9-MONTH REPORT 2018

MANZ AG AT A GLANCE

Overview of Consolidated Results

(in million euros)	January 1 to Sept. 30, 2018	January 1 to Sept. 30, 2017
Revenues	258.2	192.6
Total operating revenues	261.7	204.3
EBITDA	3.8	8.5
EBITDA margin (in %)	1.4	4.2
EBIT	–2.8	0.8
EBIT margin (in %)	–	0.4
EBT	–4.0	–0.9
Consolidated net profit	–5.1	–2.1
Earnings per share (in EUR)	–0.62	–0.31
Cash flow from operating activities	17.4	34.9
Cash flow from investing activities	–8.2	16.6
Cash flow from financing activities	5.8	–14.0

2019 Financial Calendar

March 12, 2019	Publication of Preliminary Figures 2018
March 28, 2019	Publication of Annual Report 2018
May 14, 2019	Publication of 2019 3-month financial report
July 2, 2019	Annual Meeting of Shareholders
August 13, 2019	Publication of 2019 6-month financial report
November 12, 2019	Publication of 2019 9-month financial report

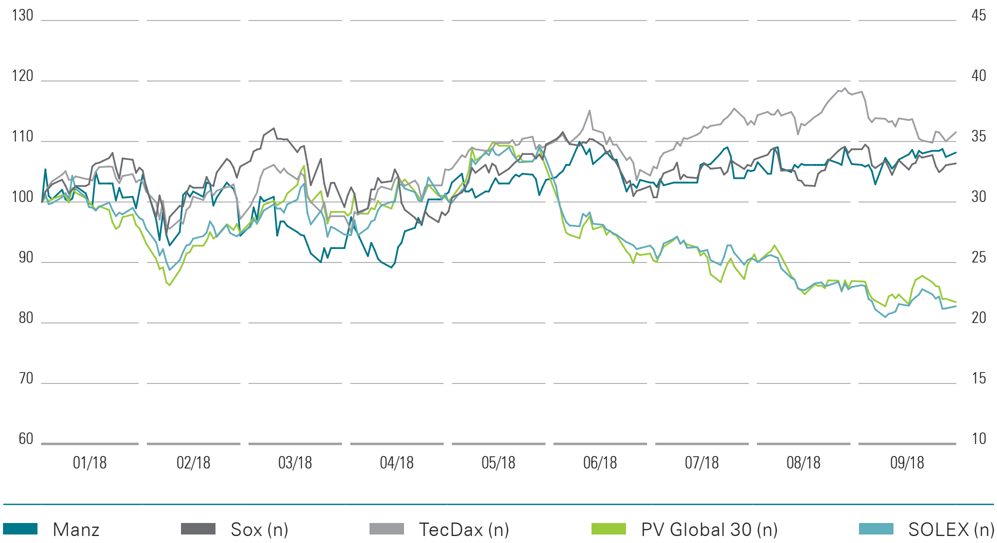
MANZ AG STOCK

Stock Key Data and Performance Indicators January 1 to Sept. 30, 2018

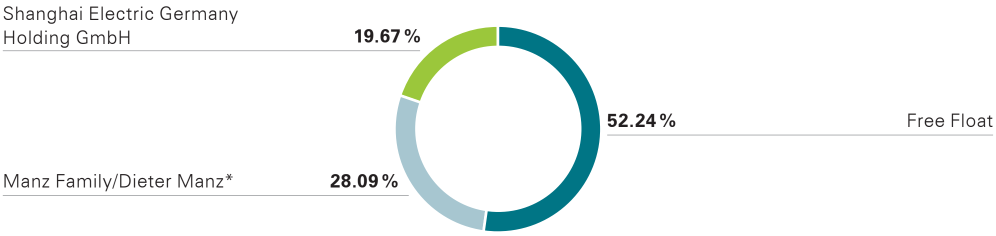
Ticker/ISIN	M5Z/DE000A0JQ5U3
Capital stock	7,744,088
Closing price (September 28, 2018)*	36.70 EUR
Annual high/Annual low*	37.30 EUR/30.20 EUR
Market performance – absolute	+8.26%
Market performance – TecDAX	+11.64%
Market capitalization (September 28, 2018)	284.21 Mio. EUR

* Closing prices on Deutsche Börse AG's XETRA trading system

Chart Showing Manz AG Stock (XETRA, in EUR)



Shareholder Structure



* Dieter Manz 12.32 %, Ulrike Manz 5.44 %, Stephan Manz 5.16 %, Laura Manz 5.16 %

BUSINESS PERFORMANCE

Solar

In the Solar segment, activities were focused on successfully processing large orders for two production lines for the manufacture of CIGS thin-film solar modules. For this, Manz AG received payments of around 43 million euros and 81 million euros from its project partners at the beginning of the year and in August. With these amounts, Manz AG has received about 211 million euros of a total of around 263 million euros for the 44 MW CIGS research line (CIGS*lab*) and the 306 MW CIGS turnkey system (CIGS*fab*) through numerous partial payments since the start of the project in 2017. These payments were received as agreed after the contractually defined milestones were successfully achieved upon completion of the CIGS*lab* and the CIGS*fab*. In addition, in mid-July of 2018, Manz AG received a large order of over 20 million euros from the Baosteel Group, one of the world's largest iron and steel conglomerates. The order encompasses a globally unique pilot line for laser structuring sheet metal and will become revenue-relevant in the 2018 and 2019 fiscal years. The large order is a powerful proof of the innovative strength of Manz AG, as many years of experience in the Solar business segment came to bear in the laser structuring. The Manz AG laser competence center in Reutlingen, which was founded in mid-2018, will also be integrated in the development of the innovative pilot line. After nine months the segment revenues with around 88 million euros were significantly above the previous year. The positive contribution to the earnings reflects the successful project work on the CIGS large orders.

Electronics

With orders of around 20 million USD for display production systems, the Electronics segment registered a strong start to the year in January 2018. Manz's wet chemical equipment for display production also impressed existing customers such as Xianyang CaiHong Optoelectronics Technology Co. Ltd., a leading Chinese manufacturer of flat panels that is part of the China Electronics Corporation Group (CEC). Two other long-time customers, one electronics manufacturer located in Taiwan and a Japanese technology group, also decided to purchase innovative Manz equipment for manufacturing high-end TFT displays and flexible OLED displays.

At the end of June 2018, Manz AG began a strategic cooperation in the area of Fan-Out Panel Level Packaging with PEP Innovation PTE Ltd, a technology firm based in Singapore and one of China's must influential companies in the microelectronics field. The goal is to jointly develop and market this powerful cutting-edge technology in packaging microchips. As part of the cooperation, Manz AG has already received its first order with a volume of over 5 million euros from a joint venture founded by the cooperation partners.

At the beginning of August, Manz AG was awarded an additional large order for display production equipment. This order, with a total volume of 90 million USD, came from one of China's largest display manufacturers and includes wet-chemical processing equipment and an associated automation solution. The first pieces of equipment for manufacturing large-format displays will be delivered starting in the fourth quarter of 2018. The order will generate sales and impact earnings, with roughly 30 % of the order falling within the 2018 fiscal year and roughly 70 % of the order within the next year. The large-scale contract follows an order from 2016, which Manz AG handled for the same customer with great success.

In May the company was also awarded a contract from a tier 1 automotive supplier for a large order valued in the double-digit million-euro range. The order to manufacture the central contacting system for battery cells in electric vehicles is based on the modular assembly and inspection system LightAssembly. With the order Manz has opened up an additional key area related to the electric power train on electric vehicles.

Revenue and earnings in the Electronics segment at the end of the third quarter of 2018 were slightly behind the reference values from 2017. This was due to the start of production of some projects being delayed.

Energy Storage

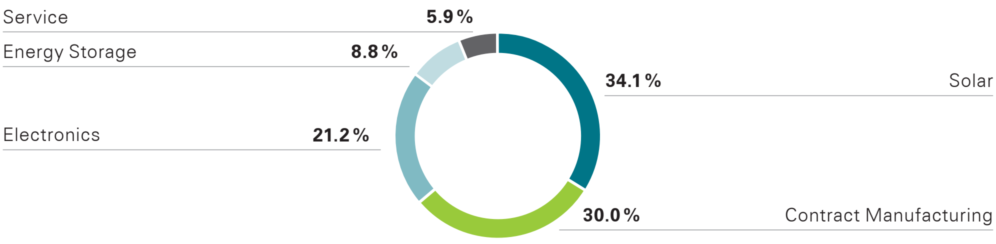
In the Energy Storage segment, Manz AG successfully advanced business expansion in early 2018 with modular production systems. In January alone, Manz received three orders for the flexible Battery Laser System BLS 500 from customers in the power tools and automotive/e-mobility sectors, as well as an order for a pilot line for battery cell assembly. The total volume of the orders was roughly 7 million euros. This positive trend also continued in the subsequent period. In April, for example, the company received an order from a European customer for a standard production line for producing laminated lithium-ion pouch battery cells and their battery modules. These will be used for electric forklift trucks, automated guided vehicle systems and stationary energy storage. The order volume was in the lower double-digit million-euro range. The order will have an impact on revenues and earnings in the 2018 and 2019 business years.

Revenue in the first three quarters of 2018 was accordingly above the previous year’s level, with – as projected – continued negative, although significantly improved, earnings.

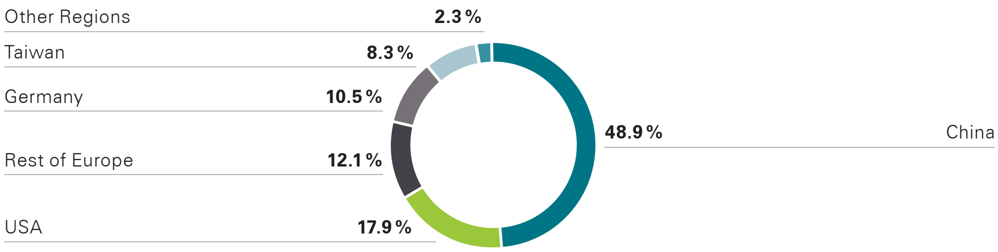
Contract Manufacturing & Service

The Contract Manufacturing segment recorded a significant increase in revenues in the first nine months of the fiscal year with positive earnings. The service business also experienced satisfactory development in the first nine months of 2018 with a significant revenue growth compared to the same period in the previous year at a comparable year-on-year earnings contribution.

Revenues by Business Segment January 1 to September 30, 2018



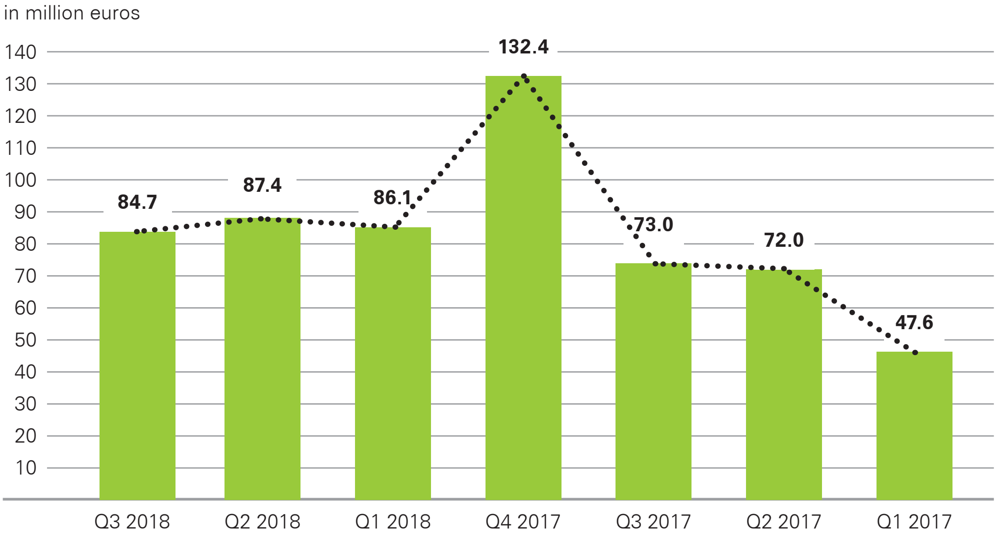
Revenue Distribution by Region January 1 to September 30, 2018



Incoming orders as of September 30, 2018, amounted to 288.7 million euros, compared to 402.9 million euros in the previous year. The previous year's amount was significantly affected by the CIGS order. The value of orders on hand on the same reporting date was 249.3 million euros (September 30, 2017: 287.3 million euros).

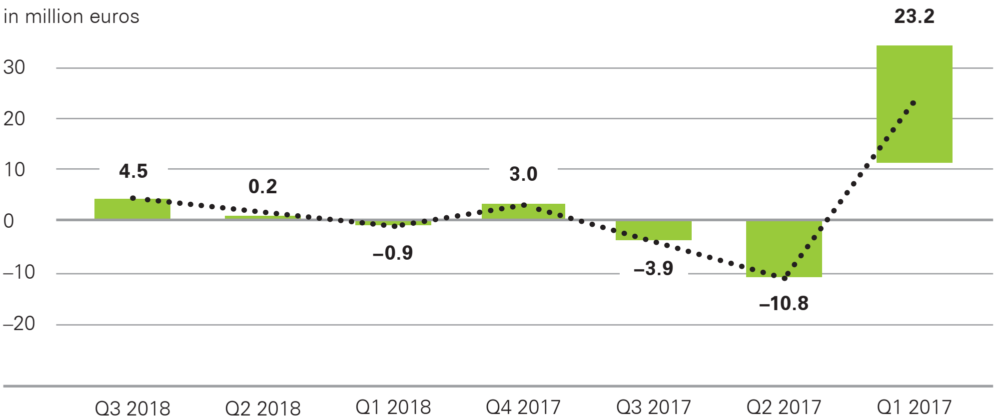
BUSINESS REPORT

Revenue trend per quarter



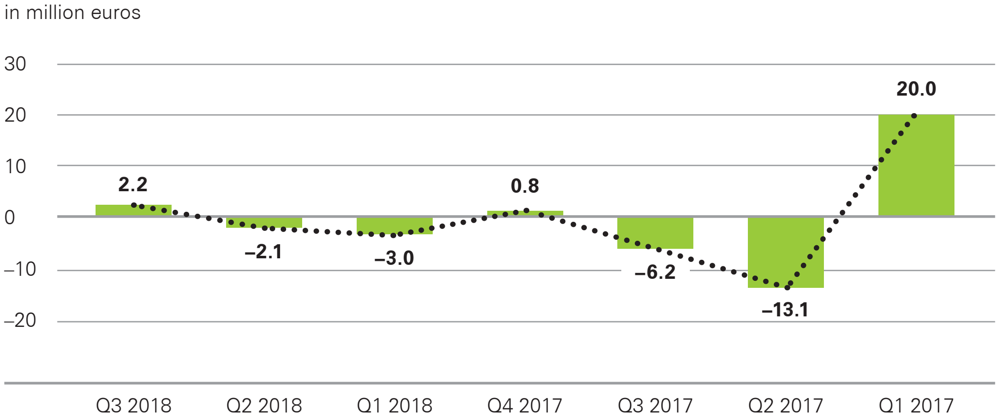
- Revenue trend over the course of the year was stable and above the relevant values from the previous year
- Group revenue is much higher than in the previous year due to growth in the segments Solar, Contract Manufacturing and Service. Dynamic development of Electronics is expected in the fourth quarter.
- The acquisition of new customers in the Energy Storage and Electronics segments are showing the first signs of success

Earnings before interest, taxes, depreciation, and amortization (EBITDA) per quarter



- EBITDA in the first quarter of 2017 significantly affected by a positive one-time effect
- Operating result improved by over 8 million euros compared to the same period in the previous year
- Cost optimization measures are having an impact and resulting in a steadily improving EBITDA

Earnings before interest and taxes (EBIT) per quarter



- Positive EBIT in the Solar segment reflects successful project implementation of the large-scale CIGS orders.
- Contract Manufacturing and Service making a positive contribution to results.
- Results for Electronics and Energy Storage remained negative, although losses in the first three quarters of 2018 were significantly reduced compared to the corresponding period.

EVENTS AFTER THE BALANCE SHEET DATE

No further events took place after the end of the reporting period that would have had a significant impact on our financial position, financial performance and cash flows.

FORECAST REPORT

Assuming unchanged conditions, the Managing Board expects revenue growth for the current fiscal year to be between 10 % and 14 % over 2017 with a slightly positive EBIT excluding one-time effects. This would amount to an improvement in operating earnings of around 30 million euros.

CONSOLIDATED INCOME STATEMENT

	1st–3rd Quarter (in EUR tsd.)		3rd Quarter (in EUR tsd.)	
	January 1 to Sept. 30, 2018	**January 1 to Sept. 30, 2017**	**January 1 to Sept. 30, 2018**	**January 1 to Sept. 30, 2017**
Revenues	258,224	192,634	84,692	73,034
Inventory changes, finished and unfinished goods	–509	3,506	–2,482	650
Work performed by the entity and capitalized	3,941	8,115	1,038	3,834
Total operating revenues	**261,656**	**204,255**	**83,248**	**77,518**
Other operating income	3,785	39,463	1,349	599
Cost of materials	–171,479	–126,714	–50,366	–48,978
Gross profit	**93,962**	**117,004**	**34,231**	**29,139**
Personnel expenses	–55,990	–55,661	–18,179	–17,287
Other operating expenses	–34,212	–52,837	–11,554	–15,711
EBITDA	**3,760**	**8,506**	**4,497**	**–3,859**
Amortization/Depreciation	–6,574	–7,725	–2,249	–2,314
Operating earnings (EBIT)	**–2,814**	**781**	**2,248**	**–6,173**
Finance income	143	61	31	22
Finance costs	–1,325	–1,766	–424	–361
Earnings before taxes (EBT)	**–3,996**	**–924**	**1,855**	**–6,512**
Income taxes	–1,122	–1,130	–455	–241
Consolidated net profit	**–5,118**	**–2,054**	**1,400**	**–6,753**
of which attributable to minority interests	–351	308	–1	333
of which attributable to shareholders of Manz AG	–4,767	–2,362	1,401	–7,086
Weighted average number of shares	7,744,088	7,744,088	7,744,088	7,744,088
Earnings per share (diluted = undiluted) in EUR per share	–0.62	–0.31	0.18	–0.92

CONSOLIDATED BALANCE SHEET

ASSETS (in EUR tsd.)

	Sept. 30, 2018	Dec. 31, 2017
Non-current assets		
Intangible assets	62,212	58,729
Property, plant, and equipment	38,512	38,070
Financial assets	23,575	23,575
Other non-current assets	502	540
Deferred tax assets	5,636	4,934
	130,438	**125,848**
Current assets		
Inventories	89,533	62,159
Trade receivables	31,624	95,709
Contract assets	25,251	0
Current income tax receivables	237	4
Derivative financial instruments	0	29
Other current assets	15,057	12,271
Cash and cash equivalents	90,122	72,209
	251,824	**242,380**
Total assets	**382,262**	**368,228**

CONSOLIDATED BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY
(in EUR tsd.)

	Sept. 30, 2018	Dec. 31, 2017
Equity		
Issued capital	7,744	7,744
Capital reserve	98,739	98,917
Revenue reserves	26,251	31,018
Other comprehensive income	19,661	20,125
Shareholders of Manz AG	**152,395**	**157,804**
Non-controlling interests	5,156	5,549
	157,552	**163,353**
Non-current liabilities		
Non-current financial liabilites	4,014	3,332
Pension provisions	7,206	7,435
Other non-current provisions	3,522	2,716
Other non-current liabilities	19	248
Deferred tax liabilities	4,055	3,480
	18,816	**17,211**
Current liabilities		
Current financial liabilities	45,230	36,973
Trade payables	84,182	117,509
Payments received	0	13,395
Contract liabilities	50,089	0
Current income tax liabilities	60	1,406
Other current provisions	9,885	5,180
Derivative financial instruments	5	7
Other current liabilities	16,441	13,194
	205,894	**187,664**
Total liabilities	**382,262**	**368,228**

CONSOLIDATED CASH FLOW STATEMENT

(in EUR tsd.)

	January 1 to Sept. 30, 2018	January 1 to Sept. 30, 2017
Operating earnings (EBIT)	–2,814	781
Depreciation/amortization of fixed assets	6,574	7,725
Increase (+)/decrease (–) in pension provisions and other non-current provisions	577	–36
Other non-cash income (–) and expenses (+)	178	128
Gains (–) / losses (+) from disposals of assets	395	–34,380
Increase (-)/decrease (+) in inventories trade receivables, contract assets and other assets	5,446	2,861
Increase (+)/decrease (–) in trade payables and other liabilities	10,949	59,933
Received (+)/Paid income taxes (–)	–2,701	–556
Interest paid	–1,325	–1,648
Interest received	143	61
Cash flow from operating activities	**17,422**	**34,869**
Cash receipts from the sale of fixed assets	153	156
Cash payments for investments in intangible assets and property, plant and equipment	–8,324	–8,056
Cash receipts from the sale of consolidated entities less cash outflow	0	48,676
Payments for the acquisition of consolidated entities and other business units	0	–24,221
Cash flow from investing activities	**–8,171**	**16,555**
Cash receipts from the assumption of non-current financial liabilities	1,316	2,000
Cash payments for the repayment of non-current financial liabilities	–621	–674
Change in current financial liabilities	8,258	–15,306
Purchase of treasury shares	–78	–3
Cash payments for the repayment of financial leases	0	-9
Changes in restricted cash	–3,116	0
Cash flow from financing activities	**5,758**	**–13,992**
Cash and cash equivalents at the end of the period		
Net change in cash and cash equivalents (subtotal 1 – 3)	15,009	37,432
Effect of exchange rate movements on cash and cash equivalents	–211	–1,020
Cash and cash equivalents on January 1, 2018	55,575	55,722
Cash and cash equivalents on September 30, 2018	**70,372**	**92,134**
Composition of cash and cash equivalents		
Cash and cash equivalents	90,122	92,134
less restricted cash	–19,750	0
Cash and cash equivalents on September 30, 2018	**70,372**	**92,134**

SEGMENT REPORTING

As of September 30, 2018

(in EUR tsd.)	Solar	Electronics	Energy Storage	Contract Manu-facturing	Service	Consoli-dation	Group
Revenues with third parties							
Q1–Q3 2018	88,136	54,799	22,742	77,449	15,098	0	258,224
Q1–Q3 2017	37,784	63,502	16,961	62,158	12,229	0	192,634
Revenues with other segments							
Q1–Q3 2018	0	3,527	0	0	0	–3,527	0
Q1–Q3 2017	0	0	0	0	0	0	0
Total revenues							
Q1–Q3 2018	88,136	58,326	22,742	77,449	15,098	–3,527	258,224
Q1–Q3 2017	37,784	63,502	16,961	62,158	12,229	0	192,634
EBITDA							
Q1–Q3 2018	12,461	–8,754	–4,927	2,222	3,733	–975	3,760
Q1–Q3 2017	29,215	–13,172	–14,918	3,558	3,824	0	8,506
Depreciation							
Q1–Q3 2018	762	2,485	2,225	941	162	–3	6,574
Q1–Q3 2017	2,201	2,842	1,755	823	104	0	7,725
EBIT							
Q1–Q3 2018	11,698	–11,239	–7,152	1,281	3,571	–972	–2,814
Q1–Q3 2017	27,014	–16,014	–16,673	2,735	3,720	0	781

SEGMENT REPORTING FOR REGIONS

As of September 30, 2018

(in EUR tsd.)	Third-party revenues by destination of delivery
Germany	
Q1–Q3 2018	27,049
Q1–Q3 2017	19,656
Rest of Europe	
Q1–Q3 2018	31,238
Q1–Q3 2017	21,436
China	
Q1–Q3 2018	126,324
Q1–Q3 2017	88,892
Taiwan	
Q1–Q3 2018	21,366
Q1–Q3 2017	14,876
Rest of Asia	
Q1–Q3 2018	5,320
Q1–Q3 2017	8,895
USA	
Q1–Q3 2018	46,278
Q1–Q3 2017	38,510
Other Regions	
Q1–Q3 2018	649
Q1–Q3 2017	369
Group	
Q1–Q3 2018	258,224
Q1–Q3 2017	192,634

ACCOUNTING AND VALUATION METHODS

The Manz AG quarterly statement on September 30, 2018 was prepared in accordance with the International Financial Reporting Standards (IFRS) and was largely unchanged from December 31, 2017. What is new is that as of January 1, 2018 Manz is for the first time applying IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”. Values from prior periods have not been adjusted.

APPLICATION OF IFRS 15

In conjunction with the first-time application of IFRS 15, as of January 1, 2018 trade receivables are presented as contract assets.

As of January 1, 2018, the former “Payments received” item is recognized under “Contract liabilities”.

The resulting figures are shown below:

(in EUR tsd.)	September 30, 2018	January 1, 2018
Contract assets	25,251	48,518
Contract liabilities	50,089	13,396

In addition, through the capitalization of sales commissions non-current intangible assets and contract assets as of September 30, 2018 increased by 2,569 thousand euros (January 1, 2018: 5,143 thousand euros higher).

A loss of value of 2,574 thousand euros in the reporting period was recorded.

APPLICATION OF IFRS 9

The application of IFRS 9 results in a different measurement of financial assets. Manz uses the simplified impairment approach as defined under IFRS 9 for all trade receivables and contract assets. In addition, the bank deposits are also subject to the depreciation approach. Current adjustments are recognized in profit and loss in the amount of the expected credit losses for financial instruments over their lifetime.

The effects of the application of IFRS 9 in the consolidated financial statements are insignificant.

IMPRINT

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passion for efficiency

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