Q3

Fiscal 2019/2020
Report on the 3rd Quarter
1 October 2019 until 30 June 2020

The first three quarter at a glance

INCOME STATEMENT, CASH FLOW STATEMENT, BALANCE SHEET, SHARE, EMPLOYEES

TABLE 01

IFRS	01/10/2019–30/06/2020	Changes in %	01/10/2018–30/06/2019
Income statement			
Total revenues (EUR million)	713.709	-9.1	784.879
EBIT (EUR million)	19.397	-58.0	46.129
Profit from ordinary activity (EUR million)	15.499	-64.8	44.054
Earnings after income tax (EUR million)	9.120	-69.9	30.311
Cash flow statement			
Cash flow from operating activities (EUR million)	72.858	2.679.8	2.621
Cash flow from investing activities (EUR million)	-45.686	-0.2	-45.796
Free cash flow (EUR million)	27.172	-162.9	-43.175
Capital spending (EUR million)	45.866	-1.5	46.558
Balance sheet			
Equity (EUR million)	409.711	0.1	409.205
Equity ratio (%)	43.6	-14.4	50.9
Total assets (EUR million)	939.452	16.8	804.124
Share			
Earnings per share (EUR)	0.90	-70.0	3.00
Share price on 30 June (EUR)[1]	35.10	-27.8	62.50
Share price, high (EUR)[1]	57.10	-21.8	73.00
Share price, low (EUR)[1]	25.00	-58.7	60,.60
Shares outstanding on 30 June (number)	10,143.240	–	10,143.240
Market capitalisation on 30 June (EUR million)	457.5	-27.8	634.0
Mitarbeiter			
Number of employees at Bertrandt Group on 30 June	12,788	-5.0	13,468

[1] Closing price in Xetra trading.
[2] In Xetra trading.

Overview

The coronavirus pandemic and its consequences are having impacts on people and economies around the globe. The measures taken by governments in March 2020 to contain new infections forced almost all industries to temporarily curtail or completely suspend production. Social gatherings were prohibited and also shutdowns were imposed. It was only in May 2020 that restrictions began to be eased again, and some of the restrictive measures were still effective as at the end of the period under review. These constraints present industries and companies with entirely new challenges. Our highest priority in this context is to ensure our employees' safety while maintaining operational capacity. The wide availability of mobile workplace solutions, high-performance IT infrastructure and high digital security standards (Bertrandt has obtained TISAX certification) have enabled us to continue to work for our customers under these challenging circumstances, while at the same time protecting our employees. Many industries and companies were compelled to significantly reduce or even discontinue their economic activity to comply with public shutdown regulations. The unprecedented challenges posed by the coronavirus pandemic also hit our company. Temporary delays and interruptions in projects and development contracts had a negative impact on the business of engineering service providers.

Bertrandt's business performance in the first nine months of fiscal 2019/2020 reflected by its key performance indicators was as follows:

- Total revenues declined compared to the same period last year by 9.1% to EUR 713.709 million (previous year EUR 784.879 million).
- EBIT in the first nine months of fiscal 2019/2020 was EUR 19.397 million (previous year EUR 46.129 million), which is equivalent to a margin of 2.7% (previous year 5.9%).
- Post-tax earnings reported for the period under review were EUR 9.120 million (previous year EUR 30.311 million).
- The workforce has decreased year on year by 680 to 12,788 people (13,468 employees as at 30 June 2019, 13,256 employees as at 31 March 2020).
- Free cash flow was EUR 27.172 million (previous year EUR -43.175 million).

The first nine months of fiscal 2019/2020 posed great challenges to all industries and companies. The economic shutdown imposed by governments, and the restrictions on our personal interaction had a tangible negative effect on our activity as a customer-focused engineering service provider. The duration and extent of these impacts remain unclear and cannot be quantified at the present juncture. In this context, Bertrandt's Management Board withdrew its forecast for business performance in fiscal 2019/2020 on 20 March 2020 and has not provided any new predictions. The Management Board took measures at an early stage to confront the challenges quickly and with determination. Our employees' and customers' safety and the maintenance of operational capacity are our highest priorities. Benefiting from a solid capital structure and liquidity situation, we are in a strong position to cope with the difficult situation. While we responded quickly to the situation by putting all expenses under scrutiny, we continued to pursue our major strategic investment projects. Thus, the construction and start-up phase of our two Bertrandt Powertrain Solution Centers are proceeding as planned and we were able to win the first major projects.

Driving success in Tappenbeck

One of Bertrandt AG's earliest locations – Tappenbeck – is continuously developing its reach in new areas. The Tappenbeck success story started twenty-five years ago with 15 employees. Today, there are more than 2,500 people at the site who work as important strategic partners for our customers, focusing on all services including testing and electromobility.

The most recent innovation is the Bertrandt Powertrain Solution Center Wolfsburg (Tappenbeck), which is currently in the start-up phase. The technical emphasis of the test centre is on certification, homologation, real driving emissions (RDE) developments and other engineering services.

Report on the 3rd Quarter

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Group management report

THE GROUP – GENERAL INFORMATION

Business model and strategy

As one of Europe's leading engineering partners, Bertrandt has been devising specific and tailored solutions with customers at today 55 locations in Europe, Asia and the United States for over 45 years now. Our services for the automotive and aerospace industries include all process steps in the project phases conceptual design, CAD, development, design modelling, tool production, vehicle construction and production planning right through to start of production and production support. In addition, the individual development steps are validated by simulation, prototype building and testing. This means that we implement collaborative projects of different sizes at our technology centres in the immediate vicinity of our customers. The technology centres provide dedicated design studios, electronics labs as well as testing facilities. Our customer base comprises nearly all European manufacturers as well as a large number of system suppliers. We also provide technological services outside the mobility industry in such forward-looking sectors as energy, medical technology, electrical engineering as well as machinery and plant engineering throughout Germany. Consistency, reliability and investment in infrastructure and technical equipment contribute throughout to growing customer relationships. These are key success factors for Bertrandt.

16

non-domestic branches in Europe, the United States and Asia.

Foreign operations

With our 16 non-domestic branches in Europe, the United States and Asia, our strategy is to ensure the sharpest possible focus on the customer by diversifying our locations on a project-specific basis. In close organisational interaction with our German branches, we are able to offer our customers a complete range of services and thereby to devise solutions rapidly and efficiently at a global level.

REPORT ON ECONOMIC POSITION

Economic development

The novel coronavirus started spreading in late December 2019 and developed into a global pandemic. The authorities began imposing far-reaching measures in March to curb the virus outbreak. The restrictions severely slowed down all business activity and are still having an enormous impact on the global economy. Restrictions began to ease only in May 2020 and are now being gradually relaxed. Especially in Europe including Germany, growth rates were negative throughout the period under review. In a study published in late June, the German Council of Economic Experts said that it expected GDP to decline in 2020 by a similar rate of 6.5%. According to the ifo Joint Economic Forecast, the duration and actual extent of global contraction depend on how the pandemic develops.

Sector trend

According to the German Association of the Automotive Industry (VDA), the global automotive market has collapsed due to the coronavirus pandemic. The strong slump in this sector, affecting Europe and Germany in particular, is unprecedented and has triggered the worst crisis in decades. According to the ACEA and the China Association of Automobile Manufacturers (CAAM), in the months leading up to June 2020, the European, the US and the Chinese passenger car markets contracted by 38%, 20% and 17% respectively.

Moreover, according to the VDA the automotive industry is in a special situation as it has to cope with the extremely challenging transformation process on top of the coronavirus pandemic. This fundamental change is mainly influenced by alternative drives and digitalisation. The industry is pushing ahead with the development of electromobility with great commitment as new drive solutions are needed to respond to climate change and growing mobility needs. At the same time, technologies are being advanced to enable automated driving at different levels with a view to further increasing safety and comfort.

According to the German Aerospace Industries Association (BDLI), the German civil aviation industry has also been hit by the coronavirus pandemic. One OEM reports a decline in sales of close to 40% in the period under review. The company has announced a headcount reduction of 15,000 people by the summer 2021. Airbus expects the pandemic to result in a major change in air traffic and anticipates that environmental protection, reduction in CO_2 emissions and especially autonomous technologies will become even more important. The industry is therefore likely to continue to invest in new technologies and products that relate to the development of the next generation of aircraft. A central aspect in doing so is the implementation of "Industry 4.0" and digitalisation in development, production and services.

The key industries in which Bertrandt operates apart from the automotive and aerospace sectors are also feeling the impact of the coronavirus pandemic according to the VDMA. Incoming orders in the machinery and plant engineering industries continued to decline significantly in May 2020, as had been expected. According to the VDMA, the industry suffered a real fall in orders of 28% year on year. According to a new survey conducted by VDMA among its members in July, there is little reason to assume the situation will improve: 45% of the companies surveyed report a significant downturn in orders and another 34% even describe the decline as severe. According to a report published by the German Electrical and Electronic Manufacturers' Association (ZVEI), the German electrical and electronic industry felt the full force of the coronavirus pandemic in the second quarter of 2020. Half of the companies questioned curtailed their production, around 40% of them with a particular focus on Germany. As at the end of the period under review, around a fifth of the workforce in the industry was working short-time, according to the ZVEI.

BUSINESS PERFORMANCE

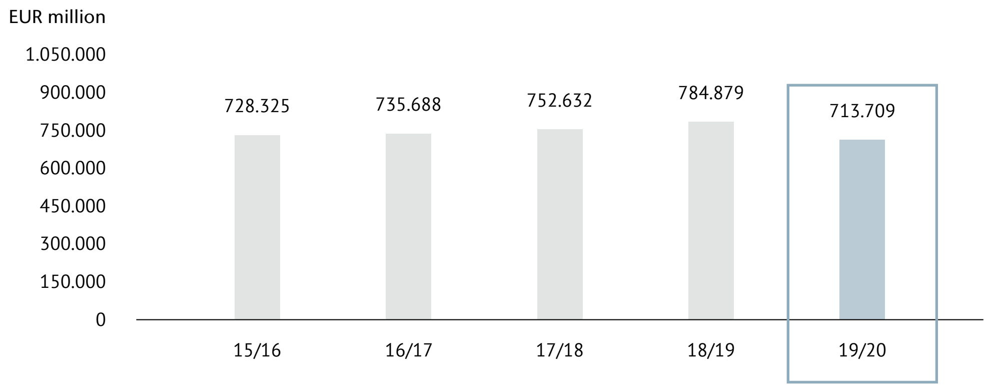
Business performance in the first nine months of fiscal 2019/2020

As expected, Bertrandt's start into the period under review was influenced by numerous different factors. The continuing transformation process in the automotive industry influenced the external sourcing strategies of automotive manufacturers and some development contracts were awarded to engineering service providers with delays. The pressure on prices remained tangible in some disciplines.

Our business continued to be affected by the global spread of coronavirus and governments' countermeasures throughout the period under review. Many industries and companies were compelled to significantly reduce or even discontinue their economic activity to comply with public shutdown regulations. The unprecedented challenges posed by the coronavirus pandemic also hit our company. Temporary delays and interruptions in projects and development contracts had a negative impact on the business of engineering service providers. As a group, Bertrandt immediately responded to the changed economic environment and implemented countermeasures. A pandemic committee set up in early March has been coordinating all actions related to the pandemic. Since mid-March, all personal contacts have been reduced to a

TOTAL REVENUES (Q1–Q3)

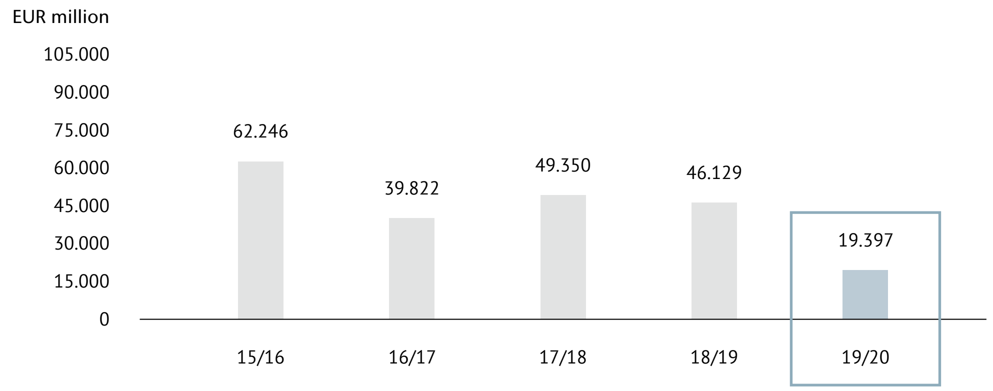
CHART 02



Total revenues declined by 9.1% to EUR 713.709 million compared to the same period last year.

EBIT (Q1–Q3)

CHART 03



In the first nine month of the current fiscal year, Bertandt ´s EBIT was EUR 19.397 million.

minimum while at the same time the number of mobile workplaces was rapidly increased to 7,500. This has enabled the Group to maintain its operational capacity. All expenses and capital expenditure decisions are under scrutiny. In addition to reduced outsourcing of contracts, Bertrandt is also using the instrument of flexitime accounts and short-time working. This is to generate sustainable potential for optimisation. And at the same time we invest in the Group's prospects in a targeted manner.

In the third fiscal quarter we were able to increase the physical presence of our employees step by step, observing strict distancing and hygiene rules. Thus, the different branches, departments or teams can use up to 50% of their floor space again. At the same time, we are still making considerable and successful use of mobile working. This enables us to provide our employees optimum protection. Based on our positive experience with the broad use of mobile working, we are planning the long-term integration of the mobile working scheme in our work organisation. This will enable our Group to use available space and resources more efficiently in the future and also to achieve a sustainable reduction in expenses for infrastructure and buildings.

In view of the uncertainties regarding the development and duration of the coronavirus pandemic and its actual repercussions for the overall global economic development, the Management Board of Bertrandt AG withdrew its published forecast for fiscal 2019/2020 on 20 March 2020. At this time, it is impossible to give a meaningful assessment of the tangible impacts of the pandemic. Given the currently dynamic situation, the Management Board refrains from providing a new forecast for the financial year 2019/2020.

In fiscal 2019/2020, Bertrandt AG is for the first time applying the new accounting standard IFRS 16 for its lease accounting. According to the standard, lessees do not distinguish between finance and operating leases, but are required to recognise a right-of-use asset and a lease liability in the balance sheet for all leases. This results in material changes in items in the income statement, balance sheet and cash flow statement. Explanations are given as appropriate, as well as in the Notes.

Total revenues

In the economic environment described above the Company generated total revenues of EUR 713.709 million in the period under review (previous year EUR 784.879 million), including capitalised internally generated assets of EUR 0.856 million (previous year EUR 0.931 million).
→ CHART 02

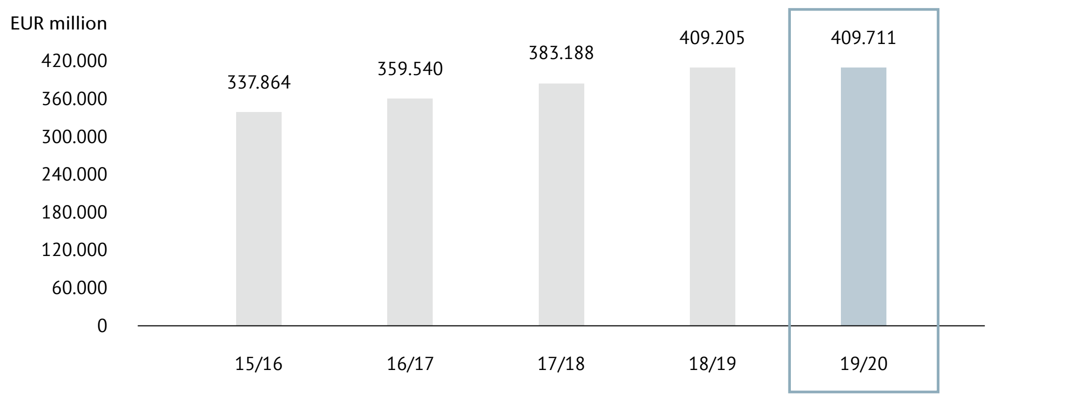
Key expenditure figures

Expenses in the first nine months of fiscal 2019/2020 were as follows: Project-related cost of materials fell to EUR 59.976 million as a result of fewer procurements from external service suppliers (previous year EUR 68.868 million). Personnel expenses were EUR 541.570 million and thus also below the previous year's level (EUR 570.112 million). This development has been driven by a decrease in the workforce from 13,468 (30 June 2019) to 12,788 people as at the end of the period under review, the reduction in flexitime accounts and the use of short-time working. The measures imposed by the authorities in March to curb the pandemic, and the resulting project interruptions had a negative effect on capacity utilisation and revenue generation. The broad use of short-time working could only partially offset the latter and, as a consequence, personnel expenses relative to sales increased to 75.9% (prior year 72.6%). The adoption of IFRS 16 and the investments made in e-mobility in recent years caused depreciation/amortisation expense to increase to EUR 39.986 million (previous year EUR 24.930 million). Other operating expenses decreased to EUR 59.531 million (previous year EUR 81.234 million), also due to IFRS 16, and owing to first successes from adhering to strict cost discipline. All numbers referring to expenses adjusted by IFRS 16 effects are presented in the Notes (table 16).

EBIT

The Bertrandt Group's EBIT in the first nine months of fiscal 2019/2020 was EUR 19.397 million (previous year EUR 46.129 million), which translates into a margin of 2.7% (previous year 5.9%). As expected, this development was influenced by temporary delays in the award of projects by some customers, pressure on prices in some disciplines of our range of services and start-up costs for new areas of business activity. In the further course of the period under review, the Group's earnings were affected by the global spread of coronavirus and the restrictions imposed by governments requiring economic activity to be reduced or brought to a halt. Net finance income was EUR -3.898 million (previous year EUR -2.075 million). This is essentially attributable to the recognition of EUR 1.540 million in interest expense on lease liabilities due to the adoption of IFRS 16. Profit from ordinary activities in the period under review was EUR 15.499 million (previous year EUR 44.054 million). Based on a tax rate of 29.6% (previous year 27.0%), the Company generated post-tax earnings of EUR 9.120 million (previous year EUR 30.311 million).
→ CHART 03

EQUITY (ON 30 JUNE) CHART 04



The equity ratio reached 43.6% as of the reporting date.

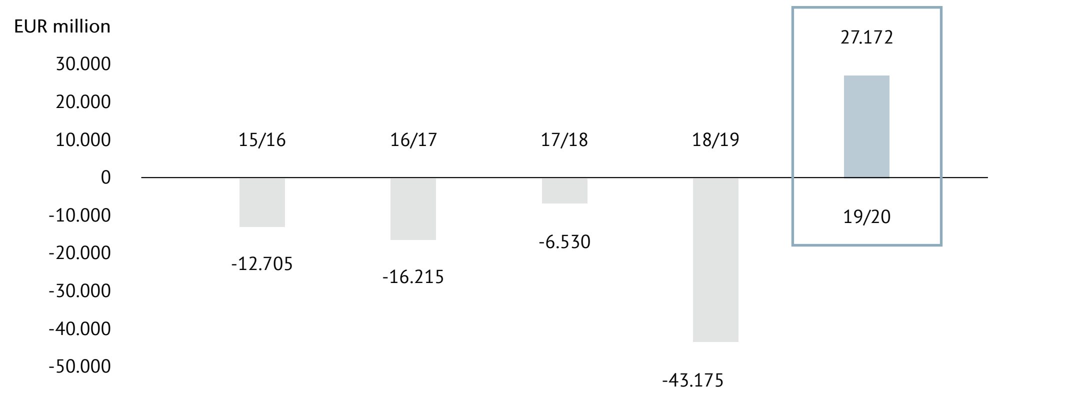
Financial and assets position

Total assets increased by EUR 130.790 million to EUR 939.452 million as at 30 June 2020 (EUR 808.662 million as at 30 September 2019), of which EUR 112.799 million are attributable to the adoption of IFRS 16.

Non-current assets increased to EUR 473.079 million (EUR 340.563 million as at 30 September 2019). This results in the main from the first-time recognition of right-of-use assets from leases at EUR 100.416 million and the deferred taxes of EUR 12.383 million caused by the adoption of IFRS 16. Current assets were EUR 466.373 million (EUR 468.099 million as at 30 September 2019). While contract assets declined by EUR 7.134 million to EUR 118.181 million (EUR 125.315 million as at 30 September 2019) and trade receivables decreased by EUR 34.943 million to EUR 191.064 million (EUR 226.007 million as at 30 September 2019), cash and cash equivalents increased by EUR 32.268 million to EUR 123.759 million (EUR 91.491 million as at 30 September 2019).

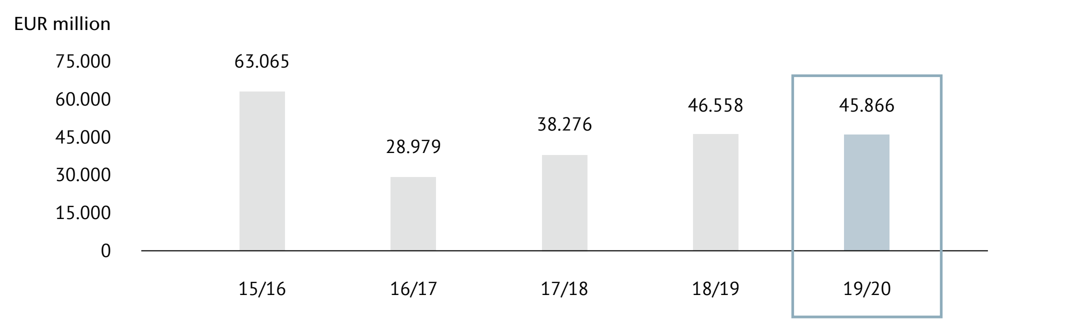
Current liabilities were EUR 193.490 million (EUR 152.725 million as at 30 September 2019). The increase is essentially the result of maturity-related reclassifications from non-current to current borrowings in the amount of EUR 30.000 million. In addition, current other financial liabilities grew by EUR 13.135 million, of which EUR 19.830 million are attributable to IFRS 16 matters which also resulted in an increase in non-current other financial liabilities by EUR 81.272 million. The increase in non-current liabilities by EUR 97.006 million to EUR 336.251 million (EUR 239.245 million as at 30 September 2019) is the result of the aspects stated above and also of a partial disbursement of a subsidised loan for an investment project. The positive net result combined with dividends in the amount of EUR 16.152 million paid out to the shareholders had the effect of reducing equity in the first nine months of the fiscal year 2019/2020 to EUR 409.711 million (EUR 416.692 million as at 30 September 2019). The IFRS 16-related increase in total assets has had a negative impact on the equity ratio, causing it to fall by 7.9 percentage points to 43.6% (51.5% as at 30 September 2019).
→ CHART 04

FREE CASH FLOW (Q1–Q3) CHART 05



At the end of the third quarter, free cash flow amountes to EUR 27.172 million.

CAPITAL SPENDING (Q1–Q3) CHART 06

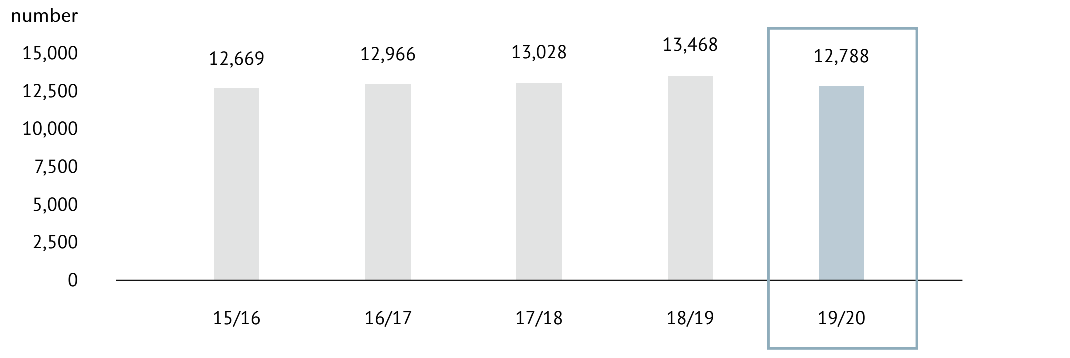


Investment will concentrate on the dominant technology trends in the industry.

Cash flow from operating activities in the first nine months of fiscal year 2019/2020 was EUR 72.858 million (previous year EUR 2.621 million). The optimisation of working capital as well as IFRS16-induced declaration of depreciations had a positive influence. Cash flow used in investing activities was EUR -45.686 million and thus at the previous year's level (previous year EUR -45.796 million). This resulted in free cash flow at the end of the first nine months of EUR 27.172 million (previous year EUR -43.175 million).
→ CHART 05

In the first nine months of the current fiscal year, EUR 45.866 million was invested in buildings, technical equipment and intangible assets to meet needs (previous year EUR 46.253 million). The main focus of investment was on test facilities for powertrain systems of battery or combustion engine powered vehicles. The two so-called Powertrain Solution Centers are currently in the construction and/or start-up phase. We continue in this way to focus our investment activities on building up and expanding our infrastructure, thus continually optimising our range of services.
→ CHART 06

EMPLOYEES (ON 30 JUNE) CHART 07



Year on year, the number of employees decreased by 680.

12,788

employees were working for Bertrandt on the reporting date.

Human resources

As at 30 June 2020, 12,788 people were employed by the Group. Compared to the end of fiscal 2018/2019, the workforce decreased by 876 people (13,664 employees as at 30 September 2019) and mainly domestically. Year on year, the number of employees in the Group has fallen by 680 (13,468 employees as at 30 June 2019). The latest information on human resources management can be found in the “Careers” section of Bertrandt’s website at www.bertrandt.com.
→ CHART 07

Risk report

As an engineering service provider operating on an international scale, Bertrandt is exposed to a wide variety of risks. The pertinent facts were comprehensively reported in the fiscal year 2018/2019 annual report, which states that the ongoing developments in the automotive sector will also shape the 2019/2020 fiscal year. The ultimate outcomes of these developments cannot be wholly predicted at the present juncture. Depending on the turn of events, the influencing factors described in the report may result in opportunities or risks for the Bertrandt Group in the next fiscal year.

Overall, uncertainties regarding macroeconomic developments and customer-specific challenges have noticeably increased in the first nine months of the 2019/2020 fiscal year.

The coronavirus represents a new material risk in the period under review. The pandemic caused by the virus has adverse effects on global trade and logistics chains as well as on the entire real economy. There is also a potential risk to the health of our employees. The official measures imposed to curb the virus and the resulting reduction or discontinuation of the economic activity of a large number of customer groups could increase the risk of delays in the launch of new products and/or passenger car models. This risk factor has partially materialized in the third quarter. According to the ifo Institute, German business sentiment initially deteriorated considerably but has since brightened again somewhat towards the end of the period under review. In June 2020, the ifo Business Climate Index measured 86.2 points after 79.7 points in May. However, according to the ifo Institute the majority of companies still assess their current situation as poor. The first project delays and postponements became evident as early as the middle of the period under review. Overall, it is difficult to make reliable forecasts or predict how this will in fact impact the contracts awarded by OEMs.

Bertrandt responded to this development at an early stage and set up a pandemic committee in early March 2020 to coordinate recommendations and measures regarding all aspects of the coronavirus crisis. The committee works across disciplines and is chaired by a member of the Management Board. The members have key functions in the Group and the committee reports directly to the Management Board. Comprehensive and up-to-date information regarding the protection of our employees was communicated and published on our intranet in a timely manner. Thanks to our high-performance IT infrastructure and high digital security standards we were able to deploy 7,500 mobile workstations. Thus, we can offer the best possible safety to our employees while at the same time maintaining operational capacity to the benefit of our customers. Bertrandt is certified to the TISAX standard. This means that we meet the high requirements for information security in the automotive industry. From May 2020 onwards it was possible to ease some restrictions. The pandemic committee continuously evaluates changes regarding the spread of the virus and the responses by public institutions (tightening or easing of lockdown restrictions) to be able to recommend Group decisions and reassess the risk situation.

The risks referred to in the annual report 2018/2019, which have partly materialised, as well as the underlying economic conditions and the impact of coronavirus adversely affected total revenues and earnings in the period under review and will also have a negative effect on future business performance, despite the countermeasures implemented by the Group.

Our broad strategic alignment, the high demand for innovative solutions catering to the automotive megatrends of digitalisation, autonomous driving, connectivity and electrification, and our solid financial base will continue to provide a stable foundation for our future business growth.

Potentials

The ongoing technology trends of autonomous driving, connectivity, e-mobility and the Internet of Things result in a great breadth and depth of topics for Bertrandt. Mobility and the world of digital data are becoming increasingly intertwined and new business fields and market shares are emerging, putting us to test both as an all-rounder and a specialist. As a solutions-focused engineering business, we are geared to market and customer requirements and consequently also invest in infrastructure and the competences of our employees. With all these developments, new topics, services and cooperation opportunities are also emerging alongside established fields of business which we are increasingly exploiting to develop the best solutions for our customers. Bertrandt is a technology company which provides skilled support as a partner to its customers. Our objective is to manage our business sustainably, to position ourselves successfully on the market and to further build a leading position with a broad and integrated range of services. We consciously serve a rather diverse customer base. Bertrandt assumes the role of an expert consultant to the automotive and aerospace industries while embracing the development of technological future trends with a can-do attitude. Moreover, there are promising opportunities for Bertrandt to establish a market position and to bring its expertise to bear in sectors beyond the mobility industry, such as the energy and electrical engineering and medical technology industries or machinery and plant engineering industries. Thanks to our decentralised structure, we are a trusted partner in the immediate vicinity of our customers. Thus, we can take on board their wishes immediately and implement them in projects worldwide. Moreover, in this context Bertrandt also uses agile startup-type units and focuses on industries and customers in the fields of medical technology, virtual and augmented reality, cloud solutions, machine learning or big data.

Forecast and outlook

In June, the International Monetary Fund updated its forecast and projected global growth at -4.9% in 2020, 1.9 percentage points below the April 2020 World Economic Outlook. Thus the coronavirus pandemic has had a more negative impact on economic activity than initially anticipated. Economists at M.M Warburg & CO predict a more gradual recovery than previously expected. The IMF expects global growth of 5.4% in 2021.

For the USA, the world’s largest economy, the IMF shows a massive GDP decline of -8.0% in its June 2020 update. In the eurozone, the economy is anticipated to contract by -10.2% at the same time. The situation in Italy and Spain, both particularly hit by the pandemic, will be especially severe. According to the IMF, these countries’ economies will shrink by -12.8% in the full year 2020.

The German Council of Economic Experts expects the economy in the eurozone and Germany to decline significantly due to the coronavirus pandemic by 8.5% and 6.5% in 2020, respectively. The Council anticipates that, after the severe slump in the first half of 2020, a slow recovery is likely to set in from the summer onwards so that the German economy should grow by 4.9% again in 2021.

According to the ifo Institute, industrial output in Germany will increase slightly in the coming three months. After a severe deterioration of sentiment due to the coronavirus pandemic, it improved for the second time in June 2020: the ifo production index measured 4.3 points after -19.5 points in May 2020.

The VDA anticipates the global passenger car market shrinking by 17% to 65.9 million units in 2020 overall. At -24%, the decline will be particularly strong in Europe. According to the VDA, 2.8 million new cars will be registered in 2020, corresponding to a decline of -23%. The decrease will be somewhat milder in the USA at -18% and China at -10%. All these projections are made under the assumption that the corona pandemic can be further contained in Europe but also in other parts of the world. In line with this, the ifo production index surged to plus 50 points from -24 points in May.

On the development side, the automobile itself is in the midst of a historic transformation. Digital connectivity and globalisation are continuously driving the global innovation and technology race. The need for mobility is growing on all continents and is manifested in demand for sustainable and environmentally-friendly vehicle concepts. As a result, Bertrandt expects that the trend towards contracting out engineering services in the automotive industry – a mainstay of Bertrandt's business performance – will continue after the recovery from the coronavirus pandemic.

According to the BDLI, the coronavirus pandemic has paralysed the entire aerospace industry. As a consequence, German aviation suppliers are also massively affected. A study conducted by the consulting firm h&z Unternehmensberatung in cooperation with the BDLI showed that the civil aviation supply industry has been particularly hard hit by the crisis. In another study, the consulting firm's experts anticipate that, even in the best case, it will take until 2023 for supply volumes to return to 2019 levels, stating that a time horizon of five or more years appears to be more realistic. In its economic forecast update, the ifo Institute states that the aerospace industry will take 16 months to return to normal levels of business, longer than any other industry.

In the mechanical engineering industry, sentiment remains subdued according to the ifo Institute. In June 2020, the ifo production index came to -26 points after -33 points in May 2020. The majority of companies surveyed did not expect production to expand in the following three months. According to a VDMA survey of July 2020, most decision makers in companies assessed the business situation as poor. However, 60% of the VDMA's member companies anticipate a nominal rise in sales revenues for 2021. The companies that expect limited sales decreases for 2020 are also more optimistic for 2021.

The Power Engineering division of the German Electrical and Electronic Manufacturers Association (ZVEI) reported that the fourth ZVEI survey showed indications of a possible recovery in Germany and the countries of the eurozone. Above all, overall business expectations improved considerably. According to the report, 26% of the companies surveyed are expecting activities to increase in the next six months, 42% expect business to stay at the same level and 32% anticipate declining business.

According to the German Hightech Industry Association SPECTARIS its members have been hit harder than expected by the coronavirus pandemic. The German medical and lab technology industry anticipates a fall in sales revenues of up to 20% in 2020.

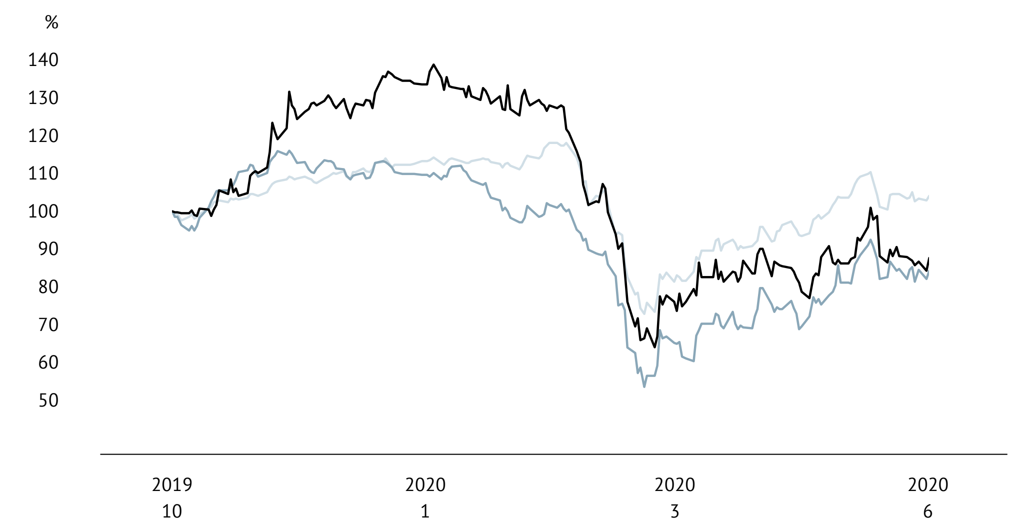
Apart from the omnipresent coronavirus crisis, the key megatrends promoting Bertrandt's business success, i.e. environmentally friendly individual mobility, connected and autonomous driving, and the increasing variety of models and variants, are intact and offer business opportunities for the future. According to major OEMs, the R&D and real investment ratios will exceed the previous year's ratios in the full year 2020.

As a result, Bertrandt will continue to focus its investment activities on building up and expanding its infrastructure with the aim of consistently optimising its range of services bearing in mind that the technological developments of tomorrow will require state-of-the-art technology. A solid balance sheet enables Bertrandt AG to invest in strengthening its competitiveness even under the present circumstances.

In view of the uncertainties regarding the development and duration of the coronavirus pandemic and its actual repercussions for overall global economic development, the Management Board of Bertrandt AG withdrew its published forecast for fiscal 2019/2020 on 20 March 2020. At this time, it is impossible to give a meaningful assessment of the tangible impacts of the pandemic. Given the currently dynamic situation, the Management Board refrains from providing a new forecast for the financial year 2019/2020.

SHARE PRICE IN COMPARISON (Q1–Q3)

CHART 08



The coronavirus pandemic had a negative effect on German stock market indices in general and also on Bertrandt's share price.

Bertrandt AG — Prime Automobile Performance-Index — SDAX

Our shares

The DAX started the period under review on 1 October 2019 opening at 12,469.67 points. For the following months it took a sharp downturn, but slightly recovered again after the shutdown. On 30 June 2020, the DAX closed at 12,310.93 points. The SDAX started the same period at 11,049.84 points. Its recovery after the shutdown was more pronounced, however, and it closed at 11,535.83 points as at the end of the period. The Prime Automobile Performance Index started the period under review at 1,297.75 points and closed at 1,088.05 points.

Bertrandt's shares started the first nine months of the 2019/2020 financial year by opening in Xetra trading at EUR 41.15. The highest share price in the period under review was EUR 57.10 on 3 January 2020. The share reached its low for the period on 23 March 2020, closing at EUR 25.00. On 30 June 2020 the share closed the period under review with a closing price of EUR 35.10. According to the resolution adopted at the annual general meeting on 19 February 2020, we paid out a dividend of EUR 1.60 to the shareholders. The average daily trading volume in the first nine months of fiscal 2019/2020 was 12,045 shares (6,844 shares in the same period in the previous year).
→ CHART 08

Analysts' ratings of the share and of our Company can be found at www.bertrandt.com under Investor Relations.

35.10

EUR was the closing price of the Bertrandt share on the last day of Xetra trading.

Interim consolidated financial statements

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

TABLE 09

EUR million				
01/10 to 30/06	Q3	Q3	Q1–Q3	Q1–Q3
	2019/2020	2018/2019	2019/2020	2018/2019
I. Income statement				
Revenues	**205.169**	**259.371**	**712.853**	**783.948**
Other internally generated assets	0.300	0.537	0.856	0.931
Total revenues	**205.469**	**259.908**	**713.709**	**784.879**
Other operating income	2.636	1.872	6.751	6.394
Raw materials and consumables used	-15.948	-23.373	-59.976	-68.868
Personnel expenses	-163.179	-193.077	-541.570	-570.112
Depreciation	-14.042	-8.707	-39.986	-24.930
Other operating expenses	-16.777	-26.316	-59.531	-81.234
EBIT	**-1.841**	**10.307**	**19.397**	**46.129**
Share of profit in associates	0.161	0.093	0.448	0.345
Interest income	0.029	0.083	0.080	0.199
Financial expenses	-1.408	-0.864	-4.358	-2.644
Other financial result	-0.008	0.020	-0.068	0.025
Net finance income	**-1.226**	**-0.668**	**-3.898**	**-2.075**
Profit from ordinary activities	**-3.067**	**9.639**	**15.499**	**44.054**
Other taxes	-0.792	-0.806	-2.553	-2.513
Earnings before tax	**-3.859**	**8.833**	**12.946**	**41.541**
Income taxes	1.020	-1.890	-3.826	-11.230
Post-tax earnings	**-2.839**	**6.943**	**9.120**	**30.311**
Attributable to shareholders of Bertrandt AG	-2.839	6.943	9.120	30.311
Number of shares (million) – diluted/basic, average weighting	10.095	10.095	10.095	10.095
Earnings per share (EUR) – diluted/basic	-0.28	0.69	0.90	3.00
II. Statement of comprehensive income				
Post-tax earnings	**-2.839**	**6.943**	**9.120**	**30.311**
Exchange rate differences[1]	-0.323	-0.326	-0.397	0.119
Revaluation of pension obligations	-0.699	-0.030	0.638	-0.090
Tax effects of revaluation of pension obligations	0.205	0.009	-0.190	0.027
Other comprehensive income after taxes	**-0.817**	**-0.347**	**0.051**	**0.056**
Total comprehensive income	**-3.656**	**6.596**	**9.171**	**30.367**
Attributable to shareholders of Bertrandt AG	-3.656	6.596	9.171	30.367

[1] Components of other comprehensive income which will be reclassified to the income statements of future periods.

CONSOLIDATED BALANCE SHEET

TABLE 10

EUR million		
	30/06/2020	30/09/2019
Assets		
Intangible assets	14.958	14.017
Property, plant and equipment	421.940	302.855
Investment properties	1.293	1.342
Investments accounted for using the equity method	6.901	6.453
Financial receivables	1.446	1.412
Other financial assets	2.735	2.581
Other assets	7.768	8.831
Deferred taxes	16.038	3.072
Non-current assets	**473.079**	**340.563**
Inventories	0.888	0.993
Contract assets	118.181	125.315
Trade receivables	191.064	226.007
Financial receivables	0.430	0.558
Other financial assets	2.480	2.873
Other assets	26.021	15.664
Income tax assets	3.550	5.198
Cash and cash equivalents	123.759	91.491
Current assets	**466.373**	**468.099**
Total assets	**939.452**	**808.662**
Equity and liabilities		
Issued capital	10.143	10.143
Capital reserves	29.714	29.714
Retained earnings	346.136	346.136
Other reserves	-5.014	-5.065
Consolidated distributable profit	28.732	35.764
Equity	**409.711**	**416.692**
Borrowings	220.076	212.419
Other financial liabilities	81.272	0
Other liabilities	1.779	1.747
Provisions	11.993	12.445
Deferred taxes	21.131	12.634
Non-current liabilities	**336.251**	**239.245**
Borrowings	34.689	3.498
Contract liabilities	9.775	4.520
Trade payables	13.089	15.751
Other financial liabilities	36.577	22.442
Other liabilities	74.016	72.562
Other provisions	17.358	33.185
Tax provisions	7.986	0.767
Current liabilities	**193.490**	**152.725**
Total equity and liabilities	**939.452**	**808.662**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TABLE 11

EUR million	Issued capital	Capital reserves	Retained earnings	Other reserves: Currency translation reserve	Other reserves: Revaluation of pension obligations	Other reserves: Total	Distributable profit	Total
Value on 01/10/2019	**10.143**	**29.714**	**346.136**	**-1.290**	**-3.775**	**-5.065**	**35.764**	**416.692**
Post-tax earnings							9.120	**9.120**
Other comprehensive income after taxes				-0.397[1]	0.448	**0.051**		**0.051**
Total comprehensive income				**-0.397**	**0.448**	**0.051**	**9.120**	**9.171**
Dividend payment							-16.152	**-16.152**
Value on 30/06/2020	**10.143**	**29.714**	**346.136**	**-1.687**	**-3.327**	**-5.014**	**28.732**	**409.711**
Previous year								
Value on 30/09/2018	**10.143**	**29.713**	**323.161**	**-1.893**	**-2.012**	**-3.905**	**39.764**	**398.876**
Value adjustment according to IFRS 9			0.152					**0.152**
Value on 01/10/2018	**10.143**	**29.713**	**323.313**	**-1.893**	**-2.012**	**-3.905**	**39.764**	**399.028**
Post-tax earnings							30.311	**30.311**
Other comprehensive income after taxes				0.119[1]	-0.063	**0.056**		**0.056**
Total comprehensive income				**0.119**	**-0.063**	**0.056**	**30.311**	**30.367**
Dividend payment							-20.190	**-20.190**
Value on 30/06/2019	**10.143**	**29.713**	**323.313**	**-1.774**	**-2.075**	**-3.849**	**49.885**	**409.205**

[1] Components of other comprehensive income which will be reclassified to the income statements of future periods.

CONSOLIDATED CASH FLOW STATEMENT

TABLE 12

EUR million 01/10 to 30/06	2019/2020	2018/2019
1. Post-tax earnings	**9.120**	**30.311**
2. Income taxes	3.826	11.230
3. Share of profit in associates	-0.448	-0.345
4. Interest income	-0.080	-0.199
5. Financial expenses	4.358	2.644
6. Other financial result	0.068	-0.025
7. Depreciation of non-current assets	39.986	24.930
8. Increase/decrease in provisions	-16.166	-17.081
9. Other non-cash income/expense	0.326	-0.559
10. Profit/loss from disposal of non-current assets	-0.062	-0.040
11. Increase/decrease in inventories, trade receivables as well as other assets not assigned to investing or financing activities	26.083	-1.539
12. Increase/decrease in contract assets	7.134	-26.770
13. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	-1.538	-2.608
14. Income tax paid	-1.664	-16.112
15. Income tax received	2.301	2.432
16. Interest paid[1]	-0.468	-3.833
17. Interest received[1]	0.082	0.185
18. Cash flows from operating activities (1.–17.)	**72.858**	**2.621**
19. Payments received from disposal of property, plant and equipment	0.280	0.915
20. Payments received from the disposal of financial assets[2]	0	0.337
21. Payments made for investments in property, plant and equipment	-43.008	-44.450
22. Payments made for investments in intangible assets	-2.858	-1.803
23. Payments made for investments accounted for using the equity method (previous year including financial assets)[2]	0	-0.305
24. Payments made to acquire consolidated and other businesses	-0.100	-0.490
25. Cash flows from investing activities (19.–24.)	**-45.686**	**-45.796**
26. Dividend payment	-16.152	-20.190
27. Financial receivables – payments received[2]	0.168	0
28. Financial receivables – payments made[2]	-0.254	0
29. Payments received from issue of debt instruments and raising of loans	40.468	26.838
30. Payments made for discharging debt instruments and repaying loans[3]	-14.198	-1.452
31. Interest paid[1+3]	-4.625	0
32. Cash flows from financing activities (26.–31.)	**5.407**	**5.196**
33. Changes in cash and cash equivalents (18.+25.+32.)	32.579	-37.979
34. Effect of exchange rate changes on cash and cash equivalents	-0.311	0.172
35. Cash and cash equivalents at beginning of period	91.491	88.405
36. Cash and cash equivalents at end of period (33.–35.)	**123.759**	**50.598**

[1] For information regarding the disclosure of interest paid within the cash flow statement, see the explanations about the presentation of the interim consolidated financial statements in the notes.
[2] Refer to note [1] in the annual report 2018/2019 for explanations about the presentation of financial statements.
[3] For explanations about IFRS 16 see the management report and the notes.

CONSOLIDATED SEGMENT REPORT

TABLE 13

EUR million	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total of all divisions	
01/10 to 30/06	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Revenues	409.786	468.338	157.350	176.085	184.492	170.394	751.628	814.817
Transfer between segments	19.322	17.170	13.006	7.074	6.447	6.625	38.775	30.869
Consolidated revenues	**390.464**	**451.168**	**144.344**	**169.011**	**178.045**	**163.769**	**712.853**	**783.948**
Other internally generated assets	0.191	0.285	0.316	0.293	0.349	0.353	0.856	0.931
Consolidated total revenues	**390.655**	**451.453**	**144.660**	**169.304**	**178.394**	**164.122**	**713.709**	**784.879**
EBIT	**-2.132**	**19.986**	**9.422**	**12.765**	**12.107**	**13.378**	**19.397**	**46.129**
01/04 to 30/06	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Revenues	113.136	150.561	45.083	62.118	58.667	55.577	216.886	268.256
Transfer between segments	5.425	4.695	4.690	2.596	1.602	1.594	11.717	8.885
Consolidated revenues	**107.711**	**145.866**	**40.393**	**59.522**	**57.065**	**53.983**	205.169	**259.371**
Other internally generated assets	0.110	0.147	0.134	0.099	0.056	0.291	0.300	0.537
Consolidated total revenues	**107.821**	**146.013**	**40.527**	**59.621**	**57.121**	**54.274**	**205.469**	**259.908**
EBIT	**-6.547**	**2.718**	**1.722**	**4.748**	**2.984**	**2.841**	**-1.841**	**10.307**

SHARES OWNED BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

TABLE 14

number	Shares	Shares
	Balance at 30/06/2020	Balance at 30/09/2019
Members of the Management and Supervisory Boards owning shares		
Dietmar Bichler (Member of the Supervisory Board)	400,000	400,000
Total	**400,000**	**400,000**

Options are not disclosed here as there is currently no option programme.

Full energy for electromobility.

We invest our full energy to press ahead with e-mobility with a focus on both vehicles and charging infrastructure: In June, the first sod was turned for the new charging park in Mönsheim. In addition to a hangar with charging points for our own test vehicles, stations with charging power of up to 150 kW will be provided to the public.

In Mönsheim, Bertrandt is investing more than EUR 250,000 in the future of electromobility. With a growing number of hybrid and electric vehicles on the market, there is also increasing demand for charging infrastructure. Installing charging stations is therefore an important investment in maintaining our position as a fully accepted partner in the field of e-mobility.

Condensed consolidated notes

BASIC INFORMATION

The consolidated financial statements of Bertrandt Aktiengesellschaft, registered at Birkensee 1, 71139 Ehningen, Germany (register number HRB 245259, commercial register of the local court of Stuttgart), for the year ending 30 September 2019 were prepared using the International Financial Reporting Standards (IFRS) effective at the reporting date and as endorsed by the European Union (EU).

In principle, the presented consolidated financial statements as at 30 June 2020 have been prepared based on International Accounting Standard (IAS) 34 Interim Financial Reporting, applying the same reporting methods as in the consolidated financial statements for fiscal 2018/2019, with the exception of the new IFRS 16 which is applicable for the first time in this financial year. The effects of IFRS 16 are referred to under "Standards and Interpretations that are mandatorily effective from this financial year". These interim consolidated financial statements comply with the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). They also comply with all Standards and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatorily effective for the financial year 2019/2020, and with the German Corporate Governance Code.

A detailed description of these methods is published in the Notes to the Consolidated Financial Statements of the Annual Report for fiscal 2018/2019. The Annual Report is also accessible on the internet at www.bertrandt.com.

These interim consolidated financial statements were compiled in euros. Unless stated otherwise, all amounts are shown in millions of euros (EUR million). Where percentage values and figures are given, differences may occur due to rounding.

International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2019/2020
The following table sets out the International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2019/2020.

TABLE 15

Standard/ Interpretation		Compulsory application[1]	Expected effects
IFRS 9	Amendments to IFRS 9: Prepayment features with negative compensation	01/01/2019	None
IFRS 16	Leases	01/01/2019	Accounting
IAS 19	Amendments to IAS 19: Plan amendment, curtailment or settlement	01/01/2019	None
IAS 28	Amendments to IAS 28: Long-term interests in associates and joint ventures	01/01/2019	None
IFRIC 23	Uncertainty over income tax treatments	01/01/2019	None
Improvement to IFRS	Adoption of annual improvements to IFRS cycle 2015-2017	01/01/2019	Single-case audit

[1] Fiscal years beginning on or after the specified date.

IFRS 16 – Leases
The Company adopted IFRS 16 using the simplified retrospective method.

For detailed explanations about the general changes required by IFRS 16 see page 87 in the 2018/2019 Annual Report.

The Bertrandt Group uses the following transition options and practical expedients:
- The capitalised right-of-use assets are allocated to those items in the balance sheet under which the underlying assets of the lease would be reported if they were owned by the Bertrandt Group. The right-of-use assets are mainly recognised as non-current assets, in property, plant and equipment.
- The lease liabilities are shown in current and non-current liabilities respectively, depending on their maturities.
- When the standard was applied for the first time, the initial direct costs were not taken into account in the measurement of the right-of-use assets. The lease liabilities and right-of-use assets were stated at the same amount.
- The Company exercises transition reliefs regarding current (term less than 12 months) leases and leases for which the underlying asset is of low value (less than EUR 5,000).

The first recognition of the right-of-use assets and lease liabilities in the balance sheet has had the following effects as of 1 October 2019:
- Recognition of right-of-use assets and lease liabilities of EUR 81.267 million in the balance sheet
- There were no effects on equity.

In the period from 1 October 2019 to 30 June 2020, the initial application of IFRS 16 had the following effects on the consolidated income statement and the consolidated balance sheet as at 30 June 2020:

Effects of IFRS 16 on the consoidated income statement

EFFECTS OF IFRS 16 ON THE CONSOLIDATED INCOME STATEMENT

TABLE 16

EUR million	
01/10 to 30/06	2019/2020
Raw materials and consumables used	0.089
Depreciation	-13.963
Other operating expenses (Operating lease expenses)	14.728
EBIT	**0.854**
Interest expense from lease liabilities	-1.540
Net finance income	**-1.540**
Profit from ordinary activities / Earnings before tax	**-0.686**
Income taxes	0.208
Post-tax earnings	**-0.478**

Effects of IFRS 16 on the consolidated balance sheet statement

EFFECTS OF IFRS 16 ON THE CONSOLIDATED BALANCE SHEET STATEMENT

TABLE 17

EUR million	30/06/2020 (including IFRS 16)	Impact of IFRS 16	30/06/2020 (excluding IFRS 16)
Assets			
Non-current assets	**473.079**	**-112.799**	**360.280**
– of which right-of-use assets	421.940	-100.416	321.524
– of which deferred taxes	16.038	-12.383	3.655
Current assets	**466.373**	**0**	**466.373**
Total assets	**939.452**	**-112.799**	**826.653**
Equity and liabilities			
Equity	**409.711**	**0.478**	**410.189**
– of which consolidated distributable profit	28.732	0.478	29.210
Equity ratio	43.6%		49.6%
Non-current liabilities	**336.251**	**-93.447**	**242.804**
– of which other financial liabilities	81.272	-81.272	0
– of which deferred taxes	21.131	-12.175	8.956
Current liabilities	**193.490**	**-19.830**	**173.660**
– of which other financial liabilities	36.577	-19.830	16.747
Total equity and liabilities	**939.452**	**-112.799**	**826.653**

International Financial Reporting Standards and Interpretations that have been published but are not yet mandatory

The following standards and interpretations have already been adopted by the International Accounting Standards Board (IASB) and to some degree approved by the EU but they were not yet mandatory in fiscal 2019/2020. Bertrandt will apply them for the accounting period for which they become effective.

TABLE 18

Standard/ Interpretation		Mandatory application[1]	Expecetd effect
IFRS 3[2]	Amendment to IFRS 3: Business combinations – Clarifications to the definition of a business operation	01/01/20	none
IFRS 3, IAS 16 and IAS 37[2]	Amendment to IFRS 3, IAS 16 and IAS 37: Annual improvements	01/01/22	none
IFRS 4[2]	Amendment to IFRS 4: Insurance contracts – deferral of IFRS 9	01/01/20	none
IFRS 7, IFRS 9 and IAS 39	Amendment to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform	01/01/20	Single-case audit
IFRS 16[2]	Amendment to IFRS 16: Leases Covid 19-related rent concessions	01/06/20	none
IFRS 17[2]	Insurance Contracts; including Amendments to IFRS 17	01/01/23	Currently under examination
IAS 1 and IAS 8[2]	Amendment to IAS 1 and IAS 8: Definition of material	01/01/20	Currently under examination
IAS 1[2]	Amendment to IAS 1: Classification of liabilities as current or non-current	01/01/22	Single-case audit
Improvements to IFRS	Changes on the conceptual Framework der IFRS-regulations[2]	01/01/20	Single-case audit

[1] Fiscal years beginning on or after zje specified date.
[2] Not yet endorsed by the EU.

Presentation of interim financial statements

As a result of the both the adoption of IFRS 16 and additional subsidised loans, the Company will, as from the current financial year, classify the interest paid as financing cash flows. In addition, to improve the presentation of the information, previous interest payments are also shown under cash flows fromfinancing activities.

GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies includes all operating subsidiaries under the legal and constructive control of Bertrandt AG.

Associates, i.e. entities which are not controlled by Bertrandt but over which the Company has significant influence, and joint ventures, i.e. entities of which Bertrandt has joint control, either directly or indirectly, are accounted for in the consolidated financial statements using the equity method.

The following table shows the entities of the Bertrandt Group:

GROUP OF CONSOLIDATED COMPANIES

TABLE 19

	30/06/2020
Bertrandt AG and consolidated subsidiaries	**52**
Germany	42
Abroad	10
Associates and joint ventures	**19**
Germany	19
Abroad	0
Total	**71**

FOREIGN CURRENCY TRANSLATION

The interim consolidated financial statements of subsidiaries using a functional currency other than the euro are translated according to IAS 21. The subsidiaries carry out their business independently for financial, commercial and organisational purposes. The functional currency is therefore identical to the currency of the country in which they are based.

Accordingly, for the interim financial statements these companies' assets and liabilities were translated at the mean closing rate at the date of the statement of financial position, and income and expenses were translated at the average exchange rate for the period. All resulting exchange differences including differences resulting from the translation of amounts brought forward from the previous year are recognised directly in equity.

Foreign currency transactions are recorded by translating the foreign currency amount into the functional currency amount at the exchange rate prevailing on the date of the transaction. Gains and losses arising from the settlement of such transactions as well as from the translation at the reporting date of monetary assets and liabilities held in foreign currencies are recognised in profit or loss.

The parities of the key currencies relative to one euro were as follows:

FOREIGN CURRENCY TRANSLATION

TABLE 20

relative to one euro		Average rate on balance sheet date		Average rate Q1–Q3	
		30/06/2020	30/06/2019	2019/2020	2018/2019
China	CNY	7.9357	7.8250	7.7549	7.7358
United Kingdom	GBP	0.9136	0.8972	0.8692	0.8783
Romania	RON	4.8413	4.7350	4.8004	4.7143
Turkey	TRY	7.6827	6.5750	6.8989	6.3336
Hungary	CZK	26.7990	25.4370	26.0808	25.7430
United States	USD	1.1210	1.1383	1.1032	1.1338

RELATED PARTY DISCLOSURES

On 2 July 2014, Dr. Ing. h.c. F. Porsche AG, Stuttgart, increased its shareholding in Bertrandt AG by nearly four percentage points. After the share purchase, Volkswagen now indirectly holds around 29 percent of voting shares in Bertrandt. As in the past it is not the intention of Volkswagen to exercise influence on the Supervisory Board or the Management Board. From the date of the purchase of the shares, Bertrandt AG will be accounted for as an associate in the consolidated financial statements of the Volkswagen group under the equity method. Accordingly, the Volkswagen group has to be classified as a related party pursuant to IAS 24. All supplier relationships between Bertrandt AG and the Volkswagen group were based on arm's length prices. The revenues arising from transactions with all Volkswagen group companies amounted to EUR 264.290 million in the period under review (previous year EUR 251.822 million). As of the balance sheet date, receivables amounted to EUR 85.543 million (previous year EUR 87.883 million).

FAIR VALUE DISCLOSURES

The principles and methods used for fair value measurement have remained unchanged compared to fiscal 2018/2019.

Based on the short maturities of the current financial assets and liabilities, it is assumed that their fair values are nearly equal to their carrying amounts. With regard to non-current financial liabilities the fair values taking into account the respective current interest rate parameters as of 30 June 2020 were EUR 226.427 (previous year EUR 225.201 million).

The financial assets and financial liabilities at fair value through profit or loss generally comprise derivatives to hedge foreign exchange and interest risks.

The derivatives' fair values are determined with generally accepted methods of financial mathematics, using mid-market pricing. All derivatives with a positive fair value are disclosed as derivative assets, while all derivatives with a negative fair value are disclosed as derivative liabilities.

As at 30 June 2020 the fair value of all balance sheet items valued at their fair value was EUR 0 million (EUR 0 million as at 30 September 2019). In the period under review, no foreign exchange forward contract or interest rate hedging contract was outstanding.

The fair value hierarchy established by IFRS 13 defines three levels of inputs to valuation techniques which depend on the availability of observable market prices in an active market. Level one input is input available for financial instruments that are measured at quoted prices in active markets for identical assets or liabilities. Financial instruments that are measured using Level two inputs are measured on the basis of inputs other than quoted prices included within Level one, which are observable either directly or indirectly. Level three input refers to market data for the measurement of financial instruments that are unobservable. Interest rate derivatives and foreign exchange forward contracts are categorised as Level two, other derivatives as Level three. Non-current financial liabilities are categorised as Level two. As in the previous year, there were no transfers between the three levels of the fair value hierarchy. A sensitivity analysis is performed every year, analysing and evaluating internal and external information and conditions for their probability of occurrence and the resulting financial burdens. As in the previous year, the sensitivity analysis carried out in the first quarter of fiscal 2019/2020 for derivatives measured according to Level three of the fair value hierarchy did not lead to any change in the carrying amount.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period of 1 October 2019 to 30 June 2020.

GERMAN CORPORATE GOVERNANCE CODE

The declarations of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) by the Management and Supervisory Boards of Bertrandt AG are accessible on the internet at www.bertrandt.com.

Quarterly Survey

CONSOLIDATED INCOME STATEMENT

TABLE 21

EUR million	Q3 19/20	Q2 19/20	Q1 19/20	Q4 18/19	Q3 18/19
Revenues	**205.169**	**244.697**	**262.987**	**274.164**	**259.371**
Other internally generated assets	0.300	0.222	0.334	0.827	0.537
Total revenues	**205.469**	**244.919**	**263.321**	**274.991**	**259.908**
Other operating income	2.636	2.110	2.005	11.012	1.872
Raw materials and consumables used	-15.948	-18.783	-25.245	-39.887	-23.373
Personnel expenses	-163.179	-187.929	-190.462	-195.274	-193.077
Depreciation	-14.042	-13.103	-12.841	-8.757	-8.707
Other operating expenses	-16.777	-20.264	-22.490	-27.892	-26.316
EBIT	**-1.841**	**6.950**	**14.288**	**14.193**	**10.307**
Net finance income	**-1.226**	**-1.346**	**-1.326**	**-770**	**-0.668**
Profit from ordinary activities	**-3.067**	**5.604**	**12.962**	**13.423**	**9.639**
Other taxes	-0.792	-0.976	-0.785	-0.744	-0.806
Earnings before tax	**-3.859**	**4.628**	**12.177**	**12.679**	**8.833**
Income taxes	1.020	-1.380	-3.466	-3.976	-1.890
Post-tax earnings	**-2.839**	**3.248**	**8.711**	**8.703**	**6.943**
– attributable to shareholders of Bertrandt AG	-2.839	3.248	8.711	8.703	6.943
Number of shares (million) – diluted/basic, average weighting	10,095	10,095	10,095	10,095	10,095
Earnings per share (EUR) – diluted/basic	**-0.28**	**0.32**	**0.86**	**0.86**	**0.69**

Financial calendar

Annual report 2019/2020
Annual press and analysts' conference
10 December 2020

Annual General Meeting
17 February 2021
10:30
City Hall Sindelfingen

Road-shows and Confe-rences

→ DATES

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