

KUKA



Q3/20
Quarterly Statement

Key figures

in € millions	9M/19	9M/20	Change in %
Orders received	2,434.0	1,993.1	-18.1%
Order backlog (30.09.)	2,059.0	2,002.5	-2.7%
Sales Revenues	2,372.5	1,860.8	-21.6%
Gross earnings from sales	539.2	372.7	-30.9%
in % of sales revenues	22.7%	20.0%	-
EBIT (earnings before interest and taxes)	81.4	-70.5	>-100%
in % of sales revenues	3.4%	-3.8%	-
EBITDA (earnings before interest, taxes and amortization)	173.4	24.5	-85.9%
in % of sales revenues	7.3%	1.3%	-
Earnings after taxes	62.4	-69.2	>-100%
Earnings per share (diluted/undiluted) in €	1.52	-1.77	>-100%
Capital expenditure	107.6	56.4	-47.6%
Equity ratio in % (30.09.)	40.4%	38.5%	-
Net liquidity (30.09.)	8.7	10.8	24.1%
Employees (30.09.)	14,075	13,676	-2.8%

in € millions	Q3/19	Q3/20	Change in %
Orders received	624.8	752.4	20.4%
Order backlog (30.09.)	2,059.0	2,002.5	-2.7%
Sales Revenues	832.9	692.0	-16.9%
Gross earnings from sales	183.1	151.4	-17.3%
in % of sales revenues	22.0%	21.9%	-
EBIT (earnings before interest and taxes)	35.6	7.6	-78.7%
in % of sales revenues	4.3%	1.1%	-
EBITDA (earnings before interest, taxes and amortization)	66.3	38.5	-41.9%
in % of sales revenues	8.0%	5.6%	-
Earnings after taxes	27.4	11.3	-58.8%
Earnings per share (diluted/undiluted) in €	0.66	0.25	-62.1%
Capital expenditure	28.8	16.6	-42.4%

Quarterly Statement

Business performance

KUKA Group

After the sharp downturn and the weeks of economic shutdown in the first half-year, the situation recovered as the coronavirus measures were eased. At €752.4 million, the volume of orders received in the third quarter showed a significant increase and was 20.4% higher than in the third quarter of 2019 (Q3 /19: €624.8 million). The low figure from the previous year was heavily influenced by the weak global economy and uncertainties in trade politics. Despite the strong year-on-year increase, the general conditions remain difficult. There are major uncertainties related to the impact of the second wave of infections and the continuing geopolitical tensions. Customers are consequently still exercising caution. KUKA is noticing the restraint of customers especially in the automotive sector but also in general industry. Sales revenues fell 16.9% year-on-year to €692.0 million (Q3 /19: €832.9 million) on account of the low levels of orders received in the preceding quarters. The book-to-bill ratio stood at 1.09 in the past quarter (Q3 /19: 0.75), reflecting the recovery during the quarter. EBIT dropped to €7.6 million in the third quarter of 2020, after €35.6 million in the third quarter of 2019. The EBIT margin was down from 4.3% in the third quarter of 2019 to 1.1% in the third quarter of 2020. Although the additional efficiency measures introduced at the beginning of the year in connection with the COVID-19 crisis led to significant improvements in the cost structure, the much lower level of revenues caused a sharp drop in earnings.

From a cumulative perspective, KUKA Group generated orders received worth €1,993.1 million in the first nine months of 2020, which was 18.1% lower than the previous year's figure (9M/19: €2,434.0 million). Sales revenues amounted to €1,860.8 million, corresponding to a year-on-year decrease of 21.6% (9M/19: €2,372.5 million). The book-to-bill ratio stood at 1.07 in the first nine months of 2020. This was an increase of 0.04 on the previous year (9M/19: 1.03). The order backlog decreased by 2.7% from €2,059.0 million as at September 30, 2019 to €2,002.5 million as at September 30, 2020. KUKA Group's earnings before interest and taxes (EBIT) dropped to –€70.5 million from €81.4 million in the previous year. The EBIT margin was down from 3.4% in the first nine months of 2019 to –3.8% in 2020.

Systems

The Systems business segment saw its volume of orders received increase from €186.9 million in the third quarter of 2019 to €274.9 million in the third quarter of 2020. This corresponds to a substantial increase of 47.0% and is mainly attributable to the delayed award of projects from previous quarters. Despite this improvement, the global order situation in the automotive sector remains difficult. Worldwide, major investments in particular are being postponed and competitive pressure remains high, especially in Europe. Sales revenues thus declined by 6.3% from €217.3 million in the third quarter of 2019 to €203.7 million in the third quarter of 2020 as a result of the low levels of orders received in the preceding quarters. The book-to-bill ratio improved year-on-year from 0.86 (Q3/19) to 1.35 (Q3/20). EBIT, on the other hand, fell from €8.4 million in Q3/19 to €6.7 million in the third quarter of 2020.

The EBIT margin of 3.3% was below the previous year's figure of 3.9%. Although the efficiency measures that were introduced succeeded in reducing structural costs, earnings were impacted by both the decline in revenues and the current pressure on margins for projects in Europe. The effects of the pandemic were clearly felt.

Orders received in the first nine months of 2020 amounted to €514.4 million after €612.5 million in the same period of the previous year. This corresponds to a decline of 16.0%. Sales revenues in the first nine months totaled €495.6 million after €673.1 million in the corresponding prior-year period, equivalent to a decline of 26.4%. The book-to-bill ratio rose from 0.91 in 9M/19 to 1.04 in 9M/20. The order backlog of €603.9 million as at September 30, 2020 was down slightly year-on-year (September 30, 2019: €623.6 million). EBIT fell to –€27.3 million in 9M/20 after €26.1 million in 9M/19. This corresponds to an EBIT margin of –5.5% after 3.9% in the same period of the previous year. Earnings were negatively impacted by the difficult order situation with increased pressure on margins, but also by deteriorations in individual projects from previous years.

Robotics

In the third quarter of 2020, the Robotics segment posted orders received worth €214.1 million, thus maintaining the previous year's level (Q3/19: €215.4 million). Sales revenues dropped strongly by 29.8% from €307.7 million in Q3/19 to €216.1 million in Q3/20. This reflects the difficult general conditions resulting from the COVID-19 pandemic, making customers significantly more reluctant to invest. Customers from both the automotive industry and general industry either held back on orders or postponed their planned investments and training courses for KUKA robots and support services. The book-to-bill ratio stood at 0.99 (Q3/19: 0.70). The lower revenue volume also had a major impact on earnings. EBIT amounted to €4.1 million after €25.6 million in Q3/19. The EBIT margin fell accordingly from 8.3% in Q3/19 to 1.9% in Q3/20.

Orders received in the first nine months of 2020 had a value of €679.6 million, corresponding to a 17.4% decrease on the same period of the previous year (9M/19: €822.3 million). Sales revenues fell by 28.3% from €870.0 million in the first nine months of 2019 to €623.9 million in 9M/20. At 1.09, the book-to-bill ratio was above the previous year's figure of 0.95. The order backlog totaled €321.9 million as at September 30, 2020 (September 30, 2019: €354.8 million). EBIT in the first nine months amounted to –€10.1 million, corresponding to an EBIT margin of –1.6%. In the same period last year, the Robotics business segment generated an EBIT of €60.4 million with an EBIT margin of 6.9%.

Swisslog

Swisslog's orders received in the third quarter of 2020 increased significantly by 9.5% to €140.8 million (Q3/19: €128.6 million). Customers invested heavily in logistics solutions again after Swisslog too felt the effects of customers' reluctance to place orders in the first half of the year due to the coronavirus crisis. Sales revenues fell by 18.2% from €140.9 million in Q3/19 to €115.2 million in Q3/20. Restrictions due to the temporary closures of customer plants as a result of the pandemic led to delays in order processing, which had an impact on revenues. The book-to-bill ratio rose to 1.22 (Q3/19: 0.91). EBIT decreased slightly to €3.0 million in the third quarter of 2020 after €3.2 million in the third quarter of 2019. Despite a lower revenue level, cost-saving measures in connection with the coronavirus pandemic and an improved cost structure made it possible to increase the EBIT margin to 2.6% in Q3/20, compared to 2.3% in Q3/19.

On a cumulative basis, the Swisslog business segment reported orders received valued at €401.0 million in the first nine months of 2020. This corresponds to a 33.4% year-on-year decrease (9M/19: €601.9 million). Excluding a major order generated in the previous year, orders received would have been at a comparable level. Sales revenues totaled €393.9 million and were thus 7.4% below the previous year's level of €425.5 million. The book-to-bill ratio was down from 1.41 to 1.02. The order backlog stood at €638.2 million as at September 30, 2020, after €683.3 million as at September 30, 2019. EBIT in the first nine months of 2020 totaled €5.1 million with an EBIT margin of 1.3% (9M/19: EBIT €10.1 million; EBIT margin 2.4%).

Swisslog Healthcare

At €54.7 million, orders received at Swisslog Healthcare in Q3/20 were 6.3% below the prior-year figure of €58.4 million. The coronavirus crisis also prompted our customers in the healthcare sector to postpone investments already planned. Sales revenues achieved in the reporting period amounted to €50.8 million and were thus down 6.4% year-on-year (Q3/19: €54.3 million). The book-to-bill ratio remained stable at 1.08 in Q3/20 (Q3/19: 1.08). EBIT rose to €2.4 million, after -€2.2 million in the same period last year. This corresponds to an EBIT margin of 4.7% (Q3/19: -4.1%). Earnings in the previous year were negatively impacted above all by deteriorations in individual projects.

In the first nine months of 2020, Swisslog Healthcare reported orders received worth €144.4 million. Compared to the prior-year quarter, the volume of new orders was 12.1% lower (9M/19: €164.3 million). At €161.8 million, sales revenues were up slightly year-on-year (9M/19: €160.0 million). The resulting book-to-bill ratio stood at 0.89 after 1.03 in the same period of 2019. The order backlog of €200.7 million as at September 30, 2020 was down slightly on the previous year's figure (September 30, 2019: €213.8 million). EBIT increased to €4.1 million in the first nine months of 2020, compared with -€2.2 million in the first nine months of 2019. The EBIT margin rose to 2.5% (9M/19: -1.4%).

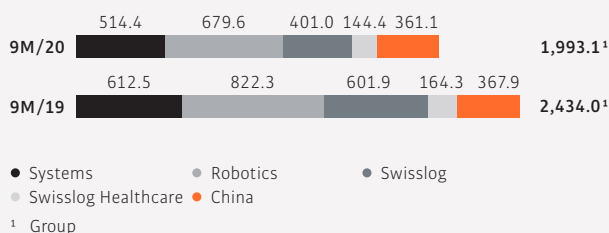
China

Compared with the same period last year, the China segment doubled its volume of orders received in the third quarter of 2020, posting €111.7 million after €55.9 million in Q3/19. The low figure from the previous year was mainly due to customer restraint in connection with the trade disputes. With the easing of coronavirus measures and recovery of the economy, customers are once again increasingly investing in robot-based automation solutions. Compared with Q3/19, sales

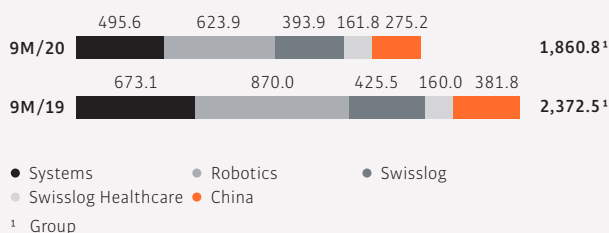
revenues fell 7.7% from €154.1 million to €142.2 million. The book-to-bill ratio increased from 0.36 in the third quarter of 2019 to 0.79 in the third quarter of 2020. EBIT rose significantly to €12.1 million in the past quarter (Q3/19: -€1.4 million). This corresponds to an EBIT margin of 8.5% (Q3/19: -0.9%). The increase is also attributable to the measures introduced at the beginning of the year to optimize working capital and to grants for R&D activities.

With the economic recovery in the third quarter, orders received in the first nine months of 2020 amounted to €361.1 million, falling just 1.8% short of the previous year's figure (9M/19: €367.9 million). Sales revenues declined by 27.9% to €275.2 million in the first nine months of 2020 after €381.8 million in the same period last year. At 1.31, the book-to-bill ratio was well above the previous year's level (9M/19: 0.96). The order backlog grew from €230.6 million as at September 30, 2019 to €289.1 million as at September 30, 2020. EBIT stood at -€10.1 million after €1.7 million in the first nine months of 2019. The EBIT margin was therefore -3.7% as opposed to 0.4% in the same period of 2019.

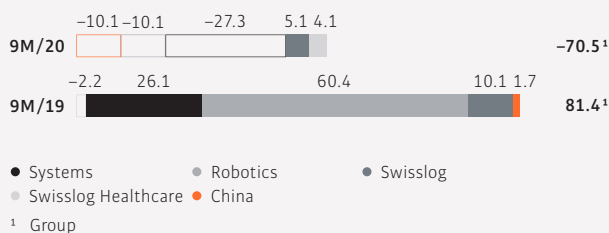
Orders received
in € millions



Sales revenues
in € millions



EBIT
in € millions



Financial position and performance

Earnings

In the third quarter of 2020, KUKA Group generated sales revenues of €692,0 million. Year-on-year, the revenues decreased by 16.9% compared with the third quarter of 2019 (Q3/19: €832.9 million). Totalling €752.4 million, the volume of orders received showed a significant increase of 20.4% on the third quarter of 2019 (Q3/19: €624.8 million). The order backlog of €2,002.5 million as at September 30, 2020, was 2.7% below the previous year's value (September 30, 2019: €2,059.0 million), but above the value at year-end 2019 (December 31, 2019: €1,967.4 million). The effects of the coronavirus crisis impacted gross earnings, which were 17.3% below those of the previous year (Q3/20: €151.4 million; Q3/19: €183.1 million). The lower revenue volume had a negative impact here. In contrast, the gross margin for the Group remained almost unchanged at 21.9% (Q3/19: 22.0%).

The cumulative sales revenues of KUKA Group amounted to €1,860.8 million in the first nine months of 2020 (9M/19: €2,372.5 million). This represents a decline of 21.6% compared with the first nine months of 2019. Orders received were 18.1% down year-on-year to €1,993.1 million (9M/19: €2,434.0 million). The effects of the coronavirus crisis were clearly felt. They had a severe impact on both orders received and sales revenues in the first half of the year. A slightly positive trend can be observed in the past quarter, even though the general conditions remain difficult. KUKA is noticing the restraint of customers especially in the automotive sector but also in general industry. The coronavirus crisis had a significant impact on gross earnings. The gross earnings of €372.7 million showed a substantial 30.9% decline on the previous year (9M/19: €539.2 million), corresponding to a gross margin for the Group of 20.0% (9M/19: 22.7%).

In the first nine months, overhead costs, comprising expenses for sales, research & development and administration, fell from €468.2 million in 2019 to €439.6 million in the current fiscal year. This corresponds to a reduction of €28.6 million or 6.1%, which is mainly due to the measures taken in the course of the coronavirus pandemic. The ratio of overhead costs to sales revenues increased considerably year-on-year to 23.6% (9M/19: 19.7%). This increase is attributable to the significantly lower revenue volume compared with the same period in the previous year.

KUKA Group capitalized costs for new developments in the amount of €24.0 million (9M/19: €20.4 million). This corresponds to a capitalization ratio of 17.7% (9M/19: 16.7%). The capitalized costs will be recognized as an expense through scheduled depreciation in subsequent financial statements. In the first nine months of 2020, they amounted to €12.3 million (9M/19: €13.1 million).

At €7.6 million in the third quarter of 2020, earnings before interest and taxes (EBIT) were considerably lower than the third quarter of 2019 (Q3/19: €35.6 million). This resulted in an EBIT margin of 1.1% after 4.3% in the previous year. The effects of the coronavirus crisis had a negative impact on the business results in 2020. After a challenging first half-year, a slight recovery with positive EBIT was apparent in the third quarter of 2020, to which all segments contributed. Positive quarterly earnings were reported for the first time in the 2020 fiscal year. Nevertheless, EBIT in the first nine months of 2020 totaled -€70.5 million, compared with €81.4 million in the first nine months of 2019. The EBIT margin deteriorated from 3.4% in 2019 to -3.8% in 2020.

in € millions	9M/19	9M/20
EBIT (earnings before interest and taxes)	81.4	-70.5
in % of sales revenues	3.4%	-3.8%
EBITDA (earnings before interest, taxes and amortization)	173.4	24.5
in % of sales revenues	7.3%	1.3%
in € millions	Q3/19	Q3/20
EBIT (earnings before interest and taxes)	35.6	7.6
in % of sales revenues	4.3%	1.1%
EBITDA (earnings before interest, taxes and amortization)	66.3	38.5
in % of sales revenues	8.0%	5.6%

Changes in the scope of consolidation and in shareholdings

As at the balance sheet date on September 30, 2020, 97 companies were fully consolidated, unchanged from the previous quarter. However, there were changes within the segments. An Italian company in the Robotics business segment was liquidated. In the Systems division, KUKA Assembly & Test GmbH, based in Bremen, was added as a fully consolidated company. In order to optimize operating activities in the mechanical and systems engineering sector, the Assembly & Test business unit of KUKA Systems GmbH will be managed as a separate legal entity in the future. The unit specializes in assembly and test systems for power train components of automobiles and trucks.

The number of companies accounted for at equity decreased from five as at June 30, 2020 to four as at the balance sheet date. KUKA Group sold its shares in Pipeline Health Holdings LLC, San Francisco, USA, for which it received a mid-single-digit million amount as well as shares in CarepathRx Holding, Washington, USA.

Segment reporting

As of January 1, 2020, KUKA Group intensified measures to optimize working capital, to focus on sales potential and to integrate business units acquired in the past. Management of the individual segments is controlled on the basis of key performance indicators adjusted for these measures. This results in changes to some key performance indicators in the individual segments, but has no effect on the Group figures, as there is an offsetting effect in the reconciliation column. The comparative figures for the 2019 fiscal year have been adjusted. The segment structure improved in the previous year remains unchanged overall.

Sales revenues in the Systems segment totaled €495.6 million in the first nine months of 2020, down 26.4% on the figure for the previous year (9M/19: €673.1 million). In the first nine months of 2020, EBIT dropped to –€27.3 million compared with €26.1 million in the prior-year period.

This resulted in an EBIT margin of –5.5% (9M/19: 3.9%). Earnings were negatively impacted by the difficult order situation with increased pressure on margins, but also by deteriorations in individual projects from previous years. The effects of the pandemic can be clearly felt.

In the Robotics business segment, sales revenues fell by 28.3% from €870.0 million in the first nine months of 2019 to €623.9 million in the first nine months of 2020. EBIT decreased from €60.4 million in 2019 to –€10.1 million in 2020. This corresponded to an EBIT margin of –1.6% (9M/19: 6.9%). The low revenue volume had a negative impact on earnings.

At Swisslog, the sales revenues of €393.9 million in the first nine months of 2020 were down 7.4% on the previous year's figure of €425.5 million. The EBIT of €5.1 million in the first nine months of 2020 was 49.5%

Segment reporting

in € millions	Systems		Robotics		Swisslog	
	9M/19	9M/20	9M/19	9M/20	9M/19	9M/20
Orders received	612.5	514.4	822.3	679.6	601.9	401.0
Order backlog (September 30)	623.6	603.9	354.8	321.9	683.3	638.2
Group external sales revenues	662.9	491.1	764.9	562.0	421.3	389.9
in % of Group sales revenues	27.9%	26.4%	32.2%	30.2%	17.8%	21.0%
Intra-Group sales revenues	10.2	4.5	105.1	61.9	4.2	4.0
Sales revenues by segment	673.1	495.6	870.0	623.9	425.5	393.9
Gross earnings from sales	78.2	15.0	301.9	200.5	79.4	75.2
in % of sales revenues of the segment	11.6%	3.0%	34.7%	32.1%	18.7%	19.1%
EBIT	26.1	–27.3	60.4	–10.1	10.1	5.1
in % of sales revenues of the segment	3.9%	–5.5%	6.9%	–1.6%	2.4%	1.3%
EBITDA	38.6	–14.3	90.7	21.4	22.2	18.3
in % of sales revenues of the segment	5.7%	–2.9%	10.4%	3.4%	5.2%	4.6%
Employees (September 30)	3,170	3,019	5,513	5,119	2,046	2,150

lower year-on-year (9M/19: €10.1 million). Earnings were impacted by both the lower revenue volume and restructuring costs.

The sales revenues of €161.8 million in the Swisslog Healthcare segment reached the previous year's level and could even be slightly increased (9M/19: €160.0 million). A significant improvement was also recorded in terms of EBIT, which rose by €6.3 million year-on-year to €4.1 million (9M/19: –€2.2 million). The EBIT margin thus increased from –1.4% to 2.5%. Despite the effects of the COVID-19 pandemic, earnings were improved, mainly due to the continuous optimization of the cost structure.

The China segment, which combines all business activities of the Chinese companies in the aforementioned divisions, recorded revenues totaling €275.2 million in the reporting period. This is equivalent to a 27.9%

decline on the previous year (9M/19: €381.8 million). EBIT too fell from €1.7 million (EBIT margin: 0.4%) in the first nine months of 2019 to –€10.1 million in the first nine months of 2020 (EBIT margin: –3.7%). The massive impact of the coronavirus crisis, especially in the first six months, reduced revenues and EBIT compared with the previous year.

The earnings before interest, taxes, depreciation and amortization (EBITDA) of KUKA Group amounted to €24.5 million, thus falling 85.9% short of the previous year's figure (9M/19: €173.4 million). The depreciation and amortization of €95.0 million (9M/19: €92.0 million) included €27.3 million (9M/19: €24.5 million) attributable to lease transactions in accordance with IFRS 16.

Swisslog Healthcare		China		KUKA AG and other companies		Reconciliation and consolidation		Group	
9M/19	9M/20	9M/19	9M/20	9M/19	9M/20	9M/19	9M/20	9M/19	9M/20
164.3	144.4	367.9	361.1	0.3	0.1	-135.2	-107.5	2,434.0	1,993.1
213.8	200.7	230.6	289.1	0.1	0.0	-47.2	-51.3	2,059.0	2,002.5
160.1	161.6	368.4	267.7	0.2	0.1	-5.9	-11.6	2,372.5	1,860.8
6.7%	8.7%	15.5%	14.4%	0.0%	0.0%	-0.2%	-0.6%	100.0%	100.0%
-0.1	0.2	13.4	7.5	90.0	73.8	-222.2	-151.9	0.0	0.0
160.0	161.8	381.8	275.2	90.2	73.9	-228.1	-163.5	2,372.5	1,860.8
53.7	56.7	27.9	28.7	90.0	73.6	-91.9	-77.0	539.2	372.7
33.6%	35.0%	7.3%	10.4%	99.8%	99.6%	40.3%	47.1%	22.7%	20.0%
-2.2	4.1	1.7	-10.1	-17.0	-13.5	2.3	-18.7	81.4	-70.5
-1.4%	2.5%	0.4%	-3.7%	-18.8%	-18.3%	-1.0%	11.4%	3.4%	-3.8%
5.8	12.7	9.0	-0.7	-3.9	0.0	11.0	-12.9	173.4	24.5
3.6%	7.8%	2.4%	-0.3%	-4.3%	0.0%	-4.8%	7.9%	7.3%	1.3%
1,114	1,150	1,438	1,506	896	828	-102	-96	14,075	13,676

In the first nine months of 2020, the financial result showed income of €4.6 million. Compared with the previous year, this represents an increase of €1.8 million (9M/19: €2.8 million income). At €15.5 million, interest expenditure was at a comparable level to the first nine months of the 2019 fiscal year (9M/19: €15.7 million). Interest expenses mainly related to the USD assignable loan (9M/20: €5.1 million; 9M/19: €5.7 million) and to lease transactions (9M/20: €4.2 million; 9M/19: €4.1 million). In addition, depreciation of financial investments in the amount of €2.0 million had impacted the financial result in the previous year (9M/20: €0.0 million). The net interest effect for pensions fell from €1.2 million in the first nine months of 2019 to €0.9 million in the first nine months of 2020. The net currency effect for the first nine months of 2020 showed an expense of €0.4 million, after a balanced result in the previous year. Interest income decreased slightly by €0.3 million from €20.5 million in the first nine months of 2019 to €20.2 million in the first nine months of 2020. On the one hand, interest income from banks dropped to €9.5 million from €11.0 million in the prior-year period, while on the other hand, interest income from leases under the terms of a pay-on-production contract at KUKA Toledo Production Operations LLC, Toledo, USA (KTPO) rose from €7.7 million to €10.1 million.

Earnings before taxes (EBT) fell from €84.2 million in the first nine months of 2019 to –€65.9 million in the first nine months of 2020. Tax expenses of €3.3 million (9M/19: €21.8 million) resulted in a tax rate of –5.0% after 25.9% in the previous year. The negative tax rate was mainly due to the revaluation of deferred tax assets and the offsetting effects of tax subsidies in North America and China.

The earnings after taxes of –€69.2 million were significantly lower than the previous year's figure (9M/19: €62.4 million).

Earnings per share thus amounted to –€1.77 (9M/19: €1.52).

Group income statement (condensed)

in € millions	9M/19	9M/20
Sales revenues	2,372.5	1,860.8
EBIT	81.4	–70.5
EBITDA	173.4	24.5
Financial result	2.8	4.6
Taxes on income	–21.8	–3.3
Earnings after taxes	62.4	–69.2

Financial position

The cash earnings of €31.3 million in the first nine months of 2020 were well below the previous year's result (9M/19: €163.0 million). The significant reduction of cash earnings is primarily attributable to the negative earnings after taxes.

The cash flow from operating activities declined from €60.6 million in the first nine months of 2019 to –€16.3 million in the first nine months of the current fiscal year. Trade working capital decreased by €26.6 million compared with the start of the fiscal year from €510.1 million to €483.5 million. Only inventories showed an increase on the beginning of the fiscal year, rising by €26.7 million from €344.5 million to €371.2 million. This was mainly attributable to the build-up of safety stocks. Trade working capital at September 30, 2020 was €173.7 million lower than at September 30, 2019 (September 30, 2019: €657.2 million). Compared to the beginning of the 2020 fiscal year, a slight increase in inventories was observed, which had a negative impact on the cash flow from operating activities. Both trade receivables and contract assets as well as trade payables and contract liabilities declined relative to the beginning of the fiscal year. As part of working capital management, KUKA sold trade receivables totaling €69.4 million in September 2020.

The following overview shows the development of trade working capital:

in € millions	30.9.2019	Develop- ment since 1.1.2019	30.9.2020	Develop- ment since 1.1.2020
Inventories	447.2	–19.6	371.2	26.7
Trade receivables and contract assets	1,016.2	107.2	827.8	–77.2
Trade payables and contract liabilities	806.2	–3.3	715.5	–23.9
Trade working capital	657.2	90.9	483.5	–26.6

Capital expenditure on intangible and tangible assets amounted to €56.4 million in the first nine months of 2020 (9M/19: €107.6 million), of which €29.0 million was accounted for by investments in tangible assets. These included investments in the education center at Augsburg and the site at Shunde, China. In the previous year, investments were made in the construction or completion of production facilities at Augsburg and Toledo, USA. Within the intangible asset investments of €27.4 million (9M/19: €27.3 million) €24.0 million (9M/19: €20.4 million) was spent on internally generated intangible assets.

This is offset by cash inflows of €62.9 million (9M/19: €0.0 million) due to financial investments within short-term financial management. Overall, the cash flow from investment activities was €26.9 million after –€96.9 million in the prior-year period. The cash flow from investing activities also included contingent purchase price payments for Utica Enterprises, Shelby Township, Michigan, USA, among others.

The resultant free cash flow, comprising the cash flow from operating activities and the cash flow from investment activities, totaled €10.6 million (9M/19: –€36.3 million). Free cash flow increased significantly compared to the first two quarters of 2020. A free cash flow of €58.8 million was generated in the third quarter of 2020 (Q3/19: –€13.9 million).

The cash flow from financing activities fell from €42.1 million in the first nine months of 2019 to –€39.3 million in the first nine months of 2020. The cash flow from financing activities includes dividend payments to shareholders of €0.15 per share (2019: €0.30 per share). This resulted in a total amount of €6.0 million compared to €11.9 million in the previous year. With a volume of €29.1 million (9M/19: –€21.7 million), the lease transactions pursuant to IFRS 16 also had the effect of reducing cash flow. In contrast to the previous year, no funds were raised under the syndicated loan agreement, which would have the effect of increasing cash and cash equivalents (9M/19: €86.7 million).

All in all, the cash and cash equivalents available to KUKA Group as at September 30, 2020 totaled €540.1 million (September 30, 2019: €487.6 million). Compared with the beginning of the fiscal year, this represents a decline of €44.6 million (January 1, 2020: €548.8 million).

Group cash flow statement (condensed)

in € millions	9M/19	9M/20
Cash earnings	163.0	31.3
Cash flow from operating activities	60.6	–16.3
Cash flow from investment activities	–96.9	26.9
Free cash flow	–36.3	10.6

Net worth

From January 1, 2020 to September 30, 2020, KUKA Group's balance sheet total decreased by €209.0 million to €3,217.6 million (January 1, 2020: €3,426.6 million).

Non-current assets fell from €1,125.2 million as at January 1, 2020 to €1,085.2 million as at September 30, 2020. Tangible assets declined by €11.8 million to €354.8 million (January 1, 2020: €366.6 million), mainly due to currency effects. Additionally, the right-of-use assets pursuant to IFRS 16 decreased from €135.0 million at the beginning of the year to €120.5 million due to scheduled depreciation at the reporting date.

Furthermore, the stake in Pipeline Health Holdings LLC, San Francisco, USA was sold, which is why the investments accounted for using the equity method fell from €34.0 million as at January 1, 2020 to €28.1 million as at September 30, 2020. Added to this are earnings-related fluctuations in the balance sheet item due to current earnings. The deferred tax assets of €86.1 million at September 30, 2020 were virtually unchanged from the beginning of the fiscal year (January 1, 2020: €86.7 million).

Non-current receivables from finance leases, primarily resulting from the pay-on-production contract at KTPO, declined as planned due to collection of these receivables (January 1, 2020: €152.5 million; September 30, 2020: €124.1 million).

At €1,904.0 million, current assets at September 30, 2020 were €138.2 million lower than at the beginning of the fiscal year (January 1, 2020: €2,042.2 million). Both trade receivables (January 1, 2020: €443.5 million; September 30, 2020: €416.4 million) and contract assets (January 1, 2020: €461.5 million; September 30, 2020: €411.4 million) decreased compared to January 1, 2020. Other assets and prepaid expenses fell from €152.4 million as at the beginning of the fiscal year to €99.7 million as at September 30, 2020. At the start of the fiscal year, other current assets still included investments in securities with a term of significantly less than one year. Further explanations regarding the current assets can be found in the section on the financial position.

In the reporting period, equity decreased by €108.7 million to €1,239.9 million (January 1, 2020: €1,348.6 million). This was mainly due to the negative earnings, negative effects from currency translation and actuarial losses.

The adjustment item for minority interests declined by €4.2 million (January 1, 2020: €278.8 million; September 30, 2020: €274.6 million).

Overall, this reduced the equity ratio from 39.4% as at January 1, 2020 to 38.5% as at September 30, 2020.

Total financial liabilities to third parties were down slightly from €534.6 million at the beginning of the fiscal year to €529.3 million at September 30, 2020. The slight reduction was partly due to exchange rate effects in connection with the USD assignable loan.

As at September 30, 2020, current liabilities fell to €1,311.3 million (January 1, 2020: €1,387.8 million). Contract liabilities decreased from €337.1 million as at January 1, 2020 to €314.8 million as at September 30, 2020. Trade payables remained almost unchanged compared to the beginning of the fiscal year (January 1, 2020: €402.3 million; September 30, 2020: €400.7 million). Other liabilities and deferred income (January 1, 2020: €229.9 million; September 30, 2020: €212.2 million) and other provisions (January 1, 2020: €187.2 million; September 30, 2020: €159.9 million) decreased by €17.7 million and €27.3 million respectively.

Lease liabilities in accordance with IFRS 16 amounted to €126.1 million as at September 30, 2020 (January 1, 2020: €138.3 million), of which €96.8 million was accounted for by non-current and €29.3 million by current liabilities.

Group net liquidity as at September 30, 2020, which consists of cash and cash equivalents less current and non-current financial liabilities, amounted to €10.8 million (January 1, 2020: €50.2 million).

Group net worth

in € millions	1.1.2020	30.9.2020
Balance sheet total	3,426.6	3,217.6
Equity	1,348.6	1,239.9
in % of balance sheet total	39.4%	38.5%
Net liquidity	50.2	10.8

Events after the balance sheet date

KUKA AG issued unsecured promissory note loans with a total volume of €250.0 million in two tranches on October 9, 2015. Tranche 1 worth €142.5 million had a term of 5 years and was repaid on October 9, 2020, as contractually agreed.

Opportunity and risk report

In the overall assessment of risks, KUKA Group is primarily exposed to performance-related risks from the divisions and to legal and financial risks controlled at Group level. The uncertainties due to the coronavirus crisis are being continuously reviewed in risk management and evaluated as far as possible. Corresponding task forces have been set up to implement the necessary measures in a structured manner and to minimize the identified risks.

KUKA expects its business targets in the year under review to be significantly affected, which will have an impact on EBIT in the upper double-digit million euro range. This does not yet include potential risks from a possible further escalation of the coronavirus crisis.

Risks from business processes have been mitigated as far as possible by implementing a globally applicable safety standard for infection protection.

All in all, despite the circumstances, the Executive Board is not currently aware of any individual or aggregated risks that could threaten the company's existence. Strategically and financially, the company is positioned to be able to take advantage of business opportunities.

Detailed information on additional risks that could impact EBIT can be found in the Opportunity and Risk Report in the Annual Report / Management Report 2019 (page 48 et seq.).

Outlook

In the first half of the year, the global economy was at a historic low. According to the Organization for Economic Cooperation and Development (OECD), economic output picked up again with the first easing in May, but the recovery slowed down with the new restrictions imposed by some countries in September due to rising infection rates. Economic performance in the coming months will largely depend on how governments deal with the threat of the second wave of infections, but also on state support schemes to boost the economy and save jobs. Moreover, trust must be rebuilt among consumers and companies.

In addition to the already severe disruptions caused by the coronavirus pandemic, there are still unresolved challenges at the political level, such as the trade conflict between the USA and China and the impending Brexit.

These framework conditions and the existing uncertainties are impacting KUKA's business performance. Even though a slight recovery is expected in the second half of the year, it will not be possible to compensate for the heavy burdens from the first six months. Customers remain cautious and throughout the world are holding back on placing orders. This applies to both the automotive industry and customers in general industry. For the current fiscal year, KUKA anticipates a decline in demand. KUKA's business development is being considerably impacted by the coronavirus pandemic. If the effects of the coronavirus crisis that are evident to date are taken into account, it is to be expected that both revenues and the EBIT margin will be clearly below the previous year's level. A negative EBIT margin is predicted for the full year. In the medium term, however, KUKA anticipates increased demand – particularly for robotic and automation solutions – as a result of the experiences made during the coronavirus crisis. Furthermore, catch-up effects from deferred investments are expected.

Interim Report (condensed)

Group income statement

of KUKA Aktiengesellschaft for the period January 1 to September 30, 2020

in € millions	Q3/19	Q3/20	9M/19	9M/20
Sales revenues	832.9	692.0	2,372.5	1,860.8
Cost of sales	-649.8	-540.6	-1,833.3	-1,488.1
Gross income	183.1	151.4	539.2	372.7
Distribution expenses	-73.4	-64.2	-214.6	-188.1
Research and development expenses	-33.8	-42.1	-115.1	-123.8
General and administrative expenses	-39.3	-36.8	-138.5	-127.7
Other operating income	2.6	2.0	22.3	5.1
Other operating expenses	-3.4	-3.0	-9.2	-7.9
Earnings/Loss from companies consolidated at equity	-0.2	0.3	-2.7	-0.8
Earnings before interest and taxes (EBIT)	35.6	7.6	81.4	-70.5
Depreciation and amortization	31.4	30.9	92.0	95.0
Earnings before interest, tax, depreciation and amortization (EBITDA)	67.0	38.5	173.4	24.5
Depreciation on financial assets	-2.0	0.0	-2.0	0.0
Interest income	7.9	6.6	20.5	20.2
Interest expense	-5.4	-4.3	-15.7	-15.5
Financial result	0.5	2.3	2.8	4.6
Earnings before taxes	36.1	9.9	84.2	-65.9
Taxes on income	-8.7	1.4	-21.8	-3.3
Earnings after taxes	27.4	11.3	62.4	-69.2
of which: attributable to minority interests	(1.0)	(1.6)	(1.8)	(1.3)
of which: attributable to shareholders of KUKA AG	(26.4)	(9.7)	(60.6)	(-70.5)
Earnings per share (diluted/undiluted) in €	0.66	0.25	1.52	-1.77

Group statement of comprehensive income

of KUKA Aktiengesellschaft for the period January 1 to September 30, 2020

in € millions	Q3/19	Q3/20	9M/19	9M/20
Earnings after taxes	27.4	11.3	62.4	-69.2
Items that may potentially be reclassified to profit or loss				
Translation adjustments	15.2	-14.0	21.0	-18.6
Translation adjustments third	1.4	-1.7	3.8	-6.0
Items that are not reclassified to profit or loss				
Changes in equity instruments (FVOCI)	0.1	-0.6	0.1	-0.5
Changes of actuarial gains and losses	-7.9	-3.6	-21.6	-12.1
Deferred taxes on changes of actuarial gains and losses	1.6	0.8	4.5	1.8
Changes recognized directly in equity	10.4	-19.1	7.8	-35.4
Comprehensive Income	37.8	-7.8	70.2	-104.6
of which: attributable to minority interests	(2.4)	(-0.2)	(5.6)	(-4.8)
of which: attributable to shareholders of KUKA AG	(35.5)	(-7.6)	(64.6)	(-99.8)

Group cash flow statement

of KUKA Aktiengesellschaft for the period January 1 to September 30, 2020

in € millions	9M/19	9M/20
Net income after taxes	62.4	-69.2
Income taxes	7.2	12.2
Net interest	-4.7	-4.6
Depreciation of intangible assets	35.2	33.0
Depreciation of tangible assets	32.3	34.8
Depreciation of financial investments	2.0	0.0
Depreciation of right-of-use assets	24.5	27.3
Other non-payment-related income	-22.2	-13.2
Other non-payment-related expenses	26.3	11.0
Cash earnings	163.0	31.3
Result on the disposal of assets	0.5	2.7
Changes in provisions	-1.7	-36.8
Changes in current assets and liabilities		
Changes in inventories	18.8	-31.7
Changes in receivables and deferred charges	-98.1	59.0
Changes in liabilities and deferred income (excl. financial debt)	-6.4	-8.4
Income taxes paid	-12.2	-25.0
Investments/financing matters affecting cash flow	-3.3	-7.4
Cash flow from operating activities	60.6	-16.3
Payments from disposals of fixed assets	1.8	3.3
Payments for capital expenditures on intangible assets	-27.3	-27.4
Payments for capital expenditures on tangible assets	-80.3	-29.0
Payments from investment in financial investments and at-equity investments	15.8	-
Payments for investment in financial investments	-1.1	-1.1
Payments for/proceeds from financial assets related to short-term financial management	-	62.9
Payments for the acquisition of consolidated companies and other business units	-25.3	-2.0
Interest received	19.5	20.2
Cash flow from investing activities	-96.9	26.9
Free Cash flow	-36.3	10.6
Dividend payments	-11.9	-6.0
Proceeds from/payments for the acceptance/repayment of bank loans	86.7	-1.0
Payments from grants received	3.0	7.4
Interest paid	-14.0	-14.8
Repayment of leases	-21.7	-24.9
Cash flow from financing activities	42.1	-39.3
Payment-related changes in cash and cash equivalents	5.8	-28.7
Exchange rate-related and other changes in cash and cash equivalents	3.2	-16.0
Changes in cash and cash equivalents	9.0	-44.7
(of which net increase/decrease in restricted cash)	(0.0)	(-0.4)
Cash and cash equivalents at the beginning of the period	478.6	584.8
(of which restricted cash)	(0.5)	(0.5)
Cash and cash equivalents at the end of the period	487.6	540.1
(of which restricted cash)	(0.5)	(0.1)

Group balance sheet

of KUKA Aktiengesellschaft as at September 30, 2020

Assets

in € millions	Jan. 1, 2020	Sep. 30, 2020
Non-current assets		
Intangible assets	565.5	557.6
Property, plant and equipment	366.6	354.8
Financial investments	24.1	24.2
Investments accounted for at equity	34.0	28.1
Rights of Use	135.0	120.5
	1,125.2	1,085.2
Finance lease receivables	152.5	124.1
Income tax receivables	–	0.5
Other long-term receivables and other assets	20.0	17.7
Deferred taxes	86.7	86.1
	1,384.4	1,313.6
Current assets		
Inventories	344.5	371.2
Receivables and other assets		
Trade receivables	443.5	416.4
Contract Assets	461.5	411.4
Finance lease receivables	29.4	28.9
Income tax receivables	26.1	36.3
Other assets, prepaid expenses and deferred charges	152.4	99.7
	1,112.9	992.7
Cash and cash equivalents	584.8	540.1
	2,042.2	1,904.0
	3,426.6	3,217.6

Equity and liabilities

in € millions	Jan. 1, 2020	Sep. 30, 2020
Equity		
Subscribed capital	103.4	103.4
Capital reserve	306.6	306.6
Revenue reserve	659.8	555.3
Minority interests	278.8	274.6
	1,348.6	1,239.9
Non-current liabilities, provisions and accruals		
Financial liabilities	232.0	227.1
Financial liabilities to affiliated companies	150.0	150.0
Lease liabilities	105.8	96.8
Other liabilities	43.7	39.6
Pensions and similar obligations	116.9	122.6
Deferred taxes	41.8	30.3
	690.2	666.4
Current liabilities		
Financial liabilities	152.6	151.8
Financial liabilities to affiliated companies	–	0.4
Lease liabilities	32.5	29.3
Trade payables	402.3	400.7
Liabilities from construction contracts	337.1	314.8
Accounts payable to affiliated companies	0.1	0.1
Income tax liabilities	46.1	42.1
Other liabilities and deferred income	229.9	212.2
Other provisions	187.2	159.9
	1,387.8	1,311.3
	2,078.0	1,977.7
	3,426.6	3,217.6

Development of Group equity

of KUKA Aktiengesellschaft for the period January 1 to September 30, 2020

in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Revenue reserves			Annual net income and other revenue reserves	Equity attributable to shareholders	Minority interests	Total
				Currency translation	FVOCI measurement	Actuarial gains and losses				
Jan. 1, 2020	39,775,470	103.4	306.6	56.4	-0.2	-46.5	650.1	1,069.8	278.8	1,348.6
Earnings after taxes	-	-	-	-	-	-	-70.5	-70.5	1.3	-69.2
Other earnings	-	-	-	-18.6	-0.5	-10.2	-	-29.3	-6.1	-35.4
Comprehensive income	-	-	-	-18.6	-0.5	-10.2	-70.5	-99.8	-4.8	-104.6
Dividend KUKA AG	-	-	-	-	-	-	-6.0	-6.0	-	-6.0
Change in scope of consolidation/Other changes	-	-	-	-	-	-	1.3	1.3	0.6	1.9
Sep. 30, 2020	39,775,470	103.4	306.6	37.8	-0.7	-56.7	574.9	965.3	274.6	1,239.9

in € millions	Number of shares outstanding	Subscribed capital	Capital reserve	Revenue reserves			Annual net income and other revenue reserves	Equity attributable to shareholders	Minority interests	Total
				Currency translation	FVOCI measurement	Actuarial gains and losses				
Jan. 1, 2019	39,775,470	103.4	306.6	45.5	0.0	-28.3	652.7	1,079.9	259.7	1,339.6
Earnings after taxes	-	-	-	-	-	-	60.6	60.6	1.8	62.4
Other earnings	-	-	-	21.0	0.1	-17.1	-	4.0	3.8	7.8
Comprehensive income	-	-	-	21.0	0.1	-17.1	60.6	64.6	5.6	70.2
Dividend KUKA AG	-	-	-	-	-	-	-11.9	-11.9	-	-11.9
Change in scope of consolidation/Other changes	-	-	-	-	-	-	2.7	2.7	8.8	11.5
Sep. 30, 2019	39,775,470	103.4	306.6	66.5	0.1	-45.4	704.1	1,135.3	274.1	1,409.4

Financial Calendar 2021

Annual Press Conference for Fiscal Year 2020	March 25, 2021
Quarterly Statement Q1/20	April 29, 2021
Interim Report H1/20	August 5, 2021
Quarterly Statement Q3/20	October 28, 2021

This Quarterly Statement was published on October 29, 2020 and can be obtained from KUKA Aktiengesellschaft, Investor Relations department, in German and English. The German version is legally binding in cases of doubt. The release contains forward-looking statements on expected developments. These statements are based on current assessments and are naturally subject to risks and uncertainties. Actual results may differ from these statements. The key performance indicators contained in the Quarterly Statement have been rounded in accordance with standard commercial practice. In individual cases, it is therefore possible that figures in this report do not add up exactly to the total stated and that percentages do not precisely correspond to the values indicated.

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