

INTERIM REPORT Q1 2018

# POLYTEC

MEETING  
CHALLENGES.  
CREATING  
PERSPECTIVES.



POLYTEC GROUP

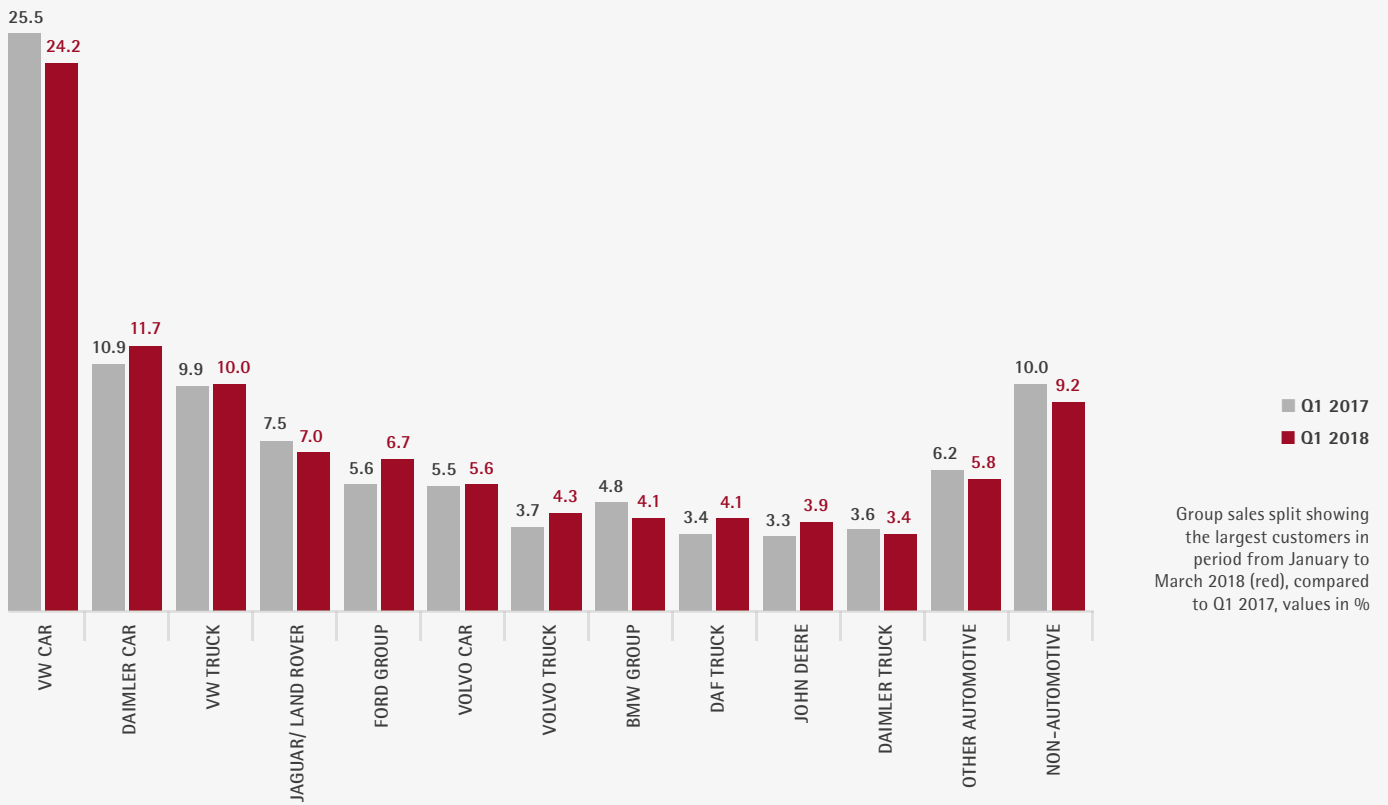
## KEY FIGURES Q1 2018

Key figures Q1	Unit	Q1 2018	Q1 2017	Change
Sales	EUR m	169.5	178.3	-4.9%
EBITDA	EUR m	21.1	22.8	-7.5%
EBITDA margin (EBITDA/sales)	%	12.4	12.8	-0.4% points
EBIT	EUR m	14.6	15.9	-8.2%
EBIT margin (EBIT/sales)	%	8.6	8.9	-0.3% Pkt.
Earnings after tax	EUR m	10.6	11.6	-8.6%
Earnings per share	EUR	0.47	0.52	-9.6%
Investments in tangible assets	EUR m	8.3	4.4	88.6%
Equity ratio (equity/balance sheet total)	%	43.5	38.4	5.1% points
Net working capital (NWC)	EUR m	90.7	54.7	65.8%
Average capital employed	EUR m	327.8	282.6	16.0%
Net debt (+)/assets (-)	EUR m	82.5	70.6	16.9%
Employees (incl. leasing personnel) end of period	FTE	4,495	4,483	0.3%

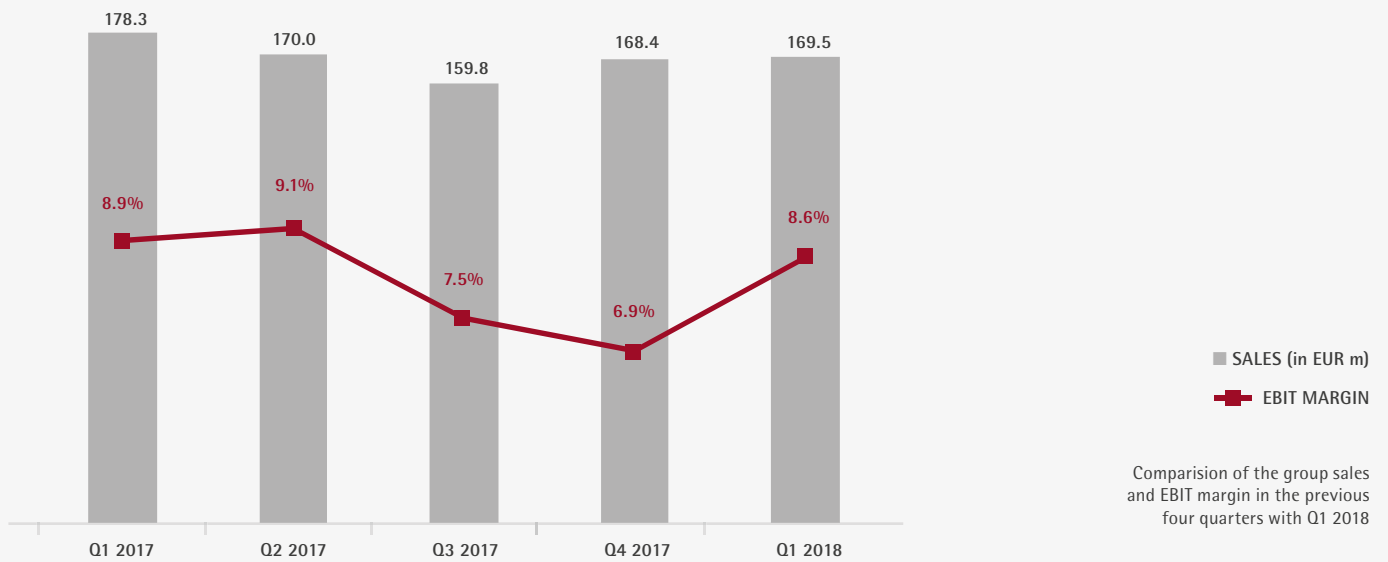
Key figures quarterly	Unit	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Sales	EUR m	170.0	159.8	168.4	169.5
EBITDA	EUR m	22.3	18.8	18.4	21.1
EBITDA margin (EBITDA/sales)	%	13.1	11.8	10.9	12.4
EBIT	EUR m	15.4	12.1	11.7	14.6
EBIT margin (EBIT/sales)	%	9.1	7.5	6.9	8.6
Earnings after tax	EUR m	11.0	8.4	8.0	10.6
Earnings per share	EUR	0.49	0.37	0.36	0.47
Investments in tangible assets	EUR m	9.7	9.7	12.8	8.3
Equity ratio (equity/balance sheet total)	%	39.3	41.5	42.1	43.5
Net working capital (NWC)	EUR m	65.9	73.8	75.5	90.7
Capital employed	EUR m	303.4	314.0	318.8	336.8
Net debt (+)/assets (-)	EUR m	82.0	83.7	78.7	82.5
Employees (incl. leasing personnel) end of period	FTE	4,563	4,547	4,522	4,495

# GROUP SALES BY CUSTOMERS

compared to previous year



# SALES & EBIT MARGIN



# INTERIM REPORT

## Q1 2018

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

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# GROUP MANAGEMENT REPORT Q1 2018

## AUTOMOTIVE INDUSTRY DEVELOPMENT

### REGISTRATIONS OF NEW CARS IN THE MAJOR INTERNATIONAL MARKETS

In pieces	Q1 2018	Share	Q1 2017	Share	Change
China	5,994,100	42.0%	5,779,000	41.5%	3.7%
USA	4,093,100	28.7%	4,013,900	28.8%	2.0%
European Union	4,171,600	29.3%	4,141,300	29.7%	0.7%
<b>Total three major markets</b>	<b>14,258,800</b>	<b>100%</b>	<b>13,934,200</b>	<b>100%</b>	<b>2.3%</b>
Other selected countries					
Japan	1,303,900		1,340,500		-2.7%
India	861,500		803,200		7.3%
Brazil	528,200		460,600		14.7%
Russia	392,900		322,500		21.8%

Development in the important car sales markets during the first quarter of 2018 was heterogeneous. While growth in the European Union and particularly the UK continued to lose impetus, new registrations in China showed a positive trend, which was also once again echoed in the USA. Japan had the brake on, while India accelerated quickly and both Russia and Brazil stepped on the gas.

#### China: +3.7% to 6 million vehicles

As far as car registrations are concerned, China has occupied the top spot globally since 2013 when it overtook the US light vehicle market. In the first quarter of 2018, it was able to consolidate this position and expand its share of the three main markets to 42.0%. Every fifth car registered in the People's Republic emanates from a German manufacturer.

#### USA: tax cuts soup up registrations by 2.0%

The US light vehicle market (cars and light trucks) would seem to have again picked up speed. Surprisingly high growth of 6.4% in March, powered mainly by the light truck segment, was probably due largely to tax cuts and the increase in disposable income. However, according to one expert the durability of this trend remains to be seen.

### REGISTRATIONS OF NEW CARS IN THE EUROPEAN UNION

In pieces	Q1 2018	Share	Q1 2017	Share	Change
Germany	878,600	21.1%	844,700	20.4%	4.0%
United Kingdom	718,500	17.2%	820,000	19.8%	-12.4%
Italy	574,100	13.8%	583,200	14.1%	-1.6%
France	556,800	13.3%	541,100	13.1%	2.9%
Spain	340,300	8.2%	307,900	7.4%	10.5%
Other EU countries	1,103,300	26.4%	1,044,100	25.2%	5.7%
<b>EUROPEAN UNION</b>	<b>4,171,600</b>	<b>100%</b>	<b>4,141,000</b>	<b>100%</b>	<b>0.7%</b>

#### Backmarker EU: only a slight plus of 0.7%

Following the still positive months of January (+7.1%) and February (+4.3%), March 2018 witnessed a sharp fall in new registrations of 5.3% as opposed to the same month of the previous year. Total new registrations in the first quarter showed a gain of 0.7% and therefore could still just be maintained at the level of 2017. However, it should be

mentioned that the figures for March 2017 were the best ever noted and therefore represent a high basis for comparison.

Three of the five main EU markets, in which a combined total of nearly three-quarters (73.6%) of all new registrations took place, saw growth. However, in the UK the downward spiral continued with a significant fall

of 12.4% in the first quarter. Moreover, the drop of 15.7% in March was the biggest in all 28 EU nations. Apart from this decline, in the first three months of 2018 there were also positive developments with double-digit growth rates, as exemplified by Spain (+10.5%), the Netherlands (+13.6%) and in Poland (+11.1%), as well as other smaller states.

## REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE EUROPEAN UNION

In pieces	Q1 2018	Share	Q1 2017	Share	Change
Light commercial vehicles <=3.5 t	518,400	83.3%	504,500	83.2%	2.8%
Medium commercial vehicles >3.5 t to <=16 t	16,400	2.6%	16,600	2.7%	-1.2%
Heavy commercial vehicles >16 t	77,900	12.5%	75,700	12.5%	2.9%
Medium and heavy buses & coaches >3.5 t	9,700	1.6%	9,900	1.6%	-2.7
<b>EUROPEAN UNION</b>	<b>622,400</b>	<b>100%</b>	<b>606,700</b>	<b>100%</b>	<b>2.6%</b>

In the course of the first quarter of 2018, new commercial vehicle registrations rose by 15,700 to stand at 622,400 units. Light trucks with weights of up to 3.5t and heavy trucks with weights in excess of 16t demonstrated combined growth of around 2.8% over the same quarter of the preceding year.

In the five most important sales markets, with 9.2% Spain again demonstrated the strongest expansion and occupied fourth place in terms of volume with 59,600 vehicles. The largest commercial vehicle market was again France, which grew by 6.2% or 131,200 new registrations. With 88,100 new registrations, Germany also showed growth of 0.4%, while in the UK there was a fall of 4.6% as compared to

the previous year to 107,500. Italy achieved growth of 4.8%, which amounted to 52,900 new registrations.

On the editorial closing date for this report at the end of April 2018 no current data was available with regard to the development of registrations for vehicles with alternative drive systems.

Sources: German Automotive Industry Association (VDA), European Automobile Manufacturers Association (ACEA) and the IKB Deutsche Industriebank AG/Automobilwoche

## GROUP RESULTS

### SALES REVENUES

In the first quarter of 2018, consolidated POLYTEC GROUP sales declined by 4.9% from the very good level of the preceding

year to stand at EUR 169.5 million (Q1 2017: EUR 178.3 million). This resulted from the reduction in call-ups for diesel car products,

lower tooling and other engineering sales, as well as a lower sales in the non-automotive market area.

### SALES BY MARKET AREAS

In EUR m	Q1 2018	Share	Q1 2017
Passenger cars	109.8	64.8%	117.5
Commercial vehicles	44.0	26.0%	42.9
Non-automotive	15.7	9.2%	17.9
<b>POLYTEC GROUP</b>	<b>169.5</b>	<b>100.0%</b>	<b>178.3</b>

As compared to the same period of the previous year, sales in the passenger car market area, which with 64.8% (Q1 2017: 65.9%) represents the strongest sales area within the POLYTEC GROUP, fell by around 6.6% to EUR 109.8 million (Q1 2017:

EUR 117.5 million). This was mainly due to the very high level of the preceding year and the decline in call-ups for diesel car products. Sales in the commercial vehicle market area (26.0%, Q1 2017: 24.1%) were slightly higher than in the comparative

months from January to March 2017, increasing by 2.6% from EUR 42.9 million to EUR 44.0 million. The share of consolidated POLYTEC GROUP sales from the non-automotive market area were down from 10.0% in the first quarter of 2017 at 9.2%.

## SALES BY CATEGORY

In EUR m	Q1 2018	Share	Q1 2017
Parts and other sales	154.7	91.3%	160.5
Tooling and other engineering sales	14.8	8.7%	17.8
<b>POLYTEC GROUP</b>	<b>169.5</b>	<b>100.0%</b>	<b>178.3</b>

As compared to the high basis of the previous year, parts and other sales were 3.6% lower at EUR 154.7 million. Tooling and other engineering sales are subject to cyclical

fluctuations and last year were at an excellent level, which was not reached during the current period under report.

## SALES BY REGION

In EUR m	Q1 2018	Share	Q1 2017
Austria	6.3	3.7%	6.0
Germany	95.3	56.2%	98.0
Other EU countries	57.4	33.9%	62.6
Other countries	10.5	6.2%	11.7
<b>POLYTEC GROUP</b>	<b>169.5</b>	<b>100.0%</b>	<b>178.3</b>

## GROUP EARNINGS FIGURES

	Unit	Q1 2018	Q1 2017	Change
Sales	EUR m	169.5	178.3	-4.9%
EBITDA	EUR m	21.1	22.8	-7.5%
EBITDA-Marge (EBITDA/sales)	%	12.4	12.8	-0.4% points
EBIT	EUR m	14.6	15.9	-8.2%
EBIT-Marge (EBIT/sales)	%	8.6	8.9	-0.3% points
Earnings after tax	EUR m	10.6	11.6	-8.6%
Average capital employed	EUR m	327.8	282.6	16.0%
ROCE before tax (EBIT/average capital employed)	%	16.4	20.9	-4.5% points
Earnings per share	EUR	0.47	0.52	-9.6%

## MATERIAL AND PERSONNEL EXPENSES

The material ratio (material expenses/sales) fell by 2.8 percentage points from 49.0% to 46.2%. This was due largely to a

changed product mix. The group personnel ratio (personnel expenses/sales) was up by 2.5 percentage points at 33.7% (Q1 2017:

31.2%), mainly as a result of higher personnel expenses on the basis of lower sales revenues.

## EBITDA AND EBIT

In the first quarter of 2018, POLYTEC GROUP EBITDA amounted to EUR 21.1 million (Q1 2017: EUR 22.8 million). At 12.4%, the EBITDA margin (EBITDA/sales)

remained at the level of 2017 (Q1 2017: 12.8%). In the months from January to March 2018, Group EBIT stood at EUR 14.6 million (Q1 2017: EUR 15.9 million), while

at 8.6% the EBIT margin (EBIT/sales) stayed at the high level of the preceding year (Q1 2017: 8.9%).



## FINANCIAL AND GROUP RESULT

As a result of lower financial income, the financial result fell to minus EUR 1.0 million (Q1 2017: minus EUR 0.8 million). The POLYTEC GROUP tax ratio (tax expenses/

earnings before tax) in the first quarter of 2018 amounted to 22.0%, which was 1.2 percentage points lower than in the same quarter of the previous year. Consequent-

ly, the group earnings after tax totalled EUR 10.6 million (Q1 2017: EUR 11.6 million), which corresponded with earnings per share of EUR 0.47 (Q1 2017: EUR 0.52).

## ASSETS AND FINANCIAL STATUS

### INVESTMENTS

In EUR m	Q1 2018	Q1 2017	Change
Investments in tangible assets	8.3	4.4	88.6%

Additions to tangible assets in the first quarter of 2018 amounted to EUR 8.3 million (Q1 2017: EUR 4.4 million). Investment

focused on the Telford location in the English Midlands, where a new paint shop is being built. In addition, the POLYTEC

GROUP implemented improvements to its production plants and infrastructure, as well as ongoing maintenance investments.

### GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

The key financial figures are presented together with the figures from the last balance sheet date of 31 December 2017 as follows:

	Unit	31.03.2018	31.12.2017	Change
Equity	EUR m	229.9	217.5	5.7%
Equity ratio (equity/balance sheet total)	%	43.5	42.1	1.4% points
Balance sheet total	EUR m	528.4	516.5	2.3%
Net working capital <sup>1)</sup>	EUR m	90.7	75.5	20.1%
Net working capital/sales	%	13.6	11.2	2.4% points

<sup>1)</sup> Net working capital = current assets less current liabilities

As compared to 31 December 2017, at the end of the first quarter of 2018 group's balance sheet total was EUR 11.9 million higher at EUR 528.4 million. On the assets

side, this increase can be traced primarily to the rise in net working capital of EUR 15.2 million to EUR 90.7 million. The main impetus in this regard was provided by

services not yet invoiced or paid. The equity ratio as at 31 March 2018 was 1.4% percentage points up on the figure for the 31 December 2017 reporting date at 43.5%.

	Unit	31.03.2018	31.12.2017	Change
Net debt (+)/-assets (-)	EUR m	82.5	78.7	4.8%
Net debt (+)/-assets (-)/EBITDA	-	1.02	0.96	6.3%
Gearing (net debt (+)/-assets (-)/equity)	-	0.36	0.36	0.0%

As compared to the 31 December 2017 reporting date, net debt was EUR 3.8 million higher at EUR 82.5 million. The key figure for the fictive debt repayment

period increased slightly from 0.96 to 1.02. The gearing ratio of 0.36 remained at the level of the preceding year.



## EMPLOYEES

Employees (incl. leasing personnel) average numbers during quarter, in terms of full-time equivalents (FTE)	Q1 2018	Q1 2107	Change
Austria	568	527	41
Germany	2,185	2,176	9
Other EU countries	1,575	1,585	-10
Other countries	197	176	21
<b>POLYTEC GROUP</b>	<b>4,525</b>	<b>4,464</b>	<b>61</b>

Average group workforce numbers (including leasing personnel) rose by 61 (FTE) to 4,525 as compared to the previous year, which represented an increase of 1.4%.

On the reporting date of 31 March 2018, the POLYTEC GROUP had a total of 4,495 employees of whom 10.2%, or 460, were leasing personnel.

## RISKS AND UNCERTAINTIES

The discussion about various vehicle drive technologies has led to uncertainties, not only amongst automotive industry manufacturers and sub-suppliers, but also consumers. Therefore, the POLYTEC GROUP management has constantly monitored these developments. As was the case in the 2016 financial year, this debate and the resultant developments did not have a material effect upon the POLYTEC GROUP's operative business in 2017.

Nonetheless, since the beginning of 2018, the sales of products for vehicles with

diesel engines have fallen and the management is keeping a close eye on this development. However, it is likely that the demand for products relating to vehicles with diesel engines will move to vehicles using petrol engines or alternative drives, thus creating a counterbalance.

Prior to 31 March 2018 and beyond to the closing date of this report at the end of April 2018, no significant impact upon the operative business of the POLYTEC GROUP was recognisable, which could be traced back to the intention of the United King-

dom to leave the European Union, or the possible consequences of international trade restrictions. Whether or not in future other risks and uncertainties may exert an influence on the development of the POLYTEC GROUP's sales and income cannot be fully estimated at present.

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

Based on economic stability, the POLYTEC GROUP executive management assumes that in 2018 group sales and operating results will again attain the excellent level of

last year. Against the background of the decision of the Federal Administrative Court in Germany, in February 2018, regarding possible driving bans on older diesel mod-

els, as well as the intervening decline in call-ups for diesel vehicle products, this constitutes an ambitious target.

# 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 31 March 2018 compared to the figures from the previous year

In EUR k	01.01. – 31.03.	
	2018	2017 <sup>1)</sup>
Net sales	169,527	178,268
Other operating income	1,517	844
Changes in inventory	642	1,919
Own work capitalised	560	328
Expenses for materials and services received	-78,403	-87,330
Personnel expenses	-57,168	-55,557
Other operating expenses	-15,600	-15,661
<b>Earnings before interest, taxes and depreciation (EBITDA)</b>	<b>21,076</b>	<b>22,811</b>
Depreciation	-6,511	-6,906
<b>Earnings before interest and taxes = operating result (EBIT)</b>	<b>14,564</b>	<b>15,905</b>
Interest result	-1,066	-977
Other financial income	73	168
<b>Financial result</b>	<b>-993</b>	<b>-809</b>
<b>Earnings before tax</b>	<b>13,571</b>	<b>15,096</b>
Taxes on income	-2,980	-3,502
<b>Earnings after tax</b>	<b>10,591</b>	<b>11,594</b>
thereof result of non-controlling interests	-202	-213
<b>thereof result of the parent company</b>	<b>10,389</b>	<b>11,381</b>
<b>Earnings per share in EUR</b>	<b>0.47</b>	<b>0.52</b>

<sup>1)</sup> 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 31.03.2018

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

ASSETS (in EUR k)		31.03.2018	31.12.2017 <sup>1)</sup>
<b>A. Non-current assets:</b>			
I.	Intangible assets	2,899	3,110
II.	Goodwill	19,180	19,180
III.	Tangible assets	235,256	232,910
IV.	Other long-term receivables	126	126
V.	Deferred tax assets	6,524	7,674
		<b>263,985</b>	<b>263,000</b>

<b>B. Current assets:</b>			
I.	Inventories	37,815	63,278
II.	Trade accounts receivable	67,795	67,035
III.	Contract assets	84,452	43,050
IV.	Other current receivables	17,565	17,691
V.	Income tax receivables	512	1,215
VI.	Current interest-bearing receivables	4,312	4,286
VII.	Cash and cash equivalents	51,926	56,899
		<b>264,377</b>	<b>253,453</b>
		<b>528,362</b>	<b>516,453</b>

EQUITY AND LIABILITIES (in EUR k)		31.03.2018	31.12.2017 <sup>1)</sup>
<b>A. Shareholder's equity:</b>			
I.	Share capital	22,330	22,330
II.	Capital reserves	37,563	37,563
III.	Treasury stock	-1,855	-1,855
IV.	Retained earnings	175,371	163,359
V.	Other reserves	-10,144	-10,370
		<b>223,265</b>	<b>211,028</b>
VI.	Non-controlling interests	6,667	6,465
		<b>229,932</b>	<b>217,493</b>

<b>B. Long-term liabilities:</b>			
I.	Non-current, interest-bearing liabilities	121,346	126,332
II.	Provision for deferred taxes	3,692	3,080
III.	Provisions for personnel	27,373	27,278
IV.	Other long-term liabilities	11,186	11,863
		<b>163,598</b>	<b>168,552</b>

<b>C. Short-term liabilities:</b>			
I.	Current interest-bearing liabilities	17,352	13,600
II.	Liabilities on income taxes	2,726	2,758
III.	Trade accounts payable	52,318	54,054
IV.	Contract liabilities	2,411	4,802
V.	Other current liabilities	36,074	31,799 <sup>2)</sup>
VI.	Current provisions	23,953	23,395 <sup>2)</sup>
		<b>134,832</b>	<b>130,408</b>
		<b>528,362</b>	<b>516,453</b>

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

<sup>2)</sup> Previous year is restated

# CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January to 31 March 2018 compared to the figures from the the previous year

	In TEUR	01.01. – 31.03.	
		2018	2017 <sup>1)</sup>
	<b>Earnings before tax</b>	<b>13,571</b>	<b>15,096</b>
+(-)	Depreciation on fixed assets	6,511	6,905
-(+)	Interest result	1,066	977
+(-)	Other non-cash expenses and earnings	-283	-391
+(-)	Increase (decrease) in non-current provisions for employees	5	-11
-(+)	Profit (loss) from fixed asset disposals	-116	-162
-(+)	Increase (decrease) in inventories, advance payments made	-2,923	-2,720
-(+)	Increase (decrease) in trade and other receivables as well contract assets	-11,160	-20,049
+(-)	Increase (decrease) in trade and other payables as well contract liabilities	-3	6,462 <sup>2)</sup>
+(-)	Increase (decrease) in current provisions	-102	1,297 <sup>2)</sup>
=	<b>Consolidated cash flow from current activities</b>	<b>6,566</b>	<b>7,405</b>
+	Interest received	34	136
-	Interest paid	-711	-1,382
-	Taxes paid	-1,137	-1,896
=	<b>Consolidated cash flow from operating activities</b>	<b>4,752</b>	<b>4,263</b>
-	Investments in fixed assets	-8,318	-5,562
+	Payments from the disposal of intangible and tangible assets	186	270
=	<b>Consolidated cash flow from investing activities</b>	<b>-8,132</b>	<b>-5,292</b>
+	Inflows from loan financing	0	216
-	Repayments of loan financing	-1,138	-1,129
-	Repayments of real estate loans	-443	-1,344
+	Repayments of promissory notes	0	8,500
-	Outflows from financial leasing agreements	-319	-413
+(-)	Change in current financial liabilities	306	-819
=	<b>Consolidated cash flow from financing activities</b>	<b>-1,594</b>	<b>5,012</b>
+(-)	Consolidated cash flow from operating activities	4,752	4,263
+(-)	Consolidated cash flow from investing activities	-8,132	-5,292
+(-)	Consolidated cash flow from financing activities	-1,594	5,012
=	<b>Change in cash and cash equivalents</b>	<b>-4,974</b>	<b>3,983</b>
+(-)	Effect from currency translations	1	-18
+	Opening balance of cash and cash equivalents	56,899	79,540
=	<b>Closing balance of cash and cash equivalents</b>	<b>51,926</b>	<b>83,505</b>

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

<sup>2)</sup> 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
<b>As at 1.1.2018</b>	<b>22,330</b>	<b>37,563</b>	<b>-1,855</b>	<b>163,359</b>	<b>-10,369</b>	<b>211,028</b>	<b>6,465</b>	<b>217,493</b>
Impact due to change of accounting method	0	0	0	1,623	0	1,623	0	1,623
<b>Altered balance as at 1.1.2018</b>	<b>22,330</b>	<b>37,563</b>	<b>-1,855</b>	<b>164,982</b>	<b>-10,369</b>	<b>212,651</b>	<b>6,465</b>	<b>219,116</b>
Comprehensive income after tax	0	0	0	10,389	0	10,389	202	10,591
Other result after tax	0	0	0	0	225	225	0	225
<b>As at 31.3.2018</b>	<b>22,330</b>	<b>37,563</b>	<b>-1,855</b>	<b>175,371</b>	<b>-10,144</b>	<b>223,265</b>	<b>6,667</b>	<b>229,932</b>

In EUR k	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves	Shares of POLYTEC Holding AG stockholders	Non controlling interests	Total
<b>As at 1.1.2017 <sup>1)</sup></b>	<b>22,330</b>	<b>37,563</b>	<b>-1,855</b>	<b>133,913</b>	<b>-8,317</b>	<b>183,635</b>	<b>6,289</b>	<b>189,923</b>
Comprehensive income after tax	0	0	0	11,381	0	11,381	213	11,594
Other result after tax	0	0	0	0	-162	-162	0	-162
<b>As at 31.3.2017 <sup>1)</sup></b>	<b>22,330</b>	<b>37,563</b>	<b>-1,855</b>	<b>145,294</b>	<b>-8,479</b>	<b>194,854</b>	<b>6,502</b>	<b>201,355</b>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1.1. -31.3.2018 In EUR k	Group	Non controlling interests	Total
Earnings after tax	10.389	202	10.591
Currency translations	225	0	225
<b>Total comprehensive income</b>	<b>10.614</b>	<b>202</b>	<b>10.816</b>

1.1. -31.3.2017 In EUR k <sup>1)</sup>	Group	Non controlling interests	Total
Earnings after tax	11.381	213	11.594
Currency translations	-162	0	-162
<b>Total comprehensive income</b>	<b>11.219</b>	<b>213</b>	<b>10.812</b>

<sup>1)</sup> 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 un-

der 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 31 March 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

31 March 2018 (In EUR k)	As reported	Adjustments	Balances without adoption of IFRS 15
Inventories	37,815	29,171	66,986
Contract assets	84,452	-31,448	53,004
Equity	229,932	-1,674	228,258
Deferred taxes	3,692	-603	3,089
<b>Balance sheet total</b>	<b>528,362</b>	<b>-2,277</b>	<b>526,085</b>

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

31 March 2018 (in EUR k)	As reported	Adjustments	Balances without adoption of IFRS 15
Sales	169,527	-72	169,455
Change in inventories	642	778	1,420
Expenses for materials and services received	-78,403	-778	-79,181
<b>Earnings before tax</b>	<b>13,571</b>	<b>-72</b>	<b>13,499</b>
Tax expenses	-2,980	21	-2,959
<b>Earnings after tax</b>	<b>10,591</b>	<b>-51</b>	<b>10,540</b>
<b>Comprehensive income after tax</b>	<b>10,614</b>	<b>-51</b>	<b>10,563</b>

### Consolidated cash flow

31 March 2018 (in EUR k)	As reported	Adjustments	Balances without adoption of IFRS 15
Earnings before tax	13,571	-72	13,499
Increase (decrease) in advance payments on inventories	-2,923	-778	-3,701
Increase (decrease) in trade and other receivables, as well as contract assets	-11,160	850	-10,310

The remaining accounting and valuation methods from 31 December 2017 were retained. A reclassification of EUR 10,145 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 3,397 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 31 March 2018, the scope of consolidation remained un-

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

## EQUITY

The Board of Directors and the Supervisory Board will propose the distribution of a div-

idend of EUR 0.45 per eligible share to the 18th Annual General Meeting.

## 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.

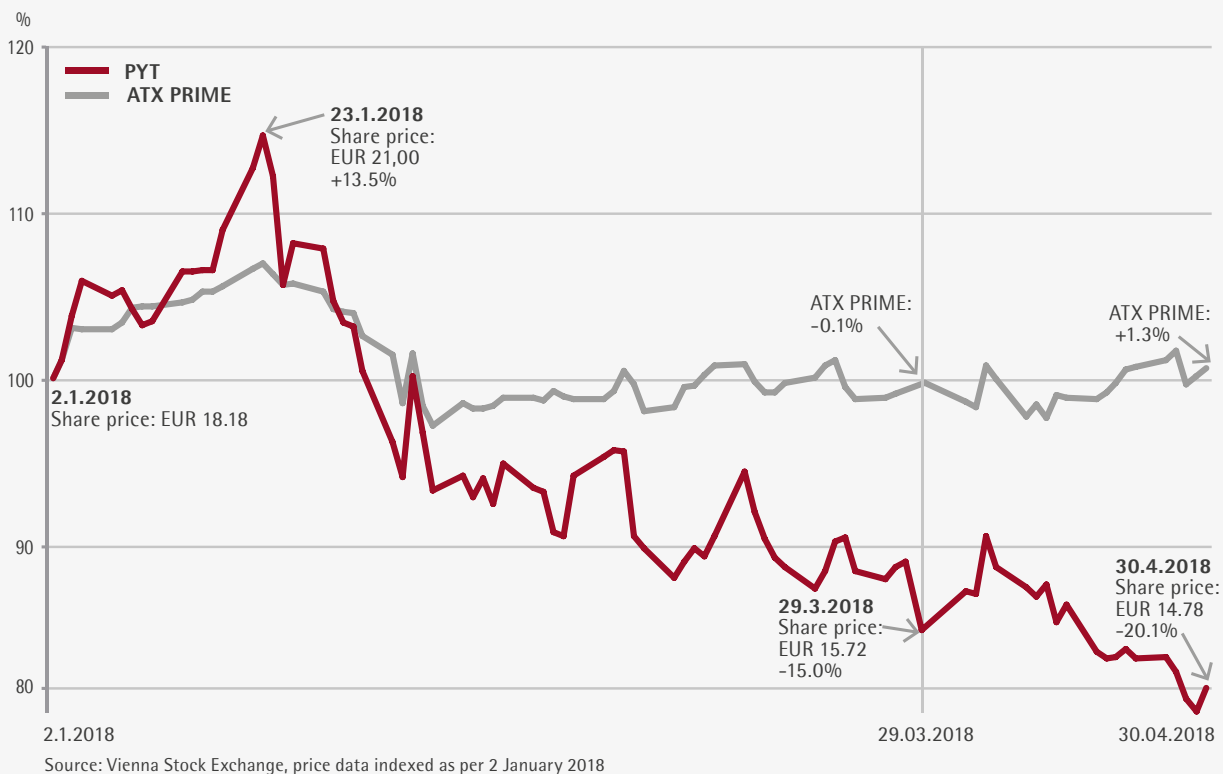
## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after 31 March 2018.



# SHARE & INVESTOR RELATIONS

## POLYTEC SHARE PRICE DEVELOPMENT



## SHARE KEY FIGURES

POLYTEC share (AT0000A00XX9)	Unit	Q1 2018	Change	Q1 2017	Q1 2016
Closing price last trading day of period	EUR	15.72	18.5%	13.26	7.57
Highest closing price during period	EUR	21.00	50.1%	13.99	7.70
Lowest closing price during period	EUR	15.72	51.2%	10.40	6.75
Market capitalisation last day of period	EUR m	351.0	18.5%	296.1	169.0
Earnings per share	EUR	0.47	-9.6%	0.52	0.26

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. From this date onwards, the share, which was accustomed to success during the previous year, was also subject to the

price corrections on the international stock exchanges. Stockholders would appear to have used the high price level as compared to the previous year for profit taking.

On 29 March, the final stock exchange trading day in the first quarter of 2018, the POLYTEC share closed at EUR 15.72 and was thus EUR 2.78, or 15.0%, down on the end price of the 2017 stock exchange year (EUR 18.50). In spite of the negative price trend in the current quarter, the values were well above those of the same period of the preceding year. On average, the quarterly share price amounted to EUR 17.67 (Q1 2017: EUR 12.71) and market capitalisation as at 29 March 2018 stood at EUR 351.0 million (31.3.2017: EUR 296.1 million).

Up to the end of January, the POLYTEC share moved largely above the ATX Prime Index, which from the beginning of February shifted laterally and with a fall of 0.1% closed the first quarter at the level of the start of the year. The STOXX® Europe 600 Automobile & Parts (SXAP) index closed at 627 points (2017: 602) and was therefore slightly up by around 4.2%.

In the first three months of 2018, money turnover relating to the POLYTEC share on the Vienna Stock Exchange involved

roughly EUR 94.9 million (Q1 2017: EUR 66.5 million) and stock turnover of 5.3 million shares (Q1 2017: 5.3 million). During the 63 trading days, an average of 84,089 POLYTEC shares were traded daily (Q1 2017: 82,743 shares). The three best trading days took place at the end of January and the beginning of February with 5 February 2018 seeing the highest trading volume in the first quarter of 2018 with around 4.0 million shares and 232,406 contracts (money and stock turnover both in double counting).

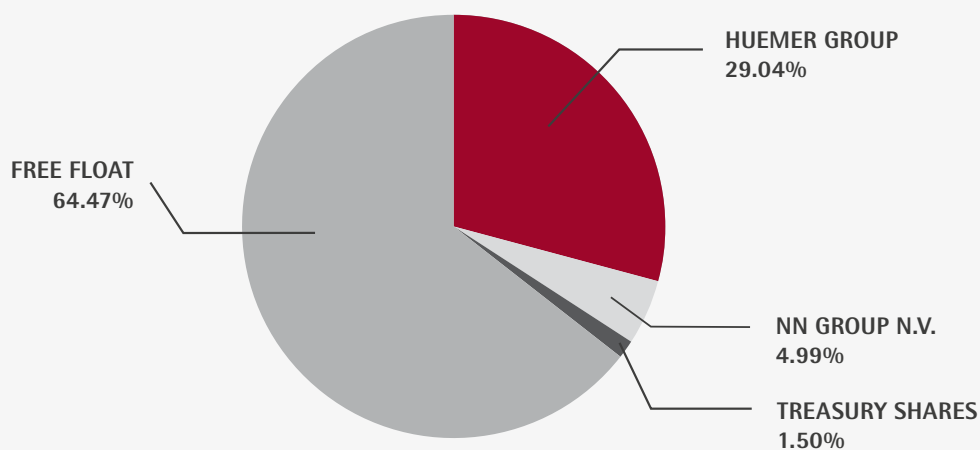
## SHAREHOLDER STRUCTURE

As at 31 March 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.

In the period under report from 1 January to 31 March 2018, POLYTEC Holding AG received two voting right notifications in accordance with § 130 of the Austrian Stock Exchange Act 2018. At the end of February 2018, the shareholder The Capital Group Companies, Inc. headquartered in Los Angeles (USA) informed POLYTEC Holding AG that on 23 February 2018 it fell short of a reporting threshold and on this day held an interest of 4.37% or 976,139 shares in POLYTEC Holding AG. At the end of March 2018, the same shareholder stated that it

fell short of the 4% reporting threshold. According to its own information, as at 27 March 2018, The Capital Group Companies, Inc. held an interest of 3.92% or 876,325 shares in POLYTEC Holding AG. POLYTEC Holding AG published both notifications punctually as required under § 135 Para. 2 of the Austrian Stock Exchange Act 2018.

As at 31 March 2018, on the basis of the shares issued, the shareholder structure of POLYTEC Holding AG presented the following picture:



## DIVIDEND POLICY

POLYTEC's dividend policy is based on profitability and the strategic growth perspectives and the capital requirements of the group. In the 2017 business year, POLYTEC Holding AG's net profit amounted to EUR 132.6 million. Therefore, the Board of Directors and the Supervisory Board

will propose the distribution of a dividend of EUR 0.45 per eligible share to the 18th Ordinary Annual General Meeting to be held on 16 May 2018. This corresponds to a gross dividend payment of around EUR 9.9 million (2016: EUR 8.8 million). The pay-out ratio amounts to 25.9%. It is

thus in the middle of the 20% to 30% distributable earnings range. On the basis of an average price for the year of EUR 16.46, a dividend yield of 2.7% results. 22 May 2018 is the ex-dividend day and 24 May 2017 the dividend pay-out day.

## RESEARCH COVERAGE

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

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

price targets can be accessed on the company website, [www.polytec-group.com](http://www.polytec-group.com) in the Investor Relations, Share, Analyses section.

Institute	Recommendation	Latest price target
BAADER Helvea Equity Research	Hold	EUR 21.5
ERSTE Group Research	Hold	EUR 19.0
M.M.Warburg Research	Buy	EUR 24.0
Raiffeisen CENTROBANK Research	Hold	EUR 20.5

## CORPORATE CALENDAR 2018

This is the corporate calendar of POLYTEC Holding AG for the 2018 financial year:

Date	Day	Event
12 April 2018	Thursday	Publication of the financial statements and annual report for 2017
6 May 2018	Sunday	Record date "AGM"
9 May 2018	Wednesday	Publication of the interim report for Q1 2018
16 May 2018	Wednesday	18th Annual General Meeting for the 2017 financial year, Hörsching, 10:00 a.m.
22 May 2018	Tuesday	Ex-dividend day
23 May 2018	Wednesday	Record date "Dividends"
24 May 2018	Thursday	Dividend pay-out day
8 August 2018	Wednesday	Publication of the financial report for HY1 2018
7 November 2018	Wednesday	Publication of the interim report for Q3 2018



# PASSION CREATES INNOVATION

The Half Year Financial Report 2018 to be published  
8. August 2018.

Current news see online in the section Investor Relations  
of corporate website **[www.polytec-group.com](http://www.polytec-group.com)**

**Contact:**

POLYTEC Holding AG, Paul Rettenbacher, Head of Investor Relations, Polytec-Strasse 1,  
4063 Hörsching, Austria; T +43 7221 701-292; paul.rettentbacher@polytec-group.com

**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 9 May 2018.

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Editor: POLYTEC Holding AG; VAT number: ATU49796207; LEI: 5299000VSOBJNXZACW81;  
Commercial Register: FN 197676 g, Commercial Court Linz; Polytec-Strasse 1, 4063 Hörsching,  
Austria; T +43 7221 701-0; Board of Directors: Friedrich Huemer, Markus Huemer, Alice Godderidge,  
Peter Haidenek; Chairman of the Supervisory Board: Fred Duswald; Photos: © POLYTEC Holding AG;  
Typesetting: Ingeborg Schiller Grafik-Design, Salzburg; [www.polytec-group.com](http://www.polytec-group.com)