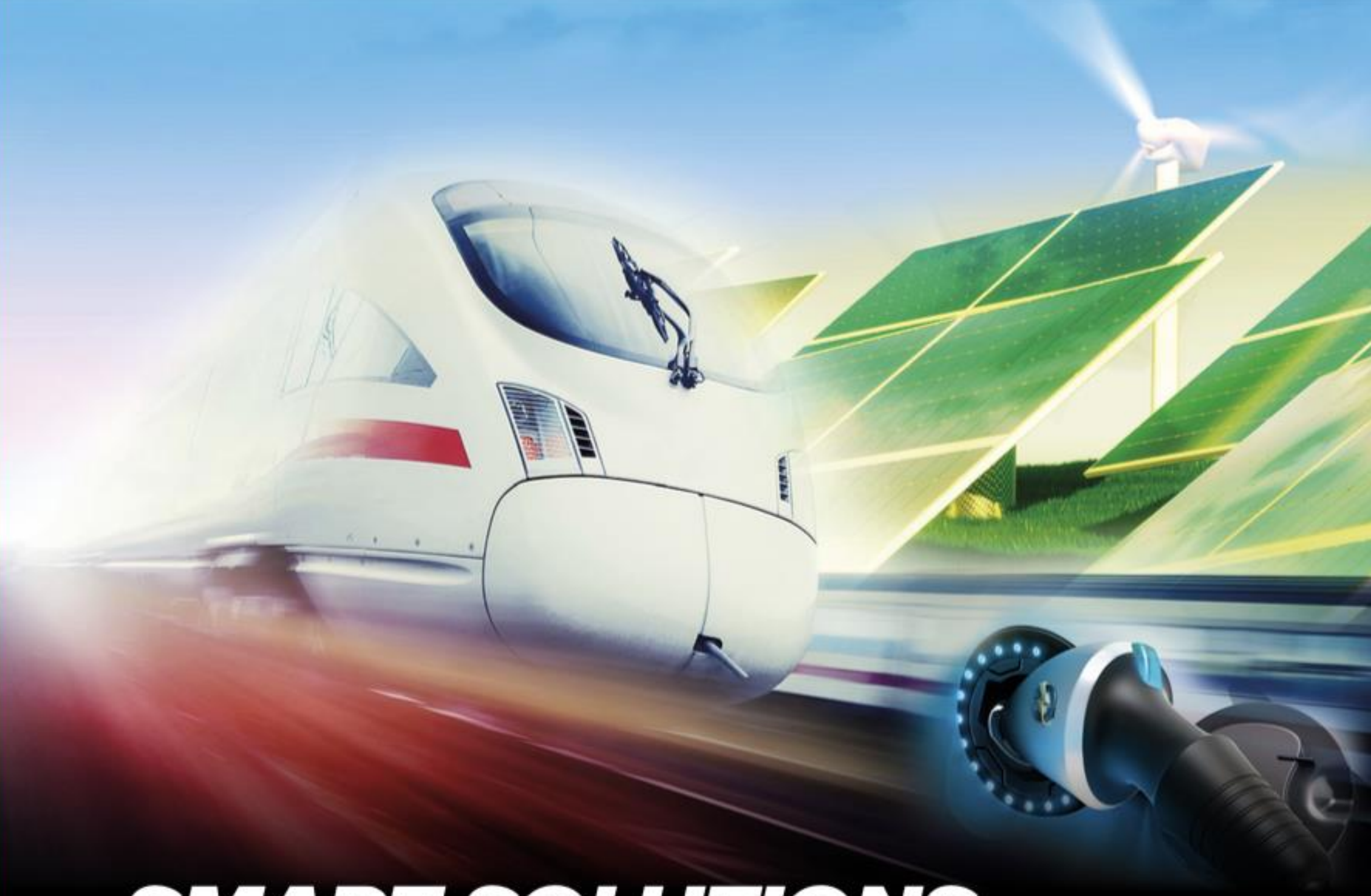


SMART SOLUTIONS FOR POWER AND MOBILITY

GROUP INTERIM REPORT
AS AT 30 JUNE 2019

SCHALTBAU

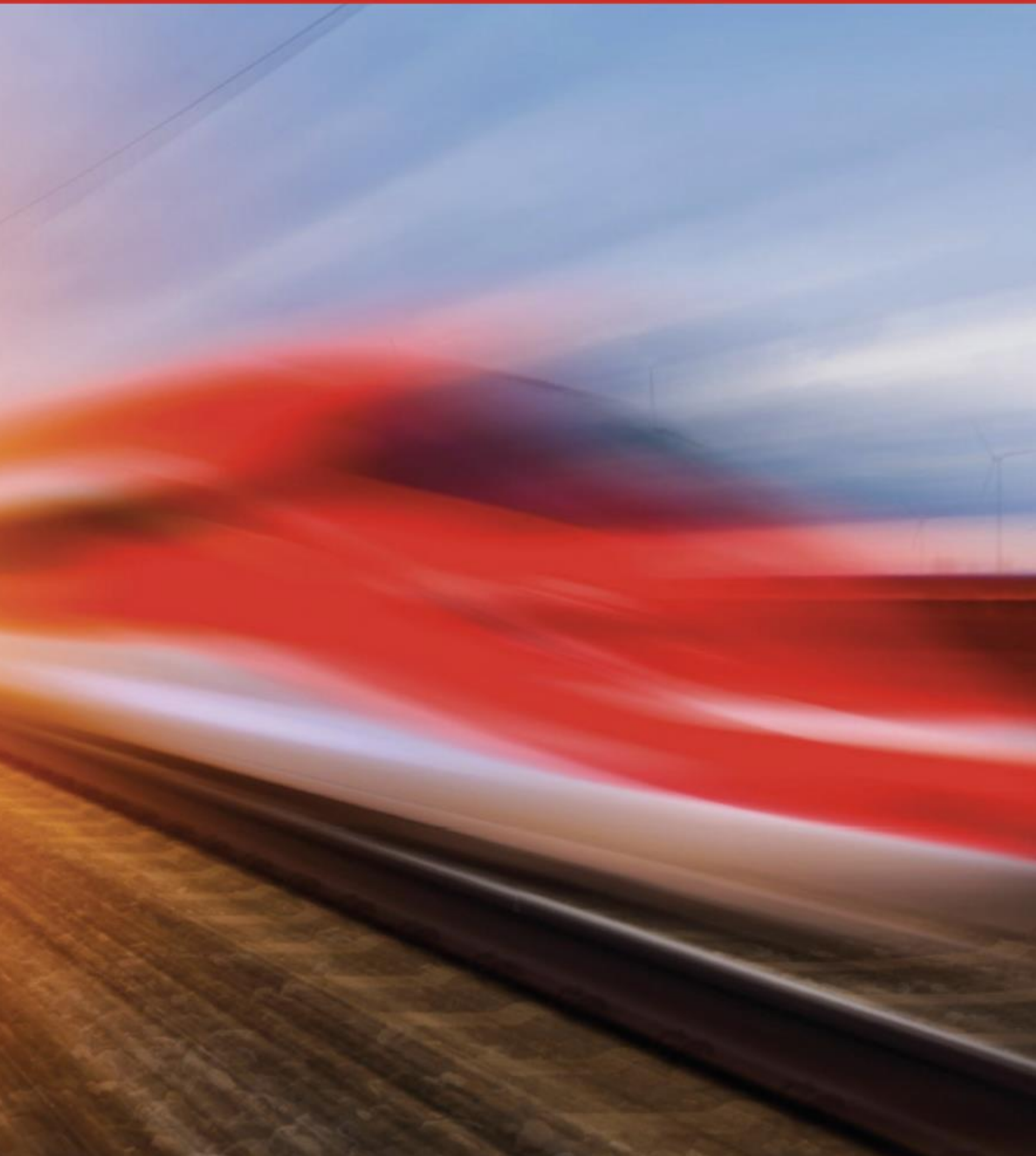
KEY FIGURES

Order situation		**1.1 – 30.6.2019**	1.1 – 30.6.2018
Order intake	EUR million	289.4	301.9
Order book at end of period	EUR million	492.2	533.2
Income statement			
Revenue	EUR million	255.0	251.5
Total output	EUR million	260.9	263.1
EBITDA	EUR million	16.1	17.2
EBIT	EUR million	8.5	9.4
EBIT before exceptional items	EUR million	15.6	6.6
EBIT margin	%	3.3	3.8
EBIT margin before exceptional items	%	6.0	2.6
Group net profit for the period	EUR million	4.6	3.5
— thereof attributable to Schaltbau Holding AG	EUR million	2.5	1.6
Return on capital employed[1]	%	5.2	6.2
Balance sheet at end of period			
Fixed assets	EUR million	139.9	138.6
— Investments in property, plant and equipment	EUR million	5.5	3.5
— Depreciation on property, plant and equipment	EUR million	5.6	4.0
Working capital	EUR million	169.0	160.5
Capital employed	EUR million	312.3	306.5
Group equity	EUR million	93.3	116.0
Net financial liabilities to banks	EUR million	129.7	106.5
Balance sheet total	EUR million	409.3	418.4
Cash flow statement			
Cash flows from operating activities	EUR million	-8.8	-26.7
Cash flows from investing activities	EUR million	-6.7	37.2
Cash flows from financing activities	EUR million	6.5	-24.3
Change in cash funds	EUR million	-8.6	-13.6
Employees			
Employees at end of period		2,752	3,125
Average number of employees during the period		2,836	3,034
Personnel expense	EUR million	89.6	90.3
Personnel expense per employee[1]	kEUR	63.2	59.5
Total output per employee[1]	kEUR	184.0	173.4
Earnings per share			
— undiluted	EUR	0.29	0.20
— diluted	**EUR**	0.29	0.20

1 Extrapolated to twelve-month period during the year

CONTENTS

INTERIM GROUP MANAGEMENT REPORT
for H1 2019



SCHALTBAU GROUP PROFILE

MANAGEMENT AND CONTROL

The Schaltbau Group is managed by the Executive Board of Schaltbau Holding AG, which comprised three members as at 30 June 2019. The following changes were made to the Executive Board during the year under report:

With effect from 31 March 2019, Dr Martin Kleinschmitt resigned from his position as Executive Board member in mutual agreement with the Supervisory Board. Prior to his resignation, he was responsible for implementing the restructuring plan and providing the Schaltbau Group's companies with support in applying the required measures. With effect from 1 April 2019, Dr Martin Kleinschmitt continues to work for Schaltbau Holding AG under the terms of a mandate agreement entered into between the Company and Noerr Consulting AG on 25 February 2019. His consulting activities include support for M&A projects and the refinancing of the Schaltbau Group in 2019.

No changes were made to the composition of the Supervisory Board during the six-month period under report.

KEY PERFORMANCE INDICATORS

At 31 December 2017 and with effect from 1 January 2018, Schaltbau defined order intake (as an early warning indicator), revenue, and operating profit/loss (EBIT) (excluding exceptional items) as the key financial performance indicators for the Group and its segments.

The definition of exceptional items has not changed in 2019 compared to the differentiation made at the end of the previous year. Only in the item "Earnings impacts arising on the sale of subsidiaries" was the note "Changes to the Group reporting entity" included for clarification purposes:

	Operating profit/loss (EBIT)
+/-	Significant non-operating impairment losses in accordance with IAS 36
+/-	Impairment losses due to classifications in accordance with IFRS 5
+/-	Earnings impact arising on the sale of subsidiaries / Changes to the Group reporting entity
+/-	One-time/significant restructuring measures
+/-	Exceptional earnings impact arising on the reversal and allocation of provisions for pending losses on onerous contracts, to the extent that these relate to special circumstances, go beyond ordinary business activities and have a significant impact on the net assets, financial position and results of operations
+/-	Exceptional earnings impact arising on write-downs of capitalised development costs

The following overview shows the reconciliation of operating profit (EBIT) including exceptional items with operating profit (EBIT) excluding exceptional items for the period from 1 January to 30 June 2019 and in a year-on-year comparison.

In kEUR	1.1 – 30.6.2019	1.1 – 30.6.2018
Operating profit (EBIT) including exceptional items	**8,527**	**9,433**
Significant non-operating impairment losses in accordance with IAS 36	0	+1,595
Impairment losses due to classifications in accordance with IFRS 5	-716	0
Earnings impact arising on the sale of subsidiaries / Changes to the Group reporting entity	-501	+564
One-time restructuring measures	+8,328	+2,100
Exceptional earnings impact arising on the reversal and allocation of provisions for pending losses on onerous contracts	0	-7,090
Exceptional earnings impact arising on the derecognition of own work capitalised	0	0
Operating profit (EBIT) excluding exceptional items	**15,638**	**6,602**

The adjusted amounts shown in the line item "Impairment losses due to classifications in accordance with IFRS 5" result from the classification of Alte Technologies S.L.U., Barcelona, Spain ("Alte") in accordance with IFRS 5 and are recognised as other operating income.

In the first half of 2019, the Group reported the earnings impact of the sale of Alte (EUR 0.4 million) and of the deconsolidation of Albatros S.L.U., Madrid, Spain ("Sepsa") and its subsidiaries due to loss of control (EUR 0.1 million) in the line item "Earnings impact arising on the sale of subsidiaries / Changes to the Group reporting entity". The deconsolidation gain was recorded in other operating income.

The line item "One-time/significant restructuring measures" comprises costs relating to the implementation of the restructuring plan (legal and consulting costs), restructuring measures taken to reduce the number of employees, changes to management structures at loss-making subsidiaries, and the cost of significant CROs (Chief Restructuring Officers) at the level of the parent company and the Sepsa Group, which has been put up for sale. In addition to expenses for legal and consulting services amounting to EUR 1.6 million, expenses of EUR 6.7 million were also recorded for the pending call on bank and Group guarantees in 2019.

STRATEGIC MEASURES

Since the beginning of 2019, Schaltbau has continued to make considerable progress in implementing the restructuring plan drawn up in 2017.

The main reason for this positive development was the separation of the strategically non-relevant subsidiaries Albatros S.L.U., Madrid, Spain ("Sepsa") and Alte Technologies S.L.U. ("Alte") from the Group.

Schaltbau Sepsa, which was put up for sale in November 2017, filed an application for liquidation with the relevant liquidation court in Madrid on 8 April 2019. At the same time, the Indian rail supplier Medha Servo Drives Pvt. Ltd. ("Medha") made an offer to the liquidation court for the acquisition of the major assets and liabilities in order to continue the Sepsa business. On 7 May 2019, the Spanish liquidation court accepted the liquidation application made by the liquidator. On 16 July 2019, the liquidation court accepted the offer submitted by Medha.

After Schaltbau put its subsidiary Alte up for sale in February 2019, Alte was sold to the French railway supplier Barat S.A. ("Barat") on 29 May 2019 for the price of EUR 1.

The separation of Sepsa and Alte significantly reduces the complexity of the Schaltbau Group as a whole. The two transactions, coupled with process optimisation along the entire value chain throughout the Group, signalise the implementation of the last major outstanding components in the restructuring plan.

On this basis, Schaltbau was able to initiate the refinancing of its debt financing arrangements, the majority of which expire at the end of 2019, and new syndicated financing arrangements totalling EUR 103 million were agreed on 17 June 2019. Schaltbau and a syndicate of six banks under the joint lead management of Commerzbank AG and UniCredit Bank AG signed an agreement to that effect. The financing runs for a term of three years with two extension options of one year in each case. Including a receivables securitisation programme with a volume of up to EUR 35.0 million and promissory notes amounting to EUR 13.5 million (which have been extended for at least another three years), the total amount of new debt financing will be in the region of EUR 150 million. Together with the funds from the share capital increase implemented in 2018, Schaltbau is now also financially well positioned to meet the challenges of the future. The new syndicated financing arrangements are currently subject to conditions precedent regarding definitive confirmation of the completion of the restructuring plan by a management consulting firm as well as the implementation of a receivables securitisation programme.

GROUP REPORTING ENTITY

At 30 June 2019, the following significant changes had taken place compared with the Group reporting entity at 31 December 2018:

Alte was deconsolidated from the Schaltbau Group following its sale to the France-based Barat Group on 29 May 2019.

The wholly owned subsidiary Sepsa was put up for sale on 15 November 2017 and, in accordance with IFRS 5, has since been reported as a "disposal group" in the consolidated financial statements. On 8 April 2019, the management of Sepsa filed an application for liquidation with the relevant liquidation court. At the same time, a strategic investor made an offer to the liquidation court for the acquisition of Sepsa's major assets and liabilities. The acceptance of the liquidator's application by the Spanish liquidation court on 7 May 2019 led to a loss of control of this company at Group level and consequently to deconsolidation on the same date.

Pintsch Tiefenbach GmbH was merged with Pintsch Bamag GmbH on the basis of a merger agreement dated 14 February 2019. Furthermore, Pintsch Bamag GmbH was renamed Pintsch GmbH.

In May 2019, the Schaltbau Group acquired the remaining 0.2% minority share in Schaltbau Transportation UK Ltd., Milton Keynes, United Kingdom.

There were no other changes to the Group reporting entity during the first half of 2019.

REPORT ON ECONOMIC POSITION

GENERAL ECONOMIC ENVIRONMENT

According to the forecast of the International Monetary Fund (IMF) published in April 2019, the world economy is expected to grow by 3.3% in 2019 and therefore somewhat slower than in the previous year (3.6%). The figure for 2019 is 0.2 percentage points below the forecast announced in January 2019. This development is supported in particular by lower growth expectations for the eurozone and the United Kingdom (UK), driven by more subdued prospects for the automotive industry in Germany, higher refinancing costs for the Italian government, and the impact of the greater likelihood of the United Kingdom leaving the EU in a disorderly manner (source: IMF, World Economic Outlook, April 2019). Apart from developments in Europe, growth rates and risks in the USA, China and Russia are significant factors for the Schaltbau Group.

Growth in key sales markets in percentage of GDP

(IWF World Economic Outlook, April 2019)

	2019 (forecast)	2018
Eurozone	1.3	1.8
– Germany	0.8	1.5
– France	1.3	1.5
– Italy	0.1	0.9
– Spain	2.1	2.5
USA	2.3	2.9
Russia	1.6	2.3
China	6.3	6.6
Brazil	2.1	1.1

In the first six months of 2019, the value of the euro fell slightly against the foreign currencies relevant for the Schaltbau Group, i.e. the US dollar, the Polish zloty, the British pound and the Chinese renminbi.

SECTOR-SPECIFIC ENVIRONMENT

SALES MARKETS

RAIL SECTOR

Against a backdrop of sustained positive development in global demand for railway technology, revenue generated by the German rail industry increased by around 9% to EUR 12.0 billion in 2018, the highest figure for three years. Revenue recorded within Germany rose sharply, climbing to EUR 7.6 billion – 20.6% up year-on-year. At EUR 14.3 billion, order intake also rose by around 9% during the same period. Here, too, demand coming from the German market is the predominant factor with a volume of EUR 8.3 billion. The German Railway Industry Association ("VDB") is calling for a massive expansion of the climate-friendly railway network to provide it with a fully digital infrastructure based on these positive developments. Furthermore, the VDB is critical of protectionist developments on the world market, such as rising import duties and higher compulsory quotas of local value added (source: VDA, press release dated 9 April 2019).

Since the beginning of 2019, train manufacturers have received numerous large-scale international orders, such as in the field of long-distance transportation at Siemens for 13 high-speed trains for the Russian railway company RZD (source: Siemens press release dated 9 June 2019) or at Bombardier and Hitachi for 14 high-speed trains for the Italian railway Trenitalia (source: Bombardier press release dated 4 June 2019). Strong growth in order intake was also recorded in the field of local public transportation. Stadler, for example, announced it had been awarded a contract to supply 55 battery-powered multiple-unit trains for the Schleswig-Holstein public transport system (source: Stadler press release dated 2 July 2019).

AUTOMOTIVE INDUSTRY

In the automotive market sector, among other factors, the Schaltbau Group has profited from the increasing use of all-electric buses and particularly the equipping of buses with boarding systems as well as the delivery of fast-charging stations.

Order intake relating to electric buses has developed very well since the beginning of the year. Driven by regulatory requirements, subsidies and concerns about driving bans on their diesel-powered bus fleets, many local authorities are striving to switch to electric vehicles as quickly as possible. In Germany, for example, 19 transport authorities from major German cities, including Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne and Munich, have joined forces to procure the vehicles at economical rates. In June 2019, only around 100 of the 35,000 public transport buses in current use in Germany were all-electric vehicles (source: article published in "Auto, Motor und Sport" dated 17 June 2019). However, their number is expected to increase drastically in the foreseeable future, particularly due to the EU requirement that at least 45% of all new public contracts must include alternative drivetrain systems as of 2025. Berlin, for example, is already specifically planning to purchase 225 electric buses by 2021, some of the first 30 of which are already in use. They are to be supplied in full by the end of September 2019 (source: article published in "Tagesspiegel" dated 4 January 2019).

COURSE OF BUSINESS AND EARNINGS POSITION

OVERALL ASSESSMENT OF FINANCIAL CONDITION

For the first half of 2019, the Schaltbau Group reported revenue growth of 1.4% compared with the same period the previous year. Adjusted for exceptional items, revenue grew by 4.0% in the first half of 2019 on a comparable basis. In contrast, both EBIT (down by 9.6%) and order intake (down by 4.1%) fell in the first half of 2019 year-on-year.

Excluding Alte and Pintsch Bubenzer GmbH (sold either in 2018 or 2019) and Sepsa (which is currently in liquidation), the Schaltbau Group recorded order intake of EUR 276.3 million, i.e. EUR 0.5 million below the adjusted figure reported for the first six months of the previous year. The continued stable development of the order book is primarily attributable to the Mobile Transportation Technology and Components segments on the back of strong demand, particularly for the door systems made by the Bode Group and higher order volumes for the connectors, contactors and switches manufactured within the Schaltbau Group as a whole. Adjusted for the two deconsolidated subsidiaries Alte and Sepsa, the two segments both reported new order book records.

The good revenue performance – adjusted for exceptional items – was mainly driven by the Mobile Transportation Technology segment, which achieved growth of EUR 5.8 million. Despite operations at Gebr. Bode GmbH & Co. KG being interrupted for several days due to flooding in May 2019, the Bode Group reported 6.9% revenue growth compared to the corresponding period in the previous fiscal year. Particularly in the field of rolling stock, Bode was able to significantly increase its revenue year-on-year, thanks to numerous project start-ups.

The Components segment, which recorded higher demand for its connectors, contactors and snap-action switches, also reported revenue growth of EUR 4.8 million or 6.3%.

In the Stationary Transportation Technology segment, however, revenue dropped marginally by EUR 0.5 million to EUR 29.5 million compared with one year earlier. Adjusted for the sale of the Pintsch Bubenzer Group in March 2018, segment revenue grew organically by EUR 7.7 million or 35.3% in a year-on-year comparison, principally driven by additional equipment subsequently ordered for two major projects.

Adjusted for the industrial brake systems business operated by the Pintsch Bubenzer Group, which was sold in March 2018, the Spain-based Alte, sold in May 2019, and Sepsa, which has been deconsolidated, the Schaltbau Group saw organic revenue growth (excluding exceptional items as well as Sepsa, Alte and the Pintsch Bubenzer Group) of EUR 22.9 million or 10.5% compared with the first six months of 2018.

At EUR 8.5 million, the Schaltbau Group's operating profit was EUR 0.9 million down on the previous year's figure of EUR 9.4 million. Excluding non-operating one-time effects, EBIT before exceptional items totalled EUR 15.6 million, equivalent to an EBIT margin before exceptional items of 6.0%. EBIT before exceptional items therefore grew by EUR 9.0 million to EUR 15.6 million year-on-year. Apart from the strong growth in revenue, the considerably improved result also reflected the progress made in terms of restructuring measures and the related realignment of cost structures.

BUSINESS AND EARNINGS POSITION OF THE SCHALTBAU GROUP

Key performance figures for the Schaltbau Group

In EUR million	1st half-year 2019	1st half-year 2018	Δ absolute
Order intake	289.4	301.9	-12.5
Revenue	255.0	251.5	3.5
EBIT before exceptional items	15.6	6.6	9.0
EBIT	8.5	9.4	-0.9

ORDER INTAKE AND ORDER BOOK

In a year-on-year comparison, order intake for the Schaltbau Group decreased by 4.1% or EUR 12.5 million in the first six months of 2019. Adjusted for the two companies Alte and Pintsch Bubenzer GmbH, which were both sold, and Sepsa, which was deconsolidated, order intake amounted to EUR 276.3 million, i.e. EUR 0.5 million below the figure reported for the first half of 2018.

The growth in order intake for the Mobile Transportation Technology and Components segments stood in contrast to a decline in the Stationary Transportation Technology segment. Growth in the Mobile Transportation Technology segment is primarily attributable to the Poland-based subsidiary RAWAG, which was successful in gaining a considerable number of new orders on the Eastern European market. Strong performance in the Components segment was driven by brisk demand for both electrics for rolling stock and contactors.

At EUR 492.2 million, the order book at 30 June 2019 was 16.1% lower than at 31 December 2018, reflecting the fact that the order book figures for Alte and Sepsa are no longer included at 30 June 2019.

REVENUE

Group revenue for the six-month period ended 30 June 2019 totalled EUR 255.0 million, i.e. EUR 3.5 million up on the EUR 251.5 million reported for the same period one year earlier. Adjusted for Sepsa, Pintsch Bubenzer GmbH and Alte, and excluding exceptional items, the first half of 2019 saw revenue totalling EUR 233.2 million, compared with the EUR 217.0 million recorded in the previous year, resulting in organic growth of 7.5%.

All three segments contributed to the adjusted revenue growth figure of EUR 22.9 million. The Mobile Transportation Technology segment recorded revenue growth totalling EUR 10.3 million, mainly on the back of strong sales performance in the field of rolling stock in both Europe and North America. In the Stationary Transportation Technology segment, adjusted revenue rose by EUR 7.7 million, primarily driven by demand for platform screen doors and additional equipment ordered for two large-scale projects. The Components segment achieved organic growth of EUR 4.8 million, driven in particular by strong customer demand for contactors, snap-action switches, connectors and above all driver's desk components.

In the first half of 2019, 34.8% (January to June 2018: 34.7%) of overall revenue was generated with customers within Germany. A further 47.8% (January to June 2018: 46.5%) of revenue was recorded with customers in other European countries and 17.4% (January to June 2018: 18.8%) with the rest of the world.

EARNINGS

At EUR 8.5 million, EBIT for the Schaltbau Group was EUR 0.9 million down year-on-year. Excluding non-operating one-time effects, EBIT before exceptional items amounted to EUR 15.6 million, giving rise to an EBIT margin of 6.0% before exceptional items. Again in 2019, expenses incurred in the course of implementing the restructuring plan, such as consulting services and the pending call on bank and Group guarantees, put significant downward pressure on earnings. However, gains on the deconsolidation of Alte and Sepsa as well as earnings impacts arising on the classification under IFRS 5 had a positive effect on EBIT.

EBIT before exceptional items and excluding Sepsa, Alte, and Pintsch Bubenzer GmbH, relevant for the Schaltbau Group's outlook for the year, totalled EUR 16.5 million for the period ended 30 June 2019 and therefore reflects an improvement of EUR 7.1 million year-on-year.

The Schaltbau Group's total output fell by 0.9% to EUR 260.9 million, whereas cost of materials dropped by 4.1% to EUR 134.7 million. Excluding exceptional items, total output rose by EUR 4.4 million or 1.7% compared with the first six months of the previous year. The main reason for the lower cost of materials was the deconsolidation of Sepsa and Alte that took place in May 2019. Adjusted for the two deconsolidated companies and Pintsch Bubenzer GmbH, which was sold the previous year, cost of materials rose by EUR 4.7 million to EUR 123.7 million on the back of higher total output. In the first half of the year, the cost of materials ratio (cost of materials as a percentage of total output) stood at 51.6%, slightly below the previous year's level of 53.4%. The improvement was due to changes in the segment mix, savings on material costs and exceptionally high costs of material at Alte.

Personnel expense for the six-month period decreased by EUR 0.7 million from EUR 90.3 million to EUR 89.6 million. Excluding Sepsa and Alte (both deconsolidated in 2019) and Pintsch Bubenzer GmbH, adjusted personnel expense rose by 6.7% or EUR 5.1 million, mainly reflecting higher collectively bargained wage and salary tariffs and revenue growth. The personnel expense ratio (expressed as a percentage of total output) for the Group for the six-month period rose from 34.3% to 34.4%.

At EUR 7.6 million, amortisation and impairment losses on intangible assets and property, plant and equipment were slightly below the figure of EUR 7.7 million recorded the previous year. The reduction in amortisation and impairment losses on intangible assets of EUR 1.7 million contrasts with a EUR 1.5 million increase in depreciation and impairment losses on property, plant and equipment, the latter mainly due to depreciation on value-in-use amounts recognised for the first time with effect from 1 January 2019 in accordance with IFRS.

At EUR 32.7 million, other operating expenses were up by EUR 1.6 million year-on-year (2018: EUR 31.1 million). The increase in other operating expenses was attributable to the expense of allocations to provisions. Other operating expenses compare with other operating income totalling EUR 12.3 million (30 June 2018: EUR 16.2 million). The year-on-year reduction was mainly attributable to income recorded in the previous fiscal year in the Stationary Transportation Technology segment in connection with the reversal of the provision for pending losses on onerous contracts for the PSD (Platform Screen Doors) project in Brazil.

Profit before tax (EBT) for the six-month period fell from EUR 6.8 million to EUR 5.7 million. The reported improvement in EBIT was due to the result from investments, which rose by EUR 0.8 million year-on-year. At the same time, the financial result deteriorated by EUR 0.9 million from a negative amount of EUR 2.7 million to a negative EUR 3.6 million.

Group net profit for the first half of 2019 amounted to EUR 4.6 million (January to June 2018: EUR 3.5 million). The profit attributable to the shareholders of Schaltbau Holding AG totalled EUR 2.5 million (January to June 2018: EUR 1.6 million), equivalent to earnings per share of EUR 0.29 (diluted and undiluted – January to June 2018: EUR 0.20).

BUSINESS AND EARNINGS PERFORMANCE OF THE SEGMENTS

THE MOBILE TRANSPORTATION TECHNOLOGY SEGMENT

Key performance figures for the Mobile Transportation Technology segment

In EUR million	1st half-year 2019	1st half-year 2018	Δ absolute
Order intake	170.2	170.5	-0.3
Revenue	146.2	146.9	-0.7
EBIT	-0.4	-0.7	0.3
EBIT before exceptional items	5.6	-0.7	6.3

Order intake for the Mobile Transportation Technology segment (Bode Group, Sepsa Group, Alte and Schaltbau Refurbishment) was practically identical with that of the previous year. At EUR 170.2 million, order intake continues to be at an exceptionally high level. Excluding Sepsa and Alte, order intake for the segment rose by EUR 7.4 million or 4.7%. The primary reason for the increase was high demand for door systems and interiors manufactured by the Bode Group at its sites in Europe and North America, which were again awarded a number of new large-scale orders and options during the first six months of 2019. The adjusted book-to-bill ratio (adjusted order intake in relation to adjusted revenue) stood at a high 1.25 in the period under report.

Adjusted for exceptional items, segment revenue climbed by EUR 5.8 million or 3.9%, mainly on the back of strong year-on-year growth reported by the Bode Group, where order volumes of both door systems for rolling stock and interiors were higher than in the previous year.

The adjusted EBIT margin for the Mobile Transportation Technology segment came in at a positive 3.7% for the six-month period (January to June 2018: negative 0.4%). In addition to revenue growth (adjusted basis), the improved margin was the result of a considerably better product mix at Bode UK, higher productivity, and price rises achieved at Alte through renewed negotiations.

THE STATIONARY TRANSPORTATION TECHNOLOGY SEGMENT

Key performance figures for the Stationary Transportation Technology segment

In EUR million	1st half-year 2019	1st half-year 2018	Δ absolute
Order intake	30.8	53.3	-22.5
Revenue	29.5	30.0	-0.5
EBIT	2.4	-0.1	2.5
EBIT before exceptional items	2.4	-5.1	7.5

Adjusted for Pintsch Bubenzer GmbH, which was sold in 2018, the Stationary Transportation Technology segment reported a decrease of EUR 12.6 million in order intake compared with the first six months of 2018. The lower figure is a result of the "Munich train formation system" project awarded in the previous year (conveyor technology) with a volume of over EUR 9.0 million and a corresponding weaker order intake in the same field during the current year.

Revenue totalled € 29.5 million during the period under report and was therefore above the previous year's figure when adjusted for Pintsch Bubenzer revenue amounting to € 7.7 million. The main driving force in this case was revenue from the sale of platform screen doors and additional equipment ordered for two large-scale projects. Furthermore, the final approval of a major project, and therefore the recognition of revenue, was postponed from the originally scheduled date in December 2018 to January 2019.

Segment EBIT in the first half of the year was impacted by the billing of completed railway stations relating to the Platform Screen Doors project in Brazil and other completed projects as well as subsequent deliveries for level crossing systems. A raft of cost-cutting measures also contributed towards the improved EBIT performance. The EBIT margin came in at 8.0% (January to June 2018: negative 0.4%).

THE COMPONENTS SEGMENT

Key performance figures for the Components segment

In EUR million	1st half-year 2019	1st half-year 2018	Δ absolute
Order intake	88.5	77.9	10.6
Revenue	79.3	74.5	4.8
EBIT	14.3	15.8	-1.5
EBIT before exceptional items	14.3	15.8	-1.5

The order situation in the Components segment developed positively during the first half of 2019 and continued to improve on the already high level recorded one year earlier. Order intake rose by 13.5% to EUR 88.5 million (January to June 2018: EUR 77.9 million), mainly driven by higher order volumes for connectors and growth in demand for the contactors used in railway applications, alternative sources of energy and storage systems. Moreover, business with driver's desk solutions and their related components grew particularly well. In China, the government's Blue Sky programme generated further orders, which had a positive impact on business with components for locomotives as well as contactors. The order situation also developed positively for the Components segment in its key market in Italy on the back of orders awarded by Hitachi Rail Italy for the Caravaggio project.

Six-month segment revenue rose by 6.5% to EUR 79.3 million (January to June 2018: EUR 74.5 million). Practically all of the segment's product groups recorded growth, driven above all by Schaltbau GmbH, XIAN and SPII.

EBIT for the Components segment decreased by 9.8% to EUR 14.3 million (January to June 2018: EUR 15.8 million). The lower figure was primarily attributable to higher personnel expense for the increased number of employees required to ensure planned revenue growth in new business fields going forward. The EBIT margin dropped to 17.9% during the period under report (January to June 2018: 21.1%).

NET ASSETS AND FINANCIAL POSITION

Key balance sheet figures for the Schaltbau Group

In EUR million	**30.06.2019**	**31.12.2018**	**Δ absolute**
Non-current liabilities	72.4	63.5	8.9
Current liabilities	243.6	239.5	4.1
Financial liabilities	142.9	121.5	21.4
Group equity	93.3	93.8	-0.5

DEBT CAPITAL

At 30 June 2019, external financing was based on a secured Syndicated Credit Agreement with a volume of EUR 100 million and two promissory notes placed in 2015 with a total volume of EUR 70 million and terms of originally seven and ten years. In 2017, the promissory note creditors were granted an option to terminate the promissory note agreement with six months' notice to the end of 2019. Creditors exercised this termination option for a volume totalling EUR 56.5 million.

The Syndicated Credit Agreement is due to expire at the end of 2019. Drawdowns thereon are recognised as short-term liabilities. In an agreement dated 15 December 2017, the syndicate banks waived the extraordinary termination right to which they were entitled in the event of non-compliance with financial covenants. In this context, interest rates were adjusted and the financial covenants (originally based on debt and equity capital ratios) were replaced by other requirements. In accordance with the currently valid Syndicated Credit Agreement, there is now a requirement to comply with planned liquidity levels as well as specified ranges for EBITDA. Moreover, key milestones in the restructuring plan must be implemented in line with an agreed schedule. In the event of significantly adverse deviations from the restructuring plan, the syndicate banks have an extraordinary termination right. Furthermore, certain measures require the approval of the creditors.

On 17 June 2019, the Schaltbau Group agreed terms for new syndicated financing arrangements amounting to EUR 103 million. Schaltbau and a syndicate of six banks under the joint lead management of Commerzbank AG and UniCredit Bank AG signed an agreement to that effect. The financing runs for a term of three years with two extension options of one year in each case. In future, dividend payments will only be permitted if certain equity ratios and a defined leverage ratio (ratio of net debt to adjusted EBITDA) are met.

The new financing arrangements constitute the main component of the Schaltbau Group's comprehensive refinancing strategy. Group financing will be supplemented by a receivables securitisation programme with a volume of up to EUR 35.0 million. Taking into account the continued promissory note loans, which will remain available for three and five years respectively, the total financing will amount to approximately EUR 150 million. Together with the funds from the share capital increase implemented in 2018, the Schaltbau Group is now also financially well positioned to meet the challenges of the future.

The conditions for the disbursement of funds under the Syndicated Credit Agreement have not yet been met in full. The agreement is subject to conditions precedent that a management consulting firm confirms completion of the restructuring plan. Furthermore, the receivables securitisation programme must be implemented and the purchasing volume specifically defined.

The exact amounts of the syndicated financing arrangements could still change.

EQUITY

Equity decreased by EUR 0.5 million to EUR 93.3 million compared to the figure recorded at the end of 2018. The change in equity was mainly attributable to the Group net profit recorded for the first six months of the fiscal year and to pension provision measurement effects recognised directly in equity. Due to a higher balance sheet total, the equity ratio stood at 22.8%, below the target range of 30% to 35% (31 December 2018: 23.7%).

INTRA-GROUP FINANCING AND TREASURY

The Schaltbau Group raises the majority of the funds it requires via the Group's ultimate parent company, which is listed on the stock exchange, and allocates them on the basis of intra-group financing arrangements. In the fiscal year 2018, the Schaltbau Group implemented an integrated cross-company treasury management system. In order to minimise external financing, the Schaltbau Group uses internal sources of financing to the greatest extent possible. Whenever it makes sense, cash flow surpluses from individual entities are used to cover liquidity requirements at the level of other subsidiaries and participations.

ANALYSIS OF CAPITAL STRUCTURE

Non-current liabilities stood at EUR 72.4 million at the end of the reporting period (31 December 2018: EUR 63.5 million). The increase was almost completely due to the first-time application of IFRS 16, which requires lease liabilities to be recognised in the balance sheet. At 30 June 2019, non-current liabilities comprised non-current financial liabilities (EUR 19.2 million) and pension provisions (EUR 39.3 million) as well as personnel-related and other provisions (EUR 6.8 million).

Current financial liabilities amounted to € 243.6 million at 30 June 2018, compared to € 239.5 million at 31 December 2018. Based on an agreement reached with the banks in December 2018, both the currently valid syndicated credit totalling EUR 100.0 million and the promissory note due on 31 December 2019 were classified as current financial liabilities. The change in current liabilities compared with 31 December 2018 mainly results from the use of current financial liabilities to maintain ongoing operations, the recognition of a provision for the pending call on bank and Group guarantees in connection with the liquidation of Sepsa and – alongside the increase in non-current financial liabilities – from the first-time application of IFRS 16. At 30 June 2019, EUR 123.7 million of current liabilities recognised in the balance sheet related to current financial liabilities, EUR 37.9 million to trade accounts payable and EUR 44.6 million to personnel-related and other provisions.

At 30 June 2019, net financial liabilities (current and non-current financial liabilities less cash funds, excluding guarantee commitments) amounted to EUR 129.7 million (31 December 2018: EUR 100.4 million). The Schaltbau Group continues to target reductions in net financial liabilities, both in absolute terms and, particularly, in relation to EBITDA for the year, to a debt ratio of less than three.

LIQUIDITY ANALYSIS

Cash outflows from operating activities totalled a negative amount of EUR 8.8 million for the first six months of 2019, an improvement of EUR 17.9 million on the first six months of the previous year.

Although at EUR 8.5 million EBIT was EUR 0.9 million lower than one year earlier (January to June 2018: EUR 9.4 million), the reduced cash outflows from operating activities were mainly related to working capital, which was driven by an increase in inventories and trade accounts receivable. The increase in inventories was primarily due to a build-up of buffer inventories for revenue to be generated in the second half of 2019, project delays and a general lengthening of inventory replenishment times. The increase in trade accounts receivable reflects higher business volumes compared to the first half of 2018. The rise in current provisions, partly due to the pending call on bank and Group guarantees for Sepsa (currently in liquidation) as well as outstanding supplier invoices, had a positive impact on cash flows from operating activities.

Schaltbau recorded cash outflows from investing activities amounting to € 6.7 million for the first half of 2019 (January to June 2018: outflow of € 37.2 million). The net outflow for the six-month period ended 30 June 2019 was almost completely attributable to investments made in intangible assets and property, plant and equipment. The lower net outflow compared to the previous year mainly reflects the impact of cash funds received in connection with the sale of the Pintsch Bubenzer Group on 1 March 2018 and the end of restrictions on the availability of EUR 15.6 million of cash funds previously held on an escrow account, which became fully available again following the repayment of bridge financing in February 2018.

At 30 June 2019, free cash outflow was a negative amount of EUR 15.8 million, compared with a positive EUR 11.5 million one year earlier.

The change in cash flows from financing activities from a net outflow of EUR 24.3 million in 2018 to a net inflow of EUR 6.5 million in the first half of 2019 was mainly due to distributions to minority interests and payments received from the use of current account lines under the terms of the existing Syndicated Credit Agreement.

Cash funds reported in the consolidated cash flow statement at 30 June 2019 totalling EUR 13.2 million (2018: EUR 12.8 million) comprised cash and cash equivalents.

NET ASSETS

Compared with the end of 2018, non-current assets increased by EUR 12.4 million from EUR 142.7 million to EUR 155.1 million, primarily due to the first-time application of IFRS 16 and the related recognition of right-of-use lease assets with effect from 1 January 2019 amounting to EUR 14.8 million.

Of this amount, EUR 49.6 million related to intangible assets (31 December 2018: EUR 51.1 million) and EUR 87.1 million to property, plant and equipment (including investment property) (31 December 2018: EUR 75.6 million).

The slight reduction of EUR 1.5 million in intangible assets from EUR 51.1 million to EUR 49.6 million was mainly attributable to scheduled amortisation. No impairment losses were recorded in the first half of 2019.

The increase in property, plant and equipment mainly reflected the first-time recognition of lease assets in the balance sheet in accordance with IFRS 16.

At EUR 254.2 million, current assets were practically identical to those recorded on 31 December 2018. Whereas inventories increased by EUR 6.7 million, trade receivables by EUR 12.9 million and other assets and receivables by EUR 6.6 million, cash and cash equivalents decreased by EUR 7.9 million and assets held for sale by EUR 18.9 million.

Due to a build-up of buffer inventories for revenue to be generated in the second half of 2019, project delays and a general lengthening of inventory replenishment times, the Bode Group was the main reason for the increase in inventories. The rise in trade accounts receivable reflected higher business volumes and revenue recorded in 2019. The increase in other assets and receivables mainly related to business interruption and property damage insurance claims submitted to the insurance company, approved but not yet received by 30 June 2019, following flooding at Gebr. Bode GmbH & Co. KG's Kassel location as well as deferred expenses relating to the finalisation of the new Syndicated Credit Agreement in June 2019. The change in assets held for sale was attributable to the deconsolidation of Sepsa with effect from 7 May 2019 and the corresponding complete disposal of all assets and liabilities.

Cash and cash equivalents went down by EUR 7.9 million to EUR 13.2 million, primarily due to the use of cash funds in the ordinary course of business and to the derecognition of cash and cash equivalents in conjunction with the deconsolidation of Alte and Sepsa.

Write-downs on inventories totalled EUR 15.0 million at the end of the reporting period (31 December 2018: EUR 19.5 million).

The higher volume of inventories and trade accounts receivable, accompanied by a decrease in trade accounts payable, led to a 21.3% increase in working capital to EUR 169.0 million compared to the end of the previous fiscal year. Compared to 30 June 2018, the figure represents an increase of EUR 8.5 million or 5.3%.

EMPLOYEES

Well-trained, highly motivated employees continue to be the key basis for the economic success of the Schaltbau Group. At 30 June 2019, the Group employed a workforce of 2,752 people worldwide (31 December 2018: 3,157 employees). An average of 2,836 people were employed by the Schaltbau Group during the first half of 2019 (January to June 2018: 3,034). The lower figure relates primarily to the sale/deconsolidation of Alte and Sepsa, offset in part by volume-related expansion in the Mobile Transportation Technology and Components segments. Out of a total of 2,752 employees, 1,467 worked in the Mobile Transportation Technology segment (31 December 2018: 1,873), 911 in the Components segment (31 December 2018: 893) and 348 in the Stationary Transportation Technology segment (31 December 2018: 362).

OUTLOOK

For the fiscal year 2019, the Schaltbau Group – excluding Sepsa and Alte – is targeting revenue of between EUR 480.0 million and EUR 500.0 million. Adjusted for these two companies, Group order intake is also expected to be in the range of EUR 480.0 million to EUR 500.0 million.

In the Mobile Transportation Technology segment, further revenue growth is being targeted for 2019, which is largely secured by the existing order book. Adjusted for the Sepsa Group and Alte, revenue growth is forecast to be in the high single-digit percentage range. Schaltbau Refurbishment GmbH will also contribute to the improvement, albeit with a low level of revenue.

The Executive Board also predicts that the Stationary Transportation Technology segment will grow in 2019, partially on the back of higher order volumes in the field of signal technology.

The Components segment expects the favourable order situation to continue in 2019, above all due to greater demand coming from the "Electrics for rolling stock", "New Energy" and "Industry" market sectors.

Based on the improved order situation, the Schaltbau Group is targeting a higher level of earnings and expects EBIT (before exceptional items and excluding Sepsa and Alte) in the range of 5-6% of adjusted revenue. This forecast mainly reflects the higher level of adjusted revenue and the fact that negative earnings contributions from Alte will no longer be included. Moreover, higher productivity is expected as a result of measures introduced and largely implemented in 2018.

The assertions made in the Annual Report 2018 regarding expected business performance continue to be valid in all material respects.

OPPORTUNITY AND RISK REPORT

The Schaltbau Group operates an IT-supported risk management system. Risks at Group level are now always recorded quantitatively with regard to their probability of occurrence and possible impact. As before, corporate risks relating to fully consolidated companies and major participations are initially identified and measured on a decentralised basis. In a second stage, the risks are then assessed at the level of the holding company. Risks with a potential to cause damage in excess of kEUR 500 are uniformly quantified as significant risks for the Group and presented separately.

As in the past, opportunities and risks within the Schaltbau Group are continually recorded, evaluated, analysed and then collectively updated and reported at the end of each quarter.

At 30 June 2019, the following material changes occurred compared with the opportunities and risks reported in the Group Management Report for the fiscal year 2018.

The overall assessment of the risk situation of the Schaltbau Group at 31 December 2018 showed that the overall risk situation had improved as a result of the measures carried out in 2018, i.e. the share capital increase and the sale of Pintsch Bubenzer GmbH, but that risks with a potential negative impact on the Group's future development remained, in view of the expiry of the Syndicated Credit Agreement on 31 December 2019. At the time the consolidated financial statements for the year ended 31 December 2018 were signed off, options for reducing risks to the Group's future development were presented in the Group Management Report. These included in particular the negotiations already begun with the lending banks and the current status of refinancing, based on the assumption that support was highly probable.

On 17 June 2019, the Schaltbau Group agreed terms for new syndicated financing arrangements amounting to EUR 103 million and signed a Syndicated Credit Agreement to that effect. Under its terms, interest rates for the utilisation of liquidity will depend on a defined leverage with effect from 1 January 2020. Margins of between 1.0% p.a. (minimum) and 3.1% p.a. (maximum) have been agreed. However, the interest rate remains fixed at 3.6% p.a. until 31 December 2019. Financial covenants stipulate that the equity ratio may not fall below 20% (up to 31 December 2020) or 25% (from 1 January 2021) and that the defined leverage may not exceed 3.5 (up to 31 March 2021) or 3.0 (from 1 April 2021). The new syndicated financing arrangements are currently subject to conditions precedent that a confirmation is received from a management consulting firm that restructuring has been definitively completed and that the receivables securitisation programme has been definitively implemented.

The required final confirmation regarding the completion of the restructuring plan by a management consulting firm commissioned for the purpose is currently being drawn up and the Executive Board expects it to be ready for signing within a short time.

Ongoing negotiations with Commerzbank AG, Frankfurt am Main, regarding the completion of a receivables securitisation programme are also in the process of being finalised. It is currently being examined to what extent the volume of receivables can be increased by adjusting parameters to ensure that the requirements relating to the newly agreed syndicated financing arrangements can definitely be met.

Based on the current status of negotiations with Commerzbank AG, the Executive Board of Schaltbau Holding AG considers it highly likely that the receivables securitisation programme will be finalised within a short time and that the newly agreed Syndicated Credit Agreement can come into force. Therefore, to summarise, as at 30 June 2019 there were no more factors that could impair the further development of the Group.

Due to the assumption that the new Syndicated Credit Agreement will come into force and that the Group's business operations will continue beyond 2019, there will also be material changes in the assessment of individual risks compared with those reported in the Group Management Report as at 31 December 2018:

The financial risks are directly related to the financing by means of a Syndicated Credit Agreement, the two promissory notes issued, and the receivables securitisation programme. In the 2018 Group Management Report the financial risks were classified as medium to high. Assuming the receivables securitisation programme comes into force and the newly concluded Syndicated Credit Agreement continues beyond 2019, the Group will have sufficient liquidity at its disposal for at least the next three fiscal years. Consequently, the Executive Board of Schaltbau Holding AG currently assesses the financial risks as low to medium.

Based on the highly probable receipt of a definitive confirmation that restructuring has been completed, the Executive Board has also reassessed the risks relating to restructuring. Compared to its classification as high at the end of 2018, the Executive Board currently assesses this risk as low to medium. The majority of the restructuring measures adopted in previous years have meanwhile been successfully implemented. The further measures currently still in the process of implementation will also be consistently pursued in order to bring them to a successful conclusion.

Munich, 29 July 2019

Schaltbau Holding AG

The Executive Board

Dr. Albrecht Köhler (Spokesman)	Thomas Dippold	Volker Kregelin

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for H1 2019

CONSOLIDATED BALANCE SHEET

ASSETS

In kEUR		Notes	30.6.2019	31.12.2018
A.	NON-CURRENT ASSETS			
I.	Intangible assets		49,643	51,101
II.	Property, plant and equipment		83,090	75,581
III.	Investment property*		3,963	0
IV.	At-equity accounted investments		3,439	3,152
V.	Other investments		3,184	3,202
VI.	Deferred tax assets		11,791	9,643
			155,110	**142,679**
B.	CURRENT ASSETS			
I.	Inventories	(6)	114,782	108,093
II.	Trade accounts receivable	(7)	106,203	93,303
III.	Current income tax assets	(7)	667	672
IV.	Other receivables and assets	(7)	18,066	11,462
V.	Contract assets (current)		1,311	537
VI.	Cash and cash equivalents	(8)	13,190	21,114
VII.	Assets held for sale	(9)	0	18,920
			254,219	**254,101**
Total assets			**409,329**	**396,780**

* First-time application of IAS 40 due to the deconsolidation of the Sepsa Group (see section "PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES"). Alte and the Sepsa Group (Albatros S.L.U., Madrid, Spain and its subsidiaries) are not included in the consolidated balance sheet as at 30 June 2019. In order to ensure comparability, please refer to the disclosures provided in the "Explanatory notes to the consolidated balance sheet".

EQUITY AND LIABILITIES

In kEUR		Notes	30.6.2019	31.12.2018
A.	EQUITY	(10)		
I.	Subscribed capital		10,800	10,800
II.	Capital reserves		11,534	11,534
III.	Statutory reserves		231	231
IV.	Revenue reserves		39,577	58,235
V.	Currency translation reserve		-2,477	-2,632
VI.	Revaluation reserve		2,975	2,975
VII.	Group net profit/loss attributable to shareholders of Schaltbau Holding AG		2,546	-16,519
VIII.	attributable to shareholders of Schaltbau Holding AG		65,186	64,624
IX.	Minority interests		28,161	29,225
			93,347	**93,849**
B.	NON-CURRENT LIABILITIES			
I.	Pension provision		39,314	36,792
II.	Personnel-related provisions	(11)	4,208	4,220
III.	Other provisions	(11)	2,552	3,098
IV.	Financial liabilities	(12)	19,247	12,124
V.	Non-current contract liabilities	(12)	161	159
VI.	Other liabilities	(12)	4,780	4,686
VII.	Deferred tax liabilities		2,131	2,386
			72,393	**63,465**
C.	CURRENT LIABILITIES			
I.	Personnel-related provisions	(11)	7,984	8,893
II.	Other provisions	(11)	36,648	21,630
III.	Income taxes payable	(12)	552	682
IV.	Financial liabilities	(12)	123,660	109,388
V.	Trade accounts payable	(12)	37,856	47,435
VI.	Current contract liabilities	(12)	14,125	14,589
VII.	Other liabilities	(12)	22,764	18,123
VIII.	Liabilities relating to assets held for sale	(9)	0	18,726
			243,589	**239,466**
Total equity and liabilities			**409,329**	**396,780**

CONSOLIDATED INCOME STATEMENT

In kEUR		Notes	1.1-30.6.2019	1.1-30.6.2018
1.	Revenue	(1)	255,006	251,517
2.	Change in inventories of finished and unfinished goods		4,783	11,010
3.	Own work capitalised		1,087	597
4.	**Total output**		**260,876**	**263,124**
5.	Other operating income		12,313	16,288
6.	Cost of materials		-134,653	-140,472
7.	Personnel expense	(2)	-89,620	-90,303
8.	Depreciation and amortisation		-7,621	-7,745
9.	Other operating expenses		-32,712	-31,139
10.	Impairment losses		-56	-320
11.	**Operating profit (EBIT)**		**8,527**	**9,433**
	a) Result from at-equity accounted investments		545	9
	b) Other investment result		230	2
12.	Results from investments	(3)	775	11
	a) Interest income		113	1,206
	b) Interest expense		-3,717	-3,890
	c) Other financial result		-13	0
13.	Financial result	(4)	-3,617	-2,684
14.	**Profit before tax**		**5,685**	**6,760**
15.	Income taxes	(5)	-1,065	-3,270
16.	**Group net profit for the period**		**4,620**	**3,490**
	Analysis of group net profit			
	attributable to minority shareholders		2,074	1,852
	attributable to shareholders of Schaltbau Holding AG		2,546	1,637
	Group net profit for the period		**4,620**	**3,490**
	Earnings per share – undiluted		**€ 0.29**	**€ 0.20**
	Earnings per share – diluted		**€ 0.29**	**€ 0.20**

The consolidated income statement for the period from 1 January to 30 June 2018 includes two months of Pintsch Bubenzer Group figures on a proportionate basis. The Pintsch Bubenzer Group is not included in the reporting period from 1 January to 30 June 2019 following its deconsolidation in March 2018. The Sepsa Group and Alte are fully included in the income statement for the period from 1 January to 30 June 2018. In the fiscal year 2019, the Sepsa Group is included for the period from 1 January 2019 to 7 May 2019 and Alte for the period from 1 January 2019 to 29 May 2019. In order to ensure comparability, the relevant income statements of the two companies are shown separately in the section "Explanatory notes to the consolidated income statement".

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In kEUR	1.1-30.6.2019	1.1-30.6.2018
Group net profit for the period	**4,620**	**3,490**
Items which will not subsequently be reclassified to profit or loss		
Actuarial gains/losses relating to pensions	-2,822	490
Tax effect	680	34
	-2,143	524
Items which were or may subsequently be reclassified to profit or loss		
Unrealised losses arising on currency translations		
— from fully consolidated companies	521	-519
— from at-equity accounted companies	-258	-408
Derivative financial instruments		
— Change in unrealised gains (+) / losses (-)	0	-10
— Realised gains (-) / losses (+)	140	119
Tax effect	-42	-33
	361	-851
Other comprehensive income after tax	**-1,782**	**-327**
Consolidated total comprehensive income	**2,839**	**3,163**
— attributable to minority shareholders	2,183	1,816
— attributable to shareholders of Schaltbau Holding AG	656	1,347

CONSOLIDATED CASH FLOW STATEMENT

In kEUR	1.1-30.6.2019	1.1-30.6.2018
Operating profit (EBIT)	**8,527**	**9,433**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	7,604	7,745
Gains/losses on the disposal of intangible assets and property, plant and equipment	247	113
Change in current assets	-37,281	-41,911
Change in provisions	14,358	-7,757
Change in liabilities	999	7,891
Income tax paid	-2,294	-1,244
Other non-cash income/expenses	-914	-973
Cash flows from operating activities	**-8,754**	**-26,703**
Payments for investments in		
— Intangible assets and property, plant and equipment	-5,108	-4,507
— Investments	-74	-2,312
Proceeds from/disbursements for disposals of		
— Property, plant and equipment	61	52
— Cash deposits	0	15,550
— - Business units	-1,544	28,412
Cash flows from investing activities	**-6,665**	**37,195**
Share capital increase	0	46,497
Distribution to minority interests	-3,238	-3,267
Loan repayments	-5,231	-68,780
Payments for investments in minority interests	-7	0
Repayment of lease liabilities [1]	-292	0
Loans raised	1,400	2,100
Interest paid	-1,546	-2,526
Interest received	101	330
Change in other financial liabilities	15,303	1,310
Cash flows from financing activities	**6,490**	**-24,336**
Change in cash funds due to exchange rate fluctuations	295	259
Change in cash funds	**-8,634**	**-13,585**
Cash funds at the end of the period	13,190	12,779
Cash funds at the beginning of the period[2]	21,824	26,364
	-8,634	**-13,585**

1 Line item introduced in conjunction with the first-time application of IFRS 16. Figures for the comparative period have not been adjusted.

2 The difference to the line item "Cash funds" at 31 December 2018 is attributable to the cash funds of the Sepsa Group at the beginning of 2019 accounted for in accordance with IFRS 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In kEUR	Equity attributable to the shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves		Revaluation reserve
				Other	Cash flow hedges	
Balance at 1.1.2018	**8,064**	**31,105**	**231**	**47,164**	**-274**	**3,041**
Profit/deficit brought forward	0	0	0	-51,742	0	0
Dividends	0	0	0	0	0	0
Share capital increase	2,736	44,612	0	0	0	0
Other changes	0	0	0	2,172	0	-66*
Group net profit/loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	524	76	0
Consolidated total comprehensive income	0	0	0	0	76	0
Balance at 30.06.2018	**10,800**	**75,717**	**231**	**-1,882**	**-198**	**2,975**
Balance at 1.1.2019	**10,800**	**11,534**	**231**	**58,332**	**-97**	**2,975**
Profit/deficit brought forward	0	0	0	-16,519	0	0
Dividends	0	0	0	0	0	0
Share capital increase	0	0	0	0	0	0
Other changes	0	0	0	-95	0	0
Group net profit/loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-2,142	97	0
Consolidated total comprehensive income	0	0	0	-2,142	97	0
Balance at 30.6.2019	**10,800**	**11,534**	**231**	**39,577**	**0**	**2,975**

* Change resulting from deconsolidation of Pintsch Bubenzer GmbH

				Minority interests in equity			Group equity
Currency translation reserve		Net profit/loss for year	Total	In capital and reserves	Net profit/loss for the period	Total	
Relating to fully consolidated entities	At-equity accounted investments						
1,255	**-1,906**	**-51,742**	**36,938**	**29,089**	**2,175**	**31,264**	**68,202**
0	0	51,742	0	2,175	-2,175	0	0
0	0	0	0	-3,267	0	-3,267	-3,267
0	0	0	47,348	0	0	0	47,348
0	0	0	2,106	-1,603	41	-1,562	544
0	0	1,637	1,637	0	1,852	1,852	3,489
-483	-407	0	-290	-36	0	-36	-326
-483	-407	1,637	1,347	-36	1,852	1,816	3,163
772	**-2,313**	**1,637**	**87,739**	**26,358**	**1,893**	**28,251**	**115,990**
88	**-2,720**	**-16,519**	**64,624**	**26,800**	**2,425**	**29,225**	**93,849**
0	0	16,519	0	0	0	0	0
0	0	0	0	-3,238	0	-3,238	-3,238
0	0	0	0	0	0	0	0
0	1	0	-93	-9	1	-8	-101
0	0	2,546	2,546	0	2,074	2,074	4,620
412	-258	0	-1,891	109	0	109	-1,782
412	-258	2,546	655	109	2,074	2,183	2,839
500	**-2,977**	**2,546**	**65,186**	**23,661**	**4,500**	**28,161**	**93,347**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

DESCRIPTION OF BUSINESS

Schaltbau Holding AG is a stock market-listed corporation, based in Munich, Germany. It is the ultimate parent company of the Schaltbau Group, which supplies components and systems for the transportation technology sector. During the fiscal year 2019, Schaltbau Group entities supplied complete level crossing systems, shunting and signals technology, door and boarding systems for buses, trains and commercial vehicles and sanitary systems and interiors for trains as well as high- and low-voltage components for rolling stock and other applications. Its innovative and future-oriented products make Schaltbau a key business partner for industry, particularly in the transportation technology sector.

PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The financial statements of Schaltbau Holding AG, Munich, as at 30 June 2019 have 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 interim reporting period is six months. With the exception of the mandatory first-time application of the new IFRS standards referred to below, the accounting policies applied in the consolidated financial statements as at 31 December 2018 remain unchanged. The Group’s accounting policies can be viewed on the website at www.schaltbaugroup.de.

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

Application of IAS 40 Investment property

Investment property is measured on initial recognition at its cost. Subsequent measurement is based on the cost model. Depreciation is recognised on a straight-line basis over the economic life of the asset. Within the framework of subsequent measurement using the cost model, an impairment test is required if there are any external or internal sources of information that indicate that an investment property may be impaired at the reporting date. An impairment loss is recognised if the recoverable amount of the investment property is lower than its carrying amount.

Following the deconsolidation of the Sepsa Group (Albatros S.L.U., Madrid, Spain, and its subsidiaries) in the first half of the fiscal year 2019, property (land and buildings) located in Pinto, Spain, which had previously been rented out on an intragroup basis, falls under the scope of IAS 40 with effect from May, given that the lease arrangements are no longer eliminated on consolidation. The property continues to be rented out to Albatros S.L.U., Madrid, Spain, at unchanged terms and conditions. Rental income arising in connection with the investment property for the period from May to June 2019 is reported in other operating income and amounted to kEUR 22.

Changes due to the first-time application of IFRS 16

As a result of the first-time application of IFRS 16, the Group has recognised lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are measured at the net present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as at 1 January 2019. The lessee's weighted average incremental borrowing rate applied to lease liabilities as at 1 January 2019, was 4.46%. The discount rate used was based on yields of EUR-denominated reference bonds of non-financial companies with comparable credit ratings. Yields for specific maturities were determined using a classical linear regression analysis model.

In the case of leases previously classified as finance leases, the previous carrying amounts of leased assets and lease liabilities pursuant to IAS 17 immediately before first-time adoption of IFRS 16 were recognised as the initial carrying amounts of right-of-use assets and lease liabilities pursuant to IFRS 16. The measurement principles stipulated by IFRS 16 were only applied after this step. Application of the materiality principle meant that no valuation adjustments were required.

In kEUR	Total Group	Alte*, Sepsa**	Group excluding Alte* and Sepsa**
Operating lease liabilities reported at 31 December 2018	18,686	2,775	15,911
Discounting In accordance with IFRS 16	-2,198	-344	-1,854
+ Lease liability at 31 December 2018 in accordance with IAS 17	329	0	329
- Short-term leases recognised as an expense on a straight-line basis	-1,475	-38	-1,437
- Leases of low-value assets recognised as an expense on a straight-line basis	-556	-6	-560
+/- Other	3	22	-9
Lease liabilities at 1 January 2019 (carrying amount)	**-14,788**	**-2,409**	**-12,380**

* Alte Technologies S.L.U.
** Sepsa Group (Albatros S.L.U., Madrid, Spain, and its subsidiaries)

The related right-of-use assets were recognised at the amount of the corresponding lease liabilities. No onerous leases were in place at the date of the first-time application of IFRS 16. Accordingly, there was no requirement to recognise any impairment losses on right-of-use assets in this respect.

As permitted by IFRS 16.47, right-of-use assets and lease liabilities are presented separately in the notes rather than on the face of the balance sheet. Right-of-use assets are included in the balance sheet line item “Property, plant and equipment” and relate to the following asset classes:

In kEUR **Total Group**	**1.1.2019**	**Change in group reporting entity***	**30.6.2019**
Land and buildings	13,017	-2,213	10,734
Plant and machinery	119	0	119
Operational and office equipment	1,652	0	1,526
- thereof relating to Sepsa (accounted for in accordance with IFRS 5)	126	-126	
Total right-of-use assets	14,788	-2,339	12,379

* Alte was put up for sale in February 2019 and was accounted for in accordance with IFRS 5 with effect from February. Alte Technologies S.L.U. was sold in May 2019, as a result of which the right-of- use assets were derecognised in conjunction with the change in the group reporting entity. In addition, Sepsa was deconsolidated in May 2019.

The change in accounting policy impacted the following balance sheet line items as at 1 January 2019 as follows:

Figures in kEUR as at 1.1.2019	Total Group	Alte, Sepsa	Group excluding Alte* and Sepsa**
Property, plant and equipment	14,788	2,409	12,379
Current financial liabilities*	3,318	541	2,778
Non-current financial liabilities*	11,470	1,868	9,601

* Lease liabilities are included in the balance sheet line item "Financial liabilities

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation), segment assets and segment liabilities all increased as at 30 June 2019 as a result of the change in accounting policy.

Practical expedients applied

The Group made use of the following practical expedients on the first-time application of IFRS 16:

- Application of a single discount rate to a portfolio of similarly structured leases.
- Taking over previous assessments as to whether a lease is onerous.
- Leases with a remaining term of less than 12 months at 1 January 2019 are accounted for as current leases.
- Non-consideration of initial direct costs in the measurement of values in use at the date of initial application.

For leases entered into prior to the transition date, the Group has decided to retain the previous assessment under IAS 17 and IFRIC 4, rather than reassess whether a contract is, or contains, a lease arrangement at the date of initial application.

GROUP LEASING ACTIVITIES AND THEIR ACCOUNTING TREATMENT

The Group leases/rents various office and warehouse buildings as well as equipment and vehicles. Lease/rental contracts are generally concluded for fixed periods of between three and ten years, but may include renewal options. Lease/rental terms and conditions are negotiated individually. The contracts do not contain any credit terms. The items leased may not be used as collateral for borrowings.

Up to and including 2018, leases were classified as either finance leases or operating leases. Payments made under operating leases (less any incentives received from the lessor) were recognised in profit or loss on a straight-line basis over the lease term.

With effect from 1 January 2019, leases are recognised when the leased asset is available for use by the Group, with right-of-use assets reported as "Property, plant and equipment" and the corresponding lease liabilities as "Financial liabilities”. Finance costs are recognised in the income statement over the lease term in order to give a constant periodic rate of interest on the remaining amount of the liability for each period. Right-of-use assets are amortised on a straight-line basis over the shorter of the relevant useful life and lease term.

Assets and liabilities arising from leases are initially recognised at their net present value. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives payable
- Variable lease payments that depend on an index or a rate (of interest)
- Any expected residual value payments from residual value guarantees provided by the lessee
- The exercise price of a purchase option if the lessee is reasonably certain to exercise the option
- Payments for penalties for terminating the lease, if the term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted using the implicit interest rate in the lease, if readily determinable. If not readily determinable, they are discounted using the lessee's incremental borrowing rate, i.e. the interest rate that a lessee would have to pay if it had to raise funds to acquire an asset of comparable value and terms in a comparable economic environment.

Payments for short-term leases for low-value assets are expensed on a straight-line basis. Lease arrangements with a term of up to 12 months are regarded as short-term leases. Low-value assets include IT equipment and small items of office furniture with a value of up to USD 5,000.

A number of the Group's leases for property and equipment contain renewal and termination options. Terms and conditions of this kind give the Group maximum operational flexibility with respect to leases. Renewal and termination options are taken into account in determining the lease period if it is reasonably certain that they will be exercised. Reasonable certainty is assumed to exist if the probability of exercising an option is greater than 75%.

As a practical expedience permitted by IFRS 16.15, Schaltbau has elected to account for each lease component and any associated non-lease components as a single lease component (i.e. lease and non-lease components are not separated).

USE OF ESTIMATES

For the purposes of drawing up the consolidated financial statements, it is necessary to make estimates and assumptions that 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 due to changes in the economic situation and 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:

Currency		**Closing rate**		**Average rate**
	30.6.2019	**31.12.2018**	**1.1- 30.6.2019**	**1.1- 30.6.2018**
Chinese renminbi	7.8185	7.8751	7.6670	7.7091
US dollar	1.1380	1.1450	1.1298	1.2106
British pound	0.8966	0.8945	0.8736	0.8797
Turkish lire	6.5655	6.0588	6.3542	4.9582
Polish zloty	4.2496	4.3014	4.2919	4.2206
Brazilian real	4.3511	4.4440	4.3407	4.1419

SIGNIFICANT EVENTS

ALTE TECHNOLOGIES S.L.U. (ALTE)

In February 2019, the Executive Board of Schaltbau Holding AG decided to put the Spanish subsidiary Alte Technologies S.L.U. up for sale. For this reason, Alte was accounted for as a "disposal group" in accordance with IFRS 5 from February onwards. The impairment test carried out in this context resulted in the recognition of income of kEUR 716, resulting from the reversal of previously recognised impairment losses. This income is classified as an exceptional item in accordance with the Schaltbau Group's internal definition.

With effect from 29 May 2019, Schaltbau Holding AG sold all shares in the Spanish subsidiary to the French rail supplier Barat Group SAS for a purchase price of EUR 1. Ownership was transferred with economic and legal effect from the same date. In accordance with the purchase agreement, Alte (as borrower) and Schaltbau Holding AG (as lender) have changed the timing of the repayment of a loan between the two companies amounting to kEUR 1,000. It has been agreed that kEUR 500 will be repaid 24 months and kEUR 500 36 months after the contract date. If any claims for losses are made known by the purchaser or a third party, the economic cause of which falls before 29 May 2019, Schaltbau (as seller) is obliged under the purchase agreement to assume a maximum total liability for all losses up to kEUR 1,000. In the event that Schaltbau Holding AG is required to make a payment to the buyer in accordance with the purchase agreement, this payment will be offset against the remaining amount of the loan, up to a maximum amount of kEUR 1,000.

The deconsolidation of Alte at the end of May 2019 gave rise to a deconsolidation gain of kEUR 396, which was recorded as other operating income and classified as an exceptional item in accordance with the Schaltbau Group's internal definition.

SEPSA GROUP

In November 2017, the Executive Board decided to put up for sale the Sepsa Group (Albatros S.L.U., Madrid, Spain, and its subsidiaries), which was part of the Mobile Transportation Technology segment. The plan was to sell all shares on the basis of a "share deal". Sepsa and its subsidiaries were therefore accounted for as a "disposal group" in accordance with IFRS 5 with effect from November 2017. This classification resulted in the application of different measurement methods. The purchase offer received from a potential buyer in November 2017 could not be successfully completed in spring 2018. In the final analysis, the failure to complete the transaction was mainly due to different views regarding a major project under negotiation at the time. This difference of opinion ultimately led to a termination of the sales negotiations in the fiscal year 2018. In particular for the aforementioned reason, which was attributable to events or circumstances beyond Schaltbau's control, the sale of the Sepsa Group could not take place within a period of twelve months from November 2017. As part of the M&A process, a new investor was found in summer 2018, with whom detailed negotiations were held. In light of other new enquiries received from investors, the Executive Board of Schaltbau Holding AG identified a sustained interest in the market to acquire Sepsa. For this reason, the Sepsa Group continued to be accounted for as a "disposal group" in accordance with IFRS 5 at 31 December 2018. At that date, the Executive Board remained confident – in view of the concrete nature of the major project – that the Sepsa Group, despite ongoing losses, can still be sold for EUR 1. As a consequence, the assets and liabilities of the disposal group were reported at the same amount, resulting in reversals of impairment losses on assets. The income from these reversals was reported as other operating income, despite the fact that further losses continued to arise and liabilities to increase. A total of kEUR 4,919 was recognised in the fiscal year 2018 as other operating income. This amount was not classified as an exceptional item, given that the corresponding expense from the Sepsa Group's operations was included in the consolidated income statement.

The current financial situation made it necessary to initiate liquidation proceedings and the Executive Board filed a corresponding application on 8 April 2019. On the same day, an offer was received from a strategic investor with experience in the sector to acquire Sepsa's key assets and liabilities out of liquidation. A liquidator appointed by the Spanish court took over the management of the Sepsa Group on 7 May 2019. As a result of this event, with effect from the same date, the Schaltbau Group lost control (as defined by IFRS 10) of the Sepsa Group, which was accordingly deconsolidated. The resulting deconsolidation gain of kEUR 105 was recorded in other operating income and has been classified as an exceptional item in accordance with the Schaltbau Group's internal definition.

FINANCING OF SCHALTBAU HOLDING AG

Schaltbau Holding AG is financed at the end of the reporting period via a Syndicated Credit Agreement and a promissory note loan. The Syndicated Credit Agreement with a volume of EUR 100 million expires on 31 December 2019. The shares of all of Schaltbau Holding AG's direct subsidiaries have been pledged as collateral. The amount utilised at the end of the reporting period totalled kEUR 37,055 and is reported under current financial liabilities. A new Syndicated Credit Agreement for EUR 103 million was signed on 17 June 2019 with a partially modified syndicate of banks and a basic term of three years with two options to extend for one year in each case.

Liabilities to banks also include a promissory note (Schuldscheindarlehen) with a nominal amount of EUR 70 million, comprising two tranches of EUR 28.5 million (due 30 June 2022) and EUR 41.5 million (due 30 June 2025) respectively. The liability is carried at amortised cost using the effective interest method, with the two tranches subject to effective interest rates of 3.23% p.a. and 3.92% p.a. respectively. In line with the amendment to the Syndicated Credit Agreement with effect from 31 March 2017, interest payable to the promissory note creditors during the period from 1 April 2017 to 31 December 2019 was increased by 100 basis points. In addition, the promissory note creditors were granted an option to terminate the loan agreement by giving six months' notice to the end of 2019. The termination option was exercised by creditors with a total nominal volume of EUR 56.5 million. In addition, the promissory note creditors were granted an extraordinary right of termination as at 31 December 2019, unless a confirmation of completion of restructuring is issued by Roland Berger by 15 December 2019. The promissory note creditors also have extraordinary rights of termination. In accordance with the agreements with the promissory note creditors, these extraordinary rights of termination are linked, among other things, to the extraordinary termination of other financial liabilities, in particular the Syndicated Credit.

At 30 June 2019, liabilities relating to promissory notes are reported as current financial liabilities.

CHANGE IN PROVISIONS FOR PENDING LOSSES ON ONEROUS CONTRACTS

Provisions for pending losses on onerous contracts decreased during the period under report by kEUR 247 from kEUR 4,057 at 31 December 2018 to kEUR 3,810 at 30 June 2019. These provisions were recognised in previous years mainly in connection with the "Level Crossing Technology" project in Denmark and the "Platform Screen Doors" project in Brazil. During the fiscal year 2018, Schaltbau and Bombardier Transportation reached an agreement with Companhia Do Metropolitano de São Paulo ("Metro São Paulo") in Brazil relating to the modified continuation of the Platform Screen Doors (PSD) project that has been ongoing since 2012. Against this background, the provision for onerous contracts was reduced at 30 June 2018 by kEUR 7,090. In the case of the "Level Crossing Technology in Denmark" project, it was necessary to increase the provision for onerous contracts by kEUR 1,465 during the fiscal year 2018. In addition, a provision for pending losses of kEUR 2,419 was recognised in 2018 in connection with a loss-making project allocated to the Mobile Transportation Technology segment.

No exceptional additions to or reversals of provisions for pending losses on onerous contracts were recorded during the first half of the fiscal year 2019.

RESTRUCTURING PROVISION

In December 2017, the employees and the Works Council in the Stationary Transportation Technology segment were informed about a detailed restructuring plan. In accordance with the requirements of IAS 37, the Company recognised a restructuring provision amounting to kEUR 2,200. During the fiscal year 2018, an amount of kEUR 1,653 was reversed due to the fact that actual restructuring costs were lower. As at 30 June 2019, the restructuring provision recognised for the Stationary Transportation Technology amounted to kEUR 210, whereby the change mainly reflected utilisation during the first half of the fiscal year 2019.

Results of operations of Gebr. Bode GmbH & Co. KG, Kassel, did not develop as planned during the fiscal year 2018, mainly due to unrealised product sales and a higher cost of materials ratio in the Road and Rail business fields. A restructuring provision of kEUR 1,800 was recognised in December 2018, with a view to improving the economic situation of Gebr. Bode GmbH & Co. KG on a sustainable basis. The provision has decreased to kEUR 1,268 during the first half of the fiscal year 2019.

Furthermore, a provision amounting to kEUR 1,300 was recognised in December 2018 for risks arising from potential calls on Group and bank guarantees. Due to the liquidation of the Sepsa Group, additional provisions for Group and bank guarantees amounting to kEUR 6,694 were recognised during the first half of the fiscal year 2019.

INSURANCE CLAIMS

On 21 May 2019, production facilities at Schaltbau's subsidiary Gebr. Bode GmbH & Co. KG, Kassel, covering some 20,000 square metres, were extensively damaged by heavy rainfall and flooding.

As a result of the flooding, operations at the Kassel production site were completely disrupted for several working days. Production was resumed on 27 May 2019. Endeavours will be made during the coming weeks to catch up with the resulting production backlog by means of special shifts.

The damage to property as well as the related business interruption are covered by insurance policies. Schaltbau is working on the basis that the coverage provided by the relevant insurance policies will be sufficient to compensate for all losses associated with the business interruption and damage to property.

Upfront payments totalling kEUR 2,500 had been received by 30 June 2019. In letters dated 9 July and 12 July 2019, the insurance company gave notice of its intention to pay further amounts totalling kEUR 3,420. Accordingly, income totalling kEUR 5,420 was recognised in other operating income in the half-year financial statements. In addition, provisions for outstanding supplier invoices were recognised in the first half of the fiscal year 2019 to cover ongoing damage elimination measures.

No claims for damages (penalties) have been received from customers up to 30 June 2019, and none are currently expected.

EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement for the period from 1 January to 30 June 2018 includes two months of Pintsch Bubenzer Group figures on a proportionate basis. The Pintsch Bubenzer Group is not included in the reporting period from 1 January to 30 June 2019 following its deconsolidation in March 2018. The Sepsa Group and Alte are fully included in the income statement for the period from 1 January to 30 June 2018. In the fiscal year 2019, the Sepsa Group is included for the period from 1 January 2019 to 7 May 2019 and Alte for the period from 1 January 2019 to 29 May 2019.

The following table, showing the income statement of the Pintsch Bubenzer Group, is provided to enable improved comparability of the consolidated income statement.

Income statement of the Pintsch Bubenzer Group for the comparative six-month period ended 30 June 2018:

In kEUR		**1.1-30.6.2018**
1.	Revenue	8,227
2.	Change in inventories of finished and unfinished goods	821
3.	Own work capitalised	0
4.	**Total output**	**9,048**
5.	Other operating income	63
6.	Cost of materials	-4,777
7.	Personnel expense	-2,831
8.	Depreciation and amortisation	0*
9.	Other operating expenses	-1,118
10.	**Operating profit (EBIT)**	**385**
11.	Financial result	-175
12.	**Profit before tax**	**210**
13.	Income taxes	-74
14.	**Net profit for the period**	**136**

* No depreciation/amortisation recorded due to application of IFRS 5 with effect from December 2017

Income statement of Alte:

In kEUR		1.1-30.6.2019	1.1-30.6.2018
1.	Revenue	11,890	11,956
2.	Change in inventories of finished and unfinished goods	-441	-476
3.	**Total output**	**11,449**	**11,480**
4.	Other operating income	91	368
5.	Cost of materials	-7,018	-8,902
6.	Personnel expense	-3,617	-4,026
7.	Depreciation and amortisation	-107	-151
8.	Other operating expenses	-1,633	-1,999
9.	**Operating loss (EBIT)**	**-834**	**-3,231**
10.	Financial result	-275	-334
11.	**Loss before tax**	**-1,109**	**-3,565**
12.	Income taxes	-204	0
13.	**Net loss for the period**	**-1,313**	**-3,565**

Income Statement of the Sepsa Group:

In kEUR		1.1-30.6.2019	1.1-30.6.2018
1.	Revenue	9,879	14,288
2.	Change in inventories of finished and unfinished goods	-919	176
3.	Own work capitalised	553	331
4.	**Total output**	**9,513**	**14,794**
5.	Other operating income	1,431	3,496
6.	Cost of materials	-3,476	-7,730
7.	Personnel expense	-4,948	-7,563
8.	Depreciation and amortisation	0*	0*
9.	Other operating expenses	-2,559	-2,934
10.	Impairment losses	-1	-4
11.	**Operating loss/profit (EBIT)**	**-41**	**59**
12.	Results from investments	0	2
13.	Financial result	-317	-776
14.	**Loss before tax**	**-358**	**-715**
15.	Income taxes	-8	-50
16.	**Net loss for the period**	**-366**	**-765**

* No depreciation/amortisation recorded due to application of IFRS 5

(1) REVENUE

The Group generates revenue in the Components segment, the Mobile Transportation Technology segment and the Stationary Transportation Technology segment. Revenue recorded by the Components segment results from the sale of connectors, snap-action switches and DC contactors for various applications used in the railway and industrial sectors. Revenue recorded by the Mobile Transportation Technology segment results from the sale of door and boarding systems for buses, trains and commercial vehicles as well as interiors for trains. Revenue recorded by the Stationary Transportation Technology segment results from the sale of level crossing safety systems, axle counting systems and signal technology.

The following table shows the revenue generated by the segments on the basis of a point in time as well as over time.

Revenue by segment	**1.1-30.6.2019**	**1.1-30.6.2018**
In kEUR		
Components	79,329	74,506
— of which recognised over a period of time	353	41
Mobile Transportation Technology	146,189	146,881
— of which recognised over a period of time	0	0
Stationary Transportation Technology	29,487	30,016
— of which recognised over a period of time	697	70
Holding	0	114
— of which recognised over a period of time	0	0
	255,006	**251,517**

The following table shows the Group's revenue by market.

Revenue by market	**1.1-30.6.2019**	**1.1-30.6.2018**
In kEUR		
Germany	91,274	87,295
Other EU countries	93,193	97,810
Other European countries	25,123	19,229
Asia	28,330	31,468
Americas	16,741	14,777
Other countries	344	938
	255,006	**251,517**

(2) PERSONNEL EXPENSE / EMPLOYEES

In kEUR	**1.1-30.6.2019**	**1.1-30.6.2018**
Wages and salaries	-74,294	-75,193
Social security, pension and welfare expenses	-15,326	-15,110
	-89,620	**-90,303**

NUMBER OF EMPLOYEES

30.06	2019	2018
Employees	2,836	3,034

The above disclosures show the weighted average number of employees of fully consolidated companies based on month-end figures. Under the weighting approach used, trainees are only included in the calculation at a level of 30%.

(3) RESULT FROM INVESTMENTS

In kEUR	1.1-30.6.2019	1.1-30.6.2018
Result from at-equity accounted investments	545	9
Other results from investments	230	2
	775	**11**

In the reporting period to 30 June 2019, the result from at-equity accounted investments includes the Group's interest in the business activities of BoDo Bode-Dogrusan A.S. In the previous year, the results of Zhejiang Yonggui Bode Transportation Equipment Co. Ltd. (hereinafter referred to as PBTE) and Shenyang Pintsch Bamag Transportation Energy Equipment Co. Ltd. were also included.

As described in the Annual Report 2018, the contract with the joint venture partner relating to PBTE was terminated during the second half of 2018. Pintsch GmbH, Dinslaken, as the direct parent company of PBTE, received kEUR 230 from the sale of its shares in the first half of 2019. The gain is reported in the line item "Sundry other result from investments".

(4) FINANCIAL RESULT

In kEUR	1.1-30.6.2019	1.1-30.6.2018
Other interest and similar income	113	1,206
Interest and similar expenses	-3,717	-3,890
Other financial result	-13	0
	-3,617	**-2,684**

Interest expenses include kEUR 358 (January – June 2018: kEUR 337) relating to the interest component of the allocation to the pension provision. The high amount of interest income recorded in the previous year resulted from the early repayment of financial liabilities.

(5) INCOME TAXES

In kEUR	1.1-30.6.2019	1.1-30.6.2018
Income tax expense	-2,637	-2,511
Deferred tax income (January – June 2018: expense)	1,571	-759
	-1,065	**-3,270**

The income tax expense for the six-month period is calculated in accordance with IAS 34 “Interim Reporting” on the basis of the average tax rate that is expected for the full fiscal year.

Deferred tax income arose in the first half of 2019, mainly in connection with the recognition of provisions for pending calls on guarantees.

EXPLANATORY NOTES TO THE CONSOLIDATED BALANCE SHEET

Alte and the Sepsa Group are no longer included in the consolidated balance sheet at 30 June 2019 following their deconsolidation during the first half of 2019. In order to ensure comparability of the consolidated balance sheet, the figures for Alte and the Sepsa Group at 30 June and 31 December 2018 are presented below.

The Sepsa Group was classified as held for sale at both 30 June 2018 and 31 December 2018 in accordance with IFRS 5. All assets and liabilities were reported in the line items "Assets held for sale" and "Liabilities relating to assets held for sale” respectively.

In kEUR	**31.12.2018**	**30.6.2018**
Assets held for sale	18,920	19,602
Liabilities relating to assets held for sale	18,726	20,179

Further information is provided in Note 9 “ASSETS / LIABILITIES HELD FOR SALE“:

Balance sheet of Alte at 30 June and 31 December 2018:

In kEUR	**31.12.2018**	**30.6.2018**
NON-CURRENT ASSETS		
Intangible assets	45	8,258
Property, plant and equipment	1,015	1,498
Other investments	91	124
CURRENT ASSETS		
Inventories	4,279	6,670
Trade accounts receivable	2,569	5,764
Other receivables and assets	393	555
Cash and cash equivalents	239	6
TOTAL ASSETS	**8,631**	**22,875**

EQUITY		
Subscribed capital	2,500	2,500
Revenue reserves including accumulated deficit brought forward	-8,991	-8,991
Revaluation reserve	6	6
Net loss for the period	-19,032	-3,565
	-25,517	**-10,050**
NON-CURRENT LIABILITIES		
Other provisions	571	474
Non-current financial liabilities	613	665
Payables to subsidiaries	8,700	8,700
CURRENT LIABILITIES		
Personnel-related provisions	321	668
Other provisions	778	1,359
Current financial liabilities	70	70
Trade accounts payable	3,691	4,374
Contract liabilities (current)	495	153
Other liabilities	18,910	16,463
TOTAL EQUITY AND LIABILITIES	**8,631**	**22,875**

(6) INVENTORIES

In kEUR	**30.6.2019**	**31.12.2018**
Raw materials and supplies	63,674	62,718
Work in process	36,797	33,433
Finished products, goods for resale	13,095	11,686
Advance payments to suppliers	1,216	256
	114,782	**108,093**

Write-downs totalling kEUR 1,792 (January – June 2018: kEUR 954) and reversals of impairment losses totalling kEUR 17 (January – June 2018: kEUR 611) were recognised on inventories during the period under report. Including the impact of changes in the group reporting entity, write-downs on inventories at the end of the reporting period totalled kEUR 14,977 (31 December 2018: kEUR 19,583).

(7) TRADE ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND ASSETS

In kEUR	30.6.2019	31.12.2018
Trade accounts receivable	106,203	93,303
Receivables from affiliated companies	1,434	1,535
Receivables from associated companies	915	2,691
Income tax receivables	667	672
Receivables from participations	7	28
Other assets	15,710	7,205
	124,936	**105,436**

Allowances totalling kEUR 5,614 (31 December 2018: TEUR 4,882) were recognised on trade accounts receivable and other assets at the end of the reporting period. Other assets include deferred expenses relating to the new financing arrangements as well as receivables from insurance claims for flood damage (see section on "SIGNIFICANT EVENTS").

A factoring agreement is in place with one customer involving reverse factoring arrangements. Default and late payment risks are transferred in full to the factor, as a result of which all relevant receivables are derecognised upon sale. At 30 June 2019, all factoring-related receivables were sold.

(8) CASH AND CASH EQUIVALENTS

In kEUR	30.6.2019	31.12.2018
Cheques and cash on hand	87	17
Cash at bank	13,103	21,097
	13,190	**21,114**

The amounts shown have a maturity of up to three months.

(9) ASSETS AND LIABILITIES HELD FOR SALE

In 2017, it was decided to put Albatros S.L.U., Madrid, Spain, and its subsidiaries (hereinafter referred to as the Sepsa Group) up for sale. For further information, see the note on SIGNIFICANT EVENTS.

The assets and liabilities relating to discontinuing operations were reported separately in the balance sheet at 31 December 2018 in the line items “Assets held for sale” and “Liabilities in conjunction with assets held for sale”. The non-current assets (or disposal groups) were measured at the lower of their carrying amounts and fair value less costs to sell in accordance with IFRS 5.15. Following the Sepsa Group deconsolidation during the first half of 2019, no assets and liabilities of the disposal group are reported at 30 June 2019.

The assets and liabilities of the disposal group (Sepsa Group) at 30 June 2018 are shown in the following table.

ASSETS	**In kEUR**
	31.12.2018
Intangible assets	1,467
Property, plant and equipment	2,182
Inventories	7,892
Trade accounts receivable	5,788
Other current non-financial assets	862
Current income tax assets	19
Cash and cash equivalents	710
Assets held for sale	**18,920**

EQUITY AND LIABILITIES	**In kEUR**
	31.12.2018
Other non-current provisions	619
Other non-current financial liabilities	4,325
Other non-current non-financial liabilities	273
Other current provisions	1,323
Current financial liabilities	3,603
Trade accounts payable	5,676
Other current financial liabilities	905
Other current non-financial liabilities	2,002
Liabilities held for sale	**18,726**

(10) CHANGES IN GROUP EQUITY

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

(11) PROVISIONS

In kEUR	30.6.2019	31.12.2018
NON-CURRENT PROVISIONS		
Personnel	4,207	4,220
Warranties	102	675
Pending losses on onerous contracts	2,410	2,384
Other provisions	40	39
	6,759	**7,318**
CURRENT PROVISIONS		
Personnel	7,985	8,893
Income taxes	1,723	1,247
Warranties	7,436	8,855
Outstanding supplier invoices	14,820	6,193
Pending losses on onerous contracts	1,400	1,673
Other provisions	11,270	3,663
	44,634	**30,523**
Total	**51,393**	**37,840**

The increase in the provision for "Outstanding supplier invoices" related, among other things, to ongoing flood damage elimination measures at Gebr. Bode GmbH & Co. KG, Kassel, as well as consulting services not yet invoiced.

Other provisions increased compared to 31 December 2018, mainly due to allocations to provisions for pending calls on guarantees given to Group entities and banks totalling kEUR 6,694.

Further information relating to the changes in the provision for pending losses on onerous contracts and restructuring provisions is provided in the section SIGNIFICANT EVENTS.

(12) LIABILITIES

In kEUR	30.6.2019	31.12.2018
NON-CURRENT LIABILITIES		
— Liabilities to banks	9,104	11,160
— Lease liabilities (non-current)	9,965	129
— Other financial liabilities	178	835
Financial liabilities	**19,247**	**12,124**
Non-current contract liabilities	161	159
Other liabilities	4,780	4,686
	24,188	**16,969**
CURRENT LIABILITIES		
Current income tax payable	552	682
— Liabilities to banks	121,095	109,030
— Contract liabilities (current)	2,476	200
— Other financial liabilities	89	159
Financial liabilities	**123,660**	**109,388**
Trade accounts payable	37,856	47,435
Contract liabilities (current)	14,125	14,589
— Liabilities to affiliated companies	943	938
— Liabilities to other Group entities	291	612
— Sundry other liabilities	21,530	16,573
Other liabilities	22,764	18,123
	198,956	**190,217**
Total liabilities	**223,144**	**207,187**

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(13) COMPOSITION OF CASH FUNDS

In the previous fiscal year, cash funds and financial liabilities both included the amounts reclassified as held for sale in accordance with IFRS 5.

Cash funds comprise:

In kEUR	**30.6.2019**	**30.6.2018**
Cash and cash equivalents (continuing operations)	13,190	12,517
Cash and cash equivalents (discontinued operations)	0	262
	13,190	**12,779**

Disbursements from disposals of business units" relate to cash funds derecognised by the Group as a result of the deconsolidation of Alte and the Sepsa Group.

OTHER EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(14) SUPPLEMENTARY DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

The balance sheet contains non-derivative financial instruments such as receivables and payables as well as derivative financial instruments such as forward currency contracts and swap transactions whose value is derived from the base value of the contract. Financial instruments are measured in accordance with IFRS 9 on the basis of the allocation of items to various measurement categories. The following table shows the carrying amounts and fair values of all financial instruments recognised in the consolidated financial statements of Schaltbau Holding AG in accordance with IFRS 9.

30.6.2019 In kEUR	**Category IFRS 9**	**Carrying amount**	**Fair value**	**Level pursuant to IFRS 13**
Assets-side financial instruments				
Trade accounts receivable	AC	106,203	n/a*	n/a
Other receivables and assets		18,066		
— thereof not measured on basis of IFRS 9	n/a	3,572	n/a	n/a
— thereof other receivables and assets	AC	14,413	n/a*	n/a
— thereof stand-alone derivatives	FVPL	80	80	2
Cash and cash equivalents	AC	13,190	n/a*	n/a
Total assets		**133,886**		
Liabilities-side financial instruments				
Non-current financial liabilities		19,247		
— thereof non-current lease liabilities**	n/a	9,965	n/a	n/a
— thereof non-current financial liabilities	FLAC	9,282	8,614	3
Non-current other liabilities		4,780		
— thereof put-call option SPII	FLAC	4,780	n/a	n/a
Current financial liabilities		123,660		
— thereof current lease liabilities **	n/a	2,476	n/a	n/a
— thereof current financial liabilities	FLAC	121,184	n/a*	n/a
Trade accounts payable	FLAC	37,856	n/a*	n/a
Other liabilities		22,764		
— thereof not measured on basis of IFRS 9	n/a	3,923	n/a	n/a
— thereof other liabilities	FLAC	18,812	n/a*	n/a
— thereof stand-alone derivatives	FVPL	28	28	2
Total liabilities		**195,863**		

* Fair value not disclosed separately, given that the carrying amount represents an appropriate approximation

** Lease liabilities do not fall under the scope of IFRS 9. In accordance with IFRS 7.29 d, the fair value does not need to be disclosed.

31.12.2018 In kEUR	**Category IFRS 9**	**Carrying amount**	**Fair value**	**Level pursu-ant to IFRS 13**
Assets-side financial instruments				
Trade accounts receivable	AC	93,303	n/a*	n/a
Other receivables and assets		11,461		
— thereof not measured on basis of IFRS 9	n/a	3,872	n/a	n/a
— thereof other receivables and assets	AC	7,508	n/a*	n/a
— thereof stand-alone derivatives	FVPL	81	81	2
Cash and cash equivalents	AC	21,114	n/a*	n/a
Total assets excluding assets held for sale		**122,006**		
Assets-side financial instruments held for sale				
Trade accounts receivable	AC	5,788	n/a*	n/a
Cash and cash equivalents	AC	710	n/a*	n/a
Total assets held for sale		**6,498**		
Liabilities-side financial instruments				
Non-current financial liabilities		12,124		
— thereof not measured on basis of IFRS 9	n/a	129	n/a	n/a
— thereof non-current financial liabilities	FLAC	11,995	11,245	3
Non-current other liabilities		4,686		
— thereof put-call option	FLAC	4,686	n/a	n/a
Current financial liabilities		109,388		
— thereof not measured on basis of IFRS 9	n/a	200	n/a	n/a
— thereof current financial liabilities	FLAC	109,188	n/a*	n/a
Trade accounts payable	FLAC	47,435	n/a*	n/a
Other liabilities		18,123		
— thereof not measured on basis of IFRS 9	n/a	2,930	n/a	n/a
— thereof other liabilities	FLAC	15,037	n/a*	n/a
— thereof derivatives designated for hedge accounting	n/a	140	140	2
— thereof stand-alone derivatives	FVPL	17	17	2
Total liabilities excluding liabilities in conjunction with assets held for sale		**186,728**		
Liability-side financial instruments – liabilities in connection with assets held for sale				
Non-current financial liabilities	FLAC	4,325	n/a*	n/a
Current financial liabilities	FLAC	3,603	n/a*	n/a
Trade accounts payable	FLAC	5,676	n/a*	n/a
Other current financial liabilities	FLAC	905	n/a*	n/a
Total liabilities in conjunction with assets held for sale		**14,509**		

* Fair value not disclosed separately, given that the carrying amount represents an appropriate approximation

In kEUR		30.6.2019	31.12.2018
Total carrying amounts per measurement category			
AC	Amortised cost	133,806	128,424
Assets-side FVPL	Fair value through profit and loss	80	81
Liabilities-side FVPL	Fair value through profit and loss	28	17
FLAC	Financial liabilities at amortised cost	191,913	202,851

Fair value hierarchy

The measurement and presentation of fair values of financial instruments is based on a fair value hierarchy that takes account of the significance of the input data used to measure fair value and can be analysed as follows:

Level 1: Based on prices quoted (applied without adjustment) on active markets for identical assets and liabilities

Level 2: Based on input data for the asset or liability observable either directly (in the form of prices) or indirectly (derived from prices) which do not represent quoted prices according to Level 1

Level 3: Input data not based on observable market data to measure the asset or liability (non-observable input data)

Reclassifications between Levels are made at the end of the period. There were no reclassifications of fair value measurements between Level 1 and Level 2. Similarly, there were no reclassifications within level 3 in connection with fair value measurements.

The fair value of non-current non-derivative financial instruments is determined by discounting, taking into account a risk-adjusted market interest rate with matching maturities. Amounts are discounted on the basis of interest rate curves observable on the relevant markets and obtained through pricing service agencies. The fair value of the relevant derivatives is determined by banks. The banks value the derivatives on the basis of market data valid for the relevant reporting date using recognised mathematical methods (net present value method for forward transactions and swaps).

(15) 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 description of the three segments Components, Mobile Transportation Technology and Stationary Transportation Technology is provided in the Management Report. Segments were not aggregated, either in the previous fiscal year or in the year under report.

As a general rule, sales of materials between Group companies are billed on the basis of arm's-length principles. Costs are recharged as appropriate to Group companies.

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 income 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

In kEUR		Revenue
1.1 to 30.6	**2019**	**2018**
Total revenue of segments	255,865	252,527
Other revenue	1,775	2,348
Consolidation	-2,634	-3,358
Revenue as per income statement	**255,006**	**251,517**

In kEUR		EBIT
1.1 to 30.6	**2019**	**2018**
Total EBIT of segments	16,282	15,036
Other EBIT	-7,810	-5,559
Consolidation	55	-44
EBIT as per income statement	**8,527**	**9,433**

In kEUR		Assets
30.6	**2019**	**2018**
Total segment assets	422,909	446,125
Other assets	179,081	212,967
Consolidation	-192,661	-240,664
Group assets as per balance sheet	**409,329**	**418,428**

In kEUR		Liabilities
30.6	**2019**	**2018**
Total segment liabilities	275,224	310,251
Other liabilities	152,400	124,857
Consolidation	-111,642	-132,670
Group liabilities as per balance sheet	**315,982**	**302,438**

“Other revenue" comprises almost entirely revenue recorded at the level of Schaltbau Holding AG for IT services provided to subsidiaries. This revenue, together with inter-segment revenue, is eliminated on consolidation.

"Other EBIT" comprises mainly expenses recorded at the level of Schaltbau Holding AG for personnel, non-re-chargeable 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.

PRODUCT-BASED SEGMENT INFORMATION

In kEUR	Components		Mobile Transportation Technology	
1.1 to 30.6	**2019**	**2018**	**2019**	**2018**
Order intake (external)	88,470	77,942	170,211	170,521
Revenue	79,789	75,037	146,588	147,474
thereof external	79,329	74,506	146,189	146,881
thereof with other segments	460	531	399	593
Revenue before exceptional items	79,789	75,037	153,282	147,474
Order book (external)	100,422	88,140	337,123	373,633
EBITDA *7)	17,443	18,032	2,654	2,025
Operating profit (EBIT)	14,277	15,824	-352	-662
Operating profit before exceptional items	14,277	15,824	5,633	-662
Result from at-equity accounted investments	0	0	545	90
Other result from investments	0	0	0	2
Interest income	25	24	205	213
Interest expense	-1,146	-1,016	-2,297	-2,759
Income taxes	-1,443	-1,190	-769	-754
Segment result / Group result	11,713	13,641	-2,680	-3,870
Expenditure for investments	74	50	0	20
Impairment losses on investments	0	0	0	0
Capital expenditure *1)	2,693	1,175	2,517	2,435
Depreciation and amortisation *1)	-3,149	-2,202	-3,006	-2,687
Impairment losses (excluding investments)	-618	-653	-361	-609
Reversals of impairment losses (excluding investments)	81	549	57	112
Sundry other significant non-cash items	-6,290	-4,305	-14,788	-5,698
Segment assets *2)	166,640	152,116	187,656	219,856
Investments accounted for at-equity	0	0	3,439	7,020
Capital employed *3)	133,051	119,686	151,420	161,919
Segment liabilities *4)	102,332	81,267	138,950	180,125
Employees (average number)	840	798	1,646	1,764
EBIT margin *5)	17.9 %	21.1 %	-0.2 %	-0.4 %
Return on capital employed (ROCE) *6)	10.7 %	26.4 %	-0.2 %	-0.8 %

*1) In / on intangible assets and property, plant and equipment
*2) Balance sheet total
*3) Working capital (inv. + trade accts. rec. - adv. payments rec. - trade accts. pay.)plus non-current assets excluding deferred tax assets
*4) Debt capital
*5) EBIT / Revenue (external)
*6) EBIT / Capital employed
*7) EBIT

Stationary Transportation Technology		Sub-total		Holding company other consolidations		Schaltbau Group	
2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
30,759	53,314	289,440	301,777	0	114	289,440	301,891
29,487	30,016	255,865	252,527	-859	-1,010	255,006	251,517
29,487	30,016	255,006	251,403	0	114	255,006	251,517
0	0	859	1,124	-859	-1,124		
29,487	30,016	262,558	252,527	-859	-1,010	261,699	251,517
54,679	71,410	487,917	533,183	0	0	492,224	533,183
3,245	2,401	23,342	22,459	-7,194	-5,280	16,148	17,178
2,356	-126	16,282	15,036	-7,755	-5,603	8,527	9,433
2,356	-5,057	22,267	10,105	-6,629	-3,503	15,638	6,602
0	-80	545	9	0	0	545	9
230	0	230	2	0	0	230	2
-72	272	158	508	-45	698	113	1,206
-290	-504	-3,733	-4,280	16	389	-3,317	-3,890
-240	108	-2,452	1,836	1,387	-1,434	-1,065	-3,270
1,985	-332	11,018	9,439	-6,397	-5,949	4,620	3,490
0	0	74	70	0	0	74	70
0	0	0	0	0	0	0	0
671	16	5,881	3,627	92	881	5,973	4,507
-889	-2,528	-7,044	-7,417	-561	-322	-7,605	-7,739
-979	-10	-1,958	-1,273	-24	0	-1,982	-1,273
11	0	149	661	0	0	149	661
-3,557	3,759	-24,635	-6,243	-3,914	-3,548	-28,549	-9,791
68,613	74,152	422,909	446,125	-13,581	-27,697	409,327	418,428
0	301	3,439	7,321	0	0	3,439	7,321
34,220	34,349	318,691	315,954	-6,368	-9,497	312,323	306,457
40,635	48,858	281,917	310,251	34,064	-7,813	315,981	302,438
323	446	2,809	3,008	27	26	2,836	3,034
8.0 %	-0.4 %					3.3 %	3.8 %
6.9 %	0.7 %					2.7 %	6.2 %

RECONCILIATION OF EBIT TO EBIT BEFORE EXCEPTIONAL ITEMS BY SEGMENT

The following table shows the reconciliation of EBIT to EBIT before exceptional items for each of the segments for the period from 1 January to 30 June 2019.

In kEUR	Com-po-nents	Mobile Transpor-tation Techno-logy	Stationary Transportation Technology	Sub-total	Holding, other consolidations	Group
Operating profit/loss (EBIT)	14,277	-352	2,356	16,281	-7,754	8,527
Reversals of impairment losses due to reclassifications pursuant to IFRS 5	0	-716	0	-716	0	-716
Earnings impact of disposals of sub-sidiaries	0	8	0	8	-509	-501
One-time/significant restructuring expenses	0	6,694	0	6,694	1,634	8,328
Operating profit (EBIT) before ex-ceptional items	14,277	5,634	2,356	22,267	-6,629	15,638

The line item "Reversal of impairment losses due to reclassifications pursuant to IFRS 5" included in the Mobile Transportation Technology segment relate to the reversal of impairment losses on Alte after being put up for sale pursuant to IFRS 5. The line item "Earnings impact of disposals of subsidiaries" includes the gain of kEUR 105 arising on the deconsolidation of Sepsa and the loss of kEUR 113 arising on the deconsolidation of Alte (as attributable to the segment). The allocation of a provision for risks for potential calls on bank and Group guarantees issued amounting to kEUR 6,694 is included in the line item "One-time/significant restructuring expenses".

Within the "Holding, other consolidations" segment, the line item "Earnings impact of disposals of subsidiaries" includes the gain of kEUR 509 arising on the deconsolidation of Alte. The line item "One-time restructuring expenses" includes in particular costs of consultancy services as well as performance bonuses relating to the sale of Alte and the Sepsa Group.

RECONCILIATION OF REVENUE TO REVENUE BEFORE EXCEPTIONAL ITEMS BY SEGMENT

The expense recorded in the first half of 2019 in conjunction with a provision for risks for potential calls on bank and Group guarantees issued on behalf of the Sepsa Group amounting to kEUR 6,694 allocated to the Mobile Transportation Technology segment was recognised in accordance with IFRS 15 through revenue.

The following table shows the reconciliation of EBIT to EBIT before exceptional items for each of the segments for the period from 1 January to 30 June 2018.

In kEUR	Com-po-nents	Mobile Transpor-tation Techno-logy	Stationary Transportation Technology	Sub-total	Holding, other consolidations	Group
Operating profit/loss (EBIT)	**15,824**	**-662**	**-126**	**15,036**	**-5,603**	**9,433**
Earnings impact of disposals of sub-sidiaries	0	0	564	564	0	564
One-time/significant restructuring expenses	0	0	0	0	2,100	2,100
Exceptional earnings impact of allo-cations to and reversals of provi-sions for onerous contracts	0	0	-7,090	-7,090	0	-7,090
Exceptional earnings impact of dis-posals of own work capitalised	0	0	1,595	1,595	0	1,595
Operating profit/loss (EBIT) before exceptional items	**15,824**	**-662**	**-5,057**	**10,105**	**-3,503**	**6,602**

The earnings impact of disposals of subsidiaries allocated to the Stationary Transportation Technology segment relates to Pintsch Bubenzer GmbH (which was deconsolidated in the fiscal year 2018). The line item "Exceptional earnings impact of allocations to and reversals of provisions for onerous contracts" includes income of kEUR 7,090 arising from the reversal of the provision for the Platform Screen Doors project in Brazil in the fiscal year 2018. Impairment losses recognised in the fiscal year 2018 on development projects amounting to kEUR 1,595 are included in the exceptional earnings impact of disposals of own work capitalised.

The line item "One-time restructuring expenses" allocated to the "Holding, other consolidations" segment in-cludes primarily costs for consultancy services.

(16) CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

In kEUR	30.6.2019	31.12.2018
Other financial obligations		
Rental and lease expenses	0*	18,686
Sundry obligations (31 December 2018: Sundry obligations, rental and lease expenses)	2,448	2,730

* In accordance with IFRS 16, rental and lease expenses are reported with effect from the fiscal year 2019 as lease liabilities

At 30 June 2018, Group guarantees amounted to kEUR 33,514 (31 December 2018: kEUR 38,451) and bank guarantees to kEUR 22,598 (31 December 2018: kEUR 20,950). These figures include Group guarantees relating to the Schaltbau Sepsa Group (which is reported in the line item "Assets held for sale") amounting to kEUR 4,465 as well as bank guarantees amounting to kEUR 6,646. Provisions amounting to kEUR 6,694 were recognised for guarantees. For the portion of the guarantees for which no provision was recognised, the guarantees were revoked prior to the date on which the consolidated financial statements were approved for issue.

(17) RELATED PARTY TRANSACTIONS

Transactions between fully consolidated companies on the one hand and associated and non-consolidated companies on the other, all conducted on the basis of arm's-length principles, are disclosed below from the perspective of the fully consolidated companies:

In kEUR		Volume of services performed		Volume of services received
	1.1- 30.6.2019	1.1-30.6.2018	1.1- 30.6.2019	1.1- 30.6.2018
Associated companies				
Goods and services	42	1,560	1,073	1,615
Other transactions	0	0	6	0
Non-consolidated companies				
Goods and services	2,972	3,982	11	1,500
Other transactions	50	56	5	277

The following receivables and payables – mostly from trading and at a level customary for the business – existed at the end of the reporting period from the perspective of the Group's fully consolidated entities. Amounts reclassified to assets and liabilities held for sale are not included in the amounts reported for the previous fiscal year (see note 9 "ASSETS / LIABILITIES HELD FOR SALE).

In kEUR		Receivables and other assets		Liabilities
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
Associated companies	40	1,624	291	750
Non-consolidated companies	2,316	1,658	943	962

Schaltbau Holding AG has been leasing a previously acquired building to Albatros S.L.U., Madrid, Spain, with effect from the second half of 2018. For further information, please refer to the comments on the application of IAS 40 in the section "PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES".

A consulting agreement has been in place between Noerr Consulting AG, Berlin, and Schaltbau since 2 August 2017. In conjunction with the departure of Dr Martin Kleinschmitt from the Executive Board with effect from 31 March 2019, a supplementary agreement was concluded on 21 February 2019. Remuneration recognised as an expense for the period after completion of Executive Board activities amounts to kEUR 355.

(18) EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the end of the reporting period that have a significant impact on the Group's net assets, financial position and results of operations.

(19) GOING CONCERN

On 17 June 2019, the Schaltbau Group agreed a new syndicated financing amounting to EUR 103 million and signed the corresponding Syndicated Credit Agreement. The agreement stipulates that interest on liquidity utilised will be calculated with effect from 1 January 2020 on the basis of the defined leverage. Margins of between 1.0% p.a. (minimum) to 3.1% p.a. (maximum) have been agreed. The uniform interest rate up to 31 December 2019 is 3.6% p.a. Financial covenants provide that the Group's equity ratio will not fall below 20% (up to 31 December 2020) or 25% (from 1 January 2021) and that the defined leverage will not exceed 3.5 (up to 31 March 2021) or 3.0 (from 1 April 2021). The new syndicated financing is currently subject to the conditions precedent that confirmation will be provided by a management consultancy firm that restructuring has been definitively completed and that the receivables securitisation programme has been definitively implemented.

The required confirmation of completion of restructuring to be provided by the management consultancy firm commissioned to review restructuring is currently being prepared and, in the opinion of the Executive Board, will be issued within a short time.

The ongoing negotiations with Commerzbank AG, Frankfurt am Main, are also nearing completion with regard to the implementation of a receivables securitisation programme. It is currently being examined to what extent the volume of receivables can be increased by adjusting parameters to ensure that requirements stipulated in the newly agreed Syndicated Credit Agreement can be met in every case.

Schaltbau Holding AG's Executive Board considers it highly probable that – based on the current status of ongoing negotiations with Commerzbank AG – the receivables securitisation programme will be implemented shortly and that the newly concluded syndicated financing arrangements will come into force. To summarise, there were no longer any circumstances at 30 June 2019 that could impair the development of the Schaltbau Group.

Munich, 29 July 2019

Schaltbau Holding AG

The Executive Board

Dr. Albrecht Köhler
(Spokesman)

Thomas Dippold

Volker Kregelin

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 assertions, on the condition that there is 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, in terms of both 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 principles for half-year financial reporting, 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 Interim 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 for the remaining months of the fiscal year."

Munich, 29 July 2019

Schaltbau Holding AG

The Executive Board

Dr. Albrecht Köhler (Spokesman)	Thomas Dippold	Volker Kregelin

REVIEW REPORT

To Schaltbau Holding AG, Munich

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of Schaltbau Holding AG, Munich for the period from 1 January to 30 June 2019, which are part of the Half-year Financial Report pursuant to Section 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Executive Board. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with generally accepted German standards for the review of financial statements promulgated by the "Institut der Wirtschaftsprüfer" (Institute of Public Auditors in Germany – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, 29 July 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Eglauer	Michael Popp
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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SCHALTBAU ON THE INTERNET

Further information on the Schaltbau Group can be found at www.schaltbaugroup.com

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