# Report on the Period January 1 to March 31, 2017

Unaudited translation for convenience purposes only

**Q1** 2017

WashTec

## Successful start to 2017: Further substantial first-quarter growth after strong Q4 2016

- **Revenue increased by 31.8% to €101.2m (prior year: €76.8m); EBIT at €12.1m (prior year: €3.7m)**
- **All products contributed to the growth**
- **Dividend of €2.10 per share proposed at Annual General Meeting**
- **Guidance 2017: Full-year sales growth of at least 10% and to at least €410m, with EBIT margin in excess of 12%**

| Rounding differences may occur | | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 | Change absolute | Change in % |
|---|---|---|---|---|---|
| Revenues | € m | 101.2 | 76.8 | 24.4 | 31.8 |
| EBITDA | € m | 14.5 | 6.0 | 8.5 | 141.7 |
| EBIT | € m | 12.1 | 3.7 | 8.4 | 227.0 |
| EBIT margin | in % | 12.0 | 4.9 | 7.1 | – |
| EBT | € m | 12.0 | 3.6 | 8.4 | 233.3 |
| Employees per reporting date | FTE | 1,768 | 1,710 | 58 | 3.4 |
| Average number of shares | shares | 13,382,324 | 13,382,324 | 0 | 0 |
| Earnings per share [1] | € | 0.64 | 0.19 | 0.45 | 236.8 |
| Free cash flow [2] | € m | 10.8 | 7.6 | 3.2 | 42.1 |
| Investments in fixed assets (capital expenditures) | € m | 3.0 | 3.0 | 0.0 | 0 |
| Equity ratio per reporting date [3] | in % | 42.7 | 43.2 | −0.5 | – |

[1] Diluted = undiluted
[2] Net cash flow – cash outflow from investing activity
[3] Equity/total equity and liabilities

# Content

## Interim Group Management Report for the period January 1 to March 31, 2017



## Interim Condensed Consolidated Financial Statements for the period January 1 to March 31, 2017

# Interim Group Management Report

## Interim Group Management Report (unaudited)

### 1. Overall revenue and earnings development in the quarter

*Revenue growth of 31.8%*

WashTec looks back on a strong first quarter. Revenue through to March 2017, at €101.2m (prior year: €76.8m), was 31.8% higher than in the weak first quarter of 2016. This growth was notably driven by **Equipment and Service**, while revenue performance in **Chemicals** was likewise very positive. Major customers contributed substantially to the revenue growth. Adjusted for exchange rate effects, revenue increased by 30.6% in the first quarter. As a result of the revenue growth, EBIT improved significantly to €12.1m (prior year: €3.7m). With the order backlog substantially larger at the end of the first quarter than a year earlier, the Company expects a strong second quarter.

On March 22, 2017, on publication of the Annual Report for fiscal year 2016, the annual press conference was held at the Augsburg head office along with a conference call. The Management Board presented the annual results 2016 to representatives of the local press, banks, investors and analysts.

WashTec exhibited at trade fairs in Austria, China and Spain. In Beijing, a fully equipped premium rollover was shown in live operation for the first time and sold. In North America, the first premium tunnel out of the European product line was sold and presented at the ICA in Las Vegas at the beginning of April.

After the sustained positive trend in order intake during the first quarter and the resulting large order backlog at the end of the first quarter, the Company is now aiming for double-digit revenue growth to at least €410m for the year as a whole, with an EBIT margin in excess of 12%. The strong growth relative to 2016 in the first half of the year is likely to slow down in the second half given the strong growth seen in the corresponding prior-year quarters.

## 2. Report on economic position

### 2.1 Economic and competitive environment

The economic and competitive environment largely corresponded to the situation described in the Group Management Report 2016. There were no significant changes in technology and none are foreseeable.

### 2.2 Dividend payment

The Management Board and Supervisory Board are proposing a dividend of €2.10 per eligible share for this year's Annual General Meeting on May 3, 2017. This corresponds to a dividend ratio for shareholders of some 92% of net income. 58.9% of the distribution is expected to be made out of the tax contribution account. Based on a share price of €56.90 on March 31, 2017, the dividend yield is 3.7%.

### 2.3 Earnings

#### 2.3.1 Revenue by segments and products

*Revenue growth in Europe and North America*

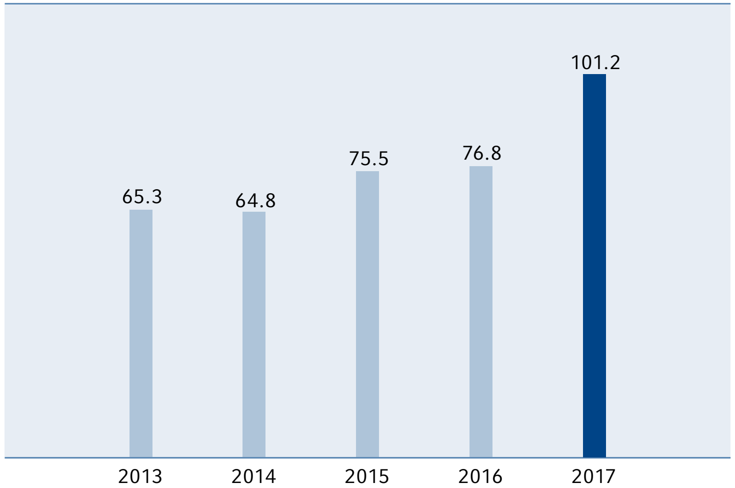
**Revenues by segment, Q1**

| in € m, IFRS (Rounding differences may occur) | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 | Change absolute | Change in % |
|---|---|---|---|---|
| Europe | 78.4 | 62.3 | 16.1 | 25.8 |
| North America | 21.9 | 12.0 | 9.9 | 82.5 |
| Asia/Pacific | 3.2 | 4.6 | –1.4 | –30.4 |
| Consolidation | –2.3 | –2.1 | –0.2 | –9.5 |
| **Group** | **101.2** | 76.8 | **24.4** | **31.8** |

Revenue performance in the first quarter was driven by the sustained positive trend in Europe (with an increase of 25.8% or €16.1m) and strong revenue growth in North America (increase of 82.5% or €9.9m). The increase in North America relates to business with major customers. Revenue in the Asia/Pacific region decreased by 30.4% compared with the prior-year quarter. The decrease came in Australia due to less order intakes in the last few months. Revenue in China was higher than in the prior year and will also sustain a positive trend in the months ahead. The forecast for Asia/Pacific is reviewed at the middle of the year.

In US dollars, revenue in North America was USD 23.4m (prior year: USD 13.2m).

**Revenues, Q1,** in € m, IFRS




Group revenue increased by 31.8% in the first quarter (Q1 2017: €101.2m; Q1 2016: €76.8m).

**Revenues by product, Q1**

| in € m, IFRS (Rounding differences may occur) | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 | Change absolute | Change in % |
|---|---|---|---|---|
| Equipment and service | 85.0 | 63.9 | 21.1 | 33.0 |
| Chemicals | 12.6 | 9.8 | 2.8 | 28.6 |
| Operations business and others | 3.6 | 3.1 | 0.5 | 16.1 |
| **Total** | **101.2** | **76.8** | **24.4** | **31.8** |

**Equipment and Service** revenue went up by 33.0% from €63.9m to €85.0m. **Chemicals** revenue increased by 28.6% to €12.6m.

### 2.3.2 Expense items and earnings

*High EBIT margin of 12% in Q1*

**Earnings, Q1**

| in € m, IFRS (Rounding differences may occur) | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 | Change absolute | Change in % |
|---|---|---|---|---|
| Gross profit[1] | 58.6 | 45.9 | 12.7 | 27.7 |
| EBITDA | 14.5 | 6.0 | 8.5 | 141.7 |
| EBIT | 12.1 | 3.7 | 8.4 | 227.0 |
| EBIT margin % | 12.0 | 4.9 | 7.1 | – |
| EBT | 12.0 | 3.6 | 8.4 | 233.3 |

* Revenues plus change in inventory minus cost of materials

The **gross profit margin** decreased due to the changed product and customer mix, to 57.9% compared with 59.7% in the prior year.

**Personnel expenses** went up compared with the prior-year quarter by €3.2m to €32.1m (prior year: €29.0) as a result of the larger workforce and wage increases. The Group had 58 more employees at the end of March than a year earlier. This reflects the positive development of the business and investment in further organic growth. A smaller increase in the workforce is planned for remainder of this year. The size of the workforce has held constant for the last four months.

**Other operating expenses** (including other taxes) increased by €2.2m to €14.0m (prior year: €11.8m).

The increase in other operating expenses notably reflected higher costs of contract workers due to higher capacity utilization. Costs in the first quarter were also higher due to participation in a number of local trade fairs and travel expenses. Currency gains and losses did not have a material net impact on Group earnings or the prior-year comparative figures.

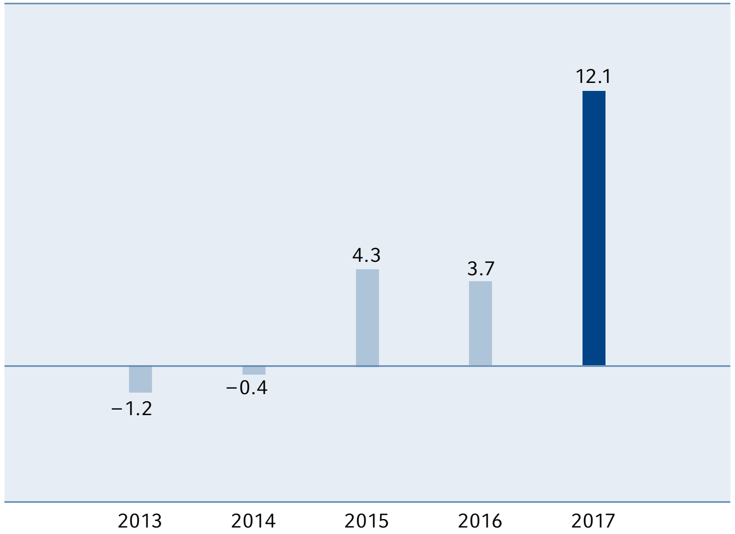
**EBITDA** increased by €8.5m to €14.5m (prior year: €6.0m).

**EBIT** increased by €8.4m to €12.1m (prior year: €3.7m).

**EBIT by segment, Q1**

| in € m, IFRS (Rounding differences may occur) | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 | Change absolute | Change in % |
|---|---|---|---|---|
| Europe | 10.3 | 3.1 | 7.2 | 232.3 |
| North America | 2.2 | −0.2 | 2.4 | N/A |
| Asia/Pacific | −0.2 | 0.7 | −0.9 | N/A |
| Consolidation | −0.2 | 0.1 | −0.3 | N/A |
| **Group** | **12.1** | **3.7** | 8.4 | 227.0 |

**EBIT, Q1,** in € m, IFRS




The EBIT increase in Europe and North America is mainly a result of the revenue growth. In the Asia/Pacific segment, the decrease in revenue and higher trade fair expenditure resulted in a lower EBIT. Movements in the US dollar-euro exchange rate had no material impact on the operating business. Measurement of foreign currency-denominated assets and liabilities as of the reporting date had a €−0.1m impact on earnings (prior year: €−0.1m).

**Consolidated net income** increased to €8.6m (prior year: €2.6m). The lower tax rate is primarily due to the use of tax loss carryforwards for which no deferred taxes were recognized.

**Earnings per share** (basic = diluted) increased to €0.64 (prior year: €0.19) due to the higher consolidated net income.

## 2.4 Net assets

*Sustained strong balance sheet structure*

| **Balance sheet, assets**, in € m, IFRS (Rounding differences may occur) | Mar 31, 2017 | Dec 31, 2016 |
|---|---|---|
| **Non-current assets** | **102.0** | **97.1** |
| thereof intangible assets | 7.3 | 6.7 |
| thereof deferred tax assets | 3.9 | 3.8 |
| **Current assets** | **122.7** | **121.0** |
| thereof inventories | 49.3 | 42.9 |
| thereof trade receivables, other assets | 51.0 | 60.4 |
| thereof cash and cash equivalents | 9.3 | 6.8 |
| **Balance sheet total** | **224.7** | **218.1** |

| **Balance sheet, equity and liabilities**, in € m, IFRS (Rounding differences may occur) | Mar 31, 2017 | Dec 31, 2016 |
|---|---|---|
| **Equity** | **95.9** | **87.4** |
| Liabilities to banks | 0.5 | 8.3 |
| Other liabilities and provisions | 114.8 | 109.2 |
| thereof trade payables | 18.7 | 11.8 |
| thereof provisions (including tax provisions) | 32.0 | 39.8 |
| Deferred income | 10.7 | 10.1 |
| Deferred tax liabilities | 2.8 | 3.1 |
| **Balance sheet total** | **224.7** | **218.1** |

**Net working capital** (current trade receivables + inventories – current trade payables) decreased, mainly due to higher trade receivables, from €91.5m as of December 31, 2016 to €81.6m.

**Equity** increased due to the positive net income to €95.9m as of March 31, 2017 (December 31, 2016: €87.4m). Compared with the 2016 year-end, the equity ratio went up from 40.1% to 42.7%.

With agreement of the banks, the covenant figure for the equity ratio has been reduced from at least 35% to at least 27.5% through to the end of the current bank agreement.

**Net liquidity** (cash and cash equivalents – non-current and current liabilities to banks) stood at €8.8m as of the end of the first quarter of 2017 (December 31, 2016: net debt of €1.5m).

**Net financial liquidity** (current and non-current finance leases + net liquidity) improved to €6.1m (December 31, 2016: net financial debt of €4.5m).

**Other liabilities and provisions** increased, mainly due to higher trade payables and prepayments received, to €114.8m (December 31, 2016: €109.2m).

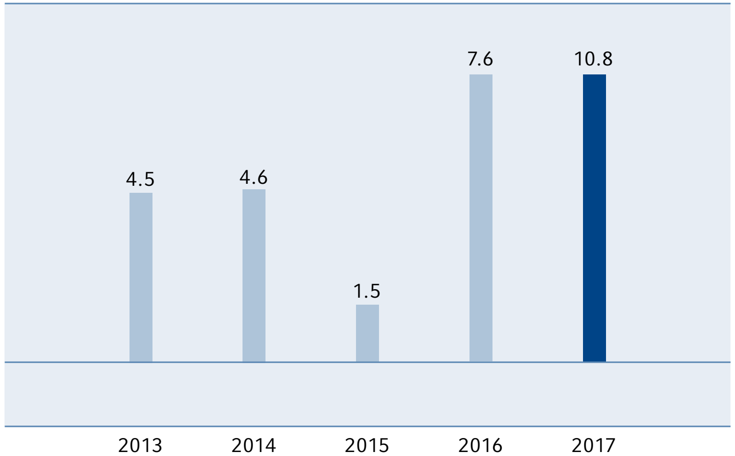
## 2.5 Financial position

The **cash inflow from operating activities (net cash flow)** increased in the first quarter, despite large tax payments for past years, to €13.7m (prior year: €10.6m).

The **cash outflow from investing activities** showed virtually no change compared with the prior year, at €2.9m (prior year: €3.0m). The Company plans lower capital expenditure for the current fiscal year than in the prior year.

**Free cash flow** (net cash flow – cash outflow from investing activities) increased by 42.1% to €10.8m (prior year: €7.6m).

**Free cash flow, Q1,** in € m, IFRS




Overall, **cash and cash equivalents** increased relative to December 31, 2016 by €10.3m to €8.8m.

## 2.6 Employees

*Number of employees near-constant for last four months*

The number of employees as of March 31, 2017 was 1,768, near-constant relative to the 2016 year-end (December 31, 2016: 1,767). A net total of 58 employees have been added since March 31, 2016.

# 3. Outlook, opportunities and risk report

## 3.1 Outlook

Projects to boost sales activities and operational improvements continue as planned.

Following the end of the first quarter, the Company is targeting double-digit revenue growth to at least €410m in 2017, with an EBIT margin in excess of 12%.

The expectations analog to the forecast of the Annual Report for segmental performance are as follows:

- Europe: significant increase in revenues and earnings
- North America: significant increase in revenues and earnings
- Asia/Pacific: significant increase in revenues and earnings

The above forecast for Asia/Pacific from the Annual Report 2016 is currently being reviewed and will be adjusted if necessary at the end of the first half of the year. This has no effect on the forecasts for the Group as a whole.

The outlook is subject to uncertainties.

The outlook for the remaining specified key performance indicators given in the Annual Report 2016 likewise continues to apply.

## 3.2 Opportunities and risks for group development

The WashTec Group's risk management system is described in the Annual Report 2016. There have been no material changes in the risks described therein. The Company sees an increased risk of systematic IT fraud in the meantime.

## 4. Miscellaneous information

### 4.1 Related party disclosures

There were no material related party transactions during the reporting period.

### 4.2 Events after the reporting period

There were no material events after the reporting period.

## 5. WashTec shares and investor relations

The Management Board communicated with shareholders, journalists and the financial community on an ongoing basis through the first quarter. As part of the Company's investor relations activities, Management held road shows in Frankfurt, Sydney, Melbourne, London and Baden-Baden.

### 5.1 Share price performance

*Ongoing strong price performance of WashTec shares*

The WashTec share price was €56.90 on March 31, 2017. That marks a 14.95% increase on the prior year-end closing price of €49.50 on December 30, 2016. WashTec shares thus performed better than the SDAX, which gained only 6.0% since the beginning of the year.

WashTec AG is currently covered by Hauck & Aufhäuser, HSBC Trinkaus & Burkhardt, MM Warburg and Bankhaus Lampe. The price target given by all analysts is at least €50.00 and ranges up to €64.00 (as of March 2017).

### 5.2 Shareholder structure

WashTec AG did not receive any voting rights notifications under the Securities Trading Act (Wertpapierhandelsgesetz) in the first quarter of 2017.

| Shareholding in % | Mar 31, 2017 |
|---|---|
| EQMC Europe Development Capital Fund plc | 9.78 |
| Kempen Oranje Participaties N.V. | 9.60 |
| Dr. Kurt Schwarz[1] | 8.38 |
| Paradigm Capital Value Fund | 6.01 |
| BNY Mellon Service Kapitalanlage-Gesellschaft mbH | 5.61 |
| Investment AG für langfristige Investoren TGV | 5.43 |
| Lazard Frères Gestion S.A.S. | 4.94 |
| Treasury shares | 4.25 |
| Diversity Industrie Holding AG | 4.00 |
| Free float | 42.00 |

[1] Leifina GmbH & Co. KG et al

Based on notifications made pursuant to the Securities Trading Act (WpHG)

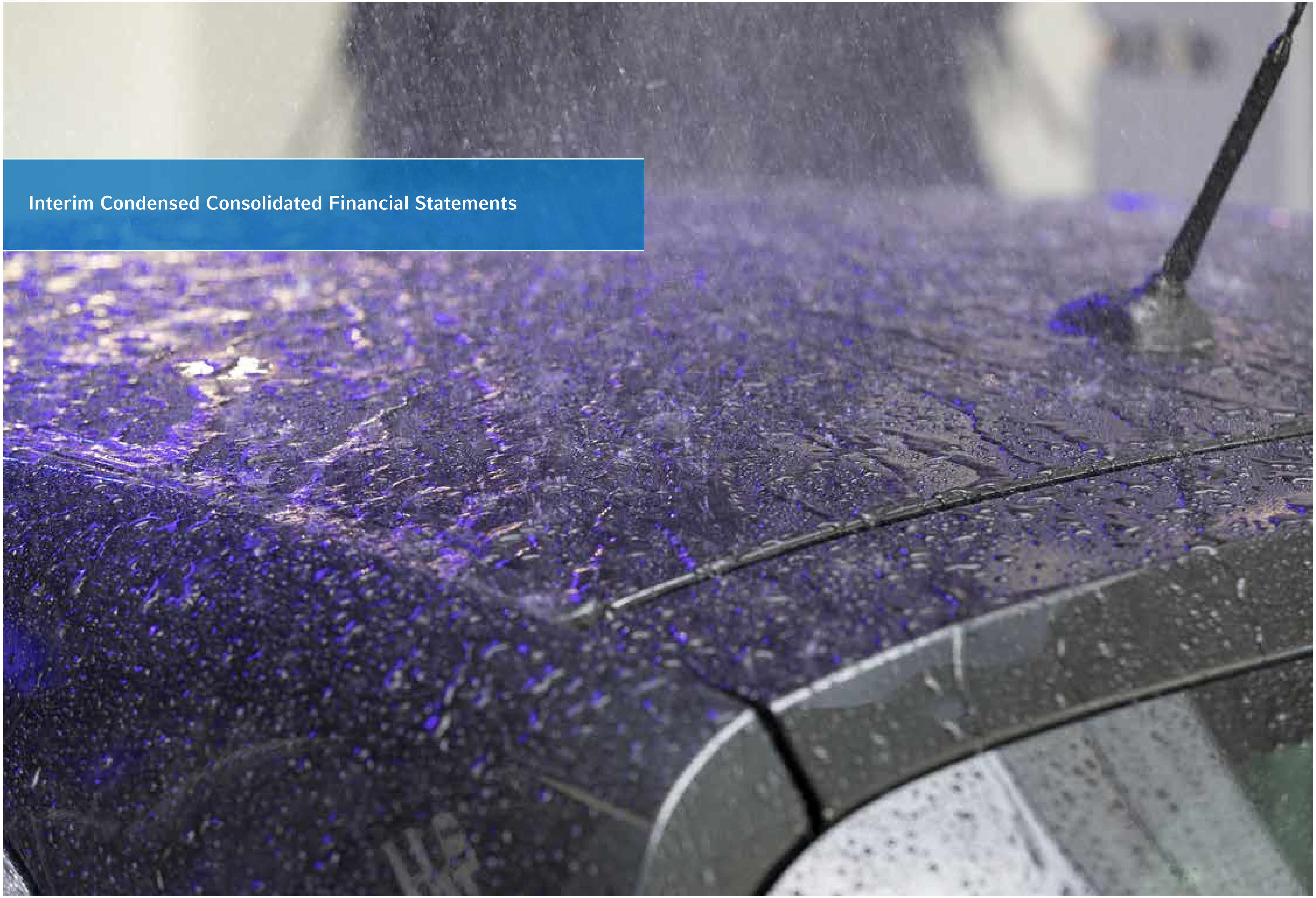
#### Manager Transactions

No manager transactions were reported in the first quarter.

### 5.3 Annual General Meeting on May 3, 2017

The Annual General Meeting of WashTec AG takes place in Augsburg on May 3, 2017. The venue this year is once again the Chamber of Industry and Commerce (IHK) for Augsburg and Swabia. The term of office of the current Supervisory Board members Jens Große-Allermann, Dr. Sören Hein, Dr. Hans Liebler and Roland Lacher is due to end at the close of the Annual General Meeting. Jens Große-Allermann, Dr. Sören Hein and Dr. Hans Liebler are available for reelection. Mr. Lacher is not available for reelection for reasons of age. In Mr. Lacher's place, the Supervisory Board is nominating Dr. Alexander Selent, longstanding CFO and deputy CEO of FUCHS PETROLUB SE, for election to the Supervisory Board.

# Interim Condensed Consolidated Financial Statements



## Consolidated Income Statement

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements. Rounding differences may occur.

| in € | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 |
|---|---|---|
| Revenues | 101,216,291 | 76,821,505 |
| Other operating income | 1,075,220 | 821,859 |
| Capitalized development costs | 987,352 | 100,243 |
| Change in inventory | 2,433,254 | 468,837 |
| **Total** | **105,712,117** | **78,212,444** |
| Cost of materials | | |
| Cost of raw materials, consumables and supplies and of purchased material | 35,853,385 | 25,461,674 |
| Cost of purchased services | 9,234,244 | 5,959,461 |
| | **45,087,628** | **31,421,135** |
| Personnel expenses | 32,136,436 | 28,984,103 |
| Amortization, depreciation and impairment of tangible and intangible assets | 2,387,550 | 2,229,903 |
| Other operating expenses | 13,793,648 | 11,611,566 |
| Other taxes | 197,764 | 218,368 |
| **Total operating expenses** | **93,603,026** | **74,465,075** |
| **EBIT** | **12,109,091** | **3,747,369** |
| Financial income | 7,227 | 6,367 |
| Financial expenses | 106,635 | 114,685 |
| **Financial result** | **−99,408** | **−108,318** |
| **EBT** | **12,009,683** | **3,639,051** |
| Income taxes | −3,436,305 | −1,083,658 |
| **Consolidated net income** | **8,573,377** | **2,555,393** |
| **Weighted average number of outstanding shares** | **13,382,324** | **13,382,324** |
| **Earnings per share (basic = diluted)** | **0.64** | **0.19** |

## Statement of Comprehensive Income

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements. Rounding differences may occur.

| in €k | Jan 1 to Mar 31, 2017 | Jan 1 to Mar 31, 2016 |
|---|---|---|
| **Consolidated net income** | **8,573** | 2,555 |
| Actuarial gains/losses from defined benefit obligations and similar obligations | 0 | 0 |
| Deferred taxes | 0 | 0 |
| **Items that will not be reclassified to profit or loss** | **0** | 0 |
| Adjustment item for currency translation of foreign subsidiaries | −79 | −744 |
| Exchange differences on net investments in subsidiaries | −7 | 203 |
| Deferred taxes | 16 | 49 |
| **Items that may be subsequently reclassified to profit or loss** | **70** | −492 |
| **Other comprehensive income** | **70** | −492 |
| **Total comprehensive income** | **8,503** | 2,063 |

## Consolidated Balance Sheet

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements. Rounding differences may occur.

| Assets<br>in € | Mar 31,<br>2017 | Dec 31,<br>2016 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 40,629,100 | 40,772,810 |
| Goodwill | 42,312,738 | 42,312,405 |
| Intangible assets | 7,348,250 | 6,665,561 |
| Trade receivables | 7,296,099 | 2,925,741 |
| Other assets | 553,899 | 612,213 |
| Deferred tax assets | 3,891,177 | 3,791,039 |
| **Total non-current assets** | **102,031,263** | **97,079,769** |
| **Current assets** | | |
| Inventories | 49,337,187 | 42,877,111 |
| Trade receivables | 50,969,938 | 60,426,766 |
| Tax receivables | 8,164,703 | 7,562,144 |
| Other assets | 4,933,831 | 3,271,084 |
| Cash and cash equivalents | 9,299,699 | 6,837,138 |
| **Total current assets** | **122,705,360** | **120,974,243** |
| **Total assets** | **224,736,623** | **218,054,012** |

| Equity and Liabilities<br>in € | Mar 31,<br>2017 | Dec 31,<br>2016 |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 40,000,000 | 40,000,000 |
| *Contingent capital* | *8,000,000* | *8,000,000* |
| Capital reserves | 36,463,441 | 36,463,441 |
| Treasury shares | −13,176,788 | −13,176,788 |
| Other reserves and currency translation effects | −3,619,495 | −3,549,745 |
| Profit carried forward | 27,675,795 | −2,906,058 |
| Consolidated net income | 8,573,377 | 30,581,853 |
| | **95,916,330** | **87,412,703** |
| **Non-current liabilities** | | |
| Finance lease liabilities | 1,640,712 | 1,871,337 |
| Provisions for pensions | 10,506,675 | 10,490,701 |
| Trade payables | 9,031 | 5,151 |
| Other non-current provisions | 3,134,905 | 3,564,312 |
| Other non-current liabilities | 2,783,346 | 2,470,584 |
| Deferred income | 1,540,420 | 1,473,454 |
| Deferred tax liabilities | 2,815,783 | 3,061,843 |
| **Total non-current liabilities** | **22,430,871** | **22,937,384** |
| **Current liabilities** | | |
| Interest-bearing loans | 488,880 | 8,341,500 |
| Finance lease liabilities | 1,047,812 | 1,172,583 |
| Prepayments on orders | 12,150,043 | 7,186,588 |
| Trade payables | 18,691,135 | 11,773,401 |
| Taxes and levies | 7,027,479 | 6,195,712 |
| Liabilities for social security | 1,329,279 | 1,107,937 |
| Tax provisions | 6,621,082 | 12,368,913 |
| Other current liabilities | 38,157,033 | 39,224,315 |
| Other current provisions | 11,714,861 | 11,731,370 |
| Deferred income | 9,161,819 | 8,601,606 |
| **Total current liabilities** | **106,389,422** | **107,703,925** |
| **Total equity and liabilities** | **224,736,623** | **218,054,012** |

## Consolidated Cash Flow Statement

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements. Rounding differences may occur.

| in €k | Jan 1 to Mar 31, 2017 | Jan 1 to March 31, 2016 |
|---|---|---|
| | | |
| **EBT** | **12,010** | 3,639 |
| *Adjustments to reconcile EBT to net cash flows from operating activities:* | | |
| Amortization, depreciation and impairment of tangible and intangible assets | 2,388 | 2,230 |
| Gain/loss from disposals of non-current assets | −28 | 4 |
| Other gains/losses | −189 | −1,020 |
| Financial income | −7 | −6 |
| Financial expenses | 107 | 115 |
| Movements in provisions | −431 | −378 |
| *Changes in net working capital:* | | |
| Increase/decrease in trade receivables | 4,952 | 2,622 |
| Increase/decrease in inventories | −6,446 | −2,376 |
| Increase/decrease in trade payables | 6,940 | 3,412 |
| Changes in other net working capital | 6,186 | 2,097 |
| Income tax paid | −11,766 | 279 |
| **Net cash flows from operating activities** | **13,713** | 10,617 |
| | | |
| Purchase of property, plant and equipment (excluding finance leases) | −3,000 | −3,029 |
| Proceeds from sale of property, plant and equipment | 94 | 56 |
| **Net cash flows from investing activities** | **−2,906** | −2,973 |
| | | |
| Interest received | 7 | 6 |
| Interest paid | −89 | −97 |
| Repayment of finance lease liabilities | −355 | −447 |
| **Net cash flows from financing activities** | **−438** | −538 |
| | | |
| **Net increase/decrease in cash and cash equivalents** | **10,369** | 7,105 |
| **Net foreign exchange difference** | **−54** | −6 |
| **Cash and cash equivalents at January 1** | **−1,504** | 2,512 |
| **Cash and cash equivalents at March 31** | **8,811** | 9,611 |
| | | |
| **Composition of cash and cash equivalents for cash flow purposes:** | | |
| **Cash and cash equivalents** | **9,300** | 9,869 |
| **Interest-bearing loans** | **−489** | −258 |
| **Cash and cash equivalents at March 31** | **8,811** | 9,611 |

## Statement of Changes in Consolidated Equity

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements. Rounding differences may occur.

| in €k | Number of shares (in units) | Subscribed capital | Capital reserves | Treasury shares | Other reserves and currency translation effects | Profit carried forward | Total |
|---|---|---|---|---|---|---|---|
| **As of January 1, 2017** | **13,382,324** | **40,000** | **36,464** | **−13,177** | **−3,550** | **27,677** | **87,413** |
| Income and expenses recognized directly in equity | | | | | −86 | | −86 |
| Taxes on transactions recognized directly in equity | | | | | 16 | | 16 |
| Consolidated net income | | | | | | 8,573 | 8,573 |
| **As of March 31, 2017** | **13,382,324** | **40,000** | **36,464** | **−13,177** | **−3,619** | **36,250** | **95,916** |
| **As of January 1, 2016** | **13,382,324** | **40,000** | **36,464** | **−13,177** | **−2,862** | **19,845** | **80,268** |
| Income and expenses recognized directly in equity | | | | | −541 | | −541 |
| Taxes on transactions recognized directly in equity | | | | | 49 | | 49 |
| Consolidated net income | | | | | | 2,555 | 2,555 |
| **As of March 31, 2016** | **13,382,324** | **40,000** | **36,464** | **−13,177** | **−3,354** | **22,400** | **82,332** |

# Notes to the Interim Condensed Consolidated Financial Statements

# Notes to the Interim Condensed Consolidated Financial Statements of WashTec AG (IFRS) for the period January 1 to March 31, 2017

## General Disclosures

### 1. General information on the Group

The ultimate parent company of the WashTec Group is WashTec AG, which is entered in the commercial register for the City of Augsburg under registration number HRB 81.

The Company's registered office is located at Argonstrasse 7, 86153 Augsburg, Germany.

The Company's shares are in free float and are publicly traded.

The purpose of the WashTec Group comprises the development, manufacture, sale and servicing of car wash products, as well as leasing and all related services and financing solutions required in order to operate car wash equipment.

The interim condensed consolidated financial statements and the interim Group management report are available on our website, www.washtec.de.

### 2. Accounting policies

**Basis of preparation of the consolidated financial statements**

The same accounting policies have been followed in these interim condensed consolidated financial statements as were applied in preparation of the consolidated financial statements for the fiscal year ended December 31, 2016, with the exception of the computation of taxes. Tax is computed for interim financial statements by multiplying net income with the expected applicable annual tax rate.

The interim condensed consolidated financial statements for the period January 1 to March 31, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all explanations and disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2016.

The interim condensed consolidated financial statements are presented in euro and, unless otherwise indicated, all figures are rounded to the nearest thousand (€k); this may result in rounding differences. The fiscal year is the calendar year.

### Effects of new financial reporting standards

The Group adopted no new or revised IFRS Standards or Interpretations in the reporting period.

The IASB and the IFRS Interpretations Committee have issued additional standards, interpretations and amendments as listed below, but these do not yet have to be adopted in fiscal year 2017 or have not yet been endorsed by the European Union.

As of March 31, 2017, the WashTec Group had not adopted these standards earlier than required. First-time adoption of the standards is planned when they are endorsed by the EU.

**Standards or amendments to existing standards not yet applied**

| Standard/ Interpretation | Title | Mandatory application | Endorsement by the EU | Material effects on WashTec |
|---|---|---|---|---|
| **IFRS 15** | Revenue from Contracts with Customers | Jan 01, 2018 | Oct 29, 2016 | IFRS 15 replaces all existing revenue recognition standards – notably IAS 18 Revenue and IAS 11 Construction Contracts. The new standard is based on the principle that revenue is recognized when control of goods or services is transferred to a customer. It is to be applied either fully retrospectively or on a modified retrospective basis. It is not yet possible to assess the impacts of the new standard on the WashTec Group. Information on its impacts will be provided by WashTec in the next nine months. |
| **IFRS 9** | Financial Instruments | Jan 01, 2018 | Nov 29, 2016 | IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities while introducing new rules for hedge accounting and a new impairment model. Additional designation options are provided for hedge accounting. The new standard also simplifies effectiveness testing and requires additional notes disclosures. It is not yet possible to assess the impacts of the new standard on the WashTec Group. Information on its impacts will be provided by WashTec in the next nine months. |
| **IAS 7** | Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative | Jan 01, 2017 | expected in Q2 2017 | Presentation of a reconciliation of liabilities from financing activities; disclosure of restrictions on cash. |
| **IAS 12** | Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses | Jan 01, 2017 | expected in Q2 2017 | none |
| **IFRS 15** | Clarifications of Revenue from Contracts with Customers | Jan 01, 2018 | expected in Q2 2017 | none |
| **IAS 40** | Amendments to IAS 40 Investment Property – Transfers of Investment Property | Jan 01, 2018 | expected in Q3 2017 | none |

| Standard/ Interpretation | Title | Mandatory application | Endorsement by the EU | Material effects on WashTec |
|---|---|---|---|---|
| **IFRS 2** | Amendments to IFRS 2 Share-based payments – Classification and Measurement of Share-based Payment Transactions | Jan 01, 2018 | expected in Q3 2017 | none |
| **IFRS** | Annual Improvements to IFRS (2014-2016) | Amendments to IFRS 12: Jan 01, 2017; Amendments to IFRS 1 and IAS 28: Jan 01, 2018 | expected in Q3 2017 | none |
| **IFRIC 22** | Foreign Currency Transactions and Advance Consideration | Jan 01, 2018 | expected in Q3 2017 | none |
| **IFRS 4** | Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts | Jan 01, 2018 | expected in Q3 2017 | none |
| **IFRS 16** | Leases | Jan 01, 2019 | expected in Q4 2017 | IFRS 16 eliminates the distinction between finance and operating leases for lessees and requires them to recognize all leases as a right-of-use asset and a lease liability. Exceptions are made for short-term leases and leases for low-value assets. The new standard mainly affects the accounting treatment of operating leases. It is not yet possible to assess the impacts with regard to the recognition of right-of-use assets and lease liabilities and the impacts on earnings and cash flows. Existing leases would also be covered by the exceptions or cease to be classified as leases for the purposes of IFRS 16. |
| **IFRS 10 and IAS 28** | Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | deferred indefinitely | | none |
| **IFRS 14** | Regulatory Deferral Accounts | Jan 01, 2016 | Postponement of the endorsement process until the publication of the final standard | none |

### 3. Segment reporting

Segmentation using the management approach at the WashTec Group is by sales territories. The sales territories are defined as the regions Europe, North America and Asia/Pacific. Following organizational changes in the prior year in which the Eastern Europe segment and export were brought under common management, WashTec no longer reports separately on the Eastern Europe segment. In fiscal year 2016, Eastern Europe was included for reporting purposes in the Europe segment. The Core Europe segment was renamed the Europe segment as of the year-end 2016. The structure of the North America and Asia/Pacific segments is unchanged.

| Jan to Mar 2017<br>in €k | Europe | North America | Asia/ Pacific | Consoli- dation | Group |
|---|---|---|---|---|---|
| **Revenues** | **78,396** | **21,918** | **3,239** | **–2,336** | **101,216** |
| with third parties | 76,094 | 21,883 | 3,239 | 0 | 101,216 |
| with other divisions | 2,301 | 35 | 0 | –2,336 | 0 |
| **EBIT** | **10,323** | **2,225** | **–223** | **–215** | **12,109** |
| Financial income | | | | | 7 |
| Financial expenses | | | | | –107 |
| **EBT** | | | | | **12,010** |
| Income taxes | | | | | –3,436 |
| **Consolidated net income** | | | | | **8,573** |

| Jan to Mar 2016<br>in €k | Europe | North America | Asia/ Pacific | Consoli- dation | Group |
|---|---|---|---|---|---|
| **Revenues** | **62,302** | **12,039** | **4,586** | **–2,106** | **76,822** |
| with third parties | 60,231 | 12,005 | 4,586 | 0 | 76,822 |
| with other divisions | 2,071 | 35 | 0 | –2,106 | 0 |
| **EBIT** | **3,084** | **–202** | **742** | **124** | **3,747** |
| Financial income | | | | | 6 |
| Financial expenses | | | | | –115 |
| **EBT** | | | | | **3,639** |
| Income taxes | | | | | –1,084 |
| **Consolidated net income** | | | | | **2,555** |

### 4. Equity

The subscribed capital of WashTec AG as of March 31, 2017 is €40.000k. It is divided into 13,976,970 no-par-value bearer shares and is fully paid in.

The average number of issued and outstanding shares as of March 31, 2017 is 13,382,324 (prior year: 13,382,324).

### 5. Financial instruments: additional disclosures

The following table, which is derived from the relevant balance sheet items, shows the relationships between the classification and measurement of financial instruments.

**Carrying amounts, measurement and fair value by category:**

| in €k | IAS 39 category | Carrying amount Mar 31, 2017 | Measurement under IAS 39 | | | Measurement under IAS 17 | Fair Value Mar 31, 2017 | IFRS 13 Level |
|---|---|---|---|---|---|---|---|---|
| | | | Amortized cost | Fair Value through equity | Fair Value through profit or loss | | | |
| **Assets** | | | | | | | | |
| Cash and cash equivalents | LaR | 9,300 | 9,300 | – | – | – | 9,300 | |
| Trade receivables | LaR | 58,266 | 58,266 | – | – | – | 58,266 | |
| Other financial assets | LaR | 1,616 | 1,616 | – | – | – | 1,616 | |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Trade payables | FLAC | 18,700 | 18,700 | – | – | – | 18,700 | |
| Interest-bearing loans | FLAC | 489 | 489 | – | – | – | 489 | |
| Other financial liabilities | FLAC | 21,948 | 21,948 | – | – | – | 21,948 | |
| Finance lease liabilities | n.a. | 2,689 | – | – | – | 2,689 | 2,689 | |
| Derivative financial liabilities | FVthP/L | 31 | – | – | 31 | – | 31 | 2 |
| | | | | | | | | |
| **Aggregated presentation by IAS 39 category** | | | | | | | | |
| Loans and receivables (LaR) | | 69,182 | 69,182 | – | – | | | |
| Financial liabilities measured at amortized cost (FLAC) | | 41,137 | 41,137 | – | – | | | |
| Fair value through profit/loss (FVthP/L) | | 31 | – | – | 31 | | | |

| in €k | IAS 39 category | Carrying amount Dec 31, 2016 | Measurement under IAS 39 | | | Measure-ment under IAS 17 | Fair Value Dec 31, 2016 | IFRS 13 Level |
|---|---|---|---|---|---|---|---|---|
| | | | Amortized cost | Fair Value through equity | Fair Value through profit or loss | | | |
| **Assets** | | | | | | | | |
| Cash and cash equivalents | LaR | 6,837 | 6,837 | – | – | – | 6,837 | |
| Trade receivables | LaR | 63,353 | 63,353 | – | – | – | 63,353 | |
| Other financial assets | LaR | 903 | 903 | – | – | – | 903 | |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Trade payables | FLAC | 11,779 | 11,779 | – | – | – | 11,779 | |
| Interest-bearing loans | FLAC | 8,342 | 8,342 | – | – | – | 8,342 | |
| Other financial liabilities | FLAC | 20,734 | 20,734 | – | – | – | 20,734 | |
| Finance lease liabilities | n.a. | 3,044 | – | – | – | 3,044 | 3,044 | |
| Derivative financial liabilities | FVthP/L | 55 | – | – | 55 | – | 55 | 2 |
| | | | | | | | | |
| **Aggregated presentation by IAS 39 category** | | | | | | | | |
| Loans and receivables (LaR) | | 71,093 | 71,093 | – | – | | | |
| Financial liabilities measured at amortized cost (FLAC) | | 40,854 | 40,854 | – | – | | | |
| Fair value through profit/loss (FVthP/L) | | 55 | – | – | 55 | | | |

Due to their short terms, the fair values of trade receivables, trade payables and cash and cash equivalents as well as other financial liabilities generally match their carrying amounts. The fair value of finance lease and loan liabilities is determined by discounting the expected future cash flows at current market interest rates.

Foreign exchange forwards are measured at fair value using expected exchange rates quoted on a regulated market.

The fair value of these derivative financial instruments is classified by maturity as follows:

| in €k | Mar 31, 2017 | Dec 31, 2016 |
|---|---|---|
| Current | 31 | 55 |
| **Total** | **31** | **55** |

## 6. Contingent liabilities and other financial obligations

There was no material change in contingent liabilities and other financial obligations relative to December 31, 2016.

## 7. Related party disclosures

There were no material related party transactions within the meaning of IAS 24 during the reporting period.

## 8. Events after the balance sheet date

There were no significant events after the balance sheet date.

Q1 2017

**Contact**

| | |
|---|---|
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**Financial Calendar**

| | |
|---|---|
| July 28, 2017 | Q2 Report 2017 |
| Sep 19–21, 2017 | Baader Bank Investment Conference, Munich |
| Oct 27, 2017 | Q3 Report 2017 |
| Nov 27–29, 2017 | Equity Capital Forum, Frankfurt |