



INTERIM FINANCIAL REPORT

January 1 – June 30, 2019

**MOVE  
FORWARD**

## TECHNOTRANS AT A GLANCE

	Δ previous year	1/1- 30/6/2019	1/1- 30/6/2018	2018
<b>Revenue (€ '000)</b>	- 4.4%	<b>102,591</b>	<b>107,364</b>	<b>216,286</b>
Technology (€ '000)	- 6.6%	73,337	78,544	156,476
Services (€ '000)	1.5%	29,254	28,820	59,810
<b>EBITDA (€ '000)</b>	- 34.6%	<b>7,563</b>	<b>11,566</b>	<b>22,599</b>
EBITDA margin (%)		7.4	10.8	10.4
<b>EBIT (€ '000)</b>	- 54.8%	<b>4,099</b>	<b>9,077</b>	<b>17,351</b>
EBIT margin (%)		4.0	8.5	8.0
<b>Net profit for the period<sup>1</sup> (€ '000)</b>	- 57.7%	<b>2,707</b>	<b>6,405</b>	<b>12,383</b>
as percentage of revenue		2.6	6.0	5.7
<b>Earnings per share (€)</b>	- 57.7%	<b>0.39</b>	<b>0.93</b>	<b>1.79</b>
<b>Balance sheet total assets (€ '000)</b>	3.5%*	<b>140,861</b>	<b>127,831</b>	<b>136,032</b>
<b>Equity (€ '000)</b>	- 4.7%*	<b>71,688</b>	<b>70,120</b>	<b>75,244</b>
Equity ratio (%)		50.9	54.9	55.3
<b>Net debt<sup>2,4</sup> (€ '000)</b>		<b>29,550</b>	<b>14,317</b>	<b>19,435</b>
<b>Free cash flow<sup>3</sup> (€ '000)</b>		<b>1,058</b>	<b>1,468</b>	<b>- 3,753</b>
<b>Employees (average)</b>	6.5%	<b>1,448</b>	<b>1,360</b>	<b>1,402</b>
<b>Employees (FTE) (average)</b>	6.5%	<b>1,281</b>	<b>1,203</b>	<b>1,236</b>
<b>Personnel expenses (€ '000)</b>	5.8%	<b>39,697</b>	<b>37,513</b>	<b>75,374</b>
as percentage of revenue		38.7	34.9	34.8
<b>Revenue per employee (FTE) (€ '000)</b>	- 10.3%	<b>80</b>	<b>89</b>	<b>175</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 (XETRA; €)		30.00	47.90	47.90
Share price min (XETRA; €)		21.00	37.00	24.00

\* Change since December 31, 2018

<sup>1</sup>Net profit for the period= profit attributable to shareholders of technotrans SE

<sup>2</sup>Net debt= interest-bearing financial liabilities - cash and cash equivalents

<sup>3</sup>Free cash flow= net cash from operating activities + cash used for investments according to cash flow statement

<sup>4</sup>Net debt as of June 30, 2019 including lease liabilities in accordance with IFRS 16. Previous year's figure not adjusted.

# Interim Financial Report

## January 1 – June 30, 2019

### BOARD OF MANAGEMENT CONFIRMS 2019 FORECAST - ALL DIVISIONS IN LINE WITH PLANNING EXCEPT GWK

- ➔ REVENUE IN THE FIRST HALF OF 2019 AT € 102.6 MILLION
- ➔ EBITDA AMOUNTS TO € 7.6 MILLION WITH AN EBITDA MARGIN OF 7.4 PERCENT
- ➔ EBIT DECREASES TO € 4.1 MILLION; EBIT MARGIN AT 4.0 PERCENT
- ➔ FREE CASH FLOW REMAINS POSITIVE DESPITE INCREASED CAPEX
- ➔ EARNINGS PER SHARE AFTER SIX MONTHS AT € 0.39
- ➔ TEMPORARY DECLINE IN PERFORMANCE AT GWK IN THE FIRST HALF OF 2019
- ➔ GROWTH OF CONSOLIDATED REVENUE ADJUSTED FOR GWK AT 5.0 PERCENT
- ➔ BOARD OF MANAGEMENT CONFIRMS REVENUE AND EARNINGS FORECAST FOR THE 2019 FINANCIAL YEAR

technotrans SE's business performance in the first half of the 2019 financial year was particularly affected by a sharp fall in revenue and earnings at its subsidiary gwk Gesellschaft Wärme Kältetechnik mbH (gwk). This is on the one hand due to the reluctance to invest in the automotive-related plastics processing industry in the first months of the current financial year and on the other hand due to temporary revenue shifts and productivity losses in connection with the introduction of a new ERP software at the Meinerzhagen location in the second quarter 2019.

Group revenue in the first half of 2019 of € 102.6 million was € 4.8 million below the previous year's level (€ 107.4 million). The reason for the 4.4 percent decline at Group level was the substantial shortfall in revenue (– 30 percent) at gwk. Adjusted for gwk, Group revenue rose by around five percent year-on-year in line with expectations.

Revenue of the Technology segment fell by 6.6 percent to € 73.3 million in the reporting period. The share of Group revenue thus fell to 71.5 percent (previous year: 73.2 percent). In contrast, revenue growth was achieved in the Services segment. In the first half of the year, segment revenue amounted to € 29.3 million after € 28.8 million in the previous year. This corresponds to an increase of 1.5 percent.

The Group achieved earnings before interest and taxes (EBIT) of € 4.1 million in the first half of 2019, compared with € 9.1 million in the previous year. The EBIT margin fell from 8.5 percent to 4.0 percent.

The rates of return for the segments in the reporting period showed a different development: The Services segment achieved 14.5 percent (previous year: 16.0 percent). The return in the Technology segment of – 0.2 percent (previous year: 5.7 percent) was strongly influenced by the operational declines at gwk.

In the past few months, the order situation of gwk has improved especially due to new contracts outside the automotive industry. On this basis a significantly stronger second half of 2019 is now expected.

Regarding the technotrans Group, this positive expectation is additionally supported by the growth markets, which have already outperformed expectations in the first half of the year, as well as by the course of business in the other divisions of the Group performing fully in line with planning.

The Board of Management is therefore optimistic about the second half of the year. Strong order backlog at gwk and Reisner Cooling Solutions GmbH and ongoing projects, particularly in the field of E-mobility and other growth markets, indicate that, from today's perspective, business will improve both in terms of revenue and earnings in the further course of the year compared with the first half of 2019.

On this basis, the Board of Management confirms its annual forecast for the 2019 financial year at group level within the target range of € 218 to 226 million for full-year revenue and € 12 to 16 million for operating result (EBIT). From today's perspective, the Board of Management continues to assume that it will be able to achieve these targets.

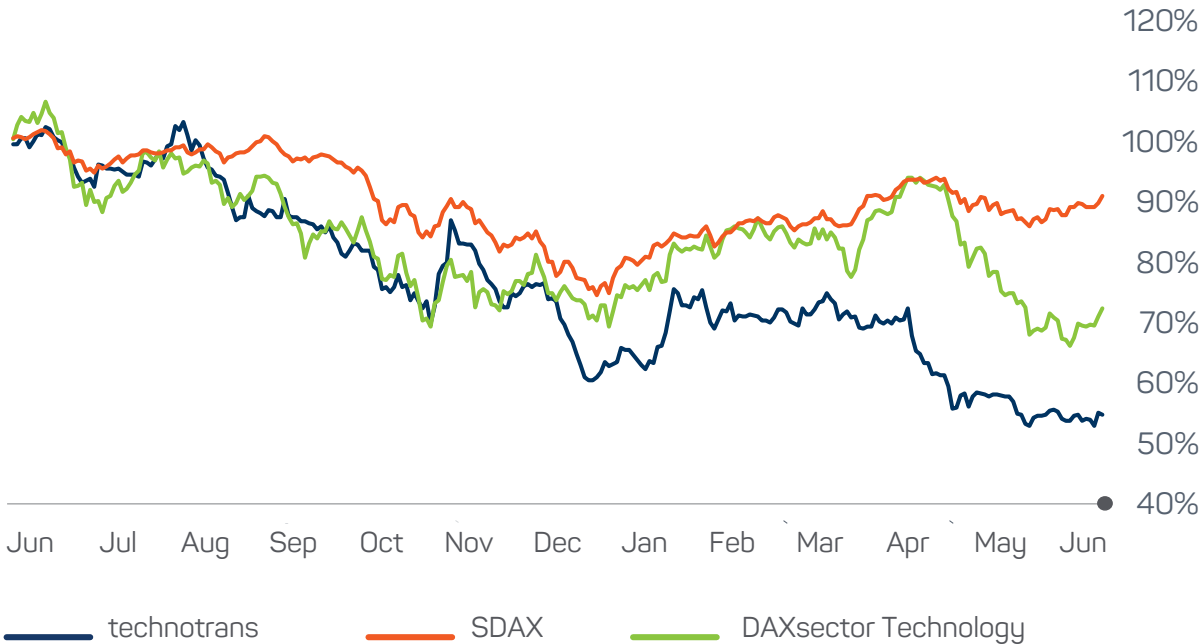
Earnings per share in the first six months of financial year 2019 fell to € 0.39 (previous year: 0,93 €).

The equity ratio at the end of the first half of the year was 50.9 percent (December 31, 2018: 55.3 percent) remained stable.

Free cash flow remained positive at € 1.1 million despite increased capital expenditure due to the construction project in Baden-Baden.

In the first six months of the current financial year, the technotrans Group had an average of 1,448 employees (corresponding to 1,281 FTE/full-time employee equivalents).

**Share price development from June, 2018 to June, 2019**



# TECHNOTRANS AT THE CAPITAL MARKET - THE SHARE

## Overall market

Various uncertainty factors shaped the mood on the stock markets in the first half of 2019: The trade conflict between the USA and China, the threat of Brexit as well as economic concerns and the structural changes that have begun in the automotive sector led to a significant increase in volatility. Indications from the ECB and the US Federal Reserve (Fed) regarding a potential easing of the monetary policy provided support for investor confidence. The main share indices recorded an increase in the reporting period and, after their low in December 2018, were quoted at almost the same levels as the previous year.

It remains uncertain whether the central banks' statements will be enough to abate the worries regarding the economic environment in the second half of the year. From today's perspective, it can be assumed that stock markets will continue to be highly volatile in the second half of the year.

## Performance of technotrans shares

After the share price rose in the first months of the 2019 financial year, the ad-hoc announcement dated April 17, 2019 on the business performance in the first quarter of 2019 triggered a sharp decline in the share price. The technotrans share lost around 11 percent of its value in the period under review. The range of the share price in the first six months was between € 21.00 and € 30.00. At the end of the reporting period, the share was quoted at € 21.75 (XETRA closing price on June 28, 2019).

## Ad-hoc announcements

On April 17, 2019 technotrans issued an ad-hoc announcement on preliminary revenue and EBIT figures for the first quarter of 2019.

In a second ad-hoc release on May 7, 2019, the Board of Management announced the adjustment of the forecast for the 2019 financial year.

In a further ad-hoc release on July 25, 2019 technotrans informed about preliminary revenue and EBIT figures for the first half year of 2019.

## Investor relations activities

In order to maintain a continuous and transparent dialogue with existing and interested investors, the members of the Board of Management attended numerous IR-related meetings. This included participation in equity conferences and roadshows in Germany, Great Britain and France as well as numerous bilateral discussions with existing and potential investors. In addition, the telephone conference for institutional investors on publication of the quarterly figures and the dialogue with private shareholders at the Annual General Meeting were an integral part of the investor relations work.

## Shareholder structure

The shares of technotrans SE are held both by institutional investors and by private shareholders. The free float at the end of June 2019 was around 66 percent.

On April 23, 2019, Allianz Global Investors GmbH announced a change in voting rights to 1.11 percent (previous notification: 4.94 percent). At the same time, Allianz Institutional Investors Series SICAV informed about the change in voting rights to 0.00 percent (previous notification: 3.02 percent) whereas Allianz SE announced the change in voting rights held by Allianz Vie S.A. to 3.46 percent. On July 5, 2019, Luxunion S.A. announced the change in voting rights held by Luxempart S.A. to 3.40 percent (previous notification: 2.96 percent). On August 1, 2019, LOYS Investment S.A. informed about the change in voting rights to 4.18 percent (previous notification: 5.04 percent).

## Annual General Meeting

The Annual General Meeting of technotrans SE took place in Muenster on May 10, 2019. In the presence of around 49 percent of the voting share capital, the shareholders approved the agenda items with a large majority. In addition, the Annual General Meeting approved the proposed distribution of a dividend of € 6,078,745.20 or € 0.88 per share, which corresponds to the previous year's level. The payment was made on May 15, 2019.

# PRESENTATION OF SIGNIFICANT EVENTS AND BUSINESS PERFORMANCE

## Significant events and business performance at a glance

### > PRINTING INDUSTRY:

technotrans is expanding its position in the digital and flexographic printing sectors. Machinery revenue developed as expected.

### > LASER/MACHINE TOOL INDUSTRY, STAMPING AND FORMING TECHNOLOGY:

The division is developing in line with planning. Successful acquisition of new customers provides additional market share to technotrans.

### > GROWTH MARKETS:

#### E-mobility

Revenue growth in the E-mobility sector in the first half of the year exceeded expectations. At "The Battery Show", an important trade show in Stuttgart in May, a large number of concrete project enquiries were generated with existing and new customers, confirming the company's sustained growth course.

#### Semiconductor technology

The establishment of technotrans as a partner for EUV technology is developing further. Revenue and incoming orders have gained momentum up in the first half of the year.

#### Medical and laboratory technology

The convincing trade show appearance of the subsidiary termotek GmbH in June at the "Laser World of Photonics" in Munich led to numerous project inquiries, among others in the field of laboratory technology and dermatology. The generated order backlog supports the expectation of a performance in line with planning in the upcoming months.

#### Scanner technology

Revenue of cooling systems for baggage scanners developed well in the reporting period. Following the successful installation of numerous systems, the imminent rollout at the airports suggests that the momentum will continue.

### > PLASTICS PROCESSING INDUSTRY:

The success achieved by gwk's consequent focus on new business outside the automotive industry is reflected in a solid order backlog. The introduction of the new ERP software at gwk also creates the necessary preconditions for a sustained increase in profitability. After overcoming the productivity losses associated with the introduction of the ERP software, coupled with the positive order situation, a revenue volume is therefore expected in the second half of the year that largely compensates for the previous declines.

Reisner Cooling Solutions GmbH, which has been acquired in the previous year, has achieved a strong order backlog and thus confirms the expectations of the Board of Management to make a noticeable contribution to Group revenue in 2019 financial year

### > UPCOMING TRADE SHOWS:

technotrans presents metalworking solutions at the "EMO" in Hanover (September 2019).

At the "Labelexpo" in Brussels, technotrans is demonstrating its expertise in the field of packaging (September 2019).

At the "K" in Duesseldorf, the important trade fair for plastics technology, gwk positions itself as a leading technology partner for customized solutions (October 2019).

At "Busworld" in Brussels (October 2019) technotrans will be presenting its comprehensive range of services for mobile and stationary solutions in the field of E-mobility for road transport.

technotrans will be presenting individual solutions for additive manufacturing applications at "Formnext" in Frankfurt (November 2019).

# INTERIM GROUP MANAGEMENT REPORT

Business performance of the technotrans Group for the first six months of the 2019 financial year

## ECONOMIC REPORT

### General and industry-specific economic environment

The slowdown of the global economy that began to emerge at the end of last year continued in the first half of 2019. Leading forecasting institutes have revised their forecasts downwards. Developed national economies are particularly affected. For Germany, most of the forecasting institutes expect GDP growth rates of less than 1 percent in 2019. An upturn is not expected until the following year.

The main reason for this development is the reluctance of the automotive industry to invest, which is undergoing far-reaching structural change. In addition, there have been long-standing geopolitical issues, such as the trade conflict between the USA and China, concerns about an unregulated Brexit, the tight budget situation in Italy and new diplomatic tensions between the USA and Iran.

The construction and retail sectors, which were driven by the domestic economy, continued to develop relatively stable in the first six months of the year. The export-oriented industries such as mechanical engineering have been affected much more negatively. Since the beginning of the year, there has been a decline in incoming orders. Until May, this was nine percent below the previous year. The outlook for 2019 is correspondingly cautious. The VDMA is currently forecasting a decline in production of two percent compared with 2018.

The ECB tries to reduce the further clouding of the economic situation and a continued inflation rate below the target of two percent with statements regarding a possible easing of monetary policy. Recently, the US Federal Reserve (Fed) has cut interest rate.

### Overall statement on business progress

In the first six months of the financial year, almost all divisions performed in line with planning. This confirms the growth course set by the Board of Management. In particular gwk was hit harder than expected by a sharp decline in revenue and productivity in the first half of the year. At the beginning of the year, these were attributable to the reluctance of the automotive-related plastics processing industry to invest. At the end of the reporting period, the planned introduction of new ERP software impaired productivity. Due to the relative size of gwk within technotrans Group, the revenue and earnings situation of the entire group was severely affected. Accordingly, the business performance of technotrans Group in the first half of 2019 did not meet the expectations.

"The performance of all business units, except for gwk was fully in line with our expectations. Temporary and one-off effects at our largest subsidiary gwk had a strong impact on the Group's business performance. Excluding gwk the technotrans Group grew by five percent. In the meantime, gwk has successfully acquired numerous new orders outside the automotive sector. With the introduction of the new ERP software, gwk is now even more closely integrated into the Group, so that further synergies can be leveraged. We can also expect Reisner to make solid contributions to revenue in the first year after the acquisition," says Dirk Engel, Spokesman of the Board of Management of technotrans SE. "In our view, the technotrans Group's business performance in the first half of the year was unsatisfactory. In view of gwk's renewed strength in orders and the performance of the other divisions in line with planning, we are optimistic about the future and confirm our annual forecast for 2019".

## Revenue and financial performance

		HY1 2019	HY1 2018	Change in %
Revenue	€ million	102.6	107.4	- 4.4
Gross profit	€ million	30.3	34.3	- 11.8
Gross margin	in %	29.5	32.0	
EBITDA	€ million	7.6	11.6	- 34.6
EBIT	€ million	4.1	9.1	- 54.8
EBIT margin	in %	4.0	8.5	
Net profit for the period	€ million	2.7	6.4	- 57.7
EPS	in €	0.39	0.93	- 57.7

### Revenue performance

In the first half of the 2019 financial year, the technotrans Group generated consolidated revenue of € 102.6 million (previous year: € 107.4 million). The share of revenue outside the printing industry was 60.3 percent (previous year: 60.2 percent).

Due to the reluctance of the automotive-related plastics processing industry to invest, the technotrans Group made only a modest start to the new financial year. Temporary revenue shortfalls at gwk, the second-largest group company, already showed effects in the first quarter. Even then, revenue of technotrans Group fell to € 53.1 million (previous year: € 54.1 million). The following quarter was also characterized by a weak revenue development at gwk. The decisive factor here was no longer the market situation, but limited productivity due to the scheduled introduction of new ERP software. This again had an impact on consolidated revenue of the Group, which at € 49.5 million were around 7.0 percent below the previous year's level of € 53.2 million.

The development in the first two quarters led to a 4.4 percent decline in consolidated revenue in the reporting period.

In the Technology segment, revenue of € 73.3 million was achieved in the reporting period (previous year € 78.5 million). The 6.6 percent decline compared to the previous year reflects the effects of gwk on the Group.

All other areas developed according to planning. The performance of the growth markets is particularly pleasing: Revenue growth in the double-digit range exceeded expectations in the first six months of the year. Overall, the laser and machine tool industries also confirmed their development in line with planning.

In the first half of 2019, revenue of around € 41 million was generated with customers in the printing industry (previous year: € 42 million).

The service business again proved stable with a 1.5 percent increase in revenue. This was mainly attributable to the company's business in the laser/machine tool industry, stamping and forming technology and the growth markets while revenue by the printing industry remained strong.

### Financial performance

The main reasons for the decline in the consolidated operating result (EBIT) are a sharp drop in revenue at gwk compared to the previous year and the resulting insufficient utilisation of production capacities. In addition, burdens from a continuing change in the product mix in the rest of the Group and – as planned – higher costs in connection with the expansion of activities in the growth markets contributed to a deterioration in earnings. Accordingly, the gross margin fell to 29.5 percent (previous year: 32.0 percent).

The increase in personnel expenses by 5.8 percent to € 39.7 million (previous year: € 37.5 million) in the first half of the year resulted on the one hand from a continued increase in the number of employees over the past twelve months and on the other hand from an average salary increase of 3 percent compared with the previous year. The personnel expense ratio rose to 38.7 percent, significantly above the previous year's level of 34.9 percent.

Group operating profit (EBIT) reached € 4.1 million in the first half of the year, 55 percent down on the previous year's figure of € 9.1 million. The EBIT margin fell accordingly from 8.5 percent to 4.0 percent.



The EBITDA (earnings before interest, taxes, depreciation and amortization) achieved in the reporting period was also unsatisfactory, with a decline of 35 percent compared with the previous year to € 7.6 million (previous year: € 11.6 million).

Scheduled depreciation increased to € 3.5 million in the reporting period (previous year: € 2.5 million). € 1.1 million of this amount is attributable to the recognition of leases in accordance with IFRS 16 (Depreciation of Rights of Use under Leases).

At € 0.3 million, net interest income was up on the previous year (€ 0.2 million). Income tax expense fell from € 2.4 million to € 1.1 million.

In the first half of 2019, the technotrans Group generated a consolidated result of € 2.7 million (previous year: € 6.4 million). The return on revenue fell from 6.0 percent to 2.6 percent. Earnings per share for the reporting period amounted to € 0.39 (previous year: € 0.93).

## Net worth

### Asset and capital structure (€ million)

Assets	30/6/2019	31/12/2018
Fixed assets	62.7	59.8
Inventories	33.0	28.3
Trade Receivables	23.8	27.1
Cash	10.7	15.6
Other assets*	10.7	5.2
<b>Total assets</b>	<b>140.9</b>	<b>136.0</b>

Equity and Liabilities	30/6/2019	31/12/2018
Equity	71.7	75.2
Borrowings	35.7	34.4
Provisions	9.9	10.7
Trade payables	8.1	6.7
Payments received	5.5	3.1
Other equity and liabilities*	10.0	5.9
<b>Total assets</b>	<b>140.9</b>	<b>136.0</b>

\*First-time Adoption of IFRS 16: The rights of use as well as Liabilities from lease agreements were allocated to other assets or other liabilities. The figures as of December 31, 2018 have not been adjusted.

## Net worth

The technotrans Group's total assets increased to € 140.9 million as per June 30, 2019. This corresponds to an increase of 3.5 percent compared with December 31, 2018.

On the assets side, this increase was due to the progress of the new construction of termotek GmbH in Baden-Baden and the first-time application of the amended disclosure of lease agreements in accordance with IFRS 16 in the amount of € 3.8 million.

The main reason for the lower current assets compared with the end of the last financial year is the expected decline in cash and cash equivalents due to the dividend payment (€ 6.1 million).

Inventories increased by 16.7 percent to € 33.0 million as of the half-year reporting date. This is due to the impaired business development of gwk and a foresighted build-up of inventories at termotek in connection with the upcoming move to the new production building.

Trade receivables fell from € 27.1 million to € 23.8 million in the reporting period.

On the equity and liabilities side, equity amounting to € 71.7 million was reported on the balance sheet date. The decline, mainly due to dividends, was 4.7 percent compared with the figure of € 75.2 million on 31 December 2018. The equity ratio fell from 55.3 percent to 50.9 percent.

Financial liabilities increased by € 1.3 million to € 35.7 million during the first half of the year.

The increase in trade payables including advance payments received as of the balance sheet date resulted in an overall increase in current liabilities. In addition, other liabilities increased by € 3.9 million due to the first-time application of the amended disclosure of lease liabilities in accordance with IFRS 16.

Net working capital (current assets less current liabilities) decreased from €42.6 million as of December 31, 2018 to €34.3 million.

### Financial position

A positive free cash flow of € 1.1 million was realized in the first half of 2019 (previous year: € 1.5 million).

Operating cash flow reached € 7.5 million in the reporting period, compared with € 12.0 million in the same period of the previous year.

Moderate cash inflows from the € 0.7 million reduction in working capital and cash outflows of € 1.9 million for interest and tax payments led to a net cash inflow of € 6.2 million in the first half of 2019 (previous year: € 3.9 million).

Planned disbursements for the new construction project in Baden-Baden were reflected in a cash flow from investing activities of € -5.2 million (previous year: € -2.4 million).

Cash flow from financing activities amounted to € -6.0 million (previous year: € -5.0 million). It consists of new borrowings of € 4.0 million, scheduled repayments of financial liabilities of € 3.9 million and the distribution of the dividend for the past financial year to technotrans shareholders of € 6.1 million (previous year: € 6.1 million).

The repayment of leasing liabilities amounting to € 1.2 million is included in the cash flow from financing activities for the first time.

At € 10.6 million, cash and cash equivalents at the end of the reporting period almost reached the previous year's level.

Cash flow (€ million)	1/1 - 30/6/2019	1/1 - 30/6/2018
Cash flow from operating activities	7.5	12.0
Net cash flow from operating activities	6.2	3.9
Cash flow from investing activities	-5.2	-2.4
Free cash flow	1.1	1.5
Cash flow from financing activities	-6.0	-5.0

Bank borrowings amounted to € 35.6 million at the end of the first half of 2019. The overall credit line remains diversified across several lenders and has a balanced maturity structure.

Net debt – after netting of cash and cash equivalents with interest-bearing borrowings – increased from € 19.4 million to € 29.6 million in the reporting period. Contrary to the previous year, leasing liabilities in the amount of € 3.9 million have been recognised in accordance with IFRS 16.

## Segment report

### Performance indicators by segment

		Technology		Services		technotrans Group	
		2019	2018	2019	2018	2019	2018
Revenue	(€ million)	73.3	78.5	29.3	28.8	102.6	107.4
Q1		38.1	39.7	15.0	14.5	53.1	54.1
Q2		35.2	38.9	14.3	14.4	49.5	53.2
EBITDA	(€ million)	2.1	6.4	5.5	5.2	7.6	11.6
Q1		2.2	3.2	2.9	2.6	5.1	5.8
Q2		-0.1	3.2	2.6	2.6	2.5	5.8
EBIT	(€ million)	-0.1	4.5	4.2	4.6	4.1	9.1
Q1		1.1	2.2	2.2	2.3	3.3	4.5
Q2		-1.2	2.2	2.0	2.3	0.8	4.6
EBIT margin	(in %)	-0.2	5.7	14.5	16.0	4.0	8.5
Q1		2.9	5.7	15.0	15.8	6.3	8.4
Q2		-3.5	5.7	14.0	16.3	1.5	8.6

The development of the Technology segment is substantially influenced by the negative effects at gwk in the first two quarters of the financial year. Segment revenue decreased from € 78.5 million to € 73.3 million. This corresponds to a decline in revenue of 6.6 percent.

Apart from gwk, the revenue contributions of the other markets developed according to plan or even better.

While the printing industry declined slightly due to further consolidation in the end customer segment, the other technology markets delivered the expected stable revenue and order intake growth. However, the extensive impairments caused by gwk could not be fully compensated.

Revenue in the Services segment reached € 29.3 million in the first six months of the financial year (previous year: € 28.8 million), a slight growth of 1.5 percent compared to the previous year. In addition to a stable contribution to revenue from the printing industry, growth in the laser and machine tool industries and growth markets compensated for the moderate decline in the plastics industry. Business in the Technical Documentation segment remained stable at the previous year's level in the period under review.

The operating result (EBIT) of the Technology segment is substantially affected by the development of gwk: Compared to a consolidated EBIT of € 4.5 million in the previous year, a break-even result of € -0.1 million was achieved in the reporting period. In the first half of the year, an unsatisfactory segment return of -0.2 percent was generated, compared with 5.7 percent in the previous year. The result in the Services segment is remained positive. Solid earnings were generated with an EBIT of € 4.2 million (previous year € 4.6 million). At 14.5 percent, the segment return was also in line with expectations (previous year: 16.0 percent).

### Employees

At June 30, 2019, the technotrans Group employed 1,435 people worldwide. This corresponds to a decrease of 18 employees compared to the end of the financial year 2018. Based on the full-time employee equivalents, the number of employees has increased from 1,267 to 1,275 since the beginning of the financial year.

The Technology segment had 1,049 employees at the end of the reporting period. This corresponds to a decrease of 8 persons compared to December 31, 2018. The Services segment had 386 employees at the end of the first half compared with 396 at the end of 2018 financial year.

# REPORT ON POST-BALANCE SHEET DATE EVENTS

After June 30, 2019 no events of particular significance with an impact on the net worth, financial positions and earnings of the company have occurred.

On July 25, 2019 technotrans issued an ac-hoc announcement on preliminary revenue and EBIT figures of the group for the first half year of the financial year 2019.

## OPPORTUNITIES AND RISKS REPORT

There were no material changes to the opportunities and risks in the period under review. For details of the significant risks to our business and the risk early-warning system, please refer to our remarks in the Combined Management report for 2018 (from page 76). It is noted there that the company does not consider itself to be exposed to any existential risks that could endanger the company as a going concern and that it is well positioned in the medium term to further expand its market position and grow globally.

## OUTLOOK

### **Expected economic environment**

The growth prospects for the remaining months of 2019 continue to be judged cautiously by the leading institutions. In its most recently published World Economic Outlook, the International Monetary Fund (IMF) forecasts a global growth rate of 3.3 percent for 2019. The IMF continues to expect a heterogeneous development of the national economies. Developing and emerging countries will continue to be the growth drivers here. The growth prospects for the developed countries are accordingly assessed more cautiously: The IMF expects 1.3 percent for the euro zone and only 0.8 percent for Germany.

The main reasons cited for the assessment are the ongoing trade conflict between the USA and China, the threat of Brexit and the reluctance to invest in some industrial sectors.

In this context, the ifo Institute recently adjusted its GDP forecast (Germany) for 2019, published in December last year, from 1.6 percent to 0.6 percent.

The concrete order situation in the German mechanical engineering sector also deteriorated considerably in the first months of the year. According to the VDMA, incoming orders from January to May were nine percent down on the previous year. For 2019, the VDMA expects a decline in production of two percent compared with the previous year.

The VDMA cites the geopolitical upheavals mentioned above as reasons for the cautious outlook, in addition to a weaker economic environment due to the structural changes in the automotive industry.

### **Expected business development of the Group**

In view of the cautious forecasts for economic development in 2019, some of which have been revised downwards once again, the Board of Management of technotrans SE continues to expect economic growth to lose momentum in the 2019 financial year.

Uncertainty in the markets relevant to technotrans has increased further. This expectation is part of the forecast adjusted in May 2019.

Provided that the economic environment does not deteriorate significantly, the Board of Management continues to expect revenue in the range of € 218 to 226 million and an operating result (EBIT) of between € 12 and 16 million for the 2019 financial year.

For the **Technology segment**, the Board of Management assumes, in line with its revenue and earnings expectations, that the temporary impairments of gwk will not continue in the second half of the year and that the other divisions will continue to develop as planned.

Based on a stable OEM business in the second half of the year, the Board of Management continues to expect business in the **printing industry** to develop according to planning, with revenue almost at the previous year's level. No positive market impulses are still assumed for the global end customer business.

In the **laser and machine tool industry**, the Board of Management expects slight overall growth for the year based on the current order backlog and market share gains.

Continued positive development is also expected in the **growth markets**. In E-mobility, numerous newly acquired projects and successful trade fair appearances form the basis for further growth. The current momentum in this market segment is largely influenced by the development of the supply of corresponding vehicles (road and rail) and the demand for a charging infrastructure. technotrans has the necessary resources and flexibility to serve the market promptly and with a high degree of implementation strength.

For the EUV technology, too, the Board of Management is assuming sustained revenue growth in the coming quarters. This also applies to medical technology: New customers and applications characterize the development here.

The order backlog of the **plastics processing industry** division is now almost back to the previous year's level, following the temporary, partly market-induced impairments in the first half of 2019. The weakness in automotive-related injection moulding is offset by a good order situation in construction-related extrusion technology among others. This development leads us to expect increasing revenue in the following months. In addition, the introduction of the new ERP software sets the conditions for increasing productivity through increased group integration. For the year 2019, however, a decline in revenue and earnings compared to the previous year is assumed for the plastics processing industry as a whole, even if a noticeable improvement is apparent in the second half of the year.

The projects initiated to increase profitability and efficiency will be systematically pursued. The new ERP system established at gwk represents an important milestone here. "Lean transformation" is also continuing to be implemented. The package of measures is expected to have a noticeable impact on Group profitability from 2020/2021 once the implementation has been completed.

We expect the **Services segment** to continue to perform robustly and according to plan, with a slight increase in revenue volume and stable profitability.

In view of the expected revenue development in the coming months of the 2019 financial year, the Board of Management expects the EBIT margin to improve.

For 2019, the Board of Management is planning a positive free cash flow. Capital expenditure in property, plant and equipment and intangible assets are expected to amount to around € 8.0 million in 2019. The completion of the new building in Baden-Baden is included in this figure.

The Board of Management confirms its medium-term strategy of increasing the revenue of the technotrans Group to € 300 million over the next three years through organic growth and additional strategic acquisitions. The target of a double-digit EBIT margin for the Group also remains in the medium-term focus.

## CONSOLIDATED BALANCE SHEET

ASSETS	30/6/2019	31/12/2018
	€ '000	€ '000
<b>Non-current assets</b>		
Property, plant and equipment	31,531	28,583
Rights of use for leased assets	3,791	0
Goodwill	23,513	23,513
Intangible assets	7,647	7,693
Other financial assets	173	162
Deferred tax	1,469	1,466
	<b>68,124</b>	<b>61,417</b>
<b>Current assets</b>		
Inventories	33,025	28,296
Trade receivables	23,792	27,111
Income tax receivable	1,295	629
Other financial assets	1,868	758
Other assets	2,095	2,255
Cash and cash equivalents	10,662	15,566
	<b>72,737</b>	<b>74,615</b>
<b>Total assets</b>	<b>140,861</b>	<b>136,032</b>

## EQUITY AND LIABILITIES

	<b>30/6/2019</b>	<b>31/12/2018</b>
	€ '000	€ '000
<b>Equity</b>		
Issued capital	6,908	6,908
Capital reserve	19,097	19,097
Retained earnings	49,406	43,282
Other reserves	-6,430	-6,426
Net profit for the period	2,707	12,383
<b>Total equity attributable to technotrans SE shareholders</b>	<b>71,688</b>	<b>75,244</b>
<b>Non-current liabilities</b>		
Borrowings	25,712	25,956
Provisions	1,070	942
Lease liabilities	2,260	0
Other financial liabilities	614	614
Deferred tax	1,086	1,220
	<b>30,742</b>	<b>28,732</b>
<b>Current liabilities</b>		
Borrowings	9,950	8,431
Trade payables	8,138	6,712
Prepayments received	5,517	3,115
Provisions	8,864	9,751
Income tax payable	260	700
Lease liabilities	1,676	0
Other financial liabilities	1,173	800
Other liabilities	2,853	2,547
	<b>38,431</b>	<b>32,056</b>
<b>Total equity and liabilities</b>	<b>140,861</b>	<b>136,032</b>

## CONSOLIDATED INCOME STATEMENT

	1/4/ - 30/6/2019	1/4/ - 30/6/2018	1/1/ - 30/6/2019	1/1/ - 30/6/2018
	€ `000	€ `000	€ `000	€ `000
Revenue	49,522	53,234	102,591	107,364
of which Technology	35,218	38,864	73,337	78,544
of which Services	14,304	14,370	29,254	28,820
Cost of sales	-36,015	-36,252	-72,337	-73,057
Gross profit	13,507	16,982	30,254	34,307
Distribution costs	-6,502	-6,565	-13,023	-12,950
Administrative expenses	-4,725	-4,900	-9,689	-9,753
Development costs	-1,920	-1,895	-3,983	-3,835
Other operating income	774	1,176	1,490	2,154
Other operating expenses	-369	-245	-950	-846
Earning before interest and taxes (EBIT)	765	4,553	4,099	9,077
Financial income	13	2	13	4
Financial charges	-156	-105	-329	-212
Net finance costs	-143	-103	-316	-208
Profit before tax	622	4,450	3,783	8,869
Income tax expenses	-163	-1,222	-1,076	-2,436
Net profit for the period	459	3,228	2,707	6,433
of which:				
Profit attributable to technotrans SE shareholders	459	3,214	2,707	6,405
Profit/loss attributable to non-controlling interests	0	14	0	28
Earnings per share (€)				
basic/diluted	0.07	0.47	0.39	0.93



## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	1/4/ - 30/6/2019	1/4/ - 30/6/2018	1/1/ - 30/6/2019	1/1/ - 30/6/2018
	€ `000	€ `000	€ `000	€ `000
Net profit for the period	459	3,228	2,707	6,433
Other results				
Items that were or must be reclassified to Income Statement				
Exchange differences from the translation of foreign group companies	-124	300	-29	268
Change in the amount recognised within equity (Net investments in a foreign operation)	16	-193	43	-260
Change from first-time application of IFRS 16	0	0	-180	0
Change in the market values of cash flow hedges	-5	6	-28	12
Deferred tax	3	-2	10	-4
Change in the amount recognised within equity (cash flow hedges)	-2	4	-18	8
Other result after tax	-110	111	-184	16
Overall result for the period	349	3,339	2,523	6,449
of which:				
Profit attributable to technotrans SE shareholders	349	3,325	2,523	6,421
Profit/loss attributable to non-controlling interests	0	14	0	28

## CONSOLIDATED CASH FLOW STATEMENT

	1/1 - 30/6/2019	1/1 - 30/6/2018
	€ `000	€ `000
<b>Cash flow from operating activities</b>		
Net profit for the period	2,707	6,433
Adjustments for:		
Depreciation and amortisation	3,464	2,489
Income tax expenses	1,076	2,437
Gain (-) / loss (+) on the disposal of property, plant and equipment	- 99	- 36
Foreign exchange losses (+)/ gains (-)	5	438
Net finance costs	329	208
Other non-cash changes	- 16	0
<b>Cash flow from operating activities before working capital changes</b>	<b>7,466</b>	<b>11,969</b>
Change in:		
Inventories	- 4,731	- 2,553
Receivables and other assets	2,369	- 3,879
Other non-current assets	- 14	28
Liabilities and prepayments	3,794	2,214
Provisions	- 758	- 585
<b>Cash from operating activities</b>	<b>8,126</b>	<b>7,194</b>
Interest received	0	4
Interest paid	- 291	- 212
Income taxes paid/income tax rebates	- 1,621	- 3,091
<b>Net cash from operating activities</b>	<b>6,214</b>	<b>3,895</b>
<b>Cash flow from investing activities</b>		
Cash payments for investments in property, plant and equipment and in intangible assets	- 5,234	- 2,097
Cash outflow for the acquisition of consolidated companies	0	- 569
Proceeds from the sale of property, plant and equipment	78	239
<b>Net cash used for investing activities</b>	<b>- 5,156</b>	<b>- 2,427</b>
<b>Cash flow from financing activities</b>		
Cash receipts from the raising of short-term and long-term loans	4,061	3,002
Cash payments from the repayment of loans	- 2,786	- 1,906
Distribution to investors	- 6,079	- 6,079
Cash outflow for the repayment of leasing liabilities	- 1,158	0
<b>Net cash used in financing activities</b>	<b>- 5,962</b>	<b>- 4,983</b>
Net increase/decrease in cash and cash equivalents	- 4,904	- 3,515
Cash and cash equivalents at start of period	15,566	14,798
Consolidation-related changes in cash and cash equivalents	0	- 415
<b>Cash and cash equivalents at the end of period</b>	<b>10,662</b>	<b>10,868</b>

## CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

	30/6/2019	31/12/2018
	€ '000	€ '000
Equity at January 1st	75,244	69,750
Net profit for the period	2,707	12,383
Other result	-184	10
Overall result for the period	2,523	12,393
Transactions with owners		
Distribution of profit	-6,079	-6,079
Transactions with owners	-6,079	-6,079
Changes in ownership interests		
Acquisition of non-controlling interests without a change in control	0	-820
Total changes in ownership interests	0	-820
Equity at the end of the period	71,688	75,244

## NOTES

The Consolidated Financial Statements of technotrans SE at June 30, 2019, in common with the Consolidated Financial Statements at December 31, 2018, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as applicable at the reporting date. These Interim Consolidated Financial Statements were prepared in agreement with IAS 34 „Interim Financial Reporting“ and should be read in the context of the Consolidated Financial Statements published by the company for the 2018 financial year. technotrans prepares and publishes the Consolidated Financial Statements in euros.

The Consolidated Balance Sheet together with the Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Statement of Movements in Equity and Consolidated Cash Flow Statement for the reporting periods ending on June 30, 2019 and 2018 as well as the Notes have been neither audited nor subjected to any other review.

All interim financial statements of the companies included in the Interim Consolidated Financial Statements were prepared in accordance with standard recognition and measurement principles, which were also applied for the Consolidated Financial Statements for the year ending December 31, 2018. Taking into account the IFRS standards to be adopted for the first time since the start of the year, the remaining recognition and measurement principles as well as the consolidation methods applied were unchanged from the 2018 financial year. For further explanatory remarks we refer to the Notes to the Consolidated Financial Statements at December 31, 2018.

The technotrans Group at June 30, 2019 comprised technotrans SE as well as 19 companies that were fully included in the Interim Financial Statements as fully consolidated companies. Compared to December 31, 2018 the number of group companies has not changed.

## RESPONSIBILITY STATEMENT BY THE MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, the interim group management report includes a fair review of the performance and results of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Sassenberg, August 2019

technotrans SE  
The Board of Management



Dirk Engel



Peter Hirsch



Hendrik Niestert

## SUPPLEMENTARY INFORMATION

### Shareholder structure

Shareholder Structure at the end of the period in %		30/6/2019
Freefloat	in %	65.6
Objectif Small Cap (F)	in %	5.5
Gerlin NV (NL)	in %	6.7
Midlin NV (NL)	in %	3.4
LOYS Investment S.A.	in %	8.4
Union Investment Privatfonds (D)	in %	3.9
Allianz Global Investors (D)	in %	3.5
Universal-Investment-Gesellschaft (D)	in %	3.0

### Directors' Holdings (Board of Management and Supervisory Board Members)

	30/6/2019
<b>Board</b>	
Dirk Engel	22,500
Peter Hirsch	2,000
Hendirk Niestert	1,756
<b>Supervisory board</b>	
Dr. Norbert Bröcker	250
Heinz Harling	64,854
Dr. Wolfgang Höper	0
Andre Peckruhn	76
Thorbjørn Ringkamp	385
Dieter Schäfer	0

### IR service

Our website provides a comprehensive IR service. In addition to corporate reports, analyst estimates, financial presentations and information on the Annual General Meeting, you will also find our factsheet and financial communications there.

<https://www.technotrans.de/en/investor-relations>

### Note

The Interim Financial Report of technotrans SE at June 30, 2019 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and is in accordance with section 52 of the Exchange Rules for the Frankfurt Stock Exchange (FSE).

This Interim Financial Report is published in German and English. The German version is always definitive. This Interim Group Management Report contains statements on the future development of the technotrans Group. They reflect the present views of the management of technotrans SE and are based on the corresponding plans, estimates and expectations. We point out that the statements are subject to certain risks and uncertainties which could mean that the actual results differ considerably from those expected. The figures and percentages contained in this report may lead to differences due to rounding.

# FINANCIAL CALENDAR

Publication	Date
Commerzbank Sector Conference, Frankfurt	August 29, 2019
Berenberg and Goldman Sachs Eight German Corporate Conference, München	September 24, 2019
Quarterly release 1-9/2019	November 5, 2019
German Equity Forum, Frankfurt	November 25 – 27, 2019
Berenberg Pennyhil Conference 2019, London	December 3, 2019

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