

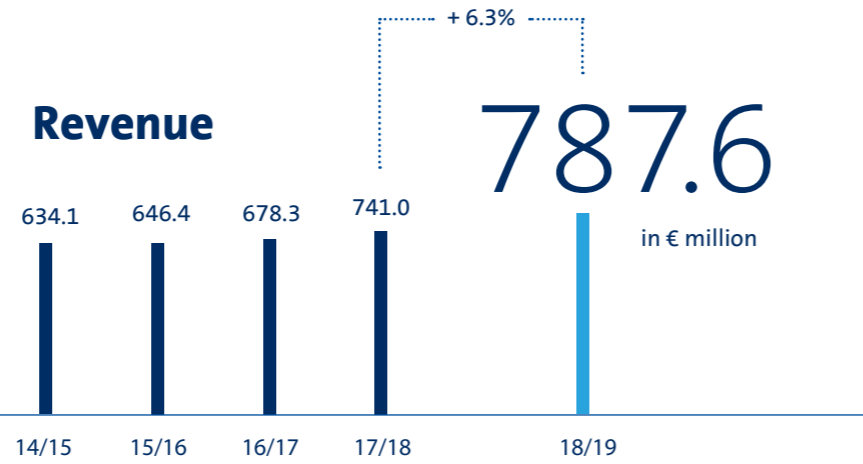


# TOGETHER

ANNUAL REPORT 2018/2019

# OUR KEY FIGURES

## 2018 / 2019



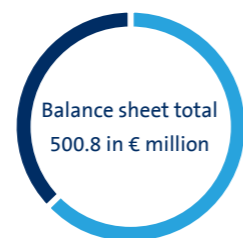
 3,969  
Employees

52.4 in € million  
EBIT  
before one-off effects

 37.5 in € million  
Capital expenditures

6.7%  
EBIT margin  
before one-off effects

41.1 in € million  
Gross cash flow



63%  
Equity ratio

TOGETHER  
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page 24 DIGITALIZATION  
TION page 29 CULTURE  
page 33



From left to right: Jochen Heier (COO), Christian Wendler (CEO), Frank Maier (CTO) and Dr. Achim Degner (CFO)

“ Lenze is well positioned for the future with a sound strategy that is bearing fruit. We will continue to invest in the development of cutting-edge technologies for the future. ”

*Christian Wendler, Chairman of the Board Lenze SE*

## Letter from the Lenze Executive Board

Ladies and Gentlemen,

The world is changing. The digital transformation is influencing all areas of our lives, introducing new business models and forms of work. At the same time, deteriorating framework conditions for trade policy – triggered by trade conflicts, local crises and increasing protectionism – are creating a persistently volatile environment and uncertainty worldwide.

In order to remain successful as a company in the long term in this equally dynamic and promising environment, we rely on foresight and above all partnerships: We think and act long term, with the future in mind and together as one big team – be this in association with our global customers and partners or within the company. This year, therefore, we are presenting our Annual Report under the motto, TOGETHER.

### Sales targets exceeded again despite a deteriorating market environment and record level investments

Lenze once again posted record sales figures for the 2018/2019 financial year, despite the worsening macroeconomic conditions. Group revenue increased by 6.3 % to € 787.6 million, thereby slightly surpassing original expectations. Lenze continues to be financially robust: Our high equity ratio ensures our independence as a family business, assuring our continued entrepreneurial freedom of action. This sound financial footing is also a prerequisite for continuing to drive change in our industry and investing internationally in the expansion of our business as well as innovative solutions and products.

In Germany, for example, we are implementing a mechatronics reference project at our Extertal site with our smart factory, the Mechatronic Competence Campus (MCC), that demonstrates what future production will look like. And at major international manufacturing locations such as in China or Poland, we have also invested in modernisation and production expansion, consistently consolidating our leading position as experts in global factory automation.

Under the heading, Intuitive Automation, we successfully presented ourselves at around 80 trade fairs worldwide during the last financial year. Additionally, in 2018/2019 we again invested significantly in the development and expansion of our employees' skills, because they are the foundation for further sustainable growth and the driving force behind our success – now and in the future.

Investments as part of our adopted growth strategy were also reflected in our earnings performance during the 2018/2019 financial year. Compared to the previous year, Lenze recorded a decline in earnings before interest and taxes (EBIT) to € 52.4 million, which was additionally affected by one-off effects.

The current 2019/2020 financial year will be no less challenging for Lenze. For example, the macroeconomic outlook remains subdued, due to the persistently worsening economy. We are therefore implementing extensive measures across all regions and functions to improve our profitability, thereby taking a proactive approach to making our company more resilient and strengthening it from within. We deliberately initiated important strategic investments during our firm's record years under largely stable framework conditions. This allowed us to further consolidate our excellent starting position. It is also now helping us to continue to generate sustainable growth in this volatile environment and vigorously maintain our strategic direction.

## Consultant and compass: We successfully support our customers during the digital transformation of their business

Progressive digitalisation is a great opportunity for Lenze and thus firmly embedded in our Strategy 2020<sup>+</sup>. It has a considerable impact on all facets of our business and that of our customers. To actively participate in shaping this megatrend, we have invested heavily in research and development. We have also bundled our digital expertise in Bremen, along with that of our encoway and logicline subsidiaries, and launched the new Lenze.Digital business unit. Thus, we are taking our digital business to a new level, allowing us to develop innovative digital services, as well as solutions that now cover the entire product lifecycle of components, machines and plant, providing our customers with even more power.

The future of production is the smart factory and the intelligent networking of men, machines and industrial processes using state-of-the-art information and communication technologies. Adding value by taking advantage of and supporting the ensuing new opportunities at all levels is one of our primary objectives. Our groundbreaking Industry 4.0 concepts demonstrate how we support mechanical engineering during digital transformation. For example, our software and engineering tools already allow us to implement the entire engineering process, from system design to machine integration in a virtual, intuitive world – known as the “digital twin”. This creates huge opportunities for our customers, due to shorter development cycles with lower staff costs and faster time-to-market. In short: Our digital engineering expertise is in greater demand among our customers than ever before and an important element of our future corporate strategy.


## #OneLenze: A solid basis for continuing to drive change in our industry


Ladies and Gentlemen, we live in turbulent times and Lenze aims to actively, flexibly and, above all, proactively participate in shaping them also in the future. The facts and figures of the last financial year also show that our strategy is working, even though the challenges are not diminishing, primarily as a result of the uncertain economic and political environment, as well as progressive digitalisation. But we cannot and will not be satisfied with our previous performance. On the contrary, now more than ever we must make every effort to drive progressive digitalisation from within, paving the way into the future for our customers and partners.


We are extremely confident that Lenze will succeed in this. It will be ensured by around 3,900 Lenzians worldwide, who work for the company and our customers every day with a great deal of expertise and commitment. It is thanks to them, in particular, that we have made substantial progress on central future themes and can thus adopt a positive future outlook.


As a Management Team, we would therefore like to thank all our staff members. We would also like to take this opportunity to thank our customers and partners for the trust and support they have shown in us during the past financial year.

Sincerely,

  
Christian Wendler  
(Chairman of the  
Executive Board)

  
Dr. Achim Degner

  
Jochen Heier

  
Frank Maier



# Supervisory Board's Report

## The financial year from 1 May 2018 to 30 April 2019

The Supervisory Board of Lenze SE met four times in the reporting period for detailed scrutiny of the company's position and its development. It advised the Board of Directors and monitored the management of the company. The Board of Directors kept the Supervisory Board briefed on a regular basis with comprehensive, up-to-date information, bringing to its attention all the issues that required the involvement of the Supervisory Board in the decision-making process. In particular, the Supervisory Board looked closely at the Board of Directors' plans, at the risk management, with a special focus on the market environment, and at investments for the future with regard to further growth potential for the Lenze Group.

The Chairman of the Supervisory Board was in regular contact with the Board of the Directors between the Supervisory Board meetings, informing himself about current developments in the business situation and about the significant business events.

## Supervisory Board meetings

The meetings of the Supervisory Board in the reporting period took place on 16 May 2018, 5 September 2018, and 9 May 2019. The balance-sheet meeting was held on 12 September 2019.

## Year-end and consolidated financial statements

The auditors of the BDO AG Wirtschaftsprüfungsgesellschaft in Hannover scrutinised and audited Lenze SE's year-end financial statement and consolidated financial statement, and also the management report and the Group management report. With regard to the system of early risk detection currently in place, the auditors certified that the Board of Directors has taken appropriate measures to meet the requirements of Section 91 (2) of the German Stock Corporation Act, especially regarding the setting up of a monitoring system, and that this monitoring system is suitable for the early detection of developments which endanger the survival of the company.

In compliance with Section 315e (3) of the German Stock Corporation Act, the legal requirements have been fulfilled for an exemption from the obligation to produce a consolidated financial statement that is in accordance with the German Commercial Code. The consolidated financial statement has therefore been drawn up in accordance with International Financial Reporting Standards (IFRS).

The Supervisory Board has scrutinised the year-end and consolidated financial statements, the management report and the Group management report for Lenze SE's 2018/2019 financial year and discussed them with the auditors. The same applies to the proposal for the appropriation of net income. The Supervisory Board accepts the result of the audit carried out by the auditing company. After completing its scrutiny, the Supervisory Board raised no objections and approved the year-end and consolidated financial statements. The year-end financial statement is thus certified.



From left to right: Nikolaus Belling, Dirk Brockmann, Max Finger, Dr. Michael Paul, Ingo Kramer and Heinz Graf

## Changes in the Board of Directors

Dr. Yorck Schmidt left Lenze SE's Board of Directors on 31.12.2018.

The Supervisory Board would like to express its thanks to all the company's directors and to all the Lenze Group employees for the work they have done over the past financial year.

Aerzen, 12 September 2019

On behalf of the Supervisory Board

Dr. Michael Paul  
Chairman

# TOGETHER

“We are convinced that the whole is more than the sum of its parts. Digitalisation therefore needs strong partners in order to use all of the opportunities that come from this transformation process. As a company that has been in business for more than 70 years, we have already played an active part in bringing about many changes – in the course of our global expansion, for example, or in our development as an automation expert for the smart factory, and now in digital transformation. Our great ability to adapt has always been one of our strengths. **The secret of our success is this: we have always placed great importance on partnership – with our customers, with our partners from research and science, with our digitalisation subsidiaries encoway and logicline, and of course within Lenze. It is our conviction that as digitalisation advances further and further, the close ties with our customers will become ever more important. This is because the methods employed in digital technology along with the increasing amount of networking through technology or even virtual reality – on both the production side and the user side – are all turning personal contact into the new currency of the digital age. “Together”, which is a reference to the strong bonds we forge with our partners, is therefore not just the key theme of our annual report, it also gives us the necessary drive for working on the implementation of our vision: the best machines and production facilities around the world use Lenze. We invite you to join us as we fulfil this vision. We invite you to share in shaping the future and, along with that, shaping the development of our company. As customers. As partners. As employees of Lenze.**”

## Group management report

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## 1. Group fundamentals

### 1.1 Business model

Lenze is a leading drive and automation company for the mechanical engineering industry. Our expertise in providing solutions derives from more than 70 years in the business, making us a strong partner for our customers all over the world and, at the same time, one of the industry's most experienced and innovative companies. We focus on the marketing, production and development of drive and automation technology for factory automation. As part of our growth strategy, we will be increasing our investments in Industry 4.0 technologies over the next few years, with the aim of further increasing both our revenue and our profitability.

Three important distinguishing factors make Lenze stand out from its international competitors:

- strength in technology and innovation
- expertise with applications and markets
- customer proximity and lifecycle management.

The Lenze Group's traditional home market is Europe, where we generate a good three quarters of our revenue. North America and Asia are important growth regions. Machines and systems equipped with our drive and automation technology are in use all over the world.

Professional sales and service points in over 60 countries ensure that our customers worldwide benefit from expert on-site support. We use experienced service engineers in aftersales to guarantee the fast supply of replacement parts, professional remote support and the effective coordination of service work.

### 1.2 Strategy and goals

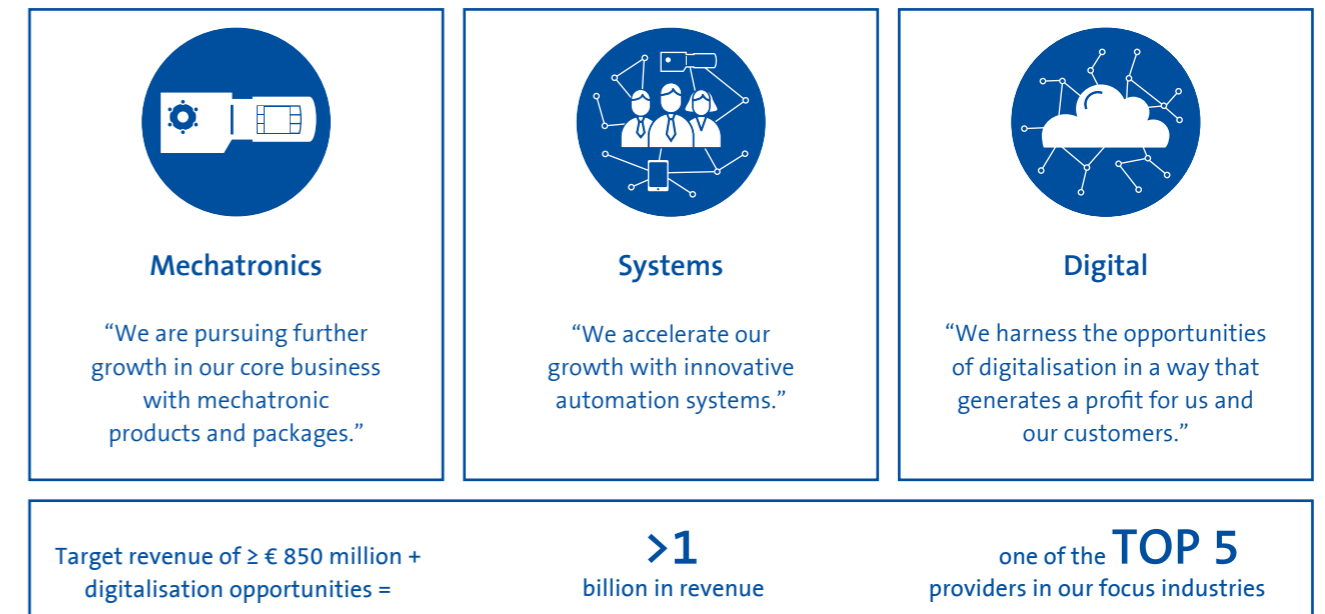
Our primary goal is to grow profitably with a fundamental strategic orientation towards the company's long-term success. This enables us to maintain Lenze's independence as a family-owned business in the future. The driving force here comes from our partnership-based relations with our customers all over the world and from our power to innovate. We benefit in particular from the fact that machine and plant operators are faced with the need for an increasing amount of automation in their machines and they are looking for competent partners with a comprehensive and fully integrated portfolio of products and services. We are well positioned to meet our customers' future requirements.

Our finance and balance-sheet policy are geared towards stability, and this safeguards the Lenze Group's sustainability. For example, we strive to maintain a strong capacity for self-financing through free cash flows and a high level of equity in the Group. This gives us room to manoeuvre even during periods of economic downturn.

We are a leading company in drive and automation technology for factory automation.

The Company's primary goals are sustainable profitable growth and financial independence.

Our 2020+ strategy is based on three pillars: Mechatronics, Systems and Digital. The focus on these strategic pillars is a continuation of the policy which the company adopted years ago, with an emphasis on clear segment orientation. Global trends such as digitalisation and greater energy efficiency are included in our strategic planning.



Regarding markets, we concentrate on five customer segments: automotive, consumer goods, converting and printing, intralogistics, and textiles. These focus industries were selected on the basis of clear strategic and economic considerations. For one thing, they are areas of especially strong growth. For another, they are ideal areas for us to apply our many years of experience with efficient and automated production processes.

In order to meet our global growth targets, the implementation of Lenze's 2020+ strategy focusses on core initiatives in four key areas: sales and marketing, portfolio and innovation, value creation, and organisation. These initiatives are systematically executed, monitored and controlled, on the basis of detailed roadmaps.

The increasing need for digitalisation represents a great opportunity for our company and it is firmly anchored in our strategy. Digitalisation is having a strong impact on all aspects of our business and it is a key external factor influencing the market for factory automation. The future of automation lies in the smart factory and the intelligent networking of people, machines and industrial processes through the most up-to-date information and communication technologies. Connected with this is digital transformation, and one of our main goals is to use and accompany this transformation on all levels as a way of creating added value.

We use new information and communication technologies within the context of Industry 4.0



Our business unit Lenze Digital brings together our expertise in the fields of software development, big-data management and process-related consultancy. Digitalisation addresses all the pillars of our business on a horizontal level, and it is also one of Lenze's own business models. We believe that our many years of experience in software development combined with our knowledge of customers' and markets' specific requirements is clearly a unique selling point that sets us apart from the competition.

### 1.3 Legal and organisational structure

The company was founded in 1947 by Hans Lenze in Hamelin and was originally called Stahlkontor Weser GmbH. Today, the Lenze Group is represented in over 60 countries, with its own sales companies, development sites and production plants as well as a network of service partners. The Group consists of 46 companies controlled by a holding company, Lenze SE, with headquarters in Aerzen, near Hamelin, in the German state of Lower Saxony. Lenze SE is a family-owned stock corporation under European Law, not listed on the stock exchange. The company is managed by an Executive Board, which consists of four members and is monitored by a Supervisory Board made up of six members.

The Lenze Group's basis of consolidation includes the parent company, Lenze SE, and all the major subsidiaries over which Lenze exercises a controlling influence in business matters. The structure of the Group organisation is ideal for covering the broad diversification of structures to be found in our customers' companies and in the markets. In order to be close to our customers' sites, our centres of excellence and production centres are located in all the global regions that are important for the mechanical engineering industry.

### 1.4 Corporate management

The goal of the Lenze management is to increase the company value sustainably. The managing directors of the individual companies in the Group are directly responsible for profitable business growth. Lenze SE is primarily responsible for the strategic orientation and development of the Group, the corporate financing, the risk management, and the fundamental decisions on brand development.

The corporate management is especially geared towards the development of sales revenue and operating profitability (EBIT), but also towards the ROCE (return on capital employed, defined as a profitability ratio calculated from the EBIT and the amount of necessary operating capital used in the company). The main control instruments are medium-term planning, with a planning period of three years, and the operational planning of the next financial year. The most important planning propositions and indicators are planned in accordance with central parameters by the operating units. Monthly reports help the management to develop measures for the further development of the business. Deviations from the planned course are regularly analysed, evaluated and translated into countermeasures by the management. The development of the operating units' business is continuously tracked and regularly assessed in business reviews.

We possess extensive expertise in the management of Big Data

Lenze uses a control system that links the Group perspective with operational functions.

### 1.5 Research and development

Digitisation and IIoT are becoming one of the main drivers of decisions about modernisation and investment in industrial manufacturing. The convergence of IT and OT (operational technology) is facilitating new, digital services that can dramatically increase productivity and create added value for machine manufacturers and plant operators.

In order to play an active role in developing this trend, we invested significantly in research and development in the year under review and founded a specific business unit called Lenze Digital. Its purpose is to develop new digital services along with digital solutions for products and systems. In May 2018 we opened DOCK ONE in Bremen, which is generating digitalisation ideas for Industry 4.0 projects along with digital business models and products. Lenze uses the innovation lab in Bremen for its own development work, but also for joint projects with customers, partners and research institutes. One example of this is X4 Remote, which we presented for the first time at the Hannover Messe 2019. It opens up a first solution space for remote services, providing machine manufacturers with an easy, secure and reliable way to connect to their machines anytime, anywhere. It integrates our new x510 and x520 IoT gateways, which link the machines to the cloud.

When we work on new developments or optimise our products, systems and software solutions, we are aiming to achieve a high level of innovation combined with reliability, easy handling and future-proofing. Our goal is to offer our customers a modular set of carefully integrated system components that are easy to choose and easy to use.

Our newly launched range of c500 controllers is a new generation of controllers that offer significantly higher storage capacity and computing power than previous generations. The controllers are not only able to handle traditional PLC tasks, they also provide sufficient reserves for complex applications such as evaluating camera images or managing databases.

The goal of Industry 4.0 is to achieve more flexible and more productive production processes by applying innovative technical concepts. Our software and engineering tools will make it possible in future to carry out the entire engineering process, from system design to integration, within a virtual, intuitive world called a digital twin. The transition to the real world takes place as late and as efficiently as possible. Our Intuitive Automation tablet app is an example of this kind of solution. The app can select basic parameters, desired applications and components and then make them available for the digital twin. The result is a virtual machine for which the user can automatically create a machine code, set up a cloud connection, and generate a 3D simulation using HoloLens.

We develop a consistently usable modular set of coordinated system components.



Our Plug & Produce concept is also based on the digital twin. Plug & Produce is a solution for convertible production lines, in which machine modules automatically communicate with each other, coordinating and interacting during the production process. This makes machines and systems highly flexible and minimal effort is required for integration, because the production line no longer needs to be programmed, only configured. The basis is an open, flexible and manufacturer-independent communication and integration concept based on the communication standard OPC UA. We are one of the first companies to implement the administration shell of the reference architecture RAMI 4.0, enhanced by the skills principle (i.e. the capabilities of a machine) of the PackML standard.

In the year under review, Lenze was also involved in projects with selected universities and research institutes. The most important of these are mentioned below.

- In the Intelligent Technical Systems cluster of excellence (also known as "It's OWL") Lenze is a core company in four current research projects connected with the digital twin, interoperable digital infrastructure, machine learning and Work 4.0.
- DC-Industrie is a joint project sponsored by the German Ministry for Economic Affairs and Energy. Its goal is to reshape the power supply of industrial plants by using an open, intelligent DC network and to digitalise the architecture of the industrial energy supply. Working with Lenze on this energy system of the future are 20 other industrial companies, four research institutes and the ZVEI electrical industry association.

### 1.6 Value creation

In our production and logistics network, we manufacture and supply Lenze products for our customers in the specified quality, at competitive prices, and with the lead times, the range of models and the reliability that the market expects.

We guarantee this with a total of ten production sites and logistics facilities worldwide. Lenze is a technology company operating on a global scale and we are represented internationally at every stage of the value-creation chain, consistently striving for operational excellence.

The Plug & Produce concept enables a leap in productivity.

Lenze offers its services globally along the entire value chain.



# GLOBALIZATION

### The world is our market

"The best machines and production facilities around the world use Lenze" – to achieve this vision we give our best every day, on every continent, and this is something we have been doing for over 70 years. Cooperation, closeness, and the market perspective are especially important to us. This is why our customers, partners and employees all over the world can rely on us. All Lenzians are open, thirsty for knowledge and they are ready to take responsibility for profitable growth which produces added value for our customers. They are pursuing a goal: to think about the future from the customer's perspective. **#GrowingStrongerBetterTogether** **#Globalization** **#CustomerFocus**

In more than

# 60

**countries** all over the world we are close to our customers.



## 2. Sustainability

### 2.1 Corporate responsibility

As a family business, Lenze naturally believes that sustainability and efficiency are essential, and they are therefore an integral part of our corporate philosophy and culture.

Our understanding of sustainability extends over five areas:

- corporate governance and compliance
- economic responsibility
- responsibility for people
- responsibility for the environment and the climate
- engagement in society.

#### 2.1.1 Corporate governance and compliance

We willingly acknowledge our corporate responsibilities and we are committed to acting sustainably and responsibly for the sake of future generations. Integrity, good corporate governance, compliance, and the ethical conduct of every executive and every non-executive employee are all essential elements of our corporate management.

Our compliance regulations are continuously being monitored and improved. They apply to all our executives and non-executive employees. The Executive Board, the Compliance Officer and the managers in the individual functional areas of the Lenze Group are responsible for sustainable management.

#### 2.1.2 Economic responsibility

An essential prerequisite for sustainable corporate development is a healthy economic foundation combined with a positive business performance over the long term. Sustainability at Lenze is primarily based on economic responsibility in the form of a high level of performance linked to successful customer relations. It is only by achieving the economic success which comes from this approach that we can create measurable value for our company and our stakeholders.

#### 2.1.3 Responsibility for people

Competent personnel are a key success factor in the implementation of the Lenze Group's corporate strategy. In an increasingly competitive environment, one of the main tasks for our managers and our human resources management everywhere in the Group is therefore to recruit suitably qualified skilled workers for our company, systematically develop their skills, and bind them to the Lenze Group over the long term.

Despite the growing competition for skilled workers, we were able to achieve the planned increase in our workforce and increase the number of staff employed by the entire Group by 230, growing from 3,739 on 30 April 2018 to 3,969 at the end of the year under review. We were especially successful in recruiting employees for work in sales and for the expansion of our automation and digital business.

Sustainability is essential for Lenze as a family-owned business.

We were able to achieve the planned increase in our headcount despite increasing competition for skilled workers.

### Employees

	30.04.2019	30.04.2018	Change
Germany	2,042	1,906	+ 136 (7.1%)
Abroad	1,927	1,833	+ 94 (5.1%)
<b>Group</b>	<b>3,969</b>	<b>3,739</b>	<b>+ 230 (6.2%)</b>

The average number of people employed in the Lenze Group in the year under review was 3,905 (2017/2018: 3,613). The proportion of our global workforce employed in Germany remains almost unchanged at 49%.

#### Recruitment and employer awards

Lenze is positioning itself globally as an attractive employer in order to recruit and keep the skilled workers who are important for our success. We are therefore actively promoting the company as an attractive employer in social media and we take part in many events and job fairs internationally.

In 2019, our company yet again received awards from the independent Top Employers Institute.

#### Initial training and professional development

In addition to cooperating with numerous universities, we also place great emphasis on in-house training for junior employees in order to meet our own need for skilled young personnel.

We continue to place great importance on the professional development of our managers and other employees.

#### Work safety and health care

Lenze is a technology company that uses industrial production processes. We guarantee a high level of work safety and we regularly train our employees accordingly at all our sites.

At the same time, we promote the good health of our personnel through a variety of measures within the framework of our company health management.

#### Fair, performance-related remuneration

We offer our employees a fair, performance-related and competitive remuneration. Where there are specific tariff agreements with unions, we pay our employees on this basis.

#### Family-friendly

Our corporate culture is family-oriented and one of its most important policies is the compatibility of family and work. We offer a variety of measures and concepts to help achieve this.





#### 2.1.4 Responsibility for the environment and the climate

Environmental protection and the conservation of natural resources in all phases of the value-creation chain form an integral part of the Lenze Group's business. Environmental protection is well established as a principle of management and it has been integrated into our business processes. The Lenze environmental management system follows the principle of sustainability and takes a three-pronged approach, combining ecological, social and economic aspects. We are sparing in our use of energy, raw materials and working materials in our production processes, and we make energy-efficient products. Compliance with national and international environmental laws is mandatory for Lenze

#### 2.1.5 Engagement in society

As a successful family business and a major employer, Lenze carries a special social responsibility. We make a direct monetary contribution to the general wellbeing of society through our payment of corporate levies and taxes.

Our social activities are organised decentrally, taking the form of numerous individual measures in the areas around our sites. All our companies gear their social activities towards their local communities. We mainly support local and regional projects and initiatives in the field of education, sport, health, integration and social affairs.

### 2.2 Law of equal participation

#### Lenze SE: The proportion of women on the Supervisory Board and the Executive Board, the proportion of women on the two management levels below the Board level

According to the German "Law for the Equal Right of Women and Men to Participate in Management Positions in Private Businesses and the Public Sector", the supervisory board of companies that are required to have codetermination sets targets and deadlines for achieving a proportion of women on the supervisory board and the executive board (Section 111 [5] German Stock Corporation Act). The executive board of companies that are required to have codetermination decides on the proportion of women on the two levels of management below the board of directors (Section 76 [4] German Stock Corporation Act).

The traditional and current procedure for appointing people to the boards and management positions is based on a strict orientation towards knowledge, skills, and professional aptitude, and it is fundamentally independent of gender.

The Supervisory Board and the Executive Boards still regard this procedure as absolutely necessary. An obligation to consider any other criteria would result in an unreasonable restriction in the selection of suitable candidates. For this reason, until 30 June 2020 a target of 0 % will continue to be set for the Supervisory Board, the Executive Board, and the two management levels below the Executive Board.

#### Lenze Operations GmbH: The proportion of women on the Supervisory Board and in management on the managing director level, the proportion of women on the two management levels below the managing director level

The shareholder meeting of companies that are required to have codetermination sets the targets and deadlines for achieving a proportion of women on the supervisory board and on the managing director level (Section 52 [2] Limited Company Act). The managing directors of companies that require codetermination decide on the proportion of women on the two levels below the managing director level (Section 36 Limited Company Act).

We support regional and local projects in the fields of education, sport, health, integration and social care.

The Supervisory Board and the Executive Board are open to the participation of women in leadership positions.

# 30%

less energy consumption  
is possible with intelligent concepts  
from Lenze

# MECHATRONICS



#### Going beyond the limits of the familiar

About two thirds of energy consumption in industry are caused by electrical propulsion systems. Here lies an enormous savings potential, which we are using with a holistic view of the machines and plants and the use of intelligent concepts. In addition to efficient design and motion control using digital solutions, this is based above all on our perfectly coordinated mechatronic systems. This not only saves operating costs and increases the competitiveness of our customers, but also makes a contribution to the attainment of the of the global climate targets. Mechatronics stands for more than the perfect interplay of the disciplines of mechanics, Electronics and IT. Mechatronics stands above all for a agile, interdisciplinary cooperation, which leads to new thinking and intelligent concepts. This approach opens up completely new possibilities for us and our customers.

#Mechatronics #EnergyEfficiency #rethink

The Shareholder Meeting and the Managing Director of Lenze Operations GmbH have decided to align themselves with Lenze SE's assessment and procedures as described above. For this reason, until 30 June 2020 a target of 0 % will continue to be set for the supervisory board, the position of managing director, and the two management levels below the managing director level.

## 3. Economic report

### 3.1 Global economic conditions

After the good start to the year, global economic growth slowed in the second half of 2018 as a result of local crises and the worsening of the general conditions for trade. According to the International Monetary Fund (IMF), global growth was 3.6 % (price-adjusted), following 3.8 % in 2017. As recently as April 2018, the IMF had forecast a global growth rate of 3.9 %. In particular, growth in several national economies in Europe and Asia was weaker than originally estimated.

World trade and industrial production continued to develop positively in 2018. While world trade increased by 3.8 % (2017: 5.4 %), industrial production increased by 3.1 % (previous year: 3.4 %).<sup>1)</sup>

### 3.2 International mechanical and plant engineering industry

Global sales in the mechanical engineering industry grew by about 5.0 % in 2018. In the same year, several small countries performed well above average, mainly because of special items. Statistical overhangs from 2017 played a part in many EU countries, because at the end of 2017 the industry was firing on all cylinders economically. In many places, capacity utilisation was high and many companies invested in more heavily automated processes as a result of staff shortages. At the same time, mechanical engineering benefited from the trend towards digitisation and new processing technologies.<sup>2)</sup>

Digitisation is giving strong impulses to mechanical engineering.

### 3.3 Target/actual comparison

We had planned for our sales revenue in the 2018/2019 financial year to grow slightly in comparison with the previous year. In fact, the Group's revenue rose by 6.3 % to € 787.6 m in the year under review, which somewhat exceeded our original expectations.

We had also planned for an increase in profitability (EBIT margin), but this was not achieved. The EBIT margin before one-off charges came to 6.7 % on earnings of € 52.4 m. After one-off charges amounting to € 16.9 m, the EBIT came to € 35.5 m.

<sup>1)</sup> Source: GDP figures: IMF World Economic Outlook, April 2019  
BDI Industriebericht Industrieproduktion und Handel nach Branchen, April 2019

<sup>2)</sup> Source: VDMA Prognosespiegel International, June 2019  
More detailed information: VDMA Konjunktur International, November 2018

### 3.4 Executive Board's overall assessment of the economic situation

In a generally positive market environment, we maintained our growth rate in line with our corporate strategy. Our sales growth, which was largely achieved in the above mentioned focus industries, reflects the Lenze Group's success in implementing the strategy and in dealing with the competition.

All five focus industries of the Lenze Group performed well.

However, in the 2018/2019 financial year we were unable to maintain the trend towards the continual improvement of profitability. Profitability was affected by increases in the price of materials, lower material turnover with limited material availability, and additional costs for manufacturing and logistics. Also, personnel costs rose disproportionately in relation to the overall performance. Then there were also some one-off items that reduced earnings. Consequently, the Group result is clearly down on the previous year's result.

The structure of our balance sheet remains robust. The equity ratio is now 63.1% (previous year: 66.5 %), which means we are still in a good position to safeguard our independence as a family company in a more difficult environment and to remain capable of performing as a business at all times.

The return on capital employed (ROCE), based on the EBIT before one-off charges, came to 16.6 % in the 2018/2019 financial year.

The Executive Board sees the Lenze Group's current financial and assets position as a good starting point for the future development of the Group and for the continued consistent implementation of the Lenze 2020+ corporate strategy. At the same time, the profitability has to improve significantly. A corresponding package of measures has been approved for this purpose.



## 3.5 Profitability

Profitability in the 2018/2019 financial year is shown in the following table:

	2018/2019		2017/2018		Change	
	in € million	in %	in € million	in %	in € million	in %
Revenue	787.6	100	741.0	100	46.6	6
Changes in inventory	2.8	0	-0.8	0	3.6	>100
Own work capitalised	1.0	0	2.1	0	-1.1	-52
<b>Total operating revenue</b>	<b>791.3</b>	<b>100</b>	<b>742.3</b>	<b>100</b>	<b>49.0</b>	<b>7</b>
Costs of materials	-345.7	-44	-312.9	-42	-32.8	10
<b>Gross margin</b>	<b>445.6</b>	<b>56</b>	<b>429.3</b>	<b>58</b>	<b>16.3</b>	<b>4</b>
Personal expenses	-268.3	-34	-238.9	-32	-29.4	12
Depreciation/amortisation	-16.8	-2	-15.3	-2	-1.5	10
Other expenses and income	-125.1	-16	-109.4	-15	-15.7	14
<b>Earnings before interests and taxes (EBIT)</b>	<b>35.5</b>	<b>4</b>	<b>65.7</b>	<b>9</b>	<b>-30.2</b>	<b>-46</b>
Financial result	-2.0	0	-1.7	0	-0.3	18
<b>Earnings before taxes (EBT)</b>	<b>33.5</b>	<b>4</b>	<b>63.9</b>	<b>9</b>	<b>-30.4</b>	<b>-48</b>
Income taxes	-12.4	-2	-16.8	-3	4.4	-26
<b>Earnings after tax</b>	<b>21.0</b>	<b>3</b>	<b>47.2</b>	<b>6</b>	<b>-26.2</b>	<b>-56</b>

## 3.5.1 Revenue performance

Compared with the previous year, Group revenue in the 2018/2019 financial year rose by € 46.6 m or 6.3% to € 787.6 m. Our intensified sales activities had a positive impact in all the important regions.

Adjusted for currency effects, the growth in revenue came to 6.9%.

## Revenue by region

in € million	2018/2019	2017/2018	Change	Change (FX-adjusted)
Europe	600.0	563.4	6.5%	7.5%
America	83.3	75.6	10.2%	8.7%
Asia	102.0	99.3	2.7%	3.0%
Other regions	2.3	2.7	-14.8%	-14.8%
<b>Total</b>	<b>787.6</b>	<b>741.0</b>	<b>6.3%</b>	<b>6.9%</b>

The total operating revenue in the past financial year increased to € 791.3 m (prior year: € 742.3 m).

## 3.5.2 Development of expenses

The cost of materials ratio, which is the ratio between the materials used and the total operating revenue, rose to 43.7% in the year under review (prior year: 42.2%). The change in the ratio is mainly due to the increase in the price of raw materials combined with a shortage of materials in the procurement markets, lower material turnover, higher tariffs between China and the USA, and exchange-rate effects.

The personnel costs in the 2018/2019 financial year rose by € 29.4 m or 12.3% to € 268.3 m (prior year: € 238.9 m). The increase is primarily due to the increase in the number of employees and to adjustments in wages and salaries. The ratio of personnel costs to revenue rose from 32.2% in the previous year to 33.9% in the year under review.

The depreciation of property, plant and equipment and the amortisation of intangible assets rose year-on-year by € 1.5 m to € 16.8 m as a result of the greater volume of investment.

The other income and expenses, including investment income, increased by € 15.7 m in the year under review. This is mainly due to greater investment in sales activities and several one-off effects. The investment income in the reporting period remained almost on the same level as in the previous year.

## 3.5.3 Operating profit (EBIT)

The operating profit, or earnings before interest and tax (EBIT) fell to € 35.5 m in the 2018/2019 financial year (previous year: € 65.7 m). The EBIT margin in 2018/2019 fell to 4.5% (previous year: 8.9%).

## 3.5.4 Group earnings after tax

The financial result in the past financial year was slightly lower at € -2.0 m (previous year: € -1.7 m).

After taking into account deferred taxes in the 2018/2019 financial year, the tax expenditure came to € 12.4 m. The tax rate increased to 37.0% (previous year: 26.2%). This represents a normalisation of the previous year's unusually low tax rate, and it is also due to an increase in non-deductible expenses.

Group earnings before the deduction of minority interests came to € 21.0 m in the year under review after € 47.2 m the year before.

EBIT is driven by sales growth and a disproportionately low increase in expenses.



We create over

# 1.000

machine automations every year.

# AUTOMATION

### Automation is becoming intuitive

The future of production lies in the smart factory and in the intelligent networking of people, machines and industrial processes through the most up-to-date information and communication technologies. At the same time, achieving more functions, flexibility and intelligence in production means requiring more of the automation. To ensure that machine manufacturing does not become needlessly complicated, we rely on "Intuitive Automation". We package complicated things in a way that makes them look easy and become manageable. The key to this lies not only in the optimal combination of scalable hardware and modular software, but above all in our consultancy expertise.

#IntuitiveAutomation #SmartFactory #Connectivity

### 3.6 Financial position

The aim of our financial management is to ensure that we have sufficient liquidity at all times for financing the current business operations and the further development of the company. Two important sources of financing are the cash flow from operating activities and existing bank credit lines. The unused credit lines at the end of the financial year came to € 36.1 m (prior year: € 33.9 m).

	2018/2019	2017/2018	Change	
	in € million	in € million	in € million	in %
Gross cash flow	41.1	62.3	-21.2	-34
Change the working capital	9.1	-18.9	28.0	>100
<b>Cash flow from operating activities</b>	<b>50.2</b>	<b>43.4</b>	<b>6.8</b>	<b>16</b>
Net capital expenditures	-37.5	-21.8	-15.7	-72
<b>Cash flow from investing activities</b>	<b>-37.5</b>	<b>-21.8</b>	<b>-15.7</b>	<b>-72</b>
Free cash flow	12.7	21.6	-8.9	-41
<b>Cash flow from financing activities</b>	<b>-15.2</b>	<b>-24.4</b>	<b>9.2</b>	<b>38</b>
<b>Change in cash and cash equivalents (incl. effect of exchange rate changes)</b>	<b>-8.0</b>	<b>0.1</b>	<b>-8.1</b>	<b>&gt;-100</b>
Cash at 1 May	80.7	80.6	0.1	0
Cash at 30 April	72.7	80.7	-8.0	-10

#### 3.6.1 Cash flow from operating activities

During the 2018/2019 financial year, the Lenze Group generated a gross cash flow € 41.1 m (previous year: € 62.3 m). This change is mainly attributable to the decline in operating profit. The increase in net current assets results primarily from a reduction in inventories and a slight increase in trade receivables, which comes mainly from the increase in sales revenue. Overall, a cash flow of € 50.2 m was generated from operating activities in the 2018/2019 financial year (previous year: € 43.4 m).

#### 3.6.2 Cash flow from investing activities

In the 2018/2019 financial year, the Lenze Group invested € 38.6 m (previous year: € 22.4 m) in property, plant and equipment and intangible assets. The figure for net capital expenditures in the cash flow statement also includes incoming payments from the disposal of fixed assets. The main capital expenditures on property, plant and equipment in the year under review are accounted for by the usual investments in replacement and rationalisation and also by investments in tools and machines for new products.

Investment volume increased in particular due to investments in tools and machinery.

### 3.6.3 Free cash flow

In the 2018/2019 financial year, the free cash flow, defined as the difference between the cash flow from operating activities and the cash flow from investing activities, fell by € 8.9 m to € 12.7 m (previous year: € 21.6 m).

### 3.6.4 Cash flow from financing activities

The cash flow from financing activities comes to € -15.2 m, which is € 9.2 m lower than the previous year (2017/2018: € 24.4 m). Taking up long-term credit lines resulted in a cash flow of € 14.0 m (previous year: € 1.1 m). The repayment of loans amounting to € 4.2 m (previous year: € 3.6 m) and dividends to shareholders led to a net outflow of funds.

In total, liquid funds (including changes in exchange rates) in the 2018/2019 financial year fell by € 8.0 m.

## 3.7 Net assets

The Group's net assets as of the balance-sheet date of 30 April 2019 amounted to to € 501 m (previous year: € 483 m).

	30.04.2019		30.04.2018		Change	
	in € million	in %	in € million	in %	in € million	in %
<b>Assets</b>						
Non-current assets	180.2	36	152.4	32	27.8	18
Current assets	320.7	65	330.7	68	-10.0	-3
Inventories	123.4	25	128.5	27	-5.1	-4
Trade receivables	114.4	23	111.0	23	3.4	3
Cash	72.7	15	80.7	17	-8.0	-10
Other assets	10.2	2	10.4	2	-0.2	-2
<b>Total assets</b>	<b>500.8</b>	<b>100</b>	<b>483.1</b>	<b>100</b>	<b>17.7</b>	<b>4</b>
<b>Equity and liabilities</b>						
Equity	316.1	63	321.3	67	-5.2	-2
Non-current liabilities	57.9	12	39.1	8	18.8	48
Current liabilities	126.8	25	122.7	25	4.1	3
<b>Total equity and liabilities</b>	<b>500.8</b>	<b>100</b>	<b>483.1</b>	<b>100</b>	<b>17.7</b>	<b>4</b>

Financing requirements remain at a low level.

### 3.7.1 Equity

As of the balance-sheet date, the Lenze Group reports equity totalling € 316 m (previous year: € 321 m). This means the equity ratio has fallen slightly to 63.1 % (previous year: 66.5 %). The return on equity has now fallen by 9.2 percentage points to 11.2 % (previous year: 20.4 %). The non-current assets (without deferred taxes) are completely covered by equity. In addition, 60.2 % of the inventories, receivables and other assets are financed over the long term by equity (previous year: 70.7 %).

#### Equity ratio in %

2018/2019	63
2017/2018	67
2016/2017	64
2015/2016	64
2014/2015	62

### 3.7.2 Liabilities

The non-current liabilities rose by € 18.8 m to € 57.9 m (previous year: € 39.1 m). This is mainly due to additional financing for the Mechatronic Competence Campus (MCC) building project. The sum total of equity and non-current liabilities covers 74.7 % of the total assets as of the balance-sheet date (previous year: 74.6 %). The current liabilities rose by € 4.1 m to € 126.8 m (previous year: € 122.7 m).

### 3.7.3 Assets

The asset side of the balance sheet continues to be shaped by the current assets, which account for 64.0 % of the balance-sheet total (previous year: 68.4 %) at the end of the year under review. In absolute terms, this is € 10.0 m lower than the previous year. As a result of investment, the non-current assets increased by € 27.8 m to € 180.2m at the balance-sheet date (previous year: € 152.4 m). At the end of the financial year, the Lenze Group has at its disposal liquid funds totalling € 72.7 m (previous year: € 80.7 m).

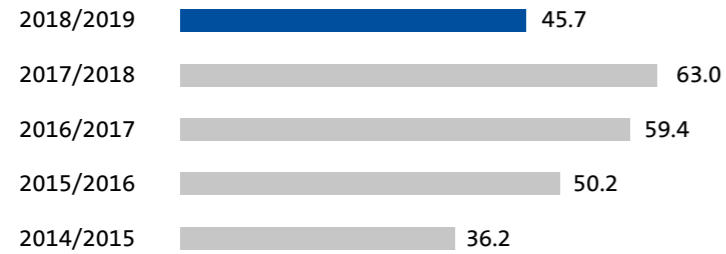
Asset side of the balance sheet dominated by current assets.



**3.7.4 Net financial assets**

The additional financing for the MCC project means that the financial debt (short-term and long-term) rose to € 27.0 m. This is offset by the amount of liquidity, totalling € 72.7 m. The bottom line is that the Lenze Group has at its disposal net financial assets totalling € 45.7 m (previous year: € 63.0 m).

**Net financial balance in € million**



More than **15** years of experience

15

**We drive your digital business**

Digitalisation is advancing in all areas, and it is unstoppable. It is opening up undreamed-of possibilities, but at the same time it is a great challenge for our customers in the machine-building industry. So, it is really good to know that there is a competent and reliable partner at your side. With Lenze.Digital we have laid the foundation that enables us to accompany our customers on their way to Industrie 4.0 and to support them in the process of digital transformation. Lenze.Digital represents the combined digital expertise of Lenze, encoway and logiline, and it is more than the sum of the individual companies. Our first objective is to achieve a clear added value for our customers and to help them to use the opportunities of digitalisation for themselves, profitably.

**#Lenze.Digital #DockOne #Digitalization**





## 4. Report on risks and opportunities

### 4.1 Risk and opportunity management system

The Lenze Group operates an active risk and opportunity management system which uses a variety of cascade controls to ensure its effectiveness. Lenze groups the existing risks and opportunities into two categories. Risks and opportunities that affect the long-term development and competitiveness of the company are classed as “strategic”. Risks and opportunities that influence the short-term performance of the company and the achievement of the company’s annual targets are classed as “operational”.

### 4.2 Risk and opportunity situation

#### 4.2.1 Strategic risks

Cyclical economic fluctuations and declining investment can have a negative impact on customer demand and the Lenze Group’s capacity utilisation. In order to cushion these fluctuations in capacity utilisation, precautionary measures have been taken to achieve a transition to flexibility in the deployment of personnel and the procurement of materials. The general economic conditions for the 2019/2020 planning period are still affected by a tangible level of uncertainty in the markets.

#### 4.2.2 Operational risks

##### Procurement

The insufficient availability of parts and components or changes in the price of raw materials and energy lead to latent procurement risks. Lenze’s purchasing strategy is to use suitable sourcing to safeguard procurement costs and to protect against risks to availability and quality. The 2018/2019 financial year saw a significant rise in material costs because of the increase in the price of raw materials and the increase in tariffs between China and the USA.

##### Production

Lenze guarantees its customers binding lead times. Potential restrictions in production or process errors can lead to economic liabilities. In the 2018/2019 financial year, Lenze continuously invested in its production sites and capacities in order to meet customer demand and reduce the risk of delays in delivery. The delivery times for procuring production material have sometimes been considerably longer than in the past.

##### Quality

Marketing faulty products can lead to economic liabilities. To avoid risks of this kind, the Lenze Group has implemented a certified system of quality management. This system comprises a strict set of quality control measures and continuous improvements to processes in order to minimise risks relating to guarantees or liability.

#### Export

Infringements of export regulations or of the requirements for transport safety lead to significant trade restrictions and therefore to a loss of sales or to considerable delays in delivery with higher costs. Lenze has established an export management system to counteract these risks.

#### Inventory utilisation

In order to safeguard our ability to supply our customers while at the same time minimising the risk of having to write down or scrap stock, we make inventory monitoring a key component of our risk control strategy. Monitoring involves measures such as defining targets for inventory levels and optimising inventory management processes. In the 2018/2019 financial year, the risk increased in line with the increased gross inventory and the structure of the stocks.

#### Finances

The receivables risk is controlled by a defined credit management process. Customers’ credit-worthiness and payment behaviour are closely monitored, and there is a credit insurance programme in operation for selected countries. The risks relating to interest rates and currencies are systematically limited by means of both natural hedging and hedging transactions.

#### IT

The Lenze Group depends upon its IT systems having a high level of availability and functionality. Failures or disruptions sometimes have serious consequences for our business processes. To counteract these risks, the Lenze Group will continue to make systematic investments in the expansion and further development of its IT systems and its computer centres.

#### Compliance

The compliance risks are monitored by the Compliance Officer. The company’s senior managers confirm compliance with the valid guidelines in an annual compliance declaration.

#### 4.2.3 Strategic opportunities

The strategic opportunities for the Lenze Group are based on our capacity for innovation. The increasing amount of automation in our focus industries, Industry 4.0 and digitalisation along with the onward advance of internationalisation all open up numerous fields of action for our company.

### 4.3 General assessment of the overall risk situation

The above-mentioned risks do not threaten the existence of the Lenze Group either individually or as a whole. Overall it can be said that in the 2018/2019 financial year there were no significant changes to the risk situation.

Digitisation and Industry 4.0 offer  
Lenze considerable opportunities.

## 5. Forecast report

### 5.1 Future environment

#### 5.1.1 Global economy

The economic prospects have become gloomier in the past few months. Many early indicators are pointing to weaker growth for 2019. The International Monetary Fund (IMF) is forecasting GDP growth of 3.3 % for 2019, which means that global economic growth is 0.3 percentage points lower than in 2018. The IMF emphasises that global growth in 2019 could turn out to be surprisingly positive if the current trade disputes are quickly resolved and business confidence then recovers. But the risks for a downturn this year remain high. Specific risks mentioned by the IMF include a further escalation in the trade tensions and an accompanying increase in political uncertainty, a significant deterioration in the mood of the market, and a disorderly exit from the EU by the United Kingdom. <sup>3)</sup>

#### 5.1.2 International mechanical engineering industry

The mechanical engineering industry is not very optimistic about 2019. Current assessments do not expect the sector to grow. The prospects for further economic development are diminished by local crises, uncertainties and risks. Protectionist measures by individual governments, especially frictions from higher import tariffs, are clouding the outlook. National egotisms are forcing companies to reassess their value-creation chains, which sometimes have very complex mesh of international links, and to reorganise some of them. <sup>4)</sup>

### 5.2 Executive Board's overall assessment of the company's future development

We will continue to press ahead with our Lenze 2020+ corporate strategy in the coming financial year. The investments that were begun in the past few years are now being purposefully continued, and we see this as the basis for the further expansion of our systems business, accompanied by the continuing dynamic development of our portfolio.

In view of the deteriorating economic outlook, we are expecting only slight growth in revenue and a moderate increase in earnings in the 2019/2020 financial year. This increase will be mainly due the productivity effects from the recent investments and various measures for stabilising our market position and improving our cost structure.

Aerzen, 1 July 2019

The Executive Board

Christian Wendler      Jochen Heier      Frank Maier      Dr. Achim Degner

<sup>3)</sup> Source: GDP figures: IMF World Economic Outlook April 2019  
 Other, more detailed information: VDMA Konjunktur International, November 2018  
<sup>4)</sup> Other, more detailed information: VDMA Konjunktur International, November 2018



Every day, the diversity of our

# 3,969

**employees** worldwide opens up new horizons, not only for us, but also for our customers.

#### Strength through diversity

Lenze has stood out for its ability to keep reinventing itself and keep breaking new ground. Whether in Shanghai, Uxbridge, Pune or Hamelin, our global Lenze family and its many cultures could not be more diverse. But this is precisely what is so valuable: for it is only when we allow differences and diversity that we can remain positive about constant change and use it to our own advantage. And there is a common framework around our corporate culture, binding us together: our passion for the customer.

**#OneLenze #OneTeam #Together**



# CULTURE

# Consolidated financial statements

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## Balance sheet

as at 30 April 2019

## Assets

in € thsd.	30.04.2019	30.04.2018
Intangible assets	44,383	45,125
Property, plant and equipment	116,105	92,988
Investments in associates	754	820
Other investments and long-term loans	2,578	2,511
Long-term investments	3,331	3,331
Other non-current assets	3,137	3,068
Deferred taxes	13,211	7,910
<b>Non-current assets</b>	<b>180,166</b>	<b>152,421</b>
Inventories	123,403	128,511
Trade receivables	114,394	111,021
Other current assets	6,983	8,102
Income tax receivables	3,170	2,336
Cash	72,709	80,692
<b>Current assets</b>	<b>320,659</b>	<b>330,662</b>
	<b>500,825</b>	<b>483,083</b>

## Equity and liabilities

in € thsd.	30.04.2019	30.04.2018
Share capital	32,000	32,000
Capital reserves	43,805	43,805
Retained earnings	242,697	247,368
Accumulated other comprehensive income	-6,173	-5,154
<b>Equity attributable to the shareholders of Lenze SE</b>	<b>312,329</b>	<b>318,019</b>
Non-controlling interests	3,815	3,279
<b>Equity</b>	<b>316,145</b>	<b>321,299</b>
Pensions and similar obligations	24,790	20,541
Other non-current provisions	7,430	4,923
Non-current financial liabilities	23,780	12,081
Other non-current liabilities	0	9
Deferred taxes	1,867	1,547
<b>Non-current liabilities</b>	<b>57,867</b>	<b>39,101</b>
Current provisions	73,034	66,826
Current financial liabilities	3,189	5,654
Trade payables	29,629	28,821
Other current liabilities	20,960	21,383
<b>Current liabilities</b>	<b>126,813</b>	<b>122,683</b>
	<b>500,825</b>	<b>483,083</b>



## Income statement

for the 2018/2019 financial year

in € thsd.	2018/2019	2017/2018
Revenue	787,590	741,006
Changes in inventory	2,753	-799
Own work capitalised	977	2,052
<b>Total operating revenue</b>	<b>791,321</b>	<b>742,259</b>
Cost of materials	-345,722	-312,948
<b>Gross margin</b>	<b>445,599</b>	<b>429,311</b>
Personnel expenses	-268,270	-238,926
Depreciation/amortisation	-16,773	-15,320
Other operating expenses	-145,378	-128,865
Other operating income	19,706	19,022
Net investment income	582	449
<b>Earnings before interest and taxes (EBIT)</b>	<b>35,467</b>	<b>65,672</b>
Financial result	-2,011	-1,738
<b>Earnings before taxes</b>	<b>33,456</b>	<b>63,934</b>
Income taxes	-12,409	-16,755
<b>Earnings after tax</b>	<b>21,047</b>	<b>47,180</b>
Profit attributable to minority interests	1,431	989
Profit attributable to Lenze SE shareholders	19,616	46,190

## Statement of comprehensive income

for the 2018/2019 financial year

in € thsd.	2018/2019	2017/2018
<b>Profit for the year</b>	<b>21,047</b>	<b>47,180</b>
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans		
Remeasurement change	-2,780	1,364
Deferred tax effects	626	-342
Change in other comprehensive income	-2,154	1,022
Currency translation differences		
Currency translation differences	923	-4,225
<b>Other comprehensive income</b>	<b>-1,231</b>	<b>-3,203</b>
<b>Total comprehensive income</b>	<b>19,816</b>	<b>43,976</b>
Profit attributable to Lenze SE shareholders	18,485	43,022
Profit attributable to minority interests	1,331	954

## Statement of changes in equity

as at 30 April 2019

in € thsd.	Share capital	Capital reserves	Retained earnings
<b>Balance at 30.4.2017</b>	<b>32,000</b>	<b>43,805</b>	<b>222,170</b>
Other comprehensive income, gross	0	0	0
Deferred taxes	0	0	0
<b>Other comprehensive income, net</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit for the year	0	0	46,190
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>46,190</b>
Reclassifications	0	0	192
Dividends	0	0	-21,184
<b>Balance at 30.4.2018</b>	<b>32,000</b>	<b>43,805</b>	<b>247,368</b>
Other comprehensive income, gross	0	0	0
Deferred taxes	0	0	0
<b>Other comprehensive income, net</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit for the year	0	0	19,616
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>19,616</b>
Reclassifications	0	0	-95
Changes in the basis of consolidation	0	0	0
Dividends	0	0	-24,192
<b>Balance at 30.4.2019</b>	<b>32,000</b>	<b>43,805</b>	<b>242,697</b>

in € thsd.	Accumulated other comprehensive income		Attributable to Lenze SE	Attributable to non-controlling interests	Total equity
	Currency translation	Pensions			
<b>Balance at 30.4.2017</b>	<b>5,853</b>	<b>-7,839</b>	<b>295,989</b>	<b>3,038</b>	<b>299,027</b>
Other comprehensive income, gross	-4,190	1,364	-2,826	-35	-2,861
Deferred taxes	0	-342	-342	0	-342
<b>Other comprehensive income, net</b>	<b>-4,190</b>	<b>1,022</b>	<b>-3,168</b>	<b>-35</b>	<b>-3,203</b>
Profit for the year	0	0	46,190	989	47,180
<b>Consolidated total comprehensive income</b>	<b>-4,190</b>	<b>1,022</b>	<b>43,022</b>	<b>954</b>	<b>43,976</b>
Reclassifications	0	0	192	0	192
Dividends	0	0	-21,184	-713	-21,897
<b>Balance at 30.4.2018</b>	<b>1,663</b>	<b>-6,817</b>	<b>318,019</b>	<b>3,279</b>	<b>321,299</b>
Other comprehensive income, gross	1,023	-2,780	-1,757	-100	-1,857
Deferred taxes	0	626	626	0	626
<b>Other comprehensive income, net</b>	<b>1,023</b>	<b>-2,154</b>	<b>-1,131</b>	<b>-100</b>	<b>-1,231</b>
Profit for the year	0	0	19,616	1,431	21,047
<b>Consolidated total comprehensive income</b>	<b>1,023</b>	<b>-2,154</b>	<b>18,485</b>	<b>1,331</b>	<b>19,816</b>
Reclassifications	0	112	17	18	35
Changes in the basis of consolidation	0	0	0	56	56
Dividends	0	0	-24,192	-868	-25,060
<b>Balance at 30.4.2019</b>	<b>2,686</b>	<b>-8,859</b>	<b>312,329</b>	<b>3,815</b>	<b>316,145</b>

## Statement of cash flows

for the 2018/2019 financial year

in € thsd.	2018/2019	2017/2018
Profit for the year	21,047	47,180
Change in non-current provisions	3,786	243
Depreciation/amortisation/impairment of fixed assets and reversals thereof	16,773	15,212
Other non-cash expenses and income	-515	-304
<b>Gross cash flow</b>	<b>41,091</b>	<b>62,330</b>
Change in inventories	5,711	-10,538
Change in receivables and other assets	-2,979	-10,032
Change in other provisions	5,850	-3,274
Change in trade payables and other liabilities	492	4,921
<b>Change in working capital</b>	<b>9,075</b>	<b>-18,922</b>
<b>Cash flow from operating activities</b>	<b>50,166</b>	<b>43,408</b>
Investments in intangible assets	-799	-2,006
Investments in property, plant and equipment	-37,814	-20,352
Investments in financial assets	-67	-67
Other changes in fixed assets	1,139	657
<b>Cash flow from investing activities</b>	<b>-37,541</b>	<b>-21,768</b>
Dividends paid	-25,060	-21,897
New loans	14,049	1,109
Repayment of loans	-4,214	-3,592
<b>Cash flow from financing activities</b>	<b>-15,225</b>	<b>-24,379</b>
<b>Change in cash and cash equivalents</b>	<b>-2,601</b>	<b>-2,740</b>
Effect of exchange rate changes	-166	1,543
Other non-cash items in cash funds	-5,216	1,250
Cash at 1.5.	80,692	80,639
<b>Cash at 30.4.</b>	<b>72,709</b>	<b>80,692</b>

# Summary of the consolidated financial statements

## General disclosures

The consolidated financial statements of the Lenze Group have been prepared by its parent company, Lenze SE, based in Aerzen, Hans-Lenze-Strasse 1. Lenze SE has been registered as a stock corporation under European law in the commercial register of the District Court of Hannover under HRB 204803.

The financial year of Lenze SE and its subsidiaries covers the period from 1 May to 30 April. The consolidated financial statements have been prepared in euros. All amounts in the balance sheet, income statement, the statement of changes in equity and the statement of cash flows are stated either in thousands of euros (€ thsd.) or in millions of euros (€ million).

## Application of the International Financial Reporting Standards (IFRSs)

Pursuant to the provision of section 315a (3) of the German Commercial Code (HGB) in conjunction with the European Union Regulation (EC No. 1606/2002), Lenze SE prepares its consolidated financial statements voluntarily in accordance with the International Financial Reporting Standards (IFRSs) as pronounced by the International Accounting Standard Board (IASB). These IFRS consolidated financial statements exempt the Company from the obligation to prepare consolidated financial statements in accordance with the German Commercial Code (HGB).

The IFRSs are applied in the form in which they have been transposed into national law by the European Commission within the framework of the endorsement process. In addition, the provisions resulting from section 315a (3) in conjunction with section 315a (1) of the HGB have been observed.



# Structure of the Lenze Group

as at 30 April 2019

## Lenze SE, Aerzen

Lenze Operations GmbH, Aerzen
Lenze Drive Systems France SARL, Ruitz/France
Lenze Drives GmbH, Extertal
Lenze Automation GmbH, Aerzen
Inosoft GmbH, Hiddenhausen (15 %)
Digitec Vertriebs GmbH, Landau (33,3 %)
Lenze Vertrieb GmbH, Aerzen
Lenze Engineering GmbH & Co. KG, Aerzen
Lenze Service GmbH, Aerzen
encoway GmbH, Bremen (85,5 %)
logicline GmbH, Sindelfingen (64 %)
Lenze Sales Europe GmbH, Aerzen
Lenze GmbH, Aerzen
Tewiss GmbH, Hannover (5,87 %)
Lenze Austria Holding GmbH, Asten/Austria
Lenze Operations Austria GmbH, Asten/Austria
Lenze Antriebstechnik GmbH, Asten/Austria
Lenze Verbindungstechnik GmbH, Asten/Austria
Lenze Hajtástechnika Kereskedelmi Kft, Budapest/Hungary
Lenze, s. r. o., Humpolec/Czech Republic
Lenze Slovakia, s. r. o., Nové Mesto/Slovak Republic
Lenze Zadvizhvasta Tehnika EOOD, Plovdiv/Bulgaria
Lenze mehatronika pogonska tehnika d.o.o., Zagreb/Croatia
Lenze pogonska tehnika, d.o.o., Ljubljana/Slovenia
OOO Lenze, Moskau/Russia
Lenze Drive Systems (Shanghai) Co., Ltd., Shanghai/China
Lenze Brasil Automação Ltda., São Paulo/Brazil
Lenze Argentina Automatización S. A., Buenos Aires/Argentina
Lenze Mühendislik Sanyi ve Ticaret A. Ş., Istanbul/Turkey (91 %)
Lenze South East Asia Pte. Ltd, Singapore
Schmidhauser AG, Romanshorn/Switzerland

## Lenze SE, Aerzen

Lenze B.V., 's-Hertogenbosch/The Netherlands
Lenze UK Ltd., Bedford/UK
Lenze Ltd., Bedford/UK
Lenze b.v.b.a., Bornem/Belgium
Lenze Americas Corporation, Uxbridge, Mass./USA
Lenze Canada Corporation, Saint John/Canada
Lenze Polska Sp. z o. o., Kattowitz/Poland (51 %)
Lenze UAB, Kaunas/Lithuania (90 %)
Lenze Tarnów Sp. z o. o., Tarnów/Poland
Lenze Italia S.r.l., Mailand/Italy
Lenze SAS, Roissy-en-France/France
Lenze Transmisiones S.A., Barcelona/Spain
Lenze AB, Linköping/Sweden
Lenze A/S, Albertslund/Denmark
Lenze AS, Raelingen/Norway
Lenze (Shanghai) Trading Co., Ltd., Shanghai/China
Lenze Mechatronics Private Limited, Pune/India
Lenze Bachofen AG, Uster/Switzerland (49 %)

# Auditor's report

Lenze SE prepares its consolidated financial statements in accordance with the requirements set out in section 315a (3) of the German Commercial Code (HGB). It reports in compliance with the IFRSs (International Financial Reporting Standards), as applicable in the EU, and also in compliance with the requirements of commercial law as set out in section 315a (1) of the HGB. The consolidated financial statements in this Annual Report represent a summary of the consolidated financial statements and do not include all the components of consolidated financial statements as required by law.

BDO AG Wirtschaftsprüfungsgesellschaft, Hannover, issued its auditor's report for the complete consolidated financial statements on 31 July 2019.

The complete consolidated financial statements, the Group management report and the auditor's report will be disclosed in the Electronic Federal Gazette ("Bundesanzeiger").

# Publishing information

## Published by

Lenze SE

## Photos

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## Printed by

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