REPORT ON THE 2ND QUARTER AND 1ST HALF 2017

pure mobility

elringklinger

KEY FIGURES

ELRINGKLINGER GROUP

		2nd Quarter 2017	1st Quarter 2017	4th Quarter 2016	3rd Quarter 2016	2nd Quarter 2016
ORDER SITUATION						
Order intake	€ million	413.3	494.3	444.9	383.7	441.2
Order backlog	€ million	999.1	993.5	932.5	894.7	885.2
SALES/EARNINGS						
Sales revenue	€ million	407.8	433.3	407.2	374.2	390.9
Cost of sales	€ million	299.1	323.9	300.0	280.6	293.2
Gross profit margin		26.7%	25.3%	26.3%	25.0%	25.0%
EBITDA	€ million	60.5	62.6	64.5	55.1	58.5
EBIT/Operating result	€ million	35.8	37.9	38.4	31.2	35.2
EBIT margin		8.8%	8.7%	9.4%	8.3%	9.0%
EBIT pre ppa[1]	€ million	37.2	39.1	39.5	32.6	36.2
EBIT margin pre ppa		9.1%	9.0%	9.7%	8.7%	9.3%
Earnings before taxes	€ million	28.0	34.5	39.4	27.6	32.6
Net income	€ million	19.4	26.0	21.3	19.9	23.5
Net income attributable to shareholders of ElringKlinger AG	€ million	18.4	25.1	19.7	19.0	22.6
CASH FLOW						
Net cash from operating activities	€ million	30.9	19.8	57.6	46.3	32.3
Net cash from investing activities	€ million	-41.0	-62.2	-62.1	-44.5	-44.2
Net cash from financing activities	€ million	22.1	46.2	-3.3	-27.8	15.4
Operating free cash flow[2]	€ million	-10.2	-11.6	0.4	1.8	-6.6
BALANCE SHEET						
Balance sheet total	€ million	1,988.3	1,985.7	1,878.2	1,859.7	1,853.3
Equity	€ million	883.6	919.1	886.4	872.8	857.7
Equity ratio		44.4%	46.3%	47.2%	46.9%	46.3%
HUMAN RESOURCES						
Employees (as at end of quarter)		9,012	8,738	8,591	8,433	8,283
STOCK						
Earnings per share	in €	0.29	0.40	0.31	0.30	0.36

[1] EBIT adjusted for amortization resulting from purchase price allocation

[2] Net cash from operating activities minus net cash from investing activities (excluding acquisitions and excluding investments in financial assets)

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Climate change and the resulting emissions legislation are to be seen as the key drivers behind technological advancement in the automotive industry. Against this backdrop, manufacturers have been stepping up their efforts to increase the proportion of alternative-drive vehicles within their fleets in the foreseeable future. This is motivated by the fact that ever-stricter CO_2 standards can ultimately only be met with the help of more efficient combustion engines or alternative powertrain technology. ElringKlinger was quick off the mark when it came to embracing the idea of next-generation mobility. For more than a decade, the company has been focusing closely on areas that are of particular significance to the future of the industry, such as battery systems, fuel cell technology, and lightweight design. ElringKlinger provides innovative solutions for all types of drive systems. Building on its extensive portfolio of products, it is actively shaping the path that leads to tomorrow's mobility.

TRANSMISSION SYSTEM

- Sealing systems: Metaloseal™, metal-elastomer, elastomer, Metaloprint™, control plates in Metaloseal™ and metal/soft material sandwich design
- Thermal and acoustic shielding systems: ElroTherm™, ElroCoustic™
- Lightweight plastic components, e.g. end-shield covers, oil pans
- Topseal deep-drawn and topographic housing components
- Plastic components (PTFE, PTFE compounds/composites, PEEK, Moldflon™)

CONTENTS

MACROECONOMIC CONDITIONS AND BUSINESS ENVIRONMENT

Global economy on track in first half of year

Despite many uncertainties, the world economy managed to remain on track for growth in the first six months of 2017. Its forward momentum was supported by low interest rates and state-led demand stimuli in the major economic areas. In the second quarter, raw materials – including oil in particular – saw their temporary price gains taper off. A number of imponderables, such as the Brexit negotiations that commenced in June, the diplomatic crisis surrounding the State of Qatar, and the policy of trade restrictions being pursued by the US government, exerted downward pressure. Elsewhere, there were the first signs of an economic recovery in Brazil and Russia. Possible implications following the latest US-sanctions remain to be seen.

Economic recovery in the eurozone was fueled by the expansive monetary policy adopted by the European Central Bank and solid demand from countries outside the monetary union. The upturn seen within the euro area is based on a relatively heterogeneous development, as Southern Europe in particular continues to be faced with debt and high levels of unemployment. Germany's economy maintained the robust pace of growth that it has been enjoying for a period of more than four years. Low rates of inflation and high levels of employment are proving a boon to domestic demand. At the same time, company exports continued to expand in the period under review.

The upturn originally anticipated for the US economy in the wake of measures being pursued by the new administration, including a tax reform and infrastructure spending, failed to materialize in the first six months of the year. With a few exceptions, most of the branches of industry are lacking impetus. In terms of private consumption, however, full employment and as yet favorable financing continue to provide a solid foundation.

China's economic growth remained high in the period under review, buoyed to some extent by the central government's supportive measures. India also saw an encouraging increase in GDP, although the latest tax reform had a slightly dampening effect on growth. Japan's economy remained on track for tentative growth, benefiting in part from an expansion in exports.

Sustained growth in global car market

On the whole, global car markets developed well in the first six months. Compared to the first three months, the world's major car markets lost some of their momentum in the second quarter of the year.

Having recorded significant growth of 8.4% in the first three months of 2017, the Western European market saw a slowdown in new registrations in the second quarter. Four of the top five markets in Western Europe completed the first half on a positive footing. On-

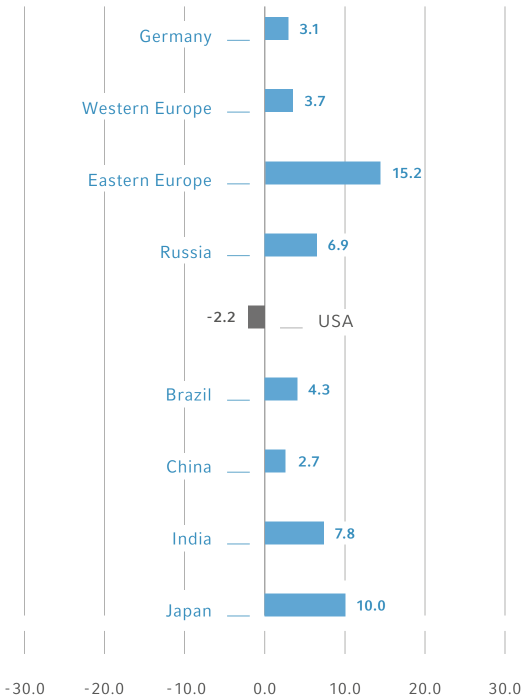
GDP GROWTH RATES

Year-on-year change in %	4th Quarter 2016	1st Quarter 2017	2nd Quarter 2017
Germany	1.8	1.7	1.7
Eurozone	1.8	1.9	2.0
USA	2.0	2.0	2.5
Brazil	-2.5	-0.4	0.6
China	6.8	6.9	6.7
India	7.0	6.1	6.8
Japan	1.6	1.3	1.4

Source: HSBC (June 2017)

ly the United Kingdom slipped into negative territory (- 1.3%) after a change in vehicle taxation had come into force in April. The German car market also proved to be less dynamic in the second quarter. While the domestic market recorded growth of approx. 3% in the first half, production output and exports were down slightly by around - 3% and - 2% respectively. To some extent, this downturn may have been attributable to the fact that this period included fewer working days in comparative terms. Driven by sustained demand for new cars as a replacement for existing vehicles, the French (13.4%), Italian (8.9%), and Spanish (7.1%) markets saw a significant improvement in their performance. In Eastern Europe, whose sales volume accounts for less than 10% of Europe's total market, demand continued to grow at a dynamic pace.

NEW CAR REGISTRATIONS 1ST HALF 2017
Year-on-year change (in %)



Source: VDA (July 2017)

In the first six months of 2017, as expected, the US market for light trucks (passenger cars and light commercial vehicles) fell slightly short of the substantial sales volumes recorded in the same period a year ago. The established trend seen within the various segments continued. While the market for pick-up trucks and small SUVs was driven by stronger demand, the sale of passenger cars trended lower yet again.

The crisis-plagued markets of Brazil and Russia put in an increasingly solid performance, both recording double-digit growth in the months of May and June respectively.

Following a downturn in April and May, China's car market managed to edge its way up again slightly in June. At the end of the first half the overall volume of new cars stood at a record level of more than 10.9 million. Despite the disruptive influences of a national tax reform, the Indian market developed favorably as a whole. Recording 1.5 million new vehicles, it also set a new record in the first half of the year. Japan saw double-digit growth in car sales over the course of the first six months, thus emerging from a protracted period of stagnation.

European truck market loses momentum

After sizeable catch-up effects during the last two years Europe's truck market returned to more normal levels in 2017. In this context, new registrations of mid-sized (> 3.5 t) and heavy (> 16 t) commercial vehicles fell slightly in the second quarter. According to data presented by the European manufacturers' federation ACEA, new registrations in these two segments were up by 3.3% year on year in Western Europe during the first six months of 2017. Three of the top five markets recorded growth, while Germany and Spain contracted slightly by - 1.6% and - 1.5% respectively. In the segment covering vehicles in excess of 16 tons, a market that is of major importance to Germany, demand was down in June in particular (- 11.4%).

The cyclical downturn seen within the North American truck market continued over the course of the first half. Having said that, the second quarter of 2017 saw a slowdown in the rate of market contraction witnessed since 2016. In the period up to June 30, 2017, the number of mid-sized and heavy trucks (Class 4 to 8) sold was down by 7.7% compared to the first six months of 2016. The key segment of heavy trucks (Class 8) was worst hit with a plunge in demand by 19.0%.

SIGNIFICANT EVENTS

Amalgamation of two subsidiaries

Effective from January 1, 2017, the sales company ElringKlinger North America, Inc., with its registered office in Plymouth, USA, was merged into ElringKlinger Automotive Manufacturing, Inc., with its registered office in Southfield, USA. The two companies were brought together at a single site for the purpose of reducing administrative expenses and creating more efficient operational structures.

Interest acquired in Hofer

Effective from March 1, 2017, ElringKlinger AG acquired 27.0% of the ownership interests in hofer AG, with its registered office in Nürtingen, Germany. Effective from February 6, 2017, ElringKlinger AG acquired 53.0% of the ownership interests in the aforementioned entity's subsidiary hofer powertrain products GmbH, also with its registered office in Nürtingen, Germany. Effective from March 23, 2017, ElringKlinger AG acquired 53.0% of the interests in hofer powertrain products UK Ltd., with its registered office in Warwick, United Kingdom.

The hofer Group is a skilled automotive developer of systems used within the exhaust tract. In acquiring the ownership interest, ElringKlinger will benefit from the aforementioned innovatory abilities, particularly in the development and production of alternative drive technologies.

Extension of Management Board contracts brought forward

At its meeting on March 24, 2017, the Supervisory Board agreed to extend by five years, i.e., up to January 31, 2023, the contracts with Management Board members Dr. Stefan Wolf and Theo Becker, which were scheduled to end at the beginning of 2018. In taking this approach, it has ensured that the company will benefit at an early stage from managerial continuity at the most senior level. Dr. Wolf has held a seat on the Management Board since January 2005 and was appointed its Chairman/CEO in March 2006. Becker joined the Management Board in January 2006 and is responsible for operations.

Establishment of a new subsidiary

ElringKlinger Chongqing Ltd., with its registered office in Chongqing, China, was established effective from April 10, 2017. ElringKlinger AG holds 100.0% of the interests in this new subsidiary.

Klaus Eberhardt becomes new Chairman of the Supervisory Board

As announced at the Supervisory Board meeting on March 24, 2017, Prof. Walter H. Lechler stepped down from his post as Chairman of the Supervisory Board of ElringKlinger AG for reasons of age at the end of the Annual General Meeting on May 16, 2017, and resigned from the Supervisory Board. Subsequent to the Annual General Meeting the members of the Supervisory Board elected Klaus Eberhardt, who has been a member of the Supervisory Board of ElringKlinger AG since May 2013, as the new Chairman of the Supervisory Board. Prof. Walter H. Lechler was elected as Honorary Chairman of the Supervisory Board. Andreas Wilhelm Kraut was appointed as a replacement member to fill the vacant seat on the Supervisory Board. He is Chief Executive Officer of weighing technology specialist Bizerba SE & Co. KG, with its registered office in Balingen, Germany.

SALES AND EARNINGS PERFORMANCE

Further growth in Group revenue

After a strong first quarter data relating to market sentiment and performance within the global economy continued to point upwards in the second quarter of 2017. Against this backdrop, ElringKlinger also saw its revenue expand further in all of its non-domestic markets.

In the second quarter of 2017 Group revenue increased by 4.3% year on year to EUR 407.8 (390.9) million. Revenue growth for the first half of 2017 as a whole amounted to 8.4%, taking the figure to EUR 841.1 (776.1) million. While the first three months of 2017 had been buoyed by positive currency effects equivalent to EUR 2.9 million, the second quarter of 2017 saw revenue adversely affected by negative currency effects of EUR 3.8 million. The interests acquired in Hug Engineering B.V. (formerly: COdiNOx Beheer B.V.), Enschede, Netherlands, and Maier Formenbau GmbH, Bissingen/Teck, Germany, in 2016 together with the first-time inclusion of hofer powertrain products GmbH, Nürtingen, Germany, in 2017 added revenue of EUR 2.6 million in the second quarter of 2017. Excluding the effects of currencies and acquisitions, ElringKlinger recorded growth of 7.7% in the first half and 4.6% in the second quarter. As regards fiscal 2017, therefore, ElringKlinger is positioned within the target range of revenue growth of 2 to 4 percentage points in excess of market performance.

FACTORS INFLUENCING GROUP REVENUE

EUR million	2nd Quarter 2017	2nd Quarter 2016	Change in € million	in %	1st Half 2017	1st Half 2016	Change in € million	in %
Group revenue	407.8	**390.9**	**+16.9**	**+4.3**	841.1	**776.1**	**+65.0**	**+8.4**
of which FX effects			-3.8	-1.0			-0.9	-0.1
of which acquisitions			+2.6	+0.7			+5.9	+0.8
of which organic			+18.1	+4.6			+60.0	+7.7

Revenue growth driven by global presence

In the first half of 2017, ElringKlinger managed to generate strong revenue growth mainly from sales in countries beyond the borders of Europe. Drawing on the Group's innovatory prowess, ElringKlinger benefited from a number of new product rollouts at the respective companies during the first six months. Despite the downturn in automobile sales within the US market, for instance, the Group succeeded in expanding its revenue by EUR 17.2 million to EUR 166.6 (149.4) million in the NAFTA region over the course of the first half of 2017. Alongside strong revenue growth in Mexico, sales in the United States in particular developed exceptionally well. Overall, the revenue contribution made by the NAFTA region was up at 19.8% (19.3%).

Asia-Pacific, the region in which ElringKlinger recorded its largest increase in revenue in absolute terms, saw sales expand by 14.5% to EUR 156.9 (137.0) million in the first six months of 2017. The share of the Asia-Pacific region in total Group revenue now stands at 18.7% (17.7%).

The region encompassing South America and the Rest of the World developed astonishingly well in the period under review. Despite continued political instability, revenues expanded significantly in Brazil in particular. Supported by buoyant Aftermarket sales, ElringKlinger increased revenue by 32.7% to EUR 37.3 (28.1) million in the first half of 2017.

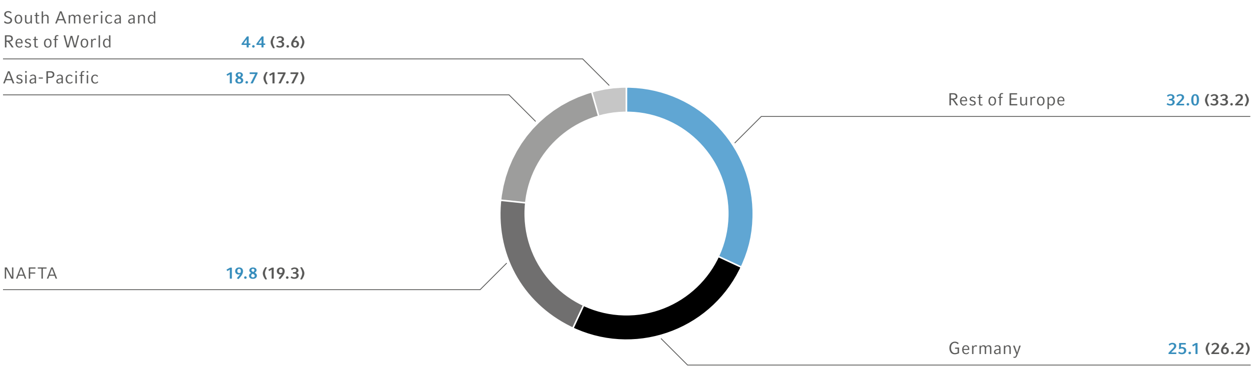
The Group was unable to sustain the strong performance seen at the beginning of the year in the region covering the Rest of Europe (excluding Germany) as it moved into the second quarter of 2017; here revenue was up only marginally by 0.1% to EUR 130.6 (130.5) million. This was attributable partly to the fact that the second quarter of 2017 had fewer working days than the same period a year ago, as a result of which quarterly revenue was down at EUR 100.1 (102.2) million within the domestic market. The first half of 2017 as a whole, however, developed in line with expectations in the Rest of Europe with growth of 4.5% and in the domestic market with an expansion of 3.6%. The percentage share of domestic sales in relation to total Group revenue now stands at 25.1% (26.2%). Thus, the proportion of foreign sales has continued to rise and now stands at 74.9% (73.8%).

Slight improvement in earnings for Original Equipment

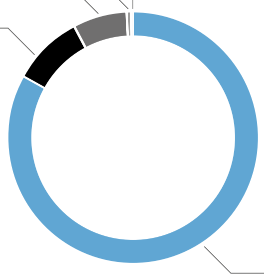
The first six months of 2017 saw almost all the divisions within the Original Equipment segment expand their revenues, in some cases substantially. Demand was particularly buoyant for products supplied by the Specialty Gaskets, Shielding Technology, and Lightweighting/Elastomer Technology divisions. Only the Exhaust Gas Purification division, which tends to be exposed to more pronounced fluctuations in revenue due to its dependence on projects in this field, was unable to emulate its prior-year performance. In total, the Original Equipment segment saw revenue increase by 9.2% to EUR 697.8 (639.3) million in the first six months of 2017. With sales amounting to EUR 337.9 (323.0) million, the second quarter also made a positive contribution to revenue growth. As a result, the share of Group revenue attributable to this segment rose to 83.0% (82.4%).

As regards the Shielding Technology division, which was faced with capacity constraints in 2015 and 2016, ElringKlinger again implemented measures during the second quarter of 2017 aimed at raising efficiency levels. In this context, further customer contracts were transferred as planned to the Hungarian production plant established in 2016. ElringKlinger achieved another key milestone with the integration of its Swiss production plant into the ERP system network that now spans almost the entire Group. For this purpose, all business processes at the Swiss production site were restructured during the reporting period and were newly incorporated in the ERP system. The main focus was on production management and planning as well as logistical processes. This system alignment caused process-related delays during the period under review, which to some extent also had an impact on quarterly earnings for this division. In future, however,

GROUP SALES BY REGION 1ST HALF 2017
(prior year) in %



SALES REVENUE BY SEGMENT 1ST HALF 2017
(prior year) in %



however, ElringKlinger will be better placed to analyze, plan, and monitor processes at the Swiss plant. Furthermore, support from the Group's headquarters can be provided faster and more efficiently.

The E-Mobility division managed to increase its revenue from EUR 4.8 million in the first six months of 2016 to EUR 8.3 million in the first half of 2017. Growth was driven partly by revenues from hofer powertrain products GmbH, which has been fully consolidated since February. At the same time there was a steady increase in demand for electric vehicles, as a result of which a larger volume of ElringKlinger products was sold during the period under review. These two factors proved decisive in further scaling back the loss (EBIT) within this division to EUR 1.6 (2.9) million in the first half of 2017.

In the second quarter of 2017 weaker earnings performance in the Exhaust Gas Purification division together with ERP system migration at the Swiss production site had a negative impact on earnings within the Original Equipment segment as a whole. Overall, however, these adverse effects were outweighed by earnings growth generated in the Specialty Gaskets and Lightweighting/Elastomer Technology divisions, together with the above-mentioned reduction in losses within the area of E-Mobility. As a result, earnings before interest and taxes grew at a faster rate than revenue, up 14.2% to EUR 48.3 (42.3) million.

Aftermarket business matches strong prior-year performance

According to the latest market studies, the average age of vehicles in Europe is around nine years. This trend underpins business development within the Aftermarket segment, which mainly supplies cylinder-head gaskets and complete gasket sets for vehicle repairs. Despite wide-spread geopolitical turbulence, ElringKlinger managed to further expand its sales revenue compared to the first half of 2016. The largest revenue gains were achieved in Eastern and Western Europe as well as Africa. The Aftermarket segment continued to make good progress in its efforts to cultivate the Chinese market over the course of the first half of 2017. After a solid second quarter, the segment increased its revenues slightly to EUR 80.3 (78.3) million in the first half of 2017. Segment earnings before interest and taxes (EBIT) matched last year's figure at EUR 16.6 (16.6) million.

Profit margin up in Engineered Plastics segment

The Engineered Plastics segment specializes in processing and deploying high-performance plastics (e. g., PTFE, PFA, PVDF), which also includes the associated applications technology. It manufactures and supplies products used in the automotive industry, in the field of mechanical engineering, and in the chemical and plant engineering sector.

In the first half of 2017 the Engineered Plastics segment recorded revenue growth of 8.1%, taking the figure to

EUR 55.8 (51.6) million. This sizeable increase was driven by products supplied to the thriving automotive market as well as the mechanical engineering sector. Engineered Plastics also managed to expand its revenue from sales in the area of energy and power stations.

The segment saw earnings before interest and taxes increase at a faster rate than revenue, up 30.6% to EUR 8.1 (6.2) million. Correspondingly, its profit margin improved to 14.5% (12.0%).

Stable revenue contribution from Industrial Parks

Rental income from premises at the Group's industrial parks in Idstein, Germany, and Kecskemét, Hungary, totaled EUR 2.1 (2.0) million in the first half of 2017. The refurbishment measures outlined in the report for the first quarter of 2017 produced additional expenses in the second quarter too, which had an impact on segment earnings. As a result, the Group recorded a slight loss of EUR 0.1 (0.1) million in this segment in the first half of 2017.

Rising demand for Engineering Services

The Services segment is made up of Elring Klinger Motortechnik GmbH, Idstein, Germany, as well as ElringKlinger Logistic Service GmbH, Rottenburg, Germany, and KOCHWERK Catering GmbH, Dettingen/Erms, Germany. Together, these three subsidiaries increased sales revenue by 4.1% to EUR 5.1 (4.9) million in the first half of 2017. However, earnings before interest and taxes (EBIT) were slightly lower year on year at EUR 0.9 (1.0) million.

Expansion in global headcount

In the period from January to June 2017 the Group's headcount rose by 4.9% to 9,012 (Dec. 31, 2016: 8,591). In line with revenue growth, ElringKlinger focused primarily on strengthening its international sites, which included raising staffing levels abroad to 5,345 employees or 59.3% (Dec. 31, 2016: 58.6%) of the total headcount. A large proportion of staff recruitment was attributable to the high-growth NAFTA region, followed by South America and Rest of the World as well as the Rest of Europe. Reflecting the progress made in relocating production from Switzerland to Hungary, the Group adjusted its headcount at both companies.

Compared to December 31, 2016, the proportion of staff employed in Germany fell to 40.7% (Dec. 31, 2016: 41.4%).

Gross profit margin rises to almost 26%

The cost of sales within the ElringKlinger Group amounted to EUR 622.9 (580.9) million in the first half of 2017, of which EUR 299.1 (293.2) million was attributable to the second quarter. Thus, the cost of sales rose at a slower pace in relation to revenue growth in both the first half and the second quarter of 2017. Correspondingly, the Group's gross profit margin improved to 25.9% (25.2%) in the first half and to 26.7% (25.0%) in the second quarter of 2017. A sizeable proportion of the cost hike was due to higher commodity prices. On average, prices within the procurement markets were higher than those seen in the previous year. An increase in alloy surcharges for high-grade steels as well as sustained buoyancy in steel prices as a result of global supply-side shortages also contributed to higher material-related expenses. Alongside the increase in commodity prices, higher staff costs had an impact on the second-quarter performance. This was due to the expansion in the Group's headcount, as discussed earlier, in conjunction with the increase in wages and salaries by 2.0% under a collective agreement, which applies as from April 2017 to all domestic companies covered by union regulations.

Higher quarterly R&D expense

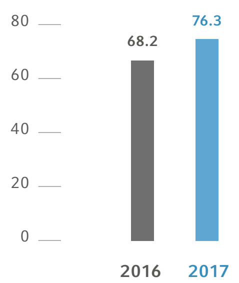
In the first half of the year direct expenses for research and development (R&D) rose by 12.3% to EUR 37.5 (33.4) million, of which EUR 18.0 (16.1) million was attributable to the second quarter of 2017. ElringKlinger spent EUR 38.8 (36.1) million on development projects in the first six months of 2017, taking into account R&D costs capitalized as intangible assets (EUR 1.3 million). Based on these figures, the R&D ratio was 4.6% (4.7%).

The largest increase in costs was recorded in the area of selling expenses in the quarter under review. They rose by EUR 7.2 million to EUR 36.1 (28.9) million. Compared to the same quarter a year ago, the increase was driven by a strong increase in business in the NAFTA region. The respective companies saw staff and freight costs rise as a result of their efforts to handle the surge in demand. Additionally, this item includes the effects of ERP system migration at the Swiss production site. In the first six months of 2017, selling expenses rose by EUR 12.2 million in total to EUR 69.1 (56.9) million.

EBITDA rises to EUR 123 million

Despite a persistently high cost base within the Group, some of the revenue growth achieved in the period under review trickled through to earnings and made a positive contribution in this area. In the first half of the year the Group increased earnings before interest, taxes, depreciation, and amortization (EBITDA) by 10.3% to EUR 123.1 (111.6) million. In this context, the second quarter produced growth of 3.4%, taking EBITDA to EUR 60.5 (58.5) million. Amortization and depreciation of intangible assets and property, plant, and equipment increased from EUR 45.6 million to EUR 49.4 million in the first six months. This figure includes effects associated with the purchase price allocation amounting to EUR 2.6 (2.3) million. Thus, earnings before interest and taxes (EBIT) rose by 11.7% to EUR 73.7 (66.0) million in the first half of 2017, of which EUR 35.8 (35.2) million was attributable to the second quarter. Group EBIT before purchase price allocation was EUR 76.3 (68.2) million in the first six months and EUR 37.2 (36.2) million in the period from April to June. Calculated in relation to sales revenue, the EBIT margin before purchase price allocation improved to 9.1% (8.8%) in the first half of 2017.

EBIT PRE PURCHASE PRICE ALLOCATION 1ST HALF 2017
in € million



Net finance cost up after substantial foreign exchange losses

In the second quarter of 2017 foreign exchange losses of EUR 8.7 million led to a net result of currency translation that was EUR 5.1 million below the figure of EUR 0.8 million recorded a year ago. This was attributable primarily to the strength of the euro. The net finance result for the second quarter of 2017 also had a negative impact on the first half as a whole – it fell to EUR - 11.2 (- 8.9) million. At EUR - 6.2 (- 6.3) million and EUR - 3.2 (- 3.4) million respectively, the net interest result remained largely unchanged year on year both in the first half of 2017 and in the second quarter of 2017.

Correspondingly, earnings before taxes (EBT) fell to EUR 28.0 (32.6) million in the second quarter of 2017. In the first half of 2017 as a whole, however, EBT rose from EUR 57.0 million to EUR 62.5 million, a year-on-year increase of 9.6%.

The tax rate of 30.9% (27.9%) in the second quarter of 2017 is the result of loss carryforwards – attributable to individual subsidiaries – that do not qualify for recognition as a deferred tax asset. In the first half of 2017 the tax rate was largely unchanged year on year at 27.5% (27.4%).

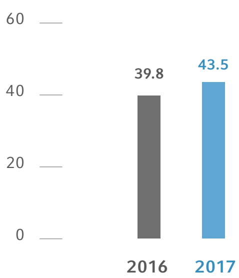
Net income for the period

After significant year-on-year growth in net income in the first quarter of 2017, the second quarter saw a marked reduction in net income to EUR 19.4 (23.5) million as a result of the currency and tax effects outlined above. In the first half of 2017 the ElringKlinger Group managed to lift its net income by 9.7% to EUR 45.4 (41.4) million.

Net income attributable to non-controlling interests, mainly consisting of non-controlling interests in ElringKlinger Kunststofftechnik GmbH and the Hug Group, rose to EUR 1.8 (1.6) million in the first half of 2017. Eliminating these interests, net income attributable to the shareholders of ElringKlinger AG increased by 9.3% to EUR 43.5 (39.8) million. Of this total, an amount of EUR 18.4 (22.6) million was attributable to the second quarter of 2017.

At EUR 0.69 (0.63), earnings per share for the first half of 2017 were up on the prior-year figure; at EUR 0.29 (0.36), the second quarter contributed less to this total than in the previous year.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ELRINGKLINGER AG 1ST HALF 2017
in € million



FINANCIAL POSITION AND CASH FLOWS

The financial position and cash flows of the ElringKlinger Group remained solid as of June 30, 2017, underpinned by an equity ratio of 44.4% and operating cash flow of EUR 50.6 million.

Assets up as business expands

Organic growth within the business and the corporate acquisition (hofer) concluded during the first quarter saw total assets rise by EUR 110.1 million, or 5.9%, to EUR 1,988.3 million in the first half of 2017. Due to currency translation regarding Group companies outside the euro area, the majority of balance sheet carrying amounts were lower in the second quarter.

Group investment spending prompted by strong demand for ElringKlinger products is reflected in the expansion of property, plant, and equipment. As of June 30, 2017, this item stood at EUR 928.8 million, which was up EUR 11.5 million on the figure posted at the end of 2016 (EUR 917.3 million) and EUR 70.8 million more than in mid-2016.

The increase in working capital (inventories and trade receivables) compared to the figure as of December 31, 2016, was attributable to higher production output. The expansion by 9.0%, or EUR 56.7 million, to EUR 684.5 million occurred during the first quarter. Of the rise in inventories by EUR 26.6 million to EUR 354.9 million, a substantial proportion (EUR 14.5 million) was attributable to tools, which are accounted for in this item until they are sold on to the customer in question. The increase is closely correlated with a number of new product rollouts, which generally tend to be associated with a temporary expansion in tool stock.

Furthermore, the hofer transaction completed in the first quarter of 2017 (cf. Notes, page 32 et seqq.) resulted in sizeable additions to the Group's balance sheet. As an investment accounted for using the equity method, the ownership interests in hofer AG (27.0%) were recognized in the Group's non-current assets as of March 1, 2017. At the end of the first half, their carrying amount was EUR 28.4 million. hofer powertrain products GmbH (interest held by ElringKlinger: 53.0%) was fully consolidated effective from the date of acquisition on February 6, 2017. As a result of its inclusion, total Group assets were up slightly by EUR 5.7 million.

Equity ratio of 44% within target range

As of June 30, 2017, equity accounted for by the ElringKlinger Group amounted to EUR 883.6 (Dec. 31, 2016: 886.4) million. Revenue reserves increased due to the allocation of net income of EUR 45.4 million for the first half of 2017. By contrast, Group equity was reduced by the dividend payment of EUR 31.9 (37.7) million in the second quarter as well as foreign exchange losses of EUR 19.5 million. As a result, the equity ratio fell from 47.2% on December 31, 2016, to 44.4% as of June 30, 2017. Therefore, the figure was still well within the range of 40 to 50% targeted by the Group.

CURRENT AND NON-CURRENT ASSETS

EUR million	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
Intangible assets	207.8	212.5	212.4
Property, plant and equipment	928.8	927.8	917.3
Other	67.7	68.5	38.2
Non-current assets	**1,204.3**	**1,208.8**	**1,167.9**
Inventories	354.9	343.2	328.3
Trade receivables	329.6	341.5	299.5
Other	99.4	92.2	82.5
Current assets	**783.9**	**776.9**	**710.3**
Total assets	**1,988.3**	**1,985.7**	**1,878.2**

At EUR 135.7 million, pension provisions remained largely unchanged when compared with the figure recorded on December 31, 2016 (EUR 136.6 million). They include obligations under defined benefit plans, which are generally measured at the end of the fiscal year using the projected unit credit method in accordance with IAS 19. The increase by EUR 15.8 million compared to the figure reported in mid-2016 is mainly attributable to this year-end 2016 measurement.

Increase in net financial debt

Current and non-current financial liabilities rose by EUR 89.6 million to EUR 667.8 (Dec. 31, 2016: 578.2) million as of June 30, 2017. The expansion includes financing in respect of the purchase price payable for interests acquired in hofer during the first quarter (EUR 27.6 million). Additionally, the dividend payment (EUR 31.9 million) was covered by interim financing in the form of current financial liabilities.

This led to an increase in net debt at Group level (current and non-current financial liabilities less cash) as of June 30, 2017, taking the figure to EUR 614.6 (Dec. 31, 2016: EUR 538.8) million.

At EUR 113.9 million, trade payables were slightly higher than the figure reported on December 31, 2016 (EUR 103.2 million) due to strong growth in business.

Other current liabilities amounted to EUR 110.1 million as of June 30, 2017, which was up EUR 13.6 million on the carrying amount at the end of 2016. The increase occurred in the first quarter and is attributable mainly to personnel-related obligations (provisioning for vacations and flexitime). In the fourth quarter of 2016 this item had also included an obligation in the low single-digit millions following investigations into an issue dating back several years in connection with regulations governing market competition.

CURRENT AND NON-CURRENT LIABILITIES

EUR million	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
Equity	**883.6**	**919.1**	**886.4**
Provisions for pensions	135.7	137.2	136.6
Non-current financial liabilities	342.9	327.7	320.8
Other	32.4	33.7	33.9
Non-current liabilities	**511.0**	**498.6**	**491.3**
Trade payables	113.9	111.9	103.2
Current financial liabilities	324.9	296.5	257.4
Other	**154.9**	159.6	139.9
Current liabilities	**593.7**	**568.0**	**500.5**

Cash flow impacted by higher working capital

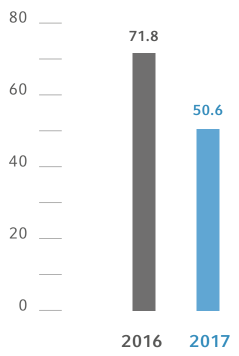
The ElringKlinger Group generated net cash from operating activities of EUR 50.6 (71.8) million in the first half of 2017. Of this total, EUR 30.9 (32.3) million were attributable to the second quarter.

Despite a year-on-year increase in first-half earnings before income taxes by EUR 5.5 million, the cash inflow from operating activities was lower. This was due primarily to the growth-induced expansion of working capital (inventories and trade receivables). An increase in inventories and higher receivables during the first quarter in particular exerted downward pressure, elsemore, the second quarter saw an additional decline in cash flow in response to a further expansion in stock levels. These circumstances are reflected in the item referred to as "changes in inventories, trade receivables, and other assets not attributable to investing or financing activities" in the statement of cash flows. As a result of this, net cash from operating activities was heavily diluted by EUR 77.4 million in the first six months of 2017. In the same period a year ago the dilutive effect was less pronounced at EUR 29.7 million.

By contrast, the change in trade payables and other liabilities not attributable to investing or financing activities added EUR 27.5 (14.3) million to cash flow in the first half of the year. Of this total, the largest proportion – EUR 23.5 (22.2) million – was attributable to the first quarter, whereas the second quarter accounted for just EUR 4.0 (-8.0) million.

"Other non-cash expenses and income" mainly include adjusting items relating to currency effects. In the second quarter, this item had an accretive effect equivalent to EUR 8.2 (-1.8) million, while the first half saw a total of EUR 7.9 (4.5) million added to the figure.

CASH FLOW FROM OPERATING ACTIVITIES 1ST HALF 2017
in € million



Investing activities scaled back slightly

At EUR 72.0 (73.6) million, payments by the Group in connection with investments in property, plant, and equipment and investment property were slightly lower in the first half compared to the same period a year ago. In the second quarter, the cash outflow for investments within this area amounted to EUR 42.4 (36.1) million.

In the first half of 2017, the investment ratio (capital expenditure on property, plant, and equipment and on investment property relative to Group sales revenue) was 8.6% (9.5%). In the second quarter, this ratio was higher at 10.4% (9.2%), thus reflecting the increase in expenditure during this period.

The largest part of expenditure was attributable to expansion measures aimed at raising capacity levels and introducing production systems for new ramp-ups. Spending within this area was directed at most of the production companies around the globe, the focus being on sites in North America, Hungary, and the central plant in Dettingen/Erms. Capital expenditure on sites in China was kept at a relatively low level following prior-year spending on two new state-of-the-art plants.

At the Group headquarters in Dettingen/Erms a new logistics building for the Lightweighting/Elastomer Technology division was erected by the company. The new facility will help to optimize logistics processes and free up space for additional production lines. Operations will commence as planned in the second half of 2017.

At the site in Kecskemét, Hungary, a construction project aimed at creating production capacity for shielding parts as well as the ramp-up of new door module carriers using lightweight technology continued to progress during the first half of 2017. Start of production for these lightweight components used in vehicle bodies – the parts are destined for a Tier 1 automotive supplier and will be fitted to a compact-class vehicle produced by a global car maker – is scheduled for the second half of the year. For the same customer project investments were also made at the Mexican site in Toluca during the second quarter of 2017 in preparation for production.

Capital expenditure on production technology was also directed at the other sites located in the NAFTA region. At the plant in Fremont, USA, which was established at the end of 2016, the company set up its manufacturing operations for the production of cockpit cross-car beams over the course of the first half of 2017.

Outflows for investments in financial assets, totaling EUR 3.1 (0.2) million in the first half of 2017, were attributable to short-term cash investments by individual subsidiaries.

The purchase of an interest in hofer AG, accounted for using the equity method, led to an outflow of EUR 28.9 million in the first quarter. The acquisition of fully consolidated hofer powertrain products GmbH produced an inflow of EUR 1.3 million due to the set-off with cash and cash equivalents or interest advantages. The net outflow in connection with the corporate acquisition was EUR 27.6 (0) million.

In total, net cash used in investing activities amounted to EUR 103.2 (83.1) million in the first half of 2017.

Operating free cash flow in negative territory

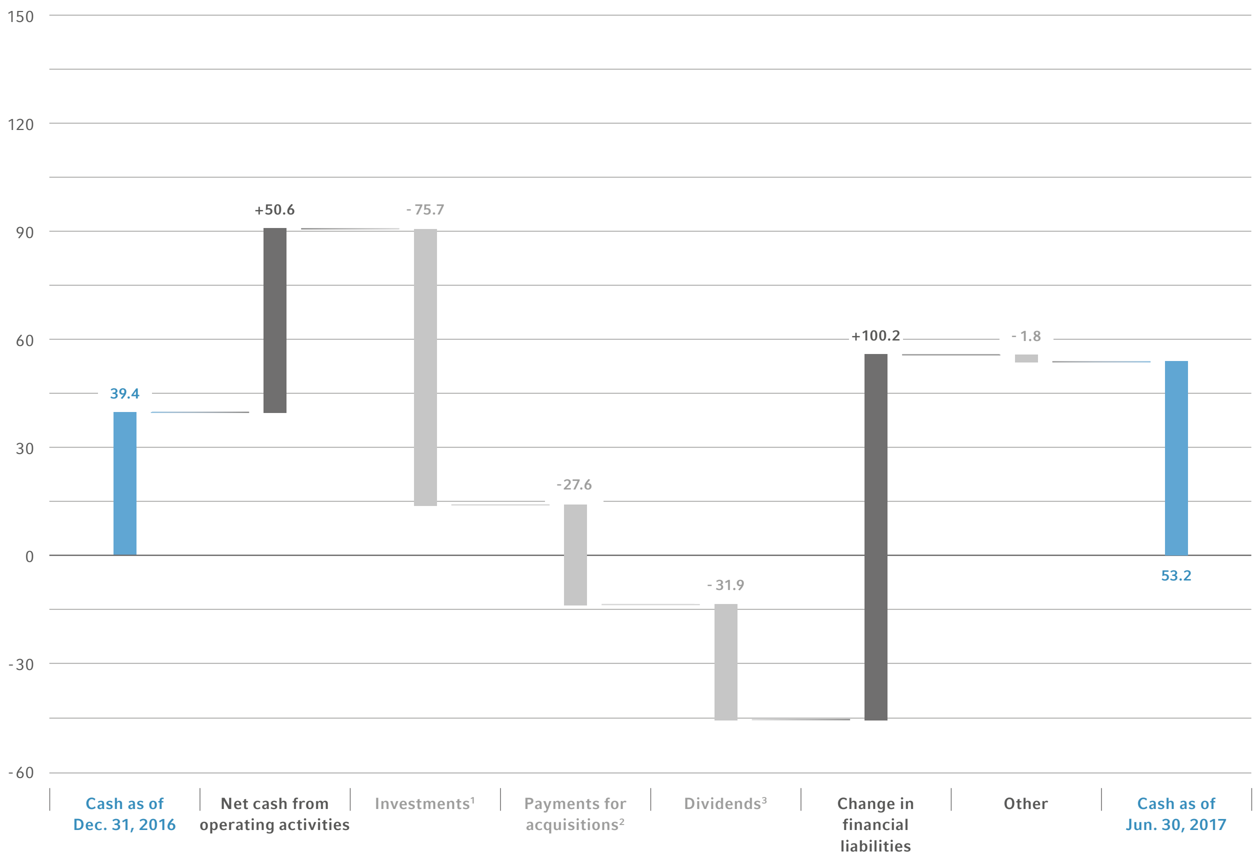
Due to revenue growth and the associated increase in working capital, operating cash flow was lower than payments made in connection with investing activities. Therefore, operating free cash flow (cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions and investments in financial assets) was negative at EUR -21.8 (-5.7) million. In the second quarter, operating free cash flow was also in negative territory at EUR -10.2 (-6.3) million.

More expansive financing activities due to acquisition and dividend

The financing requirements of the ElringKlinger Group were covered in part by cash flow from operating activities in the first half of 2017. Additionally, the Group utilized lines of credit made available to ElringKlinger, e. g., for the purpose of financing the transaction regarding interests acquired in hofer and the dividend payment to shareholders and non-controlling interests (EUR 31.9 million). In the reporting period from January to June 2017 the Group recorded an inflow of funds from the change in long- and short-term loans totaling EUR 100.2 (73.6) million. Of this total, EUR 54.1 (53.1) million was attributable to the second quarter of 2017.

In the first half of 2017 net cash from financing activities totaled EUR 68.3 (35.7) million; in the second quarter it stood at EUR 22.1 (15.4) million.

CHANGES IN CASH 1ST HALF 2017
in € million



[1] Investments in property, plant and equipment, investment property and intangible assets
[2] Incl. payments for investments accounted for using the equity method
[3] Dividends paid to shareholders and to non-controlling interests

OPPORTUNITIES AND RISKS

Public debate surrounding diesel technology has intensified in the wake of recent events – such as court judgments on driving bans or news of other vehicle models equipped with emissions control software – and is expected to adversely affect the general appeal of diesel vehicles and sales volumes in this segment of the market. Offering an extensive product range, ElringKlinger is represented in all drive system categories. A further downturn in diesel vehicle sales would have no significant impact on the Group, provided that this downturn does not prompt a general decline in vehicle sales as a whole.

Beyond these aspects, as regards the assessment of opportunities and risks for the ElringKlinger Group in respect of the second quarter and first half of 2017, there were no significant changes to the details discussed in the 2016 Annual Report of the ElringKlinger Group (page 88 et seqq.).

There are currently no identifiable risks that might jeopardize the future existence of the Group as a going concern, either in isolation or in conjunction with other risk factors.

The report on opportunities and risks from the 2016 Annual Report can also be accessed on the website of ElringKlinger at www.elringklinger.de/ar2016/report-on-opportunities-and-risks.

REPORT ON EXPECTED DEVELOPMENTS

Outlook – Market and Sector

Upturn in global economy remains intact

Economists anticipate that the global market will continue to recover over the remainder of the year. The world's largest economic areas – North America, China, and Western Europe – will remain buoyant. For the first time in several years, the recession-stricken markets of Russia and – based on a cautiously optimistic assessment – Brazil are thought to have the potential for slight growth in 2017. Among the key impediments to growth within the global economy are perils and imponderables attributable to political crises, such as uncertainty over the specifics of Brexit, possible protectionist measures adopted by the US government, or worsening relations between the European Union and Turkey.

GDP GROWTH PROJECTIONS

Year-on-year change in %	2016	Projections 2017	Projections 2018
World	3.2	3.5	3.6
Advanced economies	1.7	2.0	1.9
Emerging Market and Developing Economies	4.3	4.6	4.8
Germany	1.8	1.8	1.6
Eurozone	1.8	1.9	1.7
USA	1.6	2.1	2.1
Brazil	-3.6	0.3	1.3
China	6.7	6.7	6.4
India	7.1	7.2	7.7
Japan	1.0	1.3	0.6

Source: IMF (July 2017)

Car markets benefit from low interest rates and oil prices

To a large extent, the outlook for the automotive industry in 2017 as a whole remains positive. The key markets are benefiting from low interest rates and oil prices. At the same time, however, business conditions in general are becoming more challenging due to unresolved issues surrounding trade policy. According to data provided by the VDA, the German Association of the Automotive Industry, the global car market is likely to grow by 2% in 2017, taking the overall volume to 84.5 million vehicles. ElringKlinger's growth forecast for the car market as a whole remains unchanged at 1 to 2%.

Recent estimates published by the VDA suggest that the European market (EU28 + EFTA) will exceed last year's figure by 2% to reach a level of 15.4 million units. On this basis, the second half of the year is likely to be less dynamic. New registrations in Germany should more or less match the high level seen in 2016, whereas domestic car production (5.6 million units) and exports (4.3 million units) are both expected to be 2% down on the previous year's figure. According to the VDA, foreign production of German brands will continue to rise to 10.4 (10.1) million units.

The current VDA forecast for the US market points to light vehicle sales of 17.5 million units, which is comparable to the level recorded in 2016. As regards China, the VDA revised downward its growth outlook from originally 5% to 2% and an overall volume of 24.1 million units. On this basis, the world's largest single market will remain a driving force behind global expansion.

Brazil and Russia, both adversely affected by crises in recent years, should continue to recover gradually.

Major truck markets traveling in different directions in 2017

Despite the slowdown seen in many of Europe's commercial vehicle markets during the first half of 2017, the annual period as a whole is expected to match the solid performance recorded in the previous year. Capacity utilization among fleet operators is robust at present, which would appear to suggest that demand will remain strong.

The downturn in demand for trucks in North America is expected to stabilize to an increasing extent according to market analysts, partly due to improved order intake in the first half of the year. As a result, sales of Class 4 to 8 trucks in the annual period as a whole are likely to be just slightly down. In this context, the segment covering heavy trucks (Class 8) will be among the weakest performers.

Outlook – Company

Substantial order backlog

Order intake remains strong, although figures within the reporting period were adversely affected by currency effects: with the euro appreciating against other currencies, order intake reported by the Group fell by EUR 27.9 million, or 6.3%, and totaled EUR 413.3 million at the end of the period under review. Factoring in the effects of currency translation, however, incoming orders stood at EUR 440.7 (441.2) million, i.e., close to the high level recorded in the second quarter of 2016. ElringKlinger's robust order intake comes on the back of a highly successful first quarter when the Group recorded a year-on-year increase of 16.6%, or EUR 70.3 million (adjusted for currency effects: 14.5% or EUR 61.3 million), in new orders to take the figure to EUR 494.3 (424.0) million.

The strong demand for ElringKlinger products is also reflected in order backlog: at EUR 999.1 (885.2) million, it was up by 12.9% year on year, or EUR 113.9 million, at the end of the first half of 2017. Adjusted for currencies, order backlog for the same period rose by 14.5%, or EUR 128.4 million.

Annual guidance for 2017 confirmed

After a strong start to the year market conditions have deteriorated slightly in recent months. The first half saw growth in Asia stabilize with single-digit growth rates, while production output in Europe expanded only slightly from a high base and markets in the NAFTA region trended lower. ElringKlinger's business performance has been slightly mixed at a regional level in the financial year to date. The Group has been experiencing very strong demand in the NAFTA region, which is translating into high levels of capacity utilization. Demand has been similarly buoyant in Asia, while revenue growth in Europe has been developing along its usual lines. Overall, the Group can confirm its outlook that it will be looking to exceed global market growth by 2 to 4 percentage points in the financial year 2017.

Against the backdrop of strong demand within the global markets and in view of the ERP system migration at the Swiss subsidiary and the project-driven nature of business in the Exhaust Gas Purification division, the Group saw a slowdown in earnings growth in the second quarter. Provided that the transfer of production away from Switzerland progresses as planned, the aforementioned slowdown in earnings seen in the second quarter should not become a lasting trend. Based on its expectations for a solid second half, the Group remains confident that it can improve its earnings performance year on year as planned in fiscal 2017 as a whole. Thus, ElringKlinger can confirm its earnings guidance for 2017, the aim being to achieve an EBIT margin (before purchase price allocation) of around 9 to 10%.

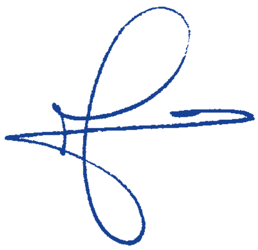
Assessment of other financial indicators

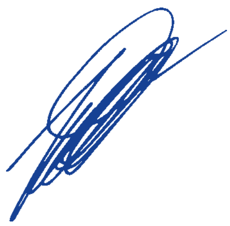
The Group's expectations with regard to the other financial indicators remain unchanged: on the basis of the earnings guidance outlined above, the return on capital employed (ROCE) will improve slightly, while research and development expenses are likely to be within a range of around 5 to 6% of Group revenue. As regards investments in property, plant, and equipment and real estate, the first half has shown that the Group is on the right track in 2017 to achieving an investment ratio below that of the previous year (11.0%). Net working capital is also expected to be lower than in the previous year (33.7%), as a result of which operating free cash flow as a whole should be just within positive territory. The equity ratio is expected to be within the long-term target range of 40 to 50% of the balance sheet total.

Medium-term targets also unchanged

In the medium term, the Group remains confident that it can exceed global market growth by 2 to 4 percentage points p.a. and achieve an EBIT margin (before purchase price allocation) of around 13%.

Dettingen/Erms, August 7, 2017
The Management Board





Dr. Stefan Wolf
Chairman/CEO

Theo Becker

Thomas Jessulat

ELRINGKLINGER AND THE CAPITAL MARKETS

Focus on stock markets: signs of less expansive monetary policy

First indications that central banks around the globe would be pursuing a less expansive monetary policy led to a temporary dip in stock market performance during the second quarter of 2017. In the euro area, intimations by ECB President Mario Draghi were seen as evidence of an imminent change of direction by the European Central Bank in respect of its bond-buying program. In June, the US Federal Reserve raised the country's benchmark interest rate for the fourth time since the reversal of its interest rate policy one and a half years ago, albeit by just 25 basis points. In the United Kingdom, too, there is growing evidence to suggest that interest rates will be raised during the second half of 2017.

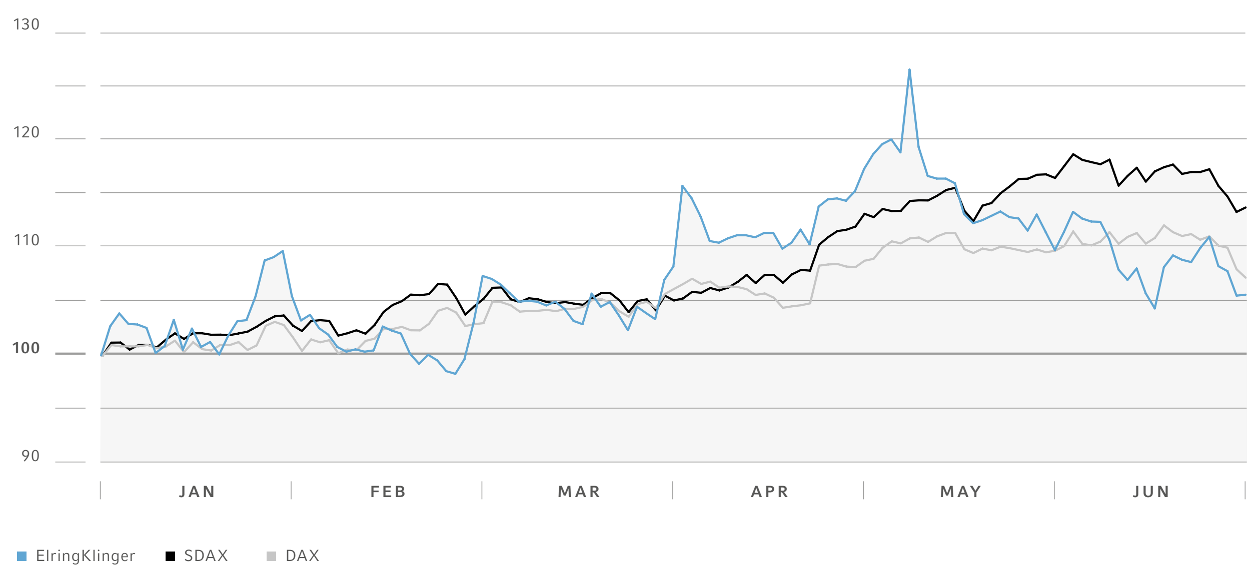
Weaker economic data in the United States, the appreciation of the euro against the US dollar, the falling price of oil, and the persistent geopolitical hotspots in North Korea and some regions of the Middle East also exerted downward pressure on global stock markets during the second quarter of 2017. On a more positive note, markets were encouraged during the second quarter of 2017 by sustained economic buoyancy within the eurozone together with Emmanuel Macron's victory in the French presidential elections and a convincing corporate reporting season for the majority of exchange-listed companies.

Germany's blue chip index, the DAX, only managed to edge up by 0.1% in the second quarter, having previously recorded a new all-time high of more than 12,900 points in mid-June. Regardless of this, its gain since the beginning of the year remained comfortable at 7.4%. The direction taken by small- and mid-caps in the second quarter of 2017 proved to be very encouraging as a whole from an investor perspective. The SDAX was up by 7.5%, followed by the TecDAX with a gain of 6.9% and the MDAX with plus 2.3%.

ElringKlinger stock closes first half of 2017 at EUR 16.78

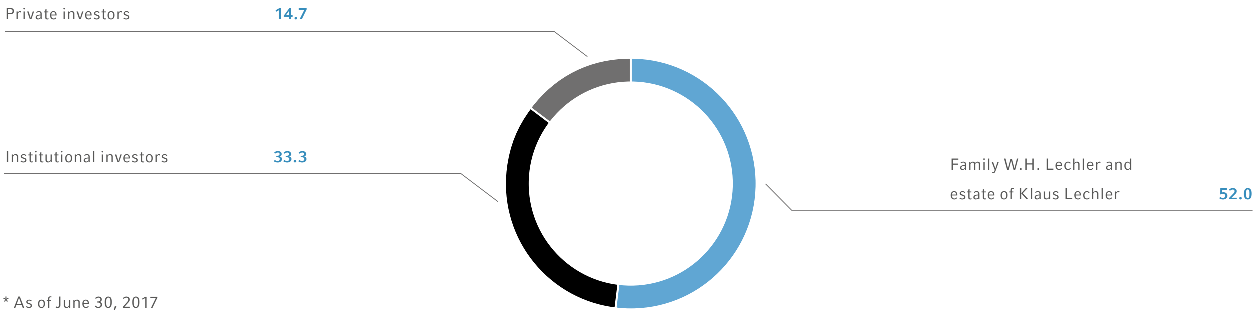
Driven by a market rally of 20% towards the end of the trading year, ElringKlinger's stock completed 2016 at a price of EUR 15.88. The stock's recovery continued into January 2017, before entering a period of consolidation in February that took the price to around EUR 16. A benign trading environment and the announcement of the Group's financial results for fiscal 2016, which were well received by the capital markets, gave ElringKlinger's stock further growth impetus at the end of March.

ELRINGKLINGER'S SHARE PRICE PERFORMANCE (XETRA) SINCE JANUARY 1, 2017 (INDEXED, DEC. 30, 2016 = 100%)
compared with DAX and SDAX



SHAREHOLDER STRUCTURE*

in %



* As of June 30, 2017

In April the company's share price stood at around EUR 18, thus retaining the position it had established for itself at the end of March. Following the presentation of results for the first quarter of 2017 at the beginning of May, ElringKlinger's stock was propelled to EUR 20.14, its highest level in the year to date. Profit-taking by institutional investors subsequently resulted in a downward correction in the share price. During the remainder of the second quarter of 2017 widespread skepticism over automotive industry stock in general, fueled to some extent by persistently negative headlines concerning diesel-powered engines, was reflected in share prices. At the end of the first half of 2017, ElringKlinger's share price was EUR 16.78, a gain of 5.7% since the beginning of the year.

Trading volume down slightly in first half of 2017

The trading volume of ElringKlinger shares for the first six months of 2017 remained at a high level, although the overall figure was slightly lower than that recorded in the same period a year ago. The average volume of ElringKlinger shares traded per day fell by 5.3% to 179,200 (189,300) units. The average daily value of shares traded on German stock exchanges was EUR 3,073,500 (4,027,600) in the period under review. Despite this, ElringKlinger's stock also offered sufficiently high levels of liquidity for institutional investors to conduct larger share transactions.

Intensive dialogue with capital markets

ElringKlinger maintained its dialogue with capital market representatives over the course of the first half of 2017. In the second quarter of 2017 alone the company attended four capital market conferences, as well as taking part in seven road shows. The focus of its investor relations activities was on the financial centers of Frankfurt/Main, London, and Zurich. In Germany, the company also attended events in Munich and Berlin, while venues elsewhere in Europe included Paris, Vienna, and Geneva. Additionally, the company attended meetings in Chicago and New York.

In mid-May 2017, private investors interested in the company had the chance to find out about ElringKlinger and its business model first-hand. In Eching, Bavaria, the company took part in an event organized by Schutzgemeinschaft der Kapitalanleger e.V. (SdK) that attracted an audience of around 100 interested guests. After the presentation ElringKlinger representatives were available to answer questions put to them by the audience.

Annual General Meeting approves dividend of EUR 0.50 – Klaus Eberhardt becomes new Chairman of the Supervisory Board

The 112th Annual General Meeting of ElringKlinger AG took place on May 16, 2017, and was attended by around 900 shareholders, shareholder representatives, and guests at the Liederhalle congress center in Stuttgart. In his speech CEO Dr. Stefan Wolf presented a review of the financial year just ended and also outlined the current process of transformation in the automobile industry towards alternative drive systems, an area in which the Group is already very well positioned thanks to its diversified product portfolio.

The AGM approved by a large majority the proposal put forward by the Management Board and Supervisory Board for a dividend of EUR 0.50 (0.55) per share for the fiscal year 2016. The total dividend payment amounts to EUR 31.7 (34.8) million. On this basis, the dividend ratio rose to 40.3% (38.0%), which lies at the upper range of the long-term dividend policy adopted by the company. It stipulates a dividend payment equivalent to between 30 to 40% of Group net income for the purpose of ensuring that shareholders receive an appropriate and sustainable return on their investment.

The Annual General Meeting of shareholders elected Andreas Wilhelm Kraut, Chief Executive Officer of Bizerba SE & Co. KG, as a new member of the Supervisory Board of ElringKlinger AG. He takes the place of board member Prof. Walter H. Lechler, who stepped down as Chairman of the Supervisory Board at the end of the AGM for reasons of age and left the Supervisory Board. At the Supervisory Board meeting convened subsequent to the AGM the members of the Supervisory Board elected Klaus Eberhardt as their new Chairman. Eberhardt has been a member of the Supervisory Board of ElringKlinger AG since May 2013. Prof. Walter H. Lechler was elected as Honorary Chairman of the Supervisory Board.

ELRINGKLINGER STOCK (ISIN DE 0007856023)

	1st Half 2017	1st Half 2016
Number of shares outstanding	63,359,990	63,359,990
Share price (daily closing price in EUR)[1]		
High	20.14	24.09
Low	15.60	16.79
Closing price as of June 30	16.78	17.64
Average daily trading volume (German stock exchanges; no. of shares traded)	179,200	189,300
Average daily trading value (German stock exchanges; in EUR)	3,073,500	4,027,600
Market capitalization as of June 30 (EUR millions)	**1,063.2**	**1,117.7**

[1] Xetra trading

GROUP INCOME STATEMENT

of ElringKlinger AG, January 1 to June 30, 2017

EUR k	2nd Quarter 2017	2nd Quarter 2016	1st Half 2017	1st Half 2016
Sales revenue	**407,789**	**390,870**	**841,134**	**776,077**
Cost of sales	-299,063	-293,170	-622,948	-580,879
Gross profit	**108,726**	**97,700**	**218,186**	**195,198**
Selling expenses	-36,142	-28,904	-69,103	-56,869
General and administrative expenses	-20,731	-19,520	-41,351	-41,033
Research and development costs	-18,010	-16,053	-37,498	-33,358
Other operating income	4,740	4,514	9,072	7,506
Other operating expenses	-2,743	-2,532	-5,576	-5,473
Operating result	**35,840**	**35,205**	**73,730**	**65,971**
Finance income	4,196	3,208	9,451	6,094
Finance costs	-12,028	-5,802	-20,655	-15,017
Net finance costs	**-7,832**	**-2,594**	**-11,204**	**-8,923**
Earnings before taxes	**28,008**	**32,611**	**62,526**	**57,048**
Income tax expense	-8,658	-9,098	-17,171	-15,607
Net income	**19,350**	**23,513**	**45,355**	**41,441**
of which: attributable to non-controlling interests	960	922	1,829	1,632
of which: attributable to shareholders of ElringKlinger AG	**18,390**	**22,591**	**43,526**	**39,809**
Basic and diluted earnings per share in EUR	**0.29**	**0.36**	**0.69**	**0.63**

GROUP STATEMENT OF COMPREHENSIVE INCOME

of ElringKlinger AG, January 1 to June 30, 2017

EUR k	2nd Quarter 2017	2nd Quarter 2016	1st Half 2017	1st Half 2016
Net income	**19,350**	**23,513**	**45,355**	**41,441**
Currency translation difference	-24,062	7,249	-19,505	-2,142
Gains and losses that can be reclassified to the income statement in future periods	**-24,062**	**7,249**	**-19,505**	**-2,142**
Remeasurement of defined benefit plans, net	1,058	0	1,058	0
Gains and losses that cannot be reclassified to the income statement in future periods	**1,058**	**0**	**1,058**	**0**
Other comprehensive income after taxes	**-23,004**	**7,249**	**-18,447**	**-2,142**
Total comprehensive income	**-3,654**	**30,762**	**26,908**	**39,299**
of which: attributable to non-controlling interests	104	1,235	999	1,525
of which: attributable to shareholders of ElringKlinger AG	**-3,758**	**29,527**	**25,909**	**37,774**

GROUP STATEMENT OF FINANCIAL POSITION

of ElringKlinger AG, as at June 30, 2017

EUR k	June 30, 2017	Dec. 31, 2016	June 30, 2016
ASSETS			
Intangible assets	207,778	212,440	213,649
Property, plant and equipment	928,784	917,318	858,017
Investment property	15,815	15,822	15,880
Financial assets	1,029	1,029	1,261
Investment accounted for using the equity method	28,448	0	0
Non-current income tax assets	101	211	895
Other non-current assets	4,204	4,291	2,685
Deferred tax assets	18,189	16,808	15,263
Non-current assets	**1,204,348**	**1,167,919**	**1,107,650**
Inventories	354,938	328,334	323,266
Trade receivables	329,598	299,522	301,359
Current income tax assets	5,052	3,803	5,846
Other current assets	41,148	39,184	41,714
Cash and cash equivalents	53,185	39,407	73,439
Current assets	**783,921**	**710,250**	**745,624**
	1,988,269	**1,878,169**	**1,853,274**

EUR k	June 30, 2017	Dec. 31, 2016	June 30, 2016
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	684,481	672,635	633,894
Other reserves	-20,446	-2,829	8,868
Equity attributable to the shareholders of ElringKlinger AG	**845,633**	**851,404**	**824,360**
Non-controlling interest in equity	37,940	34,963	33,333
Equity	**883,573**	**886,367**	**857,693**
Provisions for pensions	135,669	136,562	119,858
Non-current provisions	13,612	13,604	14,430
Non-current financial liabilities	342,933	320,813	349,179
Deferred tax liabilities	15,388	16,456	23,507
Other non-current liabilities	3,416	3,834	4,325
Non-current liabilities	**511,018**	**491,269**	**511,299**
Current provisions	17,694	17,279	18,592
Trade payables	113,907	103,228	83,041
Current financial liabilities	324,889	257,392	256,299
Tax payable	27,059	26,151	21,767
Other current liabilities	110,129	96,483	104,583
Current liabilities	**593,678**	**500,533**	**484,282**
	1,988,269	**1,878,169**	**1,853,274**

GROUP STATEMENT OF CHANGES IN EQUITY

of ElringKlinger AG, January 1 to June 30, 2017

EUR k	Share capital	Capital reserves	Revenue reserves
Balance as of Dec. 31, 2015/Balance as of Jan. 1, 2016	**63,360**	**118,238**	**628,933**
Dividend distribution			-34,848
Change in scope of consolidated financial statements			
Purchase of shares from controlling interests			
Total comprehensive income			39,809
Net income			39,809
Other comprehensive income			
Balance as of June 30, 2016	**63,360**	**118,238**	**633,894**
Balance as of Dec. 31, 2016/Balance as of Jan. 1, 2017	**63,360**	**118,238**	**672,635**
Dividend distribution			-31,680
Change in scope of consolidated financial statements			
Total comprehensive income			43,526
Net income			43,526
Other comprehensive income			
Balance as of June 30, 2017	**63,360**	**118,238**	**684,481**

	Other reserves					
	Remeasurement of defined benefit plans	Equity impact of controlling interests	Currency translation differences	Equity attributable to the shareholders of ElringKlinger AG	Non-controlling interests in equity	Group equity
	-32,985	**-17**	**44,100**	**821,629**	**34,102**	**855,731**
				-34,848	-2,848	-37,696
					521	521
		-195		-195	33	-162
			-2,035	37,774	1,525	39,299
				39,809	1,632	41,441
			-2,035	-2,035	-107	-2,142
	-32,985	**-212**	**42,065**	**824,360**	**33,333**	**857,693**
	-43,616	**-212**	**40,999**	**851,404**	**34,963**	**886,367**
				-31,680	-258	-31,938
					2,236	2,236
	1,058		-18,675	25,909	999	26,908
				43,526	1,829	45,355
	1,058		-18,675	-17,617	-830	-18,447
	-42,558	**-212**	**22,324**	**845,633**	**37,940**	**883,573**

GROUP STATEMENT OF CASH FLOWS

of ElringKlinger AG, January 1 to June 30, 2017

EUR k	2nd Quarter 2017	2nd Quarter 2016	1st Half 2017	1st Half 2016
Earnings before taxes	28,008	32,611	62,526	57,048
Depreciation/amortization (less write-ups) of non-current assets	24,684	23,259	49,386	45,649
Net interest	3,219	3,394	6,231	6,328
Change in provisions	-3,310	508	247	3,920
Gains/losses on disposal of non-current assets	137	-12	333	164
Profit/loss from investments accounted for using the equity method	338	0	492	0
Dividends from investments accounted for using the equity method	0	0	0	0
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-20,775	-889	-77,350	-29,677
Change in trade payables and other liabilities not resulting from financing and investing activities	3,987	-7,965	27,502	14,257
Income taxes paid	-10,902	-14,181	-21,434	-25,238
Interest paid	-2,799	-2,736	-5,318	-5,286
Interest received	49	61	96	123
Other non-cash expenses and income	8,224	-1,763	7,906	4,533
Net cash from operating activities	**30,860**	**32,287**	**50,617**	**71,821**
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	121	191	324	295
Proceeds from disposals of financial assets	2,940	243	2,940	247
Payments for investments in intangible assets	-1,718	-2,906	-3,730	-4,413
Payments for investments in property, plant and equipment and investment property	-42,395	-36,119	-71,981	-73,639
Payments for investments in financial assets	64	-248	-3,134	-248
Payments for investments accounted for using the equity method	0	0	-28,940	0
Proceeds from the acquisition of subsidiaries and other entities	-1	-5,323	1,321	-5,323
Net cash from investing activities	**-40,989**	**-44,162**	**-103,200**	**-83,081**
Payments to non-controlling interests for the purchase of shares	0	0	0	-163
Proceeds from the addition of non-current financial liabilities	-31,938	-37,696	-31,938	-37,696
Dividends paid to shareholders and to non-controlling interests	18,470	41,725	32,437	46,189
Payments for the repayment of non-current financial liabilities	-15,593	-5,695	-22,208	-15,518
Change in current financial liabilities	51,180	17,112	90,000	42,851
Net cash from financing activities	**22,119**	**15,446**	**68,291**	**35,663**
Changes in cash	11,990	3,571	15,708	24,403
Effects of currency exchange rates on cash	-1,934	1,308	-1,930	111
Cash at beginning of period	43,129	68,560	39,407	48,925
Cash at end of period	**53,185**	**73,439**	**53,185**	**73,439**

GROUP SALES BY REGION

of ElringKlinger AG, January 1 to June 30, 2017

EUR k	2nd Quarter 2017	2nd Quarter 2016	1st Half 2017	1st Half 2016
Germany	100,136	102,194	210,974	203,697
Rest of Europe	130,593	130,517	269,434	257,851
NAFTA	81,458	75,057	166,553	149,398
Asia-Pacific	77,645	68,871	156,891	137,024
South America and rest of the world	17,957	14,231	37,282	28,107
Group	**407,789**	**390,870**	**841,134**	**776,077**

SEGMENT REPORTING

of ElringKlinger AG, April 1 to June 30, 2017

Segment	Original Equipment		Aftermarket		Engineered Plastics	
EUR k	2nd Quarter 2017	2nd Quarter 2016	2nd Quarter 2017	2nd Quarter 2016	2nd Quarter 2017	2nd Quarter 2016
Sales revenue	337,851	323,017	40,177	38,964	26,319	25,414
Intersegment revenue	5,589	4,950	0	0	3	24
Segment revenue	343,440	327,967	40,177	38,964	26,322	25,438
EBIT[1]	23,166	21,996	8,824	8,786	3,755	4,099
Depreciation and amortization[2]	-21,835	-20,897	-590	-521	-1,536	-1,228
Capital expenditures[3]	42,639	35,837	431	399	658	2,352

January 1 to June 30, 2017

Segment	Original Equipment		Aftermarket		Engineered Plastics	
EUR k	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016
Sales revenue	697,785	639,309	80,327	78,295	55,825	51,603
Intersegment revenue	11,131	11,699	0	0	7	45
Segment revenue	708,916	651,008	80,327	78,295	55,832	51,648
EBIT[1]	48,313	42,264	16,566	16,617	8,097	6,233
Depreciation and amortization[2]	-43,800	-41,063	-1,133	-991	-2,990	-2,456
Capital expenditures[3]	73,136	70,221	703	780	1,316	3,963

[1] Earnings before interest and taxes (operating result)
[2] Excluding impairments
[3] Investments in intangible assets, property, plant and equipment and investment property

	Industrial Parks		Services		Consolidation		Group	
	2nd Quarter 2017	2nd Quarter 2016	2nd Quarter 2017	2nd Quarter 2016	2nd Quarter 2017	2nd Quarter 2016	2nd Quarter 2017	2nd Quarter 2016
	1,073	1,016	2,369	2,459	0	0	407,789	390,870
	27	60	1,591	1,599	-7,210	-6,633	0	0
	1,100	1,076	3,960	4,058	-7,210	-6,633	407,789	390,870
	-52	-19	147	343			35,840	35,205
	-256	-224	-467	-389			-24,684	-23,259
	159	460	226	1,085			44,113	40,133

	Industrial Parks		Services		Consolidation		Group	
	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016
	2,114	1,958	5,083	4,912	0	0	841,134	776,077
	54	118	3,184	3,087	-14,376	-14,949	0	0
	2,168	2,076	8,267	7,999	-14,376	-14,949	841,134	776,077
	-125	-104	879	961			73,730	65,971
	-512	-430	-951	-709			-49,386	-45,649
	236	2,254	320	1,942			75,711	79,160

NOTES TO THE FIRST HALF OF 2017

ElringKlinger AG is an exchange-listed stock corporation headquartered in Dettingen/Erms, Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of June 30, 2017, have been prepared on the basis of IAS 34 (Interim Financial Reporting). The interim financial statements conform with the International Financial Reporting Standards (IFRS), including the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union.

As the consolidated interim financial statements are presented in a condensed format, the financial statements as of June 30, 2017, do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements as of June 30, 2017, have been neither audited nor reviewed in any way by an independent auditor.

They were authorized for issue based on a resolution passed by the Management Board on August 7, 2017.

Basis of reporting

Reporting

Based on an initial analysis, IFRS 9, application of which is mandatory as from the 2018 financial year, will have no significant impact on the consolidated financial statements of the ElringKlinger Group. As regards the first-time application of IFRS 15 – Revenue from Contracts with Customers – effective from January 1, 2018, please refer to the details presented in the notes to the consolidated financial statements for 2016. The Group's global impact analysis, which has yet to be completed, includes an examination of the potential effects of a separation of performance obligations required under specific circumstances and the thus resulting allocation of the transaction price. To date, there have been no material changes in respect of the assessments presented in the 2016 annual report. As regards the expected impact of IFRS 16 Leases, for which an EU endorsement has not yet been issued, please also refer to the 2016 annual report.

Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of June 30, 2017, include the financial statements of nine domestic and 35 foreign entities in which ElringKlinger AG holds more than 50% of the interests, either directly or indirectly, or over which, for other reasons, it has the power to govern the financial and operating policies ("Control"). Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

Effective from January 1, 2017, ElringKlinger North America, Inc., with its registered office in Plymouth, USA, was merged into ElringKlinger Automotive Manufacturing, Inc., with its registered office in Southfield, USA.

With the exception of the acquisition of hofer powertrain products GmbH, Nürtingen, Germany, the acquisition of hofer powertrain products UK Ltd., Warwick, United Kingdom, the founding of ElringKlinger Chongqing Ltd., Chongqing, China, and the merger of ElringKlinger North America, Inc. into ElringKlinger Automotive Manufacturing, Inc., Southfield, USA, there were no other changes to the scope of consolidation compared with the consolidated financial statements as of December 31, 2016.

Corporate acquisition

Effective from March 1, 2017, ElringKlinger AG acquired 27.0% of the ownership interests in hofer AG, with its registered office in Nürtingen, Germany. Effective from February 6, 2017, ElringKlinger AG acquired 53.0% of the ownership interests in the aforementioned entity's subsidiary hofer powertrain products GmbH, also with its registered office in Nürtingen, Germany. In both cases, the acquisition of interests was transacted by means of an increase in capital.

As regards hofer AG, ElringKlinger AG paid an amount of EUR 3,570k into share capital and an amount of EUR 25,370k into the capital reserve. The interests held in hofer AG are accounted for using the equity method and are recognized as financial assets. The net finance result includes a loss of EUR 492k from equity investments.

As regards hofer powertrain products GmbH, ElringKlinger AG paid an amount of EUR 1,060k into share capital. All payments were made in January 2017. Additionally, the contractual agreement includes a global loan arrangement totaling EUR 30,000k for the purpose of financing future investments relating to hofer powertrain products GmbH. The associated interest advantage amounts to EUR 1,654k, which is attributable to the purchase price. The costs related to the transaction, amounting to EUR 80k, were recognized as general and administrative expenses.

The hofer Group is a skilled automotive developer of systems used within the exhaust tract. In acquiring the ownership interest, ElringKlinger will benefit from the aforementioned innovatory abilities, particularly in the development and production of alternative drive technologies.

The assets and liabilities of the acquired interests pertaining to hofer powertrain products GmbH were measured at the fair value as of the date of acquisition. Within this context, an excess of EUR 192k was recognized as goodwill, having additionally accounted for deferred tax liabilities (EUR 318k) on hidden reserves realized (EUR 1,078k). The aforementioned goodwill was paid primarily in respect of the favorable earnings prospects as well as anticipated synergies.

Due to the first-time full consolidation of hofer powertrain products GmbH effective from February 6, 2017, Group revenue increased by EUR 2,281k, while earnings before taxes rose by EUR 150k. Had the acquisition become effective as early as January 1, 2017, hofer powertrain products GmbH would have contributed EUR 2,836k to Group revenue and would have increased earnings before taxes by EUR 237k.

The preliminary allocation of the purchase price to assets and liabilities is presented in the table below:

EUR k	IFRS carrying amount at date of purchase	Purchase price allocation	Fair value at date of purchase
Intangible assets	8	1,078	1,086
Property, plant, and equipment	52	–	52
Inventories	930	–	930
Trade receivables	2,656	–	2,656
Other current assets	38	–	38
Cash and cash equivalents	2,382	–	2,382
Total assets	**6,066**	**1,078**	**7,144**
Deferred tax liabilities	0	318	318
Non-current financial liabilities	1,048	0	1,048
Current provisions	22	–	22
Trade payables	347	–	347
Tax liabilities	45		45
Other current liabilities	606	–	606
Total liabilities	**2,068**	**318**	**2,386**
Net assets	**3,998**	**760**	**4,758**
Goodwill			192
Non-controlling interests in net assets			-2,236
Purchase price			**2,714**

No contingent liabilities were identified during the acquisition procedure. The fair values presented for the respective assets and liabilities are provisional.

Effective from March 23, 2017, ElringKlinger AG acquired 53.0% of the interests in hofer powertrain products UK Ltd., with its registered office in Warwick, United Kingdom. The cash purchase price of these interests amounted to EUR 62. The share capital of the entity established in 2016 is EUR 117.

Newly established company

ElringKlinger Chongqing Ltd., with its registered office in Chongqing, China, was established effective from April 10, 2017. ElringKlinger AG holds 100.0% of the ownership interests.

Exchange rates

Exchange rates developed as follows:

Currency	Abbr.	Closing rate June 30, 2017	Closing rate Dec. 31, 2016	Average rate Jan.–Jun. 2017	Average rate Jan.–Dec. 2016
US dollar (USA)	USD	1.14120	1.05410	1.09343	1.10317
Pound (United Kingdom)	GBP	0.87933	0.85618	0.86122	0.82269
Swiss franc (Switzerland)	CHF	1.09300	1.07390	1.07782	1.09085
Canadian dollar (Canada)	CAD	1.47850	1.41880	1.45187	1.45892
Real (Brazil)	BRL	3.76000	3.43050	3.48247	3.81926
Mexican peso (Mexico)	MXN	20.58390	21.77190	20.96213	20.68174
RMB (China)	CNY	7.73850	7.32020	7.49322	7.34151
WON (South Korea)	KRW	1,304.56000	1,269.36000	1,239.46667	1,279.91750
Rand (South Africa)	ZAR	14.92000	14.45700	14.43712	16.12887
Yen (Japan)	JPY	127.75000	123.40000	122.37167	120.440830
Forint (Hungary)	HUF	308.97000	309.83000	309.17667	311.90917
Turkish lira (Turkey)	TRY	4.01340	3.70720	3.94152	3.34263
Leu (Romania)	RON	4.55230	4.53900	4.53805	4.49330
Indian rupee (India)	INR	73.74450	71.59350	71.52767	74.20010
Indonesian rupiah (Indonesia)	IDR	15,209.34000	14,173.43000	14,574.08500	14,678.48083
Bath (Thailand)	THB	38.74400	37.72600	37.70467	38.86225

Disclosures relating to financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments. There was no offsetting of financial instruments recognized by the company.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

	Cash	Trade receivables	Other current assets	Derivatives	Non-current securities		Other financial investments		Total
EUR k	CA	CA	CA	CA	CA	FV	CA	FV	CA
as of June 30, 2017									
Loans and receivables	53,185	329,598	10,755	0	0	0	8	8	393,546
held to maturity	0	0	0	0	824	833	0	0	824
held for trading	0	0	0	44	0	0	0	0	44
available for sale	0	0	0	0	189	189	8	8	197
Total	**53,185**	**329,598**	**10,755**	**44**	**1,013**	**1,022**	**16**	**16**	**394,611**
as of Dec. 31, 2016									
Loans and receivables	39,407	299,522	5,752	0	0	0	8	8	344,689
held to maturity	0	0	0	0	819	819	0	0	819
held for trading	0	0	0	0	0	0	0	0	0
available for sale	0	0	0	0	194	194	8	8	202
Total	**39,407**	**299,522**	**5,752**	**0**	**1,013**	**1,013**	**16**	**16**	**345,710**

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

	Other current liabilities	Current financial liabilities	Finance leases		Trade payables
EUR k	CA	CA	CA	FV	CA
as of June 30, 2017					
Financial liabilities measured at acquisition cost	50,781	324,732	0	0	113,907
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0
No measurement category under IAS 39	0	0	157	160	0
as of Dec. 31, 2016					
Financial liabilities measured at acquisition cost	48,685	257,231	0	0	103,228
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0
No measurement category under IAS 39	0	0	161	167	0

	Derivatives		Non-current financial liabilities		Finance leases		Total
EUR k	CA	FV	CA	FV	CA	FV	CA
as of June 30, 2017							
Financial liabilities measured at acquisition cost	0	0	342,722	322,873	0	0	832,142
Financial liabilities measured at fair value through profit or loss	128	128	0	0	0	0	128
No measurement category under IAS 39	0	0	0	0	211	214	368
as of Dec. 31, 2016							
Financial liabilities measured at acquisition cost	0	0	320,495	318,100	0	0	729,639
Financial liabilities measured at fair value through profit or loss	0	0	0	0	0	0	0
No measurement category under IAS 39	0	0	0	0	318	344	479

The other current liabilities include two purchase price liabilities totaling EUR 33,801k (2016: EUR 33,801k) in respect of written put options, which are measured at amortized cost.

The management has ascertained that the carrying amounts of cash, trade receivables, other receivables, trade payables, other current financial liabilities, and other current liabilities largely correspond to their fair values, primarily as a result of the short maturities of these instruments.

The fair values of other financial instruments held to maturity are based on prices in an active market as of the end of the reporting period.

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks, finance lease liabilities, and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific interest rate.

The fair value of the put option, included in other current liabilities, of non-controlling interests in ElringKlinger Marusan Corporation, Tokyo, Japan, in respect of their interests is based on internal projections of the enterprise value. As regards the valuation of this put option of non-controlling interests, estimates are made with regard to the forecast of business performance as well as with regard to the choice of the interest rate to be applied in respect of the liability to be recognized. A change in the enterprise value by 10% would result in an increase/decrease in the put option by approx. EUR 3,293k.

Financial assets and liabilities measured at fair value are classified into the following three-level fair value hierarchy as of the end of the reporting period of June 30, 2017:

EUR k	Level 1	Level 2	Level 3
June 30, 2017			
Financial assets			
Non-current securities	189	0	0
Other financial investments	8	0	0
Derivatives*	0	44	0
Total	**197**	**44**	**0**
Financial liabilities			
Derivatives*	0	128	0
Total	**0**	**128**	**0**
Dec. 31, 2016			
Financial assets			
Non-current securities	194	0	0
Other financial investments	8	0	0
Derivatives*	0	0	0
Total	**202**	**0**	**0**
Financial liabilities			
Derivatives*	0	0	0
Total	**0**	**0**	**0**

* These are derivatives that do not qualify for hedge accounting

The following table provides details of the classification of financial assets and liabilities that are not measured at fair value but for which a fair value has been presented, according to the three-level fair value hierarchy as of the end of the reporting period of June 30, 2017:

EUR k	Level 1	Level 2	Level 3
June 30, 2017			
Financial assets			
Non-current securities	833	0	0
Other financial investments	0	0	8
Total	**833**	**0**	**8**
Financial liabilities			
Non-current liabilities from finance leases	0	0	214
Non-current financial liabilities	0	322,873	0
Purchase price liability from written put option	0	0	33,801
Total	**0**	**322,873**	**34,015**
Dec. 31, 2016			
Financial assets			
Non-current securities	819	0	0
Other financial investments	0	0	8
Total	**819**	**0**	**8**
Financial liabilities			
Non-current liabilities from finance leases	0	0	344
Non-current financial liabilities	0	318,100	0
Purchase price liability from written put option	0	0	33,801
Total	**0**	**318,100**	**34,145**

The levels of the fair value hierarchy are defined as follows:

Level 1: Measurement based on quoted prices

Level 2: Measurement based on inputs for the asset or liability that are observable in active markets either directly or indirectly

Level 3: Measurement based on inputs for assets and liabilities not representing observable market data

The assessment as to whether a transfer has occurred between the levels of the fair-value hierarchy with regard to the assets and liabilities carried at fair value is conducted in each case at the end of the reporting period. No transfers occurred in the reporting period under review.

Contingencies and related-party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2016 were not subject to significant changes in the first half of 2017.

Government grants

As a result of government grants received, other operating income rose by EUR 3,363k in the first half of 2017. These grants were attributable primarily to development projects.

Dividend payment

In the second quarter of 2017, ElringKlinger AG distributed a total dividend of EUR 31,680 k (EUR 0.50 per entitled share) to shareholders from its unappropriated retained earnings of 2016. The dividend payout took place on May 19, 2017.

Events after the reporting period

There were no further significant events after the end of the interim reporting period that necessitate additional explanatory disclosure.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dettingen/Erms, August 7, 2017
The Management Board

Dr. Stefan Wolf
Chairman/CEO

Theo Becker

Thomas Jessulat

IMPRINT

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Disclaimer – Forward-looking Statements and Forecasts
This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

Supplementary Notes
Due to rounding, some of the numbers and percentage figures specified in this document may differ from the actual values, particularly in the case of summation and percentage calculations.

This report was published on August 7, 2017, and is available in German and English. Only the German version shall be legally binding.

FINANCIAL CALENDAR

07 NOVEMBER	16 MAY 2018
Interim Report on the 3rd Quarter and First Nine Months of 2017	**113th Annual General Shareholders' Meeting,** Stuttgart, Cultural and Congress Center Liederhalle, 10:00 a.m. CEST

Changes to the above dates cannot be ruled out.
We therefore recommend visiting our website to check specific financial dates at **www.elringklinger.de/en/investor-relations/financial-calendar**.

CALENDAR TRADE FAIRS 2017

SEPTEMBER	12 – 24	67th International Motor Show (IAA) Cars, Frankfurt/Main, Germany
	27 – 30	Monaco Yacht Show, Le Suffren, Monaco
OCTOBER	09 – 11	26th Aachen Colloquium, Aachen, Germany
	09 – 11	EVS30, Stuttgart, Germany
	17 – 21	Fakuma – International Trade Fair for Plastics Processing, Friedrichshafen, Germany
	17 – 21	Equip Auto, Paris, France
NOV/DEC	29 – 02	Automechanika, Shanghai, China
DECEMBER	05 – 06	International CTI Symposium, Berlin, Germany

For further events and trade fairs please visit our websites:
www.elringklinger.de/en/press/dates-events
www.elringklinger-kunststoff.de/english/service/trade-fair-dates
www.hug-engineering.com/en/news/exhibitions
www.elring.de/en/press-events/dates-events

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