rosenbauer

QUARTERLY REPORT 3/2014

Rosenbauer Group		1-9/2014	1-9/2013	1-9/2012
Revenues	€ million	**541.5**	517.3	430.2
EBIT	€ million	**31.6**	28.0	20.5
EBIT margin		**5.8%**	5.4%	4.8%
EBT	€ million	**30.5**	27.6	20.4
Net profit for the period	€ million	**24.0**	19.4	15.9
Cash flow from operating activities	€ million	**(115.0)**	(29.0)	(87.9)
Investments	€ million	**22.2**	17.4	11.3
Order backlog (as of September 30)	€ million	**760.1**	641.2	676.0
Order intake	€ million	**632.3**	599.6	400.6
Employees (average) [1]		**2,758**	2,501	2,226
Employees (as of September 30)		**2,898**	2,581	2,353

Key statement of financial position data				
Total assets	€ million	**587.4**	493.9	477.2
Equity in % of total assets		**33.2%**	36.2%	30.9%
Capital employed (average)	€ million	**352.9**	326.7	290.4
Return on capital employed		**9.0%**	8.6%	7.1%
Return on equity		**16.0%**	15.9%	13.7%
Net debt	€ million	**199.0**	148.3	169.8
Working capital	€ million	**111.6**	124.9	107.5
Gearing ratio		**102.2%**	83.0%	115.0%

Key stock exchange figures				
Closing price	€	**70.0**	58.0	39.6
Number of shares	million	**6.8**	6.8	6.8
Market capitalization	€ million	**476.0**	394.4	269.3
Earnings per share	€	**2.6**	2.4	2.1

1) Average number of employees in the first three quarters.

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INTERIM GROUP MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

The markets for the fire equipment industry are again characterized by differing challenges in 2014. 2014 is not expected to bring any marked improvement overall, though indications of an upturn are starting to make themselves felt in certain markets. Development in the United States, the biggest single market in the world, that had seemed so positive at the start of 2014 was unrecognizable in the months that followed. Even though a strong final quarter is expected, the market volume for 2014 as a whole will still fall short compared to the previous year. The European fire equipment market is by far not as homogeneous as the market in the US, and so the development in the individual countries should also be looked at differently. The highly industrialized markets appear to have put the downturn behind them. Public sector procurement behavior is therefore expected to stabilize, thanks both to the economic recovery and a return to investments that had been postponed due to austerity measures.

The fire equipment sector is mainly growing in countries with a heightened awareness of security needs, and in emerging markets that are stepping up their infrastructure investments. Geographically, 2014 is expected to see the strongest growth in Asia, led by China. The ongoing urbanization in Asian countries will require substantial investment in safety systems and fire protection in the years ahead as well.

REVENUE AND EARNINGS DEVELOPMENT

Revenues

The Rosenbauer Group increased its consolidated revenues by 5% to € 541.5 million (1-9/2013: € 517.3 million) in the first nine months. Another difference from the same period of the previous year was that the revenues of Rosenbauer Saudi Arabia and the newly acquired company Rosenbauer UK were included in the consolidated financial statements for the first time. The reporting saw increased shipments in the US and from Spain to fulfill the major order from Saudi Arabia. Rosenbauer Motors was also successful in increasing its revenues with the new "Commander" US chassis.

Result of operations

EBIT came in 13% higher than last year at € 31.6 million (1-9/2013: € 28.0 million). In addition to the positive effects of the capitalization of development costs in the amount of € 1.8 million, this increase is essentially due to higher earnings in the US segment, as a result of the optimization of chassis production at Rosenbauer Motors, and the earnings improvement in the German segment.

The EBIT margin improved to 5.8% (1-9/2013: 5.4%) but still fell short of the long-term target.

With price pressure on the developed markets still at an elevated level, an efficiency enhancement program was introduced as part of the expansion of Plant II and the PANTHER and AT production lines were realigned. The expenses this has entailed have reduced earnings in the Austria segment in the first nine months of the current year. Cost-cutting measures will be initiated at the Austrian locations in the coming months in order to keep production profitable in the long term as well.

Owing to the high remeasurement effects of forward transactions, net finance costs deteriorated year-on-year to € 2.6 million (1-9/2013: net finance costs of € 1.8 million); the gains by joint ventures in Russia and Spain improved to € 1.5 million (1-9/2013: € 1.3 million). Profit before income tax for the reporting period amounted to € 30.5 million (1-9/2013: € 27.6 million).

ORDERS

Although market conditions throughout the world are still subdued, the Rosenbauer Group once again posted record figures for incoming orders and order backlog. In the first nine months incoming orders climbed by 5% to € 632.3 million and were therefore higher than the level of previous years. This is due in part to a follow-up order from Saudi Arabia. The order backlog as of September 30, 2014 amounted to € 760.1 million, up 19% on the previous year's figure (September 30, 2013: € 641.2 million). This gives the Rosenbauer Group assured capacity utilization at all its production facilities and good visibility for the months ahead.

SEGMENT DEVELOPMENT

The segment reporting refers to the revenues and earnings generated by the individual companies both on their respective local markets and from export sales.

Austria

The revenues of the Austrian Group companies were slightly above the previous year's high volume in the reporting period at € 357.1 million (1-9/2013: € 356.1 million).

The efficiency enhancement measures introduced as part of the expansion of Plant II in Leonding have not yet shown a positive effect in the initial months of the current year on account of the start-up of the two production lines and the high requirements of production technology and logistics. Corresponding measures will therefore be implemented in the coming months.

United States

Revenues in the US segment rose from € 133.1 million to € 148.1 million in the reporting period. This development is primarily due to higher revenues at Rosenbauer Motors, and to increased deliveries on the domestic US market and in Canada. Further optimization in chassis production lifted EBIT to € 11.0 million (1-9/2013: € 6.4 million).

Germany

The German segment – comprising Metz Aerials in Karlsruhe and Rosenbauer Deutschland in Luckenwalde – generated revenues of € 116.3 million in the first nine months of 2014 (1-9/2013: € 104.4 million). The revenue growth results from the higher operating performance of Rosenbauer Deutschland. EBIT in the German segment improved to € 1.6 million (1-9/2013: € -2.3 million) despite intensive price competition. It should be noted that the previous year's EBIT was influenced by the launch of the new L32A-XS turntable ladder.

Rest of Europe

The "Rest of Europe" segment consists of the companies Rosenbauer Española S.A., Rosenbauer Schweiz AG, Rosenbauer d.o.o. in Slovenia and the recently acquired Rosenbauer UK.

Rosenbauer UK was established as part of Rosenbauer's acquisition of a 75% interest in its British partner North Fire plc, Holmfirth. The company has annual revenues of approximately € 3.5 million and a staff of around 10, and in the past was the exclusive sales and service partner for personal protective equipment, components, aerial appliances and municipal vehicles. Its incorporation into Rosenbauer's worldwide sales and service network will enable the Group to manage customers directly, and to serve another major municipal vehicle market with its own location moving ahead.

The segment's revenues amounted to € 39.3 million (1-9/2013: € 33.6 million) in the reporting period with EBIT of € 2.6 million (1-9/2013: € 1.7 million). Despite the consistently difficult economic situation in Spain's public sector, the Spanish company managed to compensate for the slump with exports and reported an increase in revenues. The Slovenian company also boosted its revenues thanks to intra-Group deliveries. Revenues at the sales company Rosenbauer Schweiz AG decreased due to the timing of deliveries.

Asia

The Asia segment generated higher revenues of € 20.4 million (1-9/2013: € 8.0 million) and EBIT of € 1.3 million (1-9/2013: € 0.5 million) in the first nine months, thanks to increased deliveries by S.K. Rosenbauer in Singapore and the first-time inclusion in consolidation of Rosenbauer Saudi Arabia this year.

FINANCIAL POSITION AND NET ASSETS

For reasons specific to the industry, the structure of the statements of financial position during the year is characterized by high working capital. This is due to the turnaround times, lasting several months, for vehicles in production. In addition, the increase in total assets to € 587.4 million (September 30, 2013: € 493.9 million) is attributable to the high production volumes and the increase in non-current assets.

Owing to the high delivery volume planned for the current year, inventories rose to € 210.6 million (September 30, 2013: € 186.2 million) and construction contracts to € 97.1 million (September 30, 2013: € 68.2 million). Receivables also reached a new high of € 147.2 million (September 30, 2013: € 137.0 million) due to increased deliveries shortly before the end of the quarter.

Owing to the consistently high level of working capital – in the form of construction contracts and customer receivables in particular – the cash flow from operating activities deteriorated during the year to € -115.0 million (1-9/2013: € -29.0 million). An improvement in the cash flow from operating activities is expected by the end of the year.

INVESTMENTS

Investment amounted to € 22.2 million in the reporting period (1-9/2013: € 17.4 million). To facilitate the Group's medium-term strategy and to handle the high volume of orders, a capacity expansion program was implemented – mainly at the locations in Austria and Germany – that will entail an investment volume of more than € 22 million in the current fiscal year.

It is also intended to acquire the Plant II premises in Leonding, which have merely been leased to date, from the current owner at the end of 2014. The acquisition option has already been exercised and the purchase negotiations are expected to be concluded by the end of the fiscal year. Total investments for 2014 will therefore again be at a high level of over € 45 million.

EMPLOYEES

The Rosenbauer Group employed a total of 2,898 people as of the end of the third quarter (September 30, 2013: 2,581). The 12% increase in headcount is mainly due to the hiring of additional staff in production and production-related areas at the Austria, US and Germany locations in particular. In addition, there are also the employees of the companies in Saudi Arabia and the UK, who have been included in reporting for the first time in this period.

OUTLOOK

Based on the overall economic outlook and the prospects for the fire equipment sector, and on the particular growth prospects for the markets in which Rosenbauer operates, it should be possible to sustain the trend of past years. Given the healthy order situation, the favorable outlook in project business, increased production capacity, and thanks to the sales organization's ability to cater to the market's widely differing needs, the management expects that revenue for the current fiscal year will at least match the previous year's level.

However, the substantial investments for the future, the additional costs of starting up the two new production lines at Plant II in Leonding and the continuing fierce price competition on the market will all still weigh on earnings. This is, however, being countered with the increased production space and the measures introduced to cut costs. The management is aiming to improve on the EBIT margin of 5.7% achieved in 2013.

OTHER EVENTS

Between the end of the reporting period and the time this report is prepared, there have been no other events of particular significance for the Group that would have altered its net assets, financial position or result of operations.

MATERIAL RISKS AND UNCERTAINTIES IN THE REMAINING MONTHS OF THE FISCAL AND RISK MANAGEMENT

Rosenbauer is exposed to various opportunities and risks in the course of its global business activities. The ongoing identification, appraisal and controlling of risks are an integral part of the management, planning and controlling process. The risk management system builds on the organizational, reporting and leadership structures in place within the Group and supplements these with specific elements needed for proper risk assessment. A detailed presentation of the opportunities and risks faced by the Group can be found in the 2013 annual report.

Sector and company-specific risks

Risks to the fire safety business arising from changes in the overall political or legal conditions are, as a rule, unavoidable. However, given that most customers operate in the public sector, it is rare that they cancel orders or default on payment. Political crises and embargos can temporarily limit access to certain markets.

Operating risks

Manufacturing activities necessitate a thorough examination of risks along the entire value chain. In view of today's ever shorter innovation cycles, research and development work is becoming increasingly significant. The production risks that occur are monitored on an ongoing basis using a series of key performance indicators (productivity, assembly and throughput times, production numbers, etc.).

The central controlling element in the vehicle manufacturing operations is "concurrent costing", whereby variance analysis is used to monitor the production costs of every single order. To even out changes in capacity utilization at individual locations, Rosenbauer's manufacturing processes operate on a Group-wide basis and the company also outsources construction contracts to external partners. In the event of a severe downtrend on the market, this keeps the risk of insufficient capacity utilization within manageable bounds. The production facilities will be working at full capacity for the rest of 2014 thanks to the buoyant order situation.

As a global corporation, Rosenbauer is subject to various complex, country-specific tax regulations that are open to differing interpretation. Future revised interpretations of, or amendments to, local tax laws can affect both business and earnings. Rosenbauer is subject to regular tax audits in the various countries in which it operates.

Legal risks

Rosenbauer International AG and its subsidiaries face legal proceedings in the course of their business operations. An antitrust lawsuit has been filed against a company of the Rosenbauer Group. If this legal action is upheld it could result in damages and fines. As a realistic assessment of the matter is not possible at the present time, the Group has not recognized any provisions. However, Rosenbauer does not currently expect this litigation to have any significant negative impact on the net assets, financial position or result of operations.

In connection with the firefighting vehicle cartel and the turntable ladder cartel, the regulatory proceedings have now been settled out of court. The € 3.4 million paid by Metz Aerials in the second quarter of 2014 made a significant contribution towards settling the compensation for damage between the municipal fire departments and the manufacturers. The question of whether any further claims for damages can be awarded by the courts and, if so, at what amount, cannot be conclusively determined at this time.

Financial risks

The international nature of the Group's activities gives rise to interest and currency-related risks that are hedged by the use of suitable instruments. A financing policy that applies throughout the Group stipulates which instruments are permitted.

Operating risks are hedged with derivative financial instruments such as interest rate swaps, FX forwards and FX options. These transactions are conducted solely to hedge risks and not for the purposes of trading or speculation. Please refer to the details in the notes to the 2013 annual report in this context.

Overall risk assessment

Rosenbauer considers that it is still well positioned to meet the demands made of it by the market, the economic environment and the international competition. Based on the analysis of currently discernible risks, there are no indications of any risks that – either singly or in conjunction with other risks – might jeopardize the Rosenbauer Group's continued existence as a going concern. This applies both to the results of past business activity and to activities that are planned or have already been initiated.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € thousand	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013
ASSETS			
A. Non-current assets			
I. Property, plant and equipment	97,680.3	86,435.7	82,125.6
II. Intangible assets	7,117.2	3,999.4	1,631.2
III. Securities	233.6	235.1	224.3
IV. Investments in associates	9,251.0	7,786.7	8,152.1
V. Receivables and other assets	69,7	60.5	59.9
VI. Deferred tax assets	5,075.3	2,806.2	2,688.5
	119,427.1	**101,323.6**	**94,881.6**
B. Current assets			
I. Inventories	210,558.1	167,883.3	186,218.8
II. Construction contracts	97,066.0	45,198.1	68,191.7
III. Receivables and other assets	147,151.5	86,799.1	137,016.6
IV. Income tax receivables	1,248.3	636.8	0.0
V. Cash and cash equivalents	11,905.9	13,805.8	7,603.9
	467,929.8	**314,323.1**	**399,031.0**
Total assets	**587,356.9**	**415,646.7**	**493,912.6**

in € thousand	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013
EQUITY AND LIABILITIES			
A. Equity			
I. Share capital	13,600.0	13,600.0	13,600.0
II. Capital reserves	23,703.4	23,703.4	23,703.4
III. Other reserves	(4,977.6)	431.1	1,579.4
IV. Accumulated results	141,496.3	131,720.2	121,542.3
Equity attributable to shareholders of the parent company	**173,822.1**	**169,454.7**	**160,425.1**
V. Non-controlling interests	20,965.4	18,455.0	18,356.2
	194,787.5	**187,909.7**	**178,781.3**
B. Non-current liabilities			
I. Non-current interest-bearing liabilities	1,806.5	674.8	10,703.5
II. Other non-current liabilities	3,609.9	3,414.0	4,261.3
III. Non-current provisions	26,803.5	25,934.1	23,398.1
IV. Deferred tax liabilities	3,990.1	2,829.1	2,666.4
	36,210.0	**32,852.0**	**41,029.3**
C. Current liabilities			
I. Current interest-bearing liabilities	209,322.1	62,127.5	145,438.9
II. Advance payments received	24,753.0	30,937.3	27,723.0
III. Trade payables	54,682.4	39,885.8	45,334.6
IV. Other current liabilities	58,366.8	46,031.1	42,126.6
V. Provisions for taxes	0.0	1,967.4	3,440.1
VI. Other provisions	9,235.1	13,935.9	10,038.8
	356,359.4	**194,885.0**	**274,102.0**
Total equity and liabilities	**587,356.9**	**415,646.7**	**493,912.6**

CONSOLIDATED INCOME STATEMENT

in € thousand		1-9/2014	1-9/2013	7-9/2014	7-9/2013
1.	Revenues	541,502.1	517,307.4	187,217.8	178,759.0
2.	Other income	4,877.3	5,551.0	1,610.8	2,133.2
3.	Change in inventory of finished goods and work in progress	7,562.7	18,112.5	(5,193.6)	5,963.3
4.	Capitalized development costs	1,820.5	0.0	690.6	0.0
5.	Costs of goods sold	(353,092.2)	(358,813.7)	(113,127.5)	(122,980.1)
6.	Staff costs	(116,795.6)	(106,415.4)	(40,585.2)	(36,907.3)
7.	Depreciation and amortization expense on property, plant and equipment and intangible assets	(9,068.2)	(7,413.3)	(3,228.0)	(2,585.2)
8.	Other expenses	(45,161.7)	(40,354.6)	(15,708.0)	(13,193.2)
9.	**Operating result (EBIT) before result of associates**	**31,644.9**	**27,973.9**	**11,676.9**	**11,189.7**
10.	Financing expenses	(3,942.8)	(3,122.0)	(1,591.7)	(1,054.2)
11.	Financial income	1,345.8	1,360.4	321.6	418.5
12.	Results of associates	1,501.3	1,341.7	588.0	(62.0)
13.	**Profit before income tax (EBT)**	**30,549.2**	**27,554.0**	**10,994.8**	**10,492.0**
14.	Income taxes	(6,568.9)	(8,173.1)	(2,378.8)	(2,816.8)
15.	**Net profit for the period**	**23,980.3**	**19,380.9**	**8,616.0**	**7,675.2**
	thereof:				
	– Non-controlling interests	*6,044.2*	*3,232.2*	*2,325.2*	*1,254.1*
	– Shareholders of parent company	*17,936.1*	*16,148.7*	*6,290.8*	*6,421.1*
	Average number of shares outstanding	6,800,000.0	6,800,000.0	6,800,000.0	6,800,000.0
	Basic earnings per share	2.64 €	2.37 €	0.93 €	0.94 €
	Diluted earnings per share	2.64 €	2.37 €	0.93 €	0.94 €

PRESENTATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

in € thousand	1-9/2014	1-9/2013	7-9/2014	7-9/2013
Net profit for the period	**23,980.3**	**19,380.9**	**8,616.0**	**7,675.2**
Actuarial gains and losses as stipulated by IAS 19	(0.9)	0.0	(0.3)	0.0
– thereof deferred taxes	*0.2*	*0.0*	*0.0*	*0.0*
Total of changes in value recognized in equity that cannot be subsequently reclassified into profit or loss	**(0.7)**	**0.0**	**(0.3)**	**0.0**
Gains/losses from foreign currency translation	4,263.3	(1,273.7)	3,798.2	(1,283.4)
Gains/losses from foreign currency translation of associates	(37.0)	(63.3)	(62.6)	(62.6)
Gains/losses from available-for-sale securities				
Change in unrealized gains/losses	6.0	(3.6)	(0.9)	(1.7)
– thereof deferred taxes	*(1.5)*	*0.9*	*0.2*	*0.4*
Gains/losses from cash flow hedges				
Change in unrealized gains/losses	(8,888.2)	3,896.4	(8,617.0)	5,594.1
– thereof deferred taxes	*2,222.1*	*(974.1)*	*2,154.3*	*(1,398.5)*
Realized gains/losses	(1,858.5)	25.3	0.0	(307.1)
– thereof deferred taxes	*464.6*	*(6.3)*	*0.0*	*76.8*
Total changes in value recognized in equity subsequently reclassified into profit or loss when certain conditions are met	**(3,829.2)**	**1,601.6**	**(2,727.8)**	**2,618.0**
Other comprehensive income	**(3,829.9)**	**1,601.6**	**(2,728.1)**	**2,618.0**
Total comprehensive income after income taxes	**20,150.4**	**20,982.5**	**5,887.9**	**10,293.2**
thereof:				
– Non-controlling interests	*7,623.0*	*2,779.4*	*3,849.7*	*645.2*
– Shareholders of parent company	*12,527.4*	*18,203.1*	*2,038.2*	*9,648.0*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in € thousand	Share capital	Capital reserves	Currency translation	Attributable to shareholders Other reserves Actuarial gains and losses as stipulated by IAS 19
As of Jan 1, 2014	**13,600.0**	**23,703.4**	**1,179.7**	**(4,482.6)**
Other comprehensive income			2,647.5	(0.7)
Net profit for the period				
Total comprehensive income	**0.0**	**0.0**	**2,647.5**	**(0.7)**
Acquisition of subsidiary				
Dividend	0.0	0.0	0.0	
As of September 30, 2014	**13,600.0**	**23,703.4**	**3,827.2**	**(4,483.3)**
As of Jan 1, 2013	**13,600.0**	**23,703.4**	**2,912.8**	**(4,219.2)**
Other comprehensive income			(884.2)	0.0
Net profit for the period				
Total comprehensive income	**0.0**	**0.0**	**(884.2)**	**0.0**
Acquisition of subsidiary				
Dividend	0.0	0.0	0.0	
As of September 30, 2013	**13,600.0**	**23,703.4**	**2,028.6**	**(4,219.2)**

in parent company					
Re-evaluation surplus	Hedging-reserve	Accumulated results	Subtotal	Non-controlling interests	Equity
5.7	**3,728.3**	**131,720.2**	**169,454.7**	**18,455.0**	**187,909.7**
4.5	(8,060.0)	0.0	(5,408.7)	1,578.8	(3,829.9)
		17,936.1	17,936.1	6,044.2	23,980.3
4.5	**(8,060.0)**	**17,936.1**	**12,527.4**	**7,623.0**	**20,150.4**
				370.9	370.9
0.0	0.0	(8,160.0)	(8,160.0)	(5,483.5)	(13,643.5)
10.2	**(4,331.7)**	**141,496.3**	**173,822.1**	**20,965.4**	**194,787.5**
5.9	**825.5**	**113,553.6**	**150,382.0**	**17,438.6**	**167,820.6**
(2.7)	2,941.3	0.0	2,054.4	(452.8)	1,601.6
		16,148.7	16,148.7	3,232.2	19,380.9
(2.7)	**2,941.3**	**16,148.7**	**18,203.1**	**2,779.4**	**20,982.5**
				350.2	350.2
0.0	0.0	(8,160.0)	(8,160.0)	(2,212.0)	(10,372.0)
3.2	**3,766.8**	**121,542.3**	**160,425.1**	**18,356.2**	**178,781.3**

SEGMENT OVERVIEW

in € thousand	**Revenues 1-9/2014**	Revenues 1-9/2013	**EBIT 1-9/2014**	EBIT 1-9/2013
Austria	357,130.8	356,107.1	15,212.5	21,594.4
USA	148,084.0	133,108.6	10,996.0	6,443.5
Germany	116,317.9	104,410.8	1,591.4	(2,252.5)
Rest of Europe	39,337.0	33,621.1	2,572.3	1,673.0
Asia	20,383.1	7,951.6	1,272.7	515.5
Consolidation	(139,750.7)	(117,891.8)	0.0	0.0
Group	**541,502.1**	**517,307.4**	**31,644.9**	**27,973.9**

in € thousand	**External revenues 1-9/2014**	External revenues 1-9/2013	**Internal revenues 1-9/2014**	Internal revenues 1-9/2013
Austria	303,284.3	316,265.6	53,846.5	39,841.5
USA	110,987.3	94,550.4	37,096.7	38,558.2
Germany	94,573.2	77,983.4	21,744.7	26,427.4
Rest of Europe	18,439.9	20,623.4	20,897.1	12,997.7
Asia	14,217.4	7,884.6	6,165.7	67.0
Consolidation	0.0	0.0	(139,750.7)	(117,891.8)
Group	**541,502.1**	**517,307.4**	**0.0**	**0.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	**1-9/2014**	**1-9/2013**
Net cash flow from operating activities	(115,010.2)	(28,992.5)
Net cash flow from investing activities	(22,210.5)	(17,392.8)
Net cash flow from financing activities	134,682.8	40,588.6
Net change in cash and cash equivalents	**(2,537.9)**	**(5,796.7)**
+ Cash and cash equivalents at the beginning of the period	13,805.8	13,608.7
-/+ Adjustment from currency translation	638.0	(208.1)
Cash and cash equivalents at the end of the period	**11,905.9**	**7,603.9**

NOTES TO THE QUARTERLY REPORT 3/2014

1. General information and basis of preparation

The Rosenbauer Group is an international group of companies whose parent company is Rosenbauer International AG, Austria. Its main focus is on the production of firefighting vehicles, the development and manufacture of firefighting systems and equipping vehicles and their crews. The Group's head office is located at Paschinger Strasse 90, 4060 Leonding, Austria.

These unaudited interim consolidated financial statements as of September 30, 2014 have been prepared in line with International Financial Reporting Standards (IFRS) as endorsed in the EU, notably IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements therefore do not contain all the information or explanatory notes stipulated by IFRS for consolidated financial statements as of the end of the fiscal year, and should instead be read in conjunction with the IFRS consolidated financial statements published by the company for fiscal year 2013. With the exception of standards that have come into effect in the interim, the interim consolidated financial statements have been prepared on the basis of the same accounting policies as those applied as of December 31, 2013. The Group has applied the following standards effective in the European Union from January 1, 2014 for the first time in the current fiscal year: IAS 32 "Financial Instruments: Presentation", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities". The amendments to IAS 32 contain additional rules for offsetting financial assets and financial liabilities.

IFRS 10 "Consolidated Financial Statements" outlines the requirements for the preparation and presentation of consolidated financial statements and supersedes the corresponding rules of IAS 27 and SIC 12. In particular, it redefines the principle of control more comprehensively, with the intention of creating a uniform basis for determining whether an entity should be included in the consolidated financial statements of the parent company. Under this new concept, an entity is deemed to have control if it has decision-making authority over the relevant processes, if it generates variable returns from the subsidiary, and if it has the ability to affect these returns by exercising its decision-making powers. In the future, IAS 27 will merely regulate accounting for interests in subsidiaries in separate financial statements. First-time adoption of IFRS 10 was effected retrospectively in accordance with the transitional provisions.

The new Standard IFRS 11 "Joint Arrangements" replaces IAS 31. It regulates accounting for joint operations and joint ventures. Under IFRS 11 it is now mandatory to include joint ventures in the consolidated financial statements in line with the equity method in accordance with IAS 28; the option for proportionate consolidation allowed in IAS 31 no longer exists. Even under IAS 31, Rosenbauer already recognized joint ventures using the equity method. IFRS 11 was applied retrospectively in accordance with the transitional provisions.

IFRS 12 contains the disclosure requirements relating to an entity's interests in subsidiaries, joint arrangements and associates still accounted for in accordance with IAS 28. Additional disclosures on structured entities not included in consolidation are also required. The new disclosure requirements of IFRS 12 are considerably more extensive than those previously prescribed by IAS 27, 28 and 31.

These new standards did not have any material impact on the interim financial statements of Rosenbauer International AG as of September 30, 2014. The additional disclosures in the notes required by IFRS 12 are not applicable to condensed interim financial statements unless material circumstances give rise to a disclosure requirement. No such disclosures in the notes have been made in the condensed interim financial statements.

The interim consolidated financial statements have been prepared in thousands of euro (€) and, unless expressly stated, this also applies to the figures shown in the notes.

2. Significant effect of new accounting standards

No new standards have been applied early, nor are these currently expected to have any significant effect on the consolidated financial statements.

3. Companies included in consolidation

One new company was included in the consolidated financial statements in the second quarter of 2014. On April 24, 2014 Rosenbauer International AG signed an agreement to acquire a 75% interest in its UK partner North Fire plc, Holmfirth. The company now trades under the name Rosenbauer UK. Payments made to date for the acquisition of this interest amount to € 991.7 thousand. The purchase price allocation is still only provisional as not all the intangible assets have been identified and measured as yet. Based on provisional purchase price allocation, a customer base of € 1,180.7 thousand has been calculated. Provisional purchase price allocation as of the acquisition date is as follows:

in € thousand	**2014**
Purchase price paid in cash	991.7
Deferred purchase price consideration	120.9
Total purchase price	**1,112.6**
Net assets acquired	1,483.5
Pro rata net assets	1,112.6
Non-controlling interests (25%) measured by reference to pro rata net assets	370.9
Purchase price surplus	**0.0**

The net assets acquired, totaling € 1,483.5 thousand, break down as follows:

in € thousand	**2014**
Non-current assets	
Property, plant and equipment	60.2
Intangible assets	1,180.7
	1,240.9
Current assets	
Inventories	361.1
Receivables	465.8
Cash and cash equivalents	238.6
	1,065.5
Non-current liabilities	
Non-current provisions	0.0
Current liabilities	
Current interest-bearing liabilities	0.0
Trade payables	818.3
Other current liabilities	4.6
	822.9
Net assets acquired	**1,483.5**

The fair value of the receivables totals € 465.8 thousand. The gross amount of the receivables also comes to € 465.8 thousand. "Trade receivables" were not impaired, and all contractually defined receivables are expected to be collectible.

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

Net cash flow from investing activities (in € thousand)	**2014**
Purchase price paid in cash	991.7
Less cash and cash equivalents	(238.6)
Net cash flow from the acquisition	**753.1**

The company has revenues of approximately € 3.5 million and a staff of around 10, and in the past was the exclusive sales and service partner for personal protective equipment, components, aerial appliances, and municipal vehicles.

In accordance with IAS 10, the consolidated financial statements as of September 30, 2014 include two Austrian and 19 foreign subsidiaries, all of which are legally and actually controlled by Rosenbauer International AG and therefore included in consolidation. The Russian production joint venture (PA "Fire-fighting special technics", Rosenbauer share: 49%) and Rosenbauer Ciansa S.L. – established with the co-owner and Managing Director of Rosenbauer Española (50%) – are included in consolidation using the equity method.

4. Seasonal fluctuations

Owing to the high degree of dependency on public sector clients, the usual pattern in the fire equipment sector is for a very high proportion of its deliveries to be made in the second half of the year, especially in the final quarter. There can therefore be considerable differences – in terms of revenues and earnings – between the respective interim reporting periods. In the period under review there were no unusual developments over and above the seasonal fluctuations characteristic of the industry. Further information on developments in the period under review can be found in the interim Group management report.

5. Significant effect of estimates

The preparation of the interim consolidated financial statements requires the Executive Board to make assumptions and estimates that affect the amounts and reporting of assets, liabilities, income and expenses in the period under review. The actual amounts incurred can deviate from these estimates. Deviations from estimates had no significant effect on the financial statements in the reporting period.

6. Related party disclosures

There has been no change in the composition of related parties since December 31, 2013. The following transactions were conducted with related parties in the period under review:

in € thousand	**Associates 1-9/2014**	**Associates 1-9/2013**	**Management 1-9/2014**	**Management 1-9/2013**
Sales of goods	1.0	3.5		
Purchase of goods	2,981.1	1,977.3		
Receivables	0.0	0.0	716.2	649.9
Liabilities	277.8	550.6		
Rental agreement for land			160.6	149.4

7. Income taxes

Income taxes for the period under review have been recognized on the basis of the best possible estimate of the weighted average annual income tax rate expected for the fiscal year as a whole. Taxes on income for 1-9/2014 break down into € 4,467.0 thousand (1-9/2013: € 7,517.1 thousand) in current income tax expenses and € 1,577.2 thousand (1-9/2013: € 656.0 thousand) in changes in deferred income taxes. The high tax expense relative to earnings is due to the payment of tax arrears on non-deductible expenses of € 855.3 thousand at the Spanish company Rosenbauer Española S.A. in the years 2000 and 2001.

8. Segment reporting

In accordance with IFRS 8 (Operating Segments), segments must be defined and segment information disclosed on the basis of internal controlling and reporting. This results in segment reporting being presented in line with the management approach of internal reporting.

The development of Group companies is particularly significant in internal reporting. For this reason, the reportable business segments are reported according to the location of the assets of Rosenbauer Group companies. The following areas have been defined in line with the internal management reporting system: Austria, the US, Germany, Slovenia, Spain, the UK, Switzerland, Singapore, Brunei, Saudi Arabia and South Africa. In presenting the above reportable operating segments, the operating segments Slovenia, Spain, UK and Switzerland have been combined as the “Rest of Europe” segment, and Singapore, Brunei and Saudi Arabia have been combined as the new “Asia” segment. The company in South Africa has been assigned to the “Austria” segment on account of its immateriality. The management monitors the EBIT of the business units separately in order to make decisions on the allocation of resources and to determine the units’ earnings power. Segment performance is assessed on the basis of EBIT using the same definition as in the consolidated financial statements. However, Group financing (including financing expenses and financial income) and income taxes are managed on a uniform Group basis and are not allocated to the individual segments. Transfer prices between the segments are at arm’s length.

A condensed presentation of the segments in accordance with IAS 34 and further information on their composition and development can be found in the interim Group management report.

9. Events after the end of the reporting period

No further significant events occurred by the time of the preparation of the quarterly financial statements.

10. Contingent assets and contingent liabilities

Rosenbauer International AG has not issued any liability statements for the benefit of non-Group companies. Also, as was the case at the end of the year, there are no contingent assets or liabilities from which material receivables or liabilities will result.

11. Other disclosures

It is intended to purchase the currently leased premises of a production building in Leonding, Austria, from the present owner at the end of 2014. The acquisition option has already been exercised and the purchase negotiations are expected to be concluded at the end of 2014.

Interest rate and FX risks are hedged using derivative financial instruments such as FX forwards and interest rate caps. While some of these transactions are hedges from a business perspective, they do not meet the hedge accounting requirements of IAS 39. The changes in the fair value of these financial instruments are recognized immediately in profit or loss in the consolidated income statement. Derivatives that meet the hedge accounting requirements of IAS 39 are used solely to hedge future cash flows (i.e. cash flow hedges) and are presented separately in other comprehensive income in the consolidated statement of comprehensive income. As of September 30, 2014, the fair value of hedges recognized in the income statement was € -316.1 thousand (September 30, 2013: € 191.2 thousand), and that of the hedges recognized in other comprehensive income was € -5,775.6 thousand (September 30, 2013: € 5,022.4 thousand).

The following hierarchy is used in the consolidated financial statements to determine and report the fair values of financial instruments by measurement method:

Level 1: quoted (unadjusted) prices on active markets for identical assets or liabilities.

Level 2: methods in which all input parameters with a significant effect on the recognized fair value are either directly or indirectly observable.

Level 3: methods that use input parameters with a significant effect on the recognized fair value that are not based on observable market data.

The financial investments available for sale shown as level 1 include listed equities and units in funds. The fair value of currency forwards and interest rate swaps, which are shown as level 2, is determined by reference to bank valuations based on recognized mathematical measurement models (discounted cash flow method on the basis of current interest and FX future yields based on interbank mid-rates as of the end of the reporting period).

	Level 1		**Level 2**	
in € thousand	**Sept 30, 2014**	**Sept 30, 2013**	**Sept 30, 2014**	**Sept 30, 2013**
Unhedged currency forwards				
Positive fair value			788.5	309.5
Negative fair value			1,114.5	118.3
Hedged currency forwards				
Positive fair value			650.8	5,244.8
Negative fair value			6,426.4	222.4
Interest rate hedges				
Positive fair value			9.9	0.0
Negative fair value			0.0	0.0
Available-for-sale financial investments				
Positive fair value	233.6	224.3		
Negative fair value				

RESPONSIBILITY STATEMENT

These condensed interim consolidated financial statements of Rosenbauer International AG as of September 30, 2014 have been drawn up in accordance with IFRS (as adopted in the European Union) and, to the best of our knowledge, convey a true and fair view of the net asset, financial position and result of operations of all the enterprises included in the consolidation.

The management report gives a true and fair view of the net asset, financial position and result of operations in terms of the information required pursuant to §87 subsect. 2 and 4 of the Börsegesetz (Austrian Stock Exchange Act).

In the case of this report it was decided to dispense with an audit or review by an external auditor.

Leonding, November 20, 2014
Rosenbauer International AG

Dieter Siegel
CEO
Global Product Division:
Product Management,
Customer Service

Gottfried Brunbauer
CTO
Global Product Division:
Fire Fighting & Body Components

Günter Kitzmüller
CFO
Global Product Division:
Fire & Safety Equipment,
Stationary Fire Protection

CORPORATE CALENDAR 2015

February 19, 2015	Publication of the preliminary results 2014
April 15, 2015	Publication of the results 2014
May 13, 2015	Publication of the quarterly report 1/2015
May 21, 2015	Annual General Meeting 10:00 a.m. Börsensäle Wien Wipplingerstrasse 34 1010 Vienna, Austria
May 29, 2015	Dividend payment date
August 25, 2015	Publication of the half-year financial report 2015
November 19, 2015	Publication of the quarterly report 3/2015

SHARE DETAILS

ISIN:	AT0000922554
Reuters	RBAV.VI
Bloomberg	ROS AV
Class of shares	No-par-value bearer shares
ATX Prime weighting	0,57%

Rosenbauer International AG does not guarantee in any way that the forward-looking assumptions and estimates contained in this report will prove correct, nor does it accept any liability for loss or damages that may result from any use of or reliance on this report

Minimal arithmetical differences may arise from the application of commercial rounding to individual items and percentages in the quarterly report.

The English translation of the Rosenbauer quarterly report is for convenience. Only the German text is binding.

Published by
Rosenbauer International AG, Paschinger Strasse 90, 4060 Leonding, Austria

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