Annual Report 2018 **All around clean cars**

Year of consolidation, but continuous organic growth path

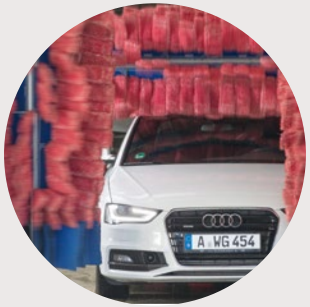
- Revenue up by 2.4% from €425.0m to €435.4m
- EBIT of €51.5m slightly (1.3%) under the prior year (prior year: €52.2m); EBIT margin by 11.8%
- Free cash flow, at €32.3m, a significant 14.9% higher than prior year (prior year: €28.1m)

Rounding differences possible		Jan 1 to 31 Dec, 2018	Jan 1 to 31 Dec, 2017	absolute	in %
Revenue	€ m	435.4	425.0	10.4	2.4
EBIT	€ m	51.5	52.2	−0.7	−1.3
EBIT margin	in %	11.8	12.3	−0.5	–
EBT	€ m	50.8	51.6	−0.8	−1.6
Employees at reporting date	persons	1,870	1,814	56	3.1
Average number of shares	€ m	13.4	13.4	–	–
Earnings per share[1]	€	2.54	2.76	−0.22	−8.0
Free cash flow[2]	€ m	32.3	28.1	4.2	14.9
Capital expenditure	€ m	6.0	10.7	−4.7	−43.9
Capital ratio at reporting date[3]	in %	40.2	40.3	−0.1	–

[1] Basic = diluted
[2] Net cash flow – net cash flows from investing activities
[3] Equity/total assets

Full service all around clean cars

Roll over systems



Wash tunnels

Self-service

Water reclaim system

Wash chemicals

Financial services

Services

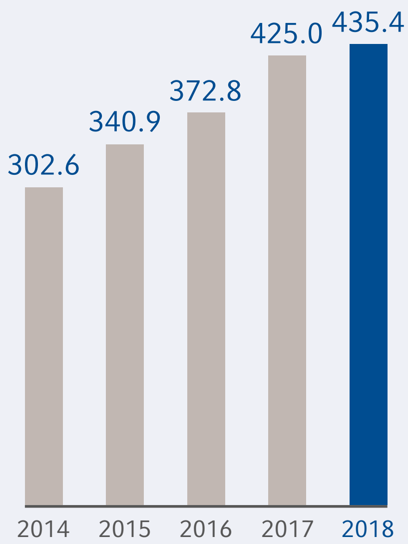
Operations

Year of consolidation, but continuous organic growth path

Development over the last five years – Compound Annual Growth Rate (CAGR)

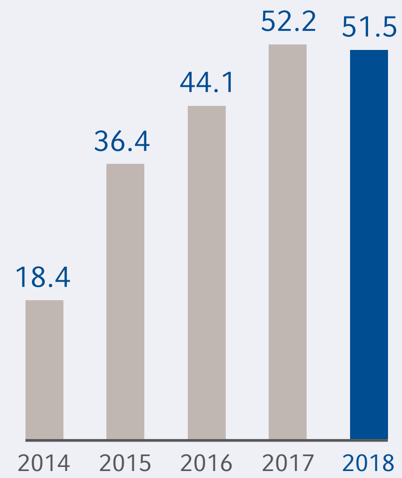
Revenue (€ million)

+9.5% p.a.



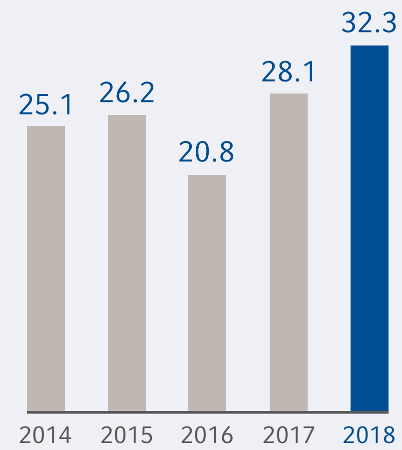
EBIT (€ million)

+29.3% p.a.



Free Cashflow (€ million)

+6.5% p.a.



Contents

WashTec

Combined Management Report of WashTec AG and the Group

Annual and Consolidated Financial Statements of WashTec AG

Further Information


WashTec
2,60
WashTec
2,58
WashTec
A WT 960

WashTec

Report of the Management Board

Dear Shareholders, Customers and Employees,

After a very strong fourth quarter, we completed 2018 with revenue of €435.4m. This represents 2.4% growth compared to the prior year. Earnings before interest and taxes (EBIT) came to €51.5m. That makes for an EBIT margin of 11.8%. We generated a record €32.3m free cash flow.

The Europe region was the main revenue and earnings driver in 2018 and attained its highest EBIT margin to date. In North America, while we did not match our prior-year revenue and earnings figures, we were able to increase sales in the fourth quarter compared with the prior-year period. China progressed very positively in 2018 from a low base, driving revenue growth in the Asia/Pacific region.

The theme of this year's Annual Report is »all around clean cars«, showcasing our comprehensive range of product and service solutions for carwash. With our compelling products and service, we deliver maximum customer benefit. In this way, we help carwash operators make their business model even more successful. And we aim to maximize ease of use for carwash customers.

A prime example is to be seen in China, where we have actively embraced the trend towards unmanned carwash and electronic payment options with our products and solutions.

In Europe, we started our rollout of EasyCarWash. Under this innovative model, users can wash their cars as frequently as they want for a fixed monthly fee. That means more loyal carwash customers for operators and it is superbly convenient for the customers themselves.

We have set new standards in surface sealing with Shieldtecs, a new high-end polymer. An organic modified polymer (OMP), Shieldtecs protects paintwork like a second skin from aggressive environmental influences such as insects, ultraviolet radiation and acidic rain.

Our new self-service power foam combination lance makes self-service washing even easier. The lance combines the power foam and high pressure wash programs, switching between them at the touch of a button on the operating panel.

As well as improving our products, we also work continuously to improve operating efficiency. Following up on the Factory of the Year award for our Augsburg plant, we began optimizing our entire supply chain process in 2018. Based on the supply-on-demand approach, this involves synchronizing the whole supply chain, starting from the delivery date and ending with installation on customer premises.

We expect the positive trend to continue in 2019. Demand for automated car washing will keep on growing worldwide, most of all in regions where vehicle numbers are growing at double-digit rates and hand washing is still widespread.

We would like to thank all our employees for their dedication and contribution to our company's onward development. Thanks equally to our customers, shareholders and business partners for their support in a spirit of partnership and for the trust they have placed in us. In 2019, we will continue to deliver »all around clean cars«.

Axel Jaeger
Member of the
Management Board

Karoline Kalb
Member of the
Management Board

Stephan Weber
Member of the
Management Board

Members of the Management Board

Axel Jaeger (*1966)

Finance & IT Revision

Axel Jaeger holds a degree in business economics and is a qualified Auditor, Tax Consultant, Certified Public Accountant and Certified Internal Auditor. Most recently, he has been working as member of the Management Board and CFO of the Business Group Semiconductor Manufacturing Technologies (SMT) of Carl Zeiss Group. Since July 2018, Mr. Jaeger is a member of the Board of Management of WashTec AG.

Karoline Kalb (*1972)

Legal & Compliance, Investor Relations, Human Ressources, Corporate Development, Special Projects

Karoline Kalb is a lawyer. Since 2001 she has been working for WashTec in various management functions, i.a. as director Key Account Management and Compliance. Since November 2013, Mrs. Kalb is a member of the Board of Management of WashTec AG.

Stephan Weber (*1963)

Sales and Service, Product Management & Marketing

Stephan Weber is engineer (Dipl.-Ing.) in the field of wood engineering. After different management functions with well-known national and international machine and plant engineering companies, he became member of the board of Michael Weinig AG responsible for Sales and Marketing. Since January 2015, Mr. Weber is a member of the Board of Management of WashTec AG.

Report of the **Supervisory Board**

Dr. Günter Blaschke
Chairman of the Supervisory Board

Ladies and Gentlemen,

Following a year of exceptional growth in 2017 – when revenue grew by 14.0% and EBIT by 18.4% due to one-off effects relating to major customers, mostly in North America – 2018 was primarily a year of consolidation. The focus here has been on lasting improvements in the quality of the business, achieved by optimizing value creation processes – with free cash flow, for example, increasing as a result by 14.9% – and, most of all, targeted qualitative development of the workforce, in all units and at all levels of the organization worldwide.

No enterprise in the world is better than its workforce. WashTec's managers regard themselves as first among equals. They support employees to lead them from success to success. An ever-better workforce automatically improves the quality of management. Good leaders always have a good team. To this end, WashTec once again successfully held 11 management training events and 69 in-company entrepreneur workshops in 2018. The company's 9.5% organic compound annual growth rate over the last five years is impressive testimony to the effectiveness of our strategic business orientation.

Work of the Supervisory Board

A major focus in the work of the Supervisory Board and its committees was on the Company's strategic orientation in line with the corporate philosophy. The Supervisory Board also consulted in-depth on current business performance. During the reporting year, the Supervisory Board conscientiously performed the responsibilities incumbent on it by law, the Company's Articles of Association and its rules of procedure. The Supervisory Board was directly involved in all decisions of fundamental significance to the Company. It regularly obtained updates on the condition of the Group throughout fiscal year 2018.

The Supervisory Board also supervised the managerial activities of the Management Board of WashTec AG. This work was based on timely written and verbal reporting by the Management Board to the Supervisory Board. Among other things, the Management Board reported each month in writing to the Supervisory Board about the development of the business. As needed, the Supervisory Board also requested additional reports from the Management Board and inspected other relevant Company documentation. Any departure of the actual development of the business from plans and targets was explained to the Supervisory Board in detail and examined by the Supervisory Board based on the documents presented. The Management Board notably coordinated with the Supervisory Board with regard to the Company's strategic orientation. The Supervisory Board extensively discussed transactions of importance to the Company on the basis of the reports issued by the Management Board.

During fiscal year 2018, the Supervisory Board regularly reviewed the situation of the Group and monitored the work of the Management Board

The Supervisory Board voted on all reports and draft resolutions submitted by the Management Board wherever required by law, the Company's Articles of Association or rules of procedure, after thorough examination and discussion. Beyond the extensive work conducted during the Supervisory Board meetings, the Chairman of the Supervisory Board also consulted outside of meetings in numerous one-on-one discussions with the Management Board on the Company's position and its onward development and direction. The other Supervisory Board members were also available to exchange views with the Management Board outside of meetings. All members of the Supervisory Board provided the remaining members with comprehensive reports concerning their one-on-one consultations with the Management Board. In fiscal year 2018, the plenary Supervisory Board held a total of eleven ordinary and extraordinary meetings, of which three were conducted as teleconferences. At least one meeting was held each quarter. In addition, fourteen committee meetings were held, and various resolutions were adopted by circulation. Attendance at the meetings of the Supervisory Board and its committees was close to 100%. Only at two plenary meetings and two committee meetings was there one excused absence among the members of the Supervisory Board. During the reporting year, no member of the Supervisory Board attended only half or fewer than half of the meetings of the full Supervisory Board or of the committees to which they belonged. In plenary meetings, the committee chairpersons regularly informed the Supervisory Board about the work of the committees. A separate report on the work of the committees is provided below. All members of the Supervisory Board and the Management Board once again convened for a two-day strategy workshop.

Alongside Management Board and Supervisory Board matters, topics of regular Supervisory Board consultations included market trends, the competitive situation, product development, the development of revenue, earnings and human resources at the WashTec Group, finances, the main Group companies, the risk management system, and strategic orientation and development. The Management Board reported regularly and comprehensively to the Supervisory Board about corporate planning, strategic development, the course of business and the current situation of the Group. The Supervisory Board consequently had a detailed understanding of all major business events and developments at the WashTec Group at all times.

Furthermore, the Supervisory Board examined transactions and actions of the Management Board requiring approval and decided upon the granting of such approval. The current business and earnings situation was discussed in relation to budgeted figures at all meetings.

Other individual topics addressed in meetings were as follows:

- Discussion of the annual financial statements of WashTec AG and the consolidated financial statements for fiscal year 2017 (first quarter)
- Resolution on the agenda for the Annual General Meeting (first quarter)
- Strategy workshop (second quarter)
- Consultation on interim reports (second, third and fourth quarters)
- Restructured, improved corporate financing (second and third quarters)
- Supervisory Board matters (ongoing)
- Management Board matters (ongoing)
- Personnel matters (first, third and fourth quarters)
- Declaration of Conformity and compliance (fourth quarter)
- Sales and marketing strategy and projects, such as the realignment of the sales organization in Germany
- North America, South America and China strategy and structure
- Product development, processes and projects, such as in digitalization (EasyCarWash etc.)
- Digitalization
- Implementation of the CSR Directive
- Implementation of the General Data Protection Regulation
- Production and global footprint
- Annual planning for 2019 and medium-term planning

Focal points in 2018:

- *Sales and marketing strategy*
- *Innovations*
- *Monitoring of ongoing projects*

Key topics at the March 13, 2019 meeting for adoption of the financial statements comprised discussion of the annual financial statements of WashTec AG, of the consolidated financial statements for fiscal year 2018 together with adoption and approval of the annual and consolidated financial statements, and of the combined management report.

Report on the work of the committees

There are five committees (Audit, Personnel, Nomination, Innovation and Sales Strategy Committee) whose primary purpose is to prepare Supervisory Board meetings and resolutions for the plenary Supervisory Board. The committees can also be assigned decision-making powers within the scope of mandatory statutory provisions. The current composition of the committees is shown on page 85. A brief overview of the work of the committees in the reporting year is provided in the following.

The Audit Committee convened four times in the fiscal year under review. In the presence of the auditor, the committee focused mostly on the 2017 annual and consolidated financial statements, the management report, the 2017 management letter, the compliance and risk report, as well as the results as of the 2018 half-year report, the report on the audit review of the interim consolidated financial statements, the review of focal points for the Supervisory Board and follow-up on the auditor's management letter. The quarterly statements were discussed at length and focal points defined for the audit of the interim and annual financial statements.

The Personnel Committee met three times during the reporting year and resolved various matters by teleconference or electronic communication. The agenda topics related to changes on the Management Board.

The Nomination Committee met once in the reporting year in connection with the expiring Supervisory Board mandates for Dr. Günter Blaschke and Ulrich Bellgardt. At the meeting, the Nomination Committee decided to recommend that the Supervisory Board should nominate Dr. Blaschke and Mr. Bellgardt once again for re-election at the 2018 Annual General Meeting.

The Innovation Committee convened five times in the fiscal year under review. Its focus was primarily on organization, processes and strategically important development projects, notably with regard to new product development and digitalization.

The Sales committee met once during the reporting year. The main focus was on sales activities and development in Germany together with the outlook for sales and marketing activities in the second half of 2018.

Good collaborative working relationships were assured at all times.

Conflicts of interest

Under Section 5.5.2 of the German Corporate Governance Code, each member of the Supervisory Board is required disclose to the Supervisory Board any conflicts of interest, particularly if they could arise as a result of an advisory or governing body function at clients, suppliers, lenders or other third parties. No such conflicts of interest were disclosed in the reporting period.

Corporate governance

The Management Board and the Supervisory Board regard corporate governance as an ongoing process and regularly address compliance with the stipulations of the German Corporate Governance Code. They have jointly reviewed corporate governance. On December 20, 2018, the Management Board and Supervisory Board submitted an updated Declaration of Conformity and on March 13, 2019 a Revised Declaration of Conformity, which is reprinted on page 90. The Audit Committee also consulted in-depth on the compliance organization and Corporate Audits.

The Supervisory Board regularly reviews the efficiency of its work. Members of the Supervisory Board were once again requested by means of the established questionnaire in spring 2018 to give critical feedback on the work of the Supervisory Board and on the working relationship with the Management Board. The survey findings were presented at the Supervisory Board meeting of July 26, 2018. No notable deficits were identified.

Remuneration system for the Management Board

The Management Board remuneration system is geared to the responsibilities and performance of the Management Board members and to the situation of the Company. The overall remuneration of members of the Management Board is made up of monetary and non-monetary as well as fixed and variable components and is linked overall to sustained growth of the Company.

All remuneration components are structured in such a way that they are appropriate, both individually and in the aggregate, and do not encourage the taking of unreasonable risks. The remuneration of Management Board and Supervisory Board members is described in greater detail in the »remuneration report« on pages 91 to 94. At its meeting of February 27, 2018, the Supervisory Board specified new targets for short-term remuneration components.

In its meeting of December 20, 2018, the entire Supervisory Board passed a resolution on the Management Board remuneration system. The resolution is essentially unaltered relative to the resolution of December 20, 2017. A new addition is a reference to the final resolution of the entire Supervisory Board of February 27, 2018 on the Long Term Incentive Program (LTIP) 2018-2020 for the Management Board.

Composition of the Supervisory Board

The mandates for Dr. Günter Blaschke (Chairman of the Supervisory Board) and Ulrich Bellgardt (Deputy Chairman of the Supervisory Board) expired during the reporting year. Dr. Blaschke and Mr. Bellgardt were re-elected for a further term of office at the 2018 Annual General Meeting.

Immediately following the Annual General Meeting on April 30, 2018, a Supervisory Board meeting was held. At that meeting, Dr. Blaschke was unanimously re-elected Chairman of the Supervisory Board and Mr. Bellgardt was unanimously re-elected Deputy Chairman of the Supervisory Board. The existing composition of the committees was confirmed, including the committee chairpersons.

Audit of the 2018 annual and consolidated financial statements

The Management Board prepared the annual financial statements of WashTec AG, the consolidated financial statements, and the combined management report of WashTec AG and of the Group as of December 31, 2018. These have been audited and issued with an unqualified audit opinion by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, which was elected by the Annual General Meeting as auditor of the annual and consolidated financial statements.

PricewaterhouseCoopers also audited the annual financial statements of the main Group companies of WashTec AG.

The Audit Committee defined the focal points of the audit and engaged the auditor accordingly. The Audit Committee verified and monitored the independence and qualification of the auditor both before and during the course of the audit.

The auditor was also engaged to review whether the Management Board has established a monitoring system capable of identifying any going-concern risks. In this respect, the auditor stated that the Management Board had taken the measures required in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) and that those measures were capable of ensuring timely identification of any risks that may raise doubt about the Company's ability to continue as a going concern. The Supervisory Board itself also regularly monitors the effectiveness of

WashTec AG's internal control systems, risk management, internal auditing and compliance.

The audited annual financial statements of WashTec AG, the audited consolidated financial statements, the combined management report of WashTec AG and of the Group as of December 31, 2018, as well as the Management Board's proposal on the appropriation of distributable profit were presented in a timely manner for review by all members of the Supervisory Board. The financial statements and reports were the subject of the Supervisory Board meeting held for adoption of the financial statements on March 13, 2019. For the same Supervisory Board meeting, the Management Board also submitted a report on the development of the Company's earnings.

The auditor attended the meeting on March 13, 2019 and reported directly and comprehensively to the Supervisory Board on the audit findings and the focal points of the audit. All questions posed by members of the Supervisory Board were answered in detail. The Supervisory Board noted the auditor's audit findings and reviewed the annual financial statements of WashTec AG, the consolidated financial statements, the combined management report, the non-financial statement and the Management Board's proposal on the appropriation of distributable profit. No objections were raised during the Supervisory Board's review. At its meeting for adoption of the financial statements, the Supervisory Board approved the annual financial statements of WashTec AG and the consolidated financial statements prepared by the Management Board. The annual financial statements of WashTec AG are thus formally adopted. The Management Board's proposal on the appropriation of distributable profit was approved by the Supervisory Board following in-depth review.

Changes on the Management Board

The former Chief Financial Officer (CFO), Rainer Springs, left the Company by mutual consent as of February 28, 2018. Effective July 1, 2018, Mr. Axel Jaeger assumed office as CFO. Mr. Jaeger holds a degree in business economics and is a qualified Auditor, Tax Consultant, Certified Public Accountant and Certified Internal Auditor. Dr. Volker Zimmermann – CEO/CTO of WashTec AG – performed the role of CFO in addition to his other duties during the transitional period from March 1, 2018 to June 30, 2018.

Dr. Volker Zimmermann, Chief Executive Officer (CEO) and Chief Technical Officer (CTO) of WashTec AG, left the Company by mutual consent as of February 28, 2019 following completion of the 2018 financial statements. The Supervisory Board expresses its thanks to Dr. Zimmermann for his commitment and achievements, in particular during the successful reorientation of the company, and wishes him all the best for his private and professional future.

Effective at the latest by July 1, 2019, Dr. Ralf Koeppe will be appointed as member of the Board of Management and CTO. Dr. Koeppe holds a Master Degree in Mechanical Engineering and he has acquired a doctorate at the Swiss Federal University of Technology in Zurich (ETH). He has worked as a research associate at the Institute for Robotics and Mechatronics of the German Aerospace Center, as Head of Research and Development of KUKA Roboter GmbH and as Managing Director of KUKA Laboratories GmbH. Since 2014 he is Vice President Engineering & Manufacturing, and since 2017 he is CTO and Member of the Senior Management of the Business Unit Automation & Electrification Solutions of Bosch Rexroth AG. The Supervisory Board is looking forward to a successful cooperation and wishes Dr. Koeppe success in his new function.

Ms. Karoline Kalb, member of the Board of Management responsible for Legal & Compliance, Investor Relations, Human Resources, Corporate Development and Special Projects, will leave the Company by mutual consent with the regular expiration of her management contract as of December 31, 2019. As of January 1, 2020, her areas of responsibility will be taken over by Mr. Axel Jaeger, Chief Financial Officer (CFO) of the Company. The Supervisory Board already today expresses its thanks to Ms. Kalb for her long-term commitment and achievements, most recently during the development and successful implementation of a new corporate and leadership culture, as well as her excellent investor relations work.

The Supervisory Board would like to thank the Management Board and all managers for their good and constructive teamwork. Further special thanks go to all employees, whose dedication and commitment once again contributed to a positive overall result.

Augsburg, March 2019

On behalf of the Supervisory Board

Dr. Günter Blaschke
Chairman of the Supervisory Board

All around clean cars


WashTec
2,58


2,58

Roll-over systems: Innovative solutions for a great carwash experiences

Roll-over systems are WashTec's core product, combining high quality, sophisticated technology and innovative features for perfect wash performance.

These systems are ideal for operators with limited space. The throughput is generally between 3,000 and 20,000 carwashes a year.

Tailored tunnel systems
for every location

WashTec offers variable tunnel systems with a versatile range of cleaning, drying and care modules. These are suitable for independent operators with a high carwash volume of between 30,000 and 200,000 vehicles per year.

Despite the larger footprint, WashTec's tunnel systems offer maximum flexibility and are individually tailored to carwash volumes and customer needs.

Self-service wash equipment
for every forecourt size and every need

WashTec self-service systems stand out for maximum cost-effectiveness, flexibility and customer satisfaction.

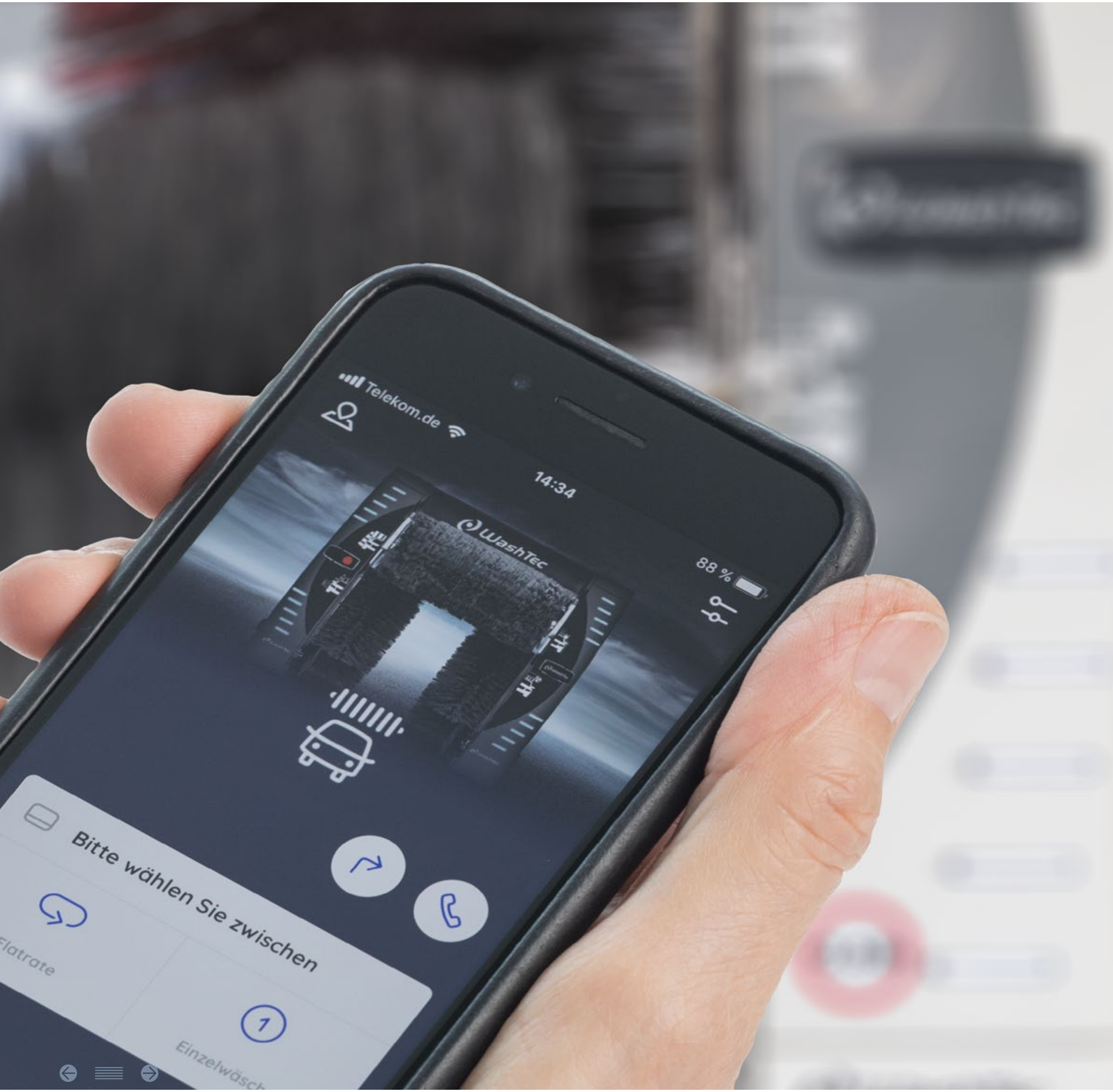
Self-service systems can be operated alongside other carwash equipment and as single-bay or multiple-bay installations.

Innovative features such as power foam mean enhanced profitability for operators and perfect cleaning performance for customers.

The new **digital world** of carwash

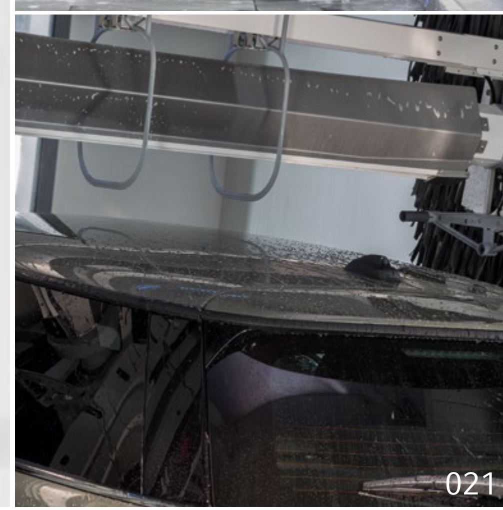
EasyCarWash makes carwash easier and faster for operators and customers alike.

The EasyCarWash principle: Using the EasyCarWash app, customers can quickly and easily book and pay for their carwash, choosing between Unlimited-Wash for unlimited car washing, WashWallet to conveniently top up credit and SingleWash for individual washes.


Telekom.de
14:34
WashTec
88 %
Bitte wählen Sie zwischen


2,60
WashTec


A MB 505



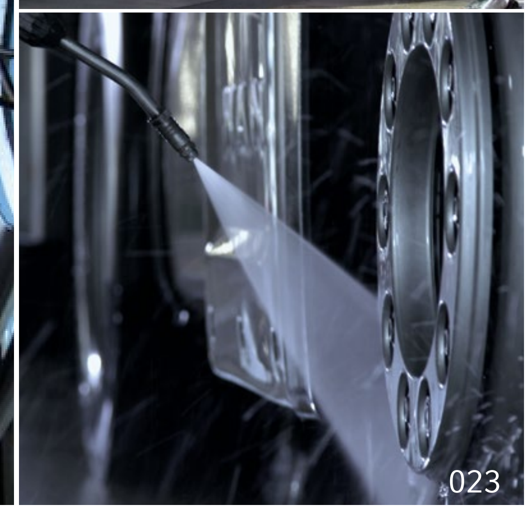
Commercial vehicle wash equipment

Great solutions for super-sized tasks

WashTec's truck and bus washes meet the special needs of haulers, bus operators and vehicle cleaning businesses with innovative solutions. A wide range of optional equipment makes for a high degree of customizability for users and cost-efficiency for operators.


MAN

OK

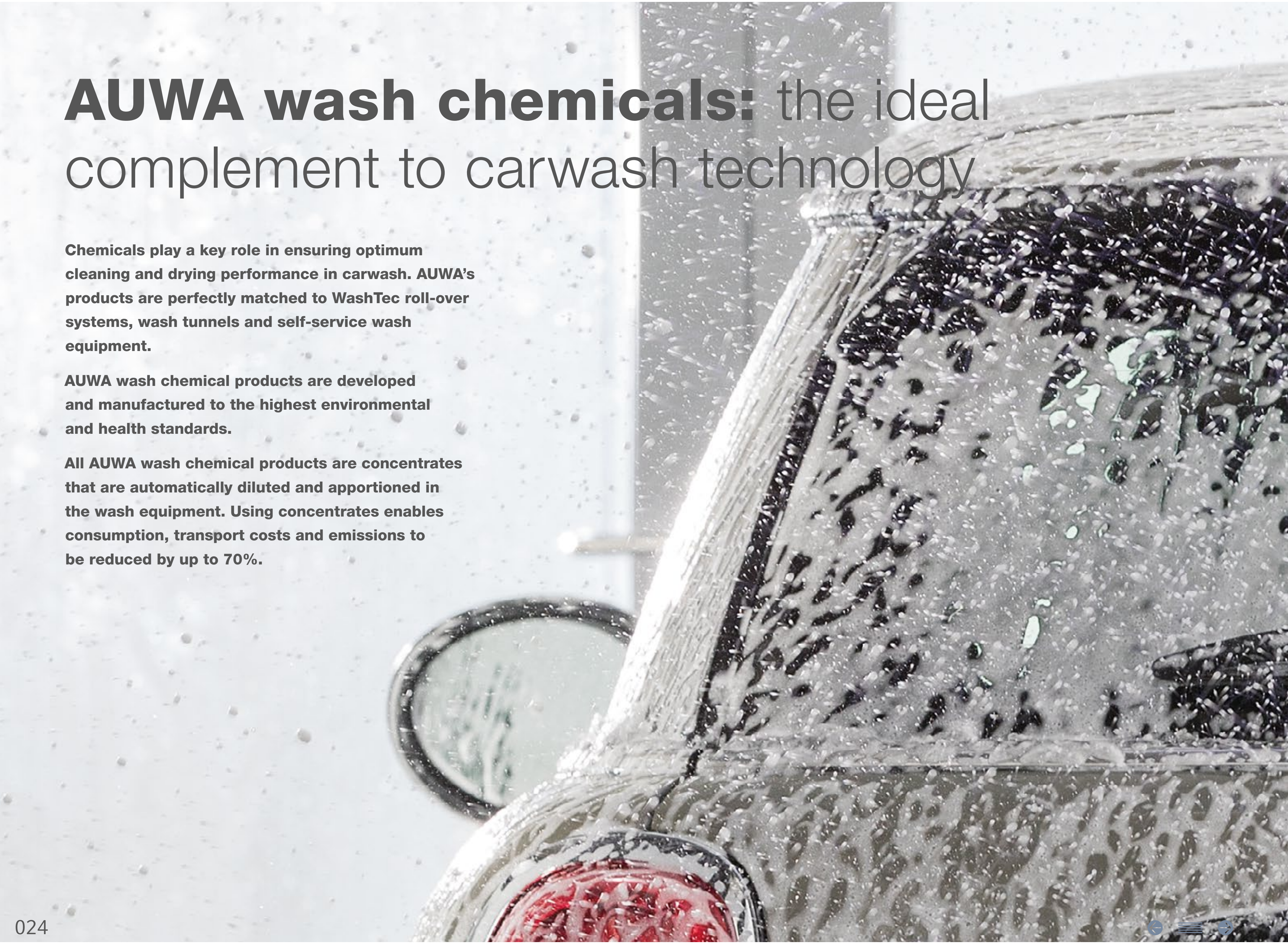
MAN
WashTec


AUWA wash chemicals: the ideal complement to carwash technology

Chemicals play a key role in ensuring optimum cleaning and drying performance in carwash. AUWA's products are perfectly matched to WashTec roll-over systems, wash tunnels and self-service wash equipment.

AUWA wash chemical products are developed and manufactured to the highest environmental and health standards.

All AUWA wash chemical products are concentrates that are automatically diluted and apportioned in the wash equipment. Using concentrates enables consumption, transport costs and emissions to be reduced by up to 70%.



Maintenance and support ensure high wash equipment availability

WashTec's service ensures high availability of carwash equipment for operators. Operators can choose full maintenance agreements, on-call service (billed by the hour and according to service provided) and spare part delivery.

Additional products and services
all around clean cars

Water reclaim systems:

WashTec offers water recovery systems that, by treating the process water, reduce fresh water consumption during car washing by up to 90%. Thus, for example, a roll-over system with water reclaim equipment uses only between 14 and a maximum of 30 liters of fresh water during a standard wash (compared to 44 liters of fresh water consumed during a standard wash with a modern washing machine). All WashTec water reclaim systems are ideally suited for combining with WashTec carwash equipment and AUWA wash chemicals.

Operations:

WashTec provides a comprehensive range of services on behalf of and for the account of its customers, up to and including the operation of carwashes. The company also offers numerous other services such as profitability and location analysis.

Financing:

WashTec arranges bespoke financing tailored to operators' individual needs.

Sustainability Report

Sustainable business practices secure the future of our Company. As a manufacturer of automated carwash equipment, our business model contributes to sustainability. Our long-lived capital assets create lasting value, and through their sparing use of resources, we contribute to preserving an intact living environment for future generations. We have a long track record of delivering on our responsibility to employees and society.

WashTec meets the highest standards, not only of product and service quality, but also in environmental protection. In our operations, we always aim for maximum efficiency in the use of materials and resources.

This is continuously reflected in our latest sustainability report, which we have presented for many years. We also supplement this with a separate combined non-financial report. In doing so, we meet the requirements of the CSR Directive Implementation Act, which has applied in reporting since fiscal year 2017.

1. Separate combined non-financial report

We based our preparation of the separate combined non-financial report on the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and describe our policies in accordance with the requirements of GRI 103: Management Approach.

Besides financial aspects, additional disclosures must also be provided on certain non-financial aspects to the extent that they are material within the meaning of Section 289c (3) of the German Commercial Code (HGB). The non-financial aspects on which information must be provided comprise environmental, employee and social matters, respect of human rights, and anti-corruption and bribery. The Company describes whether each aspect is material to it and the general public.

Not all aspects provided for by law are material to WashTec's business activities. Policies are therefore presented only for the aspects that are material to WashTec and the general public (»double materiality«).

For a detailed report on our risk management and a description of prevailing risks with the potential to have a material impact on the onward development of the WashTec Group, please see the combined management report in section 4, »Outlook, opportunities and risk report«, starting on page 70. No material risks from our business activities, business relationships, products and services have been identified for which it is highly probable that they have, or will have, severe adverse impacts on the above-mentioned aspects.

The content of the separate combined non-financial report is reviewed by the Supervisory Board. In the sustainability report, this review solely relates to heading 1, »Separate combined non-financial report«, and not to the information under heading 2, »Implementation of sustainability at WashTec«.

1.1 Description of the business model and diversity policy

For a description of the business model, please see the combined management report under Fundamental Information about the Group, section 1.1, Business Model, beginning on page 49.

For a description of the diversity policy, please see the combined management report under Corporate Governance Declaration, section 8.1, on page 88.

1.2 Environmental matters

In the manufacture of automated car wash equipment, WashTec contributes to protecting the environment. We take environmental matters very seriously. This is demonstrated by certifications that

WashTec has successfully gained for many years and consistently renews. The manufacture and operation of automated car wash systems are more environment-friendly than manual washing (see page 34). We aim to reduce the water consumption of wash systems to a minimum. In addition, we offer water treatment and reclaim systems for equipment operators.

A further example is our commitment to reduce energy consumption and make use of renewable energy. At WashTec, the vehicle fleet accounts for the largest percentage of overall energy needs (59%). All vehicles newly acquired by WashTec are equipped with economical diesel engines with particle filters. The Company has taken its first hybrid vehicle into service for local transportation at the Augsburg plant. Electric mobility is an area that the company has been developing in-house for some years. Examples include replacing diesel forklifts with electric models, with the aim of removing diesel forklifts from our main production location in Augsburg entirely. With regard to using electric road vehicles at WashTec, we continue to watch developments as enabling conditions in areas such as service are unable to be satisfied at the present time. Optimized route planning reduces fuel consumption. The company car policy incorporates limits for CO2 emissions.

WashTec considers environmental matters to be material, although they were not found to have any material impact on our business activities in the 2018 reporting year. For example, the majority of wash equipment is so far sold without water reclaim or treatment systems. For the 2019 reporting year, WashTec intends to place a greater focus on environmental issues such as water recovery or the reduction of energy requirements and for this purpose will review their impact once again on its materiality.

For further information and detailed examples with regard to environmental issues, please see the sustainability report under heading 2 »Implementation of sustainability at WashTec«.

1.3 Employee matters

Objective/policy

The safety and health of our employees in the workplace is very important to us. Despite all precautions, occupational accidents can never be completely ruled out. We aim to reduce the number of work-related accidents to zero. The safety and health of employees is a material aspect for WashTec because, as well as the impact on those personally affected, accidents also have significant consequences for the Company. Our impact in this area is also material to the general public as WashTec, through its conduct, contributes to the general good. We measure continuous improvement toward our zero-accidents target on the basis of the accident rate [work accidents/million hours worked].

Measures

We apply various measures on a regular basis to enhance workforce occupational safety and thus further reduce or prevent accident risks.

As a preventive measure, for example, the various operating functions conduct risk analyses. They are supported in this by WashTec's in-house Health, Safety, Security and Environment (HSSE) department. On the basis of the identified potential hazards, measures are derived, planned and implemented. Among other things, these relate to continuous improvements in production and office ergonomics.

To help identify potential accident hazards on a preventive basis and remove them before any accidents occur, a new app rolled out in 2018 makes it easier than ever for WashTec employees worldwide to record and report near misses. The app is intended to boost reporting rates so that dangerous situations are promptly detected, addressed with suitable remedial action and analyzed Group-wide. Another app is to follow for supervisors' QHSE inspections (standardized hazard analysis), thus ensuring further efficiency gains in the hazard analysis process.

A further means of reducing potential hazards is the WashTec Tower, a special mobile scaffold for safe working at heights, including on wash equipment. In collaboration with subsidiaries, a project is being carried out to make the WashTec Tower easier to transport in service vehicles. So far, the WashTec Tower has been made available across all European subsidiaries. Further subsidiaries are to be provided with the WashTec Tower by 2020. Reduction in the time taken to put up the WashTec Tower will enhance acceptance and help uphold high levels of safety.

For the third time, a colorectal cancer prevention campaign was organized for WashTec employees in Germany, as early detection can lead to very good chances of recovery and increase employee awareness of prevention.

WashTec deploys an e-learning tool, LeManSys, to train employees and external users in occupational safety matters relevant at WashTec. LeManSys is in use in ten languages across all subsidiaries. As described in the following, a test is completed to demonstrate that the information provided has been understood and can be implemented.

Processes/due diligence

The HSSE department carries out preventive activities such as audits and risk assessments on a continuous basis to enhance health and safety and prevent accidents. Prevention will be further improved with the new WashTec Message app. The HSSE department also provides training for all employees via the LeManSys tool. This makes it possible to track which participants have completed the training by the prescribed date and passed a final test. Taking and passing a test are obligatory. Any failure to do so is escalated, ultimately to the Management Board. This ensures that all employees and external partners know the training content.

Outcomes

The accident rate, which is the relevant indicator for employee matters, is determined for the entire Group. Over the years, the number of occupational accidents has been reduced significantly below the industry average reported by employers' liability insurance association. There were no work accidents with serious or fatal injuries. Accident severity has likewise been reduced.

In the 2018 reporting year, the number of occupational accidents per million hours worked, at 0.9 as of the year-end, remained significantly below the industry average of 22.17 reported by the employers' liability insurance association.

Number of occupational accidents per million hours worked significantly below industry average

Awards for successful safety activities conferred by major customers in the petroleum industry in past years verify the high standard of our safety culture at WashTec.

1.4 Social matters

We take our social responsibility seriously and make a contribution for the chronically ill and disadvantaged by supporting the organization Bunter Kreis e.V. and the Kartei der Not foundation. In addition to monetary donations, we also held a social project week at Bunter Kreis in the year under review and aim to further step up our involvement in this regard. For further information, please see the sustainability report under section 2.6, »Social commitment«. Social involvement is not a material business objective for our business model.

The support provided by WashTec has no significant impact on the organizations named or the general public. The organizations are pleased to accept the support but are reliant on additional sponsors. There is consequently no significant non-financial aspect to be reported on in the area of social matters.

1.5 Respect for human rights

We work with suppliers and service providers worldwide. We expect all employees as well as our business partners to operate in compliance with the law. WashTec likewise expects business partners to comply with applicable laws and regulations, as well as to meet and continue developing high ethical standards in business operations. Consequently, WashTec has developed a policy to ensure compliance.

The rules and principles are described in the WashTec Code of Ethics. In the context of our international business relationships, WashTec also compiled a suppliers' declaration in 2017, which all material business partners had signed with legally binding force by the end of 2018 in order to guarantee compliance with WashTec's principles.

Wash equipment is mainly produced in Europe and the USA. Most suppliers are likewise located in Europe and America. WashTec thus largely operates in countries that inherently have high standards of respect for human rights. Respect for human rights consequently has no material impact on WashTec's business activities.

As part of the machinery and plant engineering sector, WashTec operates in an industry that already meets high standards. The wash equipment segment is not very susceptible to human rights violations. Respect for human rights is therefore assured in WashTec's business activities and does not have to be specifically attained. There is no material non-financial aspect in relation to respect for human rights.

1.6 Anti-corruption and bribery

The WashTec Code of Ethics also describes rules to combat corruption and bribery. WashTec expects all employees and worldwide business partners to comply with all legal requirements in this respect as well. The additional supplier declaration introduced in 2017 obliges business partners to conduct themselves in an ethically correct manner.

Production and suppliers in the value chain mainly operate in countries that are not susceptible to corruption and bribery. To prevent corruption and bribery nonetheless, WashTec has set down the corresponding principles in its Code of Ethics and additionally brings attention to the prohibition of corruption and bribery in the suppliers' declaration. Within the Group, corruption and bribery are combated through compliance training that has been rolled out worldwide.

WashTec additionally set up a whistleblower system in 2016 that allows employees and external parties to report violations anonymously.

Anti-corruption and bribery do not play a material role at WashTec due to the structure of the business. WashTec has nonetheless taken precautionary measures. However, anti-corruption and bribery do not have any material impact on the business activities. WashTec's impact on the general public is consequently likewise non-material. There is no material non-financial aspect in this regard.

2. Implementation of sustainability at WashTec

2.1 Product responsibility

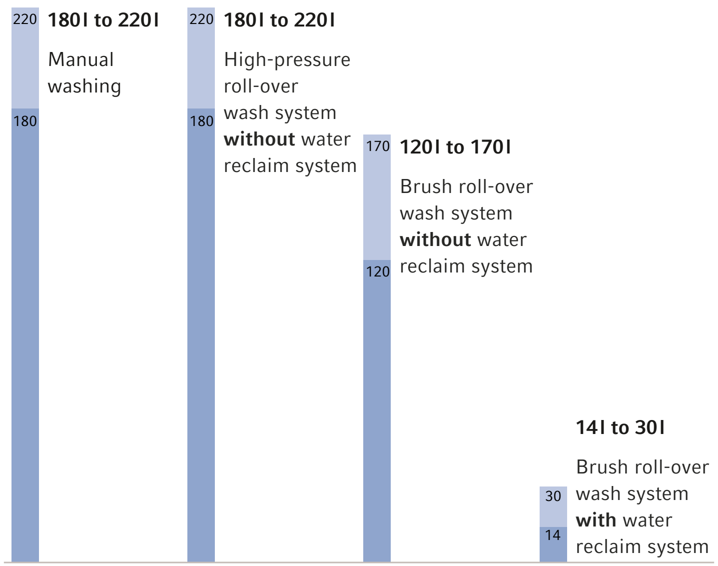
WashTec products

- WashTec products enable customers to use their systems efficiently and economically.
  This is achieved with low energy and water consumption, the option of using water reclaim systems, and optimized chemical metering – all for improved environmental performance.
- WashTec offers local analysis to help customers arrive at the optimum product specification for their site and prevent both over-dimensioning and under-dimensioning of wash capacity.

All WashTec equipment meets all prevailing environmental regulations and offers a water-saving alternative to manual car washing, which is prohibited in Germany and various other countries. WashTec also expects to see increasing regulation in markets with lower environmental standards or where water is scarce. This means greater potential for environment-friendly automated car washes with water reclaim systems. Scandinavian countries especially have increasingly strict environmental requirements, and other countries are also considering a ban on manual car washing. In Scandinavia, WashTec has long used the Nordic Swan label for particularly environment-friendly water reclaim equipment and/or car wash facilities.

In automated car washing, water and other substances such as shampoo and oil remain in a closed cycle and so cannot seep into the ground or groundwater. Since clean water is indispensable for car washing, WashTec offers water recovery systems that, by treating the process water, reduce fresh water consumption during car washing by up to 90%. Thus, for example, a roll-over system with water reclaim equipment uses only between 14 and a maximum of 30 liters of fresh water during a standard wash (compared to 44 liters of fresh water consumed during a standard wash with a modern washing machine).

Minimized fresh water consumption (liters per wash)



Source: WashTec Analysis

WashTec and AUWA chemical products

WashTec and AUWA stand for vehicle cleaning and care that is at once both thorough and environmentally sound.

The product range encompasses a line-up of cleaning and care products for car wash facilities and spans everything from special solutions for water recovery systems to a comprehensive assortment for the cleaning and care of wash equipment and wash bays. Environmental compatibility is a priority for all products. Strict and seamless quality controls ensure that all AUWA products always satisfy all prevailing statutory requirements and meet stipulations such as wastewater thresholds. Compliance with the highest environmental and health standards is likewise a matter of course. For example, all active washing substances used are biodegradable, environment-friendly and non-abrasive – despite their high performance.

A number of products satisfy the requirements of the Nordic Swan ecolabel as well as those of the German Association of the Automotive Industry (VDA). Moreover, special wash chemical products are tested to DHI criteria (which rate products among other things by environmental performance) and to ÖNORM B5106, which focuses on wastewater performance.

The AUWA product range works with all WashTec water reclaim equipment and in this manner helps retain a high level of water quality. The concentrated and highly efficient products assist in reducing portioning and dispensing quantities – and hence consumption – and in improving the quality of process water and thus lowering the quantity of freshwater needed. Specific recommendations on the product packaging help prevent the use of excessive quantities.

2.2 Production

Equipment

The majority of equipment production takes place at the Augsburg headquarters and has been continuously updated and reorganized in recent years. In addition, our subsidiary in Denver, Colorado (USA) produces car wash equipment primarily for the North American market, while our company in Shanghai, China, assembles equipment for the Asian market. Our subsidiary in Nyrany, Czech Republic, manufactures equipment and components for final assembly in Augsburg. Control units are manufactured in Recklinghausen for the entire Group.

Since exhaust fumes and exhaust air generated during production are filtered, discharges or emissions of harmful substances are kept to the lowest levels technically feasible at the present time. Products are installed and maintained at our customers' places of business by some 600 in-house service technicians, subcontractors, and sales partners' technical personnel. Service technicians are on the road with modern, specially-equipped service vehicles, which themselves carry along suitable equipment and fittings ranging from tools and spare parts to safety equipment.

The average service life for car wash equipment is between seven and ten years. At the end of its service life, equipment is then professionally disassembled and either refurbished or recycled. All functional specification documents for the development of equipment at WashTec require maximum possible reuse or recycling.

Virtually all existing peripheral components can be used again in the event of equipment replacement; this now also extends to system control units. The sustainability of our products was examined as part of a project conducted by Öko-Institut Freiburg. The findings had an influence on ongoing product development in terms of ecological aspects such as lifetime water and energy consumption. This is where customer utility and sustainability come together.

Wash chemicals

The wash chemical products sold by AUWA are developed in our laboratories in Augsburg and Grebenau (Germany) and Bollebygd (Sweden) and produced in Grebenau and Bollebygd in close cooperation with the WashTec R&D Department.

In the production of AUWA products, conservation of scarce resources is always a priority. Raw materials that are not required for a product to work are avoided as far as possible. All wash chemical products are high-concentration products that are automatically diluted and apportioned in the wash equipment. In addition to saving weight, this process also saves on packaging, thus minimizing transport costs. The use of high-quality ingredients in a highly concentrated and optimized mixture reduces chemical consumption per wash.

2.3 WashTec environmental scorecard 2018

The WashTec environmental scorecard is divided into the two main areas of waste and energy.

Waste

In 2018, WashTec generated 2,444 tons of waste material in Germany by taking back old equipment and due to production waste. This waste is systematically separated into single-material fractions. Through consistent separation of disposable waste (such as sheet and other metal waste), the sale of these waste materials in 2018 generated proceeds of €328k (prior year: €310k). Disassembled old systems are either refurbished or professionally recycled by authorized service providers.

Energy

Energy-efficient systems are used for heating buildings. Measures such as energy reclamation, air recirculation, control technology, insulation of buildings beyond the industry standard and the use of available district heating systems for space heating all contribute to sustainability. Renewable energy, such as solar power, is integrated into new buildings.

The electricity that WashTec procures for corporate headquarters and the main production site in Augsburg is 57.2% renewables-generated (prior year: 47.2%). This figure is significantly higher than the national average of 36.6% (prior year: 32.0%). WashTec thus actively contributes to lowering CO2 emissions.

For further information and data on energy, please see the sustainability report under heading 1, »Separate combined non-financial report«.

Certifications

Since 2000, WashTec has been certified under the ISO 9001 and ISO 14001 standards, which lay down globally recognized requirements for responsible quality management and environmental management systems. With its ISO 14001-based environmental management system, WashTec takes part in the Bavarian Environmental Pact for Sustainable Growth with Environmental and Climate Protection. This is a voluntary agreement between the Bavarian state government and Bavarian industry which, among other things, creates an obligation to provide additional environmental protection going far beyond the standards required by law. In addition, WashTec has held SCC (Safety Certificate Contractors) certification since 1999. Compliance with this standard by engaging in preventive measures serves to protect the safety and health of our employees and also extends to additional environmental protection requirements.

An energy management system in accordance with ISO 50001 was additionally introduced and certified during 2016 in fulfilment of our responsibility for sustainability. Introducing an energy management system enables WashTec to better document and monitor energy flows for more efficient energy use. Certifications routinely performed by DEKRA also verify compliance with statutory provisions and standards, thus providing legal certainty.

Ecological aspects form a permanent part of WashTec's strategic planning, from product development to resource management in production. WashTec regularly lays down Group-wide environmental targets together with attainment measures, with projects for implementation and attainment measurement. Target attainment and environmental management systems are regularly monitored and presented in an annual management review. A continuous improvement process aids in the attainment of the Company's adopted targets.

2.4 Stakeholder dialogue

WashTec shares as a sustainable investment

In view of its sustainable business model, WashTec's shares are a target for investment funds specializing in sustainable investment. WashTec has held SRI (Sustainable & Responsible Investment) pass status as a sustainable investment since 2007. In 2018, WashTec was rated sustainability class C and included in the Sustainable Hidden Champions Equity Fund.

Customer satisfaction

»Would you recommend WashTec?« We ask customers this question three months after installing a new roll-over wash system. From July 2017 – following a three-month pilot in 2016 – customers have automatically been sent an invitation to take part in an online survey. The responses are collated in-house. In 2018, 86.6% of participants in the online survey would recommend WashTec.

Any customers who say they would not recommend WashTec are called to ask the reason for their negative response. In this way, we learn from our customers themselves how we can better help them and continue to provide expert after-sales support. The survey has so far met with a positive response as customers see that their opinion is valued. We have successfully completed the planned rollout of customer satisfaction surveys to all subsidiaries (with the exception of Belgium and China).

2.5 Personnel and Compliance

WashTec Code of Ethics, suppliers' declaration and whistleblowers

A standard Code of Ethics has applied to all WashTec Group companies since as long ago as 2005. Its main tenet is required compliance by all employees with all rules, regulations and corporate directives. The Code includes key directives on how employees are expected to interact both with each other and with customers, suppliers, consultants and public authorities. All WashTec Group managers and employees in sensitive areas such as Sales, Procurement, Human Resources and Finance receive regular training which is concluded with a test and certification. The WashTec Code of Ethics can be downloaded from www.washtec.de. WashTec additionally introduced a suppliers' declaration in 2017 that specifies WashTec's principles in dealings with suppliers and has been signed by all key suppliers.

In further support of the compliance system, a whistleblower system introduced in 2016 enables employees and others to raise concerns – anonymously if they prefer – and to flag up circumstances that may indicate a breach of the law or corporate directives. Any such indications are investigated and action taken as appropriate if grounds for suspicion or violations are identified.

Corporate philosophy

Our corporate philosophy introduced in fiscal year 2015 provides all employees with guidance on our number one corporate objective of customer benefit and on how to interact among themselves and with customers. It describes what we expect of ourselves regarding innovation, specialization and the role of management. Each and every employee at WashTec shares responsibility for actively shaping the business. Our corporate philosophy is also the basis for the WashTec leadership policies.

Implementation of our corporate philosophy with a view to in-company entrepreneurialism at WashTec has been reviewed in entrepreneurship workshops since 2017. Each team is asked in an open dialog about how employees regard themselves as in-company entrepreneurs at WashTec and what the teams can do to come closer to the ideal concept of the in-company entrepreneur. To this end, each team adopts specific action items whose implementation is then tracked. In parallel, WashTec managers are made familiar with leadership principles and their implementation in specially developed leadership training units.

Employee handbooks

In foreign subsidiaries of the WashTec Group such as WashTec in the USA, the most important provisions in connection with employment relationships are laid down in employee handbooks. These contain, for example, rules on non-discrimination, handling employee complaints and employee interaction, as well as general provisions on how employment relationships are structured.

Corporate audits

Processes and transactions at all WashTec Group companies are examined for compliance with external and internal rules and regulations on the basis of risk analysis, both routinely and in ad-hoc audits in response to alerts. This enables any noncompliance to be identified and remedied as early as possible.

Training and human resource development

Human resource development plays an important role at WashTec. WashTec offers all employees the opportunity to participate in internal and external continuing education and training programs. Employees can use, inter alia, an e-learning platform to obtain training in Office products. Training also includes the WashTec-specific management training courses and entrepreneurship workshops. A separate budget is allocated for employee training each year.

At the Company’s headquarters in Augsburg, formal training is provided for qualification as a mechatronics fitter, industrial mechanic or industrial clerk. The large number of training places made available in 2018 is to be maintained in 2019. WashTec once again offered places for an integrated degree program since 2017.

Employee satisfaction

WashTec’s employees are key to our business success. We constantly work to further improve employee satisfaction.

WashTec has been the proud holder of TOP COMPANY and OPEN COMPANY badges from kununu.com since March 2016. The leading employer rating platform awards these badges to employers who demonstrate high levels of employee satisfaction and openness to dialog. WashTec also once again received the top national employer of the year award from FOCUS magazine.

Social activities during non-business hours, such the monthly WashTec happy hour in Augsburg and at our subsidiaries, outings, and participation in the company run foster cross-departmental communication and constructive teamwork.

Health and safety

WashTec contributes to workforce health with regular work safety training, ergonomic workplace design and medical checkups (such as colon cancer prevention and the WashTec Health Days held regularly in Germany). E-learning software has helped managers train our employees since 2007.

WashTec has a well-developed, SCC-certified occupational safety and health management system. WashTec service technicians are under special obligation to learn and understand safety issues. Regular training and certification programs center on training sessions for working in and around filling stations when preparing and undertaking the commissioning, maintenance and servicing of our equipment and systems. WashTec service technicians in Germany take part in regular driver safety training with their fleet vehicles. Compliance with safety provisions is routinely monitored in internal and external audits. Similarly, the findings of audits on customer premises are used to motivate employees and continually improve working conditions. WashTec launched a new global app in 2018 to further improve prevention. Using »WashTec Message«-app, every employee can report hazardous situations or incidents online from a mobile phone or personal computer. The app thus provides upfront warning of any hazards. Intuitive app navigation and ready-loaded data enable users to quickly and easily activate a standardized reporting process. The relevant managers are directly linked into the process and have responsibility for the hazard response. Further measures are additionally taken following systematic, Group-wide analysis.

In the course of reorganizing production processes and investing in production locations, special emphasis is placed on ergonomic workstations and tooling. Over the years, WashTec has also been able to reduce the number of occupational accidents significantly below the industry average reported by employers' liability insurance association. Awards for successful safety activities conferred by major customers in the petroleum industry verify the high standard of our safety culture at WashTec.

Balancing family and career

Balancing family and career is close to every parent's heart. WashTec actively seeks to meet this need by offering a wide range of individual working arrangements. Evidence of its success is the excellent way in which staff members who return from parental leave reintegrate into their challenging roles and responsibilities and the rising number of mothers and fathers signing up for part-time working.

2.6 Social commitment: Bunter Kreis e. V. and Stiftung Kartei der Not

The birth of a handicapped child, a heart problem or cancer diagnosis, an accident or hereditary disease invariably affects the whole family and abruptly changes people's lives. With approximately 70 professionals, Bunter Kreis e.V., an Augsburg-based registered association founded in 1991, provides handicapped and severely sick children together with their families with comprehensive psychological, social, medical and financial support. Bunter Kreis helps most of all during the period following discharge from hospital, when it assists families in dealing with new challenges and burdens. The reliable follow-up care often also allows children to leave hospital early. Since the frequently time-consuming work of caring for sick children and their families is only partially covered by statutory health insurance, WashTec has continually supported Bunter Kreis with donations in cash and in kind as one of the association's main sponsors since 1996. WashTec once again further stepped up its involvement in 2018. All trainees voluntarily took part in a project week at the Ziegelhof animal-assisted therapy center for sick children. The trainees carried out various work there to make Ziegelhof winter-ready.

We take our social responsibility seriously and want others to share in our success. Accordingly, WashTec has supplemented its existing social engagement activities since 2016 by supporting the Kartei der Not foundation. Kartei der Not supports people who are in need through no fault of their own. This includes any predicament that is not the fault of the person seeking help, as a result of invalidity, illness, accident or other causes. Kartei der Not supports poor children and their families, people with disabilities, the chronically ill, senior citizens with small pensions, social orphans and people who have suffered severe strokes of fate. Since its foundation in 1965, Kartei der Not has provided some €40m to help people in need across the region.

The WashTec **Share**

Karoline Kalb
Member of the
Management Board

Stock market performance in 2018

2018 was a disappointing year for most equity market investors. Many stock indices showed a double-digit percentage decline in 2018. The downtrend even intensified in the last weeks of 2018, and December 2018 was the worst December in the USA since 1931.

In Europe, German equities came under particularly strong pressure. After six years of continuously rising stock prices, the DAX shed nearly 20% in value.

This disappointing performance had many causes, although policy has an impact on the negative development of equity equity markets. The simmering trade conflict between the USA and China and the chaotic Brexit negotiations based on unrealistic expectations are not good either for stock markets or for the economy. A cyclical slowdown in the USA, China and our European neighbors will thus act as a damper on exports and business investment spending.

Germany's SDAX small cap index lost 20%.

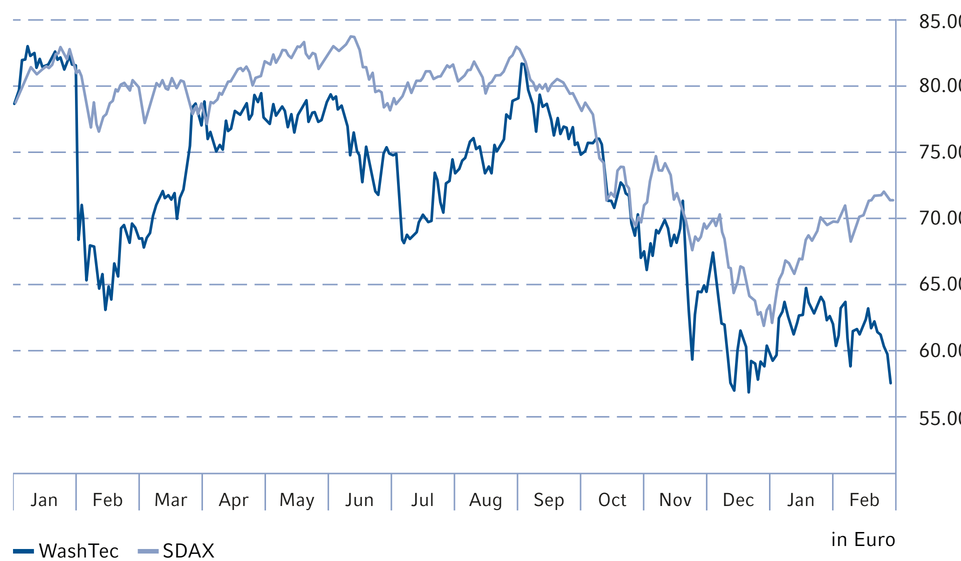
WashTec AG share performance in line with SDAX in 2018

The WashTec share price began 2018 at €78.30 and marked its low for the year at €56.80 on December 17, 2018. The share price attained its high point for the year of €83.60 on August 31, 2018 and closed the year at €60.40. This is 23.25% down on the prior year-end closing price. These figures relate to closing prices on the Xetra trading platform. After several years in which it significantly outperformed the SDAX, the performance of the WashTec share price was in line with the SDAX in 2018. Despite the attractive dividend, total shareholder return for the full year was –19.73%.

Performance in line with SDAX index

As of February 27, 2019, WashTec shares were trading at €57.50 per share.

Price performance of WashTec shares 2018/2019 compared to the SDAX (indexed)



Attractive dividend policy

4.05% dividend yield

Pursuant to a resolution adopted by the Annual General Meeting on April 30, 2018, the Company paid its shareholders a dividend of €2.45 per share for fiscal year 2017. Dividend distributions thus totaled €32.8m in 2018. Based on the year-end share price, the dividend yield was 4.05%. This places WashTec among the strongest performers in terms of dividend yield on the German stock market.

WashTec aims to maintain an attractive dividend policy under which shareholders duly participate in the Company's success. It has been possible to increase the dividend each year for the last several years.

The Management Board and Supervisory Board are proposing a dividend of €2.45 for fiscal year 2018.

Changes in shareholder structure

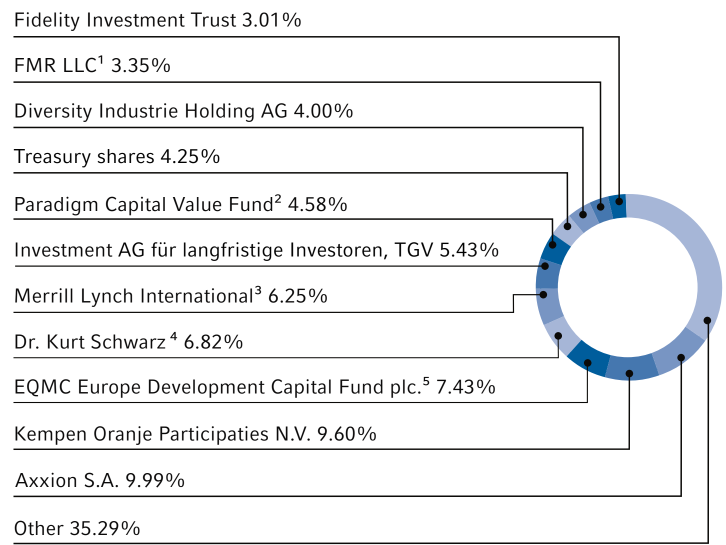
The great majority of WashTec AG shares are held by institutional investors. The strong focus of WashTec products on environment protection and sustainability is reflected in the proportion of shareholders who select investments on the basis of clearly defined sustainability criteria.

WashTec AG received the following voting rights notifications under the Securities Trading Act (Wertpapierhandelsgesetz) in fiscal year 2018: All changes or secondary offerings were price-neutral without any material impact on the share price.

Dr. Kurt Schwarz notified WashTec AG that his share of the voting rights on January 8, 2018 was now 6.82%.

Wellington Management Group LLP, Boston, Massachusetts, United States of America, notified WashTec AG that on meeting the notification threshold on February 2, 2018 its share of voting rights on that date was 3.03%.

Shareholder structure as of December 31, 2018



[1] Fidelity Management & Research Company
[2] Carne Global Fund Managers (Luxembourg) S.A.
[3] Bank of America Corporation
[4] Leifina GmbH & Co. KG et al
[5] Alantra EQMC Asset Management, SGIIC, S.A. (as investment management function)

Source: Notifications pursuant to the German Securities Trading Act (WpHG)

Wellington Management Group LLP is attributed the shares of Wellington Management Company LLP.

Alantra Asset Management, SGIIC, S.A., Madrid, Spain, notified WashTec AG that its share of the voting rights on April 19, 2018 was now 0.00% instead of previously 9.781% as it had ceased to serve as investment manager. Alantra EQMC Asset Management, SGIIC, S.A., Madrid, Spain, notified WashTec AG that on meeting the notification threshold on April 19, 2018 its share of the voting rights was now 7.43% as it had assumed the role of asset manager. It is attributed the shares of EQMC Europe Development Capital Fund plc.

WashTec

FMR LLC, Wilmington, Delaware, United States of America, notified WashTec AG that on meeting the notification threshold on July 5, 2018 its share of voting rights on that date was 3.35%. FMR LLC is attributed the shares of Fidelity Management & Research Company. The reason for the notification from FMR LLC was an increase of proxy for voting rights attached to shares.

Fidelity Investment Trust, Boston, Massachusetts, United States of America, notified WashTec AG that on meeting the notification threshold on September 12, 2018 its share of voting rights on that date was 3.01%.

Wellington Management Group LLP, Boston, Massachusetts, United States of America, notified WashTec AG that on meeting the notification threshold on October 12, 2018 its share of voting rights on that date was 2.97% instead of previously 3.03%.

Bank of America Corporation, Wilmington, Delaware, United States of America, notified WashTec AG that on meeting the notification threshold on November 29, 2018 Merrill Lynch International's share of voting rights on that date was 6.25%.

Six investors consequently each hold at least 5.00% of the voting rights. To the knowledge of the Management Board, 35.29% of the Company's shares are held by shareholders whose stakes are below the notification threshold. On the definition used by Deutsche Börse, the free float is 88.93%, as treasury shares and the shares held by Dr. Kurt Schwarz are deducted.

Managers' transactions

The following managers' transactions were reported to the Company under the WpHG in fiscal year 2018:

Date of transaction	First and last name	Type	Position/ status	Quantity
May 3, 2018	Dr. Alexander Selent	Purchase	Supervisory Board	200
May 15, 2018 May 16, 2018	Dr. Volker Zimmermann	Purchase	Management Board	196 904
May 22, 2018	Karoline Kalb	Purchase	Management Board	290
May 22, 2018 May 23, 2018	Stephan Weber	Purchase	Management Board	199 121
Oct 29, 2018	Dr. Alexander Selent	Purchase	Supervisory Board	200
Oct 31, 2018	Stephan Weber	Purchase	Management Board	20
Nov 16, 2018	Dr. Alexander Selent	Purchase	Supervisory Board	200
Nov 20, 2018	Dr. Alexander Selent	Purchase	Supervisory Board	200
Nov 20, 2018	Axel Jaeger	Purchase	Management Board	300
Nov 20, 2018	Stephan Weber	Purchase	Management Board	400
Dec 05, 2018	Dr. Alexander Selent	Purchase	Supervisory Board	200
Dec 06, 2018	Axel Jaeger	Purchase	Management Board	300
Dec 10, 2018	Axel Jaeger	Purchase	Management Board	300

Active investor relations

The Management Board communicated with shareholders, journalists and the financial community on an ongoing basis through the year. The Company held financial press conferences and conference calls for analysts and investors on publication of results. At the Annual General Meeting on April 30, 2018, the Management Board shared its detailed position on the current market situation, business development and strategy and discussed these matters with shareholders. The shareholders of WashTec AG were also kept up to date in a timely manner about all important events. WashTec took part in the Baader Bank Investment Conference, several conferences held by Bankhaus Lampe and Berenberg Bank, and the Equity Forum in Frankfurt.

Roadshows were held in the USA, Canada, the UK, Germany and Australia. In addition, numerous investors visited the Company to gain a first-hand impression of the world of WashTec.

WashTec shares are covered by various independent analysts

WashTec shares are regularly covered by analysts at major financial institutions (Hauck & Aufhäuser, HSBC Trinkaus & Burkhardt, MM Warburg and Bankhaus Lampe).

Key data on WashTec shares

		2018	2017	2016
Closing price*	€	60.40	78.70	49.50
High	€	83.60	79.50	51.50
Low	€	56.80	49.50	26.50
Opening price	€	78.30	49.50	30.50
Number of shares as of Dec 31 **	million units	13.4	13.4	13.4
Free float as of Dec 31	%	35.29	44.33	42.0
Market capitalization as of Dec 31	€ million	809.36	1,101.80	691.9
Performance over the year	%	−23.25	58.98	62.30
(SDAX for comparison)	%	−20.00	24.87	4.63
Earnings per share	€	2.54	2.76	2.29
Dividend per share	€	2.45	2.45	2.10

* based on Xetra closing prices
** excluding 594,646 treasury shares

Further information and contact

Current data regarding WashTec shares and detailed information about the WashTec Group and its products can be found on the Company's website at www.washtec.de.

Anyone interested in the Company and its shares may also contact the Investor Relations Department at WashTec AG:

Telephone +49 821 5584-0
Fax +49 821 5584-1135
E-mail washtec@washtec.de

Combined Management Report **of WashTec AG and the Group**

2018 at a Glance – year of consolidation,
but continuous organic growth path

Continuous improvement by quarter

WashTec Group*

- Revenue of €435.4m or 2.4% higher than prior year (3.6% on an exchange rate adjusted basis)
- EBIT of €51.5m million slightly (1.3%) down on prior year. EBIT margin 11.8%
- Free cashflow of €32.3m significatly higher (14.9%) than prior year
- Europe region the Group's revenue and earnings driver

Europe

- Revenue: €355.8m (+5.5%); EBIT: €55.4m (+21.2%)
- Best earnings in corporate history

North America

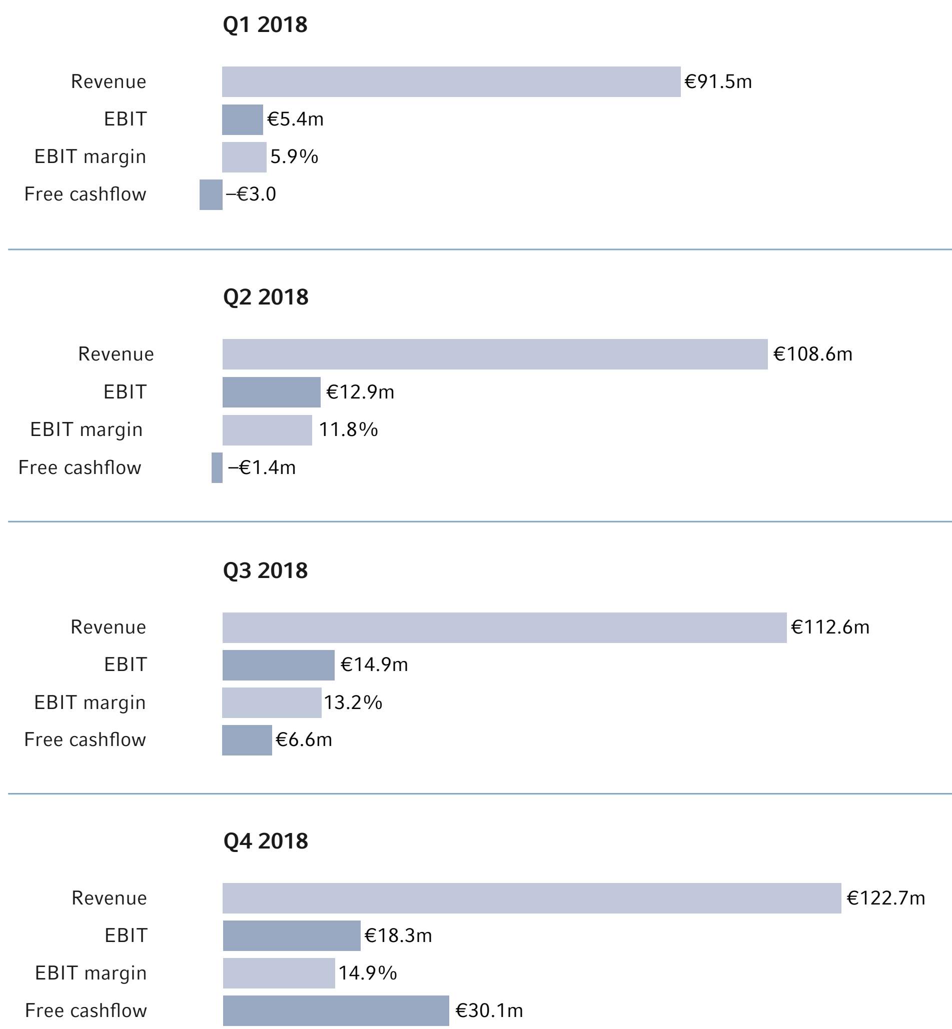
- Revenue: €74.0m (-7.5%); EBIT: €-3.4m
- Direct sales growing, but unable to fully make up for exceptional prior-year sales from large customer orders (Revenue growth 2017: 31.1%)

Asia/Pacific

- Revenue: €17.6m (+6.7%); EBIT: €-0.4m
- Revenue increase due to growth in China; earnings impacted by one-off items in Australia

* Regional data without consolidation

Revenue, EBIT, EBIT margin, free cash flow by quarter



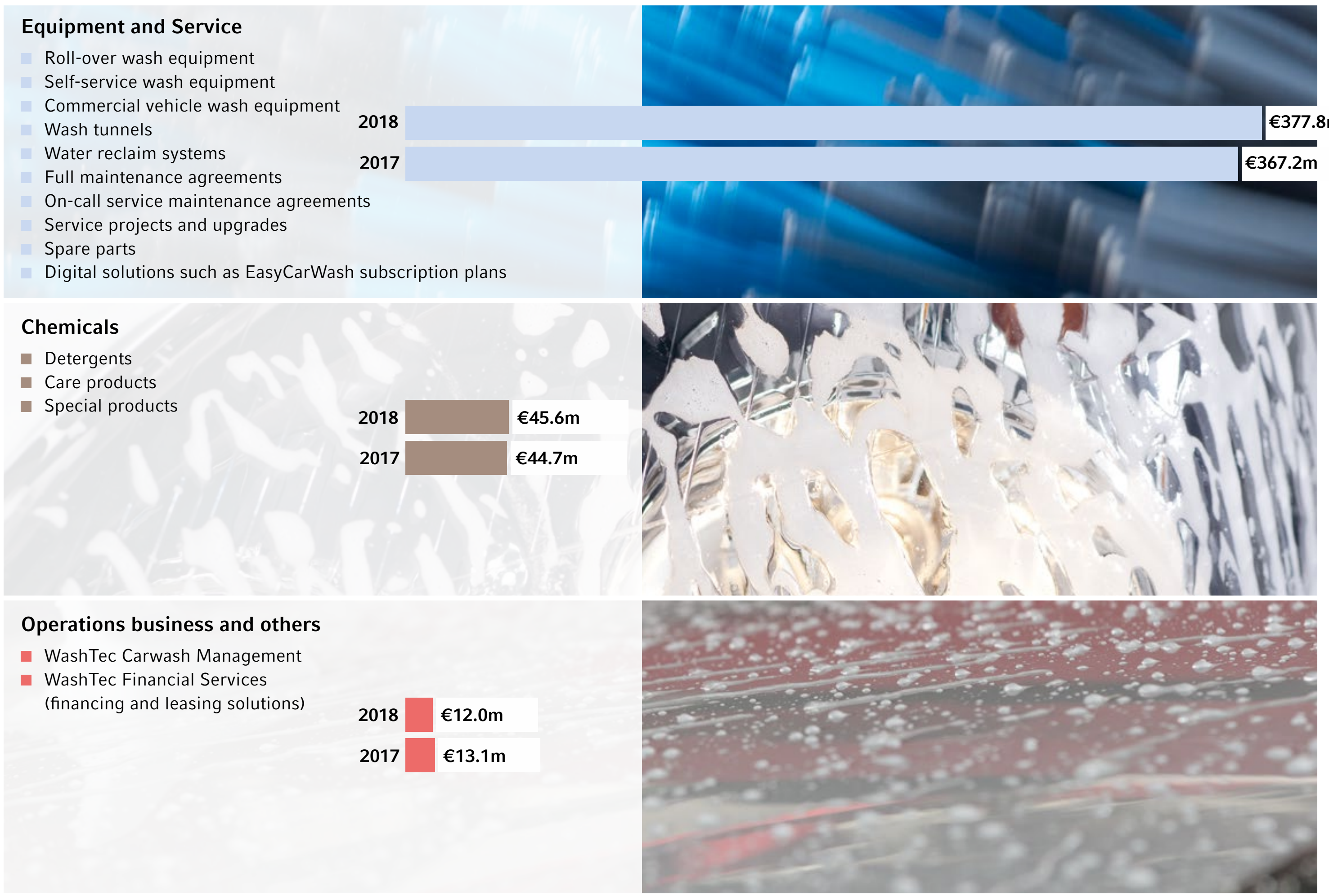
General Information about the Group

1.1 Business model

Sole global supplier – presence in Europe, North America and Asia/Pacific

WashTec is the leading provider of innovative solutions for carwash worldwide. The WashTec product range comprises all types of vehicle wash equipment as well as the associated peripheral devices, wash chemicals and water reclaim systems. WashTec also offers comprehensive servicing packages spanning the entire product life cycle, including equipment maintenance, financing arrangements and operator management. The product area of Equipment and Services are the main revenue drivers.

Revenue by product in €m



1.1.1 Group and organizational structure

The consolidated financial statements of WashTec AG include the parent company and the Group companies shown below. WashTec AG directly or indirectly owns 100% of these companies.

- WashTec AG, Augsburg, Germany
  - WashTec Carwash Management GmbH[1], Augsburg, Germany
  - AUWA-Chemie GmbH[1], Augsburg, Germany
  - WashTec Holding GmbH, Augsburg, Germany
    - WashTec Financial Services GmbH[1], Augsburg, Germany
    - WashTec Cleaning Technology GmbH[1], Augsburg, Germany
      - Mark VII Equipment Inc.[5], USA
      - WashTec S.r.l., Italy
      - WashTec A/S[3], Denmark
      - WashTec France S.A.S., France
      - WashTec Cleaning Technology GmbH, Austria
      - WashTec UK Ltd., United Kingdom
      - WashTec Spain S.A.U., Spain
      - WashTec Benelux B.V.[2], Netherlands
      - WashTec Nordics AB, Sweden
      - WashTec Car Cleaning Equipment (Shanghai) Co., Ltd., China
      - WashTec Cleaning Technology s.r.o.[4], Czech Republic
      - WashTec Australia Pty Ltd., Australia
      - WashTec Polska Sp. z.o.o.[4], Poland

[1] Control and profit (loss) pooling agreement

[2] In subgroup with WashTec Benelux N.V., Brussels, Belgium, whose results are included in WashTec Benelux B.V., Zoetermeer, Netherlands. Benelux Carwash Management B.V., Zoetermeer, Netherlands and WashTec Benelux Administratie B.V. Zoetermeer, Netherlands were merged with WashTec Benelux B.V. on September 15, 2018. The economic effective date of the merger is January 1, 2018.

[3] Includes subsidiary WashTec Bilvask AS, Norway

[4] WashTec Cleaning Technology GmbH 90%, WashTec Holding GmbH 10%

[5] Includes subsidiary WTMVII Cleaning Technologies Canada, Inc., Canada

WashTec AG

As the Group's ultimate parent company, WashTec AG is responsible for the strategic management and control of all its subsidiaries.

Since the Company does not have any operations of its own, its financial position, financial performance and cash flows are determined solely by the business performance of its subsidiaries. The information set out below therefore mainly relates to the Group. Information specific to WashTec AG is provided where required. The direct subsidiaries of WashTec AG are AUWA-Chemie GmbH, WashTec Holding GmbH and WashTec Carwash Management GmbH. WashTec AG has profit and loss pooling agreements with AUWA-Chemie GmbH and WashTec Carwash Management GmbH.

WashTec Holding GmbH

With the exception of AUWA-Chemie GmbH and WashTec Carwash Management GmbH, the WashTec Group's ownership interests in operating companies are held by WashTec Holding GmbH, based in Augsburg, Germany. WashTec Holding GmbH has profit and loss pooling agreements with WashTec Financial Services GmbH and WashTec Cleaning Technology GmbH.

WashTec Cleaning Technology GmbH

The bulk of the operating business is conducted by WashTec Cleaning Technology GmbH, Augsburg, Germany. This is where the main products of the WashTec Group are developed, manufactured, sold and serviced. The Company's subsidiaries and independent foreign sales partners are supplied and supported by WashTec Cleaning Technology GmbH.

Foreign subsidiaries

The WashTec Group has subsidiaries in all major European, North American and Asia/Pacific markets. Subsidiaries in the US, Canada, Australia, China, Spain, the UK, France, Belgium, Denmark/Norway, Poland, Austria, Italy and the Netherlands are responsible for selling and servicing WashTec products. An overview of the production locations is provided in section 1.1.3.

WashTec Financial Services GmbH

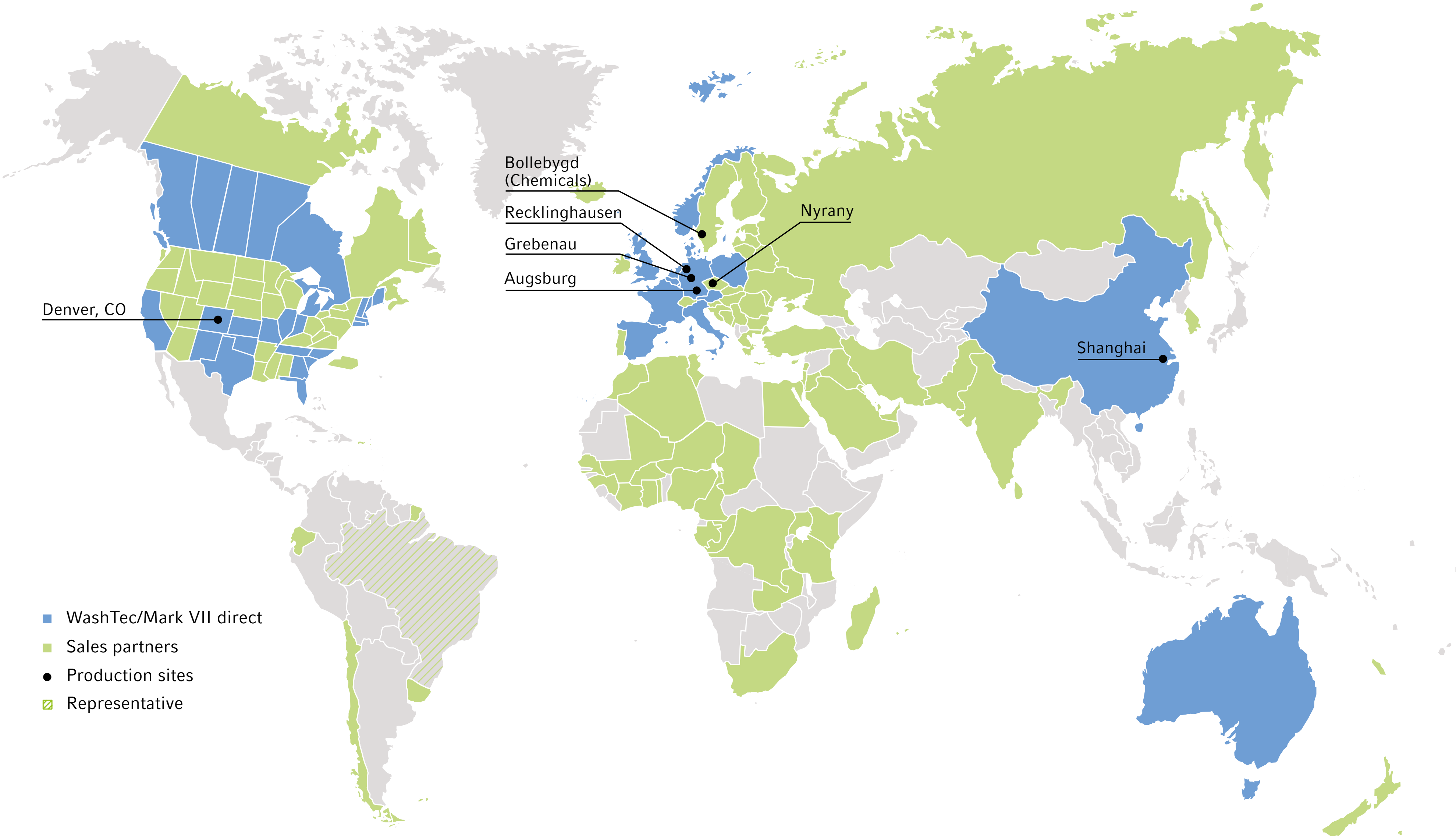
WashTec Financial Services GmbH brokers bespoke financing arrangements for WashTec products on behalf of customers of the WashTec Group. It receives commission from the lenders – mostly leasing companies – involved in the financing arrangements.

AUWA-Chemie GmbH

AUWA-Chemie GmbH produces chemical products for carwash equipment. Distribution is via WashTec subsidiaries and independent distributors in Germany and Europe.

WashTec Carwash Management GmbH

WashTec Carwash Management GmbH provides a comprehensive range of services on behalf of and for the account of its customers, up to and including the operation of carwashes. The company also offers numerous other services such as profitability and location analysis.


Bollebygd
(Chemicals)
Recklinghausen
Grebenau
Augsburg
Nyrany
Denver, CO
Shanghai
WashTec/Mark VII direct
Sales partners
Production sites
Representative

1.1.2 Locations

WashTec has a global footprint

The WashTec Group has a global footprint with over 1,800 employees worldwide and with branches in all major markets including Europe, North America and Asia/Pacific.

WashTec also has a broad network of independent sales partners and is thus on the map today in over 70 countries throughout the world.

1.1.3 Production, sourcing and logistics

Global flagship plant in Augsburg

WashTec has a global procurement and production chain with production facilities in Germany, the Czech Republic, China the USA. Most of the equipment worldwide, except roll over wash equipment for China and North America, is assembled at the main plant in Augsburg, Germany. Roll over wash equipment is produced for the North American market in Denver (USA) and for Asian markets, according to the product, in Shanghai (China) or in Augsburg (Germany). Much of the sheet metal production takes place in the Czech Republic, where components are also preassembled and the basic roll-over system is assembled. The Company has two other sites in Germany producing control units for the entire Group (Recklinghausen) and wash chemicals (Grebenau). All products are made using the latest technology and state-of-the-art production methods that are subject to ongoing development.

1.1.4 Reporting by segment

WashTec's global business is divided into three geographical regions. The Europe region pools the activities of the WashTec Group in Western Europe and Eastern Europe including Russia. The North America region comprises the activities in the USA and Canada. The Asia/Pacific region primarily encompasses the business performance of the Australian and Chinese subsidiaries.

1.1.5 Management and control

As required by the German Stock Corporation Act (Aktiengesetz/AktG), WashTec AG has a two-tier management and supervisory structure comprising the Management Board and the Supervisory Board. The Management Board manages the Company under its own responsibility, sets the strategic direction and pursues the goal of sustained growth in shareholder value. The Supervisory Board, which consists of six members in accordance with the Articles of Association, advises and supervises the Management Board.

As the company spearheading the Group, WashTec AG determines corporate strategy and higher-level control, resource allocation and communication with key stakeholder groups in the business environment, primarily comprising the capital market and shareholders. WashTec's top-level objective is maximum customer benefit resulting in sustained growth in shareholder value. The Company's internal management and control pursues this aim through a value-oriented management system. This encompasses an integrated planning and controlling strategy, target ratios for management as well as measures for ensuring sustained, profitable growth, efficiency improvements and efficient capital management. The Company's Management Board and Supervisory Board define corporate strategy and related targets, which are implemented at all business units across all of levels of responsibility in the Group.

Monitoring is performed by way of regular meetings involving all reporting units. These include two-weekly Management Board meetings at which the divisional heads report, monthly meetings at headquarters with the main divisional heads, regular international management meetings with heads of the operating companies, strategic and annual planning including capital expenditure planning, production and capacity planning, regular reporting and forecasting, ongoing market analysis, and regular analyses of revenue, sales, order backlog and market share. All capital expenditure projects are separately reviewed and monitored in the same connection.

1.1.6 External factors influencing the business

Key market drivers

Economy: Rising per capita income, increase in the number of registered cars and in labor costs

Growing vehicle numbers and legal requirements as drivers for automated car wash

Key factors influencing the increasing popularity of automated car wash not only include country-specific consumer behavior and average per capita income, but also a large and growing pool of vehicles requiring washes. According to multiple independent studies, the global vehicle fleet is set to double by 2050 (Sources: VDA, Shell).

Higher wages, rising per capita incomes and worldwide growth vehicle numbers create lasting global market potential. This applies most of all to regions that are transitioning from manual washing to various forms of automated washing.

Rising customer expectations in terms of wash speed, convenience, quality and experience

Compared to manual washing, automated washing generally yields better wash quality and is less abrasive to car finish. An automated car wash is also far less time-consuming than manual washing.

Environmental issues: More stringent requirements and enforcement of environmental regulations – fresh water as a limited resource

Automated car washing is environment-friendly: Especially when used together with water reclaim systems, automated car washing requires significantly less water than manual washing.

Additional trends and influences: Vehicles need to be cleaned no matter how they are powered and regardless of ownership model.

- Alternative vehicle propulsion: vehicles are going over from combustion engines to alternative means of propulsion. Until now, no clear favorite has emerged as to which drive concept will prevail in the future (such as hybrid or electric), which means that it remains unclear where vehicles will ›fill up‹ in the future. The Company is assuming, however, that filling stations will not lose importance in the medium term.
- Alternative individual mobility concepts (such as car sharing/ Uber): Vehicles used in such arrangements also have to be washed by providers or users, and are generally washed more frequently than private cars. A clean vehicle is a key quality criterion and therefore a driver of the business model.

WashTec is carefully monitoring these and other trends in order to respond to changing circumstances as quickly as possible.

1.2 Corporate objective and strategy

Our corporate philosophy defines our top-level objective as Maximum Customer Benefit. This, for us, means being the best partner to carwash operators worldwide. Generating customer benefit requires specialization, combined with a profound understanding of application and of related processes and technologies. The same specialization is a requirement for customer benefit-oriented innovation.

Our efforts in this regard target end customers and operators alike in order to promote the attractiveness of carwash and improve profitability for operators. Continuous management and employee development at WashTec is built around this basic strategic orientation. Each and every WashTec employee contributes as an entrepreneur to the company's development. Clear focus on customer benefit enables us to extend our competitive advantage on a lasting basis and create value for customers, the Company and our shareholders.

1.3 Control system

1.3.1 Financial quantitative targets and performance indicators

The financial and non-financial performance indicators used by the Company for planning and control are as follows:

Key financial performance indicators

- Revenue
- EBIT
- Free cash flow
- ROCE

Free cash flow is defined as cash inflow from operating activities (net cash flow) less cash outflow from investing activities.

ROCE (return on capital employed) is defined as the ratio of EBIT to capital employed. We define capital employed as total property, plant and equipment and intangible assets (including goodwill) plus net operating working capital (NOWC). NOWC is defined as the sum of inventories and trade receivables less trade payables and prepayments on orders.

Key non-financial performance indicator

The following non-financial performance indicator is used at Group level:

- Accident rate: Work accidents/million hours worked

In the course of complying with the CSR Directive Implementation Act, the Company has updated the sustainability report and supplemented it with the separate combined non-financial report (see the Sustainability Report on the WashTec website, *+s://ir.washtec.de/websites/washtec/English/6000/corporate-governance.html*). This contains a detailed description of WashTec's key non-financial performance indicator – the accident rate – and of the remaining key performance indicators.

Beginning in fiscal year 2019, the Company additionally considers to report a key non-financial performance indicator relating to environmental performance.

Management Report

1.3.2 Risk management

Responsible management of business risk is one of the basic principles of good corporate governance. The Management Board has at its disposal comprehensive Group-wide and Company-specific reporting and management systems that permit it to identify, assess and manage such risk. These systems are continuously developed and adapted to changes in the operating environment. The Management Board regularly informs the Supervisory Board about existing risks and their development.

Details of risk management are found in the risk report, which is part of the management report. The management report contains the report required under Sections 289a (1) and 315a (1) of the German Commercial Code (HGB) on the internal monitoring and risk management system as it relates to financial reporting.

1.4 Research and development

The focus of our research and development work is on innovation and ongoing development of our products and production processes. These activities additionally include supporting products throughout their entire life cycle and adding to the depth and breadth of our application know-how. The main focus is on:

- Optimizing washing and drying processes
- Enhancing ease of use
- Improving product availability and efficiency.

In total, more than 70 employees work in research and development at the WashTec headquarters in Augsburg. We place high priority on protecting innovations with patents.

Over 70 employees in research and development

Total research and development expenditure amounted to approximately €8.0m (prior year: 2018).

The Group’s capitalized development costs came to €2.8m in 2018 (prior year: €3.1m). Added to this is €0.9m (prior year: €1.2m) which was unable to be capitalized.

Report on Economic Position

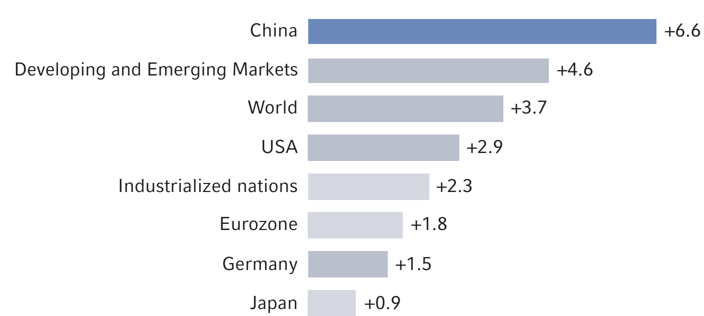
2.1 Overall economic and industry-specific environment and conditions

2.1.1 Overall economic development

Global economic growth

According to the International Monetary Fund (IMF), the global economy grew by 3.7% in 2018. Global economic growth of 3.5% is forecast for 2019. For the eurozone, the IMF sees little change with growth of 1.6% and 1.7% in the next two years (following 1.8% in 2018). With an estimated 1.3% growth in 2019, Germany is slightly down on the prior year (2018: 1.5%). In the United Kingdom, growth decreased in 2018 to 1.4% and the forecast for 2019 is 1.5%. The growth forecast for the USA is 2.5% in 2019. Developing and emerging economies continue to contribute to global economic growth. According to forecasts, their economic growth rate will rise to 4.5% in the coming year and to no less than 4.9% in 2020. In China, the IMF now expects economic growth of 6.2% in 2019.

Economic growth 2018 in %



Source: International Monetary Fund (IMF) World Economic Outlook Update, January 2019

Industry environment

In WashTec's assessment, the wash equipment sector once again showed a positive trend in 2018. This was helped along by the positive overall development in operators' wash business in Europe driven by an exceptionally warm spring and summer.

Oil price movements – most recently an increase – have not yet caused the major customers that are affected by them to reduce capital expenditure. After exceptional investment programs in 2016 and 2017, major customers ordered within the scope of their regular capital expenditure budgets in 2018.

2.1.2 Market for car wash equipment

Customer groups

Car wash as profitable business for operators

WashTec's customers are predominately operators of filling stations that offer on-site car washes, with which they generate a substantial part of their earnings. These customers include multinational petroleum companies, retailers (convenience stores), individual filling station operators and filling station operator chains. Additional key customer groups include car wash operators, supermarket chains, car dealerships and workshops, road freight companies and public transport operators.

Competition

In Europe – a developed market with intense competition – WashTec's own research shows it to be the clear market leader in terms of market coverage and market share.

In the developed North American market the customer and provider sides is more fragmented then in Europe.

Asian markets predominantly served by local competitors are Japan and South Korea. The ›missionary‹ Chinese market has an array of local providers alongside WashTec. Both European and American competitors contend for the developed Australian market.

Sales markets

Germany and Europe remain the largest sales markets. Based on WashTec's strategy, North America and Asia/Pacific are planned to account for a higher percentage of the Group's total revenue in the long term.

2.2 Business performance

The following section examines WashTec Group's business performance. WashTec AG is not itself an operating entity and earns income exclusively from dividends paid by WashTec Holding GmbH as well as from profit transfers made by WashTec Carwash Management GmbH and AUWA-Chemie GmbH. The following discussion therefore primarily relates to the Group. WashTec AG is discussed separately in section 2.6.

Significant increase in free cash flow and revenue growth of 3.6% at constant exchange rates

(Rounding differences possible)		2017	Guidance 2018	2018	Change
Revenue	€m	425.0	slight increase	435.4	2.4%
EBIT	€m	52.2	significant increase	51.5	−1.3%
Free cash flow	€m	28.1	significant increase	32.3	14.9%
ROCE	%	29.1	>25%	28.5	–
Accident rate (work accidents/ million hours worked)		0.9	0	0.9	0.0%

Revenue and business development

Revenue rose by 2.4% in 2018 to €435.4m (prior year: €425.0m). Adjusted for exchange rate effects, the increase was 3.6%. The target for 2018 of slight revenue growth on the prior year was thus attained. The growth in revenue reflected positive business performance in Europe and China.

EBIT decreased by a slight 1.3% to €51.5m (prior year: €52.2m). The target of a significant increase was thus not attained. This reflected a significant decrease in earnings in North America and Australia.

Free cash flow increased encouragingly by 14.9% to €32.3 million (prior year: €28.1m). The projected significant increase in free cash flow was consequently attained. This was mainly due to the ongoing improvement of net operating working capital (NOWC).

ROCE came to 28.5%. The targeted level of over 25% was thus attained.

The number of work accidents per million hours worked and, at 0.9, remains significantly below the industry average of 22.17 reported by the employers' liability insurance associations (Berufsgenossenschaften). The target of zero accidents was not attained in 2018. WashTec continues to aim for zero accidents.

The WashTec Group's business performance in 2018 was in line with the expectations communicated to the capital market at the beginning of the year, and in the case of EBIT was in line with the guidance updated over the course of the year. The original guidance was updated each quarter. 2018 stood out for particularly strong growth in revenue and earnings in the Europe region. The Management Board views the development of the business – and above all the progress on the measures taken to promote future development in this region – as especially positive. In the opinion of the Management Board, following the investment in sales and service structures during the fiscal year under review, special focus must be placed on the profitability and efficiency of internal processes in the North America region.

2.3 Position

Multi-year comparison of key performance indicators for planning and management

(Rounding differences possible)		2016	2017	2018
Revenue	€m	372.8	425.0	435.4
EBIT	€m	44.1	52.2	51.5
Equity ratio	in %	40.1	40.3	40.2
Free cash flow	€m	20.8	28.1	32.3

2.3.1 Order backlog

The Group's year-end order backlog was up on the prior year. As a result, the Company expects a positive start to the first quarter. Since the WashTec Group's orders generally cycle through within six to ten weeks, the order backlog serves as an indicator for the months ahead but has only limited indicative value for business development over fiscal year 2018 as a whole.

2.3.2 Results of operations

2.3.2.1 Income statement

The following table shows the income statement of the WashTec Group:

In €m (Rounding differences possible)	2018	2017	Change (absol.)	Change (in %)
Revenue	435.4	425.0	10.4	2.4
Cost of materials	185.9	183.0	2.9	1.6
Other operating income (expenses incl. change in impairment losses on trade receivables and other taxes incl. tax expense)	5.3	4.3	1.0	23.3
Personnel expenses	135.2	131.6	3.6	2.7
Other operating expenses (including other taxes)*	58.0	57.7	0.3	0.5
Depreciation and amortization	9.8	9.9	−0.1	−1.0
EBIT	51.5	52.2	−0.7	−1.3
EBIT margin in %	11.8	12.3	−0.5	–
Financial result	−0.6	−0.6	0.0	0.0
EBT	50.8	51.6	−0.8	−1.6
Taxes	16.8	14.7	2.1	14.3
Consolidated net income	34.0	36.9	−2.9	−7.6
Earnings per share	2.54	2.76	−0.22	−8.0

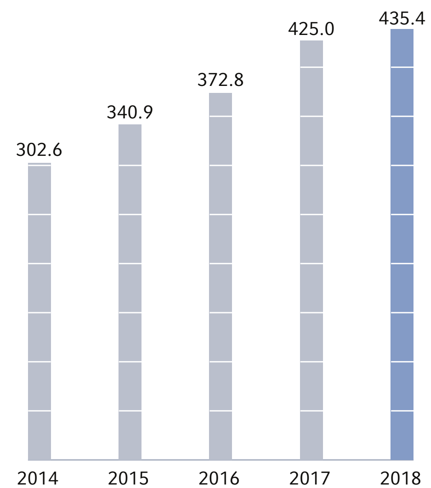
*incl. change in impairment of trade receivables and other taxes

2.3.2.2 Revenue development

The WashTec Group's revenue totaled €435.4m and was therefore slightly higher (by €10.4m or 2.4%) than the prior year figure of €425.0m. Although revenue was still some 5% down impacted by one-off items in 2017 at the end of the first half, the Group not only made good the shortfall but actually generated growth in the second half year as expected. Revenue growth in the second half of the year was 9.4%.

Compound annual growth rate of revenue of the last five years at 9.5% p.a.

Revenue development in €m



Adjusted for exchange rate effects, full-year revenue was €440.3m, an increase of 3.6% on the prior year (€425.0m). The exchange rate effect was notably a result of depreciation of the US dollar against the euro. A detailed discussion about the development of the individual segments is provided under Segment Reporting in section 2.3.3.

Revenue by products

In €m (Rounding differences possible)	2018	2017	Change (absol.)	Change (in %)
Equipment and Service	377.8	367.2	10.6	2.9
Chemicals	45.6	44.7	0.9	2.0
Operations business and others	12.0	13.1	−1.1	−8.4
Total	**435.4**	**425.0**	**10.4**	**2.4**

Equipment and Service revenue was €377.8m, 2.9% above the prior-year figure of €367.2m. The revenue shortfall early in the year due to orders from major customers in the first half year of 2017 was more than compensated for by the strong second half year.

The Chemicals business likewise continued to develop favorably. Revenue in this area grew by €0.9m to €45.6m (prior year: €44.7m). The lower growth here compared to preceding years reflects the loss of a major chemicals customer in North America. In Europe, WashTec again generated double-digit growth in Chemicals revenue. WashTec continues to aim for sustained growth in Chemicals revenue, and North America is expected to contribute significantly in this regard.

Revenue in the operations business and from arranging finance for wash equipment accounts for only about 2.8% of WashTec Group revenue and was down as planned during the year under review as a result of the sale of equipment.

2.3.2.3 Expense items and results

2.3.2.3.1 Expense items

Cost of materials

Cost of materials primarily includes purchased raw materials, consumables and supplies along with purchased services. The largest items related to procurement of steel, plastics and other raw materials. Due to higher sales, the cost of materials increased from €183.0m to €185.9m.

Based on the increase in revenue, gross profit rose from €244.1m to €246.3m. Mainly due to a change in the product and regional mix, the gross margin narrowed slightly relative to the prior year by -0.8% to 56.6% in the year under review.

Personnel expenses
Personnel expenses rose from €131.6m to €135.2m. The increase in personnel expenses primarily related to the larger employee numbers as a result of the planned expansion of the sales and service functions and of production, in combination with pay increases under collective agreements in Europe. The personnel expense ratio (personnel expenses as a percentage of revenue) went up slightly, by 0.1%, from 31.0% to 31.1%.

The number of employees at the year-end was 1,870 and therefore 56 or 3% more than the prior year.

Other operating expenses*
Other operating expenses* (including other taxes) rose by just €0.3m, from €57.7m to €58.0m. A €0.2m rise in costs incurred for contract employees as a result of the capacity utilization level led to an increase in other operating expenses. The exchange rate losses contained in other operating expenses decreased to €1.9m (prior year: €2.8m).

Other operating income
Other operating income (excluding capitalized development costs) rose by €1.0m from €4.3m in the prior year to €5.3m. The increase mainly relates to gains recognized in other operating income from the scheduled sale of wash equipment at a number of operator locations.

2.3.2.3.2 Exchange rate effects

Changes in the US dollar-euro exchange rate do not generally have a material impact on the operating business because most value is created and most revenue recognized is within North America.

*including change in impairment of trade receivables and other taxes

Measurement of foreign currency assets and liabilities at the reporting date had a negative impact on earnings of approximately €0.8m (prior year: €1.0m). This was mainly a result of movements in the US dollar relative to the euro.

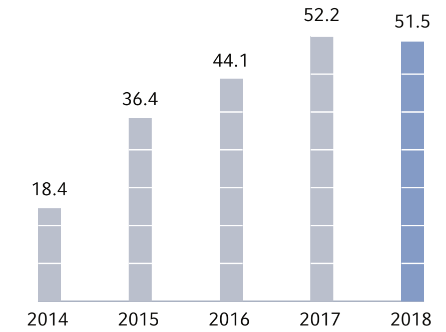
2.3.2.3.3 Depreciation and amortization

Depreciation and amortization went down slightly to €9.8m (prior year: €9.9m), mostly due to lower capital expenditure in the prior year.

2.3.2.3.4 EBIT

Earnings before interest and taxes (EBIT) were down by a slight 1.3% to €51.5m (prior year: €52.2m).

EBIT over multiple years (in €m)



Compound annual growth rate of EBIT at 29.3% p.a. for the last five years

EBIT by segments is shown under Segment Reporting in section 2.3.3.

2.3.2.3.5 EBIT margin

The EBIT margin decreased to 11.8% (prior year: 12.3%).

2.3.2.3.6 Financial result

Net financial expenses, at €0.6m, were on the same level as in the prior year (prior year: €0.6m).

Analysis of financial result

In €m (Rounding differences possible)	2018	2017
Other interest and similar income	0.1	0.1
Financial income	**0.1**	**0.1**
Interest-bearing loans	0.5	0.4
Finance lease expenses	0.1	0.1
Borrowing costs and similar expenses	0.1	0.2
Financial expense	**0.8**	**0.7**
Financial result (net financial expense)	**−0.6**	**−0.6**

2.3.2.3.7 EBT

Earnings before tax (EBT) decreased to €50.8m (prior year: €51.6m).

2.3.2.3.8 Taxes

The taxes of €16.8m (prior year: €14.7m) consist of deferred taxes, mainly relating to temporary differences, and current tax expense. The tax rate (relative to EBT) rose to 33.0% (prior year: 28.4%). The main causes of the higher tax rate compared to the prior year are the higher prior-year earnings in North America combined with the utilization of tax loss carryforwards in North America in the prior year.

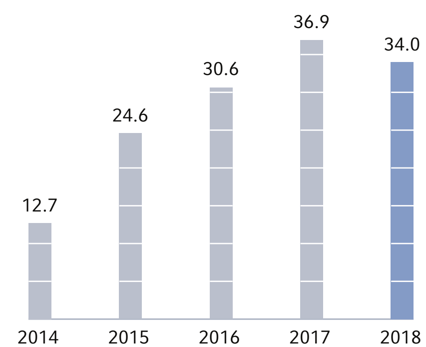
The loss carryforwards are exclusively held by foreign subsidiaries.

2.3.2.3.9 Consolidated net income

Consolidated net income went down by €2.9m to €34.0m (prior year: €36.9m), mainly due to the performance in North America combined with the higher tax rate. On the basis of the average number of shares (13,382,324), earnings per share (basic = diluted) decreased by 8.0% to €2.54 (prior year: €2.76).

EPS 2018 at € 2.54

Consolidated net income over multiple years (in €m)



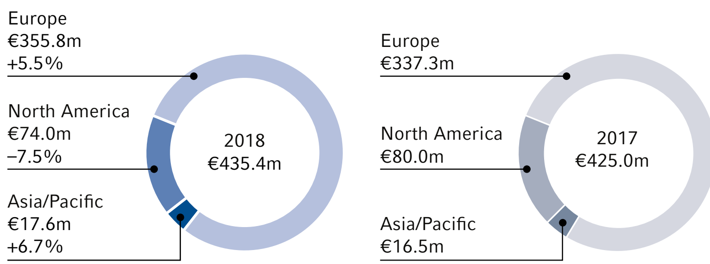
Compound annual growth rate of consolidated net income at 27.9% p.a. for the last five years

2.3.2.4 Use of funds/dividends

WashTec will continue to pursue an attractive dividend policy going forward. The Management Board and Supervisory Board will recommend to the Annual General Meeting, which is due to be held on April 29, 2019, to appropriate the distributable profit of €34,484,446.82 shown in the Company's annual financial statements for fiscal year 2018 as follows: Payment of a dividend in the amount of €2.45 per eligible share, totaling €32,786,693.80, with the remaining distributable profit of €1,697,753.02 to be carried forward.

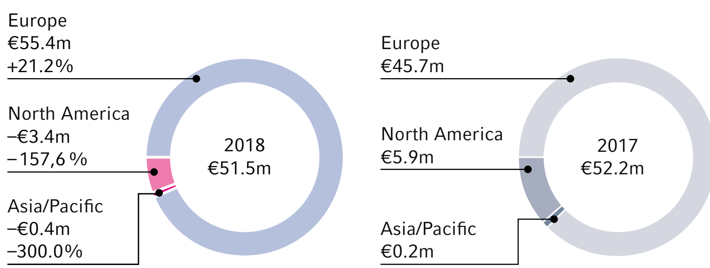
2.3.3 Reporting by region

Revenue by regions in €m*



* Consolidation effects are disregarded.

EBIT by regions in €m*



* Consolidation effects are disregarded.

2.3.3.1 Europe

Revenue in Europe, increased by 5.5%

Europe region key figures

(Rounding differences possible)		2018	2017	Change (in %)
Revenue	€m	355.8	337.3	5.5
EBIT	€m	55.4	45.7	21.2
EBIT margin	in %	15.6	13.5	–
Employees (as of Dec 31)		1,480	1,430	3.5

Market environment

Alongside North America, the wash equipment market in Europe is one of the most developed vehicle wash markets in the world. It has the highest number of installed carwashes and provider services and distribution structures, which is further developed.

WashTec's customers in Europe are predominately operators of filling stations that offer on-site carwashes, with which they generate a substantial part of their earnings. These customers include multinational petroleum companies, retailers (convenience stores), individual filling station operators and filling station operator chains. Additional key customer groups include carwash operators, supermarket chains, car dealerships and workshops, road freight companies and public transport operators.

Competition in Europe is intense and limited to only a small number of manufacturers. A key factor is a market-wide service network and installed base. New competitors face correspondingly high barriers to entry. According to its own research, WashTec is the clear market leader in terms of market coverage and market share, and has by far the most well-established sales and service network and a installed base of over 20,000 roll-over carwash systems in Europe's core markets.

Europe

(Rounding differences possible)		2017	Guidance 2018	2018	Change (in %)
Revenue	€m	337.3	slight increase	355.8	5.5
EBIT	€m	45.7	significant increase	55.4	21.2

Revenue development

At €355.8m, revenue in Europe was substantially higher than in the prior year (€337.3m). The forecast performance was thus exceeded. Almost all countries contributed to the revenue growth. The largest absolute increase was attained in Equipment and Service and in Chemicals.

Earnings development

EBIT in Europe rose disproportionately strongly from €45.7m in the prior year to €55.4m. The EBIT margin was 15.6% (prior year: 13.5%). Earnings performance was thus in line with the forecast.

2.3.3.2 North America

North America region key figures

(Rounding differences possible)		2018	2017	Change (in %)
Revenue	€m	74.0	80.0	−7.5
EBIT	€m	−3.4	5.9	−157.6
EBIT margin	%	−4.6	7.4	–
Employees (as of Dec 31)		288	283	1.8

Market environment

New registrations of cars and light trucks have increased significantly in recent years in North America. Slight population growth and growth in the number of vehicles continue to be expected for the years ahead.

The key customer groups in North America – alongside a number of major customers – are independent small or medium-size car-wash operators and chains. The share of wash tunnels relative to roll-over systems and growth in this product segment are above the global average. The market outlook is lastingly positive.

North America

(Rounding differences possible)		2017	Guidance 2018	2018	Change (in %)
Revenue	€m	80.0	stable	74.0	−7.5
EBIT	€m	5.9	stable	−3.4	−157.6

Revenue development

Revenue in North America decreased from €80.0m in the prior year to €74.0m. In US dollars, revenue was USD 86.8m (prior year: USD 90.1m). The forecast stable revenue growth was thus not attained. Direct sales developed positively in 2018 but could not fully make good the exceptional sales with large customers that had driven revenue performance in 2017. Although the Company's order backlog was significantly larger than in the prior year from mid-year onwards, not all of the related revenue was recognized by the reporting date, as a result of which it was not possible to make up the shortfall.

Earnings development

Earnings in North America decreased to €-3.4m (prior year: €5.9m). The target of stable EBIT growth was not attained.

In addition to higher costs due to the intensification of sales and service activities, the main reasons for the change relative to the prior year were lower revenue and the loss of a chemicals contract with a major customer in the second half of the year.

China: Substantial market growth expected in the mid to long term

2.3.3.3 Asia/Pacific

Asia/Pacific region key figures

(Rounding differences possible)		2018	2017	Change (in %)
Revenue	€m	17.6	16.5	6.7
EBIT	€m	−0.4	0.2	−300.0
EBIT margin	%	−2.5	1.2	–
Employees (as of Dec 31)		58	59	−1.7

Market environment

The Chinese carwash market is still dominated by manual washing because of the ongoing low cost of labor. Continuously rising wage levels and the rapidly growing numbers of cars on the road combined with greater environmental awareness and the possibility of purchasing car washes simply and easily on a smartphone will further increase the automated car wash share. Since 2008, WashTec has had its own production and procurement location near Shanghai.

On the Australian market, the major American and European manufacturers are in direct competition.

Asia/Pacific

(Rounding differences possible)		2017	Guidance 2018	2018	Change (in %)
Revenue	€m	16.5	significant increase	17.6	6.7
EBIT	€m	0.2	significant increase	−0.4	−300.0

Revenue development

At €17.6m, revenue in Asia/Pacific was substantially higher than in the prior year (€16.5m). Revenue growth was particularly strong in China. In Australia, WashTec's largest market in the region, revenue growth was significantly impacted by the loss of a major customer. This had also an adverse effect on performance in this region, especially on the earnings side.

Earnings development

EBIT decreased to €-0.4m (prior year: €0.2m). The forecast of significantly higher EBIT for 2018 was consequently not attained. Aside from the higher revenue share in China, costs of organizational restructuring in Australia had a negative impact on earnings.

2.3.4 Net assets

2.3.4.1 Asset and capital structure

Condensed consolidated balance sheet

In €m (Rounding differences possible)	2018	2017
Non-current assets	91.4	92.3
Receivables and other assets	92.8	87.0
Inventories	37.3	40.8
Deferred tax assets	4.1	3.9
Cash and cash equivalents	11.6	9.8
Equity	95.4	94.2
Interest-bearing loans	18.7	13.7
Other liabilities and provisions	97.4	96.0
of which provisions (including income taxes)	29.0	29.9
of which trade payables	18.5	14.6
Contract liabilities*	21.5	23.6
Deferred tax liabilities	4.2	3.8
Balance sheet total	**237.2**	**233.9**

*The presentation of prior year figures has been restated according to the current year balance sheet structure.

The WashTec Group's **balance sheet total** went up from €233.9m to €237.2m.

2.3.4.1.1 Assets

As in previous years, the WashTec Group's **non-current assets** include goodwill totaling €42.3m. Non-current assets include land and buildings in the amount of €14.7m, technical equipment and machinery together with finance leases in the combined amount of €22.6m, and intangible assets (other than goodwill) in the amount of €11.8m.

Receivables and other assets went up from €87.0m to €92.8m as of the reporting date. The main reason for the increase was amounts receivable from revenue authorities. Despite the strong fourth quarter, trade receivables increased only slightly from €75.3m to €76.4m due to ongoing working capital management.

Inventories went down from €40.8m to €37.3m at the end of the year. The reduction is due to the Group's working capital management measures.

Deferred tax assets totaling €4.1m related to temporary differences in the measurement of balance sheet items.

Cash and cash equivalents went up from €9.8m in the prior year to €11.6m.

2.3.4.1.2 Liabilities and equity

Solid equity ratio of 40.2%

Despite the higher dividend distribution, **equity** increased from €94.2m to €95.4m. Details regarding income and expenses recognized directly in equity in accordance with IFRS are shown in the Statement of Changes in Consolidated Equity (page 102). Even with the increased balance sheet total, the equity ratio remained virtually unaltered at a solid 40.2% (prior year: 40.3%).

Bank liabilities rose compared to December 31, 2017 from €13.7m to €18.7m.

WashTec held bank deposits totaling €11.6m as of the year-end. These were countered by bank liabilities in the amount of €18.7m and finance lease liabilities in the amount of €3.0m. Despite the €32.8m dividend payment and a refund of tax on investment income still pending at the year-end, net financial debt (cash and cash equivalents less current and non-current financial liabilities) increased only slightly by €3.0m to €10.1m.

Trade payables rose from €14.6m to €18.5m. The increase resulted from working capital optimization measures.

Contract liabilities (a new classification as a result of IFRS 15) decreased, mainly due to the fall in prepayments on orders, to €21.5m (December 31, 2017: €26.2m).

Deferred tax liabilities increased to €4.2m (prior year: €3.8m).

Provisions (including income tax liabilities) primarily consist of provisions for personnel, phased retirement obligations, warranties and buy-back obligations. As of the reporting date, provisions were virtually unaltered at €29.0m (prior year: €29.9m).

2.3.4.2 Internally generated intangible assets and off-balance sheet financial instruments

The main internally generated intangible assets benefiting WashTec's business are the immense experience and expertise of the workforce. Know-how about the wash process itself and the ability to deploy that expertise in research and development comprise a key competitive advantage. Another key success factor is the sales and service network built up by the WashTec Group over many years.

There are no off-balance sheet financial instruments.

2.3.5 Financial position

2.3.5.1 Capital structure

As part of centralized financial management, the companies of the WashTec Group are financed through WashTec Cleaning Technology GmbH. The Company's main liabilities are denominated in euros. The base interest rate on the loans is variable and linked to EURIBOR. As of December 31, 2018, the Group had a credit line for a total amount of €86.5 (prior year: €50.9m). The undrawn amount of the credit line available for future operating activities and to meet obligations was €59.6m as of the reporting date (prior year: €30.7m).

Capital expenditure focused on new product development

Further information on the financing of the WashTec Group can be found in the opportunities and risk report, under »Financial risks«.

2.3.5.2 Capital expenditure and impairments

The main focuses of capital expenditure were in Europe (€10.1m). This mainly related to spending on the development of new products, modernization of operating locations, and investment in modern equipment. Additional capital expenditure was incurred in North America (€0.7m) and Asia/Pacific (€0.1m).

Depreciation and amortization of non-current assets is applied in accordance with statutory requirements and WashTec's accounting policies. Assets are generally depreciated or amortized on a straight-line basis over their economic useful life.

Any goodwill that has been recognized is not amortized but is tested annually for impairment. The impairment test is based on a three-year mid-term forecast at Group level.

2.3.5.3 Cash flow statement

In €m (Rounding differences possible)	2018	2017	Change (absol.)	Change (in %)
EBT	50.8	51.6	−0.8	−1.5
Net cash flows from operating activities	38.2	38.8	−0.6	−1.5
Net cash flows from investing activities	−6.0	−10.7	4.7	−43.9
Free cash flow	32.3	28.1	4.2	14.9
Net cash flows from financing activities	−35.2	−30.0	−5.2	17.3
Net change in cash and cash equivalents	−2.9	−1.9	−1.0	52.6
Cash and cash equivalents as of December 31	−7.1	−3.9	−3.2	82.1

The **cash inflow from operating activities (net cash flow)** decreased by €38.2m (prior year: €38.8m).

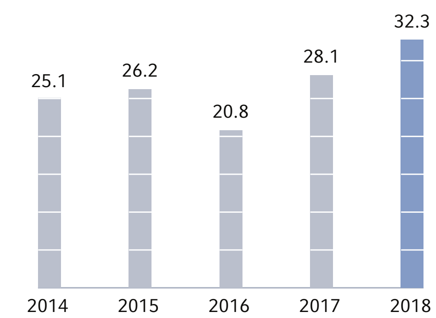
Net operating working capital (trade receivables + inventories – trade payables – prepayments on orders) decreased by €4.1m from €86.7m to €82.6m. This resulted from a significant reduction in inventories and an increase in trade payables combined with only a moderate rise in receivables. The working capital optimization measures more than offset the substantial negative effect of the change in prepayments.

The **net cash outflow from investing activities** (balanced) was €6.0m in fiscal year 2018 (prior year: €10.7m). As expected, payments for capital expenditure were slightly below the prior-year level at €9.4m (prior year: €11.5m).

Compound annual growth rate of free cash flow at 6.5% p.a. for the last five years

Free cash flow [cash inflow from operating activities (net cash flow) – cash outflow from investing activities] increased significantly to €32.3m (prior year: €28.1m).

Free cash flow (in €m)



The **cash outflow from financing activities** was €35.2m (prior year: €30.0m). This includes interest payments, dividend payments and the repayment of finance lease liabilities. The increase of the outflow mainly relates to higher dividend payment.

Cash and cash equivalents (balanced) went down from €-3.9m to €-7.1m as of the December 31, 2018 reporting date. The Company was able to meet its payment obligations on an equivalent basis net of bank liabilities at all times.

2.4 Non-financial performance indicator

Accident rate

(Rounding differences possible)	2017	Guidance 2018	2018	Change (in %)
Work accidents/ million hours worked	0.9	0	0.9	0.0

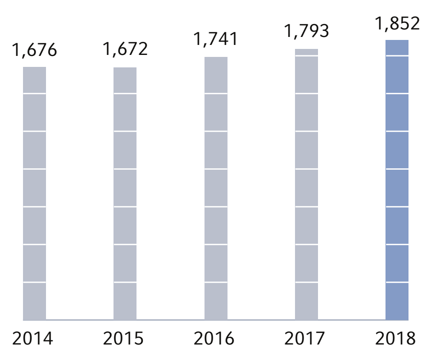
WashTec uses the number of work accidents per million hours worked as a non-financial performance indicator. The figure reported by the employers' liability insurance associations (Berufsgenossenschaften). The target continues to the ambitious aim of zero accidents in 2018 was not attained. WashTec continues to aim for zero accidents.

2.5 Employees

Global entrepreneur workshops held on a continuous basis

The number of employees rose by 56 to 1,870 as of December 31, 2018 (prior year: 1,814). The average number employed at WashTec during the year was 1,852 (prior year: 1,793).

Average number of employees by year



In Germany, the WashTec Group is subject to collective agreements with trade union IG Metall. Collective agreements with trade union IG Bergbau, Chemie und Energie apply at AUWA-Chemie GmbH.

The WashTec workforce is key to the WashTec Group's business success. After substantial increases in past years, expenditure for continuing education and training remained at a high level. A focus in 2018 was on entrepreneur workshops once again held worldwide and on WashTec-specific management training, notably on the WashTec leadership principles. In the entrepreneur workshops, employees address their role as entrepreneurs at WashTec and rate leadership clarity and teamwork on a scale of 1–5 (1 totally disagree to 5 totally agree). The average score in 2018 was 4.09.

2.6 WashTec AG

WashTec AG has its registered place of business in Augsburg and is the ultimate parent company of the WashTec Group. As such, it is responsible for the strategic management and control of all its subsidiaries. Since the Company does not have any operations of its own, its financial position, financial performance and cash flows are determined solely by the business performance of its subsidiaries.

The business performance of WashTec AG to a large extent corresponds to that of the WashTec Group, which is described in detail under »Business performance«.

2.6.1 Results of operations

Income Statement of WashTec AG (condensed)

In €m (Rounding differences possible)	2018	2017	Change (absol.)	Change (in %)
Revenue	3.4	2.8	0.6	21.4
Personnel expenses	3.3	5.4	−2.1	−38.9
Other operating expenses	2.3	2.5	−0.2	−8.0
Investment result	38.3	36.5	1.8	4.9
EBT	36.6	31.7	4.9	15.5
Net income for the period	33.8	31.0	2.8	9.0
Profit carried forward	0.7	2.4	−1.7	−70.8
Distributable profit	**34.5**	**33.5**	**1.0**	**3.0**

Revenue at WashTec AG – HGB-basis, meaning as measured in accordance with the German Commercial Code – went up slightly by to €3.4m (prior year: €2.8m) and related to management costs charged on to subsidiaries. The target of stable revenue performance was thus exceeded.

WashTec AG's personnel expenses (HGB-basis) of €3.3m (prior year: €5.4m) include Management Board remuneration as shown in the »remuneration report« on pages 91 to 94 and personnel expenses for the Legal and Investor Relations functions.

Other operating expenses (HGB-basis), at €2.3m, were slightly down on the prior year (prior year: €2.5m).

Net income for the period (HGB-basis) went up from €31.0m to €33.8m.

The investment result (HGB-basis) primarily includes income under control and profit and loss pooling agreements in the amount of €8.2m (prior year: €6.3m) and interest income in the amount of €0.1m. In addition, WashTec Holding GmbH paid a dividend in the amount of €30.0m (prior year: €30.0m).

2.6.2 Net assets and financial position

Balance Sheet of WashTec AG (condensed)

In €m (Rounding differences possible)	2018	2017	Change (absol.)	Change (in %)
Non-current assets	128.1	128.1	0.0	0.0
Receivables, other assets	42.6	44.2	−1.6	−3.6
Cash and cash equivalents	0.0	0.0	0.0	0.0
Equity	163.6	162.6	1.0	0.6
Provisions	4.5	8.0	−3.5	−43.8
Liabilities	2.7	1.8	0.9	50.0
Balance sheet total	**170.8**	**172.4**	**−1.6**	**−0.9**

Non-current assets (HGB-basis) mainly consist of shares in affiliated companies in the amount of €128.1m (prior year: €128.1m). Management tests the shares in affiliated companies annually for impairment. There are no indications of impairment.

The receivables and other assets (HGB-basis) in the amount of €42.6m (prior year: €44.2m) primarily result from general clearing transactions with affiliated companies under profit and loss pooling agreements.

Equity (HGB-basis) was €163.6m (prior year: €162.6m). This yields an equity ratio of 95.8% (prior year: 94.3%).

Equity ratio of WashTec AG 95.8%

Provisions (HGB-basis) stood at €4.5m (prior year: €8.0m) and mainly related to employee bonuses, legal and consulting expenses, auditing costs, Management Board remuneration and Supervisory Board remuneration.

2.6.3 Opportunities and risk report

WashTec AG's opportunities and risks as the Group's ultimate parent company are derived from the opportunities and risks of its operating subsidiaries. WashTec AG is integrated into the Group-wide risk management system. Further information is provided in the opportunities and risk report. That section also provides a description of the internal control system as required under Section 289f (1) HGB.

2.6.4 Miscellaneous

The principles underlying the remuneration system for the Management Board members and the members of the Supervisory Board are explained in the »remuneration report«, section 8.4, which is an integral part of the Management Report within the meaning of Section 315 HGB.

The declaration on corporate governance is reprinted in the Compliance section and published on our website, www.washtec.de.

2.6.5 Outlook

The expectations described in the Outlook for the WashTec Group under section 4.1.4 WashTec Business Development also apply to the business development of WashTec AG as the ultimate Group parent company.

Management Report

3 Report on Post-Balance Sheet Date Events

Significant events after the balance sheet date

Dr. Volker Zimmermann, Chief Executive Officer (CEO) and Chief Technical Officer (CTO) of WashTec AG, left the company by mutual consent as of February 28, 2019. Effective at the latest by July 1, 2019, Dr. Ralf Koeppe will be appointed as member of the Board of Management and CTO.

Dr. Koeppe holds a Master Degree in Mechanical Engineering and he has acquired a doctorate at the Swiss Federal University of Technology in Zurich (ETH). He has worked as a research associate at the Institute for Robotics and Mechatronics of the German Aerospace Center, as Head of Research and Development of KUKA Roboter GmbH and as Managing Director of KUKA Laboratories GmbH. Since 2014 he is Vice President Engineering & Manufacturing, and since 2017 he is CTO and Member of the Senior Management of the Business Unit Automation & Electrification Solutions of Bosch Rexroth AG.

Ms. Karoline Kalb, member of the Board of Management responsible for legal & compliance, investor relations, human resources, corporate development and special projects, will leave the company by mutual consent with the regular expiration of her management contract as of December 31, 2019. As of January 1, 2020, her areas of responsibility will be taken over by Mr. Axel Jaeger, Chief Financial Officer (CFO) of the company.

For the time being, it is not intended to appoint a new CEO or spokesman of the Board of Management

4 Outlook, Opportunities and Risk Report

4.1 Outlook

This outlook report takes into account relevant facts and events that were known at the time of its preparation that could impact the expected development and business performance of the WashTec Group.

4.1.1 Business policy and strategy

Going forward, as in 2019, WashTec continues to pursue its strategy of maximizing customer benefit and expanding its market and technology leadership in the carwash industry.

4.1.2 Markets and products

The Group intends to further increase its global presence and market share in all sales regions and product segments. This applies to all markets in which WashTec intends to occupy a leading position with maximum customer benefit in every customer and product segment. WashTec generates a significant portion of revenue in Europe and aims to further extend its market position. There is additional potential for the WashTec Group given its smaller market share in North America and in the still embryonic Asian market. Vehicle numbers have already grown very dynamically in recent years and are expected to continue increasing. In the same connection, it is also expected that automated vehicle washing will gradually become increasingly generally accepted.

4.1.3 General economic conditions

A detailed description of the economic environment and the development of the world economy is provided in section 2.1 of this management report. On the whole, the Company expects stable development in the economic environment and the world economy.

4.1.4 WashTec business development

The outlook for 2019 is subject to uncertainties that could have a material effect on budgeted revenue and earnings performance. The Management Board aims to actively further the development of the Group's strategy together with the entire workforce and to continuously improve operating performance beyond the levels already attained. One focus in 2019 is on sales efficiency in product issues and digitalization. No significant expansion of the workforce is planned and capital expenditure is intended to rise relative to the prior year.

The terms used in the forecasts given in the following are defined as follows:

Term	Positive/negative deviation (in %)
Stable	< 3
Slight	≥ 3
Significant	≥ 5

The Company projects the following overall regional developments for 2019:

Market in Europe estimated to be constant

- **Europe:** The market in Europe will not undergo any material change in 2019. The same high order volume as 2018 is also expected for 2019. Competition remains strong. Capital spending shows a slight downward trend in certain sub-regions such as the Mediterranean.

  The Company assumes that, aided by further intensification of sales activities, revenue will improve slightly and earnings will improve significantly compare to 2018. Due to the size of the business in Great Britain, the possible effects of a »brexit« do not have any significant impact on the outlook.

Europe		2018	Guidance 2019
Revenue	€m	355.8	slight increase
EBIT	€m	55.4	significant increase

- **North America:** WashTec continues to invest in further organic growth and continues to see major potential based on its small market share combined with a very good product portfolio. Following last year's investment in sales and service structures, the focus in 2019 will be on the region's efficiency of internal processes and increased profitability. WashTec anticipates significant growth in revenue and EBIT – excluding exchange rate effects – in 2019 as a whole (with a positive contribution to earnings).

North America		2018	Guidance 2019
Revenue	€m	74,0	significant increase
EBIT	€m	−3,4	significant increase

- **Asia/Pacific:** The region was down in 2018, especially as regards earnings, due to the business performance in Australia. Based on activities that are already underway, WashTec anticipates an increase in business for 2019. WashTec expects a significant increase in revenue and EBIT for the segment as a whole (with a positive contribution to earnings).

Asia/Pacific		2018	Guidance 2019
Revenue	€m	17,6	significant increase
EBIT	€m	−0,4	significant increase

- **Group:** WashTec is aiming for significant revenue growth for the Group in fiscal year 2019, with a significant increase in EBIT. The Company expects a slight increase in free cash flow.

Our goal as a company is to employ the capital available to us profitably and efficiently. We use the key figure return on capital employed (ROCE) as our central measure of capital efficiency. Our target is ROCE of over 25%.

In summary, the Management Board expects in its guidance that the key performance figures will develop as follows:

		2018	Guidance 2019
Revenue	€m	435.4	significant increase
EBIT	€m	51.5	significant increase
Free cash flow	€m	32.3	slight increase
ROCE	in %	28.5	≥25 %
Accident rate: (work accidents/ million hours worked)		0.9	0

The company aims to further reduce the accident rate in the coming year.

For WashTec AG, a stable revenue growth development and therefore a stable result of business activity is expected for 2019 due to the cost oncharges. The results continue to depend on the profit distributing potential of the subsidiaries.

The accounting changes on the introduction of the new IFRS 16 financial reporting standard have no material impact on the forecast.

4.2 Opportunities and risk report

Risks are possible future developments or events that could lead to negative variation from projections or targets for the Company. Risk is intrinsic to any business venture.

Opportunities are possible future developments or events that could lead to positive variation from projections or targets for the Company. A potential favorable outcome of a risk is also referred to as an opportunity.

The international business activities of the WashTec Group give rise to opportunities and risks that are inextricably linked to its business. To address these opportunities and risks rapidly and in a controlled manner, the Company's main business processes are subject to an internal management and monitoring system. This enables timely action to be taken as necessary.

4.2.1 Opportunities and risk management

Risk management

WashTec has instituted a multi-stage, Group-wide, standardized risk management system for the identification, monitoring and control of all relevant risks. The purpose of this system is to identify risks posed by future events on the basis of short-term and mid-term forecasts (36 months) and to initiate any action needed to adequately address them. In the opinion of the Management Board, this risk early warning system is capable of suitably identifying all material and going-concern risks. There were no fundamental changes in the management of opportunities and risks compared with the prior year.

Multi-stage system established for identifying and monitoring risks

All identified risks are routinely reported by divisional heads and analyzed using a database. The parameters assessed are maximum impact, probability of occurrence and the effectiveness of any countermeasures. Risks are assessed using uniform criteria. The impacts on consolidated net income are presented in a gross/net analysis. The gross figure is the amount before any measures taken. These could comprise, for example, existing provisions or insurance policies. The final outcome of the analysis is the net risk or actual risk potential. This is classified according to financial impact and probability of occurrence as follows:

- Financial impacts on consolidated net income:

1 Insignificant
2 Not significant, but not negligible
3 Material/significant
4 Serious, but not threatening the continued existence of the Group
5 Existential threat

- The probability of occurrence is indicated as follows:

1	Very unlikely	1–15%
2	Unlikely	15–40%
3	Possible	40–60%
4	Likely	60–85%
5	Very likely	85–99%

Based on the combination of these two factors, risks are classified by threat potential as *negligible (N), relevant (R), major (M) or threat to survival (S)*. This forms the basis for the subsequent management of risks.

- Risk matrix

	Probability of occurrence				
Impacts	1–15 %	15–40 %	40–60 %	60–85 %	85–99 %
Existential threat	R	M	M	S	S
Serious, but no threat to the continued existence of the Group	R	R	M	M	M
Material/significant	R	R	M	M	M
Not significant but not negligible	N	R	R	R	M
Insignificant	N	N	R	R	R

Risk management consists of the specification, initiation and regular monitoring of suitable countermeasures.

Opportunity management

The purpose of opportunity management is to identify, assess and manage future performance potential at an early stage and to take suitable measures for the implementation of new strategies and innovations. The identification and exploitation of opportunities (opportunity management) is an ongoing task of business geared to securing the long-term success of the Company and capitalizing on short-run advantages.

Opportunities are collated, assessed and, to the extent possible, materialized for all divisions in regular budget planning and update sessions as well as in management meetings.

4.2.2 Opportunities and risks

There were no material changes in the opportunity and risk structure relative to the prior year. Opportunities and risks as of December 31, 2018 that could have a material impact on the onward development of the WashTec Group are described in the following. Risks classified as insignificant are not discussed in detail.

4.2.2.1 Uncertainties in financial markets and in overall economic development

Risks

Uncertainties and unforeseeable changes in the global economy, financial markets and the political landscape could adversely affect capital spending patterns in individual customer groups. Access to markets and terms of delivery can also change at short notice.

Currently increasing uncertainties regarding the global economic outlook, among other things due to the ongoing trade conflict between the USA and China, could have an unfavorable impact on investment propensity.

The risk of a »hard Brexit« could further compound business and consumer uncertainty, particularly in the European Union.

Growing uncertainty and reluctance to invest could have a negative impact on WashTec's business.

The direct impacts of the United Kingdom's imminent departure from the Eropean Union on the business development of the WashTec Group are not considered to be material. As a sales and service organization, our United Kingdom subsidiary's involvement in Group activities primarily consists of purchases of goods from the European Union. There are no United Kingdom-to-Eropean Union supply relationships that could have a potential negative impact on activities outside the United Kingdom. For the period immediately after Brexit, a plan is in place to safeguard the local company's delivery and performance capability.

Opportunities

The ECB's ongoing low interest rate policy is supportive of new investment spending. At present, among other things in light of the prevailing uncertainties, interest rates are not expected to increase soon. This is likely to continue exercising a positive impact on the investment climate in Europe.

Certain regions that WashTec views as strategically important growth markets are now in a somewhat worse economic condition than they were in the prior year. Unlike other segments of German industry, WashTec is not materially affected by changes in overall economic development in China because of the low levels of revenue it so far generates there. Should negative developments in China impact the development of the global economy, then this would also impact WashTec's growth.

4.2.2.2 Climate and environment

Risks

Climate change, regional droughts and water shortages, increasing road congestion, highly volatile costs for fuel and bans on inner-city driving together with road tolls and greater environmental awareness could all result in fewer vehicles on the road in order to protect the environment or comply with rules and regulations. Such a trend could diminish carwash activity and, accordingly, reduce capital spending on vehicle wash equipment.

Opportunities

The fact that fresh water as a resource is becoming scarcer and more costly could result in an increase in automated car washing which, if water reclaim systems are used, could reduce the consumption of fresh water by 90% or approximately 150 liters per wash in comparison to manual washing or to carwash equipment without water reclaim systems. If the stricter legislation in force in a number of countries becomes more widespread, it would lead to a rise in demand for carwash systems with water reclaim equipment. Similarly, rules and regulations such as the prohibition of manual car washing could have a positive effect on demand for carwash equipment.

4.2.2.3 Customers, competition and market

Risks

A freeze on capital spending by individual petroleum companies or the listing of other suppliers due to new tender agreements with such companies could lead to a decrease in revenue and/or to losses of market share for WashTec in virtually all regions. This risk has increased somewhat relative to the prior year due to forthcoming negotiations for agreements with major customers.

The fact that the crude oil price is currently rising again also suggests that petroleum companies are unlikely to impose a halt on capital spending, even if oil price movements are not the only factor in such decisions.

In connection with the high competitive intensity in the industry, risks from aggressive price competition could increasingly depress prices and squeeze margins in certain markets or market segments.

WashTec has installed a systematic and intensive market tracking system. Risks to earnings from declining demand or risks from falling prices can be partially mitigated by measures such as continuous product improvement, product range optimization, modifications to purchasing terms and conditions, and capacity adjustment.

As a consequence of the shortage, increasing cost of fossil fuels over the mid-term and the technical advancement and proliferation of electric vehicles, the use of filling stations in their current form could decline. Nevertheless, it is presently unclear what will be the prevailing charging concept for electric vehicles (possibilities include charging and battery switching at filling stations or charging at home). In the opinion of our major customers, this development will not, however, have a significant influence on the number and use of filling stations in the next five to ten years, mostly because of volume of the cars already on the road. Changes in customers' car use and wash patterns could have adverse consequences for the sale of the WashTec Group's primary products.

A similar risk can arise if major customers sell some or all of their networks. If stations or networks are then acquired by more than one purchaser, then this could lead to higher selling effort and render existing long-term contacts with decision makers obsolete.

Opportunities

The trend towards high-quality automated car washing will continue, including in regions outside of the EU. The Company's solid structure allows it to invest in products and markets. Local presence with the Company's own production facilities in the growth regions of North America and Asia could lead to a positive outcome above the internal planning in the mid-term. The increasingly global procurement activities could enable further efficiency potential to be realized in the future procurement and production of individual components.

If global groups with a stronger retail focus take over petroleum companies' networks, then this trend could lead to a further improvement in WashTec's global market position.

Closer collaboration with our independent sales partners in countries where WashTec does not have branches of its own could result in higher sales in growth regions.

4.2.2.4 Capital expenditure

Capital expenditure decisions are based among other things on assumptions and estimates about future developments. The assessment of risks and opportunities plays a significant role when reviewing potential capital expenditure.

Risks
There is a risk of the assumptions or estimates made about future market developments not materializing as planned, leading to a misallocation of investment spending. Such misallocation would encumber the financial position, financial performance and cash flows of the WashTec Group due to interest on tied-up capital and/or impairments. A significant increase in the duration of investment projects can also have a negative impact on the Company as a result of tied-up resources and/or cost overruns. To adequately address such risk, the Company has a detailed policy for approving capital expenditure and other spending. The policy defines upper thresholds and identifies the groups of persons authorized to make certain expenditures. Major capital expenditure projects are listed in an annual capital expenditure plan submitted to the Management Board and approved by the Supervisory Board. Strategic decisions are taken only after there have been detailed discussions in the Management Board, within the extended manager group and with the Supervisory Board.

Opportunities
Capital expenditure offers numerous opportunities. These include – depending on the type of capital expenditure – opportunities to strengthen WashTec's market and competitive position and/or to improve earnings.

4.2.2.5 Innovations and patents

Risks
WashTec has a large number of patents and various licenses that are highly important to the Group's business.

Even if patents have a presumption of validity by operation of the law, the granting of a patent does not necessarily mean that the patent will be valid or that any patent claims are enforceable. Insufficient protection or actual infringement of intellectual property rights could impair the WashTec Group's ability to exploit its technological lead to generate profits or could reduce future earnings. Furthermore, it cannot be ruled out that WashTec might infringe third party patents because WashTec's competitors, just like WashTec itself, register numerous inventions as patents and receive patent protection.

Competitor innovations, developments in the car industry and the development of new disruptive innovations in sectors outside of the carwash business could have a substantial and long-lasting impact on demand for WashTec products.

Ongoing improvements in product technology could affect the future scope of services.

Opportunities
The WashTec Group's research and development activities are aimed at adding to the existing product range, developing new wash systems and quickly and efficiently meeting individual customer requirements. WashTec's innovations have already received numerous awards at industry trade fairs and have been successfully launched on the market.

Technological improvements could modify the current business model of the carwash industry and lead to additional market share in the equipment sales segment.

Innovative products could outperform customer expectations, stimulate new demand and win new customer groups or lead to a shift in market share among existing customer segments.

4.2.2.6 Quality and processes

Risks
Quality and process risks can arise in connection with new product launches and with changes to internal processes and the introduction of new IT systems. Moreover, working in collaboration with customers, WashTec continues to actively develop its very high health, safety, security and environment (HSSE) standards. Unforeseeable violations or individual misconduct could lead to loss of major contracts or to delays in equipment installation and therefore adversely affect the Company's financial position, financial performance and cash flows.

Opportunities
The constant optimization of the main processes and the deployment of new technologies could have positive effects in terms of customer satisfaction and process efficiency that were not factored into normal planning.

4.2.2.7 Suppliers

Risks
With respect to the purchase of raw materials, components or services, there are risks that could arise from delayed deliveries, product unavailability, defective quality and volatile purchase prices. One of the effects of the booming economy in particular is lack of availability on the supplier side. For example, suppliers operating near full capacity no longer have the flexibility to respond to changes in demand. This situation also leads to increasing price pressure in negotiations with suppliers. Such risk is minimized by rigorous supplier and procurement management as well by risk assessment (particularly with regard to strategic suppliers).

It is conceivable that changes in procurement volumes could produce significant changes in procurement prices. This could adversely affect margins.

WashTec also purchases parts from competitors. The willingness to sell these parts at normal delivery times and prices as agreed can vary, for example when there are changes in management or ownership.

Opportunities
By virtue of the competition among suppliers and their innovation potential, it is possible to achieve both technical and price improvements for the procurement of products or services.

4.2.2.8 Capacity risks

Fluctuations in demand and varying production capacity utilization over the course of the year necessitate corresponding adjustments in capacity. With the help of internal sales quantity planning, capacity risks at the production sites are identified as far as possible and accommodated through the deployment of temporary workers and flexible seasonal working systems or, in the case of extreme fluctuations, by short time working.

Demand growth is met by continuous improvement of production processes and by timely capacity expansion, including through capital expenditure.

4.2.2.9 Takeover risks or changes in ownership structure

If its stock market valuation fails to sufficiently reflect the Company's long-term intrinsic value or the Group's good performance sparks the interests of new investors, then this could lead to takeover or to significant changes in ownership structure.

Such events could change the WashTec Group's existing strategy, the composition of its boards and governing bodies, and previously communicated expectations. Some of the WashTec Group's contractual agreements (such as loans agreements) include a change of control clause.

4.2.2.10 Finances

Risks
The base interest rate on the existing borrowings is variable and linked to EURIBOR. Potential future interest rate rises would negatively impact Group`s earnings.

Opportunities
The WashTec Group completed its corporate refinancing project in fiscal year 2018. The Company has been able to obtain far greater flexibility in financing for the future, and also an improvement in borrowing terms.

4.2.2.11 Exchange rate changes

Risks
By virtue of the increasing number of USD transactions with the subsidiary in the United States, any changes in the USD/EUR exchange rate could may have an influence on operating performance. In addition, fluctuations in the exchange rate may have an effect on the Group's income statement due to the measurement of open foreign currency positions. To mitigate such effects, WashTec hedges against major risk with derivatives. Operational risks arising from other individual transactions in foreign currencies are immaterial to the Group due to their low volume.

Opportunities
A weakening of the euro could yield positive currency effects on revenue generated in the North America or Asia/Pacific regions.

4.2.2.12 Liquidity risks

A key business objective is to ensure that WashTec companies are solvent at all times. The implemented cash management systems, which include monthly Group liquidity planning, enable the Company to identify potential shortfalls in good time and take appropriate action. Undrawn credit lines ensure the supply of liquidity.

A liquidity risk could arise in that there might not be adequate cash to discharge financial obligations as they fall due, for example due to payments not factored into cash planning.

Existing credit lines can be extended should additional financing requirements arise as a result of business development.

4.2.2.13 Credit and default risks

The Group exclusively conducts business with creditworthy third parties. To minimize credit risk, order limits are imposed where customers do not have first-class credit standing. For new regional customers, the Company requests evidence of credit standing or financing. Bad debt allowances are expected to be sufficient to cover actual risk. There is no material credit risk concentration within the Group. For selected customers, insolvency coverage is taken out with reputable credit insurers when receivables exceed a certain level.

4.2.2.14 Tax risks

The WashTec Group recognizes deferred tax assets mostly in relation to temporary differences. Changes in tax legislation that relate to the tax rate could result in expense from the remeasurement of recognized deferred tax assets and thus adversely affect consolidated equity and/or earnings per share.

Further risks could arise due to pending tax audits at various Group subsidiaries. Corporate management views this risk as low because all new tax calculations were performed in cooperation with local tax consultants. However, such risk cannot be fully dismissed until a tax audit is completed. Due to the Company's international structure, risks remain in connection with value added tax law.

4.2.2.15 Employee risks

WashTec is highly dependent on qualified employees and specialists in all areas, notably in development, customer care, and wash equipment programming and operation. The unexpected loss of employees or difficulty finding qualified employees could have an adverse effect on the WashTec's financial position, financial performance and cash flows.

Differing collectively agreed pay scales apply in countries where WashTec does business through subsidiaries. Agreements between employers and employee representatives (such as pay scale increases that exceed Group expectations or are excessive generally) could undermine the international competitive position of the WashTec Group.

In addition, labor walkouts in production or service could delay the recognition of revenue. WashTec attempts to minimize this risk through active communication with employee representatives.

A change in the conditions for employing temporary labor or in the social security obligations required of companies could lead to cost increases for the Group.

4.2.3 Overview of corporate risks

The aforementioned risks are presented in the table below to the extent that their overall assessment shows them to be material and relevant.

	Probability of occurrence	Possible financial impact	Overall assessment
Macroeconomic development	possible	material/ significant	relevant
Climate and environmental risks	unlikely	not significant, but not negligible	relevant
Customer, competition and market	unlikely	material/ significant	relevant
Capital expenditure	very unlikely	material/ significant	relevant
Innovations and patents	possible	material/ significant	relevant
Quality and processes	possible	material/ significant	relevant
Supplier risks	possible	material/ significant	relevant
Capacity risks	unlikely	material/ significant	relevant
Takeover risks	very unlikely	material/ significant	relevant
Financial risks	unlikely	not significant, but not negligible	relevant
Currency risks	possible	not significant, but not negligible	relevant
Liquidity risks	very unlikely	material/ significant	relevant
Credit and default risks	unlikely	not significant, but not negligible	relevant
Tax risks	possible	material/ significant	relevant
Employee risks	unlikely	not significant, but not negligible	relevant

Management Report

4.2.4 Overall risk assessment

Aggregation of the most significant individual risks across all corporate divisions and functions is not appropriate because it is unlikely that the individual risks will occur simultaneously. Based on the individual risks set out above, the overall assessment is as follows:

There was no material change in the total number of risks that could have a material effect on the WashTec Group. Risks relating to decisions of major customers and risks relating to supplier resource availability have risen somewhat compared with the prior year. As in the prior year, default risk is classified as very small due to larger total customer receivables in combination with extended payment terms. Nevertheless, there has been no fundamental change in the overall risk situation. No risk has been identified that raises doubt about the Group's ability to continue as a going concern.

There were no changes between the balance sheet date and the date on which the management report was prepared.

In accordance with Section 317 (4) HGB, the risk early warning system set up in accordance with Section 91 (2) AktG is audited by the auditor as part of the audit of the annual financial statements. Risk reporting is also provided to the Supervisory Board.

5 ICS and RMS Relevant to the Consolodated Financial Reporting Process

The internal control system (ICS) encompasses the principles, procedures and measures for ensuring that financial reporting is effective, cost-efficient, in proper order and compliant with the law. WashTec's ICS is intended to ensure the reliability of financial reporting and the published annual financial statements. Group-wide accounting policies ensure the uniformity of financial reporting throughout the WashTec Group. The effects that any new accounting provisions and changes in existing accounting provisions will have on the WashTec Group are examined on a timely basis. The WashTec Group has a largely standardized weekly, monthly and quarterly reporting structure that reflects the applicable policies in a timely and up-to-date manner. The financial statements of Group companies are analyzed internally each month in a Group-wide planning and reporting tool.

All processes and companies are assessed according to potential and already identified risks and after internal audits are specified accordingly. Additionally, within divisions, regular control functions are primarily assumed by the controlling and internal audit departments.

There have been no changes to the internal control system between the balance sheet date and the management report preparation date.

6 Risk Relating to the Use of Financial Instruments

The risks for the Group arising from derivative financial instruments comprise cash flow, liquidity, currency, credit and default risks. Company policy is to avoid or limit these risks as far as possible. The management of currency, liquidity, credit and default risks has already been addressed in the risk report. The Company also uses derivative financial instruments to hedge interest rate and market risks. In accordance with Group policy, there is no trading in derivatives. The Group's risk management objectives with regard to a hedge are formally established and documented at the inception of the hedge. Detailed information in this regard is provided in the notes to the consolidated financial statements.

7 Takeover-related Disclosure

Disclosures in accordance with Section 289a (1) and 315a (1) HGB: Explanatory report by the Management Board

The following text contains the disclosures required under Section 289a (1) and 315a (1) HGB.

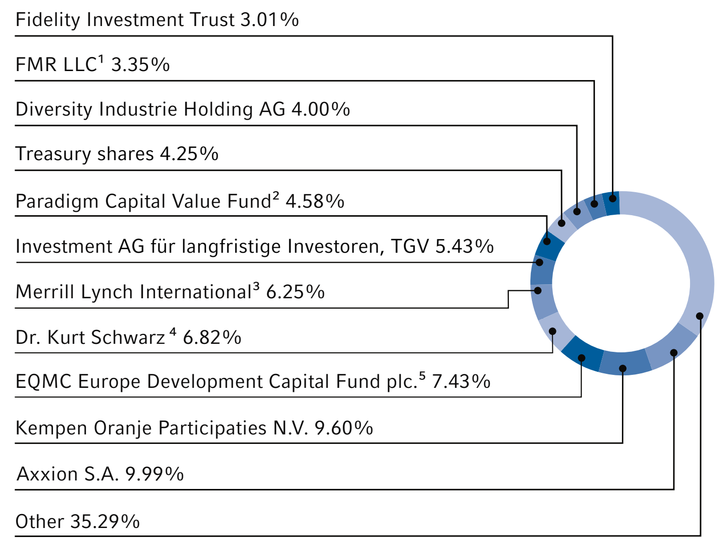
Section 315a (1) no. 1 HGB: Subscribed capital
The Company's subscribed capital of €40,000,000 is divided into 13,976,970 no-par-value bearer shares that each grant the same rights and notably the same voting rights. There are no different classes of shares. The Management Board is not aware of any restrictions regarding voting rights or the transfer of shares. There are no shares carrying special rights granting their holders a power of control.

Section 315a (1) no. 2 HGB: Restrictions regarding voting rights and the transfer of shares
In accordance with Section 71b of the German Stock Corporation Act (AktG), the Company has no rights in respect of treasury shares it acquires. In all other respects, each share has one vote. To the Management Board's knowledge, there are no restrictions regarding voting rights or the transfer of shares.

Section 315a (1) no. 3 HGB: Direct and indirect shareholdings
To the knowledge of the Management Board, 35.29% of the Company's shares (as of December 31, 2018) are held by shareholders whose stakes are below the notification threshold. According to the notifications filed under the German Securities Trading Act (WpHG), direct and indirect shareholdings close to but below 10% of voting rights are held by Axxion S.A., Luxembourg (9.99%), Kempen Oranje Participations N.V., Netherlands (9.60%) and EQMC Europe Development Capital Fund plc., Ireland (7.43%).

The Company's voting rights are currently distributed as follows:

Shareholder structure as of December 31, 2018



[1] Fidelity Management & Research Company
[2] Carne Global Fund Managers (Luxembourg) S.A.
[3] Bank of America Corporation
[4] Leifina GmbH & Co. KG et al
[5] Alantra EQMC Asset Management, SGIIC, S.A. (as investment management function)

Source: Notifications pursuant to the German Securities Trading Act (WpHG)

Section 315a (1) no. 4 HGB: Holders of shares with special control rights
There are no holders of shares with special control rights.

Section 315a (1) no. 5 HGB: System of control of any employee share scheme
There are no employee interests in capital.

Section 315a (1) no. 6 HGB: Appointment and removal of Management Board members and amendments of the Articles of Association

The appointment and removal of members of the Management Board is governed by Section 84 and 85 AktG and by Section 7 of the Company's Articles of Association. Under Section 7.1 of the Articles of Association, the Management Board consists of one or more members. The number of members of the Management Board is determined by the Supervisory Board.

In accordance with the Company's Articles of Association read in conjunction with the current rules of procedure of the Management Board, the Management Board currently comprises up to four members, one of whom had been appointed by the Supervisory Board to serve as CEO for 2018. The Articles of Association do not lay down any special requirements with respect to the appointment and removal of one or all of the members of the Management Board. The Supervisory Board is responsible for appointments and removals. Members may be reappointed to the Management Board or have their term of office extended.

Amendments to the Articles of Association are made pursuant to Section 179 and 133 AktG and to Sections 9.9 and 9.10 of the Articles of Association. The Company has not made use of the option to set out further requirements for amendments to the Articles of Association.

Section 9.9 of the Articles of Association reduces the statutory minimum requirements to the extent permitted by law. The Supervisory Board is authorized to make solely formal amendments to the Articles of Association.

Section 315a (1) no. 7 HGB: Powers of the Management Board to issue or buy back shares

Authorized capital (Section 5.1 of the Articles of Association of WashTec AG)

By resolution of the Annual General Meeting on May 11, 2016, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the registered share capital on one or more occasions on or before May 10, 2019 by a total amount of up to €8,000,000 (authorized capital) by issuing new no-par-value bearer shares in exchange for cash and/or non-cash contributions. To be deducted from this amount at the time the new shares are issued is the pro rata amount of the registered share capital attributable to those no-par-value bearer shares for which conversion rights or duties or option rights or duties exist that were granted or issued during the term of such authorization based on the authority granted by the Annual General Meeting on May 11, 2016 under item 8 of the agenda. If the aforementioned conversion rights or duties or option rights or duties no longer exist because they have been exercised on the date the new shares are issued, then any shares issued in relation to them must be taken into account. The shareholders must be granted preemptive rights in this connection unless otherwise stipulated. The new shares may also be underwritten by one or more banks designated by the Management Board with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Management Board is authorized (subject to the approval of the Supervisory Board) to exclude shareholders' preemptive rights in certain cases as set out in Section 5.1 of the Articles of Association of WashTec AG. The Management Board has not made use of these authorizations to date. The authorized capital is intended to enable the Company to act rapidly and flexibly as needed in order to raise equity capital on favorable terms.

Contingent capital (Section 5.2 of the Articles of Association of WashTec AG)

The Company's registered share capital is conditionally increased by up to €8,000,000, divided into up to 2,795,394 no-par-value bearer shares (contingent capital I), subject to the deduction from this pro rata amount of the registered share capital of any amount by which the registered share capital has been increased on the basis of Section 5.1 of the Articles of Association (authorized capital). Any such deduction will be made on adoption of the applicable resolution to increase capital. This contingent capital increase will be carried out only to the extent that the holders of options (or creditors) or conversion rights or persons obligated to exercise the conversions or options under warrant-linked or convertible bonds, participation rights or participating bonds (or a combination of such instruments) issued in exchange for cash contributions, and issued or guaranteed on or before May 10, 2019 by the Company or by a subordinate Group enterprise of the Company based on the authorization granted to the Management Board by the Annual General Meeting on May 11, 2016, make use of their option or conversion rights. Or it will occur to the extent they are obligated to exercise the option or conversion rights, satisfy their obligation to exercise their conversion or option rights, or to the extent that the Company exercises an elective right – in complete or partial lieu of payment of the cash amount due – to grant shares in the Company, provided that no cash compensation is granted or treasury shares or the shares of another publicly listed company are used to satisfy those obligations. The new shares will be issued in each case at the option or conversion price determined in accordance with the aforementioned authorizing resolution. The new shares will have dividend rights beginning in the fiscal year in which they are created. The Management Board is authorized, with the consent of the Supervisory Board, to prescribe additional details regarding the implementation of the contingent capital increase.

Share buy-back

Unless expressly permitted by law, the Company cannot make any purchase or use of treasury shares except with authorization from the Annual General Meeting. As the authorization to purchase treasury shares granted by resolution of the Annual General Meeting of May 15, 2013 expired on May 14, 2016, it was resolved at the Annual General Meeting of May 11, 2016 to revoke the existing authorization and to grant the Company renewed authorization to purchase and make use of treasury shares. Pursuant to a resolution adopted by the Annual General Meeting on May 11, 2016, the Management Board was authorized to acquire, on or before May 10, 2019, the Company's own shares for purposes other than to deal in treasury shares, up to a total of 10% of the Company's current registered share capital of €40,000,000. The Management Board may opt to acquire such shares on the stock exchange, by means of a public purchase offer to all shareholders or by means of a public invitation directed at all shareholders to tender shares for sale. The precise terms and conditions for the purchase and use of treasury shares are set out in item 6 of the agenda in the 2016 Invitation to the Annual General Meeting of WashTec AG. Following completion of the share buyback offer in September 2015, and including shares previously held, WashTec AG now holds a total of 594,646 of treasury shares, representing approximately 4.25% of its registered share capital.

Section 315a (1) nos. 8 and 9 HGB: Significant agreements subject to a change of control of the company following a takeover bid

Individual contractual agreements entered into by the WashTec Group (such as loan agreements) provide for the option of extraordinary termination in the event of a takeover (change of control). In that event there may also be a change of management.

8

Corporate Governance Declaration (Section 289f HGB)

(including Corporate Governance Report)

The actions of the Management Board and Supervisory Board of WashTec AG follow the principles of good and responsible corporate governance. In this declaration, the Management Board reports in accordance with Sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch, or HGB) on corporate governance at WashTec AG and in the WashTec Group. The Management Board and Supervisory Board further provide information on the corporate governance of the Company pursuant to Section 3.10 of the German Corporate Governance Code (the ›Code‹).

WashTec AG complies to the greatest possible extent with the recommendations of the Code

The Management Board and Supervisory Board of WashTec AG identify with the objectives of the Code, which encourage responsible, transparent corporate management and supervision directed at sustained growth in shareholder value.

WashTec AG's Management Board and Supervisory Board regularly direct their attention to satisfying the requirements of the Code. The recommendations of the Code are complied with, with two exceptions. In all other respects, the recommendations of the Code as amended February 7, 2017 are met. The exception is disclosed by the Management Board and Supervisory Board in the Declaration of Conformity to the Code dated December 20, 2018 and in the Revised Declaration of Conformity to the Code dated March 13, 2019. In accordance with the resolution of the Annual General Meeting of May 11, 2016 to refrain from publishing information about the remuneration of individual Management Board members, and in departure from Section 4.2.5 paras. 3 and 4 of the Code, the information there referred to is not disclosed for each member of the Management Board and the model tables relating to Section 4.2.5 para. 3 of the Code are not used.

8.1 Corporate and managerial structure

Supervisory Board

Supervisory Board has six members and several committees

The Supervisory Board is composed of six members elected by the Annual General Meeting. In order to perform its duties efficiently and in accordance with the requirements of the Code, the Supervisory Board has established an Audit Committee, a Personnel Committee, a Nominating Committee, an Innovation Committee and a Sales Strategy Committee. The primary purpose of the committees is to prepare Supervisory Board meetings and resolutions for the plenary Supervisory Board. The committees also exercise some decision making powers delegated to them by the Supervisory Board as required by law. Within the scope of the overall responsibility of the Supervisory Board, each member performs certain duties on the committees based on the member's expertise. The Audit Committee comprises Dr. Selent (Chairman), Mr. Große-Allermann and Dr. Liebler, with Dr. Selent assuming the role of financial expert on the basis of his special expertise and experience. Dr. Blaschke acts as chairman of the Personnel Committee, with Mr. Bellgardt and Dr. Selent serving as additional members. The Nomination Committee consists of Messrs. GroßeAllermann (Chairman), Dr. Liebler and Dr. Hein. The members of the Innovation Committee are Mr. Bellgardt (Chairman), Dr. Blaschke and Dr. Hein. The Sales Strategy Committee consists of Dr. Blaschke (Chairman) and Mr. Bellgardt.

The composition of the Supervisory Board reflects the Company's purpose and size, the composition of the workforce and WashTec's international business activities. In accordance with the recommendation in Section 5.4.1 of the Code, the Supervisory Board has set specific objectives with regard to its composition and has confirmed the profile of skills and expertise for the Supervisory Board as a whole. This is to ensure that the Supervisory Board collectively has the knowledge, skills and experience considered material to WashTec in light of its activities.

In its current composition, the Supervisory Board already meets these objectives. The Supervisory Board already largely satisfies these objectives in its current composition and also intends to take them into account in the next Supervisory Board election or in the event a Supervisory Board member resigns before his or her term has ended. The same applies for any applications for the appointment of Supervisory Board members by court order.

The mandates for Dr. Günter Blaschke (Chairman of the Supervisory Board) and Ulrich Bellgardt (Deputy Chairman of the Supervisory Board) expired during the reporting year. Dr. Blaschke and Mr. Bellgardt were re-elected for a further term of office at the 2018 Annual General Meeting. When proposing candidates to the competent election bodies, no persons are considered who would turn 75 years of age during their regular term of office as a member of the Supervisory Board of the Company.

The Supervisory Board is composed of six shareholder representatives. In its assessment, all present members of the Supervisory Board are independent within the meaning of the Code – namely Dr. Blaschke, Mr. Bellgardt, Mr. Große-Allermann, Dr. Hein, Dr. Liebler and Dr. Selent.

The Supervisory Board oversees and advises the Management Board in its management of the business (including the management of the Group). At regular intervals, the Supervisory Board holds discussions on business development and planning as well as on the Company's strategy and its implementation. The Supervisory Board reviews the Company's quarterly and semi-annual reports and approves the annual financial statements of WashTec AG and the consolidated financial statements. As there is no resolution of the Annual General Meeting pursuant to Section 172 AktG, the annual financial statements of WashTec AG are adopted on approval by the Supervisory Board. The Supervisory Board monitors the Company's compliance with the law, regulatory requirements and internal corporate guidelines. Its scope of responsibilities also includes appointing the members of the Management Board and defining their portfolios. In addition, the Supervisory Board adopts resolutions on, and regularly reviews, among other things, the compensation system for the Management Board, including the main contractual elements of that system (Section 4.2.2 of the Code). Management Board decisions of major significance – for example, acquisitions, divestitures and financing measures – are subject to Supervisory Board approval.

The work of the Supervisory Board is governed by internal rules of procedure, in particular pertaining to the convocation and conduct of meetings, the adoption of resolutions and the manner in which any conflicts of interest are handled.

The Supervisory Board has adopted internal rules of procedure governing the work of the Management Board; in particular, these rules define the portfolios of each member of the Management Board, prescribe the matters that are reserved for decision by the full plenary Management Board, establish the matters requiring the approval of the Supervisory Board and set the majority voting requirements for Management Board resolutions.

The Management Board and Supervisory Boards work closely together in the best interests of the Company. No conflicts of interest arose on the part of members of the Management Board or Supervisory Board requiring disclosure to the Supervisory Board. The Supervisory Board's provision of independent advice to, and oversight over, the Management Board has been and continues to be assured at all times.

Management Board

The Management Board of WashTec AG, as the Company's executive body, is required to act in the Company's best interests, in furtherance of which it seeks to deliver sustained growth in shareholder value. It is responsible for specifying the principles of the Company's corporate policies in consultation with the Supervisory Board, and bears responsibility for the Company's strategic direction, for planning and setting the Company's budget, for allocating resources and for performing oversight over divisional heads. In addition, the Management Board is responsible for ensuring compliance with legal and regulatory requirements and with internal corporate guidelines or directives, and it works toward securing compliance with these rules by all Group companies.

It reports to the Supervisory Board at regular intervals and in a timely and comprehensive manner with respect to all questions of relevance to the Company and the Group relating to strategy and strategy implementation, planning, the financial position and results of operations, compliance, risk and risk management.

During the reporting period, the Management Board normally consisted of four members: Dr. Zimmermann (CEO), Ms. Kalb, Mr. Weber, Mr. Springs (up to February 28, 2018) and Mr. Jaeger (from July 1, 2018). Dr. Zimmermann was responsible for the areas of *Development, Supply Chain, Service Support, Quality and Purchasing*. Ms. Kalb is responsible for the areas of *Human Resources, Legal and Compliance, Investor Relations and Special Projects*. Mr. Weber is responsible for *Sales, Marketing and Product Management*. Mr. Jaeger is responsible for *Finance, IT and Audit*.

Mr. Springs left the Company by mutual consent as of February 28, 2018; up to that date, he was responsible for Finance and IT. Effective July 1, 2018, Mr. Axel Jaeger was appointed as member of the Company's Management Board and CFO. Dr. Volker Zimmermann – CEO/CTO of WashTec AG – performed the role of CFO in addition to his other duties during the transitional period from March 1, 2018 to June 30, 2018.

Dr. Volker Zimmermann, Chief Executive Officer (CEO) and Chief Technical Officer (CTO) of WashTec AG, left the Company by mutual consent as of February 28, 2019 following completion of the 2018 financial statements. Effective at the latest by July 1, 2019, Dr. Ralf Koeppe will be appointed as member of the Board of Management and CTO. Ms. Karoline Kalb, member of the Board of Management responsible for Legal & Compliance, Investor Relations, Human Resources, Corporate Development and Special Projects, will leave the Company by mutual consent with the regular expiration of her management contract as of December 31, 2019. As of January 1, 2020, her areas of responsibility will be taken over by Mr. Axel Jaeger, Chief Financial Officer (CFO) of the Company. For the time being, it is not intended to appoint a new CEO or spokesman of the Board of Management.

Managers' transactions

Under Article 19 of the Market Abuse Regulation (EU) No 596/2014, members of the Management Board and Supervisory Boards, as well as persons closely associated with them, are required to disclose any purchase or sale of securities in WashTec AG or of finan-

Date of transaction	First and last name	Type	Location of transaction	Position/ status	Quantity	Price in €	Total volume in €
May 3, 2018	Dr. Alexander Selent	Purchase	Xetra	Member of the supervisory board	200	78.7000	15,740.00
May 15, 2018 May 16, 2018	Dr. Volker Zimmermann	Purchase	Xetra	Member of the management board	196 904	77.5000 78.0000	15,190.00 70,512.00
May 22, 2018	Karoline Kalb	Purchase	Tradegate	Member of the management board	290	78.5000	22,765.00
May 22, 2018 May 23, 2018	Stephan Weber	Purchase	Xetra	Member of the management board	199 121	78.3000 78.3000	15,581.70 9,474.30
Oct 29, 2018	Dr. Alexander Selent	Purchase	Xetra	Member of the supervisory board	200	68.3000	13,660.00
Oct 31, 2018	Stephan Weber	Purchase	Xetra	Member of the management board	20	66.5000	1,330.00
Nov 16, 2018	Dr. Alexander Selent	Purchase	Xetra	Member of the supervisory board	200	66.1400	13,228.00
Nov 20, 2018	Stephan Weber	Purchase	Xetra	Member of the management board	400	59.0000	23,600.00
Nov 20, 2018	Dr. Alexander Selent	Purchase	Xetra	Member of the supervisory board	200	59.3920	11,878.40
Nov 20, 2018	Axel Jaeger	Purchase	Xetra	Member of the management board	300	59.4320	17,829.60
Dec 05, 2018	Dr. Alexander Selent	Purchase	Xetra	Member of the supervisory board	200	61.0525	12,210.50
Dec 06, 2018	Axel Jaeger	Purchase	Xetra	Member of the management board	300	59.2843	17,785.30
Dec 10, 2018	Axel Jaeger	Purchase	Xetra	Member of the management board	300	57.6253	17,287.60

All directors' dealings are published in the Investor Relations section of the Company's website at *www.washtec.de*.

cial instruments linked thereto once the purchase and sale transactions reach a total amount of €5,000 within a calendar year.

Management Board and Supervisory Board shareholdings
Supervisory Board member Mr. Jens Große-Allermann sits on the Management Board of Investmentaktiengesellschaft für langfristige Investoren TGV, which according to a notification dated July 31, 2009 held 758,358 voting shares (5.43%) of WashTec AG.

As of December 31, 2018, Dr. Günter Blaschke, Chairman of the Supervisory Board, held 50,000 shares of WashTec AG and Mr. Ulrich Bellgardt, Deputy Chairman of the Supervisory Board, held 27,500 shares of WashTec AG. Members of the Supervisory Board Dr. Hans-Friedrich Liebler and Dr. Sören Hein each held 5,000 shares of WashTec AG; Dr. Alexander Selent held 1,000 shares of WashTec AG.

As of December 31, 2018, Dr. Volker Zimmermann, CEO, held 16,100 shares of WashTec AG. With regard to the members of the Management Board, Mr. Stephan Weber held 3,740, Mr. Axel Jaeger held 4,900 and Ms. Karoline Kalb held 3,590 shares of WashTec AG.

Shareholders and the Annual General Meeting
WashTec AG regularly provides detailed information on the Company's business developments, financial situation and results of operations to its shareholders in the form of financial reports, in individual discussions and at investor conferences.

The Annual General Meeting of WashTec AG is generally held in conjunction with publication of the quarterly results. The Annual General Meeting adopts resolutions regarding, among other things, the appropriation of distributable profit, ratification of the acts of the Management Board and Supervisory Board, and election of the auditor. Amendments to the Company's Articles of Association and the granting of authority to engage in measures effecting changes in share capital are resolved exclusively by the Annual General Meeting and implemented by the Management Board. WashTec AG offers its shareholders, prior to the Annual General Meeting, the option to authorize a proxy, who is appointed by the Company but bound by the instructions issued by the shareholder in question.

All documents relevant for the Annual General Meeting can be downloaded online

In 2018, as in previous years, WashTec AG published all documents of relevance to its Annual General Meeting on the Internet in German and in English. The WashTec AG website thus provides a comprehensive information platform for both national and international investors, including with regard to the Annual General Meeting. WashTec AG does not webcast its Annual General Meeting and does not electronically transmit notices of convocation.

Diversity policy
WashTec pursues the fundamental aim of enabling the composition of the Management Board and the Supervisory Board to be based on qualification. The composition of the Supervisory Board reflects the Company's purpose and size, the composition of the workforce and WashTec's international business activities (in accordance with Section 5.4.1 of the Code).

Positions on the Board of Management and Supervisory Board are assigned to women if suitably qualified. The Management Board currently has one woman member, Karoline Kalb.

Given suitable experience, people of all age groups can be members of the Management Board and Supervisory Board. An exception with regard to the composition of the Supervisory Board is that when proposing candidates to the competent election bodies, no persons are considered who would turn 75 years of age during their regular term of office as a member of the Supervisory Board of the Company. The normal age limit for members of the Management Board is 65.

In appointments to the Management Board and Supervisory Board, experience in a related industry is desirable.

Targets for the percentage of women on the Boards
Under the Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors of April 24,

2015, the Supervisory Board of WashTec AG is required to set targets for the percentage of women on the Company's Supervisory Board and Management Board together with dates for their attainment. The WashTec AG Management Board has a corresponding obligation with regard to the two management levels below it.

During the 2018 financial year, the Management Board and the Supervisory Board of WashTec AG set new targets to be achieved by 30 June 2023. On July 26, 2018, the Supervisory Board resolved to set a target of at least 25% as the female quota for the Management Board. This target was already met in the 2018 reporting year. The percentage of women on the Management Board is currently 25%.

Also on July 26, 2018, the Supervisory Board resolved to set a target of 0% as the female quota for the Supervisory Board. This decision is intended to create the greatest possible flexibility for constituting the Board on the basis of qualification. In the 2018 reporting year, the percentage of women on the Supervisory Board corresponded to the set quota.

On December 20, 2018, the Management Board set a target of at least 10% for each of the two management levels below it. Taking into account the specific circumstances and conditions at WashTec – notably the objects of the Company, its size, workforce composition and international business activities – the Management Board believes these percentages are reasonable as they provide flexibility in terms of filling positions on the basis of qualification. The target set for the two management levels below the Management Board was already met in the 2018 reporting year. The figures were 9.52% at the first management level below the Management Board and 10.00% at the second management level below the Management Board.

8.2 Compliance

Compliance organization subject to continuous improvement

Providing comprehensive and timely information to shareholders and stakeholders is a high priority for WashTec. WashTec reports on its business situation and its results of operations through financial reporting, the annual press conference and conference calls. WashTec also publishes press releases and ad-hoc disclosures. All notices and disclosures, the Articles of Association of WashTec AG, all Declarations of Conformity, the corporate governance report (as a part of the Annual Report) and further documents concerning corporate governance (such as the WashTec Code of Ethics) are available for downloading from the Investor Relations section of the Company's website, www.washtec.de.

WashTec has established a Group-wide compliance organization to ensure that all relevant requirements are observed. The compliance organization is subject to continuous development and improvement. The Management Board and Supervisory Board regard the compliance organization as a major element of WashTec's management and control structure. Detailed reporting on compliance within the Group is thus a regular subject of meetings of the Supervisory Board. A detailed compliance report is also prepared each year.

All managers receive regular training on the WashTec Code of Ethics

The strategic guidelines and the WashTec AG Code of Ethics form the basis of the Company's compliance program. The Code of Ethics contains binding rules on legally compliant conduct as well as precise directions on matters such as compliance with competition law and anti-corruption law, handling donations, avoiding conflicts of interests, complying with the prohibition on insider trading, and protecting the Company's assets. The Code of Ethics is binding on all employees of the WashTec Group throughout the world and on the members of the Management Board. The members of the Supervisory Board observe the rules to the extent that they apply to them. All WashTec Group managers and employees in sensitive areas such as *Sales, Procurement, Human Resources* and *Finance* receive regular online training on the Code of Ethics which is concluded with a test and certification. A further focus of the compliance program in the reporting year was comprehensive online training of employees on the General Data Protection Regulation, with a test on completion. In further support of the compliance system, a whistleblower system introduced in 2016 enables employees and others to raise concerns – anonymously if they prefer – and to bring attention to circumstances that may indicate a breach of the law or corporate directives. Any such indications are investigated and action taken as appropriate if grounds for suspicion or violations are identified.

The insider list to be drawn up under Article 18 of the Market Abuse Regulation (EU) No 596/2014 is updated in accordance with the law. The individuals recorded in the insiders list are informed of the duties entailed.

Any managers' transactions are published. The affected individuals at WashTec are informed about their duties in relation to directors' dealings and were provided with comprehensive training following the change in the law on entry into force of the Market Abuse Regulation (EU) No 596/2014.

8.3 Declaration of Conformity

The Declaration of Conformity in accordance with Section 161 AktG as submitted by the Management Board and Supervisory Board on December 20, 2018, revised on March 13, 2019 and published on the Internet in the Investor Relations section at www.washtec.de is reprinted below.

»Revised Declaration of Conformity of December 20, 2018 pursuant to Section 161 AktG

The Management Board and Supervisory Board submitted the last Declaration of Conformity on December 20, 2018.

In that Declaration of Conformity, the Management Board and Supervisory Board declared that WashTec AG complied since submission of the last Declaration of Conformity on December 20, 2017, and will continue to comply in the future, with the recommendations of the German Corporate Governance Code issued by the Government Commission on the German Corporate Governance Code, as amended on February 7, 2017 and published on April 24, 2017, with one exception as follows:

The Annual General Meeting of the Company resolved on May 11, 2016, in accordance with Sections 286 (5) and 314 (3) sentence 1 HGB, that for the fiscal year commencing January 1, 2016 and for all subsequent fiscal years up to and including at the latest the fiscal year ending December 31, 2020 the disclosures under Section 285 no. 9 a) sentences 5 to 8 and under Section 314 (1) no. 6 a) sentences 5 to 8 will not be made. The publication of information about the remuneration of individual Management Board members is refrained from accordingly, and therefore in departure from Section 4.2.5 paras. 3 and 4 of the Code, the information there referred to is not disclosed for each member of the Management Board and the model tables relating to Section 4.2.5 para. 3 of the Code are not used.

Supplementary to the Declaration of Conformity on December 20, 2018, the Management Board and Supervisory Board hereby declare one further exception to the recommendations of the German Corporate Governance Code issued by the Government Commission of the German Corporate Governance Code as amended on February 7, 2017 and published on April 24, 2017:

At its meeting of February 27, 2019, the Supervisory Board resolved that, following the departure of the previous Chief Executive Officer as of February 28, 2019, no new Chief Executive Officer or Spokesperson of the Management Board of WashTec AG should be appointed for the time being. This is at variance with Section 4.2.1 sentence 1 of the Code. At present, the Supervisory Board sees no need for the immediate appointment of a new Chief Executive Officer or Spokesperson of the Management Board and is of the opinion that the Management Board is able to fully perform its duties without a CEO or Spokesperson.

Augsburg, March 13, 2019

Management Board and Supervisory Board«

Further information about corporate governance can be found in the Corporate Governance Report and Corporate Governance Declaration in the annual reports of WashTec AG and on the Internet at www.washtec.de

8.4 Remuneration report

Management Board remuneration

Remuneration and the remuneration system for the Management Board of WashTec AG are determined and regularly reviewed by the Supervisory Board. In conformity with the Code, the remuneration system as a whole is structured in such a way as to take account of the responsibilities and personal performance of each Management Board member, the performance of the Management Board as a whole, the economic situation, the performance and outlook of the Company, and customary levels of compensation taking into account peer companies and the compensation structure in place in other areas of the Company. The Supervisory Board also considers the relationship of Management Board remuneration to that of senior management and of the workforce as a whole, including with regard to its development over time. The remuneration of the members of the Management Board complies with the statutory requirements of the German Stock Corporation Act and with the recommendations contained in the Code. The remuneration system was last discussed in depth by the Supervisory Board at its meeting of December 20, 2018 and adopted by resolution, including the major elements of remuneration (Section 4.2.2 para. 1 of the Code). The overall remuneration of members of the Management Board is made up of monetary and non-monetary as well as fixed and variable components and is linked overall to sustained growth of the Company. All remuneration components are structured in such a way that they are reasonable, both individually and in the aggregate, and do not encourage the taking of unreasonable risks. The variable components of Management Board remuneration are intended to create incentives for the Management Board to further the commercial success of WashTec AG and take both positive and negative developments into account by the stipulation of ambitious targets. They do not account for more than approximately 70% of total remuneration, with the amounts limited individually in each Management Board contract.

Fixed remuneration

The fixed remuneration – in addition to the fixed salary, which is paid in twelve equal monthly amounts – also includes benefits in kind, notably comprising the provision of company cars, insurance coverage and reimbursement of weekly home travel. The fixed remuneration components ensure that the Management Board members receive basic compensation permitting them to exercise their office in the best interests of the Company and with the due diligence of a prudent businessperson, without exclusive dependence on solely short-term performance targets.

Short-term variable remuneration: performance-related components

The variable remuneration components include short-term components linked to the achievement of various targets (annual bonus) to be set by the Supervisory Board. The annual bonus tracks strategic and/or operational and financial targets set each year by the Supervisory Board. For the short-term variable annual remuneration, an amount corresponding to 100% target attainment is agreed with each Management Board member. The annual bonus may be reduced to as little as 0% of the agreed amount If one or more targets are not met and increased to up to 130% of the agreed amount if one or more targets are exceeded.

Components providing long-term incentives
All Management Board contracts in force provide for long-term Management Board remuneration based on separate strategic, financial and operating targets based on a multi-year assessment and set by the Supervisory Board.

Following the expiration of the previous Long Term Incentive Program (LTIP) on December 31, 2017, the Supervisory Board established an LTIP with a term (incentive period) running from January 1, 2018 to December 31, 2020. The current LTIP contains a component without personal investment, the maximum amount of which corresponds at full target attainment to the short-term annual variable target income and which can, at maximum, be doubled by the Management Board member personally investing in WashTec AG shares. Payments due at the end of the incentivization phase are contingent upon attainment of the performance targets. Performance targets have been set for return on capital employed (ROCE) and total shareholder return (TSR) over the incentive period. Target attainment on these must be at least 91% in order to count. On at least 91% but less than 100% target attainment on either target, 10% less is paid out for that the target for each percentage point below 100%. If target attainment is less than 91% on either target, there is no payout for that concerned. If target attainment is less than 91% on both performance targets, no bonus is paid. The ROCE target has a weighting of 70% and the TSR target has a weighting of 30% in determination of the bonus payment.

Benefits following termination of employment
Where members of the Management Board are subject to a post-contractual non-compete covenant clause, they are entitled to remuneration amounting to 50% of the monthly pro rata portion of their fixed annual salary for the duration of the non-compete covenant.

The current Management Board contracts contain a provision, pursuant to which if service on the Management Board is terminated early other than for cause justifying termination of the Management Board contract, then severance payments are agreed that do not exceed the remuneration entitlements for the remaining term of the contract and are to be limited to a maximum of two years' compensation including reimbursables (severance cap).

Other information
The Supervisory Board may at its due discretion decide an exceptional performance bonus for individual or all members of the Management Board. The members of the Management Board do not receive any loans or indemnities from the Company. No bonuses are paid on appointment.

Tabular presentation in the remuneration report of the remuneration of individual Management Board members (Section 4.2.5 paras. 3 and 4 of the Code)
In accordance with a resolution of the Annual General Meeting of May 11, 2016, the Company refrains from presenting Management Board remuneration on an individual basis in accordance with the Sections 286 (5) and 314 (2) sentence 2 HGB (pre-amendment). The Management Board has been provided with an exemption from the disclosures pursuant to Section 314 (1) no. 6a sentences 5 to 8 HGB for the fiscal year commencing January 1, 2016 and for all subsequent fiscal years up to and including at the latest the fiscal year ending December 31, 2020. Further details on remuneration are provided in the notes to the consolidated financial statements starting on page 143.

Supervisory Board remuneration

The remuneration of the Supervisory Board is specified in Section 8.16 of the Articles of Association of WashTec AG. It comprises fixed and variable remuneration components. The basic fixed remuneration for an ordinary member of the Supervisory Board is €35,000 for each full fiscal year of membership of the Supervisory Board. The Deputy Chairman receives fixed remuneration of €70,000 for each full fiscal year, and the Chairman receives €100,000 for each full fiscal year of his membership of the Supervisory Board. In addition, each Supervisory Board member receives an attendance fee of €1,500 for each meeting of the Supervisory Board and its committees that they attend. The Chairman of the Supervisory Board receives double the attendance fee. Every Supervisory Board member also receives €500 for each cent by which consolidated earnings per share (IFRS-basis) exceeds the equivalent amount for the prior fiscal year.

Each member of a committee (with the exception of the Audit Committee) receives additional fixed remuneration of €2,500. The chairperson of a committee (with the exception of the Audit Committee) receives additional fixed remuneration of €5,000. Each member of the Audit Committee receives an additional fixed remuneration of €5,000, and the Chairman receives additional fixed remuneration of €10,000.

The fixed and performance-based total remuneration in accordance with the Articles of Association together with attendance fees are limited a maximum of €75,000 for each regular Supervisory Board member and €100,000 for the Chairman of the Audit Committee. The total remuneration is limited to a maximum of €150,000 for the Deputy Chairman of the Supervisory Board and of €200,000 for the Chairman of the Supervisory Board.

Any Supervisory Board members who have served on the Supervisory Board for only part of a fiscal year receive proportionately reduced fixed and performance-based remuneration.

The Company did not pay any remuneration or grant any benefits to members of the Supervisory Board in fiscal year 2018 for services provided individually (Section 5.4.6 of the Code).

Pursuant to Section 8.16 of the Articles of Association, the Annual General Meeting also approved a Long Term Incentive Program (LTIP) for the Supervisory Board, stipulating a personal investment in WashTec shares on or before June 30, 2015 as a condition for participation (Chairman: 25,000 shares maximum; all others: 5,000 shares maximum). Performance targets have been set for EBIT, ROCE and earnings per share (EPS). The reference base for the targets comprised the key performance indicators for fiscal year 2014. Depending on whether one, several or all of the targets are fulfilled, a different multiplier applies for the bonus payment, which is the sum total of the reference price, number of shares and multiplier. The bonus payment is payable in fiscal year 2019. Entitlement to the bonus payment is conditional on the Supervisory Board member still being on the Supervisory Board and still holding shares in the Company. Supervisory Board members Dr. Blaschke, Mr. Bellgardt, Dr. Hein and Dr. Liebler participate in the LTIP with the maximum number of shares.

The Annual General Meeting 2018 resolved a new Long Term Incentive Program (LTIP) for the Supervisory Board with an incentive period running from January 1, 2019 to December 31, 2021. The new LTIP likewise provides for a personal investment in WashTec shares and stipulates EPS, ROCE and free cash flow performance targets.

Supervisory Board remuneration 2018

in €k, (rounding differences possible)	Fix	Variable	Attendance fees	Total	Cap[1]	Payout amount	Multi-year variable remuneration (long-term component)[2]
Dr. Günter Blaschke	100.0	0	62.0	162.0	200.0	162.0	–
Ulrich Bellgardt	70.0	0	47.5	117.5	150.0	117.5	–
Jens Große-Allermann	35.0	0	20.5	55.5	75.0	55.5	–
Dr. Sören Hein	35.0	0	24.5	59.5	75.0	59.5	–
Dr. Hans Liebler	35.0	0	21.0	56.0	75.0	56.0	–
Dr. Alexander Selent	35.0	0	38.0	73.0	100.0	73.0	–
Total	**310.0**	**0**	**213.5**	**523.5**	**675.0**	**523.5**	**–**

[1] Payout limited by cap (according to term of service/position), [2] Fair value of LTIP at grant date

Supervisory Board remuneration 2017

in €k, (rounding differences possible)	Fix	Variable	Attendance fees	Total	Cap[1]	Payout amount	Multi-year variable remuneration (long-term component)[2]
Dr. Günter Blaschke	100.0	23.5	68.0	191.5	200.0	191.5	–
Ulrich Bellgardt	70.0	23.5	49.0	142.5	150.0	142.5	–
Jens Große-Allermann	35.0	23.5	23.5	82.0	75.0	75.0	–
Dr. Sören Hein	35.0	23.5	29.0	87.5	75.0	75.0	–
Roland Lacher[3]	12.0	8.0	7.0	27.0	25.0	25.0	–
Dr. Hans Liebler	35.0	23.5	32.0	90.5	83.0	83.0	–
Dr. Alexander Selent[4]	23.0	16.0	26.0	65.0	67.0	65.0	
Total	**310.0**	**141.0**	**234.5**	**686.0**	**675.0**	**658.0**	**–**

[1] Payout limited by cap (according to term of service/position), [2] Fair value of LTIP at grant date,
[3] until May 3, 2017, [4] since May 3, 2017

Augsburg, March 13, 2019

Axel Jaeger
Member of the Management Board

Karoline Kalb
Member of the Management Board

Stephan Weber
Member of the Management Board


A WT 960

Consolidated Financial Statements **of WashTec**

Consolidated Income Statement

in €k	Note	Jan 1 to Dec 31, 2018	Jan 1 to Dec 31, 2017
Revenue	7	435,446	424,986
Other operating income	8	5,266	4,268
Capitalized development costs		2,842	3,056
Change in inventory		–3,230	2,091
Total		**440,323**	**434,401**
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased material		147,430	145,857
Cost of purchased services		38,455	37,109
		185,885	**182,966**
Personnel expenses	9	135,218	131,620
Amortization, depreciation and impairment of tangible and intangible assets		9,796	9,890
Other operating expenses	10	57,068	56,776
Change in impairment of trade receivables		92	n/a
Other taxes		977	934
Total operating expenses		**388,853**	**382,186**
EBIT		**51,471**	**52,215**
Financial income		123	80
Financial expenses		754	719
Financial result	11	**–631**	**–639**
EBT		**50,839**	**51,576**
Income taxes	12	16,804	14,660
Consolidated net income		**34,035**	**36,916**
Average number of shares in units		**13,382,324**	**13,382,324**
Earnings per share (basic = diluted) in €	13	**2.54**	**2.76**

Further information on the Consolidated Income Statement is provided in the Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.

Rounding differences are possible.

Consolidated Statement of Comprehensive Income

in €k	Jan 1 to Dec 31, 2018	Jan 1 to Dec 31, 2017
Consolidated net income	**34,035**	36,916
Actuarial gains/losses from defined benefit obligations and similar obligations	5	101
Deferred taxes	7	4
Items that will not be reclassified to profit or loss	**12**	105
Adjustment item for currency translation of foreign subsidiaries and for exchange rate changes	842	−2,198
Exchange differences on net investments in subsidiaries	–275	−99
Deferred taxes	–51	155
Items that may be subsequently reclassified to profit or loss	**516**	−2,142
Other comprehensive income	**528**	−2,037
Total comprehensive income	**34,563**	34,879

Further information on the Consolidated Statement of Comprehensive Income is provided in the Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.

Rounding differences are possible.

Consolidated Balance Sheet – Assets

in €k	Note	Dec 31, 2018	Dec 31, 2017
Non-current assets			
Property, plant and equipment	15	37,347	40,603
Goodwill	15	42,312	42,312
Intangible assets	15	11,754	9,423
Trade receivables	19	7,729	9,024
Other non-current financial assets	20	176	138
Other non-current non-financial assets	20	470	455
Deferred tax assets	16	4,131	3,922
Total non-current assets		**103,919**	**105,877**
Current assets			
Inventories	17	37,272	40,847
Trade receivables	19	68,631	66,238
Tax receivables	18	12,230	7,928
Other current financial assets	20	842	864
Other current non-financial assets	20	2,713	2,382
Cash and cash equivalents	21	11,630	9,786
Total current assets		**133,319**	**128,045**
Total assets		**237,238**	**233,922**

Further information on the Consolidated Balance Sheet is provided in the Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.

Rounding differences are possible.

Consolidated Balance Sheet – Equity and Liabilities

in €k	Note	Dec 31, 2018	Dec 31, 2017
Equity			
Subscribed capital	22	40,000	40,000
Contingent capital	*22*	*8,000*	*8,000*
Capital reserves	23	36,463	36,463
Treasury shares	24	–13,177	–13,177
Other reserves and currency translation effects	25	–5,057	–5,585
Profit carried forward		3,137	–427
Consolidated net income		34,035	36,916
		95,401	**94,191**
Non-current liabilities			
Finance lease liabilities	29	2,068	2,150
Provisions for pensions	26	10,065	10,247
Other non-current provisions	27	4,009	3,927
Other non-current financial liabilities	30	53	27
Other non-current non-financial liabilities	30	1,001	1,141
Non-current contract liabilities	30	1,887	n/a
Deferred income	31	n/a	2,638
Deferred tax liabilities	16	4,247	3,826
Total non-current liabilities		**23,329**	**23,956**
Current liabilities			
Interest-bearing loans	28	18,741	13,726
Finance lease liabilities	29	897	1,058
Prepayments on orders	30	n/a	14,795
Trade payables	30	18,463	14,612
Income tax liabilities		5,867	5,752
Other current financial liabilities	30	18,116	18,296
Other current non-financial liabilities	30	27,784	28,759
Other current provisions	27	9,028	9,932
Current contract liabilities	30	19,612	n/a
Deferred income	31	n/a	8,846
Total current liabilities		**118,508**	**115,775**
Total equity and liabilities		**237,238**	**233,922**

Further information on the Consolidated Balance Sheet is provided in the Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.

Rounding differences are possible.

Consolidated Statement of Changes in Equity

in €k	Number of shares (in units)	Subscribed capital	Capital reserves	Treasury shares	Other reserves and currency translation effects	Profit carried forward	Total
As of January 1, 2017	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−3,550**	**27,677**	**87,412**
Income and expenses recognized directly in equity					−2,195		−2,195
Taxes on transactions recognized directly in equity					159		159
Dividend						−28,103	−28,103
Consolidated net income						36,916	36,916
As of December 31, 2017	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−5,586**	**36,490**	**94,191**
As of December 31, 2017	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−5,586**	**36,490**	**94,191**
Restatement as of January 1, 2018*						−566	−566
As of January 1, 2018	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−5,586**	**35,924**	**93,625**
Income and expenses recognized directly in equity					572		572
Taxes on transactions recognized directly in equity					−44		−44
Dividend						−32,787	−32,787
Consolidated net income						34,035	34,035
As of December 31, 2018	**13,382,324**	**40,000**	**36,463**	**−13,177**	**−5,057**	**37,171**	**95,401**

Further information on the Consolidated Statement of Changes in Equity is provided in the Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.

Rounding differences are possible.

*Restated as of January 1, 2018 due to first-time adoption of IFRS 9 Financial Instruments.

Consolidated Cash Flow Statement

in €k	Note	Jan 1 to Dec 31, 2018	Jan 1 to Dec 31, 2017
EBT		**50,839**	**51,576**
Amortization, depreciation and impairment of tangible and intangible assets		9,796	9,890
Gain/loss from disposals of non-current assets		–1,128	–78
Other gains/losses		–2,752	2,044
Financial income		–123	–80
Financial expenses		754	719
Movements in provisions		–1,001	–1,482
Income tax paid		–20,837	–22,457
Gross cash flow		**35,548**	**40,132**
Increase/decrease in trade receivables		–1,264	–14,222
Increase/decrease in inventories		3,879	203
Increase/decrease in trade payables		3,761	3,121
Increase/decrease in prepayments on orders		–2,204	7,931
Increase/decrease in net operating working capital		**4,172**	**–2,967**
Changes in other net working capital		–1,496	1,635
Net cash flows from operating activities		**38,225**	**38,800**
Purchase of property, plant and equipment (without finance leasing)		–9,430	–11,548
Proceeds from sale of property, plant and equipment		3,455	805
Net cash flows from investing activities		**–5,975**	**–10,743**
Free cash flow		**32,250**	**28,057**
Dividend payout		–32,787	–28,103
Interest received		123	80
Interest paid		–723	–649
Raising/repayment of finance lease liabilities		–1,781	–1,293
Net cash flows from financing activities		**–35,168**	**–29,964**
Net increase/decrease in cash and cash equivalents		**–2,918**	**-1,908**
Net foreign exchange difference		**–252**	**–529**
Cash and cash equivalents at January 1		**–3,941**	**–1,504**
Cash and cash equivalents at December 31	21	**–7,111**	**–3,941**
Composition of cash and cash equivalents for cash flow purposes:			
Cash and cash equivalents		**11,630**	**9,786**
Overdrafts/current interest-bearing loans		**–18,741**	**–13,726**
Cash and cash equivalents at December 31		**–7,111**	**–3,941**

Further information on the Consolidated Cash Flow Statement is provided in the Notes to the Consolidated Financial Statements.

The Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.

Rounding differences are possible.

Notes to the Consolidated Financial Statements of WashTec AG (IFRS) for Fiscal Year 2018

General

1. General information on the Group

The consolidated financial statements of the WashTec Group for the fiscal year January 1 to December 31, 2018 were prepared and submitted to the Supervisory Board for review on March 13, 2019. They will be adopted at the Supervisory Board meeting on March 13, 2019 and subsequently released for publication by the Management Board. The consolidated financial statements and Group Management Report may be accessed through the Bundesanzeiger (Federal Gazette) and the Unternehmensregister (Company Register) and downloaded from our website, www.washtec.de.

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

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

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

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

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of WashTec AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) in force as of the balance sheet date together with the interpretations of the IFRS IC (IFRIC). They comply with the accounting standards applicable in the European Union for fiscal year 2018 and are also supplemented by additional information required under section 315e of the German Commercial Code (Handelsgesetzbuch, or HGB) and by the Group Management Report.

The requirements under Section 315e HGB for exempting the Company from the preparation of consolidated financial statements in accordance with German commercial law are met.

The consolidated financial statements are prepared on a historical cost basis except with respect to non-current trade receivables and derivative financial instruments measured at fair value. The consolidated financial statements are presented in euros and, unless otherwise indicated, all figures rounded to the nearest thousand (€k); this may result in rounding differences. The fiscal year is the calendar year.

3. Basis of consolidation

The consolidated financial statements include the financial statements of WashTec AG and its subsidiaries as of December 31 of each fiscal year. The financial statements of subsidiaries are prepared for the same reporting period as those of the parent company, using uniform accounting policies.

Subsidiaries are fully consolidated as of the acquisition date, which is the date when the Group obtains control. WashTec AG controls an investee when WashTec AG is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries cease to be consolidated when the parent company no longer has control.

All intra-group balances, transactions, income, expenses as well as unrealized gains and losses resulting from intragroup transactions are eliminated in full.

Benelux Carwash Management B.V., Zoetermeer, Netherlands and WashTec Benelux Administratie B.V. Zoetermeer, Netherlands were merged with WashTec Benelux B.V. on September 15, 2018. The economic effective date of the merger is January 1, 2018.

In addition to the parent company, the consolidated financial statements of WashTec AG also contain the following group entities as of December 31, 2018:

Consolidated entities	Share-holding in %	Parent	Business activity	Equity at Dec 31, 2018 in €k	Profit/loss for 2018 in €k
German entities					
WashTec Cleaning Technology GmbH, Augsburg, Germany [1)]	100	A	I	29,846	0
WashTec Holding GmbH, Augsburg, Germany	100	B	II	82,200	25,058
WashTec Carwash Management GmbH, Augsburg, Germany [2)]	100	B	III	51	0
WashTec Financial Services GmbH, Augsburg, Germany [1)]	100	A	IV	62	0
AUWA-Chemie GmbH, Augsburg, Germany [2)]	100	B	V	537	0
Foreign entities					
WashTec France S.A.S., Boigny sur Bionne, France	100	C	VI	5,536	1,409
Mark VII Equipment Inc., Arvada, USA	100	C	I	19,702	–1,414
WashTec S.r.l., Casale, Italy	100	C	VI	1,250	–413
WashTec UK Ltd., Great Dunmow, United Kingdom	100	C	VI	3,188	235
California Kleindienst Limited, Wokingham, United Kingdom [5)]	100	A		0	0
WashTec A/S, Hedehusene, Denmark	100	C	VI	2,244	780
WashTec Bilvask AS, Billingstad, Norway [4)]	100	F	VI	1,482	615
WashTec Cleaning Technology GmbH, Vienna, Austria	100	C	VI	2,447	361
WashTec Spain S.A., Madrid, Spain	100	C	VI	1,330	445
WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., Shanghai, China	100	C	VII	–1,237	–517
WashTec Cleaning Technology s.r.o., Nyrany, Czech Republic	100	D	VII	4,066	420
WTMVII Cleaning Technologies Canada Inc., Grimsby, Ontario, Canada [6)]	100	E	VI	–7,988	–1,114
WashTec Australia Pty Ltd., Sydney, Australia	100	C	VI	3,355	450
WashTec Cleaning Technology España S.A., Bilbao, Spain [5)]	100	C		1	0
WashTec Benelux B.V., Zoetermeer, The Netherlands [3)]	100	C	VI	4,849	507
WashTec Nordics AB, Bollebygd, Sweden	100	C	VI	2,948	1,129
WashTec Polska Sp. z o.o., Warsaw, Poland	100	D	VI	163	35

1) Profit/loss absorbed by WashTec Holding GmbH

2) Profit/loss absorbed by WashTec AG

3) Subgroup with WashTec Benelux N.V., Brussels, Belgium, whose results are included in WashTec Benelux B.V., Zoetermeer, NL

4) Indirect shareholding via WashTec A/S, Hedehusene, Denmark

5) Company currently inactive

6) Indirect shareholding through Mark VII Equipment Inc., Arvada, USA

A) WashTec Holding GmbH

B) WashTec AG

C) WashTec Cleaning Technology GmbH

D) 90% of interests held by WashTec Cleaning Technology GmbH, 10% by WashTec Holding GmbH

E) Mark VII Equipment Inc., Arvada, USA

F) WashTec A/S, Hedehusene, Denmark

I) Production, sales and service entity

II) Holding company

III) Car wash rental

IV) Conclusion and arrangement of leases and finance

V) Development, production and sale of chemical products

VI) Sales and service entity

VII) Production entity

4. Effects of new financial reporting standards

The Group adopted the following new and revised IFRS Standards and Interpretations in fiscal year 2018:

Standards adopted and amendments to existing standards

Standard/ Inter-pretation	Title	Mandatory adoption	EU endor-sement	Material effects on WashTec
IFRS 15	Revenue from Contracts with Customers, including change in the date of first-time adoption	January 1, 2018	October 29, 2016	For a description of the effects of IFRS 15, please see the explanatory notes below the table.
IFRS 9	Financial instruments	January 1, 2018	November 29, 2016	For a description of the effects of IFRS 9, please see the explanatory notes below the table.
IFRS 4	Amendments to IFRS 4: Applying IFRS 9 with IFRS 4	January 1, 2018	November 9, 2017	None
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018	November 9, 2017	None
IFRS	Annual Improvements to IFRS (2014-2016 cycle) – Amendments to IFRS 1 and IAS 28	January 1, 2018	February 8, 2018	None
IFRS 2	Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions	January 1, 2018	February 27, 2018	None
IAS 40	Amendments to IAS 40 Investment Property – Transfers of Investment Property	January 1, 2018	March 15, 2018	None
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	April 3, 2018	None

IFRS 15 Revenue from Contracts with Customers replaces all previous revenue recognition standards – notably IAS 11 Construction Contracts and IAS 18 Revenue. It is based on the principle that revenue shall be recognized when control of a good or service is transferred to a customer. The WashTec Group has adopted IFRS 15 for the first time using the modified retrospective method. Prior-year comparative figures have not been restated. Application of IFRS 15 compared to IAS 18 did not affect the income statement as of December 31, 2018.

IFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. For the WashTec Group, this resulted in presentation changes for the following items as of January 1, 2018:

- Prepayments on orders in the amount of €14,795k were reclassified to contract liabilities.
- Deferred income for full maintenance, extended guarantees and prepaid service agreements, in the amount of €8,798k, has been reclassified to contract liabilities.

IFRS 9 Financial Instruments comprises new rules on the classification, measurement and derecognition of financial assets and financial liabilities, for hedge accounting and for impairment of financial assets.

Financial assets are classified under IFRS 9 into the categories ›amortized cost‹ (AC), ›fair value through other comprehensive income‹ (FVthOCI) and ›fair value through profit or loss‹ (FVthP/L). Financial assets held with the objective of collecting contractual cash flows (›held-to-collect‹ business model) and whose cash flows are solely payments of principal and interest on the outstanding capital amount are classified as at ›amortized cost‹ (AC). Financial assets held with the objective of both collecting contractual cash flows and of selling the financial assets and whose cash flows are solely payments of principal and interest on the outstanding capital amount are classified as ›fair value through other comprehensive income‹ (FVthOCI). Financial assets not classified in the ›amortized cost‹ (AC) or ›fair value through other comprehensive income‹ (FVthOCI) categories are classified in the ›fair value through profit or loss‹ (FVthP/L) category.

The classification of financial liabilities has not changed significantly compared to IAS 39. The sole exception comprises the rule for the event of a change in the credit risk on financial liabilities previously measured at fair value through profit or loss (FVthP/L). This does not affect the WashTec Group, however.

First-time adoption of IFRS 9 did not result in any reclassifications among the new categories for the WashTec Group. Measurement changes solely resulted in the category ›loans and receivables‹ (LaR) and ›financial assets at amortized cost‹ (AC). The following table shows the changes in categories of financial assets and financial liabilities, including any measurement changes:

In €k	Category		Carrying amount		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Difference
Assets			Dec 31, 2017	Jan 1, 2018	
Cash and cash equivalents	LaR*	AC*	9,786	9,786	–
Current trade receivables	LaR*	AC*	66,238	65,672	–566
Non-current trade receivables	FVthP/L*	FVthP/L*	9,024	9,024	–
Other financial assets	LaR*	AC*	1,002	1,002	–
Equity and liabilities			Dec 31, 2017	Jan 1, 2018	
Trade payables	FLAC*	FLAC*	14,612	14,612	–
Interest-bearing loans	FLAC*	FLAC*	13,726	13,726	–
Other financial liabilities	FLAC*	FLAC*	18,316	18,316	–
Finance lease liabilities	n/a	n/a	3,209	3,209	–
Derivative financial liabilities	FVthP/L*	FVthP/L*	12	12	–

*LaR: loans and receivables; AC: financial assets at amortized cost; FLAC: financial liabilities at amortized cost; FVthP/L: fair value through profit or loss

Under IFRS 9, impairment of financial assets must be recognized on the basis of the expected credit loss (ECL) model, instead of the incurred credit loss model under IAS 39. A loss allowance is normally recognized on the basis of the general approach using a three-stage model in relation to changes in the default risk on a financial asset. On initial recognition, all financial assets are normally classified in stage 1 and their 12-month expected credit loss determined. If the probability of a credit loss on a financial asset has significantly increased since the previous reporting date, the asset is transferred to stage 2. Where there is additionally objective evidence of an impairment, a financial asset is transferred to stage 3.

Impairment losses on trade receivables without a significant financing component are accounted for using the simplified approach. In addition, an entity can likewise elect to apply the simplified approach to trade receivables with a significant financing component and to lease receivables. For this purpose, the loss allowance is recognized according to time past due in the amount of the lifetime expected credit losses and if there is objective evidence of impairment. The WashTec Group makes use of the election for trade receivables with a significant financing component and for lease receivables and calculates the impairment losses on the basis of a provision matrix. This involves determining lifetime expected credit losses on the basis of past due experience using expected loss rates.

First-time adoption of IFRS 9 resulted in impairments of trade receivables being increased by €566k as of January 1, 2018. In application of the exemptions and transitional provisions in IFRS 9, the cumulative transition effect is recognized directly in equity, in profit carried forward. Prior-year comparative figures have not been restated. The effects of IFRS 9 on the measurement of other financial assets are not material and have not been recognized.

Impairment on trade receivables developed as follows:

in €k	
As of December 31, 2017	4,248
Effect of IFRS 9	566
As of January 1, 2018	4,814

The IASB and the IFRS Interpretations Committee have also issued additional standards, interpretations and amendments as listed below that did not yet have to be adopted in fiscal year 2018 and/or have not yet been recognized by the European Union.

Standards and amendments not yet adopted

Standard/ Inter-pretation	Title	Mandatory adoption	EU endor-sement	Material effects on WashTec
IFRS 16	Leases	January 1, 2019	November 9, 2017	For a description of the effects of IFRS 16, please see the explana-tory notes below the table.
IFRS 9	Amendments to IFRS 9 – Prepayment Features with Negative Compensation	January 1, 2019	March 26, 2018	None
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019	October 24, 2018	None
IAS 28	Amendments to IAS 28 – Long-term In-terests in Associates and Joint Ventures	January 1, 2019	February 11, 2019	None
IAS 19	Amendments to IAS 19 – Plan Amend-ment, Curtailment or Settlement	January 1, 2019	Expected in Q1 2019	None
IFRS	Annual Improvements to IFRS (2015-2017 cycle)	January 1, 2019	Expected in Q1 2019	None
IFRS	Amendments to References to the Con-ceptual Framework in IFRS Standards	January 1, 2020	Expected in 2019	None
IFRS 3	Amendments to IFRS 3 – Definition of a Business	January 1, 2020	Expected in 2019	None
IAS 1 & IAS 8	Amendments to IAS 1 and IAS 8 – Definition of Material	January 1, 2020	Expected in 2019	None
IFRS 17	Insurance contracts	January 1, 2021	Yet to be determined	None

The WashTec Group had not elected early adoption of these standards as of December 31, 2018. First-time adoption of the standards is planned when they are recognized and endorsed by the EU.

IFRS 16 Leases requires lessees normally to recognize all leases as a right-of-use asset and a lease liability. Exceptions are made for short-term leases and leases for low-value assets. The new standard mainly affects the accounting treatment of operating leases. The transition effect was recognized using the modified retrospective approach. Prior-year comparative figures are not restated. The WashTec Group makes use of the exemptions for short-term leases and leases of low-value assets. Discount rates have been determined over various maturities on the basis of a risk-free interest rate plus a margin and a country-specific risk. Outstanding lease payments for existing leases previously classified as operating leases are discounted on the basis of the remaining term of the lease at the time of first-time adoption.

Leases to be accounted for in the future primarily relate to rented buildings and leasing of service vehicles. In the WashTec Group, this results in recognition of right-of-use assets and lease liabilities each in the amount of approximately €18m. The resulting increase in the balance sheet total leads to a reduction in the equity ratio. In the income statement, IFRS 16 is expected to result in an increase in depreciation and amortization by approximately €7m and a decrease in other operating expenses likewise by approximately €7m. In addition, the increase in interest expenses in the amount of €0.3 million results in a decrease in the financial result.

5. Accounting policies

The adopted accounting policies are (unless otherwise stated below) consistent with those adopted in prior years.

Currency translation

The consolidated financial statements are presented in euros, the euro being the Group's functional and reporting currency.

Foreign currency annual financial statements of subsidiaries are translated by applying the functional currency approach. The functional currency of a foreign company is normally the respective national currency. The items in the separate financial statements of each entity are measured in the entity's functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date exchange rate as of each reporting date. All exchange differences are recognized in profit or loss with the exception of exchange differences relating to net investments in a foreign operation and related foreign currency loans. These are recognized in other comprehensive income until disposal of the net investment, at which time they are recognized as income or expense in the period. Deferred tax expense or income arising from such exchange differences is likewise recognized in other comprehensive income.

Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Where changes in the fair value of a non-monetary item are recognized in other comprehensive income, any exchange differences relating to that item are recognized in other comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of resulting assets and liabilities are accounted for as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Assets and liabilities of subsidiaries that do not report in euros are translated at the reporting date exchange rate, and their income and expenses are translated at the weighted average exchange rate for the fiscal year. Resulting exchange differences are accounted for separately in other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income relating to that foreign operation is reclassified to profit or loss.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item when the cost is incurred, if the recognition criteria are met. In addition to directly attributable costs, the cost of self-constructed assets also includes an allocation of material and production overheads and depreciation (IAS 16). Repair and maintenance costs are immediately recognized in profit or loss. Depreciation is applied pro rata temporis on a straight-line basis over the estimated useful life of the asset.

Property, plant and equipment is mostly depreciated using the following useful lives:

Equipment	Useful life
Buildings	20 to 50 years
Technical plant and machinery	5 to 14 years
Finance leases	6 to 10 years
Other plant, fixtures and fittings	3 to 8 years

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition (measured as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the item is derecognized. At the end of each fiscal year, an asset's residual value, useful life and method of depreciation are reviewed and, if necessary, adjusted.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. For this purpose, the cost of the acquisition is determined as the fair value of the consideration transferred, meaning the sum of the assets transferred, equity instruments issued and liabilities assumed at the acquisition date. Acquisition-related costs are normally accounted for as expense.

Goodwill is initially measured at the cost of acquisition. It is measured as the excess of the acquisition cost of the business combination over the acquirer's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured as cost less any accumulated impairment losses. It is not amortized but is tested for impairment at least annually and whenever there is an indication that it may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to the Group's cash generating units that are expected to benefit from the synergies of the business combination.

Intangible assets

Intangible assets mainly comprise acquired patents, technologies, capitalized development costs, licenses and software.

Intangible assets are mostly amortized using the following useful lives:

Intangible assets	Useful life
Acquired patents and technologies	8 years
Licenses and software	3 to 8 years
Capitalized development costs	6 to 8 years

Acquired intangible assets

Intangible assets not acquired in a business combination are measured at cost on initial recognition and subsequently measured at cost less any accumulated amortization and impairment losses.

A distinction is made between intangible assets with finite useful lives and those with indefinite useful lives. In the reporting period, the Group exclusively held assets with finite useful lives.

Intangible assets with finite useful lives are amortized over their economic useful life. The amortization period and amortization method are reviewed at the end of each fiscal year and adjusted accordingly if expectations have changed.

Internally generated intangible assets (research and development costs)

Research costs are recognized as expense in the period in which they are incurred. Development costs for a given project comprise all directly attributable costs (mainly personnel expenses) as well as allocated overheads. Under IAS 38, these costs are capitalized as an intangible asset only if the asset can be identified, a future economic benefit is expected and the cost can be measured reliably during development. In addition, development costs are only capitalized if completion of development and subsequent use or sale are feasible and intended technically and financially.

After initial recognition of development costs as an asset, the cost model is applied, meaning that the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization begins when development is complete and the asset is available for use. The asset is amortized over the period of the expected future benefits. During the development phase, when the useful life is indefinite, the asset is tested annually for impairment.

Impairment of non-financial assets

Assets with a finite useful life are tested as of each balance sheet date for indications of impairment. If there is such an indication, the Group estimates the asset's recoverable amount. An asset's recoverable amount is fair value less costs of disposal or value in use, whichever is higher. Value in use is determined by applying an appropriate valuation model. For this purpose, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects market expectations concerning the time value of money and the risks specific to the asset. Recoverable amount is estimated for each individual asset or, if it cannot be estimated for the asset, for the cash-generating unit to which the asset belongs. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and the carrying amount is reduced to the recoverable amount. An impairment loss recognized in earlier reporting periods is reversed to income if there has been a change in the estimates used to determine the recoverable amount. The increased carrying amount may not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in the past. Impairment reversals are recognized in profit or loss.

Intangible assets with an indefinite useful life and goodwill are tested for impairment at least annually and if there are events or circumstances that indicate that an asset may be impaired.

Goodwill is tested for impairment by estimating the recoverable amount of the cash generating unit to which the goodwill has been allocated. The cash generating units at the WashTec Group correspond to the operating segments identified in accordance with IFRS 8. These are divided into the regions Europe, North America and Asia/Pacific.

If the recoverable amount of a cash generating unit is less than its carrying amount, then an impairment loss is recognized. Impairment losses recognized for goodwill cannot be reversed in subsequent reporting periods. The Group performs annual impairment testing of goodwill after completing the budgeting process.

Financial instruments and hedging

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The financial assets primarily comprise cash and cash equivalents, trade receivables, derivatives with a positive market value, and other financial assets.

Financial assets within the meaning of IFRS 9 are classified as ›at amortized cost‹ (AC), ›fair value through other comprehensive income‹ (FVthOCI) or ›fair value through profit or loss‹ (FVthP/L). They are categorized on initial recognition on the basis of the company's business model for managing financial assets and of the contractual cash flow characteristics of each financial asset, and are measured at fair value. Financial assets not subsequently measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Regular way purchases and sales of financial assets are accounted for at the trade date, which is the date when the Group commits itself to purchase or sell the asset. Regular way purchases or sales require delivery of the asset within the timeframe established by regulation or convention in the marketplace.

Financial assets measured at amortized cost (AC):
This category comprises financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the financial assets are measured at amortized cost using the effective interest method less any accumulated impairment losses. Non-current receivables are discounted at current market interest rates if the effect is material. Gains and losses on derecognition or impairment of the financial assets are recognized in profit or loss.

Financial assets measured at fair value through profit or loss (FVthP/L):
Financial assets not measured at ›amortized cost‹ (AC) or ›fair value through other comprehensive income‹ (FVthOCI), and derivatives not designated as hedging instruments for which hedge accounting is applied, are measured at ›fair value through profit or loss‹ (FVthP/L). All changes in fair value are recognized in profit or loss.

Impairment of financial assets: The Group tests financial assets, and groups of financial assets not at fair value through profit or loss, as of each balance sheet date for impairment.

A loss allowance is normally recognized on the basis of the general approach using a three-stage model in relation to changes in the default risk on a financial asset. On initial recognition, all financial assets are normally classified in stage 1 and their 12-month expected credit loss determined. If the probability of a credit loss on a financial asset has significantly increased since the previous reporting date, the asset is transferred to stage 2. Where there is additionally objective evidence of an impairment, a financial asset is transferred to stage 3.

Impairment losses on trade receivables without a significant financing component are accounted for using the simplified approach. In addition, an entity can likewise elect to apply the simplified approach to trade receivables with a significant financing component and to lease receivables. For this purpose, the loss allowance is recognized according to time past due in the amount of the lifetime expected credit losses and if there is objective evidence of impairment. The WashTec Group makes use of the election for trade receivables with a significant financing component and for lease receivables and calculates the impairment losses on the basis of a provision matrix. This involves determining lifetime expected credit losses on the basis of past due experience using expected loss rates.

Expected credit losses on other financial assets are immaterial and are not recognized.

Derecognition of financial assets: A financial asset (or a part of a financial asset or a part of a group of similar financial assets) is derecognized when contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer meets the criteria for derecognition under IFRS 9. Objective evidence of impairment includes the initiation of legal action and receivables past due by more than one year. Receivables are classified as uncollectible in such cases and are derecognized.

Cash and cash equivalents: This category comprises cash on hand and bank balances that have an original term of less than three months and are carried at face value. These are tested at each balance sheet date for objective evidence of impairment.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above plus any utilized bank overdrafts.

Financial liabilities
Financial liabilities mainly comprise liabilities to credit institutions, trade payables, derivatives with a negative market value, and other financial liabilities.

Financial liabilities within the meaning of IFRS 9 are classified as ›at amortized cost‹ (FLAC) or ›fair value through profit or loss‹ (FVthP/L).

Financial liabilities within the meaning of IFRS 9 are normally initially recognized at fair value and subsequently measured at amortized cost (FLAC) using the effective interest method. Financial liabilities that meet the definition of ›held for trading‹, are designated on initial recognition at fair value through profit or loss and derivatives with a negative market value are subsequently measured at fair value through profit or loss (FVthP/L). Financial liabilities not subsequently measured at fair value through profit or loss are initially measured at fair value less transaction costs.

Derecognition of financial liabilities: A financial liability is derecognized when the obligation specified in the contract is discharged, canceled or expires.

Interest-bearing loans: Interest-bearing loans are initially recognized at fair value.

Derivative financial instruments and hedging
Derivative financial instruments are initially recognized and subsequently measured at fair value and, according to market value, are accounted for as financial assets or financial liabilities. Changes in fair value are accounted for according to whether a derivative financial instrument is designated in an effective hedge as defined in IFRS 9. In the case of a cash flow hedge, if the hedge is determined to be effective, the changes are recognized in other comprehensive income. Otherwise, they are recognized in profit or loss. The WashTec Group does not currently apply hedge accounting. An assessment is carried out as of each balance sheet date.

Net investments in foreign operations: A monetary item in the form of an outstanding receivable from a foreign operation for which settlement is neither planned nor likely is a part of the net investment in that foreign operation. Such monetary items are non-current receivables from foreign subsidiaries of the WashTec Group. Exchange differences arising on a monetary item that forms part of a subsidiary's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the subsidiary. In the consolidated financial statements, such exchange differences are recognized in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated proceeds from a sale in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The cost of raw materials, consumables and supplies is determined on a rolling average basis. The cost of finished goods and work in progress includes directly attributable costs as well as a reasonable allocation of material and production overheads on the basis of normal capacity utilization. Borrowing costs are not included in the cost of inventories.

Treasury shares

The cost of any treasury shares purchased by WashTec AG is accounted for as a single adjustment in equity. Purchases, sales and retirements of treasury shares are not recognized in profit or loss.

Provisions

Other provisions
Other provisions are recognized for all legal or constructive obligations to third parties as of the balance sheet date as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and the obligation can be reliably estimated. If the Group expects reimbursement of some or all of a provision (such as through an insurance policy), the reimbursement is recognized as a separate asset when it is virtually certain that the reimbursement will be received. Non-current provisions are discounted at current pre-tax market rates if the effect is material. The effect of the time value of money is accounted for in the financial result. Provisions are normally reversed to the same item in the income statement for which they were recognized.

Provisions for pensions
Provisions for pensions are measured using the projected unit credit method (IAS 19 revised). This method takes into account the pensions known and vested as of the balance sheet date as well as expected future increases in salaries and pensions. Actuarial gains and losses are recognized immediately in their entirety in other comprehensive income. Service cost and interest are accounted for in the operating result. For further details, please see Note 26.

Provisions for partial retirement arrangements
Partial retirement arrangements are primarily based on the block model. They result in two types of obligations that are measured at present value in accordance with actuarial principles and are accounted for separately: The first type of obligation relates to the accumulated outstanding settlement amount, which is recognized pro rata over the active/working phase. The accumulated outstanding settlement amount is based on the difference between the compensation earned by an employee prior to the partial retirement arrangement (including the employer's share of social security contributions) and the compensation for the part-time employment (including the employer's share of social security contributions, but not including top-up payments). The second type of obligation relates to the employer's obligation to pay the top-up payments plus an additional amount towards statutory pension insurance. In accordance with IAS 19 (revised), this is recognized as a provision pro rata over the working phase.

Share-based compensation
In accordance with IFRS 2, a distinction is made between cash-settled and equity-settled share-based payments. The members of the Management Board and Supervisory Board of WashTec AG receive cash-settled share-based remuneration as consideration for their service. In the case of cash-settled transactions, the resulting liability is recognized at fair value through profit or loss at the time service is performed. The fair value is estimated using a suitable option price model. Any conditions relating to the WashTec AG share price (market conditions) are included in the calculation. Performance-based vesting conditions are also included. Until settlement of the liability, the fair value is remeasured as of each balance sheet date and any changes are recognized in profit or loss. For more details, see Note 37.

Leases

A lease is any agreement that conveys, in return for payment, the right to use a certain asset for a certain period of time. On the basis of beneficial ownership or of who bears substantially all the primary risks and rewards incidental to the leased property, a lease may be classified as either a finance lease or an operating lease.

A **finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Where the WashTec Group is the lessee in a finance lease, the leased asset is recognized at the inception of the lease. The asset is recognized at fair value or, if lower, the present value of the minimum lease payments, and amortized over the estimated useful life or, if shorter, the lease term. A lease liability is recognized in the same amount and is amortized in subsequent periods using the effective interest method. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognized in profit or loss.

Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term.

Contract liabilities

Performance obligations that are satisfied over time in accordance with IFRS 15 are recognized as contract liabilities in the balance sheet (see also Revenue Recognition). The items presented as contract liabilities in the WashTec Group are prepayments on orders and deferred income, which mostly relates to full maintenance, extended guarantees and prepaid service agreements.

Income taxes

The current income tax charge is calculated for the consolidated financial statements on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where subsidiaries operate and generate taxable income. For recognized tax provisions, the expected tax payment is used as a best estimate. Deferred tax assets and liabilities are determined using tax rates that have been enacted or substantially enacted in each country and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Current and deferred taxes are recognized in profit or loss except to the extent the tax relates to transactions that are recognized in other comprehensive income or directly in equity.

Deferred taxes are recognized for all temporary recognition and measurement differences between tax bases and carrying amounts in the IFRS consolidated financial statements and on consolidation adjustments in profit or loss.

Deferred tax assets are recognized for the future benefit from tax loss carryforwards and unused tax credits if it is probable that they will be utilized. For deferred tax assets to be recognized, it must be probable that taxable profit will be available against which the deductible temporary differences, loss carryforwards and tax credits can be utilized.

Deferred taxes are recognized for taxable temporary differences associated with investments in subsidiaries (outside-basis differences) unless the parent is able to control the reversal of the temporary differences and is probable that the temporary difference will not reverse in the foreseeable future.

Conversely, no deferred taxes are recognized on temporary differences if the temporary differences arise from the initial recognition of an asset or liability in a transaction which affects neither IFRS-basis accounting profit (before income taxes) nor taxable profit and which is not a business combination. In addition, no deferred tax liabilities are recognized for temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority.

Financial Statements

Revenue recognition

Revenue is recognized when a performance obligation has been satisfied by transfer of a promised good or promised service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of the asset.

Performance obligations from the sale of equipment, accessories, merchandise and services are satisfied at a point in time when the promised asset has been transferred and/or the customer has obtained control of the asset. This is normally the case when finished goods or merchandise are delivered, sent or collected and when equipment is installed. The usual payment period is 30 days. An exception is a once-only financing program with a major customer, which includes a significant financing component. In that instance, when determining the transaction price, the promised consideration was adjusted for the time value of money and part of the transaction price accounted for under interest expenses.

For financing components, WashTec makes use of the practical expedient of not taking into account the effects of a financing component if the period between the transfer of the goods or services and when the customer pays for them is one year or less.

Performance obligations mainly arising from full maintenance agreements, extended guarantees and prepaid service agreements are satisfied over time and accounted for as contract liabilities. The customer simultaneously receives and consumes the benefits provided by performance as it is performed. The WashTec Group determines progress towards completion using an output method based on elapsed time. Satisfaction of performance obligations is dependent on contract terms and is usually on a monthly basis. This provides a faithful depiction of the output. The revenue is recognized and billed when the performance obligation is satisfied. The contract liabilities are reversed to profit or loss accordingly. The usual payment period is 30 days, although some service agreements are prepaid.

Rental revenue is not recognized until a car wash is completed. This also applies if a car wash is first sold to an independent leasing company.

There are buyback agreements with a contractual obligation to repurchase and dismantle equipment previously sold to oil companies. Please see Note 27 for further information.

The amount recognized as revenue corresponds to the transaction price and comprises the consideration that the WashTec Group is expected to receive in exchange for the transfer of the promised goods or services to a customer. It does not include value added tax or sales tax. Deductions such as rebates, discounts and bulk discounts are accounted for as variable consideration in determination of the transaction price if it is highly probable that the revenue will not be reversed. They are estimated on the basis of expected value. Bulk discounts are accounted for as other liabilities.

The transaction price is allocated to the individual performance obligations on the basis of the relative stand-alone selling price. Any discount is normally allocated proportionately to all performance obligations in a contract unless there is evidence that all or part of the discount relates to one or more, but not all, performance obligations in the contract. As there are no directly observable prices at which the WashTec Group would sell a promised good or promised service separately in similar circumstances and to similar customers, the Group estimates the stand-alone selling price at contract inception using the expected cost plus a margin approach.

The WashTec Group makes use of the practical expedient of recognizing those costs of obtaining a contract and costs to fulfill a contract when incurred if the amortization period of the asset that would otherwise have been recognized is one year or less. This applies at WashTec to all such costs.

Interest income is recognized on an accrual basis in profit or loss using the effective interest method.

Earnings per share

In accordance with IAS 33, earnings per share is calculated by dividing consolidated net income by the weighted average number of shares outstanding.

Basic earnings per share is calculated by dividing net income attributable to the ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

For the calculation of diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to account for the number of all potentially dilutive shares.

Segment reporting

In accordance with IFRS 8 Operating Segments, operating segments are identified using the management approach. Under this approach, external segment reporting is based on the internal group organizational and management structure and on internal reporting to the Management Board as the entity's chief operating decision maker. Where the aggregation criteria are met, operating segments are aggregated into reportable segments.

A geographical segment is a distinguishable component of an entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that differ from those of components operating in other economic environments.

6. Significant estimates, assumptions and judgments

In preparing the consolidated financial statements, it is necessary to make certain assumptions, estimates and judgments that may affect the presentation of the net assets, financial position and results of operations. These primarily relate to the determination of economic useful lives, the measurement of provisions, the realizability of deferred tax assets and assumptions about future cash flows and discount rates. All judgments are continually reassessed and are based in each case on historical experience and current knowledge with regard to future events. Actual amounts may differ from the assumptions and estimates in individual cases. Changes are taken into account when better knowledge becomes available and can lead in future periods to material adjustments to the carrying amounts of affected assets or liabilities.

Impairment of non-financial assets
In connection with impairment testing of goodwill, intangible assets with indefinite useful lives and other non-financial assets, it is necessary to estimate future cash flows from each asset or cash generating unit. An appropriate discount rate must also be selected in order to determine the present value of the cash flows. Estimating future cash flows requires long-term income forecasts to be made in light of general economic conditions and the development of the industry. For further details, please see Note 5.

Depreciation of plant, property and equipment and amortization of intangible assets require estimates and assumptions to be made in order to determine uniform Group-wide economic useful lives and methods of depreciation and amortization.

Impairment of financial assets
In application of the simplified approach for trade receivables and lease receivables without a significant financing component and for trade receivables with a significant financing component, expected credit losses are determined over the remaining term on the basis of past due experience using impairment rates. The impairment rates are based on credit loss rates over the past three years and are adjusted for macroeconomic factors affecting customer solvency.

Deferred tax assets
Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profits will be available against which they can be utilized. Management estimates relate to the amount of taxable profit and the expected timing. For further details, please see Note 16.

Pensions, other post-employment benefits and partial retirement benefits
The costs of pension and partial retirement obligations are determined using actuarial methods. Actuarial valuation involves assumptions about discount rates, future wage and salary increases, pension increases and life expectancy. Due to the long-term nature of the pension plans, such estimates are subject to considerable uncertainty. Further details are provided in Notes 26 and 27.

Share-based payment

The costs of cash-settled share-based payment are measured at the fair value of the equity instruments at the grant date. In order to estimate the fair value of shared-based payment, it is necessary to determine the most suitable valuation technique, which is dependent on the granting conditions. It is also necessary to determine suitable input parameters for the valuation technique, notably the expected option term, volatility and dividend yields. The assumptions and techniques used are shown in Note 37.

Provisions
Provisions for severance payments and guarantees are recognized on the basis of expectations, estimates of the probability of occurrence, and planned measures. The size of potential payment obligations is estimated on the basis of an assessment of the situation.

Development costs
Development costs are capitalized in accordance with the accounting policies described in Note 5. Their initial recognition is based on management's assessment that technical and financial feasibility is demonstrated. This is usually the case when a product development project has reached a specific milestone in an established project management model.

Buy-back agreements
The WashTec Group sells some of its wash systems to major customers through leasing companies. Under these arrangements, it guarantees that, if necessary, it will repurchase wash systems at the end of the lease term for a residual purchase price. To determine the amount to recognize as a provision for this purpose, it is necessary to estimate the probability that the system will need to be repurchased at the end of the lease term. Revenue is recognized on sale to the leasing company, as that is the point in time when the leasing company gains control of the wash systems.

7. Notes on segment reporting

Segmentation using the management approach at the WashTec Group is by sales territories. Reflecting market-specific conditions, the sales territories are defined as the regions Europe, North America and Asia/Pacific and correspond to the respective domiciles of the Group companies. The individual segments are controlled on the basis of revenue and EBIT. Segment results consist of income and expenses directly attributable to each reporting segment and to Group charges for cross-divisional functions. The Consolidation column contains consolidation adjustments to eliminate transactions in profit or loss between operating segments. This mainly relates to the elimination of intercompany income from sales of goods. The sum of the reportable segments corresponds, after consolidation adjustments, to consolidated net income. Transfer prices between individual Group entities are established on an arm's length basis. They take into account market-specific and economic conditions in the individual regions. The measurement principles for segment reporting are based on the IFRS principles used in the consolidated financial statements.

The WashTec Group's segments are business units that generate their revenue primarily through the sale of machines, spare parts, service and chemical products.

By segment 2018 in €k	**Europe**	**North America**	**Asia/Pacific**	**Consolidation**	**Group**
Revenue	**355,777**	**73,957**	**17,614**	**–11,903**	**435,446**
of which with third parties	344,062	73,770	17,614	0	435,446
of which with other segments	11,716	188	0	–11,903	0
EBIT	**55,440**	**–3,371**	**–432**	**–166**	**51,471**
EBIT margin in %	15.6	–4.6	–2.5	–	11.8
Financial income					123
Financial expenses					754
EBT					**50,839**
Income taxes					16,804
Consolidated net income					**34,035**
Capital expenditure on tangible and intangible assets	10,128	738	101	0	10,967
Amortization, depreciation and impairment of tangible and intangible assets	8,732	842	222	0	9,796

By segment 2017 in €k	**Europe**	**North America**	**Asia/Pacific**	**Consolidation**	**Group**
Revenue	**337,263**	**80,009**	**16,543**	**–8,830**	**424,986**
of which with third parties	328,508	79,935	16,543	0	424,986
of which with other segments	8,755	74	0	–8,830	0
EBIT	**45,700**	**5,882**	**188**	**444**	**52,215**
EBIT margin in %	13.5	7.4	1.2	–	12.3
Financial income					80
Financial expenses					719
EBT					**51,576**
Income taxes					14,660
Consolidated net income					**36,916**
Capital expenditure on tangible and intangible assets	11,872	930	204	0	13,006
Amortization, depreciation and impairment of tangible and intangible assets	8,925	709	256	0	9,890

Disaggregation of revenue from contracts with customers by satisfaction of the performance obligation and recognition of revenue

By segment 2018 in €k	**Europe**	**North America**	**Asia/Pacific**	**Consolidation**	**Group**
Recognition at a point in time	354,296	71,572	17,614	– 11,903	431,579
Recognition over time	1,481	2,385	0	0	3,866

The consolidated revenue was generated in the following products:

in €k	2018	2017	Change
Equipment and Service	377,828	367,243	10,585
Chemicals	45,584	44,634	950
Operations business and others	12,033	13,109	–1,076
Total	**435,445**	**424,986**	**10,459**

WashTec generates approximately 80% of external sales in European countries. Germany and France make up the largest share of total revenue. After consolidation, Germany accounts for €128,398k, relating to Equipment and Service, Chemicals, Operations Business and Others. Slightly more than 10% of Group revenue is attributable to France. External sales outside of Europe are primarily generated in North America and are mostly attributable to the United States. Transactions with one major customer marginally exceeded 10% of total revenue.

The Group's geographical segments are based on the location of its assets. Sales to external customers shown for each geographical segment are assigned to the segments based on customers' geographical location.

Group assets can be broken down into the following regions within our business segments:

2018 in €k	Germany	Europe	North America	Asia/ Pacific	Group
Property, plant and equipment	30,795	4,698	1,631	223	37,347
Capital expenditure on property, plant and equipment	*5,045*	*1,653*	*721*	*101*	*7,520*
Intangible assets including goodwill	49,881	4,132	14	39	54,066
Capital expenditure on intangible assets	*2,737*	*694*	*17*	*0*	*3,448*

2017 in €k	Germany	Europe	North America	Asia/ Pacific	Group
Property, plant and equipment	31,815	6,761	1,702	325	40,603
Capital expenditure on property, plant and equipment	*5,830*	*2,104*	*930*	*200*	*9,064*
Intangible assets including goodwill	47,430	4,228	3	74	51,735
Capital expenditure on intangible assets	*2,737*	*1,201*	*0*	*4*	*3,942*

The Group has no assets in other countries because it does not have its own sales organizations in other countries. Revenue with other countries is generated through exports to independent dealers.

Notes to the Consolidated Income Statement

8. Other operating income

Other operating income totaling €5,266k (prior year: €4,268k) consists primarily of income arising from exchange rate differences in the amount of €1,091k (prior year: 1,750k), deferred income from operator models in the amount of €1,213k (prior year: €1,077k), income from insurance settlements in the amount of €221k (prior year: €158k), income from the sale of scrap in the amount of €782k (prior year: €680k) and income from the sale of acquired vehicles and from the sale of other property, plant and equipment totaling €1,198k (prior year: €111k).

9. Personnel expenses

Personnel expenses consist of the following:

in €k	2018	2017
Wages and salaries	114,814	112,945
Social security contributions	9,790	8,882
Expenses for employer share of statutory and voluntary pension insurance (defined contribution)	8,666	8,088
Pension and partial retirement costs	1,947	1,705
Total	**135,218**	**131,620**

The average number of employees by function is as follows:

Average number of employees	2018	2017	Change
Sales, marketing and servicing	1,105	1,077	28
Production, technology and development	573	549	24
Finance and administration	174	167	7
Total	**1,852**	**1,793**	**59**

10. Other operating expenses

Other operating expenses are as follows:

in €k	2018	2017
Vehicle costs	10,903	9,925
Travel expenses (including hospitality)	7,968	7,544
Temporary workers	5,641	5,473
IT and communication expenses	4,764	4,798
Maintenance/repairs	4,670	4,344
Rent/operating leases excluding vehicles	4,337	4,379
Trade fair, marketing and PR expenses	4,168	4,164
Legal and consulting fees	3,001	2,629
Exchange differences	1,913	2,755
Training/continuing education costs	1,645	1,215
Patents, licenses and development costs	1,385	1,722
Insurance (including product liability)	1,182	1,264
Office supplies	915	826
Bank charges and contributions	819	823
Impairment of receivables	n/a	394
Miscellaneous administrative expenses/other expenses	3,757	4,521
Total	**57,068**	**56,776**

11. Financial result

in €k	2018	2017
Other interest and similar income	123	80
Financial income	**123**	**80**
Interest-bearing loans	539	444
Finance lease expenses	113	111
Borrowing costs and similar expenses	103	164
Financial expenses	**754**	**719**
Financial result	**–631**	**–639**

Of the interest income and interest expense, a total of €-518k (prior year: €-528k) is classified in the IFRS 9 categories amortized cost (AC) (prior year: loans and receivables (LaR) and financial liabilities at amortized cost (FLAC).

Analysis of interest income and interest expenses by IFRS 9 categories:

in €k	2018		2017	
Financial income	AC	94	AC	77
	FLAC	29	FLAC	3
Financial expenses	FLAC	–641	FLAC	–608
Total		**–518**		**–528**

12. Income taxes

The income taxes item relates to both current and deferred taxes.

The table below shows a reconciliation of the expected and the actual tax expenses. To calculate the expected tax expense, earnings before taxes were multiplied by the Group tax rate of 31.93% (prior year: 31.93%). The Group tax rate is based on the tax rate faced by the parent company. The WashTec Group's effective tax rate is 33.05% (prior year: 28.4%).

in €k	2018	2017
Expected income tax expense	16,233	16,468
Differences from foreign tax rates	–272	–1,052
Non-deductible expenses	1,264	771
Effect of non-recognition of deferred taxes on temporary differences and tax loss carryforwards	537	348
Effects of utilization of tax loss carryforwards from non-recognition of deferred tax assets	–22	–2,001
Prior-period tax expense	–800	–45
Other	–135	170
Current income tax expense	**16,804**	**14,660**

Tax expenses consist of the following:

in €k	2018	2017
Current tax expense (+) / income (–)	16,669	13,854
Deferred tax expense(+) / income (–)	135	806
Total income taxes	**16,804**	**14,660**

13. Earnings per share

Calculation of basic earnings per share for 2018 and 2017:

in €/€k/number of shares	2018	2017
Consolidated net income	34,035	36,916
Weighted average number of shares outstanding	13,382,324	13,382,324
Earnings per share (basic = diluted)	**2.54**	**2.76**

The Management Board and Supervisory Board will recommend to the Annual General Meeting, which is due to be held on April 29, 2019, to appropriate the distributable profit of €34,484,446.82 shown in the Company's annual financial statements for fiscal year 2018 as follows: Payment of a dividend in the amount of €2.45 per eligible share, totaling €32,786,693.80, with the remaining distributable profit of €1,697,753.02 to be carried forward.

14. Non-recurring effects

There were no non-recurring effects either in the reporting year or in the prior year.


2,60
WashTec

Notes to the Consolidated Balance Sheet

15. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets developed as follows:

in €k	Cost					
	January 1, 2018	Additions	Disposals	Reclassifications	Currency translation effects	December 31, 2018
Land, land rights and buildings	**47,683**	531	507	22	62	**47,792**
Technical plant and machinery	**36,303**	1,622	7,033	7,428	−13	**38,307**
Other plant, fixtures and fittings	**21,282**	2,146	2,378	221	102	**21,373**
Finance leases	**13,484**	1,537	3,291	−6,410	−2	**5,318**
Prepayments and construction in progress	**1,845**	1,683	37	−1,630	6	**1,867**
Property, plant and equipment	**120,597**	**7,520**	**13,245**	**−368**	**154**	**114,657**
Development costs internally generated	**15,776**	113	0	0	130	**16,019**
Licenses and software acquired	**14,045**	598	141	470	− 2	**14,970**
Patents, technologies and other intangible assets	**4,308**	7	0	0	−64	**4,252**
Goodwill	**82,638**	0	0	0	800	**83,439**
Prepayments and construction in progress	**5,583**	2,729	0	−101	0	**8,210**
Intangible assets	**122,351**	**3,448**	**141**	**368**	**865**	**126,891**
Total fixed assets	**242,948**	**10,968**	**13,386**	**0**	**1,019**	**241,548**

in €k	Cost					
	January 1, 2017	Additions	Disposals	Reclassifications	Currency translation effects	December 31, 2017
Land, land rights and buildings	**43,671**	1,131	0	3,059	−178	**47,683**
Technical plant and machinery	**35,282**	2,402	3,644	2,250	12	**36,303**
Other plant, fixtures and fittings	**20,103**	2,287	839	260	−528	**21,282**
Finance leases	**13,505**	1,458	0	−1,478	−2	**13,484**
Prepayments and construction in progress	**4,411**	1,786	0	−4,352	0	**1,845**
Property, plant and equipment	**116,972**	**9,064**	**4,483**	**−259**	**−697**	**120,597**
Development costs internally generated	**16,170**	104	0	0	−498	**15,776**
Licenses and software acquired	**12,872**	886	5	304	−12	**14,045**
Patents, technologies and other intangible assets	**6,504**	0	1,837	−45	−314	**4,308**
Goodwill	**84,972**	0	0	0	−2,334	**82,638**
Prepayments and construction in progress	**2,631**	2,952	0	0	0	**5,583**
Intangible assets	**123,149**	**3,942**	**1,842**	**259**	**−3,158**	**122,351**
Total fixed assets	**240,121**	**13,006**	**6,325**	**0**	**−3,855**	**242,948**

Depreciation, amortization and impairment						Carrying amount		in €k
January 1, 2018	Additions	Disposals	Reclassifica-tions	Currency trans-lation effects	December 31, 2018	January 1, 2018	December 31, 2018	
31,906	1,500	404	0	61	**33,063**	15,777	14,729	Land, land rights and buildings
24,274	2,897	5,186	5,648	−10	**27,623**	12,029	10,684	Technical plant and machinery
13,269	2,961	2,045	75	−129	**14,131**	8,014	7,242	Other plant, fixtures and fittings
10,546	963	3,291	−5,722	−2	**2,493**	2,938	2,825	Finance leases
0	0	0	0	0	**0**	1,845	1,867	Prepayments and construction in progress
79,994	**8,321**	**10,926**	**0**	**−80**	**77,310**	**40,603**	**37,347**	**Property, plant and equipment**
14,070	559	0	0	130	**14,759**	1,706	1,261	Development costs internally generated
11,981	848	134	0	−2	**12,694**	2,064	2,276	Licenses and software acquired
4,238	69	0	0	−61	**4,245**	70	6	Patents, technologies and other intangible assets
40,326	0	0	0	801	**41,127**	42,312	42,312	Goodwill
0	0	0	0	0	**0**	5,583	8,210	Prepayments and construction in progress
70,616	**1,475**	**134**	**0**	**868**	**72,825**	**51,735**	**54,066**	**Intangible assets**
150,610	**9,796**	**11,060**	**0**	**788**	**150,135**	**92,338**	**91,413**	**Total fixed assets**

Depreciation, amortization and impairment						Carrying amount		in €k
January 1, 2017	Additions	Disposals	Reclassifica-tions	Currency trans-lation effects	December 31, 2017	January 1, 2017	December 31, 2017	
30,138	1,522	2	422	−175	**31,906**	13,533	15,777	Land, land rights and buildings
24,175	2,955	3,322	617	−150	**24,274**	11,107	12,029	Technical plant and machinery
11,452	2,814	423	0	−575	**13,269**	8,650	8,014	Other plant, fixtures and fittings
10,434	1,153	0	−1,039	−2	**10,546**	3,072	2,938	Finance leases
0	0	0	0	0	**0**	4,411	1,845	Prepayments and construction in progress
76,199	**8,443**	**3,746**	**0**	**−902**	**79,994**	**40,773**	**40,603**	**Property, plant and equipment**
14,018	550	0	0	−498	**14,070**	2,152	1,706	Development costs internally generated
11,154	806	5	35	−9	**11,981**	1,718	2,064	Licenses and software acquired
6,339	91	1,847	−35	−311	**4,238**	165	70	Patents, technologies and other intangible assets
42,660	0	0	0	−2,333	**40,326**	42,312	42,312	Goodwill
0	0	0	0	0	**0**	2,631	5,583	Prepayments and construction in progress
74,171	**1,447**	**1,852**	**0**	**−3,150**	**70,616**	**48,978**	**51,735**	**Intangible assets**
150,370	**9,890**	**5,598**	**0**	**−4,052**	**150,610**	**89,751**	**92,338**	**Total fixed assets**

Finance leases

Carrying amount in €k	**2018**	2017
Washing bay sale and leaseback	2,825	2,938
Total	**2,825**	2,938

There were no material contractual obligations such as obligations to purchase property, plant and equipment or intangible assets as of the reporting date.

Intangible assets

The addition in prepayments and construction in progress was mostly the result of capitalized development costs. These development projects are not yet completed and were therefore tested as of the year-end for impairment, which did not result in recognition of any impairment loss.

Research and development costs in the amount of €919k (prior year: €1,243k) were not capitalized as the criteria for capitalization under IAS 38 were not met.

Goodwill

The total goodwill with a carrying amount of €42,312k (prior year: €42,312k) is allocated as follows to the operating segments identified in accordance with IFRS 8: Europe in the amount of €42,306k (prior year: €42,306k), North America in the amount of €0k (prior year: €0k) and Asia/Pacific in the amount of €6k (prior year: €6k).

The goodwill allocated to the operating segments is routinely tested for impairment by determining value in use.

In accordance with the approach described in Note 5, goodwill is tested for impairment on the basis of the Group-level medium-term forecast for 2019 through 2024.

The medium-term planning primarily uses the following assumptions based on the longstanding experience of management and the medium-term strategies for the individual markets. Further information was available to management in the form of external market studies. The key assumptions are as follows:

- Revenue growth averaging approximately 3.2% p.a. in the Europe segment and between 7.9% and 10.8% in the remaining regions
- Cost increases of 2–3%
- Wage and salary cost increases of approximately 3–5% p.a.

Assumptions made for discounting purposes were a discount rate of 6.5% (prior year: 6.6%) and a long-term growth rate in perpetuity of 1.0% (prior year: 1.0%).

The discount rate is based on a weighted cost of debt of 1.63% (prior year: 2.47%) and the weighted cost of equity. The cost of equity is based on a risk-free rate of return averaging 1.5% (prior year: 1.25%) and a beta of 1.04 (prior year: 0.99).

No indications of impairment were identified for goodwill in the WashTec Group in the reporting year. Nor would a 10 percentage point increase in the discount rate and a 5 percentage point decrease in the gross margin (after deducting direct selling costs) result in recognition of an impairment loss.

16. Deferred Taxes

There are deferred tax assets in the amount of €4,131k (prior year: €3,922k) and deferred tax liabilities in the amount of €4,247k (prior year: €3,826k) which relate to temporary differences.

Deferred taxes have not been recognized for outside basis differences because the entity holding the equity interest is able to control the reversal of the differences and it is not probable that they will reverse in the foreseeable future. The tax base of the unrecognized deferred tax liabilities is €2,232k (prior year: €2,178k).

Loss carryforwards and temporary differences have been recognized as deferred tax assets to the extent it is probable that the loss carryforwards or the temporary differences will be utilized on the basis of the internal mid-term planning (2019 through 2024).

To the extent that there is uncertainty that loss carryforwards will be able to be utilized against future taxable income, the loss carryforwards are not recognized as deferred tax assets. Deferred taxes were therefore not recognized in the reporting year in relation to loss carryforwards in the amount of €17,075k (prior year: €14,190k) and temporary differences in the amount of €12,309k (prior year: €11,778k). This corresponds to non-recognized deferred tax assets for loss carryforwards in the amount of €4,338k (prior year: €3,699k) and non-recognized deferred tax assets for temporary differences in the amount €3,269k (prior year: €3,145k).

Some of the loss carryforwards have no time restrictions with regard to their utilization. Loss carryforwards in the amount of €14,980k have time restrictions with regard to utilization. Of this total, €2,175k will expire between 2019 and 2023 and €12,805k will expire between 2030 and 2038 if they cannot be utilized.

The deferred tax receivables and tax liabilities relate, prior to offsetting, to the following material balance sheet items:

in €k	Deferred tax assets		Deferred tax liabilities	
	2018	2017	2018	2017
Property, plant and equipment	197	217	−1,918	−2,473
Intangible assets	58	63	−3,687	−2,784
Inventories	1,303	1,021	−92	−425
Receivables	132	8	−832	−741
Provisions	2,528	2,645	0	0
Other liabilities	1,716	624	−27	0
Finance lease liabilities	494	966	0	0
Deferred income	n/a	969	n/a	0
Contract liabilities	0	n/a	0	n/a
Other	114	1	−150	−147
Total	**6,542**	**6,514**	**−6,706**	**−6,570**
of which non-current	*3,675*	*4,096*	*−5,467*	*−4,952*
of which current	*2,867*	*2,418*	*−1,239*	*−1,618*

Deferred tax receivables and tax liabilities totaling €2,564k (prior year: €2,628k) were offset in accordance with the offsetting rules in IAS 12.

€-44k (prior year: €159k) in deferred taxes were recognized in equity in the reporting year. The aggregate amount of deferred taxes recognized in equity is consequently €1,558k (prior year: €1,602k).

The following table shows the income and expenses recognized in other comprehensive income together with the income tax relating to them:

in €k	2018			2017		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Adjustment item for currency translation of foreign subsidiaries	842	0	842	−2,197	0	−2,197
Exchange differences on net investments in subsidiaries	−275	−51	−326	−98	156	58
Changes in actuarial gains and losses	5	7	12	101	4	105
Changes recognized through other comprehensive income	**572**	**−44**	**528**	**−2,194**	**159**	**−2,034**

17. Inventories

in €k	2018	2017
Raw materials, consumables and supplies, including merchandiseincluding merchandise	20,211	20,866
Work in progress	10,488	11,049
Finished goods	6,244	8,913
Prepayments	330	19
Total	**37,272**	**40,847**

During the year under review, write-downs on inventories came to €31k (prior year: reversals of write-downs €1,003k) and remained on the same level as in the prior year due to ongoing inventory optimization.

18. Tax receivables

in €k	2018	2017
Current tax receivables	12,230	7,928
Total	**12,230**	**7,928**

The tax receivables are primarily claims against the tax authorities based on deductible investment income withholding tax.

19. Trade receivables

in €k	2018	2017
Non-current trade receivables	7,729	9,024
Current trade receivables	68,631	66,238
Total	**76,361**	**75,262**

Current trade receivables are generally due between 0 and 90 days net.

The non-current receivables mainly relate to a capital expenditure program carried out with a major customer. All receivables in connection with this program are insured against any default.

As of December 31, 2018, trade receivables were impaired in the nominal amount of €4,722k (prior year: €4,248k). The impairment allowance account developed as follows:

in €k	2018
As of January 1 (under IAS 39)	4,248
Effect of IFRS 9	566
As of January 1, 2018 (under IFRS 9)	4,814
Change in impairment of trade receivables	–92
As of December 31	**4,722**

The gross carrying amounts of trade receivables by default risk rating class are as follows:

in €k December 31, 2018	Current	Over 30 days past due	Over 60 days past due	Over 120 days past due	Total
Gross carrying amount of trade receivables	63,419	2,751	3,981	10,932	81,082

20. Other assets

in €k	2018	2017
Other non-current financial assets	176	138
Other non-current non-financial assets	470	455
Other current financial assets	842	864
Other current non-financial assets	2,713	2,382
Total	**4,201**	**3,839**
of which prepaid expenses	*1,897*	*1,607*

Prepaid expenses are recognized in order to account for prepayments of servicing fees and prepayments of insurance premiums.

21. Cash and cash equivalents

in €k	2018	2017
Cash and cash equivalents	**11,630**	**9,786**

Cash and cash equivalents comprise cash on hand and bank balances with a maturity of up to 3 months. Credit balances held at banks earn interest at variable interest rates based on daily bank account rates. The cash in those accounts has a fair value of €11,630k (prior year: €9,786k). There was no objective evidence of impairment of cash and cash equivalents in the reporting year.

The cash flow statement shows how cash and cash equivalents held by the WashTec Group changed in the reporting year. Cash flows are classified for this purpose in accordance with IAS 7 as cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following as of the end of the year:

in €k	2018	2017
Cash and cash equivalents	11,630	9,786
Overdrafts/current interest-bearing loans	−18,741	−13,726
Cash and cash equivalents	**−7,111**	**−3,941**

Changes in liabilities arising from financing activities are shown in the table below.

in €k	January 1, 2018	Changes arising from cash flows	Non-cash changes	December 31, 2018
			Raising of finance lease liabilities	
Non-current lease liabilities	2,150	−1,313	1,230	2,067
Current lease liabilities	1,058	−468	307	897
Total	**3,209**	**−1,781**	**1,537**	**2,965**

in €k	January 1, 2017	Changes arising from cash flows	Non-cash changes	December 31, 2017
			Raising of finance lease liabilities	
Non-current lease liabilities	1,871	−887	1,166	2,150
Current lease liabilities	1,173	−406	292	1,058
Total	**3,044**	**−1,293**	**1,458**	**3,209**

For information regarding interest-bearing loans, see Note 28.

Equity

22. Subscribed capital

The subscribed capital of WashTec AG is €40,000k. It is divided into 13,976,970 no-par-value bearer shares (prior year: 13,976,970 shares) and is fully paid in. Each share has a single voting right and is entitled to dividends according to the share's percentage of the registered share capital.

	2018	2017
Ordinary shares (thousand)	13,977	13,977
Share capital per share (€)	2.86	2.86

As of December 31, 2018, the average weighted number of issued and outstanding shares was 13,382,324 (prior year: 13,382,324 shares).

The Annual General Meeting of WashTec AG on April 30, 2018 resolved to appropriate the distributable profit of €33,452,134.82 shown in the Company's annual financial statements for fiscal year 2017 as follows: Payment of a dividend of €2.45 per eligible share, totaling €32,786,693.80, with the remaining distributable profit of €665,441.02 to be carried forward.

Authorized capital

As the authorization to create authorized capital by resolution of the Annual General Meeting of May 15, 2013 expired on May 14, 2016, it was resolved at the Annual General Meeting of May 11, 2016 to revoke the previous authorization and to grant the Management Board renewed authorization to create authorized capital with authorization to exclude shareholder preemptive rights.

By resolution of the Annual General Meeting on May 11, 2016, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the registered share capital on one or more occasions on or before May 10, 2019 by a total amount of up to €8,000,000 (Authorized Capital) by issuing new no-par-value bearer shares in exchange for cash and/or non-cash contributions; to be deducted from this amount at the time the new shares are issued is the pro rata amount of the registered share capital attributable to those no-par-value bearer shares for which conversion rights or duties or option rights or duties exist that were granted or issued during the term of such authorization based on the authority granted by the Annual General Meeting on May 11, 2016; if the aforementioned conversion rights or duties or option rights or duties no longer exist because they have been exercised on the date the new shares are issued, then any shares issued in relation to them must be taken into account. The shareholders must be granted preemptive rights in this connection unless otherwise stipulated in the following. The new shares may also be underwritten by one or more banks designated by the Management Board with the obligation to offer them to the shareholders for subscription (indirect subscription right).

The Management Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory preemptive rights of shareholders. In addition, the Management Board is authorized, subject to the consent of the Supervisory Board, to stipulate further details concerning the capital increase and its implementation, including the features of the share rights and the terms and conditions of issue.

Contingent capital and issue of warrant-linked and convertible bonds, participation rights or participation bonds or a combination of such instruments

Under Section 218 of the German Stock Corporation Act (AktG), the contingent capital of a stock corporation increases in the same proportion as the registered share capital is increased through a capital increase from the Company's own funds.

Contingent capital was created as follows by resolution of the Annual General Meeting of May 11, 2016:

The Contingent Capital I existing pursuant to Section 5.2 of the Company's Articles of Association expired on May 14, 2016 since the authorization granted by the Annual General Meeting of the Company on May 15, 2013 to issue warrant-linked and convertible bonds, participation rights or participating bonds or a combination of such instruments was never exercised.

The Management Board is thus authorized, with the consent of the Supervisory Board, on or before May 10, 2019 to issue on one or more occasions bearer or registered warrant-linked bonds and/or convertible bonds, participation rights or participating bonds or a combination of such instruments (hereinafter collectively referred to as ›Bonds‹) with a total face value of up to EUR 50,000,000 with or without term limitations and to grant option rights or impose option duties upon the holders or creditors of warrant-linked bonds, option participation rights or option participating bonds or to grant option rights or impose option duties upon the holders or creditors of the convertible bonds, convertible participation rights or convertible participating bonds on the Company's no-par-value bearer shares accounting for a pro rata amount of registered share capital totaling up to EUR 8,000,000 pursuant to the more specific terms and conditions of such Bonds, subject to the deduction from this pro rata amount of the registered share capital of any amount by which the registered share capital has been increased pursuant to the authorizing resolution of the Annual General Meeting of May 11, 2016 (Authorized Capital); any such deduction will be made on adoption of the applicable resolution to increase capital. Additionally, the existing Authorized Capital I is revoked.

Contingent Capital I: The Company's registered share capital is conditionally increased by up to €8,000,000, divided into up to 2,795,394 new no-par-value bearer shares (Contingent Capital I), subject to the deduction from this pro rata amount of the registered share capital of any amount by which the registered share capital has been increased pursuant to the authorizing resolution of the Annual General Meeting of May 11, 2016 (Authorized Capital); any such deduction will be made on adoption of the applicable resolution to increase capital.

This contingent capital increase will be carried out only to the extent that the holders or creditors of option or conversion rights or persons obligated to exercise their conversion obligations or options under warrant-linked or convertible bonds, participation rights or participating bonds (or a combination of such instruments) issued against cash combination exercise their options or conversion rights or to the extent that they fulfil their conversion obligations or options or to the extent that the Company exercises an elective right – in complete or partial lieu of payment of the cash amount due – to grant its Company shares, provided that no cash compensation is granted or treasury shares or the shares of another publicly listed company are used to satisfy those obligations.

The new shares will be issued in each case at the option or conversion price determined in accordance with the aforementioned authorizing resolution. The new shares will have dividend rights beginning in the fiscal year in which they are created. The Management Board is authorized, with the consent of the Supervisory Board, to prescribe additional details regarding the implementation of the contingent capital increase.

Amendments to the Articles of Association

The Supervisory Board is authorized to amend subsections 4.1 and 5.2 of the Articles of Association in order to reflect each issue of share subscriptions and to make all other related amendments to the Articles of Association, provided that only the wording is affected. The aforementioned also applies in the event that the authority to issue Bonds is not used after the expiration of the authorization period and in the event the contingent capital is not used following the expiration of the periods for exercising the option or conversion rights or for satisfying the conversion or option duties.

23. Capital reserves

Capital reserves primarily consist of the contribution of California Kleindienst Holding GmbH to the capital of WashTec AG as of January 1, 2000 in the amount of €26,828k and €18,019k, less €1,774k in costs relating to capital increases, from the premium paid in connection with the capital increase in August 2005. Capital reserves were reduced in 2009 when treasury shares were retired in the amount of €9,464k.

24. Treasury shares

As in the prior year, WashTec AG held treasury shares in the amount of €13,177k as of December 31, 2018. This corresponds to 594,646 shares.

Purchase and use of treasury shares

As the authorization to purchase treasury shares granted by resolution of the Annual General Meeting of May 15, 2013 expired on May 14, 2016, it was resolved at the Annual General Meeting of May 11, 2016 to revoke the previous authorization and to grant the Company renewed authorization to purchase and make use of treasury shares.

The Management Board is thus authorized, on or before May 10, 2019 and for purposes other than to trade in the Company's own shares, to acquire the Company's own shares in the amount of up to 10% of the registered share capital of €40,000k at the time of the resolution. Shareholders' preemptive rights to treasury shares are excluded to the extent that, in accordance with the authorization, the shares are used by means other than a sale on the stock exchange or an offer to all shareholders.

The number of outstanding shares is 13,382,324 shares.

The Company reserves the right to retire some or all of the repurchased shares.

25. Other reserves and currency translation effects

Other reserves notably relate to the recognition of actuarial gains and losses relating to pension provisions and to accounting for financial instruments used as hedges:

in €k	**January 1, 2018**	Change in income and expenses recognized directly in equity	Change in deferred taxes	**December 31, 2018**
Hedge reserve	−500	0	0	−500
Exchange differences on net investments in subsidiaries	−1,655	−275	−51	−1,981
Actuarial gains/losses	−3,136	5	7	−3,124
Other reserves	**−5,292**	**−270**	**−44**	**−5,606**
Currency translation effects	−293	842	0	549
Total	**−5,585**	**572**	**−44**	**−5,057**

in €k	January 1, 2017	Change in income and expenses recognized directly in equity	Changes in deffered taxes	December 31, 2017
Hedge reserve	–500	0	0	–500
Exchange differences on net investments in subsidiaries	–1,713	–98	156	–1,655
Actuarial gains/losses	–3,241	101	4	–3,136
Other reserves	**–5,454**	**3**	**159**	**–5,292**
Currency translation effects	1,904	–2,197	0	–293
Total	**–3,550**	**–2,194**	**159**	**–5,585**

26. Provisions for pensions

The provisions relate mainly to WashTec Cleaning Technology GmbH and WashTec Holding GmbH, Augsburg, Germany, and have been recognized in order to reflect obligations arising from future and current benefit entitlements to current and former employees and their surviving dependants. The pension plan provides for retirement benefits (from the age of 63), early retirement benefits and invalidity benefits. Employees must have served the Company for at least 10 years in order to be entitled to the benefits, with years of service taken into account only after an employee has reached the age of 30. The monthly retirement benefit is derived from a fixed amount multiplied by the number of pension-qualifying years of service. In addition, individual contractual terms and conditions apply.

The amount of the provision was determined using actuarial methods at a discount rate of 1.60% (prior year: 1.40%). As in the prior year, the annual salary and cost-of-living increases were measured at 1.50%. The anticipated return from reimbursement claims due to the existing liability insurance policies amounts to 1.60% (prior year: 1.40%). The Prof. Dr. Klaus Heubeck 2018 G mortality tables (prior year: 2005 G mortality tables) were used as the biometrical basis of calculation. Staff turnover ratios were estimated according to age and sex and taken from standard tables.

The number of pension beneficiaries as of December 31, 2018 was 237 employees (prior year: 235 employees), and the total number of all persons holding a pension commitment is 393 employees (prior year: 404 employees). The new valuations include the effects of experience adjustments in the amount of €–126k (prior year: €16k).

All actuarial gains and losses were recognized in other comprehensive income. Actuarial gains and losses in the fiscal year under review were €5k (prior year: €101k). In total, actuarial gains and losses of €–4,571k (prior year: €–4,576k) have been recognized in other comprehensive income as of December 31, 2018.

The present value of the defined benefit obligation developed as follows in fiscal years 2017 and 2018:

in €k	2018	2017
As of January 1	10,247	10,491
Expected return	9	11
Pensions paid	–456	–432
Service cost in the reporting period	135	159
Interest expense	135	119
Actuarial gains and losses	–5	–101
As of December 31	**10,065**	**10,247**

Details of changes in actuarial gains and losses:

in €k	Provisions for pensions at present value	Reimbursement rights at fair value	Total
Expected return	0	–9	**–9**
Gains and losses from changes in demographic assumptions	166	0	**166**
Gains and losses from changes in financial assumptions	–267	0	**–267**
Gains and losses from portfolio changes	105	0	**105**
Total	**4**	**–9**	**–5**

The claims against the relief fund and the employer's liability insurance policies taken out on the lives of qualifying employees are of the nature of reimbursement rights.

Pension obligations are exclusively covered by pension liability insurance. There is no investment in real estate, stocks or similar. The development of reimbursement rights in 2017 and 2018 is shown in the following table:

in €k	2018	2017
Fair value of reimbursement rights as of January 1	455	439
Expected return	15	16
Fair value of reimbursement rights as of December 31	**470**	**455**

Sensitivity analysis for pension obligations in accordance with IAS 19

Risks under pension obligations mostly arise from an increase in the life expectancy of pension beneficiaries, which leads to an increase in the pension provision.

The following table shows the sensitivities (calculated on the basis of the projected unit credit method) in relation to current assumptions regarding potential changes in discount rates, cost-of-living increases and life expectancy. All other variables are held constant. There has been no change relative to the prior year in the assumptions and methods applied in the sensitivity analysis.

		Effect on the defined benefit obligation (DBO)	
Assumptions	**Changes**	**2018**	2017
Life expectancy	Increase by one year	4.8%	4.9%
Increase in living costs	Increase by 0.25%	2.1%	2.1%
Interest rate	Increase by 0.25%	−2.4%	−2.5%
Interest rate	Decrease by 0.25%	2.5%	2.6%

The average remaining duration of the pension obligations is approximately 10 years (prior year: approximately 10 years).

The following table shows the expected payments for pension benefits:

in €k	< 1 year	1–5 years	> 5 years	Total
Pension benefits	492	2,324	7,873	10,690

27. Other provisions

in €k		As of January 1 2018	Addition	Utilization	Reversals	Exchange differences	As of December 31 2018	of which current	of which non-current	Provisions in 2017	
										of which current	of which non-current
Partial retirement		1,128	449	−383	0	0	1,195	521	674	550	578
Warranty		6,895	4,208	−3,930	−943	−4	6,226	6,178	48	6,877	18
Repurchase obligations		3,276	686	−380	0	0	3,582	836	2,746	533	2,743
Legal and consulting fees		1,066	134	−105	−340	1	756	756	0	1,066	0
Severance payments		634	378	−554	−14	−1	442	442	0	634	0
Other		859	164	−18	−168	0	836	295	541	270	589
Total	**2018**	**13,859**	**6,019**	**−5,370**	**−1,465**	**−4**	**13,037**	**9,028**	**4,009**	–	–
	2017	**15,296**	**6,837**	**−6,263**	**−1,912**	**−99**	**13,859**	**–**	**–**	9,932	3,927

The provision for partial retirement was measured in accordance with IAS 19 Employee Benefits. The calculation was based on an interest rate of 0.00% (prior year: 0.00%) and annual salary increases of 1.50% (prior year: 1.50%).

The provision for warranty obligations is recognized based on experience. The assumptions used in calculating the provision for warranty obligations were based on current sales levels and on the currently available information about repairs and returns for sold products during the warranty period. It is expected that the costs will be incurred during the warranty period after the balance sheet date.

The provision for repurchase obligations is computed on a rolling basis and takes into account the contractual obligations to repurchase and refurbish equipment previously sold to oil companies. In general, these obligations are secured by bank guarantees.

The provision for severance payments measures in the amount of €442k (prior year: €634k) mostly related to provisions for planned personnel measures.

The other provisions totaling €836k (prior year: €859k) mainly relate to provisions for potential claims in the amount of €695k (prior year: €684k).

Contingent liabilities for the WashTec Group as of the balance sheet date primarily consisted of contractual performance obligations and potential expenses in connection with repurchasing equipment in the amount of €1,165k (prior year: €1,039k), with the probability that such liabilities would arise estimated at less than 50%.

28. Interest-bearing loans

in €k	2018	2017
Current interest-bearing loans	18,741	13,726
Total interest-bearing loans	**18,741**	**13,726**

In fiscal year 2018, in place of the previous syndicated loan, the WashTec Group obtained follow-up financing consisting of bilateral agreements with various banks. The main borrower is WashTec Cleaning Technology GmbH and has credit lines totaling €86.5m at its disposal, consisting of demand facilities totaling €60.0m and long-term facilities with terms of up to three years totaling €26.5m. These may be drawn on both as credit and as guarantee facilities. There is also a short-term interest-bearing loan relating to the subsidiary in China. The WashTec Group has a credit line for a total of €87.4m.

As of December 31, 2018, there were short-term loans in the amount of €18.7m (prior year: €13.7m) that, as in the prior year, consisted entirely of overdraft borrowings. The undrawn amount of the credit line available for future operating activities and to meet obligations was €59.6m as of the reporting date (prior year: €30.7m).

The facilities provided by the banks are not tied to any financial covenants. The interest rate on the credit lines is variable and linked to changes in EURIBOR plus a contractually agreed margin.

The credit lines carry interest according to the applicable conditions of the relevant banks at the time they are utilized. The interest rates ranged between 0.77% and 1.90% in the reporting year.

29. Leases

Finance leases

Equipment manufactured by WashTec is sold to a leasing company, leased back and made available to customers (specifically to large operator groups or oil companies) under an operator model in return for compensation based on the number of washes. The agreements between the leasing company and WashTec are treated as finance leases in accordance with IAS 17 because substantially all the risks and rewards incidental to ownership are transferred to the WashTec Group as lessor.

As a rule, the sale and leaseback agreements have a term of approximately 5–7 years, while the agreements that WashTec Group has with its customers have terms of up to 10 years. The gains from the sale are amortized over the life of the lease.

The sale and leaseback agreements relating to equipment generally include a purchase option at the end of the term as well as an option to extend the agreement. There is no provision for price adjustments during the term of the lease.

The Group has entered into sale and leaseback agreements and hire purchase agreements primarily for wash systems under the operator model.

The minimum lease payments for these finance lease liabilities are as follows:

Lease payment due in €k	**< 1 year**	**1–5 years**	**> 5 years**	**Total**
Minimum lease payment 2018	969	1,754	441	3,164
Interest expense for lease liability as of each balance sheet date	72	121	6	199
Present value of minimum lease payment 2018	897	1,633	435	2,965

Lease payment due in €k	**< 1 year**	**1–5 years**	**> 5 years**	**Total**
Minimum lease payment 2017	1,151	1,988	298	3,437
Interest expense for lease liability as of each balance sheet date	93	127	8	227
Present value of minimum lease payment 2017	1,058	1,861	290	3,209

Operating Lease

Obligations under operating leases classified by maturities are as follows as of the reporting date (€k):

Year	**< 1 year**	**1–5 years**	**> 5 years**	**Total**
2018	13,439	14,660	1,681	29,781
2017	12,288	18,769	51	31,109

These leases primarily relate to buildings and to service vehicles that are replaced with new leases at the end of the term.

30. Liabilities

in €k	Non-current (> 1 year)		Current (< 1 year)	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Accrued liabilities	0	0	11,846	11,156
Liabilities to trading partners	0	0	4,354	6,101
Debtors with credit balances	0	0	969	843
Other	53	27	947	195
Total other financial liabilities	**53**	**27**	**18,116**	**18,296**
Liabilities to employees	1,001	1,138	15,138	19,569
Taxes and levies	0	0	7,775	6,806
Liabilities for social security	0	0	1,190	1,536
Other	0	3	3,681	848
Total other non-financial liabilities	**1,001**	**1,141**	**27,784**	**28,759**
Total	**1,054**	**1,168**	**45,900**	**47,055**

The accrued liabilities in the amount of €11,846k (prior year: €11,156k) mainly relate to missing invoices for service already rendered and for credit notes yet to be issued in the Service business. The liabilities for taxes and levies primarily consist of unremitted value added tax.

Liabilities relating to contracts with customers (contract liabilities):

in €k	Dec 31, 2018	Jan 01, 2018
Prepayments on orders	12,575	14,795
Deferred income for full maintenance, extended guarantees and prepaid service agreements	8,924	8,798
Total	**21,499**	**23,593**

Management expects that 91.2% of these unsatisfied (or partially unsatisfied) performance obligations will be recognized as revenue in fiscal year 2019. The remaining 8.8% are expected to be recognized as revenue in fiscal year 2020. The amount stated does not include any variable consideration components that are constrained.

Revenue recognition in relation to contract liabilities:

in €k	2018
Revenue recognized in the fiscal year included in the balance of contract liabilities at the beginning of the period	
Prepayments on orders	14,795
Deferred income for full maintenance, extended guarantees and prepaid service agreements	8,732

This information does not include contracts in which the right to consideration from the customer is in an amount that corresponds with the value of the performance obligation satisfied to date by the WashTec Group and/or whose original expected duration is one year or less.

31. Deferred income

The deferred income as of December 31, 2017 in the amount of €11,484k primarily related to the recognition of revenue on an accrual basis. For further details for fiscal year 2018 please see Note 30.

32. Financial risk management objectives and methods

The risks for the Group arising from derivative financial instruments comprise credit and liquidity risk along with market price risk in the form of interest and currency risk. Company policy is to avoid or limit these risks as far as possible. Substantially all hedging is coordinated and undertaken centrally. For example, WashTec regularly identifies all items that are subject to interest and exchange rate risks, assesses the probability of the occurrence of negative developments for the Company and makes any decisions required to avoid or reduce the corresponding interest and/or currency positions. The current and future liquidity situation is controlled in a timely manner using a monthly rolling consolidated liquidity plan on an annual basis. No trading in derivatives is undertaken as a fundamental rule in accordance with internal Group policy.

All risk types to which the Group is exposed, and the strategies and procedures for managing the risks, are described below.

Credit risk

The Group exclusively conducts business with creditworthy third parties. To minimize credit risk, very strict order limits are imposed where customers do not have first-class credit standing. For new regional customers, the Company requests evidence of credit standing or financing. Impairment recognized on receivables are expected to be sufficient to cover actual risk.

There is presumed to be a concentration of credit risk if a single customer or oil company makes up more than 10% of revenue. Transactions with one major customer marginally exceeded 10% of total revenue. This revenue is additionally covered by credit loss insurance. There is therefore no enhanced credit risk in this regard.

With respect to credit risk arising from the Group's other financial assets – such as cash and cash equivalents and sundry other financial assets – the maximum credit risk in the event of a default by a counterparty is the carrying amount of the instruments. No credit losses are expected on these instruments.

Liquidity risk

A key business objective is to ensure that WashTec companies are solvent at all times. The implemented cash management systems, which include rolling Group liquidity planning on an annualized basis, enable the Company to identify potential shortfalls in good time and take appropriate action. Undrawn credit lines ensure the supply of liquidity. The credit lines have been granted under bilateral agreements between WashTec Cleaning Technology GmbH and various banks subject to joint and several liability on the part of WashTec AG. For additional details, please see Note 28 (Interest-bearing loans).

The table below shows all contractually agreed undiscounted payments of principal, repayments and interest on financial liabilities recognized as of December 31, 2018 for future fiscal years.

The table includes all instruments held as of December 31, 2018 for which payments were already agreed. Foreign currency amounts are translated at closing rates. Variable interest payments on the financial instruments, primarily on the loan, are calculated at expected interest rates. Financial liabilities that are repayable at any time are always included in the earliest repayment category.

in €k	Carrying amount in	Cash flows		
	2018	2019	2020–2022	2023 ff.
Interest-bearing loans	18,741	18,755	0	0
Finance lease liabilities	2,965	969	1,370	825
Trade payables	18,463	18,463	0	0
Other financial liabilities	18,169	18,169	0	0
Derivative financial liabilities	208	208	0	0

in €k	Carrying amount in	Cash flows		
	2017	2018	2019–2021	2022 ff.
Interest-bearing loans	13,726	13,766	0	0
Finance lease liabilities	3,209	1,151	1,746	540
Trade payables	14,612	14,612	0	0
Other financial liabilities	18,323	18,323	0	0
Derivative financial liabilities	12	12	0	0

Market price risk

The main sources of market price risk facing the WashTec Group relate to exchange rate movements between the euro and other currencies and interest rate movements on the international money and capital markets.

The impacts of the United Kingdom's imminent departure from the European Union on the market price risk faced by the WashTec Group are not considered to be material. As a sales and service organization, the United Kingdom subsidiary's involvement in Group activities primarily consists of purchases of goods from the European Union. There are no United Kingdom to European Union supply relationships that could have a potential negative impact on business activities outside the United Kingdom. For the period immediately after Brexit, a plan is in place to safeguard the local company's delivery and performance capability.

Currency risk

Movements in the USD/EUR exchange rate could have a material effect on consolidated net income because a portion of business is conducted by the subsidiary in the United States. To avoid this currency risk, a forward exchange transaction was entered into during fiscal year 2018 with a maturity date as of December 17, 2019. Changes in the fair value of the hedging instrument and the hedged item are recognized in profit or loss.

Furthermore, the Group holds non-current loan receivables against subsidiary, Mark VII Equipment Inc., Arvada, USA. As of December 31, 2018, there was one net investment in a foreign operation, in the amount of USD 4.0m. US subsidiary Mark VII also has a long-term CAD loan receivable against its Canadian subsidiary that constitutes a net investment in a foreign operation. As of December 31, 2018, this amount remained unchanged at CAD 7.8m. Accordingly, the translation effects of these loans are recognized in other comprehensive income.

Operational risks arising from other individual transactions in foreign currencies are immaterial to the Group due to their small volume. The impacts of the United Kingdom's imminent departure from the European Union on the currency risk faced by the WashTec Group are not considered to be material.

The following table shows the sensitivity of consolidated earnings before taxes to a reasonably possible change in the EUR/USD exchange rate. All other variables are held constant.

in €k	Change in USD exchange rate 2018	–5%	5%
	Impact on EBT	–407	407

in €k	Change in USD exchange rate 2017	–5%	5%
	Impact on EBT	–243	243

Interest rate risk

Interest rate risk in the WashTec Group is primarily connected with the credit facilities as the base interest rate for the credit lines is based on EURIBOR.

There were no interest rate swaps either in the reporting year or in the prior year.

Capital management

The Group's capital management activities are primarily directed at maintaining a high credit rating and a good equity ratio in order to support operations and maximize shareholder value. The Group manages its capital structure and makes adjustments in response to changes in economic conditions. The Group monitors its capital using appropriate financial ratios. Net financial liabilities comprise interest-bearing loans and finance lease liabilities less cash and cash equivalents. At the end of 2018, net financial liabilities amounted to €10,076k (prior year: €7,149k). The facilities provided by the banks are not tied to any financial covenants.

33. Financial instruments: additional disclosures

The following table shows the carrying amounts and classification of financial instruments within the respective balance sheet items:

Carrying amounts, measurement and fair value by category:

in €k	IFRS 9 category	Carrying amount Dec 31, 2018	Measurement under IFRS 9 Amortized cost	At fair value through profit or loss:	Measurement under IAS 17	Fair value Dec 31, 2018	IFRS 13 level
Assets							
Cash and cash equivalents	AC*	11,630	11,630	–	–	11,630	
Current trade receivables	AC*	68,631	68,631	–	–	68,631	
Non-current trade receivables	FVthP/L*	7,729	–	7,729	–	7,729	2
Other financial assets	AC*	1,018	1,018	–	–	1,018	
Equity and liabilities							
Trade payables	FLAC*	18,463	18,463	–	–	18,463	
Interest-bearing loans	FLAC*	18,741	18,741	–	–	18,741	
Other financial liabilities	FLAC*	18,169	18,169	–	–	18,169	
Finance lease liabilities	n/a	2,965	–	–	2,965	2,965	
Derivative financial liabilities	FVthP/L*	208	–	208	–	208	2

*AC: financial assets at amortized cost; FLAC: financial liabilities at amortized cost; FVthP/L: fair value through profit or loss

in €k	IAS 39 category	Carrying amount Dec 31, 2017	Measurement under IAS 39 Amortized cost	At fair value through profit or loss	Measurement under IAS 17	Fair value Dec 31, 2017	IFRS 13 level
Assets							
Cash and cash equivalents	LaR*	9,786	9,786	–	–	9,786	
Trade receivables	LaR*	75,262	75,262	–	–	75,262	
Other financial assets	LaR*	1,002	1,002	–	–	1,002	
Liabilities							
Trade payables	FLAC*	14,612	14,612	–	–	14,612	
Interest-bearing loans	FLAC*	13,726	13,726	–	–	13,726	
Other financial liabilities	FLAC*	18,323	18,323	–	–	18,323	
Finance lease liabilities	n/a	3,209	–	–	3,209	3,209	
Derivative financial liabilities	FVthP/L*	12	–	12	–	12	2

*LaR: loans and receivables; FLAC: financial liabilities at amortized cost; FVthP/L: fair value through profit or loss

There were no reclassifications of recurring fair value measurements between the individual levels during the fiscal year.

Level 1: The fair value of financial instruments traded in active markets (such as listed derivatives and equity instruments) is based on quoted market prices at the end of the reporting period. The quoted market price of financial assets held by the Group is the current bid price. These instruments are classified in level 1.

Level 2: The fair value of financial instruments not traded in an active market (such as OTC derivatives) is determined using valuation techniques that maximize the use of observable market data and minimize the use of company-specific estimates. If all significant inputs for measurement of an instrument at fair value are observable, the instrument is classified in Level 2.

Level 3: If one or more of the significant inputs are not observable, the instrument is classified in Level 3. This applies to unquoted equity instruments.

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. If there is no active market, fair value is established using valuation techniques.

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

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

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

in €k	**2018**	2017
Current	208	12
Total	**208**	**12**

Net results by category

The following table shows the net gains and losses on financial instruments based on the categories IFRS 9 for 2018 and IAS 39 for 2017:

in €k	**2018**
Financial assets at amortized cost (AC)	–141
Financial liabilities at amortized cost (FLAC)	–1,098
Financial liabilities at fair value through profit or loss (FVthP/L)	–200

in €k	**2017**
Loans and receivables (LaR)	–1,240
Financial liabilities at amortized cost (FLAC)	–278
Financial liabilities at fair value through profit or loss (FVthP/L)	–115

The net result in the financial assets at amortized cost category and in the financial liabilities at amortized cost category (prior year in both instances: loans and receivables) is primarily attributable interest expenses and foreign currency measurement. The net result in the financial liabilities at fair value through profit or loss category relates to the fair value measurement of derivative financial instruments.

Miscellaneous information

34. Declaration of Conformity under § 161 AktG

WashTec AG has issued the declaration required under Section 161 AktG for fiscal year 2018 and has made it available to shareholders on www.washtec.de.

The Management Board approved the consolidated financial statements on March 13, 2019 and presented them directly to the Supervisory Board for review.

The separate financial statements are to be adopted and the consolidated financial statements approved at the Supervisory Board meeting on March 13, 2019.

35. Auditor's fees

The following fees were incurred in the reporting year for services rendered by the auditor (PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, Germany):

in €k	2018	2017
Audit services	447	455
Tax services	25	0
Other services	2	0
Total	**474**	455

The fees for audit services relate primarily to the audit of the consolidated financial statements of the WashTec Group, the statutory audits of the separate financial statements of WashTec AG and of the subsidiaries included in the consolidated financial statements and the audit review of the interim consolidated financial statements as of June 30, 2018. €15k relates to audit services in the prior year. The fees for tax services relate to the preparation of benchmark-studies, the fees for other services relate to the performance of a compliance-workshop.

36. Information about the Company's governing bodies

Management Board

Name	Profession, place of residence	Management Board portfolio
Dr. Volker Zimmermann (until February 28, 2019)	Mechanical engineer, Munich	Development, Supply Chain, Service Support, Quality and Purchasing Finance and IT (March 1–June 30, 2018)
Axel Jaeger (since July 1, 2018)	Businessman, Wallhausen	Finance, IT and Audit
Karoline Kalb	Attorney at law, Augsburg	Human Resources, Compliance, Investor Relations and Special Projects
Stephan Weber	Diplom degree in engineering, Werther	Sales, Marketing and Product Management
Rainer Springs (until February 28, 2018)	Diplom degree in business administration, Augsburg	Finance and IT

Supervisory Board

Name	Profession, place of residence	Memberships in other statutory supervisory boards	Memberships in comparable domestic and international supervisory bodies of business enterprises
Dr. Günter Blaschke	Businessman, Buchloe	None	None
Ulrich Bellgardt	Business consultant, Hubersdorf, Switzerland	KROMI Logistik AG, Hamburg (Chairman of the Supervisory Board since January 4, 2018)	None
Jens Große-Allermann	Member of the Management Board of Investmentaktiengesellschaft für langfristige Investoren TGV and Member of the Management Board of Fiducia Treuhand AG, Bonn	■ GESCO AG, Wuppertal (Member of the Supervisory Board) ■ KROMI Logistik AG, Hamburg (Chairman of the Supervisory Board until January 3, 2018; Deputy Chairman of the Supervisory Board since January 4, 2018) ■ Sparta AG, Hamburg (Member of the Supervisory Board) ■ FPM Deutsche Investmentgesellschaft mit Teilgesellschaftsvermögen i.L., Frankfurt (until February 5, 2019)	None
Dr. Sören Hein	Partner, MIG Verwaltungs AG, Munich	None	■ Konux, Inc., Delaware, USA (Member of the Board of Directors) ■ Elatec Holding GmbH, Puchheim (Chairman of the Advisory Board until March 28, 2018; previously NEUE FALKEN Siebzehnte Verwaltungsgesellschaft mbH)
Dr. Hans Liebler	Managing Director of Lenbach Capital GmbH, Gräfelfing	None	autowerkstattgroup N.V., Amsterdam, Netherlands (Member of the Supervisory Board)
Dr. Alexander Selent	Diplom degree in business administration, Limburgerhof	None	None

37. Related party disclosures

The principles underlying the remuneration system for the Management Board and the Supervisory Board are set out and explained in the Remuneration Report. The Remuneration Report is part of the Combined Management Report, p. 85–88.

Amount of Management Board compensation (HGB)

The members of the Management Board active in each reporting year were remunerated as follows:

Total remuneration granted in fiscal year 2018 to the Management Board (DRS 17) amounted to €4,278k (prior year: €1,649k). €1,079k (prior year: €1,069k) of this total consisted of non-performance-related components, €608k (prior year: €580k) of performance-related components and €2,591k (prior year: €0k) of components with a long-term incentive effect.

Total remuneration in fiscal year 2018 (HGB):

in €k	2018	2017
Fixed remuneration	1,015	1,015
Incidental benefits	65	54
Total (fixed)	**1,079**	**1,069**
Single-year variable remuneration	608	550
Fair value of multi-year variable remuneration at grant date	2,591	0
Bonus (once-only)	0	30
Total (variable)	**3,199**	**580**
Total remuneration	**4,278**	**1,649**

Management Board **shareholdings** developed as follows:

Shares held by members of the Management Board (units)	2018	2017
Dr. Volker Zimmermann (until February 28, 2019)	16,100	15,000
Axel Jaeger (since July 1, 2018)	4,900	–
Karoline Kalb	3,590	3,300
Stephan Weber	3,740	3,000
Rainer Springs (until February 28, 2018)	–	4,000

Management Board and Supervisory Board

In relation to fiscal year 2018, the WashTec Group is affected by the disclosure obligations under IAS 24 solely as they pertain to business transactions with members of the Management Board and Supervisory Board and with former members of the Management Board. The terms and conditions of the transactions correspond to those of arms-length transactions.

The total expense recognized for Management Board remuneration in accordance with IFRS was €3,201k (prior year: €2,526k). €1,079k (prior year: €1,069k) consisted of fixed remuneration. In addition to the provision for single-year variable remuneration in the amount of €608k (prior year: €642k), an amount of €864k (prior year: €2,400k) was recognized in other liabilities for the future disbursement of multiple-year variable remuneration (longterm share-based payment transaction) for the members of the Management Board active as of December 31, 2018. The expense recognized in the reporting year for multiple-year variable remuneration (longterm share-based payment transaction) for fiscal years 2018 to 2020 is €864k (prior year: €815k for longterm share-based payment transaction 2015 to 2017). In addition, the total expense includes termination benefits of €650k relating to early termination of a Management Board contract.

The total expense recognized for remuneration of the Supervisory Board in accordance with IFRS was €848k (prior year: €948k). The expense recognized for fixed remuneration of the Supervisory Board was €310k (prior year: €310k) and that recognized for single-year variable remuneration was €0k (prior year: €113k). Other remuneration, predominantly attendance fees, amounted to a total of €214k (prior year: €235k). In addition, members of the Supervisory Board of WashTec AG received multiple-year variable remuneration (longterm share-based payment transaction) for fiscal years 2015 to 2018 for which a total amount of €1,296k (prior year: €972k) was recognized in other liabilities. The expense recognized in this connection in the fiscal year was €324k (prior year: €290k).

Cash-settled share-based compensation

There are contracts in place with the members of the Management Board that provide for a share-based payment transaction. A share-based payment transaction plan for the Supervisory Board was established by resolution of the 2015 Annual General Meeting and is made use of by Supervisory Board members Dr. Blaschke, Mr. Bellgardt, Dr. Hein and Dr. Liebler. These are intended to give members of the Management Board and Supervisory Board additional incentives to secure the business success of the Company in the medium and longterm and to seek to deliver sustained growth in shareholder value.

The previous Management Board cash-settled share-based payment transaction for the fiscal years 2015 to 2017 expired at the end of fiscal year 2017 and was paid out in March 2018. The new cash-settled share-based payment transaction with a term from 1 January 2018 to 31 December 2020 has two components. These comprise a component without personal investment, in the amount of the applicable shortterm variable remuneration at full target attainment, and an optional component requiring a personal investment in shares that makes it possible to double the first component. To make use of the second component, a member of the Management Board must have made a personal investment in WashTec shares by June 30, 2018. The multiple year variable remuneration is paid at the end of the incentive period. Payments due at the end of the incentive period are contingent on attainment of the agreed targets.

Obligations for share-based payments were measured at fair value as for cash-settled share-based payment transactions in accordance with IFRS 2. The long-term share-based payment transaction for the Supervisory Board expires as of December 31, 2018. It is paid out in fiscal year 2019. The material assumptions used in measuring the fair value of the longterm share-based payment transaction for the Management Board are based on an expected volatility of 12.99% and a risk-neutral interest rate of -0.34% with a remaining duration of two years.

The obligations are recognized as a current or non-current liability at the fair value thus determined and taking into account the remaining duration of the program, and changes in fair value are recognized as part of personnel expenses in profit or loss. The obligations are as follows:

in €k	2018	2017
LTIP obligations	2,160	3,372
Total	**2,160**	**3,372**

The personnel expenses recognized under the Long Term Incentive program (LTIP) are as follows:

in €k	2018	2017
LTIP expenses	1,188	1,105
Total	**1,188**	**1,105**

The Company refrains from publishing information about the remuneration of individual Management Board members. By resolution of the Annual General Meeting of May 11, 2016, the Management Board has been provided with an exemption from the disclosures pursuant to Section 314 (1) no. 6a sentences 5 to 8 HGB for the duration of five years.

Former members of the Management Board

There are pension obligations to a former Management Board member and to surviving dependants of a former Management Board member in the amount of €260k (prior year: €258k), which are covered by a relief fund. A severance payment of €650k (prior year: €0) is entitled to a former member of the board.

Supervisory Board

Supervisory Board remuneration (HGB)

The remuneration of the Supervisory Board is specified in Section 8.16 of the Articles of Association of WashTec AG. It comprises fixed and variable remuneration components. The basic fixed remuneration for an ordinary member of the Supervisory Board is €35,000 for each full fiscal year of membership of the Supervisory Board. The Deputy Chairman receives fixed remuneration of €70,000 for each full fiscal year, and the Chairman receives €100,000 for each full fiscal year of his membership of the Supervisory Board. In addition, each Supervisory Board member receives an attendance fee of €1,500 for each meeting of the Supervisory Board and its committees that they attend. The Chairman of the Supervisory Board receives double the attendance fee. Every Supervisory Board member also receives €500 for each cent by which consolidated earnings per share (IFRS-basis) exceeds the equivalent amount for the prior fiscal year.

Each member of a committee (with the exception of the Audit Committee) receives additional fixed remuneration of €2,500. The chairman of a committee (with the exception of the Audit Committee) receives additional fixed remuneration of €5,000. Each member of the Audit Committee receives an additional fixed remuneration of €5,000, and the Chairman receives remuneration of €10,000.

The fixed and performance-based total remuneration and attendance fees are limited to a maximum total of €75,000 for each regular Supervisory Board member, while the remuneration for the Chairman of the Audit Committee is limited to maximum total of €100,000, the remuneration for the Deputy Chairman of the Supervisory Board is limited to a maximum total of €150,000, and the remuneration for the Chairman of the Supervisory Board is limited to a maximum total of €200,000.

Any Supervisory Board members who have served on the Supervisory Board for only part of a fiscal year receive proportionately reduced fixed and performance-based remuneration.

The Company did not pay any remuneration or grant any benefits to members of the Supervisory Board in fiscal year 2018 for services provided individually (Section 5.4.6 of the Code).

Pursuant to Section 8.16 of the Articles of Association, the Annual General Meeting also approved a Long Term Incentive Program (LTIP) for the Supervisory Board, stipulating a personal investment in WashTec shares on or before June 30, 2015 as a condition for participation (Chairman: 25,000 shares maximum; all other Supervisory Board members: 5,000 shares maximum). The stipulated performance targets are an EBIT target, a ROCE target and an EPS target. The reference base for the targets comprised the key performance indicators for fiscal year 2014. Depending on whether one, several or all of the targets are fulfilled, a different multiplier applies for the bonus payment, which is the sum total of the reference price, number of shares and multiplier. The bonus payment is payable in fiscal year 2019. Entitlement to the bonus payment is conditional on the Supervisory Board member still being on the Supervisory Board and still holding shares in the Company. Supervisory Board members Dr. Blaschke, Mr. Bellgardt, Dr. Hein and Dr. Liebler participate in the LTIP with the maximum number of shares.

The total remuneration of the Supervisory Board members in 2018 amounted to €524k (prior year: €658k). €310k (prior year: €310k) of this total related to fixed remuneration, €0k (prior year: €113k) to variable remuneration and €214k (prior year: €235k) to attendance fees.

Supervisory Board **shareholdings** developed as follows:

Shares held by the Supervisory Board (in units)	2018	2017
Dr. Günter Blaschke	50,000	50,000
Ulrich Bellgardt	27,500	27,500
Jens Große-Allermann*	0	0
Dr. Sören Hein	5,000	5,000
Dr. Hans Liebler	5,000	5,000
Dr. Alexander Selent	1,000	0
Roland Lacher (until May 3, 2017)	–	5,000

* Mr. Jens Große-Allermann sits on the Management Board of Investmentaktiengesellschaft für langfristige Investoren TGV, which according to a notification dated July 31, 2009 held 758,358 voting shares (5.43%) of WashTec AG.

38. Events after the balance sheet date

Dr. Volker Zimmermann, Chief Executive Officer (CEO) and Chief Technical Officer (CTO) of WashTec AG, left the company by mutual consent as of February 28, 2019. Effective at the latest by July 1, 2019, Dr. Ralf Koeppe (53) will be appointed as member of the Board of Management and CTO.

Ms. Karoline Kalb, member of the Board of Management responsible for legal & compliance, investor relations, human resources, corporate development and special projects, will leave the company by mutual consent with the regular expiration of her management contract as of December 31, 2019. As of January 1, 2020, her areas of responsibility will be taken over by Mr. Axel Jaeger, Chief Financial Officer (CFO) of the company.

For the time being, it is not intended to appoint a new CEO or spokesman of the Board of Management.

Augsburg, March 13, 2019

Axel Jaeger	Karoline Kalb	Stephan Weber
Member of the Management Board	Member of the Management Board	Member of the Management Board

Responsibility statement

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

Augsburg, March 13, 2019

Axel Jaeger	Karoline Kalb	Stephan Weber
Member of the Management Board	Member of the Management Board	Member of the Management Board

Further Information

»Independent Auditor's Report

To WashTec AG, Augsburg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of WashTec AG, Augsburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of WashTec AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2018. We have not audited the content of those parts of the group management report listed in the »Other Information« section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the »Other Information« section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as »EU Audit Regulation«) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the »Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report« section of our auditor's report. We are independent of the group entities in accord-ance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1 Recoverability of goodwill

Our presentation of this key audit matter has been structured as follows:

1 Matter and issue

2 Audit approach and findings

3 Reference to further information

Hereinafter we present the key audit matter:

1 Recoverability of goodwill

1 In the Company›s consolidated financial statements Goodwill amounting in total to EUR 42,312 thousand (18% of total assets) is reported. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the groups of cash-generating units to which the relevant goodwill has been allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The calculation of the recoverable amount generally employs the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point for future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by coordinating it with general and sector-specific market expectations. We also assessed whether the basis for including the costs of Group functions was accurate. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we assessed the sensitivity analyses performed by the Company and carried out our own sensitivity analyses with respect to those groups of cash-generating units whose carrying amount was only slightly greater than the recoverable amount. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the goodwill, were adequately covered by the discounted future cash flows.

Overall, the measurement inputs and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company's disclosures on the »Goodwill« balance sheet item are contained in sections 5, 15 in the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section »Corporate Governance Declaration« of the management report

- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code (with the exception of the remuneration report)
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 30 April 2018. We were engaged by the supervisory board on 20 December 2018. We have been the group auditor of the WashTec AG, Augsburg, without interruption since the financial year 2008.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Holger Graßnick.«

Munich, March 13, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Holger Graßnick Wirtschaftsprüfer	Sebastian Stroner Wirtschaftsprüfer

Financial Statements of WashTec AG – Balance Sheet (HGB)

Assets	Dec 31, 2018	Dec 31, 2017
in €k (rounding differences possible)		
A. Non-current assets		
I. Property, plant and equipment		
Fixtures and fittings	73	85
II. Financial assets		
Shares in affiliated companies	128,049	128,049
	128,121	**128,133**
B. Current assets		
I. Receivables and other assets		
1. Liabilities to affiliated companies	30,894	36,632
2. Other assets	11,678	7,575
of which more than one year €0k (prior year: €0k)		
	42,572	**44,207**
II. Cash and cash equivalents	0	0
	0	**0**
C. Prepaid expenses	**104**	63
Total assets	**170,798**	172,403

Equity and Liabilities	Dec 31, 2018	Dec 31, 2017
in €k (rounding differences possible)		
A. Equity		
I. Subscribed capital	**40,000**	40,000
Contingent capital	*8,000*	*8,000*
Treasury shares (notional amount)	–1,702	–1,702
	38,298	**38,298**
II. Capital reserves	**90,845**	**90,845**
III. Retained earnings	**34,484**	33,452
	163,628	162,595
B. Provisions		
1. Tax provisions	805	82
2. Other provisions	3,687	7,885
	4,492	**7,967**
C. Liabilities		
1. Trade payables	157	49
2. Liabilities to affiliated companies	942	1
3. Other liabilities	1,579	1,792
of which taxes €1,572k (prior year: €1,780k)		
of which for social security €5k (prior year: €6k)	**2,679**	**1,841**
Total equity and liabilities	**170,798**	172,403

Financial Statements of WashTec AG – Income Statement (HGB)

in €k (rounding differences possible)	Dec 31, 2018	Dec 31, 2017
1. Revenue	3,396	2,770
2. Other operating income	584	332
of which from affiliated companies €94k (prior year: €126k)		
of which from currency translation €0k (prior year: €1k)		
	3,980	**3,102**
3. Cost of materials (cost of sales)		
a) Cost of purchased services	−25	−9
4. Personnel expenses		
a) Wages and salaries	−3,278	−5,312
b) Social security, pension and other benefit costs	−69	−63
of which for pensions €–16k (prior year: €–15k)		
	−3,347	**−5,376**
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	−14	−14
6. Other operating expenses	−2,282	−2,470
of which from currency translation €–1k (prior year: €–4k)		
	−5,668	**−7,869**
	−1,688	**−4,767**
7. Income from profit and loss pooling agreements	8,189	6,333
8. Income from participating interests	30,000	30,000
9. Other interest and similar income	91	202
of which from affiliated companies €90k (prior year: €199k)		
of which from discounting €0k (prior year: €3k)		
10. Interest and similar expenses	−28	−78
of which to affiliated companies €–22k (prior year: €–78k)		
	38,252	**36,457**
EBT	36,564	31,689
11. Income taxes	−2,731	−671
12. Net income	33,832	31,018
13. Other taxes	−13	−2
14. Net income for the period	33,819	31,017
15. Profit carried forward	665	2,435
16. Distributable profit	**34,484**	**33,452**

Glossar

AB	Aktiebolag (Swedish company form)
Accident rate	Work accidents/million hours worked
AG	Aktiengesellschaft (German public limited company)
AktG	Aktiengesetz (German Stock Corporation Act)
A/S	Aktieselskab (Danish company form)
B.V.	Besloten Vennootschap met beperkte aansprakelijkheid (Dutch company form)
CAGR	Compound Annual Growth Rate
Capital employed	NOWC + fixed assets, calculated as an average over five quarters
Cash flow	Total inflows and outflows of cash and cash equivalents in a period
Corporate governance	Framework for responsible corporate management and control geared to sustainability
CSR	Corporate social responsibility
DCGK	Deutscher Corporate Governance Kodex (German Corporate Governance Code)
DHI	Danish Hydraulic Institute: external consultants for compilation of and revision of the Detergents Ingredients Database (DID)
Earnings per share (EPS)	Consolidated net income/weighted average number of shares outstanding
EBIT	Earnings before interest and taxes
EBIT margin	EBIT/revenue
EBT	Earnings before taxes
Equity	Funds made available to the entity by owners by paying in and/or by contribution or from retained earnings
Equity ratio as of the reporting date	Equity/total assets
EU	European Union
EURIBOR	Euro Interbank Offered Rate; system of reference interest rates in the euro market established under European Economic and Monetary Union
Financial covenants	Requirements to be complied with in connection with a loan
Free cash flow	Free cash flow available for dividend distributions, debt repayment or reinvestment; free cash flow is calculated as [cash inflow from operating activities – cash outflow from investing activities]
GmbH	Gesellschaft mit beschränkter Haftung (German company form)
HGB	Handelsgesetzbuch (German Commercial Code)
HS(S)E	Health, safety, (security) and environment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICS	Internal control system
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards; Internationally harmonized and applied financial reporting standards compiled by the International Accounting Standards Board (IASB)
Inc.	Incorporated (American company form)

IMF	International Monetary Fund
Linear technology	Patented technology in which brushes travel with the vehicle as it moves through the carwash, thus enabling a more intensive wash even at more rapid throughput
Ltd.	Limited (United Kingdom company form)
LTIP	Long-Term Incentive Program
Managers' transactions/ Directors' dealings	Managers' own transactions
Net financial debt	Cash and cash equivalents less current and non-current financial liabilities
NOWC	Net operating working capital; NOWC is calculated as (trade receivables + inventories) – (trade payables + prepayments on orders)
Pty Ltd.	Proprietary limited (Australian company form)
RMS	Risk management system
ROCE	EBIT/capital employed
Roll-over system	In a roll-over system, washing and drying is performed by a railed gantry that moves back and forth several times over the stationary vehicle
S.A.	Société Anonyme (French company form)
S.A.S.	Société of par actions simplifiée (French company form)
Self-service car wash	Self-service wash bays, single or multiple-bay wash systems where customers wash their vehicles themselves using a high-pressure lance or brush
SP. z.o.o.	Spółka z ograniczoną odpowiedzialnością (Polish company form)
S.r.l.	Società a responsabilità limitata (Italian company form)
S.r.o.	Společnost s ručením omezeným (Czech company form)
Tender	Tender procedure, common in the carwash sector, where customers (usually large oil companies) invite several potential carwash equipment suppliers to submit a tender; negotiations then follow on the basis of the offers submitted and suppliers are listed in framework agreements
Total shareholder return	(Closing share price – opening share price + dividend)/opening share price
USA	United States of America
USD	United States Dollar, US-Dollar
Wash tunnel	In wash tunnel systems, the vehicle is transported by a conveyor past fixed washing and drying equipment; this makes for increased vehicle throughput per hour compared with a roll-over system
WashTec	WashTec refers to the WashTec Group unless it is expressly indicated that it refers to a specific company
WpHG	Wertpapierhandelsgesetz (German Securities Trading Act)

WashTec Worldwide

Subsidiaries

Australia
WashTec Australia Pty. Ltd.
21 Burrows Road South
St. Peters NSW
Australia 2044
Phone +61 2 8394 5000
Fax +61 2 8394 5099
info@washtec.com.au

Austria
WashTec Cleaning Technology GmbH
Wehlistraße 27 b
A-1200 Wien
Tel. +43 1 358 6574
Fax +43 1 334 306 5150
office@washtec.at

Belgium
WashTec Benelux
Humaniteitslaan 415
BE-1190 Brussels
Tel. +32 8084151
Fax +32 2376 9851
info@washtec.be

Canada
Mark VII Canada
623 South Service Road, Unit 1
CA-Grimsby, Ontario, Canada
L3M 4E8
Phone +1 8666 589 274
Fax +1 905 643 7050
markvii@markvii.net

China
WashTec Car Cleaning Equipment
(Shanghai) Co., Ltd.
Unit 8A, No.899 Ling Ling Road
Xuhui District,
CN-Shanghai 200030
China
Phone +86 21 3728 32170
Fax +86 21 3728 3200
info@washtec.cn

Czech Republic
WashTec Cleaning Technology s. r. o.
Prumyslová zòna Mexiko
U Mexika 1309
33023 Nýrany
Phone +42 0373 737 610
Fax +42 0373 737 699
Info-cz@washtec.eu

Denmark
WashTec A/S
Guldalderen 10
DK-2640 Hedehusene
Phone +45 46 8987 5539
Fax +45 46 5577 16
mdale@washtec.no

France
WashTec France S.A.S.
200 rue du Grand Bouland
FR-45760 Boigny sur Bionne
Phone +33 252 8800 43
Fax +33 238 6070 71
washtec@washtec.fr

Italy
WashTec S.r.l.
Via Achille Grandi 16/E
I-15033 Casale Monferrato
Phone +39 0142 5253 08
Fax +39 0142 4537 04
info@washtec.it

Netherlands
WashTec Benelux
Industrieterrein Laansinghage
Radonstraat 9
NL-2718 SV Zoetermeer
Phone +31 798 080 157
Fax +31 793 683 725
info@washtec.nl

Norway
WashTec Bilvask
Slependveien 6
N-1396 Billingstad
Phone +47 22 918 180
Fax +47 22 161 717
md@washtec.no

Poland
WashTec Polska Sp. z o.o.
ul. Sienna 73
PL-00-833 Warsaw
Tel. +48 782 402 999
biuro@washtec.de

Sweden
WashTec Nordics AB
Grönkullen
SE-51781 Bollebygd
Tel. +46 33 7002600
mdale@washtec.no

Spain
WashTec Spain, S.A.U.
C/Isla Graciosa, 1
Edificio Ancora
ES-28703 San Sebastián de los Reyes
Madrid
Spain
Tel. +34 91 6636 070
Fax +34 91 6636 071
info@washtec.es

United Kingdom
WashTec UK Ltd.
Unit 14A Oak Industrial Park
Chelmsford Rd.
Great Dunmow
Essex CM6 1XN, UK
Phone +44 1371 8788 00
Fax +44 1371 8788 10
enquiries@washtec-uk.com

USA
Mark VII Equipment Inc.
5981 Tennyson Street
CO-80003 Arvada, USA
Tel. +1 303 4324 910
Fax +1 303 4330 139
markvii@markvii.net

Distributors

An up-to-date list of our international sales partners can be found online at www.washtec.de

Group Level Key Performance Indicators (KPIs)
2014 through 2018

		2014	2015	2016	2017	2018
Revenue	in €m	302.6	340.9	372.8	425.0	435.4
EBIT	in €m	18.4	36.4	44.1	52.2	51.5
EBIT margin	in %	6.1	10.7	11.8	12.3	11.8
EBT	in €m	17.7	35.9	43.6	51.6	50.8
Consolidated net income	in €m	12.7	24.6	30.6	36.9	34.0
Earnings per share[1]	in €	0.91	1.78	2.29	2.76	2.54
Dividend per share	in €	1.65	1.70	2.10	2.45	2.45
Free cash flow	in €m	25.1	26.2	20.8	28.1	32.3
Balance sheet total	in €m	185.8	190.0	218.1	233.9	237.2
Equity	in €m	90.9	80.3	87.4	94.2	95.4
Employees [2]	people	1,676	1,672	1,741	1,793	1,852

[1] Weighted average number of outstanding shares as of Dec 31, 2015: 13.8m, since Dec 31, 2016: 13.4m

[2] Average for the year

Financial Calendar

Mar 19, 2019	Annual Report 2018
Apr 3, 2019	Bankhaus Lampe Conference, Baden-Baden
Apr 29, 2019	Q1 Report 2019
Apr 29, 2019	Annual General Meeting Augsburg
Jul 26, 2019	Q2 Report 2019
Sep 23–26, 2019	Baader Bank Investment Conference, Munich
Oct 25, 2019	Q3 Report 2019
Nov 25–27, 2019	Equity Forum, Frankfurt

Publishing Information

Publisher	WashTec AG Argonstraße 7 86153 Augsburg
Design/Layout	Büro Benseler
Text	WashTec AG
Photo	altro – die Fotoagentur, WashTec AG
Printing	Estermann

Contact

WashTec AG
Argonstraße 7
86153 Augsburg
Germany
Phone +49 821 5584-0
Fax +49 821 5584-1135
www.washtec.de
washtec@washtec.de