STABILUS

INTERIM REPORT

Q2

FY2018

KEY FIGURES

T_001

IN EUR MILLIONS	Three months ended March 31, 2018	2017	CHANGE	% CHANGE
Revenue	**251.0**	244.9	6.1	2.5%
EBIT	**35.0**	33.3	1.7	5.1%
Adjusted EBIT	**39.3**	38.4	0.9	2.3%
Profit for the period	**25.6**	14.6	11.0	75.3%
Capital expenditure	**(8.6)**	(13.1)	4.5	(34.4)%
Free cash flow (FCF)	**16.8**	15.3	1.5	9.8%
EBIT as % of revenue	**13.9%**	13.6%		
Adjusted EBIT as % of revenue	**15.7%**	15.7%		
Profit in % of revenue	**10.2%**	6.0%		
Capital expenditure as % of revenue	**3.4%**	5.4%		
FCF in % of revenue	**6.7%**	6.2%		

IN EUR MILLIONS	Six months ended March 31, 2018	2017	CHANGE	% CHANGE
Revenue	**481.5**	455.5	26.0	5.7%
EBIT	**64.5**	57.4	7.1	12.4%
Adjusted EBIT	**73.2**	67.8	5.4	8.0%
Profit for the period	**47.3**	44.4	2.9	6.5%
Capital expenditure	**(18.9)**	(22.6)	3.7	(16.4)%
Free cash flow (FCF)	**31.5**	22.1	9.4	42.5%
EBIT as % of revenue	**13.4%**	12.6%		
Adjusted EBIT as % of revenue	**15.2%**	14.9%		
Profit in % of revenue	**9.8%**	9.7%		
Capital expenditure as % of revenue	**3.9%**	5.0%		
FCF in % of revenue	**6.5%**	4.9%		
Net leverage ratio	**1.4x**	2.0x		

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HIGHLIGHTS H1 FY2018

+5.7% REVENUE

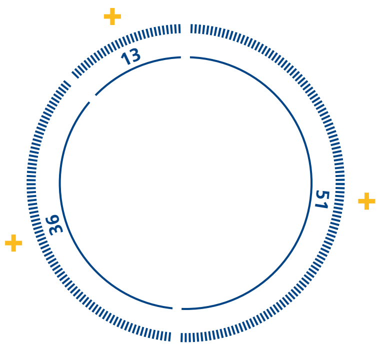
STRONG FIRST SIX MONTHS OF FY2018 THANKS TO CONTINUING REVENUE GROWTH

- Revenue up by €26.0 million or 5.7% to €481.5 million
- Revenue growth at constant US dollar rates in all regions with Asia / Pacific RoW (+16.6%), NAFTA (+10.7%) and Europe (+8.6%)
- Revenue in Industrial / Capital Goods (11.2%), Powerise® (11.2%), Vibration & Velocity Control (10.5%), Commercial Furniture (3.5%), Automotive Gas Spring (– 2.3%)

IMPROVED OUTLOOK

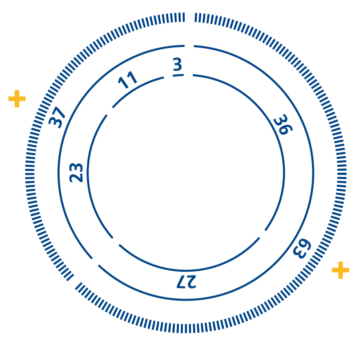
- FY2018 organic revenue growth guidance raised from circa 7.1% to circa 8.8% (at constant US dollar rates)
- FY2018 total revenue guidance of about €960 million confirmed, now assuming a currency rate of €1: $1.20
- FY2018 adjusted EBIT margin guidance of approximately 15.5% confirmed

REVENUE BY REGION IN H1 FY2018
(LOCATION OF STABILUS COMPANY)



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

REVENUE BY MARKETS IN H1 FY2018



63%	**Automotive Business**
36%	Automotive Gas Spring
27%	Automotive Powerise®
37%	**Industrial Business**
23%	Industrial / Capital Goods
11%	Vibration & Velocity Control
3%	Commercial Furniture

INTERIM GROUP MANAGEMENT REPORT

for the three and six months ended March 31, 2018

RESULTS OF OPERATIONS

SECOND QUARTER AND FIRST HALF OF FISCAL 2018

The table below sets out Stabilus Group's consolidated income statement for the second quarter and first half of fiscal 2018 and 2017:

Income statement T_002

	Three months ended March 31,			
IN € MILLIONS	**2018**	2017	Change	% change
Revenue	251.0	244.9	6.1	2.5%
Cost of sales	(172.8)	(169.7)	(3.1)	1.8%
Gross profit	**78.2**	**75.2**	**3.0**	**4.0%**
Research and development expenses	(11.6)	(10.7)	(0.9)	8.4%
Selling expenses	(20.3)	(20.6)	0.3	(1.5)%
Administrative expenses	(10.4)	(8.8)	(1.6)	18.2%
Other income	0.8	3.3	(2.5)	(75.8)%
Other expenses	(1.7)	(5.0)	3.3	(66.0)%
Profit from operating activities (EBIT)	**35.0**	**33.3**	**1.7**	**5.1%**
Finance income	1.4	0.1	1.3	>100.0%
Finance costs	(6.7)	(11.3)	4.6	(40.7)%
Profit / (loss) before income tax	**29.6**	**22.1**	**7.5**	**33.9%**
Income tax income/ (expense)	(4.0)	(7.5)	3.5	(46.7)%
Profit / (loss) for the period	**25.6**	**14.6**	**11.0**	**75.3%**

Income statement

T_003

IN € MILLIONS	Six months ended March 31, 2018	2017	Change	% change
Revenue	481.5	455.5	26.0	5.7%
Cost of sales	(335.7)	(320.5)	(15.2)	4.7%
Gross profit	**145.8**	**135.1**	**10.7**	**7.9%**
Research and development expenses	(21.7)	(18.6)	(3.1)	16.7%
Selling expenses	(40.8)	(40.6)	(0.3)	0.5%
Administrative expenses	(19.4)	(17.8)	(1.6)	9.0%
Other income	5.4	7.2	(1.8)	(25.0)%
Other expenses	(4.8)	(7.9)	3.1	(39.2)%
Profit from operating activities (EBIT)	**64.5**	**57.4**	**7.1**	**12.4%**
Finance income	1.4	12.0	(10.6)	(88.3)%
Finance costs	(9.2)	(5.7)	(3.5)	61.4%
Profit / (loss) before income tax	**56.8**	**63.7**	**(6.9)**	**(10.8)%**
Income tax income / (expense)	(9.5)	(19.4)	9.9	(51.0)%
Profit / (loss) for the period	**47.3**	**44.4**	**2.9**	**6.5%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T_004

IN € MILLIONS	Three months ended March 31, 2018	2017	Change	% change
Europe[1]	132.2	126.1	6.1	4.8%
NAFTA[1]	89.4	93.7	(4.3)	(4.6)%
Asia / Pacific and RoW[1]	29.4	25.0	4.4	17.6%
Revenue[1]	**251.0**	**244.9**	**6.1**	**2.5%**

[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, 2018	2017	Change	% change
Europe[1]	248.1	228.4	19.7	8.6%
NAFTA[1]	173.0	175.3	(2.3)	(1.3)%
Asia / Pacific and RoW[1]	60.4	51.8	8.6	16.6%
Revenue[1]	**481.5**	**455.5**	**26.0**	**5.7%**

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

Total revenue of €481.5 million in the first half of fiscal 2018 increased by 5.7% compared to the first half of fiscal 2017.

The Group´s revenue growth in the first half of fiscal 2018 was primarily driven by our entities in Europe (€19.7 million or 8.6%) and Asia / Pacific and RoW (€8.6 million or 16.6%), whereas revenue from our NAFTA's entities decreased by €(2.3) million or (1.3)%.

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 H1 FY2018 versus $1.07 in H1 FY2017). This currency translation effect amounted to €(21.2) million. At constant US dollar rates NAFTA´s revenue grew by 10.7%.

Revenue by markets

T_006

IN € MILLIONS	Three months ended March 31, 2018	2017	Change	% change
Automotive Gas Spring	87.6	91.5	(3.9)	(4.3)%
Automotive Powerise®	67.8	65.6	2.2	3.4%
Automotive business	155.4	157.1	(1.7)	(1.1)%
Industrial / Capital Goods	61.3	55.1	6.2	11.3%
Vibration & Velocity Control	26.7	25.2	1.5	6.0%
Commercial Furniture	7.6	7.5	0.1	1.3%
Industrial business	95.6	87.7	7.9	9.0%
Revenue	**251.0**	**244.9**	**6.1**	**2.5%**

Revenue by markets

T_007

IN € MILLIONS	Six months ended March 31, 2018	2017	Change	% change
Automotive Gas Spring	170.7	174.7	(4.0)	(2.3)%
Automotive Powerise®	132.3	119.0	13.3	11.2%
Automotive business	303.0	293.7	9.3	3.2%
Industrial / Capital Goods	112.2	100.9	11.3	11.2%
Vibration & Velocity Control	51.5	46.6	4.9	10.5%
Commercial Furniture	14.8	14.3	0.5	3.5%
Industrial business	178.5	161.9	16.7	10.3%
Revenue	**481.5**	**455.5**	**26.0**	**5.7%**

The revenue of our Automotive business increased by €9.3 million or 3.2% from €293.7 million in the first half of fiscal 2017 to €303.0 million in the first half of fiscal 2018. This is particularly due to our Automotive Powerise® business increasing by €13.3 million or 11.2% to €132.3 million. This is reflecting stronger sales in China and the continuing general trend of opting for this extra equipment. This is slightly offset by decreased revenue in the Automotive Gas Spring business amounting to €(4.0) million or (2.3)%.

The revenue of our Industrial business increased by €16.7 million or 10.3% from €161.9 million in the first half of fiscal 2017 to €178.5 million in the first half of fiscal 2018. This increase was primarily driven by our Industrial / Capital Goods business which grew by €11.3 million or 11.2% and our Vibration & Velocity business which grew by €4.9 million or 10.5%. Both businesses benefit from the strong growth in several relevant segments (e.g. independent aftermarket, solar dampers, agriculture machinery, construction machinery).

Commercial Furniture revenue increased by 3.5% from €14.3 million in the first half of fiscal 2017 to €14.8 million in the first half of fiscal 2018.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales increased from €(320.5) million in the first half of fiscal 2017 by 4.7% to €(335.7) million in first half of fiscal 2018, primarily due to the stronger sales. The cost of sales increase (4.7%) is less than the increase in revenue (5.7%). Consequently, cost of sales as a percentage of revenue decreased by 70 basis points to 69.7% (PY: 70.4%) and the gross profit margin improved to 30.3% (PY: 29.7%).

R&D EXPENSES

R&D expenses (net of R&D cost capitalization) increased by 16.7% from €(18.6) million in the first half of fiscal 2017 to €(21.7) million in the first half of fiscal 2018. The increase in R&D expenses reflects engineering activities to develop new products and product applications to open new areas of business for Stabilus. In addition the capitalization rate is lower as resources are currently reassigned from capitalizable activities to others. As a percentage of revenue, R&D expenses increased by 40 basis points to 4.5% (PY: 4.1%). The capitalization of R&D expenses decreased from €(6.0) million in the first half of fiscal 2017 to €(4.2) million in the first half of fiscal 2018.

SELLING EXPENSES

Selling expenses increased slightly from €(40.6) million in the first half of fiscal 2017 by 0.5% to €(40.8) million in the first half of fiscal 2018. As a percentage of revenue, the selling expenses decreased by 40 basis points to 8.5% (PY: 8.9%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased from €(17.8) million in the first half of fiscal 2017 by 9.0% to €(19.4) million in the first half 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 increased slightly by 10 basis points to 4.0% (PY: 3.9%).

OTHER INCOME AND EXPENSE

Other income decreased from €7.2 million in the first half of fiscal 2017 by €(1.8) million to €5.4 million in the first half of fiscal 2018. This mainly comprises foreign currency translation gains from the operating business.

Other expenses decreased from €(7.9) million in the first half of fiscal 2017 by €3.1 million to €(4.8) million in the first half of fiscal 2018. This mainly comprises foreign currency translation losses from the operating business.

FINANCE INCOME AND COSTS

Finance income decreased from €12.0 million in the first half of fiscal 2017 to €1.4 million in the first half of fiscal 2018. In the first half of fiscal 2018 an amount of €1.3 million is due to the adjustment of the carrying value of the term loan facility. This reflects the decrease in the margin in February 2018 based on the improved net leverage ratio of the Group. Finance income in the first half of fiscal 2017 was strongly impacted by net foreign exchange gains especially on euro loans of our US entities amounting to €11.8 million due to the strengthening US dollar (closing rate per €1: $1.12 as at September 2016 versus €1: $1.07 as at March 2017). As in the first half of fiscal 2018 the US dollar weakened (closing rate per €1: $1.18 as at September 2017 versus €1: $1.23 as at March 2018) and due to certain measures we took to reduce the foreign exchange exposure the effect from the first half of fiscal 2017 is not recurring in the first half of fiscal 2018.

Finance costs increased from €(5.7) million in the first half of fiscal 2017 to €(9.2) million in the first half of fiscal 2018. Finance costs in the first half of fiscal 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). Finance costs in the first half of fiscal 2018 were also influenced by interest expense on financial liabilities amounting to €(4.2) million compared to interest expense on financial liabilities of €(5.3) million in the first half of fiscal 2017.

Interest expense on financial liabilities include ongoing interest expense of €(4.2) million (PY: €(5.3) million) especially related to the euro term loan facility. Thereof, an amount of €(2.1) million (PY: €(4.7) 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 €(2.3) million (PY: €(0.5) 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.

INCOME TAX EXPENSE

The income tax expense decreased from €(19.4) million in the first half of fiscal 2017 to €(9.5) million in the first half of fiscal 2018. The Group´s tax rate in the first half of fiscal 2018 is 16.7% (PY: 30.5%). The decrease in the tax rate is 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 half of fiscal 2018 amounted to €3.9 million. In comparison to the first quarter of fiscal 2018 the expected tax benefit has been reduced by €(0.2) million reflecting a better estimate based on new information regarding the interpretation of the new tax rules. 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. Currently an amount of €3.4 million deferred tax income was recognized in the second quarter of fiscal 2018 reflecting the portion of interest expenses from prior years where recoverability is virtually certain.

EBIT AND ADJUSTED EBIT

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

Reconciliation of EBIT to adjusted EBIT

T_008

	Three months ended March 31,			
IN € MILLIONS	2018	2017	Change	% change
Profit from operating activities (EBIT)	**35.0**	**33.3**	**1.7**	**5.1%**
PPA adjustments – depreciation and amortization	4.3	5.1	(0.8)	(15.7)%
Adjusted EBIT	**39.3**	**38.4**	**0.9**	**2.3%**

	Six months ended March 31,			
IN € MILLIONS	2018	2017	Change	% change
Profit from operating activities (EBIT)	**64.5**	**57.4**	**7.1**	**12.4%**
PPA adjustments – depreciation and amortization	8.7	10.4	(1.7)	(16.3)%
Adjusted EBIT	**73.2**	**67.8**	**5.4**	**8.0%**

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 €4.6 million (PY: €6.2 million) related to the April 2010 PPA and €4.1 million (PY: €4.2 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 table below sets out the development of our operating segments for the second quarter and first half of fiscal 2018 and 2017:

Operating segments

T _ 009

IN € MILLIONS	Three months ended March 31, 2018	2017	Change	% change
Europe				
External revenue[1]	132.2	126.1	6.1	4.8%
Intersegment revenue[1]	8.4	8.5	(0.1)	(1.2)%
Total revenue[1]	140.6	134.6	6.0	4.5%
Adjusted EBIT	22.5	19.5	3.0	15.4%
as % of total revenue	16.0%	14.5%		
as % of external revenue	17.0%	15.5%		
NAFTA				
External revenue[1]	89.4	93.7	(4.3)	(4.6)%
Intersegment revenue[1]	6.3	6.7	(0.4)	(6.0)%
Total revenue[1]	95.7	100.4	(4.7)	(4.7)%
Adjusted EBIT	12.5	15.8	(3.3)	(20.9)%
as % of total revenue	13.1%	15.7%		
as % of external revenue	14.0%	16.9%		
Asia / Pacific and RoW				
External revenue[1]	29.4	25.0	4.4	17.6%
Intersegment revenue[1]	0.0	0.3	(0.3)	(100.0)%
Total revenue[1]	29.4	25.3	4.1	16.2%
Adjusted EBIT	4.4	3.2	1.2	37.5%
as % of total revenue	14.9%	12.6%		
as % of external revenue	15.0%	12.8%		

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

IN € MILLIONS	Six months ended March 31, 2018	2017	Change	% change
Europe				
External revenue[1]	248.1	228.4	19.7	8.6%
Intersegment revenue[1]	16.5	15.6	0.9	5.8%
Total revenue[1]	264.6	244.0	20.6	8.4%
Adjusted EBIT	38.8	31.6	7.2	22.8%
as % of total revenue	14.7%	13.0%		
as % of external revenue	15.6%	13.8%		
NAFTA				
External revenue[1]	173.0	175.3	(2.3)	(1.3)%
Intersegment revenue[1]	12.6	12.5	0.1	0.8%
Total revenue[1]	185.6	187.8	(2.2)	(1.2)%
Adjusted EBIT	24.9	28.1	(3.2)	(11.4)%
as % of total revenue	13.4%	15.0%		
as % of external revenue	14.4%	16.0%		
Asia / Pacific and RoW				
External revenue[1]	60.4	51.8	8.6	16.6%
Intersegment revenue[1]	0.1	0.4	(0.3)	(75.0)%
Total revenue[1]	60.5	52.2	8.3	15.9%
Adjusted EBIT	9.5	8.2	1.3	15.9%
as % of total revenue	15.7%	15.7%		
as % of external revenue	15.7%	15.8%		

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

The external revenue generated by our European companies increased from €228.4 million in the first half of fiscal 2017 by 8.6% to €248.1 million in the first half of fiscal 2018. This is driven by the Automotive business and the Industrial business respectively. Within the Industrial business the contribution to Europe`s revenue is substantially contributed by the Industrial / Capital Goods business with €8.4 million reflecting a growth of 12.6%. In the Automotive business Automotive Powerise® grew by 10.8% and contributed €5.3 million while Automotive Gas Spring grew by 5.2% and contributed €3.9 million to Europe’s revenue growth. The adjusted EBIT of the European segment increased by 22.8% or €7.2 million and the adjusted EBIT margin, i.e. adjusted EBIT in percent of external revenue, increased in the first half of fiscal 2018 by 180 basis points to 15.6% (PY: 13.8%).

The external revenue of our companies located in the NAFTA region decreased from €175.3 million in the first half of fiscal 2017 by 1.3% to €173.0 million in the first half of fiscal 2018. The Automotive business contributed €(5.3) million offset by a contribution of €3.0 million by the Industrial 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 H1 FY2018 versus $1.07 in H1 FY2017). The currency translation effect was €(21.2) million. At constant US dollar rates NAFTA´s revenue grew by 10.7%. Measured in US dollars the Automotive business grew by 7.5%. This is due to our Powerise® business with a growth rate of 11.5% and our Automotive Gas Spring business with a growth rate of 2.6%. The Industrial business grew by 18.8%. The adjusted EBIT of the NAFTA segment decreased by 11.4% or €3.2 million and the adjusted EBIT margin, i.e. adjusted EBIT in percent of external revenue, decreased in the first half of fiscal 2018 by 160 basis points to 14.4% (PY: 16.0%).

The external revenue of our companies located in the region Asia / Pacific and RoW increased from €51.8 million in the first half of fiscal 2017 by 16.6% to €60.4 million in the first half of fiscal 2018. This increase is mainly driven by the Automotive Powerise® business which grew by €8.3 million, especially due to the ramp-up of the Powerise® production in our Chinese entity and our Vibration and Velocity Control business which grew by €2.3 million. The adjusted EBIT of the Asia / Pacific and RoW segment increased by €1.3 million or 15.9% and the adjusted EBIT margin, i.e. adjusted EBIT in percent of external revenue, decreased slightly in the first half of fiscal 2018 by 10 basis points to 15.7% (PY: 15.8%).

FINANCIAL POSITION

Balance sheet T_010

IN € MILLIONS	March 31, 2018	Sept 30, 2017	Change	% change
Assets				
Non-current assets	633.8	647.8	(14.0)	(2.2)%
Current assets	312.1	282.2	29.9	10.6%
Total assets	**945.9**	**930.0**	**15.9**	**1.7%**
Equity and liabilities				
Equity	360.8	336.4	24.4	7.3%
Non-current liabilities	421.2	430.8	(9.6)	(2.2)%
Current liabilities	163.9	162.8	1.1	0.7%
Total liabilities	585.1	593.6	(8.5)	(1.4)%
Total equity and liabilities	**945.9**	**930.0**	**15.9**	**1.7%**

TOTAL ASSETS

The Group's balance sheet total increased from €930.0 million as of September 30, 2017 by 1.7% to €945.9 million as of March 31, 2018.

NON-CURRENT ASSETS

Our non-current assets decreased from €647.8 million as of September 30, 2017 by (2.2)% or €(14.0) million to €633.8 million as of March 31, 2018. This reduction is mainly attributable to the €(15.1) million decrease of other intangible assets that mainly results from the ongoing amortization of intangible assets from the purchase price allocations 2010 and 2016. The relatively weaker US dollar (closing rate per €1: $1.18 as at September 30, 2017 versus €1: $1.23 as at March 31, 2018) is generally effecting all line items, e.g. causing a decrease in goodwill of (€2.3) million. This was partly offset by ongoing capacity expansions, i.e. the purchase of property plant and equipment (€14.3 million) and intangible assets (€4.6 million). The increase of deferred tax assets is 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 10.6% or €29.9 million to €312.1 million as of March 31, 2018. This is driven by an increase in trade accounts receivable by €21.5 million mainly as a consequence of ongoing business growth and an increase in the cash balance by €7.7 million that results from our strong cash flow in the first half year of fiscal 2018.

EQUITY

The Group's equity increased from €336.4 million as of September 30, 2017 by €24.4 million to €360.8 million as of March 31, 2018. This increase results from the profit of €47.3 million that was generated in the first half of fiscal 2018, which was partially offset by other comprehensive income of €(3.1) million. Other comprehensive income comprises unrealized actuarial gains on pensions (net of tax) amounting to €0.9 million and unrealized losses from foreign currency translation amounting to €(4.0) million. In the second quarter of fiscal 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 (2.2)% or €(9.6) million to €421.2 million as of March 31, 2018. This decrease is primarily due to the reduction of the deferred tax liabilities by €(6.4) million which was mainly affected by the US tax reform and the necessary remeasurement of the deferred tax positions of our US entities. In addition, the pension liabilities decreased by €(1.6) million as a consequence of an increased discount rate (March 31, 2018: 2.06% versus September 30, 2017: 1.87%) and the other financial liabilities decreased by €(0.9) million due to an early settlement of a finance lease arrangement.

CURRENT LIABILITIES

Current liabilities slightly increased from €162.8 million as of September 30, 2017 by €1.1 million or 0.7% to €163.9 million as of March 31, 2018. This increase was essentially driven by current provisions for warranties amounting to €2.8 million (e.g. warranties driven by higher sales for the current fiscal year) and an increase in our current tax liabilities by €2.4 million. This increase was partly offset by a significant reduction of our trade accounts payables by €(4.0) million or (5.0)% which is a consequence of shorter payment cycles for trade payables to benefit from early payment discounts.

LIQUIDITY

Cash flow

T_011

IN € MILLIONS	Six months ended March 31, 2018	2017	Change	% change
Cash flow from operating activities	50.3	44.6	5.7	12.8%
Cash flow from investing activities	(18.8)	(22.5)	3.7	(16.4)%
Cash flow from financing activities	(23.0)	(30.0)	7.0	(23.3)%
Net increase / (decrease) in cash	**8.5**	**(7.8)**	**16.3**	**<(100.0)%**
Effect of movements in exchange rates on cash held	(0.9)	0.8	(1.7)	<(100.0)%
Cash as of beginning of the period	68.1	75.0	(6.9)	(9.2)%
Cash as of end of the period	**75.8**	**68.0**	**7.8**	**11.5%**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased from €44.6 million in the first half of fiscal 2017 by €5.7 million to €50.3 million in the first half 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 €(22.5) million in the first half of fiscal 2017 by €3.7 million to €(18.8) million in the first half of fiscal 2018 due to lower capital expenditures in property, plant and equipment of €(2.7) million and reduced investments in intangible assets, especially due to a reduction of capitalized R&D costs (less related customer contributions) amounting to €(1.0) million.

CASH FLOW FROM FINANCING ACTIVITIES

The cash outflow from financing activities decreased from €(30.0) million in the first half of fiscal 2017 by €7.0 million to €(23.0) million in the first half of fiscal 2018. In the first half of fiscal 2017 we made a voluntary repayment of € 12.5 million of the term loan facility and no comparable repayment in the first half of fiscal 2018. In addition, the cash interest in the first half year of fiscal 2018 is €(2.6) million lower compared to the first half year 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	Six months ended March 31, 2018	2017	Change	% change
Cash flow from operating activities	50.3	44.6	5.7	12.8%
Cash flow from investing activities	(18.8)	(22.5)	3.7	(16.4)%
Free cash flow	**31.5**	**22.1**	**9.4**	**42.5%**

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 2.0x for the twelve months ending March 31, 2017 to 1.4x for the twelve months ending March 31, 2018. See the following table:

Net leverage ratio

T_013

IN € MILLIONS	March 31, 2018	March 31, 2017	Change	% change
Financial debt	342.3	392.5	(50.2)	(12.8)%
Cash and cash equivalents	(75.8)	(68.0)	(7.8)	11.5%
Net financial debt	266.5	324.5	(58.0)	(17.9)%
Adjusted EBITDA (LTM ended March, 31)	184.1	159.2	24.9	15.6%
Net leverage ratio[1]	**1.4x**	**2.0x**		

[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.

SUBSEQUENT EVENTS

As of May 3, 2018, 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, 2018.

OUTLOOK

The positive development of our business gives us confidence for the remaining months of the fiscal year and allows us to raise the guidance on revenue growth at constant US dollar rates, i.e. based on the average rate of €1: $1.10 from FY2017, from circa 7.1% to circa 8.8% for FY2018. As such we confirm our revenue guidance of about €960 million, now assuming a currency rate of €1: $1.20, and our adjusted EBIT margin guidance of approximately 15.5% for FY2018.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

as of and for the three and six months ended March 31, 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six months ended March 31, 2018 (unaudited)

Consolidated Statement of Comprehensive Income

T_014

IN € THOUSANDS	NOTE	Three months ended March 31, 2018	Three months ended March 31, 2017	Six months ended March 31, 2018	Six months ended March 31, 2017
Revenue	2	250,993	244,866	481,546	455,548
Cost of sales		(172,815)	(169,706)	(335,721)	(320,466)
Gross profit		**78,178**	**75,160**	**145,825**	**135,082**
Research and development expenses		(11,588)	(10,742)	(21,670)	(18,640)
Selling expenses		(20,337)	(20,647)	(40,794)	(40,581)
Administrative expenses		(10,425)	(8,788)	(19,430)	(17,803)
Other income		806	3,325	5,364	7,193
Other expenses		(1,664)	(5,032)	(4,775)	(7,851)
Profit from operating activities		**34,970**	**33,278**	**64,520**	**57,400**
Finance income	3	1,370	97	1,435	12,002
Finance costs	4	(6,693)	(11,279)	(9,169)	(5,664)
Profit / (loss) before income tax		**29,647**	**22,096**	**56,786**	**63,738**
Income tax income / (expense)		(4,029)	(7,541)	(9,457)	(19,365)
Profit / (loss) for the period		**25,618**	**14,556**	**47,329**	**44,373**
thereof attributable to non-controlling interests		(69)	6	(96)	14
thereof attributable to shareholders of Stabilus		25,687	14,550	47,425	44,359
Other comprehensive income / (expense)					
Foreign currency translation difference[1]	11	2,003	8,384	(4,021)	(348)
Unrealized actuarial gains and losses[2]	11	684	(157)	883	2,766
Other comprehensive income / (expense), net of taxes		**2,687**	**8,226**	**(3,138)**	**2,418**
Total comprehensive income / (expense) for the period		**28,305**	**22,782**	**44,191**	**46,791**
thereof attributable to non-controlling interests		(69)	6	(96)	14
thereof attributable to shareholders of Stabilus		28,374	22,776	44,287	46,777
Earnings per share (in €):					
basic	5	1.04	0.59	1.92	1.80
diluted	5	1.04	0.59	1.92	1.80

[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 March 31, 2018 (unaudited)

Consolidated Statement of Financial Position

T_015

IN € THOUSANDS	NOTE	March 31, 2018	Sept 30, 2017
Assets			
Property, plant and equipment	6	169,182	169,659
Goodwill		191,910	194,184
Other intangible assets	7	253,797	268,911
Other assets	9	3,318	2,951
Deferred tax assets		15,513	12,083
Total non-current assets		**633,720**	**647,788**
Inventories	10	85,388	85,262
Trade accounts receivable		126,623	105,147
Current tax assets		7,186	5,802
Other financial assets	8	2,612	5,155
Other assets	9	14,513	12,718
Cash and cash equivalents		75,816	68,123
Total current assets		**312,138**	**282,207**
Total assets		**945,858**	**929,995**

Consolidated Statement of Financial Position

T_015

IN € THOUSANDS	NOTE	March 31, 2018	Sept 30, 2017
Equity and liabilities			
Issued capital		247	247
Capital reserves		225,848	225,848
Retained earnings		167,105	139,440
Other reserves	11	(32,336)	(29,198)
Equity attributable to shareholders of Stabilus		**360,864**	**336,337**
Non-controlling interests		(91)	43
Total equity		**360,773**	**336,380**
Financial liabilities	12	311,734	311,951
Other financial liabilities	13	915	1,830
Provisions	14	3,216	3,771
Pension plans and similar obligations	15	51,652	53,236
Deferred tax liabilities		53,633	60,036
Total non-current liabilities		**421,150**	**430,824**
Trade accounts payable		75,094	79,073
Financial liabilities	12	11,033	10,000
Other financial liabilities	13	10,382	9,613
Current tax liabilities		17,979	15,612
Provisions	14	35,239	33,061
Other liabilities	16	14,208	15,432
Total current liabilities		**163,935**	**162,791**
Total liabilities		**585,085**	**593,615**
Total equity and liabilities		**945,858**	**929,995**

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, 2018 (unaudited)

Consolidated Statement of Changes in Equity

T_016

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, 2016		**247**	**225,848**	**72,535**	**(35,832)**	**262,798**	**94**	**262,892**
Profit/ (loss) for the period		–	–	44,359	–	44,359	14	44,373
Other comprehensive income / (expense)	11	–	–	–	2,418	2,418	–	2,418
Total comprehensive income for the period		–	–	44,359	2,418	46,777	14	46,791
Dividends		–	–	(12,350)	–	(12,350)	(54)	(12,404)
Balance as of March 31, 2017		**247**	**225,848**	**104,544**	**(33,414)**	**297,225**	**54**	**297,278**
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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended March 31, 2018 (unaudited)

Consolidated Statement of Cash Flows

T_017

		Six months ended March 31,	
IN € THOUSANDS	NOTE	2018	2017[1]
Profit / (loss) for the period		47,329	44,373
Income tax expense		9,457	19,365
Net finance result	3/4	7,734	(6,544)
Interest received	3/4	144	206
Depreciation and amortization (incl. impairment losses)		29,182	31,699
Gains / losses from the disposal of assets		97	–
Changes in inventories		(126)	(6,078)
Changes in trade accounts receivable		(21,476)	(19,029)
Changes in trade accounts payable		(3,979)	(4,418)
Changes in other assets and liabilities		(1,105)	(1,709)
Changes in provisions		1,306	3,267
Income tax payments	20	(18,269)	(16,485)
Cash flow from operating activities		**50,294**	**44,647**
Proceeds from disposal of property, plant and equipment		172	104
Purchase of intangible assets	7	(4,615)	(5,647)
Purchase of property, plant and equipment	6	(14,338)	(16,984)
Cash flow from investing activities		**(18,781)**	**(22,526)**
Receipts from financial liabilities		6,427	–
Payments for redemption of financial liabilities		(129)	–
Payments for redemption of senior facilities		(6,427)	(12,500)
Payments for finance leases		(945)	(314)
Dividends paid		(19,760)	(12,350)
Dividends paid to non-controlling interests		(38)	(54)
Payments for interest	20	(2,097)	(4,744)
Cash flow from financing activities		**(22,969)**	**(29,962)**
Net increase / (decrease) in cash and cash equivalents		**8,544**	**(7,841)**
Effect of movements in exchange rates on cash held		(851)	794
Cash and cash equivalents as of beginning of the period		68,123	75,037
Cash and cash equivalents as of end of the period		**75,816**	**67,990**

[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.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of and for the three and six months ended March 31, 2018

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, 2018 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, 2017. 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, 2017.

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, 2017. The interim Consolidated Financial Statements and the interim Group management report has not been audited or reviewed by our Group Auditor.

Presentation

These Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2018 comprise the Consolidated Statement of Comprehensive Income for the three and six months ended March 31, 2018, the Consolidated Statement of Financial Position as of March 31, 2018, the Consolidated Statement of Changes in Equity for the six months ended March 31, 2018, the Consolidated Statement of Cash Flows for the six months ended March 31, 2018 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 3, 2018.

2 Revenue

The Group's revenue developed as follows:

Revenue by region (location of Stabilus company)

T_018

	Three months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	2018	2017	2018	2017
Europe[1]	132,174	126,141	248,147	228,385
NAFTA[1]	89,371	93,686	172,966	175,325
Asia / Pacific and RoW[1]	29,448	25,039	60,433	51,838
Revenue[1]	**250,993**	**244,866**	**481,546**	**455,548**

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

Revenue by markets

T_019

	Three months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	2018	2017	2018	2017
Automotive Gas Spring	87,582	91,507	170,708	174,672
Automotive Powerise®	67,808	65,620	132,300	119,002
Automotive business	155,390	157,127	303,008	293,674
Industrial / Capital Goods	61,336	55,066	112,249	100,949
Vibration & Velocity Control	26,684	25,175	51,454	46,597
Commercial Furniture	7,583	7,498	14,835	14,328
Industrial business	95,603	87,739	178,538	161,874
Revenue	**250,993**	**244,866**	**481,546**	**455,548**

3 Finance income

Finance income

T_020

IN € THOUSANDS	Three months ended March 31, 2018	2017	Six months ended March 31, 2018	2017
Interest income on loans and financial receivables	71	20	132	75
Net foreign exchange gain	–	–	–	11,796
Gains from changes in carrying amount of financial liabilities	1,291	–	1,291	–
Other interest income	8	77	12	131
Finance income	**1,370**	**97**	**1,435**	**12,002**

4 Finance costs

Finance costs

T_021

IN € THOUSANDS	Three months ended March 31, 2018	2017	Six months ended March 31, 2018	2017
Interest expenses on financial liabilities	(2,164)	(2,576)	(4,233)	(5,330)
Net foreign exchange loss	(4,344)	(8,435)	(4,678)	–
Interest expenses finance lease	(13)	(20)	(30)	(33)
Other interest expenses	(172)	(248)	(228)	(301)
Finance costs	**(6,693)**	**(11,279)**	**(9,169)**	**(5,664)**

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, 2018 and 2017 is set out in the following table:

Weighted average number of shares

T_022

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
October 1, 2016	182	–	–	24,700,000	24,700,000
March 31, 2017		**–**	**–**	**24,700,000**	**24,700,000**
October 1, 2017	182	–	–	24,700,000	24,700,000
March 31, 2018		**–**	**–**	**24,700,000**	**24,700,000**

The earnings per share for the six months ended March 31, 2018 and 2017 were as follows:

Earnings per share T_023

	Six months ended March 31,	
	2018	2017
Profit / (loss) attributable to shareholders of Stabilus	47,425	44,359
Weighted average number of shares	24,700,000	24,700,000
Earnings per share (in €)	**1.92**	**1.80**

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, 2018 amounted to €169,182 thousand (Sept 30, 2017: €169,659 thousand). Additions to property, plant and equipment in the first six months of fiscal 2018 amounted to €14,252 thousand (H1 FY2017: €16,406 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 2018 amounted to €195 thousand (H1 FY2017: €119 thousand).

The Group did not recognize impairment losses in the first six months of fiscal 2018 (H1 FY2017: €261).

7 Other intangible assets

Other intangible assets as of March 31, 2018 amounted to €253,797 thousand (Sept 30, 2017: €268,911 thousand). Additions to intangible assets in the first six months of fiscal 2018 amounted to €4,561 thousand (H1 FY2017: €5,647 thousand) and mainly comprised capitalized development costs (less related customer contributions) of €3,966 thousand (H1 FY2017: €5,003 thousand). Borrowing costs capitalized in the first six months of fiscal 2018 amounted to €54 thousand (H1 FY2017: €113 thousand).

In the first six months of fiscal 2018 total amortization expenses on intangible assets amounted to €16,472 thousand (H1 FY2017: €17,376 thousand). Amortization expenses on development costs include impairment losses of €1,135 thousand (H1 FY2017: €1,665 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_024

	March 31, 2018			Sept 30, 2017		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Other miscellaneous	2,612	–	2,612	5,155	–	5,155
Other financial assets	**2,612**	**–**	**2,612**	**5,155**	**–**	**5,155**

Other financial assets as of March 31, 2018 amounting to €2,612 thousand (Sept 30, 2017: €5,155 thousand) comprised only assets related to the sale of trade accounts receivable program. The decrease is mainly due to the payment of the receivable from the sale of the land and building of Stabilus Spain.

9 Other assets

Other assets

T_025

	March 31, 2018			Sept 30, 2017		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
VAT	2,469	–	2,469	3,570	–	3,570
Prepayments	3,963	593	4,556	3,062	507	3,569
Deferred charges	6,183	–	6,183	4,274	–	4,274
Other miscellaneous	1,898	2,725	4,623	1,812	2,444	4,256
Other assets	**14,513**	**3,318**	**17,831**	**12,718**	**2,951**	**15,669**

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

10 Inventories

Inventories

T_026

IN € THOUSANDS	March 31, 2018	Sept 30, 2017
Raw materials and supplies	38,998	39,876
Finished products	21,555	22,095
Work in progress	15,481	14,203
Merchandise	9,354	9,088
Inventories	**85,388**	**85,262**

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_027

IN € THOUSANDS	Unrealized actuarial gains and losses	Unrealized gains / (losses) from foreign currency translation	Total
Balance as of Sept 30, 2016	**(14,207)**	**(21,625)**	**(35,832)**
Before tax	4,591	3,328	7,919
Tax (expense) / benefit	(1,285)	–	(1,285)
Other comprehensive income / (expense), net of taxes	3,306	3,328	6,634
Non-controlling interest	–	–	–
Balance as of Sept 30, 2017	**(10,901)**	**(18,297)**	**(29,198)**
Before tax	1,268	(4,021)	(2,753)
Tax (expense) / benefit	(385)	–	(385)
Other comprehensive income / (expense), net of taxes	883	(4,021)	(3,138)
Non-controlling interest	–	–	–
Balance as of March 31, 2018	**(10,018)**	**(22,318)**	**(32,336)**

[1] See also Consolidated Statement of Comprehensive Income above.

12 Financial liabilities

The financial liabilities comprise the following items:

Financial liabilities

T_028

	March 31, 2018			Sept 30, 2017		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Senior facilities	10,000	306,565	316,565	10,000	311,951	321,951
Other financial liabilities	1,033	5,169	6,202	–	–	–
Financial liabilities	**11,033**	**311,734**	**322,767**	**10,000**	**311,951**	**321,951**

The Group´s liability under the senior facility agreement (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 one year.

Next to the prepayments in prior years (€50.0 million on August 31, 2016, €10.0 million on December 31, 2016, €2.5 million on March 31, 2017, €50.0 million in September 30, 2017) another prepayment of €6.4 million was made on March 29, 2018 and reduced the outstanding principal amount to €336.1 million. The current portion of the financial liability reflects the expected next two semi-annual prepayments of €5.0 million on September 30, 2018 and of €5.0 million on March 31, 2019.

As of March 31, 2018, the Group had no liability under the committed €70 million revolving credit facility. The Group utilized €3.8 million out of the €70.0 million revolving credit facility to secure existing guarantees.

13 Other financial liabilities

Other financial liabilities

T_029

	March 31, 2018			Sept 30, 2017		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Liabilities to employees	7,136	–	7,136	6,796	–	6,796
Social security contribution	3,065	–	3,065	2,514	–	2,514
Finance lease obligation	181	915	1,096	303	1,830	2,133
Other financial liabilities	**10,382**	**915**	**11,297**	**9,613**	**1,830**	**11,443**

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. The finance lease obligations decreased by €0.9 million due to an early settlement of a finance lease arrangement.

14 Provisions

Provisions T_030

	March 31, 2018			Sept 30, 2017		
IN € THOUSANDS	Current	Non-current	**Total**	Current	Non-current	**Total**
Anniversary benefits	17	110	127	29	105	134
Early retirement contracts	1,412	1,496	2,908	811	1,851	2,662
Employee-related costs	11,921	–	11,921	12,099	–	12,099
Environmental protection	–	1,226	1,226	48	1,421	1,469
Other risks	2,112	–	2,112	2,868	–	2,868
Legal and litigation costs	107	–	107	111	–	111
Warranties	15,777	–	15,777	12,984	–	12,984
Other miscellaneous	3,893	384	4,277	4,111	394	4,505
Provisions	**35,239**	**3,216**	**38,455**	**33,061**	**3,771**	**36,832**

The provision for environmental protection, in particular long-term bioremediation of the former Colmar US site, decreased in the first six months of fiscal 2018 from €1,469 thousand to €1,226 thousand. This provision is to cover the contractor expense to finish the bioremediation program in the next years. The provision for warranties increased from €12,984 thousand as of September 30, 2017 to €15,777 thousand as of March 31, 2018 partially due to higher sales as well as the regional mix of these sales to provide for potential warranty cases.

15 Pension plans and similar obligations

The Group's liability for pension plans and similar obligations decreased from €53,236 thousand as of September 30, 2017 by €1,584 thousand to €51,652 thousand as of March 31, 2018. The decrease was mainly due to the higher discount rate (March 31, 2018: 2.06% versus September 30, 2017: 1.87%).

16 Other liabilities

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

Other liabilities

T_031

	March 31, 2018			Sept 30, 2017		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Advanced payments received	2,459	–	2,459	2,807	–	2,807
Vacation expenses	4,964	–	4,964	3,396	–	3,396
Other personnel-related expenses	4,941	–	4,941	6,517	–	6,517
Outstanding costs	1,589	–	1,589	2,472	–	2,472
Miscellaneous	255	–	255	240	–	240
Other liabilities	**14,208**	**–**	**14,208**	**15,432**	**–**	**15,432**

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 2017.

Guarantees

A detailed description of the guarantees the Group has issued can be found in the 2017 Annual Report.

Other financial commitments

The nominal values of the other financial commitments as of March 31, 2018 are as follows:

Other financial commitments

T_032

IN € THOUSANDS	March 31, 2018	Sept 30, 2017
Capital commitments for fixed and other intangible assets	7,489	7,847
Obligations under rental and leasing agreements	21,250	22,728
Total	**28,739**	**30,575**

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 _ 033

IN € THOUSANDS	Measurement category acc. to IAS 39	March 31, 2018 Carrying amount	March 31, 2018 Fair value	Sept 30, 2017 Carrying amount	Sept 30, 2017 Fair value
Trade accounts receivables	LaR	126,623	126,623	105,147	105,147
Cash	LaR	75,816	75,816	68,123	68,123
Other financial assets	LaR	2,612	2,612	5,155	5,155
Total financial assets		**205,051**	**205,051**	**178,425**	**178,425**
Financial liabilities	FLAC	322,767	322,904	321,951	321,435
Trade accounts payable	FLAC	75,094	75,094	79,073	79,073
Finance lease liabilities	–	1,096	2,213	2,133	3,469
Total financial liabilities		**398,957**	**400,211**	**403,157**	**403,977**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		205,051	205,051	178,425	178,425
Financial liabilities measured at amortized cost (FLAC)		397,861	397,998	401,024	400,508

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 _ 034

IN € THOUSANDS	March 31, 2018 Total	March 31, 2018 Level 1 [1]	March 31, 2018 Level 2 [2]	March 31, 2018 Level 3 [3]	Sept 30, 2017 Total	Sept 30, 2017 Level 1 [1]	Sept 30, 2017 Level 2 [2]	Sept 30, 2017 Level 3 [3]
Financial liabilities								
Senior facilities	316,702	–	316,702	–	321,435	–	321,435	–
Other financial liabilities	6,202	–	6,202	–	–	–	–	
Finance lease liabilities	2,213	–	–	2,213	3,469	–	–	3,469

[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 at 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, from 4.75% and the forecast 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, 2017.

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 2018 amounting to €(2,097) thousand (H1 FY2017: €(4,744) thousand) are taken into account in the cash outflows from financing activities. Income tax payments in the same period of €(18,269) thousand (H1 FY2017: €(16,485) thousand) are reflected in 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 (PPA).

Segment information for the six months ended March 31, 2018 and 2017 is as follows:

Segment reporting

T _ 035

	Europe		NAFTA		Asia / Pacific and RoW	
	Six months ended March 31,		Six months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	**2018**	2017	**2018**	2017	**2018**	2017
External revenue[1]	248,147	228,384	172,966	175,325	60,433	51,838
Intersegment revenue[1]	16,502	15,567	12,567	12,465	72	368
Total revenue[1]	264,649	243,951	185,533	187,790	60,505	52,206
Depreciation and amortization (incl. impairment losses)	(15,361)	(16,789)	(6,104)	(6,364)	(3,078)	(2,385)
EBIT	36,323	29,136	23,415	26,342	9,422	8,082
Adjusted EBIT	38,794	31,611	24,945	28,059	9,497	8,163

	Total segments		Other / Consolidation		Stabilus Group	
	Six months ended March 31,		Six months ended March 31,		Six months ended March 31,	
IN € THOUSANDS	**2018**	2017	**2018**	2017	**2018**	2017
External revenue[1]	481,546	455,548	–	–	481,546	455,548
Intersegment revenue[1]	29,141	28,400	(29,141)	(28,400)	–	–
Total revenue[1]	510,687	483,948	(29,141)	(28,400)	481,546	455,548
Depreciation and amortization (incl. impairment losses)	(24,543)	(25,539)	(4,640)	(6,160)	(29,183)	(31,699)
EBIT	69,160	63,560	(4,640)	(6,160)	64,520	57,400
Adjusted EBIT	73,236	67,834	–	–	73,236	67,834

[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 _ 036

IN € THOUSANDS	Six months ended March 31, 2018	2017
Total segments' profit (adjusted EBIT)	**73,236**	**67,834**
Other / consolidation	–	–
Group adjusted EBIT	**73,236**	**67,834**
Adjustments to EBIT	(8,716)	(10,434)
Profit from operating activities (EBIT)	**64,520**	**57,400**
Finance income	1,435	12,002
Finance costs	(9,169)	(5,664)
Profit / (loss) before income tax	**56,786**	**63,738**

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

As of May 3, 2018, 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, 2018.

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 3, 2018

Dietmar Siemssen　Mark Wilhelms　Andreas Schröder　Andreas Sievers
Management Board

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

Financial calendar

T _ 037

DATE [1) 2)]	PUBLICATION / EVENT
May 7, 2018	Publication of the second-quarter results for fiscal year 2018 (Interim Report Q2 FY18)
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)

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 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.

Investor Relations

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