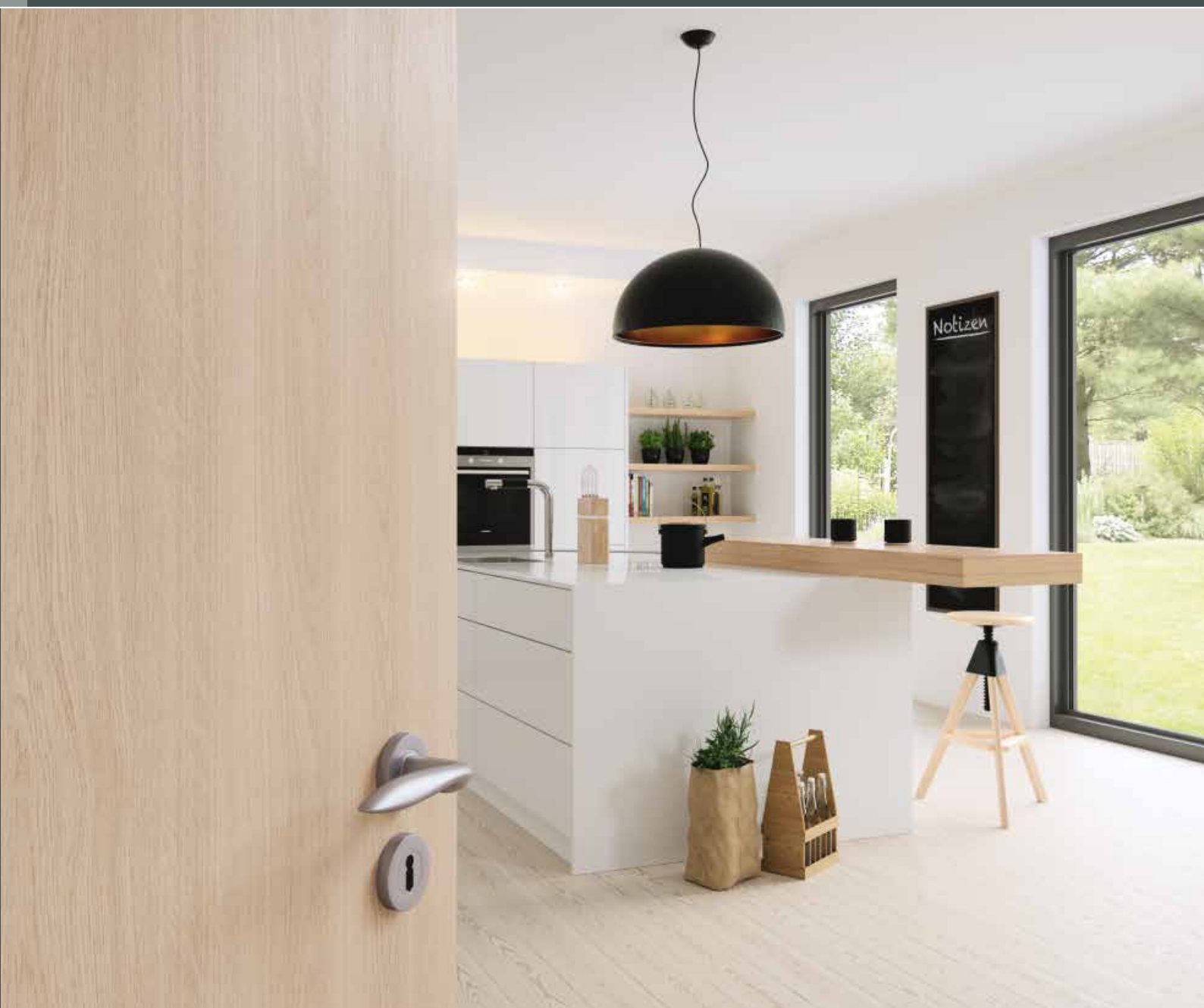


INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED JUNE 30, 2017



INTERIM MANAGEMENT REPORT

Business performance in the first half of 2017

Consolidated sales revenues

Westag & Getalit AG generated consolidated sales revenues of € 117.8 million in the first half of 2017. This means that revenues were down by a moderate 0.9% on the previous year (€ 118.8 million), reflecting the decline in domestic business. Exports showed a positive trend during this period, with revenues in the Group's foreign markets rising by 4.7% to € 26.5 million (previous year: EUR 25.3 million). Consequently, the export share climbed from 21.3% to 22.5%.

Sales revenues in € '000	January 1 to June 30, 2017	January 1 to June 30, 2016	Change in %
Doors/Frames	63,617	64,350	-1.1
Surfaces/Elements	50,175	50,540	-0.7
Central Division	3,977	3,938	1.0
Total	117,769	118,828	-0.9

Consolidated earnings

Sales revenues in the Doors/Frames Division came in at € 63.6 million in the first six months of 2017 (previous year: € 64.4 million). The Surfaces/Elements Division posted revenues of € 50.2 million (previous year: € 50.5 million). Sales revenues of the Central Division remained almost unchanged at € 4.0 million (previous year: € 3.9 million).

Earnings in € '000	January 1 to June 30, 2017	January 1 to June 30, 2016	Change in %
Earnings before income taxes	4,476	5,384	-16.9
Net profit for the period	3,133	3,752	-16.5
Net profit for the period per ordinary share in €	0.56	0.67	-16.4
Net profit for the period per preference share in €	0.62	0.73	-15.1

This business performance translated into consolidated earnings before taxes of € 4.5 million, which was clearly below the previous year's € 5.4 million. Apart from the unsatisfactory trend in top line revenues, earnings were impacted by price increases for a number of raw materials as well as higher budgets allocated to various sales and marketing activities. As a result, net profit for the period declined to € 3.1 million (previous year: € 3.8 million). Net profit per share amounted to € 0.56 for the ordinary shares (previous year: € 0.67) and to € 0.62 for the preference shares (previous year: € 0.73).

Employees

As of June 30, 2017, Westag & Getalit AG employed 1,293 people at Group level, eleven less than on the prior year reporting date.

Capital expenditures

Capital expenditures of approx. € 16.0 million are planned for the fiscal year 2017. In view of the anticipated demand, the focus will be on expanding the capacities of the Doors/ Frames Division, where a multi-year investment will be made in a frames finishing line. The purpose of the additionally planned investments in the Surfaces/Elements Division is to optimise operational processes and the existing technical equipment with a view to keeping the company's plants at a high technological level.

Forecast, opportunity and risk report

The statements made in the 2016 Financial Report regarding the opportunities and risks of the business model remain generally unchanged.

Current situation

We are not satisfied with the business performance during the first half of 2017. Apart from the subdued sales revenues for the first six months, current trends in the commodities markets are one of the key factors in the Group's profitability. Specifically, Westag & Getalit AG is faced with clearly higher raw materials prices. The result for the full year 2017 will be determined in great measure by the company's ability to pass on these price increases by raising the prices of its own products.

Outlook

We are optimistic that the enhanced sales and marketing activities will have a positive impact on sales revenues during the remaining months of the fiscal year 2017. Against this background, we continue to assume that both divisions will achieve a slight increase in sales revenues for the full year. Taking into account the factors weighing on profitability as discussed above, consolidated earnings for the full year are expected to come in below the previous year's level.

Rheda-Wiedenbrück, August 2017

Westag & Getalit AG

The Management Board

CONSOLIDATED BALANCE SHEET

Assets (in € '000)	June 30, 2017	December 31, 2016
Intangible assets	953	1,005
Property, plant and equipment	71,414	71,737
Financial assets	2,695	2,731
Deferred taxes	3,435	3,411
Non-current assets	78,497	78,884
Inventories	37,420	33,832
Receivables and other assets	33,738	28,055
Cash and cash equivalents	15,391	23,891
Current assets	86,549	85,778
Total assets	165,046	164,662
Liabilities (in € '000)	June 30, 2017	December 31, 2016
Subscribed capital	14,644	14,644
Capital reserve	24,399	24,399
Revenue reserves	61,511	61,511
Accumulated profit	5,079	7,676
Equity capital	105,633	108,230
Provisions for pensions and similar obligations	26,572	26,499
Other non-current provisions	1,512	1,356
Non-current liabilities	28,084	27,855
Trade payables	9,620	6,714
Other current liabilities	21,339	20,753
Current provisions	370	1,110
Current liabilities	31,329	28,577
Total assets	165,046	164,662

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

(in € '000)	January 1 to June 30, 2017	January 1 to June 30, 2016
Sales revenues	117,769	118,828
Changes in inventories of finished goods and work in progress	2,226	2,166
Other own work capitalised	87	144
	120,082	121,138
Other operating income	332	282
Cost of materials	58,662	58,134
Personnel expenses	37,529	38,307
Depreciation of intangible fixed assets and property, plant and equipment	4,932	5,261
Other operating expenses	14,998	14,500
Other taxes	152	146
Operating result	4,141	5,072
Financial result	335	312
Earnings before income taxes	4,476	5,384
Taxes on income	1,343	1,632
Consolidated net profit for the period	3,133	3,752
Income components recognised in equity	0	0
Consolidated comprehensive income	3,133	3,752
Net profit for the period per ordinary share (diluted and basic)	0.56	0.67
Net profit for the period per preference share (diluted and basic)	0.62	0.73
Average number of shares (diluted and basic)	5,362,413	5,408,255

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER OF 2017

in € '000	April 1 to June 30, 2017	April 1 to June 30, 2016
Sales revenues	58,047	58,581
Changes in inventories of finished goods and work in progress	106	794
Other own work capitalised	42	71
	58,195	59,446
Other operating income	213	187
Cost of materials	28,264	28,103
Personnel expenses	18,133	18,931
Depreciation of intangible fixed assets and property, plant and equipment	2,379	2,564
Other operating expenses	7,518	7,100
Other taxes	76	76
Operating result	2,038	2,859
Financial result	168	156
Earnings before income taxes	2,206	3,015
Taxes on income	597	858
Consolidated net profit for the period	1,609	2,157
Income components recognised in equity	0	0
Consolidated comprehensive income	1,609	2,157
Net profit for the period per ordinary share (diluted and basic)	0.30	0.40
Net profit for the period per preference share (diluted and basic)	0.30	0.40
Average number of shares (diluted and basic)	5,355,674	5,407,338

CONSOLIDATED CASH FLOW STATEMENT

in € '000	January 1 to June 30, 2017	January 1 to June 30, 2016
Operating result	4,141	5,072
Income tax payments	-2,071	-1,214
Depreciation and amortisation of fixed assets	4,932	5,261
Result from asset retirements	-23	-63
Change in current assets	-9,168	-8,780
Change in debt capital	3,589	4,199
Cash flow from operating activities	1,400	4,475
Investments in property, plant and equipment and intangible assets	-4,558	-3,519
Change in financial assets	0	20
Change in time deposits	810	0
Income from associated companies	333	366
Income from asset retirements	30	124
Cash flow from investment activities	-3,385	-3,009
Interest income	25	3
Interest expenses	0	-1
Purchase of own shares	-547	-231
Dividend payments	-5,183	0
Cash flow from financing activities	-5,705	-229
Change in cash and cash equivalents	-7,690	1,237
Cash and cash equivalents as of January 1	19,081	16,835
Cash and cash equivalents as of June 30	11,391	18,072

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € '000	Subscribed capital	Capital reserve	Revenue reserves	Accumulated profit	Equity capital
January 1, 2016	14,644	24,399	60,911	7,850	107,804
Change in other reserves					0
Purchase of own shares				-231	-231
Changes not recognised in profit/loss					0
Dividend payments				0	0
Consolidated net profit for the period				3,752	3,752
June 30, 2016	14,644	24,399	60,911	11,371	111,325
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				3,133	3,133
June 30, 2017	14,644	24,399	61,511	5,079	105,633

SEGMENT REPORT FOR THE FIRST HALF OF 2017

The Group is divided into the Surfaces/Elements Division, the Doors/Frames Division and the Central Division, which provides general services and supplies energy. The divisions form the basis for the internal reports used by management to steer the Group (management approach). Services provided between the divisions are charged at transfer prices. Miscellaneous income and expense items essentially comprise other operating income, the cost of materials, personnel expenses and other operating expenses.

SEGMENT EARNINGS

in € '000	Surfaces/ Elements	Doors/ Frames	Central Division	Total
January 1 to June 30, 2017				
Sales revenues with external parties	50,175	63,617	3,977	117,769
Sales revenues with other segments	1,389	-8,948	7,559	0
Sales revenues	51,564	54,669	11,536	117,769
Depreciation and amortisation of	-1,664	-2,118	-1,150	-4,932
Income from associated companies	296	0	0	296
Net interest income	0	0	39	39
Miscellaneous income and expense	-48,780	-49,491	-10,425	-108,696
EBT	1,416	3,060	0	4,476
Taxes on income	425	918	0	1,343
Net profit for the period	991	2,142	0	3,133

in € '000	Surfaces/ Elements	Doors/ Frames	Central Division	Total
January 1 to June 30, 2016				
Sales revenues with external parties	50,540	64,350	3,938	118,828
Sales revenues with other segments	1,887	-9,649	7,762	0
Sales revenues	52,427	54,701	11,700	118,828
Depreciation and amortisation of	-2,001	-2,008	-1,252	-5,261
Income from associated companies	310	0	0	310
Net interest income	0	0	2	2
Miscellaneous income and expense	-49,021	-49,024	-10,450	-108,495
EBT	1,715	3,669	0	5,384
Taxes on income	520	1,112	0	1,632
Net profit for the period	1,195	2,557	0	3,752

Segment assets include all operating assets used by a segment, in particular non-current assets, inventories, receivables as well as cash and cash equivalents. Segment liabilities comprise all operating liabilities and consist primarily of liabilities and provisions. Segment investments include all investments in non-current operating assets.

SEGMENT ASSETS/SEGMENT LIABILITIES

in € '000	Surfaces/ Elements	Doors/ Frames	Central Division	Total
June 30, 2017				
Segment assets	68,124	71,642	25,280	165,046
thereof shares in associated companies	2,695	0	0	2,695
Segment liabilities	23,586	17,155	18,672	59,413
Net assets	44,538	54,487	6,608	105,633
Segment investments	1,109	2,595	854	4,558

in € '000	Surfaces/ Elements	Doors/ Frames	Central Division	Total
December 31, 2016				
Segment assets	67,045	71,141	26,476	164,662
thereof shares in associated companies	2,731	0	0	2,731
Segment liabilities	20,076	17,726	18,630	56,432
Net assets	46,969	53,415	7,846	108,230
Segment investments	1,949	4,447	1,606	8,002

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles	<p>With regard to its scope, the interim financial report of Westag & Getalit AG for the period ended June 30, 2017 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, 2016 were used.</p> <p>Given that a Russian distribution company was established at the end of 2016, Westag & Getalit AG publishes its figures on a consolidated basis. The prior year figures have been adjusted accordingly.</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 € 4,000 thousand (June 30, 2016: € 0 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 June 30, 2017, purchase commitments towards our suppliers amounted to € 6,226 thousand, compared to € 6,145 thousand on June 30, 2016.</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	As of June 30, 2017, the company held 361,313 own shares, 20,486 shares more than on June 30, 2016. All own shares held by the company are preference shares.
Related party disclosures (IAS 24)	No changes occurred with regard to the related party disclosures in the 2016 Annual Report. Sales revenues with associated companies amounted to € 308 thousand in the first half of 2017 (previous year: € 239 thousand).
Post balance sheet events	No events that require reporting occurred after June 30, 2017.
Review	The interim financial report 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, August 2017

Westag & Getalit AG

The Management Board



Through-dyed GetaLit Unicolor laminates allow apparently seamless edges to be realised in all areas of interior design.



The technical floor panels are matched to the specific requirements of the industrial construction sector and are delivered ready for installation



Thanks to the wide variety of different decors, the modern residential doors with strip aperture blend in well with nearly any interior design style.

FINANCIAL CALENDAR*

10.11.2017	Publication of the quarterly statement for the period ended September 30, 2017
29.03.2018	Publication of the 2017 Financial Report on our website
03.05.2018	Annual accounts press conference in Rheda-Wiedenbrück
09.05.2018	Publication of the quarterly statement for the period ended March 31, 2018
26.06.2018	Annual General Meeting (AGM) of Shareholders in Rheda-Wiedenbrück

* For updates refer to:
www.westag-getalit.com/finanzkalender

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