

WÜRTH FINANCE GROUP

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2018

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INTERIM MANAGEMENT REPORT

AS AT 30 JUNE 2018

The core activities of the Würth Finance Group (Würth Finance International B.V., Würth Invest AG and Würth Financial Services AG) comprise financing and executing all kinds of financial transactions with domestic and foreign companies throughout the Würth Group, as well as providing advisory and other services to private clients and SMEs in relation to pension funds and insurance.

1. Business activity

Supported by the positive development of the global economy in the first half of 2018, the core business of the Würth Group grew. This had a positive impact on the intercompany business within the Würth Finance Group, which is reflected in greater volumes for supplier payments and intercompany transactions, particularly in the area of central settlement and factoring. Due to the annual reduction of the silent participation in Internationales Bankenhaus Bodensee AG (IBB), the income from this investment is declining. In the insurance brokerage business, the growth of inforce and new business is reflected in the ongoing slight increase in premium income. In the period under review, the Würth Finance Group reported total revenue of EUR 38.7 million¹, an increase of EUR 1.0 million compared to the previous year.

Operating expenses reduce slightly by around EUR 0.2 million to EUR 14.8 million, which is in line with plan. As at the end of June 2018, the company employed 115 full-time equivalents, unchanged compared to June 2017.

The result before tax rose to EUR 23.8 million¹ (previous year: EUR 22.7 million). The management is satisfied with these developments.

1.1 Inhouse banking

(Würth Finance International B.V./Würth Invest AG)

During the period under review, the company generated revenue totaling EUR 30.8 million¹, up by EUR 1.8 million on the previous year. The increase in income from operating activities was reduced by the planned annual reduction in the stake in IBB (and the resulting drop in income) and the lower contribution from securities investments.

in millions of EUR	Revenue YTD 2018	Change against 1H17
Group financing	12.7 ¹	+1.9
Central settlement	11.4	+1.0
Income from IBB participation	2.6	-0.7
Trading income	4.9	+1.1
Securities investments	-1.1	-1.8
Others	0.3	+0.3

At the shareholders' meeting of Würth Finance International B.V. held on April 18, 2018 in 's-Hertogenbosch, the company bid farewell to the two members of the Supervisory Board, Mr. Andreas Diemant and Dr. Peter Beglinger, thanking them for their many years of cooperation. The new members Mr. Michael Haller (M.A) (with effect from June 1, 2018) and Mr. Wolfgang Kirsch (with effect from January 1, 2019) were elected unanimously to the Supervisory Board of Würth Finance International B.V..

1.1.1 Group financing

As at June 30, 2018, the total assets of the Würth Finance Group amount to EUR 2,455 million (EUR 2,535 million as at December 31, 2017).

Thanks to the increase in financial fundings within the core business of the Würth Group due to growth, the net interest result and income from factoring are on the increase at Würth Finance International B.V.. All in all, the income from Group financing rose by 18% year-on-year to a total of EUR 12.7 million. Due to a further drop in interest rates in the first half of 2018, valuation losses on derivative interest rate instruments in the amount of approximately EUR 1.6 million were incurred through profit or loss in accordance with IFRS (previous year: valuation losses totaling EUR 3.2 million).

In the first half of the year the option, to extend the credit line of EUR 400 million by one year until 2023 was exercised. In addition, the expiring EUR 500 million bond was replaced by a new bond in the same amount with a 1% coupon and a seven-year term.

1.1.2 Central settlement

The income from the central settlement and delcredere business reached EUR 11.4 million in the first half of 2018, an increase of around 10% as compared to the same period in 2017. This positive development is attributable to the rise in purchasing volume of the Würth Group.

¹ This figure does not include the EUR -1.6 million effect for the mark-to-market measurement of interest rate derivatives used to hedge interest rate risk as recognised in the IFRS accounts (previous year: valuation loss of EUR -3.2 million).

1.1.3 Income from IBB participation

The revenue from the silent participation in IBB, totaling EUR 2.0 million for the 2017 financial year, was recognised at the time the resolution on the distribution of profit was passed at the annual shareholders' meeting in the spring of 2018. Further revenue amounting to EUR 0.6 million was generated under the capital provision agreement with IBB.

1.1.4 Trading with financial instruments

The risks associated with trading with financial instruments were kept at a minimum. In the first half of this financial year, it was nevertheless possible to generate trading revenue of EUR 4.9 million (YTD June 2017: EUR 3.8 million).

1.1.5 Securities investments

Würth Invest AG maintained its conservative investment strategy with an emphasis on fixed income investments. The continued high level of volatility on the stock markets created a difficult market environment. The performance of the securities investments as at end of June 2018 amounted to EUR -1.1 million.

1.2 External financial services (Würth Financial Services AG)

Würth Financial Services AG achieved revenue of CHF 9.5 million in the first half of 2018, up slightly on the level seen in the previous year (CHF 9.4 million). This trend was supported, among other things, by the constant focus on acquiring new customers, which was a direct result of the moves to strengthen the sales force, as well as the successful expansion of the "Pension fund administration" business. Würth Financial Services AG reported an operating result of CHF 3.7 million as at the end of June 2018, more than 4% higher than in the year before.

Würth Financial Services AG plans to recruit further sales force employees in the second half of 2018.

The customer acquisition pipeline also remains full thanks to the efforts of the sales force and the various on-site events on specialist topics. Together with its customers, Würth Financial Services AG will be making the most of its excellent infrastructure in the company's various locations and also using these locations as a networking platform with its business partners.

2. Report on Risks and Opportunities

At the Würth Finance Group, entering into, managing and controlling risk are central pillars of its business. The goal is not to eliminate all risks, but to achieve a balanced relationship between risk and return. Potential risks that might have a negative effect on assets, the financial position and the earnings situation are seen in the following risk categories.

2.1 Business model

The Würth Finance Group generates around 40% of its revenue through internal counterparties. As a result, there is a direct correlation between its operating result and the course of business of the Würth Group as a whole. At the same time, the company is in competition with external financial services companies. However, because it is part of the Würth Group, the Würth Finance Group enjoys a unique position compared to its rivals, an advantage it has successfully utilised for many years to extend market share.

2.2 Financial risks and opportunities

The financial risks of the Würth Group are largely measured, monitored and controlled by the Würth Finance Group. The business activities of the Würth Finance Group expose it to developments in the financial markets. Fluctuations in exchange rates and interest rates affect revenue, as do share price fluctuations and changes in commodity prices, albeit to a lesser extent. Furthermore, credit risks exist on financial assets and contingent liabilities. The Würth Finance Group measures, controls and monitors financial risks by means of a systematic risk management process. Secure auditing and transparency of information are ensured by strictly segregating the functions of the risk-taking and risk-monitoring bodies. In order to control financial risk and optimise income, the Würth Finance Group uses various means, including derivative financial instruments, which are valued and monitored on a daily basis.

Credit risk

The maximum credit risk corresponds to the value of all the financial assets and unused irrevocable credit commitments stated in the annual accounts. In order to minimise credit risks, transactions are conducted only with first-class external counterparties. For each rating level, binding counterparty limits are defined. Their absolute value is subjected to regular critical reviews by the supervisory bodies and adjusted if necessary. ISDA agreements, including a Credit Support Annex that provides for regular offsetting of cash values, are concluded with those external counterparties with whom the Würth Finance Group carries out transactions within the framework of financial risk management. The counterparty risks relating to del credere business are transferred in full to insurance companies.

Würth intra-group counterparty risks are monitored by Würth Finance International B.V., together with the appropriate member of the Würth Group's Central Managing Board, and granted a credit limit. Any credit risks relating to loans to individual Würth Group companies with negative equity as at December 31, 2017 are covered by letters of comfort from the superordinate parent company.

The credit ratings of the internal and external counterparties and the limitation on aggregated individual party risks are constantly monitored.

Interest rate risk

The Würth Finance Group deems interest rate risk to mean the negative impact on the assets and earnings situation arising from changes in the interest rates for all currencies. A significant proportion of the loans to Würth Group companies are refinanced by fixed-interest bonds with partially similar interest and maturity structures. The maximum willingness to take risks in the interest rate sector is defined by a sensitivity in relation to the equity capital. In the event of adverse changes in the interest rates on the individual currencies by 100 basis points, the maximum loss potential is related to equity. The Würth Finance Group limits the impact of interest rate changes on the equity capital base or on the asset and earnings situation. The Group aims to achieve an equity sensitivity of below 5% over the medium term. Furthermore, the Group makes use of interest derivatives to manage its exposure.

Liquidity risk

The objective of liquidity management is to ensure that the Würth Group is able to meet its payment obligations at all times. The liquidity situation of the Würth Finance Group is monitored by the Treasury Operations department. It collaborates closely with the Central Managing Board of the Würth Group to ensure that the funds needed over the next 12 to 24 months are sourced by the expected cash flow and liquidity reserves.

The high international creditworthiness of the Würth Group (Standard & Poor's has awarded its non-current liabilities an "A" rating) allows the Würth Finance Group to raise liquid funds in the international capital markets on favourable conditions. In order to cover any liquidity needs that may arise even in extraordinary circumstances, the Würth Finance Group also has several credit facilities granted by various banks.

Further information about the risks arising from financial instruments and their management can be found in the notes to the separate financial report on the website (www.wuerthfinance.net under Investor Relations). The expected effects on the results and/or the financial position and the sensitivity analysis can be found in note 19 to the financial statements.

The financial strength of the Würth Finance Group is founded on equity of EUR 311 million, net profit of EUR 18.1 million and assets of EUR 2,455 million (as at June 30, 2018).

2.3 Technological risks and opportunities

As the Würth Group's "payment factory", the Würth Finance Group handles large payment volumes, which rely on high-performance IT systems and networks. Consequently, the IT systems and IT security are constantly being enhanced and are monitored via an information security management system. The Würth Finance Group also has a business disaster recovery system: if the information and communications technology (ICT) network were to fail, all Inhouse Banking operations for the Würth Group could resume within just a few hours at another site. The ICT infrastructure is highly scalable, enabling additional business volumes to be dealt with cost-effectively and with a high level of processing quality.

2.4 Operational risks and opportunities

The Würth Finance Group deems an operational risk to constitute a risk of loss due to inadequate or failed internal processes, persons or systems, or as a result of external events. The Würth Finance Group's internal control system (ICS) assesses, documents and optimises potential events based on the probability and frequency of their occurrence as well as their impact. The desire to continuously improve the quality, efficiency and safety of core processes – a self-evident aspect of the corporate culture – strengthens the effectiveness of the Würth Finance Group on a sustained basis.

2.5 Regulatory risks and opportunities

Meeting regulatory requirements is challenging for financial and insurance service providers. Among other things, this entails rules on dealing with employees, with clients and business partners, with data and with authorities. It goes without saying that the Würth Finance Group endeavours to observe and adhere to all rules and regulations applying to its business. It has the necessary critical mass and the organisational setup to ensure effective and efficient compliance management and to meet the increasing regulatory requirements in the financial and insurance brokerage business.

Basic principles of our risk management system

- The Management bears the responsibility for all risks incurred as a result of the company's business activities and seeks to achieve a healthy balance between risk and returns.
 - An independent control process forms an integral part of the corporate structure.
 - Employees are familiar with and alert to the principal risks specific to their area of activity.
 - A central element of risk control is the comprehensive, transparent and objective disclosure of risks to the Group and company Management, owners, supervisory authorities and other stakeholders.
 - Revenue is protected on the basis of risk tolerance – i.e. the maximum risk that the Würth Finance Group can bear given its financial and earning power.
 - Ultimately, the Würth Finance Group's reputation depends on effective risk management and control.
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2.6 Overall assessment

The existing risks are systematically monitored and mitigated by measures which ensure the continuation of the company's activities, and the existing opportunities will enable further profitable growth.

3. Outlook

The Management of the Würth Finance Group expects to see a more moderate revenue development in the second half of the year. Even though volatility is expected to remain at elevated levels, the performance of the securities investments is expected to improve. Costs will only go up gradually, which will lead to a single-digit percentage increase in profit compared to the previous year.

On the other hand, the results reported in accordance with IFRS will continue to be shaped to a considerable degree by long-term interest rate trends. If these remain stable until the end of the year, the IFRS result of the Würth Finance Group will be hit gradually by valuation losses from the hedging with derivative financial transactions.

ZWISCHENLAGEBERICHT PER 30. JUNI 2018

Zu den Kernaktivitäten der Würth Finance Group (Würth Finance International B.V., Würth Invest AG, Würth Financial Services AG) gehören einerseits die Finanzierung und die Durchführung von Finanzgeschäften aller Art mit in- und ausländischen Gesellschaften der gesamten Würth-Gruppe, sowie andererseits die Erbringung von Beratungs- und anderen Dienstleistungen in den Bereichen Vorsorge und Versicherung, sowohl gegenüber Privatpersonen als auch gegenüber kleinen und mittelständischen Unternehmen.

1. Geschäftsgang

Unterstützt durch die positive Entwicklung der weltweiten Konjunktur im ersten Halbjahr 2018 ist das Kerngeschäft der Würth-Gruppe gewachsen. Dies beeinflusste das vom Konzern abhängige Geschäft der Würth Finance Group positiv, insbesondere im Bereich Zentralregulierung und Factoring zeigt sich dies durch höhere Volumen bei den Lieferantenzahlungen und den Intercompany-Transaktionen. Durch die geplante, alljährliche Reduktion der Beteiligung am Internationalen Bankhaus Bodensee AG (IBB) sind die Erträge daraus rückläufig. Im Versicherungsgeschäft spiegelt sich das wachsende Bestands- und Neugeschäft in leicht steigenden Prämien-erträgen wider. Im Berichtszeitraum hat die Würth Finance Group insgesamt einen Ertrag in Höhe von EUR 38,7 Mio.¹ erwirtschaftet, was einer Erhöhung um EUR 1 Mio. entspricht.

Der Geschäftsaufwand ist leicht um rund EUR 0,2 Mio. auf EUR 14,8 Mio. gesunken. Die Aufwände liegen damit im Plan. Per Ende Juni 2018 waren 115 Vollzeitstellen (unverändert zum Vorjahreswert) besetzt.

Das Ergebnis vor Steuern hat sich leicht auf EUR 23,8 Mio.¹ erhöht (Vorjahr: EUR 22,7 Mio.). Das Management ist mit der Entwicklung zufrieden.

1.1 Inhouse Banking

(Würth Finance International B.V. / Würth Invest AG)

Im Berichtszeitraum wurde insgesamt ein Ertrag in Höhe von EUR 30,8 Mio.¹ erwirtschaftet, was einer Erhöhung von EUR 1,8 Mio. gegenüber Vorjahr entspricht. Der Mehrertrag aus dem operativen Geschäft wurde durch die geplante, alljährliche Reduktion der Beteiligung an der IBB (und den daraus resultierenden Mindereinnahmen) sowie dem geringeren Beitrag aus den Wertschriftenanlagen reduziert.

In Mio. EUR	Ertrag YTD 2018	Veränderung zu Vorjahresperiode
Konzernfinanzierung	12,7 ¹	+1,9
Zentralregulierung	11,4	+1,0
Beteiligungserfolg IBB	2,6	-0,7
Trading-Erfolg	4,9	+1,1
Wertschriftenanlagen	-1,1	-1,8
Sonstiges	0,3	+0,3

Bei der Gesellschafterversammlung der Würth Finance International B.V. am 18. April 2018 in 's-Hertogenbosch wurden die beiden Mitglieder des Aufsichtsrats Herr Andreas Diemant und Herr Dr. Peter Beglinger mit ausdrücklichem Dank für die gute, langjährige Zusammenarbeit verabschiedet. Neu wurden Herr Mag. Michael Haller (mit Wirkung per 01. Juni 2018) und Herr Wolfgang Kirsch (mit Wirkung per 01. Januar 2019) einstimmig in den Aufsichtsrat der Würth Finance International B.V. gewählt.

1.1.1 Konzernfinanzierung

Zum 30.06.2018 beläuft sich die Bilanzsumme der Würth Finance Group auf EUR 2'455 Mio. (EUR 2'535 Mio. per 31.12.2017).

Dank der wachstumsbedingten Ausweitung des Finanzbedarfs im Kerngeschäft der Würth-Gruppe stiegen das Zinsergebnis und die Factoringenerträge bei der Würth Finance International B.V.. Insgesamt nahm das Ergebnis aus Konzernfinanzierung im Vergleich zur Vorjahresperiode um 18% auf EUR 12,7 Mio. zu. Aufgrund weiter gefallener Zinssätze im ersten Halbjahr 2018 sind nach IFRS erfolgswirksame Bewertungsverluste auf derivative Zinsinstrumenten in Höhe von rund EUR 1,6 Mio. angefallen (Vorjahr: Bewertungsverlust EUR 3,2 Mio.).

Im ersten Halbjahr wurde die Option zur Verlängerung der fest zugesagten Kreditlinie über EUR 400 Mio. um ein Jahr bis 2023 ausgeübt. Zudem wurde die auslaufende Anleihe über EUR 500 Mio. durch eine neue Anleihe in gleicher Höhe mit einer siebenjährigen Laufzeit und einem Coupon von 1% ersetzt.

¹ Nicht berücksichtigt sind die im IFRS-Abschluss ergebniswirksamen, ausserordentlichen Effekte aus der Marktbewertung von derivativen Zinsinstrumenten zur Absicherung von Zinsänderungsrisiken im Umfang von EUR -1,6 Mio. (Vorjahr: Bewertungsverlust EUR -3,2 Mio.).

1.1.2 Zentralregulierung

Der Zentralregulierungs- und Delkredereertrag beläuft sich im ersten Halbjahr 2018 auf EUR 11,4 Mio., was einem Anstieg gegenüber dem Ergebnis im Vergleichszeitraum des Vorjahres um rund 10% entspricht. Diese positive Entwicklung verläuft parallel zum steigenden Einkaufsvolumen der Würth-Gruppe.

1.1.3 Beteiligungserfolg IBB

Die anfallenden Erträge aus der stillen Beteiligung an der IBB über EUR 2,0 Mio. für das Geschäftsjahr 2017 wurden zum Zeitpunkt des Gewinnausschüttungsbeschlusses im Frühling 2018 im Rahmen der Jahresversammlung der Anteilseigner verbucht. Aus dem Kapitalüberlassungsvertrag mit der IBB fielen weitere Erträge in der Höhe von EUR 0,6 Mio. an.

1.1.4 Trading mit Finanzinstrumenten

Die Risiken im Trading mit Finanzinstrumenten wurden weiterhin konservativ gehalten, wobei in der ersten Hälfte dieses Geschäftsjahres trotzdem ein Trading-Ertrag von EUR 4,9 Mio. (YTD Juni 2017: EUR 3,8 Mio.) erreicht werden konnte.

1.1.5 Wertschriftenanlagen

Bei den Wertschriftenanlagen verblieb die Würth Invest AG bei ihrer konservativen Anlagestrategie mit Schwerpunkt auf festverzinsliche Anlagen. Eine weiterhin hohe Volatilität an den Aktienmärkten sorgte für ein schwieriges Marktumfeld. Die YTD-Performance der Wertschriftenanlagen beläuft sich per Ende Juni auf EUR -1,1 Mio..

1.2 Externe Finanzdienstleister (Würth Financial Services AG)

Die Würth Financial Services AG hat in der ersten Jahreshälfte 2018 einen Umsatz von CHF 9,5 Mio. erzielt und liegt damit knapp über Vorjahresniveau (CHF 9,4 Mio.). Dazu beigetragen haben unter anderem die stetige Fokussierung auf Neukunden, welche eine unmittelbare Folge der Verstärkung des Aussendienstes ist, sowie der erfolgreiche Ausbau des Bereichs «Pensionskassen-Verwaltung». Die Würth Financial Services AG weist per Ende Juni 2018 ein Betriebsergebnis von CHF 3,7 Mio. aus, womit eine Steigerung gegenüber Vorjahr von über 4% erzielt wurde.

Für das zweite Halbjahr 2018 sind bei der Würth Financial Services AG weitere Einstellungen im Aussendienst geplant.

Auch die Neukunden-Pipeline ist weiterhin gut gefüllt. Dabei helfen neben den Akquisebemühungen des Aussendienstes auch die diversen Veranstaltungen zu Fachthemen an allen Standorten. Zusammen mit ihren Kunden nutzt die Würth Financial Services AG die hervorragende Infrastruktur an den verschiedenen Standorten unter anderem auch als Netzwerk-Plattform und für die Kontaktpflege mit ihren Geschäftspartnern.

2. Risiko- und Chancenbericht

Bei der Würth Finance Group sind das Eingehen, Steuern und Kontrollieren von Risiken zentrale Bestandteile des Geschäfts. Es ist nicht das Ziel, alle Risiken zu eliminieren. Vielmehr soll ein ausgewogenes Verhältnis zwischen Risiko und Rendite erreicht werden. Potenzielle Risiken, die eine negative Auswirkung auf die Vermögens-, Finanz- und Ertragslage haben könnten, werden in den nachfolgenden Risikofeldern gesehen.

2.1 Geschäftsmodell

Die Würth Finance Group generiert rund 40% ihrer Erträge mit gruppeninternen Gegenparteien. Somit ist ihr Ergebnis zu einem grossen Teil direkt mit dem Geschäftsverlauf der gesamten Würth-Gruppe verbunden. Dabei steht das Unternehmen im Wettbewerb mit externen Finanzdienstleistungsunternehmen. Die Würth Finance Group verfügt aber durch die Zugehörigkeit zur Würth-Gruppe über ein Alleinstellungsmerkmal gegenüber der Konkurrenz, das sie seit vielen Jahren erfolgreich zum Ausbau von Marktanteilen nutzt.

2.2 Finanzielle Risiken und Chancen

Die Messung, Überwachung und Steuerung der finanziellen Risiken der Würth-Gruppe erfolgen grösstenteils bei der Würth Finance Group. Mit ihren Geschäftsaktivitäten ist sie gegenüber den Entwicklungen auf den Finanzmärkten exponiert. Wechselkurs- und Zinsschwankungen sowie zu einem geringeren Teil auch Börsenkurschwankungen und Rohstoffpreisveränderungen beeinflussen die Erträge des Unternehmens. Zudem bestehen Kreditrisiken auf den Finanzaktiven und Eventualverbindlichkeiten. Die Würth Finance Group misst, steuert und überwacht die finanziellen Risiken durch einen systematischen Risikomanagementprozess. Revisionsicherheit und Informationstransparenz werden durch eine strikte Funktionstrennung zwischen risikoeingehenden Stellen und risikouberwachenden Stellen gewährleistet. Zur Steuerung der finanziellen Risiken und zur Ertragsoptimierung setzt die Würth Finance Group unter anderem derivative Finanzinstrumente ein, die sie täglich bewertet und überwacht.

Kreditrisiken

Das maximale Kreditrisiko entspricht dem Wert sämtlicher finanzieller Aktiven sowie nicht beanspruchter, unwiderruflicher Kreditzusagen, die in der Jahresrechnung ausgewiesen werden. Um die Kreditrisiken zu minimieren, werden nur Geschäftsbeziehungen mit erstklassigen externen Gegenparteien aufgenommen. Für jede Ratingstufe sind verbindliche Gegenparteilimiten definiert. Deren absolute Höhe wird von den Aufsichtsgremien regelmässig kritisch hinterfragt und wenn nötig angepasst. Mit denjenigen externen Gegenparteien der Würth Finance Group, mit denen im Rahmen des finanziellen Risikomanagements Transaktionen abgeschlossen werden, bestehen ISDA-Rahmenverträge inklusive Credit Support Annex mit regelmässigem Barwertausgleich. Die Gegenparteiisiken aus dem Delkredere-Geschäft werden zu 100% an Versicherungsgesellschaften abgetreten. Gruppeninterne Gegenparteiisiken werden von der Würth Finance International B.V. zusammen mit dem zuständigen Konzernführungsmitglied

überwacht und mit einem Kreditlimit versehen. Für allfällige Kreditrisiken in Bezug auf Ausleihungen gegenüber einzelnen Würth-Gruppengesellschaften mit negativem Eigenkapital per 31. Dezember 2017 bestehen Patronatserklärungen der übergeordneten Muttergesellschaft. Die Bonitätseinstufungen der internen und externen Gegenparteien und die Limitierung aggregierter Einzelparteiisiken werden kontinuierlich überwacht.

Zinsrisiken

Unter Zinsrisiko versteht die Würth Finance Group negative Auswirkungen auf die Vermögens- und Ertragslage, die sich aus Zinssatzänderungen in allen Währungen ergeben können. Ein grosser Anteil der Ausleihungen an die Konzerngesellschaften wird mittels festverzinslicher Anleihen refinanziert, die zum Teil ähnliche Laufzeiten und Zinsbindungen aufweisen. Die maximale Risikobereitschaft im Zinsbereich ist mit einer Sensitivität in Bezug auf das Eigenkapital definiert. Bei adersen Veränderungen der Zinssätze der einzelnen Währungen um 100 Basispunkte wird das maximale Verlustpotenzial ins Verhältnis zum Eigenkapital gesetzt. Die Würth Finance Group hält die Auswirkungen von Zinssatzänderungen auf die Eigenkapitalbasis beziehungsweise auf die Vermögens- und Ertragslage niedrig und orientiert sich mittelfristig an einer Eigenkapitalsensitivität von unter 5%. Die Steuerung der Finanzstruktur erfolgt durch den Einsatz von derivativen Zinsinstrumenten.

Liquiditätsrisiken

Das Ziel des Liquiditätsmanagements ist die Sicherstellung der jederzeitigen Zahlungsfähigkeit der Würth-Gruppe. Die Liquiditätssituation der Würth Finance Group wird durch den Bereich Treasury Operations überwacht. In enger Zusammenarbeit mit der Konzernführung wird sichergestellt, dass der Mittelbedarf der nächsten 12 bis 24 Monate durch den erwarteten Cashflow und Liquiditätsreserven ausreichend gedeckt ist. Die hohe internationale Kreditwürdigkeit des Würth-Konzerns (Standard & Poor's beurteilt die langfristigen Verbindlichkeiten mit einem A-Rating) erlaubt der Würth Finance Group die günstige Beschaffung von liquiden Mitteln an den internationalen Kapitalmärkten. Zur Abdeckung even-

tueller Liquiditätsbedürfnisse auch in ausserordentlichen Situationen verfügt die Würth Finance Group zusätzlich über von verschiedenen Banken zugesicherte Kreditlinien. Nähere Angaben zu Risiken aus Finanzinstrumenten und deren Management sind in den Erläuterungen des separaten Finanzberichts im Internet (www.wuerthfinance.net unter Investor Relations) zu finden. Die erwarteten Auswirkungen auf die Ergebnisse und/oder die Finanzlage sowie die Sensitivitätsanalyse finden sich in Erläuterung 19 zum Jahresabschluss. Die wirtschaftliche Kraft der Würth Finance Group basiert auf einem Eigenkapital von EUR 311 Mio., einem Reingewinn von EUR 18,1 Mio. und Aktiven von EUR 2'455 Mio. (per 30. Juni 2018).

2.3 Technologische Risiken und Chancen

In ihrer Funktion als «Payment Factory» der Würth-Gruppe führt die Würth Finance Group ein sehr grosses Volumen an Zahlungen aus, das ohne leistungsfähige IT-Systeme und Netzwerke nicht möglich wäre. Darum werden die IT-Systeme und die IT-Sicherheit kontinuierlich ausgebaut und über ein Information Security Management System kontrolliert. Zudem verfügt die Würth Finance Group über ein Business Disaster Recovery System, das bei einem kompletten Ausfall der gesamten Informations- und Kommunikationstechnologie (ICT) die Funktion als Inhouse-Bank der Würth-Gruppe innerhalb weniger Stunden an einem anderen Standort wiederherstellt. Die hohe Skalierbarkeit der ICT-Infrastruktur ermöglicht es, zusätzliches Geschäftsvolumen kosteneffizient und mit hoher Prozessqualität abzuwickeln.

2.4 Operationelle Risiken und Chancen

Unter operationellem Risiko versteht die Würth Finance Group ein Verlustrisiko, das infolge eines Mangels oder Versagens von internen Prozessen, Menschen oder Systemen oder aufgrund externer Ereignisse entsteht. Im Rahmen des internen Kontrollsystems (IKS) der Würth Finance Group werden mögliche Ereignisse nach der Wahrscheinlichkeit ihrer Häufigkeit und ihrer Auswirkungen eingeschätzt, dokumentiert und optimiert. Das in der Unternehmenskultur verankerte Selbstverständnis, Qualität, Effizienz und Sicherheit in den Kernprozessen kontinuierlich zu verbessern, erhöht die Leistungsfähigkeit der Würth Finance Group nachhaltig.

Grundsätze unseres Risikomanagements

- Die Geschäftsleitung verantwortet sämtliche durch die Geschäftstätigkeit eingegangenen Risiken und strebt nach einem ausgewogenen Verhältnis von Risiko und Rendite.
 - Ein unabhängiger Kontrollprozess ist ein integraler Teil der Unternehmensstruktur.
 - Die Mitarbeitenden kennen die wesentlichen Risiken in ihrem Tätigkeitsfeld und werden für diese sensibilisiert.
 - Zentrales Element der Risikokontrolle ist eine umfassende, transparente und objektive Offenlegung der Risiken gegenüber Geschäftsleitung, Konzernleitung, Eigentümern, Aufsichtsbehörden und anderen Anspruchsgruppen.
 - Erträge werden gemäss der Risikofähigkeit (d.h. der Höhe des Risikos, das die Würth Finance Group aufgrund ihrer Finanz- und Ertragskraft tragen kann) geschützt.
 - Die Reputation der Würth Finance Group hängt letztlich von der wirksamen Steuerung und Kontrolle der Risiken ab.
-

2.5 Regulatorische Risiken und Chancen

Die Erfüllung der regulatorischen Anforderungen ist für Finanz- und Versicherungsdienstleister herausfordernd. Das umfasst unter anderem Regeln für den Umgang mit Mitarbeitenden, mit Kunden und Geschäftspartnern, mit Daten und mit Behörden. Dabei steht ausser Frage, dass die Würth Finance Group bestrebt ist, alle Regeln und Vorschriften für ihr Geschäft zu beachten und einzuhalten. Sie verfügt über die notwendige kritische Grösse und die Organisation, um ein effektives und effizientes Compliance-Management sicherzustellen und die zunehmenden regulatorischen Anforderungen im Finanz- und Versicherungsbrokerage-Geschäft zu erfüllen.

2.6 Gesamtbeurteilung

Vorhandene Risiken werden konsequent überwacht und mit Massnahmen belegt, die den Fortbestand des Unternehmens sicherstellen. Die vorhandenen Chancen ermöglichen ein weiteres profitables Wachstum.

3. Aussichten und Perspektiven

Das Management der Würth Finance Group erwartet für die zweite Jahreshälfte moderat wachsende Erträge. Obwohl die Volatilität an den Finanzmärkten voraussichtlich hoch bleiben wird, ist mit einer Verbesserung der Performance der Wertchriftenanlagen zu rechnen. Die Kosten werden nur schrittweise steigen. Dies wird voraussichtlich zu einer Steigerung des Gewinns gegenüber Vorjahr im einstelligen Prozentbereich führen.

Hingegen wird das IFRS-Ergebnis auch künftig stark von der Entwicklung der langfristigen Zinssätze beeinflusst. Sollten diese bis Ende des Jahres stabil bleiben, wird das IFRS-Ergebnis der Würth Finance Group durch die Bewertung von derivativen Finanzgeschäften leicht negativ beeinflusst.

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2018

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2018

ASSETS

in TEUR	Notes	30.06.2018	31.12.2017
Non-current assets			
Intangible assets			
Software		729	996
Property, plant and equipment			
Operating equipment and furnishings		452	509
Financial assets			
Loans to associated companies	6	1,003,601	944,422
Other financial assets	6	44,500	44,500
Deferred tax assets		2,428	2,259
Total non-current assets		1,051,710	992,686
Current assets			
Receivables from associated companies	6	1,028,939	973,117
Loans to family trusts	6	14,000	14,000
Positive fair values of derivative instruments		2,570	8,102
Other receivables		3,409	2,658
Income tax receivables		3,636	2,860
Accrued income and prepaid expenses		4,161	5,092
Securities held for trading		101,573	96,939
Cash and cash equivalents		244,856	439,428
Total current assets		1,403,144	1,542,196
Total assets		2,454,854	2,534,882

EQUITY AND LIABILITIES

Shareholders' equity			
Capital subscribed and paid in		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		272,192	264,103
Foreign exchange difference		-12	115
Net profit for the year		18,096	28,082
Total shareholders' equity		311,276	313,300
Non-current liabilities			
Bonds issued	4	1,493,027	995,944
Liabilities for pension plans		3,777	4,230
Deferred tax liabilities		17	18
Total non-current liabilities		1,496,821	1,000,192
Current liabilities			
Bonds issued	4	0	499,726
Payables to associated companies	6	599,209	671,628
Payables to banks		7,957	5,848
Provisions for taxes		10,854	7,538
Negative fair values of derivative instruments		5,983	4,199
Other liabilities	6,7	20,717	12,769
Accrued expenses and deferred income		2,037	19,682
Total current liabilities		646,757	1,221,390
Total equity and liabilities		2,454,854	2,534,882

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

AS AT 30 JUNE 2018

in TEUR	Notes	YTD 2018	YTD 2017
Operating income			
Interest income		33,285	19,894
Interest expenses		-30,240	-18,946
Net interest income		3,045	948
Income from factoring activities		8,066	7,281
Income from commission and service fee activities		19,743	19,228
Income from trading activities and financial instruments		3,561	3,728
Other ordinary income	5	2,642	3,305
Total operating income		37,057	34,490
Operating expenses			
Personnel costs		-8,575	-8,973
Other administrative expenses		-5,873	-5,846
Depreciation and amortisation		-401	-210
Total operating expenses		-14,849	-15,029
Profit before taxes		22,208	19,461
Corporate taxes		-4,446	-2,979
Deferred taxes		334	-138
Net profit		18,096	16,344

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE 2018

in TEUR, net of tax	YTD 2018	YTD 2017
Net profit	18,096	16,344
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign exchange difference	-127	23
Net (loss)/gain on cash flow hedges	1,937	30
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
IAS 19 obligation	370	0
Other comprehensive income (OCI)	2,180	53
Total comprehensive income	20,276	16,397

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

AS AT 30 JUNE 2018

in TEUR	YTD 2018	YTD 2017
Net profit	18,096	16,344
Depreciation and amortisation	401	210
Adjustment to provision for taxes	3,315	-331
Decrease (increase) in deferred tax assets	-169	0
Increase (decrease) in deferred tax liabilities	1	0
Other expenses and revenues without cash flows	-278	15,064
(Increase) Decrease in operating assets		
Receivables from associated companies	-55,822	-173,515
Positive fair values of derivative instruments	5,532	-3,503
Income tax receivables	-776	2,869
Other receivables and accrued income and prepaid expenses	180	-2,630
Increase (Decrease) in operating liabilities		
Payables to associated companies	-72,419	189,535
Negative fair values of derivative financial instruments	1,784	-3,039
Other liabilities and accrued expenses and deferred income	-9,698	-14,126
Net cash flows from operating activities	-109,853	26,878
Purchase of property, plant and equipment and intangible assets	-77	-311
Disposal of property, plant and equipment and intangible assets	20	23
Purchase of securities	-41,089	-19,767
Disposal of securities	35,698	15,590
Redemption of long-term loans to associated companies	123,645	195,960
Lending of long-term loans to associated companies	-177,074	-199,817
Net cash flows from investing activities	-58,877	-8,322
Repayment of bonds issued, purchase of own bonds	-504,987	0
Issue of bonds	499,463	0
Dividends paid	-22,300	-20,050
Net cash flows from financing activities	-27,824	-20,050
Foreign exchange difference	-127	16
Net increase (decrease) in cash and cash equivalents	-196,681	-1,478
Net cash and cash equivalents at the beginning of the period	433,580	564,489
Net cash and cash equivalents at the end of the period	236,899	563,011
Net increase (decrease) in cash and cash equivalents	-196,681	-1,478
Taxes paid	-1,714	-369
Interest received*	38,148	33,979
Interest paid	-40,030	-39,398

The funds for this cash flow statement are represented by cash and cash equivalents (net).

*2017 numbers are restated in line with 2018 overview.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

The table below shows the changes in equity in 2017 and in the first half of 2018.

in TEUR	Capital	Retained earnings	Currency adjustment	Total
At 1 January 2017	16,000	286,075	-7	302,068
Net profit for the period (01.01.2017 - 30.06.2017)		16,344		16,344
Other comprehensive income		30	23	53
Total comprehensive income for the period		16,374	23	16,397
Dividends paid		-20,050		-20,050
At 30 June 2017	16,000	282,399	16	298,415
At 1 July 2017	16,000	282,399	16	298,415
Net profit for the period (01.07.2017 - 31.12.2017)		11,738		11,738
Additional paid-in capital		5,000		5,000
Other comprehensive income		-1,952	99	-1,853
Total comprehensive income for the period		14,786	99	14,885
Dividends paid		0		0
At 31 December 2017	16,000	297,185	115	313,300
At 1 January 2018	16,000	297,185	115	313,300
Net profit for the period (01.01.2018 - 30.06.2018)		18,096		18,096
Other comprehensive income		2,307	-127	2,180
Total comprehensive income for the period		20,403	-127	20,276
Dividends paid		-22,300		-22,300
At 30 June 2018	16,000	295,288	-12	311,276

Würth Finance International B.V. has an authorised share capital of EUR 80 million consisting of 160,000 share certificates with a nominal value of EUR 500. Of this authorised share capital, 32,000 share certificates have been subscribed and fully paid in, corresponding to EUR 16 million.

In 2018 a dividend of TEUR 22,300 (EUR 697 per share) was paid for the 2017 financial year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

1. Business activities and consolidated companies

1.1 Business activities

Würth Finance International B. V. (in these consolidated financial statements, together with its subsidiaries, referred to as Würth Finance Group) was incorporated in 1987 and is domiciled in Amsterdam, Netherlands. The address of the company is Het Sterrenbeeld 35, P. O. Box 344, NL-5201 AH 's-Hertogenbosch. The Company has a branch in Rorschach, Switzerland and also has several subsidiaries in Switzerland.

The companies belonging to the Würth Finance Group (hereinafter referred to as "the Group") are part of the internationally active Würth Group. All share certificates pertaining to Würth Finance International B.V., Amsterdam, are held by Reinhold Würth Holding GmbH, Künzelsau, Germany, which is ultimately owned by family trusts.

The core activities of the Group include providing financing to and carrying out a wide range of financial activities with companies, both at home and abroad, belonging to the entire Würth Group, as well as providing consulting and other services in the spheres of pension funds and insurance to private persons, small and medium-sized enterprises.

1.2 Consolidated companies

The interim condensed consolidated financial statements include the financial statements of Würth Finance International B.V., Amsterdam, and its subsidiaries, which are presented as a single business entity: the Würth Finance Group. Subsidiaries that are controlled directly or indirectly by the Group have been consolidated. Subsidiaries are consolidated from the date on which they were acquired by the Group and are deconsolidated from the date of disposal.

1.3 Method of consolidation

The consolidated financial statements comprise the financial statements of Würth Finance International B.V., Amsterdam, and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, as well as income and expenses resulting from intra-group transactions, are eliminated in full.

2. Accounting principles used in this report

The unaudited interim condensed consolidated financial statements for the Würth Finance Group as at June 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group's audited Annual Report for 2017 was approved by the Management on April 18, 2018 and can be obtained from the head office of Würth Finance International B.V. These interim financial statements as at June 30, 2018 were approved by the Management of Würth Finance International B.V. on August 31, 2018 and are also available at the head office of Würth Finance International B.V.. All reports are also published online on the Würth Finance International B.V. website: www.wuerthfinance.net.

The interim condensed consolidated financial statements do not include all statutory information and disclosures contained in the annual financial statements and should therefore be read in conjunction with the 2017 audited consolidated financial statements of the Würth Finance Group.

The accounting principles used to produce the interim report are consistent with the principles used to produce the audited annual financial statements for 2017. Würth Finance Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Foreign exchange translation

The financial statements are presented in EUR, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate applicable on the date of the transaction. Exchange differences arising from such transactions as well as income resulting from converting monetary assets and monetary liabilities denominated in foreign currencies at the rate of exchange applicable at the balance sheet date, are recognised in the income statement. Within the framework of the consolidation, all assets and liabilities of the subsidiaries – with the exception of shareholders' equity – are translated into the presentation currency of the Group at the rate of exchange applicable at the balance sheet date. The individual positions on their income statements are translated into the Group's presentation currency at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity (foreign exchange difference). Only when a subsidiary is disposed of, translation differences are recognised in the income statement as part of the sales revenue for that particular foreign operation.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of these foreign companies and are translated by using the exchange rate applicable on the balance sheet date.

Conversion rates	30.06.2018	31.12.2017	30.06.2017
US Dollar (USD)	1.167	1.199	1.142
Swiss Franc (CHF)	1.159	1.170	1.093
British Pound (GBP)	0.884	0.887	0.880
Canadian Dollar (CAD)	1.535	1.504	1.481
Chinese Renminbi (CNH)	7.738	7.816	7.749
Norwegian Krone (NOK)	9.516	9.840	9.582
Danish Krone (DKK)	7.451	7.445	7.436
Swiss Franc (CHF) – average exchange rate	1.170	1.112	1.077

3. Segment reporting

As there were no significant organisational changes in the first half of 2018, the segments remained unchanged. The interim financial statements do not contain segment reports.

4. Bonds

On May 25, 2018 the company repaid a EUR 500 million bond with an annual 3.75% coupon. The company issued a EUR 500 million bond under its EUR 3 billion EMTN programme. The bond was issued on May 25, 2018 has a term of seven years and an annual coupon of 1.0%.

5. Other ordinary income

Other ordinary income for the first half of 2018 comprises TEUR 2,642 in income arising from the funding relationship with IBB as well as fees charged to other Würth Group companies for services rendered (1H17: TEUR 3,305).

6. Transactions with related parties

As the operational treasury unit of the Würth Group, the Group is responsible for concentrating and optimising the worldwide flow of payments, managing the financial risks and handling the financing of the Würth Group companies. In addition to all of the companies belonging to the Würth Group, the “related parties” also include the members of the Board of Directors and Management of the Group, as well as their families and companies closely associated with them.

in TEUR	30.06.2018	31.12.2017
Receivables from associated parties		
Loans to associated companies	1,003,601	944,422
Other financial assets	44,500	44,500
Loans to family trusts	14,000	14,000
Receivables from associated companies	1,028,939	973,117
Total receivables from related parties	2,091,040	1,976,039
Payables to associated parties		
Payables to associated companies	599,209	671,628
Other payables to associated companies	3,928	3,429
Total payables to related parties	603,137	675,057

Transactions with related parties conform to the usual market terms and conditions.

7. Other liabilities

in TEUR	30.06.2018	31.12.2017
Payables for deliveries and services	12,062	3,762
Of which to third parties	8,134	333
Of which to associated parties	3,928	3,429
Compensation-related liabilities	2,326	3,701
Other liabilities	6,329	5,306
Total other liabilities	20,717	12,769

Other liabilities primarily comprise accruals for services received but not invoiced during the financial year.

8. Commitments and Contingencies

The Group has issued guarantees, letters of comfort and letters of credit. These represent commitments and contingencies in favour of third parties for associated company liabilities. They include contractual commitments linked to borrowings by Würth Group of North America Inc. (private placement). Irrevocable lending commitments that have already been made, but have not yet been utilised, are reported at the nominal value.

in TEUR	30.06.2018	31.12.2017
Guarantees, letters of comfort, letters of credit	103,511	264,952
Total contingent liabilities	103,511	264,952

in TEUR	30.06.2018	31.12.2017
Not yet utilised, irrevocable guaranteed lending commitments	164,468	13,434
Total irrevocable lending commitments	164,468	13,434

9. Significant transactions after the reporting date

At the time of publication, no transactions have been identified that would have a material impact on the unaudited interim condensed consolidated financial statements of the Würth Finance Group.

STATEMENT BY THE MANAGEMENT

To the best of our knowledge, the interim condensed consolidated financial statements present a true and fair view of the assets, liabilities, financial position and earnings of the Würth Finance Group in accordance with the reporting principles for interim financial reporting. The interim management

report accurately presents the Group's performance and position and describes the main projected opportunities and risks for the remainder of the financial year.

's-Hertogenbosch & Rorschach, 31 August 2018

Roman Fust
Managing Director
Würth Finance International B.V.

Björn van Odijk
Managing Director
Würth Finance International B.V.