Q2 INTERIM REPORT

2017

euromicron

Key figures

of the euromicron Group at June 30, 2017

Key figures for the Group

	2017	2016
	€ THOU.	€ THOU.
Sales	153,643	139,842
EBITDA (operating)*	654	–1,692
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	0.4%	–1.2%
EBITDA	–878	–3,464
EBITDA margin, in % (relative to sales at the reporting date)	–0.6%	–2.5%
EBIT (operating)*	–3,545	–5,862
EBIT	–5,077	–7,634
Net loss for the period (for euromicron AG shareholders)	–5,476	–9,119
Earnings per share in € (undiluted)	–0.76	–1.27
Equity ratio, in %	30.7%	33.9%
Working capital after factoring	49,917	73,167
Working capital ratio after factoring, in % (relative to sales of the past 12 months)	14.7%	22.3%
Working capital before factoring	74,174	91,032
Working capital ratio before factoring, in % (relative to sales of the past 12 months)	21.9%	27.8%
Cash flow from operating activities, adjusted for effects from factoring and customers' monies to be passed on**	–11,096	–20,836

* Adjusted for special effects of the reorganization
** Previous year's figure adjusted
(unaudited acc. to IFRS)

DEAR SHAREHOLDERS,
DEAR READERS,

The positive trends of the first quarter continued for the euromicron Group in the second quarter of 2017. We were again able to improve all the key figures compared to the first half of the previous year. That shows that we are on the right track with the measures we have initiated to restructure the euromicron Group.

We grew sales by around 10% year on year to €153.6 million. Operating EBITDA was also positive at €0.6 million, an improvement of €2.3 million over the previous year (€–1.7 million). The consolidated net loss for the period at June 30, 2017, was €–5.4 million and so was reduced by €3.6 million compared to the previous year (net loss of €–9.0 million). Moreover, the market environment continues to offer attractive growth opportunities for the euromicron Group. New orders from continuing operations were €173.1 million or around €18.0 million higher, while order books also increased sharply by 14.5% over the figure for the same period of the previous year.

Working capital after factoring also fell to €49.9 million or by €23.3 million compared to the level at June 30, 2016. That resulted in a sharp reduction in the Group's working capital ratio to 14.7%.

The Group's adjusted cash flow from operating activities in the first half of 2017 was €–11.1 million (previous year: €–20.8 million), a strong improvement of €9.7 million. Free liquidity was €16.2 million, likewise higher – by €4.8 million – year on year.

The improvement in business numbers is also a reflection of the change in our corporate culture. The great commitment and dedication of our employees is the basis for our success. We nurture a spirit of responsible conduct toward each other, offer development opportunities throughout the Group and rely on every single employee to help the Group advance with their individual strengths and ideas. In that way, we aim to benefit from the dynamic development of the IoT market and grow euromicron into a medium-sized technology group for digitized infrastructures. Alongside organic growth, we also do not rule out strategic acquisitions in order to strengthen our market position further.

Of course, there may be the one of the other sideways move in implementing this strategy. However, we believe that euromicron as a whole is making good progress toward a successful future.

Frankfurt/Main, August 2017

Bettina Meyer
Member of the Executive Board
(Spokeswoman)

Jürgen Hansjosten
Member of the Executive Board

Interim Management Report

of the euromicron Group from January 1 to June 30, 2017

Fundamentals of the Group

Profile

Under its strategic alignment, the euromicron Group focuses on the three main segments of "Smart Buildings", "Critical Infrastructures" and "Distribution". euromicron combines technology and system integration to create holistic solution concepts and offers its customers market-oriented, tailored solutions for digital infrastructures. Controlling is geared toward the target markets and the underlying value chain within the Group. As a result, euromicron accompanies its customers' digital transformation.

All the activities of the euromicron Group in the target markets of "Digital Buildings" and "Smart Industry" are pooled in the **"Smart Buildings"** segment. In the target market of "Digital Buildings", euromicron focuses on providing infrastructure-related intelligent solutions, such as "Smart Office", "Smart Energy" or "Smart Lighting". Services relating to building or process automation, light control, access control, video surveillance, fire prevention or support services as part of efficient energy and building management are planned, implemented and operated as part of that. The focus in the "Smart Industry" area is on digitizing and networking development, production and service processes in industry. This segment also includes services relating to the equipment of data centers with innovative connector systems.

The **"Critical Infrastructures"** segment caters for operators of such infrastructures with highly available and secure solutions. They may be the digital mobile radio system at an airport or the communications network of Deutsche Bahn or a power utility, for example. Critical infrastructures are organizational and physical structures and facilities of great importance to a nation's society and economy. Their fault tolerance prevents significant economic damage and averts the risk of injury to persons and loss of life. Availability and protection of them therefore have top priority. System integration comprises the planning, production and operation of digitized critical infrastructures. In addition, the technology manufacturing companies in this segment round out the product portfolio in this target market with their professional video, audio and special technology solutions for sensitive security restricted areas.

The **“Distribution”** segment advises and supplies customers in a vendor-independent manner in all matters relating to active and passive network components in the fiber-optic and copper arena.

Changes in the Group’s structure

In order to round out its competences, telent GmbH, Backnang, acquired 75% of the shares in KORAMIS GmbH, Saarbrücken, a service provider specializing in IT security, effective January 1, 2017. As a result, telent’s value chain is being expanded to include cybersecurity for critical infrastructures and industrial infrastructures. As a subsidiary of telent GmbH, KORAMIS GmbH was assigned to the “Critical Infrastructures” segment.

Establishment of ProCom Communication Systems Trading (Beijing) Co. Ltd., Beijing, China, was completed on February 23, 2017. It is a wholly-owned subsidiary of ProCom Professional Communication & Service GmbH, Essen, in which ProCom’s activities in China to date are pooled. As a subsidiary of ProCom Professional Communication & Service GmbH, it is assigned to the “Critical Infrastructures” segment.

After a decision was taken toward the end of 2016 to discontinue the “Fiber-optic Infrastructure” division of RSR GmbH & Co. KG., since it is not strategic and is characterized by low margins and high project risks, only its remaining orders on hand were handled in the first half of 2017. In line with the internal reporting structure, RSR GmbH & Co. KG is no longer assigned to the “Critical Infrastructures” segment in segment reporting as of fiscal year 2017, but instead to the “Non-strategic Business Areas”. So as to enable better comparison, the previous year’s figures have been accordingly adjusted in segment reporting.

An agreement to sell the “Telecommunications” division of euromicron Deutschland GmbH was concluded on March 15, 2017. Under it, euromicron Deutschland GmbH was to transfer all customer, supplier and other agreements connected with this business to the purchaser as part of an asset deal. The “Telecommunications” division’s employees were also to be transferred to the purchaser. The transaction was completed on April 30, 2017, after the suspensive conditions specified in the purchase agreement had been fulfilled.

Net assets, financial position and results of operations

General statement on the performance of the euromicron Group in the first half of 2017
Even though the first half traditionally tends to be weak due to the cyclical nature of the euromicron Group's business (sales and earnings peak in the fourth quarter of the fiscal year), all the key figures for the euromicron Group developed positively in the first six months of fiscal year 2017:

- Sales in the first half of 2017 were €153.6 million, an increase of €13.8 million or around 10% over the first half of 2016.

- A positive operating EBITDA of €0.6 million was achieved in the first half of 2017, an improvement of €2.3 million over the first half of 2016 (€–1.7 million).

- The consolidated net loss for the period at June 30, 2017, was €–5.4 million and so was reduced by €3.6 million compared to the figure at June 30, 2016 (net loss of €–9.0 million).

- New orders from the euromicron Group's continuing operations were €173.1 million in the first half of 2017 or €18.0 million above the comparative figure for the previous year (€155.1 million). Order books were €134.4 million, likewise a sharp increase – of €17.0 million or 14.5% – on the previous year's €117.4 million.

- In particular on the back of positive effects from the Group-wide Working Capital program, the Group's working capital (after factoring) was reduced from €73.2 million at June 30, 2016, to €49.9 million, i.e. by €–23.3 million; as a result, the Group's working capital ratio fell sharply by –7.6 percentage points from 22.3% to 14.7%. After adjustment for the effects of factoring, working capital at June 30, 2017, was €74.2 million and so €–16.8 million below the figure at June 30, 2016 (€91.0 million). The working capital ratio (before factoring) was likewise reduced sharply by –5.9 percentage points from 27.8% to 21.9%.

- The Group's cash flow from operating activities in the first half of 2017 after adjustment for the effects of factoring was €–11.1 million, a significant improvement of €9.7 million over the first half of 2016 (€–20.8 million)[1)].

- The euromicron Group's net debt (the total of long- and short-term liabilities to banks and liabilities from finance leases less cash and cash equivalents) at June 30, 2017, was €98.6 million, a reduction of €5.6 million compared to the figure at June 30, 2016 (€104.2 million).

- The euromicron Group's free liquidity (free credit lines plus cash) at June 30, 2017, was €16.2 million, €4.8 million above the comparative figure at June 30, 2016 (€11.4 million).

Sales and income

Key sales and income figures at June 30, 2017

	2017	2016
	€ THOU.	€ THOU.
Sales	153,643	139,842
EBITDA (operating)*	654	–1,692
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	0.4%	–1.2%
EBITDA	–878	–3,464
EBITDA margin, in % (relative to sales at the reporting date)	–0.6%	–2.5%
EBIT (operating)*	–3,545	–5,862
EBIT	–5,077	–7,634
Income before taxes	–7,387	–9,952
Net loss for the period (for euromicron AG shareholders)	–5,476	–9,119
Earnings per share, in € (undiluted)	–0.76	–1.27

* Adjusted for special effects of the reorganization
(unaudited acc. to IFRS)

1) The previous year's figures have been adjusted.

The euromicron Group's sales in the first half of 2017 were €153.6 million (previous year: €139.8 million) and so €13.8 million higher than in the first half of 2016. Sales in the first quarter of 2017 were €10.3 higher year on year and they were also up by €3.5 million over the previous year in the second quarter of 2017. As a result, the improvement in sales over the previous year has been increased further.

Sales of €126.5 million (previous year: €118.4 million) – or around 82.4% of total sales (previous year: 84.7%) – were generated in the German market. Foreign sales were €27.1 million, well above the previous year's figure of €21.4 million, and so accounted for 17.6% (previous year: 15.3%) of total sales.

There was once again a positive earnings performance in the first half of 2017: Operating EBITDA at June 30, 2017, was €0.6 million and so €2.3 million higher than at June 30, 2016 (€ –1.7 million). The improvement in earnings over the previous year has thus been increased by a further €1.2 million compared to the first quarter of 2017 (€1.1 million).

Reorganization costs in the first half totaled €–1.5 million and so fell by €0.3 million over the previous year (€–1.8 million). They were incurred to an amount of €–0.9 million (previous year: €–1.4 million) at the "Central Services" segment, to an amount of €–0.5 million (previous year: €–0.2 million) at the "Smart Buildings" segment and to an amount of €–0.1 million (previous year: €–0.2 million) at the "Non-strategic Business Areas". The reorganization costs at the "Central Services" segment relate to euromicron AG and mainly comprise the costs of legal and financial advice, other consulting costs and costs for interim managers. The reorganization costs incurred in the "Smart Buildings" segment relate to euromicron Deutschland GmbH and are due to an amount of €–0.2 million to subsequent measurement effects in connection with disposal of the "Telecommunications" division. We refer in this regard to the presentation in the section "Significant business events" in the notes. Apart from that, they include in particular costs for measures relating to further optimization of the personnel structure. The reorganization costs at the "Non-strategic Business Areas" result from follow-up costs from the closures.

After allowing for reorganization costs of €–1.5 million (previous year: €–1.8 million), the reported EBITDA is €–0.9 million (previous year: €–3.5 million) and so €2.6 million higher than in the first half of 2016.

The performance of the Group's individual segments in the first half of 2017 was as follows:

Sales in the "Smart Buildings" segment increased by €7.8 million to €89.4 million. The segment thus generated an operating EBITDA of €0.5 million, an improvement of €2.9 million. As in the first quarter of 2017, that was mainly attributable to the better sales and earnings performance by euromicron Deutschland GmbH and ELABO GmbH. Business at euromicron Deutschland GmbH is stabilizing more and more as a consequence of the reorganization measures. ELABO GmbH benefited in particular from positive trends in the target market "Smart Industry".

Sales at the "Critical Infrastructures" segment rose by €6.4 million to €53.8 million. Operating EBITDA fell to €0.8 million and so is at the level planned for the first half of 2017. The decline in earnings in the first half of 2017 is due in particular to the project mix and the planned hiring of staff with higher qualifications so that new business areas in the field of digitization can be tapped.

The "Distribution" segment also continued to perform positively: Sales rose by €0.4 million to €11.9 million and operating EBITDA improved by €0.1 million to €1.8 million compared to the previous year.

At the "Non-strategic Business Areas", there was as planned a decline in sales of €–1.6 million to €0.7 million due to discontinuation of the "Fiber-optic Infrastructure" division of RSR GmbH & Co. Operating EBITDA broke even, following €–0.2 million in the previous year.

Operating EBITDA for "Central Services" (holding costs) was €–2.4 million and so, as planned, up slightly (by €–0.1 million) on the figure for the previous year (€–2.3 million).

Income statement (operational)

of the euromicron Group for the period January 1 to June 30, 2017 (IFRS)

Income statement (operational)

	6-month report					
	Jan. 1, 2017 – June 30, 2017 incl. special effects of reorganization	Special effects of reorganization	Jan. 1, 2017 – June 30, 2017 operational	Jan. 1, 2016 – June 30, 2016 incl. special effects of reorganization	Special effects of reorganization	Jan 1, 2016 – June 30, 2016 operational
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
Sales	**153,643**	**0**	**153,643**	**139,842**	**–40**	**139,802**
Inventory changes	422	0	422	396	0	396
Own work capitalized	1,316	0	1,316	1,187	0	1,187
Other operating income	1,031	0	1,031	792	–27	765
Cost of materials	–81,614	25	–81,589	–71,283	20	–71,263
Personnel costs	–55,068	314	–54,754	–53,807	131	–53,676
Other operating expenses	–20,608	1,193	–19,415	–20,591	1,688	–18,903
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**–878**	**1,532**	**654**	**–3,464**	**1,772**	**–1,692**
Amortization and depreciation	–4,199	0	–4,199	–4,170	0	–4,170
Earnings before interest and taxes (EBIT)	**–5,077**	**1,532**	**–3,545**	**–7,634**	**1,772**	**–5,862**
Interest income	74	0	74	36	0	36
Interest expenses	–2,384	0	–2,384	–2,354	0	–2,354
Income before income taxes	**–7,387**	**1,532**	**–5,855**	**–9,952**	**1,772**	**–8,180**
Income taxes	2,002	0	2,002	947	0	947
Consolidated net lossfor the period	**–5,385**	**1,532**	**–3,853**	**–9,005**	**1,772**	**–7,233**
Thereof attributable to euromicron AG shareholders	–5,476	1,532	–3,944	–9,119	1,772	–7,347
Thereof attributable to non-controlling interests	91	0	91	114	0	114
(Un)diluted earnings per share in €	**–0.76**	**0.21**	**–0.55**	**–1.27**	**0.25**	**–1.02**

(unaudited acc. to IFRS)

Income statement (operational)

of the euromicron Group for the period April 1 to June 30, 2017 (IFRS)

Income statement (operational)

	3-month report					
	April 1, 2017 – June 30, 2017 incl. special effects of reorganization	Special effects of reorganization	April 1, 2017 – June 30, 2017 operational	April 1, 2016 – June 30, 2016 incl. special effects of reorganization	Special effects of reorganization	April 1, 2016 – June 30, 2016
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
Sales	**78,118**	**0**	**78,118**	**74,632**	**0**	**74,632**
Inventory changes	475	0	475	–160	0	–160
Own work capitalized	646	0	646	706	0	706
Other operating income	596	0	596	346	–1	345
Cost of materials	–42,084	0	–42,084	–39,014	0	–39,014
Personnel costs	–27,510	214	–27,296	–27,726	–1	–27,727
Other operating expenses	–10,317	405	–9,912	–10,228	715	–9,513
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**–76**	**619**	**543**	**–1,444**	**713**	**–731**
Amortization and depreciation	–2,082	0	–2,082	–2,100	0	–2,100
Earnings before interest and taxes (EBIT)	**–2,158**	**619**	**–1,539**	**–3,544**	**713**	**–2,831**
Interest income	37	0	37	12	0	12
Interest expenses	–1,368	0	–1,368	–1,372	0	–1,372
Income before income taxes	**–3,489**	**619**	**–2,870**	**–4,904**	**713**	**–4,191**
Income taxes	821	0	821	331	0	4,320
Consolidated net loss for the period	**–2,668**	**619**	**–2,049**	**–4,573**	**713**	**–3,860**
Thereof attributable to euromicron AG shareholders	–2,713	619	–2,094	–4,616	713	–3,903
Thereof attributable to non-controlling interests	45	0	45	43	0	43
(Un)diluted earnings per share in €	**–0.37**	**0.08**	**–0.29**	**–0.64**	**0.10**	**–0.54**

(unaudited acc. to IFRS)

The improvement in the Group's operating EBITDA by €2.3 million to €0.6 million is attributable to an amount of €3.5 million to the higher gross profit, defined as total operating performance (sales and inventory changes) minus cost of materials. The volume-related effect from total operating performance, which was higher year on year, had a positive impact of €6.5 million on gross profit. That was offset to an amount of € –3.0 million by the negative effect of a higher material usage ratio of 52.9% or 2.1 percentage points up on the previous year (50.8%). The higher material usage ratio is attributable in particular to the increase in sales from system integration business, which involves a higher ratio of third-party services.

Personnel costs (adjusted for the costs of reorganization) totaled € –54.8 million (previous year: € –53.7 million) and so increased by €1.1 million year on year. The increase in personnel costs by 2.0% is attributable – apart from the slight increase in the headcount to 1,816 employees (previous year: 1,803) and pay adjustments under the collective bargaining agreement – in particular to the fact that there was greater investment in highly qualified staff as part of the strategic realignment.

The other operating expenses (adjusted for the costs of reorganization) totaled € –19.4 million and so have increased slightly by €0.5 million compared with the previous year (€ –18.9 million). Vehicle and travel expenses, rent/room costs and legal and consulting costs are still the largest items within the other operating expenses.

As in the first half of 2016, amortization and depreciation were € –4.2 million.

Interest expenses were € –2.4 million, likewise at the level of the first half of the previous year.

The tax ratio in the first half of 2017 was 27.1% and so only slightly below the anticipated tax ratio for the Group of 30%. It was 9.5% in the first half of 2016, below the anticipated tax ratio for the Group of 30%. This was due in particular to the fact that deferred taxes were not recognized for tax losses in the first half of 2016.

The consolidated net loss for the period (adjusted for the costs of reorganization) at June 30, 2017, was €–3.9 million compared with a loss of €–7.2 million in the previous year, i.e. a sharp reduction of €3.3 million. Undiluted earnings per share (adjusted for the costs of reorganization) for the first six months of fiscal year 2017 were €–0.55 compared to €–1.02 in the same period of the previous year.

New orders and order books

of the euromicron Group at June 30, 2017

Consolidated new orders/order books

	2017[1]	2017[2]	2016[1]	2016[2]
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
Consolidated new orders	173,141	173,277	155,089	156,019
Consolidated order books	134,442	135,281	117,386	119,533

[1] Continuing core business operations (excluding divisions that have since been closed)
[2] Total (including divisions that have since been closed)
(unaudited acc. to IFRS)

At June 30, 2017, the euromicron Group recorded new orders from continuing core business operations of €173.1 million (previous year: €155.1 million), €18.0 million or 11.6% above the level of the previous year. Order books from continuing core business operations were €134.4 million (previous year: €117.4 million), an increase of €17.0 million or 14.5%.

At June 30, 2017, there were higher new orders and order books compared to June 30, 2016, in the two major operating segments ("Smart Buildings" and "Critical Infrastructures"). The positive order trend is thus a good springboard for the further course of business in fiscal year 2017.

Net assets

Total assets at the euromicron Group were €250.3 million at June 30, 2017, a slight increase of 2.4% over the level at December 31, 2016.

Noncurrent assets rose by €1.9 million to €143.1 million in the first half of 2017. In particular, this increase is due to an amount of €1.2 million to the addition of goodwill from the provisional purchase price allocation for KORAMIS GmbH, which was acquired effective January 1, 2017. In addition, property, plant and equipment also increased by around €0.7 million. Noncurrent assets accounted for 57.2% of total assets and so were only slightly below the level at December 31, 2016 (57.7%). The ratio of equity and long-term liabilities to noncurrent assets at June 30, 2017, was 72.9%.

Current assets rose by €3.9 million to €107.2 million. They accounted for 42.8% of total assets, compared to 42.3% at December 31, 2016. As in previous years, inventories and the gross amount due from customers for contract work rose in total by around €17.1 million for seasonal reasons, which is due to the larger volume of projects in progress in system house business and stocking of products by the production companies in the first half of 2017. On the other hand, trade accounts receivable were able to be reduced by €–9.6 million from the traditionally high figure at the end of the year.

Cash and cash equivalents decreased by €–1.4 million from the figure at December 31, 2016, to €5.4 million. We refer in this regard to the explanations on the financial position and cash flow.

Equity at June 30, 2017, was €76.8 million, €–5.5 million below the level of December 31, 2016. The decline is due to an amount of €–5.4 million to the consolidated net loss for the first half of 2017. In addition, dividends from subsidiaries that were adopted in the first quarter of 2017 and to which non-controlling shareholders were entitled on a pro-rata basis had to be transferred from equity to liabilities.

The equity ratio was 30.7% following 33.7% at December 31, 2016.

Noncurrent liabilities in particular contain the long-term components of the Group's outside financing and deferred tax liabilities. The drop of €–20.7 million from €48.2 million to €27.5 million is attributable in particular to an amount of €–18.5 million to lower long-term liabilities to banks that, because they are due on March 31, 2018, were already reclassified as noncurrent liabilities at March 31, 2017. In addition, there was a reduction in deferred tax liabilities of €–2.3 million. Noncurrent liabilities were 11.0% of total assets compared with 19.7% at December 31, 2016.

Current liabilities at June 30, 2017, increased by €32.0 million from €114.0 million to €146.0 million and were 58.3% (at December 31, 2016: 46.6%) of total assets. €44.5 million of this rise is due to higher short-term liabilities to banks; of this, an amount of €18.5 million is the result of the above-mentioned reclassification from noncurrent liabilities. On the other hand, there was in particular a decline of €–4.8 million in other tax liabilities (especially value-added tax liabilities), of €–3.9 million in trade accounts payable and of €–2.6 million in personnel obligations.

Working capital

Working capital (after factoring) corresponds to the working capital reported in the balance sheet and is defined as the total of inventories, trade accounts receivable and the gross amount due from customers for contract work minus trade accounts payable, the gross amount due to customers for contract work and received prepayments; the latter are included in the balance sheet item "Other current liabilities". In order to calculate the working capital (before factoring), the receivables sold as part of the factoring program at the respective balance sheet date are added to the working capital (after factoring). The working capital ratio is the ratio of working capital and rolling sales over the past twelve months.

The relevant key figures for working capital at the euromicron Group are presented in the following at the reporting dates June 30, 2017, and June 30, 2016:

Working capital – Comparison as of balance sheet date

	June 30, 2017	June 30, 2016	Change
	€ THOU./IN %	€ THOU./IN %	€ THOU./IN PP
Working capital (after factoring)	49,917	73,168	–23,251
Receivables sold as part of factoring	24,257	17,864	6,393
Working capital (before factoring)	74,174	91,032	–16,858
Working capital ratio (after factoring)	14.7%	22.3%	–7.6 PP
Working capital ratio (before factoring)	21.9%	27.8%	–5.9 PP

(unaudited acc. to IFRS)

Working capital (after factoring) and working capital (before factoring) were able to be reduced sharply by, respectively, €–23.3 million and €–16.9 million compared with June 30, 2016, in particular as a result of positive effects from further implementation of the Group-wide program to optimize working capital. The relevant working capital ratios were also reduced significantly by –7.6 and –5.9 percentage points respectively.

Further successes were also made in reducing working capital in the first half of 2017, as can be seen from the following comparison of working capital in the first half of fiscal years 2016 and 2017:

Working capital – changes in the current reporting period

	June 30, 2017	Dec. 31, 2016	Change
	€ THOU./IN %	€ THOU./IN %	€ THOU./IN PP
Working capital (after factoring)	49,917	38,488	11,429
Receivables sold as part of factoring	24,257	34,715	–10,458
Working capital (before factoring)	74,174	73,203	971
Working capital ratio (after factoring)	14.7%	11.8%	2.9 PP
Working capital ratio (before factoring)	21.9%	22.5%	–0.6 PP

(unaudited acc. to IFRS)

Working capital – changes in the previous' years reporting period

	June 30, 2016	Dec. 31, 2015	Change
	€ THOU./IN %	€ THOU./IN %	€ THOU./IN PP
Working capital (after factoring)	73,168	61,357	11,811
Receivables sold as part of factoring	17,864	20,321	–2,457
Working capital (before factoring)	91,032	81,678	9,354
Working capital ratio (after factoring)	22.3%	17.8%	4.5 PP
Working capital ratio (before factoring)	27.8%	23.7%	4.1 PP

(unaudited acc. to IFRS)

Whereas working capital (before factoring) rose by €9.4 million in the first half of 2016 and so the working capital ratio rose by 4.1 percentage points, the increase was just €1.0 million in the first half of 2017, despite the sharp increase in sales. This reduced the working capital ratio by –0.6 percentage points. Cash effects from this reduction in working capital are also reflected in the improvement in the cash flow from operating activities in the first half of 2017. We refer in this regard to the explanations on the financial position.

Financial position

The euromicron Group's net debt (the total of long- and short-term liabilities to banks and liabilities from finance leases less cash and cash equivalents) at June 30, 2017, was €–98.6 million, a reduction of €5.6 million compared to the figure at June 30, 2016 (€–104.2 million).

At June 30, 2017, the euromicron Group has free liquidity (free credit lines plus cash) of €16.2 million for up-front financing of project business and to further finance the company's planned development. Free liquidity increased by €4.8 million over the figure at June 30, 2016 (€11.4 million).

euromicron AG will continue to fund its Group companies directly or through its cash pool model.

A financing agreement was concluded with our partner banks effective July 1, 2016, and runs until March 31, 2018. Due to the term of the financing agreement, the loan of €18.5 million carried to date under the long-term loan liabilities has already been reclassified to the short-term loan liabilities at March 31, 2017.

At June 30, 2017, the euromicron Group consequently has liabilities to banks totaling €102.5 million, of which €19.9 million is long-term and €82.6 million is short-term loan liabilities. Liabilities to banks at June 30, 2016, totaled €108.7 million, of which €19.9 million was long-term and €88.8 million short-term loan liabilities. As a result, the ratio of long-term loan liabilities has risen slightly from 18.3% at June 30, 2016, to 19.4%.

Notes on the cash flow

At June 30, 2017, the reported net cash used in operating activities was €–20.1 million, compared with €–44.0 million at June 30, 2016. However, the reported cash flow figures from operating activities are mainly impacted by effects resulting from the Group's factoring program. In order to calculate comparative cash flow figures, adjustment is carried out for the following effects:

- Change in the factoring volume at the balance sheet date
- Change in the liability from customers' monies to be passed on
- Change in the blocked amount withheld by the factoring company or factoring amounts that have not yet been paid out (other financial asset)

We refer you to the 2016 Annual Report of the euromicron Group for a detailed explanation of the effects stated here.

All in all, reconciliation of these three factors results in cash flows from operating activities after adjustment for factoring effects as summarized in the table below:

Calculation of the adjusted cash flow from operating activities

	Jan. 1, 2017 – June 30, 2017	Jan. 1, 2016 – Dec. 31, 2016
	€ THOU.	€ THOU.
Cash flow from operating activities acc. to statement of cash flows*	–20,078	–43,962
Effects from factoring and customers' monies to be passed on included in the above	8,982	23,126
Adjusted cash flow from operating activities	–11,096	–20,836

* Previous year's figure adjusted
(unaudited acc. to IFRS)

Consequently, the net cash used in operating activities (after adjustment for factoring effects) for the first half of 2017 is €–11.1 million, a sharp reduction of €9.7 million over the figure of €–20.8 million for the same period in 2016.

Apart from the increase of €2.6 million in the reported EBITDA and the €1.4 reduction in interest and tax payments, the improvement in the adjusted cash flow from operating activities is mainly attributable to cash effects from the reduction in working capital. A far lower increase in working capital during the year resulted in positive cash effects on the cash flow from operating activities, which improved year on year by €9.1 million as a result. Changes in the other balance sheet items apart from working capital resulted in a year-on-year reduction of €–3.4 million in cash flow from operating activities, in particular as a result of higher value-added tax payments.

Net cash used in investing activities in the first half of 2017 was €–6.6 million, €–2.6 million higher than the figure of €–4.0 million for the first half of 2016. €–1.9 million of this change is due to higher purchase price payments for company acquisitions and payments relating to the disposal of sold operations. In addition, investments in intangible assets and property, plant and equipment were €–0.7 million above the level of the previous year.

The net cash provided by financing activities was €25.2 million compared with €43.3 million in the first half of the previous year. The net proceeds are mainly due to raised loans which exceed the net cash used to repay loans.

Cash funds of the euromicron Group at June 30, 2017, were thus €5.4 million compared with €6.0 million at June 30, 2016.

Risk Report

The reports from the risk management system at December 31, 2016, have been continuously examined and updated as part of the Group's interim report at June 30, 2017. At June 30, 2017, there were no significant material changes in the risks at the euromicron Group compared with as stated and described in detail in the management report in the 2016 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes and does not see any risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, might have a significant influence on the Group's net assets, financial position and results of operations.

Outlook

After a first half of 2017 that went according to plan, euromicron AG assumes that its business will continue to develop stably for the year as a whole and confirms its guidance for fiscal year 2017.

Taking into consideration the opportunities and risks, a sales volume from €330 million to €350 million can therefore still be expected for 2017. The anticipated operating EBITDA margin for fiscal year 2017 remains between 4.0% and 5.0%.

Completion of the reorganization measures and costs in connection with restructuring of the Group's financing will probably reduce the reported consolidated EBITDA in fiscal year 2017 by around €2.0 million to €3.0 million.

This forecast is based on the assumption that the overall economy in the Federal Republic of Germany and the general conditions in the IT/ICT industry will develop positively in 2017. Nevertheless, the actual results may deviate significantly from the expectations and forecasts if uncertainties arise or the assumptions on which the statements were based should prove to be inaccurate.

Income statement

of the euromicron Group for the period January 1 to June 30, 2017 (IFRS)

Income statement

	3-month report		6-month report	
	April 1, 2017 – June 30, 2017	April 1, .2016 – June 30, 2016	Jan. 1, 2017 – June 30, 2017	Jan. 1, 2016 – June 30, 2016 operational
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
Sales	**78,118**	**74,632**	**153,643**	**139,842**
Inventory changes	475	–160	422	396
Own work capitalized	646	706	1,316	1,187
Other operating income	596	346	1,031	792
Cost of materials	–42,084	–39,013	–81,614	–71,283
Personnel costs	–27,510	–27,726	–55,068	–53,807
Other operating expenses	–10,317	–10,229	–20,608	–20,591
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**–76**	**–1,444**	**–878**	**–3,464**
Amortization and depreciation	–2,082	–2,100	–4,199	–4,170
Earnings before interest and taxes (EBIT)	**–2,158**	**–3,544**	**–5,077**	**–7,634**
Interest income	37	12	74	36
Interest expenses	–1,368	–1,372	–2,384	–2,354
Income before income taxes	**–3,489**	**–4,904**	**–7,387**	**–9,952**
Income taxes	821	331	2,002	947
Consolidated net loss for the period	**–2,668**	**–4,573**	**–5,385**	**–9,005**
Thereof attributable to euromicron AG shareholders	–2,713	–4,616	–5,476	–9,119
Thereof attributable to non-controlling interests	45	43	91	114
(Un)diluted earnings per share in €	**–0.37**	**–0.64**	**–0.76**	**–1.27**

(unaudited acc. to IFRS)

Reconciliation of the half-yearly results with the statement of comprehensive income

of the euromicron Group for the period January 1 to June 30, 2017 (IFRS)

Statement of comprehensive income

	Jan. 1, 2017 – June 30, 2017	Jan. 1, 2016 – June 30, 2016
	€ THOU.	€ THOU.
Consolidated net loss for the period, before minority interests	**–5,385**	**–9,005**
Gain/loss on the valuation of securities (may have to be reclassified to the income statement in future)	0	0
Currency translation differences (may have to be reclassified to the income statement in future)	5	–7
Revaluation effects from pensions (will not be reclassified to the income statement in future)	0	0
Other comprehensive income	**5**	**–7**
Total comprehensive income	**–5,380**	**–9,012**
Thereof attributable to euromicron AG shareholders	–5,471	–9,126
Thereof attributable to non-controlling interests	**91**	114

(unaudited acc. to IFRS)

Consolidated balance sheet Assets

of the euromicron Group as of June 30, 2017 (IFRS)

Assets

	June 30, 2017	Dec. 31, 2016
	€ THOU.	€ THOU.
Noncurrent assets		
Goodwill	109,462	108,291
Intangible assets	16,189	16,371
Property, plant and equipment	16,356	15,612
Other financial assets	473	499
Other assets	32	32
Deferred tax assets	575	413
	143,087	**141,218**
Current assets		
Assets held for sale	0	691
Inventories	33,093	28,381
Trade accounts receivable	8,533	18,150
Gross amount due from customers for contract work	53,144	40,708
Claims for income tax refunds	329	765
Other financial assets	3,340	5,520
Other assets	3,445	2,287
Cash and cash equivalents	5,368	6,844
	107,252	**103,346**
Total assets	**250,339**	**244,564**

(unaudited acc. to IFRS)

Consolidated balance sheet
Equity and liabilities

of the euromicron Group as of June 30, 2017 (IFRS)

Equity and liabilities

	June 30, 2017	Dec. 31, 2016
	€ THOU.	€ THOU.
Equity		
Subscribed capital	18,348	18,348
Capital reserves	94,298	94,298
Currency translation difference	0	–5
Consolidated retained earnings	–36,219	–30,743
Stockholders' equity	76,427	81,898
Non-controlling interests	401	461
	76,828	82,359
Noncurrent liabilities		
Provisions for pensions	1,407	1,381
Other provisions	1,697	1,683
Liabilities to banks	19,955	38,458
Liabilities from finance leases	930	843
Other financial liabilities	6	0
Other liabilities	195	147
Deferred tax liabilities	3,338	5,670
	27,528	**48,182**
Current liabilities		
Liabilities in connection with assets held for sale	0	318
Other provisions	1,579	1,574
Trade accounts payable	40,646	44,512
Gross amount due to customers for contract work	1,509	1,384
Liabilities from current income taxes	2,768	3,520
Liabilities to banks	82,589	38,043
Liabilities from finance leases	463	466
Other tax liabilities	3,301	8,078
Personnel obligations	6,619	9,176
Other financial liabilities	1,355	1,774
Other liabilities	5,154	5,178
	145,983	**114,023**
Total equity and liabilities	**250,339**	**244,564**

(unaudited acc. to IFRS)

Statement of changes in equity

of the euromicron Group for the period January 1 to June 30, 2017 (IFRS)

Statement of changes in equity

	Subscribed capital	Capital reserves	Consolidated retained earnings
	€ THOU.	€ THOU.	€ THOU.
December 31, 2015	**18,348**	**94,298**	**–16,010**
Net loss for the first half of 2016	**0**	**0**	**–9,119**
Other comprehensive income	**0**	**0**	**0**
Currency translation differences	0	0	0
Total comprehensive income	**0**	**0**	**–9,119**
Transactions with owners	**0**	**0**	**–166**
Distributions to/drawings by minority interests	0	0	–166
June 30, 2016	18,348	94,298	–25,295
December 31, 2016	**18,348**	**94,298**	**–30,743**
Net loss for the first half of 2017	**0**	**0**	**–5,476**
Other comprehensive income	**0**	**0**	**0**
Currency translation differences	0	0	0
Total comprehensive income	**0**	**0**	**–5,476**
Transactions with owners			
Changes in shares as a result of first-time consolidation	0	0	0
Distributions to/drawings by minority interests	0	0	0
	0	0	0
June 30, 2017	**18,348**	**94,298**	**–36,219**

(unaudited acc. to IFRS)

Currency translation difference	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
€ THOU.	€ THOU.	€ THOU.	€ THOU.
–2	96,634	404	97,038
0	–9,119	114	–9,005
–7	–7	0	–7
–7	–7	0	–7
–7	–9,126	114	–9,012
0	–166	–125	–291
0	–166	–125	–291
–9	87,342	393	87,735
–5	81,898	461	82,359
0	–5,476	91	–5,385
5	5	0	5
5	5	0	5
5	–5,471	91	–5,380
0	0	–26	–26
0	0	–125	–125
0	0	–151	–151
0	76,427	401	76,828

Statement of cash flows

of the euromicron Group for the period January 1 to June 30, 2017 (IFRS)

Statement of cash flows

	Jan. 1, 2017 – June 30, 2017	Jan. 1, 2016 – June 30, 2016
	€ THOU.	€ THOU.
Income before income taxes	–7,387	–9,952
Net interest income/loss	2,310	2,318
Depreciation and amortization of noncurrent assets	4,199	4,170
Disposal of assets, net	–51	–10
Depreciation/amortization of other noncurrent and current assets	238	0
Allowances for inventories and doubtful accounts	152	–57
Change in provisions	–296	–840
Changes in current and noncurrent assets and liabilities:		
– Inventories	–4,994	–4,424
– Trade accounts receivable and gross amount due from customers for contract work	–2,039	10,602
– Trade accounts receivable and gross amount due from customers for contract work	–3,462	–17,909
– Other operating assets	1,139	624
– Other operating liabilities	–7,114	–24,290
– Income tax paid	–1,493	–2,546
– Income tax received	684	95
– Interest paid	–2,074	–1,752
– Interest received	110	9
Net cash used in operating activities	**–20,078**	**–43,962**
Proceeds from		
– Retirement/disposal of intangible assets	0	0
– Retirement/disposal of property, plant and equipment	56	23
Payments for		
– the purchase of intangible assets	–1,986	–1,552
– the purchase of property, plant and equipment	–2,184	–1,934
– the acquisition of subsidiaries	–1,798	–582
– the disposal of subsidiaries	–686	0
Net cash used in investing activities	**–6,598**	**–4,045**
Proceeds from raising of financial loans	26,548	47,709
Cash repayments of financial loans	–823	–4,118
Cash repayments of liabilities from finance leases	–280	–228
Distributions to/withdrawals by non-controlling interests and profit shares of minority interests	–245	–55
Net cash provided by financing activities	**25,200**	**43,308**
Net change in cash funds	–1,476	–4,699
Cash funds at start of period	6,844	10,722
Cash funds at end of period	**5,368**	**6,023**

* Previous year's figure adjusted
(unaudited acc. to IFRS)

Disclosure in accordance with Section 37w (5) Sentence 6 of the German Securities Trading Act (WpHG)

The condensed set of financial statements and the interim management report at June 30, 2017, have not been audited or inspected by an auditor in accordance with Section 317 of the German Commercial Code (HGB).

Notes

Preamble

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The interim report as of June 30, 2017, was prepared in compliance with the regulations of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and with the requirements of standard no. 16 “Interim Financial Reporting” of the DRSC (Deutsches Rechnungslegungs Standards Committee e.V.). The previous year’s figures were determined using the same principles.

Unless otherwise stated, the figures in this interim report are presented in thousands of euros (€ thou.).

The results in the interim financial statements as of June 30, 2017, do not necessarily permit forecasts for the further course of business.

Accounting and measurement policies

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements as of June 30, 2017, as for preparing the consolidated financial statements at December 31, 2016, unless changes are explicitly specified.

A detailed description of these methods is published in the 2016 Annual Report and is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2016, were prepared on the basis of Section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

The purchase price allocation of the companies/divisions acquired in the current fiscal year is still provisional at June 30, 2017, since definitive examinations in relation to assets, liabilities and legal matters must still be made. The calculated difference is carried as provisional goodwill.

An individual tax rate is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim report; the value of assets, liabilities and contingent liabilities, as well as expenses and income in the reporting period, depend on these. The actual later figures may differ from the amounts reported in the interim report.

As regards the content of the new standards and interpretations and amendments to existing standards, we refer to our comments on pages 95 to 108 of the 2016 Annual Report.

The following interpretations and amendments have been in force since the beginning of fiscal year 2017:

- IAS 7 “Statement of Cash Flows”: Disclosure Initiative (amendment)
- IAS 12 “Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses” (amendment)
- Annual Improvement Project (AIP) – Annual improvements to the IFRSs, 2014–2016 cycle (“Improvements to IFRS”)

The collection “Annual improvements to the IFRSs, 2014–2016 cycle” contains amendments to the following IFRSs:

- IAS 28 “Investments in Associates and Joint Ventures”
- IFRS 12 “Disclosure of Interests in Other Entities”
- IFRS 1 “First-time Adoption of International Financial Reporting Standards”

From the “Improvements to IFRS”, only the changes to IFRS 12 have had to be applied to fiscal years beginning on or after January 1, 2017, since the start of fiscal year 2017.

Application of the new and/or amended standards and interpretations has no significant impact on the Group’s financial position, net assets and results of operations or cash flow.

Consolidated companies

Apart from euromicron AG, the interim consolidated financial statements at June 30, 2017, include 25 (December 31, 2016: 23) companies, in which euromicron AG has the majority of voting rights directly or indirectly and so controls these companies.

Significant business events

Acquisition of 75% of the shares in KORAMIS GmbH by telent GmbH

Under the notarized purchase agreement dated December 21, 2016, telent GmbH acquired 75% of the shares in KORAMIS GmbH, Saarbrücken, an IT security company that specializes in industrial security. As a result of this acquisition, telent GmbH is expanding its value chain to include cybersecurity for critical infrastructures and industrial infrastructures. The date of acquisition was January 1, 2017. The purchase price was €1,648 thousand. The provisionally measured assets of KORAMIS GmbH were composed of property, plant and equipment (€270 thousand), inventories (€71 thousand), trade accounts receivable (€652 thousand) and other assets (€19 thousand) at the time of acquisition. The provisionally measured liabilities comprised provisions (€25 thousand), liabilities to banks (€32 thousand), trade accounts payable (€205 thousand) and other liabilities (€324 thousand). The purchase price allocation as part of the acquisition of KORAMIS GmbH is still provisional at the time of publication of the euromicron Group's interim report at June 30, 2017. The provisional goodwill of €1,196 thousand resulting from the difference between the total purchase price (€1,648 thousand) and the provisionally measured net assets (€426 thousand), including minority interests (€–26 thousand), is mainly attributable to the well-trained workforce in the field of IT security. 36 employees were taken over. The number of consolidated companies increased by one as a result of the acquisition.

Establishment of the new company ProCom Communication Systems Trading (Beijing) Co. Ltd.

Establishment of the company ProCom Communication Systems Trading (Beijing) Co. Ltd., Beijing, China, was completed on February 23, 2017. It is a wholly-owned subsidiary of ProCom Professional Communication & Service GmbH, Essen. The registered capital is €150 thousand and has not yet been paid in. The number of consolidated companies increased by one as a result of its establishment.

Exercise of the preemptive right relating to 2.5% of the shares in Microsens GmbH & Co. KG and in Microsens Beteiligungs GmbH

On January 12, 2017, an agreement was reached to exercise the existing preemptive right relating to 2.5% of the minority interests in Microsens GmbH & Co. KG and 2.5% of the minority interests in Microsens Beteiligungs GmbH effective January 31, 2017. The purchase price is €225 thousand for the shares in Microsens GmbH & Co. KG and €1 thousand for the shares in Microsens Beteiligungs GmbH. The purchase price was paid on January 25, 2017. The acquisition meant the stake held by euromicron AG in Microsens GmbH & Co. KG and Microsens Beteiligungs GmbH was 97.5% in each case. Due to the fact that the existing purchase options are designed as opposite put/call options, both companies were already fully included in the consolidated financial statements. The purchase price obligations resulting from the opposite put/call options were likewise already carried under "Other current financial liabilities" in the consolidated financial statements at December 31, 2016. The pro-rata purchase price obligation for the exercised part of the put/call option was €226 thousand and that for a conditional purchase price component was an amount of €25 thousand. Since the original acquisition of MICROSENS GmbH & Co. KG falls under the scope of IFRS 3 (2004 version), the €25 thousand from the conditional purchase price component, which did not have to be paid due to the fact that the targets were not achieved, was treated as an adjustment to the purchase price in accordance with IFRS 3.33 (2004 version) and the goodwill from the acquisition was reduced by that amount.

Disposal of the "Telecommunications" division of euromicron Deutschland GmbH

Effective April 30, 2017, euromicron Deutschland GmbH transferred all customer, supplier and other agreements connected with the "Telecommunications" division as part of an asset deal. The division's employees were also transferred to the purchaser. In particular since the impairment test conducted at December 31, 2016, was based on the assumption that the closing date would be March 31, 2017, but that date was postponed to April 30, 2017, there was an additional loss on the disposal of €238 thousand in the first half of 2017; the amount is carried under "Other operating income".

Treasury shares

At June 30, 2017, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

Non-controlling interests (minority interests)

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at June 30, 2017 (€401 thousand) relate to Qubix S.p.A., Padua (10%) and KORAMIS GmbH, Saarbrücken (25%).

Segment information

The Executive Board is the main decision-maker in the Group. The business segments were identified on the basis of the internal reporting the Executive Board uses to allocate resources and assess earnings strength.

Under its strategic alignment, the euromicron Group focuses on the three main segments of “Smart Buildings”, “Critical Infrastructures” and “Distribution”. Controlling is in line with the orientation toward target markets and the underlying value chain within the Group. In line with the organizational and reporting structure, euromicron reports in the segments “Smart Buildings”, “Critical Infrastructures” and “Distribution”. In addition, the “Non-strategic Business Areas” and the “Central Services” area are reflected in “All other segments”.

The reconciliation contains the consolidation of the cross-segment network of services and various other items that cannot be assigned to the individual areas, since the Executive Board believes they do not reflect the services provided by the areas.

In line with the internal reporting structure, RSR GmbH & Co. KG is no longer assigned to the “Critical Infrastructures” segment in segment reporting as of fiscal year 2017, but instead to the “Non-strategic Business Areas”, after a decision was also taken toward the end of 2016 to discontinue the “Fiber-optic Infrastructure” division of RSR GmbH & Co. KG. So as to enable better comparison, the previous year’s figures have been accordingly adjusted in segment reporting.

Segment information

of the euromicron Group from January 1 to June 30, 2017

Segment information

	Smart Buildings		Critical Infrastructures		Distribution		Total for alloperating segments that must be reported	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
External sales	88,622	80,439	53,075	46,657	11,326	10,606	153,023	137,702
Sales within the Group	757	1,137	712	690	596	914	2,065	2,741
Total sales	**89,379**	**81,576**	**53,787**	**47,347**	**11,922**	**11,520**	**155,088**	**140,443**
EBITDA	–28	–2,611	755	1,513	1,822	1,740	2,549	642
EBITDA margin	0.0%	–3.2%	1.4%	3.2%	15.3%	15.1%	1.6%	0.5%
of which reorganization costs	511	170	0	0	0	0	511	170
Operating EBITDA	**483**	**–2,441**	**755**	**1,513**	**1,822**	**1,740**	**3,060**	**812**
Operating EBITDA margin	**0.5%**	**–3.0%**	**1.4%**	**3.2%**	**15.3%**	**15.1%**	**2.0%**	**0.6%**
Amortization and depreciation	–2,716	–2,796	–1,195	–1,006	–148	–183	–4,059	–3,985
Impairments of property, plant and equipment, intangible assets and goodwill	0	0	0	0	0	0	0	0
EBIT	–2,744	–5,407	–440	507	1,674	1,557	–1,510	–3,343
of which reorganization costs	511	170	0	0	0	0	511	170
Operating EBIT	–2,233	–5,237	–440	507	1,674	1,557	–999	–3,173
Order books	81,666	68,697	51,280	48,104	1,880	2,403	134,826	119,204
Working capital	52,874	62,670	13,335	22,200	4,491	5,283	70,700	90,153
Working capital ratio	**26.2%**	**33.3%**	**11.4%**	**25.5%**	**19.5%**	**24.2%**	**20.7%**	**30.4%**

	All other segments									
	Non-strategic Business Areas		Central Services		Total for the segments		Reconciliation		Group	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
	620	2,140	0	0	153,643	139,842	0	0	153,643	139,842
	78	197	0	0	2,143	2,938	–2,143	–2,938	0	0
	698	**2,337**	**0**	**0**	**155,786**	**142,780**	**–2,143**	**–2,938**	**153,643**	**139,842**
	–181	–374	–3,246	–3,732	–878	–3,464	0	0	–878	–3,464
	–25.9%	–16.0%			–0.6%	–2.4%			–0.6%	–2.5%
	150	158	871	1,444	1,532	1,772	0	0	1,532	1,772
	–31	**–216**	**–2,375**	**–2,288**	**654**	**–1,692**	**0**	**0**	**654**	**–1,692**
	–4.4%	**–9.2%**			**0.4%**	**–1.2%**			**0.4%**	**–1.2%**
	–1	0	–139	–185	–4,199	–4,170	0	0	–4,199	–4,170
	0	0	0	0	0	0	0	0	0	0
	–182	–374	–3,385	–3,917	–5,077	–7,634	0	0	–5,077	–7,634
	150	158	871	1,444	1,532	1,772	0	0	1,532	1,772
	–32	–216	–2,514	–2,473	–3,545	–5,862	0	0	–3,545	–5,862
	839	2,147	0	0	135,665	121,351	–384	–1,818	135,281	119,533
	–305	557	–1,099	–599	69,296	90,111	–19,379	–16,943	49,917	73,168
					20.2%	**29.4%**			**14.7%**	**22.3%**

Business transactions with related parties

Apart from the compensation for the Executive Board and Supervisory Board, there are the following significant relations with related persons:

In exchange for the supply of goods, Keymile GmbH, Hanover, received €4,641 thousand from January 1 to June 30, 2017, of which there were still unpaid liabilities of €671 thousand at June 30, 2017.

Apart from that, there are no other significant relationships with related parties. There are also no business transactions between consolidated companies of the euromicron Group and non-consolidated or associated companies of the euromicron Group.

Contingencies

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the consolidated financial statements at December 31, 2016.

Declaration by the legal representatives

We declare to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group's position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group's anticipated development in the remainder of the fiscal year are described.

Frankfurt/Main, August 10, 2017

The Executive Board

Bettina Meyer
Spokeswoman
of the Executive Board

Jürgen Hansjosten
Member of the Executive Board

Financial Calendar 2017

May 11, 2017	Publication of the business figures for the 1st quarter of 2017
June 14, 2017	General Meeting, Frankfurt/Main
August 10, 2017	Publication of the business figures for the 2nd quarter of 2017
November 9, 2017	Publication of the business figures for the 3rd quarter of 2017

This half-yearly report is available in German and English.

Both versions can also be downloaded from the Internet at **www.euromicron.de**.
In cases of doubt, the German version is authoritative.

DISCLAIMER ON PREDICTIVE STATEMENTS

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, changes in general political and economic conditions, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.

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