



IB NORDHORN  
CONSULECTRA  
Van Ameyde  
TÜV NORD  
CTC advanced  
ENOPLAN  
CONSULECTRA  
ENOMETRIK  
RWTÜV  
CETECOM  
Van Ameyde  
optismall  
ENOPLAN  
IB NORDHORN  
CONSULECTRA  
TÜV NORD  
CETECOM  
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RWTÜV  
CETECOM  
CTC advanced  
optismall  
RWTÜV  
ENOMETRIK  
optismall  
ENOPLAN  
TÜV NORD  
CTC advanced  
Van Ameyde Gruppe  
RWTÜV Grundstücksverwaltungsgesellschaft  
ENOPLAN  
TÜV NORD  
IB NORDHORN  
CONSULECTRA

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SUPERVISORY BOARD

Chairman of the Supervisory Board

Prof. Dr. rer. nat. Karl Friedrich **Jakob**  
Chairman of the Board  
of RWTÜV e.V., Essen/Germany

Vice Chairman of the Supervisory Board

Dr. rer. pol. Elmar **Legge**  
Vice Chairman of the Board  
of RWTÜV e.V., Essen/Germany

Dr. jur. Jürgen-Johann **Rupp**  
Chief Commercial Officer  
RAG Aktiengesellschaft, Herne/Germany

Dipl.-Ing. Volker **Höhnisch**  
Chairman of the Board  
of TÜV Thüringen e.V., Erfurt/Germany

Dipl.-Ing. Muharrem **Gedikoglu**  
CETECOM GmbH, Essen/Germany

Dipl.-Ing Hüseyin **Güngör**  
CETECOM GmbH, Essen/Germany

MANAGING BOARD

Managing Board

Lawyer Reinhold **Rüther**

**CONSOLIDATED** PROFIT AND LOSS ACCOUNT (IFRS)  
OF RWTÜV GmbH AND ITS SUBSIDIARIES  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2018 € '000	2017 € '000
Sales revenue	211,220	202,578
Increase in the inventory of finished goods and work in progress	0	-1,531
Other own work capitalised	215	289
Other operating income	9,026	5,963
Cost of materials	-7,527	-7,229
Personnel expenses		
a) Wages and salaries	-101,536	-99,623
b) Social security contributions and social assistance costs	-21,822	-22,283
Depreciation and amortisation expense	-12,248	-13,173
Other operating expenses	-54,273	-52,312
Result from investments measured using the equity method	17,335	15,890
Result from other investments	0	36
Net interest income	-292	-271
<b>Earnings before tax (EBT)</b>	<b>40,098</b>	<b>28,334</b>
Taxes on income		
a) Income tax expense/income	-5,174	-4,728
b) Deferred taxes	1,717	141
<b>Consolidated net earnings for the year</b>	<b>36,641</b>	<b>23,747</b>
Non-controlling interests	-346	-70

**CONSOLIDATED** BALANCE SHEET OF RWTÜV GmbH AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2018

	31/12/2018	31/12/2017
	€ '000	€ '000
<b>ASSETS</b>		
<b>A. NON-CURRENT ASSETS</b>		
Intangible assets	56,661	50,865
Tangible assets	24,335	24,857
Investment properties	10,346	10,685
Financial assets stated at equity	35,494	16,527
Other financial assets	1,734	1,759
Receivables and other assets	377	375
Deferred tax assets	6,360	4,831
	<b>135,327</b>	<b>109,899</b>
<b>B. CURRENT ASSETS</b>		
Inventories	204	32,916
Receivables and other assets	120,266	87,405
Income tax assets	1,420	1,730
Cash and cash equivalents	98,664	79,832
	<b>220,554</b>	<b>201,883</b>
<b>C. ASSETS HELD FOR SALE</b>	<b>4,377</b>	<b>0</b>
	<b>360,258</b>	<b>311,782</b>
	31/12/2018	31/12/2017
	€ '000	€ '000
<b>EQUITY AND LIABILITIES</b>		
<b>A. SHAREHOLDERS' EQUITY</b>		
Subscribed capital	10,000	10,000
Capital reserves	24,225	24,225
Revenue reserves	243,676	208,477
Other shareholders' equity items	-101,550	-105,547
Non-controlling interests	798	567
	<b>177,149</b>	<b>137,722</b>
<b>B. NON-CURRENT LIABILITIES AND PROVISIONS</b>		
Non-current liabilities	607	3,608
Provisions for pensions and similar obligations	12,252	12,416
Other non-current provisions	2,180	2,348
Deferred tax liabilities	2,311	2,410
	<b>17,350</b>	<b>20,782</b>
<b>C. CURRENT LIABILITIES AND PROVISIONS</b>		
Current liabilities	144,475	136,009
Income tax liabilities	2,359	706
Short-term provisions	18,925	16,563
	<b>165,759</b>	<b>153,278</b>
	<b>360,258</b>	<b>311,782</b>

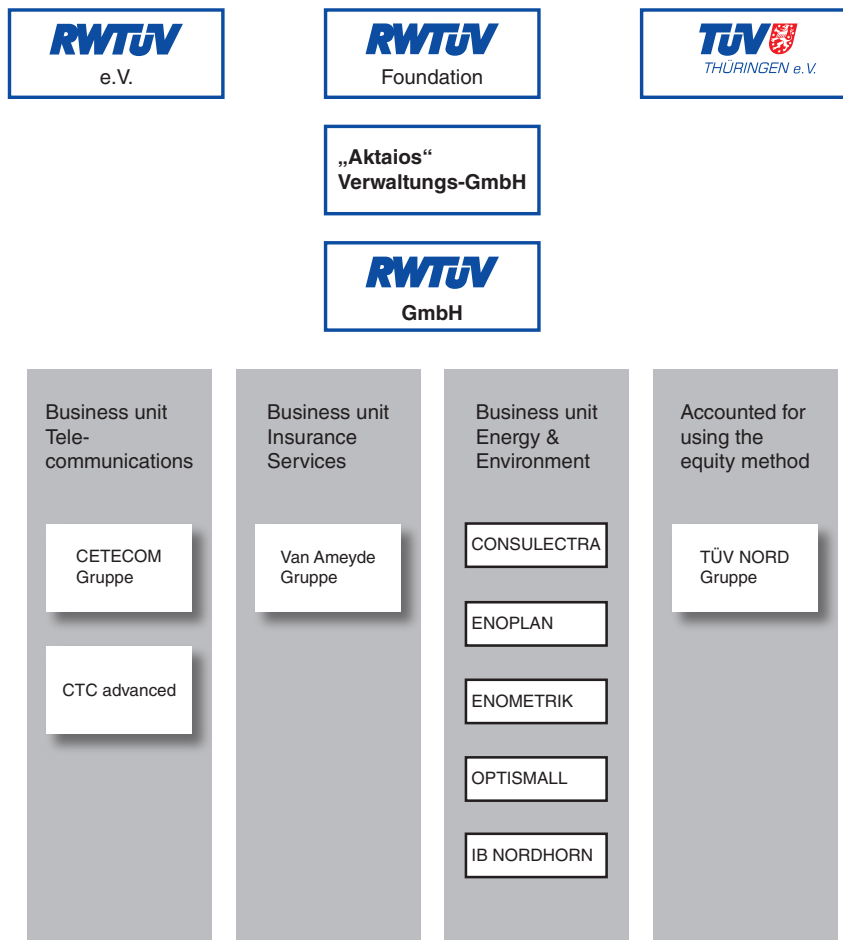
The RWTÜV Group is a group of technology service provider companies with strong brands. RWTÜV GmbH is the holding company. The Group has an efficient group structure with a diversified portfolio, in which innovativeness, efficiency and sustainability are vital. Via its operating holdings, the Group is currently represented in more than twenty countries in Europe, Asia and North America.

On the cut-off date 31 December 2018, including the management and financial holding company RWTÜV GmbH, the Group comprised ninety-eight (2017: 96) fully consolidated companies, of which 17 were in Germany and 81 in other countries. In addition, RWTÜV GmbH holds a 36.1 % stake in TÜV NORD AG, a global testing, inspection and certification (TIC) group.

The RWTÜV Group ended fiscal 2018 with net earnings for the year of € 36.6 million (2017: € 23.7 million) and sales of € 211.2 million (2017: € 202.6 million). Thus we achieved growth of 4.2 %. Our strategy is focused on continued organic and inorganic development of our companies, growth in markets of the future, and achieving stable profit, cash and value contributions.

Due to our positioning as a diversified services group, the Group is structured into three business units: Insurance Services, Telecommunications, and Energy & Environment. Our companies occupy stable market positions in their sub-segments. The holding in TÜV NORD AG is accounted for in the consolidated annual financial statements using the equity method.

The following diagram shows the structure of the RWTÜV group:



The *Insurance Services* business unit consists of the Van Ameyde group (VAI) and contains 88 companies in more than 20 European countries. VAI offers comprehensive solutions for settling domestic and international claims to a client base mainly comprising insurance companies, insurance brokers, leasing companies and vehicle fleet operators. Additional services are offered along the value chain: complete claims process outsourcing, secondment of multi-lingual interim professionals such as claim adjusters and surveyors, as well as risk identification and assessment with the aim of facilitating the decision as to which preventive measures to take, and how best to control the loss burden. Claims process audits complete the service offering of the Van Ameyde group.

The *Telecommunications* business unit comprises the CETECOM companies with sites in Germany, the U.S. and Asia, as well as CTC advanced GmbH. The service portfolio covers consultancy, training, development, engineering, validation, certification and approval management. Testing and certification is a focus of the business unit's international activities. CETECOM and CTC advanced operate independently of manufacturers with their accredited laboratories equipped with state-of-the-art testing systems. Changes in the mobile communication market due to the Internet of Things (IoT) megatrend have led to a focusing on new customer groups, and have increased demand for testing and certification of products and machines of all kinds that have one or more built-in wireless interfaces. This focusing enables further exploitation of existing market potential, and thus enhances the value of the business unit.

The operating companies in the *Energy & Environment* business unit are: CONSULECTRA Unternehmensberatung GmbH, Hamburg/Germany, ENOPLAN Ingenieurgesellschaft für Energiedienstleistungen mbH, Bruchsal/Germany, ENOMETRIK Gesellschaft für Messdienstleistungen mbH, Bruchsal/Germany, Optismall GmbH, Bruchsal/Germany and Ingenieurbüro Nordhorn GmbH & Co. KG, Münster/Germany.

CONSULECTRA advises energy utility companies on technical, business management and organisational issues. Other focuses of CONSULECTRA's activities are grid planning and grid operation services in Germany and other countries. ENOPLAN helps businesses optimise their energy usage and energy costs. In addition, ENOMETRIK offers energy measurement services and other services relating to the optimisation of energy consumption. Optismall GmbH specialises in the commercial customer segment (under 400,000 kWh p.a.) for electricity and natural gas. The engineering bureau IB NORDHORN specialises in technical building equipment. It offers construction planning and construction supervision in close collaboration with building owners, architects and building contractors. Complex industrial and commercial buildings with technically demanding solutions are the main focus.

## MARKET AND INDUSTRY CONDITIONS

The German Federal Ministry of Economics and Technology (BMWi) reports that the German economy continued on a positive growth path in 2018. However, a weak external environment and one-off charges in the automobile industry weighed on economic sentiment. Trade conflicts, currency fluctuations in emerging markets, economic problems in Italy, and the negotiations over the United Kingdom's exit from the European Union increased the general uncertainty over the future economic outlook.

Political, regulatory and economic conditions have a significant bearing on the development of an internationally operating services group. The "Insurance Services" business unit operates mainly in the eurozone and United Kingdom, whereas the "Telecommunications" business unit is expanding globally in the wireless-based technologies sub-segment. In contrast, the "Energy & Environment" business unit is predominantly influenced by trends within Germany. All in all, the companies within the RWTÜV Group did well in their respective environments in 2018.



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## BUSINESS TREND

The key data for RWTÜV Group's fiscal year are as follows:

- External sales: € 211.2 million  
(2017: € 202.6 million)
- Earnings before tax: € 40.1 million  
(2017: € 28.3 million)
- Return on sales, based on the result before income taxes: 19.0 %  
(2017: 14.0 %)
- Equity ratio: 49.2 %  
(2017: 44.2 %)

Once again, RWTÜV Group can look back on a satisfying business year in 2018, having surpassed the previous year's forecast in respect of sales and earnings trends substantially due to a non-recurring gain.

The domestic business finished 2018 with sales revenues amounting to € 55.5 million (2017: € 50.9 million). The share of international business in consolidated sales came to € 155.7 million (2017: € 151.7 million). A total of 74 % of sales were generated outside of Germany in fiscal 2018.

The individual business units developed as follows:

### *Insurance Services business unit*

The RWTÜV Group has steadily expanded its portfolio in the *Insurance Services* business unit through targeted acquisitions in order to achieve its growth and earnings targets. The new acquisitions gave the Van Ameyde group a broader regional presence in the Benelux countries, Scandinavia and the Baltic, and they increased market share in segments that are already served. Relevant market positions were obtained in the British real estate and accident insurance market, and in the Dutch market sub-segment for personal injury insurance cover. In addition, the Group's position was strengthened in the Scandinavian, Baltic and Russian sub-sector of the marine segment. In the highly competitive service market for the insurance industry, the Van Ameyde group again reported positive development, with sales – including a one-off gain – increasing by 7.8 % in 2018 compared to the previous year. Van Ameyde group's total sales in fiscal 2018 came to € 139 million.

### *Telecommunications business unit*

Sales in the *Telecommunications* business unit, at € 46.1 million, were slightly below the previous year's level.

CETECOM's business model is based on testing and certification for all kinds of devices and machines, especially those with built-in wireless technologies. Products are networked mainly via wireless systems. Demand for these services is rising globally, driven by the Internet of Things (IoT) megatrend.

Accordingly, sales for CETECOM GmbH, at € 14.1 million, were significantly above the previous year's level.

The subsidiary CETECOM Inc., based on the west coast of the United States, reported sales of € 9.3 million in 2018. This figure is significantly lower than the previous year's level, since market changes were taken into account by focusing activities on the IoT megatrend and one business segment was sold in 2017.

With regard to business activities in Asia, performance was mixed. At € 5.0 million, the Korean company's sales in 2018 exceeded the previous year's level. Despite a decline in sales to € 2.2 million, CETECOM Japan maintained a stable market position in the local market.

CTC advanced GmbH, based in Saarbrücken/Germany, reported sales of € 18.4 million in 2018, slightly below the high level of the previous year. In 2018, the company further stabilised its market position in the telecommunications industry, as well as in smartcard technologies, medical technology and the automotive supply sector. It also benefited from continuing growth in the global use of innovative wireless-based technologies in diverse industrial sectors.

### *Energy & Environment business unit*

The *Energy & Environment* business unit generated consolidated sales of € 24.7 million in 2018, around 1.6 % higher than the previous year's level.

In 2018, as in previous years, the energy industry was shaped by regulatory requirements and imminent major technological changes. In the grid operator segment, digitalisation and continuing automation are key themes.

CONSULECTRA was unable to implement a planned staffing increase in 2018, and staff departures due to age were only partially offset by new recruitment. Sales fell to € 4.9 million.

ENOPLAN continued to develop in 2018 as a "one-stop" service provider in the energy industry. Alongside the pure energy brokerage business, ENOPLAN handles, coordinates and monitors all special issues relating to decentralised power generating facilities, notification requirements under the German Combined Heat and Power Act (Kraft-Wärme-Kopplungsgesetz, KWKG), and network charge optimisation, ensuring that they are dealt with at the right time. In a market that remains highly price-competitive, ENOMETRIK has established itself as the largest independent metering point operator in the commercial customer segment. Optismall GmbH specialises in the commercial customer segment (under 400,000 kWh p.a.) for electricity and natural gas. Fiscal 2018 went accordingly well for ENOPLAN, ENOMETRIK and Optismall. Total sales came in at € 16.9 million, around 5.0 % above the previous year's level.

Business for IB Nordhorn during 2018 was characterised by a high project workload. Sales totalled € 3.4 million, around 12.4 % higher than the previous year's level.

## EARNINGS SITUATION

With external sales of € 211.2 million (2017: € 202.6 million), the RWTÜV Group achieved earnings before taxes (EBT) of € 40.1 million (2017: € 28.3 million) and net earnings for the year of € 36.6 million (2017: € 23.7 million). Regarding the development and analysis of sales revenue in the individual business units, we refer to the statements concerning business development.

Other operating income in 2018 increased compared to the previous year from € 6.0 million to € 9.0 million, as a subsidiary was sold. Depreciation/amortisation expense, at € 12.2 million, was below the previous year's level, as extraordinary depreciations had to be made in the previous year owing to adaptations to market changes.

Other operating expenses, at € 54.3 million, were around 3.7 % higher than the previous year's level of € 52.3 million, in line with business development. The result from investments measured using the equity method – the minority holding in TÜV NORD AG – increased by 9.1 % from € 15.9 million to € 17.3 million. Tax expenses in 2018 amounted to € 3.5 million. Changes in equity not affecting net income are included in the notes concerning the asset position.

## FINANCIAL POSITION

RWTÜV Group's conservative financial policy is traditionally an integral part of the Group's philosophy. The most important goals – those of ensuring an appropriate level of liquidity as well as needs-based Group financing for the Group companies – were fulfilled. It is based on a financial plan and a rolling forecast method for liquidity planning with a planning period of up to one year. Cash inflows from operating activities are the most important source of liquidity.

RWTÜV Group's cash flow (cash flow from operating activities) stood at € 22.7 million in 2018 (2017: € 24.2 million). Cash flow from investing activities was positive at € 0.2 million (2017: € -14.2 million), because a company was sold. Cash flow from financing activities amounted to € -4.1 million (2017: € 0.2 million). In total, cash and cash equivalents amounted to € 98.7 million. For details, please refer to the cash flow statement in the notes to the consolidated annual financial statements.

In the reporting period a total of € 17.5 million (2017: € 14.5 million) was invested across the Group in tangible and intangible assets. Of this amount, the Telecommunications business unit accounted for € 8.8 million (2017: € 4.5 million), the Insurance Services business unit € 7.9 million (2017: € 8.4 million) and the Energy & Environment business unit € 0.8 million (2017: € 1.6 million). In addition, € 1.6 million was invested in the investment portfolio in the Insurance Services business unit.

## ASSET POSITION

The balance sheet structure of the RWTÜV Group also indicates that the Group's financing and liquidity continued to stand on a secure basis in 2018.

Shareholders' equity as at 31 December 2018 totalled € 177.1 million, and total assets came to € 360.3 million. As a result, the Group equity ratio increased to 49.2 % (2017: 44.2 %). The low interest rate level was taken into account by leaving the discount rate for pension obligations at 1.2 % in Germany and setting it at 1.9 % for other countries. The reporting of the overall actuarial losses recognised without affecting profit, including the profit-neutral valuation from the shares measured using the equity method, which have arisen from this discounting, had a cumulative negative impact of € 100.0 million on shareholders' equity up to 2018.

As at 31 December 2018, the company's reserves to total capital ratio (reserves / total capital) remained at a constantly high level of 74.4 % (2017: 74.6 %), which contributes to a high level of protection. Long-term assets totalled € 135.3 million (2017: € 109.9 million). The cover ratio (shareholders' equity / non-current assets) was 130.9 % (2017: 125.3 %), and hence non-current assets are fully covered by long-term capital. Short-term borrowed capital, at € 165.8 million (2017: € 153.3 million) is less than short-term assets of € 220.6 million (2017: € 201.9 million), demonstrating that payment obligations can be fulfilled.

Given the macroeconomic situation, we are satisfied with the development of the Group's assets, financial position and earnings situation. The conditions are in place for further controlled growth.

## BASIC PRINCIPLES OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements per 31/12/2018 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union, which are issued by the International Accounting Standards Board (IASB). In order to achieve equivalence with consolidated annual financial statements as prepared in accordance with German commercial law, all statutory obligations over and above the IASB rules were fulfilled.

## RWTÜV GmbH – ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

RWTÜV GmbH is the financial and management holding company for the RWTÜV Group. RWTÜV GmbH is managed and controlled by the Managing Board of RWTÜV GmbH according to financial ratios, the main ones being sales/results figures and investments. The Managing Board obtains its information on an ongoing basis from a monthly Group report and holds regular discussion meetings with the representatives of the company's executive bodies and with the management of RWTÜV Group's operating companies.

RWTÜV GmbH prepares its individual company financial statements in accordance with the rules set out in the German Commercial Code (Handelsgesetzbuch, HGB).

A profit-pooling agreement has existed since 2005 between the financial and management holding company RWTÜV GmbH and the Group company RWTÜV Grundstücksverwaltungs-GmbH.

In the reporting period, RWTÜV GmbH generated net earnings for the year of € 4.5 million (2017: € 2.1 million). Sales revenue totalling € 1,476,000 (2017: € 1,424,000) is comprised of group head office charges and services.

Non-current assets as at 31 December 2018 were € 87.1 million (2017: € 89.0 million) while current assets stood at € 20.2 million (2017: € 15.4 million). Total assets per 31 December 2018 amounted to € 107.3 million (2017: € 104.5 million).

Per 31 December 2018, the balance sheet of RWTÜV GmbH showed shareholders' equity of € 98.2 million (2017: € 95.2 million). As a result, the equity ratio of the financial and management holding company RWTÜV GmbH stood at 91.5 % (2017: 91.4 %).

The opportunities, risks and future development of RWTÜV GmbH largely correspond to the opportunities, risks and future development of the RWTÜV Group.

## INTERNAL CONTROL SYSTEM

An internal control system is implemented within the RWTÜV Group which defines rules for business-critical processes and for their monitoring. As an organisational framework, RWTÜV GmbH has specified an extensive system of policies, rules of procedure and schedules of responsibilities. The internal control system, which is geared towards the individual companies' particular business activities, is intended to protect assets. Control activities are all measures intended to ensure that business risks are adequately addressed. The company managements and the supervisory bodies integrated into the processes are responsible for monitoring and continually improving the internal control system. Business operations are conducted and documented in accordance with the key operational processes. The policies and process descriptions are based on the respective operational service provision processes.

All information from the subsidiaries is prepared and analysed in the holding company RWTÜV GmbH. This includes monthly reporting, regular risk reporting, reports on functional tests of the internal control system and ad hoc reporting, and submission of transactions subject to approval. With regard to Group accounting, the internal control system ensures that accounting is carried out in accordance with generally accepted accounting principles and the International Financial Reporting Standards. Consolidated accounting guidelines exist for this purpose, and define standardised accounting rules.

Supervision of Group companies is assisted by a Group internal audit department.

The internal control system that is established in the RWTÜV Group therefore ensures that rules for the management of business activities are adhered to. Compliance with these rules and their effectiveness are regularly monitored.

## RISK MANAGEMENT SYSTEM

The risk management system is also a component of Group controlling, serving to avoid or control risks arising from business activities. It comprises all measures necessary for dealing systematically and transparently with risks, and forms part of the overall Group management system through its links with controlling processes. The risk management system is established at all levels of the Group. In the current Group risk management policy, we have formulated all the mandatory specifications for the risk management process. As an integral part of the internal controlling system, it is the task of the risk management system to identify and assess risks at an early stage so that appropriate counter-measures can be planned and implemented.

A quarterly risk and opportunity assessment is carried out for all affiliated companies in the RWTÜV Group. In addition, the Group companies have undertaken to submit ad-hoc reports, where needed. As a result, external and internal risks are systematically recorded and assessed in a standardised way throughout the Group according to the extent of potential damages. They are assigned to risk levels according to the estimated probability of occurrence. Thus the risk management system guarantees a comprehensive overview, enabling management measures to be taken. In this regard, sales and earnings before tax are central performance indicators for setting targets and measuring business success.

Risks that the RWTÜV Group is currently exposed to are subject to a permanent system of management and control. In so far as these risks affect the Group's earnings, assets and financial position, counter-measures are introduced. If necessary, risk provisions are made for the various risk areas. In addition, potential damages and liability risks are covered by appropriate insurance policies which will contain or completely eliminate the financial impacts of any damages that occur. Furthermore, the operating companies are required to develop action alternatives and counter-measures at an early stage to avert and minimise risks. All decision-makers in the Group are involved in the management of our risks.

Strict cost management and quality assurance at all levels of the Group contribute to reducing the identified risks and to strengthening the competitive position of the RWTÜV Group. The risk management system is subject to a process of continuous improvement in accordance with current requirements. Its efficiency and effectiveness are regularly monitored by the internal auditors.

## COMPLIANCE

Compliance is one of the basic requirements for the long-term success of a company, and is a fundamental element of solid corporate management. Complying with laws, regulations and internal guidelines is part of our corporate culture. Our compliance strategy has the goal of creating a sustainable integrated compliance culture. Our compliance management system is closely integrated with our risk management system and our internal control system, so that compliance is an integral part of our business processes. Our compliance policy, which follows the IdW 980 assurance standard, provides information on how the legal representatives of the Group companies can meet their compliance responsibility in the operating business. It offers specific guidance for the integration of compliance requirements.

We regard compliance – i.e. all of the measures throughout the Group for ensuring compliance with laws, regulations and internal policies – as a key management and supervisory task. We pursue a preventive compliance approach, and strive for a corporate culture that rules out potential compliance breaches and embodies a sustainable culture of values. We have a clear commitment to comply with laws, regulations and internal guidelines: we take a zero-tolerance approach to violations, particularly antitrust violations and corruption. All reports of misconduct are investigated. An external ombudsman is additionally available as an external contact person.

Compliance activities focused on data protection in 2018, with the entering into force of the General Data Protection Regulation (GDPR) in May 2018. Our Group internal audit department carried out compliance audits once again in 2018. Regular compliance reporting covered all levels of our Group, up to and including the Supervisory Board.

## FORECAST, OPPORTUNITY AND RISK REPORT

As an internationally operating group of companies, RWTÜV Group is faced with many kinds of opportunities and risks which are inseparably linked to business activity. Opportunities and business success for the Group companies result from their presence in growth sectors and from dynamic markets driven by global megatrends. The associated risks are influenced by various different factors. These include industry and competitive conditions, geographical and industry-specific economic cycles, political and financial conditions, and of course global economic development.

The standardised reporting processes ensure timely and structured information concerning the Group's current risk situation. We understand risks to mean a negative deviation from target owing to future developments. Through its links to planning and monthly reporting, the risk management system is a key element of corporate management. Responsibility for identifying and controlling risks lies with the managers in the operating units. These identified risks are analysed centrally and presented to the supervisory bodies. In fiscal 2018 there were no identifiable risks which individually or together threatened the continued existence of the RWTÜV Group or existentially affected the Group's assets,

financial position or earnings situation. There are no significant price, default or liquidity risks for the Group, nor any risks resulting from cash flow fluctuations or the use of financial instruments. The Group's financial assets are structured in such a way that no material risks exist from the current perspective. We continuously monitor risks associated with business activities; balance sheet provisions are made where required.

Measures to counteract risks are introduced at an early stage, if necessary. In addition, in order to contain and avoid risks, market development and the trend in incoming orders in the respective Group companies are continuously monitored to enable a rapid reaction to falling sales with sales initiatives accompanied by marketing and cost management measures.

To maintain solvency, we hold cash based on liquidity planning. Active portfolio management remains a key element for the development of our Group. Thanks to our financial position, we are able to carry out transactions risk-free and actively support the acquired companies in their continued development. Opportunity management consists of systematically dealing with opportunities and potentials within the Group. On a monthly basis, Group reporting records the current earnings situation and liquidity position of the subsidiaries to enable an assessment of opportunities and risks. As part of the annual planning process, which all units have to follow, the framework for short and medium-term goals is specified so that target/actual comparisons can be carried out at any time. Our goal is for all companies to generate a sustained value and cash flow contribution for the Group.

The following risks, opportunities and business activity trends are reported for the business units.

#### *Insurance Services business unit*

In the *Insurance Services* business unit, the Van Ameyde group continues to occupy a stable position in Europe in a highly competitive insurance market. The Van Ameyde group counteracts the risk resulting from competitive and price pressure by making adjustments to its organisational structure and ongoing improvements to IT systems, and by strengthening customer loyalty, enhancing its service offering and developing new markets. Opportunities result from new acquisitions and from business developments outside Europe. Risks result for the Van Ameyde group from possible terminations of services provided for insurance companies and banks. Further risks may result from possible currency translation effects of Brexit for business in the United Kingdom, and from constantly changing IT requirements. For 2019, a declining level of sales is expected, since non-recurring gains occurred in 2018.

#### *Telecommunications business unit*

The Internet of Things, with its strong reliance on various wireless technologies, provides CETECOM group with a strong basis for continuing to participate in this growth market. The trend of globally networking products and machines will continue in the coming years, leading to a growing demand for testing and certification services. For the CETECOM group with its sites in Europe, North America and Asia, this global megatrend holds substantial business potential. The main risks are changes in test standards and market volatilities.

Testing and certification of wireless-based products will still be a main focus of business development for CTC advanced GmbH in the future. The strongly persistent trend for progressive implementation of wireless technologies in the key sectors for CTC advanced (telecommunications, automotive, medical, banking and automation) has continued apace. The next generation of communication systems – which are now in development and in some cases already on the market – and the associated increasing networking of people, processes and machines (Internet of Things, home automation, Industry 4.0) is being further expanded with corresponding wireless systems. The need to technically safeguard these products with the aid of CTC services continues to increase.

Owing to the very specific activities of the CETECOM group and CTC advanced GmbH, in conjunction with job market shortages due to market growth, it is becoming increasingly difficult to recruit qualified engineers and other personnel.

A slightly rising level of sales is anticipated for the business unit in 2019.

#### *Energy & Environment business unit*

Regulatory changes are expected to have volatile impacts in 2019 as well.

With its secure, strong market position in network control technology and grid planning, an improved revenue position is expected for CONSULECTRA in 2019.

ENOPLAN's current positioning as a complete provider and its large number of customers across different sectors will continue to have a positive impact on the development of ENOPLAN in the future. ENOPLAN is one of the few energy service providers that can serve nearly all of the energy market's requirements from within its own group of companies. IB Nordhorn will continue to participate in predicted high market growth rates for technical building equipment. In this business unit too, it is a challenge to recruit qualified engineers and other employees. All in all, for the Energy & Environment business unit, the level of sales is expected to increase slightly in 2019.

To consistently target profitable growth in the Group, the business units and the Group's strategic development are continuously controlled. In this way, we further strengthen our financial base and gain the necessary flexibility to gear our business activities specifically to markets of the future.

Consistent development of our companies for the markets of the future assures the growth and value enhancement prospects of the RWTÜV Group. Our multi-year planning enables us to identify opportunities in all business units from the relevant market trends. This process, with a Group-wide structure, provides the basis for the continued development of the Group. Opportunities result from our diversified, profitable service portfolio, as capital intensity is of only secondary importance there.

Strong performance orientation is a pillar for development: our goal is to continuously improve the operational performance of Group companies. Among the performance criteria used to assess our businesses, in addition to results-oriented indicators we focus closely on cash generation. These form the basis for future investment capabilities and are therefore a fundamental requirement for positioning the RWTÜV Group as a diversified entity and ensuring long-term profitability. We expect all our companies to occupy solid market positions and generate good earnings. Strong cash flow orientation, EBT, and the corresponding return on sales and investment form the basis for management processes and decision-making at the strategic and operational levels. Group management defines medium-term goals in the course of annual medium-term planning.

The described development of our finances in the years ahead will enable us to continue making investments in developing strategically attractive growth businesses. Thus the goal continues to be to achieve sustained positive cash flow from operating business activities. Rapid integration of acquired businesses into the Group business process is an important part of this.

Continued stable business development is expected over the years ahead. According to the current forecast, the financing and liquidity of the RWTÜV Group will continue to stand on a secure basis in 2019. Since the economic environment remains challenging, and one-time effects occurred in 2018, we anticipate slightly lower sales and earnings before tax in 2019 compared to 2018. Owing to the first-time adoption of IFRS 16, the equity ratio will fall slightly. However, the actual results may differ from expectations not least because of unforeseeable external factors, particularly macroeconomic developments.



The RWTÜV Group employed 1,785 people on average for the year. Of these, 420 employees worked in Germany and 1,365 employees worked in other countries.

The Managing Board of RWTÜV GmbH wishes to thank all members of staff and the management of Group holdings in Germany and other countries for their dedication, dependability and constructive teamwork.

Essen/Germany, 29 March 2019

RWTÜV GmbH  
Managing Board

A handwritten signature in black ink, appearing to read "Rüter".

Reinhold Rüter

In fiscal 2018 the Supervisory Board of RWTÜV GmbH performed the tasks incumbent upon it as required by statutory provisions, the articles of association, and the rules of procedure. It regularly advised the Managing Board in the management of the company and supervised the activities of the Managing Board. The Supervisory Board was involved in all decisions that were of fundamental importance.

During fiscal 2018, three ordinary Supervisory Board meetings were held, on 26 April, 17 September and 19 December, and one extraordinary meeting was held on 21 March 2018.

The Managing Board regularly informed the Supervisory Board promptly and extensively, both in writing and verbally, about corporate planning, the course of business in general, the current economic and financial situation and profitability of the Group and Group companies, the development of the Group, the risk situation and risk management system, the internal control system (ICS) and the compliance management system (CMS). All other important business transactions such as investments, divestments, staffing and organisational changes, and deviations from plan in the development of business were also explained in detail by the Managing Board. Furthermore, significant business transactions for the company were discussed extensively by the Supervisory Board and with the Managing Board. In so far as was required in accordance with statutory provisions, the articles of association and the rules of procedure, following thorough examination and deliberation the Supervisory Board voted on the Managing Board's reports and proposed resolutions.

The Chairman of the Supervisory Board and his Vice Chairman were also in regular contact with the Managing Board outside of the Supervisory Board meetings, and were informed about the current development of the business situation and significant business transactions.

BDO AG Wirtschaftsprüfungsgesellschaft, Essen/Germany audited the annual financial statements of RWTÜV GmbH, the consolidated annual financial statements of RWTÜV GmbH and its subsidiaries, and the management report of RWTÜV GmbH and the Group management report, which were combined in accordance with section 315 (3) of the German Commercial Code (Handelsgesetzbuch, HGB), for the fiscal year from 1 January to 31 December 2018. The audit of the annual financial statements of RWTÜV GmbH and combined management report in accordance with sections 317 et seq. HGB did not result in any objections owing to irregularities. On 29 March 2019, BDO issued an unqualified audit certificate for the annual financial statements of RWTÜV GmbH and the combined management report. The audit of the consolidated financial statements of RWTÜV GmbH and its subsidiaries as well as the combined management report, which was carried out by the auditor in accordance with IFRS as applicable in the EU and in accordance with German statutory provisions (section 315e (1) HGB), with the exception of one qualification in the audit opinion did not result in any objections owing to irregularities. This qualification was due to the salaries of the Managing Directors not being stated in the consolidated annual financial statements on grounds of protecting the rights of the individual. As a result, on 29 March 2019 the auditor issued a qualified audit certificate for the consolidated annual financial statements and the combined management report.

The financial statements and audit reports for fiscal 2018 were discussed in detail during the meeting of the Supervisory Board on 30 April 2019. The Managing Board and auditor were present at this consultation on the annual financial statements and consolidated annual financial statements. During this meeting, the auditor reported on the audit approach, the audit results, the main focuses of the audit, the internal control system and the main aspects of business development. Based on its own examinations, the Supervisory Board did not raise any objections to the annual financial statements

and consolidated financial statements, and approved the auditor's audit result. The Supervisory Board recommended to the Annual General Meeting that it should adopt the annual financial statements of RWTÜV GmbH for fiscal 2018, agree to the Managing Board's proposal for the appropriation of net income, formally approve the actions of the Managing Director of RWTÜV GmbH, and endorse the consolidated annual financial statements.

The Supervisory Board thanks the Managing Director of RWTÜV GmbH, the Managing Directors of the Group companies, all employees of the Group and the staff representatives for their dedication and commitment in fiscal 2018.

Essen/Germany, April 2019

For the Supervisory Board of RWTÜV GmbH

*Karl Friedrich Jakob.*

Prof. Dr. Karl Friedrich Jakob  
Chairman

PROFIT AND LOSS ACCOUNT OF RWTÜV GmbH  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

	2018 €	2017 €
Sales revenue	1,476,430.27	1,423,921.41
Other operating income	773,991.11	1,843,291.82
Costs of materials	-987,250.17	-886,908.84
Personnel expenses	-1,721,389.19	-2,353,131.94
Depreciation and amortisation expense	-11,854.65	-11,419.59
Other operating expenses	-1,733,076.36	-1,663,017.27
Income from participating interests	4,904,012.00	3,035,959.82
Income from profit transfer agreements	1,777,581.03	679,368.80
Interest receivable and similar income	455,685.92	442,913.23
Interest payable and similar charges	-257,199.76	-225,530.61
Taxes on income	-123,656.88	-170,453.20
<b>Results after taxes</b>	<b>4,553,273.32</b>	<b>2,114,993.63</b>
Other taxes	-48,572.63	672.93
<b>Net earnings for the year</b>	<b>4,504,700.69</b>	<b>2,115,666.56</b>

BALANCE SHEET OF RWTÜV GmbH  
AS AT 31 DECEMBER 2018

ASSETS	31/12/2018 €	31/12/2017 €
<b>A. NON-CURRENT ASSETS</b>		
I. Intangible assets	9,690.00	14,341.00
II. Tangible assets	155,675.29	156,810.29
III. Financial assets	86,971,221.08	88,885,543.08
<b>Total non-current assets</b>	<b>87,136,586.37</b>	<b>89,056,694.37</b>
<b>B. CURRENT ASSETS</b>		
I. Receivables and other assets	3,417,085.96	4,681,797.89
II. Cash in hand, bank balances	16,785,447.94	10,755,662.43
<b>Total current assets</b>	<b>20,202,533.90</b>	<b>15,437,460.32</b>
<b>Total assets</b>	<b>107,339,120.27</b>	<b>104,494,154.69</b>
<b>EQUITY AND LIABILITIES</b>		
<b>A. SHAREHOLDERS' EQUITY</b>		
I. Subscribed capital	10,000,000.00	10,000,000.00
II. Capital reserves	24,205,526.68	24,205,526.68
III. Revenue reserves	2,528,868.36	2,528,868.36
IV. Retained earnings brought forward	57,000,554.00	56,384,887.44
V. Net earnings for the year	4,504,700.69	2,115,666.56
<b>Total shareholders' equity</b>	<b>98,239,649.73</b>	<b>95,234,949.04</b>
<b>B. PROVISIONS</b>	<b>3,574,160.92</b>	<b>3,074,725.92</b>
<b>C. LIABILITIES</b>	<b>5,525,309.62</b>	<b>6,184,479.73</b>
<b>Total equity and liabilities</b>	<b>107,339,120.27</b>	<b>104,494,154.69</b>

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