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EDAG intends to go public

- **One of the leading global engineering services providers for the global automotive industry prepares initial stock market listing in 2015**
- **Its strong market position presents an ideal position to benefit disproportionately from the strong dynamics in the global growth market for engineering services**
- **Technology leadership caters to the growing demand from automotive OEMs and suppliers**
- **Successful growth strategy has driven significant revenue increase in the core business of 78% to EUR 635 million between 2012 and 2014; revenue in H1 2015 EUR 355 million**
- **Adjusted core EBIT margin of more than 10% thanks to higher profitability in current fiscal year and an asset-light business model**
- **Joint-stock company under Swiss law ensures continuation of the long-term business development**

Arbon, 4 November 2015. EDAG, an independent engineering services provider for the global automotive industry, is preparing its initial public offering (IPO). Subject to conditions in the capital markets, the company plans to list its shares in the regulated market of the Frankfurt stock exchange (Prime Standard) before the end of 2015. It is envisaged to offer secondary shares held by ATON, currently the sole owner of the company. ATON is a long-term oriented investor and plans to keep a significant share in EDAG after the IPO. The objective is to consistently perpetuate the successful corporate strategy. In this context, EDAG Engineering Group AG, a joint-stock company under Swiss law has been established, into which the entire operating business will be contributed to achieve a stable structure for the future development of the company.

“EDAG has become a global market leader in one of the most attractive automotive service segments with engineering made in Germany,” says Thomas Eichelmann, CEO of ATON and chairman of the EDAG executive board. “At this juncture, the IPO is a logical and momentous step for us. Direct capital market access will give us continued independence of action and flexibility in the globalised competitive landscape in which EDAG operates.”

A world-class independent engineering services provider for the automotive industry

EDAG is a globally leading, independent engineering services provider and develops production-ready solutions for the global automotive industry. With an international network of 57 locations in key automotive centres worldwide, the company caters to leading domestic and international automotive OEMs and sophisticated automotive suppliers. As at 30 June 2015, about 7,600 employees (including trainees) worked for EDAG in 19 countries.

EDAG offers complementary engineering services in the vehicle engineering, electrics/electronics and production solutions segments. Based on these extensive capabilities, EDAG can support clients along the entire value chain from the initial design studies to product development and prototype construction all the way to the conceptualisation of turnkey production systems. “EDAG’s expertise across all areas of vehicle development and construction is a clear differentiator,” says Jörg Ohlsen, CEO of the EDAG Group. “If required, we can support clients across the entire life-cycle of a product.”

Dynamic and attractive growth market

As an independent development partner in the automotive industry, EDAG operates in a dynamically growing market. According to A.T. Kearney, the automotive engineering services provider market will grow by about 6 to 7% annually until 2020 – from EUR 15.3 billion today to EUR 22.6 billion. The top 5 market participants by revenues, which also include EDAG, are expected to grow disproportionately by 9 to 12% annually[1]. As one of the rare providers with capabilities across the entire value chain, EDAG can cater to the expected growing demand for complete-vehicle engineering services.

Technology and innovation capabilities ensure future success

Growth in the industry is driven by various megatrends. Individualization, environmental efficiency, connected and self-driving vehicles, new mobility concepts and the so-called industry 4.0 including related new manufacturing approaches will likely continue to accelerate demand for specialised engineering services across the mobility industry.

EDAG considers itself a technology and innovation leader and operates established competence centres that design landmark technologies for future applications in the automotive industry, i.e. lightweight construction, electric mobility, car IT and new production technology. This makes EDAG an indispensable partner for clients on their way towards sustainable mobility in the future and efficient production plants.

Profitability and strong cash flow generation underpin dividend potential

EDAG has become a leading provider of engineering services in the automotive industry. The company is very profitable and has been growing reliably and consistently across all three core business segments for years. Between 2012 and 2014, EDAG succeeded in increasing core

[1] Source: A.T. Kearney (2015): Market assessment Engineering Service Provider Automotive 2020

revenues[2] by about 78% from EUR 357 million to EUR 635 million, generating an Adjusted Core EBIT[3] of EUR 53.2 million in 2014. This growth resulted particularly from the successful integration of Ruecker Group and BFFT Group, both of which have further strengthened EDAG's market position.

In the first half of 2015, EDAG succeeded in growing core revenues by 17% year on year to EUR 355.2 million (H1 2014: EUR 303.5 million) and the adjusted core EBIT by 58% to EUR 35.6 million (H1 2014: EUR 22.5 million), which corresponds to an Adjusted Core EBIT margin of about 10%. For the third quarter, further significant Core Revenue growth and an Adjusted Core EBIT margin of more than 10% is expected, continuing the positive development seen in the first six months of 2015. EDAG has been generating strong cash flows[4] over the past years thanks to its "asset light" business model (which requires comparatively low capital expenditures) and a clear focus on engineering services for the automotive industry.

Subject to future earnings and financials, EDAG currently plans to distribute a dividend in the amount of about 50% of consolidated earnings in the respective reporting period to its shareholders.

IPO supports future growth

The market for engineering services providers offers significant growth potential, which EDAG intends to exploit based on its strong positioning and attractive business model. Direct capital market access is sought to ensure EDAG's independence of action in the globalised competitive landscape. EDAG wants to continue enhancing its international market position, make the company an even greater place to work and drive the development and marketing of successful innovations.

"EDAG is ideally positioned today to benefit from the continued growth in the market for independent engineering services," says Thomas Eichelmann. "Investors in EDAG will have the opportunity to participate in the development of a globally leading engineering services provider that has been outperforming market growth since ATON has come on board and has now reached an attractive level of profitability."

Morgan Stanley and Deutsche Bank will act as joint global coordinators and joint book runners during the IPO process. Commerzbank and M.M. Warburg have been mandated as co-lead managers.

Additional corporate and financial information on EDAG including the audited financial statements 2014 (and financial information for 2013 and 2012) of EDAG Engineering GmbH

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[2] Revenues are defined as sales revenues and changes in inventory. Core revenues represent revenues in the Vehicle Engineering, Electrics/Electronics and Production Solutions businesses without the segment Others (total revenues in 2012: EUR 415 mn; in 2013: EUR 632 mn; in 2014: EUR 690 mn; in the first half of 2015: EUR 355 mn).

[3] Core EBIT corresponds to the EBIT generated by the Vehicle Engineering, Electrics/Electronics and Production Solutions businesses without the segment Others. The Adjusted Core EBIT represents EBIT adjusted by one-time effects such as expenditures from the purchase price allocation, proceeds from deconsolidations, expenditures from M&A transactions and restructurings as well as proceeds from the sale of properties.

[4] Based on the Adjusted Cash Flow Conversion, which is calculated from the Adjusted EBITDA minus capex divided by Adjusted EBITDA. Adjusted EBITDA corresponds to the adjusted EBIT plus depreciation and amortisation without depreciation and activation of purchase price allocations.

and the unaudited condensed consolidated interim financial statements for the first half of 2015 of EDAG Engineering GmbH have been published on the EDAG website under the URL http://ir.edag.com/publikationen.

Press enquiries

Nina Rosen

Tel.: +(49) 0611- 7375 370
eMail: nina.rosen@edag.de

About EDAG

EDAG is an independent engineering services provider for the global automotive industry. The company serves leading domestic and international vehicle OEMs and sophisticated automotive suppliers through a global network of 57 locations in important automotive centres worldwide. EDAG offers complementary engineering services in the vehicle engineering, electrics/electronics and production solutions segments. Based on these extensive capabilities, EDAG can support its clients along the entire value chain from the original design idea to product development and prototype construction and all the way to the delivery of turnkey production systems. As a technology and innovation leader, EDAG also operates established competence centres that design landmark technologies for future applications in the automotive industry, i.e. lightweight construction, electric mobility, car IT and new production technology. In financial year 2014, the company generated core revenues of EUR 635 million and an Adjusted Core EBIT of EUR 53.2 million. As at 30 June 2015, about 7,600 employees (including apprentices) worked for EDAG in 19 countries.

Disclaimer

This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for, securities.

This document contains forward-looking statements. These statements are based on the current views, expectations and assumptions of the management of EDAG and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations and competition from other companies, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting EDAG, and other factors. EDAG does not assume any obligations to update any forward-looking statements.

This announcement is not a prospectus. Investors should not purchase or subscribe for any shares referred to in this announcement except on the basis of information in the prospectus to be issued by the company in connection with the offering of such shares. Copies of the *prospectus will, following approval of the German Financial Supervisory Authority (BaFin) and publication, be available free of charge from EDAG Engineering Group AG, Schlossgasse 2, CH 9320 Arbon or on the company's website via http://ir.edag.com. EDAG Engineering Group AG has been established on 2 November 2015. Aton GmbH will contribute all of the shares in EDAG Engineering Schweiz Sub-Holding AG, a joint-stock company under Swiss law and current parent company of the EDAG Group, to EDAG Engineering Group AG by way of contribution into the capital reserves without issuance of new shares or any other compensation.*

This document is not a prospectus within the meaning of Article 652a of the Swiss Code of Obligations, nor is it a listing prospectus as defined in the listing rules of the SIX Swiss Exchange AG or a prospectus under any other applicable laws.

This release is not an offer of securities for sale in the United States of America. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Any public offering of securities to be made in the United States of America would be made by means of a prospectus that could be obtained from EDAG and that would contain detailed information about the company and management, as well as financial statements. There will be no public offer of the securities in the United States of America.

Subject to certain exceptions under the Securities Act, the securities referred to herein may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan.

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Appendix: Additional information on EDAG

EDAG is one of the world's largest independent[1] engineering service providers (**ESP**) in the automotive industry in terms of revenues and headcount. We specialize in the development of automotive components and modules, derivative car models (**Derivatives**), including, in individual cases, entire cars, as well as production facilities and designing innovative, ready-for-production solutions for vehicles, two wheelers, trucks and production systems. We have strong and long-standing relationships with all major German original equipment manufacturers (**OEMs**) in the passenger car and commercial vehicle industries with particular focus on German premium OEMs. Furthermore, we have successfully developed other reputable automotive OEMs as customers in markets outside Germany, particularly in Europe. To complement our activities, we also work for systems suppliers in the automotive industry. In order to meet our customers' demands we follow their international footprint and offer our services globally.

We are the number three in the German (source: Lünendonk®-Sonderanalyse 2014. Exklusive Auszüge der Lünendonk®-Studie, Führende Anbieter von Technologie-Beratung und Engineering Services in Deutschland, Eine unabhängige Marktanalyse der Lünendonk GmbH in fachlicher Zusammenarbeit mit ALTEN GmbH, Altran GmbH & Co. KG, AVENTON GmbH und Randstad Professionals GmbH & Co. KG, November 2014, **Lünendonk analysis 2014**) and global ESP market (source: A.T. Kearney GmbH, Market assessment Engineering Service Provider Automotive 2020, July 2015, **A.T. Kearney Report**) as measured by revenue.

While the automotive ESP market has grown at a compound annual growth rate (**CAGR**) of approximately 6.1% in the period from 2010 to 2014 and is forecast to grow at a CAGR of 6.7% in the period from 2014 to 2020, with the fields electrics and electronics (**E/E**) and powertrain particularly being expected to add to growth (source: A.T. Kearney Report), the European ESP market, in absolute terms, is estimated to hold the largest absolute growth potential for ESPs. The top 5 ESPs, of which EDAG is one, are expected to grow at an even faster rate, i.e., at an annual rate of 9-12% until 2020 measured by sales revenue due to disproportionate outsourcing, an increase of work packages and consolidation in the ESP market (source: A.T. Kearney Report).

Through our global network of 57 locations, located in close proximity to our customers at important automotive hubs, we ensure that the expertise of the entire Group is available to our customers on a local basis. While we have generated 78% of our revenues and on average employed approximately 77% of our total workforce in the fiscal year ended December 31, 2014 in Germany, our international footprint is set up strategically and quality-driven.

With more than 40 years of experience, we offer complete vehicle competence across the entire product value chain and vehicle life cycle. Our comprehensive portfolio of services ranges from design to product development, modelling, gauge construction, building of prototypes and testing to the development of turnkey production systems. We offer particular expertise in the development of production facilities and their implementation. Our subsidiary, the BFFT Group, has specialized technical knowledge in the field of electrical and electronic development, which is key for the development of applications such as driver assistance and safety systems, in-car entertainment and car connectivity.

In order to accommodate the increasing complexity of the car of the future and meet the high technological requirements placed on it and its development, we have concentrated the special knowledge needed to focus on the development of new trends in four competence centers: "Lightweight Construction", "E-Mobility", "Car-IT" and "New Production Technology".

[1] Independence in this context means that no OEM or supplier holds any majority or significant minority shareholding.

Additionally, Feynsinn, our consultancy service, provides all-round customer support from the concept phase to the implementation process and offers software-independent advice on processes, methods and tools to optimize development and production sequences. Apart from its consultancy services, Feynsinn provides implementation services and training.

In meeting customer demand, we put a particular emphasis on current key trends and technologies in the automotive industry such as innovation for CO_2 reduction, lightweight design, e-mobility and Car-IT (source: Lünendonk analysis 2014). In order to meet our customers' expectations and to contribute to automotive development, we constantly adapt our portfolio of services to changing customer needs and varying market conditions. Automotive OEMs are faced with constantly increasing technological complexity which is driving engineering expenses and creating the necessity to have a clearly defined strategy regarding core competences and outsourcing of vehicle engineering services (source: Roland Berger Strategy Consultants: Engineering Services, Market study, March 2014). Diversified vehicle development between OEMs and ESPs, as is typical of the German automotive industry, enables OEMs to insource high-value and competitively important research and development (source: berylls strategy advisors/VDA Verband der Automobilindustrie: Automotive Entwicklungsdienstleistung, Zukunftsstandort Deutschland, Eine Studie des Verbands der Automobilindustrie e.V. (VDA) in Zusammenarbeit mit Berylls Strategy Advisors GmbH, March 2015, **berylls/VDA study, March 2015**). We believe that our business is more and more driven by this current strategy of OEMs to focus on their core competence, while outsourcing development tasks that are increasingly complex but not considered to be of sufficient strategic relevance to require the use of internal resources. As ESPs are often able to handle these tasks faster and more efficiently than the OEMs themselves (source: berylls/VDA study, March 2015), we believe we will likely continue to benefit from OEM outsourcing.

At EDAG, our operations are organized along our three core segments Vehicle Engineering, E/E and Production Solutions. While we offer single services in the individual segments, we also offer these services to our customers as packages or in various combinations and in the form of cross-divisional projects.

We deliver Vehicle Engineering services through 25 German and 16 international locations, providing us with a strong global presence near the R&D centers of our major customers. The average total number of employees in this segment for the six-month period ended June 30, 2015 amounted to approximately 4,700, including trainees but excluding employees from discontinued operations. Our main customers are the major European automotive manufacturers and their systems suppliers. In this segment, we generated approximately half of our revenues in Germany with module design in the fiscal year ended December 31, 2014, while the activities styling, simulation and component and vehicle validation also contributed strongly to our revenues.

In the E/E segment is based in in 18 German locations and one international location. The average number of employees in this segment for the six-month period ended June 30, 2015 amounted to approximately 1,600, including trainees but excluding employees from discontinued operations. In this segment, we carry out the integration of new electrical/electronic components and modules in sustainable vehicle concepts, and also deal with the central theme of energy in vehicles. While our portfolio of services comprises complete E/E packages, we also offer single services in body E/E, Car-IT and connectivity and advanced driver assistance systems (**ADAS**). In this segment, we generated approximately two thirds of our revenues in the fiscal year ended December 31, 2014 with test and validation as well as systems engineering, with each of these two activities contributing about a third of our revenues and the activity embedded systems adding to our revenues strongly as well.

In order to achieve maximum project success, we pursue an interdisciplinary way of working. This so-called networked engineering in accordance with our V-Model serves as a link between product development/realization and integration/validation and reduces our coordination efforts alongside the whole development chain within E/E, from product design to start of production.

Our Production Solutions segment is based in 19 German and five international locations. The average number of employees in this segment for the six-month period ended June 30, 2015 amounted to approximately 1,300, including trainees but excluding employees from discontinued operations. In this segment, we act as a holistic engineering partner for the development and implementation of production processes, including turnkey engineering. In this segment, we generated more than half of our revenues in the fiscal year ended December 31, 2014 with systems development and robotics, with the activity process planning contributing to our revenues strongly as well.

Our Key Competitive Strengths are:

We are active in the growth market for automotive engineering services and we believe we are well-positioned to grow above market average

The global market for automotive ESPs has grown at a CAGR of 6.1% in the period from 2010 to 2014, based on sales revenues (source: A.T. Kearney Report). We regard the automotive ESP industry as a structurally attractive market and expect further growth in the foreseeable future, due to trends such as the

- increasing number of models and Derivatives offered by OEMs;
- rapid advancements in technology as well as increasingly comprehensive vehicle configuration and upgrade options;
- emergence of e-mobility and environmentally-friendly technologies aimed at lower fuel consumption and reduction of CO_2 emissions; and
- increasing number of electronic and electrical components integrated in motor vehicles (source: A.T. Kearney Report).

We believe that we are well positioned to successfully compete in this market and to grow our sales revenues above market average in the medium term, based on

- extensive expertise in the E/E field, where the ESP market is expected to grow disproportionally at a CAGR of 9.3% in the period 2014 through 2020 to a total size of €6.7 billion in revenues (source: A.T. Kearney Report), as well as in the areas of lightweight materials and electro mobility;
- the breadth of our engineering capabilities, spanning from vehicle concepts across development of automotive components and modules to derivative car models and production facilities, which in turn enables us to act as an integrated system provider;
- our independence, coupled with a high degree of customer proximity through our local sites situated near our customers' facilities;
- the cross-selling potential with our Production Solutions division;
- our ability to attract and retain an experienced and qualified workforce;
- our ability to handle larger-scale projects as well as our capacities in ramping up operations, also internationally;
- our scale which permits OEMs to entrust us with large-scale development assignments on the basis of broadly defined work package agreements.

Our Core Business[2] grew at a rate of 13.2% and 17.0% in terms of sales revenues with third parties in the fiscal year ended December 31, 2014 and the six-month period ended June 30, 2015, respectively, in each case compared to the relevant prior year development.

[2] Our Core Business includes our three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions) and excludes our Others segment.

We are one of the largest independent ESPs worldwide, and we believe we have the scale needed to operate successfully in a market which favors size and experience

We consider size and related economies of scale as key success factors in today's ESP market, as flexibility, sufficient resources and a platform to handle large and complex projects are increasingly important to OEMs. The ESP market has seen a consolidation trend over the past few years with a key driver having been OEMs' request for large-scale project capabilities and full vehicle competence when outsourcing engineering projects to ESPs (source: A.T. Kearney Report). We are one of the largest independent ESPs worldwide, based on revenues generated by engineering services for the automotive industry, and are among the three largest ESPs globally with a market share of 5% in 2014 (source A.T. Kearney Report).

In addition, with more than 40 years of experience, we consider ourselves one of the few players in the market with capabilities across all vehicle systems and components and we benefit from well-established, long-standing customer relationships with all German OEMs, which we believe to be a strong competitive advantage for us. Furthermore, we believe that our size and brand recognition helps us to recruit well trained engineers. In a market which is still highly fragmented, we also believe that we have the size needed to participate actively in any potential further market consolidation.

We provide the vast majority of our services under work package agreements (*Werkverträge*), which in our view provides a competitive advantage given that OEMs increasingly consider work package agreements to be more attractive than employee leasing (*Arbeitnehmerüberlassung*), in particular in connection with large-scale projects (source: A.T. Kearney Report). We also expect to benefit from potential new legislation in Germany, which will favor work package agreements over employee leasing or service contracts (*Dienstverträge*). It is expected that the share of work package agreements in the German automotive engineering services market will grow from 72% in 2014 to 86% by 2017 (source: A.T. Kearney Report).

We believe we are a partner of choice for the automotive industry and have a blue chip customer base with a focus on German OEMs

We have a broad customer portfolio and longstanding relations with major OEMs in the global automotive and commercial vehicle industries. We make an effort to foster our relationships with premium brands, which tend to spend substantially more on R&D and outsource more R&D services than the industry average (source: A.T. Kearney Report).

We have a strong footprint in Germany with our offices in close proximity to our customers at important automotive hubs and thereby ensure that our entire expertise is available to our customers on a local basis. In addition, we are present in Europe in the Czech Republic, Hungary, Italy, Poland, Spain, Sweden, Switzerland and the United Kingdom in accordance with our principle of serving our customers locally. Globally, we are active in the United States, Brazil, India, China, Japan, Malaysia, Mexico, Russia and South Korea.

We believe we stand for leading technology and innovation based on German engineering excellence and have capabilities across the entire vehicle value chain

We focus on providing independent vehicle engineering excellence. We believe that the key advantages we can offer to our customers comprise the ability to act without conflicts of interest, complete vehicle development competence, project life-cycle management ability as well as capability and capacity to complete large-scale work packages. We believe we are able to exploit our relationships across different products and divisions within our customers.

We consider ourselves an innovation and technology leader. Therefore, our competence centers focus on key future technologies in the automotive industry such as lightweight construction, electric mobility, connectivity/car IT, new mobility concepts and Industry 4.0 production network solutions.

We have a highly skilled engineering workforce, experienced management and offer in-house development opportunities

We consider our employees to be our greatest asset. Our workforce consisted of 7,761 employees (including trainees) as of June 30, 2015. Approximately three quarters of our employees in Germany had an academic/engineering background (including employees with similar qualifications, e.g. directors, divisional and department heads, team managers, system and support engineers, “Meister”, technicians, etc., but excluding trainees) as of June 30, 2015.

In the six-month period ended June 30, 2015, on average, we employed approximately 5,850 employees in Germany, approximately 950 employees in the rest of Europe, approximately 150 employees in North America, approximately 250 employees in South America and approximately 400 employees in Asia, including trainees and excluding employees from discontinued operations in each case.

Since we believe that recruiting and retaining our highly skilled workforce is key to our business success, we attach great importance to the recruitment, training and retention of highly competent employees and have a comprehensive talent development process in place. Starting with recruitment activities at universities and innovation partnerships, we offer regular professional trainings, attractive incentive programs and career opportunities to our employees. We believe that our strong management focus on our workforce is evidenced by the eight consecutive top employer awards we have received from Top Employer Institute.

In the past few years, including the fiscal year ended December 31, 2014, we experienced a strong growth in the number of applications, whereby the number of applications exceeded the number of employees we actually hired by a high multiple. For the medium term, we generally strive to hire a significant number of new employees per year.

Moreover, we have a highly experienced executive management team with a combined expertise of more than 40 years of experience in the automotive industry.

We have a solid financial profile based on strong revenue growth and attractive financial returns

Our sales revenue has grown substantially since 2012 both organically and through strategic acquisitions such as the Rücker Group in 2012 and the BFFT Group in 2013. Our Core Business grew at a rate of 13.2% and 17.0% in terms of sales revenues with third parties in the fiscal year ended December 31, 2014 and the six-month period ended June 30, 2015, respectively, in each case compared to the relevant prior year period. We expect the automotive ESP market to remain on a structural growth path in the foreseeable future and strive to continue our revenue growth on this basis.

Given our substantially increased scale and the significant synergies achieved following the acquisitions of the Rücker Group and the BFFT Group, we have grown our Adjusted Core EBIT[3] margin to 10% for the three-month period ended March 31, 2015 as well as for the six-month period ended June 30, 2015. Moreover, our asset-light business model does not require large investments, allowing for a high Adjusted Cash Conversion[4] ratio (67% in the fiscal year ended December 31, 2014).

The key elements of our strategy include:

Further improving our productivity

The fiscal year ended December 31, 2014 was characterized by the integration of the Rücker Group and the BFFT Group into the EDAG Group. Due to the concentration of our resources, including

[3] Adjusted Core EBIT represents the sum of the adjusted earnings before interest and taxes (Adjusted EBIT) for our three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions) and excludes our Others segment. Adjusted Core EBIT is adjusted for effects from purchase price allocations on a Group level. These purchase price allocation adjustments relate only to the three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions). No purchase price allocation adjustments relate to the Others segment. Cf. "Annex: Selected Financial and Business Information" included below for additional information.

[4] Adjusted Cash Conversion is defined as (Adjusted EBITDA — Capex) / Adjusted EBITDA. Adjusted EBITDA is defined as Adjusted EBIT plus depreciation and amortization less purchase price allocation-related depreciation and amortization. Capex includes investments in tangible and intangible assets.

overhead functions, and our know-how we are now able to allocate resources more efficiently, cover different areas of expertise more effectively and take on a greater number of larger projects (e.g. complete vehicle development) for our customers. Additionally, we established a fault management system and are continually working on optimization of both internal and external processes. We rely on N5 and SAP software solutions to achieve these aims.

In order to further improve our productivity, we intend to further expand our strategic position in the field of full vehicle and Derivative development. Key to increased productivity is also our flexibility to serve multiple customers from one location. Apart from key customers, for whom we are ready to establish a local presence, data transfer allows us to service our customers remotely, which saves time and resources and forms an important part of our strategy to streamline overhead costs.

Focusing on innovation

In order to be able to realize complex technologies for automotive OEMs and their systems suppliers, we intend to further expand our know-how network with universities, technology start-ups, manufacturers of semi-finished products and other experts. For the same reason, our competence centers play an important role for our development capabilities. We believe that technological projects such as EDAG Light Cocoon highlight our innovation potential and also help us attract new talent. We actively foster the internal transfer of know-how and raise our profile within the automotive industry, for example through publications and our presence in the media to further strengthen our brand.

Our focus on innovation is particularly important for our E/E segment. Vehicle electronics will be one of the major innovation drivers in the future due to the technological shift in the automotive industry towards alternative powertrains, especially electric motors, as well as, from a long-term point of view, autonomous driving (source: A.T. Kearney Report). Electrical and electronic components as well as software (including apps) already contribute a high proportion of the added value in vehicle development today and will, as we believe, play an increasingly important role regarding functionality, convenience, safety and environmental efficiency in the future. Therefore, we strengthened this segment with the acquisition of the BFFT Group, which substantially expanded our capabilities in electric and electronic development and covers future-oriented areas such as ADAS and infotainment.

Fostering our attractiveness as an employer

The leading position in technological know-how and innovation, we believe we have, can only be maintained in the long term if we continue to successfully recruit, train and retain highly qualified and skilled employees. Our staff benefits from a comprehensive qualification program and a diversified range of training opportunities tailored to the continuous improvement of technical skills and leadership qualities. In order to maintain and enhance our position as an attractive employer, we offer our employees training in specialist disciplines. Additionally, we have implemented and intend to expand our internal development and training program, the EDAG academy, and encourage job rotation. Likewise, we incentivize and reward the participation of our staff in international assignments. In addition to our innovative potential, our training program also serves to strengthen our competitive position as perceived by our customers.

We stress the importance of employee commitment for our company and focus on strengthening their ties to EDAG, for example by implementing health and family management initiatives and putting emphasis on the integration of employees from acquired companies. As a consequence, we believe, we have a relatively moderate fluctuation rate of our employees.

Further strengthening our market position

We regard ourselves to be well-positioned to capture the high growth rates expected in the relevant market by the A.T. Kearney Report due to our comprehensive service portfolio and well-established relationships with our customers, especially with German OEMs.

Following the international footprint of our customers has therefore become a crucial factor for maintaining customer relationships and retaining project assignments. Consequently, the flexibility to assist our customers abroad with a local presence forms an important part of our strategy for international expansion. For example, we considerably increased our presence in Spain where we employed approximately 450 engineers as of December 31, 2014. We also enhanced our workforce in Eastern Europe. Outside of Europe, we have already expanded our facilities in India, China, the USA, Mexico and Brazil and plan to continue to do so in line with rising customer demand.

To strengthen our market position, we plan to continue to follow our existing customers to their international production locations, for example to Mexico or China. Moreover, we aim to acquire new customers and are ready to expand our geographical reach to win these customers.

Further increasing profitability

In the fiscal years ended December 31, 2012, 2013 and 2014, we were able to achieve an Adjusted Core EBIT margin of 8.3%, 7.7% and 8.4% respectively. We were able to increase our Adjusted Core EBIT margin to 10% for the three-month period ended March 31, 2015 as well as for the six-month period ended June 30, 2015.

Besides aiming to increase our Adjusted Core EBIT margin in the medium term by means of cost synergy build-ups, we intend to concentrate on strong project management and efficient resource allocation to further increase our profitability. This includes the implementation of best-cost initiatives to ensure competitiveness on an international level. Additionally, the consistent evaluation of economics and the risk assessment of potential new projects further help raise profitability. Likewise, early recognition and management of resource constraints and risks are key to enhancing our profit margins and form part of our strategy to increase profitability.

During the fiscal years ended December 31, 2012, 2013 and 2014, our overall cost structure remained relatively stable. Personnel expenses and expenses for external services (including costs for ESPs operating as subcontractors) represented the largest cost factor.

Maintaining operating flexibility

A positive operating cashflow is essential for maintaining the operating flexibility that we seek for optimally running our business. We are therefore ready to engage in viable investment activities if they fit into our strategic considerations. Accordingly, improving our equity ratio and our investment quota as well as maintaining an appropriate investment cashflow form important parts of our long-term investment plans. Efficient debtors/creditors management additionally helps us control the amount of liquidity available to us.

In order to maintain the level of liquidity which we consider necessary to maintain operational flexibility, we aim to optimize the management of our working capital and receivables. While carefully assessing investment opportunities, we will continue to concentrate on an asset-light business model and strive to maintain a comfortable buffer for operating flexibility.

Customers

Our customer base reflects our strong focus on the automotive industry: approximately 67% of our sales revenues in the fiscal year ended December 31, 2014 were derived from customers that are passenger car manufacturers and approximately 5% from commercial vehicle manufacturers while approximately 27% were contributed by other manufacturers, i.e., predominantly automotive systems suppliers.

We maintain particularly strong relations with all major German passenger car and commercial vehicle manufacturers. In the fiscal year ended December 31, 2014, we generated 78% of our sales revenues and in the six-month period ended June 30, 2015 approximately 76% of our sales revenues in Germany. 12% of our sales revenues in the fiscal year ended December 31, 2014 and approximately 13% of our sales revenues in the six-month period ended June 30, 2015 were derived from customers within the rest of Europe.

Our five largest customer sales divisions (excluding FFT Produktionssysteme GmbH & Co. KG) contributed approximately 64% of our sales revenues in the fiscal year ended December 31, 2014 and in the six-month period ended June 30, 2015, respectively. We derived approximately 55% of our sales revenues in the fiscal year ended December 31, 2014 (approximately 53% in the six-month period ended June 30, 2015) from our two major customer groups, the two German corporate groups Volkswagen and BMW, with the Volkswagen group (Volkswagen, Audi and Porsche) generating approximately 38% of our sales revenues in the fiscal year ended December 31, 2014 and in the six-month period ended June 30, 2015, respectively.

Recently, the competent U.S. authorities announced that they had discovered the presence of a program in the engine software of certain vehicles having diesel engines manufactured by the Volkswagen group. In reaction to this, the Volkswagen group recognized a provision of €6.7 billion in its profit and loss statement for the third quarter of its current fiscal year. EDAG does not have any contracts with Volkswagen in the area of powertrain and is therefore not directly affected by this development. As of today, following and due to the diesel issue, we have not had any cancellations of projects with the Volkswagen group. Also, we do not have any indications that the Volkswagen group plans to reduce external engineering services contracts with us.

Among the major German OEMs, we make an effort to foster our relationships with premium OEMs. In the fiscal year ended December 31, 2014, we derived approximately 40% of our sales revenues and in the six-month period ended June 30, 2015 approximately 38% from BMW, Audi, Daimler and Porsche.

Due to our customer-related international footprint and our continuous business development efforts, our customers today also include reputable non-European car manufacturers and we generated approximately 10% of our sales revenues in the fiscal year ended December 31, 2014 and approximately 11% of our sales revenues in the six-month period ended June 30, 2015 outside of Europe.

According to our own estimates and based on revenue in the fiscal year ended December 31, 2014, we concluded almost all our contracts in the Vehicle Engineering segment in the form of work packages (approximately 67%) and service contracts (approximately 29%). The average contract size in this segment was approximately €230,000 in the fiscal year ended December 31, 2014. In the E/E segment we also concluded almost all our contracts in the form of work packages (approximately 62%) and service contracts (approximately 34%). The average contract size in this segment was approximately €141,000 in the fiscal year ended December 31, 2014. Likewise, in the Production Solutions segment we concluded almost all our contracts in the form of work packages (approximately 83%) and service contracts (approximately 13%). The average contract size in this segment was approximately €293,000 in the fiscal year ended December 31, 2014.

Trading update as of and for of the nine-month period ended September 30, 2015[5]

For the nine-month period ended September 30, 2015, we recorded a Core Revenue[6] growth that is below the growth rate for the six-month period ended June 30, 2015 (in each case compared to the respective prior year period) but continues to be clearly above the annual growth rate of 9-12% expected in the A.T. Kearney Report for the top 5 ESPs until 2020. Furthermore, we expect our Adjusted Core EBIT margin to be slightly above the margin of 10.0% we recorded for the six-month period ended June 30, 2015. We expect our net financial indebtedness as of September 30, 2015 to be slightly lower than the €134 million as of June 30, 2015. In addition, due to a temporary build-up of receivables, we expect our trade working capital as percentage of revenue to be higher as of September 30, 2015 compared to the 21.5% as of June 30, 2015. Finally, we expect our Capex as percentage of revenue for the nine-month period ended September 30, 2015 to be within the range of 3-4% seen in the past, but slightly higher compared to the six-month period ended June 30, 2015.

[5] Based on preliminary management numbers.

[6] Core Revenue represents our sales revenues with third parties (excluding intersegment revenues) and changes in inventories for our three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions), and excludes our Others segment.

Outlook

Assuming favorable economic conditions, we strive to achieve a moderate increase in our sales revenues and changes in inventories as well as Adjusted EBIT for the fiscal year 2015. Based on our experience that the second half of a fiscal year is generally stronger than the first half (in particular due to fewer public holidays and our overall growth trajectory) and taking into consideration our current order backlog, we strive to yield growth in sales revenues and changes in inventories across all segments.

Given our substantially increased scale and the significant synergies achieved following the acquisitions of the Rücker Group and the BFFT Group, we have grown our Adjusted Core EBIT margin to 10% for the three-month period ended March 31, 2015 as well as for the six-month period ended June 30, 2015. We aim to increase our Adjusted Core EBIT margin in the medium term by means of cost synergy build-ups from such acquisitions. Generally, we aim to maintain a high level of returns in the medium term.

Our revenue growth, profitability and cash flow objectives are based on our own estimates and assessments, and our ability to reach these objectives is subject to the development of the market, the economic, competitive and regulatory environment as well as uncertainties and certain risks. Therefore, this outlook is based on data and assumptions that may change, and investors have no assurance that our actual results and targets will be met in the future.

Annex: Selected Financial and Business Information

The following table shows the consolidated or combined sales revenues and changes in inventories broken down by segment as well as our Core Revenue, derived from the unaudited condensed consolidated interim statements of comprehensive income for the six-month periods ended June 30, 2015 and June 30, 2014, the audited consolidated statements of comprehensive income for the fiscal years ended December 31, 2014 and December 31, 2013, unless otherwise indicated, and the audited combined statement of comprehensive income for the fiscal year ended December 31, 2012 of EDAG Engineering GmbH (EDAG Engineering GmbH conducts directly and indirectly through its subsidiaries the operative business of EDAG), unless otherwise indicated, as well as the changes between the periods under review:

Table 1	**For the six-month period ended June 30,**		**For the year ended December 31,**		
(in € thousand)	**2015**	**2014**	**2014[1][2]**	**2013[2]**	**2012[3]**
	(unaudited, consolidated)		*(audited unless otherwise indicated, consolidated)*		*(audited unless otherwise indicated, combined)*
SALES REVENUES AND CHANGES IN INVENTORIES					
Vehicle Engineering……………………………..	225,552	206,837	417,604	391,795	254,104
Change from previous period (%)…………....	*9.0%*		*6.6%*	*54.2%*	
Production Solutions…………………………....	58,242	47,819	106,375	77,762	71,367
Change from previous period (%)…………....	*21.8%*		*36.8%*	*9.0%*	
Electrics/Electronics……………………………..	76,632	52,063	123,834	98,004	37,579
Change from previous period (%)…………....	*47.2%*		*26.4%*	*160.8%*	
Consolidation for the three core segments (unaudited) [4]…………………………………….	- 5,194	- 3,193	- 13,131	- 6,970	- 6,266
Core Revenue (including changes in inventories) (unaudited)[5]…………………..	**355,232**	**303,526**	**634,682**	**560,591**	**356,784**
Change from previous period (%)…………....	*17.0%*		*13.2%*	*57.1%*	
Others (after consolidation)[6]…………………..	98	29,077	55,066	71,821	58,397
Change from previous period (%)…………....	*- 99.7%*		*- 23.3%*	*23.0%*	
Total Business	**355,330**	**332,603**	**689,748**	**632,412**	**415,181**
Change from previous period (%)……….......	*6.8%*		*9.1%*	*52.3%*	

Management uses earnings before interest and taxes (**EBIT**), Adjusted EBIT and Adjusted Core EBIT to assess the economic success of our business, with Adjusted EBIT being our central control parameter. EBIT is equal to gross profit less personnel expenses, depreciation, amortization and impairment and other expenses. Adjusted EBIT is equal to EBIT as adjusted for exceptional expenses which in the fiscal years ended December 31, 2014, 2013 and 2012, as well as in the six-month periods ended June 30, 2015 and June 30, 2014, related to expenses from purchase price allocation, income/expenses from deconsolidations, income/expenses from initial consolidations, expenses from additional selling costs from M&A transactions, expenses from restructuring/severance payments, income from the sale of real estate, expenses from the sale of real estate and expenses from the impairment of real estate. Management believes that these metrics provide a view of our income that is more accurately indicative of our actual performance than other metrics. Adjusted Core EBIT represents the sum of the Adjusted EBIT for our three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions) and excludes our Others segment. Adjusted Core EBIT is adjusted for purchase price allocations on a Group level. These purchase price allocation adjustments relate only to the three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions). No purchase price allocation adjustments relate to the Others segment.

The following table shows the consolidated or combined EBIT, Adjusted EBIT and Adjusted EBIT margin broken down by segment as well as Adjusted Core EBIT and Adjusted Core EBIT margin derived from the unaudited condensed consolidated interim statements of comprehensive income for the six-month periods ended June 30, 2015 and June 30, 2014, the audited consolidated statements of comprehensive income for the fiscal years ended December 31, 2014 and December 31, 2013 and the audited combined statement of comprehensive income for the fiscal year ended December 31, 2012 of EDAG Engineering GmbH:

Table 2	**For the six-month period ended June 30,**		**For the year ended December 31,**		
(in € thousand)	**2015**	**2014**	**2014[(2)]**	**2013[(2)]**	**2012[(3)]**
	(unaudited, consolidated)		*(audited unless otherwise indicated, consolidated)*		*(audited unless otherwise indicated, combined)*
EBIT / ADJUSTED EBIT					
Vehicle Engineering					
EBIT[(7)]…………………………………………..	20,940	13,374	26,027	19,052	17,672
Purchase price allocation[(8)] (unaudited)…….	2,528	2,659	5,317	5,341	1,338
Adjusted EBIT[(7)] (unaudited)……………….	**23,468**	**16,033**	**31,344**	**24,393**	**19,010**
Adjusted EBIT margin (%)[(9)] (unaudited)…	*10.4%*	*7.8%*	*7.5%*	*6.2%*	*7.5%*
Production Solutions					
EBIT[(7)]………………………………………….	6,717	5,436	11,974	9,023	7,140
Purchase price allocation[(8)] (unaudited)……	49	-	-	-	-
Adjusted EBIT[(7)] (unaudited)………………	**6,766**	**5,436**	**11,974**	**9,023**	**7,140**
Adjusted EBIT margin (%)[(9)] (unaudited)...	*11.6%*	*11.4%*	*11.3%*	*11.6%*	*10.0%*
Electrics/Electronics					
EBIT[(7)]...	4,562	196	8,219	6,558	3,416
Purchase price allocation[(8)] (unaudited)……	808	824	1,648	3,010	-
Adjusted EBIT[(7)] (unaudited)………………	**5,370**	**1,020**	**9,867**	**9,568**	**3,416**
Adjusted EBIT margin (%)[(9)] (unaudited)…	*7.0%*	*2.0%*	*8.0%*	*9.8%*	*9.1%*
Adjusted Core EBIT[(10)] (unaudited)……….	**35,604**	**22,489**	**53,185**	**42,984**	**29,566**
Adjusted Core EBIT margin (%)[(11)] (unaudited) …………………………………	*10.0%*	*7.4%*	*8.4%*	*7.7%*	*8.3%*
Group Purchase price allocation adjustment[(12)]……………………………………	- 3,385	-3,483	- 6,965	- 8,351	- 1,338
Others[(6)]					
EBIT[(7)]..	415	9,571	41,423	3,890	7,254
EBIT of the Group[(13)]……………………..………	**32,634**	**28,577**	**87,643**	**38,523**	**35,482**
Total adjustments[(14)]……………………………	2,781	- 4,470	- 29,766	11,142	- 3,439
Adjusted EBIT of the Group[(15)]……………..	**35,415**	**24,107**	**57,877**	**49,665**	**32,043**
Adjusted EBIT margin of the Group (%)[(16)] (unaudited)………………………………….	*10.0%*	*7.2%*	*8.4%*	*7.9%*	*7.7%*

(1) Revenues for the various subsidiaries disposed of during the year ended December 31, 2014 included only for the periods prior to their respective disposals.

(2) Data for the fiscal years ended December 31, 2014 and December 31, 2013 on a consolidated basis and each comprising the business of the Rücker Group and the business of the BFFT Group for the full fiscal year.

(3) Data for the fiscal year ended December 31, 2012 on a combined basis and comprising the business of the Rücker Group with effect for accounting purposes from October 1, 2012, the date of the initial inclusion

of the Rücker Group in our combined group of entities for the purposes of our audited combined financial information. Data excludes the business of the BFFT Group, which was acquired with effect for accounting purposes from January 1, 2013.

(4) Consolidation for the three core segments is a non-IFRS measure. Consolidation for the three core segments represents the elimination of the sales revenues within the three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions) and consists of the sum of "sales revenue with other segments" relating to the three core segments and excludes "sales revenue with other segments" relating to the Others segment.

(5) Core Revenue (including changes in inventories) is a non-IFRS measure. Our management uses Core Revenue (including changes in inventories) to assess our operating performance and as a measure of success of our business.

(6) The Others segment represents revenues with third parties (i.e. revenues with entities which are not part of EDAG) or EBIT and includes Haus Kurfürst GmbH, which provides hotel and restaurant services for EDAG customers and employees, as well as a small batch production of chassis modules at our location in Eisenach, which we deconsolidated as of December 31, 2014, EKS InTech GmbH, which was sold on May 31, 2014, and our aerospace subsidiaries, which were sold on March 31, 2014. The Others segment also included the personnel service provider ED Work GmbH & Co. KG until its deconsolidation on May 31, 2012. In addition, all of our essential non-operating expenses and income are also reported here.

(7) EBIT and Adjusted EBIT are non-IFRS measures. EBIT of a given segment represents earnings before interest and taxes for that segment. Adjusted EBIT of a given segment represents EBIT for that segment adjusted for purchase price allocation for that segment. While the amounts included in EBIT and Adjusted EBIT have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014 and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, such measures are not financial measures calculated in accordance with IFRS. Accordingly, EBIT and Adjusted EBIT should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS. Our management uses EBIT and Adjusted EBIT to assess our operating performance and as a measure of economic success of our business. In addition, we believe that EBIT and Adjusted EBIT are measures commonly used by investors. However, EBIT and Adjusted EBIT, as presented here, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(8) Purchase price allocation represents the effects of the amortization of step-ups due to purchase price allocation attributable to the acquisition of the Rücker Group, the BFFT Group and iSOLOG GmbH in the amount of €2.5 million, €0.8 million and €49 thousand respectively, for the six-month period ended June 30, 2015, to the acquisition of the Rücker Group and the BFFT Group in an amount of €2.7 million and €0.8 million respectively, for the six-month period ended June 30, 2014, to the acquisition of the Rücker Group and the BFFT Group in an amount of €5.3 million and €1.6 million, respectively, for the fiscal year ended December 31, 2014 and €5.3 million and €3.0 million, respectively, for the fiscal year ended December 31, 2013. For the fiscal year ended December 31, 2012, purchase price allocation represents the effects of the amortization of step-ups due to purchase price allocation of €1.3 million attributable to the acquisition of the Rücker Group.

(9) Adjusted EBIT margin is a non-IFRS measure. Adjusted EBIT margin represents the ratio of the Adjusted EBIT of a given segment over the sales revenues and changes in inventories for that segment. While the amounts included in Adjusted EBIT margin have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014 and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, this measure is not a financial measure calculated in accordance with IFRS. Accordingly, Adjusted EBIT margin should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS.

(10) Adjusted Core EBIT is a non-IFRS measure. The first component of the Adjusted Core EBIT represents the sum of EBIT for our three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions), and excludes our Others segment. The second component is the purchase price allocation adjustments on a Group level which are added to the first component. These purchase price allocation adjustments relate only to the three core segments (Vehicle Engineering, Electrics/Electronics and Production Solutions). No purchase price allocation adjustments relate to the Others segment. Our management uses Adjusted Core EBIT to assess our operating performance and as a measure of success of our business. While the amounts included in Adjusted Core EBIT have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014 and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, this measure is not a financial measure calculated in accordance with IFRS.

Accordingly, Adjusted Core EBIT should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS.

(11) Adjusted Core EBIT margin is a non-IFRS measure. Adjusted Core EBIT margin represents the ratio of our Adjusted Core EBIT over our Core Revenue (including changes in inventories). While the amounts included in Adjusted Core EBIT margin have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014 and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, this measure is not a financial measure calculated in accordance with IFRS. Accordingly, Adjusted Core EBIT margin should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS.

(12) Group purchase price allocation adjustment comprises the sum of the effects from the amortization of step-ups due to purchase price allocations with respect to the Vehicle Engineering and Electrics/Electronics segments. Because these adjustments are also included in total adjustments on a Group level, it is necessary to remove the amount of these purchase price allocations in order to reconcile the Adjusted Core EBIT with Adjusted EBIT of the Group.

(13) EBIT of the Group is a non-IFRS measure. EBIT of the Group represents the combined EBIT for our four segments. While the amounts included in EBIT of the Group have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014, which include corresponding figures for the fiscal years ended December 31, 2013 and December 31, 2012, and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, this measure is not a financial measure calculated in accordance with IFRS. Accordingly, EBIT of the Group should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS.

(14) Total adjustments apply across the entire Group and comprise income/expenses from deconsolidations, income/expenses from initial consolidations, expenses from additional selling costs from M&A transactions, expenses from restructuring, income from the sale of real estate, expenses from the sale of real estate, expenses from impairment of real estate and amortization of step-ups due to purchase price allocation.

(15) Adjusted EBIT of the Group is a non-IFRS measure. Adjusted EBIT of the Group represents our EBIT of the Group less the total adjustments mentioned in footnote 12 above. While the amounts included in Adjusted EBIT of the Group have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014 and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, this measure is not a financial measure calculated in accordance with IFRS. Accordingly, Adjusted EBIT of the Group should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS.

(16) Adjusted EBIT margin of the Group is a non-IFRS measure. Adjusted EBIT margin of the Group represents the ratio of the Adjusted EBIT of the Group over sales revenues and changes in inventories. While the amounts included in Adjusted EBIT margin of the Group have been derived from our audited consolidated financial statements as of and for the fiscal year ended December 31, 2014 and our unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2015, as applicable, this measure is not a financial measure calculated in accordance with IFRS. Accordingly, Adjusted EBIT margin of the Group should be viewed as supplemental to, but not as a substitute for, measures presented in our consolidated or combined statements of comprehensive income or our consolidated or combined statements of cash flow, which are prepared in accordance with IFRS.

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