



frauenthal
GROUP

REPORT ON THE FIRST QUARTER OF 2014



STRENGTH THROUGH DIVERSITY

SUMMARY

	3M 2014	3M 2013	Change	2013
Consolidated statement of profit or loss (EUR m)				
Revenue	139.7	113.0	23.6%	574.8
EBITDA	3.7	-0.3	*	20.4
EBITDA adjusted ¹⁾	3.7	-0.3	*	22.7
ROS (EBITDA / Revenue)	2.7%	-0.3%	3.0%	3.6%
ROS (EBITDA / Revenue) adjusted ¹⁾	2.7%	-0.3%	3.0%	4.0%
Profit/loss from operations	0.8	-3.0	127.9%	-22.5
Profit/loss from operations adjusted ^{1) 2)}	0.8	-3.0	127.9%	9.2
Profit/loss before tax	-0.5	-4.0	88.2%	-27.9
Profit/loss for the year	-0.7	-3.7	81.3%	-30.9
Profit/loss for the year adjusted ^{1) 2)}	-0.7	-3.7	81.3%	0.8
Operating profit before working capital changes	3.4	-0.7	557.0%	16.9
Consolidated statement of financial position (EUR m)				
Non-current assets	126.7	123.5	2.6%	125.9
Current assets	236.2	218.6	8.0%	231.3
Total assets	362.9	342.1	6.1%	357.2
Borrowings	272.2	220.4	23.5%	265.6
Equity	90.6	121.7	-25.5%	91.6
Equity ratio (%)	25.0%	35.6%	-10.6%	25.7%
Investment	3.6	2.0	80.1%	16.3
as % of revenue	2.6%	1.8%	0.8%	2.8%
Average head account	2,960	2,570	15.2%	2,989
Per employee ratios (EUR '000)				
Revenue	47.2	44.0	7.3%	192.3
Profit/loss from operations	0.3	-1.2	124.3%	-7.5
Operating profit before working capital changes	1.1	-0.3	496.8%	5.7
Share issue	9,434,990	9,434,990	-	9,434,990
Own shares	-943,499	-943,499	-	-943,499
Shares in circulation	8,491,491	8,491,491	-	8,491,491
Per share ratio (EUR)				
EBITDA	0.4	0.0	*	2.4
Profit/loss from operations	0.1	-0.4	127.9%	-2.6
Profit/loss for the year	-0.1	-0.4	81.3%	-3.6
Operating profit before working capital changes	0.4	-0.1	557.0%	2.0
Equity	10.7	14.3	-25.5%	10.8
Share price				
Year end	9.15	8.20	11.6%	9.01
High	9.72	9.45	2.9%	9.94
Low	8.80	8.19	7.4%	8.12
Dividend and Bonus ³⁾				0.2

1) 2013: Adjustment of Eur 2,3m for deconsolidation of Frauenthal Automotive Ahlen GmbH and Frauenthal Automotive Westphalia GmbH due to the disposal of the companies

2) 2013: Adjustment for EUR 29,4m from Impairments

3) Distribution proposed at the Annual General Meeting



CONTENT

PART 1

4 Operating review for the first quarter of 2014

PART 2

12 Notes to the Interim Report
16 Declaration by the Executive Board
17 Abridged financial statements

OPERATING REVIEW FOR THE FIRST QUARTER OF 2014

DEAR SHAREHOLDER,

Developments in the first quarter of 2014 were in line with the Frauenthal Group's expectations. Frauenthal Automotive reported a significant year-on-year rise in revenue and profits thanks to its acquisition and restructuring activities. The Wholesale Plumbing Supplies Division (SHT) benefited from a favourable trading climate, likewise posting profit and revenue gains. A combination of the slightly improved operating environment, the acquisition of the Gnotec Group and the effects of the restructuring measures initiated last year in the air tank segment led to an increase in consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) of EUR 4.0m year on year, taking the quarterly total to EUR 3.7m. There was a net loss of EUR 0.7m in the first quarter, an improvement of EUR 3.0m on the same period a year earlier.

Key developments in the first half of 2014:

FRAUENTHAL AUTOMOTIVE

- The European commercial vehicle market remains stable; no sign of a collapse in demand despite pre-emptive buying in 2013 (Euro 5 last-buy effect).

- The Gnotec Group returned revenue growth of 36.9% thanks to buoyant demand from the passenger vehicle sector. Ramp-up of the production facility in China is proceeding on schedule.
- The impairment of property, plant and equipment recognised in the previous year in the steel springs segment led to an improvement in the business's operating performance due to the significant reduction in the depreciation base.

WHOLESALE PLUMBING SUPPLIES (SHT)

- Construction activity in Austria improved slightly in the first quarter.
- The contraction in demand in Slovakia has slowed, and SHT Slovensko is continuing to forge ahead with its integration and restructuring activities.
- Best-in-class service continues to translate into greater market share and stable margins in Austria.
- Consolidating the sales organisation for eastern Austria at a single location has generated cost savings.

In pursuit of its strategy of a diversified business model, Frauenthal continues to focus its efforts on

identifying a third division in a sector with different economic cycles to those affecting the construction and commercial vehicle industries. In addition, a number of potential add-ons able to expand and ensure our current operations, as well as to generate additional shareholder value are analysed.

The second quarter will be shaped by stable developments in the commercial vehicles sector and growing demand from the passenger vehicles segment. In light of this, Frauenthal Automotive is expected to report another improvement in earnings. The Austrian plumbing supplies market is seeing moderate growth and there are signs of recovery in Slovakia. SHT's second-quarter earnings are seen improving significantly due to a combination of seasonal factors, a slight rise in market share and the effects of restructuring measures at SHT Slovensko.

KEY DEVELOPMENTS DURING THE QUARTER

- The EUR 4.0m year-on-year increase in EBITDA to EUR 3.7m was mainly due to the Frauenthal Automotive Division, which accounted for EUR 3.7m of the rise.
- The EUR 24.3m or 48.6% increase in divisional revenue to EUR 74.3m posted by Frauenthal Automotive in the first quarter is attributable to the acquisition of the Gnotec Group, which contributed EUR 25.2m. Developments elsewhere in the division were stable. The EUR 3.6m turnaround in EBITDA to EUR 3.7m was largely driven by the Gnotec Group's contribution of EUR 2.9m. This improvement was also attributable to last year's successful restructuring of the air tanks business. In terms of earnings before interest and tax (EBIT), it should be noted that the impairments of EUR 28.7m (including goodwill impairment of EUR 11.5m) recognised by the steel springs segment will lead to a significant reduction in the depreciation base for property, plant and equipment from 2014 onwards. The positive impact of this development on earnings amounted to about EUR 0.7m in the first quarter. Divisional EBIT improved by EUR 3.5m to EUR 1.8m.

- Wholesale Plumbing Supplies delivered a EUR 2.4m (+3.8%) rise in revenue to EUR 65.4m, with Austria responsible for a gain of EUR 2.6m. Following this development and due to the fact that Slovakia's performance was in line with expectations, EBIT for the period contracted by EUR 0.5m to EUR -0.2m.
- Group EBIT for the first quarter 2014 rose by EUR 3.8m, to EUR 0.8m. The Frauenthal Group's net finance costs were negative by EUR 1.3m, a deterioration of EUR 0.3; this development was attributable to financing costs for the Gnotec Group. The income tax burden for the first quarter increased by EUR 0.6m to EUR 0.8m, owing to stronger earnings, in particular from the Gnotec Group.
- The Group recorded a loss from continuing operations of EUR 0.7m in the first quarter of this year after a loss of EUR 3.7m in the same period a year earlier.

HIGHLIGHTS OF DIVISIONAL TRADING PERFORMANCE

FRAUENTHAL AUTOMOTIVE

The market for commercial vehicles in Europe continued its moderate growth in the first quarter, with a 9.8% increase in new vehicle registrations in the EU. A 6.7% rise in registrations of medium and heavy vehicles illustrates that the effects of pre-emptive buying of Euro 5 compliant trucks were not particularly significant. Demand for light trucks, which are not affected by the changeover to the new Euro 6 standards, was robust, rising by 10.6%. The recovery on the market was driven by all of the larger countries except France – registrations were up by 39% in Spain, and by 10.5% in the EU's largest market, Germany. Increased online trading is fuelling continued growth in demand for light vehicles, which indicates a positive long-term trend for this segment. For the heavy segment, long-term demand is expected to concentrate on spare parts following the temporary fluctuation caused by the changeover from Euro 5 to Euro 6 models. Export demand from Brazil, Russia and the Middle East is expected to tail off as

local-content regulations for production by European OEMs outside the continent are set to increase, particularly in Brazil and Russia. The build-up and expansion of the local supplier base in these regions has led to a decrease in component exports. During 2013 Frauenthal Automotive conceded a limited amount of export business in the steel spring segment to competitors in Brazil, but in the medium-term the division expects to lose further ground to competitors outside Europe. Despite the current short-term improvement in the market, there is no evidence to suggest a sustained rise in European commercial vehicle production in the medium term. At best, demand for components for heavy commercial vehicles is likely to stand still. The EUR 24.3m or 48.6% increase in divisional revenue in the first quarter is attributable to the acquisition of the Gnotec Group. Slight declines elsewhere in the division relate to a drop in revenue from the steel spring segment and the loss of business to a Brazilian competitor as outlined above, as well as the loss of another order in the light trucks segment to a non-European low-cost country. The division is also feeling the presumably temporary effects of weaknesses stemming from customers with a large number of component suppliers. Divisional capacity and structures are aligned to demand in all areas, with the exception of the steel springs business, where capacity is geared towards considerably higher demand than that projected for 2014 as a whole. As a result, restructuring measures are required, and are currently being evaluated.

Efforts to raise Frauenthal's share of the market for components for the new Euro 6 truck series by developing improved products have begun to pay off. New business includes orders for technically advanced front axle springs. There is strong customer interest in lightweight leaf springs, stabilisers and air reservoirs, as shown by a number of promising enquiries. The stabiliser business won a significant order for lightweight tubular stabiliser bars. This trend is being driven by the requirements of the Euro 6 emission standard. Weight reductions are essential to achieving the lower fuel consumption required by the standard, and will be crucial to the competitiveness of new model ranges. It is proving more difficult

than previously thought to generate the required level of new business for steel spring production, as the kinds of projects that would be a good fit take a long time to realise. Price is becoming an increasingly important competitive factor as all OEMs face cut-throat competition and severe pressure on prices. Adding market share on economically viable terms is extremely difficult, given the current state of the commercial vehicle industry. Frauenthal Automotive's main strengths are its outstanding development capabilities and the production facility in Romania with its highly attractive cost structures. A large part of Frauenthal Automotive's volume is now locked in by new long-term supply contracts and extensions to existing ones.

The Gnotec Group's preparations for the ramp-up of series production capacity in Kunshan (near Shanghai) proceeded according to plan. First-quarter earnings reflected the ramp-up costs.

The divisional head count has risen by 13 since year-end 2013, to an average of 2,128. During the first quarter of 2014 a total of EUR 2.8m was invested, chiefly on measures aimed at improving productivity and quality, as well as on expanding the production facility in China. Of this amount, EUR 0.8m was attributable to the Gnotec Group and EUR 0.8m to the air tank product family.

WHOLESALE PLUMBING SUPPLIES (SHT)

Sales at the Wholesale Plumbing Supplies Division (SHT) increased by EUR 2.4m, or 3.8%, in the first quarter to EUR 65.4m, of which EUR 3.2m was attributable to SHT Slovensko. The revenue contribution from the Austrian operations was up by EUR 2.6m or 4.2%. Year-on-year growth for the first quarter was primarily down to the favourable weather conditions at the start of 2014, particularly in eastern Austria. Public-sector savings subdued the trading environment overall. The proportion of revenue attributable to contract business was up on the same period of 2013. Although this development weighed on gross margins, they fell only slightly year on year. The SHT Group continued to post moderate gains in market



share in Austria. This development represents a ringing endorsement of the Group's strategy in light of the additional capacity introduced by virtually all participants over the past few years. Service quality and innovation are the keys to success in the highly price-sensitive wholesale plumbing supplies market. Higher year-on-year earnings largely stemmed from the revenue growth in Austria. The cost-saving measures introduced in the third quarter of 2013 have now been implemented in full and are making a positive contribution to earnings. A combination of weak demand in Slovakia, integration measures and efforts to realign capacity meant that earnings at SHT Slovensko fell slightly. Signs of stabilisation in the Slovak construction sector, and the effects of the restructuring measures already introduced suggest an upturn in performance, meaning that the Slovakian market is unlikely to have a negative effect on the SHT Group in 2014.

The Group will continue to pursue its strategy of extending SHT Slovensko's leadership in service quality, distribution structures, logistics, customer service, and innovative systems that generate customer benefits.

BUSINESS DEVELOPMENT

The Group will continue to focus on its aim of acquiring a suitable third division. However, the situation on the M&A market is affected by the availability of substantial liquidity – especially on the part of private equity investors – for the acquisition of financially sound, profitable enterprises, as well as the current availability for sale of a large number of companies in financial distress. Neither scenario is compatible with the Frauenthal Group's investment strategy, which rules out both excessive purchase prices and the acquisition of companies in need of restructuring. Frauenthal's business development strategy will increasingly focus on suitable acquisition targets that offer potential synergies with its two existing divisions. The intensive efforts of the past two years have resulted in some excellent contacts on the M&A mar-

ket, which is helping to identify numerous acquisition targets for review and evaluation.

LIQUIDITY AND INVESTMENT

In the first quarter of the year the Group generated EUR 3.0m in cash flow from operations before working capital changes, while investment totalled EUR 4.0m. Working capital rose by EUR 7m in line with the SHT Group's normal seasonal patterns. Liquidity needs during the first quarter were up by EUR 9m compared with year-end 2013. This was covered by short-term credit lines. Frauenthal Automotive made use of an ABS credit line of EUR 10m.

Total assets rose by EUR 5.6m or 1.6% from their level at year-end 2013, largely as a result of the increase in working capital. Unless more attractive investment opportunities present themselves, the Group will have EUR 35m at its disposal for the redemption of the corporate bond which matures in May 2016. The Group has invested this sum in money market instruments with leading Austrian banks.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 19 May 2014 Frauenthal Handels- und Dienstleistungs-GmbH and SHT Haustechnik AG reached an agreement in principle with Wolseley to acquire 100% of the shares in ÖAG AG at a preliminary purchase price of about EUR 23 million. Austrian plumbing supplies and pipe system wholesaler ÖAG AG is a direct competitor of SHT Haustechnik AG. Conclusion of the transaction is still subject to the standard industry conditions precedent, in particular with regard to clearance by the relevant competition authorities.

OUTLOOK

We do not expect **Frauenthal Automotive** to see any long-term recovery in demand for commercial vehicles, but we are optimistic about the prospects for the Gnotec Group's passenger vehicle business, where a favourable customer mix and the start of deliveries to a car manufacturer in China should generate demand growth. Thanks to the acquisition of the Gnotec Group, which will complete its first full year as part of the Frauenthal Group in 2014, divisional revenue for the current financial year is expected to grow by around EUR 20-25m. In view of the highly cyclical nature of the commercial vehicle industry and today's unstable economic environment, such forecasts are particularly uncertain. The division's operating results are expected to improve considerably as the effects of the Gnotec Group's contribution to earnings will be buoyed by the full-year impact of the restructuring measures implemented in the air tanks business. The reduction in impairments in the steel springs business, following those recognised in 2013, will likewise have a positive effect on EBIT. Management's main short- and medium-term priorities are stepping up the implementation of cost-reduction programmes throughout the organisation and evaluating options for restructuring the steel springs business. At present it is not possible to quantify the impact of restructuring measures on earnings as no definite steps have yet been taken.

In the **Wholesale Plumbing Supplies Division (SHT)** we expect moderate increases in revenue and earnings given the slight improvement in market share, and the stable plumbing and heating supplies market during the course of the year. This outlook does not take into account the effects of the Group's intended purchase of 100% of the shares in ÖAG AG.

Due to seasonal variations in the division's business it is not possible to extrapolate full-year performance from the results for the latest quarter.

The Frauenthal Automotive Division has a strong operating structure in three of its four product areas and earnings were in line with expectations. We are currently doing our utmost to identify a solution to the unsatisfactory earnings situation in the steel springs business. The SHT Group is continuing to hold its own in a challenging climate. Market developments bear out the decision to realign existing structures and expand the product portfolio at the Frauenthal Automotive Division.

On balance it appears that the Frauenthal Group is ideally placed to record a significant year-on-year improvement in operating profit – before impairments – in 2014.

Vienna, May 2014
Frauenthal Holding AG
The Executive Board



Hans-Peter Moser
Member of the
Executive Board



Martin Sailer
Member of the
Executive Board





Frauenthal Automotive Division,
Judenburg

NOTES

TO THE INTERIM REPORT ON THE FIRST QUARTER OF 2014

The first quarter report of Frauenthal Holding AG (the "Frauenthal Group") for the three months ended 31 March 2014 was drawn up in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. This report for the first quarter of 2014 has neither been audited nor has it been reviewed by an independent auditor.

CONSOLIDATION AND ACCOUNTING POLICIES

The scope of consolidation was determined in accordance with paragraph 12 IAS 27. The number of companies included in consolidation has not changed since 31 December 2013. The consolidated statements thus comprise the results of the parent, Frauenthal Holding AG, and 30 subsidiaries which are under the common control of Frauenthal Holding AG, and in which the latter or one of its subsidiaries holds a majority of the voting rights.

The accounting policies used to prepare the financial statements for the year ended 31 December 2013 were applied without change to the third quarter of 2014. The main differences between these policies and the provisions of the UGB (Austrian Business Code) lie in the treatment of deferred tax and goodwill amortisation, and in the calculation of employee benefit obligations.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue

The Frauenthal Group returned cumulative consolidated IFRS revenue including the Gnotec Group of EUR 139.7m for the first quarter – up by EUR 26.7m or 24% year on year.

Frauenthal Automotive reported a EUR 24.3m increase in revenue to EUR 74.3m (up 48.6%), with the Gnotec Group's contribution amounting to EUR 25.2m (the company was consolidated with effect from 1 May 2013). The moderate recovery in the European commercial vehicles market continued in the first quarter, with an overall increase in new vehicle registrations in the EU.

Revenue in the Wholesale Plumbing Supplies Division rose by EUR 2.4m, or 3.8%. In Austria, revenue advanced by EUR 2.6m, or 4.2%. This development was attributable to a strong start to the year due to favourable weather conditions. First-quarter revenue in the Wholesale Plumbing Supplies Division advanced to EUR 65.4m compared with EUR 63.0m a year earlier.

Earnings

At EUR 3.7m, Group EBITDA for the first quarter of 2014 represented an improvement of EUR 4.0m on the comparative period of 2013.

EBITDA in the Frauenthal Automotive Division amounted to EUR 3.7m, up EUR 3.6m on the same period a year earlier, largely due to the consolidation of the Gnotec Group, which contributed EUR 2.9m in Q1 2014. This improvement was also attributable to last year's successful restructuring of the air tanks business.

Higher revenue in the Wholesale Plumbing Supplies Division and growth in Slovakia –the latter was in line with expectations – translated into improved earnings. Divisional EBITDA advanced by EUR 0.5m year on year to EUR 0.7m. The gross margin declined only slightly in Austria despite an unfavourable order book that reflected a higher proportion of orders in the large-scale contract business segment. SHT Slovensko's earnings are on an upward trajectory thanks to cost-saving measures and activities aimed at integrating the merged businesses more closely.

Group EBIT increased by EUR 3.8m, turning positive by EUR 0.8m following a loss of EUR 3.0m in the first quarter of 2013. The Frauenthal Automotive Division recorded EBIT of EUR 1.8m, with the Gnotec Group's contribution amounting to EUR 2.0m. Owing to the impairments recognised in the 2013 annual financial statements, this reflects a EUR 0.7m decrease in writedowns recognised by the steel springs business. The Wholesale Plumbing Supplies Division reported a negative EBIT contribution of EUR 0.2m for the first quarter, a year-on-year improvement of EUR 0.5m.

The post-tax loss of EUR 0.7m was down by EUR 3.0m compared with the previous year. The Frauenthal Group's net finance costs increased by EUR 0.3m; this development was attributable to financing costs for the Gnotec Group. The income tax burden increased by EUR 0.6m due to the Group's strong earnings performance.

The basic and diluted loss per share was EUR 0.08 (diluted and undiluted) (Q1 2013: loss per share of EUR 0.44 (diluted and undiluted)), on a weighted average of 8,535,224 diluted shares (Q1 2013: 8,537,097) and 8,491,491 undiluted shares (Q1 2013: 8,491,491) in circulation.

As revenue and earnings in both divisions are subject to seasonal fluctuations, extrapolations from results for the first quarter are not a reliable guide to performance for the year as a whole.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Frauenthal Group's total assets increased by EUR 5.6m or 1.6% from their level at year-end 2013, to stand at EUR 362.9m (31 December 2012: EUR 357.2m). Property, plant and equipment totalled EUR 73.7m as at 31 March 2014, up on the comparative period due chiefly to investments relating to the air tanks business and the Gnotec Group.

As at 31 March 2014 current assets amounted to EUR 236.2m – up by EUR 4.8m as compared to year-end 2013. This rise is due to the seasonal increases in inventories and trade receivables (EUR 15.6m) and a EUR 10.8m reduction in receivables due to the ABS credit line.

Trade receivables in the Wholesale Plumbing Supplies Division rose by EUR 10.0m due to seasonal factors.

Cash and cash equivalents edged up by EUR 0.6m during the reporting period.

Equity declined by EUR 1.0m to EUR 90.6m as a result of the loss for the period of EUR 0.7m and the increase in the translation reserves item. The equity ratio declined from 25.7% as at year-end 2013 to 25.0% as at 31 March 2014 as a result of the rise in total assets.

Long-term and short-term bank borrowings (including the corporate bond) were up by EUR 9.5m on the first quarter of 2013, at EUR 151.1m. This largely reflected the increase in short-term borrowings in the Wholesale Plumbing Supplies Division, which rose due to seasonal factors.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Operating profit before working capital changes advanced to EUR 3.4m – up EUR 4.1m on the previous year thanks to the improved earnings reported during the first quarter of 2014 (Frauenthal Automotive: up EUR 2.6m, of which EUR 1.4m attributable to the Gnotec Group; Wholesale Plumbing Supplies: up EUR 0.5m). Owing to the changes in working capital, cash flows from operating activities were negative by EUR 4.4m, compared to a cash outflow of EUR 8.0m in the first quarter of 2013.

Net cash used in investing activities was EUR 3.6m, up from EUR 1.5m a year earlier. The Frauenthal Automotive Division invested EUR 2.8m (of which: Gnotec EUR 0.8m), mainly on automation equipment, measures to reduce energy consumption, quality enhancements, and modernisation of the recently acquired facility in Hustopeče. The Wholesale Plumbing Supplies Division invested EUR 0.8m in logistics systems, the vehicle fleet, and the modernisation and expansion of retail space.

EMPLOYEES

In the first quarter of 2014 the Frauenthal Group employed an average of 2,960 people (Q1 2012: 2,570).

The largest employer in the Group was the Frauenthal Automotive Division, at 2,128 (Q1 2013: 1,680). The divisional workforce grew by 539 as a result of the acquisition of the Gnotec Group. Conversely, the disposal of Frauenthal Automotive Ahlen GmbH and Frauenthal Automotive Westphalia GmbH reduced the total number of employees by around 110. During the first three months of the year, the Wholesale Plumbing Supplies Division employed an average of 818 people (Q1 2013: 875), a decrease of 57.

SHARE PRICE PERFORMANCE

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. Our share price ended 2013 on EUR 9.01. The Frauenthal share reached a first-quarter high of EUR 9.72 on 14 February 2014, with the low of EUR 8.80 coming just before the end of the reporting period on 27 March 2014. It then recovered to stand at EUR 9.15 at the close of trading on 31 March. Market capitalisation as at 31 March 2014 was EUR 86.3m (30 December 2013: EUR 85.0m); this included 1,900,000 unlisted registered shares.

For more information on our share price performance and ownership structure visit our website at www.frauenthal.at.

COMPOSITION OF THE EXECUTIVE BOARD

Hans-Peter Moser has taken charge of the expanded Business Development Department and continues to head up the Wholesale Plumbing Supplies Department. In addition to his duties as Group CFO, Martin Sailer oversees the Frauenthal Automotive Division.



DECLARATION BY THE EXECUTIVE BOARD

PURSUANT TO SECTION 87(1) AUSTRIAN STOCK EXCHANGE ACT

The Executive Board hereby declares that to the best of its knowledge the interim report of the Frauenthal Group for the first quarter of 2014, prepared in accordance with International Financial Reporting Standards (IFRS), to the maximum extent possible gives a true and fair view of the assets, finances and earnings of the companies included in consolidation. The operating review likewise as far as possible gives a true and fair view of the assets, finances and earnings of the Frauenthal Group, and provides information on the course of business, and the potential impact of existing and future risks on the Group's business activities.

Vienna, Mai 2014

Frauenthal Holding AG
The Executive Board



Hans-Peter Moser
Member of the Executive Board



Martin Sailer
Member of the Executive Board

In addition to comprehensive information on Group companies, our website offers downloads of quarterly reports, AGM documents, press releases, stock exchange announcements, product photographs, and the latest annual report in German and English.

ABRIDGED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	EUR '000	3M 2014	3M 2013
Revenue		139,654	112,960
Changes in inventories of finished goods and work in progress		770	-640
Work performed by the entity and capitalised		22	18
Other income		1,697	2,142
Raw material and consumables used		-95,785	-77,962
Staff costs		-29,642	-25,387
Depreciation and amortisation expense		-2,886	-2,671
Other expenses		-12,991	-11,465
Profit/loss from operations		839	-3,005
Interest income		454	386
Interest expense		-1,767	-1,395
Net finance costs		-1,313	-1,009
Profit/loss before tax		-474	-4,014
Income tax expense		-830	-253
Change in deferred tax		604	520
Profit/loss for the year		-700	-3,747
Profit/loss attributable to non-controlling interests		0	0
Profit/loss attributable to owners of the parent (profit for the year)		-700	-3,747
Earnings per share			
basic		-0.08	-0.44
diluted		-0.08	-0.44

CONSOLIDATED STATEMENT OF COMPERHENSIVE INCOME

	EUR '000	3M 2014	3M 2013
Profit/loss for the year		-700	-3,747
Gains/losses on currency translation		-354	-296
Items that will not be reclassified to profit or loss ("recycled")		-354	-296
Total comprehensive income/loss		-1,054	-4,043
Attributable to non-controlling interests		0	0
Attributable to owners of the parent		-1,054	-4,043

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	EUR '000	31 Mar. 2014	31 Dec. 2013
Assets			
Non-current assets			
Intangible assets		37,845	38,365
Property, plant and equipment		73,661	72,796
Deferred tax assets		14,111	13,650
Financial assets		1,077	1,077
		126,694	125,888
Current assets			
Inventories		101,032	99,984
Trade receivables		80,692	78,918
Tax receivables		6,987	6,912
Other financial assets		2,804	2,701
Other non-financial assets		3,973	2,691
Cash and cash equivalents		40,676	40,124
		236,164	231,330
Total assets		362,858	357,218
Equity and liabilities			
Equity			
Share capital		9,435	9,435
Capital reserves		21,093	21,093
Retained earnings		73,017	73,667
Accumulated other comprehensive income		-5,358	-5,004
Own shares		-7,553	-7,553
		90,634	91,638
Non-current liabilities			
Bond		99,614	99,570
Long-term borrowings		19,304	19,585
Other financial liabilities		3,588	3,588
Other non-financial liabilities		270	270
Provisions for employee benefits		18,891	18,654
Deferred tax liabilities		8,057	8,248
Other provisions		3,842	3,934
		153,566	153,849
Current liabilities			
Bond		4,221	3,018
Short-term borrowings		27,980	19,496
Trade payables		47,552	57,428
Other financial liabilities		11,887	10,958
Other non-financial liabilities		21,416	15,809
Current tax payable		2,943	2,639
Other provisions		2,659	2,383
		118,658	111,731
Total equity and liabilities		362,858	357,218

STATEMENT OF CASH FLOWS

	EUR '000	3M 2014	3M 2013
Profit for the year		-700	-3,747
Interest income and expense		1,313	1,009
Taxes on income		830	253
Depreciation and amortisation of non-current assets		2,886	2,671
Gains on disposal of non-current assets		-34	-361
Losses on disposal of non-current assets		3	13
Change in deferred tax assets		-462	-535
Change in long-term provisions		-44	-1
Interest paid		-389	-134
Interest received		54	110
Income taxes paid		-130	-67
Other non-cash expenses		50	50
Operating profit before working capital changes		3,377	-739
Change in inventories		-1,048	-2,246
Change in trade receivables		-1,774	-6,772
Change in other receivables		-1,460	4,194
Change in short-term provisions		579	-138
Change in trade payables		-9,875	-4,265
Change in other liabilities		5,886	2,096
Translation-related changes		-77	-131
Net cash used in/from operating activities		-4,392	-8,001
Acquisition of intangible assets and purchase of property, plant and equipment		-3,616	-2,013
Proceeds from sale of intangible assets and property, plant and equipment		139	574
Changes arising from investment grants		-73	-14
Net cash from/used in investing activities		-3,550	-1,453
Acquisition of non-controlling interests		0	-1,800
Change in borrowings		8,494	8,553
Net cash used in/from financing activities		8,494	6,753
Change in cash and cash equivalents		552	-2,701
Cash and cash equivalents at beginning of period		40,124	49,348
Cash and cash equivalents at end of period		40,676	46,647

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Capital reserve	Retained earnings	Other comprehensive income			Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
				Translation reserve	Fair value reserve	Actuarial gains and losses in accordance with IAS 19				
At 1 Jan. 2013	9,435	21,093	104,336	-2,219	94	-1,200	-7,553	123,986	3,507	127,493
Dividends			-1,698					-1,698		-1,698
Acquisition of non-controlling interests			1,707					1,707	-3,507	-1,800
Share options			177					177		177
Total comprehensive income for 2013			-30,855	-1,665	-3	-11		-32,534		-32,534
At 31 Dec. 2013/1 Jan. 2014	9,435	21,093	73,667	-3,884	91	-1,211	-7,553	91,638	0	91,638
Share options			50					50		50
Total comprehensive income for 2014			-700	-354				-1,054		-1,054
At 31 Mar. 2014	9,435	21,093	73,017	-4,238	91	-1,211	-7,553	90,634	0	90,634

SEGMENT ANALYSIS

Strategic business segments

EUR '000	Frauenthal Automotive		Wholesale Plumbing Supplies		Holding companies and others		Intragroup eliminations		Frauenthal Group	
	3M 2014	3M 2013	3M 2014	3M 2013	3M 2014	3M 2013	3M 2014	3M 2013	3M 2014	3M 2013
Revenues from external customers	74,252	49,960	65,399	62,997	3	3	0	0	139,654	112,960
Intersegment revenues	0	4	0	0	518	660	-518	-664	0	0
Total revenues	74,252	49,964	65,399	62,997	521	663	-518	-664	139,654	112,960
EBITDA	3,682	37	692	146	-649	-516	0	0	3,725	-333
EBIT	1,761	-1,716	-244	-703	-678	-586	0	0	839	-3,005
Employees	2,128	1,680	818	875	14	15	0	0	2,960	2,570

Fraunhofer AG (Holding and administration company) owns 100% of:

- Fraunhofer Handels- und Dienstleistungs GmbH** (Trading company, Vienna (A))
 - 100% of **Fraunthaler Ost Beteiligungs-GmbH** (Trading company, Vienna (A))
 - 100% of **Fraunthaler Liegen-schaftsver-waltung GmbH** (Trading company, Ahlen (D))
 - 0.02% of **Fraunthaler Automobil Management GmbH** (Trading company, Ahlen (D))
- SHT Haustechnik AG** (Trading company, Vienna (A))
 - 100% of **SHT Finance Luxembourg (L)** (Trading company)
 - 100% of **1a Installateur** (Trading company, Vienna (A))
 - 100% of **SHT-Termocom trgovina d.o.o.** (Trading company, Umag (HR) **)
 - 100% of **SHT Slovensko s.r.o.** (Trading company, Senec (SK))
- Fraunthaler Automobil Holding GmbH** (Holding and administration company, Vienna (A))
 - 100% of **Fraunthaler Automobil Torun Sp.zo.o.** (Trading company, Torun (PL))
 - 99% of **Fraunthaler Automobil Sibiu S.R.L** (Trading company, Sibiu (RO))
 - 99% of **Fraunthaler Automobil Judenburg GmbH** (Trading company, Judenburg (A))
 - 100% of **Fraunthaler Automobil Sales GmbH** (Trading company, Vienna (A))
 - 100% of **Fraunthaler Automotive France S.A.S.** (Trading company, Châtenois (F))
 - 100% of **Fraunthaler Automotive Azambuja Unipessoal Lda.** (Trading company, Azambuja (P))
 - 100% of **Fraunthaler Automotive Ravne d.o.o.*** (Trading company, Koroskem (SLO))
 - 100% of **Gnotec AB, Gnotec SE** (Trading company, Kinnared (SE))
 - 100% of **Gnotec Mefa AB, Kinnared (SE)** (Trading company)
 - 100% of **Gnotec JV AB, Habo (SE)** (Trading company)
 - 100% of **Gnotec Ferrex s.r.o., Cadca (SK)** (Trading company)
 - 100% of **Gnotec Reftefe AB, Reftefe (SE)** (Trading company)
 - 100% of **Gnotec Asia Holding Ltd., Hong Kong (CN)** (Trading company)
 - 100% of **Gnotec Automotive Parts (Kunshan) Co. Ltd., Kunshan (CN)** (Trading company)
- Fraunthaler Automobil Management GmbH** (Trading company, Ahlen (D))
 - 100% of **Fraunthaler Automotive Administration GmbH** (Trading company, Elterlein (D))
 - 100% of **Fraunthaler Automotive Elterlein GmbH** (Trading company, Elterlein (D))
 - 100% of **Fraunthaler Automotive Sourcing GmbH** (Trading company, Ahlen (D))
 - 100% of **Styria Elefrance S.A.S.*** (Trading company, St. Avoird (F))
 - 100% of **Fraunthaler Automotive Saxony GmbH** (Trading company, Elterlein (D))
- Fraunthaler Automobil Hustopeče s.r.o.** (Trading company, Hustopeče (CZ))
 - 99.98% of **Fraunthaler Automobil Hustopeče s.r.o.** (Trading company, Hustopeče (CZ))

Legend:

- Holding and administration companies
- Trading companies
- Production plants
- * Mothballed factory

Holding and administration companies

Trading companies

Productions plants

* Mothballed factory

IMPRINT

FINANCIAL CALENDAR 2014

23. 04. 2014	Annual results 2013
17. 05. 2014	Record day
20. 05. 2014	Report on the first quarter of 2014
27. 05. 2014	Annual General Meeting
28. 05. 2014	Results of the vote of the Annual General Meeting
02. 06. 2014	Ex-day
04. 06. 2014	Dividend payment
20. 08. 2014	Interim report on the first half of 2014
20. 11. 2014	Report on the third quarter of 2014

SHAREHOLDER INFORMATION

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Vienna Stock Exchange: Prime Market
Symbol: FKA
ISIN: AT 0000762406 (shares)
Bloomberg-code: FKA AV
Reuters-code: FKAV.V1
Market capitalisation: MEUR 86,3 incl. 1,900,000 pieces unlisted registered shares (31.03.2014)
Vienna Stock Exchange: Listing on Vienna Stock Exchange official market
Symbol: FKA
ISIN: AT0000A0PG75 (bonds)

In addition to detailed information on Group companies, our website offers downloads of quarterly reports, AGM documents, press releases, stock exchange announcements, product photographs, and the latest annual report in German and English.

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