



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 nine months ended September 30, 2018

Dated November 15, 2018

TABLE OF CONTENTS

	Page
SUMMARY OVERVIEW OF RESULTS	3
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	8
FORWARD-LOOKING STATEMENTS	17
CURRENCY PRESENTATION AND DEFINITIONS	17
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	17
PRESENTATION OF INDUSTRY AND MARKET DATA	18
RISK FACTORS	18
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	20

SUMMARY OVERVIEW OF RESULTS

Consolidation level

The following report and supporting interim IFRS consolidated financial statements for the nine months ended September 30, 2018 include Wittur International Holding GmbH and its subsidiaries (also referred to as “Wittur”, “the Group” or “Wittur Group”).

Results Summary

Wittur Group

Wittur Group recorded consolidated revenues of €601.7 million for the first nine months of 2018, which represents an increase of 2.3% over the prior year period (9M 2017: €588.2 million)

Wittur’s European business contributed 53.5% or €321.8 million to Group revenue in the first nine months of 2018. The business shows a slight increase of 1.3% in comparison to previous year’s figures (9M 2017: €317.5 million). This development was mainly influenced by good growth with our MNC customers.

Asian operations generated €232.4 million or 38.6% of revenue in the period under review, up 6.8% over previous year’s figure of €217.7 million with a strong revenue increase in China. The Rest of World region showed a revenue decrease of 10.3% to €47.6 million in the first nine months 2018 (9M 2017: €53.0 million) due to adverse foreign exchange effects, particularly in South America, and a decline in Eurasia.

Earnings before interest, taxes, depreciation and amortization before exceptional items (EBITDA Adjusted) of the Wittur Group increased by 13.5% to €94.0 million in the period under review (9M 2017: €82.8 million). This is influenced by benefits from the execution of the functional excellence program, which was initiated last year, as well as a positive impact from the early adoption of the new IFRS 16 lease accounting standard. The EBITDA Adjusted margin was 15.6%.

One-off costs in the first nine months of 2018 are €16.9 million below prior year in the period under review. The ERP installation issues in Austria and Slovakia are solved with a small portion of temporary overhead costs still remaining with the aim of fully eliminating them until end of the year.

Net cash flow before financing activities in the first nine months of 2018 of Wittur Group was €58.6 million with EBITDA as well as one-off effects from fixed asset disposals contributing positively to our cash flow.

Other Financial and Operating Data

Other Financial Data

	Period ended September 30,	
	2018	2017
	in € million	
	(unaudited unless otherwise stated)	
<u>Profit and Loss</u>		
Revenues	601.7	588.2
thereof Europe	321.8	317.5
thereof Asia	232.4	217.7
thereof Rest of World	47.6	53.0
EBITDA ^{(1), (10)}	79.6	51.6
EBITDA Adjusted ^{(1), (10)}	94.0	82.8
EBITDA Adjusted margin ^{(2), (10)}	15.6%	14.1%
Gross profit (before depreciation & amortization) ^{(3), (10)}	149.5	146.3
Gross profit margin (before depreciation & amortization) ^{(3), (10)}	24.8%	24.9%
<u>Cash Flow</u>		
Net cash flow for capital expenditures ⁽⁴⁾	9.9	9.3
Net cash flow before financing activities ^{(5), (10)}	58.6	54.4
Cash Conversion ^{(6), (10)}	89.5%	88.8%
<u>Credit Data</u>		
Net senior financial debt ^{(7), (12)}	421.0	414.9
Net financial debt ^{(8), (12)}	646.0	639.9
Cash interest expense (Pro Forma) ^{(9), (12)}	43.4	46.4
LTM EBITDA Adjusted ^{(11), (12)}	119.1	105.0
Ratio of net senior financial debt to LTM EBITDA Adjusted ⁽¹²⁾	3.54x	3.95x
Ratio of net financial debt to LTM EBITDA Adjusted ⁽¹²⁾	5.43x	6.10x
Ratio of LTM EBITDA Adjusted to cash interest expense (Pro Forma) ⁽¹²⁾	2.74x	2.26x

- (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. For information on the early adoption of IFRS 16 Leases, please refer to Section “Accounting Policies” in this Nine-Month Financial Report.
- (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 and amortization, divided by (ii) revenues for such period.
- (4) Net cash flow for capital expenditures represent the cash out for the purchase of property, plant & equipment, software and other intangible assets for such period.
- (5) Net cash flow before financing activities as presented in the cash flow statement included in this quarterly bond report, excluding effects from acquisitions.
- (6) Cash conversion represents a quotient equal to (i) EBITDA Adjusted, minus net cash flow for capital expenditures, divided by (ii) EBITDA Adjusted.

- (7) 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	464.0
Non-current liabilities to banks	0.2
Non-current lease liabilities	8.7
Non-current liabilities from sale-and-leaseback	4.2
Revolving Credit Facility	0.0
Ancillary Credit Facility	0.0
Current liabilities to banks	19.9
Current lease liabilities	3.4
Current liabilities from sale-and-leaseback	0.6
	<u>501.1</u>
Less cash and cash equivalents	<u>(80.1)</u>
Net Senior Financial debt	<u>421.0</u>

- (8) 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	464.0
Non-current liabilities to banks	0.2
Non-current lease liabilities	8.7
Non-current liabilities from sale-and-leaseback	4.2
Revolving Credit Facility	0.0
Ancillary Credit Facility	0.0
Current liabilities to banks	19.9
Current lease liabilities	3.4
Current liabilities from sale-and-leaseback	0.6
	<u>726.1</u>
Less cash and cash equivalents	<u>(80.1)</u>
Net Financial debt	<u>646.0</u>

- (9) Pro forma cash interest expense represents the estimated interest expense on the net financial debt as of September 30, 2018 of the Wittur Group on a pro forma basis for the twelve months ended September 30, 2018.
- (10) Figures in 2018 are impacted by the early adoption of IFRS 16 *Leases*. For further information, please refer to Section “Accounting Policies” in this Nine-Month Financial Report.
- (11) LTM EBITDA Adjusted is EBITDA Adjusted for the twelve months ended September 30, 2018 and 2017 respectively. LTM EBITDA Adjusted for the period ended September 30, 2018 includes €1.3 million IFRS 16 add-backs for the fourth quarter of 2017 and €3.2 million add-backs for the first three quarters of 2018. LTM EBITDA Adjusted for the twelve months ended September 30, 2017 was not adjusted for IFRS 16.
- (12) Before IFRS 16 adoption, credit data for the period ended September 30, 2018 would have been as follows:

Net senior financial debt	409.2
Net financial debt	634.2
Cash interest expense (Pro Forma)	42.8
LTM EBITDA Adjusted	114.6
Ratio of net senior financial debt to LTM EBITDA Adjusted	3.57
Ratio of net financial debt to LTM EBITDA Adjusted	5.53
Ratio of LTM EBITDA Adjusted to cash interest expense	2.68

For further information on the early adoption of IFRS 16 *Leases*, please refer to Section “Accounting Policies” in this Nine-Month Financial Report.

	Period ended September 30,	
	2018	2017
	<i>in € million</i>	
	<i>(unaudited unless otherwise stated)</i>	
Net result for the period	0.1	(6.6)
Finance expense ⁽¹⁾	53.5	45.3
Finance income	(7.1)	(19.4)
Income taxes	0.2	1.8
Share of profit of equity-accounted investees	(0.4)	(0.5)
EBIT	46.2	20.7
Depreciation and amortization ⁽¹⁾	33.4	31.0
EBITDA	79.6	51.6
ERP-related costs ^(A)	2.3	14.6
Project costs ^(B)	4.6	7.9
Reorganization costs ^(C)	3.6	5.7
Transaction costs ^(D)	1.7	2.4
Other costs ^(E)	2.2	0.6
EBITDA Adjusted	94.0	82.8

- (A) ERP-related costs are extraordinary costs incurred after the installation of a new ERP system in Austria and Slovakia in 2017 (in the Nine-Month Financial Report as of September 30, 2017, ERP-related costs were reported under project costs). ERP-related costs in 2018 include costs for still existing additional workforce as a result of the ERP installation in 2017. Costs of this additional workforce, which was implemented to mitigate customer impacts after the ERP installation, are gradually reduced.
- (B) Project costs in 2018 are mainly related to strategic projects focused on direct and indirect cost optimization and working capital.
- (C) Reorganization costs in 2018 include temporary additional costs incurred due to the relocation of the Group's complete systems business in Germany as well as costs of the functional excellence program initiated in 2017 to streamline business functions and remove the complexity of multiple organizational layers.
- (D) Transaction costs in 2018 relate to costs incurred with regards to potential acquisitions and other M&A-related costs.
- (E) Other costs relate to other miscellaneous extraordinary expenses not included in the categories above.
- (1) For information on the early adoption of IFRS 16 *Leases*, please refer to Section "Accounting Policies" in this Nine-Month Financial Report.

Other Operating Data

	Period ended September 30,	
	2018	2017
	<i>(unaudited unless otherwise stated)</i>	
Number of doors sold (<i>units</i>), including door mechanisms	1,514,456	1,494,390
Number of employees (<i>heads</i>) ⁽¹⁾	4,620	4,482
Order intake (<i>in € million</i>) ⁽²⁾	616.6	608.4

- (1) Employee figures are headcount figures. Employee figures are based on the number of own permanent employees at period-end for all periods presented.
- (2) Order intake is all purchase orders legally concluded during the period under review.

Subsequent Events

For any material subsequent events please refer to *Note 10 “Events after the balance sheet date”* in the Notes to our interim consolidated financial statements contained elsewhere herein.

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 first half of 2018 are based on the unaudited condensed consolidated financial statements as of September 30, 2018 which are contained elsewhere in this report, as well as on the accounting records and internal management accounts of Wittur Group. The unaudited condensed consolidated financial statements as of September 30, 2018 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 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, please refer to Wittur Group 2017 Annual Bond Report.

Results of Operations

The following table provides an overview of our results of operations for the nine months ended September 30, 2018 and 2017.

	Period ended September 30,		
	2018	2017	Change in %
	<i>in € million</i>		
	<i>unaudited</i>	<i>unaudited</i>	
Revenues	601.7	588.2	2.3%
Cost of sales^{(1), (2)}	(460.2)	(449.6)	2.4%
Gross profit	141.5	138.6	2.1%
Selling expenses ^{(1), (2)}	(39.9)	(41.0)	(2.7%)
Research & development expenses ^{(1), (2)}	(5.6)	(5.5)	1.7%
Administrative expenses ⁽¹⁾⁽²⁾	(55.6)	(74.3)	(25.2%)
Other income	16.8	8.2	104.5%
Other expenses	(11.0)	(5.3)	107.2%
Earnings before interest and taxes (EBIT)	46.2	20.7	123.6%
Finance expense ⁽²⁾	(53.5)	(45.3)	18.0%
Finance income	7.1	19.4	(63.5%)
Share of profit at-equity investees	0.4	0.5	(15.8%)
Earnings before income taxes (EBT)	0.3	(4.7)	-
Income taxes	(0.2)	(1.8)	(91.0%)
Net result for the period	0.1	(6.6)	-

(1) Numbers for 2017 adjusted; please refer to Section 2 ‘Accounting Policies’ in the Notes to the consolidated interim financial statements contained elsewhere herein.

(2) For information on the early adoption of IFRS 16 *Leases*, please refer to Section “Accounting Policies” in this Nine-Month Financial Report.

Revenues

Revenues increased by €13.5 million or 2.3% from €588.2 million in the nine months ended September 30, 2017, to €601.7 million in the nine months ended September 30, 2018. At comparable exchange rates, revenues increased by 6.2% with growth in all regions.

Revenues by regions

	Period ended September 30,			
	2018		2017	
	<i>in € million</i>	<i>% of revenue</i>	<i>in € million</i>	<i>% of revenue</i>
Europe	321.8	53.5	317.5	54.0
Asia	232.4	38.6	217.7	37.0
Rest of the World	47.6	7.9	53.0	9.0
Revenue	601.7	100.0	588.2	100.0

Europe

Our European business contributed 53.5% or €321.8 million to Group revenue in the first nine months of 2018, up 1.3% over prior year's figure of €317.5 million. Main driver was the strong recovery of Austria and Slovakia after the ERP installation issues in 2017.

In the first nine months of 2018, we could grow the business with our MNC customers. In Europe, we generated 69.5% (9M 2017: 67.8%) of our revenue through sales to our MNC customers and the remainder through sales to Independents. Across Europe, growing sales from our Augusta EVO door are contributing to this development. At comparable exchange rates, revenues grew by 1.9%.

Asia

Asian operations generated €232.4 million or 38.6% of revenue in the first nine months of 2018, recording 6.8% growth over the previous year's figure of €217.7 million. Particularly in China, we recorded solid growth supported by the CORE door, our new global door platform for low rise buildings. India and Australia as well showed good growth from an increasing MNC business.

In our Asia region, we generated 90.3% (9M 2017: 90.3%) of our revenue through sales to our MNC customers in the period under review and the remainder through sales to Independents. At comparable exchange rates, revenues grew by 10.1%.

Rest of World

Our Rest of World region contributed 7.9% or €47.6 million to Group revenue in the first nine months of 2018, down 10.3% compared to prior year (9M 2017: €53.0 million) due to adverse foreign exchange effects, especially in South America and a decline in Eurasia.

In our Rest of World region, we generated 58.2% (9M 2017: 68.4%) of our revenue through sales to Independents and the remainder through sales to MNCs. In the first nine months of 2018, we could considerably grow our business with MNCs. At comparable exchange rates, revenues grew by 15.8%.

Cost of Sales

Cost of sales increased by €10.6 million (+2.4%) to €460.2 million in the nine months ended September 30, 2018 from €449.6 million in the nine months ended September 30, 2017. The headwinds from higher material costs we have seen in the first nine months of 2018 were partly compensated by savings from the execution of a global sourcing plan with focus on savings in direct and indirect spend. In addition, increasing raw material prices could be compensated by sales price increases, thus minimizing the impact on our gross margin.

Gross Profit (after depreciation & amortization)

Gross profit increased by €2.9 million (+2.1%) to €141.5 million for the nine months ended September 30, 2018 from €138.6 million for the nine months ended September 30, 2017. Gross profit margin was stable at 23.5% (9M 2017: 23.6%).

Selling Expenses

Selling expenses decreased by €1.1 million (-2.7%) to €39.9 million in the nine months ended September 30, 2018 from €41.0 million in the first nine months of 2017. This decrease is mainly a result of lower marketing expenses for fairs and exhibitions compared to prior year.

Research & Development Expenses

Research and development (R&D) expenses before capitalization remained stable at €8.5 million (9M 2017: €8.4 million), amounting to 1.4% (9M 2017: 1.4%) of our revenues. Including capitalization, R&D expenses remained stable at €5.6 million in the first nine months of 2018 (9M 2017: €5.5 million).

Administrative Expenses

Administrative expenses decreased by €18.7 million (-25.2%) to €55.6 million in nine months ended September 30, 2018 compared to €74.3 million in the same period in 2017. This decrease is due to significantly lower extraordinary and one-off costs as well as benefits from the execution of the functional excellence program,

which was initiated last year with the aim of streamlining business functions and removing the complexity of multiple organizational layers.

Other Income

Other income increased by €8.6 million (+104.5%) to €16.8 million in the nine months ended September 30, 2018 compared to €8.2 million in the nine months of 2017 mainly due to FX fluctuations.

Other Expenses

Other expenses increased by €5.7 million (+107.2%) to €11.0 million in the first nine months of 2018 compared to €5.3 million in the nine months of 2017. Here again, main impact are FX fluctuations.

EBIT

EBIT increased by €25.5 million (+123.6%) to €46.2 million in the nine months ended September 30, 2018 as a result of the factors described above and the early adoption of IFRS 16.

Finance Expense

Finance expenses increased by €8.2 million (+18.0%) to €53.5 million in the nine months ended September 30, 2018 from €45.3 million in the nine months ended September 30, 2017. This increase is due to the fair value decline of the embedded derivative for the High Yield Bond in an amount of €6.9 million in the first nine months of 2018. Apart from this accounting impact, interest expenses for the Term Loan B significantly decreased after two successful repricings in 2017.

Finance Income

Finance income decreased by €12.3 million to €7.1 million in the nine months ended September 30, 2018 from €19.4 million in the nine months ended September 30, 2017. The decrease is a result of the fair value measurement of the embedded derivative for the High Yield Bond, which resulted in a gain of €15.5 million in the first nine months of 2017, whereas we recognized a loss in the first nine months of 2018.

Share of profit (at-equity investees)

Our share of profit of the two associated companies New Lift Steuerungsbau GmbH, Germany, and Computec S.r.l., Italy, decreased by €0.1 million to €0.4 million (-15.8%) for the nine months ended September 30, 2018 from €0.5 million for the nine months ended September 30, 2017.

Income Taxes

Income taxes are at €0.2 million for the nine months ended September 30, 2018 compared to €1.8 million for the nine months ended September 30, 2017. The income taxes represent the application of a forecasted group tax rate to the recorded result of the Group in accordance with IAS 34.

Net Result for the Period

Net result for the period increased by €6.7 million to €0.1 million net gain for the nine months ended September 30, 2018 compared to €6.6 million net loss for the nine months ended September 30, 2017. This increase is 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 and contract liabilities. The following table provides an overview of our working capital as of September 30, 2018 compared to December 31, 2017:

	As of September 30,	As of December 31,
	2018	2017
	<i>in € million</i>	
	<i>unaudited</i>	<i>unaudited</i>
Inventories	71.4	71.1
Trade receivables	91.1	110.5
Trade payables	(123.2)	(125.8)
Other working capital items	(38.9)	(34.5)
Working capital	0.3	21.4

We continuously focus on an effective management of working capital and improving our net working capital ratios. Due to the implementation of a non-recourse factoring program in four European entities, our working capital could be significantly reduced compared to December 31, 2017, despite increasing revenues.

Cash Flow

The following table sets forth consolidated cash flow data for the nine months ended September 30, 2018 and 2017.

	Period ended September 30,	
	2018	2017
	<i>in € million</i>	
	<i>unaudited</i>	<i>unaudited</i>
Operating Activities		
EBITDA	79.6	51.6
Change in working capital	8.2	23.4
Change in provisions and other liabilities	(5.5)	(1.8)
Change in other assets	(0.9)	0.3
Income taxes paid	(14.0)	(10.6)
Interest received	0.3	0.2
Other non-cash items	(2.6)	0.0
Cash Flow from Operating Activities	65.2	63.1
Investing Activities		
Dividends received from associated companies	0.0	0.4
Purchase of property, plant and equipment	(6.3)	(5.5)
Purchase of software	(0.6)	(1.0)
Purchase of other intangible assets	(2.9)	(2.8)
Disposal of assets	3.4	0.2
Other investing cash flow	(0.1)	0.0
Cash Flow from Investing Activities	(6.6)	(8.7)
Cash Flow before Debt Service	58.6	54.4
Financing Activities		
Interest paid	(40.1)	(39.6)
Transaction fees, rating & other financing costs	(1.8)	(1.0)
Proceeds/(Repayment) of Paternoster Term Loan B	0.0	39.0
Proceeds/(Repayment) of other Senior Facilities	0.0	(28.7)
Proceeds/(Repayment) of other borrowings	(9.1)	3.3
Payment of lease liabilities	(2.5)	0.0
Sale/(Purchase) of other investments	0.3	(1.8)
Cash Flow from Financing Activities	(53.3)	(28.8)
Change in cash and cash equivalents	5.3	25.5
FX differences	(3.5)	(2.8)
Cash and cash equivalents at beginning of period	78.2	37.4
Cash and cash equivalents at end of period	80.1	60.1

Capital Expenditures

To support our business strategy and development plans and to further expand our business operations in new markets, we regularly incur capital expenditures. In the nine months ended September 30, 2018 we incurred capital expenditures of €9.9 million, or 1.6% of revenue, compared to €9.3 million, or 1.6% of revenue in the nine months ended September 30, 2017.

In the first nine months of 2018, the major portion of expansion capital expenditures was invested in Europe, followed by expansion investments in our operations in Asia.

Major projects in the first nine months of 2018 include upgrades of an assembly line and firefighting installations in one of our Italian plants, investments in a new painting line in India, a painting line upgrade in Hungary, and additional capacities and process improvements in Austria and Slovakia. Furthermore, investments related to the ramp-up of the new Core door have started in our plants in Turkey, India and Italy.

Contractual Obligations and Contingent Liabilities

The following contractual obligations and principal payments identify what we are obliged to pay as at September 30, 2018. Also see “*Financial Risk Management*” in the Notes to consolidated financial statements for the year ended December 31, 2017.

in € million	Payments due by period (unaudited)			
	Total	Less than 1 year	1 to 5 years	More than 5 years
High Yield Bond	311.3	19.1	292.2	0.0
Term Loan B	550.2	27.5	522.8	0.0
Trade and other payables	171.5	171.5	0.0	0.0
Other financial liabilities	42.9	25.7	13.4	3.8
Sub-Total	1,075.9	243.8	828.3	3.8
Derivative financial instruments	0.0	0.0	0.0	0.0
Total	1,075.9	243.8	828.3	3.8

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 Austria, Italy, Turkey and Germany as well as smaller plans in other countries. As of September 30, 2018 we had defined benefit obligations including jubilee obligations in an amount of €12.1 million.

Payments required to be made under these pension plans were historically funded from operating cash flow, and we anticipate continuing doing so.

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 risks 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 consolidated financial statements for the year ended December 31, 2017.

Accounting Policies

Depreciation and amortization expenses were reclassified to the respective functional areas, whereas in the prior year, these expenses were reported under administrative expenses. This change in accounting was made to enhance the reliability of information contained in these financial statements.

Wittur Group transitioned to IFRS 16 effective from January 1, 2018 applying the modified retrospective approach with no restatement of prior year figures. Wittur makes use of the simplification option for leases of low-value assets, for which IFRS 16 is not applied. Furthermore, Wittur makes use of the practical expedient and does not separate non-lease components from lease components.

The average interest rate for lease liabilities was approximately 6.4% as of January 1, 2018. Due to the first-time adoption of the new standard, €13.8 million lease liabilities were recognized as of January 1, 2018. This is an increase in lease liabilities and net (senior) financial debt of €13.3 million compared to the previous lease accounting standard IAS 17, which required only finance leases to be recorded on-balance,.

As of September 30, 2018, €12.2 million lease liabilities were recognised in the consolidated balance sheet. This is an increase in lease liabilities and net (senior) financial debt of € 11.9 million compared to the previous lease accounting standard IAS 17, which required only finance leases to be recorded on-balance.

EBITDA for the first nine months of 2018 increased by €3.2 million as a result of the IFRS 16 transition. Depreciation increased by €2.8 million due to the additional right-of-use assets and lease interest increased by €0.7 million in the first nine months of 2018.

Operating cash flow for the first nine months of 2018 increased by €3.2 million as a result of the IFRS 16 adoption. Lease payments, which were previously included in cash flow from operating activities, are now included in cash flow from financing activities except for payments for low-value assets.

The effect of the first-time adoption of the new IFRS 16 Leasing Standard on the liabilities as of January 1, 2018 is presented below.

in € million	Jan. 1, 2018 before IFRS 16	IFRS 16 adjustments	Jan. 1, 2018 incl. IFRS 16 adjustment
Other non-current financial liabilities	3.0	10.3	13.4
Other current financial liabilities	12.4	3.4	15.8

The impact of the application of the new IFRS 16 Leasing Standard on the liabilities for the first quarter of 2018 is presented below.

in € million	Mar. 31, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Mar. 31, 2018 incl. IFRS 16 adjustments
Other non-current financial liabilities	3.0	10.2	13.2
Other current financial liabilities	7.0	3.7	10.7

The impact of the application of the new IFRS 16 Leasing Standard on the income statement for the first quarter of 2018 is presented below.

in € million	Jan. 1 – Mar. 31, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jan. 1 – Mar. 31, 2018 incl. IFRS 16 adjustments
Gross Profit before depreciation	44.3	0.5	44.7
EBITDA Adjusted	23.6	1.1	24.7

The impact of the application of the new IFRS 16 Leasing Standard on the cash flow statement for the first quarter of 2018 is presented below.

in € million	Jan. 1 – Mar. 31, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jan. 1 – Mar. 31, 2018 incl. IFRS 16 adjustments
Cash Flow from Operating Activities	(1.8)	1.1	(0.7)
Cash Flow from Financing Activities	(16.7)	(1.1)	(17.8)

The impact of the application of the new IFRS 16 Leasing Standard on the liabilities for the first half-year of 2018 is presented below.

in € million	Jun. 30, 2018 before IFRS 16 (reported)	IFRS 16 Adjustments	Jun. 30, 2018 incl. IFRS 16 adjustments
Other non-current financial liabilities	2.8	9.7	12.6
Other current financial liabilities	12.1	3.6	15.7

The impact of the application of the new IFRS 16 Leasing Standard on the income statement for the first half-year of 2018 is presented below.

in € million	Jan. 1 – Jun. 30, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jan. 1 – Jun. 30, 2018 incl. IFRS 16 adjustments
Gross Profit before depreciation	97.1	(1.0)	98.1
EBITDA Adjusted	57.8	(2.1)	60.0

The impact of the application of the new IFRS 16 Leasing Standard on the cash flow statement for the first half-year of 2018 is presented below.

in € million	Jan. 1 – Jun. 30, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jan. 1 – Jun. 30, 2018 incl. IFRS 16 adjustments
Cash Flow from Operating Activities	35.4	2.1	37.6
Cash Flow from Financing Activities	(22.8)	(2.1)	(25.0)

The impact of the application of the new IFRS 16 Leasing Standard on the liabilities for the first nine months of 2018 is presented below.

in € million	Sep. 30, 2018 before IFRS 16	IFRS 16 adjustments	Sep. 30, 2018 incl. IFRS 16 adjustments
Other non-current financial liabilities	4.4	8.7	13.1
Other current financial liabilities	7.6	3.2	10.8

The impact of the application of the new IFRS 16 Leasing Standard on the income statement for the first nine months of 2018 is presented below.

in € million	Jan. 1 – Sep. 30, 2018 before IFRS 16	IFRS 16 adjustments	Jan. 1 – Sep. 30, 2018 incl. IFRS 16 adjustments
Gross Profit before depreciation	148.0	1.4	149.5
EBITDA Adjusted	90.8	3.2	94.0

The impact of the application of the new IFRS 16 Leasing Standard on the cash flow statement for the first nine months of 2018 is presented below.

in € million	Jan. 1 – Sep. 30, 2018 before IFRS 16	IFRS 16 adjustments	Jan. 1 – Sep. 30, 2018 incl. IFRS 16 adjustments
Cash Flow from Operating Activities	62.0	3.2	65.2
Cash Flow from Financing Activities	(50.1)	(3.2)	(53.3)

For further details on changes in accounting policies, please refer to Note 2 “Accounting Policies” in the consolidated interim 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 2017 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 nine months ended September 30, 2018 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 2017 Annual Bond Report continue to apply in this Financial Report for the nine months ended September 30, 2018.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial information

Unless otherwise indicated, the financial information as at and for the periods ended September, 2018 and 2017 presented in this Financial Report for the nine months ended September 30, 2018 has been prepared in

accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). In this Financial Report for the nine months ended September 30, 2018 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 September 30, 2018 contains unaudited IFRS condensed consolidated financial statements of Wittur Group as at and for the nine months ended September 30, 2018 and 2017 (“Unaudited IFRS condensed consolidated interim financial statements”), prepared in accordance with IFRS.

Financial information presented in this Financial Report for the nine months ended September 30, 2018 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 nine months ended September 30, 2018 are related to Wittur Group and its subsidiaries on a consolidated basis including Sematic entities.

Non-GAAP financial measures

This Financial Report for the nine months ended September 30, 2018 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 our Annual Bond Report 2017. If not stated otherwise explicitly, there are no changes to definitions of non-GAAP financial measures in this Financial Report for the nine months ended September 30, 2018 from the 2017 Annual Bond Report.

Non-Financial Operating Data

Certain key performance indicators and other non-financial operating data included in this Financial Report for the nine months ended September 30, 2018 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 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

Numerical figures set out in this Financial Report were calculated using precise figures and rounded to million Euros. Percentages and amounts reflecting changes over time periods relating to financial and other information are calculated using precise numerical data in the Group’s consolidated financial statements or the tabular presentation of other information contained in this Financial Report, as applicable, and not using the numerical data in the narrative description thereof. Due to this, rounding differences may occur and numbers presented throughout this document may not add up precisely.

PRESENTATION OF INDUSTRY AND MARKET DATA

For further information regarding industry and market data see “*Presentation of Industry and Market Data*” in our 2017 Annual Bond Report.

RISK FACTORS

The risks and uncertainties we describe in our 2017 Annual Bond Report 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 our 2017 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.

Due to our worldwide business operations, we are 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 reviews both internal and external risks in all business areas and subsidiaries, evaluates them with respect to exposure and probability of occurrence and ensures, where appropriate, that amounts are reflected in the financial statements to cover such exposure.

A detailed risk report describing the most relevant risks is included in our 2017 Annual Bond Report (see "*Risk Factors*")

**Interim condensed
consolidated financial statements
of**

**Wittur International Holding GmbH
Sulzemoos, Germany**

for the nine months ended September 30, 2018

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

For the nine months ended September 30, 2018:

KEUR	Note	Jan. 1 – Sep. 30, 2018	Jan. 1 – Sep. 30, 2017
Revenues	(7)	601,743	588,231
Cost of sales ¹⁾		-460,214	-449,643
Gross profit		141,529	138,588
Selling expenses ¹⁾		-39,898	-40,995
Research & development expenses ¹⁾		-5,637	-5,543
Administrative expenses ¹⁾		-55,577	-74,286
Other income		16,821	8,225
Other expenses		-11,026	-5,322
Earnings before interest and taxes (EBIT)		46,213	20,666
Finance expense	(8.1)	-53,466	-45,301
Finance income	(8.1)	7,091	19,414
Share of profit of equity accounted investees		422	501
Earnings before income taxes (EBT)		260	-4,720
Income taxes		-166	-1,845
RESULT FOR THE PERIOD		94	-6,564
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-10,151	-4,926
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		-	-
Other comprehensive income, net of tax		-10,151	-4,926
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-10,057	-11,491

1) Prior year numbers adjusted. Please refer to Note 2 'Accounting Policies'.

For the third quarter ended September 30, 2018:

KEUR	Note	Jul. 1 – Sep. 30, 2018	Jul. 1 – Sep. 30, 2017
Revenues	(7)	204,841	200.615
Cost of sales ¹⁾		-156,134	-153.663
Gross profit		48,707	46.952
Selling expenses ¹⁾		-13,118	-13,310
Research & development expenses ¹⁾		-1,909	-639
Administrative expenses ¹⁾		-17,447	-23.348
Other income		7,399	3.030
Other expenses		-4,506	-2.101
Earnings before interest and taxes (EBIT)		19,126	10.585
Finance expense	(8.1)	-16,812	-14.994
Finance income	(8.1)	9,767	1.252
Share of profit of equity accounted investees		204	13
Earnings before income taxes (EBT)		12,285	-3.144
Income taxes		4,582	-1.158
RESULT FOR THE PERIOD		16,867	-4.302
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-6,702	-1.575
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		-	-
Other comprehensive income, net of tax		-6,702	-1.575
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		10,165	-5,877

1) Prior year numbers adjusted. Please refer to Note 2 'Accounting Policies'.

Consolidated balance sheet

ASSETS			
KEUR	Note	Sep. 30, 2018	Dec. 31, 2017
Goodwill		145,022	147,256
Other intangible assets		421,522	445,809
Property, plant and equipment		121,820	115,636
Investment properties		2,830	2,956
Other non-current financial assets	(8.1)	13,045	19,908
Equity-accounted investees		13,417	12,995
Other non-current assets		246	315
Deferred tax assets		3,597	3,795
Non-current assets		721,498	748,670
Inventories		71,368	71,124
Trade receivables		91,094	110,495
Other current financial assets		15,765	0
Other current assets		13,619	12,881
Income tax receivables		3,772	3,103
Cash and cash equivalents		80,083	78,240
Assets held for sale		0	2,004
Current assets		275,702	277,846
Total assets		997,200	1,026,517
EQUITY AND LIABILITIES			
KEUR	Note	Sep. 30, 2018	Dec. 31, 2017
Subscribed capital		25	25
Capital Reserve		222,565	222,565
Retained earnings		-233,274	-169,796
Net result for the period		94	-62,794
Other components of equity		-34,713	-24,561
Total equity		-45,302	-34,562
Non-current interest-bearing loans and borrowings	(8.1)	682,389	680,899
Provisions for pensions and other long-term employee benefits		12,055	12,255
Other non-current provisions		6,491	19,907
Other non-current financial liabilities		13,088	3,046
Other non-current liabilities		2,300	340
Deferred tax liabilities		111,154	111,900
Non-current liabilities		827,477	828,347
Current interest-bearing loans and borrowings	(8.1)	19,939	22,257
Trade and other payables		171,524	167,375
Contract liabilities		4,230	5,716
Other current provisions		7,817	13,466
Other current financial liabilities		10,766	12,385
Income tax liabilities		749	11,533
Current liabilities		215,025	232,731
Total equity and liabilities		997,200	1,026,517

Consolidated statement of cash flows

KEUR	Jan. 1 – Sep. 30, 2018	Jan. 1 – Sep. 30, 2017
Operating activities		
Earnings before interest and taxes (EBIT)	46,213	20,666
Depreciation and amortisation	33,430	30,955
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	79,643	51,621
Change in working capital	8,158	23,395
Change in provisions and other liabilities	-5,458	-1,834
Change in other assets	-895	292
Income taxes paid	-13,955	-10,600
Interest received	295	173
Other non-cash items	-2,574	16
Net cash flow from operating activities	65,214	63,063
Investing activities		
Dividends received from associated companies	-	444
Purchase of property, plant and equipment	-6,346	-5,485
Purchase of software	-635	-981
Purchase of other intangible assets	-2,932	-2,848
Disposal of assets	3,439	168
Other investing cash flow	-136	-
Net cash flow used in investing activities	-6,609	-8,702
Net cash flow before financing activities	58,605	54,361
Financing activities		
Interest paid	-40,140	-39,592
Transaction fees, rating & other financing costs	-1,845	-1,041
Proceeds/(Repayment) of Paternoster Term Loan B	-	39,000
Proceeds/(Repayment) of other Senior Facilities	-	-28,734
Proceeds/(Repayment) of other borrowings	-9,139	3,290
Payment of lease liabilities	-2,521	-
Sale/(Purchase) of other investments	335	-1,767
Net cash flow used in financing activities	-53,311	-28,844
Net increase in cash	5,294	25,517
Effects currency translation	-3,451	-2,795
Cash and cash equivalents at beginning of period	78,240	37,410
Cash and cash equivalents at the end of period	80,083	60,132

Consolidated statement of changes in equity

KEUR	Subscribed capital	Attributable to owners of the parent				Total equity
		Retained earnings	Capital reserve	Other reserves		
				Currency translation	Valuation of pensions	
Balance as of Jan. 1, 2017	25	-169,796	222,565	-13,077	-477	39,240
Net result for the period	-	-6,564	-	-	-	-6,564
Other comprehensive income	-	-	-	-4,926	-	-4,926
Total comprehensive income	-	-6,564	-	-4,926		-11,491
Balance as of Sep. 30, 2017	25	-176,360	222,565	-18,003	-477	27,750
Balance as of Jan. 1, 2018	25	-233,274	222,565	-24,069	-492	-35,245
Net result for the period	-	94	-	-	-	94
Other comprehensive income	-	-	-	-10,151	-	-10,151
Total comprehensive income	-	94	-	-10,151	-	-10,057
Balance as of Sep. 30, 2018	25	-233,179	222,565	-34,221	-492	-45,302

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

1.1 Reporting entity

Wittur International Holding GmbH (former Paternoster Holding III GmbH) (herein referred to as 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 September 30, 2018, comprise the Company and its subsidiaries (together referred to as “Wittur Group”, “Wittur” 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. The Group 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, slings and frames, safety devices, cars, drives as well as complete elevator packages. Wittur does not install elevators and does not offer maintenance services for elevators.

1.2 Basis of preparation

The interim consolidated financial statements have been prepared in accordance and in conformity with IAS 34 “Interim financial reporting”. These interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which were prepared in accordance and conformity with all International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2017. The interim consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements. Changes to accounting policies are described in Note 2.

The interim consolidated financial statements were approved and released for publication by the Executive Board of the Company on November 9, 2018.

These interim consolidated financial statements cover the nine months period from January 1, 2018, to September 30, 2018. The comparison period is January 1, 2017, to September 30, 2017. The comparative figures in the interim consolidated statement of financial position, the related interim consolidated statements of profit and loss are presented without taking into account the new accounting standards IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases

These interim consolidated financial statements have not been audited.

2 Accounting policies

Depreciation and amortization expenses were reclassified to the different functional areas, whereas in the prior year, these expenses were reported under administrative expenses.

This change in accounting was made to enhance the reliability of information contained in these financial statements.

The following tables show an overview of the reclassification by income statement item:

KEUR	Jan. 1 - Sep. 30, 2018	Jan. 1 - Sep. 30, 2017 adjusted	Jan. 1 - Sep. 30, 2017 reported	Difference: Reclass depreciation & amortisation
Cost of sales	-460,214	-449,643	-441,968	-7,675
Selling expenses	-39,898	-40,995	-22,219	-18,776
Research & development expenses	-5,637	-5,543	-4,678	-865
Administrative expenses	-55,577	-74,286	-101,603	27,317

KEUR	Jul. 1 – Sep. 30, 2018	Jul. 1 – Sep. 30, 2017 adjusted	Jul. 1 - Sep. 30, 2017 reported	Difference: Reclass depreciation & amortisation
Cost of sales	-156,134	-153,663	-150,988	-2,674
Selling expenses	-13,118	-13,310	-7,421	-5,889
Research & development expenses	-1,909	-639	-341	-298
Administrative expenses	-17,447	-23,348	-32,208	8,861

The new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers was applied starting from January 1, 2018. As a result of the application of IFRS 15, deferred income related to customer contracts amounting to KEUR 4,230 as of September 30, 2018, is now reported under contract liabilities. Previously, deferred income was reported under trade and other payables. IFRS 15 had no impact on the timing of revenue recognition for the Wittur Group. Furthermore, the categorization of financial instruments has changed as a result of the introduction of IFRS 9. For further details, please refer to Note 9 "Additional disclosures on financial instruments". The adoption of IFRS 9 did not have any impact on the balance sheet or statement of comprehensive income of the Wittur Group.

In January 2016, the IASB published the new accounting standard IFRS 16 "Leases". The new standard replaces the previous guidelines on leases IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Assessment of the substance of transactions in the legal form of leases". The new standard is mandatory as of January 1, 2019.

The Group has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16.C5(b). Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018, with no restatement of comparative information. Wittur makes use of the simplification option for leases of low-value assets, for which IFRS 16 is not applied. Furthermore, Wittur makes use of the practical expedient and does not separate non-lease components from lease components and the group did not reassess whether a contract is or contains lease.

The Group determines if an arrangement is a lease at inception. Determining whether a contract contains a lease requires judgement. In general, arrangements are considered to be a lease when all of the following apply:

- It conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- We have substantially all economic benefits from the use of the asset; and
- We can indirectly direct the use of the identified asset.

Lease assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As our leases do not provide an implicit rate, the Group uses the Group's incremental borrowing rate as of January 1, 2018 in determining the present value of future payments.

The lease terms may include options to extend or terminate the lease which are included in the measurement of the Right-of-use assets and lease liabilities when it is reasonably certain that we will exercise that option.

For leases each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Right-of-use assets asset is depreciated over the lease term on a straight-line basis.

Right-of-use assets previously classified as operating leases were measured at its carrying amount as if the new standard had been applied since the commencement of the lease but discounted using the Group's incremental borrowing rate as of January 1, 2018. This resulted in a cumulative opening balance effect of KEUR -684, which was allocated to retained earnings.

The average interest rate as of January 1, 2018, was approximately 6.4 %. Initial direct costs were excluded from the measurement of the right-of-use. As of the first-time adoption of the new standard, KEUR 13,081 right-of-use assets and KEUR 13,764 lease liabilities were recognized in the consolidated balance sheet as of January 1, 2018.

The following table shows the reconciliation of operating lease obligations as of December 31, 2017, to the opening balance for lease liabilities as of January 1, 2018:

KEUR	Jan. 1, 2018
Operating lease obligations as of Dec. 31, 2017	14,318
Simplification option for leases of low value assets	-556
Operating lease obligations as of Jan. 1, 2018 without discounting	13,763
Operating lease obligations discounted as of Jan. 1, 2018	11,005
Sufficiently secure renewal and termination options	2,548
Residual value guarantees and purchase options	210
Lease obligations from finance leases as of Jan. 1, 2018	3,421
Total lease Commitments according to IFRS 16 as of Jan. 1, 2018	17,184

The effect of the first-time adoption of the new IFRS 16 Leasing Standard on the balance sheet as at January 1, 2018 is presented below.

KEUR	Reported Dec. 31, 2017	IFRS 16 adjustments	Jan. 1, 2018 incl. IFRS 16 adjustment
Property, plant and equipment	115,636	13,081	128,717
Non-current assets	748,670	13,081	761,750
Total assets	1,026,517	13,081	1,039,598
Retained earnings ⁽¹⁾	-169,796	-684	-170,479
Total equity	-34,562	-684	-35,245
Other non-current financial liabilities	3,046	10,326	13,372
Non-current liabilities	828,347	10,326	838,673
Other current financial liabilities	12,385	3,438	15,823
Current liabilities	232,731	3,438	236,170
Total equity and liabilities	1,026,517	13,081	1,039,597

⁽¹⁾ Net result is not included in retained earnings

The impact of the application of the new IFRS 16 Leasing Standard on the income statement in the first quarter of 2018 is presented below.

KEUR	Jan. 1 – Mar. 31, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jan. 1 – Mar. 31, 2018 incl. IFRS 16 adjustments
Cost of sales	-144,317	67	-144,250
Gross profit	42,043	67	42,110
Selling expenses	-13,380	12	-13,368
Research & development expenses	-1,849	2	-1,848
Administrative expenses	-17,056	34	-17,022
Earnings before interest and taxes (EBIT)	10,182	114	10,296
Finance expense	-13,959	-231	-14,190
Earnings before income taxes (EBT)	-1,782	-116	-1,899
Net Result for the Period	-2,211	-116	-2,327

The impact of the application of the new IFRS 16 Leasing Standard on the balance sheet for the first quarter of 2018 is presented below.

KEUR	Mar. 31, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Mar. 31, 2018 incl. IFRS 16 adjustments
Property, plant and equipment	113,941	13,161	127,102
Non-current assets	738,332	13,161	751,493
Total assets	1,008,345	13,161	1,021,506
Retained earnings	-232,590	-684	-233,273
Net result for the period	-2,211	-116	-2,327
Other components of equity	-26,256	32	-26,224
Total equity	-38,467	-768	-39,235
Other non-current financial liabilities	3,020	10,218	13,238
Non-current liabilities	828,011	10,218	838,229
Other current financial liabilities	6,973	3,711	10,684
Current liabilities	218,801	3,711	222,511
Total equity and liabilities	1,008,345	13,161	1,021,506

The impact of the application of the new IFRS 16 Leasing Standard on the income statement in the first half-year of 2018 is presented below.

KEUR	Jan. 1 – Jun. 30, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jan. 1 – Jun. 30, 2018 incl. IFRS 16 adjustments
Cost of sales	-304,208	128	-304,080
Gross profit	92,694	128	92,822
Selling expenses	-26,819	40	-26,780
Research & development expenses	-3,731	3	-3,728
Administrative expenses	-38,192	62	-38,130
Earnings before interest and taxes (EBIT)	26,854	233	27,087
Finance expense	-41,263	-457	-41,720
Earnings before income taxes (EBT)	-11,800	-224	-12,024
Net Result for the Period	-16,548	-224	-16,773

The impact of the application of the new IFRS 16 Leasing Standard on the balance sheet for the first half-year of 2018 is presented below.

KEUR	Jun. 30, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Jun. 30, 2018 incl. IFRS 16 adjustments
Property, plant and equipment	112,973	12,528	125,502
Non-current assets	716,692	12,528	729,220
Total assets	1,005,466	12,528	1,017,994
Retained earnings	-232,590	-684	-233,273
Net result for the period	-16,548	-224	-16,773
Other components of equity	-28,121	110	-28,011
Total equity	-54,671	-798	-55,469
Other non-current financial liabilities	2,823	9,746	12,569
Non-current liabilities	822,969	9,746	832,715
Other current financial liabilities	12,094	3,580	15,675
Current liabilities	237,166	3,580	240,746
Total equity and liabilities	1,005,464	12,528	1,017,994

The impact of the application of the new IFRS 16 Leasing Standard on the income statement in the second quarter of 2018 is presented below.

KEUR	Apr. 1 – Jun. 30, 2018 before IFRS 16 (reported)	IFRS 16 adjustments	Apr. 1 – Jun. 30, 2018 incl. IFRS 16 adjustments
Cost of sales	-159,891	61	-159,830
Gross profit	50,651	61	50,712
Selling expenses	-13,440	28	-13,412
Research & development expenses	-1,882	2	-1,880
Administrative expenses	-21,135	28	-21,108
Earnings before interest and taxes (EBIT)	16,672	118	16,791
Finance expense	-28,035	-226	28,261
Earnings before income taxes (EBT)	-10,018	-108	-10,126
Net Result for the Period	-14,338	-108	-14,445

The impact of the application of the new IFRS 16 Leasing Standard on the income statement for the first nine months of 2018 is presented below.

KEUR	Jan. 1 – Sep. 30, 2018 before IFRS 16	IFRS 16 adjustments	Jan. 1 – Sep. 30, 2018 incl. IFRS 16 adjustments
Cost of sales	-460,411	197	-460,214
Gross profit	141,332	197	141,529
Selling expenses	-39,952	54	-39,898
Research & development expenses	-5,642	5	-5,637
Administrative expenses	-55,665	88	-55,577
Earnings before interest and taxes (EBIT)	45,869	344	46,213
Finance expense	-52,801	-665	-53,466
Earnings before income taxes (EBT)	581	-321	260
Net Result for the Period	415	-321	94

The impact of the application of the new IFRS 16 Leasing Standard on the balance sheet for the first nine months of 2018 is presented below.

KEUR	Sep. 30, 2018 before IFRS 16	IFRS 16 adjustments	Sep. 30, 2018 incl. IFRS 16 adjustments
Property, plant and equipment	110,759	11,060	121,820
Non-current assets	710,438	11,060	721,498
Total assets	986,140	11,060	997,200
Retained earnings	-232,590	-684	-233,274
Net result for the period	415	-321	94
Other components of equity	-34,914	202	-34,713
Total equity	-44,500	-802	-45,302
Other non-current financial liabilities	4,423	8,665	13,088
Non-current liabilities	818,812	8,665	827,477
Other current financial liabilities	7,568	3,198	10,766
Current liabilities	211,828	3,198	215,025
Total equity and liabilities	986,140	11,060	997,200

The impact of the application of the new IFRS 16 Leasing Standard on the income statement in the third quarter of 2018 is presented below.

KEUR	Jul. 1 – Sep. 30, 2018 before IFRS 16	IFRS 16 adjustments	Jul. 1 – Sep. 30, 2018 incl. IFRS 16 adjustments
Cost of sales	-156,203	69	-156,134
Gross profit	48,638	69	48,707
Selling expenses	-13,132	14	-13,118
Research & development expenses	-1,911	2	-1,909
Administrative expenses	-17,473	26	-17,447
Earnings before interest and taxes (EBIT)	19,015	111	19,126
Finance expense	-16,605	-208	-16,812
Earnings before income taxes (EBT)	12,381	-96	12,285
Net Result for the Period	16,963	-96	16,867

Furthermore, as a result of the initial adoption of IFRS 16, net cash flow from operating activities for the first nine months of 2018 increased by KEUR 3,186. The former operating lease payments are now shown under net cash flow used in financing activities as far as they do not concern payments under low-value asset leases. A total of KEUR 2,521 of the net cash flow used in financing activities relates to repayment of lease liabilities and KEUR 665 to interest payments on leases.

The impact of the application of the new IFRS 16 Leasing Standard on the Cash Flow in the first three quarters of 2018 is presented below

KEUR	Jan. 1 – Sep. 30, 2018 before IFRS 16	IFRS 16 adjustment	Jan. 1 – Sep. 30, 2018 incl. IFRS 16
Operating activities			
Earnings before interest and taxes (EBIT)	46,213	344	45,869
Depreciation and amortisation	30,588	2,842	33,430
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	76,457		79,643
Change in working capital	8,158		8,158
Change in provisions and other liabilities	-5,458		-5,458
Change in other assets	-895		-895
Income taxes paid	-13,955		-13,955
Interest received	295		295
Other non-cash items	-2,574		-2,574
Net cash flow from operating activities	62,028	3,186	65,214
Investing activities			
Dividends received from associated companies	-		-
Purchase of property, plant and equipment	-6,346		-6,346
Purchase of software	-635		-635
Purchase of other intangible assets	-2,932		-2,932
Disposal of assets	3,439		3,439
Other investing cash flow	-136		-136
Net cash flow used in investing activities	-6,609		-6,609
Net cash flow before financing activities	58,605	3,186	55,419
Financing activities			
Interest paid	-39,476	-665	-40,140
Transaction fees, rating & other financing costs	-1,845		-1,845
Proceeds/(Repayment) of Paternoster Term Loan B	-		-
Proceeds/(Repayment) of other Senior Facilities	-		-
Proceeds/(Repayment) of other borrowings	-9,139		-9,139
Payment of lease liabilities	0	-2,521	-2,521
Sale/(Purchase) of other investments	335		335
Net cash flow used in financing activities	-50,125	-3,186	-53,311
Net increase in cash	5,294		5,294
Effects currency translation	-3,451		-3,451
Cash and cash equivalents at beginning of period	78,240		78,240
Cash and cash equivalents at the end of period	80,083		80,083

Apart from the above mentioned adoption of new standards, Wittur Group has applied the same accounting principles in preparation of these interim financial statements as in the financial statements for the year ended December 31, 2017.

The interim 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 =

Currency	ISO Code	Rate at closing date		Average exchange rate	
		Sep. 30, 2018	Dec. 31, 2017	Jan. 1 – Sep. 30, 2018	Jan. 1 – Sep. 30, 2017
Argentine Pesos	ARS	45.64	22.28	29.63	18.07
Brazilian Real	BRL	4.65	3.97	4.30	3.53
Chinese Yuan Renminbi	CNY	7.97	7.80	7.78	7.57
British Pound	GBP	0.89	0.89	0.88	0.87
Hungarian Forint	HUF	324.37	310.33	317.43	308.47
Indian Rupee	INR	83.92	76.61	80.23	72.59
Swedish Korona	SEK	10.31	9.84	10.24	9.58
Turkish Lira	TRY	6.97	4.55	5.50	4.00
U.S. Dollar	USD	1.16	1.20	1.19	1.11

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, 2017.

Changes in the composition of the Group

These consolidated interim financial statements include, besides Wittur International Holding GmbH as the parent company, 34 fully consolidated subsidiaries.

Wittur Colombia S.A.S, Colombia, was liquidated in the second quarter of 2018.

No further changes in the composition of the Group have occurred in the first nine months of 2018.

Significant events and transactions

In the fourth quarter of 2017, a potential obligation towards one of the Group's customers was recorded as provision to compensate the customer for additional costs caused by significant delays in deliveries resulting from an ERP rollout. In March 2018, the Group finalized the negotiations with the customer and agreed on the settlement amount and the related payment schedule. The provision recorded in 2017 corresponds to the final settlement.

In the first half of 2018, factoring agreements were concluded in two of our subsidiaries located in Italy and Spain. In the third quarter of 2018, the factoring program was further extended to two subsidiaries located in Hungary and Italy.

Additionally, ten new beneficiaries have entered the share based payment program and five beneficiaries ceased employment and sold back their shares to Wittur Holding GmbH in the first nine months of 2018.

In July 2018, the existing finance lease agreement with UniCredit Leasing Real Estate s.r.o. for property in Slovakia was amended to include an extension of the facility. The contract is set up as a sale and leaseback transaction and includes a put and a call option for the respective parties at the end of the lease term. Therefore, the agreement is considered as a secured loan granted by UniCredit Leasing Real Estate s.r.o to Wittur s.r.o. The maturity of the original agreement remains unchanged.

In September 2018, the Group sold the property located in Suisio, Italy, which was previously classified as an asset held for sale, for a selling price of KEUR 3,250, leading to a book gain of KEUR 1,246.

Furthermore, Wittur Holding GmbH has granted a loan to Paternoster Holding II GmbH, an indirect parent company of Wittur Holding GmbH, amounting to KEUR 12,140 in September 2018.

No further significant events or transactions have occurred in the first nine months of 2018.

Seasonality or cyclicity of interim operations

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

Segment reporting

The Group produces and sells elevator components such as doors, slings and frames, safety devices, cars, drives as well as complete elevator packages. Wittur's 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 Wittur's business model and governance structure, the Group is considered as one operating segment. Therefore, only external sales are reported for the Group. The segment's earnings before income taxes, total assets and liabilities, which are split into current and non-current liabilities, are reported in the interim financial statements of the Group.

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

Sales by geographical regions

KEUR	Jan. 1 – Sep. 30, 2018	Jan. 1 – Sep. 30, 2017
Europe	321,806	317,543
Asia	232,387	217,688
Rest of World	47,551	53,000
Revenues	601,743	588,231

Product information

The Group's sales per product group are shown below:

KEUR	Jan. 1 – Sep. 30, 2018	Jan. 1 – Sep. 30, 2017
Doors	440,599	424,204
Other products	161,145	164,027
Revenues	601,743	588,231

Consolidated balance sheet

2.1 Interest bearing loans and borrowings

Non-current interest bearing loans and borrowings

KEUR	Sep. 30, 2018	Dec. 31, 2017
Term Loan B	453,387	451,507
High Yield Bond	228,800	229,318
Non-current bank loans	202	74
Non-current interest-bearing loans and borrowings	682,389	680,899

Current interest bearing loans and borrowings

KEUR	Sep. 30, 2018	Dec. 31, 2017
Current bank loans	19,939	22,257
Revolving Credit Facility	-	-
Ancillary Credit Facility	-	-
Current interest-bearing loans and borrowings	19,939	22,257

The fair value of the bond repurchase option, which is recorded under non-current financial assets, amounts to KEUR 9,775 (2017: KEUR 16,649). The fair value of the bond repurchase option has decreased compared to 2017 as a result of lower bond quotes, higher credit default swap (CDS) spreads, and due to the shorter term to maturity of the bond.

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, the breakdown is provided by balance sheet items:

September 30, 2018:

KEUR	Category in accordance with IFRS 9	Amounts recognised in balance sheet according to IFRS 9				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	Amortised cost	34					34	
Other non-current financial assets								
Bond repurchase option	FVPL			9,775				
Investments	FVPL			3,140				
Loans	Amortised cost	67					67	
Other non-current financial assets	Amortised cost	62					62	
Financial liabilities								
Non-current liabilities								
Interest-bearing loans and borrowings	Amortised cost	682,389					680,152	
Other financial liabilities								
Other financial liabilities	Amortised cost	4,346					3,678	

December 31, 2017:

KEUR	Category in accordance with IFRS 9	Amounts recognised in balance sheet according to IFRS 9				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	Amortised cost	96				96		
Other non-current financial assets								
Bond repurchase option	FVPL			16,649				
Investments	FVPL			3,158				
Other non-current financial assets	Amortised cost	101				101		
Financial liabilities								
Non-current liabilities								
Interest-bearing loans and borrowings	Amortised cost	680,899				688,353		
Other financial liabilities								
Other financial liabilities	Amortised cost	117				117		
Current liabilities								
Foreign currency derivatives	FVPL			11				

IFRS 9 divides all financial assets, which were previously in the scope of IAS 39 into two classifications - those measured at amortised cost and those measured at fair value.

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss or “FVPL”) or recognised in other comprehensive income (fair value through other comprehensive income or “FVOCI”).

Financial assets and liabilities, which were previously classified as financial liabilities at amortized cost (FLAC), or loans and receivables (LaR) are now classified as Amortised cost under IFRS 9. Furthermore, Available for Sale assets (AfS) are now classified as fair value through profit or loss (FVPL). Lastly, financial assets (FAFV) and liabilities (FLFV) measured at fair value, are now classified as fair value through profit or loss (FVPL).

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 of 0,29% plus a specific risk premium of, 6,09%. 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 investments are measured at fair value, which is based on a valuation model.

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 September 30, 2018, 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 September 30, 2018, the fair values of the High Yield Bond and the Term Loan B were calculated. The nominal amount is KEUR 225,000 (2017: KEUR 225,000) for the High Yield Bond and KEUR 464,000 (2017: KEUR 464,000) 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 233,169 (2017: KEUR 235,267) and the fair value of the Term Loan B amounts to KEUR 446,761 (2017: KEUR 453,017).

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 until September 30, 2018.

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.

Events after the balance sheet date

No events occurred between September 30, 2018 and November 9, 2018, which would require adjustments to the amounts recognized in these consolidated financial statements or would need to be disclosed under this heading.

Sulzemoos, November 9, 2018

Antoine Doutriaux
CEO

Christoph Kaml
CFO