

HALF YEAR FINANCIAL REPORT H1 2019

POLYTEC

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POLYTEC GROUP

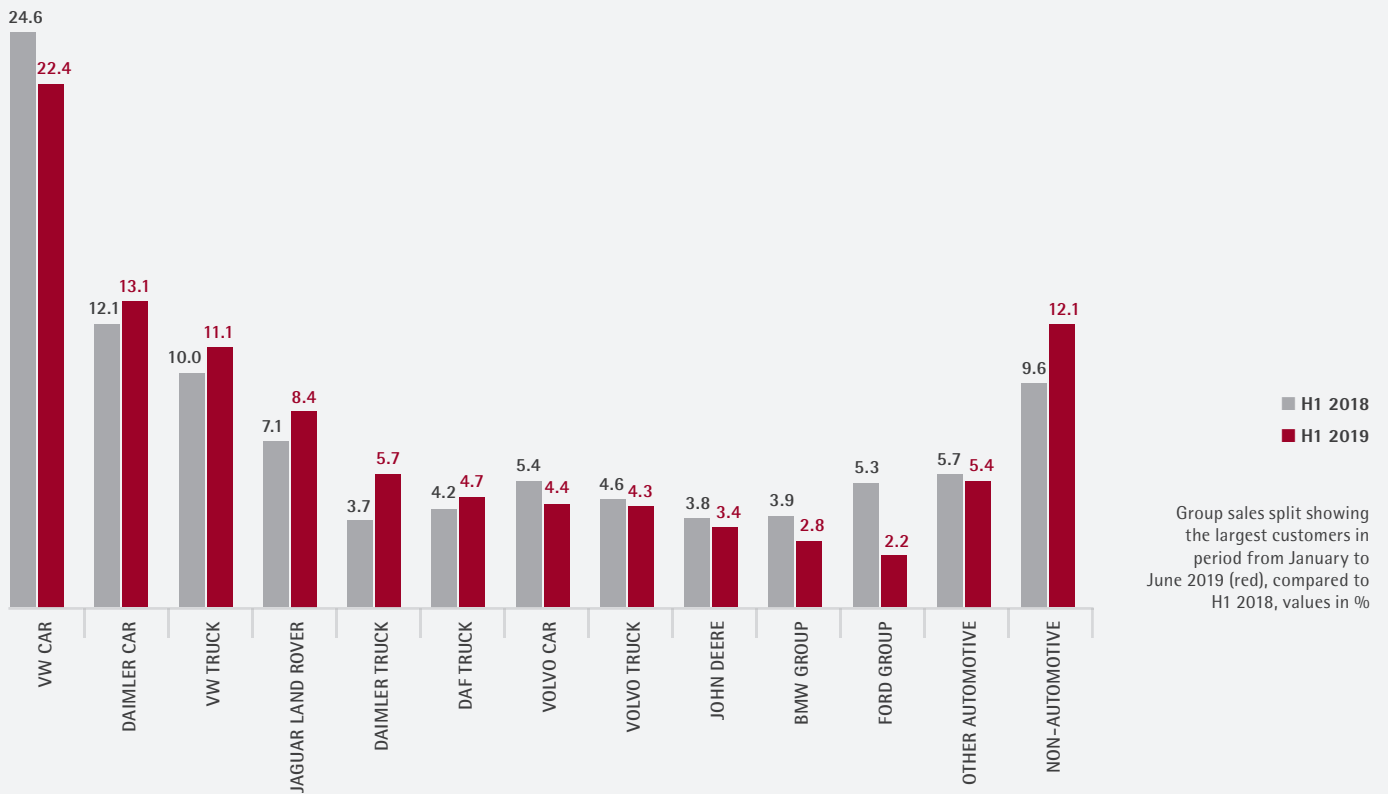
KEY FIGURES HALF YEAR 2019

Key figures by half-year	Unit	H1 2019	H1 2018	Change
Sales	EUR m	320.6	328.7	-2.5%
EBITDA	EUR m	33.2	35.3	-6.0%
EBITDA margin (EBITDA/sales)	%	10.4%	10.7%	-0.3% points
EBIT	EUR m	16.1	23.0	-29.9%
EBIT margin (EBIT/sales)	%	5.0%	7.0%	-2.0% points
Earnings after tax	EUR m	10.4	16.6	-37.2%
Earnings per share	EUR	0.46	0.74	-37.8%
Investments in fixed assets	EUR m	21.6	18.8	14.5%
Equity ratio (equity/balance sheet total)	%	39.7%	43.5%	-3.8% points
Net working capital (NWC)	EUR m	113.4	90.2	25.7%
Average capital employed	EUR m	383.1	329.6	16.2%
Net debt (+)/assets (-)	EUR m	136.3	89.8	51.7%
Employees (incl. leasing personnel) end of period	FTE	4,269	4,497	-5.1%

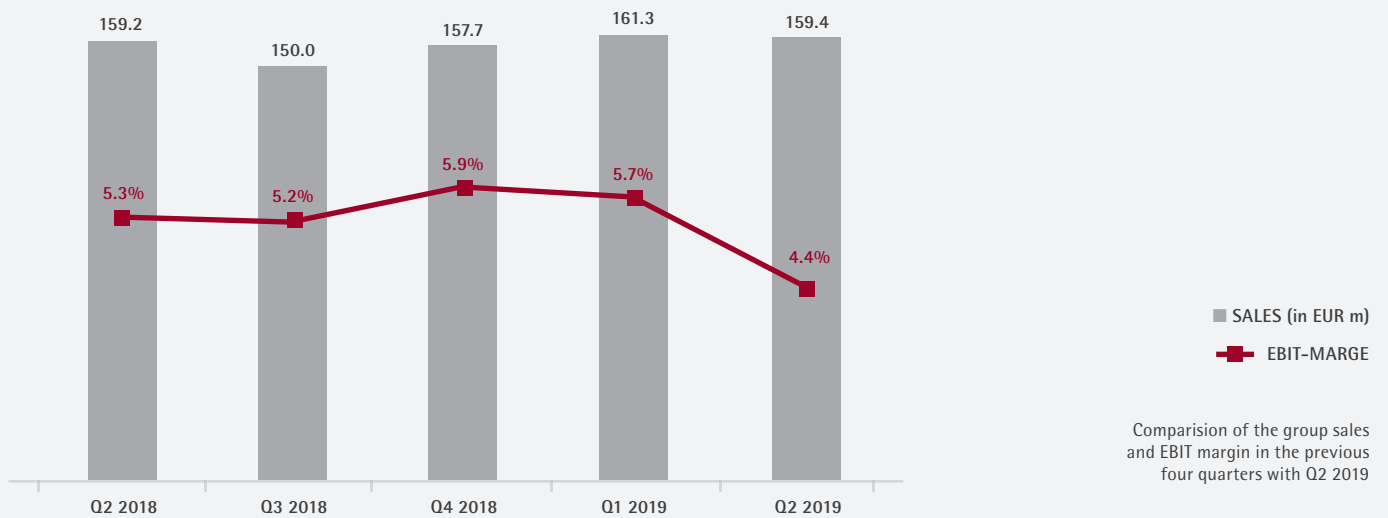
Key figures quarterly	Unit	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Sales	EUR m	159.2	150.0	157.7	161.3	159.4
EBITDA	EUR m	14.2	14.7	17.1	17.7	15.5
EBITDA margin (EBITDA/sales)	%	8.9%	9.8%	10.9%	11.0%	9.7%
EBIT	EUR m	8.5	7.8	9.2	9.1	7.0
EBIT margin (EBIT/sales)	%	5.3%	5.2%	5.9%	5.7%	4.4%
Earnings after tax	EUR m	6.0	5.6	7.8	6.1	4.4
Earnings per share	EUR	0.27	0.24	0.34	0.27	0.19
Investments in fixed assets	EUR m	10.5	10.1	13.7	8.1	13.4
Equity ratio (equity/balance sheet total)	%	43.5%	45.2%	42.7%	40.3%	39.7%
Net working capital (NWC)	EUR m	90.2	103.1	95.2	115.1	113.4
Capital employed	EUR m	340.4	356.7	364.7	401.2	401.5
Net debt (+)/assets (-)	EUR m	89.8	101.5	101.8	130.0	136.3
Employees (incl. leasing personnel) end of period	FTE	4,497	4,455	4,315	4,279	4,269

GROUP SALES BY CUSTOMERS

compared to previous year



SALES & EBIT MARGIN



HALF YEAR FINANCIAL REPORT H1 2019

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

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GROUP MANAGEMENT REPORT H1 2019

AUTOMOTIVE INDUSTRY DEVELOPMENT

The tables below show registration numbers of new vehicles for the period from January to June 2019 compared to the figures from the previous year, registration numbers of new cars by drive technology represent the period from January to March 2019:

REGISTRATIONS OF NEW CARS IN THE MAJOR INTERNATIONAL MARKETS

In pieces	H1 2019	Share	H1 2018	Share	Change
China	9,932,900	37.4%	11,540,600	40.4%	-14.0%
USA	8,412,900	31.7%	8,574,300	30.0%	-1.9%
European Union	8,183,600	30.9%	8,449,700	29.6%	-3.1%
Total three major markets	26,529,400	100%	28,564,600	100%	-7.1%
Other selected countries					
Japan	2,285,700		2,292,000		-0.3%
India	1,556,800		1,735,000		-10.3%
Brazil	1,251,800		1,129,200		10.9%
Russia	828,800		849,200		-2.4%

REGISTRATIONS OF NEW CARS IN THE EUROPEAN UNION

In pieces	H1 2019	Share	H1 2018	Share	Change
Germany	1,849,000	22.6%	1,839,000	21.7%	0.5%
United Kingdom	1,269,200	15.5%	1,314,000	15.6%	-3.4%
France	1,166,400	14.2%	1,188,200	14.0%	-1.8%
Italy	1,082,200	13.2%	1,121,600	13.3%	-3.5%
Spain	692,500	8.5%	734,700	8.7%	-5.7%
Other EU countries	2,124,300	26.0%	2,252,200	26.7%	-5.7%
EUROPEAN UNION	8,183,600	100%	8,449,700	100%	-3.1%

REGISTRATIONS OF NEW CARS IN THE EUROPEAN UNION – BY DRIVE TECHNOLOGY

In pieces	H1 2019	Share	H1 2018	Share	Change
Petrol-driven cars	2,376,800	59.3%	2,301,100	55.5%	3.3%
Diesel-driven cars	1,289,800	32.2%	1,571,100	37.9%	-17.9%
Electric chargeable vehicles (ECV)	99,200	2.5%	70,800	1.7%	40.0%
Hybrid electric vehicles (HEV)	184,800	4.6%	138,600	3.4%	33.3%
Alternatively-powered vehicles (APV)	56,900	1.4%	61,300	1.5%	-7.2%
EUROPEAN UNION	4,007,500	100%	4,142,900	100%	-3.3%

REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE EUROPEAN UNION

In pieces	H1 2019	Share	H1 2018	Share	Change
Light commercial vehicles <=3.5 t	1,107,800	81.5%	1,067,000	83.1%	3.8%
Medium commercial vehicles >3.5 t to <=16 t	42,900	3.2%	35,500	2.8%	20.8%
Heavy commercial vehicles >16 t	185,500	13.7%	160,500	12.5%	15.6%
Medium and heavy buses & coaches >3.5 t	22,100	1.6%	20,300	1.6%	9.2%
EUROPEAN UNION	1,358,300	100%	1,283,300	100%	5.8%

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

GROUP RESULTS

SALES

In the first half of 2019, consolidated POLYTEC GROUP sales declined by 2.5% to stand at EUR 320.6 million (H1 2018: EUR 328.7 million). For several quarters, the transition to the WLTP exhaust emission and fuel consumption standard has

impacted the POLYTEC GROUP, causing reductions in call-offs and sales revenue losses in the passenger car market area. Moreover, this trend was prolonged in the first six months of 2019. By contrast, as compared to the preceding year, the com-

mercial vehicles market area continued to demonstrate positive development and the non-automotive market area also showed a marked increase in sales over the weak first half of 2018.

SALES BY MARKET AREA

In EUR m	Q2 2019	Share	Q2 2018	H1 2019	Share	H1 2018
Passenger cars	94.6	59.4	99.6	187.1	58.4%	209.4
Commercial vehicles	42.8	26.8	43.9	94.8	29.5%	87.9
Non-automotive	22.0	13.8	15.7	38.7	12.1%	31.4
POLYTEC GROUP	159.4	100%	159.2	320.6	100%	328.7

In comparison to the same period of the previous year, sales in the passenger car market area, which with 58.4% (H1 2018: 63.7%) represents the strongest area within the POLYTEC GROUP, fell sharply by around 10.6% to EUR 187.1 million (H1 2018: EUR 209.4 million). Conversely, the com-

mercial vehicles market area increased its share of sales (29.5%, H1 2018: 26.7%) with current half-year revenues amounting to EUR 94.8 million. This figure constituted a rise of 7.9% over the EUR 87.9 million of the comparable months of 2018. In the preceding half-year, the share of consoli-

dated POLYTEC GROUP sales revenues from the non-automotive market area was affected by a drastic reduction in call-offs from one major customer. However, the first six months of 2019 saw a marked recovery from 9.6% to 12.1%.

SALES BY CATEGORY

In EUR m	Q2 2019	Share	Q2 2018	H1 2019	Share	H1 2018
Parts and other sales	143.9	90.3%	145.6	292.2	91.1%	300.3
Tooling and other engineering sales	15.5	9.7%	13.6	28.4	8.9%	28.4
POLYTEC GROUP	159.4	100%	159.2	320.6	100%	328.7

As opposed to the same period of the previous year, parts and other sales were 2.7% lower at EUR 292.2 million. By contrast,

tooling and other engineering sales, which are normally subject to cyclical fluctuations, amounted to EUR 28.4 million and

thus remained at exactly the level of the preceding year.

SALES BY REGION

In EUR m	Q2 2019	Share	Q2 2018	H1 2019	Share	H1 2018
Austria	6.7	4.2	5.3	13.9	4.3%	11.6
Germany	88.8	55.7	89.5	177.4	55.3%	184.8
Other EU countries	54.1	34.0	55.0	109.2	34.1%	112.4
Other countries	9.8	6.1	9.4	20.1	6.3%	19.9
POLYTEC GROUP	159.4	100%	159.2	320.6	100%	328.7

GROUP EARNINGS FIGURES

	Unit	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Sales	EUR m	159.4	159.2	0.1%	320.6	328.7	-2.5%
EBITDA	EUR m	15.5	14.2	8.7%	33.2	35.3	-6.0%
EBITDA margin (EBITDA/sales)	%	9.7	8.9	0.8% points	10.4	10.7	-0.3% points
EBIT	EUR m	7.0	8.5	-17.2%	16.1	23.0	-29.9%
EBIT margin (EBIT/sales)	%	4.4	5.3	-0.9% points	5.0	7.0	-2.0% points
Earnings after tax	EUR m	4.4	6.0	-27.7%	10.4	16.6	-37.2%
Average capital employed	EUR m	383.1	329.6	16.2%	383.1	329.6	16.2%
ROCE before tax (EBIT/average capital employed)	%	9.0	14.2	-5.2% points	9.0	14.2	-5.2% points
Earnings per share	EUR	0.19	0.27	-29.6%	0.46	0.74	-37.8%

MATERIAL AND PERSONNEL EXPENSES

At 47.1%, the material ratio was virtually identical to that of the previous year (H1 2018: 47.2%). In addition, in the wake

of the decline in sales, as compared to the first half-year of 2018, workforce numbers were adjusted and therefore the group per-

sonnel ratio was unchanged at 34.1% (H1 2018: 34.1%).

EBITDA AND EBIT

In the first half-year of 2019, POLYTEC GROUP EBITDA amounted to EUR 33.2 million (H1 2018: EUR 35.3 million). This fall was due largely to unrealised contribution margins resulting from lower sales revenues. At 10.4%, the EBITDA margin was down

by 0.3 percentage points on the 10.7% of the previous year.

In the months from January to June 2019, Group EBIT stood at EUR 16.1 million (H1 2018: EUR 23.0 million). The increase in depreciations emanated largely from the

initial adoption of accounting and evaluation methods in line with IFRS 16 *Leases*, which became mandatory on 1 January 2019. As compared to the same period of 2018, the EBIT margin fell by 2.0 percentage points from 7.0% to 5.0%.

FINANCIAL AND GROUP RESULT

The financial result for the first half-year of 2019 amounted to minus EUR 2.1 million (H1 2018: minus EUR 1.5 million). The POLYTEC GROUP tax ratio stood at 25.6%, which was 2.8 percentage points higher

than in the same quarter of the previous year. This was due mainly to the fact that the pre-tax results were generated in high-taxation countries such as Germany. Consequently, the group net profit totalled

EUR 10.4 million (H1 2018: EUR 16.6 million), which corresponded with earnings per share of EUR 0.46 (H1 2018: EUR 0.74).

ASSETS AND FINANCIAL STATUS

INVESTMENTS

In EUR m	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Investments in fixed assets	13.4	10.5	27.6 %	21.6	18.8	14.5 %

Additions to fixed assets in the first half-year of 2019 totalled EUR 21.6 million (H1 2018: EUR 18.8 million), which was slightly above

the level of the previous half-year. In particular, the POLYTEC GROUP made preparatory investments for a major customer pro-

ject in the commercial vehicles market area, as well as implementing improvements to its production plants and infrastructure.

GROUP KEY BALANCE SHEET AND FINANCIAL FIGURES

The key financial figures are presented together with the figures from the last balance sheet date of 31 December 2018 as follows:

	Unit	30.6.2019	31.12.2018	Change
Equity	EUR m	239.5	238.0	0.6%
Equity ratio (equity/balance sheet total)	%	39.7	42.7	-3.0% points
Balance sheet total	EUR m	602.8	557.6	8.1%
Net working capital ¹⁾	EUR m	113.4	95.2	19.1%
Net working capital/sales	%	18.1	15.0	3.1 points

¹⁾Net working capital = current assets less current liabilities

As compared to 31 December 2018, at the end of the first half-year of 2019, the balance sheet total was EUR 45.2 million higher at EUR 602.8 million. This increase can be traced primarily to the issue of a further promissory note bond at the beginning of 2019, which was employed for the financing

of higher net working capital. Equally, the initial adoption of accounting and evaluation methods in line with IFRS 16 Leases also exerted an influence upon the balance sheet, as since 1 January 2019 it must disclose right-of-use assets and leasing liabilities. More detailed information in this regard is

contained in the selected notes to this interim report. The equity ratio as at 30 June 2019 was 3.0 percentage points lower than the figure for the 31 December 2018 reporting date at 39.7%. Above all, this was due to the dividend payment in May 2019 totalling EUR 8.8 million (H1 2018: EUR 9.9 million).

	Unit	30.6.2019	31.12.2018	Change
Net debt (+)/assets (-)	EUR m	136.3	101.8	33.9%
Net debt (+)/assets (-)/EBITDA	-	2.14	1.52	40.8%
Gearing (net debt (+)/assets (-)/equity)	-	0.57	0.43	32.6%

Among other factors, owing to the new IFRS 16 standard, as compared to the 31 December 2018 reporting date, net

financial debt was EUR 34.5 million higher at EUR 136.3 million. Correspondingly, the key figure for the fictive debt repayment

duration increased from 1.52 to 2.14. The gearing ratio rose from 0.43 to 0.57.

EMPLOYEES

Employees (incl. leasing personnel) in terms of full-time equivalents (FTE)	End of period		Change	Average period		Change
	30.6.2019	30.6.2018		H1 2019	H1 2018	
Austria	549	573	-24	547	566	-19
Germany	2,013	2,184	-171	2,038	2,170	-132
Other EU countries	1,512	1,540	-28	1,510	1,558	-48
Other countries	195	200	-5	193	198	-5
POLYTEC GROUP	4,269	4,497	-228	4,288	4,492	-204

In terms of a comparison with the preceding year, average group workforce numbers (including leasing personnel) declined

by 204 (FTE) to 4,288, which represented a fall of 4.5%. On the reporting date of 30 June 2019, the POLYTEC GROUP had a

total of 4,269 employees of whom 9.7%, or 415, were leasing personnel (H1 2018: 11.4% or 512).

RISKS AND UNCERTAINTIES

The automotive industry is faced by massive challenges and upheaval. Since last year, this uncertain development has been evidenced by both the operative business figures and negative share performance amongst automotive manufacturers and suppliers alike.

Consumer insecurity during 2018 resulted in declining demand for diesel cars and this remained the case in the first half of 2019. The transition to the new WLTP exhaust emission and fuel consumption standard, which since the beginning of September 2018 applies to newly licensed vehicles in the European Union, has resulted in a significant reduction in the production volumes of certain engine versions of relevance to the POLYTEC GROUP. As a con-

sequence, the POLYTEC GROUP was and is confronted by sizeable call-off reductions and sales losses.

As in the first quarter, during the second quarter of 2019 all the main international car markets registered a fall in new passenger car registrations. Moreover, car industry analysts and experts anticipate an equally challenging market environment in the second half-year.

In comparison to the passenger car segment, the positive trend in the European Union with regard to new commercial vehicle registrations continued in the second quarter of 2019.

At present, it is impossible to fully assess

the effects of the potential departure of the UK from the European Union (Brexit), the consequences of any restrictions on the global exchange of goods, or the general weakening in the economic development. Likewise, a comprehensive estimate of whether or not in future these and other risks and uncertainties will exert an influence on the development of the POLYTEC GROUP's sales revenues and income cannot be given at present. However, the executive management is monitoring these developments very closely.

As far as risk reporting is concerned, we would also refer you to the information contained under G. 2 in the group notes of the 2018 Annual Report, published on 29 March 2019.

MATERIAL TRANSACTIONS WITH RELATED PARTIES AND COMPANIES

Following the departure of Board Chairman Friedrich Huemer, the contractual relationship with IMC Verwaltungsgesellschaft mbH, Hörsching and its affiliated companies was redrafted. Since the beginning of 2019, POLYTEC Holding AG has employed the consulting services of IMC Verwaltungsgesellschaft mbH, Hörsching,

in exchange for an annual, flat rate fee of EUR 260 k to be paid pro rata on a retroactive, quarterly basis. Conversely, POLYTEC Immobilien GmbH, Hörsching is charged EUR 96 k per year for the use of offices and infrastructure. The POLYTEC GROUP also continues to use the transport services of GlobeAir AG, Hörsching.

Otherwise, as compared to 31 December 2018, there were no material changes regarding business transactions with related parties and companies, and therefore in this regard reference should be made to the notes contained in the consolidated financial statements of POLYTEC Holding AG as at 31 December 2018.

OUTLOOK

From a current perspective, the POLYTEC GROUP executive management continues to anticipate that group sales revenues and EBIT (operating result before interest and taxes) in the 2019 financial year will emulate those of 2018. The fulfilment of this outlook will depend largely upon

successful negotiations concerning outstanding claims against customers, which have been and will continue to be caused primarily by the sales losses relating to the WLTP. However, measures introduced for capacity and cost structure adjustments permit the expectation of an improvement

in the earnings level in the second half-year. However, it must be stressed that this outlook does not take into consideration the possibility of serious effects emanating from Brexit, global trade barriers, or political and geopolitical events.

INTERIM CONSOLIDATED FINANCIAL STATEMENT ACCORDING TO IAS 34

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

CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 30 June 2019 and the period from 1 April to 30 June 2019 compared to the figures from the previous year

In EUR k	H1 1.1. – 30.6.		Q2 1.4. – 30.6.	
	2019	2018	2019	2018
Sales	320,622	328,676	159,356	159,149
Other operating income	1,562	3,221	788	1,704
Changes in inventory	2,400	1,690	-183	1,048
Own work capitalised	346	2,248	328	1,688
Expenses for materials and services received	-153,488	-156,678	-76,962	-78,275
Personnel expenses	-110,266	-112,800	-54,761	-55,632
Other operating expenses	-27,984	-31,047	-13,100	-15,447
Earnings before interest, taxes and depreciation (EBITDA)	33,192	35 310	15,467	14,235
Depreciation	-17,058	-12,288	-8,466	-5,777
Earnings before interest and taxes = operating result (EBIT)	16,134	23,022	7,001	8,458
Interest result	-2,038	-1,584	-1,072	-518
Other financial income	-66	82	-172	9
Financial result	-2,104	-1,502	-1,244	-509
Earnings before tax	14,030	21,250	5,757	7,949
Taxes on income	-3,587	-4,895	-1,397	-1,915
Earnings after tax	10,443	16,625	4,360	6,034
thereof result of non-controlling interests	-309	-386	-79	-183
thereof result of the parent company	10,134	16,239	4,282	5,851
Earnings per share in EUR	0.46	0.74	0.19	0.27

CONSOLIDATED BALANCE SHEET AS AT 30.06.2019

with comparative figures from the last balance sheet as at 31.12.2018

ASSETS (in EUR k)		30.6.2019	31.12.2018
A. Non-current assets:			
I.	Intangible assets	18,827	5,302
II.	Goodwill	19,180	19,180
III.	Tangible assets	250,107	245,062
IV.	Other non-current assets	126	126
V.	Deferred tax assets	7,350	8,225
		295,590	277,895
B. Current assets:			
I.	Inventories	40,837	41,632
II.	Trade accounts receivable	62,793	54,036
III.	Contract assets	97,617	86,491
IV.	Other current receivables	25,703	23,367
V.	Income tax receivables	1,674	644
VI.	Cash and cash equivalents	78,560	73,572
		307,184	279,741
		602,774	557,636

EQUITY AND LIABILITIES (in EUR k)		30.6.2019	31.12.2018
A. Shareholder's equity:			
I.	Share capital	22,330	22,330
II.	Capital reserves	37,563	37,563
III.	Treasury stock	-1,855	-1,855
IV.	Retained earnings	185,540	184,204
V.	Other reserves	-11,724	-11,599
		231,854	230,644
VI.	Non-controlling interests	7,647	7,363
		239,502	238,007

B. Non-current liabilities:			
I.	Non-current, interest-bearing liabilities	159,808	127,046
II.	Provision for deferred taxes	5,346	5,829
III.	Provisions for employees	27,861	27,447
IV.	Other long-term provisions	3,276	4,430
		196,292	164,753

C. Current liabilities:			
I.	Current interest-bearing liabilities	55,037	48,337
II.	Liabilities on income taxes	2,488	1,622
III.	Trade accounts payable	51,674	54,306
IV.	Contract liabilities	2,675	2,382
V.	Other current liabilities	37,389	28,597
VI.	Current provisions	17,718	19,634
		166,981	154,877
		602,774	557,636

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January to 30 June 2019 compared to the figures from the previous year

	In EUR k	1.1. – 30.6.	
		2019	2018
	Earnings before tax	14,030	21,520
+(-)	Depreciation on fixed assets	17,058	12,289
-(+)	Interest result	2,038	1,584
+(-)	Other non-cash expenses and earnings	-59	-583
+(-)	Increase (decrease) in non-current provisions for employees	239	72
-(+)	Profit (loss) from fixed asset disposals	-117	-129
-(+)	Increase (decrease) in inventories	832	-4,848
-(+)	Increase (decrease) in trade and other receivables and contract assets	-22,201	-4,734
+(-)	Increase (decrease) in trade and other payables and contract liabilities	6,445	-2,121
+(-)	Increase (decrease) in current provisions	-3,080	-762
=	Consolidated cash flow from current activities	15,186	22,288
+	Interest received	40	75
-	Interest paid	-1,024	-869
-	Taxes paid	-3,355	-3,916
=	Consolidated cash flow from operating activities	10,848	17,578
-	Investments in fixed assets	-21,562	-18,840
+	Payments from the disposal of intangible and tangible assets	1,177	606
=	Consolidated cash flow from investing activities	-20,385	-18,234
+	Inflows from promissory note loans	28,500	0
-	Repayments of loan financing	-2,635	-2,678
-	Repayments of real estate loans	-892	-887
-	Outflows from leasing agreements	-2,683	-706
+(-)	Change in current financial liabilities	1,042	-150
-	Third party dividends	-8,823	-9,899
=	Consolidated cash flow from financing activities	14,509	-14,320
+(-)	Consolidated cash flow from operating activities	10,848	17,578
+(-)	Consolidated cash flow from investing activities	-20,385	-18,234
+(-)	Consolidated cash flow from financing activities	14,509	-14,320
=	Change in cash and cash equivalents	4,972	-14,976
+(-)	Effect from currency translations	16	5
+	Opening balance of cash and cash equivalents	73,572	56,899
=	Closing balance of cash and cash equivalents	78,560	41,928

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR k	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves	Shares of POLYTEC Holding AG stockholders	Non controlling interests	Total
As at 1.1.2019	22,330	37,563	-1,855	184,204	-11,600	230,643	7,363	238,006
Comprehensive income after tax	0	0	0	10,134	0	10,134	309	10,443
Other result after tax	0	0	0	0	-124	-124	0	-124
Dividend	0	0	0	-8,798	0	-8,798	-25	-8,823
As at 30.6.2019	22,330	37,563	-1,855	185,540	-11,724	231,855	7,647	239,502

In EUR k	Share capital	Capital reserves	Treasury stock	Retained earnings	Other reserves	Shares of POLYTEC Holding AG stockholders	Non controlling interests	Total
As at 1.1.2018	22,330	37,563	-1,855	163,359	-10,369	211,028	6,465	217,493
Impact due to change of accounting method	0	0	0	1,623	0	1,623	0	1,623
Adjusted amounts as at 1.6.2019	22,330	37,563	-1,855	164,982	-10,369	212,651	6,465	219,116
Comprehensive income after tax	0	0	0	16,240	0	16,240	386	16,626
Other result after tax	0	0	0	0	-977	-977	0	-977
Dividend	0	0	0	-9,898	0	-9,898	0	-9,898
As at 30.6.2018	22,330	37,563	-1,855	171,324	-11,346	218,016	6,851	224,867

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1.1. -30.6.2019 In EUR k	Group	Non controlling interests	Total
Earnings after tax	10,134	309	10,443
Currency translations	-124	0	-124
Total result	10,010	309	10,319

1.1. -30.6.2018 In EUR k	Group	Non controlling interests	Total
Earnings after tax	16,239	386	16,625
Currency translations	-977	0	-977
Total result	15,262	386	15,648

SELECTED NOTES

GENERAL INFORMATION

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

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

aries is mainly operating in the automotive and plastics industry.

ACCOUNTING AND VALUATION METHODS

The interim report as at 30 June 2019 was prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) and in particular IAS 34 (Interim Financial Reporting).

With effect from 1 January 2019, the POLYTEC GROUP adopted IFRS 16 Leases and this has resulted in changes to the accounting and valuation policy. Accordingly, the cumulative effect of the application was reported as a correction to the opening balance sheet as per 1 January 2019, without

adjusting the comparative period. For the adoption of IFRS 16, the POLYTEC GROUP applied the modified retrospective method and the practical expedient in line with IFRS 16.C10 a), c) and d) was also employed.

The right-of-use assets, which were first recognised as per 1 January 2019, are shown in the consolidated balance sheet as at 30 June 2019 as non-current assets under the position **intangible assets**. The leasing liabilities are shown as **non-cur-**

rent, interest-bearing liabilities and **current, interest-bearing liabilities**.

Regarding leasing agreements concluded prior to the date of transition, the group decided not to re-examine whether at the date of initial use these represented or contained a leasing agreement. Instead, it opted to retain the previous estimations made subject to IAS 17 and IFRIC 4.

The adjustments relating to the adoption of IFRS 16 with effect from 1 January 2019 are as follows:

The adjustments relating to the adoption of IFRS 16 with effect from 1 January 2019 are as follows:

In EUR k	31.12.2018	Adjustments owing to IFRS 16	1.1.2019
Intangible assets	5,302	15,151	20,453
Assets	557,636	15,151	572,787
Non-current, interest-bearing liabilities	127,046	11,888	138,934
Current, interest-bearing liabilities	48,377	3,263	51,640
Equity and Liabilities	557,636	15,151	572,787

The adjustments in the balance sheet relating to the initial adoption of IFRS 16 are as follows:

Consolidated balance sheet

30.6.2019 (in EUR k)	As reported	Adjustments	Without adjustments owing to IFRS 16
Intangible assets	18,827	12,929	5,898
Non-current, interest-bearing liabilities	159,808	8,708	151,100
Current, interest-bearing liabilities	55,037	4,221	50,816
Balance sheet total	602,774	12,929	589,845

Consolidated statement of comprehensive income

30.6.2019 (in EUR k)	As reported	Adjustments	Without adjustments owing to IFRS 16
Other operating expenses	-27,984	2,236	-30,220
Depreciations	-17,058	-2,212	-14,846
Interest result	-2,038	-24	-2,014

Consolidated cash flow

30.6.2019 (in EUR k)	As reported	Adjustments	Without adjustments owing to IFRS 16
Depreciations on fixed assets	17,058	2,212	14,846
Interest result	2,038	24	2,014
Consolidated cash flow from current activities	15,186	2,236	12,950
Interest paid	-1,024	-24	-1,000
Consolidated cash flow from operating activities	10,848	2,212	8,636
Outflows from leasing agreements	-2,683	-2,212	-471
Consolidated cash flow from financing activities	14,509	-2,212	16,721

The right-of-use assets refer to asset types as shown below:

Carrying values (in EUR k)	30.6.2019	1.1.2019
Land and buildings	10,754	12,024
Technical equipment and machinery (incl. vehicles)	2,175	3,127
Right-of-use assets total	12,929	15,151

The right-of-use assets developed in the first half-year 2019 as follows:

In EUR k	Land and buildings	Technical equipment and machinery (incl. vehicles)	Total
As at 1.1.2019	12,024	3,127	15,151
Additions	98	41	139
Disposals/corrections	0	-149	-149
Depreciations	-1,368	-844	-2,212
As at 30.6.2019	10,754	2,175	12,929

The remaining accounting and valuation methods from 31 December 2018 were retained. The interim report does not

contain all the information and statements issued in the POLYTEC Holding AG consolidated financial statements as at

31 December 2018 and therefore it should be referred to for further details.

SCOPE OF CONSOLIDATION

The consolidated financial statement includes all major Austrian and foreign companies, where POLYTEC Holding AG directly or indirectly holds a majority of voting rights.

POLYTEC COMPOSITES South Africa (Pty) was included in POLYTEC GROUP's scope of consolidation, due to its commencing entrepreneurial activity in the first half of 2019.

The scope of consolidation includes now 45 companies (previous year: 44), including 34 (previous year: 33) foreign entities, to be fully consolidated.

EQUITY

At the 19th Ordinary Annual General Meeting on 10 May 2019, a dividend of EUR 8.8 million (previous year: EUR 9.9 million) was

approved and paid out on 17 May 2019. This corresponds with a dividend of EUR 0.40 per eligible share (previous year: EUR 0.45).

MATERIAL TRANSACTIONS WITH RELATED PARTIES AND COMPANIES

Following the departure of Board Chairman Friedrich Huemer, the contractual relationship with IMC Verwaltungsgesellschaft mbH, Hörsching and its affiliated companies was redrafted. Since the beginning of 2019, POLYTEC Holding AG has employed the consulting services of IMC Verwaltungsgesellschaft mbH, Hörsching,

in exchange for an annual, flat rate fee of EUR 260 k to be paid pro rata on a retroactive, quarterly basis. Conversely, POLYTEC Immobilien GmbH, Hörsching is charged EUR 96 k per year for the use of offices and infrastructure. The POLYTEC GROUP also continues to use the transport services of GlobeAir AG, Hörsching.

Otherwise, as compared to 31 December 2018, there were no material changes regarding business transactions with related parties and companies, and therefore in this regard reference should be made to the notes contained in the consolidated financial statements of POLYTEC Holding AG as at 31 December 2018.

BUSINESS SEASONALITY

The quarterly reporting of POLYTEC GROUP's sales throughout one financial year strictly correlates with the car manufacturing operations of the Group's cus-

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

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after 30 June 2019.

SHARE & INVESTOR RELATIONS

POLYTEC SHARE PRICE DEVELOPMENT



Source: Vienna Stock Exchange, price data indexed as per 2 January 2019

SHARE KEY FIGURES

Various stock performance indicators of the POLYTEC share for the period from January to June 2019 compared to the same

period of the previous year and further historical periods are contained in the following table:

AT0000A00XX9	Unit	H1 2019	H1 2018	Change	H1 2017	H1 2016
Closing price last trading day of period	EUR	8.76	12.22	-28.3%	16.49	7.34
Highest closing price during period	EUR	10.64	21.00	-49.3%	18.38	8.19
Average closing price during period	EUR	9.20	16.00	-42.5%	14.65	7.43
Lowest closing price during period	EUR	8.36	12.14	-31.1%	10.40	6.65
Market capitalisation last trading day of period	EUR m	195.6	272.9	-28.3%	368.2	163.9
Vienna Stock Exchange money turnover (double counting)	EUR m	57.8	169.3	-65.9%	131.4	31.9
Vienna Stock Exchange share turnover (double counting)	Shares m	6.3	10.6	-40.6%	9.2	4.3
Share turnover (daily average, double counting)	Shares	50,822	86,225	-41.1%	74,433	35,308

Source: Vienna Stock Exchange

19TH ORDINARY ANNUAL GENERAL MEETING ON 10 MAY 2019

The 19th Annual General Meeting of POLYTEC Holding AG took place on 10 May 2019 at group headquarters in Hörsching, Austria. The shareholders and shareholder representatives attending voted unanimously for the payment of a dividend for the 2018 financial year of EUR 0.40 (2017: EUR 0.45) per eligible share, which corresponded with a total amount of about EUR 8.8 million (2017: EUR 9.9 million). All serving members of the POLYTEC Holding AG Board of Directors and Supervisory Board in the 2018 financial year were granted a discharge. The resolution proposing the remuneration of EUR 132,000 (2017: EUR 98,750) be paid to the members of the Supervisory Board in the 2018 financial year was approved unanimously.

The resolution regarding the renewed authorisation of the Board of Directors pursuant to § 65 (1) 8 of the Austrian Stock Corporation Act (AktG) to acquire treasury shares, to withdraw treasury shares, as well as the authorisation of the Supervisory Board to agree amendments to the Articles of Association required owing to the withdrawal of shares was approved by the AGM with the required majority.

The resolution regarding the renewed creation of an authorised capital (§ 169 of the Austrian Stock Corporation Act, AktG) within a maximum of three years for a cash or non-cash capital increase up to a nominal amount of EUR 6,698,875 with the option to exclude subscription rights, if share capital is increa-

sed against a contribution in kind consisting of companies, operations, part-operations, or shares in one or several enterprises either in Austria or other countries, and corresponding amendment of the company Articles of Association was approved by the AGM with the required majority.

The AGM elected KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 4020 Linz, Austria as the auditors for the financial statements and the consolidated financial statements for the 2019 financial year. The detailed voting results can be downloaded from the company website, www.polytec-group.com from the Investor Relations section under the heading Annual General Meeting.

RESEARCH COVERAGE

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

itorial closing date of this report at the beginning of May 2019 are contained in the table below. The current recommendations and

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

Institute	Recommendation	Latest price target	Updated
BAADER Helvea Equity Research	Buy	EUR 12,0	30.7.2019
ERSTE Group Research	Hold	EUR 9,8	4.4.2019
M.M.Warburg Research	Buy	EUR 13,5	1.4.2019
Raiffeisen CENTROBANK Research	Hold	EUR 9,5	1.8.2019

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim 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 ap-

plicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the con-

densed interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Hörsching, August 2019
The Board of Directors of POLYTEC Holding AG



MARKUS HUEMER
CEO, Chairman of the Board of Directors

Responsibilities: M & A, Investment Management, Corporate Strategy, Corporate Communications, Purchasing, IT, Human Resources



PETER HAIDENEK
CFO, Member of the Board of Directors

Responsibilities: Finance, Controlling, Accounting, Investor Relations, Internal Audit, Legal Affairs



HEIKO GABBERT
COO, Member of the Board of Directors

Responsibilities: Operations, Innovation, Industrial Engineering



PETER BERNSCHER
CSO, Member of the Board of Directors

Responsibilities: Sales, Engineering, Marketing

PASSION CREATES INNOVATION

The Interim Report Q3 2019 to be published 7 November 2019.

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

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Note:

This interim report has not been subject to an audit or a review. This interim report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. The use of automatic calculating devices can result in rounding-related differences during the addition of rounded amounts and percentages. This interim report contains assessments and assertions relating to the future made on the basis of all the information currently available. Such future-related statements are usually introduced with terms such as "expect", "estimate", "plan", "anticipate", etc. We would draw your attention to the fact that various factors could cause actual conditions and results to deviate from the expectations outlined in this report. This interim report is published in German and English. In cases of doubt, the German version shall take precedence. This interim report was published on 7 August 2019.

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