A WORLD IN TRANSITION

TRUMPF

Annual Report 2019/20

TRUMPF GROUP KEY FIGURES

	2018/19	2019/20	Change from 2018/19 *in percent*
SALES REVENUES *in million euros*	3,784.0	**3,487.7**	**–7.8**
ORDER INTAKE *in million euros*	3,680.8	**3,278.2**	**–10.9**
EBIT *in million euros*	349.3	**309.1**	**–11.5**
EBIT MARGIN *in percent*	9.2	**8.9**	**–**
INVESTMENTS *in million euros*	288.0	**194.3**	**–32.6**
RESEARCH AND DEVELOPMENT COSTS *in million euros*	395.8	**377.4**	**–4.6**
BALANCE SHEET TOTAL *in million euros*	3,939.2	**3,903.3**	**–0.9**
EQUITY *in million euros*	2,023.1	**2,061.4**	**+1.9**
EQUITY RATIO *in percent*	51.4	**52.8**	**–**
ECONOMIC EQUITY* *in million euros*	2,210.6	**2,315.2**	**+4.7**
ECONOMIC EQUITY RATIO *in percent*	56.1	**59.3**	**–**
EMPLOYEES ON JUNE 30 *number*	14,490	**14,325**	**–1.1**

* Equity capital plus long-term loans from partners

Business divisions and business fields

G E R M A N W A N K M I L L E R
GROB-WERKE GmbH & Co. KG
(Mindelheim, Germany)

H A M S A V E N U G O P A L A N
UNIVERSAL ENGINEERS CHENNAI PVT.LIMITED
(Chennai, India)

M A R C O G R I L L I
Omas S.p.a.
(Numana, Italy)

R O L A N D T E M M E
TMCO Inc.
(Lincoln, NE, USA)

TRUMPF

Annual Report 2019/20

BUSINESS DIVISIONS

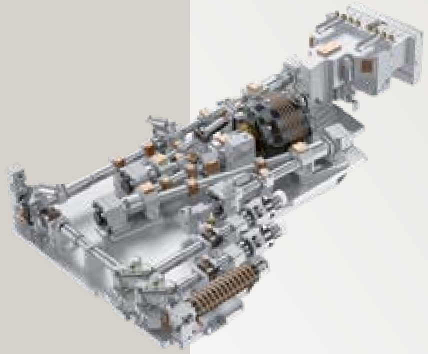
MACHINE TOOLS

MACHINE TOOLS FOR FLEXIBLE SHEET METAL MANUFACTURING

TRUMPF's largest division involves machine tools for flexible sheet and pipe machining. Our portfolio encompasses systems for bending, punching, combined punch laser processes, and for laser cutting and laser welding tasks. We offer our customers tailor-made machine, automation and networking solutions, as well as advice, finance and numerous services, so that they can manufacture their products cost effectively, reliably and in high quality. With our software solutions, we assist them in all their machining tasks, from design to complete production control.

TruLaser 5030 fiber

LASER TECHNOLOGY



TruDisk Resonator (12 kW)

LASERS FOR MANUFACTURING TECHNOLOGY

Cutting, welding, marking, surface machining: we have exactly the right laser for every industrial application, as well as the right technology to ensure innovative and yet cost-efficient production. For work at macro, micro or nano level – we take an individual approach to our customers' needs and are at their side offering system solutions, software tools, application expertise, and advice.

Our Electronics field offers process power supply units for high-tech applications. Our generators provide electricity for induction heating and plasma and laser excitation, with precisely the right frequency and power our customers require.

BUSINESS FIELDS

EXTREME ULTRAVIOLET LIGHT

TRUMPF Laser Amplifier

HIGH-POWER LASER SYSTEMS FOR EUV LITHOGRAPHY

TRUMPF has developed a unique CO_2 laser system in close cooperation with ASML, the world's largest manufacturer of lithography systems, and optical system manufacturer ZEISS. High-power lasers from TRUMPF play a key role in the production of the latest generation of microchips: they are used to generate a luminous plasma that delivers extreme ultraviolet (EUV) light to expose the wafers.

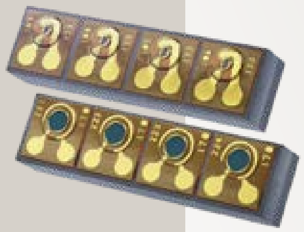
ADDITIVE MANUFACTURING

ADDITIVE MANUFACTURING FOR INNOVATIVE COMPONENTS

Additive manufacturing enables the simple production of complex parts. TRUMPF's TruPrint systems are used in airplane construction, medical technology, and the energy sector, for example. TRUMPF masters both of the key metal-printing processes: laser metal fusion (LMF) and laser metal deposition (LMD). This means it can offer customers the solution that best suits their application.

TruPrint 5000

PHOTONIC COMPONENTS



VCSEL and photodiode arrays

LASER DIODES FOR PHOTONICS AND DIGITAL PRODUCTS

Laser diodes from the TRUMPF Photonic Components business field are used in smartphones, digital data transmission, and sensors for autonomous driving. Over a billion cell phones worldwide are already equipped with this laser diode technology.

FINANCIAL SERVICES

COMPANY-OWNED FULL-SERVICE BANK FOR PURCHASE LOANS

Along with their quote for a machine, TRUMPF customers also receive a lease or hire purchase offer. Our custom-tailored finance solutions are based on financing experience and expertise in the mechanical engineering industry. The TRUMPF bank is now available in nine European countries. For other core markets such as the US and China, TRUMPF collaborates with partners.

Finance concepts for state-of-the-art production technology

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TRUMPF

Annual Report 2019/20

A WORLD IN TRANSITION

“A world in transition”: When we chose the motto for our annual report, no one had any idea of the dimensions these three words would assume in the months that followed. New competitors – especially in Asia –, changing business models, increased digitalization, more sustainability: these were the dominant coordinates of change. Then the coronavirus came along and changed everything. The formidable challenges resulting from structural changes in many sectors were intensified as a “crisis within a crisis”. And this is still happening.

TRUMPF had decided, while taking stringent safety precautions, to keep large parts of its production and services running even during the particularly critical weeks in March and April 2020; first of all in business fields with high turnover such as EUV technology and electronics. In retrospect, this step was the right one, as this was the only way that we were able to achieve a positive business result.

With just under 3.5 billion euros, our sales suffered a noticeable fall of –7.8 percent compared to the previous year (3.8 billion euros) – just like our order intake, which fell by –10.9 percent to around 3.3 billion euros (previous year 3.7 billion euros). Our operating result also fell by 11.5 percent to 309 million euros (previous year 349 million euros). Nevertheless, at 8.9 percent (previous year 9.2 percent), the rate of return was above the level we ourselves had expected for most of the year. This was due to the consistent measures to improve earnings that we had already implemented as part of our “Koyer” program long before coronavirus, when in many places there was still no talk of a “crisis”. Although as a manufacturer of capital goods, this was not true for us.

Despite the economic consequences of the coronavirus pandemic, there is reason to look ahead with the necessary seriousness but also with confidence. First and foremost our employees deserve to be acknowledged here, as well as our worldwide customers and business partners who have remained loyal to us in recent months. I would like to give them my special thanks for their commitment and loyalty!

You can see four of them on the cover of this annual report. They represent all those partners with whom TRUMPF is shaping this world in transition. How we aim to achieve this is set out on the following pages. Given the rapid increase in digital formats, I hope you find this hard-copy report a stimulating read.

YOURS SINCERLY NICOLA LEIBINGER-KAMMÜLLER

CONTENTS

A WORLD IN TRANSITION


POLIZEI
UNDESPOLIZEI
Abflug/Departure
Time Zeit
Flight Flug
Destination/via Richtung /über
Counter Schalter
Remarks Bemerkungen
KMQ

A YEAR OF STANDSTILL AND OF CHANGE.

Four reports on how our customers experience change worldwide. And how TRUMPF helps them to be successful.

GERMAN WANKMILLER
GROB-WERKE GmbH & Co. KG

THE ELECTRIC CAR EXPERTS FROM ALLGÄU

The future of the car industry is being created amidst 70,000 cows. **AUTOMOTIVE EQUIPMENT SUPPLIER GROB** is based in Unterallgäu, the region with the highest milk production in Bavaria. In order to move away from the combustion engine, GROB took a bold path at an early stage. The company owes its current success in electromobility to a far-sighted strategy, motivated employees, and its partnership with TRUMPF.

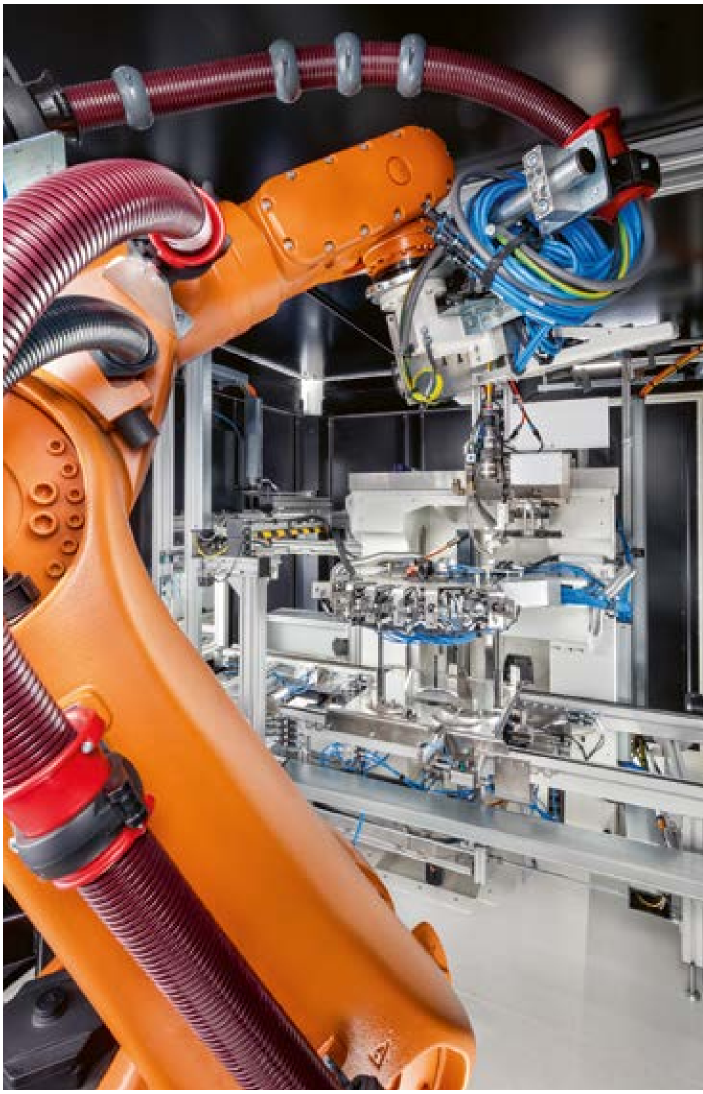
Despite approximately 1.3 billion euros in turnover, GROB, a long-established company from Mindelheim, is probably known only to industry insiders. A hidden champion, whose home lies between picture-book villages like Apfeltrach and Pfaffenhausen in the Unterallgäu district of Swabia, Bavaria. Far away from Wolfsburg, Stuttgart or Munich, the Southern German company is a model for radical change in the German automotive industry. According to the German Association of the Automotive Industry (VDA), around 75 percent of this industry is made up of small and medium-sized German companies – companies that supply body parts or build paint shops. Thanks to sophisticated combustion engines made in Germany, there was only one thing that these companies knew for decades: growth.

That is, until the diesel crisis made them all gaze into the abyss. Car companies reduced their investments in the combustion engine, sales slumped, and tried and tested technologies were threatened with extinction. At GROB, the diesel crisis caused a large part of the business to falter.

ELECTROMOBILITY IS COMING

Anyone who wants to understand what this change in mobility feels like for a medium-sized company with a turnover in the billions will find in German a discussion partner who grew up in the old world. “We generated more than 90 percent of our sales in the automotive industry from internal combustion engines and transmissions. What we had built up over decades, what the whole company was geared towards, has broken away to a certain extent. This not only affected our products, but also the structures and processes in the company. The change was incredibly stressful for the company in the beginning and is still a burden today,” comments GROB’s CEO.

And yet German, who joined GROB 31 years ago as assistant to the production management, clearly sees the technological upheaval as an opportunity: “We recognized right from the start that electromobility cannot be stopped. We wanted to be the first to master this technology to build up a competitive edge. We have always been convinced that this was the right thing to do for the future – because GROB has mastered a technology that will be in great demand over the next ten years.”



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1_ Welding and testing: Before the hairpin stators leave the plant, robots rule out even the smallest errors.

2_ GROB also manufactures milling machines for mechanical engineering. The photo shows a drill bit that has produced a 5-axis universal machine center.

/ FACTS

MACHINE FLEET

WIDE ARRAY OF LASERS

GROB has been purchasing machines and systems from TRUMPF, especially laser technology, since 2005. Today the company uses the latest models of these laser machines for electromobility.

- *2D laser machines*
- *TruDisk disc lasers*
- *TruMicro short and ultrashort pulse lasers*
- *TruMark marking laser*

/ FACTS

PRODUCTS

SETTING THE PACE

For over 90 years, the GROB family business has been building highly innovative production and automation systems for a wide range of industries. These include:

- *System solutions*
- *Universal machining centers*
- *Assembly systems*
- *Machines and systems for electromobility*
- *Automation and software solutions*

2

IS THE BUSINESS MODEL COLLAPSING?

To better understand GROB's transformation, it is worth accompanying German on a journey through time to the year 2014. Back then, as it did every year, Volkswagen invited its strategic suppliers to Wolfsburg. In a presentation, the VW's Board of Directors outlined their plans for the next few years. German couldn't get it out of his head. "I said to myself at the time: If VW's assumptions are right, our business model will collapse and we will have to do something else. That was the crux of the whole thing," he explains, looking back. Dozens of employees in the company subsequently investigated which technologies were affected by the assumptions, which products the mobility of the future required, and which technology actually suited the company. "The owners and those of us in management first had to agree on whether – and if so, how precisely – our analyses would come to pass. From politics to business to science, there were different opinions about it everywhere. This entailed a certain amount of risk."

"THE CHANGE WAS INCREDIBLY STRESSFUL FOR THE COMPANY IN THE BEGINNING AND IS STILL A BURDEN TODAY."

NO MOTIVATION – NO CHANCE

In 2016 the time had come. Back then, only 11,410 electric cars were registered in Germany. And in Mindelheim, Bavaria, GROB launched perhaps the biggest program of change in corporate history. "It was difficult to convince our employees at the time because our change in strategy meant that their jobs, the work that they were doing, and the requirements were totally altered. None of this is pleasant for the workforce. We all had to get out of our comfort zones, abandon our old ways, and start something new. This caused a lot of anxiety and worry," says German. He countered these concerns with data showing what customers around the world will be demanding in future. But above all with countless discussions: "It has always been important for us to have the entire workforce approach this issue with motivation and commitment – otherwise we don't stand a chance."

3_ Systems from GROB can be used to produce hairpin stators in various sizes. The machines do not require a tool change and even facilitate single piece production.

4_ An electrical start-up technician examines the data from a machine for welding hairpin stators using laser beams.

3

4

/ FACTS

COLLABORATION

LONG-STANDING PARTNERSHIP

GROB purchased its first bending machine from TRUMPF in 1992. By the end of the 90s, the company had also acquired several laser cutting machines. It was to become a long-term partnership, as GROB in turn supplies TRUMPF with machining centers.

28

YEARS

ELECTRIC DRIVE INSTEAD OF STEEL MACHINING

In 2020, there has been little sign of those tough initial times at the GROB factory premises. Today, Hall 2 is home to the technology and application center for the manufacture of electric motors. The former sheet metal workshop is one of the oldest buildings on the factory site. Where machine fitters once produced sheet metal cladding, mechanical engineers, software developers and electrical engineers are now ensuring that electric cars pick up speed all over the world. The company's 50 or so employees work on one early and one late shift to design, develop and build prototypes and pre-series for the stator: the technological heart of every electric motor, without which it would be unable to rotate.

German notes: "We attach great importance to innovation. As a German company we can and must hold our own on the world market through technology. For us, a basic rule has always been to take a critical look at ourselves – to see where we stand and what we have to do. In the field of electromobility, we have worked out where we can set ourselves apart from standard suppliers. Because we would not have been able to win this kind of price competition."

A POWERHOUSE FOR 1 MILLION ELECTRIC MOTORS

In the middle of the former sheet metal workshop there is now a production plant costing several million euros. A high-tech powerhouse, consisting of robots, lasers, and screens. René Schürer, team leader in the New Technologies division explains: "We have built this prototype for our customers. When they launch a new electric vehicle on the market, they can test the highly complex production technology here before ordering a system for large-scale production." Later, at the vehicle manufacturer's, the system spits out a stator every 30 seconds. Running around the clock, this would correspond to 2,880 units per day and around one million per year.

The technological centerpiece of the stator is a copper coil, which provides the movement. So that they can be mass produced, GROB

offers customers the so-called 'hairpin' process. During this process, the system pushes copper wires similar to hairpins into the stator. It then twists the wires into each other and welds them together using a TRUMPF laser. This creates a coil – in a fully automated process.

"The whole thing takes only a few seconds. The TRUMPF laser optics move into position and detect with the help of a camera whether the laser is positioned correctly. It then welds the pins together within 0.1 to 0.3 seconds," explains technology expert René.

TRUMPF WAS THE FIRST TO DELIVER

The collaboration with TRUMPF was arranged by a car manufacturer, who pointed out that the international laser technology manufacturer had the most knowledge in this area. Indeed, the quality requirements in the automotive industry are extremely high: Zero failure rate, same performance as the combustion engine, production facilities worldwide to exactly the same standard. German explains: "The automotive industry was only just starting out in the field of electromobility, and we as a plant manufacturer were right in the middle of it. Everyone had the feeling that contracts would never be finished properly because there were always changes due to the lack of experience." During this time, GROB employees came and went at TRUMPF almost weekly. In the world's largest laser laboratory, the "Laser Application Center" in Ditzingen (Germany), they experimented together with TRUMPF experts on welding technologies for the new world. After six months GROB bought the first machine and set it up in Mindelheim. "At TRUMPF, the products, processes and quality have matched for decades. Since electromobility has begun to take off, the company has become even more central to our business. For us, TRUMPF was one of the first companies that could deliver the machines – meaning that we could develop the best solutions worldwide," says German. At GROB's headquarters, 1,000 employees, almost one in four, are now working on electromobility.

DIGITAL LASER PULSE TRACKING

In the future, it is intended that GROB systems will record even more quality data digitally. "We want to track the welds on the stators one hundred percent. To do this, we use the data from the beam source (on the duration of the laser pulse, for example), the laser output, and the welding times. Together with the images from the camera, we can track the production of each stator in detail even after ten years. If a value is not verifiable during the final inspection, we can see immediately whether it was due to the welding and if so, what exactly caused it," says René. He already knows who the partner for this project will be: "I can always call TRUMPF and ask for assistance at short notice. Over the years, our relationship has gone from strength to strength, and now we're more like friends. And that's how it will remain in future."

5

5 _ *René Schürer, team leader in the New Technologies division, operates a TRUMPF laser in a prototype system for hairpin stators.*

MARCO GRILLI
Omas S.p.a.

THE DIGITAL SHEET METAL PIONEER FROM ITALY

No expertise, no specialists, not even Internet: outside large Italian cities, networked factories are a rare sight. **MARCO GRILLI,** whose company **OMAS** produced accordion parts by hand, didn't want to accept this. Without further ado, he invested in connecting to the fiber-optic network in order to give his company a solid footing for the future. With the assistance of TRUMPF, he established one of the most digitalized production facilities in Italy on the Adriatic coast – and thus played his part in ensuring the future sustainability of the coronavirus-stricken country.

Numana, the picturesque coastal town with a population of 4,000, is just twelve kilometers away from the motorway spanning the length of Italy's Adriatic coast. The sheet metal manufacturer Omas (Officine Meccaniche Alta Specializzazione) is headquartered there; it is one of the most digitalized companies in Italy in the field of production. "Italy lags years behind when it comes to digitalization. We paid for fiber-optic cables to be laid ourselves," states company head Marco. The neighboring town of Castelfidardo was once famous for its accordions and Omas used to produce parts for them. However, 80s electronic music destroyed the demand for hand pull instruments. There are now 40 robots on the digitally networked company site. Supervised by 120 employees, they produce precision frames for companies such as Bosch, Honda, Technogym, and other groups from Italy and Europe.

INDUSTRY 4.0 FOR THE FUTURE OF ITALY
According to the official statistics office, only 32 percent of all companies in Italy had a fast Internet connection in 2018. 300 kilometers away in Florence, the largest city in the region, 60 percent of companies don't have adequate expertise in the field of digitalization – according to the results of an investigation carried out by the Florence Chamber of Commerce in 2019. Omas isn't one of them: Marco and his team started digitalizing the company ten years ago. "In the production of the future, processes will be managed and controlled digitally. This will help us to work more quickly," says Marco.

"IN THE PRODUCTION OF THE FUTURE, PROCESSES WILL BE MANAGED AND CONTROLLED DIGITALLY. THIS WILL HELP US TO WORK MORE QUICKLY."

1

1 _ Many machines are directly connected to a high-bay warehouse with 1,000 storage places.

2 _ Employees can focus on their work around machine in the production hall. The jobs are programmed by their colleagues in the office.

3 _ In order to produce precision frames for various manufacturers, Omas uses machines for tube and sheet metal processing.

2

3

/ FACTS

COLLABORATION

THE NEXT LEVEL OF NETWORKING

Marco has been sourcing his machines for sheet metal and tube processing from Ditzingen for twenty years. In Numana, he now has a total of 21 TRUMPF machines in use in production. The businessman finances many of these machines using the TRUMPF Bank. Omas is an important partner for TRUMPF's Italian subsidiary in Milan when it comes to explaining the benefits of Industry 4.0 to other customers. Marco is more than happy to open up his doors and let others take a look at his smart factory.

20

YEARS

THE WHITE FLY FROM NUMANA

Omas, with its 120 employees, is not your typical Italian sheet metal producer. “We are an exception in our industry – in Italian you would call us ‘a white fly’,” says Marco. He estimates that companies in the field of sheet metal processing have around 25 employees on average. Omas doesn't just supply local companies with its range. “Our customers are from all over Europe and are making increasing use of digital systems. They are looking for suppliers that have the same qualities. We therefore have to make sure that we don't fall behind,” he states. Marco describes himself as an engineer; he pays little attention to politics.

Despite this, he wants Italy to be able to push forward the entire industry and make it fit for the future. “Companies were able to save on tax through previous government programs. Instead of tax breaks, I would have liked to see investment in infrastructure to help speed up digitalization,” states Marco. He personally invests ten percent of his revenue expanding his smart factory every year.

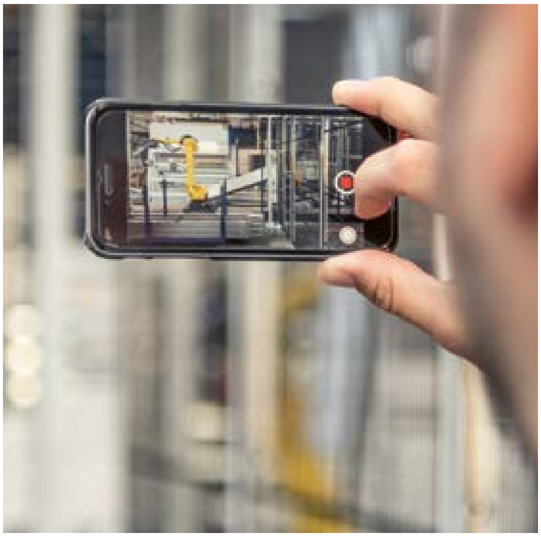
SOFTWARE INSTEAD OF PAPER

A visit to the TRUMPF headquarters a few years ago provided the impetus to further develop Omas digitally. Marco travelled to Ditzingen together with his team. "We were ahead of our government in visiting TRUMPF. We were told at the time that a delegation of Italian politicians had announced a visit, but only two months later," he recalls. Shortly afterwards, a team of advisers from TRUMPF visited him in Numana in order to explore what the right strategy for Omas would be. Marco and his team knew from the very beginning what they wanted: lean processes and to do away with laborious paperwork. Software was a key issue: "It is important to Omas that we have a consistent software architecture that can be used to retrieve information and data anywhere. We can use this software to work with utmost flexibility. Regardless of whether it's a bending machine or laser system, the operator can retrieve all important information and get started with their work right away," says Marco.

20 PERCENT FASTER

Paper is almost a thing of the past now at Omas. All 21 bending and cutting machines use TRUMPF software. A team of experts programs them on their computers in the office. The operator on the production floor is able to fully concentrate on the machine. In addition to software, the company recently invested over a million euros into an ERP system that can be used to plan every move the company makes. "That's a huge amount for a company in the field of sheet metal processing," says Marco. His company's revenue amounted to 28 million euros in the most recent year. "We are now 20 percent faster. We have a reputation as a pioneer and a role model. In reality, we are simply doing what the market demands of us, without worrying about what other people are doing," says Marco.

"IT IS IMPORTANT TO OMAS THAT WE HAVE A CONSISTENT SOFTWARE ARCHITECTURE THAT CAN BE USED TO RETRIEVE INFORMATION AND DATA ANYWHERE. WE CAN USE THIS SOFTWARE TO WORK WITH UTMOST FLEXIBILITY."



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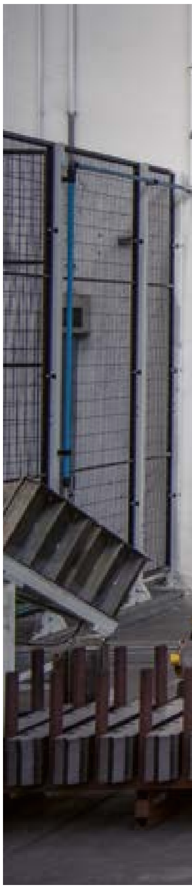


/ FACTS

PRODUCTS

SHEET METAL PERFECTIONIST

Omas produces products including precision frames using machines from TRUMPF. Furthermore, it offers the following services to its customers:

- *Surface treatment and satin finishing of metals*
- *Construction of molds, fixtures, and tools*
- *Assembly and final assembly*

4_ *The robots perform routine tasks and relieve the strain on production employees.*

5_ *Over 40 production robots work in the manufacturing process at Omas. This amounts to one robot for every three employees.*

A SHARED JOURNEY OF PROGRESS

The company is also making significant investments in the area of training. They have a dedicated training program for various areas of application which every new employee has to go through. It's not just Marco that travels far and wide throughout Europe to look at companies that Omas can use as an example – he also takes his team with him. For example, to TRUMPF in Ditzingen to receive further training. After all, they have a huge amount of say, particularly regarding new technologies. "I have the last word when it comes to strategies investments, but the team decides what system we want to invest in," states the company head. The company has been investing in providing further training to the workforce with respect to digital topics for years, in order to ensure they have the latest, most up-to-date knowledge. "Of course, changing over to digital production was easier for some employees than others, but we had a common goal and were all pulling in the same direction," states Marco.

A SMART FUTURE

The stage has already been set for the immediate future. The next investment will be the TruLaser Center 7030 full-service laser machine; it is intended assist employees by using artificial intelligence. "We have been dealing with the issue of AI at the company for a while now," states Marco. His company has also just invested in corresponding simulation software.

/ FACTS MACHINES

A SPECIALIST FOR ANY APPLICATION

Omas can handle every process step when it comes to sheet metal processing with its machinery. Three years ago, the company expanded its range and now processes both flat sheet metal and three-dimensional parts.

- *2D laser machines from the TruLaser Series 5000*
- *TruLaser Cell 7040 3D cutting and welding system*
- *Bending machines from the TruBend Series 5000*
- *Laser tube cutting machines of the type TruLaser Tube 7000 and TruLaser Tube 5000*
- *TruMatic 6000 punch-laser machine*

HAMSA VENUGOPALAN
UNIVERSAL ENGINEERS CHENNAI PVT.LIMITED

ON TRACK TO BECOMING A WORLD LEADER

5,000,000,000,000 – five trillion US dollars. This is the Indian government's goal for the country's economic output by the year 2024/25. India is one of the countries representing the transformation of the worldwide economy through globalization. According to the Indian media, an important project of the government is the modernization of rail transport. **HAMSA VENUGOPALAN,** Managing Director of **UNIVERSAL ENGINEERS,** is one of few women in the Indian sheet metal processing industry involved in this, and uses TRUMPF machines to provide for the new world power's rail traffic.

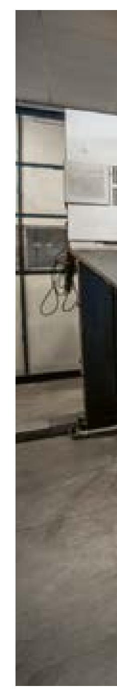
1

2

/ FACTS
PRODUCTS

SERVING THE RAILWAY INDUSTRY – AND MORE
In the 1980s and 90s, Hamsa was involved in trading of electrical and electronic components. In 2002, Universal Engineers was established as a supplier for the domestic railroad industry. Universal Engineers has been producing parts for railcars for nearly 20 years.

- *Bodies for railcars*
- *Wagon interiors*



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The Indian Railway – or the “nation’s lifeline”, as Indians call it – traverses the country on an outdated rail network. To achieve its ambitious growth plans, the government wishes to electrify the 75,000 miles of track, as reported in the Indian media. Over the next few years, countless new railcars will roll off the production lines of Indian manufacturers.

A NATION AT A TURNING POINT
The new trains will not just be the locomotives driving the economy as a whole – for many of the country’s inhabitants, they are also the symbol of a new, modern India. “With the trains, people see what they desire: modern technology and comfort. Our country is currently at a turning point. The infrastructure, in particular, is undergoing enormous change,” says Hamsa. Her company, Universal Engineers, is based in the financial metropolis of Chennai, where it produces body parts such as walls, roofs, doors, and windows for railcars, but also the interior fittings for cars.

WORLD CLASS RAILCARS FROM INDIA
Hamsa expects her company to play an important part in the railroad reform plans: “The government wishes to increase stock and get new trains and subways in place. And they have to be produced, operated, and serviced by somebody! We expect that we will have a share in this. For Universal Engineers, this is an opportunity to be acknowledged as a manufacturer of world class railcars,” says Hamsa, age 56. Universal Engineers has been equipping trains for nearly 20 years now. In 2002, the company employed just seven people; now it has a workforce of 1,300. And thanks to the government’s reform plans, there is no end in sight for its growth. The company is also amply preparing itself for new orders: “Expectations for design, technology, comfort and safety have utterly transformed in recent years. So we are now facing new challenges. We have to increase our production capacity while simultaneously keeping an eye on production costs,” says Hamsa. The company also intends to provide training to prepare its employees for the forthcoming work.

/ FACTS

COLLABORATION

A LASER-LIKE FOCUS ON COLLABORATION

Hamsa first met representatives from TRUMPF in 2014, when she was on the hunt for a laser cutting machine. Thanks to the TruLaser 3030, Universal Engineers was able to get its production up and running.

6

YEARS

3

1_ The outer panels of the railcars require different types of welding.

2_ Universal Engineers is supplying this railcar front end to Integral Coach Factory, India's largest manufacturer of passenger cars.

3_ Universal Engineers wishes to increasingly automate processes to keep up with new orders.

4_ Six years ago, Hamsa was on the hunt for a laser cutting machine. Today, Universal Engineers uses the TruLaser 3030 in its production.

"OUR COUNTRY IS CURRENTLY AT A TURNING POINT. THE INFRASTRUCTURE, IN PARTICULAR, IS UNDERGOING ENORMOUS CHANGE."

/ FACTS

MACHINES

LASER EXPERT

As well as a 2D laser cutting machine from TRUMPF, the company uses a TRUMPF disk laser for welding processes.

- *TruLaser 3030 2D laser cutting machine*
- *TruDisk disk laser*

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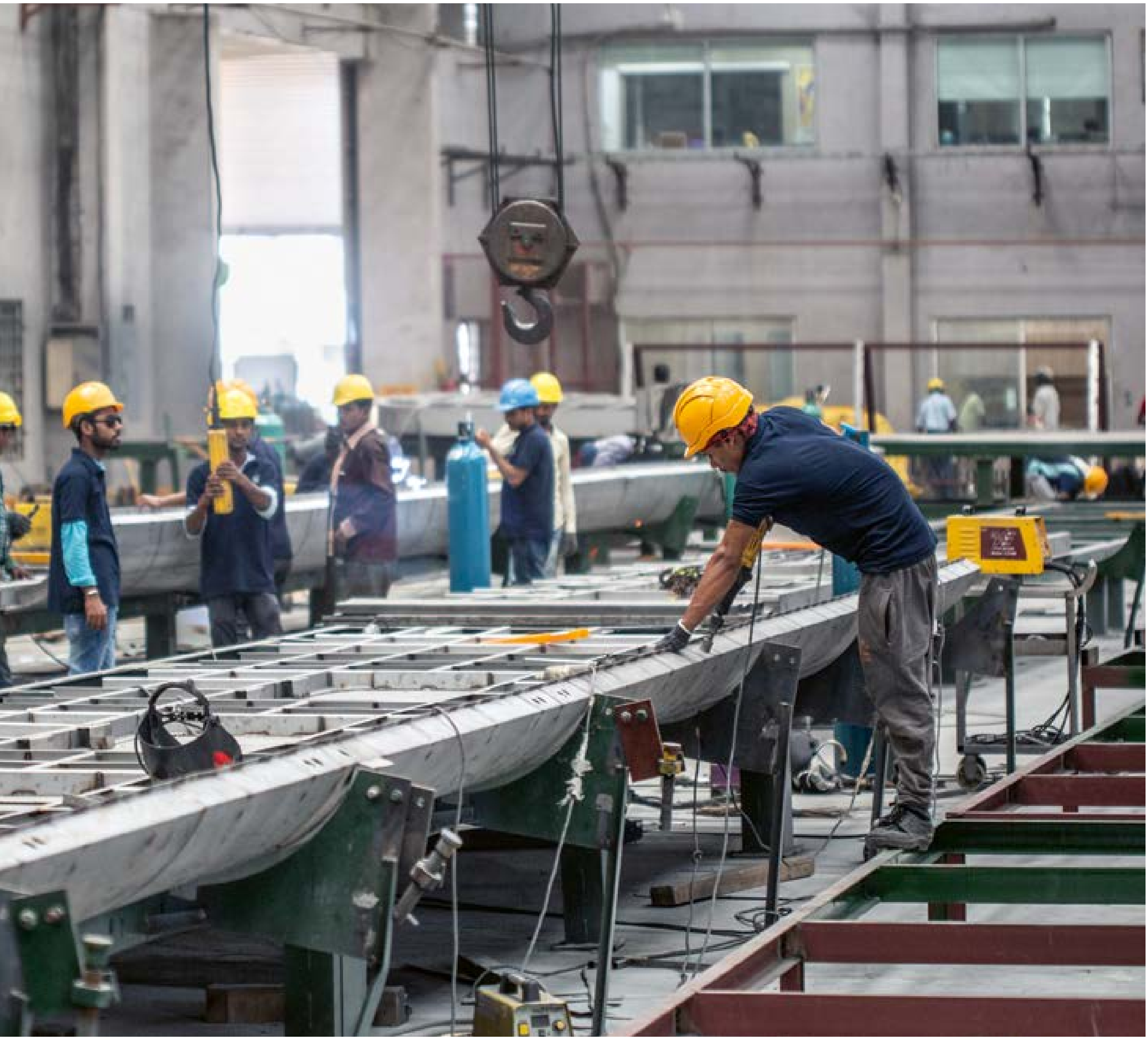
6

FROM DOOR HANDLES TO EXTERIOR PANELS
In the last fiscal year, Universal Engineers supplied body assemblies on a large scale to Integral Coach Factory (ICF) in Chennai. ICF is India's biggest manufacturer of passenger cars and belongs to the state-owned Indian Railways company. The company placed its first order with Universal Engineers in 2002: door handles for the on-board lavatory! Back then, India's GDP was around 500 billion US dollars. In 2019, it has reached some 2.9 trillion US dollars according to a report by the World Bank, and bigger things than external railcar panels are at stake. "This order gives us the opportunity to improve ourselves and to contribute to the further development of the railway industry. We are part of the change that is currently sweeping through our country. And that is something we can really be proud of," says Hamsa, who has managed the company for nearly 20 years.

TRUMPF SPEEDS THINGS UP
To deliver first-class quality, the company also relies on machines from TRUMPF. "These machines have helped us to speed up. Our customers are very happy with the results," says Hamsa. A 2D laser machine cuts the stainless steel parts for the railcars precisely to size, while a solid-state laser welds the outer panels. "We are increasingly automating our production and improving our processes," adds Hamsa. She was able to increase production efficiency by 30 percent in 2019 alone.

"WE ARE PART OF THE CHANGE THAT IS CURRENTLY SWEEPING THROUGH OUR COUNTRY. AND THAT IS SOMETHING WE CAN REALLY BE PROUD OF."



5_ 1,300 employees are currently working in the company in Ambattur in the west of Chennai, South India.

6_ Universal Engineers wants to employ 10,000 workers in 2025.

ENHANCING THE ROLE OF WOMEN AS MANAGERS

Hamsa is an exceptional person, as very few companies are run by women in India. "The government has initiated several programs to encourage female entrepreneurs and boost their image as managers in society – and this is a good thing," says Hamsa, who originally wanted to become a doctor. "What mattered was simply to build a good team. A team that meets not just its business obligations to its employees, but also its social responsibility," she says. Today, her job has become her passion.

ROLAND TEMME
TMCO Inc.

RECRUITING THE BEST IN NEBRASKA

During the coronavirus pandemic, the US temporarily recorded more than 30 million unemployed. Yet if we take a long-term outlook, we find that many companies in fact have a real need for specialist staff – particularly in locations far from the megacities. However, **TMCO** in Lincoln, Nebraska, is bucking this trend. It is owned by **ROLAND TEMME,** whose secret to success lies in a great memory for names, trips to Chicago, and a full-service laser machine from TRUMPF.

1

2

Roland can tell you a thing or two about recruiting new staff. When he founded TMCO (The Total Manufacturing Company) in Lincoln, Nebraska back in the 1970s, the company comprised just him plus two machines from the First and Second World Wars. This one-man machine shop has now grown into a company with dozens of machines and employing just under 200 staff. Roland never struggled to find suitable specialist staff – even though the unemployment rate in Lincoln was less than three percent before the coronavirus pandemic hit, and despite the fact that specialist staff for processing sheet metal are hard to find. The USA does not have a government-run training system similar to the one in Germany, for example – so many companies are forced to train their staff themselves. To help them with this challenge, TRUMPF offers training courses at a number of sites in the USA. Young Americans tend to favor jobs in the service sector over ones in manufacturing, which makes it difficult to find suitable young professionals who are starting out in their careers. As an additional burden, American employers also have to cope with a high staff turnover. With his company TMCO, Roland has successfully mastered all of these challenges.

MAKING THE AMERICAN DREAM COME TRUE
TMCO manufactures parts for a number of different industries, from the production of agricultural machinery, to the construction industry, right through to the energy sector. "We're a local company that has earned itself a solid reputation. This helps to attract the right staff. People come to us because their family or friends work here," Roland explains. He believes that this is the result of putting in hard work. "But it's worth it when it comes to finding and retaining quality staff." For him,

1_ *Back in 1977 the company had just a single employee. Today, TMCO employs just under 200 people.*

2_ *Automation is the key to growth. In future, all laser and punching machines will be connected to the high-bay warehouse.*

/ FACTS

MACHINES

A COMPREHENSIVE PORTFOLIO OF PLANTS
The TRUMPF machines in the production hall in Lincoln, Nebraska include a variety of different technologies:

- *2D laser machines from the TruLaser Series 3000 and 5000*
- *Bending machines from the TruBend Series 5000 and 7000*
- *TruLaser Tube 7000 laser tube cutting machine*
- *TruLaser Center 7030 full-service laser machine*

a crucial aspect is to provide a great working atmosphere. He considers it a matter of course that he should know every employee personally: "When you also know the names of your employees' sons and daughters, that's when you know you're doing well," he reveals. TMCO also employs 75 refugees from fifteen different countries. "They're looking for the American dream – and we need to be in a position to make it come true," he continues. Indeed, his father emigrated to the USA from Germany at 13 years of age. TMCO arranges communal picnics with a BBQ, bounce houses, and water balloon battles, and organizes wellness activities like the TMCO Olympic Games, where the staff train and compete against themselves and their work colleagues to improve their performance in aerobic, strength, and flexibility exercises. During the coronavirus pandemic, Roland and TMCO President Anwar Rida are placing an even stronger focus on looking after their staff. "We take their temperature every day, and every Sunday our team leaders phone their teams to check that everyone's OK," comments Anwar, who has now been running TMCO since 2016.

FREEING UP TIME FOR MORE IMPORTANT TASKS

Alongside a good working atmosphere, Roland and Anwar also rely on automation in order to counter the projected shortage of specialist staff: "We won't meet our growth targets if we simply buy one new machine after the other. We also need to automate our processes – if only because there aren't enough good machine operators. This means we stay competitive and lets us help our customers faster," Anwar adds. He used to work on the machines at TMCO in the metal fabrication himself. Today, it's the site of an enormous automated high-bay warehouse, which will in future be connected to all laser and punching machines. Another prominent new addition is the TruLaser Center 7030 full-service laser machine. "I'd never have imagined that a laser machine would be able to remove the cut parts from the metal sheet," marvels Anwar. "Up until now, four to five employees have had to do this and sort the parts. Now, they have time for more important tasks."

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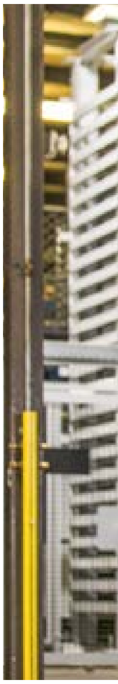
3 _ *Roland Temme (left) visits the company every day and tries to speak to as many employees as possible.*
4 _ *Anwar Rida (right) with an employee. Anwar has been managing TMCO since 2016.*

/ FACTS

PRODUCTS

AN ALL-ROUND TALENT
From works of art to furniture and signs, from construction and agricultural machinery to the energy sector: TMCO's diverse customer base comes from a wide range of industry sectors. The company offers them a range of different services related to metal processing.

- *Turning and milling*
- *Sheet metal and tube processing*
- *Powder coating*
- *Welding*
- *Prototype construction*



MORE THAN JUST CORN FIELDS
Anwar and Roland are convinced that machines like the TruLaser Center 7030 also serve to make TMCO more attractive as an employer. Anwar adds: "When we ask people what comes to mind when they think of Nebraska, they often say farms and corn fields. But there's a lot more than that here – for example new technologies, which improve the range of services we can provide to our customers and enable us to grow." Roland recalls how it all started: "Having state-of-the-art technology is a crucial factor in finding quality staff. Everyone prefers to work on a new machine – including me. When I founded the company in the 70s I worked from a small shack between the railway tracks – it was the cheapest real estate I could find. All my competitors around me had new machines. That spurred me on to find a way that would mean I, too, could buy these machines." He succeeded in 1989, when he was able to buy his first TRUMPF machine costing 312,434.04 US dollars.

A SMART FACTORY IN THE WINDY CITY
No employee will be able to work on a new machine if they have not received the proper training beforehand. Before TMCO puts a machine into operation, the employees have to complete a training course at TRUMPF's premises in Farmington, Connecticut. Roland clarifies the rationale for this: "Nobody should assume they'll be working on the same machine for the next 30 years. Otherwise there's a risk of falling behind our competitors." Recently, the TMCO team has been visiting TRUMPF's site in Chicago increasingly often to find out more about new machines and technologies. "It's a seven-hour drive along the Interstate 80 to reach the new Smart Factory," Roland adds – a relatively small distance by American standards. "TRUMPF made a good decision when they opted to open their Smart Factory in Chicago. We and many other companies in Nebraska are reaping the benefits of the new demo factory in the Windy City," sums up Anwar.

/ FACTS

COLLABORATION

A FRIENDLY PARTNERSHIP

Roland has been a TRUMPF customer since the late 1980s. Since then, he has invested in more than 30 machines. His company has grown in line with his machine fleet, and today TMCO employs just under 200 staff.

31

YEARS

6

5

5_ *The TruLaser Center 7030 has been located in the production department in Lincoln for a few months now. Before this, Roland and Anwar Rida saw the full-service laser machine live in action during a visit to the TRUMPF Smart Factory in Chicago.*

6_ *Roland with his daughter Diane Temme, who is Chief Administrative Officer at TMCO.*

"HAVING STATE-OF-THE-ART TECHNOLOGY IS A CRUCIAL FACTOR IN FINDING QUALITY STAFF. EVERYONE PREFERS TO WORK ON A NEW MACHINE."

NEW RECRUITS TO FOLLOW AFTER THE CORONAVIRUS PANDEMIC

Both Roland and Anwar hope that TMCO will make it through the crisis comparatively unscathed. "We don't want to let anyone go as a result of coronavirus, but we're also not taking on anyone new at the moment," says Anwar, explaining the company's strategy. He expects that, in the near term, the high unemployment rate in the USA will counteract the shortage of specialist staff. "When things pick up again in a few months' time, then we'll start inviting suitable candidates to interview. But they have to be the right fit for TMCO," cautions Roland. Working hand in hand with Anwar Rida and his children Diane and David, he aims to lead TMCO into a successful future. And it's unlikely that he'll be short of qualified staff to accompany him on his journey.

2

THE COMPANY

GROUP MANAGEMENT BOARD

Heinz-Jürgen Prokop
Christian Schmitz
Lars Grünert
Peter Leibinger
Nicola Leibinger-Kammüller
Mathias Kammüller

MESSAGE FROM THE MANAGEMENT BOARD

LADIES AND GENTLEMEN,

In fiscal year 2019/20, which ended on June 30, 2020, the TRUMPF Group recorded a decline in sales revenues of –7.8 percent compared to the previous fiscal year, moving from 3,784 million euros (2018/19) to 3,488 million euros. We still benefited from our high order backlog, meaning that sales revenues were 210 million euros higher than our order intake.

The economic downturn that had been noticeable since 2018/19 was further intensified by the effects of the coronavirus pandemic from March 2020 as a “crisis within a crisis”. This was particularly reflected in the further decline in the order intake, which fell to 3,278 million euros. This represents a drop of 10.9 percent compared with the fiscal year 2018/19 (3,681 million euros).

Our operating earnings before interest and taxes (EBIT) also declined to 309 million euros, down –11.5 percent on the fiscal year 2018/19 (349 million euros). However, thanks to the consistent implementation of our “Koyer” earnings improvement program, TRUMPF was able to significantly reduce the decline in the EBIT margin. Due to the reduction in investments and non-personnel costs as well as efficiency improvements in Purchasing, Production, and Service, we achieved a good overall return of 8.9 percent (previous year 9.2 percent), almost at the previous year’s level.

We have also responded to the macroeconomic consequences of coronavirus in spring 2020 by implementing further cost-cutting measures, such as taking annual leave and utilizing excess balances on working time accounts, the introduction of short-time working and an additional cutback in material costs and investments. As a result, we were also able to further cushion the decline in returns.

TRUMPF’s three largest individual markets worldwide were Germany with sales revenues of 612 million euros, followed by the US with 494 million euros and the Netherlands with 482 million euros, due to the growing EUV business with ASML. In fourth place was China with 348 million euros.

As part of our earnings improvement program, we also reduced investments by –32.6 percent to 194 million euros (previous year 288 million euros). Tangible assets accounted for 183 million euros.

We have further expanded our technological expertise through targeted acquisitions. Effective July 1, 2019, we took over Aixtooling through our subsidiary INGENERIC. On October 31, 2019, TRUMPF Photonics in the US acquired a 100 percent stake in Stellar Industries.

In December 2019, TRUMPF acquired a minority stake in French laser technology start-up GLOphotonics, and finally took over HBH Microwave in January 2020.

TRUMPF remained a research-intensive company even in the economically challenging months of fiscal 2019/20. As a result, research and development costs costs amounted to 377 million euros, compared with 396 million euros in the fiscal year 2018/19. However, in relation to the decline in sales revenues, the R&D ratio increased to 10.8 percent (previous year 10.5 percent).

At 14,325, the number of our employees worldwide remained virtually unchanged year on year (previous year 14,490). In Germany, there were 7,437 employees as of the reporting date of June 30, 2020, of which 4,353 worked at our headquarters in Ditzingen including Gerlingen. Due to the worsening economic situation, the recruitment of new employees was put on hold. Only in the EUV business segment, and in IT personnel increases were made. In the year under review, 513 young people completed a training course or co-op work-study program. The Group's training ratio now stands at 3.6 percent, compared with 3.4 percent last year.

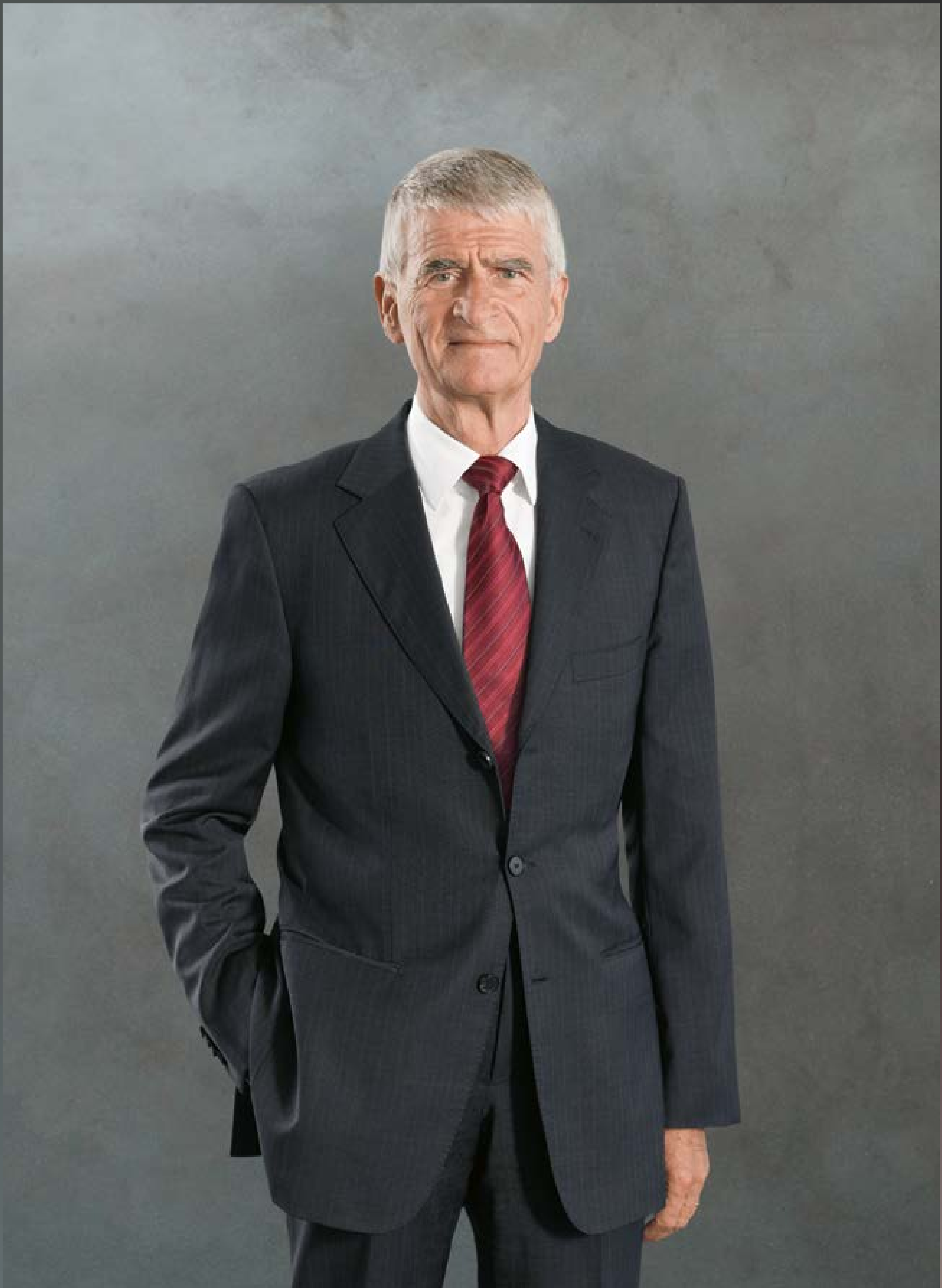
We were unable to realize our ambitious plans for the year under review. Although we identified the risks to further global economic development at an early stage, already mentioning these in the previous annual report 2018/19, the impact of the coronavirus pandemic was not foreseeable.

On behalf of the management board, I would like to thank all customers, business partners and employees of TRUMPF all the more for their commitment under difficult circumstances. And for their great loyalty. This is particularly true at a time of declining investments and reduced personal contacts as a result of short-time working, and the absence of trade fairs and face-to-face meetings, which will continue to make a decisive contribution to the success of our company in the future.

TRUMPF has started the fiscal year 2020/21 with optimized structures in the holding company and a continuation of our earnings improvement program. We are also making every effort to bring our innovations in products and services reliably to market despite the uncertain global economic situation.

Ditzingen, October 2020

DR. PHIL. NICOLA LEIBINGER-KAMMÜLLER
Chief Executive Officer (CEO)



SUPERVISORY BOARD REPORT

LADIES AND GENTLEMEN,

Fiscal 2019/2020 has been shaped by the coronavirus pandemic and a severely weakened economic environment. The timely and decisive actions of the Management Board meant that, despite a moderate decline in turnover and results, TRUMPF was able to generate positive economic value added for the company, and boost its net financial position. The strategy of growth through innovation, portfolio optimization, and investments in new businesses will also be continued against this backdrop.

The Supervisory Board exercised the monitoring and advisory responsibilities incumbent on it with due care and diligence, in accordance with statutory regulations, the articles of association, and the rules of procedure. Collaboration between the Supervisory Board and the Management Board was trusting, effective, and efficient. The Chairwoman of the Management Board reported regularly and promptly to the Chairman of the Supervisory Board about all events of significance. The Supervisory Board met three times during the fiscal year, during which its members discussed issues including the company's overall strategic development, operational excellence, the Sales Excellence and Services strategy, as well as China and the high-volume markets for lasers, along with compliance and auditing. Regular items on the agenda were business development, crisis management, budget monitoring, as well as important future fields such as EUV lithography, additive manufacturing, photonic components, digitalization, as well as investment, acquisition, and divestment plans.

During the fiscal year, the contracts of the Chairwoman of the Management Board Dr. Nicola Leibinger-Kammüller (from January 1, 2021) and of Dr. Lars Grünert (from January 1, 2020) were each extended by 5 years.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, reviewed the separate and consolidated annual financial statements, as well as the Group Management Report and issued an unqualified audit opinion in each case. Following presentation by the auditor and having completed their own audits of the separate annual financial statement, the proposed appropriation of earnings, the consolidated annual financial statement, and Group Management Report, the Supervisory Board accepted the financial statements provided by the Management Board with no objections.

The Supervisory Board wishes to thank the Management Board members and all employees worldwide for their hard work and constructive contributions to the company's success. We also wish to thank the members of the Works Council for their good cooperation.

Ditzingen, October 2020

DR. JÜRGEN HAMBRECHT
Chairman of the Supervisory Board

COMPANY INFORMATION

GROUP MANAGEMENT BOARD

Dr. phil. Nicola Leibinger-Kammüller
- President and Chairwoman of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Executive Officer: Responsible for the strategic development of the company, corporate communications, brand management, real estate management and sustainable business, legal affairs, M+A, internal risk management, and HR (Labour Director)
- Regional responsibility for China

Dr.-Ing. E. h. Peter Leibinger
- Vice Chairman of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Technology Officer: Responsible for research and development, sales and service, and establishing and developing new business fields

Dr.-Ing. Mathias Kammüller
- Member of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Digital Officer: Responsible for digital transformation, TRUMPF digital solutions, business information services, production, and quality and process management

Dr. rer. pol. Lars Grünert
- Member of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Financial Officer: Responsible for finance, financial services, venture capital and purchasing

Dr.-Ing. Heinz-Jürgen Prokop
- Member of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Executive Officer Machine Tools

Dr.-Ing. Christian Schmitz
- Member of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Executive Officer Laser Technology
- Regional responsibility for North America

PARTNERS

Family Leibinger
- 90.0 percent

Berthold Leibinger Stiftung GmbH*
- 10.0 percent

SUPERVISORY BOARD

Dr. rer. nat. Jürgen Hambrecht, *Neustadt a. d. Weinstraße*
- Chairman of the Supervisory Board of Berthold Leibinger GmbH

Renate Luksa,** *Vaihingen/Enz*
- Vice-Chairman of the Supervisory Board of Berthold Leibinger GmbH
- Senior Chairman of the Works Council of TRUMPF Werkzeugmaschinen GmbH + Co. KG, Ditzingen

Werner Bruker,** *Lauterbach*
- Chairman of the Works Council of TRUMPF Laser GmbH, Schramberg

Prof. Dr. rer. nat. Claudia Eckert, *Garching*
- Director of the Fraunhofer Institute for Applied and Integrated Security (AISEC), Garching

Dr.-Ing./U. Cal. Markus Flik, *Stuttgart*
- Management Consultant, Member of Supervisory and Advisory Boards

Stefan Fuchs, *Hirschberg*
- Chairman of the Board of Management of Fuchs Petrolub SE, Mannheim

Tatjana Funke,** *Stuttgart*
- Union Secretary of the IG Metall trade union Baden-Württemberg, Stuttgart

Prof. Dipl.-Ing./M. Arch. Regine Leibinger, *Berlin*
- Managing Director and Partner Barkow Leibinger Architekten, Berlin

Jan Lindemann,** *Freiburg*
- Plant Manager at TRUMPF Hüttinger GmbH + Co. KG, Freiburg

Rainer Neske, *Bad Soden*
- CEO of Landesbank Baden-Württemberg, Stuttgart

Martin Röll,** *Tübingen*
- Second Authorized Representative of IG Metall Stuttgart, Stuttgart

Harald Weihbrecht-Betz,** *Trochtelfingen*
- Group Leader Production Unit Machine Assembly, TRUMPF Werkzeugmaschinen GmbH + Co. KG, Hettingen

*Indirectly via Berthold Leibinger Beteiligungen GmbH
**Employee representative

CORPORATE RESPONSIBILITY

AERIAL PHOTOS OF CENTRAL PARK IN NEW YORK CITY AND THE TRUMPF HEADQUARTERS IN DITZINGEN. Coronavirus has once more demonstrated the interconnectedness and mutual dependence of a globalized world – also and especially when it comes to sustainability.

1


The “corporate responsibility” portion of each TRUMPF annual report traditionally provides information about a variety of company activities with respect to civil society, politics, matters of education, and culture. In light of the reduced scope of the annual report, this year we are focusing on the question of which climate action targets TRUMPF has set itself – and what progress we have made in this regard despite more difficult economic conditions as a result of the coronavirus crisis.

This annual report's editorial details the decisive features of these changing times: in addition to changes to markets and business models as well as digitalization, this period is characterized by the search for solutions that are suitable for industry and that enable us to largely break the links between growth and consumption of resources – and for solutions to reduce greenhouse gas emissions.

In doing so, we are not only looking at what others can do, but also at what specific actions we can take on our part. Sustainability has also always been a technological challenge for us when it comes to processes, products, and people. Whether it's how we design buildings to be as energy efficient as possible, how we improve our machines, or optimize purchasing – and also with respect to sustainability criteria.

WE AT TRUMPF ARE CONVINCED THAT DIGITALIZATION, IN THE END, ALSO HAS A ROLE TO PLAY IN CLIMATE PROTECTION.

We therefore try to consider the above-mentioned factors in an integrated manner. This is because just as localization within value chains that are interconnected across the globe has an impact on the consumption of energy and materials, it is possible to reduce work steps and errors in the process through the efficient use of data. We at TRUMPF are convinced that digitalization, in the end, also has a role to play in climate protection.

CLIMATE STRATEGY

COMPONENTS OF OUR CLIMATE STRATEGY

1. ENERGY EFFICIENCY
An energy efficiency strategy (production, infrastructure, vehicle fleet)

2. ENERGY SUPPLY
An energy supply strategy, in particular with regard to TRUMPF producing its own energy and long-term investment in renewable energies.

3. ALTERNATIVE TECHNOLOGIES
Testing of alternative technologies for heat production and in the vehicle fleet.

2

1 _ *Aerial photo of the headquarters in Ditzingen.*
2 _ *The TRUMPF Smart Factory in Chicago.*

TRUMPF'S CLIMATE ACTION TARGETS

CO_2 NEUTRAL BY 2020

Last year we announced that TRUMPF production was to be made CO_2 neutral globally in terms of overall carbon footprint by the end of 2020 – through the purchase of 100 % green electricity/corresponding certificates to offset the remaining emissions. We already achieved this goal at the start of the 2020/21 fiscal year.

The transition to green electricity was achieved by purchasing amounts of green electricity. In the EU this is generally achieved using guarantees of origin from the energy suppliers; in the USA and other countries this is achieved using "RECs" (Renewable Energy Certificates).

TRUMPF has specified quality criteria when it comes to purchasing the certificates, in order to ensure that the purchase actually has a positive effect on the development of the renewable energy market. For example, this may mean not purchasing electricity from plants that have already been supported.

In order to be upfront when explaining our climate neutrality, we must point out that, like other companies, we can only achieve this target through offsetting. This can be achieved conveniently by financing climate protection projects somewhere in the world. This financing equates to the amount of emissions that we produce as the result of combustion of fuels (in our vehicle fleet) or natural gas and heating oil (in order to generate heating energy).

TRUMPF has very high quality standards when purchasing offsetting certificates with a view to selecting reforestation projects, for example; we also make sure to continuously examine these projects.

COMPREHENSIVE CLIMATE STRATEGY UP TO 2030

Simply switching over our electricity demand to renewable sources would be a job half done if this step was not part of a comprehensive climate strategy up to 2030 which is focused on the Paris climate targets and the Science Based Targets initiative. We are currently working on ways to significantly reduce the emissions produced by our sites and vehicle fleet by 2030 in accordance with the 1.5° reduction target from the Science Based Targets initiative.

ENERGY CONSUMPTION*

Energy consumption at our sites makes up the majority of the greenhouse gas emissions that we directly cause. Since 2015, we have been analyzing energy consumption systematically, particularly at TRUMPF production sites.

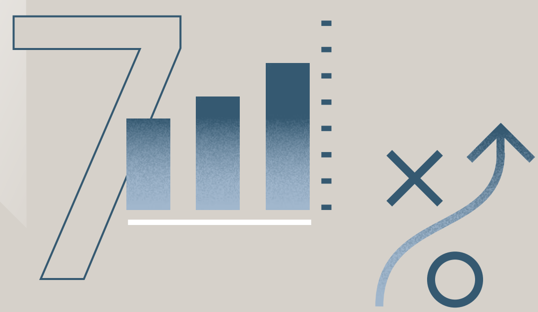
* Basis for the data: consumption at European production sites, 2018/19 fiscal year

REDUCING EMISSIONS

In the fiscal year 2019/20, we have expanded our activities when it comes to energy management into a climate action program. While we are still working on how we can do our bit in achieving the Paris climate agreement's 1.5° goal in the long term, we have already realized an intermediate goal for 2020: TRUMPF sites and vehicle fleets are climate neutral as of the 2019/20 fiscal year, at least in terms of overall carbon footprint.

FIGURES IN
PERCENT

ENERGY EFFICIENCY
Preventing resources being wasted has always been a top priority at TRUMPF. Energy efficiency is to remain one of the most important components of our climate action activities in the future. TRUMPF production sites are currently working on realizing our energy target by 2021: we are planning on implementing measures that amount to savings of 6,800 t of CO_2.



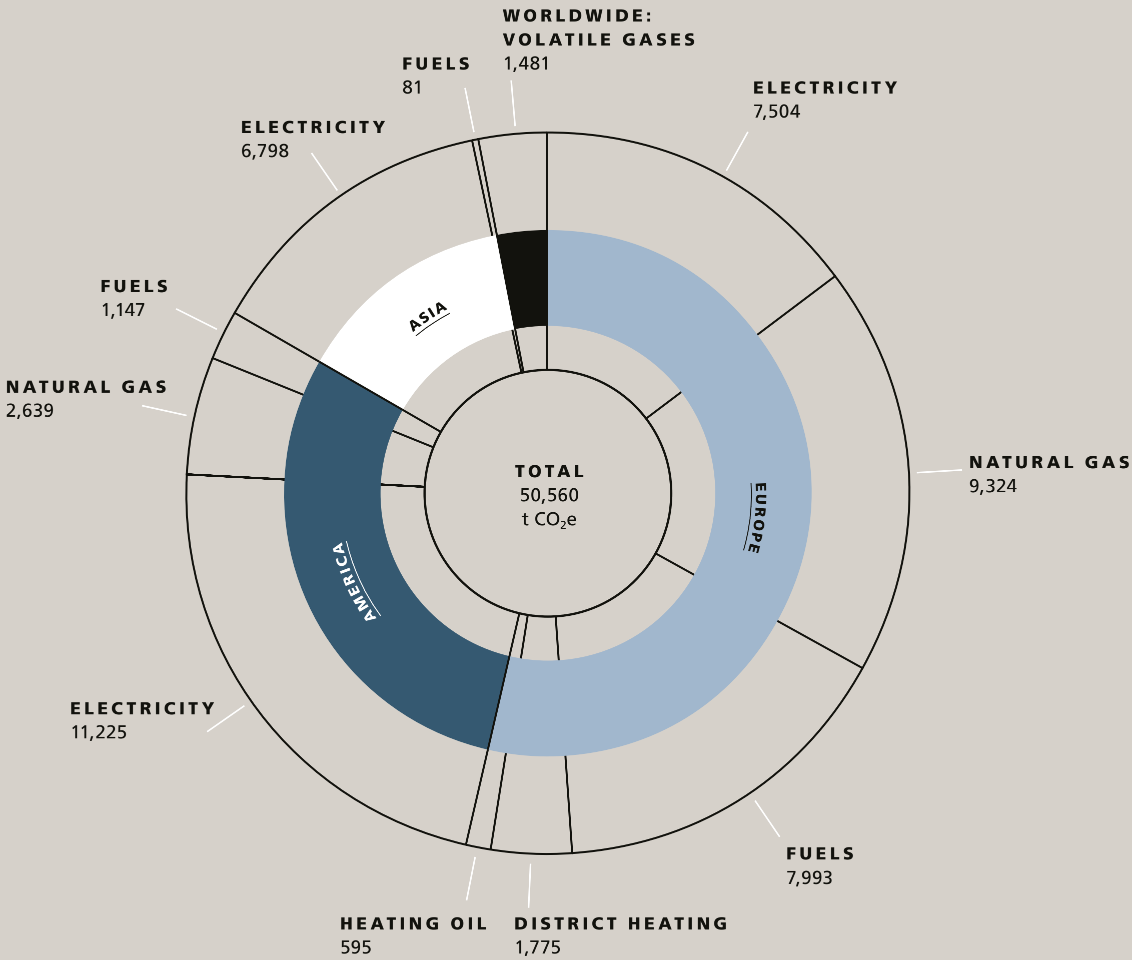
GREEN ELECTRICITY
While the sites in Germany, Austria, and Switzerland have been working using green electricity for quite a while now, all other sites in the TRUMPF Group are now following suit as of the 2019/20 fiscal year and we are purchasing 100 % green electricity for all TRUMPF sites. In the long term, we are increasingly investing in producing our own electricity from renewable sources.

OFFSETTING
We have been financing climate protection projects elsewhere in the world since the 2019/20 fiscal year in order to offset the emissions from the combustion of fossil fuels that we, as yet, have not been able to avoid. When selecting the projects, high quality standards and a balanced mix of technologies (forest conservation, renewable energies, and community projects) and regions are important.

SHORT-TERM SAVINGS TARGET BY 2021

We started with this approach back in 2018 and have set ourselves a short-term energy target: to save around 6,800 tons of CO_2 by 2021. To do so, we will invest a total of 6.4 million euros in improving energy efficiency and producing our own electricity, for example in the form of solar power systems. The decrease in business caused by coronavirus has meant that we had to delay some of the projects we had planned and we therefore estimate that we will need one year longer than expected to achieve this target. Despite this, we continue to support the approach we are taking and we are continually expanding it.

TRUMPF GROUP GREENHOUSE GAS EMISSIONS IN THE 2018/2019 FISCAL YEAR* (figures in t of CO_2e)



SCOPE 1: *Direct emissions*		**SCOPE 2:** *Indirect emissions*	
Generation of heating energy/process heat	**12,557**	*Electricity***	**25,527**
Vehicle fleet	**9,220**	*District heating*	**1,775**
Volatile gases	**1,481**		
TOTAL OF SCOPE 1	**23,259**	**TOTAL OF SCOPE 2**	**27,302**
TOTAL			**50,560**

** Includes all TRUMPF sites. There is no up-to-date data for very small sites; a projection has been made based on the site size (size <5 % of the total emissions).*

*** The emissions shown are based on the specific electricity contracts (market based). Calculated based on the national electricity mixes (location based), the scope 2 emissions from electricity purchasing are 74,462 t of CO_2e; the total emissions are 99,496 t of CO_2e.*

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

FOR FISCAL YEAR 2019/20

STRUCTURE AND BUSINESS ACTIVITIES

Our portfolio – Laser Technology and Machine Tools

Machine tools for flexible sheet metal and tube processing represent our largest area of activity. Our portfolio includes machines for bending, punching, and combined punch and laser processing, as well as for laser cutting and laser welding applications. Diverse automation solutions and a wide range of software for networked manufacturing solutions round off the portfolio.

Our product range in laser technology includes laser systems for cutting, welding and surface treatment of three-dimensional parts. We offer high-performance CO_2 lasers, disk and fiber lasers, diode lasers, ultrashort pulse lasers, and marking lasers and systems.

The Electronics business field is part of Laser Technology, and includes products with direct-current, high-frequency and medium-frequency generators for inductive material heating, surface coating, and processing using plasma technology, as well as for laser excitation.

3D printing systems for metallic components and medical implants also form part of our portfolio. As part of our additive manufacturing activities in this area, we use the two relevant technologies of laser metal fusion and laser metal deposition.

CO_2 lasers for EUV lithography constitute another business field, which involves using extreme ultraviolet radiation to produce even smaller, more efficient circuits and microchips.

In addition to the existing business with high-performance diode lasers, laser diodes from the Photonic Components business field are used in smartphones, digital data transmission, and sensors for autonomous driving.

Organizational structure

The holding company TRUMPF GmbH + Co. KG is the organizational umbrella under which the TRUMPF Group operates. Operational responsibility for the business divisions and business fields is divided among various Group executives.

The TRUMPF Group's operating business is organized in the two business divisions Machine Tools and Laser Technology. Within these business divisions, individual product and market segments are managed as separate business fields. This is the case, for example, with our Chinese machine tools brand JFY in the Machine Tools division, and with Electronics in the Laser Technology division.

The Machine Tools and Laser Technology business divisions are managed by a divisional management team. The CEOs of each division are supported by a management team whose members are responsible for different functions of the value chain: research and development, production, sales and service, and finance. The two CEOs are also members of the Group management board.

Alongside its two business divisions, TRUMPF manages its activities in the areas of Additive Manufacturing, EUV and Photonic Components, as well as Financial Services in separate business fields. These are led by separate management teams, each of which reports directly to a Group executive.

Global presence – close to our customers

The TRUMPF Group is present in all its major markets worldwide. We have 76 subsidiaries operating in Europe, the Americas, and the Asia-Pacific region. We have production facilities in Europe (Austria, Czech Republic, France, Germany, Italy, Poland, Switzerland, and United Kingdom), the Americas (Mexico and the US), and in the Asia-Pacific region (China).

Our headquarters are located in Ditzingen, Germany.

We support our customers with comprehensive services covering the entire life cycle of our products. We offer a full range of services – from financing, tools and spare parts, technical service, consulting and training through to functional extensions, process optimization, monitoring and analytical tools, and trade in pre-owned machinery.

FINANCIAL MANAGEMENT OF THE TRUMPF GROUP

Business divisions and business fields

In the previous fiscal year, the TRUMPF Group introduced division accounting, which reflects its division-oriented organizational structure from a business management perspective.

Division accounting means that all sales revenues and costs of the individual legal entities are now allocated to the business divisions and business fields bearing global management responsibility for these, regardless of the legal structure.

Functional management responsibility/Cost-of-sales method

The profit and loss statement in the cost-of-sales accounting method provides business support to the divisional management teams in exercising their functional management responsibility. Now, the cost of goods sold as well as the sales, research and development and general administrative costs are set clearly against the corresponding sales revenues in the profit and loss statement, making them more transparent and thus easier to manage.

Sustainable value growth

The overarching business objective of the TRUMPF Group is to continuously increase the value of the company by generating lasting positive value added.

Value added, the primary operational performance target of the TRUMPF Group, is defined as the operating result (EBIT – earnings before interest and tax) minus the cost of capital of the operationally invested capital.

The cost of capital is defined as the minimum rate of return on the average invested capital. The minimum rate of return (WACC – weighted average capital cost) of 9.5 percent (previous year 10.5 percent) is calculated before tax on the basis of a representative peer group of companies from the mechanical engineering, laser technology, and electronics sectors. The WACC is reviewed regularly. The review in the current fiscal year resulted in an adjustment of minus 1.0 percentage points, which is mainly due to changes in the interest rate level.

At TRUMPF, value added is broken down into three operational objectives:
(1) High growth
(2) Adequate profitability
(3) Efficient capital employed

in k€	2019/20	2018/19
(1) High growth		
Sales revenues	3,487,668	3,748,010
Reduction/growth compared to previous year	*–7.8 %*	*6.1 %*
(2) Adequate profitability		
+ Earnings before taxes	268,724	301,067
+ Financial and investment result	45,530	50,590
– Exchange rate gains and losses of net financial position[1]	–4,741	–4,680
+ Write-off of financial receivables	–	2,302
– Write-up of financial assets	–364	–
= EBIT	**309,149**	**349,279**
as a % of sales revenues	*8.9 %*	*9.2 %*
(3) Efficient capital employed		
+ Intangible assets	143,366	179,730
+ Tangible assets	1,340,294	1,297,152
+ Operating fixed assets	**1,483,660**	**1,476,882**
+ Trade receivables	673,345	796,782
+ Inventories	748,957	855,205
– Down payments received	–147,982	–160,501
– Trade payables	–217,583	–252,717
+ Working capital	**1,056,737**	**1,238,769**
= Invested capital (reporting date June 30)	**2,540,397**	**2,715,651**
as a % of sales revenues (of the previous 12 months)	*72.8 %*	*71.8 %*
= Invested capital (avergage[2])	**2,666,570**	**2,531,595**
as a % of sales revenues (average)	*76.5 %*	*66.9 %*
Value added		
+ Invested capital (average[2])	2,666,570	2,531,595
x WACC (before tax)	9.5 %	10.5 %
= Cost of capital	**253,324**	**265,817**
EBIT	309,149	349,279
– Cost of capital	–253,324	–265,817
= Value added	**55,825**	**83,462**

[1] Included in other operating income and other operating costs
[2] Average over the 12 months of the fiscal year

Financial independence

The TRUMPF Group is a family-run company. The family's aim is to manage TRUMPF in a way that is autonomous over the long-term and independent of external investors.

For this reason, the company plans to achieve its sustainably high growth objective on an organic basis as far as possible. The capital spending required for this will usually be financed by TRUMPF's operating cash flow, so that a positive free cash flow can be generated.

In turn, this positive free cash flow is used to strengthen the company's net financial position. A strong net financial position enables TRUMPF to finance even substantial individual investments, such as corporate acquisitions, from its own resources.

Likewise, maintaining a high equity ratio guarantees the company's economic independence. Economic equity, which includes long-term liabilities to partners, serves as an additional control parameter. The family that owns the TRUMPF Group sees these long-term liabilities as part of its long-term capital resources.

in k€		2019/20	2018/19
	Cash inflow from operating activities	545,053	415,818
–	Cash outflow from investing activities (operating)	–193,625	–301,356
=	**Free cash flow**	**351,428**	**114,462**
	Cash and cash equivalents, securities	790,459	640,276
+	Other financial receivables	8,217	870
+	Medium-term financial investments	101,232	90,184
–	Financial liabilities	–359,546	–365,619
=	**Net financial position**	**540,362**	**365,711**
	Equity	**2,061,413**	**2,023,130**
	as a % of balance sheet total	*52.8 %*	*51.4 %*
+	Long-term liabilities to partners (> 1 year)	253,751	187,423
=	**Economic equity**	**2,315,164**	**2,210,553**
	as a % of balance sheet total	*59.3 %*	*56.1 %*

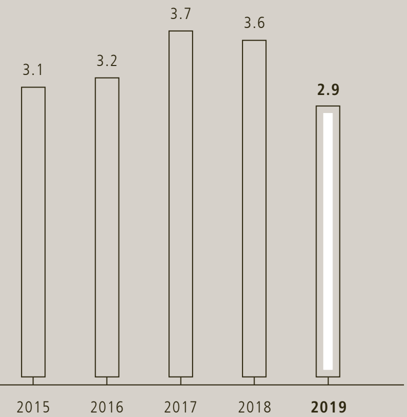
Graphic

01

CHANGE IN GDP WORLDWIDE

IN PERCENT

The main reasons for the lowest growth rate since the financial crisis in 2008–2009 were the major uncertainties arising from the ongoing trade conflict between China and the US and weaker growth in China, the US and the eurozone.



Source: International Monetary Fund

ECONOMIC REPORT

Economic environment

The economic data is characterized by weak development in the first half of the fiscal year and the coronavirus pandemic in the second half

Graphic 01

The slowdown in global economic development that was already noticeable in the last fiscal year continued in the current fiscal year, with the coronavirus pandemic significantly amplifying this effect in the first half of 2020.

The weak global economic development of the first half of 2019 stabilized at a low level during the second half of the year. According to figures from the International Monetary Fund (IMF), global growth for the full year 2019 amounted to +2.9 percent in price-adjusted terms. The IMF expects a decline of –4.9 percent for 2020. Growth in the advanced industrial nations fell sharply from +2.2 percent in 2018 to 1.7 percent in 2019. The main reasons for the lowest growth rate since the 2008-2009 financial crisis were major uncertainties arising from the ongoing trade conflict between China and the US, and weaker growth in China, the US and the eurozone. In the eurozone, GDP growth fell from +1.9 to +1.3 percent, with Germany seeing growth of only +0.6 percent in 2019, compared with +1.5 percent in the previous year. Declining exports and the associated drop in industrial production were the main reasons for this weaker growth, although private consumption continued to be a stabilizing factor. In 2019, growth also slowed down noticeably in major economic nations such as the US (+2.3 percent; previous year +2.9 percent) and China (+6.1 percent; previous year +6.7 percent). Japan was the only exception with an increase in growth (+0.7 percent; previous year +0.3 percent).

The coronavirus pandemic led to a slump in global economic output in the first six months of 2020, with the International Monetary Fund referring to the sharpest decline in global economic output since the Great Depression of 1929. While the IMF was still registering a global growth in gross domestic product of +3.3 percent in January 2020, this fell to –3.0 percent in April 2020 and then to –4.9 percent in June compared to the previous year. The effects of the pandemic are more noticeable in all regions than predicted in April 2020. Accordingly, the IMF is now expecting economic output in the eurozone to decline by –10.2 percent in 2020. According to these forecasts, Germany's GDP will shrink by –7.8 percent. Even major markets such as the US, China and Japan are set to record massive declines in economic output.

Clear economic downturn in machine tools production

According to the German Mechanical Engineering Industry Association (VDMA), the German mechanical and plant engineering sector was unable to match the previous two years of growth in 2019. As causes, the Association cites political upheavals, uncertain investors and the far-reaching structural change in the automotive industry as an important customer sector. Sales revenues of German companies fell by –2.8 percent in real terms, while the order intake fell by –7.0 percent.

The economic downturn was further exacerbated by the coronavirus pandemic in the first half of 2020. According to the VDMA, the order intake in the German mechanical engineering sector fell by –22.0 percent in real terms year-on-year between March and May 2020. Declines were recorded in both domestic and foreign orders.

Laser technology market declining

According to a study by Optech Consulting, the global market for laser systems for material processing declined by –5.4 percent in 2019 (previous year rise of +12.0 percent).

The global market for laser beam sources for material processing declined by –13.0 percent (previous year rise of +12.0 percent).

China continues to account for around 30 percent of the global market for laser systems for material processing, followed by the other Asian countries, Europe, and the American continent.

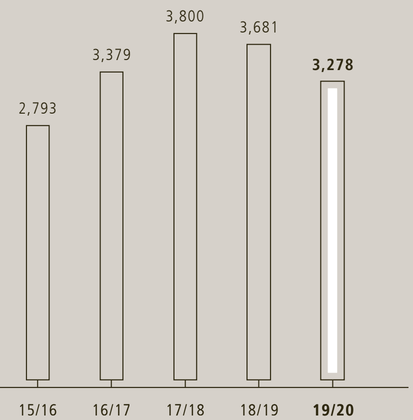
The coronavirus pandemic also had a negative impact on the development of the laser market in early 2020. Around the world, the order intake for laser systems for material processing and laser beam sources fell sharply in the first three months (by around –35 percent).

Graphic
02

ORDER INTAKE
IN MILLION EUROS

The solid order intake from 2019 came under massive pressure in the first half of 2020 due to the global impact of the coronavirus pandemic.

Order intake trend:
–10.9 %



BUSINESS DEVELOPMENT

Fiscal year marked by weak global economy and the coronavirus pandemic

Graphic **02**

In the year under review, TRUMPF was unable to match the level of order intake in previous years. While the order intake stabilized in the second half of 2019 at the low level of the first half of 2019, it came under massive pressure in the first half of 2020 due to the global impact of the coronavirus pandemic. As a result, there was a sharp drop in orders, particularly in the last quarter of the fiscal year. For the entire fiscal year, the TRUMPF Group's order intake of €3,278 million was 10.9 percent below the previous year's figure of €3,681 million.

Graphic **03**

Sales revenues were also down in fiscal year 2019/20 due to the weakening of the order intake. However, we were still able to benefit from our high order backlog in the year under review, meaning that sales revenues fell less sharply than the order intake. Overall, sales revenues fell by 7.8 percent to €3,488 million (previous year €3,784 million), remaining well below target. As a result, our book-to-bill ratio was virtually unchanged compared with the previous year (0.97) and stood at 0.94.

At €309 million, operating earnings before interest and tax (EBIT) are still at a good level, but due to the weaker sales performance they fell by 11.5 percent compared with the previous year (€349 million). As a result, the EBIT margin also fell again, albeit only slightly. By continuing the "Koyer" earnings improvement program launched in the previous financial year, which included savings in personnel and non-personnel costs, we achieved a good EBIT margin of 8.9 percent (previous year 9.2 percent). In spring 2020, we responded to the economic impact of the coronavirus pandemic by implementing additional cost-saving measures, such as an additional cutback in non-personnel costs and investments, the reduction of vacation days and working time accounts, and the introduction of short-time working, thus further limiting the decline in returns.

At 14,325, the number of our employees worldwide remained almost unchanged year on year (previous year 14,490). Due to the worsening economic situation, the recruitment of new employees was put on hold. Personnel increases were only made in the EUV business field and in IT.

Graphic

03

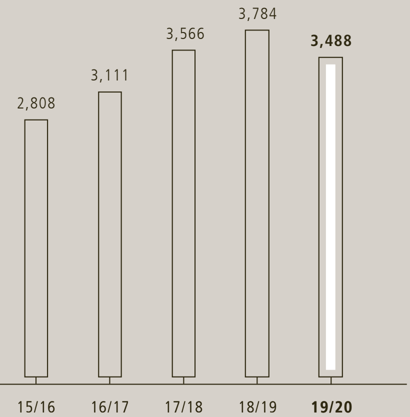
SALES REVENUES

IN MILLION EUROS

We benefited from a high order backlog, resulting in sales revenues falling less sharply than the order intake.

Decrease in sales revenues:

–7.8 %



We were therefore unable to achieve our sales revenues and EBIT targets for the year under review. Although we identified and mentioned the risks to further global economic development in the previous annual report, the effects of the coronavirus pandemic were not foreseeable and had a significant negative impact on the business result.

Order intake declines again due to economic situation – coronavirus pandemic amplifies declining effect

At €3,278 million, order intake was 10.9 percent down on the previous year (€3,681 million). Both business divisions, Machine Tools (€1,937 million) and Laser Technology (€1,165 million), were unable to match their previous year's figures. By contrast, the EUV business field stood out with a positive contribution to the Group (€459 million).

The order backlog at the end of the year under review was €1,006 million (previous year €1,215 million).

Sales performance of Machine Tools and Laser Technology significantly down

Due to the weakening order intake year-on-year, we were unable to continue the growth in sales revenues of previous years. Sales revenues suffered a significant decrease of –7.8 percent from €3,784 million to €3,488 million. We still benefited from our high order backlog in the current fiscal year, with the result that sales revenues were €210 million higher than order intake.

Sales revenues in our Machine Tools division fell significantly by –11.3 percent to €2,122 million (previous year €2,391 million). We recorded declines in all markets worldwide as a result of the economic situation, with particularly sharp sales revenue drops in Europe and the US.

At €1,197 million (–13.1 percent down on the previous year's €1,377 million), the Laser Technology division fell significantly short of the previous year's sales level. In addition to the structural change in the automotive industry and the resulting reluctance to invest, this is due to the declining market trends in Europe and China. Sales revenues in North America declined slightly, while a slight increase was recorded in the rest of Asia.

From a business field perspective, our EUV business stands out positively. We increased sales revenues in this area from €388 million in the previous year to €460 million in the current fiscal year (up +18.6 percent). This means that EUV once again accounted for a significant share of Group sales this fiscal year.

Significant supply relationships exist between the business divisions and business fields. Consolidated sales revenues of the TRUMPF Group do not include inter-divisional sales revenues.

Sales revenues in Europe, the Americas, and China show weak development

In Germany, our largest single market, we were unable to match the high level of sales in previous fiscal years. Sales revenues fell significantly by –15.1 percent to €612 million (previous year €721 million).

Markets in the rest of Europe performed in widely differing ways. As in the previous year, the EUV business with our customer ASML in the Netherlands was a major growth driver. By contrast, sales revenues in the other major European markets declined: in France by –0.9 percent, Italy by –15.8 percent, Spain by –20.7 percent, and by –26.4 percent in the Czech Republic. Overall, sales revenues in Europe excluding Germany fell by –5.9 percent to €1,399 million (previous year €1,487 million).

Following the growth of previous years, the Americas also performed less well, with sales revenues in the year under review declining by –6.1 percent. In our second largest single market, the US, we recorded a decline of –9.7 percent to €494 million (previous year €547 million). Canada, on the other hand, developed very positively after a weak previous fiscal year, increasing sales revenues from €62 million to €79 million year on year. Sales were also down in South America with a decline of –8.0 percent; this was due in particular to a poor business performance in Brazil.

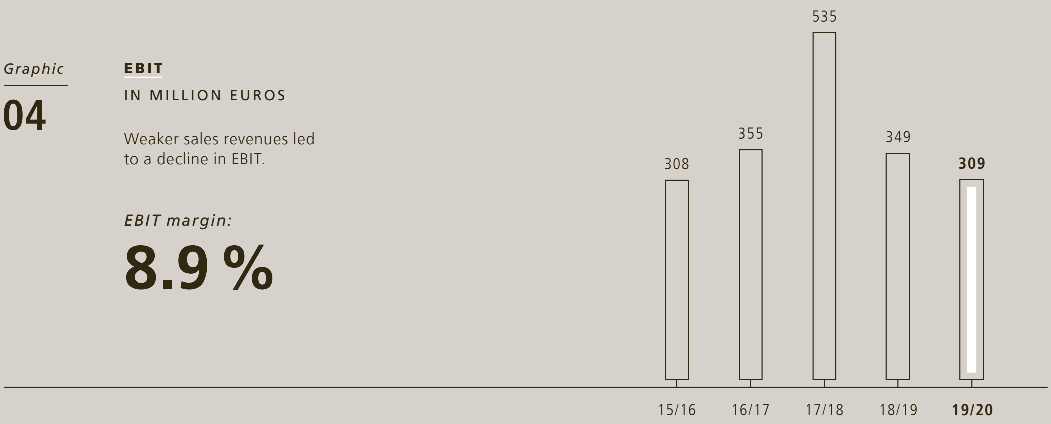
With few exceptions, the Asian markets experienced a downward trend. Overall, our sales revenues in the Asia-Pacific region fell by –6.4 percent to €798 million (previous year €853 million). Sales revenues in our largest Asian market, China, once again fell sharply by –16.0 percent to €348 million (previous year €415 million). Japan recorded a significant decline following growth

Graphic
04

EBIT
IN MILLION EUROS

Weaker sales revenues led to a decline in EBIT.

EBIT margin:
8.9 %



in the previous year (€148 million, down –14.4 percent). After a weak previous year, South Korea (€134 million, up +14.1 percent) returned to significant growth, while business in Taiwan (€29 million, up +69.9 percent) and Turkey (€19 million, up +36.4 percent) performed equally positively.

Little change in overall distribution of revenue

Germany's share of total sales revenues decreased to 17.5 percent (previous year 19.1 percent). Europe (excluding Germany) accounted for 40.1 percent of our sales (previous year 39.3 percent). The portion attributable to the American markets rose slightly to 19.0 percent (previous year 18.7 percent). Despite the negative sales trend in China, Asia's share also increased slightly year on year (from 22.6 percent to 22.9 percent).

Results of operations, net assets and financial position

Further decline in earnings compared to previous year

Graphic **04**

At €309 million, operating earnings before interest and tax were €40 million below the previous year (€349 million). The –11.5 percent decline in EBIT is mainly due to lower sales revenues. Cost reductions from the continuation of the "Koyer" earnings improvement program and further cost reductions in response to the coronavirus pandemic significantly slowed the decline in returns, enabling us to achieve a good overall EBIT margin of 8.9 percent (previous year 9.2 percent).

The cost of goods sold includes all expenses attributable to products or services sold in the fiscal year as well as any remaining costs of the Purchasing, Production, and Service operating areas that are not allocable to products or services. The cost of goods sold fell from €2,296 million to €2,125 million (down –7.4 percent) due to the decline in sales revenues compared with the previous year. The cost of sales ratio increased slightly year-on-year from 60.7 percent to 60.9 percent. Increased costs due to underutilization of production plants and falling market prices, particularly in the Laser Technology division, were almost completely offset by cost savings in the areas of Purchasing, Production and Service. Gross profit fell from €1,488 million to €1,362 million.

Sales costs include all personnel costs allocated to the Sales division, other operating costs (mainly travel and marketing costs), as well as depreciation and material costs for our showrooms. Freight and packaging costs are also included under this item to the extent that they can be allocated to transport from the production plant to the customer. The decline of –10.2 percent to €477 million is partly due to lower commission costs as a result of lower sales. In addition, cost-cutting measures led both to reduced personnel costs and to lower personnel-related overhead costs. We have also reduced trade fair and marketing costs. The sales costs to sales ratio fell to 13.7 percent in the fiscal year 2019/20 (previous year 14.0 percent).

Research and development costs comprise all amounts spent on basic research or new developments and not related to current production. These include in particular personnel, non-personnel, and material costs. In fiscal 2019/20, research and development costs fell by –4.6 percent to €377 million (previous year €396 million). The main reasons for the decrease in costs were savings measures in personnel costs, consumption of materials, and non-personnel costs. This was offset by higher depreciation for test machines and prototypes. The research and development ratio rose to 10.8 percent (previous year 10.5 percent) due to the disproportionately low decline in costs compared to sales revenues. It therefore remains at a very high level.

General administrative costs include in particular personnel costs, depreciation and amortization and other non-personnel costs relating to management, IT, human resources, infrastructure, and finance. At €178 million, these costs were well below the previous year (€209 million). This positive development is also due to the cost-cutting measures relating to personnel costs and non-personnel costs. Only depreciation was slightly higher than in the previous year. The administrative cost ratio fell by –0.4 percentage points year-on-year to 5.1 percent.

Other operating income (€139 million, previous year €145 million) and other operating costs (€155 million, previous year €146 million) mainly comprised contrary exchange rate gains and losses resulting from operating and financing transactions and the hedging of these transactions. In total, other operating income and costs fell significantly from €–1 million in the previous year to €–16 million. The reason for the decline is the absence of exceptional income from the previous year (in fiscal 2018/19, income of €9 million was generated from the sale of a property in China). In addition, the balance of exchange rate gains and losses – a net gain of €+0.4 million – was

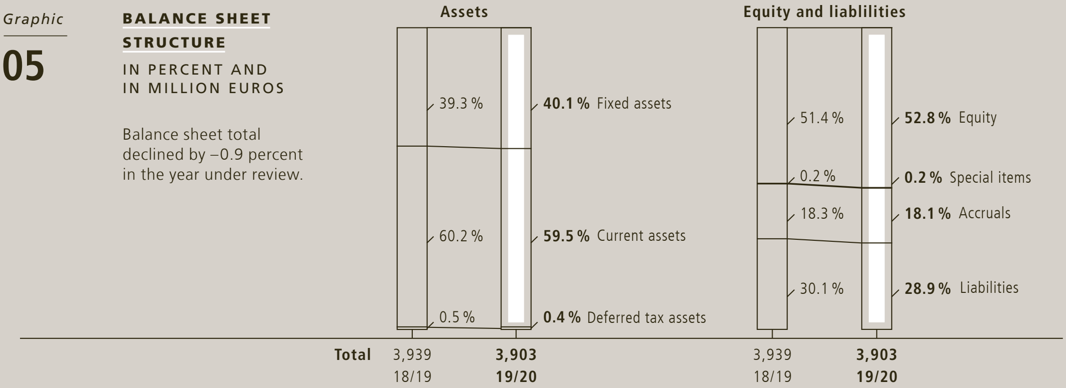
Graphic

05

BALANCE SHEET STRUCTURE

IN PERCENT AND IN MILLION EUROS

Balance sheet total declined by –0.9 percent in the year under review.



down on the previous year (net gain of €6 million). Furthermore, the amortization of goodwill and intangible assets recognized in connection with corporate acquisitions increased from €–28 million in the previous year to €–33 million in the 2019/20 fiscal year.

At €–46 million, the financial and investment result was €5 million better than in the previous year (€–51 million). Discounting of long-term accruals accounted for €–37 million of this (previous year €–39 million). The improved financial result was mainly due to the absence of non-recurring effects from the previous year. In fiscal year 2018/19, a participation in a non-consolidated company was depreciated in the amount of €–6 million.

Taxes on income amounted to €–70 million in the fiscal year 2019/20 (previous year €–85 million).

Net assets and financial position: Increase in equity and reduction in working capital

Graphic 05

The balance sheet total in the year under review fell by –0.9 percent to €3,903 million (previous year €3,939 million).

Fixed assets rose to €1,565 million (previous year €1,547 million) – an increase of 1.2 percent. The increase was largely due to investments in land and buildings and technical equipment and machines. This was offset by the high amortization of goodwill and hidden reserves which resulted in a reduction in intangible assets.

Current assets including prepaid expenses and deferred tax assets fell by –2.3 percent to €2,338 million (previous year €2,392 million). Inventories (before down payments received) fell by –12.4 percent to €749 million (previous year €855 million) due to the lower production output. Due to the sharper decline in inventories compared with sales revenues, days inventories outstanding (DIO) fell from 81 to 77 days. Down payments received fell by –7.8 percent to €148 million (previous year €161 million). Days payments received (DPR) remained constant at –15 days.

Trade receivables fell significantly by –15.5 percent to €673 million (previous year €797 million). This is mainly due to the initiatives undertaken as part of the working capital program. Due to the disproportionate decrease in receivables compared with the decline in sales revenues, days sales outstanding (DSO) decreased by 6 days to 70 days (previous year 76 days).

Trade payables decreased by –13.9 percent to €218 million (previous year €253 million), causing days payables outstanding (DPO) to fall from –24 to –22 days. This is due in particular to the lower purchasing volume.

Working capital – the sum of inventories and trade receivables less down payments received and trade payables – contracted by –14.7 percent to €1,057 million (previous year €1,239 million). Due to the disproportionate reduction in working capital compared to the decline in sales revenues, the working capital ratio as a percentage of sales revenues fell from 32.7 percent to 30.3 percent. Our significantly intensified management of working capital in the past fiscal year also contributed to this.

As in the previous year (€83 million), we again generated positive value added, posting €56 million in the year under review. Value added is defined as the operating result (EBIT – earnings before interest and tax) minus the cost of capital of the operationally invested capital.

Cash and cash equivalents rose by +25.5 percent to €741 million (previous year €590 million). At €+545 million, cash inflows from operating activities were significantly higher than in the previous year (€+416 million), with the year-on-year reduction in working capital having a particularly positive effect here. As a result of the cuts in the investment budget, cash outflows from operations-related investing activities were significantly lower than in the previous year at €–194 million (previous year €–301 million). Free cash flow thus increased to €+351 million (previous year €+115 million).

Cash outflows from other investing activities came to €–35 million (previous year €–237 million). This decrease is due to significantly lower payments for acquisitions compared to the previous year. The previous year's high amount was mainly due to payments for the acquisition of the Photonics business and for the remaining shares in our Chinese subsidiary Jiangsu Jinfangyuan

CNC Machine Co. Ltd. (JFY). This item also includes investments in medium-term financial assets with a remaining term of more than three months, which are reported under other assets. As a result of the increase in cash and cash equivalents, medium-term financial assets increased again in the year under review, although at €–11 million the increase was lower than in the previous year (€–34 million).

Cash outflows from financing activities amounted to €–171 million (previous year cash inflow of €+140 million). There was no significant net borrowing in the fiscal year 2019/20, whereas cash inflows in the previous year included the placement of a promissory note of €+250 million.

The sum of all cash-relevant changes in cash in hand therefore amounted to €146 million (previous year €17 million).

The net financial position – the sum total of cash and cash equivalents, securities in current assets, financial receivables, and medium-term financial assets included under other assets less financial liabilities – rose by +48.1 percent to €540 million (previous year €366 million), mainly as a result of incoming payments from the reduction in receivables.

Equity increased by +1.9 percent to €2,061 million in the year under review (previous year €2,023 million), causing the equity ratio to rise to 52.8 percent (previous year 51.4 percent). Economic equity, which includes long-term liabilities to partners, rose by +4.7 percent to €2,315 million (previous year €2,211 million), and the economic equity ratio increased from 56.1 percent to 59.3 percent.

Accruals fell by –1.9 percent to €708 million (previous year €722 million). This is primarily due to the reduction in personnel and tax accruals, and is countered by an increase in accruals for pensions and similar obligations, which mainly resulted from the change in interest rates compared with the previous year.

Liabilities fell by a total of –4.7 percent to €1,045 million (previous year €1,097 million). The decrease is mainly related to trade payables (€–35 million) and other liabilities (€–16 million).

Graphic

06

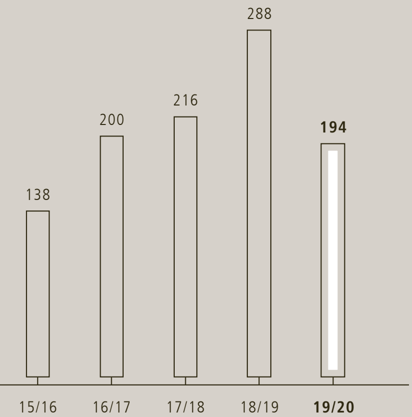
INVESTMENTS

IN MILLION EUROS

88.1 percent of our total investments were made in Germany. The main focus was on buildings at our headquarters. The Americas accounted for 5.8 percent of total investments, Asia for 5.3 percent.

Decrease in investments:

–32.6 %



Liabilities to partners rose only slightly by +1.4 percent – from €360 million to €365 million, and thus remained at the previous year’s level.

Investments and acquisitions

Investment focus on building at headquarters

Graphic 06

Following a sharp increase in the previous year, we also reduced investments by –32.6 percent to €194 million (previous year €288 million) as part of our “Koyer” earnings improvement program. Tangible assets accounted for €183 million (excluding internally used self-produced machines in the amount of €66 million) and intangible assets for €11 million.

Land and structural extensions accounted for 28.3 percent of the total investment amount mentioned above. 8.1 percent was invested in technical equipment and machines and 19.5 percent in factory and office equipment. 88.1 percent of our expenditure was in Germany. Construction investments, almost exclusively at the company’s headquarters in Ditzingen, accounted for around one quarter of this amount and represented the continuation of construction projects already started in the previous year.

0.8 percent of our investments were made in the rest of Europe. The Americas accounted for 5.8 percent of investments and Asia for 5.3 percent.

The ratio of investments to fixed assets was 5.6 percent (previous year 7.6 percent). Investments in tangible and intangible assets of €194 million in the year under review were at the same level as depreciation and amortization, which totaled €198 million (previous year €187 million).

Acquisitions

We also aim to further expand our technological expertise through targeted acquisitions.

Effective July 1, 2019, we acquired Aixtooling, a tool manufacturer for precision optics, through our subsidiary INGENERIC. These optics are used, for example, in laser and medical technology and in components for autonomous driving. Aixtooling was merged with INGENERIC over the course of the fiscal year.

Graphic

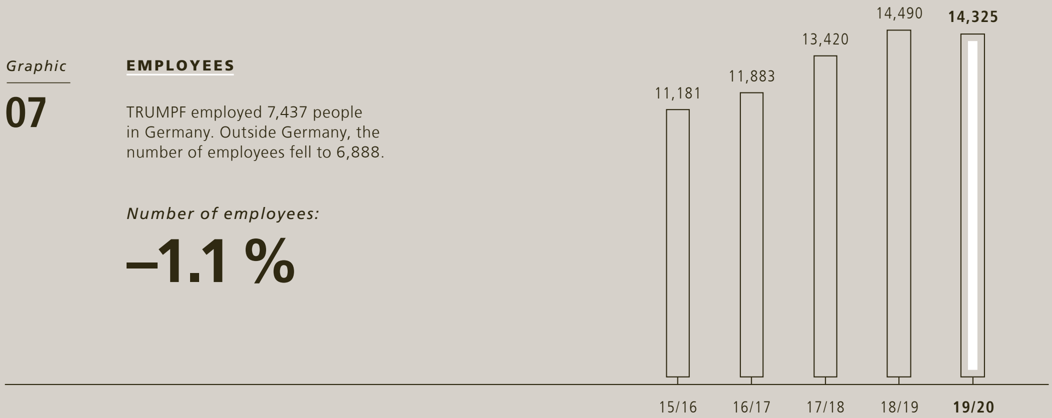
07

EMPLOYEES

TRUMPF employed 7,437 people in Germany. Outside Germany, the number of employees fell to 6,888.

Number of employees:

–1.1 %



Effective October 31, 2019, TRUMPF Photonic in the US acquired 100 percent of Stellar Industries, a manufacturer of metallized ceramics that are used, among other things, for the production of diode lasers.

In December 2019, TRUMPF acquired a minority share in the French laser technology start-up GLOphotonics. The Limoges-based company develops and produces a special optical fiber to guide laser light in material processing from the laser beam source to the workpiece faster, easier and without any loss of power.

In January 2020 we took over HBH Microwave based in Stutensee, thereby expanding TRUMPF Hüttinger's technology portfolio to include semiconductor-based solid-state microwave generators. These are used in industrial applications such as plasma generation and industrial heating, and in communication and radar technologies. Particle accelerators in research, medicine and industry also represent an important future-oriented target market.

Employees

Number of employees worldwide remain virtually unchanged

Graphic **07**

The number of employees working for TRUMPF worldwide has remained virtually unchanged in view of the cost-cutting measures taken. As of June 30, 2020, we employed 14,325 people (previous year 14,490).

In Germany, TRUMPF had 7,437 employees as of the balance sheet date – a +0.1 percent increase on the previous year (7,427). The increase in employees was primarily to strengthen our EUV business field and business IT.

Outside Germany, the number of employees fell by –2.5 percent to 6,888 (previous year 7,063).

The training of young skilled workers, engineers, business administrators and IT specialists is very important to us. In the year under review, 513 young people completed a training course or co-op work-study program, resulting in a training ratio of 3.6 percent for the company (previous year 3.4 percent).

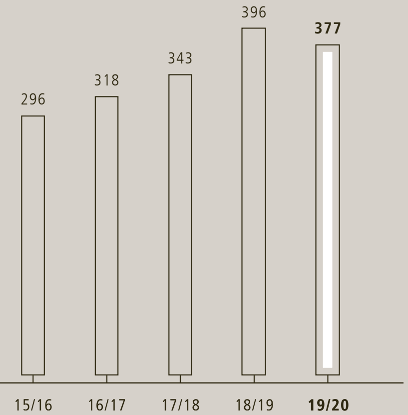
Graphic
08

RESEARCH AND DEVELOPMENT
IN MILLION EUROS

Our R&D ratio in relation to sales revenues is at a very high level of 10.8 percent.

Decrease in research and development:

–4.6 %



RESEARCH AND DEVELOPMENT

High R&D ratio

Graphic **08**

We reduced research and development costs in fiscal year 2019/20 in line with the “Koyer” earnings improvement program and the additional cost reductions resulting from the coronavirus pandemic. As a result of various cost-cutting measures in respect of personnel costs, material consumption and other non-personnel costs, expenditure in this area fell by –4.6 percent to €377 million (previous year €396 million). In relation to sales revenues, the R&D ratio increased to 10.8 percent (previous year 10.5 percent) and thus remains at a very high level.

Graphic **09**

The number of employees working on new products for TRUMPF fell by –0.2 percent to 2,201 people (previous year 2,206). By conducting intensive technology scouting, TRUMPF wishes to evaluate trends in the technology areas relevant to us at an early stage and then initiate appropriate measures. These measures include building up new skills, launching partnerships with start-ups, and assessing non-organic growth options using a strategically oriented pre-M&A process. The aim is to develop new business opportunities and/or expand existing business fields.

Venture capital projects can be an alternative to forging partnerships with start-ups. Accordingly, TRUMPF Venture invested in Swiss start-up Resistell in December 2019, among others. The start-up is working on microbiological diagnostics with the aid of light sensors.

TRUMPF has also created an innovation scheme called “Internehmertum”, which encourages employees to propose their ideas and progress them through various stages within the company to a start-up. In the year under review, TRUMPF acquired a participation in Peers – a spin-off from the Internehmertum scheme. The start-up has developed a digital platform that can be used to teach advanced training solutions.

Graphic

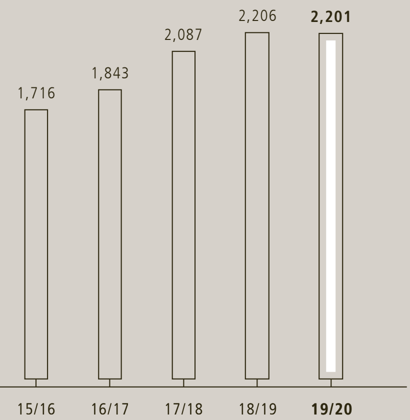
09

EMPLOYEES IN RESEARCH AND DEVELOPMENT

On the reporting date, 2,201 employees in the TRUMPF Group were working on the products and ideas of tomorrow.

Decrease in research and development employees:

–0.2 %



OPPORTUNITIES AND RISKS

Risk management

As a globally active high-tech company, TRUMPF is exposed to a variety of risks, which is why we have a differentiated risk management system. Through a central risk manager, we regularly identify and evaluate risks in all areas throughout the Group and determine the relationships between these risks. The results are regularly presented to management.

The Group's Management Board and its heads of business divisions and central corporate departments are given monthly updates on the company's results of operations, net assets and financial position.

The order intake, an important key figure, is reported on a daily basis. The key financial figures and analyses of these figures by the Controlling department provide the basis on which management can identify and evaluate potential risks and decide on appropriate countermeasures.

Our corporate planning process includes an analysis of alternative scenarios for possible trends within the TRUMPF Group and their potential risks. An interest and currency committee, which meets monthly, manages and controls cash flow, currency and interest rate risks at Group level. In addition, market and competition analyses enhance risk transparency. Our "Koyer" earnings improvement program and the additional measures resulting from the coronavirus pandemic enabled us to respond appropriately to the current economic downturn at an early stage.

Market opportunities and risks

The outlook for the global economy deteriorated significantly in the course of the fiscal year, primarily due to the massive economic impact of the coronavirus pandemic. The International Monetary Fund expects global growth to decline by –4.9 percent in 2020 rather than growing by over 3.0 percent as originally forecast. In 2021, the IMF expects global growth to return to +5.4 percent – which would bring global GDP just back to the level of 2019.

The IMF expects growth in the industrialized countries to recover slightly in the second half of 2020, with significant growth of +4.8 percent in 2021. However, this means that the level of GDP in the industrialized countries will remain around –4 percent below that of 2019.

For emerging and developing countries, the IMF expects negative growth for all regions for the first time due to the effects of the coronavirus pandemic. However, there are considerable differences between the individual economies, which are characterized by the containment of the pandemic and dependence on heavily affected sectors, such as tourism. While slight growth is expected again for China and India in 2020, the IMF expects the economies of Brazil, Mexico, Russia and South Africa to continue contracting sharply in the second half of the year.

Opportunities offered by the end-to-end digitalization of the process chain
TRUMPF offers its customers a product portfolio for digitally connected production. Its modular solutions enable both vertical and horizontal networking of production processes right through to smart factory options, i.e. end-to-end digital connectivity in production. We provide our customers with comprehensive advice on the introduction of digitally networked processes, and frequently find that indirect processes in particular offer huge potential for improvement. We are also systematically digitalizing our own value chain. In doing so, we are taking a cross-departmental approach with the aim of ensuring that the optimization measures have an impact on the entire order-to-cash process.

Opportunities from continued growth in demand for EUV lithography
Microchip manufacturers are expanding their production facilities to include EUV lithography systems. High-performance laser amplifiers from TRUMPF are used in the production of microchips with EUV lithography. These laser amplifiers are used to generate a luminescent plasma that delivers the extreme ultraviolet radiation needed to expose the wafers. We assume that there will be a sustained increase in demand for these systems.

Opportunities in the additive manufacturing market
The market for additive manufacturing processes has only grown slowly in the last two years, however we remain fundamentally convinced that additive manufacturing is a pioneering process with which TRUMPF can achieve considerable business success. Many industries, such as

aircraft construction, the automotive industry, medical technology or tool and die making, use TruPrint machines. TRUMPF offers both of the relevant processes for industrial metal 3D printing: laser metal fusion and laser metal deposition.

Opportunities from our sales financing solutions

TRUMPF offers its customers in around 30 countries access to investment financing in the form of credit and leasing offers. In addition to financing TRUMPF products, we can also finance machines from other manufacturers, commercial real estate, or vehicle fleets.

Financial opportunities and risks

The TRUMPF Group regularly safeguards its liquidity through medium to long-term measures. We have once again increased our liquidity reserves compared with the previous year. Cash and cash equivalents are mainly invested in the money market on a short-term basis. When investing our liquidity reserves, we ensure that the risk is diversified by spreading the investments across several financial institutions and instruments. As a result, we have currently succeeded in largely avoiding a negative interest rate. We only consider banks with a good credit rating.

At the end of February 2020, we successfully concluded a €500 million syndicated credit line with seven partner banks. This replaced an existing €300 million credit agreement which would otherwise have run until 2022 from 2015 ahead of schedule and at even more attractive conditions. The new credit facility has a term of five years and can be extended twice, each time for one year. The credit line, like the previous one, serves as a committed liquidity reserve.

Our liquidity reporting system enables us to check the liquidity of all our subsidiaries on a daily basis. This was primarily used as part of the measures for the coronavirus pandemic, with daily reporting ensuring a transparent overview of the TRUMPF Group's liquidity situation and safeguarding liquidity during the crisis.

Exchange rate and interest rate risks represent additional financial risks for us.

As the eurozone represents our main sales market with a 45.6 percent share of sales revenues, and as we are partly able to offset foreign currency payments thanks to our international production network and global purchasing, we consider our exchange rate risk to be limited.

At TRUMPF, derivative financial instruments are not used for speculative purposes, but solely to hedge underlying transactions. The risk of fluctuations in the market prices of forward exchange transactions is offset by the opposite trend in the market value of the underlying transactions. Hedging takes place within the Group, i.e. with the companies of the TRUMPF Group, to cover foreign currency risks from posted, pending, and anticipated underlying transactions. TRUMPF also enters into external hedging transactions with banks in line with the forward exchange transactions concluded internally, and taking into account net exposures.

We systematically hedge net exposures in US dollars, Japanese yen, Chinese renminbi, Korean won, Swiss francs, British pounds sterling, and Polish zloty using standardized currency hedging instruments such as forward exchange transactions and currency options. Other currencies are hedged on a project-related basis.

In the eurozone, we concentrate our liquidity on a daily basis with the aid of a cash pool system that ensures transnational liquidity balancing. We have a similar system in use at our subsidiaries in China. Multilateral netting of receivables and liabilities increases transparency and facilitates the handling of the Group's internal cash flows.

Internal audits are intended to create additional transparency regarding the financial situation of our subsidiaries.

Strategic and operational opportunities and risks

Innovations

We are quick to respond to emerging trends in technology. Our Innovation Management unit continuously searches for future technologies and takes steps to integrate them into our technology landscape.

We also seek to forge close ties with universities, non-university research institutes or corresponding start-ups – including on a very targeted basis via our venture capital company. Institutional research in projects with several partners is of central importance to us, ensuring that we are always up to date with trends in our high-tech fields.

Intellectual property

We safeguard our investments in research and development by ensuring that our R&D and patent departments work hand in hand. Our aim is to develop a patent portfolio that grants TRUMPF advantages in the market in terms of freedom of action, exclusivity, and patent exploitation. Our patent attorneys provide support throughout the new technology development process to help ensure that patents are generated, evaluated, and exploited in a targeted manner. We also register industrial property rights for design innovations, with a special focus on our core markets.

Acquisitions

We make targeted acquisitions and divestitures in order to improve our position in our markets and fields of technology. Decisions on acquisitions and divestitures are taken with great care. An M&A committee consisting of members from our business and central departments evaluates potential projects. We use due diligence procedures to obtain the greatest possible certainty about the future development potential of an M&A project.

Procurement

We regularly review the purchasing volume for optimization potential and organize cross-location calls for tenders centrally.

We aim to minimize risks through a comprehensive supplier management system. The careful selection and continuous evaluation of our strategic suppliers (also with regard to the likelihood of default) as well as a stringent supplier approval process provide us with the necessary transparency about possible risks at all times. Continuous monitoring of delivery quality and reliability enables us to derive suitable quality assurance and supplier development measures. The provision of our basic supplies by third parties was guaranteed at all times. Isolated supply bottlenecks for specific product groups – including during the coronavirus pandemic – were resolved by active demand and escalation management.

Production

We are continuously developing our production processes as the digitalization of the entire order-to-cash process also affects large parts of production. We are continuing to press ahead with the systematic standardization of our processes in particular, as part of the digital transformation.

SYNCHRO, our lean production philosophy, is a crucial prerequisite for this. We have defined business interruption risks in production and have taken appropriate precautions. We have examined and evaluated critical production processes. Production downtimes should be avoidable by increasing the manufacturing flexibility of our production facilities or relocating production for short periods, and extensive emergency scenarios are in place for this purpose. An international insurance scheme and local coverage provide cover for property damage, fire damage, business interruption, and business and product liability risks. We regularly evaluate and audit our production sites with our insurance broker.

Information technology

IT risks are one of the key areas on which we focus. We permanently monitor our central IT systems and have initiated and in some cases successfully completed projects to continuously improve the level of security by organizing our IT landscape to optimize this and by regularly investing in hardware and software.

A consequence of increasing digitalization is that the focus is also shifting to the security of the software used in TRUMPF products. This is why we have centralized responsibilities for security within the company in relation to software development, architecture requirements, development infrastructure and responding to security issues. The development teams in these areas receive expert support to ensure that security requirements are considered early on in the development process.

Employees

Our employee turnover rate is 4.7 percent in the Group and 2.9 percent in Germany. Demographic change and a lack of skilled workers, especially in technical professions, continue to present challenges. For this reason, our activities to secure young talent are kept at a high level for TRUMPF.

We have set ourselves a Group-wide occupational safety target to reduce accidents worldwide to a best-in-class level, and are implementing our occupational health and safety policy and local TRUMPF safety standards. We aim to continuously improve the level of occupational health and safety through standardized processes and instruments and by monitoring the results through Group-wide audits.

Compliance

Management expects its employees to comply with the law in their business dealings. TRUMPF has implemented a compliance management system with the aim of avoiding legal violations and is further developing the individual elements of the system. The program and communication elements were one of the focal points in the year under review, with measures including the introduction of a Group-wide compliance policy and an intensifying of activities to raise awareness among employees – and particularly among managers – through regular news on the intranet and the systematic use of new training methods based on practical experience. The overriding aim of the compliance program is to promote a corporate culture in which people talk openly about compliance, know the rules and adhere to them as a matter of course.

Assessment of the company’s risk situation

No risks have been identified that could substantially endanger the Group’s status as a going concern. The risk management practiced should make it possible to identify risks promptly so that appropriate countermeasures can be initiated. Our activities are focused on managing financial and market risks and identifying business and technological opportunities.

OUTLOOK

Significant slump in the machine tools industry in 2020

After the slight decline in growth in 2019, the German Machine Tool Builders’ Association (VDW) expects a massive drop in orders of –30 percent in 2020. Production is expected to fall by –31 percent. In addition to weak global trade, the VDW cites the coronavirus pandemic as one of the reasons for the downward trend. For 2021, the VDW expects the order intake to increase again by +32 percent and production by +9 percent.

Continued subdued growth in the laser industry; risks due to coronavirus pandemic

The global laser market will increase its sales revenues in 2020. According to reports from Laser Focus World, the market as a whole is expected to grow by around 11 percent, after only +4.8 percent growth in 2019. The analysts quoted expect that lasers for sensors, displays, in the medical sector and in photolithography will have the greatest growth potential. As the data was collected at the beginning of 2020, the consequences of the coronavirus pandemic have not yet been considered.

Outlook for the company

TRUMPF expects a difficult fiscal year 2020/21 due to the current low level of incoming orders

We assume that the effects of the coronavirus pandemic will persist into the second half of 2020 and therefore do not expect the order intake to pick up until the first half of 2021. Overall, we expect a renewed, but rather slight decline in the order intake in the next fiscal year compared with 2019/20.

We also anticipate a further decline in sales revenues compared with this fiscal year. The lower level of incoming orders from the first half of 2020 will inevitably be reflected in a decline in sales revenues in 2020/21. It is our overall expectation that sales will decline somewhat more sharply than the order intake.

The Group's EBIT margin is coming under further pressure due to the decline in sales revenues. The “Koyer” earnings improvement program and the additional cost-saving measures due to the coronavirus pandemic will therefore be continued in the next fiscal year. All in all, we are anticipating an EBIT margin that is significantly lower than this year, but still positive. However, the expected EBIT margin will probably not be sufficient to achieve a positive value added and thus an increase in value of the TRUMPF Group in the next fiscal year.

With regard to our two business divisions, Machine Tools and Laser Technology, we do not expect the current difficult market situation to recover in the coming fiscal year. Similarly to the TRUMPF Group, we expect another slight decline in the order intake for both business divisions, and a somewhat stronger decline in sales revenues.

In contrast, our forecasts for the EUV, Electronics, and Additive Manufacturing business fields are optimistic. We anticipate a further significant increase in sales revenues in EUV lithography for coating microprocessors. Together with Zeiss and ASML, TRUMPF is still the only supplier in this highly innovative manufacturing process. With regard to electronic products, we are looking forward to a continuation of the current positive trend and aim to capitalize in particular on growth in the semiconductor sector and microwave technology in the next fiscal year.
In the Additive Manufacturing business field, we are consistently using new machines, our technology and process expertise, and technological innovations to open up new customer groups.

Digitalization is a central component of TRUMPF's business strategy. In addition to offering an ever-growing range of TruConnect products, which are designed to digitalize and optimize our customers' processes, we are also keen to further promote the digital networking of production and offer more smart factory solutions, i.e. end-to-end digital connectivity in production. In recent years, we have taken a variety of strategic measures to prepare the TRUMPF Group for the future. In so doing, we aim to expand our technological expertise and anticipate market developments as early as possible so that we can continue to create a high level of customer benefit.

Ditzingen, September 14, 2020

TRUMPF GmbH + Co. KG
Berthold Leibinger GmbH
Dr. phil. Nicola Leibinger-Kammüller, President and Chairwoman
Dr.-Ing. E. h. Peter Leibinger, Vice Chairman
Dr.-Ing. Mathias Kammüller
Dr. rer. pol. Lars Grünert
Dr.-Ing. Heinz-Jürgen Prokop
Dr.-Ing. Christian Schmitz

REGIONAL FACTS AND FIGURES

EMPLOYEES BY REGION

Region	Employees	Change
TOTAL	14,325	MINUS 1.1 %
TOTAL EXCLUDING GERMANY	6,888	MINUS 2.5 %
GERMANY	7,437	PLUS 0.1 %
EUROPE EXCLUDING GERMANY	3,407	MINUS 1.8 %
WESTERN EUROPE EXCLUDING GERMANY	2,363	MINUS 3.0 %
EASTERN EUROPE	1,044	PLUS 0.9 %
AMERICAS	1,416	MINUS 2.9 %
ASIA-PACIFIC	2,065	MINUS 3.2 %

Figures as of June 30, 2020/Percentage change year on year

SALES REVENUES BY REGION

IN MILLION EUROS

REGIONAL FACTS AND FIGURES

Region	Sales revenues	Change
TOTAL	3,488	MINUS 7.8 %
TOTAL EXCLUDING GERMANY	2,876	MINUS 6.1 %
GERMANY	612	MINUS 15.1 %
EUROPE EXCLUDING GERMANY	1,399	MINUS 5.9 %
WESTERN EUROPE EXCLUDING GERMANY	1,099	MINUS 3.0 %
EASTERN EUROPE	299	MINUS 15.5 %
AMERICAS	664	MINUS 6.1 %
ASIA-PACIFIC	798	MINUS 6.4 %

LOCATIONS IN GERMANY

LOCATIONS

- → Ditzingen [Headquarters]
- → Gerlingen
- → Hettingen
- → Aachen
- → Berlin
- → Freiburg
- → Herzogenrath
- → Neukirch
- → Schramberg
- → Stutensee
- → Stuttgart
- → Tamm
- → Teningen
- → Ulm
- → Unterföhring

Selected locations of legally independent and dependent companies.

LOCATIONS

LOCATIONS IN EUROPE

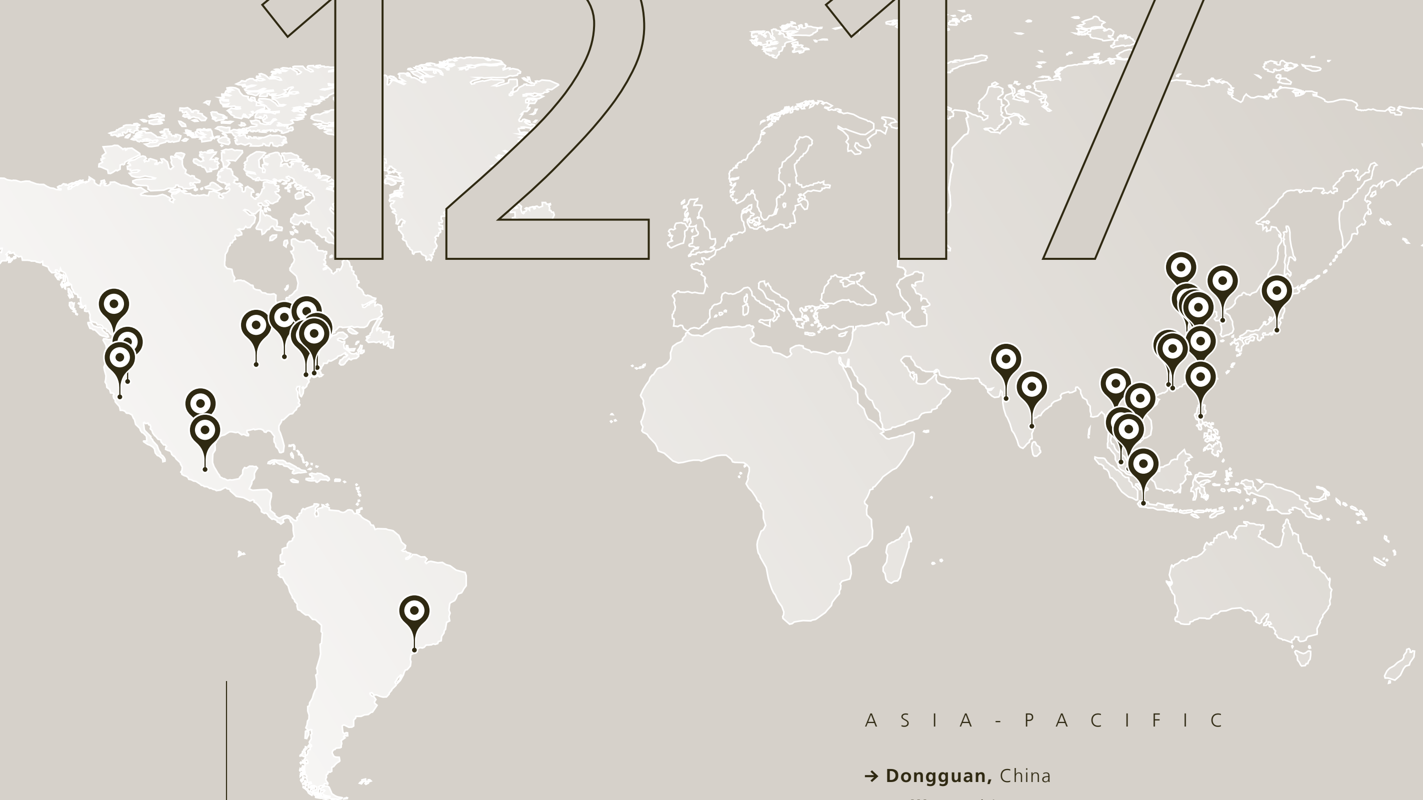
- **Sofia,** Bulgaria
- **Haguenau,** France
- **Le Bourget-du-Lac,** France
- **Paris,** France
- **Luton,** United Kingdom
- **Rugby,** United Kingdom
- **Southampton,** United Kingdom
- **Milan,** Italy
- **Turin,** Italy
- **Vicenza,** Italy
- **Zagreb,** Croatia
- **Eindhoven,** Netherlands
- **Hengelo,** Netherlands
- **Spankeren,** Netherlands
- **Pasching,** Austria
- **Warsaw,** Poland
- **Zielonka,** Poland
- **Lisbon,** Portugal
- **Bucharest,** Romania
- **Moscow,** Russia
- **Alingsås,** Sweden
- **Baar,** Switzerland
- **Grüsch,** Switzerland
- **Košice,** Slovakia
- **Madrid,** Spain
- **Liberec,** Czech Republic
- **Prague,** Czech Republic
- **Istanbul,** Turkey
- **Budapest,** Hungary

29

Selected locations of legally independent and dependent companies.

LOCATIONS WORLDWIDE

12 17



LOCATIONS

AMERICAS

- **São Paulo,** Brazil
- **Mississauga,** Canada
- **Apodaca,** Mexico
- **Querétaro,** Mexico
- **Chicago,** IL, USA
- **Costa Mesa,** CA, USA
- **Cranbury,** NJ, USA
- **Detroit,** MI, USA
- **Farmington,** CT, USA
- **Santa Clara,** CA, USA
- **Seattle,** WA, USA
- **Wilmington,** DE, USA

ASIA-PACIFIC

- **Dongguan,** China
- **Beijing,** China
- **Shanghai,** China
- **Shenzhen,** China
- **Taicang,** China
- **Yangzhou,** China
- **Chennai,** India
- **Pune,** India
- **Jakarta,** Indonesia
- **Yokohama,** Japan
- **Kuala Lumpur,** Malaysia
- **Manila,** Philippines
- **Singapore,** Rep. Singapore
- **Seoul,** South Korea
- **Guishan,** Taiwan
- **Bangkok,** Thailand
- **Ho Chi Minh City,** Vietnam

Selected locations of legally independent and dependent companies.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2020

ASSETS in k€	Notes	**06/30/2020**	06/30/2019
FIXED ASSETS	1		
Intangible assets		143,366	179,730
Tangible assets		1,340,294	1,297,152
Financial assets		81,661	70,027
		1,565,321	**1,546,909**
CURRENT ASSETS			
Inventories (after offsetting against down payments received)	2		
Inventories		*748,957*	*855,205*
Down payments received		*–147,982*	*–160,501*
		600,975	694,704
Receivables	3		
Trade receivables		*673,345*	*796,782*
Other receivables		*8,216*	*870*
		681,561	797,652
Other assets	4	213,170	203,954
Cash and cash equivalents, securities	5	790,459	640,276
		2,286,165	**2,336,586**
PREPAID EXPENSES	6	**34,945**	**34,211**
DEFERRED TAX ASSETS	7	**16,849**	**21,479**
		3,903,280	**3,939,185**

EQUITY AND LIABILITIES in k€	Notes	**06/30/2020**	06/30/2019
EQUITY	8	**2,061,413**	**2,023,130**
SPECIAL ITEMS	9	**6,574**	**6,424**
ACCRUALS			
Accruals for pensions and similar obligations	10	320,802	289,535
Other accruals	11	387,267	432,360
		708,069	**721,895**
LIABILITIES	12		
Trade payables		217,583	252,717
Financial liabilities		359,546	365,619
Liabilities to partners		364,940	359,819
Other liabilities		103,056	118,604
		1,045,125	**1,096,759**
DEFERRED INCOME	13	**82,099**	**90,977**
		3,903,280	**3,939,185**

CONSOLIDATED PROFIT AND LOSS STATEMENT

FOR FISCAL YEAR 2019/20

in k€	Notes	**2019/20**	2018/19
Sales revenues	14	3,487,668	3,784,010
Cost of goods sold	15	–2,125,271	–2,295,794
Gross profit on sales		**1,362,397**	**1,488,216**
Sales costs	16	–476,568	–530,748
Research and development costs	17	–377,445	–395,814
General administrative costs	18	–177,652	–208,643
Other operating income	19	138,544	144,969
Other operating costs	20	–155,022	–146,323
Financial and investment result	21	–45,530	–50,590
Earnings before taxes		**268,724**	**301,067**
Taxes on income	22	–69,692	–84,623
Earnings after taxes		**199,032**	**216,444**
Gains/losses attributable to minority interests	8	–6,659	–6,272
Consolidated net income after minority interests		**192,373**	**210,172**
For informational purposes:			
Taxes of partners	22	–60,050	–64,462
Consolidated net income after minority interests and taxes of partners		**132,323**	**145,710**

STATEMENT OF SHAREHOLDERS' EQUITY

FOR FISCAL YEAR 2019/20

	Equity of the parent company					
	Fixed capital and subscribed capital			Revenue reserves		
in k€	Subscribed capital	Capital shares	**Total**	Reserves according to partnership agreement	Other revenue reserves	**Total**
06/30/2018	**3,500**	**95,000**	**98,500**	**216,796**	**1,456,507**	**1,673,305**
Transfer	–	–	–	–	–	–
Allocation to partners' accounts within liabilities	–	–	–	–	–87,490	–87,490
Allocation to/with-drawal from reserves	–	–	–	30,000	–	30,000
Foreign currency translation	–	–	–	–	–	–
Other changes	–	–	–	–	–309	–309
Changes in the scope of consolidation	–	–	–	–	–365	–365
Group net income/loss for the year	–	–	–	19,636	190,536	210,172
06/30/2019	**3,500**	**95,000**	**98,500**	**266,432**	**1,558,881**	**1,825,313**
Transfer	–	–	–	–	–	–
Allocation to partners' accounts within liabilities	–	–	–	–	–115,320	–115,320
Allocation to/with-drawal from reserves	–	–	–	–40,000	–	–40,000
Foreign currency translation	–	–	–	–	–	–
Other changes	–	–	–	–	776	776
Changes in the scope of consolidation	–	–	–	–	–	–
Group net income/loss for the year	–	–	–	25,845	166,528	192,373
06/30/2020	**3,500**	**95,000**	**98,500**	**252,277**	**1,610,865**	**1,863,142**

		Minority interests				Group equity
Equity difference from foreign currency translation	Total	Minority interests before equity difference from foreign currency translation and annual result	Equity difference from foreign currency translation attributable to minority interests	Gains/losses attributable to minority interests	Total	Total
64,257	**1,836,062**	**32,229**	**2,480**	**5,777**	**40,486**	**1,876,548**
–	–	5,777	–	–5,777	–	–
–	–87,490	–	–	–1,063	–1,063	–88,553
–	30,000	–	–	–	–	30,000
14,288	14,288	–	599	–	599	14,887
–	–309	–21,960	–3,071	–	–25,031	–25,340
–491	–856	–	–	–	–	–856
–	210,172	–	–	6,272	6,272	216,444
78,054	**2,001,867**	**16,046**	**8**	**5,209**	**21,263**	**2,023,130**
–	–	5,209	–	–5,209	–	–
–	–115,320	–	–	–905	–905	–116,225
–	–40,000	–	–	–	–	–40,000
–1,089	–1,089	–	–495	–	–495	–1,584
–8	768	–4,611	–71	–	–4,682	–3,914
974	974	–	–	–	–	974
–	192,373	–	–	6,659	6,659	199,032
77,931	**2,039,573**	**16,644**	**–558**	**5,754**	**21,840**	**2,061,413**

CONSOLIDATED CASH FLOW STATEMENT

FOR FISCAL YEAR 2019/20

in k€		**2019/20**	2018/19
CONSOLIDATED NET INCOME		**199,032**	**216,444**
+/–	Elimination of financial and investment result	45,530	50,590
+/–	Elimination of income tax expenses	69,692	84,623
=	**Group net income before financial and investment result and income taxes**	**314,254**	**351,657**
–/+	Income taxes paid/received	–97,253	–92,264
+/–	Elimination of depreciation and amortization/write-ups of fixed assets	196,973	186,882
–/+	Elimination of gain/loss from the disposal of fixed assets	–278	2,824
–/+	Increase/decrease in inventories and trade receivables	212,224	–95,764
+/–	Increase/decrease in trade payables	–35,187	–22,629
+/–	Increase/decrease in accruals	1,945	59,215
+/–	Change in other assets and liabilities	–37,826	17,253
+/–	Elimination of other non-cash expenses/income	–9,799	8,644
=	**Cash inflow from operating activities**	**545,053**	**415,818**
–	Cash paid for investments in tangible assets	–247,651	–350,892
+	Cash received from the disposal of tangible assets	57,899	56,597
–	Cash paid for investments in intangible assets	–5,339	–7,333
+	Cash received from the disposal of intangible assets	1,466	272
=	*Subtotal cash outflow from investing activities (operating)*	*–193,625*	*–301,356*
–	Cash paid for investments in financial assets	–29,759	–30,232
+	Cash received from the disposal of financial assets	632	2,144
+/–	Cash received/paid from the acquisition of consolidated companies	–7,828	–184,930
–	Cash paid for financial investments as part of short-term cash management	–10,761	–33,956
+	Cash received from the sale of consolidated companies	5,081	–
+	Dividends received	872	2,167
+	Interest received	7,201	7,875
=	*Subtotal cash outflow from investing activities (others)*	*–34,562*	*–236,932*
=	**Cash outflow from investing activities**	**–228,187**	**–538,288**
–	Cash paid to partners	–160,260	–104,158
+	Cash received from the issuance of loans and other financial liabilities	2,782	260,292
–	Cash repayments of loans and other financial liabilities	–6,550	–13,387
–	Interest paid	–7,232	–3,188
=	**Cash outflow/inflow from financing activities**	**–171,260**	**139,559**
CHANGE IN CASH IN HAND		**145,606**	**17,089**
+/–	Change in cash in hand due to exchange rate differences	106	–3,395
+/–	Change in cash in hand due to consolidation activities	4,977	6,148
+	Cash in hand at the start of the fiscal year	589,790	569,948
=	**Cash in hand at the end of the fiscal year**	**740,479**	**589,790**
COMPOSITION OF CASH IN HAND			
+	Cash and cash equivalents	740,712	590,237
–	Liabilities to banks payable on demand	–233	–447
=	**Cash in hand at the end of the fiscal year**	**740,479**	**589,790**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR FISCAL YEAR 2019/20

Principles and methods

TRUMPF GmbH + Co. KG and Berthold Leibinger GmbH are listed in the commercial register of Stuttgart District Court under company registration numbers HRA 201460 and HRB 200720 respectively. Both companies have their head office at Johann-Maus-Strasse 2, 71254 Ditzingen, Germany.

The consolidated financial statements for the fiscal year 2019/20 have been prepared in accordance with Section 264a of the German Commercial Code (HGB), applying the provisions of Sections 290 et seq. HGB. The consolidated financial statements have been prepared in accordance with the accounting and valuation regulations of the HGB applicable to large corporations, taking into account the separate regulations for partnerships and the supplementary provisions of the parent companies' partnership agreements. In accordance with Section 298 (1) HGB in conjunction with Section 244 HGB, the consolidated financial statements have been prepared in euros. The consolidated profit and loss statement was prepared according to the cost-of-sales-method.

Various items in the consolidated balance sheet and the consolidated profit and loss statement have been combined for greater clarity and are disclosed separately in the notes to the consolidated financial statements. In view of the required clarity, the statutory balance sheet classification schema has been expanded to include a detailed breakdown of inventories (after offsetting against down payments received), receivables, and liabilities.

Accounting and valuation

The financial statements of the companies included in the consolidated financial statements are steadily prepared in accordance with uniform accounting and valuation principles. If adjustments to group-wide accounting and valuation principles are necessary due to national regulations, this is done in a "Handelsbilanz II" (balance sheet for consolidation purposes).

Intangible and tangible assets are stated at acquisition or manufacturing cost, net of regular amortization or depreciation. Intangible and tangible assets are amortized and depreciated using the straight-line method.

For regular amortization and depreciation, the following useful lives are assumed in the main: 3 to 5 years for software, 6 to 12 years for acquired customer bases, 6 to 9 years for technological know-how, 10 years for trademark rights, 25 to 50 years for buildings, 12 years for technical equipment and machines, and 3 to 20 years for other equipment and factory and office equipment. Goodwill is amortized over 5 years on the basis of past internal experience, especially with regard to product life cycles.

Internally used machines are used for testing or training purposes or as showroom and demonstration machines. These are reported under fixed assets and depreciated over 5 years. Machines leased to customers are also reported under fixed assets and depreciated over the contract term.

Under **financial assets,** participations are stated at the lower of acquisition cost or fair value on the balance sheet date and loans are stated at their nominal value. For the accounting and valuation of shares in associated companies, we refer to the explanations on the consolidation principles.

Inventories of raw materials, consumables and supplies and merchandise are carried at the lower of acquisition cost or market value. Work in progress and finished goods are valued at manufacturing cost. In addition to direct material and production costs, this also includes an appropriate allocation of material and production overheads and the fixed asset depreciation expenses attributable to the manufacturing process. Manufacturing costs do not include interest on borrowed capital, and general administrative costs are not capitalized.

Inventories are written down to fair value if, on the balance sheet date, this is lower than the acquisition or manufacturing cost due to lower replacement costs or sales market prices, excess inventories, or unsaleability.

Down payments received are openly deducted from inventories.

Receivables and other assets are stated at the lower of their nominal value or fair value on the balance sheet date. Appropriate write-downs are made for receivables whose collectability involves recognizable risks; uncollectable receivables are written off. The general credit risk is covered by an appropriate lump-sum bad debt allowance for net receivables for which no specific bad debt allowance has been created.

Securities in current assets are stated at the lower of acquisition cost or fair value on the balance sheet date.

Prepaid expenses comprise payments made before the balance sheet date provided that they represent expenses for a specific period after that date. Debt discounts are capitalized and amortized over the term of the corresponding loans.

Special items include investment grants and subsidies for fixed assets. These are released in installments over the useful life of the subsidized assets.

Accruals for pensions and similar obligations are measured on the basis of actuarial calculations using the projected unit credit method, taking into account the 2018 G mortality tables of Prof. Dr. Heubeck. In accordance with the regulation in Section 253 (1) HGB, the actuarial calculation of pension accruals takes into account expected future salary and pension increases and expected fluctuation. Accruals for pensions and similar obligations are discounted at a flat rate using the average market interest rate of the past ten years, as published by Deutsche Bundesbank, and based on an assumed remaining term of 15 years.

In the fiscal year 2019/20, the calculation of pension obligations was based on the following parameters:

– Interest rate: 2.53 % p.a. (previous year 2.95 % p.a.)
– Wage and salary increases: 3.0 % p.a. (previous year 3.0 % p.a.)
– Future pension increases: 1.5 % p.a. (previous year 2.0 % p.a.)

Accruals for pensions and similar obligations are offset against assets that are used exclusively to meet these obligations and that cannot be accessed by any other creditors. The fair value of these offset assets was derived from the market values.

Other accruals take into account all uncertain liabilities and contingent losses on pending transactions. They are stated at the necessary settlement value according to sound business judgment. Accruals with a remaining term of more than one year have been discounted in accordance with Section 253 (2) sentence 1 HGB. Economic hedging relationships between derivative financial instruments and underlying transactions are accounted for by forming valuation units. Accordingly, a provision for onerous contracts is not formed for financial instruments with a negative market value.

The accruals for obligations relating to phased retirement programs existing on the balance sheet date have been calculated according to actuarial principles at an interest rate of 0.59 % p.a. (previous year 0.80 % p.a.). They have been offset against assets that are used exclusively to meet obligations under the phased retirement program and that cannot be accessed by any other creditors. The fair value was derived from the market values.

Accruals for obligations relating to the “TRUMPF Familien- und Weiterbildungskonto” have been offset against assets that are used exclusively to meet these obligations and that cannot be accessed by any other creditors. The fair value was derived from the market values.

Liabilities are stated at their settlement value.

Deferred income includes receipts prior to the balance sheet date if they constitute income for a period after that date.

To calculate **deferred taxes** due to temporary or quasi-permanent differences between the commercial values of assets, liabilities, prepaid expenses and deferred income and their tax values, or due to tax loss carry forwards, the amounts of the resulting tax burden or relief are valued at the expected company-specific tax rates at the time the differences are reversed and are not discounted. Deferred tax assets and liabilities are disclosed net. In the event of a surplus of deferred tax assets on the balance sheet date, no use is made of the option for recognition under Section 274 (1) sentence 2 HGB.

Shareholdings and scope of consolidation

The Leibinger family and the Berthold Leibinger Stiftung GmbH directly and indirectly hold all shares in TRUMPF GmbH + Co. KG and Berthold Leibinger GmbH, Ditzingen. Both companies jointly manage all domestic and foreign subsidiaries of the TRUMPF Group. These two companies are consolidated as joint parent companies. The list of shareholdings can be found in the separate annex after the notes to the consolidated financial statements.

In addition to the two parent companies, the scope of consolidation includes 25 (previous year 26) German and 58 (previous year 61) foreign subsidiaries. In the fiscal year 2019/20, one company has been included in the consolidated financial statements for the first time in accordance with the principles of full consolidation. The initial consolidation did not have a significant influence on the results of operations and net assets of the Group so that comparability with the previous year is not limited. Two companies have been deconsolidated. Three companies have been merged in the fiscal year 2019/20.

14 (previous year 13) subsidiaries and 5 (previous year 5) associated companies are not included in the consolidated financial statements for reasons of immateriality. Their combined net income and sales revenues only account for some 2 % of the consolidated net income and sales revenues, respectively. Consequently, they are considered as irrelevent for the fair presentation of the financial position of the Group.

Consolidation principles

Capital consolidation is carried out using the revaluation method in accordance with Section 301 (1) HGB. In the course of this, the equity of the subsidiaries is recognized at the amount corresponding to the fair value of the assets and liabilities to be included in the consolidated financial statements.

Any residual debit difference remaining after offsetting is reported as goodwill on the assets side and amortized over its expected useful life.

If the consolidation measures pursuant to Sections 300 to 305 HGB result in differences between the commercial values of assets, liabilities, as well as their tax base that are expected to reverse in later fiscal years, the future tax relief or tax charges are recognized as deferred tax assets or liabilities in the consolidated balance sheet. Deferred taxes are calculated on the basis of the individual company tax rates applicable at the time when the differences are expected to reverse. The tax rates are between 9 % and 34 %. Deferred tax assets and liabilities are disclosed net. Deferred taxes from consolidation measures are combined with the deferred tax liabilities resulting from the application of Section 274 HGB to form a single item in the balance sheet.

Intercompany profits and losses resulting from intercompany deliveries of goods and services are eliminated through the profit and loss account.

Receivables and liabilities between consolidated companies are offset against each other. Since fiscal year 2019/20, currency-related differences arising from this have been recognized in the profit and loss statement in accordance with the first-time adoption of German Accounting Standard (DRS) 25. Revenues from intercompany sales and intercompany income are offset against the corresponding expenses.

Foreign currency translation

In the individual financial statements, foreign currency receivables and liabilities are generally translated at the average spot exchange rate. In the case of a remaining term of more than one year, the realization principle (Section 298 (1) in conjunction with Section 252 (1) no. 4 clause 2 HGB) and the historical cost principle (Section 298 (1) in conjunction with Section 253 (1) sentence 1 HGB) are considered. Bank balances in foreign currencies are translated at the average spot exchange rate on the balance sheet date.

In the consolidated financial statements, the balance sheet items of subsidiaries not reporting in euros are translated in accordance with Section 308a HGB using the modified current rate method. The asset and liability items of annual financial statements prepared in foreign currencies are translated into euros at the average spot exchange rate on the balance sheet date – with the exception of equity, which is translated at the historical rate. Items in the profit and loss statements of subsidiaries not reporting in euros are translated at the average monthly rate. In accordance with Section 308a HGB, the differences resulting from currency conversion are reported within group equity after reserves under the item “Equity difference from foreign currency translation”.

Notes to the balance sheet

The numbers stated refer to the corresponding item in the consolidated balance sheet or the consolidated profit and loss statement.

1. Fixed assets

The development of fixed assets is shown separately in the statement of changes in fixed assets. Differences resulting from currency translation have been taken into account in the acquisition or manufacturing cost and in the accumulated depreciation. Extraordinary depreciation amounts to k€ 4,369 in the fiscal year, of which k€ 2,840 resulted from the devaluation of leasehold improvements.

2. Inventories (after offsetting against down payments received)

in k€	**06/30/2020**	06/30/2019
Raw materials, consumables and supplies	255,808	293,293
Work in progress	217,816	238,060
Finished goods and merchandise	263,536	315,090
Payments on account	11,797	8,762
Inventories	**748,957**	**855,205**
Down payments received	–147,982	–160,501
Inventories (after offsetting against down payments received)	**600,975**	**694,704**

3. Receivables

		Remaining term			Remaining term	
in k€	**06/30/2020 Total**	Up to 1 year	More than 1 year	06/30/2019 Total	Up to 1 year	More than 1 year
Trade receivables	**673,345**	**628,433**	**44,912**	**796,782**	**766,059**	**30,723**
of which from third parties	*672,902*	*627,990*	*44,912*	*796,262*	*765,539*	*30,723*
of which from affiliated companies that are not fully consolidated	*443*	*443*	–	*520*	*520*	–
Other receivables from affiliated companies that are not fully consolidated	**8,216**	**8,216**	**–**	**870**	**870**	**–**
Total receivables	**681,561**	**636,649**	**44,912**	**797,652**	**766,929**	**30,723**

4. Other assets

in k€	06/30/2020	06/30/2019
Medium-term financial investments	101,232	90,184
Remaining other assets	111,938	113,770
Other assets	**213,170**	**203,954**
of which with a remaining term of more than one year	*43,721*	*51,107*

Remaining other assets mainly consist of tax receivables resulting from income tax and value-added tax. All financial investments with a maturity of more than three months are reported under medium-term financial investments. Of the medium-term financial investments amounting to k€ 101,232, k€ 41,642 have a remaining term of more than one year.

5. Cash and cash equivalents, securities

in k€	06/30/2020	06/30/2019
Securities in current assets	49,747	50,039
Cash, bank balances and checks (cash and cash equivalents)	740,712	590,237
	790,459	**640,276**

Cash and cash equivalents include short-term promissory notes and short-term financial investments with a maturity of less than three months.

Securities include units in an investment fund in the form of a special securities fund, which is reported under securities in current assets as it is intended to be held as a short to medium-term liquidity investment. The fund's unit rate is 100 %.

The special securities fund reported under securities in current assets in turn invests in shares, bonds, investment funds and bank balances.

in k€	Book value 06/30/2020	Fair value 06/30/2020	Distributions 2019/20
Special securities fund with short to medium-term investment strategy	49,688	49,688	–

6. Prepaid expenses

Prepaid expenses include vacation allowances, insurance premiums, rent, maintenance contracts, dues and other prepaid costs caused by the divergent fiscal year.

7. Deferred tax assets

Deferred tax assets and liabilities are disclosed net. The deferred tax assets are the result of consolidation measures. The net deferred tax liabilities result from divergent values in the commercial and the tax financial statement and are mainly attributable to intangible assets, tangible assets and accruals.

in k€	**06/30/2020**	06/30/2019	Change
Deferred tax assets	43,312	51,799	–8,487
Deferred tax liabilities	–26,463	–30,320	3,857
Surplus	**16,849**	**21,479**	

8. Equity

in k€	**06/30/2020**	06/30/2019
Fixed capital and subscribed capital	98,500	98,500
Revenue reserves	1,863,142	1,825,313
Equity difference from foreign currency translation	77,931	78,054
Minority interests	21,840	21,263
	2,061,413	**2,023,130**

Fixed capital and subscribed capital represent the compulsory contributions of the limited partners of TRUMPF GmbH + Co. KG and the subscribed capital of the general partner. The compulsory contributions of the limited partners are identical to the risk capital.

The result allocation for the fiscal year 2019/20 has been carried out in accordance with the provisions of the partnership agreements and has already been taken into account in the preparation of the consolidated financial statements.

Revenue reserves include profits and losses attributable to the general partner and the domestic and foreign subsidiaries as well as amounts from the offsetting of other consolidation measures.

Minority interests mainly relate to the participations in India Metamation Software Pvt. Ltd, TRUMPF Hüttinger Sp. z o. o., TRUMPF SISMA S.r.l., TRUMPF Sachsen GmbH, and Auroma Technologies Co. Dba Access Laser Company. The result allocable to minority interests comprises profit shares of k€ 6,660 (previous year k€ 7,748) and loss shares of k€ 1 (previous year k€ 1,476). The overall development of consolidated equity is shown separately in the statement of shareholders' equity.

9. Special items

The special item relates to investment grants and allowances.

10. Accruals for pensions and similar obligations

in k€	**06/30/2020**	06/30/2019
Accrual for pensions and similar obligations (settlement value prior to offsetting)	372,501	340,819
Contractual Trust Agreement (offset amount)	–51,699	–51,284
	320,802	**289,535**

The fair value of the offset plan assets corresponds to the amortized acquisition cost. The valuation of the Contractual Trust Agreement as of June 30, 2020 resulted in income of k€ 415. This has been offset against the interest expense on accruals of k€ 22,560. The difference between the measurement of the obligation at the average market interest rate for ten years and the average market interest rate for seven years amounted to k€ 55,842 as of June 30, 2020 (previous year k€ 62,879).

11. Other accruals

The fair value of the offset plan assets of the accruals relating to phased retirement programs amounted to k€ 9,709 (previous year k€ 8,550) and corresponds to amortized acquisition cost. The settlement value of the offset accruals relating to phased retirement programs amounted to k€ 10,075 (previous year k€ 9,004) on the balance sheet date.

The fair value of the offset assets of the accruals for obligations relating to the "TRUMPF Familien- und Weiterbildungskonto" amounted to k€ 20,689 (previous year k€ 15,147) and corresponds to amortized acquisition cost. The settlement value of the offset debts also amounted to k€ 20,689 (previous year k€ 15,147).

The netting of expenses and income was waived in each case for reasons of materiality.

in k€	**06/30/2020**	06/30/2019
Tax accruals	22,865	49,206
Other accruals	364,402	383,154
	387,267	**432,360**

Other accruals mainly relate to obligations in the personnel and social area, warranty obligations, outstanding purchase invoices and other contingent liabilities. Furthermore, an accrual of k€ 2,300 is included for possible claims from a legal dispute.

12. Liabilities

in k€	06/30/2020 Total	Remaining term: Up to 1 year	Remaining term: 1 to 5 years	Remaining term: Over 5 years	6/30/2019 Total	Remaining term: Up to 1 year	Remaining term: Over 1 year
Trade payables	**217,583**	**217,561**	**22**	**–**	**252,717**	**251,930**	**787**
of which to third parties	217,018	216,996	22	–	251,467	250,680	787
of which to affiliated companies that are not fully consolidated	565	565	–	–	1,250	1,250	–
Financial liabilities	**359,546**	**73,613**	**77,764**	**208,169**	**365,619**	**61,054**	**304,565**
of which to banks	43,631	23,993	11,469	8,169	46,419	24,040	22,379
of which other financial liabilities	315,915	49,620	66,295	200,000	319,200	37,014	282,186
Liabilities to partners	**364,940**	**111,189**	**253,751**	**–**	**359,819**	**172,396**	**187,423**
Other liabilities	**103,056**	**99,871**	**2,214**	**971**	**118,604**	**117,165**	**1,439**
of which in relation to taxes	42,890	42,890	–	–	40,880	40,880	–
of which in relation to social security	5,932	5,932	–	–	6,960	6,960	–
of which to affiliated companies that are not fully consolidated	1,185	1,185	–	–	956	956	–
of which remaining other liabilities	53,049	49,864	2,214	971	69,808	68,369	1,439
Total liabilities	**1,045,125**	**502,234**	**333,751**	**209,140**	**1,096,759**	**602,545**	**494,214**

Trade payables are subject to customary retention of title.

Financial liabilities include all interest-bearing liabilities to third parties for financing purposes. Other financial liabilities consist of loans, savings deposits, a private placement on the US financial market amounting to k€ 16,736 (previous year k€ 16,736) as well as a promissory note amounting to k€ 250,000 (previous year k€ 250,000).

Of the liabilities to banks, k€ 21,619 (previous year k€ 24,035) were secured by mortgages.

13. Deferred income

This mainly relates to the deferral of income from maintenance services, training and leasing contracts, which represent income for a certain period after the balance sheet date.

Notes to the profit and loss statement

14. Sales revenues

18 % (previous year 19 %) of sales revenues were generated in Germany and 82 % (previous year 81 %) outside Germany.

Please refer to the group management report for the breakdown of sales revenues by business division.

in k€	**2019/20**	2018/19
Domestic sales revenues	611,507	720,854
Foreign sales revenues	2,876,161	3,063,156
	3,487,668	**3,784,010**

15. Cost of goods sold

Cost of goods sold (k€ 2,125,271; previous year k€ 2,295,794) includes all expenses attributable to products or services sold in the fiscal year and the remaining costs of the operating divisions Production and Service that were unable to be assigned to particular products or services.

16. Sales costs

Sales costs amounting to k€ 476,568 (previous year k€ 530,748) include all personnel expenses allocated to the Sales division, other operating costs such as commissions, travel and marketing costs, depreciation, and material costs for our showrooms. Freight and packaging costs are also included under this item to the extent that they can be allocated to transport from the production plant to the customer.

17. Research and development costs

Research and development costs (k€ 377,445; previous year k€ 395,814) include all amounts spent on basic research or new developments and not related to current production. These include in particular personnel, non-personnel, and material costs.

18. General administrative costs

General administrative costs in the fiscal year amounted to k€ 177,652 (previous year k€ 208,643) and include in particular personnel expenses, depreciation and amortization and other non-personnel costs relating to management, IT, human resources, infrastructure and finance.

19. Other operating income

Other operating income mainly includes exchange rate gains, income from the release of accruals, income from asset disposals and income from the reduction of value adjustments.

Income from foreign currency translation amounted to k€ 94,812 (previous year k€ 90,578). Other operating income amounting to k€ 23,802 (previous year k€ 20,809) is attributable to other fiscal years. This is mainly income from the release of accruals. Furthermore, research grants of k€ 3,800 which in part relate to previous fiscal years are included.

20. Other operating costs

Other operating costs mainly include exchange rate losses, bad debt expenses, additions to individual and lump-sum bad debt allowances, and operating costs that cannot be clearly allocated to any other functional area. Expenses from foreign currency translation amounted to k€ 94,435 (previous year k€ 84,736).

21. Financial and investment result

in k€	**2019/20**	2018/19
Income from securities and loans	287	603
Income from participations	872	2,167
Other interest and similar income	7,472	8,931
of which from affiliated companies that are not fully consolidated	*19*	*249*
Write-downs on financial assets and securities in current assets	–312	–6,337
Expenses from participations	–1,185	–1,068
Interest and similar expenses	–52,664	–54,886
of which from compounding of accruals	–37,388	–39,240
	–45,530	**–50,590**

22. Taxes on income

TRUMPF GmbH + Co. KG, its general partner, and the domestic and foreign subsidiaries are subject to effective and deferred trade and corporate income taxes. The effective tax expenses in the year under review amounted to k€ 65,958 (previous year k€ 93,163).

Expenses from deferred taxes amounted to k€ 3,734 (previous year income of k€ 8,540) in the fiscal year. These resulted from income of k€ 681 (previous year k€ 1,094) from differences in the carrying amounts in the commercial and tax balance sheet and expenses of k€ 4,415 (previous year income of k€ 7,446) from consolidation measures.

In accordance with Section 264c (3) HGB, the partners' taxes on income have been presented for information purposes after the consolidated net income for the year. They were not included in the calculation of deferred taxes.

23. Personnel costs

The expense items in the profit and loss statement include personnel costs in the following amounts:

in k€	**2019/20**	2018/19
Wages and salaries	885,759	925,098
Social security and other welfare costs	163,743	162,230
Expenditure on pension schemes	6,672	32,975
	1,056,174	**1,120,303**

Notes to the cash flow statement

24. Composition of cash in hand

Cash in hand includes cash and cash equivalents (k€ 740,712) and liabilities to banks payable on demand (k€ 233).

Short-term investments can be converted into cash within a maximum of three months. Liabilties to banks payable on demand relate to bank overdrafts.

Other disclosures

25. Contingent liabilities

in k€	06/30/2020
Liabilities from bills of exchange	1,389
Liabilities from warranty agreements	6,966
Liabilities from guarantees	78,234
	86,589

With regard to the sound financial position of the companies for which guarantees and warranty agreements have been assumed, the risk of claims arising from contingent liabilities is considered to be low.

26. Derivative financial instruments and valuation units

	Nominal amount	Fair value	Book value	Balance sheet item
Foreign exchange-related transactions	k€ 728,872	k€ –11,568	–	–
Other transactions	k€ 16,736	k€ 1,236	–	–

Foreign exchange-related transactions are forward exchange transactions and currency swaps in the currency pairs EUR/JPY, EUR/KRW, EUR/USD, EUR/GBP, EUR/CHF, EUR/PLN, and EUR/CNY. Other transactions include combined interest and currency hedging transactions in EUR/USD.

Appropriate accruals have been made for hedging transactions that were not included in valuation units and have a negative fair value on the balance sheet date. The valuation is carried out using generally accepted valuation methods such as present value and option price models.

The following valuation units have been formed:

Underlying transaction/hedging transaction	Risk/type of valuation unit	Included amount	Hedged amount	Hedged risk	Hedging scope	Hedging time frame
Third-party sales/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 177,790	kJPY 21,300,000	k€ –1,077	98 %	06/30/2024
Third-party sales/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 18,000	kKRW 23,391,230	–	84 %	06/30/2021
Third-party sales/ Liabilities to suppliers/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 411,170	kUSD 484,550	k€ –17,019	85 %	06/30/2024
Third-party sales/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 9,816	kGBP 8,649	k€ –105	60 %	06/30/2022
Liabilities to suppliers/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 36,129	kCHF 40,800	–	67 %	06/30/2021
Liabilities to suppliers/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 54,455	kPLN 246,000	k€ –64	74 %	06/30/2023
Third-party sales/ Forward exchange transactions	Foreign exchange risk/Macro hedge	k€ 21,512	kCNY 168,837	k€ –20	94 %	06/30/2021
Financial liabilities/ Combined interest and foreign exchange hedges	Interest and foreign exchange risk/ Micro hedge	k€ 16,736	kUSD 20,000	–	100 %	01/26/2021

With regard to the valuation units existing on the balance sheet date, the following applies pursuant to Section 254 HGB:

Economic hedging relationships are reflected in the balance sheet through the formation of valuation units. Due to the consistency of the main value-determining components, the opposing changes in value between the underlying and hedging transactions offset each other completely over the entire hedging period. The effectiveness of the hedging measures is regularly monitored as part of the existing risk management system. The evaluation is performed using the critical term match method. Any necessary adjustments to the hedging strategy are made promptly. An effective hedging relationship can therefore be assumed both prospectively and retrospectively.

In order to hedge foreign exchange risks from highly probable transactions, forward exchange transactions are entered into which correspond to the expected net cash flow in terms of their term, nominal amount and foreign currency (macro hedges). The highly probable cash inflows and outflows from planned sales and procurement transactions are derived from the corporate planning process. Reviews of past planning results have shown that the recognized transactions are highly probable.

27. Off-balance sheet transactions

In the year under review there were off-balance sheet transactions in the form of operate lease agreements. These mainly relate to motor vehicles and office equipment and were concluded for cost-efficiency reasons. Ongoing leasing installments in the fiscal year 2019/20 totaled k€ 9,382.

28. Other financial obligations

in k€	**06/30/2020**
Rent, lease, and leasing agreements and other obligations	107,075
Purchase commitments for capital projects in progress	32,112
	139,187

In addition to the financial commitments listed above, obligations from master agreements and regular purchase commitments exist in the course of ongoing business to a customary extent.

29. Auditor’s fee

The total fee charged by the auditor for the fiscal year amounted to k€ 1,896 (previous year k€ 2,117) and can be broken down as follows:

in k€	**2019/20**	2018/19
Audit of financial statements	759	678
Tax consulting services	843	873
Other services	294	566

30. Employees

The average headcount during the year was:

		2019/20	2018/19
Germany	Employees	6,981	6,965
	Trainees	376	358
Other countries	Employees	6,843	6,819
	Trainees	137	127
		14,337	**14,269**

31. Management

The persons stated below are responsible for managing the TRUMPF Group. The remuneration of the management of the parent company, Berthold Leibinger GmbH, for the performance of their duties in the parent company and the subsidiaries amounted to k€ 8,755 (previous year k€ 9,096).

Pension commitments of k€ 15,740 (previous year k€ 14,147) were granted and accrued to former members of management. In the fiscal year 2019/20, former managing directors or their surviving dependents received emoluments amounting to k€ 1,079 (previous year k€ 1,034).

32. Exemption in accordance with the German Commercial Code (HGB)

For the following corporations, use is made of the exemption under Section 264 (3) HGB: TRUMPF Werkzeugmaschinen Beteiligungs-GmbH, TRUMPF Werkzeugmaschinen Deutschland Vertrieb + Service Beteiligungs-GmbH, TRUMPF Werkzeugmaschinen Teningen GmbH, TRUMPF International Beteiligungs-GmbH, TRUMPF Laser- und Systemtechnik GmbH, TRUMPF Hüttinger Verwaltung GmbH, TRUMPF Laser GmbH, Celtia Verwaltungs-GmbH, TRUMPF Lasertechnik GmbH, TRUMPF Finance GmbH, Berthold Leibinger Immobilien GmbH, TRUMPF Kapitalbeteiligungen GmbH, TRUMPF Sachsen GmbH, TRUMPF Scientific Lasers Verwaltungsgesellschaft mbH, INGENERIC GmbH, and TRUMPF Lasersystems for Semiconductor Manufacturing GmbH.

For the following commercial partnerships within the meaning of Section 264a (1) HGB, use has been made of the exemption to prepare annual financial statements pursuant to Section 264b HGB in accordance with the provisions applicable to corporations: TRUMPF GmbH + Co. KG, TRUMPF Werkzeugmaschinen GmbH + Co. KG, TRUMPF Hüttinger GmbH + Co. KG, TRUMPF Immobilien GmbH + Co. KG, TRUMPF Werkzeugmaschinen Deutschland Vertrieb + Service GmbH + Co. KG, and TRUMPF Scientific Lasers GmbH + Co. KG.

33. Supervisory Board

Section 1 (1) no. 2 of the German Co-Determination Act (MitbestG) stipulates that a company above a certain size must appoint a supervisory board. In accordance with Section 7 (1) no. 1 MitbestG, Berthold Leibinger GmbH has fulfilled this obligation with effect from fiscal year 1998/99. The Supervisory Board has twelve members.

The total remuneration of the Supervisory Board amounted to k€ 125 (previous year k€ 129).

34. Related party transactions

All transactions with related parties were at arm's length.

35. Appropriation of earnings

The management of Berthold Leibinger GmbH proposes that earnings be carried forward. The appropriation of earnings of TRUMPF GmbH + Co. KG is carried out in accordance with the partnership agreement.

36. Supplementary report

The shares in BESPOON SAS were sold and transferred on July 31, 2020. The sale has a positive effect on earnings before taxes of k€ 13,294.

Further events of particular significance have not occurred since the end of the fiscal year.

Ditzingen, September 14, 2020

TRUMPF GmbH + Co. KG
Berthold Leibinger GmbH
Dr. phil. Nicola Leibinger-Kammüller, President and Chairwoman
Dr.-Ing. E. h. Peter Leibinger, Vice Chairman
Dr.-Ing. Mathias Kammüller
Dr. rer. pol. Lars Grünert
Dr.-Ing. Heinz-Jürgen Prokop
Dr.-Ing. Christian Schmitz

DEVELOPMENT OF THE CONSOLIDATED FIXED ASSETS

FOR FISCAL YEAR 2019/20

in k€	Acquisition and manufacturing cost						
	07/01/2019*	Changes attributable to currency translation effects	Changes in the scope of consolida-tion	Additions	Disposals	Reclassifi-cations	**06/30/2020**
INTANGIBLE ASSETS							
Acquired concessions, industrial and similar rights, licenses	217,181	501	–63	4,548	–4,223	1,633	219,577
Goodwill	186,752	–1,440	152	6,079	–1,521	–	190,022
Payments on account	1,118	–	–	676	–	–1,527	267
	405,051	**–939**	**89**	**11,303**	**–5,744**	**106**	**409,866**
TANGIBLE ASSETS							
Land and buildings	1,079,673	443	2,233	55,069	–1,413	52,101	1,188,106
Technical equipment and machines	549,924	–9	1,152	81,507	–103,591	12,938	541,921
Other equipment, factory and office equipment	519,908	–421	597	37,950	–22,279	6,343	542,098
Payments on account and assets under construction	113,943	263	–	74,345	–1,343	–71,488	115,720
	2,263,448	**276**	**3,982**	**248,871**	**–128,626**	**–106**	**2,387,845**
FINANCIAL ASSETS							
Shares in affiliated companies	59,387	71	–9,577	17,630	–11,116	–	56,395
Shares in associated companies	2,438	–	–	321	–306	25	2,478
Loans to affiliated companies	10,447	–	–	6,953	–	–	17,400
Participations	3,827	2	–	1,419	–	–25	5,223
Long-term investments	1,276	54	–	–	–290	–	1,040
Other loans	1,784	–26	–	56	–36	–	1,778
	79,159	**101**	**–9,577**	**26,379**	**–11,748**	**–**	**84,314**
TOTAL	**2,747,658**	**–562**	**–5,506**	**286,553**	**–146,118**	**–**	**2,882,025**

* The previous year's figures have been adjusted due to retrospective changes in the opening balances of a company that was consolidated for the first time in the previous year.

	Accumulated depreciation and amortization								Book value	
	07/01/2019*	Changes attributable to currency exchange effects	Changes in the scope of consolida-tion	Additions	Disposals	Reclassifi-cations	Write-ups	06/30/2020	**06/30/2020**	**06/30/2019**
	–130,436	–566	–38	–21,453	4,279	16	4	–148,194	71,383	86,742
	–95,057	1,473	–	–24,732	–	–	10	–118,306	71,716	91,928
	–	–	–	–	–	–	–	–	267	1,060
	–225,493	**907**	**–38**	**–46,185**	**4,279**	**16**	**14**	**–266,500**	**143,366**	**179,730**
	–349,122	–1,708	–186	–34,585	966	–431	2	–385,064	803,042	730,069
	–282,736	625	–114	–61,981	51,713	385	21	–292,087	249,834	266,877
	–331,203	101	–119	–53,646	18,109	20	240	–366,498	175,600	189,094
	–2,887	–25	–	–1,217	217	10	–	–3,902	111,818	111,112
	–965,948	**–1,007**	**–419**	**–151,429**	**71,005**	**–16**	**263**	**–1,047,551**	**1,340,294**	**1,297,152**
	–8,006	–	–200	–	6,356	–	–	–1,850	54,544	51,381
	–8	–	–	–	–	–	–	–8	2,470	2,430
	–	–	–	–	–	–	–	–	17,400	10,447
	–54	–	–	–	–	–	–	–54	5,169	3,773
	–1,064	–40	–	–	–	–	364	–740	300	212
	–	–	–	–	–	–	–	–	1,778	1,784
	–9,132	**–40**	**–200**	**–**	**6,356**	**–**	**364**	**–2,652**	**81,661**	**70,027**
	–1,200,573	**–140**	**–657**	**–197,614**	**81,640**	**–**	**641**	**–1,316,703**	**1,565,321**	**1,546,909**

LIST OF SHAREHOLDINGS

AS OF JUNE 30, 2020

Company	Share of ownership TRUMPF GmbH + Co. KG	
	Direct	Indirect
Fully consolidated subsidiaries		
TRUMPF Werkzeugmaschinen Beteiligungs-GmbH, Ditzingen	100	
TRUMPF Werkzeugmaschinen GmbH + Co. KG, Ditzingen[1]	100	
TRUMPF Werkzeugmaschinen Deutschland Vertrieb + Service GmbH + Co. KG, Ditzingen[1]		100
TRUMPF International Beteiligungs-GmbH, Ditzingen	100	
TRUMPF Werkzeugmaschinen Deutschland Vertrieb + Service Beteiligungs-GmbH, Ditzingen		100
TRUMPF Laser- und Systemtechnik GmbH, Ditzingen		100
TRUMPF Hüttinger Verwaltung GmbH, Freiburg i. Br.		90
TRUMPF Hüttinger GmbH + Co. KG, Freiburg i. Br.[1]		90
TRUMPF Lasersystems for Semiconductor Manufacturing GmbH, Ditzingen		100
TRUMPF Sachsen GmbH, Neukirch		97.2
TRUMPF Laser GmbH, Schramberg		100
Celtia Verwaltungs-GmbH, Reutlingen		100
TRUMPF Financial Services GmbH, Ditzingen	100	
TRUMPF Lasertechnik GmbH, Ditzingen	100	
TRUMPF Finance GmbH, Ditzingen	100	
TRUMPF VSZ Grundstücksverwaltungsgesellschaft mbH + Co. KG Mainz[2]	94	
Berthold Leibinger Immobilien GmbH, Ditzingen	100	
TRUMPF Immobilien GmbH + Co. KG, Ditzingen[1]	100	
Hüttinger Grundstücks-Vermietungsgesellschaft mbH + Co. Objekt Freiburg KG, Pullach i. Isartal[2]		84.6
TRUMPF Kapitalbeteiligungen GmbH, Ditzingen		100
TRUMPF Scientific Lasers Verwaltungs-GmbH, Unterföhring		100
TRUMPF Scientific Lasers GmbH + Co. KG, Unterföhring[1]		100
INGENERIC GmbH, Aachen		100
TRUMPF Werkzeugmaschinen Teningen GmbH, Teningen		100
TRUMPF Photonic Components GmbH, Ulm		100
TRUMPF Schweiz AG, Grüsch, Switzerland		100
TRUMPF Finance (Schweiz) AG, Baar, Schweiz	100	
TRUMPF, Inc., Farmington, Connecticut, USA		100
TRUMPF Huettinger Inc., Santa Clara, California, USA		90
TRUMPF Photonics, Inc., Cranbury, New Jersey, USA		100

Company	Share of ownership TRUMPF GmbH + Co. KG	
	Direct	Indirect
SPI Lasers LLC, Santa Clara, California, USA		100
TRUMPF Limited, Luton, United Kingdom		100
SPI Lasers plc, Southampton, United Kingdom		100
SPI Lasers UK Limited, Southampton, United Kingdom		100
TRUMPF Corporation, Yokohama, Japan		100
FA Service Corporation, Yokohama, Japan		100
TRUMPF S.A.S., Paris, France		100
TRUMPF Machines S.A.R.L., Haguenau, France		100
TRUMPF Máquinas Ind. E. Com. Ltda., Sao Paulo, Brazil		100
Auroma Technologies Co. Dba Access Laser Company, Everett, Washington, USA		85
TRUMPF maskin ab, Alingsas, Sweden		100
TRUMPF Maquinaria S.A., Madrid, Spain		100
TPT Máquinas-Ferramentas e Laser, Unipessoal, Lda, Porto Salvo, Portugal		100
TRUMPF Maschinen Austria GmbH, Pasching, Austria		100
TRUMPF Maschinen Austria GmbH & Co. KG, Pasching, Austria[1]		100
TRUMPF Homberger S.r.l., Buccinasco (Milan), Italy		100
TRUMPF Macchine Italia S.r.l., Lonigo (Vicenza), Italy		100
TRUMPF SISMA S.r.l., Piovene Rocchelle (Vicenza), Italy		55
TRUMPF Pte Ltd., Singapore, Singapore		100
TRUMPF Korea Co., Ltd., Seoul, South Korea		100
TRUMPF Malaysia Sdn Bhd, Kuala Lumpur, Malaysia		100
SPI Lasers Korea Ltd., Seoul, South Korea		100
TRUMPF (India) Private Limited, Pune, India		100
India Metamation Software Pvt. Ltd, Chennai, India		51
TRUMPF Praha spol. s.r.o., Prague, Czech Republic		100
TRUMPF Strojírenská výroba CZ s.r.o., Liberec, Czech Republic		100
TRUMPF Liberec, spol. s.r.o., Liberec, Czech Republic		100
TRUMPF Shared Services sp. z o.o., Warsaw, Poland		100
TRUMPF Polska Sp. z o.o. Sp. k., Warsaw, Poland[1]		100
TRUMPF Polska Sp. z o.o., Warsaw, Poland		100
TRUMPF Hüttinger Sp. z o.o., Zielonka, Poland		90
TRUMPF Hungary Kft, Budapest, Hungary		100

Company	Share of ownership TRUMPF GmbH + Co. KG	
	Direct	Indirect
TRUMPF Bulgaria Ltd., Sofia, Bulgaria		100
TRUMPF Laser + Machinery S.R.L., Bucharest, Romania		100
TRUMPF Sheet Metal Products (Taicang) Co., Ltd., Taicang, China		100
TRUMPF (China) Co., Ltd., Taicang, China		100
TRUMPF HÜTTINGER Electronics (Shanghai) Co., Ltd., Shanghai, China		90
SPI Lasers (Shanghai) Co. Ltd., Shanghai, China		100
Jiangsu Jinfangyuan CNC Machine Co., Ltd., Jiangsu Province, China		100
TRUMPF Technology (Shanghai) Co., Ltd., Shanghai, China		100
TRUMPF Mexico S. de R.L. de C.V., Apodaca, Mexico		100
TRUMPF Mexico Services S. de R.L. de C.V., Apodaca, Mexico		100
TRUMPF Slovakia, s.r.o., Kosice, Slovakia		100
TRUMPF Canada Inc., Mississauga, Ontario, Canada		100
TRUMPF Nederland B.V., Hengelo, Netherlands		100
TRUMPF Photonic Components B.V., Eindhoven, Netherlands		100
TRUMPF OOO, Moscow, Russia		100
TRUMPF Taiwan Industries Co., Ltd., Gueishan Shiang, Taoyuan County, Taiwan		100
PT. TRUMPF Indonesia, Jakarta, Indonesia		100
TRUMPF Philippines Inc., Manila, Philippines		100
TRUMPF Ltd., Bangkok, Thailand		100
TRUMPF VIETNAM COMPANY LIMITED, Ho Chi Minh City, Vietnam		100
TRUMPF Makina Sanayii A.Ş., Istanbul, Turkey		100

Company	Share of ownership TRUMPF GmbH + Co. KG	
	Direct	Indirect
Companies not included in the consolidated financial statement		
XETICS GmbH, Stuttgart		100
JT Optical Engine Verwaltungs-GmbH, Jena[3]		50
Findos SC Investor Fund II GmbH & Co. KG, Munich		24.995
TRUMPF Venture GmbH, Ditzingen		100
FG4 Beteiligungs-GbR, Ditzingen		25
Amphos GmbH, Herzogenrath		100
Q.ant GmbH, Stuttgart		100
One Click Metal GmbH, Tamm		100
ZIGPOS GmbH, Dresden		25.1
HBH Mircowave GmbH, Stutensee		90
Toref Technica Co., Ltd., Aichi, Japan		25
BESPOON SAS, Le Bourget du Lac, France		60
Stellar Industries Corp., Wilmington, Delaware, USA		100
ACCESS LASER (SHENZHEN) CO.,LTD, Shenzhen, China		85
SHENZHEN EVERBRITE CD.,LTD, Shenzhen, China		85
TRUMPF Engineering Services Italy S.r.l., Orbassano/Turin, Italy		75
Bruma Machinehandel B.V., Spankeren, Netherlands		100
c2go inprocess solutions GmbH, Berlin[3]		100
Amphos Inc, Wilmington, Delaware, USA		100

[1] Entities whose unlimited liability partners are the joint parent companies or another entity that is included in the group of consolidated companies.
[2] Companies are consolidated as, from an economic standpoint, the opportunities and risks accrue to the parent company.
[3] In liquidation.

INDEPENDENT AUDIT REPORT

FOR TRUMPF GMBH + CO. KG AND BERTHOLD LEIBINGER GMBH

Audit opinion

We have audited the consolidated financial statements prepared by TRUMPF GmbH + Co. KG, Ditzingen, and Berthold Leibinger GmbH, Ditzingen, comprising the consolidated balance sheet as of June 30, 2020, the consolidated profit and loss statement, the consolidated cash flow statement, and the statement of shareholders' equity for the fiscal year from July 1, 2019 to June 30, 2020 as well as the notes to the financial statements, including the accounting policies and valuation methods. We have also audited the group management report of TRUMPF GmbH + Co. KG and Berthold Leibinger GmbH for the fiscal year from July 1, 2019 to June 30, 2020.

In our opinion, which is based on the findings of our audit,

– the attached consolidated financial statements comply in all material respects with the rules provided for by German commercial law, comply with German generally accepted accounting principles, and give a true and fair view of the Group's net assets and financial position as of June 30, 2020 and its results of operations for the fiscal year from July 1, 2019 to June 30, 2020, and

– the attached Group management report provides on the whole an accurate picture of the Group's situation. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and accurately represents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we state that our audit has not led to any reservations concerning the regularity of either the consolidated financial statements or the Group management report.

Basis for the audit opinion

We carried out our audit of the consolidated financial statements and Group management report in accordance with Section 317 of the HGB and in compliance with the generally accepted auditing principles of the Institute of German Certified Public Accountants (IDW). Further details of our responsibility in accordance with these provisions and principles are given below in the section entitled “Responsibility of the auditors for auditing the consolidated financial statements and Group management report.” We are independent of the Group companies, in accordance with German commercial law and professional regulations, and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained provides an adequate and suitable basis for our audit opinion on the consolidated financial statements and Group management report.

Other information

The Supervisory Board is responsible for the information disclosed in the Supervisory Board Report, which forms part of the annual report. Otherwise, the legal representatives are responsible for the other information provided. The term “other information” comprises those components of the annual report of which we received a version prior to expressing this audit opinion, in particular the sections “Message from the Group Managing Board” and “Supervisory Board Report.”

Our audit opinion on the consolidated financial statements and Group management report does not cover this other information and, accordingly, we are not expressing any audit opinion on, nor drawing any other form of conclusion from, this information.

In the context of our audit, we are responsible for reading the other information and for assessing whether it

– departs in any material way from the consolidated financial statements, Group management report or the findings of our audit, or

– misstates the facts in any other material way.

If, in the performance of our duties, we gain the impression that this other information misstates the facts in any material way, we are obligated to report on this. We have nothing to report in this respect.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and Group management report

The legal representatives are responsible for preparing the consolidated financial statements so that they conform, in all material respects, to German commercial regulations, and also for ensuring that the consolidated financial statements comply with German generally accepted accounting principles and give a true and fair view of the Group's net assets, financial position and results of operations. Further, the legal representatives are responsible for those internal controls that they deem necessary in accordance with German generally accepted accounting principles in order to facilitate the preparation of consolidated financial statements that are free of any material misstatements, whether intended or unintended.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue operating. They are also responsible for disclosing matters relating to the continuing operation of the Group, to the extent that these are relevant. In addition, they are responsible for preparing the accounts in accordance with the accounting principle of continuing operations, except to the extent that this is contrary to fact or law.

Furthermore, the legal representatives are responsible for preparing a Group management report that, on the whole, provides an accurate picture of the Group's situation and, in all material respects, is consistent with the consolidated financial statements, complies with German commercial regulations, and accurately represents the opportunities and risks of future development. In addition, the legal representatives are responsible for those precautions and measures (systems) they deem necessary to enable preparation of the Group management report in compliance with the applicable German statutory regulations and to furnish adequate suitable evidence for the statements made in the Group management report.

The Supervisory Board is responsible for monitoring the accounting processes the Group uses to prepare the consolidated financial statements and Group management report.

Responsibility of the auditors for auditing the consolidated financial statements and Group management report

Our objective is: firstly, to obtain reasonable certainty that the consolidated financial statements as a whole are free of any material misstatements – whether intended or unintended – and that the Group management report as a whole provides an accurate picture of the Group's situation and is, in all material respects, consistent with the consolidated financial statements and with the audit findings, complies with the German statutory regulations, and accurately represents the opportunities and risks of future development; and, secondly, to express an audit opinion that reflects the findings of our audit of the consolidated financial statements and Group management report.

Reasonable certainty means a high level of certainty, but does not constitute any guarantee that an audit conducted in accordance with Section 317 of the HGB, and in compliance with the generally accepted auditing principles of the Institute of German Certified Public Accountants (IDW), will always bring to light any misstatement. Misstatements may result from breaches or inaccuracies and are deemed material if there is reasonable expectation that, individually or together, they could influence economic decisions taken by readers on the basis of these consolidated financial statements or Group management report.

During the audit, we exercise due discretion and maintain a critical stance. In addition

– we identify and assess the risks of material – intended or unintended – misstatements in the consolidated financial statements and Group management report, plan and perform audit procedures in response to those risks, and obtain adequate and suitable audit evidence to provide a basis for our audit opinions. The risk that material misstatements may not be detected is greater for breaches than for inaccuracies, as breaches may involve fraudulent collusion, falsification, intentional incompleteness, misrepresentation, or the overriding of internal controls;

– we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements, and of the precautions and measures relevant to the audit of the Group management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems;

- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures presented by the legal representatives;

- we draw conclusions on the appropriateness of the accounting principle of continuing operations applied by the legal representatives and, on the basis of the findings of the audit, whether there is any material uncertainty about events or circumstances that could give rise to significant doubts about the Group's ability to continue as a going concern. If we come to the conclusion that there is any material uncertainty, we are obligated, in our audit opinion, to draw attention to the corresponding disclosures in the consolidated financial statements and Group management report or, should these disclosures be appropriate, to modify our audit opinion in each case. We draw our conclusions on the basis of the audit evidence available to us as of the date of our audit opinion. Future events or circumstances, however, may result in the Group no longer being able to continue its operations;

- we evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements present the underlying transactions and events in such a way as to give a true and fair view of the Group's net assets, financial position and results of operations in accordance with German generally accepted accounting principles;

- we obtain adequate and suitable audit evidence for the accounting information of the Group companies or the Group's business activities in order to express an opinion on the consolidated financial statements and Group management report. We are responsible for directing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion;

- we assess the Group management report's consistency with the consolidated financial statements, its legal conformity, and the picture it presents of the situation of the Group;

– we perform audit procedures on the forward-looking statements made by the legal representatives in the Group management report. On the basis of adequate and suitable audit evidence, we verify, in particular, the significant assumptions made by the legal representatives, and assess whether the forward-looking statements made are properly derived from these assumptions. We do not express any independent opinion on either the forward-looking statements or the underlying assumptions. There is a significant and unavoidable risk that future events will differ materially from the forward-looking statements.

Together with those responsible for monitoring, we discuss, among other things, the planned scope and timing of the audit and any significant findings of the audit, including any deficiencies in the internal control system that we identify during our audit.

Stuttgart, September 14, 2020

ERNST & YOUNG GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

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GERMAN PUBLIC AUDITOR

HEUBACH
GERMAN PUBLIC AUDITOR

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REALIZATION

CONCEPT AND DESIGN

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P. 02: Verena Müller
P. 06/07: Getty Images – Corbis Documentary/Neil Emmerson, DigitalVision/Thomas Northcut, Unsplash – Logan Weaver, picture alliance – dpa
Cover + P. 08–13: Wolfram Scheible, GROB-WERKE GmbH & Co. KG
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Cover + P. 20–25: Kunal Daswani
Cover + P. 26–31: Geoff Johnson
P. 34/35 + 38: Cira Moro
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P. 43: Luftbild Brugger GmbH
P. 44/45: Steve Hall + Merrick Photographers
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NOTE

With the exception of the Editorial and the Management Board and Supervisory Board Reports, only the masculine form is used predominantly throughout this Annual Report for the sake of readability, but it should be taken to refer to persons of both genders.

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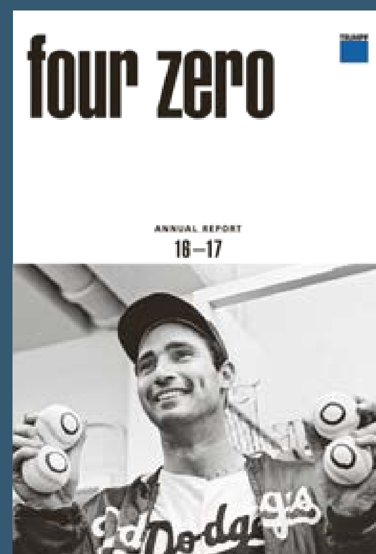
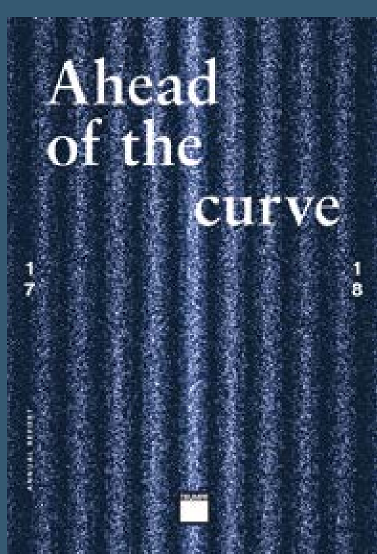
2016

2015 / 2016



2016 / 2017



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NOTE

With the exception of the Editorial and the Management Board and Supervisory Board Reports, only the masculine form is used predominantly throughout this Annual Report for the sake of readability, but it should be taken to refer to persons of both genders.

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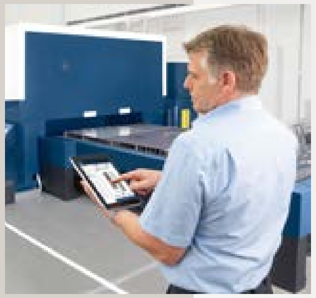
TECHNOLOGICAL HIGHLIGHTS

11 / 2019



Software solution Workmate

DIGITAL ASSISTANT HELPS PRODUCTION EMPLOYEES

The new Workmate software solution displays information to machine operators to facilitate their everyday work, from assistance with setting up machines to recommendations for packaging parts. With access to everything that matters, the software saves on search times and promotes independent and efficient working.
Workmate also assists with manual jobs such as welding and assembly, for example. Here, the software solution provides in-depth work and health and safety instructions.

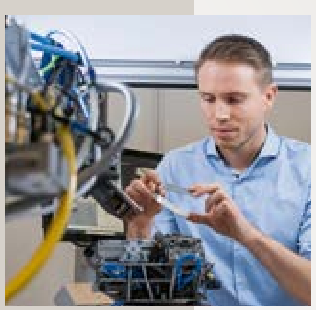
11 / 2019

NEW 3D PRINTER FOR MEDICAL TECHNOLOGY

The TruPrint 2000 is particularly well suited to industries with high quality standards, such as medical technology. The flow of inert gas from the rear and forward through the system is exceptionally uniform. This raises the quality of the printed parts. What's more, the operator can get rid of excess powder on the part while it is still in the machine. The new system uses inert gas to prepare the printing powder. This prevents any contamination from entering the circulating powder system. This is a significant advantage in sensitive industries such as medical technology.

TruPrint 2000

11 / 2019



TruLaser Station 7000

TRULASER STATION 7000 EFFICIENTLY WELDS LARGE ENDOSCOPES

With its laser power of up to 4 kW and 150 % larger installation space, the TruLaser Station 7000 3D laser welding system ensures greater productivity. The machine also has no problem welding larger components and deeper seams. Productivity is increased by higher feedrates and faster part production. Another new feature is smart image processing, which automatically corrects the laser beam if the part is crooked. This improves process reliability and reduces wastage. The TruLaser Station 7000 is especially suitable for complex instruments in medical technology, such as endoscope production.

05 / 2020

TRUMPF MOVES INTO AUTOMATED ARC WELDING

TRUMPF's first automated arc welding system is now available. The TruArc Weld 1000 is equipped with a cobot, or collaborative robot. After the operator has manually fed the cobot a part, it automatically produces the weld much more efficiently than would be possible manually. With this new system, TRUMPF is responding to the increasing lack of specialist workers, while offering businesses an easy way into automated welding.
Unlike with conventional industrial robots, the operator can move the cobot over the part by hand. Integrated sensors mean it is easy to guide.

TruArc Weld 1000

05 / 2020

TruLaser Tube 3000 fiber

LASER TUBE CUTTING FOR BEGINNER AND ADVANCED LEVELS

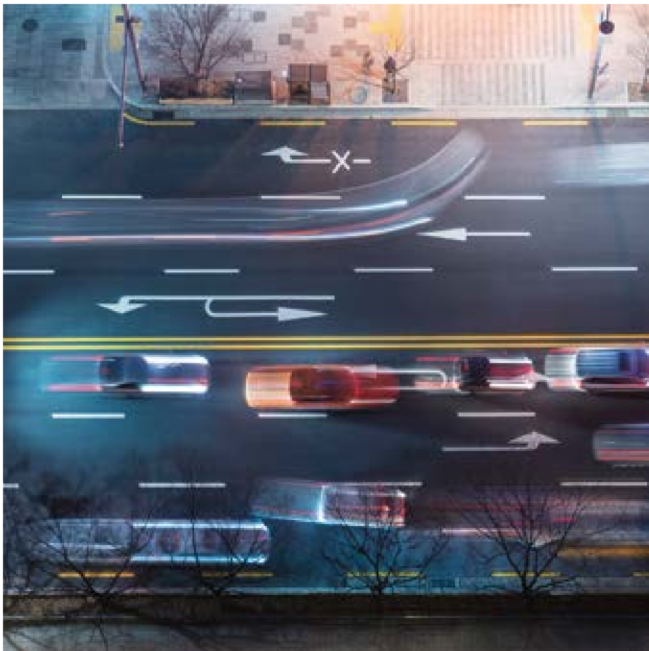
The TruLaser Tube 3000 fiber makes sense even at low to medium capacity. The machine enables a varied range of tube and profile machining tasks, and replaces conventional machining operations such as sawing, drilling, and milling.
The TruLaser Tube 3000 fiber can machine a wide range of parts, including profiles, round tubes, flat steel and – as an option – L and U profiles, too. The 2-kW solid-state laser can cut through structural steel, stainless steel, aluminum, and non-ferrous metals such as copper and brass. The machine already boasts a comprehensive set of cutting data.

06 / 2020

WORLD'S FIRST LOCALIZATION STANDARD FOR INDUSTRY

In collaboration with around 60 partners, TRUMPF has introduced a standard for industrial locating technologies. "omlox" allows the integration of all existing technologies, such as UWB, BLE, RFID, 5G and GPS. The new industry standard enables the tracking of forklift trucks, drones, driverless transport systems, and tools from various manufacturers via a uniform interface. Location data can therefore be put to much broader use in the factory.
The involved industrial partners include companies from all over Europe, Asia and the US. To enable the global further development of the "omlox" standard, the initiators handed the project over to the PROFIBUS user organization, which has been taking care of various industry standards for over 30 years.

Localization solution for production

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