



**Group Interim Report**  
as at 30 September 2013

## Schaltbau Group Key Financial Figures for the period ended 30 September

Group key financial figures		30 Sept. 2013	30 Sept. 2012	3rd quarter 2013	3rd quarter 2012
<b>Order situation</b>					
Order-intake	€ m.	299.5	284.6	86.2	82.8
Order-book	€ m.	232.7	236.4	232.7	236.4
<b>Income statement</b>					
Sales	€ m.	295.9	266.8	102.2	90.7
Total output	€ m.	294.9	271.7	101.1	93.4
EBITDA	€ m.	34.0	26.5	12.0	9.0
Profit from operating activities (EBIT)	€ m.	27.4	21.1	9.8	7.1
EBIT margin	%	9.3	7.9	9.6	7.9
Group net profit for the period	€ m.	19.1	15.3	6.7	5.5
Profit attr. to shareholders of the AG	€ m.	16.4	12.6	5.9	4.7
Return on capital employed	%	17.4	14.6	18.7	14.8
<b>Balance sheet</b>					
Fixed Assets	€ m.	87.6	80.3	87.6	80.3
Working capital	€ m.	122.4	112.1	122.4	112.1
Capital employed	€ m.	210.0	192.4	210.0	192.4
Group equity <sup>1</sup>	€ m.	83.4	68.5	83.4	68.5
Net bank liabilities	€ m.	54.0	50.9	54.0	50.9
Balance sheet total <sup>1</sup>	€ m.	272.8	257.6	272.8	257.6
<b>Personnel</b>					
Employees at end of reporting period	Number	2,042	1,964	2,042	1,964
Personnel expense	€ m.	89.1	82.3	29.9	27.6
Personnel expense <sup>2</sup> per employee <sup>3</sup>	€ 000	64.9	63.6	65.3	64.1
Total output <sup>2</sup> per employee <sup>3</sup>	€ 000	241.7	210.1	220.9	216.7
<b>Earnings per share<sup>4</sup></b>					
Earnings per share (undiluted)	€	2.67	2.05	0.96	0.76
Earnings per share (diluted)	€	2.67	2.05	0.96	0.76

<sup>1</sup> The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions.

<sup>2</sup> Based on figures to date extrapolated to twelve months

<sup>3</sup> Weighted average for period including trainees, executive directors and members of Management Board

<sup>4</sup> Prior year period adjusted for share split

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## *Dear shareholders*

At the nine-month stage, the Schaltbau Group's earnings target of € 3.24 per share for the fiscal year 2013 is well within reach. At € 2.67, we have attained more than 80 per cent of the target figure we upwardly adjusted in the spring, and are already 62 cents per share ahead of the previous year's earnings. The underlying reason for this good result for our shareholders is our sales success, particularly with Doors for Railway Vehicles and Brake Systems, accompanied by an improved product mix as well as efficiency in purchasing and cost management. Sales are up by almost 11 per cent, and at 9.3 per cent, the EBIT margin was a great improvement on the 7.9 per cent reported one year earlier.

The Schaltbau Group therefore remains firmly on track for continued profitable growth in 2013. However, our focus extends further into the future. A key challenge in business management is to steer a profitable course in the long term, despite volatile markets and competitive pressure – and above all it is a question of maintaining the right balance.

First and foremost, a balance between volumes and margins is crucial. Naturally, we strive to achieve higher order book figures, as these become the sales figures of the future, but at the same time it is equally important to retain the quality of our margins or even raise them. For this reason we do not intend to maximise order intake volume, but the earnings potential of our orders. Innovative products that result from intensive development work play a major role in achieving this aim, and these have already greatly helped to improve the product mix in the course of the year. On the other hand, we also need to accept that upfront expenditure is inevitable when developing new products. During the market launch phase it can take several years before a product group of this type achieves the desired level of earnings.

Another important factor is the balanced management of return and risk. In order to exploit growth opportunities at international level we must be prepared to take risks – but tempered with good judgement. A good example is RDS, our subsidiary in the UK, in which we hold a 50 per cent share. RDS was heavily burdened by the insolvency of its main customer. After an injection of fresh capital, a number of operational changes and the acquisition of important orders, its earnings prospects are now a cause for optimism in the coming years.

Furthermore, it is essential to find a balance between securing short-term results and enhancing long-term value by means of external growth. As the consolidation process in

the rail industry continues, a number of interesting target companies are currently up for sale. We are examining our options, but saying "no" to unreasonable prices, as we expect acquisition costs to be amortised within a reasonable period of several years. Werner Kircher, which we acquired last year, has so far entirely fulfilled this expectation and made a meaningful contribution to earnings during the first nine months of 2013. Following the merger of Kircher with the lead company of the Bode Group, the integration process has now been fully completed. Pintsch Tiefenbach, which we also acquired in 2012, is expected to produce a final spurt in the fourth quarter and provide a significant boost to Group earnings.

The aim of our growth projects is to address customer requirements even more effectively, to strengthen market positions, to offer employees at our German and foreign locations long-term prospects and to enhance company value for our shareholders. Above all, it is also of key importance to retain a fair balance between these varying interests – and this constitutes the strategic guideline for the further growth of the Schaltbau Group in the years ahead.

Best regards

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of connected, fluid strokes that form the rest of the name.

Dr Jürgen Cammann

Spokesman of the Executive Board

# Group Interim Management Statement

## Significant developments

With third-quarter sales growth of 12.7 per cent, the Schaltbau Group additionally reinforced the momentum displayed in the first half of 2013. At the nine-month stage, sales totalled € 295.9 million, 10.9 per cent above the previous year's figure (30 September 2012: € 266.8 million). In the summer months too, the sale of Door Systems for Railway Vehicles (Mobile Transportation Technology segment) and Brake Systems (Stationary Transportation Technology segment) made dynamic contributions to the Group's growth.

EBIT jumped by 30.1 per cent to total € 27.4 million. Apart from the improved sales figures, the significantly less pronounced rise in the cost of materials had an additional positive impact. Despite the normalised tax rate, earnings per share improved from € 2.05 to € 2.67, which means the Schaltbau Group's earnings target, raised to € 3.24 per share in spring 2013, is still well within reach.

## Business environment

According to the International Monetary Fund, the world economy grew by only 2.5 per cent during the first half of 2013. Particularly China, India and other Asian emerging economies failed to meet expectations. The IMF was also obliged to downwardly adjust its previous forecast for Latin America and the Middle East. However, the advanced economies did show some moderate signs of improvement. Despite its fiscal problems, growth in the United States gained pace, while the eurozone managed to overcome the recession in the second quarter, primarily due to the stronger growth figures reported in Germany and France. Although industrial production and world trade have generally gained some momentum in the course of the year, growth continues to be comparatively meagre.

Overall, the Schaltbau Group's main sales markets and customer sectors have performed reliably since the beginning of the year. The improvement of railway infrastructure in Eastern Europe and the Americas has generally helped create favourable economic conditions in those regions. The demand for door and boarding systems in particular remained very high. By contrast, the Chinese market is still burdened by the restructuring of its rail sector and the resulting investment backlog.

Sales volumes for bus manufacturers also remained at low levels, and again in the third quarter the number of new registrations failed to approach the mark of the previous year. The underlying reason is the tight budgetary situation of many local authorities in Europe.

The economic environment varied greatly for our industrial customers from one region to the next. The numbers of industrial trucks ordered in Western Europe were well down on last year's figures. Overcapacities in the photovoltaics market have still not been eliminated, putting continued pressure on profit margins, which meant the willingness to invest was correspondingly low. The wind energy market in the USA continues to be hampered by a lack of clear regulation.

Purchasing markets were primarily influenced by falling prices. The average price of copper (DEL notation) over the last nine months was 9.7 per cent below rates seen the previous year and aluminium was 5.1 per cent cheaper. Steel prices did rise somewhat in the third quarter, but were still below those of the previous year on average. The prices of gold and silver fell particularly sharply. Schaltbau mainly utilises these precious metals to manufacture the contacts of switches and contactors. The average price of oil over the nine-month period was only slightly below that of the previous year, which kept the prices of plastics generally constant.

The Schaltbau Group generates the vast majority of its sales in euros. Currency exchange rate factors mainly result from the changing rates of the US dollar and the Chinese renminbi to the euro. During the first nine months of 2013 the renminbi showed continued strength, while the dollar lost ground against the euro. On balance, these currency factors had a moderately positive impact on the Schaltbau Group's earnings.

### Operating and earnings performance of the Schaltbau Group

Key performance figures for the Schaltbau Group						
In € m.	9 months 2013	9 months 2012	Δ	3rd quarter 2013	3rd quarter 2012	Δ
Order intake	299.5	284.6	5.3 %	86.2	82.8	4.1 %
Sales	295.9	266.8	10.9 %	102.2	90.7	12.7 %
EBIT	27.4	21.1	30.1 %	9.8	7.1	37.9 %

#### Order intake and order book

Again in the third quarter, the Schaltbau Group registered a larger volume of incoming orders than in the previous year, thus remaining firmly on course for renewed growth. However, at 4.1 per cent, the increase was slightly down on the rate seen during the first six months, primarily due to project delays in the Stationary Transportation Technology segment.

Year-on-year, order volume for the first nine months rose by 5.3 per cent to total € 299.5 million (2012: € 284.6 million). The main driving factor was strong order growth in the Mobile Transportation Technology segment, which more than compensated for reduced demand in the Stationary Transportation Technology segment. Due to project delays in China and significantly lower order volume in the photovoltaics sector, the Components segment failed to meet expectations, although it was still up on the previous year's nine-month figure.

Due to the processing of orders, the Schaltbau Group's order book volume reduced moderately in the third quarter. However, at € 232.7 million it was still slightly above the figure of € 229.8 million recorded at the end of 2012.

### **Sales**

At € 295.9 million, the Schaltbau Group's sales as at 30 September 2013 were 10.9 per cent up on the previous year (30 September 2012: € 266.8 million). Third-quarter sales totalled € 102.2 million; an improvement of 12.7 per cent on the same quarter one year earlier, which means the Schaltbau Group managed to further improve on the brisk rate of growth generated in the first two quarters.

At the nine-month stage, all three segments reported better sales figures than in 2012. More than two thirds of sales growth at Group level was attributable to higher volumes sold in the Mobile Transportation Technology segment, particularly in the rail sector.

Foreign markets accounted for 57.8 per cent of sales (2012: 56.2 per cent). Volumes recorded in Europe outside of the European Union and also those in Asia rose at a pronounced rate.

### **Group earnings performance and significant factors**

EBIT climbed steeply by 37.9 per cent in the third quarter and the Schaltbau Group again improved on the highly positive earnings performance seen in the first half of the year. During the nine-month period under report, EBIT grew sharply by 30.1 per cent to total € 27.4 million (2012: € 21.1 million), resulting in a significantly higher EBIT margin of 9.3 per cent (2012: 7.9 per cent).

Thanks to an improvement in net interest and investment income, profit from operating activities rose by 36.8 per cent to € 25.5 million (2012: 18.7 million). Group net profit for the period climbed from € 15.3 million to € 19.1 million. The more moderate increase compared with EBIT growth is due to the utilisation of tax losses brought forward, which is reflected in the development of deferred tax assets. Profit attributable to the shareholders of Schaltbau Holding AG totalled € 16.4 million (2012: € 12.6 million), equivalent to € 2.67

per share (2012: € 2.05 per share). The first-time application of the revised IAS 19 (see note on accounting principles and policies) had only a very minor impact on Group net profit.

Apart from the growth in sales, the lower cost of materials also had a positive effect on the earnings performance. Improvements to the product mix and the lower average prices of raw materials over the year are reflected in the reduced cost of materials ratio, which stood at 49.2 per cent (2012: 50.6 per cent). Negative effects on earnings due to higher amortisation and depreciation expenses, a consequence of investments to promote new growth, as well as the increase in other operating expenses, were more than adequately compensated overall.

The 8.3 per cent rise in personnel expenditure is primarily due to the increased size of the Schaltbau Group's workforce. On average over the nine-month period, the figure was 6.2 per cent higher than during the same period one year earlier. After enlarging the development department during the first half of 2013, only minor adjustments were made in the third quarter. Increases resulting from collective wage agreements also had an impact.

### **The Mobile Transportation Technology segment**

<b>Key performance figures for the Mobile Transportation Technology segment</b>						
In € m.	9 months 2013	9 months 2012	Δ	3rd quarter 2013	3rd quarter 2012	Δ
Order intake	116.2	95.2	22.1 %	32.9	25.6	28.5 %
Sales	112.2	92.1	21.8 %	38.0	32.1	18.4 %
EBIT	10.1	5.2	95.0 %	3.3	2.0	63.5 %

Third-quarter order intake in the Mobile Transportation Technology segment (Bode Group) was noticeably down on the highly successful second quarter, but still exceeded the previous year's figure by € 7.3 million. At the nine-month stage, the segment reported a 22.1 per cent rise in order volume compared with 2012 to total € 116.2 million.

The majority of these incoming orders, i.e. around 60 per cent, related to the Door Systems for Railway Vehicles product group. Complete door systems featuring BIDS technology continued to play a key role in terms of sales. In July, Bode was awarded a major order for the equipping of 63 regional trains that will operate in Germany.

Order-intake volume for Door Systems for Buses and Coaches also grew in the third quarter and the product group achieved a slight improvement of 2.4 per cent compared with the first nine months of 2012. This fact is mainly due to a slight recovery in the Door Systems for City Buses product group. Hence Bode performed better than the market as a whole, which was negatively impacted by a strong decline in the number of new vehicle registrations, particularly those of communal transport authorities in Southern Europe. The Fittings for Sliding Vehicle Doors product group (automotive) registered approximately the same order volume as in the previous year.

The 21.8 per cent rise in segment sales to total € 112.2 million (2012: € 92.1 million) was entirely attributable to the continuing high demand for Door Systems for Railway Vehicles, which surpassed the previous year's figure by more than 40 per cent. The growing percentage of complete systems has also improved the product mix. Despite the sluggish market situation, Door Systems for Buses almost achieved the same level of sales as one year earlier. Sales of Fittings for Sliding Vehicle Doors remained stable.

At € 10.1 million, nine-month segment EBIT was well above the figure for the same period one year earlier (€ 5.2 million). The EBIT margin stood at 9.0 per cent (2012: 5.6 per cent).

### **The Stationary Transportation Technology segment**

<b>Key performance figures for the Stationary Transportation Technology segment</b>						
In € m.	9 months 2013	9 months 2012	Δ	3rd quarter 2013	3rd quarter 2012	Δ
Order intake	104.0	112.7	- 7.7 %	29.8	34.3	- 13.0 %
Sales	102.6	98.3	4.4 %	38.7	34.5	12.2 %
EBIT	6.0	6.7	- 11.0 %	3.7	3.0	22.0 %

Third-quarter order volume in the Stationary Transportation Technology segment was below expectations and failed to reach the previous year's level. The main reason was project delays in the Rail Infrastructure business field and particularly in the Railway Signal Technology product group. Order intake was lower than expected, especially in Germany.

The reduced volume of orders in the Rail Infrastructure business field was partially offset by continued higher demand in the Brake Systems business field, where nine-month order intake rose by 16.7 per cent compared with 2012, significantly exceeding expectations.

Apart from the high demand for conventional container crane brake systems, new orders in the wind energy and mining sectors also helped drive the growth of new business.

Nine-month order intake for the segment was 7.7 per cent down on the previous year, which was, however, positively impacted by major orders for transportation technology and railway signals. Demand for point heating systems was also somewhat weaker than in 2012.

However, anticipated orders are likely to boost fourth-quarter volumes above the previous year's figures. Furthermore, Pintsch Bamag has entered into a framework agreement for the supply of level crossing safety systems to Denmark, beginning in 2015.

Segment sales were highly satisfactory in the third quarter and surpassed the previous year's figure by 12.2 per cent, driven by strong growth in the Brake Systems business field. Sales figures in the Rail Infrastructure business field, however, which are primarily reliant on the financing and service agreement with Deutsche Bahn AG, did not quite achieve the level seen in 2012. Year-on-year, segment sales for the first nine months rose by 4.4 per cent to total € 102.6 million (2012: € 98.3 million).

At € 6.0 million, segment EBIT failed to attain the previous year's level (2012: € 6.7 million). In particular, the figures reveal the reduced sales volume in the field of signal technology, which was only partially compensated by improved earnings in the Brake Systems business field. The EBIT margin stood at 5.8 per cent (2012: 6.8 per cent).

### The Components segment

Key performance figures for the Components segment						
In € m.	9 months 2013	9 months 2012	Δ	3rd quarter 2013	3rd quarter 2012	Δ
Order intake	79.3	76.7	3.3 %	23.5	22.9	2.4 %
Sales	81.0	76.4	6.0 %	25.5	24.1	5.6 %
EBIT	14.9	13.8	7.8 %	4.1	3.7	10.2 %

Again in the third quarter, new business in the Components segment was encumbered by the ongoing restructuring in China's rail sector. The regional railway vehicle manufacturers have shut down production, as the government has stopped awarding any further contracts. The resulting investment backlog has led to lower demand for contactors and switches and only isolated projects have been approved. Furthermore, these are subject to

long payment periods. Firstly the German production and secondly the Xi'an Schaltbau Electric Corporation Ltd. joint venture are affected, although positive currency exchange factors did offer partial compensation. Order volumes from European manufacturers of industrial trucks and the photovoltaics industry were also below those seen one year earlier.

These negative influencing factors stood in direct contrast to the positive developments in the Russian rail sector. In the third quarter, Schaltbau GmbH was awarded a further major order from Russian railways to supply high-voltage contactors for locomotives. In the USA too, the demand for railway vehicle components remained brisk. The segment surpassed the order-intake figures from the previous year's nine-month period by 3.3 per cent.

Third-quarter segment sales were 5.6 per cent up on the previous year. Nine-month sales were 6.0 per cent higher than in 2012. One of the main reasons for this improvement was the series delivery of high-voltage contactors to Russian national railways, which began in the second half of 2012. The sale of switches was also higher than the nine-month figure reported one year earlier.

At the nine-month stage, segment EBIT totalled € 14.9 million, a 7.8 per cent improvement on the previous year (€ 13.8 million). The EBIT margin for the period under report stood at 18.4 per cent and therefore slightly above the previous year's figure of 18.1 per cent.

### **Financial and net assets position**

The following information refers to the changes between this nine-month report and the annual financial statements published as at 31 December 2012. The previous year's figures given in the interim report differ from these, due to the application of the revised IAS 19 with regard to balance sheet total, equity, pension provisions and deferred tax assets (see also the note on accounting principles and policies).

### **Liquidity**

Cash flow from operating activities totalled € 15.7 million and therefore a significant improvement on the previous year's figure (a negative amount of € 3.4 million). Apart from the higher EBIT over the course of the year, the other main contributing factor was the reduction of inventories, thus partly offsetting the cash outflows resulting from the increase in accounts receivable. The higher level of accounts receivable is partly attributable to the growth in sales and partly to extended payment periods, especially in China.

The cash outflow for investing activities totalling € 12.9 million (2012: cash outflow of € 8.4 million) mainly relates to the higher volume of property, plant and equipment. The main

focuses of investment were on expanding production facilities at Pintsch Bubenzer, which has been fully completed, the construction of a new technology centre at Bode in Kassel in the third quarter and the expansion of the two Schaltbau GmbH plants in Velden and Aldersbach.

In addition, share capital increases and other capital measures at subsidiaries led to higher additions to investments than in the previous year. In September, in order to stabilise the liquidity and financial situation at the UK-based subsidiary Rail Door Solutions Ltd. (RDS), which is accounted for in the Consolidated Financial Statements using the equity method, a share capital increase and mezzanine financing arrangements were put in place. The underlying reason for these measures was bad debt losses due to economic difficulties experienced by the subsidiary's main customer. The customer has meanwhile been taken over by another company and the supply contracts have been adjusted accordingly.

At the nine-month stage, free cash flow amounted to € 2.8 million (2012: a negative amount of € 11.8 million). Cash flow from financing activities totalled a negative amount of € 3.5 million (2012: € 5.0 million) and was mainly influenced by the payment of the dividend, which had been raised from that of the previous year, as well as the moderate increase in financial liabilities.

Overall, net cash funds turned round from a negative amount of € 0.8 million to € 6.9 million during the period under report.

## **Financing**

At € 107.6 million, long-term debt was higher than at 31 December 2012 (€ 94.2 million). The change firstly reflects the increase in pension provisions resulting from the application of the revised IAS 19, and secondly financial liabilities totalling € 6.2 million, which were above the level recorded nine months earlier, despite a reduction in the third quarter. The primary reason was the need to finance the higher volume of business.

Short-term debt, however, fell by € 3.6 million to € 81.7 million. The main reasons were the lower level of trade accounts payable and the advance payments received.

Net bank liabilities (short- and long-term bank liabilities less cash funds) stood at € 54.0 million at 30 September 2013 (31 December 2012: € 45.0 million), which amounts to a debt ratio (at the level of EBITDA) of 1.19 as compared with 1.22 at 31 December 2012.

Equity increased to €83.4 million (31 December 2012: € 76.5 million) as a result of the good performance in the period under report. An opposite effect totalling a negative amount of € 5.3 million arose from the first-time application of the revised IAS 19. The equity ratio improved to 30.6 per cent (31 December 2012: 29.9 per cent).

### **Net assets position**

At 30 September 2013, non-current assets totalled € 101.5 million, higher than the amount recorded nine months earlier, mainly due to the good business performance of the at-equity-accounted subsidiaries in Poland and Turkey as well as the net investments in property, plant and equipment. In addition, higher deferred tax assets had an impact due to changes in the accounting treatment of pension provisions.

The rise in current assets reflects the higher volume of accounts receivable, which was only partially compensated by a reduction in inventories. For the same reason, working capital increased to € 122.4 million compared with that recorded at 31 December 2012 (€ 105.6 million). Lower advance payments received as a result of project delays also had an impact.

### **Significant events occurring after 30 September 2013**

No events that could have a significant impact on the earnings, financial and net assets position of the Schaltbau Group have occurred since 30 September 2013.

### **Opportunity and risk report**

During the first nine months of the fiscal year 2013, the opportunity and risk profile of the Schaltbau Group remained identical with that presented in the Annual Report for the year ended 31 December 2012. At the nine-month stage of the fiscal year, no risks were detected which could jeopardise the going-concern status of the Group.

The going-concern status of the subsidiary RDS mentioned in the Group interim report as at 30 June 2013 is no longer in jeopardy. As a result of financial measures, the entity, which is accounted for in the Consolidated Financial Statements using the equity method, has returned to a stable financial condition.

### **Outlook**

In October, the International Monetary Fund downwardly adjusted its forecast for world economic growth. It now anticipates only 2.9 per cent growth, i.e. 0.3 per cent less than

predicted at mid-year. Accordingly, China in particular and its neighbouring Asian states, but also Russia, are no longer expected to grow as quickly as previously thought. Structural problems too in a number of key emerging economies could well slow down the pace of growth in the coming year. There is also the risk of renewed upheavals on financial markets if the Fed departs from its current expansive fiscal policy. There is also the continued risk of renewed oil price rises in view of the ongoing uncertainty regarding Syria and the generally instable situation in the region.

Despite the economic risks, the Schaltbau Group expects to see stable performance in its most important markets during the remaining months of the year.

The Mobile Transportation Technology segment expects order intake in the fourth quarter to be somewhat below that of the previous year (which was positively influenced by a major order) and stable sales performance. Hence the higher sales figures reported at the nine-month stage are also likely to be maintained over the remainder of the year. The forecast of strong demand in the rail sector stands in contrast to low expectations regarding the order situation in the bus sector.

For the fourth quarter, the Stationary Transportation Technology segment is expecting higher order volume than in the previous year. In the Rail Infrastructure business field, the gap that still exists after nine months is likely to be closed. In the Brake Systems business field, a significant leap in sales is planned for the full year. The higher segment sales figures recorded at the nine-month stage are expected to moderately improve by the end of the year.

In the Components segment, an improvement both in the order situation and in sales performance is still realistic. Owing to the good order situation in Russia and North America, we again expect to see positive business performance in the fourth quarter and sales surpassing those recorded in 2012 by the end of the year.

At the end of the third quarter, the Executive Board reaffirmed the sales and earnings targets that were upwardly adjusted in April 2013. Assuming underlying business conditions remain unchanged, Group sales for the full year 2013 are predicted to total around € 390 million and EBIT is expected to reach € 35.9 million. Group net profit for the year is thus forecast at € 23.5 million and earnings per share at € 3.24. The financial position of the Schaltbau Group has hardly changed in comparison to mid-year and continues to provide a sound basis for future investment and growth.

## **Significant related party transactions**

Information available in the Explanatory Notes.

# Condensed Interim Consolidated Financial Statements as at 30.09.2013

## Consolidated Income Statement for the period from 1 Jan. to 30 Sept. 2013

€000	1.1.-30.09.2013	1.1.-30.09.2012
1. Sales	295,887	266,820
2. Change in inventories of finished and work in progress	-2,713	4,481
3. Own work capitalised	1,690	390
<b>4. Total output</b>	<b>294,864</b>	<b>271,691</b>
5. Other operating income	2,315	1,896
6. Cost of materials	145,161	137,547
7. Personnel expense	89,100	82,291
8. Amortisation and depreciation	6,622	5,436
9. Other operating expenses	28,877	27,240
<b>10. Profit from operating activities (EBIT)</b>	<b>27,419</b>	<b>21,073</b>
a) Result from at-equity accounted investments	1,879	1,348
b) Other results from investments	-250	-
11. Results from investments	1,629	1,348
a) Interest income	81	58
b) Interest expense	3,592	3,808
12. Finance result	-3,511	-3,750
<b>13. Profit before tax</b>	<b>25,537</b>	<b>18,671</b>
14. Income taxes	6,402	3,419
<b>15. Group net profit for the period</b>	<b>19,135</b>	<b>15,252</b>
<b>Analysis of group net profit</b>		
attributable to minority shareholders	2,733	2,653
attributable to the shareholders of Schaltbau Holding AG	16,402	12,599
Group net profit for the period	<b>19,135</b>	<b>15,252</b>
<b>Earnings per share – undiluted:</b>	<b>2.67 €</b>	<b>2.05 €</b>
<b>Earnings per share – diluted:</b>	<b>2.67 €</b>	<b>2.05 €</b>

## Statement of Income and Expenses recognised in equity for the period from 1 Jan. to 30 Sept. 2013

€000	1.1.-30.09.2013			1.1.-30.09.2012		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
<b>Group net profit for the period</b>			<b>19,135</b>			<b>15,252</b>
Actuarial gains/losses relating to pensions			0			0
Acquisition of minority interests			-1			0
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			-146			110
- from at-equity accounted companies			-568			375
Derivative financial instruments						
- Change in unrealised gains / losses	-369	111	-258	-379	114	-265
- Realised gains / losses	558	-167	391	688	-207	481
	189	-56	-581	<b>309</b>	<b>-93</b>	<b>701</b>
<b>Other comprehensive income</b>			<b>-582</b>			701
<b>Group comprehensive income</b>			<b>18,553</b>			<b>15,953</b>
of which attributable to minority shareholders			2,765			2,709
of which attributable to the shareholders of Schaltbau			15,788			13,244

## Consolidated Income Statement for the third quarter 2013

€000	1.7.-30.09.2013	1.7.-30.09.2012
1. Sales	102,200	90,710
2. Change in inventories of finished and work in progress	-1,904	2,549
3. Own work capitalised	821	154
<b>4. Total output</b>	<b>101,117</b>	<b>93,413</b>
5. Other operating income	601	613
6. Cost of materials	49,664	47,437
7. Personnel expense	29,887	27,626
8. Amortisation and depreciation	2,198	1,894
9. Other operating expenses	10,140	9,939
<b>10. Profit from operating activities (EBIT)</b>	<b>9,829</b>	<b>7,130</b>
a) Result from at-equity accounted investments	250	433
b) Other results from investments	0	-
11. Results from investments	250	433
a) Interest income	23	10
b) Interest expense	1,139	1,272
12. Finance result	-1,116	-1,262
<b>13. Profit before tax</b>	<b>8,963</b>	<b>6,301</b>
14. Income taxes	2,286	807
<b>15. Group net profit for the period</b>	<b>6,677</b>	<b>5,494</b>
<b>Analysis of group net profit</b>		
attributable to minority shareholders	770	841
attributable to the shareholders of Schaltbau Holding AG	5,907	4,653
Group net profit for the period	<b>6,677</b>	<b>5,494</b>
<b>Earnings per share – undiluted:</b>	<b>0.96 €</b>	<b>0.76 €</b>
<b>Earnings per share – diluted:</b>	<b>0.96 €</b>	<b>0.76 €</b>

## Statement of Income and Expenses recognised in equity for the third quarter 2013

€000	1.7.-30.09.2013			1.7.-30.09.2012		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
<b>Group net profit for the period</b>			<b>6,677</b>			<b>5,493</b>
Actuarial gains/losses relating to pensions			0			0
Acquisition of minority interests			-1			0
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			-774			-556
- from at-equity accounted companies			-138			49
Derivative financial instruments						
- Change in unrealised gains / losses	120	-36	84	-14	4	-10
- Realised gains / losses	247	-74	173	229	-69	160
	367	-110	-655	215	-65	-357
<b>Other comprehensive income</b>			<b>-656</b>			<b>-357</b>
<b>Group comprehensive income</b>			<b>6,021</b>			<b>5,136</b>
of which attributable to minority shareholders			490			636
of which attributable to the shareholders of Schaltbau			5,531			4,500

## Consolidated Cash Flow Statement for the period from 1 Jan. to 30 Sept. 2013

€ 000	1.1.-30.09.2013	1.1.-30.09.2012
<b>Profit before financial result and taxes (EBIT)</b>	<b>27,419</b>	<b>21,073</b>
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	6,620	5,433
Gains/losses on the disposal of intangible assets and property, plant and equipment	80	0
Change in current assets	-10,421	-23,193
Change in provisions	441	-523
Change in current liabilities	-4,930	-742
Dividends received	845	130
Income tax paid	-4,401	-5,583
Other non-cash income / expenses	0	-9
<b>Cash flow from operating activities</b>	<b>15,653</b>	<b>-3,414</b>
<b>Payments for investments in:</b>		
- intangible assets and property, plant and equipment	-10,057	-5,323
- financial investments	-2,197	-348
- payments for investments to acquire fully consolidated entities less cash acquired	-641	-2,789
<b>Proceeds from disposal of:</b>		
- property, plant and equipment	24	85
<b>Cash flow from investing activities</b>	<b>-12,871</b>	<b>-8,375</b>
Dividend payment by Schaltbau Holding AG	-4,726	-3,682
Distribution to minority interests	-908	-1,171
Loan repayments	-3,210	-5,924
New loans raised	3,600	4,000
Interest paid	-2,994	-3,023
Interest received	81	58
Change in current financial liabilities	4,612	14,704
<b>Cash flow from financing activities</b>	<b>-3,545</b>	<b>4,962</b>
Change in cash funds due to exchange rate fluctuations	4	52
<b>Changes in cash funds</b>	<b>-759</b>	<b>-6,775</b>
Cash funds at the end of the period	6,904	5,443
Cash funds at the beginning of the period	7,663	12,218
	<b>-759</b>	<b>-6,775</b>

## Consolidated Balance Sheet as at 30 September 2013

ASSETS	€ 000	€ 000	€ 000
	30.09.2013	*31.12.2012	*1.1.2012
<b>A. NON-CURRENT ASSETS</b>			
I. Intangible assets	23,414	22,943	20,020
II. Property, plant and equipment	49,403	46,654	43,975
III. At-equity accounted investments	10,187	7,459	6,347
IV. Other investments	4,567	3,660	3,655
V. Deferred tax assets*	13,888	15,637	11,110
	<b>101,459</b>	<b>96,353</b>	<b>85,107</b>
<b>B. CURRENT ASSETS</b>			
I. Inventories	71,727	75,008	60,833
II. Trade accounts receivable	79,485	66,440	47,830
III. Income tax receivables	356	453	242
IV. Other receivables and assets	11,478	11,413	7,603
V. Cash and cash equivalents	8,256	8,510	12,727
	<b>171,302</b>	<b>161,824</b>	<b>129,235</b>
<b>Total assets</b>	<b>272,761</b>	<b>258,177</b>	<b>214,342</b>
<b>EQUITY AND LIABILITIES</b>			
	€ 000	€ 000	€ 000
	30.09.2013	*31.12.2012	*1.1.2012
<b>A. EQUITY</b>			
I. Subscribed capital	7,506	7,506	7,506
II. Capital reserves	15,805	15,805	15,805
III. Statutory reserves	231	231	231
IV. Revenues reserves*	31,134	16,678	5,120
V. Income/expense recognised directly in equity	-454	292	273
VI. Revaluation reserve	3,041	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	16,402	18,980	18,707
VIII. Equity attributable to shareholders of Schaltbau Holding AG	73,665	62,533	50,683
IX. Minority interests	9,769	8,599	7,150
	<b>83,434</b>	<b>71,132</b>	<b>57,833</b>
<b>B. NON-CURRENT LIABILITIES</b>			
I. Participation rights capital	7,125	7,104	7,077
II. Pension provisions*	33,942	34,248	20,931
III. Personnel-related accruals	3,484	3,481	3,578
IV. Other provisions	79	66	334
V. Financial liabilities	56,098	49,866	36,700
VI. Other liabilities	0	178	10
VII. Deferred tax liabilities	6,920	6,845	6,602
	<b>107,648</b>	<b>101,788</b>	<b>75,232</b>
<b>C. CURRENT LIABILITIES</b>			
I. Personnel-related accruals	6,473	6,332	5,676
II. Other provisions	20,846	19,469	16,117
III. Income taxes payable	193	160	561
IV. Financial liabilities	6,171	7,199	7,120
V. Trade accounts payable	18,542	21,137	20,023
VI. Advance payments received	10,247	14,699	16,823
VII. Other liabilities	19,207	16,261	14,957
	<b>81,679</b>	<b>85,257</b>	<b>81,277</b>
<b>Total equity and liabilities</b>	<b>272,761</b>	<b>258,177</b>	<b>214,342</b>

\* The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions. Please refer to the accounting policies section in the Notes.

## Consolidated Statement of Changes in Equity as at 30 September 2013

	Equity attributable to shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue Other	Reserves Derivate financial Instruments	Revaluation reserve
<b>Balance at 31.12.2011</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>8,416</b>	<b>-1,597</b>	<b>3,041</b>
Effect of change in accounting policy for pensions*	0	0	0	-1,699	0	0
<b>Balance at 1.1.2012*</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>6,717</b>	<b>-1,597</b>	<b>3,041</b>
Profit brought forward	0	0	0	18,707	0	0
Shares issued / converted	0	0	0	0	0	0
Dividends	0	0	0	-3,682	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	218	0
Group comprehensive income	0	0	0	0	218	0
<b>Balance at 30.09.2012</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>21,742</b>	<b>-1,379</b>	<b>3,041</b>
<b>Balance at 1.10.2012</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>21,742</b>	<b>-1,379</b>	<b>3,041</b>
Profit brought forward	0	0	0	0	0	0
Shares issued / converted	0	0	0	0	0	0
Dividend paid	0	0	0	0	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-3,633	-52	0
Group comprehensive income	0	0	0	-3,633	-52	0
<b>Balance at 31.12.2012</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>18,109</b>	<b>-1,431</b>	<b>3,041</b>
<b>Balance at 1.1.2013</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>18,109</b>	<b>-1,431</b>	<b>3,041</b>
Profit brought forward	0	0	0	18,980	0	0
Dividend paid	0	0	0	-4,726	0	0
Other changes	0	0	0	69	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	133	0
Group comprehensive income	0	0	0	0	133	0
<b>Balance at 30.09.2013</b>	<b>7,506</b>	<b>15,805</b>	<b>231</b>	<b>32,432</b>	<b>-1,298</b>	<b>3,041</b>

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

\* The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions. Please refer to the explanatory comments provided in the Notes

Income/expenses recognised 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	
<b>568</b>	<b>-295</b>	<b>18,707</b>	<b>52,382</b>	<b>4,204</b>	<b>2,946</b>	<b>7,150</b>	<b>59,532</b>	
0	0	0	-1,699	0	0	0	-1,699	
<b>568</b>	<b>-295</b>	<b>18,707</b>	<b>50,683</b>	<b>4,204</b>	<b>2,946</b>	<b>7,150</b>	<b>57,833</b>	
0	0	-18,707	0	2,946	-2,946	0	0	
0	0	0	0	0	0	0	0	
0	0	0	-3,682	-1,640	0	-1,640	-5,322	
0	0	12,599	12,599	0	2,653	2,653	15,252	
54	375	0	647	57	0	57	704	
54	375	12,599	13,246	57	2,653	2,710	15,956	
<b>622</b>	<b>80</b>	<b>12,599</b>	<b>60,247</b>	<b>5,567</b>	<b>2,653</b>	<b>8,220</b>	<b>68,467</b>	
<b>622</b>	<b>80</b>	<b>12,599</b>	<b>60,247</b>	<b>5,567</b>	<b>2,653</b>	<b>8,220</b>	<b>68,467</b>	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	6,381	6,381	0	591	591	6,972	
-302	-108	0	-4,095	-212	0	-212	-4,307	
-302	-108	6,381	2,286	-212	591	379	2,665	
<b>320</b>	<b>-28</b>	<b>18,980</b>	<b>62,533</b>	<b>5,355</b>	<b>3,244</b>	<b>8,599</b>	<b>71,132</b>	
<b>320</b>	<b>-28</b>	<b>18,980</b>	<b>62,533</b>	<b>5,355</b>	<b>3,244</b>	<b>8,599</b>	<b>71,132</b>	
0	0	-18,980	0	3,244	-3,244	0	0	
0	0	0	-4,726	-1,619	0	-1,619	-6,345	
0	0	0	69	24	0	24	93	
0	0	16,402	16,402	0	2,733	2,733	19,135	
-178	-568	0	-613	33	-1	32	-581	
-178	-568	16,402	15,789	33	2,732	2,765	18,554	
<b>142</b>	<b>-596</b>	<b>16,402</b>	<b>73,665</b>	<b>7,037</b>	<b>2,732</b>	<b>9,769</b>	<b>83,434</b>	

# **Explanatory Notes and segment information as at 30 September 2013**

## **DESCRIPTION OF BUSINESS**

The Schaltbau Group is one of the leading manufacturers of components and equipment for traffic technology and industry. In addition to electro-mechanical components and equipment, the Group supplies door systems for buses and trains, safety systems for level crossings, train formation and signalling systems, equipment for railway vehicles, point heating systems, maritime aids and industrial braking systems. Its innovative and future-oriented products make Schaltbau a highly influential business partner in the area of traffic technology.

## **BASIS OF PREPARATION**

The Interim Financial Report of Schaltbau Holding AG, Munich, has been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB), and with those of German Accounting Standard No. 16 "Interim Reporting" issued by the Accounting Standards Committee of Germany (DRSC). The same accounting principles and policies have been applied as in the consolidated financial statements for the fiscal year ended 31 December 2012.

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

## **BUSINESS COMBINATIONS / GROUP REPORTING ENTITY**

Bode Zustiegssysteme GmbH was merged on 23 September 2013 with retrospective effect from 1 January 2013 with its parent company, Gebr. Bode GmbH & Co. KG.

On 9 September 2013 Pintsch Bamag Antriebs- und Verkehrstechnik GmbH, Dinslaken, founded Pintsch Bamag Brasil Tecnologia Ferroviaria LTDA, based in Sao Paulo, Brazil, and took a 75.0 % investment in the new entity. The Brazilian subsidiary, whose business object is the sale, assembly and maintenance of platform screen doors on the South American market, is not fully consolidated due to its size.

Schaltbau GmbH, Munich, founded Schaltbau Entwicklung GmbH, based in Vienna, Austria. The new entity, which was entered into the commercial register on 10 August 2013, is wholly owned by Schaltbau GmbH, and has the business object of building up development capacities. Schaltbau Entwicklung GmbH is fully consolidated.

With effect from 10 July 2013, Schaltbau Holding AG, Munich, acquired the remaining 5.0 % of the limited partner shares of Alud Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden (Alud KG) and, since that date, has been the sole limited partner. Simultaneously, it also acquired the shares of the KG's general partner entity, Alud Grundstücksverwaltungsgesellschaft mbH, Wiesbaden (Alud GmbH). Both entities subsequently transferred their registered office to Munich. The total purchase price was €351,000. Alud GmbH is not fully consolidated due to its size. With effect from 1 July 2013, no minority interests are reported for Alud KG.

On March 31, 2013 Gebr. Bode & Co. Beteiligungs GmbH, Kassel, acquired a further 25% of the shares of Rail Door Solutions Ltd., Milton Keynes, (UK) for a consideration of GBP 629,000 (€ 741,000). This entity continues to be consolidated using the equity method. In addition, a put / call option has been agreed for the period from 1 April 2017 to 30 March 2022 with respect to further shares which would give Bode the opportunity to take over a majority interest in the British company.

On 11 April 2013 Pintsch Bamag Antriebs- und Verkehrstechnik GmbH, Dinslaken concluded a Profit and Loss Transfer Agreement with its subsidiary Pintsch Tiefenbach GmbH, which it had acquired in 2012. The agreement applies retrospectively with effect from 1 January 2013.

At the end of May 2013, it was resolved at the Shareholders' Meeting of Rawicka Fabryka Wyposazenia Wagonov Sp.z.o.o., Rawicz (Poland) to buy back 12.78% of the entity's share capital (own shares). The percentage rate used to calculate the Group's share of earnings and equity for this entity using the equity method therefore increases from 37.13% to 42.57%. As a consequence, the Group's shareholding for corporate law purposes and the percentage used for accounting purposes no longer coincide.

## 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	
	30.09.2013	31.12.2012	1.1. bis 30.09.2013	1.1. bis 30.09.2012
Chinese renminbi yuan	8.2645	8.3378	8.1759	8.1008
US dollar	1.3505	1.3217	1.3170	1.2822
British pound	0.8361	0.8179	0.8519	0.8126
New Turkish lire	2.7510	2.3660	2.4561	2.3109
Polish Zloty	4.2288	4.0762	4.1980	4.2071

## ACCOUNTING PRINCIPLES AND POLICIES

### Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2013, taking into account pensions paid during the period under report. 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 2012 when the provision was based on actuarial reports.

The accounting policy for the recognition of actuarial gains and losses has been changed with effect from the beginning of 2013 in accordance with IAS 19. Actuarial gains and losses are now recorded in the year in which they arise by recognition directly in equity (revenue reserves). These amounts will not be recognised in profit or loss in subsequent accounting periods. Previously, they were only recognised -- in profit or loss -- when their net cumulative amount exceeded 10 % of the defined benefit obligation at the beginning of the period. IAS°8.19°(b) requires that the accounting policy change is applied retrospectively, thus resulting in adjustments to comparative figures for the previous year. Given that the impact on profit or loss in 2012 is less than € 10,000, no adjustment has been made the previous year's income statement on the grounds of immateriality. The following table shows the impact on items in the previous year's balance sheet and statement of total comprehensive income.

€ 000	Balance sheet			Statement of
	Deferred tax assets	Revenue reserves	Pension provision	comprehensive income
<b>1.1.2012</b>	<b>728</b>	<b>-1,699</b>	<b>2,427</b>	<b>0</b>
1.1.2012 to 31.3.2012	0	0	0	0
1.4.2012 to 30.6.2012	0	0	0	0
1.7.2012 to 30.9.2012	0	0	0	0
1.10.2012 to 31.12.2012	1,557	-3,633	5,190	-3,633
<b>31.12.2012</b>	<b>2,285</b>	<b>-5,332</b>	<b>7,617</b>	<b>-3,633</b>

### Contingent liabilities

Contingent liabilities correspond to contingent obligations existing at the balance sheet date.

### Consolidated cash flow statement

The cash flow statement shows changes in the Schaltbau Group's cash and cash equivalents since 31 December 2012. 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. – 30.09.	2013	2012
Wages and salaries		74,711	69,008
Social security, pension and welfare expenses		14,389	13,283
		<b>89,100</b>	<b>82,291</b>

### EMPLOYEES

	2013	2012
Employees	1,831	1,724

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

### FINANCIAL RESULT

in € 000	1.1. – 30.09.	2013	2012
Other interest and similar income (of which from affiliated companies)		81 (-)	58 (-)
Interest and similar expenses (of which to affiliated companies)		- 3,592 (- 16)	- 3,808 (- 7)
		<b>- 3,511</b>	<b>- 3,750</b>

Interest expenses include €884,000 (1.1. – 30.09.2012: € 1,037,000) relating to the interest component of the allocation to the pension provision.

### INCOME TAXES

in € 000	1.1. – 30.09.	2013	2012
Income tax expense		- 4,633	- 4,734
Deferred tax expense (2012: income)		- 1,769	1,315
		<b>-6,402</b>	<b>- 3,419</b>

In the first half year of the previous year, deferred tax assets amounting to € 775,000 were recognised on tax losses available for carryforward in Germany. By contrast, a deferred tax expense of € 1,478,000 was recorded in the first half year of the current year 2013.

## 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

<b>in € 000</b>	<b>30.09.2013</b>	<b>31.12.2012</b>
Raw materials, consumables and supplies	<b>32,732</b>	<b>34,524</b>
Work in progress	<b>28,504</b>	<b>27,206</b>
Finished products, goods for resale	<b>10,351</b>	<b>12,794</b>
Advance payments to suppliers	<b>140</b>	<b>484</b>
	<b>71,727</b>	<b>75,008</b>

Write-downs totalling € 245,000 (January - September 2012: € 751,000) and reversals of impairment losses totalling € 10,000 (January - September 2012: € 130,000) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled € 13,928,000 (2012: € 14,243,000).

### RECEIVABLES AND OTHER ASSETS

<b>in € 000</b>	<b>30.09.2013</b>	<b>31.12.2012</b>
Trade accounts receivable	<b>79,485</b>	<b>66,440</b>
Receivables from affiliated companies	<b>5,296</b>	<b>3,769</b>
Receivables from associated companies	<b>1185</b>	<b>2,207</b>
Income tax receivables	<b>356</b>	<b>453</b>
Positive fair values of derivative instruments	<b>155</b>	<b>54</b>
Other assets	<b>4,842</b>	<b>5,383</b>
	<b>91,319</b>	<b>78,306</b>

Allowances on trade accounts receivable amount to € 3,446,000 (30 September 2012: €2,764,000). Write-downs amounting to €1,070,000 (January – September 2012: €668,000) and reversals of write-downs amounting to €59,000 (January – September 2012: €19,000) were recorded against receivables and other assets.

## CASH AND CASH EQUIVALENTS

in € 000	30.09.2013	31.12.2012
Cheques and cash on hand	71	44
Cash at bank	8,185	8,466
	<b>8,256</b>	<b>8,510</b>

## CHANGES IN GROUP EQUITY

Details relating to the balance sheet line items presented are shown in the Statement of Changes in Group Equity. The Company's subscribed capital (share capital) was split in a ratio of 1:3 on 20 August 2012, as a result of which it since then comprises 6,152,190 shares (before: 2,050,730 shares). The carrying amount of share capital was not affected by the share split. The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions (see also section on "Accounting policies").

## PROVISIONS

in € 000	30.09.2013	31.12.2012
<b>Non-current provisions</b>		
Pension provision*	<b>33,942</b>	<b>34,248</b>
Personnel-related accruals	3,484	3,481
Warranties	79	66
Other non-current provisions	<b>3,563</b>	<b>3,547</b>
	<b>37,505</b>	<b>37,795</b>
<b>Current provisions</b>		
Personnel-related accruals	<b>6,473</b>	<b>6,332</b>
Current tax	2,177	2,075
Warranties	7,807	7,884
Outstanding costs and material	7,013	6,249
Other provisions	3,849	3,261
Other current provisions	<b>20,846</b>	<b>19,469</b>
	<b>27,319</b>	<b>25,801</b>
<b>Total provisions*</b>	<b>64,824</b>	<b>63,596</b>

\* The previous year's figure was adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions

## PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000

### 1.1. – 30.09.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2013	2012	2013	2012
Order-intake (external)	116,151	95,164	104,039	112,660
Sales	112,949	93,281	103,129	98,386
- of which external	112,199	92,076	102,605	98,281
- of which with other segment	750	1,205	524	105
External order-book	109,922	104,856	76,162	84,506
EBITDA	11,716	6,452	8,440	8,484
Result from operating activities (EBIT)	10,145	5,202	5,995	6,732
Result from at-equity accounted investments	1,879	1,348	0	0
Other results from investments	0	0	-250	0
Interest income	108	52	57	161
Interest expense	-446	-363	-1,735	-1,788
Income taxes	-654	-307	-349	-224
Segment result / Group result	11,032	5,932	3,718	4,881
Changes in group reporting entity	0	2,188	0	2,306
Capital expenditure on investments	1,966	235	205	113
Impairment losses on investments	0	0	-250	0
Capital expenditure <sup>1)</sup>	1,254	754	5,679	2,441
Amortisation and depreciation <sup>1)</sup>	-1,571	-1,250	-2,445	-1,752
Impairment losses	-57	0	-8	-302
Reversal of impairment losses	0	0	38	0
Other significant non-cash expenses	-4,784	-2,462	-4,498	-5,190
Segment assets <sup>2) 7)</sup>	87,316	71,322	105,936	106,208
Investments accounted for at-equity	10,187	7,946	0	0
Capital employed <sup>3)</sup>	65,146	56,990	78,862	71,852
Segment liabilities <sup>4) 7)</sup>	39,306	33,930	83,547	81,380
Employees (average as per HGB)	570	510	649	626
EBIT margin <sup>5)</sup>	9.0 %	5.6 %	5.8 %	6.8 %
Return on capital employed <sup>6)</sup>	20.8 %	12.2 %	10.1 %	12.5 %

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

<sup>2)</sup> = Balance sheet total

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

<sup>4)</sup> = Liabilities

<sup>5)</sup> = EBIT / external sales

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

<sup>7)</sup> = The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions.

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2013	2012	2013	2012	2013	2012	2013	2012
79,282	76,714	299,472	284,538	74	74	299,546	284,612
81,526	76,794	297,604	268,461	-1,717	-1,641		
81,009	76,390	295,813	266,747	74	73	295,887	266,820
517	404	1,791	1,714	-1,791	-1,714		
46,626	47,004	232,710	236,366			232,710	236,366
17,077	15,849	37,233	30,785	-3,192	-4,276	34,041	26,509
14,896	13,817	31,036	25,751	-3,617	-4,678	27,419	21,073
0	0	1,879	1,348	0	0	1,879	1,348
0	0	-250	0	0	0	-250	0
57	77	222	290	-141	-232	81	58
-1,234	-1,374	-3,415	-3,525	-177	-283	-3,592	-3,808
-2,218	-2,339	-3,221	-2,870	-3,181	-549	-6,402	-3,419
11,501	10,181	26,251	20,994	-7,116	-5,742	19,135	15,252
0	0	0	4,494	341	0	341	4,494
0	0	2,171	348	25	0	2,196	348
0	0	-250	0	0	0	-250	0
2,755	1,908	9,688	5,103	368	220	10,056	5,323
-2,179	-2,028	-6,195	-5,030	-425	-403	-6,620	-5,433
-1,250	-1,117	-1,315	-1,419	0	0	-1,315	-1,419
31	149	69	149	0	0	69	149
-5,089	-2,676	-14,371	-10,328	-4,027	-2,747	-18,398	-13,075
96,375	95,135	289,627	272,665	-16,866	-15,049	272,761	257,616
0	0	10,187	7,946	0	0	10,187	7,946
77,365	77,485	221,373	206,327	-11,379	-13,882	209,994	192,445
54,000	56,526	176,853	171,836	12,474	17,316	189,327	189,152
592	568	1,811	1,704	20	20	1,831	1,724
18.4 %	18.1 %					9.3 %	7.9 %
25.7 %	23.8 %					17.4 %	14.6 %

Disclosures in € 000

**1.7. – 30.09.**

	Mobile Transportation Technology		Stationary Transportation Technology	
	2013	2012	2013	2012
Order-intake (external)	32,886	25,592	29,809	34,280
Sales	38,734	32,603	38,685	34,484
- of which external	38,035	32,112	38,672	34,461
- of which with other segment	699	491	13	23
External order-book	109,922	104,856	76,162	84,506
EBITDA	3,817	2,480	4,565	3,664
Result from operating activities (EBIT)	3,347	2,047	3,705	3,039
Result from at-equity accounted investments	250	433	0	0
Other results from investments	0	0	0	0
Interest income	34	5	15	46
Interest expense	-141	-120	-579	-610
Income taxes	-286	-158	-252	-82
Segment result / Group result	3,204	2,207	2,889	2,393
Changes in group reporting entity	0	2,188	0	0
Capital expenditure on investments	548	0	0	72
Impairment losses on investments	0	0	0	0
Capital expenditure <sup>1)</sup>	538	221	1,453	858
Amortisation and depreciation <sup>1)</sup>	-470	-433	-860	-625
Impairment losses	-57	0	-8	-163
Reversal of impairment losses	0	0	38	0
Other significant non-cash expenses	-1,670	-649	-1,570	-1,667
Segment assets <sup>2) 7)</sup>	87,316	71,322	105,936	106,208
Investments accounted for at-equity	10,187	7,946	0	0
Capital employed <sup>3)</sup>	65,146	56,990	78,862	71,852
Segment liabilities <sup>4) 7)</sup>	39,306	33,930	83,547	81,380
Employees (average as per HGB)	570	510	649	626
EBIT margin <sup>5)</sup>	8.8 %	6.4 %	9.6 %	8.8 %
Return on capital employed <sup>6)</sup>	20.6 %	14.4 %	18.8 %	16.9 %

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

<sup>2)</sup> = Balance sheet total

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

<sup>4)</sup> = Liabilities

<sup>5)</sup> = EBIT / external sales

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

<sup>7)</sup> = The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions.

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2013	2012	2013	2012	2013	2012	2013	2012
23,452	22,909	86,147	82,781	25	25	86,172	82,806
25,640	24,242	103,059	91,329	859	619		
25,468	24,113	102,175	90,686	25	24	102,200	90,710
172	129	884	643	-884	-643		
46,626	47,004	232,710	236,366			232,710	236,366
4,793	4,387	13,175	10,531	-1,147	-1,507	12,028	9,024
4,067	3,691	11,119	8,777	-1,290	-1,648	9,829	7,129
0	0	250	433	0	0	250	433
0	0	0	0	0	0	0	0
17	27	66	78	-43	-68	23	10
-375	-447	-1,095	-1,177	-44	-95	-1,139	-1,272
-623	-748	-1,161	-988	-1,124	181	-2,285	-807
3,086	2,523	9,179	7,123	-2,501	-1,630	6,678	5,493
0	0	0	2,188	341	0	341	2,188
0	0	548	72	25	0	573	72
0	0	0	0	0	0	0	0
1,211	790	3,202	1,869	364	176	3,566	2,045
-725	-693	-2,055	-1,751	-142	-140	-2,197	-1,891
-209	-237	-274	-400	0	0	-274	-400
0	126	38	126	0	0	38	126
-1,534	-92	-4,774	-2,408	-1,471	-1,010	-6,245	-3,418
96,375	95,135	289,627	272,665	-16,866	-15,049	272,761	257,616
0	0	10,187	7,946	0	0	10,187	7,946
77,365	77,485	221,373	206,327	-11,379	-13,882	209,994	192,445
54,000	56,526	176,853	171,836	12,474	17,316	189,327	189,152
592	568	1,811	1,704	20	20	1,831	1,724
16.0 %	15.3 %					9.6 %	7.9 %
21.0%	19.1 %					18.7 %	14.8 %

## LIABILITIES

in € 000	30.09.2013	31.12.2012
<b>Non-current liabilities</b>		
Liabilities to banks	56,098	46,470
Other financial liabilities	<u>0</u>	<u>3,396</u>
Financial liabilities	<b>56,098</b>	<b>49,866</b>
Other liabilities	<u>0</u>	<u>178</u>
	<b>56,098</b>	<b>50,044</b>
<b>Current liabilities</b>		
Current income tax liabilities	<b>193</b>	<b>160</b>
Liabilities to banks	6,171	7,039
Other financial liabilities	<u>0</u>	<u>160</u>
Financial liabilities	<b>6,171</b>	<b>7,199</b>
Trade accounts payable	<b>18,542</b>	<b>21,137</b>
Advance payments received	<b>10,247</b>	<b>14,699</b>
Payables to affiliated companies	1,617	1,027
Liabilities to other group entities	416	570
Negative fair values of derivatives	1,857	2,140
Sundry other liabilities	<u>15,317</u>	<u>12,524</u>
Other liabilities	<b>19,207</b>	<b>16,261</b>
	<b>54,360</b>	<b>59,456</b>
Total liabilities	<b>110,458</b>	<b>109,500</b>

## 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"

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	
	2013	2012		2013	2012
<b>1.1.-30.09.2013</b>			<b>1.1.-30.09.2013</b>		
Total sales of segments	297,604	268,461	Total EBIT of segments	31,036	25,751
Other sales	1,870	1,577	Other EBIT	-3,700	-3,927
Consolidation	-3,587	-3,218	Consolidation	83	-751
Sales as per income statement	<b>295,887</b>	<b>266,820</b>	EBIT as per income statement	<b>27,419</b>	<b>21,073</b>

  

€ 000	Assets		€ 000	Liabilities	
	2013	2012		2013	2012
<b>1.1.-30.09.2013</b>			<b>1.1.-30.09.2013</b>		
Total segment assets	289,627	272,665	Total segment liabilities	176,853	171,836
Other assets excluding deferred tax assets	53,584	37,875	Other liabilities excluding deferred tax liabilities	75,991	62,156
Deferred taxes	5,896	7,344	Deferred taxes	780	758
Consolidation	-76,346	-60,268	Consolidation	-64,297	-45,598
Group assets as per balance sheet	<b>272,761</b>	<b>257,616</b>	Group liabilities as per balance sheet	<b>189,327</b>	<b>189,152</b>

"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

The presentation of the Statement of Cash Flows has been changed compared to the previous year. Prior year figures have been adjusted accordingly. The change has been made to improve the clarity and transparency of presentation and hence to increase the reliability and relevance of information disclosed. The Statement of Cash Flows now begins with EBIT rather than the Group net profit for the period, as a result of which non-cash items no longer need to be adjusted below EBIT. Interest paid and received are now reported as part of the "Cash flows from financing activities" rather than as part of "Cash flows from operating activities", in order to make a clearer distinction between financing and operating activities. Interest received arises only on short-term deposits of surplus cash and thus has the same cash flow effect of using cash to repay financial liabilities subject to interest. Cash funds have been expanded to include the net balances pertaining to cash management arrangements with non-consolidated entities, reflecting the fact that they are equivalent to cash funds due to their availability.

### Composition of cash funds

Cash funds comprise:

€ 000	30.09.2013	31.12.2012
Cash and cash equivalents	8,256	8,510
Balance on cash management accounts	-1,352	-847
	6,904	7,663

€ 000	30.09.2012	31.12.2011
Cash and cash equivalents	5,698	12,727
Balance on cash management accounts	-255	-509
	5,443	12,218

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).

## OTHER DISCLOSURES

### Contingent liabilities and other financial commitments

in € 000	30.09.2013	31.12.2012
<b>Other financial obligations</b>		
Rental and lease expenses	8,469	10,442
Other commitments	4,164	3,470

**Contingent liabilities** amounted to € 688,000 at 30 September 2013 (31 December 2012: € 681,000). The risk of incurring costs in connection with these contingent liabilities is considered small.

The rental and leasing expenses shown under **other financial obligations** have been calculated on the basis of the earliest possible cancellation dates.

Other financial obligations are all of a nature and amount customary for the business.

### Related party relationships

Transactions between fully consolidated companies on the one hand and associated and non-consolidated companies on the other are disclosed below from the perspective of the fully consolidated companies:

	Volume of services performed		Volume of services received	
	1.1.-30.9.2013	1.1.-30.9.2012	1.1.-30.9.2013	1.1.-30.9.2012
	€ 000	€ 000	€ 000	€ 000
Associated companies				
goods and services	5,289	3,193	4,875	4,451
other relationships	-	-	-	-
Non-consolidated companies				
goods and services	8,453	4,753	2,223	1,391
other relationships	39	-	1,115	425

The following receivables and payables existed at the balance sheet date from the perspective of the fully consolidated companies (mostly relating to the supply of goods).

	Receivables		Payables	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
	€ 000	€ 000	€ 000	€ 000
Associated companies	1.185	2.207	416	570
Non-consolidated companies	5.296	3.769	1.617	1.027

Munich, 31 October 2013

Schaltbau Holding AG  
The Executive Board



Dr. Jürgen Cammann



Elisabeth Prigge



Dirk Christian Löchner

## Disclaimer

Some of the assertions made in this report may be similar in character to forecasts or may be interpreted as such. The assertions are made to the best of the knowledge and belief of management and apply, in accordance with the nature of such asserts, on the condition that there are no massive contraction of the markets relevant for the Schaltbau Group and in the specific market position of the individual group entities and that the forecasting assumptions turn out to be appropriate, both in terms of scale and timing. The Company does not assume any responsibility for updating forward-looking assertions.

## Responsibility statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.”

Munich, 31 October 2013

Schaltbau Holding AG  
The Executive Board



Dr. Jürgen Cammann



Elisabeth Prigge



Dirk Christian Löchner

## Comment on unaudited status

The Interim Consolidated Financial Statements and Interim Group Management Report as at 30 September 2013 have neither been audited in accordance with § 317 HGB nor subject to a limited review by the group auditor.

**Schaltbau Holding AG**

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