



GROUP INTERIM REPORT FOR THE FIRST SIX MONTHS OF 2016

Group sales of EUR 135.7 million significantly above last year's level

Result of ordinary activities of EUR 11.7 million

Uzin Utz AG expects a stable second half of 2016

Uzin Utz AG

The first half-year of 2016 developed positively for the Uzin Utz Group and showed a significant rise of turnover as well as an overproportioned increase of the result. For the second half of the business year further growth is expected, though not at the same level as in the first half-year.

The turnover of the group for the first half-year was EUR 135.7 million (123.7) and was therefore 9.7% above the first half-year 2015. The result of ordinary activities rose disproportionately and showed a record result of EUR 11.7 million. Corresponding to a rise of 65.4% compared to the previous year (7.1).

The positive development is a result of the continuing actions of the Uzin Utz Group for profitable growth of turnover, result securing and efficiency enhancement. It proves that the right strategy is being pursued and the right products are present in the market.

Interim Management Report

Business Environment

Even though the framework is difficult, the German economy is on a course of sustainable growth and started strongly in the second quarter of 2016. The gross domestic product of the second quarter 2016 – adjusted for price, season and calendar – was 0.4% above the first quarter 2016. This growth was noticeably carried by private and public spending. The manufacturing industry almost reached the production level of the first quarter, which benefit from special effects like the mild winter. Risk factors like the result of the Brexit referendum and possible domino effects lead to uncertainties in the EU.

Industry development

The German building companies started extremely well in the second quarter. The incoming orders of April were 21.5% above the level of the same month of the previous year according to the Main Association of the German Construction Industry. This positive order development has also had an impact on the turnover, which was 10.8% higher in April compared to the value in 2015. The highest increase in turnover showed the residential housing with a growth of 18.5%. Also the commercial construction showed consistently positive signs with a growth in turnover of 11.2%.

The Main Association of the German Construction Industry and the Central Association of the German Building Trade looks positive in the year 2016 and expects a growth in turnover of 3.0%.

For the USA an increase in spending for infrastructure and investments in commercial construction is expected, whereas the Chinese building industry is still very much stagnant. The euro area was hit by a reduction in production of the construction industry in the second quarter of 2016.

Results of operations, net assets and financial position

Numbers related to previous year in brackets

There may be rounding differences by the preparation of the financial statements in KEUR as the calculations of the individual items are based on figures in EUR.

Results of operations

The Uzin Utz Group was again highly successful in the first half-year of 2016.

Turnover of the group increased to EUR 135.7 million (123.7) and therefore rose by 9.7% compared to previous year. Due to the strong performance of the German companies, the foreign sales decreased slightly to 58.0% (58.9).

Earnings before taxes* increased by 65.4% from EUR 7.1 million to EUR 11.7 million.

The net result of the group totals to EUR 8.3 (5.0) million and therefore 64.4% above previous year.

Material usage ratio within the group decreased from 41.7% to 40.5%.

The depreciable amount was 6.8% over the previous year with EUR 4.0 million (3.7).

The other operating expenses were reduced from EUR 28.2 million to EUR 27.8 million.

The earnings before interest, taxes, depreciation and amortization* was EUR 16.1 million, EUR 4.8 million more than in the previous year (11.3).

The earnings before interest and taxes* was 60.8% above previous year and amounted to EUR 12.2 million (7.6).

The financial result was EUR -0.5 million, nearly on the level of the previous year (-0.5).

Employees

Compared to the previous year, the number of employees rose from 971 to 1,057. In addition, 39 (28) young people were able to undergo education and training. The personnel cost ratio decreased slightly from 28.0% to 27.9%. In absolute numbers the personal costs increased by EUR 3.1 million to EUR 37.8 million (34.7).

* taxes on income and other taxes

Net assets

For better comparability all previous year's figures refer to the balance sheet at the due date June 30, 2015.

The balance sheet total increased by EUR 14.1 million to EUR 241.6 million (227.5).

The share of group capital assets decreased from 60.0% to 58.2%. The remaining assets therefore make up 41.8% (40.0%) of the balance sheet total.

Receivables from customers rose from EUR 37.7 million to EUR 38.8 million.

Inventories went up by EUR 1.9 million to EUR 32.6 million (30.7).

Apart from real estates held as a financial investment, the entire assets still represent values which are necessary for the operation.

The liquid funds increased by EUR 5.6 million from EUR 16.7 million to EUR 22.3 million.

Financial position

The equity was EUR 127.2 million (119.4) and was at 52.7% (52.5) of the balance sheet total once again considerably above the industry sector average.

The short-term liabilities against credit institutions decreased in total by EUR 1.4 million to EUR 23.6 million.

Trade liabilities rose slightly from EUR 10.5 million to EUR 10.9 million.

The short-term provisions increased from EUR 2.7 million to EUR 14.7 million.

The share of the total short-term liabilities in the balance sheet increased marginally from 23.9% to 24.0% because of these changes.

In return the share of the long-term liabilities decreased to 23.3% and was EUR 56.3 million compared to EUR 53.9 million in the previous year.

Outlook

According to the International Monetary Fund the global economy will grow by 3.1% in 2016. This estimation is 0.1 percentage points lower than the previous one in April. The reduction is based on the Brexit vote in Great Britain, which led to significant uncertainties. Nevertheless Uzin Utz AG looks confident towards the second half of 2016 and will assert itself in the challenging environment through its established market strength and competitiveness. We will reach our goals in turnover and result until year end. Even though the disproportional increase of the result in the first half year will not be maintained in the second half-year, Uzin Utz AG expects further growth on a high level.

“We see ourselves in a very good position and we are confident that we will reach our ambitious goals through our growth strategy. The set-up of our team is excellent and we are ready to strengthen our leading position with a lot of discipline, concentration and balance”, says Thomas Müllerschön.

Statement of profit and loss and other comprehensive income *

	June 30, 2016	June 30, 2015
Sales revenues	135,668	123,718
Changes in inventory of finished goods and work in progress	-1,587	-1,342
Total output	134,082	122,376
Other operating income	1,855	2,808
Costs of material	54,303	51,046
Personnel expenses	37,786	34,668
Depreciation/amortisation on tangible and intangible assets	3,983	3,731
Other operating expenses	27,759	28,162
Other losses/profits net	48	-
Operating income	12,154	7,558
Financial result	-494	-506
Thereof revenues from investments in associates (equity method)	106	134
Result from ordinary activities	11,660	7,052
Taxes on income	3,022	1,542
Other taxes	351	470
Net income for the year	8,288	5,040
Minority interests in profit	-11	-22
Consolidated net income for the year	8,276	5,018
Other comprehensive income, net of tax	June 30, 2016	June 30, 2015
Items that may be reclassified subsequently to profit or loss	-1,015	3,656
Exchange differences on translating foreign operations	-1,303	4,589
corresponding deferred taxes	288	-933
Items that will not be reclassified to profit or loss	-110	134
Income from financial instruments	-117	192
corresponding deferred tax	7	-58
Other comprehensive income - before minority interests	-1,125	3,790
Other comprehensive income - minority interests	1	-6
Other comprehensive income - after minority interests	-1,124	3,784
Profit and loss and other comprehensive income	7,153	8,802
	June 30, 2016	June 30, 2015
Earnings per share (in EUR)	1.64	1.00
average number of employees (incl. trainees)	1,096	1,001

* according to IFRS, in TEUR, unaudited

Consolidated Statement of the Financial Position of the Group *

Assets	June 30, 2016	Dec 31, 2015	June 30, 2015
Intangible assets	32,109	32,542	32,497
Tangible assets	99,083	100,577	91,753
Subsidiaries measured at equity	1,669	1,565	1,476
Other non-current financial assets	818	886	5,315
Investment Properties	6,909	6,922	5,449
Income tax receivables	118	118	230
Deferred tax assets	2,233	2,311	2,145
Other non-current assets	209	199	258
Non-current assets	143,148	145,121	139,124
Inventories	32,587	32,777	30,704
Trade receivables	38,816	23,374	37,676
Income tax receivables	998	1,350	328
Other current assets	3,729	3,545	2,938
Cash and Cash equivalents	22,317	20,303	16,743
Current assets	98,447	81,349	88,389
Balance sheet total	241,595	226,470	227,513
Liabilities			
Subscribed capital	15,133	15,133	15,133
Capital reserve	26,962	26,962	26,827
Revenue reserve	85,056	82,948	77,461
Minority interests	96	53	22
Own shares	0	0	-89
Total equity	127,247	125,095	119,354
Provisions for pensions and other similar obligations	5,363	5,148	4,844
Due to credit institutions long-term	39,950	42,539	37,999
Deferred tax liabilities	10,360	10,321	10,966
Other non-current liabilities	640	639	46
Non-current liabilities	56,314	58,648	53,856
Reserves	14,743	8,665	12,017
Due to credit institutions short-term	23,550	16,396	24,916
Advances received	6	64	6
Trade payables	10,897	8,050	10,460
Income tax liabilities	2,632	1,881	1,674
Other short-term liabilities	6,207	7,672	5,230
Current liabilities	58,035	42,727	54,303
Balance sheet total	241,595	226,470	227,513

* according to IFRS, in TEUR, unaudited

Consolidated cash flow statement *

	June 30, 2016	June 30, 2015
Net profit for the year	8,288	5,040
+/- Depreciation and amortisation of fixed assets	3,983	3,731
+/- Change in provisions	6,399	5,040
+/- other non-cash expense and income items	-106	-134
-/+ Gain/loss on disposal of non-current assets	37	77
+/- Change in current assets (inventories, receivables)	-15,619	-12,671
+/- Change in liabilities	2,221	294
Cashflow from operating activities	5,201	1,377
+/- Proceeds from disposal of tangible assets/ Investments in tangible assets	-2,308	-2,327
+/- Proceeds from disposal of intangible assets/ Investments in intangible assets	-178	-144
+/- Proceeds from disposal of financial assets/ Investments in financial assets	60	100
Cashflow from investing activities	-2,425	-2,372
- Payments to shareholders and minorities	-5,044	-4,535
+/- Proceeds to the issue of bond/ Repayment of bonds	-3,577	2,398
Cashflow from financing activities	-8,622	-2,137
+/- Payment-related change in cash and cash equivalents	-5,846	-3,131
+/- Changes in cash and cash equivalents related to exchange rate, group of consolidation and measurement	-260	1,125
+ Cash and cash equivalents at beginning of the period	11,036	4,733
Cash and cash equivalents at the end of the period	4,931	2,726
Cash and cash equivalents		
Cash and cash equivalents	22,317	16,743
short-term liabilities due to credit institutions	-17,387	-14,017
Cash and cash equivalents	4,931	2,726

* according to IFRS, in TEUR, unaudited

Statement of Changes in Equity of the Group*

	Subscribed capital	Capital reserve	Retained earnings	
			Group net income	Translation differences
Balance as of January 01, 2015	15,133	26,827	75,967	2,502
Net profit of the year	0	0	5,018	0
Comprehensive income	0	0	0	3,656
Profit and loss and other comprehensive income	0	0	5,018	3,656
Increase of capital	0	0	0	0
Own shares	0	0	0	0
Dividends paid	0	0	-4,535	0
Other changes	0	0	-21	0
Balance as of June 30, 2015	15,133	26,827	76,429	6,158
Balance as of January 01, 2016	15,133	26,962	83,492	5,295
Net profit of the year	0	0	8,276	0
Comprehensive income	0	0	0	-1,015
Profit and loss and other comprehensive income	0	0	8,276	-1,015
Increase of capital	0	0	0	0
Own shares	0	0	0	0
Dividends paid	0	0	-5,044	0
Changes in basis of consolidation	0	0	1	0
Balance as of June 30, 2016	15,133	26,962	86,725	4,280

* according to IFRS, in TEUR, unaudited

Other reserves	Discharge amount on own shares	Sum	Minority interests	Total Equity
-5,260	-89	115,080	8	115,088
0	0	5,018	22	5,040
134	0	3,790	-6	3,784
134	0	8,809	16	8,825
0	0	0	0	0
0	0	0	0	0
0	0	-4,535	0	-4,535
0	0	-21	-2	-23
-5,126	-89	119,332	22	119,354
-5,840	0	125,042	53	125,095
0	0	8,276	11	8,288
-110	0	-1,125	1	-1,124
-110	0	7,152	12	7,164
0	0	0	0	0
0	0	0	0	0
0	0	-5,044	0	-5,044
0	0	1	31	32
-5,950	0	127,150	96	127,247

Segment Reporting *

	Germany	
	Installation systems	Surface care and enhancement
External sales**	53,411	8,096
Previous Year	48,510	7,058
Intercompany sales	16,302	3,886
Previous Year	20,363	3,029
Total sales	69,713	11,982
Previous Year	68,873	10,086
Result of ordinary activities ***	2,398	1,685
Previous Year	1,850	981

** taking into account sales deductions

*** without at equity subsidiaries

Transition *

Transition of the total segments' profit to profit before taxes is as follows:

	June 30, 2016	June 30, 2015
Total segments profit	11.935	6.965
Total segments profit, non operating segments	-7	-9
Result from At Equity Holdings	106	134
Consolidation	-374	-39
Group Result before Taxes	11.660	7.052

Netherlands	Western Europe	South-/ Eastern Europe	all other segments	Reconciliation	Total group
16,880	23,182	5,827	28,272	0	135,668
15,529	22,800	6,115	23,705	0	123,718
2,078	3,357	1,510	6,427	-33,559	0
1,939	2,849	1,118	5,424	-34,721	0
18,958	26,539	7,338	34,698	-33,559	135,668
17,468	25,649	7,233	29,130	-34,721	123,718
1,376	2,913	598	2,966	-382	11,554
854	2,300	309	671	-47	6,918

Notes to the Half-year report

Financial reporting and valuation methods

This interim financial statement was prepared in accordance with the IAS 34 »Interim Financial Reporting« regulations. The interim financial statement per June 30, 2016 and the comparative figures from the previous year were prepared by applying the financial reporting and valuation methods of the Group financial statement for 2015. A description of these principals is published in detail in the notes to the Group financial statement for 2015. They are also available on the internet at www.uzin-utz.com under Investor Relations / Financial Report 2015.

The Group interim financial statements are not subject to any kind of review by auditors.

There may be rounding differences by the preparation of the financial statements in KEUR as the calculations of the individual items are based on figures in EUR.

Changes in the consolidated companies

There were no changes of the consolidated companies within the first six months of the year 2016.

Statement of Cash flows

The cash flow statement was prepared in accordance with IAS 7 by way of application of the indirect method for the cash flow from operating activities on the basis of the net profit. The cash flow statement is divided into three areas: operating, investing and financing activities.

Segment reporting

The segment reporting is in accordance with IFRS 8 Operating Segments.

The segments are shown according to their internal organisation and reporting structure and the legal units, although these were summarised taking into account regional areas of responsibility. The subsidiaries recognized as at equity are not taken into account for the reporting of the segments.

The change in the segment structure is due to the increased segment incomes.

The segment result is shown as the result before taxes (taxes on income and other taxes).

Distribution of profit

The proposal to distribute part of the 2015 balance sheet total in the sum of EUR 24,193,504.00 was approved at the Annual General Meeting held on May 10, 2016. This distribution corresponds to a dividend of EUR 1.00 per individual share certificate (in total EUR 5,044,319.00) on the share capital of EUR 15,132,957.00.

Earnings per share

Earnings per share have been determined on the basis of the group result after taxes and the weighted average number of shares issued. The undiluted result per share is identical to the diluted result per share.

Contingent liabilities and other financial obligations

Compared with December 31, 2015, the other financial obligations have not changed essentially.

Related party relationships

There were no significant changes compared with December 31, 2015.

Essential events in the reporting period

After Dr. H. Werner Utz resigned from his post as chief executive officer of Uzin Utz AG at the 31st of December, Thomas Müllerschön took up the position of the CEO from the 1st of January 2016 and is in charge of the resorts Corporate Strategy, Brands, Finance and Controlling, Human Resources, IT and Law, Organisation and Purchasing. Beat Ludin in charge of Sales and Marketing and Heinz Leibundgut in charge of Research and Development, Business Operation and Logistics are the new members of the Executive Board since January 1, 2016.

In accordance with an agreement certified by public notary on December 8, 2015, the two US-companies Uzin Utz Manufacturing North America Inc. and Ufloor Systems Inc. merged to one entity at January 1, 2016. The new company operates as Ufloor Systems Inc. located in Denver. Through the merger operational interfaces in sales, development and production can work together more efficiently. Therefore the company will be able to deliver even better solutions for market specific problems.

Significant events after the end of the first half-years

There were no significant events after the closing of the first six months in 2016.

Assurance by the statutory representatives

To the best of our knowledge, we hereby assure that the accounting principles that apply to the interim reporting of the Group interim financial statement give a true and fair view of the Group's net assets, financial position, results of operations and cashflows, and in the Group interim report the business development is stated such that it reflects the actual circumstances and the key opportunities and risks of the Group's likely development in the remaining financial year.

Disclaimer

This report contains forecasts that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond Uzin Utz AG's ability to control or estimate precisely. Actual results may be materially different from those expressed or implied by these statements. Uzin Utz AG does not intend or assume any obligation to update any forecast to reflect events or circumstances after the date of these materials.

Ulm, August 2016
Uzin Utz Aktiengesellschaft

The Executive Board



Thomas Müllerschön



Beat Ludin



Heinz Leibundgut

Frankness is our command:
You are invited for the dialogue.

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