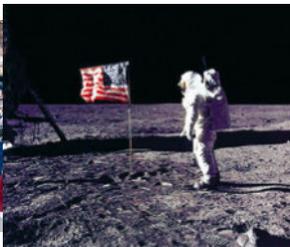


50 YEARS OF TRUMPF USA



TRUMPF GROUP

K E Y F I G U R E S

	2017/18	2018/19	Change from 2017/18 in percent
Sales <i>in € millions</i>	3,565.6	3,784.0	+6.1
Orders received <i>in € millions</i>	3,799.9	3,680.8	-3.1
EBIT <i>in € millions</i>	534.7	349.3	-34.7
EBIT margin <i>in percent</i>	15.0	9.2	-
Expenditure on fixed assets <i>in € millions</i>	216.4	288.0	+33.3
Expenditure on research and development <i>in € millions</i>	343.1	395.8	+15.4
Balance sheet total <i>in € millions</i>	3,469.8	3,939.2	+13.5
Equity <i>in € millions</i>	1,876.5	2,023.1	+7.8
Equity ratio <i>in percent</i>	54.1	51.4	-
Economic equity* <i>in € millions</i>	2,167.7	2,210.6	+2.0
Economic equity ratio <i>in percent</i>	62.5	56.1	-
Employees on June 30 <i>number</i>	13,420	14,490	+8.0

* Equity capital plus long-term loans from partners

50 YEARS OF TRUMPF USA

TRUMPF



Annual Report
2018/19

EXTREME ULTRA-VIOLET LIGHT



HIGH-POWER LASER SYSTEMS FOR EUV LITHOGRAPHY

Working in close collaboration with ASML – the world's leading manufacturer of lithography systems – and optics specialist ZEISS, TRUMPF has developed a unique CO₂ laser system. High-power laser amplifiers from TRUMPF play a key role in the fabrication of ultra-powerful microchips. They help generate a bright plasma that supplies the extreme ultraviolet (EUV) radiation required for wafer exposure.

*T R U M P F
L a s e r
A m p l i f i e r*

ADDITIVE MANUFACTURING



ADDITIVE MANUFACTURING OF COMPLEX PARTS

Additive manufacturing simplifies the task of producing complex parts. TruPrint systems from TRUMPF are used in many different sectors, including aircraft manufacturing, medical technology, and the tool and mold making industry. TRUMPF offers expertise in both the key metal printing techniques: laser metal fusion (LMF) and laser metal deposition (LMD). This flexibility allows TRUMPF to offer the best solution for each customer's needs.

*T r u P r i n t
5 0 0 0*

B U S I N E S S
F I E L D S



PHOTONIC COMPONENTS

LASER DIODES FOR PHOTONICS AND DIGITAL PRODUCTS

The laser diodes produced by TRUMPF's new business field, TRUMPF Photonic Components, are used in smartphones, in digital data transfer applications and in sensors for autonomous driving. Over half a billion cell phones worldwide are equipped with this laser diode technology.

*V C S E L
P h o t o d i o d e*



FINANCIAL SERVICES

SALES FINANCING FROM TRUMPF'S OWN UNIVERSAL BANK

When TRUMPF sends a machine quote to a customer, it also includes information on sales financing or leasing options. The company's custom financing and lending solutions are based on solid financial expertise and a thorough knowledge of the mechanical engineering sector. The TRUMPF Bank operates in nine European countries. In other core markets – such as the US and China – TRUMPF works together with cooperation partners.

*F i n a n c e
M a n a g e r*

MACHINE TOOLS

MACHINE TOOLS FOR FLEXIBLE SHEET METAL PROCESSING

Making machine tools for the flexible processing of sheet metal and tubes is the biggest part of TRUMPF's business. Our portfolio includes systems for bending, punching, and combined punch and laser processing as well as laser cutting and laser welding applications. We offer machines and automation solutions that are tailored to our customers' needs, as well as consulting, finance and many other services that help them produce high-quality products reliably and economically. Our software solutions are designed to support every aspect of their sheet metal business – from design engineering to fully-fledged production control.

*T r u L a s e r
5 0 3 0
f i b e r*



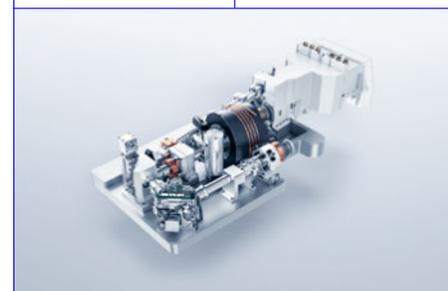
B U S I N E S S
D I V I S I O N S

LASER TECHNOLOGY

LASERS FOR MANUFACTURING TECHNOLOGY

From cutting and welding to marking and surface finishing, we have the right laser and the right technology for every industrial application. We can provide our customers with the tools they need to achieve innovative yet cost-efficient production processes. From macro to micro and nano scales, we approach our customers' needs on an individual basis, addressing the challenges they face with system solutions, software tools, application expertise and consulting services.

T r u D i s k



Our range of electronics products includes process power supplies for high-tech applications. Our generators convert electricity into whatever form our customers require for induction heating, plasma applications, and laser excitation, ensuring the right frequency and output in each case.

50 YEARS OF TRUMPF USA



Annual Report
2018/19

EDITORIAL



50 YEARS OF TRUMPF USA

1969 was the year Neil Armstrong first set foot on the moon. We all remember his famous phrase: “That’s one small step for a man, one giant leap for mankind.”

1969 was also the year of Woodstock, the most famous music festival in history. Bob Dylan’s song “The Times They Are a-Changin’” has come to symbolize that era of youth protest. “And you better start swimmin’, Or you’ll sink like a stone” – two lines that could just as well apply to industrial change in the era of digital business models, of trade disputes, or to industrial answers on the increasing demand for resources worldwide.

Lastly, 1969 was the year in which TRUMPF took the brave step of crossing the Atlantic and founding its first US subsidiary. Following the TRUMPF subsidiary in Switzerland, this was the second time that my father Berthold Leibinger, who passed away in October 2018, proved he possessed not only the courage but also the entrepreneurial foresight to internationalize our company.

In view of the values our two countries share and our close friendship – something we fought for back then and should continue to fight for today – this step turned out to be absolutely right.

Over the past 50 years, the US has not only been a permanent source of innovations for TRUMPF. With sales of 547 million euros in the past 2018/19 fiscal year, the US has again been the second-largest single market after Germany. And even more importantly, in view of the deteriorating economic situation that we’ve been acutely aware of ever since the fall of 2018, the US is one of the few markets to have largely bucked the current negative trend in business activity.

All things considered, even though the TRUMPF Group did again surpass its high sales level of the previous year by 6.1 percent, with revenues of 3.8 billion euros, our order intake has fallen by 3.1 percent to 3.7 billion euros. This development has already prompted us to take decisive steps. Earnings before interest and taxes have also dropped significantly.

Bob Dylan’s changing times keep on changing for the better as well: there’s no finer proof of that than the history of our own company, which will be celebrating its 100th birthday in 2023.

My heartfelt thanks to all of you who, despite the difficult macroeconomic conditions, have given your best to TRUMPF over the past fiscal year. I wish you a lot of fun as you leaf through all the texts and photos we’ve collected to illustrate 50 years of TRUMPF history in the United States of America!

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

Contents

TRUMPF USA

CONTENTS

50 Years of TRUMPF USA ————— (**05**)

Image directory ————— (**37**)

The company ————— (**47**)

Corporate social responsibility ————— (**55**)

Group Management Report ————— (**69**)

Consolidated Financial Statements ————— (**103**)

Notes to the Consolidated Financial Statements ————— (**109**)

Imprint ————— (**146**)



1969
2019

50 YEARS OF TRUMPF USA

**A story about technology,
pioneering spirit - and being
close to our customers
in the land of unlimited
opportunity.**

THE
YEAR

19 69

50 YEARS OF TRUMPF USA

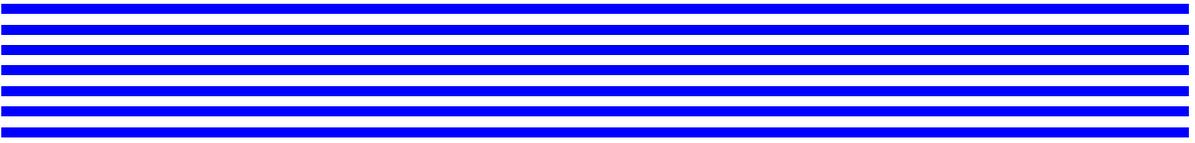


50 YEARS OF TRUMPF USA

CONFETTI FOR THE HEROES

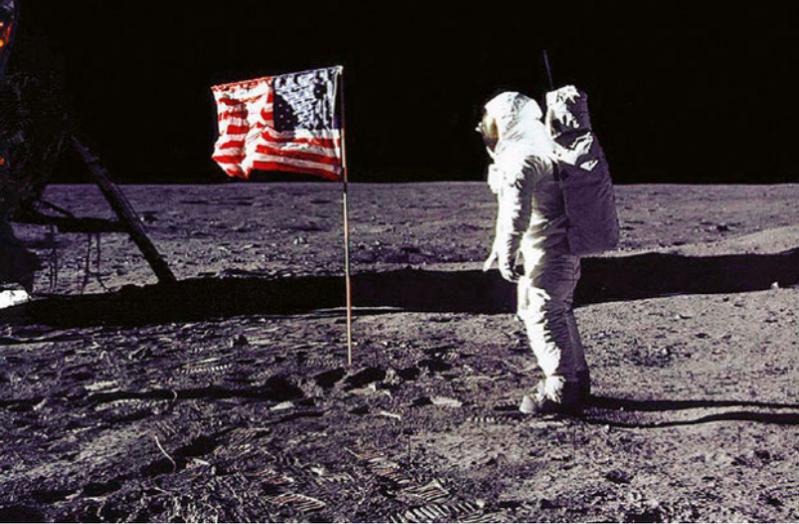
Parade for the astronauts of the Apollo 11 space mission: Michael Collins, Buzz Aldrin and Neil Armstrong are celebrated in 1969 after successfully landing on the moon.

50 YEARS



50 YEARS OF TRUMPF USA





01



02

Chicago, Illinois, 2017: A light and airy new building, with panoramic windows, high wooden walls, and a steel ceiling. Unmanned transportation vehicles automatically find their way from the high-bay storage and retrieval center to the laser cutting machines and on to the bending machines. Data is exchanged wirelessly, and the machines share information. The Control Center is manned by Megan Baumgartner, running the fully automated factory from her computer screen. Here we have Industry 4.0 at

its best – embedded in inspiring architecture featuring steel beams and ‘flamed wood’, all of it designed by the German-American architectural firm of Barkow Leibinger.

More than 500 guests arrive for the opening ceremony: customers, employees, public officials and even journalists from Germany. Standing at the lectern, Nicola Leibinger-Kammüller, President and Chairwoman of the TRUMPF Group Management Board, emphasizes the great significance of the US market to TRUMPF – as well as the

50 YEARS OF TRUMPF USA

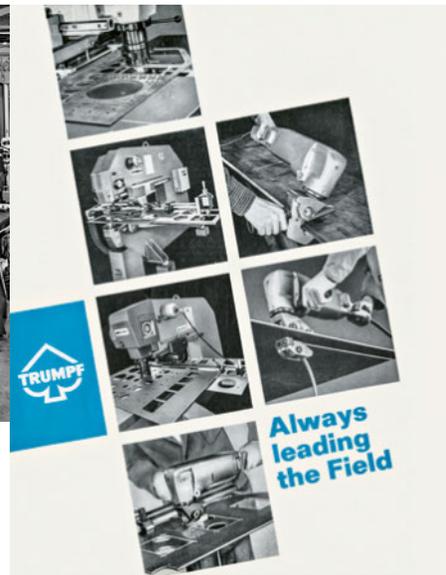
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50 YEARS OF TRUMPF USA

importance of free and fair world trade. Just before her speech, Peter Höcklin, head of TRUMPF's US subsidiary, extols the benefits of end-to-end digitization. Other speakers this evening were the architect Frank Barkow and Professor David Miller from Princeton University. Welcome to the new TRUMPF Smart Factory!

In the middle of the Rust Belt, at the heart of the American mechanical engineering industry, a completely networked factory has been created that still seems totally futuristic

RUST BELT: GEOGRAPHICAL SYMBOL FOR THE FUTURE OF PRODUCTION TECHNOLOGY?

11

12

13

Gesellschafterbeschluss

Betr.: Gründung einer eigenen Vertretungsfirma in den USA
unter der Firma Trumpf America Inc. in Farmington/Conn.

Herr Trumpf teilte am 5. Mai 1969 telefonisch mit, daß er und seine Frau sich an der Firmengründung in USA nicht beteiligen wollen.

Herr und Frau Trumpf werden aber der Gründung der USA-Firma durch die Herren Schwarz und Leibinger nichts in den Weg legen.

Dementsü werden die Gesellschafter Schwarz und Leibinger ermächtigt, zu Lasten ihrer Darlehenskonten bei Trumpf & Co. für die Gründung der USA-Firma Beträge in Höhe bis zu je \$ 50.000.-- (= je DM 200.000.--) zu entnehmen.

Die Beteiligung der Gesellschafter Schwarz und Leibinger an der neu zu gründenden Firma Trumpf America Inc. wird von allen Gesellschaftern ausdrücklich genehmigt im Hinblick auf § 5 des Gesellschaftsvertrages der Firma Trumpf & Co. vom 11.11.66 bzw. § 10, Ziffer c des Gesellschaftsvertrages der Trumpf Verwaltungs- und Beteiligungs-GmbH vom 27.7.1960.

Bei der Wichtigkeit des USA-Marktes für die Erzeugnisse der Firma Trumpf & Co. sind sich die Gesellschafter dieser Firma darüber einig, daß in den ersten Jahren des Bestehens der Trumpf America Inc. evtl. entstehende Anlaufverluste von Trumpf & Co. mit getragen werden.

Stuttgart-Weilimdorf, den 7. Mai 1969.

Christian Trumpf
Kurt Schwarz
Bernhard Leibinger

TRUMPF
Verwaltungs- und Beteiligungs-Gesellschaft a.B.R.



"One Dozen Cost Saving Applications."

NEW FullyAutomaticSystem



for Punching and Contour Slitting

Trumatic-25
Continuous path control for slitting with
cutting force up to 25 tons. Slitting up to 12" wide
with up to 100 cut lengths. Maximum punching
force up to 25 tons. Slitting up to 12" wide
with up to 100 cut lengths.

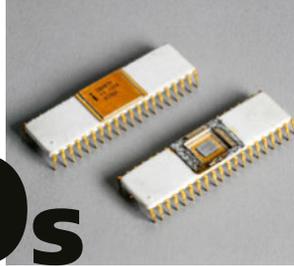
Fully Automatic Tool Changer
For slitting with continuous slitting up to 12"
wide with up to 100 cut lengths. Maximum
punching force up to 25 tons. Slitting up to 12"
wide with up to 100 cut lengths.

TRUMPF AMERICA INCORPORATED





THE 1970s



08

09

10

for many manufacturing companies and machine builders. For TRUMPF it is a reality – and a flagship for the TRUMPF Group, which has more than 70 subsidiaries worldwide. A common question among the guests is why the company decided to locate its Smart Factory in this region around Chicago, of all places. Could the Rust Belt be a geographical symbol for the future of production technology? And why did Berthold Leibinger venture into a suburban area half a century ago when he was looking for a location to distribute his

machine tools in the US? Back in 1969, why did he found his company's second foreign subsidiary in the idyllic town of Farmington, Connecticut – rather than at the heart of the largest industrial region of the United States?

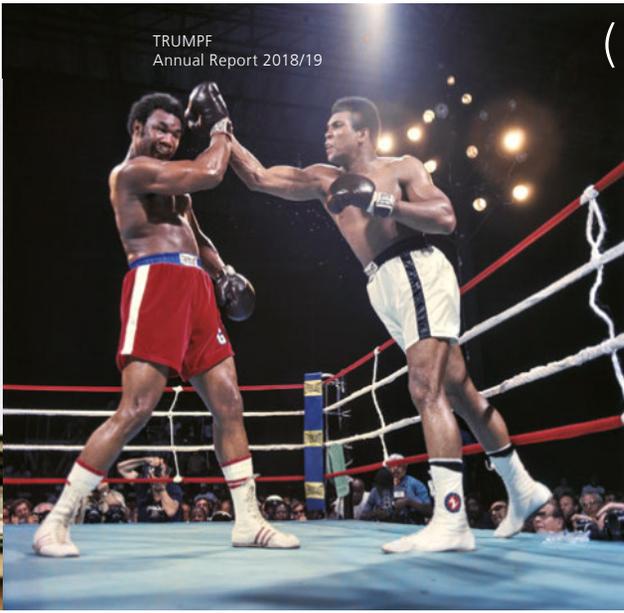
TIMES OF TURMOIL The answer to that question takes us back to the spring of 1968. One year before NASA and Neil Armstrong gave us the event of the century with the first manned moon landing, Berthold Leibinger traveled to the United States to find a suitable site for his US subsidiary. Until then,

50 YEARS OF TRUMPF USA

14

15





19



20



21

an impression on Leibinger, who was looking for an environment that was as tranquil as possible. From his time at Cincinnati Milling Machines, he still had contacts in New England – and it was there that he fell in love with the river valley town of Farmington. The restless environment of the large cities and the Rust Belt became secondary – they were still not too far away. Local conditions were also highly suitable: a small town situated in a beautiful landscape, with a lot of industry and thus potential workers, customers and partners all

RUMBLE IN THE JUNGLE: MUHAMMAD ALI KNOCKS OUT GEORGE FOREMAN

50 YEARS OF TRUMPF USA

25

26

27





28

THE 1980s



29

50 YEARS OF TRUMPF USA

around. In 1969, TRUMPF moved into a rented building in Farmington's industrial park – and TRUMPF's first US subsidiary was born.

CONNECTICUT INGENUITY 50 years later, the TRUMPF US subsidiary covers an area of more than 2 million square feet. At the center is a small lake, with tall pine trees all around and broad green spaces. The landscape is peaceful. Comfortable seating areas for employees and other TRUMPF colleagues or customers can be found on terraces and in meadows. The Stars and Stripes flutters on a large flagpole. As soon

as winter draws to an end, a bear occasionally visits the site – the employees have taken countless snapshots of it. At the summer barbecue, TRUMPF's headquarters in Ditzingen treats its US colleagues to German beer.

Today, TRUMPF has several sites in the US and in North America, but its center of operations is definitely Farmington. This is where everything comes together. The site has been growing continuously over the years, with numerous groundbreaking ceremonies for new buildings. Over 900 employees

30

31





50 YEARS OF TRUMPF USA

IS THERE ANYBODY OUT THERE?

The *Voyager Golden Records*, carried on board the space probes Voyager 1 and Voyager 2 launched into space in 1977, contain messages for extraterrestrials.



THE TIMES THEY ARE CHANGING

50 YEARS OF TRUMPF USA

★ BOB DYLAN ★





32



33



34



35

work in production halls, technical service, development laboratories, customer demonstration centers and administrative offices. The diode factory in Princeton has a workforce of almost 300, and a further 100 colleagues are employed at the production site for machine frames in Monterrey, Mexico.

The total number of employees for all the sites across North America is now over 1,500. They all design, develop and produce machines, lasers, tools and services to supply multiple American industries – including traditional

agriculture and farming, the ever changing automobile and aerospace industries, and the innovative consumer electronics industry. Headed by Peter Höcklin, with Burke Doar responsible for sales, the TRUMPF Group in North America generates more than 664 million euros of revenue. That makes North America the second-largest market for the TRUMPF Group behind Germany. The path to today's success was marked by bold and farsighted entrepreneurial decisions – plus, of course, that "bit of luck" that's always needed as well.

50 YEARS OF TRUMPF USA

36

37





38



39



40

50 YEARS OF TRUMPF USA

THE COUNTRY NEEDS MORE PUNCHING TOOLS! Let's step back in time to the early days of the late 1960s. In those days, the TRUMPF subsidiary in Farmington was a pure sales location. The company looked for sales representatives across the country to bring its machines to the vast US market. The main reason why the site was starting to grow rapidly at this point was that the machines were selling well. The result of which was that more customers needed a larger selection of punching tools built to order at short notice. But the route

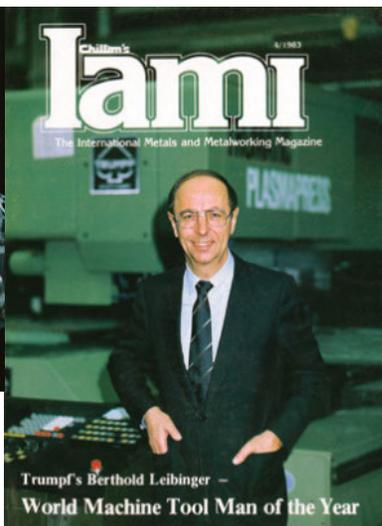
from Europe across the Atlantic involved considerable delays.

TRUMPF needed tools on-site faster and wanted to find some way to avoid expensive imports. In 1974, the year in which Muhammad Ali knocked out George Foreman in Zaire in the eighth round in what is known as the rumble in the jungle, Farmington became the first foreign production site for TRUMPF – for punching tools. Shortly afterwards, the company's US expansion began and has continued to this day. TRUMPF moved into its own building in

44

45

46





41



42



43

Farmington's industrial park and expanded its manufacturing activities: the production of punching machines for the US market began. Over 50 employees were working in Farmington at this stage, and production and sales of TRUMPF's machine tools took off.

SALES, PRODUCTION, DEVELOPMENT – A TIME OF GROWTH IN FARMINGTON! In the late 1970s, the laser caused a sensation in the US as a "miracle tool". Unlike in the science fiction series Star Wars which started in 1977, the people in the laboratories didn't

BRUCE SPRING-STEEN GIVES HIS ALL ON STAGE: "BORN DOWN IN A DEAD MAN'S TOWN"

50 YEARS OF TRUMPF USA

47



48



49





50



51



52

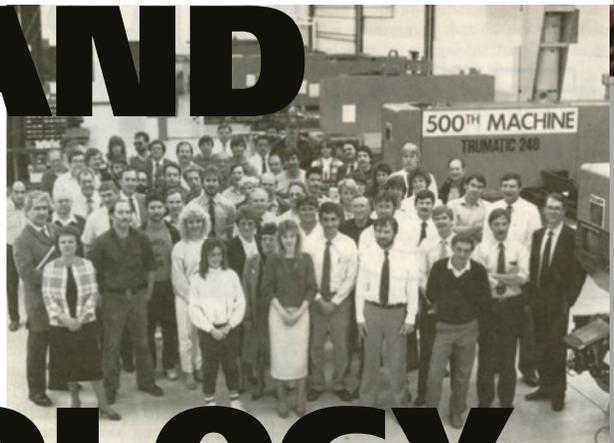
50 YEARS OF TRUMPF USA

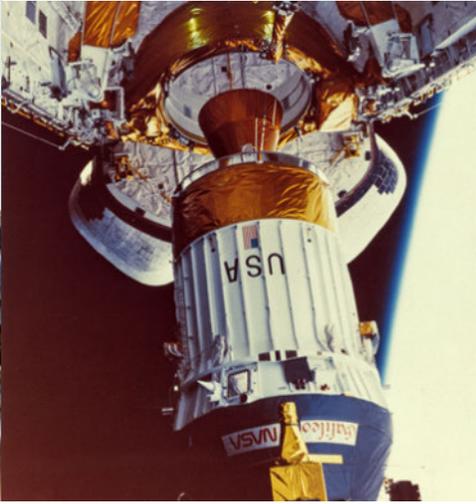
use the lasers for swordfights but to cut metal sheets. TRUMPF recognized the advantages of the laser and incorporated it into its machine tools – and this was nothing short of a revolution in industrial sheet metal cutting. In 1979, TRUMPF manufactured the first ever combination punch-laser machine in Germany; only one year later, TRUMPF USA was producing the model as well. During this time, Farmington was becoming increasingly important as a development site. An innovative punching tool, the Multitool, marked a mile-

**EMMET BROWN:
"YOU'RE NOT
THINKING FOURTH
DIMENSIONALLY!"**

55

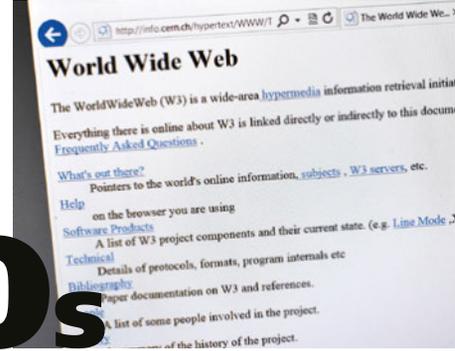
MORE AND MORE LASER TECHNOLOGY





53

THE 1990s



54

stone for the US subsidiary and gave TRUMPF a technological advantage over its competitors. And in 1984, when Bruce Springsteen's "Born in the USA" reached 15 million records sold, *lami*, one of the most important US trade journals, featured Berthold Leibinger on its front page as Machine Tool Man of the Year.

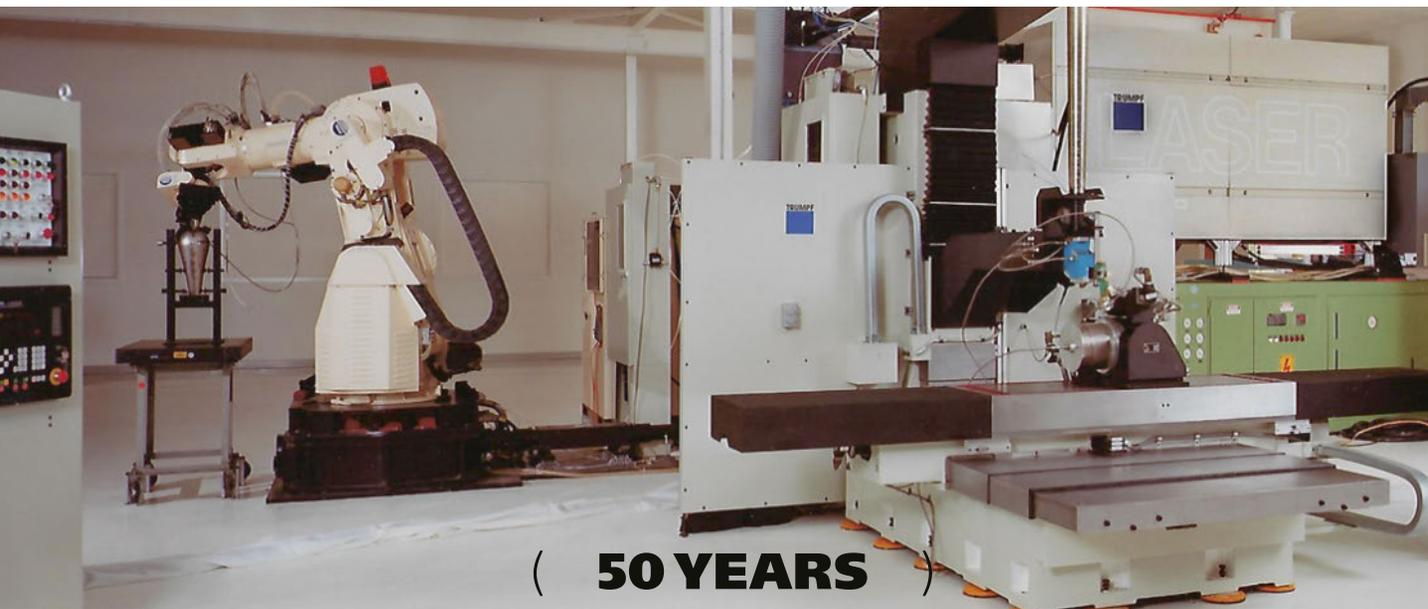
TRUMPF continuously extended its production capacity in the US. By the mid-1980s, the number of employees in Farmington had risen to 160. The mechanical engineering company's growth in the US was also aided by

President Ronald Reagan's pro-growth policies. And it worked: TRUMPF was successfully developing and producing machine tools and laser machines in the US and had become a truly American enterprise. In 1992, the one thousandth machine produced in Farmington left the production line and was shipped to a customer in Ohio.

VENTURING INTO THE RUST BELT TRUMPF was only moderately impressed by the performance of the lasers it had started to purchase in 1979. Determined to do a better job, the company decided to set up its own in-house

50 YEARS OF TRUMPF USA

56





50 YEARS OF TRUMPF USA

LUKE SKYWALKER AND THE DEATH STAR
The movie *Star Wars* is released in 1977 – and the Jedi Knights triumphantly enter pop culture. So far, good and evil have crossed laser-swords in nine films.

50 YEARS OF TRUMPF USA

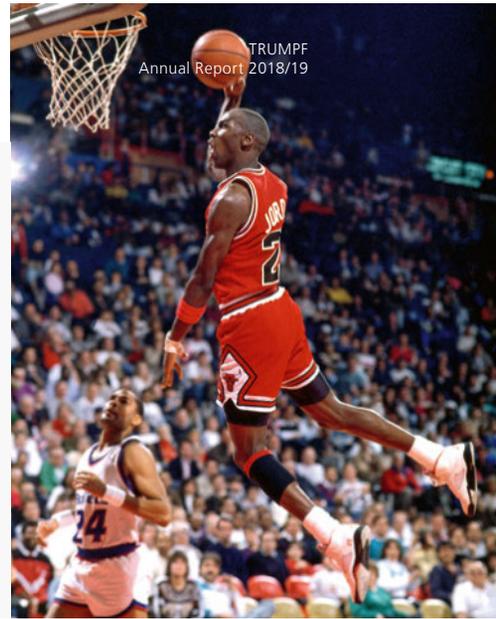
MAY
THE
FORCE
BE WITH
YOU



THE 2000s



67



68

50 YEARS OF TRUMPF USA

TRUMPF secured a strategically important core competency. In 1999, Peter Leibinger became the new managing director in Farmington. He wanted to minimize the company's dependency on suppliers of the diodes that were so important for TRUMPF laser production, and decided that the company should start producing its own diodes. Initially, TRUMPF worked with the diode manufacturer Princeton Lightwave, a spin-off from the David Sarnoff Research Center. The manufacturer focused on the emerging telecommunications industry,

THE DIODE FACTORY IN PRINCETON PRODUCES HIGH-TECH COMPONENTS FOR LASERS

71



72





69



70

and producing semiconductors and optical components for rapid data transmission. When the dotcom bubble burst in March 2000, TRUMPF acquired the production facilities, patent portfolio and employees of the ailing Princeton Lightwave, establishing its second US production site in Cranbury, New Jersey, not far from Princeton. Men and women sit in their cleanrooms, wearing protective hoods and clothing, pursuing the goal of generating as much light as possible. Their material: semiconductors. This is where TRUMPF devel-

ops and produces the high-tech components for its lasers. Princeton is synonymous with diode lasers. The products manufactured here are a key component for the industrial lasers that the company either installs in its own machine tools or sells directly to its customers. Anyone who takes a look behind the scenes here will realize why the innovation promise is so important for TRUMPF. After guided tours of the factory, it is not uncommon for customers to remark: "Wow, there's so much high-tech in the machines I use to cut metal!"

50 YEARS OF TRUMPF USA

73

74





75



76

50 YEARS OF TRUMPF USA

With the diode factory, TRUMPF was now able to develop and produce the key component for its lasers on its own. At this point around 500 employees were working for TRUMPF in the US. It was the era when Apple revolutionized the music industry by introducing the iPod portable music player and historic events like 9/11 and Lehman changed the world.

CALIFORNIA DREAMING Alongside TRUMPF, the entire industry is currently undergoing a similar long-term transformation,

namely digitization. So that made what happened next seem quite logical. This summer marked the official opening of TRUMPF's new, fully interconnected Technology Center in North America – to the south of Los Angeles, in Costa Mesa, California. The hall still smells of fresh paint. Machines cut and bend sheet metal, production data is displayed on monitors; snacks and drinks are available in the bright meeting rooms. Customers, visitors and employees check components, discuss requirements and sketch out solutions. Whenever

78

79



THERE IS ONE MORE THING



77

necessary, they make virtual visits to the Smart Factory near Chicago or to the company's US headquarters in Farmington, to take part in product demonstrations or training courses. This all happens live, with no need to board a plane. That's customer proximity and Industry 4.0 at their best, yet again – and throughout the entire country!

In recent years, digitization and interconnectivity have been the big topics for TRUMPF, for industry and for the world economy. TRUMPF is a leading provider and user in this

ARTIFICIAL INTELLIGENCE IS THE NEXT LEVEL OF DIGITIZATION

50 YEARS OF TRUMPF USA

80



81





82



83

50 YEARS OF TRUMPF USA

regard, and a pioneer where Industry 4.0 is concerned. The company is now taking connected production to the next level by incorporating Artificial Intelligence. It's all about getting machines and lasers to learn from their mistakes and to experience things autonomously, about making them understand what they are doing and, even more importantly, understand how to do it even better – with the simple goal of making industrial production even better, and even more efficient. TRUMPF is already setting new standards here: for example, the

company developed a machine that is able to insert, cut and eject metal sheets automatically. The highlight here is that the machine itself learns independently how to remove parts from the sheet skeleton in the best and fastest way – and also transmits this knowledge to other machines of the same type. Artificial Intelligence on an industrial scale is no longer a vision of the future – it's become a reality.

SOURCE OF INSPIRATION The US has always been of fundamental importance for the development, the success and the future

84



85





TEEMING CROWDS

Times Square, famed for all its neon signs, is located in the center of Manhattan's theater district and is also referred to as *The Heart of the World*.

IT'S ALWAYS DAY



ONE



★ JEFF BEZOS ★



50 YEARS OF TRUMPF USA



86



87

of TRUMPF. The company has been inspired by innovations from the US – whether it was during the early years of numerical controls for punching machines, during the late 1970s when it integrated lasers into machine tools, or at around the turn of the millennium when the company began diode production near Princeton and penetrated an entirely new business area with lasting success. Today's EUV lithography, a fast-growing business unit of TRUMPF, also started with connections in and from the US. With its lasers, specially developed over

many years, TRUMPF today supplies the key components for a system enabling microchip manufacturers to produce state-of-the-art computer chips for the megatrends of the next few years. Those include autonomous driving, smart cities and increasingly powerful smartphones. The innovation promise offered by TRUMPF worldwide will – we are certain – also be rooted in many sources of inspiration from the USA in the future.

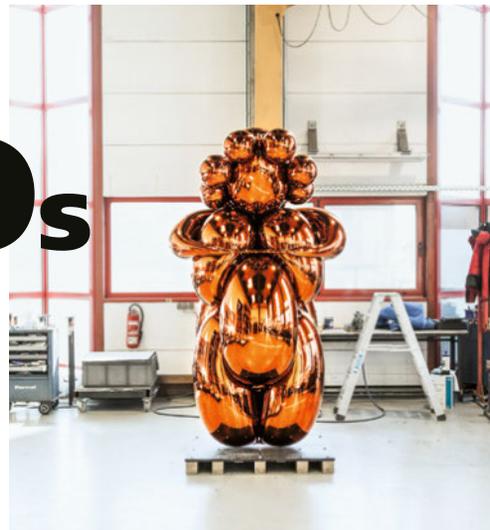
There have, of course, been many product highlights manufactured in the US using

50 YEARS OF TRUMPF USA

88



89



THE 2010s

THE STRUGGLE FOR FREE TRADE LIES AT THE HEART OF WORLD POLITICS



50 YEARS OF TRUMPF USA

TRUMPF machines and lasers, but maybe the most iconic is the 40-foot-tall stainless steel spire at the top of One World Trade Center in New York City. The successor of the Twin Towers destroyed on September 11, 2001, was manufactured in 2013 by the company Kammetal, a TRUMPF customer from Brooklyn, New York, using a laser cutting machine.

GETTING CLOSER TO THE CUSTOMER For TRUMPF's US subsidiary run by Peter Höcklin and Burke Doar, the proximity to the customer is the North Star. This explains our opening

question as to why TRUMPF expanded its presence in the Rust Belt in 2017. The answer: to remain as close as possible to its customers and better understand their needs. Technology centers and subsidiaries have been founded near Detroit, Chicago, Seattle, Dallas and in Silicon Valley – all locations where the pulse of the market can really be felt.

On this fall evening in Chicago, the opening ceremony at the Smart Factory is drawing to an end. Here and there, a few guests are still discussing topics such as the fully automated

92

93

94





90



91

factory and also the architecture of Barkow Leibinger, which creates the feeling of a large art gallery. The Neue Zürcher Zeitung will later write that this new building tells us more about the society of tomorrow than the entire Architecture Biennale that opened in Chicago at the same time.

Peter Höcklin, Nicola Leibinger-Kammüller and her husband Mathias Kammüller are closing out the evening when a customer takes hold of Mr. Höcklin's arm and says: "Peter! This is a great event and a sensational factory –

INSPIRING ARCHITECTURE FEATURING STEEL BEAMS AND 'FLAMED WOOD'

50 YEARS OF TRUMPF USA

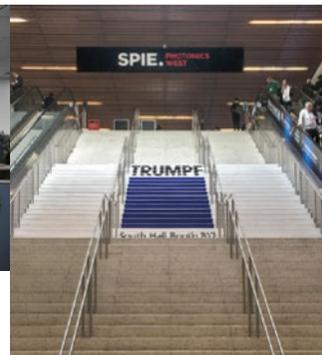
95



96



97



DIRK MAKES NBA HISTORY



98

50 YEARS OF TRUMPF USA

I'm impressed!" That is exactly what TRUMPF wants to stand for in the coming 50 years: new technologies and marketable solutions that secure our customers' continued success in their day-to-day manufacturing operations. But also evenings like this one, which reflect the close bond between all of us as human beings – and also the close bond between the US and Germany.

THE USA IS A CONSTANT SOURCE OF INSPIRATION FOR TRUMPF

99

100



IMAGE DIRECTORY

(37 — 46)

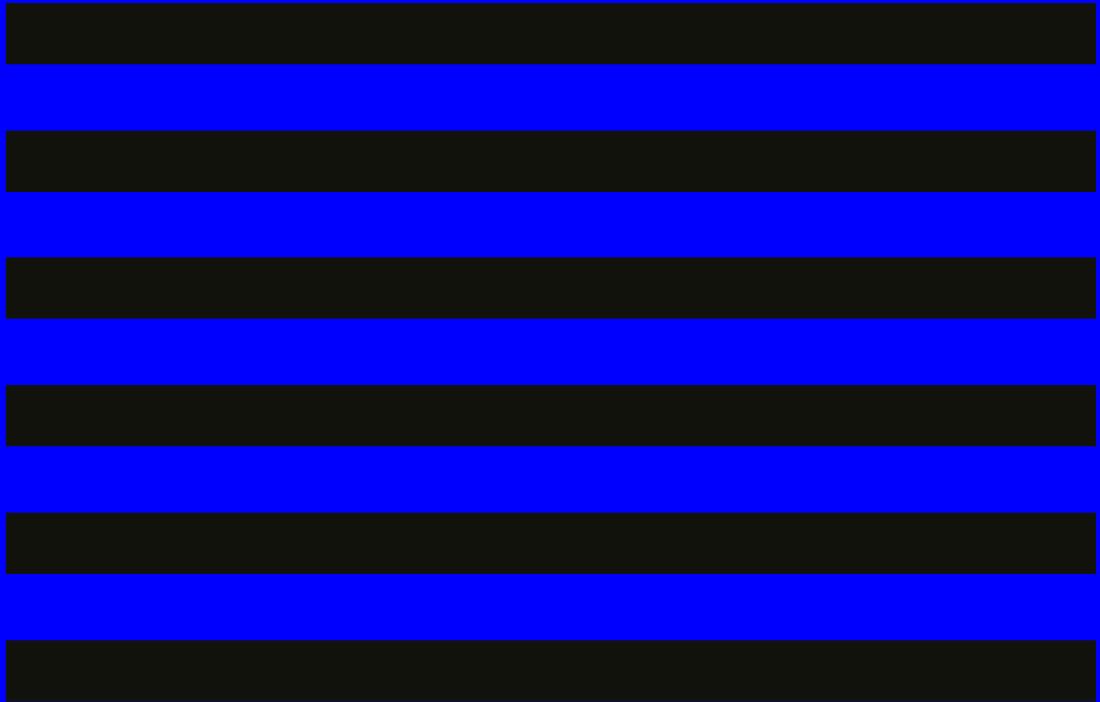


IMAGE DIRECTORY

50 YEARS OF TRUMPF USA

IMAGE DIRECTORY

THE COMPANY

CORPORATE SOCIAL RESPONSIBILITY

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

IMPRINT

(09 — 09)



× 01
The event of the century

On July 21, 1969, Neil Armstrong and Buzz Aldrin become the first men to set foot on the moon. They stay there for a total of 21 hours and 36 minutes. Worldwide, more than 500 million people watch the moon landing on TV.
Getty — AFP / NASA



× 02
Men on Harleys

The road movie "Easy Rider" hits US cinemas in 1969, reflecting the "biker" attitude to life during the flower power era. Even though the movie's reception is mixed, it goes on to achieve cult status. Peter Fonda and Dennis Hopper play the lead roles.
Getty — Moviepix / Silver Screen Collection



× 03
Nibbler for the States

In the 1950s, the company COSA Corporation markets TRUMPF machines in the US. One of them is the copy nibbler CN63, shown here.
TRUMPF — Berthold Leibinger



× 04
Road trip
TRUMPF presents a selection of its electronic tools to potential US customers – inside a VW bus – at the ASTME trade show in Cleveland in 1965.
TRUMPF



× 05
Ahead of the rest
In 1969, TRUMPF already sees itself as an innovative technology company – and confidently launches a marketing campaign with the slogan "Always leading the Field".
TRUMPF

(10 — 11)



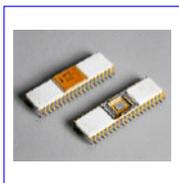
× 06
At Woodstock with Jimi

The hippie movement reaches its peak in the US in 1969: around 400,000 people celebrate with Jimi Hendrix and Janis Joplin at the music festival in Woodstock. Rock music evolves from sub culture into pop culture.
Getty — Moviepix / Michael Ochs Archives



× 07
Everyday life in color

From the mid-1960s onward, US artist, filmmaker and publisher Andy Warhol is a leading figure in the Pop Art movement.
Getty — Premium Archive / Fred W. McDarrah



× 08
Calculators for everyone

In the early 1970s, Texas Instruments develops an extremely small processor – the world's first microprocessor is born.
Getty — SSPL / Science & Society Picture Library



× 09
Smile please!

From 1972 to 1981, the US company Polaroid, based in Minnetonka, Minnesota, produces the Polaroid SX-70 – the first folding single lens reflex Land camera.
Getty — The LIFE Picture Collection / Co Rentmeester



× 10
A glimpse inside the human body

The first commercial computer tomograph EMI Mark 1 is in a class of its own. In 1979, Allan M. Cormack and Godfrey Hounsfield are awarded the Nobel Prize in Physiology and Medicine for their research into this diagnostic method.
Getty — SSPL / Science & Society Picture Library



× 11
In writing

And here it is: the shareholders' resolution to found "TRUMPF America Inc." – the company's first subsidiary outside of Europe.
TRUMPF



× 12
**Trade shows,
70s-style**

TRUMPF starts to exhibit its products at trade shows more frequently to increase recognition in the US market. At the SMC Show in San Mateo in 1973, the focus is on electronic tools once again.
TRUMPF



× 13
**The first punching
machine**

In the early 1970s, TRUMPF rolls out its fully automated punching machine TRUMATIC 20 on the US market. The advert above is highly effective, and the machine becomes a top seller.
TRUMPF



× 14
**Big machines,
blue carpet**

In 1974, at a trade show in Chicago, TRUMPF presents two large format presses: TRUMATIC 202 and SUNIMAT 400. That same year, Farmington is opened as the company's first overseas production site.
TRUMPF



× 15
**Wearing flares at
the trade show**

At the same trade show in Chicago in 1974, a machine operator gives a live demonstration of how the TRUMATIC 202 works – and visitors can appreciate the quality of the punched holes.
TRUMPF

(12 — 13)



× 16
Nixon impeached

On April 30, 1973, US President Richard Nixon assumes full responsibility for the Watergate scandal, becoming the only US president ever to be impeached.
Getty — AFP / AFP FILES



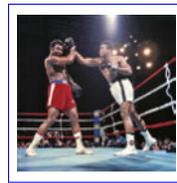
× 17
**Computers from
the garage**

In 1975, Bill Gates (left) and Paul Allen found the Microsoft Corporation. With MS-DOS, Windows, and Office, the company soon occupies a dominant position in the computer market.
Getty — Corbis Premium Historical / Doug Wilson



× 18
The War ends

The fall of Saigon on April 30, 1975 marks the end of the Vietnam War. It lasted 20 years and claimed more than 3 million lives.
Getty — Bettmann / Bettmann



× 19
**"Rumble in the
Jungle"**

In 1974, Cassius Marcellus Clay, better known as Muhammad Ali (right), unexpectedly defeats reigning champion George Foreman in a legendary match, and becomes the world champion again after 1967.
Getty — Neil Leifer Collection / Neil Leifer



× 20
"I am your father"

In 1977, the first Star Wars film is released in movie theaters. Set in a fictional universe, the films deal with the ongoing fight between good and evil – and are among the most successful in movie history.
Getty — Walt Disney Television / ABC Photo Archives



× 21
Virtual Reality 1.0

In 1972, the Atari Inc. game consoles mark the start of the global success story of video games. The founders are Nolan Bushnell and Ted Dabney.
Getty — SSPL / Science & Society Picture Library



× 22
On-the-fly

In the 1970s, sales of punching and nibbling machines gain momentum. TRUMPF presents the TRUMATIC 150, a machine that requires only 6 seconds for a semi-automatic tool change.
TRUMPF



× 23
Ready for action

The TRUMATIC 150W advertised here promises high productivity: "Ready, set, go!" It couldn't be easier.
TRUMPF



× 24
Approved for use

In 1977, the town of Farmington issues the certificate of occupancy for the new TRUMPF building in Farmington's industrial park.

TRUMPF



× 25
A powerful team

The first ever punch laser machine, the TRUMATIC 180, is produced in Farmington in 1979. The team members responsible pose in front of it.

TRUMPF



× 26
Hi Nicola!

During a stay in the US in 1981, today's TRUMPF CEO Nicola Leibinger-Kammüller attends Middlebury College in Vermont. During this time, TRUMPF continues to expand its production capacity in the US.

TRUMPF



× 27
Family picnic

In 1981, managing partner Berthold Leibinger (third from left) and his wife Doris join their American colleagues for a barbecue at Farmington. Music for the company celebration is provided by an employee band.

TRUMPF

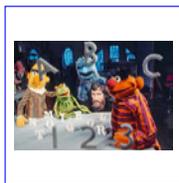
(14 — 17)



× 28
Nuclear Power – No Thanks!

In 1979, the reactor accident at the Three Mile Island atomic power plant near Harrisburg, Pennsylvania fuels people's anxiety about the nuclear threat. Around 200,000 protesters take to the streets in New York City.

Getty — Hulton Archive / Keystone



× 29
Kermit, Ernie, Bert & Co.

The protagonists of Sesame Street, a successful TV series, were created in the US in 1969. The series experienced its heyday during the 1980s.

Getty — The LIFE Picture Collection / Grey Villet



× 30
The first 100

A group shot of the assembly department at Farmington to celebrate production of its hundredth punching machine TRUMATIC 180.

TRUMPF



× 31
Groundbreaking

Space in Farmington is soon at a premium – and in September 1982, construction work duly begins on the US subsidiary's Service and Demonstration Center. Also present: managing partner Berthold Leibinger (third from left).

TRUMPF



× 32
Money, power, and oil

The soap opera Dallas, one of the world's most successful TV series, was broadcast between 1978 and 1991. It tells of the entanglements and intrigues within the fictional Ewing family.

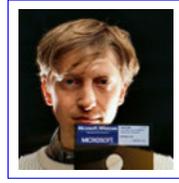
Getty — CBS / CBS Photo Archive



× 33
Box of tricks

In 1981, IBM sets a worldwide standard for the industry with the first Personal Computer. Today's computers are still based on further developments of the concept.

Getty — SSPL / Science & Society Picture Library



× 34
Pioneering work

Bill Gates presents the first operating system for standalone computers, the "Microsoft Disk Operating System", or MS-DOS for short, in 1981.

Getty — Corbis Premium Historical / Deborah Feingold



× 35
Maiden flight

The first space shuttle designed for multiple space flights, Columbia, is launched in 1981. On its 28th mission in 2003 it broke up when re-entering the Earth's atmosphere – all seven crew members lost their lives.

Getty — Corbis Documentary / Roger Ressmeyer / Corbis / VCG



× 36
Party mood

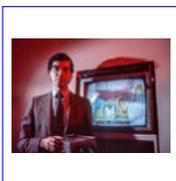
Berthold, Doris and Peter Leibinger (from right to left) celebrate the start of construction work on the new TRUMPF Demonstration Center n Farmington in 1982, together with William Atchison O'Neill, Democratic governor of Connecticut at that time.
TRUMPF



× 37
Fashion-conscious

TRUMPF employee Joe Pugliese – complete with a cowboy hat bearing the company logo – identifies totally with his employer at the Farmington annual picnic.
TRUMPF

(18 — 19)



× 38
Video killed the radio star

MTV, the first music television channel, is launched in the US in 1981. Similar stations develop all over the world, reaching 480 million households in 179 countries.
Getty — Archive Photos / Allan Tannenbaum



× 39
"Phone home"

In 1982, Steven Spielberg directs one of the most successful movies of all time: E.T. – the Extra Terrestrial. It wins four Oscars, and box-office receipts total almost 800 million US dollars.
Getty — Corbis Historical / Sunset Boulevard



× 40
The first portable phone booth

In 1983, after ten years' development time, the Motorola "DynaTAC 8000X" is the first mobile phone to hit the market. A true lightweight at 794 grams, and a price of only 4,000 US dollars.
Getty — Bloomberg / Bloomberg



× 41
Double click

Apple CEO Steve Jobs presents the "Macintosh 128k" in January 1984 – the first computer with a graphic user interface and a mouse.
Getty — Hulton Archive / Apic



× 42
Medals table

In the summer of 1984, Los Angeles hosts the Olympic Games. The US athletes use their home advantage and leave their competitors far behind – winning 83 gold, 61 silver and 30 bronze medals.
Getty — Getty Images Sport / Steve Powell



× 43
Three years in the charts

A full 139 weeks – that's how long Bruce Springsteen's most successful album "Born in the U.S.A." (1984) stays in the charts. The eponymous song is about a Vietnam veteran who can't find his way back into society.
Getty — Redferns / Clayton Call



× 44
Beveling on the level

In the early 1980s, TRUMPF steps up promotion in the US for its TKF 1220 beveler, with full-page ads in leading trade journals.
TRUMPF



× 45
Cover man

In 1984, Jami, one of the most important US trade journals in mechanical engineering, names Berthold Leibinger "World Machine Tool Man of the Year".
TRUMPF



× 46
Bird's-eye view

A view of the TRUMPF campus in Farmington in 1985. Tall pine trees and broad green spaces surround the buildings.
TRUMPF



× 47
Factory worker

TRUMPF employee Dorothy Anderson working in the Farmington assembly department in 1985, when the site had around 160 employees. Today, over 900 people work at the site.
TRUMPF



× 48
Facelift

In 1986, with a fresh trade-show design, TRUMPF presents its new products and technologies for the US market at the IMTS in Chicago.

TRUMPF



× 49
Snacking in the hall

Employees at the assembly department in Farmington sit together during their lunch break. The photo is from 1988.

TRUMPF

(20 — 21)



× 50
Back to the Future

In the science fiction trilogy between 1985 and 1990, Marty McFly and Doc Brown travel through time in a DeLorean DMC turned time machine. The movies and the vehicle achieve cult status.

Getty — AFP / JOSH EDELSON



× 51
Joe's touchdown

In the early 1990s, the American Joe Montana is considered one of the best quarterbacks in the history of the National Football League (NFL). He wins four Super Bowls with the San Francisco 49ers, and is named Most Valuable Player three times.

Getty — Icon Sportswire / Icon Sportswire



× 52
The Wall

The Berlin Wall that divided Germany into two countries comes down on November 9, 1989, as a result of the increasing calls for freedom from the GDR population.

Getty — Gamma-Rapho / Pool CHUTE DU MUR BERLIN



× 53
Eye in the sky

In October 1989, NASA sends an orbiter into space, named after the Italian scientist Galileo Galilei. Its mission: long-term exploration of Jupiter and its moons.

Getty — Archive Photos / MPI



× 54
The Web arrives

In 1991, Tim Berners-Lee announces a project that will fundamentally alter people's lives: the World Wide Web.

Getty — AFP / FABRICE COFFRINI



× 55
500 x TRUMATIC 240

In 1988, the TRUMPF team gathers for another celebratory photo: The five hundredth TRUMATIC 240 produced in the US is about to leave the factory.

TRUMPF



× 56
New laser applications

By 1990, the laser has become an integral part of TRUMPF's portfolio. New applications result from this – and they can also be performed by industrial robots, as seen here.

TRUMPF

(22 — 25)



× 57
Books and more

Amazon begins as an electronic bookshop in 1994 and is now an online shop for everything. Its founder Jeff Bezos ranks as the world's richest man. His company has annual sales of more than 230 billion US dollars.

Getty — The LIFE Images Collection / Rex Rystedt



× 58
Super Soccer

In 1994, the FIFA World Cup is held in the US for the first time. Brazil won the final after beating Italy 3-2 in a penalty shootout.

Getty — Bob Thomas Sports Photography / Bob Thomas



× 59
Travolta & Tarantino

In 1994, the movie Pulp Fiction hits the cinemas – it still ranks as one of the best movies of all time. Actor John Travolta (left), in particular, delivers an excellent performance, and director

Quentin Tarantino (right) wins his first academy award.
Getty — Moviepix / Michael Ochs Archives



× **60**
Top dog

TRUMPF keeps rolling out more machines, including in the US, and is already one of the largest exhibitors at the IMTS 1990 trade show in Chicago.
TRUMPF



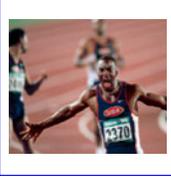
× **61**
Time for a shave

In the early 1990s, TRUMPF promotes its new machine concept with a clever analogy, comparing sheet metal cutting with hair cutting.
TRUMPF



× **62**
Going with the flow

In 1991, TRUMPF rolls out the TLF 5000 Turbo, predecessor of the TruFlow laser, an extremely compact beam source with a laser output of 5 kilowatts – something quite unprecedented at that time.
TRUMPF



× **63**
Johnson's fastest time

At the Olympic Games in Atlanta in 1996, US athlete Michael Johnson wins the 200 meters with a personal best of 19.32 seconds, setting a new world record. 10,320 athletes from 197 countries take part in the Games – a further record!
Getty — Popperfoto / Popperfoto



× **64**
Seek and ye shall find

The US company Google's internet search engine goes online on September 15, 1997. Inventors Larry Page and Sergey Brin turn Google into one of the most valuable brands worldwide.
Getty — AFP / JOHN MACDOUGALL



× **65**
Birth of an oil giant

In 1999, the US companies Exxon and Mobil join forces under the name of ExxonMobil. The result: the world's biggest private oil company with annual sales today of more than 200 billion US dollars.
Getty — Sygma / Rick Maiman



× **66**
Highly promising

In 1991 a double-page ad from TRUMPF in a trade journal promotes the machine LaserCat Cutting Center, developed and produced in the US.
TRUMPF

(26 — 27)



× **67**
Walkman 4.0

With the introduction of the iPod portable player, Apple revolutionizes the music industry and transforms itself from a hardware group into a consumer-electronics group.
Getty — Getty Images Entertainment / Getty Images



× **68**
Dunking Master

Michael "Air" Jordan plays for the Chicago Bulls and the Washington Wizards between 1984 and 2003, winning six NBA championships with the Bulls. In 1999, the sports channel ESPN names him "Sportsman of the Century".
Getty — National Basketball Association / Jerry Wachter



× **69**
Mark likes this

In 2004, together with four friends, Harvard student Mark Zuckerberg founds the social network Facebook. What began as a small online yearbook turns into a web platform – today with far more than 2 billion members worldwide.
Getty — Getty Images News / Justin Sullivan



× **70**
Worldwide tweeting

280 characters – that's the maximum length allowed for a tweet at the online service Twitter. Co-founder Jack Dorsey posts the first tweet on March 21, 2006. Today, there are more than 300 million active Twitter users.
Getty — Getty Images News / Andrew Burton



× **71**
Milestone

In 1992, the LaserCat L2503 is the thousandth machine produced by TRUMPF employees in Farmington.
TRUMPF



× 72
In the Rust Belt

In the 1990s, a further TRUMPF subsidiary is founded, this time in Detroit. The focus is on laser products and technologies.

TRUMPF



× 73
Another ground-breaking ceremony

At the turn of the millennium, a new Customer Center is built in Farmington. Berthold Leibinger (third from left) and his son-in-law Mathias Kam-müller (second from right) stand out at the ground-breaking ceremony in their light-colored trench coats.

TRUMPF



× 74
In full glory

The Customer Center, designed by the German-American architectural office Barkow Leibinger, is completed less than a year later.

TRUMPF — Steve Adams
Photography

(28 — 29)



× 75
Too big to fail?

In September 2008, the US investment bank Lehman Brothers has to file for insolvency. The bank's collapse triggers a global recession, the effects of which can still be felt today.

Getty — Getty Images News / Oli Scarff



× 76
Pocket PC for the masses

At the Macworld Conference in San Francisco on January 9, 2007, Apple CEO Steve Jobs presents the first iPhone at the end of his keynote with the words "one more thing". The audience is delighted.

Getty — Getty Images News / David Paul Morris



× 77
Boeing takes off

In the summer of 2007, the US company Boeing reveals its latest long-haul airplane: the 787, also known as the Dreamliner. It is the first wide-body plane with a fuselage made largely from carbon-fiber-reinforced plastic.

Getty — AFP / AFP



× 78
New diode factory

In 2002, TRUMPF acquires the diode manufacturer Princeton Lightwave in Cranbury, New Jersey, thus founding its second production site in the US. TRUMPF has developed and produced its diode lasers here ever since.

TRUMPF



× 79
Symbolic shovel

The date of the ground-breaking ceremony for the so-called LITE building – built in Farmington in 2006 – is immortalized on this shovel. The acronym stands for Laser Innovation and Technical Excellence.

TRUMPF



× 80
Cutting for the laser

At the official opening of the LITE building in Farmington in 2008, Peter Leibinger (left), the Republican governor of Connecticut Jodi Rell, and TRUMPF US Managing Director Rolf Biekert ceremoniously cut the ribbon.

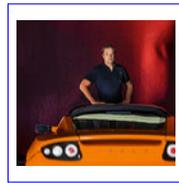
TRUMPF



× 81
A matter of honor

In 2008, Bob Leahy (third from left) receives the Patriot Award from the Employer Support of Guard and Reserve – for his commitment to co-workers on military missions abroad.

TRUMPF



× 82
Maverick goes mobile

Elon Musk and his company Tesla are virtually synonymous with electric vehicles. In 2008, the Tesla Roadster, a purely electric sports car, comes onto the market. It is Tesla's first series vehicle.

Getty — MediaNews Group / MediaNews Group / Bay Area News via Getty Images

(30 — 33)



× 83
Obama's forthcoming victory

In 2008, Barack Obama, still a senator from Illinois at the time, delivers a moving speech in front of 200,000 people at Berlin's Victory Column. Shortly afterwards he is elected the first Afro-American US President.

Getty — Getty Images News / Charles Ommanney



× 84
Anniversary machine

In 2009, the employees in Farmington celebrate their 40th anniversary with a special edition of the punching machine TruPunch, the first machine produced by TRUMPF in the US.

TRUMPF



× 85
100 lasers in 2 years

In 2005, two years after its market launch, the hundredth TCF 1 laser leaves the production hall. The picture shows the employees providing a rare insight into the inner workings of the CO₂ laser.

TRUMPF



× 86
Waiting in the War Room

On May 2, 2011, US President Barack Obama orders the military operation Neptune's Spear. According to US authorities it results in the death of Osama bin Laden, founder and leader of the terrorist network Al Qaeda.

Getty — Getty Images News / The White House



× 87
Final watched by millions

With his many wins, awards and records, Tom Brady, quarterback of the New England Patriots, is considered one of the best players in the National Football League NFL. The final (Super Bowl) is watched by more than 800 million people worldwide.

Getty — Getty Images Sport / Al Bello



× 88
Peak performance

A 40m-high stainless-steel construction is located atop the One World Trade Center in New York City. The company Kammetal from Brooklyn manufactured it in 2013 using a TRUMPF machine.

TRUMPF



× 89
Work of art

TRUMPF customer Arnold AG from Hesse in Germany produces some of the balloon-like sculptures by US artist Jeff Koons, regarded as the founder of post-ironic art.

TRUMPF — Bernd Liebl

(34 — 35)



× 90
Tensions at the summit

Trade disputes and geopolitical conflicts were discussed at the G7 summit in La Malbaie, Canada in 2018. The final summing-up is captured by the German government photographer Jesco Denzel.

Getty — Getty Images News / Handout



× 91
Checkout staff no longer required

In 2018, the first Amazon grocery store opens in Seattle. There are no more cashiers; the customers pay automatically via their web accounts.

Getty — Bloomberg / Bloomberg



× 92
Smart karting

Students at the University of Connecticut developed a go-kart as part of their thesis. It's tubular structure was cut using TRUMPF machines.

TRUMPF



× 93
Lasers for the major players

The center of TRUMPF laser expertise in the US is located in Plymouth, Michigan, at the heart of the industrial region and right next to the technology centers of the major automotive companies.

TRUMPF



× 94
Light and wood

The TRUMPF Smart Factory with panoramic windows and high wooden walls, opened in 2017, was designed by the German-American architectural office Barkow Leibinger.

TRUMPF — Hall + Merrick Photographers



× **95**
Digital navigation bridge

The Smart Factory in Chicago is just as impressive on the inside, with its steel-girder architecture, steel ceiling, and the so-called Skywalk – providing a great overview of the machine park below.

TRUMPF — Hall + Merrick Photographers



× **96**
All the best, Lester!

In 2018, the head of TRUMPF US, Peter Höcklin, bids farewell to longtime employee Lester McGowan, who retired after 46 years' work with the company.

TRUMPF

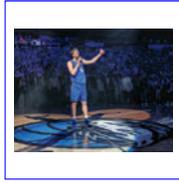


× **97**
On the West Coast

'Photonics West', the leading laser trade show, is held every year in San Francisco. In 2018, the TRUMPF logo adorns the staircases leading to the exhibition halls.

TRUMPF

(36 — 36)



× **98**
Farewell, Dirk!

In April 2019, Dirk Nowitzki retires from the National Basketball Association in front of his home crowd in Dallas. With more than 31,000 points, he is one of the six best basketball players in history.

Getty — National Basketball Association / Nathaniel S. Butler



× **99**
Fully equipped

In 2018, the showroom in Farmington is equipped with all the very latest punching, bending and cutting machines that TRUMPF markets in the US.

TRUMPF



× **100**
Happy anniversary

In 2019, at the "50 years of TRUMPF USA" celebrations in Farmington, TRUMPF CEO Nicola Leibinger-Kammüller (left) welcomes Emily Haber, German Ambassador to the US.

TRUMPF — Steve Adams Photography

THE COMPANY

(47 — 54)



THE COMPANY

50 YEARS OF TRUMPF USA
IMAGE DIRECTORY

THE COMPANY

CORPORATE SOCIAL RESPONSIBILITY
GROUP MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
IMPRINT

GROUP MANAGEMENT BOARD

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DR.-ING. CHRISTIAN SCHMITZ
DR. RER. POL. LARS GRÜNERT
DR.-ING. E.H. PETER LEIBINGER
DR. PHIL. NICOLA LEIBINGER-KAMMÜLLER
DR.-ING. MATHIAS KAMMÜLLER



THE COMPANY

MESSAGE FROM THE GROUP MANAGEMENT BOARD

Ladies and gentlemen,

In fiscal 2018/19, which ended on June 30, 2019, the TRUMPF Group was once again able to increase its sales over the previous year 2017/18. The increase was +6.1 percent (3.8 billion euros). From the fall of 2018 onwards, however, we saw the first signs of a large-scale economic downturn – our orders received decreased by 3.1 percent (3.7 billion euros) in the course of the fiscal year under review.

Our profit before interest and taxes (EBIT), at 349 million euros, was also significantly worse than in the previous fiscal (535 million euros). It dropped by one third (34.7 percent), to roughly the level of fiscal 2016/17.

The TRUMPF Group's recent and excellent return on sales of 15.0 percent in fiscal 2017/18 fell to 9.2 percent in fiscal 2018/19. Before the end of the year under review, the Group's Management Board therefore launched a program for annual earnings improvement of around 130 million euros in fiscal 2019/2020, in order to consistently oppose this development.

Following TRUMPF's home country Germany with sales of 721 million euros, the US was our second-largest with 547 million euros; the Netherlands were the next-largest single market with around 461 million euros, followed by China with 415 million euros.

An expressly positive contribution to the Group that should be emphasized was made by the business field EUV lithography for microchips, with 388 million euros. This is also reflected in the strong sales figures for the Netherlands, where the headquarters of our customer ASML is located.

TRUMPF used fiscal 2018/19 to press ahead with construction work to expand its sites and to invest in new business fields. The sum invested totaled 288 million euros, around two-thirds of which were accounted for by construction projects at our headquarters in Ditzingen. Here, a production building with clean rooms and office facilities was constructed to expand our high-technology production, especially in the area of laser manufacturing for EUV. We are currently also expanding our capacities at our sites in Rugby (United Kingdom) and Schramberg (Germany).

We expanded our technological expertise through targeted acquisitions. These included the purchase of Photonics GmbH from Philips, through which the new business field TRUMPF Photonic Components, located in Ulm, was created.

In spring 2019, we expanded our stake in our Chinese subsidiary Jiangsu Jinfangyuan CNC Machine Co., Ltd. (JFY) in Yangzhou to 100 percent, having acquired a majority shareholding in the company in 2013. We also acquired a 25.1 percent share in the IT company ZIGPOS GmbH. Through this acquisition, we are complementing our existing logistics service on the basis of BeSpoon technology, which especially benefits small and medium-sized customers.

Even in these economically challenging times, TRUMPF remains a research-intensive company. We therefore once again significantly increased our R&D expenditure in fiscal 2018/19. It was 396 million euros (previous year 343 million euros). As a result, the ratio of R&D expenditure to sales again lay above the industry average at the high level of 10.5 percent (previous year 9.6 percent).

The number of employees rose by 8 percent to 14,490 worldwide (previous year 13,420). Half of our workforce was employed in Germany (7,427), and we had 4,361 employees at our headquarters in Ditzingen including Gerlingen. Due to the abovementioned deterioration in the economic situation, however, we significantly limited further staff expansion in the second half of the fiscal year.

In the year under review, 485 young people completed a training course or co-op work-study program. The Group's training rate stood at 3.4 percent (previous year 3.5 percent). This reduction was partly a result of sustained personnel growth. However, the consequences of the increasing shortage of skilled professionals, especially in technical occupations, also became apparent.

In the name of the Management Board, may I sincerely thank all customers, business partners and employees of TRUMPF for their commitment, in face of the negative economic indicators! We will use every means at our disposal to generate value added – further enhancing the value of the TRUMPF Group.

Ditzingen, October 2019

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

THE COMPANY



SUPERVISORY BOARD REPORT

Ladies and gentlemen,

TRUMPF concluded fiscal 2018/19 with a good result. In a challenging economic environment, sales increased once again. Earnings declined. The strategy of growth through innovation, targeted acquisitions and investments in new businesses is successful and will be continued.

The Supervisory Board exercised the responsibilities incumbent on it with due skill, care and diligence, in accordance with statutory regulations and the group's articles of association. Collaboration between the Supervisory Board and Group Management Board was close, effective and efficient. The President and 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 period under review, during which its members discussed issues including the company's overall strategic development, the management structure, the Sales Excellence strategy, quality assurance, preparation for and response to crisis situations, TRUMPF venture capital, compliance and revision, as well as employee satisfaction. Regular items on the agenda were business development, budget monitoring, investment and acquisition projects, as well as progress in key technologies of the future such as EUV lithography, additive manufacturing, and digitalization. An internal review of the efficiency of the Supervisory Board's work resulted in slight potential for improvement.

In fiscal 2018/19, the Supervisory Board members Monika Lersmacher, Jürgen Schäfer and Joachim Schielke retired from the Board. Tatjana Funke and Jan Lindemann were newly elected as members of the Supervisory Board by the employee representatives, while Rainer Neske succeeded Joachim Schielke on the shareholder side. At its meeting in March, the Supervisory Board was newly constituted. We wish to thank the Supervisory Board members who have left for their many years of constructive and close cooperation.

The separate and consolidated annual financial statements and the Group Management Report were reviewed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, who issued an unqualified audit opinion. After completing their own audits of the annual financial statements, consolidated financial statements and Group Management Report, and accepting the independent auditor's findings, including the proposed appropriation of earnings, the Supervisory Board raised no objections to their publication.

The Supervisory Board wishes to thank the Group Management Board 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 2019

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 communication, brand management, real estate management and sustainable business, legal affairs, corporate law, M+A and internal audit, and HR (Labour Director)

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, purchasing and information security

DR.-ING. HEINZ-JÜRGEN PROKOP

- Member of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Executive Officer for Machine Tools, regional responsibility for China

DR.-ING. CHRISTIAN SCHMITZ

- Member of the Group Management Board of TRUMPF GmbH + Co. KG
- Chief Executive Officer for Laser Technology, regional responsibility for North America

PARTNERS

FAMILY LEIBINGER

- 90.0 percent

BERTHOLD LEIBINGER STIFTUNG GMBH*

- 10.0 percent

* Indirectly via Berthold Leibinger Beteiligungen GmbH

** Employee representative

SUPERVISORY BOARD

DR. RER. NAT. JÜRGEN HAMBRECHT,

NEUSTADT A.D. WEINSTRASSE

- Chairman of the Supervisory Board of Berthold Leibinger GmbH
- Chairman of the Supervisory Board of BASF SE

RENATE LUKSA**, VAIHINGEN I 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

- Chief Executive Officer of CHIRON Group SE, Tuttlingen

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

- Architect, Barkow Leibinger, Berlin

JAN LINDEMANN**, FREIBURG

- Plant Manager of TRUMPF Hüttinger GmbH + Co. KG, Freiburg

RAINER NESKE, BAD SODEN

- CEO 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

CORPORATE SOCIAL RESPONSIBILITY AT TRUMPF

Fifty years of TRUMPF USA – five decades of our company’s social responsibility through changing times. TRUMPF has always upheld the dialog with civil society and political leaders that represents the basis of active entrepreneurship – most especially in the regions of the world where our sites are located. The public reactions to the death of Berthold Leibinger, TRUMPF’s longstanding Senior Partner, on October 16, 2018, are also a reflection of this.

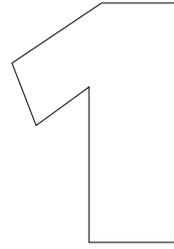
No man is an island”, as the English poet of the early modern age John Donne put it. We’re looking for more than just an exchange with our social environment – we are convinced that companies have to give something back to any society in which they can grow and can find beneficial operating conditions, ranging from a sound legal system all the way to effective training of their employees. Just like individual states, they cannot be mere islands that simply choose to shut themselves off from the outside world.

Assuming corporate social responsibility above and beyond day-to-day business, and being open to the challenges of our time – that comes quite naturally to TRUMPF. It inspired our actions long ago when expressions such as CSR or sustainability were far less widespread in industry than they are today. And in fiscal 2018/19, when, for the first time in its 95 years of existence, TRUMPF published a comprehensive corporate history, it still holds true. Active press and social media work during the year under review has also contributed here.

SOCIAL RESPONSIBILITY IN TERMS OF THE GLOBAL ECONOMY

Today’s global challenges can be likened to the steam generators in economic history, when their manufacturers had to take responsibility for damage-free operation. Today, in view of a world population of far more than 7 billion people and the growing need for energy, mobility and nutrition, resources have become a key political issue – all very different from the seemingly unlimited resource situation first addressed in the Club of Rome’s publication “The Limits to Growth” in 1972.

POLITICS & SOCIETY



The visit to TRUMPF's subsidiary in Neukirch, Saxony in August 2018 by German Chancellor Angela Merkel and Saxony's premier Michael Kretschmer was definitely the political highlight of the past year. During an employee dialogue it became clear how important it is to be economically committed – not only in Eastern Germany but in all “peripheral regions” in equal measure. The “straight talking” between the Chancellor and Saxony's premier included several different topics, including taxation and transport policies as well as issues of migration and aspects of structural change in rural regions.

The question of how the world of work is being changed by digitalization and the application of artificial intelligence was addressed during the visit to TRUMPF headquarters in Ditzingen in December 2018 by Hubertus Heil, the German Federal Minister of Labor and Social Affairs. TRUMPF is certainly playing a pioneering role in this regard: flexible worktime models, highly diverse forms of further training, and rising personnel numbers are occurring as a result of, rather than despite, increasing digitalization and the application of artificial intelligence.

The political dialog with international stakeholders is also an important building block in TRUMPF's corporate social responsibility – as illustrated, for instance, by the visit to Ditzingen of the Chinese delegation accompanying Jining Chen, the Mayor of Beijing. Other events at Germany's diplomatic representations abroad that were attended by ambassadors – such as the one in Rome in June 2018 – are also an integral part of TRUMPF's public stakeholder dialogue.



German Chancellor Angela Merkel and Saxony's premier Michael Kretschmer visiting the TRUMPF subsidiary in Neukirch

"Policymakers must set limits to reduce the shortage of skilled professionals, so that companies can carry on operating successfully."

Chancellor Angela Merkel during the employee dialogue on August 16, 2018

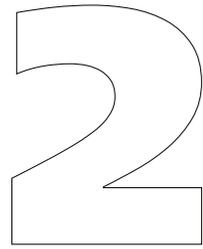


From left to right: Mathias Kammüller, Nicola Leibinger-Kammüller, and Hubertus Heil (Federal Minister of Labor and Social Affairs) visiting TRUMPF in Ditzingen

"Digitalization offers companies enormous progress where productivity is concerned. It creates completely new possibilities, business models and also jobs – and employees have to be able to benefit from that. TRUMPF is taking an innovative approach toward reconciling competitiveness and flexible labor options for its employees."

Federal Minister of Labor and Social Affairs Hubertus Heil on December 18, 2018

EDUCATION & CULTURE



KiTec project with the Knowledge Factory (Children discover technology)



Network event Bildung²: panel discussion on changes in learning through digitalization

CORPORATE SOCIAL RESPONSIBILITY

Another focus of our corporate social responsibility is on the education of future generations, as well as commitment in the cultural sphere. This is expressed through our promotion of various cultural institutions.

Long-term encouragement of children’s and young people’s knowledge of and interest in **STEM topics, entrepreneurship and economic matters** is an important key element in preparing pupils not only for the world of work but also for everyday life in the digital age. Support for education has a long tradition at TRUMPF and includes projects such as **Bildung², KiTec, School2Start-up and IT2School**, where measures were further stepped up over the past year.

To extend this important educational work to our worldwide subsidiaries, last year we re-aligned our commitment to education in cooperation with our partner **Wissensfabrik – Unternehmen für Deutschland e.V.** One of the focal points here was digitalization. At the same time, **the number of TRUMPF’s school partnerships and educational multipliers was increased.** A key element in this commitment to education, apart from collaboration with schools and the Wissensfabrik (“Knowledge Factory”), is the commitment of the TRUMPF employees themselves. As part of TRUMPF’s **Corporate Volunteering Program**, each employee has 15 hours a year to voluntarily engage in selected projects during their working hours. The projects here are not limited to the education of children and young people but also include schemes for preparing refugees or disabled people for the labor market.

SOCIAL PROJECTS & EMPLOYEES

3

Our commitment to social projects is geared toward the differing social requirements in the regions where TRUMPF is active. We expressly encourage our employees to engage in service to society and provide the framework for personal commitment. Regionally, employees of our subsidiaries also take an active interest in the affairs of their respective company. TRUMPF also works in partnership with facilities for people with disabilities, as well as with other social institutions.

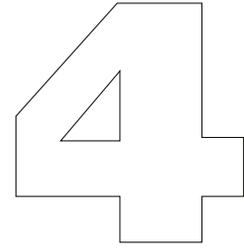
Since 2017, in collaboration with the initiative JOBLINGE, TRUMPF has been supporting the integration of young refugees. Under the motto “JOBLINGE meets TRUMPF – together for diversity”, the company offers three days of practical training. In various modules, the young people get to know TRUMPF and are given necessary basic knowledge about working life in Germany. They are also offered job application training. Numerous employees participated in the project during the past fiscal year by working through the individual training modules.

CORPORATE SOCIAL RESPONSIBILITY



Joblinge at
TRUMPF in
Ditzingen

ENVIRONMENT



C limate protection and caring for natural resources: hardly any other recent debate has had more a powerful impact on people in many European countries. At TRUMPF, contributing to the reduction of greenhouse gases is not just something we regard as part of our corporate social responsibility: being careful with resources has always been a part of our “engineering-oriented”, some might even say “Swabian”, attitude.

POWER GENERATION AND ENERGY EFFICIENCY

The supply of electricity is one of the two most important levers we can use where greenhouse gas emissions are concerned. The TRUMPF Group has an annual electricity requirement of 120 gigawatt hours worldwide and 67 gigawatt hours at the German sites, which roughly corresponds to the power needs of a medium-sized town with 10,000 inhabitants. Today, the contractually agreed share of “green power” at all our German sites is already at 100 percent.

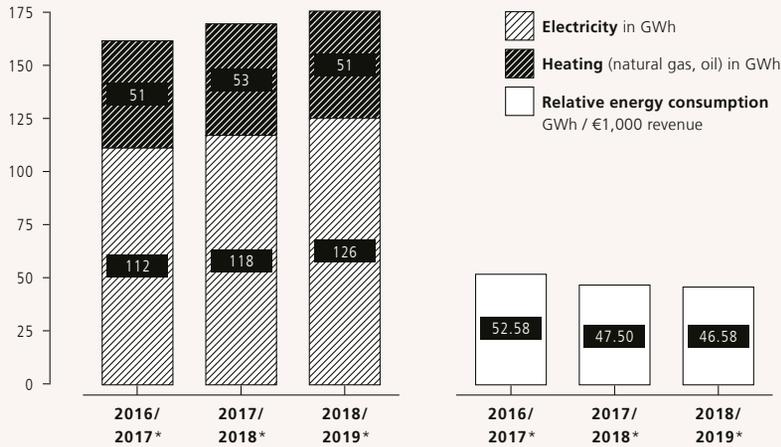
For more than 10 years now we have also been working continuously on increasing our energy efficiency across locations, and since 2015 have been operating a certified energy management system in accordance with ISO 50001. It has now not only been implemented at our German sites but rolled out to our European production sites as well.

Since fiscal 2017/18, we have also begun to systematically limit CO₂ emissions at all our production sites. We are taking this step as a contribution to comply with the Paris Agreement, and in the future we plan to continue taking a technology-based approach here. Against this backdrop, measures resulting in savings of around 2,310 tons of CO₂ have already been implemented; this corresponds to 34 percent of the overall objective. By the end of fiscal 2020/21, CO₂ emissions respectively the energy consumption of the TRUMPF Group are due to be reduced by 6,800 tons of CO₂.

To achieve this objective, TRUMPF is investing more than 6 million euros in energy efficiency improvement and in its own generation of electricity by means of, e.g., cogeneration or photovoltaics. This still includes operational optimization, cooling generation and distribution, modification of lighting, heat generation, recovery and distribution, and compressed air.

ENERGY CONSUMPTION, TRUMPF GROUP, FISCAL 2016/17-2018/19

Degree of coverage of certified energy management system (ISO 50001)
(certified sites' share of the TRUMPF Group's overall consumption): 79%



*TRUMPF production sites, excluding vehicle fuel

This objective is also mirrored in our new buildings. In very few fiscal years has TRUMPF realized as many projects for construction and conversion measures as in this past one. This has been an opportunity for us to improve in the matter of CO₂, whether in Germany or in China, which until now has taken a different route where power generation is concerned. We think long-term – for our larger sites we are working with energy master plans containing efficient scenarios for the connection and optimization of heat currents and cold currents.

In the past fiscal year, during the expansion of our factory in Taicang, we invested in geothermal energy – thereby saving 415 tons of CO₂ annually. We have been reviewing the implementation of a project like this in China for more than 10 years, and now it has been authorized for the first time – proof of the staying power of a family-run company even in matters of sustainability! Almost 170 probes have been installed at a depth of 100 meters, together with a thermal heat pump, in order to use the soil temperature for heating and cooling the building.

Just like with our infrastructure, we also review and optimize our processes. We want to reduce energy consumption to a minimum, especially during non-productive times. At our Laser Application Center in Ditzingen we've achieved this objective by consistently using the energy-saving modes of our solid-state lasers.

The new multifunctional building from TRUMPF Taicang in China, which was completed in March 2019



From cutting, welding, drilling or marking all the way to surface treatment, we test customer applications, carry out product demonstrations for customers, and engage in basic and advanced development – also with an eye to further improving product efficiency. Here, it’s less easy to precisely plan when the machines and lasers have to be switched on than it is in production. For each laser an automatic sequence has now been introduced to determine which components have to be shut down and when, and which have to be warmed up again.

This saves 100 tons CO₂ emissions per year. In addition, we significantly reduce the electricity requirement for the refrigeration supply, because the flexible cooling concept of the laser permits the supply of domestic process water.

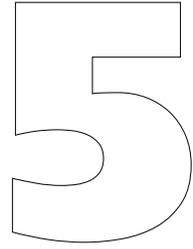


E-vehicle charging station at our Ditzingen headquarters

THE FUTURE OF MOBILITY

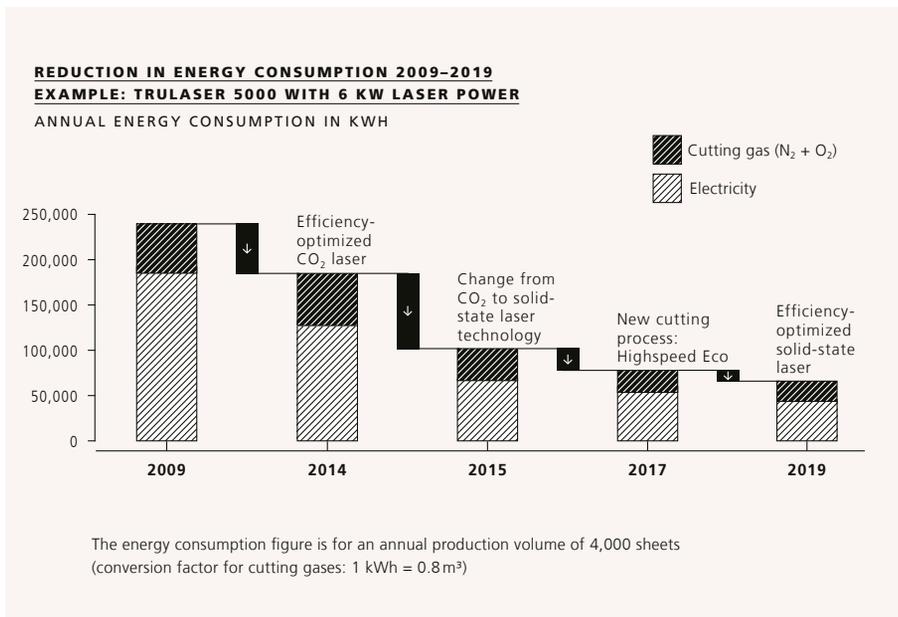
In February 2019, one of Germany’s biggest e-vehicle charging stations opened at our site in Ditzingen. Employees can use the 86 charging points in the new company parking garage. If the need for charging points increases, 300 more can quickly be installed at the TRUMPF car park. This means that, in the medium term, more than 15 percent of our parking spaces will be equipped with e-charging infrastructure!

PRODUCTS



What motivates our engineers even more than the efficiency of our own processes is of course the challenge of creating innovative solutions for our customers. This includes designing products in a way that conserves more energy and resources, or developing innovative applications that offer benefits in terms of resource efficiency. This is because we're convinced that industrial sustainability will become a matter of course if it is product-based and therefore market-based!

For this reason, we've been systematically recording and analyzing our machine tools' energy consumption for 10 years now. A special in-house methodology for measuring energy consumption has been created for this purpose. On average, a 2D laser cutting machine manufactured in 2009 with a laser output of 6 kW has an annual consumption of approximately 250,000 kWh of power and cutting gas. In comparison, a modern 2D laser cutting machine manufactured in 2019, also with an output of 6 kW and equipped with a latest-generation laser, consumes only about 70,000 kWh of power and cutting gas per year. This corresponds to an improvement in the efficiency of the machine of almost 70 percent.



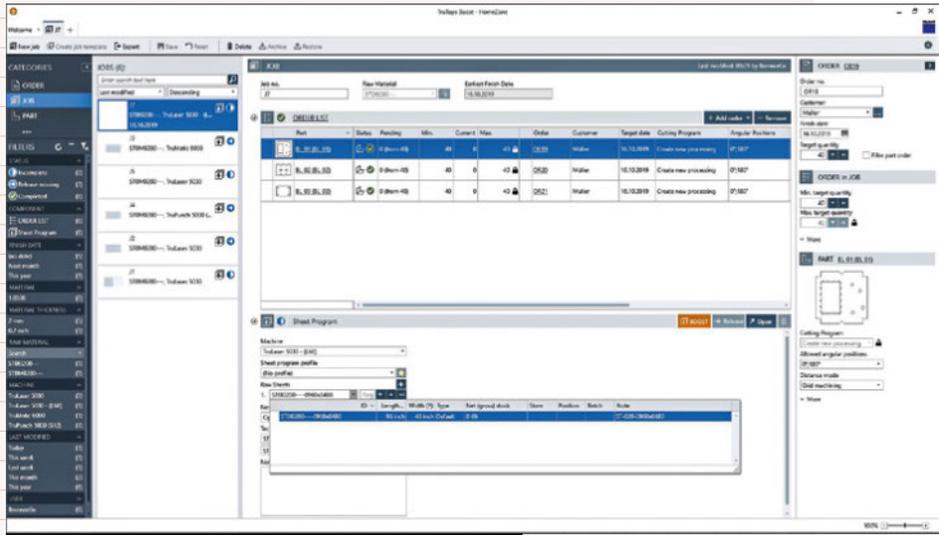
In an elaborate process over the past 5 years we have meticulously analyzed our solid-state lasers for further efficiency potential in order to improve their efficiency and keep the proportion of energy consumed that reaches the work-piece as laser output as high as possible. This resulted in the development of an energy-efficient prototype. The especially promising features of this study were then applied to the new models. In this way, we were able to increase efficiency by a further ten percentage points.

While we can justly be proud of these advances, we believe that the overall balance of an application is the decisive factor. The precision and process reliability we aim at with our products is reflected in reduced material utilization and less scrap – and this also improves the carbon footprint of our customers.

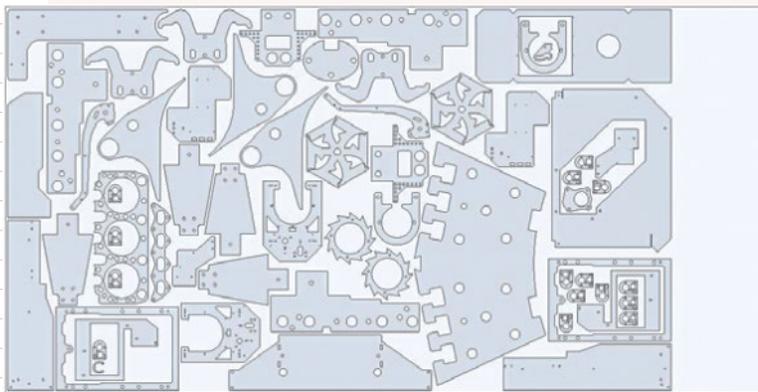
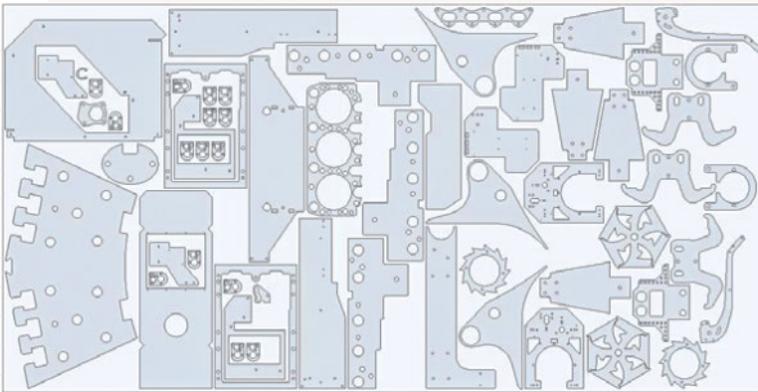
In the past fiscal year, our machines became even smarter – yet again. The latest version of our software TruTopsBoost, for instance, helps to make better use of material resources. With the new nesting processor, parts that need to be cut are arranged on the sheet even more optimally. So better use is made of the sheet, and less scrap is produced!

Our Active Speed Control, a new development, helps to minimize scrap and also reduces unnecessary material expense. The cutting process is monitored from above through the copper nozzle in real time. The sensors monitor the kerf, determine the optimal feed rate, and readjust if necessary. This minimizes cutting interruptions caused by material differences such as fluctuations in sheet thickness, rust or coating contamination.

With a green wavelength, copper and other highly reflective materials can be welded not only with a high degree of efficiency, but also with high quality and productivity – regardless of the nature of the surface. In the past fiscal year, TRUMPF first launched a high-performance green wavelength laser on the market, thereby extending the technology's range of application. Copper absorbs the green wavelength far more effectively than the infrared one. There is less spattering, and the green laser also improves reproducibility of the welding results. Its application enables thinner and narrower builds than with conventional methods. Process reliability is simultaneously increased, so less scrap is produced.



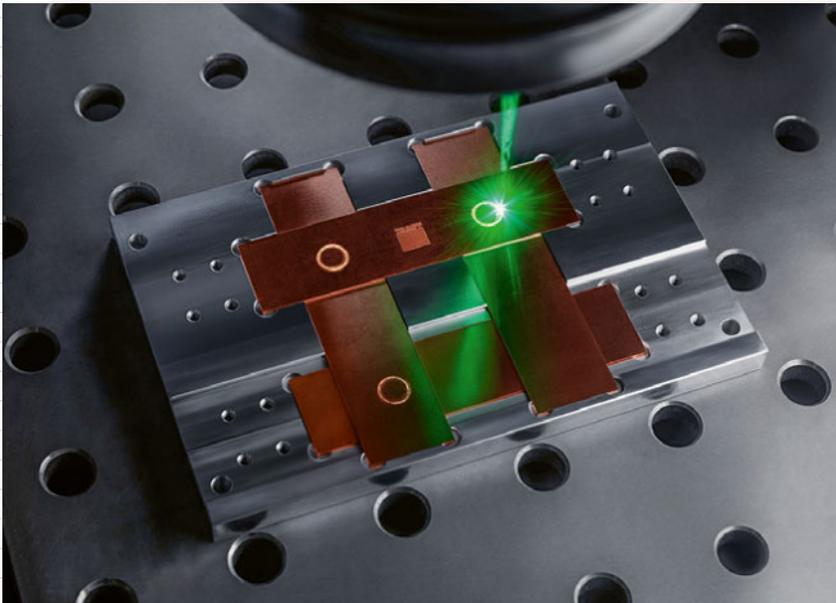
HomeZone, created using the latest TruTops Boost version



Optimized sheet layout with the new nesting processor – more parts fit on the sheet

The green laser is also an answer to e-mobility: in electric vehicles, there are numerous applications that involve the use of copper materials. This increases the demands placed on the joining techniques for this material (e.g. low electrical resistance or high degree of mechanical strength of the joins) and makes the green laser an important tool.

With its product range, TRUMPF is playing a pioneering role in shaping structural change in the automobile industry, and has established a global network of experts. Across the entire process chain we've now installed well in excess of 1,000 lasers in the field – and they all support new drive technologies.



Laser with green wavelength

GROUP MANAGEMENT REPORT

(69 — 102)

GROUP MANAGEMENT REPORT

50 YEARS OF TRUMPF USA

IMAGE DIRECTORY

THE COMPANY

CORPORATE SOCIAL RESPONSIBILITY

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS

IMPRINT

Group Management Report

for fiscal 2018/19

STRUCTURE AND BUSINESS ACTIVITIES

Our mission is to advance production technology, making it not only digitally connected, but also even more economical, precise and future-proof. We want to make manufacturing – including its upstream and downstream processes – more efficient. In doing so, we will help build the industrial world of tomorrow. We are the market and technology leader in machine tools and lasers for industrial manufacturing, and are shaping almost every sector with our innovations. Our software solutions are paving the way for the smart factory and we are facilitating high-tech processes in industrial electronics. At June 30, 2019, about 14,500 people worldwide worked for TRUMPF, and they embody its positive attitude and achievements as a family-run company.

Laser Technology and Machine Tools – our portfolio

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

Our product range in laser technology comprises laser systems for cutting, welding and surface treatment of three-dimensional parts. We provide high-performance CO₂ lasers, disk and fiber lasers, direct diode lasers, ultrashort pulsed lasers, marking lasers and marking systems.

The Laser Technology division includes the Electronic Products business field, which comprises direct-current, high-frequency and medium-frequency generators for inductive material heating, surface coating and surface processing by means of plasma technology, as well as for laser excitation.

Our portfolio also includes 3D printing systems for metallic components and medical implants. In this area, we deploy laser metal fusion and laser metal deposition – two key technologies in additive manufacturing.

Another of our business fields is EUV lithography, where extreme ultraviolet radiation is used to manufacture even more compact and efficient circuits and microchips.

With its acquisition of Philips Photonics on April 1, 2019, TRUMPF added a new product field to its Laser Technology division and its existing portfolio of high-power diode lasers. The laser diodes produced by TRUMPF Photonic Components are used in smartphones, in digital data transfer applications and in sensors for autonomous driving.

Organizational structure

The holding company TRUMPF GmbH + Co. KG is the organizational umbrella under which the TRUMPF Group operates.

The TRUMPF Group's management structure was changed in fiscal year 2017/18, and the Group Management Board expanded to comprise six members. In the process, operational responsibility for the business divisions – as well as responsibility for additional growth topics – was shared between different Group executives.

The TRUMPF Group's operating business is organized in two business divisions: Machine Tools and Laser Technology. Within these, separate business fields have been established for individual areas of business. This is the case, for example, with our Chinese machine tools brand JFY in the Machine Tools division, with electronics and our SPI-brand fiber lasers in the Laser Technology division.

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

Alongside its two business divisions, TRUMPF has separate business fields for relatively new business activities – such as Additive Manufacturing, EUV and Photonic Components – as well as for Financial Services. Each of these has its own management team reporting directly to a member of the Group Management Board.

Global presence – close to our customers

The TRUMPF Group is present in all major markets worldwide. We have 79 subsidiaries operating in Europe, the Americas and the Asia-Pacific region. We have production facilities in Europe (Germany, France, the United Kingdom, Italy, Austria, Poland, Switzerland and the Czech Republic), the Americas (the United States and Mexico) and Asia-Pacific (China and Japan).

Our headquarters are located in Ditzingen, Germany.

We support our customers with comprehensive services that cover 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, as well as trade in pre-owned machinery.

FINANCIAL MANAGEMENT OF THE TRUMPF GROUP

Business divisions and business fields

At the start of the fiscal year 2018/19, the TRUMPF Group introduced division accounting, which mirrors its division-based organizational structure in its corporate accounts.

In the past, the revenues and costs of the Machine Tools and Laser Technology divisions were consolidated in line with the Group's legal structure. For the sake of simplicity, each subsidiary was assigned to the business division whose products accounted for the largest share of the subsidiary's revenue.

The introduction of division accounting means that, regardless of the corporate legal structure, all the revenues and costs of each legal entity are assigned to the business divisions and business fields bearing the corresponding management responsibility.

Functional management responsibility / Cost-of-sales method

TRUMPF changed from the total-cost to the cost-of-sales accounting method for its income statement at the start of fiscal 2018/19. This change helps the divisional management teams exercise their functional management responsibility at operating level. Now, the cost of goods sold as well as the sales, R&D and general administrative costs are set clearly against the corresponding revenues in the profit and loss statement, making them more transparent and thus easier to manage.

Sustainable value growth

The TRUMPF Group's overarching business goal is to continually grow the value of the company by achieving a sustainably positive value added.

The TRUMPF Group defines value added, its key metric, as the operating result (EBIT – earnings before interest and tax) the cost of capital of the 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 10.5 percent is calculated before tax on the basis of a representative peer group of companies from the mechanical engineering and laser technology sectors.

At TRUMPF, value added is defined into three operational targets:

- (1) High growth
- (2) Adequate profitability
- (3) Efficient capital employed

in k€	2018/2019	2017/2018
(1) High growth		
Sales revenues	3,784,010	3,565,563
<i>Growth/increase compared to previous year</i>	6.1 %	14.6 %
(2) Adequate profitability		
Earnings before taxes	301,067	501,125
+ Financial and investment result	50,590	36,839
– Exchange rate gains/losses of net financial position ¹	–4,680	–3,240
+ Depreciation on financial receivables	2,302	–
= EBIT	349,279	534,724
<i>in % of sales</i>	9.2 %	15.0 %
(3) Efficient capital employed		
Intangible assets	179,730	63,433
+ Tangible assets	1,297,152	1,125,868
= Operating fixed assets	1,476,882	1,189,301
Trade receivables	796,782	779,358
+ Inventories	855,205	773,078
– Down payments received	–160,501	–178,609
– Trade payables	–252,717	–268,813
+ Working capital	1,238,769	1,105,014
= Invested capital (reporting date June 30)	2,715,651	2,294,315
<i>in % of sales (previous 12 months)</i>	71.8 %	64.3 %
= Invested capital (average²)	2,531,595	2,160,956
<i>in % of sales (average)</i>	66.9 %	60.6 %
Value added		
Invested capital (average ²)	2,531,595	2,160,956
x WACC (before taxes)	10.5 %	10.5 %
= Cost of capital	265,817	226,900
EBIT	349,279	534,724
– Cost of capital	265,817	226,900
= Value added	83,462	307,824

¹ included in other operating income and other operating expenses² average 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 such a way that it remains autonomous in the long term and independent of external investors.

For this reason, the company wants to achieve its goal of high growth as far as possible using its own resources. As a rule, cash flow from operations is used to fund the investments needed to achieve this growth, enabling the company to generate positive free cash flow.

In turn, this positive free cash flow strengthens the company's net financial position. A positive net financial position means TRUMPF can even make substantial individual investments, such as corporate acquisitions, using its own funds.

Similarly, maintaining a high equity ratio guarantees the company's economic independence. Economic equity, a further metric used by TRUMPF, takes account of long-term liabilities to managing partners. The family that owns TRUMPF sees such non-current liabilities as a component of the TRUMPF Group's long-term capital resources.

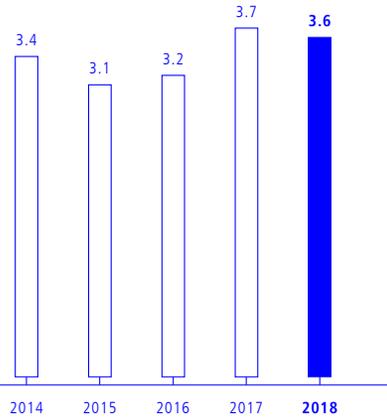
in k€	2018/2019	2017/2018
Cash inflow from operating activities	415,818	433,801
– Cash outflow from investing activities (operating)	–301,356	–233,020
= Free cash flow	114,462	200,781
Cash and cash equivalents, securities	640,276	620,027
+ Investments in intermediate financial assets	90,184	56,144
– Financial liabilities	–365,619	–108,290
= Net financial position	364,841	567,881
Equity	2,023,130	1,876,548
<i>in % of balance sheet total</i>	51.4 %	54.1 %
+ long-term liabilities to partners (> 1 year)	187,423	291,164
= Economic equity	2,210,553	2,167,712
<i>in % of balance sheet total</i>	56.1 %	62.5 %

Graphic

01

**CHANGE IN GDP WORLDWIDE
IN PERCENT**

Global economic development lost noticeably momentum, particularly in the first half of 2019. Amongst others, trade conflicts and economic uncertainties are weighing on growth.



Source: International Monetary Fund

Prior-year figures

The figures for the fiscal year 2017/18 have been adjusted to reflect the new financial management structure. This concerns, in particular, the figures for orders received and revenues in the Machine Tools and Laser Technology divisions, and the structure of the income statement according to the cost-of-sales-method.

ECONOMIC REPORT

Economic environment

Increasingly negative economic data in the course of the fiscal year

Graphic

01

Global economic growth slowed noticeably in the second half of 2018 and even more so in the first half of 2019. According to the International Monetary Fund (IMF), the reasons for this trend included the US-China trade conflict and weaker growth in the Chinese market.

According to the IMF's statistics, real global GDP grew by 3.6 percent, compared with 3.7 percent in 2017. Growth slowed in the advanced industrial nations, declining from 2.4 percent in 2017 to 2.2 percent in 2018.

Economic output also weakened significantly in both the EU and the eurozone. GDP fell from 2.4 to 1.9 percent in the EU between 2017 and 2018, and from 2.5 to 1.8 percent in the eurozone.

After several years of growth, German economic output declined noticeably in 2018, with GDP rising by just 1.5 percent. The growth forecast for 2019 was lowered to 0.8 percent. The reason for this downward revision was global economic uncertainty, particularly due to the escalating US-China trade conflict. On top of that, exports have contracted, also dampening industrial production. The main cause of the latter is the pivot to electromobility transforming the automotive industry. Private consumption and capital expenditure on construction are currently the mainstays of growth.

The US economy continued to gain pace in 2018, with economic output rising from 2.3 percent in 2017 to 2.9 percent. Brazil's economic growth remained subdued in 2018 at 1.1 percent, while growth in Mexico declined by 0.1 percentage points to 2.0 percent.

China's economy continued growing strongly, albeit at a lower rate, with economic output decreasing from 6.8 percent in 2017 to 6.6 percent in 2018. Japan performed positively in 2017, with the economy growing by 1.9 percent. But the growth rate weakened again in 2018, to 0.8 percent.

The picture with emerging and developing economies was once again mixed. After an increase in economic output the previous year, the majority of these countries saw growth weaken by 0.3 percentage points to 4.5 percent.

Signs of an economic downturn in machine tools production

As regards the German mechanical engineering sector, 2018 saw a further increase in orders: VDMA, the German engineering and construction association, reported growth of 5 percent. However, the monthly figures published by Germany's Federal Statistical Office since December 2018 revealed strong declines in orders received up to -11 percent. In 2018, growth was fueled by domestic and foreign demand, though demand from countries outside the eurozone weakened.

Growth slows in the laser technology market

According to an analysis by Optech Consulting, the international market for laser systems for material processing grew by 12 percent (previous year 28.2 percent) in 2018, reaching a total volume of €16.8 billion (previous year €15.0 billion). China continues to account for around 30 percent of the global market for laser systems for material processing, and the remaining countries of Asia another 31 percent. Europe accounts for 23 percent of the market, and the Americas for 16 percent.

The global market for laser sources for material processing grew by 12 percent (previous year 36.7 percent) to €4.6 billion (previous year €4.1 billion).

Graphic

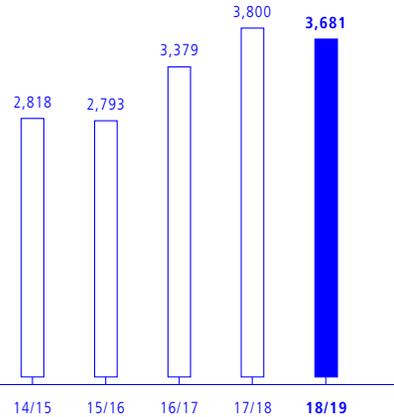
02

ORDERS RECEIVED
IN € MILLIONS

Particularly in the second half of the fiscal year order intake declined significantly.

Orders received trend:

- 3.1 %

**BUSINESS DEVELOPMENT****Fiscal year marked by significant global economic downturn**

Graphic

02

In the year under review, TRUMPF was unable to maintain the previous year's high level of orders received. Instead of continuing to grow as planned, orders received have remained well below seasonal expectations since fall 2018. The reason for this trend is to be found in the noticeable economic downturn that has occurred during the fiscal year, especially in Asia and parts of Europe. The only region in which growth was higher year over year was the Americas. Consequently, for the TRUMPF Group as a whole, orders received amounted to €3.68 billion, down 3.1 percent from the prior-year figure of €3.80 billion.

Graphic

03

Given our strong order backlog at the start of the fiscal year, we were again able to increase our revenues by 6.1 percent to €3.78 billion (previous year €3.57 billion) – but fell short of our target here as well. Our book-to-bill ratio was thus reversed, declining from 1.06 in the previous year to 0.97.

Earnings before interest and tax (EBIT) amounted to €349 million; though that was still a high level in historical terms, it was a substantial 34.7 percent below the prior-year figure (€535 million) due to weaker growth. As well as that, our EBIT margin was significantly lower at 9.2 percent (previous fiscal year 15.0 percent). As a consequence, the Group Management Board implemented a new earnings improvement program in the last quarter of the fiscal year. With a volume of €130 million, this program was created to improve earnings in response to the deteriorating economic environment.

The number of employees worldwide grew by 8.0 percent to 14,490 (previous fiscal year 13,420). In view of the economic downturn, however, the Group Management Board clearly curbed the pace of workforce growth in the second half of the fiscal year.

As a result of these factors, we did not achieve our forecast in the reporting period. Although we indeed recognized and specified the risks to continuing global economic growth in our last annual report, the impact of the economic downswing on our business was significantly more negative than could have been foreseen a year ago.

Graphic

03

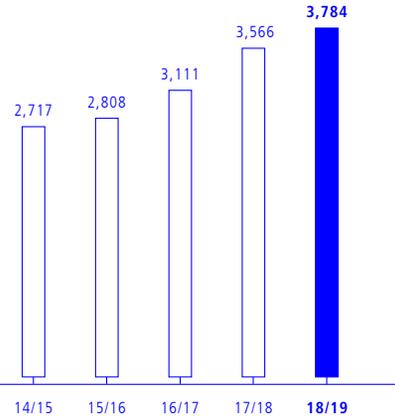
SALES

IN € MILLIONS

Despite a decline in orders received, we were able to increase sales. This was due to the high order backlog from the previous year.

Increase in sales:

+6.1%



Orders received down year over year

At €3.68 billion, orders received were 3.1 percent lower than in the previous year (€3.80 billion). Neither of our two business divisions – Machine Tools and Laser Technology was able to achieve its good results of the previous year. By contrast, the EUV business field stood out with a positive contribution to the Group.

The order backlog stood at €1.22 billion at the end of the reporting period, down from €1.32 billion in the previous year. The forward order book nonetheless remained at a positive level of 4.0 months (previous year 3.9).

Machine Tools and Laser Technology with similar revenue trends

Given our strong order backlog from the previous year, we succeeded in growing our revenues by 6.1 percent – from €3.57 billion to €3.78 billion – despite the decline in orders received.

Revenues for our Machine Tools division rose by a slight 1.2 percent to €2.39 billion (previous year €2.36 billion). While revenues in the Americas and parts of Europe increased, they fell in Asia, especially in China, as a result of the economic slowdown.

The Laser Technology division gained revenues of €1.38 billion, marginally (–2.1 percent) below the prior-year level of €1.41 billion. This decline was attributable in particular to the slowing market in Asia (China and Korea) as well as to the automotive industry’s reluctance to invest.

The performance of our EUV business field was noteworthy. Revenues there climbed from €0.26 billion in the previous year to €0.39 billion in the year under review, an increase of 48.1 percent. EUV consequently accounted for a significant share of Group revenues.

Revenues from laser-related products came to €2.96 billion in fiscal year 2018/19, accounting for 78.2 percent of total revenues.

The divisions’ revenues reflect the segment accounting method introduced at the start of the fiscal year. The prior-year figures were adjusted accordingly.

As significant supply relationships exist between the various business divisions and business fields, we book a material volume of corresponding revenues. Since the switch to segment accounting, however, these revenues have decreased markedly. Inter-segment revenues are consolidated within the TRUMPF Group.

Positive trend in Europe and North America; Asian market weak

In Germany, our strongest individual market, we were once again able to top our high revenue figure of the previous year. Revenues there rose by 0.2 percent to €721 million (previous year €719 million). The other markets of Europe saw quite divergent trends. As in the previous year, revenue generated by the EUV business field with our customer ASML in the Netherlands was a key growth driver. Spain was another positive market, with revenues there growing by 23.7 percent year over year to €108 million. In Italy, on the other hand, revenues returned to a more normal level of €153 million (–11.4 percent) after an exceptionally successful 2017/18 (€173 million). On aggregate, revenues in Europe (excluding Germany) rose to €1,487 million (previous year €1,289 million).

Performance in North America remained very positive in the past financial year. Revenues in the United States, our second-biggest market, grew by 23.2 percent to €547 million (previous year €444 million). Furthermore revenues in Mexico rose to €55 million (previous year €49 million). Canada, by contrast, generated only €62 million revenue, compared with €69 million in the previous year. Revenues increased in South America, with Brazil a particular highlight (€37 million compared with €27 million in the previous year). Aggregate sales in North and South America rose by 17.6 percent to €707 million (previous year €601 million).

With a few exceptions, performance was negative in the Asian markets. Overall, our revenues in the Asia-Pacific region fell by –8.9 percent to €853 million (previous year €936 million). After a strong performance in 2017/18, revenues in China, our largest market in Asia, declined substantially, contracting by 9.2 percent to €415 million (previous year €457 million). The Korean market, too, experienced a strong year-over-year decline (€118 million, –25.3 percent), while the market picked up in Japan (€174 million, +10.8 percent).

Graphic

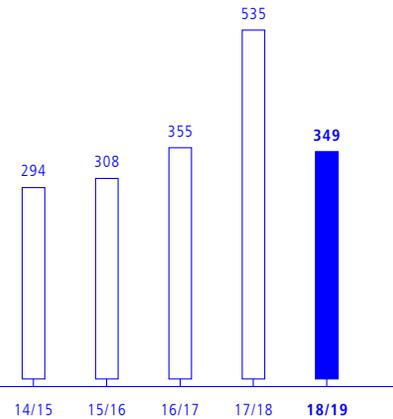
04

EBIT
IN € MILLIONS

Due to lower growth, EBIT declined.

EBIT margin 2018/19:

9.2%



Little change in overall distribution of revenue

Sales in Germany decreased slightly year over year to 19.1 percent of total sales (previous year 20.2 percent). Europe (excluding Germany) accounted for 39.3 percent of our sales (previous year 36.7 percent). The share accounted for by the Americas rose to 18.7 percent (previous year 16.9 percent). In line with the negative sales trend in Asia, the region's contribution to Group revenues fell substantially, to 22.6 percent (previous year 26.3 percent).

Results of operations, net assets and financial position

Earnings fall well short of the prior-year record

Graphic

04

Although EBIT remained at an acceptable level in absolute terms at €349 million, lower growth meant it was down markedly (–34.7 percent) compared with the previous year (€535 million). Our EBIT margin was thus 9.2 percent (previous year 15.0 percent).

The costs of goods sold reported include all expenses directly attributable to the products and services sold in the reporting period, as well as the remaining costs of the Production and Service operating units that cannot be assigned to particular products or services. As revenue growth was higher, cost of goods sold grew from €2,000 million in 2017/18 to €2,296 million (+14.8 percent). With costs rising faster than revenues, gross profit fell from €1,565 million to €1,488 million. The decrease was also due to higher personnel costs in the Production and Service operating units, to falling market prices (especially in the Laser Technology division) and to higher inventory write-downs following a disproportionate increase in inventories.

Sales costs comprise all personnel costs directly attributable to the sales units, other operating expenses such as travel and marketing costs, depreciation and the cost of materials for our showrooms. They also include freight and packaging costs, provided these can be allocated to transport from the production plant to the customer. The rise of 12.9 percent in sales costs to €531 million was largely due to the ongoing expansion of our international sales network, a larger number of showrooms, higher trade fair and marketing costs, and an increase in freight and commission costs attributable to revenue growth. The sales costs to sales ratio rose to 14.0 percent in fiscal 2018/19 (previous year 13.2 percent).

The R&D costs recognized include all amounts spent on basic research and new product development, not related to current production. It includes, in particular, personnel, non-personnel and material costs. In the year under review, R&D costs increased by 15.4 percent to €396 million (previous year €343 million) as a result of further personnel growth in R&D, higher consumption of materials, higher depreciation of test machines and prototypes, and an increase in externally sourced R&D services. At 10.5 percent, the R&D ratio was once again higher than the industry average (previous year 9.6 percent), underscoring TRUMPF's high levels of innovation.

General administrative costs – which include, in particular, personnel expenses, depreciation/amortization and other non-personnel costs of the corporate management, IT, HR, infrastructure and finance units – came to €209 million, and were thus slightly higher than in the previous year (€204 million). Although structural costs also rose in the area of administration due to increased personnel recruitment and higher expenditure on IT infrastructure and IT-related projects, the increase was almost completely offset by substantially lower expenses for annual bonuses and profit shares.

Other operating income (€145 million, previous year €133 million) and other operating costs (€146 million, previous year €143 million) were essentially characterized by contrary exchange rate gains/losses of 6 million (previous year €–8 million) resulting from the operating business and the hedging of these operational transactions. Netted against other operating income, other operating costs changed from €–10 million to €–1 million. Besides the net exchange rate gains and losses, the main items in this result were the amortization of €–28 million (previous year €–23 million) on goodwill and intangible assets recognized in connection with corporate acquisitions.

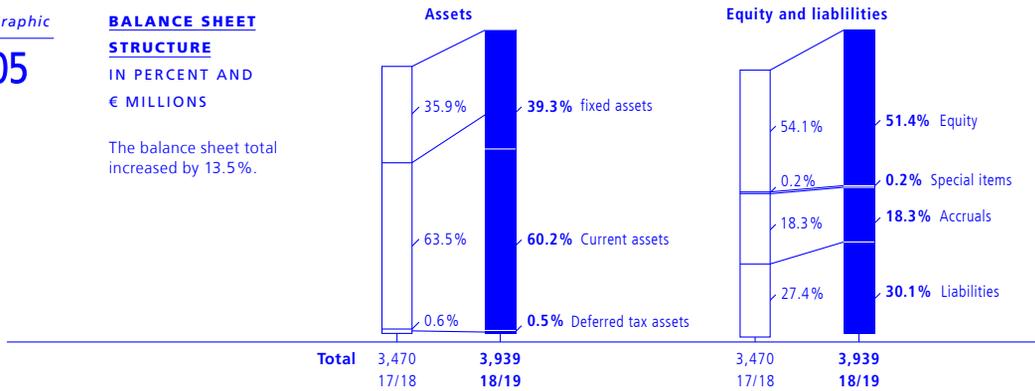
At €–51 million, the financial result including profit/loss on equity investments deteriorated by €14 million compared with the previous year (€–37 million). Of that total, €–39 million was for the discounting of long-term accruals (previous year €–28 million). This includes a non-recurring effect of €–6.5 million from the adjustment of actuarial assumptions for pension accruals. Further, in fiscal year 2018/19, an equity investment in a non-consolidated company was depreciated in the amount of €–6.35 million.

Graphic

05

**BALANCE SHEET
STRUCTURE**
IN PERCENT AND
€ MILLIONS

The balance sheet total increased by 13.5%.



Taxes on income came to €85 million in fiscal year 2018/19 (previous year €102 million).

Net assets and financial position: Increase in equity and liabilities

Graphic

05

The balance sheet total increased by 13.5 percent to €3.94 billion in the year under review (previous year €3.47 billion).

Fixed assets rose to €1.55 billion (previous year €1.24 billion) – a plus of 24.3 percent. The increase was largely due to the intangible assets acquired with the purchase of Philips Photonics and to the goodwill recognized in connection with that acquisition. Additions to tangible assets resulted chiefly from capital expenditure on buildings, technical equipment, and factory and office equipment.

Current assets, including prepaid expenses and deferred tax assets, increased by 7.5 percent to €2.39 billion (previous year €2.22 billion). Inventories (after offsetting against payments on accounts received) rose by 10.6 percent to €855 million (previous year €773 million). This increase was substantially higher than the 6.1 percent growth in revenues and was due mainly to the company’s production output, which was (still) high in the first half of the fiscal year.

Consequently, days inventory outstanding (DIO) increased from 78 to 81 days. Down payments received were 10.1 percent lower at €161 million (previous year €179 million), causing days payments received (DPR) to fall from 18 to 15 days.

Trade receivables rose by a slight 2.2 percent to €797 million (previous year €779 million), primarily due to the higher sales posted at the end of the fiscal year. As this increase was disproportionately lower than revenue growth, days sales outstanding (DSO) fell by 3 days to 76 days (previous year 79 days).

Trade payables decreased by 6.0 percent to €253 million (previous year €269 million), triggering a decrease in days payables outstanding (DPO) from 27 to 24 days.

Working capital – the sum of inventories and trade receivables less down payments received and trade payables – grew by 12.1 percent to €1,24 billion (previous year €1,11 billion). The ratio of working capital to sales thus rose from 31.0 percent to 32.7 percent.

We generated another positive value added in the year under review, posting €83 million. Value added is defined as the operating result (EBIT – earnings before interest and taxes) less cost of capital of the invested capital. Due to the lower EBIT, the value added was substantially less than the previous year's figure (€308 million).

Cash and cash equivalents grew by 3.5 percent to €590 million (previous year €571 million). Cash inflows from operating activities of €+416 million (previous year €434 million) were partially offset by continued high cash outflows from operations-related investing activities in the amount of €–301 million (previous year €–233 million). Free cash flow thus amounted to €+115 million (previous year €201 million).

Cash outflows from other investing activities came to €–237 million (previous year €–81 million). This included investments in acquisitions of consolidated companies, amongst others the acquisition of Philips Photonics and the acquisition of the remaining shares of our Chinese subsidiary JFY. Furthermore, investments in medium-term financial assets with a residual maturity of more than three months, which are recognized under other financial assets, are comprised. These above mentioned increased by 60.6 percent to €90 million (previous year €56 million).

Cash outflows from financing activities amounted to €+140 million (previous year €–169 million). This value included the placement of a promissory note of €250 million.

The sum of all cash relevant changes of cash and cash equivalents amounted to €+17 million (previous year €–48 million).

By contrast, the net financial position – the sum of cash and cash equivalents, current securities and medium-term financial assets included under other assets less financial liabilities – declined by 35,8 percent, especially due to the acquisitions, to €365 million (previous year €568 million).

Graphic

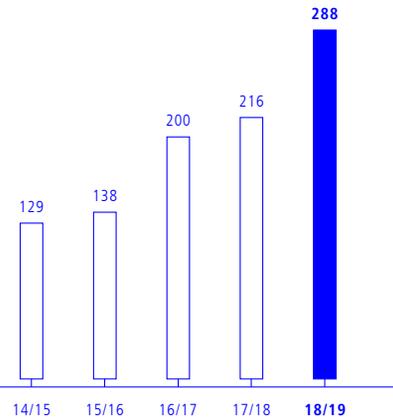
06

INVESTMENTS
IN € MILLIONS

We invested 50.9 percent in Germany and 26.8 percent in the rest of Europe. Asia accounted for 18.9 percent.

Increase in investments:

+ 33.3 %



Equity increased by 7.8 percent to €2.02 billion in the fiscal year under review (previous year €1.88 billion). However, at 51.4 percent (previous year 54.1 percent), the equity ratio was lower in comparison to previous year due to the higher volume of total assets. Economic equity, which includes long-term liabilities to partners, climbed by 2.0 percent to €2.21 billion (previous year €2.17 billion), while the economic equity ratio declined from 62.5 percent to 56.1 percent.

Accruals rose by 13.4 percent to €722 million (previous year €636 million). This change was attributable to the increase of accruals for pensions and similar obligations which mainly results from the interest rate change compared to the previous year. In addition, higher provisions for warranties were recognized due to revenue growth.

In total, liabilities rose by 25.0 percent to €1.10 billion (previous year €878 million). The trend in financial liabilities and trade payables was already discussed above.

Liabilities to partners decreased by 13.0 percent, falling from €414 million in the previous year to €360 million due to additions to capital reserves from loan accounts. The partners took advantage of the positive economic situation to strengthen capital reserves.

Investments and acquisitions

Investments focused on new areas of business

Graphic

06

After a strong rise in the previous year, investments increased yet again – by 33.3 percent to €288 million (previous year €216 million) – in line with the company’s growth strategy.

Tangible assets accounted for €242 million (excluding internally used, self-produced machines in the amount of €109 million) and intangible assets for €46 million.

Land and structural extensions accounted for 37.2 percent of the total investment amount, plant and machinery for 15.7 percent, and office and business equipment for 31.1 percent. A total of 50.9 percent of our investments were made in Germany. About half of this figure was accounted for by construction projects, around two thirds of which are being carried out at our headquarter in Ditzingen. Completed projects included a lightweight hall, which is being used for the EUV business field, and a daycare center for employees’ children. We also expanded capacity at our locations in Rugby (United Kingdom) and Schramberg (Germany).

Graphic

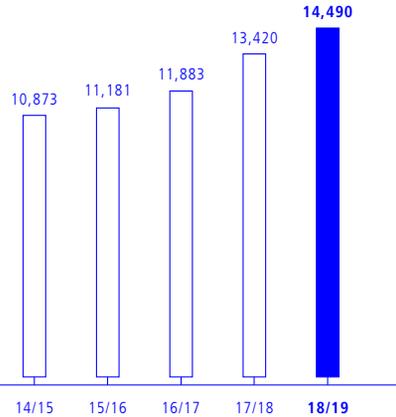
07

EMPLOYEES

In Germany, TRUMPF employed 7,427 people. Outside Germany the number of employed rose to 7,063.

Number of employees:

+8.0%



Europe (excluding Germany) accounted for 26.8 percent of our investments and Asia for 18.9 percent.

The ratio of investments to fixed assets came to 7.6 percent (previous year 6.1 percent). The €288 million invested in tangible and intangible assets again exceeded depreciation and amortization, which totaled €187 million (previous year €156 million).

Acquisitions

We also made targeted acquisitions in the actual financial year to further enhance our technological expertise.

In August 2018, we acquired Teufel Solutions AG. Teufel Solutions is now part of our Swiss subsidiary and development partner for TruTops Fab software. Our customers can use this manufacturing control system to oversee the machine tools they use across their entire sheet metal processing process, as well as monitor and manage machine jobs.

Effective April 1, 2019, high-tech company TRUMPF complete the acquisition of Photonics GmbH from Philips, which it had announced in December 2018. As of the same date, the company set up a new business field, TRUMPF Photonic Components. Through the acquisition, TRUMPF gained access to the market segment for VCSEL diodes, which will complement the company’s existing high-power diode laser business. These laser diodes are used in smartphones, in digital data transfer applications and in sensors for autonomous driving.

In May 2019, we acquired the remaining shares of our Chinese subsidiary JFY and now own the company outright. At its base in Yangzhou, JFY primarily manufactures laser, punching and bending machines, under its own brand name. TRUMPF acquired a majority shareholding in JFY in 2013.

Graphic

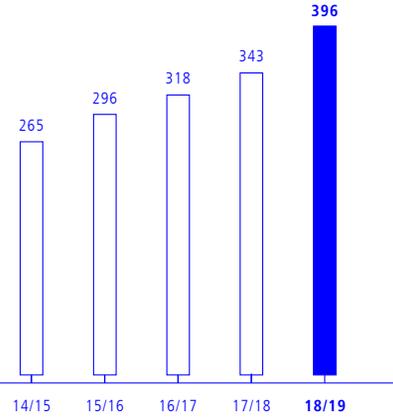
08

RESEARCH AND DEVELOPMENT
IN € MILLIONS

Our ratio of R&D expenditure to sales is at a very high level of 10.5 percent.

Increase in R&D expenditure:

+ 15.4%



In June 2019, TRUMPF acquired a 25.1-percent stake in ZIGPOS GmbH, an IT company specializing in system solutions for the Internet of Things and localization applications and whose portfolio includes a solution for statistical analyses of indoor position tracking systems. This equity investment complements our existing intralogistics portfolio based on BeSpoon technology – a portfolio from which SMEs in particular can profit.

Employees

New recruitment worldwide

Graphic

07

At June 30, 2019, the number of employees working for TRUMPF worldwide was 14,490, an increase of 8.0 percent on the previous year (13,420). In Germany, TRUMPF had 7,427 employees on the reporting date, 9.6 percent more than the previous year (6,778). The number of employees outside Germany rose by 6.3 percent to 7,063 (previous year 6,642).

The main reasons for this growth in the workforce were to strengthen our business activities in additive manufacturing and EUV, and to help us pursue our digitalization strategy.

We set great store by the training of young skilled workers, engineers, business administrators and IT specialists. In the current financial year, 485 young people completed a training course or co-op work-study program. The Group’s training ratio was 3.4 percent (previous year 3.5 percent). There were two reasons for this decrease: first, continuing growth in employee numbers at TRUMPF; second, the incipient shortage of qualified staff in the market, especially in the IT professions.

The ongoing digital transformation and internationalization of our company call for new skills and greater language proficiency. That is why TRUMPF is shifting more and more to English as its corporate language. By deploying new, innovative teaching formats – such as its own learning platform – as well as agile teamwork methods, particularly in project work, TRUMPF is constantly endeavoring to equip its employees to tackle the challenges of tomorrow’s working world.

Graphic

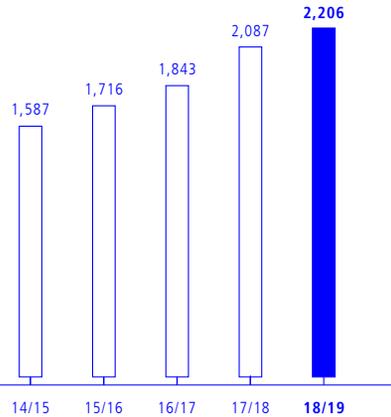
09

EMPLOYEES IN RESEARCH AND DEVELOPMENT

As of the reporting date, TRUMPF had 2,206 employees working on tomorrow's products and ideas.

Increase in R&D employees:

+5.7%



RESEARCH AND DEVELOPMENT

High development ratio for a unique innovative strength

Graphic

08

In the fiscal year 2018/19, TRUMPF once again increased its research and development (R&D) spending, which rose by 15.4 percent to €396 million (previous year €343 million). At 10.5 percent, the ratio of R&D expenditure to sales was again very high (previous year 9.6 percent).

Graphic

09

The number of employees working on new products for TRUMPF increased by 5.7 percent to 2,206 (previous year 2,087).

When it comes technology and innovation management, TRUMPF has an active technology scouting program in place that aims to identify trends at an early stage and assess their usefulness for TRUMPF, thus enabling the company to take suitable action in good time. That can 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 overall goal is to develop new business opportunities.

Venture capital projects can be an alternative to forging partnerships with start-ups, and TRUMPF Venture GmbH is responsible for supporting such projects. These projects help us gain insights into the open innovation scene, enabling us to seize on innovations and get them to market quickly.

Beyond that, TRUMPF has launched an intrapreneurship program, named “Internehmertum”, which encourages employees to put forward ideas which they can then develop into viable business concepts for a start-up while still working for TRUMPF.

OPPORTUNITIES AND RISKS

Risk management

As a globally active high-tech company, TRUMPF is exposed to a multitude of risks, which is why we have a differentiated risk management system in place to deal with them. A central risk manager ensures that risks in all areas are regularly identified, evaluated and monitored in a uniform manner across the Group, and that any correlations between risks are identified. The results are presented to management on a regular basis.

Our Central Department of Corporate Strategy and Business Development defines strategic development opportunities. The central Innovation Management unit, along with product and sector managers and the managers responsible for different regions and countries, can also help identify entrepreneurial opportunities and risks.

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 key figure for orders received is reported on a daily basis. Key financial data – and analyses of that data by the Controlling department – provide the basis upon which the Management Board identifies and evaluates potential risks and, where necessary, decides 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 rate and currency committee meets once a month at Group level to manage and control cash flow, as well as currency and interest rate risks. Market and competitor analyses enhance risk transparency still further. We developed the “Koyer program” – named after the northern German word for a dike builder – as a tool to improve earnings and to ensure we are ready in the event an economic downturn.

Market opportunities and risks

The outlook for the global economy deteriorated in the course of the fiscal year. The International Monetary Fund (IMF) revised its original forecast of 3.9 percent growth for 2019 downward to 3.2 percent, but expects growth to rise again to 3.6 percent in 2020. The IMF sees growth slowing in the advanced economies as the effects of the fiscal measures adopted in the US begin to tail off.

However, the IMF expects emerging and developing economies to again deliver dynamic growth. Yet risks remain that could jeopardize the currently positive trend. These include, in particular, continuing uncertainty in the area of foreign trade, especially regarding the US-China trade conflict. The latter could ultimately pose further risks for the stability of international financial markets.

The possibility of a no-deal Brexit and the uncertainty surrounding financial policy in Italy are two risks to the real economy the IMF has identified. Further risks are posed by the ongoing trend toward nationalism and protectionism in numerous countries, as well as by unresolved geopolitical crises and potential turbulence on international financial markets.

Opportunities offered by end-to-end digitalization of the process chain

TRUMPF offers its customers a comprehensive product portfolio for digitally connected production. Its modular solutions enable not only the vertical and horizontal connectivity of production processes, but also smart factory options, i.e. end-to-end digital connectivity in production. We provide in-depth advice to our customers on the introduction of digitally connected processes and repeatedly find that indirect processes, in particular, offer huge potential for improvement. That is why we, too, are systematically digitalizing our own value chain and have taken an interdisciplinary approach to this challenge. The optimization measures implemented are designed to have a positive effect on the entire order-to-cash process.

Opportunities from fast-growing demand for EUV lithography

Manufacturers of microchips are currently working hard to add EUV lithography systems to their production facilities. High-power laser amplifiers from TRUMPF play a key role in the manufacture of microchips using EUV lithography. They help generate a bright plasma that supplies the extreme ultraviolet (EUV) radiation required for wafer exposure. We assume that demand for these systems will continue to grow over the long term.

Opportunities in the additive manufacturing market

After several years of very fast growth, the market for additive manufacturing methods has slowed markedly. Our fundamental conviction, however, remains unchanged: additive manufacturing is a process with a bright future and one with which TRUMPF will enjoy considerable business success. Many industries – e.g. aircraft construction, automotive production, medical technology, tool and die making – are using TruPrint machines. TRUMPF is the only manufacturer to offer both the methods relevant to industrial metal 3D printing: laser metal fusion and laser metal deposition. Robust machines, digital processes and the associated services are integral parts of our industrial solutions.

Opportunities from our sales financing solutions

TRUMPF provides its customers with quick, time-saving access to investment finance in the shape of loan and leasing options. In addition to financing TRUMPF's own products, these options enable customers to finance machinery from other manufacturers. In financial terms, this allows us to tap global markets faster and more efficiently. We will gradually add further services to our financing portfolio.

Financial opportunities and risks

The TRUMPF Group maintains its liquidity through both medium-term and long-term measures. We again increased our liquidity reserves in relation to the previous year. These cash assets are mainly invested in short-term money-market instruments. When investing our liquidity reserves, we spread the risk by allocating our investments to several different financial institutions and instruments. This has enabled us to avoid negative interest. We work together solely with banks that have good credit ratings.

In the final quarter of the year under review, TRUMPF placed a promissory note for an amount of €250 million, helping us secure the company's long term financing along with its general and operational growth. The total volume of the loan is spread across various tranches, with maturities of five, seven and ten years. The average interest rate was just under 1 percent. The company originally planned to place a loan volume of €150 million. However, exceptionally strong demand from investors and a heavily oversubscribed order book prompted TRUMPF to scale up the loan amount.

Our liquidity reporting system enables us to generate daily liquidity reports for all of our subsidiaries. Currency and interest rate risks constitute further financial risks for us.

Since the eurozone is our main market, accounting for 46 percent of our sales – and because we are partly able to offset foreign currency payments within the company through our global production alliance and global procurement system – we consider our currency risk to be limited.

TRUMPF uses derivative financial instruments solely to hedge underlying business transactions and not for speculative purposes. 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 among the TRUMPF Group companies to cover currency risks resulting from posted, pending and anticipated underlying transactions. TRUMPF also enters into external hedging transactions with banks with good credit ratings. Such transactions are made in accordance with the internally concluded forward exchange deals and take account of the net exposures.

We make systematic use of standardized currency hedging instruments – such as forward exchange transactions and currency options – to hedge our net exposures in US dollars, Japanese yen, Chinese renminbi, Korean won, Swiss francs, pounds sterling, Czech crowns and Polish zloty. Other currencies are hedged on a project-related basis.

In the eurozone, we concentrate our liquidity on a daily basis using a cash-pool system that ensures transnational liquidity balancing. We have a comparable system in place at our subsidiaries in China. Multilateral netting of accounts receivable and payable increases transparency and facilitates the processing of internal payments. We revamped and evolved our internal control system in the year under review and ensured that it is fully documented. Internal audits provide additional transparency on the situation at our subsidiaries.

Strategic and operational opportunities and risks

Innovations

We are quick to respond to emerging trends in technology. Our Innovation Management unit maintains a technology roadmap that secures the availability of future technologies while identifying disruptive ones and then taking meaningful steps for their industrialization. We also seek to forge close ties with universities, non-university research institutes or relevant start-ups – our venture capital company being a dedicated conduit for the latter. We believe institutional research in projects with multiple partners to be a key success factor, as it helps us keep abreast of emerging 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 goal 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 are consulted at every stage of the technology development process to ensure that our intellectual property assets are always protected. We also register property rights for design innovations, with a special focus on our core markets.

Acquisitions

We make targeted acquisitions in order to improve our position in our markets and fields of technology. Before making any acquisition, we carefully consider all aspects involved. An M&A committee consisting of members from our divisions and central departments evaluates any potential acquisitions. Due diligence provides us with the greatest possible certainty about the future development potential of our M&A projects. We reduce the risk still further by means of corresponding agreements in the purchase contracts.

Procurement

We successfully continued our Purchasing Excellence program in the year under review. In addition, we continuously review the purchasing volume for further optimization potential and coordinate calls for tenders centrally, especially where the procurement of non-production material is concerned.

We keep risks low through a comprehensive system of supplier management. The careful selection and regular assessment of our strategic suppliers, combined with a rigorous supplier approval process, provide the necessary clarity on potential risks at all times. Ongoing monitoring of delivery quality and reliability enables us to formulate corresponding quality assurance and supplier development measures. Our basic supplies from third parties were guaranteed at all times in the year under review. We took appropriate measures to limit the effects of higher raw-material prices. Proactive demand and escalation management enabled us to resolve isolated supply bottlenecks for specific commodity groups.

Production

We are constantly evolving and refining our production processes. The digitalization of the entire order-to-cash process also affects large parts of production, and we have already implemented successful projects in this area. Our goal is to have all of our production sites fully

digitalized by 2020. We are continuing to press ahead with the systematic standardization of our processes, a basic condition for the digital transformation.

Our lean production philosophy SYNCHRO is a crucial prerequisite in this respect. We have identified the business interruption risks in production and taken preventive measures against them. We have examined and assessed critical production processes. Production downtimes can be avoided by increasing the flexibility of our production facilities or by temporarily relocating production, and extensive emergency scenarios are already in place to this effect. An international insurance policy and local cover provide adequate protection against property damage, fire damage, business interruptions, as well as employer's and product liability risks. We regularly assess and audit our production sites together with our insurance broker.

Information technology

IT risks are one of our focus topics. We constantly monitor our central IT systems and have launched – and, in some cases, already completed – projects to continuously improve security. That entails organizing our IT landscape so that it is optimized for security and investing in hardware and software on a regular basis. The growing digitalization trend is shifting focus onto the security of the software used in TRUMPF's products. That 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. Experts support and advise the development teams in each division, so that the latter take security requirements into account from an early stage in the development process.

Employees

At 4.3 percent in the Group and 2.9 percent in Germany, our employee turnover rate is low. Demographic change and a lack of qualified staff, especially in technical professions, continue to present challenges. As a result, one of our top priorities is to recruit and retain the next generation of skilled workers. Our flexible working time model makes us a very attractive employer, especially in Germany.

We have set a Group-wide occupational safety target in order to reduce accidents worldwide to a best-in-class level and are systematically implementing our occupational health and safety policy and enforcing a single safety standard across the TRUMPF Group worldwide. We use uniform

processes and tools to constantly enhance levels of occupational safety and subsequently monitor the results with Group-wide audits. The substantial reduction in our accident frequency rate shows we are on the right track.

Compliance program

The Management Board expects employees to obey all laws and regulations in their business dealings. In order to prevent any violations of the law, TRUMPF has put in place a compliance management system that comprises a number of different compliance-related elements: culture, program, organization, communications, monitoring and goals. Key points of focus of the compliance management system are prevention, and detecting and responding to violations. We will not tolerate any breaches of statutory regulations, of the TRUMPF Code of Conduct or of any other internal guidelines. Any breaches will meet with disciplinary measures.

Assessment of the company's risk situation

There are no identifiable risks that could seriously endanger the continued existence of the corporate group. The company's risk management system enables risks to be rapidly identified so that adequate countermeasures can be taken. Our activities are focused on managing financial risks and market risks, as well as on identifying entrepreneurial and technological opportunities.

OUTLOOK

Substantial decline in orders in the machine tools industry in 2019

After the strong growth recorded in 2018 (+7 percent), the German Machine Tool Builders' Association (VDW) expects to see only a 1 percent increase in production in 2019, citing uncertainty in global trade, slowing growth in China and structural weaknesses in the automotive industry as causes. VDW expects growth to pick up slightly in 2020, driven mainly by exports.

Slower growth in the laser industry

The global laser industry will again increase its revenues in 2019, but not by as much as in recent years. Laser Focus World reports that the market is likely to expand by about 2 percent only, with growth for all types of laser slowing – and even contracting for excimer lasers. Analysts consider the main causes of this trend to be the continuing trade conflict between China and the US, and the general uncertainty surrounding the global economy. Experts expect to see a substantial recovery in the laser market in the years ahead.

Outlook for the company

Given the decline in orders received in the current financial year, TRUMPF expects to achieve lower revenues and earnings in the next financial year

With economic forecasts for all regions still very cautious and with political uncertainty persisting, TRUMPF does not expect the economy to trigger any short-term pick-up in orders received. Nevertheless, we will continue to pursue our strategic growth initiatives – both as regards our key markets and new products – thus offsetting the subdued economic trend in some areas. All in all, we believe orders received will remain at the levels of recent months.

We expect to see a slight decline in revenues relative to the current financial year. Although we will continue to profit from our order backlog in the next fiscal year as well, the reduced volume of orders received in the current fiscal year will inevitably lead to a drop in revenues next year – unless the economy picks up in the meantime.

The decline in revenues will weigh heavily on our EBIT margin. That is why the Management Board has introduced an earnings improvement program designed to moderate the drop in the EBIT margin. Overall, we expect next year's EBIT margin to be slightly lower than this fiscal year's. It remains our objective to achieve a positive value added next fiscal year and thus enhance the value of the TRUMPF Group. However, we expect next year's value added to be barely in positive territory.

In our Machine Tools division, the sales initiative we launched to achieve higher market shares in certain sectors and regions should beginning to bear fruit. We want to build on that by systematically expanding our portfolio to include automation components while maintaining a clear focus on customer benefit. In this context, our portfolio of TruConnect products will support the digitalization of our customers' processes. We expect the Laser Technology division to deliver further growth in the year ahead. Alongside electromobility and sensor technology, consumer electronics is likely to contribute to a positive environment.

We expect the positive trend in electronic products to continue and, in particular, want to profit from growth in the semiconductor and solar industries in the coming fiscal year.

We look set to benefit from a dynamic market in our Additive Manufacturing business field. We are resolutely tapping new customer groups by offering new machines, technical and process expertise, and technological innovations.

We anticipate a further rise in sales in EUV lithography for the coating of microprocessors. TRUMPF, Zeiss and ASML are still the only providers of this highly innovative production process.

Digitalization is a key 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 facilitate the digital connectivity of their production. We have taken a variety of strategic measures over the last five years to equip the TRUMPF Group for the future. We have expanded our technological expertise and gained a head start with market trends – all with the goal of creating high levels of customer benefit.

Ditzingen, September 13, 2019

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

R E G I O N A L F A C T S
A N D F I G U R E S

EMPLOYEES BY REGIONS

GROUP MANAGEMENT REPORT

TOTAL

14,490

PLUS
8.0
PERCENT

ABROAD

7,063

PLUS
6.3
PERCENT

GERMANY

7,427

PLUS
9.6
PERCENT

EUROPE WITHOUT GERMANY

3,471

PLUS
4.8
PERCENT

WESTERN EUROPE WITHOUT GERMANY

2,436

PLUS
3.7
PERCENT

EASTERN EUROPE

1,035

PLUS
7.6
PERCENT

★ AMERICAS ★

1,458

PLUS
8.8
PERCENT

ASIA-PACIFIC

2,134

PLUS
7.2
PERCENT

Changes as of the reporting date of June 30, 2019

R E G I O N A L F A C T S
A N D F I G U R E S

SALES BY REGIONS

in € millions

TOTAL

3,784

PLUS
6.1
PERCENT

ABROAD

3,063

PLUS
7.7
PERCENT

GERMANY

721

PLUS
0.2
PERCENT

EUROPE WITHOUT GERMANY

1,487

PLUS
15.4
PERCENT

WESTERN EUROPE WITHOUT GERMANY

1,133

PLUS
19.3
PERCENT

EASTERN EUROPE

354

PLUS
4.5
PERCENT

★ AMERICAS ★

707

PLUS
17.6
PERCENT

ASIA-PACIFIC

853

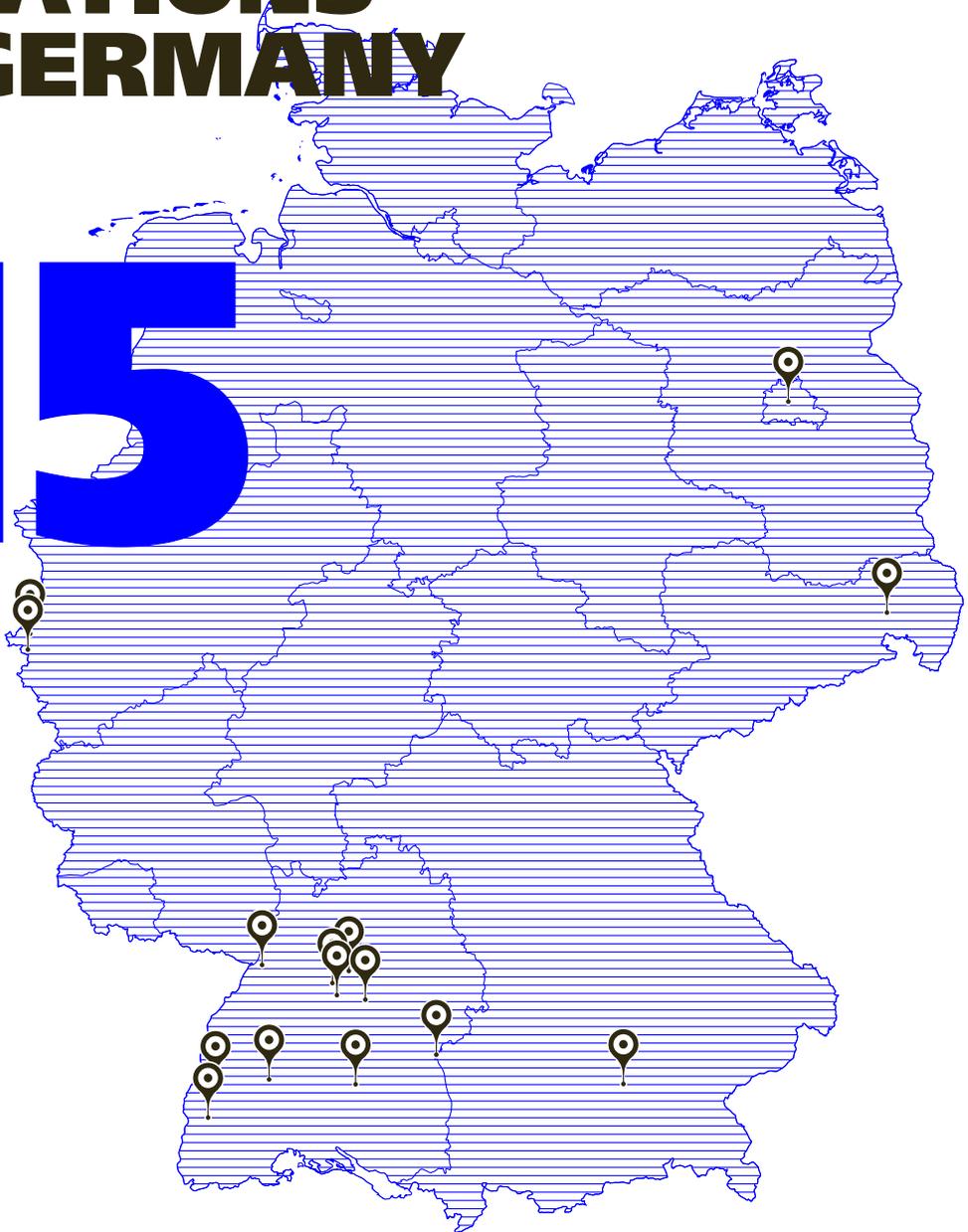
MINUS
8.9
PERCENT

REGIONAL FACTS
AND FIGURES

LOCATIONS IN GERMANY

15

GROUP MANAGEMENT REPORT



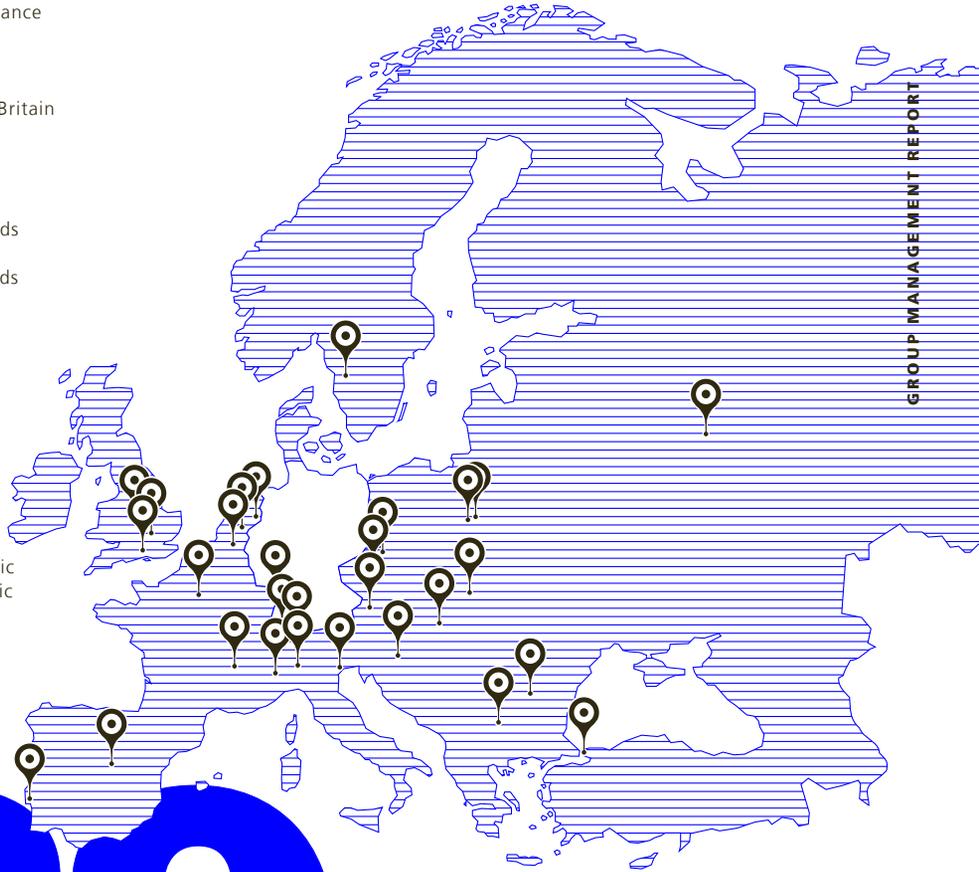
- Ditzingen
[Headquarters]
- Gerlingen
- Hettingen
- Aachen
- Berlin
- Freiburg
- Herzogenrath
- Karlsruhe
- Neukirch
- Schramberg
- Stuttgart
- Tamm
- Teningen
- Ulm
- Unterföhring

Selected locations of legally independent
and dependent companies.

REGIONAL FACTS
AND FIGURES

LOCATIONS IN EUROPE

- **Sofia**, Bulgaria
- **Haguenau**, France
- **Le Bourget du Lac**, France
- **Paris**, France
- **Luton**, Great Britain
- **Rugby**, Great Britain
- **Southampton**, Great Britain
- **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



Selected locations of legally independent
and dependent companies.

REGIONAL FACTS
AND FIGURES

LOCATIONS WORLDWIDE



GROUP MANAGEMENT REPORT

AMERICAS

- São Paulo, Brazil
- Mississauga, Canada
- Apodaca, Mexico
- Querétaro, Mexico
- ★ Chicago, IL, USA
- ★ Cranbury, NJ, USA
- ★ Detroit, MI, USA
- ★ Farmington, CT, USA
- ★ Reno, NV, USA
- ★ Santa Clara, CA, USA
- ★ Seattle, WA, 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 Balance Sheet

as of June 30, 2019

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS in k€	Notes	6/30/2019	6/30/2018
FIXED ASSETS	1		
Intangible assets		179,730	63,433
Tangible assets		1,297,152	1,125,868
Financial assets		70,027	55,671
		1,546,909	1,244,972
CURRENT ASSETS			
Inventories (after offsetting against payments on accounts received)	2		
Inventories		855,205	773,078
Down payments received		-160,501	-178,609
		694,704	594,469
Receivables	3		
Trade receivables		796,782	779,358
Other receivables		870	13,866
		797,652	793,224
Other assets	4	203,954	160,843
Cash and cash equivalents, securities	5	640,276	620,027
		2,336,586	2,168,563
PREPAID EXPENSES	6	34,211	35,201
DEFERRED TAX ASSETS	7	21,479	21,046
		3,939,185	3,469,782
EQUITY AND LIABILITIES in k€			
EQUITY	8	2,023,130	1,876,548
SPECIAL ITEMS	9	6,424	6,869
ACCRUALS			
Accruals for pensions and similar obligations	10	289,535	231,785
Other accruals	11	432,360	404,684
		721,895	636,469
LIABILITIES	12		
Trade payables		252,717	268,813
Financial liabilities		365,619	108,290
Liabilities to partners		359,819	413,592
Other liabilities		118,604	86,910
		1,096,759	877,605
DEFERRED INCOME	13	90,977	72,291
		3,939,185	3,469,782

Consolidated Profit and Loss Statement

for fiscal year 2018/19

in k€	Notes	2018/19	2017/18
Sales revenues	14	3,784,010	3,565,563
Cost of goods sold	15	-2,295,794	-2,000,141
Operating result		1,488,216	1,565,422
Sales costs	16	-530,748	-470,054
R&D costs	17	-395,814	-343,123
General administrative costs	18	-208,643	-204,345
Other operating income	19	144,969	133,210
Other operating costs	20	-146,323	-143,146
Financial and investment result	21	-50,590	-36,839
Earnings before taxes		301,067	501,125
Taxes on income	22	-84,623	-102,277
Earnings after taxes		216,444	398,848
Result attributable to minority interests	8	-6,272	-7,243
Consolidated net profit after minority interests		210,172	391,605
For informational purposes:			
Taxes of partners	22	-64,462	-56,545
Consolidated net profit after minority interests and taxes of partners		145,710	335,060

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Shareholders' Equity

for fiscal year 2018/19

Equity of the parent company

in k€	Fixed capital and subscribed capital			Revenue reserves		
	Subscribed capital	Capital shares	Sum	Reserves according to partnership agreement	Other revenue reserves	Sum
As of June 30, 2017	3,500	95,000	98,500	109,609	1,241,740	1,351,349
Transfer	-	-	-	-	-	-
Payment of dividends	-	-	-	-	-	-
Allocation to partners' account within liabilities	-	-	-	-	-143,958	-143,958
Allocation to/ withdrawal of reserves	-	-	-	75,000	-	75,000
Currency conversion	-	-	-	-	-	-
Other changes	-	-	-	-	-83	-83
Changes in consolidated group	-	-	-	-	-607	-607
Group net income/ loss for the year	-	-	-	32,187	359,417	391,604
As of June 30, 2018	3,500	95,000	98,500	216,796	1,456,507	1,673,305
Transfer	-	-	-	-	-	-
Payment of dividends	-	-	-	-	-	-
Allocation to partners' account within liabilities	-	-	-	-	-87,490	-87,490
Allocation to/ withdrawal of reserves	-	-	-	30,000	-	30,000
Currency conversion	-	-	-	-	-	-
Other changes	-	-	-	-	-309	-309
Changes in consolidated group	-	-	-	-	-365	-365
Group net income/ loss for the year	-	-	-	19,636	190,536	210,172
As of June 30, 2019	3,500	95,000	98,500	266,432	1,558,881	1,825,313

		Minority interests				Group equity	
Equity differ- ence from for- eign currency translation	Sum	Minority interests before foreign currency translation and gains/ losses	Minority interests' difference from foreign currency translation	Minority inte- rests' gains/ losses	Sum	Sum	
84,144	1,533,993	35,776	2,831	10,188	48,795	1,582,788	
-	-	10,188	-	-10,188	-	-	
-	-	-1,373	-	-	-1,373	-1,373	
-	-143,958	-	-	-1,466	-1,466	-145,424	
-	75,000	-	-	-	-	75,000	
-19,887	-19,887	-	-307	-	-307	-20,194	
-	-83	-12,362	-44	-	-12,406	-12,489	
-	-607	-	-	-	-	-607	
-	391,604	-	-	7,243	7,243	398,847	
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	

Consolidated Cash Flow Statement

for fiscal year 2018/19

in k€	2018/19	2017/18
EARNINGS AFTER TAXES	216,444	398,848
+/- Elimination of financial and investment result	50,590	36,839
+/- Elimination of income tax expenses	84,623	102,277
Consolidated net income before financial and investment result and income taxes	351,657	537,964
-/+ Income taxes paid/received	-92,264	-75,832
+/- Elimination of write-downs/write-ups of fixed assets	186,882	155,704
-/+ Elimination of gain/loss from the disposal of tangible assets	2,824	-7,004
-/+ Increase/decrease in inventories and trade receivables	-95,764	-257,980
+/- Increase/decrease in trade payables	-22,629	45,093
+/- Increase/decrease in accruals	59,215	41,326
+/- Change in other assets and liabilities	17,253	-8,138
+/- Elimination of other non-cash expenses/income	8,644	2,668
= Cash inflow from operating activities	415,818	433,801
- Cash paid for investments in tangible assets	-350,892	-294,102
+ Cash received from the disposal of tangible assets	56,597	73,266
- Cash paid for investments in intangible assets	-7,333	-13,092
+ Cash received from the disposal of intangible assets	272	908
= Subtotal cash outflow from investing activities (operating)	-301,356	-233,020
- Cash paid for investments in fixed financial assets	-30,232	-28,289
+ Cash received from the disposal of fixed financial assets	2,144	754
+/- Cash paid/received from the acquisition of consolidated companies	-184,930	-13,443
+ Cash received from financial investments within short-term cash management	-	3,856
- Cash paid for financial investments within short-term cash management	-33,956	-50,000
+ Dividends received	2,167	314
+ Interest received	7,875	6,163
= Subtotal cash outflow from investing activities (others)	-236,932	-80,645
= Cash outflow from investing activities	-538,288	-313,665
- Cash paid to partners	-104,158	-105,833
- Dividends paid to other partners	-	-1,373
+ Cash received from the issuance of loans and other financial liabilities	260,292	5,117
- Cash repayments of loans and other financial liabilities	-13,387	-63,254
- Interest paid	-3,188	-3,222
= Cash outflow from financing activities	139,559	-168,565
CHANGE IN CASH AND CASH EQUIVALENTS	17,089	-48,429
+/- Change in cash and cash equivalents due to exchange rate changes	-3,395	-7,465
+/- Change in cash and cash equivalents due to consolidation activities	6,148	1,800
+ Cash and cash equivalents at the beginning of the fiscal year	569,948	624,042
= Cash and cash equivalents at the end of the fiscal year	589,790	569,948
COMPOSITION OF CASH AND CASH EQUIVALENTS		
+ Cash	590,237	570,519
- Liabilities to banks payable on demand	-447	-571
= Cash and cash equivalents at the end of the fiscal year	589,790	569,948

NOTES TO THE CON- SOLIDATED FINANCIAL STATE- MENTS

(109 — 145)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

50 YEARS OF TRUMPF USA
IMAGE DIRECTORY
THE COMPANY
CORPORATE SOCIAL RESPONSIBILITY
GROUP MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
IMPRINT

Notes to the Consolidated Financial Statements

for fiscal year 2018/19

Principles and Methods

TRUMPF GmbH + Co. KG and Berthold Leibinger GmbH are listed in the Commercial Register at the District Court Stuttgart under Entry HRA 201460 and HRB 200720. The head offices of both companies are located in Johann-Maus-Straße 2, 71254 Ditzingen, Germany.

The consolidated financial statements for the fiscal year 2018/19 have been prepared in accordance with sec. 264a HGB (German Commercial Code) and in line with sec. 290 et sequentes HGB. The accounting and valuation principles of the HGB for large corporations have been applied while taking into account the regulations for partnerships. In accordance with sec. 298 (1) HGB in conjunction with sec. 244 HGB the consolidated financial statements have been prepared in Euro (€). At the beginning of the fiscal year 2018/19, TRUMPF Group implemented a system of division accounting, mirroring its division-based organizational structure more precisely. In this context, the consolidated income statement now follows the cost-of-sales-method, thus helping to fulfil functional managerial responsibilities in the business divisions. To ensure comparability of the financial statements, the previous year's figures are also presented using the cost-of-sales method. To enhance the clarity of the consolidated financial statements, various items of the consolidated balance sheet and the consolidated income statement have been combined and are disclosed separately in the notes to the consolidated financial statements. The balance sheet was supplemented by the positions "inventories (after offsetting against payments on account received)", "receivables" and "liabilities" in addition to those prescribed by law.

Accounting and Valuation

The financial statements of the companies included in the consolidated financial statements follow uniform accounting and valuation principles. In case adjustments to local accounts are necessary to ensure uniform accounting within the group, a "Handelsbilanz II" (balance sheet for consolidation purposes) is prepared.

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

For regular amortization and depreciation, the following useful lives are assumed: 3 to 5 years for software, 9 to 12 years for acquired customer bases, 3 to 9 years for technological know-how, 10 years for trademark rights, 25 to 50 years for buildings, 12 years for technical equipment and machinery, and 3 to 20 years for other equipment, factory and office equipment. The useful life of goodwill is assumed to be 5 years and is determined based on internal empirical data on the respective product life cycles.

Internally used machines are classified as fixed assets. Machines that are used for testing or training purposes as well as showroom and demo machines are amortized over an expected useful life of 5 years. Machines that are leased to customers are amortized over the term of the lease contract.

Financial assets are stated at acquisition costs or net realizable values as of the balance sheet date. The accounting and valuation principles of shares in associated enterprises are outlined in the chapter consolidation principles.

Inventories of raw materials, consumables and supplies as well as merchandise are stated at the lower of costs or market values. Finished goods and work in progress are valued at manufacturing costs, which include direct material and production costs, appropriate material and production overhead costs as well as depreciation expenses attributable to the manufacturing process. Interest on borrowings are not included in cost of sales. General administrative costs are not capitalized.

In case acquisition or manufacturing costs exceed the market value at the balance sheet date due to lower replacement prices / sales market prices, excess inventories or unsaleability, the book value of inventories is adjusted accordingly.

Payments on account received are deducted from inventories.

Receivables and other assets are stated at the lower of nominal values or net realizable values as of the balance sheet date. If the collectability of receivables is at risk, appropriate allowances are made. Receivables deemed uncollectible are written-down to full extent. The general credit risk is covered by lump-sum bad debt allowances on net receivables that are not subject to specific allowances.

Securities are stated at the lower of acquisition costs or net realizable values at the balance sheet date.

Prepaid expenses comprise payments that were made prior to the balance sheet date but that constitute expenses for a certain period after that date. Debt discounts are capitalized and amortized over the scheduled term of the loans.

The **special reserves** include investment subsidies and grants for fixed assets. They are released over the economic life of the subsidized assets.

Accruals for pensions and similar obligations are calculated based on actuarial principles using the projected unit credit method based on Prof. Dr. Klaus Heubeck's 2018 G mortality tables. The effect of the implementation of the new Heubeck mortality tables amounted to k€ -1,574 as of 6/30/2019. In accordance with the regulation in sec. 253 (1) HGB, the expected increase in salaries and pensions as well as the predicted employee turnover rate are taken into account in the actuarial calculation of the accruals. Accruals for pensions and similar obligations are discounted with the average market interest rate of the past ten fiscal years, based on an assumed residual term of 15 years. The interest rates are published by Deutsche Bundesbank (German Central Bank). The determination of the discount factor over the longer ten-year horizon compared to the seven-year horizon leads to a difference of k€ 62,879 (previous year k€ 46,522) as of 6/30/2019. The adjustment of actuarial assumptions for the pension accruals resulted in a one-time effect of k€ 19,597.

In fiscal year 2018/19 the calculation was based on the following parameters:

- Interest rate: 2.95 percent p.a. (previous year 3.46 percent p.a.)
- Increase of salaries and pensions: 3.0 percent p.a. (previous year 3.0 percent p.a.)
- Pension trend: 2.0 percent p.a. (previous year 2.0 percent p.a.)

In fiscal year 2018/19 the accruals for pensions and similar obligations were offset against assets that are beyond the reach of other creditors. The fair value of these assets was derived from the market values.

Other accruals cover all known risks, uncertain liabilities and contingent losses on pending transactions as of the balance sheet date. They are recognized at the settlement value which is derived from prudent commercial judgment. Accruals with a remaining term of more than one year have been discounted in accordance with sec. 253 (2) sentence 1 HGB. Economic hedging relationships between derivative financial instruments and the underlying transactions are accounted for by creating valuation units. Therefore, no provisions for onerous contracts are recorded for financial instruments with a negative fair value.

Accruals for obligations relating to phased retirement programs are calculated according to actuarial principles based on an interest rate of 0.80 percent p.a. (previous year 1.21 percent p.a.). These accruals were offset against assets which will be used exclusively for the settlement of these obligations and which cannot be accessed by all other remaining creditors. The fair value of these assets was derived from the market values.

Accruals for obligations relating to the “TRUMPF Familien- und Weiterbildungskonto” were offset against assets that will only be used for the fulfillment of these obligations and that cannot be accessed by other creditors. The net realizable value of the plan assets was derived from the market values.

Liabilities are reported at the repayment amount.

Deferred income includes payments that were made prior to the balance sheet date but constitute income for a certain period after that date.

Deferred taxes result from temporary and quasi-permanent differences between the commercial amounts of assets, liabilities, accrued and deferred items and their corresponding tax values, or from tax loss carry forwards. To calculate the deferred tax amount, the respective undiscounted tax burden or relief is valued based on the company-specific tax rate that is expected to prevail when the differences will be settled. Deferred tax assets and liabilities are shown net. If a surplus remains on the assets side as of the balance sheet date, the option for recognition in accordance with sec. 274 (1) sentence 2 HGB is not exercised.

Ownership of Shares and Companies included in Consolidation

The Leibinger family and Berthold Leibinger Stiftung GmbH hold all shares, directly and indirectly, in TRUMPF GmbH + Co. KG and Berthold Leibinger GmbH, Ditzingen (Germany). Together, these two companies exercise joint control over all domestic and foreign subsidiaries of the TRUMPF Group. The consolidation process treats these two companies as joint parent companies.

In addition to the parent companies, the basis of consolidation consists of 26 (previous year 27) German subsidiaries and 61 (previous year 57) subsidiaries outside of Germany. In the fiscal year 2018/19, additionally six companies have been included for the first time in the consolidated financial statements according to the principles of full consolidation. Two companies have been deconsolidated. The initial consolidation of the Photonics business resulted in a k€ 18,800 increase of the balance sheet total. Earnings before taxes were debited by the initial consolidation with k€ 9,904.

13 (previous year 17) subsidiaries as well as 5 (previous year 4) associated enterprises are not included in the consolidated financial statements for reasons of immateriality. Their combined net income and revenues only amount to approximately 1 percent of the consolidated TRUMPF Group net income and revenue, respectively. Consequently, they are considered as irrelevant for the fair presentation of the financial position of the Group.

Consolidation Principles

The capital consolidation is carried out with the revaluation method in accordance with sec. 301 (1) HGB. When using this method, the equity of the subsidiaries is stated at an amount that approximates the net realizable value of those assets and liabilities that have to be included in the consolidated financial statement.

A residual debit difference is shown as goodwill on the assets side and is depreciated based on the expected useful life.

The consolidation measures of sec. 300 to 305 HGB may result in differences between the accounting and the tax base of assets, liabilities as well as of accrued or deferred items. In these cases, the prospective tax relief or burden is recognized in the balance sheet as deferred tax asset / liability provided that these differences are expected to reverse in the future. The calculation of deferred taxes is based on the individual tax rate expected for the date of settlement of the differences. The tax rates range from 9 percent to 39 percent. Deferred tax liabilities are disclosed net of deferred tax assets. In case the latter exceed the former, the option to recognize deferred tax liabilities in the balance sheet provided by sec. 274 HGB is not exercised.

Any intercompany profits arising from intercompany sales or services are eliminated with effect on income.

Accounts receivable and accounts payable between companies included in the consolidation are offset against each other. Any resulting foreign exchange related difference is not included in the profit and loss account and recognized in the item "equity difference from foreign currency translation" instead. 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 case of residual terms of more than one year the realization principle (sec. 298 (1) HGB in conjunction with sec. 252 (1) No. 4 clause 2 HGB) and the historical cost principle (sec. 298 (1) HGB in conjunction with sec. 253 (1) sentence 1 HGB) are considered. Bank balances denoted in foreign currency are translated at the average spot exchange rate prevailing at the balance sheet date.

In the consolidated financial statements, the balance sheet items of subsidiaries that do not use Euro as reporting currency are translated in accordance with sec. 308a HGB with the modified current-rate method. Hence, items on the asset and the liability side of balance sheets that are

denominated in foreign currencies are translated at the average spot exchange rate prevailing at the balance sheet date. This practice does not apply to the equity position for which historical rates are used. The items in the profit and loss accounts of subsidiaries that do not use Euro as reporting currency are translated at the monthly average exchange rate. Any resulting differences are shown within group equity below the reserves as “equity difference from foreign currency translation” in accordance with sec. 308a HGB.

Explanations to the Balance Sheet

The numbers stated in the following paragraphs refer to the corresponding items in the consolidated balance sheet or consolidated profit and loss account.

1. Fixed assets

The development of the consolidated fixed assets is presented separately in the statement of fixed assets changes. Differences resulting from currency translation have been taken into account in the acquisition or manufacturing costs as well as in the cumulated depreciation and amortization. Changes in the consolidation group resulted in an increase in goodwill of k€ 52,618.

2. Inventories (after offsetting against payments on account received)

in k€	6/30/2019	6/30/2018
Raw materials, consumables and supplies	293,293	247,254
Work in progress	238,060	205,179
Finished goods and merchandise	315,090	309,341
Payments on account	8,762	11,304
Inventories	855,205	773,078
Payments on account received	-160,501	-178,609
Inventories (after offsetting against payments on account received)	694,704	594,469

3. Receivables

in k€	6/30/2019		Remaining term		6/30/2018		Remaining term	
			Up to 1 year	Over 1 year			Up to 1 year	Over 1 year
Trade receivables	796,782	766,059	30,723	779,358	771,540	7,818		
<i>of which to third parties</i>	796,262	765,539	30,723	776,909	769,091	7,818		
<i>of which to affiliated companies that are not fully consolidated</i>	520	520	0	2,449	2,449	0		
Other receivables to affiliated companies that are not fully consolidated	870	870	0	13,866	9,108	4,758		
Total receivables	797,652	766,929	30,723	793,224	780,648	12,576		

4. Other assets

in k€	6/30/2019	6/30/2018
Intermediate financial assets	90,184	56,143
Other assets	113,770	104,700
Sum other assets	203,954	160,843
<i>Of which with a residual term of more than one year</i>	51,107	19,828

Other assets primarily comprise of tax receivables resulting from income taxes and value-added tax. The medium-term financial assets comprise all financial investments with a remaining maturity of more than three months.

5. Cash and cash equivalents as well as securities

in k€	6/30/2019	6/30/2018
Securities in current assets	50,039	49,508
Cash in hand, bank balances and cheques (liquid funds)	590,237	570,519
	640,276	620,027

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

Securities contain units in an investment fund in form of a special securities fund. The special securities fund is held as short to medium term liquidity investment and therefore shown within the securities in current assets. The shareholding of the fund amounts to 100 percent.

The special securities fund reported under securities in current assets invests in stocks, pension funds, investment funds and bank deposits.

in k€	Book Value 6/30/2019	Fair value 6/30/2019	Distributions 2018/19
Special securities fund with short to mediumterm investment strategy	50,000	50,094	–

6. Prepaid expenses

Other prepaid expenses include vacation allowances, insurance premiums, maintenance agreements, rent, dues and other prepaid costs caused by the divergent fiscal year. Furthermore, a debit discount of k€ 130 is included.

7. Deferred tax assets

Deferred tax assets and deferred tax liabilities are shown net. The deferred tax assets recognized on the balance sheet arise from consolidation activities. The deferred tax liabilities are based on divergent values in the commercial and the tax financial statement and are mainly attributable to intangible assets, tangible assets and accruals.

in k€	6/30/2019	6/30/2018	Change
Deferred tax assets	67,728	40,708	27,020
Deferred tax liabilities	-46,249	-19,662	-26,587
Surplus	21,479	21,046	

8. Equity

in k€	6/30/2019	6/30/2018
Fixed capital and subscribed capital	98,500	98,500
Retained earnings	1,825,313	1,673,305
Equity difference from foreign currency translation	78,054	64,257
Minority interests	21,263	40,486
	2,023,130	1,876,548

The fixed capital and subscribed capital position corresponds to 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 and the risk capital are identical.

The result allocation for the fiscal year 2018/19 was made in accordance with the regulations of the partnership agreements and has been considered in the preparation of the consolidated financial statements.

Other revenue reserves comprise of profits and losses generated by the general partner, the domestic and foreign subsidiaries as well as effects of various consolidation measures.

Minority interests mainly relate to investments in TRUMPF Hüttinger Sp. z o. o., India Metamotion Software Pvt. Ltd., TRUMPF SISMA S.r.l. and TRUMPF Sachsen GmbH. The result allocable to minority interests comprises profit shares of k€ 7,748 (previous year k€ 8.164) and loss shares of k€ 1,476 (previous year k€ 921). The development of the Group's equity is shown separately in the statement of changes in group equity.

9. Special reserves

The special reserves contain investment grants and allowances.

10. Accruals for pensions and similar obligations

in k€	6/30/2019	6/30/2018
Accruals for pensions and similar obligations (settlement value prior to offsetting)	340,819	281,132
Contractual Trust Agreement (offset amount)	-51,284	-49,347
	289,535	231,785

The fair value of the assets of accruals for pensions and similar obligations equals the amortized costs. The valuation of the Contractual Trust Agreement results in an income of k€ 1,937 as of 06/30/2019. The income is offset against interest expense on accruals.

11. Other accruals

The net realizable value of the plan assets of the accruals for obligations relating to phase retirement programs amounts to k€ 8,550 (previous year k€ 6,825) and equals the amortized cost. The repayment amount of the accruals for obligations relating to phased retirement programs stands at k€ 9,004 (previous year k€ 6,514).

The net realizable value of the plan assets of accruals for obligations relating to the “TRUMPF Familien- und Weiterbildungskonto” is k€ 15,147 (previous year k€ 9,943) and equals the amortized cost. The repayment amount of the accruals is also k€ 15,147 (previous year k€ 9,943).

Due to immateriality the offsetting of expenses and income was waived in each case.

in k€	6/30/2019	6/30/2018
Tax accruals	49,206	54,362
Other accruals	383,154	350,322
	432,360	404,684

Other accruals mainly relate to obligations in the personnel and welfare area, warranty obligations, outstanding purchase invoices and other contingent liabilities.

12. Liabilities

in k€	6/30/2019 Total	Remaining term			6/30/2018 Total	Remaining term	
		Up to 1 year	1 to 5 years	Over 5 years		Up to 1 year	Over 1 year
Trade payables	252,717	251,930	787	–	268,813	264,496	4,317
<i>of which to third parties</i>	251,467	250,680	787	–	267,665	263,348	4,317
<i>of which to affiliated companies that are not fully consolidated</i>	1,250	1,250	–	–	1,148	1,148	–
Financial liabilities	365,619	61,054	92,362	212,203	108,290	48,166	60,124
<i>of which to banks</i>	46,419	24,040	11,631	10,748	41,220	11,815	29,405
<i>of which other financial liabilities</i>	319,200	37,014	80,731	201,455	67,070	36,351	30,719
Liabilities to partners	359,819	172,396	187,423	–	413,592	122,428	291,164
Other liabilities	118,604	117,165	1,369	70	86,910	85,037	1,873
<i>of which taxes</i>	40,880	40,880	–	–	43,824	43,824	–
<i>of which relating to social security</i>	6,960	6,960	–	–	5,536	5,536	–
<i>Of which to affiliated companies that are not fully consolidated</i>	956	956	–	–	–	–	–
<i>of which others</i>	69,808	68,369	1,369	70	37,549	35,676	1,873
	1,096,759	602,545	281,941	212,273	877,605	520,127	357,478

Trade payables are subject to customary retention of title.

Financial liabilities comprise of all interest-bearing liabilities against third parties that were entered for financing purposes. Other financial liabilities consist of deposits, loans and a private placement on the US stock market of k€ 16,736 (previous year k€ 16,736) as well as a promissory note bond amounting to k€ 250,000 issued in fiscal year 2018/19, respectively including accrued interest.

Of the liabilities to banks, a total of k€ 24,035 (previous year k€ 27,683) are secured by mortgage.

13. Deferred income

This item mainly includes the deferral of revenues or payments already received for maintenance services, training or leasing contracts.

Explanations to the Profit and Loss Account

14. Sales revenues

19 percent (previous year 20 percent) of total sales were generated domestically and 81 percent (previous year 80 percent) abroad.

For sales per business division please refer to the group management report.

in k€	2018/19	2017/18
National Sales	720,854	719,172
International Sales	3,063,156	2,846,391
	3,784,010	3,565,563

15. Cost of goods sold

Cost of goods sold of k€ 2,295,794 (previous year k€ 2,000,141) includes all expenses directly attributable to the products and services sold in the fiscal year as well as the remaining costs of the operating units Production and Service that cannot be assigned to particular products or services.

16. Sales costs

The sales costs of k€ 530,748 (previous year k€ 470,054) include all personnel expenses allocated to the sales units, other operating expenses such as travel and marketing costs as well as depreciation and material costs for our showrooms. It also include freight and packaging costs, provided these can be allocated to transport from the production plant to the customer.

17. Research and development costs

The R&D costs of k€ 395,814 (previous year k€ 343,123) include all amounts spent on basic research and new product development, and not related to current production. This includes, in particular, personnel, non-personnel and material costs.

18. General administrative costs

The general administrative costs totaled k€ 208,643 (previous year k€ 204,345) and comprise primarily personnel expenses, depreciation and other non-personnel costs incurred in management, IT, infrastructure, human resources, and the finance area.

19. Other operating income

Other operating income mainly relates to exchange rate gains, income from the release of accruals, the reversal of value adjustments and gains on disposal of assets.

Income from foreign currency translation amounts to k€ 90,578 (previous year k€ 74,290). Other operating income totaling k€ 20,809 is allocable to other fiscal years (previous year k€ 40,342) and is mostly related to income from the reversal of accruals.

20. Other operating costs

Other operating costs mainly contain exchange rate losses, bad debt expenses, additions to general and specific bad debt allowances as well as other operating costs which cannot explicitly be allocated to a functional area. Expenses from foreign currency translation amount to k€ 84,736 (previous year k€ 74,013). Furthermore, the other operating costs include an extraordinary amortization of goodwill of our subsidiary JFY of k€ 4,733.

21. Financial and investment result

in k€	2018/19	2017/18
Income from securities and loans	603	25
Income from equity investments	2,167	314
Other interests and similar income	8,931	6,245
<i>of which against affiliated companies that are not fully consolidated</i>	249	170
Depreciation of financial assets and current securities	-6,337	-1,076
Expenses from equity investments	-1,068	-
Interests and similar expenses	-54,886	-42,347
<i>of which from discounting of accruals</i>	-39,240	-28,393
	-50,590	-36,839

Depreciation of financial assets and current securities result from an impairment of an equity investment in a non-consolidated company in the amount of k€ 6,354. Interest and similar expenses include a special effect amounting to k€ 6,510 which results from an adjustment of actuarial assumptions for the pension accruals.

22. Taxes on income

Taxes on income include the effective and deferred trade tax and corporate income tax payable by TRUMPF GmbH + Co. KG, the general partner and the domestic and foreign subsidiaries. Effective tax expenses amount to k€ 93,163 (previous year k€ 109,190) for the reporting year.

The deferred tax income of k€ 8,540 recognized in the current fiscal year (previous year k€ 6,913) can be split into two components: income resulting from differences between the commercial and the tax balance sheet of k€ 1,094 (previous year k€ -93) as well as income from consolidation measures of k€ 7,446 (previous year k€ 7,006).

Shareholders' taxes were presented, for information purposes only, after the figure for the consolidated net income for the year according to sec. 264c (3) HGB. They are not included in the calculation of deferred taxes.

23. Personnel expenses

The following personnel expenses are included in the expenses of the consolidated profit and loss statement:

in k€	2018/19	2017/18
Wages and salaries	925,098	837,632
Social security and other welfare costs	162,230	141,931
Pension costs	32,975	15,264
	1,120,303	994,827

Notes to the Cash Flow Statement**24. Composition of cash and cash equivalents**

Cash and cash equivalents include cash (k€ 590,237) as well as liabilities to banks that are repayable on demand (k€ 447).

Short term cash equivalents can be converted to cash within a maximum of three months. The liabilities to banks that are repayable on demand refer to bank overdrafts.

Other Disclosures**25. Contingent liabilities**

in k€	30.06.2019
Bills of exchange	13,381
Warranty agreements	18,003
Guarantees	86,052
	117,436

With regard of the sound financial position of the companies for which guarantees and warranty agreements were provided, the risk that the contingent liabilities will become effective is considered to be low.

26. Derivative financial instruments and valuation units

	Nominal amount	Net realizable value	Book value	Balance sheet item
Foreign exchange related transactions	k€ 745,282	k€ -3,719	-	-
Other transactions	k€ 16,736	k€ 661	-	-

Foreign exchange related transactions constitute foreign exchange forwards and swaps in the currency pairs EUR/JPY, EUR/KRW, EUR/USD, EUR/GBP, EUR/CHF, EUR/PLN, EUR/CZK and EUR/CNY. Other transactions include combined interest and foreign exchange hedging transactions in the currency pair EUR/USD.

Adequate provisions have been made for hedging transactions with a negative net realizable value on the balance sheet date that are not included in a valuation unit. The valuation is conducted in accordance with generally accepted valuation methods, e.g. present value or option pricing models.

The following valuation units have been generated:

Underlying transaction / Hedging instrument	Risk / Type of valuation unit	Included amounts	Hedged amount
Third party sales / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 179,919	kJPY 21,600,000
Third party sales / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 45,000	kKRW 58,603,025
Third party sales / Trade payables / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 293,433	kUSD 358,550
Third party sales / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 6,000	kGBP 5,212
Trade payables / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 98,823	kCHF 112,800
Trade payables / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 54,566	kPLN 242,400
Trade payables / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 8,070	kCZK 211,138
Third party sales / Foreign exchange transactions	Foreign exchange risk / Macro hedge	k€ 37,102	kCNY 290,794
Financial liabilities / Combined interest and foreign exchange hedges	Interest and foreign exchange risk / Micro hedge	k€ 16,736	kUSD 20,000

In respect of the existing hedges on the balance sheet date the following applies in accordance with sec. 254 HGB:

Economic hedging relationships between derivative financial instruments and underlying transactions are reflected in the balance sheet by recognizing valuation units. Due to the consistency of all significant value-determining components, the opposite changes in value from the underlying and the hedged item completely offset one another within the hedging period. The effectiveness of the hedges is monitored on a regular basis within the existing risk management. When necessary, the hedging strategy is modified immediately. Therefore, prospective and retrospective effectiveness can be assumed for all hedging relationships.

To hedge foreign exchange risks arising from highly probable forecast transactions, TRUMPF group enters forward contracts that match the expected net cash flow in terms of duration, nominal value and currency (macro hedges). The highly probable future cash flows from sales

and sourcing transactions are derived from the corporate planning process. The verification of former planning results has shown that the forecasted transactions are indeed highly probable.

27. Off-balance-sheet transactions

At the balance sheet date off-balance sheet transaction relating to Operate Lease contracts exist. These contracts concern vehicles and office equipment and were concluded for cost-efficiency reasons. The sum of the lease payment during fiscal year 2018/19 amounts to k€ 8,435.

28. Other financial commitments

in k€	6/30/2019
Rent, lease and leasing agreements as well as other commitments	85,860
Purchase obligations relating to capital expenditures	39,078
	124,938
The amounts are due as follows: within 1 year	
	61,460
2 to 4 years	38,710
5 years and thereafter	24,768
	124,938

In addition to the financial commitments listed above, obligations from master agreements and regular purchase commitments on a scale customary for the company exist.

29. Audit fees

The total fee charged by the independent auditor for the fiscal year amounts to k€ 2,117 (previous year k€ 2,037) and can be broken down as follows:

in k€	2018/19	2017/18
Audit of financial statements	678	621
Tax consulting services	873	817
Other services	566	599

30. Employees

Annual average headcount:

		2018/19	2017/18
Germany	Employees	6,965	6,194
	Trainees	358	325
Abroad	Employees	6,819	6,206
	Trainees	127	126
		14,269	12,851

31. Management

The persons stated below are responsible for the management of TRUMPF group. Their remuneration for managing the parent company (Berthold Leibinger GmbH) and its subsidiaries amounts to k€ 9,096 (previous year k€ 15,176).

Pension commitments of k€ 14,147 (previous year k€ 17,081) were granted to former members of the management. In fiscal year 2018/19, former general managers or their surviving dependents have received benefits amounting to k€ 769 (previous year k€ 1,388).

32. Exemption in accordance with HGB

The following corporations have made use of the exemption from sec. 264 (3) HGB: AXOOM GmbH, 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, TRUMPF Lasersystems for Semiconductor Manufacturing GmbH.

The following commercial partnerships within the meaning of sec. 264a (1) HGB made use of the exemption from the preparation of annual financial statements provided for in sec. 264b HGB in accordance with the commercial law 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, TRUMPF Scientific Lasers GmbH + Co. KG.

33. Supervisory Board / Administrative Board

Sec. 1 (1) no. 2 of the MitbestG (German Codetermination Law) provides that a company which exceeds a certain size classification must appoint a supervisory board. In accordance with sec. 7 (1) no. 1 MitbestG, Berthold Leibinger GmbH has met this requirement effective since fiscal year 1998/99. The Supervisory Board has twelve members.

The Supervisory Board total remuneration amounts to k€ 129 (previous year k€ 129).

34. Related party transactions

All transactions with affiliated companies and persons were at arm's length.

35. Appropriation of earnings

The management of Berthold Leibinger GmbH proposes that the result of fiscal year 2018/19 be carried forward. The profit of TRUMPF GmbH + Co. KG is appropriated according to the partnership agreements.

36. Supplementary report

The shares of AXOOM GmbH were sold and ceded as of July 1, 2019. The resulting financial effect is of minor importance for the TRUMPF Group.

Effective July 1, 2019, TRUMPF indirectly acquires Aixtooling GmbH, a tool manufacturer for precision optics, via its subsidiary INGENERIC GmbH, Aachen.

Furthermore, the remaining shares of TRUMP Scientific Lasers GmbH + Co. KG and its general partner, TRUMPF Scientific Lasers Verwaltungs-GmbH were acquired effective July 1, 2019.

Besides those mentioned above, no other significant events occurred after the end of the fiscal year.

Ditzingen, September 13, 2019

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 2018/19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in k€	Acquisition costs						06/30/2019
	07/01/2018	Changes attributable to currency exchange effects	Changes in the group of consolidated companies	Additions	Disposals	Transfers	
INTANGIBLE ASSETS							
Acquired concessions, industrial and similar rights, licenses	157,733	283	52,400	6,542	-3,234	3,085	216,809
Goodwill	96,678	-886	52,618	38,651	-76	-	186,985
Payments on account	894	-	-	769	-	-603	1,060
	255,305	-603	105,018	45,962	-3,310	2,482	404,854
TANGIBLE ASSETS							
Land and buildings	979,711	6,866	28	45,182	-19,659	65,554	1,077,682
Technical equipment and machines	463,560	4,351	14,460	140,540	-87,098	4,217	540,030
Other equipment, factory and office equipment	466,506	1,619	3,377	67,282	-24,512	4,269	518,541
Payments on account and assets under construction	84,441	533	8,080	97,889	-422	-76,522	113,999
	1,994,218	13,369	25,945	350,893	-131,691	-2,482	2,250,252
FINANCIAL ASSETS							
Shares in affiliated companies	53,544	245	-7,623	15,334	-2,115	-	59,385
Shares in associated companies	1,830	-8	-	646	-30	-	2,438
Loans to affiliated companies	-	-	-	10,447	-	-	10,447
Participations	2,311	4	-	3,762	-2,249	-	3,828
Long-term investments	2,152	54	-	-	-929	-	1,277
Other loans	1,730	11	-	43	-	-	1,784
	61,567	306	-7,623	30,232	-5,322	-	79,159
	2,311,090	13,072	123,340	427,087	-140,324	-	2,734,265

								Accumulated depreciation			Book value	
07/01/2018	Changes attributable to currency exchange effects	Changes in the group of consolidated companies	Additions	Disposals	Transfers	Attribution	06/30/2019	06/30/2019	06/30/2018			
-109,178	-351	188	-23,627	3,038	-137	-	-130,067	86,742	48,555			
-82,694	655	-	-13,018	-	-	-	-95,057	91,928	13,984			
-	-	-	-	-	-	-	-	1,060	894			
-191,872	304	188	-36,645	3,038	-137	-	-225,124	179,730	63,433			
-317,106	-3,716	38	-38,546	12,989	-1,437	165	-347,613	730,069	662,605			
-248,463	-1,889	127	-60,109	37,134	47	-	-273,153	266,877	215,097			
-302,582	-1,602	129	-49,088	22,145	1,551	-	-329,447	189,094	163,924			
-199	-5	-	-2,659	-	-24	-	-2,887	111,112	84,242			
-868,350	-7,212	294	-150,402	72,268	137	165	-953,100	1,297,152	1,125,868			
-1,647	-	-	-6,354	-	-3	-	-8,004	51,381	51,897			
-	-11	-	-	-	3	-	-8	2,430	1,830			
-	-	-	-	-	-	-	-	10,447	-			
-2,304	-	-	-	2,249	-	-	-55	3,773	7			
-1,945	-39	-	-10	929	-	-	-1,065	212	207			
-	-	-	-	-	-	-	-	1,784	1,730			
-5,896	-50	-	-6,364	3,178	-	-	-9,132	70,027	55,671			
-1,066,118	-6,958	482	-193,411	78,484	-	165	-1,187,356	1,546,909	1,244,972			

List of Shareholdings

as of June 30, 2019

LIST OF SHAREHOLDINGS

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 ³	100	
TRUMPF Werkzeugmaschinen Deutschland Vertrieb + Service GmbH + Co. KG, Ditzingen ³		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. ³		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 ³	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		80
TRUMPF Scientific Lasers GmbH + Co. KG, Unterföhring ³		80
INGENERIC GmbH, Aachen		100
TRUMPF Werkzeugmaschinen Teningen GmbH, Teningen		100
AXOOM GmbH, Karlsruhe	100	
TRUMPF Photonic Components GmbH, Ulm		100
TRUMPF Schweiz AG, Grüşch, Switzerland		100
TRUMPF Finance (Schweiz) AG, Baar, Switzerland	100	
TRUMPF Inc., Farmington, Connecticut, USA		100
TRUMPF Huettinger Inc., Santa Clara, California, USA		90

	Company	Share of ownership TRUMPF GmbH + Co. KG	
		direct	indirect
	Farmington Aviation Inc., Farmington, Connecticut, USA		100
	TRUMPF Photonics, Inc., Cranbury, New Jersey, USA		100
	SPI Lasers LLC, Santa Clara, California, USA		100
	Metamation Inc., Reno, Nevada, USA		51
	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
	TRUMPF Huettinger K.K., 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
	AXOOM Solutions US LLC, Wilmington, Delaware, USA		100
	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 ³		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., Piovone 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

	Company	Share of ownership TRUMPF GmbH + Co. KG	
		direct	indirect
TRUMPF Polska Sp. z o.o. Sp. k., Warsaw, Poland ³			100
TRUMPF Polska Sp. z o.o., Warsaw, Poland			100
TRUMPF Hüttinger Sp. z o.o., Zielonka, Poland			78.75
TRUMPF Hungary Kft, Budapest, Hungary			100
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
Phexel 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 ¹		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
Toref Technica Co., Ltd., Aichi, Japan		25
BESPOON SAS, Le Bourget du Lac, France		60
c-labs Corporation, Kent County, Delaware, USA		100
Auroma Technologies Co. Dba Access Laser Company, Everett, Washington, USA		85
ACCESS LASER (SHENZHEN) CO.,LTD, Shenzhen, China		100
SHENZHEN EVERBRITE CD.,LTD, Shenzhen, China		100
TRUMPF Engineering Services Italy S.r.l., Orbassano/ Turin, Italy		75
Bruma Machinehandel B.V., Spankeren, Netherlands		100
c2go inprocess solutions GmbH, Berlin ¹		100

¹ In liquidation.

² Companies are consolidated as, from an economic standpoint, the opportunities and risks accrue to the parent company.

³ Entities whose unlimited liability partners are the joint parent companies or another entity that is included in the group of consolidated companies.

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 of the consolidated balance sheet as of June 30, 2019, the consolidated profit and loss statement, the consolidated cash flow statement, and the statement of shareholders' equity for the fiscal year from July 1, 2018 to June 30, 2019 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, 2018 to June 30, 2019.

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, 2019 and its results of operations for the fiscal year from July 1, 2018 to June 30, 2019, 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 13, 2019

ERNST & YOUNG GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

MARBLER
GERMAN PUBLIC AUDITOR

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GERMAN PUBLIC AUDITOR

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TRUMPF GmbH + Co. KG

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Realization

CONCEPT AND DESIGN

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PHOTOGRAPHS

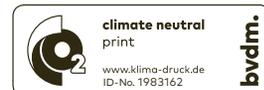
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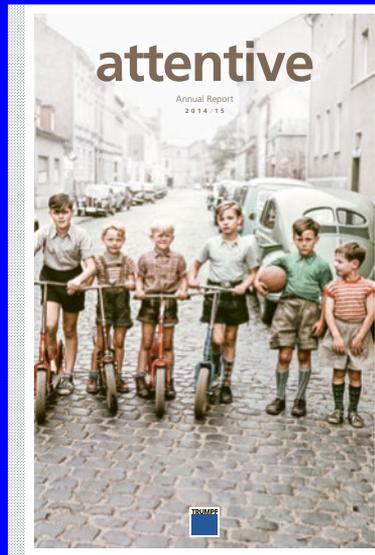


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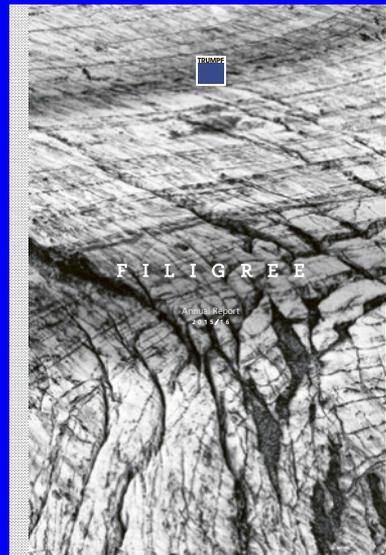
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ANNUAL REPORTS

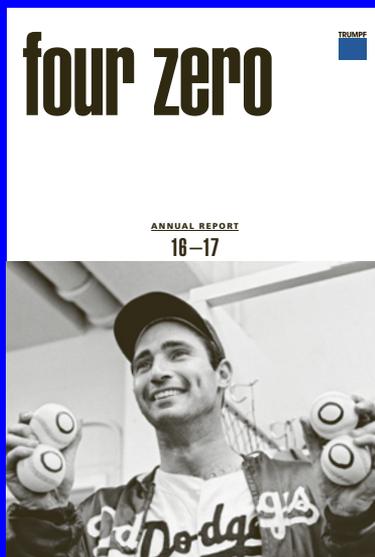
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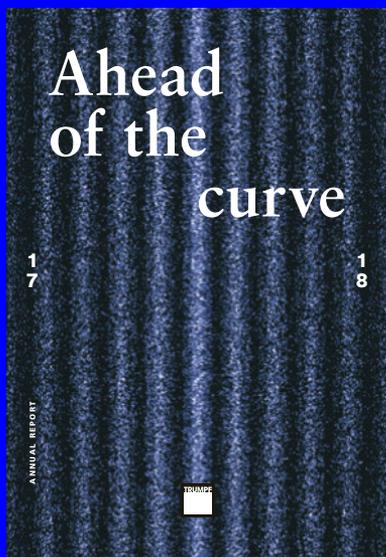
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2015 / 2016



2016 / 2017



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Realization

CONCEPT AND DESIGN

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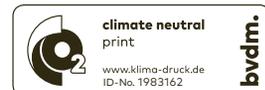
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T E C H N O L O G I C A L

TRUMPF MACHINES JOIN THE CLOUD

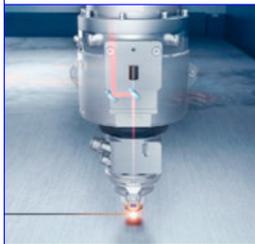


*M a c h i n e
a p p s*

10 / 2018

TRUMPF customers who purchase a new machine now automatically benefit from digitized manufacturing. Five new apps are supplied as standard with many TRUMPF machines, enabling the digital analysis of a range of machine and program data via the cloud. The apps analyze data generated before, during and after production. Opting to use this digital feature on their machines gives customers handy access to the information they need to increase the transparency of their manufacturing operations, optimize their processes and boost productivity. Customers can decide for themselves whether they wish to link their machines to the cloud. The information collected by the apps can be accessed at any time on a PC, tablet or smartphone. These five apps are a further addition to the smart factory solutions that TRUMPF offers under its TruConnect label.

SMART SENSOR SYSTEM FOR LASER CUTTING



*A c t i v e
S p e e d
C o n t r o l*

10 / 2018

Active Speed Control is a major milestone on the road toward autonomous machines. Systems equipped with this feature look straight through the nozzle right at the cutting zone, monitoring it in real-time and autonomously controlling the feed rate of solid-state laser machines. This ensures a more reliable

process for both flame and fusion cutting, reducing scrap and saving on rework. Active Speed Control responds immediately to any changes in the material being processed. It delivers substantial gains in machine productivity, significantly lowering the costs of manufacturing parts. The system monitors numerous different process parameters. One example is the position of the laser beam in relation to the center of the nozzle during the entire cutting process. Operators are informed of any deviations, helping to avoid scrap. Additional functions for automated laser cutting can easily be added to the system in the future thanks to the software update feature.

CONNECTIVITY FOR INTRALOGISTICS



*T r a c k
&
T r a c e*

10 / 2018

Based on ultra-wideband (UWB) technology, the indoor positioning system "Track & Trace" accurately locates sheet metal parts in real time. This system allows TRUMPF customers to determine the position of parts within just a few centimeters, enabling them to reduce throughput times on the shop floor and significantly increase their productivity. Track & Trace also tracks and documents the route each part takes. This eliminates the annoying and costly task of searching for parts on the shop floor. It also makes it easier to keep track of express jobs and prioritize them as required. The positioning system works not only for parts, but also for tools.

FLEXIBLE 3D LASER SYSTEM

10 / 2018

The latest generation of the TruLaser Cell 7040 is available with either a disk laser or a CO₂ laser. It can process

H I G H L I G H T S

a broad range of materials in two or three dimensions, including steel and light metals, without the need for time-consuming retooling. In this new version, TRUMPF has pushed productivity even higher by cutting down on non-productive time and incorporating automation features. The new machine is particularly suitable for industries that produce many different product variants within a short space of time, such as job shops, the automotive industry and aviation.



*T r u L a s e r
C e l l
7 0 4 0*

50 TONS OF PRESS FORCE

10 / 2018

For the first time, TruBend Series 7000 systems are now available with a press force of 50 tons. These machines can bend small and medium-sized parts extremely fast. They include a bending line laser that helps to properly align parts. The latest generation of TruBend Series 7000 machines also comes with the ACB Wireless angle measuring system. Small sensor discs at the bottom of the sensor tools transmit a signal to the machine when they touch the sheet metal. The TruBend Series 7000 uses these signals to calculate the bending angle.



*T r u B e n d
S e r i e s
7 0 0 0*

3D PRINTER WITH PREHEATING TO 500 DEGREES

11 / 2018

Preheated to 500 degrees Celsius, the TruPrint 5000 3D printer can print high-carbon steel and titanium alloy components that don't crack or severely warp. This makes it easier for tool and mold makers to print forming tools, punches and dies.



*T r u P r i n t
5 0 0 0*

GREEN LIGHT FOR E-MOBILITY

06 / 2019

The new TruDisk 1020 is a laser specially developed by TRUMPF for welding highly reflective materials. Based on disk laser technology, it emits laser light in the green spectrum at a wavelength of 515 nanometers. With a beam quality of 2 mm x mrad, the TruDisk 1020 creates weld seams at unprecedented levels of quality and energy efficiency, even with highly reflective materials such as copper. This makes it the perfect choice for applications in the fields of e-mobility, power electronics and electromechanics.



*T r u D i s k
1 0 2 0*

