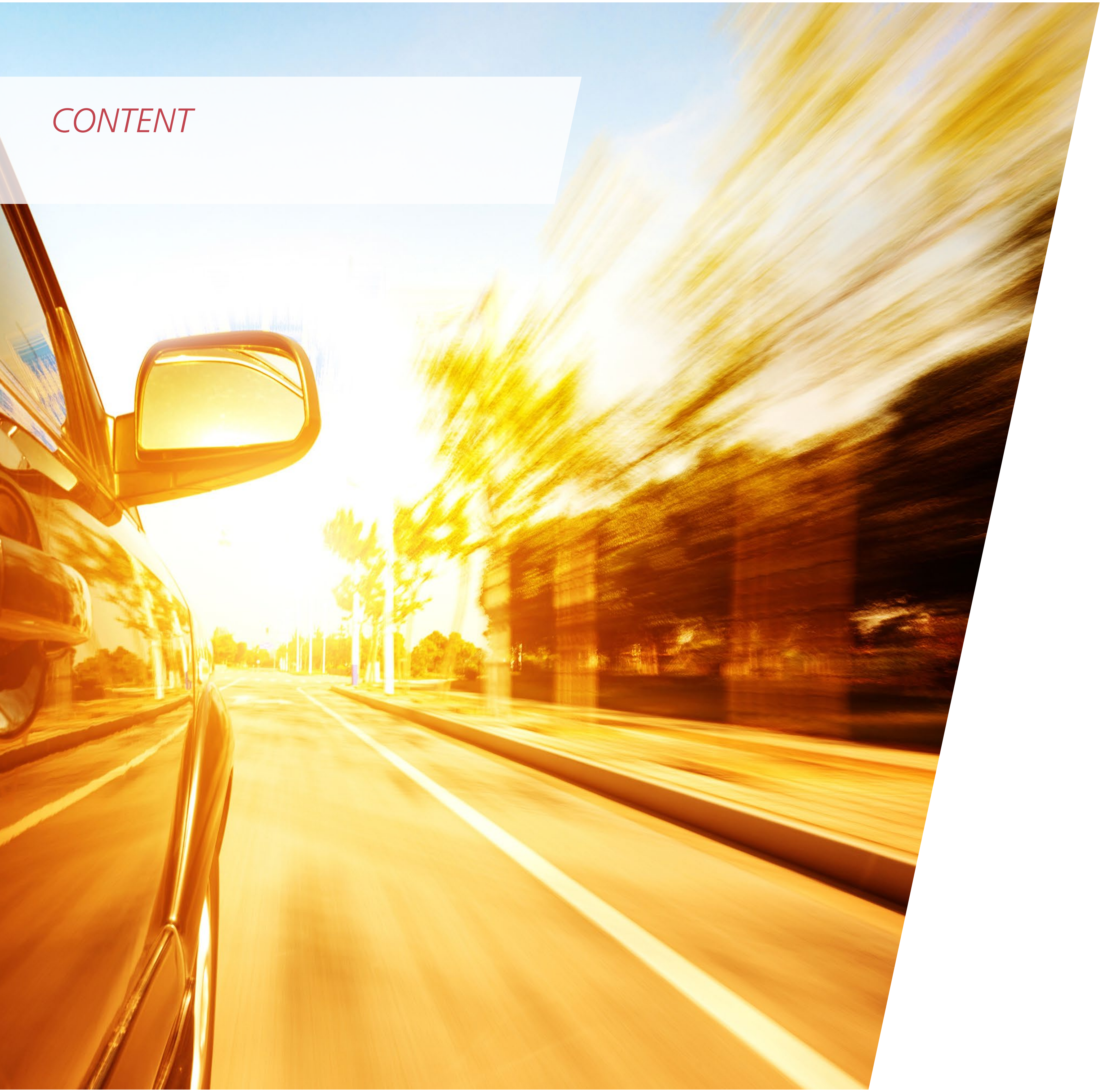
2019 FINANCIAL YEAR

INTERIM REPORT AS OF MARCH 31, 2019



CONTENT

SUMMARY OF THE FIRST QUARTER
OF THE 2019 FINANCIAL YEAR

THE FUTURE IS ALREADY HAPPENING TODAY!

THE EDAG GROUP IS 50 YEARS OLD.

The EDAG Group is celebrating its 50th anniversary this year. A special date and a special success story which has been written by the company in the course of the last five decades. Founded in 1969, the company has since developed into one of the world's largest independent engineering service providers in the automotive industry, and an active creator of future mobility. Today, renowned national and international manufacturers and suppliers rely on the expertise of the more than 8,600 engineering specialists currently employed by EDAG.

In 1969, the company's founding year, EDAG was a startup company with its initial focus on design services for vehicle bodies and production equipment. Even when the company was still in its startup phase, the foundations for EDAG's unique selling proposition - engineering services for both the automobile and production - were already being laid.

The principle of production-optimized, fully integrated engineering is still one of the key competitive advantages of the EDAG Group today. It is one of the main reasons for the company's success over the last five decades.

The first two decades saw the systematic expansion of the engineering portfolio, ensuring that EDAG was soon well qualified to accept complete development projects.

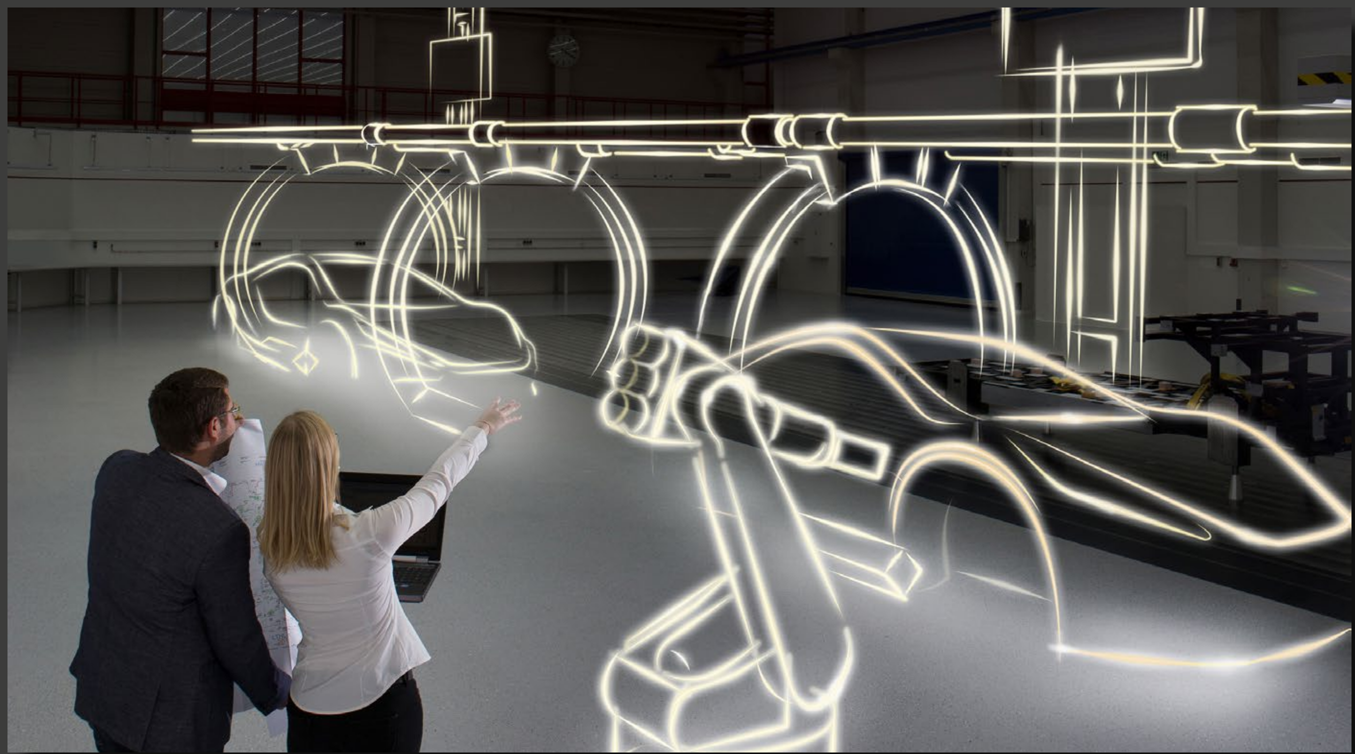
Having a closed process chain enabled the company to profit from the trend of the OEMs towards outsourcing and acquire its first major contracts for national and international vehicle manufacturers. Parallel to this, back in the 1980s, the EDAG Group was already laying the foundations for the extensive presence it today enjoys on the automotive industry's international markets, by founding its first offices in England and Spain. Technologically too, the EDAG Group has always anticipated new trends, and in 1990s was one of the first companies to successfully integrate simulation technology into its development processes.

JANUARY FEBRUARY MARCH

SUMMARY OF THE FIRST QUARTER OF THE 2019 FINANCIAL YEAR

Future-oriented activities, the continuing development of the engineering service portfolio, and top quality standards are deeply rooted in the DNA of the EDAG Group. Symbolic of this future-oriented way of thinking and acting are the EDAG Group's numerous concept cars which feature new mobility concepts or technologies, such as 3D printing or alternative powertrains. This also applies to the EDAG competence centers which, in cooperation with the industry, research institutes and universities, proactively carry out pilot projects in the fields of lightweight design, eMobility, digitalization and integral safety.

EDAG's employees are the central factor for the success of the company. With their technical expertise, but more than anything else with their willingness to explore new directions, they have taken EDAG to the forefront of the engineering service sector. Right now, the industry is going through an interesting transformation process. Adaptability and market-oriented action are virtues that are currently in greater demand than ever before. EDAG is already ideally placed in this respect, and is establishing its position as a pioneer among the engineering service providers on the market.



EDAG GROUP WINS TWO GERMAN DESIGN AWARDS

The German Design Award is the international premium prize when it comes to ground-breaking design trends. During the German Design Award 2019, over 5,400 entries were assessed by the high-caliber jury of experts, and the prizes awarded at a ceremony in Frankfurt am Main on February 8. Among the prize-winning solutions were two concept vehicles created by the globally operating engineering services provider EDAG.

One was #collectivio, the first live engineering project in the history of the IAA, in which, working in communication with the online community, it proved possible to develop a swarm-intelligent robotic vehicle in just 12 days, from the concept to a 3D printed scale model.

The EDAG Group's designers also took the German Design Award in gold in the category "Excellent Product Design - Conceptional Transportation" for the concept car that was created in cooperation with Bosch. The EDAG Group developed the design and E/E architecture, and constructed the prototype of the concept car which, thanks to networking and the interaction-optimized design of the interior and display contents, becomes a third living space.

JANUARY FEBRUARY MARCH

SHOW OF STRENGTH IN CHINA'S MIDDLE KINGDOM –

CHINA'S VEHICLE MANUFACTURERS FACE EUROPEAN EXPERTS EDAG GROUP IN XUANYUAN AWARDS 2019 JURY

In automobile boom country China, the new Chinese brands are also trying to gain a foothold in Europe. The yard-stick there continues to be the European quality level, and for precisely this reason, the XUANYUAN Award was launched by international management consultancy EFS and the Chinese automobile consumer magazine AUTOBUSINESS REVIEW, to have the quality and performance of local cars assessed by a jury of experts.

For the 6th XUANYUAN Awards contest, the EDAG Group was once again included in the jury selected to assess dynamic vehicle attributes and marketability. Harald Keller, Head of Vehicle Development at EDAG, was also a member of the jury. 36 vehicle manufacturers presented vehicles that had been produced in China to the 55-strong European and Chinese jury this year. The entries included 25 Chinese brands and 11 joint venture brands from a total of 7 product segments of the Chinese manufacturers. In addition to 22 vehicles with conventional drive systems, there were also 14 vehicles with alternative drive systems.

The EDAG Group, one of the largest independent players in the engineering service provider environment, provides global vehicle and production plant development support for European and international manufacturers. For more than 10 years, the company has maintained a subsidiary in Shanghai, and has unequivocal knowledge of the market and experience in working with Chinese customers.

This meant that the EDAG Group was ideally qualified to point out specific and substantiated potential for the Chinese manufacturers in this competition, to enable them to optimize their products in line with European engineering standards. In addition, acting as an independent member of the XUANYUAN Awards jury enabled us to gain exclusive insights into the Chinese vehicle market and current development status of eMobility.

EDAG's European-Chinese team of experts were able to bring their extensive competence in the development of complete vehicles and international background to bear in R&D and product definition. The vehicles underwent static and dynamic testing in accordance with EDAG's catalogue of release criteria for all dynamic vehicle attributes and EDAG's "world customer requirements" standards. During the competition, EDAG was able to point out specific and substantiated potential for the Chinese manufacturers, to enable them to optimize their products in line with European engineering standards.

The XUANYUAN Award is a successful intercultural technical exchange. For this reason, the EDAG Group will continue to serve as a member of the jury this year, too, in order to use the experience in further projects with our Chinese and international customers.

JANUARY FEBRUARY MARCH

KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER MARCH 31, 2019

(in € million or %)	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised*
Vehicle Engineering	123.8	118.5
Production Solutions	31.2	39.9
Electrics/Electronics	44.8	38.0
Consolidation	- 1.9	- 2.7
Total revenues[1]	**197.9**	**193.7**
Growth of core business:		
Vehicle Engineering	*4.5%*	*6.9%*
Production Solutions	*-21.9%*	*35.4%*
Electrics/Electronics	*17.8%*	*-5.8%*
Change of revenues[1]	*2.2%*	*8.3%*
Vehicle Engineering	7.9	7.6
Production Solutions	- 1.0	3.4
Electrics/Electronics	4.1	2.7
Adjusted EBIT	**11.0**	**13.7**
Vehicle Engineering	*6.4%*	*6.4%*
Production Solutions	*-3.2%*	*8.6%*
Electrics/Electronics	*9.3%*	*7.0%*
Adjusted EBIT margin	*5.6%*	*7.1%*
Profit or loss	*4.9*	**6.1**
Earnings per share (€)	0.20	0.24

[1] *The performance figure "revenues" is used in the sense of gross performance (sales revenues and changes in inventories) in the following.*

(in € million or %)	3/31/2019	12/31/2018 revised*
Fixed assets	331.7	335.7
Net working capital	96.9	91.3
Net financial debt	- 236.3	- 239.6
Provisions	- 45.2	- 43.4
Equity	**147.1**	**144.0**
Balance sheet total	**637.6**	**633.9**
Equity/BS total	*23.1%*	*22.7%*
Net financial debt/Equity	*160.6%*	*166.4%*
Net financial debt/adjusted EBITDA[2]	2.6	2.6

(in € million or %)	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised*
Operating cash flow	12.7	24.6
Investing cash flow	- 5.7	- 5.1
Free cash flow	7.0	19.5
Financing cash flow	- 8.3	- 13.9
Adjusted cash conversion rate[3]	72.5%	77.4%
CapEx	5.7	5.2
CapEx/Revenues	*2.9%*	*2.7%*

	3/31/2019	31.12.2018
Headcount end of period	8,681	8,641
Trainees as %	*5.6%*	*6.2%*

[2] *Considering the adjusted EBITDA of the last 12 months (LTM).*

[3] *The key figure "adjusted cash conversion rate" is defined as the adjusted EBIT before depreciation, amortization and impairment less gross investments divided by the adjusted EBIT before depreciation, amortization and impairment. The adjusted EBIT before depreciation, amortization and impairment is calculated from the adjusted EBIT plus depreciation, amortization and impairment less expenses from the purchase price allocation.*

** The previous year was adjusted due to amendments made to the international accounting standard IFRS 16.*

At € 197.9 million, revenue in the first quarter of 2019 was above the previous year's level of € 193.7 million. An increase in revenues of 2.2 percent was achieved.

The EBIT, which was primarily adjusted for the effects from the purchase price allocations (adjusted EBIT) stood at € 11.0 million, which is below the value for the previous year (€ 13.7 million). This is equivalent to an adjusted EBIT margin of 5.6 percent (Q1 2018: 7.1 percent). The main reason for the fall in earnings is the Production Solutions segment. Here, there is a more difficult market environment compared to the previous year, which is reflected by an unsatisfactory capacity utilization. The unadjusted EBIT in the first quarter just ended stood at € 9.7 million, compared to the previous year's value of € 12.3 million.

The headcount, including trainees, on March 31, 2019 was 8,681 employees (12/31/2018: 8,641 employees). 6,109 of these employees were employed in Germany, and 2,572 in the rest of the world (RoW) (12/31/2018: [Germany: 6,119; RoW: 2,522]).

In the first quarter of 2019, gross investments in fixed assets amounted to € 5.7 million, which was above the level of the same period in the previous year (Q1 2018: € 5.2 million). The equity ratio on the reporting date was 23.1 percent (12/31/2018: 22.7 percent).

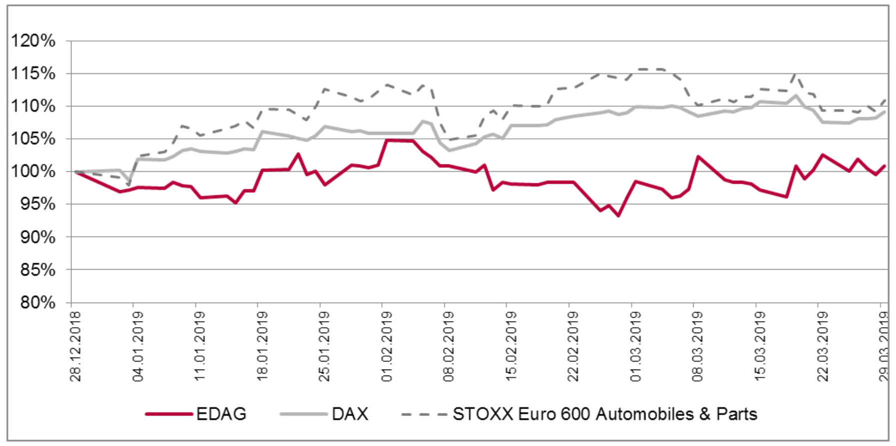
At € 236.3 million, the net financial debt is slightly below the level recorded on December 31, 2018 (€ 239.6 million).

THE EDAG SHARE

On January 2, 2019, the DAX started the first quarter of the financial year with 10,478 points. On January 3, the index fell to a closing price of 10,417 points, which was also its lowest level in the reporting period. The index subsequently rose to its highest closing rate of 11,788 points on March 19. The closing price on March 29 stood at 11,526 points. The STOXX Automobiles & Parts Index fluctuated between 430 and 508 points during the same period.

1 Price Development

On January 2, 2019, the opening price of the EDAG share in XETRA trading was € 15.92. The highest closing price in the reporting period, € 16.62, was reached on February 1. The lowest closing price in the reporting period, € 14.80, was reached on January 27. Following this, a positive trend was observed in the development of the share, which closed at € 16.00 on March 29. During the first quarter of 2019, the average XETRA trade volume was 7,419 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2019 – 3/31/2019
Prices and trading volume:	
Share price on March 29 (€)[4]	16.00
Share price, high (€)[4]	16.62
Share price, low (€)[4]	14.80
Average daily trading volume (number of shares)[5]	7,419
Market capitalisation on March 29 (€ million)	400.00

[4] *Closing price on Xetra*

[5] *On Xetra*

A current summary of the analysts' recommendations and target prices for the EDAG share, the current share price and financial calendar is available on our homepage, on http://ir.edag.com.

INTERIM GROUP MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

With the parent company, EDAG Engineering Group AG, Arbon (Switzerland) ("EDAG Group AG"), the EDAG Group is one of the largest independent engineering partners to the automotive industry, and specializes in the development of vehicles, derivatives, modules and production facilities. The entire group of companies will hereinafter be referred to as EDAG Group or EDAG.

In addition to our involvement in complete vehicle and module development and the guidance and support of customers from the initial idea through to the finished prototype, we are also – primarily with our subsidiary BFFT Gesellschaft für Fahrzeugtechnik mbH, Gaimersheim (BFFT GmbH) – active in the field of electrical and electronic development. The business operations of EDAG Production Solutions GmbH & Co. KG, Fulda (EDAG PS) include production plant development and implementation.

The business is organized in the segments: Vehicle Engineering, Production Solutions and Electrics/Electronics. The principle we work on is that of production-optimized solutions. This means that we always ensure that development results are in line with current production requirements.

Our main focus is on the automotive and commercial vehicle industries. Our global network ensures ensures our local presence for our customers.

Presentation of the Vehicle Engineering Segment

The Vehicle Engineering segment ("VE") consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:

Our **Body Engineering** department brings together all of our services such as package & ergonomics, body assembly, surface design and interior & exterior. This also includes the development of door, cover and lid systems. Further, the Body Engineering department is involved with new technologies and lightweight design, as well as commercial vehicle development and the development of car lights such as headlamps, rear and small lamps. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and geometrical quality of the products. Interface management and the management of complex module developments are taking on an increasingly significant role in the projects. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. This department employs computer-aided engineering (CAE) to carry out the early validation of products and their properties. Functionality is validated and durability analyzed on the test equipment and facilities at our test laboratories, in readiness for start of production. This includes tests on individual components, modules, engines, motors, transmissions, and even complete vehicles. In the **Models & Vehicle Solutions** department (previously: Design Concepts), we offer a full range of styling, ideation, and design services, and in our design studios we are able to implement the virtual design validation process and construct physical models for all phases of vehicle engineering. In the associated Testing and Vehicle department, we create complete test vehicles as well as sub-assemblies and vehicle bodies for the physical validation of these modules and systems. The development and production of individual vehicle conversions round off the portfolio of this department. This also includes the construction of classic cars, including custom-made spare parts. Complete vehicle development and interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** department. The **Product Quality & Care** department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

Presentation of the Production Solutions Segment

The Production Solutions segment ("PS") - operating through the independent company EDAG PS, its international subsidiaries and profit centers - is an all-round engineering partner which accepts responsibility for the development and implementation of production processes at 16 sites in Germany and at international sites in South Korea, India, the Czech Republic, Russia, Hungary, Sweden, Brazil, Mexico, China and the USA. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source. The "Industrie 4.0" methods and tools are an important basis here, as well as being an effective catalyst for innovative, networked engineering, ideally synchronized with the processes first for product development and later for plant construction.

In the field of **concept engineering**, Production Solutions provides its customers with an integral approach to process planning. This means that Production Solutions provides companies with factory and production planning support – with both the implementation of new plans and with the conversion, expansion or optimization of existing systems while operation is in progress. By offering support from concept engineering to the preparation of detailed product specifications, it is possible to cover all the steps required for the production process, and to design optimum interfaces with other media, buildings and logistics. In the context of simultaneous engineering, Production Solutions favors an integrative approach, with the Product Development, Systems Planning and Production Simulation departments all working together to design optimum project interfaces.

In the **Implementation Engineering** department, to guarantee that the functional requirements of body in white facilities are met, Production Solutions use digital factory methods in all production lines: digital, virtual and real-life. To meet customers' requirements, Production Solutions engineers develop realistic 3D simulation cells in which the planning, design and technological concepts are implemented and validated in line with process requirements. Early involvement during the engineering process enables Production Solutions to systematically optimize production processes. This places Production Solutions in a position to develop ideal production concepts for customers.

Productions Solutions' portfolio is also complemented by **Feynsinn**, a process consulting and CAx development department. IT-supported sequences and methods are developed here, as is software for product design, development, production and marketing. Feynsinn also offers consulting, conceptual and realization services in the field of visualization technologies. Customized training opportunities complete the portfolio.

Presentation of the Electrics/Electronics Segment

The range of services offered by the Electrics/Electronics segment ("E/E") covers the development of electrical and electronic systems for the complete vehicle. This includes in particular the growth domains eMobility, autonomous driving and digital networking both inside and outside of the car. Also included in the range of services are developments relating to comfort and safety systems. In order to provide these results, the organization encompasses the following key competencies:

The **E/E Architecture & Networks** division is responsible for the development of functions, the development of new electronic vehicle architectures beneficial to these, and the resulting networking and wiring. The range of tasks extends from the concept phase to production support.

The **E/E Systems Engineering** division works on the definition of demands on the electrical and electronic systems. The systems are divided into their individual elements: sensor technology, actuator technology and controls. The core competency centers on the management of the development process throughout the entire development, following either the OEM's or EDAG's process model. Whereas there is a tendency to perform specifying activities at the beginning, the focus of tasks shifts towards system integration and system validation as the project progresses, concluding with support during the approval phase of the market-ready systems.

E/E Embedded Systems develops and validates hardware and software for electronic control units, from the design, through model set-up and commissioning to production-ready development. In the process, EDAG accepts responsibility for all development activities. The skills offered here range from functional electronic development, knowledge of specific areas such as AUTOSAR or functional safety in accordance with ISO 26262 through to the know-how required to guarantee engineering quality in line with our customers' requirements.

E/E Car IT markets services and software developed in-house as products for the networked mobility industry. The division's range of services also includes development and standardization services, and networking advice for vehicle manufacturers, system suppliers and IT companies. Under the trive.me brand, EDAG develops innovative software solutions and products for the networked mobility of tomorrow, and offers this digital transformation expertise on the market.

The **E/E Integration & Validation** division combines validation and testing skills. Apart from specific test stand construction, this also calls for knowledge of test strategies, test specifications and test performance. The tests are carried out in the laboratory, at the test site, or on the road in a variety of ways ranging from manual to highly automated. Virtualization is also being used increasingly for test purposes. All E/E aspects relating to prototype and test vehicle construction are also included in this division.

1.2 Targets and Strategies

As a capital market-oriented company, our primary objective is to bring about a sustained increase in EDAG's company value (market value of equity), i.e. across the different industrial cycles. This is to be achieved by means of a strategy composed of the following five central areas, each with its own operationalizable objectives:

- Growth by intensifying and extending our global customer portfolio, particularly in the fields of mobility and digital services.
- Customer enthusiasm on account of our technological know-how and innovative ability
- Attractiveness as an employer
- Profitability through professional project and resource management and by further optimizing our assets and infrastructure
- Systematic expansion of activities in "best cost countries", in order to meet customer requirements on competitive terms while guaranteeing sustainable growth

For a more detailed representation of the above-mentioned objectives, please see the Group Management Report in the Annual Report for 2018.

As interdependencies exist between these areas of activity and their objectives, all measures are applied analogously, and goals pursued simultaneously. We also see strategy as a continual process, and therefore subject any goals we have set to critical scrutiny, adjusting them wherever necessary.

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

Basic Conditions and Overall Economic Development

According to the most recent forecasts made by the International Monetary Fund (IMF) in April 2019, the world economy exhibited 3.6 percent growth in 2018 (2017: 3.8 percent), which is 0.1 percent less than in the January forecast. For the current year, the IMF anticipates a growth rate of 3.3 percent, influenced primarily by the open trade dispute between the USA and China, uncertainty about the Brexit outcome, and the political and economic turbulence in countries such as Italy, Argentina and Turkey.

The IMF's economic experts registered a growth rate in Germany that was slightly below the average for the eurozone as a whole in the year just ended. According to the most recent IMF analysis, the economic performance in Germany increased by 1.5 percent in 2018 (2017: 2.5 percent), in line with the last forecast from January. The IMF registered a 1.8 percent increase in economic growth in all countries in the Euro Area for last year (2017: 2.4 percent).

The US economy expanded by 2.9 percent in 2018 (2017: 2.2 percent). This reflects changes in US tax policy, which have stimulated short-term growth.

The IMF was more optimistic about China's growth in 2018. Last year saw an increase of 6.6 percent in the second largest national economy in the world (2017: 6.9 percent).

Please see the chapter "Forecast" in the Interim Group Management Report for the forecasts for the present year.

Automotive Industry Development

According to information published by the VDA (Association of the German Automotive Industry), 2018 was characterized by consolidation. The number of new vehicles sold in Germany in 2018 stood at 3.4 million units, as it did in 2017. Following on from 2017, approximately 85 million vehicles were again sold on the world market for passenger cars in 2018.

The European passenger vehicle market (EU-28 + EFTA) reported the worst start to a year since 2016. Compared to the year before, there was a decline in sales in both March (-3.6 percent) and the first quarter of 2019 (-3.2 percent). Overall, quarterly sales amounted to 4.1 million vehicles.

While the number of new vehicles registered in Germany increased slightly by 0.2 percent, France saw a slight decline (-0.6 percent), and more severe losses were reported in Great Britain (-2.4 percent), Italy (-6.5 percent) and Spain (-6.9 percent).

In Germany, electric car sales revived again in the first quarter of the year (+33 percent) compared to the growth rate in 2018 (+24 percent). The key driving force here proved to be BEVs (Battery Electric Vehicles), sales of which stood at 44 percent in 2018, and have now increased to 75 percent. In March, electric cars reached a record high - both in terms of sales and proportion (2.8 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) decreased by 2.2 percent to 1.6 million vehicles compared to the same period in the previous year. The first quarter of 2019 ended at minus 2.0 percent, which was also down on the previous year's results. All together, a total of 4.0 million light vehicles were sold. Whereas there was a 7 percent downturn in the passenger car segment, sales of light trucks picked up by 1 percent. China again recorded a downturn (-13.8 percent) in the first quarter. Slight declines were also recorded by Japan (-2.1 percent), India (-2.0 percent) and Russia (-0.3 percent). The country with the greatest gains was Brazil, where sales increased by 10.1 percent in the first quarter.

Development of the Engineering Market

The automotive market is in a period of transition, and undergoing major structural changes. Innovation drivers such as autonomous and connected driving, digitalization, eMobility and new mobility services are having a worldwide impact, and are also affecting the market for engineering services. These trends are creating great momentum, and consequently both opportunities and risks for the engineering service market.

2.2 Financial Performance, Cash Flows and Financial Position of the EDAG Group in accordance with IFRS

Financial Performance

Development of the EDAG Group

As of March 31, 2019, orders on hand amounted to € 387.5 million, a significant increase compared to € 298.5 million as of December 31, 2018 (Q1 2018: € 403.0 million). In the quarter just ended, the EDAG Group generated incoming orders amounting to € 288.0 million, which compared to the same quarter in the previous year (€ 256.1 million), represents an increase of € 31.9 million.

At € 197.9 million, the revenues increased by € 4.2 million or 2.2 percent compared to the same period in the previous year (Q1 2018: € 193.7 million).

Compared to the previous year, the EBIT in the reporting period decreased by € 2.6 million to € 9.7 million (Q1 2018: € 12.3 million). This means that an EBIT margin of 4.9 percent was achieved (Q1 2018: 6.4 percent). The main reason for the fall in earnings is the Production Solutions segment. Here, there is a more difficult market environment compared to the previous year, which is reflected by an unsatisfactory capacity utilization.

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2019, the adjusted EBIT figure was € 11.0 million (Q1 2018: € 13.7 million), which is equivalent to an adjusted EBIT margin of 5.6 percent (Q1 2018: 7.1 percent).

The materials and services expenses increased by € 4.5 million to € 29.8 million. At 15.0 percent, the materials and services expenses ratio was above the level of the same period of the previous year (Q1 2018: 13.1 percent). This effect was largely due to an increased volume of materials purchased relating to series orders. At 6.9 percent, the materials expenses ratio was above the level of the same period in the previous year (3.9 percent). At 8.2 percent, the ratio of service expenses in relation to the revenues is below the level of the same period in the previous year (Q1 2018: 9.1 percent).

The EDAG Group's personnel expenses increased by € 1.4 million or 1.1 percent to € 127.1 million compared to the same period in the previous year. The personnel expenses include Income relating to other periods in the amount of € 5.6 million and severance pay in the amount of € 1.1 million. In the first quarter of 2019, the company had a workforce of 8,684 employees on average, (Q1 2018: 8,374 employees). The ratio of personnel expenses, which stood at 64.2 percent, decreased slightly compared with the same period in the previous year (Q1 2018: 64.9 percent).

Depreciation, amortization and impairments totaled € 11.0 million (Q1 2018: € 10.8 million). The ratio for other expenses in relation to revenues was 12.4 percent and thus above last year's level (Q1 2018: 11.8 percent).

In the first quarter of 2019, the financial result was € -2.3 million (Q1 2018: € -3.2 million), an improvement of € 0.8 million compared with the same period in the previous year. Significant effects are a reduction in the interest expense as a result of improved interest conditions of a promissory note loan (*Schuldscheindarlehen*) that was issued in July 2018, and an improved equity result compared with the same period in the previous year.

Development of the Vehicle Engineering Segment

Incoming orders amounted to € 188.5 million in the first quarter of 2019, which was 32.0 percent above the value for the same period in the previous year (Q1 2018: € 142.7 million). Revenues increased by 4.5 percent to € 123.8 million (Q1 2018: € 118.5 million). € 10.0 million from production orders is included in the revenues (Q1 2018: € 0.0 million). The proportion for materials and services expenses stood at € 7.9 million (Q1 2018: € 0.0 million). All in all, an EBIT of € 7.0 million was achieved for the Vehicle Engineering segment in the quarter just ended (Q1 2018: € 6.8 million). At 5.7 percent, the EBIT margin is the same as the previous year's level (Q1 2018: 5.7 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 6.4 percent (Q1 2018: 6.4 percent).

Development of the Production Solutions Segment

In this segment, incoming orders amounted to € 36.2 million, which was significantly below the level of the same period in the previous year (Q1 2018: € 56.6 million). Revenues decreased by 21.9 percent to € 31.2 million (Q1 2018: € 39.9 million). Overall, the EBIT for the Production Solutions segment stood at € -1.1 million (Q1 2018: € 3.3 million) in the quarter just ended. The sharp decline in the revenues and EBIT is attributable to difficult market conditions in the quarter just ended. Among other things, existing contracts were withdrawn by customers. The adjusted EBIT margin was -3.2 percent and therefore well below the previous year's level (Q1 2018: 8.6 percent).

Development of the Electrics/Electronics Segment

Incoming orders increased slightly by € 2.0 million to € 67.1 million compared to the same period in the previous year (Q1 2018: € 65.2 million). Revenue totaled € 44.8 million, an increase of 17.8 percent compared to the same period in the previous year (€ 38.0 million). The EBIT stood at € 3.7 million (Q1 2018: € 2.3 million). This meant that the EBIT margin amounted to 8.4 percent (Q1 2018: 5.9 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 9.3 percent (Q1 2018: 7.0 percent).

Cash Flows and Financial Position

Compared to December 31, 2018, the EDAG Group's total assets increased by € 3.8 million to € 637.6 million. The non-current assets decreased by € 3.9 million to € 141.9 million (12/31/2018: € 145.8 million), primarily as a result of the depreciation of the rights of use from leasing. In the current assets, the reduction of current accounts receivable by € 30.0 million is countered by an increase in contract assets in the amount of € 31.0 million. The other non-financial assets increased by 3.6 percent to € 13.6 million.

On the equity, liabilities and provisions side, equity increased by € 3.1 million to € 147.1 million, and the quota is now approximately 23.1 percent (12/31/2018: 22.7 percent). This increase is primarily due to current profits in the amount of € 4.9 million.

At € 299.3 million (12/31/2018: € 300.3 million), non-current liabilities and provisions have remained constant. An increase of € 3.5 million in the provisions for pensions and similar obligations was countered by a reduction of € 3.6 million in the non-current lease liabilities. Current liabilities and provisions increased slightly by € 1.6 million to € 191.2 million. The main effect on current liabilities and provisions was an increase of € 7.0 million in current accounts payable.

In the first quarter of 2019, the operating cash flow was € 12.7 million (Q1 2018: € 24.6 million). The reduction was primarily due to an increased effect in capital being tied up in the trade working capital compared to the same period in the previous year.

At € 5.7 million, gross investments in the reporting year were higher than in the previous year (Q1 2018: € 5.2 million). The ratio of gross investments in relation to revenues was therefore 2.9 percent (Q1 2018: 2.7 percent).

On the reporting date, unused lines of credit in the amount of € 101.6 million exist in the Group. The Executive Management regards the overall economic situation of the EDAG Group as good. With an equity ratio of 23.1 percent, the company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the reporting period.

2.3 HR Management and Development

The success of the EDAG Group as one of the leading engineering service providers in the automotive sector is inextricably linked to the skills and motivation of its employees. Behind the company's comprehensive service portfolio are people with widely differing occupations and qualifications. In addition, the EDAG Group is also characterized by the special commitment and mentality of its employees. Throughout its 50-year history, EDAG has always ensured that both young and experienced employees are offered interesting and challenging activities and projects, and are provided with the prospect of and the necessary space for personal responsibility and decision-making. And this is the primary focus of both our human resources management and development. For a more detailed representation of personnel management and development, please see the Group Management Report in the Annual Report for 2018.

On March 31, 2019 the EDAG Group employed a workforce of 8,681 employees (12/31/2018: 8,641 employees). Personnel expenses amounted to € 127.1 million in the 2019 reporting period (Q1 2018: € 125.7 million).

3 Forecast, Risk and Reward Report

3.1 Risk and Reward Report

In our current risk assessment, we see the macroeconomic risks and rewards as category B risks (2018: category C), with an unchanged low probability of occurrence compared with the previous year. This assessment is due to the growth forecast of the IMF, which has again been adjusted downwards, and to the continuing uncertainties concerning the Brexit situation. We have assigned the financial risks to category A (2018: category C), and we now rate the probability of occurrence as low (2018: medium). The reason for this categorization is a higher volume of pre-financed projects with international customers. As regards the other risks and rewards, there were no significant changes during the reporting period to the risks and rewards described in the Annual Report for 2018. Considering the measures taken, our position on the market, and our strategic and financial strength, we remain confident of our ability to contain the existing risks and deal successfully with the resulting challenges. For a more detailed representation of the Risk and Reward Report, please see the Group Management Report in the Annual Report for 2018.

3.2 Forecast

According to the International Monetary Fund's (IMF) latest April 2019 outlook, the world economy exhibited 3.6 percent growth in 2018. A somewhat lower growth rate of 3.3 percent is expected for 2019, while an increase of 3.6 percent is being forecast for 2020. For 2019, this is the slowest growth rate since 2009, when economic output contracted as a result of the financial crisis. The development of global economic output in the subsequent years is due mainly to the continuing trade conflict between the two largest national economies in the world, the USA and China, to the Brexit-related situation in Great Britain, and to political and economic turbulence in countries such as Italy, Argentina and Turkey.

According to current estimates, Germany can expect an increase in economic performance of just 0.8 percent in 2019. In the coming year, on the other hand, the growth rate of 1.4 percent for 2020 is expected to almost match that of 2018. The IMF's more moderate growth forecasts for Germany compared to 2018 are due mainly to soft private consumption and weak industrial production following the introduction of revised auto emission standards. Within the euro area, the IMF expects an increase of 1.3 percent in 2019 and of 1.5 percent in 2020.

Growth of the US economy is expected to reach 2.3 percent in 2019, and 1.9 percent in 2020.

China, with forecasts for a 6.3 percent increase in economic output in 2019 and 6.1 in 2020, will continue to be a growth engine for the global economy.

The outlook for the automotive industry in 2019 remains positive, the VDA anticipates an increase in worldwide sales of 1 percent to 85.9 units. The trade conflict between the USA and China remains one of the strongest factors influencing the global sales and export values in the automotive industry.

According to VDA estimates, the number of new vehicles registered within Europe (EU-28 + EFTA) in 2019, a total of 15.6 million passenger cars, will remain at the same high level as in the previous year. For Germany, the VDA forecasts a slight decrease of 1 percent to 3.4 million passenger cars, due to the decline in the number of new diesel cars registered and to the impact of the introduction of the new WLTP test procedure (worldwide harmonized light vehicles test procedure).

Positive forecasts for 2019 for the European automotive economy have been issued for Spain (+3 percent) and Italy (+2 percent). Further economic losses are expected for Great Britain, primarily as a result of the uncertainty about the Brexit outcome. Following the unexpected decrease in China's sales figures in 2018, the VDA anticipates a slight recovery in 2019, with an increase of 2 percent to 23.7 million units.

Due to the enormous technological and digital influences on the automotive industry and the resulting demands on the automobile OEMs and suppliers, there will also be an increase in the volume of engineering services placed externally. According to an independent assessment by Lünendonk GmbH, the automobile engineering service sector will, until 2022, experience annual average growth of about 4.6 percent. For a detailed description of the latest trends and developments, please see the Group Management Report in the Annual Report for 2018.

Assuming favorable economic conditions – that the economy will continue to grow, OEMs will maintain or expand their research and development expenditures and continue to outsource development services, and that qualified personnel are available – the EDAG Group expects positive business development.

For 2019, the EDAG management forecasts an increase in revenues of up to 5 percent across the group. We anticipate that the adjusted EBIT margin will be in the 5 to 7 percent range. The management is of the opinion that the particularly positive development in the Electrics/Electronics segment will not at the moment fully compensate for the negative margin development in the Production Solutions segment. According to current estimates, therefore, the adjusted EBIT margin is expected to be at the lower end of the range. For more detailed forecasts for the individual segments, please see the Annual Report for 2018.

4 Disclaimer

The management report contains future-based statements related to anticipated developments. These statements are based on current projections, which by their nature include risks and uncertainties. Actual results may differ from the statements provided here.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated Statement of Comprehensive Income

in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised*
Profit or loss		
Sales revenues and changes in inventories[1]	197,901	193,697
Sales revenues	199,860	193,481
Changes in inventories	- 1,959	216
Other income	4,238	3,304
Material expenses	- 29,773	- 25,287
Gross Profit	**172,366**	**171,714**
Personnel expenses	- 127,072	- 125,715
Depreciation, amortization and impairment	- 11,010	- 10,751
Net result from impairments or reversals on financial instruments	- 20	- 140
Other expenses	- 24,527	- 22,765
Earnings before interest and taxes (EBIT)	**9,737**	**12,343**
Result from investments accounted for using the equity method	294	116
Financial income	112	79
Financing expenses	- 2,741	- 3,350
Financial result	**- 2,335**	**- 3,155**
Earnings before taxes	**7,402**	**9,188**
Income taxes	- 2,463	- 3,078
Profit or loss	**4,939**	**6,110**

[1] *For the sake of simplicity, described as revenue in the following.*

in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised*
Profit or loss	**4,939**	**6,110**
Other Comprehensive Income		
Under certain conditions reclassifiable profits/losses		
Currency conversion difference		
Profits/losses included in equity from currency conversion difference	392	- 756
Total under certain conditions reclassifiable profits/losses	**392**	**- 756**
Not reclassifiable profits/losses		
Revaluation of net obligation from defined benefit plans		
Revaluation of net obligation from defined benefit plans before taxes	- 3,129	287
Deferred taxes on defined benefit plans and obligations	943	- 85
Share of other comprehensive income of at-equity accounted investments, net of tax	- 32	3
Total not reclassifiable profits/losses	**- 2,218**	**205**
Total other comprehensive income before taxes	- 2,769	- 466
Total deferred taxes on the other comprehensive income	943	- 85
Total other comprehensive income	**- 1,826**	**- 551**
Total comprehensive income	**3,113**	**5,559**
From the profit or loss attributable to:		
Shareholders of the parent company	4,939	6,101
Minority shares (non-controlling interest)	-	9
Of the total comprehensive income attributable to:		
Shareholders of the parent company	3,113	5,550
Minority shares (non-controlling interest)	-	9
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]		
Earnings per share	0.20	0.24

** The previous year was adjusted due to amendments made to the international accounting standard IFRS 16.*

2 Consolidated Statement of Financial Position

in € thousand	3/31/2019	12/31/2018 revised*	1/1/2018 revised*
Assets			
Goodwill	74,344	74,339	74,359
Other intangible assets	24,966	25,921	31,436
Property, plant and equipment	72,888	72,281	70,129
Rights of use from leasing	141,928	145,846	139,264
Financial assets	183	158	150
Investments accounted for using the equity method	17,427	17,165	16,135
Non-current other financial assets	1,198	521	433
Non-current other non-financial assets	65	64	62
Deferred tax assets	7,355	6,077	5,587
Non-current assets	**340,354**	**342,372**	**337,555**
Inventories	9,951	9,260	3,888
Current contract assets	116,732	85,753	67,641
Current accounts receivables	89,199	119,219	140,922
Current other financial assets	2,469	1,703	2,077
Current securities, loans and financial instruments	44	38	43
Current other non-financial assets	13,631	10,052	10,993
Income tax assets	2,302	1,619	2,020
Cash and cash-equivalents	62,952	63,862	13,485
Assets held for sale	-	-	3,200
Current assets	**297,280**	**291,506**	**244,269**
Assets	**637,634**	**633,878**	**581,824**

in € thousand	3/31/2019	12/31/2018 revised*	1/1/2018 revised*
Equity, liabilities and provisions			
Subscribed capital	920	920	920
Capital reserves	40,000	40,000	40,000
Retained earnings	120,165	115,226	110,271
Reserves from profits and losses recognized directly in equity	- 10,823	- 8,605	- 9,186
Currency conversion differences	- 3,144	- 3,536	- 3,071
Equity attributable to shareholders of the parent company	**147,118**	**144,005**	**138,934**
Non-controlling interests	1	1	1
Equity	**147,119**	**144,006**	**138,935**
Provisions for pensions and similar obligations	33,360	29,845	27,606
Other non-current provisions	3,573	3,492	3,612
Non-current financial liabilities	120,000	120,000	-
Non-current lease liabilities	140,465	144,081	136,786
Non-current other financial liabilities	777	1,230	2,243
Deferred tax liabilities	1,159	1,616	2,643
Non-current liabilities and provisions	**299,334**	**300,264**	**172,890**
Current provisions	8,296	10,093	8,931
Current financial liabilities	21,838	23,082	114,215
Current lease liabilities	16,953	16,343	14,466
Current contract liabilities	39,481	41,465	39,291
Current accounts payable	36,681	29,696	24,745
Current other financial liabilities	5,143	4,230	3,348
Current other non-financial liabilities	57,268	57,996	53,289
Income tax liabilities	5,521	6,703	11,714
Current liabilities and provisions	**191,181**	**189,608**	**269,999**
Equity, liabilities and provisions	**637,634**	**633,878**	**581,824**

** The previous year was adjusted due to amendments made to the international accounting standard IFRS 16.*

3 Consolidated Cash Flow Statement

	in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised*
	Profit or loss	**4,939**	**6,110**
+	Income tax expenses	2,463	3,078
-	Income taxes paid	- 5,044	- 6,664
+	Financial result	2,334	3,154
+	Interest and dividend received	105	73
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	11,010	10,751
+/-	Other non-cash item expenses/income	- 3,960	165
+/-	Increase/decrease in non-current provisions	3,532	172
-/+	Profit/loss on the disposal of fixed assets	141	- 69
-/+	Increase/decrease in inventories	- 1,067	- 837
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 4,065	20,391
+/-	Increase/decrease in current provisions	- 1,847	- 1,206
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	4,126	- 10,548
=	**Cash inflow/outflow from operating activities/operating cash flow**	**12,667**	**24,570**
+	Deposits from disposals of tangible fixed assets	32	148
-	Payments for investments in tangible fixed assets	- 4,187	- 4,389
-	Payments for investments in intangible fixed assets	- 1,515	- 818
+	Deposits from disposals of financial assets	6	5
-	Payments for investments in financial assets	- 30	- 2
-	Payments for investments in shares of fully consolidated companies/divisions	-	- 25
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 5,694**	**- 5,081**

	in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised*
-	Interest paid	- 2,275	- 2,438
-	Repayment of financial liabilities	- 1,700	- 7,552
-	Repayment of leasing liabilities	- 4,314	- 3,924
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 8,289**	**- 13,914**
	Net Cash changes in financial funds	**- 1,316**	**5,575**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	406	- 46
+	Financial funds at the start of the period	63,862	13,485
=	**Financial funds at the end of the period [cash & cash equivalents]**	**62,952**	**19,014**
=	**Free cash flow (FCF) – equity approach**	**6,973**	**19,489**

** The previous year was adjusted due to amendments made to the international accounting standard IFRS 16.*

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 12/31/2018 revised*	**920**	**40,000**	**115,226**	**- 3,537**	**- 8,583**	**- 22**	**144,004**	**1**	**144,005**
Application of IFRS 16	-	-	-	-	-	0	-	-	-
As per 1/1/2019 revised*	**920**	**40,000**	**115,226**	**- 3,537**	**- 8,583**	**- 22**	**144,004**	**1**	**144,005**
Profit or loss	-	-	4,939	-	-	-	4,939	-	4,939
Other comprehensive income	-	-	-	393	- 2,186	- 32	- 1,825	-	- 1,825
Total comprehensive income	**-**	**-**	**4,939**	**393**	**- 2,186**	**- 32**	**3,114**	**-**	**3,114**
As per 3/31/2019	**920**	**40,000**	**120,165**	**- 3,144**	**- 10,769**	**- 54**	**147,118**	**1**	**147,119**

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2018	**920**	**40,000**	**118,779**	**- 3,071**	**- 9,139**	**- 47**	**147,442**	**1**	**147,443**
Application of IFRS 16	-	-	- 8,508	-	-	-	- 8,508	-	- 8,508
As per 1/1/2018 revised*	**920**	**40,000**	**110,271**	**- 3,071**	**- 9,139**	**- 47**	**138,934**	**1**	**138,935**
Profit or loss	-	-	6,101	-	-	-	6,101	9	6,110
Other comprehensive income	-	-	-	- 756	202	3	- 551	-	- 551
Total comprehensive income	**-**	**-**	**6,101**	**- 756**	**202**	**3**	**5,550**	**9**	**5,559**
As per 3/31/2018 revised*	**920**	**40,000**	**116,372**	**- 3,827**	**- 8,937**	**- 44**	**144,484**	**10**	**144,494**

** The previous year was adjusted due to amendments made to the international accounting standard IFRS 16.*

5 Selected Explanatory Notes

5.1 General Information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specializing in complete vehicle development. As one of the largest independent engineering partners for the automotive industry, we regard mobility not simply as a product characteristic, but rather as a fully integrated purpose.

The parent company of the EDAG Group is EDAG Engineering Group AG ("EDAG Group AG"). EDAG Group AG was founded on November 2, 2015, and entered in the commercial register of the Swiss canton Thurgau on November 3, 2015. The registered office of the company is: Schlossgasse 2, 9320 Arbon, Switzerland.

Since December 2, 2015, the company has been listed for trading on the regulated market of the Frankfurt Stock Exchange with concurrent admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard):

International Securities Identification Number (ISIN):	CH0303692047
Securities identification number (WKN):	A143NB
Trading symbol:	ED4

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's annual shareholders' meeting.

The financial statements of the subsidiaries included in the consolidated interim financial statements were prepared using uniform accounting and valuation principles as of EDAG Group AG's financial reporting date (March 31).

The unaudited consolidated interim report has been prepared using the euro as the reporting currency. Unless otherwise stated, all amounts are given in thousands of euros. Where percentage values and figures are given, differences may occur due to rounding.

In accordance with IAS 1, the statement of financial position is divided into non-current and current assets, liabilities and provisions. Assets and liabilities are classified as current if they are expected to be sold or settled respectively within a year or within the company's or group's normal operating cycle. In compliance with IAS 12, deferred taxes are posted as non-current assets and liabilities. Likewise, pension provisions are also posted as non-current items.

The statement of comprehensive income is structured according to the nature of expense method.

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated interim report of the EDAG Group AG for the period ending March 31, 2019 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the Consolidated Interim Report has been reduced, making it shorter than the Consolidated Financial Statement, it should be read in conjunction with the Consolidated Financial Statement for December 31, 2018. The Consolidated Financial Statement of EDAG Group AG and its subsidiaries for December 31, 2018 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid International Accounting Standards (IAS), the Interpretations of the IFRS Interpretations Committee (IFRS IC) and those of the former Standing Interpretations Committee (SIC). The requirements of all accounting standards and interpretations resolved as of March 31, 2019 and adopted in national law by the European Commission have been fulfilled.

In addition to the statement of financial position and the statement of comprehensive income, the IFRS consolidated financial statement also includes additional components, namely the statement of changes in equity, the cash flow statement and the notes. The separate report on the risks of future development is included in the management report.

All estimates and assessments required for accounting and valuation in accordance with the IFRS standards are in conformity with the respective standards, are regularly reassessed, and are based on past experience and other factors including expectations as to future events that appear reasonable under the given circumstances. Wherever large-scale estimates were necessary, the assumptions made are set out in the note relating to the relevant item in the following.

The condensed Consolidated Financial Statements and the Interim Group Management Report have been neither subjected to an audit review in accordance with ISRE 2410, nor audited in accordance with § 317 of the German Commercial Code.

New, Changed or Revised Accounting Standards

EDAG Group AG has applied the **IFRS 16** Leasing accounting standard adopted by the EU and legally required to be applied since January 1, 2019.

The standard published by IASB in January 2016 was adopted as European law in October 2017. This standard replaces IAS 17 "Leases" and associated interpretations (IFRIC 4, SIC-15 and SIC-27). It introduces a standardized accounting model for lessees, according to which rights of use and liabilities for all leasing contracts with a lease term of more than twelve months must as a general rule be recognized. On the other hand, leasing contracts relating to low value assets are for the most part exempt from accounting obligations. This means that there will no longer be any differentiation between operating and finance leases for lessees in the future. As a result, the right of use is depreciated on a straight line basis and the lease liability valued using the effective interest method. The rules and regulations for lessors remain largely unchanged, although there may be differences in the details, for instance with subleasing or sale and leaseback transactions. EDAG Group AG and its companies act both as lessees and as lessors.

The application of IFRS 16 – Leases has far-reaching effects on the financial figures of the EDAG Group:
EDAG makes use of the recognition exemption option set out in IFRS 16.5 for short-term leases and for leases for which the underlying asset is of low value, and does not issue a statement of financial position valuation for the leases in question. Further, EDAG also refrains from using IFRS 16 for leases on the intangible assets described in IFRS 16.4. EDAG also makes use of the practical expedient in accordance with IFRS 16.15, to dispense with the separation of non-leasing and leasing components with regard to leases for IT hardware, technical equipment and machinery, and for operating and office equipment.

EDAG applies IFRS 16 retrospectively in accordance with IFRS 16.C5(a). The resultant effects of the first-time adoption of the standard have been recognized directly in retained earnings. Accordingly, comparable figures from the previous year have been adjusted as though IFRS 16 had always been applied. On the date of first-time adoption, EDAG continues, for the time being, to refrain from reassessing whether an agreement constitutes or implies a lease, in accordance with IFRS 16.C3.

At the time of transition, the EDAG Group applied IFRS 16 for agreements, assets and liabilities previously classified as operating leases in accordance with IAS 17. These primarily include office buildings, warehouses, production facilities and cars. Due to the first-time adoption of IFRS 16 on January 1, 2018, lease liabilities amount to € 151.3 million. As a result of the significant increase in lease liabilities, the net financial debt increased accordingly. At the same time, with effect from January 1, 2018, assets in the amount of € 139.3 million were recognized for the rights to use leasing items. The IT equipment previously accounted for as finance leases is classified as low-value assets. The leasing installments received are now recognized as expenses. On January 1, 2018, the cumulative preliminary effect recognized directly in retained earnings on account of the switch to IFRS 16 amounts to € 8.5 million, and represents 5.8 percent of the consolidated equity.

The following tables provide an overview of the adjustment amounts and the effects of the application of IFRS 16 on the periods presented earlier:

in € thousand	1/1/2018	IFRS 16	1/1/2018 revised	12/31/2018	IFRS 16	12/31/2018 revised
Assets						
Non-current assets	**198,133**	**139,422**	**337,555**	**196,475**	**145,898**	**342,373**
thereof Property, plant and equipment	73,003	- 2,874	70,129	75,956	- 3,675	72,281
thereof Rights of use from leasing	-	139,264	139,264	-	145,846	145,846
thereof Deferred tax assets	2,555	3,032	5,587	2,351	3,727	6,078
Current assets	**244,269**	**-**	**244,269**	**291,505**	**-**	**291,505**
Assets	**442,402**	**139,422**	**581,824**	**487,980**	**145,898**	**633,878**

in € thousand	1/1/2018	IFRS 16	1/1/2018 revised	12/31/2018	IFRS 16	12/31/2018 revised
Equity, liabilities and provisions						
Equity	**147,443**	**- 8,508**	**138,935**	**154,313**	**- 10,308**	**144,005**
thereof Retained earnings	118,779	- 8,508	110,271	125,501	- 10,275	115,226
thereof Currency conversion differences	- 3,072	0	- 3,072	- 3,504	- 33	- 3,537
Non-current liabilities and provisions	**37,680**	**135,210**	**172,890**	**158,385**	**141,878**	**300,263**
thereof Non-current financial liabilities	1,158	- 1,158	-	121,714	- 1,714	120,000
thereof Non-current lease liabilities	-	136,786	136,786	-	144,081	144,081
thereof Deferred tax liabilities	3,061	- 418	2,643	2,104	- 489	1,615
Ccurrent liabilities and provisions	**257,279**	**12,720**	**269,999**	**175,283**	**14,327**	**189,610**
thereof Current financial liabilities	115,962	- 1,747	114,215	25,101	- 2,017	23,084
thereof Current lease liabilities	-	14,466	14,466	-	16,344	16,344
Equity, liabilities and provisions	**442,402**	**139,422**	**581,824**	**487,981**	**145,897**	**633,878**

in € thousand	1/1/2018 – 3/31/2018	IFRS 16	1/1/2018 – 3/31/2018 revised
Profit or loss			
thereof Depreciation, amortization and impairment	- 6,885	- 3,866	- 10,751
thereof Other expenses	- 28,313	5,548	- 22,765
thereof Financing expenses	- 1,108	- 2,242	- 3,350
thereof Income taxes	- 3,243	165	- 3,078
Profit or loss	**6,505**	**- 395**	**6,110**
thereof Currency conversion	- 733	- 23	- 756
Other Comprehensive Income	**- 528**	**- 23**	**- 551**
Total comprehensive income	**5,977**	**- 418**	**5,559**
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]			
Earnings per share	0.26	- 0.02	0.24

in € thousand	1/1/2018 – 3/31/2018	IFRS 16	1/1/2018 – 3/31/2018 revised
Cash inflow/outflow from operating activities/ operating cash flow	19,022	5,548	24,570
Cash inflow/outflow from investing activities/ investing cash flow	- 5,081	-	- 5,081
Cash inflow/outflow from financing activities/ financing cash flow	- 8,366	- 5,548	- 13,914
Free cash flow (FCF) – equity approach	13,941	5,548	19,489

EDAG Group AG has applied the other following accounting standards adopted by the EU and legally required to be applied since January 1, 2019, although they did not have any significant effect on the assets, financial position and financial performance of the EDAG Group in the Consolidated Interim Report:

- **IFRIC 23** – Uncertainty over Income Tax Treatments (IASB publication: June 7, 2017; EU endorsement: October 23, 2018)

- **IFRS 9** – Prepayment Features with negative Compensation (IASB publication: October 12, 2017; EU endorsement: March 22, 2018)
- **IAS 28** – Long-term Interests in Associates and Joint Ventures (IASB publication: October 12, 2017; EU endorsement: February 8, 2019)
- Annual improvements to IFRS standards (2015 – 2017) (IASB publication: December 12, 2017; EU endorsement: March 14, 2019)
- **IAS 19** – Plan amendment, curtailment or settlement (IASB publication: February 7, 2018; EU endorsement: March 13, 2019)

The accounting standard **IFRS 14**, which has been published by IASB and is required to be applied with effect from 2018, (IASB publication: January 30, 2014 - Regulatory Deferral Accounts) has not yet been adopted by the EU. The application would not have any significant effect on the financial position, financial performance and cash flow of EDAG Group AG in the Consolidated Interim Report:

At the present time, we assume that the use of the other accounting standards and interpretations that have been published but are not yet in use will not have any material effect on the presentation of the financial position, financial performance and cash flow of the EDAG Group.

Accounting and Valuation Principles

For this consolidated interim report, a discount rate of 1.56 percent has been used for pension provisions in Germany (12/31/2018: 2.06 percent). A discount rate of 0.80 percent has been used for pension provisions in Switzerland (12/31/2018: 1.10 percent). The personnel expenses include Income relating to other periods in the amount of € 5.6 million and severance pay in the amount of € 1.1 million.

In accordance with the objective of financial statements set out in F.12 et seq., IAS 1.9 and IAS 8.10 et seq., IAS 34.30(c) was applied when determining income tax expense for the interim reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 33 percent (12/31/2018: 33 percent effective reported tax charge) was used.

Otherwise, with the exception of the changed accounting standards (primarily IFRS 16), the same accounting and valuation methods and consolidation principles as were used in the 2018 Consolidated Financial Statements for EDAG Group AG were applied when preparing the Consolidated Interim Report and determining comparative figures. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2018. This Consolidated Interim Report should therefore be read in conjunction with the Consolidated Financial Statement of EDAG Group AG for December 31, 2018.

Presentation of the Consolidated Interim Report in accordance with IFRS requires qualified estimates for several balance sheet items which have an effect on the basis and valuation in the Statement of Financial Position and Statement of Comprehensive Income. The amounts that are actually realized can deviate from these estimates. Such estimates relate to ascertaining the useful life of the property, plant and equipment or intangible assets that are subject to wear and tear, the measurement of provisions, and the valuation of investments and other assets or liabilities. Although adequate account is taken of existing uncertainties during valuation, actual results can still deviate from the estimates.

Irregular expenses incurred during the financial year are reported in cases where reporting would also be effected at the end of the financial year.

The EDAG Group's operating activities are not subject to any significant seasonal influences.

5.3 Changes in the Scope of Consolidation

On March 31, 2019, the group of combined or consolidated companies is composed as follows:

	Switzerland	**Germany**	**Other Countries**	**Total**
Fully consolidated companies	3	8	26	37
Companies accounted for using the equity method	-	1	-	1
Companies included at acquisition cost [not included in the scope of consolidation]	-	3	-	3

The companies included at acquisition cost are for the most part non-operational companies and general partners, and are not included in the scope of consolidation. The company accounted for using the equity method that is included is an associated company.

5.4 Currency Conversion

Currency conversion in the Consolidated Interim Report was based on the following exchange rates:

Country	Currency	3/31/2019	Q1 2019	12/31/2018	Q1 2018
	1 EUR = Nat. currency	Spot rate on balance sheet date	Average exchange rate for period	Spot rate on balance sheet date	Average exchange rate for period
Great Britain	GBP	0.8583	0.8723	0.8945	0.8834
Brazil	BRL	4.3865	4.2768	4.4440	3.9901
USA	USD	1.1235	1.1357	1.1450	1.2294
Malaysia	MYR	4.5838	4.6454	4.7317	4.8241
Hungary	HUF	321.0500	317.8774	320.9800	311.0660
India	INR	77.7190	80.0729	79.7298	79.1566
China	CNY	7.5397	7.6619	7.8751	7.8149
Mexico	MXN	21.6910	21.8038	22.4921	23.0362
Czech Republic	CZK	25.8020	25.6842	25.7240	25.4003
Switzerland	CHF	1.1181	1.1325	1.1269	1.1650
Poland	PLN	4.3006	4.3020	4.3014	4.1793
Russia	RUB	72.8564	74.8842	79.7153	69.9464
Sweden	SEK	10.3980	10.4223	10.2548	9.9731
Japan	JPY	124.4500	125.0984	125.8500	133.1351

5.5 Reconciliation of the Adjusted Operating Profit (adjusted EBIT)

In addition to the data required according to the IFRS, the segment reporting also includes a reconciliation to the adjusted earnings before interest and taxes (adjusted EBIT). Among the adjustments, initial and deconsolidation income, restructuring in the scope of the company merger and all effects from the purchase price allocations on the EBIT are shown.

in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018 revised
Earnings before interest and taxes (EBIT)	**9,737**	**12,343**
Adjustments:		
Expenses (+) from purchase price allocation	1,308	1,376
Income (-) from reversal of provisions	- 225	-
Expenses (+) from additional costs from M&A transactions	200	-
Total adjustments	**1,283**	**1,376**
Adjusted earnings before interest and taxes (adjusted EBIT)	**11,020**	**13,719**

The "expenses (+) from the purchase price allocation" are stated under the amortization. The "income (-) from the reversal of provisions" is shown in the other income. The "expenses (+) from additional selling costs from M&A transactions" are shown in the other expenses.

5.6 Segment Reporting

The segment reporting was prepared in accordance with IFRS 8 "Operating segments". Individual consolidated results are reported by company divisions in conformity with the internal reporting and organizational structure of the group. The key performance indicator for the Group Executive Management at segment level is the EBIT/adjusted EBIT. The segment presentation is designed to show the profitability as well as the assets and financial situation of the individual business activities. Intercompany sales are accounted for at customary market prices and are equivalent to sales towards third parties (arm's length principle).

As at March 31, 2019, the non-current assets amounted to € 340.4 million (12/31/2018: € 342.4 million). Of these, € 1.2 million are domestic, € 295.5 million are German, and € 43.7 million are non-domestic (12/31/2018: [domestic: € 1.2 million; Germany: € 297.4 million; non-domestic: € 43.8 million]).

The assets, liabilities and provisions are not reported by segments, as this information is not part of the internal reporting.

The **Vehicle Engineering** segment ("VE") consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. For descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Interim Group Management Report.

As an all-round engineering partner, the **Production Solutions** segment ("PS") is responsible for the development and implementation of production processes. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source. For more detailed descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Interim Group Management Report.

The range of services offered by the **Electrics/Electronics** segment ("E/E") includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development of cable harnesses. These services are performed in four departments; these are described in greater detail in the chapter "Business Model" in the Interim Group Management Report.

Income and expenses as well as results between the segments are eliminated in the consolidation.

in € thousand	**1/1/2019 – 3/31/2019**					
	Vehicle Engineering	**Production Solutions**	**Electrics/ Electronics**	**Total segments**	**Consolidation**	**Total Group**
Sales revenues with third parties	124,853	30,613	44,394	199,860	-	199,860
Sales revenues with other segments	1,285	398	221	1,904	- 1,904	-
Changes in inventories	- 2,289	141	189	- 1,959	-	- 1,959
Total revenues[1]	**123,849**	**31,152**	**44,804**	**199,805**	**- 1,904**	**197,901**
EBIT	**7,049**	**- 1,055**	**3,743**	**9,737**	**-**	**9,737**
EBIT margin [%]	5.7%	-3.4%	8.4%	4.9%	n/a	4.9%
Purchase price allocation (PPA)	830	74	404	1,308	-	1,308
Other adjustments	-	- 25	-	- 25	-	- 25
Adjusted EBIT	**7,879**	**- 1,006**	**4,147**	**11,020**	**-**	**11,020**
Adjusted EBIT margin [%]	6.4%	-3.2%	9.3%	5.5%	n/a	5.6%
Depreciation, amortization and impairment	- 6,777	- 1,749	- 2,484	- 11,010	-	- 11,010
Ø Employees per segment	5,087	1,589	2,008	8,684		8,684

in € thousand	1/1/2018 – 3/31/2018 revised*					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	117,271	38,327	37,883	193,481	-	193,481
Sales revenues with other segments	1,131	1,589	8	2,728	- 2,728	-
Changes in inventories	109	- 32	139	216	-	216
Total revenues[1]	**118,511**	**39,884**	**38,030**	**196,425**	**- 2,728**	**193,697**
EBIT	**6,802**	**3,291**	**2,250**	**12,343**	**-**	**12,343**
EBIT margin [%]	5.7%	8.3%	5.9%	6.3%	n/a	6.4%
Purchase price allocation (PPA)	831	141	404	1,376	-	1,376
Other adjustments	-	-	-	-	-	-
Adjusted EBIT	**7,633**	**3,432**	**2,654**	**13,719**	**-**	**13,719**
Adjusted EBIT margin [%]	6.4%	8.6%	7.0%	7.0%	n/a	7.1%
Depreciation, amortization and impairment	- 6,702	- 1,825	- 2,224	- 10,751	-	- 10,751
Ø Employees per segment	5,021	1,541	1,812	8,374		8,374

[1] The performance figure "revenues" is used in the sense of gross performance (sales revenues and changes in inventories) in the following.

** The previous year was adjusted due to amendments made to the international accounting standard IFRS 16.*

The following table reflects the concentration risk of the EDAG Group, divided according to the customer sales divisions and segments:

in € thousand	1/1/2019 – 3/31/2019							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	20,166	16%	5,856	19%	13,765	31%	39,787	20%
Customer sales division B	7,646	6%	1,059	3%	13,765	31%	22,470	11%
Customer sales division C	3,590	3%	272	1%	1,522	3%	5,384	3%
Customer sales division D	17,631	14%	3,809	12%	4,816	11%	26,256	13%
Customer sales division E	20,561	16%	4,507	15%	535	1%	25,603	13%
Customer sales division F	42	0%	1,719	6%	-	0%	1,761	1%
Customer sales division G	2,713	2%	4	0%	204	0%	2,921	1%
Customer sales division H	850	1%	3,742	12%	-	0%	4,592	2%
Customer sales division I	8,086	6%	1,886	6%	2,322	5%	12,294	6%
Miscellaneous (OEMs and system suppliers)	43,568	35%	7,759	25%	7,465	17%	58,792	29%
Sales revenue with third parties	**124,853**	**100%**	**30,613**	**100%**	**44,394**	**100%**	**199,860**	**100%**

in € thousand	1/1/2018 – 3/31/2018							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	20,783	18%	3,962	10%	9,525	25%	34,270	18%
Customer sales division B	2,794	2%	1,621	4%	12,541	33%	16,956	9%
Customer sales division C	3,458	3%	387	1%	1,127	3%	4,972	3%
Customer sales division D	17,559	15%	2,871	7%	3,562	9%	23,992	12%
Customer sales division E	15,718	13%	8,021	21%	697	2%	24,436	13%
Customer sales division F	58	0%	2,173	6%	114	0%	2,345	1%
Customer sales division G	2,661	2%	270	1%	682	2%	3,613	2%
Customer sales division H	502	0%	5,338	14%	-	0%	5,840	3%
Customer sales division I	8,035	7%	2,364	6%	1,695	4%	12,094	6%
Miscellaneous (OEMs and system suppliers)	45,703	39%	11,320	30%	7,940	21%	64,963	34%
Sales revenue with third parties	**117,271**	**100%**	**38,327**	**100%**	**37,883**	**100%**	**193,481**	**100%**

In the Electrics/Electronics segment, the EDAG Group generates over 50 percent of its sales revenues with one corporate group.

The following table reflects the revenue recognition of the EDAG Group, divided according to segments:

in € thousand	1/1/2019 – 3/31/2019					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	112,983	30,449	44,013	187,445	-	187,445
Point in time revenue recognition	13,155	562	602	14,319	-	14,319
Sales revenue with other segments	- 1,285	- 398	- 221	- 1,904	-	- 1,904
Sales revenue with third parties	**124,853**	**30,613**	**44,394**	**199,860**	**-**	**199,860**
Sales revenue with other segments	1,285	398	221	1,904	- 1,904	-
Changes in inventories	- 2,289	141	189	- 1,959	-	- 1,959
Total revenues	**123,849**	**31,152**	**44,804**	**199,805**	**- 1,904**	**197,901**

in € thousand	1/1/2018 – 3/31/2018					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	114,562	39,285	37,078	190,925	-	190,925
Point in time revenue recognition	3,840	631	813	5,284	-	5,284
Sales revenue with other segments	- 1,131	- 1,589	- 8	- 2,728	-	- 2,728
Sales revenue with third parties	**117,271**	**38,327**	**37,883**	**193,481**	**-**	**193,481**
Sales revenue with other segments	1,131	1,589	8	2,728	- 2,728	-
Changes in inventories	109	- 32	139	216	-	216
Total revenues	**118,511**	**39,884**	**38,030**	**196,425**	**- 2,728**	**193,697**

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

As in the previous year, there were no material contingent liabilities on the reporting date.

Other Financial Obligations

In addition to the provisions and liabilities, there are also other financial obligations, and these are composed as follows:

in € thousand	03/31/2019	12/31/2018 revised
Obligations from renting and leasing contracts	5,316	6,235
Open purchase orders	1,917	2,522
Other miscellaneous financial obligations	29	16
Total	**7,262**	**8,773**

The obligations from renting and leasing contracts relate primarily to IT equipment and software.

Contingent Receivables

As in the previous year, there were no material contingent receivables on the reporting date.

5.8 Financial Instruments

Net Financial Debt/Credit

The Group Executive Management's aim is to keep the net financial debt as low as possible in relation to equity (net gearing).

in € thousand	3/31/2019	12/31/2018 revised
Non-current financial liabilities	- 120,000	- 120,000
Non-current leasing liabilities	- 140,465	- 144,081
Current financial liabilities	- 21,837	- 23,084
Current leasing liabilities	- 16,953	- 16,344
Current securities, loans and financial instruments	44	38
Cash and cash equivalents	62,952	63,862
Net financial debt/-credit [-/+]	**- 236,259**	**- 239,609**
Equity	147,119	144,006
Net Gearing [%]	**160.6%**	**166.4%**

On March 31, 2019, the net financial debt was € 236,259 thousand. The major creditor is a well-known credit institution in the form of a promissory note loan (*Schuldscheindarlehen*) with a total volume of € 120 million. The promissory note loan is composed of several tranches with various interest rates and maturities of five to ten years. As of March 31, 2019, there is a current loan, including interest, in the amount of € 20,714 thousand from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the other major creditor, (12/31/2018: € 20,876 thousand).

A further component of the net financial debt are liabilities from leases. As IFRS 16 Leasing is now being applied, assets and liabilities are now recognized for agreements previously classified as operating leases in accordance with IAS 17. The liabilities from leases primarily include leasing payments for office buildings, warehouses, production facilities and cars measured using the effective interest method.

The EDAG Group reported unused lines of credit in the amount of € 101.6 million on the reporting date (12/31/2018: € 99.6 million).

One of the major factors influencing the net financial debt is the working capital, which developed as follows:

	in € thousand	3/31/2019	12/31/2018 revised
	Inventories	9,951	9,260
+	Current contract assets	116,732	85,753
+	Current accounts receivable	89,199	119,219
-	Current contract liabilities	- 39,481	- 41,465
-	Current accounts payable	- 36,681	- 29,696
=	**Trade Working Capital (TWC)**	**139,720**	**143,071**
+	Non-current other financial assets	1,198	521
+	Non-current other non-financial assets	65	64
+	Deferred tax assets	7,355	6,078
+	Current other financial assets excl. Interest-bearing receivables	2,469	1,703
+	Current other non-financial assets	13,630	10,051
+	Income tax assets	2,302	1,619
-	Non-current other financial liabilities	- 777	- 1,230
-	Deferred tax liabilities	- 1,159	- 1,615
-	Current other financial liabilities	- 5,143	- 4,230
-	Current other non-financial liabilities	- 57,268	- 57,995
-	Income tax liabilities	- 5,521	- 6,703
=	**Other working capital (OWC)**	**- 42,849**	**- 51,737**
	Net working capital (NWC)	**96,871**	**91,334**

The trade working capital decreased from € 143,071 thousand to € 139,720 thousand, compared to December 31, 2018. The increase of € 30,979 thousand in current contract assets was more than compensated for by the decrease of € 30,020 thousand in current accounts receivable and the increase of € 6,985 thousand in current accounts payable.

At € -42,849 thousand, the other working capital increased compared to December 31, 2018 (€ -51,737 thousand), mainly due to the increase of € 3,579 thousand in current other financial assets and income tax payments made.

Book values, valuation rates and fair values of the financial instruments as per measurement category

The principles and methods for assessing at fair value have not changed compared to last year. Detailed explanations of the valuation principles and methods can be found in the Notes to the Consolidated Financial Statement in the Annual Report of EDAG Group AG for 2018.

For the most part, cash and cash-equivalents, accounts receivable and other receivables have only a short time to maturity. For this reason, their book values on the reporting date are close approximations of the fair values.

The fair values of other receivables with a remaining term of more than a year correspond to the net present values of the payments associated with the assets, taking into account the relevant interest parameters, which reflect the market and counterparty-related changes in conditions and expectations.

The investments and securities are valued at fair value. In the case of equity interests for which no market price is available, the acquisition costs are applied as a reasonable estimate of the fair value. In the financial assets, shares in non-consolidated subsidiaries and other investments are recognized at acquisition cost, taking impairments into account, as no observable fair values are available and other admissible methods of evaluation do not produce reliable results. There are currently no plans to sell these financial instruments.

Accounts payable and other financial liabilities regularly have short remaining terms to run, and the values posted are close approximations of the fair values.

The book values or fair values of all financial instruments recorded in the Consolidated Financial Statements are shown in the following table.

in € thousand	Valuation category as per IFRS 9	3/31/2019	
		Valuation statement of financial position as per IFRS 9	Valuation statement of financial position as per IFRS 16/IFRS 15
Financial assets			
Cash and cash-equivalents	[AC]	62,952	-
Accounts receivable and other receivables in terms of IAS 32.11	[AC]	91,995	-
Receivables from leases	[n.a.]	-	871
Contract assets	[n.a.]	-	116,732
Loans	[AC]	103	-
Investments and securities	[FVtPL]	124	-
Financial liabilities			
Financial liabilities			
Credit institutions	[AC]	120,901	-
Other interest-bearing liabilities	[AC]	20,714	-
Liabilities from leases	[n.a.]	-	157,418
Derivative financial liabilities	[FVtPL]	222	-
Accounts payable and other liabilities in terms of IAS 32.11	[AC]	40,578	-
Other liabilities in terms of IAS 32.11	[FVtPL]	2,023	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IFRS 9			
Financial Assets measured at Amortized Cost	[AC]	155,050	-
Financial Assets at Fair Value through Profit and Loss	[FVtPL]	124	-
Financial Liabilities measured at Amortized Cost	[AC]	182,193	-
Financial Liabilities at Fair Value through Profit and Loss	[FVtPL]	2,245	-

in € thousand	Valuation category as per IFRS 9	12/31/2018 revised	
		Valuation statement of financial position as per IFRS 9	Valuation statement of financial position as per IFRS 16/IFRS 15
Financial assets			
Cash and cash-equivalents	[AC]	63,862	-
Accounts receivable and other receivables in terms of IAS 32.11	[AC]	121,444	-
Future receivables from construction contracts	[n.a.]	-	85,753
Loans	[AC]	78	-
Investments and securities	[FVtPL]	118	-
Financial liabilities			
Financial liabilities			
Credit institutions	[AC]	122,186	-
Other interest-bearing liabilities	[AC]	20,876	-
Liabilities from leases	[n.a.]	-	160,425
Derivative financial liabilities	[FVtPL]	22	-
Accounts payable and other liabilities in terms of IAS 32.11	[AC]	32,930	-
Other liabilities in terms of IAS 32.11	[FVtPL]	2,226	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IFRS 9			
Financial Assets measured at Amortized Cost	[AC]	185,384	-
Financial Assets at Fair Value through Profit and Loss	[FVtPL]	118	-
Financial Liabilities measured at Amortized Cost	[AC]	175,992	-
Financial Liabilities at Fair Value through Profit and Loss	[FVtPL]	2,248	-

The fair values of securities correspond to the nominal value multiplied by the exchange quotation on the reporting date.

The attributable fair values of liabilities due to credit institutions, loans, other financial liabilities and other interest-bearing liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. By and large, the fair value of the financial liabilities corresponds to the book value. As at March 31, 2019 however, the fair value of the financial liabilities to credit institutions [AC] amounted to € 121,875 thousand (12/31/2018: € 122,456 thousand), with a book value of € 120,901 thousand (12/31/2018: € 122,186 thousand). The valuation of the fair value took place according to the "Level 2" measurement category on the basis of a discounted cash flow model. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

The information for the determination of attributable fair value is given in tabular form, based on a three-level fair value hierarchy for each class of financial instrument. There are three measurement categories:

Level 1: At level 1 of the fair value hierarchy, the attributable fair values are measured using listed market prices, as the best possible fair values for financial assets or liabilities can be observed in active markets.

Level 2: If there is no active market for a financial instrument, a company uses valuation models to determine the attributable fair value. Valuation models include the use of current business transactions between competent, independent business partners willing to enter into a contract; comparison with the current attributable fair value of another, essentially identical financial instrument; use of the discounted cash flow method; or of option pricing models. The attributable fair value is estimated on the basis of the results achieved using one of the valuation methods, making the greatest possible use of market data and relying as little as possible on company-specific data.

Level 3: The valuation models used at this level are not based on observable market data.

in € thousand	Assessed at fair value 3/31/2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities	44	-	-	44
Financial liabilities				
Derivative financial liabilities	-	222	-	222
Other liabilities	-	-	2,023	2,023

in € thousand	Assessed at fair value 12/31/2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities	38	-	-	38
Financial liabilities				
Derivative financial liabilities	-	22	-	22
Other liabilities	-	-	2,226	2,226

The other liabilities with fair values valuated according to level 3 are contingent considerations. These are evaluated on the basis of the defined sales revenue, EBIT and employee retention targets, taking into account the likelihood of their occurrence. With the valuation technique used, the expected value of the contingent consideration is determined according to the discounted cash flow method. The valuation model takes into account the present value of the contingent consideration, discounted using a risk-adjusted discount rate.

The material non-observable input factors include the predicted sales revenues, the predicted EBIT, the predicted employee retention and the risk-adjusted discount rate.

The estimated fair values of the contingent considerations would drop if the expected sales revenues and the EBIT turned out to be lower than the defined target figures or the risk-adjusted discount rate were to rise. On the other hand, the fair values of the contingent considerations increase if the risk-adjusted discount rate falls.

The following table shows the reconciliation of the level 3 fair values:

in € thousand	2019	2018
As per 1/1/	**2,226**	**2,627**
Loss recognized in financial expenses		
Net change of fair value	14	14
Profit recognized in other income		
Net change of fair value	- 225	- 25
Cash Flows	-	- 25
Currency conversion difference	8	- 83
As per 3/31/	**2,023**	**2,507**

5.9 Related Parties

In the course of its regular business activities, the EDAG Group correlates either directly or indirectly not only with the subsidiaries included in the Consolidated Financial Statements, but also with EDAG subsidiaries which are affiliated but not consolidated, with affiliated companies of the ATON Group, and with other related companies and persons.

For a more detailed account of the type and extent of the business relations, please see the Notes to the Consolidated Financial Statement in the annual report of EDAG Group AG for 2018.

The following table gives an overview of ongoing business transactions with related parties:

in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018
EDAG Group with boards of directors (EDAG Group AG & EDAG Schweiz Sub-Holding AG)		
Work-related expenses	203	205
Travel and other expenses	4	7
Rental expenses	-	69
Consulting expenses	1	-
EDAG Group with supervisory boards (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	11	10
Compensation costs	226	157
EDAG Group with group executive management		
Goods and services received	-	3

in € thousand	1/1/2019 – 3/31/2019	1/1/2018 – 3/31/2018
EDAG Group with ATON companies (affiliated companies)		
Goods and services rendered	3,273	5,070
Goods and services received	486	461
Interest expense	-	760
Other operating income	108	146
Other operating expenses	117	98
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	2	2
EDAG Group with associated companies		
Goods and services rendered	373	192
Goods and services received	-	4
Other operating income	143	162
Other operating expenses	14	13
Income from investments	294	116
EDAG Group with other related companies and persons		
Goods and services rendered	-	271
Goods and services received	-	1
Interest expense	78	130
Other operating income	6	16
Paid leases for rights of use	1,280	1,007

5.10 Subsequent Events

On account of the weak results achieved in the Production Solutions segment, the Group Executive Management of EDAG Engineering Group AG adopted an immediate action plan. Among other things, this plan includes the closure of some of the smaller Production Solutions facilities. The action plan has a volume of some 3 million euros. These will be shown as non-recurring expenses in the second quarter of the current year, and adjusted in the EBIT of the Production Solutions segment. Should there be no significant improvement in the performance of the Production Solutions segment in the course of the current financial year, further restructuring measures may be required. The aim is to bring about sustainable improvement in the performance of the Production Solutions segment, so that, in the medium term, profitable growth can be achieved again.

Arbon, May 6, 2019

EDAG Engineering Group AG

Georg Denoke, Chairman of the Board of Directors

Dr. Michael Hammes, Member of the Board of Directors
and Chairman of the Audit Committee

Cosimo De Carlo, Chairman of the Group Executive Management (CEO)

Jürgen Vogt, Member of the Group Executive Management (CFO)

Holger Merz, Member of the Group Executive Management (COO)

LEGAL NOTICE

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Legal Notice

The Consolidated Interim Report includes statements about future developments. Like any form of entrepreneurial activity in a global environment, these statements are always associated with a degree of uncertainty. Our descriptions are based on the convictions and assumptions of the management, which in turn are based on currently available information. The following factors may, however, affect the success of our strategic and operative measures: geopolitical risks, changes in general economic conditions, in particular a prolonged economic recession, changes to exchange rates and interest rates, the launch of products by competitors, including increasing competitive pressure. Should any of these factors or other uncertainties materialize, or the assumptions on which the statements are based prove to be inaccurate, the actual results may differ from the forecast results. EDAG does not intend to continuously update predictive statements and information items, as they relate to the circumstances that existed on the date of their publication.

The English version of the Interim report is a translation of the German version. The German version is legally binding.

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