STABILUS

QUARTERLY STATEMENT

Q3

FY2018

+

KEY FIGURES

T_001

	Three months ended June 30,			
IN € MILLIONS	2018	2017	CHANGE	% CHANGE
Revenue	**250.2**	233.5	16.7	7.2%
EBIT	**35.1**	31.1	4.0	12.9%
Adjusted EBIT	**39.5**	35.6	3.9	11.0%
Profit for the period	**25.3**	24.6	0.7	2.8%
Capital expenditure	**(8.7)**	(11.1)	2.4	(21.6)%
Free cash flow (FCF)	**40.4**	30.5	9.9	32.5%
EBIT as % of revenue	**14.0%**	13.3%		
Adjusted EBIT as % of revenue	**15.8%**	15.2%		
Profit in % of revenue	**10.1%**	10.5%		
Capital expenditure as % of revenue	**3.5%**	4.8%		
FCF in % of revenue	**16.1%**	13.1%		

	Nine months ended June 30,			
IN € MILLIONS	2018	2017	CHANGE	% CHANGE
Revenue	**731.7**	689.1	42.6	6.2%
EBIT	**99.6**	88.5	11.1	12.5%
Adjusted EBIT	**112.7**	103.4	9.3	9.0%
Profit for the period	**72.6**	69.0	3.6	5.2%
Capital expenditure	**(27.6)**	(33.8)	6.2	(18.3)%
Free cash flow (FCF)	**71.9**	52.6	19.3	36.7%
EBIT as % of revenue	**13.6%**	12.8%		
Adjusted EBIT as % of revenue	**15.4%**	15.0%		
Profit in % of revenue	**9.9%**	10.0%		
Capital expenditure as % of revenue	**3.8%**	4.9%		
FCF in % of revenue	**9.8%**	7.6%		
Net leverage ratio	**1.2x**	1.7x		

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HIGHLIGHTS 9M FY2018

+6.2% REVENUE

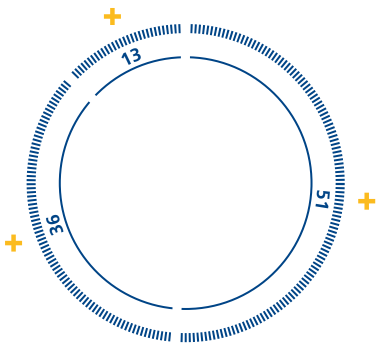
STRONG FIRST NINE MONTHS OF FY2018 THANKS TO CONTINUING REVENUE GROWTH

- Revenue up by €42.6 million or 6.2% to €731.7 million
- Revenue growth at incurred rates in Asia / Pacific RoW (+22.2%), Europe (+9.1%) and NAFTA (–2.1%) at constant US dollar rates (+8.7%)
- Revenue growth at incurred rates in Powerise® (11.7%), Vibration & Velocity Control (9.5%), Industrial / Capital Goods (8.8%), Commercial Furniture (5.1%), Automotive Gas Spring (0%)

OUTLOOK CONFIRMED

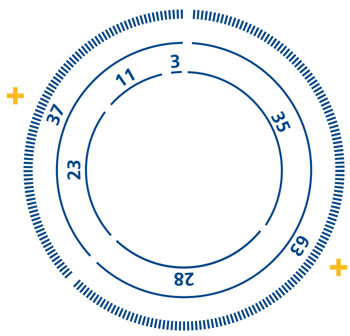
- FY2018 organic revenue growth guidance of circa 8.8% (at constant US dollar rates)
- FY2018 total revenue guidance of about €960 million, assuming an average currency rate of €1: $1.20
- FY2018 adjusted EBIT margin guidance of approximately 15.5%

REVENUE BY REGION IN 9M FY2018
(LOCATION OF STABILUS COMPANY)



51% Europe
36% NAFTA
13% Asia / Pacific and RoW

REVENUE BY MARKETS IN 9M FY2018



63% Automotive Business
35% Automotive Gas Spring
28% Automotive Powerise®

37% Industrial Business
23% Industrial / Capital Goods
11% Vibration & Velocity Control
3% Commercial Furniture

INTERIM GROUP MANAGEMENT STATEMENT

for the three and nine months ended June 30, 2018

RESULTS OF OPERATIONS

THIRD QUARTER AND FIRST NINE MONTHS OF FISCAL 2018

The tables below set out Stabilus Group's consolidated income statement for the third quarter and the first nine months of fiscal 2018 and 2017:

Income statement T_002

	Three months ended June 30,			
IN € MILLIONS	2018	2017	Change	% change
Revenue	250.2	233.5	16.7	7.2%
Cost of sales	(177.0)	(167.4)	(9.6)	5.7%
Gross profit	**73.2**	**66.1**	**7.1**	**10.7%**
Research and development expenses	(10.1)	(9.0)	(1.1)	12.2%
Selling expenses	(20.4)	(15.8)	(4.6)	29.1%
Administrative expenses	(9.4)	(9.3)	(0.1)	1.1%
Other income	4.0	2.2	1.8	81.8%
Other expenses	(2.2)	(3.1)	0.9	(29.0)%
Profit from operating activities (EBIT)	**35.1**	**31.1**	**4.0**	**12.9%**
Finance income	2.3	17.6	(15.3)	(86.9)%
Finance costs	(2.1)	(20.8)	18.7	(89.9)%
Profit / (loss) before income tax	**35.3**	**28.0**	**7.3**	**26.1%**
Income tax income / (expense)	(10.0)	(3.4)	(6.6)	>100.0%
Profit / (loss) for the period	**25.3**	**24.6**	**0.7**	**2.8%**

Income statement

T_003

IN € MILLIONS	Nine months ended June 30, 2018	2017	Change	% change
Revenue	731.7	689.1	42.6	6.2%
Cost of sales	(512.7)	(487.9)	(24.8)	5.1%
Gross profit	**219.0**	**201.2**	**17.8**	**8.8%**
Research and development expenses	(31.8)	(27.6)	(4.2)	15.2%
Selling expenses	(61.2)	(56.4)	(4.8)	8.5%
Administrative expenses	(28.8)	(27.1)	(1.7)	6.3%
Other income	9.4	9.4	–	0.0%
Other expenses	(7.0)	(10.9)	3.9	(35.8)%
Profit from operating activities (EBIT)	**99.6**	**88.5**	**11.1**	**12.5%**
Finance income	1.5	17.8	(16.3)	(91.6)%
Finance costs	(9.0)	(14.6)	5.6	(38.4)%
Profit / (loss) before income tax	**92.1**	**91.7**	**0.4**	**0.4%**
Income tax income / (expense)	(19.5)	(22.7)	3.2	(14.1)%
Profit / (loss) for the period	**72.6**	**69.0**	**3.6**	**5.2%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T_004

IN € MILLIONS	Three months ended June 30, 2018	2017	Change	% change
Europe[1]	128.8	117.1	11.7	10.0%
NAFTA[1]	88.9	92.3	(3.4)	(3.7)%
Asia / Pacific and RoW[1]	32.5	24.2	8.3	34.3%
Revenue[1]	**250.2**	**233.5**	**16.7**	**7.2%**

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

Revenue by region (location of Stabilus company)

T_005

IN € MILLIONS	Nine months ended June 30, 2018	2017	Change	% change
Europe[1]	376.9	345.4	31.5	9.1%
NAFTA[1]	261.9	267.6	(5.7)	(2.1)%
Asia / Pacific and RoW[1]	92.9	76.0	16.9	22.2%
Revenue[1]	**731.7**	**689.1**	**42.6**	**6.2%**

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

Total revenue of €731.7 million in the first nine months of fiscal 2018 increased by 6.2% compared to the first nine months of fiscal 2017.

The Group´s revenue growth in the first nine months of fiscal 2018 was primarily driven by our entities in Europe (€31.5 million or 9.1%) and Asia / Pacific and RoW (€16.9 million or 22.2%), whereas revenue from our NAFTA entities decreased by €(5.7) million or (2.1)%.

The decrease in NAFTA is driven by the relatively weaker US dollar, i.e. the currency translation of NAFTA´s revenue from US dollar to euro (average rate per €1: $1.20 in 9M FY2018 versus $1.08 in 9M FY2017). This currency translation effect amounted to €(28.9) million. At constant US dollar rates NAFTA´s revenue grew by 8.7%.

Revenue by markets

T_006

IN € MILLIONS	Three months ended June 30, 2018	2017	Change	% change
Automotive Gas Spring	89.1	85.1	4.0	4.7%
Automotive Powerise®	71.6	63.6	8.0	12.6%
Automotive business	160.7	148.7	12.0	8.1%
Industrial / Capital Goods	56.0	53.7	2.3	4.3%
Vibration & Velocity Control	25.6	23.7	1.9	8.0%
Commercial Furniture	7.9	7.4	0.5	6.8%
Industrial business	89.5	84.8	4.7	5.5%
Revenue	**250.2**	**233.5**	**16.7**	**7.2%**

Revenue by markets

T_007

IN € MILLIONS	Nine months ended June 30, 2018	2017	Change	% change
Automotive Gas Spring	259.8	259.8	–	0.0%
Automotive Powerise®	203.9	182.6	21.3	11.7%
Automotive business	463.7	442.4	21.3	4.8%
Industrial / Capital Goods	168.2	154.6	13.6	8.8%
Vibration & Velocity Control	77.0	70.3	6.7	9.5%
Commercial Furniture	22.8	21.7	1.1	5.1%
Industrial business	268.0	246.7	21.3	8.6%
Revenue	**731.7**	**689.1**	**42.6**	**6.2%**

The revenue of our Automotive business increased by €21.3 million or 4.8% from €442.4 million in the first nine months of fiscal 2017 to €463.7 million in the first nine months of fiscal 2018. This is due to our Automotive Powerise® business which increased by €21.3 million or 11.7% to €203.9 million, reflecting stronger sales in China and the continuing general trend of opting for this extra equipment. The revenue in the Automotive Gas Spring business amounting to €259.8 million was on prior year´s level.

The revenue of our Industrial business increased by €21.3 million or 8.6% from €246.7 million in the first nine months of fiscal 2017 to €268.0 million in the first nine months of fiscal 2018. This increase was primarily driven by our Industrial / Capital Goods business which grew by €13.6 million or 8.8% and our Vibration & Velocity business which grew by €6.7 million or 9.5%. Both businesses benefit from the strong growth in several key segments (e.g. independent aftermarket, bus / truck / transportation, agricultural machinery, construction machinery).

Commercial Furniture revenue increased by 5.1% from €21.7 million in the first nine months of fiscal 2017 to €22.8 million in the first nine months of fiscal 2018.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales increased from €(487.9) million in the first nine months of fiscal 2017 by 5.1% to €(512.7) million in first nine months of fiscal 2018, primarily due to stronger sales. The cost of sales increase (5.1%) is less than the increase in revenue (6.2%). Consequently, cost of sales as a percentage of revenue decreased by 70 basis points to 70.1% (PY: 70.8%) and the gross profit margin improved to 29.9% (PY: 29.2%).

R&D EXPENSES

R&D expenses (net of R&D cost capitalization) increased by 15.2% from €(27.6) million in the first nine months of fiscal 2017 to €(31.8) million in the first nine months of fiscal 2018. The increase in R&D expenses reflects additional engineering activities to develop new products and product applications to open new areas of business for Stabilus as well as general cost inflation. The non-capitalizable R&D costs increased even more as resources are currently reassigned from capitalizable activities to others. As a percentage of revenue, R&D expenses increased by 30 basis points to 4.3% (PY: 4.0%). The capitalization of R&D expenses decreased from €(9.0) million in the first nine months of fiscal 2017 to €(6.3) million in the first nine months of fiscal 2018.

SELLING EXPENSES

Selling expenses increased from €(56.4) million in the first nine months of fiscal 2017 by 8.5% to €(61.2) million in the first nine months of fiscal 2018. As a percentage of revenue, selling expenses increased by 20 basis points to 8.4% (PY: 8.2%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased from €(27.1) million in the first nine months of fiscal 2017 by 6.3% to €(28.8) million in the first nine months of fiscal 2018. This is due to slightly increased headcount addressing the overall growth of the Stabilus Group and increased personnel-related provisions. As a percentage of revenue, administrative expenses were unchanged at 3.9% (PY: 3.9%).

OTHER INCOME AND EXPENSE

Other income remained unchanged at €9.4 million in the first nine months of fiscal 2017 compared to the first nine months of fiscal 2018. This mainly comprises foreign currency translation gains from the operating business.

Other expenses decreased from €(10.9) million in the first nine months of fiscal 2017 by €3.9 million to €(7.0) million in the first nine months of fiscal 2018. This mainly comprises foreign currency translation losses from the operating business.

FINANCE INCOME AND COSTS

Finance income decreased from €17.8 million in the first nine months of fiscal 2017 to €1.5 million in the first nine months of fiscal 2018. In the prior year €17.5 million were due to the adjustment of the carrying value of the term loan facility. In the current year €1.3 million were due to the adjustment of the carrying value of the term loan facility reflecting the decrease in the margin in February 2018 based on the further improved net leverage ratio of the Group.

Finance costs decreased from €(14.6) million in the first nine months of fiscal 2017 to €(9.0) million in the first nine months of fiscal 2018. Finance costs in the first nine months of fiscal 2018 comprised interest expense of €(6.2) million (PY: €(7.7) million) and net foreign exchange losses of €(2.4) million (PY: €(6.5) million).

Interest expense on financial liabilities include ongoing interest expense of €(6.2) million (PY: €(7.7) million) especially related to the euro term loan facility. Thereof, an amount of €(2.8) million (PY: €(6.5) million) is cash interest. This decrease reflects the lower margin based on the improved net leverage ratio of the Group and the reduced outstanding nominal amount. In addition, an amount of €(3.6) million (PY: €(1.2) 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.

Net foreign exchange losses are due to financial assets and liabilities of group entities denominated in foreign currency. The reduction compared to prior year is due to certain measures we took to reduce the foreign exchange exposure.

INCOME TAX EXPENSE

The income tax expense decreased from €(22.7) million in the first nine months of fiscal 2017 to €(19.5) million in the first nine months of fiscal 2018. The Group´s tax rate in the first nine months of fiscal 2018 is 21.2% (PY: 24.8%). The decrease in the tax rate was due to effects from the US tax reform signed in December 2017 and to the optimization of the legal structure of our US operations in the second quarter of fiscal 2018. The US tax reform reduces the federal income tax rate from 35% to 21% with effect from January 1, 2018, and consequently requires a remeasurement of the deferred tax position of our US operations. The non-recurring net effect reflected in the first nine months of fiscal 2018 amounted to €3.9 million. The optimization of the legal structure of the US entities in the second quarter of fiscal 2018 effects the recoverability of interest expense from prior years. The non-recurring net effect reflected in the first nine months of fiscal 2018 amounted to €4.3 million. In comparison to the first six months of fiscal 2018 the expected net tax benefit has increased by €0.9 million. Prior years profit before income tax includes income of €17.5 million from the adjustments of the carrying value of the term loan facility, which is not relevant for tax purposes.

EBIT AND ADJUSTED EBIT

The following table shows a reconciliation of EBIT (earnings before interest and taxes) to adjusted EBIT for the third quarter and the first nine months of fiscal 2018 and 2017:

Reconciliation of EBIT to adjusted EBIT

T_008

	Three months ended June 30,			
IN € MILLIONS	2018	2017	Change	% change
Profit from operating activities (EBIT)	**35.1**	**31.1**	**4.0**	**12.9%**
PPA adjustments - depreciation and amortization	4.4	4.5	(0.1)	(2.2)%
Adjusted EBIT	**39.5**	**35.6**	**3.9**	**11.0%**

	Nine months ended June 30,			
IN € MILLIONS	2018	2017	Change	% change
Profit from operating activities (EBIT)	**99.6**	**88.5**	**11.1**	**12.5%**
PPA adjustments - depreciation and amortization	13.1	14.9	(1.8)	(12.1)%
Adjusted EBIT	**112.7**	**103.4**	**9.3**	**9.0%**

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 represented because we believe it is a useful indicator of the Group´s operating performance before items which are considered exceptional and not relevant to an assessment of our operational performance.

The PPA adjustments in the current year contain €7.0 million (PY: €8.5 million) related to the April 2010 PPA and €6.1 million (PY: €6.4 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 third quarter and the first nine months of fiscal 2018 and 2017:

Operating segments

T_009

IN € MILLIONS	Three months ended June 30, 2018	2017	Change	% change
Europe				
External revenue[1]	128.8	117.1	11.7	10.0%
Intersegment revenue[1]	8.0	7.2	0.8	11.1%
Total revenue[1]	136.8	124.3	12.5	10.1%
Adjusted EBIT	19.3	18.5	0.8	4.3%
as % of total revenue	14.1%	14.9%		
as % of external revenue	15.0%	15.8%		
NAFTA				
External revenue[1]	88.9	92.3	(3.4)	(3.7)%
Intersegment revenue[1]	6.5	6.4	0.1	1.6%
Total revenue[1]	95.4	98.7	(3.3)	(3.3)%
Adjusted EBIT	14.3	14.5	(0.2)	(1.4)%
as % of total revenue	15.0%	14.7%		
as % of external revenue	16.1%	15.7%		
Asia / Pacific and RoW				
External revenue[1]	32.5	24.2	8.3	34.3%
Intersegment revenue[1]	–	0.1	(0.1)	(100.0)%
Total revenue[1]	32.5	24.3	8.2	33.7%
Adjusted EBIT	5.9	2.6	3.3	>100.0%
as % of total revenue	18.2%	10.7%		
as % of external revenue	18.2%	10.7%		

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

IN € MILLIONS	Nine months ended June 30, 2018	2017	Change	% change
Europe				
External revenue[1]	376.9	345.4	31.5	9.1%
Intersegment revenue[1]	24.5	22.8	1.7	7.5%
Total revenue[1]	401.4	368.3	33.1	9.0%
Adjusted EBIT	58.1	50.1	8.0	16.0%
as % of total revenue	14.5%	13.6%		
as % of external revenue	15.4%	14.5%		
NAFTA				
External revenue[1]	261.9	267.6	(5.7)	(2.1)%
Intersegment revenue[1]	19.1	18.9	0.2	1.1%
Total revenue[1]	281.0	286.5	(5.5)	(1.9)%
Adjusted EBIT	39.2	42.6	(3.4)	(8.0)%
as % of total revenue	14.0%	14.9%		
as % of external revenue	15.0%	15.9%		
Asia / Pacific and RoW				
External revenue[1]	92.9	76.0	16.9	22.2%
Intersegment revenue[1]	0.1	0.5	(0.4)	(80.0)%
Total revenue[1]	93.0	76.5	16.5	21.6%
Adjusted EBIT	15.4	10.8	4.6	42.6%
as % of total revenue	16.6%	14.1%		
as % of external revenue	16.6%	14.2%		

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

The external revenue generated by our European companies increased from €345.4 million in the first nine months of fiscal 2017 by 9.1% to €376.9 million in the first nine months of fiscal 2018. This is driven by the Automotive business and the Industrial business respectively. Within the European Industrial business a major growth driver was the Industrial / Capital Goods business with €12.8 million or 12.7%. In the Automotive business Automotive Powerise® grew by 11.1% and contributed €8.4 million while Automotive Gas Spring grew by 6.1% and contributed €6.9 million to Europe's revenue growth. The adjusted EBIT of the European segment increased by 16.0% or €8.0 million and the adjusted EBIT margin, i.e. adjusted EBIT in percent of external revenue, increased in the first nine months of fiscal 2018 by 90 basis points to 15.4% (PY: 14.5%).

The external revenue of our companies located in the NAFTA region decreased from €267.6 million in the first nine months of fiscal 2017 by (2.1)% to €261.9 million in the first nine months of fiscal 2018 at incurred rates. At constant US dollar rates NAFTA´s revenue grew by 8.7%. The Industrial business contributed €1.3 million offset by a contribution of €(7.0) million from the Automotive business. The decrease in NAFTA is generally driven by the relatively weaker US dollar, i.e. the currency translation of NAFTA´s revenue from US dollar to euro (average rate per €1: $1.20 in 9M FY2018 versus $1.08 in 9M FY2017). The currency translation effect was €(28.9) million. Measured in US dollars the Automotive business grew by 6.9%. This is due to our Powerise® business with a growth rate of 9.2% and our Automotive Gas Spring business with a growth rate of 4.0%. The Industrial business grew by 13.0%, especially due to the Vibration & Velocity business with a growth rate of 19.2%. The adjusted EBIT of the NAFTA segment decreased by 8.0% or €3.4 million and the adjusted EBIT margin decreased in the first nine months of fiscal 2018 by 90 basis points to 15.0% (PY: 15.9%).

The external revenue of our companies located in the region Asia / Pacific and RoW increased from €76.0 million in the first nine months of fiscal 2017 by 22.2% to €92.9 million in the first nine months of fiscal 2018. This increase is mainly driven by the Automotive Powerise® business which grew by €14.6 million, due to the ramp-up of the Powerise® production in our Chinese entity and our Vibration and Velocity Control business which grew by €2.4 million. The adjusted EBIT of the Asia / Pacific and RoW segment increased by €4.6 million or 42.6% and the adjusted EBIT margin increased in the first nine months of fiscal 2018 by 240 basis points to 16.6% (PY: 14.2%).

FINANCIAL POSITION

Balance sheet T_010

IN € MILLIONS	June 30, 2018	Sept 30, 2017	Change	% change
Assets				
Non-current assets	636.7	647.8	(11.1)	(1.7)%
Current assets	351.8	282.2	69.6	24.7%
Total assets	**988.5**	**930.0**	**58.5**	**6.3%**
Equity and liabilities				
Equity	392.7	336.4	56.3	16.7%
Non-current liabilities	421.8	430.8	(9.0)	(2.1)%
Current liabilities	174.0	162.8	11.2	6.9%
Total liabilities	595.8	593.6	2.2	0.4%
Total equity and liabilities	**988.5**	**930.0**	**58.5**	**6.3%**

TOTAL ASSETS

The Group's balance sheet total increased from €930.0 million as of September 30, 2017, by 6.3% to €988.5 million as of June 30, 2018.

NON-CURRENT ASSETS

Our non-current assets decreased from €647.8 million as of September 30, 2017, by (1.7)% or €(11.1) million to €636.7 million as of June 30, 2018. This reduction is mainly attributable to the €(18.3) million decrease of other intangible assets substantially resulting from the ongoing amortization of intangible assets from the 2010 and 2016 purchase price allocations. This was partly offset by ongoing capacity expansions, i.e. the purchase of property, plant and equipment (€21.3 million) and intangible assets (€6.3 million). Furthermore the deferred tax assets increased by €5.1 million, mainly driven by the optimization of the legal structure of our US entities.

CURRENT ASSETS

Current assets increased from €282.2 million as of September 30, 2017, by 24.7% or €69.6 million to €351.8 million as of June 30, 2018. This is driven by an increase in the cash balance by €47.7 million which results from our strong cash flow in the first nine months of fiscal 2018 as well as a €21.1 million increase of trade accounts receivable.

EQUITY

The Group's equity increased from €336.4 million as of September 30, 2017, by €56.3 million to €392.7 million as of June 30, 2018. This increase results from the profit of €72.6 million that was generated in the first nine months of fiscal 2018 and from other comprehensive income of €3.5 million. Other comprehensive income comprises unrealized actuarial gains on pensions (net of tax) amounting to €0.6 million and unrealized gains from foreign currency translation amounting to €2.9 million. In February 2018 dividends amounting to €(19.8) million were paid to our shareholders.

NON-CURRENT LIABILITIES

Non-current liabilities decreased from €430.8 million as of September 30, 2017, by (2.1)% or €(9.0) million to €421.8 million as of June 30, 2018. This decrease is primarily due to the reduction of deferred tax liabilities by €(6.8) million which essentially due to the US tax reform and the necessary remeasurement of deferred tax positions of our US entities.

In addition, pension liabilities decreased by €(1.3) million as a consequence of a slightly increased discount rate (June 30, 2018: 2.03% versus September 30, 2017: 1.87%) and other financial liabilities decreased by €(1.0) million due to an early settlement of a finance lease arrangement for one of the Romania Powerise® production buildings that is now completely owned by Stabilus.

CURRENT LIABILITIES

Current liabilities increased from €162.8 million as of September 30, 2017, by €11.2 million or 6.9% to €174.0 million as of June 30, 2018. This was essentially driven by an increase of current provisions. The warranties increased by €4.7 million to €17.7 million (e.g. warranties driven by higher sales for the current fiscal year) and an increase in our current tax liabilities by €4.8 million.

In addition, other financial liabilities increased by €2.5 million attributable to increased liabilities to employees and liabilities for social security contributions. This increase was partly offset by a reduction of our trade accounts payable by €(1.4) million or (1.7)% which is a consequence of shorter payment cycles for trade payables to benefit from early payment discounts.

LIQUIDITY

Cash flow

T_011

IN € MILLIONS	Nine months ended June 30, 2018	2017	Change	% change
Cash flow from operating activities	98.9	85.4	13.5	15.8%
Cash flow from investing activities	(27.0)	(32.8)	5.8	(17.7)%
Cash flow from financing activities	(24.0)	(31.8)	7.8	(24.5)%
Net increase / (decrease) in cash	**47.9**	**20.8**	**27.1**	**>(100.0)%**
Effect of movements in exchange rates on cash held	(0.1)	(0.5)	0.4	(80.0)%
Cash as of beginning of the period	68.1	75.0	(6.9)	(9.2)%
Cash as of end of the period	**115.8**	**95.3**	**20.5**	**21.5%**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased from €85.4 million in the first nine months of fiscal 2017 by €13.5 million to €98.9 million in the first nine months of fiscal 2018. This increase is mainly due to the strong revenue and earnings growth and partly offset by higher net working capital as a consequence of the continuing growth and shorter payment cycles for trade payables.

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflow for investing activities decreased from €(32.8) million in the first nine months of fiscal 2017 by €5.8 million to €(27.0) million in the first nine months of fiscal 2018 due to lower capital expenditure in property, plant and equipment of €(3.7) million and reduced investments in intangible assets, especially due to a reduction of capitalized R&D costs (less related customer contributions) amounting to €(2.4) million, as we allocate more R&D resources to develop new products and product applications.

CASH FLOW FROM FINANCING ACTIVITIES

Cash outflow from financing activities decreased from €(31.8) million in the first nine months of fiscal 2017 by €7.8 million to €(24.0) million in the first nine months of fiscal 2018. In the first nine months of fiscal 2017 we made a voluntary repayment of €12.5 million of the term loan facility and no comparable repayment in the first nine months of fiscal 2018. In addition, the cash interest in the first nine months of fiscal 2018 was €(3.6) million lower compared to the first nine months of fiscal 2017. This reflects the lower margin based on the improved net leverage ratio of the Group and the reduced outstanding nominal amount. This was offset by the dividend payments of €(19.8) million (PY: €(12.4) million) made to our shareholders in February 2018.

FREE CASH FLOW (FCF)

Free cash flow (FCF) is defined as the total of cash flow from operating and investing activities. The following table sets out the composition of FCF.

Free cash flow

T_012

IN € MILLIONS	Nine months ended June 30, 2018	2017	Change	% change
Cash flow from operating activities	98.9	85.4	13.5	15.8%
Cash flow from investing activities	(27.0)	(32.8)	5.8	(17.7)%
Free cash flow	**71.9**	**52.6**	**19.3**	**36.7%**

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 and amortization.

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 1.7x for the twelve months ending June 30, 2017, to 1.2x for the twelve months ending June 30, 2018. See the following table:

Net leverage ratio

T_013

IN € MILLIONS	June 30, 2018	June 30, 2017	Change	% change
Financial debt	342.4	392.5	(50.1)	(12.8)%
Cash and cash equivalents	(115.8)	(95.3)	(20.5)	21.5%
Net financial debt	226.6	297.2	(70.6)	(23.7)%
Adjusted EBITDA (LTM ended June 30)	187.3	173.4	13.9	8.0%
Net leverage ratio [1]	**1.2x**	**1.7x**		

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

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, 2017.

OUTLOOK

We confirm our latest guidance for fiscal year 2018 given in May 2018 with a revenue growth rate of circa 8.8% (at constant US dollar rates), revenue of about €960 million (assuming an average currency rate of €1: $1.20) and an adjusted EBIT margin of approximately 15.5%.

SUBSEQUENT EVENTS

On July 9, 2018, Stabilus announced that the Chief Executive Officer Dietmar Siemssen will leave the Company at the end of fiscal 2018 at his own request. The Chairman of the Supervisory Board Dr. Stephan Kessel will temporarily suspend his Supervisory Board mandate to take the role as interim Chief Executive Officer starting August 1, 2018.

Stabilus has opted for the second extension of the Senior Facility Agreement by one year to June 2023. On July 9, 2018, the Facility Agent confirmed that €284.8 million of €336.1 million outstanding principal will be extended by one year to June 2023. This extension will result in finance income and an adjustment (reduction) of the carrying value of the euro term loan facility of €3.5 million in July 2018.

As of August 2, 2018, there were no other events or developments that could have materially affected the measurement and presentation of Group’s assets and liabilities as of June 30, 2018.

Luxembourg, August 2, 2018

Dr. Stephan Kessel
Management Board

Mark Wilhelms

Andreas Schröder

Andreas Sievers

Markus Schädlich

SUPPLEMENTARY FINANCIAL INFORMATION

as of and for the three and nine months ended June 30, 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and nine months ended June 30, 2018 (unaudited)

Consolidated Statement of Comprehensive Income

T_014

IN € THOUSANDS	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Revenue	250,162	233,521	731,709	689,069
Cost of sales	(177,007)	(167,408)	(512,728)	(487,874)
Gross profit	**73,155**	**66,113**	**218,981**	**201,195**
Research and development expenses	(10,133)	(9,004)	(31,803)	(27,644)
Selling expenses	(20,389)	(15,835)	(61,183)	(56,416)
Administrative expenses	(9,372)	(9,268)	(28,802)	(27,071)
Other income	4,023	2,187	9,387	9,380
Other expenses	(2,211)	(3,058)	(6,987)	(10,909)
Profit from operating activities	**35,073**	**31,135**	**99,593**	**88,535**
Finance income	2,305	17,597	1,500	17,803
Finance costs	(2,098)	(20,774)	(9,027)	(14,642)
Profit / (loss) before income tax	**35,280**	**27,958**	**92,066**	**91,696**
Income tax income / (expense)	(10,007)	(3,368)	(19,464)	(22,733)
Profit / (loss) for the period	**25,273**	**24,590**	**72,602**	**68,963**
thereof attributable to non-controlling interests	(7)	8	(103)	22
thereof attributable to shareholders of Stabilus	25,280	24,582	72,705	68,941
Other comprehensive income / (expense)				
Foreign currency translation difference [1]	6,876	2,681	2,855	2,333
Unrealized actuarial gains and losses [2]	(257)	(1)	627	2,765
Other comprehensive income / (expense), net of taxes	**6,619**	**2,680**	**3,482**	**5,098**
Total comprehensive income / (expense) for the period	**31,893**	**27,270**	**76,084**	**74,061**
thereof attributable to non-controlling interests	(7)	8	(103)	22
thereof attributable to shareholders of Stabilus	31,900	27,262	76,187	74,039
Earnings per share (in €):				
basic	1.02	1.00	2.94	2.79
diluted	1.02	1.00	2.94	2.79

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of June 30, 2018 (unaudited)

Consolidated Statement of Financial Position

T_015

IN € THOUSANDS	June 30, 2018	Sept 30, 2017
Assets		
Property, plant and equipment	170,700	169,659
Goodwill	194,859	194,184
Other intangible assets	250,636	268,911
Other assets	3,317	2,951
Deferred tax assets	17,219	12,083
Total non-current assets	**636,731**	**647,788**
Inventories	86,618	85,262
Trade accounts receivable	126,208	105,147
Current tax assets	3,869	5,802
Other financial assets	3,213	5,155
Other assets	15,990	12,718
Cash and cash equivalents	115,846	68,123
Total current assets	**351,744**	**282,207**
Total assets	**988,475**	**929,995**

Consolidated Statement of Financial Position

T_015

IN € THOUSANDS	June 30, 2018	Sept 30, 2017
Equity and liabilities		
Issued capital	247	247
Capital reserves	225,848	225,848
Retained earnings	192,384	139,440
Other reserves	(25,716)	(29,198)
Equity attributable to shareholders of Stabilus	**392,763**	**336,337**
Non-controlling interests	(98)	43
Total equity	**392,665**	**336,380**
Financial liabilities	312,979	311,951
Other financial liabilities	824	1,830
Provisions	2,878	3,771
Pension plans and similar obligations	51,896	53,236
Deferred tax liabilities	53,244	60,036
Total non-current liabilities	**421,821**	**430,824**
Trade accounts payable	77,696	79,073
Financial liabilities	11,092	10,000
Other financial liabilities	12,154	9,613
Current tax liabilities	20,384	15,612
Provisions	38,103	33,061
Other liabilities	14,560	15,432
Total current liabilities	**173,989**	**162,791**
Total liabilities	**595,810**	**593,615**
Total equity and liabilities	**988,475**	**929,995**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended June 30, 2018 (unaudited)

Consolidated Statement of Cash Flows

T_016

IN € THOUSANDS	Nine months ended June 30, 2018	2017 [1]
Profit / (loss) for the period	72,602	68,963
Income tax expense	19,464	22,733
Net finance result	7,527	(3,479)
Interest received	209	318
Depreciation and amortization (incl. impairment losses)	42,939	46,141
Gains / losses from the disposal of assets	(57)	–
Changes in inventories	(1,356)	(6,742)
Changes in trade accounts receivable	(21,061)	(11,519)
Changes in trade accounts payable	(1,377)	(8,032)
Changes in other assets and liabilities	1,807	(940)
Changes in provisions	3,708	790
Income tax payments	(25,543)	(22,809)
Cash flow from operating activities	**98,862**	**85,424**
Proceeds from disposal of property, plant and equipment	647	942
Purchase of intangible assets	(6,295)	(8,729)
Purchase of property, plant and equipment	(21,330)	(25,048)
Cash flow from investing activities	**(26,978)**	**(32,835)**
Receipts from financial liabilities	6,427	–
Receipts from non-controlling interests	–	15
Payments for redemption of financial liabilities	(347)	–
Payments for redemption of senior facilities	(6,427)	(12,500)
Payments for finance leases	(1,039)	(471)
Dividends paid	(19,760)	(12,350)
Dividends paid to non-controlling interests	(38)	(54)
Payments for interest	(2,837)	(6,454)
Cash flow from financing activities	**(24,021)**	**(31,814)**
Net increase / (decrease) in cash and cash equivalents	**47,863**	**20,775**
Effect of movements in exchange rates on cash held	(140)	(475)
Cash and cash equivalents as of beginning of the period	68,123	75,037
Cash and cash equivalents as of end of the period	**115,846**	**95,337**

[1] Prior-year figures have been reported following the adjusted structure of the year ended September 30, 2017.
The accompanying Notes form an integral part of these Consolidated Financial Statements.

SEGMENT REPORTING

Segment information for the nine months ended June 30, 2018, and 2017 is as follows:

Segment reporting

T_017

	Europe		NAFTA		Asia / Pacific and RoW	
	Nine months ended June 30,		Nine months ended June 30,		Nine months ended June 30,	
IN € THOUSANDS	2018	2017	2018	2017	2018	2017
External revenue[1]	376,937	345,449	261,888	267,608	92,884	76,012
Intersegment revenue[1]	24,526	22,811	19,095	18,889	115	493
Total revenue[1]	401,463	368,260	280,983	286,497	92,999	76,505
Depreciation and amortization (incl. impairment losses)	(22,310)	(24,454)	(9,174)	(9,593)	(4,495)	(3,614)
EBIT	54,358	46,382	36,915	40,004	15,280	10,629
Adjusted EBIT	58,066	50,095	39,217	42,560	15,393	10,750

	Total segments		Other / Consolidation		Stabilus Group	
	Nine months ended June 30,		Nine months ended June 30,		Nine months ended June 30,	
IN € THOUSANDS	2018	2017	2018	2017	2018	2017
External revenue[1]	731,709	689,069	–	–	731,709	689,069
Intersegment revenue[1]	43,736	42,193	(43,736)	(42,193)	–	–
Total revenue[1]	775,445	731,262	(43,736)	(42,193)	731,709	689,069
Depreciation and amortization (incl. impairment losses)	(35,979)	(37,661)	(6,960)	(8,480)	(42,939)	(46,141)
EBIT	106,553	97,015	(6,960)	(8,480)	99,593	88,535
Adjusted EBIT	112,676	103,405	–	–	112,676	103,405

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

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

Financial calendar

T_018

DATE[1)2)]	PUBLICATION / EVENT
August 6, 2018	Publication of the third-quarter results for fiscal year 2018 (Quarterly Statement Q3 FY18)
November 16, 2018	Publication of preliminary financial results for fiscal year 2018
December 14, 2018	Publication of full year results for fiscal year 2018 (Annual Report 2018)
February 4, 2019	Publication of the first-quarter results for fiscal year 2019 (Quarterly Statement Q1 FY19)
February 13, 2019	Annual General Meeting
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 2018 comprises a year ended September 30, 2018.

DISCLAIMER

Forward-looking statements
This quarterly statement 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 quarterly statement 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 quarterly statement. 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 quarterly statement.

Rounding
Certain numbers in this quarterly statement 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 quarterly statement. All percentage changes and key figures in the quarterly statement were calculated using the underlying data in millions of euros 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.

Investor Relations

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