

BAUER AG reports weak first half, but very healthy orders in hand

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Schrobenhausen – On August 1st BAUER Aktiengesellschaft was obliged to adjust its full-year forecast based on its weak first-half performance. The development of the Construction segment was impacted primarily by delayed starts to a number of large-scale projects. The earnings of the Equipment segment were hit by low-margin sales, while the Resources segment failed to meet its revenue targets because expected large-scale contracts had not yet materialized.

The total Group revenues of the global construction engineering and machinery manufacturing concern for the first half of 2013 were up 3.3 percent at EUR 724.5 million (previous year: EUR 701.5 million). EBIT (earnings before interest and taxes) fell from EUR 19.4 million to EUR 8.4 million. The net loss for the period of EUR 7.9 million likewise represented a significant deterioration against the previous year's EUR 2.8 million loss. By contrast, orders in hand increased substantially by 11.6 percent to a new record level of EUR 868.6 million (previous year: EUR 778.6 million).

Business segments

The total Group revenues of the **Construction segment** totalling EUR 347.3 million were 8.4 percent up on the previous year. Segment EBIT decreased from EUR 6.5 million to EUR 3.3 million. Growth was generally less than expected due to the delayed starts to a number of large-scale projects. Those projects are now running very well, and indeed one of them is already almost completed. Orders in hand of EUR 531.3 million are again up by a substantial 9.6 percent on the previous year comparative (EUR 484.6 million). A key factor in this was the award to Bauer of the largest specialist foundation engineering contract in Germany to date. Worth some EUR 47 million, it comprises the foundation engineering works for the tunnels and retaining walls on the new bypass rail link between Hanau and Nantenbach.

The **Equipment segment** improved its total Group revenues by 6.7 percent to EUR 310.8 million. Segment EBIT decreased from EUR 11.7 million to EUR 5.8 million. The decline stemmed from lower-margin sales in the first half of the year which impacted negatively on earnings. Orders in hand of EUR 154.0 million reflect an improvement to a more stable level compared to the early months of the year. Business remains very short-term in nature compared to the boom years however.

The total Group revenues of the **Resources segment** fell by a substantial 23.8 percent to EUR 94.1 million. Segment EBIT of EUR -1.9 million was well down against the previous year comparative (EUR 1.0 million). The segment handled a number of large-scale projects in 2012 which are now lacking in terms of revenue and earnings. Large-scale contracts expected for the early months of the year were not in fact acquired. Moreover, the well engineering materials business was impacted by the bad weather at the start of the year in Germany. Orders in hand at the end of June totalling EUR 183.2 million were at a healthy level, up 15.5 percent on the previous year comparative.

Outlook

Orders in hand have risen by 11.6 percent to an all-time high of EUR 868.6 million (previous year: EUR 778.6 million), thanks mainly to the very good progress made by the Construction segment, but also based on recovering order intake in the Equipment segment.

Chairman of the Management Board of BAUER AG Professor Thomas Bauer comments: "The first half of the year was generally disappointing for our businesses. We had to deal with a wide range of problems and delays in all three segments. The high levels of orders in hand give us confidence for the future however. The demand for infrastructure works around the world remains enormous. All in all, we are looking to the future in positive mood, despite the fact that we will unfortunately not be able to meet out full-year targets."

The company regards itself as being well positioned thanks to its broad international base in the construction sector and its focus on specialist machinery. New products for drilling underwater and for deep drilling in the oil, gas and geothermal energy sectors, as well as for emergency mine recovery, offer the Group good opportunities.

BAUER AG now expects full-year total Group revenues for 2013 of around EUR 1.5 billion and after-tax profit of around EUR 20 million, equating to EBIT of about EUR 70 million.

Our full Half-Year Interim Report, including a detailed analysis of the individual segments and markets, can be found on our website at <http://www.bauer.de>.

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