

Group Interim Report for the first six months of 2014

Uzin Utz AG continued its good development in the second quarter

Revenue was increased substantially – operating results grew in a two digit figure

Continuation of the positive development expected in the second half-year

Uzin Utz AG

The Uzin Utz Group generated substantial growth with the revenue and operating results in the first six months of the fiscal year. After a very successful first quarter it was also possible to continue this upwards trend and the positive development in the second quarter.

» Although the Uzin Utz Group does not endeavor to achieve growth in revenue in the core business at any price it is particularly pleasing that almost all companies recorded increases.

» The operating results before taxes were very positive – against the background of the investments – an increase by 16.9%, to Euro 5.7 million after Euro 4.9 million in the same period of the previous year. After taxes Uzin Utz achieved operating results of around Euro 3.9 million after Euro 3.4 million in the previous year.

» It can be seen that the strategy is having an effect. The Uzin Utz Group is precisely on the path, which it intended: to grow profitably, win market shares and hereby keep an eye on the costs.

Interim management report

Basic conditions

On the whole it was possible to consolidate the upwards trend of the German economy in the first half-year of 2014.

» Above all the main building trade was able to profit from the particularly mild weather conditions at the beginning of the year. According to the spring projection of the federal government substantial economic growth is expected over the course of 2014. A growth of gross domestic product of 1.8% is forecasted. It was also possible to continue the recovery of the Western European economy in the first six months of the year. A continued historically low interest level, as well as diminishing uncertainties within the European Economic zone strengthen the willingness of the companies to make investments.

» Structural challenges in the Asian region and the remaining larger emerging markets had an effect to inhibit growth on the global economy. The IMF therefore slightly corrected its forecast for growth for 2014 downwards from 3.7% to 3.4%. The industrial states will continue to be estimated as the main drivers of the global economy.

» As an uncertain factor of the forecast the aim is above all to take the existing political tensions in Eastern Europe and their further developments into consideration.

Development of the industry:

The positive developments in the main building trade continued in the first half-year of 2014. In particular the building trade was able to draw benefits from the particularly mild winter. Compared with the previous year 7.3% more permits for newly constructed apartments were recorded in Germany. Favorable financing conditions allow the housing construction to increase sharply in Germany. The central association for the German building trade is expecting revenue increases in public building in the amount of 3.5% and in housing construction in the amount of 5.0%. Whereas a falling order position is expected for France, positive developments are forecasted for Great Britain, Poland, Belgium and the Netherlands.

Income, asset and financial situation

All previous year's figures in brackets

Income situation

The Uzin Utz Group was extremely successful in the first half-year of 2014.

- » Turnover increased to around € 113.3 million, after € 104.5 million in the same period of the previous year. This represents a plus of 8.4%.
- » Above all Uzin Utz AG, the companies in the Netherlands, the USA and in France contributed to the good growth with revenue and operating results. The strategy of the international orientation is among others also confirmed here.
- » In the German market a turnover of € 49.3 million was achieved after € 47.8 million in the comparable period last year.
- » Foreign sales rose from € 56.7 million to € 64.0 million and are hereby, with a proportion of 56.5% (54.2%) of total sales.
- » Percentage materials usage within the Group almost stayed constant at 43.2% (43.1%). In absolute terms, material costs rose from € 44.9 million to € 48.9 million.
- » Other operating expenses went up from € 23.0 million in the same period of the previous year to € 24.4 million in the first half of this year.
- » The average number of employees rose compared to the previous year, from 935 to 961. On average, 414 employees (405) work abroad, 547 (530) in Germany. 36 young people are being trained (36).
- » Percentage personnel costs rose from 27.6% to 27.8%. In absolute terms, personnel costs increased from € 28.9 million to € 31.4 million.
- » Profit before depreciation, interest and tax* is € 10.1 million.
- » Pre-tax* profit increased in comparison to the previous year by € 0.8 million to € 5.7 million (4.9).
- » The net income is € 3.9 million (3.4).

* taxes on income and other taxes

Asset situation

For purposes of better comparability, all previous year comparisons refer to the balance sheet as of 30.06.2013.

- » The balance sheet total increased from € 194.0 million by € 11.8 million, amounting to € 205.8 million.
- » The share of group capital assets climbed from 58.5% to 60.6%. The remaining assets therefore make up 39.4% of the balance sheet total.
- » Receivables from customers rose from € 32.8 million to € 34.0 million.
- » Stocks on hand climbed from € 28.7 million to € 29.0 million.
- » Except for the investment properties, the complete assets continue to represent operationally necessary values.
- » The liquid assets decreased from € 12.5 million to € 10.8 million.

Financial situation

- » The equity capital rose from € 101.1 million to € 111.0 million, therefore making up 53.9% of the balance sheet total (52.1). The margin is still exceeding the industry average.
- » Short-term liabilities to banks increased by € 0.6 million to € 29.9 million (29.3).
- » Trade payables climbed from € 9.2 million to € 10.2 million.
- » The share of short-term liabilities in the balance sheet total rose from 26.0% to 27.1% at 30.06.2014.
- » The provisions for pensions and similar obligations decreased to € 2.8 million after € 3.2 million in the previous year.
- » The total current provisions increased by € 1.6 million to € 10.6 million.

Outlook

The group expects a continuation of the positive development for the whole year. The possible implications of special influences, such as rising energy and raw material prices, can currently in fact not be estimated completely. Uzin Utz has however taken precautionary measures for corresponding encumbering development. Not least owing to the stable strength in the market and competitive environment the Uzin Utz Group is optimistic for the second half of the year.

» The group is confident, after the past six months that this will add a further chapter to the success story at the end of the year.

Statement of profit and loss and other comprehensive income *

	June 30, 2014	June 30, 2013
Sales revenues	113,267	104,469
Changes in inventory of finished and unfinished goods	357	-411
Total output	113,624	104,058
Other operating income	1,252	2,692
Costs of material	48,910	44,886
Personnel expenses	31,448	28,864
Depreciation/amortisation on tangible and intangible assets	3,517	4,545
Other operating expenses	24,417	22,950
Operating income	6,584	5,504
Revenues from investments in associates (equity method)	24	55
Financial result	-900	-676
Result from ordinary activities	5,707	4,883
Taxes on income	1,518	1,200
Other taxes	304	307
Net income for the year	3,885	3,376
Minority interests in profit	5	-16
Consolidated net income for the year	3,889	3,360
Other comprehensive income, net of tax	June 30, 2014	June 30, 2013
Items that may be reclassified subsequently to profit or loss	229	-749
Exchange differences on translating foreign operations	229	-749
corresponding deferred taxes	-69	225
Items that will not be reclassified to profit or loss	36	63
Income from financial instruments	36	63
corresponding deferred tax	-11	-19
Other comprehensive income - before minority interests	265	-772
Other comprehensive income - minority interests	-1	-175
Other comprehensive income - after minority interests	264	-947
Profit and loss and other comprehensive income	4,153	2,413
	June 30, 2014	June 30, 2013
Earnings per share (in EUR)	0.77	0.67
average number of employees (incl. trainees)	997	971

* according to IFRS, in TEUR, unaudited

Balance Sheet Of Uzin Utz Group *

Assets	June 30, 2014	31, 12, 2013	June 30, 2013
Intangible assets	32,547	33,145	32,975
Tangible assets	85,109	81,301	74,796
Subsidiaries measured at equity	1,031	1,002	953
Other non-current financial assets	1,769	1,321	1,240
Investment Properties	4,144	4,108	3,456
Income tax receivables	336	336	448
Deferred tax assets	1,600	1,593	1,519
Other non-current assets	193	189	161
Non-current assets	126,730	122,994	115,548
Inventories	29,019	28,872	28,748
Trade receivables	34,020	23,692	32,842
Income tax receivables	530	934	1,350
Other current assets	4,635	4,800	2,977
Cash and Cash equivalents	10,843	10,204	12,509
Current assets	79,047	68,502	78,425
Balance sheet total	205,777	191,496	193,972
Liabilities			
Subscribed capital	15,133	15,133	15,133
Capital reserve	26,827	26,827	26,827
Revenue reserve	69,109	66,731	59,285
Minority interests	-11	-15	-50
Own shares	-89	-89	-89
Total equity	110,969	108,587	101,106
Provisions for pensions and other similar obligations	2,792	2,710	3,226
Due to credit institutions long-term	28,067	27,037	29,241
Deferred tax liabilities	7,283	9,402	9,851
Other non-current liabilities	912	902	412
Non-current liabilities	39,054	40,051	42,730
Reserves	10,588	6,393	9,016
Due to credit institutions short-term	29,877	21,327	29,344
Advances received	5	49	9
Trade payables	10,172	9,097	9,166
Income tax liabilities	458	578	896
Other short-term liabilities	4,653	5,414	1,705
Current liabilities	55,754	42,858	50,136
Balance sheet total	205,777	191,496	193,972

* according to IFRS, in TEUR, unaudited

Consolidated cash flow statement *

	June 30, 2014	June 30, 2013
Net profit for the year	3,885	3,376
+/- Depreciation and amortisation of fixed assets	3,517	4,545
+/- Change in provisions	4,248	3,086
+/- other non-cash expense and income items	-24	-25
-/+ Gain/loss on disposal of non-current assets	83	8
+/- Change in current assets (inventories, receivables)	-9,979	-9,962
+/- Change in liabilities	264	-2,599
Cashflow from operating activities	1,995	-1,571
+/- Proceeds from disposal of tangible assets/ Investments in tangible assets	-6,522	-7,685
+/- Proceeds from disposal of intangible assets/ Investments in intangible assets	-72	78
+/- Proceeds from disposal of financial assets/ Investments in financial assets	-525	-748
Cashflow from investing activities	-7,118	-8,354
- Payments to shareholders and minorities	-4,031	-4,031
+/- Proceeds to the issue of bond/ Repayment of bonds	1,208	5,569
Cashflow from financing activities	-2,823	1,538
+/- Payment-related change in cash and cash equivalents	-7,946	-8,387
+/- Exchange-rate-related and other changes in cash and cash equivalents	215	-592
+ Cash and cash equivalents at beginning of the period	851	5,940
Cash and cash equivalents at the end of the period	-6,881	-3,039
Cash and cash equivalents		
Cash and cash equivalents	10,843	12,509
short-term liabilities due to credit institutions	-17,724	-15,548
Cash and cash equivalents	-6,881	-3,039

* according to IFRS, in TEUR, unaudited

Statement of changes in equity *

	Subscribed capital	Capital reserve	Retained earnings	
			Group net income	Translation differences
Balance as of January 01, 2013	15,133	26,827	62,131	2,632
Net profit of the year	0	0	3,376	0
Comprehensive income	0	0	-86	-749
Profit and loss and other comprehensive income	0	0	3,274	-749
Increase of capital	0	0	0	0
Own shares	0	0	0	0
Dividends paid	0	0	-4,031	0
Other changes	0	0	-27	0
Balance as of June 30, 2013	15,133	26,827	61,363	1,883
Balance as of January 01, 2014	15,133	26,827	68,883	1,876
Net profit of the year	0	0	3,885	0
Comprehensive income	0	0	0	229
Profit and loss and other comprehensive income	0	0	3,885	229
Increase of capital	0	0	0	0
Own shares	0	0	0	0
Dividends paid	0	0	-4,031	0
Changes in basis of consolidation	0	0	2,260	0
Balance as of June 30, 2014	15,133	26,827	70,998	2,105

* according to IFRS, in TEUR, unaudited

Reserve on own shares	Other trans- actions	Sum	Minority interests	Total Equity
-4,024	-89	102,611	153	102,764
0	0	3,376	-16	3,360
63	0	-772	-175	-947
63	0	2,588	-159	2,416
0	0	0	0	0
0	0	0	0	0
0	0	-4,031	0	-4,031
0	0	-27	-12	-39
-3,961	-89	101,156	-50	101,106
-4,029	-89	108,602	-15	108,587
0	0	3,885	5	3,888
36	0	265	-1	264
36	0	4,149	4	4,153
0	0	0	0	0
0	0	0	0	0
0	0	-4,031	0	-4,031
0	0	2,260	0	2,260
-3,993	-89	110,980	-11	110,969

Segment Reporting *

	Germany				Western Europe	
	Installation systems		Surface care and enhancement			
	2014	2013	2014	2013	2014	2013
External sales	49,866	46,510	7,323	7,175	24,568	20,904
Intercompany sales	15,910	14,914	2,915	3,310	6,092	5,524
Total sales	65,776	61,424	10,238	10,485	30,660	26,427
Segment Profit (EBIT)	2,595	1,466	557	614	2,174	2,107

Überleitung *

Reconciliation of the total segments' profit to profit before taxes ** is as follows:

	June 30, 2014	June 30, 2013
Total segments profit	6,627	5,532
Total segments profit, non operating segments	0	0
Eliminations	-43	-27
Group-EBIT	6,584	5,505
Equity method results	24	55
Interest and similar income	37	51
Interest and similar expenses	937	728
Group-EBT	5,707	4,883

* according to IFRS, in TEUR, unaudited; ** taxes on income and other taxes

South-/Eastern Europe		all other segments		Reconciliation		Total group	
2014	2013	2014	2013	2014	2013	2014	2013
5,252	5,436	26,257	24,444	0	0	113,267	104,469
468	391	1,948	1,353	-27,333	-25,492	0	0
5,721	5,827	28,205	25,797	-27,333	-25,492	113,267	104,469
-23	151	1,323	1,195	-43	-27	6,584	5,505

Notes to the Six-Monthly Statement

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 as per June 30, 2014 and the comparative figures from the previous year were prepared by way of applying the financial reporting and valuation methods of the Group financial statement for 2013. A description of these principals is published in detail in the notes to the Group financial statement for 2013. They are also available on the internet at www.uzin-utz.com in the field Investor Relations/Financial Reports.

- » The Group interim financial statements are not subject to any kind of review by auditors.
- » The preparation of the interim report in thousands of Euros may, due to additions, give rise to rounding differences because the calculations for individual items are based on figures in Euros.

Consolidation Group

In the first six months of 2014, there were no changes in the consolidation group.

Cash flow statement

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 the IFRS 8 Operating Segments.

- » The segments are shown according to their internal organisation and reporting structure and the legal units, although these were summarised taking into account regional areas of responsibility.
- » The segment result is shown as the result before taxes* and interest.

Appropriation of profits

The proposal to distribute part of the 2013 balance sheet total in the sum of 15,765,285.21 Euro was approved at the Annual General Meeting held on May 13, 2014. This distribution corresponds to a dividend of 0.80 Euro per individual share certificate (in total 4,035,455.20 Euro) on the share capital of 15,132,957.00 Euro.

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, 2013, the other financial obligations have largely remained unchanged.

Related party relationships

There were no significant changes compared with December 31, 2013.

* taxes on income and other taxes

Essential events in the reporting period

As of 1 February 2014 over the course of an Asset Deal the assets and debts of Compotan Polymer B.V. in Ede, the Netherlands, were transferred to Unipro B.V. with their book values. Compotan Polymer B.V. generated a net revenue of KEUR 592 in 2013. With its products, such as for example PU casting floors and PU paints, it operates on the same market as Unipro B.V. with its Arturo products. The take-over is part of the growth strategy and contributes to the expansion of the range of products.

» As of 5 March 2014 the corporate names of Hermann Frank Verwaltungs GmbH and Hermann Frank GmbH & Co. KG were changed to WOLFF Verwaltungs GmbH and WOLFF GmbH & Co. KG.

» As of 31 March 2014 Uzin Utz AG exercised its right and acquired the limited partner's shares of BIL Leasing GmbH & Co. KG. BIL Leasing GmbH & Co. KG has accrued to Uzin Utz AG by the exit of the general partner.

Significant events after the end of the first half-year:

There were no significant events following the conclusion of the first six months of 2014.

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 cash flows, 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 forward-looking statements 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 forward-looking statements to reflect events or circumstances after the date of these materials.

Ulm, August 2014
Uzin Utz Aktiengesellschaft

Board of Directors



Dr. H. Werner Utz



Thomas Müllerschön

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

Uzin Utz AG

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