

Quarterly Report
3/2018

Q3

GROUP KEY FIGURES

Key financial figures		1-9/2016	1-9/2017	1-9/2018¹	1-9/2018 w/o IFRS 15
Revenues	€ million	602,9	604,5	552,0	607,7
EBITDA	€ million	38,4	29,7	31,0	39,4
EBIT	€ million	27,3	14,8	17,0	25,5
EBIT margin		4,5%	2,5%	3,1%	4,2%
EBT	€ million	25,3	13,9	11,7	20,2
Net profit for the period	€ million	19,6	11,1	10,6	16,9
Cash flow from operating activities	€ million	(24,7)	(50,7)	(83,4)	(83,4)
Investments ²	€ million	16,9	11,8	11,3	11,3
Total assets	€ million	708,9	689,7	756,3	773,0
Equity in % of total assets		32,1%	34,0%	29,7%	31,3%
Capital employed (average)	€ million	506,7	504,8	518,1	526,9
Return on capital employed		5,4%	2,9%	3,3%	4,8%
Return on equity		11,1%	5,8%	5,1%	8,4%
Net debt	€ million	266,5	254,0	293,7	293,7
Working capital	€ million	166,7	207,4	180,4	202,7
Gearing ratio		117,2%	108,2%	130,6%	121,2%
Key performance figures					
		1-9/2016	1-9/2017	1-9/2018	
Order backlog as of Sep 30	€ million	803,5	803,4	1,093,6	
Order intake	€ million	588,8	654,4	789,9	
Employees as of Sep 30		3,320	3,374	3,546	
Key stock exchange figures					
		1-9/2016	1-9/2017	1-9/2018	
Closing share price as of Sep 30	€	53,8	57,0	50,2	
Number of shares	million units	6,8	6,8	6,8	
Market capitalization	€ million	365,6	387,6	341,4	
Earnings per share	€	1,8	0,5	0,6	

¹ Since January 1, 2018, Rosenbauer has been applying the new standards IFRS 9 and IFRS 15 for the first time. For the transition to the new provisions, the modified, retrospective approach was selected in each case where the previous year's values were not adjusted. More details can be found in the Explanatory Notes.

² Investments relate to rights and property, plant and equipment

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INTERIM GROUP MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

The trade conflicts with the USA are placing a visible strain on the growth of the global economy. Added to this, both old and new risks such as Brexit or the consequences of the US interest rate hike for emerging countries are also creating a high debt burden for individual nations. For this reason, the International Monetary Fund recently lowered its growth forecast for the global economy from 3.9% to 3.7% in 2018 and in 2019. At the same time, in light of the increased likelihood of further negative shocks – such as tariffs on cars and car parts – these growth rates also emphasise the provisional growth ceiling.

The global fire service industry profited from the positive economic climate in the first nine months and is developing in a stable manner. Demand is driven to a great extent by countries with continuous procurement as well as those with a heightened concern for safety and security issues following natural disasters or terrorist attacks.

On the North American market, the procurement volume could rise again to well above the long-term average of around 4,000 vehicles. A requirement for this is that the US tax reform passed at the beginning of the year actually stimulates investment in the country and, in doing so, the regional firefighting industry.

The European firefighting market is also expected to continue growing this year, with demand rising in countries such as Austria, France and the United Kingdom.

Demand for fire service technology has increased considerably in the countries in the Middle East, suggesting a recovery for the year as a whole.

DEVELOPMENT OF REVENUES AND EARNINGS

Revenues

The Rosenbauer Group generated group revenues of € 552.0 million in the first three quarters of 2018 after € 604.5 million in the same period of the previous year. This decline can be attributed to using IFRS 15 for the first time, which was changed in the current financial year from period-of-time related revenue recognition (“Percentage of Completion”

method; PoC) to point-of-time related revenue recognition (“Completed Contract” method; CC). The change in systems means that the PoC proceeds of € 55.6 million are no longer to be taken into account for the first three quarters 2018.

Deliveries to several Asian and Central and Eastern European countries declined between January and September of this year, while the Near and Middle East, Western Europe as well as stationary fire protection reported significantly higher volumes.

The consolidated revenues are currently divided across the sales regions as follows: 31% in the CEEU area, 12% in the NISA area, 13% in the MENA area, 13% in the APAC area, 28% in the NOMA area, and 3% in the Stationary Fire Protection segment.

Result of operations

In the first three quarters of the year, EBIT was clearly above the previous year’s level at € 17.0 million (1-9/2017: € 14.8 million). This was mainly due to an increase in production output with a high inventory of finished and unfinished products and, consequently, a very good coverage of fixed costs. Depreciation and other expenses also declined significantly compared to the same period of the previous year.

The financial result shows a loss of € –4.9 million (1-9/2017: € –0.7 million), which, in addition to the interest expenses incurred as a result of borrowing, also includes book value losses related to the effective date from hedge transactions to the US dollar. Group EBT in the reporting period amounted to € 11.7 million (1-9/2017: € 13.9 million).

The conversion to IFRS 15 will no longer account PoC partial profits in EBIT and EBT in the amount of € 8.5 million. These partial profits shift and will be realised at a later time.

ORDERS

The Rosenbauer Group recorded very satisfactory order numbers in the first nine months and achieved order intake of € 789.9 million (1-9/2017: € 654.4 million). In five out of six segments, incoming orders were above the previous year’s level, with the MENA area recording a particularly high increase

against the backdrop of a higher oil price. However, order intake in the NISA area lagged behind the same period of the previous year. The order backlog as of September 30, 2018 amounted to € 1,093.6 million and was significantly higher than the previous year's value (September 30, 2017: € 803.4 million). With this order backlog, the Rosenbauer Group has utilised the capacity of the production facilities to a satisfactory level and given a good insight into the next months and in the view of the coming year.

SEGMENT DEVELOPMENT

In line with the organisational structure, segment reporting is presented based on the five defined areas or sales regions: the CEEU area (Central and Eastern Europe), the NISA area (Northern Europe, Iberia, South America and Africa), the MENA area (Middle East and North Africa), the APAC area (Asia-Pacific), and the NOMA area (North and Middle America). In addition to this geographical structure, the SFP (Stationary Fire Protection) segment is shown as a further segment in internal reporting.

CEEU area segment

The CEEU area comprises most countries of Central- and Eastern Europe including the Baltics. The CEEU area includes the production locations in Leonding (plants I and II) and Neidling in Austria, Karlsruhe and Luckenwalde in Germany, Radgona in Slovenia, and Rosenbauer Rovereto in Italy. The plants produce products for sale in CEEU, but also deliver products to all other areas. There are also the sales and service locations Graz and Telfs in Austria, Oberglatt in Switzerland, Viersen in Germany and Warsaw in Poland. Also included in CEEU is the newly founded development company Rosenbauer E-Technology Development GmbH in Leonding.

Business development

Revenues in the CEEU area segment dropped to € 169.6 million in the period under review (1-9/2017: € 193.7 million). Despite lower shipments in the third quarter, EBIT improved to € 3.5 million compared to the previous year (1-9/2017: € -0.1 million), which was burdened by one-time effects.

NISA area segment

The NISA area comprises almost all African, South American, and European countries from the North Cape to Gibraltar. The sales region includes the Linares production location and the sales and service locations in Madrid in Spain, Holmfirth in UK, Chambéry in France, and Johannesburg in South Africa. The plant in Linares supplies its products mainly to the markets of the NISA area and, at the same time, is the center of competence for forest fire and towing vehicles, which is also delivering products to other areas.

Business development

Thanks to a higher volume of deliveries in Western Europe, the NISA area sector recorded higher revenue in the reporting period than in the same period of the previous year at € 66.4 million (1-9/2017: € 57.4 million). In the period under review, EBIT was slightly positive (1-9/2017: € 0.7 million).

MENA area segment

The MENA area comprises the countries in the Middle East and North Africa. The sales region includes the King Abdullah Economic City production site in Saudi Arabia and a number of service locations in the region. The vehicles for the MENA area are mostly manufactured in the plants of the CEEU, NISA, and NOMA areas. Direct contact with the customers through an extensive service network in the region is a key success factor.

Business development

In the reporting period, the revenues of the MENA area segment increased to € 69.9 million, therefore making a significant year-on-year improvement (1-9/2017: € 60.8 million). EBIT rose to € 6.0 million (1-9/2017: € -0.7 million).

APAC area segment

The APAC area comprises the entire Asia-Pacific region, several countries of the Middle East, China, India, and Russia. APAC's production facilities are located in Singapore and Moscow and it has its own sales and service locations in China, Brunei, the Philippines, and Australia.

Business development

Revenues in the APAC area segment fell to € 74.7 million in the period under review (1-9/2017: € 125.6 million). As a consequence, in comparison to the previous year, EBIT dropped to € 3.8 million (1-9/2017: € 6.2 million).

Segment Area NOMA

The NOMA area comprises primarily the US, Canada, and countries in Central America, and the Caribbean. The area's production facilities are located in Lyons (South Dakota), Wyoming (Minnesota), and Fremont (Nebraska). The fire service vehicles are manufactured to US standards and most of them are delivered to the NOMA sales area, but also to customers in the MENA, NISA, and APAC areas.

Business development

Revenues in the NOMA area segment rose to € 154.9 million in the first nine months of this year (1-9/2017: € 151.5 million). EBIT was at € 5.4 million and therefore remained below the previous year's level (1-9/2017: € 10.1 million). The causes of this were the high start-up costs for the production of the new PANTHER as well as the change of the management.

Stationary Fire Protection (SFP) segment

Stationary Fire Protection handles the planning, installation, and maintenance of stationary firefighting and alarm systems. Rosenbauer is therefore a full-service supplier in this field as well. This segment comprises the Group companies Rosenbauer Brandschutz in Leonding and G&S Brandschutztechnik in Mogendorf (Germany).

Business development

Revenues in the SFP segment climbed to € 16.5 million in the first nine months of 2018 after € 15.4 million in the same period of the previous year. Segment EBIT was negative in the reporting period at € -1.8 million (1-9/2017: € -1.3 million) due to order lead times lasting several months.

FINANCIAL AND NET ASSETS POSITION

For reasons specific to the industry, the structure of the statements of financial position during the year is characterized by high working capital. This is due to the turnaround times of several months for vehicles in production. The high intra-year level of total assets of € 756.3 million (September 30, 2017: € 689.7 million) can be attributed in particular to the higher current assets compared with the balance sheet date of December 31, 2017.

With the first application of IFRS 15, Rosenbauer switched from recognition of revenues over time to recognition at a specific point in time in the current financial year. In other words, sales are no longer to be recorded according to the completion status of the construction contracts, but instead only after the product has been delivered to the customer. In line with this improvement, inventories rose to € 366.3 million (September 30, 2017: € 208.4 million), while construction contracts were omitted entirely (September 30, 2017: € 102.8 million). The conversion of revenue recognition to IFRS 15 will result in a later recognition of revenue with this financial year.

Current receivables were above the previous year's level at € 185.7 million (September 30, 2017: € 181.5 million). The Group's net debt (the net amount of interest-bearing liabilities less cash and cash equivalents and securities) rose year-on-year to € 293.7 million (September 30, 2017: € 254.0 million).

Owing to the high level of working capital – due to high customer receivables as well as the increased inventories – the intra-year cash flow from operating activities was negative at € -83.4 million (1-9/2017: € -50.7 million). An improvement in the cash flow from operating activities is expected by the end of the year.

INVESTMENTS

Capital expenditure amounted to € 11.3 million in the reporting period (1-9/2017: € 11.8 million). The completion of ongoing investment projects is particularly important. Above all, this includes for example the modernisation of Plant I in Leonding, which is undergoing reorganisation with a view to increasing efficiency and profitability and the robotization of the production line in Karlsruhe. In addition, Minnesota exercised the option to purchase a previously leased facility that produces municipal vehicles for the US market.

OUTLOOK

The global economy will continue to grow as stated by the International Monetary Fund (IMF) in its most recent economic outlook. However, economic growth is now distributed more unevenly and its tempo has decreased to the level of 2017. Within the last six months, the downside risks have risen overall and the potential for a further acceleration in growth has declined. By adjusting its forecast, the IMF has taken into account the surprisingly cautious activity in a number of large, developed economies at the start of the year, the negative effects of the punitive tariffs imposed between April and mid-September, and the weaker outlook of several emerging and developing countries.

As shown from past experience, the firefighting industry follows the general economy at a delay of several months and should continue to develop at a stable rate. Rosenbauer closely monitors developments on the different fire equipment markets in order to exploit sales opportunities early on. Sales activities are then stepped up depending on in which countries or regions greater procurement volumes have been identified. It will continue to focus on efficiency enhancement and cost reduction so that the intended business development has a solid financial basis. Despite the traditionally low capacity utilisation at the beginning of the year and the sustained margin pressure in the developed market, Rosenbauer's management is aiming to increase revenues and earnings to above at the previous year's level.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

By the time of the preparation of this report, there have been no events of particular significance to the Group that would have altered its net assets, financial position, or result of operations since the end of the reporting period.

MATERIAL RISKS AND UNCERTAINTIES IN THE REMAINING MONTHS OF THE FINANCIAL YEAR AND RISK MANAGEMENT

Rosenbauer is exposed to various opportunities and risks in the course of its global business activities. The ongoing identification, appraisal, and controlling of these risks are an integral part of the management, planning, and controlling process. The risk management system builds on the organisational, reporting, and leadership structures in place within the Group and supplements these with specific elements needed for proper risk assessment. A detailed presentation of the opportunities and risks faced by the Group can be found in the 2017 annual report.

Sector and company-specific risks

Risks to the fire safety business arising from changes in overall political or legal conditions are very difficult to protect against. However, given that most customers operate in the public sector, it is rare that they cancel orders. Political crises and embargoes can temporarily limit access to certain markets.

Operating risks

Manufacturing activities necessitate a thorough examination of risks along the entire value chain. In view of today's ever-shorter innovation cycles, research and development work is becoming increasingly significant. The production risks that occur are monitored on an ongoing basis using a series of key performance indicators (productivity, assembly and throughput times, number of production units, quality, costs, etc.). In addition to local performance indicators, the central controlling element in vehicle manufacturing operations is "concurrent costing", whereby variance analysis is used to monitor the production costs of every single order. To even out changes in capacity utilization at individual locations, Rosenbauer's manufacturing processes operate on a Group-wide basis and the company also outsources construction contracts to external partners. In the event of a severe downturn on the market, this keeps the risk of insufficient capacity utilisation within manageable bounds.

Legal risks

Rosenbauer International AG and its subsidiaries face legal proceedings in the course of their business operations.

A civil suit has been filed against Rosenbauer International AG. An appropriate provision was set aside on December 31, 2017.

In the second half of 2017, a complaint was submitted against Rosenbauer International AG on the basis of investigations related to the settlement of an order issued by the Croatian Ministry of the Interior in 2003. Based on the current assessment, no accounting measures have been taken.

In the second half of 2018, Rosenbauer International AG became aware of the fact that, in Italy, following a public tender, government investigation proceedings were initiated. Based on the current assessment, no accounting measures have been taken.

In the course of creating the 2017 annual financial statements for Rosenbauer Deutschland GmbH, irregularities were detected. Based on information available at the time, allowances for doubtful accounts and provisions were formed in the consolidated financial statement of December 31, 2017 as a precaution. The investigations have now been concluded. The precautions taken at year end (December 31, 2017) were allocated at an adequate level and used for damage repair. Thus no further expenses were accrued for the Rosenbauer Group in financial year 2018.

Financial risks

The international nature of the Group's activities gives rise to interest and currency-related risks that are hedged by the use of suitable instruments. A financial and treasury policy that applies throughout the Group stipulates which instruments are permitted. Operating risks are hedged with derivative financial instruments. These transactions are conducted solely to hedge risks and not for the purposes of trading or speculation. For deliveries to countries with increased political or economic risk, public and private export insurance is generally taken out for the purpose of protection.

Assessment of overall risk

Rosenbauer feels that it is still well positioned to meet the demands made of it by the market, the economic environment, and international competition. Based on the analysis of currently discernible risks, there are no indications of any risks that – either singly or in conjunction with other risks – might jeopardise the Rosenbauer Group's continued existence. This applies both to the results of past business activity and to activities that are planned or have already been initiated.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets in € thousand	Sep 30, 2017	Dec 31, 2017	Sep 30, 2018
A. Non-current assets			
I. Property, plant and equipment	144,914.0	145,891.8	146,264.6
II. Intangible assets	29,360.1	28,471.9	27,076.4
III. Securities	646.1	807.8	778.3
IV. Investments in companies accounted for using the equity method	6,479.4	6,678.6	5,857.0
V. Receivables and other assets	51.1	51.8	94.1
VI. Deferred tax assets	346.1	2,327.2	6,528.9
	181,796.8	184,229.1	186,599.3
B. Current assets			
I. Inventories	208,391.5	191,152.9	366,282.0
II. Construction contracts	102,804.8	75,635.5	0.0
III. Receivables and other assets	181,501.5	153,744.8	185,664.3
IV. Income-tax receivables	124.6	637.1	63.7
V. Cash and cash equivalents	15,048.5	20,041.1	17,657.6
	507,870.9	441,211.4	569,667.6
Total assets	689,667.7	625,440.5	756,266.9

Equity and liabilities in € thousand	Sep 30, 2017	Dec 31, 2017	Sep 30, 2018
A. Equity			
I. Share capital	13,600.0	13,600.0	13,600.0
II. Capital reserves	23,703.4	23,703.4	23,703.4
III. Other reserves	(4,161.2)	(6,036.2)	(7,137.3)
IV. Accumulated results	172,977.2	176,960.9	166,073.9
Equity attributable to shareholders of the parent company	206,119.4	208,228.1	196,240.0
V. Non-controlling interests	28,563.0	30,977.8	28,567.3
	234,682.4	239,205.9	224,807.3
B. Non-current liabilities			
I. Non-current interest-bearing liabilities	115,814.8	99,819.8	107,718.3
II. Other non-current liabilities	1,303.2	1,389.1	1,362.9
III. Non-current provisions	31,789.2	31,283.9	31,621.5
IV. Deferred tax liabilities	3,482.2	2,215.4	1,441.6
	154,542.4	134,708.2	142,144.3
C. Current liabilities			
I. Current interest-bearing liabilities	153,841.6	105,105.0	204,375.4
II. Advance payments received	24,577.1	20,870.9	30,522.3
III. Trade payables	46,390.1	39,490.3	61,003.6
IV. Other current liabilities	61,075.0	63,672.2	71,469.2
V. Provisions for taxes	3,339.2	2,456.2	2,567.1
VI. Other provisions	13,372.9	19,931.8	19,377.7
	300,442.9	251,526.4	389,315.3
Total equity and liabilities	689,667.7	625,440.5	756,266.9

CONSOLIDATED INCOME STATEMENT

in € thousand	1-9/2017	1-9/2018	7-9/2017	7-9/2018
1. Revenues	604,461.5	552,024.6	210,850.6	199,302.8
2. Other income	1,642.8	3,442.2	1,010.5	802.4
3. Change in inventory of finished goods and work in progress	26,459.8	80,288.1	(255.4)	8,702.2
4. Capitalized development costs	1,461.1	840.0	609.7	278.0
5. Costs of goods sold	(376,256.1)	(377,573.9)	(125,664.9)	(119,965.2)
6. Staff costs	(154,388.6)	(160,717.9)	(48,514.1)	(55,053.7)
7. Depreciation and amortization expense on property, plant and equipment and intangible assets	(14,831.1)	(13,924.5)	(4,245.6)	(4,629.1)
8. Other expenses	(73,721.9)	(67,344.9)	(21,696.4)	(22,482.4)
9. Operating result (EBIT) before share in results of companies accounted for using the equity method	14,827.5	17,033.7	12,094.4	6,955.0
10. Financing expenses	(3,954.4)	(6,026.3)	(1,755.1)	(1,497.2)
11. Financing income	3,221.6	1,120.1	353.6	183.5
12. Share in results of companies accounted for using the equity method	(202.1)	(377.8)	(515.4)	(4.0)
13. Profit before income tax (EBT)	13,892.6	11,749.7	10,177.5	5,637.3
14. Income tax	(2,781.8)	(1,146.7)	(2,511.0)	(358.6)
15. Net profit for the period	11,110.8	10,603.0	7,666.5	5,278.7
thereof:				
- Non-controlling interests	8,014.2	6,218.9	2,695.2	1,872.0
- Shareholders of parent company	3,096.6	4,384.1	4,971.3	3,406.7
Average number of shares outstanding	6,800,000 units	6,800,000 units	6,800,000 units	6,800,000 units
Basic earnings per share	€ 0.46	€ 0.64	€ 0.73	€ 0.50
Diluted earnings per share	€ 0.46	€ 0.64	€ 0.73	€ 0.50

PRESENTATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	1-9/2017	1-9/2018	7-9/2017	7-9/2018
Net profit for the period	11,110.8	10,603.0	7,666.5	5,278.7
Restatements as required by IAS 19	(80.2)	(61.6)	(26.8)	(20.5)
- thereof deferred taxes	20.0	15.4	6.6	5.1
Total changes in value recognized in equity that cannot be subsequently reclassified into profit or loss	(60.2)	(46.2)	(20.2)	(15.4)
Gains/losses from foreign currency translation	(6,963.7)	2,144.4	(2,357.5)	429.7
Gains/losses from foreign currency translation of companies accounted for using the equity method	(264.9)	(443.8)	(33.3)	(191.2)
Gains/losses from available-for-sale-securities				
Change in unrealized gains/losses	61.9	26.1	(5.2)	3.6
- thereof deferred tax	(15.5)	(6.5)	1.3	(0.9)
Gains/losses from cash flow hedge				
Change in unrealized gains/losses	5,653.1	(2,302.7)	1,498.5	(540.1)
- thereof deferred tax	(1,413.3)	575.7	(374.6)	135.1
Realized gains/losses	3,010.0	(130.1)	163.8	(123.8)
- thereof deferred tax	(752.5)	32.5	(41.0)	30.9
Total changes in value recognized in equity subsequently reclassified into profit or loss when certain conditions are met	(684.9)	(104.4)	(1,148.0)	(256.7)
Other comprehensive income	(745.1)	(150.6)	(1,168.2)	(272.1)
Total comprehensive income after income tax	10,365.7	10,452.4	6,498.3	5,006.6
thereof:				
- Non-controlling interests	4,876.2	7,169.4	1,715.0	2,039.6
- Shareholders of parent company	5,489.5	3,283.0	4,783.3	2,967.0

CHANGES IN CONSOLIDATED EQUITY

in € thousand	Attributable to shareholders			
	Share capital	Capital reserve	Currency translation	Other reserves
				Restatement as required by IAS 19
2018				
As of Dec 31, 2017	13,600.0	23,703.4	359.7	(6,619.8)
Adaption to IFRS 15 ¹	0.0	0.0	0.0	0.0
As of Jan 1, 2018	13,600.0	23,703.4	359.7	(6,619.8)
Other comprehensive income	0.0	0.0	750.1	(46.2)
Net profit for the period	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	750.1	(46.2)
Dividend	0.0	0.0	0.0	0.0
As of Sep 30, 2018	13,600.0	23,703.4	1,109.8	(6,666.0)
2017				
As of Jan 1, 2017	13,600.0	23,703.4	5,843.0	(6,459.2)
Other comprehensive income	0.0	0.0	(4,090.6)	(60.2)
Net profit for the period	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	(4,090.6)	(60.2)
Disposal of non-controlling interests	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0
As of Sep 30, 2017	13,600.0	23,703.4	1,752.4	(6,519.4)

¹ Since January 1, 2018, Rosenbauer has been applying the new standards IFRS 9 and IFRS 15 for the first time. For the transition to the new provisions, the modified, retrospective approach was selected in each case where the previous year's values were not adjusted. More details can be found in the Explanatory Notes.

in the parent company

Revaluation reserve	Hedging reserve	Accumulated results	Subtotal	Non- controlling interests	Group equity
126.3	97.6	176,960.9	208,228.1	30,977.8	239,205.9
0.0	0.0	(8,471.1)	(8,471.1)	(2,620.0)	(11,091.1)
126.3	97.6	168,489.8	199,757.0	28,357.8	228,114.8
19.6	(1,824.6)	0.0	(1,101.1)	950.5	(150.6)
0.0	0.0	4,384.1	4,384.1	6,218.9	10,603.0
19.6	(1,824.6)	4,384.1	3,283.0	7,169.4	10,452.4
0.0	0.0	(6,800.0)	(6,800.0)	(6,959.9)	(13,759.9)
145.9	(1,727.0)	166,073.9	196,240.0	28,567.3	224,807.3
50.3	(5,988.2)	178,308.7	209,058.0	32,933.5	241,991.5
46.4	6,497.3	0.0	2,392.9	(3,138.0)	(745.1)
0.0	0.0	3,096.6	3,096.6	8,014.2	11,110.8
46.4	6,497.3	3,096.6	5,489.5	4,876.2	10,365.7
0.0	0.0	(268.1)	(268.1)	(235.7)	(503.8)
0.0	0.0	(8,160.0)	(8,160.0)	(9,011.0)	(17,171.0)
96.7	509.1	172,977.2	206,119.4	28,563.0	234,682.4

CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	1-9/2017	1-9/2018
Profit before income tax	13,892.6	11,749.7
+ Depreciation	14,831.1	13,924.5
± Gains/losses of companies accounted for using the equity method	202.1	377.8
+ Interest expenses	3,644.8	5,736.3
- Interest income	(3,221.6)	(1,120.1)
± Unrealized gains/losses from currency translation	(3,464.7)	1,294.9
± Change in inventories	(9,260.0)	(113,732.1)
± Change in receivables and other assets and construction contracts	(50,394.9)	(30,495.7)
± Change in trade payables and advance payments received	(3,553.0)	31,355.2
± Change in other liabilities	374.1	3,705.5
± Change in provisions (excluding income tax deferrals)	(8,261.2)	(216.5)
Cash earnings	(45,210.7)	(77,420.5)
- Interest paid	(2,494.6)	(3,046.1)
+ Interest received	704.1	741.5
- Income tax paid	(3,652.7)	(3,696.9)
Net cash flow from operating activities	(50,653.9)	(83,422.0)
- Payments/proceeds from the purchase of property, plant and equipment, intangible assets and securities	(12,122.3)	(11,486.4)
- Income from capitalized development costs	(1,461.1)	(840.0)
Net cash flow from investing activities	(13,583.4)	(12,326.4)
- Payment of equity	(503.8)	0.0
- Dividends paid	(8,160.0)	(6,800.0)
- Dividends paid to non-controlling interests	(9,011.0)	(6,959.9)
+ Proceeds from interest-bearing liabilities	139,225.8	180,742.4
- Repayment of interest-bearing liabilities	(71,682.4)	(73,573.5)
Net cash flow from financing liabilities	49,868.6	93,409.0
Net change in cash and cash equivalents	(14,368.7)	(2,339.4)
+ Cash and cash equivalents at the beginning of the period	30,209.7	20,041.1
± Adjustment from currency translation	(792.5)	(44.1)
Cash and cash equivalents at the end of the period	15,048.5	17,657.6

SEGMENT REPORTING

Business segments in € thousand	1-9/2017¹	1-9/2018
External revenues		
CEEU area	193,685.7	169,557.6
NISA area	57,423.4	66,413.5
MENA area	60,842.0	69,914.4
APAC area	125,586.2	74,730.7
NOMA area	151,492.8	154,924.4
SFP (Stationary Fire Protection)	15,431.4	16,484.0
Group	604,461.5	552,024.6
EBIT		
CEEU area	(63.7)	3,545.4
NISA area	724.8	23.7
MENA area	(739.1)	6,040.3
APAC area	6,169.5	3,784.5
NOMA area	10,081.9	5,438.8
SFP (Stationary Fire Protection)	(1,345.9)	(1,799.0)
EBIT before share of results of companies accounted for using the equity method	14,827.5	17,033.7
Finance expenses	(3,954.4)	(6,026.3)
Financial income	3,221.6	1,120.1
Share in results of companies accounted for using the equity method	(202.1)	(377.8)
Profit before income tax (EBT)	13,892.6	11,749.7

Business units in € thousand	1-9/2017¹	1-9/2018
External revenues		
Vehicles	469,612.1	428,763.2
Fire & Safety Equipment	56,546.5	46,823.4
SFP (Stationary Fire Protection)	15,431.4	16,484.0
Customer Service	35,674.8	41,340.1
Others	27,196.7	18,613.9
Group	604,461.5	552,024.6

¹ Since January 1, 2018, Rosenbauer has been applying the new standards IFRS 9 and IFRS 15 for the first time. For the transition to the new provisions, the modified, retrospective approach was selected in each case where the previous year's values were not adjusted. More details can be found in the Explanatory Notes.

EXPLANATORY NOTES

1. INFORMATION ON THE COMPANY AND THE BASIS OF PREPARATION

The Rosenbauer Group is an international group of companies whose parent company is Rosenbauer International AG, Austria. Its main focus is on the production of firefighting vehicles, the development and manufacture of firefighting systems, equipping vehicles and their crews and preventive firefighting. The Group's head office is located at Paschinger Strasse 90, 4060 Leonding, Austria.

These unaudited interim consolidated financial statements as of September 30, 2018 were prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) as endorsed in the EU, notably IAS 34 (Interim Financial Reporting). The condensed interim consolidated financial statements therefore do not contain all the information or explanatory notes stipulated by IFRS for consolidated financial statements as of the end of the financial year, and should instead be read in conjunction with the IFRS consolidated financial statements published by the company for financial year 2017. With the exception of standards that have come into effect in the interim, the interim consolidated financial statements have been prepared on the basis of the same accounting policies as those applied as of December 31, 2017.

The interim consolidated financial statements have been prepared in thousands of euro (€ thousand) and, unless expressly stated, this also applies to the figures shown in the notes.

2. FIRST-TIME APPLICATION OF IFRS STANDARDS

IFRS 9

The IASB published IFRS 9 "Financial Instruments" in July 2014, which is to be first applied in the reporting period of a financial year beginning on January 1, 2018 or thereafter, and replaces IAS 39 "Financial Instruments". IFRS 9 stipulates changes regarding the categorisation and valuation of financial instruments, impairment of financial assets and regulations on hedge accounting.

The effects of the new standard IFRS 9 on the Rosenbauer Group are described below:

Classification and valuation of financial instruments

As of January 1, 2018, the investments in equity instruments that were thus far shown as long-term securities under the IAS 39 category "available-for-sale" shall be assigned to the IFRS 9 category "fair value measurement of other income" with the consequence that all valuation gains/losses are summarised in other income. In contrast to IAS 39 category "available-for-sale", the category "fair value measurement of other income" no longer stipulates a rebooking of the valuation gains/losses booked in other income to the profit and loss account, meaning that these are now permanently shown within the group equity.

Trade receivables

Trade receivables were measured as a component of the category "loans and receivables" at amortised cost in accordance with IAS 39 thus far. The assignment to the possible IFRS 9 categories is made based on the business model test as well as the properties of the cash flows. Rosenbauer practices the business model

of “holding and selling” with regard to trade receivables, since the contractual cash flows from both customer payments as well as sales in the context of factoring agreements are booked to various house banks. This has the consequence that trade receivables fall under the category “fair value measurement of other income” and must therefore generally be measured at fair value from the date of initial application of IFRS 9. The assignment of the trade receivables to this category has no significant effects for the Rosenbauer Group, since the majority of trade receivables are expected to be balanced within one year, and for this reason the fair value is approximately equivalent to the valuation standard for amortised costs.

Impairment of financial assets

With regard to the accounting of impairment of financial assets, the initial application of IFRS 9 results in no significant impact, since the Group uses the simplified impairment model for trade receivables as well as for leasing receivables, and the impairment so far according to IAS 39 based on credit losses that have already occurred essentially corresponds to the impairment according to IFRS 9 based on expected credit losses due to the good creditworthiness of the customers.

Hedge accounting

As far as hedge accounting is concerned, there is no impact on the consolidated financial statements, since all ongoing hedge relationships continue to qualify for hedge accounting application in accordance with IFRS 9. Furthermore, no new hedging relationships shall be designated and no existing hedge designations shall be ended based on the conversion to IFRS 9.

The following table contains a transition of the carrying amounts of the financial instruments, subdivided by the classes of the consolidated balance sheet and the IFRS 9 categories for the categories used until this point according to IAS 39.

in € thousand	Classification acc. to IAS 39	Classification acc. to IFRS 9	Book value acc. to IAS 39 Dec 31, 2017	Book value acc. to IFRS 9 Jan 1, 2018
Non-current assets				
Securities	Available-for-sale	Measured at fair value in equity without recycling	807.8	807.8
Receivables and other assets	Loans, receivables and liabilities	Measured at amortised cost	51.8	51.8
Current assets				
Receivables and other assets	Loans, receivables and liabilities	Measured at amortised cost	62,472.7	62,472.7
Receivables and other assets	Loans, receivables and liabilities	Measured at fair value in equity with recycling	84,433.4	84,433.4
Current derivatives with positive market value (hedging instruments in designated hedging relationships)	n/a	n/a	132.2	132.2

in € thousand	Classification acc. to IAS 39	Classification acc. to IFRS 9	Book value acc. to IAS 39 Dec 31, 2017	Book value acc. to IFRS 9 Jan 1, 2018
Current derivatives with positive market value	At fair value through profit or loss	Mandatorily measured at fair value in equity	1,379.1	1,379.1
Cash and cash equivalents	Cash and cash equivalents	Measured at amortised cost	20,041.1	20,041.1
Non-current liabilities				
Non-current interest-bearing liabilities	Loans, receivables and liabilities	Measured at amortised cost	99,819.8	99,819.8
Current liabilities				
Current interest-bearing liabilities	Loans, receivables and liabilities	Measured at amortised cost	105,105.0	105,105.0
Current derivatives with negative market value (hedging instruments in designated hedging relationships)	n/a	n/a	2.1	2.1
Current derivatives with negative market value	At fair value through profit or loss	Mandatorily measured at fair value in equity	675.3	675.3
Trade payables	Loans, receivables and liabilities	Measured at amortised cost	39,490.3	39,490.3
Other current liabilities	Loans, receivables and liabilities	Measured at amortised cost	36,335.7	36,335.7

IFRS 15

In May 2014, the IASB issued IFRS 15 “Revenue from contracts with customers”. This standard introduces a five-step model for the accounting of revenues from contracts with customers and stipulates a comprehensive framework regarding whether, to what amount and at what point in time or across which period of time revenues are accounted for. The regulations of IFRS 15 redefined the meaning of the term transfer of control. Alongside this, the standard also contains a series of further regulations on detailed points as well as an extension of the required notes. IFRS 15 replaces existing regulations on the recognition of revenues, including IAS 18 “Revenue”, IAS 11 “Construction Contracts” and IFRIC 13 “Customer Loyalty Programmes”. IFRS 15 is to be first applied in the reporting period of a financial year beginning on January 1, 2018 or thereafter, whereby either a fully retrospective approach or a modified retrospective application are permitted.

In the Rosenbauer Group, IFRS 15 was first applied in the reporting period under application of the modified retrospective approach. The effects of IFRS 15 on the Rosenbauer Group are described in greater detail below.

The group generates revenues in the following areas:

- Sale of firefighting vehicles, fire extinguisher systems and items of equipment for active fire protection as well as related after-sale services (maintenance, customer service, refurbishment)
- Sale of stationary and mobile extinguishing systems for preventive fire protection as well as related after-sale services (maintenance, customer service, refurbishment)

The vehicles as well as related items of equipment and replacement parts are divested both via separately identifiable contracts as well as jointly as packages consisting of goods and services. The detailed analysis of the effects of the conversion from the initial application of IFRS 15 is described in the following paragraphs:

Identification of contractual obligations in multi-component contracts

For contracts that include a service component as well as the supply of goods, the consideration is divided among the individual components based on relative individual sales prices in accordance with IFRS 15 and the revenue from these contracts is not realised in full at a specific point in time. Even before the initial application of IFRS 15, the Rosenbauer Group identified the contractual obligations in accordance with IFRS 15 in multi-component contracts and separately realised the revenues for each contractual obligation in a contract. Similarly, the transaction price of multi-component contracts was also divided among the individual contractual obligations in relation to relative individual sales prices before the initial application of IFRS 15. There are therefore no effects on the point in time or amount of the revenue recognition in the Rosenbauer Group in this area.

Revenue recognition for construction contracts

Until now, construction contracts were accounted for in the Rosenbauer Group in accordance with IAS 11 using the PoC method. An analysis of the criteria for a revenue recognition for a specific period of time in accordance with IFRS 15 showed that the construction contracts in the Rosenbauer Group may no longer be accounted for using the PoC method (revenue recognition for a specific period of time) due to the following reasons:

In accordance with IFRS 15, the revenue may only be realised if the control of the promised goods or promised service is transferred to the customer. It must first be checked whether the above-mentioned control is transferred over a certain period of time. The corresponding criteria for this are defined in IFRS 15.35.

The first criterion, according to which the benefit from the service provided by the company goes to the customer and he simultaneously makes use of the service while it is being performed, is not fulfilled in the Rosenbauer construction contracts.

According to the second criterion, the customer has the control over an asset while it is being created or improved. In the typical Rosenbauer vehicle contracts, the customer does not receive possession of the unfinished service, such that he does not have the possibility to determine the use of the goods and to receive the remaining benefit therefrom.

The third criterion requires that the asset (construction contract) offers no alternative use and that there is a payment claim for the services that have already been rendered. Although Rosenbauer vehicles are constructed according to the individual needs of the customer, they are not so specific that they could not be adapted for other customers with a reasonable conversion effort.

Since the above mentioned criteria are not fulfilled according to IFRS 15.35, a revenue recognition for a specific period of time using the PoC method is no longer applicable in the Rosenbauer Group. As of the financial year 2018, the transition to a revenue recognition for a specific period of time will be made, meaning that as of January 1, 2018, the revenue recognition will be made at a later point in time.

This means that at the time of initial application, the PoC receivables as well as the PoC sales accounted for at December 31, 2017 in the consolidated financial statements will be cancelled and instead the contracts will be accounted for as inventories with the appropriate change in inventory in the consolidated financial statements. At January 1, 2018, after taking into account the income tax-related consequences, the net effect from the cancellation of the PoC receivables and the recording of the inventories will be recorded directly in equity in the amount of € - 11,436.7 thousand.

Statement of penalties

Until now, expenses for possible penalty payments due to non-compliance with delivery deadlines were accounted for in the result for the period under other operating expenditure. According to IFRS 15, expected penalty payments are to be treated as reductions in the transaction price, with the consequence that from the time of initial application, these must be displayed as a decrease in revenues in the result for the period.

Take-back obligations

According to IFRS 15, take-back obligations in customer contracts should be considered as a variable element of the consideration when determining the transaction price. Here IFRS 15 stipulates that revenues from sales may only be realised to the extent in which it can be expected that no future cancellation of the revenues shall arise. For the claim from the receipt of the returned asset affected by the take-back obligation, an asset must be accounted for, while for the obligation to partially reimburse the received consideration, a debt must be accounted for. In the Rosenbauer Group, individual customer contracts with take-back obligations were identified, thus in the time of initial application, corresponding assets will be accounted for due to claims from the receipt of returned assets as well as related reimbursement liabilities, which as of 2018 will lead to an insignificant balance sheet extension. At January 1, 2018, after taking into account the income tax-related consequences, the net effect from the initial recording of assets for claims from the receipt of returned assets as well as related reimbursement liabilities will be recorded directly in equity in the amount of € +345.6 thousand.

The following table shows the impact of the IFRS 15 standard, applied for the first time, on relevant balance sheet items at January 1, 2018:

in € thousand	Dec 31, 2017	Adjustment IFRS 15		Jan 1, 2018	Change
		PoC method	Take-back obligation		
Non-current assets					
Deferred tax assets	2,327.2	2,801.8	(154.4)	4,974.6	2,647.4
Current assets					
Inventories	191,152.9	61,397.0	0.0	252,549.9	61,397.0
Construction contracts	75,635.5	(75,635.5)	0.0	0.0	(75,635.5)
Receivables and other assets	153,744.8	0.0	1,250.0	154,994.8	1,250.0
Equity					
Accumulated results	176,960.9	(8,816.7)	345.6	168,489.8	(8,471.1)
Non-controlling interests	30,977.8	(2,620.0)	0.0	28,357.8	(2,620.0)
Current liabilities					
Other current liabilities	63,672.2	0.0	750.0	64,422.2	750.0

With the exception of the standard IFRIC 22 “Foreign Currency Transactions and Advance Consideration” which was already applied in 2017 ahead of time, no further new standards were applied ahead of time. The following mandatory new standards that must be applied in the interim reporting period have no effect on the interim financial statements of Rosenbauer International AG:

Standards/Interpretationen	Effective date	
	according to IASB	according to EU-endorsement
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (published September 2016)	Jan 1, 2018	Jan 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (published June 2016)	Jan 1, 2018	Jan 1, 2018
Amendments to IAS 40: Transfer of Investment Property (published December 2016)	Jan 1, 2018	Jan 1, 2018
Improvements to IFRS (2014–2016) (published December 2016)	Jan 1, 2017/ Jan 1, 2018	Jan 1, 2017/ Jan 1, 2018
IFRIC 23: Uncertainty over Income Tax Treatments (published June 2017)	Jan 1, 2019	Jan 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation (published October 2017)	Jan 1, 2019	Jan 1, 2019
Amendments to IAS 28: Long-term interests in Associates and Joint Ventures (published October 2017)	Jan 1, 2019	Not yet applied
Improvements to IFRS (2015–2017) (published December 2017)	Jan 1, 2019	Not yet applied
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (published February 2018)	Jan 1, 2019	Not yet applied
Amendments to References to the Conceptual Framework in IFRS Standards (published March 2018)	Jan 1, 2020	Not yet applied
Amendment to IFRS 3: Business Combinations (published October 2018)	Jan 1, 2020	Not yet applied
IFRS 17: Insurance Contracts (published May 2017)	Jan 1, 2021	Not yet applied

3. COMPARATIVE FIGURES FOR IFRS 15

The following tables depict the effects of the standard IFRS 15, which was applied for the first time, on the consolidated financial statements of 30 September 2018 in comparison to the previously applied standards IAS 18/IAS 11.

IFRS 15 – Effects on the consolidated income statement

in € thousand	1–9/2018	Adjustment IFRS 15 PoC method	1–9/2018 without application of IFRS 15	Change
Revenues	552,024.6	55,645.2	607,669.8	55,645.2
Other income	3,442.2	0.0	3,442.2	0.0
Change in inventory of finished goods and work in progress	80,288.1	(47,171.2)	33,116.9	(47,171.2)
Capitalized development costs	840.0	0.0	840.0	0.0
Costs of goods sold	(377,573.9)	0.0	(377,573.9)	0.0
Staff costs	(160,717.9)	0.0	(160,717.9)	0.0
Depreciation and amortization expense on property, plant and equipment and intangible assets	(13,924.5)	0.0	(13,924.5)	0.0
Other expenses	(67,344.9)	0.0	(67,344.9)	0.0
Operating result (EBIT) before share in results of companies accounted for using the equity method	17,033.7	8,474.0	25,507.7	8,474.0

in € thousand	1-9/2018	Adjustment IFRS 15 PoC method	1-9/2018 without application of IFRS 15	Change
Financing expenses	(6,026.3)	0.0	(6,026.3)	0.0
Financing income	1,120.1	0.0	1,120.1	0.0
Share in results of companies accounted for using the equity method	(377.8)	0.0	(377.8)	0.0
Profit before income tax (EBT)	11,749.7	8,474.0	20,223.7	8,474.0
Income tax	(1,146.7)	(2,147.9)	(3,294.6)	(2,147.9)
Net profit for the period	10,603.0	6,326.1	16,929.1	6,326.1
thereof:				
- Non-controlling interests	6,218.9	209.5	6,428.4	209.5
- Shareholders of parent company	4,384.1	6,116.6	10,500.7	6,116.6
Average number of shares outstanding	6,800,000		6,800,000	
Basic earnings per share	€ 0.64	€ 0.90	€ 1.54	€ 0.90
Diluted earnings per share	€ 0.64	€ 0.90	€ 1.54	€ 0.90

IFRS 15 – Effects on the consolidated statement of financial position

in € thousand	Sep 30, 2018	Adjustment IFRS 15		Sep 30, 2018 without application of IFRS 15	Change
		PoC method	Take-back obligation		
Non-current assets					
Deferred tax assets	6,528.9	(5,021.3)	154.4	1,662.0	(4,866.9)
Current assets					
Inventories	366,282.0	(106,172.7)	0.0	260,109.3	(106,172.7)
Construction contracts	0.0	129,069.5	0.0	129,069.5	129,069.5
Receivables and other assets	185,664.3	0.0	(1,250.0)	184,414.3	(1,250.0)
Equity					
Accumulated results	166,073.9	14,950.4	(345.6)	180,678.7	14,604.8
Non-controlling interests	28,567.3	2,925.1	0.0	31,492.4	2,925.1
Current liabilities					
Other current liabilities	71,469.2	0.0	(750.0)	70,719.2	(750.0)

IFRS 15 – Effects on the consolidated statement of cash flows

in € thousand	1–9/2018	Adjustment IFRS 15 PoC method	1–9/2018 without application of IFRS 15	Change
Profit before income tax	11,749.7	8,474.0	20,223.7	8,474.0
+ Depreciation	13,924.5	0.0	13,924.5	0.0
± Gains/losses of companies accounted for using the equity method	377.8	0.0	377.8	0.0
+ Interest expenses	5,736.3	0.0	5,736.3	0.0
– Interest income	(1,120.1)	0.0	(1,120.1)	0.0
± Unrealized gains/losses from currency translation	1,294.9	184.4	1,479.3	184.4
± Change in inventories	(113,732.1)	44,775.7	(68,956.4)	44,775.7
± Change in receivables and other assets and construction contracts	(30,495.7)	(53,434.1)	(83,929.8)	(53,434.1)
± Change in trade payables and advance payments received	31,355.2	0.0	31,355.2	0.0
± Change in other liabilities	3,705.5	0.0	3,705.5	0.0
± Change in provisions (excluding income tax deferrals)	(216.5)	0.0	(216.5)	0.0
Cash earnings	(77,420.5)	0.0	(77,420.5)	0.0
Net cash flow from operating activities	(83,422.0)	0.0	(83,422.0)	0.0
Net cash flow from investing activities	(12,326.4)	0.0	(12,326.4)	0.0
Net cash flow from financing liabilities	93,409.0	0.0	93,409.0	0.0
Net change in cash and cash equivalents	(2,339.4)	0.0	(2,339.4)	0.0
+ Cash and cash equivalents at the beginning of the period	20,041.1	0.0	20,041.1	0.0
± Adjustment from currency translation	(44.1)	0.0	(44.1)	0.0
Cash and cash equivalents at the end of the period	17,657.6	0.0	17,657.6	0.0

4. COMPANIES INCLUDED IN CONSOLIDATION

A separate sales and service company Rosenbauer Polska Sp. z o.o. was founded in Poland in the second quarter of 2018. Due to the integration into the global Rosenbauer sales and service network, Polish customers can be directly assisted in the future and a further important municipal market can be served with its own location. As of the second quarter of 2018, the newly founded company will be included in the consolidated financial statements as a fully consolidated company.

The second quarter of 2018 also saw the successful completion of the merger of the G&S Group companies, which had thus far been run individually. All companies of the G&S Group will now operate under the name of G&S Brandschutztechnik AG with headquarters in Mogendorf, Germany.

In accordance with IFRS 10, the consolidated financial statements as of September 30, 2018 include three Austrian and 23 foreign subsidiaries, all of which are legally and actually controlled by Rosenbauer International AG and therefore included in consolidation. The shares in the associate in Russia (PA “Fire-fighting special technics”, Rosenbauer share: 49%) and the shares in the joint venture in Spain (Rosenbauer Ciansa S.L., Rosenbauer share: 50%) – established with the co-owner and Managing Director of Rosenbauer Española – are accounted for using the equity method.

5. SEASONAL FLUCTUATIONS

Owing to the high degree of dependency on public sector clients, the usual pattern in the fire equipment sector is for a very high proportion of its deliveries to be made in the second half of the year, especially in the final quarter. There can therefore be considerable differences – in terms of revenues and earnings – between the respective interim reporting periods. In the period under review there were no unusual developments over and above the seasonal fluctuations characteristic of the industry. Further information on developments in the period under review can be found in the interim Group management report.

6. SIGNIFICANT EFFECT OF ESTIMATES

The preparation of the interim consolidated financial statements requires the Executive Board to make assumptions and estimates that affect the amounts and reporting of assets, liabilities, income and expenses in the period under review. The actual amounts incurred can deviate from these estimates. Deviations from estimates had no significant effect on the financial statements in the reporting period.

7. RELATED PARTY DISCLOSURES

There has been no change in the composition of related parties since December 31, 2017. The following transactions were conducted with related parties in the period under review:

in € thousand	Joint ventures		Management	
	1-9/2017	1-9/2018	1-9/2017	1-9/2018
Sales of goods	1.0	0.0	0.0	0.0
Purchase of goods	2,194.5	1,027.2	0.0	0.0
Trade payables	86.3	127.7	0.0	0.0
Loans receivables	0.0	0.0	674.6	324.3
Land rent	0.0	0.0	256.6	379.3
Consulting services	0.0	0.0	3.7	0.0

8. INCOME TAX

Income tax for the period under review have been recognised on the basis of the best possible estimate of the weighted average annual income tax rate expected for the financial year as a whole. Tax on income for the first three quarters of 2018 break down into € 2,880.7 thousand (1-9/2017: € 1,917.9 thousand) in current income tax expenses and € -1,734.0 thousand (1-9/2017: € 863.9 thousand) in changes in deferred income tax.

9. SEGMENT REPORTING

Since January 1, 2018, Rosenbauer has been applying the new standard IFRS 15 for the first time. For the transition to the new provisions, the modified, retrospective approach was selected in each case where the previous year's values for revenues and EBIT are not adjusted. The statement for the first three quarters of 2018 is therefore produced in accordance with IFRS 15; the statement for the first three quarters of 2017 in accordance with the standards IAS 18/IAS 11.

In accordance with IFRS 8 (Operating Segments), segments must be defined and segment information disclosed on the basis of internal controlling and reporting. This results in segment reporting presented in line with the management approach of internal reporting.

The Group is managed by the chief operating decision makers on the basis of sales markets. The development of the market segments is particularly significant in internal reporting. Segmentation is based on the division of the sales regions (areas) defined by the chief operating decision makers. In addition to the segments managed by sales markets (areas), the SFP (Stationary Fire Production) segment is shown as a further segment in internal reporting.

The following reportable segments have been defined in line with the internal management information system: The CEEU area (Central and Eastern Europe), the NISA area (Northern Europe, Iberia, South America, Africa), the MENA area (Middle East, North Africa), the APAC area (Asia-Pacific), the NOMA area (North and Middle America) and SFP (Stationary Fire Production).

The chief operating decision makers monitor the EBIT of the areas separately in order to make decisions on the allocation of resources and to determine the units' earnings power. Segment performance is assessed on the basis of EBIT using the same definition as in the consolidated financial statements. However, income taxes are managed on a uniform Group basis and are not allocated to the individual segments. Transfer prices between the segments are at arm's length. A condensed presentation of the segments in accordance with IAS 34 and further information on their composition and development can be found in the interim Group management report.

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

In October 2018, the shareholders without controlling influence exercised the option to sell their 30% shares to the group at any time (put option), which was granted to them in the course of the acquisition of Rosenbauer Rovereto in 2016, in accordance with the agreement between the group and the Italian manufacturer CTE SpA. Since the shares in Rosenbauer Rovereto have already been completely factored into the consolidated financial statement since 2016 on the basis of this existing option, this measure does not result in any further effects on the financial statement, with the exception of the dissolution of the liability at the time of repurchase of the 30% share.

No further significant events occurred by the time of the preparation of the Quarterly Report.

11. CONTINGENT CLAIMS AND CONTINGENT LIABILITIES

Rosenbauer International AG has not issued any liability statements for the benefit of non-Group companies. Also, as was the case at the end of the year, there are no contingent assets or liabilities from which material receivables or liabilities will result.

12. DISCLOSURES ON FINANCIAL INSTRUMENTS

Interest rate and FX risks are hedged using derivative financial instruments such as FX forwards and interest rate caps. While some of these transactions are hedges from a business perspective, they do not meet the hedge accounting requirements of IFRS 9. The changes in the fair value of these financial instruments are recognised immediately in profit or loss in the consolidated income statement. Derivatives that meet the hedge accounting requirements of IFRS 9 are used solely to hedge future cash flows (i.e. cash flow hedges) and are presented separately in other comprehensive income in the consolidated statement of comprehensive income. As of September 30, 2018 the fair value of hedges recognised in the income statement was € -1,620.3 thousand (September 30, 2017: € 30.5 thousand), and that of the hedges recognized in other comprehensive income was € -2,302.7 thousand (September 30, 2017: € 678.8 thousand).

The following hierarchy is used in the consolidated financial statements to determine and report the fair values of financial instruments by measurement method:

- Level 1: quoted (unadjusted) prices on active markets for identical assets or liabilities.
- Level 2: methods in which all input parameters with a significant effect on the recognised fair value are either directly or indirectly observable.
- Level 3: methods that use input parameters with a significant effect on the recognised fair value that are not based on observable market data.

For all classes of financial instruments other than non-current interest-bearing loan liabilities, the carrying amount is equal to the fair value. The inputs for calculating the fair value of non-current loan liabilities bearing interest at fixed rates are assigned to level 2 of the IFRS 13 fair value hierarchy. The fair value is calculated using a DCF method, applying a discount rate that reflects the Group's interest rate on borrowed capital as of the end of the reporting period.

The financial investments available for sale shown as level 1 include listed equities and units in funds. The fair value of currency forwards and interest rate swaps, which are shown as level 2, is determined by reference to bank valuations based on recognised mathematical measurement models (discounted cash flow method on the basis of current interest and FX future yields based on interbank mid-rates as of the end of the reporting period).

in € thousand	Level 1		Level 2	
	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018
Derivative financial instruments				
without securement				
Positive fair value	0.0	0.0	957.5	364.1
Negative fair value	0.0	0.0	927.1	1,984.4
Derivative financial instruments				
with securement				
Positive fair value	0.0	0.0	823.2	124.2
Negative fair value	0.0	0.0	144.4	2,426.9
Interest rate hedges				
without securement				
Positive fair value	0.0	0.0	0.1	0.0
Negative fair value	0.0	0.0	0.0	0.0
Available-for-sale instruments				
Positive fair value	646.1	778.3	0.0	0.0
Negative fair value	0.0	0.0	0.0	0.0

The carrying amounts of cash and cash equivalents, trade receivables, trade payables, other financial assets and liabilities and current interest-bearing loan liabilities correspond to their fair values, which is why no further information of classification in a fair value hierarchy is included.

in € thousand	Carrying amount	At amortised cost	At fair value	
			Other comprehensive income	Through profit and loss
Sep 30, 2018				
Securities	778.3	0.0	778.3	0.0
Receivables	185,758.4	185,270.1	124.2	364.1
Cash and cash equivalents	17,657.6	17,657.6	0.0	0.0
Interest-bearing liabilities	312,093.7	312,093.7	0.0	0.0
Trade payables	61,003.6	61,003.6	0.0	0.0
Other liabilities	72,832.1	68,420.8	2,426.9	1,984.4
Sep 30, 2017				
Securities	646.1	0.0	646.1	0.0
Receivables	181,552.6	179,771.8	823.2	957.6
Cash and cash equivalents	15,048.5	15,048.5	0.0	0.0
Interest-bearing liabilities	269,656.4	269,656.4	0.0	0.0
Trade payables	46,390.1	46,390.1	0.0	0.0
Other liabilities	62,378.2	61,306.7	144.4	927.1

13. OTHER DISCLOSURES

Against the Rosenbauer International AG a civil suit is pending. For this purpose, a corresponding provision was formed as of December 31, 2017.

Rosenbauer International AG was sued in the second half of 2017 in relation to investigations pertaining to the handling of an order placed by the Croatian Ministry of the Interior in 2003. No accounting measures were taken on the basis of the current assessment.

In the second half of 2018, Rosenbauer International AG received knowledge of the fact that, in Italy, following a public tender, government investigation proceedings were initiated. Based upon the current assessment, no accounting measures have been taken.

Irregularities were detected in the process of preparing the 2017 annual financial statements of Rosenbauer Deutschland GmbH. Based on information available at the time, allowances for doubtful accounts and provisions were formed in the consolidated financial statement of December 31, 2017 as a precaution. The investigations have now been concluded. The precautions taken at year end (December 31, 2017) were allocated at an adequate level and used for damage repair. Thus no further expenses were accrued for the Rosenbauer Group in financial year 2018.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the interim group management report gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, and of the principal risks and uncertainties for the remaining three months of the financial year and of the major related party transactions to be disclosed.

Leonding, November 13, 2018



Dieter Siegel
CEO
Global central functions:
Corporate Development,
Human Resources,
Strategy,
Innovation & Marketing,
Group Communication,
Fire & Safety Equipment,
Product Management



Andreas Zeller
CSO
Global central functions:
Area Management
APAC, CEEU, MENA,
NISA and NOMA,
Sales Administration,
Customer Service



Daniel Tomaschko
CTO
Global central functions:
Stationary Fire Protection,
Supply Chain Management,
Central Technics,
CoC Operations



Sebastian Wolf
CFO
Global central functions:
Group Controlling,
Group Accounting and Tax,
Legal, Compliance &
Insurance, Export Finance,
Treasury, Investor Relations,
Internal Audit, IT

CONTACT AND CAPITAL MARKET CALENDAR

INVESTOR RELATIONS

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CAPITAL MARKET CALENDAR

February 12, 2019	Preliminary results 2018
April 5, 2019	Publication of results 2018
May 13, 2019	“Annual General Meeting” record date
May 14, 2019	Quarterly Report 1/2019
May 23, 2019	27 th Annual General Meeting, Vienna
May 27, 2019	Ex-dividend date
May 28, 2019	Dividend record date
May 29, 2019	Dividend payout date
August 9, 2019	Half-year Financial Report 2019
November 12, 2019	Quarterly Report 3/2019

ROSENBAUER SHARE DETAILS

ISIN	AT0000922554
Reuters	RBAV.VI
Bloomberg	ROS AV
Share class	No-par-value shares, bearer or registered
ATX prime weighting	0.29%

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