INTERIM REPORT

Q2 FY2017

KEY FIGURES

T _ 001

in € millions	Three months ended March 31, 2017	2016	CHANGE	% CHANGE
Revenue	**244.9**	180.9	64.0	35.4%
EBIT	**33.3**	21.8	11.5	52.8%
Adjusted EBIT	**38.4**	25.0	13.4	53.6%
Profit for the period	**14.6**	10.8	3.8	35.2%
Capital expenditure	**(13.1)**	(14.1)	1.0	(7.0)%
Free cash flow (FCF)	**15.3**	17.0	(1.7)	(10.0)%
EBIT as % of revenue	**13.6%**	12.1%		
Adjusted EBIT as % of revenue	**15.7%**	13.8%		
Profit in % of revenue	**6.0%**	6.0%		
Capital expenditure as % of revenue	**5.4%**	7.8%		
FCF in % of revenue	**6.2%**	9.4%		

in € millions	Six months ended March 31, 2017	2016	CHANGE	% CHANGE
Revenue	**455.5**	348.2	107.3	30.8%
EBIT	**57.4**	39.3	18.1	46.1%
Adjusted EBIT	**67.8**	45.7	22.1	48.4%
Profit for the period	**44.4**	24.4	20.0	82.0%
Capital expenditure	**(22.6)**	(27.6)	5.0	(18.0)%
Free cash flow (FCF)	**22.1**	12.4	9.7	78.2%
EBIT as % of revenue	**12.6%**	11.3%		
Adjusted EBIT as % of revenue	**14.9%**	13.1%		
Profit in % of revenue	**9.7%**	7.0%		
Capital expenditure as % of revenue	**5.0%**	7.9%		
FCF in % of revenue	**4.9%**	3.6%		

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HIGHLIGHTS Q2/17

+35.4% REVENUE

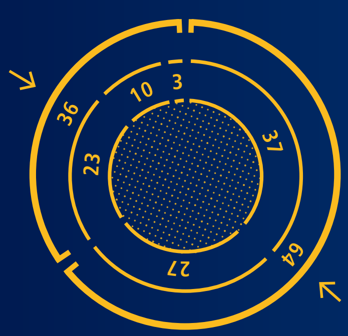
STRONG SECOND QUARTER THANKS TO CONTINUING GROWTH IN ALL REGIONS

- Revenue up by 35.4% to €244.9 million (+€64 million versus Q2 FY 2016)
- Revenue growth in all regions with NAFTA (+37.6%), Europe (+35.4%) and Asia/Pacific RoW (+26.9%)
- Revenue growth Powerise (36.1%), Industrial / Capital Goods (25.2%), Gas Spring (13.1%); Commercial Furniture (–3.8%).
- Revenue contribution of €31.6 million by entities acquired in June 2016

IMPROVED OUTLOOK

- FY2017 revenue guidance confirmed
- FY2017 adjusted EBIT margin guidance raised to 14% – 15%

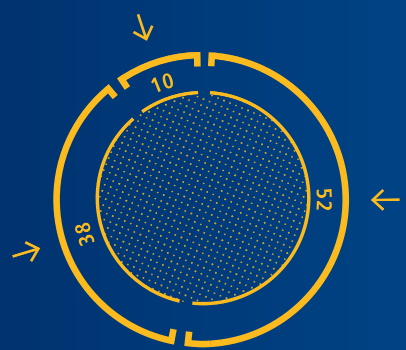
REVENUE BY MARKETS IN Q2 FY2017



64% — **Automotive Business**
37% — Automotive Gas Spring
27% — Automotive Powerise

36% — **Industrial Business**
23% — Industrial / Capital Goods
10% — Vibration & Velocity Control
3% — Commercial Furniture

REVENUE BY REGION IN Q2 FY2017
(LOCATION OF STABILUS COMPANY)



52% — Europe
38% — NAFTA
10% — Asia / Pacific and RoW

INTERIM GROUP MANAGEMENT REPORT

for the three and six months ended March 31, 2017

RESULTS OF OPERATIONS

SECOND QUARTER OF FISCAL 2017

The table below sets out Stabilus Group's consolidated income statement for the second quarter of fiscal 2017 in comparison to the second quarter of fiscal 2016:

Income statement T_002

	Three months ended March 31,			
IN € MILLIONS	2017	2016	Change	% change
Revenue	244.9	180.9	64.0	35.4%
Cost of sales	(169.7)	(133.9)	(35.8)	26.7%
Gross profit	**75.2**	**47.0**	**28.2**	**60.0%**
Research and development expenses	(10.7)	(7.2)	(3.5)	48.6%
Selling expenses	(20.6)	(11.7)	(8.9)	76.1%
Administrative expenses	(8.8)	(7.2)	(1.6)	22.2%
Other income	3.3	3.6	(0.3)	(8.3%)
Other expenses	(5.0)	(2.8)	(2.2)	78.6%
Profit from operating activities (EBIT)	**33.3**	**21.8**	**11.5**	**52.8%**
Finance income	0.1	0.1	–	0.0%
Finance costs	(11.3)	(5.6)	(5.7)	>100.0%
Profit / (loss) before income tax	**22.1**	**16.3**	**5.8**	**35.6%**
Income tax income/ (expense)	(7.5)	(5.5)	(2.0)	36.4%
Profit / (loss) for the period	**14.6**	**10.8**	**3.8**	**35.2%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T_003

IN € MILLIONS	Three months ended March 31, 2017	2016	Change	% change
Europe[1]	126.1	93.1	33.0	35.4%
NAFTA[1]	93.7	68.1	25.6	37.6%
Asia / Pacific and rest of world[1]	25.0	19.7	5.3	26.9%
Revenue[1]	**244.9**	**180.9**	**64.0**	**35.4%**

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

Revenue by markets

T_004

IN € MILLIONS	Three months ended March 31, 2017	2016	Change	% change
Automotive Gas Spring	91.5	80.9	10.6	13.1%
Automotive Powerise	65.6	48.2	17.4	36.1%
Automotive business	157.1	129.1	28.0	21.7%
Industrial / Capital Goods	55.1	44.0	11.1	25.2%
Vibration & Velocity Control	25.2	–	25.2	n/a
Commercial Furniture	7.5	7.8	(0.3)	(3.8)%
Industrial business	87.7	51.8	35.9	69.3%
Revenue	**244.9**	**180.9**	**64.0**	**35.4%**

Total revenue of €244.9 million in the second quarter of fiscal 2017 increased by 35.4% compared to the second quarter of fiscal 2016. The entities acquired in June 2016 (Hahn Gasfedern, ACE, Fabreeka and Tech Products) contributed €31.6 million to the Group's total revenue in the second quarter of fiscal 2017.

In the second quarter of fiscal 2017, revenue of our European entities increased by 35.4%. Revenue for Europe continues to benefit from the strong growth in the Powerise business. The entities acquired in June 2016 contributed €20.9 million to Europe's revenue in the second quarter of fiscal 2017.

NAFTA's revenue increased by 37.6% and, like Europe, continues to benefit from the strong growth in the Powerise business. ACE, Fabreeka and Tech Products contributed €9.7 million to NAFTA's revenue in the second quarter of fiscal 2017. Approximately €3.1 million of the revenue increase in NAFTA was due to the stronger US dollar, i.e. due to the currency translation of NAFTA's revenue from US dollar to euro (average rate per €1: $1.07 in Q2 FY2017 versus $1.10 in Q2 FY2016).

Revenue of our entities in Asia / Pacific and RoW increased by 26.9%. This is essentially due to new customer wins and increased production capacity in China. The entities acquired in June 2016 contributed €1.0 million to the revenue increase in Asia / Pacific and RoW.

Revenue in the Automotive business increased by €28.0 million or 21.7% to €157.1 million (Q2 FY2016: €129.1 million). This is particularly due to our Powerise business. The increase in the Powerise business by 36.1% is mainly the result of new OEM platform wins and the subsequent launch of new Powerise programs for a number of key vehicle OEMs. In addition, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well.

Revenue in the Industrial business increased by €35.9 million or 69.3% to €87.7 million (Q2 FY2016: €51.8 million) in the three months ended March 31, 2017. This is especially due to the acquisition in June 2016. ACE, Fabreeka and Tech Products form the new business unit Vibration & Velocity Control with €25.2 million revenue in Q2 FY2017 and Hahn Gasfedern is integrated into the business unit Industrial / Capital Goods and contributes €6.4 million revenue.

Commercial Furniture (formerly: Swivel Chair) revenue decreased by 3.8% from €7.8 million in the second quarter of fiscal 2016 to €7.5 million in the second quarter of fiscal 2017.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales increased from €(133.9) million in the three months ended March 31, 2016 by 26.7% to €(169.7) million in the three months ended March 31, 2017 as a consequence of increased revenues.

The cost of sales as a percentage of revenue decreased to 69.3% (PY: 74.0%) and the gross profit margin improved to 30.7% (PY: 26.0%). This is due to a better fixed cost absorption (economies of scale especially from continuing growth of our Powerise business) and a stronger gross profit margin of the companies acquired in June 2016.

The companies acquired in June 2016 are active in the industrial market and offer custom-made products with small lot sizes combined with short lead times. This market approach provides the mentioned stronger gross profit margins to Stabilus. On the other hand this approach drives higher overhead cost and necessitates a different manufacturing approach, relative to the Automotive business Stabilus is engaged in.

R&D EXPENSES

R&D expenses (net of R&D cost capitalization) increased strongly by 48.6% from €(7.2) million in the second quarter of fiscal 2016 to €(10.7) million in the second quarter of fiscal 2017 as a consequence of increased general R&D activities. As a percentage of revenue, R&D expenses increased by 40 basis points to 4.4% (PY: 4.0%). The capitalization of R&D expenses decreased from €(3.3) million in the second quarter of fiscal 2016 to €(2.8) million in the second quarter of fiscal 2017.

SELLING EXPENSES

Selling expenses increased from €(11.7) million in the second quarter of fiscal 2016 by 76.1% to €(20.6) million in the second quarter of fiscal 2017, mainly due to the entities acquired in June 2016 which have higher selling expense to revenue ratios, compared to the old Stabilus companies. As a percentage of revenue, the selling expenses increased to 8.4% (Q2 FY2016: 6.5%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased from €(7.2) million in the second quarter of fiscal 2016 by 22.2% to €(8.8) million in the second quarter of fiscal 2017 essentially due to the entities acquired in June 2016. As a percentage of revenue, administrative expenses decreased by 40 basis points to 3.6% (Q2 FY2016: 4.0%).

OTHER INCOME AND EXPENSE

Other income decreased from €3.6 million in the second quarter of fiscal 2016 by €0.3 million to €3.3 million in the second quarter of fiscal 2017. This mainly comprises foreign currency translation gains.

Other expenses increased from €(2.8) million in the second quarter of fiscal 2016 by €(2.2) million to €(5.0) million in the second quarter of fiscal 2017. This mainly comprises foreign currency translation losses.

FINANCE INCOME AND COSTS

Finance income is unchanged at €0.1 million in the second quarter of fiscal 2016 and in the second quarter of fiscal 2017.

Finance costs increased from €(5.6) million in the second quarter of fiscal 2016 to €(11.3) million in the second quarter of fiscal 2017. This is primarily due to higher net foreign exchange losses of €(8.4) million in the second quarter of FY2017 (Q2 FY2016: €(3.7) million) especially on euro loans of our US entities as a consequence of the weaker USD in the second quarter of fiscal 2017 (closing rate per €1: $1.06 as at December 31, 2016 versus $1.07 as at March 31, 2017). Besides intragroup loans €157.5 million of the euro term loan facility is borrowed by a US entity.

The interest expense on financial liabilities increased from €(1.7) million in the second quarter of fiscal 2016 to €(2.6) million in the second quarter of fiscal 2017. This increase is mainly due to increased financial liabilities following the acquisition in June 2016 and to a higher interest margin during the first nine months of the new term loan facility.

INCOME TAX EXPENSE

Income tax expense increased from €(5.5) million in the second quarter of fiscal 2016 to €(7.5) million in the second quarter of fiscal 2017 due to a pre-tax profit of €22.1 million in the second quarter of FY2017 compared to €16.3 million in the second quarter of FY2016.

FIRST HALF OF FISCAL 2017

The table below sets out Stabilus Group's consolidated income statement for the first half of fiscal 2017 in comparison to the first half of fiscal 2016:

Income statement

T_005

IN € MILLIONS	Six months ended March 31, 2017	2016	Change	% change
Revenue	455.5	348.2	107.3	30.8%
Cost of sales	(320.5)	(260.8)	(59.7)	22.9%
Gross profit	**135.1**	**87.4**	**47.7**	**54.6%**
Research and development expenses	(18.6)	(13.0)	(5.6)	43.1%
Selling expenses	(40.6)	(22.9)	(17.7)	77.3%
Administrative expenses	(17.8)	(13.8)	(4.0)	29.0%
Other income	7.2	6.1	1.1	18.0%
Other expenses	(7.9)	(4.5)	(3.4)	75.6%
Profit from operating activities (EBIT)	**57.4**	**39.3**	**18.1**	**46.1%**
Finance income	12.0	0.5	11.5	>100.0%
Finance costs	(5.7)	(3.7)	(2.0)	54.1%
Profit / (loss) before income tax	**63.7**	**36.1**	**27.6**	**76.5%**
Income tax income/ (expense)	(19.4)	(11.8)	(7.6)	64.4%
Profit / (loss) for the period	**44.4**	**24.4**	**20.0**	**82.0%**

Revenue

Group's total revenue developed as follows:

Revenue by region (location of Stabilus company)

T _ 006

IN € MILLIONS	Six months ended March 31, 2017	2016	Change	% change
Europe[1]	228.4	173.6	54.8	31.6%
NAFTA[1]	175.3	135.3	40.0	29.6%
Asia / Pacific and rest of world[1]	51.8	39.3	12.5	31.8%
Revenue[1]	**455.5**	**348.2**	**107.3**	**30.8%**

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

Revenue by markets

T _ 007

IN € MILLIONS	Six months ended March 31, 2017	2016	Change	% change
Automotive Gas Spring	174.7	159.0	15.7	9.9%
Automotive Powerise	119.0	90.7	28.3	31.2%
Automotive business	293.7	249.7	44.0	17.6%
Industrial / Capital Goods	100.9	83.7	17.2	20.5%
Vibration & Velocity Control	46.6	–	46.6	n/a
Commercial Furniture	14.3	14.8	(0.5)	(3.4)%
Industrial business	161.9	98.5	63.4	64.4%
Revenue	**455.5**	**348.2**	**107.3**	**30.8%**

Total revenue of €455.5 million in the first half of fiscal 2017 increased by 30.8% compared to the first half of fiscal 2016. The entities acquired in June 2016 (Hahn Gasfedern, ACE, Fabreeka and Tech Products) contributed €58.2 million to the Group's total revenue in the first half of fiscal 2017.

In the first half of fiscal 2017, revenue of our European entities increased by 31.6%. Revenue for Europe continues to benefit from the strong growth in the Powerise business. The entities acquired in June 2016 contributed €37.6 million to Europe's revenue in the first half of fiscal 2017.

NAFTA's revenue increased by 29.6% and, like Europe, continues to benefit from the strong growth in the Powerise business. ACE, Fabreeka and Tech Products contributed €18.4 million to NAFTA's revenue in the first half of fiscal 2017. Approximately €4.3 million of the revenue increase in NAFTA was due to the stronger US dollar, i.e. due to the currency translation of NAFTA's revenue from US dollar to euro (average rate per €1: $1.07 in H1 FY2017 versus $1.10 in H1 FY2016).

Revenue of our entities in Asia / Pacific and RoW increased by 31.8%. This is essentially due to new customer wins and increased production capacity in China. The entities acquired in June 2016 contributed €2.2 million to the revenue increase in Asia / Pacific and RoW.

Revenue in the Automotive business increased by €44.0 million or 17.6% to €293.7 million (H1 FY2016: €249.7 million). This is particularly due to our Powerise business. The increase in the Powerise business by 31.2% is mainly the result of new OEM platform wins and the subsequent launch of new Powerise programs for a number of key vehicle OEMs. In addition, the share of end customers (buyers of new vehicles) opting for this extra equipment continues to rise as well.

Revenue in the Industrial business increased by €63.4 million or 64.4% to €161.9 million (H1 FY2016: €98.5 million) in the six months ended March 31, 2017. This is especially due to the acquisition in June 2016. ACE, Fabreeka and Tech Products form the new business unit Vibration & Velocity Control with €46.6 million revenue in H1 FY2017. Hahn Gasfedern is integrated into the business unit Industrial / Capital Goods and contributes €11.6 million revenue.

Commercial Furniture (formerly: Swivel Chair) revenue decreased by 3.4% from €14.8 million in the first half of fiscal 2016 to €14.3 million in the first half of fiscal 2017.

Cost of sales and overhead expenses

COST OF SALES

Cost of sales increased from €(260.8) million in the six months ended March 31, 2016 by 22.9% to €(320.5) million in the six months ended March 31, 2017. Due to better fixed cost absorption (economies of scale especially from continuing growth of our Powerise business) and a stronger gross profit margin of the companies acquired in June 2016, cost of sales increased less than revenue. As a result, the gross profit margin improved to 29.7% (PY: 25.1%).

The companies acquired in June 2016 are active in the industrial market and offer custom-made products with small lot sizes combined with short lead times. This market approach provides stronger gross profit margins to Stabilus. On the other hand this approach drives higher overhead cost and necessitates a different manufacturing approach, relative to the Automotive business Stabilus is engaged in.

R&D EXPENSES

R&D expenses (net of R&D cost capitalization) increased strongly by 43.1% from €(13.0) million in the first half of fiscal 2016 to €(18.6) million in the first half of fiscal 2017. This is reflecting our increased general R&D activities. As a percentage of revenue, R&D expenses increased by 40 basis points to 4.1% (PY: 3.7%). The capitalization of R&D expenses decreased from €(6.9) million in the first half of fiscal 2016 to €(6.0) million in the first half of fiscal 2017.

SELLING EXPENSES

Selling expenses increased from €(22.9) million in the first half of fiscal 2016 by 77.3% to €(40.6) million in the first half of fiscal 2017, mainly due to the entities acquired in June 2016 which have higher selling expense to revenue ratios, compared to the old Stabilus companies. As a percentage of revenue, the selling expenses increased to 8.9% (H1 FY2016: 6.6%).

ADMINISTRATIVE EXPENSES

Administrative expenses increased from €(13.8) million in the first half of fiscal 2016 by 29.0% to €(17.8) million in the first half of fiscal 2017 essentially due to the entities acquired in June 2016. As a percentage of revenue, administrative expenses decreased slightly by 10 basis points to 3.9% (FY2016: 4.0%).

OTHER INCOME AND EXPENSE

Other income increased from €6.1 million in the first half of fiscal 2016 by €1.1 million to €7.2 million in the first half of fiscal 2017. This mainly comprises foreign currency translation gains.

Other expenses increased from €(4.5) million in the first half of fiscal 2016 by €(3.4) million to €(7.9) million in the first half of fiscal 2017. This mainly comprises foreign currency translation losses.

FINANCE INCOME AND COSTS

Finance income increased from €0.5 million in the first half of fiscal 2016 to €12.0 million in the first half of fiscal 2017 primarily due to higher net foreign exchange gains especially on euro loans of our US entities (closing rate per €1:$1.12 as at September 30, 2016 versus $1.07 as at March 31, 2017). Besides intragroup loans €157.5 million of the euro term loan facility is borrowed by a US entity.

Finance costs increased from €(3.7) million in the first half of fiscal 2016 to €(5.7) million in the first half of fiscal 2017. This increase is mainly due to increased financial liabilities following the acquisition in June 2016 and to a higher interest margin during the first nine months of the new term loan facility.

INCOME TAX EXPENSE

Driven essentially by the higher pre-tax profit of €63.7 million in the first half of FY2017 (H1 FY2016: €36.1 million) income tax expense increased from €(11.8) million in the first half of fiscal 2016 to €(19.4) million in the first half of fiscal 2017.

EBIT AND ADJUSTED EBIT

The following table shows a reconciliation of earnings before interest and taxes (EBIT) to adjusted EBIT for the second quarter and the first half of fiscal 2017 and 2016:

Reconciliation of EBIT to adjusted EBIT

T _ 008

IN € MILLIONS	Three months ended March 31, 2017	2016	Change	% change
Profit from operating activities (EBIT)	**33.3**	**21.8**	**11.5**	**52.8%**
PPA adjustments – depreciation and amortization	5.1	3.1	2.0	64.5%
Adjusted EBIT	**38.4**	**25.0**	**13.4**	**53.6%**

IN € MILLIONS	Six months ended March 31, 2017	2016	Change	% change
Profit from operating activities (EBIT)	**57.4**	**39.3**	**18.1**	**46.1%**
PPA adjustments – depreciation and amortization	10.4	6.3	4.1	65.1%
Adjusted EBIT	**67.8**	**45.7**	**22.1**	**48.4%**

Adjusted EBIT is defined as EBIT, adjusted for non-recurring costs like severance, consulting, and restructuring cost as well as expenses for one-time legal disputes or launch costs for new products. Furthermore, the depreciation / amortization of fair value adjustments from purchase price allocations is adjusted.

In this period the definition of adjusted EBIT has been slightly modified as interest cost on pensions recognized in EBIT will not be adjusted out anymore. The presentation of prior periods has been changed accordingly, i.e. the adjusted EBIT reported in our interim report Q2 FY2016 was €0.3 million higher for the second quarter of fiscal 2016 and €0.6 million higher for the first half of fiscal 2016.

The PPA adjustments in the current year reflect the PPAs from June 2016 and April 2010 whereas the prior year figures only reflect the April 2010 PPA.

In the periods presented there have been no adjustments except for PPA adjustments.

DEVELOPMENT OF OPERATING SEGMENTS

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 2017 and 2016.

Operating segments

T_009

IN € MILLIONS	Three months ended March 31, 2017	2016	Change	% change
Europe				
External revenue[1]	126.1	93.1	33.0	35.4%
Intersegment revenue[1]	8.5	6.5	2.0	30.8%
Total revenue[1]	134.6	99.6	35.0	35.1%
Adjusted EBIT	19.5	13.2	6.3	47.7%
as % of total revenue	14.5%	13.3%		
as % of external revenue	15.5%	14.2%		
NAFTA				
External revenue[1]	93.7	68.1	25.6	37.6%
Intersegment revenue[1]	6.7	1.2	5.5	>100.0%
Total revenue[1]	100.4	69.2	31.2	45.1%
Adjusted EBIT	15.8	9.1	6.7	73.6%
as % of total revenue	15.7%	13.2%		
as % of external revenue	16.9%	13.4%		
Asia / Pacific and RoW				
External revenue[1]	25.0	19.7	5.3	26.9%
Intersegment revenue[1]	0.3	0.2	0.1	50.0%
Total revenue[1]	25.3	19.9	5.4	27.1%
Adjusted EBIT	3.2	2.6	0.6	23.1%
as % of total revenue	12.6%	13.1%		
as % of external revenue	12.8%	13.2%		

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

IN € MILLIONS	Six months ended March 31, 2017	2016	Change	% change
Europe				
External revenue[1]	228.4	173.6	54.8	31.6%
Intersegment revenue[1]	15.6	12.9	2.7	20.9%
Total revenue[1]	244.0	186.5	57.5	30.8%
Adjusted EBIT	31.6	23.3	8.3	35.6%
as % of total revenue	13.0%	12.5%		
as % of external revenue	13.8%	13.4%		
NAFTA				
External revenue[1]	175.3	135.3	40.0	29.6%
Intersegment revenue[1]	12.5	2.5	10.0	>100.0%
Total revenue[1]	187.8	137.8	50.0	36.3%
Adjusted EBIT	28.1	17.1	11.0	64.3%
as % of total revenue	15.0%	12.4%		
as % of external revenue	16.0%	12.6%		
Asia / Pacific and RoW				
External revenue[1]	51.8	39.3	12.5	31.8%
Intersegment revenue[1]	0.4	0.3	0.1	33.3%
Total revenue[1]	52.2	39.6	12.6	31.8%
Adjusted EBIT	8.2	5.3	2.9	54.7%
as % of total revenue	15.7%	13.4%		
as % of external revenue	15.8%	13.5%		

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

The external revenue generated by our European companies increased by 31.6% from €173.6 million in the first half of fiscal 2016 to €228.4 million in the first half of fiscal 2017. A key portion of the revenue growth, i.e. €37.6 million out of the €54.8 million revenue increase was contributed by the entities acquired in June 2016. In particular, Hahn Gasfedern which is now integrated into our Industrial / Capital Goods business unit contributed €11.6 million and ACE, Fabreeka and Tech Products which form the new business unit Vibration & Velocity Control contributed €26.0 million to Europe's revenue in the first half of fiscal 2017. In addition, €9.4 million revenue increase was generated by our Powerise business. Adjusted EBIT of the European segment increased by 35.6%. As a result, the adjusted EBIT margin, i.e. adjusted EBIT in percent of external revenue, increased by 40 basis points to 13.8% in the first half of fiscal 2017 (H1 FY2016: 13.4%).

The external revenue of our companies located in the NAFTA region increased from €135.3 million in the first half of fiscal 2016 by 29.6% to €175.3 million in the first half of fiscal 2017. An amount of €18.4 million out of the €40.0 million increase was generated by the acquired entities ACE, Fabreeka and Tech Products. €17.2 million were contributed by our Automotive Powerise business. Adjusted EBIT as percentage of external revenue increased in the first half of fiscal 2017 by 340 basis points to 16.0% (H1 FY2016: 12.6%).

In the first half of fiscal 2017, the external revenue of our companies in Asia / Pacific and RoW increased by €12.5 million or 31.8%. Our new Vibration & Velocity Control business unit contributed €2.2 million to the region`s revenue. Another €1.4 million was generated by our Automotive Powerise business. The adjusted EBIT in Asia / Pacific and RoW increased by €2.9 million or 54.7%.

FINANCIAL POSITION

Balance sheet T_010

IN € MILLIONS	March 31, 2017	Sept 30, 2016	Change	% change
Assets				
Non-current assets	677.4	671.9	5.5	0.8%
Current assets	284.4	265.6	18.8	7.1%
Total assets	**961.8**	**937.4**	**24.4**	**2.6%**
Equity and liabilities				
Equity	297.3	262.9	34.4	13.1%
Non-current liabilities	510.1	522.4	(12.3)	(2.4)%
Current liabilities	154.4	152.1	2.3	1.5%
Total liabilities	664.5	674.5	(10.0)	(1.5)%
Total equity and liabilities	**961.8**	**937.4**	**24.4**	**2.6%**

TOTAL ASSETS

The Group's balance sheet total increased from €937.4 million as of September 30, 2016 by 2.6% to €961.8 million as of March 31, 2017.

NON-CURRENT ASSETS

Our non-current assets increased from €671.9 million as of September 30, 2016 by 0.8% or €5.5 million to €677.4 million as of March 31, 2017. This increase is due to ongoing capacity expansion projects, but also to foreign exchange rate related value adjustments, e.g. an increase in goodwill of €2.7 million. This increase was partly offset by a decrease of intangible assets amounting to €8.9 million which is mainly due to the ongoing amortization of intangible assets from the purchase price allocations in 2010 and 2016.

CURRENT ASSETS

Current assets increased from €265.6 million as of September 30, 2016 by 7.1% or €18.8 million to €284.4 million as of March 31, 2017. This is essentially the consequence of an increase of trade accounts receivables of €19.0 million and inventories of €6.1 million that reflect our ongoing revenue growth. This increase was partly offset by a lower cash balance that is reflecting the prepayments of the term loan facility amounting to €12.5 million and the dividend payments of €12.4 million.

EQUITY

The Group's equity increased from €262.9 million as of September 30, 2016 by €34.4 million to €297.3 million as of March 31, 2017. This increase results mainly from the profit amounting to €44.4 million that has been generated in the first half of fiscal 2017 and from other comprehensive income of €2.4 million that primarily comprises unrealized actuarial gains on pensions (net of tax). In the second quarter of fiscal 2017 dividends amounting to €12.4 million were paid to our shareholders reducing equity.

NON-CURRENT LIABILITIES

Non-current liabilities decreased from €522.4 million as of September 30, 2016 by €12.3 million to €510.1 million as of March 31, 2017 mainly due to the decrease of the non-current financial liabilities that result from prepayments of the term loan facility amounting to €12.5 million. The pension liabilities decreased by €4.3 million as a consequence of an increased discount rate (1.35% as at September 30, 2016 versus 1.83% as at March 31, 2017) while the deferred tax liability increased by €6.7 million mainly due to the recognition of deferred taxes on foreign currency translation gains on intragroup and external loans.

CURRENT LIABILITIES

Current liabilities increased from €152.1 million as of September 30, 2016 by €2.3 million or 1.5% to €154.4 million as of March 31, 2017. The decrease of trade accounts payables amounted to €4.4 million or 5.5% and was more than offset by an increase of provisions amounting to €3.1 million (e.g. warranties driven by higher sales and employee-related cost reflecting the bonus accruals for the current fiscal year) and an increase of the current portion of the financial liabilities amounting to €2.5 million.

LIQUIDITY

Cash flow T_011

IN € MILLIONS	Six months ended March 31, 2017	2016	Change	% Change
Cash flow from operating activities	44.6	39.9	4.7	11.9%
Cash flow from investing activities	(22.5)	(27.5)	5.0	(18.2)%
Cash flow from financing activities	(30.0)	(5.7)	(24.3)	>100.0%
Net increase / (decrease) in cash	**(7.8)**	**6.7**	**(14.5)**	**<(100.0)%**
Effect of movements in exchange rates on cash held	0.8	(0.1)	0.9	<(100.0)%
Cash as of beginning of the period	75.0	39.5	35.5	89.9%
Cash as of end of the period	**68.0**	**46.1**	**21.9**	**47.5%**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased from €39.9 million in the first half of fiscal 2016 by €4.7 million to €44.6 million in the first half of fiscal 2017. This increase is mainly due to the strong revenue growth and partly offset by higher net working capital as a consequence of the continuing growth.

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflow for investing activities decreased from €(27.5) million in the first half of fiscal 2016 by €5.0 million to €(22.5) million in the first half of fiscal 2017 due to lower capital expenditure in the six months ended March 31, 2017.

CASH FLOW FROM FINANCING ACTIVITIES

The cash outflow from financing activities increased from €(5.7) million in the first half of fiscal 2016 by €(24.3) million to €(30.0) million in the first half of fiscal 2017. This essentially reflects the prepayments of €12.5 million of the term loan facility and the €12.4 million dividend payments made to our shareholders in February 2017.

FREE CASH FLOW (FCF)

In the past periods the Group used the following definition of free cash flow (FCF): Free cash flow (FCF) comprises IFRS cash flow statement items "cash flow from operating activities", "cash flow from investing activities" and "payments for interest" (net interest payments). Going forward FCF will be defined as the total cash flow from operating and investing activities.

Free cash flow (before interest payments) increased from €12.4 million in the first half of fiscal 2016 by €9.7 million to €22.1 million in the first half of fiscal 2017. The table below (T_012) sets out the composition of both FCF definitions.

Free cash flow T_012

	Six months ended March 31,			
IN € MILLIONS	2017	2016	Change	% Change
Cash flow from operating activities	44.6	39.9	4.7	11.9%
Cash flow from investing activities	(22.5)	(27.5)	5.0	(18.2)%
Free cash flow (before interest payments)	**22.1**	**12.4**	**9.7**	**78.2%**
Payments for interest	(4.7)	(2.9)	(1.8)	62.1%
Free cash flow after interest payments	**17.4**	**9.5**	**7.9**	**83.2%**

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, 2016.

SUBSEQUENT EVENTS

As of May 12, 2017, 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, 2017.

OUTLOOK

We confirm our revenue guidance for fiscal 2017 of approximately €865 million under the assumptions outlined in the Annual Report 2016 based on an average rate per 1€: $1.15 or €880 million at 1€: $1.10.

The positive development of the adjusted EBIT margin gives us confidence for the remaining months of this fiscal year and allows us to raise the adjusted EBIT margin range from 13% – 14% to 14% – 15%.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

as of and for the three and six months ended March 31, 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six months ended March 31, 2017 (unaudited)

Consolidated Statement of Comprehensive Income T_013

IN € THOUSANDS	NOTE	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Revenue	2	244,866	180,872	455,548	348,161
Cost of sales		(169,706)	(133,852)	(320,466)	(260,771)
Gross profit		**75,160**	**47,020**	**135,082**	**87,390**
Research and development expenses		(10,742)	(7,183)	(18,640)	(12,976)
Selling expenses		(20,647)	(11,682)	(40,581)	(22,924)
Administrative expenses		(8,788)	(7,203)	(17,803)	(13,766)
Other income		3,325	3,636	7,193	6,051
Other expenses		(5,032)	(2,818)	(7,851)	(4,460)
Profit from operating activities		**33,278**	**21,770**	**57,400**	**39,315**
Finance income	3	97	92	12,002	485
Finance costs	4	(11,279)	(5,565)	(5,664)	(3,681)
Profit / (loss) before income tax		**22,096**	**16,297**	**63,738**	**36,119**
Income tax income / (expense)		(7,541)	(5,475)	(19,365)	(11,750)
Profit / (loss) for the period		**14,556**	**10,822**	**44,373**	**24,369**
thereof attributable to non-controlling interests		6	9	14	12
thereof attributable to shareholders of Stabilus		14,550	10,813	44,359	24,357
Other comprehensive income / (expense)					
Foreign curreny translation difference [1]	11	8,384	20	(348)	(1,940)
Unrealised actuarial gains and losses [2]	11	(157)	(2,324)	2,766	(2,324)
Other comprehensive income / (expense), net of taxes		**8,226**	**(2,304)**	**2,418**	**(4,264)**
Total comprehensive income / (expense) for the period		**22,782**	**8,518**	**46,791**	**20,105**
thereof attributable to non-controlling interests		6	9	14	12
thereof attributable to shareholders of Stabilus		22,776	8,509	46,777	20,093
Earnings per share (in €):					
basic	5	0.59	0.52	1.80	1.18
diluted	5	0.59	0.52	1.80	1.18

[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, 2017 (unaudited)

Consolidated Statement of Financial Position T_014

IN € THOUSANDS	NOTE	March 31, 2017	Sept 30, 2016
Assets			
Property, plant and equipment	6	173,186	167,569
Goodwill		200,128	197,457
Other intangible assets	7	286,916	295,815
Other assets	9	3,919	3,267
Deferred tax assets		13,265	7,743
Total non-current assets		**677,413**	**671,851**
Inventories	10	80,759	74,681
Trade accounts receivable		116,629	97,600
Current tax assets		595	1,160
Other financial assets	8	4,874	3,160
Other assets	9	13,532	13,923
Cash and cash equivalents		67,990	75,037
Total current assets		**284,380**	**265,561**
Total assets		**961,793**	**937,412**

Consolidated Statement of Financial Position

T_014

IN € THOUSANDS	NOTE	March 31, 2017	Sept 30, 2016
Equity and liabilities			
Issued capital		247	247
Capital reserves		225,848	225,848
Retained earnings		104,544	72,535
Other reserves	11	(33,414)	(35,832)
Equity attributable to shareholders of Stabilus		**297,225**	**262,798**
Non-controlling interests		54	94
Total equity		**297,278**	**262,892**
Financial liabilities	12	381,590	396,095
Other financial liabilities	13	2,028	2,314
Provisions	14	4,488	3,781
Pension plans and similar obligations	15	54,395	58,738
Deferred tax liabilities		67,339	60,634
Other liabilities	16	274	879
Total non-current liabilities		**510,116**	**522,441**
Trade accounts payable		75,971	80,389
Financial liabilities	12	7,500	5,000
Other financial liabilities	13	9,657	9,399
Current tax liabilities		10,682	10,904
Provisions	14	33,984	30,898
Other liabilities	16	16,605	15,489
Total current liabilities		**154,399**	**152,079**
Total liabilities		**664,515**	**674,520**
Total equity and liabilities		**961,793**	**937,412**

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, 2017 (unaudited)

Consolidated Statement of Changes in Equity

T_015

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, 2015		**207**	**73,091**	**24,871**	**(21,484)**	**76,685**	**24**	**76,709**
Profit/ (loss) for the period		–	–	24,357	–	24,357	12	24,369
Other comprehensive income / (expense)	11	–	–	–	(4,264)	(4,264)	–	(4,264)
Total comprehensive income for the period		–	–	24,357	(4,264)	20,093	12	20,105
Dividends		–	–	–	–	–	(78)	(78)
Balance as of March 31, 2016		**207**	**73,091**	**49,228**	**(25,748)**	**96,778**	**(42)**	**96,736**
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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended March 31, 2017 (unaudited)

Consolidated Statement of Cash Flows

T_016

IN € THOUSANDS	NOTE	Six months ended March 31, 2017	2016
Profit/ (loss) for the period		44,373	24,369
Current income tax expense		19,423	14,203
Deferred income tax expense		(58)	(2,453)
Net finance result	3/ 4	(6,338)	3,196
Depreciation and amortization		31,699	22,776
Other non-cash income and expenses		(2,938)	(10,312)
Changes in inventories		(6,078)	(678)
Changes in trade accounts receivable		(19,029)	(13,542)
Changes in trade accounts payable		(4,418)	(3,163)
Changes in other assets and liabilities		1,170	6,966
Changes in provisions		3,267	932
Changes in deferred tax assets and liabilities		58	2,453
Income tax payments	20	(16,485)	(4,842)
Cash flow from operating activities		**44,647**	**39,905**
Proceeds from disposal of property, plant and equipment		104	123
Purchase of intangible assets	7	(5,647)	(6,498)
Purchase of property, plant and equipment	6	(16,984)	(21,093)
Cash flow from investing activities		**(22,526)**	**(27,468)**
Payments for redemption of senior facilities		(12,500)	(2,500)
Payments for finance leases		(314)	(271)
Dividends paid		(12,350)	–
Dividends paid to non-controlling interests		(54)	(78)
Payments for interest	20	(4,744)	(2,870)
Cash flow from financing activities		**(29,962)**	**(5,719)**
Net increase/ (decrease) in cash and cash equivalents		**(7,841)**	**6,718**
Effect of movements in exchange rates on cash held		794	(90)
Cash and cash equivalents as of beginning of the period		75,037	39,473
Cash and cash equivalents as of end of the period		**67,990**	**46,101**

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, 2017

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, 2017 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, 2016. 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, 2016.

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, 2016.

Presentation

These Condensed Interim Consolidated Financial Statements as of and for the three and six months ended March 31, 2017 comprise the Consolidated Statement of Comprehensive Income for the three and six months ended March 31, 2017, the Consolidated Statement of Financial Position as of March 31, 2017, the Consolidated Statement of Changes in Equity for the six months ended March 31, 2017, the Consolidated Statement of Cash Flows for the six months ended March 31, 2017 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 12, 2017.

2 Revenue

The Group's revenue developed as follows:

Revenue by region (location of Stabilus company)

T_017

IN € THOUSANDS	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Europe[1]	126,141	93,111	228,385	173,564
NAFTA[1]	93,686	68,056	175,325	135,337
Asia/Pacific and rest of world[1]	25,039	19,705	51,838	39,260
Revenue[1]	**244,866**	**180,872**	**455,548**	**348,161**

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

Revenue by markets

T_018

IN € THOUSANDS	Three months ended March 31, 2017	Three months ended March 31, 2016	Six months ended March 31, 2017	Six months ended March 31, 2016
Automotive Gas Spring	91,507	80,860	174,672	159,003
Automotive Powerise	65,620	48,225	119,002	90,691
Automotive business	157,127	129,085	293,674	249,694
Industrial / Capital Goods	55,066	43,990	100,949	83,696
Vibration & Velocity Control	25,175	–	46,597	–
Commercial Furniture	7,498	7,797	14,328	14,771
Industrial business	87,739	51,787	161,874	98,467
Revenue	**244,866**	**180,872**	**455,548**	**348,161**

3 Finance income

Finance income

T_019

IN € THOUSANDS	Three months ended March 31, 2017	2016	Six months ended March 31, 2017	2016
Interest income on loans and financial receivables	20	11	75	19
Net foreign exchange gain	–	–	11,796	336
Other interest income	77	81	131	130
Finance income	**97**	**92**	**12,002**	**485**

4 Finance costs

Finance costs

T_020

IN € THOUSANDS	Three months ended March 31, 2017	2016	Six months ended March 31, 2017	2016
Interest expenses on financial liabilities	(2,576)	(1,726)	(5,330)	(3,431)
Net foreign exchange loss	(8,435)	(3,687)	–	–
Interest expenses finance lease	(20)	(25)	(33)	(50)
Other interest expenses	(248)	(127)	(301)	(200)
Finance costs	**(11,279)**	**(5,565)**	**(5,664)**	**(3,681)**

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, 2017 and 2016 is set out in the following table.

Weighted average number of shares

T_021

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
October 1, 2015	183	–	–	20,723,256	20,723,256
March 31, 2016		–	–	**20,723,256**	**20,723,256**
October 1, 2016	182	–	–	24,700,000	24,700,000
March 31, 2017		**–**	**–**	**24,700,000**	**24,700,000**

The earnings per share for the six months ended March 31, 2017 and 2016 were as follows:

Earnings per share T_022

	Six months ended March 31,	
	2017	2016
Profit / (loss) attributable to shareholders of Stabilus	44,359	24,357
Weighted average number of shares	24,700,000	20,723,256
Earnings per share (in €)	**1.80**	**1.18**

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, 2017 amounted to €173,186 thousand (Sept 30, 2016: €167,569 thousand). Additions to property, plant and equipment in the first six months of fiscal 2017 amounted to €16,406 thousand (H1 FY2016: €21,632 thousand).

Disposals occurred only in the ordinary course of business. The net value of disposed property, plant and equipment in the first six month of fiscal 2017 amounted to €119 thousand (H1 FY2016: €66 thousand).

The Group recognized impairment losses amounting to €261 thousand in the reporting period.

7 Other intangible assets

Other intangible assets as of March 31, 2017 amounted to €286,916 thousand (Sept 30, 2016: €295,815 thousand). Additions to intangible assets in the first six months of fiscal 2017 amounted to €5,647 thousand (H1 FY2016: 6,498 thousand) and mainly comprised capitalized development costs (less related customer contributions) of €5,003 thousand (H1 FY2016: €5,859 thousand). Borrowing costs capitalized in the first six months of fiscal 2017 amounted to €113 thousand (H1 FY2016: €126 thousand).

In the first six months of fiscal 2017 total amortization expenses on intangible assets amounted to €17,376 thousand (H1 FY2016: €10,418 thousand). The increase is mainly due to the amortization of intangible assets from business combinations. Amortization expenses on development costs include impairment losses of €1,665 thousand (H1 FY2016: €468 thousand) due to withdrawal of customers from the respective projects and change in expected benefits.

Significant disposals have not been recognized.

8 Other financial assets

Other financial assets T_023

IN € THOUSANDS	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	Sept 30, 2016 Current	Sept 30, 2016 Non-current	Sept 30, 2016 Total
Other miscellaneous	4,874	–	4,874	3,160	–	3,160
Other financial assets	**4,874**	**–**	**4,874**	**3,160**	**–**	**3,160**

Other financial assets as of March 31, 2017 amounting to €4,874 thousand (Sept 30, 2016: €3,160 thousand) comprised only assets related to the sale of trade accounts receivable program.

9 Other assets

Other assets T_024

IN € THOUSANDS	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	Sept 30, 2016 Current	Sept 30, 2016 Non-current	Sept 30, 2016 Total
VAT	3,215	–	3,215	5,698	–	5,698
Prepayments	2,890	1,324	4,214	2,925	746	3,671
Deferred charges	4,783	–	4,783	3,178	–	3,178
Other miscellaneous	2,644	2,595	5,239	2,122	2,521	4,643
Other assets	**13,532**	**3,919**	**17,451**	**13,923**	**3,267**	**17,190**

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

10 Inventories

Inventories T_025

IN € THOUSANDS	March 31, 2017	Sept 30, 2016
Raw materials and supplies	40,900	38,076
Finished products	15,801	17,103
Work in progress	13,715	12,616
Merchandise	10,343	6,886
Inventories	**80,759**	**74,681**

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_026

IN € THOUSANDS	Unrealized actuarial gains and losses	Unrealized gains / (losses) from foreign currency translation	Total
Balance as of Sept 30, 2015	**(8,717)**	**(12,767)**	**(21,484)**
Before tax	(7,841)	(8,858)	(16,699)
Tax (expense) / benefit	2,351	–	2,351
Other comprehensive income / (expense), net of taxes	(5,490)	(8,858)	(14,348)
Non-controlling interest	–	–	–
Balance as of Sept 30, 2016	**(14,207)**	**(21,625)**	**(35,832)**
Before tax	3,817	(348)	3,469
Tax (expense) / benefit	(1,051)	–	(1,051)
Other comprehensive income / (expense), net of taxes	2,766	(348)	2,418
Non-controlling interest	–	–	–
Balance as of March 31, 2017	**(11,442)**	**(21,972)**	**(33,414)**

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

12 Financial liabilities

The financial liabilities comprise the following items:

Financial liabilities

T_027

IN € THOUSANDS	March 31, 2017			Sept 30, 2016		
	Current	Non-current	Total	Current	Non-current	Total
Senior facilities	7,500	381,590	389,090	5,000	396,095	401,095
Financial liabilities	**7,500**	**381,590**	**389,090**	**5,000**	**396,095**	**401,095**

The Group's liability under the term loan facility with an initial principal amount of €455.0 million was measured at amortized cost taking into consideration transaction costs. Next to the prepayments of €50.0 million on August 31, 2016 and of €10.0 million on December 31, 2016, another prepayment of €2.5 million was made on March 31, 2017 and reduced the outstanding principal amount to €392.5 million. The current portion of the financial liability reflects the expected next two semi-annual prepayments of €2.5 million on September 30, 2017 and of €5.0 on March 31, 2018.

As of March 31, 2017, the Group had no liability under the committed €70 million revolving credit facility.

13 Other financial liabilities

Other financial liabilities

T_028

IN € THOUSANDS	March 31, 2017			Sept 30, 2016		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to employees	6,528	–	6,528	6,648	–	6,648
Social security contribution	2,821	–	2,821	2,440	–	2,440
Finance lease obligation	308	2,028	2,336	311	2,314	2,625
Other financial liabilities	**9,657**	**2,028**	**11,685**	**9,399**	**2,314**	**11,713**

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

14 Provisions

Provisions T _ 029

IN € THOUSANDS	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	Sept 30, 2016 Current	Sept 30, 2016 Non-current	Sept 30, 2016 Total
Anniversary benefits	12	118	130	–	61	61
Early retirement contracts	–	2,599	2,599	36	2,599	2,635
Employee-related costs	12,571	–	12,571	11,050	–	11,050
Environmental protection	190	1,512	1,702	415	990	1,405
Other risks	3,033	–	3,033	1,521	–	1,521
Legal and litigation costs	124	–	124	115	–	115
Warranties	13,598	–	13,598	12,227	–	12,227
Other miscellaneous	4,456	259	4,715	5,534	131	5,665
Provisions	**33,984**	**4,488**	**38,472**	**30,898**	**3,781**	**34,679**

The provision for environmental protection, in particular long-term bioremediation of the former Colmar US site, increased in the first six months of fiscal 2017 from €1,405 thousand to €1,702 thousand. This provision is to cover the contractor expense to finish the bioremediation program in the next years. Provision for warranties increased from €12,227 thousand as of September 30, 2016 to €13,598 thousand as of March 31, 2017 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 €58,738 thousand as of September 30, 2016 by €4,343 thousand to €54,395 thousand as of March 31, 2017. The decrease was mainly due to the higher discount rate (March 31, 2017: 1.83% versus September 30, 2016: 1.35%).

16 Other liabilities

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

Other liabilities T_030

IN € THOUSANDS	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	Sept 30, 2016 Current	Sept 30, 2016 Non-current	Sept 30, 2016 Total
Advanced payments received	2,433	274	2,707	1,353	879	2,232
Vacation expenses	5,365	–	5,365	3,329	–	3,329
Other personnel-related expenses	6,307	–	6,307	6,964	–	6,964
Outstanding costs	2,307	–	2,307	3,619	–	3,619
Miscellaneous	193	–	193	224	–	224
Other liabilities	**16,605**	**274**	**16,879**	**15,489**	**879**	**16,368**

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 25 in the Annual Report 2016.

Guarantees

A detailed description of the guarantees the Group has issued can be found in the 2016 Annual Report.

Other financial commitments

The nominal values of the other financial commitments as of March 31, 2017 are as follows:

Other financial commitments T_031

IN € THOUSANDS	March 31, 2017	Sept 30, 2016
Capital commitments for fixed and other intangible assets	7,356	8,611
Obligations under rental and leasing agreements	23,924	23,785
Total	**31,280**	**32,396**

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_032

IN € THOUSANDS	Measurement category acc. to IAS 39	March 31, 2017 Carrying amount	March 31, 2017 Fair value	Sept 30, 2016 Carrying amount	Sept 30, 2016 Fair value
Trade accounts receivables	LaR	116,629	116,629	97,600	97,600
Cash	LaR	67,990	67,990	75,037	75,037
Other financial assets	LaR	4,874	4,874	3,160	3,160
Total financial assets		**189,493**	**189,493**	**175,797**	**175,797**
Financial liabilities	FLAC	389,090	380,109	401,095	376,191
Trade accounts payable	FLAC	75,971	75,971	80,389	80,389
Finance lease liabilities	–	2,336	3,825	2,625	3,557
Total financial liabilities		**467,397**	**459,905**	**484,109**	**460,137**
Aggregated according to categories in IAS 39:					
Loans and receivables (LaR)		189,493	189,493	175,797	175,797
Financial liabilities measured at amortized cost (FLAC)		465,061	456,080	481,484	456,580

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_033

IN € THOUSANDS	March 31, 2017 **Total**	March 31, 2017 Level 1[1]	March 31, 2017 Level 2[2]	March 31, 2017 Level 3[3]	Sept 30, 2016 **Total**	Sept 30, 2016 Level 1[1]	Sept 30, 2016 Level 2[2]	Sept 30, 2016 Level 3[3]
Financial liabilities								
Senior facilities	380,109	–	380,109	–	376,191	–	376,191	–
Finance lease liabilities	3,825	–	–	3,825	3,557	–	–	3,557

[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 rates, which range from 7.5% to 10.1%, 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, 2016.

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 2017 amounting to €(4,744) thousand (H1 FY2016: €(2,870) thousand) are taken into account in the cash outflows from financing activities. Income tax payments in the same period of €(16,485) thousand (H1 FY2016: €(4,842) 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 is defined as EBIT, as adjusted by management primarily in relation to non-recurring costs like severance, consulting, restructuring cost as well as expenses for one-time legal disputes or launch costs for new products. Furthermore, the depreciation / amortization of fair value adjustments from purchase price allocations is adjusted.

Segment information for the six months ended March 31, 2017 and 2016 is as follows:

Segment reporting

T_034

IN € THOUSANDS	Europe – Six months ended March 31, 2017	Europe – Six months ended March 31, 2016	NAFTA – Six months ended March 31, 2017	NAFTA – Six months ended March 31, 2016	Asia / Pacific and RoW – Six months ended March 31, 2017	Asia / Pacific and RoW – Six months ended March 31, 2016
External revenue[1]	228,384	173,564	175,325	135,337	51,838	39,260
Intersegment revenue[1]	15,567	12,900	12,465	2,508	368	331
Total revenue[1]	243,951	186,464	187,790	137,845	52,206	39,591
Depreciation and amortization (incl. impairment losses)	(16,789)	(11,201)	(6,364)	(3,240)	(2,385)	(1,996)
EBIT	29,136	23,319	26,342	17,081	8,082	5,254
Adjusted EBIT	31,611	23,342	28,059	17,081	8,163	5,254

IN € THOUSANDS	Total segments – Six months ended March 31, 2017	Total segments – Six months ended March 31, 2016	Other / Consolidation – Six months ended March 31, 2017	Other / Consolidation – Six months ended March 31, 2016	Stabilus Group – Six months ended March 31, 2017	Stabilus Group – Six months ended March 31, 2016
External revenue[1]	455,548	348,161	–	–	455,548	348,161
Intersegment revenue[1]	28,400	15,739	(28,400)	(15,739)	–	–
Total revenue[1]	483,948	363,900	(28,400)	(15,739)	455,548	348,161
Depreciation and amortization (incl. impairment losses)	(25,539)	(16,437)	(6,160)	(6,339)	(31,699)	(22,776)
EBIT	63,560	45,654	(6,160)	(6,339)	57,400	39,315
Adjusted EBIT	67,834	45,678	–	–	67,834	45,678

[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 _ 035

IN € THOUSANDS	Six months ended March 31, 2017	2016
Total segments' profit (adjusted EBIT)	**67,834**	**45,678**
Other / consolidation	–	–
Group adjusted EBIT	**67,834**	**45,678**
Adjustments to EBIT	(10,434)	(6,363)
Profit from operating activities (EBIT)	**57,400**	**39,315**
Finance income	12,002	485
Finance costs	(5,664)	(3,681)
Profit / (loss) before income tax	**63,738**	**36,119**

The adjustments to EBIT in the periods presented only include the depreciation and amortization of the Group`s assets to fair value resulting from the April 2010 and June 2016 purchase price allocations (PPA). In this period the definition of adjusted EBIT has been slightly modified as interest cost on pensions recognized in EBIT will not be adjusted out anymore. The presentation of prior periods has been changed accordingly, i.e. the adjusted EBIT reported in our interim report Q2 FY2016 was €554 thousand higher for the first half of fiscal 2016.

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.

Related parties of the Stabilus Group in accordance with IAS 24 primarily comprise the Stabilus Group management which holds an investment in the Company.

23 Subsequent events

As of May 12, 2017, 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, 2017.

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 12, 2017

Dietmar Siemssen | Mark Wilhelms | Andreas Schröder | Andreas Sievers

Management Board

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

Financial calendar T _ 036

DATE [1)2)]	PUBLICATION / EVENT
May 15, 2017	Publication of the second-quarter results for fiscal year 2017 (Interim Report Q2 FY17)
August 11, 2017	Publication of the third-quarter results for fiscal year 2017 (Interim Report Q3 FY17)
November 27, 2017	Publication of preliminary financial results for FY2017
December 15, 2017	Publication of full year results for fiscal year 2017 (Annual Report 2017)

[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 2017 comprises a year ended September 30, 2017.

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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