Quarterly Report 1/2018

Q1

rosenbauer

Key financial figures		1–3/2016	1–3/2017	1–3/2018
Revenues	€ million	172.0	181.9	162.4
EBITDA	€ million	6.9	1.4	5.7
EBIT	€ million	3.4	(3.1)	1.1
EBIT margin		2.0%	(1.7%)	0.7%
EBT	€ million	3.6	(2.8)	0.9
Net profit for the period	€ million	2.8	(2.6)	0.8
Cash flow from operating activities	€ million	(53.6)	(49.7)	(19.9)
Investments[1]	€ million	6.1	3.7	5.1
Total assets	€ million	687.9	678.5	673.0
Equity in % of total assets		33.7%	35.1%	33.5%
Capital employed (average)	€ million	507.6	494.3	483.6
Return on capital employed		0.7%	(0.6%)	0.2%
Return on equity		1.6%	(1.2%)	0.4%
Net debt	€ million	262.0	227.4	211.3
Working capital	€ million	173.3	199.1	183.4
Gearing ratio		112.9%	95.4%	93.6%

Key performance figures		1–3/2016	1–3/2017	1–3/2018
Order backlog as of Mar 31	€ million	861.7	790.6	933.8
Order intake	€ million	211.8	207.9	236.2
Employees as of Mar 31		3,241	3,360	3,490

Key stock exchange figures		1–3/2016	1–3/2017	1–3/2018
Closing share price as of Mar 31	€	57.0	55.3	51.0
Number of shares	million units	6.8	6.8	6.8
Market capitalization	€ million	387.6	376.0	346.8
Earnings per share	€	0.0	(0.7)	(0.3)

[1] Investments relate to rights and property, plant and equipment

CONTENT

INTERIM GROUP MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

As expected, the global economy has carried its momentum into the new year and global demand has remained strong in the first three months of 2018. This means that a recovery phase that emerged back at the end of 2016 is continuing. At the same time, a series of political risks continues to exist, meaning that the protectionist trade policy announced by the US government or an intensification of conflicts in the Middle East could slow the rate of growth.

The global firefighting industry has benefited from the favorable economic sentiment in recent months and has thus enjoyed a stable performance. Demand is determined largely by countries with continuous procurement systems and those with elevated security awareness following natural or terrorist disasters.

On the North American market, the procurement volume could rise again to well above the long-term average of around 4,000 vehicles. A requirement for this is that the US tax reform passed at the beginning of the year actually stimulates investment in the country and, in doing so, the regional firefighting industry.

This year, the European firefighting market may continue to grow as demand has recently increased in both the D-A-CH region (Germany, Austria, Switzerland) and in some Western European countries.

Demand for firefighting technology rallied again somewhat in the countries of the Middle East, which is the reason why a slight recovery is predicted for the year as a whole.

DEVELOPMENT OF REVENUES AND EARNINGS

Revenues

The Rosenbauer Group generated revenues of € 162.4 million in the first quarter of 2018 (1–3/2017: € 181.9 million). While deliveries to some Central and Eastern European countries and Asia decreased, higher volumes were observed particularly in Western Europe and in the Middle East.

The first three months of the current year once again showed that the first quarter is always significantly weaker in terms of revenues and earnings. This is partly because the majority of deliveries are usually made in the second half of the year.

Result of operations

In contrast to the decrease in consolidated revenues, EBIT was significantly above the previous year at € 1.1 million (1–3/2017: € –3.1 million) in the first quarter. Increased production output with a higher inventory of finished goods and works in progress and a subsequently better coverage of fixed costs made the primary contributions to this. In addition, other expenses fell considerably year-on-year.

The consolidated revenues are currently divided across the sales regions as follows: 28% in the CEEU area, 12% in the NISA area, 11% in the MENA area, 15% in the APAC area, 31% in the NOMA area, and 3% in the Stationary Fire Protection segment.

Consolidated EBT for the reporting period amounted to € 0.9 million (1–3/2017: € –2.8 million).

ORDERS

The Rosenbauer Group recorded a very satisfactory order development in the first three months of the year, with incoming orders amounting to € 236.2 million (1–3/2017: € 207.9 million). While incoming orders are still declining in countries that are dependent on oil and commodity prices or that had to restructure their budgets due to conflicts, they continued to post partly strong increases in other sales regions. The order backlog as of March 31, 2018 was significantly higher than the previous year's figure at € 933.8 million (March 31, 2017: € 790.6 million). This order backlog gives the Rosenbauer Group a satisfactory level of capacity utilization at its production facilities and good visibility for the next nine months.

SEGMENT DEVELOPMENT

In line with the organizational structure, segment reporting is presented based on the five defined areas or sales regions: the CEEU area (Central and Eastern Europe), the NISA area (Northern Europe, Iberia, South America and Africa), the MENA area (Middle East and North Africa), the APAC area (Asia-Pacific), and the NOMA area (North and Middle America). In addition to this geographical structure, the SFP (Stationary Fire Protection) segment is shown as a further segment in internal reporting.

CEEU area segment

The CEEU area comprises most countries of Central- and Eastern Europe including the Baltics. The CEEU area includes the production locations in Leonding (plants I and II) and Neidling in Austria, Karlsruhe and Luckenwalde in Germany, Radgona in Slovenia, and Rosenbauer Rovereto in Italy. The plants produce products for sale in CEEU, but also deliver products to all other areas. There are also the sales and service locations Graz and Telfs in Austria, Oberglatt in Switzerland, Viersen in Germany and Warsaw in Poland. Also included in CEEU is the newly founded development company Rosenbauer E-Technology Development GmbH in Leonding.

Business development

Revenues in the CEEU area segment dropped to € 45.7 million in the period under review after € 62.9 million in the same period of the previous year. As a result of lower capacity utilization at the beginning of the year and the associated lower coverage of fixed costs in the first quarter, EBIT was still negative at € –0.4 million in the first quarter (1–3/2017: € –0.5 million).

NISA area segment

The NISA area comprises almost all African, South American, and European countries from the North Cape to Gibraltar. The sales region includes the Linares production location and the sales and service locations in Madrid in Spain, Holmfirth in UK, Chambéry in France, and Johannesburg in South Africa. The plant in Linares supplies its products mainly to the markets of the NISA area and, at the same time, is the center of competence for forest fire and towing vehicles, which is also delivering products to other areas.

Business development

In the reporting period, the revenues of the NISA area segment were significantly higher year-on-year at € 19.4 million (1–3/2017: € 13.7 million). EBIT was still negative at € –0.7 million (1–3/2017: € –1.0 million) in the period under review.

MENA area segment

The MENA area comprises the countries in the Middle East and North Africa. The sales region includes the King Abdullah Economic City production site in Saudi Arabia and a number of service locations in the region. The vehicles for the MENA area are mostly manufactured in the plants of the CEEU, NISA, and NOMA areas. Direct contact with the customers through an extensive service network in the region is a key success factor.

Business development

In the reporting period, the revenues of the MENA area segment increased significantly to € 17.3 million, therefore making a significant year-on-year improvement (1–3/2017: € 14.3 million). The main reasons for this were the recovery of the oil price and Rosenbauer's reinforced activities in the region. EBIT rose to € 0.6 million (1–3/2017: € –1.2 million) as a result of the increase in revenues.

APAC area segment

The APAC area comprises the entire Asia-Pacific region, several countries of the Middle East, China, India, and Russia. APAC's production facilities are located in Singapore and Moscow and it has its own sales and service locations in China, Brunei, the Philippines, and Australia.

Business development

Revenues in the APAC area segment fell to € 24.5 million in the period under review (1–3/2017: € 32.6 million). Still the EBIT could be improved to € –0.1 million (1–3/2017: € –2.0 million) compared to last years period.

NOMA area segment

The NOMA area comprises primarily the US, Canada, and countries in Central America, and the Caribbean. The area's production facilities are located in Lyons (SD), Wyoming (MN), and Fremont (NE). The fire service vehicles are manufactured to US standards and most of them are delivered to the NOMA sales area, but also to customers in the MENA, NISA, and APAC areas.

Business development

Revenues in the NOMA area segment declined to € 51 million in the first three months of this year (1–3/2017: € 54.9 million). At the same time, EBIT was at € 2.7 million, therefore remaining slightly down on the previous year (1–3/2017: € 2.9 million).

Stationary Fire Protection (SFP) segment

Stationary Fire Protection handles the planning, installation, and maintenance of stationary firefighting and alarm systems. Rosenbauer is therefore a full-service supplier in this field as well. This segment comprises the Group companies Rosenbauer Brandschutz in Leonding and G&S Brandschutztechnik in Mogendorf (Germany).

Business development

Revenues in the SFP segment climbed to € 4.6 million in the first three months of 2018 after € 3.6 million in the same period of the previous year. Segment EBIT was still negative in the reporting period at € –0.9 million (1–3/2017: € –1.4 million) due to order lead times lasting several months.

FINANCIAL AND NET ASSETS POSITION

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 of several months for vehicles in production. The high intra-year level of total assets of € 673.0 million (March 31, 2017: € 678.5 million) can be attributed in particular to the higher current assets compared with the balance sheet date of December 31, 2017.

With the first application of IFRS 15, Rosenbauer switched from recognition of revenues over time to recognition at a specific point in time in the current financial year. This means that current construction contracts will no longer be posted according to their progress as revenues, but only after completion and delivery to the final customer. In line with this improvement, inventories rose to € 281.8 million (March 31, 2017: € 211.1 million), while construction contracts were omitted entirely (March 31, 2017: € 73.8 million).

The conversion of revenue recognition to IFRS 15 will result in a later recognition of revenue with this fiscal year.

Current receivables were below the previous year's level at € 173.9 million (March 31, 2017: € 183.7 million). The Group's net debt (the net amount of interest-bearing liabilities less cash and cash equivalents and securities) decreased year-on-year to € 211.3 million (March 31, 2017: € 227.4 million).

Owing to the high level of working capital – due to high customer receivables – the intra-year cash flow from operating activities was still negative at € –19.9 million (1–3/2017: € –49.7 million). An improvement in the cash flow from operating activities is expected by the end of the year.

INVESTMENTS

Capital expenditure amounted to € 5.1 million in the reporting period (1–3/2017: € 3.7 million). The completion of ongoing investment projects is particularly important. Above all, this includes for example the modernization of Plant I in Leonding, which is undergoing reorganization with a view to increasing efficiency and profitability. In addition, Minnesota exercised the option to purchase a previously leased facility that produces municipal vehicles for the US market.

OUTLOOK

The IMF has recently confirmed its growth forecast for the global economy in 2018 and 2019 with an increase of 3.9%. The greatest uncertainties are growing protectionism and the simmering trade dispute between the USA and China, which could shake market confidence. At the same time, the most stimulating effect for the global economy is the US tax reform.

As shown from past experience, the firefighting industry follows the general economy at a delay of several months and should continue to develop at a stable rate. Rosenbauer closely monitors developments on the different fire equipment markets in order to exploit sales opportunities early on. Sales activities are then stepped up depending on in which countries or regions greater procurement volumes have been identified. It will continue to focus on efficiency enhancement and cost reduction so that the intended business development has a solid financial basis. Despite the traditionally low capacity utilization at the beginning of the year and the sustained margin pressure in the developed market, Rosenbauer's management is aiming to increase revenues and earnings to above at the previous year's level.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

By the time of the preparation of this report, there have been no events of particular significance to the Group that would have altered its net assets, financial position, or result of operations since the end of the reporting period.

MATERIAL RISKS AND UNCERTAINTIES IN THE REMAINING MONTHS OF THE FINANCIAL YEAR 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 these 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 2017 annual report.

Sector and company-specific risks

Risks to the fire safety business arising from changes in overall political or legal conditions are very difficult to protect against. However, given that most customers operate in the public sector, it is rare that they cancel orders. Political crises and embargoes 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, number of production units, quality, costs, etc.).

In addition to local performance indicators, the central controlling element in 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.

Legal risks

Rosenbauer International AG and its subsidiaries face legal proceedings in the course of their business operations.
A civil antitrust lawsuit has been filed against a company of the Rosenbauer Group. An appropriate provision was recognized.

Against the Rosenbauer International AG is a civil suit pending, regarding copyright issues. For this purpose, a corresponding provision was formed as of 31 December 2017.

Charges were brought against Rosenbauer International AG in the second half of 2017 regarding an order placed by the Croatian Ministry of the Interior in 2003. The outcome of these investigations related to these charges is not known at this time, hence no accounting measures have been taken.

Irregularities were identified in connection with payments at Rosenbauer Deutschland GmbH. A special and extensive investigation of the matter was launched by Internal Audit and Compliance, which processed the facts based on its comprehensive investigations. Based on the findings obtained to date in the ongoing investigations, provisions were recognized in the consolidated financial statements as of December 31, 2017.

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 financial and treasury policy that applies throughout the Group stipulates which instruments are permitted. Operating risks are hedged with derivative financial instruments. These transactions are conducted solely to hedge risks and not for the purposes of trading or speculation. For deliveries to countries with increased political or economic risk, public and private export insurance is generally taken out for the purpose of protection.

Assessment of overall risk

Rosenbauer feels that it is still well positioned to meet the demands made of it by the market, the economic environment, and 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. 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

Assets in € thousand	**Mar 31, 2017**	**Dec 31, 2017**	**Mar 31, 2018**
A. Non-current assets			
I. Property, plant and equipment	146,562.9	145,891.8	146,913.6
II. Intangible assets	31,095.1	28,471.9	27,520.1
III. Securities	628.4	807.8	769.0
IV. Investments in companies accounted for using the equity method	7,497.5	6,678.6	6,283.8
V. Receivables and other assets	448.4	51.8	104.1
VI. Deferred tax assets	3,276.6	2,327.2	4,882.6
	189,508.9	**184,229.1**	**186,473.2**
B. Current assets			
I. Inventories	211,105.2	191,152.9	281,802.8
II. Construction contracts	73,805.0	75,635.5	0.0
III. Receivables and other assets	183,724.5	153,744.8	173,888.1
IV. Income-tax receivables	1,050.7	637.1	191.1
V. Cash and cash equivalents	19,325.9	20,041.1	30,602.3
	489,011.3	**441,211.4**	**486,484.3**
Total assets	**678,520.2**	**625,440.5**	**672,957.5**

Equity and liabilities in € thousand	**Mar 31, 2017**	**Dec 31, 2017**	**Mar 31, 2018**
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	(5,369.2)	(6,036.2)	(6,781.9)
IV. Accumulated results	173,209.1	176,960.9	166,657.4
Equity attributable to shareholders of the parent company	**205,143.3**	**208,228.1**	**197,178.9**
V. Non-controlling interests	33,221.6	30,977.8	28,550.0
	238,364.9	**239,205.9**	**225,728.9**
B. Non-current liabilities			
I. Non-current interest-bearing liabilities	112,865.9	99,819.8	109,879.7
II. Other non-current liabilities	1,014.9	1,389.1	1,278.3
III. Non-current provisions	33,046.0	31,283.9	31,496.5
IV. Deferred tax liabilities	3,282.8	2,215.4	1,479.0
	150,209.6	**134,708.2**	**144,133.5**
C. Current liabilities			
I. Current interest-bearing liabilities	134,458.8	105,105.0	132,768.2
II. Advance payments received	20,089.7	20,870.9	25,081.1
III. Trade payables	44,252.9	39,490.3	49,129.3
IV. Other current liabilities	65,146.6	63,672.2	72,686.7
V. Provisions for taxes	4,999.1	2,456.2	2,189.7
VI. Other provisions	20,998.6	19,931.8	21,240.1
	289,945.7	**251,526.4**	**303,095.1**
Total equity and liabilities	**678,520.2**	**625,440.5**	**672,957.5**

CONSOLIDATED INCOME STATEMENT

in € thousand	1–3/2017	1–3/2018
1. Revenues	181,940.4	162,377.9
2. Other income	278.0	1,721.8
3. Change in inventory of finished goods and work in progress	2,933.4	41,806.4
4. Capitalized development costs	410.9	245.4
5. Costs of goods sold	(106,868.8)	(125,808.5)
6. Staff costs	(52,063.1)	(52,859.6)
7. Depreciation and amortization expense on property, plant and equipment and intangible assets	(4,463.8)	(4,588.2)
8. Other expenses	(25,265.5)	(21,770.4)
9. Operating result (EBIT) before share in results of companies accounted for using the equity method	**(3,098.5)**	**1,124.8**
10. Financing expenses	(1,153.4)	(1,199.8)
11. Financing income	1,332.7	1,277.8
12. Share in results of companies accounted for using the equity method	124.3	(297.0)
13. Profit before income tax (EBT)	**(2,794.9)**	**905.8**
14. Income tax	244.1	(115.3)
15. Net profit for the period	**(2,550.8)**	**790.5**
thereof:		
– Non-controlling interests	2,280.7	2,622.9
– Shareholders of parent company	(4,831.5)	(1,832.4)
Average number of shares outstanding	6,800,000 units	6,800,000 units
Basic earnings per share	(€ 0.71)	(€ 0.27)
Diluted earnings per share	(€ 0.71)	(€ 0.27)

PRESENTATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	1–3/2017	1–3/2018
Net profit for the period	**(2,550.8)**	**790.5**
Restatements as required by IAS 19	(26.7)	(20.5)
– thereof deferred taxes	6.7	5.1
Total changes in value recognized in equity that cannot be subsequently reclassified into profit or loss	**(20.0)**	**(15.4)**
Gains/losses from foreign currency translation	(368.8)	(1,573.5)
Gains/losses from foreign currency translation of companies accounted for using the equity method	426.8	(97.7)
Gains/losses from securities through fair value		
Change in unrealized gains/losses	44.1	16.8
– thereof deferred tax	(11.0)	(4.2)
Gains/losses from cash flow hedge		
Change in unrealized gains/losses	768.5	175.6
– thereof deferred tax	(192.1)	(43.9)
Realized gains/losses	316.6	(6.3)
– thereof deferred tax	(79.2)	1.6
Total changes in value recognized in equity subsequently reclassified into profit or loss when certain conditions are met	**904.9**	**(1,531.6)**
Other comprehensive income	**884.9**	**(1,547.0)**
Total comprehensive income after income taxes	**(1,665.9)**	**(756.5)**
thereof:		
– Non-controlling interests	1,980.7	1,821.6
– Shareholders of parent company	(3,646.6)	(2,578.1)

CHANGES IN CONSOLIDATED EQUITY

	Attributable to shareholders			
			Other reserves	
in € thousand	Share capital	Capital reserve	Currency translation	Restatement as required by IAS 19
2018				
As of Dec 31, 2017	13,600.0	23,703.4	359.7	(6,619.8)
Adaption to IFRS 15	0.0	0.0	0.0	0.0
As of Jan 1, 2018	**13,600.0**	**23,703.4**	**359.7**	**(6,619.8)**
Other comprehensive income	0.0	0.0	(869.9)	(15.4)
Net profit for the period	0.0	0.0	0.0	0.0
Total comprehensive income	**0.0**	**0.0**	**(869.9)**	**(15.4)**
Dividend	0.0	0.0	0.0	0.0
As of Mar 31, 2018	**13,600.0**	**23,703.4**	**(510.2)**	**(6,635.2)**
2017				
As of Jan 1, 2017	13,600.0	23,703.4	5,843.0	(6,459.2)
Other comprehensive income	0.0	0.0	358.0	(20.0)
Net profit for the period	0.0	0.0	0.0	0.0
Total comprehensive income	**0.0**	**0.0**	**358.0**	**(20.0)**
Disposal of non-controlling interests	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0
As of Mar 31, 2017	**13,600.0**	**23,703.4**	**6,201.0**	**(6,479.2)**

in the parent company

Revaluation reserve	Hedging reserve	Accumulated results	Subtotal	Non-controlling interests	Group equity
126.3	97.6	176,960.9	208,228.1	30,977.8	239,205.9
0.0	0.0	(8,471.1)	(8,471.1)	(2,620.0)	(11,091.1)
126.3	**97.6**	**168,489.8**	**199,757.0**	**28,357.8**	**228,114.8**
12.6	127.0	0.0	(745.7)	(801.3)	(1,547.0)
0.0	0.0	(1,832.4)	(1,832.4)	2,622.9	790.5
12.6	**127.0**	**(1,832.4)**	**(2,578.1)**	**1,821.6**	**(756.5)**
0.0	0.0	0.0	0.0	(1,629.4)	(1,629.4)
138.9	**224.6**	**166,657.4**	**197,178.9**	**28,550.0**	**225,728.9**
50.3	(5,988.2)	178,308.7	209,058.0	32,933.5	241,991.5
33.1	813.8	0.0	1,184.9	(300.0)	884.9
0.0	0.0	(4,831.5)	(4,831.5)	2,280.7	(2,550.8)
33.1	**813.8**	**(4,831.5)**	**(3,646.6)**	**1,980.7**	**(1,665.9)**
0.0	0.0	(268.1)	(268.1)	(235.7)	(503.8)
0.0	0.0	0.0	0.0	(1,456.9)	(1,456.9)
83.4	**(5,174.4)**	**173,209.1**	**205,143.3**	**33,221.6**	**238,364.9**

CONSOLIDATED STATEMENT OF CASH FLOWS

	in € thousand	1–3/2017	1–3/2018
	Profit before income tax	(2,794.9)	905.8
+	Depreciation	4,463.8	4,588.2
±	Gains/losses of companies accounted for using the equity method	(124.3)	297.0
+	Interest expenses	1,050.2	1,103.1
–	Interest income	(1,332.7)	(1,277.8)
±	Unrealized gains/losses from currency translation	(205.3)	(916.1)
±	Change in inventories	(11,973.7)	(29,252.9)
±	Change in receivables and other assets and construction contracts	(26,266.9)	(18,008.5)
±	Change in trade payables and advance payments received	(10,177.6)	14,418.8
±	Change in other liabilities	(1,728.8)	7,953.1
±	Change in provisions (excluding income tax deferrals)	621.3	1,520.9
	Cash earnings	**(48,468.9)**	**(18,668.4)**
–	Interest paid	(768.6)	(916.6)
+	Interest received	157.4	369.6
+	Dividends received from companies accounted for using the equity method	0.0	0.0
–	Income tax paid	(624.1)	(706.4)
	Net cash flow from operating activities	**(49,704.2)**	**(19,921.8)**
–	Payments from the acquisition of a subsidiary less acquired cash and cash equivalents	0.0	0.0
–	Payments/proceeds from the purchase of property, plant and equipment, intangible assets and securities	(3,998.4)	(5,248.4)
–	Income from capitalized development costs	(410.9)	(245.4)
	Net cash flow from investing activities	**(4,409.3)**	**(5,493.8)**
–	Dividends paid	(503.8)	0.0
–	Dividends paid to non-controlling interests	(1,456.9)	(1,629.4)
+	Proceeds from interest-bearing liabilities	116,894.1	111,296.6
–	Repayment of interest-bearing liabilities	(71,682.4)	(73,573.5)
	Net cash flow from financing liabilities	**43,251.0**	**36,093.7**
	Net change in cash and cash equivalents	(10,862.5)	10,678.1
+	Cash and cash equivalents at the beginning of the period	30,209.7	20,041.1
±	Adjustment from currency translation	(21.3)	(116.9)
	Cash and cash equivalents at the end of the period	**19,325.9**	**30,602.3**

SEGMENT REPORTING

External revenues in € thousand	1–3/2017	1–3/2018
CEEU area	62,925.6	45,698.6
NISA area	13,657.7	19,362.5
MENA area	14,301.6	17,295.0
APAC area	32,590.7	24,470.1
NOMA area	54,908.6	50,996.7
Stationary Fire Protection (SFP)	3,556.2	4,555.0
Group	**181,940.4**	**162,377.9**

in € thousand	1–3/2017	1–3/2018
EBIT		
CEEU area	(498.9)	(422.0)
NISA area	(978.0)	(702.5)
MENA area	(1,171.3)	555.0
APAC area	(1,992.1)	(125.7)
NOMA area	2,899.0	2,747.0
Stationary Fire Protection (SFP)	(1,357.2)	(927.0)
EBIT before share of results of companies accounted for using the equity method	**(3,098.5)**	**1,124.8**
Finance expenses	(1,153.4)	(1,199.8)
Financial income	1,332.7	1,277.8
Share in results of companies accounted for using the equity method	124.3	(297.0)
Profit before income tax (EBT)	**(2,794.9)**	**905.8**

EXPLANATORY NOTES

1. INFORMATION ON THE COMPANY AND THE 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, equipping vehicles and their crews and preventive firefighting. The Group's head office is located at Paschinger Strasse 90, 4060 Leonding, Austria.

These unaudited interim consolidated financial statements as of March 31, 2018 were prepared in accordance with the principles of the 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 2017. 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, 2017.

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

2. FIRST-TIME APPLICATION OF IFRS STANDARDS

IFRS 15 based on a modified retrospective approach was applied for the first time in the reporting period. The standard is a new regulation for the recognition of revenues and at Rosenbauer, this means that recognition of revenue over time for construction contracts using POC methods is no longer possible and the revenue from these contracts must instead be recognized at a specific date in accordance with IFRS 15. IFRS 15 also requires that revenue from sales is recognized only to the extent that its future cancellation is not expected (repurchase obligation). The first application of IFRS 15 by the Rosenbauer Group resulted in a reduction of € 11,091.1 thousand in comprehensive income as of January 1, 2018.

More details on this can be found in the consolidated financial statements as of December 31, 2017.

No new standards have been applied early. The following new standards that are required to be applied in the interim reporting period do not have any effect on the interim consolidated financial statements of Rosenbauer International AG.

Standards/Interpretationen	Effective date according to IASB	Effective date according to EU-endorsement
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (published September 2016)	Jan 1, 2018	Jan 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (published June 2016)	Jan 1, 2018	Jan 1, 2018
Amendments to IAS 40: Transfer of Investmenty Property (published December 2016)	Jan 1, 2018	Jan 1, 2018
IFRIC 23: Uncertainty over Income Tax Treatments (published June 2017)	Jan 1, 2019	Not yet applied
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (published October 2017)	Jan 1, 2019	Not yet applied
Amendments to IFRS 9: Prepayment Features with Negative Compensation (published October 2017)	Jan 1, 2019	Not yet applied
Improvements to IFRS (2015–2017) (published December 2017)	Jan 1, 2019	Not yet applied
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (published February 2018)	Jan 1, 2019	Not yet applied
Amendments to References to the Conceptual Framework in IFRS Standards (published March 2018)	Jan 1, 2020	Not yet applied
IFRS 17: Insurance Contracts (published May 2017)	Jan 1, 2021	Not yet applied

3. COMPANIES INCLUDED IN CONSOLIDATION

In accordance with IFRS 10, the consolidated financial statements as of March 31, 2018 include three Austrian and 25 foreign subsidiaries, all of which are legally and actually controlled by Rosenbauer International AG and therefore included in consolidation. The shares in the associate in Russia (PA “Fire-fighting special technics”, Rosenbauer share: 49%) and the shares in the joint venture in Spain (Rosenbauer Ciansa S.L., Rosenbauer share: 50%) – established with the co-owner and Managing Director of Rosenbauer Española – are accounted for 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, 2017.

The following transactions were conducted with related parties in the period under review:

	Joint ventures		Management	
in € thousand	1–3/2017	1–3/2018	1–3/2017	1–3/2018
Sales of goods	0.0	0.0	0.0	0.0
Purchase of goods	704.7	149.1	0.0	0.0
Trade payables	851.4	1.2	0.0	0.0
Loans receivables	0.0	0.0	745.9	305.0
Loans liabilities	0.0	0.0	0.0	100.0
Land rent	0.0	0.0	70.9	122.5
Consulting services	0.0	0.0	3.7	0.0

7. INCOME TAX

Income tax 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. Tax on income for 1–3/2018 break down into € 652.3 thousand (1–3/2017: € 740.7 thousand) in current income tax expenses and € –537.0 thousand (1–3/2017: € –984.8 thousand) in changes in deferred income tax.

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 presented in line with the management approach of internal reporting.

The Group is managed by the chief operating decision makers on the basis of sales markets. The development of the market segments is particularly significant in internal reporting. Segmentation is based on the division of the sales regions (areas) defined by the chief operating decision makers. In addition to the segments managed by sales markets (areas), the SFP (Stationary Fire Production) segment is shown as a further segment in internal reporting.

The following reportable segments have been defined in line with the internal management information system: The CEEU area (Central and Eastern Europe), the NISA area (Northern Europe, Iberia, South America, Africa), the MENA area (Middle East, North Africa), the APAC area (Asia-Pacific), the NOMA area (North and Middle America) and SFP (Stationary Fire Production).

The chief operating decision makers monitor the EBIT of the areas 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, 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 significant events occured by the time of the preperation of the Quarterly Report.

10. CONTINGENT CLAIMS 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. DISCLOSURES ON FINANCIAL INSTRUMENTS

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 March 31, 2018 the fair value of hedges recognized in the income statement was € 1,546.9 thousand (March 31, 2017: € –1,505.7 thousand), and that of the hedges recognized in other comprehensive income was € 299.4 thousand (March 31, 2017: € –6,899.2 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.

For all classes of financial instruments other than non-current interest-bearing loan liabilities, the carrying amount is equal to the fair value. The inputs for calculating the fair value of non-current loan liabilities bearing interest at fixed rates are assigned to level 2 of the IFRS 13 fair value hierarchy. The fair value is calculated using a DCF method, applying a discount rate that reflects the Group's interest rate on borrowed capital as of the end of the reporting period.

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	**Mar 31, 2017**	**Mar 31, 2018**	**Mar 31, 2017**	**Mar 31, 2018**
Derivative financial instruments without securement				
Positive fair value	0.0	0.0	67.1	1,687.2
Negative fair value	0.0	0.0	1,573.6	140.3
Derivative financial instruments with securement				
Positive fair value	0.0	0.0	0.0	315.6
Negative fair value	0.0	0.0	6,899.2	16.2
Interest rate hedges				
Positive fair value	0.0	0.0	0.8	0.0
Negative fair value	0.0	0.0	0.0	0.0
Available-for-sale instruments				
Positive fair value	628.4	769.0	0.0	0.0
Negative fair value	0.0	0.0	0.0	0.0

The carrying amounts of cash and cash equivalents, trade receivables, trade payables, other financial assets and liabilities and current interest-bearing loan liabilities correspond to their fair values, which is why no further information of classification in a fair value hierarchy is included.

			At fair value	
in € thousand	Carrying amount	At amortized cost	Other comprehensive income	Through profit and loss
March 31, 2018				
Securities	769.0	0.0	769.0	0.0
Receivables	173,992.2	171,989.4	315.6	1,687.2
Cash and cash equivalents	30,602.3	30,602.3	0.0	0.0
Interest-bearing liabilities	242,647.9	242,647.9	0.0	0.0
Trade payables	49,129.3	49,129.3	0.0	0.0
Other liabilties	73,965.0	73,808.5	16.2	140.3
March 31, 2017				
Securities	628.4	0.0	628.4	0.0
Receivables	184,172.9	184,105.0	0.0	67.9
Cash and cash equivalents	19,325.9	19,325.9	0.0	0.0
Interest-bearing liabilities	247,324.7	247,324.7	0.0	0.0
Trade payables	44,252.9	44,252.9	0.0	0.0
Other liabilties	66,161.5	57,688.7	6,899.2	1,573.6

12. OTHER DISCLOSURES

A civil antitrust lawsuit has been filed against a company of the Rosenbauer Group. An appropriate provision was recognized as of December 31, 2017.

Rosenbauer International AG was sued in the second half of 2017 in relation to investigations pertaining to the handling of an order placed by the Croatian Ministry of the Interior in 2003. No accounting measures were taken on the basis of the current assessment.

Irregularities were detected in the process of preparing the annual financial statements of Rosenbauer Deutschland GmbH. Based on the findings obtained to date in the ongoing investigations, write-downs on individual receivables of € 1.2 million and a provision for other identified risks of € 3.4 million were recognized in the consolidated financial statements as of December 31, 2017. The Executive Board has provided the necessary structural and staff resources for the further investigations, and appropriate measures will be derived once the findings are available.

RESPONSIBILITY STATEMENT

These condensed interim consolidated financial statements of Rosenbauer International AG as of March 31, 2018 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 interim group 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 Section 87 (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, May 15, 2018

Dieter Siegel
CEO
Global central functions:
Corporate Development,
Human Resources,
Strategy,
Innovation & Marketing,
Group Communication,
Fire & Safety Equipment,
Product Management

Andreas Zeller
CSO
Global central functions:
Area Management
APAC, CEEU, MENA,
NISA and NOMA,
Sales Administration,
Customer Service

Daniel Tomaschko
CTO
Global central functions:
Stationary Fire Protection,
Supply Chain Management,
Central Technics,
CoC Operations

Sebastian Wolf
CFO
Global central functions:
Group Controlling,
Group Accounting and Tax,
Legal, Compliance &
Insurance, Export Finance,
Treasury, Investor Relations,
Internal Audit, IT

CONTACT AND CAPITAL MARKET CALENDAR

INVESTOR RELATIONS

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CAPITAL MARKET CALENDAR

May 18, 2018	26th Annual General Meeting, Linz
May 24, 2018	Ex-dividend date
May 25, 2018	Dividend record date
May 28, 2018	Dividend payment date
Aug 10, 2018	Half-year Financial Report 2018
Nov 13, 2018	Quarterly Report 3/2018

ROSENBAUER SHARE DETAILS

ISIN	AT0000922554
Reuters	RBAV.VI
Bloomberg	ROS AV
Share class	No-par-value shares, bearer or registered
ATX prime weighting	0.29%

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