

January 1 - March 31, 2020



Quarterly communication

## TECHNOTRANS AT A GLANCE

	Δ previous year	01/01/ – 31/03/2020	01/01/ – 31/03/2019	2019
<b>Revenue (€ '000)</b>	-1.7%	<b>52,161</b>	<b>53,069</b>	<b>207,927</b>
of which Technology (€ '000)	-0.2%	38,034	38,119	148,424
of which Services (€ '000)	-5.5%	14,127	14,950	59,503
<b>EBITDA (€ '000)</b>	-30.9%	<b>3,519</b>	<b>5,096</b>	<b>16,008</b>
EBITDA margin (%)		6.7	9.6	7.7
<b>EBIT (€ '000)</b>	-47.3%	<b>1,756</b>	<b>3,334</b>	<b>8,338</b>
EBIT margin (%)		3.4	6.3	4.0
<b>Net profit for the period (€ '000)</b>	-49.5%	<b>1,135</b>	<b>2,248</b>	<b>6,089</b>
as percent of revenue		2.2	4.2	2.9
<b>Earnings per share (€)</b>	-49.5%	<b>0.16</b>	<b>0.33</b>	<b>0.88</b>
<b>Balance sheet total assets (€ '000)</b>	1.0% *	<b>147,404</b>	<b>146,613</b>	<b>146,003</b>
<b>Equity (€ '000)</b>	1.5% *	<b>76,182</b>	<b>77,418</b>	<b>75,067</b>
Equity ratio (%)		51.7	52.8	51.4
<b>Net debt<sup>1</sup> (€ '000)</b>	9.5% *	<b>26,542</b>	<b>23,851</b>	<b>24,232</b>
<b>Free cash flow<sup>2</sup> (€ '000)</b>		<b>-2,100</b>	<b>132</b>	<b>7,648</b>
<b>Employees (average)</b>	0.9%	<b>1,466</b>	<b>1,453</b>	<b>1,460</b>
<b>Employee (FTE) (average)</b>	0.4%	<b>1,287</b>	<b>1,282</b>	<b>1,280</b>
<b>Personnel expenses (€ '000)<sup>3</sup></b>	9.1%	<b>21,641</b>	<b>19,843</b>	<b>77,679</b>
as percent of revenue <sup>3</sup>		41.5	37.4	37.4
<b>Revenue per employee (FTE) (€ '000)</b>	-2.1%	<b>41</b>	<b>41</b>	<b>162</b>
<b>Number of shares at end of period</b>		<b>6,907,665</b>	<b>6,907,665</b>	<b>6,907,665</b>
share price max (€) <sup>4</sup>		20.85	30.00	30.00
share price min (€) <sup>4</sup>		10.14	24.70	15.52

\* Change since December 31, 2019

<sup>1</sup> Net debt for the period = Interest-bearing financial liabilities including leasing liabilities according to IFRS 16  
./ cash and cash equivalents

<sup>2</sup> Free cash flow = Net cash from operating activities  
+ cash used for investments according to cash flow statement

<sup>3</sup> Previous year's figures adjusted due to a reclassification

<sup>4</sup> Xetra closing price

## QUARTERLY COMMUNICATION JANUARY 1 - MARCH 31, 2020

### Q1/2020: Start of the year as expected despite initial impacts of the COVID-19 pandemic

#### QUARTERLY RESULT AT A GLANCE

- › SALES OF € 52.2 MILLION IN LINE WITH EXPECTATIONS
- › EBITDA OF € 3.5 MILLION REALIZED
- › EBIT AT € 1.8 MILLION WITH AN EBIT MARGIN OF 3.4 PERCENT
- › EXPENSES IN THE AMOUNT OF € 1.3 MILLION FOR STRUCTURAL AND PERSONNEL ADJUSTMENT
- › FREE CASH FLOW SLIGHTLY NEGATIVE

The technotrans Group posted revenue of € 52.2 million in the first three months of the 2020 financial year, down slightly by 1.7 percent compared to the previous year. EBIT in the period under review amounted to € 1.8 million and, including special effects, was 47 percent down on the previous year's figure of € 3.3 million. The EBIT margin fell to 3.4 percent from 6.3 percent. This result includes expenses for structural and personnel adjustments amounting to € 1.3 million and a positive one-off effect of € 0.6 million from a completed fine proceeding of the German Federal Financial Supervisory Authority (BaFin).

Despite initial adverse effects of the COVID-19 pandemic, the performance of the technotrans Group in the first quarter was therefore within the ranges of the former guidance for 2020 of € 204 to € 214 million for revenue and € 6.0 to € 10.7 million for EBIT.

The effects of the COVID-19 pandemic, which has been spreading worldwide since the start of the year, have also a negative impact on technotrans' operations in certain areas. Following the global dissemination, the Taicang site in China was initially affected. Here, production came to a standstill for a period of five weeks. Further impacts followed in Europe at our sales and service units, especially in France, Spain and Italy. By contrast, the German plants have been producing without interruption since the beginning of the year.

On the market side, the downturn in revenue for the printing industry in the first quarter was slightly stronger than expected. The „drupa“, world's leading trade show for the printing industry, has been postponed for COVID-19 reasons to April 2021, with the result that a key impetus for the industry will be missing in the third and fourth quarters. In markets outside the printing industry, revenue rose by around 2 percent compared with the first quarter of 2019.

Operating activities at gwk Gesellschaft Wärme Kältetechnik mbH (gwk) have returned to normal and the difficulties associated with the introduction of SAP have been overcome. With good capacity utilisation, gwk achieved a revenue according to plan in the first quarter. Quarterly sales to customers in the plastics industry were thus slightly higher than previous year's level.

Revenue with customers in the laser and machine tool industry was stable and in line with expectations. The EUV business („extreme ultraviolet“, process for manufacturing compact integrated circuits for the semiconductor industry) allocated there continues to grow according to plan.

The number of projects in e-mobility and especially in local public transport has increased overall. Compared to the same quarter of the previous year, however, revenue of cooling systems for high-power charging stations (HPC) has declined noticeably. Due to the continued low availability of HPC-compatible vehicles and an increasingly difficult competitive environment in this area, it was not possible to maintain the previous year's high level.

Revenue for the Technology segment was on a par with the previous year at € 38.0 million. The share of Group revenue was 72.9 percent (previous year 71.8 percent). The Services segment recorded a COVID-19-related revenue decline of 5.5 percent to € 14.1 million. Accordingly, the share of Group revenue decreased to 27.1 percent (previous year 28.2 percent).

Earnings per share in the first quarter of 2020 amounted to € 0.16 (previous year € 0.33).

The equity ratio as at March 31, 2020 improved slightly by 0.3 percentage points to 51.7 percent compared to the end of 2019.

The technotrans Group employed an average of 1,466 people in the first three months of the 2020 financial year. This corresponds to a full employment equivalent (FTE) of 1,287 employees. By the end of 2020, the announced structural measures will result in job cuts of at least 5 percent. Initial actions have been implemented already at the end of March 2020.

In view of the extensive impact of the COVID-19 pandemic on the global economic environment, the Board of Management expects burdens for the technotrans Group in the subsequent quarters. In the current situation, the primary goal is to protect all employees from infection and to ensure production for as long as possible.

To this end, a comprehensive package of measures (e.g. home office, separate two-shift-operations, distance requirements and contact lists) was initiated. To date, business operations have been maintained at almost all locations, especially in the production plants.

With regard to this extreme global economic situation, the guidance for the financial year 2020 is no longer valid. However, the effects of the pandemic on the further business performance of the technotrans Group cannot currently be quantified with sufficient accuracy, with the result that the guidance for the year will have to be updated at a later point of time.

Irrespective of the COVID-19 pandemic, the Board of Management remains committed to the strategic refocusing of the technotrans Group and has implemented initial structural measures to streamline the organisation and enhance personnel flexibility and efficiency. This is closely related with the industry-based focus of sales on the end customer markets.

## PRESENTATION OF SIGNIFICANT EVENTS AND BUSINESS PERFORMANCE IN THE FIRST QUARTER OF 2020

### Significant events at a glance

#### › Developments due to the COVID-19 pandemic:

- › The spread of COVID-19 triggered an unprecedented slump in the world economy in the first quarter.
- › All of technotrans' planned trade show appearances have been cancelled or postponed by the organisers.
- › COVID-19 placed a particular burden on the plant in China and the European sales and service locations in France, Spain and Italy.
- › The German plants have been producing without interruption since the beginning of the year.
- › A sufficient supply of parts and components for production has always been ensured.
- › technotrans has taken far-reaching precautions to protect its employees and safeguard its production. These include stricter hygiene regulations, home office and a separate two-shift-operation.
- › The Board of Management has ordered comprehensive measures to adjust personnel and material costs including the preparation of short-term allowance.
- › A solid asset and financial position always ensure sufficient liquidity for the foreseeable future.

- › In terms of revenue, the printing industry started the new financial year below expectations.
- › As expected, the order backlog in markets outside the printing industry is stable.
- › The number of new project orders in the e-mobility segment continued to rise.
- › Operating activities at gwk Gesellschaft Wärme Kältetechnik mbH have returned to normal. The SAP implementation has been completed. The main difficulties have been overcome.
- › The Board of Management already implemented first structural measures in connection with the strategic realignment in March (expenses: € 1.3 million).
- › Positive effect on earnings of € 0.6 million from a completed fine proceeding of the German Federal Financial Supervisory Authority (BaFin).

### Overall statement on the course of business

„technotrans has started the new financial year as expected. The unprecedented COVID-19 pandemic, however, led to the initial impacts to selected technotrans sites. The effects on the development of the technotrans Group over the year cannot be quantified at present with sufficient accuracy. technotrans' financial situation remains sound. Liquidity is assured at all times for the foreseeable future. We are adhering to the fundamental orientation of technotrans and are implementing the strategic reorientation according to plan,” says Dirk Engel, Spokesman of the Board of Management of technotrans SE.

### Business performance of the technotrans Group in the first three months of 2020

#### Revenue and financial performance

		Q1 2020	Q1 2019	Change in %
Revenue	€ million	52.2	53.1	- 2 %
Gross profit <sup>1</sup>	€ million	14.9	16.8	- 11 %
Gross margin	in %	28.6	31.6	
EBITDA	€ million	3.5	5.1	- 31 %
EBIT	€ million	1.8	3.3	- 47 %
EBIT margin	in %	3.4	6.3	
Net profit for the period	€ million	1.1	2.2	- 50 %
EPS	in €	0.16	0.33	- 50 %

<sup>1</sup>Previous year's figures adjusted due to a reclassification

### Revenue performance

With € 52.2 million, revenue of the technotrans Group was in line with previous expectations and almost on previous year's level (€ 53.1 million).

€ 19.3 million is attributable to the printing industry (previous year: € 20.8 million). The share of revenue fell to 37 percent from 39 percent. The weight of the other markets increased accordingly from 61 to 63 percent. The technotrans Group posted revenue of € 32.9 million (up two percent) in these markets.

Revenue for the Technology segment was on a par with the previous year at € 38.0 million. The share of revenue amounted to 72.9 percent (previous year: 71.8 percent). Revenue in the Services segment fell by 5.5 percent to € 14.1 million. Accordingly, the share of revenue decreased to 27.1 percent (previous year: 28.2 percent). The effects of the COVID-19 pandemic were particularly noticeable here on the operations of our international sales and service companies, which were increasingly restricted in the performance of their activities. The Technical Documentation area was also affected. By contrast, the spare parts business performed according to plan.

### Financial performance

In the period under review, EBIT amounted to € 1.8 million (previous year: € 3.3 million). The EBIT margin fell to 3.4 percent, compared to 6.3 percent in the previous year. The result is thus within the range previously expected for 2020 in both absolute and proportional terms.

EBIT for the first quarter already contains about 50 percent (€ 1.3 million) of the planned costs for structural and personnel adjustments for the current financial with regard to the strategic reorientation. In addition, the fine proceedings initiated by the Federal Financial Supervisory Authority (BaFin) at the end of 2019 were closed in March 2020 with a much lower fine than expected. The reversal of the provision formed in the 2019 annual financial statements therefore resulted in a one-off positive contribution to earnings of € 0.6 million.

### Performance Indicators by segment

		Technology		Services		technotrans Group	
		Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenue	€ million	38.0	38.1	14.1	15.0	52.2	53.1
EBITDA	€ million	0.9	2.2	2.7	2.9	3.5	5.1
EBIT	€ million	-0.3	1.1	2.1	2.2	1.8	3.3
EBIT margin	in %	-0.8	2.9	14.5	15.0	3.4	6.3

The Technology segment achieved a nearly balanced EBIT of € -0.3 million. This corresponds to a decrease of € 1.4 million compared with the previous year and is mainly attributable to the high proportion of structure-related costs for capacity adjustments. Accordingly, the EBIT margin fell from 2.9 to -0.8 percent.

In contrast, the earnings situation of the Services segment proved to be robust in the period under review. With EBIT of € 2.1 million, earnings were almost on previous year's level. EBIT margin reached 14.5 percent (previous year: 15.0 percent).

EBITDA achieved in the three-month period amounted to € 3.5 million and was 31 percent below the previous year. Scheduled depreciation and amortisation of € 1.8 million remained on previous year's level. The interest expense of € 0.2 million also did not change.

Group earnings after tax in the three-month period were € 1.1 million compared to € 2.2 million in the first three months of 2019. Accordingly, the return on revenue fell to 2.2 percent from 4.2 percent.

Earnings per share amounted to € 0.16 (previous year: € 0.33).

## Net Worth

### Asset and capital structure (€ million)

Assets	31/03/2020	31/12/2019
Fixed assets*	68.9	68.1
Inventories	30.0	28.3
Trade receivables	26.1	24.0
Cash	17.0	20.9
Other assets	5.4	4.7
<b>Total</b>	<b>147.4</b>	<b>146.0</b>

Equity and Liabilities	31/03/2020	31/12/2019
Equity	76.2	75.1
Borrowings*	43.5	45.1
Employee benefits	7.6	6.0
Provisions	3.4	3.9
Trade payables	7.5	6.0
Payments received	4.4	4.2
Other equity and liabilities	4.8	5.7
<b>Total</b>	<b>147.4</b>	<b>146.0</b>

\*including rights of use assets or liabilities from leasing transactions in accordance with IFRS 16.

As of March 31, 2020, total assets were € 147.4 million being just slightly higher (+ € 1.4 million) compared to the end of the last financial year. With € 68.9 million, non-current assets also were nearly on the same level as the year-end figure of € 68.1 million.

A strong revenue and order situation at the end of March led to a short-term increase in inventories and receivables at the end of the first quarter which rose by € 3.8 million (+ 7.3 percent) to € 56.1 million compared with December 31, 2019.

As of March 31, 2020, the technotrans Group had a healthy level of cash and cash equivalents amounting to € 17.0 million (December 31, 2019: € 20.9 million). The decline is mainly due to the increase in current assets and scheduled repayments of financial liabilities.

On the equity and liabilities side, the operational business performance resulted in higher liabilities to suppliers (trade payables). Outstanding employee benefits rose in connection with the measures implemented in the first quarter. Equity increased moderately to € 76.2 million from € 75.1 million compared to the end of financial year 2019. Thus, the equity ratio improved slightly to 51.7 percent from 51.4 percent.

### Financial position

Bank borrowings amounted to € 39.1 million at the end of the reporting period. The respective arrangements are widely diversified across several banks and are characterised by a well-balanced maturity structure. Net-debt (i.e. netting of cash and cash equivalents with interest-bearing-borrowings including € 4.4 million leasing liabilities in accordance with IFRS 16) increased by 9.5 percent to € 26.5 million compared with the end of 2019.

Cash flow (€ million)	01/01/ – 31/03/2020	01/01/ – 31/03/2019
Cash flow from operating activities	3.4	5.2
Net cash flow from operating activities	0.2	3.8
Cash flow from investing activities	-2.3	-3.6
Free cash flow	-2.1	0.1
Cash flow from financing activities	-1.9	0.2

Cash flow from operating activities realized in the period under review amounted to € 3.4 million compared with € 5.2 million in the previous year. Investments led to liquidity outflows of € -2.3 million (previous year: € -3.6 million). A significant proportion of this is attributable to final payments for the new termotek building in Baden-Baden and payments for the new construction project of Reisner Cooling Solutions GmbH in Holzwickede, which started as scheduled. Due to the higher cash outflow in net working capital compared with the same quarter of the previous year, free cash flow in the first quarter of 2020 was slightly negative at € -2.1 million (previous year: € 0.1 million).

# REPORT ON POST-BALANCE SHEET DATE EVENTS AND RISK REPORT

In an ad-hoc announcement dated April 30, 2020, technotrans SE informed about the following issues:

1. The Board of Management and Supervisory Board of technotrans SE have decided, to withdraw the published proposal for the appropriation of accumulated profits and to submit a new resolution for the appropriation of accumulated profit 2019 to the Annual General Meeting. The amended proposal does not provide for a distribution of a dividend, but the carry forward of the entire net profit for the year 2019.
2. With regard to the effects of the COVID-19 pandemic, the Board of Management has decided to withdraw the guidance for the financial year 2020 published on March 10, 2020. A new forecast will be published as soon as this is possible with sufficient accuracy.
3. Announcement of preliminary figures for the first quarter of 2020. Preliminary revenue of € 52.2 million and EBIT of € 1.8 million. Both are in line with the former guidance.

Furthermore, as of May 1, 2020, Mr. Michael Finger has taken up his duties as additional member of the Board of Management of technotrans SE.

Beyond this, no other events with a material impact on the technotrans Group's financial position or financial performance - apart from the COVID-19 pandemic - occurred after March 31, 2020.

The material opportunities and risks of business activities and the risk early warning system are described in detail in the Combined Group Management Report 2019 (please refer to page 83 onwards).

## OUTLOOK

The COVID-19 pandemic has led to an almost complete halt in global economic development in a very short time. The International Monetary Fund expects global economic output to drop by 3.0 percent (projection as of January 2020: + 3.3 percent). The forecasts for Europe (-7.5 percent) and Germany (-7.0 percent) are even more drastic. The unprecedented extent of the distortions is also signalled by the ifo business climate index, which plummeted to 74.3 in April 2020, the lowest value ever measured. As of March, the German Engineering Federation (VDMA) has determined a real year-on-year decline in order intake in the mechanical engineering sector of 9 percent and expects increasing burdens in the following months.

For technotrans, the diversification in terms of products and markets established over the past ten years is paying off. In current times, it creates a stabilising risk diversification. For example, the production sites are showing different impacts in connection with the COVID-19 pandemic. Locations with products of short delivery times react more directly to the slump in the global economy compared to locations with longer product and project durations. For technotrans Group, the second and third quarters of 2020 will therefore be crucial for assessing the business implications.

Despite a stable level of orders on hand at the end of the first quarter, the Board of Management expects technotrans to experience a substantial downturn in orders and revenue over the next few months caused by the effects of the COVID-19 pandemic. However, due to the influences described above as well as the dynamically changing economic and legal environment, it is currently not possible to quantify the concrete scope with adequate accuracy. Therefore, there is currently no adequate basis for a reliable adjustment of the forecast. The guidance for the 2020 financial year published on March 10, 2020, containing a revenue of between € 204 and € 214 million and EBIT of € 6.0 to € 10.7 million has been withdrawn on April 30, 2020. An updated forecast will be published as soon as this is possible with sufficient accuracy.

On the basis of the sound net worth, financial position and results of operations of the Group, the Board of Management of technotrans SE has adopted a comprehensive package of measures to adjust personnel and material costs flexibly and at short notice, in order to effectively minimise the negative effects of the COVID-19 pandemic on the technotrans Group.

In economic terms, the primary objective is to maintain the financial independence of the Group. With directly available liquid funds and unused financing reserves the Board of Management ensures a sound level of liquidity at all time in the coming months.

Building on this stable foundation, the Board of Management is maintaining the important group-wide process of strategic reorientation, irrespective of the COVID-19 pandemic, under the slogan of „Shaping the future through development!“.

This process, to be completed until 2025, will be consistently continued and will lead to an improvement in the earnings situation. The existing medium-term strategy of achieving a revenue of € 250 to 300 million (including € 50 million from acquisitions) will be embedded in this strategy.

Another important step for the development of the Group is the new production site of our group company Reisner Cooling Solutions GmbH in Holzwickede. The construction of the new building, which was planned in accordance with the KfW-55 standard, began as scheduled in March 2020. Completion is expected in the first quarter of 2021.

## FURTHER INFORMATION

### IR Service

On our website <https://www.technotrans.com/en/investor-relations.html> we offer a comprehensive range of information on technotrans shares and the company.

We provide access e.g. to current financial reports, analysts' estimates, presentations, information on the Annual General Meeting, financial announcements and the factsheet.

### The share

The global spread of the COVID-19 pandemic led to a massive sell-off on the German stock markets in February. The DAX index lost almost 40 percent of its value within a short period of time. technotrans shares were unable to escape this trend. Starting at € 18.70 (XETRA closing price on December 30, 2019), the share price fell to € 10.14 (March 20, 2020). At the end of the quarter, the share was quoted at € 11.50. This represents a decrease of 38.5 percent in the three-month period. The market capitalization accordingly fell from € 129.2 million to € 79.4 million.

The analysts' price targets for technotrans shares currently range between € 10.00 and € 26.80.



### Note

This Quarterly Communication contains statements on the future development of the technotrans Group. They reflect the current views of the management of technotrans SE and are based on corresponding plans, estimates and expectations. Please note that these statements involve certain risks and uncertainties that could cause actual results to differ materially from those anticipated. Rounding differences may occur in the figures and percentages contained in this report.

The quarterly financial statements of technotrans SE as at March 31, 2020 have been prepared in accordance with Section 51a of the Exchange Rules of the Frankfurt Stock Exchange (FWB).

## FINANCIAL CALENDAR

Publication	Date
Virtual Annual General Meeting	May 20, 2020
Half-Year Financial Report 1-6/2020	August 11, 2020
Quarterly Communication 1-9/2020	November 10, 2020

  

Event	
German Equity Forum, Frankfurt	November 16-18, 2020

Please refer to our website at the following address for up-to-date information on events: <https://www.technotrans.com/en/investor-relations/financial-calendar.html>.

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