



Interim report for the first half of

2015

As one of the few full-service providers in its industry, the **Muehlhan Group** offers its customers a broad spectrum of industrial services and high-quality surface protection. Our very strong organizational skills, in-depth technical expertise and more than 130 years of experience enable us to satisfy our customers' exacting quality requirements.

We offer top-rate solutions for surface protection, passive fire protection, scaffolding and steel construction in our Ship, Oil & Gas, Wind Energy and Industry business segments. With more than 2,600 employees at over 30 locations worldwide, we generated €218 million of sales revenues in 2014.

We will continue to focus our efforts on steadily improving our technologies and services while actively developing new markets in order to continue expanding our business going forward.

Group Key Figures

in kEUR		1 st half of 2015	1 st half of 2014
Result			
Sales		118,432	106,670
EBITDA ¹		6,205	5,576
EBIT ²		2,967	3,005
EBT ³		2,066	2,133
Earnings per share	in EUR	0.05	0.06
Consolidated earnings after non-controlling interests		981	1,044
Cash flow		7,029	5,863
Investments for fixed assets		5,102	5,059
Depreciation		3,238	2,571
		30.06.2015	31.12.2014
Balance sheet			
Balance sheet total		140,810	118,517
Fixed assets ⁴		51,932	47,567
Equity		65,862	61,268
		1st half of 2015	1st half of 2014
Employees			
Number of employees ⁵		2,757	2,675

¹ EBITDA: Profit from operations and depreciation

² EBIT: Profit from operations

³ EBT: Earnings before taxes

⁴ Fixed assets: Total of non-current assets less deferred tax assets

⁵ Refers to average number of employees, not the specific number as of the reporting date

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*Dear shareholders,
esteemed business partners, friends and employees!*

Overall, the Muehlhan Group can look back on a modest first half of fiscal year 2015.

As in previous years, Muehlhan reported a significant increase in sales revenues – in this case, sales increased 11% year-on-year, to €118 million. On the earnings side, first-half EBIT stood at €3.0 million – the same level as in the previous year. Thanks to a lower tax rate, consolidated earnings rose from €1.2 million to €1.6 million.

Business performance varied by region. In Europe, sales revenues increased again, but earnings were down slightly from the previous year. This was attributable to the significant decline in business from the oil & gas industry and extraordinary expenses related to termination of a multiyear, loss-making fixed-price agreement with a major customer.

In the Middle East, both sales revenues and earnings were below the prior-year figures due to the completion of a major order; nevertheless, we are quite pleased with our business performance in that region. In the Asian region, following the disposal of the Chinese businesses, we currently still have our site in Singapore; however, plans call for that site to be separated from the Muehlhan Group by year-end as well. In North America, sales revenues were higher than in the first half of 2014 due to the start-up of a major project. On the earnings side, earnings were at the same level as in the prior-year period due to start-up expenses.

Since the beginning of 2015, Muehlhan's segment reporting has changed slightly. Thanks to a high level of new orders in ship newbuilding, the maritime business included in the Ship segment managed to end the downward trend that had persisted since 2014. However, we consider this to be a temporary phenomenon and the newbuilding sector is expected to shrink further over the long term. The Oil & Gas segment, which previously was part of the Energy business segment, is suffering from the decrease in demand caused by the low oil price. To date, performance in the other business segments is largely the same as in 2014.

At the beginning of 2015, Muehlhan acquired a 60% stake in Marine Services International ("MSI"). MSI operates in the offshore oil & gas market. The trend is positive and exceeds our expectations.

With its solid cash position and its usual strong equity position, the Muehlhan Group's financial situation continues to be stable.

Based on the results of the first half, we believe that the conditions are in place for us to achieve our cautious 2015 operating objectives. As always, we are grateful to our shareholders, customers and suppliers for their confidence and to Muehlhan's employees for their successful work over the past six months.

Best regards,
Your Executive Board



Stefan Müller-Arends



Dr. Andreas C. Krüger



James West

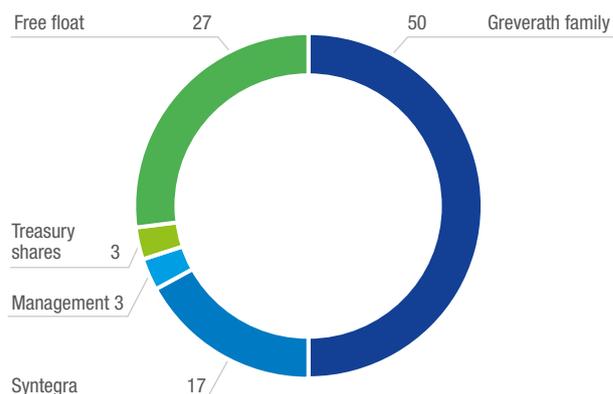
02 Our Share

Share price weaker on the balance-sheet date

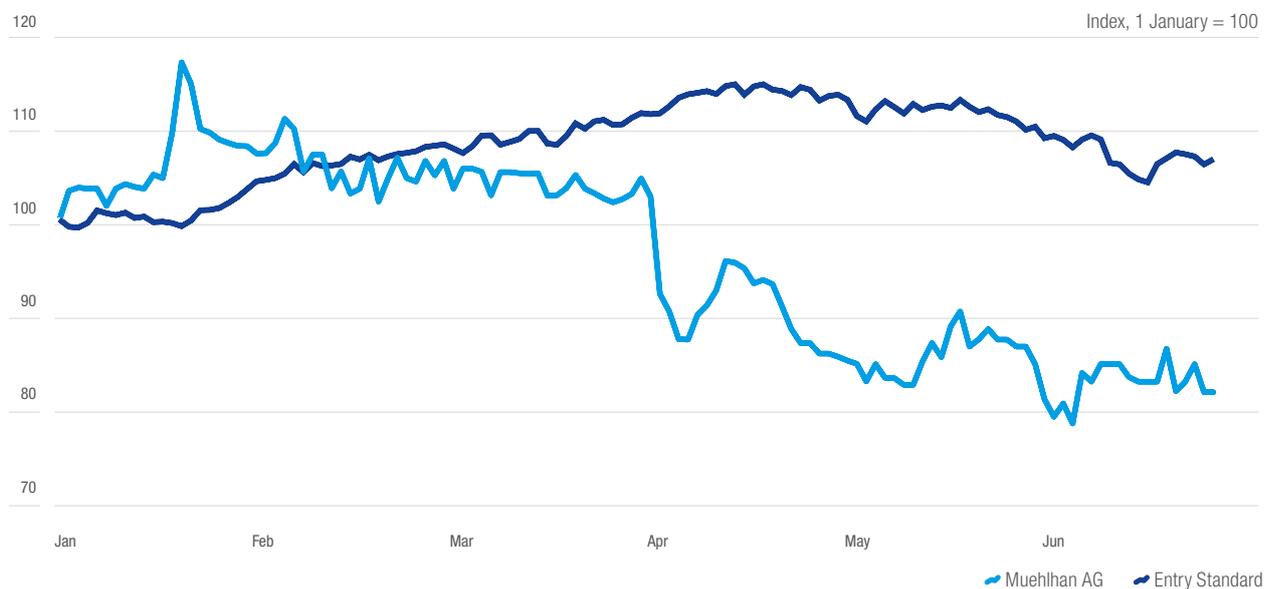
The year 2015 started positively for Muehlhan AG's share price. During the first three months, the share price hovered around the 2014 closing price of €2.649. The publication of the results for fiscal year 2014 on 2 April 2015 caused the share price to drop 12% to €2.35. Since that date, Muehlhan's share price has continued to trend downwards. Since mid-April, the equity markets have been weaker overall. The escalation of the Greek crisis and the resulting uncertainty on the equity markets led to lower share prices across the board. On the 30 June 2015 balance-sheet date, Muehlhan AG's share price closed at €2.12, 20% below the closing price on 31 December 2014.

Shareholder structure as of 30 June 2015

GIVE Capital GmbH acquired 750,000 no-par-value shares from Syntegra Investments I .S.à r.l. effective 10 June 2015. This is equal to 3.85% of the 19,500,000 issued shares. Following the share purchase, the founding family now owns 50.01% of the shares.



Price development in the first half of 2015



03 Interim Consolidated Management Report

for the first half of 2015



Economic Report

Business Performance and Results of Operations

Upward trend following a weak start to the year

The Muehlhan Group ended the first half of 2015 with total net income attributable to the equity holders of €1.0 million. Following a loss of around €0.5 million in the first three months of the fiscal year, the Group's results improved considerably in the second quarter, as expected.

The Group generated **sales revenues** of €118.4 million between January and the end of June 2015 - an 11% increase over the same period in 2014 (€106.7 million). As of 30 June, **EBITDA** (earnings before interest, taxes, depreciation and amortization) totaled €6.2 million (prior year: €5.5 million). **EBIT** (earnings before interest and taxes) amounted to €3.0 million, the same level as in the previous year. **Consolidated net income** attributable to the equity holders of Muehlhan AG totaled €1.0 million in the first half – the same as in the prior-year period.

Higher expenses due to higher volume of business

Because the number of employees increased to 2,757 (first half of 2014: 2,620), the Group's €51.5 million of **personnel expenses** were significantly higher than in the prior-year period (€43.7 million). The increase was attributable to the European business and to the decision to increasingly deploy the company's own staff instead of subcontractors.

Expenditures for materials and services rose only slightly from €42.0 million in the first half of 2014 to €44.2 million in the first half of 2015. The disproportionately low increase in this area was attributable to the decreasing use of subcontractor services thanks to greater use of the company's own staff to fulfill orders.

Compared to the prior-year period, the increase in sales caused a €1.7 million increase in **other operating expenses**, to €18.1 million.

Depreciation and amortization increased from €2.7 million in the first half of 2014 to €3.2 million in the first half of 2015, reflecting higher investment activity.

Strong growth in Europe and Asia

1 st half of 2015 in kEUR	Europe	America	Asia	Corporate areas	Reconciliation	Group
External revenues	95,124	9,310	13,986	12	0	118,432
Intersegment sales	889	0	418	2,934	-4,242	0
SALES	96,014	9,310	14,404	2,946	-4,242	118,432
EBITDA	5,272	284	1,735	-903	-183	6,205
Depreciation and amortization	-2,268	-398	-385	-305	118	-3,238
EBIT	3,004	-114	1,350	-1,208	-65	2,967

1 st half of 2014 in kEUR	Europe	America	Asia	Corporate areas	Reconciliation	Group
External revenues	88,340	7,379	10,894	57	0	106,670
Intersegment sales	417	0	98	1,477	-1,992	0
SALES	88,757	7,379	10,992	1,534	-1,992	106,670
EBITDA	6,691	271	890	-2,104	-172	5,576
Depreciation and amortization	-1,863	-173	-365	-259	90	-2,571
EBIT	4,828	98	524	-2,363	-82	3,005

Rounding differences may occur.

As in prior years, the **European** business accounted for the bulk of the €118.4 million of sales revenues, contributing €95.1 million of Group sales, 8% more than in the first half of 2014 (€88.3 million). In 2015, Muehlhan AG began charging all European subsidiaries a fee for services provided by the holding company; as a result, the European region was charged €1.3 million during the reporting year and the Corporate area was charged accordingly. EBIT for the European region decreased from €4.8 million in the first half of 2014 to €3.0 million in the first half of 2015. Aside from the internal group management fee, two main factors were responsible for the decrease in earnings. First, as we feared at the beginning of the year, the drop in the oil price resulted in significantly lower demand from the Oil & Gas industry. Second, we booked extraordinary expenses relating to our withdrawal from a loss-making long-term agreement with a major customer.

In the first half of 2015, sales revenues from the Muehlhan Group's **North American** businesses rose €1.9 million year-on-year to €9.3 million. Following a weak start to the year, EBIT of –€0.1 million was lower than the prior-year earnings figure of €0.1 million.

In the region **Asia plus the Rest of the World**, sales revenues increased by €3.1 million to €14.0 million (prior-year period: €10.9 million). This figure includes €4.8 million of sales revenues from the company Marine Service International AS (MSI) acquired during the fiscal year. With EBIT of €1.4 million (first half of 2014: €0.5 million), the earnings situation for this region is positive, thanks to both the acquisition of MSI and the positive trend in the fire protection business in the Middle East.

Business segments are now defined by market

At the beginning of 2015, we made a slight change in the way we define our **business segments**. We now break down our businesses into the following business segments: **Ship, Oil & Gas, Wind Energy** and **Industry**. Compared to our former reporting structure, the Energy segment has now been split into the Oil & Gas and Wind Energy segments. By contrast, the former business segments Ship Repair and Ship Newbuilding have been combined into one segment, Ship. The new reporting structure was necessary because of the decreasing importance of the maritime segment and the increasing importance of the Oil & Gas and Wind Energy segments. The scaffolding and steel construction formerly subsumed under Other Services, as well as corrosion protection, will now be included under the various business segments.

The business segments' sales revenues for the first six months of 2015 can be broken down as follows:

The **Ship** segment, which only began to see sales growth again in 2014, once again reported a project-related increase in sales revenues: At €51.4 million, the volume of business was higher than in the first half of 2014 (€43.8 million). However, we continue to believe that this growth does not herald a changing trend, but rather reflects current big projects and increases in market share in a stagnating market that presumably will continue to change.

In the **Oil & Gas** business segment, the Group managed to expand sales to €24.2 million, compared to €19.6 million in the prior-year period. Given the weaker sales revenues in the oil & gas business in the North Sea, the increase in sales is primarily attributable to the acquisition of MSI.

In the **Wind Energy** business segment, sales revenues rose to EUR 8.8 million (previous year: EUR 7.7 million).

The **Industry and Infrastructure** business posted EUR 34.1 million of sales revenues for the first six months of 2015, compared with EUR 35.4 million for the first half of 2014. The prior-year figure included a major project at Muehlhan Industrial Services Ltd. The revenues from that project were largely matched during the first half of 2015 by continued growth in passive fire protection.

Net assets and financial position

Investments

During the first half of 2015, **investments** totaled €7.5 million, mainly for the acquisition of MSI, expansion of the scaffolding business in the Netherlands and investments in a new plant in Denmark to manufacture the latest generation of wind towers. During the prior-year period, investments totaled around €5.2 million.

Higher debt due to growth strategy

Because of higher investment activity, the acquisition of MSI and the increase in sales revenues, the Muehlhan Group's **net debt** increased from €15.6 million to €23.5 million. The terms and conditions of the syndicated loan agreement were met at all times.

Thanks to the positive consolidated earnings, **equity** increased to €66.0 million as of the balance-sheet date (31 December 2014: €61.3 million). The positive impact of currency-translation adjustments on equity totaled approximately €2.3 million.

Subsequent Events

There were no events or new information after the balance-sheet date of material significance for the company and/or for assessing the company.

Forecast and Report on Opportunities and Risks

Outlook

The Executive Board is standing by its published forecast for 2015, with earnings before interest and taxes (EBIT) of between €4.0 and €6.0 million.

Opportunities and risks

Project losses cannot be completely ruled out. However, there are currently no indications that significant project losses might be incurred during the rest of this year.

As in the past, the markets that are relevant to the Muehlhan Group often reported mixed results. The Oil & Gas segment has been very negatively impacted by the lower price of crude oil, especially in the North Sea. This has prompted numerous customers to postpone or reduce maintenance and overhaul work. The Wind Energy segment has been suffering for years from bottlenecks in political decision-making. This has a negative impact on every company in the value chain. In shipbuilding, Muehlhan will soon complete several big projects; moreover, we have reached an amicable agreement with a customer to adjust a multiyear fixed-price agreement that led to losses for the company. Therefore, we are currently reviewing whether capacity adjustments in the organization will be required in some Group companies. However, we assume that the associated staff-reduction expenses will not affect the earnings projection.

For more information about additional opportunities and risks, please see our detailed explanations in the 2014 Annual Report.

04 Group Consolidated Financial Statements

as of 30 June 2015

CONSOLIDATED BALANCE SHEET

ASSETS in kEUR	30.06.2015	31.12.2014
NON-CURRENT ASSETS		
Intangible assets	20,391	18,815
Property, plant and equipment	31,509	28,722
Financial assets	32	30
Deferred tax assets	3,376	3,307
Total non-current assets	55,309	50,874
CURRENT ASSETS		
Inventories	5,024	4,691
Trade receivables	59,502	46,021
Cash and cash equivalents	11,414	9,041
Assets for current income tax	1,736	1,521
Other current assets	7,826	6,369
Total current assets	85,501	67,643
BALANCE SHEET TOTAL	140,810	118,517

Rounding differences may occur.

EQUITY & LIABILITIES in kEUR	30.06.2015	31.12.2014
EQUITY		
Subscribed capital	19,500	19,500
Capital reserves	14,354	14,174
Other reserves	12,306	10,122
Retained earnings	18,181	17,190
Non-controlling interests	3,251	2,013
Treasury shares	-1,731	-1,731
Total equity	65,862	61,268
NON-CURRENT LIABILITIES		
Pension accruals	808	797
Non-current financial liabilities	19,812	15,661
Deferred tax liabilities	108	138
Total non-current liabilities	20,728	16,596
CURRENT LIABILITIES		
Provisions	305	441
Current financial liabilities	15,138	8,694
Trade payables	20,168	15,329
Liabilities for current income tax	683	990
Other current liabilities	17,926	15,199
Total current liabilities	54,220	40,653
BALANCE SHEET TOTAL	140,810	118,517

Rounding differences may occur.

CONSOLIDATED INCOME STATEMENT

in kEUR	1 st half of 2015	1 st half of 2014
Sales	118,432	106,670
Other operating income	1,564	1,052
Cost of materials and purchased services	-44,168	-42,020
Personnel expenses	-51,532	-43,681
Depreciation and amortization	-3,238	-2,571
Other operating expenses	-18,091	-16,444
Profit from operations	2,967	3,005
Income from investments	0	0
Interest income	8	9
Financing costs	-909	-881
Financial result	-901	-872
Earnings before taxes	2,066	2,133
Income tax expense	-498	-1,056
Consolidated profit	1,568	1,077
Thereof attributable to		
non-controlling interests	587	34
equity holders of Muehlhan AG	981	1,044
NET EARNINGS PER SHARE		
Shares	number	18,899,399
basic	in EUR	18,912,818
diluted	in EUR	0.05
		0.06
		0.06

Rounding differences may occur.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in kEUR	1 st half of 2015	1 st half of 2014
Consolidated profit	1,568	1,077
Recyclable items		
Currency translation differences (legally independent entities abroad)	2,242	350
Instrument for hedging future cash flows (effective cash flow hedge)	-61	0
Other result	2,181	350
Income taxes on other results	19	0
Other result after tax	2,201	350
Total result	3,769	1,427
Thereof attributable to		
non-controlling interests	594	38
equity holders of Muehlhan AG	3,175	1,390

Rounding differences may occur.

CONSOLIDATED CASH FLOW STATEMENT

in kEUR	1 st half of 2015	1 st half of 2014
Profit from operations	2,967	3,005
Depreciation (+) on non-current assets	3,238	2,571
Depreciation (+) / gain (-) on disposal of fixed assets	2	-30
Unrealized currency gains, losses	945	235
Decrease (-) / increase (+) in provisions	-124	82
Cash flow	7,029	5,863
Increase (-) in inventories, trade receivables and other assets	-13,715	-3,011
Increase (+) in trade payables and other liabilities	6,093	876
Cash generated by operating activities	-593	3,728
Payments of income taxes	-1,363	-1,299
Payments of interest	-891	-928
Cash outflow / inflow from operating activities	-2,847	1,501
Receipts of interest	8	9
Proceeds (+) from disposals of non-current assets in respect of tangible assets	230	231
Capital expenditures (-) in respect of intangible assets	-50	-106
Capital expenditures (-) in respect of tangible assets	-5,102	-5,059
Capital expenditures (-) for purchase of consolidated companies	-2,326	0
Cash outflow from investing activities	-7,239	-4,924
Payments (-) for bond redemption	0	-4,000
Payments for purchase of treasury shares	0	-441
Increase (+) in minority interests	154	0
Payments to company owners and to non-controlling shareholders (dividends)	0	-103
Proceeds (+) from payments received in respect of current bank liabilities	6,293	5,229
Proceeds (+) from payments received / payments (-) for redemption in respect of non-current bank liabilities	4,090	-40
Cash inflow from financing activities	10,537	646
Effect of exchange rate related fluctuations of cash and cash equivalents*	425	26
Effect of consolidated group related fluctuations of cash and cash equivalents*	1,497	0
Total changes in cash and cash equivalents*	2,373	-2,752
Cash and cash equivalents* at the beginning of the period	9,041	8,658
Cash and cash equivalents* at the end of the period	11,414	5,906

* Cash and cash equivalents correspond to the balance sheet item "Cash and cash equivalents".

Rounding differences may occur.

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

in kEUR	Equity applicable to equity holders of the parent company					
	Subscribed capital	Capital reserves	Other reserves			
			Revenue reserves	Translation adjustments	Cash flow hedge reserves	Adjustment resulting from currency translation
On 01.01.2014	19,500	28,395	9,591	589		-1,637
Change in own shares						
Contribution share-based payment		180				
Dividends paid						
Other changes						0
Total result						346
On 30.06.2014	19,500	28,575	9,591	589		-1,290
On 01.01.2015	19,500	14,174	9,888	589		-355
Contribution share-based payment		180				
Other changes						-10
Total result					-42	2,236
On 30.06.2015	19,500	14,354	9,888	589	-42	1,871

Rounding differences may occur.

				Non-controlling interests	Group equity
	Retained earnings	Treasury shares	Equity		
	1,658	-1,294	56,803	1,500	58,303
		-441	-441		-441
			180		180
				-103	-103
	-0				
	1,044		1,390	38	1,427
	2,701	-1,735	57,932	1,435	59,367
	17,190	-1,731	59,255	2,013	61,268
			180		180
	10			644	644
	981		3,175	594	3,769
	18,181	-1,731	62,610	3,251	65,862

NOTES

Information on the company and the Group

Muehlhan AG, which is headquartered at Schlinckstrasse 3, Hamburg, Germany, is registered in the Commercial Register at the Hamburg Municipal Court under HRB 97812. Muehlhan AG and its subsidiaries (the Muehlhan Group) primarily provide surface protection services and industry services.

Principles used in preparing the interim consolidated financial statements

The interim consolidated financial statements for the period from 1 January to 30 June 2015 were prepared in accordance with IAS 34, "Interim Financial Reporting", and have not been audited or reviewed by the external auditors. The interim consolidated financial statements should be read in conjunction with the Group consolidated financial statements for the period ending on 31 December 2014.

Accounting and valuation methods

International Financial Reporting Standards (IFRS) were applied to measure the amounts reported in this interim report. The same accounting and valuation methods used in the 2014 consolidated financial statements were applied to the interim consolidated financial statements. These statements were prepared under the going-concern principle. Taxes on income were determined on the basis of the expected country-specific income-tax rates combined with the respective pre-tax earnings for the first half.

In preparing the interim consolidated financial statements, the Executive Board has to make judgments, estimates and assumptions that affect the company's application of accounting principles and the reporting of assets, liabilities, income and expenses. Actual results may differ from these estimates. Business performance for the first six months of the fiscal year is not necessarily indicative of the expected performance for the entire year, and one should also remember that impairment tests, particularly with regard to goodwill amounts reported, are always carried out only at the end of the year, taking into account the budget planning done in the fourth quarter for the next fiscal year.

Expenditures incurred on a regular basis during the fiscal year are reported and/or accrued in the consolidated financial statements only to the extent that such accruals would be appropriate at year-end.

As of the balance-sheet date, Muehlhan AG had entered into interest-rate swaps totaling €13.5 million. The swaps hedge a portion of the interest-rate risk associated with the Group's variable-rate refinancing in 2014. Fair value measurement of effective swaps resulted in a financial liability of €61 thousand on the balance-sheet date. The change in value is recorded under "Other result" in the Statement of comprehensive income.

Consolidated group

Since 31 December 2014, the consolidated group has changed as follows. In a purchase agreement dated 26 February 2015, Muehlhan AG acquired 60% of the shares of Marine Service International AS, headquartered in Drøbak, Norway (MSI), for a purchase price of €2.3 million. The first-time consolidation resulted in €1.6 million of goodwill. The purchase also involved the acquisition of MSI's wholly owned subsidiaries, MSI Coating Services PTE Ltd, headquartered in Singapore (MSIS), and MSI Do Brasil Services Marítimos LTDA, headquartered in Rio de Janeiro, Brazil (MSIB).

Events after the balance sheet date

There were no events after the balance-sheet date that could have a material impact on the Muehlhan Group's business.

Hamburg, 27 July 2015

Muehlhan AG

The Executive Board

Stefan Müller-Arends

Dr. Andreas C. Krüger

James West

Responsibility Statement

We confirm to the best of our knowledge that, in accordance with the applicable reporting principles for interim group reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with generally accepted accounting principles and that the consolidated interim management report presents a fair review of the earnings and the position of the Group, together with a description of the principal opportunities and risks associated with the Group's expected development for the remainder of the fiscal year.

Hamburg, 27 July 2015

Muehlhan AG

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05 Further Information

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FINANCIAL CALENDAR

10 November 2015

Publication of nine-month figures 2015

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NOTES

This report is published in German and English. The German version is authoritative.
For further information about the company visit the website at www.muehlhan.com.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements related to the prospects and progress of Muehlhan AG. These statements reflect the current views of the management and are based on projections, estimates and expectations. Our assumptions are subject to risks and uncertainties, and actual results may vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantee.