



Group Quarterly Statement
as at 30 September 2016

Schaltbau Group Key Financial Figures for the period ended 30 Sept.

Group key financial figures		30 Sept. 2016	30 Sept. 2015	3rd quarter 2016	3rd quarter 2015
Order situation					
Order-intake	€ m.	423.5	392.5	104.4	133.1
Order-book	€ m.	444.8	345.4	444.8	345.4
Income statement					
Sales	€ m.	365.2	360.2	117.5	124.7
Total output	€ m.	371.4	371.6	120.1	126.9
EBITDA	€ m.	27.6	36.6	7.7	11.6
Profit from operating activities (EBIT)	€ m.	16.3	27.5	3.9	7.9
EBIT margin	%	4.5	7.6	3.3	6.4
Group net profit for the period	€ m.	12.5	18.4	8.9	4.5
Profit attr. to shareholders of the AG	€ m.	8.9	13.9	8.2	3.1
Return on capital employed	%	5.8	10.6	4.2	9.2
Balance sheet					
Fixed Assets	€ m.	199.4	167.7	199.4	167.7
Working capital	€ m.	172.1	176.9	172.1	176.9
Capital employed	€ m.	371.5	344.6	371.5	344.6
Group equity	€ m.	129.6	131.2	129.6	131.2
Net financial liabilities	€ m.	150.6	142.5	150.6	142.5
Balance sheet total	€ m.	495.3	451.6	495.3	451.6
Personnel					
Employees at end of reporting period	Number	3,323	2,981	3,323	2,981
Personnel expense	€ m.	124.0	116.1	40.7	40.2
Personnel expense ¹ per employee ²	€ 000	58.6	59.7	57.7	62.1
Total output ¹ per employee ²	€ 000	175.5	191.2	170.3	195.9
Earnings per share					
Earnings per share (undiluted)	€	1.49	2.32	1.36	0.52
Earnings per share (diluted)	€	1.49	2.32	1.36	0.52

¹ Based on figures to date extrapolated to twelve months

² Weighted average for period including trainees, executive directors and members of Management Board

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Dear Shareholders

Market conditions for the Schaltbau Group have increasingly deteriorated in the course of 2016. The reluctance of international customers to invest, combined with project delays on the part of customers led to delayed and reduced call-offs at several of our subsidiaries. Mobile Transportation Technology segment sales fell in particular, influenced by the fact that its reported sales figure one year earlier had benefited from a major order completed by our subsidiary RAWAG in Poland. Furthermore, successively lower demand for components on the key Chinese market has become increasingly apparent, with amounts invested in locomotives and railway carriages dropping significantly during the third quarter. However, growth in the Brake Systems business field and the inclusion of the Italy-based subsidiary SPII, which was only consolidated in 2015 from the third quarter onwards, more than compensated for these shortfalls. Overall, Group sales grew by 1.4 per cent to € 365.2 million during the first nine months of 2016 and therefore below our original expectations.

Despite the strong headwind, order intake improved year-on-year, reaching a volume of € 423.5 million for the nine-month period under report. We are benefiting firstly from our excellent technological market position and secondly from the Schaltbau Group's broad international deployment, which enables us to partially compensate for lower demand in individual regions.

However, subdued business performance in the Mobile Transportation Technology segment and falling demand on Chinese markets has clearly left its mark, given that it is not easy to bring costs – in particular structural costs – into line with the slower growth rate at short notice. The changed sales mix has also had an adverse impact on margins, as did additional in-house expenditure, such as unexpectedly high certification costs related to entering new markets and the cost of integrating companies acquired by the Group. The platform screen doors project in Brazil, badly hit by considerable customer-driven delays, is also holding down our earnings, as upfront expenditure contrasts with the very low volume of sales that we have been able to recognise to date. All of these factors have contributed to an unwelcome development in Group EBIT, namely a deterioration from € 27.5 million to € 16.3 million for the nine-month period and one of € 7.9 million to € 3.9 million for the third quarter.

By contrast, third-quarter Group net profit rose from € 4.5 million to € 8.9 million, mainly due to a one-off revaluation gain recognised in the result from investments. The full consolidation of Albatros S.L. in Madrid as of 30 September 2016 gave rise to a gain of some € 7 million, as the increase in Schaltbau's shareholding to 100 per cent led to a revaluation of the previously held 94.8 per cent. In the first three quarters of 2016, Group net profit dropped from € 18.4 million to € 12.5 million.

Dear shareholders, despite these difficult times, we consider it vitally important to keep pursuing our strategic aims with great determination and to have confidence in our strengths.

The consolidation in the railway industry often mentioned in our reports continues unabated. The required presence on all key rail markets demands a certain corporate size in keeping with the necessary scale of organisation. Our customers also expect to do business with multi-nationally operating suppliers that offer an appropriate range of products. For this reason, we will steadily continue to promote our intensive research and development activities in new products, which represent a key factor in our organic growth, and to press ahead with expanding our business internationally, thus making us less dependent on regional market conditions. At the same time, we are continually optimising and streamlining our processes and thereby reducing our corporate costs. We are also ready to undertake appropriate adjustments to the workforce size as soon as the business prospects make such measures necessary. Furthermore, we regularly examine the profitability and the business models of our various subsidiaries. For example, we intend to act only as a supplier of components and subsystems in any future projects involving platform screen doors. A further example is the Warning Systems product group, which we sold in the second quarter.

As a precautionary measure, we intend to recognise write-downs in the consolidated financial statements for the full year 2016 for the project in Brazil and for a number of other Group entities. Moreover, the purchase price allocation in conjunction with the full consolidation of the Spanish company Albatros S.L. and its subsidiaries will negatively impact EBIT by around € 4 million.

Order volumes from China already began steadily decreasing about halfway through the year. However, we were surprised by the drastic extent of the drop in orders in the fourth quarter with the accompanying slump in sales and earnings. In our view, this slowdown in China, which we are also seeing in other regions although not to this extent, is not a temporary problem. In the medium term, we have to assume that demand in our core markets is likely to stagnate at a low level. It is therefore absolutely necessary for the Schaltbau Group to adopt a new strategy and adjust it to meet the future requirements of the market as the only option to regain our former strength.

Kind regards

A handwritten signature in black ink, appearing to read 'A. Cammann', with a stylized flourish at the end.

Dr Jürgen Cammann

Spokesman of the Executive Board

General economic environment

Macroeconomic situation

During the first nine months of 2016, the global economy was plagued by uncertainty and developed sluggishly. According to preliminary calculations made by the International Monetary Fund (IMF), the world economy grew by 2.9 per cent during the first six months of 2016 and therefore less strongly than in the second half of 2015. Among other factors, the lack of vitality in the US economy, which performed below expectations, and restructuring in the Chinese economy both had a dampening effect on growth. Furthermore, the Brexit vote, the numerous geopolitical crises and increasingly protectionist trends in various industrialised countries led to growing uncertainty and a correspondingly low level of investment. For the full year 2016, the IMF expects the worldwide gross domestic product (GDP) to grow by 3.1 per cent.

According to the IMF, economic output in the eurozone is only likely to grow by 1.7 per cent in 2016. Risks exist in conjunction with the uncertain consequences of the Brexit decision, the weakness of the banking and financial system in a number of member states, and a possible renewed increase in the number of refugees. German GDP grew by 0.7 per cent in the first quarter 2016 and by 0.4 per cent in the second. The IMF predicts growth of 1.7 per cent for the full year 2016.

Sector-specific and regulatory environment

Overall, worldwide demand for rolling stock remains high in 2016, although it has slackened noticeably in several countries in the course of the year to date. According to the German Railway Industry Association (VDB), general conditions on world markets for globally operating companies in the rail industry continue to deteriorate. Particularly in Asia, competition has become much tougher, according to the association.

In Germany, sales in the railway industry rose by 5.8 per cent during the first six months of 2016 to reach a new record level. Some three quarters of the total amount was attributable to the sale of trains, locomotives and their related components and subsystems. However, business with infrastructural equipment such as tracks, points, railway line electrification systems and signals again remained significantly below expectations. According to the VDB, there is very little momentum in this field, despite the fact that funding for replacement investments in the existing railway network was increased at the beginning of

2015. In Germany, order intake in the railway industry slumped by 23 per cent during the first six months of 2016.

According to the German Association of the Automotive Industry (VDA), demand for buses and automotive parts remained high. By the end of September 2016, 4,500 new buses had been registered in Germany, 14 per cent up on one year earlier. The car market grew by six per cent during the nine-month period under report. According to the VDA, the upturn is likely to become slightly more moderate for both market segments in the last quarter of 2016.

On procurement markets, prices for copper increased by four per cent and aluminium by as much as 13 per cent during the first nine months of 2016. The precious metals gold and silver have become 31 and 35 per cent more expensive respectively since the beginning of the year. The oil price (Brent, in euros) went up by a good 30 per cent during the same period. Rolled steel and flame-cut steel parts were also more expensive year-on-year.

Business and earnings position of the Schaltbau Group

Key performance figures for the Schaltbau Group						
in € million	9 months of 2016	9 months of 2015	Δ	3rd quarter 2016	3rd quarter 2015	Δ
Order intake	423.5	392.5	7.9 %	104.4	133.1	-21.6 %
Sales	365.2	360.2	1.4%	117.5	124.7	-5.8 %
EBIT	16.3	27.5	-40.7 %	3.9	7.9	-50.6 %

Order intake and order book

Order intake for the Schaltbau Group grew by 7.9 per cent to € 423.5 million for the nine-month period under report, with all three of the Group's segments contributing. However, demand weakened significantly in the course of the year. After registering 23 per cent growth in the first six months of the year, the volume of new orders dropped in the third quarter from € 133.1 million to € 104.4 million year-on-year. Order intake growth in the Mobile Transportation Technology and Stationary Transportation Technology segments was mainly attributable to major orders received during the first half of the year. In the Components segment, it should be noted that the Italy-based subsidiary SPII that was acquired in 2015 is only included in Group figures for the previous year from the third quarter onwards.

The Group order book increased to € 444.8 million at 30 September 2016, 28.8 per cent higher than the previous year's figure of € 345.4 million and 36.7 per cent up on the figure reported on 31 December 2015.

Sales

Nine-month Group sales grew to € 365.2 million, 1.4 per cent up on the previous year. Lower volumes of business in China and in the Mobile Transportation Technology segment – which had reported particularly strong figures in the previous year on account of a major order received by our Polish subsidiary – contrasted with significant growth in the Brake Systems business field. Moreover, sales reported by the Italy-based subsidiary SP11, which was consolidated from mid-2015 onwards, contributed towards the improvement for the nine-month period with an increase of € 14.5 million. From July to September, Group sales dropped from € 124.7 million in 2015 and to € 117.5 million in the current year.

Group earnings performance

The Schaltbau Group's earnings performance over the first nine months of 2016 was characterised by above-average structural costs and a simultaneous drop in sales in the Mobile Transportation Technology segment as well as on the profitable Chinese market. Moreover, Group earnings were adversely affected by a number of items, including unexpectedly high certification costs incurred due to entering new markets, the cost of integrating newly acquired companies and costs in conjunction with the platform screen doors project in Brazil.

Despite the higher sales volume, at € 371.4 million (January to September 2015: € 371.6 million), total output for the nine-month period remained practically identical to one year earlier, largely due to the lower increase in inventories (€ 3.6 million compared to € 8.7 million). The cost of materials for the nine-month period under report totalled € 184.5 million (January to September 2015: € 185.9 million), almost identical to the previous year. At 49.7 per cent, the cost of materials as a percentage of total output also remained practically unchanged (January to September 2015: 50.0 per cent). Personnel expenditure, however, rose at a more pronounced rate, from € 116.1 million to € 124.0 million. The corresponding personnel expense ratio was 33.4 per cent, compared with 31.2 per cent one year earlier. Other operating expenses increased by 5.1 per cent to € 39.2 million (January to September 2015: € 37.3 million).

Overall, profit before financial result and taxes (EBIT) for the nine-month period decreased from € 27.5 million to € 16.3 million. The EBIT margin deteriorated from 7.6 per cent to 4.5

per cent. Third-quarter EBIT amounted to € 3.9 million, compared with € 7.9 million for the same period one year earlier.

Group net profit totalled € 12.5 million for the nine-month period (January to September 2015: € 18.4 million) and € 8.9 million for the third quarter (July to September 2015: € 4.5 million). These figures were significantly impacted by a one-off gain (reported in the result from investments) arising on the full consolidation of the Spanish company Albatros S.L., Madrid, as at 30 September 2016. The required revaluation of the previous shareholding of 94.8 per cent resulted in a one-off gain in the region of € 7 million. Conversely, a negative effect of € 0.3 million arose at 30 September in connection with the retroactive consolidation of the Group subsidiary Bode North America with effect from 1 June 2016.

Profit attributable to shareholders of Schaltbau Holding AG for the nine-month period ended 30 September 2016 amounted to € 8.9 million (January to September 2015: € 13.9 million), equivalent to earnings per share of € 1.49, compared with € 2.32 one year earlier.

Business and earnings performance of the segments

The Mobile Transportation Technology segment

Key performance figures for the Mobile Transportation Technology segment						
in € million	9 months of 2016	9 months of 2015	Δ	3rd quarter 2016	3rd quarter 2015	Δ
Order intake	192.0	168.6	13.9 %	40.4	56.1	-28.0 %
Sales	152.8	165.2	-7.5 %	49.9	56.1	-11.1 %
EBIT	6.3	15.9	-60.4 %	1.0	4.2	-76.2 %

In the Mobile Transportation Technology segment, order intake for the nine-month period totalled € 192.0 million, a year-on-year increase of 13.9 per cent, to which practically all product groups contributed. Major orders were received for sanitary systems and railway vehicle doors – in both cases during the first half of the year. Furthermore, RDS, a Schaltbau subsidiary based in the UK that specialises in refurbishing and servicing railway vehicle doors, was awarded a sizeable new order. Only the Polish subsidiary RAWAG remained well below the previous year's level. It did, however, execute and bill a large-scale project in 2015.

The impact of lower business levels following the completion of the major order by RAWAG is also reflected in sales and earnings. Nine-month segment sales were € 12.4 million or 7.5 per cent down compared with the previous year to € 152.8 million, almost

entirely attributable to the lower sales figure posted by the Poland-based subsidiary. Segment EBIT for the nine-month period fell from € 15.9 million to € 6.3 million. The EBIT margin came in at 4.1 per cent (January to September 2015: 9.6 per cent).

The Stationary Transportation Technology segment

Key performance figures for the Stationary Transportation Technology segment						
in € million	9 months of 2016	9 months of 2015	Δ	3rd quarter 2016	3rd quarter 2015	Δ
Order intake	124.9	124.2	0.6 %	36.2	42.7	-15.2 %
Sales	103.7	95.6	8.5 %	36.0	34.3	5.0 %
EBIT	-1.8	-0.9	-100.0 %	0.8	0.7	14.3 %

Order intake for the Stationary Transportation Technology segment at the nine-month stage edged up from € 124.2 million to € 124.9 million, mainly through growth in demand for signal technology, driven primarily by a large order received at the beginning of the year. The volume of new orders received during the third quarter fell to € 36.2 million (July to September 2015: € 42.7 million). Call-offs from Deutsche Bahn AG (German Railways) were generally moderate, as the funds allocated for investment in replacements were mainly utilised to build bridges and tunnels. Demand in the Brake Systems product group was very high during the first six months, but dropped off noticeably in the third quarter of the year as order volumes shrank, particularly from Asia. New business generated with innovative products, which are generally very well received by the market, failed to offset the cyclical drop in the third quarter. The Schaltbau Group sold its Warning Systems product group with effect from 1 April 2016 and it ceased to be included in the Group's financial statements from that point onwards.

Compared with the first nine months of 2015, segment sales rose by 8.5 per cent to € 103.7 million, with all business fields benefiting from the good order book situation. The Brake Systems business field in particular reported higher sales for the nine-month period. In Brazil, however, where the platform screen doors project has continued to suffer severe delays for reasons attributable to the customer, hardly any sales were generated. This fact is also reflected in EBIT, which deteriorated to a negative amount of € 1.8 million for the nine-month period (January to September 2015: negative amount of € 0.9 million), resulting in a negative EBIT margin of 1.7 per cent (January to September 2015: negative margin of 0.9 per cent). Orders for new products were higher than expected and resulted in increased costs, which therefore also had a downward impact on margins.

The Components segment

Key performance figures for the Components segment						
in € million	9 months of 2016	9 months of 2015	Δ	3rd quarter 2016	3rd quarter 2015	Δ
Order intake	106.6	99.6	7.0 %	27.8	34.3	-19.0 %
Sales	108.6	99.3	9.4 %	31.6	34.2	-7.6 %
EBIT	18.1	17.8	1.7 %	3.5	4.9	-28.6 %

Order intake for the Components segment grew to € 106.6 million for the nine-month period. It should be noted when comparing this figure with the € 99.6 million reported for the previous year that orders received by the Italian subsidiary SPII were only included with effect from July 2015. In 2016, SPII contributed a total of € 18.0 million to the order intake figures, compared with € 5.9 million in 2015. Both Schaltbau GmbH and its French subsidiary reported a good level of demand during the period under report. The Chinese subsidiary Xian, however, was impacted by the considerable reduction in government investment in locomotives and railway carriages in the third quarter. Here, a further reduction in order intake must be expected for the remainder of the year.

Although Schaltbau GmbH still benefited noticeably from the high volume of ongoing projects during the first three quarters of the year, sales in China have already dropped in comparison with the previous year. Overall, at € 108.6 million, segment sales in the first nine months of the year surpassed the previous year's figure by 9.4 per cent. In the third quarter, however, sales were down by 7.6 per cent.

Nine-month segment EBIT improved by 1.7 per cent to € 18.1 million, mostly attributable to growth achieved at Schaltbau GmbH and the € 2.8 million contribution from SPII. The EBIT margin fell from 17.9 to 16.7 per cent.

Financial and net assets position

Key financial figures for the Schaltbau Group

in € million	30.09.2016	30.12.2015	Δ
Non-current liabilities	234.8	208.5	12.6 %
Current liabilities	130.9	116.2	12.7 %
Net financial liabilities	150.6	128.7	17.0 %
Group equity	129.6	129.5	0.0 %

The Schaltbau Group's non-current liabilities stood at € 234.8 million at 30 September 2016 and therefore 12.6 per cent higher than at 31 December 2015. The increase was primarily attributable to higher non-current liabilities to banks and pension provisions, in the latter case due to a lower interest rate. The increase in current liabilities from € 116.2 million to € 130.9 million was mainly attributable to higher trade accounts payable, other current financial liabilities, and advance payments from customers. Current liabilities to banks, however, were lower than at 31 December 2015.

Net financial liabilities (current and non-current bank liabilities plus other financial liabilities less cash and cash equivalents) increased to € 150.6 million as at 30 September 2016 (31 December 2015: € 128.7 million).

Equity remained practically unchanged at € 129.6 million (31 December 2015: € 129.5 million). Increases due to Group net profit for the nine-month period and the sale of treasury shares were offset by decreases on a similar scale resulting from dividend payments to shareholders and minorities and fair value measurement adjustments resulting from exchange and interest rate changes. The equity ratio stood at 26.2 per cent at the end of the reporting period (31 December 2015: 28.5 per cent).

At the end of September 2016, Schaltbau Holding AG sold 125,000 of its own treasury shares (approximately 2.03 per cent of issued share capital), whereby the subscription rights of shareholders were excluded. The shares were placed with long-term investors in Germany. Proceeds from the sale for Schaltbau Holding AG amounted to approximately € 4.05 million. They help provide the Schaltbau Group with greater financial flexibility and will be utilised both for general corporate purposes and for possible portfolio expansions.

Non-current assets in the Schaltbau Group rose from € 200.4 million at 31 December 2015 to € 216.3 million at 30 September 2016, mainly reflecting the complete takeover of the

Group's subsidiary Albatros. Current assets stood at € 279.0 million at the end of the reporting period (31 December 2015: € 253.8 million).

Working capital went up by 16.5 per cent to € 172.0 million (31 December 2015: € 147.6 million). The return on capital employed (ROCE) fell from 11.0 per cent to 5.8 per cent.

Employees

During the first nine months of 2016, the number of people employed by the Schaltbau Group rose by 343 to total 3,323 at 30 September 2016. Of these, 1,666 (31 December 2015: 1,320) were employed in the Mobile Transportation Technology segment and 765 (31 December 2015: 776) in the Stationary Transportation Technology segment. The number of people working in the Components segment rose from 853 to 866 during the first nine months of 2016.

Outlook report

In the fourth quarter 2016, Schaltbau expects a continuation of the difficult market conditions and additional negative impacts on earnings – firstly, due to the purchase price allocation of the subsidiary Albatros and secondly, due to write-downs at Group entities as well as for the platform screen doors project in Brazil.

Furthermore, the Components segment is predicted to experience an unexpectedly steep decline in sales in the fourth quarter, due to a significant reduction in orders from China's railway authority. Both the joint venture based in Xian and direct exports from Germany will be affected. However, deteriorating business performance in the Mobile Transportation Technology segment and in the Brake Systems business field in the fourth quarter will also impact profitability.

For this reason, the Executive Board has decided to tackle earnings problems in several Schaltbau subsidiaries by introducing restructuring programmes. Every option will have to be made use of in order to cut costs in various Group entities and continue optimising processes.

For the above-mentioned reasons, on 9 November Schaltbau Holding adjusted its guidance for 2016. For the fiscal year 2016, the Schaltbau Group now expects profit before financial result and taxes to amount to € 10.2 million. Group net profit is expected to

come in at € 5.4 million. Earnings per share are predicted to amount to € 0.28. The sales target has been adjusted downwards to around € 500 million.

Quarterly Key Figures as at 30 September 2016

Consolidated Income Statement for the period from 1 January to 30 Sept. 2016

€000	1.1.-30.09.2016	1.1.-30.09.2015
1. Sales	365,175	360,247
2. Change in inventories of finished and work in progress	3,609	8,690
3. Own work capitalised	2,585	2,710
4. Total output	371,369	371,647
5. Other operating income	3,948	4,260
6. Cost of materials	184,437	185,885
7. Personnel expense	124,045	116,077
8. Amortisation and depreciation	11,326	9,125
9. Other operating expenses	39,214	37,344
10. Profit from operating activities (EBIT)	16,295	27,476
a) Result from at-equity accounted investments	-3,592	-1,256
b) Other results from investments	7,326	2,465
11. Results from investments	3,734	1,209
a) Interest income	980	169
b) Interest expense	4,434	3,892
12. Finance result	-3,454	-3,723
13. Profit before tax	16,575	24,962
14. Income taxes	4,058	6,587
15. Group net profit for the period	12,517	18,375
Analysis of group net profit		
attributable to minority shareholders	3,572	4,431
attributable to the shareholders of Schaltbau Holding AG	8,945	13,944
Group net profit for the period	12,517	18,375
Earnings per share – undiluted:	1.49 €	2.32 €
Earnings per share – diluted:	1.49 €	2.32 €

Statement of Income and Expenses recognised in equity for the period from 1 Jan. to 30 Sept. 2016

€000	1.1.-30.09.2016			1.1.-30.09.2015		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			12,517			18,375
Actuarial gains/losses relating to pensions	-5,309	1,593	-3,716	2,474	-742	1,732
Items which may subsequently be reclassified to profit or loss						
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			-3,679			1,969
- from at-equity accounted companies			-278			-477
Derivative financial instruments						
- Change in unrealised gains / losses	-3	1	-2	-195	58	-137
- Realised gains / losses	492	-148	344	524	-157	367
	489	-147	-3,615	329	-99	1,722
Other comprehensive income			-7,331			3,454
Group comprehensive income			5,186			21,829
of which attributable to minority shareholders			2,292			4,970
of which attributable to the shareholders of Schaltbau			2,894			16,859

Consolidated Income Statement for the third quarter 2016

€000	1.7.-30.09.2016	1.7.-30.09.2015
1. Sales	117,491	124,668
2. Change in inventories of finished and work in progress	1,631	1,163
3. Own work capitalised	985	1,086
4. Total output	120,107	126,917
5. Other operating income	507	1,051
6. Cost of materials	59,769	63,871
7. Personnel expense	40,728	40,246
8. Amortisation and depreciation	3,817	3,690
9. Other operating expenses	12,443	12,243
10. Profit from operating activities (EBIT)	3,857	7,918
a) Result from at-equity accounted investments	-370	77
b) Other results from investments	7,326	0
11. Results from investments	6,956	77
a) Interest income	594	58
b) Interest expense	1,620	1,704
12. Finance result	-1,026	-1,646
13. Profit before tax	9,787	6,349
14. Income taxes	840	1,887
15. Group net profit for the period	8,947	4,462
Analysis of group net profit		
attributable to minority shareholders	760	1,391
attributable to the shareholders of Schaltbau Holding AG	8,187	3,071
Group net profit for the period	8,947	4,462
Earnings per share – undiluted:	1.36 €	0.52 €
Earnings per share – diluted:	1.36 €	0.52 €

Statement of Income and Expenses recognised in equity for the third quarter 2016

€000	1.7.-30.09.2016			1.7.-30.09.2015		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			8,947			4,462
Actuarial gains/losses relating to pensions	-839	252	-587	280	-84	196
Items which may subsequently be reclassified to profit or loss						
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			265			-1,705
- from at-equity accounted companies			-250			-326
Derivative financial instruments						
- Change in unrealised gains / losses	14	-4	10	70	-21	49
- Realised gains / losses	171	-51	120	58	-17	41
	185	-55	145	128	-38	-1,941
Other comprehensive income			-442			-1,745
Group comprehensive income			8,505			2,717
of which attributable to minority shareholders			598			807
of which attributable to the shareholders of Schaltbau			7,907			1,910

Consolidated Cash Flow Statement for the period from 1 January to 30 Sept. 2016

€ 000	1.1.-30.09.2016	1.1.-30.09.2015
Profit before financial result and taxes (EBIT)	16,295	27,476
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	11,313	9,093
Gains/losses on the disposal of intangible assets and property, plant and equipment	-253	3
Change in current assets	-2,031	-38,571
Change in provisions	-1,814	-1,285
Change in current liabilities	-3,089	5,558
Dividends received	200	0
Income tax paid	-6,051	-6,110
Other non-cash income / expenses	222	-83
Cash flow from operating activities	14,792	-3,919
Payments for investments in:		
- intangible assets and property, plant and equipment	-11,801	-13,920
- non-current financial assets	-1,296	-4,011
- Acquisitions of minority interests	-856	-13,276
Proceeds from disposal of:		
- property, plant and equipment	13	75
- non-current financial assets	190	0
- business units	2,991	0
Cash flow from investing activities	-10,759	-31,132
Share sale / Share buyback programme	4,057	-5,086
Dividend payment by Schaltbau Holding AG	-6,020	-5,988
Distribution to minority interests	-2,268	-2,797
Promissory note issued	0	69,619
Repayment in conjunction with restructuring of financing	0	-47,032
New debt in conjunction with restructuring of financing	0	47,032
Loan repayments	-5,302	-6,099
Loans rised	540	0
Interest paid	-4,841	-2,780
Interest received	272	164
Change in current financial liabilities	10,036	-20,083
Cash flow from financing activities	-3,526	26,950
Change in cash funds due to exchange rate fluctuations	-911	793
Changes in cash funds	-404	-7,308
Cash funds at the end of the period	30,560	18,896
Cash funds at the beginning of the period	30,964	26,204
	-404	-7,308

Consolidated Balance Sheet as at 30 Sept. 2016

ASSETS	€ 000	€ 000
	30.09.2016	31.12.2015
A. NON-CURRENT ASSETS		
I. Intangible assets	102,277	82,911
II. Property, plant and equipment	86,840	75,654
III. At-equity accounted investments	3,394	11,468
IV. Other investments	6,939	15,660
V. Deferred tax assets*	16,799	14,684
	216,249	200,377
B. CURRENT ASSETS		
I. Inventories	118,693	88,629
II. Trade accounts receivable	113,774	109,412
III. Income tax receivables	1,085	533
IV. Other receivables and assets	15,329	21,569
V. Cash and cash equivalents	30,160	30,735
VI. Assets held for sale	0	2,944
	279,041	253,822
Total assets	495,290	454,199
EQUITY AND LIABILITIES		
	€ 000	€ 000
	30.09.2016	31.12.2015
A. EQUITY		
I. Subscribed capital	7,506	7,506
II. Capital reserves	16,126	16,126
III. Statutory reserves	231	231
IV. Revenues reserves*	60,430	48,502
V. Income/expense recognised directly in equity	108	2,803
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	8,945	17,443
VIII. Equity attributable to shareholders of Schaltbau Holding AG	96,387	95,652
IX. Minority interests	33,198	33,881
	129,585	129,533
B. NON-CURRENT LIABILITIES		
I. Pension provisions	42,165	37,351
II. Personnel-related accruals	4,354	4,040
III. Other provisions	661	439
IV. Financial liabilities	160,256	144,154
V. Other liabilities	11,003	10,430
VI. Deferred tax liabilities	16,371	12,094
	234,810	208,508
C. CURRENT LIABILITIES		
I. Personnel-related accruals	6,875	7,501
II. Other provisions	19,549	18,179
III. Income taxes payable	692	1,748
IV. Financial liabilities	20,475	15,322
V. Trade accounts payable	44,138	38,190
VI. Advance payments received	16,275	12,252
VII. Other liabilities	22,891	22,456
VIII. Liabilities related to assets held for sale	0	510
	130,895	116,158
Total equity and liabilities	495,290	454,199

Consolidated Statement of Changes in Equity as at 30 Sept. 2016

	Equity attributable to shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue	Reserves	Revaluation reserve
				Other	Derivate financial Instruments	
Balance at 1.01.2015	7,506	15,872	231	41,997	-1,309	3,041
Profit brought forward	0	0	0	24,780	0	0
Dividends	0	0	0	-5,988	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	0	0	-5,073	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	1,732	231	0
Group comprehensive income	0	0	0	1,732	231	0
Balance at 30.09.2015	7,506	15,872	231	57,448	-1,078	3,041
Balance at 01.10.2015	7,506	15,872	231	57,448	-1,078	3,041
Dividends	0	0	0	0	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	254	0	-8,012	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	42	102	0
Group comprehensive income	0	0	0	42	102	0
Balance at 31.12.2015	7,506	16,126	231	49,478	-976	3,041
Balance at 1.01.2016	7,506	16,126	231	49,478	-976	3,041
Profit brought forward	0	0	0	17,443	0	0
Dividends	0	0	0	-6,020	0	0
Other changes	0	0	0	3,861	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-3,698	342	0
Group comprehensive income	0	0	0	-3,698	342	0
Balance at 30.09.2016	7,506	16,126	231	61,064	-634	3,041

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

Income/expenses recognised directly in equity	recognised		Net profit for the period	Total	Minority interests in equity			Group equity
	from fully consolidation	from at-equity consolidation			in capital and reserves	in net profit for the period	Total	
1,722	-514	24,780	93,326	14,865	4,348	19,213	112,539	
0	0	-24,780	0	4,348	-4,348	0	0	
0	0	0	-5,988	-2,169	0	-2,169	-8,157	
0	0	0	0	0	0	0	0	
0	0	0	-5,073	10,096	0	10,096	5,023	
0	0	13,944	13,944	00	4,431	4,431	18,375	
1,429	-477	0	2,915	539	0	539	3,454	
1,429	-477	13,944	16,859	539	4,431	4,970	21,829	
3,151	-991	13,944	99,124	27,679	4,431	32,110	131,234	
3,151	-991	13,944	99,124	27,679	4,431	32,110	131,234	
0	0	0	0	0	0	0	0	
0	0	0	0	10,112	0	10,112	10,112	
0	0	0	-7,758	-10,321	0	-10,321	-18,079	
0	0	3,499	3,499	0	1,603	1,603	5,102	
363	280	0	787	132	245	377	1,164	
363	280	3,499	4,286	132	1,848	1,980	6,266	
3,514	-711	17,443	95,652	27,602	6,279	33,881	129,533	
3,514	-711	17,443	95,652	27,602	6,279	33,881	129,533	
0	0	-17,443	0	6,279	-6,279	0	0	
0	0	0	-6,020	-2,975	0	-2,975	-8,995	
0	0	0	3,861	0	0	0	3,861	
0	0	8,945	8,945	0	3,572	3,572	12,517	
-2,417	-278	0	-6,051	-1,280	0	-1,280	-7,331	
-2,417	-278	8,945	2,894	-1,280	3,572	2,292	5,186	
1,097	-989	8,945	96,387	29,626	3,572	33,198	129,585	

Explanatory Notes and segment information as at 30 Sept. 2016

DESCRIPTION OF BUSINESS

The Schaltbau Group is one of the leading suppliers of components and systems for transportation technology and industry. The enterprise supplies complete level crossing systems, shunting and signalling technology, door and boarding systems for buses, trains and commercial vehicles, sanitary systems and interiors for trains, industrial braking systems for container cranes and wind turbines as well as high- and low-voltage components for railway vehicles and other applications. Its innovative and future-oriented products make Schaltbau a key business partner for a variety of industrial sectors, in particular transportation technology.

BASIS OF PREPARATION

The same accounting principles and policies have been applied as in the consolidated financial statements for the fiscal year ended 31 December 2015.

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

BUSINESS COMBINATIONS / GROUP REPORTING ENTITY

On 3 May, Rail Door Solutions Ltd., based in Milton Keynes, United Kingdom, a 65% subsidiary of Gebr. Bode & Co. Beteiligungs GmbH, Kassel, acquired 100% of the shares of Albatros UK Ltd., Milton Keynes, United Kingdom, for a purchase price of € 299,000. Albatros UK Ltd. was previously a 70% subsidiary of Albatros S.L., Madrid, itself a 91.74% subsidiary of Schaltbau Holding AG. Subsequent to the acquisition, the acquired entity was merged with Rail Door Solutions Ltd. Albatros UK specialises in the maintenance and repair of air conditioning systems and inverters in railway vehicles, primarily for customers in the United Kingdom and Ireland. The acquisition is part of Rail Door Solutions' response to the current trend for maintenance and repair contracts to be awarded to general contractors, thus enabling it to offer a broader range of services to the same customer. With its workforce of 11 people, Albatros UK generated sales in the region of € 2.0 million and a loss of approximately € 0.2 million in 2015.

On 1 June 2016, BODO Bode-Dogrusan A.S., based in Kestel-Bursa, Turkey, a 50 per cent subsidiary of Gebr. Bode & Co. Beteiligungs GmbH, Kassel, acquired 60 per cent of the shares of Pro-Last Profil San. Ve Tic. A.S., Bursa, Turkey, for a consideration of €1,093,000. The remaining 40 per cent remain in the hands of the founding family. Subsequent to the acquisition, the company's name was changed to BODO Pro-Last Profil San. Ve Tic. A.S. It manufactures rubber products and sealing systems used in the automobile and commercial vehicle sector. With a workforce of 70 people, it generated sales in the region of € 2 million and a profit of approximately € 0.2 million in 2015. The acquisition strengthens the Schaltbau Group's expertise within the Door Systems product group. Due to its size, the acquired entity is not currently included in the consolidated financial statements of Schaltbau Holding AG.

Bode North America Inc., based in Spartanburg, USA, a subsidiary of Bode Beteiligungs GmbH (100%), was previously accounted for as an investment in a non-consolidated subsidiary. In view

of the fact that Bode North America Inc. now exceeds the materiality threshold set for Group net profit, it has been fully consolidated since 1 June 2016. It manufactures door systems for the North American bus and rail market. With a workforce of 24 people, it recorded sales of € 3.4 million and a loss of € 0.5 million in 2015. The company is allocated to the Mobile Transportation Technology segment.

With effect from 19 July 2016, Pintsch Bamag Antriebs- und Verkehrstechnik GmbH sold 90 per cent of the shares of Shenyang Pintsch Bamag Transportation & Energy Equipment Co. Ltd., Shenyang, China, to BEIJING BILLOW TECHNOLOGY CO., Beijing, China, for a consideration of € 190,000. Both shareholders subsequently participated in a share capital increase, following which the Group's new shareholding in Shenyang Pintsch Bamag Transportation & Energy Equipment Co. Ltd. amounts to 15 per cent. Based on the contractual arrangements in place, the investment is accounted for as an associated company. The rationale behind the decision to transfer the majority of the company's shares was to help accelerate expansion on the Chinese market. The company is allocated to the Stationary Transportation Technology segment.

With effect from 30 September, Schaltbau Holding AG acquired the remaining shares in Albatros S.L., Madrid, Spain, for a purchase consideration of € 1,200,000, triggering the transfer of control and a change to full consolidation. In accordance with IFRS accounting requirements, the carrying amount of the investment in Albatros S.L. (previously accounted for at equity) was increased to the Group's share of the preliminary fair value of the company's assets and liabilities and the resulting gain of € 6,936,000 recorded in other results from investments. Following the commencement of full consolidation, amounts will no longer be based on the sub-consolidated figures of the Albatros Group, but rather on the separate financial statements of Albatros S.L. and its largest subsidiary, Albatros North America Inc. The latter is based in Ballston Spa, USA and, with a workforce of 36 people, generated sales amounting to approximately € 8.9 million and a profit in the region of € 0.2 million in 2015. The remaining entities in the sub-Group are not material, either individually or in aggregate, and, in some cases, are in the process of being liquidated. Albatros North America Inc. manufactures on behalf of Albatros S.L. and sells the latter's products on the North American market. The companies continue to operate as part of the Mobile Transportation Technology segment.

As a result of the changes in the group reporting entity, the figures reported in the consolidated financial statements are not fully comparable with the previous year. The impact on the consolidated balance sheet at 30 September 2016 resulting from acquisition of the additional Albatros S.L. shares, the acquisition of Albatros UK Ltd. and the first-time inclusion of Bode North America Inc. as a fully consolidated company are disclosed in the table below. In order to achieve better comparability, the amounts shown must be deducted from (or, in the case of amounts shown with a negative sign, added to) the corresponding line items in the consolidated balance sheet as at 30 September 2016. It should be noted that the amounts recorded as fair value adjustments and the roll-forward of those items are preliminary and unaudited.

Balance Sheet at 30 September 2016

	€000		€000
Intangible assets and property, plant and equipment	31,630	Revenue reserves including translation differences	0
At-equity accounted investments	-5,725	Group net profit after minority interests	6,577
Other investments	-8,669	Minority interests in equity	0
Deferred tax assets	412	Deferred tax liabilities	4,424
Inventories	20,588	Pension provisions	0
Trade accounts receivable	11,531	Other provisions	1,832
Receivables from affiliated companies	-5,776	Liabilities to banks	4,569
Receivables from associated companies	-6,770	Other financial liabilities	8,649
Other assets	645	Trade accounts payable	8,944
Cash and cash equivalents	735	Sundry other liabilities	3,606
	38,601		38,601

The following summary shows the impact of these transactions on the income statement after elimination of intragroup items. In order to achieve better comparability, the amounts shown must be deducted from the corresponding line items in the consolidated income statement. It should be noted that the income statement impact of rolling forward fair value adjustments is preliminary and unaudited.

Income statement 1 Jan. – 30 Sept. 2016		Income statement 1 July – 30 Sept. 2016	
	€ 000		€ 000
Sales	942	Sales	942
Other operating income	-82	Other operating income	-82
Cost of materials	375	Cost of materials	375
Personnel expense	515	Personnel expense	515
Amortisation and depreciation	52	Amortisation and depreciation	52
Other operating expenses	285	Other operating expenses	285
Result from investments	6,936	Result from investments	6,936
Net interest result	-31	Net interest result	-31
Income taxes	-39	Income taxes	-39
Group net profit for the period	6,577	Group net profit for the period	6,577
Attributable to minority interests	0	Attributable to minority interests	0
Attributable to Schaltbau Holding AG	6,577	Attributable to Schaltbau Holding AG	6,577
Group net profit for the period	6,577	Group net profit for the period	6,577

The following fair values were used at the relevant acquisition dates for the purposes of fully consolidating the newly acquired entities. It should be noted that the amounts recorded as fair value adjustments are preliminary and unaudited. Definitive and audited figures should be available by the year end 2016.

Disclosures in €000	Carrying amounts at acquisition date	Fair value adjust- ments	Fair values at acquisition date
Intangible assets	2,164	12,717	14,881
Property, plant and equipment	6,303	3,942	10,245
Investments	19	0	19
Deferred tax assets	240	134	374
Inventories	20,432	-382	20,050
Trade accounts receivable	10,748	0	10,748
Receivables from Schaltbau entities	109	0	109
Other assets	838	0	838
Cash and cash equivalents	652	0	652
Total assets acquired	41,505	16,411	57,916
Deferred tax liabilities	0	4,424	4,424
Other provisions	1,825	0	1,825
Liabilities to banks	4,116	0	4,116
Other financial liabilities	7,476	0	7,476
Trade accounts payable	9,053	0	9,053
Payables to Schaltbau entities	19,611	0	19,611
Sundry other liabilities	3,788	0	3,788
Total liabilities acquired	45,869	4,424	50,293
Net assets acquired			7,623
Acquisition cost	1,499		
Fair value of own shares of acquired entities	12,661		
			14,160
Goodwill			6,537

As part of the process of allocating the purchase price to the assets and liabilities acquired, fair values at acquisition date were derived from carrying amounts previously used for accounting purposes. Preliminary positive fair value adjustments were recorded for order book values, customer relations and fixed assets, mainly relating to Albatros S.L. and Albatros North America Inc. The corresponding expenses from rolling these items forward systematically will be included in depreciation and amortisation from 30 September onwards. A corresponding deferred tax benefit works in the opposite direction. In addition, a preliminary negative fair value adjustment relating to inventories was recorded for Albatros North America Inc. The corresponding adjustments to carrying amounts and the related deferred tax effects are shown in the adjustment column. Overall, goodwill amounted to € 6,537,000 and is not deductible for tax purposes.

If the business acquisitions had taken place with effect from 1 January, Group sales would have been € 20,477,000 higher and Group net profit would have increased by € 1,165,000 (of which € 36,000 attributable to minority shareholders). It should be noted that the gain recognised in conjunction with the transitional consolidation of Albatros S.L. from an at-equity basis to a full consolidation basis was not adjusted, in view of the fact that a reliable revaluation of that entity's business value at 1 January 2016 was not performed on the grounds of disproportionate cost.

Other disclosures required by IFRS 3 could not be determined before the interim consolidated financial statements were issued for authorisation. The collation of necessary data has not yet been completed. It is expected that this data will become available by the end of the year.

Discontinued operations

PINTSCH BAMAG Antriebs- und Verkehrstechnik GmbH's Warning Systems operations, previously allocated to the Stationary Transportation Technology segment, were sold on 1 April 2016, giving rise to a pre-tax gain of € 312,000 and a related tax expense of € 96,000.

USE OF ESTIMATES

For the purposes of drawing up the consolidated financial statements, it is necessary to make estimates and assumptions which affect the carrying amounts of assets, liabilities and contingent liabilities at the balance sheet and the amounts of income and expense recognised in the period under report. Actual results can differ from estimates as a result of changes in the economic situation and due to other circumstances.

FOREIGN CURRENCY TRANSLATION

The financial statements of consolidated companies whose functional currency is not the Euro are drawn up in accordance with the modified closing rate method. Exchange rates relevant for foreign currency translation into Euro changed as follows:

	Closing rate		Average rate	
	30.09.2016	31.12.2015	1.1. bis 30.09.2016	1.1. bis 30.09.2015
Chinese renminbi yuan	7.4463	7.0608	7.3423	6.8875
US dollar	1.1161	1.0887	1.1156	1.1156
British pound	0.8610	0.7340	0.8022	0.7281
New Turkish lire	3.3576	3.1765	3.2753	2.9657
Polish Zloty	4.3192	4.2639	4.3585	4.1566

ACCOUNTING PRINCIPLES AND POLICIES

Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2016, taking into account pensions paid during the period under report and the change in the interest rate level. The interest rate at the end of the quarter is calculated on the basis of the discount rate updated in accordance with the Mercer Pension Discount Yield Curve Approach (MPDYC). Adjustments resulting from the change in the interest rate level are recognised directly in equity, net of deferred tax. The provision for obligations for early retirement part-time working arrangements is based on management estimates, unlike in the financial statements for the year ended 31 December 2015 when the provision was based on actuarial reports.

Consolidated cash flow statement

The cash flow statement shows changes in the Schaltbau Group's cash and cash equivalents. Cash and cash equivalents comprise checks, cash on hand, cash at bank and the net amount on cash management balances with non-consolidated companies (see also additional disclosures made for the Consolidated Statement of Cash Flows).

The cash flow statement has been prepared in accordance with IAS 7, with cash flows classified into cash flows from operating, investing and financing activities. The cash flow from operating activities is determined using the indirect method.

ANALYSIS OF SELECTED ITEMS REPORTED IN THE FINANCIAL STATEMENTS

PERSONNEL EXPENSE / EMPLOYEES

in € 000	1.1. – 30.09.	2016	2015
Wages and salaries		104,027	97,291
Social security, pension and welfare expenses		20,018	18,786
		124,045	116,077

EMPLOYEES

	2016	2015
Employees	2,788	2,592

These employee figures show the weighted average for the period under report (including trainees, executives and board members).

Results from investments

The **result from at-equity accounted investments** includes the Group's share of earnings for the current financial year of the following entities: BoDo Bode-Dogrusan A.S. and Albatros S.L. (January – September 2015: BoDo Bode-Dogrusan A.S., Albatros S.L. and Rail Door Solutions Ltd.).

Other results from investments include the gains arising on the fair value measurement of the shares held in Albatros S.L. (current year) and Rail Door Solutions Ltd. (previous year) prior to first-time full consolidation. This line item also includes the gain arising on the sale of 90 per cent of the shares of Shenyang Pintsch Bamag Transportation & Energy Equipment Co. Ltd.

FINANCIAL RESULT

in € 000	1.1. – 30.09.	2016	2015
Other interest and similar income (of which from affiliated companies)		980 (279)	169 (41)
Interest and similar expenses (of which to affiliated companies)		-4,434 (-)	-3,892 (-)
		-3,454	-3,723

Interest expenses include €632,000 (1.1. – 30.09.2015: € 603,000) relating to the interest component of the allocation to the pension provision.

INCOME TAXES

in € 000	1.1. – 30.09.	2016	2015
Income tax expense		-4,831	-5,170
Deferred tax expense		773	-1,417
		-4,058	-6,587

During the period under report, € 897,000 of deferred tax assets were recognised on tax losses available for carryforward in Germany with a positive income statement impact (January – September 2015: € 801,000 of deferred tax assets derecognised with a negative income statement impact).

NOTES TO THE CONSOLIDATED BALANCE SHEET

INTANGIBLE ASSETS, PLANT PROPERTY AND EQUIPMENT AND INVESTMENTS

The **revaluation method** has only been applied for land. The revaluation reserve did not change during the period under report.

INVENTORIES

in € 000	30.09.2016	31.12.2015
Raw materials, consumables and supplies	62,367	43,344
Work in progress	43,132	31,723
Finished products, goods for resale	11,884	12,441
Advance payments to suppliers	1,310	1,121
	118,693	88,629

Write-downs totalling € 841,000 (January – Sept. 2015: € 937,000) and reversals of impairment losses totalling € 240,000 (January – Sept. 2015: € 137,000) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled € 29,744,000 (2015: € 20,199,000).

RECEIVABLES AND OTHER ASSETS

in € 000	30.09.2016	31.12.2015
Trade accounts receivable	113,774	109,412
Receivables from affiliated companies	7,615	11,412
Receivables from associated companies	776	906
Receivables from entities with which an investment relationship exists	150	213
Income tax receivables	1,085	533
Other assets	6,787	9,038
	130,187	131,514

Allowances on trade accounts receivable amount to € 7,554,000 (30 Sept. 2015: € 6,213,000). Write-downs amounting to € 95,000 (January – Sept. 2015: € 1,256,000) and reversals of write-downs amounting to € 285,000 (January – Sept. 2015: € 126,000) were recorded against receivables and other assets.

CASH AND CASH EQUIVALENTS

in € 000	30.09.2016	31.12.2015
Current marketable securities	62	0
Cheques and cash on hand	200	37
Cash at bank	29,898	30,698
	30,160	30,735

CHANGES IN GROUP EQUITY

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

PROVISIONS

in € 000	30.09.2016	31.12.2015
Non-current provisions		
Pension provision*	42,165	37,351
Personnel-related accruals	4,354	4,040
Warranties	218	245
Other provisions	443	194
Other non-current provisions	5,015	4,479
	47,180	41,830
Current provisions		
Personnel-related accruals	6,875	7,501
Current tax	1,709	1,314
Warranties	8,909	8,358
Outstanding costs and material	6,463	6,290
Other provisions	2,468	2,217
Other current provisions	19,549	18,179
	26,424	25,680
Total provisions*	73,604	67,510

A discount rate of 1.16 % (2015: 2.25 %) was used to compute the pension provision. The resulting € 5,282,000 decrease in the pension provision was recognised directly in equity.

LIABILITIES

in € 000	30.09.2016	31.12.2015
Non-current liabilities		
Liabilities to banks	89,795	73,711
Finance lease liabilities	16	16
Other financial liabilities	70,445	70,427
Financial liabilities	160,256	144,154
Other liabilities	11,003	10,430
	171,259	154,584
Current liabilities		
Current income tax liabilities	692	1,748
Liabilities to banks	12,567	14,104
Finance lease liabilities	38	35
Other financial liabilities	7,870	1,183
Financial liabilities	20,475	15,322
Trade accounts payable	44,138	38,190
Advance payments received	16,275	12,252
Payables to affiliated companies	773	497
Liabilities to other group entities	369	478
Negative fair values of derivatives	933	1,990
Sundry other liabilities	20,816	19,491
Other liabilities	22,891	22,456
	104,471	89,968
Total liabilities	275,730	244,552

SEGMENTS

The Group's segment designations are product-oriented. The Group's business units are allocated to the segment for which they generate most of their sales. A detailed description of the three segments, "Mobile Transportation Technology", "Stationary Transportation Technology" and "Components" is provided in the Combined Group and Company Management Report in the section "Business activities" and in the Group Interim Management Statement.

The column "Holding company, other consolidation items" comprises the activities of the holding company. This is influenced by the financing function of the holding company for the Group and by the tax group arrangements in place in Germany. These expenses are not recharged to the subsidiaries concerned. By contrast, expenses incurred for providing centralised services (e.g. SAP system costs) are recharged. The financial reporting principles used for segment reporting correspond to those used in the consolidated financial statements.

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000

1.1. – 30.09.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2016	2015	2016	2015
Order-intake (external)	191,957	168,610	124,870	124,244
Sales	153,308	165,583	103,777	95,804
- of which external	152,800	165,233	103,681	95,634
- of which with other segment	508	350	96	170
External order-book	262,660	160,268	104,441	104,285
EBITDA	9,736	19,093	1,586	1,812
Result from operating activities (EBIT)	6,304	15,945	-1,756	-883
Result from at-equity accounted investments	-3,592	-1,256	0	0
Other results from investments	6,936	2,465	190	0
Interest income	59	81	59	43
Interest expense	-806	-940	-1,616	-1,806
Income taxes	-1,356	-2,882	-418	-922
Segment result / Group result	7,545	13,413	-3,541	-3,568
Changes in group reporting entity	19,021	5,737	0	0
Capital expenditure on investments	230	10	943	0
Impairment losses on investments	0	0	0	0
Capital expenditure ¹⁾	3,911	3,896	4,656	5,522
Amortisation and depreciation ¹⁾	-3,432	-3,148	-3,342	-2,695
Impairment losses	-424	-252	-59	-98
Reversal of impairment losses	-329	118	-5	80
Other significant non-cash expenses	-3,097	-4,501	-4,023	-5,094
Segment assets ²⁾	216,504	165,853	129,230	128,505
Investments accounted for at-equity	3,126	2,765	267	0
Capital employed ³⁾	169,303	121,376	95,883	99,569
Segment liabilities ⁴⁾	125,391	82,789	102,673	106,493
Employees (average as per HGB)	1,307	1,173	700	693
EBIT margin ⁵⁾	4.1 %	9.7 %	-1.7 %	-0.9 %
Return on capital employed ⁶⁾	5.0 %	17.5 %	-2.4 %	-1.2 %

¹⁾ = in / on intangible assets and property, plant and equipment

²⁾ = Balance sheet total

³⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁴⁾ = Liabilities

⁵⁾ = EBIT / external sales

⁶⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2016	2015	2016	2015	2016	2015	2016	2015
106,602	99,585	423,429	392,439	58	58	423,487	392,497
109,189	99,939	366,274	361,326	-1,099	-1,079		
108,636	99,321	365,117	360,188	58	59	365,175	360,247
553	618	1,157	1,138	-1,157	-1,138		
77,685	80,858	444,786	345,411			444,786	345,411
22,332	20,791	33,654	41,696	-6,033	-5,095	27,621	36,601
18,129	17,807	22,677	32,869	-6,382	-5,393	16,295	27,476
0	0	-3,592	-1,256	0	0	-3,592	-1,256
200	0	7,326	2,465	0	0	7,326	2,465
45	31	163	155	817	14	980	169
-1,253	-1,186	-3,675	-3,932	-759	40	-4,434	-3,892
-3,069	-2,147	-4,843	-5,951	785	-636	-4,058	-6,587
14,052	14,505	18,056	24,350	-5,539	-5,975	12,517	18,375
0	20,854	19,021	26,591	-8,688	0	10,333	26,591
0	0	1,173	10	344	4,007	1,517	4,017
0	0	0	0	0	0	0	0
2,722	3,501	11,289	12,919	517	1,001	11,806	13,920
-4,190	-2,953	-10,964	-8,796	-349	-297	-11,313	-9,093
-453	-1,839	-936	-2,189	0	0	-936	-2,189
-190	64	-524	262	-1	0	-525	262
-5,330	-4,478	-12,450	-14,073	-1,789	-2,395	-14,239	-16,468
156,662	161,731	502,396	456,089	-7,106	-4,525	495,290	451,564
0	0	3,393	2,765	1	0	3,394	2,765
117,099	129,103	382,285	350,048	-10,781	-5,466	371,504	344,582
93,538	93,186	321,602	282,468	44,103	37,862	365,705	320,330
789	702	2,795	2,568	26	24	2,821	2,592
16.7 %	17.9 %					4.5 %	7.6 %
20.6 %	18.4 %					5.8 %	10.6 %

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000

1.7. – 30.09.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2016	2015	2016	2015
Order-intake (external)	40,368	56,054	36,160	42,719
Sales	50,075	56,201	36,056	34,331
- of which external	49,899	56,140	36,018	34,281
- of which with other segment	176	61	38	50
External order-book	262,660	160,268	104,441	104,285
EBITDA	2,257	5,520	1,863	1,631
Result from operating activities (EBIT)	1,048	4,239	764	663
Result from at-equity accounted investments	-370	78	0	0
Other results from investments	6,936	-1	190	0
Interest income	3	19	20	15
Interest expense	-212	-352	-647	-692
Income taxes	-441	-849	-438	-200
Segment result / Group result	6,964	3,134	-111	-214
Changes in group reporting entity	18,911	159	0	0
Capital expenditure on investments	52	10	473	0
Impairment losses on investments	0	0	0	0
Capital expenditure ¹⁾	1,194	1,638	1,501	2,546
Amortisation and depreciation ¹⁾	-1,209	-1,281	-1,099	-968
Impairment losses	-228	-115	-35	0
Reversal of impairment losses	0	0	0	73
Other significant non-cash expenses	-1,009	-1,004	-1,156	-1,570
Segment assets ²⁾	216,504	165,853	129,230	128,505
Investments accounted for at-equity	3,126	2,765	267	0
Capital employed ³⁾	169,303	121,376	95,883	99,569
Segment liabilities ⁴⁾	125,391	82,789	102,673	106,493
Employees (average as per HGB)	1,307	1,173	700	693
EBIT margin ⁵⁾	2.1 %	7.6 %	2.1 %	1.9 %
Return on capital employed ⁶⁾	2.5 %	14.0 %	3.2 %	2.7 %

¹⁾ = in / on intangible assets and property, plant and equipment

²⁾ = Balance sheet total

³⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁴⁾ = Liabilities

⁵⁾ = EBIT / external sales

⁶⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2016	2015	2016	2015	2016	2015	2016	2015
27,836	34,327	104,364	133,100	20	19	104,384	133,119
31,707	34,455	117,838	124,987	346	319		
31,554	34,227	117,471	124,648	21	20	117,492	124,668
153	228	367	339	-367	-339		
77,685	80,858	444,786	345,411			444,786	345,411
4,890	6,282	9,010	13,433	-1,337	-1,826	7,673	11,607
3,500	4,949	5,312	9,851	-1,456	-1,934	3,856	7,917
0	0	-370	78	0	-1	-370	77
200	0	7,326	-1	0	1	7,326	0
17	9	40	43	554	15	594	58
-372	-482	-1,231	-1,526	-389	-177	-1,620	-1,703
-535	-471	-1,414	-1,520	574	-367	-840	-1,887
2,810	4,005	9,663	6,925	-717	-2,463	8,946	4,462
0	20,854	18,911	21,013	-8,688	0	10,223	21,013
0	0	525	10	235	3,003	760	3,013
0	0	0	0	0	0	0	0
960	1,830	3,655	6,014	141	650	3,796	6,664
-1,390	-1,309	-3,698	-3,558	-119	-107	-3,817	-3,665
-42	0	-305	-115	0	0	-305	-115
377	0	377	73	1	0	378	73
-830	-175	-2,995	-2,749	-525	-1,168	-3,520	-3,917
156,662	161,731	502,396	456,089	-7,106	-4,525	495,290	451,564
0	0	3,393	2,765	1	0	3,394	2,765
117,099	129,103	382,285	350,048	-10,781	-5,466	371,504	344,582
93,538	93,186	321,602	282,468	44,103	37,862	365,705	320,330
789	702	2,795	2,568	26	24	2,821	2,592
11.1 %	14.5 %					3.3 %	6.4 %
12.0 %	15.3 %					4.2 %	9.2 %

Reconciliations

€ 000	Sales		€ 000	EBIT	
	2016	2015		2016	2015
1.1.-30.09.			1.1.-30.09.		
Total sales of segments	366,274	361,326	Total EBIT of segments	22,677	32,869
Other sales	2,648	2,598	Other EBIT	-6,735	-5,409
Consolidation	-3,747	-3,677	Consolidation	353	16
Sales as per income statement	365,175	360,247	EBIT as per income statement	16,295	27,476

€ 000	Assets		€ 000	Liabilities	
	2016	2015		2016	2015
30.09.			30.09.		
Total segment assets	502,396	456,089	Total segment liabilities	321,602	282,468
Other assets excluding deferred tax asstes	105,752	101,349	Other liabilities excluding deferred tax liabilities	149,688	135,323
Deferred taxes	4,757	3,764	Deferred taxes	404	215
Consolidation	-117,616	-109,638	Consolidation	-105,989	-97,676
Group assets as per balance sheet	495,290	451,564	Group liabilities as per balance sheet	365,705	320,330

"Other sales" comprise almost entirely sales recorded at the level of Schaltbau Holding AG for IT services provided to subsidiaries. These sales, together with inter-segment sales, are eliminated on consolidation.

"Other EBIT" comprises mainly expenses recorded at the level of Schaltbau Holding AG for personnel, non-rechargeable materials expenses, other operating expenses and other taxes.

"Other assets" relate primarily to receivables of Schaltbau Holding AG from affiliated companies in connection with financing activities. These receivables are eliminated on consolidation along with other inter-segment receivables.

"Other liabilities" comprise mainly financial liabilities, pension provisions and payables to affiliated companies recorded at the level of Schaltbau Holding AG. The latter are eliminated on consolidation along with other inter-segment payables.

CONSOLIDATED CASH FLOW STATEMENT

Composition of cash funds

Cash funds comprise:

€ 000	30.09.2016	31.12.2015
Cash and cash equivalents	30,160	30,735
Balance on cash management accounts	400	229
	30,560	30,964

€ 000	30.09.2015	31.12.2014
Cash and cash equivalents	17,997	25,654
Balance on cash management accounts	899	550
	18,896	26,204

In addition to cash and cash equivalents, the balance on cash management accounts with non-consolidated subsidiaries is included. This item is presented in the balance sheet in current other liabilities (payables to affiliated companies).

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