

Q3 FY2020 RESULTS

August 3, 2020

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Numbers were rounded to one decimal. Due to rounding, numbers presented may not add up precisely to the totals provided.

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1. Operational update
2. Financial results
3. Results by operating segment
4. Outlook
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1. Operational update

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Operational update: COVID-19 situation

Status quo

- During the last quarter (Q3 FY20) there have been a few COVID-19 cases at Stabilus production plants in Romania, Mexico, US and Germany; pandemic plan still applies: close monitoring of all activities to reduce COVID-19 risks for Stabilus employees and operations
- Global light vehicle production in Q3 FY20 down by around 45% y/y, as a result of noticeable OEM production shutdowns in Europe and Americas
- So far no ramp-up interruptions in operations of Stabilus
- State of the balance sheet: net leverage ratio at 1.4x EBITDA, c. €114m cash as of June 2020

Corporate actions

- Top priorities: ensuring safety of our employees and business continuity (keeping the production running)
- Stabilus pandemic plan: strict hygiene rules, social distancing, shift crew mixing stopped, home office enabled et al.
- Cost flexibilization (EBIT recovery) program in successful execution
- Aligning/adjusting our production capacity to customer demand by utilizing short-time work schemes, furloughs, plant shutdowns for several days, selected layoffs et al.
- In addition to the existing and currently largely not utilized €70m revolving credit facility (thereof €22m drawn, €48m not drawn), a further credit line secured (committed €50m) and covenant headroom increased

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2. Financial results

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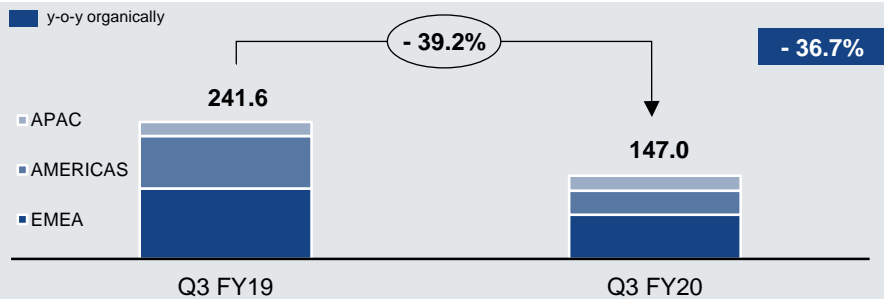
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Q3 FY2020 financial results

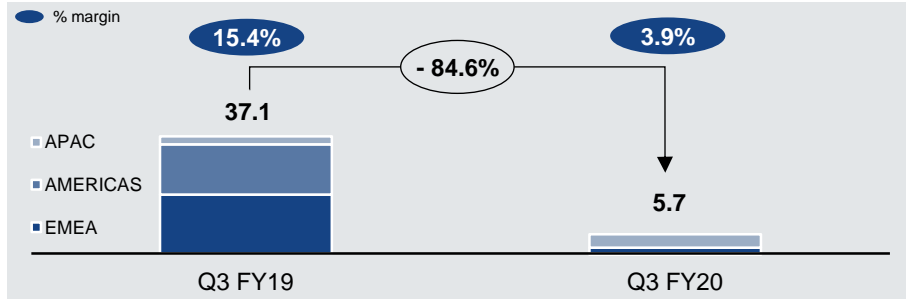
Revenue	<ul style="list-style-type: none"> ➤ Revenue at €147.0m (vs. €241.6m in Q3 FY19), - 39.2% y/y ➤ Acquisition effect: + 0.5% y/y, currency translation effect: - 3.0% y/y, organic growth: - 36.7% y/y
Adj. EBIT	<ul style="list-style-type: none"> ➤ Adj. EBIT at €5.7m (vs. €37.1m in Q3 FY19), - 84.6% y/y ➤ Adj. EBIT margin at 3.9% (vs. 15.4% in Q3 FY19)
Profit	<ul style="list-style-type: none"> ➤ Group result at €(16.4)m in Q3 FY20 (vs. €19.3m in Q3 FY19), including €(18)m net impact from impairment on intangible assets, in particular customer relationships in aerospace segment, i.e. €25.7m impairment after deferred tax
Adj. FCF	<ul style="list-style-type: none"> ➤ Adj. FCF = FCF before acquisitions; no payments for acquisitions in Q3 FY20 (vs. €39.3m in Q3 FY19) ➤ Adj. FCF at €(6.0)m (vs. €31.4m in Q3 FY19) and FCF at €(6.0)m (vs. €(7.9)m in Q3 FY19); slightly negative FCF, partly due to the y-o-y higher and not lower capex in Q3 FY20, inter alia for the new Pinghu Powerise plant
Net leverage ratio	<ul style="list-style-type: none"> ➤ Net leverage ratio at 1.4x (vs. 1.2x as of end Q3 FY19 and 1.0x as of end FY19) ➤ Net financial debt at €214.2m (vs. €225.5 as of end Q3 FY19 and €189.1m as of end FY19)
Outlook	<ul style="list-style-type: none"> ➤ Revenue forecast for FY2020: c. €800m ➤ Adj. EBIT margin forecast for FY2020: c. 11%

Q3 FY2020 – Key figures

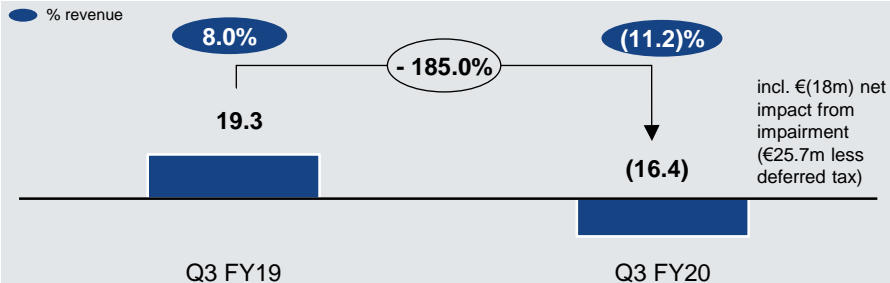
Revenue (€m)



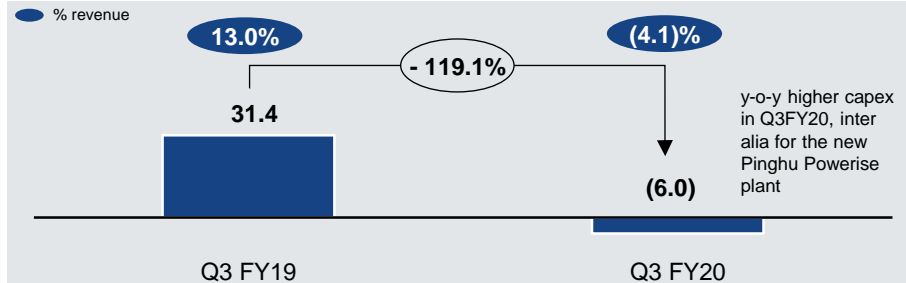
Adj. EBIT (€m)



Profit (€m)

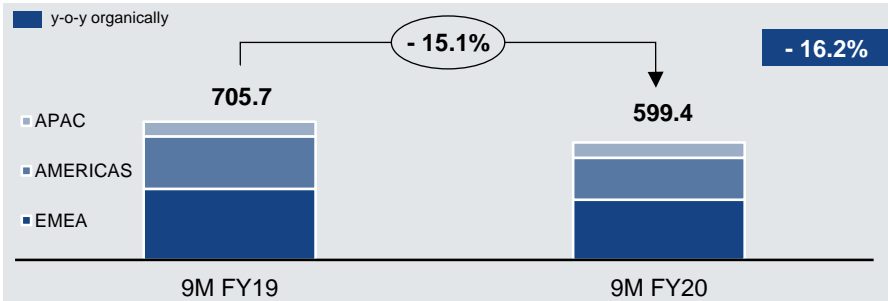


Adj. FCF (€m)

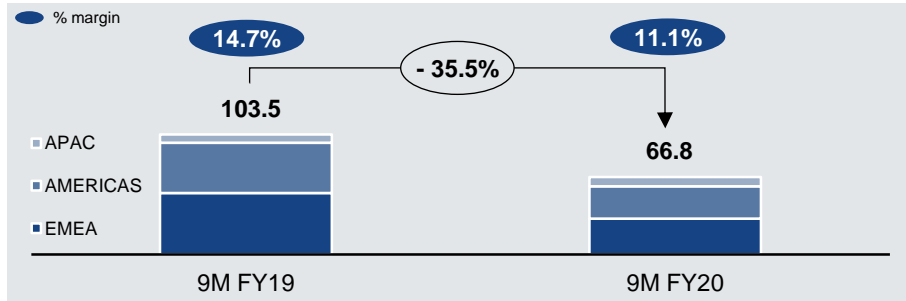


9M FY2020 – Key figures

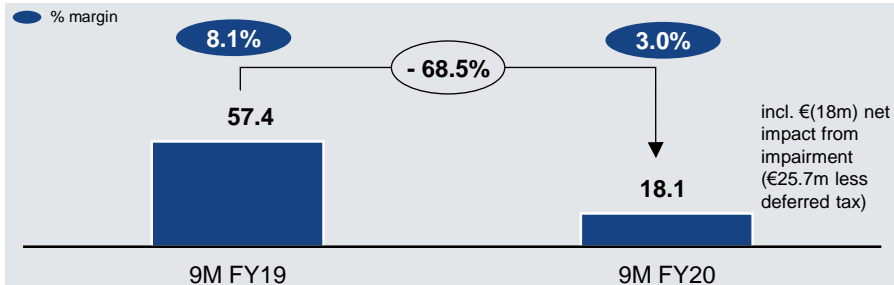
Revenue (€m)



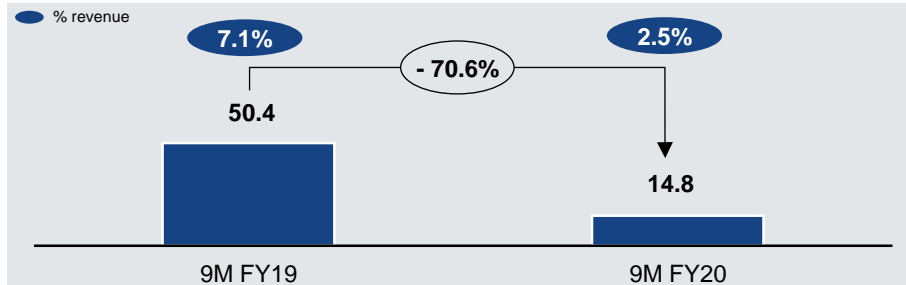
Adj. EBIT (€m)



Profit (€m)



Adj. FCF (€m)



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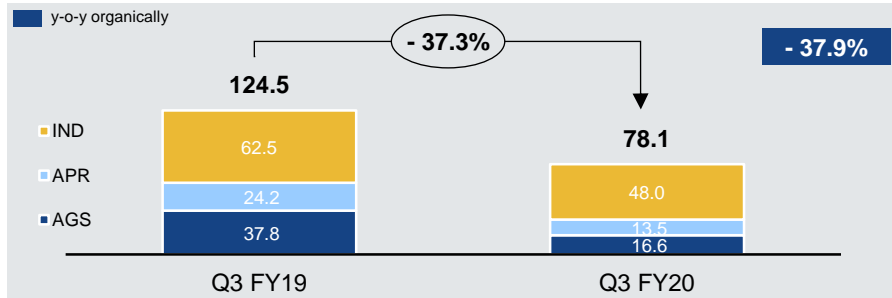
3. Results by operating segment

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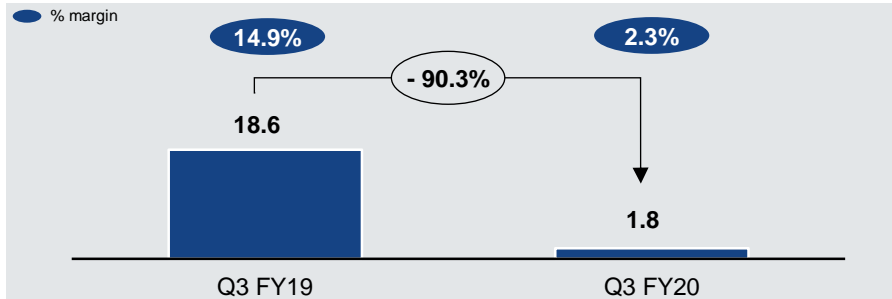
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Q3 FY2020 – EMEA

Revenue (€m)



Adj. EBIT (€m)

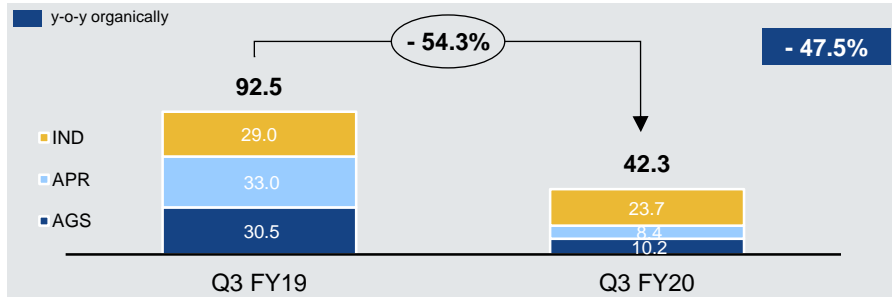


Comments

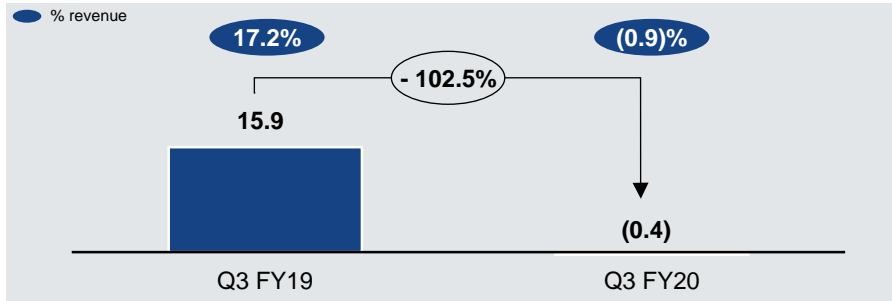
- Light vehicle production (LVP) in Europe, Middle East and Africa in Q3 FY20 at 2.4m units, i.e. - 61.1% vs. Q3 FY19
- EMEA's Q3 revenue was impacted by COVID-19 crisis, down by €46.4m or - 37.3% y/y (i.e. - 37.9% organically); 61% of revenue was generated in industrial business (vs. 50% in Q3 FY19)
- Industrial revenue decreased from €62.5m in Q3 FY19 to €48.0m in Q3 FY20, - 23.2% y/y or - 24.8% organically
- Organic decline in Automotive Gas Spring at - 56.1% y/y and in Automotive Powerise at - 43.1% y/y; the development of Automotive Powerise revenue was supported by exports of Powerise units (for BMW X1 and 5-series) to China to cover Asian market demand by utilizing Romanian capacity while European OEMs' production was shut down
- Adj. EBIT margin at 2.3% vs. 14.9% in Q3 FY19, key factors: revenue development and operating leverage in EMEA

Q3 FY2020 – AMERICAS

Revenue (€m)



Adj. EBIT (€m)

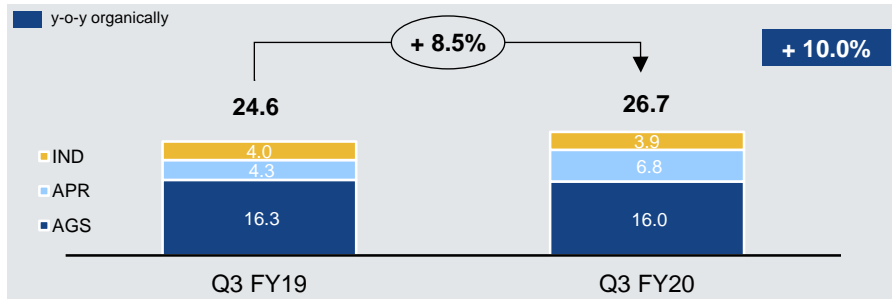


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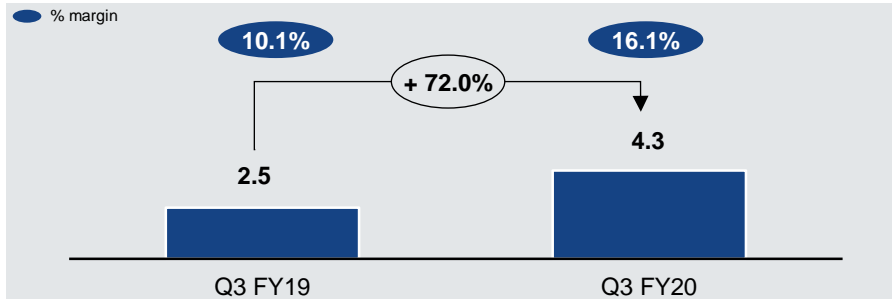
- Light vehicle production (LVP) in Americas in Q3 FY20 at 1.5m units, i.e. - 71.3% vs. Q3 FY19
- Americas' revenue down by €50.2m, - 54.3% y/y or - 47.5% organically
- Industrial revenue down by €5.3m, - 18.3% y/y (- 18.8% y/y organically)
- Organic revenue decline in Automotive Gas Spring at - 61.3% y/y and in Automotive Powerise at - 59.9% y/y
- Powerise revenue development includes new model launches (e.g. Tesla Model Y, VW Teramont X) and export of Powerise units (for BMW X3) to China, servicing Asian demand while utilizing Mexican production capacity during OEM shutdowns in America
- Americas' adj. EBIT at €(0.4)m vs. €15.9m in Q3 FY19

Q3 FY2020 – APAC

Revenue (€m)



Adj. EBIT (€m)

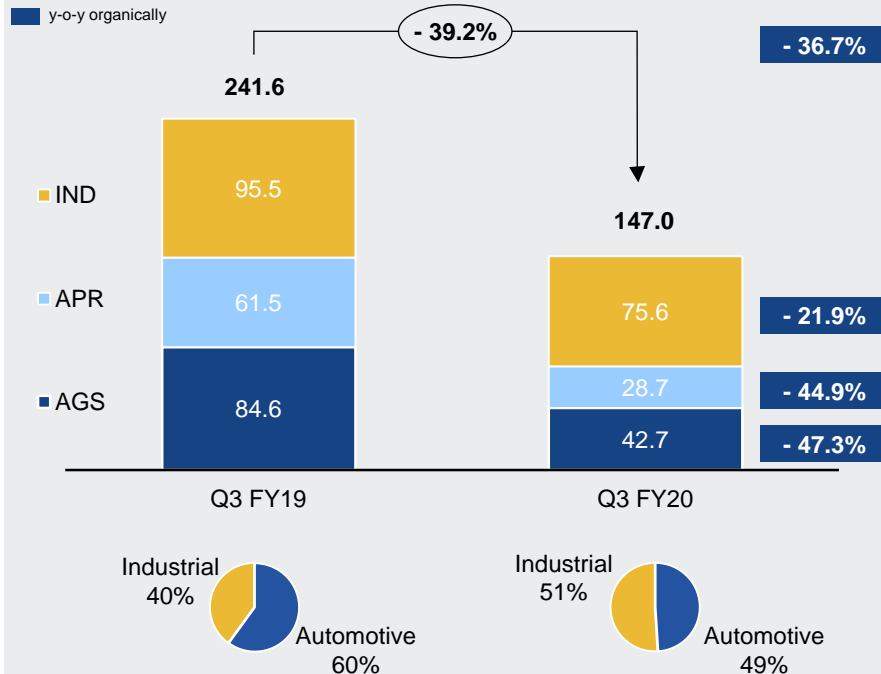


Comments

- Light vehicle production (LVP) in Asia-Pacific in Q3 FY20 at 8.4m units, i.e. - 22.8% vs. Q3 FY19
- APAC's revenue up by €2.1m, + 8.5% y/y (+ 10.0% y/y organically)
- Organic revenue development in Q3: Automotive Gas Spring - 0.5% y/y, Automotive Powerise + 60.4% y/y due to new model launches in Q3 (e.g. Ford Explorer, Ford Aviator, GM Enclave, GM XT6, Kia Mohave)
- Industrial revenue slightly (€0.1m) below prior year's Q3
- Following strong recovery, adj. EBIT margin improved to 16.1% in Q3 FY20 (vs. 10.1% in Q3 FY19)

Q3 FY2020 – Revenue by business unit

Revenue (€m)



Comments

- All business units were impacted by COVID-19 crisis and OEM production shutdowns in Q3 – but the automotive business units were impacted to a higher degree
- Share of industrial revenue increased from 40% in Q3 FY19 to more than half (51%) of group's total revenue in Q3 FY20, i.e. from 39% in 9M FY19 to 43% in 9M FY20
- Diversification of the industrial business had a stabilizing effect; organic revenue decline in the industrial business amounted to -21.9% y/y, growth in the e-commerce business, as well as subsegments construction technology, shop equipment, home water carbonation products, partially offsetting weaker development in other subsegments
- Global light vehicle production in Q3 FY20 at 12.3m units, i.e. -44.5% vs. Q3 FY19

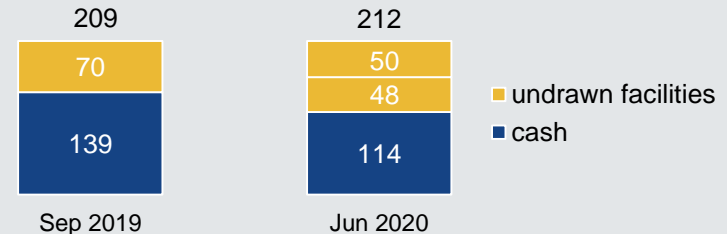
Amendment of the senior facilities agreement (SFA)

Existing SFA

- On July 17, 2016, Stabilus entered into a €640m SFA, comprising €455m term loan facility, €115m equity bridge facility and €70m revolving credit facility
- Current status as of June 2020:
 - Equity bridge facility was fully redeemed in 2016
 - Term loan facility was voluntarily partly redeemed over the course of the last years, the outstanding nominal amount of this facility: €295m; no further mandatory redemption required in the next years
 - Revolving credit facility is largely not utilized (€70m - €22m drawn = €48m unutilized)
- Main SFA covenant: net leverage ratio should not surpass 3.25x EBITDA

Amendment of the existing SFA

- On July 31, 2020, Stabilus has amended the existing SFA as follows:
 - Covenant headroom increased: Until December 2021 the permissible net leverage ratio will be above the current threshold of 3.25x EBITDA (up to 4.25x EBITDA)
 - New €50m credit line, available until June 2023
- As a result, liquidity cushion as of June 2020 vs. Sept 2019 (incl. new credit line from July 2020 on):



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Outlook

Guidance		Comments
	FY2019 Actual	FY2020 Guidance
Revenue	€951.3m	c. €800m
Adj. EBIT margin	15.0%	c. 11%

- As of July 16, 2020, global light vehicle production (LVP) in FY2020 (Oct-Sept) is expected to be c. 20% below the prior year's level (i.e. c. 72m in FY20 vs. c. 90m in FY19). The return to the annual production level of c. 90m is expected for FY2024. (Source: leading forecast institutes, IHS Markit et al.)
- We continue to pursue our long-term strategy STAR 2025 focusing on sustainable, profitable growth, globalization, excellence, innovation as well as team spirit (*One Stabilus*). The currently significantly lower forecasts for global GDP and LVP impact our expectations for group's mid-term growth. Based on these assumptions, organic revenue CAGR 2019-25 of at least 6% appears to be uncertain. Stabilus will update its long-term forecast at a later point in time.

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Revenue overview (3M ended June 30, 2020)

Revenue (€m)

	Q3 FY2019 Actual	Q3 FY2020 Actual	Change	% change	Acquisition effect	Currency effect	Organic growth
Automotive Gas Spring	37.8	16.6	(21.2)	(56.1)%	-	0.0%	(56.1)%
Automotive Powerise	24.2	13.5	(10.7)	(44.2)%	-	(1.1)%	(43.1)%
Industrial	62.5	48.0	(14.5)	(23.2)%	1.7%	(0.1)%	(24.8)%
EMEA	124.5	78.1	(46.4)	(37.3)%	0.9%	(0.3)%	(37.9)%
Automotive Gas Spring	30.5	10.2	(20.3)	(66.6)%	-	(5.3)%	(61.3)%
Automotive Powerise	33.0	8.4	(24.6)	(74.5)%	-	(14.6)%	(59.9)%
Industrial	29.0	23.7	(5.3)	(18.3)%	0.5%	0.0%	(18.8)%
AMERICAS	92.5	42.3	(50.2)	(54.3)%	0.2%	(7.0)%	(47.5)%
Automotive Gas Spring	16.3	16.0	(0.3)	(1.8)%	-	(1.3)%	(0.5)%
Automotive Powerise	4.3	6.8	2.5	58.1%	-	(2.3)%	60.4%
Industrial	4.0	3.9	(0.1)	(2.5)%	-	(1.8)%	(0.7)%
APAC	24.6	26.7	2.1	8.5%	-	(1.5)%	10.0%
Total Automotive Gas Spring (AGS)	84.6	42.7	(41.9)	(49.5)%	-	(2.2)%	(47.3)%
Total Automotive Powerise (APR)	61.5	28.7	(32.8)	(53.3)%	-	(8.4)%	(44.9)%
Total Industrial (IND)	95.5	75.6	(19.9)	(20.8)%	1.3%	(0.2)%	(21.9)%
Total	241.6	147.0	(94.6)	(39.2)%	0.5%	(3.0)%	(36.7)%

Revenue overview (9M ended June 30, 2020)

Revenue (€m)

	9M FY2019 Actual	9M FY2020 Actual	Change	% change	Acquisition effect	Currency effect	Organic growth
Automotive Gas Spring	111.6	82.1	(29.5)	(26.4)%	-	0.0%	(26.4)%
Automotive Powerise	73.5	59.4	(14.1)	(19.2)%	-	(1.5)%	(17.7)%
Industrial	177.9	165.2	(12.7)	(7.1)%	6.1%	(0.1)%	(13.1)%
EMEA	363.0	306.7	(56.3)	(15.5)%	3.0%	(0.4)%	(18.1)%
Automotive Gas Spring	89.0	61.8	(27.2)	(30.6)%	-	(0.6)%	(30.0)%
Automotive Powerise	97.5	70.5	(27.0)	(27.7)%	-	(3.4)%	(24.3)%
Industrial	82.0	83.0	1.0	1.2%	0.8%	2.0%	(1.6)%
AMERICAS	268.5	215.3	(53.2)	(19.8)%	0.2%	(0.8)%	(19.2)%
Automotive Gas Spring	49.5	48.3	(1.2)	(2.4)%	-	(0.1)%	(2.3)%
Automotive Powerise	12.7	17.1	4.4	34.6%	-	(0.7)%	35.3%
Industrial	12.1	12.0	(0.1)	(0.8)%	-	(0.7)%	(0.1)%
APAC	74.3	77.4	3.1	4.2%	-	(0.3)%	4.5%
Total Automotive Gas Spring (AGS)	250.1	192.2	(57.9)	(23.2)%	-	(0.2)%	(23.0)%
Total Automotive Powerise (APR)	183.6	147.0	(36.6)	(19.9)%	-	(2.4)%	(17.5)%
Total Industrial (IND)	272.0	260.2	(11.8)	(4.3)%	4.3%	0.5%	(9.1)%
Total	705.7	599.4	(106.3)	(15.1)%	1.6%	(0.5)%	(16.2)%

P&L overview (3M ended June 30, 2020)

P&L (€m)					Comments
	Q3 FY2019 Actual	Q3 FY2020 Actual	Change	% change	
Revenue	241.6	147.0	(94.6)	(39.2)%	<ul style="list-style-type: none"> ➤ Selling expenses up by €21.7m due to one-off, non-cash write-down (impairment) of customer relationships in aerospace business, as a result of the negative effect of the COVID-19 pandemic on the segment
Cost of sales	(172.8)	(112.6)	60.2	(34.8)%	
Gross Profit	68.9	34.4	(34.5)	(50.1)%	
<i>% margin</i>	28.5%	23.4%			
R&D expenses	(9.2)	(8.9)	0.3	(3.3)%	<ul style="list-style-type: none"> ➤ The impairment on intangible assets amounted to €25.7m, €24.4m are included in selling expenses and €1.3m in the cost of sales
Selling expenses	(21.0)	(42.7)	(21.7)	>100.0%	
Administrative expenses	(8.3)	(7.6)	0.7	(8.4)%	<ul style="list-style-type: none"> ➤ Income taxes up by €15.2m, particularly due to deferred taxes on the impairment of intangible assets
Other income/expenses	(0.8)	3.0	3.8	<(100.0)%	
EBIT	29.5	(21.8)	(51.3)	<(100.0)%	<ul style="list-style-type: none"> ➤ IFRS 16 impact: Recognition of all leases in the balance sheet leads to depreciation (instead of leasing expenses) in the same functional costs and in similar magnitude, i.e. there is no significant impact from IFRS 16 on the functional costs; interest expense from leases amounted to €0.4m in Q3 FY20 (= positive effect on Q3 FY20's EBIT)
<i>% margin</i>	12.2%	(14.8)%			
Finance income/costs	(2.9)	(2.5)	0.4	(13.8)%	
EBT	26.6	(24.3)	(50.9)	<(100.0)%	
<i>% margin</i>	11.0%	(16.5)%			
Income tax	(7.3)	7.9	15.2	<(100.0)%	
Profit	19.3	(16.4)	(35.7)	<(100.0)%	
<i>% margin</i>	8.0%	(11.2)%			
<i>EPS in €</i>	0.79	(0.59)	(1.40)	<(100.0)%	

EBIT adjustments (3M ended June 30, 2020)

Adjusted EBIT (€m)					Comments
	Q3 FY2019 Actual	Q3 FY2020 Actual	Change	% change	
EBIT	29.5	(21.8)	(51.3)	<(100.0)%	<ul style="list-style-type: none"> ➤ The €25.7m adjustment relates to non-cash impairment on intangibles assets (customer relationships), as a result of the negative effect of the COVID-19 pandemic on the aerospace business
PPA adj. - impairment	-	25.7	25.7	n/a	
PPA adj. - D&A (2010 PPA)	2.3	1.7	(0.6)	(26.1)%	<ul style="list-style-type: none"> ➤ PPA adjustments comprise depreciation and amortization of step-ups and intangible assets acquired during 2010, 2016 and 2019 acquisitions
PPA adj. - D&A (2016 PPA)	2.1	2.1	-	0.0%	
PPA adj. - D&A (2019 PPA)	1.4	0.7	(0.7)	(50.0)%	
Environmental protection	1.5	-	(1.5)	(100.0)%	<ul style="list-style-type: none"> ➤ Environmental protection adjustment in Q3 of the previous fiscal year is for remediation costs in the US during 2019 (EPA / Colmar)
Advisory costs (M&A)	0.2	-	(0.2)	(100.0)%	<ul style="list-style-type: none"> ➤ Advisory costs (M&A) in Q3 of the previous fiscal year relate to 2019 acquisitions
PPA adj. - purchase price GA	-	(2.8)	(2.8)	n/a	
Total adjustments	7.6	27.5	19.9	>100.0%	
Adjusted EBIT	37.1	5.7	(31.4)	(84.6)%	<ul style="list-style-type: none"> ➤ Purchase price adjustment of €(2.8)m relates to the General Aerospace acquisition; the price adjustment is a consequence of the earn-out clause in connection with the negative impact of the COVID-19 pandemic on the aerospace business

P&L overview (9M ended June 30, 2020)

P&L (€m)					Comments
	9M FY2019 Actual	9M FY2020 Actual	Change	% change	
Revenue	705.7	599.4	(106.3)	(15.1)%	<ul style="list-style-type: none"> Capitalized R&D expenses in 9M FY20 at €12.4m (vs. €9.7m in 9M FY19), due to expansion of Powerise product family
Cost of sales	(503.0)	(433.7)	69.3	(13.8)%	
Gross Profit	202.6	165.7	(36.9)	(18.2)%	
<i>% margin</i>	28.7%	27.6%			<ul style="list-style-type: none"> Increase in selling expenses results primarily from impairment loss on intangibles assets (customer relationship) in the aerospace business
R&D expenses	(28.9)	(30.4)	(1.5)	5.2%	
Selling expenses	(62.3)	(86.7)	(24.4)	39.2%	<ul style="list-style-type: none"> IFRS 16 impact: Recognition of all leases in the balance sheet leads to depreciation (instead of leasing expenses) in the same functional costs and in similar magnitude, i.e. there is no significant impact from IFRS 16 on the functional costs; interest expense from leases amounted to €1.1m in 9M FY20 (= positive effect on 9M FY20's EBIT)
Administrative expenses	(26.3)	(26.0)	0.3	(1.1)%	
Other income/expenses	1.5	7.5	6.0	>100.0%	
EBIT	86.7	30.1	(56.6)	(65.3)%	
<i>% margin</i>	12.3%	5.0%			
Finance income/costs	(6.0)	(3.3)	2.7	(45.0)%	
EBT	80.7	26.8	(53.9)	(66.8)%	
<i>% margin</i>	11.4%	4.5%			
Income tax	(23.3)	(8.7)	14.6	(62.7)%	
Profit	57.4	18.1	(39.3)	(68.5)%	
<i>% margin</i>	8.1%	3.0%			
<i>EPS in €</i>	2.33	0.79	(1.54)	(66.1)%	

EBIT adjustments (9M ended June 30, 2020)

Adjusted EBIT (€m)					Comments
	9M FY2019 Actual	9M FY2020 Actual	Change	% change	
EBIT	86.7	30.1	(56.6)	(65.3)%	<ul style="list-style-type: none"> ➤ The €25.7m adjustment relates to non-cash impairment on intangibles assets (customer relationships), as a result of the negative effect of the COVID-19 pandemic on the aerospace business
PPA adj. - impairment	-	25.7	25.7	n/a	
PPA adj. - D&A (2010 PPA)	7.0	5.2	(1.8)	(25.7)%	<ul style="list-style-type: none"> ➤ PPA adjustments comprise depreciation and amortization of step-ups and intangible assets acquired during 2010, 2016 and 2019 acquisitions
PPA adj. - D&A (2016 PPA)	6.3	6.3	-	0.0%	
PPA adj. - D&A (2019 PPA)	1.4	2.3	0.9	64.3%	
Environmental protection	1.5	-	(1.5)	(100.0)%	<ul style="list-style-type: none"> ➤ Environmental protection adjustment in 9M of the previous fiscal year is for remediation costs in the US during 2019 (EPA / Colmar)
Advisory costs (M&A)	0.7	-	(0.7)	(100.0)%	<ul style="list-style-type: none"> ➤ Advisory costs (M&A) in 9M of the previous fiscal year relate to 2019 acquisitions
PPA adj. - purchase price GA	-	(2.8)	(2.8)	n/a	
Total adjustments	16.8	36.7	19.9	>100.0%	
Adjusted EBIT	103.5	66.8	(36.7)	(35.5)%	<ul style="list-style-type: none"> ➤ Purchase price adjustment of €(2.8)m relates to the General Aerospace acquisition; the price adjustment is a consequence of the earn-out clause in connection with the negative impact of the COVID-19 pandemic on the aerospace business

Balance sheet overview

Balance sheet (€m)					Comments
	Sept 2019 Actual	June 2020 Actual	Change	% change	
Property, plant and equipm.	199.9	234.8	34.9	17.5%	<ul style="list-style-type: none"> ➤ First time adoption of the IFRS 16 in FY2020 (from Oct 1, 2019 on, recognition of all leases in the balance sheet) led to an increase of PPE and other liabilities by €43.7m; as of June 2020, change in PPE at €34.9m, primarily due to scheduled depreciation; change in other liabilities at €27.8m (June 2020 vs. Sept 2019) ➤ Decrease in other intangible assets by €40.2m comprises scheduled amortization and impairment loss (mainly on customer relationships in aerospace business), partially offset by capitalized development costs ➤ Trade receivables and payables decreased due to lower business activity; slightly higher inventory as of June 2020 in order to reduce supplier induced risks ➤ Pension liability decreased by €6.1m as a consequence of higher discount rate (0.93% as of Sept 2019 vs. 1.53% as of June 2020)
Goodwill	214.8	211.3	(3.5)	(1.6)%	
Other intangible assets	276.2	236.0	(40.2)	(14.6)%	
Inventories	100.3	103.1	2.8	2.8%	
Trade receivables	130.3	93.9	(36.4)	(27.9)%	
Other assets	38.7	49.9	11.2	28.9%	
Cash	139.0	114.0	(25.0)	(18.0)%	
Total assets	1,099.2	1,043.0	(56.2)	(5.1)%	
Equity incl. minorities	499.6	469.5	(30.1)	(6.0)%	
Debt (incl. accrued interest)	311.6	315.4	3.8	1.2%	
Pension plans	59.9	53.8	(6.1)	(10.2)%	
Deferred tax liabilities	55.9	45.5	(10.4)	(18.6)%	
Trade accounts payable	91.0	49.7	(41.3)	(45.4)%	
Other liabilities	81.2	109.0	27.8	34.2%	
Total equity and liabilities	1,099.2	1,043.0	(56.2)	(5.1)%	
<i>Net leverage ratio</i>	<i>1.0x</i>	<i>1.4x</i>			

Cash flow overview (3M ended June 30, 2020)

Cash Flow Statement (€m)

	Q3 FY2019 Actual	Q3 FY2020 Actual	Change	% change
Cash flow from operating activities	44.2	8.5	(35.7)	(80.8)%
Cash flow from investing activities	(52.1)	(14.5)	37.6	(72.2)%
Cash flow from financing activities	(1.2)	(2.7)	(1.5)	>100.0%
Net increase / (decrease) in cash	(9.1)	(8.7)	0.4	(4.4)%
Effect of movements in exchange rates	(1.2)	0.1	1.3	<(100.0)%
Cash as of beginning of the period	136.5	122.7	(13.8)	(10.1)%
Cash as of end of the period	126.2	114.0	(12.2)	(9.7)%

Adj. FCF (€m)

	Q3 FY2019 Actual	Q3 FY2020 Actual	Change	% change
Cash flow from operating activities	44.2	8.5	(35.7)	(80.8)%
Cash flow from investing activities	(52.1)	(14.5)	37.6	(72.2)%
Free cash flow	(7.9)	(6.0)	1.9	(24.1)%
Adjustments	39.3	-	(39.3)	(100.0)%
Adj. FCF	31.4	(6.0)	(37.4)	<(100.0)%

Comments

- Capex in Q3 FY20 at €14.5m (vs. €12.8m in Q3 FY19), + 13.3% y/y, inter alia for the new Pinghu Powerise plant
- Cash outflow for investing activities in Q3 of the previous year FY19 includes payments for acquisitions amounting to €39.3m
- IFRS 16 impact in Q3 FY20: no impact on net cash flow, positive effect of €2.4m on cash flow from operating activities (and consequently free cash flow) and negative effect on cash flow from financing activities in the same amount
- Adjustment to FCF in Q3 of the previous year FY19 amounting to €39.9m relates to acquisition of assets and liabilities within business combination, net of cash acquired (General Aerospace, Clevers and Piston)
- As of June 2020, €3.5m subsidies for German short-time work were outstanding, i.e. in Q3 cash flow not included

Cash flow overview (9M ended June 30, 2020)

Cash Flow Statement (€m)

	9M FY2019 Actual	9M FY2020 Actual	Change	% change
Cash flow from operating activities	92.3	52.1	(40.2)	(43.6)%
Cash flow from investing activities	(81.2)	(38.4)	42.8	(52.7)%
Cash flow from financing activities	(28.4)	(35.7)	(7.3)	25.7%
Net increase / (decrease) in cash	(17.3)	(22.0)	(4.7)	27.2%
Effect of movements in exchange rates	0.5	(3.0)	(3.5)	<(100.0)%
Cash as of beginning of the period	143.0	139.0	(4.0)	(2.8)%
Cash as of end of the period	126.2	114.0	(12.2)	(9.7)%

Adj. FCF (€m)

	9M FY2019 Actual	9M FY2020 Actual	Change	% change
Cash flow from operating activities	92.3	52.1	(40.2)	(43.6)%
Cash flow from investing activities	(81.2)	(38.4)	42.8	(52.7)%
Free cash flow	11.1	13.7	2.6	23.4%
Adjustments	39.3	1.1	(38.2)	(97.2)%
Adj. FCF	50.4	14.8	(35.6)	(70.6)%

Comments

- Capex in 9M FY20 at €37.7m (vs. €42.6m in 9M FY19), - 11.5% y/y
- Cash outflow for investing activities in 9M of the previous year FY19 includes payments for acquisitions amounting to €39.3m
- Cash outflow for financing activities in 9M FY20 increased by €7.3m y/y, primarily due to higher payments for lease liabilities and interest, as a result of IFRS 16 adoption (see below)
- IFRS 16 impact in 9M FY20: no impact on net cash flow, positive effect of €7.3m (€2.4m in Q1 FY20, €2.5m in Q2 FY20, €2.4m in Q3 FY20) on cash flow from operating activities (and consequently free cash flow) and negative effect on cash flow from financing activities in the same amount
- Adjustments to FCF relate to acquisition of assets and liabilities within business combination, net of cash acquired

Currency exchange rates overview (9M ended June 30, 2020)

Closing and average currency exchange rates

1 EURO in	ISO code	Closing rate June 2019	Closing rate June 2020	Average rate 9M FY2019	Average rate 9M FY2020	Average rate % change
Australian dollar	AUD	1.6244	1.6344	1.5967	1.6584	3.9%
Argentine peso	ARS	48.5926	78.7852	45.3538	69.2517	52.7%
Brazilian real	BRL	4.3511	6.1118	4.3430	5.1314	18.2%
Chinese yuan (renminbi)	CNY	7.8185	7.9219	7.7420	7.7653	0.3%
South Korean won	KRW	1,315.3500	1,345.8300	1,292.1612	1,320.2001	2.2%
Mexican peso	MXN	21.8201	25.9470	21.9793	23.0128	4.7%
Romanian leu	RON	4.7343	4.8397	4.7147	4.8006	1.8%
Turkish lira	TRY	6.5655	7.6761	6.3300	6.9065	9.1%
United States dollar	USD	1.1380	1.1198	1.1336	1.1034	(2.7)%

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