

A dark, industrial background featuring complex machinery with various pipes, valves, and blue-painted components. A small white label with black text is visible in the upper left area of the machinery.

GROUP INTERIM REPORT

FOR THE FIRST SIX MONTHS OF 2020

Uzin Utz

The Group at a glance

Due to the reporting in KEUR, rounding differences may occur during addition, as the calculation of the individual items is based on figures in EUR.

	Jan 01 - June 30, 2020 in KEUR	Jan 01 - June 30, 2019 in KEUR	Change in KEUR	Change in %
Sales revenues	186,896	186,267	629	0.3 %
Sales revenues – national	74,447	69,939	4,508	6.4 %
Sales revenues – abroad	112,449	116,328	-3,879	-3.3 %
Earnings before interest and taxes (EBIT)	15,453	15,450	4	0.0 %
EBIT Margin	8.3 %	8.3 %	-	-
Investments for the second quarter	4,937	9,281	-4,344	-46.8 %
Employees (average, full-time equivalent, exklusive trainees)	1,326	1,312	14	1.1 %
Personnel expenses	50,116	49,482	634	1.3 %

Interim Management Report

General economic conditions

As a result of the Covid 19 pandemic, the global economy and with it the German economy fell into recession in the first half of 2020. After the corona virus broke out at the beginning of 2020 and spread worldwide, German gross domestic product fell by 2.2% (adjusted for price, seasonal and calendar effects) in the first quarter compared with the fourth quarter of 2019. The German economy then fell at a record pace in the second quarter. From April to June, gross domestic product declined by 10.1% compared with the previous quarter, as the Federal Statistical Office announced in a press release.

The main reasons for this are the measures taken to control the pandemic. Contact restrictions, closed shops, restaurants and hotels as well as cancelled events had caused large parts of the economy to be shut down from mid-March onwards. As a result, imports and exports of goods and services fell massively. In addition, the corona pandemic abruptly slowed down private consumer spending and corporate investment in equipment such as machinery or vehicles.

The labour market is also under pressure due to the corona pandemic. The massive use of short-time work stabilized the labor market. Compared to the previous year, the number of unemployed increased by 637,000 in June 2020. The unemployment rate rose to 6.2%, an increase of 1.3% compared to June 2019.

Development within the sector

In the main construction industry in Germany, the first four months up until and including April showed almost no discernible effects of the corona pandemic on turnover and employment figures. Despite the largely stagnant economy, the construction industry had a high level of orders on hand, which stabilized sales until the end of April. In the meantime, the first minor impairments in the construction sector can be observed. According to the Federal Statistical Office in Wiesbaden, the main construction industry recorded a decline in new orders of 8.4% in May compared with the previous month.

Overall, new orders in the construction industry fell by 4.5% (price-adjusted) in the first five months of 2020 compared with the same period last year. Compared with February, the month before the outbreak of the corona pandemic in Germany, new orders fell by 13.3%. As a result, the order intake in May was approximately EUR 6.7 billion (including price increases), a decrease of 10.6% compared to the previous year. The number of order cancellations is now increasing, especially from the commercial sector, as industry as well as trade and gastronomy are facing considerable losses in sales, which is reducing willingness to invest.

Since the increased spread of the corona virus in March, European countries have applied restrictions of different degrees to the construction industry. While at the beginning of the crisis a large number of construction sites in the UK, France, Austria and Hungary, among others, were provisionally closed, the majority of German construction projects were able to continue, although restricted by gaps in the supply chain or shortages of personnel. Construction activity in the USA also suffered a massive collapse due to the corona virus. Although construction sites have now been gradually reopened in most countries, fear of the consequences of the pandemic and a second wave of infection is dampening hopes of a rapid economic recovery.

Profit situation, capital status and financial position

Numbers related to previous year in brackets

Profit situation

The Uzin Utz Group recorded a very solid first half of 2020.

In the first half of 2020, the Group generated revenues at the previous year's level of EUR 186.9 million (186.3). The foreign share decreased by 2.3 percentage points to 60.2% (62.5).

The Earnings before interest and taxes (EBIT) at around EUR 15.5 million are slightly higher than the previous year's result (15.4).

The Earnings before taxes (EBT) of EUR 14.6 million (14.5) are slightly higher than in the previous year.

Consolidated earnings after taxes decreased to EUR 10.2 million (10.8).

The materials usage ratio in the Group declined slightly to 43.1% (43.4).

Depreciation and amortization increased to EUR 7.2 million (6.7).

Other operating expenses fell from EUR 36.8 million in the previous year to EUR 35.2 million in 2020. In the interests of international comparability, the key performance indicator profit on ordinary activities (EGG) was replaced by earnings before interest and taxes (EBIT) in 2019. As a result, other taxes, which were previously presented separately, were reclassified as other operating expenses. In the consolidated statement of comprehensive income, the previous year's figures were therefore presented as adjusted.

At EUR 22.7 million, Earnings before interest, taxes, depreciation and amortization (EBITDA) were EUR 0.5 million higher than in the same period of the previous year (22.2).

At EUR -0.8 million, the financial result was EUR 0.1 million higher than in the previous year (-0.9).

Employees

In the first half of 2020, the average number of employees rose from 1,312 to 1,326 compared with the previous year. 50 young people were also offered training (47). The personnel cost ratio rose by 0.2

percentage points from 26.6% to 26.8%. In absolute terms, personnel costs rose by around EUR 0.6 million from EUR 49.5 million to EUR 50.1 million.

Capital status

For better comparability all previous year's figures refer to the balance sheet at the due date June 30, 2019.

The balance sheet total rose by around EUR 6.4 million to EUR 330.0 million (323.6).

The share of Group fixed assets rose from 55.7% to 56.3%, with the remaining assets accounting for 43.7% (44.3) of total assets.

Trade receivables declined from EUR 51.8 million to EUR 46.6 million.

Inventories decreased by EUR 0.6 million from EUR 53.4 million to EUR 52.8 million.

With the exception of investment property, all assets are still operationally necessary.

Cash and cash equivalents increased by EUR 10.9 million from EUR 19.6 million to EUR 30.5 million.

Financial position

Shareholders' equity amounted to EUR 174.4 million (161.0) and is with a share of 52.8% (49.7) of the balance sheet total still significant above the industry average.

Current financial liabilities decreased by a total of EUR 1.4 million to EUR 35.3 million (36.7).

Trade payables increased from EUR 13.9 million to EUR 15.0 million.

Current provisions rose by a total of EUR 1.1 million to EUR 21.5 million (20.4).

As a result of these changes, the share of current liabilities in the balance sheet total went up from 25.3% in the previous year to 25.5% in 2020.

By contrast, the share of non-current liabilities in the balance sheet total fell to 21.7% (24.9), from EUR 80.7 million in the previous year to EUR 71.5 million.

Forecast

The International Monetary Fund (IMF) expects a severe global recession due to the corona pandemic, which will also trigger a significant increase in poverty and unemployment. According to the economic forecast presented at the end of June, the IMF expects global economic output to decline by 4.9% in 2020. In April, the IMF was still predicting a decline of 3%. For some European countries such as France, Italy and Spain, the IMF also forecasts an economic decline of more than 12% each. For the world's largest economy, the USA, a reduction of 8% is predicted. According to the IMF, GDP in Germany is expected to fall by 7.8% this year.

Although the corona pandemic is putting the global economy into a deeper recession than was assumed in April, the IMF expects a recovery next year. The global economy and the German economy are expected to grow by 5.4% in 2021. The German government's economic rescue package for the years 2020 and 2021, worth a total of 130 billion euros, will also contribute to this. The economic recovery package includes, among other things, a 3% reduction in value-added tax from July 01 to December 31, 2020, and is intended to boost consumption as an important support for the economy.

In view of the ongoing, unpredictable corona crisis, the Uzin Utz Group is unable to make a serious forecast of results for the second half of the year. The Uzin Utz Group still has extensive pandemic measures in place to prevent the spread of the virus as far as possible. By working in shift models and in the home office, the aim is to prevent employees from becoming infected and production or other departments from being shut down in the future. At the same time, digitalization at the Uzin Utz Group is gaining immense significance due to the pandemic measures. The Uzin Utz Group expanded its service activities at an early stage and adopted new approaches in order to continue to meet customer requests. The digital service offerings include online set-up recommendations using a ground navigator, WhatsApp video chats and other mobile tools. In addition, customer training is provided in digital form and also again in person, taking into account an elaborated training and hygiene concept. The Uzin Utz Group has made great progress in the development of its digital division in the past six months. The Uzin Utz Group is therefore confident about the second half of the year and remains in its commitment to the PASSION 2025 strategy.

	June 30, 2020	June 30, 2020
Earnings per share basic and diluted, based on for the reporting period attributable to ordinary equity holders of the parent company result after taxes	2.01	2.14
Average number of employees (incl. trainees)	1,376	1,359

Consolidated Statement of Profit and Loss of the Group*

	June 30, 2020	June 30, 2019**
Sales revenues	186,896	186,267
Changes in inventory of finished goods and work in progress	-1,005	2,619
Total output	185,891	188,886
Other operating income	2,121	1,626
Cost of material	80,079	82,032
Personnel expenses	50,116	49,482
Depreciation	7,213	6,715
Other operating expenses	35,151	36,833
Operating Income (EBIT)	15,453	15,450
Revenues from investments in associates (equity method)	-42	30
Financial earnings	37	53
Financial expenses	834	1,006
Financial result	-839	-923
Earning before taxes (EBT)	14,614	14,527
Taxes on income	4,371	3,717
Net Income after taxes	10,244	10,811
Thereof:		
Shareholders of the parent company	10,140	10,771
Non-controlling interests	104	39
Other result, after taxes		
Positions, which are changed to the profit or loss in the future under certain conditions	-275	926
Currency translation differences	-300	925
Income from financial instruments	27	0
Deferred taxes thereon	-2	1
Other result – after taxes	-275	926
Thereof:		
Shareholders of the parent company	-272	921
Non- controlling interests	-3	5
Total result – after taxes	9,969	11,736
Thereof:		
Shareholders of the parent company	9,868	11,692
Non- controlling interests	101	44

* Values according to IFRS, in KEUR, unaudited

** Previous year presented as adjusted due to reclassification of „Other taxes“ to the item „Other operating expenses“. For explanations see section “Results of operations”.

Consolidated Balance Sheet of the Group*

Assets	June 30, 2020	Dec, 31, 2019	June 30, 2019
Intangible assets	37,088	37,619	38,183
Property, plant and equipment	136,938	136,608	128,740
Rights of use	6,798	7,923	8,029
Subsidiaries measured at equity	1,360	1,446	1,641
Non-current financial assets	3,645	3,638	3,667
Investment properties	5,094	5,065	4,998
Income tax receivables	0	0	0
Deferred tax assets	4,429	4,229	3,058
Other non- current assets	81	127	199
Non- current assets	195,434	196,656	188,516
Inventories	52,825	51,814	53,422
Trade receivables	46,577	28,986	51,756
Income tax receivables	783	2,978	940
Other current assets	3,907	5,572	9,345
Cash and cash equivalents	30,478	26,338	19,575
Current assets	134,571	115,688	135,039
Balance sheet total	330,005	312,344	323,555
Equity and Liabilities			
Subscribed capital	15,133	15,133	15,133
Capital reserve	26,962	26,962	26,962
Revenue reserve	130,181	126,870	116,875
Total equity attributable to the parent company	172,275	168,965	158,970
Non-controlling interests	2,109	2,008	1,995
Total equity	174,384	170,972	160,965
Provisions for pensions and other similar obligations	8,609	8,336	6,813
Non-current financial liabilities	50,997	54,603	62,393
Deferred tax liabilities	11,502	11,611	11,297
Other non-current liabilities	342	0	176
Non-current liabilities	71,450	74,551	80,679
Provisions	21,479	14,550	20,412
Current financial liabilities	35,263	26,622	36,658
Advances received	16	93	67
Trade payables	15,035	12,029	13,948
Income tax liabilities	1,849	2,414	2,216
Other current liabilities	10,530	11,114	8,610
Current liabilities	84,171	66,821	81,911
External capital	155,621	141,372	162,590
Balance sheet total	330,005	312,344	323,555

* Values according to IFRS, in KEUR, unaudited

Consolidated Statement of Cashflows of the Group *

	June 30, 2020	June 30, 2019
Net income for the year after taxes	10,244	10,811
+/- Depreciation and amortization of property, plant and equipment	7,213	4,775
+/- Change in Provisions	7,147	8,084
+/- Other non-cash expenses/income	42	-38
+/- Profit/loss from the disposal of property, plant and equipment	22	-80
+/- Change in current assets (inventories, receivables) of other assets not attributable to investing or financing activities	-15,249	-23,296
+/- Change in liabilities of other liabilities not attributable to investing or financing activities	1,941	-2,000
Cashflow from operating activities	11,360	-1,745
+/- Proceeds from disposals of property, plant and equipment/Investments in property, plant and equipment	-4,448	-8,611
+/- Proceeds from disposal of intangible assets/ Investments in intangible assets	-214	-47
+/- Proceeds from disposal of financial assets/ Investments in financial assets	-8	-204
Cashflow from investing activities	-4,669	-8,863
- Payments to shareholders and minorities	-6,558	-6,558
+/- Proceed from the issue of bonds/Repayment of bonds	-3,398	1,109
Cashflow from financing activities	-9,956	-5,448
Payment-related change in cash and cash equivalents	-3,265	-16,056
+/- Changes in cash and cash equivalents related to exchange rate, group of consolidation and measurement	-187	-213
+ Cash and cash equivalents at the beginning of the period	21,101	18,591
Cash and cash equivalents at the end of the period	17,649	2,321
Cash and cash equivalents		
Cash and cash equivalents	30,478	19,575
Short-term liabilities due to credit institutions	-12,829	-17,255
Cash and cash equivalents	17,649	2,321

* Values according to IFRS, in KEUR, unaudited

Statement of Changes in Equity of the Group *

	Subscribed capital	Capital reserve	Retained earnings	
			Generated equity	Foreign currency translation adjustment
Status as of January 01, 2019	15,133	26,962	112,882	4,366
Change due to IFRS 16	0	0	-219	0
Change after adjustment purchase price allocation	0	0	0	0
Status as of January 01, 2019 (adjusted)	15,133	26,962	112,664	4,366
Net income after taxes	0	0	10,771	0
Other comprehensive income	0	0	0	921
Total result	0	0	10,771	921
Increase of capital	0	0	0	0
Treasury shares	0	0	0	0
Dividends paid	0	0	-6,558	0
Change in non-controlling interests	0	0	0	0
Other Changes	0	0	-2	0
Status as of June 30, 2019	15,133	26,962	116,876	5,286
Status as of January 01, 2020	15,133	26,962	127,068	6,068
Net income after taxes	0	0	10,140	0
Other comprehensive income	0	0	0	-297
Total result	0	0	10,140	-297
Increase of capital	0	0	0	0
Treasury shares	0	0	0	0
Dividends paid	0	0	-6,558	0
Non-controlling interests from the acquisition of subsidiaries	0	0	0	0
Other changes	0	0	0	0
Status as of June 30, 2020	15,133	26,962	130,651	5,771

* Values according to IFRS, in KEUR, unaudited

Other reserves	Discharge amount on own shares	Total equity attributable to shareholders of the parent company	Minority interests	Total Equity
-5,455	0	153,888	1,993	155,881
0	0	-219	-42	-261
165	0	165	0	165
-5,290	0	153,834	1,951	155,785
0	0	10,771	39	10,811
0	0	921	5	926
0	0	11,692	44	11,736
0	0	0	0	0
0	0	0	0	0
0	0	-6,558	0	-6,558
0	0	0	0	0
3	0	1	0	1
-5,287	0	158,970	1,995	160,965
-6,266	0	168,965	2,008	170,972
0	0	10,140	104	10,244
25	0	-272	-3	-275
25	0	9,868	101	9,969
0	0	0	0	0
0	0	0	0	0
0	0	-6,558	0	-6,558
0	0	0	0	0
0	0	0	0	0
-6,241	0	172,276	2,109	174,384

Segment Reporting of the Group*

As of June 30, 2020

	Germany		Netherlands	
	Laying systems	Surface care and enhancement	Laying systems	Wholesale
External sales	66,173	9,773	20,117	17,920
Previous year	62,206	9,124	18,592	17,385
Internal sales	17,683	4,759	7,329	106
Previous year	20,667	5,170	7,832	43
Total sales	83,857	14,532	27,446	18,027
Previous year	82,873	14,294	26,424	17,427
Segment result EBIT	4,553	3,046	2,956	375
Previous year	2,746	2,386	2,553	246

At the 2019 financial statements, the result from ordinary activities was replaced by EBIT (Earnings before interest and taxes).

Transition*

The reconciliation of the total of the operating segment results to the EBIT in the Group is as follows:

	June 30, 2020	June 30, 2019
Segment result EBIT	15,579	15,944
Segment result of non-operating segments	73	79
Consolidations	-199	-573
Group result EBIT	15,453	15,450

* Values according to IFRS, in KEUR, unaudited

Western Europe	South-/ Eastern Europe	Other segments	Transitions	Total Group
20,805	7,662	44,445	0	186,896
24,075	7,749	47,137	0	186,267
4,067	2,290	5,694	-41,929	0
4,864	1,908	6,322	-46,807	0
24,872	9,952	50,140	-41,929	186,896
28,939	9,657	53,459	-46,807	186,267
1,142	1,006	2,502	-126	15,453
2,080	773	5,159	-494	15,450

Notes to the half-year report

Financial reporting and valuation methods

This interim report has been prepared in accordance with IAS 34 „Interim Financial Reporting“. The interim financial statements for the period ended 30 June 2020 and the comparative figures for the previous year were prepared using the accounting policies applied to the 2019 consolidated financial statements. A detailed description of these principles has been published in the notes to the 2019 consolidated financial statements. These are also available on the Internet at www.uzin-utz.com under Investor Relations/Financial Reports/Annual Reports/Annual Report 2019.

The consolidated interim financial statements are not reviewed by an auditor.

Changes in the consolidated companies

There were no changes in the scope of consolidation in the first half of 2020.

Statement of Cashflows

The cash flow statement was prepared in accordance with IAS 7 using the indirect method for cash flow from operating activities, based on net income. The cashflow statement is divided into three areas: operating activities, investing activities and financing activities.

Segment reporting

The segment reporting is in accordance with IFRS 8 "Operating Segments".

The segments are shown according to their internal organisation and reporting structure and the legal units, although these were summarized taking into account regional areas of responsibility. The composition of the segments is analogous to the annual report for 2019. The subsidiaries recognized as at equity are not taken into account for the reporting of the segments.

The segment result is shown as the Operating income (EBIT).

Distribution of profit

The proposal to distribute a portion of the 2019 unappropriated surplus of EUR 51,486,724.25 EUR was approved by the Annual General Meeting on May 19, 2020. The distribution corresponds to a dividend of EUR 1.30 per share (EUR 6,557,614.70 in total) on the share capital of EUR 15,132,957.00.

Earnings per share

Earnings per share have been determined on the basis of the group result after taxes and the weighted average number of shares issued. The undiluted result per share is identical to the diluted result per share.

Commitments and Contingent Liabilities

There have been no material changes since December 31, 2019.

Related party relationships

No contracts of material significance were concluded with related parties in the reporting period. The transaction volume is almost on a pro rata basis at a comparable level as in the annual financial statements for 2019.

Essential events in the reporting period

There were no significant events in the first half of 2020.

Subsequent events after the balance sheet date

With effect from July 01, 2020, the two subsidiaries Wolff GmbH & Co. KG and Korbach Werkzeug Co. KG (Pajarito brand) were united under the new company name Uzin Utz Tools GmbH & Co. KG. In the course of the restructuring, the former sales company Pajarito Warenhandels GmbH was also merged into Uzin Utz Tools GmbH & Co. KG. The two strong brands Wolff and Pajarito will, of course, continue to operate under this common roof in the future.

Assurance by the statutory representatives

To the best of our knowledge, we hereby assure that the accounting principles that apply to the interim reporting of the Group interim financial statement give a true and fair view of the Group's net assets, financial position, results of operations and cashflows, and in the Group interim report the business development is stated such that it reflects the actual circumstances and the key opportunities and risks of the Group's likely development in the remaining financial year.

Disclaimer

This report contains forecasts that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond Uzin Utz AG's ability to control or estimate precisely. Actual results may be materially different from those expressed or implied by these statements. Uzin Utz AG does not intend or assume any obligation to update any forecast to reflect events or circumstances after the date of these materials.

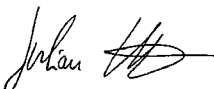
Ulm, August 2020

Uzin Utz Aktiengesellschaft

The Executive Board



Heinz Leibundgut



Julian Utz



Philipp Utz

FRANKNESS IS OUR COMMAND:
You are invited for the dialogue.

This report was created with highest possible accuracy. All numbers have been checked. Editorial mistakes or misprints can occur.

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