



# **GROUP INTERIM REPORT FOR THE FIRST SIX MONTHS OF 2018**

Group sales from the sale of goods grow by 15.6% to EUR 170.4 million

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Result from ordinary activities at the previous year's level of EUR 13.1 million

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The Uzin Utz Group expects a stable second half of 2018

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**Uzin Utz**

## The Group at a glance

	<b>January 01 - June 30, 2018</b> in KEUR	<b>January 01 - June 30, 2017</b> in KEUR	<b>Change</b> in KEUR	<b>Change</b> in %
Sales revenues incl. license revenues <sup>1</sup>	170,451	-	-	-
Sales revenues (nominal) <sup>2</sup>	170,415	147,428	22,988	15.6%
Sales revenues – national territory	63,912	61,867	2,046	3.3%
Sales revenues – foreign country	106,503	85,561	20,942	24.5%
Result from ordinary activities	13,107	13,099	8	0.1%
Return on sales	7.7%	8.9%	-	-
Investments for the second quarter	8,650	6,669	1,982	29.7%
Employees (average, full-time equivalent, exclusive trainees)	1,232	1,103	129	11.7%
Personell expenses	44,762	40,999	3,763	9.2%

<sup>1</sup> As of fiscal 2018, revenues from the license business are reported as revenues. Until December 31, 2017, they were reported as other operating income. The corresponding figures for the previous year have not been adjusted.

<sup>2</sup> Revenue from the sale of goods (excluding license revenues)

## Interim Management Report

### General economic conditions

The German economy continued its upward trend in the first two quarters of 2018. In the first quarter, the gross domestic product increased by 0.7% (adjusted for prices, seasons and calendars) compared to the previous quarter; this growth continued in the second quarter with an increase of 0.6% compared to the first quarter. Growth was particularly boosted by increased gross fixed capital formation, the majority of which was accounted for by investments in equipment and buildings. High private consumer spending continued to be one of the main factors behind the increase. The economic situation was also driven by steadily growing world trade. Total demand came equally from Germany and abroad. The increasing tendency could also be observed on the labour market, thus the number of employed persons rose by 1.5%. Disillusionment will only set in in the medium term, as the limits of growth capacities will somewhat dampen the economic situation.

### Development within the sector

In the first five months of 2018, the main construction industry was also able to confirm its upward trend of the previous year. According to the Central Association of the German Construction Industry, sales in this period amounted to approximately EUR 27.2 billion, an increase of 7.5% over the previous year. In addition, a new monthly high of EUR 7 billion was reached in May. The residential construction segment recorded particularly strong growth of 10% in the first five months compared with the previous year. Driven by corporate investment activity, commercial construction also increased by 9% in the same period. By contrast, growth in public construction was somewhat lower in the first five months, with an increase of 3%. The order situation also remains at a high level and is up 7.5% from January to May. This growth will be driven primarily by commercial construction. The industry figures for June were not yet available at the time this interim report was prepared.

The market in the United States continues to develop well, and further growth is currently expected. Last June, however, construction expenditure fell by 1.1%. In China, purely positive signs are currently discernible, development is being driven above all by infrastructure expansion. The market situation in Europe is somewhat gloomier than in the previous year. Due to political developments, high capacity utilization and high prevailing prices, a decline in output volume from 3.9% to 2.7% is expected.

## Results of operations, net assets and financial position

Numbers related to previous year in brackets

There may be rounding differences by the preparation of the financial statements in million EUR as the calculations of the individual items are based on figures in EUR.

### Results of operations

The Uzin Utz Group was again extremely successful in the first half of 2018.

In the first half of 2018, the Group generated sales of EUR 170.4 million, an increase of 15.6% compared to the previous year (147.4). This includes revenues from our licensing business in the amount of KEUR 35, whereas in previous years we had reported corresponding licensing revenues as other operating income. The foreign share rose to 62.5% (58.0).

At EUR 13.1 million (13.1), earnings before taxes\* were at the high level of 2017.

Consolidated earnings after taxes were stable at EUR 9.4 million (9.4).

The materials usage ratio in the Group rose to 43.1% (40.5).

Depreciation and amortization increased slightly to EUR 4.2 million (4.0).

Other operating expenses rose from EUR 30.8 million in the previous year to EUR 35.4 million in 2018.

At EUR 17.9 million, earnings before interest, taxes, depreciation and amortization\* were EUR 0.5 million higher than in the same period of the previous year (17.4).

Earnings before interest and taxes\* are up 2.0% on the previous year and amount to around EUR 13.7 million (13.4).

At EUR -0.6 million, the financial result was EUR 0.3 million below the previous year (-0.3).

### Employees

In the first half of 2018, the average number of employees rose from 1,103 in the previous year to 1,232, partly due to the acquisition of 82 employees from the newly consolidated companies in the Netherlands. In addition, 45 young people were given training (43). The personnel cost ratio fell by 1.5 percentage points from 27.8% to 26.3%. In absolute terms, personnel costs rose by around EUR 3.8 million from EUR 41.0 million to EUR 44.8 million.

\* income taxes and other taxes

## Net assets

For better comparability all previous year's figures refer to the balance sheet at the due date June 30, 2017.

Total balance sheet total rose by around EUR 40.7 million to EUR 291.4 million (250.7).

The share of group capital assets fell from 54.6% to 53.1%, the remaining assets thus correspond to 46.9% (45.4) of the balance sheet total.

Receivables rose from EUR 40.0 million to EUR 45.7 million.

Inventories increased by EUR 11.3 million from EUR 35.3 million to EUR 46.6 million.

Apart from real estates held as a financial investment, the entire assets continue to represent the values required for operating purposes.

The liquid funds increased by EUR 1.0 million from EUR 23.9 million to EUR 24.9 million.

## Financial position

The equity was EUR 151.2 million (139.9) and was at 51.9% (55.8) of the balance sheet total once again considerably above the industry sector average.

Short-term liabilities against credit institutions increased by a total of EUR 19.0 million to EUR 37.5 million.

Trade liabilities rose from EUR 11.7 million to EUR 15.1 million.

The short-term provisions increased by a total of EUR 0.3 million to EUR 16.5 million.

The share of the total short-term liabilities in the balance sheet rose from 22.3% in the previous year to 26.5% in 2018 as a result of these changes.

The share of the long-term liabilities in the balance sheet total fell to 21.7% and amounted to EUR 63.1 million after EUR 55.0 million in the previous year.

## Forecast

The booming global economy continues this year. According to the International Monetary Fund (IMF), all indicators point to global growth of 3.9%, after 3.5% in the previous year. The IMF sees the upturn in Asia and Europe as well as the tax reform in the USA as the reasons for the increase. The IMF expects growth of 2.4% for the EU countries and an increase of 2.9% of economic output is forecast for the USA. In the medium term, this growth should be somewhat dampened. China's economy is currently in a very good state, with the IMF expecting growth of 6.6% in 2018.

A look at the construction industry also shows that construction investments in Germany are expected to rise in 2018 and 2019, leading to higher demand, which in turn is an indicator of rising prices. The current forecast for the deflator is 3.9% for 2018.

The positive development in the global economy also gives the Uzin Utz Group confidence for the second half of 2018. Brand strength in particular, complemented by high competitiveness, promotes survival in a competitive and uncertain environment. The sales and earnings target for 2018 is therefore expected to be achieved. The Group's focus continues to be on expanding its business activities in the focus regions and expanding its innovative capability.

The Uzin Utz Group is still on a growth course and is pursuing the goals of its growth strategy GOLD.

	June 30, 2018	June 30, 2017
Earnings per share basic and diluted, based on for the reporting period attributable to ordinary equity holders of the parent company result after taxes	1.82	1.85
Average number of employees (incl. trainees)	1,277	1,146

## Statement of profit and loss and other comprehensive income of the Group \*

	June 30, 2018	June 30, 2017
<b>Sales revenues</b>	<b>170,451</b>	<b>147,428</b>
Changes in inventory of finished goods and work in progress	-1,659	-1,008
<b>Total output</b>	<b>168,792</b>	<b>146,420</b>
Other operating income	1,903	2,174
Cost of material	72,707	59,345
Personell expenses	44,762	40,999
Depreciation	4,157	3,986
Other operating expenses	35,351	30,844
Other losses / profits net	0	27
<b>Operating income</b>	<b>13,718</b>	<b>13,446</b>
Revenues from investments in associates (equity method)	-65	197
Financial earnings	40	28
Financial expenses	587	572
<b>Financial result</b>	<b>-612</b>	<b>-347</b>
<b>Result from ordinary activities</b>	<b>13,107</b>	<b>13,099</b>
Taxes on income	3,289	3,307
Other taxes	442	417
<b>Net Income after taxes</b>	<b>9,376</b>	<b>9,374</b>
Thereof:		
Shareholders of the parent company	9,177	9,348
Non-controlling interests	199	26
<b>Other result</b>		
<b>Positions, which are changed to the profit or loss in the future under certain conditions</b>	<b>165</b>	<b>-665</b>
Difference from currency translation	148	-733
Income from financial instruments	19	75
Thereof deferred taxes	-2	-7
<b>Other result – after taxes</b>	<b>165</b>	<b>-665</b>
Thereof:		
Shareholders of the parent company	170	-666
Non- controlling interests	-5	1
<b>Total result – after taxes</b>	<b>9,541</b>	<b>8,709</b>
Thereof:		
Shareholders of the parent company	9,347	8,681
Non- controlling interests	194	27

\* Values according to IFRS, in KEUR, unaudited

## Consolidated Statement of the Financial Position of the Group \*

Assets	June 30, 2018	Dec 31, 2017	June 30, 2017
Intangible assets	36,024	31,097	31,481
Tangible assets	113,883	108,223	102,584
Subsidiaries measured at equity	1,853	1,887	1,883
Non- current financial assets	2,966	958	914
Investment Properties	6,878	6,831	6,883
Income tax receivables	0	0	0
Deferred tax assets	2,477	2,557	1,897
Other non- current assets	275	253	191
<b>Non- current assets</b>	<b>164,357</b>	<b>151,807</b>	<b>145,834</b>
Inventories	46,586	40,175	35,267
Trade receivables	45,715	25,113	39,950
Income tax receivables	904	153	1,114
Other current assets	8,946	5,547	4,667
Cash and Cash equivalents	24,868	25,334	23,875
<b>Current assets</b>	<b>127,019</b>	<b>96,323</b>	<b>104,873</b>
<b>Balance sheet total</b>	<b>291,376</b>	<b>248,130</b>	<b>250,707</b>
<b>Equity and Liabilities</b>			
Subscribed capital	15,133	15,133	15,133
Capital reserve	26,962	26,962	26,962
Revenue reserve	106,028	103,239	97,648
<b>Total equity attributable to the parent company</b>	<b>148,123</b>	<b>145,334</b>	<b>139,743</b>
Minority interests	3,036	142	136
<b>Total equity</b>	<b>151,159</b>	<b>145,476</b>	<b>139,879</b>
Provisions for pensions and other similar obligations	5,687	5,633	5,597
Due to credit institutions long-term	46,885	38,931	38,853
Deferred tax liabilities	10,488	10,548	10,527
Other non-current liabilities	81	5	6
<b>Non- current liabilities</b>	<b>63,141</b>	<b>55,118</b>	<b>54,983</b>
Reserves	16,472	12,057	16,189
Due to credit institutions short-term	37,486	13,107	18,470
Advances received	60	138	30
Trade payables	15,006	11,251	11,660
Income tax liabilities	385	1,943	2,791
Other short-term liabilities	7,667	9,041	6,706
<b>Current liabilities</b>	<b>77,076</b>	<b>47,536</b>	<b>55,845</b>
<b>Liabilities</b>	<b>140,217</b>	<b>102,654</b>	<b>110,828</b>
<b>Balance sheet total</b>	<b>291,376</b>	<b>248,130</b>	<b>250,707</b>

\* Values according to IFRS, in KEUR, unaudited



## Consolidated Statement of Cashflows of the Group \*

	June 30, 2018	June 30, 2017
<b>Net profit for the year</b>	<b>9,376</b>	<b>9,374</b>
+/- Depreciation and amortisation of fixed assets	4,157	3,986
+/- Change in Provisions	4,181	6,860
+/- Other non-cash expense and income items	65	-197
-/+ Gain/loss on disposal of non-current assets	2	-21
+/- change in current assets (inventories, receivables)	-21,814	-16,299
+/- change in liabilities	-2,542	-990
<b>Cashflow from operating activities</b>	<b>-6,564</b>	<b>2,714</b>
+/- Proceeds from disposals of tangible assets / Investments in tangible assets	-8,412	-5,575
+/- Proceeds from disposal of intangible assets / Investments in intangible assets	-185	-251
+/- Proceeds from disposal of financial assets / Investments in financial assets	-8,308	-42
<b>Cashflow from investing activities</b>	<b>-16,906</b>	<b>-5,869</b>
+/- Payments to shareholders and minorities	-6,558	-6,558
+/- Proceed from the issue of bonds / Repayment of bonds	2,480	-5,322
<b>Cashflow from financing activities</b>	<b>-4,078</b>	<b>-11,655</b>
Payment-related change in cash and cash equivalents	-27,547	-13,674
+/- Changes in cash and cash equivalents related to exchange rate, group of consolidation and measurement	59	-353
+ Cash and cash equivalents at the beginning of the period	20,818	25,172
<b>Cash and cash equivalents at the end of the period</b>	<b>-6,670</b>	<b>11,143</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	24,868	23,875
Short-term liabilities due to credit institutions	-31,538	-12,732
<b>Cash and cash equivalents</b>	<b>-6,670</b>	<b>11,143</b>

\* Values according to IFRS, in KEUR, unaudited

## Statement of Changes in Equity of the Group \*

	Subscribed capital	Capital reserve	Retained earnings	
			Group net income	Translation differences
<b>Status as of January 01, 2017</b>	<b>15,133</b>	<b>26,962</b>	<b>95,123</b>	<b>6,385</b>
Net profit of the year after taxes	0	0	9,348	0
Other result	0	0	0	-734
<b>Total result</b>	<b>0</b>	<b>0</b>	<b>9,348</b>	<b>-734</b>
Increase of capital	0	0	0	0
Own shares	0	0	0	0
Dividends paid	0	0	-6,558	0
Changes in basis of consolidation	0	0	0	0
Other Changes	0	0	-95	0
<b>Status as of June 30, 2017</b>	<b>15,133</b>	<b>26,962</b>	<b>97,817</b>	<b>5,651</b>
<b>Status as of January 01, 2018</b>	<b>15,133</b>	<b>26,962</b>	<b>105,887</b>	<b>3,239</b>
Net profit of the year after taxes	0	0	9,177	0
Other result	0	0	0	153
<b>Total result</b>	<b>0</b>	<b>0</b>	<b>9,177</b>	<b>153</b>
Increase of capital	0	0	0	0
Own shares	0	0	0	0
Dividends paid	0	0	-6,558	0
Changes in basis of consolidation	0	0	0	0
Other Changes	0	0	0	0
<b>Status as of June 30, 2018</b>	<b>15,133</b>	<b>26,962</b>	<b>108,506</b>	<b>3,391</b>

\* Values according to IFRS, in KEUR, unaudited

Other reserves	Discharge amount on own shares	Sum	Minority interests	Total Equity
<b>-5,888</b>	<b>0</b>	<b>137,714</b>	<b>109</b>	<b>137,823</b>
0	0	9,348	26	9,374
68	0	-666	1	-665
<b>68</b>	<b>0</b>	<b>8,681</b>	<b>27</b>	<b>8,709</b>
0	0	0	0	0
0	0	0	0	0
0	0	-6,558	0	-6,558
0	0	0	0	0
0	0	-95	0	-95
<b>-5,820</b>	<b>0</b>	<b>139,743</b>	<b>136</b>	<b>139,879</b>
<b>-5,886</b>	<b>0</b>	<b>145,334</b>	<b>142</b>	<b>145,476</b>
0	0	9,177	199	9,376
17	0	170	-5	165
<b>17</b>	<b>0</b>	<b>9,347</b>	<b>194</b>	<b>9,541</b>
0	0	0	0	0
0	0	0	0	0
0	0	-6,558	0	-6,558
0	0	0	2,700	2,700
0	0	0	0	0
<b>-5,869</b>	<b>0</b>	<b>148,123</b>	<b>3,036</b>	<b>151,159</b>

## Segment Reporting of the Group \*

	Germany	
	Installation systems	Surface care and enhancement
External sales (including license revenues)**	59,222	8,548
Previous Year	44,247	8,091
Intercompany sales	18,684	4,057
Previous Year	25,523	3,640
<b>Total sales</b>	<b>77,906</b>	<b>12,605</b>
Previous Year	69,771	11,731
<b>Result from ordinary activities ***</b>	<b>1,398</b>	<b>1,893</b>
Previous Year	1,952	1,455

\*\* taking into account sales deductions

\*\*\* without at equity subsidiaries

The previous year's figures include codex GmbH & Co. KG in the segment „Others“. The reclassification took place at the end of 2017 on the „Installation Systems“ segment and is now listed there.

### Transition \*

Transition of the total segments' result to the result from ordinary activities of the group is as follows:

	June 30, 2018	June 30, 2017
<b>Total segments result</b>	<b>13,055</b>	<b>12,696</b>
Total segments profit, non operating segments	143	-7
Revenues from investments in associates (equity method)	-65	197
Consolidation	-27	213
<b>Group result from ordinary activities</b>	<b>13,107</b>	<b>13,099</b>

\* Values according to IFRS, in KEUR, unaudited

Netherlands	Western Europe	South-/ Eastern Europe	Others	Transition	Total group
18,203	23,598	7,111	53,768	0	170,451
18,924	23,688	6,350	46,127	0	147,428
5,773	5,519	1,951	6,223	-42,207	0
2,147	4,302	1,587	7,254	-44,454	0
<b>23,976</b>	<b>29,118</b>	<b>9,062</b>	<b>59,991</b>	<b>-42,207</b>	<b>170,451</b>
21,071	27,990	7,937	53,382	-44,454	147,428
<b>2,808</b>	<b>2,867</b>	<b>768</b>	<b>3,322</b>	<b>116</b>	<b>13,171</b>
2,306	2,898	571	3,515	205	12,902

## Notes to the Half-year report

### Financial reporting and valuation methods

This interim financial statement was prepared in accordance with the IAS 34 »Interim Financial Reporting« regulations. The interim financial statement per June 30, 2018 and the comparative figures from the previous year were prepared by applying the financial reporting and valuation methods of the group financial statement for 2017. A description of these principals is published in detail in the notes to the Group financial statement for 2017. They are also available on the internet at [www.uzin-utz.com](http://www.uzin-utz.com) under Investor Relations / Financial Reports / Annual Reports / Annual Report 2017.

For the 2018 financial year, the accounting, valuation and consolidation methods described in the 2017 annual financial statements have been extended to include IFRS 15, which has been mandatory since January 01, 2018. Revenue recognition essentially takes place at a certain point in time. Revenue is recognized in the regions in which it is actually realized. The regions are therefore to be regarded as revenue recognition centers and in this function have a significant influence on the nature, amount, timing, uncertainties and corresponding cash flows. For this reason, sales revenues are categorized by region. As the categorization by region corresponds to the segment reporting, reference is made to this and no separate presentation is made.

The Group interim financial statements are not subject to any kind of review by auditors.

There may be rounding differences by the preparation of the financial statements in million EUR as the calculations of the individual items are based on figures in EUR.

## **Changes in the consolidated companies**

On February 07, 2018, Uzin Utz Netherlands B.V. acquired 70% of the wholesalers Forinn B.V. and Bosgoed Groothandel B.V. via the established holding company COFOBO Holding B.V. in order to bundle our competencies in this market. Both organisations will initially remain legally independent, operate under their own name and continue to operate their core business.

The Uzin Utz Group has started the valuation of the assets and liabilities of the companies. Since, among other things, value appraisals are still outstanding, no reliable quantitative information can be provided at this time. A final purchase price allocation will be presented in the 2018 financial statements.

Net sales of Forinn B.V. amounted to EUR 10.3 million in the first half of the current financial year, net sales of Bosgoed Groothandel B.V. amounted to EUR 6.9 million.

The acquisition increased the total number of consolidated companies to 32.

## **Statement of Cashflows**

The cash flow statement was prepared in accordance with IAS 7 by way of application of the indirect method for the cash flow from operating activities on the basis of the net profit. The cash flow statement is divided into three areas: operating, investing and financing activities.

## **Segment reporting**

The segment reporting is in accordance with IFRS 8 „Operating Segments“.

The segments are shown according to their internal organisation and reporting structure and the legal units, although these were summarized taking into account regional areas of responsibility. The composition of the segments is analogous to the annual financial statements for 2017. The subsidiaries recognized as at equity are not taken into account for the reporting of the segments.

The segment result is shown as the result from ordinary activities.

## **Distribution of profit**

The proposal to distribute part of the 2017 balance sheet total in the sum of EUR 38,900,205.86 was approved at the Annual General Meeting held on May 15, 2018. This distribution corresponds to a dividend of EUR 1.30 per individual share certificate (in total EUR 6,557,614.70) on the share capital of EUR 15,132,957.00.

### **Earnings per share**

Earnings per share have been determined on the basis of the group result after taxes and the weighted average number of shares issued. The undiluted result per share is identical to the diluted result per share.

### **Contingent liabilities and other financial obligations**

Compared with December 31, 2017, the other financial obligations have not changed essentially.

### **Related party relationships**

No contracts of material significance were concluded with related parties in the reporting period. The transaction volume is almost on a pro rata basis at a comparable level as in the annual financial statements for 2017. In principle, all transactions are conducted at merchantable conditions.

### **Essential events in the reporting period**

With effect from January 01, 2018 Philipp and Julian Utz joined the Management Board of the Uzin Utz Group, at the same time Beat Ludin left the Management Board. The respective national companies were also renamed as of January 01, 2018. As a result, all companies are now called Uzin Utz, supplemented by the country and the respective company form. This underlines the close connection of the subsidiaries to the group headquarters in Ulm.

A further change in the Board of Management took place on May 16, 2018, with the departure of CEO Thomas Müllerschön. A successor as Chairman was not determined, as the management of the Uzin Utz Group will in future be carried out in very close cooperation with the members of the Management Board. This should enable better overall management of the group.

### **Significant events after the end of the first half-year**

There was a further change in the scope of consolidation after the end of the first half of the year. Effective August 01, 2018, a complete acquisition of the tool manufacturer Pajarito with its three companies Korbach Werkzeug Co. GmbH & Co. KG, Pajarito Werkzeug GmbH and Pajarito Warenhandels-gesellschaft mbH. The acquisition follows the expansion of competence in the area of tool production. The Pajarito Group achieved net sales of EUR 8,0 million in 2017. The Uzin Utz Group has started the valuation of the assets and liabilities of both companies. As things stand at present, however, reliable quantitative information cannot yet be provided.

## Assurance by the statutory representatives

To the best of our knowledge, we hereby assure that the accounting principles that apply to the interim reporting of the Group interim financial statement give a true and fair view of the Group's net assets, financial position, results of operations and cashflows, and in the Group interim report the business development is stated such that it reflects the actual circumstances and the key opportunities and risks of the Group's likely development in the remaining financial year.

## Disclaimer

This report contains forecasts that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond Uzin Utz AG's ability to control or estimate precisely. Actual results may be materially different from those expressed or implied by these statements. Uzin Utz AG does not intend or assume any obligation to update any forecast to reflect events or circumstances after the date of these materials.

Ulm, August 2018  
Uzin Utz AG  
The Executive Board



Heinz Leibundgut



Julian Utz



Philipp Utz

Frankness is our command:  
You are invited for the dialogue.

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