

QUARTERLY REPORT 2 | 06

Q2



POLYTEC GROUP



HIGHLIGHTS

- SALES AT GROUP LEVEL INCREASE BY 13.2 % OVER THE PREVIOUS YEAR, TO EUR 282.9 MILLION.
- OPERATING RESULT BEFORE DEPRECIATION (EBITDA) OF EUR 27.7 MILLION
- AUTOMOTIVE SYSTEMS DIVISION ACHIEVES EBITDA MARGIN OF 10.5 %
- CAR STYLING DIVISION INCREASES SALES BY 7.9 % TO EUR 32.9 MILLION
- PROFIT FOR THE PERIOD INCREASES FROM EUR 5.7 MILLION TO EUR 11.0 MILLION

INCOME FIGURES

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Net Sales	148.7	131.3	13.2 %	282.9	249.8	13.2 %
Earnings before interest, taxes and amortisation (EBITDA)	14.4	12.4	15.6 %	27.7	19.3	43.8 %
Earnings before interest and taxes (EBIT)	10.2	8.3	23.0 %	19.0	11.0	72.3 %
Earnings before tax	9.2	7.3	26.0 %	17.2	9.0	91.9 %
Unconsolidated Net Profit	6.0	4.4	35.0 %	11.0	5.7	93.3 %
EBITDA Margin	9.7 %	9.5 %		9.8 %	7.7 %	
EBIT Margin	6.8 %	6.3 %		6.7 %	4.4 %	
Earnings per Share (in EUR)				0.54	0.29	

FINANCIAL FIGURES

in EUR million	1H 2006	1H 2005	CHANGE
Cash-Flow			
Cash flow from operating activities	9.9	-4.4	
Cash flow from investing activities	-7.5	-4.2	-76.7 %
Cash flow from financing activities	9.8	17.9	-45.5 %
Capital expenditures	8.5	9.1	-6.1 %

BALANCE SHEET RATIOS

in EUR million	June 30, 2006	December 31, 2005
Balance sheet total	276.3	258.3
Equity	119.8	87.4
Net debt	29.9	53.7
Net working capital	63.7	51.4
Gearing	25.0 %	61.4 %
Equity ratio	43.4 %	33.8 %
Employees (average period)	3,548	3,520

RESULT FOR THE 1ST HALF 2006

HÖRSCHING, AUGUST 2, 2006:

POLYTEC HOLDING AG (TICKER: PYT) TODAY ANNOUNCED ITS FINANCIAL RESULTS FOR THE FIRST HALF OF 2006 ENDING ON JUNE 30, 2006.

ECONOMIC ENVIRONMENT

In the first half of 2006, there were improvements in the state of the automobile industry in the important market for the POLYTEC GROUP

– Germany. Registration numbers increased by 2.6 % at BMW, 3.2 % at Daimler-Chrysler and 7.0 % for the VW-Group over the half year period. In Europe, the number of new registrations increased slightly by around 1 % to 7.9 million vehicles.

As before, the macroeconomic situation is characterised by cautious optimism even though the raw materials markets present a considerable risk.

GROUP OVERVIEW

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Net Sales	148.7	131.3	13.2 %	282.9	249.8	13.2 %
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Unconsolidated Net Profit	6.0	4.4	35.0 %	11.1	5.7	93.3 %

GROUP RESULTS

Sales for the POLYTEC GROUP increased in the first half of 2006 by 13.2 % to EUR 282.9 million compared to EUR 249.8 million the previous year. The positive trend in sales at group level is primarily attributable to business development in the Automotive Systems Division (+18.4 %) and Car Styling Division (+7.9 %).

The Group-EBITDA increased by 43.8 % to EUR 27.7 million (2005: EUR 19.3 million), corresponding to an EBITDA Margin of 9.8 % (2005: 7.7 %) in the first half of 2006. This result is again primarily

attributable to the Automotive Systems Division.

The Group-EBIT increased by EUR 8.0 million during the first half of the year to EUR 19.0 million; the result before tax amounts to EUR 17.2 million which is almost double. The business development exceeded the expectations of the management over the half year period. Earnings per share also increased from EUR 0.29 to EUR 0.54 despite the capital increase during the IPO of the POLYTEC GROUP.



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RESULT OF THE DIVISIONS

Divisional share of group sales in the first half of 2006



Automotive Systems Division

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Net Sales	112.5	94.8	18.7 %	210.2	177.6	18.4 %
Earnings before interest, taxes and amortisation (EBITDA)	11.8	7.9	49.2 %	22.1	11.7	88.5 %
Earnings before interest and taxes (EBIT)	8.9	5.0	78.6 %	15.9	5.9	169.9 %

Having achieved a 74.3 % share of group sales during the first half of the year and an increase of sales by 18.4 % compared to the first half of 2005, the Automotive Systems Division can look back on a successful development. During the first half of the year, sales were increased by 18.4 % to EUR 210.2 million (2005: EUR 177.6 million), primarily due to the ongoing production of door trims for the BMW 3-series. This increase in sales affected by customer orders for products primarily supplied by this division, which significantly improved on last year's figures. This was also due to the fact that production for the models frequently supplied started up during 2005. Furthermo-

re, during the second quarter tool projects with customers totalling in excess of EUR 20.8 million were also invoiced, which significantly influenced the development of sales and earnings.

The reasons cited for the sales development, in addition to an improved cost structure, are primarily responsible for the growth of the EBITDA which increased by 88.5 % to EUR 22.1 million. This corresponds to an EBITDA margin relating to sales of 10.5 % (2005: 6.6 %).

The number of orders received by the Automotive System Division saw a significant improvement during the first half of the year compared to the same period of last year.

Car Styling Division

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Net Sales	16.0	15.9	0.7 %	32.9	30.5	7.9 %
Earnings before interest, taxes and amortisation (EBITDA)	1.2	2.1	-41.8 %	3.1	3.7	-16.4 %
Earnings before interest and taxes (EBIT)	0.7	1.6	-54.5 %	2.0	2.6	-21.1 %

The Car Styling Division achieved an 11.6 % share of group sales during the first half of 2006. Sales increased by 7.9 % to EUR 32.9 million (2005: EUR 30.5 million). The EBITDA, however, fell by 16.4 % to EUR 3.1 million (2005: EUR 3.7 million). The main reasons for this are a comparatively unfavourable product mix as well as an excessive headcount at the UK site. The accessories business in North America revealed a fall in sales of around 25 % compared to the previous year.

The development of the EBITDA resulted in a reduction in the EBITDA margin of 12.1 % to 9.3 % in the first half of the year.

The restructuring programme implemented at the UK site during the first quarter, which included a reduction in headcount of 30 employees, began to reveal positive effects by the end of the second quarter. Additional measures, in particular a further reduction in headcount, will also be required to enable a sustainable improvement in results.

Automotive Composites Division

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Net Sales	15.8	16.6	-4.5 %	31.7	34.3	-7.5 %
Earnings before interest, taxes and amortisation (EBITDA)	0.6	1.3	-55.8 %	1.0	2.0	-52.9 %
Earnings before interest and taxes (EBIT)	0.0	0.8	-98.4 %	-0.2	1.0	-

The Automotive Composites Division saw its share of group sales fall from 13.7 % in the first half of 2005 to 11.2 % in the first half of 2006. During the first half of 2006, the division achieved sales of EUR 31.7 million compared to EUR 34.3 million the previous year. The EBITDA recorded a fall from 52.9 % to EUR 1.0 million. The development of the EBITDA margin from 6.0 % in the first half of 2005 to 3.0 % is a logical consequence. The sole responsibility for the negative development of this result lies with the Swedish site of this division, which is trying to overcome a period of low orders. This is affecting both the acquisition of new orders and orders for existing components. As such, sales of valve covers for Volvo Powertrain lay significantly below expectations.

Furthermore, the production of this components also created problems due to malfunctioning tools. The restructuring programme which began at this site in the 1st quarter of 2006 was intensified in the 2nd quarter of 2006. 26 employees have been dismissed at the Swedish site since the beginning of the year. As part of this restructuring process, the decision was also made to end support for the SKU. The 80 % subsidiary of the Swedish site, which is not incorporated into the consolidated accounts of the POLYTEC GROUP due to its small size, then had to declare itself insolvent. The costs likely to arise from this insolvency are dealt with in the half year results and will effect the earnings before tax by EUR 0.3 million.

Industrial Division

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Net Sales	4.3	4.1	5.9 %	8.1	7.4	8.6 %
Earnings before interest, taxes and amortisation (EBITDA)	0.8	0.8	-1.2 %	1.8	1.4	27.7 %
Earnings before interest and taxes (EBIT)	0.7	0.7	-1.6 %	1.5	1.1	32.7 %

The Industrial Division was able to live up to its position as a division with positive organic growth during the first half of 2006. With a 2.9 % share of group sales, the division attained half yearly sales of EUR 8.1 million, corresponding to an increase of 8.6 % (2005: EUR 7.4 million). The EBITDA increased by 27.7 % to EUR 1.8 million.

For the machine and plant manufacturing sector in particular, more PU parts were supplied in the first half of the year than for the previous year. The number of orders received for special purpose machinery were satisfactory.

EMPLOYEES

POLYTEC GROUP employed a total of 3,540 employees per June 30, 2006. The change to the number of employees as of June 30, 2006

compared to 3,687 at the beginning of the year is primarily due to economisation measures adopted in Sweden and England.

	End of period			Average period		
	June 30, 06	June 30, 05	CHANGE	1H 2006	1H 2005	CHANGE
Automotive Systems Division	2394	2412	-18	2417	2365	52
Car Styling Division	577	570	7	580	582	-2
Automotive Composites Division	441	451	-10	427	455	-28
Industrial Division	99	90	9	95	91	4
Holding	29	26	3	30	27	3
Group	3540	3549	-9	3548	3520	28

CAPITAL EXPENDITURES

During the first half of 2006, CAPEX at group level amounted to EUR 8.5 million (2005: EUR 9.1 million).

These investments are mostly related to received customer orders.

in EUR million	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
Automotive Systems Division	3.3	3.5	-5.7 %	6.8	6.4	5.9 %
Car Styling Division	0.4	1.0	-57.5 %	0.9	1.6	-42.5 %
Automotive Composites Division	0.3	0.3	-4.2 %	0.5	0.5	-1.2 %
Industrial Division	0.1	0.0	83.0 %	0.2	0.3	-21.7 %
Holding	0.0	0.1	-86.9 %	0.1	0.2	-73.0 %
Group	4.2	5.0	-17.0 %	8.5	9.1	-6.1 %

INVESTMENT AND FINANCES

The group's financial situation has significantly improved compared to the last accounting date due to the increase in capital implemented during the IPO of POLYTEC Holding AG. The equity ratio contributes 43.4 % (31.12.2005: 33.8 %) to the half year deadline, net financial

debt decreased by EUR 23.8 million since December 31, 2005 with a gearing of 25,0 % (31.12.2005: 61,4 %). An increase in working capital of EUR 12.3 million compared to the last accounting date was recorded which corresponds to the usual seasonal business trend.

PROSPECTS

In accordance with previous years, a significant deceleration in business proceedings is expected in the 3rd quarter. In addition to the reduction in turnover due to the holiday period, this year this is also due to the expiry of two important orders (door trims for Opel Corsa and Land Rover Range Rover). Supplier reorganisations during the facelift for the BMW X3 are also likely to adversely affect business proceedings

in the short term during the second half of the year. The price of raw materials also remains an issue which could adversely affect the development of the business. It can be assumed that the aims of the management will be retained for the present business year at a corporate level.

INCOME STATEMENT

compared with the figures from the previous year (in thousand Euro)

	Q2		1H	
	2006	2005	2006	2005
Net Sales	148,656.1	131,323.8	282,891.9	249,820.2
Other operating income	137.5	1,907.2	4,539.6	3,468.8
Changes in inventory of finished and unfinished goods	-16,790.1	4,617.9	-16,037.7	4,397.5
Own work capitalised	-11.5	860.9	97.5	937.7
Expenses for materials and services received	-68,782.4	-79,732.2	-146,801.7	-146,577.4
Personnel expenses	-32,803.6	-32,326.8	-65,336.4	-64,987.9
Other operating expenses	-16,018.9	-14,201.0	-31,630.4	-27,776.5
Earnings before interest, taxes and amortisation (EBITDA)	14,387.1	12,449.8	27,722.8	19,282.4
Depreciation	-4,226.5	-4,191.9	-8,730.8	-8,258.6
Earnings before interest, taxes and amortisation of goodwill (EBITA)	10,160.6	8,257.9	18,992.0	11,023.8
Amortisation of goodwill	0.0	0.0	0.0	0.0
Earnings before interest and taxes (EBIT)	10,160.6	8,257.9	18,992.0	11,023.8
Income from associated companies	12.6	67.4	12.6	67.4
Financial expenses	-632.6	-782.1	-1,441.1	-1,864.0
Other financial results	-363.7	-260.8	-339.9	-252.6
Financial result	-983.7	-975.5	-1,768.4	-2,049.2
Earnings before tax	9,176.9	7,282.4	17,223.6	8,974.6
Taxes on income	-3,182.8	-2,627.9	-6,051.7	-3,358.0
Profit of the year after tax	5,994.1	4,654.5	11,171.9	5,616.6
Minority interest	-158.9	-236.0	-180.6	69.8
Net profit (Result after minority interest)	5,835.2	4,418.5	10,991.3	5,686.4
Earnings per share	0.27	0.23	0.54	0.29



BALANCE SHEET AS OF JUNE 30, 2006

compared with the full year figures (in thousand Euro)

ASSETS:	June 30, 2006	Dec. 31, 2005
A. FIXED ASSETS		
I. Intangible assets	4,314.9	3,144.4
II. Goodwill	25,611.5	25,611.5
III. Tangible assets	67,918.2	70,353.9
IV. Investments in affiliated and associated companies	165.2	165.2
V. Other financial assets	2,601.6	3,034.9
VI. Deferred tax assets	3,888.5	3,911.8
	104,499.9	106,221.7
B. CURRENT ASSETS		
I. Inventories	56,951.6	57,691.0
II. Trade accounts receivable and other receivables and assets	91,408.8	83,126.8
III. Cash and cash equivalents	23,458.7	11,235.4
	171,819.1	152,053.2
	276,319.0	258,274.9
LIABILITIES AND SHAREHOLDER'S EQUITY:	June 30, 2006	Dec. 31, 2005
A. SHAREHOLDER'S EQUITY:		
I. Share capital	22,329.6	19,329.6
II. Treasury stock	-215.5	0.0
III. Capital reserves	57,932.9	38,530.4
IV. Minority interests	504.4	307.0
V. Retained earnings	39,259.7	29,207.9
	119,811.1	87,374.9
B. LONG-TERM LIABILITIES:		
1. Interest-bearing liabilities	28,433.4	33,125.4
2. Provision for deferred taxes	1,042.5	754.3
3. Long-term provisions for personnel	10,321.8	9,902.8
4. Other long-term liabilities	2,551.5	2,874.8
	42,349.2	46,657.3
C. SHORT-TERM LIABILITIES:		
1. Trade accounts payable	36,776.0	50,149.2
2. Short-term interest-bearing liabilities	18,388.3	25,594.0
3. Short-term portion of long-term loans	9,259.3	9,279.7
4. Other short-term liabilities	49,735.1	39,219.8
	114,158.7	124,242.7
	276,319.0	258,274.9

CASH FLOW STATEMENT

compared with the figures from the previous year (in thousand Euro)

	1H	
	2006	2005
Earnings before tax	17,223.6	8,974.6
- Income taxes	-4,349.5	-2,961.7
+(-) Depreciation (appreciation) of fixed assets	8,730.8	8,476.6
+(-) Other non-cash expenses/income	419.0	1,411.9
= Consolidated financial Cash flow	22,023.9	15,901.4
+(-) Changes in net working capital	-12,114.5	-20,263.4
= Cash flow from operating activities	9,909.4	-4,362.0
+(-) Cash flow from investing activities	-7,465.6	-4,225.8
+(-) Cash flow from financing activities	9,779.5	17,930.7
= Changes in cash and cash equivalents	12,223.3	9,342.9
+ Opening balance of cash and cash equivalents	11,235.4	10,003.9
= Closing balance of cash and cash equivalents	23,458.7	19,346.8

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousand Euro)

	SHARE CAPITAL	TREASURY STOCK	CAPITAL RESERVES	MINORITY INTERESTS	RETAINED EARNINGS	TOTAL
Balance as of January 1, 2006,	19,329.6	0.0	38,530.4	307.0	29,207.9	87,374.9
Consolidated profit for the year	0.0	0.0	0.0	180.6	10,991.3	11,171.9
Capital increase	3,000.0	0.0	20,250.0	0.0	0.0	23,250.0
Cost of Capital increase	0.0	0.0	-847.5	0.0	0.0	-847.5
Treasury Stock	0.0	-215.5	0.0	0.0	0.0	-215.5
Currency Translation	0.0	0.0	0.0	16.8	-939.5	-922.7
Balance as of June 30, 2006	22,329.6	-215.5	57,932.9	504.4	39,259.7	119,811.1

	SHARE CAPITAL	TREASURY STOCK	CAPITAL RESERVES	MINORITY INTERESTS	RETAINED EARNINGS	TOTAL
Balance as of January 1, 2005	19,329.6	0.0	38,530.4	260.8	23,415.4	81,536.2
Consolidated profit for the year	0.0	0.0	0.0	-69.8	5,686.4	5,616.6
Dividends	0.0	0.0	0.0	-80.0	-2,320.0	-2,400.0
currency translation	0.0	0.0	0.0	-6.9	500.2	493.3
Balance as of June 30, 2005	19,329.6	0.0	38,530.4	104.1	27,282.0	85,246.1

SEGMENT REPORTING

(in thousand Euro)

AUTOMOTIVE SYSTEMS	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
External sales	112,534.0	94,807.8	18.7 %	210,180.1	177,585.7	18.4 %
Earnings before interest, tax and amortisation (EBITDA)	11,849.2	7,939.8	49.2 %	22,095.1	11,719.4	88.5 %
Earnings before interest and tax (EBIT)	8,866.2	4,964.1	78.6 %	15,852.5	5,873.5	169.9 %
Unconsolidated Net Profit	5,786.4	2,919.5	98.2 %	9,955.7	2,857.4	248.4 %
Capital expenditures	3,335.4	3,535.9	-5.7 %	6,818.4	6,436.8	5.9 %

CAR STYLING	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
External sales	15,977.9	15,868.3	0.7 %	32,913.8	30,503.1	7.9 %
Earnings before interest, tax and amortisation (EBITDA)	1,225.1	2,105.2	-41.8 %	3,074.8	3,676.7	-16.4 %
Earnings before interest and tax (EBIT)	709.1	1,560.0	-54.5 %	2,040.7	2,587.8	-21.1 %
Unconsolidated Net Profit	407.5	892.0	-54.3 %	1,265.1	1,635.6	-22.7 %
Capital expenditures	419.4	986.2	-57.5 %	937.7	1,631.3	-42.5 %

AUTOMOTIVE COMPOSITES	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
External sales	15,834.5	16,576.6	-4.5 %	31,706.3	34,281.5	-7.5 %
Earnings before interest, tax and amortisation (EBITDA)	576.9	1,303.9	-55.8 %	962.5	2,042.0	-52.9 %
Earnings before interest and tax (EBIT)	13.0	791.8	-98.4 %	-160.9	1,035.4	-
Unconsolidated Net Profit	-529.2	120.1	-	-969.9	67.9	-
Capital expenditures	330.6	345.1	-4.2 %	498.7	504.8	-1.2 %

INDUSTRIAL	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
External sales	4,309.7	4,071.1	5.9 %	8,091.7	7,449.9	8.6 %
Earnings before interest, tax and amortisation (EBITDA)	813.3	823.4	-1.2 %	1,757.8	1,376.9	27.7 %
Earnings before interest and tax (EBIT)	697.5	708.6	-1.6 %	1,522.7	1,147.9	32.7 %
Unconsolidated Net Profit	429.6	485.3	-11.5 %	1,014.7	758.6	33.8 %
Capital expenditures	76.3	41.7	83.0 %	207.5	264.9	-21.7 %

HOLDING / CONSOLIDATION	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
External sales	0.0	0.0	-	0.0	0.0	-
Earnings before interest, tax and amortisation (EBITDA)	-77.4	277.5	-	-167.4	467.4	-
Earnings before interest and tax (EBIT)	-125.2	233.4	-	-263.0	379.2	-
Unconsolidated Net Profit	-100.2	237.6	-	-93.7	297.1	-
Capital expenditures	16.2	123.7	-	67.0	247.9	-

GROUP	Q2 2006	Q2 2005	CHANGE	1H 2006	1H 2005	CHANGE
External sales	148,656.1	131,323.8	13.2 %	282,891.9	249,820.2	13.2 %
Earnings before interest, tax and amortisation (EBITDA)	14,387.1	12,449.8	15.6 %	27,722.8	19,282.4	43.8 %
Earnings before interest and tax (EBIT)	10,160.6	8,257.9	23.0 %	18,992.0	11,023.8	72.3 %
Unconsolidated Net Profit	5,994.1	4,654.5	31.6 %	11,171.9	5,616.6	101.2 %
Capital expenditures	4,177.9	5,032.6	-17.0 %	8,529.3	9,085.7	-6.1 %

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