



DOCUMENTATION
OF COMMITMENT

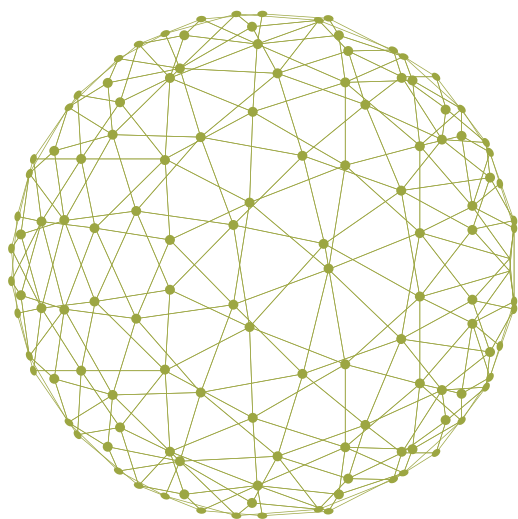


1 APRIL TO 30 JUNE 2017

RELAUNCH

QUARTERLY STATEMENT

2017/2018



RELAUNCH

Dynamic start to the new financial year

SHORT NOTICED

Q1 2017/2018

Significant increase in incoming
orders and sales, earnings
doubled

OUTLOOK FOR FULL FINANCIAL YEAR

Full-year sales outlook confirmed,
good prospects of achieving the
upper end of the earnings forecast

01.04.-30.06.		1st quarter 2017/2018	1st quarter 2016/2017	Change
Incoming orders	€'000	148,656	122,543	+21.3%
Sales	€'000	133,416	113,554	+17.5%
EBITDA	€'000	17,487	10,562	+65.6%
EBIT	€'000	10,897	5,419	+101.1%
Earnings before tax (EBT)	€'000	10,266	4,745	+116.4%
Group net income after minority interest	€'000	5,618	2,684	+109.3%
Earnings per share pursuant to IFRS	€	0,52	0,27	+92.6%
Weighted average number of shares	Number	10,839,499	9,974,793	+8.7%
Employees	Number	2,588	2,547	+1.6%

KEY FIGURES

€ 149 Mn.

INCOMING ORDERS

(€ 123 Mn.)

+21%

compared to Q1
2016/2017

€ 133 Mn.

SALES

(€ 114 Mn.)

+18%

compared to Q1
2016/2017

2,588

STAFF

(2,547)

€ 17.5 Mn.

EBITDA

€ 10.9 Mn.

EBIT

€ 10.3 Mn.

EBT

€ 5.6 Mn.

GROUP NET INCOME
AFTER MINORITY
INTEREST

€ 0.52

EARNINGS PER SHARE
PURSUANT TO IFRS
(01.04.-30.06.)

+93%

compared to Q1
2016/2017

FOREWORD OF THE GESCO CEO

Dear Shareholders,

GESCO Group got off to a **dynamic start to the new financial year**. Business activity in the capital goods industry, in which we primarily operate, has picked up significantly. With respect to the operating development, we have made progress with the implementation of Portfolio Strategy 2022, as optimisation projects launched by several subsidiaries began bearing fruit. In addition, the acquisition of Pickhardt & Gerlach Group at the turn of the year from 2016 to 2017 strengthened the GESCO Group portfolio and made it more robust.

Through a **combination of internal and external growth, incoming orders and sales rose substantially** in the first quarter, and **earnings more than doubled**. Three out of four segments generated growth in terms of incoming orders and sales, while the earnings increase was driven primarily by the largest segment, Resource Technology, which Pickhardt & Gerlach Group was included in for the first time.

The second-largest segment, Healthcare and Infrastructure Technology, also produced highly positive developments in terms of sales and earnings. Due to the project business, the Production Process Technology segment recorded a weaker start to the year with regard to earnings, though it saw a strong flow of incoming orders. In contrast, the Mobility Technology segment was unable to benefit from this positive development, still recording a decline in key figures in the first quarter.

GESCO Group has also generated **brisk business** in the **subsequent second quarter**, with **incoming orders and sales continuing to come in at a high level**.

When looking at the excellent result for the first quarter, it should be noted that the figures cannot be linearly extrapolated with respect to the year as a whole. One reason for this is that earnings during this period were shaped by a temporarily favourable order mix in connection with dynamic market development – a situation that will not occur again in the following quarters. Another reason is that some subsidiaries expect to see decreasing momentum in business development in the second half of the year.

Nonetheless, the development to date is cause for optimism. As a result, we **confirm the outlook for the sales and earnings ranges**, and we believe that from today's perspective, the **prospects of achieving earnings at the upper end of the forecast range are good**.

Warm regards,



Dr. Eric Bernhard
(CEO)

BUSINESS PERFORMANCE

The financial years of GESCO AG and GESCO Group run from 1 April to 31 March of the following year, while the financial years of the subsidiaries coincide with the calendar year. This statement for the first quarter of financial year 2017/2018 therefore encompasses the operating months January to March 2017 of the Group's subsidiaries.

The capital goods industry, in which we primarily operate, scarcely benefited from the consumption-driven economic recovery in recent years and was marked by stagnant development. For the first time in several years, the VDMA held out the prospect of growth for the year 2017. It initially forecast a 1 % rise in production, before revising this forecast in late June 2017 to 3 %.

GESCO Group recorded overall rising levels of incoming orders and sales in the first quarter, though the segments' development varied. In addition, the optimisation projects with regard to sales and costs being implemented by subsidiaries as part of Portfolio Strategy 2022 began to show signs of initial success.

SIGNIFICANT CHANGE TO THE SCOPE OF CONSOLIDATION

At the turn of the year from 2016 to 2017, GESCO AG acquired 100 % of the shares in Pickhardt & Gerlach Group (PGW), Finnentrop, Germany, a leading strip steel processor, as part of a succession planning process. This company generates sales of roughly € 30 million and has approximately 40 employees. PGW was already included in the Group balance sheet for 2016/2017 with its assets and liabilities, while the company has only been included in the Group income statement since the beginning of the current financial year 2017/2018.

DEVELOPMENT OF GROUP SALES AND EARNINGS

Incoming orders rose sharply in the first quarter of the current financial year 2017/2018, and at € 148.7 million, they were up by 21.3 % on the previous year's figure of € 122.5 million. Sales increased by 17.5 % in the same period, from € 113.6 million to € 133.4 million. In organic terms, i.e. excluding the newly acquired company Pickhardt & Gerlach Group, the growth rates stood at 13.0 % for incoming orders and 9.3 % for sales.

Key earnings figures climbed by a disproportionately high margin. The cost-of-materials and personnel expenditure ratios decreased due to higher capacity utilisation, which caused earnings before interest, taxes, depreciation and amortisation (EBITDA) to jump by 65.6 % to € 17.5 million (previous year's period: € 10.6 million). The marked rise in depre-

ciation and amortisation from € 5.1 million to € 6.6 million was due largely to scheduled write-downs of consolidated-related surplus value resulting from the purchase price allocation from the acquisition of Pickhardt & Gerlach Group. Earnings before interest and taxes (EBIT) doubled from € 5.4 million to € 10.9 million. Following a marginal improvement in the financial result, a slightly higher tax rate and increased minority interest in incorporated companies, Group net income after minority interest more than doubled from € 2.7 million to € 5.6 million. Earnings per share pursuant to IFRS posted disproportionately growth from € 0.27 to € 0.52, due to the capital increase carried out in March 2017.

Despite the expansion of operating business, cash flow also experienced positive year-on-year development. As a result, cash flow for the period increased from € 7.7 million to € 13.1 million, while cash flow from ongoing business activities rose substantially from € 2.3 million to € 8.1 million.

SEGMENT PERFORMANCE

The **Production Process Technology** segment houses Group subsidiaries that largely provide products and services for series manufacturers' production processes. The segment substantially increased incoming orders in the first quarter by 32.7 %, from € 15.7 million to € 20.9 million. Sales rose by 10.1 %, from € 13.5 million to € 14.9 million. As in the previous year, the segment's EBIT was still negative during the first quarter, since it is standard practice in the mechanical and plant engineering industry for companies to begin producing machinery and plants that are only completed later in the year, which is also when these activities first have an impact on sales and earnings. We expect slight year-on-year sales and earnings growth for the segment with a view to the year as a whole.

The **Resource Technology** segment encompasses companies that supply material-intensive companies in the industrial sector. Newly acquired Pickhardt & Gerlach Group has been included for the first time in this segment. In combination with organic growth among the segment's existing companies, incoming orders rose by 35.1 % to € 72.8 million (previous year's period: € 53.9 million). Sales grew by 41.5 % to € 70.1 million (€ 49.5 million). Organic growth stood at 16.2 % for incoming orders and at 22.9 % for sales. EBIT rose from € 2.4 million to € 10.9 million. These are exceptionally high gains in a year-on-year comparison, which are likely to level off over the remainder of the year. For the year as a whole, we nonetheless expect sales and earnings to be substantially higher than the previous year's figures.

ASSETS AND FINANCIAL POSITION

Companies in the **Healthcare and Infrastructure Technology** segment supply companies in mass consumer markets such as the medical, hygiene, food or sanitary sectors. The segment benefited from the favourable economic situation, and all companies saw a further upswing in customer demand. Incoming orders rose from € 29.4 million to € 34.4 million, while sales increased from € 31.0 million to € 33.1 million. EBIT grew from € 3.4 million to € 3.8 million. We expect to see year-on-year sales growth for the year as a whole. Over the remainder of the year, non-recurring expenses largely related to the expansion of capacities and optimisation efforts will strain the earnings of individual companies. We nonetheless expect the segment's earnings to be stable overall.

The **Mobility Technology** segment houses companies that supply the automotive, commercial vehicle and rail industries. This segment was unable to match the positive performance of the other three segments, recording a decline in key figures. While the supply of parts to vehicle production continued to see dynamic development, sales in large tool manufacturing declined. In total, incoming orders stood at € 20.5 million (€ 23.5 million) and sales at € 15.5 million (€ 19.7 million). The segment's EBIT was slightly negative at € -0.1 million (€ 1.2 million). For the year as a whole, we nonetheless expect earnings to be higher than in the previous year. This segment includes Protomaster GmbH, which is currently in the process of being sold.

On account of the expansion of operating business, total assets rose slightly by 4.8 % to € 460.9 million compared to the reporting date 31 March 2017. Inventories and trade receivables increased in particular. At € 36.2 million, liquid assets were up on the figure at the start of the financial year (€ 35.1 million). The assets of Protomaster GmbH, which has been put up for sale, have been reported under "Assets held for sale", as was the case already on the balance sheet for financial year 2016/2017.

On the liabilities side, equity rose from € 214.1 million to € 219.2 million, with the equity ratio amounting to 47.6 % (48.7 %). Trade payables and prepayments received on orders increased in line with operating business. Current and non-current liabilities to financial institutions were slightly down in total on the figure at the beginning of the financial year. The liabilities of Protomaster GmbH are reported as "Liabilities held for sale".

EMPLOYEES

As at the reporting date, GESCO Group employed 2,588 people compared to 2,547 people in the same period of the previous year. The increase is due to the addition of Pickhardt & Gerlach Group staff.

OPPORTUNITIES AND RISKS

Statements on the subject of opportunities and risks in the consolidated financial statements as at 31 March 2017 remain essentially valid. For more details, please refer to the Annual Report 2016/2017, which is available online at www.gesco.de.

OUTLOOK AND EVENTS AFTER THE REPORTING DATE

At approximately € 128 million in the second quarter, which accounts for the operating months April to June 2017 in the case of the subsidiaries, incoming orders were on par with the previous year's figure of € 127.8 million, as based on preliminary figures. At € 131 million, sales significantly surpassed the previous year's figure of € 115.1 million. As a result, business activities are at a high level in the second quarter as well.

At the annual accounts press conference on 29 June 2017, we forecast Group sales for financial year 2017/2018 of between € 510 million and € 530 million and Group net income after minority interest of between € 17 million and € 18 million. Based on the information currently avail-

able to us, we confirm this forecast. As stated above, the key earnings figures from the first quarter cannot be linearly extrapolated with respect to the year as a whole. We nonetheless believe that from today's perspective, the prospects of achieving earnings at the upper end of the forecast range are good.

No further significant events occurred after the end of the reporting period.

GESCO AG

GROUP BALANCE SHEET

ASSETS €'000	30.06.2017	31.03.2017
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets	25,092	27,189
2. Goodwill	19,392	19,424
	44,484	46,613
II. Property, plant and equipment		
1. Land and buildings	63,182	63,738
2. Technical plants and machinery	48,405	49,403
3. Other plants, fixtures and fittings	21,461	21,563
4. Prepayments made and assets under construction	7,478	6,132
	140,526	140,836
III. Financial investments		
1. Shares in affiliated companies	40	52
2. Shares in associated companies	1,153	1,044
3. Investments	156	156
4. Other loans	190	210
	1,539	1,462
IV. Other assets	1,447	1,662
V. Deferred tax assets	3,615	3,431
	191,611	194,004
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	24,424	22,928
2. Unfinished products and services	42,528	38,759
3. Finished products and goods	64,527	63,054
4. Prepayments made	921	426
	132,400	125,167
II. Receivables and other assets		
1. Trade receivables	80,185	69,206
2. Amounts owed by affiliated companies	2,167	1,302
3. Amounts owed by companies valued at equity	631	836
4. Other assets	9,284	6,806
	92,267	78,150
III. Cash and credit with financial institutions	36,204	35,146
IV. Accounts receivable and payable	1,517	852
	262,388	239,315
C. ASSETS HELD FOR SALE	6,915	6,596
	460,914	439,915

EQUITY AND LIABILITIES €'000	30.06.2017	31.03.2017
A. EQUITY		
I. Subscribed capital	10,839	10,839
II. Capital reserves	72,364	72,364
III. Revenue reserves	124,086	118,468
IV. Own shares	0	0
V. Other comprehensive income	-2,852	-2,748
VI. Minority interest (incorporated companies)	14,755	15,172
	219,192	214,095
B. NON-CURRENT LIABILITIES		
I. Minority interest (partnerships)	1,591	1,790
II. Provisions for pensions	16,898	17,101
III. Other non-current provisions	657	610
IV. Liabilities to financial institutions	80,316	81,667
V. Other liabilities	2,083	2,206
VI. Deferred tax liabilities	3,464	3,495
	105,009	106,869
C. CURRENT LIABILITIES		
I. Other provisions	10,503	11,851
II. Liabilities		
1. Liabilities to financial institutions	41,640	40,760
2. Trade payables	20,886	13,135
3. Prepayments received on orders	20,506	17,383
4. Liabilities to affiliated companies	501	460
5. Liabilities to companies valued at equity	3	12
6. Other liabilities	33,588	26,706
	117,124	98,456
III. Accounts receivable and payable	105	27
	127,732	110,334
D. LIABILITIES HELD FOR SALE	8,981	8,617
	460,914	439,915

GESCO AG

GROUP INCOME STATEMENT

€'000	1st quarter 2017/2018	1st quarter 2016/2017
1. Sales revenues	133,416	113,554
2. Change in stocks of finished and unfinished products	3,160	5,961
3. Other company-produced additions to assets	195	59
4. Other operating income	1,840	2,108
5. TOTAL INCOME	138,611	121,682
6. Material expenditure	-67,254	-60,869
7. Personnel expenditure	-38,038	-35,946
8. Other operating expenditure	-15,832	-14,305
9. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	17,487	10,562
10. Amortisation of intangible assets and depreciation on property, plant and equipment	-6,590	-5,143
11. EARNINGS BEFORE INTEREST AND TAX (EBIT)	10,897	5,419
12. Earnings from investments	39	0
13. Earnings from companies valued at equity	89	42
14. Other interest and similar income	20	30
15. Interest and similar expenditure	-715	-758
16. Minority interest in partnerships	-64	12
17. FINANCIAL RESULT	-631	-674
18. EARNINGS BEFORE TAX (EBT)	10,266	4,745
19. Taxes on income and earnings	-3,743	-1,682
20. GROUP NET INCOME	6,523	3,063
Minority interest in incorporated companies	-905	-379
GROUP NET INCOME AFTER MINORITY INTEREST	5,618	2,684
EARNINGS PER SHARE (€) PURSUANT TO IFRS	0,52	0,27
WEIGHTED AVERAGE NUMBER OF SHARES	10,839,499	9,974,793

GESCO AG STATEMENT OF COMPREHENSIVE INCOME

€'000	1st quarter 2017/2018	1st quarter 2016/2017
1. Group net income	6,523	3,063
2. Revaluation of benefit obligations not impacting income	74	-690
3. Items that cannot be transferred to the income statement	74	-690
4. Difference from currency translation		
a Reclassification into the income statement	0	0
b Changes in value with no effect on income	-190	-736
5. Difference from currency translation for companies valued at equity		
a Reclassification into the income statement	0	0
b Changes in value with no effect on income	19	-17
6. Market valuation of hedging instruments		
a Reclassification into the income statement	0	-15
b Changes in value with no effect on income	-9	411
7. Items that can be transferred to the income statement	-180	-357
8. Other income	-106	-1,047
9. Total result for the period	6,417	2,016
of which share attributable to minority interest	903	294
of which share attributable to GESCO shareholders	5,514	1,722

GESCO AG GROUP

CASH FLOW STATEMENT

€'000	1st quarter 2017/2018	1st quarter 2016/2017
Group net income for the period (including share attributable to minority interest in incorporated companies)	6,523	3,063
Depreciation on fixed assets	6,590	5,143
Result from investments in associated companies	-89	-42
Share attributable to minority interest in partnerships	64	-12
Increase in non-current provisions	-49	-55
Other non-cash expenditure/income	98	-432
CASH FLOW FOR THE PERIOD	13,137	7,665
Losses from the disposal of property, plant and equipment/intangible assets	22	17
Gains from the disposal of property, plant and equipment/intangible assets	-265	-134
Increase in stocks, trade receivables and other assets	-22,440	-13,863
Increase in trade payables and other liabilities	17,650	8,574
CASH FLOW FROM ONGOING BUSINESS ACTIVITIES	8,104	2,259
Incoming payments from disposals of property, plant and equipment/intangible assets	347	200
Disbursements for investments in property, plant and equipment	-4,250	-4,162
Disbursements for investments in intangible assets	-178	-73
Incoming payments from disposals of financial assets	20	25
CASH FLOW FROM INVESTMENT ACTIVITIES	-4,061	-4,010
Disbursements to minority interests	-1,583	-1,040
Incoming payments from raising (financial) loans	3,404	4,684
Outflow for repayment of (financial) loans	-4,752	-3,813
CASH FLOW FROM FUNDING ACTIVITIES	-2,931	-169
Change in cash and cash equivalents	1,112	-1,920
Exchange-rate-related changes in cash and cash equivalents	-19	-57
Financial means on 1 April	35,146	36,581
Financial means on 30 June	36,239	34,604
less means of payment held for sale	-35	0
FINANCIAL MEANS ON 30 JUNE FROM CONTINUING OPERATIONS	36,204	34,604

GESCO AG GROUP

STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares	Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interest incorporated companies	Equity capital
AS AT 1 APRIL 2016	8,645	54,662	119,171	-5	852	-3,140	-101	180,084	15,689	195,773
Distributions									-735	-735
Result for the period			2,684		-694	-626	358	1,722	294	2,016
AS AT 30 JUNE 2016	8,645	54,662	121,855	-5	158	-3,766	257	181,806	15,248	197,054
AS AT 1 APRIL 2017	10,839	72,364	118,468	0	1,113	-3,858	-3	198,923	15,172	214,095
Distributions									-1,320	-1,320
Result for the period			5,618		-165	69	-8	5,514	903	6,417
AS AT 30 JUNE 2017	10,839	72,364	124,086	0	948	-3,789	-11	204,437	14,755	219,192

GESCO AG GROUP

SEGMENT REPORT

€'000	Production Process Technology		Resource Technology		Healthcare and Infrastructure Technology		Mobility Technology		Reconciliation		Group	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
Order backlog	47,991	40,849	70,487	60,674	35,682	32,746	55,265	46,086	0	0	209,425	180,355
Incoming orders	20,865	15,722	72,808	53,902	34,448	29,449	20,535	23,470	0	0	148,656	122,543
Sales revenues	14,896	13,530	70,051	49,492	33,097	30,967	15,505	19,654	-133	-89	133,416	113,554
of which with other segments			118	89	0	0	15	0	-133	-89	0	0
Depreciation/amortisation	717	747	1,011	983	1,577	1,593	1,178	1,084	2,107	736	6,590	5,143
EBIT	-259	-149	10,916	2,447	3,791	3,363	-111	1,224	-3,440	-1,466	10,897	5,419
Investments	203	473	781	470	2,009	1,803	1,436	1,274	0	215	4,429	4,235
Employees (No./reporting date)	466	468	753	711	741	715	610	636	18	17	2,588	2,547

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The statement of GESCO Group for the first quarter (1 April to 30 June 2017) of financial year 2017/2018 (1 April 2017 to 31 March 2018) was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34.

The accounting and valuation principles applied generally correspond to those in the consolidated financial statements as at 31 March 2017. The financial statements are affected by the accounting and valuation methods as well as assumptions and estimates which affect the level and recognition of assets, liabilities and contingent liabilities on the balance sheet and of the income and expenditure items. Sales-related figures are accrued throughout the year.

FINANCIAL INSTRUMENTS

The book values of the financial instruments are divided into the following classes:

€'000	Book value		Fair value	
	30.06.2017	31.03.2017	30.06.2017	31.03.2017
Trade receivables	80,185	69,206	80,185	69,206
Other receivables	8,761	6,489	8,761	6,489
of which hedging instruments	47	0	47	0
Cash and cash equivalents	36,204	35,146	36,204	35,146
Assets held for sale	6,915	6,596	6,915	6,596
FINANCIAL ASSETS	132,065	117,437	132,065	117,437
Trade payables	20,886	13,135	20,886	13,135
Liabilities to financial institutions	121,956	122,427	121,956	122,427
Other liabilities	53,354	44,783	53,354	44,783
of which hedging instruments	91	127	91	127
Liabilities held for sale	8,981	8,617	8,981	8,617
FINANCIAL LIABILITIES	205,177	188,962	205,177	188,962

Hedging instruments at fair value are measured using the market price method, taking into account generally observable input parameters (such as exchange and interest rates). This method is the equivalent of Level 2 pursuant to IFRS 13.81 et seq.

FURTHER INFORMATION

FINANCIAL CALENDAR

Publication of the quarterly statement for the first quarter (1 April to 30 June 2017)	14 August 2017
Annual General Meeting in the Stadthalle, Wuppertal, Germany	31 August 2017
Publication of the half-year interim report (1 April to 30 September 2017)	14 November 2017
Publication of the quarterly statement for the first nine months (1 April to 31 December 2017)	14 Februar 2018
Annual accounts press conference and analysts' meeting	28 Juni 2018
Publication of the quarterly statement for the first quarter (1 April to 30 June 2018)	14 August 2018
Annual General Meeting in the Stadthalle, Wuppertal, Germany	30 August 2018
Publication of the half-year interim report (1 April to 30 September 2018)	14 November 2018

Please
attach a
stamp

GESCO AG
Investor Relations
Johannisberg 7
42103 Wuppertal
Germany

THE
INDUSTRIAL
GROUP



WELL INFORMED

If you would like to receive regular information on GESCO AG, please add your name to our mailing list. Please print this page, fill it out and return it to us by post or fax. You can also register on our website www.gesco.de, send us an e-mail at info@gesco.de or call us on +49 202 24820-18.

Please take me to the mailing list and send me

- all information by e-mail.
 all information by e-mail, but the annual report by post.
 All information by post.

<input type="checkbox"/> Mr	<input type="checkbox"/> Mrs	_____	_____	_____
		Title	Name	Surname
Straße/Nr.		_____	_____	_____
		Post Code	Place of residence	
Phone		_____	_____	_____
		Country		
E-Mail				

CONTACT FOR SHAREHOLDERS

GESCO AG

Investor Relations
Johannisberg 7
42103 Wuppertal
Germany

Phone +49 202 24820-18
Fax +49 202 24820-49

info@gesco.de
www.gesco.de

Important Note:

This document contains forward-looking statements that are based on current assumptions and forecasts of the Executive Board of GESCO AG. These statements are therefore subject to risks and uncertainties. The results and business development of GESCO AG and the GESCO Group may, under certain circumstances, deviate substantially from the estimates provided in this document. GESCO AG does not assume any obligation to update such forward-looking statements or adjust them according to future events or developments.

Despite extensive precautions, discrepancies may occur between this document and the accounting documents submitted to the German Federal Gazette, especially for technical reasons (e.g. conversion of electronic formats). In this case, the version submitted to the German Federal Gazette prevails.

