



# Key Figures of Success

Miba Shareholder Information  
First Half-Year 2016–2017  
February 1 to July 31, 2016



# Contents

<b>Condensed management report on the first half of 2016–2017</b>	<b>4</b>
General conditions	4
Revenue and performance analysis	5
Financial position, assets and liabilities	5
Order backlog	6
Employees	6
Other events	7
Segment reporting	7
Significant risks and uncertainties	8
Outlook	8
<b>Condensed consolidated interim financial statements for the period ended July 31, 2016</b>	<b>11</b>
IFRS consolidated income statement	12
IFRS consolidated statement of comprehensive income	13
IFRS consolidated balance sheet	14
IFRS consolidated statement of changes in equity	16
IFRS consolidated cash flow statement	18
Selected notes to the consolidated interim financial statements for the period ended July 31, 2016	20
<b>Statement by the Management Board as required by section 87(1) number 3 of the Austrian Stock Exchange Act (BörseG)</b>	<b>38</b>

# Condensed management report on the first half of 2016–2017

## Economic conditions

Prior to the Brexit Vote in the United Kingdom on June 23, 2016, economic data and the situation on the financial markets for 2016 and 2017 indicated that the global economy would develop in line with the International Monetary Fund's (IMF) forecasts in April 2016. The outcome of the vote – the United Kingdom's exit from the EU – surprised the global financial markets, which implies that this decision has given rise to not insignificant risks for the global economy. Primarily against this backdrop, the IMF revised the global growth expectations published in April slightly, reducing them for 2016 and 2017 by 0.1 percentage points to 3.1 percent and 3.4 percent respectively. Economic growth in the developed countries for 2016 and 2017 is forecast at 1.8 percent (0.1 and 0.2 percentage points lower compared to the April forecasts). As part of this revision, economic growth in the US for 2016 was already adjusted downward by 0.2 percentage points to 2.2 percent growth; the expectations for 2016 currently remain unchanged at 2.5 percent. With a GDP increase of 1.6 percent, the 2017 forecast for the eurozone actually improved by 0.1 percentage points; in contrast, the forecasts for 2017 were reduced by 0.2 percentage points to 1.4 percent. For China, the IMF expects a slight improvement of 0.1 percentage points in 2016 to 6.6 percent growth; for 2017, the IMF continues to assume a slowdown in economic growth to 6.2 percent. The forecasts for India for 2016 and 2017 were each adjusted downward by 0.1 percentage points to 7.4 percent economic growth.<sup>1</sup>

Performance in Miba's sales markets was again inconsistent in the first half of fiscal year 2016–2017. While the global automotive industry continued its solid growth of past periods, the situation in most sectors of the capital goods industry remained very challenging and disappointing. The outlook for most capital goods markets remains negative.

In Europe, 3.1 percent more passenger vehicles were produced between January and June 2016 and registrations were up 9 percent compared to the first half of 2015.<sup>2</sup> In the US, the number of passenger vehicles and LCVs produced increased by 3.6 percent; in contrast, the number of registrations gained just 1.8 percent.<sup>3</sup> In China, 7 percent more passenger vehicles and LCVs were sold in the first half of 2016 and production rose by 6 percent compared to the first half of 2015.<sup>4</sup> It appears in particular there was not such a sharp decline during the summer months in 2016, as was the case in the previous year. The Indian automotive industry remained at a stable level and posted an increase of 5.4 percent in the sales figures for passenger vehicles and LCVs compared to the first half of 2015, while production figures rose by 6.6 percent.<sup>5</sup> On the other hand, the Brazilian automotive industry continued its decline – production figures fell again by 21.2 percent; registrations even sank by 25.4 percent compared to the first six months of 2015.<sup>6</sup> Miba benefited from this nevertheless overall stable development of the automotive industry just as it did from numerous new product startups in all of Miba's active product areas in the automotive industry.

In contrast to the automotive industry, there were no improvements to be seen in most segments of the capital goods industry in the first half of 2016, rather there was an additional weakening in some segments. The truck market in Europe and China was a positive exception. For example, 14 percent more heavy trucks

<sup>1</sup> Source: International Monetary Fund (IMF), World Economic Outlook Update, July 2016

<sup>2</sup> Source: LMC Automotive, July 2016

<sup>3</sup> Source: Automotive News, July 27, 2016

<sup>4</sup> Source: LMC Automotive, July 2016

<sup>5</sup> Source: LMC Automotive, July 2016

<sup>6</sup> Source: [www.anfavea.com.br/July2016](http://www.anfavea.com.br/July2016)

were produced in China in the first half of the year compared to same period in the previous year, which slightly compensated for the dramatic decrease of more than 30 percent in the previous year.<sup>7</sup> By contrast, the previously stable US truck industry posted an unexpected downturn of 15 percent in the first six months of 2016 compared to the first half of 2015.<sup>8</sup> The global markets for construction machinery and mining equipment and agricultural commercial vehicles continued their negative growth in the past months. Especially hard hit were the US markets for diesel-electric locomotives and compressors, which are significant to Miba. The shipping industry and plant engineering again posted slightly negative growth from already very low levels.

### Revenue and performance analysis

Miba's development in the first half of 2016–2017 was affected first and foremost by the continuing restrained investment climate in most industries. In the first six months, the Company held revenue to the level of the same period in the previous year, which is attributable almost solely to strong revenue from the automotive industry in all regions.

For the period from February to July 2016, Miba generated revenue of EUR 376.5 million, which is 0.3 percent more than in the prior-year comparative period, whereby changes in currency rates had a minimal negative impact of –1.1 percent.

The Miba Europe segment generated the largest proportion of consolidated revenue with 69.8 percent, followed by Miba Americas with 16.9 percent and Miba Asia with 13.3 percent. The Miba Shared Services segment did not generate any external revenue. Miba Europe and Miba Asia showed slightly positive growth, while the Miba Americas segment posted a sharp decline of –7.1 percent.

In the first half of 2016–2017, profit before interest, tax, depreciation and amortization (EBITDA) was EUR 74.0 million, EUR 2.7 million below the prior-year amount. At 19.7 percent, the earnings quality (EBITDA margin) was significantly below that of the prior-year comparative period (20.4 percent). Profit before interest and tax (EBIT) was EUR 51.5 million (previous year: EUR 49.7 million). This result was attained by rigid cost control in all areas. The EBIT margin was 13.7 percent (previous year: 13.3 percent).

### Financial position, assets and liabilities

Total assets of EUR 795.6 million were EUR 12.2 million less than at the January 31, 2016 reporting date (EUR 807.8 million).

Cash used in capital expenditures on property, plant and equipment and intangible assets amounted to EUR 31.9 million (previous year: EUR 27.8 million). Operating cash flow was kept stable in a challenging environment at EUR 58.0 million using rigid working capital management and working capital financing (previous year: EUR 53.1 million).

<sup>7</sup> Source: LMC Automotive, July 2016 and July 2015

<sup>8</sup> Source: [http://trailer-bodybuilders.com/market-stats/truck-sales-graphs-june-2016#slide-5-field\\_images-54431](http://trailer-bodybuilders.com/market-stats/truck-sales-graphs-june-2016#slide-5-field_images-54431); retrieval date: August 21, 2016

Group equity declined by EUR 22.1 million in the first six months of the current fiscal year and amounted to EUR 439.9 million as of July 31, 2016 (January 31, 2016: EUR 462.0 million). The equity ratio as of July 31, 2016 was 55.3 percent, slightly below the level as of the last reporting date (January 31, 2016: 57.2 percent) and the comparative period as of July 31, 2015 (56.9 percent). Combined with a robust financing structure, it also continues to ensure the financial autonomy and independence of the Miba Group despite this minor decline.

As of July 31, 2016, the Miba Group continued to report a solid financing structure with an excess of financial assets over debt (net liquidity plus [current and non-current] financial assets excluding securities to cover pension provisions) in the amount of EUR 86.4 million (January 31, 2016: EUR 117.9 million)

### **Order backlog**

At EUR 186.7 million, the order backlog as of July 31, 2016, was less than the order backlog as of January 31, 2016 (EUR 188.8 million). As before, the order backlog shows a satisfactory demand in the automotive industry, while the order intake from the capital goods industry reflects the continuing weakness of the markets.

### **Employees**

As of the July 31, 2016 reporting date, the Miba Group had 4.978 employees worldwide (excluding agency staff). This corresponds to an increase of 0.6 percent or 28 employees compared to July 31, 2015 (4.950 employees). Including agency staff, 5.583 employees were working for Miba worldwide as of July 31, 2016 (previous year: 5.385 employees). Although Miba posted only minor revenue growth compared to the first half of the previous year, the number of employees was expanded.

As of July 31, 2016, Miba was training 167 apprentices. On September 1, 2016, 31 young people commenced their training at the Upper Austrian sites. Miba has offered employees currently working in production or production-related areas an option to undertake a metal worker apprenticeship as mature students. Twelve employees are currently completing this program; the second cohort will begin already in the fall.

To also promote management talent and strengthen international collaboration within the Miba Group, the Company initiated a global training program for university and college graduates last year (Miba Global Graduate Program). For almost a year, four "Globalites" from Austria, Slovakia, China and the US have been working on projects at various Miba locations; additional "Globalites" will start their international training at Miba in October 2016.

### Other events

Other events after the reporting date which are significant to measurement as of the reporting date, such as ongoing litigation or claims for damages, as well as other obligations or expected losses which must be recognized or disclosed under IAS 10, have been reflected in the accompanying half-year financial statements or are not known.

### Segment reporting

#### Miba Europe

In the first half of 2016–2017, the Miba Europe segment benefited in particular from the stable growth of the European automotive industry and from the surprisingly strong truck market. In contrast, the other sectors of the capital goods industry relevant to Miba showed no indications of improvement compared to the previous year. At EUR 262.8 million, external segment revenue in the reporting period was 2.0 percent higher than the prior-year amount of EUR 257.6 million.

In the reporting period, Miba Europe invested EUR 17.6 million in new customer projects and only a very small amount in the expansion of capacity.

#### Miba Americas

Development of the Miba Americas segment was primarily impacted by the very difficult situation in the capital goods sector (above all in the locomotive, trucks and compressors sectors). The continued strength in the passenger vehicles market was unable to fully compensate for the weak demand in these sectors. Revenue declined by 7.1 percent in the reporting period to EUR 63.5 million compared to the previous year (EUR 68.3 million).

The segment's capital expenditure in the first half of the year amounted to EUR 6.3 million (previous year: EUR 9.1 million); this was invested almost exclusively in the passenger vehicle market.

#### Miba Asia

The Miba Asia segment showed stable growth in the first six months of the current fiscal year compared to the first half of the prior year. The weaknesses in the capital goods industry were compensated for by surprisingly positive demand in both the passenger vehicles and truck industries. Deliveries in the market for electric cars showed particularly strong growth. Segment revenue for the first half of 2016–2017 was EUR 50.2 million, an increase of 1.7 percent and slightly above the prior-year comparative (EUR 49.3 million).

Miba Asia invested EUR 4.9 million in the reporting period (previous year: EUR 4.1 million).

#### Miba Shared Services

The Miba Shared Services segment comprises all Miba Group companies which provide internal (management) services to all or to a number of segments. Therefore, these companies do not generate any external revenue.

Capital expenditure in the Miba Shared Services segment amounted to EUR 2.1 million in the first half of 2016–2017 (previous year: EUR 1.0 million).

### **Significant risks and uncertainties**

In the first half of the current fiscal year, there were no material changes in the risk categories listed in the 2015–2016 Annual Report. For further information, please refer to the risk report in the 2015–2016 Annual Report.

### **Outlook**

The market developments already observed in the past fiscal year have so far been confirmed. Over the short and mid-term, Miba expects stable growth in the automotive industry in almost all regions. The Company does not see any improvement in the situation in the capital goods markets for either 2016 or 2017, but rather the risk of yet another slight softening. In order to also be successful on the markets over the long term, Miba is working intensively with developments in the e-mobility and digitalization sectors.

It is difficult to predict the manner in which geopolitical instabilities and still fragile financial markets could impact the future development of Miba.



# Condensed consolidated interim financial statements

# IFRS consolidated income statement

in TEUR	<b>Q1-Q2 2016-17</b>	<b>Q1-Q2 2015-16</b>
Revenue	376,454	375,245
Change in inventories of finished goods and work in progress	888	5,594
Own work capitalized	1,807	1,907
<b>Gross operating revenue</b>	<b>379,149</b>	<b>382,745</b>
Other operating income	7,057	9,576
Cost of materials and other manufacturing services purchased	-145,183	-149,507
Personnel expenses	-116,956	-115,441
Other operating expenses	-50,049	-50,701
<b>Profit before interest, tax, depreciation and amortization (EBITDA)</b>	<b>74,017</b>	<b>76,672</b>
Depreciation and amortization	-22,482	-22,513
Impairment losses	0	-4,432
<b>Profit before interest and tax (EBIT)</b>	<b>51,535</b>	<b>49,727</b>
Share of profits and losses of associates	-173	-2,772
Financing costs for LP minority shareholders	-1,280	-1,106
Net interest expense	-1,907	-1,585
Other financial result	527	248
<b>Financial result</b>	<b>-2,832</b>	<b>-5,215</b>
<b>Profit before tax (EBT)</b>	<b>48,703</b>	<b>44,511</b>
Income tax expense	-12,500	-11,457
<b>Profit after tax (EAT)</b>	<b>36,203</b>	<b>33,054</b>
of which attributable to		
Shareholders of Miba Aktiengesellschaft	35,050	31,673
Non-controlling interests	1,154	1,381
Weighted average number of shares issued	1,202,021	1,202,021
Earnings per share in EUR	29.16	26.35
Diluted earnings per share in EUR = basic earnings per share in EUR	29.16	26.35

## IFRS consolidated statement of comprehensive income

	<b>Q1-Q2</b>	<b>Q1-Q2</b>
in TEUR	<b>2016-17</b>	<b>2015-16</b>
<b>Profit after tax (EAT)</b>	<b>36,203</b>	<b>33,054</b>
Currency translation gains/losses	-3,021	5,576
Gains/losses on the disposal of available-for-sale financial assets	24	40
attributable deferred taxes	-6	-10
Share of other comprehensive income of equity-accounted companies	-29	-383
<b>Total other comprehensive income for items which may be reclassified subsequently to profit or loss</b>	<b>-3,032</b>	<b>5,224</b>
Actuarial gains/losses	-3,333	814
attributable deferred taxes	833	-204
<b>Total other comprehensive income for items which will not be reclassified subsequently to profit or loss</b>	<b>-2,500</b>	<b>611</b>
<b>Total comprehensive income</b>	<b>30,672</b>	<b>38,888</b>
of which attributable to		
Shareholders of Miba Aktiengesellschaft	29,836	36,954
Non-controlling interests	836	1,934

## IFRS consolidated balance sheet

in TEUR	7/31/2016	1/31/2016
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	35,432	39,016
Property, plant and equipment	307,949	300,926
Investments in associates	0	202
Financial assets	72,693	78,324
Deferred tax assets	2,406	1,110
	<b>418,480</b>	<b>419,577</b>
<b>Current assets</b>		
Inventories	101,967	100,521
Trade receivables	104,170	91,534
Other assets	19,639	20,287
Current financial assets	2,040	14,999
Cash and cash equivalents	149,270	160,876
	<b>377,086</b>	<b>388,217</b>
<b>Total assets</b>	<b>795,566</b>	<b>807,793</b>

<b>in TEUR</b>	<b>7/31/2016</b>	<b>1/31/2016</b>
<b>Equity and liabilities</b>		
<b>Group equity</b>		
Share capital	9,500	9,500
Capital reserves	18,089	18,089
Treasury shares	-16,305	-16,305
Retained earnings	419,772	439,936
Non-controlling interests	8,834	10,810
	<b>439,890</b>	<b>462,029</b>
<b>Non-current liabilities</b>		
Termination benefit and pension provisions	32,876	28,937
Deferred tax liabilities	6,806	7,665
Other non-current provisions	1,850	2,266
Financial liabilities	116,987	121,452
Other non-current liabilities	6,837	6,568
	<b>165,356</b>	<b>166,888</b>
<b>Current liabilities</b>		
Current provisions	17,106	13,701
Tax provisions	3,332	3,322
Trade payables	82,989	85,433
Current financial liabilities	26,126	23,741
Income tax liabilities	17,272	12,684
Other current liabilities	43,495	39,994
	<b>190,320</b>	<b>178,876</b>
<b>Total equity and liabilities</b>	<b>795,566</b>	<b>807,793</b>

# IFRS consolidated statement of changes in equity

in TEUR	Share capital	Capital reserves	Treasury shares
<b>Balance 2/1/2015</b>	<b>9,500</b>	<b>18,089</b>	<b>-16,305</b>
Profit after tax (EAT)	0	0	0
Other comprehensive income	0	0	0
Currency translation gains/losses	0	0	0
Actuarial gains/losses	0	0	0
Gains/losses on the disposal of available-for-sale financial assets	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividends	0	0	0
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance 7/31/2015</b>	<b>9,500</b>	<b>18,089</b>	<b>-16,305</b>
<b>Balance 2/1/2016</b>	<b>9,500</b>	<b>18,089</b>	<b>-16,305</b>
Profit after tax (EAT)	0	0	0
Other comprehensive income	0	0	0
Currency translation gains/losses	0	0	0
Actuarial gains/losses	0	0	0
Gains/losses on the disposal of available-for-sale financial assets	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividends	0	0	0
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance 7/31/2016</b>	<b>9,500</b>	<b>18,089</b>	<b>-16,305</b>

	Retained earnings					Attributable to shareholders of Miba AG	Non-controlling interests	Total equity
	Foreign currency translation reserve	Available-for-sale financial assets	Actuarial + gains / – losses	Equity-accounted companies	Other retained earnings			
	<b>23,162</b>	<b>26</b>	<b>-9,516</b>	<b>-502</b>	<b>384,666</b>	<b>409,119</b>	<b>12,856</b>	<b>421,975</b>
	0	0	0	0	31,673	31,673	1,381	33,054
	5,023	30	611	-383	0	5,281	554	5,834
	5,023	0	0	-383	0	4,640	554	5,194
	0	0	611	0	0	611	0	611
	0	30	0	0	0	30	0	30
	<b>5,023</b>	<b>30</b>	<b>611</b>	<b>-383</b>	<b>31,673</b>	<b>36,954</b>	<b>1,934</b>	<b>38,888</b>
	0	0	0	0	-9,616	-9,616	-2,073	-11,690
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,616</b>	<b>-9,616</b>	<b>-2,073</b>	<b>-11,690</b>
	<b>28,184</b>	<b>56</b>	<b>-8,905</b>	<b>-885</b>	<b>406,723</b>	<b>436,457</b>	<b>12,717</b>	<b>449,174</b>
	<b>24,946</b>	<b>41</b>	<b>-8,700</b>	<b>-1,226</b>	<b>424,875</b>	<b>451,219</b>	<b>10,810</b>	<b>462,029</b>
	0	0	0	0	35,050	35,050	1,154	36,203
	-2,703	18	-2,500	-29	0	-5,214	-318	-5,532
	-2,703	0	0	-29	0	-2,732	-318	-3,050
	0	0	-2,500	0	0	-2,500	0	-2,500
	0	18	0	0	0	18	0	18
	<b>-2,703</b>	<b>18</b>	<b>-2,500</b>	<b>-29</b>	<b>35,050</b>	<b>29,836</b>	<b>836</b>	<b>30,672</b>
	0	0	0	0	-50,000	-50,000	-2,811	-52,811
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-50,000</b>	<b>-50,000</b>	<b>-2,811</b>	<b>-52,811</b>
	<b>22,243</b>	<b>59</b>	<b>-11,200</b>	<b>-1,254</b>	<b>409,924</b>	<b>431,055</b>	<b>8,834</b>	<b>439,890</b>

# IFRS consolidated cash flow statement

in TEUR		Q1-Q2	Q1Q2
		2016-17	2015-16
<b>1.</b>	<b>Consolidated cash flow from operating activities</b>		
	Profit before tax (EBT)	48,703	44,511
+ (-)	Financial result	2,832	5,215
<b>=</b>	<b>Profit before interest and tax (EBIT)</b>	<b>51,535</b>	<b>49,727</b>
+ (-)	Depreciation, amortization and impairment losses	22,482	26,945
+ (-)	Increase (decrease) in non-current provisions	-175	637
- (+)	Gains (losses) from the disposal of non-current assets	-164	38
<b>=</b>	<b>Consolidated cash flow from profit</b>	<b>73,678</b>	<b>77,346</b>
- (+)	Increase (decrease) in inventories	-2,527	-9,500
- (+)	Increase (decrease) in trade receivables, group receivables and other assets <sup>1</sup>	-13,579	-12,021
+ (-)	Increase (decrease) in trade payables, group liabilities and other liabilities <sup>1</sup>	1,152	9,149
+ (-)	Change in outstanding liabilities from investments <sup>1</sup>	2,378	-5,038
+ (-)	Increase (decrease) in current provisions <sup>1</sup>	3,464	3,473
- (+)	Currency translation gains/losses and other non-cash changes	1,609	-1,011
+	Interest received	1,147	1,159
-	Tax payments	-9,311	-10,473
<b>=</b>	<b>Consolidated cash flow from operating activities<sup>1</sup></b>	<b>58,011</b>	<b>53,085</b>
<b>2.</b>	<b>Consolidated cash flow from investing activities</b>		
-	Investments in property, plant and equipment, and intangible assets	-29,494	-32,886
- (+)	Change in outstanding liabilities from investments <sup>1</sup>	-2,378	5,038
-	Investments in financial assets (excluding equity investments) <sup>1</sup>	-6,492	-4,955
+	Proceeds from disposals of financial assets <sup>1</sup>	24,729	5,000
+	Proceeds from disposals of investments	506	299
<b>=</b>	<b>Consolidated cash flow from investing activities<sup>1</sup></b>	<b>-13,129</b>	<b>-27,504</b>

<sup>1</sup> Prior-year comparatives have been adjusted. See note (6) *Changes in the reporting in the notes to the consolidated financial statements.*



in TEUR		Q1-Q2 2016-17	Q1-Q2 2015-16
<b>3.</b>	<b>Consolidated cash flow from financing activities</b>		
–	Group parent dividend	–50,000	–9,616
–	Dividends relating to non-controlling interests	–2,811	–2,073
+ (–)	Change in other financial liabilities	1,570	2,959
–	Interest paid	–4,197	–4,064
<b>=</b>	<b>Consolidated cash flow from financing activities</b>	<b>–55,437</b>	<b>–12,794</b>
+ (–)	Consolidated cash flow from operating activities <sup>1</sup>	58,011	53,085
+ (–)	Consolidated cash flow from investing activities <sup>1</sup>	–13,129	–27,504
+ (–)	Consolidated cash flow from financing activities	–55,437	–12,794
<b>=</b>	<b>Change in cash and cash equivalents<sup>1</sup></b>	<b>–10,555</b>	<b>12,787</b>
+ (–)	Change due to currency translation	–1,051	1,544
+	Opening balance of cash and cash equivalents <sup>1</sup>	160,876	133,492
<b>=</b>	<b>Closing balance of cash and cash equivalents<sup>1</sup></b>	<b>149,270</b>	<b>147,823</b>

# Selected notes to the consolidated interim financial statements for the period ended July 31, 2016

## **(1) INFORMATION ON THE COMPANY**

Miba Aktiengesellschaft (in short: "Miba AG" or "Company") is an international Group domiciled in Austria. The Group's head office is located at Dr.-Mitterbauer-Strasse 3, 4663 Laakirchen, Austria. The Company is registered at the Wels regional and commercial court (Landes- als Handelsgericht Wels) under number FN 107386 x.

The main regions where the Miba Group has a presence are Europe, America and Asia. Business activities mainly encompass sintered components (sinter products), engine bearings (bearing products), friction materials (friction products), power electronics components, coatings (coating processes) and special machinery (equipment manufacturing).

## **(2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

These consolidated interim financial statements of Miba AG for the period ended July 31, 2016 (February 1, 2016 to July 31, 2016) have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU) and applicable at the reporting date, under the responsibility of the Management Board. In accordance with IAS 34 "Interim Financial Reporting", the condensed consolidated interim financial statements do not contain all of the information and disclosures that are required for complete financial statements, and should therefore always be read in conjunction with the consolidated financial statements of Miba AG for the period ended January 31, 2016.

For clarity, all amounts are generally reported in thousands of euros (TEUR). Rounding differences may arise when adding rounded amounts and percentages due to the use of accounting software.

The accounting pronouncements whose application is mandatory from fiscal year 2016–2017 onwards do not have a material effect on the presentation of the assets, liabilities, financial position, and profit or loss of the consolidated interim financial statements.

The accounting policies from the year ended January 31, 2016 have been applied unchanged when preparing the consolidated interim financial statements. For further information on accounting policies please therefore refer to the consolidated financial statements for the year ended January 31, 2016.

### **(3) AUDIT AND REVIEW OF FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements of the Miba Group have neither been audited nor reviewed by an auditor

### **(4) BASIS OF CONSOLIDATION**

The basis of consolidation has been determined in accordance with the principles of IFRS 10. Accordingly, 17 (previous year: 17) Austrian and 24 (previous year: 24) foreign subsidiaries are included in full (full consolidation) for which Miba AG holds the majority of voting rights either directly or indirectly.

Miba Energy Holding GmbH & Co KG, Laakirchen, Austria, and the companies held by Miba Energy Holding GmbH & Co KG in which the indirect share of capital is 49 percent or less are also controlled and consolidated, as Miba Energy Holding GmbH, the managing general partner, is a wholly owned subsidiary of Miba AG. As the only partner, Miba Energy Holding GmbH has the right to manage Miba Energy Holding GmbH & Co KG. The Miba Group therefore controls Miba Energy Holding GmbH & Co KG and its subsidiaries via Miba Energy Holding GmbH, as it has the ability to influence fluctuating returns through its right of control.

One (previous year: one) company has been proportionately consolidated in Miba AG's consolidated financial statements. 50 percent of the shares of ABM Advanced Bearing Materials LLC, with its principal place of business in Greensburg, Indiana, USA, are owned by Miba Bearings US LLC, McConnelsville, Ohio, USA; this is a strategic partnership for the input stock production of engine bearings. Control over the net assets of the company is limited to the extent that the second shareholder has tender rights if a transfer is desired. The joint arrangement was classified as a joint operation, as the parties have a contractual right to all the economic benefits.

Furthermore, two (previous year: two) investments in associates have been accounted for under the equity method.

The five (previous year: five) unconsolidated subsidiaries and the two (previous year: two) associates that were not accounted for under the equity method are also not material in the aggregate.

Miba AG's consolidated group includes a special fund (held-to-maturity fund) which is classified as a structured entity. Fund assets are controlled on the basis of comprehensive codetermination rights and therefore consolidated. The fund invests in corporate bonds and serves as a long-term investment vehicle. The significant risks are credit risk and market risk. Miba AG does not intend to provide financial support or any other assistance to the fund.

There were no changes in the basis of consolidation in the period from February 1, 2016 to July 31, 2016.

## (5) MANAGEMENT JUDGMENTS, ESTIMATION UNCERTAINTIES AND ASSUMPTIONS

For management judgments and uncertainties arising from estimates, please refer to the Miba Group's consolidated financial statements for the year ended January 31, 2016. There were no changes in this respect during the first half of 2016–2017.

## (6) CHANGES IN THE REPORTING OF THE CONSOLIDATED CASH FLOW STATEMENT

Financial assets and cash and cash equivalents have been reclassified due to a revised investment strategy, the changed reporting of maturities and the changed allocation to line items in the balance sheet.

in TEUR	2/1/2015–7/31/2015		
	Reported in previous year	Reclassification	Previous year adjusted
Increase (decrease) in trade receivables, group receivables and other assets	-12,481	460	-12,021
Increase (decrease) in trade payables, Group liabilities and other liabilities	9,367	-218	9,149
Change in outstanding liabilities from investments	0	-5,038	-5,038
Increase (decrease) in current provisions	3,255	218	3,473
<b>Consolidated cash flow from operating activities</b>	<b>57,662</b>	<b>-4,577</b>	<b>53,085</b>
Change in outstanding liabilities from investments	0	5,038	5,038
Investments in financial assets (excluding equity investments)	-5,959	1,005	-4,955
<b>Consolidated cash flow from investing activities</b>	<b>-33,546</b>	<b>6,042</b>	<b>-27,504</b>
<b>Change in cash and cash equivalents</b>	<b>11,322</b>	<b>1,465</b>	<b>12,787</b>
Opening balance of cash and cash equivalents	138,132	-4,640	133,492
<b>Closing balance of cash and cash equivalents</b>	<b>150,998</b>	<b>-3,175</b>	<b>147,823</b>

## (7) SELECTED CONSOLIDATED INCOME STATEMENT DISCLOSURES

### SHARE OF PROFITS OR LOSSES OF ASSOCIATES

Mahle Metal Leve Miba Sinterizados Ltda. is a partner in the production, sale, import and export of sintered components and other metal commodities and in the provision of services. The company's principal place of business is São Paulo, Brazil. Losses in the first half of 2016–2017 resulted in negative equity in the amount of TEUR 3,229. As there are no guarantees or additional contribution obligations, pro rata losses in the amount of TEUR 1,107 were not recognized in the reporting period (at equity carrying amount: TEUR 0).

## **(8) SELECTED CONSOLIDATED BALANCE SHEET DISCLOSURES**

### **PROPERTY PLANT AND EQUIPMENT**

In the first half of 2016–2017, property, plant and equipment and intangible assets in the amount of TEUR 29,494 were acquired (previous year: TEUR 32,886).

During the same period, property, plant and equipment and intangible assets with a carrying amount of TEUR 342 were disposed of (previous year: TEUR 337).

### **INVENTORIES**

In the first half of 2016–2017, write-downs to net realizable value amounting to TEUR 610 (previous year: TEUR 741) were recognized in profit or loss.

### **TRADE RECEIVABLES**

Receivables of TEUR 670 (previous year: TEUR 1,218) were written down in the first six months of the fiscal year.

### **TERMINATION BENEFIT AND PENSION PROVISIONS**

Provisions for termination benefits and pensions are measured based on actuarial assumptions in accordance with the projected unit credit method. The provisions are determined at the respective annual financial statement reporting date using an actuarial report. After reviewing the changes in the underlying actuarial assumptions, these amounts were recalculated using an interest rate of 1.2 percent (January 31, 2016: 2.0 percent) for termination benefit provisions and an interest rate of 1.0 percent for pension provisions (January 31, 2016: 1.8 percent) for the consolidated interim financial statements.

### **CONTINGENT LIABILITIES**

There were no significant changes to contingent liabilities compared to January 31, 2016.

## **(9) FINANCIAL INSTRUMENTS**

The carrying amounts (classified according to IAS 39 measurement categories) and fair values (classified into the fair value hierarchy, see explanation below) of financial assets and financial liabilities as of July 31, 2016, and January 31, 2016, were as follows.



<b>as of July 31, 2016, in TEUR</b>	<b>Carrying amount under IAS 39</b>	<b>Balance sheet item</b>	<b>Total carrying amount 7/31/2016</b>
<b>Financial assets recognized at fair value</b>			
Securities (held for trading)	FV	Financial and current financial assets	1,707
Securities (fair value option)	FV	Financial assets	24,652
Securities (available for sale)	FV	Financial and current financial assets	5,064
Derivatives with positive fair values not in hedging relationships	FV	Current financial assets	351
			<b>31,774</b>
<b>Financial assets not recognized at fair value</b>			
Shares in affiliates and other equity investments	C	Financial assets	1,171
Securities (held-to-maturity)	AC	Financial assets	10,000
Loans	AC	Financial assets	26,245
Trade receivables	AC	Trade receivables	103,951
Receivables from long-term construction contracts	N/A	Trade receivables	219
Other financial receivables	AC	Financial and current financial assets	5,544
Current investments	AC	Current financial assets	0
Cash and cash equivalents	AC	Cash and cash equivalents	149,270
			<b>296,400</b>
<b>Financial liabilities recognized at fair value</b>			
Derivatives with negative fair value not in hedging relationships	FV	Current financial liabilities	1,010
			<b>1,010</b>
<b>Financial liabilities not recognized at fair value</b>			
Financial liabilities	AC	Financial and current financial liabilities	127,764
Liabilities under finance leases	N/A	Financial and current financial liabilities	11,946
Other financial liabilities	AC	Current financial liabilities	2,393
Trade payables	AC	Trade payables	82,989
			<b>225,093</b>

FV = fair value  
C = cost  
AC = amortized cost



	IAS 39 measurement category					Total fair value 7/31/2016	Fair value hierarchy		
	At fair value through profit or loss	Held-to-maturity	Loans and receivables	Available for sale	Other financial liabilities		Level 1	Level 2	Level 3
	1,707	0	0	0	0	1,707	1,707		
	24,652	0	0	0	0	24,652	24,652		
	0	0	0	5,064	0	5,064	5,064		
	351	0	0	0	0	351		351	
	<b>26,710</b>	<b>0</b>	<b>0</b>	<b>5,064</b>	<b>0</b>				
	0	0	0	1,171	0				
	0	10,000	0	0	0	10,208	10,208		
	0	0	26,245	0	0	26,378			26,378
	0	0	103,951	0	0				
	0	0	219	0	0				
	0	0	5,544	0	0				
	0	0	0	0	0				
	0	0	149,270	0	0				
	<b>0</b>	<b>10,000</b>	<b>285,229</b>	<b>1,171</b>	<b>0</b>				
	1,010	0	0	0	0	1,010		1,010	
	<b>1,010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
	0	0	0	0	127,764	128,779			128,779
	0	0	0	0	11,946	11,946			11,946
	0	0	0	0	2,393				
	0	0	0	0	82,989				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>225,093</b>				

<b>as of January 31, 2016, in TEUR</b>	<b>Carrying amount under IAS 39</b>	<b>Balance sheet item</b>	<b>Total carrying amount 1/31/2016</b>
<b>Financial assets recognized at fair value</b>			
Securities (held for trading)	FV	Financial and current financial assets	3,981
Securities (fair value option)	FV	Financial assets	18,699
Securities (available for sale)	FV	Financial and current financial assets	18,034
Derivatives with positive fair value not in hedging relationships	FV	Current financial assets	0
			<b>40,714</b>
<b>Financial assets not recognized at fair value</b>			
Shares in affiliates and other equity investments	C	Financial assets	1,171
Securities (held-to-maturity)	AC	Financial assets	10,000
Loans	AC	Financial assets	30,117
Trade receivables	AC	Trade receivables	91,348
Receivables from long-term construction contracts	N/A	Trade receivables	185
Other financial receivables	AC	Financial and current financial assets	5,826
Current investments	AC	Current financial assets	5,495
Cash and cash equivalents	AC	Cash and cash equivalents	160,876
			<b>305,019</b>
<b>Financial liabilities recognized at fair value</b>			
Derivatives with negative fair value not in hedging relationships	FV	Current financial liabilities	1,373
			<b>1,373</b>
<b>Financial liabilities not recognized at fair value</b>			
Financial liabilities	AC	Financial and current financial liabilities	126,627
Liabilities under finance leases	N/A	Financial and current financial liabilities	12,837
Other financial liabilities	AC	Current financial liabilities	4,356
Trade payables	AC	Trade payables	85,433
			<b>229,253</b>

FV = fair value  
C = cost  
AC = amortized cost

	IAS 39 measurement category					Total fair value 1/31/2016	Fair value hierarchy		
	At fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities		Level 1	Level 2	Level 3
	3,981	0	0	0	0	3,981	3,981		
	18,699	0	0	0	0	18,699	18,699		
	0	0	0	18,034	0	18,034	18,034		
	0	0	0	0	0				
	<b>22,680</b>	<b>0</b>	<b>0</b>	<b>18,034</b>	<b>0</b>				
	0	0	0	1,171	0				
	0	10,000	0	0	0	10,493	10,493		
	0	0	30,117	0	0	30,338			30,338
	0	0	91,348	0	0				
	0	0	185	0	0				
	0	0	5,826	0	0				
	0	0	5,495	0	0				
	0	0	160,876	0	0				
	<b>0</b>	<b>10,000</b>	<b>293,848</b>	<b>1,171</b>	<b>0</b>				
	1,373	0	0	0	0	1,373		1,373	
	<b>1,373</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
	0	0	0	0	126,627	126,776			126,776
	0	0	0	0	12,837	12,837			12,837
	0	0	0	0	4,356				
	0	0	0	0	85,433				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>229,253</b>				

## **FAIR VALUE MEASUREMENT**

Fair values of financial assets and liabilities are classified into levels 1 to 3 depending on how observable their fair value is:

- Level 1: Market prices quoted in active markets for identical financial assets and liabilities.
- Level 2: Fair values determined using quoted prices or measurement methods for which the inputs that are important for determining value are based on observable market data.
- Level 3: Fair values calculated using models in which the inputs that are important for determining value are based on non-observable data.

Trade receivables and payables, receivables from long-term construction contracts and from current investments, other financial receivables and liabilities and cash and cash equivalents are financial assets and liabilities which are not recognized at fair value and have predominantly short remaining maturities. Their carrying amounts equate approximately to fair value as of the reporting date.

The fair value of securities (with the exception of other equity investments) is based on current prices and equates to the market value as of the reporting date.

Investments in (unconsolidated) affiliated companies and other equity investments in companies include unquoted equity instruments whose fair value cannot be reliably determined and which are recognized at cost. No disposals are planned in the foreseeable future.

The fair value of loans to third parties equates, if material, to the present value of the payments associated with the assets, taking the respective current, observable market inputs (interest rates and currencies) and unobservable inputs (credit ratings of counterparties) into account.

The fair values of derivative financial instruments are measured using recognized actuarial techniques (DCF method) which are based on observable market inputs (yield curves, exchange rates, quoted copper prices) and unobservable inputs (credit ratings and counterparty credit risk). In addition, as of the reporting date, market prices established by banks are used and adjustments made taking account of the credit risk (credit/debit value adjustments) if these adjustments are material.

Fair values of financial liabilities are, if material, calculated as present values of the payments associated with the liabilities, based on current observable market inputs (yield curves and exchange rates) and unobservable inputs (Miba AG's credit rating).

Liabilities under finance leases are recognized at the present value of future lease payments because they bear variable interest.



## (10) SEGMENT REPORTING

The following table shows revenue on the basis of Group company location:

in TEUR	Miba Europe		Miba Americas	
	2016-17	2015-16	2016-17	2015-16
Revenue	273,969	270,732	64,906	70,149
of which intersegment revenue	11,175	13,123	1,429	1,842
of which external revenue	262,794	257,609	63,478	68,306
Depreciation, amortization and impairment losses	14,480	14,859	4,108	8,595
EBIT	37,388	34,257	2,825	1,869
Investment income from equity-accounted investees	0	0	0	0
Assets	396,672	394,021	202,160	190,884
of which investments in associates	0	0	-1,641	-1,641
Debt capital	199,410	206,943	85,212	76,889
Capital expenditure (excluding long-term financial assets)	17,605	18,392	6,321	9,106
Average number of employees	3,376	3,394	648	666
Employees as of the reporting date	3,364	3,373	662	664

<b>Miba Asia</b>		<b>Miba Shared Services</b>		<b>Consolidation</b>		<b>Group</b>	
<b>2016–17</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2015–16</b>
51,186	50,194	23,203	20,710	-36,811	-36,541	376,454	375,245
1,003	866	23,203	20,710	-36,811	-36,541	0	0
50,183	49,329	0	0	0	0	376,454	375,245
3,400	2,957	814	798	-320	-264	22,482	26,945
7,499	7,253	5,624	6,873	-1,802	-526	51,535	49,727
0	0	0	0	-173	-2,772	-173	-2,772
140,662	139,388	382,114	401,132	-326,043	-335,765	795,566	789,660
0	0	6,706	6,706	-5,065	-5,065	0	0
67,186	58,048	121,315	132,375	-117,447	-133,769	355,676	340,486
4,865	4,083	2,064	1,024	-1,362	281	29,494	32,886
793	768	134	120	0	0	4,950	4,948
812	791	140	122	0	0	4,978	4,950

#### **(11) EVENTS AFTER THE REPORTING DATE**

Events after the reporting date which are significant to measurement as of the reporting date, such as ongoing litigation or claims for damages and other obligations or expected losses which must be recognized or disclosed under IAS 10, have been reflected in these consolidated financial statements or are not known.

#### **(12) SEASONAL BUSINESS TRENDS**

The revenue of the Miba Group is generally distributed almost equally over the four quarters of the fiscal year.

#### **(13) BUSINESS RELATIONSHIPS WITH RELATED PARTIES**

Related entities include members of the same group, Mitterbauer Beteiligungs-Aktiengesellschaft and Mitterbauer Privatstiftung.

Related party transactions are conducted at arm's length.



**BUSINESS RELATIONSHIPS UNDER IAS 24 WITH ASSOCIATES, UNCONSOLIDATED AFFILIATED COMPANIES, JOINT OPERATIONS, THE PARENT COMPANY AND OTHER RELATED ENTITIES**

in TEUR	Equity- accounted companies	Joint operations	Unconsoli- dated affiliated companies	Mitterbauer Beteiligungs- Aktien- gesellschaft	Mitterbauer Privatstiftung
<b>Amount of transactions in 1st half-year 2016–17</b>					
Other income	42	282	26	27	5
Interest income	0	11	0	0	0
Material costs	0	-4,209	0	0	0
Other expenses	-1	0	-1,145	-361	-289
Tax allocations	0	0	0	-491	0
<b>Balance outstanding as of 7/31/2016</b>					
Loans	0	2,230	0	0	0
Trade receivables	48	41	0	0	0
Trade payables	-63	-477	-230	-183	0
Tax allocation liabilities	0	0	0	-491	0

<b>in TEUR</b>	<b>Equity-accounted companies</b>	<b>Joint operations</b>	<b>Unconsolidated affiliated companies</b>	<b>Mitterbauer Beteiligungs-Aktiengesellschaft</b>	<b>Mitterbauer Privatstiftung</b>
<b>Amount of transactions in 1st half-year 2015–16</b>					
Other income	79	408	38	28	14
Interest income	0	16	0	0	0
Material costs	0	-7,214	0	0	0
Other expenses	-4	0	-1,002	-378	-344
Tax allocations	0	0	0	-345	0
<b>Balances outstanding as of 1/31/2016</b>					
Loans	0	1,975	0	0	0
Trade receivables	48	40	0	7	0
Other receivables	0	0	0	5	0
Trade payables	-62	-759	-331	-238	0
Tax allocation liabilities	0	0	0	-702	0

Mitterbauer Beteiligungs-Aktiengesellschaft, Laakirchen, Austria, is the majority shareholder of Miba AG. Mitterbauer Privatstiftung, Laakirchen, Austria, is the majority shareholder of Mitterbauer Beteiligungs-Aktiengesellschaft.

There are lease agreements at arm's length terms between Mitterbauer Privatstiftung and three consolidated subsidiaries (Miba Automation Systems Ges.m.b.H, Miba Bearings Materials GmbH, EBG Elektronische Bauelemente GmbH) for the rental of production facilities and offices. The rental expenses in the period date from February 1, 2016 to July 31, 2016 totaled TEUR 289 (previous year: TEUR 344). Outstanding liabilities under these agreements as of the July 31, 2016, reporting date were TEUR 0 (previous year: TEUR 0).

In addition to the obligations under the above rental and lease agreements, there were outstanding contractual obligations with related entities for the acquisition of property, plant and equipment in the amount of TEUR 0 (previous year: TEUR 0).

#### (14) DISCLOSURES ON GOVERNING BODIES

Hermann Aigner (delegated by the Works Council) is stepping down from the Supervisory Board in September 2016. The vacancy will be filled in the Supervisory Board meeting in September 2016.

#### (15) APPROPRIATION OF PROFIT

The resolution on the use of the net retained profit for fiscal year 2015–2016 was adopted at the 31st Annual General Meeting of Miba Aktiengesellschaft on July 18, 2016. A dividend of EUR 41.60 per share was paid out to the preferred and ordinary shareholders from net retained profit of EUR 93,932,188.47. The remaining amount of EUR 43,932,188.47 was carried forward to a new account.

The dividend payment was split as follows:

<b>in TEUR</b>	
Category A preferred shareholders	5,408
Category B preferred shareholders	8,403
Ordinary shareholders	36,189
<b>Total</b>	<b>50,000</b>

The dividend payment to category B preferred shareholders is calculated by deducting treasury shares which have no dividend entitlement and amounted to 97,979 shares as of July 31, 2016. The distribution was made on July 25, 2016.

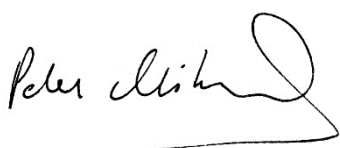
# Statement by the Management Board as required by section 87(1) number 3 of the Austrian Stock Exchange Act (BörseG)

We confirm to the best of our knowledge that the condensed consolidated interim financial statements of Miba Aktiengesellschaft for the period ended July 31, 2016, 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 group management report gives a true and fair view of important events that have occurred during the first six months of the fiscal year and their impact on the condensed consolidated interim financial statements, the principal risks and uncertainties for the remaining six months of the fiscal year, and of the major related party transactions to be disclosed.

The accompanying consolidated interim financial statements for the first six months of the fiscal year have neither been audited nor reviewed by an auditor.

Laakirchen, September 2016

**The Management Board of Miba AG**



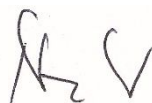
**DI F. Peter Mitterbauer, MBA**

Chairman of the Management Board,  
Regional responsibility for Miba Europe, also responsible for the Miba Power Electronics Group, Communications, Management Accounting, Human Capital, Strategy, Innovation & Technology and Internal Audit



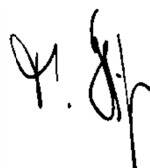
**Dr. Wolfgang Litzlbauer**

Vice Chairman of the Management Board,  
Regional responsibility for Miba Asia, also responsible for the Miba Bearing Group, the Miba Friction Group, the Miba Coating Group and Purchasing



**Dr.-Ing. Harald Neubert**

Member of the Management Board,  
Regional responsibility for Miba Americas, also responsible for the Miba Sinter Group, the Miba Equipment Manufacturing Group and Quality



**MMag. Markus Hofer**

Member of the Management Board,  
Regional responsibility for Miba Shared Services, Chief Financial Officer, responsible for Corporate Finance, IT and Business Excellence



# Editorial details

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