of the acquisition of equity investments in Klatt Fördertechnik GmbH and euromicron AG as well as investments in machinery and equipment in connection with the plant relocation from Penzberg to Bánovce, Slovakia. **Cash flow from financing activities** amounted to EUR 37.9 million (9M 2018: EUR –1.4 million). The main reasons were the issue of the new bond in the amount of EUR 50.0 million, which was offset by the partial redemption of the old bond in the amount of EUR 11.9 million.

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

NET ASSETS

At EUR 7.7 million (previous year: EUR 7.5 million), additions to **tangible fixed assets** and **intangible fixed assets** were lower than depreciation and amortisation (EUR 8.4 million). **Financial assets** increased by EUR 5.8 million as a result of acquisitions.

Total **inventories** (after deducting payments received on account of orders) increased from EUR 55.0 million to EUR 59.4 million at the reporting date. The higher level of payments received on account of orders (EUR 97.2 million; previous year: EUR 70.7 million) roughly compensated for the increase in work in progress from EUR 82.3 million to EUR 111.7 million. The ratio of days of inventories to sales was 36.4 days (previous year: 31.7 days). Daily turnover is calculated by dividing the inventories as at 30 September 2019 by the average sales per day in the period under review.

Trade receivables increased from EUR 63.6 million to EUR 67.8 million at the reporting date, corresponding to turnover of 41.5 days (previous year: 36.7 days). Daily turnover is calculated by dividing the receivables as at 30 September 2019 by the average sales per day in the period under review.

Other assets increased from EUR 13.7 million to EUR 30.9 million. This was primarily due to the pro rata disbursement of a secured long-term loan to an external company in the amount of EUR 15.0 million. The loan, which has a total volume of EUR 20.0 million, is being used to finance the social plan for the deconsolidated HÖRMANN Automotive Penzberg GmbH. It is secured by a land charge and forms a major component of the closure concept and the agreement with the works council of the Penzberg plant.

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 carryforwards. Deferred tax assets increased by EUR 1.2 million to EUR 13.6 million as at 30 September 2019.

Pension provisions continued to be recognised in the amount of the valuation as at 31 December 2018. The reduction of EUR 7.6 million primarily results from the deconsolidation of HÖRMANN Automotive Penzberg GmbH and its pension scheme.

Tax provisions amounted to EUR 3.8 million as at 30 September 2019 after EUR 1.9 million in the previous year.

Trade payables declined slightly from EUR 41.2 million to EUR 40.2 million at the reporting date. The utilisation of supplier credits for the cost of materials and other operating expenses decreased from an average of 34.5 days to 34.3 days. The average duration of credit utilisation is calculated by dividing the trade payables as at 30 September 2019 by the sum of the average cost of materials and the average other operating expenses per day in the period under review.

Report on opportunities, risks and expected developments

OUTLOOK

Macroeconomic and industry-specific environment

According to the forecast issued by the International Monetary Fund (IMF), the global economy will increase slower by 3.0% in the current year. For 2020, the IMF experts are anticipating global economic growth of 3.4%, with the emerging and developing economies expanding by 4.6% and the industrialised nations by 1.7%. The euro zone is expected to record growth of 1.4%. The IMF is forecasting growth of 1.2% for the German economy in the coming year. All in all, economic sentiment has deteriorated both generally and in the manufacturing industry in particular. Existing and potential new barriers to trade, geopolitical uncertainties and disruptive trends are the warning signs. More than ever before, this means that any forecasts are fundamentally subject to a degree of instability.

Development of the HÖRMANN Group

Forecast for the Automotive division

In September 2019, ACEA recorded a reduction of around 10% in the number of newly registered commercial vehicles in the EU. Sentiment in the automotive industry has deteriorated considerably along the entire value chain.

In addition, major European truck and bus manufacturers, including important HÖRMANN customers, have recently reported double-digit downturns in incoming orders between 2018 and 2019. These developments will have an impact on the HÖRMANN Group's Automotive division in the fourth quarter of 2019 and in 2020.

Forecast for the Communication division

The German Railway Industry Association (VDB) is forecasting annual growth of around 2.3% in Western Europe to a market volume of approximately EUR 37.3 million in 2023. Eastern Europe is expected to see annual growth of 2.7% to EUR 6.6 billion between now and 2023. The rail industry is set to benefit from some major global trends, such as increasingly stringent climate and environmental requirements.

Forecast for the Engineering division

Based on its latest forecast, the Federation of the Central Association of the German Construction Industry (ZDB) expects sales in the main construction industry to increase by 8.7% to around EUR 137.5 billion this year. ZDB is forecasting sales growth of around 5% to approximately EUR 145 billion in 2020.

The ifo Institute has issued a recession warning in light of the uncertainties surrounding global economic policy. The logistics consulting firm Logivest expects the total volume of new logistics space to be down on the previous year at a maximum of EUR 4.0 million square metres (previous year: 4.4 million square metres).

Forecast for the Services division

According to a survey by the Institute for Industrial Management (fir) at RWTH Aachen conducted on 7 October 2019, 17% of those surveyed are anticipating favourable development in the area of maintenance – down 37% on the same period of the previous year. This is a consequence of the cost-cutting programmes announced by leading automotive and industrial groups, which are also expected to have an impact on the Services division.

Forecast for the HÖRMANN Industries Group

All in all, the four divisions of HÖRMANN Industries are continuing to place close cooperation with the customer at the heart of all their activities. This strong customer orientation, combined with targeted innovation and technology management and the future-oriented development of the staff structure, will allow the company to further strengthen its market and competitive position in the medium and long term.

In light of the current outlook and taking into account the recent deterioration in the order situation of high-volume major customers in the Automotive and Services segments, HÖRMANN Industries continues to expect total sales of between EUR 590 million and EUR 600 million at Group level for 2019 as a whole (previous year: EUR 624.1 million). In terms of operating EBIT, HÖRMANN Group is continuing to target the forecast level of around EUR 21.5–23.0 million. However, this means the company is withdrawing the earnings forecast published in the half-yearly report (around EUR 25 million). On the one hand, this earnings adjustment is due to delays in the relocation of production to the Banovce plant in Slovakia, which leads to a delayed realization of the cost savings, and on the other hand to the currently noticeable reduction in production volumes in the commercial vehicle

industry and budget cuts by the automotive customers in the Services division. The earnings performance is supported by the Engineering and Communication divisions. The high degree of utilisation and the sustained positive order situation in these two segments suggests that 2019 will be another stable and successful financial year at the same level as 2018. The company reserves the right to harness opportunities for inorganic growth by making targeted acquisitions that will allow it to reinforce the strategic positioning of the Group and the positive development of the individual divisions.

HÖRMANN Industries GmbH notes that the actual results may differ from the forecast results.

Kirchseeon, November 2019

HÖRMANN Industries GmbH

The Management



Dr.-Ing. Michael Radke



Johann Schmid-Davis



» Dynamic changes are the driving force behind our actions to actively shape the future of the HÖRMANN Group. «

MICHAEL RADKE, CEO

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Consolidated Balance Sheet

ASSETS (EUR thousand)	30/09/2019	31/12/2018
A. FIXED ASSETS	71,076	64,998
I. Intangible assets	16,037	13,012
1. Purchased concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	1,675	2,119
2. Goodwill	14,362	10,893
II. Tangible assets	47,976	51,194
1. Land, leasehold rights and buildings	11,985	12,375
2. Technical equipment and machinery	23,155	23,426
3. Other equipment, factory and office equipment	7,532	8,921
4. Advance payments and assets under construction	5,304	6,473
III. Long-term financial assets	7,062	793
1. Equity investments	5,877	52
2. Long-term securities	841	195
3. Other loans	344	546
B. SHORT-TERM ASSETS	248,649	215,816
I. Inventories	59,430	55,010
1. Raw materials, consumables, and supplies	25,878	26,770
2. Work in progress	111,704	82,297
3. Finished goods and merchandise	10,581	10,269
4. Advance payments	8,515	6,399
5. Payments received on account of orders	-97,248	-70,725
II. Receivables and other assets	107,303	83,198
1. Trade receivables	67,768	63,557
2. Receivables from affiliated companies	8,598	5,938
3. Other assets of which in respect of shareholders: EUR 211 thousand (previous year: EUR 650 thousand)	30,937	13,703
III. Securities	11,182	182
IV. Cash-in-hand and bank balances	70,734	77,426
C. PREPAID EXPENSES	1,422	1,256
D. DEFERRED TAX ASSETS	13,594	12,433
E. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	416	237
Total Assets	335,156	294,740

Consolidated Balance Sheet

EQUITY AND LIABILITIES (EUR thousand)	30/09/2019	31/12/2018
A. EQUITY	123,572	112,806
I. Subscribed capital	200	200
II. Capital reserves	43,422	43,717
III. Consolidated balance sheet profit	67,474	58,674
IV. Non-controlling interests	12,476	10,215
B. PROVISIONS	93,447	98,738
1. Pension provisions and similar obligations	19,986	27,539
2. Tax provisions	3,806	1,851
3. Other provisions	69,655	69,348
C. LIABILITIES	118,031	83,151
1. Bonds	68,142	30,000
2. Liabilities to banks	61	272
3. Trade payables	40,173	41,166
4. Liabilities to affiliated companies	1,226	1,058
5. Other liabilities of which in respect of taxes: EUR 3,845 thousand (previous year: EUR 3,746 thousand) of which in respect of social security EUR 3,853 thousand (previous year EUR 3,703 thousand)	8,429	10,654
D. DEFERRED INCOME	105	45
Total Equity and Liabilities	335,155	294,740

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019
(EUR thousand)

	01/01–30/09/2019		01/01–30/09/2018	
1. Sales	440,908		429,314	
2. Increase in finished goods and work in progress	32,716		39,894	
3. Other own work capitalised	123		206	
4. Other operating income	4,427		7,631	
5. Cost of materials				
a) Expenses for raw materials, supplies and purchased goods	215,883		208,845	
b) Cost of purchased services	48,169	264,052	45,189	254,034
GROSS PROFIT	214,122		223,011	
6. Personnel expenses				
a) Wages and salaries	112,600		121,536	
b) Social security, post-employment and other employee benefit costs	21,330	133,930	22,782	144,318
7. Depreciation, amortisation and write-downs				
a) of intangible fixed assets and depreciation and write-downs of tangible fixed assets	8,371		9,696	
b) of current assets to the extent that they exceed the expenses that are usual for the corporation	0	8,371	0	9,696
8. Other operating expenses	53,658		56,964	
	18,163		12,034	
9. Income from long-term equity investments and associates	0		8	
10. Other interest and similar income	200		186	
11. Write-downs of financial assets and securities classified as current assets	0		2	
12. Interest and similar expenses	2,572		1,627	
13. Taxes on income	4,596		3,431	
14. Deferred taxes	1,161		22	
15. RESULT AFTER TAXES	12,355		7,189	
16. Other taxes	780		1,075	
17. CONSOLIDATED NET INCOME	11,575		6,114	
18. Non-controlling interests	-1,490		-1,133	
19. Retained profits brought forward	58,674		46,059	
20. Distribution to non-controlling interests	-1,285		-689	
21. Consolidated net retained profits	67,474		50,351	

Consolidated cash flow statement

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019
(in EUR thousand)

	01/01–30/09/2019	01/01–30/09/2018
+ Net income for the period (consolidated net income/loss for the year including minority interest)	11,575	6,114
+/- (+) Depreciation, amortisation and write-downs of fixed assets / (-) reversals of write-downs of fixed assets	8,371	9,696
+/- (+) Increase / (-) decrease in provisions	9,904	9,008
+/- Other non-cash expenses/income	-4,194	-1,161
+/- (+) Decrease / (-) increase in inventories, trade receivables and other assets not related to investing or financing activities ¹	-35,166	-35,420
+/- (-) Decrease / (+) increase in trade payables and other liabilities not related to investing or financing activities	6,244	-78
+ Repayments of receivables from affiliated companies ¹	0	1,429
+/- (-) Gain / (+) loss on the disposal of fixed assets	-29	168
+/- Interest expenses/Interest income	2,373	1,441
- Other investment income	0	89
+/- Receipts and payments of exceptional magnitude or importance	-15,000	0
+/- Income tax expenses/income	3,435	3,409
+/- Income tax payments	-3,363	-3,493
= CASH FLOW FROM OPERATING ACTIVITIES	-15,850	-8,797
+ Receipts from the disposal of intangible and tangible fixed assets	6	4
- Payments for intangible fixed assets	-682	-467
+ Receipts from the disposal of tangible fixed assets	133	324
- Payments for the acquisition of tangible fixed assets	-6,976	-6,812
+ Proceeds from the disposal of long-term financial assets	201	11
- Payment for the acquisition of long-term financial assets	-5,825	0
- Payment for additions to the consolidated group	-5,690	0
+ Interests received	73	95
= CASH FLOW FROM INVESTING ACTIVITIES	-18,760	-6,845
+ Receipt from bond issue	50,000	0
- Payment for bond redemption	-11,858	0
- Dividends paid to other shareholders	-1,641	-1,010
- Cash repayments of (financial) loans	-212	-160
+ Change in liabilities to banks due to consolidated group	2,675	0
- Interest paid	-1,062	-234
= CASH FLOW FROM FINANCING ACTIVITIES	37,901	-1,405
CHANGES IN CASH FLOW	3,291	-17,047
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	77,426	75,468
Change in cash and cash equivalents due to consolidated group	1,199	0
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS²	81,916	58,421

¹ Unlike in the previous year, repayments of/payments in connection with receivables from affiliated companies are reported in this item.

² In contrast to previous periods, marketable securities are reported under cash and cash equivalents.

Statement of changes in consolidated fixed assets

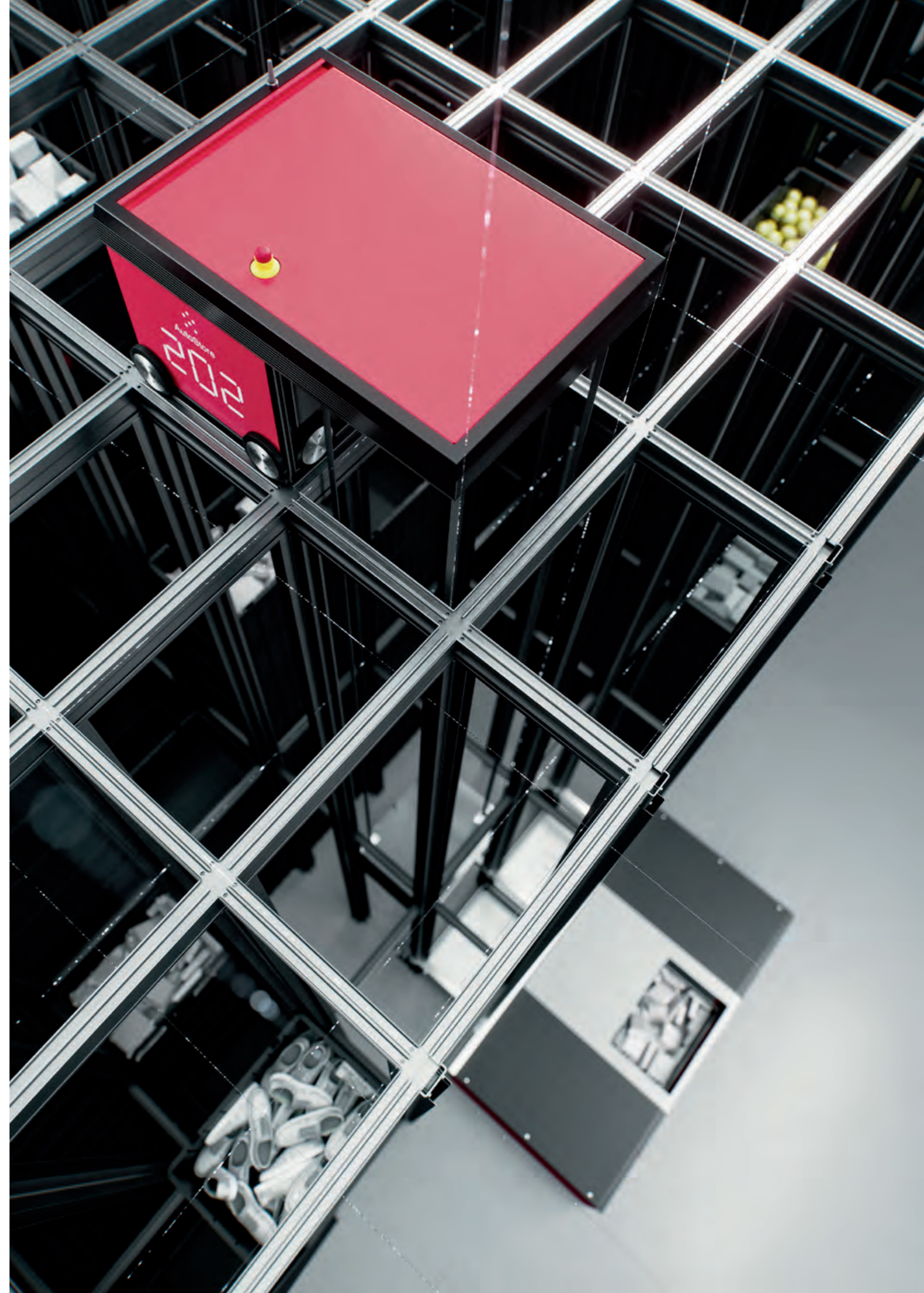
FOR THE PERIOD FROM
1 JANUARY TO 30 SEPTEMBER 2019
(in EUR thousand)

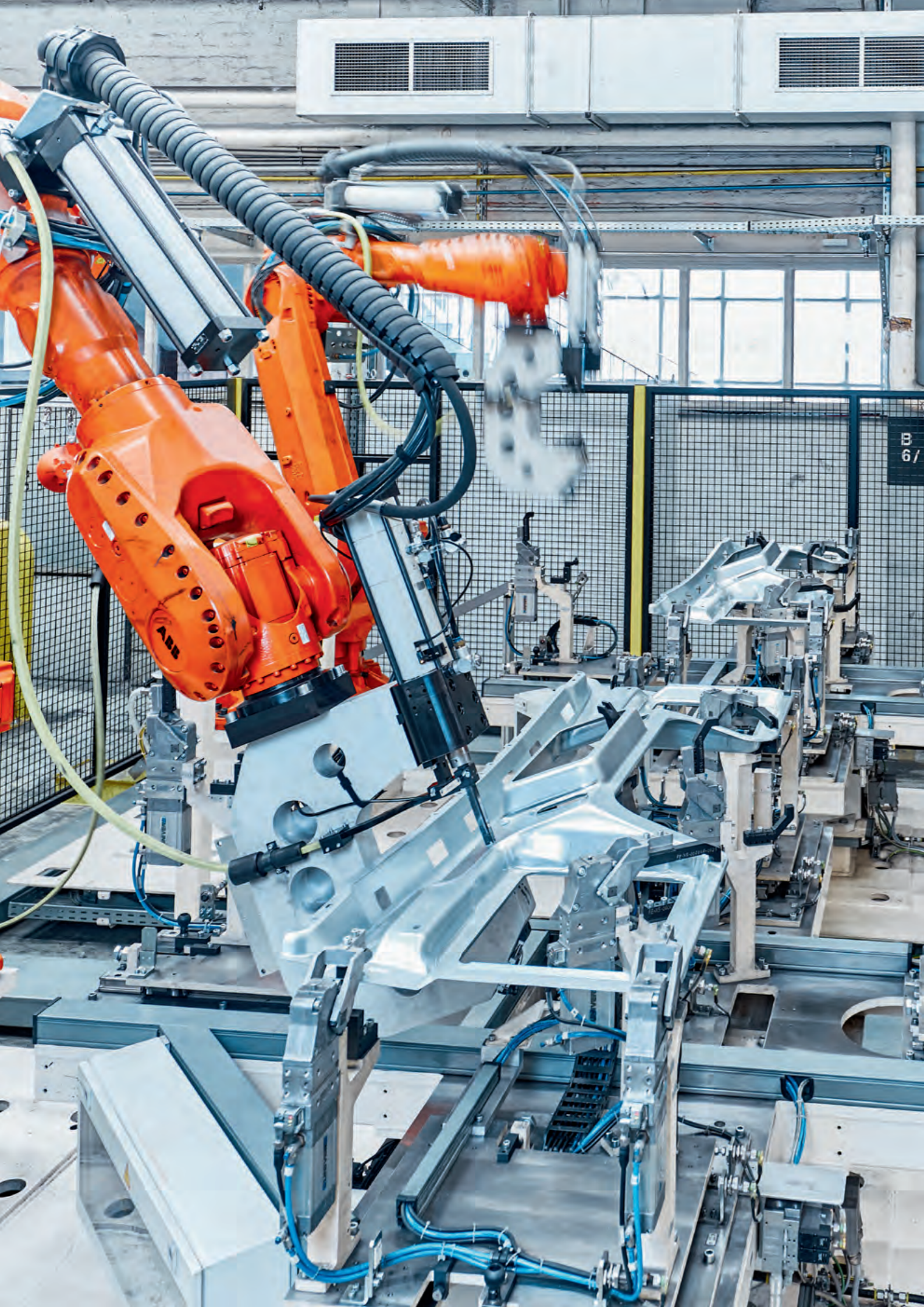
	COST						DEPRECIATION, AMORTISATION AND WRITE-DOWNS						CARRYING AMOUNTS	
	Balance on 1 Jan 2019	Additions	Consolidation- related changes	Disposals	Reclassifica- tions	Balance on 30 Sept 2019	Balance on 1 Jan 2019	Additions	Disposals	Consolidation- related changes	Reclassifi- cations	Balance on 30 Sept 2019	Carrying amount on 30 Sept 2019	Carrying amount on 31 Dec 2018
A. FIXED ASSETS														
I. Intangible assets														
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	13,237	659	-1,094	-442	24	12,382	11,118	876	-436	-850	0	10,708	1,675	2,119
2. Goodwill	18,802	0	4,710	0	0	23,511	7,909	1,240	0	0	0	9,149	14,362	10,893
Total intangible fixed assets	32,038	659	3,615	-442	24	35,893	19,026	2,116	-436	-850	0	19,857	16,037	13,012
II. Tangible assets														
1. Land, land rights and buildings	17,313	167	-53	-51	18	17,394	4,938	541	-44	-18	-9	5,409	11,985	12,375
2. Technical equipment and machinery	64,845	2,364	-18,258	-698	2,429	50,682	41,420	3,609	-639	-16,863	0	27,526	23,155	23,425
3. Furniture, fixtures and other equipment	34,295	2,184	-5,697	-300	13	30,495	25,374	2,104	-278	-4,234	-3	22,962	7,533	8,922
4. Advance payments and assets under construction	6,471	2,270	-922	-15	-2,501	5,303	0	0	0	0	0	0	5,303	6,472
Total tangible fixed assets	122,925	6,985	-24,930	-1,065	-41	103,873	71,731	6,255	-961	-21,116	-12	55,897	47,976	51,194
III. Financial assets														
1. Shares in affiliated companies	1	0	0	0	0	1	0	0	0	0	0	0	1	1
2. Shares in associated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Equity investments	52	5,825	0	0	0	5,877	0	0	0	0	0	0	5,877	52
4. Long-term securities	780	0	646	0	0	1,426	585	0	0	0	0	585	841	195
3. Other loans	546	0	0	-201	0	344	0	0	0	0	0	0	344	546
Total long-term financial assets	1,378	5,825	646	-201	0	7,649	585	0	0	0	0	585	7,064	793
Total fixed assets	156,341	13,468	-20,669	-1,709	-17	147,415	91,342	8,371	-1,398	-21,965	-12	76,338	71,076	64,998

Consolidated Statement of Changes in Equity as at 30 September 2019

(in EUR thousand)

(in EUR thousand)	EQUITY OF PARENT COMPANY					NON-CON- TROLLING INTERESTS	CONSOLI- DATED EQUITY
	I. Subscribed capital	Reserves		IV. Consolidated net retained profits	Total	Profit/loss attributable to non- controlling interests	
		II. Capital reserves	III. Revenue reserves Other revenue reserves				
BALANCE ON 1 JAN 2018	200	43,717	0	46,060	89,977	9,667	99,644
Consolidated net income	0	0	0	12,615	12,615	2,024	14,639
Distributions	0	0	0	0	0	-1,476	-1,476
BALANCE ON 31 DEC 2018	200	43,717	0	58,675	102,592	10,215	112,806
BALANCE ON 1 JAN 2019	200	43,717	0	58,675	102,592	10,215	112,806
Consolidated net income	0	0	0	8,800	8,800	2,775	11,575
Distributions	0	0	0	0	0	-1,285	-1,285
Shares purchased from third parties	0	0	-295	0	-295	771	476
Other changes	0	-295	295	0	0	0	0
BALANCE ON 30 SEPT 2019	200	43,422	0	67,474	111,097	12,476	123,572





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