# INTERIM FINANCIAL REPORT
# 1ST QUARTER 2015

PWO

# CONTENTS

# LETTER OF THE MANAGEMENT BOARD

Dear shareholders and business associates,

This past December, we decided to adjust our personnel capacity in the indirect areas of our business at our Oberkirch location by around 100 employees. This measure was necessary because our customers are relocating a growing proportion of their vehicle production to their foreign facilities with the result that our growth is increasingly being generated by our subsidiaries. After just a few weeks into the new fiscal year, we were able to announce that we had reached our goal on the basis of individual agreements without resorting to forced dismissals. We are very pleased that this action could be carried out in such a short period of time and with the staff's support. By carrying out this measure we have strengthened this location for many years to come. Further cost reductions and efficiency improvements beyond those in the personnel area will continue to be consistently implemented. Therefore, we are optimistic with respect to our future profitability from 2016 onwards.

Our international locations are also making good progress. This year, the Czech location is on the verge of a marked rise in growth, which was already evident in the higher revenues reported in the first quarter. Our expansion in the Czech Republic is progressing rapidly. In China, we are striving to achieve significant growth in the current fiscal year and beyond at our production and new assembly location. The high number of new orders received in the reporting quarter supports our plans. In the NAFTA Area, we anticipate an improvement in the profitability of our Mexican location, while the Canadian location is expected to remain stable.

This makes us well equipped to strengthen our competitive position even further in 2015. We will also need to make improvements in our balance sheet ratios. The continued decline in market interest rates has led to a higher valuation of pension provisions and is placing a burden on our equity. We cannot influence this development. Indeed, the focus is now turning to current assets, which recorded a substantial increase in the first quarter. For this reason, we have initiated an inventory and accounts receivables reduction program.

In contrast to this development, our investments in the Group's ongoing expansion will continue as planned. Our innovative strength in product and process solutions presents us with market opportunities that we want to seize to further increase the Group's revenues and profitability. To take advantage of these opportunities, we will need to invest roughly EUR 80 million in the three-year period from 2015 to 2017. This amount is EUR 20 million less than was planned for the past three-year period after the high volume of investments of the past several years. The sophisticated fine-tuning of our investment plan ensures the most efficient use of these funds.

Oberkirch, May 2015
The Management Board

# PWO SHARES

Stock markets were very positive in the first quarter of 2015 with several markets reaching new highs. The main driver to this performance was the European Central Bank's new bond purchase program that prescribes monthly government bond purchases of EUR 60 billion. These purchases not only increase the markets' already high level of liquidity but also keep interest rates low and the euro weak. Both of these factors acted like a stimulus package for consumers and businesses and led to even higher stock prices, which was able to turn the market's focus away from the world's various trouble spots, at least temporarily.

As a result, the SDAX price index gained 17.0 percent in the first quarter of 2015. The DAXsector Automobile price index even managed to exceed this sharp rise and increase 29.8 percent. These gains reflect expectations that the European automobile market will regain its previous strength.

PWO shares followed the positive trend of the sector index during the quarter and, by the quarter's end, had even managed to slightly outperform the sector index. On the XETRA exchange, PWO shares climbed 31.5 percent from their price of EUR 34.99 at the end of 2014 to EUR 46.00 at the end of March 2015. This level also marked the shares' high for the three-month period.

The news that the December forecast for the 2014 financial year had been slightly exceeded was particularly well-received by the market as was the rapid implementation of personnel adjustments in Oberkirch and the dividend proposal to the 2015 Annual General Meeting, which signaled a continuation of the shareholder-friendly payout policy.

# DIRECTORS' DEALINGS

All notifications received by the Company are published on the Company's website at www.progress-werk.de in the section "Investor Relations/PWO shares/Directors' Dealings".

# OTHER INFORMATION

| | |
|---|---|
| Number of shares issued as of March 31, 2015 | **3,125,000** |
| Treasury shares held as of March 31, 2015 | **None** |
| Distribution per share for fiscal year 2014 | **EUR 1.45** [1] |

[1] Proposal to the 92nd Annual General Meeting

# CURRENT SHAREHOLDER STRUCTURE

| | |
|---|---|
| Consult Invest Beteiligungsberatungs-GmbH, Böblingen | **46.62 %** |
| Free Float | **53.38 %** |
| › thereof Delta Lloyd N.V., Amsterdam, the Netherlands | 15.99 % |
| › thereof Sparkasse Offenburg/Ortenau, Offenburg | 5.88 % |

Source: WpHG notifications, own analyses

# INTERIM GROUP MANAGEMENT REPORT

## REPORT ON ECONOMIC DEVELOPMENT: THE OVERALL ECONOMY

The low oil prices and historically low interest rates have been the major drivers of the growing positive sentiment in the developed countries that do not generate a significant portion of their revenue from oil exports. The euro countries have received a further boost from the depreciation of their currencies.

As a result, economies in many countries around the globe picked up momentum in early 2015. Growth forecasts were either raised or reviewed. At the same time there were plenty of warnings about the risks from continued, intensified global imbalances, persistent high financial risks, and about armed conflicts and the associated political risks.

In its outlook published in April 2015, the International Monetary Fund believes the United States is on its way to higher, robust growth in comparison to 2014. China is still expected to have very satisfactory growth at a rate slightly below that of the previous year. The euro area as a whole and Germany in particular should benefit significantly from the above factors which prompted the IMF to raise its expectations for the eurozone.

From the German Federal Government's point of view, the German economy is currently in an upswing, driven by strong domestic demand, rising corporate export expectations, and an above-average springtime recovery in the labor market. The German Federal Government expects a rise in German GDP of 1.8 percent in 2015.

## REPORT ON ECONOMIC DEVELOPMENT: SECTOR TRENDS

### NEW REGISTRATIONS / SALES OF PASSENGER VEHICLES IN UNITS (SOURCE: VDA, KBA)

| REGION | 3M 2015 | Change vs. 3M 2014 (%) |
|---|---|---|
| Europe (EU28 + EFTA) [1] | 3,637,600 | +8.5 |
| Western Europe (EU15 + EFTA) | 3,401,800 | +8.7 |
| Germany | 757,630 | +6.4 |
| Russia [2] | 383,700 | –36.3 |
| USA [2] | 3,937,000 | +5.6 |
| China | 4,978,700 | +11.3 |

[1] Excluding Malta | [2] Light vehicles

The automobile markets relevant for PWO performed favorably worldwide in the first quarter of 2015. The recovery in consumer and business confidence, particularly in Europe and Western Europe, appears to have been strong enough to once again prompt purchases of new vehicles and gradually start to dissolve these markets' pent-up demand. The German market is also reporting strong growth rates.

Despite the return of high growth to some individual countries, the registration figures in Western Europe are still significantly below their pre-crisis levels of 2007. Only Germany and Great Britain have been able to exceed their pre vious level of market volume.

The solid development of the US market continued in the first quarter of 2015. Customers showed increasing interest in pick-up trucks – the domain of American manufacturers – and less interest in passenger cars, the segment where German manufacturers have a strong position.

The Chinese market once again achieved double-digit growth, which was better than some industry experts had expected. Nevertheless, the market's predicted structural transformation is taking hold with compact vehicle models and lower-priced SUV's attracting more customers. Deliveries in the premium segment gained only 5 percent in the first quarter of 2015, but this is seen more of a normalization of the market and less as a significant risk to the future growth opportunities of the German automotive manufacturers.

Among the markets relevant for PWO, only the Russian market for light vehicles suffered another significant decline at the beginning of 2015. New registrations in Russia slipped by more than one-third to just under 384,000 vehicles.

# BUSINESS DEVELOPMENT: RESULTS OF OPERATIONS

At EUR 99.6 million (p/y: EUR 99.8 million), revenues in the first quarter of 2015 were at the previous year's level and in line with our plan. A higher level of finished goods and work-in-progress than in the previous year caused total output to rise slightly above the previous year's level and amounted to EUR 103.3 million (p/y: EUR 100.5 million). We did not expect year-on-year revenue growth in the first quarter of 2015 due to the difficult comparisons: in the first three months of 2014 we had achieved our highest quarterly revenues of the 2014 fiscal year and then saw business flatten slightly thereafter.

EBIT for the reporting quarter declined to EUR 5.6 million (p/y: EUR 6.0 million) compared to the previous year. This figure includes currency effects of a net EUR 0.7 million (p/y: EUR –0.2 million). We do not include currency effects in our planning and therefore had expected an even greater decline in EBIT as now reported. Measures to relieve the pressure on earnings will gradually take effect only later in the 2015 fiscal year. One of these measures was the reduction in 100 of our staff in Oberkirch that took place in the reporting quarter. In addition, we expect our locations in Mexico and China to reduce their losses at an EBIT level during the course of the fiscal year.

In the first quarter of 2015, the cost of materials ratio increased mainly as a result of start-ups and ramp-ups in China as did the ratio of staff costs due to negotiated wage increases. We also had additional charges from the expiration of our supplemental agreement at our Oberkirch location and an increase in our depreciation and amortization rate as we invested in the Group's expansion.

The development of other operating income and expenses was influenced by currency effects. The respective currency impact is disclosed in the notes to this quarterly report and resulted in a net positive effect on earnings of EUR 1.5 million. This amount was offset by expenses from hedge accounting of EUR 0.8 million that influenced other positions in the income statement. The total currency effect on EBIT amounted to EUR 0.7 million. Excluding these effects, other operating expenses declined slightly in absolute terms underlining the success of our cost reductions and efficiency improvements.

After essentially unchanged financial expenses and a lower tax rate, the reporting quarter's net income for the period remained at the previous year's level of EUR 3.2 million. Earnings per share were EUR 1.01 (p/y: EUR 1.03).

# BUSINESS DEVELOPMENT: SEGMENTS

At our home location of Oberkirch, which forms the Germany segment, revenues in the first quarter declined to EUR 61.6 million (p/y: EUR 65.4 million) and total output decreased to EUR 63.5 million (p/y: EUR 66.6 million). EBIT declined to EUR 2.9 million (p/y: EUR 3.6 million). We are forecasting a significant reduction in our EBIT in Germany for the current fiscal year; however, we are seeing an increasingly stronger effect from cost-cutting measures in the personnel area and other areas, which gives us confidence in our future profitability from the year 2016 onwards.

The Czech location, which forms the Rest of Europe segment, continues to develop very positively. Revenues and total output rose 18.4 percent to EUR 16.3 million (p/y: EUR 13.8 million) and 16.6 percent to EUR 16.3 million (p/y: EUR 14.0 million) respectively. Contrary to this development, our EBIT of EUR 1.8 million was at the previous year's level because of interim additional expenses for the location's expansion. We have been expecting higher costs to burden individual quarters and have therefore been indicating for some time that there may be a slight decline in our margins. Nevertheless, at 10.7 percent, the EBIT margin in the first three months remained at a very high level.

The NAFTA Area segment comprises our locations in Canada and Mexico. Total revenues for the segment just slightly exceeded the previous year's figure and amounted to EUR 22.6 million (p/y: EUR 22.1 million). Due to a large-scale reduction in finished goods and work-in-progress in the prior year, total output had a stronger increase and amounted to EUR 22.4 million (p/y: EUR 20.8 million). EBIT declined to EUR 0.8 million (p/y: EUR 1.1 million).

The first quarter's developments are in line with our full-year expectations. In Canada, we are improving our productivity to limit the pressure of general cost increases accompanied by largely unchanged revenues. In Mexico, we expect a continuous improvement in the location's performance and, as a result, a reduction in the location's losses. Although we are already seeing some progress at this location, it is not yet clear whether the present favorable revenue development at this location will continue throughout the remainder of the fiscal year.

The Asia segment achieved strong growth in first quarter and reported higher total revenues of EUR 3.7 million (p/y: EUR 3.1 million) and total output of EUR 5.6 million (p/y: EUR 3.7 million). This growth was mainly driven by our Suzhou production location where series revenues are developing very positively. Tool revenues, however, are still below plan so that, on the whole, this location's performance was still below our expectations in the first three months of the year. The Shenyang assembly location is currently preparing for its first start-up scheduled for later this year.

The EBIT for the Asia segment in the reporting quarter was EUR 0.6 million (p/y: EUR –0.4 million). Nearly all of the Group's positive currency effects originated from this segment, whereas there were no corresponding effects recorded in the previous year. Therefore, excluding currency effects, EBIT was still below plan due to the lower tool revenues.

# NET ASSETS AND FINANCIAL POSITION

As of the reporting date, the Group's total assets grew by EUR 32.3 million to EUR 373.7 million compared to EUR 341.5 million at the end of the prior fiscal year. The increase of EUR 8.1 million in property, plant, and equipment in the course of the Group's expansion contributed to this rise in total assets. Inventories experienced their customary seasonal growth and rose by EUR 6.1 million. Receivables and other assets grew by EUR 17.8 million. In addition to the increase in customer receivables, there was a significant rise in other receivables that was mainly the result of higher deferred taxes and VAT receivables.

On the equity and liabilities side, the increase in total assets is reflected in the higher non-current and current financial liabilities as well as in increased trade payables. Other financial liabilities also rose. In addition, the carrying amount of the defined benefit pension plans grew once again as a result of the further decline in capital market interest rates. The resulting actuarial losses of EUR 4.4 million weighed negatively on equity

Actuarial losses were the main reason that equity declined to EUR 95.7 million on the reporting date, falling below its level of EUR 96.1 million on December 31, 2014. The equity ratio fell from 28.1 percent to 25.6 percent. Financial liabilities increased to EUR 144.9 million compared to EUR 130.4 million and gearing (net debt as a percentage of equity) rose to 148.0 percent from 130.1 percent.

The changes to the balance sheet described also significantly influenced the development of our cash flow in the first three months of the 2015 fiscal year. Cash flow from operating activities declined to EUR –7.0 million (p/y: EUR 1.2 million) mainly because of the stronger year-on-year increase in current assets of EUR 20.3 million (p/y: EUR 15.6 million).

Cash flow from investing activities in the reporting quarter was EUR –6.3 million (p/y: EUR –4.9 million). The investments made in the reporting period are described in a separate section of this interim financial report. As a result, free cash flow after interest paid and received amounted to EUR –14.4 million (p/y: EUR –4.7 million). A net change in cash and cash equivalents in the amount of EUR –10.4 million (p/y: EUR –10.5 million) was reported after assuming loans in the net amount of EUR 4.0 million (p/y: EUR –5.7 million).

# NEW BUSINESS

In the first three months of the current fiscal year, we acquired new contracts for future series production with a lifetime volume of around EUR 95 million. We also received tool orders totaling approximately EUR 8 million.

New business was generated mainly by our Oberkirch location. This location won a follow-on order for a previous order currently being filled for the production of cross-members. This contract not only allows us to secure the utilization of the corresponding capacity in Germany but also places us in a strong position to win orders to deliver to our customers in other regions. In the first quarter, we were also able to win additional series production orders for our Chinese location. Most of these new orders will start-up in the next two years — a practice that is standard in our business. These contracts typically have terms of five to eight years.

Many contracts will be awarded in the upcoming quarters that would encompass our entire product range and all locations. We are confident that we will win a substantial number of these contracts. Based on this expectation, our new business in the current fiscal year should significantly exceed the previous year's level of approximately EUR 260 million for series productions and roughly EUR 20 million for the corresponding tool volumes.

# INVESTMENTS

As described in the segment report, we invested EUR 6.3 million (p/y: EUR 5.3 million) in the PWO Group in the first quarter of 2015.

Our investments in our Oberkirch location amounted to EUR 2.0 million (p/y: EUR 3.1 million). Most of these investments were made in a new office building and in the relocation of the entrance gate to improve operational logistics. The relocation is now complete and the gate is fully operational. The new office building should be finished during the fall of 2016.

The expansion of our Czech location is progressing rapidly. A total of EUR 2.2 million (p/y: EUR 0.3 million) was invested at this location in the reporting quarter. These investments mainly consisted of advance payments for a new press facility and the purchase of an additional forming press.

Investments made in the NAFTA Area were still at a low level and amounted to EUR 0.8 million (p/y: EUR 1.7 million) in the first three months of 2015. These investments included an investment in Mexico for an additional welding cell to be used in future series productions. No investments were made in Canada during the quarter.

We invested a total of EUR 1.3 million (p/y: EUR 0.2 million) at our two Chinese locations. With the establishment of the new assembly and logistics facilities, we are making further progress with the expansion of our Suzhou production location. We are also moving forward at our Shenyang assembly location after purchases of welding cells and equipment.

Total investments of EUR 33 million are planned in the current fiscal year. In addition to investing in our largest location of Oberkirch, the majority of these funds will be used for the further growth of our site in the Czech Republic.

# EMPLOYEES

At the end of the reporting period, the PWO Group had a total of 3,152 employees compared to 3,125 employees at the end of the 2014 fiscal year. This number includes 144 trainees compared to 162 as of December 31, 2014.

The increase in staff in the first quarter mainly took place at our foreign locations. At our German location, there were 1,519 employees at the end of March 2015 compared to 1,549 at the end of December 2014. We are currently adjusting our personnel capacity to suit the change in the market outlook. When comparing the figure at the end of March 2015 to the 1,585 employees at end of last year's comparable quarter, the substantial measures we are currently implementing are becoming more visible. We have also reduced the number of our temporary employees. In the course of the first quarter of 2015, we completed our staff reductions which included roughly 100 permanent employees. These reductions will become effective in the course of the year, particularly in the second half of 2015.

We increased the number of employees internationally, especially in the Czech Republic and China where we expect to see most of this year's growth momentum. Therefore, we increased our number of employees at these locations accordingly and had 548 employees at our Czech location as of the reporting date after a total of 496 employees at the end of December 2014. In China, the number of employees grew to 303 from 289 mainly due to the staffing of our new assembly location.

The number of employees at our Canadian location remained essentially unchanged and amounted to 263 after 257. In Mexico, where staff declined from 534 at the end of December 2014 to 519 as of the reporting date, we are still seeking to attract the most qualified staff and retain their loyalty so that overall productivity increases.

# REPORT ON OPPORTUNITIES AND RISKS

The opportunities and risks for the development of the PWO Group and its segments that were described in the 2014 annual report continue to be valid.

The VDA is still optimistic with regard to international automotive industry and expects the global market to rise 2 percent during the whole of 2015. Light vehicle sales in the United States and in Western Europe are also expected to grow at this rate. In China, full-year growth should be a solid 6 percent, while the Russian market is expected to fall nearly 20 percent.

Favorable macroeconomic developments and the positive performance of the automotive industry present our business with more opportunities than risks. Nevertheless, the risks to our earnings development described in the recent annual report will continue to be present throughout the year. These risks include a reduction in the losses incurred at our Mexican location and in the Asia segment. Furthermore, as we have already announced, the support provided to our earnings by cost reductions and productivity improvements already been implemented or still planned at our Oberkirch location will not have their full effect in the current fiscal year; however the rise in costs from higher wages, for example, will be fully reflected.

Finally, we are working intensely on winning new orders to fill our existing capacity and support our growth beyond the year 2015. An important milestone in achieving this growth is the cross-member order we won in the first quarter. We expect to win additional large orders in the coming quarters.

# OUTLOOK

In the current fiscal year, we expect revenues to increase from EUR 381.1 million to approximately EUR 400 million. EBIT is expected to improve from EUR 16.7 million to roughly EUR 19 million. The previous year's results included unexpected currency effects of EUR 1.7 million and non-recurring expenses of EUR 4.0 million for personnel adjustments.

Revenues in the first quarter of the new fiscal year were in line with our plan. EBIT excluding currency effects did not fully meet our expectations but was still within the customary range of fluctuation. We already foresee a rise in earnings in the further course of the year and, therefore, we can confirm our forecasts for the current fiscal year in their entirety.

# CONSOLIDATED INCOME STATEMENT

| | 1st Quarter 2015 | | 1st Quarter 2014 | |
|---|---|---|---|---|
| | EURk | % share | EURk | % share |
| Revenue | 99,580 | 96.4 | 99,761 | 99.3 |
| Change in finished goods and work-in-progress / other own work capitalized | 3,687 | 3.6 | 728 | 0.7 |
| **TOTAL OUTPUT** | **103,267** | **100.0** | **100,489** | **100.0** |
| Other operating income | 7,014 | 6.8 | 1,017 | 1.0 |
| Cost of materials | 55,167 | 53.5 | 52,588 | 52.3 |
| Staff costs | 29,767 | 28.8 | 28,023 | 27.9 |
| Depreciation and amortization | 6,062 | 5.9 | 5,347 | 5.3 |
| Other operating expenses | 13,658 | 13.2 | 9,556 | 9.5 |
| **EBIT** | **5,627** | **5.4** | **5,992** | **6.0** |
| Financial expenses | 1,427 | 1.3 | 1,401 | 1.4 |
| **EBT** | **4,200** | **4.1** | **4,591** | **4.6** |
| Income taxes | 1,048 | 1.0 | 1,360 | 1.4 |
| **NET INCOME FOR THE PERIOD** | **3,152** | **3.1** | **3,231** | **3.2** |
| Earnings per share in EUR [1] | 1.01 | — | 1.03 | — |

[1] The calculation of earnings per share is discussed on page 23.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 1st Quarter 2015 | 1st Quarter 2014 |
|---|---|---|
| | EURk | EURk |
| **NET INCOME FOR THE PERIOD** | **3,152** | **3,231** |
| **Items that may be reclassified to profit and loss in future** | | |
| Net losses from cash flow hedges | -3,459 | -36 |
| Tax effect | 899 | 12 |
| **Unrealized losses from derivative financial instruments** | **-2,560** | **-24** |
| **Currency translation differences** | **3,427** | **-983** |
| **Items that will not be reclassified to profit and loss** | | |
| Actuarial losses from defined benefit pension plans | -6,135 | -3,197 |
| Tax effect | 1,723 | 898 |
| **Actuarial losses from defined benefit pension plans** | **-4,412** | **-2,299** |
| **OTHER COMPREHENSIVE INCOME AFTER TAX** | **-3,545** | **-3,306** |
| **TOTAL COMPREHENSIVE INCOME AFTER TAX** | **-393** | **-75** |

# CONSOLIDATED BALANCE SHEET

| ASSETS | Mar. 31, 2015 | Dec. 31, 2014 |
|---|---|---|
| | EURk | EURk |
| Property, plant, and equipment | 172,340 | 164,209 |
| Intangible assets | 11,898 | 12,188 |
| Non-current portion of other assets | 217 | 16 |
| Non-current portion of income tax receivables | 227 | 227 |
| Deferred tax assets | 15,481 | 13,021 |
| **NON-CURRENT ASSETS** | **200,163** | **189,661** |
| Inventories | 79,225 | 73,140 |
| Receivables and other assets | 89,624 | 71,791 |
| Other financial assets | 20 | 26 |
| Income tax receivables | 1,416 | 1,438 |
| Cash and cash equivalents | 3,277 | 5,404 |
| **CURRENT ASSETS** | **173,562** | **151,799** |
| **TOTAL ASSETS** | **373,725** | **341,460** |

| EQUITY AND LIABILITIES | Mar. 31, 2015 | Dec. 31, 2014 |
|---|---|---|
| | EURk | EURk |
| **EQUITY** | **95,707** | **96,100** |
| Non-current financial liabilities | 98,034 | 95,262 |
| Provisions for pensions | 59,950 | 53,523 |
| Other provisions | 2,443 | 2,515 |
| Non-current portion of other liabilities | 0 | 155 |
| Deferred tax liabilities | 0 | 271 |
| **NON-CURRENT LIABILITIES** | **160,427** | **151,726** |
| Current portion of provisions for pensions | 1,515 | 1,515 |
| Current portion of other provisions | 1,620 | 1,622 |
| Trade payables and other liabilities | 55,088 | 49,848 |
| Other financial liabilities | 12,454 | 5,462 |
| Current financial liabilities | 46,914 | 35,187 |
| **CURRENT LIABILITIES** | **117,591** | **93,634** |
| **TOTAL EQUITY AND LIABILITIES** | **373,725** | **341,460** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity attributable to PWO AG shareholders | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Other components of equity<br>items that may be reclassified to profit and loss in future periods | | |
| EURk | Subscribed capital | Capital reserves | Retained earnings | Defined benefit pension plans | Currency translation differences | Cash flow hedges | **Total** |
| **JANUARY 1, 2014** | 9,375 | 37,494 | 64,215 | -8,276 | -708 | 361 | 102,461 |
| Net income for the period | | | 3,231 | | | | 3,231 |
| Other comprehensive income | | | | -2,299 | -983 | -24 | -3,306 |
| **TOTAL COMPREHENSIVE INCOME** | **9,375** | **37,494** | **67,446** | **-10,575** | **-1,691** | **337** | **102,386** |
| **MARCH 31, 2014** | **9,375** | **37,494** | **67,446** | **-10,575** | **-1,691** | **337** | **102,386** |
| | | | | | | | |
| **JANUARY 1, 2015** | 9,375 | 37,494 | 65,900 | -16,517 | 2,485 | -2,637 | 96,100 |
| Net income for the period | | | 3,152 | | | | 3,152 |
| Other comprehensive income | | | | -4,412 | 3,427 | -2,560 | -3,545 |
| **TOTAL COMPREHENSIVE INCOME** | **9,375** | **37,494** | **69,052** | **-20,929** | **5,912** | **-5,197** | **95,707** |
| **MARCH 31, 2015** | **9,375** | **37,494** | **69,052** | **-20,929** | **5,912** | **-5,197** | **95,707** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | 1st Quarter 2015 EURk | 1st Quarter 2014 EURk |
|---|---|---|
| Net income for the period | 3,152 | 3,231 |
| Depreciation of property, plant, and equipment, net of write-ups | 6,062 | 5,347 |
| Income tax expense/refund | 1,048 | 1,360 |
| Interest income and expenses | 1,427 | 1,401 |
| Change in current assets | -20,270 | -15,641 |
| Change in non-current assets | -201 | 0 |
| Change in non-current liabilities (excluding financial liabilities) | 5,880 | 2,749 |
| Change in current liabilities (excluding financial liabilities) | 15,141 | 7,590 |
| Income taxes paid | -2,603 | -1,316 |
| Other non-cash expenses/income | -16,553 | -3,534 |
| Gain/loss on disposal of property, plant, and equipment | -48 | 17 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **-6,965** | **1,204** |
| Proceeds from disposal of property, plant, and equipment | 52 | 9 |
| Payments for investments in property, plant, and equipment | -6,256 | -4,561 |
| Payments for investments in intangible assets | -67 | -300 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | **-6,271** | **-4,852** |
| Interest paid | -1,164 | -1,102 |
| Interest received | 27 | 28 |
| Proceeds from borrowings | 7,407 | 4,381 |
| Repayment of borrowings | -3,395 | -10,129 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **2,875** | **-6,822** |
| Net change in cash and cash equivalents | -10,361 | -10,470 |
| Effect of exchange rates on cash and cash equivalents | -168 | 45 |
| Cash and cash equivalents as of January 1 | -5,158 | -3,721 |
| **CASH AND CASH EQUIVALENTS AS OF MARCH 31** | **-15,687** | **-14,146** |
| of which cash and cash equivalents | 3,277 | 2,631 |
| of which bank borrowings due on demand | -18,964 | -16,777 |

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## COMPANY INFORMATION

The condensed interim consolidated financial statements of Progress-Werk Oberkirch AG (PWO) and its subsidiaries for the first quarter of 2015 were authorized by the Management Board on the basis of a resolution passed on April 17, 2015 and were subsequently submitted to the Supervisory Board's Audit Committee for examination.

PWO is an exchange-listed stock corporation headquartered in Oberkirch, Germany. The Company's shares are traded on XETRA, the regulated market in Frankfurt and Stuttgart, and on the Regulated Unofficial Market in Berlin, Düsseldorf, Hamburg-Hannover, and Munich.

PWO's main business activities are the development and manufacture of advanced metal components and subsystems used in lightweight construction for automotive safety and comfort.

## ACCOUNTING POLICIES

### BASIS OF PRESENTATION

These condensed interim consolidated financial statements as of March 31, 2015 were prepared in accordance with IAS 34 "Interim Financial Reporting". All of the International Financial Reporting Standards (IFRS), including the interpretation of the IFRS Interpretations Committee (IFRIC) that were adopted into EU law by the European Commission and which were mandatorily applicable as of the reporting date, were applied as of the reporting date.

These interim consolidated financial statements do not contain all of the information and disclosures required for consolidated financial statements at the end of the financial year, and, therefore, should be read in conjunction with the annual consolidated financial statements as of December 31, 2014. In principle, the accounting policies used in preparing the interim consolidated financial statements are the same as those used for the consolidated financial statements as of December 31, 2014. Detailed explanations are provided on page 82 et sqq. of the notes to the 2014 annual report.

The interim consolidated financial statements and the interim management report are neither subject to an external audit nor to an auditor's review.

### CURRENCY TRANSLATION

The financial statements of the companies included in the interim consolidated financial statements that were prepared using foreign currencies were translated using the following exchange rates:

| | | Closing rate | | Average rate | |
|---|---|---|---|---|---|
| | | 31/03/2015 | 31/03/2014 | 1Q/2015 | 1Q/2014 |
| China | CNY | 6.67 | 8.58 | 7.03 | 8.36 |
| Canada | CAD | 1.37 | 1.52 | 1.40 | 1.51 |
| Mexico | USD | 1.08 | 1.38 | 1.13 | 1.37 |

### TAXES

In accordance with IAS 34, income tax expenses in the reporting period were recognized based on the tax rate expected for the full year.

## CHANGES IN ACCOUNTING POLICIES

The same accounting methods that were applied in the preparation of the consolidated financial statements as of December 31, 2014 were used in the preparation of the condensed interim consolidated financial statements. The following standards and interpretations that were applied as of January 1, 2015 form an exception to this basic principle:

### NEW AND AMENDED STANDARDS AND INTERPRETATIONS

AMENDMENTS TO IAS 19 – EMPLOYEE CONTRIBUTIONS

These amendments are applicable with retrospective effect for fiscal years beginning on or after July 1, 2014. The amendment provides for the recognition of contributions from employees or third parties to the pension plan as a reduction of the service cost, provided they reflect the services performed in the reporting period. This change has no impact on the Group's net assets, financial position and results of operations since contributions from employees or third parties were not made to pension plans.

IMPROVEMENTS TO IFRS 2010–2012

The improvements to IFRS 2010-2012 are a collection of standards whose subject matter consists of various IFRS amendments. These are mainly applicable with retrospective effect for financial years beginning on or after July 1, 2014. The amendments relevant to the Group relate to:

› IFRS 8: Expands the disclosure requirements with the inclusion of a description of the combined business segments and discloses the economic characteristics used as a basis to determine whether the relevant segments are 'comparable'. This amendment has no impact on the Group's net assets, financial position, and results of operations.

› IFRS 8: Clarifies that a reconciliation of the total assets of the reportable business segments to the group's total assets is only to be presented in the financial statements when the chief decision maker is regularly informed about the segments' assets. This amendment has no impact on the Group's net assets, financial position, and results of operations.

- IFRS 13: Clarifies those current receivables and payables with no stated interest rate may be measured at the invoice amount if the effect of discounting is immaterial. This amendment has no impact on the Group's net assets, financial position, and results of operations since it has been previously accounted for accordingly.

IMPROVEMENTS TO IFRS 2011–2013

The improvements to IFRS 2011-2013 is a collection of standards whose subject matter consists of various IFRS amendments. These are mainly applicable with retrospective effect for financial years beginning on or after July 1, 2014. The amendments relevant to the Group relate to:

- IFRS 13: Clarifies that the portfolio exceptions of IFRS 13.52, which allow a deviation from the principle of the individual valuation of financial instruments in terms of market and credit risks, are applicable to all contracts within the scope of IAS 39 and IFRS 9 regardless of whether these contracts meet the definition of "financial assets" or "financial liabilities" under IAS 32. This amendment will have no impact on the Group's net assets, financial position and results of operations since no portfolio exceptions were made.

The following new provisions are not applicable to the Group and, therefore, will have no effect on the Group's net assets, financial position, or results of operations:

| Description | Applicable as of |
|---|---|
| IAS 27 - Separate Financial Statements (revised 2011) | 01/01/2014 |
| IAS 28 - Investments in Associates and Joint Ventures (revised 2011) | 01/01/2014 |
| IFRS 11 - Joint Arrangements | 01/01/2014 |
| Amendments to IFRS 10, IFRS 12, and IAS 27 - Investment Entities | 01/01/2014 |
| IFRIC Interpretation 21 - Levies | 01/01/2014 |

# NOTES TO THE INCOME STATEMENT

## REVENUE

The breakdown of Group revenue by location is shown in the segment reporting.

## AKTIVIERTE EIGENLEISTUNGEN

Own work capitalized is comprised of EURk 44 (p/y: EURk 169) of development costs subject to mandatory capitalization according to IAS 38. These development costs are particularly related to the development of air suspension components, drive components, and steering components.

## OTHER OPERATING INCOME

Other operating income primarily comprises currency gains in the amount of EURk 6,580 (p/y: EURk 634).

## OTHER OPERATING EXPENSES

Other operating expenses primarily comprise the following items:

| EURk | 1Q/2015 | 1Q/2014 |
|---|---|---|
| Currency losses | 5,051 | 795 |
| Costs for temporary employees | 2,511 | 3,392 |
| Maintenance costs | 1,565 | 1,361 |
| Outgoing freight | 1,025 | 757 |

## INCOME TAXES

The income tax reported in the consolidated income statement is comprised as follows:

| EURk | 1Q/2015 | 1Q/2014 |
|---|---|---|
| Actual taxes | 1,174 | 1,438 |
| Deferred taxes | -126 | -78 |
| **Total** | **1,048** | **1,360** |

### EARNINGS PER SHARE

Earnings per share is computed by dividing net income for the period attributable to the shareholders of PWO AG by the weighted average number of shares outstanding. Actions resulting in dilution effects did not occur.

| EURk | 1Q/2015 | 1Q/2014 |
|---|---|---|
| Net income for the period | 3,152 | 3,231 |
| Average number of shares | 3,125,000 | 3,125,000 |
| **EARNINGS PER SHARE IN EUR** | **1.01** | **1.03** |

## NOTES TO THE BALANCE SHEET

### GOODWILL

An impairment test relating to goodwill is performed annually (as per December 31). An impairment test is also performed if there are indications that goodwill might be impaired. When testing for impairment of goodwill and intangible assets with a finite useful life, the PWO Group assesses the value in use. The main assumptions for determining the recoverable amount for the various cash-generating units are provided in the consolidated financial statements as of December 31, 2014. As of March 31, 2015, there were no indications requiring an impairment test and therefore no need for impairment.

### INVENTORIES

The increase in inventories from EURk 73,140 on December 31, 2014 to EURk 79,225 on March 31, 2015 was mainly the result of higher investments in tools and currency effects.

### RECEIVABLES AND OTHER ASSETS

The increase in receivables and other assets resulted primarily from higher customer receivables, deferred taxes and VAT receivables.

### CASH AND CASH EQUIVALENTS

The amount of cash and cash equivalents reported in the consolidated statement of cash flows as of March 31, 2015 of EURk 3,277 (p/y: EURk 2,631) is composed of cash on hand and short-term bank deposits.

### EQUITY

SUBSCRIBED CAPITAL

On May 26, 2010, the Annual General Meeting had resolved to create new authorized and contingent capital.

An amount of EURk 1,875 of the total Authorized Capital I/2010 of EURk 3,000 was utilized by issuing 625,000 new shares via a capital increase in May 2012. As of March 31, 2015, the fully paid-up and subscribed capital amounted to EURk 9,375 (p/y: EURk 9,375), and was divided into 3,125,000 (p/y: 3,125,000) bearer shares.

### REMAINING AUTHORIZED CAPITAL

By resolution of the Annual General Meeting of May 26, 2010 and subject to the consent of the Supervisory Board, the Management Board is authorized, until May 25, 2015, to increase the Company's share capital once or several times by up to EURk 1,125 against payment in cash (Authorized Capital I/2010).

By resolution of the Annual General Meeting of May 26, 2010 and subject to the consent of the Supervisory Board, the Management Board is authorized, until May 25, 2015, to increase the Company's share capital once or several times by up to EURk 750 against payment in cash (Authorized Capital II/2010).

The Annual General Meeting of May 26, 2010 has approved a conditional increase in share capital by up to EURk 3,000 (Contingent Capital 2010).

### RETAINED EARNINGS AND OTHER EQUITY

As of March 31, 2015, Group equity included income and expenses arising from the currency translation of foreign subsidiaries of EURk 5,912 (p/y: EURk –1,691) and income and expenses from cash flow hedges of EURk –5,197 (p/y: EURk 337).

## LIABILITIES

### PENSION PROVISIONS

Provisions for pensions and similar obligations are recognized on the basis of pension plan entitlements for retirement, invalidity, and survivor dependent's benefits. The retirement benefits are based on salary and length of service. The obligations include those arising from current pensions as well as benefits for pensions and retirement allowances payable in the future. Plan assets to meet pension obligations do not exist.

Defined benefit obligations have been measured on the basis of the following actuarial assumptions:

| | 31/03/2015 | 31/12/2014 |
|---|---|---|
| Discount rate | 1.5 % | 2.0 % |
| Employee turnover rate | 2.5 % | 2.5 % |
| Future salary trend > 40 years | 2.5 % | 2.5 % |
| Future salary trend < 40 years (career trend) | 3.5 % | 3.5 % |
| Future pension adjustments | 1.75 % | 1.75 % |

The adjustment in the discount rate to the level of the market interest rate applicable as of the reporting date has resulted in a change to estimates. The decline of 0.5 percentage points led to an increase in pension provisions of EURk 6,427.

OTHER PROVISIONS

The provisions recognized in the balance sheet primarily include provisions for employees (obligations for age-related, part-time working and anniversary bonuses) and provisions for contingent losses.

## FINANCIAL INSTRUMENTS

The following table lists the carrying amounts and fair values according to valuation categories and classes:

| | Valuation category pursuant to IAS 39 | Carrying amount | | Fair value | |
|---|---|---|---|---|---|
| EURk | | 31/03/2015 | 31/12/2014 | 31/03/2015 | 31/12/2014 |
| **ASSETS** | | | | | |
| Trade receivables and other receivables | LaR | 77,802 | 62,194 | 77,802 | 62,194 |
| Other financial assets | | 20 | 26 | 20 | 26 |
| of which derivatives with hedging relationship | n.a. | 20 | 26 | 20 | 26 |
| of which derivatives without hedging relationship | FAHfT | 0 | 0 | 0 | 0 |
| of which deposits > 3 months | LaR | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | LaR | 3,277 | 5,404 | 3,277 | 5,404 |
| **LIABILITIES** | | | | | |
| Financial liabilities | | 144,948 | 130,449 | 157,718 | 140,556 |
| Bank borrowings | FLAC | 75,216 | 60,104 | 79,887 | 62,660 |
| of which variable interest rate | | 43,688 | 31,401 | 43,688 | 31,401 |
| of which fixed interest rate | | 31,528 | 28,703 | 36,199 | 31,259 |
| Liabilities from promissory note loans | FLAC | 59,808 | 59,798 | 66,067 | 65,622 |
| of which variable interest rate | | 24,920 | 24,916 | 24,920 | 24,916 |
| of which fixed interest rate | | 34,888 | 34,882 | 41,147 | 40,706 |
| Liabilities to leasing companies | n.a. | 9,924 | 10,547 | 11,764 | 12,274 |
| of which variable interest rate | | 15 | 21 | 15 | 21 |
| of which fixed interest rate | | 9,909 | 10,526 | 11,749 | 12,253 |
| Trade payables | FLAC | 28,558 | 23,379 | 28,558 | 23,379 |
| Other financial liabilities | | 12,454 | 5,462 | 12,454 | 5,462 |
| of which derivatives with hedging relationship | n.a. | 7,315 | 3,764 | 7,315 | 3,764 |
| of which derivatives without hedging relationship | FLHfT | 5,139 | 1,698 | 5,139 | 1,698 |
| **of which aggregated according to IAS 39 measurement categories:** | | | | | |
| Loans and Receivables (LaR) | | 81,079 | 67,598 | 81,079 | 67,598 |
| Financial Assets Held for Trading (FAHfT) | | 0 | 0 | 0 | 0 |
| Financial Liabilities Measured at Amortized Cost (FLAC) | | 163,582 | 143,281 | 174,512 | 151,661 |
| Financial Liabilities Held for Trading (FLHfT) | | 5,139 | 1,698 | 5,139 | 1,698 |

The EURk 6,992 increase in other financial liabilities mainly resulted from the depreciation of the euro against the US dollar and the Canadian dollar during the first quarter of 2015.

According to IFRS 13, all assets and liabilities that are carried at fair value are allocated to Level 2 of the valuation hierarchy. In the first quarter of 2015, there were no changes to the valuation methods applied and no reclassifications between the hierarchy levels.

Derivative financial instruments are mainly concluded with institutions. Derivatives measured by applying a measurement method using input factors observable in the market, primarily comprise interest-rate swaps, foreign exchange swaps, and foreign exchange forward contracts. Forward price models and swap models based on net present value calculations are the most frequently used measurement methods. These models incorporate various input factors such as the counterparty's credit risk, spot and forward rates, yield curves of selected foreign currencies, currency spreads between selected foreign currencies, and yield curves.

# ADDITIONAL INFORMATION

### RELATED PARTY DISCLOSURES

Related parties include the Group's parent company, Consult Invest Beteiligungsberatungs-GmbH, Böblingen, as well as the members of the Management Board and Supervisory Board. In the first quarter of 2015, there were no transactions between the Group and the parent company. There were no relationships with related parties with regard to the supply of goods or the rendering of services.

### ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

In the statement of cash flows, cash flows are presented on the basis of IAS 7. Cash funds reported in the cash flow statement comprise cash and cash equivalents as well as bank borrowings due on demand. The bank borrowings payable on demand, amounting to EURk 18,964 (p/y: EURk 16,777) have been included in the balance sheet under "current financial liabilities".

## SEGMENT REPORTING

| SEGMENT INFORMATION BY LOCATION | Germany | Rest of Europe | NAFTA Area | Asia | Consolidation effects | Group |
|---|---|---|---|---|---|---|
| **1st Quarter 2015** | EURk | EURk | EURk | EURk | EURk | EURk |
| Total revenue | 61,569 | 16,342 | 22,625 | 3,694 | 0 | 104,230 |
| Inter-segment revenue | -3,566 | -793 | -35 | -256 | 0 | -4,650 |
| **EXTERNAL REVENUE** | **58,003** | **15,549** | **22,590** | **3,438** | **0** | **99,580** |
| **TOTAL OUTPUT** | **63,540** | **16,342** | **22,397** | **5,609** | **-4,621** | **103,267** |
| Other income | 5,140 | 151 | 773 | 1,640 | -690 | 7,014 |
| Other expenses (aggregated) | 62,687 | 13,912 | 20,772 | 6,165 | -4,944 | 98,592 |
| Depreciation and amortization | 3,118 | 825 | 1,630 | 501 | -12 | 6,062 |
| **EARNINGS BEFORE INTEREST AND TAXES (EBIT)** | **2,875** | **1,756** | **768** | **583** | **-355** | **5,627** |
| Financial income | 630 | 23 | 0 | 4 | -626 | 31 |
| Financial expenses | 1,052 | 264 | 408 | 360 | -626 | 1,458 |
| **EARNINGS BEFORE TAXES (EBT)** | **2,453** | **1,515** | **360** | **227** | **-355** | **4,200** |
| Income taxes | 919 | -81 | 213 | 0 | -3 | 1,048 |
| **NET INCOME FOR THE PERIOD** | **1,534** | **1,596** | **147** | **227** | **-352** | **3,152** |
| Assets | 202,887 | 79,306 | 82,817 | 52,511 | -43,796 | 373,725 |
| of which non-current assets | 70,100 | 36,307 | 43,188 | 34,843 | -200 | 184,238 |
| Liabilities | 34,768 | 37,044 | 57,965 | 48,142 | 100,099 | 278,018 |
| Investments | 2,038 | 2,202 | 771 | 1,331 | 0 | 6,342 |

Of the reported revenues as of March 31, 2015, one individual customer accounted for slightly more than 10 percent of revenues, spread across all of the segments. As of March 31, 2014, no customers were identified with whom the Group had achieved 10 percent or more of revenues.

## SEGMENT REPORTING

| SEGMENT INFORMATION BY LOCATION | Germany | Rest of Europe | NAFTA Area | Asia | Consolida-tion effects | Group |
|---|---|---|---|---|---|---|
| **1st Quarter 2014** | EURk | EURk | EURk | EURk | EURk | EURk |
| Total revenue | 65,411 | 13,800 | 22,076 | 3,077 | 0 | 104,364 |
| Inter-segment revenue | -3,243 | -1,085 | -54 | -221 | 0 | -4,603 |
| **EXTERNAL REVENUE** | **62,168** | **12,715** | **22,022** | **2,856** | **0** | **99,761** |
| **TOTAL OUTPUT** | **66,647** | **14,018** | **20,795** | **3,700** | **-4,671** | **100,489** |
| Other income | 876 | 87 | 324 | 213 | -483 | 1,017 |
| Other expenses (aggregated) | 60,867 | 11,526 | 18,720 | 3,949 | -4,895 | 90,167 |
| Depreciation and amortization | 3,023 | 746 | 1,273 | 315 | -10 | 5,347 |
| **EARNINGS BEFORE INTEREST AND TAXES (EBIT)** | **3,633** | **1,833** | **1,126** | **-351** | **-249** | **5,992** |
| Financial income | 173 | 22 | 0 | 2 | -169 | 28 |
| Financial expenses | 862 | 270 | 267 | 199 | -169 | 1,429 |
| **EARNINGS BEFORE TAXES (EBT)** | **2,944** | **1,585** | **859** | **-548** | **-249** | **4,591** |
| Income taxes | 1,054 | 51 | 278 | 0 | -23 | 1,360 |
| **NET INCOME FOR THE PERIOD** | **1,890** | **1,534** | **581** | **-548** | **-226** | **3,231** |
| Assets | 163,807 | 53,331 | 68,530 | 38,462 | -14,572 | 309,558 |
| of which non-current assets | 67,488 | 26,144 | 36,843 | 24,808 | -178 | 155,105 |
| Liabilities | 26,488 | 10,310 | 20,930 | 42,549 | 106,895 | 207,172 |
| Investments | 3,128 | 285 | 1,734 | 181 | 0 | 5,328 |

| | Germany | Rest of Europe | NAFTA Area | Asia | Consolida-tion effects | Group |
|---|---|---|---|---|---|---|
| | EURk | EURk | EURk | EURk | EURk | EURk |
| Segment assets as of December 31, 2014 | 187,189 | 74,266 | 69,623 | 46,218 | -35,836 | 341,460 |
| of which non-current assets | 71,184 | 34,930 | 40,362 | 30,133 | -212 | 176,397 |
| Segment assets as of December 31, 2013 | 159,472 | 50,622 | 63,155 | 41,856 | -15,721 | 299,384 |
| of which non-current assets | 67,382 | 26,632 | 36,850 | 25,609 | -189 | 156,284 |

## EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant events that require reporting have occurred after the balance sheet date.

# REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim financial report for the first quarter of 2015 was presented to the Supervisory Board's Audit Committee and explained by the Management Board. The Audit Committee concurred with the interim financial report.

Oberkirch, April 30, 2015

The Chairman of the Audit Committee

Dr. Georg Hengstberger

# GOVERNING BODIES | FINANCIAL CALENDAR | CONTACTS

## GOVERNING BODIES

In the reporting period, the composition of the Management Board and Supervisory Board has not changed.

**MEMBERS OF THE MANAGEMENT BOARD**
Dr. Volker Simon (Speaker)
Bernd Bartmann
Dr. Winfried Blümel

**MEMBERS OF THE SUPERVISORY BOARD**
Dieter Maier (Chairman)
Dr. Gerhard Wirth (Deputy Chairman)
Dr. Georg Hengstberger
Herbert König [1]
Ulrich Ruetz
Franz Schmidt [1]

[1] Employee representatives

## FINANCIAL CALENDAR

**19/05/2015** | Annual General Meeting 2015
**30/07/2015** | Interim financial report 2nd Quarter/1st Half-Year 2015
**04/11/2015** | Interim financial report 3rd Quarter/9 Months of 2015
**Nov. 2015** | German Equity Forum, Frankfurt am Main

## CONTACTS

Bernd Bartmann | Member of the Board (Administration & Finance)
Telephone: +49 7802 84-347 | Email: ir@progress-werk.de

Charlotte Frenzel | Investor Relations
Telephone: +49 7802 84-844 | Email: ir@progress-werk.de

Progress-Werk Oberkirch AG
Industriestraße 8
77704 Oberkirch
www.progress-werk.de

**FORWARD-LOOKING STATEMENTS AND FORECASTS**

This interim financial report contains forward-looking statements that are based on current assumptions, expectations, estimates, forecasts and other information currently available to the PWO Management Board, and on assumptions, expectations, estimates, forecasts and budgets that are derived from these. The forward-looking statements should not be understood as guarantees of future developments and results that are mentioned therein. Various known and unknown risks and uncertainties as well as other factors may result in actual developments and results diverging significantly from estimates that are mentioned here explicitly or are contained implicitly. These factors include those that PWO has described in published reports, and which are available on the PWO website at www.progress-werk.de. Irrespective of statutory regulations, PWO accepts no obligation to update such forward-looking statements, and to adjust them to future events or developments.