UNIWHEELS
UNITED WHEELS GROUP

Expansion 360°

ANNUAL REPORT 2016

Key Investment Highlights

1. One of **Europe's leading alloy wheel manufacturers** with a long-term track record of successful customer relationships.

2. **Solid market growth:** Rising demand from OEMs, increasing automobile production and a higher share of lightweight alloy wheels could lead to capacity shortages in the near future.

3. **Premium OEM focus in the automotive sector** provides access to global markets and emerging economies, a balanced customer base and less exposure to market volatility.

4. **Accessory: Excellent market position** with four major brands that address all market segments. Well-established for decades in motor sport.

5. **Quality leadership** and operational excellence: Added value for customers thanks to high-end technologies such as wheel diameters, light-weight solutions and sophisticated surface treatments. Maximum efficiency in the production process.

6. **Solid financial track record 2012 to 2016:** EBITDA tripled and net profit up fivefold. Net debt at a factor of just 0.6 of EBITDA despite capex programme. Strategy 2022: A programme with ambitious financial goals.

7. **Shareholder orientation:** Dividend policy aiming a payout ratio of 50% of consolidated profit.

Key financials

SELECTED FINANCIAL INDICATOR

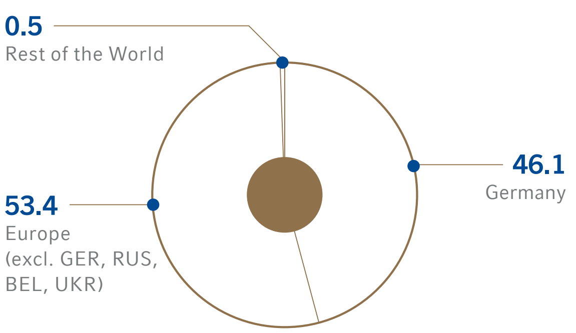
		2016	2015	Change
Unit sales of wheels	thousand units	8.761	7,822	12.0%
Revenue	EUR m	464.1	436.5	6.3%
EBITDA	EUR m	70.2	58.7	19.6%
EBIT	EUR m	52.1	43.9	18.7%
EBT	EUR m	50.5	40.7	24.0%
Net profit for the year	EUR m	64.1	40.7	57.5%
Interest expense	EUR m	3.1	4.4	–29.1%
EPS (basic/diluted)	EUR per share	5.17	3.52	46.9%
EBITDA margin	%	15.1	13.4	1.7 PP
EBIT margin	%	11.2	10.1	1.1 PP
EBT margin	%	10.9	9.3	1.6 PP
Cash flow from operating activities	EUR m	71.9	46.1	55.9%
Capital expenditure	EUR m	84.1	42.3	98.8%
Equity ratio	%	62.3	61.6	0.7 PP
Net debt	EUR m	42.5	10.6	302.5%
Net debt/EBITDA		0.6	0.2	0.4 PP
Return on capital employed	%	19.0	20.4	–1.4 PP
Average headcount	No.	2.918	2,539	14.9%

>19%
EBITDA-GROWTH
Revenue increases and economies of scale

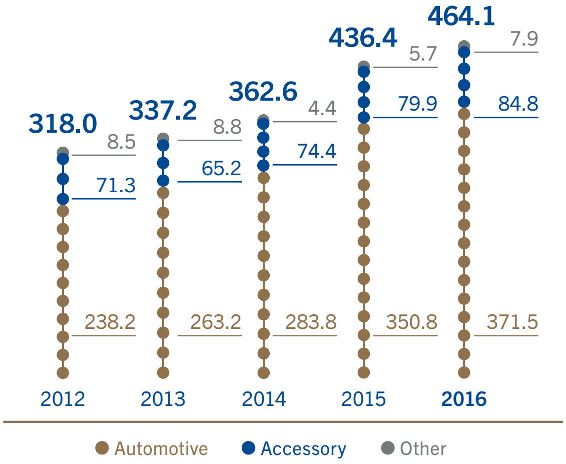
>15%
EBITDA-MARGIN
Efficiency enhancements and improved product mix

0.6×
NET DEBT/EBITDA
Very solid balance sheet structure despite construction of a fourth plant

UNIWHEELS REVENUE BY REGION 2016 %



REVENUE 2012 – 2016 EUR m



Our divisions

AUTOMOTIVE

One of the leading suppliers of alloy wheels to major international car manufacturers (OEM).

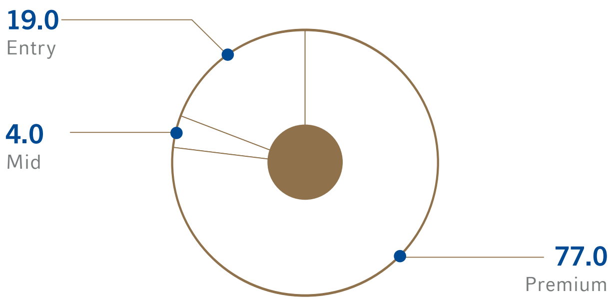
- **All wheels** are produced with low-pressure die casting technology, test criteria according to OEM customer standards are met without fail, thus positioning UNIWHEELS as a quality and innovation leader.
- **Strong and long-established relations** with OEMs such as Audi, BMW/MINI, Mercedes/AMG, Jaguar Land Rover and Volvo
- **Strong emphasis on premium segment:** Direct distribution via key account management to OEMs as a Tier-1 supplier, mainly in the premium segment.

ACCESSORY

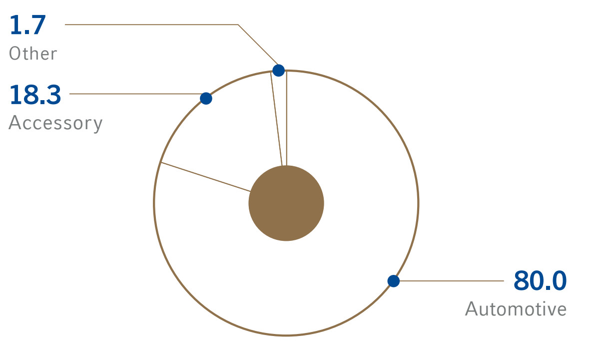
The market-leading manufacturer of alloy wheels for the accessories market (AM) in Europe.

- **Four established brands:** ATS, RIAL, ALUTEC and ANZIO, cover different customer groups from premium to economy and are certified in accordance with ISO 9001 and TS 16949
- **Distribution channel** via own trading companies to major tyre and wheel distributors, retailers as well as leading car dealers, and the UNIWHEELS B2B Webshop.
- **Motor sport:** a long racing tradition and expertise. In 2017 ATS, a UNIWHEELS AG brand, will become the official and exclusive provider of wheels to all racing cars participating in the DTM series.

AUTOMOTIVE-REVENUE BY OEM CUSTOMER SEGMENT %



REVENUE 2016 BY DIVISION %



Expansion$^{360°}$

Expansion, development and a record year: UNIWHEELS put its new plant in Poland into operation in 2016 ahead of schedule. The ambitious 2022 Strategy programme was drawn up that sets specific targets. The course is set for the next steps of expansion.

Last and not least, this annual report provides insights on another record-breaking year in the history of the company and a 360° perspective.

Foreword

Dear shareholders, customers and business partners,

It is with great pleasure that we submit this annual report on what has proven to be an excellent year for the UNIWHEELS Group. Measured on business performance, this marks the fourth record year in succession! The UNIWHEELS Group has once again set new records in terms of unit sales, revenue and EBITDA. Double-digit growth was seen in the business of both the Accessory and the Automotive divisions. The revenue of the group increased by 6.3% in comparison to fiscal year 2015. EBITDA even grew by 19.6%, well above the forecast, on account of stringent cost control and despite the ramp-up costs at the new plant in Poland. In the Automotive division, UNIWHEELS was able to build on its extremely successful customer relationships, with a focus on the premium segment, and continue diversifying its customer base. The product mix generated more value added: a greater number of larger wheels (with a rising share of wheels larger than 19" and the first 23" wheel put into serial production) due to the trend towards SUVs, coupled with more wheels with sophisticated surface treatments (e.g. Diamond Cut) and greater use of lightweight technology (e.g. Flow-Forming) for leading premium models. In the Accessory division unit volume rose by 11.7%. New products and applications – especially for our premium brands – were successfully placed on the market and enjoyed a great reception from our customers.

After just 12 months of construction, we were able to fit out our fourth plant in line with the schedule that we committed to when we went public. Thanks to strong customer demand for our wheels, we completed the second stage (ramp-up of production) one year earlier than planned, resulting in the full annual production capacity of 2 million wheels coming online in spring 2017 already. The new plant UPP 3 is one point of focus of this annual report.

We attribute the enormous growth of our group in recent years to the consistent pursuit of our corporate strategy. To reach our long-term objectives and drive forward the technological leadership of the UNIWHEELS Group, we launched our Strategy 2022 in 2016. This is more than just lip service. With the clear goal of technology leadership, we intend to continue the successful trajectory of UNIWHEELS in the coming years.

Successful and rock-solid financials, growth in the business, keeping promises and setting targets – these factors naturally affect the way we are perceived by the capital markets. Over the course of 2016, the UNIWHEELS share appreciated by 74%, easily outperforming all German and Polish benchmark indices. Since going public in May 2015, the share price has more than doubled. The company's market capitalization came to EUR 616 million at the end of the year.

We would like to warmly thank our shareholders for the trust they have shown in our company. To allow them to appropriately share in the fruits of our success, we propose a dividend of EUR 2.00 per share to the annual general meeting, which will be held on 30 May 2017 in Bad Dürkheim.

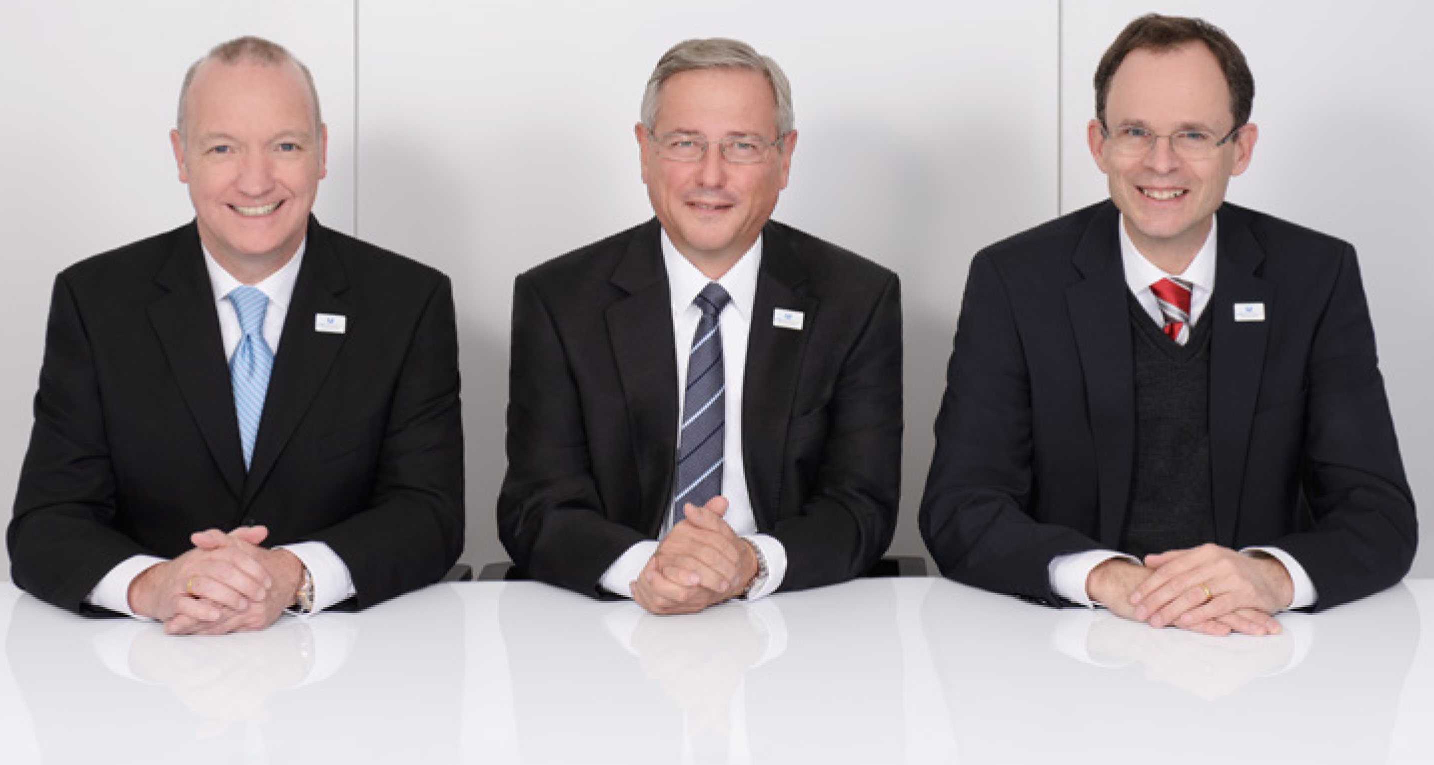
Our workforce of 3,100 employees in Germany and Poland as at year-end have made a very special contribution to the successes notched up in the reporting year. We would like to take this opportunity to especially thank them for their efforts. Likewise, we would like to thank our customers and business partners for their trust and fruitful cooperation. We will continue to work hard in future on being a reliable and growing partner. We look forward to fiscal year 2017 with great optimism.

Yours sincerely,

Dr. Thomas Buchholz CEO

Dr. Wolfgang Hiller COO

Dr. Karsten Obenaus CFO



DR. WOLFGANG HILLER – CHIEF OPERATING OFFICER (COO)

born in 1961, is COO of UNIWHEELS Group. Dr. Hiller acquired a doctorate in physics and nuclear medicine and has more than 26 years of international experience in the automotive industry. Most recently he worked for an investment company located in Dubai as Managing Director Automotive. Prior to this assignment he served as CEO for one of the worldwide market leader for automotive brake discs, Buderus-Guss GmbH. Before that, he held various management positions at Bosch, e.g. within the Corporate Research, as Global Head of business units and for 6 years at Bosch Japan as a board member/Senior Managing Director in charge of the Chassis Division/Global Sales JOEM and the region ASEAN.

Areas of responsibilities:
Group operations, group industrial engineering, division accessory/aftermarket, group marketing & e-commerce, motorsports, environmental management

DR. THOMAS BUCHHOLZ – CHIEF EXECUTIVE OFFICER (CEO)

Dr. Thomas Buchholz, born in 1957, is the Chief Executive Officer (CEO) of UNIWHEELS AG and has many years of international experience in leadership positions in the automobile industry. Immediately before taking over the management of the Automotive division at UNIWHEELS AG in August 2015 Dr. Buchholz held the position of Chairman of the Board of another large automotive supplier, SHW AG, in Aalen. Prior to that appointment, Dr. Buchholz was Chief Executive Officer at TI Automotive (Heidelberg) GmbH and before that held a number of different management positions in the MAHLE Group, including in Brazil, over a span of 17 years.

Areas of responsibilities:
Sales & development OEMs, group human resources, strategy & growth, quality management

DR. KARSTEN OBENAUS – CHIEF FINANCIAL OFFICER (CFO)

Dr. Karsten Obenaus, born in 1964, is the CFO of UNIWHEELS AG. After completing a bank apprenticeship and studies that culminated in a doctorate in Frankfurt am Main, he began his professional career in 1994, holding a number of positions in finance and accounting at Deutsche Industrie-Treuhand, Goedecke AG (Pfizer Group) and EMTEC (BASF Group). In 2003 Dr. Obenaus was assigned responsibility for the management accounting (controlling) function at ATS. Subsequent to the takeover of ATS by UNIWHEELS in 2008, Dr. Obenaus became the Head of Accounting, Head of Risk Management, Head of Controlling and CFO of the Polish operation. Dr. Karsten Obenaus was appointed to the position of CFO of UNIWHEELS AG in November 2014.

Areas of responsibilities:
Finance & accounting/taxes, controlling, investor relations, legal affairs, compliance, sustainability, risk management, procurement and IT

Strategy 2022

Strategy 2022 is more than just lip service. With the clear objective of technology leadership, we intend to continue the successful trajectory of UNIWHEELS in the coming years.

We attribute the enormous growth of our group in recent years to the consistent pursuit of our corporate strategy. By passing the milestones of our IPO in 2015 and putting the new plant UPP 3 into operation in Poland in 2016, we have already attained our short term goals. To reach our long-term objectives and drive forward the professionalism of the UNIWHEELS Group, we launched our Strategy 2022 in 2016. At a number of workshops at top management level, we jointly worked out our strategic goals for the different divisions. These goals constitute the guidelines for our future activities at both operating and strategic level.

It is our conviction that sharing a systematic strategy with investors and stakeholders is critical for a listed company with great ambitions. This also includes a vision and a mission statement, structured strategic fields, specific objectives and financial goals as well as the resulting measures to get there.

Further information on the Strategy 2022 of UNIWHEELS, the strategic fields and associated areas as well as the specific objectives and measures can be found in the combined group management report and management report from page 34 onwards or on our website under:
http://www.uniwheels.com/uwag/en/home/the-company/strategy-202200/.

MISSION

As the leading manufacturer of alloy wheels, UNIWHEELS serves the international automobile industry (Automotive), the aftermarket (Accessory) and international motor sport.

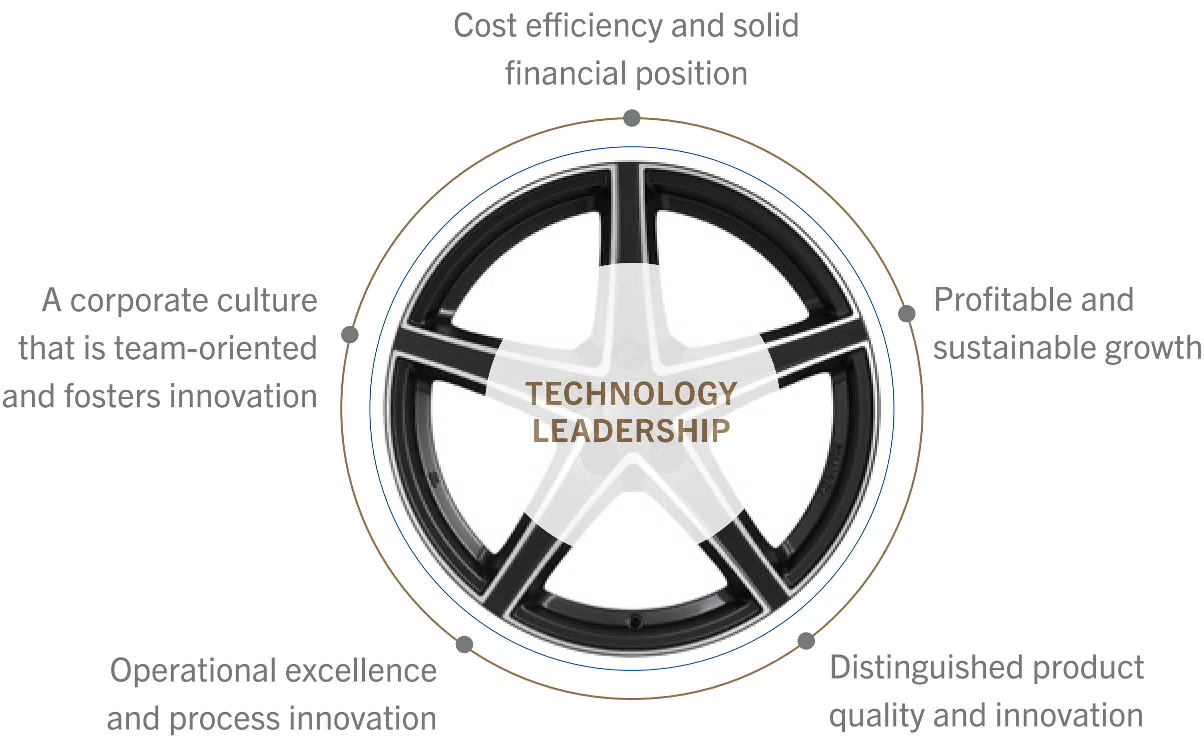
VISION

The UNIWHEELS Group is the global technology leader for alloy wheels. UNIWHEELS sets industry standards at operational level which allow the group to replicate production plants anytime through continuously optimised configuration and to respond to market requirements in a forward-looking manner.

TARGETED KEY PERFORMANCE FIGURES 2022

REVENUE	≥700 M
EBIT	≥10%
EBITDA	≥15%
ROCE	≥20%
Net debt/EBITDA	<2,0 ×

STRATEGIC AREAS



OUR NEW PLANT IN POLAND

Accelerated expansion

On the following pages we will guide you through UPP 3, one of the most modern production plants for alloy wheels worldwide and our third plant in Stalowa Wola, which is situated at the largest combined production location for alloy wheels worldwide.

OUR NEW PLANT IN POLAND

Ahead of time

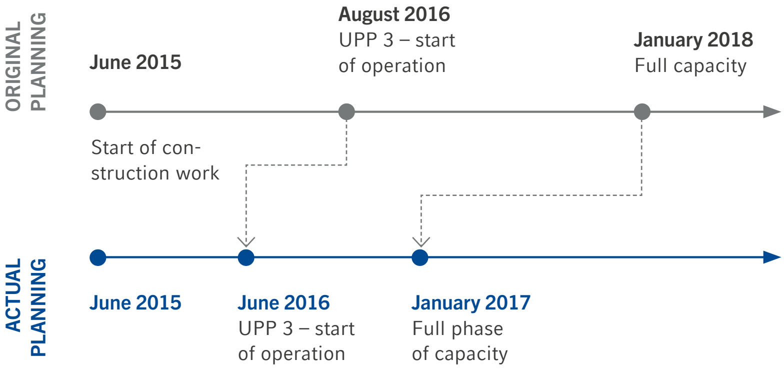
In the course of the IPO, we announced our new plant UPP 3 in connection with the use of the proceeds. The full capacity expansion could be shortened by 12 months.

Moreover, we improved on our ambitious schedule by bringing forward the second expansion phase by one year resulting in the full annual production capacity of 2 million wheels coming online in spring 2017 already.

In future, up to 20,000 tons of aluminium will be processed on 31,182 square metres of space into alloy wheels for the premium manufacturers of the automobile industry. 425 employees ensure the high quality of our manufacturing processes starting with the aluminium ingots and finishing with the polished wheel.

Furthermore, the plant has the most modern machinery of the group. The planning and development of the trail-blazing layout of the new plant was based on the expertise gained from the various process innovations at the individual production locations. In addition, efficiency and the design of processes form the basis for further optimisation of production at the UNIWHEELS Group's existing production plants and those planned for the future.

ACCELERATION BY 12 MONTHS



SCHEDULED CAPACITY EXPANSION

2014

June Kick-off of planning and setup of new production plant in Stalowa Wola

2015

April / May UNIWHEELS conducts IPO at WSE and announces commitment to the market to invest the proceeds in the new plant UPP 3 in Stalowa Wola

July Start of construction work

October Hall construction completed, first plant and equipment installed

2016

March Acceleration of the expansion project. Full capacity increase by (50%) from January onwards

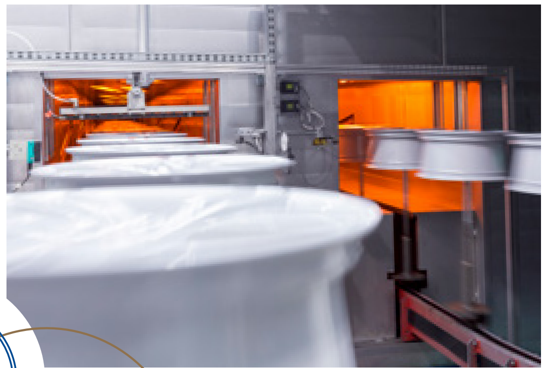
June UPP 3: Start of operation as of June 2016 instead of August 2016

September 75% of planned capacity already reached

UNIWHEELS presents the new plant UPP 3 to investors

2017

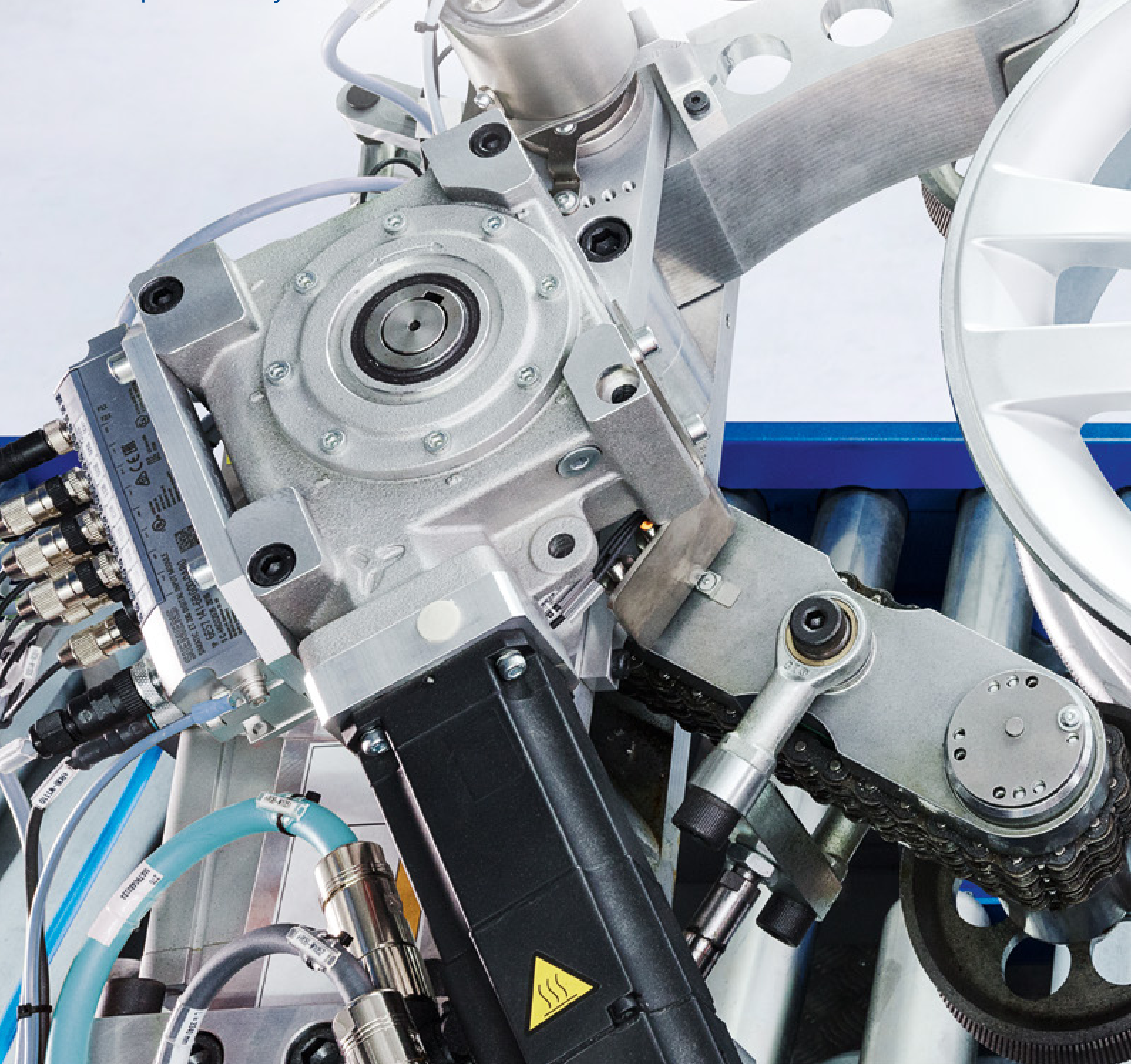
January Full capacity as of January 2017 instead of January 2018

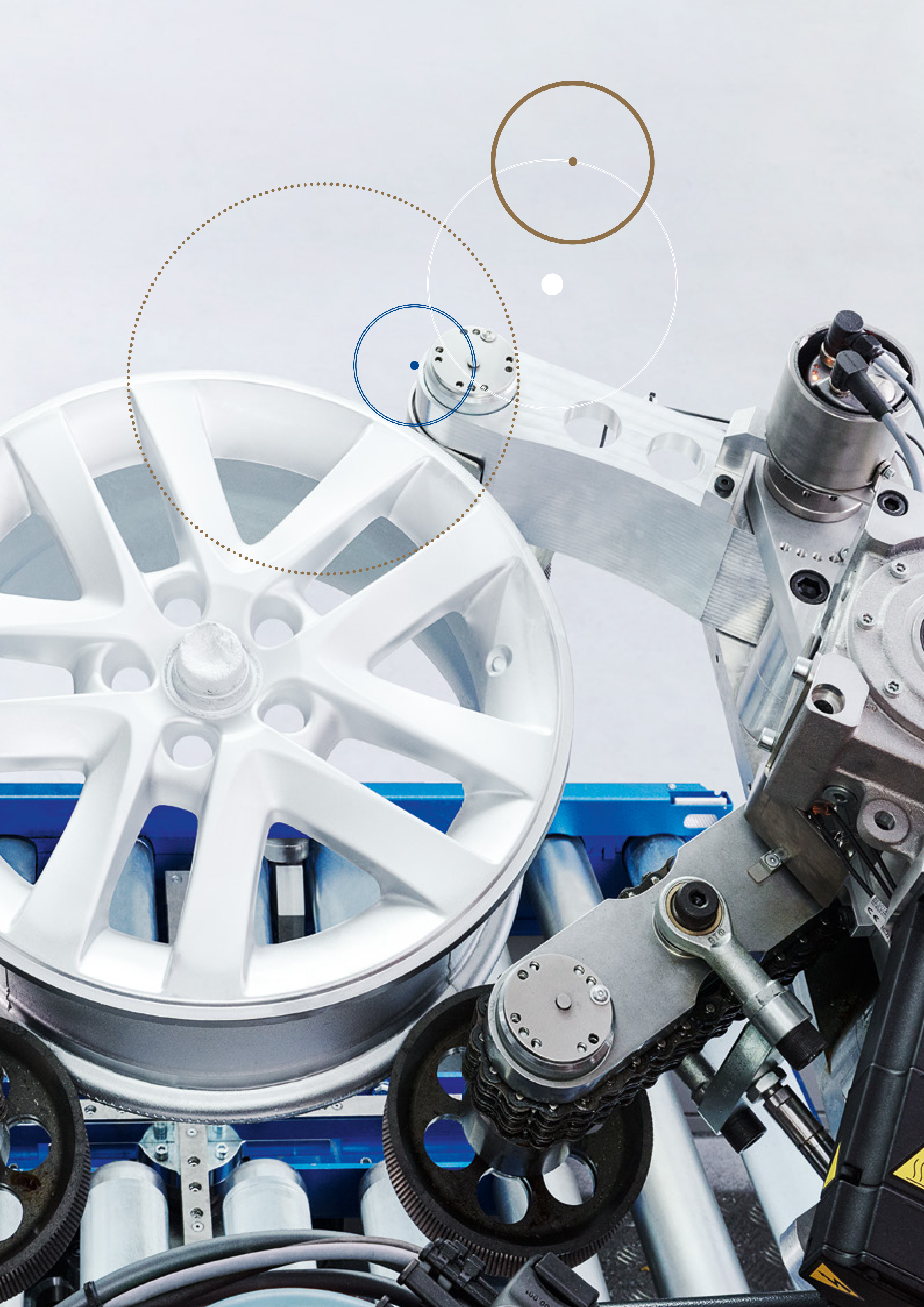


OUR NEW PLANT IN POLAND

Focus on the future

Production of our aluminium wheels involves an exact sequence of perfectly synchronised processes using state-of-the-art production methods. This results in innovative manufacturing methods which set market trends and drive forward the technological development of alloy wheels.





OUR NEW PLANT IN POLAND

Setting market trends

With our focus on quality leadership, high-precision process technologies and more efficient automation, we anticipated the market trends for alloy wheels when designing our newest plant.

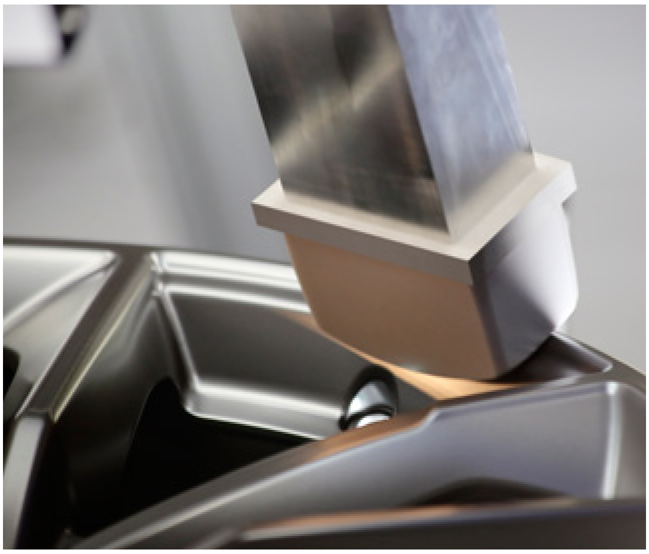
PRODUCTION CAPACITY
APPROX. 2.0
MILLION WHEELS IN 2017

APPROX. 425
EMPLOYEES

WHEEL SIZES
OF UP TO 24"

Due to growing market demand for more challenging specifications with respect to larger wheel diameters, the plant focuses on a wide range of different wheel sizes. Both the paintshop and the conveying system can accommodate wheels of up to 24''. Highly efficient production processes allow for a mix of the most sophisticated wheel surfaces with Diamond Cut wheels accounting for up to 35% of production.

Moreover, up to 25% of the plant's production can consist of wheels manufactured using the Flow Forming technology. With this, UNIWHEELS makes an important contribution to meeting the regulatory requirements imposed on the automobile industry to further reduce CO_2 emissions. Technologies to reduce the weight of wheels as well as concepts to reduce aerodynamic drag are focused on by our research and development department. We constantly work on cost and energy-saving technologies and processes to align our products with the requirements of the electrification of mobility and the digital age.



R&D / INDUSTRIAL ENGINEERING / PRODUCTION

R&D

Pre-development
Product design
Application

INDUSTRIAL ENGINEERING

Process development
Best-in-class processes/practices
Industry 4.0

PRODUCTION

Quality
Capacities/Expansion
Planning of new locations

36,774
M² LAND

31,182
M² BUILDINGS

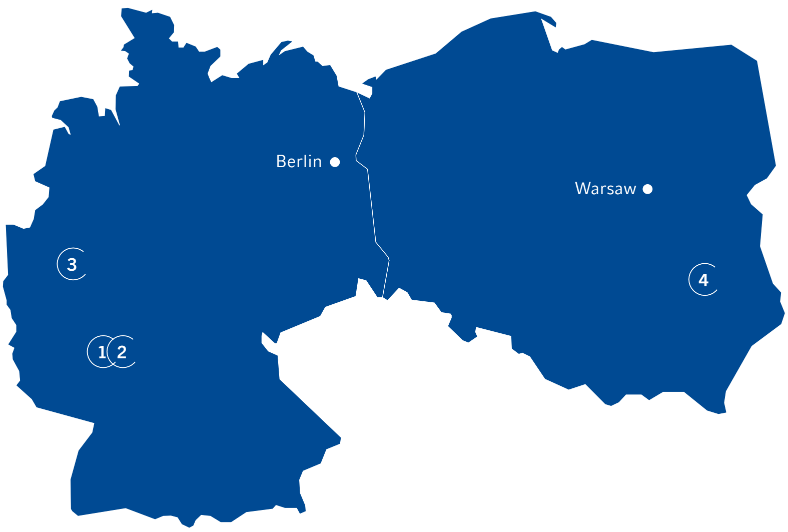
High-end and standard wheels

OUR NEW PLANT IN POLAND

The expansion continues

Only a few weeks after the completion of the plant UPP 3 in Poland, UNIWHEELS is already planning another expansion. The demand for alloy wheels is also increasing in North America.

GERMANY AND POLAND



1 **BAD DÜRKHEIM, GERMANY**
- Headquarters
- Logistics centre (Accessory)

2 **FUSSGÖNHEIM, GERMANY**
- Motor sports and forged wheel production
- Prototype development and manufacturing

3 **WERDOHL/LÜDENSCHEID, GERMANY**
- Production Plant UPG
- R&D

4 **STALOWA WOLA, POLAND**
- Production plants UPP 1, 2, 3
- R&D

A dedicated workforce of more than 2,900 employees.

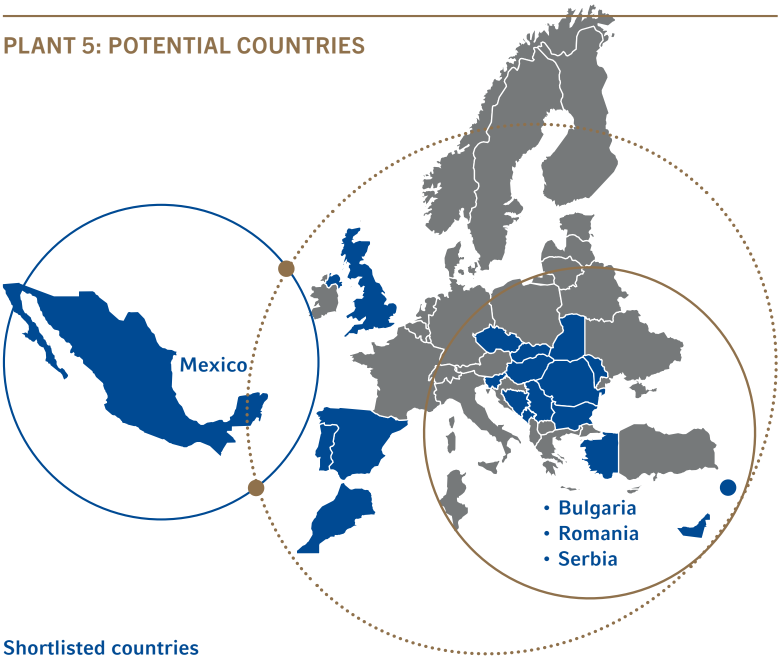
The automobile market is in excellent condition and demand for alloy wheels is growing continuously – in Europe and worldwide. Consequently, we are analysing the international markets and carrying out feasibility studies for **A FIFTH PLANT WITH AN ANNUAL PRODUCTION OF ANOTHER 2 MILLION WHEELS.**

In addition to Mexico also Romania, Serbia and Bulgaria are in the running. The main parameters in the internationalisation analysis are qualitative and quantitative criteria with a focus on sustainable value creation for all stakeholders.

Due to continuing high customer demand in Europe as well as the fact that the new plant is already fully stretched with orders for the coming periods, a further expansion with **CAPACITY OF 1 MILLION WHEELS PER YEAR** is under examination.

Our new production plant UPP 3 in Stalowa Wola, Poland

PLANT 5: POTENTIAL COUNTRIES



Shortlisted countries

KEY METRICS FOR IN DEPTH ANALYSIS

- Target customer structure
- Target customer proximity
- Target price per wheel (based on customers and car models)
- Capex
- Opex
- EBITDA
- EBITDA margin (based on target prices)
- EBIT
- EBIT margin
- ROI/Payback Period
- NPV Analysis (>0)

Report of the Supervisory Board

of UNIWHEELS AG

Dear Shareholders,

A lot has happened in the UNIWHEELS Group over the last twelve months, the most successful year in the company's history. The new plant in Poland was completed and is contributing to our performance. The new Strategy 2022 was developed and presented. The goals contained in this strategy constitute the guidelines for our future activities at both operating and strategic level. We set new records in terms of production volume, revenue and earnings.

CONTINUOUS DIALOGUE BETWEEN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

In fiscal year 2016, the Supervisory Board performed the duties required of it by the law, the articles of association and its code of procedure with the greatest diligence. In the course of its activities, it focused on the position of the company, advised the Management Board on an ongoing basis and monitored its activities. — As required, the Management Board regularly, promptly and comprehensively informed the Supervisory Board in both writing and in talks about all relevant issues related to the strategic alignment, planning, business development, opportunities and risks as well as risk management and compliance. It involved the Supervisory Board in all decisions of material significance and reported to it extensively. Outside the regular meetings of the Supervisory Board and its committees, the members of the Supervisory Board remained in contact with the Management Board, the respective chairmen of the two boards in particular. In this way, the Supervisory Board was promptly informed of the latest business developments and key transactions. — In those cases where the approval of the Supervisory Board or one of its committees was required by the law, the articles of association or the code of procedure, a corresponding resolution was passed. Where required, explanations were obtained from the Management Board in written form, in addition to their verbal commentary, on all measures requiring board approval to ensure that all the information required by the Supervisory Board to make a decision was provided.

MEETINGS OF THE SUPERVISORY BOARD

There were five ordinary meetings in the 2016 reporting year: on 17 February, 22 March, 28 June, 27 September and on 5 December. All of the members of the Supervisory Board attended the above meetings. The Supervisory Board passed resolutions by circulation in 14 cases. — At the meetings in 2016, the Management Board informed the Supervisory Board in verbal form and in writing on all key issues related to business development, corporate strategy, risks, risk management and the financing structure of UNIWHEELS AG and the UNIWHEELS Group. It explained the latest sales and earnings trends of the UNIWHEELS Group in both Germany and abroad and detailed the development in the various business lines taking account of the respective competitive situation. Key issues that the Supervisory Board addressed included:

- monitoring and advising the Management Board on business issues and management reporting on business development
- the audit of the separate financial statements and consolidated financial statements
- the six-month report
- capital expenditures
- the code of procedure of the Management Board
- reviewing the efficiency of the activities of the Supervisory Board with support from Ebner Stolz GmbH & Co. KG
- Strategy 2022
- implementation of the growth strategy
- corporate governance and the declaration of conformity
- capital market requirements
- monitoring the budget
- changes in the composition of the Management Board and
- engagement of the auditor of the separate financial statements and consolidated financial statements

The Supervisory Board was not aware of any conflicts of interest for any members of the Management Board or the Supervisory Board when addressing these topics.

WORK OF THE COMMITTEES

The Supervisory Board convened three committees during the 2016 reporting year to perform its duties efficiently.

- The AUDIT COMMITTEE met four times in the reporting year and dedicated itself to the task of preparing the annual general meeting in 2016, the quarterly results and the six-month report. Other key points of focus were compliance, risk management and internal audits.
- The NOMINATION, STAFF AND PRODUCTIVITY COMMITTEE convened seven times in the reporting period. The committee addressed issues such as the composition of human resources, personnel requirements and the balanced scorecard.
- The INVESTMENT COMMITTEE met eight times in the reporting period and generally discussed the capital expenditures planned by the company.

The Supervisory Board was regularly and comprehensively informed of the work of the committees at meetings of the full board.

AUDIT OF THE SEPARATE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The audit firm, Ebner Stolz GmbH & Co. KG, was engaged to audit the separate financial statements and the consolidated financial statements for fiscal year 2016. The auditor audited the separate financial statements and the consolidated financial statements of UNIWHEELS AG together with the combined management report for the group and the company for fiscal year 2016 and issued an unqualified audit opinion thereon. — The financial statements and the audit reports were provided to all members of the Supervisory Board in good time and were discussed in depth in the presence of the auditor at the closing meeting on 20 March 2017. The auditor reported on the scope of the audit, its focus and the significant findings. In addition, all members of the Supervisory Board intensively discussed the financial reporting with the

Management Board. After considering the findings in the audit reports and the verbal explanations provided by the auditor, the Supervisory Board discussed and reviewed the financial statements and consolidated financial statements of UNIWHEELS AG and the combined group management report and management report for fiscal year 2016, as well as the proposal for the appropriation of the distributable profit of UNIWHEELS AG. It was satisfied that the financial reporting complies with requirements. Based on its own review, the Supervisory Board did not raise any objections to the financial statements and consolidated financial statements of UNIWHEELS AG and the combined management report the company and the group for fiscal year 2016. —— The Supervisory Board was not aware of any circumstances that indicated that the external auditor was not independent. The auditor confirmed its independence to the audit committee. —— The Supervisory Board acknowledged the findings of the external audit and approved the financial statements of UNIWHEELS AG and the consolidated financial statements prepared by the Management Board for the year ending 31 December 2016. The annual financial statements are therewith ratified. —— The report submitted by the Management Board on relations to dependent companies for the period from 1 January 2016 to 31 December 2016 which concludes with the declaration of the Management Board (dependent company report) pursuant to Sec. 312 (3) AktG (German Stock Corporation Act) was also audited by the external auditor, which issued the following opinion thereon: "Based on our audit, which was carried out according to professional standards, we confirm firstly, that the actual disclosures in the report are accurate, and that secondly, the consideration paid by the company in the transactions listed in the report were not inappropriately high." The Supervisory Board approved the dependent company report and the associated audit report and approved them in accordance with Sec. 314 AktG.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The Management Board and Supervisory Board issued their joint declaration of conformity pursuant to Sec. 161 AktG in February 2017. This declaration was made public at:
www.uniwheels.com/corporate-governance-en
for the long-term. —— UNIWHEELS AG generally complies with the recommendations of the German Corporate Governance Code. —— In addition, on account of its listing on the Warsaw stock exchange, the Management Board issued its report on the "Best Practice of GPW Listed Companies 2016". This is also available to the public at:
www.uniwheels.com/corporate-governance-en
for the long-term.

CHANGES TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD

There were personnel changes to both the Supervisory Board and the Management Board of UNIWHEELS AG. Until 21 January 2016, Mrs. Beata Olejnik, Dr. Wolfgang Baur and Mr. Michael Schmid sat on the Supervisory Board. On 21 January 2016, Mr. Ralf Schmid moved from the Management Board to the Supervisory Board, which continued to have three members, replacing Mrs. Olejnik as the Chairperson of the Board. Mrs. Olejnik retired from the Supervisory Board on 21 January 2016. — Upon the departure of Mr. Ralf Schmid from the Management Board, Dr. Thomas Buchholz took over as the Chairman of the Management Board of UNIWHEELS AG effective 21 January 2016. In the period between 21 January 2016 and 1 June 2016 the Management Board had two members — Dr. Thomas Buchholz and Dr. Karsten Obenaus. Effective 1 June 2016, the Management Board was expanded to three members by the appointment of Dr. Wolfgang Hiller as the Chief Operating Officer. — The Supervisory Board would like to take this opportunity to thank the Management Board and all employees for their work and commitment to the company over the last year.

Bad Dürkheim, March 2017

Ralf Schmid
Chairman of the Supervisory Board

Corporate Governance Report

STATEMENT ON CORPORATE GOVERNANCE PURSUANT TO SEC. 289A HGB

For the Management Board and the Supervisory Board of UNIWHEELS AG, corporate governance is the responsible and transparent management and control of the company that aims at long-term success. The Management Board and the Supervisory Board of UNIWHEELS AG place the greatest importance on good corporate governance taking into account the recommendations of the German Corporate Governance Code. This is to promote the trust of investors, customers and the general public in the management and supervision of UNIWHEELS AG.

Working methods of the Management Board and Supervisory Board

Cooperation between Management Board and Supervisory Board As a stock corporation, UNIWHEELS AG headquartered in Bad Dürkheim is particularly subject to the provisions of the German Stock Corporation Act (AktG) on which also the German Corporate Governance Code is based. One basic principle of German stock corporation law is the dual board system consisting of the Management Board and the Supervisory Board each provided with independent competencies. Good corporate governance requires the continuing development of this dual board system considering all business units. — The point of departure is the independent management of the company by the Management Board which is controlled and advised by the Supervisory Board. The Management Board and Supervisory Board cooperate closely to the benefit of the enterprise. The Management Board develops the enterprise's strategy, coordinates it with the Supervisory Board and ensures its implementation. The Management Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to strategy, planning, business development, risk situation, risk management and compliance.

Working methods of the Management Board The Management Board of UNIWHEELS AG manages the company independently in accordance with German stock corporation law and a code of management procedure. — The Management Board of UNIWHEELS AG consists of three members: Dr. Thomas Buchholz, Chief Executive Officer (CEO), Dr. Wolfgang Hiller, Chief Operating Officer (COO), and Dr. Karsten Obenaus, Chief Financial Officer (CFO). The Management Board members have clearly defined and delimited spheres of responsibilities. Each member of the Management Board manages the business unit assigned to him at his own responsibility always keeping in mind the good of the company. Nevertheless, the three members of the Management Board are jointly accountable for the management of the company and its subsidiaries with the goal of sustainable value creation. Particularly important business transactions and other measures require the approval of the Supervisory Board. Meetings of the

Management Board take place as needed, but at least every two weeks. —— The Management Board reports to the Supervisory Board on a monthly basis and at quarterly meetings on the course of the company's businesses.

Working methods of the Supervisory Board The Supervisory Board advises and controls the Management Board regularly regarding the management of the company and is involved in all matters of material importance. The continuous dialogue based on mutual trust between the Management Board and the Supervisory Board is an important foundation of the company's success. —— The Supervisory Board of UNIWHEELS AG consists of three members: Ralf Schmid, Dr. Wolfgang Baur and Michael Schmid. It has an appropriate number of independent members. —— The Supervisory Board has issued a code of procedure. This sets out the tasks, duties and internal organisation of the Supervisory Board and its committees and contains provisions on the duty of confidentiality, on how to deal with interest conflicts and on the reporting obligations of the Management Board. —— In fiscal year 2016 the Supervisory Board reviewed the efficiency of its work for the first time. The review took the form of a self-assessment based on extensive checklists and intensively addressing and discussing the results among all members of the Board.

Committees of the Supervisory Board The Supervisory Board of UNIWHEELS AG formed three professionally qualified committees which prepare and complement its work. Each committee has two members.

- Among other issues, the AUDIT COMMITTEE addresses:
  - Accounting issues
  - Discussing the financial reports
  - Monitoring the effectiveness of the internal risk management, the audit of the financial statements and compliance.

Moreover, the audit committee discusses the audit reports with the auditor and its findings and makes recommendations to the Supervisory Board in this regard. The audit committee meets on a regular basis.

- The INVESTMENT COMMITTEE is concerned with monitoring issues, the preparation of decisions and advising on investments of the company.
- The nomination, STAFF AND PRODUCTIVITY COMMITTEE prepares decisions and advises on personnel decisions of the Supervisory Board, including long-term succession planning for the Management Board, prepares proposals to the annual general meeting for the election of suitable candidates to the Supervisory Board and monitors, prepares decisions and advises on the company's productivity.

The investment committee and the nomination, staff and productivity committee meet as required.

Dependence report presented The majority of the shares in UNIWHEELS AG are held by UNIWHEELS (Holding) Malta Ltd. — Therefore, the Management Board properly reported to the Supervisory Board on relationships to affiliated companies pursuant to Sec. 312 AktG. The Dependent Company Report closes with the following finding: "UNIWHEELS AG received an appropriate consideration for all of the transactions with related parties disclosed in this report. No other measures in the sense of Sec. 312 (1) Sentence 2 AktG were undertaken in the reporting year. This assessment is based on the circumstances that we were aware of when the transactions were conducted."

Other disclosures on corporate governance

Shareholders and annual general meeting The annual general meeting of UNIWHEELS AG takes place within eight months of the end of each fiscal year. At the annual general meeting, the shareholders can exercise their rights, in particular their right to information, and their votes. Each share grants one vote. In order to facilitate the exercise of the shareholders' rights and for preparation purposes for the annual general meeting we make the invitation, agenda, reports, documents and other information regarding the annual general meeting available on the website of UNIWHEELS AG (www.uniwheels.com) under investor relations/annual general meeting.

Transparency through communication UNIWHEELS AG pursues open and prompt information policies concerning the situation and material changes of the company towards shareholders, investors, financial analysts, the media and interested members of the public. UNIWHEELS AG uses almost every communication channel available. In particular, the website www.uniwheels.com provides a wealth of information about the company, the past business development and future prospects. Important events of the company are published in a financial calendar on the website. Any economic publications and press releases, investor relations news and financial reports are accessible on the internet in German and English, most of them also in Polish. After registration, representatives of the press and the capital markets also have the opportunity of receiving news about the company in electronic form. — In addition, the investor relations team maintains a regular dialogue with participants of the capital market. In the course of the quarterly and annual reporting, investors and analysts are informed about the business development during a number of conference calls. In addition, investors and analysts are kept up to date with latest developments by means of roadshows, conferences and investor days. — UNIWHEELS AG maintains the obligatory insider list pursuant to Art. 18 (1) of the European Market Abuse Regulation (MAR) and a list of all persons discharging managerial responsibilities pursuant to Art. 19 (5) MAR and has informed the respective persons, for whom access to insider information is essential, about their legal duties and the sanctions in the case of non-compliance. Transactions conducted by persons discharging managerial responsibilities at the issuer level are subject to mandatory publication. Among other media, such transactions are published on the website of the company and in the commercial register.

Financial reporting and audit of the annual financial statements Shareholders and third parties are informed about the situation of business and the financial position of the company in the combined management report for the company and the group. During the fiscal year, the shareholders also receive information via the six-monthly and quarterly financial reports. The consolidated financial statements of the UNIWHEELS Group are prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union. In addition, the provisions of German commercial law applicable pursuant to

Sec. 315a (1) HGB are observed. After the preparation by the Management Board, the Supervisory Board reviews the annual and consolidated financial statements together with the combined management report for the company and the group and ratifies the annual financial statements. —— In accordance with the Code, the auditor agrees for each reporting period to inform the Chairman of the Supervisory Board or, respectively, the audit committee immediately of any grounds for disqualification or partiality occurring during the audit, unless such grounds are eliminated immediately. This agreement also requires the auditor to report without delay on all facts and events of importance for the tasks of the Supervisory Board which arise during the performance of the audit and that the auditor informs it and/or notes it in the auditor's report if, during the performance of the audit, the auditor comes across facts which reveal a misstatement on the Declaration of Conformity by the Management Board and Supervisory Board pursuant to Sec. 161 AktG.

Compliance According to the Management Board and Supervisory Board of UNIWHEELS AG, compliance is to sustainably implement a pattern of behaviour compliant with rules and regulations throughout the company. Compliance with the law, internal rules and regulations as well as social standards is part of the corporate culture of the UNIWHEELS Group. Compliance issues are regularly discussed between the Supervisory Board or the Chairman of the Supervisory Board, as the case may be, and the Management Board. —— The compliance department reports directly to the Management Board. The Compliance Officer has developed the compliance programme and the compliance management system and reviews these constantly. They ensure that compliance is actively implemented and that its spirit permeates the entire UNIWHEELS Group. Compliance should prevent the employees in Germany and abroad from infringements of the law and enable them to implement the company's own rules and regulations. —— The Code of Conduct of the UNIWHEELS Group issued in April 2015 is a binding framework for the actions of all employees of the group to ensure legally compliant and socio-ethical behavior. It is supplemented by internal safeguards against corruption and also antitrust law. The compliance programme to combat corruption and to comply with anti-trust law has three pillars: prevention, detection and reaction, and was consistently expanded in fiscal year 2016. Information and training measures, a whistleblower system to report criminal offenses or violations of antitrust law, as well as regular compliance reporting complete the compliance system of the UNIWHEELS Group.

DECLARATION OF CONFORMITY PURSUANT TO SEC. 161 AKTG

The Management Board and the Supervisory Board of UNIWHEELS AG declare that since publication of the last Declaration of Conformity on 5 May 2015, the recommendations of the "Government Commission for the German Corporate Governance Code" (herein after referred to as the "Code") published in the official section of the Bundesanzeiger (Federal Gazette) by the Federal Ministry of Justice on 17 February 2016 have been and will be complied with, apart from the following exceptions:

POINT 3.8 pursuant to which a deductible for the D&O coverage should be agreed on for the members of the Supervisory Board. The company is of the opinion that no such deductible is required to increase the performance and the sense of responsibility of the members of the Supervisory Board. Moreover, it reduces the attractiveness of the activities of the Supervisory Board and thus the opportunities of the company to win qualified members for the Supervisory Board.

POINTS 4.1.5, 5.1.2, 5.4.1 pursuant to which the Management Board and the Supervisory Board should take diversity into consideration and, in particular, aim for an appropriate consideration of women, when filling managerial positions in the enterprise. —— The Supervisory Board of UNIWHEELS AG has not set objectives for its composition in accordance with the Code, but defined targets for its composition within the time limits pursuant to the provisions of the law on the equal participation of women and men in managerial positions in the private and public sector. —— As UNIWHEELS AG is not a company that has parity of co-determination, the Supervisory Board is not required to consist of at least 30% of women and at least 30% of men. The Supervisory Board set its target for the proportion of women on the Supervisory Board and the Management Board of UNIWHEELS AG at 0%. Likewise, the Management Board set the targets for the two lower management levels to 0%. —— The Management Board and the Supervisory Board of UNIWHEELS AG are of the opinion that the individual's qualifications as well as the knowledge, skills and experience required for the respective business field or sphere of responsibility are of higher importance when appointing managers and members of the boards. —— The Management Board and the Supervisory Board will keep this issue in mind and redetermine the target for the proportion of women in the Supervisory Board, the Management Board and the next two subordinate management levels of UNIWHEELS AG by 30 June 2017 at the latest.

POINT 4.2.4 AND 4.2.5 pursuant to which the total compensation of each one of the members of the Management Board should be disclosed by name. The company has not complied with these recommendations as the annual general meeting of UNIWHEELS AG held on 10 April 2015 passed a resolution by a three-quarter majority pursuant to Secs. 286 (5), 314 (2) Sentence 2, 315a (1) HGB not to individually disclose the compensation of the Management Board in the annual reports of UNIWHEELS AG for the fiscal years 2015 through 2019 (inclusive). The company believes that an individual disclosure would constitute an invasion of privacy for the persons concerned without having a material informational benefit for the shareholders and the capital market. The Supervisory Board feels able to work towards an appropriate compensation of the Management Board in accordance with the sustainable development of the company. As long as there is a corresponding opt-out resolution of the annual general meeting, the company will not include the model tables recommended by Point 4.2.5 of the Code in the compensation report.

POINT 5.4.1 pursuant to which the Supervisory Board should specify a regular limit for the term of office. The Supervisory Board disregards this recommendation as it believes that such a regular limit is not necessary. The Supervisory Board thus considers the required age limit, together with regular reelections of the members of the Supervisory Board, sufficient.

POINT 5.4.6 pursuant to which, if members of the Supervisory Board are promised performance-related compensation, it should be oriented toward sustainable growth of the enterprise. The members of the company's Supervisory Board do not receive performance-related compensation as the company considers fixed compensation appropriate.

POINT 6.2 pursuant to which, beyond the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members should be reported if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the company, these should be reported separately for the Management Board and Supervisory Board in the Corporate Governance Report. With respect to the disclosure of the shareholdings of Management Board and Supervisory Board members the company only complies with the legal requirements which according to the Management Board and Supervisory Board creates enough transparency.

Bad Dürkheim, 16 February 2017

Dr. Thomas Buchholz
on behalf of the Management Board
in his capacity as Chairman

Ralf Schmid
on behalf of the Supervisory board
in his capacity as Chairman

The Declaration of Conformity has been made permanently available in the internet

www.uniwheels.com/corporate-governance-en

ANNUAL STATEMENT ON "BEST PRACTICE FOR WSE LISTED COMPANIES (2016)" [1]

UNIWHEELS AG (the "Company") as a company whose shares are listed on the Warsaw Stock Exchange should comply with Polish Corporate Governance rules. — The Management Board of UNIWHEELS AG informs that the Company did not comply and will not comply with the following rules [2] of the "Best Practice for GPW Listed Companies 2016":

I. Disclosure Policy, Investor Communications

RULE I.Z.1.1. according to which the Company should publish on its corporate website basic corporate documents, in particular the Company's articles of association. The Company publishes the articles of association on its website; however, the Company does not intend to publish internal regulations of the Management Board and the Supervisory Board.

RULE I.Z.1.5. according to which the Company should publish on its corporate website current and periodic reports, prospectuses and information memoranda with annexes, published by the Company at least in the last 5 years. The Company does not make the prospectus available on its website since it is somewhat dated.

RULE I.Z.1.10. according to which the Company should publish on its corporate website financial projections, if the Company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation. The Company does not make the financial projections and any related discussion available on its website since the Company does not prepare any financial projections for public distribution and no financial projections will be publicly discussed.

RULE I.Z.1.11. according to which the Company should publish on its corporate website information about the content of the Company's internal rule of changing the company authorised

1)] "Best Practice for WSE Listed Companies 2016" is the Polish equivalent of the German Corporate Governance Code.

2) The "rules" in the Polish Code equate with the "recommendations" in the German Corporate Governance Code and are subject of the principle "comply or explain."

to audit financial statements or information about the absence of such rule. German law and the German Corporate Governance Code do not require the establishment of such a policy, and the Company believes it is not necessary to establish such a policy since the potential benefits for the shareholders would not exceed the benefits from continuity of the auditor.

RULE I.Z.1.14. according to which the Company should publish on its corporate website materials provided to the General Meeting, including assessments, reports and positions referred to in principle II.Z.10, tabled to the General Meeting by the Supervisory Board. The Supervisory Board will report on its activity in the annual report, however since the Company does not see in the foreseeable future a need for separate control and reporting systems, it will not discuss in detail certain specific topics like the internal control system or the work of its committees.

RULE I.Z.1.15. according to which the Company should publish on its corporate website information about the Company's diversity policy applicable to the Company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the Company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website. The Company does not have a diversity policy as such policy would be ineffective due to the small size of the Company's governing bodies and small number of key managers.

RULE I.Z.1.16. AND RULE I.Z.1.20. according to which the Company should publish on its corporate website information about the planned transmission of a General Meeting and also an audio or video recording of a General Meeting, not later than 7 days before the date of the General Meeting. The Company does not intend to comply with this rules due to technical and legal difficulties and cost disproportionate to benefits for the shareholders.

RULE I.Z.1.19. according to which the Company should publish on its corporate website shareholders' questions asked to the Management Board pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code together with answers of the Management Board to those questions, or a detailed explanation of the reasons why no answer is provided, pursuant to principle IV.Z.13. The Company does not intend to comply with this rule since there is no such rule nor corporate practice in Germany.

II. Management Board, Supervisory Board

RULE II.Z.3. AND II.Z.4. according to which at least two members of the Supervisory Board should meet the criteria of being independent. The Company will not comply with this rule, but will follow German standards. Under the German Code the Supervisory Board should include what it considers an adequate number of independent members. Since the Supervisory Board is composed of three members, two dependent and one independent members, the Company believes that this is an adequate number of independent members given the total number of three members of the Supervisory Board. Dr. Wolfgang Baur, the independent member, is an expert in finance and accounting in accordance with Section 100 para. 5 of the German Stock Corporation Act pursuant to which at least one member of the Supervisory Board must have knowledge in the fields of accounting or auditing (in compliance with and Annex II to the Commission Regulation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EG)).

RULE II.Z.5. AND RULE II.Z.6. according to which each Supervisory Board member should provide the other members of the Supervisory Board as well as the Company's Management Board with a statement of meeting the independence criteria referred to in principle II.Z.4. According to Rule II.Z.6 an assessment of Supervisory

Board members' fulfilment of the independence criteria should be presented by the Supervisory Board according to principle II.Z.10.2. Since there is only one independent member of the Supervisory Board, the remaining members will not be able to provide a statement of meeting the independence criteria and to conduct an assessment and the Company considers this rule as going too far.

RULE II.Z.7. according to which Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. The Company has a traditional German two-tier board structure and will follow German rules which determine the tasks and operation of the committees of the Supervisory Board.

RULE II.Z.10.1. according to which the Supervisory Board should prepare and present to the ordinary General Meeting once per year an assessment of the Company's standing, including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls. The Supervisory Board will report on its activity in the annual report, however since the Company does not see in the foreseeable future a need for separate control and reporting systems, it will not discuss in detail certain specific topics like the internal control system, risk management system or work of its committee.

RULE II.Z.10.4. according to which the Supervisory Board should prepare and present to the ordinary General Meeting once per year an assessment of the rationality of the Company's policy referred to in recommendation I.R.2 or information about the absence of such policy. The Company's sponsoring policy is periodically reviewed by the Management Board, for which the Company sees no need in conducting a yearly assessment.

RULE II.Z.11. according to which the Supervisory Board should review and issue opinions on matters to be decided in resolutions of the General Meeting. The Company does not intend to comply with this rule due to differences between Polish and German corporate law and practice. However, according to German law, there are a number of situations in which the Management Board and/or the Supervisory Board have to report to the Shareholders' Meeting as a basis for a decision of the Shareholders' Meeting.

III. Internal Systems and Functions

RULE III.Z.1., RULE III.Z.2., RULE III.Z.3., RULE III.Z.4., RULE III.Z.5. Above mentioned rules conduct several principles, according to which the Company's Management Board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function. There are separate units for risk management and compliance in the Company and so far the Company complies with above mentioned principles. However the Company does not see in the foreseeable future a need for separate internal control and audit functions, for which the Company partly does not comply with those rules.

IV. General Meeting, Shareholder Relations

RULE IV.Z.2. according to which, if justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings. The Company does not intend to comply with this rule due to technical and legal difficulties and cost disproportionate to benefits for the shareholders.

RULE IV.Z.4. according to which, if the Management Board becomes aware of a General Meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the Management Board should immediately take steps which it is required to take in order to organise and conduct the General Meeting. The foregoing applies also where a General Meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code. The Company will not comply with this rule since German regulations are different and protect the shareholders sufficiently in the Company's view.

RULE IV.Z.5. according to which the rules of General Meetings and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in General Meetings and the exercising of their rights. Amendments of the rules of the General Meeting should take effect at the earliest as of the next General Meeting. The Company wishes to follow German practice where no such rule is defined. The Company is of the view that the German rules sufficiently protect the shareholders.

RULE IV.Z.15. according to which a resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions. The Company will not comply with this rule and will follow German regulations. Under German statutory law the minimum price must be determined by the Shareholders' Meeting, however details can be delegated to the Management Board and the Supervisory Board, including a book-building.

RULE V.Z.2. according to which members of the Management Board or the Supervisory Board should notify the Management Board or the Supervisory Board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case. The Company will not comply with this rule and will follow the German standards, according to which the members of corporate bodies should provide notification of any conflicts of interest which have arisen or may arise, however this should not normally prevent the relevant member from discussing and voting on such issues. The Company believes that the German rules and practice satisfy the principle of limiting a negative impact of a potential conflict of interest on the group's operations, and any stricter rules may impede the activities of the Company's corporate bodies.

RULE V.Z.4. according to which where a member of the Management Board or the Supervisory Board concludes that a decision of the Management Board or the Supervisory Board, respectively, is in conflict with the interest of the Company, he or she may request that the minutes of the Management Board or the Supervisory Board meeting show his or her position. The Company will follow German practice, which does not include such solutions. The Company believes that the German rules and practice satisfy the principle of limiting a negative impact of a potential conflict of interest on the group's operations.

RULE V.Z.6. according to which in its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the Company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The Company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the Management Board or the Supervisory Board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise. The Company will follow the German standards, according to which the members of corporate bodies should provide notification of any conflicts of interest which have arisen or may arise, however this should not normally prevent the relevant member from discussing and voting on such issues. The Company believes that the German rules and practice satisfy the principle of limiting a negative impact of a potential conflict of interest on the group's operations, and any stricter rules may impede the activities of the company's corporate bodies.

RULE VI.Z.4. according to which in its activity report, the company should report on the remuneration policy. Since the Company does not have a formal remuneration policy, it will not discuss a remuneration policy in its report and will provide information regarding remuneration as required by German regulations.

LEGAL GROUNDS: § 29.3 OF THE WARSAW STOCK EXCHANGE RULES

Dr. Thomas Buchholz
Chief Executive Officer

Dr. Wolfgang Hiller
Chief Operations Officer

Dr. Karsten Obenaus
Chief Financial Officer

REMUNERATION REPORT

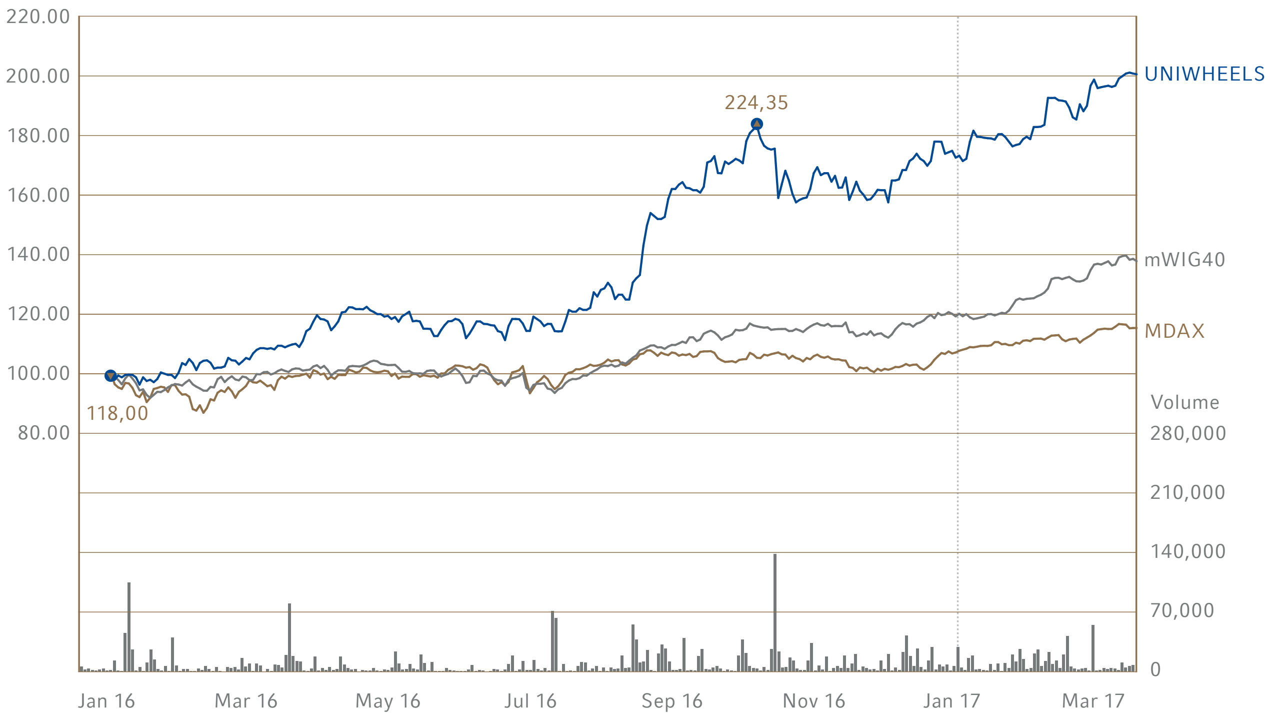
The annual remuneration consists of a fixed basic salary and variable remuneration that provides a long-term incentive. One member of the Management Board receives phantom stock as well. Further details are contained in the remuneration report, which is part of the combined group management report and management report for the company and the group, on page 61 of this report.

Our share / investor relations

DEVELOPMENT OF THE SHARE PRICE

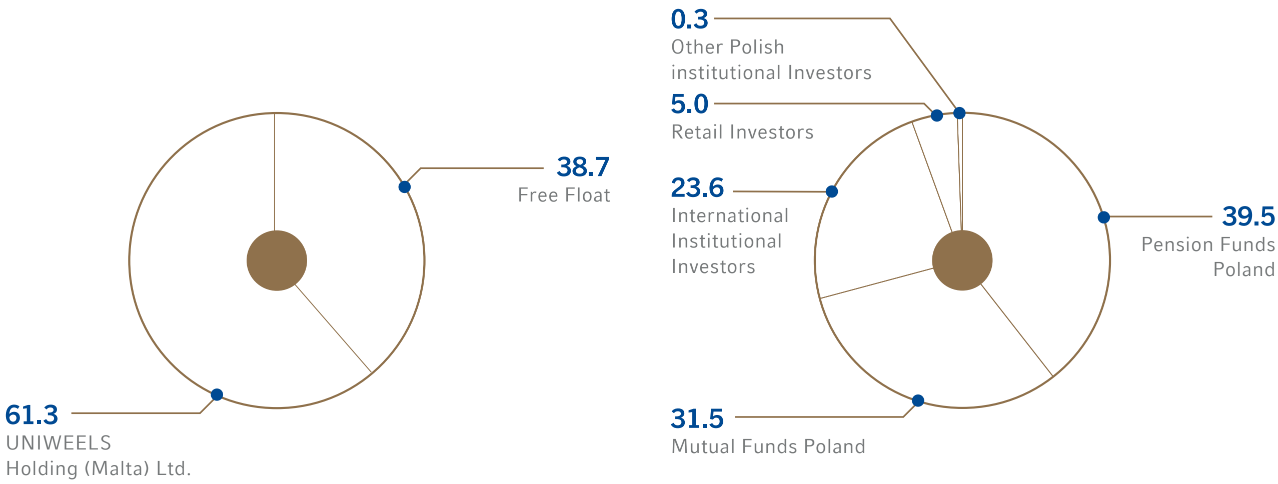
The stock markets were heavily affected by a number of developments in international politics in 2016, such as the referendum in the United Kingdom in which the majority voted to leave the European Union ("Brexit"), and the presidential election in the United States in November. Worries about the Chinese economy and the continuing slump in interest rates also fueled volatility on the markets. — Nevertheless, the UNIWHEELS share performed extremely well. The share closed the year on

PERFORMANCE OF THE UNIWHEELS SHARE FROM 4 JANUARY 2016 TO 28 FEBRUARY 2017 Indexed



SHAREHOLDER STRUCTURE AND BREAKDOWN OF FREE FLOAT

in%



30 December 2016 at PLN 219.30. This corresponds to a rise of +74.2% over the year. As a result, the UNIWHEELS share significantly outperformed the comparative share index and most of its peer group in the automotive sector. In relationship to the comparative Polish share index, the mWIG40, the share closed the year 56.0 percentage points better than the market. The UNIWHEELS share outperformed the MDAX by 67.4 percentage points. From its IPO on 8 May 2015 until the end of 2016, the share price has risen by 108.9%, which implies the value of the share has more than doubled over this timeframe. — At the end of the period, market capitalisation came to PLN 2,719m (EUR 616m).

SHAREHOLDER STRUCTURE AND FREE FLOAT

Since the IPO, 38.7% of the shares of UNIWHEELS AG have been in free float. Approximately 61.3% of the shares are held by the majority shareholder, UNIWHEELS Holding (Malta) Ltd., Sliema, Malta. The largest group of shareholders of shares in free float are institutional investors from Poland (pension funds and investment funds), followed by institutional investors in the UK, Austria and Germany. — On 26 January 2016, UNIWHEELS was informed by Nordea OFE (Open Pension Fund) that the fund held more than 3% of its voting rights (411,489 shares, 3.32%). A summary of notifications of voting rights can be found on our website under Investor Relations / Mandatory releases.

KEY PERFORMANCE FIGURES OF THE UNIWHEELS SHARE IN 2016

IPO issue price (8 May 2015) (PLN)	105.00
Closing price on 30 Dec 2015 (PLN)	125.90
Annual high (PLN)	223.00
Annual low (PLN)	117.15
Closing price on 30 Dec 2016 (PLN)	219.30
Performance of the share in the 2016 reporting period	+74.20 %
Performance of the share since IPO	+108.90 %
Market capitalization as of 30 Dec 2015 (PLN million)	2,719
Market capitalization as of 30 Dec 2015 (EUR million)	616
Average daily trading volume (WSE)	10,014
Earnings per share (EUR)	5.17
Dividend per share (EUR)	2.00
Distribution ratio	38.69%
Dividend Yield (%)	4.03

ANNUAL GENERAL MEETING

The annual general meeting of UNIWHEELS AG was held on 19 May 2016 at Messeturm in Frankfurt am Main. Of the total number of 12,400,000 shares in circulation, 8,849,665 shares were represented at the meeting, or 71.37% of issued capital. The annual general meeting passed a resolution to distribute a dividend of EUR 1.65 per share, accounting for a total distribution of EUR 20.5m. This corresponds to a distribution ratio of 50%, well above the European average for automotive stocks. All items on the agenda were passed by the shareholders present with majorities of between 86% and 100%.

INVESTOR RELATIONS

At UNIWHEELS, the goal of investor relations is to establish reliable, open, consistent and rapid communication to all players on the capital markets to create trust, convince them of the advantages of the business model of UNIWHEELS AG and thereby ensure that the UNIWHEELS share is fairly valued by the market. UNIWHEELS places great importance on close and transparent dialog with the capital markets. The company will continue to encourage such exchange at every opportunity. — New financial reports, corporate news, presentations and other information will be regularly published in German, English and Polish on the Investor Relations page of the UNIWHEELS website. In addition, the Investor Relations team is happy to welcome any queries from institutional or private investors and is ready to provide support. — In 2016, UNIWHEELS conducted international roadshows in London, Warsaw, Frankfurt, Zurich, Vienna and Stockholm. Contact was made to new investors, including fund managers from North America and Asia, at conferences in Warsaw, Frankfurt, Prague and Stockholm. The management presented itself to existing and potential institutional investors at roughly 150 meetings. Moreover, UNIWHEELS offered several factory tours for financial analysts and investors. The investor relations team familiarized institutional investors and analysts with the company in the course of numerous international conference calls. — In September 2016 UNIWHEELS conducted its first Investor Day. This was held at our production plant in Stalowa Wola, Poland. After the full Management Board presented the strategic, operational and financial aspects, the 50 attendees had an opportunity to inspect the brand new UPP 3 production plant on a guided tour. — Our IR work will facilitate reliable and open communication with all players on the capital markets in future to ensure transparency about the business model of UNIWHEELS and its course of business. UNIWHEELS is once again planning a number of international roadshows and investor conferences for 2017. The latest corporate figures and the financial reports can be found in the IR section of the UNIWHEELS website. A list of the up and coming key dates can be found in our financial calendar on page 142 and also on our website at www.uniwheels.com/uwag/de/startseite/investor-relations/finanzkalender/2017 Oliver Madsen, Head of Investor Relations is happy to answer any queries you may have.

ANALYST COVERAGE

At the end of the year, five stockbroking firms were actively covering our share and forecasting prices of between PLN 211.50 and 249.30 with their recommendations ranging from BUY to ACCUMULATE. The number of institutes which regularly publish research reports about UNIWHEELS rose to six in 2016. Other analysts from international institutes have announced they will begin covering the share shortly or have already started their research work.

INCLUSION IN THE MWIG40 STOCK INDEX AND AWARDS

Based on a resolution of the Management Board of the Warsaw Stock Exchange on 4 March 2016, the shares of UNIWHEELS AG were added to the mWIG40 mid-cap index of the exchange after the close of trading on 18 March 2016 as part of the annual adjustment process. The adjustment took effect on 21 March 2016. Inclusion in the mWIG40 mid-cap index, the Polish equivalent of the MDAX, occurred just ten months after the IPO of UNIWHEELS AG on the Warsaw stock exchange. —— The IPO of UNIWHEELS was awarded a prize for the "Best IPO of the Year" by the reputed Warsaw stock exchange journal, Parkiet, on 16 March 2016. On 12 May 2016, UNIWHEELS was awarded the prize "IPO of the Year 2015" by the Warsaw Stock Exchange. In addition, the company was awarded the CEE Capital Markets Awards 2016 in the categories, "Top Foreign Company Listing on a CEE Stock Exchange" and "Top IPO". On 20 October 2016 UNIWHEELS received the award "Best Annual Report of a Foreign Company" from the IRIP Institute in Poland.

THE UNIWHEELS SHARE IN BRIEF

ISIN	DE000A13STW4
Security identification number	A13STW
Ticker symbol	UNW
Type of stock	ordinary bearer shares without nominal value
Stock exchange	Warsaw Stock Exchange
Market segment	Main Market
Index	mWIG40
Number of shares	12,400,000
Free float	38.7 %

Contact Investor Relations:

UNIWHEELS AG
Oliver Madsen
Head of Investor Relations
Gustav-Kirchhoff-Straße 10
67098 Bad Dürkheim
Germany

Phone: +49 6322 9899 – 6209
Fax: +49 6322 9484 – 481
E-Mail: o.madsen@de.uniwheels.com

www.uniwheels.com

ANALYST COVERAGE

Institution	Analyst	Date	Target Price	Recommendation
Pekao	Tomasz Kucinski	19 Dec 2016	PLN 249.30	Buy
Trigon	Łukasz Rudnik	29 Nov 2016	PLN 249.00	Buy
BZ WBK Brokerage	Michael Sopiel	03 Nov 2016	PLN 222.00	Buy
mBank Dom Maklerski	Jakub Szkopek	19 Oct 2016	PLN 224.20	Accumulate
Wood & Company	Maciej Wardejn	12 Aug 2016	PLN 211.50	Buy

Combined group management report

and management report

for the group and thecompany of UNIWHEELS AG, Bad Dürkheim, for fiscal year 2016

Background of the group

BUSINESS MODEL OF THE GROUP

Activities

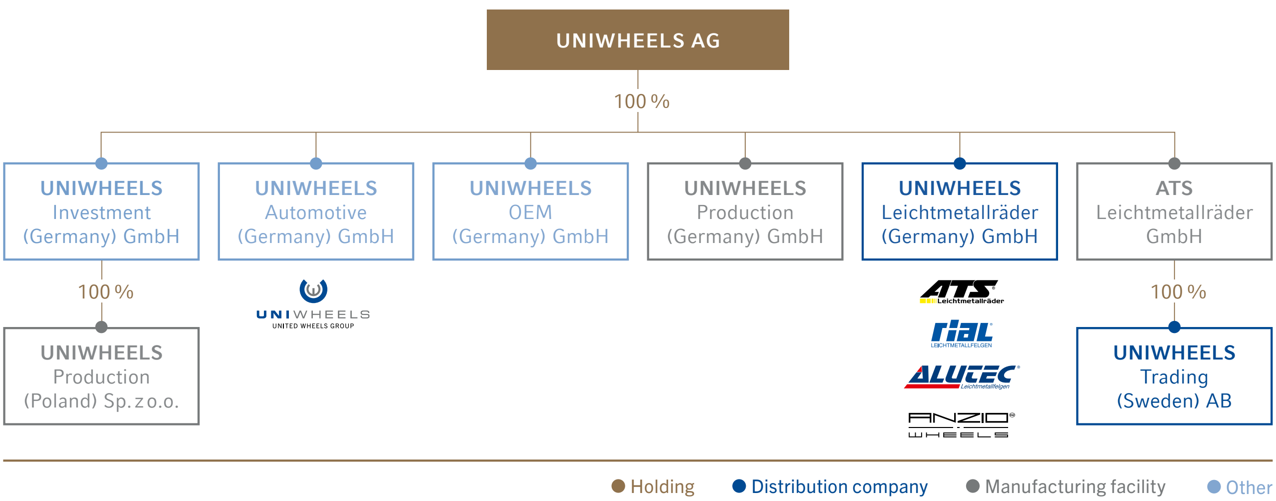
The UNIWHEELS Group is one of Europe's leading manufacturers of high-quality aluminium wheels for passenger cars, based in Bad Dürkheim, Germany. It is one of the few technological leaders on the market for alloy wheels. —— It is active in two fields of business – as one of the largest manufacturers of wheels for the automobile industry (Automotive) and as a leading manufacturer of alloy wheels for the European aftermarket (Accessory) under the brands ATS, RIAL, ALUTEC and ANZIO. The UNIWHEELS Group also equips professional motorsport racing vehicle series (such as DTM, Formula 3) with high-tech wheels. —— The business model of the group is based on two divisions whose business cycles complement each other, allows the group to optimise use of its capacity and enables the group to offset market fluctuations.

Divisions

Automotive In the Automotive business alloy wheels are delivered to OEMs in the automobile sector. This division accounted for 80% of the total revenue of the Group in fiscal 2016 (2015: 80.4%). The growth in this business has mirrored the rising demand from automobile manufacturers which is driven by the economic conditions on the various geographic markets. The increasing demand for premium products in emerging markets (including Southeast Asia and Latin America) complements the stable situation of the markets in Europe. A key driver of the Automotive business is the rising share of alloy wheels used by OEMs for their passenger cars. —— UNIWHEELS is a top-tier supplier of European car makers with a strong focus on the premium segment. The customer base covers the majority of the European market and customer relationships extend back for decades in some cases.

Accessory With its global brands, ATS, RIAL, ALUTEC and ANZIO, UNIWHEELS also serves all segments of the aftermarket, from premium to economy. The Accessory division accounted for 18.3% of the revenue of the group in fiscal 2016 (2015: 18.3%). Most of the brands are distributed from the location in Bad Dürkheim,

STRUCTURE OF THE GROUP AND ITS KEY HOLDINGS



where the central logistics hub for the Accessory division is based. —— The UNIWHEELS Group has a dense distribution network that extends from tyre and wheel retail chains to wholesalers, retailers and car dealers. —— Group revenue also includes other revenue, which accounts for 1.7% of the total (2015: 1.3%).

Organisation

Group structure The organisation of the group and its major holdings is presented in the organisational chart on page 35.

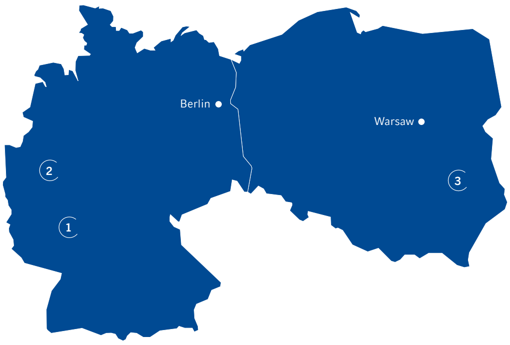
Locations The UNIWHEELS Group has four European locations. The headquarters are situated in Bad Dürkheim, Germany. Management, sales and distribution and the logistics centre for the spare parts business are all located here. In addition to the headquarters, the Group has three production locations, the largest of which is in Stalowa Wola, Poland where three plants are located. Another plant is situated in Werdohl, Germany, where most development work is performed. Forged wheels are manufactured in Fußgönheim, Germany, near the headquarters of the group in Bad Dürkheim. —— The new plant UPP 3 was put into operation in successive stages in Stalowa Wola, Poland, in June 2016. Once the second stage of construction goes on line at the beginning of 2017, one year earlier than scheduled, production capacity will rise to approximately 2.0 million wheels a year. Total capacity of all plants in Stalowa Wola will therefore rise by roughly one third. —— The following table summarises the key data of the production plants:

Management and control As a stock corporation under German law, the decision-making bodies of UNIWHEELS AG are subject to strict segregation between the executive (the Management Board) and the oversight functions (the Supervisory Board). —— As the executive, the Management Board is responsible for the strategic and operating policies of the group. The Management Board was composed of the following members on the reporting date:

- Dr. Thomas Buchholz, Chairman (CEO)
- Dr. Wolfgang Hiller, Chief Operating Officer (COO)
- Dr. Karsten Obenaus, Chief Financial Officer (CFO)

Mr. Ralf Schmid stepped down from the Management Board, effective 21 January 2016. Dr. Thomas Buchholz was appointed the new chairman of the Management Board on the same date. As the Chief Operating Officer (COO), Dr. Wolfgang Hiller is in charge of the production plants and was also assigned responsibility for the Accessory division effective 1 June 2016. Since this date, the Management Board has consisted of three members including the CFO, Dr. Karsten Obenaus. —— In its overseeing capacity, the Supervisory Board monitors and advises the management on its decisions and, in this way, is directly involved in all significant decisions made by the company.

GERMANY AND POLAND



1

BAD DÜRKHEIM, GERMANY
- Headquarter
- Logistic Centre (Accessory)

FUSSGÖNHEIM, GERMANY
- Motorsports and Forged Wheel Production
- Prototype development and manufacturing

2

WERDOHL/LÜDENSCHEID, GERMANY
- Production plant UPG
- R&D

3

STALOWA WOLA, POLEN
- Production plants UPP 1, 2, 3
- R&D

The Supervisory Board was composed of the following members on the reporting date:

- Ralf Schmid (entrepreneur, founder of the UNIWHEELS Group), Chairman of the Supervisory Board
- Dr. Wolfgang Baur (business consultant), Deputy Chairman of the Supervisory Board
- Michael Schmid (technician, Industrial Engineering), Member of the Supervisory Board

Effective 21 January 2016, Mr. Ralf Schmid replaced Beata Olejnik as the chairperson of the Supervisory Board. Mrs. Olejnik resigned from the board on the same date.

Products and production process

Products UNIWHEELS produces alloy wheels with diameters of between 14" and 23" and various designs and a range of surface treatments. Wheels for dealers of automotive accessories are designed and developed within the group itself depending on the market and customer preferences. — The group plans its production in such a way as to meet customer orders with a minimum of retooling and adjustments to production parameters.

Production processes UNIWHEELS is a pioneer of low-pressure die casting. — In this method, the aluminium melt is pressed from below into a hollow form made by the coquilles (permanent mould). The upwards flow of the melt against the force of gravity is best effected by creating a low-pressure differential in the mould.

STAGE 1 – MELTING: The production process begins with melting the aluminium alloy, followed by degassing.

STAGE 2 – CASTING: The fluid aluminium is then filled into the crucible used to fill the coquilles for the specific wheel.

STAGE 3 – X-RAY CONTROL: After casting, the wheels are subject to a 100% x-ray inspection to test for any inclusions or empty spaces. This process is fully automated.

STAGE 4 – HEAT TREATMENT: Depending on the customer requirements and material used, the wheels are then heat-treated to optimise the mechanical properties and parameters of the wheel and meet customer specifications.

STAGE 5 – MACHINING: The machining department processes the wheels, generally using fully automated robot cells. In this step, the wheels are subject to a 100% balancing and calibration test of their axial and radial dimensions. Depending on customer specifications, with increasing demand for flow forming weight-reduction technology, some of the raw castings are rolled and compressed.

STAGE 6 – DENSITY INSPECTION: All wheels are then subjected to a helium leak test.

STAGE 7 – FINISHING: Once they pass the test phase, the wheels move on to the finishing department. Here the wheels are brushed and deburred on automated plant before a specially trained employee undertakes the final inspection and approves the wheel for coating.

STAGE 8 – COATING AND VARNISHING: Before the wheels are given their final colour and coat, they undergo pretreatment which significantly increases their resistance to corrosion. Finally, all wheels are coated with powder-based paints in the colour desired by the customer.

PRODUCTION PLANTS AND KEY FIGURES

	STALOWA WOLA, POLAND			WERDOHL, GERMANY
	UPP 1	UPP 2	UPP 3	UPG
CAPACITY	max. 2.2 million wheels	max. 4.7 million wheels	max. 2.0 million wheels	max. 1.8 million wheels
WHEEL-DIAMETER	14"–21"	14"–20"	14"–24"	17"–21"

STAGE 9 – SOPHISTICATED SURFACE TREATMENTS: Depending on the preferred design, the wheels then move on to the varnishing process or other processes such as diamond cut, laser finishing or pad printing. The final varnish is then added in another coating run.

STAGE 10 – FINAL QUALITY CONTROL AND SHIPPING: Once the final quality inspection is finished, each wheel is packed and shipped. — The quality of the wheels and many other aspects of the production process are subject to the certifications required by the OEMs. These are renewed every year, including ISO 9001 and TS 16949. Compliance with all such requirements is monitored by a steady stream of audits accompanying each production series and documented accordingly.

Market position

The UNIWHEELS Group manufactures alloy wheels for the automobile industry and the automotive accessory market. The key customers of UNIWHEELS consist of global producers of automobiles and their production locations in Europe. The market for metal wheels includes wheels used to equip new cars (at OEMs) and wheels that are sold on the accessories market (aftermarket). Accounting for 80%, the UNIWHEELS Group generated the majority of its revenue in business with OEMs in 2016 (2015: 80.4%). — There are only a limited number of market players on the European market for alloy wheels. The purchase volume of the European car makers is currently contested by just five major producers of alloy wheels. The competitive environment of UNIWHEELS is stable and changes mainly relate to the speed at which the capacity of certain competitors – and in 2016 of UNIWHEELS itself – increases. The UNIWHEELS Group is one of the largest suppliers of wheels to the European automobile industry (Automotive division). Key competitors include Ronal (Switzerland), Borbet (Germany) and CMS (Turkey). — The accessories market, by contrast, is heavily fragmented. The UNIWHEELS Group is the leading manufacturer of alloy wheels in the European aftermarket (Accessory division). Key competitors include Alcar (Austria), Ronal (Switzerland), Brock (Germany) and Borbet (Germany). — In 2017, the EU commission decided to maintain its punitive tariff of 22.3% on alloy wheels from China for another five years.

External factors

State of the automobile sector The UNIWHEELS Group manufactures metal wheels for the automobile industry and for dealers in the aftermarket. For this reason, the earnings of the group depend directly on the state of the automobile industry. Key customers of UNIWHEELS include global producers of automobiles and their production locations in Europe. — The business of UNIWHEELS is closely tied to the production and unit sales of automobiles. In turn, this depends on private consumption, the disposable income of private households, and the general state of the wider economy, such as the gross domestic product (GDP), industrial production and general economic trends. — Generally, cars are equipped with steel or alloy wheels. For this reason, production volume determines demand for a certain type of wheel. Even more important for the business of the UNIWHEELS Group is the share of new vehicles that are equipped with alloy wheels. — Demand for alloy wheels has been steadily rising on account of the trend away from steel wheels and towards aluminium alloys. UNIWHEELS expects the share of alloy wheels in the total European wheel market to keep growing slightly in the coming years.

EU regulation on the reduction of CO_2 emissions In response to climate change, the reduction of greenhouse gas emissions is on the agenda of the European authorities. As a result, the EU has made a commitment in an EU Directive to reduce emissions by at least 20% by the year 2020 (measured on 1990 levels). Transport using passenger cars has been identified as a key causal factor in emissions. A central element of the regulation is an average CO_2 emissions target of 95g CO_2/km per new car registration. From 2025 this target has even been tightened to an average of between 68 and 78g CO_2/km. This value should be reached by means of improvements to engine technology and innovative technologies in terms of weight reduction.

Industry trends and technological highlights

LIGHTWEIGHT TECHNOLOGY The regulatory changes and consumer preferences have led OEMs and automotive suppliers to align their operations to various environmental initiatives. Pressure on the OEMs to manufacture vehicles with lighter components is currently growing as vehicle weights are rising overall, partly on account of the trend towards SUVs. The goal is to reduce fuel consumption. For this purpose, they have turned to lighter-weight materials and innovative products and solutions offered by their suppliers. Examples of lightweight technologies in wheel manufacturing include flow forming, undercut and lightweight performance casting. — In addition to the growing demand for lightweight aluminum wheel solutions, the following trends affect the earnings of UNIWHEELS:

GROWING WHEEL SIZE Roughly 75% of all UNIWHEELS wheels currently delivered to OEMs have a radius of between 17" and 20". The trend to larger diameters – up to 24" – leads to higher market prices and therefore more value added per wheel.

MORE COMPLEX SURFACES The design departments of the OEMs are calling for new and more complex wheel designs in terms of surface treatments and forms. The trend towards individualisation of the car is fostering a rising share of complex surface treatments for alloy wheels, such as high gloss paints, diamond cut, pad printing or finishes that provide corrosion protection. — In addition, alloy wheels meet the high standards set by the automobile industry in terms of safety, design, weight and heat absorption when braking.

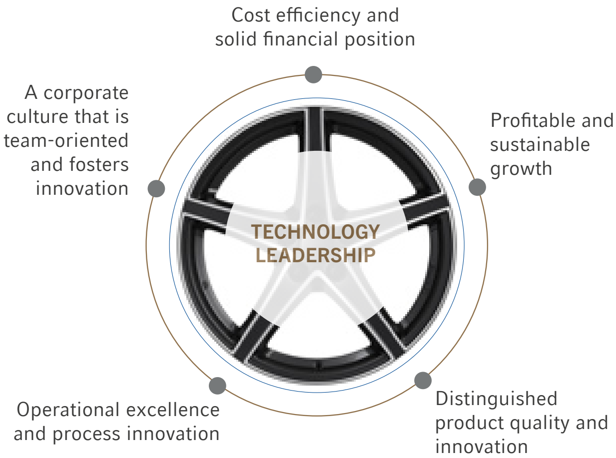
Strategies and goals

Strategy 2022 To reach our long-term objectives and drive forward the technological leadership of the UNIWHEELS Group, we launched our Strategy 2022 in 2016. The goals formulated in this strategy constitute the guidelines for our future activities at both operating and strategic level. —— The strategy contains structured strategic fields, broken down into individual areas, and specific goals from which actions and target indicators can be derived. As the highest level goal, the focus is on TECHNOLOGICAL LEADERSHIP.

PROFITABLE AND SUSTAINABLE GROWTH

	STRATEGIC GOALS	STRATEGIC MEASURES
MARKETS	**Automotive**	
	– Primary focus on the European market – 5% increase in market share in Europe (top priority) – Expansion into other markets (second priority)	– Full utilisation of production capacity to increase share of the European market – Scout out growth opportunities in new markets – Synchronise contract development and expansion of capacity
	Accessory	
	– Primary focus on the European market – Increase market share in Germany and in the export market – Expansion into other markets	– Improve customer service – Review growth opportunities in new markets
CUSTOMER-RELATED RISKS	**Automotive**	
	– Premium European OEMs with a high share of exports to other continents – European locations of non-European OEMs	– Retain volume with established premium OEMs – Increase volume shipped to selected premium OEMs Reconcile strategy with customers to create a balanced portfolio of wheels
	Accessory	
	– Extend sales activities	– Retain and expand volumes generated with key account customers
EXPAND PRODUCTION LOCATIONS	– Increase production capacity to over 14 million wheels in line with customer demand – Penetrate new sales markets – Diversify production locations	– Conduct feasibility studies for additional plants and plant extensions

STRATEGY 2022



EXCELLENT PRODUCT QUALITY AND INNOVATION

	STRATEGIC GOALS	STRATEGIC MEASURES
TECHNOLOGY	– Technology leader for innovative lightweight solutions – Greater degree of customisation provided by more complex wheel surfaces	– Implement an R&D portfolio with focus on lightweight solutions – Cooperate with suppliers, customers and universities of technology
PRODUCT PORTFOLIO	Automotive	
	– Lightweight alloy wheels for cars and light commercial vehicles	– Permanent monitoring of the market and conduct tests with alternative materials
	Accessory	
	– Lightweight alloy wheels for cars, forged wheels and wheels for motorsport	– Expand the product portfolios of the individual brands – Proactive market research

OPERATIONAL EXCELLENCE AND PROCESS INNOVATION

	STRATEGIC GOALS	STRATEGIC MEASURES
PRODUCTION LOCATIONS	– Develop effectiveness, quality and profitability at all production locations – Implement best-in-class processes	• Steady increase in automation, networking and standardisation at all production locations • Improve the flow of materials and increase the degree of automation to improve efficiency and profits

A CORPORATE CULTURE THAT IS TEAM-ORIENTED AND FOSTERS INNOVATION

	STRATEGIC GOALS	STRATEGIC MEASURES
PERSONNEL	– Promote and develop our workforce – Flat hierarchies and short decision paths – Nurture motivation and secure competencies	– Internal and external training for employees and development programs – Cooperation agreements with schools and universities – Promote a culture of cost consciousness and a margin-oriented mindset
STRUCTURES & PROCESSES	– Improve the professionalism of internal processes – Greater networking of processes and digitalisation of divisions	– Expand hardware and software to optimise processes and workflows and create cross-departmental project teams
SUSTAINABILITY & COMPLIANCE	– Integrate sustainability throughout the value chain and the underlying processes to create added value for the company, the environment, the workforce and society at large – Constant striving towards ethical, legal and fair behavior in all business transactions (compliance)	– Identify and exploit potential for more efficient use of resources and energy in operating units – Foster corporate social responsibility along the entire supply chain – Further expansion and implementation of the compliance management system within business processes

COST EFFICIENCY AND SOLID FINANCIAL POSITION

	STRATEGIC GOALS	STRATEGIC MEASURES
COST EFFICIENCY	– Maintain cost efficiency and retain high product quality – Keep a lean organisation	– Strict cost control – Increase production capacity in cost-efficient regions – Focus on EBITDA as the key management indicator – Maintain lean management board and management structures – Value-based management of sales
SOUND FINANCES & CASH FLOWS	– Sound balance sheet structure and appropriate leverage as a foundation for growth and expansion – Solid cash flows – Oriented towards the capital markets	– Net debt/EBITDA < 2.0 – Conservative capex planning – Cash flow and working capital management – Transparent, active communication policy towards the capital markets, and investor-oriented dividend policy

Corporate goals 2022 We are targeting the following goals by 2022:

Revenue	≥ EUR 700 million
EBITDA margin	> 15 %
EBIT margin	> 10 %
ROCE	> 20 %
Net debt/EBITDA	< 2×

These goals correspond to the long-term objectives set by Strategy 2022. They are not currently included in the internal reporting and are therefore not counted among the management indicators used by the UNIWHEELS Group. These are presented in the next section on our control systems.

Control systems

Financial performance The following financial indicators constitute the most significant financial performance indicators and are therefore the key management indicators used by the UNIWHEELS Group. —— The business performance of the group in fiscal 2016 improved significantly on the prior year. Unit sales of wheels increased by 12.0% to 8.76 million. This development is also reflected in revenue, which rose by 6.3% to EUR 464.1 million. As a result, the forecast made in the group management report for 2015, which projected an increase in both the group's unit sales and revenue of a high single-digit percentage, was attained in the case of revenue and even outperformed in terms of unit sales. Higher than expected demand from customers and efficiency gains at our production plants led to higher unit sales, while the quarterly price adjustments to reflect the lower price of aluminium resulted in the revenue forecast being met. Approximately 80.0% of the revenue of the UNIWHEELS Group is attributable to the Automotive division, with 18.3% generated by the Accessory division. —— EBITDA increased by 19.6% in comparison to the prior year to reach EUR 70.2 million. This development is significantly more positive than the estimate made in the group management report for 2015, which forecast single-digit EBITDA growth. This positive deviation from the plan is due to the product mix developing even better than expected and lower than expected increases in operating expenses and administrative expenses.

KEY MANAGEMENT INDICATORS

		2016	2015
Unit sales of wheels	thousands	8,761	7.822
Revenue	EUR million	464.1	436.5
EBITDA	EUR million	70.2	58.7

FORECAST HISTORY IN COMPARISON WITH THE ACTUAL VALUE 2016

Performance indicators	ACTUAL 2015	Forecast in the 2015 annual report	Forecast Q1 16	Forecast H1 16	Forecast 9M 16	ACTUAL 2016	Result	Evaluation[1]
Unit sales of wheels	7,822 thousand	High single-digit growth	+8 %–12 %	+8 %–12 %	+10 %–12 %	8,761 thousand	+12.0 %	Forecast outperformed
Group revenue	EUR 436.5 million	High single-digit growth	High single-digit growth	+4 %–6 %	+5 %–6 %	EUR 464.1 million	+6.3 %	Forecast met
EBITDA	EUR 58.7 million	Single-digit growth	+8 %–12 %	+13 %–18 %	+16 %–18 %	EUR 70.2 million	+19.6 %	Forecast outperformed

1) The result measures the actual figures for 2016 against the forecast made in the 2015 annual report.

Non-financial performance indicators The UNIWHEELS Group introduced centralised sustainability management in fiscal 2016 and the associated strategy is currently being drawn up. A part of this strategy will be to install regular reporting on sustainability for fiscal 2017. The reporting will include non-financial performance indicators and quantifying them in the 2017 annual report.

PROXIMITY TO CUSTOMERS In the Automotive division, the UNIWHEELS Group maintains relationships to all major automobile producers in Europe (Automotive), particularly in the premium segment. With its global brands, ATS, RIAL, ALUTEC and ANZIO, the UNIWHEELS Group serves all segments of the market (Accessory), from premium to economy. —— By means of a central distribution and logistics hub, a European-wide distribution network and just-in-time delivery and production methods, UNIWHEELS ensures flexible deliveries of its wheels when and where they are needed. —— This unquantifiable non-financial performance indicator is monitored by management on a constant basis.

RELATIONSHIPS TO SUPPLIERS Due to the fact that the purchase volume of the UNIWHEELS Group lies at well over 60% of its sales revenue, its relationship to suppliers is of major significance. Within the framework of strict procurements management, relationships to suppliers are structured in such a way as to minimise all kinds of risks as much as possible and shield the company from them. Contracts with suppliers are negotiated accordingly. Compliance with the law is secured and the risk management practiced by the group is oriented towards assuring this. —— This unquantifiable non-financial performance indicator is monitored by management on a constant basis.

ENVIRONMENT AND ENERGY MANAGEMENT As a complement to codified environmental protection and further evolutionary step in this direction, environmental management plays a very significant role. The application of energy management also becomes tangible, for example in cost-savings as a result of lower consumption of resources. The production locations of the UNIWHEELS Group in Germany and Poland are certified in accordance with ISO 14001. —— This unquantifiable non-financial performance indicator is monitored by management on a constant basis.

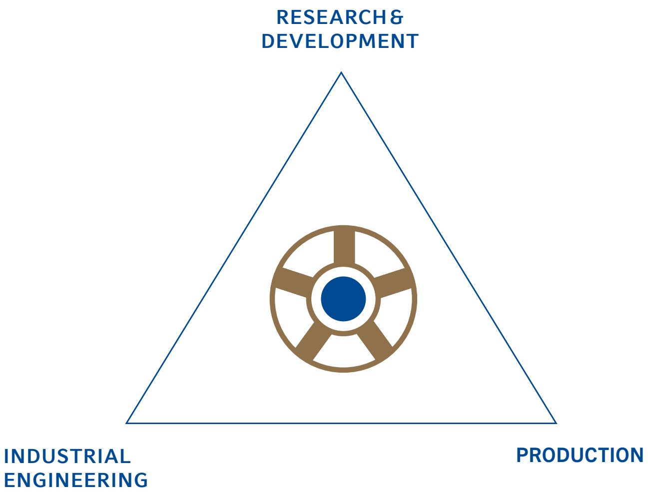
EMPLOYEE SATISFACTION AND QUALIFICATIONS The UNIWHEELS Group has a well-trained and motivated workforce of high-performers. As a modern and responsible employer, the Group sees one of its key tasks to be to offer its employees interesting and challenging tasks as well as an attractive work environment. Remuneration that is commensurate to performance and a number of fringe benefits are part of this. —— Furthermore, it offers its employees a range of working time models, such as flexi-time, part-time work and mobile work. Employees of the UNIWHEELS Group can accept attractive foreign assignments which, in addition to training, are a great way of developing their intercultural skills sets. —— Training is an important pillar of a sustainable human capital policy. At the end of the year there were 17 apprentices undergoing training at the locations of the UNIWHEELS Group which offer apprenticeships in such professions as industrial business, industrial IT, warehouse logistics, technical product designer, warehouse staff, casting technicians, electricians and fitters and turners. Promoting motivated and talented staff members goes without saying at the UNIWHEELS Group. —— Another important factor for the UNIWHEELS Group is to actively involve employees in the improvement of business processes and reduce complexity within the organisation. For this purpose, the UNIWHEELS Group makes use of apprenticeships and other means of providing employees with additional qualifications. In addition, the employees of the UNIWHEELS Group have an opportunity to suggest improvements for streamlining processes or innovative ideas for new products at any time to the ideas management. —— This unquantifiable non-financial performance indicator is monitored by management on a constant basis.

INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH

Health and safety are a further vital component of our human capital policies. In addition to complying with the safety measures required by the law, the management of industrial safety concentrates on accident prevention and making employees aware of occupational health and safety. We strive to always better the minimum statutory requirements. This took concrete form during the construction of the new plant UPP 3 in Poland in terms of the production methods, lighting and air conditioning installed. —— Another key aspect is the definition of internal safety standards that are harmonised throughout the group. Ensuring compliance with these is tied to strict criteria. Internal audits are carried out with the assistance of professionals to ensure that all locations are working on industrial safety and occupational health. This involves an assessment of the organisation and the development of measures needed to protect the workforce, e.g. during security trainings. Employees are offered a range of health programmes, such as health checks, at regular intervals. Training and education on issues such as health, hygiene, safety and prevention round off our activities in this field. —— This unquantifiable non-financial performance indicator is monitored by management on a constant basis.

Research and development

The development of new wheel designs and production methods is a key component of the business model of UNIWHEELS. In this regard, research and development, production and industrial engineering are highly synchronised functions. —— The UNIWHEELS Group has worked together with major automobile manufacturers for over forty years. It is a preferred development partner and Tier-1 supplier to the automobile industry. —— The development of new wheel designs goes hand-in-hand with the evolution of production processes and quality assurance. In particular, the UNIWHEELS Group works without interruption on optimising its production processes and methods with regard to efficiency and remedying bottlenecks in capacity, such as steadily reducing the relative amount of scrap. —— As customer expectations for wheel design become more demanding, the focus has moved to coating, varnishing and machining wheels that have already been commissioned for serial production to develop them a step further. —— As of the reporting date, a total of 176 (2015: 141) development contracts were being processed and work was being performed on 95 coquilles for casting the next-generation of products (2015: 107). A total of 223 coquilles (2015: 161) were successfully completed in the reporting year. The KBA, TÜV and VDA industrial standards were met at all times. All start-of-production projects for new series were executed to the full satisfaction of our customers. —— Both the number of serial production projects currently under development and the number of development projects successfully completed increased significantly in comparison to the prior year, which led to a healthy level of utilisation of our plants.



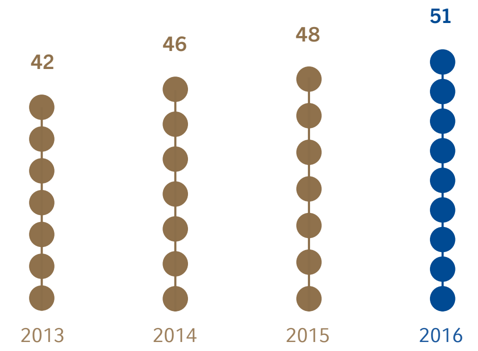
Thanks to our teamwork, project management and interdisciplinary linkage, we achieve maximum effectiveness on our way to technology leadership.

UNIWHEELS is one of the technological leaders in the alloy wheel business. The Group is constantly extending its lead over the market. At the beginning of 2017, UNIWHEELS AG created new space for its R&D units at the new technology centre in Lüdenscheid, near the existing Werdohl facility in Germany. The centre offers total floor space of 1,500 m^2 including offices and test facilities. Furthermore, an additional test hall was also constructed:

- Modern IT equipment and workstations for all existing CAD and CAM projects
- Extensive experience in all aspects of virtual product and process development
- State-of-the-art equipment for testing first prototypes
- Centralised development of casting moulds

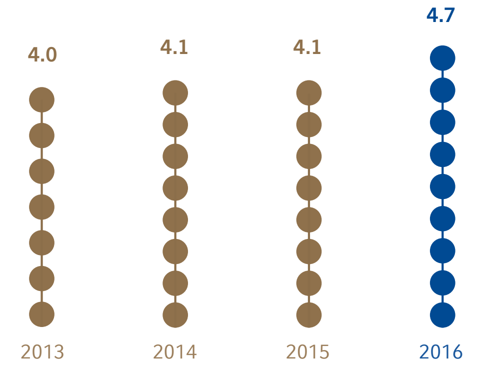
Experienced R&D experts develop best-in-class production processes and enhance their efficiency in order to constantly raise safety and quality standards. —— The increasing pressure to reduce CO_2 emissions presents wheel manufacturers with new challenges. This involves improving the mechanical properties of the alloy to allow thinner rim walls so as to save weight. On the other hand, there is increasing focus on improving the aerodynamics of the wheel by partially covering the spokes. In order to address these tasks, UNIWHEELS works closely together with various external laboratories, universities and external cooperation partners. —— Industrial engineering next to R&D is a significant factor in the development of best-in-class processes and methods at the UNIWHEELS Group. UNIWHEELS made excellent progress in the reporting year on its light-weight performance casting to improve the mechanical qualities of its wheels. In the first small production runs, the measurements of isolated mechanical properties almost doubled. It is estimated that wheel weight can be reduced by up to 1.2 kg. —— Another point of focus in the prior year lay on the design of an alternative casting process which will not only allow very thin walls but also mechanical properties that correspond to those of a forged wheel. Weight-savings of up to 15% appear feasible using this technology. Technical feasibility was confirmed in a virtual simulation. An experimental tool for the first casting experiment and optimising the alloys is in production. —— Furthermore, wheel models were developed at our forged wheel operation in Fußgönheim for our OEM customers in sizeable quantities for the first time in 2016 (complete wheel sets, plastic and aluminium mock-ups) and prepared/programmed for serial production. —— A production process very similar to forging is being examined and the first raw wheels confirm the high potential of the mechanical properties. In the Accessory division, a larger number of forged raw wheels are currently being produced to be able to test the suitability of this process in production. —— Also in the Accessory division, work was performed on 89 new projects (2015: 69) and 21 follow-up coquilles (2015: 17). In the motorsport and rally division, the existing programme was expanded and numerous customer requests fulfilled. For example, a forged wheel was developed in the past year for motorsport use, which is produced from a standard version on the basis of customer specifications. This provides not only greater flexibility but also fast production times and cost-savings. —— Another 25 projects were realised for forged wheels, prototypes and for motorsport (2015: 15). The development of prototypes has been very successful over the past year. Special wheels for a number of major automobile producers were manufactured from raw forged wheels as well as special wheels that are made by reprocessing standard wheels from the trading programme. We also created a number of forged wheels for show cars. —— At 51, the headcount in the development department has risen slightly (2015: 48). In fiscal 2016 the developers of coquilles were also included in the headcount of the R&D department and in R&D expenses and the prior year figures adjusted accordingly. This adjustment is immaterial to a true and fair view of the group. —— R&D expenses amounted to EUR 4.7 million in 2016 (2015: EUR 4.1 million), an increase of 14.6% on the prior year. Relative to the group's revenue this corresponds to 1.0% (2015: 0.9%).

R & D EMPLOYEES 2013–2016



R & D EXPENDITURE 2013–2016

EUR million



Business report

MACROECONOMIC DEVELOPMENTS AND INDUSTRY TRENDS

According to the World Bank, the global economy recorded growth of 2.3% in 2016. This rate is below the long-term average and below the prior year (+3.1%). [1] —— Stagnating global trade, low level of investment and political uncertainties were factors affecting the global economy. [2] —— The German economy was able to shake off a number of adverse factors, such as Brexit and the surprising outcome of the US election and continuing political uncertainty in the euro zone. These factors dampened economic activity in Germany in 2016, but GDP growth nevertheless reached almost 2.0%, outpacing the already strong performance of the two preceding years of 2015 (+1.7%) and 2014 (+1.6%). This bucks a trend that had already become apparent in the wider global economy in 2015. [3] —— The price of the most important raw material for alloy wheels, aluminium, rose from USD 1,513 per metric ton to USD 1,701 per metric ton on the LME due to the fact that additional production capacity in China was not realised. The premium on the price of aluminium for alloys ran counter to this trend, falling moderately. —— According to the German Association of the Automotive Industry (VDA), 2016 was a particularly turbulent year and confronted manufacturers with a number of challenges, German manufacturers in particular, such as the diesel scandal at Volkswagen. In spite of these factors, the global market for passenger cars grew to 81.9 million units, corresponding to growth of 6.5% (2015: 76.9 million units). It should be noted that the three largest automobile markets, western Europe, the USA and China, all recorded growth in 2016. In western Europe 14.0 million units were sold, corresponding to growth of 7.7% (2015: 13.0 million units). The Chinese market profited from tax benefits for the purchase of cars with engines smaller than 1600 cc and grew by 15.0% to 23.0 million units. As a result, the Chinese market remains the world's largest car market. Roughly 17.5 million light vehicles were sold on the US market. This represents a new record (2015: 17.0 million units). In sum, unit sales eased slightly but remained at a very high level. [4] —— Germany recorded a very strong year for car sales in 2016. Market volume measured in new vehicle registrations came to 3.4 million (up 4.5%). This marks the third year in succession that new car registrations have risen and the highest they have been since 2009 when there was a government bonus for scrapping used cars to stimulate sales of new ones (Abwrackprämie).

OVERALL ASSESSMENT OF THE ECONOMY IN FISCAL 2016

Economic trends in Germany, Europe and worldwide in 2016 were cautiously positive. The automobile industry was forced to confront a number of challenges, but remained robust overall and continued to grow in 2016. —— The wider economic environment had a clearly positive impact on the business of the UNIWHEELS Group over the course of 2016. The growth recorded by premium OEMs such as Audi, Daimler, JLR, and Volvo on the German market had a positive influence on business. However, the increase of 25.5% in the number of SUVs on the market and the associated demand for wheels with larger dimensions manufactured using lightweight technologies such as flow forming dominated business. [5]

1) Source: Deutsche Bank Research: www.dbresearch.de

2) Source: ZEIT ONLINE, dpa, afp, rtr, stk; issued: 11 January 2017

3) Source: Deutsche Bank Research, Ausblick Deutschland; issued: 16 December 2016

4) Source: VDA, press release: 9 January 2017

5) Source: Kraftfahrt-Bundesamt, press release No. 01/2017, 4 January 2017

SIGNIFICANT EVENTS

On 18 January 2016, the Chairman of the Management Board of UNIWHEELS AG, Mr. Ralf Schmid, announced that he intended to step down from the Management Board effective 21 January 2016 and accept an appointment to the Supervisory Board. On 19 January 2016 UNIWHEELS Holding (Malta) Ltd. appointed Mr. Ralf Schmid to the Supervisory Board, effective 21 January 2016, whereupon he was immediately elected Chairman. On 19 January 2016 the Supervisory Board of UNIWHEELS AG passed a resolution to appoint Dr. Thomas Buchholz as the Chairman of the Management Board effective 21 January 2016. Dr. Buchholz had been the Deputy Chairman since August 2015. —— At its meeting on 26 April 2016, the Supervisory Board of UNIWHEELS AG passed a resolution to appoint Dr. Wolfgang Hiller as an additional member to the Management Board. As the Chief Operating Officer (COO), Dr. Hiller is in charge of the production plants and was also assigned responsibility for the Accessory division effective 1 June 2016. —— After just under one year's construction, the new UNIWHEELS Production Poland Sp. z o.o. (UPP 3) plant in Stalowa Wola, Poland, went into operation ahead of schedule. At the beginning of June, casting operations were ramped up successively and additional production capacity of approximately 500,000 wheels created by the end of the year. The plant can produce up to 2 million wheels per year, which is also considered in the budget for 2017. —— In light of the ongoing high customer demand, UNIWHEELS is currently assessing additional growth options for the following periods now that plant UPP 3 in Poland has gone into full operation. In this respect, feasibility studies are currently being carried out in the global growth markets of all relevant customers of the automobile sector. —— The Management Board of the Warsaw Stock Exchange passed a resolution to include the share of UNIWHEELS AG in the mWIG40 midcap index of the Warsaw Stock Exchange. This took effect on 21 March 2016. —— ITR (Internationale Tourenwagen Rennen e.V.), the umbrella organisation of the DTM (Deutsche Tourenwagen Meisterschaft), and ATS Leichtmetallräder GmbH entered into a cooperation agreement governing the production and delivery of a standardised racing wheel. Commencing in 2017, all of the race cars in the DTM series will be equipped with the new forged wheels from ATS, regardless of the make of the car. The contract has a minimum term of three years. —— On 19 July 2016 UPP entered into a loan agreement with IKB Deutsche Industriebank AG for an amount of EUR 20.0 million which it drew in full on 31 October 2016. This special purpose loan is earmarked for machines, plant and production technology. It bears interest at a rate of 1.0% p.a. and has to be repaid in quarterly installments by 31 March 2024. —— On 21 September 2016 UNIWHEELS presented its Strategy 2022 at its Investor Day in Stalowa Wola, Poland. In addition to a vision and mission statement, the strategy consists of five strategic fields with a focus on profitable and sustainable growth, product quality, operative excellence and robust financial indicators. Please visit www.uniwheels.com -> Investor Relations -> UNWHEELS Profile -> Strategy 2022 and pages 4 and 30 of this annual report for more information on the UNIWHEELS Strategy 2022. —— On 4 October 2016, the majority shareholder of UNIWHEELS AG, UNIWHEELS Holding (Malta) Ltd. (UHM), announced to the Management Board that it intended to examine a potential sale of its shareholding of 61.3%.

BUSINESS DEVELOPMENT

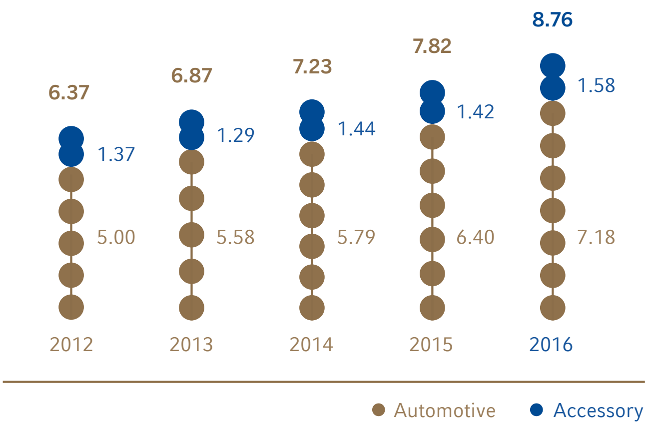
Unit sales of wheels developed as follows:

WHEEL SALES

thousand units	2016	2015	Change	Q4 2016	Q4 2015	Change
Accessory	1,583	1,417	+11.7 %	498	462	+7.8 %
Automotive	7,178	6,405	+12.1 %	1,880	1,657	+13.4 %
	8,761	**7,822**	**+12.0 %**	**2,377**	**2,119**	**+12.2 %**

The UNIWHEELS Group continues to grow and enjoyed another record year in terms of its sales volume, with its **UNIT SALES** clambering by 12.0% on the prior year to almost 8.8 million wheels. 2016 once again saw a number of records broken. October was the best month in the history of the company with 924.3 thousand wheels sold and November the month with the highest sales for the Automotive division (709.1 thousand wheels sold). In sum, the Group recorded double-digit growth in unit sales in both divisions.

DEVELOPMENT OF WHEEL SALES in million units



In the **ACCESSORY** division unit volume rose by 11.7% which is due to the continuation of successful sales activities. Unit sales of wheels to major customers in other European countries could be increased significantly. In sum, new products and applications (for other car models) were successfully placed on the market and enjoyed a great reception from our customers. A rise in unit sales was recorded for all brands, particularly those serving the premium segment. —— In the **AUTOMOTIVE** division, unit sales of wheels increased by 12.1% compared to the same period of the prior year. This was primarily driven by a sustained rise in demand from European automobile manufacturers. The UNIWHEELS Group was able to diversify and build on its extremely successful customer relationships with a focus on the premium segment of the automobile industry. While further growth was hemmed by capacity restrictions in the first six months of 2016, UNIWHEELS was able to tap significantly higher production capacity after the new plant UPP 3 came on line in Poland. UNIWHEELS met the increase in demand from its customers by making efficiency gains and increasing capacity at its existing plants, Werdohl in particular. UNIWHEELS managed to place this extra capacity with its OEM customers. Furthermore, the share of wheels with diameters of between 21″ and 22″ increased significantly. The first serially produced 23″ wheel went into production in the second half of 2016.

NET ASSETS, RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE UNIWHEELS GROUP

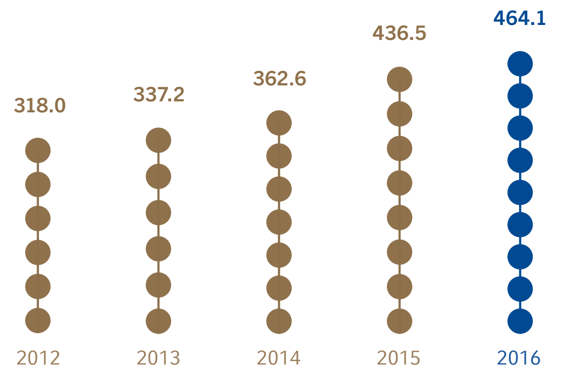
Result of operations

EXTERNAL REVENUE

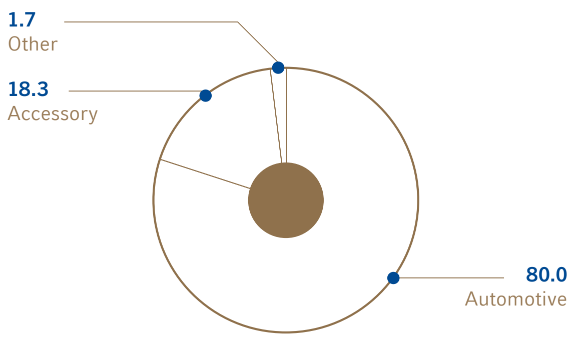
EUR million	2016	2015	Change	Q4 2016	Q4 2015	Change
Accessory	84.8	79.8	6.3 %	27.0	26.9	0.4 %
Automotive	371.5	350.8	5.9 %	99.7	88.5	12.7 %
Other	7.8	5.9	32.2 %	2.5	0.9	177.8 %
	464.1	**436.5**	**6.3 %**	**129.2**	**116.3**	**11.1 %**

Overall, UNIWHEELS can look back on an extremely successful year 2016. The CONSOLIDATED REVENUE of the UNIWHEELS Group increased to EUR 464.1 million. In comparison to the prior year 2015, this represents a rise of EUR 27.6 million or 6.3%. The main factor in the rise is the 12.0% increase in unit sales of wheels and an improved product mix with larger average wheel diameters and a greater share of flow forming and diamond cut wheels in the mix. The decrease in aluminium prices was passed through to our OEM customers during the quarterly price adjustments resulting in a corresponding fall in prices. The revenue of the AUTOMOTIVE division rose by 5.9% to EUR 371.5 million. The revenue of the ACCESSORY division amounted to EUR 84.8 million, which represents an increase of 6.3% on the prior year.

REVENUE 2012–2016 EUR million



REVENUE BY DIVISION 2016 in%



OTHER OPERATING INCOME slipped by 15.2% to EUR 3.9 million. The relative decrease is predominantly due to foreign exchange gains realised in the prior year.

KEY EXPENSE ITEMS

EUR million	2016	2015	Change
Cost of material	256.0	262.4	–2.4%
Personnel expenses	76.0	66.0	15.2%
Other expenses	62.8	56.0	12.1%
Depreciation and amortisation	18.1	14.8	22.3%
Interest expense	3.1	4.4	–29.5%
Ratio of the cost of material to revenue	55.2 %	60.1 %	–4.9 PP
Ratio of personnel expenses to revenue	16.4 %	15.1 %	1.3 PP

The **COST OF MATERIAL** of the UNIWHEELS Group decreased by 2.4% to EUR 256.0 million. The decrease in the cost of material is primarily due to the relative fall in the cost of raw materials in comparison to the prior year, aluminium in particular. The cost of paints and varnishes increased by EUR 2.6 million, mainly on account of the higher volume used in production. Energy costs only increased by EUR 0.3 million in a year-on-year comparison in spite of the higher unit volume. Please see note 7 in the notes to the consolidated financial statements later in this report for a detailled breakdown of the cost of material. —— **PERSONNEL EXPENSES** increased by EUR 10.0 million or 15.2% in comparison to the prior year to EUR 76.0 million, mainly on account of the sharp rise in the headcount. The UNIWHEELS Group had an average of 2,918 employees in fiscal 2016. In comparison to fiscal 2015, when there were 2,539 employees, the average headcount has risen by 379 employees. This substantial increase in personnel is related to the new plant, UPP 3, which was phased into full operation from June 2016 onwards. In addition to the above factor, which burdened sales, the increase in the ratio of personnel expenses to revenue is primarily due to the ramp-up costs for the new plant, most of which consist of the costs of training new staff. —— **OTHER OPERATING EXPENSES** increased by 12.1% to EUR 62.8 million. This rise is chiefly attributable to an increase of EUR 3.1 million in the expenses for repairs and maintenance of plant and equipment, a rise of EUR 2.4 million in selling expenses related to higher transport costs, losses of EUR 0.7 million on the disposal of non-current assets, an increase of EUR 0.6 million in research and development expenses and a rise of EUR 0.6 million in exchange rate losses. By contrast, contributions, fees and bank charges decreased by EUR 1.9 million on account of the costs incurred in the prior year for the IPO. See note 9 in the notes to the consolidated financial statements of this interim report for a more detailed breakdown of other operating expenses. —— **DEPRECIATION AND AMORTISATION** increased by 22.3% to EUR 18.1 million in fiscal 2016. This sharp rise is mainly due to the commissioning of UPP 3 and the associated increase in property, plant and equipment as well as an impairment loss of EUR 0.8 million recorded on a building at the Polish production company. —— **INTEREST EXPENSES** decreased by EUR 1.3 million to just EUR 3.1 million. This can be explained by a 0.8 percentage point reduction in the interest margin to a new rate of 0.95% that was negotiated for the syndicated loan at the end of 2015. —— **OTHER FINANCE REVENUE/COSTS** increased on the prior year mainly on account of a positive change of EUR 0.6 million in the market value of forward exchange contracts and aluminium futures, used to secure the price of aluminium, to EUR 1.3 million. In net terms, the net financial result improved by EUR 1.6 million to EUR –1.6 million. See note 11 in the notes to the consolidated financial statements for a detailed breakdown of other finance revenue/costs.

Earnings

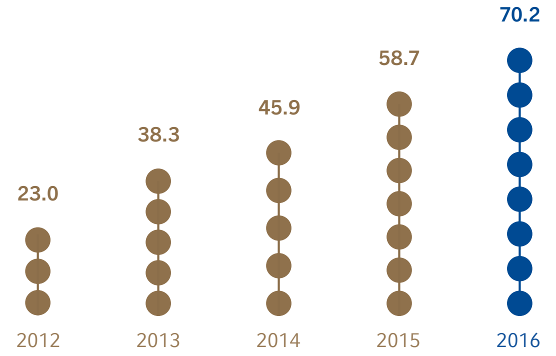
Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 19.6% on the prior year to EUR 70.2 million. This increase in EBITDA can be attributed to the increase in revenue due to higher unit sales and a relatively slower increase in expenses in both operations and administrative functions. The EBITDA margin increased from 13.4% to 15.1%. — Earnings before interest and taxes (EBIT) increased by 18.7% to EUR 52.1 million. The EBIT margin improved from 10.1% to 11.2% as a result. — THE NET PROFIT for the period improved by 57.5% to EUR 64.1 million compared to the prior year. In addition to the increase in the result of operating activities, this rapid rise is also due to income of EUR 15.0 million from recognising deferred tax assets.

KEY EARNINGS INDICATORS

EUR million	2016	2015	Change
EBITDA	70.2	58.7	19.6%
EBIT	52.1	43.9	18.7%
Net profit for the period	64.1	40.7	57.5%
EBITDA margin	15.1 %	13.4 %	1.7 PP
EBIT margin	11.2 %	10.1 %	1.1 PP

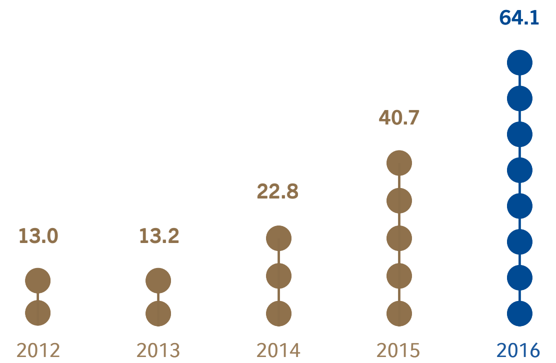
EBITDA 2012–2016

EUR million



NET PROFIT 2012–2016

EUR million



The net profit for the period comprises the following **EXTRAORDINARY ITEMS:**

			Q4	
EUR million	2016	2015	2016	2015
Exchange rate effects	–1.4	0.8	–1.5	0.3
Expenses due to the IPO (including the costs of transitioning to IFRS) [1]	0.0	–3.0	0.0	0.0
Ramp-up costs UPP 3	–1.7	0.0	0.0	0.0
Other finance revenue/costs	1.3	0.7	–0.7	0.0
	–1.8	–1.5	**–2.2**	**0.3**

1) Expenses of EUR 2.3 million are included under bank charges.

Cash position

Within the UNIWHEELS Group, UNIWHEELS AG performs a central role when it comes to obtaining finance. Borrowings are generally arranged by UNIWHEELS AG and provided to the subsidiaries as they need them. Any surplus funds at the subsidiaries are transferred to the central cash pool managed by UNIWHEELS AG with cash being extended to them as needed. —— The existing **SYNDICATED LOAN AGREEMENT** from September 2014 provides total credit of EUR 95.0 million, consisting of a mid-term portion (Term Loan A) for EUR 50.0 million and a short-term portion (revolving credit facility) of EUR 45.0 million. As of 31 December 2016 an amount of EUR 37.6 million had been drawn on Term Loan A. An amount of EUR 4.4 million had been drawn on the revolving credit facility. The principal of the syndicated loan agreement bears interest at the EURIBOR plus a variable margin. This ranges between 0.95% and 1.90% depending on the status of certain financial indicators of the company. The margin stood at 0.95% as at the end of the reporting period. —— The **IKB LOAN AGREEMENT** for EUR 20.0 million was fully drawn as of 31 October 2016. The loan is to be used specifically for machines, equipment and production technology and bears interest of 1.0% p.a. It will be repaid in quarterly installments and matures on 31 March 2024. —— All liabilities towards the shareholder, UNIWHEELS Holding (Malta) Ltd., Sliema, Malta, are subordinated to the claims of other creditors. —— Risks arising from fluctuations in interest rates, foreign exchange rates and commodity prices are managed by means of financial derivatives in the form of interest swaps and forward exchange transactions and commodity derivatives (for aluminium). These instruments are used for the sole purpose of hedging the risks and are not used for speculation. —— Various group entities have performed off-balance-sheet transactions in the form of **FACTORING.** As of 31 December 2016, receivables of EUR 12.0 million (31 December 2015: EUR 12.6 million) were not recorded on the face of the statement of financial position. Risks for the company relate to the retained factoring fee, which amounts to 10% of the factored receivables. In addition, there are factoring fees which are charged on to the group entities.

Composition of equity and liabilities

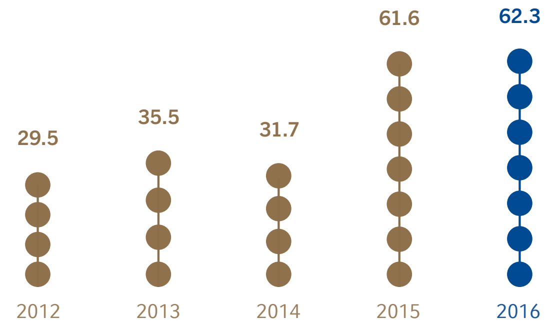
NON-CURRENT FINANCIAL LIABILITIES increased by EUR 10.4 million to EUR 50.1 million. The increase is largely due to the IKB loan of EUR 20.0 million. Of this amount, EUR 16.7 million has been classified to non-current financial liabilities. On the other hand, financial liabilities were reduced by the scheduled repayments of EUR 5.5 million of the syndicated loan and EUR 0.7 million of the IKB loan. — CURRENT FINANCIAL LIABILITIES also increased in comparison to the prior year, rising by EUR 4.8 million to EUR 15.0 million. The increase is largely due to the current portion of EUR 2.7 million of the IKB loan and an amount of EUR 4.4 million drawn on the revolving credit facility. On the other hand, finance lease liabilities were scaled back by EUR 1.8 million and the negative market value of aluminium derivatives also decreased by EUR 0.7 million. — NET DEBT increased from EUR 10.6 million in 2015 to EUR 42.5 million in fiscal 2016. The net debt/EBITDA ratio rose from 2.0x to 0.6x. — EQUITY increased by EUR 43.5 million to EUR 243.5 million, mainly on account of the net profit for the year. The equity ratio increased from 61.6% to 62.3%.

Capital expenditure

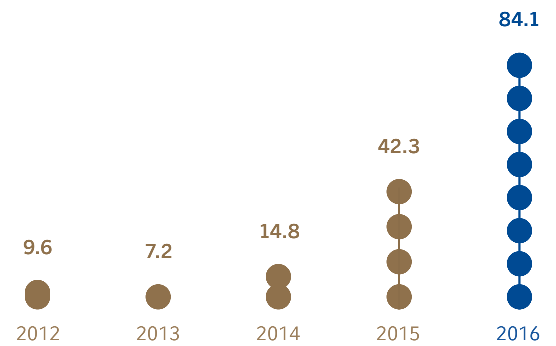
An amount of EUR 84.1 million was invested in the intangible assets and property, plant and equipment of the group in fiscal 2016. Most of the capital expenditure – EUR 61.3 million – concerns the expansion of production capacity associated with Stage 2 of the new plant UPP 3 at Stalowa Wola, Poland. In addition, EUR 1.8 million was invested to acquire developed land at the Polish company UPP to close the gap between the plants. The rest of the capital expenditure is primarily attributable to UPG, which accounts for EUR 5.8 million, and UPP 1 and UPP 2, which together account for EUR 13.6 million. These investments were made for IT, casting, machines and coating plant and equipment. — The capital expenditures in fiscal 2016 were well above the level of depreciation and amortisation of EUR 18.1 million. The ratio of capex to revenue comes to 18.1% (2015: 9.7%). — The capital expenditures planned for fiscal 2017

NET DEBT / EBITDA 2012–2016 EUR million

EQUITY RATIO 2012–2016 in%



CAPEX 2012–2016 EUR million



mainly relate to machinery, coating, research and development and IT infrastructure. Moreover, capital expenditure of EUR 7.5 million is still required in 2017 for UPP 3 which was originally planned for 2016.

Liquidity

The cash flow statement of the UNIWHEELS Group separates cash flows into cash inflows and outflows from operating activities, investing activities and financing activities. Taking account of the cash and cash equivalents at the beginning of the reporting period and the changes in cash and cash equivalents from changes in foreign exchange rates and changes in the consolidated group results in the cash and cash equivalents at the end of the fiscal year. — The group's cash requirements could not be entirely covered by the CASH FLOW FROM OPERATING ACTIVITIES. The cash flow from operating activities increased by EUR 25.8 million to EUR 71.9 million. The increase was partly due to the rise of EUR 23.4 million in the net profit for the year, which was affected by higher non-cash income from recognising deferred tax assets of EUR 14.0 million. Other positive effects on cash flow come from the reduction in inventories (EUR +4.8 million), other non-financial assets (EUR +4.6 million) and an increase in trade payables (EUR +7.6 million). These were countered by a reduction in provisions (EUR –7.6 million). — The CASH FLOW FROM INVESTING ACTIVITIES changed in a year-on-year comparison from a cash outflow of EUR 41.9 million to a cash outflow of EUR 83.7 million. The increase in cash outflow is due to the increase in capital expenditure within the group, particularly for the construction of the new plant UPP 3. — The CASH FLOW FROM FINANCING ACTIVITIES decreased in the reporting year from EUR 13.3 million to an outflow of EUR 9.3 million. The additional liquidity needed to finance the construction of the production plant was provided by drawing EUR 20.0 million on the IKB loan on 31 October 2016. After deducting the scheduled repayments and interest the new loan had a positive effect of EUR 11.2 million on the cash flow from financing activities, offset by a cash outflow of EUR 20.5 million to cover the dividend payment. — As a result of the above changes in cash flow, CASH AND CASH EQUIVALENTS at the end of the fiscal year decreased by EUR 21.1 million to EUR 18.2 million. The cash and cash equivalents comprise cash of EUR 22.6 million less the overdraft of EUR 4.4 million draw on the revolving credit facility. — There were no liquidity bottlenecks in the year and all group entities were in a position to meet their payment obligations at all times.

Composition of assets, equity and liabilities

The total assets reported in the consolidated statement of financial position come to EUR 390.7 million (2015: EUR 324.5 million), consisting of non-current assets of EUR 266.7 million and current assets of EUR 124.0 million. — NON-CURRENT ASSETS primarily consist of other intangible assets of EUR 8.8 million (prior year: EUR 8.0 million), property, plant and equipment and investment property of EUR 205.7 million (31 December 2015: EUR 141.1 million) and deferred tax assets of EUR 50.8 million (31 December 2015: EUR 35.8 million). — The largest item in CURRENT ASSETS assets is inventories of EUR 54.1 million (31 December 2015: EUR 56.2 million). The decrease is mainly due to a reduction of EUR 4.3 million in inventories of work in progress, finished goods and merchandise. On the other hand, stocks of raw materials, consumables and supplies rose by EUR 2.1 million. In addition, current assets also include trade receivables of EUR 39.7 million (31 December 2015: EUR 34.3 million) and cash and cash equivalents of EUR 22.6 million (31 December 2015: EUR 39.3 million). The increase in trade receivables is largely a result of higher unit sales compared to the prior year. — The reduction in CASH AND CASH EQUIVALENTS can be attributed to the fall in deposits at banks to fund higher capital expenditure and the dividend distribution in May. — WORKING CAPITAL (measured as inventories plus trade receivables less trade payables) decreased by EUR 3.7 million in the reporting year to EUR 31.8 million. — The equity ratio came to 62.3% on 31 December 2016 (31 December 2015: 61.6%). — Please see the comments on the cash position of the group for more information on the development of non-current and current financial liabilities. —— The reduction in NON-CURRENT TRADE PAYABLES is due to the reclassification of liabilities towards UHM to current trade payables. —— Current PROVISIONS decreased year-on-year by EUR 2.9 million. The decrease is largely a result of the decrease of EUR 2.0 million in other provisions and EUR 0.6 million in the provisions for litigation expenses. —— The increase of EUR 2.7 million in CURRENT OTHER NON-FINANCIAL LIABILITIES is chiefly on account of an increase of EUR 1.1 million in other liabilities and an increase of EUR 1.0 million in social security liabilities.

Concluding statement of the Management Board on business performance and commercial position of the group

The UNIWHEELS Group once again set new records in terms of unit volume, revenue and its other key performance indicators. To this extent, fiscal 2016 developed exceedingly well. Double-digit growth was seen in the business of both the Accessory and the Automotive divisions. The revenue of the Group increased by 6.3% in comparison to fiscal 2015. This positive development is due to both the start of production of new models and a more advantageous product mix that focuses on the premium brands in the Automotive division. EBITDA even grew by 19.6%, well above the forecast made by the Management Board on account of stringent cost control and despite the ramp-up costs at the new plant in Poland. The resulting cash inflows were primarily channeled into completing the new UPP 3 in Poland ahead of schedule. The significant improvement in earnings and the stable cash flow contributed to the financial position of the company remaining rock solid with a debt coverage ratio of 0.6x (ratio of net debt/EBITDA).

Definition of non-GAAP financial indicators

The UNIWHEELS Group uses a number of non-GAAP measures in its regular and mandatory reporting. These financial indicators are not defined in IFRS. —— To assess financial performance, financial position and cash flows, these indicators should not be viewed in isolation but rather viewed as complementary information. —— The financial indicators we use are listed and explained below.

EBIT Earnings before interest and and tax is a measure of earnings after already considering depreciation and amortisation of non-current assets and any reversals of impairment losses. —— EBIT can also be calculated as earnings before taxes (EBT) after adding back other finance revenue/costs, interest expenses and interest income.

EBIT margin The EBIT margin is the ratio of EBIT to revenue.

EBITDA EBITDA is earnings before interest and and tax, depreciation and amortisation. — EBITDA can be calculated from EBIT by adding back depreciation and amortisation and deducting any reversals of impairment losses recorded on intangible assets and property, plant and equipment.

EBITDA margin The EBITDA margin is the ratio of EBITDA to revenue.

Cash flow Cash flow is an indicator used to measure the net cash inflow (or outflow) in a period.

Cash flow from operating activities Cash flow from operating activities measures the net cash generated by the reporting entity's operations. It is derived from the net profit for the year less any non-cash income and taxes paid plus any non-cash expenses.

Cash flows from investing activities The cash flow from investing activities is an indicator of the cash paid to acquire non-current assets and the cash received from the disposal of non-current assets plus any interest received.

Cash flow from financing activities Cash flow from financing activities is an indicator of how the investments made in the reporting period were financed. — It is calculated from the capital contributions made in the year by the owners less any dividend payments, plus the debt capital provided by creditors (loans, bonds, etc,) less any repayments of loans, bonds, and similar financial instruments and any interest paid.

Net debt/EBITDA The net debt/EBITDA ratio indicates to what extent the UNIWHEELS Group is able to service its debt.

Calculation of net debt/EBITDA:
Current financial liabilities
+ Non-current financial liabilities
= Financial liabilities
– Cash and cash equivalents
= Net debt

Ratio of the cost of material to revenue The ratio of the cost of material to revenue is calculated by dividing the two.

Ratio of personnel expenses to revenue The ratio of personnel expenses to revenue is calculated by dividing the two.

Equity ratio The equity ratio is calculated by dividing equity with total equity and liabilities.

Working capital This definition of working capital measures the capital tied up in current assets and is calculated as follows:

Inventories
+ Trade receivables
– Trade payables
= Working capital

ROCE Return on capital employed measures how efficient and profitable the UNIWHEELS Group employs its capital and is effectively an extension of the return on capital.

ROCE is calculated as:

$$\frac{\text{EBIT}}{\text{Equity + non-current debt – cash and cash equivalents}}$$

Rounding Due to rounding differences, it is possible that individual figures in these consolidated financial statements do not exactly add up to the reported totals and that the reported percentage figures do not exactly reflect the reported absolute figures.

EXPLANATIONS TO THE SEPARATE FINANCIAL STATEMENTS OF UNIWHEELS AG (HGB))

In addition to the reporting of the UNIWHEELS Group, developments at UNIWHEELS AG are explained below. The combined group management report and the management report of UNIWHEELS AG have been combined in accordance with Sec. 315 (3) HGB in conjunction with Sec. 298 (2) HGB. The financial statements of UNIWHEELS AG were compiled on the basis of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements have been compiled on the basis of International Financial Reporting Standards (IFRS). Due to the differences between the accounting policies, measurement differences have arisen, particularly related to fixed assets, provisions, financial instruments and deferred taxes. —— UNIWHEELS AG based in Bad Dürkheim, Germany, is the parent company of a number of subsidiaries in Germany and abroad that are mainly assigned production or sales activities. The parent company, which acts as an operating holding company, performs administrative functions for some of the UNIWHEELS Group entities, such as management, finance, HR, purchases, IT, marketing, compliance, risk management and research and development for the accessory market. —— The annual average headcount at UNIWHEELS AG in 2016 came to 67 (2015: 69). —— The economic environment in which UNIWHEELS AG operates generally corresponds to that of the UNIWHEELS Group as a whole and is presented in the section on "Macroeconomic developments and industry trends". Thanks to its activities as a holding company, the results of UNIWHEELS AG are dominated by the profits transferred or losses absorbed from its subsidiaries. The key performance indicators at UNIWHEELS AG are therefore limited to the net result for the year.

Result of operations

The business performance and balance sheet ratios of UNIWHEELS AG are determined primarily by its function as a holding company and the associated profit transfers, loss absorptions, dividend income, and management services rendered and received within the group. —— Thanks to the positive development of the operating business of the entire group, UNIWHEELS AG closed the fiscal year with a net profit of EUR 73.5 million (2015: 28.1 million). Primarily, the net result was influenced by the write-up of the equity investment in UPG and the dividend distribution from UPP to UIG and the associated profit transfer to UNIWHEELS AG. —— Revenue decreased by EUR 0.8 million on the prior year to EUR 8.9 million. This includes cost allocations of EUR 6.4 million to subsidiaries and affiliated companies and the charges for shared services rendered by the holding company of EUR 2.5 million. These services and expenses invoiced within the group are posted to purchased services, cost of materials and personnel expenses. —— Other operating income increased by EUR 34.8 million on the prior year to EUR 41.5 million. This mainly includes a write-up of the equity investment in UPG of EUR 40.1 million (2015: 5.7 million). —— Other operating expenses decreased by EUR 3.5 million on the prior year primarily on account of the legal expenses and consulting fees incurred in the prior year in association with the public floatation performed in May 2015. —— Income from profit transfers increased on the prior year by EUR 8.1 million to EUR 38.9 million while expenses from loss transfers were level with the prior year at EUR 0.6 million. The main factors underlying the higher profit transfers were a rise in the utilisation of capacity and higher sales as a result and the targeted cost-savings measures at individual subsidiaries. As in the prior year, a dividend distribution from UPP to UIG is included in the profit transfers, with whom a profit and loss transfer agreement has also been concluded. —— Net interest also improved by EUR 1.1 million on the prior year to EUR 0.1 million, largely due to a significant fall in the interest margin charged on the syndicated bank loan.

Net assets and financial position

The total assets reported in the company's balance sheet as of 31 December 2016 come to EUR 358.9 million (31 December 2015: EUR 311.2 million), consisting of fixed assets of EUR 236.2 million (31 December 2015: EUR 196.3 million) and current assets and prepaid expenses of EUR 122.7 million (31 December 2015: EUR 114.8 million). — The increase in fixed assets can generally be attributed to the increase in financial assets. In this regard, the equity investment in UPG was written up by EUR 40.1 million. Current assets mainly consist of receivables from affiliated companies of EUR 106.2 million (31 December 2015: EUR 81.2 million). The increase is primarily attributable to higher profit transfers by subsidiaries and an intercompany loan of EUR 21.4 million extended to UIG in fiscal 2016. As of the balance sheet date, receivables from affiliated companies mainly consisted of receivables from profit transfers of EUR 39.1 million, loan receivables of EUR 47.3 million and receivables of EUR 17.7 million from the cash pool of the UNIWHEELS Group. — There is a daily cash pool at the level of the UNIWHEELS AG in place for the German subsidiaries of UNIWHEELS. The receivables from the cash pool are offset by the liabilities to the cash pool carried by the affiliated companies. These decreased by EUR 0.5 million to EUR 24.6 million in 2016. Liabilities to affiliated companies on the balance sheet date mainly consist of liabilities to the cash pool of EUR 24.0 million and liabilities of EUR 0.6 million from loss absorptions. — The equity ratio of the Company increased from 77.1% in the prior year to 81.6%. The improvement can generally be attributed to the net result for the year of the company. — Cash and cash equivalents decreased by EUR 17.1 million in comparison to the prior year and closed the year at EUR 16.3 million. The decrease is generally a result of the dividend distribution to shareholders of EUR 20.5 million. — Liabilities to banks decreased by EUR 5.5 million to EUR 37.6 million on account of scheduled repayments.

Opportunities and risks

In terms of its business development, UNIWHEELS AG is generally subject to the same risks and opportunities as the UNIWHEELS Group. As the parent company of the UNIWHEELS Group, it is incorporated in the group-wide risk management system. UNIWHEELS AG participates in the risk exposures of its subsidiaries to the extent of its respective equity holding. These are presented in the section on "opportunities and risks". — The description of the internal control system required by Sec. 289 (5) HGB is also included in the combined management report for the group and the company.

Forecast

Due to its close relationships with the other entities of the group, the future development of business at UNIWHEELS AG is subject to the same factors as the UNIWHEELS Group as a whole. — Originally, a profit after tax of EUR 25.8 million was forecast for fiscal year 2016. Actually UNIWHEELS AG managed to generate a net profit of EUR 73.5 million. For fiscal year 2017 a net profit that is comparable to the prior year is expected after eliminating the write-up of the equity investment in UPG of EUR 33.4 million. — More information on the forecasts for the wider economy, the development of the Accessory and Automotive divisions and the assumptions underlying the forecast are contained in the "Outlook".

Final declaration in the dependent company report

In fiscal year 2016 UNIWHEELS AG was a directly dependent company of UNIWHEELS Holding (Malta) GmbH, Sliema, Malta, and an indirectly dependent company of RASCH Holding Limited, Road Town, British Virgin Islands, and Mr. Ralf Schmid as defined by Sec. 312 (1) AktG. The company – represented by its Management Board – consequently issued a dependent company report in accordance with Sec. 312 (3) AktG, which contains the final declaration: — "UNIWHEELS AG received an appropriate consideration for all of the transactions with related parties disclosed in this report. No other measures in the sense of Sec. 312 (1) Sentence 2 AktG were undertaken in the reporting year. This assessment is based on the circumstances that we were aware of when the transactions were conducted."

Proposal for the appropriation of profit

The financial statements of UNIWHEELS AG for the year ending 31 December 2016 compiled by the Management Board report distributable profit of EUR 34,857,886.65. In accordance with the distribution policy of the company, the Management Board proposes distributing a dividend of EUR 2.00 per share for each no-par value share entitled to distributions, making for a total distribution of EUR 24,800,000.00, and retaining the remainder of EUR 10,057,886.65.

Remuneration report

REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

This remuneration report describes the principles for setting the compensation paid to the Management Board of UNIWHEELS AG and provides information on the structure of the Board's remuneration. In addition, the report also describes the principles and volume of remuneration paid to the Supervisory Board.

Basic features of the remuneration of the Management Board

The components of Management Board remuneration stand in fair relation to the tasks and duties of the Management Board. The criteria used to judge the fairness of the remuneration include the respective tasks of the individual Board members, their personal performance, the economic situation, the success of the company and its future development. — According to a resolution of the extraordinary shareholders' meeting on 10 April 2015, no disclosure will be made of the remuneration paid to the individual members of the Management Board in accordance with Sec. 285 No. 9 a) Sentences 5 to 8, Sec. 314 (1) No. 6 Sentences 5 to 8 HGB for a period of five years, i.e. for the financial statements up to and including fiscal 2019. — The activities of the Board members at the company's subsidiaries are not remunerated.

Remuneration paid in the fiscal year 2016

The annual remuneration consists of a fixed basic salary and variable remuneration that provides a long-term incentive. One member of the Management Board receives phantom stock as well. —— In detail, the remuneration system is as follows.

Fixed components

Basic compensation involves a fixed annual salary, the amount of which is oriented on the functions for which the respective Board member is responsible, paid out in twelve equal installments. —— The members of the Management Board received annual salaries of a total of EUR 564k in fiscal 2016 (2015: EUR 267k). —— In addition, they received entitlements to remuneration in kind and other fringe benefits totaling EUR 53k in fiscal 2016 (2015: EUR 18k). The remuneration in kind relates to the private use of company cars. In addition to the other fringe benefits, a member of the Management Board receives subsidies for health and nursing insurance as well as pension and unemployment insurance at the amount that an employer would be duty bound to pay under German law if the member of the board were subject to mandatory social security contributions. An additional 20% mark-up is paid to this member of the Management Board for pension insurance. Another member of the board receives a fixed contribution of EUR 12k to his voluntary membership of the statutory social security scheme.

Variable components

The variable remuneration is measured on a number of financial targets. —— The short-term bonus of the Management Board depends on reaching the budget target for EBITDA in the consolidated financial statements and observing the maximum net debt as of 31 December in each year. The long-term incentive bonus is measured on the business value and market capitalisation as well as the debt ratio of the company (measured on the consolidated financial statements), whereby the relevant fiscal years differ between the individual members of the Management Board depending on the date on which they joined the company and range between 2015 and 2017 respectively 2017 and 2019. In the case of one member of the Management Board, 50% will only be paid out when the business value in 2018 is at least 90% of the average business value in fiscal years 2015 to 2017. —— One member of the Management Board received phantom stock in 2015 involving 1,938 shares which from 2016 onwards result in an annual cash compensation corresponding to the earnings per share as long as the phantom stock is held. The phantom stock can be sold within ten years and the maximum payable cash compensation from the sale of the phantom stock is limited to contractually specified amounts dependent on the duration of the holding. In 2016 annual cash compensation of EUR 3k was paid and a provision of EUR 30k released through profit or loss. —— The maximum variable remuneration available to the members of the Management Board for fiscal 2016 amounts to a total of EUR 613k (2015: EUR 272k). This consists of the short-term bonus of EUR 300k and the long-term bonus of EUR 227k, the share-based payment of EUR 81k and special bonuses totaling EUR 5k, which all employees in Bad Dürkheim received. A provision of EUR 437k was recognised in 2016 by debiting expenses. —— Maximum short-term bonus agreements of EUR 345k for 2017 and EUR 230k for 2018 were agreed on with the present Management Board. The maximum total bonuses for long-term components amount to EUR 405k in 2017, EUR 415k in 2018 and EUR 120k in 2019. —— The members of the Management Board are covered by the D&O insurance policy of the Company.

Pensions

The members of the Management Board do not participate in any pension plans.

Severance payments

One member of the Management Board will remain with the company as a key employee, once his term on the Board comes to an end. His service contract as a member of the Management Board will convert automatically into a separate employment contract, unless the law requires otherwise.

Severance payments

In the event that a member leaves the Board prematurely, the basic salary will continue to be paid for one Board member. Rights to bonuses exist on a pro rata temporis basis up until the member of the Board steps down from office. — One member of the Management Board has an exit clause upon a change of control which entitles him to terminate at no notice if the shareholding of the current majority shareholder falls below a threshold of 25%. In this case the service contract will be terminated immediately and the board member paid three months' remuneration.

Advances and loans paid to members of the Management Board

No advances or loans were paid out to members of the Management Board in fiscal 2016.

Remuneration to former members of the Management Board

A former member of the Management Board who moved to the Supervisory Board received a fee for his services on the Supervisory Board which is explained in the following section. There are no other former members of the Management Board.

Remuneration of the Supervisory Board

The remuneration paid to the Supervisory Board is set by the annual general meeting and is governed by the articles of association. The remuneration system is in agreement with the requirements of the law and is aligned with the scope of the activities performed by the members of the Supervisory Board. — By resolution of the annual general meeting on 15 December 2014, each member of the Supervisory Board receives an annual fixed fee of EUR 40k. The Chairman of the Supervisory Board receives an additional EUR 5k. The Deputy Chairman of the Supervisory Board receives an additional EUR 4k. The chairman of a committee receives EUR 3k. Membership of the audit committee is remunerated by a fee of EUR 6k and membership of the nomination, staff and productivity committee and investment committee by EUR 1k each. — Based on the articles of association, the remuneration paid to the members of the Supervisory Board for fiscal 2016 amounted to a total of EUR 153k (2015: EUR 151k). — The members of the Supervisory Board are covered by the D&O insurance policy.

Advances and loans paid to members of the Supervisory Board

No advances or loans were paid out to members of the Supervisory Board in fiscal 2016.

Forecast, opportunities and risks

OUTLOOK

Expected development and wider economic environment

The economic researchers at the World Bank project growth of 2.7% in 2017. The President, Jim Yong Kim, has stated that the prospects for an economic upturn have brightened after years of disappointing global growth. Political uncertainties remain in 2017, which could have a negative impact on the global economy. However, the increase in public spending in the USA could boost the upturn in the global economy. The newly elected US president has promised to take steps to stimulate the domestic economy. However, his dismissive attitude towards existing and future free trade agreements could have a negative impact on the global economy. [1] —— Deutsche Bank is forecasting GDP 2.3% growth in the USA for 2017. The euro zone is expected to see weaker growth of 1.3% and Germany 1.1%. [2]

Expected development and industry-specific environment

A rise of 0.5% in production is considered likely for the automobile industry and in the engineering sector. [3] —— VDA views the future of the automobile sector in 2017 optimistically and assumes the global market for light vehicles to rise by 2.0% to roughly 84 million vehicles. The trend in western Europe is expected to stay stable at 14 million vehicles. Sales figures in China should rise by 5.0% to 24.2 million light vehicles. In the USA, sales volume in 2017 is expected to set another record, as in the prior year. [4] —— Deutsche Bank is projecting a very challenging year for the German automobile industry in 2017. Unit sales in the USA and in western Europe are expected to stagnate. The forecast for the automobile market is burdened by the expiry of the tax incentive program in China and the fact that many customers already completed their purchases in 2016. It is conceivable that this mainly affects smaller and cheaper cars and not the premium category, in which the German manufacturers are specialised. [5] —— It remains to be seen to what extent the politics of the new US president will impact the sector. The VDA takes his comments seriously with regard to the automobile industry, but is of the opinion that any restriction of NAFTA would have a serious impact on the economy. [6]

Expected development of the company

The health of the European automobile sector in terms of production and unit sales should have a positive impact on the financial performance, financial position and cash flows of the UNIWHEELS Group. —— In terms of development, the UNIWHEELS Group will work on extending its existing product lines and specialising its current designs in 2017. Development of the corresponding production technologies to realise the latest design trends will be continued in 2017. The production process in all plants of the UNIWHEELS Group will continued to be optimised with the goal of realising efficiency gains.

The capacity of the final stage of construction of the new plant UPP 3 comes online

In response to the steady high customer demand for our top-quality wheels, the UNIWHEELS Group brought forward the date of completion for the last and final stage of construction of the plant UPP 3 in Stalowa Wola, Poland by one year. As a result, the full annual capacity of the new plant of 2.0 million wheels is now online, corresponding to an increase of 1.5 million wheels on 2016. The UNIWHEELS Group has set itself the goal of placing this additional capacity with its customers. The total production capacity of the Group in 2017 will come to roughly 10.0 million wheels.

1) Source:
ZEIT ONLINE, dpa, afp, rtr, stk; issued: 11 January 2017

2) Source:
Deutsche Bank Research, Ausblick Deutschland; issued: 16 December 2016

3) Source:
Deutsche Bank Research, Ausblick Deutschland; issued: 28 September 2016

4) Source:
VDA, press release: 9 January 2017

5) Source:
Deutsche Bank Research, Ausblick Deutschland; issued: 28 September 2016

6) Source:
VDA, press release: 16 January 2017

Forecast development of key financial performance indicators

Taking account of the growth trends expected for the industry (VDA, Deutsche Bank Research, see above), the constant rise in demand for alloy wheels and the additional production capacity of 1.5 million wheels for 2017, management has set a target of **RAISING ANNUAL WHEEL SALES VOLUME BY BETWEEN 10% AND 15%** in 2017. **GROUP REVENUE FORECAST IS RISE IN A RANGE OF BETWEEN 14% AND 19%**. —— In the budget underlying this forecast, management assumed the average price of aluminium on the LME (London Metal Exchange) in 2017 would come to roughly EUR 1,580 per metric ton, after translation into euro. UNIWHEELS does not anticipate any further ramp-up costs for the expansion of production and assumes there will be significant economies of scale. For this reason, the management of the UNIWHEELS Group is now targeting an increase in **CONSOLIDATED EBITDA OF BETWEEN 15% AND 20%** for the current year. This does not consider foreign exchange differences, which cannot be planned in advance, and other income.

Future capital expenditure

The investment program associated with the commissioning of the new plant in Poland of up to EUR 7.5 million will be completed in 2017. This was originally scheduled for 2016. Otherwise, it is expected that capital expenditure within the UNIWHEELS Group will lie within the framework of the regular investment needed to optimise production. The additional flexibility in our cost structures that this will provide will have a positive impact on the group's bottom line in future.

OPPORTUNITIES AND RISKS

This report on the opportunities and significant risks associated with the future development of UNIWHEELS AG reflects the perspective of corporate management. The risk management of UNIWHEELS AG is an integral component of the management, both at the level of corporate management but also at the level of the individual entities and functional departments. Risks and opportunities are steered within the company on the basis of a 12-month assessment. The report on opportunities and risks contains forward-looking statements. It is based on the expectations and estimates of UNIWHEELS AG and is subject to inherent uncertainty. This could result in actual business performance deviating either positively or negatively from the expected course of events described below on account of political or economic factors in the wider environment, among other factors. As all entrepreneurial activity comes with risks and opportunities attached, UNIWHEELS AG views the correct identification, assessment and management of opportunities and risks as a fundamental component of its strategy in order to secure the success of the company in the short and long term and to steadily increase shareholder value. To ensure this is done in a sustainable fashion, UNIWHEELS AG nurtures an awareness for opportunities and risks among all of its employees in all departments of the company.

GROUP OUTLOOK
raising annual wheel sales volume: between 10% and 15%

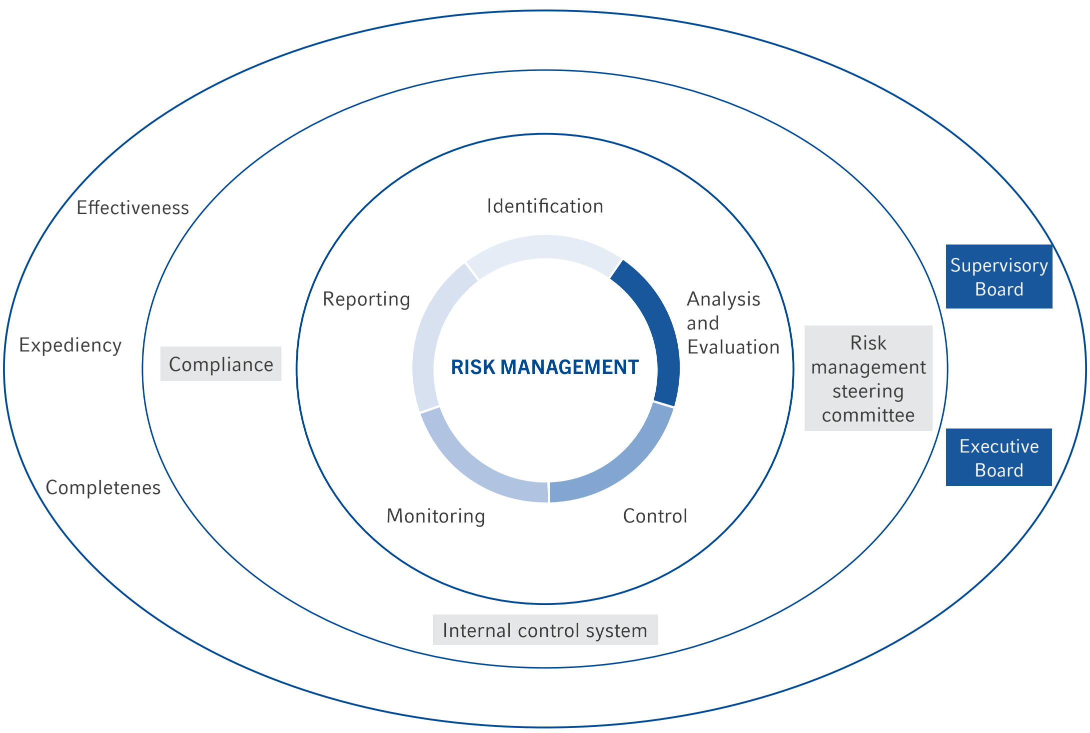
Group revenues: increase between 14% and 19%

Group EBITDA: increase between 15% and 20%

Opportunities and risk management system

UNIWHEELS AG views opportunities and risks as the potential that future developments or events might lead to a positive or negative deviation from the planning projects and targets. With regard to such potential deviations, the focus is placed on a time frame of one year for specific opportunities and risks, analogous to the mid-term planning. Opportunities and risks that may impact the results of the company beyond this time horizon are recorded and managed at the level of corporate management and considered in the corporate strategy. The assessment of individual risk categories is based on a planning horizon of one year, corresponding to the mid-term planning, unless a different time horizon is set for individual risk categories. The Management Board of UNIWHEELS AG bears the responsibility for an effective opportunities and risk management system and monitors the risks on a constant basis. The Supervisory Board is responsible for monitoring the effectiveness of the group's risk management system. A group-wide risk inventory and risk assessment as well as the risk reporting to the heads of the various departments, the Management Board and the Supervisory Board, broken down by function and individual entity, is performed on a quarterly cycle. In addition, any risks that are identified within a quarter and whose quantification suggests they may have a substantial impact on the results of divisions of the group are reported to the Management Board on an ad hoc basis and, if necessary, to the Supervisory Board as well. UNIWHEELS AG evaluates the opportunities and risks it identifies using a systematic assessment process and quantifies them both in terms of their financial impact – i.e. their gross and net impact on the profit targets – as well as in terms of their probability. In order to analyse the overall risk position of UNIWHEELS AG and initiate suitable countermeasures, the individual risks and corporate-wide risks are aggregated into a risk portfolio.

COMPREHENSIVE RISK MANAGEMENT



The consolidated group used by risk management corresponds to the consolidated group used for the consolidated financial statements. In addition, the risks are classified by nature and the function they impact. This allows a structured aggregation of individual risks into risk categories. In addition to managing individual risks, such aggregation allows trends to be identified. In this way the risk factors for certain risk categories can be influenced and mitigated. The risk owners are obliged to test at regular intervals whether all significant risks have been recorded. In addition, they analyse the risk portfolio, work out suitable risk mitigation measures, initiate their implementation and track progress. In particular, this includes strategies to avoid, reduce or transfer risk to insurers, i.e. it concerns measures that minimise the financial impact or likelihood of a risk occurring. The internal control system defines measures to ensure that the risk management system is effective. At quarterly intervals, the Risk Committee reviews the work of the risk owners, the risk portfolio and the assessment of risks and risk management measures.

Internal control system and risk management system for corporate accounting processes

With regard to the accounting and external financial reporting, the internal control system and risk management system of UNIWHEELS AG can be described using the following key features. The system is aligned towards the identification, analysis, assessment and management of risks and monitoring all of these activities. The Management Board is responsible for the design of the system to ensure that it is in line with the specific requirements of the company. According to the allocation of management functions, the accounting lies with the Finance and Accounting departments, which is the responsibility of the CFO. These departments define and review the corporate accounting guidelines used by the group and combine the information provided to compile the consolidated financial statements. Significant risks for the accounting process arise from the requirement to transfer complete and accurate information within the given deadlines. This necessitates clear communication of requirements and enabling the units concerned to meet these requirements. Risks that could affect the accounting process arise, for example, upon late or faulty posting of transactions or the failure to observe journal entry rules. To avoid such sources of error, the accounting process segregates responsibilities and functions for the reporting and also the responsibilities of those who check the plausibility of the reporting. Such segregation of duties is exercised both during the compilation of the separate financial statements and during the compilation of the consolidated financial statements from this basis. Extensive and detailed checklists need to be completed prior to the respective reporting deadline. The accounting process is fully integrated in the risk management process of UNIWHEELS AG. This ensures that the accounting-related risks can be identified at an early stage and that action can be taken without delay to make a provision for the risk or to avoid it. The compliance of the financial reporting of UNWHEELS AG is ensured by the internal control system used to check accounting processes. —— In the course of the annual audit, the external auditor conducts audit procedures, also of the internal control system, following a risk oriented audit approach that is aimed at uncovering, with suitable assurance, any key weaknesses in the accounting. All group entities must report in accordance with IFRS. The same uniform time plan applies to all entities with regard to the compilation of the consolidated financial statements and the group management report. The separate financial statements of the group entities are compiled in accordance with their respective local GAAP and also IFRS. Intercompany transfers of goods and services are recorded by the group entities on separate accounts. The balances of intercompany clearing accounts are reconciled in accordance with predefined guidelines and time schedules. The CFO bears the responsibility for the technical aspects of the finance department. He is included in the quality assurance process for the separate financial statements of group entities that are included in the consolidated financial statements. The corporate-wide quality assurance of the separate financial statements of the consolidated group entities is performed by the corporate accounting department, which is responsible for compiling the consolidated financial statements. Both the data and the disclosures of the consolidated group entities as well as the consolidation entries needed to compile the consolidated financial statements are verified by the external audit using suitable audit procedures which take account of the associated risks. The financial accounting systems used by the group entities of UNIWHEELS AG have been extensively harmonised for the most part. All systems incorporate hierarchical user authorisation systems. The nature, design and practice of issuing user authorisations is decided on by local management in consultation with the Head of IT at UNIWHEELS AG.

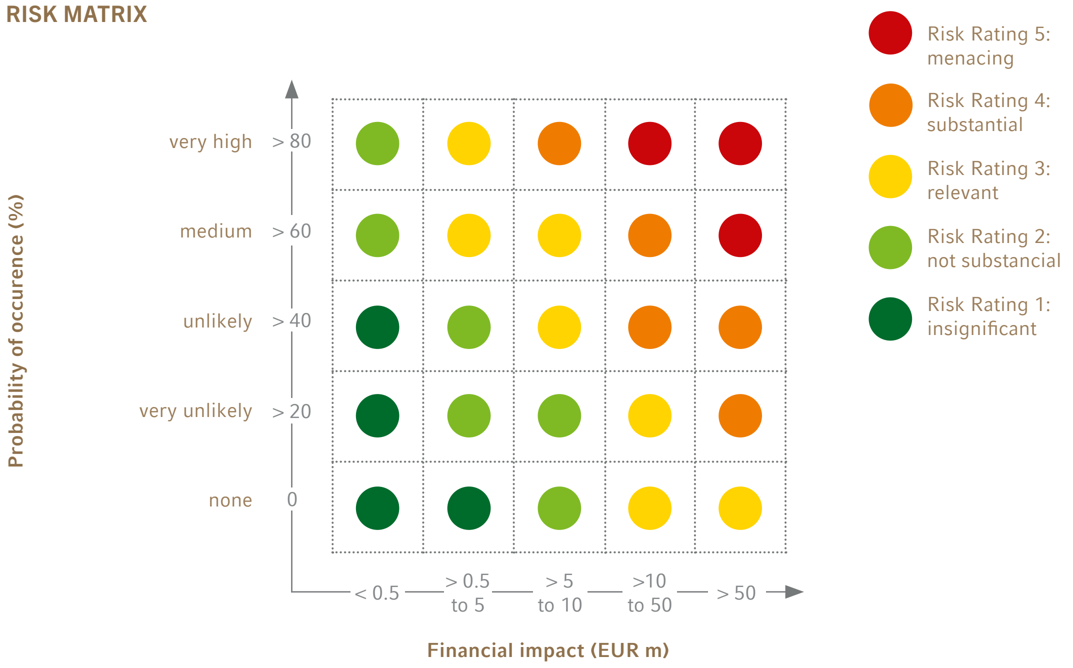
Opportunities and risk profile of UNIWHEELS AG

Within the framework of compiling and monitoring the opportunities and risk profile of UNIWHEELS AG, the opportunities and risks facing the group are assessed on the basis of their financial impact and probability of occurrence. These categories have changed in comparison to the prior year. Definitions have been revised and their likelihood of occurrence and an additional category added to their financial impact. —— The probability of occurrence used when assessing the financial impact was broken down into five categories in the reporting year. The financial impact of opportunities and risks is assessed in terms of its relation to equity. The financial impact presented above is after considering the effects of any countermeasures undertaken. —— The probabilities used in the assessment of opportunities and risks are quantified in five categories:

Financial opportunities and risks

UNIWHEELS AG is exposed to a row of financial risks, including the credit risk, liquidity risk and market risk. The financial risk management of the group concentrates on the identification of risks, their assessment and mitigation and is designed to minimise any potential impact on the financial performance and financial position of the group. To this end, derivative financial instruments are used to hedge certain risk positions. Financial risk management is performed by the Finance department. Responsibilities and

RISK MATRIX



the required controls related to risk management are defined by the management of the group. The Finance department works in close consultation with the operating units of the group in order to identify, assess and hedge against financial risks.

Capital and credit risk management

When managing its capital, the objective of UNIWHEELS AG is primarily to be in a position to service its liabilities for the long-term and to retain its financial stability. Under the terms of the syndicated loan agreement, UNIWHEELS AG is obliged to comply with certain financial covenants. These covenants and compliance with them it monitored continuously, along with the net debt and the aging structure of financial liabilities. —— Prudent management of liquidity risks demands holding sufficient cash reserves, ensuring the availability of sufficient finance via lines of credit and the ability to hedge market exposures. Due to the dynamic nature of the business of UNIWHEELS AG, the Finance department strives to maintain flexibility in its finance by maintaining the availability of the promised lines of credit. In the process, UNIWHEELS AG pursues the ultimate goal of ensuring the solvency of all of the entities in the group. The Finance department is responsible for liquidity management and minimising liquidity risks. —— As of 31 December 2016, cash and cash equivalents came to EUR 22.6 million (31 December 2015: EUR 39.3 million). In addition, UNIWHEELS AG has a total of EUR 45.0 million available to it via revolving credit lines extended by national and international banks, which provide it with a great degree of financial flexibility. —— Among other factors, UNIWHEELS AG perceives financial opportunities in its high credit ratings and solid financial position and financial performance, which will allow it to progressively reduce the cost of capital. In September 2014, UNIWHEELS AG was already able to secure greater financial headroom and its costs of capital by refinancing the group for the coming five years until 2019. The existing syndicated loan agreement from September was prolonged by one year to 2020, effective 27 November 2015. The full line of finance of EUR 95.0 million consists of a mid-term portion, Term Loan A, of EUR 50.0 million and a current portion, the revolving credit facility of EUR 45.0 million. As of 31 December 2016, a total of EUR 37.6 million had been drawn on Term Loan A and EUR 4.4 million from the revolving credit facility (31 December 2015: EUR 0.0 million). The amounts drawn on the syndicated loan agreement bear interest at the three-month Euribor plus an agreed margin. On 27 November 2015 more favorable conditions were agreed on, by which the margin would range between 0.95% and 1.90% in future depending on the financial indicators of the company. The finance agreements entered into by the group contain the customary financial covenants. If these are not observed, the bank has the right to reassess the financing arrangement and demand premature repayment. Non-compliance with the terms of the loan agreements could have a potentially threatening impact on the company's finances. For this reason, compliance with the financial covenants is monitored constantly, in order to take suitable counteraction at an early stage and avoid any breach of the terms and conditions. The probability that liquidity risks will negatively affect the activities of UNIWHEELS AG was reduced further in comparison to the prior year by increasing the company's financial headroom. The financial covenants were complied with in 2016. —— The risk that the financial covenants will be breached is still deemed to be extremely low on account of the high profitability and strong cash flow from operating activities. —— Given the size of the company, the probability of occurrence is currently considered to be unlikely and the risk is deemed to be substantial in the risk assessment.

Credit risk

Credit risk consists of contractual partners of UNIWHEELS AG not honouring the contractual obligations they take on in the course of business and financial transactions. They relate to deposits and other closed transactions with banks and financial institutes, but primarily result from the risk of customers defaulting on outstanding debts and transactions they have committed to. In order to minimise the credit risk on trade receivables, UNIWHEELS AG reviews the credit ratings of its new customers. In addition, it only delivers to customers whose credit ratings are insufficient or have fallen into arrears if they are willing to pay cash in advance. Moreover, the diversified customer base reduces the financial impact of credit risks. For this reason, the probability of occurrence of credit risks is considered possible but their potential financial impact is deemed to be low due to the countermeasures taken. — Given the size of the company, the probability of occurrence is currently considered to be very unlikely and the risk is deemed to be substantial in the risk assessment (2015: insignificant). — The change is due to the rise in the transaction volume.

Development of foreign exchange exposures

As a player on the international markets, UNIWHEELS AG operates worldwide and is therefore exposed to foreign exchange risks. The key foreign exchange exposures are perceived to lie in items denominated in the Polish zloty or the US dollar. Where there are no natural hedges, foreign exchange risks are hedged by means of forward exchange contracts and options (for the US dollar and the Polish zloty, among others). The face value of open hedging instruments as of 31 December 2016 for foreign exchange exposures amounted to EUR 127.1 million (Polish zloty) and EUR 0.4 million (US dollar). The volatility of the main currencies and particular influence of the zloty on the group's financial performance and financial position represent a not insignificant risk, which is hedged in some cases for the short term. The resulting liquidity risks are monitored continuously by the Finance department. They ensure that sufficient liquidity is available, possibly via lines of credit, to cover any cash outflows. Translation effects from translating the line items of the statement of financial position and the statement of comprehensive income of those subsidiaries that report in foreign currency are unavoidable. The euro is the functional currency of the Polish subsidiary. Nevertheless, the rising share of our business in foreign currency zones, Poland in particular, bears additional currency risks for UNIWHEELS AG. — Given the size of the company, the probability of occurrence is currently considered to be medium on account of the existing hedges, but the risk is deemed to be insignificant in the risk assessment.

Changes in interest rates

Changes in market interest rates have an impact on future interest payments on floating rate liabilities and could therefore affect the financial position and financial performance of the group. The interest risk at UNIWHEELS AG arises primarily from its long-term debt arrangements. Currently, the interest on mid-term borrowings is fixed for a period for three months. The related floating rate loans have been hedged by means of derivatives. The face value of the open hedging instruments as of 31 December 2016 to hedge interest exposures came to EUR 37.6 million. As there are currently no signs in the euro zone that monetary policy will become tighter, UNIWHEELS AG believes the risk of a rise in interest rates in the short term is unlikely. — Given the size of the company, the probability of occurrence is currently considered to be unlikely and the risk is deemed to be insignificant in the risk assessment.

OPPORTUNITIES AND RISKS ON THE PROCUREMENTS MARKETS

Commodity prices

The materials used by UNIWHEELS AG, aluminium in particular, are subject to the risk of fluctuating prices. The development of prices is indirectly influenced by the state of the global economy. UNIWHEELS AG mitigates the risk of rising purchase prices by systematically managing its material and supplier risks. In this context, a powerful group-wide purchases function was established in recent years in order to leverage the economies of scale available to the group when making purchases and to remain competitive. UNIWHEELS AG protects itself from volatility on the commodity markets by entering into supply agreements with a term of up to 12 months, which minimises the risks of supply bottlenecks and makes it easier to calculate price changes. In addition, any fluctuations in the price of aluminium will be passed on to customers. In the Automotive division, price adjustment clauses are regularly included in the contracts with customers. An average price is calculated four times a year and this sets the price for the following three months for the aluminium components in the price of the wheels. Agreements are also made with customers in the Accessory division. The average price is calculated every six months and this sets the price for the following six months. The nominal volume of open hedging transactions to protect the company against fluctuations in the prices of raw materials came to 6,500 metric tons as of 31 December 2016. Although UNIWHEELS AG believes that it is possible that commodity prices may rise on account of the growth prospects for the global economy, this should only have a minimal financial impact because of the countermeasures that have been initiated. As price changes can be passed on to customers in some cases because of the way agreements with customers are structured, even a fall in commodity prices does not represent a key success factor. For this reason, the opportunities arising from falling commodity prices are assessed to be low, whereby a falling trend in global commodity prices is possible due to the expectations of a weak economy in China. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be insignificant in the risk assessment.

Human resources management

The success of UNIWHEELS AG critically depends on the motivation, innovative strengths, expertise and integrity of our employees. The activities of the Human Resources department are aimed at retaining employees and building up their core competencies. The loss of key employees and a bottleneck in suitable employees could have a negative impact on the business activity of UNIWHEELS AG. UNIWHEELS AG counters these risks by means of a comprehensive range of training and personal development programmes. The variable remuneration system fosters employee identification with the success of the company. Comprehensive rules on deputisation and allocation of tasks and duties, which promotes the exchange of knowledge, protects UNIWHEELS AG from the risks that could arise from the departure of an employee. When searching for new candidates who could make a decisive contribution to the success of the company, UNIWHEELS AG uses the services of external recruitment agencies. Due to the fact that human resources policies of UNIWHEELS AG apply globally, the risks and opportunities are similar in the various regions in which we operate. In addition, there are opportunities available to the group from consistently promoting the personal development of its employees. UNIWHEELS AG develops its workforce by offering numerous training offers and scouting talent within the group. Moreover it offers incentives to make use of the opportunity for personal development. With these measures, UNIWHEELS AG actively promotes knowledge-sharing within the company which provides the group an opportunity for the future. The likelihood of such opportunities eventuating is deemed to be very high. However, due to the fact that the financial success of such measures is targeted to the very long-term, and goes beyond our planning horizon, we view the financial impact of this opportunity as insignificant. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be substantial in the risk assessment (2015: insignificant). — The change is a result of a structural realignment within the UNIWHEELS Group.

PERFORMANCE AND ADMINISTRATIVE RISKS

Production risk

In the event of an unfavorable constellation of events or developments it is possible that the operations of our plants are interrupted or property is damaged. In addition to the cost of remedying the damage, there is a risk of business interruption which could jeopardise our ability to meet our contractual supply commitments to our customers. We counter this risk by undertaking constant maintenance, renovating plant and equipment and investing in our machinery and production plant, as well as by shifting production between our various facilities. We take out insurance coverage to an appropriate extent and therefore transfer risks to an external service provider. Due to the processes used in our production plants, there is a risk that the groundwater or surrounding air could become contaminated. In addition, there are risks of existing contamination arising from production on the properties owned by the group that are used for our business activities. UNIWHEELS AG invests steadily in environmental protection and is in close dialog with the authorities and its neighbors to minimise these risks. — More details on production risks can be found in the section on environmental risks. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be substantial in the risk assessment.

Sales risks

Among other factors, sales risks originate from the dependence on key customers who account for a not insignificant portion of our revenue. These customers could leverage their bargaining power to put more pressure on our margins. Likewise, a fall in demand or the loss of such customers could have a negative impact on the results of UNIWHEELS AG. For this reason, both the order intake and customer buying patterns are monitored within the framework of a continuous process in order to identify any customer-related risks at an early stage. In addition, UNIWHEELS AG has a very diversified customer base, which further reduces the financial impact of customer risks. Based on this strategy and goal of continuing to develop the relevant markets, UNIWHEELS AG was able to expand its customer base in a year-on-year comparison. With its innovative solutions, UNIWHEELS AG was able to win new customers in all regions for its products. Consequently, the opportunities for surpassing the budget targets arising from a growing number of customers is considered possible but with a low impact on the results. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be substantial in the risk assessment.

IT risks

Making information available and exchanging it promptly, completely and properly using functional and high-performance IT systems is of key importance for an innovative international player like UNIWHEELS AG. An extensive disruption could lead to an interruption of our operation or the leak of sensitive corporate data. For this reason, UNIWHEELS AG has taken suitable action to avoid or reduce such risks. The full package of these measures is embedded in our IT risk management process and is tailored to the current circumstances on an on-going basis. UNIWHEELS AG manages the IT risks it has identified by mirroring its data, storing data at remote locations and outsourcing the archiving function to a certified external provider. Employee access to sensitive information is ensured by means of a system of user authorisations tailored to the respective position and taking account of the principle of segregation of duties. IT systems used in production are mirrored to reduce the risk of an interruption. Potential risks are also addressed by planning in good time and creating suitable interim solutions. Due to the worldwide scope of the standards, the likelihood of IT risks eventuating is considered low in all regions, but their potential financial impact is deemed to be insignificant. Opportunities in IT arise primarily from the upside potential of harmonising and optimising processes across all entities of UNIWHEELS AG. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be insignificant in the risk assessment.

Environmental standards

Breaches of environmental standards could damage the reputation of UNIWHEELS AG and trigger a need to observe additional requirements or result in claims for damages or decontamination obligations. For this reason, UNIWHEELS AG has installed environmental and energy management as an integral component of its corporate strategy in order to evaluate its handling of resources. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be insignificant in the risk assessment (2015: significant). — The change is due to the modernisation work that has been carried out.

Social standards

In addition, UNIWHEELS AG has invested in industrial health and safety to ensure that occupational safety is continuously improved. For this reason, we perceive opportunities in this field. However, in sum we believe that the measures and initiatives will have little influence on the planning. — Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be insignificant in the risk assessment.

REGULATORY RISKS

Compliance risks

Future changes to the law and regulations applying general business as well the laws on liability, environment, tax, customs, labour, anti-trust and fair trade and all changes to the associated standards could have a negative impact on the development of UNIWHEELS AG. Infringements of the law and regulations, but also any contractual agreements, could result in fines and penalties or claims for damages. In addition, defective products could lead to litigation and obligations to pay damages. The compliance and risk management systems we have installed ensure that the ever-changing laws and regulations are monitored and that contractual obligations are adhered to. —

Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be substantial in the risk assessment.

Legal risks

UNIWHEELS AG counters the risk of defective products by means of its group-wide quality assurance program. As a result of this program, the likelihood of an infringement of contracts is deemed to be very low and its potential financial impact as insignificant. Legal risks that are known and to which UNIWHEELS AG is exposed to are provided for under provisions in the consolidated financial statements if it is more likely than not that they will eventuate. The group is not aware of any other significant risks.

— Given the size of the company, the probability of occurrence is currently considered to be medium and the risk is deemed to be insignificant in the risk assessment.

Assessment by the Management Board of the overall profile of risks and opportunities

The overall risk position of the group arises from aggregating the individual opportunities and risks of all categories for each business unit and function. After considering the probabilities of occurrence and the potential financial impact as well as the current business prospects, the Management Board of UNIWHEELS AG does not perceive any risks that individually or in combination could pose a danger to the ability of the group as a whole or its individual entities

RISK PORTFOLIO OF UNIWHEELS AG

	Probability of occurence				
	none	very unlikely	unlikely	medium	very high
Financial Risks					
Capital and credit risk management			●		
Credit risk		●			
Development of foreign exchange exposures				●	
Changes in interest rates			●		
Risks on the procurement markets					
Commodity prices			●		
Human resources management			●		
Performance and administrative risks					
Production risks			●		
Sales risks			●		
IT risks			●		
Environmental standards			●		
Social standards			●		
Regulatory Risks					
Compliance Risks			●		
Legal risks				●	

to continue as a going concern. —— Taking account of the aggregate opportunities, the Management Board is of the opinion that UNIWHEELS AG is well positioned for both the mid and the long-term, to expand its position on the market and to grow globally. —— This assessment is substantiated by the robust situation of the financing of UNIWHEELS AG. As in the past, UNIWHEELS AG is exposed to macroeconomic risks. Consequently, setbacks on the way towards the sustained realisation of the planned growth and profit targets cannot be ruled out. —— On the other hand, there are clear opportunities which can be realised by pursuing the strategy and consistently managing opportunities which arise, making it also possible that the profit targets will be surpassed. However, the changes in the individual opportunities and risks categories do not have any significant impact on the overall risk position of UNIWHEELS AG. All other opportunities and risks have remained unchanged in comparison to the prior year. For this reason, UNIWHEELS AG has come to the conclusion that the overall profile of the group has remained more or less unchanged on the prior year.

	Financial Impact					Risk Rating				
	up to EUR 0.5 m	EUR 0.5 m to EUR 5.0 m	EUR 5.0 m to EUR 10.0 m	EUR 10.0 m to EUR 50.0 m	larger than EUR 50.0 m	insignificant	not substantial	relevant	substantial	menacing
				●					●	
				●					●	
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				●					●	
		●					●			

Disclosures relevant to the law on takeovers pursuant to Sec. 289 (4) and Sec. 315 (4) HGB

The disclosures required by Sec. 289 (4) and Sec. 315 (4) HGB are listed below and explained.

COMPOSITION OF SUBSCRIBED CAPITAL

The company's share capital as of 31 December 2016 amounts to EUR 12,400,000 and is divided into 12,400,000 no-par registered shares. The shares of the company are made out to the bearer (bearer shares). Each bearer share has an imputed share in capital of EUR 1.00. There is only one class of share. Each share represents one vote.

RESTRICTIONS ON THE VOTING RIGHTS OR TRANSFER OF SHARES

To the best of the knowledge of the Management Board, there were no restrictions on the transfer of voting rights or shares at the end of fiscal 2016 other than the restrictions laid out in the law.

DIRECT OR INDIRECT PARTICIPATION IN CAPITAL THAT EXCEEDS A THRESHOLD OF 10% OF THE VOTING RIGHTS

At the end of the fiscal year, the following direct and indirect holdings were held in the capital of UNIWHEELS AG, which exceeded the 10% threshold of voting rights in UNIWHEELS AG:

- Ralf Schmid: 61.29% (indirect holding, allocation pursuant to Sec. 22 (1) Sentence 1 WpHG as the owner of 93.5% of the shares in UNIWHEELS Holding (Malta) Ltd. and 100% of the shares in Rasch Holding Ltd.).
- Rasch Holding Ltd.: 61.29% (indirect holding, allocation pursuant to Sec. 22 (1) Sentence 1 WpHG as a wholly-owned subsidiary of Ralf Schmid).
- UNIWHEELS Holding (Malta) Ltd.: 61.29% (direct holding).

SHARES WITH SPECIAL RIGHTS THAT PROVIDE CONTROL

There are no shares with special rights that provide rights of control. According to Art. 9 (2) of its Articles, UNIWHEELS Holding (Malta) Ltd. is entitled to appoint a third of the members on the Supervisory Board, provided it is a shareholder of the company.

EMPLOYEE PARTICIPATION IN THE CAPITAL OF THE COMPANY

There are no employee participation programmes in place.

STATUTORY LAWS AND REGULATIONS IN THE ARTICLES ON APPOINTING AND DISMISSING MEMBERS OF THE MANAGEMENT BOARD AND AMENDING THE ARTICLES OF ASSOCIATION

The company's Management Board consists of one or several persons. The number of members sitting on the Management Board is determined by the Supervisory Board (Art. 7 (1) of the Articles). The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. The Members of the Management Board can be appointed once or multiple times (Art. 7 (2) of the Articles). Otherwise, the terms of Secs. 84 and 85 AktG apply to the appointment and dismissal of members of the Management Board. —— In accordance with Sec. 179 AktG, amendments to the Articles of Association require a resolution of the general meeting of the shareholders passed by a majority of at least three quarters of the share capital represented at the meeting. In accordance with Sec. 179 (1) Sentence 2 AktG in conjunction with Art. 14 of the Articles, the Supervisory Board is entitled to make amendments and supplements to the Articles of Association that only concern the wording. According to Art. 4 (3) of the Articles, the Supervisory Board is entitled, in particular, to amend the Articles in accordance with the respective use made of Authorised Capital 2016.

RIGHTS OF THE MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES

According to Art. 4 (3) of the Articles, the Management Board is entitled to increase the share capital of the company subject to approval from the Supervisory Board once or multiple times before 18 May 2021 by a sum total of up to EUR 6,200,000 by issuing new no-par value shares in return for cash or non-cash contribution in accordance with Sec. 202 et seq. AktG (Authorised Capital 2016). This authorisation can be exercised in instalments. The new shares must be offered to the existing shareholders for subscription. The shares may be acquired by a bank or a consortium of banks on condition that they are offered to the shareholders for subscription. Moreover, the Management Board is also authorised, with the approval of the Supervisory Board, to preclude the shareholders' statutory subscription rights in the following cases:

a) to avoid fractional amounts in the subscription rights of shareholders

b) to grant subscription rights to bearers of convertible bonds or option rights attached to convertible bonds by entities which are directly or indirectly wholly-owned by the company

c) in the case of a capital increase for non-cash contribution, in particular to acquire other entities, equity investments in other entities or operations from other entities

d) to issue shares to persons who are employed by the company or a group entity in which the company directly or indirectly holds the majority. This exclusion of the subscription rights is limited in each case to 5% of the share capital of the company on the date the exclusion becomes effective or the date on which the authorisation is exercised, if lower, and

e) in the case of a cash capital increase if the price of the share issue does not significantly differ from the price for shares equipped with similar rights on the public exchange at the time the issue price is decided on, in keeping with Sec. 203 (1) and (2), Sec. 186 (3) Sentence 4 AktG. This exclusion of the subscription rights is limited in each case to at most 10% of the share capital of the company on the date the exclusion becomes effective or the date on which the authorisation is exercised, if lower. Shares that are sold or issued under exclusion of the subscription rights on the basis of some other authorisation during the term of this authorisation shall be added on to this limit, in direct or corresponding application of Sec. 186 (3) Sentence 4 AktG. Likewise, shares that are to be issued under the exclusion of subscription rights to service option and/or conversion rights or duties arising from convertible bonds or options or profit participation rights are also to be added to this limit, provided that such bonds or profit participation rights were issued during the term of this authorisation, applying Sec. 186 (3) Sentence 4 AktG by analogy. — The Management Board is authorised to determine the further details of capital increases from authorised capital, subject to approval from the Supervisory Board. — The Management Board has not been empowered to purchase treasury shares in accordance with Sec. 71 (1) No. 8 AktG.

SIGNIFICANT CORPORATE AGREEMENTS THAT ARE CONDITIONAL UPON A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

Significant corporate agreements that are conditional upon a change of control resulting from a takeover bid consist of the syndicated loan agreement entered into on 3 September 2014 (and amended on 27 November 2015). In the event of a change in control, this agreement providers the creditors, as is customary for such agreements, with a right to terminate the loan and demand premature repayment of the loan extended to the company.

SEVERANCE PAYMENTS TO BE PAID BY THE COMPANY TO MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER

One member of the Management Board has an exit clause upon a change of control which entitles him to terminate at no notice if the shareholding of the current majority shareholder falls below a threshold of 25%. In this case the service contract will be terminated immediately and the board member paid three months' remuneration. — There are no agreements in place with other members of the Management Board or with employees on severance payments to be paid in the event of a takeover.

Other declarations

The declaration of conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG and the Statement on Corporate Governance pursuant to Sec. 289a HGB can be found on the website of the company at www.uniwheels.com where they have been made permanently available to the public.

Bad Dürkheim, 10 March 2017

UNIWHEELS AG
The Management Board

Dr. Thomas Buchholz

Dr. Wolfgang Hiller

Dr. Karsten Obenaus

Consolidated Financial Statements

as of 31 December 2016 of UNIWHEELS AG, Bad Dürkheim

Consolidated statement of financial position

of UNIWHEELS AG as of 31 December 2016

ASSETS

EUR million	Note	31 Dec 2016	31 Dec 2015
Goodwill	14	0.9	0.9
Other intangible assets	15	8.8	8.0
Property, plant and equipment	16	205.0	140.4
Investment property	16	0.7	0.7
Other non-current financial assets	19	0.5	0.6
Deferred tax assets	12	50.8	35.8
Total non-current assets		*266.7*	*186.5*
Inventories	17	54.1	56.2
Trade receivables	18	39.7	34.3
Other current financial assets	19	1.9	0.9
Current income tax assets		0.1	0.0
Other current non-financial assets	20	5.8	7.3
Cash and cash equivalents	32	22.6	39.3
Total current assets		*124.0*	*138.0*
Total assets		**390.7**	**324.5**

EQUITY AND LIABILITIES

EUR million	Note	31 Dec 2016	31 Dec 2015
Issued capital	21	12.4	12.4
Capital reserve	22	198.5	198.5
Revenue reserves	23	32.8	–10.9
Other reserves	24	–0.1	–0.1
Total equity		*243.5*	*200.0*
Non-current provisions	25, 26	2.1	3.3
Non-current financial liabilities	27, 29	50.1	39.7
Non-current trade payables	28	0.0	11.3
Other non-current non-financial liabilities		1.2	0.0
Total non-current liabilities		*53.5*	*54.3*
Current provisions	26	1.5	4.4
Current financial liabilities	27, 29	15.0	10.2
Current trade payables	28	62.0	43.7
Other current non-financial liabilities	30	13.6	10.9
Current income tax liabilities		1.7	1.0
Total current liabilities		*93.7*	*70.2*
Total equity and liabilities		**390.7**	**324.5**

Consolidated statement of comprehensive income

of UNIWHEELS AG for fiscal year 2016

EUR million	Note	2016	2015
Revenue	5	464.1	436.5
Changes in inventories of finished goods and work in progress		–4.3	1.4
Own work capitalised		1.3	0.6
Total operating performance		*461.1*	*438.5*
Other operating income	6	3.9	4.6
Cost of materials	7	256.0	262.4
Personnel expenses	8	76.0	66.0
Other expenses	9	62.8	56.0
EBITDA		*70.2*	*58.7*
Depreciation, amortisation and impairments	10	18.1	14.8
Interest income	11	0.2	0.5
Interest expense	11	3.1	4.4
Other finance revenue/costs	11	1.3	0.7
Profit or loss before tax		*50.5*	*40.7*
Income taxes	12	–13.6	0.0
Net profit for the year		**64.1**	**40.7**
Items that may be recycled through profit or loss under certain conditions			
Net gains/losses from cash flow hedges	24	–0.1	–0.1
Other comprehensive income after tax		**–0.1**	**–0.1**
Comprehensive income		**64.0**	**40.6**
Earnings per share (EUR)			
basic	13	5.17	3.52
diluted	13	5.17	3.52

Consolidated statement of changes in equity

of UNIWHEELS AG for fiscal year 2016

EUR million	Issued capital	Capital reserve	Revenue reserves	Other reserves	Total
1 Jan 2015	**10.0**	**114.9**	**–41.5**	**0.0**	**83.4**
Net profit or loss of the Group for the year			40.7		40.7
Other comprehensive income after tax				–0.1	–0.1
Comprehensive income			*40.7*	*–0.1*	*40.6*
Conversion of the shareholder loan from UHM		24.7			24.7
Transaction costs		–0.7			–0.7
Capital increase from public floatation	2.4	59.6			62.0
Dividends paid			–10.0		–10.0
31 Dec 2015	*12.4*	*198.5*	*–10.9*	*–0.1*	*200.0*
Net profit or loss of the Group for the year			64.1		64.1
Other comprehensive income after tax				–0.1	–0.1
Comprehensive income			*64.1*	*–0.1*	*64.0*
Dividends paid			–20.5		–20.5
31 Dec 2016	**12.4**	**198.5**	**32.8**	**–0.1**	**243.5**

Consolidated statement of cash flows

of UNIWHEELS AG for fiscal year 2016

EUR million	Note	2016	2015
Cash flows from operating activities			
Profit/loss for the year		64.1	40.7
Income tax through profit or loss		–13.6	0.1
Finance costs through profit or loss		3.1	4.4
Interest income through profit or loss		–0.2	–0.5
Gain/loss on the disposal of non-current assets		0.7	0.0
Depreciation and amortisation of non-current assets		18.1	14.8
Impairment losses on current and non-current assets		0.1	0.4
Other non-cash expenses and income		–0.2	–1.1
Subtotal		*72.1*	*58.7*
(Increase)/Decrease of trade and other receivables		–5.4	–8.4
(Increase)/Decrease of inventories		2.0	–2.8
(Increase)/Decrease of other non-financial assets		1.6	–3.0
(Increase)/Decrease of other financial assets		–0.8	–0.5
Increase/(Decrease) of trade payables and other liabilities		6.9	–0.7
Increase/(Decrease) of provisions		–4.1	3.5
Increase/(Decrease) of other non-financial liabilities		3.9	2.5
Increase/(Decrease) of other financial liabilities		–3.4	–2.5
Cash inflow from operating activities		*72.7*	*46.7*
Income taxes paid		–0.8	–0.6
Net cash inflow from operating activities		*71.9*	*46.1*

EUR million	Note	2016	2015
Cash flows from investing activities			
Cash paid for investments in property, plant and equipment		–82.1	–39.6
Cash paid for investments in intangible assets		–1.9	–2.7
Interest received		0.2	0.3
Net cash outflow from investing activities		*–83.7*	*–41.9*
Free Cashflow		**–11.8**	**4.2**
Cash flow from financing activities			
Capital increase from public floatation		0.0	62.0
Transaction costs		0.0	–0.7
Cash received from loans		20.0	0.0
Cash paid for loans		–6.2	–33.4
Dividends paid to shareholders of the parent company		–20.5	–10.0
Interest paid		–2.6	–4.6
Net cash outflow / inflow from financing activities		*–9.3*	*13.3*
Net decrease / increase in cash and cash equivalents		**–21.1**	**17.5**
Cash and cash equivalents at the beginning of the period	**32**	**39.3**	**20.8**
Effect of exchange rate fluctuations on cash and cash equivalents		0.0	1.0
Cash and cash equivalents at the end of the period	**32**	**18.2**	**39.3**

Notes to the consolidated financial statements

of UNIWHEELS AG for fiscal year 2016

1. GENERAL

UNIWHEELS AG (hereinafter referred to as the “Company”, the “Group” or “UW AG”) is a German stock corporation. The Company's registered offices and headquarters are at Gustav-Kirchhoff-Str. 10, 67098 Bad Dürkheim. The Company is registered in the commercial register of Ludwigshafen am Rhein district court under HRB 64198. The principle activities of the Company and its subsidiaries are the development, manufacture and sale of alloy rims and complete wheels and other components for automobiles. — UNIWHEELS AG’s parent company is UNIWHEELS Holding (Malta) Ltd., Sliema, Malta. The ultimate parent company of the Company is Rasch Holding Ltd., Tortola, British Virgin Islands (hereinafter referred to as “Rasch Holding”). — UNIWHEELS AG has been listed on the Warsaw Stock Exchange since the initial public offering on 8 May 2015. UNIWHEELS AG placed 4,800,000 shares on the stock exchange of which 2,400,000 are new shares originating from an increase in subscribed capital and 2,400,000 existing shares that were held by the vendor shareholder. — The consolidated financial statements of the UNIWHEELS Group were prepared in accordance with the International Financial Reporting Standards (“IFRSs”) as endorsed by the European Union. In addition, the provisions of German commercial law applicable pursuant to Sec. 315a (1) HGB were observed. — The Company’s functional currency and the presentation currency of the consolidated financial statements is the euro (EUR). All amounts have been rounded to the nearest million euro (EUR million) unless indicated otherwise. — Due to rounding differences, it is possible that individual figures in these consolidated financial statements do not exactly add up to the reported totals and that the reported percentage figures do not exactly reflect the reported absolute figures.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. This does not apply to certain derivative financial instruments, which were measured at their reporting-date fair value. Pertinent explanations are provided in the corresponding accounting policies. — Historical cost is generally based on the fair value of the consideration given in exchange for the assets. — Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. — When calculating the fair value of an asset or a liability, the Group takes into account certain characteristics of the asset or the liability (such as condition and location of the asset or limitations of sale and use) if market participants would take those characteristics into account when pricing the acquisition of the asset or transfer of the liability as of the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statement is determined on such a basis, except for:

- leases that fall within the scope of IAS 17 Leases; and
- measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

Fair value is not always available as a market price. It frequently has to be determined based on various inputs. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The categories are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability

Consolidation of subsidiaries The consolidated financial statements contain the financial statements of UNIWHEELS AG and of the entities under its control (subsidiaries). The Company gains control when it:

- has power over the investee
- is exposed or has rights to variable returns from involvement with the investee
- has the ability to use power over the investee to affect the amount of the investor's return.

UNIWHEELS AG reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three aforementioned elements of control. — A subsidiary is included in the consolidated financial statements from the date the Company gains control until that date when the entity ceases to control the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. — Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. There are no non-controlling interests. For more information we were refer to note 3. — When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. — All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation. — Changes in the Group's ownership interests in subsidiaries that do not lead to a loss of control are accounted for as equity transactions. — When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss, calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any investment retained and
- the carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e., reclassified to profit or loss or directly transferred to revenue reserves.

2.2. Foreign currencies

When preparing the financial statements of each individual Group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are translated at the rate of exchange prevailing on the transaction date. With the exception of UNIWHEELS Production (Poland) Sp. z o.o. (UPP), Stalowa Wola, Poland, the functional currency is the respective local currency. As UPP is an integrated unit, its functional currency is the euro. —— Monetary items denominated in foreign currency are translated at the respective closing rate. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing as of the date when the fair value is determined. Non-monetary items measured at historical cost are translated at the exchange rate prevailing upon initial recognition. Exchange differences are recognised in profit or loss under other expenses and income in the period in which they arise. —— For the purpose of preparing the consolidated financial statements, the assets and liabilities of foreign operations of the Group are translated to euro (EUR) at closing rates. Equity components are translated at the historical rate on the date they were acquired from the Group's perspective. Income and expenses are translated at the average exchange rate for the period. Exchange differences from the translation of foreign operations to the Group's currency are posted to other comprehensive income and accumulated in equity. Upon disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the Group are reclassified to profit or loss. —— The exchange rates used to translate the currencies of significance for the Group are presented in the table below:

		Closing rate 31 December		Annual average exchange rate	
	1 EUR =	2016	2015	2016	2015
Poland	PLN	4.42	4.26	4.36	4.18
Sweden	SEK	9.57	9.18	9.47	9.35

2.3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, and similar deductions.

2.3.1. Sale of goods The Company generates revenue from the sale of goods which is recognised when the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

2.3.2. Rendering of services Revenue from service agreements is recognised by reference to the stage of completion of the transaction to the extent that the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when the amount of revenue as well as the costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

2.3.3. Interest income Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset upon initial recognition.

2.4. Income taxes

Income tax expense represents the total amount of current and deferred tax expenses. — Current or deferred taxes are recognised in the statement of profit or loss unless they relate to items that are recognised either in the statement of comprehensive income or directly in equity, In which case, the current and deferred tax are also recognised in other comprehensive income or directly into equity respectively. If current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.4.1. Current tax The current tax expense is determined based on taxable profit for the year. Taxable profit differs from the profit for the year as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for the current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.4.2. Deferred tax Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit as well as on unused tax losses and interest carry-forwards. Deferred tax liabilities are generally recognised on all temporary differences. Deferred tax assets are recognised when it is more likely than not that taxable income will be available against which deductible temporary differences, unused tax losses and interest expenses carried forward can be offset. The probable utilisation is based on the four-year-planning of the respective entity taking into account the loss history. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the profit for the year. — Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries, unless the Group is able to control the reversal of the temporarily difference and it is probable that the temporary difference will not reverse in the foreseeable future. — Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries are only recognised to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilised. and it is expected that the temporary differences will reverse in the foreseeable future. — The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to recover all or part of the deferred tax assets. — Deferred taxes are determined on the basis of the tax rates that are expected to apply at the time that the liability is settled or the asset recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2.5. Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax attributable to the shareholders of the parent company by the weighted average number of shares in circulation during the fiscal year. Diluted earnings per share is calculated on the assumption that all potentially dilutive securities and share-based compensation plans have been converted into shares or exercised respectively. As in the prior year, there were no circumstances leading to a dilution of the earnings per share in fiscal year 2016.

2.6. Goodwill

Goodwill resulting from a business combination is recognised at cost less any impairment losses. — For the purpose of impairment testing, goodwill is allocated upon acquisition to each of the Group's cash-generating units that is expected to benefit from the synergies of the business combination. — Cash-generating units to which a portion of goodwill was allocated are tested for impairment annually, or more frequently when there is an indication that a unit might be impaired. If the recoverable amount (the higher of value in use and fair value less costs to sell) of the cash-generating unit is less than the carrying amount, an impairment loss is charged. The impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset in the unit. — Impairment losses on goodwill are recognised in profit or loss. Impairment losses charged on goodwill cannot be reversed in future periods. — Upon disposal of a cash-generating unit the attributable amount of goodwill is included when determining the gain or loss on disposal.

2.7. Intangible assets

Other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses. Amortisation is charged on a straight-line basis. The expected useful lives and amortisation methods are reviewed annually and all necessary changes in estimates are taken into account prospectively. — Amortisation was calculated based on the following useful lives:

Rights and licences (without hereditary building rights)	3–10 years
Hereditary building right	99 years
Software	3–10 years

With the exception of goodwill, the Group does not have any intangible assets with indefinite useful lives. — An intangible asset is derecognised when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an intangible asset is posted to profit or loss upon derecognition of the asset.

2.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes all costs allocable to the production process as well as an appropriate portion of production-related overheads. The cost of repairing and maintaining property, plant and equipment is generally expensed. Such cost is only recognised if it leads to a major extension or significant improvement in the respective asset. Property plant and equipment are depreciated on a straight-line basis, unless another depreciation method more closely reflects the pattern of consumption of economic benefits. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date. Any necessary changes in estimates are taken into account prospectively. — The following economic useful lives were used to determine depreciation on property, plant and equipment:

Buildings	15–50 years
Technical equipment and machinery	3–20 years
Other equipment, operating and office equipment	3–20 years

Land does not have a finite useful life and is not depreciated. — Assets held under finance leases are depreciated over their expected useful lives using a depreciation policy that is consistent with that for similar assets owned by the Group. However, if it is reasonably certain that ownership will pass to the lessee, the assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. — An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continuing use or disposal. The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is posted to profit or loss.

2.9. Impairment of property, plant and equipment and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amount of property, plant and equipment and intangible assets to determine whether there are any indications for impairment. In the event of any such indication, the recoverable amount of the asset is determined. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is not tested for impairment individually but rather as part of the cash-generating unit to which it belongs. — If an impairment loss has to be recognised, this corresponds to the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. If it is not possible to determine the value in use, the recoverable amount corresponds to the asset's fair value less costs to sell. The value in use is determined by discounting estimated future cash flows. If there are indications that the reasons for recognising an impairment loss no longer exist, the Company reviews whether the impairment loss needs to be reversed in part or in full. Intangible assets with indefinite useful lives and those that are not available for use are tested for impairment at least annually or whenever there is an indication of impairment. — When the estimated recoverable amount of an asset or cash-generating unit falls below its carrying amount, the carrying amount of the asset or cash-generating unit is written down to the recoverable amount. The impairment loss is immediately recorded as an expense. If the impairment loss reverses in a later period, the carrying amount of the asset or cash-generating unit is written up to the revised estimate of the recoverable amount. The increase in the carrying amount cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised directly in profit or loss.

2.10. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. This also includes property under construction for such purposes. Investment property is measured initially at cost, including transaction costs. Investment property is subsequently measured using the cost model in IAS 16. — An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the period of disposal.

2.11. Leases

A lease is classified as a finance lease if substantially all risks and rewards incidental to ownership are transferred to the lessee. All other leases are classified as operating leases. The Group only acts as lessee under operating and finance leases. — Finance lease assets with the Group as lessee are recognised at the inception of the lease as assets at the lower of the fair value of the leased assets or the present value of minimum lease payments. The corresponding obligation to the lessor is reported in the consolidated statement of financial position as a finance lease liability. — Lease payments are thus apportioned between the finance charge and the reduction of the lease liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognised directly in the statement of profit or loss. — Rent payments under operating leases are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Group's benefit.

2.12. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured using the first-in-first-out (FIFO) method or the average cost method. Costs include allocable direct costs and overheads. Net realisable value is the estimated selling price of the inventories, less estimated costs of completion and the costs necessary to make the sale.

2.13. Financial instruments

2.13.1. Classification and measurement A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. — The Group's financial assets essentially comprise cash and cash equivalents, trade receivables, loans and derivatives with a positive market value. The financial liabilities essentially comprise loan liabilities, trade payables and derivatives with a negative market value. — Financial assets are initially measured at fair value plus transaction costs, with the exception of financial instruments held for trading, whose transaction costs are recognised immediately in profit or loss. —

Financial liabilities are initially measured at fair value plus directly attributable transaction costs, with the exception of financial instruments held for trading, whose transaction costs are recognised immediately in profit or loss. — Financial instruments are classified upon initial recognition into the following categories:

- Financial instruments held for trading (financial instruments at fair value through profit or loss)
- Held-to-maturity investments
- Available-for-sale financial assets
- Loans and receivables
- Other financial liabilitie

Classification depends on the nature and purpose of the financial instrument. Financial assets are recognised and derecognised as of the trade date in the case of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. — Financial instruments classified as **HELD FOR TRADING** are measured at fair value. Any gain or loss on measurement is recognised in profit or loss. At the Company this mainly pertains to derivatives. — **HELD-TO-MATURITY INVESTMENTS** are measured at amortised cost using the effective interest method, less impairment. At present, the Company does not have any held-to-maturity investments. — Financial assets classified as **AVAILABLE FOR SALE** are measured at fair value if this can be determined reliably. Unrealised gains or losses from subsequent measurement are recognised outside profit or loss in other comprehensive income. Equity investments that are not quoted on an active market and where it is impracticable to reliably measure their fair value are measured at amortised cost. At present, the Company does not have any available-for-sale financial instruments. — **LOANS AND RECEIVABLES** are non-derivative financial assets or liabilities with fixed or determinable payments that are not quoted on an active market. Loans and receivables – including trade receivables, other receivables, bank balances and cash, and others – are measured at amortised cost using the effective interest method, less any impairment. — **OTHER FINANCIAL LIABILITIES** – including liabilities to banks and trade payables – are measured at amortised cost using the effective interest method. — The **EFFECTIVE INTEREST METHOD** is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments – including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts – through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount upon initial recognition. — Income from debt instruments is recognised using the effective interest method, with the exception of instruments classified as at fair value through profit and loss. — The Group does not exercise the fair value option allowed by IAS 39.

2.13.2. Impairment of financial assets With the exception of financial assets at fair value through profit or loss, financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired if there is objective evidence of changes with an adverse effect on the estimated future cash flows of the financial assets as a result of one or more events that occurred after initial recognition of the assets. —— For equity investments that have been classified as available for sale, a significant or prolonged decline in the fair value of the asset below its cost is objective evidence of impairment. —— For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- A breach of contract, such as a default or delinquency in interest or principal payments
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

For financial assets measured at amortised cost, the amount of the impairment loss corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. —— For financial assets measured at cost, the amount of the impairment loss corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed in subsequent periods. —— An impairment loss directly reduces the carrying amount of the financial assets concerned, with the exception of trade receivables, whose carrying amount is reduced via an allowance account. If an impaired trade receivable is considered uncollectible, it is written off against the allowance account. Payments received subsequently for amounts previously written off are also posted to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. —— If, in a subsequent fiscal year, the amount of the impairment loss on a financial asset measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. However, the adjusted carrying amount may not exceed the amortised cost that would have been carried had no impairment been recognised.

2.13.3. Derecognition of financial instruments The Group derecognises a financial asset when, and only when, the contractual rights to receive cash flows from the financial asset expire or the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to a third party. —— On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss. —— The Group derecognises financial liabilities when, and only when, the obligation under the liability is discharged, canceled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is posted through profit or loss.

2.14. Derivative financial instruments

The Group has entered into a number of derivative financial instruments to steer its interest risks, currency risks and commodity price risks. These include forward exchange contracts, interest swaps and commodity swaps. More information can be found on derivative financial instruments in notes 19, 27 and 31. —— Derivative financial instruments are initially recognised at fair value on the date they are entered into and remeasured at fair value on each reporting date. The resulting gains or losses are posted through profit or loss immediately unless the derivative is part of a designated hedge that is effective. In this case, the time at which gains and losses from fair value measurement are recognised depends on the nature of the hedge.

2.15. Hedge accounting

The Group has designated some individual hedging instruments as cash flow hedges. —— The relationship between the underlying and the hedging instrument is documented at the inception of a hedge relationship, including the aims of risk management and the Group's strategy on which the hedge relationship is based. Moreover, regular documentation is kept, both at the inception of the hedge and during its term, of how effective the hedge is at offsetting changes in the cash flows of the underlying attributable to the hedged risk. —— Disclosures on the fair values of the derivatives used for hedging purposes can be found in note 31. —— The effective portion of the change in the fair value of the derivatives that are suitable as cash flow hedges and designated as such is presented in other comprehensive income as net gains/losses from cash flow hedges. The ineffective portion of the gain or loss on the hedge is posted through profit or loss and presented under other finance revenue/costs in the income statement. —— Amounts posted to other comprehensive income are recycled to profit or loss in the period in which the underlying is released to profit or loss. The gain or loss is posted to the same line item of the income statement that the underlying is posted to. —— Hedge accounting ends when the Group discontinues the hedge relationship, the hedging instrument expires, is sold, terminated or exercised or is no longer suitable for hedging purposes. The full amount of any gains or losses accrued under other comprehensive income at this time remain in equity and are only posted through profit or loss when the expected underyling is also posted through profit or loss. If the underlying transaction is no longer expected, the entire gain or loss is recycled immediately through profit or loss.

2.16. Cash and cash equivalents

Cash on hand and bank balances are measured at acquisition cost. They comprise cash held and any bank deposits that are available on call.

2.17. Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the amount received upon issue less any directly allocable transaction costs. Transaction costs are costs are costs that would not have been incurred had the instrument not been issued.

2.18. Post-employment benefits

The Company maintains both defined contribution plans and defined benefit plans. — Payments made to DEFINED CONTRIBUTION PLANS are recorded as expenses when the employee has rendered service entitling him or her to receive the benefit. — The obligations under the DEFINED BENEFIT PLANS are measured using the projected unit credit method which reflects the present value of the vested benefit obligations calculated on the basis of actuarial principles. The defined benefit obligation (DBO) is determined by means of actuarial reports that are obtained annually and use inputs such as future salary and pension trends as well as biometric inputs.

2.19. Other non-current employee benefits

Provisions for long-service bonuses are generally calculated on the basis of actuarial principles. Commitments to top up any phased retirement agreements (“Altersteilzeitverträge”) entered into are accrued over the term of the plan, terminating at the latest on the date that the release from active service ends. If the Company carries any plan assets as defined by IAS 19.8, they are offset against the obligation, thereby reducing the balance sheet total.

2.20. Other provisions

Provisions are created when the Group has a present obligation (legal or constructive) from a past event that will lead to an outflow of resources embodying economic benefits to settle the obligation and it is possible to reliably measure the obligation. — The amount of the provision is the best estimate on the reporting date of the economic benefits to be surrendered to settle the present obligation. This should consider any inherent risks or uncertainties. If a provision is measured on the basis of estimated cash flows that are needed to settle the obligation, these cash flows should be discounted to net present value if the time effect of money is material. — If it can be assumed that some or all of the economic benefits needed to settle an obligation will be reimbursed by a third party, then these amounts are recognised as assets if reimbursement is more likely than not and the amount can be reliably measured. — Present obligations related to ONEROUS CONTRACTS are provided as a provision. An onerous contract is presumed to exist when the Group is party to a contract that is expected to lead to unavoidable costs to perform the contract which exceed the inflow of economic benefits from the contract. — Provisions for the expenses expected from WARRANTY OBLIGATIONS under German law on the sale of goods are provided for upon the date of sale of the products concerned at the best management estimate of costs expected to meet the Group's obligation. — Provisions for the expected costs of RESTORATION OBLIGATIONS represent elements of historical cost. Thus upon initial recognition provisions are created by debiting other comprehensive income directly. Restoration obligations related to operating leases in which the asset can be allocated to the lessor and therefore do not qualify as elements of the historical cost of the asset are recognised as provisions by debiting expenses with the commencement of use of the asset taken as the triggering event.

2.21. Estimation uncertainties and discretionary judgements

When applying the Group's recognition and measurement policies as described above the management must assess matters, make estimates and discretionary judgements with reference to the carrying amounts of assets and liabilities that cannot be simply obtained from other sources. The estimates and underlying assumptions are made on the basis of past experience and other factors that are considered relevant. The actual values could differ from the estimates. — The assumptions on which such estimates are based are reviewed on a regular basis. Changes to estimates that only affect one reporting period are only considered in this period. However, if the changes affect both the current period and subsequent periods, these are considered in the current period and subsequent periods.

2.21.1. Significant exercise of judgement and estimates when applying accounting policies The cases where management has exercised significant judgement in the course of applying the accounting policies of the Company are presented below as well as the impact these judgements have on the amounts presented in the consolidated financial statements. Judgements containing estimates have not been included in this presentation (see note 2.21.2).

ACCOUNTING FOR LEASES Group entities are lessees within the framework of a number leases. The assessment to be made when classifying leases as finance leases or operating leases as to whether the risks and rewards incidental to ownership lie with the Group is a discretionary judgement of management.

2.21.2. Main sources of estimation uncertainty The key assumptions concerning the future, and other key sources of estimation uncertainty on the reporting date that bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

RECOGNITION AND MEASUREMENT OF OTHER PROVISIONS The recognition and measurement of other provisions are based on expectations of the future outflow of benefits, past experience and the circumstances known as of the reporting date. The actual outflow of benefits may therefore differ from the amount recognised under other provisions. The carrying amount of other provisions amounted to EUR 3.3 million as of 31 December 2016 (31 December 2015: EUR 7.4 million). Other details on other provisions can be found in note 26.

RECOGNITION OF DEFERRED TAX ASSETS ON TAX CREDITS, UNUSED TAX LOSSES AND INTEREST EXPENSES CARRIED FORWARD Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. — Deferred tax assets are recognised for the tax exemptions available to the subsidiary based in the Stalowa Wola special economic zone to the extent that it is probable that taxable profit will be available against which the tax exemptions can be utilised. Likewise, deferred tax assets are recognised on unused tax losses and interest expenses carried forward on the basis of an estimate. This estimate is derived from the planning projections of the available taxable income, taking account of the minimum taxation ruling. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. — As of 31 December 2016, the carrying amount of deferred tax assets recognised on tax credits amounted to EUR 39.7 million (31 December 2015: EUR 29.7 million). As of 31 December 2016, the carrying amount of deferred tax assets recognised on unused tax losses and interest carryforwards amounted to EUR 9.8 million (31 December 2015: EUR 4.6 million). Other details on deferred taxes can be found in note 12.

2.22. Standards adopted in the reporting period

The Company adopted the following new or amended standards in the reporting period.

Standard/Amendment/ Interpretation	Content	Mandatory pursuant to IASB from	Mandatory in the EU from
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Companies Application of the Exemption from Consolidation	1 Jan 2016	1 Jan 2016
Amendments to IFRS 11	Accounting for Acquisitions of an Interests in a Joint Operation	1 Jan 2016	1 Jan 2016
Amendment to IAS 1	Disclosure Initiative	1 Jan 2016	1 Jan 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016	1 Jan 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 Jan 2016	1 Jan 2016
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1 Jul 2014	1 Feb 2015
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 Jan 2016	1 Jan 2016
Annual IFRS Improvement Process	2010–2012 cycle	1 Jul 2014	1 Feb 2015
Annual IFRS Improvement Process	2012–2014 cycle	1 Jan 2016	1 Jan 2016

There is no significant impact on the disclosures or amounts presented in the consolidated financial statements from applying these amendments.

2.23. New standards and interpretations that are not yet mandatory

The following new and amended standards and interpretations have already been issued by the IASB but have not yet become mandatory. The Company has not early adopted these standards.

Standard/Amendment/ Interpretation	Content	Endorse-ment	Mandatory pursuant to IASB from	Mandatory in the EU from
IFRS 2	Classification and Measurement of Share-Based Payments	No	1 Jan 2018	undecided
IFRS 4	Application of IFRS 9 in conjunction with IFRS 4	No	1 Jan 2018	undecided
IFRS 9	Financial Instruments	Yes	1 Jan 2018	1 Jan 2018
IFRS 14	Regulatory Deferral Accounts	No	1 Jan 2016	Adoption not suggested
IFRS 15	Revenue from Contracts with Customers	Yes	1 Jan 2018	1 Jan 2018
Clarification of IFRS 15	Revenue from Contracts with Customers	No	1 Jan 2018	undecided
IFRS 16	Leases	No	1 Jan 2019	undecided
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	postponed by the IASB for an indefinite period	undecided
Amendments to IAS 7	Disclosure Initiative – Reconciliations of Liabilities from Financing Activities	No	1 Jan 2017	undecided
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	No	1 Jan 2017	undecided
Amendments to IAS 40	Transfer of Investment Property	No	1 Jan 2018	undecided
Annual IFRS Improvement Process	2014–2016 cycle	No	1 Jan 2017/ 1 Jan 2018	undecided
IFRIC 22	Foreign Currency Transactions and Advance Consideration	No	1 Jan 2018	undecided

The above (amendments and additions to the) Standards and Interpretations will be applied by the UNIWHEELS Group – subject to endorsement by the EU – on the date on which they first become mandatory.

IFRS 9 Financial Instruments In July 2014, IASB published the final version of IFRS 9. In comparison to the preceding standard, IAS 39, this standard sets a new classification model for financial assets. The subsequent measurement of financial assets is based on two categories with different measurement bases and a different approach to measuring changes in value. The categories are based on the contractual cash flows of the instrument and the business model carrying the instrument. Depending on the degree to which these conditions are fulfilled, subsequent measurement is as follows:

- at amortised cost using the effective interest rate method
- at fair value with gains or losses being posted through other comprehensive income
- at fair value with gains or losses being posted through profit or loss.

A financial asset is only measured at fair value through profit or loss when it cannot be classified to one of the other categories. — In addition, reporting entities may apply the fair value through profit or loss option or a fair value through other comprehensive income option if certain conditions are met. — With regard to financial liabilities the existing rules have been largely retained unchanged in IFRS 9. The only significant novelty relates to the fair value option for financial liabilities. Fair value fluctuations on the basis of changes in the risk of the reporting entity's own credit risk are to be posted directly to other comprehensive income unless doing so would create an accounting mismatch. — In addition, IFRS 9 has established a new model for impairments. This shifts the focus onto an earlier recognition of risk. IFRS 9 provides for three levels of recognising expected losses and interest revenue in future. Upon initial recognition any losses expected are to be recognised at the net present value of the expected loss in the twelve months after the reporting date (level 1). If there is a significant increase in the credit risk associated with the financial instrument, then an allowance should be made for the full lifetime expected credit losses (level 2). Finally, upon objective evidence of an impairment, interest revenue is calculated by applying the effective interest rate to the amortised cost balance, which comprises the gross carrying amount adjusted for any loss allowance (level 3). Exceptions from the basic impairment model are made, for example for trade receivables. A simplified impairment model is provided for these instruments by which a risk allowance is to be recognised at the amount of the expected losses over the residual term of the instrument, regardless of the credit rating. This means that such instruments are automatically measured at level 2 and transferred to level 3 if there is any objective indication of an impairment. Allocation to level 1 is prohibited. — With respect to most financial instruments, management believes that their classification in compliance with IFRS 9 will not lead to a change in valuation compared to IAS 39. Likewise, no changes are expected to the measurement of impairment losses using the expected loss model pursuant to IFRS 9. Generally, management assumes that the disclosures in the notes on financial instruments will need to be expanded in certain points on account of more detailed standards. Management is currently examining the impact of the treatment of hedge accounting and cannot make any more exact statement at this stage.

IFRS 15 Revenue from Contracts with Customers In May 2014, the IASB published a new standard containing one all-encompassing model for the recognition of revenue from contracts with customers. The core principle of this model is that an entity recognises revenue when the transfer of promised goods or services to customers is completed. Thus revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled. The management currently assumes that there will not be a significant impact from the application of IFRS 15 on the revenue recognition of the UNIWHEELS Group.

IFRS 16 Leases IFRS 16 governs the recognition of leases and replaces the preceding standard IAS 17. According to the new standard there is now a duty for the lessee to recognise the rights and obligations arising from leases. Consequently, the lessee will recognise the rights attached to the leased asset as a right-of-use asset and a corresponding lease liability. The provisions of IFRS 16 apply separately to each contract. However, both the lessor and the lessee have the opportunity under certain circumstances to apply portfolios instead of applying an item-by-item approach. These are then subject to the requirements of IFRS 16. In addition, there are allowed alternative treatments for lessees in isolated cases with regard to short-term leases and agreements for low-value assets. — For lessors, the distinction between finance leases and operating leases remains under the new standard. — In addition to changes in the accounting treatment, IFRS 16 also extends the disclosures required from both lessors and lessees. — Management assumes that this significant amendment will increase the balance sheet total to include material operating leases that are not covered by the exceptions in IFRS 16. Moreover, additional disclosures will be required in the notes on certain points. Management has not yet decided which transitional ruling will be applied. — It has been decided to refrain from making a more detailed presentation of new or amended standards and interpretations as the impact of their adoption on the presentation of financial position, financial performance and cash flows of the Group is expected to be immaterial.

3. DISCLOSURES ON SUBSIDIARIES

The Group comprises the following entities:

Entity	Code	Domicile	Main business
Fully consolidated domestic entity			
ATS Leichtmetallräder (Germany) GmbH	ATS LM	Bad Dürkheim, Germany	Production of aluminium wheels
UNIWHEELS Leichtmetallräder (Germany) GmbH	UWLM	Bad Dürkheim, Germany	Distribution of aluminium wheels
UNIWHEELS Automotive (Germany) GmbH	UAG	Bad Dürkheim, Germany	Development of aluminium wheels
UNIWHEELS Investment (Germany) GmbH	UIG	Bad Dürkheim, Germany	Holding company
UNIWHEELS Production (Germany) GmbH	UPG	Bad Dürkheim, Germany	Production and distribution of aluminium wheels
UNIWHEELS OEM (Germany) GmbH	UOG	Bad Dürkheim, Germany	Distribution of aluminium wheels
Fully consolidated foreign entities			
UNIWHEELS Production (Poland) Sp. z o.o.	UPP	Stalowa Wola, Poland	Production and distribution of aluminium wheels
UNIWHEELS Trading (Sweden) AB	UTSE	Jönköping, Sweden	Distribution of aluminium wheels

Voting rights and shareholding

Entity	Currency	31 Dec 2016	31 Dec 2015
Fully consolidated domestic entity			
ATS LM	EUR	100 %	100 %
UWLM	EUR	100 %	100 %
UAG	EUR	100 %	100 %
UIG	EUR	100 %	100 %
UOG	EUR	100 %	100 %
UPG	EUR	100 %	100 %
Fully consolidated foreign entities			
UPP	EUR	100 %	100 %
UTSE	SEK	100 %	100 %

UW AG directly holds 100% of the domestic subsidiaries, while it has an indirect holding of the fully consolidated foreign entities. Thus the shares in UPP are held by UIG and the shares in UTSE by ATS LM. —— All subsidiaries were fully consolidated in the consolidated financial statements (31 December 2016: 8; 31 December 2015: 8). There were no associates or joint ventures.

4. SEGMENT REPORTING

According to IFRS 8, reportable segments are to be identified on the basis of the internal reporting submitted on a regular basis to the chief operating decision-makers of the Company who evaluates how to allocate the resources of the Company to these segments and assesses their performance. —— The allocation of resources and assessment of the performance of these segments is performed by the management board of the UNIWHEELS Group as the chief operating decision-maker. The UNIWHEELS Group is managed as a business unit that operates in the field of wheel production. The representatives of individual legal entities cannot act individually, i.e. the allocation of resources is performed by the management of the Group primarily with a view to its activity as a producer of wheels. It decides and acts for the UNIWHEELS Group as a whole, taking overall responsibility. The primary management indicators that are provided by the internal reporting are the unit numbers of wheels, sales revenue and earnings before interest, taxes, depreciation and amortisation. In addition, the chief decision-makers consider revenue and unit sales in the distribution channels Automotive and Accessory. In the Automotive distribution channel, the aluminium wheels are delivered to the automobile industry. In the Accessory division, the Group supplies the European car parts market. No earnings figures are supplied for the two distribution channels. The revenue and unit sales figures are not used for allocating resources to production. —— The monthly reporting is prepared at Group level.

The primary management indicators pursuant to IFRS are as follows:

	2016	2015
External revenue (EUR m)	464.1	436.5
Unit sales (in thousands)	8,761	7,822
EBITDA (EUR m)	70.2	58.7

The allocation of revenue and non-current assets to geographical regions is based on the country in which the Group entity is based. A breakdown of revenue and non-current assets (excluding financial instruments and deferred tax assets) by region follows:

	External revenue		Non-current assets pursuant to IFRS 8	
EUR million	2016	2015	31 Dec 2016	31 Dec 2015
Germany	188.8	176.6	31.2	28.0
Poland	275.3	259.9	184.2	122.0
	464.1	**436.5**	**215.4**	**150.0**

Revenue and unit sales figures for wheels break down by distribution channel (Automotive and Accessory) as follows:

	External revenue		Unit figures	
EUR million/thousand units	2016	2015	2016	2015
Accessory	84.8	79.8	1,583	1,417
Automotive	371.5	350.8	7,178	6,405
	456.3	**430.6**	**8,761**	**7,822**

Of the revenue of EUR 464.1 million (2015: EUR 436.5 million) (see note 5), 10% or more is attributable to the following key customers:

EUR million	2016	2015
Customer A	78.1	84.7
Customer B	62.1	55.7
Customer C	60.5	45.9
	200.7	**186.3**

5. REVENUE

The breakdown of Group revenue for the fiscal year is as follows:

EUR million	2016	2015
Revenue – Wheels	456.3	430.6
Revenue – Die casts	4.6	3.5
Revenue – Scrap	5.7	4.8
Revenue – Other	2.1	1.6
Discount allowed	–4.6	–4.0
	464.1	**436.5**

6. OTHER OPERATING INCOME

EUR million	2016	2015
Income from the reversal of provisions	1.4	0.7
Income relating to other periods	0.5	1.2
Income from exchange rate gains	0.4	2.0
Reimbursement of grid charges	0.4	0.0
Income from the reduction of specific valuation allowances on receivables	0.2	0.0
Other	1.0	0.7
	3.9	**4.6**

7. COST OF MATERIALS

The cost of materials breaks down as follows:

EUR million	2016	2015
Aluminium (incl. strontium, titanium, boron)	169.7	188.1
Energy (incl. electricity, gas, water, heating)	21.7	21.4
Paint	16.8	14.2
Other cost of materials	47.8	38.7
	256.0	**262.4**

Other cost of materials chiefly consists of the cost of purchased merchandise, consumables and supplies, hired temps and purchased services.

8. PERSONNEL EXPENSES

Personnel expenses break down as follows:

EUR million	2016	2015
Wages and salaries	64.1	56.0
Social security, pensions and other benefit costs	11.9	10.0
	76.0	**66.0**

As in the prior year, contributions to defined benefit plans were marginal.

9. OTHER EXPENSES

EUR million	2016	2015
Repairs and maintenance	18.0	14.9
Selling expenses	12.1	9.7
Cost allocations received	4.5	4.2
Rents of buildings and rent incidentals	3.7	3.4
Expenses for rents and leases	3.6	3.9
Legal expenses and consulting fees	2.4	2.8
Office and administration expenses	2.0	1.9
Exchange rate losses	1.8	1.2
Advertising and travel expenses	1.9	1.9
Guarantees and insurance	1.7	1.6
Other personnel costs	1.7	1.3
Costs for tools and small devices	1.6	1.3
Research and development expenses	1.5	0.9
Contributions, fees and bank charges	1.0	2.9
Losses from the disposal of property, plant and equipment	0.7	0.0
Vehicle fleet	0.6	0.6
Recruiting	0.5	0.6
Costs for expert reports	0.5	0.5
Other taxes	0.4	0.6
Other	2.7	1.9
	62.8	**56.0**

The exchange rate losses are mainly attributable to realised exchange rate losses on time deposits denominated in PLN. —— In the prior year, expenses for contributions, fees and bank charges consisted primarily of costs associated with the IPO of EUR 2.3 million. —— The management services performed by UHM for the entities of the UNIWHEELS GROUP are reported uniformly under "cost allocations received" in fiscal year 2016. In the prior year, a portion of EUR 1.7 million was reported under legal expenses and consulting fees. The prior-year figures were adjusted accordingly. —— Internal and external research and development expenses amounted to EUR 4.7 million (2015: EUR 4.1 million). In addition to the research and development expenses presented in the table, personnel expenses (see note 8) include research and development expenses of EUR 3.2 million (2015: EUR 3.2 million). In fiscal year 2016 the developers of coquilles were likewise included in R&D expenses and the prior year figures adjusted accordingly. The adjustment is immaterial to a true and fair view of the group.

10. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

EUR million	2016	2015
Amortisation on intangible assets	1.1	0.8
Depreciation of property, plant and equipment	16.2	13.7
Impairment losses	0.8	0.2
	18.1	**14.8**

11. FINANCIAL RESULT

The financial result breaks down as follows:

EUR million	2016	2015
Interest income		
Interest income from loans and receivables	0.2	0.3
Other interest income	0.0	0.2
	0.2	*0.5*
Interest expense		
Interest expense on financial liabilities	2.5	3.8
Interest expenses from finance leases	0.1	0.3
Other interest expenses	0.5	0.3
	3.1	*4.4*
Gain or loss from fair value measurement of financial instruments	1.3	0.7
	–1.6	**–3.2**

A breakdown of income from financial investments by IAS 39 measurement category follows:

EUR million	2016	2015
Total interest income from financial assets measured at amortised cost	0.2	0.5
Total interest expenses for financial liabilities not measured at fair value	–3.1	–4.4
Change in fair value of held for trading financial instruments	1.3	0.7
	–1.6	**–3.2**

Interest income from financial instruments measured at amortised cost is mainly comprised of interest income from loans and receivables. —— Interest expenses on financial instruments that are not measured at fair value mainly consist of interest on financial liabilities, bank loans in particular.

12. INCOME TAXES

INCOME TAXES RECORDED IN THE CONSOLIDATED INCOME STATEMENT

EUR million	2016	2015
Current tax		
Tax expense for the period	1.4	0.8
Adjustments to current taxes in other periods	0.0	0.2
	1.4	*1.0*
Deferred taxes		
Deferred tax expenses recorded in the reporting year	0.5	5.4
Deferred tax income recorded in the reporting year	15.5	6.4
	–15.0	*–1.0*
Income from income taxes recorded in the income statement	**–13.6**	**0.0**

A reconciliation between the expected tax burden and the income tax presented in the income statement follows. The calculation of the expected income tax (both current and deferred) is based on the overall German tax rate of 28.61% (2015: 28.61%). The substantial increase in the impact of tax credits due to the activity in the special economic zone of Stalowa Wola (UPP) mainly results, in addition to the increased expected taxable results over a four year planning horizon, from an opposing effect in fiscal year 2015 due to the reduction of the planning horizon from five to four years. —— The tax expense for the fiscal year can be reconciled to profit or loss for the period as follows:

EUR million	2016	2015
Profit or loss before tax	50.5	40.7
Income tax expense at a tax rate of 28.61%	14.5	11.7
Utilisation of unused tax losses and interest carryforwards for which no deferred taxes had been set up (UW AG)	–3.3	–1.0
Effect of recognising deferred tax assets on future unused tax losses and interest carryforwards (UW AG)	–5.2	–4.6
Impact of tax credits due to the activity in the special economic zone of Stalowa Wola (UPP)	–16.4	–1.7
Impact of non-deductible expenses	0.5	0.5
Tax-free income	–0.4	–0.4
Impact of unused temporary differences not recognised as deferred tax assets	0.0	–1.3
Effect of different tax rates at subsidiaries in other jurisdictions	–3.4	–3.5
Other	0.1	0.1
	–13.6	–0.2
Adjustments to current taxes of other periods recorded in the reporting period	*0.0*	*0.2*
Income from income taxes recorded in the income statement	**–13.6**	**0.0**

The calculation of deferred taxes is based on the profits distributed and retained in Germany using a uniform corporate income tax rate of 15% and the related solidarity surcharge of 5.5%. In addition to corporate income tax, trade tax is also levied on income generated in Germany. Taking account of the non-deductibility of trade tax due to the discontinuation of operations, the average trade tax rate comes to 12.78% (31 December 2015: 12.78%) resulting in an aggregate tax rate in Germany of 28.61% (31 December 2015: 28.61%). Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply on the date the assets are realised or the liability settled. —— No deferred taxes were recognised on the differences between the carrying amounts in the separate IFRS financial statements and the relevant tax bases of the investments, referred to as outside basis differences, of EUR 58.0 million (31 December 2015: EUR 83.8 million) as the Company is able to steer the date on which the differences reverse, no distributions were planned on the respective cut-off dates and there are no plans to divest of the investments for the foreseeable future. —— The German entities are included in a consolidated tax group. UW AG is the parent company of the consolidated tax group. As the parent company, UW AG has incurred corporate income tax losses of EUR 40.7 million (31 December 2015: EUR 47.1 million), trade tax losses of EUR 34.1 million (31 December 2015: EUR 38.5 million) and interest carryforwards of EUR 49.0 million (31 December 2015: EUR 54.2 million). The tax losses and interest carryforwards can be offset indefinitely against future taxable profits of the entities. Due to the substantial improvement in earnings at UPG in fiscal year 2016, it can be assumed that the unused tax losses, interest expenses carried forward and temporary differences can be partially utilised in the tax planning. No deferred tax assets were recognised on temporary differences at the entities in the consolidated tax group of EUR 2.5 million (31 December 2015: EUR 3.0 million). Deferred tax assets of EUR 9.8 million (31 December 2015: EUR 4.6 million) were recognised on the unused tax losses and interest carryforwards based on the projected taxable income over a four year planning horizon and taking account of the deferred tax assets already recognised on temporary differences and the loss history in the past. No deferred tax assets were recognised on corporate income tax losses of EUR 25.3 million (31 December 2015: EUR 41.6 million), trade tax losses of EUR 17.1 million (31 December 2015: EUR 32.4 million) and interest carryforwards of EUR 33.8 million (31 December 2015: EUR 46.8 million). The majority shareholder of UNIWHEELS AG is currently examining the options for a strategic sale. In the case of a sale, the recoverability of deferred tax assets that have been recognised on unused tax losses and interest expenses carried forward by UWAG must be reexamined. — In addition, the Company obtained licences to conduct business in the special Stalowa Wola economic zone, whereby the Company receives government grants for its production activities in the form of tax credits on the annual profits it generates. UPP is exempted from paying tax. As a result, no deferred taxes are recognised on temporary differences. The tax subsidies are limited to 2017 (for three licences) and 2026 (for four licences). The Company is meeting the obligations underlying the operating licences in terms of the headcount employed and the amount of capital expenditure required. Deferred tax assets of EUR 39.7 million (31 December 2015: EUR 29.7 million) were recognised on the expected taxable results over a four year planning horizon, applying IAS 12 by analogy. This planning horizon was considered appropriate for the prospective use of the tax credits. Tax credits of EUR 52.4 million (31 December 2015: EUR 47.8 million) were not recognised.

INCOME TAXES RECOGNISED IN OTHER COMPREHENSIVE INCOME Other comprehensive income includes a minimal amount of income taxes (2015: EUR 0.1 million) resulting from the remeasurement at fair value of hedge instruments concluded as cash flow hedges.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

EUR million	31 Dec 2016	31 Dec 2015
Deferred tax assets	51.1	36.0
Deferred tax liabilities	–0.3	–0.2
Net	**50.8**	**35.8**

Analysis of deferred tax assets and liabilities as presented in the consolidated statement of financial position:

31 DEC 2016

EUR million	Opening balance	through profit and loss	through other comprehensive income	Closing balance
Temporary differences from:				
Intangible assets	0.5	0.0	0.0	0.5
Property, plant and equipment	0.2	0.0	0.0	0.2
Other assets	0.4	0.0	0.0	0.4
Other non-current financial liabilities	–0.2	0.0	0.0	–0.2
Other non-current provisions	0.6	–0.1	0.0	0.5
Current financial liabilities	–0.1	0.0	0.0	–0.1
	1.4	*–0.1*	*0.0*	*1.3*
Tax losses and interest carryforwards (UW AG)	4.6	5.2	0.0	9.8
Tax credits (UPP)	29.8	9.9	0.0	39.7
	35.8	**15.0**	**0.0**	**50.8**

31 DEC 2015

EUR million	Opening balance	through profit and loss	through other comprehensive income	Closing balance
Temporary differences from:				
Intangible assets	0.0	0.5	0.0	0.5
Property, plant and equipment	0.0	0.2	0.0	0.2
Other assets	0.4	0.0	0.0	0.4
Other non-current financial liabilities	–0.1	–0.1	0.0	–0.2
Other non-current provisions	0.3	0.3	0.0	0.6
Current financial liabilities	–0.2	0.1	0.0	–0.1
Trade payables	–0.3	0.3	0.0	0.0
	0.1	*1.3*	*0.0*	*1.4*
Tax losses and interest carryforwards (UW AG)	0.0	4.6	0.0	4.6
Tax credits (UPP)	34.7	–4.9	0.0	29.8
	34.8	**1.0**	**0.0**	**35.8**

13. EARNINGS PER SHARE

	2016	2015
Weighted average number of shares (in thousand)	**12,400**	**11,558**
Profit after tax (in EUR million)	*64.1*	*40.7*
Earnings per share (EUR)		
basic	5.17	3.52
diluted	5.17	3.52

14. GOODWILL

The carrying amount of goodwill of EUR 0.9 million was allocated in full to the UNIWHEELS Automotive (Germany) cash-generating unit. It arose from the acquisition accounting of the shares in UNIWHEELS Automotive (Germany) GmbH and therefore falls under the application of IFRS 1 C4(j) in the course of the first-time adoption of IFRS. — As in the prior year, impairment tests were conducted as of 31 December. The recoverable amount was determined as the value-in-use of the cash-generating unit. This was determined on the basis of the business planning ratified by the management and the corresponding cash flows for the coming four years. The terminal value was then determined by rolling forward the last year in the detailed planning phase of four years. A growth rate of 1.0% (31 December 2015: 1.0%) was assumed in the process. — The weighted average cost of capital used to discount the cash flows to present value was determined using the capital asset pricing model (CAPM). The systemic risk of the cash-generating unit was determined by making reference to a peer-group of listed companies. The weighted average cost of capital before tax used in the impairment test as of 31 December 2016 comes to 9.17% (31 December 2015: 8.87%). — The impairment test did not reveal any need to record an impairment.

15. OTHER INTANGIBLE ASSETS

The following table lists the carrying amount of other intangible assets on the reporting date:

EUR million	31 Dec 2016	31 Dec 2015
Rights and licences	1.7	1.3
Data-processing software	6.2	5.9
Payments on account	0.8	0.8
	8.8	**8.0**

The development of the historical cost and accumulated amortisation and impairments recorded on other intangible assets is as follows:

EUR million	Rights and licences	Data-processing software	Payments on account	Total
Cost				
1 Jan 2015	*1.0*	*7.6*	*2.2*	*10.8*
Additions	0.0	0.4	0.2	0.7
Reclassifications	0.6	3.0	–1.6	2.0
31 Dec 2015	*1.6*	*11.0*	*0.8*	*13.5*
Additions	0.0	0.3	0.2	0.5
Reclassifications	0.5	1.1	–0.2	1.4
31 Dec 2016	**2.1**	**12.4**	**0.8**	**15.4**
Accumulated amortisation				
1 Jan 2015	*0.2*	*4.2*	*0.0*	*4.5*
Additions	0.1	0.9	0.0	1.0
31 Dec 2015	*0.3*	*5.2*	*0.0*	*5.5*
Additions	0.1	1.0	0.0	1.1
31 Dec 2016	**0.4**	**6.2**	**0.0**	**6.6**
Net carrying amount				
31 Dec 2015	*1.3*	*5.9*	*0.8*	*8.0*
31 Dec 2016	**1.7**	**6.2**	**0.8**	**8.8**

Capital expenditures mainly relate to software for the optimisation of production processes at UPP and UPG. — As in the prior year, no intangible assets were pledged as collateral for liabilities.

16. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

The carrying amount of property, plant and equipment on the closing date is as follows:

EUR million	31 Dec 2016	31 Dec 2015
Land and buildings	47.9	31.0
Plant and machinery	137.5	76.1
Other equipment, furniture and fixtures	3.5	2.4
Payments on account and assets under construction	16.1	30.9
Investment property	0.7	0.7
	205.7	**141.1**

The development of the historical cost and accumulated depreciation and impairments recorded on property, plant and equipment is as follows:

EUR million	Land and buildings	Plant and machinery	Other equipment, furniture and fixtures	Payments on account and assets under construction	Investment property	Total
Cost						
1 Jan 2015	*39.4*	*175.7*	*4.8*	*6.6*	*0.7*	*227.2*
Additions	0.0	0.6	0.7	40.3	0.0	41.6
Disposals	0.0	0.0	–0.1	0.0	0.0	–0.1
Reclassifications	0.8	13.0	0.2	–16.0	0.0	–2.0
31 Dec 2015	*40.2*	*189.3*	*5.6*	*30.9*	*0.7*	*266.7*
Additions	0.0	1.1	1.2	81.2	0.0	83.5
Disposals	–0.2	–1.3	–0.1	0.0	0.0	–1.6
Reclassifications	19.1	74.8	0.7	–95.9	0.0	–1.3
31 Dec 2016	**59.1**	**264.0**	**7.4**	**16.1**	**0.7**	**347.4**
Accumulated depreciation						
1 Jan 2015	*8.3*	*100.9*	*2.8*	*0.0*	*0.0*	*111.9*
Additions	0.9	12.3	0.5	0.0	0.0	13.7
31 Dec 2015	*9.2*	*113.2*	*3.2*	*0.0*	*0.0*	*125.6*
Additions	2.0	14.2	0.8	0.0	0.0	16.9
Disposals	0.0	–0.9	–0.1	0.0	0.0	–0.9
31 Dec 2016	**11.2**	**126.5**	**3.9**	**0.0**	**0.0**	**141.6**
Net carrying amount						
31 Dec 2015	*31.0*	*76.1*	*2.4*	*30.9*	*0.7*	*141.1*
31 Dec 2016	**47.9**	**137.5**	**3.5**	**16.1**	**0.7**	**205.7**

Property, plant and equipment with a total carrying amount of EUR 191.4 million (31 December 2015: EUR 126.2 million) were pledged as collateral for liabilities. This primarily relates to the collateral provided for bank loans. The Company is not entitled to pledge these assets as collateral for other liabilities. — Moreover, the creditor banks hold mortgages and land charges on the land and buildings in Werdohl and Stalowa Wola, Poland. — Obligations to purchase property, plant and equipment amount to EUR 6.6 million (31 December 2015: EUR 48.6 million). In the prior year, the obligations were mainly associated with the new plant in Stalowa Wola, Poland. — In addition, the obligations of the Group arising from finance leases are secured by assigning rights to the leased assets to the lessors. The lease assets have a carrying amount of EUR 11.1 million (31 December 2015: EUR 12.5 million). — The property in Wykroty, Poland, is carried under investment property. The fair value measurement was determined by an independent property valuer, Dagmara Kruzel-Lisek, using the capitalised earnings method based on the prices observable on the market (level 2) and amounting to PLN 2.9 million. Consequently, there is no need to record an impairment loss.

17. INVENTORIES

EUR million	31 Dec 2016	31 Dec 2015
Raw materials, consumables and supplies	16.8	14.7
Work in process	11.5	13.3
Finished goods and merchandise	25.7	28.2
	54.1	**56.2**

Impairments of inventories amounted to EUR 1.9 million (2015: EUR 1.7 million) in the reporting period. — Of total inventories, an amount of EUR 49.8 million (31 December 2015: EUR 50.8 million) is pledged as collateral for liabilities. — Inventories are expected to be realised within twelve months.

18. TRADE RECEIVABLES

EUR million	31 Dec 2016	31 Dec 2015
Trade receivables	41.3	36.0
Impairment losses	–1.6	–1.8
	39.7	**34.3**

Trade receivables do not bear interest and have differing terms of payment. Trade receivables with a total carrying amount of EUR 39.3 million (31 December 2015: EUR 34.2 million) were pledged as collateral for liabilities. Please see note 31.7 for more information on "Credit risk management".

CHANGE IN VALUATION ALLOWANCES

EUR million	31 Dec 2016	31 Dec 2015
Opening balance	**–1.8**	**–1.4**
Newly recognised allowances on trade receivables	–0.4	–0.4
Bad debts	0.6	0.1
Closing balance	**–1.6**	**–1.8**

When measuring the recoverable amount of trade receivables any change in the credit rating of the debtor since the terms of payment were granted is considered on the reporting date. There are no notable credit risk clusters on account of the fact that the Group serves Automotive customers with top credit ratings and has a wide customer base in the Accessory business. — No change was made to the method used in the prior year to test the impairment of receivables.

19. OTHER FINANCIAL ASSETS

EUR million	31 Dec 2016	31 Dec 2015
Financial assets and financial liabilities at fair value through profit or loss		
Forward exchange contracts	0.6	0.7
Commodity derivatives (aluminium)	1.0	0.0
	1.6	**0.7**
Loans and receivables measured at amortised cost		
Other	0.8	0.8
	2.4	**1.5**
of which		
Current	*1.9*	*0.9*
Non-current	*0.5*	*0.6*
	2.4	**1.5**

Among other items, the line item, “Other” contains claims from pension insurance, claims on employees, security deposits and creditors with debit balances.

20. OTHER CURRENT NON-FINANCIAL ASSETS

Other assets break down as follows:

EUR million	31 Dec 2016	31 Dec 2015
Tax credits (VAT)	3.5	6.3
Prepaid expenses	0.8	0.5
Other	1.5	0.5
	5.8	**7.3**

The line item “Other” mainly consists of reimbursements of energy tax.

21. ISSUED CAPITAL

As of 31 December 2016, the Company reports a share capital of EUR 12.4 million (31 December 2015: EUR 12.4 million) which is fully paid in.

22. CAPITAL RESERVE

The capital reserve consists of the additional capital paid in by the parent company in the past beyond issued capital. The following table shows the development of the capital reserve over the relevant reporting periods:

EUR million	31 Dec 2016	31 Dec 2015
Opening balance	**198.5**	**114.9**
Conversion of the shareholder loan from UHM	0.0	24.7
Transaction costs	0.0	–0.7
Capital increase from public floatation	0.0	59.6
Closing balance	**198.5**	**198.5**

EUR 59.6 million of the change in the capital reserve in 2015 results from the issue of new shares in the course of the IPO. Directly allocable transaction costs amounting to EUR 0.7 million were offset against the capital reserve. — Further, the former shareholder loan of UHM was converted into equity in the course of the IPO. Consequently the capital reserve was increased by EUR 24.7 million.

23. REVENUE RESERVES

EUR million	31 Dec 2016	31 Dec 2015
Opening balance	**–10.9**	**–41.5**
Net profit allocable to the shareholders of the parent company	64.1	40.7
Profit distributions	–20.5	–10.0
Closing balance	**32.8**	**–10.9**

In 2016, revenue reserves increased by a total of EUR 43.7 million due to the comprehensive income of EUR 64.1 million. By resolution dated 19 May 2016, a dividend of EUR 1.65 per share was paid (total compensation: EUR 20.5 million).

24. OTHER RESERVES

OTHER RESERVES include actuarial gains and losses (e.g. from a change in the discount rate), results from hedges (see below) and CURRENCY TRANSLATION DIFFERENCES from translating the functional currency of the foreign operations into the presentation currency of the Group (EUR). — Results from hedges comprise gains and losses on the effective portion of the cash flow hedges (see the comments on interest swaps in note 31.5) due to changes in the fair value of the hedges. The accumulated gain or loss from the change in the fair value of the hedging instruments, which is posted to the reserve for hedging instruments, is only recycled through profit and loss when the underlying transaction affects profit and loss. The change in the reserve for hedging instruments in the reporting year is solely due to the change in the fair value of the hedging instruments of EUR –0.1 million (2015: EUR –0.2 million).

25. PENSION PLANS / PENSION PROVISIONS

a) Defined contribution plans

All employees of the German entities of the Group are members of a defined contribution plan in the form of the statutory pension scheme into which the employer must pay the contribution rate of 9.35% (2015: 9.35%) (employer's contribution) of the employee's measurement base ("rentenpflichtige Vergütung"). In addition, there is a defined contribution plan in place for the Polish subsidiary in the form of the Polish statutory pension insurance (currently at 9.76% (2015: 9.76%) of the wages and salaries subject to social security). — Expenses of EUR 5.6 million were recorded in the consolidated income statement for defined contribution plans (2015: EUR 4.4 million).

b) Defined benefit plans

Immaterial obligations from defined benefit plans exist primarily at UNIWHEELS Production (Germany) GmbH and UNIWHEELS Leichtmetallräder (Germany) GmbH in Germany and at UNIWHEELS Production (Poland) Sp. z.o.o. in Poland. The defined obligations are due for payment upon termination of the employment relationship and thereafter in the form of regular pension payments. — The most important inputs affecting the actuarial calculation of the obligation are:

	Measurement on	
	31 Dec 2016	31 Dec 2015
Discount rate	0-4 %	0-3 %
Estimated salary trend	0-5 %	0-4 %
Estimated pension trend	0 %	0 %

The underlying biometric mortality rates are based on the published statistics for each state and also on experience. In Germany, the 2005 G mortality rates published by Prof. Dr. K. Heubeck were used as the biometric basis for the calculation.

c) Assumptions used in the measurement and sensitivity analysis

In order to determine the scope of the obligation, the interest rate is determined on the respective reporting date using the latest data from the capital markets and a best estimate of the long-term trends that are expected for salaries and pensions. Due to the immaterial amounts, no sensitivity analysis was performed.

26. PROVISIONS

The composition and development of provisions is presented in the following table:

EUR million	31 Dec 2016	31 Dec 2015
Non-current provisions	**2.1**	**3.3**
Current provisions	1.5	4.4
Total provisions	**3.6**	**7.7**
of which:		
Non-current pension provisions	*0.3*	*0.3*
Other non-current provisions	*1.8*	*3.0*
Other current provisions	*1.5*	*4.4*
Total other provisions	**3.3**	**7.4**

Reconciliation of the opening and closing balances of other provisions in the current fiscal year:

EUR million	Benefits paid to employees	Onerous contracts	Warranties	Other	Total
1 Jan 2016	*2.7*	*0.5*	*0.9*	*3.3*	*7.4*
Additions	0.6	0.0	0.1	0.6	1.3
Utilisations	0.8	0.2	0.0	1.7	2.7
Releases	0.9	0.2	0.0	1.6	2.7
31 Dec 2016	**1.6**	**0.1**	**1.0**	**0.6**	**3.3**

EUR million	Benefits paid to employees	Onerous contracts	Warranties	Other	Total
1 Jan 2015	*1.7*	*0.7*	*1.0*	*0.6*	*4.0*
Additions	1.2	0.4	0.3	2.7	4.6
Utilisations	0.2	0.1	0.2	0.0	0.5
Releases	0.0	0.5	0.2	0.0	0.7
31 Dec 2015	**2.7**	**0.5**	**0.9**	**3.3**	**7.4**

The provisions for EMPLOYEE BENEFITS comprise obligations for long-service bonuses owed to employees who have served the Company for three to 30 years, obligations from phased retirement plans that were measured on the basis of actuarial reports as well as obligations to pay bonuses. —— The provision for ONEROUS CONTRACTS relates to individual onerous sales contracts that the Company cannot withdraw from. The obligation has been measured on the basis of the budgeted unit volumes and prices. —— The provisions for WARRANTIES are based on the best estimate made by management of the net present value of future outflows of economic benefits to settle warranty obligations entered into by the Group. The estimate was based on past experience with warranties and can fluctuate due to the use of new materials, changes to production processes or other factors affecting product quality. —— OTHER PROVISIONS mainly include provisions for sales deductions (31 December 2016: EUR 0.4 million; 31 December 2015: EUR 1.3 million). In the prior year they included provisions to cover the adjustments to the price of aluminium in the Automotive division.

27. FINANCIAL LIABILITIES

EUR million	31 Dec 2016	31 Dec 2015
Derivatives in an effective designated hedge and measured at fair value		
Interest derivatives	0.5	0.4
	0.5	*0.4*
Derivatives held for trading and not in a designated hedge		
Forward exchange contracts	0.9	0.7
Interest derivatives	0.0	0.0
Commodity derivatives (aluminium)	0.0	0.7
	0.9	*1.3*
Financial instruments in the category of other liabilities measured at amortised cost		
Bonds	0.0	0.0
Liabilities to banks	60.8	42.4
Finance lease liabilities	2.4	5.2
Other loan liabilities	0.0	0.0
Other	0.6	0.6
	63.8	*48.2*
	65.1	**49.9**
of which:		
Current	*15.0*	*10.2*
Non-current	*50.1*	*39.7*
	65.1	**49.9**

On 27 November 2015, the syndicated loan entered into on 2 September 2014 for a volume of EUR 95.0 million was newly concluded at improved conditions. Now the loan matures in July 2020 and has a floating interest rate. The interest rate is still based on the EURIBOR plus a mark-up that is pegged to predefined financial indicators of the Group. To secure both syndicated loans, the Group pledged its shares in UPP, UPG, UWLM, UIG and UAG as well as other assets. These are presented in the notes to the line items in which they are presented. —— The increase in liabilities to banks in fiscal year 2016 is attributable to the loan at IKB Deutsche Kreditbank AG of EUR 20.0 million which was fully drawn on 31 October 2016. The loan is to be used specifically for machines, equipment and production technology which are pledged under this loan agreement. The loan bears interest at a rate of 1.0% p.a. and has to be repaid in quarterly installments by 31 March 2024. —— During the fiscal year, scheduled repayments of EUR 6.2 million were made.

28. TRADE PAYABLES

EUR million	31 Dec 2016	31 Dec 2015
Trade payables	62.0	55.0
	62.0	**55.0**
of which:		
Current	*62.0*	*43.7*
Non-current	*0.0*	*11.3*
	62.0	**55.0**

Trade payables include liabilities to affiliated companies. Liabilities to UHM of EUR 14.3 million, of which EUR 11.3 million was reported as non-current in the prior year, were scaled back by EUR 3.0 million to EUR 11.3 million in fiscal year 2016 due to payments made. The remainder has been fully reclassified to current trade payables.

29. FINANCE LEASE OBLIGATIONS

The Group leases certain production equipment and machinery under the terms of a finance lease. The average term of the lease amounts to 4.5 years (2015: 4.8 years). The Group has the option to acquire the plant and equipment at nominal value at the end of the agreed lease. The finance lease obligations are secured by a retention of title to the leased assets by the lessor. — The liabilities from finance leases are based on the historical interest rates applying at the inception of the respective leases and range between 1.5% and 7.5% (2015: 1.5% and 7.5%) p.a. A reconciliation of the minimum lease payments as of the reporting date to their net present values for the respective periods is presented in the following tables.

MINIMUM LEASE PAYMENTS

EUR million	31 Dec 2016	31 Dec 2015
Thereof due within one year	1.2	3.1
Thereof due between one and five years	1.2	2.3
	2.4	*5.4*
Less:		
Future borrowing costs	–0.1	–0.2
Present value of minimum lease payments	**2.4**	**5.2**

PRESENT VALUE OF MINIMUM LEASE PAYMENTS

EUR million	31 Dec 2016	31 Dec 2015
Thereof due within one year	1.2	3.0
Thereof due between one and five years	1.2	2.2
Present value of minimum lease payments	**2.4**	**5.2**

EUR million	31 Dec 2016	31 Dec 2015
of which:		
Current	1.2	3.0
Non-current	1.2	2.2
	2.4	**5.2**

30. OTHER CURRENT NON-FINANCIAL LIABILITIES

EUR million	31 Dec 2016	31 Dec 2015
Personnel liabilities	6.9	6.4
Liabilities related to social security	2.7	1.7
VAT and other levies	0.8	0.7
Other	3.2	2.1
	13.6	**10.9**

Liabilities to personnel mainly consist of vacation accrued and flexitime credits.

31. OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

31.1. Capital risk management

When managing its capital, the objective of UNIWHEELS AG is primarily to be in a position to service its liabilities for the long-term and to retain its financial stability. Under the terms of the syndicated loan agreement, UNIWHEELS AG is obliged to comply with certain financial covenants. These covenants and compliance with them is monitored continuously, along with the net debt and the aging structure of financial liabilities. The overall strategy of the Group has not changed on the strategy pursued in 2015.

31.2. Objectives of the management of financial risks

In the course of its operations the Group is exposed to a range of financial risks. These comprise the market risk (including the currency risk, interest-induced fair value risks, and market price risks), credit risks and liquidity risks. — The Group attempts to minimise the impact of individual risks using derivative financial instruments. The Group does not enter into any financial instruments for speculative purposes, including derivative financial instruments.

31.3. Market risk

The activities of the Group expose it to financial risks that primarily consist of changes in exchange rates, interest rates and commodity prices. The Group enters into derivative financial instruments to manage its existing interest, exchange and price risks. These include:

- Interest swaps to minimise the risk of rising interest rates
- Forward exchange contracts to hedge against currency risks arising from payments made in foreign currency to the local payees of the Polish entities. The Polish production entity, UNIWHEELS Production (Poland) Sp. z o.o. uses EUR as its functional currency. In addition, there are transactions to hedge the foreign exchange exposures for purchases of raw materials which are traded in USD.
- Commodity derivatives (aluminium) are used to hedge against price risks arising from the purchase of commodities.

There were no changes in the nature or methods of risk management in comparison to the prior year.

31.4. Management of currency risks

Certain transactions in the Group are denominated in foreign currency. This results in risks from fluctuations in exchange rates. Currency risks are managed by means of forward exchange contracts used in the framework of economic hedges. The Group has a significant subsidiary in Poland, UNIWHEELS Production Poland Sp. z o.o. The functional currency of the subsidiary is the euro (EUR) as the most significant transactions (purchases, sales, etc.) are concluded in euro. The Group hedges against exchange rate fluctuations of the manufacturing entity in Poland by entering into forward exchange transactions to cover the wages, energy bills, freight costs, etc. on a monthly basis. The derivatives are entered into monthly on the basis of the budget. — Wheels are sometimes purchased and resold in the Accessory business. These transactions are conducted in USD. Consequently, the Group makes forward purchases of USD. Furthermore, forward exchange agreements are entered into for USD to create an economic hedge for purchases of aluminium, which are denominated in USD. As of the reporting date, USD contracts with a face value of USD 0.5 million were still open (31 December 2015: USD 2.4 million).

SENSITIVITY ANALYSIS FOR CURRENCY RISKS The Group is exposed to exchange rate changes with regard to the Polish zloty and the US dollar. — The following table presents the impact of a 10% rise or fall in the exchange rate between EUR and PLN and USD from a Group perspective. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency, and adjusts the currency translation as at the end of the period to account for a 10% change in the exchange rate. The sensitivity analysis only includes the forward exchange derivatives carried on the reporting date. A positive number below indicates a rise in net profit or equity if the euro rises by 10% against the respective currency. If the euro falls by 10% against the respective currency, this has a comparable impact on the net profit for the year or equity. Thus the following figures would be negative.

EUR million	2016	2015
EUR +10% against PLN	12.9	10.2
EUR +10% against USD	0.0	0.2

FORWARD EXCHANGE CONTRACTS The following table describes forward exchange contracts in detail as of the reporting date:

OUTSTANDING FORWARD EXCHANGE CONTRACTS

	Average exchange rate		Face value in foreign currencies FC million		Face value in EUR million	
	2016	2015	2016	2015	2016	2015
Buys PLN						
less than 3 months	4.44	4.29	135.9	88.0	30.6	20.5
3 to 6 months	4.46	4.31	120.5	92.6	27.0	21.5
6 to 9 months	4.51	4.22	105.9	119.0	23.5	28.2
9 to 12 months	4.51	4.19	115.1	73.3	25.5	17.5
more than 12 months	4.59	4.35	94.1	63.1	20.5	14.5
			571.5	**436.0**	**127.1**	**102.2**
Buys USD						
less than 3 months	–	1.06	0.0	0.7	0.0	0.7
3 to 6 months	–	1.06	0.0	0.6	0.0	0.6
6 to 9 months	1.12	1.06	0.5	0.9	0.4	0.8
9 to 12 months	–	1.06	0.0	0.2	0.0	0.1
			0.5	**2.4**	**0.4**	**2.2**

The corresponding fair values of the forward exchange transactions can be found in notes 19 and 27.

31.5. Management of interest risks

The Group is exposed to interest rate risks as Group entities have taken out borrowings at variable interest rates. The risk is managed by the Group using payer swaps to secure a fixed interest rate in the mid-term. — The interest risk inherent in financial assets and financial liabilities carried by the Group is described in the section on liquidity risks.

SENSITIVITY ANALYSIS TO INTEREST RISKS The sensitivity analyses presented below were calculated based on the interest exposures of derivatives and non-derivative instruments as of the closing dates of the reporting period. For floating-rate liabilities, the analysis was prepared as if the amount of the liability outstanding as of the end of the reporting period had been outstanding for the whole year. A rise or a fall of 50 base points in the interest rate has been assumed for the purposes of the analysis. This reflects management's assessment of a reasonably possible change in interest rates. — If the interest rates had been 50 base points higher/lower, with all other variables held constant, the profit of the Group for the fiscal year ended 31 December 2016 would have decreased/increased by EUR 0.2 million and other comprehensive income by EUR 0.4 million (2015: decrease/increase of the profit for the year by EUR 0.2 million; decrease/increase of other comprehensive income by EUR 0.4 million). This is primarily due to interest risks from the Group taking out borrowings at floating rates.

INTEREST SWAPS In an interest swap the Group exchanges fixed and floating interest payments that were calculated on the basis of agreed nominal amounts. Such agreements allow the Group to mitigate the impact of changing interest rates on the fair value of the fixed interest debt instruments carried by the Group and the cash flow risks associated with floating rate debt instruments. The fair value of interest swaps on the balance sheet date is determined by discounting future cash flows using the interest curves published on the reporting date and the credit risks associated with the contracts entered into. The present value is presented below. The average interest rate is based on the amounts outstanding at the end of the fiscal year. — Since 2014 interest swaps have been designated as cash flow hedges whose underlying cash flows will be seen in the reporting periods up to and including 2019. The impact on profit or loss will therefore arise in the reporting periods up to and including 2019. — The following table presents the face values and residual terms of outstanding interest swaps at the end of the period:

OUTSTANDING "RECEIVE-FLOATING-PAY-FIXED-SWAPS"

	Average fixed interest rate agreed on (%)		Face value EUR million		Fair value EUR million	
	2016	2015	**2016**	2015	**2016**	2015
less than 1 year	–	–	–	–	–	–
1 to 5 years	0.29	0.29	37.6	43.1	–0.5	–0.4
			37.6	**43.1**	**–0.5**	**–0.4**

The interest swaps are settled on a quarterly basis. The variable interest rate of the interest swaps is the three-month EURIBOR. The Group settles the difference between the fixed and variable interest rates on a net basis. In 2015 and 2016, there were no reclassifications from other comprehensive income to profit or loss.

31.6. Commodity price risks

The most significant commodity used in production by the UNIWHEELS Group is aluminium. In this regard, UNIWHEELS enters into supply contracts with a term of up to one year with aluminium suppliers. The price is subject to fluctuation as aluminium is traded on public exchanges (LME price). To minimise the risks and create greater planning certainty and control over the budget, UNIWHEELS secures the purchase prices for aluminium by means of various swaps.

SENSITIVITY ANALYSIS The following table presents the impact of a 10% rise or fall in the price of aluminium from a Group perspective. The sensitivity analysis only includes the derivatives carried on the reporting date. A positive number below indicates a rise in net profit if the price of aluminium rises by 10%. If the price falls by 10%, this will have a comparable impact on net profit for the year. Thus the following figures would be negative.

EUR million	2016	2015
Profit/loss for the year and equity	1.0	1.3

ALUMINIUM SWAPS The positive and negative market values for commodity swaps can be found in notes 19 and 27. The nominal volume (supply volumes) of the forwards in place as of the reporting date amounts to 6,500 t (31 December 2015: 9,100 t). All derivatives carried as of the respective reporting date had a residual term of less than one year.

31.7. Management of credit risks

Credit risk is understood as the risk of a loss for the Group if a contractual party fails to fulfill its contractual obligations. The Group guidelines require business to be solely conducted with contractual partners with suitable credit ratings in order to minimise the risk of counterparty default. — Counterparties in the Automotive business generally enjoy investment grade ratings. Thus thought is only given to reducing business volume when the counterparty is downgraded or there are indications of an imminent downgrading. — Trade receivables in the Accessory business comprise a large number of customers. The Group has issued a guideline on issuing credit to customers by which any unsecured delivery of goods requires a credit rating beforehand and, if certain sales thresholds are reached, credit insurance as well. — Trade receivables comprise amounts that are past-due as of the reporting date but for which the Group has not established any doubtful debt allowances (see below for more information on the age structure). This is due to the fact that the credit ratings had not changed significantly and the collection of the outstanding amounts is considered to be unproblematic.

AGE STRUCTURE OF PAST-DUE RECEIVABLES BUT NOT IMPAIRED

EUR million	31 Dec 2016	31 Dec 2015
less than 30 days	8.1	7.8
30 to 60 days	1.0	0.4
61 to 90 days	0.4	0.6
91 to 180 days	0.2	0.0
more than 180 days	0.2	0.2
	9.9	**9.0**
Average days past due	22	21

AGE STRUCTURE OF IMPAIRED RECEIVABLES

EUR million	31 Dec 2016	31 Dec 2015
less than 30 days	0.1	0.1
30 to 60 days	0.1	0.0
61 to 90 days	0.1	0.1
91 to 180 days	0.1	0.1
more than 180 days	1.2	1.5
	1.6	**1.8**

The risk of counterparty default with regard to cash equivalents and derivative financial instruments is low as the counterparties are banks with excellent credit ratings issued by internal rating agencies.

Collateral received and other measures to mitigate credit risks The Group does not have any collateral or other measures to mitigate credit risk from financial assets.

31.8. Management of liquidity risks

In the final instance, responsibility for managing liquidity risks lies with the management, which has installed a suitable concept for managing short-term, mid-term and long-term financing and cash requirements. The Group steers its cash requirements on the basis of a rolling 13-week weekly cash flow projection at the level of the separate entities and also at Group level. This involves comparing the cash flow projections to actual weekly developments and harmonising the profile of due dates of financial assets and financial liabilities and steering utilisation of the credit facility.

Liquidity and interest risk tables: The following tables show the contractually agreed residual terms of non-derivative financial liabilities carried by the Group. The tables are based on undiscounted cash flows from financial liabilities based on the earliest date on which the Group is obliged to pay debt service. The tables consider both interest payments and redemptions of principal. If interest payments are based on variable inputs, the undiscounted amount was measured using the interest curves published on the reporting date.

EUR million	Less than 1 year	1–5 years	More than 5 years	Total
31 Dec 2016				
Liabilities from finance leases	1.3	1.2	0.0	2.5
Floating-rate instruments (Term Loan A)	5.8	32.8	0.0	38.6
Fixed-rate instruments	14.4	11.1	6.1	31.6
Trade payables and other financial liabilities	51.0	0.0	0.0	51.0
	72.5	**45.1**	**6.1**	**123.7**

EUR million	Less than 1 year	1–5 years	More than 5 years	Total
31 Dec 2015				
Liabilities from finance leases	3.1	2.2	0.0	5.3
Floating-rate instruments (Term Loan A)	5.8	38.6	0.0	44.4
Fixed-rate instruments	3.8	12.5	0.0	16.3
Trade payables and other financial liabilities	44.3	0.0	0.0	44.3
	57.1	**53.3**	**0.0**	**110.4**

The following table shows an analysis of the Group's liquidity in relation to derivative financial instruments. The table is based on the undiscounted cash outflows aggregated for the respective year for derivative financial instruments.

EUR million	Less than 3 months	From 3 months to 1 year	1–5 years	Total
31 Dec 2016				
Net effectiveness of interest swaps	0.0	–0.1	–0.1	–0.2
	0.0	**–0.1**	**–0.1**	**–0.2**
31 Dec 2015				
Net effectiveness of interest swaps	0.0	–0.1	–0.3	–0.4
	0.0	**–0.1**	**–0.3**	**–0.4**

31.9. Fair value measurement

This note explains how the Group measures the fair value of its financial assets and liabilities. Beyond this, the carrying amounts and fair values of the various financial assets and financial liabilities are presented in accordance with IFRS 7. This summarises the significance of the financial instruments for the Group.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES THAT ARE REGULARLY REMEASURED AT FAIR VALUE

A number of the financial assets and liabilities carried by the Group are measured at fair value on the reporting date. The following table contains information on how the fair value of these financial assets and liabilities is measured (including the measurement methods and input parameters).

— Due to the fact that the Banks enjoy excellent credit ratings, no credit value adjustments were recorded on grounds of immateriality. The Group's own rating has been considered in the measurement of its own liabilities by factoring in the Group's own risk premium.

FINANCIAL ASSETS / FINANCIAL LIABILITIES

	Fair value 31 Dec 2016	Fair value 31 Dec 2015	Hierarchy
1) Forward exchange contracts (see notes19 and 27)	Assets EUR 0.6 million	Assets EUR 0.7 million	Level 2
	Liabilities: EUR 0.9 million	Liabilities: EUR 0.7 million	
2) Interest swaps (see notes 19 and 27)	Liabilities: EUR 0.4 million	Liabilities: EUR 0.4 million	Level 2
3) Commodity swaps (see note 19 and 27)	Assets: EUR 1.0 million	Assets: EUR 0.0 million	Level 2
	Liabilities: EUR 0.0 million	Liabilities: EUR 0.7 million	

No transfers were made between level 1 and 2 in the reporting period.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES THAT ARE NOT REGULARLY REMEASURED AT FAIR VALUE BUT WHICH NEED TO BE DISCLOSED AT FAIR VALUE Apart from the instruments depicted in the following table, management believes the carrying amount of financial assets and liabilities in the statement of financial position is a close approximation of fair value.

EUR million	31 Dec 2016 Carrying amount	31 Dec 2016 Fair value	31 Dec 2015 Carrying amount	31 Dec 2015 Fair value
Financial liabilities				
Financial liabilities measured at amortised cost				
– Bank loans	56.9	56.2	42.4	41.5
Total	**56.9**	**56.2**	**42.4**	**41.5**

Valuation techniques and significant inputs	Significant inputs not observable on an active market	Ratio of non-observable inputs to fair value
Discounted cash flow method: future cash flows estimated on the basis of forward rates (observable on the reporting date) and agreed forward exchange rates and discounted using interest curves published on the reporting date	n/a	n/a
Discounted cash flow method: future cash flows estimated on the basis of forward interest rates (observable interest curves on the reporting date) and agreed forward interest rates and discounted using interest curves published on the reporting date	n/a	n/a
Discounted cash flow method: future cash flows estimated on the basis of forward prices (observable commodity prices on the reporting date) and agreed forward prices and discounted using interest curves published on the reporting date	n/a	n/a

31 DEC 2016

EUR million	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortised cost				
– Bank loans	0	56.2	0	**56.2**
Total	**0**	**56.2**	**0**	**56.2**

31 DEC 2015

EUR million	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortised cost				
– Bank loans	0	41.5	0	**41.5**
Total	**0**	**41.5**	**0**	**41.5**

The fair value of the above level 2 financial assets and liabilities has been determined in accordance with the discounted cash flow method which is widely accepted. A key input in the valuation is the discount rate. Allocation to the various levels in 2016 has not changed on the treatment in the prior year.

32. ADDITIONAL NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprises, cash on hand, bank deposits with terms of less than three months and overdrafts that are payable on demand which are an integral component of the Company's cash management. —— Cash and cash equivalents at the end of the period break down as follows:

EUR million	31 Dec 2016	31 Dec 2015
Cash and cash equivalents	22.6	39.3
Overdrafts	4.4	0.0
	18.2	**39.3**

33. OTHER RISKS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Various Group entities have performed off-balance-sheet transactions in the form of factoring. As of 31 December 20156 receivables of EUR 12.0 million (31 December 2015: EUR 12.6 million) were not recorded on the face of the statement of financial position. Risks for the Company relate to the existing retention of receivables, which amounts to 10% of the factored receivables. In addition, there are factoring fees which are charged on to the Group entities. —— In Poland, the Company conducts its activity in the special economic zone of Stalowa Wola which provides economic benefits, particularly in the form of tax credits. Approval for exercising economic activity in the zone is tied to certain conditions primarily related to the amount of capital expenditure and the size of the headcount. However, the Company does not see any indication for it not meeting these conditions. However, if one of the conditions for the operating licence is breached, the Company risks losing the benefits associated with doing business in the special economic zone (see the section on deferred taxes).

34. OPERATING LEASES

LEASES Operating leases primarily comprise leases for vehicles and office equipment and have terms of three to five years. Moreover, there are also leases for buildings, particularly the logistics centre in Bad Dürkheim and the new technology centre in Lüdenscheid. Most of the expected minimum lease payments for non-cancellable operating leases result from the leases for these buildings. The lease for the logistics building in Bad Dürkheim includes a progressive rent clause and a term of 25 years, expiring in 2027. There is no option to purchase the lease but it is equipped with a prolongation option exercisable upon termination. The lease for the technology center in Lüdenscheid has a fixed rent and a term of 10 years, expiring in 2026. The fixed rent is secured by a price escalation clause that is oriented on the consumer price index. The Group does not carry any onerous leases or lease incentive agreements.

PAYMENTS RECORDED AS EXPENSES

EUR million	2016	2015
Minimum lease payments	3.4	3.8
	3.4	**3.8**

NON-CANCELLABLE LEASES

EUR million	31 Dec 2016	31 Dec 2015
Less than 1 year	2.1	2.1
Between 1 and 5 years	6.0	6.0
More than 5 years	7.2	8.0
	15.3	**16.1**

35. RELATED PARTY TRANSACTIONS

Related parties as defined by IAS 24 (Related Party Disclosures) are legal or natural persons who can exercise significant influence or control over UNIWHEELS AG and its subsidiaries or who are subject to significant influence or control by UNIWHEELS AG or its subsidiaries. These primarily include the parent company, UNIWHEELS Holding (Malta) Ltd., and its subsidiaries that do not belong to the consolidated group of UW AG. In addition, Rasch Holding Ltd. can exercise influence over UNIWHEELS AG via its 93.5 % holding in UNIWHEELS Holding (Malta) Ltd. —— Intercompany balances and transactions between the Company and its subsidiaries that also qualify as related parties are eliminated in the course of consolidation and are not disclosed in this note. Details on the transactions between the Group and other related parties are disclosed below.

a) Transfers of goods and services

In the course of the fiscal year, the Group entities carried out the following transactions with related parties which do not belong to the Group:

	Sale of goods and services		Purchase of goods and services	
EUR million	2016	2015	2016	2015
UNIWHEELS Holding (Malta) Ltd.	0.0	0.0	4.5	4.4
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	0.0	0.2	0.0	0.4

EUR million	Interest income 2016	Interest income 2015	Interest expense 2016	Interest expense 2015
UNIWHEELS Holding (Malta) Ltd.	0.0	0.0	0.9	1.3
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	0.2	0.3	0.1	0.2

The following balances were outstanding at the end of the reporting period:

TRADE AND OTHER RECEIVABLES

EUR million	31 Dec 2016	31 Dec 2015
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	0.4	0.4

TRADE PAYABLES AND OTHER LIABILITIES LIABILITIES

EUR million	31 Dec 2016	31 Dec 2015
UNIWHEELS Holding (Malta) Ltd	11.9	14.9
Subsidiaries of UNIWHEELS Holding (Malta) Ltd.	0.0	0.2

The balances outstanding at the end of the period are not secured, bear no interest and are settled in cash. No guarantees are issued or received in this regard. No bad debts or doubtful debts were recorded with related parties in the reporting year or the prior year. — The services drawn from UNIWHEELS Holding (Malta) Ltd. consist primarily of services related to financing, corporate transactions and investments, legal counsel, personnel issues, technical assistance for production and administration.

b) Compensation paid to key employees

Key employees comprise the managing directors of the individual Group entities. These individuals received the following emoluments in the fiscal year:

COMPENSATION PAID TO KEY EMPLOYEES

EUR million	2016	2015
Compensation paid to management	2.1	2.4
of which:		
Short-term benefits	*1.9*	*1.9*
Long-term benefits	*0.2*	*0.1*
Post-employment benefits	*0.0*	*0.3*
Share-based compensation (change in the provision)	*0.0*	*0.1*

In 2016, compensation paid to the Management Board of UNIWHEELS AG amounted to EUR 1.1 million (2015: EUR 0.6 million). —— The long-term benefits include long-term bonuses. These are measured on the business value or market capitalisation and the net debt ratio of the Company (as reported in the consolidated financial statements). In the case of one member of the Management Board, 50% will only be paid out when the business value in 2018 is not more than 10% lower than the average business value in fiscal years 2015 to 2017. In the fiscal year, a provision of EUR 0.2 million (2015: EUR 0.1 million) was recorded through profit or loss corresponding to the fair value at the time the bonuses were granted. —— The Management Board of UW AG received phantom stock in 2015 involving 1,938 shares which from 2016 onwards result in an annual cash compensation corresponding to the earnings per share as long as the phantom stock is held. The phantom stock can be sold within ten years and the maximum payable cash compensation from the sale of the phantom stock is limited to contractually specified amounts dependent on the duration of the holding. As of the reporting date, the provision amounts to EUR 0.1 million. —— By resolution of the annual general meeting dated 10 April 2015, the compensation paid to the individual members of the Management Board is not disclosed. Please refer to the compensation report for more comments.

c) Compensation paid to the Supervisory Board

The compensation of members of the Supervisory Board amounted to EUR 0.2 million (2015: EUR 0.2 million) in the reporting year.

36. EMPLOYEES

The average headcount breaks down as follows:

	2016	2015
Salaried employees	404	369
Wage earners	2,514	2,170
	2,918	**2,539**

37. AUDITOR'S FEES

The fees for the services rendered by the independent auditor, Ebner Stolz GmbH & Co. KG, break down as follows:

EUR k	2016	2015
Audit services	248	225
Other attestation services	12	74
Other services	30	14
	290	**313**

38 CORPORATE BOARDS

The members of the Management Board of UNIWHEELS AG are:

- Ralf Schmid (CEO and Chairman of the Management Board of the UNIWHEELS Group until 21 January 2016), Swieqi, Malta
- Dr. Thomas Buchholz (Chief Automotive Officer and Deputy Chairman of the UNIWHEELS Group until 20 January 2016; Chairman of the Management Board since 21 January 2016), Leimen
- Dr. Karsten Obenaus (CFO of the UNIWHEELS Group), Neustadt, Weinstraße
- Dr. Wolfgang Hiller (Chief Operating Officer of the UNIWHEELS Group since 1 June 2016), Neuenrade

The members of the Supervisory Board of UNIWHEELS AG are:

- Ralf Schmid (entrepreneur), Swieqi, Malta (member and Chairman of the Supervisory Board since 21 January 2016)
- Dr. Wolfgang Baur (business consultant), Stuttgart (Deputy Chairman of the Supervisory Board)
- Michael Schmid (technician), Swieqi, Malta
- Beata Olejnik (managing director of UHM), Sliema, Malta (member and Chairwoman of the Supervisory Board until 20 January 2016)

The Company is represented jointly by two Management Board members or by one Management Board member together with one person holding power of attorney.

39. DECLARATION OF CONFORMITY

The declaration of conformity pursuant to Sec. 161 AktG with respect to the recommendations of the German Corporate Governance Code published by a commission of the Federal Ministry of Justice has been issued by the Management Board and the Supervisory Board and published on the website of UNIWHEELS AG (www.UNIWHEELS.com). It is thus permanently available to the general public. It is part of the declaration on corporate governance pursuant to Sec. 289a HGB.

40. USE OF SEC. 264 (3) HGB

The following subsidiaries included in these consolidated financial statements made use of the reporting exemption pursuant to Sec. 264 (3) HGB:

- ATS Leichtmetallräder (Germany) GmbH
- UNIWHEELS Leichtmetallräder (Germany) GmbH
- UNIWHEELS Automotive (Germany) GmbH
- UNIWHEELS Investment (Germany) GmbH
- UNIWHEELS OEM (Germany) GmbH

41. SUBSEQUENT EVENTS

No significant events have occurred subsequent to the closing date which would require additional explanatory disclosures.

42. RATIFICATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Management Board on 10 March 2017 and released for publication.

UNIWHEELS AG
Bad Dürkheim, 10 March 2017

The Management Board

Dr. Thomas Buchholz	**Dr. Wolfgang Hiller**	**Dr. Karsten Obenauss**
CEO	COO	CFO

Responsibility Statement

We assure to the best of our knowledge that the consolidated financial statements in accordance with the applicable accounting principles and the principles of proper accounting give a true and fair view of the net assets, financial position and results of operations of the Group, that the combined group management report ant the management report presents the development of business, the results of operations and the situation of the Group in such a manner as to provide a true and fair view and that the main risks and opportunities of the expected development of the Group in the remaining fiscal year are described.

UNIWHEELS AG
Bad Dürkheim, 10 March 2017

The Management Board

Dr. Thomas Buchholz	**Dr. Wolfgang Hiller**	**Dr. Karsten Obenauss**
CEO	COO	CFO

Statement on auditor

The auditor of the consolidated full-year financial statements for the period from 1 January to 31 December 2016 has been selected in accordance with applicable laws. Both the auditing firm and the auditors who performed the audit met the conditions required to issue an impartial and independent opinion on the audited full-year consolidated financial statements in accordance with the applicable laws and professional standards.

UNIWHEELS AG
Bad Dürkheim, 10 March 2017

The Management Board

Dr. Thomas Buchholz	**Dr. Wolfgang Hiller**	**Dr. Karsten Obenauss**
CEO	COO	CFO

Audit Opinion

We have audited the consolidated financial statements prepared by UNIWHEELS AG, Bad Dürkheim, —— comprising the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated financial statements —— and the combined group management report and management report for the fiscal year from 1 January to 31 December 2016. The consolidated financial statements have been prepared in accordance with IFRS, as required to be applied in the EU and the provisions of [German] commercial law to be applied additionally pursuant to Sec. 315a (1) HGB are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined group management report and management report based on our audit. —— We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report and management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined group management report and management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and combined group management report and management report. We believe that our audit provides a reasonable basis for our opinion. —— Our audit has not led to any reservations. —— In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report and management report is in agreement with the consolidated financial statements and presents a true and fair view of the situation of the Group and the opportunities and risks inherent in its future development.

Stuttgart, 10 March 2017

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Wolfgang Russ
Wirtschaftsprüfer
(German Public Auditor)

Thomas Epple
Wirtschaftsprüfer
(German Public Auditor)

Financial calendar

23 Mar 2017
PUBLICATION OF THE ANNUAL REPORT 2016

10 May 2017
PUBLICATION Q1 FINAL REPORT 2017

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Publisher
UNIWHEELS AG
Gustav-Kirchhoff-Str. 10
67098 Bad Dürkheim
Germany

Tel.: +49 6322 9899 – 6400
Fax: +49 6322 9484 – 6401
E-Mail: info@de.uniwheels.com
www.uniwheels.com

Investor Relations
Oliver Madsen
Head of Investor Relations

Tel.: +49 6322 9899 – 6209
Fax: +49 6322 9484 – 481
E-Mail: o.madsen@de.uniwheels.com

Concept & Design
IR-One AG & Co., Hamburg
www.ir-one.de

Photography
Anna Logue Fotografie, Mannheim
www.annalogue.de
Gayer Fotografie, Melle
www.gayer-fotografie.de

Translation
Bruce Stout Financial Translations, Stuttgart
www.brucestout.de

This annual report was compiled in close cooperation with the following corporate functions:
— Assistant to the CFO
— Compliance Office
— Group Marketing
— Corporate Accounting
— Risk Management.

Multi-Year Overview

KEY FINANCIALS AT A GLANCE

		2016	2015	2014	2013	2012
Unit sales of wheels	thousand units	8,761	7,822	7,228	6,871	6,367
Sales	EUR million	464.1	436.5	362.6	337.2	318.0
EBITDA	EUR million	70.2	58.7	45.9	38.3	23.0
EBIT	EUR million	52.1	43.9	31.7	23.6	10.1
EBT	EUR million	50.5	40.7	22.3	9.7	8.1
Net profit for the year	EUR million	64.1	40.7	22.8	13.2	13.0
Interest expense	EUR million	3.1	4.4	10.7	10.8	12.4
Earnings per share (basic/diluted)	EUR per share	5.17	3.52	2.28	N/A	N/A
EBITDA margin	%	15.1	13.4	12.7	11.3	7.2
EBIT margin	%	11.2	10.1	8.7	7.0	3.2
EBT margin	%	10.9	9.3	6.2	2.9	2.5
Cash flow from operating activities	EUR million	71.9	46.1	32.3	19.6	13.6
Capital expenditures	EUR million	84.1	42.3	14.8	7.2	9.6
Equity ratio	%	62.3	61.6	31.7	35.5	29.5
Net debt	EUR million	42.5	10.6	90.1	79.0	96.0
Net debt/EBITDA	%	0.6	0.2	2.0	2.1	4.2
Return on Capital Employed	%	19.0	20.4	20.8	17.2	6.9
Average headcount	No.	2,918	2,539	2,366	2,141	2,034

UNIWHEELS AG
Gustav-Kirchhoff-Straße 10
67098 Bad Dürkheim
Germany
www.uniwheels.com