Presse-Information Press release

Interim report on the third quarter 2019:

KUKA improves earnings – economic situation causes reluctance among customers

- **EBIT** up significantly to €35.6 million (Q3/18: €26.4 million)
- **EBIT margin** up to 4.3% (Q3/18: 3.1%)
- Weak economy: 16.7% decline in **orders received**
- **Revenues** down slightly to €832.9 million

KUKA Aktiengesellschaft

Your Contact:
Corporate Communications

T +49 821 797 3722
F +49 821 797 5213

press@kuka.com
twitter.com/KUKA_press
blog.kuka.com

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KUKA Group

Automation specialist KUKA has improved its earnings in the third quarter of 2019. Compared with the same period of the previous year, the Group's **earnings before interest and taxes (EBIT)** rose to €35.6 million (Q3/18: €26.4 million), while the **EBIT margin** increased from 3.1% in the third quarter of the previous year to 4.3% in the third quarter of 2019. In particular, the efficiency measures initiated at the start of the year had a positive effect here.

"With our efficiency program, we have adopted measures in good time to stabilize KUKA in economically turbulent times," said Peter Mohnen, CEO of KUKA AG. "The general economic conditions nevertheless remain difficult. We will therefore continue to consistently pursue this course."

Due to the continuing weakness of the global economy and uncertainties in trade politics, customers are holding back on investments. Added to this is the restructuring of a subdivision in the Business Segment Robotics that is responsible for automated manufacturing solutions such as cells and special machines. These developments are expected to have a negative impact on EBIT from the fourth quarter onwards. For this reason, KUKA adjusted its forecast for fiscal year 2019 in September and is now anticipating sales revenues of around €3.2 billion. The EBIT margin, including all reorganization expenditure, should nonetheless be above the previous year's figure of 1.1%.

The Group recorded **orders received** totaling €624.8 million in the third quarter of 2019. This corresponds to a 16.7% decrease on the third quarter of 2018 (Q3/18: €750.1 million). KUKA particularly felt this restraint in the automotive and electronics industries. The effects are being felt by the Systems, Robotics and China business segments in particular. **Sales revenues** fell slightly by 2.1% to €832.9 million (Q3/18: €851.0 million). The **book-to-bill ratio,** in other words orders received in relation to sales revenues, decreased by 0.13 to 0.75 in the past quarter (Q3/18: 0.88).

From a cumulative perspective, KUKA Group generated **orders received** worth €2,434.0 million in the **first nine months of 2019**, which was 6.8% lower than the previous year's figure (9M /18: €2,610.5 million). **Sales revenues** amounted to €2,372.5 million, corresponding to a slight decrease of 3.1% on the previous year (9M /18: €2,448.3 million). The **book-to-bill ratio** stood at 1.03 in the first nine months of 2019. This was a decline of 0.04 on the previous year (9M /18: 1.07). KUKA Group's **EBIT** dropped to €81.4 million from €93.9 million in the previous year. The **EBIT margin** was down from 3.8% in the first nine months of 2018 to 3.4% in 2019. In the previous year, the sale of shareholdings in companies worth a double-digit million euro amount had a positive effect on the result. In the current financial year, the change of consolidation method resulted in income. If both effects were eliminated, the result for the first nine months of 2019 would be above the previous year's figure.

Systems

The Systems business segment saw its volume of **orders received** fall from €310.9 million in the third quarter of 2018 to €186.9 million in the third quarter of 2019. This corresponds to a considerable decline of 39.9% and reflects the noticeable reluctance of customers to place orders. **Sales revenues** also fell by 20.5% from €273.5 million in the third quarter of 2018 to €217.3 million in the third quarter of 2019. The **book-to-bill ratio** decreased year-on-year from 1.13 (Q3 /18) to 0.86 (Q3 /19). **EBIT**, on the other hand, rose from €3.8 million in Q3 /18 to €9.9 million in the third quarter of 2019. The **EBIT margin** of 4.6% was above the previous year's figure of 1.4%. This improvement is mainly attributable to the positive effects of the efficiency measures that have been initiated.

Orders received in the first nine months of 2019 amounted to €612.5 million after €799.9 million in the same period of the previous year. This corresponds to a decline of 23.4%. **Sales revenues** in the first nine months totaled €673.1 million after €729.2 million in the same period of the previous year, corresponding to a decline of 7.7%. The **book-to-bill ratio** dropped from 1.10 in 9M /18 to 0.91 in 9M /19. **EBIT** in 9M /19 amounted to €25.6 million, after €39.1 million in 9M /18. This corresponds to an **EBIT margin** of 3.8% after

5.4% in the same period of the previous year. The difficult order situation and the deteriorations in existing projects had a negative impact on earnings.

Robotics

In the third quarter of 2019, the Robotics segment generated **orders received** totaling €215.4 million, 27.5% down on the previous year (Q3 /18: €297.0 million). **Revenues** decreased by 19.0% from €379.7 million in Q3 /18 to €307.7 million in Q3 /19. The **book-to-bill ratio** stood at 0.70 (Q3 /18: 0.78). Due to the ongoing difficult situation of the global economy, customers remain reluctant to place orders. Consequently, the reduced revenue volume affected earnings. **EBIT** amounted to €25.5 million, after €37.1 million in Q3 /18. The **EBIT margin** fell accordingly from 9.8% in Q3 /18 to 8.3% in Q3 /19. The details of the restructuring of a subdivision of Robotics announced in September will be worked out in the fourth quarter. The measures will thus have a substantial negative impact on EBIT from the fourth quarter onwards and have an effect on the full-year earnings.

Orders received in the **first nine months of 2019** had a value of €822.3 million, corresponding to a 14.7% decrease on the same period of the previous year (9M /18: €963.9 million). **Sales revenues** fell by 7.2% from €937.5 million in the first nine months of 2018 to €870.0 million in 9M /19. At 0.95, the **book-to-bill ratio** was below the previous year's figure of 1.03. **EBIT** in the first nine months amounted to €60.9 million, corresponding to an **EBIT margin** of 7.0%. In the same period last year, the Robotics business segment earned €105.3 million with an EBIT margin of 11.2%. The result in the prior-year period was positively impacted by the sale of shareholdings in companies.

Logistics Automation

Logistics Automation posted a strong rise in **orders received** by 39.8% to €128.6 million in the third quarter of 2019 (Q3 /18: €92.0 million). This increase was possible due to the systematic implementation of the growth strategy. Logistics Automation continues to benefit from high global customer demand in the focus markets of E-Commerce / Retail and Consumer Goods. **Revenues** decreased slightly by 3.2% from €145.5 million in Q3 /18 to €140.9 million in Q3 /19. The **book-to-bill ratio** rose to 0.91 (Q3 /18: 0.63). **EBIT** fell to €2.5 million in the third quarter of 2019, after €4.1 million in the third quarter of 2018. The **EBIT margin** accordingly dropped to 1.8% in Q3 /19 after 2.8% in Q3 /18. Due to the change in consolidation of the China business, the increased investment in new technologies /software and the further development of the organizational structures, EBIT fell compared with the previous year.

On a cumulative basis, the Logistics Automation business segment reported **orders received** valued at €601.9 million in the **first nine months of 2019** – a substantial gain of 43.1% (9M /18: €420.5 million). **Sales revenues** totaled €425.5 million and were thus 3.7% below the previous year's level of €441.8 million. It must be noted here that since 2019, the Chinese Logistics company has been included only proportionately in the earnings and no longer in the sales revenues on account of the change of consolidation method. The **book-to-bill ratio** increased from 0.95 last year to 1.41. **EBIT** in the first nine months of 2019 totaled €6.0 million with an **EBIT margin** of 1.4% (9M /18: EBIT €8.3 million; EBIT margin 1.9%).

Healthcare

At €58.4 million, **orders received** at Healthcare in Q3 /19 considerably surpassed the prior-year figure of €50.6 million by 15.4%. The **sales revenues** of €54.3 million achieved in the reporting period were 4.6% above the previous year's level (Q3 /18: €51.9 million). The **book-to-bill ratio** improved accordingly from 0.97 in Q3 /18 to 1.08 in the third quarter of 2019. **EBIT** amounted to −€2.2 million, after €0.3 million in the prior-year period. This corresponds to an **EBIT margin** of −4.1% (Q3 /18: 0.6%). Deteriorations in ongoing customer projects had an impact on earnings, as did increased expenditure for Research and Development.

In the **first nine months of 2019**, Healthcare achieved **orders received** totaling €164.3 million, representing an increase of 3.7% from €158.4 million. **Revenues** increased slightly by 2.4% from €156.3 million in 9M /18 to €160.0 million in 9M /19. The resulting **book-to-bill ratio** stood at 1.03 after 1.01 in the same period of 2018. **EBIT** fell from €1.5 million to −€2.2 million in the first nine months of 2019, corresponding to an **EBIT margin** of −1.4% (9M /18: 1.0%). Healthcare has expanded its product portfolio with the aim of strengthening its customer base. Among others, associated costs have had a negative impact on earnings.

China

In the third quarter of 2019, the China segment posted **orders received** amounting to €55.9 million. This is equivalent to a substantial decline of 34.6% on the previous year's value (Q3 /18: €85.5 million). In China, the reluctance of customers to place orders due to the developments in trade politics and the global uncertainties can be clearly felt, particularly in the automotive and electronics industries. **Sales revenues** fell by 3.2% from €159.2 million to €154.1 million. The **book-to-bill ratio** decreased from 0.54 in the third quarter of 2018 to 0.36 in the third quarter of 2019. **EBIT** amounted to €1.8 million in the past quarter (Q3 /18: −€4.5 million). This corresponds to an **EBIT margin** of 1.2% (Q3 /18:

−2.8%). Despite the difficult general conditions, the margin improved slightly year-on-year.

Altogether, **orders received** in the China segment totaled €367.9 million in the **first nine months of 2019** and thus fell 17.0% short of the previous year's figure (9M /18: €443.4 million). The global economic slowdown is also affecting the growth market China. Potential remains high, but demand has fallen due to the current economic situation. **Sales revenues** declined by 3.0% to €381.8 million in the first nine months of 2019 after €393.5 million in the same period of the previous year. At 0.96, the **book-to-bill ratio** was below the previous year's level (9M /18: 1.13). **EBIT** increased from -€11.2 million in the first nine months of 2018 to €6.0 million in the first nine months of 2019. The **EBIT margin** stood accordingly at 1.6% as opposed to −2.8% in the same period of 2018.

Here you will find the interim report for the 3rd quarter including an overview of all tables.

KUKA

KUKA is a global automation corporation with sales of around 3.2 billion euro and roughly 14,200 employees. As one of the world's leading suppliers of intelligent automation solutions, KUKA offers customers everything they need from a single source: from robots and cells to fully automated systems and their networking in markets such as automotive, electronics, general industry, consumer goods, e-commerce/retail and healthcare. The company is headquartered in Augsburg, Germany. (As at December 31, 2018)