MAG **14**

ANNUAL REPORT **2014**

# POLYTEC

## DYNAMIC STRATEGY ROLLOUT

AT 0000 A00XX9

POLYTEC GROUP

The POLYTEC GROUP is a leading developer and manufacturer of high-quality plastic parts with 24 locations and around 4,200 employees worldwide. For more than 28 years, the Austria-based company has been offering its customers experience and know-how, not only as a complete supplier in the injection moulding field, but also a specialist for fibre-reinforced plastics, a producer of original accessories made from plastic and special steel, and a developer of individualized industrial solutions in polyurethane, as well as the machines and plant needed for this purpose.

GROUP HEADQUARTERS:
HÖRSCHING
AUSTRIA

24
PRODUCTION AND ENGINEERING LOCATIONS
IN AUSTRIA, GERMANY, HUNGARY, BELGIUM,
THE NETHERLANDS, THE UK, THE CZECH REPUBLIC,
SLOVAKIA, SWEDEN, TURKEY, CANADA, THE USA
AND CHINA

SALES
EUR 491.3 million

~4,200
EMPLOYEES

POLYTEC numbers globally renowned automotive and commercial vehicle manufacturers among its customers, but is also increasingly supplying other markets outside this sector. The most important criteria in both cases consist of innovative technologies, perfect quality and absolute punctuality of delivery in combination with competitive prices.

In both the automotive and non-automotive areas, POLYTEC provides excellent value added depth in every segment. This incorporates design and project development, as well as the production of tools and semis for fibre compound materials, component simulation and testing, and virtually all the available plastics processing technologies. In addition, POLYTEC supplies excellent performance in the shape of downstream processes such as painting, assembly and just-in-time or just-in-sequence delivery.

POLYTEC GROUP

# KEY FIGURES 2014

| Key figures from the consolidated income statement | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Sales | EUR million | 491.3 | 476.6 | 481.6 |
| thereof passenger cars | EUR million | 315.7 | 291.5 | 291.1 |
| thereof commercial vehicles | EUR million | 123.1 | 138.4 | 138.2 |
| thereof non-automotive | EUR million | 52.5 | 46.7 | 52.3 |
| EBITDA | EUR million | 36.5 | 36.4 | 41.3 |
| EBIT | EUR million | 20.6 | 20.2 | 27.4 |
| Earnings per share | EUR | 0.62 | 0.65 | 0.97 |
| EBITDA margin (EBITDA/sales) | % | 7.4 | 7.6 | 8.6 |
| EBIT margin (EBIT/sales) | % | 4.2 | 4.2 | 5.7 |

| Balance sheet key figures | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Balance sheet total | EUR million | 424.0 | 273.1 | 260.3 |
| Equity ratio (equity/balance sheet total) | % | 34.0 | 50.2 | 50.8 |
| Investments in tangible assets | EUR million | 31.2 | 21.5 | 15.7 |
| Net working capital | EUR million | 56.2 | 49.3 | 47.8 |
| Net working capital in % of sales (NWC/sales) | % | 11.4 | 10.4 | 9.9 |
| Average capital employed | EUR million | 150.3 | 132.0 | 118.9 |
| ROCE before tax (EBIT/capital employed) | % | 13.7 | 15.3 | 23.0 |
| Net financial assets (+)/ liabilities (–) | EUR million | 11.8 | -11.6 | -14.5 |
| Net debt to EBITDA | – | 0.32 | -0.32 | -0.35 |
| Gearing | – | 0.08 | -0.08 | -0.11 |

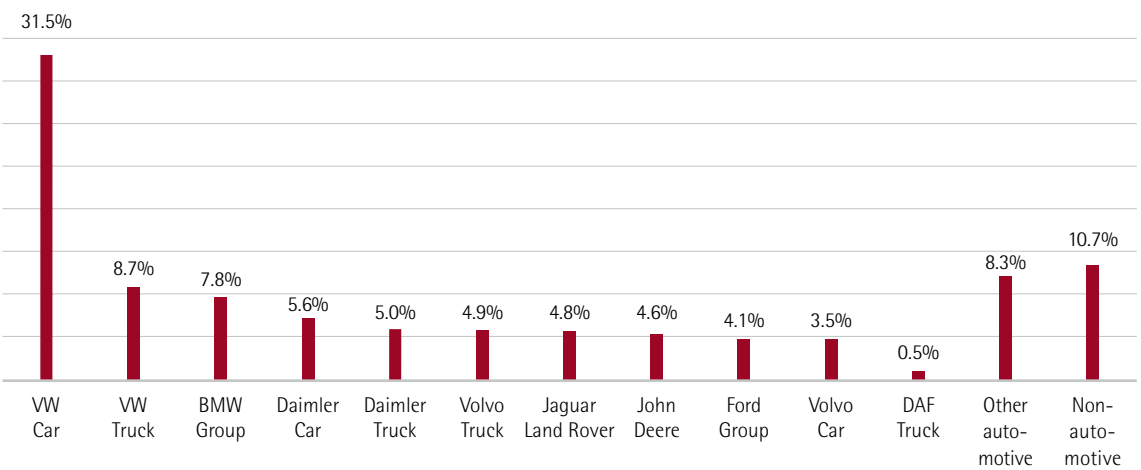
| Cash flow key figures | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Cash flow from earnings | EUR million | 27.3 | 29.9 | 34.8 |
| Cash flow from operating activities | EUR million | 20.8 | 27.2 | 15.7 |
| Cash flow from investing activities | EUR million | -37.7 | -16.3 | -8.0 |
| Cash flow from financing activities | EUR million | 94.5 | -14.5 | -13.0 |

| Personnel key figures | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Employees on annual average (incl. leased staff) | FTE[1)] | 3,581 | 3,516 | 3,562 |
| Employees as of December 31 | FTE | 4,162 | 3,504 | 3,481 |
| Sales per employee | TEUR | 137 | 136 | 135 |

[1)] FTE: full-time equivalents

| POLYTEC share (AT0000A00XX9) | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Closing price as of last trading day | EUR | 6.25 | 6.79 | 5.87 |
| Highest closing price during the year | EUR | 8.54 | 7.25 | 7.46 |
| Lowest closing price during the year | EUR | 5.90 | 5.94 | 5.12 |
| Market capitalization as of last trading day | EUR million | 139.6 | 151.6 | 131.1 |
| Average daily turnover | Shares | 45,126 | 48,750 | 70,606 |
| Earnings per share | EUR | 0.62 | 0.65 | 0.97 |
| Dividend proposal per share | EUR | 0.25 | 0.25 | 0.35 |
| Dividend yield as of last trading day | % | 4.0 | 3.7 | 6.0 |

## GROUP SALES BY CUSTOMER



60

**EXPANSION IN THE FAR EAST**
POLYTEC IS BUILDING AN INJECTION MOULDING PLANT IN CHINA.

4

**WE ARE POWERED BY PASSION**
HOW THE POLYTEC GROUP WORKS THE MARKET WITH FLEXIBILITY AND HIGH QUALITY STANDARDS

30

**ACQUISITIONS IN THE NETHERLANDS**
ADDITIONAL CAPACITIES AND KNOW-HOW FOR THE POLYTEC GROUP

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## CONTENTS





# ON COURSE WITH DYNAMISM

The determined pursuit of strategic objectives represents a POLYTEC GROUP recipe for long-term success. Our approach is shaped by dynamism and progress. A fact reflected by the design of this Annual Report, which like our corporate logo, is characterized by a 28° diagonal as an optical constant. Another link is provided by the celebration in 2014 of the 28th year of our existence as a company.

During 2014, we made dynamic progress in a number of ways and thus achieved important successes in all three of our strategic keystone areas. We have invested in the acquisition of additional plants in Europe, commenced work on the construction of a new paint shop in Turkey, enlarged our technology and product portfolio, and founded a location in the important Chinese growth market. At the same time, we have been working on our efficiency and hence the sustainability of our earnings power.

Our net income has barely altered over the previous year and this allows no room for satisfaction. However, we assume that the measures implemented in 2014 will have a positive influence upon our results in the coming year. Therefore, in metaphorical terms, the course has been set and the task now is to gather speed.

Yours sincerely,
Friedrich Huemer

1

## HOW THE POLYTEC GROUP OPERATES IN A VOLATILE MARKET WITH FLEXIBILITY AND CONSTANTLY HIGH QUALITY STANDARDS

# WE ARE POWERED BY PASSION

**For some 30 years, POLYTEC has been reliably supplying tailor-made plastics solutions to its clientele in both the automotive and non-automotive fields. These customers operate in areas characterized by rapid change and therefore POLYTEC must constantly make a flexible response to the shifts in their demands. Today, plastic components fulfil a far greater range of functions than was the case only a few years ago, when weight reduction was the sole consideration. The emphasis is no longer on the material per se, which POLYTEC processes with first class quality. Instead, the focus has moved to the production of complex systems and the integration of an increasing number of functions into a single component in order to save assembly steps and components, and thus cut both costs and weight. This evolutionary process has taken place during the past three decades with the POLYTEC GROUP as one of its main proponents. Consequently, the group is currently among the leaders with regard to various technologies and applications and not least, this leadership is the result of a systematically implemented corporate strategy.**

It should be stressed that for POLYTEC, the rigorous pursuit of corporate strategy does not imply adherence to rigid structures. On the contrary, within the group strategic issues are characterized by the adaptability derived from flat hierarchies, innovative strength and motivated employees, who react quickly to altered conditions. CEO Friedrich Huemer explains the POLYTEC GROUP's strategic system as follows: "Basically we rely on an approach founded on three keystone areas. However, during its implementation we act with flexibility and adjust our focus in line with the demands of our volatile markets. Moreover, in 2014 we achieved considerable progress in all three of these keystone segments."

In spite of a challenging economic environment, during the past year all three of the POLYTEC GROUP's strategic areas moved forward. Among other measures, the position in the European market was further strengthened by the expansion of capacity and the implementation throughout the group of the "POLYTEC Performance System" lean management programme. Moreover, additional production capabilities and technological know-how were acquired in the high-potential acoustics area. This derived primarily from the acquisition of two voestalpine Plastics Solutions locations (please also see page 26). POLYTEC also took a decisive step in an important growth market with the launch of a project for its own plant in China (please also see page 58).

Apart from the need for flexibility, in 2014 the POLYTEC GROUP never lost sight of its most important maxim; namely the maintenance of high quality standards with regard to both its products and services. This aspiration underlies all three of the strategic keystone areas and simultaneously represents the long-term constant in group strategy. Alice Godderidge, the member of the Board with responsibility for Sales, Marketing and Engineering, is convinced that: "At POLYTEC, cutting edge technical competence in every business area combines with top quality and perfection, as well as uncompromising punctuality of delivery, a customer orientation and reliability. It is down to these attributes that we have attained an excellent standing in the market." And as

2

3

## THE POLYTEC GROUP'S THREE STRATEGIC KEYSTONE AREAS

1. Strengthen the market position in Europe
2. Develop new applications and technologies
3. Create production sites in growth regions

COO Markus Huemer adds: "Naturally, we nonetheless have to develop further in every regard, whether in relation to our efficiency or our concepts for new technologies and solutions for our customers. We seek to remain agile and adjust to the demands of the market on a daily basis. At the same time, we never lose our focus on product quality and manufacturing perfection. These are the objects of our passion and it is this passion that represents our driving force."

In addition to these aspects, ongoing optimization measures at every level contribute to the creation of a solid platform for growth and steady improvements in result quality. As CFO, Peter Haidenek, explains the POLYTEC GROUP constantly endeavours to raise its efficiency and hence its earnings power: "We invest a great deal of effort in the evaluation of our structures. Every single working step from organization to production is put under the microscope and we also scrutinize energy and raw material consumption at our plants. On the basis of the results of these studies, we draw up comprehensive lean management programmes that we then gradually implement at our locations."

POLYTEC has recognized that long-term success can only be maintained through continual internal renewal in every business area, the ongoing definition of fresh objectives and the provision of innovative solutions of constantly increasing quality. In particular these stipulations apply to the extremely dynamic branch of industry in which the POLYTEC GROUP is active. It is the group's success in meeting these demands during roughly three decades and its sustainable strategy that permit an optimistic view of the future. ■

# THE BEST THINGS COME IN THREES

## THE POLYTEC GROUP'S THREE STRATEGIC KEYSTONE AREAS

### 1. Strengthen the market position in Europe

- Maintenance of financial independence and top quality standards
- Lean management
- Targeted acquisitions and consolidation
- Focus on long-term personnel development

POLYTEC is a highly responsible supplier to European companies in the car, commercial and non-automotive production sectors, and has long occupied a solid position in this important domestic region. Therefore, the group attaches a correspondingly high level of strategic importance to this market, in which permanent innovation and continuous improvements in productivity are major success factors. This fact was reflected in 2014 by the continuation of the POLYTEC Performance System (PPS) lean management programme, via which the group is making intensive efforts to optimize the value added structure throughout its entire organization (please also see page 36).

At the same time, the group continues to pursue a growth strategy through the purchase and consolidation of attractive companies within its branch. The strategic relevance of such acquisitions and their attractive evaluation constantly outweigh the importance of rapid growth and during 2014 POLYTEC scored a major success in this regard with the takeover of two voestalpine Plastics Solutions works in the Netherlands. On the one hand, these purchases brought the group additional competence relating to acoustics applications for underbody panelling and exterior solutions in the injection moulding area, and on the other a considerable increase in both sales revenues and capacity. The Roosendaal location possesses the largest D-LFT press in Europe, which will serve to consolidate POLYTEC's technical competence in this segment. Furthermore, the acquisition of the two plants has enabled POLYTEC to move closer to potential customers and strengthen the business relations with its existing clientele (please also see page 26).

Long-term personnel development represents another element in POLYTEC's first strategic keystone area. Group customers can rely on the continuity and optimum consulting provided by competent and motivated employees. And in order to ensure that this remains the case, the POLYTEC GROUP is currently working on a comprehensive range of fresh possibilities for in-company further training and employee advancement. In 2014, the importance of personnel sector was further upgraded through the creation of a group HR Department, which in view of the current shortage of skilled labour, will have the optimization of employee recruitment as one of its main tasks (please also see page 64).

Last, but not least, POLYTEC's stable capital resources provide a solid basis for development, project and delivery financing, as well as a cushion against market volatility. At the end of 2014, the group's equity ratio stood at 34%. This financial solidity not only provides a springboard for rapid reactions, but also facilitates the financing of extensive customer projects.

### 2. Develop new applications and technologies

- Substitution of metals by plastics with ongoing characteristic optimization, e. g. weight reduction
- Increased efficiency through the further development and expansion of the technology portfolio
- Achievement of greater value added depth
- Functional integration
- Increases in the scope of systems

In the vehicle manufacturing area, the substitution of metals by plastics and the resultant reductions in both weight and emissions remain at the top of the agenda. POLYTEC has long-term experience in this regard, upon which it can build and constantly has teams of engineering specialists searching for new formulas for the composition of raw materials and products. Parts result from these intensive R&D activities that not only weigh less, but also possess outstanding structural and functional characteristics. Today, POLYTEC supplies highly complex plastic parts and assemblies, which replace the numerous differing components that previously required installation. One special focus in 2014 was on high-performance filter systems, which owing to the design freedom and extensive possibilities for functional integration offered by the versatility of plastic materials, are able to use the smallest spaces with flexibility and efficiency. Another example of successful functional integration is provided by the patented POLYSWIRL® oil separation system, which was further optimized in 2014 and at present, is used in the vehicles produced by numerous car manufacturers (please also see page 44).

2014 also saw positive developments for POLYTEC in the lightweight construction area. For example, considerable weight reductions were achieved in complex intake systems through the substitution of aluminium by plastic parts manufactured using highly automated injection moulding processes. In addition, having convinced VW of the merits of a battery box outer shell made from SMC during the development phase of a new e-car, POLYTEC is now manufacturing this product for the innovative e-Golf (please also see page 54).

However, lightweight construction is not only in demand in the e-mobility segment. For example, since the spring of 2014, POLYTEC has been producing an ultra-light trunk lid made from an intelligent material mix of LD and carbon SMC for the BMW M4 Coupé. POLYTEC experts at the engineering centre in Hörsching also recently made decisive breakthroughs with regard to new PUR-RRIM lightweight technology, which facilitates weight reductions of up to 30% (please also see page 53). As a result, the first serial production project is already in progress.

In the medium-term, POLYTEC intends to strengthen its positioning as a systems supplier and for example, it is currently delivering complicated bumper systems for the Jaguar F-Type on a just-in-sequence basis (please also see page 56). A strategic prerequisite for the attainment of this objective is the further development of the production technology portfolio and ongoing increases in efficiency, which will also culminate in improvements to POLYTEC's real net output ratio. As a one-stop-shop, if so requested by the customer, the group undertakes a complete range of services from pre-development to assembly and logistics.

The past year also witnessed marked growth impulses in two application areas derived from the takeover of two voestalpine PLASTICS SOLUTIONS production centres in the Netherlands. In future, the POLYTEC PLASTICS plant in Putte will serve as a competence centre for complex, injection moulding solutions for truck exteriors, while the new COMPOSITES facility in Roosendaal will provide POLYTEC with far greater access to the acoustics market, which offers great future potential (please also see page 46).

To date, the POLYTEC GROUP supplied comparatively "simple" underbodies, but the newly acquired competence in the integrated underbody solutions area now permits the use of intelligent material combinations in a one-shot process. Depending upon requirements, this enables the precise integration into the part of characteristics such as strength, or functions including noise absorption.

**3. Create production sites in growth regions**

- Accompaniment of customers into growth regions using development synergies
- Technology transfers from Europe to growth regions

The major automotive growth markets of the future are located primarily in the Far East, a region in which POLYTEC has already been active for a number of years via cooperations with selected partners. However, as planned, in 2014 the group took a major step towards Asia with the launch of its own production facility project in Tianjin, a city located to the south-east of Peking. The new injection moulding plant is scheduled to become operational in 2016 (please also see page 58) and will be in the vicinity of other European companies that have also founded companies in Tianjin. These include POLYTEC customers, who will now be supplied with products of the usual quality and be able to exploit valuable logistical advantages.

The POLYTEC GROUP also sees the establishment of additional, new locations in countries such as Mexico as a further strategic option. ■

# "... SIGNIFICANT SUCCESSES IN ALL THREE OF OUR STRATEGIC KEYSTONE AREAS ..."

# FRIEDRICH HUEMER, MARKUS HUEMER, ALICE GODDERIDGE AND PETER HAIDENEK FROM THE POLYTEC BOARD OF DIRECTORS IN INTERVIEW.

**Mr. Huemer, the optical appearance of the 2014 Annual Report is characterized by very striking diagonals. May I assume that this is a reference to the dynamism inherent to your organization ...**

**Friedrich Huemer:** One could certainly interpret it as such because in the past year a very great deal has happened within our group and significant successes have been achieved in all three of our strategic keystone areas.

Nonetheless, my overall impressions are again somewhat ambivalent. For on the one hand, we have taken major strategic steps in the direction of technological and geographical expansion, and in this connection I merely wish to mention the acquisition of the two Dutch plants from voestalpine Plastics Solutions, the progress with the creation of our new location in China and the addition of a paint shop in Turkey, but on the other, I am dissatisfied with our operative development. Here, urgently required improvements were not implemented with the necessary speed.

**Are the figures for 2014 in line with your expectations? Recent automotive market development has been more than satisfactory ...**

**Friedrich Huemer:** It is true that the car market is progressing well and here one can be pleased with the sales trend. However, in the commercial vehicle segment we have recently seen a partially marked decline, particularly in the second half of the year. Development in this area has proved to be worse than expected and even agricultural vehicle business, which has been relatively stable for a long period, has slumped recently. Despite these setbacks, I would say that overall the market parameters were much as we anticipated.

Nevertheless, as I have already mentioned certain operative issues were not solved satisfactorily. We made advances, but the response to pending problems was frequently too slow. In particular this applied to the COMPOSITES business unit, which primarily supplies the commercial vehicle industry. Here, the numbers of components called up by our customers fell sharply to some extent and regrettably the required countermeasures were not initiated immediately.

Moreover, the fact that in the COMPOSITES area we are largely active in Germany, where the realization of personnel measures is highly complex and time consuming, also meant that action should have been taken all more rapidly. In the final analysis, this was the reason why we parted company from our former COO. Incidentally, these delays also contributed to a result, which on balance fell somewhat short of our expectations.

**Were there major differences between the business units?**

**Alice Godderidge:** In principle, one can divide them into two. INDUSTRIAL and CAR STYLING have both developed in excellent fashion, but unfortunately are our smaller business units and therefore have only a limited influence on sales revenues and results.

The two large business units, and COMPOSITES in particular, did not perform as awaited. In the PLASTICS area, which has a strong focus on the car business that constitutes over 60% of our activities, we were able to largely attain the planned increase in sales revenues, but in the commercial vehicle segment we suffered reverses.

Overall group sales increased slightly and apart from weak market development and the aforementioned delays, a number of projects with new technologies have commenced in the COMPOSITES area in order to compensate for standard commercial vehicle business, which is partly drawing to a close. This has resulted in serious operative divergences at two plants, but overall the stability of group results was successfully maintained.

**The decline in commercial vehicle business prompts the question as to what the future holds for the automotive and automotive subsupply industries. What main trends will influence the way ahead and where is the largest technological potential to be found?**

**Alice Godderidge:** One significant trend is that the pressure on suppliers is increasing to a massive degree. Economy drives involving billions of euros among virtually our entire clientele are bound to have an effect on us as a supplier, because all these programmes place a strong emphasis on purchasing. Consequently, the tone used in the industry is increasingly harsh and the term partnership has largely disappeared from the business vocabulary.

As far as quantitative development is concerned, at present forecasts are relatively difficult to make and no one dares to predict what will happen for more than three months in advance. In the commercial vehicle area, the numerous reports in the media regarding output cuts and short time working at various manufacturers speak volumes. →

"... WE ARE INCREASING OUR SHARE OF OVERALL VALUE ADDED THROUGH INNOVATIVE PRODUCTS ..."

ALICE GODDERIDGE, CSO

→ We assume that the first half of 2015 will be generally weaker than that of 2014. By contrast, the European car market shows a stable, lateral movement and we are also in the process of increasing our share of overall value added through new products.

**Markus Huemer:** This brings us to the topic of technology. Here, we are right on target with our strategy of relying on lightweight construction, systems and an intelligent material matrix for every individual product. Through our development work, we have exactly what the market demands and with new orders can generate growth even in a stagnating European car market.

Our acquisitions in the Netherlands with which we have been able to greatly strengthen our capabilities with regard to integrated acoustics solutions and injection moulding applications in the exterior area certainly represented a prudent step in this connection.

In addition, we are profiting from the trend that sees our customers outsourcing ever more extensive assignments to their suppliers. We are increasingly assuming the complete development of entire systems and this constitutes a major challenge, as our responsibilities and hence our risks are greater. The financing volume is larger and also the demand on human resources in the development area is growing, which is one of the main reasons why we have installed a separate HR management function at group headquarters.

On the positive side, this trend offers us an opportunity to employ the right technology in the right place and thus use our technological portfolio in optimum fashion. In this regard POLYTEC has an additional advantage, as it is one of the few suppliers able to offer enormous technological diversity.

**In view of this background, how are you designing your strategy? Is there a need for fine-tuning?**

**Markus Huemer:** We see no need for adjustments as far as the objectives are concerned. On the contrary, current developments confirm the probity of our approach and we can point to successes in all three of our strategic keystone areas. In 2014, we demonstrated that we are not only growing organically, but can also expand additional locations and make successful acquisitions. At the same time, we have also further augmented our technology portfolio and we intend to continue to follow all these paths in the same manner. In fact, development work and innovation are set to gain even greater importance.

**The voestalpine Plastics Solutions acquisition has brought important expansion, especially in the fibre composites area ...**

**Alice Godderidge:** The "mix & match" of this takeover is virtually perfect. It strengthens us with regard to both cars and commercial vehicles and thus provides twofold advantages. Firstly, we have obtained additional competence in connection with external injection mouldings for commercial vehicles, which is an area that is currently benefiting from a powerful substitution trend.

Secondly, we can now offer expanded acoustic know-how in the car segment and thus round off our portfolio in the direction of "Integrated Acoustic Solutions", which combines hybrid underbody solutions, engine enclosing and encapsulation as well as soft covers. We have thus consolidated two important areas, which in the past we were unable to serve to this extent. In addition, good cross selling possibilities are available, as both of the companies purchased had different product focuses with the same customers.

**What are your plans for the future in this connection and how will these affect group sales revenues and results in the medium-term?**

**Friedrich Huemer:** In line with the motto, "leverage the products; leverage the customers" we will use the synergy effects derived from the product portfolio and production, as well as our position with regard to mutual customers. Furthermore, we envisage possibilities for optimization in the purchasing area, not least owing to the increase in the internal share of SMC semi deliveries. →

"... THROUGH OUR DEVELOPMENT WORK WE HAVE EXACTLY WHAT THE MARKET DEMANDS ..."

MARKUS HUEMER, COO

Naturally, we will also transfer the technological competence obtained, especially that related to underbodies, to our other locations and this should lead to a harmonization of the production structures. The COMPOSITES plant in the Netherlands has already been operating at the limits of its capacity, while we had reserve capacity at other works. The necessary personnel measures in Germany were also somewhat ameliorated through appropriate restructuring and at the same time we are planning investments in additional measures at the new plants.

**Peter Haidenek:** If one studies the figures, on an annual basis the integration of the two new plants will add roughly EUR 120 million to group sales and through the anticipated positive EBIT, boost the results of the group as a whole.

This improvement relates primarily to the future, as in the past year the new locations were only fully consolidated for a month. Nevertheless, this provided an extra sum of around EUR 9 million in sales revenues in addition to a small contribution to net profits derived from all the ancillary effects related to the takeover.

**Unlike the expansion in the Netherlands, the move to China can be regarded as being more like organic growth. What is the situation in this regard and what is to happen next?**

**Markus Huemer:** We made decisive progress in the past year that also included a small strategic adjustment. Originally, we planned to restrict the size of our investment and lease a production hall. However, having viewed a variety of objects, we decided to build the works ourselves. This was because the halls on offer failed totally to meet the requirements for the demanding products that we wish to manufacture in China. In the meantime, with the Tianjin industrial park we have found a location in which we not only feel well supported and at home, but one that is also ideal from a logistical perspective. From the park we can not only provide VW with a perfect service, but also BMW, Daimler and Volvo.

This conceptual change has increased our investment, but not the risk that we have assumed, as in general top quality real estate retains its value. However, the building work has resulted in a prolongation of the realization phase of around a year, but everything is still progressing well. Following the foundation of an appropriate company, we have received the necessary business licence and the investment agreement with the industry park has been concluded. Construction is due to begin soon and we wish to be ready for production in 2016. We already have a small team in China that contains three local employees.

We have also been able to capture a second order, which is most pleasing especially as the local joint venture partner of our European customers will be providing support. This represents an important step towards winning the trust of this company, in order to be in the running for further orders.

**You are also expanding your production capacity elsewhere, for example in Turkey. What are the medium- and long-term perspectives in this case?**

**Markus Huemer:** You are certainly referring to the new paint shop at our location in Aksaray, which is being built owing to a new order from Mercedes-Benz Türk, our main customer in Turkey. Here, too, we are making rapid progress. The building is already standing and the painting systems are currently being delivered. If one considers the fact that the contract was only received in October 2014 and that we wish to be ready to commence pre-production in autumn 2015, then this constitutes an absolute record. Following the usual pilot runs, the start of actual production is scheduled for the spring of 2016. The performance of our strong local team, which is primarily responsible for this success, has been truly outstanding. Moreover, the order for the new generation of trucks also represents the beginning of another era in the trusting partnership with Mercedes-Benz Türk.

"... 2014 SAW MAJOR STRATEGIC STEPS, BUT FROM AN OPERATIVE PERSPECTIVE, WE ARE STILL NOT FAST ENOUGH ..."

FRIEDRICH HUEMER, CEO

**Apart from the enlargement of your business volume, you are also working on your efficiency and hence your earnings power. How is the improvement project launched in 2013 progressing?**

**Alice Godderidge:** The picture with regard to our "POLYTEC Performance System" lean management programme, which is known as PPS for short, is again somewhat ambiguous. During the past year we certainly moved forward as planned, but we also came to realize that this initiative makes enormous demands on the workforce and is therefore more complex and time-consuming than we expected. In the final analysis, PPS involves a change in the mindset of every employee in the course of an extensive qualification programme that supersedes all hierarchical levels. We are not only addressing production, but also the entire group with the aim of enhancing our earnings power in the medium-term and encouraging the sense of responsibility among our personnel. In the process, we are examining every value stream and procedure with regard to their efficacy and the standardization of differing sequences in the individual business units. We are thus attempting to filter out the best aspects of every variation.

**Markus Huemer:** We probably expected quicker financial returns, but we remain convinced that this programme will be one of the main elements in our long-term success. It is also pleasing that all the employees who come into contact with PPS are highly enthusiastic and correspondingly motivated. The plants involved to date demonstrate changes that are visible at first glance. The challenge now is to spread the programme and I have assumed responsibility for this task.

**The issue of your bonded loan in autumn was considerably oversubscribed and therefore also went off extremely well. This meant you were able to considerably increase your liquidity ...**

**Peter Haidenek:** In actual fact, this transaction constituted a milestone, first and foremost because it represented our initial use of the loan side of the capital market. We thus expanded our financing possibilities and also sent a signal to our customers that we are in a position to finance the future.

In addition, we are now able to refer to a reference project for the possible negotiation of other bonded loans or bonds. I regard this as being the first step in the direction of becoming a frequent issuer. That this transaction proceeded so smoothly clearly provides cause for satisfaction. Originally, we were aiming for a volume of EUR 50 to 70 million, but owing to demand and the increasingly attractive conditions emanating from the easing of the general interest situation in the intervening period, we decided to opt for EUR 100 million.

Naturally, this presented the question as to the use of the funding and in this connection the topic of real estate repurchasing was evaluated and subsequently brought to a positive conclusion in March 2015.

**Mr. Huemer, you have thus sold to POLYTEC the properties in your possession that were used by the group. What is the background to this separation between the owner and the user?**

**Friedrich Huemer:** The separation of the real estate portfolio from operative business took place in 2000 during the entry of the financial investment company Capvis as the majority shareholder. As experience shows that during evaluations by private equity companies, real estate tends to have a negative effect, I decided for economic reasons to take the properties out of the company and retain them. This step was also important from an emotional standpoint because it strengthened my ties to the company and made it easier for me to also support POLYTEC's further development financially. Between 2000 and the stock exchange float in 2006, group sales increased from around EUR 75 million to over EUR 500 million and this demanded several capital increases. I would not have participated in these had POLYTEC and the real estate been under the majority control of a financial investor. Moreover, the financial leeway of the company was larger, as during subsequent acquisitions, I purchased the respective items of real estate. For POLYTEC, this facilitated rapid growth on the basis of a solid balance sheet.

**Why then have you now sold the real estate? And did this question not arise during the IPO?**

**Friedrich Huemer:** In view of the fact that the stock exchange float primarily served the exit of the financial investor, this was not an issue at the time. However, it was very much a topic during the difficult years of 2008 and 2009, but owing to our financial situation was not a realistic option. By contrast, we have now been in an excellent financial position for the past three years and in addition, as already mentioned, the bonded loan put this question back on the agenda. POLYTEC possesses both a solid balance structure and high levels of liquidity, which represent an excellent platform. Furthermore, as a result of the IPO, I once again became the largest individual shareholder and therefore the current solution was advisable for reasons of corporate governance.

**What will be the financial effects of the integration of the real estate into the POLYTEC GROUP?**

**Peter Haidenek:** The economic effect is highly positive. Instead of a rental of nine per cent on the transaction value, in future we will only pay approximately 2.5% interest. This will bring us an annual EBITDA improvement of around EUR 8 million and EBIT of some EUR 5 million, which will be faced by a small reduction in the equity ratio of roughly two percentage points.

**What dividend can the shareholders expect for 2014?**

**Friedrich Huemer:** In view of the practically unchanged result, as last year we will recommend a dividend of 25 euro cents per share to the Annual General Meeting of Shareholders. Basically, our payment policy foresees that the payout ratio and dividend returns should be in a reasonable relationship to both the result and the market environment. I also believe that in the case of the proposed dividend, the return is really quite impressive. The same applies to the payout ratio, which at 38% was already at a record level in 2013 and this year will even be slightly higher. We see this stability at a high level as a strong message to the capital market.

**In closing, a concrete look at the near future. What is the outlook for 2015?**

**Friedrich Huemer:** As a result of the purchase of the two Dutch plants and organic growth, sales revenues in 2015 should exceed EUR 600 million and the result figures should also be markedly better. We have also concluded a social plan for a reduction in personnel by around fifty employees at the Gochsheim plant, which is one of the COMPOSITES business unit's main locations. Owing to the volatile demand situation in the commercial vehicle segment, we cannot exclude the possibility of further similar measures. Conversely, we do not expect any surprises in the car market. ■

"... WE HAVE SENT A SIGNAL TO OUR CUSTOMERS THAT WE ARE IN A POSITION TO FINANCE THE FUTURE ..."

PETER HAIDENEK, CFO

# WELL-POSITIONED

## BUSINESS UNITS AND PRODUCTS

### PLASTICS
SMALL THINGS WITH GREAT IMPACT

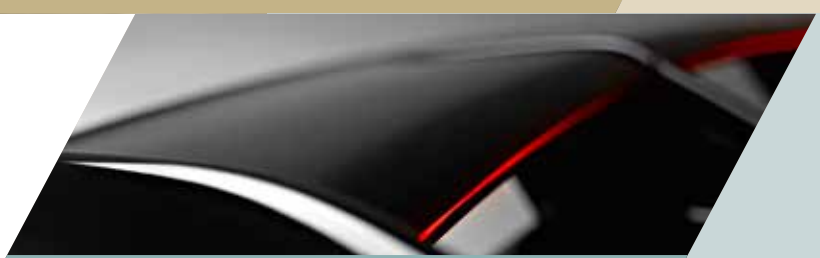
**TECHNOLOGIES**

- (Bi-component) injection moulding
- WIT (water injection technology)
- GIT (gas internal pressure technology)
- Welding (e. g. hot gas welding)
- In-mould decoration
- Injection moulding compounding

### COMPOSITES
INNOVATION IN EVERY FIBRE

**TECHNOLOGIES**

- Production of glass fibres & carbon fibre SMC
- SMC/LFT/GMT pressing
- Hybrid pressing (LWRT)
- Wet pressing
- In-mould coating
- Back pressing
- VICS and PISA
- Class-a coating



### CAR STYLING
DESIGN MEETS TECHNOLOGY

**TECHNOLOGIES**

- PUR RRIM (lightweight)
- PUR rigid
- PUR semi-rigid
- Blow moulding
- Metal and stainless steel processing
- Class-a coating

### INDUSTRIAL
PURe PASSION

**TECHNOLOGIES**

- PUR processing (moulded parts)
- PUR spraying
- PUR casting
- PUR foaming

### PRODUCTS

- Injection moulded parts for the engine compartment and the interior, exterior parts for cars and trucks
- Non-automotive parts

### AUTOMOTIVE Examples

- Cylinder head covers
- Oil pans
- Oil separation systems
- Engine covers
- Intake systems
- Filter systems
- Expansion pressure systems
- Toothed belt protection
- Bumpers and add-ons
- Tailgate trim
- Water box covers
- Venting lines
- Cooling water pipes

### NON-AUTOMOTIVE Examples

- Modules for household appliances
- Logistics boxes
- Drainage systems
- Toner containers

### PRODUCTS

- Fibre-reinforced plastics
- Engine compartment, structural and exterior parts (top coated) for cars, trucks and farming machinery
- Acoustic solutions for engine compartment encapsulation (HOUSING and SHIELDING)
- Non-automotive parts

### AUTOMOTIVE Examples

- Truck cabin parts
- Tractor roofs, engine hoods and mudguards
- Exterior and structural parts with carbon or glass fibre reinforcement
- Integrated underbody solutions
- Bulkheads
- Trunk lids and tonneau covers
- Cardan shaft protectors
- Oil sumps and battery trays
- Cylinder head covers

### NON-AUTOMOTIVE Examples

- SMC semis
- Solar troughs
- Electronics boxes
- Conductor rail supports
- Lighting technology

### PRODUCTS

- Exterior parts (top-coated)
- Acoustic solutions for engine encapsulation (COVERING and ENCLOSING)
- Interior parts
- Metal parts
- Motorcycle parts

### AUTOMOTIVE Examples

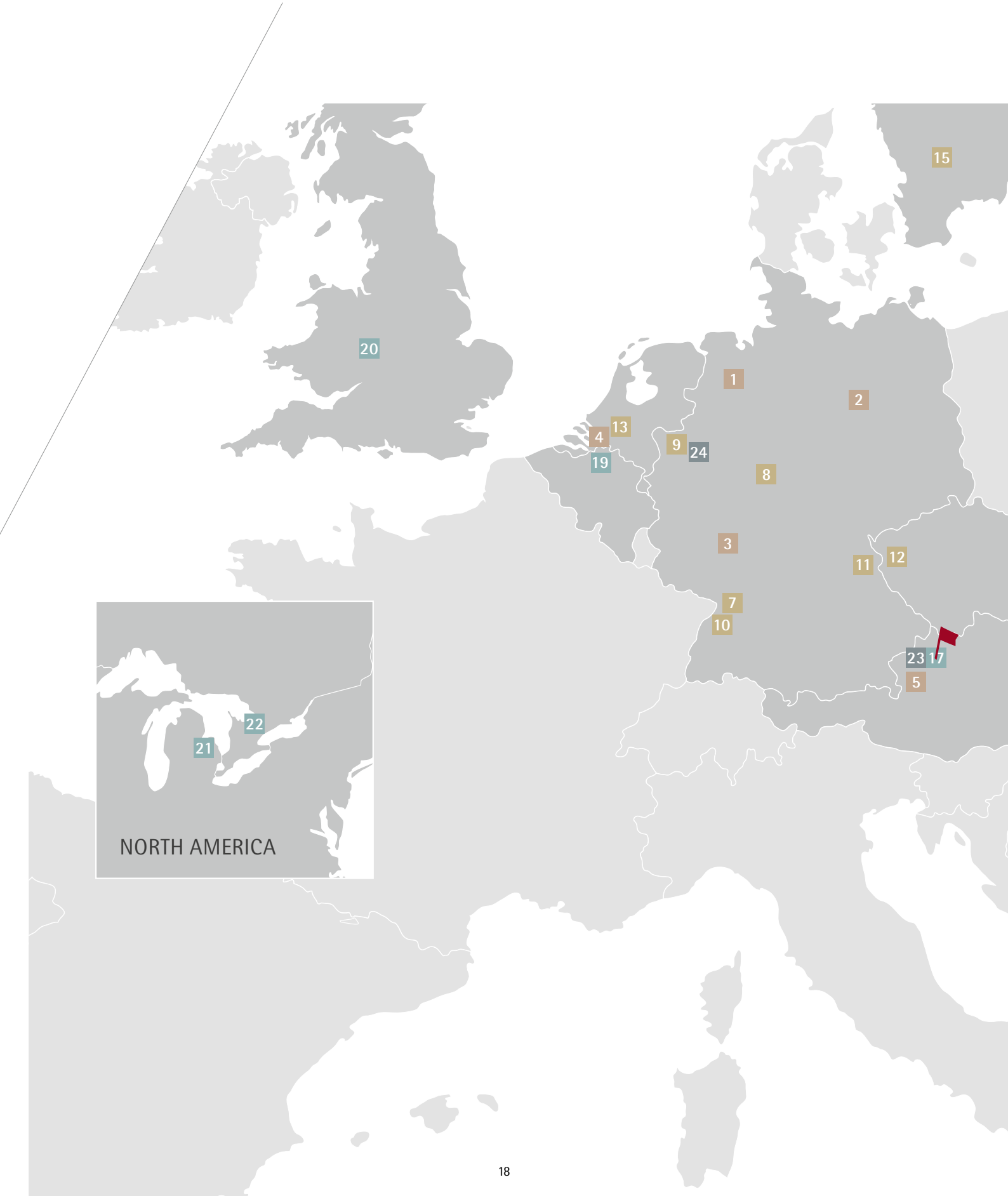
- Spoilers
- Front/rear bumpers and add-ons
- Mudguard extensions
- Front protection systems
- Engine soft covers
- NVH components for engine encapsulation
- Front grilles
- Armrests
- Underride guard
- Dog and transport meshes
- Running boards

### PRODUCTS

- Technical polyurethane moulded parts
- Polyurethane coatings
- Multicomponent dosing machines for the processing of liquid, reactive plastics

### NON-AUTOMOTIVE Examples

- Drive gears
- Finishers
- Scrapers and support rings
- Auger screws and pump membranes
- Fenders and floats
- Wheels and rolls
- Dosing machines
- Coil mats
- Noise insulation coatings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NORTH AMERICA

# BUSINESS UNITS AND LOCATIONS

## PLASTICS

### POLYTEC PLASTICS

1 Lohne, Germany
2 Wolmirstedt, Germany
3 Idstein, Germany
4 Putte, Netherlands
5 Ebensee, Austria
6 Tianjin, China

## COMPOSITES

### POLYTEC COMPOSITES

7 Gochsheim, Germany (2)
8 Cornberg, Germany
9 Voerde, Germany
10 Rastatt, Germany
11 Weiden, Germany (2)
12 Chodová Planá, Czech Republic
13 Roosendaal, Netherlands
14 Sladkovicovo, Slovakia
15 Ljungby, Sweden
16 Aksaray, Turkey

## CAR STYLING

### POLYTEC CAR STYLING

17 Hörsching, Austria
18 Komló, Hungary
19 Schoten, Belgium
20 Bromyard, UK
21 Detroit, USA
22 Toronto, Canada

## INDUSTRIAL

### POLYTEC INDUSTRIAL

23 Marchtrenk, Austria (2)
24 Bochum, Germany

**POLYTEC HOLDING AG**
Group Headquarters

# WELL WORTH A CLOSER LOOK!

## POLYTEC INDUSTRIAL PRODUCT RANGE

Products from the POLYTEC INDUSTRIAL portfolio frequently play a behind the scenes role. However, although they are perhaps not as sporting as a rear spoiler, as elegant as an engine hood, or as eye-catching as a front bumper, they are nonetheless indispensable for a range of everyday articles. Therefore, they may be out of sight but they certainly should not be out of mind!

**Reliable equipment** from POLYTEC EMC ENGINEERING ensures just the right dosage.

More information is available from the new INDUSTRIAL website: **www.polytec-industrial.com**

# DID YOU KNOW THAT ...

... with an **injection moulding machine,** POLYTEC EMC **produces over 12 million earplugs annually?** These are manufactured from polyurethane and each weighs 0.6g. Accordingly, the injection moulding process demands extremely precise dosing.

... at the 2014 Winter Olympics the ski slopes were prepared with **finishers** (snow surface smoothing devices) from POLYTEC INDUSTRIAL and that the **snow grooming vehicles** were all fitted with TECTHAN-coated gear wheels.

Video TECTHAN

... **carbon components for cars** are manufactured using POLYTEC EMC ENGINEERING **dosing systems?** These mix tri-component resin, which is subsequently applied to carbon fibre mats by a robot. The prepared mats are then turned into carbon components in a wet press. Apart from precise dosing, this procedure also demands constant availability and therefore all process data is saved and archived for future reference. ■

**A perfect fit!** An injection moulded earplug from POLYTEC production

**Tip-top carving** provided by POLYTEC finishers

**TECTHAN-coated gear wheels** ensure that snow groomers can master any slope.

# INNOVATION? LIGHT WORK!

## POLYTEC PRESENTS LIGHTWEIGHT CONSTRUCTION AND AERODYNAMIC EXPERTISE

IAA COMMERCIAL VEHICLES

### COMPLEX SYSTEMS MADE FEATHERLIGHT

From September 25 to October 2, 2014, Hanover (Germany) played host to the IAA, the world's largest commercial vehicle trade fair. This once again reaffirmed its status as the industry's leading technological event with no less than 2,000 exhibitors and some 250,000 visitors. Moreover, the fair showed clearly that the trend is towards still larger, but lighter trucks, which above all will be more environment-friendly.

POLYTEC is already making an important contribution to this development and therefore the company exhibit focused on its aerodynamic and lightweight construction portfolio. A new show truck served to demonstrate both the possibilities available for $CO_2$ reductions through weight savings and the holistic solutions that POLYTEC offers as a systems supplier.

In 2014, the motto of the POLYTEC presentation at the IAA was "Complex systems made featherlight", a claim that the company has literally nailed to its mast. Consequently its portfolio not only incorporates a complete value added chain from the production of semis to just-in-sequence deliveries but also an extensive range of engineering services.

Apart from the show truck, the POLYTEC GROUP stand possessed another eye-catcher in the shape of an impressive Class A, fully painted, insert flap for the current Mercedes-Benz Unimog, which is manufactured using durable, corrosion-free SMC. During this project POLYTEC reaffirmed its capabilities as a reliable partner from the production of the semi to logistics handling. ■


**Modern, lightweight solutions** for trucks presented using the new POLYTEC show vehicle.

## BATTLE OF THE FLYWEIGHTS

The eighth International Suppliers Fair (IZB) took place in the Allerpark in Wolfsburg, Germany from October 14 to 16, 2014 and with 51,000 visitors in three days demonstrated once more that it has become the leading European event in its field.

POLYTEC's presentation spotlighted its technological expertise in the lightweight construction and acoustics areas. Visitor interest centred on the company's newly developed PUR RRIM Lightweight material, which as compared to standard RRIM offers reductions in component weight of up to 30% without any loss of strength (please also see page 53).

A trunk lid made from an intelligent, low-density carbon-SMC material mix also attracted a great deal of attention. In particular, this product stands out due to its excellent rigidity and the fact that it is 40% lighter than steel (please also see page 55).

The POLYTEC show car presented other innovations such as power train acoustics solutions under the bonnet and with around fifty exterior, interior and engine compartment components provided an overview of POLYTEC's multifaceted technology range. The car also furnished the subject matter for many of the interesting discussions held during the fair. ■

**The new PUR RRIM Lightweight** is up to 30% lighter than PUR RRIM.


**Some 50 original parts** are installed in the POLYTEC show car.

# SYSTEMS WITH A SYSTEM

## EVERYTHING UNDER ONE ROOF

**The POLYTEC GROUP not only possesses extensive know-how in the plastics production area. In fact with its extensive range of technologies and services, the group covers the entire value added chain from material development, design and manufacturing to the delivery of finished articles directly to customer assembly lines. In addition, the group itself generates valuable internal synergies, which benefit customers in the shape of an appropriate price-performance ratio. Consequently, POLYTEC is steadily gaining ground as a systems supplier and a number of projects are already up and running successfully.**


The recent facelift for the Volvo FE and FL trucks provides a perfect example of how POLYTEC's plants and engineering centres focus on holistic lightweight construction solutions. This project was the first in which the production of SMC and injection moulded components, as well as painting and assembly were combined successfully under the POLYTEC GROUP umbrella. The initial Volvo FE and FL trucks rolled off the production line with a total of 26 POLYTEC components in September 2013.

The success of the Volvo project created a knock-on effect, which in 2014 led to the beginning of bumper system production for the Jaguar F-Type (please also see page 56), as well as the launch of other projects. ■

# BIGGER, FASTER, STRONGER

## PRODUCTION AT POLYTEC IN ROOSENDAAL EMPLOYS THE LARGEST D-LFT PRESS IN EUROPE


**The D-LFT press in Roosendaal,** which was started up officially at the end of February 2015, breaks every record.

With a height of almost 15 metres and compressive force of 4,300t, the new D-LFT press in Roosendaal is the largest of its type in Europe. Moreover, with its 4 by 2.8m tool table, this giant is easily capable of nimbly getting workpieces into shape in cycle times of less than 30 seconds.

Installation of the 680t press required a new hall and hence the driving of 250 concrete posts into the ground to a depth of 18m. A 300mm-thick reinforced concrete layer was then laid on top of the strengthened foundations, involving the use of 600m³ of concrete and over 180t of steel. The hall floor in Roosendaal can withstand pressure of up to 12t per square metre and therefore is not only capable of supporting the D-LFT press, but also a crane with a lifting capacity of twice 50t.

The ceremonial start-up of the machine was celebrated on February 25, 2015 in the presence of some 200 invited representatives of local companies.

Since then the press has been used mainly for the one-shot production of hybrid underbody solutions. Up to five materials in differing heights can be compressed in one working step (please also see page 27). ■

### BASIC DATA OF THE D-LFT PRESS IN ROOSENDAAL

| | |
|---|---|
| → Compressive force | 4,300t |
| → Total height | 14.6m |
| → Width | 9.1m |
| → Total weight | 680t |
| → Table dimensions | 4m x 2.8m |
| → Cycle time | < 30 seconds |

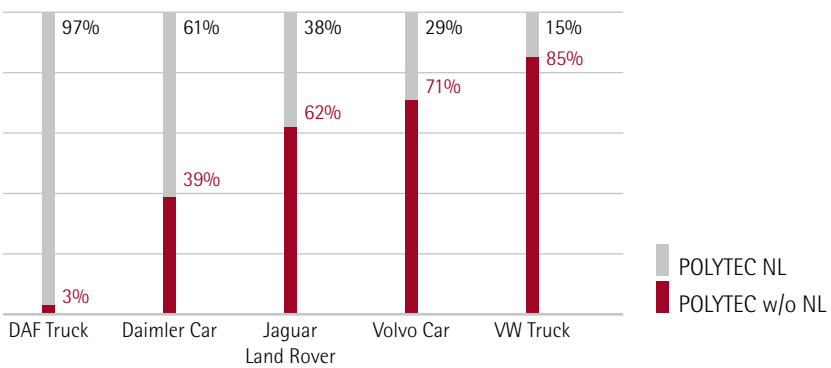
# POLYTEC BROADENS ITS HORIZONS

## HOW THE GROUP IS TAPPING INTO NEW TECHNOLOGIES THROUGH TARGETED ACQUISITIONS

**POLYTEC GROUP's long-term strategy incorporates the purchase of attractive companies. However, such takeovers must provide strategic benefits for the group as a whole and this criterion alone decides whether or not an acquisition is to take place. In past years, there were virtually no interesting purchase options and therefore POLYTEC focused primarily on organic growth. However, this situation changed in 2014 when two voestalpine Plastics Solutions companies with around 700 employees came up for sale. For POLYTEC this opened up fresh opportunities for the expansion of its capacity and range of competences, as well as an intensification of existing customer relationships. Accordingly, the takeover closing took place on November 26.**

The acquisition of the locations in Putte and Roosendaal has brought a considerable increase in the annual sales revenues of the POLYTEC GROUP. In the 2013/14 financial year, the two plants had sales of roughly EUR 120 million, which corresponded to around a quarter of the figure for the entire group to date (2013: EUR 476.6 million). In addition, this purchase has enabled POLYTEC to both consolidate its market position as a leading manufacturer of components in the COMPOSITES and PLASTICS area for the European automotive industry, and strengthen its business connections with its existing clientele.

**CHANGES TO THE SALES PER CUSTOMER THROUGH ACQUISITIONS (PRO FORMA DEPICTION: POLYTEC NL AS PART OF THE POLYTEC GROUP 1/2014-12/2014)**



NL

## THE ROOSENDAAL LOCATION
## POLYTEC COMPOSITES NL B.V.

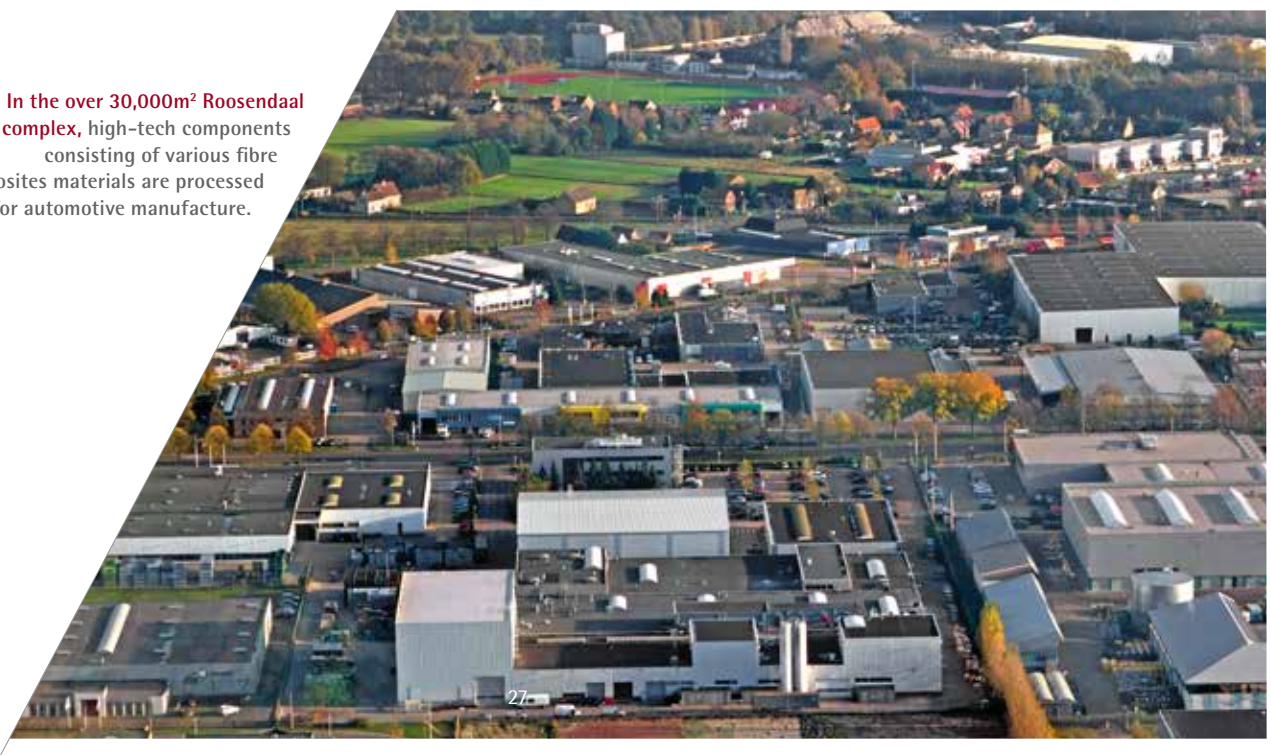
# A COMPETENCE CENTRE FOR INTELLIGENT ACOUSTIC SOLUTIONS

The more than 30,000m² complex at the Roosendaal location provides the platform for the development and production of innovative components made from SMC, GMT, LFT and LWRT. Hybrid underbody covers constitute the plant's most important product group and in future will furnish an important supplement to POLYTEC's Integrated Acoustic Solutions product area. Roosendaal supplies customers such as Daimler, Jaguar Land Rover and the VW Group.

Recent demand for modules from the plant was so great that projects had to be outsourced to other POLYTEC GROUP works. At the end of February, the largest D-LFT press in Europe was ceremonially put into operation and now supplements the plant's other 17 presses (please also see page 25).

### POLYTEC COMPOSITES NL B.V.

| | |
|---|---|
| → Business unit | POLYTEC COMPOSITES |
| → Area | 61,867 m² in total, thereof 32,218 m² roofed |
| → Employees | 380 |
| → Technologies | SMC, D-LFT, LWRT and GMT pressing, VICS, PISA, laser cutting, milling, drilling, welding |
| → Equipment | 18 presses (100t to 4,300t), robots, 2 CNC milling centres, 5 ultrasonic welding stations, 5 cutting cells, BPU cells |
| → Competences | Development, prototyping, tool maintenance, hybrid solutions in one-shot process (e. g. GMT/LWRT), testing (e. g. alpha cabin), assembly, JIT, FCL logistics |
| → Accreditations | ISO/TS 16949:2009, ISO 14001:2004, AEO-Full |
| → Product portfolio | Hybrid underbody covers, structural components |
| → Customers | Daimler, Audi, Jaguar Land Rover, Porsche, Ford, BMW, Recaro, Scania, Daimler Trucks, DAF |



**In the over 30,000m² Roosendaal complex,** high-tech components consisting of various fibre composites materials are processed for automotive manufacture.

## EXAMPLES OF ROOSENDAAL PRODUCTS

**SHIELDING – hybrid underbody solutions**

The underbody covers manufactured in Roosendaal are produced in a one-shot process. This involves a single procedure during which as many as five differing materials are employed. The underbody covers combine reduced weight, extended functionality with regard to acoustic insulation and stiffness, as well as competitive production costs. During manufacture, the form and function of the component can be adjusted precisely to meet respective requirements. Consequently, the hybrid underbody solutions from Roosendaal offer automotive manufacturers clear advantages in the areas of aerodynamics, safety, heat protection and noise reduction.

### Jaguar XF

Technologies employed:
- GMT
- PISA noise insulation
- Aluminium thermofilm

SOP: 2008
Pieces p. a.: 45,000

### Mercedes C-class

Technologies employed:
- GMT
- PISA noise insulation
- Aluminium thermofilm

SOP: 2014
Pieces p. a.: 400,000

### Audi A6

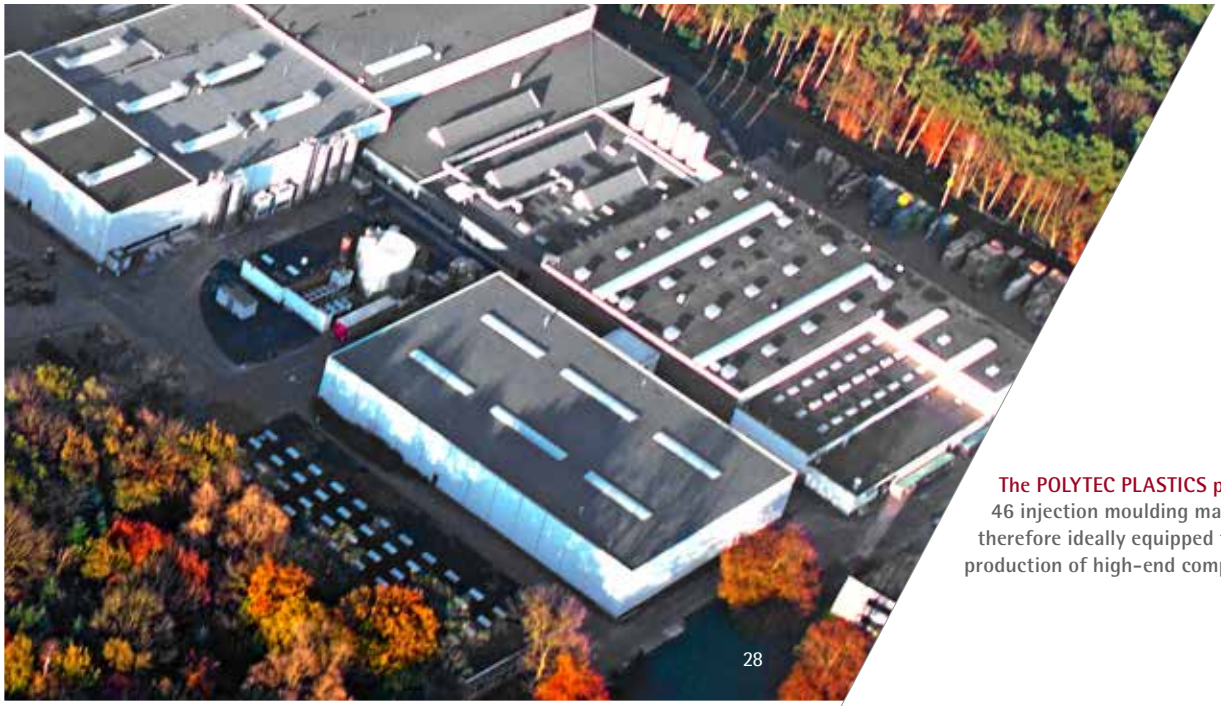
Technologies employed:
- GMT
- GMTex
- LWRT

SOP: 2010
Pieces p. a.: 200,000

NL

## PUTTE LOCATION
## POLYTEC PLASTICS NL B.V.

# PRECISION AND AESTHETICS FOR TRUCK EXTERIOR APPLICATIONS



**The POLYTEC PLASTICS plant in Putte** has 46 injection moulding machines and is therefore ideally equipped for the production of high-end components.

The new POLYTEC PLASTICS plant in Putte is located roughly 30km away from Roosendaal. Its primary products consist of sophisticated functional and external parts for customers from the automotive and commercial vehicle areas, which are produced using 46 injection moulding machines. However, the works is also successful in the non-automotive sector and every year, following extensive quality checks, roughly 1.6 million toner containers for Xerox printers leave the Dutch plant.

Nonetheless, the core competence of the plant centres on injection moulded solutions for truck exterior applications. These involve the in-mould decoration process (IMD), a technology not employed previously by POLYTEC that can be utilized for truck logo faceplates, the outer surface of which is subject to stringent quality requirements. During production a thin film bearing the logo is placed in the open tool and in the course of subsequent injection moulding, the carrier film is bonded with the component. The result is a high-quality, abrasion-resistant, coloured coating that rules out the need for a cost-intensive lacquering process. Owing to the strict demands with regard to hygiene and freedom from dust, both IMD units and all the downstream processes, which are partly robot controlled, are located in a separate works hall. The decorative exterior components can be manufactured in lengths of up to 1.6m and the diversity of colour variations and decorative effects available is virtually limitless. ■

## POLYTEC PLASTICS NL B.V.

| | |
|---|---|
| → Business unit | POLYTEC PLASTICS |
| → Employees | 290 |
| → Area | 83,260 m², thereof 22,881 m² roofed |
| → Technologies | Injection moulding, 2K injection moulding, internal gas pressure technology, hybrid injection moulding applications, in-mould decoration (IMD), injection moulding compounding (IMC) heavy layer, hot gas welding, assembly, testing |
| → Equipment | 46 injection moulding machines (35t to 2,700t), robots, 5 ultrasonic welding stations, hot gas welding, tampon printing |
| → Competences | Development, prototyping, tool making, assembly, JIT, EASI 2 |
| → Accreditations | ISO/TS 16949:2009, ISO 9001:2008, ISO 14001:2004 |
| → Product portfolio | *Exterior parts:* IMD panels, grilles, door panels, spoilers, bumper parts, acoustic components, underbody cover<br>*Interior parts:* IMD parts, IMC NVH parts, loudspeaker grilles, trunk parts, etc. |
| → Customers | *Automotive:* Daimler, Audi, BMW; 1st Tier: Plastal, Inteva, Borgers, Berco; Trucks: DAF, Leyland, Paccar, Volvo Trucks, Renault Trucks<br>*Non-automotive:* Xerox, Atlas Copco |

**The logo faceplate for this DAF truck** was manufactured in the Putte works using the IMD process.

© DAF

## POLYTEC PURCHASES BOTH CAPACITY AND TECHNOLOGY

# AN ALL-INCLUSIVE TAKEOVER

**With its purchase of the two Dutch plants, POLYTEC not only acquired additional production capacity, but also technological know-how. With regard to the future-oriented topic of acoustics, the takeover of the two former voestalpine works represents an important, strategic step for further business development. Indeed, the entire POLYTEC GROUP will now profit from this know-how.**

### HIGHLIGHTS VICS

- Use of the one-shot process makes variable wall thickness and integrated reinforcements possible.
- Lightweight construction solutions with extremely high mechanical performance capacity.
- Suitable for combination with acoustic elements (PISA) and heat shields.

**VICS – Variable In-moulded Composite Sandwich**

VICS represents an innovative combination of a thermoplastic matrix core with acoustic elements, heat shields and either carbon or glass fibre reinforcements (so-called organosheets) for the production of intelligent underbody solutions. The components manufactured using this material possess considerably increased mechanical performance capacity in combination with lightness. As opposed to steel, weight reductions of as much as 50% are possible. The particularly high strength and tenacity of the material provides underbodies, which are subject to the impact of stones and in the case of poor road conditions even surface contacts, with excellent impact resistance characteristics and robustness. Furthermore, stiffness can be matched selectively to individual component requirements.

This technology also facilitates the optimum use of the space available. Glass fibre reinforced, mixed fibre webs (LWRT), which owing to their excellent noise absorption capacity have proven highly effective in underbody applications, can be strengthened locally with VICS. Moreover, the one-shot component processing offers marked cost advantages.

LWRT?
D-LFT?
IMC?

You don't have to be an engineer to understand us. Just take a look at our glossary on

page 141

**PISA – POLYTEC In-moulded Sound Absorber**

The underbody covers produced in an impact extrusion process with PISA are already to be found in five million vehicles around the globe. The material mix used in the POLYTEC In-moulded Sound Absorber, which is processed in a single production step, offers optimum noise absorption even with very limited material thicknesses. Furthermore, the sealed Sound Absorber is impervious to water, fuel, oil and brake fluid and therefore protects the engine compartment against moisture, dirt and mould. PISA can be pressed with a range of lightweight construction materials into SHIELDING solutions in an efficient one-shot process and with its outstanding acoustic capabilities ensures quiet on both the in- and outsides of vehicles. ■

## HIGHLIGHTS PISA

- → Sealed absorber with high acoustic insulation properties even with limited thicknesses.
- → Optimized use of the space available through individual adjustment.
- → Cost advantages through one-shot process production.

# ADDITIONAL CAPACITY FOR NEW ORDERS

**The expansion of existing capacity and the further development of production technologies represent two important elements in POLYTEC strategy. In 2014 the group invested in enlargements at several of its locations for reasons that included the fulfilment of new orders in the painting area. In Hörsching, the CAR STYLING business unit installed two painting cabins for small series, while at the Aksaray plant in Turkey work started on the building of a production hall complete with new paint shop in 2014. From 2016 onwards, this will be used by POLYTEC COMPOSITES for the finishing truck parts for Mercedes-Benz Türk. Another expansion project involving two fully automated production lines for highly complex intake systems was launched in the wake of a major order for the PLASTICS business unit in Wolmirstedt. In addition, at the headquarters of the PLASTICS business unit in Lohne, investments have been made in plant for the production of transmission oil pans, oil separation systems and air filters.**

AT

## HÖRSCHING – NEW PAINTING CABINS AND ROUND TABLE FOR QUALITY AND EFFICIENCY

**New painting cabins** for individual Class A surfaces for original accessories and small batches

During 2014, POLYTEC CAR STYLING made extensive investments in the expansion of its plant in Hörsching, Upper Austria. In June, work started on the completion of two new orders using highly modern painting cabins. These allow the flexible coating of small series with high levels of variant diversity and first class quality. Moreover, when working at full capacity the cabins can turn out over 100,000 parts with Class A painted surfaces per year. Following the decision to install these additional facilities in March, the resultant project was completed in record time. As a consequence, it was already possible to put the new finishing section into operation at the end of June and the first parts left the plant in August.

In order to achieve maximum efficiency, the planning and installation of the cabins adhered precisely to the guidelines laid down in the POLYTEC GROUP's lean management concept (please also see page 36). This enabled the smooth integration of the systems into existing production and a further improvement in working procedures.

In the new finishing section, if required the parts are first cleaned and pretreated using methods such as flaming for surface activation. Priming and actual painting then follow and after the mostly water-solvent primer and top coatings have dried and hardened, the parts are subjected to final checks by POLYTEC staff. These then release the perfectly painted components for assembly and subsequent delivery to the customers.

Apart from the two painting cabins, roughly EUR 500,000 was invested at Hörsching during 2014 in the automation of power train acoustics production. As a result, in future a round table will ensure greater efficiency during the production of engine soft covers.

As many as eight tools can be mounted on a round table at any one time and this facilitates clocked production. The tools move to the employees working at the table, thus allowing them to remain stationary. Another advantage of this system is that the tools can be pre-set away from the round table, which cuts internal set-up times as work can continue at the round table during pre-setting. Up to 280,000 engine soft covers can be manufactured annually in Hörsching using this methodology.

POLYTEC in Hörsching also invested in modifications to the existing RRIM production system, in order to ensure perfect coordination of the work sequences for the innovative PUR RRIM Lightweight material. ■

**The installation of a new round table** by POLYTEC CAR STYLING in Hörsching during 2014 has resulted in even more efficient engine soft cover production.

TR

# AKSARAY LAYS THE FOUNDATION STONE FOR A MAJOR ORDER

In July 2014, POLYTEC COMPOSITES captured a large-scale order for truck parts from Mercedes-Benz Türk. The plastic components consisting of left and right door extensions, wind deflectors and two types of steps were already in production at the POLYTEC plant in Aksaray. However, previously the customer completed the top coating of the parts in its own production facilities. However, for the new SFTP (Strategic Future Truck Programme) it decided to entrust POLYTEC with this highly sensitive value added process.

Initially, this order necessitated extensive investments in capacity at the Aksaray location, as from 2016 onwards it is planned that ready-to-install components for roughly 20,000 trucks should roll off the production line annually. Therefore, in the third quarter of 2014 work started on the construction of a new works hall with a total area of more than 7,000m². The paint shop alone will occupy 2,200m² of this space and apart from painting, the hall will house downstream processes such as logistics, which will mean the realization of a modern warehousing concept. This construction work is also set to break records, as the complete project is scheduled for completion in less than twelve months. Following the planned commissioning of the paint shop in the summer of 2015 and an appropriate pre-series phase, the first serial production parts will be delivered in April 2016.

The investment volume is in the high single-digit million range. However, in view of the scope of the related project, this investment should soon have a positive impact on the group's balance sheet.

## AKSARAY LOCATION

| | |
|---|---|
| → Country | Turkey |
| → Part of the POLYTEC GROUP | since 2007 |
| → Production area | 16,100 m² (from Summer 2015) |
| → Core competence | SMC parts (bumpers, side deflectors, steps, etc.) |
| → Sector | Commercial vehicles |

**The production area at the POLYTEC plant** in Aksaray is to be virtually doubled with an additional 7,000m² (outlined in red).

DE

## WOLMIRSTEDT – AUTOMATION IS THE FUTURE TREND

In 2014, this POLYTEC PLASTICS plant received a major order from VW for the manufacture of highly complex intake systems in a number of differing variations (please also see page 45). This demanding production first necessitated the installation of a new line on which injection moulding, welding, assembly and quality checks could be completed using a high degree of automation.

Every component passes through a robot-aided process sequence, which is precisely controlled by numerous pressure and thermal sensors, and gripper arms. As a consequence, only two components are assembled manually, which means that just one employee is required per line. This factor plays a major role in enhancing the competitiveness of the POLYTEC location in Germany.

The demand for POLYTEC air intake systems is so great that in the fourth quarter of 2014, a second identical line was put into operation. In future, Wolmirstedt will produce some 1.3 million intake systems annually. ■

**Robot-aided production** in Wolmirstedt

DE

## LOHNE INVESTS IN OIL SEPARATION SYSTEMS AND AIR FILTER TESTING

During 2013, structural alterations were completed at the POLYTEC PLASTICS location in Lohne in order to provide new office accommodation and production halls for non-automotive products. In the past year, another significant plant development was on the agenda, in the course of which a former warehouse was converted into a modern production facility for oil separation systems. The new hall contains seven hot gas welding systems, two of which were newly completed and commissioned in 2014. This equipment enables the precise, automated joining of complex geometries. An exactitude that is especially important with regard to engine compartment components, in order that every available centimetre is used to optimum effect. In addition, hot gas welding prevents loose particles from forming on the inside of the workpiece during processing, which greatly enhances product quality.

In order to be able to fulfil the strict technical requirements to which an air filter is subject, the POLYTEC PLASTICS plant in Lohne has invested in the installation of a special system application for filter and flow tests. This facilitates testing in accordance with ISO 5011 specifications and includes water pressurization and dust application processes. Among other factors, pressure loss, saturation behaviour, volume flow and the degree of removal can all be measured using the dust disperser and the water separator. ■

**High-end testing** using the new air filter system test stand in Lohne

© Topas

# THE POLYTEC PERFORMANCE SYSTEM

## TO ACHIEVE GREATER EFFICIENCY, POLYTEC IS SETTING MORE THAN 4,000 PEOPLE IN MOTION

For a number of years, the branch served by the POLYTEC GROUP has been characterized by falling sales prices as a result of tougher competition, rising costs for materials and personnel, and increasing customer requirements with regard to technology, quality and product complexity. The group counters this trend by means of innovations with regard to materials, products and production. This strategic orientation, which among other elements includes the development of intelligent material combinations for weight reduction and the delivery of complete systems, demands closer teamwork among the group's individual business units. At the same time, owing to intensified market pressure, greater efficiency and thus leaner, more economic processes are essential. Therefore, at the end of 2013, POLYTEC launched an extensive lean management programme under the name "POLYTEC Performance System" (PPS), which is intended to give an extra boost to the pursuit of efficiency throughout the group. In 2014, this project entered the intensive phase.

**Understanding through play.** The largest group workshop took place in July 2014 with some 60 attendees from virtually every area of the group.


### Processes should be questioned

The motto of the programme, "Do it simply but systematically" was deliberately chosen for its double meaning, as it can be understood as "Do it simply!" or "Just do it!" The addition of "but systematically" installs considered action as a platform for all activities and precisely this represents the specific aim of PPS. Every single POLYTEC GROUP employee is challenged to question the efficiency of procedures, activities and processes and simultaneously recognize and develop possibilities for its improvement.

### The workforce is on board

PPS actually includes every working area within the group from R&D, sales and the administration, to production and plant design.

A major factor in this regard is the involvement of the workforce. Accordingly, at the beginning of 2014 self-assessments were carried out at the headquarters of the PLASTICS, COMPOSITES and CAR STYLING business units. Workshops on the topic of lean management design then followed, during which PPS was examined as a work and management system for the future. Finally, PPS was initiated in the first selected plants across all production and administrative areas by means of value stream projects and qualification workshops.

4000+ PPS

POLYTEC Performance System

**Using PPS as a basis, over 4,000** employees are working on greater efficiency within the POLYTEC GROUP.


**Posters are just one of the many media** used for PPS communications in the POLYTEC GROUP.

### A carefully conceived communications concept

A comprehensive communications concept was designed and implemented for the rollout and a regular supply of PPS updates. Newsletters, screens in the buildings, posters, information events and last, but not least, the group magazine POLYTEC WORLD, are all serving as channels for the dissemination of the programme's guiding principles, objectives and results.

### Six principles as a basis

Six easily remembered principles form the PPS platform. They call upon all employees to contribute to the group's lean management projects, especially in view of the fact that it is frequently the case that minimal changes to procedures and actions can provide major improvements in efficiency. Consequently, one small step by an individual can bring the entire POLYTEC GROUP a major step forward.

**Create value**
"Create value with every step and avoid waste!"

**Work coordinated**
"Think in terms of complete processes and consult with your colleagues!"

**Participate**
"Use every opportunity to participate throughout the entire process. We appreciate your contribution!"

**Organise**
"Organise, instead of only clearing up! Understand and simplify systematically!"

**Ensure stability**
"Design your processes to be stable and repeatable, in order to guarantee the delivery of top quality solutions!"

**Improve constantly**
"Become a little better every day! Changes drive our progress!"

# BEST PRACTICE IN LEAN MANAGEMENT

**Logically enough, lean management measures cannot merely be limited to the sensitization of the workforce. Of at least equal importance is the installation of infrastructure and systems that first make optimized procedures possible. Three examples from Lohne, Hörsching and Gochsheim illustrate how process changes and investments in hardware and working facilities have shortened distances and thus provided more room for additional automation in the future.**

### PPS optimization of the hot gas welding area in Lohne

In 2014, new orders at the POLYTEC PLASTICS plant in Lohne necessitated production area enlargement (please also see page 35). In concrete terms, this involved the installation of additional hot gas welding systems and during the realization process a variety of PPS methods were employed for the redesign of the production spaces for markedly improved efficiency.

Apart from a reduction in weekend working, one declared aim of the project was higher productivity. This was to be attained by three measures consisting of the creation of line production, line "balancing" and the separation of logistical and value added generating activities.

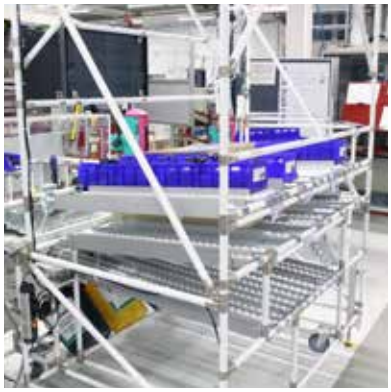
First of all, the hall layout was divided into production zones in order that all the production lines could be interchanged. Then a new supply system was installed. This consists of a train that travels along a predefined route in a two-hour rhythm and exchanges the empty purchased and semi-finished part containers from pre-production for full ones. The parts are stored in the so-called "marketplace", a systemic and physical interface between the production and warehousing. The replenishment of the marketplace also takes place on a two-hourly basis and this ensures constant material availability.

In the course of the separation of the logistical and value added generating areas, the workstations were also redesigned. During this process, a focus was placed on ergonomics as exemplified by working surface height adjustability as a standard feature. Moreover, the workstations were designed for specific products in line with the principle of "As much room as necessary and as little as possible."

In order to remove logistical tasks from the working process, supply and removal were moved to the rear of the workstations with the help of pass plane levels. As a result, the driver of the routed train can supply the lines with material without disturbing production.

The clocking of the work content and a clear delineation of the working steps of the individual employees also raised line productivity still further.

**A train carrying purchased and semi-finished parts** runs along a clearly defined route in a two-hour rhythm, thus reducing the logistical distances as compared to supply by forklift.

**Constant production** is secured by cyclical supply.

**The "marketplace" serves as an interface** between production and warehousing. It stocks all the components necessary for the continual supply of the hot gas welding area.

### "Planning and control" learnshop in Hörsching

At the POLYTEC CAR STYLING plant in Hörsching, a new control concept for individual production steps was developed in a so-called "learnshop". Initially, the attendees simulated an ideal process on a small scale, which following its successful development was rolled out in production.

The production of rear lip spoilers served as an example for the learnshop in Hörsching. The objective was to achieve total internal adherence to schedules in tandem with a reduction in throughput times and stocks. Key figures were defined for this purpose, the development of which was then measured over a three-month period.

The results from the learnshop were immediately implemented in practice in the production of the rear lip spoiler in Hörsching and the results were more than worthy of note, as throughput times were cut by 25% and stocks by 50%. A systematic focus on "first in, first out", daily batch sizes and a reduction in logistical and planning expenditure secured stable output. Furthermore, there was a marked improvement in internal adherence to schedules and the motivation of the production employees also increased.

The conclusions derived from the PPS learnshop in Hörsching are now to be implemented successively during other production projects.

### PPS learnshop in Gochsheim for the optimum set-up process

A PPS value stream analysis of the production of truck bumpers at the COMPOSITES plant in Gochsheim identified batch size reduction as offering improvement potential in the pressing process.

Subsequently, the Gochsheim PPS team set itself the ambitious target of cutting batch sizes by 50%. However, in order that batch halving would not raise set-up costs, the set-up process had first to be analyzed in detail.

The analysis took place during a workshop with attendees from a number of specialist areas and focused on the setting up of a 28t tool. The entire set-up process was videoed and all the various movements established in a diagram. Every team member was then requested to look for optimization potential.

Subsequently, the video was split into short procedural sequences and a differentiation made between "direct" and "indirect" activities. A guideline was then established that listed the direct activities and the employees carrying out the work were partially reorganized. All resetting tools, materials and equipment were itemized in a conversion list and pre-commissioned in a wagon in accordance with visual management and ergonomic principles. Finally, the technical improvement measures were evaluated and implemented at limited expense.

In order to optimize the set-up process in practice, the tool setters were first provided with theoretical training. In addition, each employee received a coaching partner, who provided the changed procedural sequence with acoustic impulses. In this manner, a 57% reduction in machine standstills per set-up was achieved.

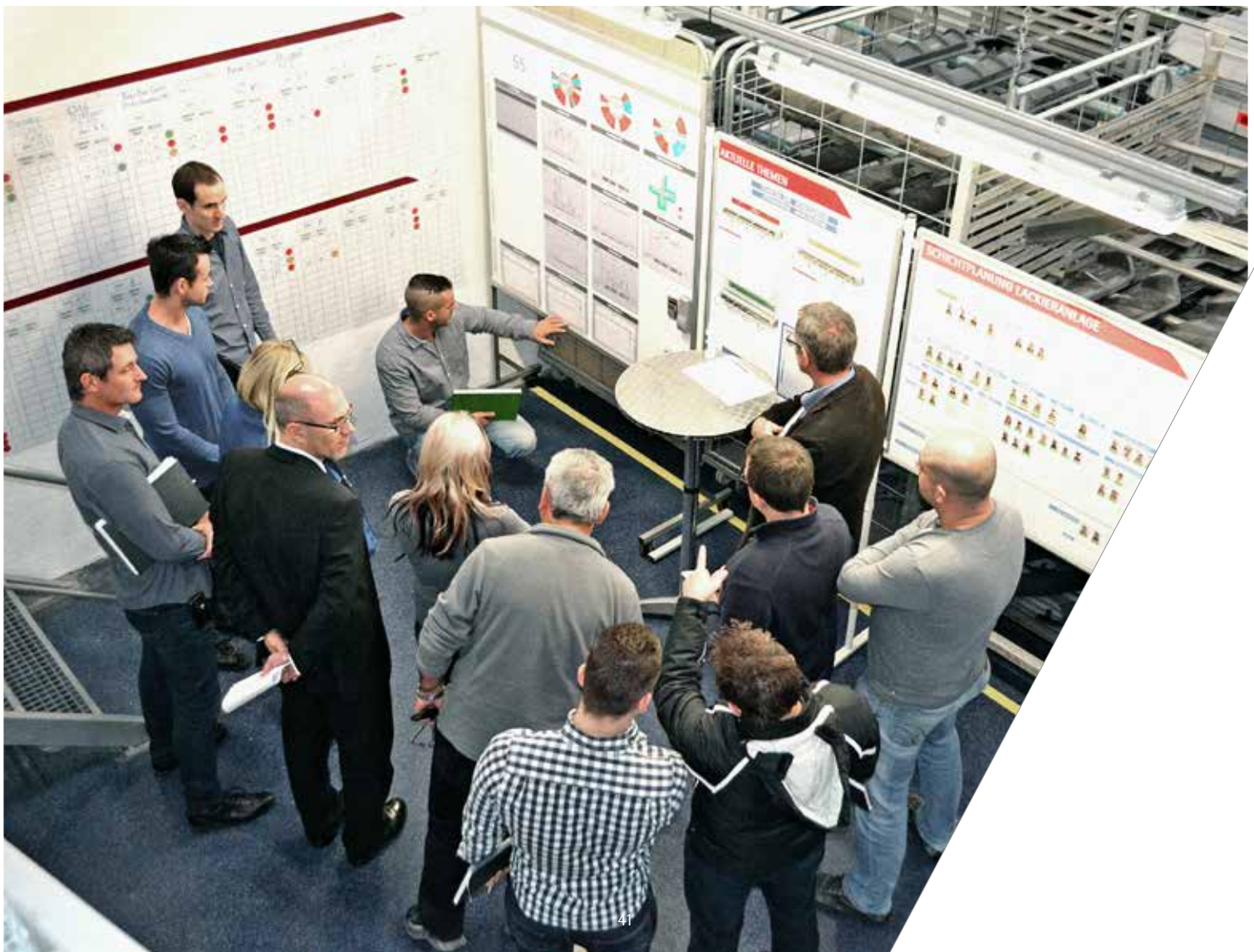
**The PPS team jointly achieved a 57%** reduction in machine standstills during every set-up procedure.

**Optimization focused on the setting up** of a 28t tool for the production of truck bumpers.

**Morning shop floor walks for process optimization**

In November 2014, POLYTEC in Hörsching launched the "shop floor walk" concept, which assists the rapid and essentially efficient implementation of enhanced transparency and process optimization. The shop floor walk is based on the idea that all production process problems can be observed directly and the best approaches to optimization are developed directly in situ. During the shop floor walks, team leaders and departmental managers, as well as other decision-makers move through the shop floors together and define process improvement measures on the spot. In this way decisions are taken extremely quickly and are implemented immediately. ■

**Coordinated working:** The daily shop floor walks in Hörsching further internal communications and quick decisions.



# PPS – THE INTRODUCTION OF A NEW MINDSET

**For the POLYTEC GROUP, the development and introduction of PPS constituted an important step towards the future retention of the ability to successfully master increasing market challenges. Since the foundation of the company some thirty years ago, POLYTEC has evolved from a parts manufacturer into a module and systems supplier. However, the linkage of individual technologies not only facilitates the production of multi-material modules, but also raises the complexity of development, production, logistics and organization. Markus Huemer is responsible for business development within the POLYTEC GROUP and played a major role in the design of PPS. In the following interview, he elucidates what in his opinion are the programme's most important principles and methods.**

**Mr. Huemer, you have invested a great deal of energy in the creation of a tailor-made, lean management programme for the POLYTEC GROUP. Why did you not simply opt for an off-the-peg solution?**

**Markus Huemer:** Classic efficiency enhancement programmes adhere to a top-down approach, which involves the provision of personnel with working instructions and focal points. This cannot be achieved in a lean organization like that of the POLYTEC GROUP with a high degree of process reliability. In addition, the sustainability of this method is limited, as it is dependent upon the level of attention of the respective manager. With our model, we are strengthening the sense of self-responsibility among all of our employees and thus obtain daily improvements on every organizational level that emanate from our own drive.

**How do you succeed in bringing employees from every level on board?**

**Markus Huemer:** Naturally, pride of place in lean management methodology is taken by qualification, which our workforce obtains in the course of training and workshops. The daily shop floor walks through production also represent another central programme element. Problems are pinpointed using the performance figures from the previous day. Countermeasures are then extrapolated on the spot in teamwork and responsibilities are allocated without the immediate involvement of the superordinated management. The methods communicated during training are applied for problem solving and in this way a large number of employees come into contact with PPS. In Hörsching, the shop floor walks have met with a highly positive response and the initial scepticism related to the additional time expenditure quickly gave way to general enthusiasm as the workforce recognized that it is better to deal with the roots of individual problems rather than compensate for their effects.

**How is the theory communicated during training implemented in practice?**

**Markus Huemer:** Even during the training sessions, the attendees are commissioned with small implementation projects, in the course of which they put the acquired methodology into practice. In addition, "learnshops" are used for the holistic consideration and optimization of more complex topics such as production control, logistics sequences and development processes. This process transcends the limits of the individual business units and thus enables both the development of standard procedures and the spotlighting of best practice examples in every area. In turn, this facilitates practical implementation.

**When will the lean management programme be concluded?**

**Markus Huemer:** PPS is not a project with a defined closing date. Instead it represents the introduction of a new mindset and a continuous improvement system in which the personal responsibility of every individual plays a major role. It also includes an extensive qualification programme for over 4,200 employees. It must be admitted that the programme rollout in 2014 proved to be considerably more difficult than planned. At the start of the project, we anticipated that in the first twelve months at least the programme costs would be compensated for by increases in efficiency and that tangible savings would be achieved in subsequent years. However, during the year we were forced

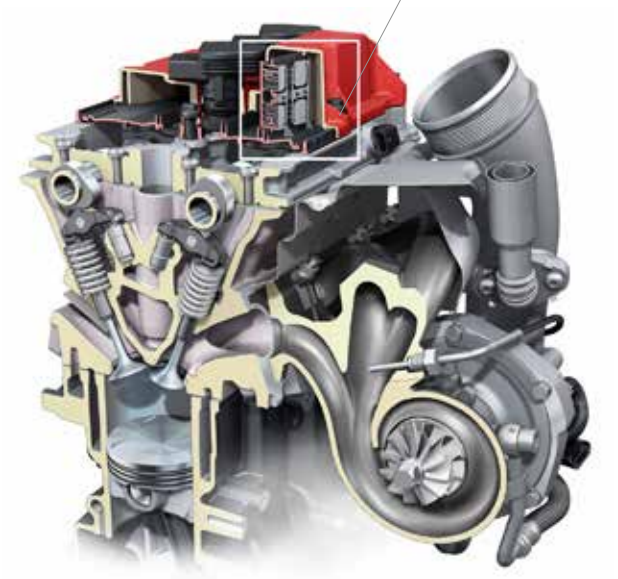
to acknowledge how difficult it is to put performance on the right road. We have still not succeeded in achieving a complete rollout, as this demands great commitment and verve from our PPS team, not to mention a great deal of time for the necessary training. Nonetheless, I have already been able to witness an exceptional desire to deliver results among those colleagues already involved in PPS projects. Precisely in recent months, we have seen considerable progress at individual plants. Particularly positive changes are evident in the learnshops and the shop floor walks in Hörsching have had a tangible effect. On the basis of these lighthouse projects, the programme must now be implemented throughout the POLYTEC GROUP.

A cultural transition represents an enormous feat of strength, but the initial successes confirm the probity of our chosen path and motivate us to do things even better in line with the motto, "Do it simply but systematically". ■

# HIGH-TECH POWER FOR THE ENGINE BAY

## POLYTEC DEVELOPS INNOVATIVE TECHNOLOGIES FOR THE AUTOMOTIVE INDUSTRY

**Automotive manufacturers are currently facing major challenges, as engines should be more economical, the vehicles lighter and the passenger compartments quieter. The POLYTEC GROUP possesses technological know-how in all three of these areas in which it has achieved corresponding, long-term success. Moreover, it not only supplies goods and services, but as a technical partner also cooperates actively with its customers in the development of new solutions for the engine compartment.**



**The patented POLYSWIRL®**
system for combustion engines

In 2014, four new, major orders in the automotive segment demonstrated once again that in the long run investments in R&D clearly bring POLYTEC advantages. This is because on the one hand the trend is towards functional integration and on the other, is moving in the direction of materials with optimized characteristics.

### POLYTEC switches on the turbo with POLYSWIRL®

One excellent example of functional integration is the POLYSWIRL® fine oil separation system with which POLYTEC has enjoyed market success for a number of years and has thereby underlined its leading role in the power train area. In 2014, this POLYTEC-patented system was upgraded technically and is now capable of removing oil droplets with a diameter of less than 0.001mm. At present, it is being installed as a key component in turbo engines from AMG, Audi, BMW, Daimler, Ferrari, GM, Porsche, Volvo and VW.

The know-how gathered by POLYTEC during the development of POLYSWIRL® is now available to its clients as a source of value added. Above all, support during the evaluation of measurement results is in demand. Therefore, in teamwork with the Fachhochschule Diepholz (Lower Saxony), POLYTEC PLASTICS has developed its own engine test stand at the Lohne location, which is already being used for research on the fine oil separation systems of the future.

**New air filter system brings additional know-how and orders**

In 2014, a completely new product from the POLYTEC PLASTICS plant in Lohne also attracted considerable attention. Together with engineering specialists from the M.TEC product development company, POLYTEC's injection moulding experts brought to serial production maturity a new air filter system that meets the steadily increasing demands of the automotive industry to a far greater extent than other standard solutions. Decisive in the successful placing of the product were advantages such as superior filter performance, reduced pressure loss, extended service life and a smaller space requirement in the engine bay. The merits of the new air filter system quickly convinced a German automotive manufacturer from the premium segment for whom components are already in production in Lohne. In the meantime, another concrete order has provided further confirmation of the engineering skills of POLYTEC's air filter development team.

The design and production of the new air filter system has not only brought POLYTEC an expansion of the portfolio on offer to its customers, but also fresh expertise. In the course of the project, the company was able to expand its software know-how in the flow mechanics area and the related installation of new flow test stand hardware has already allowed work to start right away on the perfection of the next generation of POLYTEC air filter systems.

**New production lines for complex VW intake systems**

Another engine compartment product has been in production since the spring of 2014 on two newly installed, fully automated production lines at the POLYTEC PLASTICS plant in Wolmirstedt, Germany (please also see page 35). Up to 1.3 million highly complex intake systems are being manufactured yearly for VW's TSI engines with 1.2 and 1.4 litre cubic capacities. The production of the three main components is completed using a single tool and subsequently component welding, assembly and the complete quality checks are carried out fully automatically. This is essential as four differing part variations are manufactured on each of the lines.

With this new plant capacity, POLYTEC PLASTICS has taken a decisive step forward with regard to its competence in the intake system product area. ■

## AUTOMATION IN WOLMIRSTEDT

- → Fully automated production and assembly
- → Three main components from a single tool
- → Four different variations on one product line
- → Complete, automated checking of all components

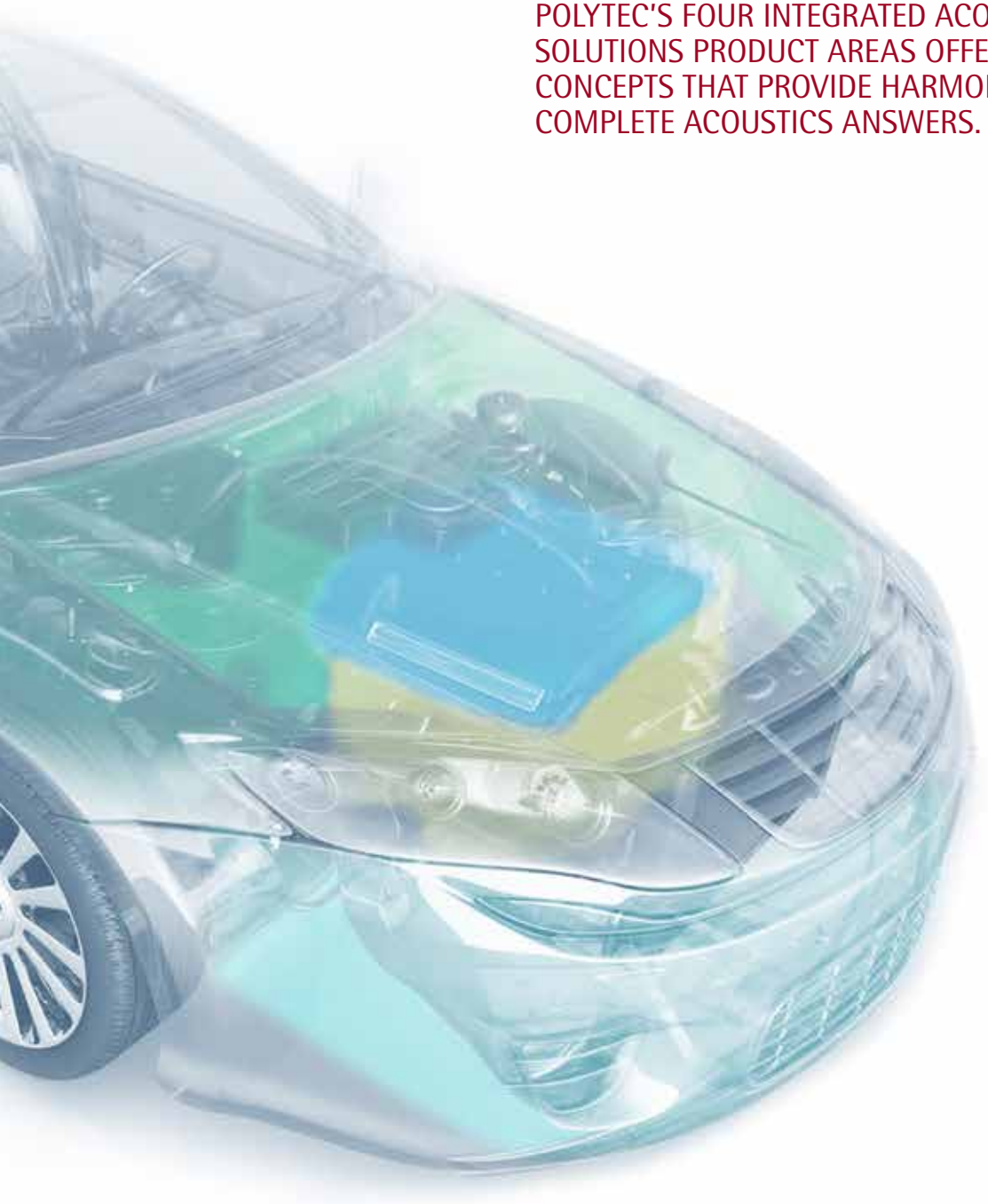
# INTEGRATED ACOUSTIC SOLUTIONS FROM POLYTEC

One of the most demanding tasks confronting the automotive industry is the prevention of noise in vehicle interiors. For while drivers primarily await safety, comfort and quiet from their cars, the engines themselves are increasingly loud. This is easily explained, as in order to cut fuel consumption, automotive manufacturers are designing engines with ever-smaller cubic capacities. However, in order that these can attain sufficient performance, up to four turbochargers are installed. Nevertheless, if possible, the noise from these devices should not penetrate into the vehicle interior, where the occupants wish to concentrate on the traffic in peace.

In the noise insulation area, integrated solutions made of plastic provide a number of advantages, which recently have received increasing recognition from the automotive industry. For POLYTEC, this area opens up considerable opportunities for the future, as both the related know-how and production techniques are firmly anchored within the group.

What commenced in 2013 with the start of engine soft cover manufacture and in the meantime has been supplemented with flexible foam components that lie directly on the noise source and hybrid underbody covers, has long not reached its conclusion. Irrespective of whether for engine or engine compartment encapsulation with its comprehensive Integrated Acoustic Solutions the group offers intelligent acoustics concepts, which employ a diversity of technologies and are tailor-made to customer requirements.

POLYTEC'S FOUR INTEGRATED ACOUSTIC SOLUTIONS PRODUCT AREAS OFFER TAILOR-MADE CONCEPTS THAT PROVIDE HARMONIOUS AND COMPLETE ACOUSTICS ANSWERS.



## 1. COVERING

PURe sound absorbers covering the engine

## 2. ENCLOSING

Products tightly enclosing the noise source

## 3. HOUSING

Encapsulations of the engine compartment

## 4. SHIELDING

Hybrid underbody solutions

# 1. COVERING

PURe sound absorbers covering the engine

POLYTEC's noise-absorbent engine soft covers make an important contribution to a reduction in noise impact, greater comfort in passenger compartments and increased pedestrian safety in the case of a possible collision. The asymmetric flexible polyurethane foam material used is a genuine "noise guzzler" because it not only insulates, but due to its cellular structure also offers optimum absorption. The results are convincing as evidenced by Volvo's employment since 2013 of high-tech engine covers from POLYTEC's Integrated Acoustic Solutions product area in its petrol-driven models.

The example of the engine soft cover shows that in recent years considerable advances have been made with regard to the use of flexible polyurethane foam. As a result of POLYTEC's long-term development work, the product has been brought even closer into line with customer demands and hence to serial production maturity. Today, engine soft covers not only furnish greater quiet in the passenger compartment, but also enhanced crash test performance. This is evidenced by the considerable improvement in the head injury criterion during simulated collisions between pedestrians and the engine hood.

In 2014, POLYTEC was able to convince other automotive manufacturers of the multifaceted advantages of the engine soft cover and has thus succeeded in giving the entire COVERING area fresh impetus.

## COVERING

→ **Materials**
Asymmetric PUR flexible foam

→ **Areas of application**
Engine coverage

→ **Advantages**

1. **Noise absorption**
   Open cell structure for high noise absorption.
2. **Crash protection**
   The use of flexible polyurethane foam for optimum head impact performance.
3. **Lightweight construction**
   Lighter than covers using a conventional design consisting of injection moulding and a nonwoven or foam parts.
4. **Functional integration**
   Anchorage elements can be integrated into the foam structure.
5. **Surface and design**
   - Top quality and a high level of variant diversity.
   - IMC painting possible in numerous colours.
6. **Freedom of design**
   The component lies directly on the engine and nestles into every crevice.
7. **Low costs**
   One-shot process production

## PRODUCT EXAMPLES

**Engine soft covers combining a flyweight** with acoustic absorption are manufactured in a one-shot process and can be supplied with IMC painting.

# 2. ENCLOSING

Products tightly enclosing the noise source

By no means does the engine soft cover represent the end of the road with regard to engine acoustics. ENCLOSING solutions absorb noise where it occurs, either directly above the engine, or in the intake manifold, the cylinder head covers and every ancillary aggregate in the engine compartment. POLYTEC offers steel- and plastic-reinforced flexible foam parts with integrated functions or heat shields for continual temperature loads of 140°C. The company has already been able to convince manufacturers such as Audi, Volvo, BMW and Ford of the benefits of tightly fitting ENCLOSING solutions and has thus positioned itself on the cutting edge of a highly promising technology of the future.

## ENCLOSING

→ **Materials**

PUR flexible foam

Supplemented with foamed-in metal, injection-moulded and functional parts.

→ **Areas of application**

1. Engine
2. Engine function parts and ancillary devices
   e. g. cylinder head hood, air ducts, water pump, compressor.

→ **Advantages**

**1. Noise absorption**

- Differing thicknesses and skin formations offer tailor-made acoustic characteristics.
- Additional improvements in acoustic absorption performance of up to 20% can be achieved through surface treatment using lasers.

**2. Heat control**

Functional integration with aluminium/glass fibre coatings.

**3. Functional integration**

Combinations of injection moulding/aluminium and metal parts for anchorage, mass, shielding and heat protection.

**4. Freedom of design**

Optimum use of the space available.

**5. Lightweight design**

Flexible polyurethane foam ensures low weight.

## PRODUCT EXAMPLES

**A close fitting absorber** made from PUR flexible foam with excellent acoustic insulation characteristics for use by Audi and Ford in a non-visible area.

**Acoustic ENCLOSING solutions** for Volvo Car with integrated functions provided by foamed injection moulded/metal parts and heat shield

**Laser-treated surfaces** provide an improvement in noise insulation of as much as 20%.

**Directly foamed metal** provides greater mass and heat resistance, but only where it is essential.

# 3. HOUSING

Encapsulations of the engine compartment

POLYTEC's acoustic solutions can do more than simply make individual engine component and ancillary devices quieter. Virtually no noise escapes from an engine compartment with wraparound acoustic elements. Accordingly, with its complex HOUSING products POLYTEC supplies noise-absorbent encapsulation for the lateral surfaces of the engine compartment.

## HOUSING

→ **Materials**

Multifaceted combination possibilities

Substrate materials variations (for stiffness):

1. PP+GF
2. PA+GF
3. LWRT
4. VICS
5. GMT
6. D-LFT (PP- or PA-based)
7. SMC

Possible acoustic material variations (for noise absorption):

1. PUR flexible foam
2. PISA
3. LWRT
4. Heavy layer (injection moulding compounding)
5. PP foam
6. Non-woven absorber packages

→ **Areas of application**

Housing for the sides of the engine compartment

→ **Advantages**

1. **Noise absorption**
   Tailor-made acoustics solutions in line with the material selection (PISA, LWRT, etc.).
2. **Functional integration**
   Integration of anchorages, air ducts, heat shields (for heat control), reinforcements (for improved crash performance).
3. **Lightweight design**
   Various weight savings are possible depending on the choice of material.
4. **Freedom of design**
   The engine compartment is sealed off through the optimum use of the available space.
5. **Low costs**
   One-shot process production.

## PRODUCT EXAMPLES

**In the Jaguar XF, SMC bulkheads including acoustic packages and heat shields** ensure optimum thermal and acoustic insulation of the driving compartment.

# 4. SHIELDING

Hybrid underbody solutions

Hybrid underbody covers represent the fourth of the large product groups in POLYTEC's Integrated Acoustic Solutions area (please also see page 27). In selective areas as required they combine excellent aerodynamic characteristics with functions such as heat and noise absorption and protection of the engine against damage caused by stones and kerbs in a lightweight component.

POLYTEC develops and manufactures individually adapted hybrid underbodies in a diversity of material combinations and thus secures maximum functionality and cost-efficiency. SHIELDING solutions from POLYTEC absorb noise from both the engine and the road while using the space available in optimum fashion. They can be manufactured as encapsulation of the engine compartment, or the entire underside of the vehicle, and through their aerodynamic design contribute to reduced fuel consumption and smooth handling. ■

## SHIELDING

→ **Materials**

Multifaceted combinations are possible using a diversity of materials.

1. (High-Loft) LWRT
2. PP/PA with GF
3. D-LFT (PP- or PA-based)
4. GMT
5. PUR
6. PISA
7. VICS
8. Aluminium shields
9. Non-woven absorber packages
10. PP foam

→ **Areas of application**

Underbody cover

→ **Advantages**

1. **Noise absorption**
   Minimization of engine, driving and wheel noise; can be matched to the area of applications in an individual and selective manner.
2. **Protection of the engine against damage caused by stones and kerbs**
   High levels of stiffness (e. g. through the utilization of VICS in vehicles for poor roads) can be matched to the area of application individually and selectively.
3. **Functional integration**
   - Simple combination with other components and materials for the optimum control of weight, noise and heat.
   - Integrated anchorage points possible.
   - Protection of the engine against water splashes.
4. **Lightweight design**
   Various weight savings are possible depending on the choice of material.
5. **Freedom of design**
   The engine compartment is sealed off through the optimum use of the available space.
6. **Low costs**
   Production using one-shot dual pressing

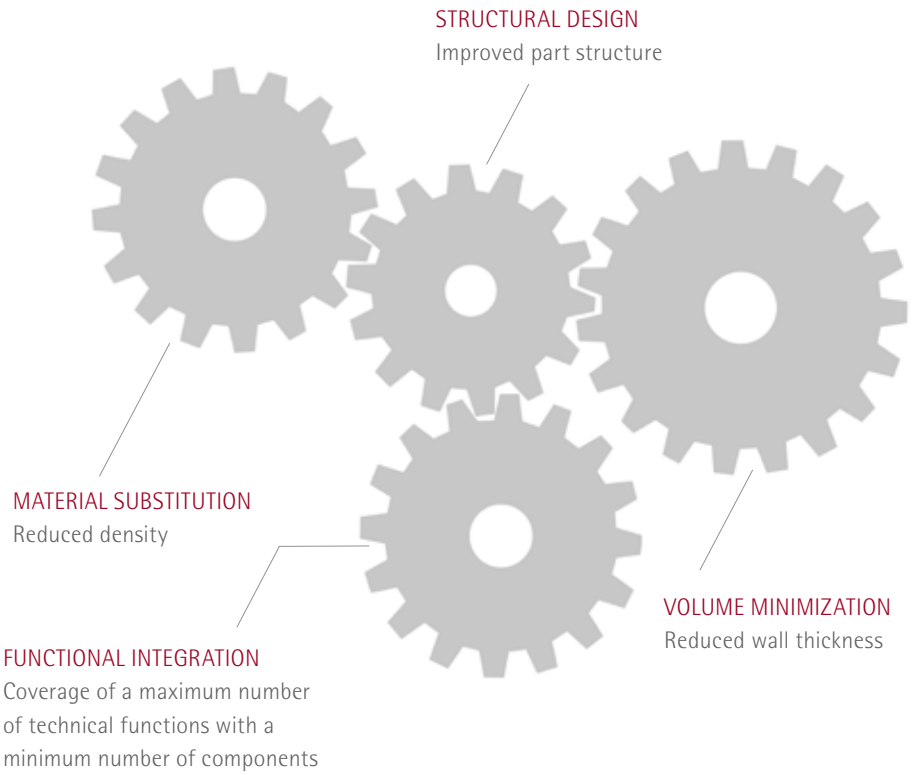
## PRODUCT EXAMPLES

**45,000 of these hybrid underbody solutions** made from GMT are delivered to Jaguar yearly. They offer a perfect example of the dissipation of weight, noise and heat.

**Owing to their excellent acoustic properties** and high levels of bending stiffness, low weight reinforced thermoplastics (LWRT) are especially suitable for SHIELDING solutions. In combination with the selective use of aluminium for heat protection, Organosheet (VICS) for extra reinforcement and production using one-shot dual pressing, the product is virtually "unbeatable".

# SERIAL INNOVATION

**Apart from the integration of an increasing number of functions in plastic parts and the ongoing expansion of the possibilities for material substitution, the development of new materials and processes that can make plastic components even lighter and more stable numbers among POLYTEC's core activities. The group has been researching in this area for many years, partly in cooperation with universities, schools of applied sciences and customers. During this work, materials are repeatedly and deliberately pushed to their capacity limits, which are thereby also repeatedly pushed back.**




**The above represent four approaches to lightweight solutions.** During the design of new products, effective lightweight construction takes every critical factor into consideration.

In 2014, POLYTEC's process developers achieved another breakthrough in the material research area through the creation of PUR RRIM Lightweight, a new material composition that is up to 30% lighter than classic PUR RRIM.

Moreover, high-tech solutions can also be realized with tried and tested materials such as SMC by means of innovative combinations with carbon fibres or new ideas for functional integration. A fact exemplified recently by POLYTEC's production of lightweight trunk lids for BMW and EMC-compatible components for the protection of high-voltage batteries in the new e-Golf from VW.

Diversity of both materials and the procedures within the group used for their processing enables POLYTEC to supply its customers with more than just components. The group is developing, manufacturing and supplying complete systems with ever-greater frequency, as illustrated by orders for Volvo trucks (please also see page 24) and the Jaguar F-Type (please also see page 56). In such cases, POLYTEC skilfully combines inter-group know-how, capacities and synergies, which profit both it and its customers. ■

# PARTS CAN BE LIGHTER STILL!

## POLYTEC TAKES POLE POSITION WITH A NEW MATERIAL MIX

With PUR RRIM Lightweight, the engineering team at the POLYTEC location in Hörsching (Austria) has produced a resoundingly successful further development in the lightweight construction area. Following exhaustive testing, the material was released for production in 2014.

PUR RRIM Lightweight is up to 30% lighter than conventional PUR RRIM. This further weight reduction has been achieved through the addition of glass spheres and carbon fibres to a polyurethane base. The glass spheres reduce the density of the material and thus its weight. In turn, the carbon fibres provide structural reinforcement and thereby allow reduced wall thicknesses without any loss of mechanical strength.

Components made from PUR RRIM Lightweight are ideal for exterior applications and possess premium characteristics with regard to their suitability for painting. The range of applications for the material is correspondingly diverse and extends from the production of spoilers to styling kits, front and back bumpers.

The start of the first serial production contract took place in January 2015 with the manufacture of a rear bumper for a super sports car at POLYTEC CAR STYLING in Hörsching. In concrete terms, the weight of the part, which previously had been produced using standard PUR RRIM, has been cut by 23% to a total of 4.14kg. However, in no way does this order represent the culmination of PUR RRIM Lightweight research work. Indeed, the POLYTEC engineers are already working at high pressure on the further development of the formula. ■


**In the new PUR RRIM Lightweight,** hollow glass spheres and carbon fibres are combined with the polyurethane base to form an especially light and tough material.

# POLYTEC UNDERLINES ITS INNOVATION LEADERSHIP

## SMC SOLUTION CONVINCES VW

Lightweight construction plays a key role in e-mobility, not merely with regard to lightness, but also the integration of functions and characteristics. The fact that POLYTEC is at the cutting edge in this regard was evidenced in 2014 by a joint project with VW.

During the development of the new e-Golf, VW was searching for an ideal solution for the upper shell of the battery box. This part is subject to the highest conceivable demands in relation to its dimensional stability, temperature and media resistance because it not only has to protect the battery against exterior damage, moisture and dirt, but also reliably safeguard the inside of the car and the environment against the battery's powerful magnetic fields.

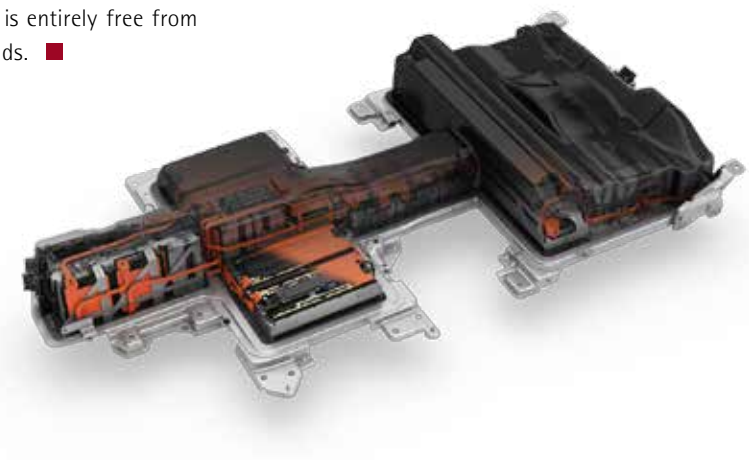
The POLYTEC COMPOSITES engineering team came up with a solution made from SMC plastics, which is characterized by a special level of inherent rigidity and with a subsequently laminated aluminium film layer achieves a 70 dB dampening effect on electromagnetic fields.

POLYTEC's solution not only fulfilled the basic requirements stipulated in the VW tender, but also proved convincing due to additional advantages such as dimensional stability, flame resistance and excellent surface bonding characteristics.


© VW

Serial production of the battery box upper shell commenced at the POLYTEC COMPOSITES plant in Weiden (Germany) at the beginning of March 2014. The e-Golf has been available to end customers since the middle of the year and offers quiet driving pleasure in an interior, which thanks to innovative POLYTEC solutions, is entirely free from electromagnetic fields. ■

**The SMC battery box upper shell** protects the sensitive high-voltage battery of the new e-Golf and prevents electromagnetic fields from penetrating the interior of the car.



**See the production of the new e-Golf for yourself.** The installation of the battery box upper shell begins at minute 5:10.

**With a length of over 2m,** the dimensions of this part from the POLYTEC plant in Weiden are more than impressive.

# WEIGHT SAVINGS OF 40% FOR TRUNK LIDS

## A LIGHTWEIGHT MATERIAL COMBINATION PROVIDES COMPLETE FREEDOM OF DESIGN

Lightweight construction also remains a determining issue with regard to vehicles with combustion engines, which is hardly surprising in view of the fact that a 100kg reduction in vehicle weight saves 0.35l of fuel and 0.8kg of $CO_2$ per 100km.

Therefore, for the BMW M4 Coupé POLYTEC developed a trunk lid made from a material mix of low-density and carbon SMC in a new two-layer design. The component went into serial production at the POLYTEC plants in Weiden and Rastatt in Germany during March 2014 and with a weight saving of 40% as compared to steel, provided practical confirmation of the forecasts of the POLYTEC development engineers. However, this is not the end of the road as far as the related research work is concerned because POLYTEC assumes that through the use of carbon SMC, in future similar weight savings as compared to steel will also be achieved in the case of structural parts for bodywork.

The start of production of the new BMW trunk lid was preceded by intensive development work. This resulted in an intelligent combination of a lightweight SMC variation (low-density SMC) and high-strength carbon SMC in a two-layer design. Apart from less weight in combination with unchanged stability and rigidity, this structural solution simultaneously opened up considerable leeway for design and interesting possibilities for functional integration. Indeed, the sophisticated design of the trunk with a built-in spoiler provides aerodynamic improvements that would have been impossible using standard steel construction. ■

**The low-density and carbon SMC trunk lid** for the BMW M4 Coupé is a high-tech POLYTEC product and at only 7.6kg, a genuine flyweight. The light SMC material surface allows on-line painting at BMW at temperatures of up to 200°C.


**With its Coupé M4** BMW has economized on weight, but not on design quality.

# DELIVERIES WITHIN EIGHT HOURS FOR JAGUAR

## POLYTEC MANUFACTURES FULL BUMPER SYSTEMS JUST-IN-SEQUENCE

Production of bumper systems for the Jaguar F-Type started in December 2013 at Bromyard (UK). The British POLYTEC works supplies the complex system to the customer's assembly line on a just-in-sequence basis within only eight hours of ordering. At the same time, it also provides the exclusive sports car with part of its stunning appearance.

Production incorporates the manufacture of the component in PUR RRIM, its painting and assembly, and the related logistics. Every phase of production is precisely coordinated because this is the only way in which deliveries within an eight-hour rhythm can be realized.

In addition to front bumpers, POLYTEC also manufactures side trims in lightweight blow moulding design, rear diffusors and attachments for the Jaguar works in Castle Bromwich, which is roughly two hours away from Bromyard.

**POLYTEC CAR STYLING in Bromyard** supplies part of the "face" of the Jaguar F-Type. Process security from production to painting, assembly, quality assurance and JIS delivery represents a group-wide benchmark for lean management.

**Bumper production** using the PUR-RRIM process.

**The components are painted** with high precision in accordance with Jaguar's production plan.

**1,000 different bumper variations** demand a complex technical control system that supports the employees at the POLYTEC location in Bromyard during the assembly process.

In order to be able to undertake production of the usual quality, POLYTEC had first to enlarge its capacity at the Bromyard location. An investment was made in a new RRIM piston dosing system, a new tool for the manufacture of bumpers, and production area expansion.

The bumpers can be painted in 15 differing colours. Moreover, in order to guarantee JIS delivery, POLYTEC ensures that a minimum number of bumpers in each colour is constantly available.

The correct assembly of the more than 1,000 bumper system variations requires extremely complex assembly stations. These have been installed in a new production area in Bromyard and fitted with a technically sophisticated control system that guides the production crew through the assembly process. This ensures that every individual component is put together in exact accordance with its specifications.

Quality checks are also electronically supported. The system possesses a barcode scanner that monitors the correct assembly of the individual components. In addition, highly sensitive sensors ensure that all screws have been tightened with the appropriate torque. Following a comprehensive examination of the electrics and the pedestrian impact sensors, the finished bumpers are placed on carriers in precisely the order that Jaguar stipulated for the delivery. As a consequence, every part reaches the Jaguar production line in Castle Bromwich at exactly the right moment.

The smooth running of this project persuaded Jaguar Land Rover to expand its cooperation with POLYTEC CAR STYLING in Bromyard. Consequently, since January 2015, POLYTEC has been supplying the complete body kit for the new Range Rover Sport SVR on a JIS basis. ■

CN

The Tianjin metropolis with its 14 million inhabitants was the perfect choice for POLYTEC's first location in China.

# EXPANSION IN THE FAR EAST

## THE POLYTEC GROUP IS BUILDING AN INJECTION MOULDING PLANT IN CHINA

**It is common knowledge that China is a growth market that offers a wealth of opportunities. Accordingly, numerous international groups are taking advantage of the business-friendly and dynamic climate in the country. The POLYTEC GROUP has also been preparing a move to the People's Republic for some time and in 2014, the foundation stone was laid for a new injection moulding plant in Tianjin. From the first quarter of 2016, this will manufacture up to 480,000 transmission oil pans annually for a major automotive manufacturer. Moreover, apart from this initial contract, POLYTEC has already been able to capture a second project for the Asian market.**

### The Tianjin cultural centre

The port of Tianjin is located roughly 140km to the southeast of Peking. It possesses a population of 14 million and is an industrial centre and transport hub. Moreover, with its universities, colleges, museums and architectural monuments, the city forms the cultural focal point of the region. Its seaport also numbers among the most important in China.



**The business licence** represents POLYTEC's first step towards China.

### In good company

In 1984, the special Tianjin Economic and Technological Development Area (TEDA) was established some 45km from the Tianjin city centre. Today, this industrial park is among the best developed in China and in the meantime accommodates more than 5,000 companies from 74 nations, which since December 2014 also include the POLYTEC GROUP. A number of key POLYTEC customers such as VW, BMW, Daimler and Volvo Car are located in the Tianjin area. Furthermore, VW recently announced its intention to supplement its transmission works in Tianjin with a vehicle plant and another facility in nearby Qingdao.

## TEDA – A SUPERLATIVE INDUSTRIAL PARK

| | |
|---|---|
| → Area | 398km² (comparable with Vienna) |
| → Population | 200,000 |
| → Commuters | 500,000 |
| → Universities | 3 |
| → Kindergartens | 11 |
| → Schools | 8 |
| → Hospitals | 3 |
| → Ecology | ISO 14000 |
| → GDP | USD 40 billion |
| → Industrial production | USD 129 billion |
| → Financial earnings | USD 8.8 billion |

(Data: 2013)

### A considered investment

Markus Huemer, the company deputy chairman, is responsible for a number of matters that include POLYTEC GROUP business development and hence the Tianjin project. During last year he spent a considerable amount of time in China and now has an excellent knowledge of the market: "There is great interest in our products and services amongst the automotive manufacturers in the vicinity of Tianjin and we can only see a few comparable competitors in our segment. Nonetheless, we are approaching our step to China with caution and have deliberately chosen a production area for our initial investment that demands a relatively low level of investment. Originally, we planned to first lease a building and then build our own plant after obtaining in-depth market experience. The intention was to minimize both spending and risk. However, we were unable to find a property that fulfilled our strict demands with regard to structure and cleanliness, or that to a certain degree came up to European standards. Finally, the professional support provided by TEDA, the good infrastructure, the geographical location in the proximity of numerous customers, and last, but not least, the negotiated invest agreement, persuaded us to build our own works. This decision also took into account the possibility of further expansion at the location in order to avoid subsequent moving." →

CN

### A long-term commitment

The architectural concept of the new building in Tianjin follows the best practice example of the German plant in Wolmirstedt. The halls, which will contain the office and the technical and production departments, will be based on a modular system that is designed for future enlargement. Moreover, as an option, at any time POLYTEC can double to 24,000m² the area of the plot that is currently at its disposal. On December, 16 2014, the foundation stone for the new plant was laid with the signing of the invest agreement and in January the provisional office accommodation was already occupied. Work on the production hall is to be completed by the end of 2015.

### Injection moulding offers flexibility

POLYTEC's choice of technology for entry into the Chinese market was based primarily on customer needs and was therefore established in close coordination with the company's clientele. Consequently, production at the Tianjin company will focus on demanding engine compartment components, the manufacture of which demands high levels of technical competence, something that in China very few firms are able to offer. As opposed to the pressing of SMC, injection moulding requires relatively small investments in building infrastructure. In addition, the equipment is flexible and if required can be easily adjusted or moved, which further limits investment risk.

From 2016, up to 480,000 transmission oil pans will come off the lines in the approximately 4,000m² production hall annually. Intake tubes and cylinder head hoods are also to be produced and in the medium-term, it is planned that Tianjin turn out high-tech engine compartment components for the Integrated Acoustic Solutions product area.

### Win-win situation

The presence of the POLYTEC GROUP in China should lead to a genuine win-win situation. The group can now sell its products and services to the local production facilities of its main clients in Western Europe and thus raise its output without extra development expense. In turn, POLYTEC customers will benefit from the group's extensive know-how and standard top quality. Moreover, they will also profit from the fact that as opposed to the cost of individual sourcing in every single market, the development expenditure requirement will be low. ■

**Visualization of the POLYTEC injection moulding plant in Tianjin. The facility in Wolmirstedt, Germany, is serving as a model.**

# PIONEERS IN DEMAND!

**At present, four people form the core team at the new location. Their task is to prepare the works in the coming months from both a personnel and technical standpoint for the start of production at the beginning of 2016.**

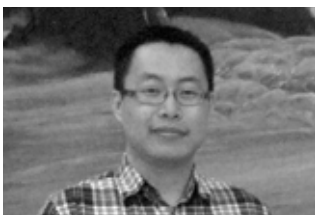
## THE TIANJIN INJECTION MOULDING PLANT

| | |
|---|---|
| → Company name | POLYTEC Auto Parts Tianjin |
| → Annual sales revenue capacity | up to EUR 20 million |
| → Injection moulding machines | 20 to 25 |
| → Real estate area | 12,000m² (with an option on 24,000m²) |
| → Office and technical department area | 1,200m² |
| → Production area | 4,000m² |

**Erwin Reineke, 61**
Plant manager
→ Long-term employee of POLYTEC PLASTICS Lohne (Germany)
→ Over 25 years of experience as an expat

**Sophie Wang, 31**
Assistant to the plant management
→ Studied at the Munich University of Technology
→ Served as a plant student at POLYTEC PLASTICS in Lohne (please also see page 63)

**Luther Wang, 29**
Tooling engineer
→ Previous working experience with the new POLYTEC location in the Netherlands
→ Excellent connections in the Chinese tool scene



**Sida Li, 32**
Key account manager
→ Comprehensive experience in the sale of technical plastics solutions

# AT HOME IN THE WORLD OF POLYTEC

## THREE POLYTEC EMPLOYEES REPORT ON THEIR EXPERIENCES AS EXPATRIATES

**In an international corporation like the POLYTEC GROUP, employees are under way around the globe. They sell products, encourage inter-company teamwork, set projects in motion and organize the construction of new plants. They pass on their know-how and acquire fresh expertise, thus paving the way for synergy effects. They serve as links between the various POLYTEC locations and as ambassadors for a group-wide corporate culture. This internationality not only offers opportunities to the POLYTEC GROUP, but also to the numerous employees who use the chance provided by a posting in another country to broaden their own personal horizons.**

## KARL GASTEINER

**"From Hörsching to Bromyard overnight"**

| | From ... | To ... |
|---|---|---|
| **Town** | **Hörsching (AT)** | **Bromyard (UK)** |
| **Language** | German | English |
| **Duration of foreign posting** | | 09/2013 to 12/2014 |
| **Age** | | 27 |
| **Position** | | CAD designer |

For Karl Gasteiner, the chance to go to the UK for professional reasons represented a welcome opportunity to obtain new specialist knowledge and insights. The 27-year-old was willing to leave his desk in Hörsching for 16 months in order to travel some 1,500km to Bromyard, in order to work as a CAD designer. Moreover, Karl Gasteiner's personal openness and private passion for foreign countries, their cultures and the related experiences made it all the easier for him to find his feet in these new surroundings.

Once at the POLYTEC CAR STYLING works in Bromyard, Karl Gasteiner obtained a fresh perspective on his job: "First of all, I learned about other customer requirements and it was soon evident that the approach of the colleagues in the UK to assignments differs from ours in Austria. As a result, I became acquainted with new pathways to solutions and obtained improved insights into the topic of blow moulding, which is a lightweight construction technology used in Bromyard."

POLYTEC provided Karl Gasteiner with direct support in finding accommodation in the UK and in matters relating to everyday organization: "Without this excellent help, my change of address, which took place more or less overnight between a Tuesday and a Wednesday, would have been impossible. From the outset, I also received friendly assistance from my new colleagues in both professional and private matters."

Today, Karl Gasteiner is back in Hörsching and during day-to-day working continues to profit from the contacts that he established during his stay in the UK.

**The POLYTEC CAR STYLING engineering team** in Bromyard with Karl Gasteiner (left).

# UWE THIESEN

**"An experience for a lifetime"**

| | From ... | To ... |
|---|---|---|
| **Town** | **Lohne (DE)** | **Ebensee (AT)** |
| **Language** | German | German (Upper Austrian dialect) |
| **Duration of foreign posting** | | since 06/2014 |
| **Age** | | 61 |
| **Position** | | Plant manager |

Uwe Thiesen can refer to a wealth of experience in plant management. He spent two years at the POLYTEC PLASTICS plant in Idstein and another ten as the plant manager in Lohne before assuming responsibility for the Austrian injection moulding plant in Ebensee during June 2014. Since then, he has been working on the reorientation of the location through a focus on the production of complex automotive and non-automotive components. In this situation, Uwe Thiesen is employing his extensive professional expertise and is also growing in line with the major challenge of completely changing the overall strategy of the former non-automotive production facilities. "The experience that I am gathering in Ebensee is a genuine source of enrichment from which I will profit for the rest of my life."

**German-born Uwe Thiesen** is able to use his vast experience as a works manager to maximum effect at POLYTEC PLASTICS in Ebensee, Austria.

**The "Chinese Talent Days" job fair** in Cologne, where Sophie Wang and plant manager Erwin Reineke first met, provided a springboard for successful teamwork.

# SOPHIE WANG

**"From China to Germany and back"**

| | From ... | To ... |
|---|---|---|
| **Town** | **Tianjin (CN)** | **Lohne (DE)** |
| **Language** | Mandarin Chinese | German |
| **Duration of foreign posting** | | 07/2014 to 10/2014 |
| **Age** | | 31 |
| **Position** | | Student trainee in Lohne<br>In Tianjin: assistant to the plant management |

Sophie Wang is not an expatriate in the conventional sense, but nevertheless provides an excellent example of inter-locational teamwork. Following her studies at the Munich University of Technology, which introduced her to life in the West, Sophie Wang became acquainted with the POLYTEC GROUP at the "Chinese Talent Days" fair in Cologne. Shortly afterwards, she joined POLYTEC PLASTICS in Lohne as a student trainee, where she was able to acquire a considerable amount of specialist know-how. She immediately started to use her linguistic skills for business communications between Germany and China and accompanied the sales management during customer visits in the People's Republic.

Since the beginning of November 2014, Sophie Wang has been part of the core team that is developing the new POLYTEC GROUP location in Tianjin (please also see page 61) and she is using the experience gathered in Germany in her daily activities: "It's really helpful when one knows the people at the other end of the telephone line in person." ■

# "FROM MANAGEMENT ON PAPER, TO LEADERSHIP IN ACTION"

# INTERVIEW WITH DANIEL LEHNER, HEAD OF CORPORATE HUMAN RESOURCES

**Daniel Lehner was appointed as the POLYTEC GROUP's Human Resources Manager in May 2014, since when he has been responsible for the inter-group coordination and guidance of personnel agendas. The activities of the 38-year-old include a range of assignments that extends from recruiting and personnel controlling to organization and employee development. From headquarters in Hörsching, he is in contact with the human resources departments at the various POLYTEC locations. The post of HR Manager for the entire group is new and indicates the growing significance of the future issue of personnel within the organization.**

**Mr. Lehner, you assumed responsibility for the HR area within the POLYTEC GROUP at the beginning of 2014. What in your opinion were the main challenges of these first months?**

**Daniel Lehner:** The POLYTEC GROUP operates in an environment characterized by intensive competition and the majority of our plants are located in countries with high wage levels such as Germany and Austria. Therefore, it is extremely important for us to keep a close eye on personnel costs and optimize them where necessary. As far as the workforce is concerned, we have to react flexibly to order fluctuations and constantly make intelligent personnel capacity adjustments.

These are critical factors with an influence on both our future competitiveness and decisions relating to location questions. In cooperation with the representatives of the workforce, we have already achieved initial successes in this area, but further progress with the required optimization measures is still needed.

At present, we are drawing up the HR focal points for the coming years. These will apply throughout the group with organizational and personnel development, as well as the topic of "leadership" playing a central role. This is important, as we will only be able to master the challenges of the future with the best possible organization and the right managerial staff. Furthermore, empowerment may not merely be an empty catchword and our managers must require the personal responsibility of every individual employee. Our POLYTEC Performance System lean management programme will provide additional support in this connection.

**What measures are you going to implement in order to make POLYTEC even more attractive as an employer?**

**Daniel Lehner:** I wish to see all the employees in the POLYTEC GROUP being supported by team leaders, who truly earn this designation. Therefore, my guiding principle involves the transition, "from management on paper, to leadership in action". In addition, we will offer our employees even more extensive opportunities for development within the group and thus secure their loyalty. After all, we wish to win the battle for the best in the market. Naturally enough, we must also communicate the efforts and activities in this area, as well as our merits as an employee to the job market. Concrete measures are already being implemented in this regard, whereby for me honesty always represents the best policy because, "You should never promise what you can't deliver!"

**In particular, how does one win over and then keep top managers and experts in the innovation and technology areas?**

**Daniel Lehner:** The recruiting area is currently undergoing a transition. In the age of the internet, applicants expect a swift reaction and we will adjust our systems and processes accordingly. This is especially the case with regard to key employees and high-potential recruits, as POLYTEC must win them over and not vice versa. In addition, we are challenged in the personnel development area. We must spot in-house talents and accompany them "en route to the top". Furnishing these employees with perspectives, support and optimum guidance will help us greatly to retain their services in the long-term. Accordingly this is a key element in our HR focal points. ■

# THREE STRATEGIES FOR INCREASED SUSTAINABILITY

## HOW RESOURCES ARE CONSERVED AT POLYTEC PLANTS

**The processing of plastics demands large quantities of resources. Therefore, it is only logical that in times of rising energy and raw material prices a careful approach towards this aspect of production constitutes both an ecological and economic necessity. Consequently, new strategies aimed at cutting resource consumption are part of the POLYTEC GROUP's fundamental corporate goals and in some areas such as the reduced use of solvents during painting it is already well ahead of the field. The group's consistent commitment and its successes in an environmental regard are further underlined by the fact that today all of the plants in the automotive business units possess ISO 14001 certification and six ISO 50001 accreditation.**

The POLYTEC GROUP's resource conservation strategy is characterized by three main elements consisting of a scaling down of raw material use, enhanced energy efficiency and waste prevention. Over the years, POLYTEC has developed in-house strategies for each of these focal points, which following pilot projects in individual plants, have been gradually implemented at the group locations.

### 1. Raw material savings

In recent years, POLYTEC has made major progress in the area of raw material economies. Particularly in the injection moulding field, the increased employment of regranulate and modern dosing systems enables the use of materials to the full. Moreover, in the PLASTICS plants, the sprue derived from the production is milled directly at the machine and returned to the process without any loss of quality.

The issues in question not only relate to the quantity of the raw materials processed, but also their chemical composition and hence their environmental relevance. POLYTEC's approach in this regard is exemplified by its predominant use of water-soluble paints, which has slashed solvent consumption by 70%.

### 2. Enhanced energy efficiency

A particularly important resource and thus cost item for the POLYTEC GROUP is energy and therefore it has put together a comprehensive package of initiatives aimed at cutting consumption. POLYTEC is also prepared to make energy-related investments, which in view of the rising energy price curve will pay medium- and long-term dividends. Moreover, many of the measures adopted are already having a positive impact on energy costs.

Heat recovery systems represent another efficient means of saving energy. At the Gochsheim plant for example, the waste heat emanating from air compressors is used for the heating of the office building. Furthermore, surplus heat can be employed to good effect in production for tasks such as the heating of the degreasing tanks in paint shops.

**LED technology saves electricity** and money and is therefore an investment is sustainability.

POLYTEC also invests continually in the improved insulation of lines, machinery and buildings, as well as modern and efficient heating devices that consume far smaller amounts of fuel.

On a personnel level, POLYTEC has taken initiatives aimed at raising workforce awareness with regard to energy issues. Apart from training, an energy management system has been introduced that helps to show how much energy is consumed in which working phase. Using this method, the energy efficiency of every production step can be subjected to targeted examination.

### 3. A focus on reycycling

Despite the careful use of raw materials, waste cannot be excluded entirely. Therefore, it is all the more important that unavoidable waste be separated as far as possible and then employed in practical recycling. At POLYTEC, appropriate waste classification is assisted by a uniform, colour coding system, which not only prevents wastage but also reduces disposal costs. ■

# WE HAVE OFFICIAL RECOGNITION!

**The effectiveness of the POLYTEC GROUP's efforts to achieve greater energy efficiency was clearly underlined at the beginning of 2014 with the receipt of ISO 50001 by the POLYTEC location in Lohne (Germany). Lohne was the first group company to obtain such accreditation and this proved to be just the beginning. By the end of the year, all five POLYTEC COMPOSITES' plants in Germany had also received this prestigious certification. Moreover, energy concepts are currently being prepared or implemented at the POLYTEC GROUP's other locations.**


**As far as energy efficiency is concerned, the POLYTEC PLASTICS plant in Lohne serves as a best practice example for the whole group.**

Lohne represents an excellent example of successful resource and energy management that incorporates a complete selection of measures, which extends from the recycling of fully sorted production waste and extended process standardization, to new cooling and heating concepts, insulation and LED technology.

Apart from these concrete measures, POLYTEC in Lohne also brought the workforce on board by heightening its sensitivity with regard to energy questions by means of training. The plant also set up two pilot halls in which all the machinery was fitted with measurement devices. Employees are thus able to use PCs, notebooks and smartphones to obtain key energy-relevant data in real time and where necessary, intervene in the process. ■

## POLYTEC PLANTS WITH ISO 50001 CERTIFICATION

- → Lohne
- → Gochsheim
- → Cornberg
- → Voerde
- → Rastatt
- → Weiden

(As at November 2014)

# SHARE & CORPORATE GOVERNANCE

SINCE OCTOBER 14, 2014,
POLYTEC HOLDING AG
HAS HELD **1.5%**
OF ITS OWN SHARES

PROPOSED DIVIDEND OF
**EUR 0.25**
PER SHARE

SHAREHOLDER RETURN
UP FROM 3.7% TO **4.0%**

DIVIDEND PAYOUT RATIO
RISES FROM
38% TO **40%**

# SHARE & INVESTOR RELATIONS

## DEVELOPMENTS IN THE INTERNATIONAL STOCK MARKETS

In 2014, developments in the international stock markets were to some extent extremely diverse. Above all, American shares were among the winners and in the course of the year the Dow Jones gained 7.5%. The Japanese Nikkei 225 lead index also recorded a plus of 7.1% by the end of the year. However, the European indexes only showed moderate growth and amongst the losers were Latin American and Eastern European stocks. From an overall perspective, many shares failed to fulfil the expectations placed on them at the beginning of the year. In part this was caused by the global economy, which was weaker than expected, as well as the numerous geopolitical crises such as the Ukraine-Russia conflict, the long-term warfare in the Middle East, the advances made by the "Islamic State" movement and the Argentinian state bankruptcy. These events placed a severe damper on the positive mood in the international stock markets. Moreover, the lower growth figures from China had an additional negative influence upon the global indices.

In 2014, the European stock markets were characterized by a high degree of volatility. If at the start of the year satisfactory economic prospects put the markets in an optimistic mood, during subsequent months this turned into disillusionment due mainly to the crisis in the Ukraine and the related economic sanctions imposed upon Russia. At the beginning of June 2014, the DAX passed the 10,000 points mark for the first time in its history, but fell back at the beginning of August. By December, the DAX had booked a slight gain of 2.7% and at the turn of the year stood at around 9,806 points.

With a fall of 15.2% over the preceding year, the performance of the Austrian ATX lead index in 2014 was markedly different. According to information from Wiener Börse AG, the ATX was pulled down primarily by the banking and oil/natural gas sectors, which are two heavily weighted industries in the index. Both of these sectors were subject to major negative influences emanating from the political developments in the CEE and CIS states.

Source: Baader Bank

## POLYTEC SHARE PRICE DEVELOPMENT

As at December 30, the last stock exchange trading day in the 2014 financial year, the POLYTEC share (ISIN: AT0000A00XX9) closed at EUR 6.25 and was thus roughly 8% or EUR 0.54 down on the previous year (EUR 6.79). The mean price for the year stood at EUR 7.21 and market capitalization at the end of the year totalled EUR 139.6 million (2013: EUR 151.6 million).

POLYTEC share development can be divided roughly into two phases. During the first half of the year the POLYTEC HOLDING AG share showed an upward trend, although the share price was characterized by considerable volatility. In the second half of the year, the share fell back. The positive development up to July was also subject to temporary reverses at the end of January and in April. In mid-May, the POLYTEC share made sizeable gains and developed markedly better than the ATX, the ATX Prime and the European EUROSTOXX 600 Auto & Parts. On June 20, 2014, the share closed at EUR 8.54 and thus reached its high for the year. In the following period up to mid-October, the share fell in line with the negative development in the market as a whole and on October 20, 2014, at EUR 5.90 dropped to its low for the year. Following a slight recovery, the share tended to show lateral movement for the rest of the year and closed 2014 at EUR 6.25. Accordingly, in the course of the year the share lost 7.95% of its value, but nonetheless showed a performance that outstripped both the ATX lead index (–15.2%) and the ATX Prime Index (–13,5%).

During the 247 days of trading on the Vienna Stock Exchange, the average trading volume amounted to 45,126 shares per day. On June 20, 2014, the best trading day, over 352,000 shares were traded (figures both using double counting). In addition to market trading, OTC transactions involving POLYTEC shares were concluded to the value of EUR 11.9 million (single counting). This represents a share of around 23%.

| POLYTEC share (AT0000A00XX9) | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Closing price as of last trading day | EUR | 6.25 | 6.79 | 5.87 |
| Share price high | EUR | 8.54 | 7.25 | 7.46 |
| Share price low | EUR | 5.90 | 5.94 | 5.12 |
| Market capitalization as of last trading day | EUR m | 139.6 | 151.6 | 131.1 |
| Vienna Stock Exchange money turnover (double counting) | EUR m | 80.7 | 78.9 | 106.7 |
| Vienna Stock Exchange share turnover (double counting) | Unit m | 11.2 | 12.1 | 17.4 |
| Vienna Stock Exchange share turnover (daily average, double counting) | Unit | 45,126 | 48,750 | 70,606 |


Source: Wiener Börse AG, price data indexed as per January 2, 2014

## DIVIDEND POLICY

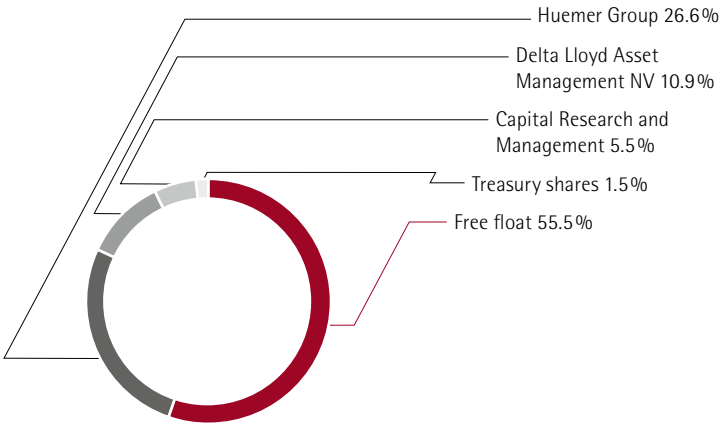
The dividend policy of POLYTEC GROUP is based on profitability and the strategic growth perspectives and capital requirements of the group. In the 2014 business year, the net profit of POLYTEC HOLDING AG amounted to EUR 85.6 million. The Board of Directors and the Supervisory Board will propose to the 14th Annual General Meeting to be held on May 13, 2015 the distribution of a dividend of EUR 0.25 per eligible share. This corresponds to a total dividend payment of around EUR 5.5 million and a dividend payout ratio of 40%. The dividend will be paid out on May 22, 2015. Based on a share closing price of EUR 6.25 at year-end 2014, this will result into a dividend yield of 4.0%, which corresponds with a slight increase over the preceding year.

| POLYTEC share (AT0000A00XX9) | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Earnings per share | EUR | 0.62 | 0.65 | 0.97 |
| Dividend | EUR | 0.25[1)] | 0.25 | 0.35 |
| Dividend yield | % | 4.0 | 3.7 | 6.0 |
| Pay-out ratio | % | 40 | 38 | 36 |

[1)] Proposal to the Annual General Meeting on May 13, 2015

## SHAREHOLDER STRUCTURE

As at the balance sheet date for 2014, POLYTEC Holding AG's share capital remained unchanged at EUR 22.3 million and was divided into 22,329,585 bearer shares with a nominal value of EUR 1.00 each. During the 2014 financial year, POLYTEC HOLDING AG did not receive any notifications from shareholders of voting rights pursuant to § 91 of the Austrian Stock Exchange Act. Consequently, except for a slight increase in treasury stock from 1.4 to 1.5%, the shareholder structure remained virtually unaltered as compared to the preceding year and as at December 31, 2014 presented the following picture.




## SHARE BUY-BACK PROGRAMME

Having exercised the authorization granted to it by a resolution of the 12th Ordinary Annual General Meeting on May 16, 2012, POLYTEC HOLDING AG concluded the share buy-back programme on October 14, 2014. In the period from August 8, 2012 until October 14, 2014, POLYTEC HOLDING AG repurchased a total of 334,041 shares, which corresponds with roughly 1.5% of share capital.

When divided into stock exchange and off-market buy-backs (OTC), as well as average prices and values, the buy-backs made are structured as follows:

| | Stock exchange buy-backs | Off-market buy-backs (OTC) | Total |
|---|---|---|---|
| Repurchased shares (units) | 214,041 | 120,000 | 334,041 |
| Gross purchase price (EUR, on average) | 5.63 | 5.41 | 5.55 |
| Value (EUR) | 1,205,450 | 649,200 | **1,854,650** |

As the original authorization expired on October 14, 2014, at the 14th Annual General Meeting held on May 14, 2014 the Board of Directors requested a fresh resolution regarding its authorization to buy back company shares. This proposal was approved unanimously, thus empowering the Board to continue the share buy-back programme.

## AUTHORIZED CAPITAL

Authorized capital was agreed through a resolution of the Extraordinary General Meeting held on August 7, 2013. Subject to the consent of the Supervisory Board, the Board of Directors is therewith empowered to raise share capital by up to a nominal value of EUR 6,698,875.00 through the issue of new shares at a minimum issue price of EUR 1.00 during a maximum period of three years following the registration of the authorized capital. The issue of new shares may take place subject to the exclusion of the subscription rights of the shareholders.

## RESEARCH COVERAGE

The coverage of the POLYTEC GROUP by national and international investment banks is an important element in its comprehensive investor relations activities and plays a significant role in the visibility of the POLYTEC shares within the investor community. During the 2014 financial year, POLYTEC organized road shows with five European financial institutions and was invited to participate in their investor conferences. Throughout the year, the Board of Directors took part in a total of around 20 investor events in eleven cities.

The following financial institutions published reports on POLYTEC HOLDING AG in the 2014 financial year. Up to the editorial deadline of this report, each of the following investment banks recommended the POLYTEC share as a "buy":

| Institute | Recommendation | Latest price target |
|---|---|---|
| ERSTE Group Bank Research | BUY | EUR 9.50 |
| Raiffeisen CENTROBANK Research | BUY | EUR 9.00 |
| MM Warburg Research | BUY | EUR 10.00 |

## FINANCIAL CALENDAR 2015

| | | |
|---|---|---|
| March 26, 2015 | Thursday | Publication of the financial statements and annual report for 2014 |
| May 6, 2015 | Wednesday | Publication of the interim report for Q1 2015 |
| May 13, 2015 | Wednesday | 15th Annual General Meeting for the 2014 financial year, Hörsching |
| May 18, 2015 | Monday | Ex-dividend day |
| May 22, 2015 | Friday | Dividend payment day |
| August 5, 2015 | Wednesday | Publication of the interim report for HY1 2015 |
| November 4, 2015 | Wednesday | Publication of the interim report for Q3 2015 |

## DETAILS REGARDING THE POLYTEC SHARE

| | |
|---|---|
| ISIN | AT0000A00XX9 |
| Total number of shares issued | 22,329,585 |
| Listing on the Vienna Stock Exchange | Prime Market |
| Indices | ATX Prime, ATX CPS, WBI |
| Share also traded in | Berlin, Frankfurt, London, Munich, Stuttgart, Tradegate |
| Ticker symbol | Vienna Stock Exchange: PYT; Bloomberg: PYT.AV; Reuters: POLV.VI |

# CORPORATE GOVERNANCE

## 1. COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

Key elements of a good corporate governance culture encompass a high degree of transparency for all stakeholders and the sustainable increase in corporate value over the long term. This also implies an efficient collaboration between the company's governing bodies, the protection of shareholders' interests and an open corporate communication.

Since the IPO, POLYTEC HOLDING AG has voluntarily committed itself to complying with the Austrian Corporate Governance Code as most recently amended. The currently valid version of this Code, which applies to the 2014 financial year, dates from July 2012. Thus, the information and statements provided in this report pursuant to Para. 243b of the Austrian Commercial Code (UGB) are based on this version. POLYTEC HOLDING AG complies with several compulsory "L Rules" (Legal Requirements) and all "C Rules" (Comply or Explain) of the Austrian Corporate Governance Code. The Corporate Governance Report for the 2014 financial year is publicly available on POLYTEC HOLDING AG's corporate website (www.polytec-group.com), which is registered in the Austrian Company Register.

The Austrian Corporate Governance Code was first introduced in October 2002 and subsequently revised several times in line with changed legal provisions and increased corporate governance requirements. The newly revised version of this Code, which was most recently amended in January 2015, applies to financial years beginning after December 31, 2014. This latest version of the Austrian Corporate Governance Code is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).

## 2. GOVERNING BODIES OF POLYTEC HOLDING AG

### BOARD OF DIRECTORS

#### ORGANISATION AND MODE OF OPERATION OF THE BOARD OF DIRECTORS

In accordance with the Articles of Association, the Board of Directors of POLYTEC HOLDING AG consists of one, two, three, four or five members. The members of the Board of Directors are appointed by the Supervisory Board. The Board of Directors manages the company in accordance with the relevant laws, the Articles of Association and the internal rules of procedure, which are subject to prior approval by the Supervisory Board. The scope of collaboration and distribution of responsibilities among the members of the Board of Directors are laid down in the internal rules of procedures, whereas details about the areas of expertise of each individual board member are provided in the description of the Board of Directors.

The members of the Board of Directors are in constant and close communication with each other in order to assess corporate progress and take necessary decisions in a timely manner. The Board of Directors of POLYTEC HOLDING AG conducts extensive discussions on current developments of the single business areas during its board meetings, which take place at regular intervals. The Board of Directors regularly informs the Supervisory Board of the course of business and the economic situation of the company, while taking into account the future development of the Group. The Chairman of the Supervisory Board must be immediately informed about any events with serious implications.

## IN THE 2014 FINANCIAL YEAR, THE FOLLOWING PERSONS WERE MEMBERS OF THE BOARD OF DIRECTORS OF POLYTEC HOLDING AG:

### Peter Haidenek (CFO)

- Born in 1965
- Member of the Board of Directors
- Date of initial appointment: February 1, 2011
- End of current term of office: January 31, 2017
- Areas of responsibility: Finance, IT, Controlling, Accounting, Investor Relations, Internal Audit
- Supervisory Board positions: none

### Alice Godderidge (CSO)

- Born in 1972
- Member of the Board of Directors
- Date of initial appointment: January 1, 2014
- End of current term of office: December 31, 2017
- Areas of responsibility: Sales, Marketing and Engineering
- Supervisory Board positions: none

### Friedrich Huemer (CEO)

- Born in 1957
- Chairman of the Board of Directors and founder of the POLYTEC GROUP
- Date of initial appointment: when the company was founded
- End of current term of office: December 31, 2016
- Areas of responsibility: M&A, Investment Management, Corporate Strategy, Corporate Communications, Human Resources, Legal Affairs
- Supervisory Board positions: Globe Air AG (Chairman of the Supervisory Board)

### Markus Huemer (COO)

- Born in 1981
- Vice Chairman of the Board of Directors
- Date of initial appointment: January 1, 2014
- End of current term of office: December 31, 2017
- Areas of responsibility: Business Development, Plants, Production, Purchasing
- Supervisory Board positions: Globe Air AG (Member of the Supervisory Board)

Alfred Kollros (COO), member of the Board of Directors since April 4, 2006 left POLYTEC HOLDING AG as of October 21, 2014 by mutual agreement.

## SUPERVISORY BOARD

### ORGANISATION AND MODE OF OPERATION OF THE SUPERVISORY BOARD

The Supervisory Board's scope of activities is set forth by laws and regulations that are commonly applicable to companies listed in Austria, such as for instance, the Austrian Stock Corporation Act and the Austrian Stock Exchange Act. In addition, the Supervisory Board is committed to compliance with the rules of the Austrian Corporate Governance Code. With regard to internal company regulations, the Articles of Association and the rules of internal procedure are of key importance. The members of the Supervisory Board are both elected and removed from office by the Annual General Meeting. In accordance with the Articles of Association of POLYTEC HOLDING AG, the Supervisory Board consists of at least three and no more than six members, elected by the Annual General Meeting. When appointing the Supervisory Board members, the Annual General Meeting shall take due care to ensure adequate professional and personal qualifications of eligible candidates as well as a balanced composition of expert know-how on the Supervisory Board. Furthermore, the aspect of diversity with regard to gender equality, age structure and the international background of the members has to be taken into due consideration. Newly elected Supervisory Board members have to inform themselves about the organisation and the activities of the company as well as about their specific tasks and responsibilities in an adequate manner. Last but not least, the members of the Supervisory Board have to conduct a self-assessment once a year to examine the efficiency of their activities.

### IN THE 2014 FINANCIAL YEAR, THE FOLLOWING PERSONS WERE MEMBERS OF THE SUPERVISORY BOARD OF POLYTEC HOLDING AG:

**Fred Duswald**

- Born in 1967
- Chairman of the Supervisory Board
- Date of initial appointment: 2006
- End of current term of office: until the Annual General Meeting that decides on the 2014 financial year
- Other Supervisory Board positions: none
- Independent

**Manfred Trauth**

- Born in 1948
- Vice Chairman of the Supervisory Board
- Date of initial appointment: 2007
- End of current term of office: until the Annual General Meeting that decides on the 2014 financial year
- Other Supervisory Board positions: none
- Independent

**Viktoria Kickinger**

- Born in 1952
- Member of the Supervisory Board
- Date of initial appointment: 2006
- End of current term of office: until the Annual General Meeting that decides on the 2014 financial year
- Other Supervisory Board positions: none
- Independent

**Robert Büchelhofer**

- Born in 1942
- Member of the Supervisory Board
- Date of initial appointment: 2005
- End of current term of office: until the Annual General Meeting that decides on the 2014 financial year
- Other Supervisory Board positions: MIBA AG, Laakirchen, Austria
- Independent

**Reinhard Schwendtbauer**

- Born in 1972
- Member of the Supervisory Board
- Date of initial appointment: 2010
- End of current term of office: until the Annual General Meeting that decides on the 2014 financial year
- Other Supervisory Board positions: none
- Independent

### INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board are deemed to be independent if they have no business or personal relationships with the company or its Board of Directors that could result in a material conflict of interest and thus influence the members' behaviour. The members of the Supervisory Board of POLYTEC HOLDING AG have committed themselves to compliance with the criteria of independence pursuant to Rule C-53 of the Austrian Corporate Governance Code and have declared their independence. Moreover, all members comply with Rule C-54 of the Code.

### BUSINESS OF THE SUPERVISORY BOARD MEMBERS REQUIRING PRIOR APPROVAL

In the year under review, no transactions requiring prior consent pursuant to Rule L-48 were carried out by the members of the Supervisory Board.

### COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board of POLYTEC HOLDING AG has set up an Audit Committee pursuant to the Austrian Stock Corporation Act, which carries out the planned controlling and monitoring functions. The Audit Committee is responsible for monitoring the accounting process and the auditing process of both the financial statements and the consolidated financial statements as well as monitoring the effectiveness of the internal control and risk management systems. In addition, it also supervises the compilation of the Corporate Governance report for each financial year.

In the 2014 financial year, the Audit Committee met twice and a total of four Supervisory Board meetings were held. No Supervisory Board member attended fewer than half of the Board's meetings. In addition to the mandatory establishment of the Audit Committee, a Nomination Committee and a Risk Management Committee were set up. The areas of responsibility of the single Supervisory Board members in the corresponding Committees are presented in the following table.

## REMUNERATION REPORT

### REMUNERATION OF THE BOARD OF DIRECTORS

When determining the compensation for the members of the Board of Directors, the Supervisory Board shall take due care to ensure that their total remuneration is commensurate with their tasks and performance, the company's economic position and the customary levels of remuneration, while providing long-term incentives for a sustainable development of the company. Remuneration contains fixed and variable components. There are no stock option plans or share-based remuneration systems currently in place.

Total remuneration of the members of the Board of Directors including performance-related components amounted to TEUR 1,624 in the year under review (2013: TEUR 1,547). The most important parameters for calculating the variable remuneration components include the achievement of performance-related targets set for each individual member and the development of the Return On Capital Employed (ROCE).

The Chairman of the Board of Directors, Friedrich Huemer works for POLYTEC HOLDING AG on the basis of a service contract via IMC Verwaltungsgesellschaft mbH.

The other members of the Board of Directors are entitled to severance payments, pursuant to Para. 23 of the Austrian Salaried Employee Act, upon termination of their mandates and the simultaneous termination of their employment relationships.

As of the balance sheet date on December 31, 2014, no loans or advance payments had been granted to the current or former members of the Board of Directors.

## COMPOSITION OF THE COMMITTEES

| Committees | Chairman | Members |
|---|---|---|
| **Audit Committee** | Reinhard Schwendtbauer | Robert Büchelhofer, Fred Duswald |
| **Nomination Committee** | Fred Duswald | Manfred Trauth, Viktoria Kickinger |
| **Risk Management** | Viktoria Kickinger | Manfred Trauth, Fred Duswald |

## REMUNERATION OF THE BOARD OF DIRECTORS IN THE 2014 FINANCIAL YEAR

| Member of the Board of Directors | Basic salary | Variable component of remuneration | Total |
|---|---|---|---|
| Friedrich Huemer[1)] | 550 | 31 | 581 |
| Markus Huemer[2)] | 228 | 80 | 308 |
| Alice Godderidge[2)] | 200 | 60 | 260 |
| Peter Haidenek[2)] | 201 | 30 | 231 |
| Alfred Kollros[2)] | 197 | 47 | 244 |
| **Total** | **1,376** | **248** | **1,624** |

Amounts in TEUR [1)] Remuneration based on a service contract [2)] Gross monthly salary

After Alfred Kollros' leaving of the Board of Directors he received remuneration of TEUR 67 for the period of October 21, 2014 until the balance sheet date.

### REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board for the previous financial year is approved within the framework of the Annual General Meeting. Total remuneration of the members of the Supervisory Board for the 2013 financial year was approved within the framework of the 14th ordinary Annual General Meeting held on May 14, 2014 and totalled EUR 98,750. For the 2014 financial year, a total amount of TEUR 99 for the remuneration of all members of the Supervisory Board was recognised as expense. Thus, the Board of Directors will propose this amount to the 15th ordinary Annual General Meeting to be held on May 13, 2015 as total compensation for the Supervisory Board. Subject to prior approval by the Annual General Meeting, this sum will be distributed among the individual members of the Supervisory Board as follows:

## REMUNERATION OF THE SUPERVISORY BOARD IN THE 2014 FINANCIAL YEAR

| Member of the Supervisory Board | Function | Remuneration |
|---|---|---|
| Fred Duswald | Chairman of the Supervisory Board | 25 |
| Manfred Trauth | Vice Chairman of the Supervisory Board | 19 |
| Viktoria Kickinger | Member of the Supervisory Board | 15 |
| Robert Büchelhofer | Member of the Supervisory Board | 25 |
| Reinhard Schwendtbauer | Member of the Supervisory Board | 15 |
| **Total** | | **99** |

Amounts in TEUR

## 3. OTHER INFORMATION

### DIRECTOR'S DEALINGS

Sales and acquisitions of company's shares carried out by members of the Board of Directors and of the Supervisory Board are notified in accordance with the Austrian Stock Exchange Act. Share trading transactions are published in the Directors' Dealings Database of the Austrian Financial Market Authority (FMA). A link to the FMA's website (www.fma.gv.at) is available on POLYTEC HOLDING AG's corporate website (www.polytec-group.com).

### D&O INSURANCE POLICY

POLYTEC HOLDING AG has concluded a Directors and Officers (D&O) insurance policy for the members of the company's Board of Directors, Supervisory Board and executive staff as well as the managing bodies of the subsidiaries. The premiums for this insurance policy are paid by the company.

## COMPLIANCE

POLYTEC HOLDING AG has introduced compulsory compliance guidelines pursuant to Rules L-20 and C-21 of the Austrian Corporate Governance Code, which are in line with current regulations and, more specifically, with the Issuer Compliance Regulation. Tasks relating to the implementation of and compliance with these guidelines (training and dissemination of information, updating of the insider list, notification of black-out periods, compilation of an annual activity report and other duties) are carried out by the responsible Compliance Officer in coordination with the entire Board of Directors. Compliance activities are reported to the Audit Committee on an annual basis.

## MEASURES FOR THE ACTIVE PROMOTION OF WOMEN

The gender composition of POLYTEC HOLDING AG's governing bodies such as the Board of Directors and the Supervisory Board as of the balance sheet date on December 31, 2014 was as follows: one in five Supervisory Board positions was held by a woman, which corresponds to a proportion of 20%, and there was a female representative on the four-member Board of Directors, accounting for 25% of total executive positions.

The workforce in the automotive supply industry is still predominately male as this sector is primarily oriented towards technology. However, the percentage of female employees has increased over recent years and this also applies to top management positions. Gender composition of the company's managing director functions across POLYTEC GROUP's 24 business locations on the balance sheet date was as follows: 4% of total managing director positions was held by women, 44% by a mixed gender team and 52% by men.

Support functions within the Holding company are predominantly performed by women, who account for 54% of such positions. In the Finance and Accounting, Sales and Marketing as well as in the Legal departments, women currently hold clerical, middle and top management positions. This high percentage of female employees is mainly attributable to the strong commitment of the Human Resources department over the past few years to increasingly filling both new and replacement vacancies with women.

When filling vacant positions, the Human Resources department evaluates both male and female applicants in an equal manner. Candidates are selected on the basis of the skills, qualifications and experiences they can contribute to the company. Other personal characteristics such as social background, religion or age are not deemed important. For a globally operating company, performance orientation, equal opportunities and equal treatment of all employees take centre stage in daily business operations.

## FINANCIAL AUDITOR

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH, Johann-Konrad-Vogel-Straße 7–9, 4020 Linz, Austria was recommended by the Supervisory Board as auditor of POLYTEC HOLDING AG's financial statements and consolidated financial statements for the 2014 financial year and appointed by the 14th ordinary Annual General Meeting on May 14, 2014. In the year under review, total expenses for auditing purposes amounted to TEUR 183 (previous year: TEUR 137). A more detailed breakdown of these expenses in the single fields of activity is available in the Notes to the consolidated financial statements.

Hörsching, March 23, 2015

The Board of Directors

Friedrich Huemer m. p.
Markus Huemer m. p.
Alice Godderidge m. p.
Peter Haidenek m. p.

# REPORT OF THE POLYTEC HOLDING AG SUPERVISORY BOARD FOR THE 2014 FINANCIAL YEAR

In the year under review, the Board of Directors of POLYTEC HOLDING AG provided the members of the Supervisory Board and its committees with regular information about the business performance and financial situation of the company. During both scheduled meetings and informal discussions, communications between the Board of Directors and the Supervisory Board were characterized by a high degree of openness, which allowed the Supervisory Board to comprehensively assess the company's business development at all times and support the Board of Directors' fundamental decisions. In the course of four meetings, the Supervisory Board executed its duties pursuant to the Austrian legal provisions and the company's articles of association, as well as in compliance with the Austrian Corporate Governance Code.

During the 2014 financial year, the committees formed in accordance with the Corporate Governance Code (audit, nomination and risk management committees) convened as stipulated.

The Supervisory Board of POLYTEC HOLDING AG is currently composed of five shareholder representatives and is committed to compliance with the Austrian Corporate Governance Code. All of the Supervisory Board members are deemed to be independent according to the definition contained in the Austrian Corporate Governance Code.

The 2014 financial year also witnessed major changes to the POLYTEC Holding AG management. On January 1, 2014, Markus Huemer was appointed to the Board of Directors as the deputy chairman with responsibility for business development. Following the termination by mutual consent of Alfred Kollros' Board mandate on October 21, 2014, Markus Huemer had assumed the post of COO and is also responsible for the plant, production and purchasing areas. Alice Godderidge was also appointed to the POLYTEC Holding AG Board on January 1, 2014 and as the CSO bears responsibility for sales and engineering (sales, marketing and development). Details concerning the respective portfolios of all the members of the Board are described in the Corporate Governance Report.

The financial statements including the Management Report, the consolidated financial statements and the Group Management Report of POLYTEC HOLDING AG were audited by Deloitte Oberösterreich Wirtschaftsprüfungs GmbH, Johann-Konrad-Vogel-Strasse 7–9, 4020 Linz, Austria in its capacity as the auditor of the financial statements and consolidated financial statements. On the basis of this audit, the auditor confirmed that the corporate accounting, the financial statements and the consolidated financial statements comply with all legal requirements. Moreover, that the financial statements and the consolidated financial statements were prepared in accordance with generally accepted accounting principles and provide a true and fair view of the asset, financial and profit situation of the company and that the Management Report and the Group Management Report are consistent with the financial statements and the consolidated financial statements.

The Supervisory Board agrees with the result of this audit of the financial statements and the consolidated financial statements. The final result of the audit conducted by the Supervisory Board of the Management Report prepared by the Board of Directors, the management of the company, the Group Management Report and the consolidated financial statements gave no reason for objection. Therefore, the Supervisory Board approved the financial statements pursuant to Section 96 Para. 4 of the Austrian Stock Corporation Act.

Furthermore, the Supervisory Board concurs with the recommendation of the Board of Directors to distribute a dividend of EUR 0.25 per eligible share for the 2014 financial year.

On behalf of the Supervisory Board, I would like to express my thanks to the Board of Directors and all the members of the POLYTEC GROUP workforce for their endeavours and great commitment during the 2014 financial year.

Hörsching, March 25, 2015

Fred Duswald m. p.

# FINANCIALS 2014

# GROUP MANAGEMENT REPORT OF POLYTEC HOLDING AG FOR THE 2014 FINANCIAL YEAR

## 1. BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

### THE INTERNATIONAL BUSINESS ENVIRONMENT

The main influences upon international financial market development during 2014 once again emanated from the financial policy decisions of the central banks around the world. In general, these maintained their accommodating monetary policies, however in the course of the year contrasting future developments became apparent on the two sides of the Atlantic. In the USA, the FED ended its real estate debt and government bond purchasing programme during October and analysts already anticipate an initial gradual increase in the key interest rate in June 2015. This normalization of American monetary policy has been made possible by the good economic data in the USA, the continuing fall in unemployment and the increase in real wages and salaries during the past year. While the FED had already decided upon its exit from an extensive securities purchasing programme, the European Central Bank (ECB) discussed an additional quantitative loosening. Such a monetary policy measure would feed additional billions of euros into the European financial system on a monthly basis. The Bank of Japan is already pursuing this tactic and every month pumps billions of yen into the economy in order to raise inflation.

2014 was also a year of contradictory economic developments. For while the economies in several nations such as the USA and the UK continued to recover from the effects of the financial crisis, there were no signs of a significant improvement in the euro zone. This dichotomy had a major influence on the foreign exchange markets. One topic that had a particular impact upon the international financial markets was the marked devaluation of the euro against the US dollar, which took many analysts by surprise. This occurred against the background of the revival of the American labour market from the effects of the 2008 and probable US economic growth of 2.4 per cent in 2014, which was in sharp contrast to the economic stagnation in many euro zone countries. The initially bright economic outlook at the beginning of 2014 in Europe darkened steadily in the course of the year, due primarily to ongoing geopolitical crises. At the end of 2014, investors even feared another high point in the European national debt impasse owing to the politically sensitive situation in Greece. This was another reason why the euro came under tangible pressure during the year. At the beginning of 2014, the European common currency stood at roughly USD 1.40, but in the following twelve months it eased considerably to USD 1.21 (–13.5%). The last time that the euro was listed at this level was in July 2012. The European common currency also weakened against the British pound and the Australian dollar and at the start of 2015 another announcement impacted exchange rates. The decision of the Swiss National Bank to lift the minimum exchange rate of CHF 1.20 per euro and reduce its key interest rate by 0.75 per cent caught all the market players off-guard and contributed additionally to the mood of general uncertainty. A solution to the Greek crisis is not yet in sight and during the coming months this will continue to exert an influence on the exchange rate of the euro. The majority of analysts expect the European common currency to lose further ground in 2015.

The Russian rouble suffered an even greater value loss with the shrinking Russian economy sending the currency on a downward spiral. In the summer, the euro was quoted at around RUB 46, but by the end of the year this figure had risen to over RUB 70. Above all, the Russian national currency came under enormous pressure due to the US and European sanctions imposed in the course of the Ukraine-Russia conflict and the prolongation of low oil prices.

### MASSIVE AND RAPID FALL IN THE OIL PRICE

Another defining event for the international commodity and financial markets was the genuine slump in the oil price from the middle of 2014 onwards. If in July a barrel of American WTI crude cost over USD 100, by the end of the year the price had been roughly halved and closed at approximately USD 53. In the same period, the price for North Sea Brent also dropped considerably, falling from USD 111 to USD 58 at the year-end 2014. In spite of the fact that the oil price was extremely volatile in recent years, for many analysts this massive fall was unexpected. Experts trace this downturn to several factors. One major

reason is seen as being global overproduction in the wake of the rapid increase in US shale oil output. The new fracking process for oil extraction sent the global oil supply rocketing upwards although demand was only moderate and in turn this triggered the tumble in crude prices. In addition, the announcement of the Saudi Arabian oil minister that even in the case of a further price slide there would be no reduction in output, and the concrete decision of the OPEC in November 2014 to keep production constant, initiated further pressure on the oil price. Since mid-2014, energy-intensive branches and plastics processors, as well as private consumers, have been the beneficiaries of the low oil price. However, whether this situation is of a lasting nature, or merely a temporary phenomenon, is the subject of differing opinions among analysts.

Owing to the moderate development in the global economy, which also resulted partly from weaker Chinese growth, overall demand for a large number of raw materials declined markedly. Against this backdrop, the broad-based GSCI raw materials index fell by around 30 per cent over the preceding year.

## THE EUROPEAN FINANCIAL MARKETS

Developments in the European financial markets were also affected significantly by the expansive monetary policies of the European Central Bank:

- The ECB's key interest rate was lowered in two stages from 0.25 per cent at the beginning of the year to 0.05 per cent.
- In addition, the financial markets were driven by the possibility of a future securities purchasing programme on the part of the ECB (quantitative easing). In the autumn of 2014, the ECB's advisory committee already discussed an extensive securities purchasing programme that could also well be targeted on government bonds. Such a quantitative easing would provide the financial markets with additional billions in liquidity and should boost the European stock exchanges.
- Owing to the surplus liquidity in the banking system, from the middle of the year onwards the money market rates showed a clear downward trend. The 3-month Euribor fell by around 0.3 per cent in January to below 0.1 per cent at the year-end 2014.
- Long-term interest rates in the euro zone also eased considerably in 2014. 10-year German government bonds dropped from over 2.0 per cent at the beginning of the year to below 0.6 per cent at year-end. However, the government bonds of the European crisis countries were able to benefit from the continued expectation of expansive monetary policy. The return on 10-year Italian and Spanish government bonds halved during the year to stand at below 2.0 per cent. Both countries were therefore able to raise money in the capital markets at less expense than ever before.

## DEVELOPMENTS IN THE AUTOMOTIVE INDUSTRY

The figures for new car registrations and sales during recent years were primarily dependent upon economic growth, unemployment levels and the general consumer climate. Economic uncertainties and geopolitical conflicts had a major influence on the 2014 automotive year. Nonetheless, according to the German Automotive Industry Association, the situation was better than the mood. The global car market grew by around 2 per cent in 2014 and roughly 74.7 million new cars were purchased. There was growth in the three large regions of Western Europe, the USA and China and this more than compensated for reverses in other markets.

In 2014 European automobile subsuppliers were able to profit principally from the increasing demand for lighter cars with fewer $CO_2$ emissions. Production efficiency was raised owing to so-called global platform sourcing, while alternative drive concepts such as hybrid and e-motors, and a marked stiffening of emission standards, especially in Western countries, exerted a growing influence on consumer demand and were also clearly reflected in the automotive industry's growth figures.

## CHINA WAS THE AUTOMOTIVE DRIVING FORCE IN 2014 AND IS LIKELY TO REMAIN SO IN 2015

China was also the most important sales market for the global automotive industry in 2014. And although analysts predict lower growth rates, worldwide automotive production will continue to rely heavily on Chinese demand in years to come. Sales of new cars in China during 2014 amounted to 18.4 million units and the volume for the year as a whole exceeded that of 2013 by 12.7 per cent. However, despite the fact that sales were once again higher, they were less dynamic than in the past and the growth rate was well below the average of around 22 per cent for the period between 2006 and 2013. The reasons for these comparatively weak sales figures relate to what for Chinese conditions was a slight slow-down in economic growth. Among the German automotive manufacturers, with 29.1 per cent Mercedes-Benz achieved the largest annual growth (285,200 cars sold) and was followed by Audi (+17.7%, 579,000 cars), BMW (+17,6%, 426,000 cars) and Volkswagen (+10.0%, 2.8 million cars).

## USA PASSES THE 16-MILLION MARK AND STAYS ON THE RIGHT ROAD

During the past year, the US automotive industry sold a total of more than 16.4 million vehicles. This corresponded with a growth rate of 5.8 per cent as compared to 2013. These figures are still below the average of the pre-crisis years (2000 to 2007), which saw sales of 16.8 million cars, but many analysts already anticipate a return to this former volume level in 2015. As leasing or loan financing account for around 85 per cent of new car sales in the USA, the automotive branch was able to profit from the prevailing low interest rates (leasing financing at 2 to 3%). The industry also gained impetus from the generally positive economic mood with rising employment statistics and low fuel prices. This not only resulted in the purchase of cars, but also a trend towards larger vehicles, which in the main benefited the American manufacturers with their wide range of SUVs and pick-ups. Of the German premium class producers, BMW led the way with growth of 10 per cent.

## EUROPE REMAINS EN ROUTE TO RECOVERY

During 2014, more than 13 million cars were sold in Europe (EU28+EFTA), which represented an increase of 5.4 per cent over the previous year. Car sales in the EU28 rose by 5.7 per cent to 12.5 million and in Western Europe (EU15+EFTA) to 12.1 million. Following four years of decline, this meant growth of around 4.8 per cent in the latter area and a return to recovery following the sales slump caused by the European governmental debt crisis. Indeed in 2013, sales figures still showed shrinkage of 1.9 per cent. The strongest growth rates were to be found in the new EU states (EU13) with an overall figure of 14.2 per cent and new car sales amounting to roughly 0.9 million. Portugal, Ireland and Spain demonstrated the largest increases. Sales in the UK were above average and were followed by those in Italy and Germany, but car sales in France stagnated.

## RUSSIA AND BRAZIL IN REVERSE GEAR

The more optimistic mood in the European sales market was nonetheless somewhat dampened by the market slumps in Russia (–10.3%) and Brazil (–6.9%). Against the background of the continuing conflict in Ukraine, sales in the important Russian market during July and August fell by 23 and 26 per cent respectively. A total of only 2.5 million cars were sold in Russia during 2014 as a whole and in absolute sales terms it was overtaken by India (2.57 million), where the change over the previous year added up to a small gain of 0.7 per cent. In Japan, car sales increased by precisely 3 per cent to 4.7 million.

## COMMERCIAL VEHICLES: OVERALL GROWTH IN THE EU OF 7.6% – FEWER MEDIUM- AND HEAVYWEIGHT TRUCKS SOLD

In 2014, the number of new registrations of all classes of commercial vehicles within the EU (total of 1.85 million units) rose by 7.6 per cent. However, this overall increase was due primarily to growth of 11.3 per cent in the area of lightweight vehicles with weights of up to 3.5t. A slight increase of 1.4 per cent occurred in the new registrations of buses with over 3.5t, but the new registrations of vehicles with more than 3.5t in the medium weight segment were down by 8.1 per cent and those of heavy trucks in the 16t plus class fell by 6.1 per cent. Development in the main European markets for heavy trucks varied considerably, for while the UK (–28%) and France (–13%) fell sharply, new registrations were up in Germany (+6%) and above all in Spain (+25%). The tensions relating to Russia had a clearly negative effect on registrations in the Baltic states, while in Russia itself, the truck market collapsed. As a result, the national manufacturer GAZ had to apply for state guarantees amounting to RUB 25 billion (approx. EUR 350 million).

## OUTLOOK FOR 2015: FURTHER GROWTH IN CHINA AND THE USA, EUROPE LIVES IN HOPE

For 2015, the German Automotive Industry Association assumes fresh growth in the worldwide car market of around 2 per cent and estimates that car sales will exceed 76.4 million units. China and the USA will continue to be the global pacemakers even though they may "drop down a gear". The car market in Western Europe should also again show growth but with less dynamism than in 2014. This is due to the fact that for example the UK has already returned to its pre-crisis level and Germany is likely to move laterally. Only a small plus is expected in Italy and France and while the international production of the German car industry should grow by roughly 5 per cent, domestic output will only increase by approximately 2 per cent.

A negative trend is indicated for large commercial vehicles in 2015. A marked downturn in the registrations within the classes of over 3.5t already occurred in December 2014. Moreover, the figures for both medium and heavy trucks were halved and bus registrations also fell, if "only" by 16 per cent. In January, one important truck manufacturer started the year with a 30 per cent slump in sales and in view of the lack of commercial vehicle demand in Europe and South America some producers are already starting to reduce their production capacity. The branch has its hopes pinned on commercial vehicles with weights of up to 3.5 t, which recently demonstrated considerable growth.

The sizeable devaluation of the euro against the US dollar could have a positive effect on the results of automotive manufac-

turers and subsuppliers. Owing to the rigid list prices in US dollars, the fall in the European common currency chiefly opens up additional profit potential for the automotive industry.

Moreover, in 2015 the branch will again have further opportunities derived from stricter global standards with regard to emissions and safety.

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

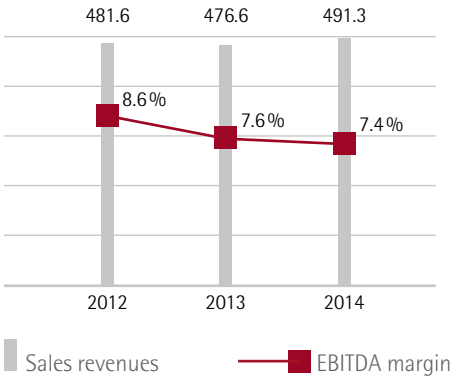
## 2. GROUP BUSINESS DEVELOPMENT AND STATUS

### SALES REVENUES

In the 2014 financial year, POLYTEC GROUP sales revenues increased by approximately 3.1% over the preceding year to stand at EUR 491.3 million. This figure includes a contribution of around EUR 8.5 million from the two locations in the Netherlands, which were purchased at the end of November 2014.

As compared to the same period of the previous year, sales revenues in the car business area rose by 8.3% to EUR 315.7 million. Sales in this business area developed in a clearly positive manner in each of the four quarters and all of the POLYTEC GROUP's important customers in the serial business segment contributed to this increase. In the commercial vehicle business area, total sales fell by 11.1% to EUR 123.1 million. This decline can be traced mainly to the general downturn in the market for medium and heavy trucks. Other contributory factors included reduced call-ups by Daimler Truck and the effects of the changes contained in the EURO 6 exhaust gas standard. Development in the non-automotive business field during the year was most positive and led to an increase in sales revenues of 12.4% over the same period of the previous year to EUR 52.5 million.

### SALES REVENUE AND EBITDA MARGIN DEVELOPMENT




### SALES BY MARKET SEGMENT

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Passenger cars | EUR m | 315.7 | 291.5 | 291.1 |
| Commercial vehicles | EUR m | 123.1 | 138.4 | 138.2 |
| Non-automotive | EUR m | 52.5 | 46.7 | 52.3 |
| **Group** | **EUR m** | **491.3** | **476.6** | **481.6** |

### SALES BY CATEGORY

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Part sales and other sales | EUR m | 421.1 | 416.8 | 428.6 |
| Tooling and engineering sales | EUR m | 70.2 | 59.8 | 53.0 |
| **Group** | **EUR m** | **491.3** | **476.6** | **481.6** |

The 17.3% increase in tooling and engineering sales revenues to EUR 70.2 million was due largely to further project progress in virtually every area of the group.

### SALES BY REGION

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Austria | EUR m | 18.0 | 16.5 | 13.4 |
| Germany | EUR m | 301.0 | 287.9 | 305.7 |
| Rest of EU | EUR m | 141.5 | 138.2 | 130.5 |
| Rest of world | EUR m | 30.8 | 34.0 | 32.0 |
| **Group** | **EUR m** | **491.3** | **476.6** | **481.6** |

## EARNINGS DEVELOPMENT

### EBITDA

POLYTEC GROUP EBITDA reported for the 2014 financial year totalled EUR 36.5 million and thus remained at the level of the previous year (EUR 36.4 million). The EBITDA margin fell by 0.2 percentage points to 7.4%. This result trend, which was somewhat below expectations, was due primarily to the productivity levels at individual plants that still require improvement. In addition, above budget start-up costs for various projects and the related material and personnel expense overruns also had a negative impact on the result.

### MATERIAL EXPENSES

In the 2014 financial year, the materials to sales ratio rose from 50.1% to 50.5%. This increase resulted mainly from shifts in the article mix.

### PERSONNEL EXPENSES

Taking into account the leasing costs included in other operating expenses, the group's personnel ratio was up by 0.7 percentage points on the preceding year at 33.6% or EUR 165.0 million. The primary reason for this rise was the increased employment of leasing personnel at various plants.

### AMORTIZATION AND DEPRECIATION

Owing to increased investment in tangible assets, as compared to the previous year depreciation rose by 5.7% from EUR 15.0 million to EUR 15.9 million.

### EBIT

In the 2014 financial year, EBIT increased by EUR 0.4 million or 2.0% to EUR 20.6 million, which corresponds with an EBIT margin of 4.2%. This figure contains a contribution to results of roughly EUR 2.5 million derived from the initial inclusion of the two Dutch company purchases.

## GROUP EARNINGS FIGURES

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Sales revenues | EUR m | 491.3 | 476.6 | 481.6 |
| EBITDA | EUR m | 36.5 | 36.4 | 41.3 |
| EBITDA margin (EBITDA/sales) | % | 7.4 | 7.6 | 8.6 |
| EBIT | EUR m | 20.6 | 20.2 | 27.4 |
| EBIT margin (EBIT/sales) | % | 4.2 | 4.2 | 5.7 |
| Average capital employed | EUR m | 150.3 | 132.0 | 118.9 |
| ROCE before tax (EBIT/capital employed) | % | 13.7 | 15.3 | 23.0 |

### FINANCIAL RESULT

In the 2014 financial year, the financial result amounted to minus EUR 1.8 million following minus EUR 1.1 million in the preceding year. The fall of around EUR 0.7 million thus reported was due largely to the interest expense derived from the taking up of a EUR 100 million bonded loan on 30 September 2014.

If the effects of tax deferrals are taken into account, the group's tax rate in the 2014 financial year amounted to 24.9%. Owing to the conservative assessment of tax loss carryforwards in previous years, this figure was slightly lower than the full income tax amount.

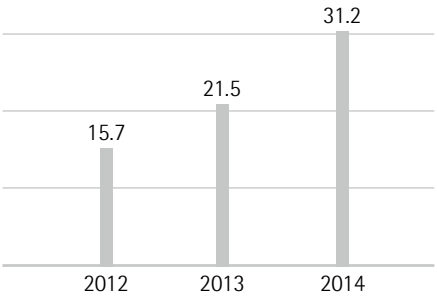
Group net profit totalled EUR 13.6 million, which corresponds with earnings per share of EUR 0.62.

## ASSET AND FINANCIAL STATUS

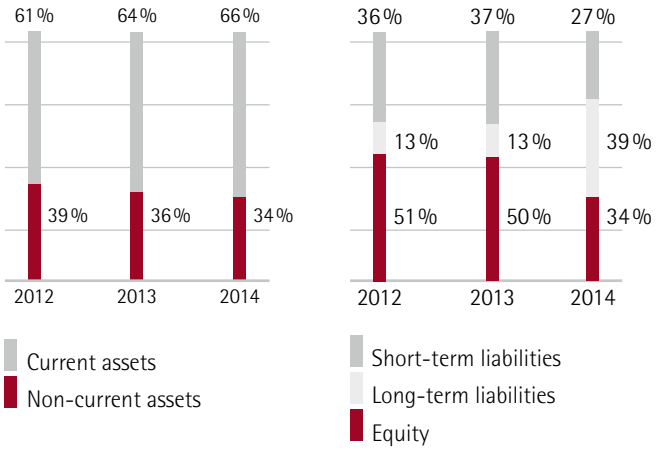
### INVESTMENTS

As opposed to the preceding year, the POLYTEC GROUP's investment volume increased markedly from EUR 9.7 million to EUR 31.2 million. The main reasons for this rise were ongoing replacements and scheduled new investments in infrastructure and production plant, which were made in connection with the organic growth targets for the coming years. In addition, the purchase of the two plants in Roosendaal and Putte in the Netherlands also added EUR 20.8 million to the increase in tangible assets.

## INVESTMENTS IN TANGIBLE ASSETS (IN EUR MILLION)




## BALANCE SHEET STRUCTURE OF THE POLYTEC GROUP (IN %)




## GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

| | Unit | 31.12.2014 | 31.12.2013 | 31.12.2012 |
|---|---|---|---|---|
| Equity ratio (equity/ balance sheet total) | % | 34.0 | 50.2 | 50.8 |
| Balance sheet total | EUR Mio, | 424.0 | 273.1 | 260.3 |
| Net working capital | EUR Mio, | 56.2 | 49.3 | 47.8 |
| Net working capital as a % of sales (NWC/sales) | % | 11.4 | 10.4 | 9.9 |

POLYTEC GROUP equity rose from EUR 137.2 million at year-end 2013 to EUR 144.3 million as at 31 December 2014. In spite of a dividend payout and continued own share buy-backs totalling EUR 6.3 million, the positive group result led to an increase in equity of EUR 7.1 million.

The equity ratio fell markedly from 50.2% to 34.0%. The main reason for this decline was the successfully concluded placing of a bonded loan with a total volume of EUR 100 million in September 2014, which resulted in a sizeable increase in balance sheet total. The bonded loan has a period of maturity of five to seven years, as well as both fixed and variable interest. The average weighted interest at the time of issue amounted to 2.15%.

As at the balance sheet date, the POLYTEC GROUP held 334,041 treasury shares (corresponds with 1.5% of share capital) with an acquisition value of EUR 1.9 million and a stock market value on the closing date of EUR 2.1 million. The share buy-back programme ended on 14 October 2014.

The increase in net working capital from EUR 56.2 million to EUR 55.4 million resulted largely from the initial consolidation of the two Dutch companies.

As at the balance sheet date of 31 December 2014, the group reported net debt of EUR 11.8 million. As at 31 December 2013, the group reported net cash of EUR 11.6 million. This change resulted largely from the marked increase in investments in tangible assets, as well as the payment of the purchase price for the acquisition of the two companies in the Netherlands.

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Net debt (+)/ -assets (–) | EUR m | 11.8 | -11.6 | -14.5 |
| Net debt (+)/ -assets (–) to EBITDA | – | 0.32 | -0.32 | -0.35 |
| Gearing (net debt (+)/-assets (–)/equity) | – | 0.08 | -0.08 | -0.11 |

## CASH FLOW

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Cash flow from operating activities | EUR m | 20.8 | 27.2 | 15.7 |
| Cash flow from investing activities | EUR m | -37.7 | -16.3 | -8.0 |
| Cash flow from financing activities | EUR m | 94.5 | -14.5 | -13.0 |
| Change in cash and cash equivalents | EUR m | 77.6 | -3.6 | -5.3 |

In the 2014 financial year, the cash flow from operating activities fell by EUR 6.4 million to EUR 20.8 million.

The cash flow from investing activities increased in the 2014 financial year by EUR 21.4 million to stand at EUR 37.7 million. The main reasons for this rise were new investments in infrastructure and production plant, which were made in connection with the aim of achieving organic growth in the coming years. In addition, the purchase of the two plants in the Netherlands also contributed to the higher cash flow from investing activities.

The cash flow from financing activities amounted to EUR 94.5 million and derived mainly from the placing of a EUR 100 million bonded loan and the payment of dividends totalling EUR 6.1 million.

## 3. NON-FINANCIAL PERFORMANCE INDICATORS

### ENVIRONMENTAL PROTECTION

A protective approach to the use of resources has long been a POLYTEC GROUP focal point and as a plastics processor, waste prevention is its prime objective. Therefore, in the plants that operate extensively with injection moulding technology, every effort is made to regranulate production waste to the maximum possible extent and channel it back to the production process. The research and development area is heavily involved in the cost-efficient use of materials and the employment of alternative substitutes. Indeed, the POLYTEC GROUP's comprehensive R&D activities have for many years resulted in a steady stream of improvements in products for customers, which either directly or indirectly have had a positive effect on the environment. For example, the dead weight of vehicles is lowered through reductions in the weight of individual components, which in some cases amount to as much as 40%. Less weight facilitates a cut in fuel consumption and consequently fewer CO2 emissions. Developments in the field of sound and noise reduction are also making major progress.

Equally, the manufacturing processes within the group are subject to ongoing optimization with the result that both energy and raw material consumption can be scaled down. Water and a range of cleaning solutions are employed almost exclusively in closed cycles. Moreover, during the use of paints, POLYTEC adheres to high indoor and exhaust air standards, which serve to simultaneously safeguard both employees and the environment.

The production locations possess accreditation according to numerous quality and environmental management standards, e.g. ISO 9001, 14001, 50001 and 16949. The aim of such certificates is the full use of energy potential, a reduction in energy costs and cuts in greenhouse gas emissions and other related environmental pollutants. As a result, the energy management system makes an important contribution to both environmental and climate protection.

In 2014, a pioneering project at the POLYTEC PLASTICS plant in Lohne established new benchmarks for other POLYTEC GROUP locations, as material consumption was not only reduced through the recycling of sorted production waste, but also extended process standardization. The quality of POLYTEC GROUP products was thus enhanced and in addition new heating and cooling concepts, optimized injection moulding machine insulation and a switch to LED technology were all implemented. With the help of ongoing training, POLYTEC is also heightening the awareness of every individual employee in connection with the topic of energy efficiency. The goal is transparent production with regard to the precise allocation of energy consumption to every concrete working phase and its monitoring. All the machines in two pilot halls have already been fitted with fix-mounted measurement devices and therefore every employee can obtain energy-relevant data directly and in real time via a PC, notebook or mobile phone, and if necessary, intervene in the process.

Since November 2014, the POLYTEC locations in Gochsheim, Cornberg, Voerde, Rastatt and Weiden have also possessed ISO 5001 certification. In Gochsheim, the most important energy management measure was already completed in 2013 with the switch from heating oil to natural gas. As a result, overall energy efficiency at the plant rose from 77% to 98%, yearly CO2 emissions were reduced by 120 t and energy purchasing costs were halved. In addition, not only was the entire works fitted with LED lighting technology, but energy-saving, high frequency pumps were also installed in the production area.

These selected examples illustrate the POLYTEC GROUP's sustained commitment to not only fulfil mandatory requirements, but in addition to fundamentally avoid or reduce negative impact upon the environment. In the final analysis, these savings also benefit the group as a whole.

## EMPLOYEES

The average number of POLYTEC GROUP employees and their geographic spread in 2013 and 2014 were as follows:

| Full-time equivalents | 2014 | 2013 |
|---|---|---|
| Austria | 554 | 542 |
| Germany | 2,304 | 2,253 |
| Rest of EU | 562 | 554 |
| Rest of world | 161 | 167 |
| **Total** | **3,581** | **3,516** |

The average share of leasing personnel amounted to 6.9% and on the balance sheet date, the POLYTEC GROUP workforce totalled 4,162. The inclusion of the two plants in the Netherlands increased the number of employees by around 650.

Sales per employee is a key indicator in the human resources area and developed as follows:

| | Unit | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Sales per employee | TEUR | 137 | 136 | 135 |

A strong customer focus and continuing process optimization aimed at increased profitability, environmental-friendliness and efficiency represent top POLYTEC GROUP priorities. In order to ensure that it is fully prepared to face the dynamic market challenges that lie ahead, the POLYTEC
GROUP promotes the ongoing further training of its employees through in-house coaching and courses at external educational institutions. Apart from the further development of technical and manual skills, an emphasis is placed on the teaching of foreign languages, as these are essential to the business success of an international group such as POLYTEC. Part of the remuneration of executive managers is linked to company performance in order to encourage identification with the group and a sense of responsibility.

## 4. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 2 March 2015, a contract was signed with Huemer Holding GmbH, Hörsching regarding the purchase of all the shares in POLYTEC Immobilien Holding GmbH, Hörsching. The transfer of the economic property also took place on 2 March 2015. With the company purchase agreement from 23 February 2015, the shares in WIN Coatings GmbH, Altenstadt (Germany) were obtained from Nessmayr Holding GmbH, Altenstadt (Germany) along with the tangible assets used by the company for operational purposes and its premises.

All other events after the balance sheet date that are of importance for evaluation on the said date, such as pending legal disputes, claims for damages, other obligations or anticipated losses, which in accordance with IAS 10 (Contingencies and Events Occurring after the Balance Sheet Date) must be reported or disclosed, are accounted for in the consolidated financial statements.

## 5. REPORT ON EXPECTED GROUP DEVELOPMENT AND RISKS

### BRANCH

The outlook for the automotive year 2015 is based on the assumption of additional growth in the global car market of around 2%. The number of cars sold is expected to increase and exceed 76.4 million units. China and the USA will continue to be the world's pacemakers and growth is also awaited in the Western European car market although with less dynamism than in 2014.

Negative development is indicated for the heavy commercial vehicle segment in 2015. Indeed, a sharp fall in registrations in the classes over 3.5 tonnes already took place in the EU during December 2014. The figures for both medium and heavy trucks were both halved and bus registrations fell by 16%. The branch has its hopes pinned on the commercial vehicle class of up to 3.5 tonnes, which has recently shown sizeable growth.

The tangible devaluation of the euro against the dollar and the significant fall in the oil price could have a positive effect upon the results of the automotive manufacturers and suppliers. Stricter global emission and safety standards also represent an opportunity for the automotive branch in 2015.

### GROUP RESULT OUTLOOK

The POLYTEC GROUP management assumes that consolidated sales of over EUR 600 million will be achieved in the 2015 financial year. The marked sales growth underlying these expectations will be supported by the full-year inclusion of the two plants purchased in the Netherlands and organic growth emanating from the start of serial production of new products.

In spite of the scheduled restructuring costs related to the conclusion of a social plan for the Gochsheim plant, the result figures should also demonstrate a tangible improvement. However, in view of the fact that demand development in the commercial vehicle segment continues to be volatile, the management cannot exclude the necessity for further measures aimed

at reducing workforce numbers, which could have a negative effect upon the result. By contrast, the management does not expect any surprises in the car market.

## 6. RISK REPORTING AND FINANCIAL INSTRUMENTS

For information regarding the group's risk reporting, please refer to section E. 4 of the notes to the consolidated financial statements. As was the case in the previous year, on 31 December 2014, the POLYTEC GROUP held no pending derivative financial instruments.

## 7. RESEARCH AND DEVELOPMENT REPORT

In 2014, the POLYTEC GROUP spent approximately EUR 9.6 million on research and development (2013: approximately EUR 8.4 million.)

In line with the group strategy of continually developing innovative technologies and applications, the POLYTEC GROUP's R&D departments are working intensively on new and further technical developments in the automotive and non-automotive sector with the objective of achieving continuous improvements in both group competitiveness and profitability.

Apart from the integration of an increasing number of functions in plastic parts and the ongoing expansion of the possibilities for the substitution of metals, the development of new materials and processes aimed at making plastic parts still lighter and more stable represents one of the POLYTEC GROUP's core activities. The group has been carrying out research in this field for many years, partly in teamwork with universities and schools of applied sciences. The group not only supplies products and systems, but also works actively on the development of new solutions as a technical partner to its customers.

The POLYTEC PLASTICS development centre at Lohne in northern Germany has a focus on the design of injection moulded components, which are used mainly in the engine compartment. In addition, the location is responsible for developments in the non-automotive sector, exterior parts for trucks and small car series, and interior applications such as tailgate trim, which also include high-tech processing concepts. The main objective of the engineering team is the replacement of metals by plastics and hence reductions in weight and thus emissions, as well as functional integration. POLYTEC can point to long-term experience in this regard and its expanded testing facilities enable both a rapid response to ever-increasing customer demands and the active development of entirely new parts. The pioneering role of the group in the motor compartment components area has thus been consolidated as the following examples illustrate.

In 2014, efficient filter systems were the object of special focus. During the year, the development engineers in Lohne succeeded in building filter systems with improved filtration performance, reduced pressure losses and a longer service life. These meet the steadily increasing demands of the automotive industry to a far greater extent than other standard solutions and in addition, the material employed offers freedom of design and hence the major advantage of the flexible and highly efficient use of even the smallest space in the engine compartment.

A further case of successful material substitution in the lightweight construction area is provided by complex intake systems, in which the substitution of aluminium by plastic facilitates the achievement of considerable weight advantages. The intake systems are manufactured in a highly automated injection moulding process at the POLYTEC PLASTICS plant in Wolmirstedt.

One excellent example of functional integration is the POLYSWIRL® fine oil separation system with which POLYTEC PLASTICS has enjoyed market success for a number of years. In 2014, this POLYTEC-patented system was upgraded technically and is now capable of removing oil droplets with a diameter of less than 0.001mm. At present, it is being installed in the cylinder head covers of leading European automotive manufacturers with the Volkswagen Group leading the way.

Development work in the field of fibre reinforced plastics at the POLYTEC COMPOSITES location in Gochsheim already commences in the material design phase. Tailor-made material formulae are created in-house, tested in laboratories and then employed for product manufacture. POLYTEC constantly has an eye on the complete value added chain and in the conceptual and development phases cooperates with its customers on the design of new solutions and application possibilities for long fibre reinforced duroplastic and thermoplastic materials. These endeavours are exemplified by the semis for the new, ultra-light trunk lid of the BMW M4 Coupé, which is the result of the company's own development and production capabilities. This component has been developed using a new type of two-layer design and a material mix of low-density and carbon SMC, and has been in serial production since March 2014.

The forecasts of the POLYTEC development engineers have also been confirmed in practice because as opposed to steel the component offers weight savings of 40 per cent in combination with identical stability and stiffness. However, this is not the end of the road as far as the related research work is concerned because owing to its high levels of inherent rigidity and low

weight, in future carbon SMC will also be employed for structural components in vehicle bodies.

In 2014, POLYTEC was also able to demonstrate its development competence in the e-vehicle segment in which lightweight construction plays a key role. POLYTEC COMPOSITES came up with a design for a battery box upper shell made from light, stable and flame retardant SMC, which was adopted by VW for use in its new e-Golf. The component has a length of more than two metres and not only prevents external damage to the battery and the penetration of moisture and dirt, but also reliably safeguards the vehicle interior against strong electromagnetic fields.

POLYTEC's diversity of materials and procedures for their processing enables it to deliver more than just parts to its customers and in the medium-term the group wishes to further consolidate its positioning as a systems supplier. Should customers request, it already undertakes a complete range of assignments from pre-development, to top coating, assembly and logistics.

One example of POLYTEC's production and supply of complete systems is provided by the full bumpers for the new Jaguar F-Type. POLYTEC CAR STYLING in Bromyard, UK has been producing this complex system since December 2013 in more than 1,000 differing variations on a just-in-sequence basis.

Apart from intensifying its activities as a systems supplier, the CAR STYLING business unit is also pushing ahead with its lightweight construction competence. In 2014, the process engineers at the Hörsching location achieved a breakthrough in the material research field with the creation of PUR RRIM Lightweight. This further development of PUR RRIM facilitates weight savings of up to 30% by means of the addition of hollow glass spheres and carbon fibres to the polyurethane base of the material. A variety of possibilities for external applications has thus been opened up, which extend from spoilers and styling kits to bumpers and the first serial order already entered production at Hörsching in January 2015.

In addition to small series, the CAR STYLING business unit focuses on the individualization of vehicles in the original accessories area and thereby covers the entire process chain required for an automotive development. As is usual in serial development, customers are offered a full service package that commences with sketches, design and functional models, prototyping, digitalization and CAD construction, and extends to the creation of rapid prototyping models. However, as the development and preliminary phases in the original spare part segment are far shorter than those relating to serial deliveries, all the related processes are trimmed for maximum flexibility and brief reaction times, but without any compromises with regard to documentation and quality assurance. The necessary production equipment and fixtures can be developed and manufactured in the in-company tooling and die making facilities and this also serves to reduce the realization period and raise flexibility.

The takeover of the production locations of voestalpine Plastics Solutions locations in the Netherlands in 2014 resulted in significant growth impulses in two important areas of application. In future, the POLYTEC PLASTICS plant in Putte is to serve as a development centre for demanding injection moulding solutions for truck exterior components. Among other activities, this will involve the use of in-mould decoration, which is a technology that to date POLYTEC did not have in its portfolio. This process can be used for the production of products such as truck logo faceplates, the surfaces of which are subject to stringent quality requirements. Moreover, it removes the need for an additional, cost-intensive lacquering process.

The second new development location, POLYTEC COMPOSITES in Roosendaal, is to become a competence centre for intelligent acoustic solutions. Its most important product group is comprised by hybrid underbody covers, which in future with provide an important addition to POLYTEC's Integrated Acoustic Solutions product segment. The underbody covers manufactured in Roosendaal are produced in a one-shot process, which consists of a single procedure during which as many as five differing materials are employed. The underbody covers combine reduced weight, extended functionality with regard to acoustic insulation and stiffness, as well as competitive production costs.

Through this strategic acquisition, the POLYTEC GROUP has acquired valuable know-how for future-safe applications in both the car and truck areas.

## 8. KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The Board of Directors is responsible for implementing an adequate internal control and risk management system for the accounting process and financial reporting. Appropriate organizational measures ensure that all the relevant legal requirements necessary for complete, correct, timely and orderly entries in the books and other records are met.

The entire process, from procurement to payment, is subject to strict regulations and guidelines that are intended to avoid any related risks. These measures and rules include the separation of functions, signature directives and signatory powers for payment authorizations on an exclusively collective basis

that are restricted to a small number of employees, as well as system-supported checks by the software employed.

The Board of Directors is constantly kept up to speed regarding all relevant issues by means of a standardized, group-wide financial reporting system and ad hoc reports on major events. At its meetings, which are held at least once a quarter, the Supervisory Board is informed about current business developments, operative planning and medium-term group strategy. In addition, in special cases the Supervisory Board is also provided with direct and immediate information. Among other topics, the audit committee meetings consider internal controls and risk management.

## 9. DISCLOSURES REGARDING CAPITAL, SHARE, VOTING AND CONTROL RIGHTS, AND ASSOCIATED OBLIGATIONS

The share capital of POLYTEC HOLDING AG is divided into 22,329,585 bearer shares with a par value of EUR 1.00 each. The group has no other types of shares. All shares have been admitted to trading in the prime market segment of the Vienna Stock Exchange.

Shareholders with a stake of over 10.0% of the share capital, as at the balance sheet date of 31 December 31 2014 comprised:

**Huemer Invest GmbH:** This company holds 26.6% of POLYTEC HOLDING AG share capital (16% via Huemer Holding GmbH and 10.64% via Huemer Invest GmbH). The family of the CEO of the POLYTEC GROUP, Friedrich Huemer, is the sole shareholder of the said companies. Friedrich Huemer is also the managing director of the said companies, with the sole power of representation.

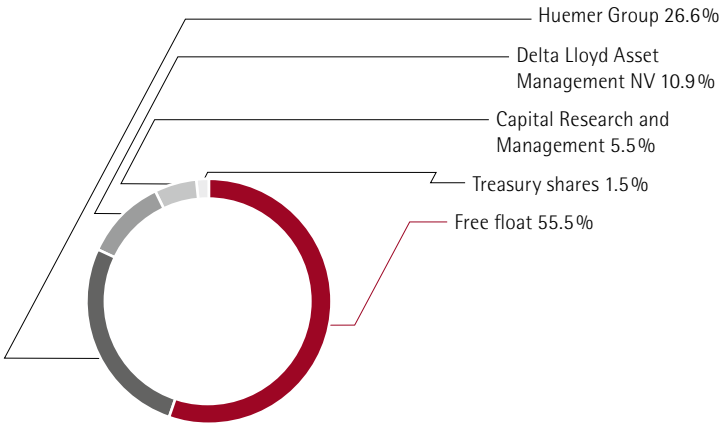
As compared to the balance sheet date of 31 December 2014, there were no changes in the shareholding structures of the companies owned by Friedrich Huemer and attributable to POLYTEC HOLDING AG.

**Delta Lloyd Asset Management NV** announced via a voting rights notification as of 9 May 2011 that it holds approximately 10.9% of the share capital of POLYTEC HOLDING AG through the following funds:

- Delta Lloyd Europees Deelnemingen Fonds
- Delta Lloyd Luxembourg European Participation Fund

Apart from the above, the Board of Directors is unaware of any shareholders with a share capital holding of over 10.0%. As at 31 December 2014, the shareholder Capital Research and Management possessed a holding of 5.5% of POLYTEC HOLDING AG share capital. Up to the balance sheet date, no other matters subject to reporting obligations on the part of shareholders, who have holdings that exceed the 4% disclosure limit, were reported to POLYTEC HOLDING AG. As at 14 October 2015, POLYTEC HOLDING AG held roughly 1.5% of its own shares. The remaining participations in share capital amounting to around 55.5% are in free float. No shareholders have particular rights of control.

As at 31 December 2014, on the basis of the 22,329,585 shares issued, the shareholder structure of POLYTEC HOLDING AG had the following form:




### SHARE BUY-BACK PROGRAMME

Having exercised the authorization granted to it by a resolution of the 12th Ordinary Annual General Meeting on 16 May 2012, POLYTEC HOLDING AG concluded the share buy-back programme on 14 October 2014. In the period from 8 August 2012 until 14 October 2014, POLYTEC HOLDING AG repurchased a total of 334,041 shares, which corresponds with roughly 1.5 per cent of share capital.

The buy-backs took place as shown below, differentiated in terms of stock market and over-the-counter off-market trading, average prices and value.

| | Stock exchange buy-backs | Off-market buy-backs (OTC) | Total |
|---|---|---|---|
| Repurchased shares (units) | 214,041 | 120,000 | **334,041** |
| Gross purchase price (EUR, on average) | 5.63 | 5.41 | **5.55** |
| Value (EUR) | 1,205,450 | 649,200 | **1,854,650** |

As the original authorization expired on 14 October 2014, at the 14th Annual General Meeting held on 14 May 2014 the Board of Directors requested a fresh resolution regarding its authorization to buy back company shares. This proposal was approved

unanimously, thus empowering the Board to continue the share buy-back programme.

## AUTHORIZED CAPITAL

Authorized capital was agreed through a resolution of the Extraordinary General Meeting held on August 7, 2013. Subject to the consent of the Supervisory Board, the Board of Directors is therewith empowered to raise share capital by up to a nominal value of EUR 6,698,875 through the issue of new shares at a minimum issue price of EUR 1.00 during a maximum period of three years following the registration of the authorized capital. The issue of new shares may take place subject to the exclusion of the subscription rights of the shareholders.

## OTHER INFORMATION

No indemnification agreements exist between the company and the members of the Board of Directors in the eventuality of a change in control. Equally, there are no indemnification agreements for the Supervisory Board members and employees or any other major agreements, which would be affected by a change in control or a public takeover bid.

There are no provisions in the Articles of Association that go beyond the statutory provisions for the appointment of members of the Board of Directors and the Supervisory Board, or are intended for amending the Articles of Association.

Hörsching, March 23, 2015

The Board of Directors

Friedrich Huemer m. p.
Markus Huemer m. p.
Alice Godderidge m. p.
Peter Haidenek m. p.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2014

compared with the figures from the previous year

| in TEUR | Notes | 2014 | 2013 |
|---|---|---|---|
| Net sales | D. 1 | 491,278 | 476,632 |
| Other operating income | D. 2 | 7,078 | 4,996 |
| Changes in inventory of finished and unfinished goods | | 1,821 | -1,320 |
| Own work capitalised | | 1,346 | 2,526 |
| Expenses for materials and services received | D. 3 | -248,176 | -238,823 |
| Personnel expenses | D. 4 | -154,287 | -148,774 |
| Other operating expenses | D. 5 | -62,533 | -58,832 |
| **Earnings before interest, taxes and amortisation (EBITDA)** | | **36,528** | **36,405** |
| Depreciation | | -15,880 | -15,021 |
| **Earnings before interest, taxes and amortisation of goodwill (EBITA)** | | **20,648** | **21,384** |
| Impairments | D. 6 | 0 | 0 |
| **Operating profit (EBIT)** | | **20,648** | **21,384** |
| Restructuring costs | D. 7 | 0 | -1,161 |
| **Operating profit (EBIT) after restructuring costs** | | **20,648** | **20,223** |
| Income from associated companies | | 85 | 24 |
| Interest result | | -1,877 | -1,134 |
| **Financial result** | D. 8 | **-1,792** | **-1,111** |
| **Earnings before tax** | | **18,857** | **19,112** |
| Taxes on income | D. 9 | -4,705 | -4,102 |
| **Net profit of continued operations** | | **14,151** | **15,010** |
| thereof result of non-controlling interests | | -592 | -691 |
| **thereof result of the parent company** | | **13,559** | **14,319** |
| | | | |
| Earnings per share in EUR | D. 21 | 0.62 | 0.65 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Jan. 1–Dec. 31, 2014

| in TEUR | Notes | Group | Non-controlling interests | Total |
|---|---|---|---|---|
| **Profit after tax** | | **13,559** | **592** | **14,151** |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Remeasurement of defined benefit obligation, net of tax | | -2,131 | 0 | -2,131 |
| Income tax relating to items that will not be reclassified subsequently | | 618 | 0 | 618 |
| | **D. 23** | **-1,514** | **0** | **-1,514** |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Currency translations | | 757 | 0 | 757 |
| | | **757** | **0** | **757** |
| | | | | |
| **Other income** | | **-756** | **0** | **-756** |
| | | | | |
| **Total income for the period** | | **12,803** | **592** | **13,395** |

Jan. 1–Dec. 31, 2013

| in TEUR | Notes | Group | Non-controlling interests | Total |
|---|---|---|---|---|
| **Profit after tax** | | **14,319** | **691** | **15,010** |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Remeasurement of defined benefit obligation, net of tax | | -1,274 | 0 | -1,274 |
| Income tax relating to items that will not be reclassified subsequently | | 373 | 0 | 373 |
| | **D. 23** | **-901** | **0** | **-901** |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Currency translations | | -810 | -25 | -835 |
| | | **-810** | **-25** | **-835** |
| | | | | |
| **Other income** | | **-1,711** | **-25** | **-1,736** |
| | | | | |
| **Total income for the period** | | **12,608** | **666** | **13,274** |

## CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2014

compared with the figures from the previous year

### ASSETS

| in TEUR | | Notes | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|---|---|
| **A.** | **Fixed Assets** | | | |
| I. | Intangible assets | D. 10 | 1,431 | 717 |
| II. | Goodwill | D. 10 | 19,180 | 19,180 |
| III. | Tangible assets | D. 11 | 100,720 | 66,124 |
| IV. | Investments in affiliated companies | | 100 | 135 |
| V. | Investments in associated companies | | 31 | 31 |
| VI. | Other financial assets | | 598 | 598 |
| VII. | Other long-term receivables | D. 14 | 2,338 | 588 |
| VIII. | Interest-bearing receivables | D. 16 | 756 | 0 |
| IX. | Deferred tax assets | D. 12 | 17,434 | 10,798 |
| | | | **142,588** | **98,171** |
| **B.** | **Current assets** | | | |
| I. | Inventories | D. 13 | 52,708 | 39,994 |
| II. | Trade accounts receivable and other receivables and assets | D. 14 | 69,163 | 53,512 |
| III. | Receivables from construction contracts | D. 15 | 34,609 | 34,765 |
| IV. | Income tax receivables | | 425 | 396 |
| V. | Interest-bearing receivables | D. 16 | 12,564 | 12,065 |
| VI. | Cash and cash equivalents | D. 17 | 111,951 | 34,174 |
| | | | **281,418** | **174,906** |
| | | | **424,006** | **273,077** |

## EQUITY AND LIABILITIES

| in TEUR | | Notes | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|---|---|
| **A.** | **Shareholder's equity** | | | |
| I. | Share capital | | 22,330 | 22,330 |
| II. | Capital reserves | | 37,563 | 37,563 |
| III. | Treasury stock | | -1,855 | -1,709 |
| IV. | Non-controlling interests | | 5,520 | 5,528 |
| V. | Retained earnings | | 85,998 | 77,943 |
| VI. | Other reserves | | -5,262 | -4,506 |
| | | D. 20 | **144,294** | **137,150** |
| **B.** | **Long-term liabilities** | | | |
| I. | Interest-bearing liabilities | D. 22 | 121,814 | 13,295 |
| II. | Provision for deferred taxes | D. 12 | 417 | 354 |
| III. | Long-term provisions for personnel | D. 23 | 26,335 | 21,649 |
| IV. | Other long-term liabilities | D. 24 | 15,149 | 0 |
| | | | **163,715** | **35,298** |
| **C.** | **Short-term liabilities** | | | |
| I. | Trade accounts payable | D. 25 | 47,743 | 39,773 |
| II. | Liabilities from construction contracts | D. 15 | 5,540 | 2,704 |
| III. | Short-term interest-bearing liabilities | D. 26 | 10,528 | 13,708 |
| IV. | Short-term portion of long-term loans | D. 27 | 4,749 | 7,591 |
| V. | Liabilities on income taxes | D. 28 | 1,216 | 3,574 |
| VI. | Short-term provisions | D. 29 | 26,296 | 18,974 |
| VII. | Other short-term liabilities | D. 30 | 19,924 | 14,305 |
| | | | **115,996** | **100,629** |
| | | | **424,006** | **273,077** |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2014

compared with the figures from the previous year

| in TEUR | Notes | 2014 | 2013 |
|---|---|---|---|
| **Earnings before tax** | | **18,857** | **19,112** |
| - Income taxes | | -6,039 | -4,341 |
| + Depreciation (appreciation) of fixed assets | | 15,880 | 15,021 |
| - Non-cash earnings from deconsolidation | B. 1 | -877 | 0 |
| +(-) Other non-cash expenses and earnings | | 43 | 0 |
| +(-) Increase (decrease) in long-term provisions | | 242 | 123 |
| -(+) Profit (loss) from asset disposals | | -791 | -14 |
| **= Consolidated cash flow from earnings** | | **27,315** | **29,901** |
| -(+) Increase (decrease) in inventories, advance payments made | | -1,644 | -515 |
| -(+) Increase (decrease) in trade and other receivables | | 5,073 | -8,379 |
| +(-) Increase (decrease) in trade and other payables | | -1,947 | 6,954 |
| +(-) Increase (decrease) in short-term provisions | | -7,991 | -769 |
| **= Consolidated cash flow from operating activities** | | **20,806** | **27,192** |
| | | | |
| - Investments in fixed assets | | -30,178 | -17,008 |
| - Acquisition of a subsidiary, less acquired cash and cash equivalents | B. 1 | -9,648 | 0 |
| + Disposal of deconsolidated subsidiaries | | 0 | 300 |
| +(-) Translation | | -345 | 138 |
| + Payments from the disposal of intangible and tangible assets | | 3,070 | 853 |
| -(+) Increase (decrease) interest bearing receivables and other long-term receivables | | -553 | -588 |
| **= Consolidated cash flow from investing activities** | | **-37,655** | **-16,306** |

| in TEUR | Notes | 2014 | 2013 |
|---|---|---|---|
| +(-) Increase (decrease) in interest-bearing loans and liabilities to banks | | 633 | -5,402 |
| -(+) Funds from promissory note loans | | 99,487 | 0 |
| - Dividend | | -6,105 | -7,725 |
| - Purchase of non-controlling interests | | 0 | -379 |
| - Treasury stock | | -146 | -313 |
| +(-) Other changes in equity | | 605 | -680 |
| **= Consolidated cash flow from financing activities** | | **94,475** | **-14,499** |
| | | | |
| +(-) Consolidated cash flow from operating activities | | 20,806 | 27,192 |
| +(-) Consolidated cash flow from investing activities | | -37,655 | -16,306 |
| +(-) Consolidated cash flow from financing activities | | 94,475 | -14,499 |
| **= Changes in cash and cash equivalents** | | **77,625** | **-3,612** |
| +(-) Effect from currency translations | | 152 | -155 |
| + Opening balance of cash and cash equivalents | D. 17 | 34,174 | 37,941 |
| **= Closing balance of cash and cash equivalents** | D. 17 | **111,951** | **34,174** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in TEUR | Notes | Share capital | Capital reserves | Treasury stock |
|---|---|---|---|---|
| **As of January 1, 2014** | | **22,330** | **37,563** | **-1,709** |
| Comprehensive income after tax according to the income statement | | 0 | 0 | 0 |
| Other results after tax | | 0 | 0 | 0 |
| Dividend | | 0 | 0 | 0 |
| Treasury shares | | 0 | 0 | -146 |
| **As of December 31, 2014** | **D. 20** | **22,330** | **37,563** | **-1,855** |

| in TEUR | Notes | Share capital | Capital reserves | Treasury stock |
|---|---|---|---|---|
| **As of January 1, 2013** | | **22,330** | **37,563** | **-1,396** |
| Comprehensive income after tax according to the income statement | | 0 | 0 | 0 |
| Other results after tax | | 0 | 0 | 0 |
| Dividend | | 0 | 0 | 0 |
| Purchase of non controlling interests | | 0 | 0 | 0 |
| Treasury shares | | 0 | 0 | -313 |
| **As of December 31, 2013** | **D. 20** | **22,330** | **37,563** | **-1,709** |

| | Other reserves | | | | |
|---|---|---|---|---|---|
| Retained earnings | Actuarial profit/loss | Reserves from currency translation | Equity attributable to shareholders of the parent | Non-controlling interests | Total |
| **77,943** | **-2,230** | **-2,276** | **131,622** | **5,528** | **137,150** |
| 13,559 | 0 | 0 | 13,559 | 592 | 14,151 |
| 0 | -1,514 | 758 | -756 | 0 | -756 |
| -5,505 | 0 | 0 | -5,505 | -600 | -6,105 |
| 0 | 0 | 0 | -146 | 0 | -146 |
| **85,998** | **-3,744** | **-1,518** | **138,774** | **5,520** | **144,294** |

| | Other reserves | | | | |
|---|---|---|---|---|---|
| Retained earnings | Actuarial profit/loss | Reserves from currency translation | Equity attributable to shareholders of the parent | Non-controlling interests | Total |
| **71,342** | **-1,329** | **-1,466** | **127,045** | **5,249** | **132,293** |
| 14,319 | 0 | 0 | 14,319 | 691 | 15,010 |
| 0 | -901 | -810 | -1,711 | -25 | -1,736 |
| -7,725 | 0 | 0 | -7,725 | 0 | -7,725 |
| 7 | 0 | 0 | 7 | -386 | -379 |
| 0 | 0 | 0 | -313 | 0 | -313 |
| **77,943** | **-2,230** | **-2,276** | **131,622** | **5,528** | **137,150** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE 2014 FINANCIAL YEAR OF POLYTEC HOLDING AG, HÖRSCHING

### A. GENERAL INFORMATION

The POLYTEC GROUP is a globally operating corporation focusing on the automotive and plastics industry with its head office based in Austria. In the automotive industry, the Group is working as supplier of exterior and engine compartment components in the high-volume market segment as well as a supplier of original equipment and components for small and medium series. Furthermore, the Group produces PUR moulded parts as well as corresponding machines for the production of such components for other industries. POLYTEC HOLDING AG's company address is as follows: Polytec-Straße 1, 4063 Hörsching, Austria.

The consolidated financial statements for the 2014 financial year of POLYTEC HOLDING AG (hereinafter referred to as "Group" or "POLYTEC GROUP") were prepared in accordance with the guidelines of the International Financial Reporting Standards (IFRS) and their interpretations in line with the EU standard practice. They also comply with the additional requirements of § 245a Para. 1 UGB (Austrian Commercial Code).

The headquarters of POLYTEC HOLDING AG is located in Hörsching, Austria, and the company is listed in the "Landes- und Handelsregister Linz" (Commercial Registry of the City of Linz) under the number FN 197646 g.

All standards, which were mandatory for the financial years under review, were applied with regard to the preparation of the present consolidated financial statements.

The following new or amended standards and interpretations were applicable for the first time in the 2014 financial year:

IFRS 10 Consolidated Financial Statements provides a new and more comprehensive definition of the concept of control, which aims to create a uniform basis for defining the scope of consolidation. Accordingly, control exists if the company has the power to direct the relevant processes, generates variable returns from the subsidiary and can influence these returns through its power to direct the relevant processes. In future, IAS 27 will only contain the rules for accounting for interests in subsidiaries in separate financial statements. The option to consolidate interests in joint ventures proportionally is abolished with IFRS 11. In future, joint ventures must be included in the consolidated financial statements using the equity method in accordance with IAS 28. The application of IFRS 10 and IFRS 11 for the first time has no major effects on the consolidated financial statements of the POLYTEC GROUP. IFRS 12 combines the disclosures in the Notes on consolidated and non-consolidated companies in a separate standard. The scope of the disclosures required in the Notes has increased significantly through the application of IFRS 12.

The amendments to IAS 36 regarding the disclosures on the recoverable amount for non-financial assets were adopted by the European Commission on December 19, 2013. Application of the reforms is mandatory for financial years starting on or after January 1, 2014. However, the POLYTEC GROUP applied this amendment prematurely in the 2013 financial year. These amendments only require disclosure of the fair value of the assets of cash generating units if impairment losses or reversals of impairment losses were recognised for these units during the year and consequently rectify the unintended consequences of IFRS 13 for the compulsory disclosures pursuant to IAS 36.

The following new, revised or expanded standards issued by the IASB and the interpretations issued by IFRIC, which are applicable for the first time in the 2014 financial year, are not relevant to the consolidated financial statements of the POLYTEC GROUP:

| Standard | Interpretation | Published by IASB | Application mandatory according to IASB for financial years from: | Adopted by the EU as of Dec. 31, 2014 |
|---|---|---|---|---|
| IAS 27 | Separate Financial Statements (application mandatory according to the EU Commission from January 1, 2014) | May 12, 2011 | January 1, 2013 | Yes |
| IAS 28 | Investments in Associates and Joint Ventures (application mandatory according to the EU Commission) | May 12, 2011 | January 1, 2013 | Yes |

| | | | | |
|---|---|---|---|---|
| IAS 32 | Offsetting Financial Assets and Financial Liabilities | December 16, 2011 | January 1, 2014 | Yes |
| IAS 39 | Novation of Derivatives and Continuation of Hedge Accounting | June 27, 2013 | January 1, 2014 | Yes |
| IFRIC 21 | Levies (application mandatory according to the EU Commission from June 17, 2014) | May 20, 2013 | January 1, 2014 | Yes |
| IFRS 10, 11, 12 | Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12 – application mandatory according to the EU Commission from January 1, 2014) | June 28, 2013 | January 1, 2013 | Yes |
| IFRS 10, 12, IAS 27 | Investment Entities | October 31, 2012 | January 1, 2014 | Yes |

The International Accounting Standards Board (IASB) is working on a large number of important projects, which will only affect financial years starting on January 1, 2015. The following new, revised or expanded standards and IFRIC interpretations, already published by the IASB but for which application is not yet mandatory, have not been applied prematurely by the POLYTEC GROUP either and are consequently not relevant for the present consolidated financial statements:

| Standard | Interpretation | Published by IASB | Application mandatory according to IASB for financial years from: | Adopted by the EU as of Dec. 31, 2014 |
|---|---|---|---|---|
| IAS 19 | Defined Benefit Plans: Employee Contributions (application mandatory according to the EU Commission from February 1, 2015) | November 21, 2013 | July 1, 2014 | Yes |
| Various | Amendment of a number of IFRS as a result of the improvements cycle 2010-2012 (application mandatory according to the EU Commission) | December 12, 2013 | July 1, 2014 | Yes |
| Various | Amendment of a number of IFRS as a result of the improvements cycle 2011-2013 (application mandatory according to the EU Commission) | December 12, 2013 | July 1, 2014 | Yes |
| IFRS 14 | Regulatory Deferral Accounts | January 30, 2014 | January 1, 2016 | No |
| IFRS 11 | Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations | May 6, 2014 | January 1, 2016 | No |
| IAS 16, 38 | Property, Plant and Equipment, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation | May 12, 2014 | January 1, 2016 | No |
| IFRS 15 | Revenue from Contracts with Customers | May 28, 2014 | January 1, 2017 | No |
| IAS 16, 41 | Property, Plant and Equipment, Agriculture: Bearer Plants | June 30, 2014 | January 1, 2016 | No |
| IFRS 9 | Financial Instruments | July 24, 2014 | January 1, 2018 | No |
| IAS 27 | Separate Financial Statements: Equity Method in Separate Financial Statements | August 12, 2014 | January 1, 2016 | No |
| IFRS 10, IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | September 11, 2014 | January 1, 2016 | No |
| Various | Amendment of a number of IFRS as a result of the improvements cycle 2012-2014 | September 25, 2014 | January 1, 2016 | No |
| IFRS 10, 12, IAS 28 | Investment Entities: Applying the Consolidation Exception | December 18, 2014 | January 1, 2016 | No |
| IAS 1 | Disclosure Initiative | December 18, 2014 | January 1, 2016 | No |

The new IFRS 9 envisages far-reaching changes with regard to the classification and evaluation of financial instruments, the impairment of financial assets and the rules on hedge accounting. Because of the ongoing revision of the standard, the impact on the POLYTEC GROUP cannot be reliably estimated at present. Given the current status of the project, application of IFRS 9 will only be mandatory for financial years commencing on January 1, 2018.

With regard to the future application of additional standards and interpretations that have not yet come into effect and have not yet been applied by the POLYTEC GROUP, no significant material changes to the reported assets, liabilities or other disclosures in the consolidated financial statements are expected.

The consolidated financial statements are presented in thousands of Euros (TEUR). When adding up rounded amounts and information given as a percentage, rounding differences may occur due to the use of automatic calculation methods.

The consolidated income statement of the group is prepared in accordance with the total cost accounting method.

Pursuant to § 245a UGB (Austrian Commercial Code), the present consolidated financial statements replace the consolidated financial statements, which would otherwise have to be prepared in accordance with § 244 et seq. UGB.

## B. PRINCIPLES OF CONSOLIDATION

### 1. SCOPE OF CONSOLIDATION

The scope of consolidation is determined in accordance with the principles of IFRS 10 (Consolidated Financial Statements). The parent company is the POLYTEC HOLDING AG, Hörsching. The financial statements of POLYTEC HOLDING AG and the financial statements of the companies controlled by POLYTEC HOLDING AG as of December 31 each year are included in the consolidated financial statements by way of full consolidation. Control exists if the company has the power to direct the relevant processes, generates variable returns from the subsidiary and can influence these returns through its power to direct the relevant processes. Thus, six national subsidiaries (previous year: five) and 22 international subsidiaries (previous year: 19) were included in addition to the parent company; these subsidiaries are under the control of the POLYTEC HOLDING AG. The six companies (previous year: seven), which were not included, are not important for the consolidated financial statements. The balance sheet date for all companies included in the consolidated financial statements is December 31, 2014.

An overview of the fully consolidated companies can be found in Annex E. 10.

The annual financial statements of the subsidiaries are included into the consolidated financial statements from the time of acquisition until the time of disposal. A subsidiary will first be included when the respective parent company is actually assigned the control with regard to the assets and the business activities of this company.

In the financial year under review, the basis of consolidation changed as follows:

| Basis of consolidation | Full consolidation |
|---|---|
| **As of Dec. 31, 2013** | **25** |
| Addition due to group-internal reorganisation | 1 |
| Company acquisitions | 2 |
| Newly founded business entities | 1 |
| **As of Dec. 31, 2014** | **29** |
| thereof foreign companies | 22 |

#### ACQUISITIONS 2014

POLYTEC Anlagenfinanzierung GmbH, Hörsching (as of September 1, 2014), and Polytec Netherlands Holding B.V., Roosendaal (as of September 19, 2014), were fully consolidated for the first time in the 2014 financial year.

POLYTEC Anlagenfinanzierung GmbH was a shell company, which was previously not consolidated because of its minor significance for the consolidated financial statements, but now operates as a group financing and holding company.

Polytec Netherlands Holding B.V. is a newly established company through which the acquisition of the two Dutch companies was handled.

Considered overall, the impact of these two first-time consolidations on the consolidated financial statements of the POLYTEC GROUP can be regarded as minor.

**voestalpine Plastics Solutions**

On September 30, 2014, the POLYTEC GROUP and the voestalpine Group signed an agreement for Polytec Netherlands Holding B.V., Roosendaal, to acquire 100% of the shares in voestalpine Polynorm Van Niftrik B.V., Putte, and voestalpine Polynorm Plastics B.V., Roosendaal. The closing of the transaction and consequently transfer of beneficial ownership took place on November 26, 2014.

The two locations Putte (NL) and Roosendaal (NL) generated sales of around EUR 120 million with approximately 700 employees in the 2013/14 financial year. Their products include modules for underbody panelling, acoustic components, exterior parts for commercial vehicles as well as non-automotive products. Their principal customers are large European OEMs.

With the takeover of voestalpine Plastics Solutions, the POLYTEC GROUP can further expand its market position as a leading manufacturer of composite components for the European automotive industry and strengthen customer access among key customers for the POLYTEC GROUP. Following this takeover, the POLYTEC GROUP currently manufactures at a total of 23 locations in ten countries throughout the world.

On the basis of its proximity to the reporting date, the complexity of the deal and the size of the acquisition, the purchase price allocation is based on provisional figures. Final measurement of the purchase price allocation will be completed within twelve months of the date of acquisition, as soon as all the fundamentals for determining fair values, in particular, the order level, inventories, fixed assets and provisions as well as deferred taxes have been analysed in detail.

The purchase price allocation based on provisional fair values broke down as follows on the date of acquisition:

| in TEUR | 2014 |
|---|---|
| Purchase price settled in cash | 17,247 |
| Net assets | 18,124 |
| Liabilities-side difference (negative goodwill) | 877 |

The negative difference remaining after the purchase price allocation reflects the good result achieved in negotiations and was credited to the income statement in accordance with IFRS 3.34. The income is reported under other operating income.

The net assets acquired broke down as follows on the basis of the provisional fair values determined on the date of acquisition:

| in TEUR | Fair value at the date of acquisition |
|---|---|
| **Non-current assets** | |
| Intangible assets | 308 |
| Property, plant and equipment | 20,766 |
| Other non-current receivables | 1,952 |
| Deferred tax assets | 7,626 |
| | **30,653** |
| **Current assets** | |
| Inventories | 11,069 |
| Trade and other receivables | 18,157 |
| Receivables from construction contracts | 2,410 |
| Cash in hand and current financial resources | 7,599 |
| | **39,235** |
| **Non-current liabilities** | |
| Obligations to employees | 2,930 |
| Other non-current liabilities | 15,149 |
| | **18,079** |
| **Current liabilities** | |
| Trade payables | 9,098 |
| Liabilities under construction contracts | 2,452 |
| Current provisions | 15,313 |
| Other current liabilities | 6,822 |
| | **33,685** |
| **Net assets** | **18,124** |

The fair value of trade and other receivables amounts to TEUR 18,157. Gross receivables amount to TEUR 18,588. The value adjustment for receivables that are anticipated to be unrecoverable amounts to TEUR 432.

The net cash inflow from the acquisition broke down as follows:

| in TEUR | 2014 |
|---|---|
| **Cash flow from investing activities** | |
| Purchase price settled in cash | -17,247 |
| Cash in hand and current financial resources | 7,599 |
| **Net cash inflow from the acquisition** | **-9,648** |

Since being consolidated for the first time, the companies acquired have contributed total sales of TEUR 8,517 to the group's sales. The contribution to post-tax profits for the same period amounted to TEUR 1,594. If the companies acquired had been consolidated on January 1, 2014, the group's sales would have been TEUR 108,816 higher and the post-tax profits would have been TEUR 3,311 higher. However, the fact that the result in 2014 was positively affected by non-recurring effects amounting to TEUR 10,457 from plan curtailments and

settlements of defined benefit pension plans must also be taken into account here.

## ACQUISITIONS 2015

### POLYTEC Immobilien Group

The contract to acquire all shares in POLYTEC Immobilien Holding GmbH was signed with Huemer Holding GmbH, Hörsching, on March 2, 2015. Beneficial ownership was also transferred on March 2, 2015.

POLYTEC Immobilien Holding GmbH is a real estate investment holding company with subsidiaries at home and abroad. For historical reasons, these subsidiaries own key business properties at twelve different locations in Germany, Austria, Belgium and Slovakia for the POLYTEC GROUP. POLYTEC Immobilien Holding GmbH also established a Turkish company in 2014 with the aim of acquiring a property for the POLYTEC site in Turkey.

The management of POLYTEC HOLDING AG expects financial as well as strategic benefits from the acquisition of the real estate portfolio previously held by Huemer Holding GmbH. In addition to the attractive purchase price at the lower end of a value range determined in the course of the purchase process, very positive effects on the earnings situation of the POLYTEC GROUP can be achieved at the same time. The acquisition will have a positive impact of around 7.9 million p. a. on EBITDA. The positive impact on EBIT is estimated at around EUR 5.0 million p. a. from today's perspective. It must also be noted that these positive contributions to earnings will further increase moving forward, since rental payments are subject to annual indexation. Based on the value of the real estate portfolio, a return on capital employed of approximately 9% is produced. Given current very favourable interest rates, the option of increasing the promissory note loan above the originally planned level was exploited. As a result, liquid resources were available, which could be put to optimal use through this takeover. At the same time, the acquisition of the real estate portfolio will also result in strategic benefits for the POLYTEC GROUP. The takeover and its impact on the earnings situation will improve the KPIs of relevance to potential providers of equity and loan capital and consequently the group's position on the financial market as well as the financing of future growth.

The purchase price allocation based on provisional fair values broke down as follows on the date of acquisition:

| in TEUR | 2014 |
|---|---|
| Purchase price settled in cash | 29,595 |
| Pro-rata net assets of shares without controlling influence | 1,808 |
| **Subtotal** | **31,403** |
| Net assets | 21,041 |
| Goodwill | 10,362 |

The goodwill that arose as part of the acquisition arises inevitably as a technical figure as a consequence of using the purchase method to account for the acquisition of the real estate portfolio, which was structured as a share deal, in accordance with IFRS 3 (Business Combinations) because of the mandatory recognition of deferred taxes on the difference between the fair value and the tax value of the real estate assets acquired. The intrinsic value of goodwill has not yet been assessed as part of the preliminary purchase price allocation.

On the basis of provisional fair values, the net assets acquired broke down as follows on the date of acquisition:

| in TEUR | Fair value at the date of acquisition |
|---|---|
| **Non-current assets** | |
| Intangible assets | 4 |
| Property, plant and equipment | 89,758 |
| | **89,762** |
| **Current assets** | |
| Trade and other receivables | 594 |
| Cash in hand and current financial resources | 1,130 |
| | **1,724** |
| **Non-current liabilities** | |
| Deferred tax obligations | 10,434 |
| Interest-bearing liabilities | 24,613 |
| | **35,047** |
| **Current liabilities** | |
| Trade payables | |
| Interest-bearing liabilities | 32,932 |
| Current provisions | 153 |
| Other current liabilities | 2,313 |
| | **35,398** |
| **Net assets** | **21,041** |

The fair value of trade and other receivables amounts to TEUR 594. The gross amount of receivables also amounts to TEUR 594. None of the trade and other receivables was impaired and all receivables agreed by contract are recoverable.

The net cash flow from the acquisition breaks down as follows:

| in TEUR | 2014 |
|---|---|
| **Cash flow from investing activities** | |
| Purchase price settled in cash | -29,595 |
| Cash in hand and current financial resources | 1,130 |
| **Net cash flow from the acquisition** | **-28,465** |

### WIN Coatings

All shares in WIN Coatings GmbH, Altenstadt, Germany as well as the fixed assets needed for the business used by the company along with the business property were acquired from Nessmayr Holding GmbH, Altenstadt, Germany, by means of a company acquisition contract dated February 23, 2015. The total purchase price amounted to TEUR 2,600.

This takeover serves to consolidate the group's position in the European market through the acquisition of companies, which perfectly complement the POLYTEC GROUP's technology portfolio. The company mentioned above will optimally complement the industrial coatings division moving forward. Up until now, it has primarily served as an external, extended workbench for the POLYTEC site in Weiden. Besides, this acquisition will further increase the degree of vertical integration of the industrial coatings process by adding an important process step such as priming coating, while at the same time eliminating a critical operating interface.

WIN Coatings GmbH generated total sales of around EUR 3.9 million in the 2014 financial year. Since approximately 70% of this figure was generated with companies of the POLYTEC GROUP, the consolidated sales of the POLYTEC GROUP will only increase very slightly.

## 2. METHODS OF CONSOLIDATION

The consolidation of investments for company acquisitions until March 31, 2004 was performed on the basis of the book value method by offsetting the acquisition costs of the investments against the equity ratio allotted to these investments at the time of acquisition. A goodwill is assigned to the assets as far as possible. A badwill was analysed in previous years for its reason of accrual and, if affecting future losses and expenses, recorded in accordance with IAS 22 as income at the time of occurrence of these losses and expenses.

IFRS 3 (Business Combinations) was applied for income occurred after March 31, 2004. Thus, the consolidation of investments was performed on the basis of the revaluation method (method concerning all assets and liabilities at fair value, also in the case of non-controlling interests and complete disclosure of the hidden reserves, independent from the amount of the non-controlling interests). The investment book value is opposed by the proportionate, re-evaluated equity of the subsidiary (purchase accounting).

Remaining differences are capitalised as goodwill. Goodwill occurred prior to January 1, 2005 was recorded with the carrying amount as of December 31, 2004. Goodwill is subject to an annual impairment test.

If acquisition costs are lower than the net assets, the liabilities-side difference (negative goodwill) is recognised in the income statement of the acquisition period.

As in the previous year non-controlling interests are disclosed in the consolidated financial statements under equity in accordance with IFRS 10.

All accounts receivables and payables as well as expenses and earnings resulting from transactions between the consolidated companies were eliminated by taking into account the principle of materiality. Intermediate results from group-internal deliveries were also eliminated as far as they are material.

## 3. CURRENCY TRANSLATION

### BUSINESS TRANSACTIONS WITH FOREIGN CURRENCIES

In the individual companies of the group, transactions in foreign currencies were valued at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Resulting exchange rate differences are recorded in the consolidated income statement of the group.

### TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

The functional currency of non-Euro subsidiaries is the corresponding national currency. Assets and liabilities of international subsidiaries were converted using the reference exchange rate of the European Central Bank on the balance sheet date. Positions in the consolidated income statement of the group were converted using average exchange rates of the financial year under review.

Exchange rate differences of monetary positions, which, from an economic point of view, belong to a foreign company like, for example, long-term receivables and loans will be accounted with the group equity capital and will be recorded under the position "differences from currency translation".

The following currency exchange rates were used:

| | Average exchange rate | | Exchange rate on the balance sheet date | |
|---|---|---|---|---|
| | 2014 | 2013 | Dec. 31, 2014 | Dec. 31, 2013 |
| CAD | 1.4620 | 1.3755 | 1.4063 | 1.4671 |
| GBP | 0.8027 | 0.8499 | 0.7789 | 0.8337 |
| USD | 1.3184 | 1.3301 | 1.2140 | 1.3791 |
| CZK | 27.5482 | 26.0417 | 27.7008 | 27.3973 |

## C. ACCOUNTING AND EVALUATION PRINCIPLES

The principle of standardised accounting and evaluation is applied due to the guidelines applicable throughout the entire group. Insubstantial deviations with regard to the individual financial statements of international group companies were retained. All financial statements were prepared based on the assumption that the entity is a going concern.

### 1. INTANGIBLE ASSETS

Acquired intangible assets are evaluated with their acquisition costs and amortised according to schedule on a straight-line basis. The amortisation rates are between 10.0% and 66.7%.

Expenses for research are shown as expenses in the year of their occurrence. Development costs are normally also periodically occurring expenses. They have to be booked as assets if certain conditions can be proved and if they have been cumulatively fulfilled. Among other aspects, it must be verifiable that development activities are very likely to result in future accrual of funds, which does not only cover the normal costs but also the corresponding development costs. Capitalised development costs for customer orders are amortised with the beginning of the serial delivery in accordance with the customer's release orders for the entire term of the model. The group's research and development expenses in the financial year under review amounted to approximately TEUR 9,615 (previous year: TEUR 8,422).

### 2. GOODWILL

Goodwill results from the acquisition of subsidiaries or interests in associated companies and is subject to an impairment test at least once a year. If a subsidiary or an associated company is sold, the goodwill is included in the calculation of the capital gain or loss resulting from the disposal on a pro-rata basis.

Goodwill is valued at the costs of acquisition less accumulated impairment losses (see also C. 10 "Impairment").

### 3. FIXED ASSETS

Fixed assets are valued at the costs of acquisition or production, reduced by scheduled amortisations, or the lower achievable market price. The scheduled amortisations are determined based on a straight-line method.

For limited-life assets, the following rates are used for the scheduled amortisations:

| | in % |
|---|---|
| Buildings and leasehold improvements | 4.0–20.0 |
| Technical equipment and machinery | 6.7–50.0 |
| Other fixtures, fittings and equipment | 10.0–50.0 |

Substantial impairment beyond the scope of the scheduled amortisations is taken into account by extraordinary amortisations. In the case of a discontinuation of the reasons for extraordinary amortisations, corresponding revaluations are performed.

In the case of fixed assets being immobilised, sold or given up, the profit or loss from the difference of the sales revenue and the residual carrying amount is recorded as other operating income or expenses.

Maintenance expenses are recorded as expenses in the financial year of their occurrence.

Interests on borrowed capital are not capitalised, as no substantial borrowing costs were incurred that are directly attributable to the acquisition, construction or production of a qualifying asset.

## 4. ASSETS FROM TENANCIES AND LEASING

Leased assets for which basically all risks and chances resulting from the property of assets were transferred (finance lease), are valued as assets with their market value or the lower present value pursuant to IAS 17. The amortisation is performed according to schedule over the period of the leasing agreement or over the economic useful life of the assets provided that the transfer of legal ownership of the leased assets is secure enough until the end of the leasing agreement period. The payment obligations resulting from the future leasing rates are discounted and recorded as liabilities.

## 5. GOVERNMENT GRANTS

Government grants and subventions of other third parties are recorded under liabilities and liquidated in accordance with the useful life of the allocated asset.

## 6. FINANCIAL ASSETS

Other investments and loans are included under other financial assets. They are valued at the costs of acquisition or the lower market value on the balance sheet date. Interest-bearing loans are balanced with their nominal value.

The investments balanced at the acquisition costs are investments, which are not listed on an active market and whose fair value can, therefore, not be reliably determined.

Extraordinary amortisations are performed for all financial assets in the case of impairment.

## 7. INVENTORIES

Inventories are evaluated at their acquisition costs or production costs or the lower net realisable value on the balance sheet date. The determination of the acquisition and production costs is performed for similar assets in accordance with the weighted average cost method or in accordance with similar methods. The production costs only include the directly attributable costs and the proportionate overhead costs. Interests on borrowed capital are not capitalised, as no substantial borrowing costs were incurred that are directly attributable to the acquisition, construction or production of a qualifying asset.

## 8. TRADE ACCOUNTS RECEIVABLE, INCOME TAX AND OTHER ACCOUNTS RECEIVABLE

Receivables are capitalised at the costs of acquisition. Recognisable risks are taken into account by performing appropriate value adjustments.

In other accounts receivables also those derivative financial assets are reported that show a positive market value and are classified as "held for trading".

## 9. CASH IN HAND AND CURRENT FINANCIAL RESOURCES

Cash in hand and other current financial resources consist of cash on hand, checks and cash at banks as well as securities, which are used by the group for liquidity management. They are evaluated at market values, which are formed on sufficiently solvent markets and can therefore be reliably determined.

## 10. IMPAIRMENT

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test, which is performed shortly before any balance sheet date or whenever indicated. All other intangible and fixed assets are tested if any indications exist for impairment.

For the purpose of impairment testing, POLYTEC GROUP's assets that generate cash flow are summarised on the lowest level (cash-generating units). Goodwill is assigned to those cash-generating units, which are expected to benefit from synergies and which represent the lowest group-internal level of the management's monitoring of cash flow.

An impairment is deemed to exist if the recoverable amount of the asset or of the cash-generating unit is lower than the carrying amount. The recoverable amount is the higher amount of both the value in use and the fair value less selling costs.

The value in use of the asset corresponds to the present value of the estimated future cash flows from continuing use of such asset, applying a fair market discount rate before taxes, which is adjusted to the specific risks of the assets. The cash flows are derived from current planning approved by the Board of Directors and the Supervisory Board. The estimation of the future cash flow is based on a three year planning horizon. A perpetual annuity based on the third year's estimates has been assumed for the period beyond this planning horizon. The interest rate used for calculating the present value is the weighted average capital costs of cash-generating units and was defined with 11.7% for the 2014 financial year (previous year: 10.1%).

Any impairment loss is disclosed with the amount by which the carrying amount of the individual asset or the cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher amount of both amounts from the net selling price and the value in use. Impairment losses recognised with regard to cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the cash-generating unit on a pro-rata basis.

In the case of a discontinuation of the reasons for impairment, corresponding revaluations are performed for fixed assets. Goodwill, which has been amortised due to impairment, is no longer written up.

## 11. OBLIGATIONS TOWARDS EMPLOYEES

### PROVISIONS FOR SEVERANCE PAYMENTS

Due to statutory commitments, employees of domestic group companies, who joined the company prior to January 1, 2002, are entitled to a one-off severance payment in the event of the termination of their contract or at the time of retirement. The amount of compensation depends on the number of years of service and the applicable income at the end of the employment. For all employment contracts concluded after December 31, 2002, payments, which are recorded as expenses, are made to a company pension fund for employees.

The provisions for severance payments are determined on the balance sheet date using the "projected-unit-credit method" and by applying a discount rate of 2.30% (previous year: 3.50%) as well as by taking into account future salary increases of 2.00% (previous year: 2.00%). A discount for employee turnover based on the years of service is included. The assumed retirement age for men and women, taking into account certain temporary arrangements, is still defined with 62 years (no change to the previous year). Service costs are divided over the entire period of service of employees from the day they first joined the company until they reached the expected retirement age.

Actuarial gains/losses are recognised in the year, in which they arise, under other comprehensive income pursuant to IAS 19 (revised 2011). Current and past service costs are shown in personnel expenses in the consolidated income statement, while interest expense associated with provisions for pensions is shown in the financial result.

### PENSION OBLIGATIONS

Pension obligations apply for certain employees of German group companies. Accounting of these obligations is performed in accordance with IAS 19. For this purpose, the present value of the defined benefit obligation (DBO) is calculated. The pension provisions are calculated using the "projected unit credit method", where, depending on the distribution of the obligations to entitlements and liquid pensions and due to the specific regulations of the individual pension funds, a discount rate of 2.30% (previous year: 3.50%) as well as an increase of 2.00% (previous year: 2.00%) will be applied. The guidelines 2005G – Dr. Klaus Heubeck will be used for the actuarial calculations.

In the two Dutch companies, the entitlements of active pension scheme members were handled in the form of a defined contribution pension plan. Pension entitlements of former employees and beneficiaries are calculated as a percentage of the annual salary in each year of employment. These benefits are handled via an insurance company and they are indexed on an ongoing basis in line with the specifications of the sector pension fund. The companies are obliged to make future contributions if the earnings of the insurance company are insufficient to finance the promised increases in benefits. The resultant provision for pensions is calculated in accordance with the projected unit credit method, using a discount rate of 2.00% and an increment of 2.00%. The AG2014 mortality tables were used for the actuarial calculations.

Actuarial gains/losses are recognised in the year, in which they arise, under other comprehensive income pursuant to IAS 19 (revised 2011). Current and past service costs are shown in personnel expenses in the consolidated income statement, while interest expense associated with provisions for pensions is shown in the financial result.

### OTHER LONG-TERM OBLIGATIONS TOWARDS EMPLOYEES

Based on collective agreements or other company agreements, employees are entitled to receive a certain jubilee payment depending on their length of service. Provisions have been set aside for these obligations, while applying the same amounts used for severance payment and pension obligations (with the exception of the discount for employee turnover).

## 12. TAXES

The income tax expense (the income tax credit) includes both actual taxes and deferred taxes.

The actual taxes for the individual companies are calculated based on the taxable income of the company and the applicable tax rate in the corresponding country.

Deferred taxes are recognised, in particular, for temporary differences between the tax and IFRS balance sheet of the individual companies as well as for consolidation procedures. They are determined according to IAS 12 using the balance-sheet-liability method. Furthermore, the probably realisable tax advantage from existing losses carried forward is included in the calculation. Deferred tax assets on losses carried forward were formed as far as their utilisation is expected within a foreseeable period. The calculation of the deferred taxes is based on the customary national income tax rate.

## 13. OTHER NON-CURRENT AND CURRENT LIABILITIES AS WELL AS PROVISIONS

The value of trade accounts payable results from the fair value of the services received at the time of their occurrence. Subsequently, these liabilities are valued at amortised acquisition costs.

Other liabilities, especially accrued interest-bearing liabilities, are reported with their repayment amount unless there is no substantial difference to the fair value. Subsequent valuations are based on amortised acquisition costs using the effective interest method.

Provisions are recognised when, as a result of a past transaction or event, legal or constructive obligations exist towards a third party, which are likely to lead to an outflow of assets that can be reliably determined. Provisions are stated at the anticipated settlement amount with due regard to all identifiable risks attached. In this context, the settlement amount with the highest possible likelihood of occurrence is used. Long-term provisions are discounted if the interest effect is material and the discounting period can be reliably estimated.

## 14. ORIGINAL FINANCIAL INSTRUMENTS

Financial assets and liabilities are disclosed in the balance sheet if the group becomes a contractual party in relation to a financial instrument.

Financial assets are derecognised from the accounts if the contractual rights from the assets expire or if the assets are transferred with all substantial rights and obligations. Financial liabilities are derecognised from the accounts if the contractual obligations have been balanced, deleted or have expired. Purchases and sales of financial instruments at customary market conditions are balanced on the settlement date.

Financial assets are categorised as follows:
a. Financial assets measured at fair value through profit or loss
b. Held for trading
c. Loans and receivables
d. Available for sale

Financial liabilities are categorised as follows:
a. Financial liabilities measured at residual carrying amount.

Other categories applicable according to IAS 39 are not applied.

## 15. DERIVATIVE FINANCIAL INSTRUMENTS

No such pending derivative financial instruments were held as of December 31, 2014 (as in the previous year).

## 16. REALISATION OF INCOME AND EXPENSES

Revenues from the sale of products and goods are realised upon transfer of the risks and opportunities to the buyer. Operating expenses are recognised through profit and loss when the service is rendered or the expenses incurred.

## 17. CONSTRUCTION CONTRACTS

If the result of a construction contract can be reliably estimated, the revenues and costs associated with this construction contract must be recognised by reference to the stage of completion of the contract. The stage of completion is determined by the ratio of the order costs incurred up to the balance sheet date to the estimated total costs. Changes to the contractual

work, claims and performance premiums must be included to the extent that the amounts involved can be reliably determined and receipt thereof is viewed as probable.

If the result of a construction contract cannot be reliably determined, the revenues associated with this contract must only be recognised in the amount of the costs incurred, which are probably recoverable. Costs are recognised as expenditure in the period in which they arise.

If total costs are likely to exceed total revenues, the anticipated loss is immediately recognised as expenditure.

If the costs incurred up to the reporting date plus reported profits and less reported losses exceed partial invoices, the surplus must be shown as a receivable from construction contracts. For contracts, where the partial invoices exceed the costs incurred plus reported profits and less reported losses, the surplus must be shown as a liability from construction contracts. Amounts received before the construction service is provided must be recognised in the consolidated balance sheet as liability under advance payments received. Amounts charged for services rendered that have not yet been paid by customers are included in the consolidated balance sheet under the item "trade and other receivables".

## 18. FINANCIAL RESULTS

Financing expenses include the interest and interest equivalent expenses arising from debt financing and finance leasing transactions as well as the interest component of the variation of the obligations to employees.

Financial revenues include the interest, dividends and other revenues realised from the investment of funds and the investment in financial assets. Interest yields are realised proportional to time, taking into account the effective interest rate of the asset. Dividend yields are shown at the occurrence of the legitimate claim.

Profits and losses from the sale of financial assets, impairment losses from financial investments, exchange rate profits and losses in connection with financing activities as well as results from security transactions are shown in financial results.

## 19. UNCERTAINTIES WITH REGARD TO ASSESSMENTS AND ASSUMPTIONS

Estimations and assumptions have to be made by the management with regard to the application of accounting and evaluation principles as well as to potential future developments when preparing the consolidated financial statements. These estimations and assumptions might have considerable effects on the recognition and value of balanced assets and liabilities, on information regarding other obligations on the balance sheet date as well as on the recognition of income and expenses during the reporting period. The actual amounts to be realised in the future may deviate from these estimations.

In assessing the intrinsic value of goodwill (carrying amount: TEUR 19,180, previous year: TEUR 19,180) and property, plant and equipment (carrying amount: TEUR 100,720, previous year: TEUR 66,124), management makes estimates and future-related assumptions about the surplus inflows expected over the planning periods and the POLYTEC GROUP's costs of capital as well as individual cash generating units. The estimates made are based on the management's best knowledge of current circumstances and on the assumption that the company is a going concern, they also build upon the experiences gained and take any remaining uncertainty into due account. A sensitivity analysis was carried out to present the impact of a change in the parameters used in the impairment test, which is explained in greater detail under D. 10 "Intangible Assets and Goodwill".

In assessing the recoverability of deferred tax assets, (carrying amount: TEUR 17,434, previous year: TEUR 10,798) the Board of Directors evaluates whether all deferred tax assets are likely to be realised. The realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods, in which temporary differences become deductible. If the company is unable to generate sufficient future taxable income, no deferred tax benefits from operating loss carry-forwards can be recognised and their value has therefore to be adjusted correspondingly. A sensitivity analysis showed that a 10% reduction in taxable income compared to present medium-term planning would result in an additional impairment of deferred tax assets from loss carry-forwards of TEUR 0 (previous year: TEUR 599).

Assumptions concerning future payment surpluses as well as future taxable results, which are based on the medium-term planning of the group, may prove to be incorrect and therefore have considerable effects on the assets mentioned above in the following years.

In the same way, the determination of the useful life of fixed assets involves estimates, which are based on experiences resulting from the operation of comparable equipment.

The assessment of provisions for severance payments and pension contributions carried out by independent actuaries is based on a specific method, which applies parameters such as the expected discount rate, increases in salary payments and pension contributions. In addition to the interest rate risk and

the risk of a potential increase in salary payments and pension contributions, there is also a longevity risk. If the development of these relevant parameters differs significantly from the original expectations, this might have considerable repercussions on the provisions and consequently on the group's net expenses for severance payments and pension contributions. To present the impact of a change in the interest rate used to determine severance payment and pension obligations, a sensitivity analysis was carried out, which is explained in greater detail under D. 23 "Obligations to Employees".

Current provisions (carrying amount: TEUR 26,296, previous year: TEUR 18,974) were valued on the basis of the best possible estimate of the future expected outflow of economic benefit to satisfy the obligations.

### 20. PRESENTATION

The presentation of assets and liabilities, expenses and income, equity items and cash flows in the cash flow statement for the 2014 financial year remained almost unchanged compared to the previous year.

To improve the readability and informative value of the consolidated financial statements, a more detailed breakdown of equity was disclosed. Retained earnings and other reserves are now presented separately and are no longer included under the item "Accumulated Profit or Loss" in the consolidated balance sheet.

## D. INFORMATION CONCERNING THE GROUP'S INCOME STATEMENT AND THE CONSOLIDATED BALANCE SHEET

### 1. SALES REVENUES AND SEGMENT REPORTING

Segment reporting in the present consolidated financial statements reflects the internal management and reporting structure of the POLYTEC GROUP. The segmentation is technology-oriented, with the principal segment, namely "Plastic Processing", encompassing all plastic-processing companies of the POLYTEC GROUP.

The remaining business segment "Other" includes the business activities of the metal-processing companies of the POLYTEC GROUP as well as the group-managing POLYTEC HOLDING AG.

The segment "Other" does no include any business segments that would exceed the quantitative thresholds for reportable segments.

| in TEUR 2014, i. e. Dec. 31, 2014 | Plastic processing | Other | Reconciliation | Group |
|---|---|---|---|---|
| Sales from external customers | 482,474 | 8,804 | 0 | 491,278 |
| Internal sales | 245 | 11,643 | -11,888 | 0 |
| **Total sales** | **482,719** | **20,447** | **-11,888** | **491,278** |
| EBIT | 18,098 | 2,550 | 0 | 20,648 |
| Amortisation of intangible and fixed assets | -15,304 | -575 | 0 | -15,880 |
| Segment assets | 274,022 | 7,662 | -1,112 | 280,572 |
| Segment liabilities | 109,469 | 6,770 | -371 | 115,868 |

| in TEUR 2013, i. e. Dec. 31, 2013 | Plastic processing | Other | Reconciliation | Group |
|---|---|---|---|---|
| Sales from external customers | 467,683 | 8,949 | 0 | 476,632 |
| Internal sales | 185 | 11,215 | -11,399 | 0 |
| **Total sales** | **467,868** | **20,164** | **-11,399** | **476,632** |
| EBIT | 18,056 | 2,772 | -605 | 20,223 |
| Amortisation of intangible and fixed assets | -14,522 | -499 | 0 | -15,021 |
| Segment assets | 208,480 | 8,273 | -1,477 | 215,276 |
| Segment liabilities | 73,005 | 7,643 | -1,421 | 79,227 |

The reconciliation from segment items to group items only includes consolidation effects.

Segment assets essentially include intangible assets and fixed assets, inventories, trade accounts receivable as well as receivables from construction contracts and other receivables.

Segment liabilities essentially relate to trade accounts payable and liabilities for construction contracts as well as provisions and other liabilities.

Deliveries and services between segments are subject to prevailing market conditions.

The reported amounts for segment reporting are in line with the IFRS accounting and valuation principles applied in the consolidated financial statements.

Being a supplier of the automotive industry, the group only depends on a small number of major customers. In 2014 and 2013, only two customer groups achieved more than 10% of the Group's total sales. The VW Group accounted for TEUR 195,510 (previous year: TEUR 187,410) of total sales and the Daimler Group contributed TEUR 52,050 (previous year: TEUR 66,660) to total sales in the year under review. All in all, the three main customers accounted for roughly 59% of total sales in 2014 (previous year: 60%). Due to the broad variety of models and brands of our major customers, which are operating both in the passenger car and commercial vehicle sectors, all separately reported business fields are affected by the relationship between the customer and the supplier in the above-mentioned three cases, but, of course, to a different degree.

The distribution of sales according to market segments is as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| Passenger cars | 315,670 | 291,482 |
| Commercial vehicles | 123,110 | 138,414 |
| Non-automotive | 52,498 | 46,736 |
| **Total** | **491,278** | **476,632** |

On the balance sheet dates, the specifications concerning geographical areas at the group level (depending on the location of customers' business sites) can be summarised as follows:

| in TEUR | External sales | | Intangible assets, goodwill and fixed assets | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Austria | 18,030 | 16,488 | 37,060 | 28,060 |
| Germany | 300,962 | 287,851 | 45,899 | 44,761 |
| Other EU | 141,509 | 138,256 | 32,769 | 11,606 |
| Rest of world | 30,777 | 34,037 | 5,603 | 1,594 |
| Group | 491,278 | 476,632 | 121,331 | 86,021 |

Sales are divided according to categories as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| Part sales and other sales | 421,138 | 416,853 |
| Tooling and development sales | 70,140 | 59,780 |
| **Total** | **491,278** | **476,632** |

## 2. OTHER OPERATING INCOME

| in TEUR | 2014 | 2013 |
|---|---|---|
| Income from the sale of and addition to fixed assets excluding financial assets | 814 | 130 |
| Income from cost reimbursements | 1,252 | 1,360 |
| Release of badwill (IFRS 3) | 877 | 0 |
| Capital gains | 201 | 0 |
| Income from tenancies | 852 | 860 |
| Other income | 3,082 | 2,646 |
| **Total** | **7,078** | **4,996** |

## 3. EXPENSES FOR MATERIAL AND OTHER SERVICES RECEIVED

| in TEUR | 2014 | 2013 |
|---|---|---|
| Material expenses | 191,345 | 189,454 |
| Expenses for services received | 56,831 | 49,368 |
| **Total** | **248,176** | **238,823** |

## 4. PERSONNEL EXPENSES

| in TEUR | 2014 | 2013 |
|---|---|---|
| Wages and salaries | 124,755 | 120,426 |
| Expenses for statutory social charges | 25,820 | 24,492 |
| Expenses for severance payments and pensions | 2,506 | 2,797 |
| Other personnel expenses | 1,206 | 1,059 |
| **Total** | **154,287** | **148,774** |

Expenses for severance payments and pensions also include expenses for contribution-oriented plans. For the Austrian companies of the group, these expenses amounted to TEUR 197 in the year under review (previous year: TEUR 185).

The number of employees of the POLYTEC GROUP (including leased staff) was as follows:

| | 2014 | 2013 |
|---|---|---|
| Average number of employees | 3,581 | 3,516 |
| As of December 31 | 4,162 | 3,504 |

The number of employees of the POLYTEC GROUP (excluding leased staff) was as follows:

| | 2014 | 2013 |
|---|---|---|
| Average number of employees | 3,333 | 3,273 |
| As of December 31 | 3,826 | 3,255 |

The average number of employees of POLYTEC HOLDING AG and of the Austrian subsidiaries of the POLYTEC GROUP was as follows:

| | 2014 | 2013 |
|---|---|---|
| Blue-collar workers | 326 | 321 |
| White-collar employees | 167 | 178 |
| **Total** | **492** | **499** |

## 5. OTHER OPERATING EXPENSES

| in TEUR | 2014 | 2013 |
|---|---|---|
| Leased staff | 10,686 | 8,149 |
| Maintenance | 11,831 | 11,265 |
| Transport | 3,899 | 4,529 |
| Rent for buildings | 11,595 | 11,322 |
| Other rent and leases | 2,890 | 3,686 |
| IT and communication costs | 2,842 | 2,692 |
| Legal and consulting fees | 2,991 | 2,246 |
| Loss on exchange rate | 0 | 73 |
| Other operating expenses | 7,170 | 6,432 |
| Other sales expenses | 3,327 | 3,191 |
| Other administration expenses | 4,983 | 5,040 |
| Risk provision and damaging | -112 | -314 |
| Non-income-based taxes and charges | 408 | 404 |
| Losses on disposal of fixed assets, excluding financial assets | 23 | 116 |
| **Total** | **62,533** | **58,832** |

## 6. IMPAIRMENTS

Pursuant to IAS 36, impairment tests are to be carried out when there is an indication of impairment with regard to the company's assets. Pursuant to IFRS 3 (Business Combinations), the goodwill is not amortised according to schedule but is subject to an annual impairment test. Based on these impairment tests, no impairment of goodwill was required in 2014 as in the previous year.

## 7. RESTRUCTURING COSTS

The insolvency of the main customer in the garden furniture segment, Praktiker/Max Bahr, led to a sharp fall in sales in the previous year and to a sustained deterioration in future sales opportunities in this segment. This was the basis for the decision to suspend production of garden furniture sooner than originally planned.

The restructuring costs shown separately in the previous year's income statement in the amount of TEUR 1,161 contained inventory write-downs of TEUR 1,132 as well as personal expenses not covered by provisions of TEUR 28.

The garden furniture product group was acquired as a result of the purchase of the Ebensee site in September 2011. At this date, it was already planned to let production of garden furniture run down in the medium term and use the resulting production capacity for automotive projects.

## 8. FINANCIAL RESULT

| in TEUR | 2014 | 2013 |
|---|---|---|
| Income from associated companies | 85 | 24 |
| Interest income and income from securities | 870 | 780 |
| Interest component of pension commitments | -746 | -766 |
| Other interest expenses | -2,002 | -1,149 |
| **Total** | **-1,792** | **-1,111** |

The interest component from pension commitments is a non-cash item. All other interest expenses or interest income are mostly cash items.

## 9. INCOME TAXES

| in TEUR | 2014 | 2013 |
|---|---|---|
| Expenses for current income taxes | 2,428 | 5,254 |
| thereof non periodic | 178 | 2,876 |
| Changes in deferred income taxes | 2,277 | –1,153 |
| thereof non periodic | 0 | 0 |
| **Total** | **4,705** | **4,102** |
| thereof non periodic | 178 | 2,876 |

The income tax expense for the 2014 financial year amounting to TEUR 4,705 is higher by an amount of TEUR 9 compared to the calculated income tax expense totalling TEUR 4,714, which would result by applying a tax rate of 25% to the result before income taxes of TEUR 18,857.

The reasons for the difference between the calculated and the actually disclosed income tax expense of the group can be summarised as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| Earnings before income tax | 18,857 | 19,112 |
| thereof 25% calculated income tax expense | 4,714 | 4,778 |
| Changes in value adjustments for deferred tax assets | -100 | -3,462 |
| Permanent differences and other changes | -55 | -314 |
| Differences from the discrepancy between the local and the consolidated tax rate | 324 | 224 |
| Income tax expense for the reporting period | 4,883 | 1,226 |
| Non-periodic income tax expense | -178 | 2,876 |
| **Disclosed income tax expense** | **4,705** | **4,102** |

## 10. INTANGIBLE ASSETS AND GOODWILL

The classification of the intangible assets shown in the consolidated balance sheet and their development is as follows:

| in TEUR | R&D costs | Rights | Good-will | Total |
|---|---|---|---|---|
| **Costs of acquisition** | | | | |
| **As of January 1, 2013** | **801** | **4,301** | **45,508** | **50,610** |
| Change in the scope of consolidation | 0 | 0 | 0 | 0 |
| Currency translation differences | 0 | -12 | 0 | -12 |
| Additions | 0 | 509 | 0 | 509 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| **As of December 31, 2013** | **801** | **4,798** | **45,508** | **51,107** |
| **As of January 1, 2014** | **801** | **4,798** | **45,508** | **51,107** |
| Change in the scope of consolidation | 0 | 1,439 | 0 | 1,439 |
| Currency translation differences | 0 | 9 | 0 | 9 |
| Additions | 0 | 787 | 0 | 787 |
| Disposals | 0 | -7 | 0 | -7 |
| Transfers | 0 | 0 | 0 | 0 |
| **As of December 31, 2014** | **801** | **7,026** | **45,508** | **53,335** |

| in TEUR | R&D costs | Rights | Good-will | Total |
|---|---|---|---|---|
| **Accumulated depreciation** | | | | |
| **As of January 1, 2013** | **801** | **3,645** | **26,328** | **30,774** |
| Change in the scope of consolidation | 0 | 0 | 0 | 0 |
| Currency translation differences | 0 | -12 | 0 | -12 |
| Scheduled amortisations | 0 | 449 | 0 | 449 |
| Impairments | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 |
| **As of December 31, 2013** | **801** | **4,082** | **26,328** | **31,211** |
| **As of January 1, 2014** | **801** | **4,082** | **26,328** | **31,211** |
| Change in the scope of consolidation | 0 | 1,130 | 0 | 1,130 |
| Currency translation differences | 0 | 10 | 0 | 10 |
| Scheduled amortisations | 0 | 381 | 0 | 381 |
| Impairments | 0 | 0 | 0 | 0 |
| Disposals | 0 | -7 | 0 | -7 |
| Transfers | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 |
| **As of December 31, 2013** | **801** | **5,595** | **26,328** | **32,724** |
| **Carrying amount as of December 31, 2013** | **0** | **717** | **19,180** | **19,897** |
| **Carrying amount as of December, 31, 2014** | **0** | **1,431** | **19,180** | **20,611** |

Additions exclusively result from acquisitions and not from internal development projects.

No intangible assets were mortgaged or pledged as a security for bank liabilities in 2014 as in 2013.

The amortisation of intangible assets is shown under the item "Amortisation and depreciation" in the income statement.

No outstanding obligations relating to orders for the delivery of intangible assets were due for payment as of December 31, 2014 as in 2013.

### IMPAIRMENTS

After performing the impairment test, no need for an impairment of goodwill was identified in 2014 as in the previous year. The same applies to the other intangible assets.

### GOODWILL

The goodwill is allocated to the following cash-generating units (CGU) as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Hörsching plant | 9,148 | 9,148 |
| Bromyard plant | 3,495 | 3,495 |
| Other | 6,537 | 6,537 |
| **Total** | **19,180** | **19,180** |

The recoverable amount for the CGUs, to which goodwill has been allocated, was determined on the basis of a discounted cash flow method. The underlying methods and assumptions used here are explained under C. 10.

The impairment tests were based on the following assumptions:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Cash flow planning period | 3 years | 3 years |
| Long-term growth rate perpetuity | 0% | 0% |
| Discount rate (WACC) before taxes | 10.1% | 11.4% |

The estimates regarding the recoverable amount are deemed adequate. However, changes to the assumptions or changes in circumstances could require potential corrections.

A sensitivity analysis showed that if planned free cash flow was reduced by 10% while other parameters remained unchanged, the carrying amounts of goodwill were also covered and no impairment was required. The carrying amounts of goodwill would also be covered if the discount rate was increased by 1% and no impairments were required.

## 11. TANGIBLE ASSETS

The classification of the tangible assets shown in the consolidated balance sheet and their development is as follows:

| in TEUR | Land and building | Technical equipment and machinery | Fixtures, fittings and equipment | Advanced payments made and assets under construction | Total |
|---|---|---|---|---|---|
| **Costs of acquisition** | | | | | |
| **As of January 1, 2013** | **12,822** | **144,152** | **35,404** | **2,022** | **194,401** |
| Change in the scope of consolidation | 0 | 0 | 0 | 0 | 0 |
| Currency translation differences | -155 | -906 | -80 | -5 | -1,145 |
| Additions | 807 | 12,867 | 3,957 | 3,896 | 21,526 |
| Disposals | -20 | -4,920 | -1,550 | -241 | -6,731 |
| Transfers | 245 | 1,082 | 42 | -1,369 | 0 |
| **As of December 31, 2013** | **13,700** | **152,275** | **37,773** | **4,302** | **208,051** |
| | | | | | |
| **As of January 1, 2014** | **13,700** | **152,275** | **37,773** | **4,302** | **208,051** |
| Change in the scope of consolidation | 15,019 | 32,186 | 12,272 | 0 | 59,477 |
| Currency translation differences | 290 | 525 | 130 | 0 | 944 |
| Additions | 2,342 | 12,961 | 4,827 | 11,098 | 31,228 |
| Disposals | 0 | -4,281 | -917 | -1,993 | -7,192 |
| Transfers | 1,848 | -2,173 | 4,379 | -4,053 | 0 |
| **As of December 31, 2014** | **33,199** | **191,492** | **58,463** | **9,354** | **292,508** |

| in TEUR | Land and building | Technical equipment and machinery | Fixtures, fittings and equipment | Advanced payments made and assets under construction | Total |
|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | |
| **As of January 1, 2013** | **5,415** | **103,168** | **25,643** | **28** | **134,255** |
| Change in the scope of consolidation | 0 | 0 | 0 | 0 | 0 |
| Currency translation differences | -86 | -843 | -68 | 0 | -996 |
| Scheduled amortisations | 522 | 11,110 | 2,940 | 0 | 14,572 |
| Impairments | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | -4,519 | -1,356 | -28 | -5,904 |
| Transfers | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 |
| **As of December 31, 2013** | **5,851** | **108,917** | **27,158** | **0** | **141,927** |
| | | | | | |
| **As of January 1, 2014** | **5,851** | **108,917** | **27,158** | **0** | **141,927** |
| Change in the scope of consolidation | 7,254 | 21,016 | 10,441 | 0 | 38,710 |
| Currency translation differences | 92 | 355 | 118 | 0 | 565 |
| Scheduled amortisations | 674 | 11,607 | 3,218 | 0 | 15,499 |
| Impairments | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | -4,051 | -862 | 0 | -4,913 |
| Transfers | 112 | -4,377 | 4,265 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 |
| **As of December 31, 2014** | **13,983** | **133,467** | **44,338** | **0** | **191,788** |
| | | | | | |
| **Carrying amount as of December 31, 2013** | **7,848** | **43,358** | **10,615** | **4,302** | **66,124** |
| **Carrying amount as of December 31, 2014** | **19,216** | **58,025** | **14,125** | **9,354** | **100,720** |

Outstanding obligations relating to orders for the delivery of fixed assets due for payment amounted to TEUR 7,582 as of December 31, 2014 (previous year: TEUR 7,290).

The future expenses from non-terminable operating leasing agreements (without the obligations towards the POLYTEC Immobilien Group, which are explained in the Notes under E. 6) amounted to TEUR 24,571 as of December 31, 2014 (previous year: TEUR 17,669) and are due as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Within one year | 8,684 | 6,085 |
| Longer than one year and within five years | 15,877 | 11,584 |
| Longer than five years | 0 | 0 |

In the 2014 financial year, rental costs amounted to TEUR 6,649 (previous year: TEUR 6,908).

Tangible assets include capitalised finance lease goods with a carrying amount of TEUR 7,306 (previous year: TEUR 7,930). The most important finance leases concern production plants. Purchase options exist for the predominant part of financial leasing agreements after termination of the minimum lease period.

Capitalised finance lease goods result in leasing obligations towards third parties totalling TEUR 7,302 (previous year: TEUR 7,875). The specified leasing obligations (present values including redemption for residual value) are due as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Within one year | 2,367 | 2,186 |
| Longer than one year and within five years | 4,935 | 5,689 |
| Longer than five years | 0 | 0 |

Leasing payments (without redemption for residual value) corresponding to the present values amount to TEUR 6,238 (previous year: TEUR 6,856) and are due as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Within one year | 2,368 | 2,050 |
| Longer than one year and within five years | 3,870 | 4,806 |
| Longer than five years | 0 | 0 |

In the 2014 financial year, no impairment charges of tangible assets were recognised as in the previous year. No revaluations were made in 2014 as in the previous year.

Tangible assets with a carrying amount of TEUR 17,542 (previous year: TEUR 24,892) were mortgaged or pledged as a security for bank liabilities totalling TEUR 18,805 in the year under review (previous year: TEUR 14,557).

## 12. DEFERRED TAXES

The differences between the amounts stated in the tax balance sheet and the IFRS balance sheet result from the following differences and take effect on deferred taxes as follows:

| in TEUR | Dec. 31, 2014 | | Dec. 31, 2013 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Tangible assets | -81 | 575 | -1,073 | 1,053 |
| Provisions for severance payments | 813 | -35 | 689 | 0 |
| Provisions for pensions | 3,275 | 0 | 1,771 | 0 |
| Other provisions for personnel | 129 | 12 | 46 | -19 |
| Tax losses carried forward | 8,461 | 0 | 9,350 | 0 |
| Leasing liabilities | 1,597 | -477 | 1,475 | -850 |
| Other provisions | 4,668 | 0 | 549 | 0 |
| Others | -1,468 | 223 | -2,229 | 31 |
| **Subtotal** | **17,394** | **297** | **10,579** | **215** |
| Consolidation of debt | 0 | 28 | 0 | 29 |
| Elimination of intercompany profits | 40 | 92 | 220 | 110 |
| **Capitalisation/provisions for deferred taxes** | **17,434** | **417** | **10,798** | **354** |

In 2014, net deferred tax assets were recorded in group companies on temporary differences and on loss carry-forwards totalling TEUR 17,394 (previous year: TEUR 10,579). These were regarded as realisable since, on the basis of current medium term planning, it is assumed that these companies will generate taxable profits in future.

As of December 31, 2014, total income tax loss carry-forwards of TEUR 75,681 (previous year: TEUR 88,989) were recorded in the group and are made up as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| **Total** | **75,681** | **88,989** |
| of which capitalised loss carry-forwards | 41,561 | 45,710 |
| of which non-capitalised loss carry-forwards | 34,120 | 43,279 |

All loss carry-forwards can be carried forward without restrictions.

No deferred tax assets were recognised for deductible tax loss carry-forwards in the amount of TEUR 34,120 (previous year: TEUR 43,279) or for deductible temporary differences in the amount of TEUR 0 (previous year: TEUR 1,108), since their effectiveness as definitive tax relief is not yet sufficiently guaranteed in the context of the company's medium term planning. This equates to deferred tax assets of TEUR 7,659 (previous year: TEUR 9,968).

No deferred taxes were created for temporary differences in connection with shares in subsidiaries amounting to TEUR 2,682 (previous year: TEUR 3,954) in accordance with IAS 12.39, since it was to be assumed on December 31, 2014 that the differences between the valuation of investments for tax purposes and the pro-rata equity of subsidiaries included in the consolidated financial statements will remain tax free for the foreseeable future.

The deferred taxes contain deferred tax assets recognised in equity amounting to TEUR 1,531 (previous year: TEUR 908) and deferred tax liabilities recognised in equity amounting to TEUR 0 (previous year: TEUR 0).

## 13. INVENTORY

The inventory is structured as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Raw materials and supplies | 23,192 | 18,333 |
| Unfinished goods | 16,300 | 10,192 |
| Advance payments received | -479 | -616 |
| Finished goods and merchandise | 13,444 | 11,430 |
| Advance payments made | 251 | 655 |
| **Total** | **52,708** | **39,994** |

The change (balance from creation and reversal) in the impairment charge on inventories recognised through profit and loss amounted to TEUR -211 in the year under review (previous year: TEUR 1,086). With the exception of the impairment charge for

inventories at the Ebensee site shown under restructuring expenses in the previous year (TEUR 1,132 – see item D. 7), expenses for inventories are recorded under material expenses. Inventories, which were recognised as material expenses in the reporting period amounted to TEUR 167,891 (previous year: TEUR 161,595).

As in the previous year, no inventories were transferred as collateral or pledged to secure financial liabilities.

## 14. TRADE ACCOUNTS RECEIVABLE, INCOME TAX AND OTHER ACCOUNTS RECEIVABLE

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Trade accounts receivable | 51,282 | 44,067 |
| thereof with a residual term > 1 year | 0 | 0 |
| thereof from companies, in which participating interests are held | 0 | 0 |
| thereof from affiliated companies | 0 | 0 |
| Other receivables and assets | 19,900 | 9,852 |
| thereof with a residual term > 1 year | 2,338 | 588 |
| thereof from related companies | 0 | 0 |
| Income tax receivable | 425 | 396 |
| thereof with a residual term > 1 year | | 0 |
| Advance payments and deferred charges | 319 | 181 |
| thereof with a residual term > 1 year | 0 | 0 |
| **Total** | **71,925** | **54,496** |
| thereof with a residual term > 1 year | 2,338 | 588 |
| thereof from companies in which participating interests are held | 0 | 0 |
| thereof from affiliated companies | 0 | 0 |
| thereof from related companies | 0 | 0 |

Within the scope of silent global assignments, trade accounts receivable with a carrying amount of TEUR 8,923 (previous year: TEUR 10,003) were transferred to banks as a security for bank liabilities totalling TEUR 7,854 (previous year: TEUR 7,708).

For the determination of the recoverability of accounts receivable, not only the individual creditworthiness of the debtor, but mainly their due dates have to be taken into account. According to estimates made by the management, there are no substantial differences between the carrying amount and the market value of accounts receivable.

Existing value adjustments of accounts receivable developed as follows in the financial year under review:

| in TEUR | Trade accounts receivable | Other receivables |
|---|---|---|
| As of January 1, 2014 | 2,115 | 0 |
| Changes in the scope of consolidation | 432 | 0 |
| Use | -51 | 0 |
| Release | -97 | 0 |
| Allocation | 202 | 0 |
| Foreign exchange rate differences | 4 | 0 |
| **As of December 31, 2014** | **2,605** | **0** |

| in TEUR | Trade accounts receivable | Other receivables |
|---|---|---|
| As of January 1, 2013 | 2,069 | 0 |
| Changes in the scope of consolidation | 0 | 0 |
| Use | -329 | 0 |
| Release | -46 | 0 |
| Allocation | 429 | 0 |
| Foreign exchange rate differences | -8 | 0 |
| **As of December 31, 2013** | **2,115** | **0** |

## 15. CONSTRUCTION CONTRACTS

| in TEUR | 2014 | 2013 |
|---|---|---|
| Sales revenues from construction contracts | 70,140 | 59,780 |
| Costs incurred up to the reporting date and allocated profits (less reported losses) | 73,944 | 57,222 |
| Advance payments received | -44,875 | -25,161 |

The net amounts of construction contracts are made up as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Costs incurred up to the reporting date and allocated profits (less reported losses) | 73,944 | 57,222 |
| Less: advance payments received | -44,875 | -25,161 |
| | 29,069 | 32,061 |
| **Recognised as receivables or liabilities in the financial statements** | | |
| Receivables from recognised sales revenues from construction contracts, if they exceed the advance payments received for them | 34,609 | 34,765 |
| Advance payments received for construction contracts, if they exceed the recognised sales revenues | -5,540 | -2,704 |
| | 29,069 | 32,061 |
| retentions included therein | 0 | 0 |

## 16. INTEREST-BEARING RECEIVABLES

In essence, current interest-bearing receivables are due from Toyota Boshoku and are the result of the sale of the Interior-Systems business. According to the best possible estimates based on the contractual arrangements made in the purchasing agreement concluded with Toyota Boshoku Europe N.V., Zaventem, Belgium as of June 9, 2011, an incoming payment is expected within twelve months after the balance sheet date.

## 17. CASH IN HAND AND CURRENT FINANCIAL RESOURCES

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Cash in hand and current financial resources | **111,951** | **34,174** |

On the balance sheet date, none of the amounts included in this item were subject to restrictions as to their use.

## 18. NON-CASH TRANSACTIONS

During the financial year under review, the POLYTEC GROUP started the following non-cash investing and financing activities, which are not reflected in the cash flow statement.

The POLYTEC GROUP acquired technical plant and/or operating equipment through finance leases worth TEUR 1,836 (previous year: TEUR 5,027).

## 19. FINANCIAL ASSETS

| in TEUR | Amortised acquisition costs | Market value recognised in equity | Market value recognised through profit or loss | Carrying amount Dec. 31, 2014 | Market value Dec. 31, 2014 | Fair value hierarchy |
|---|---|---|---|---|---|---|
| **Loans and receivables** | | | | | | |
| Trade and other receivables (excl. deferred items) | 71,181 | 0 | 0 | 71,181 | 71,181 | Stufe 3 |
| Interest-bearing receivables | 13,320 | | | 13,320 | 13,320 | Stufe 3 |
| Investments | 728 | 0 | 0 | 728 | 728 | Stufe 3 |
| Cash in hand and current financial resources | 111,951 | 0 | 0 | 111,951 | 111,951 | Stufe 3 |
| **Total** | **197,180** | **0** | **0** | **197,180** | **197,180** | |

| in TEUR | Amortised acquisition costs | Market value recognised in equity | Market value recognised through profit or loss | Carrying amount Dec. 31, 2013 | Market value Dec. 31, 2013 | Fair value hierarchy |
|---|---|---|---|---|---|---|
| **Loans and receivables** | | | | | | |
| Trade and other receivables (excl. deferred items) | 53,919 | 0 | 0 | 53,919 | 53,919 | Stufe 3 |
| Interest-bearing receivables | 12,065 | | | 12,065 | 12,065 | Stufe 3 |
| Investments | 763 | 0 | 0 | 763 | 763 | Stufe 3 |
| Cash in hand and current financial resources | 34,174 | 0 | 0 | 34,174 | 34,174 | Stufe 3 |
| **Total** | **100,921** | **0** | **0** | **100,921** | **100,921** | |

Investments in other companies include the shares in affiliated and associated companies as well as other financial investments.

In the valuation categories under IAS 39 as of December 31, 2014 and December 31, 2013 respectively, the carrying amount

of financial assets represents an appropriate approximate value for their market value.

Cash and cash equivalents, trade accounts receivable and other short-term financial assets mainly have short residual terms. Therefore, the carrying amounts of these assets approximate to the fair value on the balance sheet date, taking into account the creditworthiness of the contracting parties. The default risk is accounted for by recognizing value adjustments.

Loans and receivables also include unlisted equity instruments that do not have a quoted market price on an active market. Therefore, the fair value of these assets cannot be reliably determined. As a result, loans and receivables were recognised in the balance sheet at the costs of acquisition in the amount of the carrying value of the investments outlined above. The POLYTEC GROUP does not intend to dispose of these investments at the time being.

## 20. CONSOLIDATED SHAREHOLDERS EQUITY

The equity capital of POLYTEC HOLDING AG on the balance sheet date amounts to TEUR 22,330 (previous year: TEUR 22,330) and is divided into 22,329,585 ordinary shares (previous year: 22,329,585 ordinary shares) with a nominal value of EUR 1.00 each. The share capital is fully paid.

At the extraordinary Annual General Meeting held on August 7, 2013, a resolution on the creation of authorised capital was passed. Subject to prior approval by the Supervisory Board and for a maximum period of three years from the registration of the authorised capital, the Board of Directors is entitled to increase the equity capital by up to EUR 6,698,875.00 by issuing new shares with a minimum issue price of EUR 1.00 each. New shares can be issued also excluding shareholders' subscription rights.

The capital reserves include the agio, which has been deposited on the occasion of capital increases, less the costs of the initial public offering of POLYTEC HOLDING AG in the 2006 financial year, which can be allocated to the capital increase. In the 2008 financial year, on the basis of Austrian law, capital reserves of TEUR 20,220 were liquidated in the individual financial statements of POLYTEC HOLDING AG to cover the loss for the year.

Other reserves amounting to TEUR –5,262 (previous year: TEUR –4,506) contain all cumulative other income and consist of the reserve from currency translation as well as actuarial gains/losses. The reserve from currency translation contains all exchange rate differences, which result from the conversion of annual financial statements of consolidated subsidiaries prepared in foreign currency into the group currency, the Euro. The actuarial gains/losses contain the effects of the valuation of pension obligations and similar obligations less deferred taxes recognised in equity.

The revenue reserves of TEUR 85,998 (previous year: TEUR 77,943) are the result of the cumulative results generated in the group according to the consolidated income statement less dividend payments.

The buyback of 334,041 treasury shares held on the balance sheet date (equates to 1.5% of the share capital) at an acquisition value of TEUR 1,855 and a market value on the reporting date of TEUR 2,088 took place in its entirety with reference to the buyback program approved at the Annual General Meetings on May 16, 2012 and May 14, 2014.

| | Shares | Treasury shares | Shares in circulation |
|---|---|---|---|
| **December 31, 2013** | **22,329,585** | **-310,541** | **22,019,044** |
| Purchase of treasury shares | 0 | -23,500 | -23,500 |
| **December 31, 2014** | **22,329,585** | **-334,041** | **21,995,544** |

### NON-CONTROLLING INTERESTS

The following table shows summarised financial information before intra-group eliminations on all non-controlling interests. For reasons of materiality, it is presented on an aggregate basis for all non-controlling interests.

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Non-current assets | 15,933 | 16,059 |
| Current assets | 5,605 | 7,966 |
| Non-current liabilities | -508 | -413 |
| Current liabilities | -2,657 | -5,188 |
| **Net assets** | **18,373** | **18,424** |
| Share of equity/voting rights non-controlling interests | 30% | 30% |
| Carrying amount of interests without controlling influence | 5,520 | 5,528 |
| Pro-rata profit of interests without controlling interest | 592 | 691 |
| Pro-rata other comprehensive income of interests without controlling interest | 0 | -25 |
| Dividends in interests without controlling interest | 600 | 0 |

| in TEUR | 2014 | 2013 |
|---|---|---|
| Cash flow from operating activities | 3,815 | 2,024 |
| Cash flow from investing activities | -461 | -414 |
| Cash flow from financing activities | -4,253 | -386 |

## INFORMATION CONCERNING CAPITAL MANAGEMENT

The main objectives of the POLYTEC GROUP's capital management strategy are to safeguard business operations, increase the company's shareholder value, provide a solid capital basis to finance the company's profitable growth path as well as guarantee attractive dividend payments and capital service.

POLYTEC HOLDING AG is subject to the statutory minimum capital requirements of the Austrian corporation law. Statutory minimum capital requirements do not apply. However, the group considers a solid equity base as a key element of insolvency prevention. The relation between the equity capital and the total capital can be summarised as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Total equity | 144,294 | 137,150 |
| Balance sheet total | 424,006 | 273,077 |
| **Equity ratio** | **34.0%** | **50.2%** |

For POLYTEC, the term "capital management" means the control of the equity capital and the net financial liabilities. The POLYTEC GROUP's net financial liabilities are centrally monitored and controlled. The main objectives in this regard include securing long-term liquidity, making efficient use of debt financing, adopting appropriate measures for financial risk mitigation while, at the same time, optimising both costs and earnings.

Along with the equity ratio, POLYTEC mainly applies the parameters "Gearing" and "ROCE" (Return on Capital Employed) to monitor its capital. The entire costs of the capital employed and the risks related to the different types of capital are monitored on a permanent basis.

POLYTEC aims to maintain a sustainable equity ratio of more than 30%. Only in cases of strategically important M&A transactions would a small deviation from this target equity ratio be temporarily acceptable.

Gearing is defined as the ratio of net financial liabilities (current and non-current financial liabilities less cash and cash equivalents and interest-bearing receivables) to equity capital. Appropriate control instruments mainly include the issuance and repayment of financial liabilities as well as the strengthening of the equity base through the retention of earnings or the adjustment of dividend payments. No specific target value has been defined for Gearing. However, it should not exceed 0.5. This target value remained unchanged compared to December 31, 2014, and reflects the current situation, where real estate assets were included in the POLYTEC GROUP's balance sheet only to a minimum extent. Gearing developed as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Financial liabilities[1)] | 137,092 | 34,594 |
| - Cash and cash equivalents | 111,951 | 34,174 |
| - Interest-bearing receivables | 13,320 | 12,065 |
| **Net financial liabilities (-)/ -assets (+)** | **-11,821** | **11,645** |
| / Equity carrying amount | 144,294 | 137,150 |
| **Gearing** | **0.08** | **-0.08** |

[1)] Non-current and current interest-bearing liabilities and the short-term part of long-term loans

In the year under review, gearing changed compared to the previous year mainly due to the group reporting net debt of TEUR 11,821 on December 31, 2014 while it had reported net cash of TEUR 11,645 on December 31, 2013. This change is primarily due to the significant increase in investments in fixed assets and the payment of the purchase price for the acquisition of the two Dutch companies. The relatively strong rise in financial liabilities and in cash and cash equivalents is based on the successful placement of a promissory note loan with a total volume of EUR 100 million which was completed in September 2014.

ROCE is defined as the relation between EBIT after restructuring costs and the average capital employed. The capital employed includes the operating assets (intangible and tangible assets) as well as the net working capital.

POLYTEC aims to reach a ROCE of at least 15%. For 2014, however, the target value amounted to more than 20%, which remained unchanged compared to the previous year as it reflects the current situation, where real estate assets are included in the POLYTEC GROUP's balance sheet only to a minimum extent. In addition, ROCE also represents an important calculation parameter for the great majority of the POLYTEC GROUP's executive bonus plans. ROCE developed as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Average capital employed | 150,325 | 131,991 |
| EBIT | 20,648 | 20,223 |
| **Return on capital employed** | **13.7** | **15.3** |

POLYTEC GROUP's dividend policy is oriented towards profitability, strategic growth perspectives and the group's capital requirements.

## 21. EARNINGS PER SHARE AND DIVIDEND

According to IAS 33 (Earnings per Share), basic earnings per share result from the division of the net income for the period due to the shareholders (annual net profit of the group after income taxes and after non-controlling interests) by the weighted average number of ordinary shares outstanding during the reporting period.

| | in | 2014 | 2013 |
|---|---|---|---|
| Net income after income taxes and after non-controlling interests | TEUR | 13,559 | 14,319 |
| Weighted average number of ordinary shares issued | shares | 22,329,585 | 22,329,585 |
| Average number of treasury shares | shares | 315,789 | 283,536 |
| Average number of shares outstanding | shares | 22,013,796 | 22,046,049 |
| Earnings per share | EUR/share | 0.62 | 0.65 |

The diluted earnings per share equate to the non-diluted earnings per share since no financial instruments with dilution effect are circulating at the moment.

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of POLYTEC HOLDING AG prepared in accordance with the Austrian accounting regulations as of December 31, 2014 provide the basis for the distribution of a dividend.

At the Annual General Meeting held on May 14, 2014 a resolution was passed approving the payment of a dividend of EUR 0.25 per share for the 2013 financial year (dividend payout day: May 23, 2014).

The Board of Directors of POLYTEC HOLDING AG will propose the payment of a dividend of EUR 0.25 per share for the 2014 financial year to the Annual General Meeting.

In principle, dividends are subject to the deduction of a capital gains tax of 25%. For individuals subject to unlimited tax liability, this means that their income tax is settled (final taxation). Corporations subject to unlimited corporate income tax liability, which hold at least 10% of the share capital, are exempt from the capital gains tax. For individuals subject to limited tax liability, all relevant double taxation treaties must be taken into due account.

## 22. INTEREST-BEARING LIABILITIES

This position includes all interest-bearing liabilities with a residual term of more than one year and can be structured as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Promissory note loan | 99,603 | 0 |
| thereof with a residual term > 5 years | 449 | 0 |
| Liabilities due to banks | 16,981 | 7,430 |
| thereof with a residual term > 5 years | 2,915 | 296 |
| thereof with collateral securities | 15,381 | 7,430 |
| Other interest bearing liabilities | 295 | 173 |
| thereof with a residual term > 5 years | 0 | 133 |
| Lease liabilities | 4,935 | 5,693 |
| thereof with a residual term > 5 years | 0 | 0 |
| **Total** | **121,814** | **13,295** |

Group's expiring non-current and current interest-bearing liabilities due to banks exist in the following currencies:

| in TEUR | 2014 | | 2013 | |
|---|---|---|---|---|
| | Proportion % | Average ordinary interest | Proportion % | Average ordinary interest |
| EUR | 98.3 | 2.01 | 93.0 | 1.56 |
| GBP | 1.7 | 2.15 | 7.0 | 2.32 |

In the 2014 financial year, the POLYTEC GROUP issued a TEUR 100,000 promissory note loan with a maturity of five and seven years and a fixed and floating interest rate mix. Average maturity amounts to roughly six years.

## 23. OBLIGATIONS DUE TO EMPLOYEES

This position summarises all long-term provisions for obligations due to employees:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Provisions for severance payments | 3,842 | 3,162 |
| Provisions for pensions | 19,854 | 16,677 |
| Provisions for jubilee payments | 2,121 | 1,382 |
| Other long-term provisions | 518 | 428 |
| **Total** | **26,335** | **21,649** |

## PROVISIONS FOR PENSIONS

The present value of the obligations for defined benefit pension plans developed as follows:

| in TEUR | 2014 | | | 2013 |
|---|---|---|---|---|
| | Present value of pension obligations | Plan assets | Provision | Provision |
| **As of January 1** | **16,677** | **0** | **16,677** | **15,600** |
| Change in the scope of consolidation | 8,749 | -6,379 | 2,370 | 0 |
| Service costs | 115 | 0 | 115 | 135 |
| Interest expense | 568 | 0 | 568 | 572 |
| Pension payments | -1,057 | 0 | -1,057 | -794 |
| Actuarial gains and losses: | | | | |
| due to demographic assumptions | 0 | 0 | 0 | 0 |
| due to financial assumptions | 2,644 | 0 | 2,644 | 867 |
| due to experience-based adjustments | -933 | 0 | -993 | 297 |
| Plan settlements | -471 | 0 | -471 | 0 |
| **As of December 31** | **26,233** | **-6,379** | **19,854** | **16,677** |

With regard to the most important actuarial parameters and relevant accounting principles please refer to section C. 11.

Total pension expenses for the 2014 financial year consist of defined benefit pension plans. Service costs are shown in the personnel expenses under the item "expenses for severance payments and pensions", while interest costs are shown in the financial result under the item "interest component defined benefit plans". The actuarial result comprises gains and losses resulting from the changes to demographic and financial assumptions.

The average duration of pension obligations amounts to six up to 27 years (previous year: six up to 26 years).

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Service costs | 115 | 135 |
| Interest expenses | 568 | 572 |
| **Total** | **683** | **707** |

Actuarial gains/losses recognised in other comprehensive income developed as follows (after taxes):

| in TEUR | 2014 | 2013 |
|---|---|---|
| **Actuarial gains (+)/losses (-) as of January 1** | **-1,792** | **-974** |
| Actuarial gains (+)/losses (-) in the financial year | -1,171 | -819 |
| **Actuarial gains (+)/losses (-) as of December 31** | **-2,963** | **-1,792** |

A change in interest rates by 25 basis points would have led to an increase in pension obligations by TEUR 939 (previous year: TEUR 561) or to a decrease by TEUR 888 (previous year: TEUR 531).

The sensitivity analysis shown above outlines hypothetical changes based on the assumptions made. Deviations from these assumptions may lead to other effects.

## PROVISIONS FOR SEVERANCE PAYMENTS

The present value of the obligations for defined benefit plans developed as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| **Present value of severance payments (DBO) as of January 1** | 3,162 | 3,023 |
| Change in the scope of consolidation | 0 | 0 |
| Service costs | 190 | 106 |
| Interest expenses | 108 | 107 |
| Severance payments | -67 | -184 |
| Actuarial gains and losses: | | |
| due to demographic assumptions | 10 | -20 |
| due to financial assumptions | 434 | 161 |
| due to experience-based adjustments | 5 | -31 |
| Actuarial result | | |
| **Present value of severance payments (DBO) as of December 31** | **3,842** | **3,162** |

With regard to the most important actuarial parameters and relevant accounting principles please refer to section C. 11.

Total severance costs in the 2014 financial year are spread between defined contributions and defined benefit plans, with service costs in personnel expenses being reported under the expenses for severance payments and pension provisions and the interest expense being reported in the financial result under interest components. The actuarial result comprises the gains and losses resulting from changes to demographic and financial assumptions.

The average duration of severance payment obligations amounts to nine up to 14 years (previous year: ten up to 13 years).

| in TEUR | 2014 | 2013 |
|---|---|---|
| **Defined contribution plans** | | |
| **Expenses for defined contribution plans** | **197** | **185** |
| **Defined benefit plans** | | |
| Service costs | 190 | 106 |
| Interest expenses | 108 | 107 |
| **Expenses for defined benefit plans** | **298** | **213** |
| **Severance costs** | **495** | **398** |

Actuarial gains/losses recognised in other comprehensive income developed as follows (after taxes):

| in TEUR | 2014 | 2013 |
|---|---|---|
| **Actuarial gains (+)/losses (-) as of January 1** | **-438** | **-355** |
| Actuarial gains (+)/losses (-) in the financial year | -343 | -83 |
| **Actuarial gains (+)/losses (-) as of December 31** | **-780** | **-438** |

A change in interest rates by 25 basis points would have led to an increase in severance payment obligations by TEUR 101 (previous year: TEUR 85) or to a decrease by TEUR 97 (previous year: TEUR 81).

The sensitivity analysis shown above outlines hypothetical changes based on the assumptions made. Deviations from these assumptions may lead to other effects.

### PROVISIONS FOR JUBILEE PAYMENTS

The provisions for jubilee payments developed as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| Present value of defined benefit obligations = | | |
| **Provision for jubilee payments** | **2,121** | **1,382** |

Total expenses for jubilee payments for the 2014 financial year amounted to TEUR 180 (previous year: TEUR 80).

## 24. OTHER NON-CURRENT PROVISIONS

This position encompasses provisions for unfavourable orders.

## 25. TRADE ACCOUNTS PAYABLE

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Trade accounts payable | 44,850 | 38,954 |
| thereof due to affiliated companies | 0 | 28 |
| Advanced payments received | 2,894 | 818 |
| **Total** | **47,743** | **39,773** |

## 26. CURRENT INTEREST-BEARING LIABILITIES

As in the previous year, current interest-bearing liabilities relate entirely to liabilities to banks.

## 27. SHORT-TERM PART OF LONG-TERM LOANS

| in TEUR | Dec. 31, 2014 | Dec. 31, 2103 |
|---|---|---|
| Bank loans with a remaining term < 1 year | 1,933 | 5,409 |
| Lease liabilities with a remaining term < 1 year | 2,367 | 2,182 |
| Accrued interest promissory note loan | 449 | 0 |
| **Total** | **4,749** | **7,591** |

## 28. LIABILITIES FROM INCOME TAXES

Liabilities from income taxes basically include liabilities from corporate income taxes and trade income taxes (or similar/comparable taxes) in different states, where group companies have their registered office. Liabilities have developed as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| As of January 1 | 3,574 | 2,623 |
| Change in the scope of consolidation | 95 | 0 |
| Exchange rate differences | 5 | -30 |
| Use | -3,417 | -1,912 |
| Release | -124 | -633 |
| Addition in the reporting year | 1,082 | 3,527 |
| **As of December 31** | **1,216** | **3,574** |

## 29. SHORT-TERM PROVISIONS

| in TEUR | Balance as of January 1, 2014 | Change in the scope of consolidation | Currency translation | Utilisation | Release | Addition | Balance as of December 31, 2014 |
|---|---|---|---|---|---|---|---|
| Personnel-related accruals | 3,056 | 3,529 | 2 | 2,504 | 279 | 2,216 | 6,020 |
| Provisions for impending losses and risks | 1,644 | 8,233 | 4 | 448 | 833 | 251 | 8,850 |
| Guarantee and warranty | 834 | 494 | 0 | 126 | 314 | 282 | 1,168 |
| Other short-term provisions | 13,441 | 850 | 37 | 6,174 | 2,405 | 4,508 | 10,257 |
| | **18,974** | **13,105** | **43** | **9,252** | **3,831** | **7,256** | **26,296** |

| in TEUR | Balance as of January 1, 2013 | Change in the scope of consolidation | Currency translation | Utilisation | Release | Addition | Balance as of December 31, 2013 |
|---|---|---|---|---|---|---|---|
| Personnel-related accruals | 3,397 | 0 | -2 | 2,653 | 228 | 2,542 | 3,056 |
| Provisions for impending losses and risks | 2,078 | 0 | -10 | 243 | 893 | 711 | 1,644 |
| Guarantee and warranty | 698 | 0 | 0 | 201 | 97 | 433 | 834 |
| Other short-term provision | 13,570 | 0 | -32 | 5,342 | 2,491 | 7,736 | 13,441 |
| | **19,743** | **0** | **-44** | **8,438** | **3,709** | **11,422** | **18,974** |

The provisions are based on the best estimate of the present value of the future outflow of economic benefit to satisfy the obligations. The estimates may change on the basis of new findings.

## 30. OTHER CURRENT LIABILITIES

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Liabilities towards employees | 3,076 | 2,861 |
| Other liabilities | 6,437 | 1,136 |
| **Other current financial liabilities** | **9,513** | **3,998** |
| Accrual for unclaimed vacation | 5,422 | 5,860 |
| Other tax liabilities | 4,244 | 3,699 |
| Social security liabilities | 742 | 657 |
| Government grants with a residual term of less than one year | 0 | 53 |
| Deferred charges | 4 | 38 |
| **Total** | **19,924** | **14,305** |

## 31. FINANCIAL LIABILITIES

The allocation of the financial liabilities to the categories pursuant to IAS 39 on the balance sheet date and as of the previous balance sheet date can be represented as follows:

| in TEUR | Amortised acquisition costs | Market value recognised in equity | Market value recognised through profit and loss | Carrying amount Dec. 31, 2014 | Market value Dec. 31, 2014 | Fair value hierarchy |
|---|---|---|---|---|---|---|
| **Measured at residual carrying amount** | | | | | | |
| Non-current interest-bearing liabilities | 116,879 | 0 | 0 | 116,897 | 118,330 | Stage 3 |
| Current interest-bearing financial liabilities | 12,911 | 0 | 0 | 12,911 | 14,057 | Stage 3 |
| Trade accounts payable (without advance payments received) | 44,850 | 0 | 0 | 44,850 | 44,850 | Stage 3 |
| Other current liabilities | 9,513 | 0 | 0 | 9,513 | 9,513 | Stage 3 |
| | 184,152 | 0 | 0 | 184,152 | 186,749 | |
| **Not assignable in accordance with IAS 39** (Financial lease) | | | | | | |
| Non-current interest-bearing liabilities | 4,935 | 0 | 0 | 4,935 | 4,935 | |
| Current interest-bearing liabilities | 2,367 | 0 | 0 | 2,367 | 2,367 | |
| | 7,302 | 0 | 0 | 7,302 | 7,302 | |
| **Total** | **191,455** | **0** | **0** | **191,455** | **194,051** | |

| in TEUR | Amortised acquisition costs | Market value recognised in equity | Market value recognised through profit and loss | Carrying amount Dec. 31, 2013 | Market value Dec. 31, 2013 | Fair value hierarchy |
|---|---|---|---|---|---|---|
| **Measured at residual carrying amount** | | | | | | |
| Non-current interest-bearing liabilities | 7,603 | 0 | 0 | 7,603 | 7,804 | Stage 3 |
| Current interest-bearing financial liabilities | 19,117 | 0 | 0 | 19,117 | 19,085 | Stage 3 |
| Trade accounts payable (without advance payments received) | 38,954 | 0 | 0 | 38,954 | 38,954 | Stage 3 |
| Other current liabilities | 3,998 | 0 | 0 | 3,998 | 3,998 | Stage 3 |
| | 69,671 | 0 | 0 | 69,671 | 69,841 | |
| **Not assignable in accordance with IAS 39** (Financial lease) | | | | | | |
| Non-current interest-bearing liabilities | 5,693 | 0 | 0 | 5,693 | 5,693 | |
| Current interest-bearing liabilities | 2,182 | 0 | 0 | 2,182 | 2,182 | |
| | 7,875 | 0 | 0 | 7,875 | 7,875 | |
| **Total** | **77,546** | **0** | **0** | **77,546** | **77,716** | |

Current interest-bearing liabilities include current interest-bearing liabilities recognised in the balance sheet as well as the short-term part of long-term loans.

In the valuation categories under IAS 39 as of December 31, 2014 and December 31, 2013 respectively, the carrying amounts of financial assets represent an appropriate approximate value for the market value.

Trade accounts payable, other current liabilities and current interest-bearing liabilities mainly have short residual terms and, therefore, their carrying amounts approximate to the fair values.

As of December 31, 2014 no financial liabilities measured at market value were recorded as in the previous year.

There are three levels of fair value hierarchy, which distinguish fair values according to the significance of the factors included in the evaluation and illustrate the extent to which observable market data is available in evaluating the fair value.

The levels of the fair value hierarchy and their application to assets and liabilities can be described as follows:

**Stage 1:**
Listed market prices for identical assets or liabilities on active markets.

**Stage 2:**
Information other than listed market prices, which is observable directly (e. g. prices) or indirectly (e. g. derived from prices).

**Stage 3:**
Information for assets and liabilities, which is not based on observable market data.

The POLYTEC GROUP only determines the fair value for interest-bearing liabilities for disclosures in the Notes to the consolidated financial statements. The fair value is determined using recognised measurement methods based on the discounted cash flow. The key input factor is the discount rate, which takes account of available market data (risk-free interest rates). The creditworthiness of the POLYTEC GROUP is taken into account in the case of financial liabilities. The fair values shown only constitute indicators for the values actually achievable on the market because of varying influencing factors.

## E. OTHER INFORMATION

### 1. CASH FLOW STATEMENT

Reporting in the cash flow statement is based on the indirect method. Cash funds exclusively include cash reserves and bank deposits. Income tax payments are shown separately in the group's cash flow from business activities.

Interest inflows and outflows are allocated to the cash flow from business activities. They can be specified with the following amounts:

| in TEUR | 2014 | 2013 |
|---|---|---|
| Interest inflows | 372 | 294 |
| Interest outflows | -1,509 | -1,155 |
| **Total** | **-1,138** | **-861** |

### 2. EVENTS AFTER THE BALANCE SHEET DATE

The contract to acquire all shares in POLYTEC Immobilien Holding GmbH was signed with Huemer Holding GmbH, Hörsching, on March 2, 2015. Beneficial ownership was also transferred on March 2, 2015.

All shares in WIN Coatings GmbH, Altenstadt, Germany as well as the fixed assets needed for the business used by the company along with the business property were acquired from Nessmayr Holding GmbH, Altenstadt, Germany, by means of a company acquisition contract dated February 23, 2015. See section B. 1 for further details.

All further events occurring after the balance sheet date, which are of significance for the evaluation on the balance sheet date, such as outstanding legal cases or claims for compensation and other obligations or impending losses, which would have to be recorded or disclosed in accordance with IAS 10 (Contingencies and Events Occurring After the Balance Sheet Date), have been taken into account in the present consolidated financial statements.

### 3. OTHER RISKS AND OBLIGATIONS AS WELL AS OFF-BALANCE SHEET TRANSACTIONS

Individual companies of the POLYTEC GROUP concluded factoring agreements for a total of up to EUR 39.4 million with two German factoring companies. Provided that the receivables are legally valid, the "del credere risk" will be borne by the factoring company. Since the POLYTEC GROUP does not

guarantee the recoverability of the receivables, the receivables are derecognised from the consolidated financial statements on the date they are sold to the factoring company in accordance with IAS 39.

Various legal actions and claims, among others in connection with the divestment of the Interior-Systems business, are pending against the POLYTEC GROUP. Although the outcome of these proceedings and claims cannot be predicted with certainty, the Board of Directors does not believe that the outcome of any of these matters will have a material adverse effect on the company's liquidity situation, results of operations or financial condition. Notwithstanding these cautious assumptions, other forms of residual risks remain.

Other risks and obligations, which have not been mentioned in the present consolidated financial statements or in the explanations concerning the consolidated financial statements, are inexistent.

## 4. RISK REPORTING

Within the scope of its business activities, the POLYTEC GROUP is subject to a variety of risks, which are directly related to corporate transactions. Risk management is an integral part of all business processes of POLYTEC. The comprehensive certifications required for a supplier of the automotive industry (e. g. TS ISO/16949:2002) already specify certain regulations, which are also monitored with the help of external audits. In line with the organisational structure of POLYTEC, risks are locally managed and monitored close to the market, especially within the scope of the current business processes. However, financial risks are centrally managed by the corporate headquarters. The following basic risk fields can be identified:

**Sales market risks:** The automotive supplier industry is a market, which faces very strong competition and is also currently undergoing a consolidation process. Sales volumes are mainly dependent on the acquisition of new orders, which are usually placed two to three years prior to serial production. In the order acquisition phase, each supplier faces strong competition from its rivals to offer the best conditions. During serial production, the supplier is also dependent on the sales figures of the vehicle, for which the supplier provides the components; however, the supplier has no direct influence on the vehicle's business success. Furthermore, suppliers are permanently benchmarked by the OEMs even after the start of serial production, which may result in price demands or, as an extreme example, in the loss of an order. POLYTEC intends to keep the dependency from individual delivery relationships as low as possible with the help of a balanced customer and order mix.

**Procurement market risks:** One substantial risk is represented by the fluctuation of raw material prices, which in the case of the POLYTEC GROUP as a plastic-processing company are mainly due to a sustainable change in oil price and refinery capacities. On the procurement side, this risk is countervailed with long-term delivery agreements and on the sales side, with material fluctuation clauses in the disclosed calculations, as far as these are enforceable towards the customers. To some extent, negotiations with regard to raw materials and bought-in parts take place directly between the POLYTEC's customers and the suppliers. As far as prices are only agreed with the customer on an annual basis, changes in raw material prices are an important parameter for the annual negotiations of new prices. Furthermore, increased research and development activities are aimed at using new raw materials (natural fibre).

### FINANCIAL RISKS, THEIR MANAGEMENT AND SENSITIVITY

**Credit risk:** Due to the company's customer structure, with roughly 90% of total turnover being generated with OEMs or with huge system suppliers, POLYTEC is subject to the credit risk of the automotive industry. However, accounts receivable are critically monitored on a permanent basis, and the payment of accounts receivable in accordance with what has been agreed is guaranteed. In the 2014 financial year, approx. 59%[1)] (previous year: 60%) of the turnover was achieved with the company's three major customers; this results in a certain accumulated credit risk, which has been assessed by the management as rather uncritical with regard to the potential non-payment of credits. Dependency on only a few customers is a basic characteristic of automotive industry suppliers. In this context, the "customer" is defined as a group of affiliated companies, which can also produce vehicles of several different brands. The management will focus on greater diversification going forward by expanding its customer base in the non-automotive business area.

The risk of non-payment with regard to cash and cash equivalents is deemed very low.

Despite a credit risk generally classified as very low, the maximum theoretical risk of non-payment corresponds to the carrying amounts of the individual financial assets. In individual cases, credit insurances are used based on the constant monitoring of accounts receivable. As of the reporting date, no material credit insurance agreements were in place. The theoretical risk of non-payment amounts to:

[1)] Including MAN after its integration into the VW Group

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Loans and receivables | 197,180 | 100,921 |
| At fair value through profit and loss | 0 | 0 |
| Held for trading | 0 | 0 |
| Available for sale | 0 | 0 |
| **Total** | **197,180** | **100,921** |

The analysis of the overdue but not impaired trade accounts receivable and of other accounts receivable as of 31 December of the reporting year can be presented as follows:

| in TEUR | | | Overdue but not impaired in days | | | |
|---|---|---|---|---|---|---|
| Dec. 31, 2014 | Total | Neither overdue nor impaired | Up to 60 | 60 to 120 | 120 to 360 | Longer than 360 |
| Trade accounts receivable | 51,282 | 33,004 | 11,489 | 3,554 | 2,667 | 568 |
| Other accounts receivable | 20,650 | 20,650 | 0 | 0 | 0 | 0 |

| in TEUR | | | Overdue but not impaired in days | | | |
|---|---|---|---|---|---|---|
| Dec. 31, 2013 | Total | Neither overdue nor impaired | Up to 60 | 60 to 120 | 120 to 360 | Longer than 360 |
| Trade accounts receivable | 44,067 | 34,959 | 6,935 | 1,227 | 630 | 316 |
| Other accounts receivable | 9,852 | 9,852 | 0 | 0 | 0 | 0 |

No doubts exist concerning the collectability of financial assets, which are neither overdue nor impaired. There are no significant risk concentrations resulting from the investment of financial assets in only one single business partner.

**Liquidity risk:** The group covers its liquidity needs by means of contractually agreed credit lines and by maintaining a cash reserve. This is centrally managed by the company's headquarters.

Based on the concluded agreements, group's financial liabilities show the following expected cash flows (including interest payments made at the interest rate prevailing on the balance sheet date):

| in TEUR | Carrying value as of Dec. 31, 2014 | Total obligate cash flows | thereof till 1 year | thereof over 1 but less than 5 years | thereof more than 5 years |
|---|---|---|---|---|---|
| Promissory note loan | 100,052 | 112,293 | 2,138 | 76,053 | 34,102 |
| Bank loans | 19,209 | 20,268 | 2,297 | 14,746 | 3,225 |
| Bank credits in current account | 10,528 | 10,646 | 10,646 | 0 | 0 |
| Financial lease | 7,302 | 7,654 | 2,485 | 5,169 | 0 |
| Trade accounts payable | 44,850 | 44,850 | 44,850 | 0 | 0 |
| Other financial liabilities | 9,513 | 9,513 | 9,513 | 0 | 0 |
| **Total** | **191,454** | **205,224** | **71,929** | **95,968** | **37,327** |

| in TEUR | Carrying value as of Dec. 31, 2013 | Total obligate cash flows | thereof till 1 year | thereof over 1 but less than 5 years | thereof more than 5 years |
|---|---|---|---|---|---|
| Bank loans | 13,012 | 13,823 | 5,707 | 7,607 | 509 |
| Bank credits in current account | 13,708 | 13,873 | 13,873 | 0 | 0 |
| Financial lease | 7,875 | 8,333 | 2,343 | 5,990 | 0 |
| Trade accounts payable | 38,954 | 38,954 | 38,954 | 0 | 0 |
| Other financial liabilities | 3,998 | 3,998 | 3,998 | 0 | 0 |
| **Total** | **77,546** | **78,981** | **64,875** | **13,597** | **509** |

Bank credits in current accounts made available to the group have a contractually agreed residual term of less than one year so that their expected future cash flow has to be shown during this term. However, these credits are normally prolonged on a 12 to 15 month basis so that the complete repayment shown above cannot be expected.

**Foreign exchange risk:** The predominant part of the turnover of the POLYTEC GROUP is invoiced in Euro so that the foreign exchange risk only affects the group to a very low degree. As the purchase of intermediate inputs is performed with the same currency as the sale of intermediate inputs, foreign exchange risks are hedged. The group is subject to higher foreign exchange risks in those countries, where invoices are written in Euro but intermediate inputs have to be purchased in the local currency. Such risks, for example, apply to the Czech crown. In many cases, these risks cannot be transferred to financial instruments since they are mainly attributable to personnel costs.

The financial instruments and financial liabilities booked on the balance sheet date show the following distribution with regard to their currency of origin:

| in TEUR | Dec. 31, 2014 | | |
|---|---|---|---|
| | In Euro | In foreign currency | Total |
| Investments | 729 | 0 | 729 |
| Trade accounts receivable and other receivables | 63,312 | 7,869 | 71,181 |
| Interest-bearing receivables | 13,320 | 0 | 13,320 |
| Cash in hand and current financial resources | 111,126 | 825 | 111,951 |
| **Total** | **188,487** | **8,694** | **197,181** |

| in TEUR | Dec. 31, 2014 | | |
|---|---|---|---|
| | In Euro | In foreign currency | Total |
| Non-current interest-bearing liabilities | 121,310 | 504 | 121,814 |
| Current interest-bearing liabilities | 13,612 | 1,665 | 15,277 |
| Trade accounts payable (without advance payments) | 40,198 | 4,651 | 44,849 |
| Other current liabilities | 8,818 | 695 | 9,513 |
| **Total** | **183,938** | **7,515** | **191,453** |

| in TEUR | Dec. 31, 2013 | | |
|---|---|---|---|
| | In Euro | In foreign currency | Total |
| Investments | 763 | 0 | 763 |
| Trade accounts receivable and other receivables | 45,311 | 8,609 | 53,920 |
| Interest-bearing receivables | 12,065 | 0 | 12,065 |
| Cash in hand and current financial resources | 30,707 | 3,467 | 34,174 |
| **Total** | **88,846** | **12,076** | **100,922** |

| in TEUR | Dec. 31, 2013 | | |
|---|---|---|---|
| | In Euro | In foreign currency | Total |
| Non-current interest-bearing liabilities | 12,768 | 527 | 13,295 |
| Current interest-bearing liabilities | 19,947 | 1,352 | 21,299 |
| Trade accounts payable (without advance payments) | 34,034 | 4,920 | 38,954 |
| Other current liabilities | 3,363 | 635 | 3,998 |
| **Total** | **70,112** | **7,434** | **77,546** |

The distribution structure shows that the risk the group is subject to due to exchange rate fluctuations is very low since both financial assets held in foreign currency totalling 4.4% (previous year 12.0%) and liabilities totalling 3.9% (previous year: 9.6%) account for only a minor part of the total volume. Furthermore, currency fluctuations would equally affect both assets and liabilities and therefore show compensatory effects.

A roughly +/-10% increase in exchange rates with regard to trade accounts payable and liabilities outside the group would not have any significant impact on results and equity.

**Interest rate change risk:** The interest rate change risk is countervailed by POLYTEC with the help of a portfolio of variable and fixed forms of financing corresponding to the long-term interest rate development. Long-term financing activities are predominantly subject to variable interest rates. Derivative products are used, if required, for securing the interest rate or for optimizing the net interest income.

Interest-bearing liabilities show the following structure on the balance sheet date:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Promissory note loan | 100,052 | 0 |
| thereof with fix interest rate | 63,560 | 0 |
| thereof with variable interest rate | 36,492 | 0 |
| Liabilities to banks | 29,438 | 26,547 |
| thereof with fix interest rate | 25,669 | 11,257 |
| thereof with variable interest rate | 3,769 | 15,290 |
| Finance lease | 7,302 | 7,875 |
| thereof with fix interest rate | 7,302 | 7,874 |
| thereof with variable interest rate | 0 | 0 |
| Other interest-bearing liabilities | 300 | 173 |
| thereof with fix interest rate | 300 | 173 |
| thereof with variable interest rate | 0 | 0 |
| **Total** | **137,092** | **34,594** |
| thereof with fix interest rate | 96,831 | 8,047 |
| thereof with variable interest rate | 40,261 | 0 |

The predominant part of variable-rate interest-bearing liabilities depends on the 6-month EURIBOR. An increase (decrease) of this reference interest rate by 100 basis points would result in an increase (decrease) of the interest expense by approx. TEUR 403 (previous year: TEUR 150).

Interest-bearing receivables and current cash and cash equivalents contain variable-rate interest-bearing financial assets totalling TEUR 77,707 (previous year: TEUR 37,430). An increase (decrease) of 3-month EURIBOR by 100 basis points would increase (decrease) interest income by approximately TEUR 777 (previous year: TEUR 374).

## 5. NET INCOME ACCORDING TO EVALUATION CATEGORIES

| in TEUR<br>December 31, 2014 | Interests | Value adjustment | Currency translation | Income from other securities | Income from other investments | Income from derivates | Net income |
|---|---|---|---|---|---|---|---|
| Loans and receivables | 870 | -54 | 0 | 0 | 85 | 0 | **901** |
| Financial liabilities | -1,959 | 0 | -132 | 0 | 0 | 0 | **-2,091** |
| Financial investments available for sale | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Financial investments held to maturity | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| At fair value through profit and loss | 0 | 0 | 0 | 0 | 0 | 0 | **0** |

| in TEUR<br>December 31, 2013 | Interests | Value adjustment | Currency translation | Income from other securities | Income from other investments | Income from derivates | Net income |
|---|---|---|---|---|---|---|---|
| Loans and receivables | 780 | -383 | 0 | 0 | 24 | 0 | **421** |
| Financial liabilities | -1,149 | 0 | -40 | 0 | 0 | 0 | **-1,189** |
| Financial investments available for sale | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Financial investments held to maturity | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| At fair value through profit and loss | 0 | 0 | 0 | 0 | 0 | 0 | **0** |

## 6. RELATED PARTIES

Related parties pursuant to IAS 24 include, among others, the IMC Verwaltungsgesellschaft mbH, Hörsching and its affiliated companies in addition to the members of the Board of Directors and of the Supervisory Board. The family of the CEO of the POLYTEC GROUP, Friedrich Huemer, is the sole owner of the stakes in the said companies and Friedrich Huemer is the managing director with sole power of representation of the said companies.

As of the balance sheet date on December 31, 2014, the company was informed about the following proportions of voting rights, which are subject to notification pursuant to Para. 91 of the Stock Exchange Act:

Huemer Group: 26.6%
Delta Lloyd Asset Management NV: 10.9%
Capital Research and Management: 5.5%

The remaining shares are free float.

The POLYTEC GROUP has established business relationships with the following companies of the IMC Group in the 2014 financial year:

### POLYTEC IMMOBILIEN GROUP

The POLYTEC GROUP has long-term leasing agreements with the POLYTEC Immobilien Group with regard to the following properties:

| | |
|---|---|
| 1. POLYTEC Holding AG | Group Headquarters |
| 2. Polytec Car Styling Hörsching GmbH | Plant Hörsching |
| 3. Polytec Car Styling Schoten N.V. | Plant Schoten |
| 4. Polytec Plastics Idstein GmbH & Co KG | Plant Idstein |
| 5. Polytec Plastics Germany GmbH & Co KG | Plants Lohne, Wolmirstedt and Nordhalben |
| 6. Polytec Plastics Ebensee GmbH | Plant Ebensee |
| 7. POLYTEC Composites Germany GmbH & Co KG | Plants Gochsheim, Cornberg and Voerde |
| 8. POLYTEC Composites Slovakia s.r.o. | Plant Sladkovicovo |
| 9. POLYTEC Elastoform GmbH | Plant Marchtrenk |
| 10. POLYTEC THELEN GmbH | Plant Bochum |

Rental expenses from rental contracts amounted to approx. TEUR 8,214 in the 2014 financial year (previous year: TEUR 7,802).

Rental obligations based on a fixed notice period or longer waiver of termination rights will fall sharply because of the acquisition of the real estate portfolio, formerly held by POLYTEC Immobilien Holding GmbH, by the POLYTEC GROUP (described under B. 1 "Acquisitions 2015"). In future, only the tenancy agreement covering the Bochum plant will remain in place. Rental obligations amounted to TEUR 377 as of December 31, 2014 (previous year: TEUR 14,649) and are due as follows:

| in TEUR | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Within one year | 377 | 8,093 |
| Longer than one year and within five years | 0 | 6,556 |
| Over five years | 0 | 0 |

As of December 31, 2014 there were no significant receivables or liabilities towards POLYTEC Immobilien Group as in the previous year.

### OTHER BUSINESS RELATIONSHIPS

The POLYTEC GROUP has a work contract in place with the IMC Verwaltungsgesellschaft mbH, Hörsching concerning a member of the Board of Directors for the POLYTEC HOLDING AG, Hörsching.

GLOBE AIR AG, Hörsching, provided transport services to employees of the POLYTEC GROUP in the business year under review.

A member of the Supervisory Board is also member of the Board of Directors of a bank, with which the company has a business relationship in the form of deposit and lending operations.

As in the previous year, no transactions were carried out in the year under review based on market customary rates. No provisions for doubtful debts and no expenses for doubtful or unrecoverable debts were recorded in 2014 and in 2013 in connection with transactions with related parties.

## 7. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Total remuneration of the members of the Board of Directors in the year under review amounted to TEUR 1,691 (previous year: TEUR 1,547). TEUR 1,691 (previous year: TEUR 1,536) are attributable to short-term benefits, TEUR 67 (previous year: TEUR 0) of which refer to the remuneration of a former member of the Board of Directors. TEUR 0 (previous year: TEUR 11) refer to payments made after the termination of the working relationship. In addition, remuneration in kind in the form of company cars and mobile phones was granted.

Not yet paid variable salary components affecting the 2014 business year are balanced in the short-term personnel provisions.

There are no stock-option plans or similar shareholding-based remuneration pursuant to IFRS 2.

Total expenses for the remuneration of the members of the Supervisory Board in the 2014 financial year amounted to TEUR 99 (previous year: TEUR 99).

There are no credits or advanced payments relating to current or former members of the governing bodies of the company. No former members of the governing bodies of the company receive any kind of salary from the group or from one of its affiliated companies.

## 8. EXPENSES FOR THE GROUP AUDITORS

Expenses for the services provided by the group auditors in 2014 are made up as follows:

| in TEUR | 2014 | 2013 |
|---|---|---|
| Annual financial statements | 112 | 112 |
| Other services | 71 | 25 |
| | **183** | **137** |

## 9. GOVERNING BODIES OF POLYTEC HOLDING AG

In the year under review, the **members of the Board of Directors** at the time of the preparation of the consolidated financial statements included:

Friedrich Huemer, Wallern (Chairman of the Board of Directors)
Markus Huemer, Buchkirchen (since January 1,2014)
Alice Godderidge, Piberbach (since January 1,2014)
Peter Haidenek, Velden a. W.
Alfred Kollros, St. Valentin (until October 21, 2014)

In the year under review, the **members of the Supervisory Board** at the time of the preparation of the consolidated financial statements included:

Fred Duswald, Thalheim (Chairman)
Manfred Helmut Trauth, Knittelsheim, Germany (Vice Chairman)
Robert Büchelhofer, Starnberg, Germany
Viktoria Kickinger, Vienna
Reinhard Schwendtbauer, Leonding

The Board of Directors of POLYTEC HOLDING AG approved the consolidated financial statements on March 23, 2015 and authorised its transmission to the Supervisory Board. The Supervisory Board is entitled to initiate changes to the consolidated financial statements within the framework of its supervisory duty.

## 10. GROUP COMPANIES

| Company | Location | Country | Parent company | Direct and indirect share % | Type of consolidation[1] |
|---|---|---|---|---|---|
| POLYTEC Invest GmbH i.L. | Lohne | GER | POLYTEC Holding AG | 100.0 | KV |
| POLYTEC Anlagenfinanzierung GmbH | Hörsching | AUT | POLYTEC Holding AG | 100.0 | KV |
| POLYTEC CAR STYLING Hörsching GmbH | Hörsching | AUT | POLYTEC Holding AG | 100.0 | KV |
| POLYTEC Car Styling Bromyard Ltd. | Bromyard | GBR | POLYTEC Holding AG | 100.0 | KV |
| POLYTEC FOHA CORPORATION | Markham | CAN | POLYTEC Holding AG | 100.0 | KV |
| Polytec Foha Inc. | Warren | USA | POLYTEC Holding AG | 100.0 | KV |
| POLYTEC Car Styling Schoten N.V. | Schoten | BEL | POLYTEC Holding AG | 100.0 | KV |
| Polytec Netherlands Holding B.V. | Roosendaal | NL | POLYTEC Holding AG | 100.0 | KV |
| Polytec Composites NL B.V. | Roosendaal | NL | Polytec Netherlands Holding B.V. | 100.0 | KV |
| Polytec Plastics NL B.V. | Putte | NL | Polytec Netherlands Holding B.V. | 100.0 | KV |
| Ratipur Autófelszerelés Kft. | Komló | HUN | POLYTEC Holding AG | 24.0 | KOE |
| Polytec Holding Deutschland GmbH | Lohne | GER | POLYTEC Holding AG | 100.0 | KV |
| Polytec Automotive GmbH & Co KG[2] | Lohne | GER | Polytec Holding Deutschland GmbH | 100.0 | KV |
| Polytec Automotive Verwaltungs GmbH | Lohne | GER | Polytec Holding Deutschland GmbH | 100.0 | KO |
| Polytec Deutschland Verwaltungs GmbH | Lohne | GER | Polytec Holding Deutschland GmbH | 100.0 | KO |
| Polytec Plastics Germany GmbH & Co KG[2] | Lohne | GER | Polytec Holding Deutschland GmbH | 100.0 | KV |
| Polytec Plastics Idstein GmbH & Co KG[2] | Idstein | GER | Polytec Holding Deutschland GmbH | 100.0 | KV |
| POLYTEC Plastics Ebensee GmbH | Ebensee | AUT | POLYTEC Holding AG | 100.0 | KV |
| Polytec Interior Zaragoza S.L. i.L. | Zaragoza | ESP | POLYTEC Holding AG | 100.0 | KO |
| PT Beteiligungs GmbH | Hörsching | AUT | POLYTEC Holding AG | 100.0 | KV |
| POLYTEC Composites Beteiligungs GmbH | Gochsheim | GER | PT Beteiligungs GmbH | 100.0 | KV |
| POLYTEC Composites Verwaltungs GmbH | Gochsheim | GER | PT Beteiligungs GmbH | 100.0 | KO |
| POLYTEC Composites Germany GmbH & Co KG[2] | Gochsheim | GER | POLYTEC Composites Beteiligungs GmbH | 100.0 | KV |
| POLYTEC Compounds GmbH & Co. KG[2] | Gochsheim | GER | POLYTEC Composites Beteiligungs GmbH | 100.0 | KV |
| POLYTEC Compounds Verwaltungs GmbH | Gochsheim | GER | POLYTEC Composites Beteiligungs GmbH | 100.0 | KO |
| POLYTEC Industrielackierungen GmbH & Co. KG[2] | Rastatt | GER | POLYTEC Composites Beteiligungs GmbH | 100.0 | KV |
| POLYTEC Industrielackierungen Verwaltungs GmbH | Rastatt | GER | POLYTEC Composites Beteiligungs GmbH | 100.0 | KO |
| POLYTEC Composites Slovakia s.r.o. | Sladkovicovo | SLK | PT Beteiligungs GmbH | 100.0 | KV |
| PT Plastik Ürünleri Sanayi ve Ticaret A.S. | Aksaray | TK | PT Beteiligungs GmbH | 100.0 | KV |
| Polytec Composites Bohemia s.r.o. | Chodova Plana | CZE | PT Beteiligungs GmbH | 100.0 | KV |
| POLYTEC Composites Weiden GmbH | Weiden | GER | POLYTEC Composites Beteiligungs GmbH | 100.0 | KV |
| INAPAL PLASTICOS, S.A. | Leca do Balio | POR | POLYTEC Composites Germany GmbH & Co KG | 2.0 | KOE |
| Ljungby Komposit AB | Ljungby | SWE | PT Beteiligungs GmbH | 25.0 | KOE |
| POLYTEC Industrial Plastics GmbH | Bochum | GER | POLYTEC Holding AG | 70.0 | KV |
| POLYTEC Elastoform GmbH | Marchtrenk | AUT | POLYTEC Industrial Plastics GmbH | 70.0 | KV |
| POLYTEC EMC Engineering GmbH | Hörsching | AUT | POLYTEC Industrial Plastics GmbH | 70.0 | KV |
| POLYTEC THELEN GmbH | Bochum | GER | POLYTEC Industrial Plastics GmbH | 70.0 | KV |

[1] KV = Fully consolidated
KE = Consolidated at equity
KO = Not consolidated due to subordinated importance
KOE = No valuation at equity due to subordinated importance

[2] According to Section 264 b of the German Commercial Code these companies are relieved from the duty of reporting, auditing and publishing annual financial statements and a management report in accordance with the applicable regulations for capital companies.

Hörsching, March 23, 2015

The Board of Directors
Friedrich Huemer m. p.
Markus Huemer m. p.
Alice Godderidge m. p.
Peter Haidenek m. p.

# STATEMENT OF ALL LEGAL REPRESENTATIVES

## PURSUANT TO SECTION 82 PARA. 4 PT. 3 AUSTRIAN STOCK CORPORATION ACT

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the Management Report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Hörsching, March 23, 2015

The Board of Directors of POLYTEC HOLDING AG

Friedrich Huemer m. p.
Chairman of the Board of Directors – CEO
Responsibilities: M&A, Investment Management, Strategy, Corporate Communications, HR, Law

Markus Huemer m. p.
Vice Chairman of the Board of Directors – COO
Responsibilities: Business Development, Plants, Production, Procurement

Alice Godderidge m. p.
Member of the Board of Directors – CSO
Responsibilities: Sales and Engineering (Sales, Marketing, Development)

Peter Haidenek m. p.
Member of the Board of Directors – CFO
Responsibilities: Finance, IT, Controlling, Accounting, Investor Relations, Internal Audit

# AUDITORS' REPORT

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of POLYTEC HOLDING AG, Hörsching, for the fiscal year from January 1, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, and the Notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

## AUDITORS' RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

## OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

## COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the Management Report for the group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the company's position. The auditors' report also has to contain a statement as to whether the Management Report for the group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate. In our opinion, the Management Report for the group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, March 23, 2015

Deloitte Oberösterreich Wirtschaftsprüfungs GmbH

| | |
|---|---|
| Nikolaus Schaffer m. p. | Martin Feige m. p. |
| Certified Public Accountant | Certified Public Accountant |

# SERVICE

## FINANCIAL CALENDAR 2015

| | | |
|---|---|---|
| March 26, 2015 | Thursday | Publication of the financial statements and annual report for 2014 |
| May 6, 2015 | Wednesday | Publication of the interim report for Q1 2015 |
| May 13, 2015 | Wednesday | 15th Annual General Meeting for the 2014 financial year, Hörsching |
| May 18, 2015 | Monday | Ex-dividend day |
| May 22, 2015 | Friday | Dividend payment day |
| August 5, 2015 | Wednesday | Publication of the interim report for HY1 2015 |
| November 4, 2015 | Wednesday | Publication of the interim report for Q3 2015 |

## INVESTOR RELATIONS

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## NOTE

This Annual 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 Annual 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 Annual Report is published in German and English. In cases of doubt, the German version shall take precedence.

Editorial closing date: March 23, 2015

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# GLOSSARY

| Company and technology | |
|---|---|
| Blow Moulding | A process for the production of hollow, thermoplastic parts (lightweight construction technology) |
| Carbon SMC | SMC with cut carbon fibres |
| CEO | Chief Executive Officer |
| CFO | Chief Finance Officer |
| COO | Chief Operations Officer |
| CSO | Chief Sales Officer |
| GMT | Glass mat thermoplastics |
| HR | Human Resources |
| IMC | Injection moulding compounding (heavy layer): Technology to process long fibre-reinforced thermoplastics in the injection-moulding process. High design freedom and high output for tailored HOUSING solutions |
| IMC | In-mould coating: Technology for integrated surface refinement. No surface pre-treatment or post-painting necessary |
| IMD | In-mould decoration: Technology for decorating plastic surfaces with colour and an abrasion resistant coat within the one-shot-injection-moulding-process |
| ISO 14001 | International Organisation for Standardization for an environmental management system |
| ISO 50001 | International Organisation for Standardization for an energy management system |
| JIS | Just-in-sequence: Parts arrive at a production line right in time as scheduled before they get assembled |
| JIT | Just-in-time: Parts arrive at the production line right in time |
| LD-SMC | Low density SMC: SMC with hollow glass spheres leads to a reduction of the material density and weight reductions. |
| LFT | Long fibre reinforced thermoplastics: Increased toughness for parts |
| LWRT | Low weight reinforced thermoplastics: Glass-reinforced thermoplastic mixed-fibre fleeces for lightweight construction that absorb noise excellently. |
| NVH | Noise, Vibration, Harshness |
| One-shot dual pressing process | Production process for hybrid underbody solutions: high and low pressure technology in one single step at the same time |
| One-shot process | Production in one single step |
| Organosheets | Fibre-reinforced composites (either with glass fibres or carbon fibres) |
| PA | Polyamide: Thermoplastic material with high strength, stiffness and toughness |
| PISA | POLYTEC In-moulded Sound Absorber. Please find details on page 31. |
| PP | Polypropylene: Thermoplastic material |
| PPS | POLYTEC Performance System: Lean Management Programme of POLYTEC GROUP |
| PUR | Polyurethane: Material used by business units CAR STYLING and INDUSTRIAL |
| PUR RRIM | Polyurethane Reinforced Reaction Injection Moulding |
| SMC | Sheet moulding compound: Ready to mould glass-fibre reinforced polyester material primarily used in compression moulding |
| SOP | Start of Production |
| TECTHAN | Polyurethane formulation by POLYTEC INDUSTRIAL |
| VICS | Variable In-moulded Composite Sandwich. Please find details on page 30. |

| Financials | |
|---|---|
| ACEA | European Automotive Manufacturers Association |
| CAD | Canadian Dollar |
| Capital Employeed | Net working capital plus intangible assets and fixed assets minus short-term liabilities |
| CZK | Czech Krona |
| EBIT | Earnings before interest and taxes |
| EBITDA | Earnings before interest, taxes, depreciation and amortization |
| EBIT-Marge | Earnings before interest and taxes/sales, in % |
| Equity ratio | Equity/balance sheet total, in % |
| Free cash flow | Cash flow from operating activities less cash flow in investing activities |
| FTE | Full-time equivalents of employees |
| GBP | Great Britain Pound |
| Gearing | Net debt (+)/net cash (-)/equity |
| IAS | International Accounting Standards (IAS) |
| IFRS | International Financial Reporting Standards, including International Accounting Standards (IAS) |
| Investments | Additions to intangible assets, property, plant and equipment |
| ISIN AT0000A00XX9 | International Securities Identification Number of POLYTEC share |
| KPI | Key Performance Indicator |
| Deferred taxes | Balance sheet item to show fiscal valuation differences. In the case of temporary discrepancies between the group balance sheet and the fiscal balance sheet, both deferred tax assets and deferred tax liabilities are recognized in order to report the tax expenses in accordance with the group financial result. |
| Market capitalisation | Value of Enterprise; number of issued shares multiplied with certain share price |
| Net financial liabilities/assets | Interest-bearing debt capital less cash and cash equivalents and securities of the working capital as well as interest-bearing receivables |
| Net working capital | Current assets (excluding cash, cash equivalents and interest-bearing receivables) less short-term liabilities (excluding financial liabilities) |
| OEM | Original Equipment Manufacturer |
| OTC | „Over-the-Counter" market, transactions with shares outside Exchange, directly dealt between parties |
| ROCE | Return on Capital Employed (EBIT/average capital employed) |
| TEUR | Euro thousands |
| USD | United States Dollar |
| VDA | German Automotive Industry Association |

POLYTEC GROUP

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INNOVATION