

Group management report

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1. Fundamental information about the Group

1.1. Business model

Lenze is a leading automation company for mechanical engineering. With its proven track record of providing solutions for more than 70 years, the global group of companies is not only a strong partner for its customers; it is also one of the industry's most experienced and innovative companies. The Lenze Group specialises in the development, production and marketing of drive and automation technology for factory automation. As part of its growth strategy, Lenze will continue to make substantial investments in Industry 4.0 technologies over the next few years – with the aim of further increasing both revenue and profitability.

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

Three factors distinguish Lenze from its international competition:

- Technological and innovative strength: The Group has a broad, technologically advanced portfolio of high-quality mechatronic products and systems, high-performance automation systems (both hardware and software), and digitalisation services such as cloud and mobile solutions and software for the Internet of Things (IoT). This modular approach means that Lenze customers benefit from solutions that are perfectly tailored to their specific needs.
- Application and market expertise: The Lenze Group has vast machine and application know-how and an in-depth understanding of the needs of the market. It focuses on industries with growing automation requirements including those that play a key role in factory automation: automotive, consumer goods, converting and printing, intralogistics and textiles.
- Network and life cycle management: Lenze customers can access a broad, tightly integrated network of highly qualified sales, application and service engineers, who offer a wide range of services covering all phases of the product life cycle. Lenze experts work closely with customers to develop ideal automation solutions for their individual machine projects and if required can even assume responsibility for entire machine automation projects on the customer's behalf.

We offer our customers comprehensive support throughout all life cycle phases of their machines.

Machinery and equipment featuring Lenze drive and automation technology are in operation all over the world. Europe is the Lenze Group's traditional domestic market, with around three-quarters of consolidated revenue being generated in this region. Asia and North America are key growth regions.

Customers worldwide benefit from on-site support provided by highly qualified sales and service teams based in over 60 countries. After sales is handled by seasoned service technicians who ensure the prompt supply of spare parts, provide expert emergency remote support and ensure services are coordinated effectively. These services range from our global helpline to field service call-outs that involve inspection, preventive maintenance and optimisation directly at the machinery installation site. All service activities are designed to ensure the reliability of machinery and to improve its level of performance, or to restore these capabilities quickly and seamlessly if urgently required.

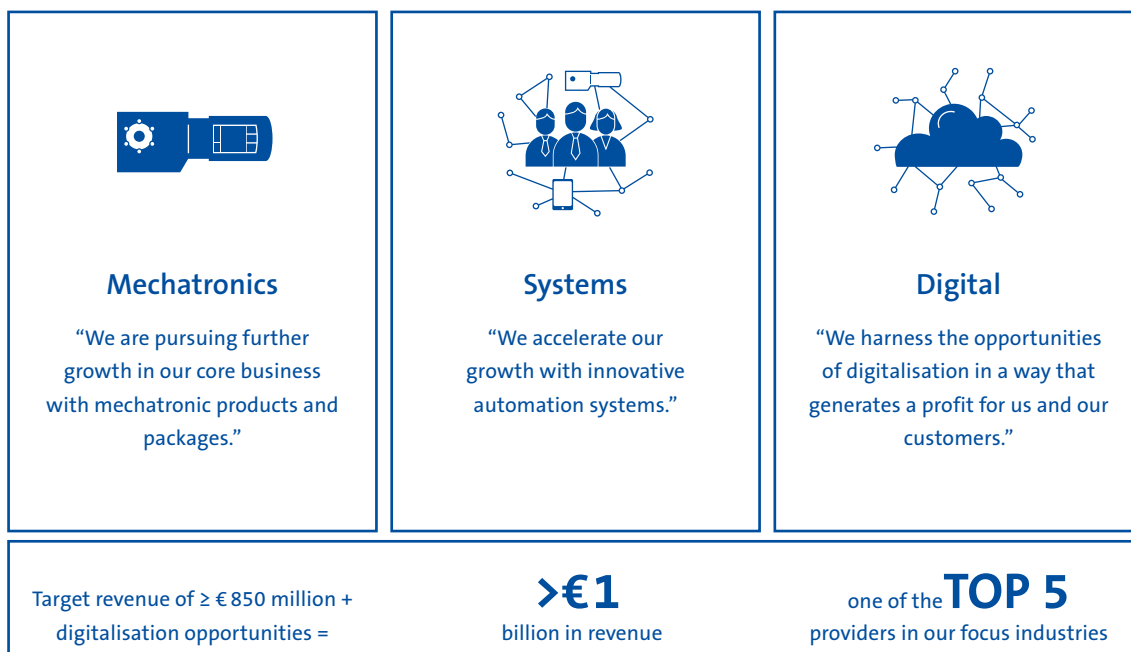
1.2. Strategy and goals

The primary goal of the Lenze Group is to grow profitably by maintaining a strategy that is focused on the Group’s long-term success. In this way, we can continue to maintain the independence of Lenze as a family-run business. Key factors here include our power to innovate and our partnership-based relationships with customers all over the world. Our stability-focused finance and accounting policy safeguards the long-term viability of the Lenze Group. We therefore aim to finance projects internally from free cash flow and the from the Group’s strong equity base – which is reflected in the current equity ratio of more than 66%. Moreover, Lenze is free from debt and has a large positive net asset position. All of this gives us entrepreneurial autonomy and considerable financial security – particularly in view of a potential economic downturn. These are benefits that we intend to hold on to.

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

Lenze 2020⁺

Our strategy is based on three pillars



To implement our global corporate goals, we have aligned our Lenze 2020⁺ strategy with the three pillars of Mechatronics, Systems and Digital. Our aim is to inspire our customers in all three pillars with our innovative digital services, with our engineering expertise and with lean value-added processes and systems. This focus on the three strategic pillars takes us further along the path towards a clear market segment orientation that the Company embarked on several years ago. Our vision sets out our ambitions for the future: “The best machines and production facilities around the world use Lenze.”

We see the move to digital as an excellent opportunity for our company to position itself for the long term, to maintain its growth trajectory and to create space for the development of new and promising digital business activities that will supplement our existing core business of machine automation (mechatronics and systems). We have therefore embedded the digital pillar firmly within our business strategy and set ourselves the goal of proactively shaping Industry 4.0 both for and with our customers.

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

As a company operating on the cutting edge of technology, we take account of global megatrends in our strategic planning. In addition to digitalisation, these include demographic change and a more efficient use of energy. As a result of demographic change, finding specialists capable of dealing with the demands of digitalisation has already become a challenge in many modern industrial nations. Demographic change is also causing a skills shortage, which is driving the demand for machine automation. To meet this increased demand, engineering manufacturers and plant operators need a competent partner with a comprehensive, broad-based product and service portfolio. Lenze is their ideal partner.

Industry has a vital role to play in the drive to reduce global energy consumption, and the trend is increasingly boosting demand for energy-efficient machines. We help our customers to develop new solutions and to optimise their existing machines with intelligent concepts and our Lenze BlueGreen Solutions. We make good use the mechanisms of Industry 4.0 here – using new information and communication technologies along with our knowledge of the actual application to obtain the most efficient solution. In order to tap into the full potential of Industry 4.0, we employ various levers such as the intelligent use of energy, highly efficient energy conversion, and regenerative braking. This enables us to contribute to the preservation of resources and to the protection of the environment.

Harnessing the opportunities of digitalisation

Digitalisation has already exerted a considerable influence on all aspects of our business – and thus also on that of our customers – and is the most important external factor influencing the market for factory automation. This is being driven worldwide by the progressive individualisation of products, which is affecting more and more kinds of applications, and ensuring that lot sizes are continuously shrinking in the direction of individual, one-off products. The future of production therefore belongs to the smart factory and to the intelligent networking of man, machine and industrial processes via state-of-the-art information and communication technologies. One of our main objectives is to create value at every level by using and supporting this digital transformation.

In response to our customers' changing requirements in terms of digitalisation, we continue to invest in the expansion of our software expertise and our portfolio. One example of this is our Lenze FAST application software toolbox. This software toolbox provides frequently required machine functions in the form of standardised technology modules and gives our customers an easy and reliable way of integrating even complex machine functions into their machines. The result is significantly leaner engineering processes and shorter development times.

We possess extensive expertise in the management of Big Data.

Lenze's digital business activities draw upon our extensive expertise in both the management of big data and in IT and software development. For a number of years now, our Bremen-based software development subsidiary encoway GmbH has been supplying customers with software solutions for the intelligent marketing of modular products. These "configure-price-quote" (CPQ) solutions for product configuration and quote preparation work to boost the efficiency of sales and marketing at machinery manufacturers and companies in related industries. The software, which is based on research findings from the field of artificial intelligence, integrates tightly with the customer's existing system architecture for deployment in sales operations. Any size business can benefit from this increased efficiency – from SMEs to Mittelstand enterprises and large corporations.

Our majority interest in the Sindelfingen-based software company logicline GmbH complements our existing software and development expertise and adds to our solution capabilities in the fields of cloud, mobile and IoT.

For customers wishing to quickly and conveniently set up their own data-based digital business, Lenze has also entered into a partnership with the New York data specialist ei3. The ei3 platform is a private cloud offering big data services. The platform is also suitable for remote diagnostics and services as well as for remote maintenance and predictive maintenance services.

As part of its digitalisation strategy, Lenze is also addressing the matter of data security, because secure data connections between production facilities and machinery and the cloud, and data protection against misuse, are key requirements of Industry 4.0 and the smart factory.

Overall, our many years of experience in the field of software development combined with our knowledge of the specific requirements of our customers and their markets in the digital age clearly differentiate us from our competition and create significant added value both for our customers and for our company.

Strategic goals and initiatives

We expect competition in our core business, in the strategic pillars of Mechatronics and Systems, to intensify further. Our Lenze 2020⁺ strategy is therefore geared towards profitable, sustainable growth. We have set a target for consolidated revenue of € 850 million by 2020/2021. Digitalisation, which affects all three pillars of our business on a horizontal level, and at the same time represents Lenze's own business model as a third supporting pillar, will provide opportunities for generating additional sales revenue in excess of this target.

We have set ourselves the clear goal of being among the top five suppliers in each of our five focus industries – automotive, consumer goods, converting and printing, intralogistics and textiles. Our definition of a focus industry is based on clear strategic and economic factors: Firstly, the industry segments we select demonstrate particularly high rates of growth, and secondly, there is a potentially strong demand for our expertise in the field of efficient, highly automated production processes.

We focus on fast-growing industrial segments where we can make optimum use of our production expertise.

We are pursuing our growth targets worldwide, further expanding our presence in both mature and growth markets. We want to maintain a healthy balance between our activities in Asia, North America and Europe.

In order to achieve our global growth targets, we have defined core initiatives in four key areas for the implementation of the Lenze 2020⁺ strategy: marketing (Sales), portfolio and innovation (Portfolio), value creation (Operations) and organisation (People). These initiatives are being systematically organised, monitored and controlled on the basis of detailed roadmaps.

We are focusing in particular on expanding our global sales network and on establishing and building up our capabilities to ultimately create a flexible organisation with a distinctive "digital mindset". In addition, we are continuously optimising our structures and processes to enable our organisation to adapt more readily to rapidly changing market conditions and to increase the Company's value creation. To implement our strategy, we have earmarked well over € 100 million in the next years for future-related investments above and beyond the current level of investment.

1.3. Legal and organisational structure

Founded in 1947 by Hans Lenze as Stahlkontor Weser GmbH in Hameln, the Lenze Group is now represented in more than 60 countries by its own sales companies, development sites and production facilities as well as a network of service partners. The Group encompasses 46 companies controlled by a holding company, Lenze SE, headquartered in Aerzen, near Hameln, in the German state of Lower Saxony. Lenze SE is a family-owned non-listed stock corporation under European law. The Company is led by an Executive Board consisting of four members and overseen by a Supervisory Board made up of six members.

Lenze has a global presence and operates in all relevant regions.

In addition to the parent company Lenze SE, the Lenze Group's basis of consolidation includes all significant subsidiaries over which Lenze SE has a decisive influence. The way the Group is structured provides optimal cover for the broadly-diversified structure of our customers and markets. In order to be geographically close to our customers, our competence and production centres are located in all of the world's key regions for mechanical engineering. The regional businesses are managed by our sales companies, who support our customers along their entire value chain.

1.4. Company management

Lenze SE is primarily responsible for the strategic orientation and development of the Group, corporate finance, risk management and fundamental brand development decisions. Among its other key tasks are internal and external communication as well as maintaining contact with banks and providers of finance.

The subsidiaries run the Lenze Group's operating business. This organisational structure, with defined responsibility for revenue and earnings, enables decentralised management of business processes and promotes entrepreneurial thinking within the subsidiaries. The model also maximises responsiveness to local customer requests and requirements.

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

In order to assess the performance of the business, refine its strategy and make investment decisions, the Lenze Group makes use of a management system in which key business volume and earnings-based indicators, in addition to other indicators, act as control parameters. The relevant variables and indicators are summarised in a performance dashboard. This not only provides a comprehensive overview of the Group but also includes various functional perspectives, which can in turn be broken down by region, industry and product within the overall Lenze 2020⁺ strategy.

The Executive Board uses Strategy Management Office (SMO) to monitor the performance of its medium- and long-term strategic core initiatives in the context of implementing the Lenze 2020+ strategy. The SMO methodology provides a clear insight into how well the strategy for the years ahead is being implemented along with regular reports on the implementation status and effectiveness of specific strategic core initiatives.

This is supplemented by a strategic and operational risk management strategy, which is also an essential component of corporate management.

1.4.1. Key company management indicators

Business volume-based indicators and control variables

Revenue trends are regularly analysed at Group level and within the operating subsidiaries to evaluate the performance of the business. Business volumes are reviewed both during the year and as part of multi-year planning together with performance across different sales regions, focus industries and product groups.

The Company is managed using both financial and non-financial indicators.

Earnings-based indicators

EBIT and EBIT margin are used for the Group and the subsidiaries to analyse and manage our results of operations. The operating result (EBIT) stands for earnings before interest and taxes, while the EBIT margin indicates the ratio between this figure and revenue.

Capital-related indicators

For active control and management of the capital position, both the equity ratio and the return on capital employed (ROCE) are calculated at Group level and forecast on an annual basis. ROCE is defined as the ratio of EBIT to the Company's capital employed.

1.4.2. Other indicators

Other financial indicators

In addition to the aforementioned control parameters, the Lenze Group uses additional key financial performance indicators such as cost ratio development and productivity in our core functions of product development, production and sales. We analyse the profit contributions generated with customer revenues achieved over time by the subsidiaries. The change in the Group's current assets is also monitored and planned on an ongoing basis.

To ensure liquidity, we measure and plan the Lenze Group's net financial balance, which results from deducting non-current and current financial liabilities from our cash balance.

Non-financial indicators

Besides these financial indicators, a process indicator system records the processes within the Lenze Group. These indicators always take into account basic variables such as the quality, deadline and costs of each process. Data on occupational safety and health is also recorded.

An automatic reporting system has also been set up for these indicators, providing process owners worldwide with a transparent overview of local processes. These figures are less significant than the financial control parameters, however, and are therefore only included in the reports for information purposes. These figures are not used for the management of the Group.

Leading indicators

Lenze also uses leading indicators to draw conclusions about the future performance of the business.

Important indicators include the development of customer potential, the daily order intake, trends in the focus industries and regional markets based on forecasts by various associations, forward exchange rates, and commodity prices.

1.5. Research and development

Companies all over the world are increasingly focusing on the topics of Industry 4.0, digitalisation and the IoT, which are evolving into a major driving force for modernisation and investment decisions in industrial production. In order to actively influence this trend, we have invested significantly in research and development in recent years and, with our majority stake in Sindelfingen-based logicline GmbH, steered the further expansion of our Group in the direction of “digital services”. Our emphasis on research and development will continue to deliver a high level of innovation in the future.

New developments and the optimisation of our products and systems are focused on maximising innovation, reliability, ease of use and long-term viability. The aim of our development work is to offer our customers a coherent set of carefully integrated system components and software solutions. These provide easy, efficient access to engineering companies who need to bring to market highly flexible, intelligent, networked and customised machines, along with the necessary digital products, as quickly as possible.

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

At SPS IPC Drives 2017, we opened a new chapter in automation. After the market launch of the latest component of our end-to-end automation platform, the i950 servo inverter, engineering manufacturers now have access to an integrated and scalable automation platform. It no longer matters whether they are looking for a centralised or decentralised automation topology or an intelligent mix of both. With this component, we offer our customers maximum flexibility in the implementation of modular machine concepts and enable automation solutions tailored to specific requirements.

The combination of the i950 servo inverter, the new m850 synchronous motor and the g700 planetary gearbox make for a very compact, smart and manageable servo axis. The scalable drive package is particularly suited to positioning tasks, handling and assembly applications, robotics, packaging machinery and conveyor drives. It is easy to implement and enables economical production even with a batch size of one.

Alongside the conventional development of technical products and systems for machine automation, software now plays a key role in driving the digital transformation. We are continually expanding both our modular software library Lenze FAST and our engineering tools. The merger of IT and OT (Operational Technology) also enables new, digital services capable of bringing about immediate productivity gains and other benefits. Our asset management application helps engineering companies to develop these new business models. The solution functions as a central data instance with end-to-end connectivity that gathers and stores reliable, up-to-date data on all relevant components. This creates a digital profile of the machine, which can serve as the basis for various services.

Our Lenze FAST software library enables a rapid increase in productivity.

Industry 4.0 remains a main focal point of development work in Germany. The importance of this trend is being underlined by government funding. In the year under review, Lenze was again actively involved in a number of individual Industry 4.0 projects with selected universities, and we played a major role in the Intelligent Technical Systems cluster of excellence (also known as "it's OWL").

We began bundling our digital solutions activities in May 2018, when we established the DOCK ONE. The DOCK ONE in Bremen acts as a "think tank" for the Lenze Group. Its aim is to successfully implement digitalisation ideas for Industry 4.0 projects as well as digital business models and products. It acts as a digital innovation lab not only for the Company's own development needs but also for collaborative projects with customers, partners and research institutions.

1.6. Value chain

The goal of our manufacturing and production network is to supply our customers with Lenze products in the specified quality, at a competitive price, and with lead times, reliability and a choice of models as demanded by the market.

Lenze offers its services globally along the entire value chain.

We ensure this with a total of ten production and logistics facilities worldwide. As a technology company operating on a global scale, Lenze is also represented worldwide at every stage in the value chain.

The Lenze Group's core service provision comprises four main areas:

- PLAN (supply chain planning)
- SOURCE (purchasing)
- MAKE (production)
- DELIVER (logistics)

The coordination and control of these processes is handled centrally by our global Supply Chain Management unit.

PLAN

Planning processes involve balancing available capacity against demand, as well as ensuring conditions are favourable for supporting the core processes of SOURCE, MAKE and DELIVER. The actual planning process is a sales and operations process (S&OP). The aim of the S&OP is to match the needs of the market to the capabilities and capacities of the supply chain. By doing so, we ensure not only that our customers' wishes are satisfied, but also that our production capacities are optimally allocated and utilised. We also involve the supplier network and develop a specific sourcing strategy based on appropriate forecasts.

The overall process also makes it possible to plan medium-term investment requirements taking into account the Lenze Group's corporate strategy.

SOURCE

Lenze's global purchasing organisation pursues the goal of providing all of the resources necessary for the creation and supply of our products and services in a reliable and timely manner while keeping the total cost of ownership (TCO) as low as possible. With sites in Europe, Asia and the Americas, Global Purchasing is also responsible for the worldwide management of our supplier portfolio. In addition to the procurement of production material and capital goods, activities here also comprise the purchase of non-production material and services.

This service area's other responsibilities include the selection, approval and development of quality-capable suppliers as well as the provision of support for the entire process through to the award of contracts. Supplier selection is based on the premise that goods and services must be available reliably and on time at the lowest possible cost in terms of TCO. This requires cross-functional collaboration, particularly between our internal Material Management/Logistics, Quality and Engineering departments.

MAKE

The Lenze Group operates production facilities worldwide based in Europe, Asia and the Americas. This approach enables us to ensure a high level of product availability and quality for our customers worldwide. At the same time, we can exploit regional factors to support our goals and strategies, and respond locally to specific customer requests.

Our production portfolio includes the manufacture of electronics, electric motors and mechanical components. In our supply chain management work, we also strive to achieve an optimal cost structure by leveraging economies of scale. The increased standardisation of our production processes and equipment also allows us to distribute production volumes quickly and flexibly between sites, thereby preventing capacity fluctuations and enabling us to deal effectively with changing market conditions.

DELIVER

The last activity in the value chain comprises the delivery of Lenze products to our customers. Our modular product system lets us offer maximum variation while simultaneously maintaining low levels of stock. Furthermore, our modular system enables us to ensure a high level of product availability with short lead times. The lead times themselves are further optimised by our centrally located logistics centres that are local to all of our key regions worldwide.

The scope of services provided by our logistics centres ranges from the customer-specific assembly of our gear motors and customisation of our electronics to meet customer requirements to the handling of order logistics up to goods receipt at the customer and, last but not least, guaranteeing the operational capability of our products with repairs and the timely provisioning of replacement parts.

In designing all of the corporate functions mentioned and their processes, we aim for operational excellence at all times. To achieve this, we work continually on the implementation of a lean philosophy and other techniques aimed at improving excellence – such as Six Sigma and Total Productive Management (TPM).

We aim for operational excellence in all of our processes.

2. Sustainability

2.1. Corporate social responsibility

As a family business, it goes without saying that sustainability and efficiency are vital to Lenze and are firmly entrenched in our corporate philosophy and culture.

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

Our understanding of sustainability encompasses a total of five areas:

- Corporate governance and compliance
- Economic responsibility
- Responsibility for people
- Climate and environmental responsibility
- Community engagement

2.1.1. Corporate governance and compliance

We take our corporate social responsibility seriously and are committed to acting sustainably and responsibly for the sake of future generations. Integrity, ensuring good corporate governance, implementing compliance and the ethical conduct of each and every manager and employee are integral to our management.

Respect for human rights in our business activities and relationships forms the cornerstone of our corporate social responsibility. Similarly, Lenze does not tolerate any legal violations. The Lenze Group has systematically created an organisational structure that complies with all applicable regulations, whether of a legal, official or internal nature. Compliance requirements are continuously monitored and improved. They apply to all managers and employees. The Executive Board, the compliance officer and the managers in each functional area are responsible for sustainable management within the Lenze Group.

As a successful family business, we are aware of the different roles within the Company and are committed to addressing our stakeholders' wide range of interests in Lenze. As part of our responsibilities, we also maintain continuous, trust-based communication with the Company's stakeholders along the entire value chain.

2.1.2. Economic responsibility

A healthy economic foundation and positive long-term business performance are essential for sustainable corporate development. At Lenze, sustainability is primarily driven by economic responsibility, which means ensuring strong performance based on successful customer relationships. Only by achieving this kind of commercial success can we create measurable value for our Company and stakeholders.

The financial performance of the Lenze Group during the 2017/2018 financial year was satisfactory, as we achieved and sometimes exceeded our strategic and financial objectives. The Company's financial performance during the year under review is presented and outlined in detail starting on page 36.

2.1.3. Responsibility for people

Skilled personnel are a key success factor in the implementation of our growth-oriented corporate strategy for the Lenze Group. At a time when competition for well-qualified personnel is increasingly fierce, the primary task of our executives and HR management is therefore hiring suitable employees worldwide, systematically developing their skills and retaining this workforce for the Lenze Group in the long term.

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

Despite increased competition for skilled workers, we were able to implement the planned expansion in the size of our workforce. At the end of the year under review, the number of people employed throughout the Group had risen by 258 – from 3,457 (as of 30 April 2017) to 3,715. There was a particular emphasis on recruiting sales staff to help us expand our automation and digitalisation business.

Employees

| | 30.4.2018 | 30.4.2017 | Change |
|--------------|--------------|--------------|---------------------|
| Germany | 1,894 | 1,816 | + 78 (4.3%) |
| Abroad | 1,821 | 1,641 | + 180 (11.0%) |
| Group | 3,715 | 3,457 | + 258 (7.5%) |

We employed an average of 3,613 people during the reporting year (2016/2017: 3,394). The proportion of the total workforce employed outside Germany remained virtually unchanged at 49%.

Employee recruitment and employer awards

Lenze positions itself worldwide as an attractive employer to recruit and retain the skilled personnel who are key to its long-term success. As an employer, Lenze is also active on social media and takes part in numerous events and job fairs all over the world.

In 2018, Lenze was once again named Top Employer Germany and Top Employer Engineers by the independent Top Employers Institute. In addition to the above-mentioned awards, Lenze will be participating in the "Top Employer Europe" award in the future.

Lenze is also a member of the Fair Company Initiative for interns. Fair Company businesses make a commitment to recognised quality standards and auditable codes of conduct for internships. In appreciation of this responsible and transparent corporate culture, these companies are annually awarded the Fair Company seal. Lenze and encoway were also identified and recognised by Focus Business magazine as two of Germany's top employers.

Lenze was able to position itself internationally as an attractive employer.

Activities aimed at acquiring new high potentials and skilled personnel in the 2017/2018 reporting year included participation in external events at schools and universities, company internships, and an expansion of our support for work-study programmes. One example of this is Lenze's successful partnership with Purdue University in West Lafayette, USA and Leibnitz University in Hannover. Here, students from both universities work on development topics submitted by Lenze USA and Germany. Their work is supported by the Lenze department that submitted the respective topic. There is a lively exchange within the respective national companies and between the universities. The results are then presented to the management of Lenze Germany and America, and to the management of the universities.

Vocational training and continuing professional development

One particular point of focus is the in-house training we provide to junior employees with the aim of meeting our demand for young talent. With the help of an HR development programme tailored carefully to the needs of our Lenze 2020+ corporate strategy, we assist and promote the achievement of our corporate goals.

Lenze was recognised as "Best Place to Learn".

At the end of the 2017/2018 reporting year, the Lenze Group employed a total of 176 apprentices, trainees and work-study students (2016/2017: 186). Vocational training in Germany is audited, making Lenze a certified Best Place to Learn company with an excellent grade. Focus Business magazine also recognised Lenze as Best Vocational Training Company in Germany.

We also provide support to young research scientists by offering scholarships and subject-related internships, and by supervising students completing their bachelor's, master's or doctoral thesis.

At Lenze, we also emphasise continuing professional development of our employees including managers. Responsibility for completing qualification needs assessments and implementing the resulting further training activities rest with the individual national subsidiaries. On a case-by-case basis, we also provide financial support or approve sabbaticals for staff studying for postgraduate degrees – such as an MBA course in China. To support talent development and international networking, we also provide international programmes. We have, for example, implemented development programmes for middle managers in Austria/Eastern Europe, the USA, France and China.

Health and safety at work

Lenze is a technology company involved in industrial production. Ensuring a high level of occupational safety is one of our core goals as a company and an important aspect of our corporate culture. By providing regular information, training courses and CPD programmes, we promote the skills of our employees and raise their awareness for occupational safety in all units and at all sites within our group of companies.

This is accompanied by various occupational health programmes to promote employee health, covering topics such as fitness and nutrition. At many of our sites worldwide, employees are given fresh fruit at work, use their breaks to actively engage in ergonomic exercises, organise sporting activities with their colleagues or join one of our official company sports teams. Employees returning to work from a long-term illness are given professional support for their vocational rehabilitation. In countries lacking adequate government-funded healthcare, we provide emergency support for staff in the event of a serious illness. We also offer employees a range of health programmes.

Fair, performance-based compensation

We offer our employees a competitive level of pay that fairly reflects the work they do. Where collective agreements apply, we compensate our employees according to their terms.

Lenze also uses a company suggestion scheme to reward targeted feedback from employees that leads to improvements within our company.

Family friendly

One of the most fundamental aspects of our family-oriented company culture is helping staff achieve a work-life balance. Lenze offers a varied range of programmes here: Apart from options for part-time employment, flexitime and working from home, members of staff can also apply for a leave of absence or make use of services helping them organise care for their relatives. We also help our employees organise day care for their young children. In Austria, for example, we offer our employees a three-week child care programme during the holidays to help relieve the burden on parents. At many of our sites, we also provide financial support to young families – in the form of a “welcome bonus”, for example, or an allowance, as in China.

To reflect the importance of our workforce and our tradition as a family business, we marked the Company’s 70th anniversary by holding a family celebration. Around 4,000 current and former employees from all over the world celebrated the occasion with their families, friends and partners at our Extertal/Börsingfeld plant. Local events were also organised at various sales offices worldwide. The festivities were our way of saying “thank-you” to our workforce for their valuable work over the past 70 years.

We always have the health of our employees and a family-friendly working environment in mind.

2.1.4. Climate and environmental responsibility

Environmental protection and the conservation of resources throughout the value chain form an integral part and an ever-present aspect of day-to-day work at Lenze. The Group's long-established environmental management system combines ecological, social and economic approaches to the ultimate goal of sustainability. Our own product portfolio itself is demonstrably effective in achieving decisive reductions to environmentally relevant emissions at the point of use.

Ways in which we continue to reduce our impact on the environment include the economical use of energy, raw materials and consumables in production and in our products themselves. Our efforts in this regard have included implementing the EU Ecodesign Directive, reducing the material requirements of our products, minimising the use of chemicals, and avoiding the use of batteries. We also invest regularly in state-of-the-art technology. We participate in global efforts to reduce environmental pollutants and harmful substances in electrical and electronic products, and comply with country-specific RoHS regulatory frameworks. The European REACH Regulation is also an integral part of our development, procurement and production activities.

Environmental protection is also integrated into business processes as a management principle. As part of Lenze's environmental policy, binding targets for reducing our environmental impact and increasing our resource efficiency are set in our annual environmental programme. Progress is reviewed regularly by internal environmental audits. Lenze's environmental management system for product-related and occupational environmental protection is certified to the global environmental standard ISO 14001 and audited externally every year.

2.1.5. Community engagement

By paying our company dues and taxes, we make a direct financial contribution to the wellbeing of society at large. As a successful family-run business that is not based at the centre of a large urban or metropolitan area, the Lenze Group also bears an important social responsibility as a primary employer and integral part of its community. Our company lives up to this responsibility in many different ways.

Lenze participates in global efforts to reduce harmful substances in electrical and electronic products.

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

Our numerous social activities are not subject to any overall, centrally managed control process. Instead, they are organised and implemented as individual programmes within our sites' social surroundings. All of our companies are committed to making a difference in their communities. We mainly support regional and local projects and initiatives in the fields of education, sport, health, integration and social care:

- Our companies in the USA, Norway and Italy, for example, are particularly committed to helping those in need and run a number of fundraising campaigns locally to support this aim. Our subsidiary in France provides financial support to local charities.
- Last year, our colleagues in Switzerland helped the Swiss skeleton team travel to the Olympic Winter Games in Pyeongchang.
- In Germany, our two goals are to sponsor education and to help people in need in the regions in which we are based. We support projects that promote social inclusion, integration, culture and health, and projects designed to benefit those with a mental or physical impairment, especially children, young adults and their families.
- As part of our company anniversary, our employees contributed to good causes all over the world. The goal of the "70000Lenze" initiative was to symbolically mark each of the 70 years since the Company was founded by encouraging staff to cover a total 70,000 km in pursuit of their favourite sport. In fact, they succeeded in covering 287,714 kilometres! In return, we made a donation to "Pink Kids", a Pink Ribbon initiative for children whose mothers have breast cancer. The initiative not only raised the awareness of employees to the importance of the early detection of breast cancer but it also helped to promote preventive health care within the Company.

Outside the Company's official community engagement work, many of Lenze's employees are also active in local schools, kindergartens, sports clubs, higher education institutions and cultural or community organisations.

Many of our employees are also privately involved in social projects.

2.2. Participation Act

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

In 2015, legislators in Germany passed the so-called Participation Act. This law is intended to enable equal participation of men and women in leadership positions in the private and public sector. The Supervisory Board companies required to have co-determination establishes the target figures and the deadlines for achieving a specific proportion of women on their supervisory board and executive board (section 111 (5) German Stock Corporation Act – AktG). The executive board of companies required to have co-determination decides on the proportion of women on the two levels of management below the executive board (section 76 (4) AktG). The deadlines set for achieving the targets must not be longer than five years.

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

The Supervisory Board and the Executive Board of Lenze SE have discussed this topic in depth. Both boards are open to the participation of women in leadership positions. The current and traditionally observed procedure for appointments to the boards and leadership positions is based on a strict focus on knowledge, skills and professional competence and therefore in principle independent of gender. The Supervisory Board and the Executive Board regard this procedure as absolutely essential, even though at present no women are represented in the governing bodies. A commitment to any additional criteria for the foreseeable future would lead to an unreasonable restriction in the selection of candidates. For this reason, a target of 0% for the Supervisory Board, the Executive Board and the two management levels below the Executive Board will continue to be set until 30 June 2020.

Lenze Operations GmbH: Proportion of women on the Supervisory Board and among the Executive Management, proportion of women on the two management levels below the Executive Management

The Shareholders' Meeting and the Executive Management of Lenze Operations German GmbH have also discussed this topic in depth. The shareholders' meeting of companies required to have co-determination has to establish the relevant target figures and the deadlines for achieving a specific proportion of women on the supervisory board and among the executive management (section 52 (2) German Limited Liability Company Law – GmbHG). The executive management of companies required to have co-determination have to establish the proportion of women on the two levels of management below the executive management (section 36 GmbHG). The deadlines set for achieving the targets must not be longer than five years.

The shareholders and the Executive Management are open to the participation of women in leadership positions. It is always possible for men and for women to take up leadership positions and participate in the governing bodies on the basis of the same criteria that apply at Lenze SE. Nevertheless, a target of 0% for the Supervisory Board, the executive management and the two management levels below the executive management will continue to be set until 30 June 2020.

3. Report on economic position

3.1. Macroeconomic environment

3.1.1. General environment

The global economy grew at a surprisingly strong rate in 2017, with economic development forecasts exceeded in many countries. International trade and investment recovered significantly after a long period of weakness in 2017. Structural change in China, regional wars and conflicts, terrorist attacks, structural problems in certain EU member states, and overindebted companies in emerging markets, as well as the heated political atmosphere in the United States and Turkey, continued to have an adverse effect on growth prospects and investment confidence among key economic stakeholders.

The global economy grew at a surprisingly strong rate in 2017.

According to the International Monetary Fund (IMF), actual price-adjusted global growth totalled 3.8% in 2017, up from 3.2% in 2016. In industrialised nations, expansion accelerated significantly from 1.7% in 2016 to 2.3% in 2017. The growth rate in emerging and developing countries was 4.8%, up 0.4 percentage points year-on-year.¹⁾

3.1.2. Important regional customer markets

The EU and eurozone grew at their fastest rate in ten years in 2017. Gross domestic product rose by 2.3% in real terms in both the EU and eurozone. The economy of almost every eurozone nation picked up considerably, boosted by both foreign business and the domestic economy. While investments in machinery and equipment also showed modest signs of recovery, Industrial output rose by an estimated 2.7% year-on-year, with capacity utilisation, employment and investment all increasing. Meanwhile export-focused companies are already looking ahead towards the United Kingdom's withdrawal from the EU in March 2019.

The EU and the eurozone achieved excellent growth in 2017.

The US economy gained considerable momentum over the course of the year, recording overall growth of 2.3% after just 1.5% in the previous year. Consumer spending and investment contributed equally to this development.

¹⁾ Source: IMF, *World Economic Outlook, April 2018*
Additional, more detailed information: *VDMA Konjunktur International, November 2017*

According to the IMF, the economy in the People's Republic of China grew by 6.9% in 2017. This means that China's economy once again experienced a slightly stronger expansion than in the previous year. Growth in investments, industrial output and retail sales slowed by the end of the year. In its efforts to combat air pollution, the government closed numerous companies at the end of the third quarter and start of the fourth quarter and required these companies to take action to improve environmental protection.

While economic growth in India remains high at 6.7% in real terms (2017/2018 fiscal year), the economy once again expanded at a lower rate than in the previous year. After the government implemented its currency reform in November 2016, the introduction of a nationwide sales tax in July 2017 placed a temporary strain on the market.

In Brazil and Russia, the recovery in commodity prices helped both countries to ride out the recession. Economic output rose by 1% in Brazil and 1.5% in Russia in 2017. ²⁾

The German economy also experienced a strong upturn in 2017. Gross domestic product increased by 2.2%, faster than the average over the last ten years (+1.3%). This upturn was driven by robust consumer spending (+1.9%), government spending (+1.6%) and construction investments (+2.7%). Once again, companies also invested more in equipment, which saw above-average growth of 4.0%. In this positive economic environment, the annual average number of employees also rose by 1.5% compared to 2016. This in turn caused the number of employed persons to increase by 653,000 to almost 44.3 million, The sharpest rise since 2007. ³⁾

Strong upswing of the German economy in 2017.

3.2. Sector-specific environment

3.2.1. International mechanical engineering sector

While the upturn finally reached the capital goods industry in 2017, global machinery revenue failed to meet growth forecasts. Instead of a projected rise of 6%, the price-adjusted growth rate was just 3%. The reason for this is that machinery revenue actually shrunk in China, contrary to official statements. The VDMA was not given a specific reason for this, even when asking for it specifically. However, it can be assumed that measures taken to combat air pollution, such as the temporary closure of companies, are playing a role in the recession that began at the end of the third quarter and gained particular strength in the fourth quarter.

Upswing also in international mechanical engineering in 2017.

²⁾ Source: IMF, World Economic Outlook, April 2018

Additional, more detailed information: VDMA Konjunktur International, November 2017.

³⁾ Source: Annual Report 2017/2018 of the German Council of Economic Experts; Federal Statistical Office

Mechanical engineering companies operating in the USA increased their revenue by around 5% on a price-adjusted basis in 2017. Investment activity increased dynamically from February 2017 onwards, rising by more than 7% year-on-year. The lowering of federal corporation tax rates from 35% to 21% is undoubtedly playing a key role in this trend.

Japan spearheaded growth in the global mechanical engineering sector in 2017 with a price-adjusted rise of 8% after somewhat disappointing figures in the previous year.

The trend in the EU mechanical engineering sector was similarly encouraging. Investments in equipment in EU countries grew, while demand for capital goods from important customer markets such as the USA, China and Russia recovered markedly. The region ended the full year with price-adjusted revenue growth of almost 6%. Among the countries recording growth above the EU average were the United Kingdom, which became more competitive on price due to the devaluation of the British pound, and Spain, where the economic upturn continued despite Catalonia's struggle for autonomy.⁴⁾

3.2.2. German machinery production

As a result of the global rise in demand for capital goods, the German mechanical engineering industry experienced its first boom year in 2017. According to the preliminary findings of the German Federal Statistical Office, real production in the sector grew by 3.1% on a price-adjusted basis, thus confirming the VDMA's forecasts. Non-price-adjusted revenue reached a volume of € 224 billion last year, while the non-price-adjusted production value totalled an estimated € 212 billion.

Production growth in Germany was almost entirely attributable to an increase in exports, which reached a new high of € 168 billion, up 7.9% on the previous year's level. Deliveries to China (22.6%), Russia (22.5%) and the USA (11.6%) provided the strongest boost to growth. The investment activities of the three largest economic powers recovered across Europe compared to the previous year.

In 2017, incoming orders were 8% higher than the previous year in real terms. Domestic incoming orders rose by 5%, while orders from outside Germany surged by 10%. There was only a very slight discrepancy within this figure. While orders from EU partner states rose by 11% compared to the previous year, orders from countries outside the eurozone grew by 9%.⁵⁾

The German mechanical engineering industry benefited from a global rise in demand for capital goods in 2017.

⁴⁾ Source: *Maschinenbau Konjunktur International*, VDMA, May 2018 issue

⁵⁾ Sources: *Federal Statistical Office*, VDMA

3.2.3. Lenze Group focus industries

We are generally seeing an encouraging trend across all five of our focus industries. Business in textiles, converting and printing, intralogistics and consumer goods in particular was strong worldwide during the year under review. The automotive industry showed a moderately positive trend despite typical industry investment cycles and project postponements from car manufacturers.⁶⁾

All five focus industries of the Lenze Group performed well.

3.3. Forecast/actual comparison

For the 2017/2018 financial year, we predicted that the Lenze Group's revenue growth would rise slightly compared to the previous year.

The key financial targets for 2017/2018 have been met.

In fact, Group revenue rose by 9.2% to € 741.0 million during the year under review, clearly exceeding our original expectations.

At the start of the year under review, we also forecast that profitability (EBIT margin) would improve slightly further during the 2017/2018 financial year. We also achieved this objective with a 0.3 percentage point increase in the EBIT margin to 8.9% (previous year: 8.6%).

3.4. Executive Board's overall assessment of economic position

The Lenze Group can look back on a successful year in 2017/2018.

Amid a generally positive market environment, we continued our growth trajectory in line with corporate strategy and met our financial targets.

2017/2018 reflects the success of the Lenze Group's strategic implementation and competitive positioning.

Revenue growth, which was primarily realised in the aforementioned focus industries, reflects the success of the Lenze Group's strategic implementation and competitive positioning. At the same time, we succeeded in increasing profitability (EBIT margin) yet again. Our consistently positive operating results were the primary driver of an improvement in our extremely good liquidity levels. The further increase in gross cash flow from € 56.1 million to € 62.3 million demonstrates our encouraging financial position.

Our balance sheet remains very robust. With an equity ratio that has risen to 66.5% and a further-improved net financial asset position of € 63.0 million, we continue to be well positioned to maintain our independence as a family-owned business in a difficult environment and remain capable of acting in our best entrepreneurial interests.

⁶⁾ Sources: Federal Statistical Office, VDMA

Return on capital employed (ROCE) rose by 1.2 percentage points to 23.5% during the 2017/2018 financial year (previous year: 22.3%). This was due to a significant rise in EBIT combined with only a slight increase in capital employed.

Good starting point for the further development of the Lenze Group.

Overall, the Executive Board believes the results of operations, financial position and net assets of the Lenze Group are satisfactory and represent a good starting point for the further development of the Group and the continued, consistent implementation of the Lenze 2020+ corporate strategy.

3.5. Results of operations

Results of operations in the 2017/2018 financial year were as follows:

Results of operation

| | 2017/2018 | | 2016/2017 | | Change | |
|---|--------------|------------|--------------|------------|--------------|-----------|
| | in € million | in % | in € million | in % | in € million | in % |
| Revenue | 741.0 | 100 | 678.3 | 99 | 62.7 | 9 |
| Changes in inventory | -0.8 | 0 | 3.0 | 1 | -3.8 | >100 |
| Own work capitalised | 2.1 | 0 | 1.2 | 0 | 0.9 | 75 |
| Total operating revenue | 742.3 | 100 | 682.5 | 100 | 59.8 | 9 |
| Costs of materials | -313.0 | -42 | -278.3 | -41 | -34.7 | 12 |
| Gross margin | 429.3 | 58 | 404.2 | 59 | 25.1 | 6 |
| Personal expenses | -238.9 | -32 | -224.7 | -33 | -14.2 | 6 |
| Depreciation/amortisation | -15.3 | -2 | -16.7 | -2 | 1.4 | -8 |
| Other expenses and income | -109.4 | -15 | -104.3 | -15 | -5.1 | 5 |
| Earnings before interests and taxes (EBIT) | 65.7 | 9 | 58.5 | 9 | 7.2 | 12 |
| Financial result | -1.7 | 0 | -1.5 | -1 | -0.2 | 13 |
| Earnings before taxes (EBT) | 64.0 | 9 | 57.0 | 8 | 7.0 | 12 |
| Income taxes | -16.8 | -3 | -18.1 | -2 | 1.3 | -7 |
| Earnings after tax | 47.2 | 6 | 38.9 | 6 | 8.3 | 21 |

3.5.1. Revenue performance

During the 2017/2018 financial year, Group revenue rose by € 62.7 million or 9.2% year-on-year to € 741.0 million.

Organic revenue growth – i.e. adjusted for currency effects – totalled 11.2%. Our intensified sales activities had a positive effect across all regions. The mechatronics and systems business benefited equally from the Company's growth dynamic during the past financial year. Revenue in the digital business model showed disproportionately high growth.

Strong sales increase and disproportionately positive performance in the digital business model.

Revenue by region

| in € million | 2017/2018 | 2016/2017 | Change | Change (FX-adjusted) |
|---------------|--------------|--------------|-------------|-------------------------|
| Europe | 563.4 | 514.0 | 9.6% | 10.1% |
| America | 75.6 | 77.9 | -3.0% | 5.1% |
| Asia | 99.3 | 83.7 | 18.6% | 24.2% |
| Other regions | 2.7 | 2.7 | 0% | 1.0% |
| Total | 741.0 | 678.3 | 9.2% | 11.2% |

Total operating revenue rose during the year under review to € 742.3 million (previous year: € 682.5 million).

3.5.2. Development of expenses

Costs again rose at a disproportionately low rate during the 2017/2018 financial year.

The cost of materials ratio, which measures the ratio of cost of materials to total operating revenue, rose to 42.2% in the year under review (previous year: 40.8%). This ratio change is primarily attributable to the rise in commodity prices accompanied by a shortage of materials on the procurement markets, the country mix and currency exchange rate effects.

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

In the 2017/2018 financial year, personnel expenses rose by € 14.2 million or 6.4% to € 238.9 million (previous year: € 224.7 million). While the Company also employed 6.4% more employees on average, the moderate effects of wage and salary adjustments were cancelled out by positive foreign currency effects.

The average number of employees increased as expected not only in terms of volume but, most importantly, in line with strategy. The personnel expenses ratio dropped from 32.9% in the previous year to 32.2% in the year under review.

Depreciation of property, plant and equipment and amortisation of intangible assets and impairments fell year-on-year to € 15.3 million. This was primarily due to a non-recurring extraordinary write-down carried out in the previous year.

Other income and expenses, including net investment income, increased by € 5.1 million during the year under review. This rise was primarily attributable to higher levels of investment in sales activities and exchange rate effects. Net investment income remained almost unchanged year-on-year during the year under review.

3.5.3. Operating profit (EBIT)

During the 2017/2018 financial year, operating profit, i. e. earnings before interest and taxes (EBIT), rose to € 65.7 million (previous year: € 58.5 million). The EBIT margin improved in 2017/2018 to 8.9% (previous year: 8.6%). This is primarily due to revenue growth and the disproportionately low increase in expenses.

3.5.4. Group earnings after tax

The financial result increased slightly during the past financial year to €–1.7 million (previous year: €–1.5 million). This was due to lower interest income resulting from the low interest rate environment. The ongoing repayment of loans had a positive effect in 2017/2018.

Strong increase in profit after tax.

Tax expenses totalled €16.8 million when taking into account deferred tax assets for the 2017/2018 financial year. The tax rate was reduced to 26.2% (previous year: 31.8%). Key factors influencing further reductions to the tax rate include the improved operating results of companies with favourable local tax rates, the partial subsequent recognition of losses carried forward and one-off effects.

During the year under review, consolidated profit before the deduction of minority interests was €47.2 million, up from €38.9 million the previous year.

3.6. Financial position

Financial management within the Lenze Group is aligned with corporate strategy in the long term and geared towards the demands of the operating business in particular in the short and medium term. Our objective is to ensure that Lenze has sufficient liquidity reserves for further corporate development at all times. Operating cash flow and the existing bank credit lines are important sources of financing in this respect.

Cash flow statement

| | 2017/2018 | 2016/2017 | Change | |
|--|--------------|--------------|--------------|------------|
| | in € million | in € million | in € million | in % |
| Gross cash flow | 62.3 | 56.1 | 6.2 | 11 |
| Change the working capital | -18.9 | -6.9 | -12.0 | >-100 |
| Cash flow from operating activities | 43.4 | 49.2 | -5.8 | -12 |
| Net capital expenditures | -21.8 | -10.9 | -10.9 | -100 |
| Acquisitions | 0.0 | -1.9 | 1.9 | 100 |
| Cash flow from investing activities | -21.8 | -12.8 | -9.0 | -70 |
| Cash flow from financing activities | -24.4 | -37.4 | 13.0 | 35 |
| Change in cash and cash equivalents (incl. effect of exchange rate changes) | 0.1 | 1.0 | -0.9 | -85 |
| Cash at 1 May | 80.6 | 79.6 | 1.0 | 1 |
| Cash at 30 April | 80.7 | 80.6 | 0.1 | 0 |

3.6.1. Cash flow from operating activities

During the 2017/2018 financial year, the Lenze Group generated gross cash flow of € 62.3 million (previous year: € 56.1 million). This increase is primarily attributable to the improvement in operating profit. The change in net working capital is mainly influenced by higher inventories as well as a rise in trade receivables primarily attributable to the growth in revenue, one-off effects associated with organisational changes and general business expansion. In contrast, the terms of liabilities were once again improved by consistent working capital management, as in the previous year. During the 2017/2018 financial year, the Group generated total cash flow from operating activities of € 43.4 million, compared to cash flows of € 49.2 million the previous year.

Further increase in operating cash flow.

3.6.2. Cash flow from investing activities

During the 2017/2018 financial year, the Lenze Group invested € 22.4 million (previous year: € 11.5 million) in property, plant and equipment and intangible assets. The net capital expenditures figure in the cash flow statement includes cash generated from the disposal of fixed assets. Alongside traditional replacement and rationalisation investments and investments in tools and machinery for new products, capital expenditures in property, plant and equipment in the reporting year focused on initial investments in the context of the Mechatronic Competence Campus (MCC).

Increase in investment volume driven mainly by investments in the Mechatronic Competence Campus (MCC).

3.6.3. Free cash flow

In the 2017/2018 financial year, the Lenze Group's free cash flow – defined as the difference between cash flow from operating activities and capital expenditures – decreased by € 14.8 million to € 21.6 million (previous year: € 36.4 million). This net cash flow generated by the operating business further improves the Company's ability to finance itself from own funds.

Financial self-reliance further boosted by higher free cash flow.

3.6.4. Cash flow from financing activities

Cash outflow from financing activities at € –24.4 million was € 13.0 million lower year-on-year (previous year: € –37.4 million). While the utilisation of credit lines generated cash totalling € 1.1 million (previous year: € 3.4 million), the repayment of loans and distributions to shareholders resulted in a net outflow of funds. The Lenze Group continued to utilise its current account lines to a limited extent and repaid outstanding loans in the amount of € 3.6 million (previous year: € 9.7 million).

Financing requirements remain at a low level.

Overall, cash (including changes in exchange rates) rose by € 0.1 million during the 2017/2018 financial year.

3.7. Net assets

As of the balance sheet date of 30 April 2018, the net assets of the Lenze Group were characterised by positive developments in the Company's profit and financing, further strengthening key balance sheet ratios. As of the reporting date, the Group's total assets amounted to € 483 million (previous year: € 466 million).

Net assets

| | 30.4.2018 | | 30.4.2017 | | Change | |
|-------------------------------------|--------------|------------|--------------|------------|--------------|----------|
| | in € million | in % | in € million | in % | in € million | in % |
| Assets | | | | | | |
| Non-current assets | 152.4 | 32 | 148.7 | 32 | 3.7 | 3 |
| Current assets | 330.7 | 68 | 317.6 | 68 | 13.1 | 4 |
| Inventories | 128.5 | 27 | 121.3 | 26 | 7.2 | 6 |
| Trade receivables | 111.0 | 23 | 105.7 | 23 | 5.3 | 5 |
| Cash | 80.7 | 17 | 80.6 | 17 | 0.1 | 0 |
| Other assets | 10.4 | 2 | 9.9 | 2 | 0.5 | 5 |
| Total assets | 483.1 | 100 | 466.3 | 100 | 16.8 | 4 |
| Equity and liabilities | | | | | | |
| Equity | 321.3 | 67 | 299.0 | 64 | 22.3 | 7 |
| Non-current liabilities | 39.1 | 8 | 44.3 | 10 | -5.2 | -12 |
| Current liabilities | 122.7 | 25 | 123.0 | 26 | -0.3 | 0 |
| Total equity and liabilities | 483.1 | 100 | 466.3 | 100 | 16.8 | 4 |

3.7.1. Equity

As of 30 April 2018, the Lenze Group reported equity totalling € 321 million (previous year: € 299 million). As a result, the equity ratio increased to 66.5% (previous year: 64.1%). Return on capital employed rose by 0.8 percentage points to 20.4% (previous year: 19.6%). The fixed assets are completely covered by equity. In addition, 70.7% of the inventories, receivables and other assets (less deferred taxes) are financed long-term by equity (previous year: 67.5%). This is evidence that the Lenze Group is continuing its financial strategy of having at its disposal a sustainable level of capital resources.

Equity ratio rises further to 66.5%.

Equity ratio in %

| | |
|-----------|------|
| 2017/2018 | 66.5 |
| 2016/2017 | 64.1 |
| 2015/2016 | 63.7 |
| 2014/2015 | 62.2 |
| 2013/2014 | 61.7 |

3.7.2. Liabilities

Non-current liabilities fell by € 5.2 million to € 39.1 million (previous year: € 44.3 million), primarily because of the reduction in non-current liabilities to credit institutions. The sum total of equity and non-current liabilities covers 74.6% of total assets at the balance sheet date (previous year: 73.6%). Current liabilities decreased by € 0.3 million to € 122.7 million (previous year: € 123.0 million).

Non-current financial liabilities reduced.

3.7.3. Assets

The Lenze Group's capital is linked to value creation in line with strategy. As part of this approach, vertical integration is actively managed within the supply chain strategy and is geared towards core competencies as well as competitive goals and flexibility objectives. As a result, the asset side of the balance sheet continues to be dominated by current assets, which comprised 68.4% of total assets (previous year: 68.2%) at the end of the year under review.

Asset side of the balance sheet dominated by current assets.

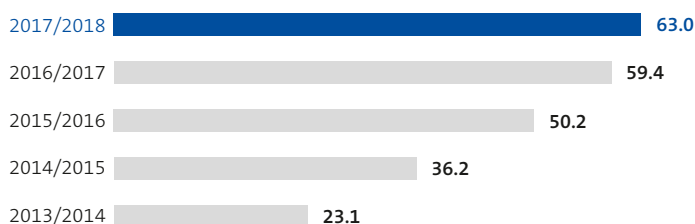
Non-current assets as of the reporting date were € 152.4 million (previous year: € 148.7 million). Current assets rose by € 13.1 million to € 330.7 million. This is due on the one hand to a higher level of inventories, which rose as a result of the increase in business volume and the scarcity on the procurement markets. On the other hand, trade receivables rose as a result of the increase in business volume. At the end of the 2017/2018 financial year, the Lenze Group has at its disposal cash totalling € 80.7 million (previous year: € 80.6 million).

3.7.4. Net financial assets

By reducing its borrowings further during the 2017/2018 financial year, the Lenze Group reported financial debt (short and long-term) of € 17.7 million as of 30 April 2018. This was offset by an increased level of liquidity totalling € 80.7 million. As a result, the Lenze Group reported net financial assets of € 63.0 million (previous year: € 59.4 million).

Net financial assets increased further.

Net financial balance in € million



4. Report on risks and opportunities

4.1. Risks and opportunities policy

The Lenze Group is exposed to risks and opportunities when conducting its business activities. The aim of risk and opportunity management is to recognise, control and take appropriate action to counter these risks as part of a closely supervised management process. Long-term strategic opportunities can be consistently identified to ensure that the Lenze Group can benefit from them within the context of its corporate strategy without neglecting the associated risks. Transparency, a systematic approach and appropriate awareness among the responsible managers also enable the Company to recognise operating risks and exploit opportunities at a local level. Our risk and opportunities policy therefore helps to ensure the sustainable and profitable growth and financial stability of the Lenze Group.

Ensuring sustainable
corporate growth and
financial stability.

4.2. Risk and opportunity management system

The Lenze Group operates an active risk and opportunity management system and uses various control cascades to guarantee its effectiveness.

The key priorities of the management system are to ensure the systematic recognition, assessment and management of risks and opportunities. The Executive Board is ultimately responsible for efficient risk and opportunity management.

Lenze divides its existing risks into two categories. Risks that influence the short-term performance of the Company and the achievement of annual corporate targets are collectively referred to as operating risks. Risks affecting the long-term development and competitive positioning of the Company are classified as strategic risks. As a result, Group-wide opportunities are categorised as strategic opportunities.

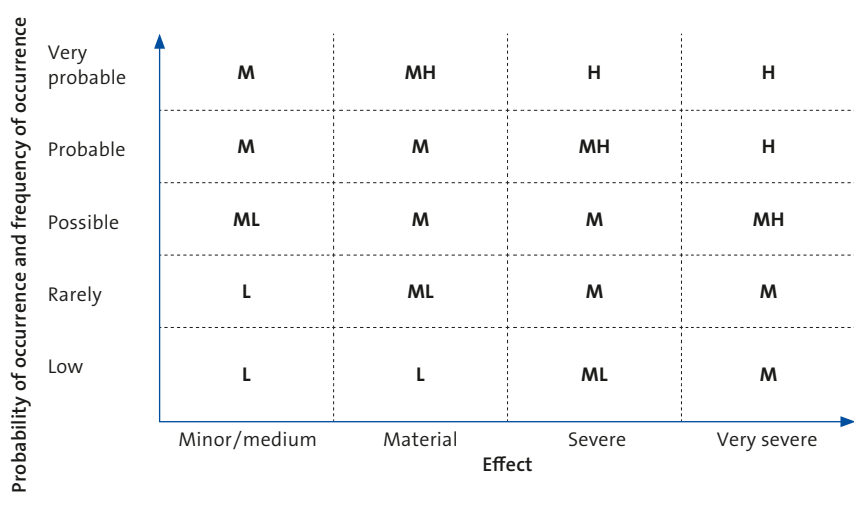
All risks and opportunities are allocated to business processes and managed as part of operational risk management. Operating risks and opportunities are monitored by operational managers based on Lenze process management.

The extent of operating risks is assessed by quantifying the impact of any loss or damage they may cause as well as the probability and estimated frequency of their occurrence. Four standardised grades are stipulated for operating risks. Each risk is assigned to one of five categories (Low-L, Low/Medium-ML, Medium-M, Medium/High-MH, High-H).

The following risk matrix explains the assessment system applied by the Lenze Group:

Lenze has an established and effective risk management system.

Risk matrix



Classification of risks and opportunities: Effects

| | | |
|--------------|-------------------|--------------------|
| Minor/medium | | up to € 2,000,000 |
| Material | from € 2,000,000 | up to € 10,000,000 |
| Severe | from € 10,000,000 | up to € 50,000,000 |
| Very severe | from € 50,000,000 | |

Qualitative criteria: Strategy, reputational damage, compliance violation, secondary damage within the organisation

Classification of risks and opportunities: Probability and frequency of occurrence

| | | |
|----------|----------|-----------|
| Low | | up to 10% |
| Rarely | from 10% | up to 20% |
| Possible | from 20% | up to 50% |
| Probable | from 50% | up to 80% |

The actions and responsibilities for key risks are defined and documented for risk management purposes. The latest business developments are also reported to the Supervisory Boards on a quarterly basis together with major deviations from targets, updated forecasts for the financial year and key operating risks.

The risk management system was audited by the auditor of the Lenze Group's financial statements. The audit showed "that the Executive Board has taken the appropriate measures as required by section 91 (2) of the German Stock Corporation Act, especially with regard to setting up a monitoring system; and that the monitoring system is suitable for the early detection of developments that threaten the continued existence of the Company as a going concern".

4.3. Internal risk control system relevant to the financial reporting process (ICS)

The Lenze Group's internal risk control system relevant to the financial reporting process ensures that bookkeeping and accounting are carried out correctly and that financial reporting in the consolidated financial statements and Group management report is reliable with regard to the relevant statutory provisions.

Reliable Group financial reporting ensured by professional, multi-level system.

Most subsidiaries have introduced standardised Group-wide ERP software for bookkeeping and accounting. All subsidiaries must follow the Lenze IFRS accounting manual and the Group chart of accounts and use standardised reporting instruments when preparing the IFRS financial statements. The Company uses a checklist to ensure consistent preparation of the financial statements. All subsidiaries must meet the deadlines for submitting IFRS reporting packages as specified by Corporate Finance. In addition to the local statutory annual financial statements, the IFRS reporting packages submitted by all key subsidiaries are reviewed and certified by auditors.

The consolidated financial statements are prepared centrally by a highly-trained accounting team with many years of experience and specific expertise in consolidation issues and IFRS financial reporting using certified consolidation software and supported by external specialists. The accounting team also remains in close contact with auditors throughout the year to stay abreast of new statutory provisions and innovative or unusual business transactions.

Various control measures are used to ensure that the process of preparing the annual IFRS reporting packages and consolidated financial statements is followed correctly. In particular, these include an automatic account balance upload function, an independent review and plausibility check, as well as following the dual control principle.

Compliance with the regulations and measures of the internal control system (ICS) is monitored by an independent audit programme that uses a systematic and structured process to assess effectiveness and identify the weaknesses of the ICS.

4.4. Risk and opportunity position

The strategic and operating risks and strategic opportunities are assessed on an ongoing basis.

4.4.1. Strategic risks

Competitive position (risk level: ML)

The international market for our products, solutions and services is highly competitive. Competitive risks are defined as the risk that the Lenze Group will not achieve its expected market shares, margins and growth targets due to increasing competitive pressure.

Lenze addresses these competitive risks by employing a structured strategy process as well as continuously analysing its market environment, competitive situation and the statutory framework in each division and region. The information acquired enables Lenze to develop a product roadmap, offer products, systems and solutions in line with market requirements, and continually improve the efficiency and effectiveness of the value chain in order to strengthen its competitive position.

Macroeconomic risks (risk level: M)

The investment decisions made by Lenze's customers in the mechanical engineering industry largely depend on macroeconomic trends, capacity utilisation and the overall situation in each industry. Cyclical economic fluctuations and declining investments can have a negative impact on customer demand and the capacity utilisation of the Lenze Group.

Economic conditions for the 2017/2018 planning period continue to be dominated by palpable uncertainty in the markets. Economic reports are periodically evaluated to enable us to react quickly to changes.

4.4.2. Operating risks

Sales (risk level: ML)

The decline in incoming orders caused by adjusting slowly to changing market requirements represents a potential risk to the Lenze Group.

To minimise this risk, Lenze actively tackles developments in the relevant markets in order to better understand market requirements and enable the Group to flexibly offer products, systems and solutions tailored to customer requirements. Lenze uses an established training platform to invest in the development of specific expertise and improve the skills of its sales employees and application engineers.

Product development (risk level: ML)

Development risks arise if the functionality and performance of our products, systems and solutions do not meet customer requirements during their development phase and lifecycle.

Lenze addresses this risk using modern product portfolio management techniques that manage the relevance and performance of products and services. Lenze also provides sufficient development capacity and hires highly trained, innovative development engineers.

Procurement (risk level: M)

The lack of availability of parts and components or changes in the price of raw materials and energy can lead to latent procurement risks. Lenze uses Global Purchasing and appropriate sourcing strategies to ensure the supply of parts, components and services. The Global Purchasing team helps the Group to ensure a high level of quality and supply performance while at the same time diversifying the supplier structure and using global procurement to reduce costs.

Production (risk level: ML)

Lenze commits to binding delivery times for its customers. Potential production downtime or process defects can result in delivery delays or an increase in the number of complaints, which can ultimately lead to a reduction in customer satisfaction and thus have economic consequences.

Production itself is largely dependent on the uninterrupted functionality of critical machinery. Regular maintenance work and risk inspections combined with damage prevention measures minimise the risk of downtimes on production lines. A Group-wide insurance policy for material damage and operational downtimes serves to cover potential financial losses.

Quality (risk level: ML)

A high standard of quality is a key factor in decisions to purchase our products. If a customer uses faulty products, it can lead to damage, unscheduled repairs or product recalls, which can trigger liability claims or damage reputations.

To avoid such risks, the Lenze Group has implemented a certified quality management system. This system includes strict quality assurance measures and continual process improvements to minimise guarantee- and liability-related risks.

Logistics (risk level: ML)

Violating national and international export restrictions or air freight safety regulations results in significant trading constraints and can therefore lead to lost revenue or significantly delayed deliveries at higher costs.

The export management system deployed by Lenze prevents these risks. The system consists of an efficient export management unit with trained employees and specific export management software.

Inventory utilisation risks (risk level: L)

In order to guarantee our ability to supply our customers while at the same time minimising the risk of having to write down or scrap inventories, we make inventory monitoring a key component of our risk limitation strategies. The monitoring involves measures such as defining targets for inventory levels and optimising inventory management processes by continuously maintaining the pre-defined minimum inventory levels for preproduction materials and end products.

Finances (risk level: ML)

Loss of receivables

Customer receivables are monitored globally in accordance with established standards that apply throughout the Group. We deal with overdue payments by using a set of clear specifications, which also cover the necessary safeguard measures to be taken. We also take advantage of the insurance protection available for customer receivables.

Liquidity risks

Safeguarding the capacity to meet payment obligations at all times is an indispensable prerequisite for sustaining a company's ability to survive. In order to meet all our financial obligations throughout the Group, cash totalling approximately € 80.7 million was made available at the balance sheet date. Lenze SE also has firmly agreed credit lines in place with its financing partners.

Lenze prepares revolving liquidity plans to provide an overview of cash inflows and outflows over both the short and medium term. During the year under review, Lenze was able to meet its payment obligations at all times.

Currency risks and opportunities

Currency risks result from the international scope of the Lenze Group's business activities, which include procuring and distributing goods in several different currencies. Exchange rate fluctuations can significantly impact the results of operations, financial position and net assets of the Group.

We specifically reduce our currency risks using "natural hedging", which involves balancing the currency flows of critical foreign currencies by planning production capacities and global purchasing activities. Hedging transactions are used to limit specific currency risks.

Risks relating to the use of financial instruments

As an international corporation, the Lenze Group also bears financial risks arising from changes to interest and exchange rates.

Our fundamentally conservative approach to managing these financial risks is reflected by our systematic financial management. Appropriate management and control systems are used to measure, control and monitor risks. The derivative financial instruments used are solely intended to hedge underlying transactions.

Tax risks

The Lenze Group operates worldwide and is subject to different local tax laws. The interpretation of complex tax laws and their ongoing amendments can have an impact on the tax burden and on assets and liabilities. The Lenze Group has a central tax department with experienced employees supported by external international tax consultancy firms.

Personnel (risk level: ML)

Personnel risks primarily arise due to a lack of high-performing staff, inadequate employee qualifications, the risk of employees leaving and insufficient recruitment of young talent and specialists. The Lenze Group has a consistently high requirement for staff with considerable specialist and consulting skills in the technical field as well as experience in our customers' industries. Our future success depends on our ability to recruit and develop employees in these key roles.

The Lenze Group addresses this risk by positioning itself as an attractive employer and offering its employees good career prospects. The Company has been repeatedly recognised as a 'top employer' and 'best place to learn' by independent institutions.

IT (risk level: M)

The Lenze Group is dependent upon the good availability and functionality of its IT systems. These systems are vital for business process management and effective cost control. A failure of or disruption to our IT systems or an external attack can significantly compromise our business processes.

To address the aforementioned risks, the Lenze Group will continue to make targeted investments in the expansion and further development of IT systems and ensure the continuous operational readiness, efficiency and security of these systems in future. As before, the Lenze Group will use wide-ranging maintenance agreements and appropriate back-up procedures and data centres to protect itself against these risks. Providing IT staff and Lenze Group employees with ongoing training ensures a good level of operational readiness and awareness. Extensive data protection measures guarantee that the Lenze Group's systems are of a high standard. This is periodically reviewed in external audits performed by a renowned auditing firm, and supplemented by a stress test carried out every two years that takes the form of a simulated hacker attack.

Compliance (risk level: L)

The Lenze Group classifies all risks that both put the Company in danger because of a failure to comply with laws and/or internal guidelines and risks that could arise directly from the compliance management system as compliance risks. Violating these laws or guidelines can lead to penalties, sanctions or court orders. Financial effects could include legal action against and/or fines for the Lenze Group.

Lenze employs a Compliance Officer to monitor these compliance risks. Management is obliged to confirm compliance with the applicable guidelines by making an annual compliance declaration. There were no significant risks during the year under review.

4.4.3. Strategic opportunities

Opportunities for the Lenze Group depend on four key factors.

Digitalisation

The continuing digital transformation is generating increasingly large volumes of data. The provisioning, analysis and effective usage of the resulting information forms a core challenge for modern production. Lenze has set up a Digital Services unit to take advantage of the opportunities that arise from digitalisation. The key driver of this initiative is software development company encoway GmbH, based in Bremen. encoway is a specialist in developing software solutions for variant management combined with CPQ (product configuration, price calculation and quote generation) and is well established in the market. With its majority stake in logicline GmbH (Sindelfingen), Lenze has expanded its portfolio with enterprise cloud applications, mobile apps and innovative IoT solutions. As a result, Lenze increasingly uses its own expertise from the core business to digitalise its sales and service processes. Digitalisation also opens up tremendous opportunities to improve the efficiency of internal processes, modernise production facilities and make intensive use of available data.

Industry 4.0

Vertical and horizontal integration is a continuing trend. The demands of Industry 4.0 open up special opportunities for Lenze's core customers – innovative OEMs and end customers in the mechanical engineering sector – as the steps in innovation cycles for modern machinery are not only accelerated but also run in parallel. The degree of automation for machinery and equipment is also continually increasing. The Lenze Group has the right portfolio to match this complexity and to seize the opportunity presented by Industry 4.0 in the years to come.

Attractive focus industries

With their dynamism, competitive intensity and demanding requirements in terms of technologies, efficiency and project management complexity, focus industries also set the standards for many other industries. The Lenze Group's orientation on attractive focus industries is an important driver for the Company's stable growth and the basis of its strong market position. This orientation, and the specific expertise that powers it, enables Lenze to work on developing innovations and specific application solutions together with its customers. Industries that will continue to exhibit above-average growth in the future – and thus require sophisticated technological solutions – include automotive, consumer goods, converting and printing, intralogistics and textiles.

Internationalisation and globalisation

Significant strategic investments in global sales and marketing enable us to carry out international and regional sales initiatives. As a result, we are seeking to expand our customer base and achieve above-average growth in the markets.

4.5. Overall assessment of risks and opportunities

The aforementioned risks do not threaten the existence of the Group either individually or as a whole. Overall, it can be said that there were no significant changes to the risk situation in the 2017/2018 financial year.

The Executive Board and Supervisory Board are regularly informed about the Company's current risk situation. The latest assessment concluded that the risks are manageable overall. There are currently no risks that could threaten the continued existence of the Company as a going concern. Similarly, no future going-concern risks have been identified. The Executive Board of Lenze SE does not currently expect the risk situation to change fundamentally.

The significant strategic opportunities relevant for the Lenze Group remain intact. With its Lenze 2020⁺ strategy, the Company has positioned itself to take advantage of these opportunities and generate profitable growth into the future while at the same time ensuring the financial independence of the Company.

Digitisation and Industry 4.0 offer Lenze considerable opportunities without any discernible risks that could jeopardise its continued existence.

5. Report on expected developments

5.1. Future environment

5.1.1. Global economy

Many leading indicators suggest that the global upturn will continue. The IMF expects the global economy to grow by 3.9% in real terms in 2018. It predicts that growth will accelerate slightly to 4.9% for emerging and developing nations as a whole, despite the slight slowdown in China to 6.6% (after 6.9% in 2017). The Brazilian economy is also expected to expand moderately by 1.9%. A GDP increase of 1.7% is forecast in Russia. Economic researchers anticipate an upturn in economic growth to 7.4% for the 2018/2019 financial year.

The growth trend in industrialised countries is expected to continue at a similar pace to the previous year in 2018 at 2.3% despite significant differences at national level. The USA began the year with a huge tax reduction package, the centrepiece of which is a cut in corporation tax to 21%. This is expected to stimulate investment activity considerably, which will have an impact on both the USA and its important trading partners. As a result, the USA is predicted to record accelerated economic growth of 2.7%. The economy is also expected to grow in Canada (+2.3%), the eurozone (+2.2%),

Leading indicators point to continued upswing.

the United Kingdom (+1.5%) and Japan (+1.2%), albeit at a slower pace compared to the previous year. However, the outlook for the eurozone and Japan could prove to be too cautious. Leading indicators for the eurozone suggest accelerated growth. In Japan, the consumption tax increase announced for 2019 is likely to have pre-emptive effects.

The impact of developments and decisions made by the Trump administration on the USA and its relationships with trading partners remains to be seen.⁷⁾

5.1.2. German economy

In light of the continuing upturn, the German federal government estimates a growth rate of 2.4% for 2018. The boom in residential construction and investments in public infrastructure continues to ensure full order books, prompting companies to invest more. Dynamic exports and robust private consumption are providing the German economy with another boost. In this economic environment, the number of employees is expected to rise further, even though a new record level of employment would lead to an increasingly strained situation in the labour market. This shortage of staff will contribute to a rise in production disruptions in some sectors. The number of employed persons is predicted to increase by almost 500,000 to 44.8 million in 2018.⁸⁾

German economy to experience slight uptick in 2018 as well.

5.1.3. International mechanical engineering sector

The upturn finally reached the capital goods industry in 2017, with 2018 forecasts anticipating further revenue growth. Revenue in the EU as a whole is expected to increase in the region of 4% in real terms in 2018, with Germany likely to perform slightly above the EU average at 5% in real terms. A growth rate of 5% is also anticipated in the USA. Forecasts for the United States are still being treated with caution, as the country's political situation cannot necessarily be considered reliable. The Asian market is expected to grow by 4%. It is noteworthy that, having been a growth leader with an 8% rise in 2017, Japan's revenue growth rate is forecast to slow by 5 percentage points, whereas China is predicted to return to positive growth with 4%. Meanwhile India is expected to record 8% growth. In the European market, Germany is in line with the average at 5%, while Italy's growth is likely to fall from 5% in 2017 to 2% in 2018. By contrast, an upturn of 9% is anticipated in Russia in 2018 after weak revenue growth of 2% in 2017. Revenue is expected to at least be stable in Brazil after the slump of recent years.⁹⁾

⁷⁾ Source: GDP figures: IMF, World Economic Outlook, Update January 2018
Additional, more detailed information: VDMA Konjunktur International, November 2017.

⁸⁾ Source: Annual Report 2017/2018 of the German Council of Economic Experts; Federal Statistical Office

⁹⁾ Source: Maschinenbau Konjunktur International, VDMA, May 2018 issue

5.1.4. German mechanical engineering industry

While an upturn typically gains momentum in its second year, the VDMA's economists do not anticipate an economic acceleration in 2018. The sector is once again expected to expand by 3% due to regional growth shifts. The VDMA predicts that exports to the USA and EU partner nations excluding the United Kingdom will grow at a similar rate to this year. However, deliveries to the UK could fall further, and an even sharper decline than in 2017 cannot be ruled out. The uncertainty and lack of progress surrounding Brexit negotiations is ultimately toxic for investors. While machinery exports to China should continue to grow, the pace of this growth is likely to slow, as deliveries reached a high level in 2017 and structural change in the Chinese economy favours consumer goods and services. This means that the drop in UK business and deceleration in trade with China needs to be offset if the overall pace of growth is to be maintained. This will be possible if business in Germany finally picks up. There are certainly opportunities to achieve this. Production capacities for our main manufacturing customers are now being well utilised once again.

German mechanical engineering industry experiences continued economic growth in 2018.

Of course, there are also opportunities for a brisker economic upturn in 2018. One prerequisite for such a positive scenario would be if the Chinese government reduced the pace of reform further to ensure that no momentum is lost. This would allow German machinery exports to China to continue to grow. Similarly, successful Brexit negotiations would have a less severe impact on the prospects for the UK business. One more tangible possibility relates to exports in the USA, and the fact that the advantages of immediately writing off equipment and increased investment confidence caused by corporation tax reform outweigh the disadvantages of the euro appreciating relatively sharply in the short term. Nevertheless, there is also a long list of risks. These include the North Korea conflict, further developments in the relationship between the EU and Turkey, the future situation in Spain (Catalonia conflict), the sword of Damocles of protectionism still hovering over several countries including the USA, the USA's sanctions against Russia and its overseas trading partners and severe tensions between Saudi Arabia and Iran.¹⁰⁾

5.1.5. Lenze Group focus industries

With regard to the focus industries and markets relevant for Lenze, we continue to anticipate an energising effect on corporate development for the coming financial year. We once again expect improved consumer sentiment to have a positive impact on our focus industries of consumer goods, textiles, converting and printing and intralogistics. We are expecting additional momentum in the areas of digitalisation and Industry 4.0 as well as the ongoing increasing automation of machinery and equipment.

Rising consumer sentiment and increasing automation are providing momentum to focus industries.

¹⁰⁾ Sources: VDMA Maschinenbau Konjunktur aktuell, 12/2017 issue; Federal Statistical Office

Lenze also expects to encounter challenges in the automotive sector in the coming financial year, even though the significant trend towards digitalisation and connectivity in this context will continue to stimulate growth in the medium term.

We expect growth to develop in line with strategy and focus industry trends to reflect our expertise in the systems and solutions business.

5.2. Executive Board's overall assessment of future development

We are continuing to focus on implementing our Lenze 2020⁺ company strategy during the coming financial year. In addition to strengthening the Lenze brand and mechatronics business and expanding the systems business, our goal is to further enhance our basic digital services offering.

The Lenze Executive Board
expects slight growth in
earnings.

To do this, we will continue to follow our strategy of investing in our sales expertise and steadily reinforcing our global presence and proximity to customers. We will use our innovative capabilities to keep consistently developing our portfolio. Our financial strength continues to provide a foundation for our comprehensive investment policy.

In view of the positive economic outlook and existing trade and geopolitical challenges, we are expecting the Lenze Group to record moderate year-on-year revenue growth in the 2018/2019 financial year.

If all other relevant factors remain unchanged, Lenze will also strive for moderate earnings growth in the new financial year. In accordance with our strategic growth plan, we are investing a disproportionately high amount in our sales channels, research and development and range of digital services. We expect yields to move sideways once these strategic investments are made.

Aerzen, 8 August 2018

The Executive Board

Christian Wendler Jochen Heier Frank Maier Dr. Yorck Schmidt