Delignit
AKTIENGESELLSCHAFT

Half-year Report 2019

www.delignit.com

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Brief portrait of Delignit AG

Delignit AG develops, manufactures and sells ecological, usually hardwood-based, materials and system solutions based on the natural, renewable and CO_2-neutral raw material, wood.

As a development, project and serial supplier for technology industries, such as the automotive industry, aviation industry and railway industry, business activity today is focused on creating and implementing technological and customised applications and systems.

These applications and systems are used in the form of specific – predominantly ready-to-install – parts, components, system solutions and module solutions. The foundation for this is provided by the Delignit material, which is essentially based on beech wood. Use of Delignit materials as a substitute for applications made of non-renewable raw materials improves the environmental balance of our customers' products and meets their increasing ecological requirements.

Delignit AG's operating business is divided into two target markets:

Automotive target market:

The Automotive target market is divided into the product groups light commercial vehicles (LCV), motor caravans and passenger cars. The business activity focuses on the manufacture and sale of cargo bay protection systems and security systems (interior) for the LCV class. For example, these systems are used extensively by leading manufacturers of light commercial vehicles as original equipment (OEM) and retrofit equipment (after-sales) as cargo bay floors, walls and partition walls. Interior furnishings, such as cabinet systems, are supplied for the motor caravan sector. In the passenger car sector, for example, trunk covers are used by well-known OEMs.

Technological Applications target market:

The products of the Technological Applications target market are divided into the product groups Building Equipment, Compressed Wood, Railfloor and Special Applications. In the Building Equipment business, for example, flooring solutions for automakers' manufacturing plants, as well as for goods distribution centres and beech multiplex assortments are supplied via the timber trade. The Compressed Wood business consists of highly-compressed and medium-compressed materials that are used for plant construction, machine construction and transformer construction applications. The Railfloor business provides manufacturers of rail vehicles with floor system solutions for fulfilment of international fire protection and noise protection concepts. The Special business includes various special products for applications, such as model making, musical instruments and sports equipment.

Delignit Group at a glance

Fiscal half-year (01/01 - 30/06)	2019 IFRS	2018 IFRS	Δ 2019/ 2018
Earnings figures	€ thousand	€ thousand	%
Revenue	**32,279**	**29,350**	**10.0 %**
Operating income	34,777	29,101	19.5 %
Cost of materials	-21,113	-15,231	38.6 %
Personnel expenses	-8,432	-8,586	-1.8 %
Other operating expenses	-2,818	-2,409	17.0 %
EBITDA	2,413	2,874	-16.0 %
EBITDA margin	*6.9 %*	*9.9 %*	*-2.9 %**
EBIT	1,321	2,075	-36.3 %
EBIT margin	*3.8 %*	*7.1 %*	*-3.3 %**
EBT	1,213	2,010	-39.7 %
EBT margin	*3.5 %*	*6.9 %*	*-3.4 %**
Consolidated net income	**813**	**1,377**	**-41.0 %**
Number of shares	8,193,900	8,193,900	0.0 %
EPS in €	0.10	0.17	-41.0 %

	2019 IFRS	2018 IFRS	Δ 2019/ 2018
Statement of financial position figures	€ thousand	€ thousand	%
Non-current assets	20,045	16,465	21.7 %
Current assets	24,682	17,708	39.4 %
Cash and cash equivalents contained therein	373	424	-12.0 %
Subscribed capital (share capital)	8,194	8,194	0.0 %
Other equity	10,855	9,281	17.0 %
Total equity	19,049	17,475	9.0 %
Equity ratio	*42.6 %*	*51.1 %*	*-8.5 %**
Non-current liabilities and provisions	6,715	5,881	14.2 %
Current liabilities and provisions	18,963	10,817	75.3 %
Total assets	**44,727**	**34,173**	**30.9 %**
Net financial debt (net debt (-)/net cash (+))	-10,528	-4,355	141.7 %
Employees (as of 30/06)			
Germany	375	351	6.8 %

*Change in percentage points

Greetings from the Management Board

Dear shareholders,

In the first half of the year, Delignit AG reached a new record high in terms of consolidated revenue. Consolidated revenue for the first half of 2019 increased by 10 % to € 32.3 million. Consolidated net income for the first half of the year came to € 0.8 million, below the previous year's figure of € 1.4 million.

While we are delighted with the new revenue record, the decline in the results of operations is of course disappointing.

Looking firstly at the positive revenue performance, this development was again driven by the Automotive target market. In the product group of equipment systems for light commercial vehicles, the fiscal year got off to a flying start thanks to special call-offs from our OEM customers. Given the positive start to the year and in anticipation of ongoing high-volume project call-offs expected over the rest of fiscal 2019, we took cost-intensive measures to create the capacity thus needed. Unfortunately, the increase in call-offs has not yet materialised to the anticipated extent. Follow-up costs for the capacity adjustments made will continue to shadow us over the full fiscal year 2019.

Another driver of the revenue growth was a new major order in the motor caravan business. However, this new order was also the main reason for the drop in the Group's profitability. In particular, changes in the supply volume shortly before the start of production led to significant costs. As of the end of the first half of the year, we therefore have to attribute a high six-figure loss to this new business area. This was of course not our intention.

In the Technological Applications target market, it was not possible in the first half of the year to maintain the revenue level seen in the same period of the previous year. Although we had anticipated declining revenue, we suffered more significant revenue declines than expected in the key areas of railway solutions and building equipment in particular. By contrast, the current inquiry situation is looking significantly more upbeat, and so we remain optimistic for the ongoing development of the market.

All in all, it can currently be stated that our markets did not perform with the expected momentum, but did remain relatively stable.

Other issues besides the developments with regard to markets and customers also had a significant influence on the first half of this fiscal year. For example, we decided to introduce a new ERP system on the basis of the years of dynamic business development. The introduction, which has been ongoing since January 2019, is to be completed by the end of the current fiscal year. The Group's new system will provide the foundation for future transparency and associated productivity improvements. However, the introduction initially resulted in process-related inefficiencies and additional expenses in the first half of the year.

In light of the reduced number of working days, our customers' extensive holiday shutdowns and cautious market forecasts, the outlook in the Automotive business area for the second half of 2019 is conservative. On top of this, the potential wait for WLTP registrations could lead to further delays. As things stand, notable growth stimulus in Technological Applications is no longer expected in the second half of the year. In this respect, we have decided to lower our revenue guidance for fiscal year 2019 to € 64 million.

Due to the costs mentioned above, we now expect an EBITDA margin for the fiscal year of between 6 and 7 %.

Despite this guidance adjustment, we continue to believe that the company's medium- and long-term prospects are positive.

We would like to close by thanking our business partners and colleagues, who have accompanied us through this challenging first half of the year.

We thank you, dear shareholders, for the trust you have placed in us. We would be delighted for you to continue following Delignit AG on its exciting journey.

Blomberg, August 2019

Kind regards,

Markus Büscher
CEO

Thorsten Duray
CSO

Group management report for the fiscal half-year from 1 January to 30 June 2019 Delignit AG, Blomberg

1. General description of the company

The Delignit Group develops, produces and sells ecological materials and system solutions made of renewable raw materials under the brand name Delignit. As a recognised development, project and serial supplier of leading automotive groups, the Delignit Group is, among other things, world market leader for supplying the automotive industry with cargo bay protection and cargo securing systems for light commercial vehicles. With a variety of applications and a vertical integration that are unique in its industry, the Delignit Group serves numerous other technology sectors, for example as a worldwide system supplier of reputable rail stock manufacturers. Delignit solutions have exceptional technical properties and are also used, among other things, as trunk floors in passenger cars, interior equipment for motor caravans and special floors for factory and logistics buildings and to improve building security standards. Delignit material is predominantly based on European hardwood, is CO_2 neutral in its life cycle and therefore ecologically superior to non-regenerative materials. The use of the Delignit material therefore improves the environmental performance of customer products and meets their increasing ecological requirements. The company was founded over 200 years ago. Delignit AG is listed in the Scale segment of the Frankfurt Stock Exchange.

2. Business and framework conditions

After a surprisingly strong performance of the German economy in the first quarter of 2019, the current economic indicators are pointing to modest development in the second quarter. The weak order situation and the gloomier business climate are signals that the clearly subdued trend in industrial activity is likely to continue. There are considerable downside risks, not least due to trade conflicts, the Brexit process and geopolitical tensions (source: BMWi press release dated 15 July 2019 on the economic situation in Germany in July 2019).

Gross domestic product adjusted for price, seasonal and calendar effects grew in the first quarter of 2019 by 0.4 % on the previous quarter, after German economic output declined slightly by -0.2 % in the third quarter and stagnated at 0.0 % in the fourth quarter of 2018. Positive stimuli came primarily from within Germany: Considerably more was invested in buildings and equipment in the first quarter of 2019 than in the fourth quarter of 2018. Private consumer spending also increased sharply as against the previous quarter. Foreign trade sent mixed signals, as both exports and imports grew on the previous quarter (source: Federal Statistical Office).

The findings of the ifo economic surveys in July 2019 show a considerable fall in the Business Climate Index in Germany. The Index fell from 97.5 in June 2019 to 95.7, while it had been 101.3 in December 2018. Companies were less satisfied with their current business situation and were more sceptical about future business performance. Overall, according to the ifo Institute, the German economy is navigating troubled waters (source: ifo Institute).

In its Spring 2019 Economic Forecast, the European Commission concludes that the slowdown in global economic growth and world trade is associated with higher trade policy uncertainty and is damaging the prospects for growth in gross domestic product. The continuing weakness in manufacturing, especially in countries with problems in the automotive industry, is also playing a role (European Commission Spring 2019 Economic Forecast).

The special target markets of the Delignit Group, i.e. the markets in the automotive sector and the engineered wood industry, developed differently in the first six months of the year.

In the first half of 2019, the number of new registrations of light commercial vehicles in Europe increased by 3.8 % year on year after 4.3 % in the previous year. Similar growth was achieved in nearly all major LCV markets. In contrast, the number of new registrations of light commercial vehicles in the Delignit Group's most important market, Germany, grew by a considerable 11.7 % (PY: 4.3 %) (source: ACEA).

In the first quarter of 2019, revenue in the engineered wood industry fell by a total of 7.7 % compared to the same period of the previous year. This was driven in particular by the lower international revenue, which decreased by 11.8 % (source: Federal Statistical Office).

3. Market environment of the Delignit Group

In the first half of 2019, revenue in the Delignit Group was again increased by a considerable 10.0 % (PY: 8.4 %). Revenue came to € 32,279 thousand (PY: € 29,350 thousand), the highest ever half-year figure in the company's history. In a multi-year comparison, revenue has increased by an average of 11.4 % per year since the first half of 2010.

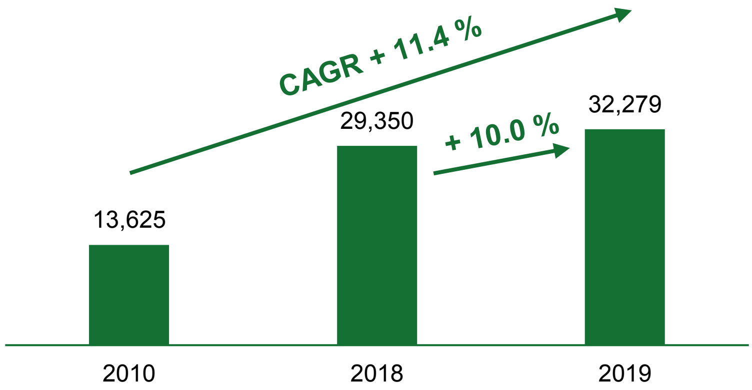

Figure I: Half-year revenue of the Delignit Group since 2010 in € thousand

In the Automotive target market, revenue increased dynamically by 19.7 % in the first half of 2019 (PY: 15.4 %). However, development over the course of the first half of the year was very varied. In the first few months of the year, the growth momentum in light commercial vehicles was very pronounced and thus followed on seamlessly from the development at the end of 2018. This growth, which surpassed that of the market as a whole, was chiefly driven by special call-offs in project business with major OEM customers. Ultimately, it was no longer possible to utilise the capacity created for the special call-offs. In parallel, the NAFTA business also generated volumes that fell well short of expectations.

Revenue with Passenger Cars was expected to decline in the first half of the year, but the delayed WLTP registrations had an additional negative impact.

The serial supply order in the motor caravan business announced in fiscal year 2018 already contributed a substantial portion of the revenue growth. However, the delayed series production start and extensive order changes caused performance to fall short of expectations in this area, too. On the basis of the notified call-off volumes, however, the ordered volumes are currently only expected to be delayed.

In the Technological Applications target markets, revenue declined again in the first half of 2019 as against the same period of the previous year. The declining figures resulted from all product groups. In particular, however, revenue also declined in the railway business due to the lack of follow-on orders. Compared to the same period of the previous year, revenue in Technological Applications declined by 21.2 % on a cumulative basis (PY: -10.0 %).

In summary, the Delignit Group continued to increase its revenue dynamically in the first half of 2019. The wood-based products of the Delignit Group are characterised by special technical and mechanical properties (e.g. abrasion and wear resistance, dimensional stability and breaking load), but also by ecological aspects. Wood products are long-term repositories for climate-damaging CO_2: One cubic metre of wood absorbs almost one tonne of carbon dioxide. The stronger revenue growth compared to the development in the target markets achieved over several years is evidence of the Delignit Group’s good market position. Based on material expertise, coupled with application and system expertise that is higher than what is customary on the market, the Delignit Group has created an excellent framework for further growth.

4. Organisation

a. Supervisory Board

The Supervisory Board of Delignit AG comprises Dr Christof Nesemeier, Gert-Maria Freimuth and Anton Breitkopf. The Supervisory Board was elected in its current composition when the company was founded on 9 July 2007 and was re-elected in its current composition at the General Meetings on 10 July 2012 and 20 June 2017. The Supervisory Board has elected Dr Christof Nesemeier as chairman and Gert-Maria Freimuth as his deputy. Their term in office will end at the close of the General Meeting that decides on formal approval of the actions of the members of the Supervisory Board for fiscal year 2021.

b. Management Board

The Management Board responsibilities are allocated as follows:

CEO Markus Büscher is responsible for the areas of Strategic Development, Controlling, Human Resources, Legal, Purchasing, IT, Production, R&D and Investor Relations. Thorsten Duray is responsible for Sales and Marketing.

Rules of procedure for the Management Board were adopted by a resolution of the Supervisory Board of 13 July 2007. The rules of procedure define which transactions (e.g. planned investments above a set amount and acquisitions and sales of companies and land above a set amount) require the approval of the Supervisory Board. The Management Board has been appointed for a term that will expire on 30 September 2023.

According to the Articles of Association, the company is legally represented jointly by two members of the Management Board or by one member of the Management Board in conjunction with an authorised signatory. The members of the Management Board are also responsible for management in all Group companies together with the local management of these companies.

c. Shareholdings

As of the end of the reporting period, Delignit AG had a direct or indirect stake in the following companies:

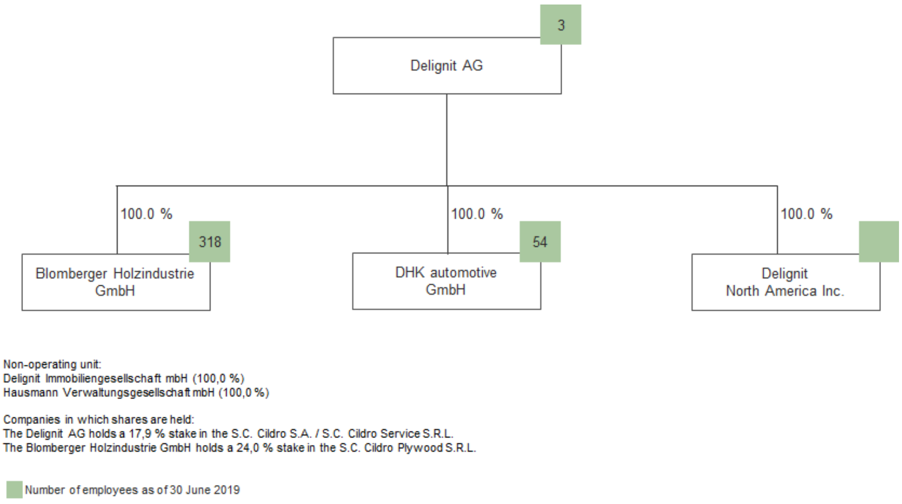

Figure II: Organisation chart of the Delignit Group

d. Employees

The two members of the Management Board and one employee worked for Delignit AG.

In the first half of 2019, the good order situation resulted in a high utilisation of production capacity. The number of personnel was increased from 361 employees at the beginning of the year to 375. In addition, up to 61 temporary workers were employed in order to compensate flexibly for bottlenecks in production depending on delivery dates. Other peak order periods were covered by placing contract manufacturing orders with other companies.
The subsidiaries of Delignit AG are well-known training companies, which systematically build up their employees' qualifications, including on the basis of a professional quality management system, and integrate them into the continuous improvement process of operational flows. This process was continued with intensive integration of the workforce in the first half of 2019. The companies of the Delignit Group continued to provide training in the first half of 2019 and will also take on this responsibility in subsequent years.

5. Results of operations, financial position and net assets

The Delignit Group experienced a challenging first half of 2019. The primary goal was to create the capacity required for special call-offs in commercial vehicles business, but at the same time to implement the start of production (SOP) for equipment components in Delignit AG's new "Motor Caravans" target market. Both were implemented, but resulted in substantial costs and are expected to lower the results of operations throughout fiscal year 2019.

Results of operations

In the first half of 2019, the Delignit Group generated revenue growth of 10.0 % to € 32,279 thousand (PY: € 29,350 thousand). Operating income, including other operating income and inventory changes, came to € 34,777 thousand (PY: € 29,101 thousand).

The cost of materials amounted to 60.7 % of operating income and therefore increased significantly on the previous year's figure of 52.3 %. This is due firstly to a changed product mix, resulting primarily from the decline in revenue from the usually higher-margin Technological Applications products. Secondly, short-notice order changes in the manufacture of motor caravan equipment led to higher material consumption than originally planned. Finally, temporary additional capacity required for special call-offs in commercial vehicles business was bought in, which likewise had a negative impact on the cost of materials ratio.

Personnel costs were € 8,432 thousand after € 8,586 thousand in the previous year. The virtually unchanged personnel costs include cost increases due to wage and salary rises and additional personnel. However, the previous year's personnel costs included considerably higher costs for the recognition of provisions for the management's stock option programme, so the cost increases in the first half of 2019 were more than offset by lower expenses for the stock option programme.

Other operating expenses increased by 17.0 % compared to the previous year. The cost increase primarily resulted from higher maintenance expenses year on year due firstly to the greater utilisation of machinery and secondly to increased claims from fire insurers. However, the other operating expenses ratio fell to 8.1 % after 8.3 % in the previous year because of the disproportionately high increase in operating income compared to the previous year.

EBITDA amounted to € 2,413 thousand (PY: € 2,874 thousand) and thus decreased by 16.0 % year on year. The main reason for this earnings decline was an unplanned loss on the new major order for motor caravan equipment amounting to a high six-figure sum in the first half of 2019 alone. Accordingly, the EBITDA margin fell from 9.9 % of operating income in the previous year to 6.9 % in the current year. Adjusted for this effect, the EBITDA margin would have been around 9 %. In addition, earnings were squeezed by the capacity increases for anticipated special call-offs in commercial vehicles business, which have not been not called off to date. Because of this effect, inventories also increased significantly, so a positive change in inventories of € 1.7 million is reported for the first half of the year. In relation to revenue of € 32.3 million, the EBITDA margin was 7.5 % as against 9.8 % in the previous year.

Depreciation and amortisation increased to € 1,092 thousand (PY: € 799 thousand) in the first half of 2019 due to the high investment activity in 2018 and 2019. The effect of the first-time application of IFRS 16 resulted in an increase in depreciation and amortisation of € 111 thousand. In accordance with IFRS 16, leased assets are to be recognised in property, plant and equipment starting from 1 January 2019 and depreciated over the term of the lease. Other operating expenses are reduced accordingly.

In the reporting period, EBIT fell to € 1,321 thousand after € 2,075 thousand in the previous year and thus by 36.3 %.

Net assets

Inventories amounted to € 15,088 thousand after € 10,363 thousand in the previous year. As of 30 June 2019, property, plant and equipment amounted to € 20,045 thousand (PY: € 16,465 thousand) and essentially included land and machinery. The current provisions were primarily recognised for uncertain liabilities and personnel costs. Current liabilities essentially include liabilities from taxes, as well as from wages and salaries.

As of 30 June 2019, the Delignit Group’s equity rose to € 19,049 thousand (PY: € 17,475 thousand) and resulted in an equity ratio of 42.6 % (PY: 51.1 %) due to the greater increase in total assets.

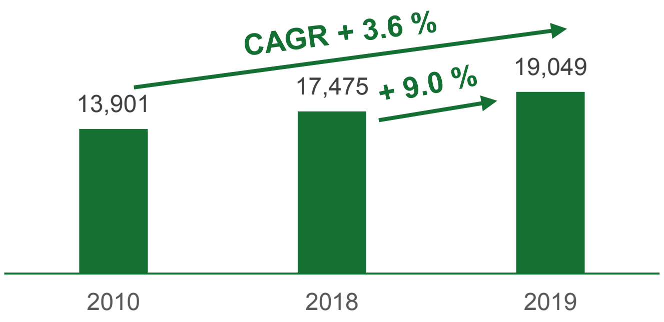

Figure III: Changes in equity since 2010 in € thousand

Financial position

The Delignit Group's cash and cash equivalents amounted to € 373 thousand as of the end of the reporting period (PY: € 424 thousand). Net debt increased due in particular to investments in property, plant and equipment and working capital. With regard to property, plant and equipment, investments were made in particular in equipment for additional production capacity. With regard to working capital, inventories increased due firstly to volumes announced but not called for in the commercial vehicle industry and secondly to the build-up of necessary primary material for the motor caravan business. Trade receivables temporarily increased at a faster rate than revenue. Overall, net debt therefore increased from € 4,355 thousand in the previous year to € 10,528 thousand in 2019 (as of 30 June in both cases).

As of the end of the reporting period, the Delignit Group posted current and non-current liabilities to banks of € 8,144 thousand and € 2,757 thousand respectively (PY: € 1,708 thousand and € 3,071 thousand respectively). The borrowing rates were kept at a low level of between 0.7 % and 4.5 %.

6. Hedging transactions

Transactions within the Group are carried out exclusively on a euro basis. Since the balance of non-hedged foreign currency positions in the Group has only taken on a minimal volume to date due to transactions with foreign companies outside of the euro zone, the Delignit Group is not yet pursuing any active exchange rate hedging relative to other currencies.

7. Risk report

The risks to business development of the Delignit Group are described in detail in the Group management report for fiscal year 2018, which can be viewed on Delignit AG's website. The opportunities and risks presented therein have not changed significantly since 31 December 2018.

8. Strategic orientation and opportunities of the Delignit Group

The corporate strategy continues to be based on megatrends in the technological target markets. The Delignit Group recognises two ecologically-driven trends:

- Firstly, the endeavour to use renewable raw materials, insofar as these materials are technologically competitive, as a substitute for finite products.

- Secondly, undiminished pressure to develop system solutions that are as weight-optimised as possible.

Furthermore, the Delignit Group is increasingly focused on providing technological answers to urgent user questions, partly resulting from new legislation, and developing appropriate system solutions. Consequently, the Delignit Group is continuing this successful strategy of combining material, application and system expertise in a targeted manner.

This is being achieved via the methods presented below:

- Material development and qualification:

  The Delignit material with its special, primarily technical properties is an essential foundation for the successful development of the Delignit Group. The Delignit Group intends to further develop the Delignit material as part of its development activities and to qualify it for special applications and customer requirements. Product innovations in the Automotive target markets were presented at IAA Commercial Vehicles 2018 in Hanover. Product innovations in the rail business were exhibited at the Innotrans 2018 trade fair in Berlin. In the current fiscal year, intensive efforts will again be undertaken in product development. Development is always focused on the principle of developing ecological products for technological applications. Therefore, the market opportunities and advantages that feature a renewable raw material rather than finite raw materials must also be exploited and emphasised.

- Transfer of the business model:

  - Geographical transfer
    The product innovations that have been successfully placed in the automotive markets in particular are to be used to further extend the market leadership already achieved in Germany in the sector of cargo securing systems for light commercial vehicles and to transfer this know-how into other markets. The successes achieved in internationalisation in recent years are to be continued accordingly. In parallel, the product groups of the Technological Applications target market are to be marketed worldwide. To do this, the Sales organisation will be further expanded and support provided for our customers' globalisation efforts.

  - Transfer from the application perspective
    The multitude of product developments over the past few years is an excellent basis for expansion to additional fields of application. In particular, development activity is currently focusing on the target markets of light commercial vehicles (LCV) in line with the "more revenue per vehicle" strategy and of the railway industry.

- However, the increasing globalisation of the companies and groups and the associated internationalisation are still also being recognised as a trend and driver. As a result, the Procurement organisation has higher standards regarding suppliers' system competence. The good market position as a system supplier in the automotive OEM business and lately also in the railway market is to be exploited in order to acquire additional serial supply orders. The aim is to take advantage of the existing process know-how and good reputation on the market to achieve further market penetration, which will result in increased planning security at the same time.

- Finally, the raw material advantage of the most sustainable of all materials, namely wood, is to be exploited: The Delignit Group recognises the opportunity to take advantage of the market possibilities through increased emphasis on the ecological factors of "sustainability" and "cascade".

- The growth strategy is based on diversification in niches on the basis of technological market leadership:

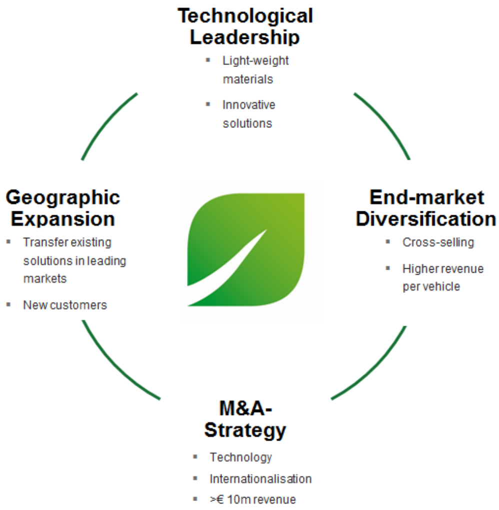

Figure IV: Strategic orientation of the Delignit Group

9. Non-financial performance indicators

Sustainability is a central entrepreneurial task. Because its main source of raw material is renewable wood, Delignit AG clearly fulfils both the ecological interpretation of the term as well as the prospective protection of the resource base in an exemplary manner. To additionally reinforce the future viability of the company, work is constantly being done to improve its economic, ecological and social performance:

- Innovations and new technologies are an essential component of the strategic evolution of the Group. Work on this is undertaken constantly as part of an existing continuous improvement process.

- Employees are qualified through intensive training of young people, continuing education in all Group areas, high standards of occupational health and safety and the targeted promotion of future managers.

- The Management Board has stipulated environmental and climate protection as an important corporate target. In addition to the PEFC standards already implemented, for example, there is an energy management system certified in accordance with DIN ISO 50001 and an environmental management system certified in accordance with DIN ISO 14001.

10. Events after the reporting period

No events of particular importance occurred after the end of the reporting period.

11. Other information

The subscribed equity of € 8,193,900.00 is divided into 8,193,900 no-par value bearer shares (shares without a nominal amount), each with a calculated share of € 1.00 in the share capital of the company.

The Supervisory Board determines the number of and appoints Management Board members, concludes their employment contracts and revokes the appointments. The Supervisory Board is also authorised to make amendments to the Articles of Association that relate only to wording.

According to the resolution of the General Meeting of 26 August 2015, the Management Board is authorised, by revoking the resolution on Agenda Item 5 of the General Meeting of 17 August 2011, to increase the share capital of the company with the approval of the Supervisory Board on one or several occasions until 25 August 2020 by up to a total of € 4,096,950.00 against cash deposits and/or contributions in kind by issuing new no-par value bearer shares (approved capital 2015).

In addition, the General Meeting of 26 August 2015 authorised the Management Board, with the approval of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or warrant bonds with a total amount of up to € 81,939,000.00 and a term of no longer than ten years until 25 August 2020 and to grant the creditors of these bonds conversion rights to new no-par value bearer shares of Delignit AG with a pro rata share in the share capital of up to a total of € 4,096,950.00, subject to the specific conditions of the bonds (conditional capital 2015).

By resolution of the General Meeting of 4 June 2019, the company was authorised in accordance with section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to purchase and sell treasury shares in the period until 3 June 2024 in accordance with the principle of equal treatment (section 53a AktG) up to an amount of 10 % of the share capital at the date of this authorisation. The authorisation can be exercised in full or in part, and on one or more occasions. The purchase can also be carried out by dependent Group companies or by third parties on the company’s account. The authorisation may not be used for the purpose of trading in treasury shares.

No treasury shares had been purchased by 30 June of the current fiscal year.

12. Outlook

For the second half of 2019, the development of the economy as a whole is projected to be mildly positive.

For example, the European Commission expects further economic growth in 2019, albeit at a more moderate rate. According to the latest estimates, gross domestic product is likely to grow by 1.4 % in the EU and 1.2 % in the euro zone. By 2020, adverse internal factors are likely to subside and economic activity outside the EU to regain momentum. According to the forecast, growth of gross domestic product will increase slightly in 2020 and reach 1.6 % in the EU and 1.5 % in the euro zone (European Commission Spring 2019 Economic Forecast).

The German government lowered the growth forecast to 0.5 % in its spring projection in April 2019. The change in the forecast is mainly due to global economic uncertainties such as simmering trade conflicts and uncertainties over Brexit. However, the Federal Ministry for Economic Affairs assumes that the period of weakness is set to be overcome. Economic growth of 1.5 % is expected in 2020 (source: German government 2019 spring projection).

The Federal Ministry for Economic Affairs says that important domestic forces for growth are intact. In tandem with higher wages and tax cuts, the positive development on the labour market in particular is resulting in dynamic consumer demand. The construction industry is booming, and the global economy is likely to pick up speed again (source: German government 2019 spring projection).

Delignit AG sees relatively stable markets in the Automotive target market, especially in the commercial vehicle and motor caravan industries. For example, the newly acquired OEM contracts continue to offer good conditions for revenue growth, although extensive plant closures by Delignit AG's major customers will only permit weaker growth in the second half of the year. At this time, it is still not possible to accurately assess the impact of the WLTP issue on commercial vehicles business for the second half of the year.

We are experiencing an increased level of inquiries on Technological Applications markets, which suggests that a recovery is underway.

The income situation remains difficult to forecast on account of changes to the major order in the motor caravan business.

Subject to a stable economy in all Delignit AG markets, tender-compliant call-off volumes from OEM contracts and stable supply on the procurement markets, Delignit AG now expects that it will be able to increase revenue to only € 64 million in fiscal year 2019. The EBITDA margin is now forecast at between 6.0 % and 7.0 %.

Despite this guidance adjustment, Delignit AG still considers the company's strategic conditions to be good.

Blomberg, August 2019

Markus Büscher
CEO

Thorsten Duray
CSO

IFRS consolidated interim statement of financial position of Delignit AG (unaudited) as of 30 June 2019

ASSETS	30/06/2019 € thousand	30/06/2018 € thousand
Property, plant and equipment	20,045	16,465
Inventories	15,088	10,363
Trade receivables	8,026	3,931
Other receivables	1,195	2,990
Cash and cash equivalents	373	424
Total assets	**44,727**	**34,173**

EQUITY AND LIABILITIES	30/06/2019 € thousand	30/06/2018 € thousand
Provisions	5,136	7,114
Financial liabilities	10,901	4,779
Trade liabilities	6,264	3,417
Other liabilities	3,377	1,389
Equity	19,049	17,475
Total assets	**44,727**	**34,173**

IFRS consolidated interim statement of comprehensive income (unaudited) for the fiscal half-year from 1 January to 30 June 2019 of Delignit AG

	30/06/2019 € thousand	30/06/2018 € thousand
Revenue	32,279	29,350
Inventory changes	1,727	-310
Other operating income	771	61
Cost of materials	-21,113	-15,231
Personnel expenses	-8,432	-8,586
Depreciation of intangible assets and amortisation of property, plant and equipment	-1,092	-799
Other operating expenses	-2,818	-2,409
Earnings from operating activities (EBIT)	**1,321**	**2,075**
Interest income	0	1
Interest expenses	-108	-65
Financial result	-108	-64
Earnings before taxes (EBT)	**1,213**	**2,010**
Income taxes	-373	-615
Other taxes	-27	-18
Consolidated net income for the first half of the year	**813**	**1,377**
Earnings per share in €	0.10	0.17

Disclosures on accounting

The consolidated financial statements as of 30 June 2019 have been voluntarily prepared while exercising the option specified in section 315e of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) valid at the end of the reporting period and as applicable in the EU.

The accounting policies applied comply with the IFRS standards and interpretations valid as of 30 June 2019. The half-year financial statements of the companies included in Delignit AG's consolidated financial statements are based on uniform accounting policies. They were prepared as of the same reporting date as the consolidated financial statements. In accordance with IFRS 1.51, the consolidated statement of financial position was structured according to current and non-current assets and liabilities. The income statement is prepared in accordance with the nature of expense method.

Financial calendar

End of the fiscal year

31 December 2019

Deutsches Eigenkapitalforum 2019

25 – 27 November 2019

Annual report 2019

End of May 2020

Contact

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