TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

HALF-YEAR FINANCIAL REPORT 2017
FIRST SIX MONTHS

LADIES AND GENTLEMEN,

after a good first quarter, business was weaker in the second quarter of 2017. Group sales decreased by 1.5 percent to EUR 276.2 (280.4) million. In organic terms, i.e., adjusted for currency effects, the decrease amounted to 2.3 percent. The growth rate was expected to decline in the second quarter due to a negative effect from the number of working days and a very strong quarter in the previous year. Business development failed to meet these expectations, however, mainly due to declining momentum in the USA. MEG in particular saw a weaker level of demand and had to report a double-digit drop in sales.

In the first half of the year, sales increased 2.0 percent to EUR 565.0 (554.2) million. Organic sales growth amounted to 0.9 percent. With the exception of MEG, all divisions reported growth in the reporting period. MEG's declining performance had an impact on the Group's growth, bringing it down by 2.0 percentage points.

The EBITDA margin of the Group of 14.5 (17.2) percent was below the level of the previous year, also due to the one-time gains in the first half of 2016. Adjusted for these gains, profitability came in at 14.5 (15.8) percent. As expected, there were also increased expenses in the reporting period for the implementation of the digital agenda.

TAKKT expects improved growth in the second half of 2017, especially in Europe and also at the MEG. Management continues to anticipate organic growth of two to five percent for the year as a whole. The EBITDA margin is still expected in the middle of the long-term target corridor of 12 to 15 percent.

SIGNIFICANT DEVELOPMENTS IN THE FIRST HALF OF 2017

- Group sales up by 2.0 percent to EUR 565.0 (554.2) million; organic growth of 0.9 percent
- Gross profit margin at 43.1 (43.4) percent
- EBITDA margin at 14.5 (17.2) percent; at 14.5 (15.8) percent when adjusted for one-time gains in the previous year
- Earnings per share at EUR 0.64 (0.80)
- Outlook for 2017 confirmed
- TAKKT receives Digital Champions Award

INTERIM MANAGEMENT REPORT OF TAKKT GROUP

BUSINESS DEVELOPMENT AND STRATEGY

TAKKT marked good progress with its digital transformation in the first half of the year. The position of Chief Digital Officer as a member of the respective management has already been filled in all six divisions. These officers are responsible for driving forward the digital agendas in their divisions. TAKKT also plans to recruit up to one hundred new employees with strong digital skills. The company was able to fill sixty of these positions by the end of June, primarily in the areas of online marketing and web development.

In the first half of the year, e-commerce business accounted for 45.7 percent of order intake. In part, the increase compared to the figure for the previous year's period (38.3 percent) stems from how BEG is able to better allocate individual order types to digital channels. If the improved allocation logic had been applied in the first half of 2016, the e-commerce share in the Group would have been 43.0 percent.

TAKKT is continuing its strong focus on expanding its private labels and was able to increase their share in order intake in the reporting period to 19.4 (17.8) percent. In addition, the share of direct imports increased further and accounted for 14.9 (13.1) percent of the purchase volume in the first half of 2017.

The TAKKT investment company (TBG), founded in 2016, concluded its fourth investment in an innovative start-up in May 2017. The portfolio now includes printmate (digital printing of packaging in small batches; www.printmate.de), adnymics (creation of personalized packaging inserts for online shops; www.adnymics.com), Crowdfox (innovative online marketplace; www.crowdfox.com) and Authentic Vision (forgery-proof fingerprinting for products; www.authenticvision.com).

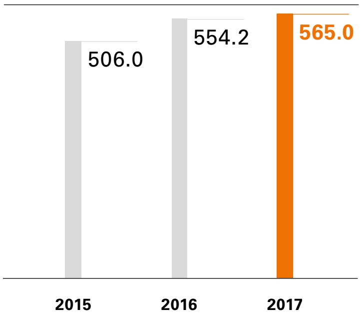
At the Digital Champions Award in June, TAKKT AG was awarded first place in the category "Digital Processes and Organization." The award, created last year by the German magazine WirtschaftsWoche and Deutsche Telekom, recognizes medium-sized companies that are driving forward the digital transformation. The jury praised the comprehensive approach that TAKKT and its companies are pursuing in their digital transformation.

In addition to achieving profitable growth, TAKKT also strives to systematically diversify risks. The TAKKT EUROPE and TAKKT AMERICA segments each currently contribute around 50 percent to Group sales. In addition to this regional diversification, the Group is also broadly positioned with respect to customer and product groups. A commitment to sustainable business is another core component of the Group's strategy. TAKKT wants to expand its position as a role model further by 2020. It has set itself ambitious goals in the focus areas of sourcing, marketing, logistics, resources & climate, employees and society. KAISER+KRAFT is currently involved in a pilot project for completely carbon-neutral printing and distribution of its catalogs in September 2017 for the first time.

SALES REVIEW

In the first half of 2017, sales in the TAKKT Group increased by 2.0 percent to EUR 565.0 (554.2) million. Positive currency effects of 1.1 percentage points contributed to this increase. Organic growth came to 0.9 percent. Business at MEG was down markedly, thus reducing organic growth in the Group by 2.0 percentage points, while sales at the other five divisions increased. The close-down of activities in China in mid-2016 also resulted in a negative effect on sales growth of 0.4 percentage points. The first half of 2016 still showed sales there, for which there were no longer corresponding sales in the current year. The organic growth in the first half-year resulted from the higher number of orders. In contrast, the average order value decreased slightly.

Sales *in EUR million*
First half-year TAKKT Group



In the second quarter of 2017, organic growth in the TAKKT Group was negative at minus 2.3 percent. A decline in growth compared to the first quarter had been expected. This was due to the negative effect from the number of working days in Europe in the second quarter compared to the positive effect in the first as well as the high comparison basis for the second quarter. TAKKT experienced particularly strong growth in the previous year's corresponding period. Growth in the US divisions remained below these expectations. Demand at MEG in particular remained weak and significantly below plan.

The **TAKKT EUROPE** segment was able to increase sales slightly in the first half of the year by 1.4 percent to EUR 289.6 (285.7) million. Organic growth came to 2.0 percent and the aforementioned close-down of the activities in China in the previous year had a negative effect of 0.7 percentage points on this growth. Growth in the PSG division was somewhat stronger than at BEG. Within BEG, the Southern European markets as well as the activities of the British company BiGDUG contributed disproportionately to sales growth. Germany also showed better growth than the division. Sales in Switzerland were slightly down following the strong growth in the previous year due to catch-up effects. PSG performed better in the foreign markets than in Germany.

In the second quarter, the organic development of sales at TAKKT EUROPE was negative at minus 2.5 percent due to the aforementioned working day effect. From April to June 2017, there were three fewer working days on average compared to the previous year's period. In addition, order intake per workday during the Easter week is well below average levels. The Easter holidays were in the second quarter in 2017, whereas in 2016 they had been in the first.

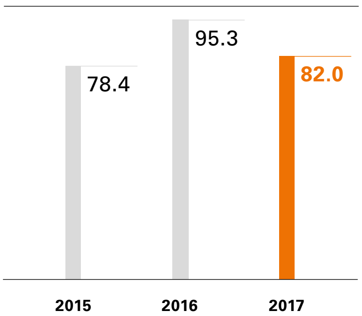
At **TAKKT AMERICA**, sales at the end of June increased by 2.6 percent to EUR 275.6 (268.6) million. A contributing factor here was the higher exchange rate of the US dollar compared to the first half of 2016. Organic sales development of minus 0.4 percent saw a slight decrease. While OEG and REG realized mid-single-digit organic growth and DPG increased slightly, business at MEG saw a significant decline in the low double-digit percentage range. Alongside the weak demand in the American food service and food retail market, a marked decrease in the project business compared to the previous year also played a significant role. MEG had still recorded sound growth in the first half of 2016 and the comparison basis for the reporting period was correspondingly high.

In the second quarter, organic growth at TAKKT AMERICA came to minus 2.2 percent. While REG and DPG each showed a similar development as in the first quarter, OEG was not able to build on its very good growth from the beginning of the year. The decline in sales at MEG in the second quarter was slightly higher than in the first.

EARNINGS REVIEW

The gross profit margin in the first six months was 43.1 (43.4) percent. Earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 82.0 following EUR 95.3 million in the previous year's period. The EBITDA margin decreased to 14.5 (17.2) percent. The one-time gains from the adjustment recognized as income of the variable purchase price liabilities for BiGDUG and Post-Up Stand should be noted for the first half of 2016. This resulted in a contribution to earnings of EUR 7.6 million in the previous year's period. Adjusted for the one-time gains mentioned, the EBITDA margin came to 14.5 (15.8) percent. In addition to the lower gross profit margin, the decline in profitability can be explained by the expected expenses for the implementation of the digital agenda and the reduced capacity utilization of the infrastructure due to weaker growth.

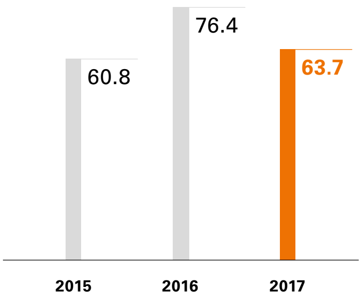
EBITDA *in EUR million*
First half-year TAKKT Group



EBITDA at TAKKT EUROPE amounted to EUR 55.3 (62.1) million, while the margin came to 19.1 (21.7) percent. Adjusted for the one-time gain from the adjustment of the variable purchase price liability for BiGDUG in the previous year's period, profitability came to 19.1 (20.1) percent. TAKKT AMERICA achieved an EBITDA of EUR 32.6 (39.6) million and a margin of 11.8 (14.7) percent. Adjusted for the one-time gain from the adjustment of the variable purchase price liability for Post-Up Stand in the previous year's period, profitability came to 11.8 (13.7) percent.

Part of the amortization of intangible assets from acquisitions expired. Due to this, depreciation and amortization decreased slightly to EUR 13.9 (14.4) million. EBIT amounted to EUR 68.1 (80.9) million, and the EBIT margin came to 12.1 (14.6) percent. The financial result of minus EUR 4.4 (minus 4.5) million was at about the same level of the previous year, and profit before tax came to EUR 63.7 (76.4) million. The tax ratio went up to 33.6 (31.4) percent. The tax ratio of the previous year benefited from the municipal tax refunds relating to prior periods and non-taxable income from the adjustments of the purchase price liabilities. Adjusted for these effects, the tax ratio decreased to 33.6 (34.6) percent. The profit for the period came to EUR 42.3 (52.4) million, and the earnings per share to EUR 0.64 (0.80).

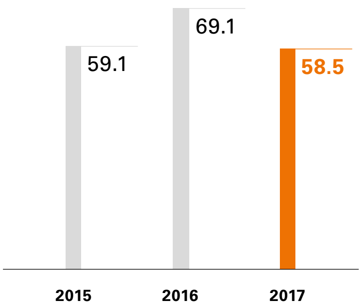
Profit before tax *in EUR million*
First half-year TAKKT Group



FINANCIAL POSITION

TAKKT was able to generate a substantial positive cash flow in the first six months of 2017. The TAKKT cash flow (defined as profit for the period plus depreciation and amortization, impairment of non-current assets and deferred taxes affecting profit and loss) of EUR 58.5 (69.1) million was, similar to the EBITDA, significantly below the previous year's level. The cash flow margin decreased from 12.5 to 10.4 percent, and the TAKKT cash flow per share from EUR 1.05 to EUR 0.89. Cash flow from operating activities decreased slightly less from EUR 66.7 million to EUR 63.5 million. Operating cash flow does not include the non-cash one-time gain from the previous year in the amount of EUR 7.6 million. Days sales outstanding in the reporting period were slightly higher at 31 (29) days.

TAKKT cash flow *in EUR million*
First half-year TAKKT Group



Capital expenditures in the first half of the year of EUR 13.3 (7.5) million were significantly above the level of the previous year's period. This was mainly attributable to the office move and warehouse expansion of GPA, higher capital expenditures for the ERP systems at BEG and MEG as well as higher capital expenditures in start-ups by the TAKKT investment company. After deducting the total capital expenditures in non-current assets as well as cash inflows from disposals, the remaining free TAKKT cash flow amounted to EUR 50.3 million (60.9) million. The free TAKKT cash flow in the first half of 2017 was offset by the premature payment of the contingent part of the purchase price liability for Post-Up Stand in the amount of EUR 3.5 million, the remaining purchase price payment for Ratioform's Austrian franchise partner in the amount of EUR 0.5 million, and the dividend payment of EUR 36.1 million. In addition to currency effects, this resulted in a total decrease in net financial liabilities to EUR 158.9 million compared to EUR 177.5 million at year-end 2016.

ASSETS POSITION

The structure of assets did not materially change in the first half-year. As of the end of the reporting period, non-current assets of EUR 703.0 (12/31/2016: 729.8) million accounted for 75.1 (75.0) percent of assets. They included goodwill of EUR 524.2 (545.8) million, which still made up more than half of all assets.

Inventories of EUR 104.0 (108.2) million as well as trade receivables of EUR 105.1 (103.7) million together amounted to 90.1 (86.8) percent of current assets. Total assets declined from EUR 973.9 million to EUR 935.0 million. Currency effects led to a decline of EUR 36.1 million.

As for equity and liabilities, the equity ratio increased in the first half-year to 56.5 (55.2) percent. In total, shareholders' equity decreased because the profit for the period of EUR 42.3 million was less than the sum of the dividend payment of EUR 36.1 million, the remeasurement of the retirement benefit obligation of EUR 1.5 million and the negative currency effects of EUR 17.4 million.

The share of non-current liabilities declined from 25.0 to 19.0 percent, while the share of current liabilities increased from 19.8 to 24.5 percent. This change resulted primarily from restructuring the usage of long-term revolving credit lines by drawing on less expensive short-term credit lines. As of June 30, 2017, unused credit lines of EUR 167.6 (12/31/2016: 185.6) million were available to the Group.

RISK AND OPPORTUNITIES REPORT

The risks and opportunities for the TAKKT Group remain unchanged from those explained in the 2016 annual report from page 80 onwards. The Management Board does not believe that there are any substantial individual risks, either now or in the forecast period, to the Group as a going concern.

The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the development of the economy. Another important risk is the effect of currency translation on sales and earnings figures due to currency fluctuations, in particular with the US dollar. Also significant, but with a lower probability of occurrence, are risks resulting from the market entry of new aggressive competitors as well as from the integration and continuation of an acquired company not progressing as positively as expected. Risks resulting from the failure or introduction of the IT and/or direct marketing infrastructure should also be classified as important even though their probability of occurrence is very minimal.

As pointed out in the 2016 annual report, the opportunities for TAKKT occur as a result of improved economic conditions, the implementation of the digital agenda developed in the 2016 financial year and new sales opportunities with online channels and e-procurement. Furthermore, the Group should continue to be able to benefit from further acquisitions or start-ups and an increasing diversification of the business model. Other opportunities relate to the sustainability initiative, further development of the IT applications, increased use of new technologies and good access to capital.

FORECAST REPORT

The TAKKT Group's business is particularly subject to the economic development and cycles of the core markets of the US and Europe. Several key economic indicators are crucial for forecasting the business development of the Group: In addition to the GDP growth forecasts in the target markets, the most notable ones include market and industry indexes such as the Purchasing Managers' Index (PMI) for BEG and the Restaurant Performance Index (RPI) for MEG and REG.

According to economic data of the International Monetary Fund (IMF), GDP growth of 1.7 percent is anticipated for the eurozone for 2017. The IMF expects GDP growth of 2.3 percent for the US in 2017. The PMI value for the eurozone was recently 57.4 and has been consistently above the expansion threshold of 50 since the beginning of the year. In the first half of 2017, the RPI was slightly above the level of 100, which indicates market growth, and recently stood at 100.9. Compared to the beginning of the year, the economic risks have diminished due to the election results in the Netherlands and France as well as the lower probability of the implementation of a protectionist trade policy in the US. Uncertainties still remain, however, due to the unclear outcome of the Brexit negotiations and the ambiguous economic policy in the US. It should also be taken into consideration that the second half of 2017 has almost two working days fewer than the second half of 2016.

Under these circumstances, TAKKT expects an increase in growth rates in the second half of the year, especially for Europe, but also at MEG. For the year as a whole, the Management Board still expects organic sales growth of between two and five percent. Due to the expenses for digitalization, the EBITDA margin in 2017 is still expected to be in the middle of the target corridor of 12 to 15 percent. There are also no significant changes to report in the forecast of other key figures such as gross profit margin, TAKKT cash flow, capital expenditure, ROCE or TAKKT value added.

SUBSEQUENT EVENTS

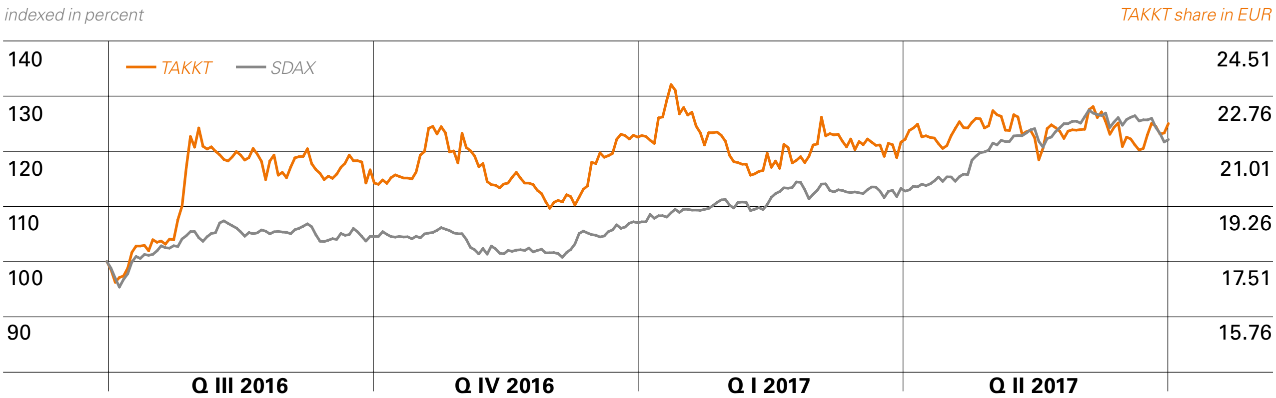
There were no significant events which had any meaningful impact on the assets position, financial position and earnings situation after the reporting date.

TAKKT SHARE

TAKKT seeks to communicate regularly and transparently with institutional and private investors, financial analysts, potential investors and financial journalists. In the first half of the year, TAKKT participated in the capital market conferences of Kepler Cheuvreux and Unicredit in Frankfurt, the ESN European Conference in Paris, and the capital market conference of the Süddeutsche Aktienbank in Stuttgart. In addition, the company held numerous discussions with investors at roadshows in London, Edinburgh, Madrid, Frankfurt, Düsseldorf, Cologne and at the company headquarters in Stuttgart.

The DAX and SDAX indexes grew in the first half of 2017 by 7.4 percent and 13.9 percent, respectively. The upbeat mood on the stock markets was mainly driven by the lower political risks after the elections in France and the Netherlands as well as the significantly improved economic outlook for Europe. The TAKKT share price increased by 1.8 percent in the reporting period and closed at EUR 21.89 (year-end 2016: EUR 21.51) in Xetra trading on June 30, 2017. Including the dividends paid out in May, the return on the TAKKT share was 4.3 percent. In January 2017, the share reached EUR 23.13, the highest Xetra closing price since the initial public offering.

Performance of the TAKKT share *(52-week comparison, SDAX as benchmark)*



SHAREHOLDERS' MEETING

The 18th ordinary Shareholders' Meeting of TAKKT AG was held on May 10, 2017, in Ludwigsburg. The shareholders agreed with the dividend proposal of the TAKKT Management Board and Supervisory Board and approved the dividend increase of ten percent to EUR 0.55 per share. The distribution totaling EUR 36.1 million corresponds to a payout ratio of 39.5 (40.5) percent, based on profit for the period. The Shareholders' Meeting also ratified the other items of the agenda by a large majority. In the regular elections of the Supervisory Board, five of the previous members were reconfirmed in their position. Christian Wendler, CEO of Lenze SE, was newly elected to the Supervisory Board to replace Prof. Dr. Arnold Picot, who retired from the board for age-related reasons. TAKKT CEO Felix Zimmermann thanked Prof. Picot for his many years of exceptional work on the Supervisory Board.

In the Supervisory Board meeting, which also took place on May 10, 2017, Felix Zimmermann's contract was extended by another five years until the end of April 2023.

TAKKT will publish the figures for the first nine months on October 26, 2017.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of income of the TAKKT Group *in EUR million*

	04/01/2017 – 06/30/2017	04/01/2016 – 06/30/2016	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
Sales	276.2	280.4	565.0	554.2
Changes in inventories of finished goods and work in progress	–0.3	0.1	–0.5	–0.1
Own work capitalized	0.4	0.4	0.7	0.7
Gross performance	**276.3**	**280.9**	**565.2**	**554.8**
Cost of sales	–158.8	–159.8	–321.6	–314.3
Gross profit	**117.5**	**121.1**	**243.6**	**240.5**
Other operating income	2.0	5.7	3.8	11.2
Personnel expenses	–41.8	–40.2	–84.4	–80.1
Other operating expenses	–40.6	–38.5	–81.0	–76.3
EBITDA	**37.1**	**48.1**	**82.0**	**95.3**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	–6.9	–7.0	–13.9	–14.4
Impairment of goodwill	0.0	0.0	0.0	0.0
EBIT	**30.2**	**41.1**	**68.1**	**80.9**
Income from associated companies	–0.2	0.0	–0.2	0.0
Finance expenses	–2.3	–2.1	–4.3	–4.3
Other finance result	0.0	–0.2	0.1	–0.2
Financial result	**–2.5**	**–2.3**	**–4.4**	**–4.5**
Profit before tax	**27.7**	**38.8**	**63.7**	**76.4**
Income tax expense	–9.4	–11.9	–21.4	–24.0
Profit	**18.3**	**26.9**	**42.3**	**52.4**
attributable to owners of TAKKT AG	18.3	26.9	42.3	52.4
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Weighted average number of issued shares in million	65.6	65.6	65.6	65.6
Basic earnings per share (in EUR)	0.28	0.41	0.64	0.80
Diluted earnings per share (in EUR)	0.28	0.41	0.64	0.80

Consolidated statement of comprehensive income of the TAKKT Group *in EUR million*

	04/01/2017 – 06/30/2017	04/01/2016 – 06/30/2016	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
Profit	**18.3**	**26.9**	**42.3**	**52.4**
Actuarial gains and losses resulting from pension provisions recognized in equity	0.3	–3.8	2.1	–11.9
Deferred tax on actuarial gains and losses resulting from pension provisions	0.0	1.0	–0.6	3.5
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**0.3**	**–2.8**	**1.5**	**–8.4**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	–0.1	0.3	–0.1	1.9
Income recognized in the income statement	0.2	0.1	0.2	–0.1
Deferred tax on subsequent measurement of cash flow hedges	0.0	–0.1	0.0	–0.5
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**0.1**	**0.3**	**0.1**	**1.3**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	–14.2	4.0	–17.4	–7.6
Income recognized in the income statement	0.0	0.0	0.0	0.0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**–14.2**	**4.0**	**–17.4**	**–7.6**
Other comprehensive income after tax for items that are reclassified to profit and loss	**–14.1**	**4.3**	**–17.3**	**–6.3**
Other comprehensive income (Changes to other components of equity)	**–13.8**	**1.5**	**–15.8**	**–14.7**
attributable to owners of TAKKT AG	–13.8	1.5	–15.8	–14.7
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Total comprehensive income	**4.5**	**28.4**	**26.5**	**37.7**
attributable to owners of TAKKT AG	4.5	28.4	26.5	37.7
attributable to non-controlling interests	0.0	0.0	0.0	0.0

Consolidated statement of financial position of the TAKKT Group *in EUR million*

Assets	06/30/2017	12/31/2016
Property, plant and equipment	103.8	105.8
Goodwill	524.2	545.8
Other intangible assets	69.8	74.6
Investment in associated companies	0.7	0.5
Other assets	2.7	1.2
Deferred tax	1.8	1.9
Non-current assets	**703.0**	**729.8**
Inventories	104.0	108.2
Trade receivables	105.1	103.7
Other receivables and assets	15.9	25.3
Income tax receivables	3.4	4.6
Cash and cash equivalents	3.6	2.3
Current assets	**232.0**	**244.1**
Total assets	**935.0**	**973.9**

Equity and liabilities	06/30/2017	12/31/2016
Share capital	65.6	65.6
Retained earnings	465.6	459.3
Other components of equity	–3.0	12.8
Total equity	**528.2**	**537.7**
Financial liabilities	40.8	98.0
Other liabilities	0.6	6.7
Pension provisions and similar obligations	54.2	55.1
Other provisions	6.7	6.5
Deferred tax	75.0	77.1
Non-current liabilities	**177.3**	**243.4**
Financial liabilities	121.7	81.8
Trade payables	31.9	33.9
Other liabilities	53.5	47.9
Provisions	12.2	20.1
Income tax payables	10.2	9.1
Current liabilities	**229.5**	**192.8**
Total equity and liabilities	**935.0**	**973.9**

Consolidated statement of changes in total equity of the TAKKT Group *in EUR million*

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 01/01/2017	**65.6**	**459.4**	**12.8**	**537.8**
Transactions with owners	0.0	–36.1	0.0	–36.1
thereof dividends paid	0.0	–36.1	0.0	–36.1
Total comprehensive income	0.0	42.3	–15.8	26.5
thereof Profit	0.0	42.3	0.0	42.3
thereof Other comprehensive income (Changes to other components of equity)	0.0	0.0	–15.8	–15.8
Balance at 06/30/2017	**65.6**	**465.6**	**–3.0**	**528.2**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01/01/2016	**65.6**	**400.8**	**7.0**	**473.4**
Transactions with owners	0.0	–32.8	0.0	–32.8
thereof dividends paid	0.0	–32.8	0.0	–32.8
Total comprehensive income	0.0	52.4	–14.7	37.7
thereof Profit	0.0	52.4	0.0	52.4
thereof Other comprehensive income (Changes to other components of equity)	0.0	0.0	–14.7	–14.7
Balance at 06/30/2016	**65.6**	**420.4**	**–7.7**	**478.3**

Consolidated statement of cash flows of the TAKKT Group *in EUR million*

	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
Profit	42.3	52.4
Depreciation, amortization and impairment of non-current assets	13.9	14.4
Deferred tax expense	2.3	2.3
TAKKT cash flow	**58.5**	**69.1**
Other non-cash expenses and income	2.1	–6.5
Profit and loss on disposal of non-current assets and consolidated companies	–0.1	–0.1
Change in inventories	–1.2	–1.9
Change in trade receivables	–5.1	–10.0
Change in other assets not included in investing and financing activities	8.7	6.7
Change in short- and long-term provisions	–6.0	–5.3
Change in trade payables	–0.6	4.5
Change in other liabilities not included in investing and financing activities	7.2	10.2
Cash flow from operating activities	**63.5**	**66.7**
Proceeds from disposal of non-current assets	0.1	0.2
Capital expenditure on non-current assets	–13.3	–7.5
Proceeds from the disposal of consolidated companies (less cash and cash equivalents sold)	0.0	1.5
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)	–4.0	–0.4
Cash flow from investing activities	**–17.2**	**–6.2**
Proceeds from Financial liabilities	61.2	44.0
Repayments of Financial liabilities	–70.0	–71.0
Payments to owners of TAKKT AG (dividends)	–36.1	–32.8
Cash flow from financing activities	**–44.9**	**–59.8**
Cash and cash equivalents at 01/01	2.3	3.3
Increase/decrease in Cash and cash equivalents	1.4	0.7
Non-cash increase/decrease in Cash and cash equivalents	–0.1	–0.1
Cash and cash equivalents at 06/30	**3.6**	**3.9**

EXPLANATORY NOTES

Reporting principles

The condensed interim consolidated financial statements of TAKKT Group as of June 30, 2017 were prepared in accordance with section 37w of the German Securities Trading Act (WpHG) as well as IAS 34 "Interim Financial Reporting" and German Accounting Standard DRS 16 "Interim Financial Reporting". All International Financial Reporting Standards (IFRS) and related interpretations of the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) were considered. The interim financial statements and management report have not been audited in accordance with section 317 of the German Commercial Code (HGB) nor been subject to an audit review.

Accounting and valuation principles

The same accounting and valuation principles have been applied as for the consolidated financial statements for the 2016 financial year. The interim financial statements should be read in conjunction with the 2016 annual report, page 111 et seqq.

None of the new or amended IFRS that have to be applied for the first time in the current financial year have any material impact on net assets, financial position and results of operations of the Group or the presentation of the interim financial statements.

The assessment of the effects on net assets, financial position and results of operations resulting from the first-time application of IFRS 9, IFRS 15 and IFRS 16 remained unchanged from the presentation in the notes to the consolidated financial statements of the 2016 financial year.

Segment reporting by division of the TAKKT Group *in EUR million*

01/01/2017 – 06/30/2017	TAKKT EUROPE	TAKKT AMERICA	**Segments total**	Others	Consolidation	**Group total**
Sales to third parties	289.4	275.6	565.0	0.0	0.0	565.0
Inter-segment sales	0.2	0.0	0.2	0.0	–0.2	0.0
Segment sales	289.6	275.6	565.2	0.0	–0.2	565.0
EBITDA	55.3	32.6	87.9	–5.9	0.0	82.0
EBIT	45.6	28.5	74.1	–6.0	0.0	68.1
Profit before tax	43.9	26.3	70.2	–6.5	0.0	63.7
Profit	31.8	15.8	47.6	–5.3	0.0	42.3
Average no. of employees (full-time equivalent)	1,331	984	2,315	39	0	2,354
Employees at the closing date (full-time equivalent)	1,349	989	2,338	41	0	2,379

01/01/2016 – 06/30/2016	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	285.6	268.6	554.2	0.0	0.0	554.2
Inter-segment sales	0.1	0.0	0.1	0.0	–0.1	0.0
Segment sales	285.7	268.6	554.3	0.0	–0.1	554.2
EBITDA	62.1	39.6	101.7	–6.4	0.0	95.3
EBIT	51.8	35.5	87.3	–6.4	0.0	80.9
Profit before tax	49.4	33.8	83.2	–6.8	0.0	76.4
Profit	36.9	20.4	57.3	–4.9	0.0	52.4
Average no. of employees (full-time equivalent)	1,315	969	2,284	35	0	2,319
Employees at the closing date (full-time equivalent)	1,309	975	2,284	35	0	2,319

Financial instruments – Fair value measurement

For a detailed overview of financial risks and their management along with the financial instruments held by TAKKT, please refer to the consolidated financial statements 2016. This section provides information about the fair value of financial instruments, the respective input factors and valuation methods. It also explains the classification of financial instruments into the levels within the fair value hierarchy of IFRS 13.

The input factors used for the valuation techniques to measure fair value are divided into the following levels:

Level 1: Quoted prices in active markets accessible to the company for the identical asset or liability.
Level 2: Input factors other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Input factors for the asset or liability that are unobservable.

Financial instruments at TAKKT recognized at fair value relate to investments, derivative financial instruments and contingent considerations. They are subject to a recurring fair value measurement. Derivative financial instruments are included in current Other receivables and assets as well as in current Other liabilities and relate to level 2. The investments as well as the contingent considerations are included in current and non-current Other liabilities and relate to level 3.

When level 2 and 3 assets and liabilities are measured at fair value on a recurring basis, the discounted cash flow method is used. This means that the future cash flows which the financial instruments are expected to generate are discounted using maturity-matched market interest rates. The creditworthiness of the respective debtor is taken into account by considering risk premiums depending on rating and term in the discount factors. The risk premiums are determined using prices for fixed-income securities observable on markets.

Should it prove necessary to reclassify assets and liabilities carried at fair value on a recurring basis into a different level – for example because an asset is no longer traded on an active market or is being traded for the first time – they are reclassified at the end of the reporting period. There were no reclassifications necessary during the reporting period.

On the reporting date, the fair value of derivative financial instruments listed under current Other receivables and assets stood at EUR 0.2 million (EUR 0.5 million as of December 31, 2016) and the fair value of derivative financial instruments within current Other liabilities totaled EUR 0.3 million (EUR 0.6 million as of December 31, 2016).

For reconciliation details to the fair value of contingent considerations please refer to the section Changes in contingent considerations. The contingent considerations´ fair value is calculated by risk-adjusted discounting the most likely value for the amount to be paid.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for the fair values as of the closing date of the reporting period. Significant deviations between book values and fair values could arise with regard to the liabilities under finance lease contracts, the fixed-interest tranches of promissory notes and other non-current financial liabilities.

The following information is disclosed for these financial liabilities as of June 30, 2017:

Financial liabilities by book value and fair value *in EUR million*

	Book Value 06/30/2017	Fair Value 06/30/2017	Book Value 12/31/2016	Fair Value 12/31/2016
Finance leases	30.0	35.6	31.2	35.5
Promissory notes and relating accrued interest	34.3	34.4	33.7	34.0
Other non-current liabilities	4.4	5.6	2.8	3.5
	68.7	**75.6**	**67.7**	**73.0**

In these cases, fair value is determined using the same method assigned to level 2 as for assets and liabilities that are measured at fair value on a recurring basis applying the discounted cashflow-method.

Changes in contingent considerations *in EUR million*

The contingent considerations agreed in connection with company acquisitions changed as follows during the reporting period:

	2017	2016
Balance at 01/01	**3.4**	**11.6**
Additions	0.0	0.5
Disposals	–3.5	–0.5
Currency translation	–0.3	–0.5
Accrued interest	0.6	0.9
Revaluation	–0.2	–8.6
Balance at 06/30 / 12/31	**0.0**	**3.4**

In May 2017, the contingent purchase price component agreed in connection with the company acquisition of Post-Up Stand in 2015 and included in contingent considerations was settled with an amount of EUR 3.5 million respectively USD 4.0 million.

Scope of consolidation

Scope of consolidation is unchanged compared to the scope of consolidation as of December 31, 2016.

Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of shares issued. So-called potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued. The diluted and undiluted earnings per share are therefore identical.

Related party disclosures

Related parties in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG (including any and all persons related to these Boards), TAKKT Group's associated companies and the majority shareholder Franz Haniel & Cie. GmbH, Duisburg / Germany (including its subsidiaries, associated companies, Management and Supervisory Board members). Related-party transactions mainly relate to the cash management system, ongoing delivery and settlement transactions and service contracts. By participating in Haniel Group's cash management system, TAKKT Group benefits from potential economies of scale. All transactions with related parties are contractually agreed and performed on terms that are customary for transactions with third parties.

Events after the reporting period

There were no significant events which had any meaningful impact on the net assets, financial position and results of operations after the reporting date.

Other disclosures

As at the last balance sheet date there were no material contingent liabilities and receivables. There were no other unusual business transactions within the meaning of IAS 34.16A(c) or other issues relevant for disclosure.

Responsibility statement by the Management Board

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

Stuttgart, July 27, 2017

TAKKT AG
Management Board

Dr Felix A. Zimmermann Dirk Lessing Dr Claude Tomaszewski

ADDITIONAL INFORMATION

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