Group Management Report on the period from January 1 to June 30, 2017

H1 2017

WashTec

Strong growth in half-year revenue and half-year earnings

- Revenue increased by 24.1% to €209.9m (prior year: €169.2m)
- EBIT up by 61.3% to €25.0m (prior year: €15.5m)
- Both Europe and North America contributing to growth
- Very positive outlook retained for full year: expected revenue growth for full year to at least €420m with EBIT margin in excess of 12%

H1 2017 (Rounding differences may occur)		Jan 1 to Jun 30 2017	Jan 1 to Jun 30 2016	Change absolute	Change in %
Revenue	€m	209.9	169.2	40.7	24.1
EBITDA	€m	29.8	20.0	9.8	49.0
EBIT	€m	25.0	15.5	9.5	61.3
EBIT margin	in %	11.9	9.2	2.7	–
EBT	€m	24.7	15.5	9.2	59.4
Employees per reporting date	persons	1,788	1,741	47	2.7
Average number of shares	units	13,382,324	13,382,324	0	–
Earnings per share [1]	€	1.30	0.80	0.50	62.5
Free cash flow [2]	€m	2.4	8.4	−6.0	−71.4
Investments in fixed assets (capital expenditures)	€m	5.4	8.0	−2.6	−32.5
Capital ratio per reporting day [3]	in %	33.0	35.1	−2.1	–

Q2 2017 (Rounding differences may occur)		Apr 1 to Jun 30 2017	Apr 1 to Jun 30 2016	Change absolute	Change in %
Revenue	€m	108.6	92.4	16.2	17.5
EBITDA	€m	15.3	14.0	1.3	9.3
EBIT	€m	12.9	11.8	1.1	9.3
EBIT margin	in %	11.8	12.8	−1.0	–
EBT	€m	12.7	11.8	0.9	7.6
Average number of shares	units	13,382,324	13,382,324	0	–
Earnings per share [1]	€	0.66	0.61	0.05	8.2

[1] Diluted = undiluted
[2] Net cash flow – cash outflow from investing activity
[3] Equity capital/balance sheet total

Contents

Interim Group Management Report

Interim Group Management Report

1. Overall revenue and earnings development

Revenue growth of 24.1%

After a strong second quarter (Q2 2017: €108.6m; prior year: €92.4m), revenue for the half year ending June 2017 was €209.9m, €40.7m or 24.1% higher than revenue in the prior-year period (€169.2m). Growth was notably driven by Equipment and Service, although revenue performance in the remaining businesses was likewise positive. Revenue growth was generated most of all with major customers and also in general sales. Adjusted for exchange rate effects, revenue went up by 23.4% the first half year. Second quarter revenue growth, at 17.5%, was down on the strong growth in the first quarter (31.8%).

EBIT increased by 61.3%

EBIT improved by 61.3% to €25.0m (prior year: €15.5m) at the same time as investment was made in further growth. Second quarter EBIT was affected by non-recurring effects related among other things to a sales and service efficiency program in Germany. Adjusted for these, the EBIT margin in the second quarter was at the same level as a year earlier, at 12.8%.

In Germany, the sales and service offices are to be closed and the functions brought together at the Company's Augsburg headquarters by the end of the year. This will streamline and optimize processes for even better and more flexible customer service.

The Annual General Meeting was held in Augsburg on the day of publication of the first quarter report. Supervisory Board members Jens Große-Allermann, Dr. Sören Hein and Dr. Hans Liebler were reelected at the Annual General Meeting. Dr. Alexander Selent was elected as a new member of the Supervisory Board. As the Supervisory Board's Financial Expert he is Chairman of the Audit Committee, whose other members are Mr. Große-Allermann and Dr. Liebler.

During the second quarter, WashTec presented solutions specially developed for the filling station operators and truck operators segments at German trade fairs in Münster and Munich. Internationally, alongside venues such as Madrid and Dubai, WashTec also exhibited at Las Vegas, where it presented a new wash tunnel solution for the American market. The second half year will bring further trade fairs including in Moscow, the specialist Car Wash Show Europe in Amsterdam, and EQUIP AUTO in Paris.

2. Report on economic position

2.1 Economic and competitive environment

The economic and competitive environment largely corresponded to the situation described in the Group Management Report 2016. There were no significant changes in technology and none are foreseeable.

2.2 Dividend payment

Following the proposal of the Management Board and Supervisory Board, a large majority at the Annual General Meeting on May 3, 2017 approved a dividend of €2.10 per eligible share. Shareholders thus participated in the Company's successful performance with a dividend payout ratio of 92% of net income. Based on the share price of €56.90 on March 31, 2017, the dividend yield is 3.7%. The dividend of € 28.1m was paid out on May 08, 2017.

2.3 Earnings

2.3.1 Revenue by segments and products

Revenue by segment, H1

in €m, IFRS (Rounding differences may occur)	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016	Change abs.	Change in %
Europe	164.3	138.5	25.8	18.6
North America	43.5	24.8	18.7	75.4
Asia/Pacific	6.9	9.1	−2.2	−24.2
Consolidation	−4.8	−3.2	−1.6	–
Group	**209.9**	169.2	**40.7**	**24.1**

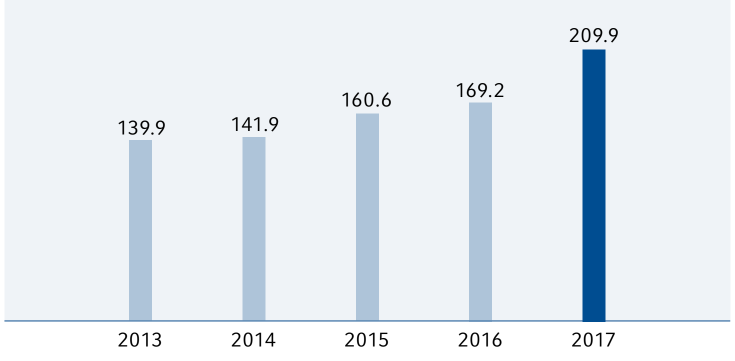
Revenue increase in the second quarter of 17.5%

Revenue by segment, Q2

in €m, IFRS (Rounding differences may occur)	Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2016	Change abs.	Change in %
Europe	85.9	76.2	9.7	12.7
North America	21.6	12.8	8.8	68.8
Asia/Pacific	3.7	4.5	−0.8	−17.8
Consolidation	−2.5	−1.1	−1.4	–
Group	**108.6**	92.4	**16.2**	**17.5**

The good revenue performance in the first half year was driven by the sustained positive trend in Europe (with an increase of 18.6% or €25.8m) and continued strong revenue growth in North America (increase of 75.4% or €18.7m). The increase in North America relates to business with major customers. In US dollars, revenue in North America was USD 47.1m (prior year: USD 27.7m). The decrease in revenue in the Asia/Pacific region related to the business development in Australia. Suitable corrective action has already been taken here. Revenue in China was higher than in the prior year and will keep up the positive trend in the months ahead. The order backlog in this region as of the end of June was above its prior-year level. In light of this, the Company now expects stable revenue and EBIT substantially below the prior year in the Asia/Pacific region. This adjustment has no effect on the overall forecast for the WashTec Group.

Revenue, Jan 1 to Jun 30, in €m, IFRS



Revenue by product, H1

in €m, IFRS (Rounding differences may occur)	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016	Change abs.	Change in %
Equipment and service	178.7	142.6	36.1	25.3
Chemicals	23.9	20.4	3.5	17.2
Operations business and others	7.3	6.2	1.1	17.7
Total	**209.9**	169.2	**40.7**	**24.1**

Revenue by product, Q2

in €m, IFRS (Rounding differences may occur)	Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2016	Change abs.	Change in %
Equipment and service	93.7	78.7	15.0	19.1
Chemicals	11.3	10.6	0.7	6.6
Operations business and others	3.7	3.2	0.5	15.6
Total	**108.6**	92.4	**16.2**	**17.5**

11.9 % EBIT margin in the first half year

2.3.2 Expense items and earnings

Earnings, H1

in €m, IFRS (Rounding differences may occur)	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016	Change abs.	 in %
Gross profit*	120.2	101.7	18.5	18.2
EBITDA	29.8	20.0	9.8	49.0
EBIT	25.0	15.5	9.5	61.3
EBT	24.7	15.5	9.2	59.4

* Revenue plus change in inventory minus cost of materials

Earnings, Q2

in €m, IFRS (Rounding differences may occur)	Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2016	Change abs.	 in %
Gross profit*	61.6	55.8	5.8	10.4
EBITDA	15.3	14.0	1.3	9.3
EBIT	12.9	11.8	1.1	9.3
EBT	12.7	11.8	0.9	7.6

* Revenue plus change in inventory minus cost of materials

The **gross profit margin** (relative to revenue) decreased in the first half year to 57.3% (prior year: 60.2%). The change mainly relates to an increased share of purchased services, primarily for the installation of wash systems, and the implementation of projects with major customers. An altered product and region mix with a higher proportion of machinery also contributed to the reduction in the gross profit margin.

Personnel expenses went up compared with the prior-year period by €5.8m to €65.3m (prior year: €59.5) as a result of the larger workforce and wage increases. The Group had 47 more employees at the end of June than a year earlier, an increase of 2.7%.

Other operating expenses (including other taxes) increased in the first half year by €3.2m to €28.6m (prior year: €25.4m). The increase in other operating expenses notably reflected higher costs of contract workers due to higher capacity utilization. There was also a project-related increase in travel expenses, among other things in connection with the project to introduce SAP in North America, and an increase in expenses in development activities.

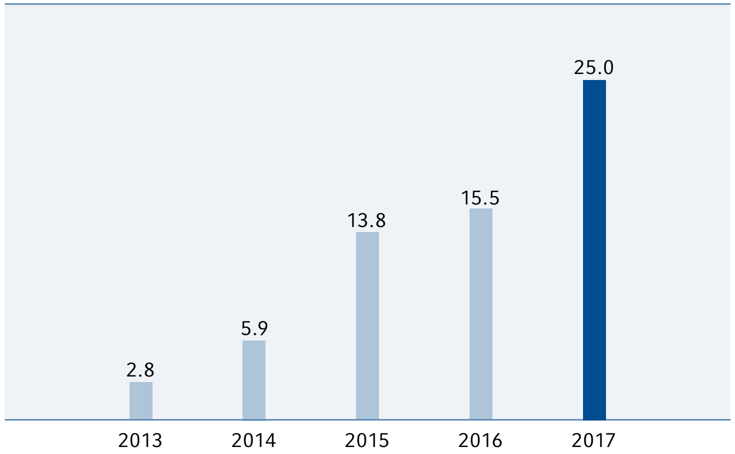
EBIT by segment, H1

in €m, IFRS (Rounding differences may occur)	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016	Change abs.	 in %
Europe	22.0	14.2	7.8	54.9
North America	3.5	0.0	3.5	–
Asia/Pacific	−0.3	1.1	−1.4	−127.3
Consolidation	−0.3	0.2	−0.5	–
Group	**25.0**	**15.5**	**9.5**	61.3

EBIT by segment, Q2

in €m, IFRS (Rounding differences may occur)	Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2016	Change abs.	 in %
Europe	11.7	11.1	0.6	5.4
North America	1.3	0.2	1.1	550
Asia/Pacific	−0.1	0.4	−0.5	−125
Consolidation	−0.1	0.1	−0.2	–
Group	**12.9**	**11.8**	**1.1**	9.1

EBIT, Jan 1 to Jun 30, in €m, IFRS



The EBIT increase in Europe and North America is mainly a result of the revenue growth and economies of scale. Earnings performance in Europe was affected in the second quarter by costs of the efficiency program in Germany and by exchange rate losses in a total amount of €1.1m. In the Asia/Pacific segment, the decrease in revenue and higher trade fair expenditure resulted in lower EBIT.

Movements in the US dollar-euro exchange rate had a negative impact on the translation of a dollar-denominated loan to the group currency, most of all in the second quarter. Measurement of foreign currency-denominated assets and liabilities as of the reporting date had a €–0.6m impact on earnings (prior year: €–0.2m).

Consolidated net income increased to €17.4m (prior year: €10.7m).

2.4 Net Assets

Unchanged solid balance sheet structure

Balance sheet, assets, in €m, IFRS (Rounding differences may occur)	Jun 30, 2017	Dec 31, 2016
Non-current assets	**103.4**	**97.1**
thereof intangible assets	7.9	6.7
thereof deferred tax assets	3.5	3.8
Current assets	**125.7**	**121.0**
thereof inventories	48.8	42.9
thereof trade receivables, other assets	60.4	63.7
thereof cash and cash equivalents	8.6	6.8
Balance sheet total	**229.1**	**218.1**

Balance sheet, equity and liabilities, in €m, IFRS (Rounding differences may occur)	Jun 30, 2017	Dec 31, 2016
Equity	**75.6**	**87.4**
Interest-bearing loans	36.7	8.3
Other liabilities and provisions	102.4	109.2
thereof trade payables	10.6	11.8
thereof provisions (including tax provisions)	32.2	39.8
Deferred income	11.6	10.1
Deferred tax liabilities	2.7	3.1
Balance sheet total	**229.1**	**218.1**

Net working capital (current trade receivables + inventories – current trade payables) increased slightly, mainly due to an orders-driven rise in inventories, by 1.7% from €91.5m as of December 31, 2016 to €93.1m.

Equity decreased due to the €28.1m dividend payout to €75.6m as of June 30, 2017 (December 31, 2016: €87.4m). Compared with the 2016 year-end, the equity ratio went down from 40.1% to 33.0%.

Following the dividend payout, **net debt** (current and non-current bank liabilities – bank deposits) stood at €28.1m (December 31, 2016: €1.5m).

Net financial debt (short-term and long-term finance lease liabilities + net debt) increased to €31.0m (December 31, 2016: €4.5m).

Other liabilities and provisions decreased, mainly due to large tax payments on earnings from previous years, to €102.4m (December 31, 2016: €109.2m).

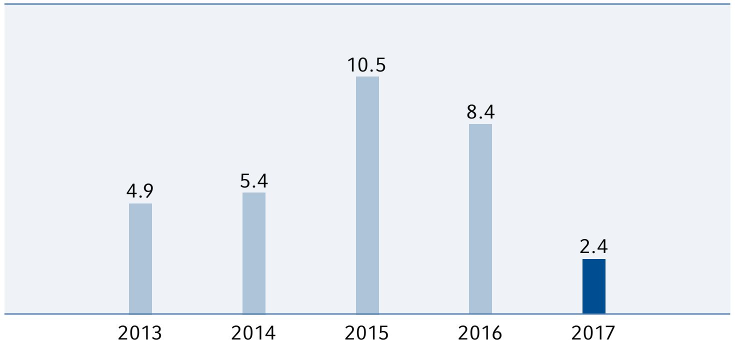
2.5 Financial Position

The **cash inflow from operating activities** (net cash flow) decreased in the first half year to €7.5m (prior year: €16.1m). It should be noted in this connection that large tax payments have been made this year on earnings from previous years, whereas in the prior year there was a refund of tax on investment income. Adjusted for these non-recurring effects, the net cash flows from operating activities increased by 12.2% or €1.8m.

The **cash outflow from investing activities** decreased as expected by €2.6m to €5.1m (prior year: €7.7m). The Company plans lower capital expenditure for the current fiscal year than in the prior year.

Free cash flow (net cash flow – cash outflow from investing activities) decreased to €2.4m (prior year: €8.4m).

Free cash flow Jan 1 to Jun 30, in €m, IFRS



Overall, **cash and cash equivalents** decreased relative to December 31, 2016 by €26.6m to €–28.1m.

2.6 Employees

Number of employees at WashTec Group reaches 1,788

The number of employees as of June 30, 2017 was 1,788, an increase of 21 on the 2016 year-end. Compared with June 30, 2016, the number of employees increased by 47, with most of the increase in Sales and Supply Chain.

More than a third of the workforce worldwide took part in entrepreneur workshops in the first half of the year. The workshops have the purpose of fostering intensive dialog on leadership and teamwork and identifying specific areas for improvement.

3. Forecast, opportunities and risk report

3.1 Forecast

Projects to further strengthen sales activities and for organizational development and operational improvement continue as planned.

Following the strong first half year and with the ongoing positive trend in orders received, the Company has now given more specific guidance for the full year 2017, with revenue now totaling at least €420m. The Company continues to target an EBIT margin of at least 12%.

The expectations for segmental performance are as follows:

- Europe: significant increase in revenue and earnings
- North America: significant increase in revenue and earnings
- Asia/Pacific: revenue stable and earnings substantially below prior year

The above forecast for Asia/Pacific has been revised downward relative to the information given in the Annual Report 2016. This has no effect on the forecast for the Group as a whole.

The forecast is subject to uncertainties.

The forecast for the remaining performance indicators given in the Annual Report 2016 likewise continues to apply.

3.2 Opportunities and risks for group development

The WashTec Group's risk management system is described in the Annual Report 2016. There have been no material changes in the risks described therein.

4. Miscellaneous information

4.1 Related party disclosures

There were no material related party transactions during the reporting period.

4.2 Events after the reporting period

There were no material events after the reporting period.

5. WashTec shares and investor relations

The Management Board communicated with shareholders, journalists and the financial community on an ongoing basis through the first half year. As part of the Company's investor relations activities, Management held road shows among others in Frankfurt, Stuttgart, New York and London.

Starting with Q3 WashTec will issue quarterly statements. The quarterly statements will continue to contain all relevant information regarding business development. Notes will only be published in case of changes compared to the Annual Report.

5.1 Share price development

Good share price performance

The WashTec share price was €67.34 on June 30, 2017. That marks a 36.04% increase on the prior year-end closing price of €49.50 on December 30, 2016. WashTec shares thus performed better than the SDAX, which gained only 12.92% since the beginning of the year. As of June 30, 2017, the share price was approximately 9% below its second quarter high of €73.99.

WashTec AG is currently covered by Hauck & Aufhäuser, HSBC Trinkaus & Burkhardt, MM Warburg and Bankhaus Lampe. The target share prices stated by all analysts are at least €53.00 and range up to €72.00 (as of July 2017).

5.2 Shareholder structure

WashTec AG did not receive any voting rights notifications under the Securities Trading Act (Wertpapierhandelsgesetz) in the second quarter of 2017.

At the time of preparing this report, WashTec AG received notification on July 7 that the percentage of voting rights held by Paradigm Capital Value Fund as of July 4 was 4.58% (previously 6.01%).

Shareholding in %	**July 4, 2017**
EQMC Europe Development Capital Fund plc	9.78
Kempen Oranje Participaties N.V.	9.60
Dr. Kurt Schwarz[1]	8.38
BNY Mellon Service Kapitalanlage-Gesellschaft mbH	5.61
Investment AG für langfristige Investoren TGV	5.43
Lazard Frères Gestion S.A.S.	4.94
Paradigm Capital Value Fund	4.58
Treasury shares	4.25
Diversity Industrie Holding AG	4.00
Free float	43.43

[1] Leifina GmbH & Co. KG et al
Based on notifications made pursuant to the Securities Trading Act (WpHG)

Manager Transactions

There were no manager transactions during the reporting period.

Interim condensed consolidated financial statements

Consolidated Income Statement

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.
Rounding differences may occur.

in €k	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016	Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2016
Revenue	209,864	169,244	108,647	92,422
Other operating income	1,822	2,686	746	1,865
Capitalized development costs	1,728	483	741	382
Change in inventory	2,362	2,016	71	1,547
Total	**215,776**	**174,429**	**110,064**	**96,216**
Cost of materials				
Cost of raw materials, consumables and supplies and of purchased material	72,942	55,852	37,088	30,391
Cost of purchased services	19,101	13,702	9,867	7,743
	92,043	**69,554**	**46,956**	**38,133**
Personnel expenses	65,329	59,513	33,192	30,528
Amortization, depreciation and impairment of tangible and intangible assets	4,800	4,458	2,413	2,228
Other operating expenses	28,199	24,930	14,405	13,318
Other taxes	436	442	239	224
Total operating expenses	**190,807**	**158,897**	**97,204**	**84,432**
EBIT	**24,969**	**15,532**	**12,860**	**11,785**
Financial income	13	274	6	267
Financial expenses	259	348	153	233
Financial result	**−246**	**−74**	**−147**	**35**
EBT	**24,723**	**15,458**	**12,713**	**11,819**
Income taxes	−7,318	−4,758	−3,882	−3,675
Consolidated net income	**17,404**	**10,700**	**8,831**	**8,145**
Weighted average number of outstanding shares in units	**13,382,324**	13,382,324	**13,382,324**	13,382,324
Earnings per share (basic = diluted) in €	**1.30**	0.80	**0.66**	0.61

Statement of Comprehensive Income

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.
Rounding differences may occur.

in €k	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016	Apr 1 to Jun 30, 2017	Apr 1 to Jun 30, 2016
Consolidated net income	**17,404**	10,700	**8,831**	8,145
Actuarial gains/losses from defined benefit obligations and similar obligations	57	−677	57	−677
Deferred taxes	−18	316	−18	316
Items that will not be reclassified to profit or loss	**39**	−361	**39**	−361
Adjustment item for currency translation of foreign subsidiaries	−1,153	−822	−1,074	−78
Exchange differences on net investments in subsidiaries	−94	284	−87	81
Deferred taxes	113	−86	97	−135
Items that may be subsequently reclassified to profit or loss	**−1,134**	−624	**−1,064**	−132
Other comprehensive income	**−1,095**	−985	**−1,025**	−493
Total comprehensive income	**16,309**	9,715	**7,806**	7,652

Consolidated Balance Sheet

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.
Rounding differences may occur.

Assets in €k	Jun 30, 2017	Dec 31, 2016
Non-current assets		
Property, plant and equipment	40,378	40,773
Goodwill	42,312	42,312
Intangible assets	7,898	6,666
Trade receivables	8,708	2,926
Other assets	623	612
Deferred tax assets	3,477	3,791
Total non-current assets	**103,397**	**97,080**
Current assets		
Inventories	48,816	42,877
Trade receivables	54,863	60,427
Tax receivables	7,917	7,562
Other assets	5,514	3,271
Cash and cash equivalents	8,606	6,837
Total current assets	**125,716**	**120,974**
Total assets	**229,112**	**218,054**

Equity and Liabilities in €k	Jun 30, 2017	Dec 31, 2016
Equity		
Subscribed capital	40,000	40,000
Contingent capital	*8,000*	*8,000*
Capital reserves	36,463	36,463
Treasury shares	−13,177	−13,177
Other reserves and currency translation effects	−4,646	−3,550
Profit carried forward	−427	−2,906
Consolidated net income	17,404	30,582
	75,618	**87,413**
Non-current liabilities		
Finance lease liabilities	1,676	1,871
Provisions for pensions	10,340	10,491
Trade payables	11	5
Other non-current provisions	3,234	3,564
Other non-current liabilities	999	2,471
Deferred income	1,678	1,473
Deferred tax liabilities	2,707	3,062
Total non-current liabilities	**20,646**	**22,937**
Current liabilities		
Interest-bearing loans	36,705	8,342
Finance lease liabilities	1,174	1,173
Prepayments on orders	10,418	7,187
Trade payables	10,591	11,773
Taxes and levies	5,904	6,196
Liabilities for social security	1,324	1,108
Tax provisions	6,897	12,369
Other current liabilities	38,159	39,224
Other current provisions	11,715	11,731
Deferred income	9,960	8,602
Total current liabilities	**132,847**	**107,704**
Total equity and liabilities	**229,112**	**218,054**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.
Rounding differences may occur.

Consolidated Cash Flow Statement

in €k	Jan 1 to Jun 30, 2017	Jan 1 to Jun 30, 2016
EBT	**24,723**	**15,458**
Adjustments to reconcile EBT to net cash flows from operating activities:		
Amortization, depreciation and impairment of tangible and intangible assets	4,800	4,458
Gain/loss from disposals of non-current assets	−53	−233
Other gains/losses	−736	−1,700
Financial income	−13	−274
Financial expenses	259	348
Movements in provisions	−379	−1,077
Changes in net working capital:		
Increase/decrease in trade receivables	−1,340	−776
Increase/decrease in inventories	−7,083	−2,471
Increase/decrease in trade payables	−998	3,685
Changes in other net working capital	2,925	50
Income tax paid	−14,593	−1,393
Net cash flows from operating activities	**7,513**	**16,075**
Purchase of property, plant and equipment (excluding finance leases)	−5,426	−7,965
Proceeds from sale of property, plant and equipment	299	319
Net cash flows from investing activities	**−5,127**	**−7,646**
Dividend payout	−28,103	−22,750
Interest received	13	274
Interest paid	−225	−313
Repayment of finance lease liabilities	−655	−852
Net cash flows from financing activities	**−28,970**	**−23,641**
Net increase/decrease in cash and cash equivalents	**−26,584**	**−15,212**
Net foreign exchange difference	**−11**	**−149**
Cash and cash equivalents at January 1	**−1,504**	**2,512**
Cash and cash equivalents at June 30	**−28,100**	**−12,849**
Composition of cash and cash equivalents for cash flow purposes:		
Cash and cash equivalents	**8,606**	**3,409**
Interest-bearing loans	**−36,705**	**−16,258**
Cash and cash equivalents at June 30	**−28,100**	**−12,849**

The Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.
Rounding differences may occur.

Statement of Changes in Consolidated Equity

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
As of January 1, 2017	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−3,550**	**27,677**	**87,412**
Income and expenses recognized directly in equity					−1,191		−1,191
Taxes on transactions recognized directly in equity					95		95
Dividend						−28,103	−28,103
Consolidated net income						17,404	17,404
As of June 30, 2017	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−4,646**	**16,978**	**75,618**
As of January 1, 2016	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−2,862**	**19,845**	**80,268**
Income and expenses recognized directly in equity					−1,215		−1,215
Taxes on transactions recognized directly in equity					230		230
Dividend						−22,750	−22,750
Consolidated net income						10,700	10,700
As of June 30, 2016	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−3,847**	**7,795**	**67,233**

Notes to the Interim Condensed Consolidated Financial Statement

Notes to the Interim Condensed Consolidated Financial Statements of WashTec AG (IFRS) for the period January 1 to June 30, 2017

General Disclosures

1. General Information on the Group

The ultimate parent company of the WashTec Group is WashTec AG, which is entered in the commercial register for the City of Augsburg under registration number HRB 81.

The Company's registered office is located at Argonstrasse 7 in 86153 Augsburg, Germany.

The Company's shares are in free float and are publicly traded.

The purpose of the WashTec Group comprises the development, manufacture, sale and servicing of car wash products, as well as leasing and all related services and financing solutions required in order to operate car wash equipment.

The interim condensed consolidated financial statements and Interim Group Management Report are available on our website, www.washtec.de.

2. Accounting policies

Basis of preparation of the financial statements

The same accounting policies have been followed in these interim condensed consolidated financial statements as were applied in preparation of the consolidated financial statements for the fiscal year ended December 31, 2016, with the exception of the computation of taxes. Tax is computed for interim financial statements by multiplying net income with the expected applicable annual tax rate.

The interim condensed consolidated financial statements for the period January 1 to June 30, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all explanations and disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2016.

The interim condensed consolidated financial statements are presented in euros and, unless otherwise indicated, all figures are rounded to the nearest thousand (€k); this may result in rounding differences. The fiscal year is the calendar year.

Basis of consolidation

A subsidiary, WashTec Bilvask AS, Billingstad, Norway, has been established with retrospective effect from January 1, 2017 for what was previously the Norway branch of the Company, WashTec Bilvask NUF, Billingstad, Norway. The new subsidiary has been included in the consolidated financial statements of the WashTec since the beginning of the fiscal year.

Effects of new financial reporting standards

The Group did not adopt any new or revised IFRS Standards and Interpretations in the reporting period.

Effects of standards that have been issued by the IASB and the IFRS Interpretations Committee and do not yet have to be adopted in fiscal year 2017:

IFRS 15 replaces all existing revenue recognition standards – notably IAS 18 Revenue and IAS 11 Construction Contracts. The new standard is based on the principle that revenue is recognized when control of goods or services is transferred to a customer. It is to be applied either fully retrospectively or on a modified retrospective basis. IFRS 15 must be adopted from January 1, 2018.

The application of IFRS 15 is not expected to materially affect the presentation of revenue. The WashTec Group expects that the new standard will probably affect determination of the transaction price in individual instances. The WashTec Group is currently analyzing the impacts on its net assets, financial position and results of operations. Therefore it is not possible to provide further information in this regard at the present time.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities while introducing a new impairment model for financial assets and new rules for hedge accounting. IFRS 9 must be adopted from January 1, 2018.

Under IFRS 9, impairments of financial assets must be recognized on the basis of the expected credit loss model (ECL) instead of the incurred credit loss model under IAS 39. The new rules apply to financial assets measured at amortized cost, contract assets under IFRS 15, loan commitments and certain financial guarantee contracts. In its analysis so far, the WashTec Group expects that IFRS 9 will affect the recognition of impairments of financial assets. It is not yet possible to provide further information on the effects of IFRS 9 at the present time.

IFRS 16 eliminates the distinction between finance and operating leases for lessees and requires them to recognize all leases as a right-of-use asset and a lease liability. Exceptions are made for short-term leases and leases for low-value assets. The new standard mainly affects the accounting treatment of operating leases. IFRS 16 must adopted from January 1, 2019.

The Company currently affects that IFRS 16 will materially affect the presentation of the balance sheet. The WashTec Group is currently analyzing this effect. It is not therefore possible to provide further information in this regard at the present time.

The remaining standards, interpretations and amendments issued by the IASB and the IFRS Interpretations Committee do not yet have to be adopted in fiscal year 2017. They have no material impact on the net assets, financial position and results of operations of the WashTec Group.

The WashTec Group had not elected early application of these standards as of June 30, 2017. First-time adoption of the standards is planned when they are endorsed by the EU.

3. Segment reporting

Segmentation using the management approach at the WashTec Group is by sales territories. The sales territories are defined as the regions Europe, North America and Asia/Pacific. The Core Europe segment was renamed to Europe as of the year-end.

Jan to Jun 2017 in €k	Europa	North America	Asia/ Pacific	Consol- idation	Group
Revenue	**164,276**	**43,476**	**6,921**	**−4,809**	**209,864**
with third parties	159,719	43,223	6,922	0	209,864
with other divisions	4,557	252	−1	−4,809	0
EBIT	**22,025**	**3,547**	**−309**	**−293**	**24,969**
Financial income					13
Financial expenses					−259
EBT					**24,723**
Income taxes					−7,318
Consolidated net income					**17,404**

Jan to Jun 2016 in €k	Europa	North America	Asia/ Pacific	Consol- idation	Group
Revenue	**138,481**	**24,840**	**9,124**	**−3,202**	**169,244**
with third parties	135,337	24,783	9,124	0	169,244
with other divisions	3,144	58	0	−3,202	0
EBIT	**14,184**	**23**	**1,102**	**222**	**15,532**
Financial income					274
Financial expenses					−348
EBT					**15,458**
Income taxes					−4,758
Consolidated net income					**10,700**

4. Equity

The subscribed capital of WashTec AG as of June 30, 2017 is €40,000k. It is divided into 13,976,970 no-par-value bearer shares and is fully paid in.

The average number of issued and outstanding shares is 13,382,324 (prior year: 13,382,324).

The Annual General Meeting of WashTec AG on May 3, 2017 resolved to appropriate the distributable profit of €30,538,308.54 shown in the Company’s annual financial statements for fiscal year 2016 as follows: Payment of a dividend of €2.10 per eligible share, totaling €28,102,880.40, with the remaining distributable profit of €2,435,428.14 to be carried forward.

5. Financial instruments: additional disclosures

The following table, which is based on the relevant balance sheet items, shows the connection between the classification and the measurement of financial instruments.

Carrying amounts, measurement and fair value by category:

in €k	IAS 39 category	Carrying amount Jun 30, 2017	Measurement under IAS 39			Measurement under IAS 17	Fair value Jun 30, 2017	IFRS 13 level
			Amortized cost	Fair value through equity	Fair value through profit or loss			
Assets								
Cash and cash equivalents	LaR	8,606	8,606	–	–	–	8,606	
Trade receivables	LaR	63,571	63,571	–	–	–	63,571	
Other financial assets	LaR	912	912	–	–	–	912	
Derivative financial assets	FAHfT	28	–	–	28	–	28	2
Liabilities								
Trade payables	FLAC	10,602	10,602	–	–	–	10,602	
Interest-bearing loans	FLAC	36,705	36,705	–	–	–	36,705	
Other financial liabilities	FLAC	21,521	21,521	–	–	–	21,521	
Finance lease liabilities	n.a.	2,850	–	–	–	2,850	2,850	
Derivative financial liabilities	FVthP/L	0	–	–	0	–	0	2
Aggregated presentation by IAS 39 category								
Loans and receivables (LaR)		73,089	73,089	–	–			
Financial assets held for trading (FAHfT)		28	–	–	28			
Financial liabilities measured at amortized cost (FLAC)		68,828	68,828	–	–			
Fair value through profit/loss (FVthP/L)		0	–	–	0			

in €k	IAS 39 category	Carrying amount Dec 31, 2016	Measurement under IAS 39			Measure-ment under IAS 17	Fair value Dec 31, 2016	IFRS 13 level
			Amortized cost	Fair value through equity	Fair value through profit or loss			
Assets								
Cash and cash equivalents	LaR	6,837	6,837	–	–	–	6,837	
Trade receivables	LaR	63,353	63,353	–	–	–	63,353	
Other financial assets	LaR	903	903	–	–	–	903	
Derivative financial assets	FAHfT	0	–	–	0	–	0	2
Liabilities								
Trade payables	FLAC	11,779	11,779	–	–	–	11,779	
Interest-bearing loans	FLAC	8,342	8,342	–	–	–	8,342	
Other financial liabilities	FLAC	20,734	20,734	–	–	–	20,734	
Finance lease liabilities	n.a.	3,044	–	–	–	3,044	3,044	
Derivative financial liabilities	FVthP/L	55	–	–	55	–	55	2
Aggregated presentation by IAS 39 category								
Loans and receivables (LaR)		71,093	71,093	–	–			
Financial assets held for trading (FAHfT)		0	–	–	0			
Financial liabilities measured at amortized cost (FLAC)		40,854	40,854	–	–			
Fair value through profit/loss (FVthP/L)		55	–	–	55			

Due to their short terms, the fair values of trade receivables, trade payables and cash and cash equivalents as well as other financial liabilities generally match their carrying amounts. The fair value of finance lease liabilities and loans has been determined by discounting the expected future cash flows at current market interest rates.

Foreign exchange forwards are measured at fair value using expected exchange rates quoted on a regulated market.

The fair value of the derivative financial instruments is classified by maturity as follows:

in €k	Jun 30, 2017	Dec 31, 2016
Current	28	55
Total	**28**	**55**

6. Contingent liabilities and other financial obligations

There was no material change in contingent liabilities and other financial obligations relative to December 31, 2016.

7. Related party disclosures

There were no material related party transactions within the meaning of IAS 24 during the reporting period.

Supervisory Board members Jens Große-Allermann, Dr. Sören Hein and Dr. Hans Liebler were reelected at the Annual General Meeting on May 3, 2017. As Mr. Roland Lacher was not available for reelection for reasons of age, Dr. Alexander Selent was elected to the Supervisory Board.

8. Events after the balance sheet date

There were no significant events after the balance sheet date.

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group Interim Management Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.”

Augsburg, July 26, 2017

Dr. Volker Zimmermann
CEO

Karoline Kalb
Member of the Management Board

Rainer Springs
Member of the Management Board

Stephan Weber
Member of the Management Board

Review Report

To WashTec AG

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated income statement, statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, statement of changes in consolidated equity, selected explanatory notes and the interim group management report of WashTec AG for the period from January 1 to June 30, 2017, which are part of the half-year financial report pursuant to Art. 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors [Vorstand]. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not offer the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, July 26, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Holger Graßnick	Sebastian Stroner
Wirtschaftsprüfer	Wirtschaftsprüfer

Group Management Report on the period from January 1 to June 30, 2017

H1 2017

Contact

WashTec AG
Argonstrasse 7
86153 Augsburg
Germany

Telephone +49 821 5584-0
Telefax +49 821 5584-1135
www.washtec.de
washtec@washtec.de

Financial calendar

September 07, 2017	Bankhaus Lampe Conference, Düsseldorf
September 20–22, 2017	Baader Investment Conference, Munich
October 27, 2017	9-month-report 2017
November 21–23, 2017	Equity Capital Form, Frankfurt on the Main

WashTec