

QUARTERLY REPORT

For the period ended September 30, 2018



QUARTERLY REPORT ON THE FIRST NINE MONTH OF 2018

Business performance

Consolidated sales revenues

In the first nine months of the fiscal year 2018, Westag & Getalit AG generated consolidated revenues of € 176.2 million. Revenues thus fell short of the previous year's € 177.5 million. Domestic revenues again declined during the nine-month period, whereas the Group's export revenues rose by 8.1% to € 44.1 million (previous year: € 40.8 million). Consequently, the export share increased from 23.0% to 25.1%.

Sales revenues in € '000	January 1 to September 30, 2018	January 1 to September 30, 2017	Change in %
Doors/Frames	95,008	96,060	-1.1
Surfaces/Elements	78,106	75,927	2.9
Central Division	3,037	5,526	-45.0
Total	176,151	177,513	-0.8

Sales revenues of the Doors/Frames Division amounted to € 95.0 million in the first nine months of 2018 (previous year: € 96.1 million). The Surfaces/Elements Division generated revenues of € 78.1 million (previous year: € 75.9 million). The Central Division's revenues dropped sharply from € 5.5 million to € 3.1 million due to the major overhaul of the cogeneration unit which started in June 2018. The necessary activities were completed in mid October 2018.

Consolidated earnings

Earnings in € '000	January 1 to September 30, 2018	January 1 to September 30, 2017	Change in %
Earnings before income taxes	3,474	7,045	-50.7
Net profit for the period	2,432	4,932	-50.7
Net profit for the period per ordinary share in €	0.43	0.89	-51.7
Net profit for the period per preference share in €	0.49	0.95	-48.4

Consolidated earnings before taxes in the amount of € 3.5 million (previous year: € 7.0 million) have again been influenced by different factors in the current fiscal year to date. At the operational level, increased material prices and higher forwarding expenses resulting from a shortage of freight capacities resulted in lower profit contributions from our own products in the past months. Moreover, the major overhaul of the cogeneration unit, which commenced in early June 2018 and could not be completed before mid-October 2018 because of unplanned high repair requirements, had an adverse effect worth € 3.0 million on the bottom line. The scheduled overhaul had revealed that an unexpectedly comprehensive repair of the generator was required. Due to the extended downtime, this led to a shortfall in revenues as well as to higher expenses for alternative energy sources and for repairs. Another extraordinary effect related to consulting expenses in the amount of € 0.6 million that became necessary in conjunction with the public takeover bid for the company's shares announced on June 11, 2018.

Consequently, the Group's net profit for the period also declined sharply to € 2.4 million (previous year: € 4.9 million). Net profit per share amounted to € 0.43 for the ordinary shares (previous year: € 0.89) and to € 0.49 for the preference shares (previous year: € 0.95).

Employees

As at September 30, 2018 Westag & Getalit AG's headcount amounted to 1,320 (previous year: 1,288). In comparison to last year the number of temporary employees was reduced from 83 to 40 people.

Capital expenditures

The company plans to invest roughly € 12 million in 2018, with the main focus placed on expanding the capacity of the Doors/Frames Division. This will result, in particular, from the completion of the multi-year investment in the frames finishing line at the end of 2018.

Forecast, opportunity and risk report

Outlook

The company projects a generally positive market trend for the remaining course of 2018. On the condition that revenues in the Surfaces/Elements Division will stay above the prior year level and that the cogeneration unit will run smoothly after completion of the overhaul, the Management Board now projects total sales revenues to be on a par with the previous year.

In the long term, the company expects to generate growing revenues again also in the domestic market. The fact that the product portfolios are precisely tailored to the individual markets makes the Management Board optimistic that the company will be able to further expand its export activities assuming a benign economic environment.

The overhaul of the cogeneration unit completed in mid-October 2018 will continue to weigh on the bottom line in the fourth quarter of 2018. Against the background of the one-time effects described above, the Management Board expects earnings for the full year 2018 to be considerably lower than in the previous year.

Rheda-Wiedenbrück, October 2018

Westag & Getalit AG

The Management Board

CONSOLIDATED BALANCE SHEET

Assets (in € '000)	September 30, 2018	December 31, 2017
Intangible assets	1,044	1,327
Property, plant and equipment	74,990	75,482
Financial assets	3,224	3,092
Deferred taxes	3,642	3,614
Non-current assets	82,900	83,515
Inventories	40,026	36,505
Receivables and other assets	35,307	29,603
Cash and cash equivalents	10,596	16,926
Current assets	85,929	83,034
Total assets	168,829	166,549
Liabilities (in € '000)	September 30, 2018	December 31, 2017
Subscribed capital	14,644	14,644
Capital reserve	24,399	24,399
Revenue reserves	62,011	62,011
Accumulated profit	6,059	7,739
Equity capital	107,113	108,793
Provisions for pensions and similar obligations	26,994	26,934
Other non-current provisions	1,696	1,355
Non-current liabilities	28,690	28,289
Trade payables	9,650	9,207
Other current liabilities	22,582	19,672
Current provisions	794	588
Current liabilities	33,026	29,467
Total assets	168,829	166,549

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS OF THE YEAR

(in € '000)	January 1 to September 30, 2018	January 1 to September 30, 2017
Sales revenues	176,151	177,513
Changes in inventories of finished goods and work in progress	1,923	2,875
Other own work capitalised	325	189
	178,399	180,577
Other operating income	1,157	903
Cost of materials	88,397	88,181
Personnel expenses	56,888	55,972
Depreciation of intangible fixed assets and property, plant and equipment	7,684	7,286
Other operating expenses	23,355	23,268
Other taxes	227	227
Operating result	3,005	6,546
Financial result	469	499
Earnings before income taxes	3,474	7,045
Taxes on income	1,042	2,113
Consolidated net profit for the period	2,432	4,932
Income components recognised in equity	0	0
Consolidated comprehensive income	2,432	4,932
Net profit for the period per ordinary share (diluted and basic)	0.43	0.89
Net profit for the period per preference share (diluted and basic)	0.49	0.95
Average number of shares (diluted and basic)	5,354,934	5,359,970

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER OF 2018

(in € '000)	July 1 to September 30, 2018	July 1 to September 30, 2017
Sales revenues	58,026	59,744
Changes in inventories of finished goods and work in progress	-606	649
Other own work capitalised	79	102
	57,499	60,495
Other operating income	324	571
Cost of materials	28,369	29,519
Personnel expenses	19,131	18,443
Depreciation of intangible fixed assets and property, plant and equipment	2,546	2,354
Other operating expenses	7,648	8,270
Other taxes	75	75
Operating result	54	2,405
Financial result	157	164
Earnings before income taxes	211	2,569
Taxes on income	63	770
Consolidated net profit for the period	148	1,799
Income components recognised in equity	0	0
Consolidated comprehensive income	148	1,799
Net profit for the period per ordinary share (diluted and basic)	0.03	0.33
Net profit for the period per preference share (diluted and basic)	0.03	0.33
Average number of shares (diluted and basic)	5,354,934	5,355,164

CONSOLIDATED CASH FLOW STATEMENT

in € '000	January 1 to September 30, 2018	January 1 to September 30, 2017
Operating result	3,005	6,546
Income tax payments	-2,126	-2,852
Depreciation and amortisation of fixed assets	7,684	7,286
Result from asset retirements	-26	-45
Change in current assets	-8,212	-10,651
Change in debt capital	4,025	4,419
Cash flow from operating activities	4,350	4,703
Investments in property, plant and equipment and intangible assets	-6,998	-8,539
Change in time deposits	1,500	1,810
Income from associated companies	304	333
Income from asset retirements	84	46
Cash flow from investment activities	-5,110	-6,350
Interest income	42	37
Purchase of own shares	0	-547
Dividend payments	-4,112	-5,183
Cash flow from financing activities	-4,070	-5,693
Change in cash and cash equivalents	-4,830	-7,340
Cash and cash equivalents as of January 1	14,926	19,081
Cash and cash equivalents as of September 30	10,096	11,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € '000	Subscribed capital	Capital reserve	Revenue reserves	Accumulated profit	Equity capital
January 1, 2017	14,644	24,399	61,511	7,676	108,230
Change in other reserves					0
Purchase of own shares				-547	-547
Changes not recognised in profit/loss					0
Dividend payments				-5,183	-5,183
Consolidated net profit for the period				4,932	4,932
September 30, 2017	14,644	24,399	61,511	6,878	107,423
January 1, 2018	14,644	24,399	62,011	7,739	108,793
Change in other reserves					0
Purchase of own shares					0
Changes not recognised in profit/loss					0
Dividend payments				-4,112	-4,112
Consolidated net profit for the period				2,432	2,432
September 30, 2018	14,644	24,399	62,011	6,059	107,113

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles	<p>With regard to its scope, the quarterly report of Westag & Getalit AG for the period ended March 31, 2018 was prepared on the basis of section 51a BörsO for the Frankfurt Stock Exchange in accordance with applicable International Financial Reporting Standards (IFRS). The same accounting and valuation methods as for the consolidated financial statements for the year ended December 31, 2017 were used.</p> <p>The business activities of the Russian sales company OOO Westag & Getalit, Moscow, were discontinued at the beginning of 2018. The resulting expenses have already been included in the 2017 consolidated financial statements. The result for the first to the third quarter of 2018 includes the loss of this company of € 12 thousand (prior year: € 171 thousand).</p>
Cash flow statement	<p>The cash flows in the cash flow statement were determined using the indirect method. Cash and cash equivalents shown in the consolidated cash flow statement comprise all cash and cash equivalents except for term deposits with a term of more than three months in the amount of € 500 thousand (September 30, 2017: € 3,000 thousand).</p>
Cash and cash equivalents	<p>Cash and cash equivalents carried in the balance sheet include no securities.</p>
Composition of subscribed capital	<p>The subscribed capital of € 14,643,200 is composed of 2,860,000 no-par ordinary shares and 2,860,000 non-voting no-par preference shares with a total value of € 7,321,600 per share type.</p>
Purchase commitments	<p>As of September 30, 2018, purchase commitments towards our suppliers amounted to € 3,077 thousand, compared to € 6,186 thousand on September 30, 2017.</p>

Earnings per share Earnings per share as defined in IAS 33 are calculated for both ordinary and preference shares by dividing the net profit for the period attributable to the respective share type by the average number of shares of the respective type. Accordingly, earnings are divided into the different share types taking into account the higher dividend for the preference shares. Diluted earnings per share are equivalent to earnings per share.

Own shares The number of own shares held by the company as of September 30, 2018 was unchanged from December 31, 2017 at 365,066 shares. The own shares held are only preference shares. On October 30, 2018, the Management Board of Westag & Getalit AG decided, with the consent of the Supervisory Board, to redeem all preference shares held by the company and to reduce the subscribed capital by the corresponding amount of € 934,586.96. This is equivalent to 6.38% of the share capital.

Related party disclosures (IAS 24) Westag & Getalit AG has been an affiliate of Broadview Industries AG, Düsseldorf, since August 21, 2018. Broadview Industries AG belongs to HAL Trust, Hamilton, Bermuda. The revenues of Westag & Getalit AG with the associated company AKP Carat-Arbeitsplatten GmbH, Meiningen, amounted to € 612 thousand in the first nine months of 2018 (prior year: € 536 thousand).

Post balance sheet events No events that require reporting occurred after September 30, 2018.

Review The quarterly report for the period ended September 30, 2018 has been neither audited in accordance with section 317 HGB nor reviewed by the auditors.

Responsibility statement To the best of our knowledge, and in accordance with the applicable interim reporting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the Group Management Report 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 in the remaining course of the fiscal year.

Rheda-Wiedenbrück, October 2018

Westag & Getalit AG

The Management Board

FINANCIAL CALENDAR*

March 29,2019	Publication of the Annual Report 2018 on our homepage
May 21,2019	Publication of the quarterly report for the period ended March 31, 2019
August 30,2019	Publication of the interim financial report for the period ended June 30, 2019
October 29,2019	Publication of the quarterly report for the period ended September 30, 2019

*Interim updates can be found at: www.westag-getalit.com/finanzkalender




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