DEUFOL
Packaging. Next level.

REMOVING LIMITS.

OUR JOURNEY CONTINUES.

SEMI-ANNUAL REPORT 2018

Overview of the Deufol Group

Figures in € thousand	6M 2018	6M 2017
Results of operations		
Total sales	131,481	145,065
Germany	78,019	72,279
Rest of the World	53,462	72,786
Ratio of foreign sales (%)	40.7	50.2
EBITDA	8,175	8,265
EBITA = EBIT	3,940	4,260
EBT	3,022	3,350
Income tax income (expenses)	(1,386)	(303)
Result for the period	1,636	3,047
thereof noncontrolling interests	84	24
thereof shareholders of the parent company	1,552	3,023
Earnings per share – EPS (€)	0.035	0.070
Assets structure		
Noncurrent assets	152,154	151,209
Current assets	78,772	82,409
Balance sheet total	230,926	233,618
Equity	111,005	109,310
Liabilities	119,921	124,308
Equity ratio (%)	48.1	46.8
Net financial liabilities	38,751	45,238
Cash flow / investments		
Cash flow from operating activities	12,427	9,015
Cash flow from investing activities	(5,903)	(5,059)
Cash flow from financing activities	(2,084)	(990)
Investments in property, plant and equipment	5,920	3,314
Employees		
Employees (as of Jun. 30)	2,624	2,668

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Deufol in the First Six Months of 2018

Sales and Income Trend

In the first half of 2018, the Group continued to rigorously pursue its strategy of concentrating on industrial goods packaging-related business as an industrial service provider. This strategy was resolved and already initiated in previous years. Key areas of focus were the integration of the Group's new acquisitions in 2016 and 2017 and the achievement of further economies of scale and the standardization of our services at our many locations in Germany and Europe. We expect that Deufol will thus be recognized, even more strongly than previously, as the leading global specialist for every challenge arising as an industrial service provider in the field of packaging and related logistics and other services. Each Deufol site is an important component of this worldwide network. Moreover, the key point is that our customers are always offered our services in conjunction with our global capacity and our global orientation. We focus on industrial services as well as sophisticated packaging. Global mobility often plays a crucial role here. As well as integration and standardization, in the first half of 2018 we concentrated on the optimization and development of new and existing tools. We added to our standard crate system and continued to integrate our proprietary software in various fields of use.

In the first six months of 2018, at € 131.5 million total sales were 9.4 % or € 13.6 million lower than in the same period in the previous year. This change in the volume of sales is exclusively attributable to Consumer Goods Packaging, where the business relationship with a major customer in the USA came to an end. The acquisition of the French company Deufol St. Nabord and the related real estate company SCI Immo DLS – which increased the Group's sales by € 1.2 million – represented significant changes to the consolidated group. In addition, we have established three further new companies which will mainly serve as intermediate holding companies and real estate companies. If one also adjusts for the depreciation of the US dollar against the euro by 11.8 % on average – which has decreased sales in US dollars by € 2.3 million – adjusted sales have declined by € 12.5 million.

In Germany (incl. the holding company), sales amounted to € 78.0 million (previous year: € 72.3 million). This sales growth is mainly attributable to the positive business trend throughout Germany and in northern Germany in particular. In the Rest of Europe, Deufol realized sales in the amount of € 34.8 million (previous year: € 36.4 million). This trend is mainly attributable to the weak level of demand for packaging services on the Belgian market. One customer in the Consumer Goods Packaging business field has transferred further activities from Belgium to Eastern Europe and Asia. New industrial packaging and industrial services business has been unable to compensate for this. On the other hand, the sales trend in Austria is positive by comparison with the previous year. In the Rest of Europe, excluding Belgium and Austria, the business trend was highly stable. In the USA/Rest of the World segment, sales fell by € 17.7 million to € 18.7 million (previous year: € 36.4 million). If one allows for the depreciation of the US dollar, this amounts to a decrease of € 15.4 million. The locations acquired from the Bentley Group in the previous year are developing positively. Our business in Asia is currently declining due to pronounced weak demand.

The operating result (EBITA) amounted to € 3.9 million and was thus around 9 % lower than the previous year's figure of € 4.3 million. However, the EBITA margin increased slightly from 2.9 % to 3.0 %. The individual segments developed as follows in the first six months of the year: in Germany, EBITA amounts to € 2.4 million, compared to a figure of € 3.3 million in the previous year. This decline in earnings despite sales growth reflects the reorientation of our business in some parts of Germany as well as negative one-off factors associated with the Group's temporary employment activities. In the Rest of Europe, EBITA amounted to € 3.4 million, compared to € 0.8 million in the previous year. This positive earnings trend is attributable, in particular, to initial success in integrating the Group's new companies in Belgium and Austria. This contrasts with the transfer of a customer's business from Belgium to Asia and Eastern Europe, which has resulted in negative one-off factors. The USA / Rest of the World segment realized a balanced result following a positive EBITA figure of 2.0 million in the previous year. The EBITA of Deufol SE (the holding company) – including all of the consolidation effects at Group level – is almost unchanged at – € 1.9 million.

Changes to the Administrative Board

Prof. Dr. Rüdiger Grube was elected to the Administrative Board with a clear majority at the Annual General Meeting held on June 29, 2018. There were no further changes.

Outlook – Planning Confirmed

Deufol SE confirms its planning figures published for fiscal year 2018 in its Annual Financial Report 2017. Accordingly, for 2018 we envisage sales of between € 275 million and € 290 million and expect an operating result (EBITDA) of between € 17.0 million and € 20.0 million.

Economic Outline Conditions

Weaker Global Economic Momentum

According to the summer economic analysis from the Kiel Institute for the World Economy, in mid-2018 the global economy is still on the upturn but has lost some momentum. However, the Kiel Institute assumes that this slowdown is attributable to temporary special factors, so that it has revised downwards its forecasts for 2018 and 2019 by 0.2 percentage points respectively but does not anticipate any fundamental turnaround. Risks for the world economy have resulted due to the trade conflicts with the United States as well as the political uncertainties in the Eurozone, above all in Italy. The pace of growth has slowed in the advanced economies in particular, while there has been hardly any change in the economic situation in the emerging markets. World trade – which is of critical importance for our business – has clearly declined in the first few months of the current year. Above all, this reflected a significant decrease in the Asia region which also had a negative impact on our business.

Upturn in the Eurozone Set to Continue

According to the Kiel Institute, the Eurozone economy remains on the upturn but has lost some of its momentum and is likely to achieve growth of 2.1 % in the current year. There is much to suggest that the basic economic trend will continue at a moderate pace in 2018 and 2019. The unemployment rate is continuing to decline and will average 8.4 % in 2018. On the other hand, the UK economy is hampered by Brexit-related uncertainty. The risk of a disorderly exit from the EU has increased. For the first time, British economic growth is considerably weaker than that of the Eurozone.

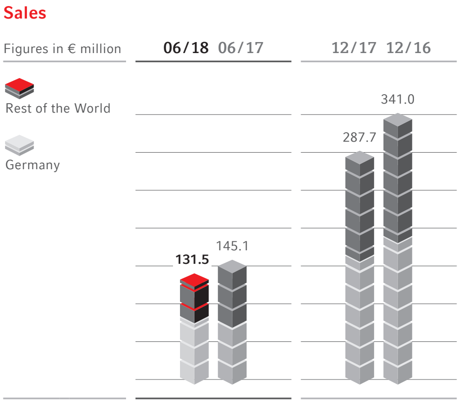
German Economy Takes a Breather

According to the analysis provided by the Kiel Institute, the German economy is currently taking a breather. The country's gross domestic product is expected to grow by 2.0 % in the current year. The Kiel Institute has thus revised downwards its own winter forecast by 0.5 percentage points.

In Germany, too, the Kiel Institute assumes that the declining pace of growth is attributable to temporary factors. Production is likely to pick up again in the second half of the year. The high order volumes suggest this. As well as increasing exports, above all private consumers will ensure a higher rate of growth. In 2019, gross domestic product growth of 2.3 % is therefore expected. The financing environment in Germany remains favorable, but nominal interest rates are likely to bottom out in 2018.

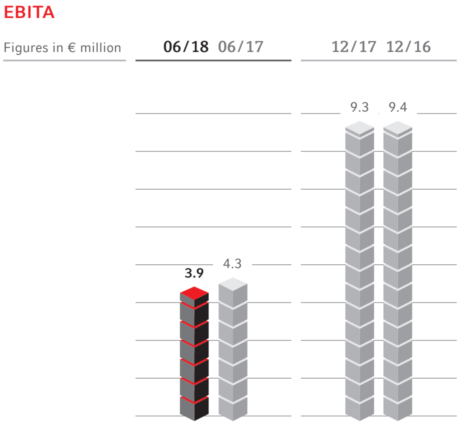
Exports and investments in equipment declined considerably at the start of the year. Deliveries to the United States and the United Kingdom in particular have decreased, likely not least due to the dampening effect of the euro's appreciation. However, following this breather in 2018 the Kiel Institute expects exports and investments in equipment to pick up again in 2019 at the latest.

Results of Operations, Financial and Asset Position



Sales development

Total sales in the first six months of 2018 were at € 131.5 million 9.4 % lower than in the same period in the previous year. This change in the volume of sales is exclusively attributable to Consumer Goods Packaging. Additions within the scope of consolidation relating to industrial goods packaging increased sales by € 1.2 million. On the other hand, there have not been any disposals in the consolidated group. Adjusted for these one-off factors, sales decreased by € 14.8 million. If one also adjusts for the depreciation of the US dollar against the euro by 11.8 % on average – which has decreased sales in US dollars by € 2.3 million – adjusted sales have declined by € 12.5 million. In Germany (incl. the holding company), sales amounted to € 78.0 million (previous year: € 72.3 million). In the Rest of Europe, Deufol realized sales in the amount of € 34.8 million (previous year: € 36.4 million). In the USA/Rest of the World segment sales fell significantly, to € 18.7 million (previous year: € 36.4 million). With a 59.3 % share of Group sales, the proportion accounted for by Germany increased by 9.5 percentage points on the previous year. The share of sales realized in the Rest of Europe increased, from 25.1 % to 26.5 %, while the share accounted for by the USA/Rest of the World fell considerably, from 25.1 % to 14.2 %.



Income Development

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 8.2 million in the first half of the year (previous year: € 8.3 million). The EBITDA margin increased to 6.2 % (previous year: 5.7 %). Depreciation of property, plant and equipment and amortization of other intangible assets increased (€ 4.2 million, compared to € 4.0 million in the previous year).

The operating result (EBITA) amounted to € 3.9 million and was thus almost 9 % lower than the previous year's figure of € 4.3 million.

The individual segments developed as follows in the first six months of the year: in Germany, EBITA amounts to € 2.4 million, compared to a figure of € 3.3 million in the previous year. In the Rest of Europe, EBITA amounted to € 3.4 million, compared to € 0.8 million in the previous year. The USA/Rest of the World segment realized a result of € 0.0 million (previous year: € 2.0 million). The EBITA of Deufol SE (the holding company) – including all of the consolidation effects at Group level – amounted to – € 1.9 million, compared to –€ 1.8 million in the previous year.

The financial result is almost unchanged by comparison with the first six months of 2017 at –€ 0.9 million. This mainly comprises interest expense.

Earnings before taxes (EBT) in the first six months of the year were € 3.0 million (previous year: € 3.4 million). After income tax expenses (€ 1.4 million), the result for the period amounts to € 1.6 million, compared to € 3.0 million in the first half of 2017. After deduction of the profit shares of noncontrolling interests, a net gain of € 1.6 million (previous year: € 3.0 million) is attributable to the shareholders of Deufol SE. Earnings per share in the first six months were € 0.035 (previous year: € 0.070).

Cash Flow and Investments

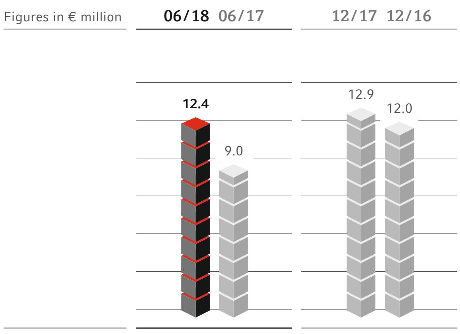
In the first six months of the year, the cash flow from operating activities amounted to € 12.4 million and was thus significantly higher than the level in the previous year (€ 9.0 million).

The cash flow from investing activities was negative at – € 5.9 million (previous year: – € 5.1 million). Outflows of funds resulted here from payments for the purchase of assets (– € 6.6 million). Inflows of funds mainly resulted from the disposal of intangible assets and property, plant and equipment (+ € 0.4 million) and the decrease in financial receivables (+ € 0.3 million).

The cash flow from financing activities was negative at – € 2.1 million (previous year: – € 1.0 million). Outflows mainly resulted from interest paid (– € 1.0 million), the extinction of amounts due to banks (– € 0.4 million) and other financial liabilities (– € 0.5 million).

Cash increased by comparison with the end of the year by € 4.9 million to € 22.1 million.

Cash flow from operating activities

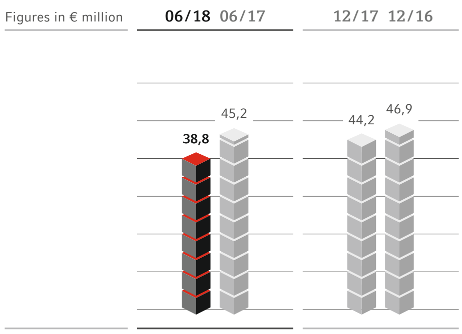


Financing

Various financing groups exist within the Deufol Group. In Germany, as of the reporting date Deufol has a variable-interest syndicated financing arrangement with a volume of € 45 million and a term ending in October 2019. Further significant financing arrangements exist in the USA, Belgium, Austria, the Czech Republic and Italy (mainly amortizing loans for real estate, operating credit lines and factoring).

The financial liabilities of the Deufol Group decreased slightly in the first six months of the fiscal year, by € 1.0 million to € 62.6 million. As cash and financial receivables simultaneously increased (+ € 4.4 million), net financial liabilities fell by € 6.4 million, from € 45.2 million at the end of the year to € 38.8 million.

Net financial liabilities

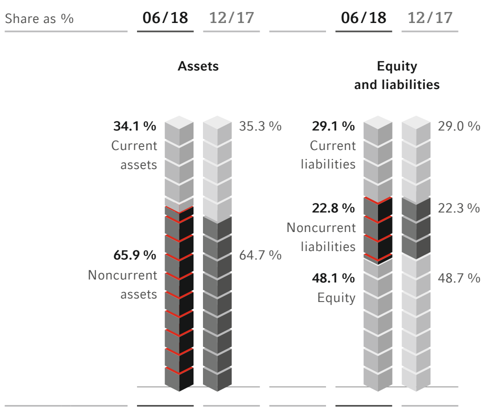


Balance Sheet Total Almost Unchanged

The balance sheet total as of June 30, 2018 is at € 230.9 million 0.2 % higher than the level as of the end of the year (€ 230.4 million). For the noncurrent assets, the largest changes were for property, plant and equipment (+ € 2.4 million to € 58.5 million). The other noncurrent assets realized only marginal changes. In the current assets segment, trade receivables decreased (– € 7.8 million to € 33.5 million). Cash and cash equivalents (+ € 4.7 million to € 22.1 million) and tax receivables (+ € 0.9 million to € 1.7 million) have increased. The other current assets realized only marginal changes.

On the liabilities side, in the first six months of 2018 equity (incl. noncontrolling interests) decreased on balance by € 1.1 million to € 111.0 million. This was mainly attributable to the dividend resolved (– € 2.6 million). This contrasts with the result for the period (+ € 1.0 million) as well as profits from currency translation recognized directly in equity (+ € 0.5 million). With an almost unchanged balance sheet total, the equity ratio was at 48.1 % slightly lower than at the end of the previous year (48.7 %). The liabilities increased on balance by € 1.7 million to € 119.9 million. This was mainly due to the increase in other liabilities (+ € 3.5 million). On the other hand, trade payables (– € 0.5 million) and financial liabilities (– € 1.0 million) have decreased.

Balance sheet structure



Employees

Deufol Group	06/2018	06/2017
Germany	1,355	1,328
Share (%)	51.6	49.8
Rest of Europe	730	772
Share (%)	27.8	28.9
USA/Rest of the World	454	490
Share (%)	17.3	18.4
Holding	85	78
Share (%)	3.2	2.9
Total	**2,624**	2,668

Germany

Figures in € thousand	06/2018	6/2017
Sales	89,237	84,947
Consolidated sales	77,827	71,910
EBITA = EBIT	2,445	3,307
EBITA margin (%)	3.1	4.6
EBT	2,057	3,091

Rest of Europe

Figures in € thousand	06/2018	6/2017
Sales	46,517	46,812
Consolidated sales	34,807	36,358
EBITA = EBIT	3,382	747
EBITA margin (%)	9.7	2.1
EBT	3,165	309

USA/Rest of the World

Figures in € thousand	06/2018	6/2017
Sales	18,696	36,461
Consolidated sales	18,655	36,428
EBITA = EBIT	10	2,046
EBITA margin (%)	0.0	5.6
EBT	(250)	1,718

Slight Decrease in Number of Employees

On June 30, 2018, the Deufol Group had 2,624 employees worldwide. This corresponds to a decline of 44 employees or 1.6 % by comparison with the Group's workforce as of June 30, 2017. As of June 30, 2018, the Group had 1,440 employees in Germany and the holding company (54.9 %) and 1,184 employees (45.1 %) elsewhere. Most of the new hirings were in Germany. On the other hand, the Group's workforce declined in the Rest of Europe and USA/Rest of the World segments.

Development in the Segments

The primary reporting format is based on geographical regions and consists of the "Germany", "Rest of Europe", "USA/Rest of the World" and "Holding" segments.

After six months, sales in Germany amounted to € 77.8 million (previous year: € 71.9 million). This segment is therefore now contributing 59.2 % to Group sales (previous year: 49.6 %). This increase in the volume of sales is attributable to the positive business trend throughout Germany and in northern Germany in particular.

The operating result (EBITA) in Germany in the first six months of the year amounted to € 2.4 million (previous year: € 3.3 million). Despite strong sales, the EBITA margin decreased from 4.6 % to 3.1 %. This is due to the reorientation of our business in some parts of Germany as well as one-off factors associated with the Group's temporary employment activities.

In the Rest of Europe, consolidated sales amounted to € 34.8 million in the first six months of the year (previous year: € 36.4 million). This segment is therefore now contributing 26.5 % to Group sales (compared to 25.1 % in the first half of 2017). In respect of the changes to the sales figure, +€ 1.2 million is attributable to the Group's new acquisitions (Deufol St. Nabord and SCI Immob). This contrasts with the transfer of the business activities of an important customer in Belgium in the Consumer Goods Packaging business field, which has given rise to a decline in overall sales in Belgium.

In the first six months of the year, the operating result (EBITA) in the Rest of Europe amounted to € 3.4 million (previous year: € 0.8 million). This earnings trend reflects the success already achieved in integrating the Group's new companies.

In the USA/Rest of the World segment, in the first six months of the year consolidated sales were at € 18.7 million 45.9 % lower than in the previous year. In 2018, the US dollar's exchange rate against the euro has decreased by 11.8 % by comparison with the previous year. Sales in US dollars thus decreased by € 2.3 million. This significant decline is exclusively attributable to the decrease in sales in the Consumer Goods Packaging business field. This segment now represents 14.2 % of Group sales (compared to 25.1 % in the first six months of 2017).

The operating result (EBITA) in the first six months of the year amounted to € 0.0 million (previous year: € 2.0 million). This decline in earnings directly reflects the lower sales volume.

In view of its structure and its tasks, the holding company only realizes marginal external sales (€ 0.2 million for the first six months of 2018). In the first half of 2018, the EBITA figure including consolidation effects at Group level deteriorated slightly from −€ 1.8 million to −€ 1.9 million by comparison with the same period in the previous year.

Outlook

Only Slight Slowdown in World Economic Growth

According to the Kiel Institute for the World Economy, the rate of global output growth is likely to pick up again following the damper in the first half of 2018. Following a rise of 3.9 % in 2017, the Kiel Institute predicts growth rates of 3.8 % and 3.6 % for 2018 and 2019. While these growth rates are low by comparison with the growth levels during the upswings in the 1990s and the 2000s, the level of utilization of global production capacities is likely to continue to increase.

Europe: the Upturn Continues, But at a Slower Pace

Following strong output growth in 2017, economic momentum has clearly weakened. However, outline conditions which remain favorable suggest that the upturn is set to continue for a while longer, albeit at a slower pace. Financing terms are highly affordable thanks to the ECB's policy which remains expansionary, while the positive state of the global economy is likely also a factor. The Kiel Institute expects the Eurozone's economy to grow by 2.1 % this year and by 2.0 % next year.

Slowdown in Economic Activity Does Not Yet Mean the Start of a Downturn

The Kiel Institute expects growth of 2.0 % overall in 2018 and of 2.3 % for 2019. The German economy thus remains buoyant. The cyclical downside risks are also continuing to pick up, since utilization of available production capacities clearly exceeds the long-term average level. A volume of production activity which exceeds the available potential will need to be corrected sooner or later. Investments in equipment thus normally pick up. To date, this trend has not yet materialized. The Kiel Institute attributes this to the increasing political uncertainty (possible trade wars, uncertainty over Brexit). This is increasing the risk of a downturn.

Company-Specific Outlook

Risks and Opportunities

The risks and opportunities described in the Report on Expected Developments and the Risk Report contained in the Group management report for the 2017 annual financial statements remain applicable.

Outlook – Planning Confirmed

Deufol SE confirms its planning figures published for fiscal year 2018 in its Annual Financial Report 2017. Accordingly, for 2018 we envisage sales of between € 275 million and € 290 million and expect an operating result (EBITDA) of between € 17.0 million and € 20.0 million.

Consolidated Income Statement

Figures in € thousand	Jan. 1, 2018– Jun. 30, 2018	Jan. 1, 2017– Jun. 30, 2017	Note/Page
Sales	**131,481**	145,065	01/015
Other own work capitalized	518	361	
Inventory changes	403	(865)	
Other operating income	5,201	4,016	
Overall operating performance	**137,603**	**148,577**	
Cost of materials	(51,002)	(57,300)	
Personnel costs	(49,109)	(54,769)	
Depreciation, amortization and impairment	(4,235)	(4,005)	
Other operating expenses	(29,317)	(28,243)	
Income (loss) from operating activities (EBIT)	**3,940**	**4,260**	
Financial income	55	156	
Finance costs	(988)	(1,292)	
Income (loss) from investments accounted for using the equity method	67	226	
Other financial result	(52)	0	
Profit (loss) before taxes (EBT)	**3,022**	**3,350**	
Income taxes	(1,386)	(303)	
Result for the period	**1,636**	**3,047**	
thereof share of profits held by noncontrolling interests	84	24	
thereof share of profits held by shareholders in the parent company	1,552	3,023	

Earnings per Share

Figures in €			
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.035	0.070	02/015

Consolidated Statement of Comprehensive Income

Figures in € thousand	Jan. 1, 2018– Jun. 30, 2018	Jan. 1, 2017– Jun. 30, 2017	Note/Page
Result for the period	**1,636**	**3,047**	
Other comprehensive income	**(57)**	**(1,723)**	
Items which may be reclassified to the income statement in future			
Income (loss) from currency translation, after taxes	(57)	(1,723)	
Comprehensive income after taxes	**1,579**	**1,324**	
thereof noncontrolling interests	84	24	
thereof shareholders in the parent company	1,495	1,300	

Consolidated Balance Sheet

Assets Figures in € thousand	Jun. 30, 2018	Dec. 31, 2017	Note/Page
Noncurrent assets	**152,154**	**149,757**	
Property, plant and equipment	58,505	56,084	
Goodwill	71,120	71,120	
Other intangible assets	10,534	10,780	
Investments accounted for using the equity method	1,091	1,024	
Financial receivables	44	48	
Other financial assets	17	34	
Other receivables and other assets	2,445	2,445	
Deferred tax assets	8,398	8,222	
Current assets	**78,772**	**80,608**	
Inventories	12,762	12,240	
Trade receivables	33,514	41,310	
Other receivables and other assets	7,021	6,785	
Tax receivables	1,666	861	
Financial receivables	1,709	1,977	
Cash and cash equivalents	22,100	17,435	
Total assets	**230,926**	**230,365**	

Equity and liabilities Figures in € thousand	Jun. 30, 2018	Dec. 31, 2017	Note/Page
Equity	**111,005**	**112,149**	03/016
Equity attributable to the shareholders of Deufol SE	108,642	109,724	
Subscribed Capital	43,774	43,774	
Capital reserves	107,240	107,240	
Treasury stock at cost	(536)	(536)	
Retained earnings	10,204	10,204	
Profit brought forward	(51,168)	(50,143)	
Other comprehensive income	(872)	(815)	
Noncontrolling equity interests	2,363	2,425	
Noncurrent liabilities	**52,670**	**51,373**	
Financial liabilities	44,536	44,075	04/016
Provisions for pensions	3,479	3,454	
Other Provisions	51	63	
Other liabilities	77	68	
Deferred tax liabilities	4,527	3,713	
Current liabilities	**67,251**	**66,843**	
Trade payables	28,361	28,870	
Financial liabilities	18,068	19,588	04/016
Other liabilities	17,271	13,801	
Tax liabilities	924	1,736	
Other Provisions	2,627	2,848	
Total equity and liabilities	**230,926**	**230,365**	

Consolidated Cash Flow Statement

Figures in € thousand	Jan. 1, 2018– Jun. 30, 2018	Jan. 1, 2017– Jun. 30, 2017	Note/Page
Income (loss) from operating activities (EBIT) from continuing operations	3,940	4,260	
Adjustments to reconcile net income (loss) to cash flow from operating activities			
Depreciation, amortization and impairment	4,235	4,005	
(Gain) loss from investments	0	226	
(Gain) loss from disposal of fixed assets	(24)	(415)	
Taxes paid	(2,306)	(1,178)	
Other non-cash expenses (income)	0	0	
Changes in assets and liabilities from operating activities			
Decrease (increase) in trade accounts receivable	7,943	6,080	
Decrease (increase) in inventories	(498)	380	
Decrease (increase) in other receivables and other assets	(254)	1,186	
Increase (decrease) in trade accounts payable	(513)	(6,715)	
Increase (decrease) in other liabilities	790	1,329	
Increase (decrease) in provisions	(288)	(143)	
Decrease (increase) in other operating assets/liabilities (net)	(598)	0	
Cash flow from operating activities	**12,427**	**9,015**	05/016
Payments made for investments in intangible assets and property, plant and equipment	(6,625)	(3,719)	
Proceeds from the sale of intangible assets and property, plant and equipment	377	1,473	
Acquisition of business units less acquired cash	0	(3,567)	
Net change in financial receivables	290	997	
Interest received	55	156	
Cash flow from investing activities	**(5,903)**	**(5,059)**	05/016
Addition (extinction) of amounts due to banks	(465)	5,259	
Addition (extinction) of other financial liabilities	(486)	(4,961)	
Payments for the purchase of treasury stock	0	0	
Change in noncontrolling interests	0	(124)	
Dividend paid to noncontrolling interests	(145)	0	
Interest paid	(988)	(1,164)	
Cash flow from financing activities	**(2,084)**	**(990)**	05/016
Exchange rate- and scope of consolidation-related changes in financial resources	**224**	**0**	
Change in cash and cash equivalents	**4,664**	**2,966**	
Cash and cash equivalents at the beginning of the period	17,435	15,476	
Cash and cash equivalents at the end of the period	22,100	18,442	

Consolidated Statement of Changes in Equity

Figures in € thousand	Subscribed Capital	Capital reserves	Retained earnings	Profit brought forward	Treasury stock at cost	Accumulated other comprehensive income: Cumulative translation adjustment	Equity attributable to the shareholders of Deufol SE	Noncontrolling equity interests	**Total equity**
Balance at Jan. 1, 2017	**43,774**	**107,240**	**10,000**	**(55,347)**	**(536)**	**2,209**	**107,340**	**770**	**108,110**
Result for the period	—	—	—	3,023	—	—	3,023	24	3,047
Other comprehensive income	—	—	—	—	—	(1,723)	(1,723)	—	(1,723)
Comprehensive income	**—**	**—**	**—**	**3,023**	**—**	**(1,723)**	**1,300**	**24**	**1,324**
Changes to scope of consolidation	—	—	—	—	—	—	—	(124)	(124)
Balance at Jun. 30, 2017	**43,774**	**107,240**	**10,000**	**(52,324)**	**(536)**	**486**	**108,640**	**670**	**109,310**
Balance at Jan. 1, 2018	**43,774**	**107,240**	**10,204**	**(50,143)**	**(536)**	**(815)**	**109,724**	**2,425**	**112,149**
Result for the period	—	—	—	1,552	—	—	1,552	84	1,636
Other comprehensive income	—	—	—	—	—	(57)	(57)	—	(57)
Comprehensive income	**—**	**—**	**—**	**1,552**	**—**	**(57)**	**1,495**	**84**	**1,579**
Dividends	—	—	—	(2,577)	—	—	(2,577)	(146)	(2,723)
Balance at Jun. 30, 2018	**43,774**	**107,240**	**10,204**	**(51,168)**	**(536)**	**(872)**	**108,642**	**2,363**	**111,005**

Notes to the Consolidated Interim Financial Statements

General Accounting and Valuation Methods

These consolidated financial statements for the interim report – which have not been audited or verified by an auditor – describe the business activities of Deufol SE and its subsidiaries (the "Group"). The statements were produced in accordance with IFRS ("International Financial Reporting Standards"). All IFRSs (IFRSs, IASs, IFRICs, SICs) as adopted by the European Union and effective as of the balance sheet date were applied.

In principle, the balancing and valuation methods used are those for the last consolidated financial statements as of the end of the fiscal year. A detailed description of these methods is provided in our annual report for the year 2017. In addition, IAS 34 "Interim Financial Statements" was applied.

New Accounting Standards

The first-time application of the new standards and interpretations which are mandatory from fiscal year 2018 had no effect on the recognition and measurement of assets and liabilities.

Currency Translation

In accordance with IAS 21, the financial statements of the foreign subsidiaries included in the Group financial statements whose functional currency is not the euro were converted into the Group currency euro on the balance sheet cut-off date on the basis of the functional-currency concept. The conversion was in accordance with the modified-closing-rate method.

The exchange rates for the translation of currencies that are not part of the European Monetary Union changed as follows:

Foreign currency	Middle rate as of the balance sheet date		Average rate of exchange	
per €	**Jun. 30, 2018**	Dec. 31, 2017	**6M 2018**	6M 2017
US dollar	1.1658	1.1993	1.2102	1.0825
Czech crown	26.020	25.535	25.4961	26.7870
Singapore dollar	1.5896	1.6024	1.6056	1.5201
Renminbi	7.7170	7.8044	7.7077	7.4418

Scope of Consolidation

All significant subsidiaries over which Deufol SE has legal or effective control are included in the consolidated financial statements.

The consolidated group is as follows:

Figures in units	Dec. 31, 2017	Additions	Disposals	Jun. 30, 2018
Consolidated subsidiaries	46	3	0	49
thereof in Germany	18	0	0	18
thereof abroad	28	3	0	31
Companies valued using the equity method	7	0	0	7
thereof in Germany	4	0	0	4
thereof abroad	3	0	0	3
Total	**53**	3	0	**56**

01 Sales

In respect of further comments on the sales, we refer to the segment reporting.

02 Earnings per Share

Income Figures in € thousand	Jan. 1, 2018–Jun. 30, 2018	Jan. 1, 2017–Jun. 30, 2017
Result attributable to the holders of Deufol SE common stock	1,552	3,023
Shares in circulation Figures in units		
Weighted average number of shares	43,773,665	43,773,665

Earnings per Share Figures in €	Jan. 1, 2018–Jun. 30, 2018	Jan. 1, 2017–Jun. 30, 2017
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.035	0.070

03 Equity

There were no changes to Subscribed Capital in the first six months of 2018.

04 Financial Liabilities

Under the existing German syndicated loan agreement, the Deufol Group is obliged to comply with minimum and maximum limits for firmly defined financial covenants.

As of March 31, 2018 and June 30, 2018, the Deufol Group complied with all of the financial covenants under its loan agreement.

05 Cash Flow Statement

The cash flow statement shows the origin and appropriation of the money flows in the first six months of fiscal years 2017 and 2018. It is of key significance for an assessment of the financial position of the Deufol Group.

The cash funds shown in the cash flow statement correspond to the balance sheet item “Cash and cash equivalents”.

The cash flow from operating activities has been adjusted for changes to the scope of consolidation and amounted to € 12,427 thousand in the first six months of 2018.

The outflow of funds from investing activities amounted to € 5,903 thousand and includes the cash flows from the purchase and sale of property, plant and equipment, the purchase and sale of intangible assets, the change in financial receivables as well as interest received.

The outflow of funds from financing activities amounted to € 2,084 thousand and reflects the net changes in financial liabilities and equity plus interest paid.

Including the exchange rate-related changes, which amounted to € 224 thousand, the cash and cash equivalents balance increased by € 4,664 thousand.

Dividend

The distribution of a dividend of € 0.06 per no-par value share for 42,960,880 no-par value shares entitled to dividends (corresponding to an amount of € 2,577,652.80) was resolved at the Annual General Meeting held on June 29, 2018. This dividend was due on the third business day following the Annual General Meeting’s resolution, i.e. on July 4, 2018.

Contingencies

There were no significant changes in the contingencies in relation to December 31, 2017.

Significant Events after the Balance Sheet Date

No material events occurred after the balance sheet date for which a reporting obligation is applicable pursuant to IAS 10.

Segment Information

The segment reporting is prepared in accordance with the provisions of IFRS 8 (Operating Segments).

Its primary reporting format is based on geographical regions which are grouped for the purpose of corporate management. In order to assess the business success of the respective segments, the management has calculated the result for the period before taxes, financial income, financial expenses, shares of profits of companies accounted for using the equity method and amortization/impairment of goodwill (EBITA) as the relevant performance indicator. The Deufol Group has the following segments:

- Germany
- Rest of Europe
- USA/Rest of the World
- Holding

The Holding segment covers the Group's administrative activities and, in addition to Group management functions, includes support functions such as sales, purchasing, controlling, financial accounting, personnel, legal and corporate communications.

The operating result (EBITA) for the business units is separately monitored by the management in order to make decisions on the allocation of resources and to determine the units' performance. The segments' development is mainly measured with reference to the operating result. As the Deufol Group has a decentralized organizational structure, financial expenses and income can be allocated to the individual business segments.

The prices charged between the business segments are determined on the basis of the arm's length principle.

Supplementary Disclosures

Disclosures Concerning the Executive Bodies

Administrative Board

Prof. Dr. Rüdiger Grube was elected as a member of the Administrative Board for a period of one year at the Annual General Meeting held on June 29, 2018. The Administrative Board now has the following members: Detlef W. Hübner (Chairman), Helmut Olivier (Deputy Chairman), Holger Bürskens, Prof. Dr. Rüdiger Grube, Dennis Hübner, Marc Hübner, Wulf Matthias and Axel Wöltjen.

Relationships with Related Parties

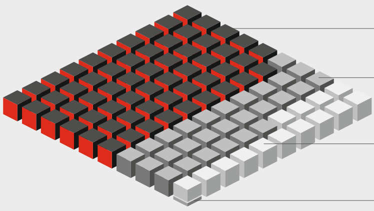
With regard to the transactions with related parties, there was no significant change in relation to the previous annual financial statements.

Segment Information by Region (Primary Reporting Format)

Figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimina-tion	**Group**
6M 2018						
External sales	77,827	34,807	18,655	192	0	131,481
Internal sales	11,410	11,710	41	6,566	(29,727)	0
Total sales	89,237	46,517	18,696	6,758	(29,727)	**131,481**
EBITA = EBIT	2,445	3,382	10	(1,567)	(330)	3,940
Financial income	166	59	16	650	(836)	55
Finance costs	(641)	(275)	(277)	(683)	836	(1,040)
Income (loss) from associates	88	0	0	(21)	0	67
EBT	2,057	3,165	(250)	(1,620)	(330)	3,022
Taxes						(1,386)
Result for the period						**1,636**
Assets	77,845	103,786	52,712	267,603	(271,020)	230,926
thereof investments accounted for using the equity method	1,000			91		1,091
Non-allocated assets						0
Total assets	77,845	103,786	52,712	267,603	(271,020)	**230,926**
Financial liabilities	25,065	26,653	11,894	51,686	(52,695)	62,603
Other debt	22,488	29,390	16,448	18,969	(29,977)	57,318
Non-allocated debt						0
Total liabilities	47,553	56,043	28,342	70,655	(82,672)	**119,921**
Depreciation, amortization and impairment	1,239	2,201	234	590	(29)	4,235
Investments	806	4,981	218	620	0	6,625

External sales by region

Figures in %

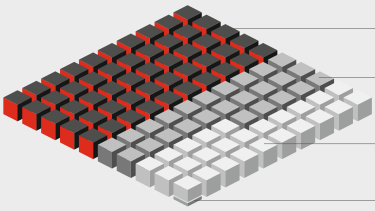


	6M 2018
Germany	59.2
Rest of Europe	26.5
USA/Rest of the World	14.2
Holding	0.1

Figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimination	Group
6M 2017						
External sales	71,910	36,358	36,428	369	0	145,065
Internal sales	13,037	10,454	33	6,365	(29,889)	0
Total sales	84,947	46,812	36,461	6,734	(29,889)	**145,065**
EBITA = EBIT	3,307	747	2,046	10,977	(12,817)	4,260
Financial income	201	162	19	585	(811)	156
Finance costs	(569)	(613)	(355)	(566)	811	(1,292)
Income (loss) from associates	152	13	8	3	50	226
EBT	3,091	309	1,718	10,999	(12,767)	3,350
Taxes						(303)
Result for the period						**3,047**
Assets	73,539	100,758	56,501	247,079	(252,888)	224,989
thereof investments accounted for using the equity method						
Non-allocated assets						8,629
Total assets						**233,618**
Financial liabilities	15,544	28,813	13,036	37,515	(28,780)	66,128
Other debt	36,846	25,315	21,453	27,819	(56,899)	54,534
Non-allocated debt						3,646
Total liabilities						**124,308**
Depreciation, amortization and impairment	1,131	1,615	751	508	0	4,005
Investments	444	2,402	2,246	1,518	0	6,610

External sales by region

Figures in %



	6M 2017
Germany	49.6
Rest of Europe	25.1
USA/Rest of the World	25.1
Holding	0.2

Additional Information

Financial Calendar

August 17,	**2018**	Semi-Annual Financial Report 2018
April 30,	**2019**	Annual Financial Report 2018

Key to Symbols

- Basis of Preparation
- Scope of Consolidation
- Consolidated Income Statement Disclosures
- Consolidated Balance Sheet Disclosures
- Consolidated Cash Flow Statement Disclosures
- Other Disclosures
- Segment Information
- Supplementary Disclosures

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