

INTERIM REPORT Q3 2018

POLYTEC

MEETING
CHALLENGES.
CREATING
PERSPECTIVES.



POLYTEC GROUP

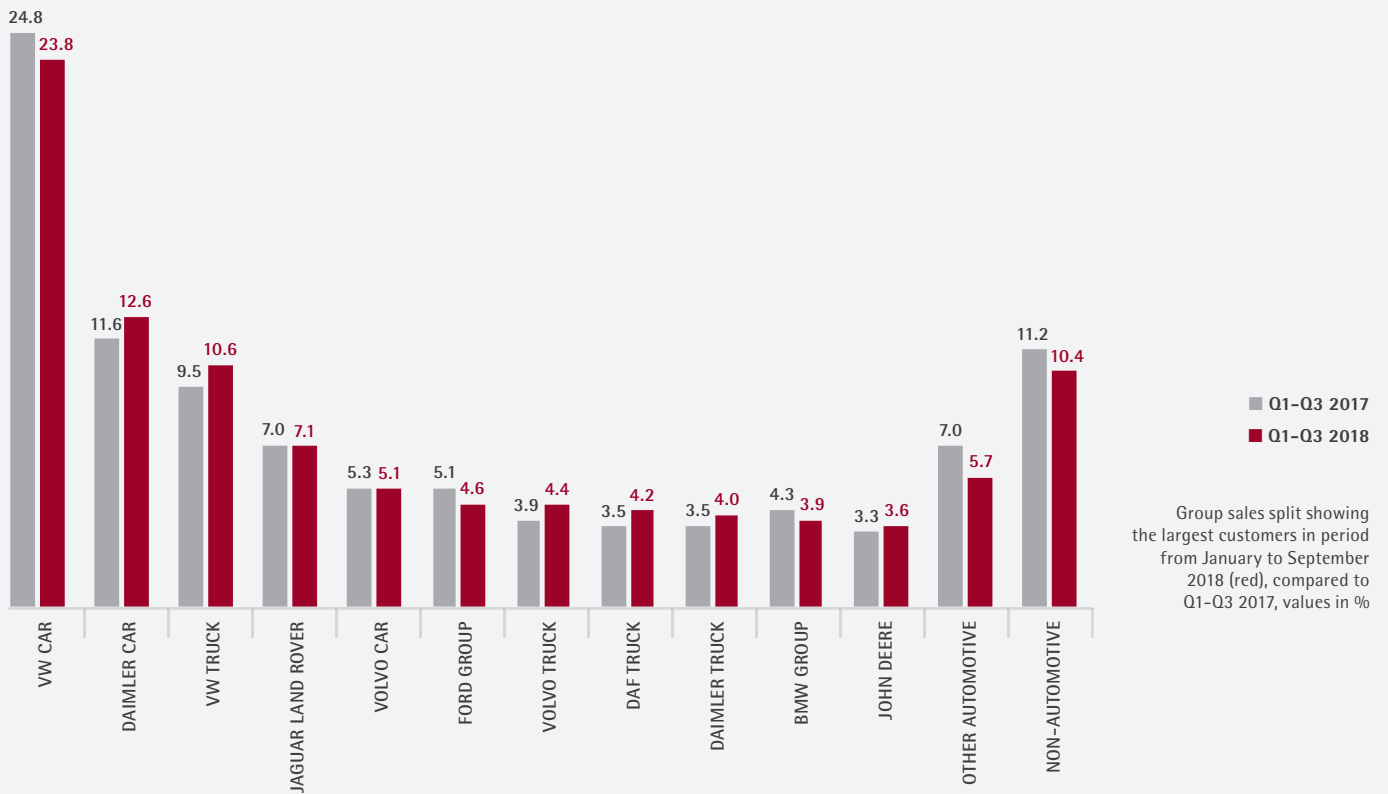
KEY FIGURES Q3 2018

Key figures Q1 - Q3	Unit	Q1-Q3 2018	Q1-Q3 2017	Change
Sales	EUR m	478.7	508.0	-5.8%
EBITDA	EUR m	50.0	63.9	-21.8%
EBITDA margin (EBITDA/sales)	%	10.4%	12.6%	-2.2% points
EBIT	EUR m	30.9	43.4	-28.8%
EBIT margin (EBIT/sales)	%	6.5%	8.5%	-2% points
Earnings after tax	EUR m	22.2	31.0	-28.4%
Earnings per share	EUR	0.98	1.38	-29.0%
Investments in tangible assets	EUR m	28.9	23.8	21.4%
Equity ratio (equity/balance sheet total)	%	45.2%	41.5%	3.7% points
Net working capital (NWC)	EUR m	103.1	73.8	39.7%
Average capital employed	EUR m	337.8	295.1	14.5%
Net financial debt (+)/-assets (-)	EUR m	101.5	83.7	21.3%
Employees (incl. leasing personnel) end of period	FTE	4,455	4,547	-2.0%

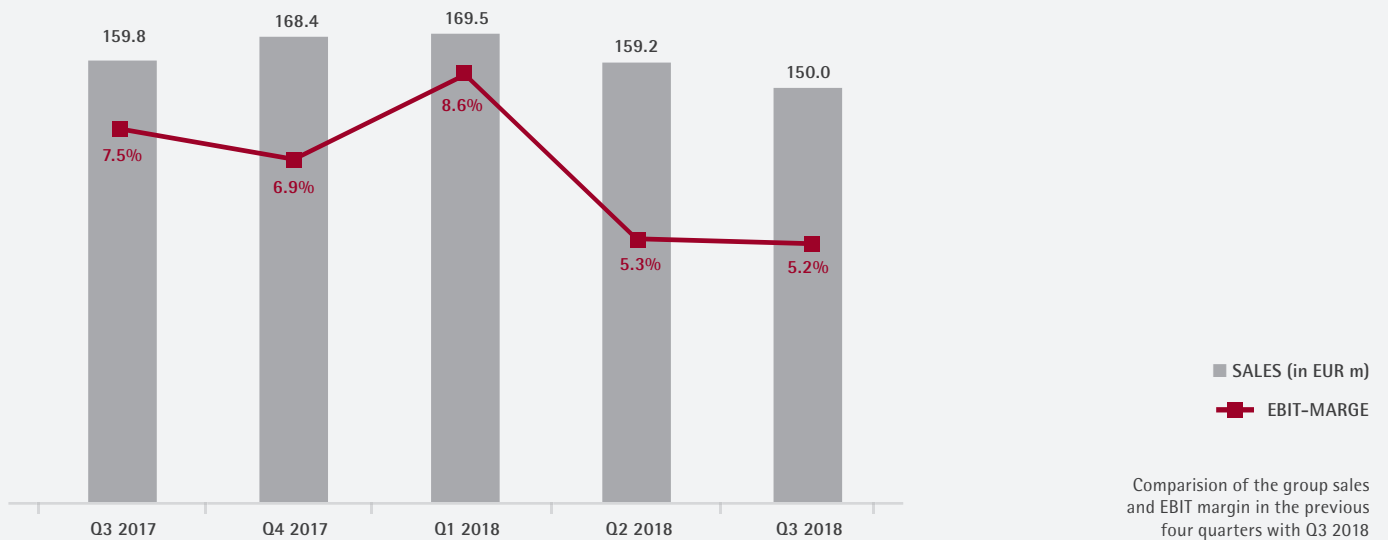
Key figures quarterly	Unit	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Sales	EUR m	159.8	168.4	169.5	159.2	150.0
EBITDA	EUR m	18.8	18.4	21.1	14.2	14.7
EBITDA margin (EBITDA/sales)	%	11.8%	10.9%	12.4%	8.9%	9.8%
EBIT	EUR m	12.1	11.7	14.6	8.5	7.8
EBIT margin (EBIT/sales)	%	7.5%	6.9%	8.6%	5.3%	5.2%
Earnings after tax	EUR m	8.4	8.0	10.6	6.0	5.6
Earnings per share	EUR	0.37	0.36	0.47	0.27	0.24
Investments in tangible assets	EUR m	9.7	12.8	8.3	10.5	10.1
Equity ratio (equity/balance sheet total)	%	41.5%	42.1%	43.5%	43.5%	45.2%
Net working capital (NWC)	EUR m	73.8	75.5	90.7	90.2	103.1
Capital employed	EUR m	314.0	318.8	336.8	340.4	356.7
Net financial debt (+)/-assets (-)	EUR m	83.7	78.7	82.5	89.8	101.5
Employees (incl. leasing personnel) end of period	FTE	4,547	4,522	4,495	4,497	4,455

GROUP SALES BY CUSTOMERS

compared to previous year



SALES & EBIT MARGIN



INTERIM REPORT

Q3 2018

This interim report has not been subject to an audit or a review.

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GROUP MANAGEMENT REPORT Q3 2018

AUTOMOTIVE INDUSTRY DEVELOPMENT

The tables below show registration numbers of new vehicles for the periode from January to September 2018 compared to the figures from the previous year:

REGISTRATIONS OF NEW CARS IN THE MAJOR INTERNATIONAL MARKETS

In pieces	Q1-Q3 2018	Share	Q1-Q3 2017	Share	Change
China	16,922,600	40.6%	16,731,300	40.6%	1.1%
USA	12,841,700	30.8%	12,801,200	31.1%	0.3%
European Union	11,952,000	28.6%	11,658,700	28.3%	2.5%
Total three major markets	41,716,300	100%	41,191,200	100%	1.3%
Other selected countries					
Japan	3,367,300		3,412,600		-1.3%
India	2,605,800		2,434,100		7.0%
Brazil	1,783,000		1,576,100		13.1%
Russia	1,297,400		1,129,400		14.9%

REGISTRATIONS OF NEW CARS IN THE EUROPEAN UNION

In pieces	Q1-Q3 2018	Share	Q1-Q3 2017	Share	Change
Germany	2,673,400	22.4%	2,611,800	22.4%	2.4%
United Kingdom	1,910,800	16.0%	2,066,400	17.7%	-7.5%
France	1,662,700	13.9%	1,560,900	13.4%	6.5%
Italy	1,491,300	12.5%	1,534,300	13.2%	-2.8%
Spain	1,042,700	8.7%	933,100	8.0%	11.7%
Other EU countries	3,171,100	26.5%	2,952,200	25.3%	7.4%
EUROPEAN UNION	11,952,000	100%	11,658,700	100%	2.5%

REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE EUROPEAN UNION

In pieces	Q1-Q3 2018	Share	Q1-Q3 2017	Share	Change
Light commercial vehicles <=3.5 t	1,530,100	82.9%	1,478,800	82.9%	3.5%
Medium commercial vehicles >3.5 t to <=16 t	52,900	2.8%	51,300	2.9%	3.1%
Heavy commercial vehicles >16 t	231,900	12.6%	221,800	12.5%	4.5%
Medium and heavy buses & coaches >3.5 t	31,300	1.7%	31,000	1.7%	0.9%
EUROPEAN UNION	1,846,200	100%	1,782,900	100%	3,6%

Sources: German Automotive Industry Association (VDA), European Automobile Manufacturers Association (ACEA).

GROUP RESULTS

SALES

As compared to the excellent result of the preceding year, in the first three quarters of 2018 POLYTEC GROUP sales fell by 5.8% to EUR 478.7 million (Q1-Q3 2017: EUR 508.0 million).

In the third quarter, the consequences of the transition to the new WLTP exhaust gas

and fuel consumption standard, which came into effect in September 2018, increased in severity. The resultant temporary reductions in vehicle production at major customers led to the anticipated cutback in call-offs and sales losses. Moreover, as was already the case in the first half of 2018, owing to the drop in consumer demand, the call-offs

for diesel car products remained weak in the third quarter.

The commercial vehicle market area continued to develop in a positive manner and showed a slight rise in comparison with the preceding year.

SALES BY MARKET AREAS

In EUR m	Q3 2018	Share	Q3 2017	Q1-Q3 2018	Share	Q1-Q3 2017
Passenger cars	90.6	60.4	101.7	300.0	62.7%	329.2
Commercial vehicles	41.1	27.4	36.7	129.0	26.9%	121.7
Non-automotive	18.3	12.2	21.4	49.7	10.4%	57.1
POLYTEC GROUP	150.0	100%	159.8	478.7	100%	508.0

As compared to the same period of the previous year, passenger car market sales, which with 62.7% (Q1-Q3 2017: 64.8%) represents the strongest sales area within the POLYTEC GROUP, were down by 8.9% at EUR 300.0 million (Q1-Q3 2017: EUR 329.2 million). On the one hand, this decline resulted from the switch to the WLTP stand-

ard and on the other, the lower demand for diesel cars. Sales in the commercial vehicles market area (26.9%, Q1-Q3 2017: 24.0%) maintained their positive trend and as compared to the period from January to September 2017 rose by 6.0% from EUR 121.7 million to EUR 129.0 million. Due primarily to a drastic reduction in call-offs from one

major customer, the share of group sales emanating from the non-automotive market area fell from 11.2% in the first nine months of 2017 to 10.4% in the same period of the current year. However, the fourth quarter of 2018 should show a marked improvement, as the customer started once again to call up the agreed product quantities.

SALES BY CATEGORY

In EUR m	Q3 2018	Share	Q3 2017	Q1-Q3 2018	Share	Q1-Q3 2017
Parts and other sales	134.4	89.6%	144.2	434.7	90.8%	456.9
Tooling and other engineering sales	15.6	10.4%	15.6	44.0	9.2%	51.1
POLYTEC GROUP	150.0	100%	159.8	478.7	100%	508.0

Sales in the serial part market area during the first nine months of 2018 fell by 4.9% to EUR 434.7 million. Tooling and engineer-

ing sales are subject to cyclical fluctuations and as compared to the same period of 2017 were 13.9% or EUR 7.1 million lower.

SALES BY REGION

In EUR m	Q3 2018	Share	Q3 2017	Q1-Q3 2018	Share	Q1-Q3 2017
Austria	6.3	4.2%	5.9	17.9	3.7%	16.8
Germany	84.6	56.4%	90.7	269.4	56.3%	284.5
Other EU countries	48.1	32.1%	53.3	160.5	33.5%	175.0
Other countries	11.0	7.3%	9.9	30.9	6.5%	31.7
POLYTEC GROUP	150.0	100%	159.8	478.7	100%	508.0

GROUP EARNINGS FIGURES

	Unit	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change
Sales	EUR m	150.0	159.8	-6.1%	478.7	508.0	-5.8%
EBITDA	EUR m	14.7	18.8	-21.8%	50.0	63.9	-21.8%
EBITDA-Marge (EBITDA/sales)	%	9.8	11.8	-2.0% points	10.4	12.6	-2.2% points
EBIT	EUR m	7.8	12.1	-35.5%	30.9	43.4	-28.8%
EBIT-Marge (EBIT/sales)	%	5.2	7.5	-2.3% points	6.5	8.5	-2.0% points
Earnings after tax	EUR m	5.6	8.4	-33.3%	22.2	31.0	-28.4%
Average capital employed	EUR m	-	-	-	337.8	295.1	14.5%
ROCE before tax (EBIT/ average capital employed)	%	-	-	-	12.6	21.1	-8.5% points
Earnings per share	EUR	0.24	0.37	-35.1%	0.98	1.38	-29.0%

MATERIAL AND PERSONNEL EXPENSES

In the first three quarters of 2018, at 47.5% the material to sales ratio (material expense/sales) remained at the level of the preceding year

(Q1-Q3 2017: 47.6%). The group's personnel ratio (personnel expense/sales) rose in the first nine months of 2018 by 3.1 percentage points

to 34.5% (Q1-Q3 2017: 31.4%), primarily as a result of higher personnel costs in combination with falling sales.

EBITDA AND EBIT

In the first nine months of 2018, POLYTEC GROUP EBITDA totalled EUR 50.0 million (Q1-Q3 2017: EUR 63.9 million). The EBITDA margin (EBITDA/sales) fell by 2.2 per-

centage points over the previous year to stand at 10.4%. In the first three quarters of 2018, group EBIT amounted to EUR 30.9 million (Q1-Q3 2017: EUR 43.4 million).

The EBIT margin (EBIT/sales) declined from 8.5% to 6.5%.

FINANCIAL AND GROUP RESULT

In the first three quarters, the financial result amounted to minus EUR 2.6 million (Q1-Q3 2017: minus EUR 2.4 million). The POLYTEC GROUP tax ratio (income taxes/earnings before income tax) in the first nine months

of 2018 amounted to 21.3%, which was 3.1 percentage points lower than in the same period of the previous year. This change emanated from a more favourable country mix. As a consequence, group earnings after

tax totalled EUR 22.2 million (Q1-Q3 2017: EUR 31.0 million). This corresponds with earnings per share of EUR 0.98 (Q1-Q3 2017: EUR 1.38).

ASSETS AND FINANCIAL STATUS

INVESTMENTS

In EUR m	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change
Investments in tangible assets	10.1	9.7	4.1 %	28.9	23.8	21.4 %

Additions to tangible assets in the first nine months of 2018 totalled EUR 28.9 million (Q1-Q3 2017: 23.8 million). In particular, spending focused on the Telford location in

the English Midlands, where a new painting plant has been built. Furthermore, the POLYTEC GROUP implemented improvements and enlargements to both its pro-

duction plants, primarily in Austria and Germany, and infrastructure, as well as investing in ongoing maintenance.

GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

	Unit	30.09.2018	31.12.2017	Change
Equity	EUR m	229.9	217.5	5.7%
Equity ratio (equity/balance sheet total)	%	45.2	42.1	3.1% points
Balance sheet total	EUR m	508.2	516.5	-1.6%
Net working capital ¹⁾	EUR m	103.1	75.5	36.6%
Net working capital/sales	%	15.9	11.2	4.7% points

¹⁾ Net working capital = current assets less current liabilities

As at 30 September 2018, the group's balance sheet total was slightly lower than on 31 December 2017 at EUR 508.2 million and the equity ratio concurrently was 3.1 percentage points higher at 45.2%. In the

same period, net working capital rose by EUR 27.6 million to EUR 103.1 million. As was the case in the preceding quarters, the main impetus in this connection derived from services not yet invoiced or paid,

which resulted from the high level of tooling and engineering activities. In addition, raw material stocks were enlarged in order to avoid future price rises.

	Unit	30.09.2018	31.12.2017	Change
Net debt (+)/-assets (-)	EUR m	101.5	78.7	29.0%
Net debt (+)/-assets (-)/EBITDA	-	1.48	0.96	54.2%
Gearing (net debt (+)/-assets (-)/equity)	-	0.44	0.36	22.2%

As compared to the 31 December 2017 reporting date, net debt was EUR 22.8 million higher at EUR 101.5 million. The key figure for the fictive debt repayment peri-

od (net debt/EBITDA) increased from 0.96 to 1.48. The gearing ratio rose from 0.36 to 0.44, but remained at a low level.

EMPLOYEES

Employees (incl. leasing personnel) in terms of full-time equivalents (FTE)	End of period		Change	Average period		Change
	30.09.2018	30.09.2017		Q1-Q3 2018	Q1-Q3 2017	
Austria	564	551	13	568	535	33
Germany	2,154	2,224	-70	2,168	2,204	-36
Other EU countries	1,532	1,584	-52	1,553	1,597	-44
Other countries	205	188	17	199	180	19
POLYTEC GROUP	4,455	4,547	-92	4,488	4,516	-28

Average group workforce numbers (including leasing personnel) amounted to 4,488 (full-time equivalents) and therefore remained at the level of the preceding year.

As at the reporting date of 30 September 2018, POLYTEC GROUP employees totalled 4,455, of which 439 or 9.9% were leasing personnel.

RISKS AND UNCERTAINTIES

The entire automotive industry is currently faced by major challenges and impending upheavals of a decisive nature. These uncertainties are mirrored by both the operative business figures and negative share performance amongst both car producers and their suppliers. Consequently, during the year, numerous OEMs and suppliers, including the POLYTEC GROUP, have been forced to revise their forecasts and issue profit warnings.

The sense of insecurity among consumers resulted in a decline in demand for diesel cars, as underlined by a drop in the numbers of new diesel vehicle registrations in the European Union of around 16% in the first half of 2018. The POLYTEC GROUP also sees weak call-offs for diesel vehicle products.

In addition, during the second quarter, the challenges of transitioning to the new WLTP

audit process became apparent. Indeed, the "Worldwide Harmonized Light-Duty Vehicles Test Procedure", which since the beginning of September 2018 is mandatory for newly registered cars in the European Union, caused implementation delays among the automotive manufacturers and even some temporary output reductions. The POLYTEC GROUP was affected transitively and during the third quarter was confronted by call-off reductions and sales losses. Therefore, for the time being cut-backs in the level of call-offs cannot be excluded, but the situation should improve gradually in the coming months and thus result in a return to higher part numbers for the POLYTEC GROUP.

Higher commodity prices, above all for polyamide, but also for polypropylene and resins, will probably continue to have a negative impact upon group results in the coming quarters.

As of now, neither the implications of the departure of the UK from the European Union, which is due to be completed in a few months time, nor the results of possible restrictions on global trade, can be assessed in full.

At present, it is also impossible to determine clearly whether or not the aforementioned or other risks and uncertainties will exert an influence on the future development of the POLYTEC GROUP's sales and income. The management continues to keep such developments under close surveillance.

As far as risk reporting is concerned, we would refer to the information included in section G.2 of the notes to the consolidated financial statements in the annual report for 2017.

MATERIAL TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

As compared to 31 December 2017, there were no material changes regarding business dealings with related companies and persons and therefore reference should be

made to the notes to the consolidated financial statements of POLYTEC Holding AG as at 31 December 2017.

OUTLOOK

The POLYTEC GROUP executive management currently still assumes group sales of around EUR 650 million and EBIT (earnings before interest and taxes) of around EUR 45 million for the financial year 2018.

The attainment of this outlook is feasible, but will be made more difficult by the issues surrounding WLTP, diesel drive technology, Brexit, obstacles to international trade, general economic developments and other

currently unknown negative factors, the consequences of which cannot at present be fully estimated.

INTERIM CONSOLIDATED FINANCIAL STATEMENT ACCORDING TO IAS 34

This interim report has not been subject to an audit or a review.

CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 30 September 2018 compared to the figures from the previous year

In EUR k	1.1. - 30.9.		1.7. - 30.9.	
	2018	2017 ¹⁾	2018	2017 ¹⁾
Net sales	478,695	508,028	150,018	159,762
Other operating income	5,918	3,468	2,696	1,077
Changes in inventory	1,097	4,933	-593	2,104
Own work capitalised	3,389	887	1,142	281
Expenses for materials and services received	-228,642	-246,747	-71,964	-77,605
Personnel expenses	-165,526	-161,061	-52,726	-51,140
Other operating expenses	-44,976	-45,601	-13,929	-15,663
Earnings before interest, taxes and depreciation (EBITDA)	49,955	63,907	14,645	18,816
Depreciation	-19,110	-20,524	-6,821	-6,767
Earnings before interest and taxes = operating result (EBIT)	30,845	43,383	7,823	12,049
Interest result	-2,764	-2,514	-1,180	-1,012
Other financial result	166	151	84	-11
Financial result	-2,598	-2,362	-1,096	-1,023
Earnings before tax	28,248	41,021	6,727	11,027
Taxes on income	-6,014	-9,993	-1,119	-2,622
Earnings after tax	22,233	31,028	5,608	8,404
thereof result of non-controlling interests	-641	-697	-255	-298
thereof result of the parent company	21,592	30,332	5,353	8,106
Earnings per share in EUR	0.98	1.38	0.24	0.37

¹⁾ POLYTEC GROUP has applied IFRS 15 using the modified retrospective method. Under this method, the comparative information is not restated.

CONSOLIDATED BALANCE SHEET AS OF 30.09.2018

Compared to the figures from the balance sheet date as of 31 December 2017

ASSETS (In EUR k)		30.9.2018	31.12.2017 ¹⁾
A. Non-current assets:			
I.	Intangible assets	4,068	3,110
II.	Goodwill	19,180	19,180
III.	Tangible assets	240,297	232,910
IV.	Other long-term receivables	126	126
V.	Deferred tax assets	4,818	7,674
		268,490	263,000

B. Current assets:			
I.	Inventories	35,358	63,278
II.	Trade accounts receivable	64,903	67,035
III.	Contract assets	85,303	43,050
IV.	Other current receivables	21,179	17,691
V.	Income tax receivables	1,131	1,215
VI.	Current interest-bearing receivables	3,200	4,286
VII.	Cash and cash equivalents	28,581	56,899
		239,656	253,453

EQUITY AND LIABILITIES (in EUR k)		30.9.2018	31.12.2017 ¹⁾
A. Shareholder's equity:			
I.	Share capital	22,330	22,330
II.	Capital reserves	37,563	37,563
III.	Treasury stock	-1,855	-1,855
IV.	Retained earnings	176,676	163,359
V.	Other reserves	-11,921	-10,370
		222,794	211,028
VI.	Non-controlling interests	7,106	6,465
		229,900	217,493

B. Long-term liabilities:			
I.	Non-current, interest-bearing liabilities	81,273	126,332
II.	Provision for deferred taxes	2,548	3,080
III.	Provisions for personnel	27,716	27,278
IV.	Other long-term liabilities	9,944	11,863
		121,480	168,552

C. Short-term liabilities:			
I.	Current interest-bearing liabilities	51,988	13,600
II.	Liabilities on income taxes	1,091	2,758
III.	Trade accounts payable	45,796	54,054
IV.	Contract liabilities	2,437	4,802
V.	Other current liabilities	36,351	31,799 ²⁾
VI.	Current provisions	19,103	23,395 ²⁾
		156,766	130,408
		508,146	516,453

¹⁾ POLYTEC GROUP has applied IFRS 15 using the modified retrospective method. Under this method, the comparative information is not restated.

²⁾ Previous year is restated

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January to 30 September 2018 compared to the figures from the the previous year

	In EUR k	1.1. – 30.9.	
		2018	2017 ¹⁾
	Earnings before tax	28,248	41,021
+(-)	Depreciation on fixed assets	19,110	20,524
-(+)	Interest result	2,764	2,514
+(-)	Other non-cash expenses and earnings	-1,190	-495
+(-)	Increase (decrease) in non-current provisions for employees	166	125
-(+)	Profit (loss) from fixed asset disposals	-203	-228
-(+)	Increase (decrease) in inventories, advance payments made	-462	-6,204
-(+)	Increase (decrease) in trade and other receivables as well contract assets	-13,034	-25,461
+(-)	Increase (decrease) in trade and other payables as well contract liabilities	-6,026	3,985 ²⁾
+(-)	Increase (decrease) in current provisions	-5,051	-4,896 ²⁾
=	Consolidated cash flow from current activities	24,322	30,885
+	Interest received	93	296
-	Interest paid	-3,161	-3,225
-	Taxes paid	-5,857	-8,605
=	Consolidated cash flow from operating activities	15,397	19,351
-	Investments in fixed assets	-28,852	-25,115
+	Payments from the disposal of intangible and tangible assets	1,186	1,319
-(+)	Increase (decrease) in other non-current assets	0	-276
=	Consolidated cash flow from investing activities	-27,666	-24,072
+	Inflows from loan financing	0	216
-	Repayments of loan financing	-3,869	-5,187
-	Repayments of real estate loans	-1,349	-3,973
-	Outflows from financial leasing agreements	-1,036	-1,113
+(-)	Change in current financial liabilities	94	-8,360
+	Refinancing Schuldschein loans (promissory note bonds)	0	8,500
-	Third party dividends	-9,899	-9,338
=	Consolidated cash flow from financing activities	-16,059	-19,255
+(-)	Consolidated cash flow from operating activities	15,397	19,351
+(-)	Consolidated cash flow from investing activities	-27,666	-24,072
+(-)	Consolidated cash flow from financing activities	-16,059	-19,255
=	Change in cash and cash equivalents	-28,328	-23,976
+(-)	Effect from currency translations	10	-202
+	Opening balance of cash and cash equivalents	56,899	79,540
=	Closing balance of cash and cash equivalents	28,581	55,362

¹⁾ POLYTEC GROUP has applied IFRS 15 using the modified retrospective method. Under this method, the comparative information is not restated.

²⁾ Previous year is restated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR k	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves	Shares of POLYTEC Holding AG stockholders	Non controlling interests	Total
As at 1.1.2018	22,330	37,563	-1,855	163,359	-10,369	211,028	6,465	217,493
Impact due to change of accounting method	0	0	0	1,623	0	1,623	0	1,623
Altered balance as at 1.1.2018	22,330	37,563	-1,855	164,982	-10,369	212,651	6,465	219,116
Comprehensive income after tax	0	0	0	21,592	0	21,592	641	22,233
Other result after tax	0	0	0	0	-1,551	-1,551	0	-1,551
Dividend payments	0	0	0	-9,898	0	-9,898	0	-9,898
As at 30.9.2018 ¹⁾	22,330	37,563	-1,855	176,676	-11,920	222,794	7,106	229,900

In EUR k	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves	Shares of POLYTEC Holding AG stockholders	Non controlling interests	Total
As at 1.1.2017 ¹⁾	22,330	37,563	-1,855	133,913	-8,317	183,635	6,289	189,924
Comprehensive income after tax	0	0	0	30,331	0	30,331	697	31,028
Other result after tax	0	0	0	0	-1,619	-1,619	0	-1,619
Dividend payments	0	0	0	-8,798	0	-8,798	-540	-9,338
As at 30.9.2017 ¹⁾	22,330	37,563	-1,855	155,446	-9,936	203,549	6,446	209,995

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1.1. -30.09.2018 In EUR k	Group	Non controlling interests	Total
Earnings after tax	21,592	641	22,233
Currency translations	-1,552	0	-1,552
Total comprehensive income	20,040	641	20,681

1.1. -30.09.2017 ¹⁾ In EUR k	Group	Non controlling interests	Total
Earnings after tax	30,332	697	31,028
Currency translations	-1,619	0	-1,619
Total comprehensive income	28,713	697	29,409

¹⁾ POLYTEC GROUP has applied IFRS 15 using the modified retrospective method. Under this method, the comparative information is not restated.

SELECTED NOTES

GENERAL INFORMATION

POLYTEC Holding AG (listed in the Commercial Registry of the City of Linz under

the number FN 197646 g) is an Austrian holding company, which together with its

subsidiaries is mainly operating in the automotive and plastics industry.

ACCOUNTING AND EVALUATION METHODS

This interim report as of 30 September 2018 was compiled pursuant to the legal provisions of International Financial Reporting Standards (IFRS), and more specifically, in conformity with IAS 34 (interim reports).

POLYTEC GROUP has adopted IFRS 15 *Revenue from Contracts with Customers* with a

date initial application of 1 January 2018. As a result, the Group has changed its accounting policy for revenue recognition as detailed below. POLYTEC GROUP has applied IFRS 15 using the modified retrospective method by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity

at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. Practical expedients were employed in line with IFRS 15.C5. The main changes result from the first period-related recognition of sales revenues from series products and are reported as follows:

Consolidated balance sheet

30 September 2018 (in EUR k)	As reported	Adjustments	Balances without adoption of IFRS 15
Inventories	35,358	30,278	65,636
Contract assets	85,303	-32,504	52,799
Equity	229,900	-1,635	228,265
Deferred taxes	2,548	-590	1,958
Balance sheet total	508,146	-2,226	505,920

The items "Contract assets" and "Contract obligations" contain on the one hand receivables and liabilities from tooling projects, which prior to the adoption of

IFRS 15 were reported as "Receivables from construction contracts" or "Liabilities from construction contracts", and on the other those series parts, which pursuant to

IFRS 15 are subject to period-related revenue recognition.

Consolidated statement of comprehensive income

30 September 2018 (in EUR k)	As reported	Adjustments	Balances without adoption of IFRS 15
Sales	478,695	-1,698	476,997
Change in inventories	1,097	1,678	2,775
Earnings before tax	28,248	-20	28,228
Tax expenses	-6,014	8	-6,006
Earnings after tax	22,233	-12	22,221
Comprehensive income after tax	21,592	-12	21,580

Consolidated cash flow

30. September 2018 (in EUR k)	As reported	Adjustments	Balances without adoption of IFRS 15
Earnings before tax	28,248	-20	28,228
Increase (decrease) in advance payments on inventories	-462	-1,886	-2,348
Increase (decrease) in trade and other receivables, as well as contract assets	-13,034	1,906	-11,128

The remaining accounting and valuation methods from 31 December 2017 were retained. A reclassification of EUR 11,382 k related to provisions for personnel expenses (emoluments, other delayed bonuses, etc.) that are no longer recognised

as current provisions, but instead as other current liabilities. This led to an adjustment in the contributions of the previous year of EUR 7,380 k in the income statement and EUR 966 k in cash flow. The interim report does not contain all the infor-

mation and statements issued in the POLYTEC Holding AG consolidated financial statements as at 31 December 2017 and therefore this should be referred to for further details.

SCOPE OF CONSOLIDATION

The consolidated financial statement includes all major Austrian and foreign companies, where POLYTEC Holding AG directly or

indirectly holds a majority of voting rights. Between 1 January 2018 and 30 September 2018, the scope of consolidation remained

unchanged, whereby 45 companies, including 34 foreign entities, continued to be fully consolidated.

CURRENT INTEREST-BEARING RECEIVABLES

The receivables amounting to EUR 3,200 k derived from the sale of the Interior Systems

Business Unit and were paid on 22 October 2018. As a result, all the claims and coun-

ter-claims relating to the past purchase have been settled in full.

EQUITY

At the 18th ordinary Annual General Meeting on 16 May 2018, a dividend of EUR 9.9 million

(previous year: EUR 8.8 million) was agreed unanimously and paid out on 24 May 2018.

This corresponds with a dividend of EUR 0.45 per eligible share (previous year: EUR 0.40).

MATERIAL TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

There were no material changes regarding business transactions with companies and persons as compared to 31 December 2017

and therefore in this regard reference should be made to the notes contained in the consolidated financial statements of

POLYTEC Holding AG as at 31 December 2017.

BUSINESS SEASONALITY

The quarterly reporting of POLYTEC GROUP's sales throughout one financial year strictly correlates to the car manufacturing operations of the Group's customers.

For this reason, quarters in which customers normally close for works holidays generally have lower rates of sales turnover than quarters without such effects. In addition

to this, sales from one quarter can also be influenced by the billing of large tooling or engineering projects.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

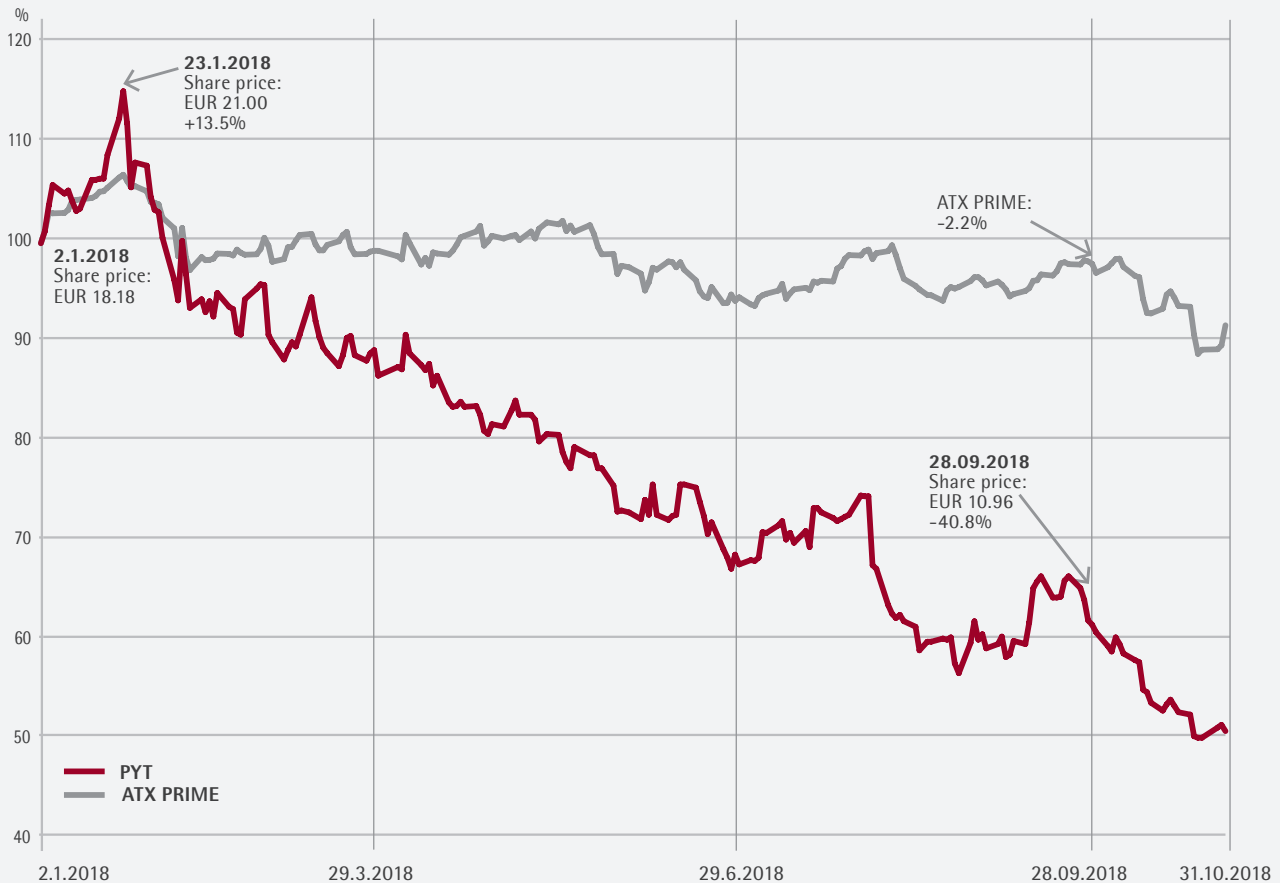
At the beginning of November 2018, another Schuldschein loan (promissory note bond) was issued by POLYTEC Holding AG to the value of EUR 47,000 k. This consists of four

tranches with respective periods to maturity of five, seven and ten years. A variable tranche was issued for all the periods to maturity. In addition, a fixed tranche was issued for the

five-year period to maturity. No other events of material significance occurred after 30 September 2018.

SHARE & INVESTOR RELATIONS

POLYTEC SHARE PRICE DEVELOPMENT



Source: Vienna Stock Exchange, price data indexed as per 2 January 2018

SHARE KEY FIGURES

POLYTEC share (AT0000A00XX9)	Unit	Q1-Q3 2018	Q1-Q3 2017	Change	Q1-Q3 2016	Q1-Q3 2015
Closing price last trading day of period	EUR	10.96	20.07	-45.4%	7.99	6.81
Highest closing price during period	EUR	21.00	20.07	4.6%	8.19	8.45
Lowest closing price during period	EUR	10.20	10.40	-1.9%	6.65	6.20
Market capitalisation last day of period	EUR m	244.7	448.2	-45.4%	178.4	152.0
Earnings per share	EUR	0.98	1.38	-29.0%	1.00	0.80

Sources: Vienna Stock Exchange and POLYTEC GROUP

In 2018, the POLYTEC share (ISIN: AT0000A00XX9) started the new stock exchange year with an initial closing price of EUR 18.18. During the subsequent first three weeks the price rose and on 23 January 2018 reached EUR 21.00, which was the highest closing price in the period under report. On 28 September, the final stock exchange trading day of the third quarter 2018, the POLYTEC share closed at EUR 10.96 and was thus EUR 7.54, or 40.8%, down on the end price of the 2017 stock exchange year (EUR 18.50). On average, the share price amounted to EUR 14.56 (Q1-Q3 2017: EUR 15.36) and market capitalisation as at 28 September 2018 stood at EUR 244.7 million (29.09.2017: EUR 448.2 million).

Up to the end of January 2018, the POLYTEC share moved largely above the ATX Prime

Index, which from the beginning of February shifted laterally and with a fall of 2.2% closed the first nine months. The STOXX® Europe 600 Automobile & Parts (SXAP) index closed at 535 points (29.09.2017: 594) and was down by around 11.3% compared to the beginning of 2018.

In the first nine months of 2018, money turnover relating to the POLYTEC share on the Vienna Stock Exchange involved EUR 242.8 million (Q1-Q3 2017: EUR 187.4 million) and stock turnover of 17.0 million shares (Q1-Q3 2017: 12.4 million). During the 187 trading days, an average of 90,740 POLYTEC shares were traded daily (Q1-Q3 2017: 66,559 shares). The highest trading level was reached on 21 September 2018 with POLYTEC share contracts to the value of around EUR 4.1 million (343,572 shares).

All the money and stock turnover figures stated represent both double counting.

After the reporting date at the end of September 2018, the POLYTEC share continued to be pulled down by the month-long, price corrections in the automotive sector. On 10 October 2018, the POLYTEC share closed at a price of EUR 9.89 and therefore had a single digit value for the first time since 7 December 2016. This situation then remained unchanged up to the editorial closing date for this report at the end of October.

SHAREHOLDER STRUCTURE

As at 30 September 2018, POLYTEC Holding AG's share capital remained unchanged at EUR 22.3 million and was divided into 22,329,585 bearer shares. On the reporting date POLYTEC Holding AG held an unchanged total of 334,041 treasury shares, which amounted to 1.50% of share capital. The Huemer Group retained an unaltered 29.04% (16.0% Huemer Holding GmbH and 13.04% Huemer Invest GmbH) holding in POLYTEC Holding AG share capital.

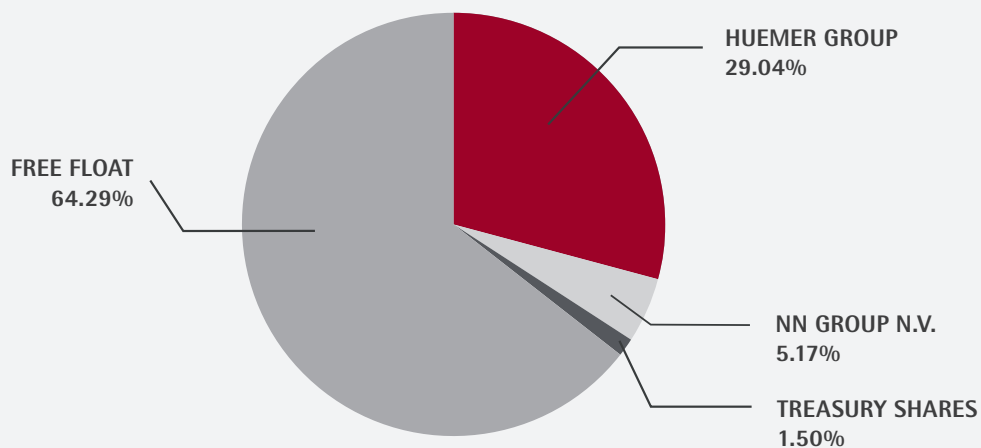
At the beginning of August, the shareholder NN Group N.V., Amsterdam (Netherlands) notified POLYTEC Holding AG of the overstepping of a disclosure threshold regard-

ing a shareholding on 8 August 2018. Two administered funds held a combined total of 5.17%, or 1,155,000 POLYTEC Holding AG shares. POLYTEC Holding AG issued a punctual notification to this effect in accordance with § 135 Para. 2 Austrian Stock Exchange Act. Apart from this information the shareholders did not provide POLYTEC Holding AG with any further voting right notifications pursuant to § 130 of the Austrian Stock Exchange Act.

At the end of August, POLYTEC Holding AG received notification that on 28 August 2018, Duswald GmbH, a legal entity closely associated with a person discharg-

ing managerial responsibilities, namely Mr. Fred Duswald, the Supervisory Board Chairman of POLYTEC Holding AG, had purchased 10,000 POLYTEC shares at a price of EUR 11.16 each. In response to this information POLYTEC Holding AG punctually published a managers' transactions announcement according to Article 19 MAR.

As at 30 September 2018 and up to the editorial closing date for this report at the end of October, on the basis of the shares issued, the shareholder structure of POLYTEC Holding AG presented the following picture:



RESEARCH COVERAGE

The following financial institutions publish reports on POLYTEC GROUP and the recommendations and price targets up to the ed-

itorial closing date of this report at the end of October 2018 are contained in the table below. The current recommendations and

price targets can be accessed on the company website, www.polytec-group.com in the Investor Relations, Share, Analyses section.

Institute	Recommendation	Latest price target	Updated
BAADER Helvea Equity Research	Hold	14.0	31.10.2018
ERSTE Group Research	Reduce	11.5	22.10.2018
M.M.Warburg Research	Hold	12.0	03.08.2018
Raiffeisen CENTROBANK Research	Hold	12.0	31.10.2018

CORPORATE CALENDAR 2019

This is the corporate calendar of POLYTEC Holding AG for the 2019 financial year:

Date	Day	Event
29.03.2019	FRI	Financial statements and annual report FY 2018
30.04.2019	TUE	Record date „Annual General Meeting“
08.05.2019	WED	Interim report Q1 2019
10.05.2019	FRI	19th Annual General Meeting FY 2018, Hörsching, Austria, 10:00 a.m.
15.05.2019	WED	Ex-dividend date
16.05.2019	THU	Record date „Dividends“
17.05.2019	FRI	Dividend payment date
07.08.2019	WED	Half-year financial report 2019
07.11.2019	THU	Interim report Q3 2019



PASSION CREATES INNOVATION

The Financial Statements and Annual Report
for 2018 financial year to be published
29 March 2019.

Current news see online in the section Investor Relations
of corporate website www.polytec-group.com

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Note:

This interim report has not been subject to an audit or a review. This interim report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. The use of automatic calculating devices can result in rounding-related differences during the addition of rounded amounts and percentages. This interim report contains assessments and assertions relating to the future made on the basis of all the information currently available. Such future-related statements are usually introduced with terms such as "expect", "estimate", "plan", "anticipate", etc. We would draw your attention to the fact that various factors could cause actual conditions and results to deviate from the expectations outlined in this report. This interim report is published in German and English. In cases of doubt, the German version shall take precedence. This interim report was published on 7 November 2018.

Imprint:

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