



**Wittur International Holding GmbH**  
**as the Issuer of**  
**€225,000,000 8.50% Senior Notes due 2023**

**Financial results of Wittur International Holding GmbH**  
**for the three months ended March 31, 2017**

**Dated May 29, 2017**

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## SUMMARY OVERVIEW OF RESULTS

### Consolidation level

The following report and supporting financial statements for the three months ended March 31, 2017, are based on Wittur International Holding GmbH's (former Paternoster III Group) consolidated accounts including the Sematic companies' IFRS accounts as of the acquisition date April 1, 2016.

Wittur Group Standalone (former Paternoster III Group) is Wittur International Holding GmbH together with its subsidiaries excluding the Sematic companies.

Prior year figures are based on Wittur Group standalone (former Paternoster III Group) numbers excluding the accounts of Sematic companies, except where specified separately.

### Results Summary

#### *Wittur Group*

Wittur Group recorded consolidated revenues of EUR 175.7 million for the first three months of 2017, which represents an increase of 39.3% over the prior year period (3M 2016: EUR 126.2 million). The growth is attributable to the Sematic acquisition in April 2016 as well as good operating performance. The development was particularly strong in Europe (+55.6%) and in the Rest of World region (+76.5%), Asia shows an increase of 13.5%. Organic growth, excluding effects from acquisitions and excluding exchange rate effects, was 13.3%.

Earnings before interest, taxes, depreciation and amortization before exceptional items (EBITDA Adjusted) of the Wittur Group increased by 38.7% to EUR 20.6 million in the period under review (prior year: EUR 14.8 million). This development was mainly influenced by the underlying revenue growth, the EBITDA contribution of Sematic and the generation of synergies following the acquisition. EBITDA Adjusted margin was stable at 11.7% compared to the prior year period.

Net cash flow before financing activities in the first three months of 2017 of Wittur Group was EUR -6.2 million. This development was due to a short-term working capital timing difference and normalisation costs relating to the ERP roll-out in Europe.

#### *Combined Pro Forma Group (including Sematic Group for the first three months in 2016)*

Revenue of Combined Pro Forma Group amounts to €175.7 million for the first three months of 2017 compared to €159.8 million in 2016 (+9.9%). The Sematic entities contributed with a strong performance in Asia and Rest of World and a somewhat softer business development in the European region compared to the prior year period.

EBITDA Adjusted of the Combined Pro Forma Group grew by €2.0 million (+10.7%), from €18.6 million in the first three months of 2016 to €20.6 million in the first three months of 2017. The Wittur entities as well as the Sematic entities showed a strong improvement compared to prior year due to productivity gains, purchase savings and improved structure costs.

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## Other Financial and Operating Data

### Other Financial Data

	Period ended March 31,	
	2017	2016*
	in € million	
	(unaudited unless otherwise stated)	
<b><u>Profit and Loss</u></b>		
Revenues	175.7	126.2
thereof Europe	95.0	61.1
thereof Asia	61.7	54.3
thereof Rest of World	19.0	10.8
EBITDA <sup>(1)</sup>	14.2	11.2
EBITDA Adjusted <sup>(1)</sup>	20.6	14.8
EBITDA Adjusted margin <sup>(2)</sup>	11.7%	11.8%
Gross profit <sup>(3)</sup>	41.6	31.1
Gross profit margin <sup>(3)</sup>	23.7%	24.7%
<b><u>Cash Flow</u></b>		
Total capital expenditures <sup>(4)</sup>	3.6	2.6
Net cash flow before financing activities	-6.2	15.5
Cash Conversion <sup>(5)</sup>	82.5%	82.7%
<b><u>Credit Data</u></b>		
Net senior financial debt <sup>(6)</sup>	449.5	198.8
Net financial debt <sup>(7)</sup>	674.5	423.8
Cash interest expense (Pro Forma) <sup>(8)</sup>	46.4	30.8
Ratio of net senior financial debt to LTM EBITDA Adjusted (Pro Forma) <sup>(9)</sup>	4.26x	2.34x
Ratio of net financial debt to LTM EBITDA Adjusted (Pro Forma) <sup>(9)</sup>	6.40x	4.99x
Combined LTM EBITDA Adjusted (Pro Forma) <sup>(9)</sup>	105.4	85.0
Ratio of LTM EBITDA Adjusted to cash interest expense (Pro Forma) <sup>(9)</sup>	2.27x	2.76x

	Period ended March 31,	
	2017	2016*
	in € million	
	(unaudited unless otherwise stated)	
<b>Net result for the period for continuing operations</b>	<b>(0.5)</b>	<b>(2.2)</b>
Finance expense	15.3	9.5
Finance income	(11.6)	(4.1)
Income taxes	0.2	0.2
Share of profit of equity-accounted investees	(0.3)	0.0
<b>EBIT</b>	<b>3.1</b>	<b>3.3</b>
Depreciation and amortization	11.1	7.9
<b>EBITDA</b>	<b>14.2</b>	<b>11.2</b>
Project costs <sup>(A)</sup>	5.4	1.1
Reorganization costs <sup>(B)</sup>	0.3	0.0
Transaction costs <sup>(C)</sup>	0.7	2.4
Other costs <sup>(D)</sup>	0.0	0.1
<b>EBITDA Adjusted</b>	<b>20.6</b>	<b>14.8</b>

(A) Project costs in 2017 include costs incurred for one-off projects such as ERP roll-out and strategy.

(B) Reorganization costs in 2017 relate to expenses incurred to reorganize our operations. They include mainly termination benefits and legal advisory fees related to restructurings in Turkey and Spain as well as recruitment fees for the CFO search.

(C) Transaction costs in 2017 relate to subsequent costs for the Sematic acquisition.

(D) Other costs relate to other miscellaneous extraordinary expenses not included in the categories above.

\* Prior year figures represent Wittur Group standalone numbers without Sematic numbers.

- (1) We define EBITDA as the consolidated net result for the period adding back finance expense, finance income, income taxes and depreciation and amortization. We define EBITDA Adjusted as EBITDA as adjusted to reflect the extraordinary income and expenses described below. We believe that these EBITDA-based measures are useful to investors in evaluating our operating performance and our ability to incur and service our indebtedness. These EBITDA-based measures are not indicators of performance recognized under IFRS or German GAAP. These EBITDA-based measures are not necessarily comparable to the performance figures published by other companies. You should exercise caution in comparing these EBITDA-based measures as reported by us to EBITDA-based measures of other companies. For more information, see "Presentation of Financial and Other Information—Non-GAAP Financial Measures". The following table is a reconciliation of net result for the period to EBITDA and EBITDA Adjusted, in each case as defined by us, for the periods presented.
- (2) EBITDA Adjusted margin represents, in any period, EBITDA Adjusted for such period, divided by revenues for such period.
- (3) Gross profit margin represents a quotient equal to (i) revenues for such period, minus costs of goods sold for such period excluding depreciation, divided by (ii) revenues for such period. Numbers for 2016 adjusted, please refer to "Accounting Policies in the Notes to our consolidated financial statements contained elsewhere herein.
- (4) Total capital expenditures represent the sum of purchase of property, plant & equipment, intangible assets and capitalized development costs for such period.
- (5) Cash conversion represents a quotient equal to (i) EBITDA Adjusted, minus total capital expenditures, divided by (ii) EBITDA Adjusted.
- (6) Net senior financial debt represents the gross financial debt of the Wittur Group that is senior indebtedness (including structurally senior indebtedness of subsidiaries that are not Guarantors), minus cash and cash equivalents.

Senior secured Term Loan B	449.0
Non-current liabilities to banks	0.2
Non-current finance lease liabilities	3.2
Revolving Credit Facility	0.0
Ancillary Credit Facility	0.0
Current liabilities to banks	21.4
Current finance lease liabilities	0.5
	474.3
Less cash in Bank	-24.8
<b>Net Senior Financial debt</b>	<b>449.5</b>

- (7) Net financial debt represents the gross financial debt of the Wittur Group minus cash and cash equivalents.

High Yield Bond	225.0
Senior secured Term Loan B	449.0
Non-current liabilities to banks	0.2
Non-current finance lease liabilities	3.2
Revolving Credit Facility	0.0
Ancillary Credit Facility	0.0
Current liabilities to banks	21.4
Current finance lease liabilities	0.5
	<u>699.3</u>
Less cash in Bank	<u>-24.8</u>
<b>Net Financial debt</b>	<u><b>674.5</b></u>

- (8) Pro forma cash interest expense represents the estimated interest expense on the net financial debt as of March 31, 2017, of the Wittur Group on a pro forma basis for the twelve months ended March 31, 2017.
- (9) Please note that the presented ratios are based on Wittur Group Net Senior Financial debt and Net Financial debt as well as pro forma Wittur Group LTM EBITDA Adjusted. Net Senior Financial debt and Net Financial debt include the significant raise of Term Loan B to finance the Sematic acquisition. The ratio of Net Financial Debt to pro forma LTM EBITDA Adjusted would be 6.58x excluding unrealized run-rate synergies of €2.9 million.

### Other Operating Data

	Period ended March 31,	
	2017	2016*
	<i>in € million</i>	
	<i>(unaudited unless otherwise stated)</i>	
Number of doors sold ( <i>units</i> ), including door mechanisms	410,730	335,759
Number of employees ( <i>heads</i> ) <sup>(1)</sup>	4,297	3,278
Order intake ( <i>in € million</i> ) <sup>(2)</sup>	204.9	139.9

- (1) Employee figures are headcount figures. Employee figures are based on the number at period-end for all periods presented.
- (2) We count order intake upon execution of a definitive contract and one of (i) receipt of the agreed down-payment or (ii) confirmation of committed financing; order intake represents a gross number, which includes certain changes of existing orders that are counted as a new order (with the original order being deemed cancelled, but not netted off against the gross number of order intakes).

\* Prior year figures represent Wittur Group standalone numbers without Sematic numbers.

### Subsequent Events

No relevant events occurred between March 31, 2017 and May 29, 2017 that would require adjustments to the amounts recognised in these consolidated financial statements or would need to be disclosed under this heading.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of financial condition and results of operations of the financial year 2017 are based on the unaudited condensed consolidated interim financial statements as of March 31, 2017, which are all reproduced elsewhere in this report for the three months ended March 31, 2017, as well as on the accounting records and internal management accounts of Wittur Group. The unaudited condensed consolidated financial statements as of March 31, 2017, were prepared in accordance with IFRS.*

*Some of the statements contained below relate to future revenues, costs, capital expenditures, acquisitions and financial condition and include forward-looking statements. Because such statements involve inherent uncertainties, actual results may differ materially from the results expressed in or implied by such forward-looking statements. A discussion of such uncertainties can be found in "Forward-Looking Statements". In addition, investing in the Notes involves risks. Such risks are discussed in "Risk Factors". See also "Presentation of Financial and Other Information".*

### **Our geographic regions**

We divide our operations into the three regions Europe, Asia and Rest of World. These regions describe the geographic region in which we manufacture our products, but do not necessarily correspond to their end-market.

### **Explanation of Key Line Item**

For a description of the key line items in our IFRS financial statements, refer to Wittur Group 2016 Annual Bond Report.

### **Results of Operations**

The following table provides an overview of our results of operations for the three months ended March 31, 2017 and 2016.

	Period ended March 31,		
	2017	2016	Change in %
	<i>in € million</i>		
	<i>unaudited</i>	<i>unaudited</i>	
<b>Revenues</b>	<b>175.7</b>	<b>126.2</b>	<b>39.3%</b>
<b>Cost of sales<sup>(1)</sup></b>	<b>(134.1)</b>	<b>(95.0)</b>	<b>41.1%</b>
<b>Gross profit</b>	<b>41.6</b>	<b>31.1</b>	<b>33.5%</b>
Selling expenses <sup>(1)</sup>	(7.3)	(5.5)	32.6%
Research & development expenses <sup>(1)</sup>	(2.2)	(1.6)	39.2%
Administrative expenses <sup>(1)</sup>	(30.1)	(21.2)	42.0%
Other income <sup>(1)</sup>	3.0	2.0	51.5%
Other expenses <sup>(1)</sup>	(1.8)	(1.5)	23.0%
<b>Earnings before interest and taxes (EBIT)</b>	<b>3.1</b>	<b>3.3</b>	<b>-6.9%</b>
Finance expense	(15.3)	(9.5)	61.7%
Finance income	11.6	4.1	179.7%
Share of profit (at-equity investees)	0.3	0.0	0.0%
<b>Earnings before income taxes (EBT)</b>	<b>(0.3)</b>	<b>(2.0)</b>	<b>-84.0%</b>
Income taxes	(0.2)	(0.2)	22.7%
<b>Net result for the period</b>	<b>(0.5)</b>	<b>(2.2)</b>	<b>-76.3%</b>

(1) Numbers for 2016 adjusted, please refer to Section 2 ‘Accounting Policies’ in the Notes to the consolidated financial statements.

### Revenues

Revenues increased by €49.5 million (39.3%) from €126.2 million in the three months ended March 31, 2016, to €175.7 million in the three months ended March 31, 2017. The increase was mainly driven by increasing sales to our MNC and Independent customers in Europe and in the Rest of World. Asia increased as well, but on a lower level.

### Revenues by regions

	Period ended March 31,			
	2017		2016	
	<i>in € million</i>	<i>% of revenue</i>	<i>in € million</i>	<i>% of revenue</i>
Europe	95.0	54.1	61.1	48.4
Asia	61.7	35.1	54.3	43.1
Rest of the World	19.0	10.8	10.8	08.5
<b>Revenue</b>	<b>175.7</b>	<b>100.0</b>	<b>126.2</b>	<b>100.0</b>



*Revenues by customer groups*

Customer Group Sales	Period ended March 31,					
	MNCs					
	2017		2016		Change	
	Total	% of total Sales	Total	% of total Sales	Total	%
<b>Europe</b>	60.9	64.1%	36.0	58.9%	25.0	69.3%
<b>Asia</b>	55.6	90.1%	48.7	89.7%	6.9	14.1%
<b>RoW</b>	6.5	34.0%	2.5	22.9%	4.0	161.5%
	<b>123.0</b>	<b>70.0%</b>	<b>87.2</b>	<b>69.1%</b>	<b>35.8</b>	<b>41.1%</b>
	Independents					
	2017		2016		Change	
	Total	% of total Sales	Total	% of total Sales	Total	%
<b>Europe</b>	34.1	35.9%	25.1	41.1%	9.0	35.9%
<b>Asia</b>	6.1	9.9%	5.6	10.3%	0.5	8.3%
<b>RoW</b>	12.5	66.0%	8.3	77.1%	4.2	51.2%
	<b>52.7</b>	<b>30.0%</b>	<b>39.0</b>	<b>30.9%</b>	<b>13.7</b>	<b>35.2%</b>

*Europe*

Wittur's European business contributed 54.1% or EUR 95.0 million to Group revenue in the first three months of 2017, up 55.6% over prior year's figure of EUR 61.1 million. The main drivers were a good performance in Spain, Italy, France and Scandinavia and the inclusion of Sematic.

In the first three months of 2017, we could successfully grow the business with our MNC customers. In Europe we generated 64.1% (2016: 58.9%) of our revenue through sales to our MNC customers and the remainder through sales to Independents. Across Europe, revenue from the new Augusta EVO door is contributing to this good development of our MNC business. Organic growth in Europe excluding effects from acquisition and foreign currency is 16.0%.

*Asia*

Asian operations generated EUR 61.7 million or 35.1% of revenue in the period under review, recording 13.5% growth over the previous year's figure of EUR 54.3 million with strong performance in Asia Pacific and a broadly flat top line development in China.

In our Asia region, we generated 90.1% (2016: 89.7%) of our revenue through sales to our MNC customers in the period under review and the remainder through sales to Independents. Organic growth in Asia excluding effects from acquisition and foreign currency is 2.9%.

*Rest of World*

The Rest of World region showed a revenue increase of 76.5% to EUR 19.0 million in the first three months 2017 (2016: EUR 10.8 million), supported by the Middle East and Argentina as well as the inclusion of Sematic, which showed good growth in North America. The Russian market remained rather weak.

In the three months ended March 31, 2017, we generated 34.0% (2016: 22.9%) of our revenue in our Rest of World region through sales to our MNC customers and the remaining 66.0% (2016: 77.1%) through sales to Independents. Organic growth in Rest of World excluding effects from acquisition and foreign currency is 50.4%.

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### *Cost of Sales*

Cost of sales increased by €39.1 million (+41.1%) to €134.1 million in the three months ended March 31, 2017, from €95.0 million in the three months ended March 31, 2016. Besides the inclusion of Sematic business operations, this increase is mainly based on higher direct material costs as well as higher labor costs compared to the prior year period.

### *Gross Profit*

Gross profit increased by €10.5 million (+33.5%) to €41.6 million in the three months ended March 31, 2017, from €31.1 million in the three months ended March 31, 2016. Gross profit margin decreased from 24.7% to 23.7% mainly due to higher direct material costs.

### *Selling Expenses*

Selling expenses increased by €1.8 million (+32.6%) to €7.3 million in the three months ended March 31, 2017, from €5.5 million in the first three month of 2016. The increase is a result of the inclusion of the Sematic entities in 2017. On a Wittur standalone basis, selling expenses remained stable.

### *Research & Development Expenses*

Research and development expenses increased by €0.6 million (+39.2%) to €2.2 million in the first three quarters of 2017, from €1.6 million in the three months ended March 31, 2016. Excluding effects from acquisitions, research and development expenses slightly increased.

### *Administrative Expenses*

Administrative expenses increased by €8.9 million (+42.0%) to €30.1 million in three months ended March 31, 2017, compared to €21.2 million in the same period in 2016. The increase is mainly resulting from the inclusion of Sematic. Excluding effects from acquisitions, administrative expenses slightly increased due to higher extraordinary costs in 2017 for the ERP project in Europe and the strategy project.

### *Other Income*

Other income increased to €3.0 million (+51.5%) in the three months ended March 31, 2017, compared to €2.0 million in the first three months of 2016. This increase is a result of higher income from waste disposal (+€0.4 million) and of higher income from currency translation gains, particularly in Argentina and Turkey (+ €0.6 million).

### *Other Expenses*

Other expenses increased by €0.3 million (+23.0%) to €1.8 million in the first three months of 2017 compared to the same period of 2016. Main impact is an increase in other taxes.

### *EBIT*

EBIT declined €0.2 million (-6.9%) to €3.1 million in the three months ended March 31, 2016. This development was mainly influenced by the increased extraordinary expenses compared to prior year.

### *Finance Expense*

Finance expense increased by €5.8 million (+61.7%) to €15.3 million in the three months ended March 31, 2017, from €9.5 million in the three months ended March 31, 2016, mainly due to the increased interest payments as result of the higher net financial debt (Term Loan B) to finance the Sematic acquisition.

### *Finance Income*

Finance income increased by €7.5 million to €11.6 million in the three months ended March 31, 2017, from €4.1 million in the three months ended March 31, 2016. The increase is mainly a result of the fair value measurement of the embedded derivative for the High Yield Bond (+ €5.2 million).

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### *Share of profit (at-equity investees)*

In the course of the Sematic acquisition, Wittur Group acquired minority interests in New Lift Steuerungsbaue GmbH, Germany, and Computec S.r.l., Italy. These interests are accounted for as associated companies by applying the at equity method. The Group's share of total comprehensive income amounts to €0.3 million in the three months ended March 31, 2017.

### *Income Taxes*

The income taxes represent the application of a forecasted group tax rate to the recorded quarterly result of the group in accordance with IAS 34.

### *Net Result for the Period*

Net result for the period improved by €1.7 million to €0.5 million net loss in the three months ended March 31, 2017, compared to €2.2 million net loss in the three months ended March 31, 2016. This increase was as a result of the factors described above.

### *Working Capital*

We define working capital as the sum of inventories, trade receivables and other current assets, less trade payables and other current liabilities. The following table provides an overview of our working capital as of December 31, 2016 and March 31, 2017:

	As of March 31,	As of December 31,
	2017	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Inventories	67.7	59.1
Trade and other receivables	150.1	137.4
Trade payables	(115.4)	(108.8)
Other working capital items	(29.5)	(29.7)
<b>Working capital</b>	<b>72.9</b>	<b>57.9</b>

## Cash Flows

The following table sets forth consolidated cash flow data for the three months ended March 31, 2017 and 2016. Prior year cash flow does not include Sematic entities.

	<b>Jan 1 - March 31, 2017</b>	<b>Jan 1 - March 31, 2016</b>
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Operating Activities</b>		
<b>EBITDA</b>	<b>14.2</b>	<b>11.2</b>
Change in working capital	-14.1	9.7
Change in provisions and other liabilities	-0.7	-0.4
Change in other assets	-0.1	0.2
Income taxes paid	-2.7	-2.7
Other non-cash items	0.1	0.1
<b>Cash Flow from Operating Activities</b>	<b>-3.2</b>	<b>18.0</b>
<b>Investing Activities</b>		
Dividends received from associated companies	0.3	0.0
Purchase of property, plant and equipment	-3.1	-0.7
Purchase of software	-0.2	-0.3
Purchase of other intangible assets	-0.4	-1.5
Disposal of assets	0.2	0.1
<b>Cash Flow from Investing Activities</b>	<b>-3.1</b>	<b>-2.5</b>
<b>Cash Flow before Debt Service</b>	<b>-6.2</b>	<b>15.5</b>
<b>Financing Activities</b>		
Interest paid	-17.7	-9.9
Transaction fees, rating & other financing costs	-0.7	-0.1
Proceeds/(Repayment) of Paternoster Term Loan B	39.0	0.0
Proceeds/(Repayment) of other Senior Facilities	-28.7	10.8
Proceeds/(Repayment) of other borrowings	2.2	4.1
Purchase / sale of other investments	0.1	-2.5
<b>Cash Flow from Financing Activities</b>	<b>-5.8</b>	<b>2.3</b>
<b>Change in cash and cash equivalents</b>	<b>-12.0</b>	<b>17.8</b>
FX differences	-0.6	-0.9
Cash and cash equivalents at beginning of period	37.4	24.4
Cash and cash equivalents at end of period	24.8	41.3

## Capital Expenditures

To support our business strategy and development plans and to further expand our business operations in new markets, we regularly incur expansion of capital expenditures. In the three months ended March 31, 2017 and 2016, we incurred capital expenditures of €3.6 million, or 2.0% of revenue, and €2.6 million, or 2.0% of revenue, respectively.

The following table presents our capital expenditures by period. Expansion capital expenditures mainly relate to entering and establishing production facilities and a sales force in new markets, expanding production of our existing facilities and entering into production of new products. Maintenance capital expenditures mainly relate to maintaining our existing operations and replacing existing property, plant & equipment.

	Period ended March 31,	
	2017	2016
	<i>in € million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Expansion capital expenditures	2.0	2.1
Maintenance capital expenditures	1.6	0.4
<b>Capital expenditures</b>	<b>3.6</b>	<b>2.6</b>

In the first three months 2017, the major portion of expansion capital expenditures was invested at Wittur Austria for a laser cutting machine. Our maintenance capital expenditures are typically concentrated at the end of a given year.

For the year ending December 31, 2017, our management expects to incur capital expenditures for the consolidated Wittur Group of approximately €13 million. Major projects in the year ending December 31, 2017 include automation projects within many of our major sites. Capacity extensions and technology improvements are specifically planned in China and India, further investments will be done in upgrades to our assembly, packaging and shipping areas. We anticipate capital expenditures in future periods to amount to more or less 2% of revenue, which we believe will be sufficient to support the ongoing growth of our business.

## Contractual Obligations and Contingent Liabilities

The following contractual obligations and principal payments identify what we are obliged to pay as at March 31, 2017, after giving effect to the Transactions. Also see “*Financial Risk Management*” in the Notes to our 2016 consolidated financial statements.

<i>in € million</i>	Payments due by period (unaudited)			
	Total	Less than 1 year	1 to 5 years	More than 5 years
High Yield Bond	335.5	19.1	76.5	239.9
Term Loan B	585.6	27.3	558.3	0.0
Trade and other payables	159.2	159.2	0.0	0.0
Other financial liabilities	29.1	24.9	2.3	1.9
<b>Sub-Total</b>	<b>1,109.4</b>	<b>230.5</b>	<b>637.1</b>	<b>241.8</b>
Derivative financial instruments	(0.3)	(0.3)	0.0	0.0
<b>Total</b>	<b>1,109.1</b>	<b>230.2</b>	<b>637.1</b>	<b>241.8</b>

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## **Pension Obligations**

We offer various types of retirement benefits to certain of our employees worldwide, either directly or by contributing to independently administered funds. In particular, we have defined benefit pension plans in Germany, Austria, Italy, Turkey and China. As at March 31, 2017, we had defined benefit obligations including jubilee obligations in an amount of €13.1 million.

We have historically funded payments required to be made under these pension plans with cash flow from operating activities, and we anticipate continuing doing so going forward.

## **Qualitative Disclosure on Market Risk**

We are exposed to a number of financial risks arising in the ordinary course of business, such as credit risks, foreign exchange risk and interest rate risks. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of the following types of risk: foreign currency exchange rate risk and interest rate risk. Financial instruments exposed to market risk include interest-bearing loans and derivative financial instruments. See “*Financial risk management*” in the Notes to our 2016 consolidated financial statements.

## **Accounting Policies**

Since 2017, exchange gains and losses resulting from the translation of financial instruments are reported as finance income and expenses, whereas these gains and losses were accounted for as other income and expenses until 2016. If this accounting policy had already been applied in 2016, operating profit in 2016 (defined as either EBITDA or EBIT) would have been higher by KEUR 586.

For changes in accounting policies please also refer to “Accounting Policies” in the Notes to our consolidated financial statements contained elsewhere herein.

## **FORWARD-LOOKING STATEMENTS**

This interim financial report contains certain forward looking statements, such as statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements which are not statements of historical fact.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based upon potentially inaccurate assumptions that could cause results to differ materially from those expected or implied by the forward-looking statements.

The statements outlined in “*Forward-Looking Statements*” in the 2016 Annual Bond Report continue to apply to any forward-looking statements contained in this financial report.

## **CURRENCY PRESENTATION AND DEFINITIONS**

In this Financial Report for the three months ended March 31, 2017, all references to “Euro”, “EUR” or “€” are to the single currency of the participating member states of the Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time and all references to “U.S. dollars”, “US\$” and “\$” are to the lawful currency of the United States of America.

## **Definitions**

All definitions outlined “*Currency Presentation and Definitions*” in the 2016 Annual Bond Report continue to apply in this Financial Report for the three months ended March 31, 2017.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial information

Unless otherwise indicated, the financial information as at and for the periods ended March 31, 2017 and 2016 presented in this Financial Report for the three months ended March 31, 2017 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). In this Financial Report for the three months ended March 31, 2017, the terms “financial statements” and “financial information” refer to the financial statements and the financial information of Wittur Group and its subsidiaries. This Financial Report as at March 31, 2017, contains unaudited IFRS condensed consolidated financial statements of Wittur Group as at and for the three months ended March 31, 2016 and 2017 (“Unaudited IFRS condensed consolidated interim financial statements”), prepared in accordance with IFRS.

Financial information presented in this Financial Report for the three months ended March 31, 2017, refers to Wittur Group and its subsidiaries; accordingly, all references to “we”, “us”, “our” or the “Group” in respect of historical financial information in this Financial Report for the three months ended March 31, 2017 are related to Wittur Group and its subsidiaries on a consolidated basis including Sematic entities.

### Non-GAAP financial measures

This Financial Report for the three months ended March 31, 2017, contains non-GAAP financial measures and ratios (the “**non-GAAP measures**”), including EBITDA, EBITDA Adjusted, Cash Conversion, Gross profit, Working capital and leverage and interest coverage ratios that are not required by, or presented in accordance with, IFRS or other generally accepted accounting principles.

For definitions of these terms and further disclosure on non-GAAP financial measures see “*Presentation of financial and other information*” in Annual Bond Report 2016. There are no changes to definitions of non-GAAP financial measures in this Financial Report for the three months ended March 31, 2017 from the 2016 Annual Bond Report.

### As adjusted financial information

We present in this report certain “as adjusted” financial information for the Issuer on an “as adjusted” basis to reflect information for profit and loss figures for the three months ended March 31, 2016. The pro forma financial information is based on pro forma numbers to ensure comparability of the operational business and KPI’s in the actual period to the first three quarters of the prior year. Pro forma numbers are based on Wittur Group standalone numbers including Sematic numbers, assuming that the acquisition occurred on January 1, 2016. Sematic figures are Italian GAAP from January 1, 2016 to March 31, 2016.

This pro forma financial information has been prepared for illustrative purposes only and does not represent our actual financial information of Wittur Group standalone (former Paternoster III Group) in accordance with IFRS for the three months ended March 31, 2016. The pro forma financial information has been adjusted to reflect comparable information on the business activities of Wittur Group standalone including initial Wittur Group for the three months ended March 31, 2016.

The “as adjusted” financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, other SEC requirements, IFRS, German GAAP or other generally accepted accounting principles. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Although this pro forma financial information is based on IFRS you should not consider such items as an alternative to the historical financial position or results or other indicators of our position or performance based on IFRS measures. The pro forma financial information, as provided in this report, may not be comparable to similarly titled measures as presented by other companies due to differences in the financial information.

### Non-Financial Operating Data

Certain key performance indicators and other non-financial operating data included in this Financial Report for the three months ended March 31, 2017, including (i) number of doors sold (units), including mechanisms, (ii) number of employees (heads) and (iii) order intake at the end of the period, are derived from management estimates, are not part of our financial statements or financial accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these

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terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS.

### **Rounding**

Certain numerical figures set out in this Financial Report for the three months ended March 31, 2017, including financial information presented in millions and percentages describing market shares, have been subject to rounding and, as a result, the totals of the data in this Financial Report for the three months ended March 31, 2017, may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information set forth in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” are calculated using the numerical data in each of the Consolidated Financial Statements of Wittur Group or the tabular presentation of other information (subject to rounding) contained in this Financial Report for the three months ended March 31, 2017, as applicable, and not using the numerical data in the narrative description thereof.

## **PRESENTATION OF INDUSTRY AND MARKET DATA**

In this Financial Report for the three months ended March 31, 2017, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Financial Report for the three months ended March 31, 2017, were extracted from market research, governmental and other publicly available information, independent industry publications, reports prepared by industry consultants and other external sources (including two global consulting firms).

For further information regarding industry and market data see “*Presentation of Industry and Market Data*” in 2016 Annual Bond Report.

## **RISK FACTORS**

*The risks and uncertainties we describe in the 2016 Audited Consolidated Financial Statements are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations and our ability to fulfill our obligations under the Notes and Guarantees. If any of the possible events described in 2016 Annual Bond Report were to occur, our business, financial condition and results of operations could be materially and adversely affected. If that happens, the trading prices of the Notes could decline, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.*

With Wittur Group conducting its business worldwide it is exposed to numerous potential risks. In order to achieve targets and maximize value management’s role is to continually identify these risks and minimize potential exposure to these risks.

Wittur Group management continuously review both internal and external risks in all business areas and subsidiaries, evaluates them and with respect to exposure and probability of occurrence and ensures, where appropriate, provisions are recognized on the Balance Sheet to cover such exposure.

A detailed risk report describing the most relevant risks is included in the 2016 Annual Bond Report (see “*Risk Factors*”).



## PRO FORMA PROFIT AND LOSS STATEMENT

Wittur Group including Sematic entities, assuming that the acquisition occurred on January 1, 2016.  
Sematic figures are Italian GAAP from January 1, 2016 to March 31, 2016.

	Period ended March 31,		Change absolute	Change relative
	2017	2016		
	<i>in € million</i>	<i>in € million</i>		
	<i>unaudited</i>	<i>pro forma</i>	<i>in € million</i>	<i>in %</i>
<b>Revenues</b>	<b>175.7</b>	<b>159.8</b>	15.9	9.9%
<b>Cost of sales</b>	<b>(134.1)</b>	<b>(118.9)</b>	-15.2	12.8%
<b>Gross profit</b>	<b>41.6</b>	<b>40.9</b>	0.7	1.6%
Selling expenses	(7.3)	(8.0)	0.7	-8.2%
Research & development expenses	(2.2)	(2.2)	-0.1	2.4%
Administrative expenses	(30.1)	(30.7)	0.6	-1.9%
Other income	3.0	2.3	0.6	27.7%
Other expenses	(1.8)	(1.8)	0.0	-1.3%
<b>Earnings before interest and taxes (EBIT)</b>	<b>3.1</b>	<b>0.6</b>	2.5	436.7%
Finance expense	(15.3)	(12.1)	-3.2	26.7%
Finance income	11.6	4.6	6.9	150.3%
Share of profit of equity-accounted investees	0.3	0.2	0.1	72.8%
<b>Earnings before income taxes (EBT)</b>	<b>(0.3)</b>	<b>(6.7)</b>	<b>6.4</b>	<b>-95.2%</b>
Income taxes	(0.2)	0.3	-0.5	-173.1%
<b>Net result for the period for continuing operations</b>	<b>(0.5)</b>	<b>(6.4)</b>	<b>5.9</b>	<b>-92.0%</b>
Loss after taxes for Discontinued Operations	0.0	0.0	0.0	0.0%
<b>Net result for the period</b>	<b>(0.5)</b>	<b>(6.4)</b>	<b>5.9</b>	<b>-92.0%</b>

UNAUDITED IFRS CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF  
MARCH 31, 2017

**Unaudited IFRS condensed  
consolidated interim financial statements  
of**

**Wittur International Holding GmbH  
Sulzemoos, Germany**

**for the three months ended March 31, 2017**

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## **FINANCIAL STATEMENTS**

### Consolidated statement of comprehensive income

<b>KEUR</b>	<b>Note</b>	<b>Jan. 1 – March 31, 2017</b>	<b>Jan. 1 – March 31, 2016</b>
Revenues	(7)	175.694	126.159
Cost of sales <sup>1)</sup>		-134.129	-95.027
<b>Gross profit</b>		<b>41.564</b>	<b>31.131</b>
Selling expenses <sup>1)</sup>		-7.307	-5.512
Research & development expenses <sup>1)</sup>		-2.203	-1.582
Administrative expenses <sup>1)</sup>		-30.121	-21.205
Other income <sup>1)</sup>		2.980	1.967
Other expenses <sup>1)</sup>		-1.824	-1.482
<b>Earnings before interest and taxes (EBIT)</b>		<b>3.089</b>	<b>3.318</b>
Finance expense		-15.289	-9.452
Finance income		11.554	4.129
Share of profit of equity accounted investees		325	0
<b>Earnings before income taxes (EBT)</b>		<b>-321</b>	<b>-2.005</b>
Income taxes		-191	-156
<b>NET RESULT FOR THE PERIOD</b>		<b>-512</b>	<b>-2.161</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		108	-2.353
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and losses		-	-
Income tax relating to the components of OCI		-	-
<b>Other comprehensive income, net of tax</b>		<b>108</b>	<b>-2.353</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-404</b>	<b>-4.514</b>

<sup>1)</sup> Prior year numbers adjusted. Please refer to Note 2 'Accounting Policies'.

Consolidated balance sheet

**ASSETS**

KEUR	Note	March 31, 2017	Dec. 31, 2016
Intangible assets		616.210	623.866
Property, plant and equipment		126.489	128.177
Investment properties	(8.1)	3.369	1.773
Other non-current financial assets		21.091	13.129
Equity-accounted investees		12.910	12.885
Other non-current assets		354	356
Deferred tax assets		11.426	11.487
<b>Non-current assets</b>		<b>791.848</b>	<b>791.672</b>
Inventories		67.677	59.058
Trade receivables		150.096	137.403
Other current assets		14.345	13.161
Income tax receivables		3.982	3.586
Cash and cash equivalents		24.809	37.410
<b>Current assets</b>		<b>260.909</b>	<b>250.618</b>
<b>Total assets</b>		<b>1.052.758</b>	<b>1.042.291</b>

**EQUITY AND LIABILITIES**

KEUR	Note	March 31, 2017	Dec. 31, 2016
Subscribed capital		25	25
Capital Reserve		222.565	222.565
Retained earnings		-169.798	-43.112
Net result for the period		-512	-126.684
Other components of equity		-13.446	-13.554
<b>Total equity</b>		<b>38.834</b>	<b>39.240</b>
Non-current interest-bearing loans and borrowings	(8.2)	665.355	626.626
Provisions for pensions and other long-term employee benefits		13.099	13.453
Other non-current provisions		8.608	8.593
Other non-current financial liabilities		3.408	3.670
Deferred tax liabilities		131.537	131.348
<b>Non-current liabilities</b>		<b>822.009</b>	<b>783.690</b>
Current interest-bearing loans and borrowings	(8.2)	21.426	48.187
Trade and other payables		159.243	151.696
Other current provisions		3.250	5.277
Other current financial liabilities		3.381	7.962
Income tax liabilities		4.615	6.238
<b>Current liabilities</b>		<b>191.915</b>	<b>219.361</b>
<b>Total equity and liabilities</b>		<b>1.052.758</b>	<b>1.042.291</b>

Consolidated statement of cash flows

<b>KEUR</b>	<b>Jan. 1 – March 31, 2017</b>	<b>Jan. 1 – March 31, 2016</b>
Operating activities		
<b>Earnings before interest and taxes (EBIT)</b>	<b>3.089</b>	<b>3.318</b>
Depreciation and amortisation	11.131	7.887
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>14.220</b>	<b>11.204</b>
Change in working capital	-14.086	9.702
Change in provisions and other liabilities	-660	-437
Change in other assets	-76	182
Income taxes paid	-2.678	-2.710
Other non-cash items	119	111
<b>Net cash flow from operating activities</b>	<b>-3.161</b>	<b>18.053</b>
Investing activities		
Dividends received from associated companies	300	-
Purchase of property, plant and equipment	-3.061	-708
Purchase of software	-160	-305
Purchase of other intangible assets	-378	-1.550
Disposal of assets	228	57
<b>Net cash flow used in investing activities</b>	<b>-3.071</b>	<b>-2.505</b>
<b>Net cash flow before financing activities</b>	<b>-6.232</b>	<b>15.548</b>
Financing activities		
Interest paid	-17.664	-9.932
Transaction fees, rating & other financing costs	-668	-116
Proceeds/(Repayment) of Paternoster Term Loan B	39.000	-
Proceeds/(Repayment) of other Senior Facilities	-28.734	10.791
Proceeds/(Repayment) of other borrowings	2.158	4.098
Purchase / sale of other investments	124	-2.527
<b>Net cash flow used in financing activities</b>	<b>-5.784</b>	<b>2.313</b>
<b>Change in cash and cash equivalents</b>	<b>-12.016</b>	<b>17.861</b>
Effects currency translation	-585	-884
Cash and cash equivalents at beginning of period	37.410	24.373
Cash and cash equivalents at the end of period	24.809	41.349

Consolidated statement of changes in equity

KEUR	Attributable to owners of the parent					Total equity
	Subscribed capital	Retained earnings	Capital reserve	Other reserves		
				Currency translation	Valuation of pensions	
<b>Balance as of Jan. 1, 2016</b>	<b>25</b>	<b>-43.112</b>	<b>194.640</b>	<b>-5.654</b>	<b>-90</b>	<b>145.810</b>
Net result for the period	-	-2.161	-	-	-	-2.161
Other comprehensive income	-	-	-	-2.353	-	-2.353
<b>Total comprehensive income</b>	<b>-</b>	<b>-2.161</b>	<b>-</b>	<b>-2.353</b>	<b>-</b>	<b>-4.514</b>
<b>Balance as of March 31, 2016</b>	<b>25</b>	<b>-45.272</b>	<b>194.640</b>	<b>-8.007</b>	<b>-90</b>	<b>141.297</b>
<b>Balance as of Jan. 1, 2017</b>	<b>25</b>	<b>-169.798</b>	<b>222.565</b>	<b>-13.077</b>	<b>-477</b>	<b>39.238</b>
Net result for the period	-	-512	-	-	-	-512
Other comprehensive income	-	-	-	108	-	108
<b>Total comprehensive income</b>	<b>-</b>	<b>-512</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>-404</b>
<b>Balance as of March 31, 2017</b>	<b>25</b>	<b>-170.310</b>	<b>222.565</b>	<b>-12.969</b>	<b>-477</b>	<b>38.834</b>



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1 Corporate information**

#### **1.1 Reporting entity**

Wittur International Holding GmbH (former Paternoster Holding III GmbH) (“Wittur” or the “Company”) is a limited liability company domiciled in Sulzemoos, Germany. The address of the Company’s registered office is Rohrbachstraße 26-30, 85259 Sulzemoos, Germany. The consolidated interim financial statements of the Company as of and for the period ended March 31, 2017 comprise the Company and its subsidiaries including the former Sematic Group companies as of the April 1, 2016, the acquisition date (together referred to as “Wittur Group” or the “Group” and individually as “Group entities”).

Wittur Group is a leading independent solution provider for components, modules and systems for the elevator industry. It is a development partner and supplier to the major international elevator companies, as well as small and medium-sized manufacturers. Its range of products mainly comprises the development and manufacture of doors, cars, safety components, gearless drives, hydraulic, frames and complete elevator packages. Wittur Group does not install elevators and does not offer maintenance services for elevators.

#### **1.2 Basis of preparation**

The consolidated interim financial statements have been prepared in accordance and in conformity with IAS 34 “Interim financial reporting”. These consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which were prepared in accordance and conformity with all International Financial Reporting Standards (IFRS) and the publications of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU as of December 31, 2016.

The consolidated interim financial statements were approved and released for publication by the Executive Board of the Company on May 29, 2017.

These consolidated interim financial statements cover the three months period from January 1, 2017 to March 31, 2017. The comparison period is January 1, 2016 to March 31, 2016, which is not comparable as the Sematic Group acquisition was completed on April 1, 2016.

These condensed consolidated interim financial statements have not been audited.

## 2 Accounting policies

Since 2017, foreign exchange gains and losses resulting from the translation of financial instruments are reported as finance income and expenses, whereas these gains and losses were accounted for as other income and expenses until 2016. If this accounting policy had already been applied in 2016, earnings before interest and taxes (EBIT) in 2016 would have been higher by KEUR 586. Prior year numbers were not adjusted.

Furthermore, the following reclassifications of income and expenses were made in 2017 with no impact on prior year's EBIT:

- IT costs are reported as administrative expenses, whereas until 2016, these costs were allocated to different functional areas.
- Income from waste disposal is reported as other income, whereas until 2016, it was offset against cost of sales.
- Foreign exchange gains and losses related to operating activities are reported on a gross basis as other income and other expenses, whereas until 2016, these were offset against each other.

	<b>Jan. 1 - March 31, 2017</b>	<b>Jan. 1 - March 31, 2016 adjusted</b>	<b>Jan. 1 - March 31, 2016 reported</b>
<b>KEUR</b>			
Cost of sales	-134.129	-95.027	-94.690
Selling expenses	-7.307	-5.512	-5.542
Research & development expenses	-2.203	-1.582	-1.598
Administrative expenses	-30.121	-21.205	-21.097
Other income	2.980	1.967	545
Other expenses	-1.824	-1.482	-458

These changes in accounting were made to enhance the reliability of information contained in these financial statements.

Besides this, Wittur Group has applied the same accounting principles in preparation of these interim financial statements as in the financial statements for the business year 2016.

The consolidated financial statements are presented in Euro, which is the functional currency of the parent company. Unless otherwise noted, all amounts are rounded to the nearest thousands of Euro (KEUR). Totals in tables were calculated using precise figures and rounded to KEUR.

The exchange rates of certain significant currencies versus the Euro changed as follows:

**1 EUR =**

<b>Currency</b>	<b>ISO Code</b>	<b>Rate at closing date</b>		<b>Average exchange rate</b>	
		<b>March 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Jan. 1 – March 31, 2017</b>	<b>Jan. 1 – March 31, 2016</b>
Chinese Yuan Renminbi	CNY	7,36	7,32	7,33	7,21
Hungarian Forinth	HUF	307,62	309,83	309,07	312,07
Indian Rupee	INR	69,40	71,59	71,30	74,41
Turkish Lira	TRY	3,90	3,71	3,94	3,25
U.S. Dollar	USD	1,07	1,05	1,06	1,10

## 3 Estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the business year ended December 31, 2016.

#### 4 Changes in the composition of the Group

The consolidated interim financial statements as of March 31, 2017 include, besides Wittur International Holding GmbH (former Paternoster Holding III GmbH) as the parent company, 38 fully consolidated subsidiaries. There were no changes in the composition of the group in the first quarter of 2017.

#### 5 Significant events and transactions

##### Add-on to Term Loan B facility

In March 2017, the Group successfully refinanced by extending its existing Term Loan B from KEUR 410.000 to KEUR 449.000 at reduced interest rates. The proceeds of KEUR 39.000 were used to refinance borrowings under the revolving credit facility, which was previously used, among other purposes, for the financing of the Sematic acquisition and related integration costs.

##### European Reorganization

In January 2017, the Group decided within a European reorganization to establish in Germany a specific hub for complete systems. In the new hub, the different strengths deriving from Wittur, Sematic and LM Liftmaterial's past experience come together to provide an ever more outstanding customer experience and to further harmonize the product portfolio. As a result, business activities related to complete systems currently located in Spain will be relocated to Germany. The financial impact of this relocation cannot yet be quantified at the time these financial statements were completed.

#### 6 Seasonality or cyclicity of interim operations

The financial results of the interim financial statements of the Group are not materially affected by seasonal or cyclical events.

#### 7 Segment reporting

The Group produces and sells elevator components such as automatic elevator doors, cabins, safety components, drives, elevator frames and complete elevators. Wittur Group products are used in new installations and modernizations. They are integrated in elevator systems for people, cargo and in special applications such as cruise ships.

Due to the business model of the Group and the governance structure, Wittur Group is considered as one operating segment.

In addition to segment information, other selected information is published on a voluntary basis.

##### Sales by geographical regions

KEUR	Jan. 1 – March 31, 2017	Jan. 1 – March 31, 2016
Europe	95.031	61.071
Asia	61.679	54.331
Rest of World	18.984	10.756
<b>Revenues</b>	<b>175.694</b>	<b>126.159</b>

8 Consolidated balance sheet

8.1 Investment properties

<b>KEUR</b>	<b>March 31, 2017</b>	<b>Dec. 31, 2016</b>
Investment properties	3.369	1.773
<b>Investment properties</b>	<b>3.369</b>	<b>1.773</b>

With the Sematic acquisition, the Group acquired land in Pune, India. Subsequently, the operating business was transferred from Sematic India to Wittur India and the land in Pune is not used any longer. As a result, the land was reclassified from property, plant equipment to investment properties at its fair value.

8.2 Interest bearing loans and borrowings

Non-current interest bearing loans and borrowings

<b>KEUR</b>	<b>March 31, 2017</b>	<b>Dec. 31, 2016</b>
Term Loan B	435.385	396.503
High Yield Bond	229.803	229.958
Non-current bank loans	168	165
<b>Non-current interest-bearing loans and borrowings</b>	<b>665.355</b>	<b>626.626</b>

Current interest bearing loans and borrowings

<b>KEUR</b>	<b>March 31, 2017</b>	<b>Dec. 31, 2016</b>
Current bank loans	21.426	19.453
Revolving Credit Facility	-	25.000
Ancillary Credit Facility	-	3.734
<b>Current interest-bearing loans and borrowings</b>	<b>21.426</b>	<b>48.187</b>

In March 2017, the Term Loan B was extended by KEUR 39.000 and the proceeds were used to refinance borrowings under the revolving credit facility.

## 9 Additional disclosures on financial instruments

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments. The disclosures have to be made in accordance with the characteristics of the financial instruments. At Wittur Group, the breakdown is provided by balance sheet items:

KEUR 31.03.2017	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39				Disclosure of fair value		
		Amortised cost	Fair value measurement Level 1	Fair value measurement Level 2	Fair value measurement Level 3	Fair value measurement Level 1	Fair value measurement Level 2	Fair value measurement Level 3
Financial assets								
Non-current assets								
Other non-current assets								
Other receivables	LaR	97	-	-	-	-	97	-
Other non-current financial assets								
Bond repurchase option	FAFV	-	-	19.921	-	-	-	-
Investments	AfS	-	-	1.098	-	-	-	-
Loans	LaR	9	-	-	-	-	9	-
Guarantees and deposits	LaR	63	-	-	-	-	63	-
Financial liabilities								
Non-current liabilities								
Interest-bearing loans and borrowings	FLAC	665.355	-	-	-	-	672.309	-
Other financial liabilities								
Other financial liabilities	FLAC	158	-	-	-	-	158	-
Current liabilities								
Other financial liabilities								
Foreign currency derivatives	FLFV	-	-	123	-	-	-	-

KEUR 31.12.2016	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39				Disclosure of fair value		
		Amortised cost	Fair value measurement Level 1	Fair value measurement Level 2	Fair value measurement Level 3	Fair value measurement Level 1	Fair value measurement Level 2	Fair value measurement Level 3
Financial assets								
Non-current assets								
Other non-current assets								
Other receivables	LaR	88	-	-	-	-	88	-
Other non-current financial assets								
Bond repurchase option	FAFV	-	-	11.714	-	-	-	-
Investments	AfS	-	-	1.207	-	-	-	-
Loans	LaR	9	-	-	-	-	9	-
Guarantees and deposits	LaR	199	-	-	-	-	199	-
Financial liabilities								
Non-current liabilities								
Interest-bearing loans and borrowings	FLAC	626.626	-	-	-	-	603.088	-
Other financial liabilities								
Foreign currency derivatives	FLFV	-	-	172	-	-	-	-
Other financial liabilities	FLAC	194	-	-	-	-	193	-

For financial instruments with current maturities including cash and cash equivalents, accounts receivable and payable as well as other receivables and payables it is assumed that their carrying amounts approximate their fair values.

The fair values of non-current financial instruments are calculated as the present values of the estimated future cash flows using market interest rates for discounting.

The fair values of non-current financial liabilities with variable interest rates are estimated to be equal to their carrying amounts since the interest rates agreed and those available on the market do not significantly differ.

The fair value of interest rate caps is calculated using the applicable option pricing formulas. The fair value of forward foreign exchange contracts is determined using a net present value calculation based on quoted forward exchange rates at the balance sheet date.

The fair value of the Bond repurchase option is measured as follows:

- The benefit of exercising the repurchase option depends on the interest rate conditions Wittur Group would receive for an alternative financing. The refinancing rate is the market rate plus a specific risk premium. This is compared to the implied yield of the loan, which is determined by the floating interest rate element. As a result, it is then economical to exercise the option, when the rate of the alternative financing is below the implied yield of the loan at the exercise date. Thus, the fair value of the derivative depends also mainly on this factor and its expected volatility.
- To determine the economic benefit of exercising the option, the yield and the default rate are simulated using a Hull and White single-factor model (1990). The input parameters of the valuation model are the yield and credit spread volatilities, the yield curve and benchmark credit default swap (CDS) rates at the respective valuation dates.

The following overview provides the fair value measurement hierarchy of the Group's non-current assets and liabilities:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means ("market-corroborated inputs").
- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

In the period until March 31, 2017, there are no fair values derived according to the fair value hierarchy Level 1. The fair value of derivative instruments represents the Level 2. It is measured based on price information derived from active markets and commonly used valuation methods provided by issuing banks.

As of March 31, 2017, the fair values for the High Yield Bond and the Term Loan B were calculated. The nominal amount is KEUR 225.000 (2016: KEUR 225.000) for the High Yield Bond and KEUR 449.000 (2016: KEUR 410.000) for the Term Loan B. The fair value is measured based on observable market data. The fair value of the High Yield Bond amounts to KEUR 227.997 (2016: KEUR 217.418) and the fair value of the Term Loan B amounts to KEUR 444.175 (2016: KEUR 385.524).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There have been no transfers between Level 1, Level 2 and Level 3 during 2017.

For each financial position which is not measured at fair value in the statement of financial position but for which a fair value is disclosed, the fair value is categorised within Level 2.

10 Events after the balance sheet date

No events occurred between March 31, 2017, and May 29, 2017, which would require adjustments to the amounts recognized in these consolidated financial statements or would need to be disclosed under this heading.

Sulzemoos, May 29, 2017

Patrik Wohlhauser