

02

Half-Year Report
2016

Highlights

- > German heating market stabilized in the second quarter from the weak start in the year 2016; international markets still showing mixed development
- > Group revenue for H1 rises 6.2 % to EUR 263.9 million (previous year EUR 248.5 million); organic growth 3.0 %; Q2 growth accelerates; expansion for all segments
- Climate Systems grows to EUR 187.1 million (previous year EUR 177.9 million); PRO-KLIMA (EUR 7.8 million) continues to support difficult climate control business; solid performance in heating systems area, driven mainly by the market introduction of an attractively priced condensing combi-boiler in the international sales markets
- Gas Flue Systems maintains positive development with a revenue rise of 8.4 % to EUR 53.0 million (previous year EUR 48.9 million); broad-based growth across products and regions
- Medical Technology & Engineering Plastics grows 9.1 % to EUR 23.8 million (previous year EUR 21.8 million); stronger growth for Medical Technology
- > Operating result slightly up on elevated prior-year figure which included foreign exchange gains
- EBITDA of EUR 20.3 million above prior-year figure of EUR 19.8 million; year-on-year improvement for Q2
- Slight rise in depreciation and amortisation to EUR 11.8 million (previous year EUR 11.4 million)
- EBIT of EUR 8.6 million above prior-year figure of EUR 8.4 million
- EPS steady compared with the prior-year period (EUR 0.23)
- Net borrowings increased to EUR 29.1 million (previous year EUR 21.2 million)
- > Fundamentally steady development expected in H2
- Solid development of the German heating market also expected for the full year; delayed notification of amendment to German KWKG by EU having a strongly negative effect on CHP sales
- Although the direct impact of Brexit, developments in Turkey and the growing threat of terrorism are probably of minor significance for CENTROTEC, a slowdown in the general investment climate cannot be ruled out
- Outlook for 2016 financial year confirmed: revenue of EUR 550 to 570 million and EBIT of between EUR 32 and 35 million expected

Consolidated Key Figures

	30/06/2016 [EUR '000]	30/06/2015 [EUR '000]	Changes [Percent]
Total revenue	263,865	248,543	6.2
Climate Systems	187,084	177,863	5.2
Gas Flue Systems	53,005	48,897	8.4
Medical Technology & Engineering Plastics	23,776	21,783	9.1
Earnings			
EBITDA	20,332	19,795	2.7
EBIT	8,554	8,431	1.5
EBIT yield (in %)	3.2	3.4	
EBT	6,929	6,819	1.6
EAT	4,198	3,832	9.5
EPS (in EUR; basic)	0.23	0.23	
Balance sheet structure			
Balance sheet total	466,712	435,481	7.2
Shareholders' equity	223,198	210,271	6.1
Equity ratio (%)	47.8	48.3	
Property, plant and equipment	124,324	114,562	8.5
Intangible assets	40,241	41,425	(2.9)
Goodwill	77,240	72,073	7.2
Net financial liabilities*	29,118	21,212	37.3
Net working capital*	75,507	62,102	21.6
Cash flow statement			
Cash flow I (EAT & depreciation/ amortisation)	15,976	15,196	5.1
Cash flow from operating activities	(7,942)	9,339	n.a.
Cash flow from investing activities	(14,990)	(11,988)	25.0
Employees			
Total (in FTE)	3,255	2,976	9.4
Shares			
Number of shares**	17,805	17,659	
Highest quotation***	14.60	15.00	
Lowest quotation***	11.56	12.85	
Half year-end quotation***	13.17	14.22	

* taking account for short-term financial assets

** Weighted average shares outstanding (basic; in thousand)

*** Quotation in EUR

COMBINED SYSTEM SOLUTIONS



1
Wolf solar thermal flat collectors:
high-efficiency solar collectors with an innovative absorber and effective insulation trap thermal solar energy, especially in the spring and autumn.

2
Wolf domestic technology centre:
the new Wolf CWL-T-300 Excellent home ventilation unit and the new Wolf heat-generating systems are not only visually matched, they also complement each other technically. The

incoming air for living areas is heated up to a comfortable temperature by a hydraulic reheating unit. This minimises heating surfaces and, in the ideal scenario, renders them altogether unnecessary. The required heating output is provided by Wolf heat-generating systems such as the BWL-1S air-to-water heat pump, the TOB oil-fired condensing boiler or the CGS-2 gas condensing boiler centre. Maximum energy efficiency is the result.

3
Wolf stratification cylinder:
a multifunctional calorifier such as the Wolf BSP stratification cylinder makes it possible to combine systems involving heat pumps, solar energy systems, gas and oil-fired boilers, combi-boilers, wood and pellet boilers, and electric immersion heaters. The stratification plates stabilise the temperature zones inside the tank and significantly improve the yield of the energy captured and stored there. A fresh-water station delivers convenient hot water on demand.

4
Wolf control module:
“smart home” says what the connected, intelligent building control system is all about. The new Wolf BM2 control module permits a joined-up approach to using heat-generating systems, integrated Wolf solar energy systems and the CWL Excellent comfort home ventilation units. With the Wolf Smartset control app, the integrated system can also be operated conveniently by smartphone over the ISM7i interface module, regardless of where the user is currently.

Interim Group Management Report

General economic situation

In the first half of 2016 the CENTROTEC Group – hereinafter also referred to as CENTROTEC – encountered a fundamentally stable market environment. In addition to further growth in Germany, a number of international markets also showed an improvement in the underlying conditions. The discussions surrounding the UK’s withdrawal from the EU, recent acts of terrorism plus the crises in Turkey, Ukraine, the Arab world and also concerning the euro nevertheless represent a large number of stress points for economic development, and their resolution appears to be still far off.

Financial performance

Revenue

CENTROTEC increased its consolidated revenue by 6.2 % in the first six months of 2016 to EUR 263.9 million (previous year EUR 248.5 million). All three segments contributed to this improvement. The comprehensive consolidation of the Croatian subsidiary PRO-KLIMA from the second half of 2015 produced revenue amounting to EUR 7.8 million. Organic growth in consolidated revenue thus reached 3.0 % in the first half. In the second quarter, revenue was up 8.2 % in absolute terms, and up 5.0 % organically. 55 % (58 %) of revenue was generated in Germany in the first half of the year. The figure for the Netherlands was around ten percent, and around nine percent for France. In all other countries the share of consolidated revenue remained below five percent.

Revenue by segment	Q2 2016	Q2 2015	Delta	Q1-Q2 2016	Q1- Q2 2015	Delta
[EUR million]			%			%
Climate Systems	98.5	91.7	7.5	187.1	177.9	5.2
Gas Flue Systems	27.5	25.5	7.9	53.0	48.9	8.4
Medical Technology & Engineering Plastics	12.1	10.6	14.6	23.8	21.8	9.1
Total	138.1	127.7	8.2	263.9	248.5	6.2

In the **Climate Systems** segment, revenue in the first half of the year was increased by 5.2 % to EUR 187.1 million (previous year EUR 177.9 million). This revenue growth is mainly attributable to the comprehensive consolidation of PRO-KLIMA since the second half of 2015 (EUR 7.8 million). In the second quarter of the current financial year, revenue growth for the segment of 7.5 % was markedly up on the first quarter (2.7 %) and also showed organic growth compared with the previous year. Among other factors this was attributable to a weak start to the year for the German heating market and the international success of the newly launched low-price condensing combi-boiler. The amendment of the German Renewable Energies Act (KWKG) was passed by the Federal Parliament at the end of December 2015 and took effect on January 1, 2016. However

notification by the EU has not yet occurred, with the result that all applications for support from BAFA (Federal Office of Economics and Export Control) can only be approved provisionally and no payments are currently being made. This investment uncertainty is having a strongly negative impact on current CHP sales. Climate control and ventilation business remains difficult, though collaboration between Wolf and PRO-KLIMA has made it possible to start seizing additional market opportunities and realising synergies. The international markets again encountered difficulties in certain areas, though the French and Spanish sales markets in specific have latterly showed a much more positive development following a weak start to the year.

In the **Gas Flue Systems** segment, revenue for the first six months of the current financial year rose 8.4 % to EUR 53.0 million (previous year EUR 48.9 million). The growth rate for the second quarter was 7.9 %. These rates of increase are spread broadly across the products and markets. Notable plus points include the good performance in the Netherlands and the USA as well as the successful market launches of new products.

The **Medical Technology & Engineering Plastics** segment achieved overall revenue growth of 9.1 % in the first half to EUR 23.8 million (previous year EUR 21.8 million), with the figure accelerating further in the second quarter (plus 14.6 %). Both areas of the segment achieved growth. This expansion was markedly stronger in the Medical Technology area thanks to its products for blood transfusion, dialysis and liquid handling.

Earnings

The first half of 2016 saw the CENTROTEC Group post EBITDA of EUR 20.3 million (previous year EUR 19.8 million). This represents an increase of 2.7 % on the first half of 2015. In the first three months this item had still been EUR 1.0 million below the prior-year figure. The second quarter then brought a rise in EBITDA compared with the previous year. The slight increase in depreciation and amortisation produced EBIT at group level of EUR 8.6 million (previous year EUR 8.4 million).

EBITDA for the **Climate Systems** segment for the first half of 2016 was 12.3 % down on the prior-year figure of EUR 10.9 million, at EUR 9.6 million. The shortfall stems from the first quarter and is largely attributable to the fact that the corresponding figure in the previous year had been elevated by a positive foreign exchange effect worth EUR 0.9 million. In the second quarter the operating result (EBITDA) was slightly up on the 2015 figure. EBIT for the first six months amounted to EUR 2.3 million (previous year EUR 3.8 million). These figures are also influenced by the expenditure for implementing the internationalisation strategy which especially affects this segment, for example involving the setting-up of a dedicated sales organisation in China and the changes to the management structure of the Wolf Group implemented in June.

In the **Gas Flue Systems** segment, first-half EBITDA increased by 31.4 % to EUR 7.3 million (previous year EUR 5.6 million), and EBIT by almost two-thirds to EUR 4.3 million (previous year EUR 2.6 million). The substantial revenue growth, to some extent thanks to newly introduced products, as well as ongoing efforts to optimise all processes, forms the basis for this development.

The **Medical Technology & Engineering Plastics** segment, too, achieved an improved operating result in the first six months. There was a 4.2 % rise in EBITDA to EUR 3.4 million (previous year EUR 3.3 million); meanwhile EBIT remained fell short of the prior-year figure of EUR 2.0 million by 1.8 % due to an increase in depreciation and amortisation.

With net interest steady, earnings before tax (EBT) for the group were consequently 1.6 % up at EUR 6.9 million (previous year EUR 6.8 million). A slight improvement in the effective tax rate produced earnings after tax (EAT) of EUR 4.2 million, representing an improvement of 9.6 % on the prior-year figure of EUR 3.8 million. Based on an average total of 17.8 million shares outstanding (previous year 17.7 million) and taking account of minority interests, earnings per share (EPS) for the first half of 2016 came to EUR 0.23 (previous year EUR 0.23).

Net worth and financial position

The first half of 2016 brought an increase in the balance sheet total from EUR 435 million in the previous year to EUR 467 million. The changes were less marked compared with the year-end position (EUR 452 million) and were largely attributable to the seasonal pattern to CENTROTEC's core business. The main drivers of the increase year on year were the acquisition and working capital requirements of PRO-KLIMA, a higher investment volume, increased tax assets following an internal dividend payment to the group parent and a slight increase in inventories following the introduction of new products and the expansion of the subsidiary in China. Furthermore, net working capital requirements for this period of the year were exceptionally low. Net working capital overall rose to EUR 75.5 million (previous year EUR 62.1 million). Within cash and cash equivalents there was a degree of reclassification as other financial assets. However this has no impact on the net borrowings reported here.

As planned, capital expenditure in the first half of the year was EUR 15.2 million up on the prior-year period (EUR 12.1 million). Alongside the creation of a sheet metal parts production line at Wolf's main base in Mainburg, the biggest single investment is the acquisition of land at the location of the Italian Wolf subsidiary, representing an investment volume of EUR 2.0 million. There were no other individual investments by the group worth more than EUR 0.5 million. The Climate Systems segment invested EUR 9.5 million (previous year EUR 5.8 million) in the first half of the year. In the Gas Flue Systems segment, the investment volume of EUR 3.1 million was below the prior-year figure of EUR 5.2 million which was elevated by the holding company's acquisition of land reported here. The Medical Technology & Engineering Plastics segment invested EUR 2.5 million (previous year EUR 1.2 million) in the first six months, primarily in the production infrastructure at the segment's three locations.

The equity ratio declined to 47.8 % (48.3 % at end of Q2 2015) mainly as a result of the marked increase in the balance sheet total, and also because of the dividend distribution which took place in the second quarter. Taking account of the reduced cash and cash equivalents, but including the current investments, net borrowings increased to EUR 29.1 million (previous year EUR 21.2 million).

Key financial figures

[EUR million]	30/06/2016	31/12/2015	30/06/2015
Balance sheet total	466.7	452.1	435.5
Shareholders' equity	223.2	226.0	210.3
Equity ratio (percent)	47.8	50.0	48.3
Net borrowings*	29.1	1.6	21.2
Net working capital*	75.5	51.5	62.1

*Taking account of current investments

The cash flow from operating activities fell to EUR -7.9 million in the first six months (previous year EUR +9.3 million). This was mainly due to the increase in inventories, trade receivables and tax assets, which was only offset to a minor degree by higher earnings, depreciation and amortisation and trade payables. The higher investment volume produced an elevated negative cash flow from investing activities of EUR 15.0 million (previous year EUR 12.0 million). The cash flow from financing activities came to EUR -5.7 million (previous year EUR -8.4 million). All in all, financial resources declined by EUR 28.6 million (previous year EUR -11.1 million) in the first half of 2016.

Employees

At June 30, 2016 the comprehensively consolidated companies of the CENTROTEC Group employed a total of 3,412 people (previous year 3,096). Expressed as full-time equivalents (FTE), the figure was 3,255 (previous year 2,976). The number of full-time equivalents in the group was thus nine percent higher than at the end of the first half of 2015. This increase is largely down to the acquisition of the Croatian subsidiary, which employed 131 people (FTE) at the end of the first half. Another major factor behind the higher total was the rise in temporary workers from 155 in the previous year to 219 at the end of the reporting period. There are seasonal factors behind this jump, which especially affects the production locations in Germany and the Netherlands.

The most marked change in employee totals occurred in the Climate Systems segment, where the figure rose by eleven percent. In the Gas Flue Systems segment and Medical Technology & Engineering Plastics segment, the employee totals equally rose by four and nine percent respectively.

Personnel expenses for the group came to EUR 86.5 million in the first half of 2016, an increase of 7.5 % on the prior-year figure of EUR 80.5 million. The personnel expenses ratio, which is calculated taking the costs of temporary workers into account, consequently rose to 33.8 % (previous year 33.1 %).

Shares

In the first half of 2016 the trading price of CENTROTEC shares (WKN 540 750 or ISIN DE0005407506) moved in the range of EUR 11.56 and 14.60. From a low at the end of January, with the trading volume still relatively subdued, the share price steadily climbed to the year-high at the end of April. Up until the end of the first half, the trading price of CENTROTEC shares then remained within a range of EUR 13 to 14, ending the half on EUR 13.25 on June 30, 2016. After the balance sheet date there were price gains until the start of August taking the trading price above EUR 14, with slightly higher trading volumes.



CENTROTEC share price performance and trading volume (XETRA) from Jan to early August 2016; Source: www.ariva.de

17,838,646 no-par value ordinary shares of CENTROTEC Sustainable AG were approved for trading at Deutsche Börse at June 30, 2016. This total number of shares multiplied by the closing price of EUR 13.25 at June 30, 2016 gave the CENTROTEC Group market capitalisation of EUR 236 million at the end of the half.

CENTROTEC is not aware of any major developments affecting its share ownership structure compared with the end of the 2015 financial year. The family of Supervisory Board Chairman Guido A Krass has remained the principal shareholder of CENTROTEC Sustainable AG since the IPO. That group aside, there are no indications that other shareholders hold a percentage interest in CENTROTEC running into double figures. Nevertheless, changes across the thresholds that trigger reporting requirements in accordance with Section 26 (1) of the German Securities Trading Act (WpHG) have been reported by institutional investors in the year to date. Detailed information of such changes is regularly updated and is available on the homepage of CENTROTEC Sustainable AG at (<http://www.centrotec.de/investor-relations/aktie/veroeffentl-26-abs-1-wphg.html>).

Opportunities and risks

The opportunities and risks presented in the 2015 Annual Report remain valid. Nor have the assessments, the methods of risk identification and the measures derived from them for the controlling of risks changed materially compared with the view presented in the 2015 Group Management Report.

Forecast

The CENTROTEC companies operate in an economic environment that generally has positive fundamentals. The German construction industry delivers solid growth rates. The underlying conditions in many European markets have likewise already improved in recent years or such changes are on the horizon. On the other hand there are growing numbers of potential threats to the investment climate from the impending Brexit, the developments in Turkey and an increased threat of terror worldwide, alongside the continuing problems in Ukraine, the Arab world and concerning the euro, for example.

The CENTROTEC companies are resolutely seizing the opportunities offered by European markets with specially tailored market strategies. The first fruits of these efforts to internationalise include the attractively priced gas condensing combi-boiler that has been developed especially with an eye to the international markets and has now been successfully introduced.

Based on the results and developments in the first half of the year, as before CENTROTEC anticipates a rise in revenue to EUR 550 to 570 million and an increase in EBIT to EUR 32 to 35 million.

Brilon, August 2016

The Management Board

CONTROLLED VENTILATION WITH HEAT RECOVERY



1
Wolf range of condensing boilers for oil and gas:
the newly developed range of gas and oil-fired condensing boilers combines maximum energy efficiency with low power consumption, ease of installation and a comprehensive, convenient control and operation system.

2
Brink Renovent Excellent:
central home ventilation systems that recover up to 95 % of the heat, with very energy-efficient fans and convenient control technology, are the state of the art in new buildings.

3
Ubbink Air Excellent:
the innovative air distribution system for hygienic air distribution throughout the entire building.

Consolidated Statement of Financial Position

Assets in EUR thousand	30/06/2016	31/12/2015	30/06/2015
Non-current assets			
Goodwill	77,240	77,166	72,073
Intangible assets	40,241	41,479	41,425
Property, plant and equipment	124,324	119,867	114,562
Financial investments accounted for using the equity method	0	0	0
Loans and investments	722	775	1,047
Other financial assets	144	180	9
Other assets	108	201	215
Deferred tax assets	6,940	6,451	5,517
	249,719	246,119	234,848
Current assets			
Inventories	69,526	62,172	61,297
Trade Receivables	73,691	53,935	67,308
Income tax receivable	4,511	2,121	2,966
Cash and cash equivalents	34,044	77,451	53,804
Other financial assets	25,754	3,549	7,988
Other assets	9,467	6,791	7,270
	216,993	206,019	200,633
Assets	466,712	452,138	435,481

Equity and Liabilities in EUR thousand	30/06/2016	31/12/2015	30/06/2015
Shareholders' equity			
Share Capital	17,839	17,733	17,666
Capital reserves	37,522	36,290	35,578
Treasury stock	0	0	0
Retained earnings and profit carryforward	164,830	150,317	152,253
Profit attributable to shareholders of CENTROTEC Sustainable AG	4,181	20,795	4,046
	224,372	225,135	209,543
Non-controlling interests presented within equity	(1,174)	827	728
	223,198	225,962	210,271
Non-current liabilities			
Pension provisions	44,193	40,179	37,351
Other provisions	16,124	17,006	15,436
Financial liabilities	60,048	55,286	45,315
Other financial liabilities	1,019	1,064	643
Other liabilities	134	120	109
Deferred tax liabilities	11,440	11,720	11,928
	132,958	125,375	110,782
Current liabilities			
Other provisions	3,763	4,928	3,433
Income tax payable	1,507	1,574	2,282
Financial liabilities	18,612	23,732	29,701
Trade liabilities	29,740	28,763	27,618
Other financial liabilities	18,971	11,652	18,579
Other liabilities	37,963	30,152	32,815
	110,556	100,801	114,428
Equity and Liabilities	466,712	452,138	435,481

Consolidated Income Statement

in EUR thousand	01/04/2016 30/06/2016	01/04/2015 30/06/2015	01/01/2016 30/06/2016	01/01/2015 30/06/2015
Revenues	138,110	127,682	263,865	248,543
Cost of purchased materials and services	(63,110)	(57,792)	(119,673)	(111,801)
Changes in inventories of finished goods and work in progress	1,618	(498)	3,450	236
Production for own fixed assets capitalised	737	741	1,446	1,475
Other income	2,731	2,840	4,776	5,758
Personnel expenses	(43,779)	(40,341)	(86,494)	(80,495)
Other expenses	(24,787)	(22,623)	(47,038)	(43,921)
EBITDA	11,520	10,009	20,332	19,795
Depreciation and amortisation	(5,981)	(5,754)	(11,778)	(11,364)
Operating income (EBIT)	5,539	4,255	8,554	8,431
Interest income	43	51	88	105
Interest expense	(906)	(870)	(1,713)	(1,717)
Result before income taxes (EBT)	4,676	3,436	6,929	6,819
Income taxes	(1,285)	(1,479)	(2,731)	(2,987)
Net income (EAT)	3,391	1,957	4,198	3,832
attributable to:				
non controlling interest	69	(101)	17	(214)
shareholders of CENTROTEC Sustainable AG	3,322	2,058	4,181	4,046
EPS (Earnings per share in EUR)				
Earnings per share (basic)	0.18	0.12	0.23	0.23
Earnings per share (diluted)	0.18	0.12	0.23	0.23
Weighted average shares outstanding (in thousand units; basic)	17,877	17,671	17,805	17,659
Weighted average shares outstanding (in thousand units; diluted)	17,896	17,671	17,824	17,722

Consolidated Statement of Comprehensive Income

in EUR thousand	01/04/2016 30/06/2016	01/04/2015 30/06/2015	01/01/2016 30/06/2016	01/01/2015 30/06/2015
Net income (EAT)	3,391	1,957	4,198	3,832
Items that may be reclassified subsequently to profit or loss				
Exchange Rate differences on translation	132	98	(1)	(42)
Derivative financial instruments	(63)	116	(73)	(29)
Available-for-sale financial assets	193	0	261	0
Income tax relating to components of other comprehensive income	(24)	(67)	27	(23)
Other comprehensive income for items that may be reclassified subsequently to profit or loss	238	147	214	(94)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	(1,535)	5,027	(3,717)	2,781
Income tax relating to components of other comprehensive income	449	(1,471)	1,088	(814)
Other comprehensive income for items that will not be reclassified to profit or loss	(1,086)	3,556	(2,629)	1,967
Other comprehensive income	(848)	3,703	(2,415)	1,873
Total comprehensive income	2,543	5,660	1,783	5,705
attributable to:				
Non controlling interest	143	(93)	77	(258)
Shareholders of CENTROTEC Sustainable AG	2,400	5,753	1,706	5,963

Consolidated Statement of Cash Flows

in EUR thousand	01/01/2016 30/06/2016	01/01/2015 30/06/2015
Net income before interest and taxes (EBIT)	8,554	8,431
Depreciation and amortisation	11,778	11,364
Gain/ loss on disposal of fixed assets	36	(51)
Other non-cash items	(136)	1,129
Increase/ decrease in provisions	(1,765)	534
Increase/ decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(35,790)	(20,822)
Increase/ decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	15,881	15,307
Interest received	88	97
Interest paid	(1,688)	(1,682)
Income tax paid	(4,900)	(4,968)
Cash flow from operating activities	(7,942)	9,339
Purchase of property, plant and equipment/ intangible assets/ investments/ financial assets/ loans receivable	(15,172)	(12,129)
Proceeds from disposal of property, plant and equipment/ intangible assets/ loans receivable	182	141
Cash flow from investing activities	(14,990)	(11,988)
Proceeds from issuance of shares	960	373
Proceeds from financial liabilities	8,133	367
Repayment of financial liabilities	(9,256)	(5,620)
Cash payments to minority shareholders	(1,100)	0
Dividend payment	(4,433)	(3,529)
Cash flow from financing activities	(5,696)	(8,409)
Change in financial resources*	(28,628)	(11,058)
Foreign currency exchange gain/ loss of the financial resources	(48)	227
Financial resources at the beginning of the financial year	66,661	54,064
Financial resources at the end of the period	37,985	43,233

* Cash and cash equivalents including short-term financial assets deducted of credits current account

Consolidated Statement of Changes in Equity

in EUR thousand	Share Capital	Capital reserve	Treasury stock	Stock option reserve	Income tax relating to components of other comprehensive income	Exchange Rate differences on translation	Derivative financial instruments	Available-for-sale financial assets	Retained earnings and profit carryforward	Sum other retained earnings and profit/ loss carryforward	Profit attributable to shareholders of CENTROTEC Sustainable AG	Total capital to shareholders of CENTROTEC Sustainable AG	Non controlling interest presented within equity	Consolidated equity
January 1, 2016	17,733	36,290	0	1,624	127	(4)	(354)	0	148,924	150,317	20,795	225,135	827	225,962
Transfer to revenue reserves									20,795	20,795	(20,795)			0
Change from exercise of options	106	855										961		961
Stock option plan		377		(377)						(377)				0
Dividend payment									(4,433)	(4,433)		(4,433)		(4,433)
Net income (EAT)					62	(96)	(73)	261	(2,629)	(2,475)	4,181	4,181	17	4,198
Other comprehensive income, net of tax					62	(96)	(73)	261	(2,629)	(2,475)		(2,475)	60	(2,415)
Total comprehensive income					62	(96)	(73)	261	(2,629)	(2,475)	4,181	1,706	77	1,783
Other changes									1,003	1,003		1,003	(2,078)	(1,075)
June 30, 2016	17,839	37,522	0	1,247	189	(100)	(427)	261	163,660	164,830	4,181	224,372	(1,174)	223,198
January 1, 2015	17,647	35,290	(112)	1,943	87	(117)	(17)	0	134,511	136,407	17,690	206,922	986	207,908
Transfer to revenue reserves									17,690	17,690	(17,690)			0
Change from exercise of options	19	195										214		214
Stock option plan		93		(93)						(93)				0
Dividend payment									(3,529)	(3,529)		(3,529)		(3,529)
Net income (EAT)											4,046	4,046	(214)	3,832
Other comprehensive income, net of tax					(33)	12	(29)		1,967	1,917		1,917	(44)	1,873
Total comprehensive income					(33)	12	(29)		1,967	1,917	4,046	5,963	(258)	5,705
Other changes			112						(139)	(139)		(27)		(27)
June 30, 2015	17,666	35,578	0	1,850	54	(105)	(46)	0	150,500	(152,253)	4,046	209,543	728	210,271

GAS FLUE SYSTEM CASCADES/ MULTI-BOILER SYSTEMS ENERGY-SAVING LARGE BOILERS



1
Centrotherm/Ubbink gas flue systems for multi-boiler systems:
a condensate return is integrated into every element connecting with the gas flue pipe in the common flue shaft. This prevents the flue gases from other boilers from reaching the room.

2
Wolf MGK-2 midsize condensing boiler range for gas:
this midsize range of condensing boilers for gas features nine sizes, from 23 to 630 kW. Thanks to its quiet running and compact dimensions, the MGK-2 is especially suitable as a part of an efficient refurbishment project or in the renovation of older building stock, and is a very attractive solution in terms of economy.

3
Centrotherm/Ubbink cascade gas flue system:
cascades connect several boilers installed in a single room with a common gas flue system. Centrotherm/Ubbink offer systems that prevent the flue gas from flowing back into other boilers.

Consolidated Segment Reporting (Part of the Notes)

Segment Structure in EUR thousand	Climate Systems		Gas Flue Systems		Medical Technology & Engineering Plastics		Consolidation		TOTAL	
	01/01/2016 30/06/2016	01/01/2015 30/06/2015	01/01/2016 30/06/2016	01/01/2015 30/06/2015	01/01/2016 30/06/2016	01/01/2015 30/06/2015	01/01/2016 30/06/2016	01/01/2015 30/06/2015	01/01/2015 30/06/2015	
Income Statement										
Revenue from third parties	187,084	177,863	53,005	48,897	23,776	21,783	0	0	263,865	248,543
Revenue from other segments	781	909	3,972	3,473	272	211	(5,025)	(4,593)	0	0
Cost of purchased materials	(92,429)	(86,020)	(24,261)	(23,350)	(8,017)	(7,036)	5,034	4,605	(119,673)	(111,801)
Changes in inventories of finished goods and work in progress	3,073	26	20	329	357	(119)	0	0	3,450	236
Personnel expenses	(61,321)	(56,783)	(15,955)	(15,428)	(9,218)	(8,284)	0	0	(86,494)	(80,495)
Other expenses and income	(27,609)	(25,071)	(9,470)	(8,357)	(3,737)	(3,260)	0	0	(40,816)	(36,688)
EBITDA	9,579	10,924	7,311	5,564	3,433	3,295	9	12	20,332	19,795
Depreciation and amortisation	(7,300)	(7,108)	(3,024)	(2,977)	(1,454)	(1,279)	0	0	(11,778)	(11,364)
Segment result (EBIT)	2,279	3,816	4,287	2,587	1,979	2,016	9	12	8,554	8,431
Interest income	85	94	156	160	0	0	(153)	(149)	88	105
Interest expense	(1,272)	(1,121)	(315)	(417)	(279)	(328)	153	149	(1,713)	(1,717)
EBT	1,092	2,789	4,128	2,330	1,700	1,688	9	12	6,929	6,819
Balance sheet key figures										
Assets*	282,360	283,773	126,574	97,632	45,645	44,593	(40)	(47)	454,539	425,951
Financial investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Loans and investmens	712	1,047	0	0	10	0	0	0	722	1,047
Net working capital	40,121	32,946	20,164	15,224	15,265	13,982	(43)	(50)	75,507	62,102
Investments										
Total investments in property, plant, equipment and intangible assets**	9,534	5,768	3,121	5,195	2,517	1,161	0	0	15,172	12,124

* Excl. financial investments accounted for using the equity method, loans and investments, income tax receivables as well as deferred tax assets

** Incl. goodwill and figures out of business combinations

Notes to the Consolidated Financial Statements

Corporate information

The CENTROTEC Group – hereinafter also referred to as CENTROTEC – is an international group focusing on the development, manufacturing and sale of system solutions that promote energy efficiency and use renewable energies in buildings. In addition to its existing business activities, CENTROTEC regards its business purpose as including the establishment and acquisition of new business areas and companies.

The group parent, CENTROTEC Sustainable AG with registered office in Brilon, is listed on the Frankfurt Stock Exchange under the stock exchange codes CEV, WKN 540750 and ISIN DE 0005407506. It is entered on the Commercial Register of the Local Court of Arnsberg, Germany, under the number HRB 2161. The company's head office is located at Am Patbergschen Dorn 9, 59929 Brilon, Germany. CENTROTEC Sustainable AG is not part of a superordinate group, and is the ultimate parent company of the group presented in these Interim Financial Statements. Further financial and corporate information on CENTROTEC is available from the above address, or on the homepage www.centrotec.de.

Accounting standards and policies

These Interim Financial Statements at June 30, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial reporting issued by the International Accounting Standards Board (IASB), as adopted within the European Union (EU), taking account of Section 315a (1) of German Commercial Code. All IFRS standards, and in particular IAS 34 (Interim Financial Reporting), that were valid at the reporting date and the adoption of which was mandatory at that date, have been applied. The accounting policies explained in the Consolidated Financial Statements for 2015 have likewise been applied in these Interim Financial Statements, except in the case of amendments to standards to be adopted for the first time, and apply correspondingly. The First-Half Report should therefore be read in conjunction with the audited Consolidated Financial Statements at December 31, 2015. These Interim Financial Statements and the Interim Management Report have not been audited in accordance with Section 317 of German Commercial Code, nor have they been subjected to any scrutiny by an independent auditor.

The first-half reporting date for all companies included in the Interim Consolidated Financial Statements is June 30, 2016. The financial statements have been prepared in euros; unless otherwise indicated, the amounts quoted are in thousand euros (EUR thousand). For mathematical reasons, there may be rounding differences of +/- one unit.

The Management Board points out that the future-related statements made in the Interim Financial Statements are based on current expectations, assumptions and estimates. These statements are not to be interpreted as guarantees that the forecasts made will prove correct. Rather, future developments and occurrences are dependent on a wide range of factors that are subject to risks and uncertainties, the influencing factors of which may lie outside the sphere of influence of CENTROTEC. Actual developments may therefore depart from any implicit or explicit future-related statements made.

Corporate and investment structure

The business activities of CENTROTEC are classified according to the segments Climate Systems, Gas Flue Systems, and Medical Technology & Engineering Plastics. All direct and indirect subsidiaries of the parent company and group parent are included in the Consolidated Financial Statements of CENTROTEC. There have been no materially significant changes in consolidation since the annual financial statements at December 31, 2015.

Notes to the interim financial statements

- Recognition and measurement aspects

Detailed notes on the income statement, balance sheet and cash flow statement can be found in the section "Earnings" and the section "Net worth and financial position" of the Interim Group Management Report.

- Related party disclosures

Within CENTROTEC, goods and services are purchased by a large number of business partners. They are also supplied by or to persons or companies who can be classified as related parties. Transactions with these persons or companies are conducted at arm's length. Transactions with related parties were presented comprehensively in the Consolidated Financial Statements for 2015. All reciprocated services such as the use of infrastructure are billed on generally accepted market terms (arm's length principle).

- Reportable security holdings and options

The totals of reportable shares and stock options at June 30, 2016 are shown in the following table.

Management Board	Shares	Options
Dr Thomas Kneip	0	0
Dr Christoph Traxler	10,000	57,159
Supervisory Board		
	Shares	Options
Guido A Krass	2,400,000	0
Dr Bernhard Heiss	77,340	0
Christian C Pochtler, MA	0	0
CENTROTEC		
	Shares	Options
Ordinary shares	17,838,646	0
Treasury stock	0	0

- Contingent liabilities

There has been no significant change in contingent liabilities since the balance sheet date of December 31, 2015.

- Dividend payments

In May a dividend of EUR 0.25 (previous year EUR 0.20) per dividend-bearing share was distributed for the 2015 financial year.

- Change in the capital stock and the number of shares

105,406 options were exercised in the second quarter on the basis of the stock options scheme. As a result, the capital stock rose by EUR 105,406 or 105,406 shares to a present EUR 17,838,646, divided into 17,838,646 ordinary shares.

Significant events occurring after the first-half reporting date

There were no events of material significance after the first-half reporting date.

Management Board and Supervisory Board

- The members of the Management Board at the reporting date were:

Dr Thomas Kneip, Regensburg, Germany, merchant, CFO

Dr Christoph Traxler, Fulda, Germany, physicist

- The members of the Supervisory Board at the reporting date were:

Guido A Krass, Oberwil-Lieli, Switzerland, entrepreneur (Chairman)

Dr Bernhard Heiss, Munich, Germany, lawyer

Christian C Pochtler, MA, Vienna, Austria, entrepreneur

Other particulars

- Corporate Governance Code

The Management Board and Supervisory Board of CENTROTEC Sustainable AG have, pursuant to Section 161 of German Stock Corporation Law, declared the extent to which they have complied with and will comply with the recommendations of the Government Commission on the German Corporate Governance Code. The regularly submitted declarations and explanations are permanently available on the website of CENTROTEC Sustainable AG.

Brilon, August 2016

Responsibility Statement by the Management

In accordance with the German Securities Trading Act (WpHG) in conjunction with German Commercial Code (HGB), the Management Board declares:

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

The Management Board

Brilon, August 11, 2016

SOLAR THERMAL – AT THE HEART OF MODERN HEATING SYSTEMS



- 1 Wolf solar thermal flat collectors:** high-efficiency solar collectors with an innovative absorber and effective insulation trap thermal solar energy, especially in the spring and autumn.
- 2 Solar calorifier and control:** a highly insulated calorifier and an intelligent control system are at the heart of an arrangement that integrates thermal solar energy into modern heating systems.
- 3 Wolf BlueStream condensing boiler range:** is it possible to improve on condensing boiler technology? Yes! With BlueStream technology for Wolf's newly developed gas and oil-fired condensing boilers. They combine maximum energy efficiency with low power consumption, ease of installation and a comprehensive, smart control and operation system.
- 4 Condensing boiler gas flue systems:** the innovative plastic gas flue systems from Centrotherm/ Ubbink are noted for their environmental compatibility, corrosion resistance and durability. They are moreover versatile to use and easy to install, especially in renovation projects.

Financial Calendar 2016

August 11	Publication of Q2 2016 Quarterly Report
November 10	Publication of Q3 2016 Quarterly Report
November 21 – 23	German Equity Forum, Frankfurt am Main



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