



Group Quarterly Statement
as at 31 March 2016

Schaltbau Group Key Financial Figures for the period ended 31 March

Group key financial figures		31 March 2016	31 December 2015	31 March 2015	31 December 2014
Order situation					
Order-intake	€ m.	155.5	508.4	127.2	449.4
Order-book	€ m.	363.3	325.3	306.6	281.9
Income statement					
Sales	€ m.	117.4	496.7	107.4	429.6
Total output	€ m.	120.2	501.2	113.2	440.3
EBITDA	€ m.	7.7	49.5	11.1	38.3
Profit from operating activities (EBIT)	€ m.	4.0	36.6	8.4	27.3
EBIT margin	%	3.4	7.4	7.8	6.4
Group net profit for the period	€ m.	-1.3	23.5	3.8	29.1
Profit attr. to shareholders of the AG	€ m.	-2.4	17.4	2.4	24.8
Return on capital employed	%	4.7	11.0	11.4	10.6
Balance sheet					
Fixed Assets	€ m.	182.7	185.7	134.7	134.1
Working capital	€ m.	155.6	147.6	159.3	122.6
Capital employed	€ m.	338.3	333.3	294.0	256.7
Group equity	€ m.	121.9	129.5	114.7	112.5
Net financial liabilities	€ m.	140.7	128.8	104.1	79.8
Balance sheet total	€ m.	454.4	454.2	389.5	361.2
Personnel					
Employees at end of reporting period	Number	2,986	2,973	2,681	2,651
Personnel expense	€ m.	41.2	157.4	36.8	138.2
Personnel expense ¹ per employee ²	€ 000	59.2	59.7	59.3	60.9
Total output ¹ per employee ²	€ 000	173.0	190.2	182.5	194.0
Earnings per share					
Earnings per share (undiluted)	€	-0.4	2.90	0.40	4.07
Earnings per share (diluted)	€	-0.4	2.90	0.40	4.07

¹ Based on figures to date extrapolated to twelve months

² Weighted average for period including trainees, executive directors and members of Management Board

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Dear Shareholders

Even at this early stage, we can safely say that 2016 will be another year of growth for the Schaltbau Group. Order intake rose by a pleasing 22 per cent during the first quarter, considerably exceeding our own expectations. The increase clearly illustrates that our customers perceive us as an important and reliable systems supplier as well as a partner in the shaping of safe, comfortable, convenient and competitive rail travel going forward. The strategy of acquisition and a constant high level of investment in innovative products and solutions that the Schaltbau Group has pursued in recent years has proved to be right on track.

The substantial increase in order volume means we can expect to see sales grow as scheduled in the further course of the year. Earnings have already risen by more than nine per cent during the first three months of the current year. The positive impact of this primarily organic growth stood in contrast to growth-related additional costs. One example is our Spanish subsidiary ALTE, which was able to improve its market position with the help of well targeted investments in technology and production processes – and was subsequently awarded a very important order for the supply of train sanitary systems on this basis. Irrespective of this success, over the next few months we will continue to deploy the necessary financial resources to further strengthen the position of this entity and consciously accept the negative factors caused by the upfront expenditure.

In view of the significant improvement in earnings scheduled in the following months and particularly in the second half of the year, quarterly earnings (EBIT) of € 4.0 million are in line with our expectations. We therefore reaffirm our EBIT target of € 41.5 million for the full year 2016. The consolidation and integration of Albatros, in which we increased our shareholding to 92 per cent in December 2015, forms a further key target for the current fiscal year. At this point, I would like to reiterate that the digital interconnectedness of components, subsystems and systems will continue to drive development in

the Schaltbau Group's business environment in the years to come and trigger effects that will greatly benefit the entire Group. Albatros will play a major role in this endeavour.

Nonetheless, we will continue to do everything required to maintain the balance between growth on the one hand and dependable results on the other. In the Schaltbau Group's business environment, there is no alternative to making active use of all financially viable expansion options currently open to us, as in future too, the expenditure needed to promote growth will continue to go hand in hand with a perceptible rise in the level of earnings, both in the following quarters and in the years ahead.

Kind regards

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by several loops and a final flourish.

Dr Jürgen Cammann

Spokesman of the Executive Board

Schaltbau Group continues to grow

The Schaltbau Group started the new fiscal year with a significant increase in order intake figures and, at the end of the first three-month period, remains firmly on course for achieving its growth targets. Around 60 per cent of the € 28.3 million rise in order volume was driven by organic growth across all segments. After several years of investment backlog in Germany, order volumes in the Rail Infrastructure business field are also on the rise. Moreover, order intake was positively impacted by SPII and RDS, which were not yet consolidated in the first quarter one year earlier. At € 363.3 million, the Schaltbau Group's order book was € 38 million larger than at 31 December 2015.

Key performance figures for the Schaltbau Group			
In € m.	1st quarter 2016	1st quarter 2015	Δ
Order intake	155.5	127.2	22.2%
Sales	117.4	107.4	9.3%
EBIT	4.0	8.4	-52.4%

The sales increase of € 10.0 million is primarily attributable to additional revenue growth in the Brake Systems business field (Stationary Transportation Technology segment) and the consolidation of SPII in the Components segment. Overall, 45.7 per cent of sales were generated on European markets outside Germany and a further 23.1 per cent outside Europe. The higher level of total output stood in contrast to changes in the product mix and a more pronounced, growth-driven rise in costs, which are reflected in the development of EBIT.

Challenging business environment

In April, the International Monetary Fund (IMF) downwardly adjusted its previous global economic growth forecast from 3.4 per cent to 3.2 per cent for the full year 2016. The revised forecast applied equally to industrialised nations, emerging markets and developing countries. For the eurozone, the IMF now predicts 1.5 per cent growth in economic output for the full year, 0.2 percentage points down on the 1.7 per cent forecast in January.

Despite demand for rolling stock remaining strong, the market continued to be highly impacted by strong price competition and the uncertain market environment in Russia and China. After years of investment backlog in the field of Rail Infrastructure, DB Netz AG has meanwhile begun placing an appreciably larger volume of orders. The level of demand from bus and other automotive manufacturers, however, was slightly down on the previous year.

On procurement markets, the prices of copper, aluminium, silver and gold were all below the averages recorded in the first quarter one year earlier. Rolled steel and flame-cut steel parts were also cheaper year-on-year. Oil prices remained at low levels and plastics prices continued to be stable. Overall, exchange rate factors had nothing more than a minor impact on the earnings of the Schaltbau Group.

Earnings on target

The higher total output contrasted with a more pronounced, growth-driven increase in costs, mainly due to the larger size of the Schaltbau Group's workforce. Lower earnings from certain projects also had a negative impact. Overall, EBIT approximately halved compared to the high figure achieved one year earlier, although it was still better than expected. The EBIT margin dropped accordingly from 7.8 to 3.4 per cent.

Expressed as a percentage of total output, at 49.7 per cent, the cost of materials ratio was practically identical to the previous year's level of 49.8 per cent. Partially due to the first-time consolidation of SPII and RDS, personnel expense went up from € 36.8 million to € 41.2 million and other operating expenses rose from € 11.0 million to € 12.8 million year-on-year.

Last year's net profit of € 3.8 million for the three-month period contrasted with a net loss of € 1.3 million for the first quarter 2016. The loss attributable to shareholders of Schaltbau Holding AG totalled € 2.4 million (Q1 2015: profit of € 2.4 million). On this basis, the loss per share for the quarter under report amounted to € 0.40, compared with a profit of € 0.40 for the same period one year earlier.

The Mobile Transportation Technology segment

Key performance figures for the Mobile Transportation Technology segment			
In € m.	1st quarter 2016	1st quarter 2015	Δ
Order intake	61.0	54.0	13.0%
Sales	51.0	52.2	-2.3%
EBIT	3.3	6.2	-46.8%

Order intake for the Mobile Transportation Technology segment (Bode Group and ALTE) went up by 13.0 per cent. A major order for railway vehicle door systems awarded to Bode, Kassel, had a particularly strong impact on figures. The increase was also helped by contributions in the refurbishment and service sectors from the Schaltbau Group's UK-based subsidiary RDS, which was not yet consolidated one year earlier. As expected, order intake at RAWAG returned to normal levels after having received a major order the previous year. Demand from the bus and automotive industries was slightly lower than in the first quarter 2015, but is expected to gather renewed pace in the second half of the year.

In line with expectations, segment sales were somewhat down on the previous year's high figure, despite the consolidation of RDS. The figure was influenced in particular by the processing of a major contract in Poland, which also had a positive effect on the previous year's results. The EBIT margin for the segment dropped from 11.8 per cent to 6.5 per cent year-on-year.

The Stationary Transportation Technology segment

Key performance figures for the Stationary Transportation Technology segment			
In € m.	1st quarter 2016	1st quarter 2015	Δ
Order intake	51.9	42.4	22.4%
Sales	31.5	25.0	26.0%
EBIT	-3.2	-2.8	-14.3%

The significant improvement in order intake in the Rail Infrastructure business field was driven firstly by the higher volume of orders placed by DB Netz AG in Germany and secondly by a major order for signal technology systems. Order volumes in the Brake Systems business field, however, were slightly below the exceptionally high level recorded one year earlier.

Sales growth of 26.0 per cent was primarily attributable to the Brake Systems business field and largely based on the excellent order situation from the previous year. Seen over the entire year, however, the Rail Infrastructure business field is likely to generate sales growth, particularly due to higher demand for railway crossing systems.

The Warning Systems product group (Rail Infrastructure business field) was sold with effect from 1 April. The sale will not have a significant impact on the business and earnings position of either the Schaltbau Group or the segment. Segment EBIT was again negative in the first quarter 2016. The EBIT margin came in at negative 10.1 per cent (January to March 2015: negative 11.1 per cent).

The Components segment

Key performance figures for the Components segment			
In € m.	1st quarter 2016	1st quarter 2015	Δ
Order intake	42.6	30.8	38.3%
Sales	34.9	30.3	15.2%
EBIT	6.0	6.8	-11.8%

Order intake in the Components segment was significantly higher than in the previous year, mainly due to the consolidation of SPII. There was also a slight increase in organic growth, based on greater demand in the industrial sector of the Russian market and additional exports to France. In China, order volumes were lower than expected, due to reduced investment levels in locomotives and passenger train coaches. In Germany, order volumes were similar to those recorded one year earlier.

Demand for products manufactured by SPII also drove up segment sales. Existing business was mainly affected by lower demand on Chinese markets. Moreover, there were some isolated project delays, which are likely to be resolved during the coming months.

At the three-month stage, EBIT was down year-on-year. The positive impulse provided by SPII stood in contrast to lower earnings in China and higher personnel expenses. The EBIT margin came in at 17.0 per cent (Q1 2015: 22.3 per cent).

Financial and net assets position remains solid

Key financial figures for the Schaltbau Group			
In € m.	31 March 2016	31 December 2015	Δ
Non-current liabilities	224.4	208.5	7.6%
Current liabilities	108.0	116.2	-7.1%
Net liabilities to banks	140.7	128.8	9.2%
Equity	121.9	129.5	-5.9%

The higher level of non-current liabilities was mainly attributable to the increase in liabilities to banks, which rose by € 13.8 million compared with the end of 2015. Furthermore, the pension provision increased very slightly. The lower level of current liabilities results primarily from the decrease in trade accounts payable and current liabilities to banks.

The increase in net liabilities to banks (current and non-current bank liabilities plus other financial liabilities less cash and cash equivalents) gave rise to a debt ratio (based on annualised EBITDA) of 4.6, compared with 2.6 at 31 December 2015. Mainly the net loss for the period caused equity to decrease. The equity ratio of 26.8 per cent (31 December 2015: 28.5 per cent) was below the target range.

Staff numbers remain stable

At 31 March 2016, the Schaltbau Group employed a workforce of 2,986 people (31 December 2015: 2,973). At 1,318, the number of people employed in the Mobile Transportation Technology segment remained practically identical (31 December 2015: 1,320). The Stationary Transportation Technology segment employed 778 people (31 December 2015: 776). Recruitment in the Components segment was mainly confined to production staff. The segment figure rose from 853 to 864 during the three-month period under report.

Forecast reaffirmed

For the fiscal year 2016, Schaltbau continues to predict order intake growth of well over 10 per cent approaching the € 590-million mark and sales growth of around 10 per cent to € 550 million, resulting from the full-year consolidation of SPII, the expected contributions from Group subsidiary Albatros, and organic sales growth.

Profit before financial result and taxes (EBIT) is also forecast to grow by around 10 per cent to € 41.5 million, and the EBIT margin is therefore expected to remain stable. Group net profit is predicted to total € 27.3 million, equivalent to earnings per share of € 3.50.

Quarterly Key Figures as at 31 March 2016

Consolidated Income Statement for the period from 1 January to 31 March 2016

€000	1.1.-31.03.2016	1.1.-31.03.2015
1. Sales	117,450	107,448
2. Change in inventories of finished and work in progress	2,054	4,990
3. Own work capitalised	716	758
4. Total output	120,220	113,196
5. Other operating income	1,251	2,028
6. Cost of materials	59,753	56,364
7. Personnel expense	41,153	36,801
8. Amortisation and depreciation	3,726	2,673
9. Other operating expenses	12,833	10,997
10. Profit from operating activities (EBIT)	4,006	8,389
a) Result from at-equity accounted investments	-2,656	-1,117
b) Other results from investments	0	0
11. Results from investments	-2,656	-1,117
a) Interest income	184	73
b) Interest expense	1,400	1,057
12. Finance result	-1,216	-984
13. Profit before tax	134	6,288
14. Income taxes	1,463	2,475
15. Group net profit for the period	-1,329	3,813
Analysis of group net profit		
attributable to minority shareholders	1,097	1,421
attributable to the shareholders of Schaltbau Holding AG	-2,426	2,392
Group net profit for the period	-1,329	3,813
Earnings per share – undiluted:	- 0.40 €	0.40 €
Earnings per share – diluted:	- 0.40 €	0.40 €

Statement of Income and Expenses recognised in equity for the period from 1 Jan. to 31 March 2016

€000	1.1.-31.03.2016			1.1.-31.03.2015		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			-1,329			3,813
Actuarial gains/losses relating to pensions	-2,246	674	-1,572	-2,794	838	-1,956
Items which may subsequently be reclassified to profit or loss						
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			-2,394			6,140
- from at-equity accounted companies			-33			29
Derivative financial instruments						
- Change in unrealised gains / losses	65	-20	45	-523	157	-366
- Realised gains / losses	204	-61	143	243	-73	170
	269	-81	-2,239	-280	84	5,973
Other comprehensive income			-3,811			4,017
Group comprehensive income			-5,140			7,830
of which attributable to minority shareholders			279			3,203
of which attributable to the shareholders of Schaltbau			-5,419			4,627

Consolidated Cash Flow Statement for the period from 1 January to 31 March 2016

€ 000	1.1.-31.03.2016	1.1.-31.03.2015
Profit before financial result and taxes (EBIT)	4,006	8,389
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	3,726	2,672
Gains/losses on the disposal of intangible assets and property, plant and equipment	29	9
Change in current assets	-3,996	-27,038
Change in provisions	1,414	4,049
Change in current liabilities	-7,488	-2,495
Income tax paid	-1,626	-2,486
Other non-cash income / expenses	-330	-6
Cash flow from operating activities	-4,265	-16,906
Payments for investments in:		
- intangible assets and property, plant and equipment	-3,879	-2,988
- non-current financial assets	-296	
- Acquisitions of minority interests	0	-3
Proceeds from disposal of:		
- property, plant and equipment	0	18
Cash flow from investing activities	-4,175	-2,973
Share buyback programme	0	-3,720
Distribution to minority interests	0	-973
Loan repayments	-1,332	-1,413
Loans rised	540	
Interest paid	-788	-812
Interest received	45	72
Change in current financial liabilities	10,995	17,883
Cash flow from financing activities	9,460	11,037
Change in cash funds due to exchange rate fluctuations	-556	1,448
Changes in cash funds	464	-7,394
Cash funds at the end of the period	31,428	18,810
Cash funds at the beginning of the period	30,964	26,204
	464	-7,394

Consolidated Balance Sheet as at 31 March 2016

ASSETS	€ 000	€ 000
	31.03.2016	31.12.2015
A. NON-CURRENT ASSETS		
I. Intangible assets	81,650	82,911
II. Property, plant and equipment	76,207	75,654
III. At-equity accounted investments	8,829	11,468
IV. Other investments	15,983	15,660
V. Deferred tax assets*	15,416	14,684
	198,085	200,377
B. CURRENT ASSETS		
I. Inventories	93,386	88,629
II. Trade accounts receivable	105,563	109,412
III. Income tax receivables	492	533
IV. Other receivables and assets	23,093	21,569
V. Cash and cash equivalents	30,785	30,735
VI. Assets held for sale	2,968	2,944
	256,287	253,822
Total assets	454,372	454,199
EQUITY AND LIABILITIES		
	€ 000	€ 000
	31.03.2016	31.12.2015
A. EQUITY		
I. Subscribed capital	7,506	7,506
II. Capital reserves	16,126	16,126
III. Statutory reserves	231	231
IV. Revenues reserves*	64,560	48,502
V. Income/expense recognised directly in equity	1,195	2,803
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	-2,426	17,443
VIII. Equity attributable to shareholders of Schaltbau Holding AG	90,233	95,652
IX. Minority interests	31,681	33,881
	121,914	129,533
B. NON-CURRENT LIABILITIES		
I. Pension provisions	39,456	37,351
II. Personnel-related accruals	4,134	4,040
III. Other provisions	564	439
IV. Financial liabilities	157,928	144,154
V. Other liabilities	10,428	10,430
VI. Deferred tax liabilities	11,930	12,094
	224,440	208,508
C. CURRENT LIABILITIES		
I. Personnel-related accruals	9,318	7,501
II. Other provisions	18,365	18,179
III. Income taxes payable	1,197	1,748
IV. Financial liabilities	13,554	15,322
V. Trade accounts payable	30,857	38,190
VI. Advance payments received	12,509	12,252
VII. Other liabilities	21,598	22,456
VIII. Liabilities relating to assets held for sale	620	510
	108,018	116,158
Total equity and liabilities	454,372	454,199

Consolidated Statement of Changes in Equity as at 30 Sept. 2015

	Equity attributable to shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue	Reserves	Revaluation reserve
				Other	Derivate financial Instruments	
Balance at 1.01.2015	7,506	15,872	231	41,997	-1,309	3,041
Profit brought forward	0	0	0	24,780	0	0
Dividends	0	0	0	0	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	0	0	-3,706	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-1,956	-196	0
Group comprehensive income	0	0	0	-1,956	-196	0
Balance at 31.03.2015	7,506	15,872	231	61,115	-1,505	3,041
Balance at 31.03.2015	7,506	15,872	231	61,115	-1,505	3,041
Dividends	0	0	0	-5,988	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	254	0	-9,379	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	3,730	529	0
Group comprehensive income	0	0	0	3,730	529	0
Balance at 31.12.2015	7,506	16,126	231	49,478	-976	3,041
Balance at 1.01.2016	7,506	16,126	231	49,478	-976	3,041
Profit brought forward	0	0	0	17,443	0	0
Dividends	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-1,573	188	0
Group comprehensive income	0	0	0	-1,573	188	0
Balance at 31.03.2016	7,506	16,126	231	65,348	-788	3,041

Note: rounding differences may arise due to the use of electronic rounding aids.

Income/expenses directly in equity	recognised		Net profit for the period	Total	Minority interests in equity			Group equity
	from fully consolidation	from at-equity consolidation			in capital and reserves	in net profit for the period	Total	
1,722	-514	24,780	93,326	14,865	4,348	19,213	112,539	
0	0	-24,780	0	4,348	-4,348	0	0	
0	0	0	0	-1,990	0	-1,990	-1,990	
0	0	0	0	0	0	0	0	
0	0	0	-3,706	-16	0	-16	-3,722	
0	0	2,392	2,392	0	1,421	1,421	3,813	
4,358	29	0	2,235	1,782	0	1,782	4,017	
4,358	29	2,392	4,627	1,782	1,421	3,203	7,830	
6,080	-485	2,392	94,247	18,989	1,421	20,410	114,657	
6,080	-485	2,392	94,247	18,989	1,421	20,410	114,657	
0	0	0	-5,988	-179	0	-179	-6,167	
0	0	0	0	10,112	0	10,112	10,112	
0	0	0	-9,125	-209	0	-209	-9,334	
0	0	15,051	15,051	0	4,613	4,613	19,664	
-2,566	-226	0	1,467	-1,111	245	-866	601	
-2,566	-2226	15,051	16,518	-1,111	4,858	3,747	20,265	
3,514	-711	17,443	95,652	27,602	6,279	33,881	129,533	
3,514	-711	17,443	95,652	27,602	6,279	33,881	129,533	
0	0	-17,443	0	6,279	-6,279	0	0	
0	0	0	0	-2,479	0	-2,479	-2,479	
0	0	0	0	0	0	0	0	
0	0	-2,426	-2,426	0	1,097	1,097	-1,329	
-1,575	-33	0	-2,993	-818	0	-818	-3,811	
-1,575	-33	-2,426	-5,419	-818	1,097	279	-5,140	
1,939	-744	-2,426	90,233	30,584	1,097	31,681	121,914	

Explanatory Notes and segment information as at 31 March 2016

DESCRIPTION OF BUSINESS

The Schaltbau Group is one of the leading suppliers of components and systems for transportation technology and industry. The enterprise supplies complete level crossing systems, shunting and signalling technology, door and boarding systems for buses, trains and commercial vehicles, sanitary systems and interiors for trains, industrial braking systems for container cranes and wind turbines as well as high- and low-voltage components for railway vehicles and other applications. Its innovative and future-oriented products make Schaltbau a key business partner for a variety of industrial sectors, in particular transportation technology.

BASIS OF PREPARATION

The same accounting principles and policies have been applied as in the consolidated financial statements for the fiscal year ended 31 December 2015.

In addition to the figures reported in the financial statements, the quarterly information also includes explanatory notes to selected financial statement items.

BUSINESS COMBINATIONS / GROUP REPORTING ENTITY

There have been no changes to the Group reporting entity since 31 December 2015.

DISCONTINUED OPERATIONS

The Warning Systems product group, which belonged to PINTSCH BAMAG Antriebs- und Verkehrstechnik GmbH and was part of the Stationary Transportation Technology segment, was sold with effect from 1 April.

USE OF ESTIMATES

For the purposes of drawing up the consolidated financial statements, it is necessary to make estimates and assumptions which affect the carrying amounts of assets, liabilities and contingent liabilities at the balance sheet and the amounts of income and expense recognised in the period under report. Actual results can differ from estimates as a result of changes in the economic situation and due to other circumstances.

FOREIGN CURRENCY TRANSLATION

The financial statements of consolidated companies whose functional currency is not the Euro are drawn up in accordance with the modified closing rate method. Exchange rates relevant for foreign currency translation into Euro changed as follows:

	Closing rate		Average rate	
	31.03.2016	31.12.2015	1.1. - 31.03.2016	1.1. - 31.03.2015
Chinese renminbi yuan	7.3514	7.0608	7.2057	6.9339
US dollar	1.1385	1.0887	1.1012	1.1285
British pound	0.7916	0.7340	0.7698	0.7444
New Turkish lire	3.2118	3.1765	3.2457	2.7743
Polish Zloty	4.2576	4.2639	4.3646	4.1944

ACCOUNTING PRINCIPLES AND POLICIES

Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2016, taking into account pensions paid during the period under report and the change in the interest rate level. The interest rate at the end of the quarter is calculated on the basis of the discount rate updated in accordance with the Mercer Pension Discount Yield Curve Approach (MPDYC). Adjustments resulting from the change in the interest rate level are recognised directly in equity, net of deferred tax. The provision for obligations for early retirement part-time working arrangements is based on management estimates, unlike in the financial statements for the year ended 31 December 2013 when the provision was based on actuarial reports.

Consolidated cash flow statement

The cash flow statement shows changes in the Schaltbau Group's cash and cash equivalents. Cash and cash equivalents comprise checks, cash on hand, cash at bank and the net amount on cash management balances with non-consolidated companies (see also additional disclosures made for the Consolidated Statement of Cash Flows).

The cash flow statement has been prepared in accordance with IAS 7, with cash flows classified into cash flows from operating, investing and financing activities. The cash flow from operating activities is determined using the indirect method.

ANALYSIS OF SELECTED ITEMS REPORTED IN THE FINANCIAL STATEMENTS

PERSONNEL EXPENSE / EMPLOYEES

in € 000	1.1. – 31.03.	2016	2015
Wages and salaries		34,701	30,828
Social security, pension and welfare expenses		6,452	5,973
		41,153	36,801

EMPLOYEES

	2016	2015
Employees	2,780	2,480

These employee figures show the weighted average for the period under report (including trainees, executives and board members).

Results from investments

The **result from at-equity accounted investments** includes the Group's share of earnings for the current financial year of BoDo Bode-Dogrusan A.S. and Albatros S.L. (January - March 2015: BoDo Bode-Dogrusan A.S., Albatros S.L. und Rail Door Solutions Ltd.).

FINANCIAL RESULT

in € 000	1.1. – 31.03.	2016	2015
Other interest and similar income (of which from affiliated companies)		184 (84)	73 (10)
Interest and similar expenses (of which to affiliated companies)		-1,400 (-)	-1,057 (-)
		-1,216	-984

Interest expenses include €206,000 (1.1. – 31.03.2015: € 203,000) relating to the interest component of the allocation to the pension provision.

INCOME TAXES

in € 000	1.1. – 31.03.	2016	2015
Income tax expense		-1,734	-1,882
Deferred tax expense		271	-593
		-1,463	-2,475

Deferred tax assets recognised on tax loss carryforwards were increased, resulting in tax income of € 345,000 (January to March 2015: decreased, resulting in tax expense of € 485,000).

NOTES TO THE CONSOLIDATED BALANCE SHEET

INTANGIBLE ASSETS, PLANT PROPERTY AND EQUIPMENT AND INVESTMENTS

The **revaluation method** has only been applied for land. The revaluation reserve did not change during the period under report.

INVENTORIES

in € 000	31.03.2016	31.12.2015
Raw materials, consumables and supplies	46,867	43,344
Work in progress	33,654	31,723
Finished products, goods for resale	12,577	12,441
Advance payments to suppliers	288	1,121
	93,386	88,629

Write-downs totalling € 311,000 (January – March 2015: € 1,018,000) and reversals of impairment losses totalling € 194,000 (January – March 2015: € 0) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled € 19,785,000 (2015: € 20,119,000).

RECEIVABLES AND OTHER ASSETS

in € 000	31.03.2016	31.12.2015
Trade accounts receivable	105,563	109,412
Receivables from affiliated companies	12,521	11,412
Receivables from associated companies	2,521	906
Receivables from entities with which an investment relationship exists	183	213
Income tax receivables	492	533
Other assets	7,868	9,038
	129,148	131,514

Allowances on trade accounts receivable amount to € 5,732,000 (31 March 2015: € 6,213,000). Write-downs amounting to € 27,000 (January – March 2015: € 246,000) and reversals of write-downs amounting to € 194,000 (January – March 2015: € 123,000) were recorded against receivables and other assets.

CASH AND CASH EQUIVALENTS

in € 000	31.03.2016	31.12.2015
Cheques and cash on hand	147	37
Cash at bank	30,638	30,698
	30,785	30,735

CHANGES IN GROUP EQUITY

Details relating to the line items presented in the balance sheet are shown in the Statement of Changes in Group Equity.

PROVISIONS

in € 000	31.03.2016	31.12.2015
Non-current provisions		
Pension provision*	39,456	37,351
Personnel-related accruals	4,134	4,040
Warranties	218	245
Other provisions	346	194
Other non-current provisions	4,698	4,479
	44,154	41,830
Current provisions		
Personnel-related accruals	9,318	7,501
Current tax	1,923	1,314
Warranties	8,295	8,358
Outstanding costs and material	5,730	6,290
Other provisions	2,417	2,217
Other current provisions	18,365	18,179
	27,683	25,680
Total provisions*	71,837	67,510

A discount rate of 1.8 % (2015: 2.2 %) was used to compute the pension provision. The resulting € 2,245,000 decrease in the pension provision was recognised directly in equity.

LIABILITIES

in € 000	31.03.2016	31.12.2015
Non-current liabilities		
Liabilities to banks	87,474	73,711
Finance lease liabilities	16	16
Other financial liabilities	70,438	70,427
Financial liabilities	157,928	144,154
Other liabilities	10,428	10,430
	168,356	154,584
Current liabilities		
Current income tax liabilities	1,197	1,748
Liabilities to banks	11,468	14,104
Finance lease liabilities	26	35
Other financial liabilities	2,060	1,183
Financial liabilities	13,554	15,322
Trade accounts payable	30,857	38,190
Advance payments received	12,509	12,252
Payables to affiliated companies	662	497
Liabilities to other group entities	315	478
Negative fair values of derivatives	<u>1,583</u>	1,990
Sundry other liabilities	19,038	19,491
Other liabilities	21,598	22,456
	79,715	89,968
Total liabilities	248,071	244,552

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000

1.1. – 31.03.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2016	2015	2016	2015
Order-intake (external)	60,989	53,991	51,858	42,405
Sales	51,100	52,330	31,553	25,073
- of which external	50,955	52,172	31,528	24,957
- of which with other segment	145	158	25	116
External order-book	168,407	149,980	107,632	93,129
EBITDA	4,395	7,056	-2,071	-1,896
Result from operating activities (EBIT)	3,296	6,174	-3,192	-2,768
Result from at-equity accounted investments	-2,656	-1,117	0	0
Other results from investments	0	0	0	0
Interest income	30	32	20	40
Interest expense	-293	-282	-477	-555
Income taxes	-588	-1,074	-240	-306
Segment result / Group result	-211	3,733	-3,889	-3,589
Changes in group reporting entity	0	0	0	0
Capital expenditure on investments	51	0	246	0
Impairment losses on investments	0	0	0	0
Capital expenditure ¹⁾	1,639	925	1,630	1,320
Amortisation and depreciation ¹⁾	-1,099	-882	-1,121	-872
Impairment losses	-75	0	-12	-350
Reversal of impairment losses	-240	116	0	7
Other significant non-cash expenses	-1,697	-2,695	-2,121	-2,446
Segment assets ²⁾	171,060	156,268	126,202	122,057
Investments accounted for at-equity	8,829	4,892	0	0
Capital employed ³⁾	129,942	119,104	91,926	88,999
Segment liabilities ⁴⁾	78,258	77,801	99,337	101,628
Employees (average as per HGB)	1,253	1,117	712	687
EBIT margin ⁵⁾	6.5 %	11.8 %	-10.1 %	-11.1 %
Return on capital employed ⁶⁾	10.1 %	20.7 %	-13.9 %	-12.4 %

¹⁾ = in / on intangible assets and property, plant and equipment

²⁾ = Balance sheet total

³⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁴⁾ = Liabilities

⁵⁾ = EBIT / external sales

⁶⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2016	2015	2016	2015	2016	2015	2016	2015
42,645	30,820	155,492	127,216	19	19	155,511	127,235
35,132	30,497	117,785	107,900	-335	-452		
34,947	30,299	117,430	107,428	20	20	117,450	107,448
185	198	355	472	-355	-472		
87,223	63,442	363,262	306,551			363,262	306,551
7,345	7,585	9,669	12,745	-1,937	-1,683	7,732	11,062
5,951	6,760	6,055	10,166	-2,049	-1,777	4,006	8,389
0	0	-2,656	-1,117	0	0	-2,656	-1,117
0	0	0	0	0	0	0	0
15	13	65	85	119	-12	184	73
-455	-364	-1,225	-1,201	-175	144	-1,400	-1,057
-1,062	-902	-1,890	-2,282	427	-193	-1,463	-2,475
4,449	5,507	349	5,651	-1,678	-1,838	-1,329	3,813
0	0	0	0	0	0	0	0
0	0	297	0	0	2	297	2
0	0	0	0	0	0	0	0
566	561	3,835	2,806	45	182	3,880	2,988
-1,394	-824	-3,614	-2,578	-112	-94	-3,726	-2,672
-252	-914	-339	-1,264	0	0	-339	-1,264
-342	0	-582	123	0	0	-582	123
-3,020	-5,136	-6,838	-10,277	-762	-899	-7,600	-11,176
157,019	126,945	454,281	405,270	91	-15,766	454,372	389,504
0	0	8,829	4,892	0	0	8,829	4,892
117,230	95,436	339,098	303,539	-846	-9,576	338,252	293,963
103,703	76,110	281,298	255,539	51,159	19,308	332,457	274,847
788	653	2,753	2,457	27	25	2,780	2,481
17.0 %	22.3 %					3.4 %	7.8 %
20.3 %	28.3 %					4.7 %	11.4 %

SEGMENTS

The Group's segment designations are product-oriented. The Group's business units are allocated to the segment for which they generate most of their sales. A detailed description of the three segments, "Mobile Transportation Technology", "Stationary Transportation Technology" and "Components" is provided in the Combined Group and Company Management Report in the section "Business activities" and in the Group Interim Management Statement.

The column "Holding company, other consolidation items" comprises the activities of the holding company. This is influenced by the financing function of the holding company for the Group and by the tax group arrangements in place in Germany. These expenses are not recharged to the subsidiaries concerned. By contrast, expenses incurred for providing centralised services (e.g. SAP system costs) are recharged. The financial reporting principles used for segment reporting correspond to those used in the consolidated financial statements.

Reconciliations

€ 000	Sales		€ 000	EBIT	
	2016	2015		2016	2015
1.1.-31.03.			1.1.-31.03.		
Total sales of segments	117,785	107,900	Total EBIT of segments	6,055	10,166
Other sales	894	882	Other EBIT	-2,061	-1,712
Consolidation	-1,229	-1,334	Consolidation	12	-65
Sales as per income statement	117,450	107,448	EBIT as per income statement	4,006	8,389

€ 000	Assets		€ 000	Liabilities	
	2016	2015		2016	2015
31.03.			31.03.		
Total segment assets	454,281	405,270	Total segment liabilities	281,298	255,539
Other assets excluding deferred tax assets	119,803	85,881	Other liabilities excluding deferred tax liabilities	153,541	112,950
Deferred taxes	4,242	3,956	Deferred taxes	339	-84
Consolidation	-123,954	-105,603	Consolidation	-102,721	-93,558
Group assets as per balance sheet	454,372	389,504	Group liabilities as per balance sheet	332,457	274,847

"Other sales" comprise almost entirely sales recorded at the level of Schaltbau Holding AG for IT services provided to subsidiaries. These sales, together with inter-segment sales, are eliminated on consolidation.

"Other EBIT" comprises mainly expenses recorded at the level of Schaltbau Holding AG for personnel, non-rechargeable materials expenses, other operating expenses and other taxes.

"Other assets" relate primarily to receivables of Schaltbau Holding AG from affiliated companies in connection with financing activities. These receivables are eliminated on consolidation along with other inter-segment receivables.

"Other liabilities" comprise mainly financial liabilities, pension provisions and payables to affiliated companies recorded at the level of Schaltbau Holding AG. The latter are eliminated on consolidation along with other inter-segment payables.

CONSOLIDATED CASH FLOW STATEMENT

Composition of cash funds

Cash funds comprise:

€ 000	31.03.2016	31.12.2015
Cash and cash equivalents	30,785	30,735
Balance on cash management accounts	643	229
	31,428	30,964

€ 000	31.03.2015	31.12.2014
Cash and cash equivalents	18,110	25,654
Balance on cash management accounts	700	550
	18,810	26,204

In addition to cash and cash equivalents, the balance on cash management accounts with non-consolidated subsidiaries is included. This item is presented in the balance sheet in current other liabilities (payables to affiliated companies).

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