STABILUS

INTERIM REPORT

Q2 FY2019

KEY FIGURES

T_001

IN EUR MILLIONS	Three months ended March 31. 2019	2018	CHANGE	% CHANGE
Revenue	**239.1**	251.0	(11.9)	(4.7)%
EBIT	**31.3**	35.0	(3.7)	(10.6)%
Adjusted EBIT	**35.7**	39.3	(3.6)	(9.2)%
Profit for the period	**20.4**	25.6	(5.2)	(20.3)%
EBIT as % of revenue	**13.1%**	13.9%		
Adjusted EBIT as % of revenue	**14.9%**	15.7%		
Profit in % of revenue	**8.5%**	10.2%		

IN EUR MILLIONS	Six months ended March 31. 2019	2018	CHANGE	% CHANGE
Revenue	**464.0**	481.5	(17.5)	(3.6)%
EBIT	**57.1**	64.5	(7.4)	(11.5)%
Adjusted EBIT	**66.4**	73.2	(6.8)	(9.3)%
Profit for the period	**38.1**	47.3	(9.2)	(19.5)%
Capital expenditure	**(29.8)**	(18.9)	(10.9)	57.7%
Free cash flow (FCF)	**19.0**	31.5	(12.5)	(39.7)%
EBIT as % of revenue	**12.3%**	13.4%		
Adjusted EBIT as % of revenue	**14.3%**	15.2%		
Profit in % of revenue	**8.2%**	9.8%		
Capital expenditure as % of revenue	**6.4%**	3.9%		
FCF in % of revenue	**4.1%**	6.5%		
Net leverage ratio	**1.1x**	1.4x		

CONTENTS

Highlights H1 FY2019

WEAK MARKET ENVIRONMENT: – 3.6% REVENUE

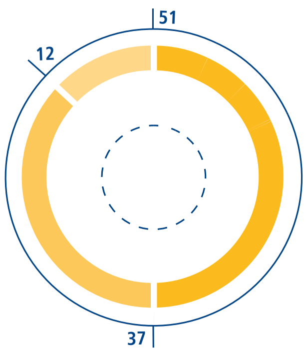
- Revenue down by €– 17.5 million or – 3.6% to €464.0 million
- Revenue in Asia / Pacific RoW (– 11.8%), Europe (– 3.9%) and NAFTA (– 0.5%) (at constant US dollar rates (– 5.9%))
- Revenue in Powerise® (– 7.7%), Automotive Gas Spring (– 3.0%), Vibration & Velocity Control (– 2.9%) and Industrial / Capital Goods (– 0.5%)

NEW CEO APPOINTED / ACQUISITION OF GENERAL AEROSPACE CLOSED SUCCESSFULLY

- Dr. Michael Büchsner is appointed as new CEO of Stabilus per October 1, 2019
- Successfully closed the acquisition of General Aerospace GmbH on April 2, 2019

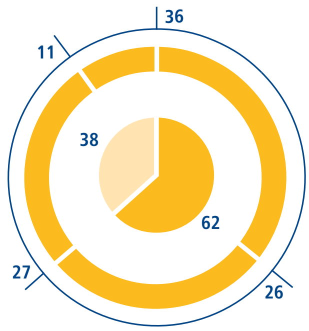
Revenue by region

(Location of Stabilus company)



51% Europe
37% NAFTA
12% Asia / Pacific and RoW

Revenue by market



62% Automotive Business
36% Automotive Gas Spring
26% Automotive Powerise®

38% Industrial Business
27% Industrial / Capital Goods
11% Vibration & Velocity Control

INTERIM GROUP MANAGEMENT REPORT

for the three and six months ended March 31, 2019

Alternative Performance Measures (APM) in the Interim Group Management Report for the first half year of fiscal year 2019
In accordance with the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures the Stabilus Group provides a definition, the rationale for use and a reconciliation of APMs used. The Group uses the following APMs: Adjusted EBIT, Free cash flow (FCF) and Net Leverage Ratio. The calculation of the net leverage ratio is based on net financial debt and adjusted EBITDA which are also considered APMs. The required disclosures are provided in the relevant sections of this interim report.

RESULTS OF OPERATIONS

SECOND QUARTER AND FIRST HALF OF FISCAL YEAR 2019

The tables below set out Stabilus Group's consolidated income statement for the second quarter and first half of fiscal year 2019 and 2018:

Income statement T_002

	Three months ended March 31,			
IN € MILLIONS	2019	2018	Change	% change
Revenue	239.1	251.0	(11.9)	(4.7)%
Cost of sales	(169.0)	(172.8)	3.8	(2.2)%
Gross profit	**70.1**	**78.2**	**(8.1)**	**(10.4)%**
Research and development expenses	(9.8)	(11.6)	1.8	(15.5)%
Selling expenses	(21.0)	(20.3)	(0.7)	3.4%
Administrative expenses	(8.9)	(10.4)	1.5	(14.4)%
Other income	1.1	0.6	0.5	83.3%
Other expenses	(0.2)	(1.5)	1.3	(86.7)%
Profit from operating activities (EBIT)	**31.3**	**35.0**	**(3.7)**	**(10.6)%**
Finance income	1.2	1.4	(0.2)	(14.3)%
Finance costs	(2.2)	(6.7)	4.5	(67.2)%
Profit / (loss) before income tax	**30.3**	**29.6**	**0.7**	**2.4%**
Income tax income / (expense)	(9.9)	(4.0)	(5.9)	>100.0%
Profit / (loss) for the period	**20.4**	**25.6**	**(5.2)**	**(20.3)%**

Income statement

T_003

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Revenue	464.0	481.5	(17.5)	(3.6)%
Cost of sales	(330.3)	(335.7)	5.4	(1.6)%
Gross profit	**133.8**	**145.8**	**(12.0)**	**(8.2)%**
Research and development expenses	(19.7)	(21.7)	2.0	(9.2)%
Selling expenses	(41.3)	(40.8)	(0.5)	1.2%
Administrative expenses	(18.0)	(19.4)	1.4	(7.2)%
Other income	2.7	1.4	1.3	92.9%
Other expenses	(0.4)	(0.8)	0.4	(50.0)%
Profit from operating activities (EBIT)	**57.1**	**64.5**	**(7.4)**	**(11.5)%**
Finance income	1.5	1.4	0.1	7.1%
Finance costs	(4.5)	(9.2)	4.7	(51.1)%
Profit / (loss) before income tax	**54.1**	**56.8**	**(2.7)**	**(4.8)%**
Income tax income / (expense)	(16.0)	(9.5)	(6.5)	68.4%
Profit / (loss) for the period	**38.1**	**47.3**	**(9.2)**	**(19.5)%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T_004

IN € MILLIONS	Three months ended March 31, 2019	2018	Change	% change
Europe [1]	126.0	132.2	(6.2)	(4.7)%
NAFTA [1]	88.5	89.4	(0.9)	(1.0)%
Asia / Pacific and RoW [1]	24.6	29.4	(4.8)	(16.3)%
Revenue [1]	**239.1**	**251.0**	**(11.9)**	**(4.7)%**

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

Revenue by region (location of Stabilus company)

T_005

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Europe [1]	238.5	248.1	(9.6)	(3.9)%
NAFTA [1]	172.1	173.0	(0.9)	(0.5)%
Asia / Pacific and RoW [1]	53.3	60.4	(7.1)	(11.8)%
Revenue [1]	**464.0**	**481.5**	**(17.5)**	**(3.6)%**

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

Total revenue of €464.0 million in the first half of fiscal year 2019 decreased by €(17.5) million or (3.6)% compared to the first half of fiscal year 2018.

The decrease in Group revenue in the first half of fiscal year 2019 primarily occurred in our entities in Europe (€(9.6) million or (3.9)%) and Asia / Pacific and RoW (€(7.1) million or (11.8)%).

Revenue from our NAFTA entities decreased by €(0.9) million or (0.5)%. The entities which are located in the NAFTA region were positively impacted by the relatively stronger US dollar (average rate per €1: $1.14 in H1 FY2019 versus $1.20 in H1 FY2018). The currency translation effect amounted to €9.3 million, i.e. at constant US dollar rates NAFTA´s revenue decreased by (5.9)%.

Revenue by market

T _ 006

IN € MILLIONS	Three months ended March 31, 2019	2018	Change	% change
Automotive Gas Spring	84.1	87.6	(3.5)	(4.0)%
Automotive Powerise®	60.1	67.8	(7.7)	(11.4)%
Automotive business	144.2	155.4	(11.2)	(7.2)%
Industrial / Capital Goods [1]	68.3	68.9	(0.6)	(0.9)%
Vibration & Velocity Control	26.5	26.7	(0.2)	(0.7)%
Industrial business	94.8	95.6	(0.8)	(0.8)%
Revenue	**239.1**	**251.0**	**(11.9)**	**(4.7)%**

[1] As of October 1, 2018, our Commercial Furniture business unit was integrated into Industrial / Capital Goods business.
The presentation of prior year figures was changed accordingly.

Revenue by market

T _ 007

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Automotive Gas Spring	165.5	170.7	(5.2)	(3.0)%
Automotive Powerise®	122.1	132.3	(10.2)	(7.7)%
Automotive business	287.6	303.0	(15.4)	(5.1)%
Industrial / Capital Goods [1]	126.4	127.0	(0.6)	(0.5)%
Vibration & Velocity Control	50.0	51.5	(1.5)	(2.9)%
Industrial business	176.4	178.5	(2.1)	(1.2)%
Revenue	**464.0**	**481.5**	**(17.5)**	**(3.6)%**

[1] As of October 1, 2018, our Commercial Furniture business unit was integrated into Industrial / Capital Goods business.
The presentation of prior year figures was changed accordingly.

The revenue of our Automotive business decreased by €(15.4) million or (5.1)% from €303.0 million in the first half of fiscal year 2018 to €287.6 million in the first half of fiscal year 2019. This is particularly due to the weaker global automotive industry reflecting uncertainties triggered by e.g. WLTP, Brexit and international trade conflicts, especially between the US and China. This effects both our Automotive Powerise® business which decreased by €(10.2) million or (7.7)% to €132.3 million and our Automotive Gas Spring business which decreased by (5.2) million or (3.0)% from €170.7 million to €165.5 million.

The revenue of our Industrial business decreased by €(2.1) million or (1.2)% from €178.5 million in the first half of fiscal year 2018 to €176.4 million in the first half of fiscal year 2019.

Industrial / Capital Goods revenue decreased slightly by €(0.6) million or (0.5)% and our Vibration & Velocity business decreased by €(1.5) million or (2.9)%. Ongoing market uncertainties resulted in a slowdown of the industrial market in the first half of fiscal year 2019. Our broad customer portfolio helps to mitigate the impact of this weaker demand.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales decreased from €(335.7) million in the first half of fiscal year 2018 by (1.6)% to €(330.3) million in first half of fiscal year 2019. The decrease in cost of sales (1.6)% is lower than the decrease in revenue (3.6%). This is reflecting a weaker fixed cost absorption as certain fixed cost elements are not reduced in line with revenue. Consequently the cost of sales as a percentage of revenue increased by 150 basis points to 71.2% (PY: 69.7%) and the gross profit margin declined to 28.8% (PY: 30.3%).

R&D EXPENSES

R&D expenses (net of R&D cost capitalization) decreased by (9.2)% from €(21.7) million in the first half of fiscal year 2018 to €(19.7) million in the first half of fiscal year 2019 reflecting impairment charges in the prior year as well as capitalization of cost related to specific customer projects in the current year. As a percentage of revenue, R&D expenses decreased by 30 basis points to 4.2% (PY: 4.5%). The capitalization of R&D expenses increased from €(4.2) million in the first half of fiscal year 2018 to €(6.2) million in the first half of fiscal year 2019, following increased workload for door actuators, as well as Powerise® for new customers.

SELLING EXPENSES

Selling expenses increased slightly from €(40.8) million in the first half of fiscal year 2018 by 1.2% to €(41.3) million in the first half of fiscal year 2019. As a percentage of revenue, selling expenses increased by 40 basis points to 8.9% (PY: 8.5%).

ADMINISTRATIVE EXPENSES

Administrative expenses decreased from €(19.4) million in the first half of fiscal year 2018 by (7.2)% to €(18.0) million in the first half of fiscal year 2019. In the first half of fiscal year 2019 €0.5 million advisory cost directly related negotiate and finalize the acquisitions of General Aerospace and Clevers are included in administrative expenses. As a percentage of revenue, administrative expenses decreased slightly by 10 basis points to 3.9% (PY: 4.0%).

OTHER INCOME AND EXPENSE

Other income increased from €1.4 million in the first half of fiscal year 2018 by €1.3 million to €2.7 million in the first half of fiscal year 2019. This mainly comprises foreign currency translation gains from the operating business.

Other expenses decreased from €(0.8) million in the first half of fiscal year 2018 by €0.4 million to €(0.4) million in the first half of fiscal year 2019.

FINANCE INCOME AND COSTS

Finance income increased marginally from €1.4 million in the first half of fiscal year 2018 to €1.5 million in the first half of fiscal year 2019.

Finance costs decreased from €(9.2) million in the first half of fiscal year 2018 to €(4.5) million in the first half of fiscal year 2019. Finance costs in the first half of fiscal year 2019 were primarily due to ongoing interest expense of €(4.3) million (PY: €(4.2) million) especially related to the euro term loan facility. Thereof, an amount of €(1.8) million (PY: €(2.1) million) is cash interest. In addition, an amount of €(2.5) million (PY: €(2.3) million) is due to the amortization of debt issuance cost and the amortization of the adjustment of the carrying value by using the effective interest rate method.

Finance costs in the first half of fiscal year 2018 were impacted by net foreign exchange losses especially due to the relatively weaker US dollar (closing rate per €1: $1.18 as at September 30, 2017, versus $1.23 as at March 31, 2018) amounting to €(4.7) million.

INCOME TAX EXPENSE

The income tax expense increased from €(9.5) million in the first half of fiscal year 2018 to €(16.0) million in the first half of fiscal year 2019. The Stabilus Group´s effective tax rate in the first half of fiscal year 2019 is 29.6% (PY: 16.7%). In the first half of fiscal year 2019 the income tax expenses were negatively influenced by tax charges for dividend upstreaming within the Stabilus Group. The lower tax rate in the prior year was due to the non-recurring positive effect from the remeasurement of the deferred tax positions following the US tax reform signed in December 2017 with an amount of €3.9 million. In addition, prior year was also positively influenced by the changed financing and legal structure of our US operations. As a consequence a non-recurring net tax benefit amounting to €3.4 million has been recognized in the first half of fiscal year 2018 reflecting the release of deferred tax liabilities for unrealized foreign exchange gains and the recoverability of interest expense from prior years.

EBIT AND ADJUSTED EBIT

The following tables shows a reconciliation of EBIT (earnings before interest and taxes) to adjusted EBIT for the second quarter and first half of fiscal year 2019 and 2018:

Reconciliation of EBIT to adjusted EBIT

T_008

IN € MILLIONS	Three months ended March 31, 2019	2018	Change	% change
Profit from operating activities (EBIT)	**31.3**	**35.0**	**(3.7)**	**(10.6)%**
PPA adjustments – depreciation and amortization	4.4	4.3	0.1	2.3%
Advisory	–	–	–	n/a
Adjusted EBIT	**35.7**	**39.3**	**(3.6)**	**(9.2%)**

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Profit from operating activities (EBIT)	**57.1**	**64.5**	**(7.4)**	**(11.5)%**
PPA adjustments – depreciation and amortization	8.8	8.7	0.1	1.1%
Advisory	0.5	–	0.5	n/a
Adjusted EBIT	**66.4**	**73.2**	**(6.8)**	**(9.3)%**

Adjusted EBIT represents EBIT, adjusted for exceptional non-recurring items (e.g. restructuring or one-time advisory costs) and depreciation / amortization of fair value adjustments from purchase price allocations (PPAs). Adjusted EBIT is presented because we believe it helps understanding our operating performance.

The adjustment amounting to €0.5 million in the first half of fiscal year 2019 relates to transaction costs from the acquisition of General Aerospace and Clevers.

The PPA adjustments in the current year contain €4.6 million (PY:€4.6 million) related to the April 2010 PPA and €4.2 million (PY: €4.1 million) to the June 2016 PPA.

DEVELOPMENT OF OPERATING SEGMENTS

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are Europe, NAFTA, Asia / Pacific and RoW.

The tables below set out the development of our operating segments for the second quarter and of first half fiscal year 2019 and 2018:

Operating segments

T_009

IN € MILLIONS	Three months ended March 31, 2019	2018	Change	% change
Europe				
External revenue [1]	126.0	132.2	(6.2)	(4.7)%
Intersegment revenue [1]	7.4	8.4	(1.0)	(11.9)%
Total revenue [1]	133.4	140.6	(7.2)	(5.1)%
Adjusted EBIT	18.7	22.5	(3.8)	(16.9)%
as % of total revenue	14.0%	16.0%		
as % of external revenue	14.8%	17.0%		
NAFTA				
External revenue [1]	88.5	89.4	(0.9)	(1.0)%
Intersegment revenue [1]	6.5	6.3	0.2	3.2%
Total revenue [1]	95.0	95.7	(0.7)	(0.7)%
Adjusted EBIT	15.2	12.5	2.7	21.6%
as % of total revenue	16.0%	13.1%		
as % of external revenue	17.2%	14.0%		
Asia / Pacific and RoW				
External revenue [1]	24.6	29.4	(4.8)	(16.3)%
Intersegment revenue [1]	–	–	–	–
Total revenue [1]	24.6	29.4	(4.8)	(16.3)%
Adjusted EBIT	1.9	4.4	(2.5)	(56.8)%
as % of total revenue	7.7%	14.9%		
as % of external revenue	7.7%	15.0%		

[1] Revenue breakdown by location of Stabilus company (i.e. “billed-from view”).

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Europe				
External revenue [1]	238.5	248.1	(9.6)	(3.9)%
Intersegment revenue [1]	14.1	16.5	(2.4)	(14.5)%
Total revenue [1]	252.6	264.6	(12.0)	(4.5)%
Adjusted EBIT	34.3	38.8	(4.5)	(11.6)%
as % of total revenue	13.6%	14.7%		
as % of external revenue	14.4%	15.6%		
NAFTA				
External revenue [1]	172.1	173.0	(0.9)	(0.5)%
Intersegment revenue [1]	13.3	12.6	0.7	5.6%
Total revenue [1]	185.4	185.6	(0.2)	(0.1)%
Adjusted EBIT	26.9	24.9	2.0	8.0%
as % of total revenue	14.5%	13.4%		
as % of external revenue	15.6%	14.4%		
Asia / Pacific and RoW				
External revenue [1]	53.3	60.4	(7.1)	(11.8)%
Intersegment revenue [1]	0.1	0.1	–	–
Total revenue [1]	53.4	60.5	(7.1)	(11.7)%
Adjusted EBIT	5.3	9.5	(4.2)	(44.2)%
as % of total revenue	9.9%	15.7%		
as % of external revenue	9.9%	15.7%		

[1] Revenue breakdown by location of Stabilus company (i.e. “billed-from view”).

The external revenue generated by our European companies decreased from €248.1 million in the first half of fiscal year 2018 by (3.9)% to €238.5 million in the first half of fiscal year 2019. This decrease is driven by our Automotive business. The continuing soft vehicle production in Europe with weak demand in the first half of fiscal year 2019 resulted in reduced revenue. The Automotive Powerise® business decreased by €(5.1) million or (9.3)% and the Automotive Gas Spring business by (5.1) million or (6.4)%. The decrease was slightly offset by the Industrial / Capital Goods business which grew by €1.1 million or 1.2%. The adjusted EBIT of the European segment decreased by (11.6)% or €(4.5) million and the adjusted EBIT margin, i.e. adjusted EBIT in percent of external revenue, decreased in the first half of fiscal year 2019 by 120 basis points to 14.4% (PY: 15.6%).

The external revenue of our companies located in the NAFTA region decreased from €173.0 million in the first half of fiscal year 2018 by (0.5)% to €172.1 million in the first half of fiscal year 2019. The Automotive Gas Spring business contributed €3.5 million to NAFTA´s development which was more than offset by €(3.6) million from Powerise® business and €(1.4) million from Industrial / Capital Goods business. At constant US dollar rates (average rate per €1: $1.14 in H1 FY2019 versus $1.20 in H1 FY2018) NAFTAS´s revenue decreased by (5.9)%. The currency translation effect amounted to €9.3 million. Measured in US dollar, the Automotive business decreased by (5.5)% (Automotive Gas Spring 1.0% and Powerise® business (10.4)%). The Industrial business decreased by (6.8)% (Industrial Capital / Goods (9.5)% and Vibration and Velocity business (2.1)%). Adjusted EBIT of the NAFTA segment increased by 8.0% or €2.0 million and the adjusted EBIT margin increased in the first half of fiscal year 2019 by 120 basis points to 15.6% (PY: 14.4%).

The external revenue of our companies located in the Asia / Pacific and RoW region decreased from €60.4 million in the first half of fiscal year 2018 by (11.8)% to €53.3 million in the first half of fiscal year 2019. This decrease is mainly driven by the Automotive business by €(5.2) million or (10.4)% (Powerise® business (1.5)% and Automotive Gas Spring business (9.2)%). This development reflects the weak private car sales due to the overall uncertainties regarding the economic development, especially in China. The Industrial business decreased from 10.5 million by (18.3)% to 8.6 million. The adjusted EBIT of the Asia / Pacific and RoW segment decreased by €(4.2) million or (44.2)% and the adjusted EBIT margin decreased in the first half of fiscal year 2019 by 580 basis points to 9.9% (PY: 15.7%).

FINANCIAL POSITION

Balance sheet T_010

IN € MILLIONS	March 31, 2019	Sept 30, 2018	Change	% change
Assets				
Non-current assets	646.3	640.7	5.6	0.9%
Current assets	375.2	369.8	5.4	1.5%
Total assets	**1,021.5**	**1,010.4**	**11.1**	**1.1%**
Equity and liabilities				
Equity	447.8	426.5	21.3	5.0%
Non-current liabilities	422.4	422.9	(0.5)	(0.1)%
Current liabilities	151.3	161.0	(9.7)	(6.0)%
Total liabilities	573.7	583.9	(10.2)	(1.7)%
Total equity and liabilities	**1,021.5**	**1,010.4**	**11.1**	**1.1%**

TOTAL ASSETS

The Group's balance sheet total increased from €1,010.4 million as of September 30, 2018, by 1.1% to €1,021.5 million as of March 31, 2019.

NON-CURRENT ASSETS

Our non-current assets increased from €640.7 million as of September 30, 2019, by 0.9% or €5.6 million to €646.3 million as of March 31, 2019. This increase was attributable to the €12.1 million increase of property, plant and equipment. This reflects additions of €23.5 million for ongoing capacity expansion projects, thereof €4.2 million for a new building, partly offset by depreciation. This was offset by decreasing other intangible assets by (€7.6 million), this reduction is attributable to the ongoing amortization from the 2010 and 2016 purchase price allocations.

CURRENT ASSETS

Current assets increased from €369.8 million as of September 30, 2018, by 1.5% or €5.4 million to €375.2 million as of March 31, 2019. This was driven by an increase in trade accounts receivable amounting to €6.6 million and in inventories amounting to €4.5 million. This increase was partly offset by a decrease of the cash balance (€(6.5) million) primarily due to the dividend payment amounting to €(24.7) million in February 2019.

EQUITY

The Group's equity increased from €426.5 million as of September 30, 2018, by €21.3 million to €447.8 million as of March 31, 2019. This increase results from the profit of €38.1 million that was generated in the first half of fiscal year 2019 and from other comprehensive income of €7.1 million. Other comprehensive income comprises unrealized actuarial losses on pensions (net of tax) amounting to €(0.9) million and unrealized gains from foreign currency translation amounting to €8.0 million. In addition, retained earnings increased by €0.8 million from the first-time application of IFRS 9. In the second quarter of fiscal year 2019 dividends amounting to €(24.7) million were paid to our shareholders.

NON-CURRENT LIABILITIES

Non-current liabilities decreased marginally from €422.9 million as of September 30, 2018, by (0.1)% or €(0.5) million to €422.4 million as of March 31, 2019. This was especially due to the decrease of deferred tax liabilities by €(2.1) million linked to the amortization of the 2010 and 2016 purchase price allocations. This was partly offset by an increase of financial liabilities by €2.0 million reflecting the amortization of debt issuance costs and the amortization of the adjustment of the carrying value by using the effective interest rate method.

CURRENT LIABILITIES

Current liabilities decreased from €161.0 million as of September 30, 2018, by €(9.7) million or (6.0)% to €151.3 million as of March 31, 2019. This decrease was essentially driven by a significant reduction of our trade accounts payables by €(6.9) million or (8.3)% as a consequence of a reduced business volume and using shorter payment cycles for trade payables to benefit from early payment discounts. In addition, current tax liabilities decreased by €(3.2) million. This decrease was slightly offset by an increase in current provisions for warranties.

LIQUIDITY

Cash flow

T_011

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Cash flow from operating activities	48.1	50.3	(2.2)	(4.4)%
Cash flow from investing activities	(29.1)	(18.8)	(10.3)	54.8%
Cash flow from financing activities	(27.2)	(23.0)	(4.2)	18.3%
Net increase / (decrease) in cash	**(8.2)**	**8.5**	**(16.7)**	**<(100.0)%**
Effect of movements in exchange rates on cash held	1.7	(0.9)	2.6	<(100.0)%
Cash as of beginning of the period	143.0	68.1	74.9	>100.0%
Cash as of end of the period	**136.5**	**75.8**	**60.7**	**80.1%**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities decreased from €50.3 million in the first half of fiscal year 2019 by €(2.2) million to €48.1 million in the first half of fiscal year 2019. This decrease is a consequence of a reduced business volume and essentially affected all line items presented in the operating cash flow.

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflow for investing activities increased from €(18.8) million in the first half of fiscal year 2018 by €(10.3) million to €(29.1) million in the first half of fiscal year 2019. This increase is due to higher capital expenditures in property, plant and equipment of €9.2 million, thereof an investment in a production building amounting to €4.2 million. The increase also reflects capital expenditures carried over from fiscal year 2018 to fiscal year 2019. Furthermore intangible assets increased by €1.6 million.

CASH FLOW FROM FINANCING ACTIVITIES

The cash outflow from financing activities increased from €(23.0) million in the first half of fiscal year 2019 by €(4.2) million to €(27.2) million in the first half of fiscal year 2019. This was especially due to increased dividends of €(24.7) million (PY: €(19.8) million) paid to our shareholders in February 2019. The cash interest in the first half of fiscal year 2019 was €(0.3) million lower compared to the first half of fiscal year 2018. In addition we repaid financial liabilities amounting to €(0.4) million in the first half of fiscal year 2019.

FREE CASH FLOW (FCF)

Free cash flow (FCF) is defined as the total of cash flow from operating and investing activities. The Group considers FCF as an essential alternative performance measure as it aids in the evaluation of the Group´s ability to generate cash which can be used for further investments. The following table sets out the composition of FCF.

Free cash flow

T_012

IN € MILLIONS	Six months ended March 31, 2019	2018	Change	% change
Cash flow from operating activities	48.1	50.3	(2.2)	(4.4)%
Cash flow from investing activities	(29.1)	(18.8)	(10.3)	54.8%
Free cash flow	**19.0**	**31.5**	**(12.5)**	**(39.7)%**

NET LEVERAGE RATIO

The net leverage ratio is defined as net financial debt divided by adjusted EBITDA for the last twelve months (adjusted EBITDA LTM).

Net financial debt is the nominal amount of financial debt, i.e. current and non-current financial liabilities, less cash and cash equivalents. Adjusted EBITDA is defined as adjusted EBIT before depreciation / amortization and before exceptional non-recurring items (e.g. restructuring or one-time advisory costs).

The net leverage ratio is presented because we believe it is a useful indicator to evaluate the Group's debt leverage and financing structure.

The net leverage ratio decreased from 1.4x for the twelve months ending March 31, 2018, to 1.1x for the twelve months ending March 31, 2019. See the following table:

Net leverage ratio

T_013

IN € MILLIONS	March 31, 2019	March 31, 2018	Change	% change
Financial debt	342.0	342.3	(0.3)	(0.1)%
Cash and cash equivalents	(136.5)	(75.8)	(60.7)	80.1%
Net financial debt	205.5	266.5	(61.0)	(22.9)%
Adjusted EBITDA (LTM ended March, 31)	182.0	184.1	(2.1)	(1.1)%
Net leverage ratio [1]	**1.1x**	**1.4x**		

[1] The net leverage ratio is defined as net financial debt divided by adjusted EBITDA for the last twelve months.

Financial debt

T_014

IN € MILLIONS	Mar 31, 2019	Mar 31, 2018
Financial liabilities (non-current)	320.9	311.7
Financial liabilities (current)	1.1	11.0
Adjustment carrying value	20.0	19.5
Financial debt	**342.0**	**342.3**

Adjusted EBITDA (LTM ended March 31)

T_015

IN € MILLIONS	March 31, 2019	March 31, 2018	Change	% change
Profit from operating activities (EBIT)	**124.5**	**125.5**	**(1.0)**	**(0.8)%**
Depreciation	25.8	23.9	1.9	7.9%
Amortization	31.2	34.7	(3.5)	(10.1)%
EBITDA	**181.5**	**184.1**	**(2.6)**	**(1.4)%**
Advisory	0.5	–	0.5	n/a
Adjusted EBITDA	**182.0**	**184.1**	**(2.1)**	**(1.1)%**

RISKS AND OPPORTUNITIES

We refer to the risk-related disclosures in the Group Management Report and in the audited Consolidated Financial Statements as of and for the fiscal year ended September 30, 2018.

SUBSEQUENT EVENTS

On April 2, 2019, Stabilus acquired 80% of the shares of General Aerospace GmbH located in Eschbach, Germany. General Aerospace is a recognized supplier of motion control solutions for the aerospace industry. The company develops and assembles components and systems for motion control solutions dedicated to the commercial aviation market, for example for airplane seats, luggage bins, engine cowlings, lavatories, cockpits and handrails. The company supplies renowned aircraft manufacturers and Tier 2 customers on a global scale, generating revenues of approximately €11.0 million in fiscal 2018 and forecasts revenues of approximately €16.0 million in 2019. The acquisition of General Aerospace will strengthen Stabilus' market presence and position in the aviation sector. The Group is currently in the process of preparing the purchase price allocation to determine the fair values of the acquired assets and liabilities of General Aerospace. The cash purchase price for the 80% shares was €34.9 million and the remaining 20% will be acquired till 2023. The purchase price is subject to certain earn out elements based on the achievement of an ambitious business plan in the next years.

As of May 2, 2019, there were no further events or developments that could have materially affected the measurement and presentation of the Group’s assets and liabilities as of March 31, 2019.

OUTLOOK

Our revenue for fiscal year 2019 is forecasted with around €960 million about on prior year’s level. This reflects a 1% increase from a stronger US dollar assuming an average US dollar rate of 1.14 $ / € in fiscal year 2019 versus 1.19 $ / € in fiscal year 2018. This forecast also includes a 1% decrease due to the continuing weakness of the global automotive market, especially in Europe and China, reflecting ongoing uncertainties like WLTP, tariff conflicts, Brexit and Diesel emission related uncertainties in Germany. Revenues from acquisitions during fiscal year 2019 are not yet included in the forecast.

The forecasted adjusted EBIT margin is around 15.0%. Furthermore, Stabilus confirms its STAR 2025 mid- and long-term guidance for average annual growth of at least 6 percent by 2025.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

as of and for the three and six months ended March 31, 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six months ended March 31, 2019 (unaudited)

Consolidated Statement of Comprehensive Income

T_016

		Three months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	NOTE	2019	2018 [3]	2019	2018 [3]
Revenue	2	239,089	250,993	464,041	481,546
Cost of sales		(168,958)	(172,815)	(330,256)	(335,721)
Gross profit		**70,131**	**78,178**	**133,785**	**145,825**
Research and development expenses		(9,845)	(11,588)	(19,643)	(21,670)
Selling expenses		(21,036)	(20,337)	(41,347)	(40,794)
Administrative expenses		(8,881)	(10,425)	(18,020)	(19,430)
Other income		1,055	624	2,672	1,434
Other expenses		(144)	(1,482)	(307)	(845)
Profit from operating activities		**31,280**	**34,970**	**57,140**	**64,520**
Finance income	3	1,229	1,370	1,456	1,435
Finance costs	4	(2,239)	(6,693)	(4,473)	(9,169)
Profit / (loss) before income tax		**30,270**	**29,647**	**54,123**	**56,786**
Income tax income / (expense)		(9,893)	(4,029)	(16,016)	(9,457)
Profit / (loss) for the period		**20,377**	**25,618**	**38,107**	**47,329**
thereof attributable to non-controlling interests		(46)	(69)	(65)	(96)
thereof attributable to shareholders of Stabilus		20,423	25,687	38,172	47,425
Other comprehensive income / (expense)					
Foreign currency translation difference [1]	11	6,625	2,003	7,956	(4,021)
Unrealized actuarial gains and losses [2]	11	(1,109)	684	(841)	883
Other comprehensive income / (expense), net of taxes		**5,516**	**2,687**	**7,115**	**(3,138)**
Total comprehensive income / (expense) for the period		**25,893**	**28,305**	**45,222**	**44,191**
thereof attributable to non-controlling interests		(46)	(69)	(65)	(96)
thereof attributable to shareholders of Stabilus		25,939	28,374	45,287	44,287
Earnings per share (in €):					
basic	5	0.83	1.04	1.55	1.92
diluted	5	0.83	1.04	1.55	1.92

[1] Item that may be reclassified ('recycled') to profit and loss at a future point in time when specific conditions are met.
[2] Item that will not be reclassified to profit and loss.
[3] The comparative figures for other income and other expenses have been adjusted for the change of the presentation of foreign currency translations gains and losses. These have been presented on a gross basis in the past. This has been changed to a net presentation.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of March 31, 2019 (unaudited)

Consolidated Statement of Financial Position T_017

IN € THOUSANDS	NOTE	March 31, 2019	Sept 30, 2018
Assets			
Property, plant and equipment	6	191,358	179,225
Goodwill		197,347	195,231
Other intangible assets	7	239,561	247,181
Other assets	9	2,769	3,951
Deferred tax assets		15,298	15,088
Total non-current assets		**646,333**	**640,676**
Inventories	10	95,223	90,763
Trade accounts receivable		117,860	111,271
Current tax assets		4,399	5,292
Other financial assets	8	2,862	3,407
Other assets	9	18,297	16,033
Cash and cash equivalents		136,530	143,000
Total current assets		**375,171**	**369,766**
Total assets		**1,021,504**	**1,010,442**

Consolidated Statement of Financial Position

T_017

IN € THOUSANDS	NOTE	March 31, 2019	Sept 30, 2018
Equity and liabilities			
Issued capital		247	247
Capital reserves		225,848	225,848
Retained earnings		239,396	225,090
Other reserves	11	(17,497)	(24,612)
Equity attributable to shareholders of Stabilus		**447,994**	**426,573**
Non-controlling interests		(177)	(50)
Total equity		**447,817**	**426,523**
Financial liabilities	12	320,925	318,921
Other financial liabilities	13	327	520
Provisions	14	2,972	3,402
Pension plans and similar obligations	15	52,135	52,180
Deferred tax liabilities		46,007	47,847
Total non-current liabilities		**422,366**	**422,870**
Trade accounts payable		76,307	83,171
Financial liabilities	12	1,133	1,100
Other financial liabilities	13	12,509	10,867
Current tax liabilities		13,205	16,366
Provisions	14	34,076	34,920
Other liabilities	16	14,091	14,625
Total current liabilities		**151,321**	**161,049**
Total liabilities		**573,687**	**583,919**
Total equity and liabilities		**1,021,504**	**1,010,442**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended March 31, 2019 (unaudited)

Consolidated Statement of Changes in Equity

T_018

IN € THOUSANDS	NOTE	Issued capital	Capital reserves	Retained earnings	Other reserves	Equity attributable to shareholders of Stabilus	Non-controlling interests	Total equity
Balance as of Sept 30, 2017		**247**	**225,848**	**139,440**	**(29,198)**	**336,337**	**43**	**336,380**
Profit / (loss) for the period		–	–	47,425	–	47,425	(96)	47,329
Other comprehensive income / (expense)	11	–	–	–	(3,138)	(3,138)	–	(3,138)
Total comprehensive income for the period		–	–	47,425	(3,138)	44,287	(96)	44,191
Dividends		–	–	(19,760)	–	(19,760)	(38)	(19,798)
Balance as of March 31, 2018		**247**	**225,848**	**167,105**	**(32,336)**	**360,864**	**(91)**	**360,773**
Balance as of Sept 30, 2018		**247**	**225,848**	**225,090**	**(24,612)**	**426,573**	**(50)**	**426,523**
Effects of IFRS 9		–	–	834	–	834	–	834
Balance as of Oct 1, 2018		**247**	**225,848**	**225,924**	**(24,612)**	**427,407**	**(50)**	**427,357**
Profit / (loss) for the period		–	–	38,172	–	38,172	(65)	38,107
Other comprehensive income / (expense)	11	–	–	–	7,115	7,115	–	7,115
Total comprehensive income for the period		–	–	38,172	7,115	45,287	(65)	45,222
Dividends		–	–	(24,700)	–	(24,700)	(62)	(24,762)
Balance as of March 31, 2019		**247**	**225,848**	**239,396**	**(17,497)**	**447,994**	**(177)**	**447,817**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended March 31, 2019 (unaudited)

Consolidated Statement of Cash Flows

T_019

		Six months ended March 31,	
IN € THOUSANDS	NOTE	2019	2018
Profit / (loss) for the period		38,107	47,329
Income tax expense		16,016	9,457
Net finance result	3 / 4	3,017	7,734
Interest received	3 / 4	138	144
Depreciation and amortization (incl. impairment losses)		28,367	29,182
Gains / losses from the disposal of assets		(75)	97
Changes in inventories		(4,460)	(126)
Changes in trade accounts receivable		(5,755)	(21,476)
Changes in trade accounts payable		(6,864)	(3,979)
Changes in other assets and liabilities		2,273	(1,105)
Changes in provisions		(2,651)	1,306
Income tax payments	20	(19,965)	(18,269)
Cash flow from operating activities		**48,148**	**50,294**
Proceeds from disposal of property, plant and equipment		667	172
Purchase of intangible assets	7	(6,258)	(4,615)
Purchase of property, plant and equipment	6	(23,517)	(14,338)
Cash flow from investing activities		**(29,108)**	**(18,781)**
Receipts from financial liabilities		–	6,427
Payments for redemption of financial liabilities		(442)	(129)
Payments for redemption of senior facilities		–	(6,427)
Payments for finance leases		(201)	(945)
Dividends paid		(24,700)	(19,760)
Dividends paid to non-controlling interests		(62)	(38)
Payments for interest	20	(1,808)	(2,097)
Cash flow from financing activities		**(27,213)**	**(22,969)**
Net increase / (decrease) in cash and cash equivalents		**(8,173)**	**8,544**
Effect of movements in exchange rates on cash held		1,703	(851)
Cash and cash equivalents as of beginning of the period		143,000	68,123
Cash and cash equivalents as of end of the period		**136,530**	**75,816**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of and for the three and six months ended March 31, 2019

1 General information

Company information

Stabilus S.A., Luxembourg, hereinafter also referred to as "Stabilus" or the "Company" is a public limited liability company (société anonyme) incorporated in Luxembourg and governed by Luxembourg law. The Company is registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés Luxembourg) under No. B0151589 and its registered office is located at 2, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg. The Company was founded under the name Servus HoldCo S.à r. l. on February 26, 2010.

The Company's fiscal year is from October 1 to September 30 of the following year (twelve-month period). The Consolidated Financial Statements of Stabilus S.A. include Stabilus and its subsidiaries (hereafter also referred to as "Stabilus Group" or the "Group").

The Stabilus Group is a leading manufacturer of gas springs and dampers, as well as electric tailgate opening and closing equipment. The products are used in a wide range of automotive and industrial applications, as well as in the furniture industry. Typically the products are used to support the lifting and lowering or dampening of movements. As world market leader for gas springs, the Group ships to all key vehicle manufacturers. Various Tier 1 suppliers of the global car industry as well as large technically focused distributors further diversify the Group's customer base.

Basis for preparation

The accompanying Condensed Interim Consolidated Financial Statements present the operations of Stabilus, Luxembourg, and its subsidiaries. The Company has prepared these statements under the going-concern assumption.

The Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2019, have been prepared in accordance with IAS 34 "Interim Financial Reporting"; they comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of Stabilus Group since the last annual Consolidated Financial Statements as of and for the fiscal year ended September 30, 2018. These Interim Consolidated Financial Statements are condensed and do not include all information for full annual financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in connection with the Consolidated Financial Statements as of September 30, 2018. The interim Consolidated Financial Statements and the interim Group management report have not been audited or reviewed by our Group Auditor.

The accounting policies adopted in the preparation of the Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual Financial Statements for the fiscal year ended September 30, 2018, with the exception of the first-time application of IFRS 9"Finanical Instruments" and IFRS 15 "Revenue from Contracts with Customers" as of October 1, 2018. Stabilus Group has applied the modified retrospective method for the transition to IFRS 9 and IFRS 15.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 Revenue from Contracts with Customers sets out rules for recognition and measurement of revenues. It replaces the existing guidance on revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and the relevant interpretations (IFRIC 13, IFRIC 15, IFRIC 18 and SIC 13).

Stabilus applies IFRS 15 for the first-time in fiscal year 2019 starting October 1, 2018. Based on the evaluation described in the Consolidated Financial Statements for fiscal year 2018, the first-time application has no material impact.

IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments introduces a universal approach for the classification and measurement of financial assets and financial liabilities. It replaces IAS 39 Financial Instruments: Recognition and Measurement. In accordance with IFRS 9, all financial assets and liabilities are measured at amortized cost or fair value. Furthermore, IFRS 9 contains an expected loss impairment model that is based on the concept of providing for expected losses at inception of a contract, except for purchased or originated credit-impaired financial assets, where expected credit losses are reflected in the effective interest rate. A provision matrix based on historically observed default rates adjusted for forward-looking estimates is used to estimate the expected credit losses (ECL) for these financial instruments.

Stabilus applies IFRS 9 for the first time in fiscal year 2019 starting October 1, 2018. Based on our assessment the overall effect of the required adjustments for all portfolios is €0.8 million. The following table sets out classification and measurement of the first-time application of IFRS 9:

Reconciliation IFRS 9 classification and measurement

T_020

IN € THOUSANDS	Measurement category acc. to IAS 39 as of Sept 30, 2018	Effects IFRS 9 first-time application	Measurement category acc. to IFRS 9 as of Oct 1, 2018
Assets			
Trade accounts receivable	111,271	834	112,105
Other financial assets	3,407		3,407
Cash and cash equivalents	143,000		143,000
Liabilities			
Financial liabilities - non-current	318,921		318,921
Other financial liabilities - non-current	520		520
Trade accounts payable - current	83,171		83,171
Financial liabilities - current	1,100		1,100
Other financial liabilities - current	10,867		10,867

Impairment of financial assets:

IFRS 9 contains an expected loss impairment model for financial assets measured at amortized cost. For trade account receivables the Group elects to use the simplified approach based on expected credit losses over relevant terms. Default rates are based on historical losses and forward-looking expectations under consideration of the relevant economic environment to determine regional risks. Trade accounts receivables impaired due to insolvency or other similar situations or significantly overdue shall be written off on a case by case basis.

For other financial assets, cash and cash equivalents the effect from the first-time application of the new impairment model of IFRS 9 was insignificant.

The reconciliation of the allowance for doubtful accounts as of September 30, 2018, to October 1, 2018, is as follows:

Allowance for doubtful accounts

T_021

IN € THOUSANDS	Impairment on trade receivables
Allowance for doubtful accounts as of Sept 30, 2018 (IAS 39)	(2,578)
Effect IFRS 9 first-time application	834
Allowance for doubtful accounts as of Oct 1, 2018 (IFRS 9)	(1,744)

Presentation

These Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2019, comprise the Consolidated Statement of Comprehensive Income for the three and six months ended March 31, 2019, the Consolidated Statement of Financial Position as of March 31, 2019, the Consolidated Statement of Changes in Equity for the six months ended March 31, 2019, the Consolidated Statement of Cash Flows for the six months ended March 31, 2019, and explanatory Notes to the Condensed Interim Consolidated Financial Statements. The Condensed Interim Consolidated Financial Statements are prepared in euros (€) rounded to the nearest thousand. Due to rounding, numbers presented may not add up precisely to the totals provided.

The Condensed Interim Consolidated Financial Statements were authorized for issue by the Management Board on May 2, 2019.

2 Revenue

The Group's revenue developed as follows:

Revenue by region (location of Stabilus company)

T_022

IN € THOUSANDS	Three months ended March 31, 2019	2018	Six months ended March 31, 2019	2018
Europe[1]	125,967	132,174	238,546	248,147
NAFTA[1]	88,485	89,371	172,146	172,966
Asia / Pacific and RoW[1]	24,637	29,448	53,349	60,433
Revenue[1]	**239,089**	**250,993**	**464,041**	**481,546**

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

Revenue by market

T_023

IN € THOUSANDS	Three months ended March 31, 2019	2018	Six months ended March 31, 2019	2018
Automotive Gas Spring	84,086	87,582	165,485	170,708
Automotive Powerise®	60,117	67,808	122,153	132,300
Automotive business	144,203	155,390	287,638	303,008
Industrial / Capital Goods [1]	68,355	68,919	126,421	127,084
Vibration & Velocity Control	26,531	26,684	49,982	51,454
Industrial business	94,886	95,603	176,403	178,538
Revenue	**239,089**	**250,993**	**464,041**	**481,546**

[1] As of October 1, 2018, our Commercial Furniture business unit was integrated into Industrial / Capital Goods business. The presentation of prior year figures was changed accordingly.

3 Finance income

Finance income

T_024

IN € THOUSANDS	Three months ended March 31, 2019	2018	Six months ended March 31, 2019	2018
Interest income on loans and financial receivables	56	71	129	132
Net foreign exchange gain	1,168	–	1,318	–
Gains from changes in carrying amount of financial liabilities	–	1,291	–	1,291
Other interest income	5	8	9	12
Finance income	**1,229**	**1,370**	**1,456**	**1,435**

4 Finance costs

Finance costs

T_025

IN € THOUSANDS	Three months ended March 31, 2019	2018	Six months ended March 31, 2019	2018
Interest expenses on financial liabilities	(2,148)	(2,164)	(4,295)	(4,233)
Net foreign exchange loss	–	(4,344)	–	(4,678)
Interest expenses finance lease	(1)	(13)	(1)	(30)
Other interest expenses	(90)	(172)	(177)	(228)
Finance costs	**(2,239)**	**(6,693)**	**(4,473)**	**(9,169)**

5 Earnings per share

The weighted average number of shares used for the calculation of earnings per share in the six months ended March 31, 2019 and 2018 is set out in the following table:

Weighted average number of shares

T_026

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
October 1, 2017	182	–	–	24,700,000	24,700,000
March 31, 2018		**–**	**–**	**24,700,000**	**24,700,000**
October 1, 2018	182	–	–	24,700,000	24,700,000
March 31, 2019		**–**	**–**	**24,700,000**	**24,700,000**

The earnings per share for the six months ended March 31, 2019 and 2018 were as follows:

Earnings per share

T_027

IN € THOUSAND	Six months ended March 31, 2019	2018
Profit / (loss) attributable to shareholders of Stabilus	38,172	47,425
Weighted average number of shares	24,700,000	24,700,000
Earnings per share (in €)	**1.55**	**1.92**

Basic and diluted earnings per share are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of shares outstanding.

6 Property, plant and equipment

Property, plant and equipment as of March 31, 2019, amounted to €191,358 thousand (Sept 30, 2018: €179,225 thousand). Additions to property, plant and equipment in the first six months of fiscal year 2019 amounted to €23,533 thousand (H1 FY2018: €14,252 thousand).

Disposals occurred only in the ordinary course of business. The net value of disposed property, plant and equipment in the first six months of fiscal year 2019 amounted to €403 thousand (H1 FY2018: €195 thousand).

The Group did not recognize impairment losses on property, plant and equipment in the first six months of fiscal year 2019 (H1 FY2018: €0).

7 Other intangible assets

Other intangible assets as of March 31, 2019, amounted to €239,561 thousand (Sept 30, 2018: €247,181 thousand). Additions to intangible assets in the first six months of fiscal year 2019 amounted to €6,208 thousand (H1 FY2018: €4,561 thousand) and mainly comprised capitalized development costs (less related customer contributions) of €5,863 thousand (H1 FY2018: €3,966 thousand). Borrowing costs capitalized in the first six months of fiscal year 2019 amounted to €50 thousand (H1 FY2018: €54 thousand).

In the first six months of fiscal year 2019, total amortization expenses on intangible assets amounted to €15,403 thousand (H1 FY2018: €16,472 thousand). Amortization expenses on development costs include impairment losses of €79 thousand (H1 FY2018: €1,135 thousand) due to withdrawal of customers from the respective projects and change in expected benefits.

No significant disposals have been recognized.

8 Other financial assets

Other financial assets

T_028

	March 31, 2019			Sept 30, 2018		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Other miscellaneous	2,862	–	2,862	3,407	–	3,407
Other financial assets	**2,862**	**–**	**2,862**	**3,407**	**–**	**3,407**

Other financial assets as of March 31, 2019, comprised assets related to the sale of trade accounts receivable amounting to €2,862 thousand (Sept 30, 2018: €3,407 thousand).

9 Other assets

Other assets T_029

IN € THOUSANDS	March 31, 2019 Current	March 31, 2019 Non-current	March 31, 2019 Total	Sept 30, 2018 Current	Sept 30, 2018 Non-current	Sept 30, 2018 Total
VAT	4,598	–	4,598	5,941	–	5,941
Prepayments	4,034	1,226	5,260	3,299	1,242	4,541
Deferred charges	8,015	–	8,015	4,737	–	4,737
Other miscellaneous	1,650	1,543	3,193	2,056	2,709	4,765
Other assets	**18,297**	**2,769**	**21,066**	**16,033**	**3,951**	**19,984**

Non-current prepayments comprise prepayments on property, plant and equipment.

10 Inventories

Inventories T_030

IN € THOUSANDS	March 31, 2018	Sept 30, 2018
Raw materials and supplies	44,444	42,536
Finished products	22,937	23,469
Work in progress	15,352	14,439
Merchandise	12,490	10,319
Inventories	**95,223**	**90,763**

11 Equity

The development of the Group’s equity is presented in the Statement of Changes in Equity.

OTHER RESERVES

Other reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations and unrealized actuarial gains and losses. The following table shows the changes in other reserves recognized in equity through other comprehensive income as well as the income tax recognized in equity through other comprehensive income:

Other reserves and other comprehensive income / (expense)

T_031

IN € THOUSANDS	Unrealized actuarial gains and losses	Unrealized gains / (losses) from foreign currency translation	Total
Balance as of Sept 30, 2017	**(10,901)**	**(18,297)**	**(29,198)**
Before tax	678	4,115	4,793
Tax (expense) / benefit	(207)	–	(207)
Other comprehensive income / (expense), net of taxes	471	4,115	4,586
Non-controlling interest	–	–	–
Balance as of Sept 30, 2018	**(10,430)**	**(14,182)**	**(24,612)**
Before tax	(1,207)	7,956	6,749
Tax (expense) / benefit	366	–	366
Other comprehensive income / (expense), net of taxes	(841)	7,956	7,115
Non-controlling interest	–	–	–
Balance as of March 31, 2019	**(11,271)**	**(6,226)**	**(17,497)**

12 Financial liabilities

The financial liabilities comprise the following items:

Financial liabilities

T_032

	March 31, 2019			Sept 30, 2018		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Senior facilities	–	316,143	316,143	–	313,846	313,846
Other facilities	1,133	4,782	5,915	1,100	5,075	6,175
Financial liabilities	**1,133**	**320,925**	**322,058**	**1,100**	**318,921**	**320,021**

Stabilus repaid €50.0 million on August 31, 2016, €10.0 million on December 31, 2016, €2.5 million on March 31, 2017, €50.0 million on September 30, 2017, and €6.4 million on March 28, 2018, to reduce the outstanding nominal amount to €336.1 million as of March 31, 2019. The Group's liability under the senior facility agreement, i.e. the remaining €336.1 million term loan, is measured at amortized cost under consideration of transaction costs and the adjustment of the carrying value using the effective interest rate method. The adjustment of the carrying value of the euro term loan facility reflects the change in estimated future cash flows discounted with the original effective interest rate due to a decreased margin based on the improved net leverage ratio of the Group and the extension of the maturity by exercising the extension options.

As of March 31, 2019, the Group had no liability under the committed €70 million revolving credit facility. The Group utilized €3.4 million out of the €70.0 million revolving credit facility to secure existing guarantees.

13 Other financial liabilities

Other financial liabilities

T_033

	March 31, 2019			Sept 30, 2018		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Liabilities to employees	7,888	–	7,888	7,557	–	7,557
Social security contribution	4,239	–	4,239	2,920	–	2,920
Finance lease obligation	382	327	709	390	520	910
Other financial liabilities	**12,509**	**327**	**12,836**	**10,867**	**520**	**11,387**

The liabilities to employees mainly comprise outstanding salaries and wages. The finance lease obligation relates to leasing contracts for land and buildings for the production facility in Romania.

14 Provisions

Provisions

T_034

	March 31, 2019			Sept 30, 2018		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Anniversary benefits	15	137	152	17	129	146
Early retirement contracts	1,099	1,931	3,030	1,020	1,785	2,805
Employee-related costs	10,869	–	10,869	13,574	–	13,574
Environmental protection	698	507	1,205	–	1,099	1,099
Other risks	2,095	–	2,095	1,727	–	1,727
Legal and litigation costs	95	–	95	94	–	94
Warranties	14,648	–	14,648	14,030	–	14,030
Other miscellaneous	4,557	397	4,954	4,458	389	4,847
Provisions	**34,076**	**2,972**	**37,048**	**34,920**	**3,402**	**38,322**

The provision for environmental protection, in particular long-term bioremediation of the former Colmar US site, increased in the first six months of fiscal year 2019 from €1,099 thousand to €1,205 thousand. This provision is to cover the contractor expense to finish the bioremediation program in the next years.

The provision for warranties increased from €14,030 thousand as of September 30, 2018, to €14,648 thousand as of March 31, 2019, to cover general risks for warranty cases.

15 Pension plans and similar obligations

The Group's liability for pension plans and similar obligations decreased from €52,180 thousand as of September 30, 2018, by €45 thousand to €52,135 thousand as of March 31, 2019. The discount rate was 2.00% on March 31, 2019, versus 2.00% on September 30, 2018.

16 Other liabilities

The following table sets out the breakdown of Group's other current and non-current liabilities:

Other liabilities T_035

	March 31, 2019			Sept 30, 2018		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Advanced payments received	1,069	–	1,069	1,436	–	1,436
Vacation expenses	4,585	–	4,585	3,437	–	3,437
Other personnel-related expenses	4,969	–	4,969	6,771	–	6,771
Outstanding costs	3,087	–	3,087	2,668	–	2,668
Miscellaneous	381	–	381	313	–	313
Other liabilities	**14,091**	**–**	**14,091**	**14,625**	**–**	**14,625**

17 Contingent liabilities and other financial commitments

Contingent liabilities

Contingent liabilities are uncertainties for which the outcome has not been determined. If the outcome is probable and estimable, the liability is shown in the Statement of Financial Position.

In regards to the potential contingent obligation in the EPA Colmar case, please refer to Note 24 in the Annual Report 2018.

Guarantees

A detailed description of the guarantees the Group has issued can be found in the 2018 Annual Report.

Other financial commitments

The nominal values of the other financial commitments as of March 31, 2019, are as follows:

Other financial commitments T_036

IN € THOUSANDS	March 31, 2019	Sept 30, 2018
Capital commitments for fixed and other intangible assets	10,385	13,058
Obligations under rental and leasing agreements	22,407	23,083
Total	**32,792**	**36,141**

18 Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments T_037

IN € THOUSANDS	Measurement category acc. to IFRS 9	March 31, 2019 Carrying amount	March 31, 2019 Fair value	Measurement category acc. to IAS 39	Sept 30, 2018 Carrying amount	Sept 30, 2018 Fair value
Trade accounts receivables	AC	117,860	117,860	LaR	111,271	111,271
Cash	AC	136,530	136,530	LaR	143,000	143,000
Other financial assets	AC	2,862	2,862	LaR	3,407	3,407
Total financial assets	AC	**257,252**	**257,252**		**257,678**	**257,678**
Financial liabilities	FLAC	322,058	324,817	FLAC	320,021	312,858
Trade accounts payable	FLAC	76,307	76,307	FLAC	83,171	83,171
Finance lease liabilities	–	709	2,002	–	910	2,052
Total financial liabilities		**399,074**	**403,126**		**404,102**	**398,081**
Aggregated according to category:				**Aggregated according to category:**		
Financial assets measured at amortized cost (AC)		257,252	257,252	Loans and receivables (LaR)	257,678	257,678
Financial liabilities measured at amortized cost (FLAC)		398,365	401,124	Financial liabilities measured at amortized cost (FLAC)	403,192	396,029

The following table provides an overview of the classification of financial instruments presented above in the fair value hierarchy, except for financial instruments with fair values corresponding to the carrying amounts (i.e. trade accounts receivable and payable, cash, other financial assets and finance lease liabilities).

Financial instruments T_038

	March 31, 2019				Sept 30, 2018			
IN € THOUSANDS	**Total**	Level 1[1]	Level 2[2]	Level 3[3]	**Total**	Level 1[1]	Level 2[2]	Level 3[3]
Financial liabilities								
Senior facilities	318,902	–	318,902	–	306,683	–	306,683	–
Other facilities	5,915	–	5,915	–	6,175	–	6,175	
Finance lease liabilities	2,002	–	–	2,002	2,052	–	–	2,052

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical instruments.
[2] Fair value measurement based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
[3] Fair value measurement based on inputs that are not observable market data.

The fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants on the measurement date. The following methods and assumptions were used to estimate the fair values.

The determination of the fair value of the senior facilities is based on the discounted cash flow model where the projected cash flows are discounted to the valuation date using independently sourced market data.

The valuation technique used for the determination of the obligations under finance leases is the discounted cash flow method. The valuation model considers the present value of the expected payments, discounted using a risk-adjusted discount rate depending on the maturity of the payment. The expected payments are determined by considering contractual redemption payments and interest payments with the currently agreed interest rate. Significant unobservable inputs are the risk-adjusted discount rate of 4.75% and the forecasted interest payments. Therefore, the fair value would change if the risk-adjusted discount rate or the interest rate changed.

19 Risk reporting

All aspects of the Group’s financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Statements as of and for the fiscal year ended September 30, 2018.

20 Notes to the Consolidated Statement of Cash Flows

The Statement of Cash Flows is prepared in compliance with IAS 7. The Statement of Cash Flows of the Stabilus Group shows the development of the cash flows from operating, investing and financing activities. Inflows and outflows from operating activities are presented in accordance with the indirect method and those from investing and financing activities by the direct method.

The cash funds reported in the statement of cash flows comprise all liquid funds, cash balances and cash at banks reported in the statement of financial position.

Interest payments in the first half of fiscal year 2019 amounting to €1,808 thousand (H1 FY2018: €2,097 thousand) are reflected in cash outflows from financing activities. Income tax payments in the same period amounting to €(19,965) thousand (H1 FY2018: €(18,269) thousand) are recognized in cash flows from operating activities.

21 Segment reporting

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are Europe, NAFTA and Asia / Pacific including RoW. The product portfolio is largely similar in these three regional segments.

The Group measures the performance of its operating segments through a measure of segment profit or loss (key performance indicator) which is referred to as "adjusted EBIT". Adjusted EBIT represents EBIT, adjusted for exceptional non-recurring items (e.g. restructuring or one-time advisory costs) and depreciation / amortization of fair value adjustments from purchase price allocations (PPAs).

Segment information for the six months ended March 31, 2019 and 2018 is as follows:

Segment reporting

T_039

	Europe		NAFTA		Asia / Pacific and RoW	
	Six months ended March 31,		Six months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	2019	2018	2019	2018	2019	2018
External revenue[1]	238,546	248,147	172,146	172,966	53,349	60,433
Intersegment revenue[1]	14,135	16,502	13,282	12,567	57	72
Total revenue[1]	252,681	264,649	185,428	185,533	53,406	60,505
Depreciation and amortization (incl. impairment losses)	(14,363)	(15,361)	(6,474)	(6,104)	(2,890)	(3,078)
EBIT	31,304	36,323	25,266	23,415	5,210	9,422
Adjusted EBIT	34,275	38,794	26,884	24,945	5,287	9,497

	Total segments		Other / Consolidation		Stabilus Group	
	Six months ended March 31,		Six months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	2019	2018	2019	2018	2019	2018
External revenue[1]	464,041	481,546	–	–	464,041	481,546
Intersegment revenue[1]	27,474	29,141	(27,474)	(29,141)	–	–
Total revenue[1]	491,515	510,687	(27,474)	(29,141)	464,041	481,546
Depreciation and amortization (incl. impairment losses)	(23,727)	(24,543)	(4,640)	(4,640)	(28,367)	(29,183)
EBIT	61,780	69,160	(4,640)	(4,640)	57,140	64,520
Adjusted EBIT	66,446	73,236	–	–	66,446	73,236

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

The column "Other / Consolidation" includes the effects from the purchase price allocation for the April 2010 business combination. The effects from the purchase price allocation for the June 2016 business combination are included in the regions.

The following table sets out the reconciliation of the total segments' profit (adjusted EBIT) to profit before income tax.

Reconciliation of the total segments' profit to profit / (loss) before income tax T_040

	Six months ended March 31,	
IN € THOUSANDS	2019	2018
Total segments' profit (adjusted EBIT)	**66,446**	**73,236**
Other / consolidation	–	–
Group adjusted EBIT	**66,446**	**73,236**
Adjustments to EBIT	(9,306)	(8,716)
Profit from operating activities (EBIT)	**57,140**	**64,520**
Finance income	1,456	1,435
Finance costs	(4,473)	(9,169)
Profit / (loss) before income tax	**54,123**	**56,786**

22 Related party relationships

In accordance with IAS 24, persons or entities that control or are controlled by the Stabilus Group shall be disclosed, unless they are included in the scope of consolidation as a consolidated entity.

The disclosure obligation under IAS 24 furthermore extends to transactions with persons who exercise a significant influence on the financial and business policies of the Stabilus Group, including close family members or interposed entrepreneurs. A significant influence on the financial and business policies of the Stabilus Group can hereby be based on a shareholding in Stabilus of 20% or more, a seat on the Stabilus Management Board or another key position.

23 Subsequent events

On April 2, 2019, Stabilus acquired 80% of the shares of General Aerospace GmbH located in Eschbach, Germany. General Aerospace is a recognized supplier of motion control solutions for the aerospace industry. The company develops and assembles components and systems for motion control solutions dedicated to the commercial aviation market, for example for airplane seats, luggage bins, engine cowlings, lavatories, cockpits and handrails. The company supplies renowned aircraft manufacturers and Tier 2 customers on a global scale, generating revenues of approximately €11.0 million in fiscal 2018 and forecasts revenues of approximately €16.0 million in 2019. The acquisition of General Aerospace will strengthen Stabilus' market presence and position in the aviation sector. The Group is currently in the process of preparing the purchase price allocation to determine the fair values of the acquired assets and liabilities of General Aerospace. The cash purchase price for the 80% shares was €34.9 million and the remaining 20% will be acquired till 2023. The purchase price is subject to certain earn out elements based on the achievement of an ambitious business plan in the next years.

As of May 2, 2019, there were no further events or developments that could have materially affected the measurement and presentation of Group's assets and liabilities as of March 31, 2019.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the corporation, and the interim management report of the corporation includes a fair review of the development and performance of the business and the position of the corporation, together with a description of the principal opportunities and risks associated with the expected development of the corporation for the remaining months of the fiscal year.

Luxembourg, May 2, 2019

Dr. Stephan Kessel | Mark Wilhelms | Andreas Schröder | Andreas Sievers | Markus Schädlich

Management Board

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

Financial calendar T _ 041

DATE[1)2)]	PUBLICATION / EVENT
May 6, 2019	Publication of the second-quarter results for fiscal year 2019 (Interim Report Q2 FY19)
August 5, 2019	Publication of the third-quarter results for fiscal year 2019 (Quarterly Statement Q3 FY19)
November 15, 2019	Publication of preliminary financial results for fiscal year 2019
December 13, 2019	Publication of full year results for fiscal year 2019 (Annual Report 2019)

[1)] We cannot rule out changes of dates. We recommend checking them on our website in the Investor Relations / Financial Calendar section (www.ir.stabilus.com).
[2)] Please note that our fiscal year (FY) comprises a twelve-month period from October 1 until September 30 of the following calendar year, e.g. the fiscal year 2019 comprises a year ended September 30, 2019.

DISCLAIMER

Forward-looking statements
This interim report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of Stabilus S.A. These statements take into account only information that was available up to and including the date that this interim report was prepared. The management of Stabilus S.A. makes no guarantee that these forward-looking statements will prove to be right. The future development of Stabilus S.A. and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of Stabilus S.A. and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the Group Management Report. However, other factors could also have an adverse effect on our business performance and results. Stabilus S.A. neither intends nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this interim report.

Rounding
Certain numbers in this interim report have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the interim report. All percentage changes and key figures in the Group Management Report were calculated using the underlying data in millions of euros rounded to one decimal place (€ millions).

INFORMATION RESOURCES

Further information including news, reports and publications can be found in the Investor Relations section of our website at www.ir.stabilus.com.

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