Q2 2017
INDUS Holding AG

HIGHLIGHTS

— Sales and growth of earnings results of the first half-year backed up by boom
— Temporary influence on the EBIT margin in Q2 through major restructuring measures in two companies of the Automotive and Metals segment respectively
— Prospect of more growth acquisitions
— Forecast for 2017 confirmed

KEY FIGURES (in EUR millions)	H1 2017	H1 2016
Sales	803.5	714.9
EBITDA	103.4	96.2
EBIT	72.7	69.3
Net result for the period	39.0	37.0
Earnings per share (in EUR)	1.58	1.50
Operating cash flow	9.8	31.3
	30.6.2017	31.12.2016
Total assets	1,628.9	1,521.6
Group equity	647.8	644.6
Net debt	476.5	376.6
Equity ratio in %	39.8	42.4
Investments (as of the reporting date)	46	44

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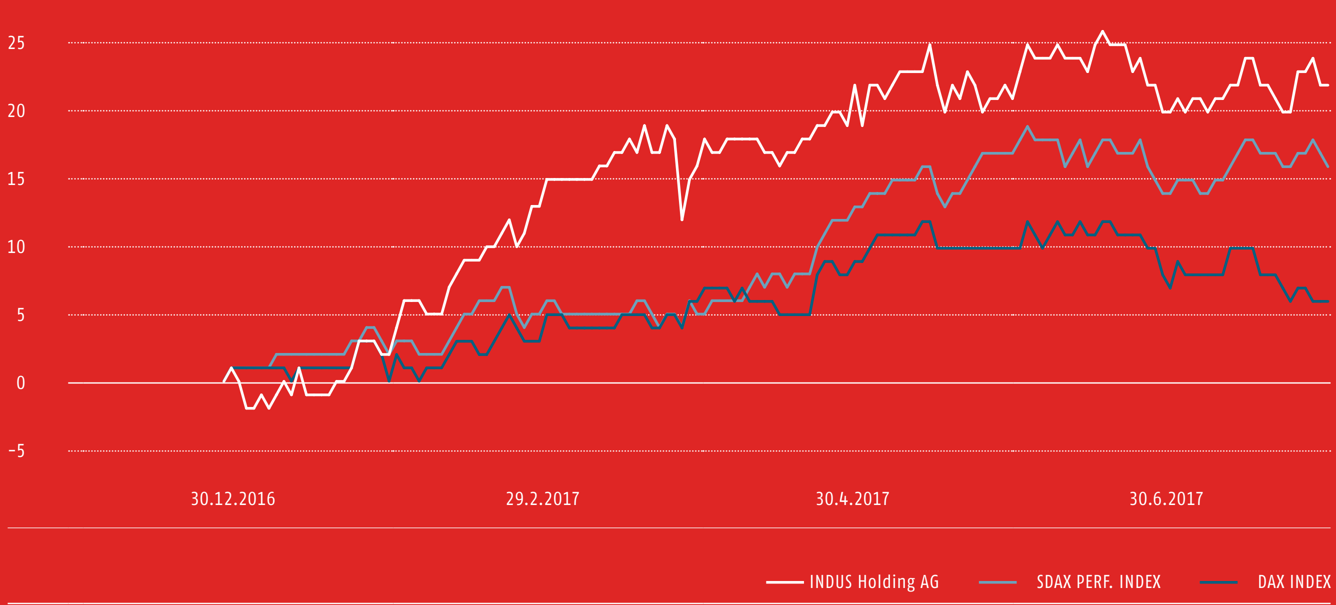
SHARE PRICE PERFORMANCE OF THE INDUS SHARE IN THE FIRST HALF-YEAR 2017 INCL. DIVIDEND (in %)



LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

Our portfolio companies were able to turn the favorable business climate of the first half of the year to their advantage. Their order books are well filled, and the almost all of the companies delivered solid earnings contributions by the half-year mark. On this basis, we are therefore able to reconfirm our spring forecast for 2017 as a whole.

We will also achieve our goals because the success of INDUS is sustained by a broad and altogether well-positioned whole. This means that, with our 46 portfolio companies we are able to support companies undergoing crisis or repositioning phases with a good conscience for a time. As we told you at the beginning of the year, we currently have two such companies, one each in the Automotive Technology and Metals Technology segments. The progress they have made has met the expectations only in part. In the case of one of our Swiss portfolio companies in particular, the tasks to be performed have turned out to be more demanding than originally foreseen.

That the Group itself is holding steady on a successful course is shown by the key data. Sales increased by 12.4 % as compared to the first half of 2016. Operating earnings (EBIT) increased by 4.9 % despite repositioning expenses. The EBIT margin reached 9.0 % during the year – 9.8 % when adjusted for the effects of company acquisitions on earnings. At this point of the year,this puts us behind previous year's figure, however, we are still on course to achieve the target of the Holding of 10 % as planned. Therefore, on balance, it figures.

The Group's overall strong performance does not, however, cloud our view of the fundamental challenges posed by the changes that the markets are undergoing. Digitization is leaving no industrial sector untouched. And in view of the changes taking place on the political maps, one is well-advised at present to give serious thought to which global locations and regions one should invest in in the future. Accordingly, we, the Holding, will continue to offer individiual funding when it comes to investment, innovation and internationalization.

The most obvious challenges at this time are those facing the Automotive Technology segment. The emissions scandal and the suspicion of anti-competitive practices leveled against leading German automotive manufacturers have focused attention in recent weeks on an industry that will likely need to redefine itself completely in the years to come. The advent of e-mobility is a challenge to the diesel engine but also to the internal combustion engine in general. At the same time, the pressure on margins in the industry is so strong that, even if only for this reason, suppliers must be enterprising and innovative to compete.

The contributions to earnings from the individual segments will in some cases be fluctuating more widely than in previous years owing to restructuring measures. As for our two repositioning projects, we expect that they will mostly be completed within the first half of 2018. We expect that the situation will normalize in 2018. This applies especially to the Metals Technology segment. The Construction/Infrastructure, Engineering, and Medical Engineering/Life Science segments are performing at a high level.

We know what tasks and challenges are in store for our portfolio companies, and we have prepared for them. Being mostly aware of the difficult conditions underlying the automotive sector and the magnitude of the need for a repositioning of the two companies in the Automotive and Metals Technology segments, we were able to include them into our planning. Therefore, our economic forecast, presented at this year's press conference on financial statement, was suitably guarded. We will have achieved our targets for 2017 if sales reach at least EUR 1.5 billion and we are able to post operating earnings (EBIT) between EUR 145 million and EUR 150 million.

Moreover, we are confident that we are going to be able to declare "Mission accomplished" again with regard to our growth acquisitions. With the successful acquisition of the Hanover-based measurement and test systems specialist M+P and the Remscheid-based specialized mechanical engineering company PEISELER, we have already achieved our annual target concerning planned transactions.

BERGISCH GLADBACH, GERMANY, AUGUST 2017

THE BOARD OF MANAGEMENT

JÜRGEN ABROMEIT DR. JOHANNES SCHMIDT RUDOLF WEICHERT

INDUS, THE HOLDING COMPANY

ON A MISSION FOR A SUCCESSFUL GROUP

(F. L. T. R.) TIMO BENTELE, MARTIN HUNGER, MARION PAULUS AND JÖRN WEUSTE MAKE UP THE M&A TEAM AT INDUS HOLDING.

The INDUS team in Bergisch Gladbach, including the Board of Management, comprises just 28 people. Together, they see to the Holding's successful course and to providing an ideal environment for its portfolio companies, in which to profitably advance their business interests. The teams must be well versed in a great many subjects and solve numerous problems to do so. Here is a brief overview:

M&A: WITH A CLEAR OBJECTIVE AND GOOD INSTINCTS, FINDING THE RIGHT COMPANIES

Among the holding company's most important tasks is finding new companies, "hidden champions" that will make the Group even more successful in the long term. The INDUS team searches for new companies to add to its portfolio every year. The importance of this task has grown substantially with the digital revolution of the recent years. In which industries do the Group's best prospects lie? Where are the potential candidates for acquisition to be found? Which of them would be a good fit for the Group? And on what terms are they to be acquired? These questions occupy the entire Board of Management as well as a four-member team coordinated by Chief Executive Officer Jürgen Abromeit.

When searching for additions to the Group, the M&A team concentrates on clearly-defined growth industries. What the target companies have in common is the descriptor "tec". If there is one thing the acquisition experts know for certain, it is that technological competence is going to be a crucial driver of future growth even for small and medium-sized companies. In recent years, the Group has regularly generated an EBIT margin of roughly 10 %. To continue doing so, the holding company has recently expanded its investment focus. The M&A team is now looking at companies with a sales volume greater than EUR 50 million and established companies in an earlier growth phase with strong technology to strengthen the existing portfolio companies.

"3i": SUPPORTING THE PORTFOLIO COMPANIES' DEVELOPMENT

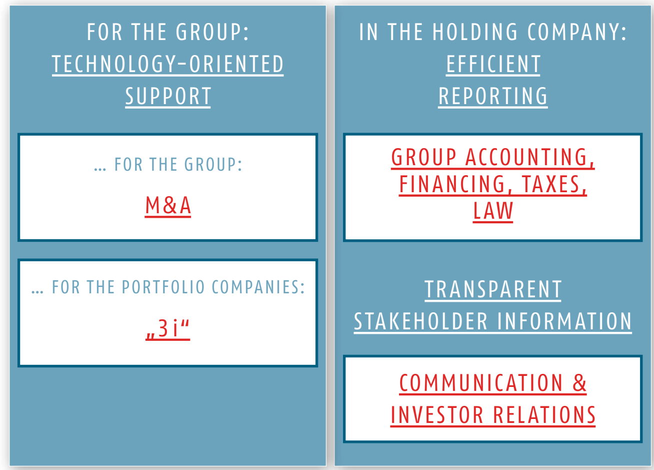
In recent years, the holding company has greatly expanded the advisory and support services it offers its portfolio companies. The purpose of these services is to enable the portfolio companies to reap the benefits of their affiliation with the Group for their strategic, operational and economic development. In concrete terms, INDUS supports its subsidiaries by providing financial resources and targeted expert advice. The portfolio companies avail themselves of this support as needed in three important areas: investment (to increase production capital or acquire suitable companies), innovation (to secure a competitive edge through the development of new solutions) and internationalization (to expand their earnings base by expanding into new markets).

INDUS places special emphasis on supporting technological development. Under the catchphrase "innovation toolbox", the holding company offers its portfolio companies a whole program of services that they can access according to their needs. Responsible for the "Technology and Innovation" department is Board of Management member and CTO Dr. Johannes Schmidt. Together with the responsible technical expert Dr. Fabian Bohnen, INDUS offers its portfolio companies support in these areas. In addition, the innovation team draws on its excellent

DR. BOHNEN (L.) IS IN CONSTANT CONSULTATION WITH THE PORTFOLIO COMPANIES ON MATTERS RELATING TO INNOVATION AND TECHNOLOGICAL ADVANCEMENT.

THOSE RESPONSIBLE IN GROUP ACCOUNTING: KARIN CROMBACH AND HANNES RISTOW.

INDUS IN ACTION



relationships with the scientific community and sets up direct contact to research institutes and universities on request.

FINANCING AND GROUP ACCOUNTING: REGARDING THE GROUP'S STABILITY AND SUBSTANCE

EUR 1.5 billion – this is the combined turnover generated by all 44 INDUS portfolio companies during the last fiscal year. By the middle of the current year two more companies, with a sales volume of roughly EUR 36 million, had been added. This means that our business volume has doubled in little more than ten years. In the holding company, an established team of experts working with Chief Financial Officer Rudolf Weichert takes care of all tasks associated with Financing and Group accounting.

These tasks include, to begin with, compiling the financial data prepared by over 180 individual companies according to national accounting rules. The two-member Group accounting team determines and posts the consolidation and other adjustments according to international accounting standards. One result of this work is the financial reports published on a quarterly basis. At the same time, the responsible experts in the controlling department are continually analyzing the data according to business and risk-related criteria of every single portfolio company.

Three treasury employees ensure the holding company's liquidity security at all times and the optimal use of financial resources. They are extremely well informed of developments in the capital markets and are always weighing the possibilities through which INDUS can most prudently manage its capital. In addition, the team offers the portfolio companies advice on operational financing transactions. This comprises aval and currency management along with the business of company insurance.

The portfolio companies are able to benefit also from the holding company's specialized expertise in addition to its previously mentioned core tasks. They are able to obtain as needed advice on tax- or contract-related topics, matters relating to antitrust law or competition, customs law, or compliance issues.

CULTURE & COMMUNICATION: INTERNALLY ASSISTING, EXTERNALLY REPRESENTING

For all the dissimilarity of their business operations, the INDUS portfolio companies share a unique understanding of the SME landscape. Underlying that understanding are entrepreneurial and cultural values, among which are a sense of responsibility for the region and its people, a constant striving for improvement and an orientation to long-term goals. As an asset-managing holding company, INDUS has set itself the goal of preserving its portfolio companies' identity as SMEs. This identity is also a key positioning attribute for INDUS in the capital market.

The communications and investor relations team led by Nina Wolf and Julia Pschribülla sees to it that this positioning of INDUS receives the appropriate public notice and that the holding company's capital market strategy is correctly understood. This is a demanding field, as it requires both speed in response to immediate needs and endurance for the long haul of all those involved. For example, interview appointments must be arranged and the holding company's press releases prepared on short notice. In the medium term, there are the maintenance of INDUS's Web page, its interim financial reporting, preparation of company presentations, and the organization of talks and road shows. The long term is dominated by the company's central publication, its annual report and, of course, the preparation of the annual meeting of INDUS shareholders.

NINA WOLF (R.) AND JULIA PSCHRIBÜLLA (L.) MAKE UP THE CORE TEAM FOR COMMUNICATION AT INDUS HOLDING.

THE ADDITION THAT WAS COMPLETED IN THE SUMMER OF 2017 OFFERS SPACE FOR 18 EMPLOYEES AND THREE CONFERENCE ROOMS.

THE HOLDING COMPANY LOCATION: MORE ROOM FOR MORE SUPPORT

With the Group's vigorous growth and its new support services, space has become tight for those employed at the Kölner Strasse 32 in Bergisch Gladbach. That is a good sign, as it shows that the support provided by the holding company is being very well received by the portfolio companies. In order to continue satisfying the growing demands of internal and external stakeholders, the holding company team will be experiencing further growth, including in terms of personnel, in the months to come. Skilled reinforcement is currently needed especially in the fields of technology/digitization and innovation. To ensure that the new employees also have appropriate work space, some 900 square meters of new office space have been added to the main building.

The company's status as an asset-managing holding company comes with clear constraints for the INDUS team. In practice, the holding company applies an understanding that is shaped by creative ideas for constructive backing and support of the portfolio companies, all of which is provided in a way that preserves their autonomy. It is an enjoyable responsibility, and one that yields rewards for the Group as a whole. And that is how things shall remain.

PERFORMANCE OF THE INDUS GROUP IN THE FIRST SIX MONTHS 2017

CONSOLIDATED STATEMENT OF INCOME (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2017	H1 2016	ABSOLUTE	IN %
Sales	**803.5**	**714.9**	**88.6**	**12.4**
Other operating income	7.4	5.5	1.9	34.5
Own work capitalized	2.2	2.1	0.1	4.8
Change in inventories	8.4	6.1	2.3	37.7
Overall performance	**821.5**	**728.6**	**92.9**	**12.8**
Cost of materials	-372.9	-326.9	-46.0	14.1
Personnel expenses	-235.2	-210.2	-25.0	11.9
Other operating expenses	-110.8	-95.9	-14.9	15.5
Income from shares accounted for using the equity method	0.7	0.4	0.3	75.0
Other financial results	0.1	0.2	-0.1	-50.0
EBITDA	**103.4**	**96.2**	**7.2**	**7.5**
Depreciation and amortization	-30.7	-26.9	-3.8	14.1
Operating result (EBIT)	**72.7**	**69.3**	**3.4**	**4.9**
Net interest	-12.4	-12.4	0.0	0.0
Earnings before taxes (EBT)	**60.3**	**56.9**	**3.4**	**6.0**
Taxes	-21.3	-19.9	-1.4	7.0
Earnings after taxes	**39.0**	**37.0**	**2.0**	**5.4**
of which attributable to non-controlling shareholders	0.3	0.4	-0.1	-25.0
of which attributable to INDUS shareholders	38.7	36.6	2.1	5.7

SALES GROW BY 12.4 %

In the first half of 2017 the German economy maintained its upward trend, to the benefit of almost all of the INDUS companies. This was reflected in particular in Group sales, which came to EUR 803.5 million for the first half of 2017, an increase of EUR 88.6 million, or 12.4 %, as compared to the same period of the previous year. The increase in sales is attributable mainly to organic growth in all segments. Group sales reached EUR 381.0 million for the first quarter of 2017 (previous year: EUR 332.8 million), EUR 422.5 million of the second quarter (previous year: EUR 382.1 million).

The cost-of-materials ratio increased slightly, from 45.7 % to 46.4 %. The personnel expense ratio was 29.3 %, virtually unchanged from the 29.4 % recorded for the same period of the previous year.

Depreciation and amortization increased by 14.1 % to EUR 30.7 million. This rise resulted from investments in fixed assets in previous years and increased depreciation of added values discovered in connection with purchase price allocation for newly acquired companies.

Operating earnings (EBIT) increased by 4.9 %, from EUR 69.3 million in the first half of 2016 to EUR 72.7 million in the reporting period. The EBIT margin declined from 9.7 % to 9.0 % owing to the disproportionately large growth in sales. In the first quarter of 2017, the EBIT margin stood at 9.1 % (previous year: 9.2 %). This is readily attributable to the fact that the growth in sales was partly generated in the rather low-margin automotive supply business but it also reflects the extent to which earnings have been weighed down by the dampening effects of repositioning measures at two portfolio companies in the Automotive Technology and Metals Technology segments respectively.

ADJUSTED EBIT MARGIN REMAINS AT ROUGHLY 10 %

Adjusted operating EBIT stood at EUR 78.5 million after the first half of 2017 (previous year: EUR 75.5 million). This corresponds to an increase of 4.0 %. The adjusted EBIT margin was 9.8 % as compared to 10.6 % in the previous year. Effects on earnings resulting from company acquisitions were eliminated from the adjusted operating EBIT. These were write-downs for fair value adjustments on fixed assets and inventory assets (order backlog) of the acquired companies along with costs incidental to acquisition of the companies.

RECONCILIATION (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2017	H1 2016	ABSOLUTE	IN %
Operating result (EBIT)	**72.7**	**69.3**	**3.4**	**4.9**
Depreciation of property, plant and equipment, and amortization of intangible assets due to fair value adjustments from first-time consolidation*	3.9	3.1	0.8	25.8
Impact of fair value adjustments on inventory assets/order backlog from first-time consolidation and incidental acquisition costs**	1.9	3.1	-1.2	-38.7
Adjusted operating result (EBIT)	**78.5**	**75.5**	**3.0**	**4.0**

* Depreciation/amortization from fair value adjustments relate to identified assets at fair value in connection with acquisitions made by the INDUS Group.
** Impacts of fair value adjustments in inventory assets/order backlog relate to identified added value, included in the purchase price allocation and recognized after initial consolidation.

Net interest income was unchanged from the previous year at EUR -12.4 million. Recognized in net interest income is interest for the valuation of interest rate swaps, non-controlling interests and interest from business operations, the latter of which declined slightly as compared to the same period in the previous year. Operating interest expense amounted to EUR 7.2 million for the first half of 2017; for the same period of the previous year it stood at EUR 7.3 million. Interest expense for the shares of minority shareholders remained unchanged from the previous year at EUR 5.2 million.

Earnings before taxes (EBT) improved by 6.0 % as compared to the first half of 2016. The tax ratio increased slightly, from 35.0 % in the previous year to 35.3 % in the reporting period. Before the shares of non-controlling shareholders were deducted, net income for the period had increased by EUR 2.0 million, to EUR 39.0 million (previous year: EUR 37.0 million). Earnings per share improved, increasing to EUR 1.58, up from EUR 1.50 for the same period of the previous year. This corresponds to an increase of 5.3 %.

During the first six months of 2017, the companies had on average 10,032 employees (previous year: 9,242 employees).

INVESTMENTS AND ACQUISITIONS IN 2017

INDUS's growth trajectory continued to hold strong in 2017, which brought further acquisitions at the INDUS level. Two "hidden champions" were acquired, increasing the INDUS portfolio to 46 companies.

M+P INTERNATIONAL Mess- und Rechnertechnik, Hanover, a provider of measurement and test systems for vibration testing, was acquired in January. The M+P Group is active in four areas: vibration testing, vibration and sound analysis, process monitoring, and the development and construction of special testing equipment. It has customers in the aerospace industry, the electrical engineering and electronics industry as well as the automotive industry. Vibration analysis provides important information that can be applied to improve the design of products and equipment. Aircraft and automotive manufacturers must conduct intensive vibration tests when developing new models to ensure a high level of comfort despite the growing trend towards "light construction". In 2016, the company posted sales of roughly EUR 12 million in the U.S.A. China, and Germany, its key markets. INDUS began by acquiring 76.56 % of shares in the company. The remaining shares remained initially with the existing shareholders, and call/put options were stipulated.

In April, PEISELER Group, Remscheid, a provider of high-precision indexing devices and rotary tilt tables for machine tools, was acquired. Today PEISELER is a global supplier to machine tool manufacturers and end customers in the mechanical engineering and shipbuliding, medical engineering, watches and electronic calculators, aircraft and turbine construction, and automotive industries. The indexing devices and rotary tilt tables produced by PEISELER are used to fix and position workpieces. This permits flexibility in the sequencing of multiple work cycles in modern machining and manufacturing centers or transfer lines, thereby reducing set-up costs and completion times. The PEISELER Group generates roughly EUR 24 million in annual sales and has some 170 employees at three locations in Germany and the USA. INDUS began by acquiring 80 % of the company. The remaining shares remained initially with the existing shareholders, and synchronous call/put options were stipulated.

SEGMENT REPORT

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. As of June 30, 2017, our investment portfolio encompassed 46 operating units.

CONSTRUCTION/INFRASTRUCTURE

CONTINUING ON A HIGH LEVEL

The construction industry in Germany is booming. As one would expect, the INDUS portfolio companies operating in the construction segment were able to reap the benefits of this trend in the form of growth in sales and earnings. Sales in this segment increased substantially as compared to the same period in the previous year (+24.5 %) and amounted to EUR 161.9 million for the first half of 2017. This affected virtually all of the portfolio companies operating in the segment. Sales got an additional boost from the initial full consolidation of H. HEITZ and from a major contract relating to "digital infrastructure". Operating earnings (EBIT) increased by 11.4 %, to EUR 21.5 million. At 13.3 %, the EBIT margin reached a satisfactory figure, although it didn't come near the record figure of 14.9 % of the first half of the previous year. The investments amounting to EUR 6.3 million relate exclusively to investments in fixed assets and were triple the figure for the previous year.

KEY FIGURES CONSTRUCTION/INFRASTRUCTURE (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2017	H1 2016	ABSOLUTE	IN %
Sales with external third parties	161.9	130.0	31.9	24.5
EBITDA	25.7	22.7	3.0	13.2
Depreciation and amortization	-4.2	-3.3	-0.9	27.3
EBIT	21.5	19.4	2.1	10.8
EBIT margin in %	13.3	14.9	-1.6 pp	–
Capital expenditure	6.3	26.1	-19.8	-75.9
Employees	1,672	1,330	342	25.7

AUTOMOTIVE TECHNOLOGY

PRESSURE ON MARGINS DESPITE SALES GROWTH

The INDUS companies in the Automotive Technology segment have full order books, some recording their highest call-off figures, and were therefore able to increase their sales by 6.0 %, to EUR 192.3 million in the first half of 2017. Much of this increase is attributable to an increase in demand for standard parts for the automotive industry in Germany. As a result of this disproportionately large rate of growth in the low-margin standard parts business for OEMs, the EBIT margin declined by one percentage point to 4.1 %. Operating earnings (EBIT) fell by EUR 1.3 million, to EUR 7.9 million. Price pressure on the series production of cars and trucks continues to increase reinforced by the specific situations in which the entire industry finds itself. The previously communicated repositioning of a portfolio company engaged in series production constituted a radical restructuring, entailing costs that further dampened earnings. This portfolio company is expected to undergo additional structural and capacity adjustments during the second half of 2017. The investments amounting to EUR 13.0 million in the current year relate exclusively to investments in fixed assets. The investments reported for the same period in the previous year included EUR 7.2 million in investments in companies.

KEY FIGURES AUTOMOTIVE TECHNOLOGY (IN EUR MILLIONS)

	H1 2017	H1 2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Sales with external third parties	192.3	181.5	10.8	6.0
EBITDA	18.7	18.4	0.3	1.6
Depreciation and amortization	-10.8	-9.2	-1.6	17.4
EBIT	7.9	9.2	-1.3	-14.1
EBIT margin in %	4.1	5.1	-1.0 pp	–
Capital expenditure	13.0	17.6	-4.6	-26.1
Employees	3,559	3,436	123	3.6

ENGINEERING

TOP-LEVEL GROWTH AND FURTHER IMPROVEMENT

Sales in the Engineering segment rose by 17.0 %, a substantial increase as compared to the previous year and one to which virtually every company in the segment contributed. Particularly noteworthy is a major international order in the field of clean room systems. The initial consolidation of M+P also contributed to the increase in sales. Operating earnings (EBIT) increased by EUR 7.4 million (+40.0 %), a disproportionate increase in comparison to sales. The EBIT margin stood at 15.0 %, higher than it was for the same quarter of the previous year (12.5 %) and higher than the margin for all of 2016 (13.5 %). Investments amounted to EUR 35.6 million and comprised a high level of investment in fixed assets and investments made to acquire the M+P Group.

KEY FIGURES ENGINEERING (IN EUR MILLIONS)

	H1 2017	H1 2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Sales with external third parties	174.0	148.8	25.2	17.0
EBITDA	31.0	22.6	8.4	37.3
Depreciation and amortization	-5.0	-4.0	-1.0	24.4
EBIT	26.0	18.6	7.4	40.0
EBIT margin in %	15.0	12.5	2.5 pp	–
Capital expenditure	35.6	3.6	32.0	>100
Employees	1,734	1,566	168	10.8

MEDICAL ENGINEERING/LIFE SCIENCE

MARGIN IN Q2 CONSIDERABLY IMPROVED AS COMPARED TO Q1

The trend in the Medical Engineering segment was satisfactory at approximately the previous year's level. A relatively tepid start in Q1 was followed by a profitable second quarter. The growth in sales in the Medical Engineering/Life Science segment amounted to 3.3 % in the first half of 2017 as compared to the same period in the previous year and was experienced by all companies in the segment as a result of an increase in demand. At EUR 9.3 million, operating earnings (EBIT) were slightly below previous year's level (EUR 9.7 million). The EBIT margin of 11.9 % was satisfactory, even though it fell somewhat short of previous year's level (12.8 %). Fortunately, the EBIT margin stood at an excellent 13.9 % in the second quarter of 2017. Investments stood at EUR 3.5 million, 20.7 % higher than the amount invested in the same period in the previous year (EUR 2.9 million).

KEY FIGURES MEDICAL ENGINEERING/LIFE SCIENCE (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2017	H1 2016	ABSOLUTE	IN %
Sales with external third parties	78.4	75.9	2.5	3.3
EBITDA	12.7	12.9	-0.2	-1.6
Depreciation and amortization	-3.4	-3.2	-0.2	6.2
EBIT	9.3	9.7	-0.4	-4.1
EBIT margin in %	11.9	12.8	-0.9 pp	–
Capital expenditure	3.5	2.9	0.6	20.7
Employees	1,511	1,466	45	3.1

METALS TECHNOLOGY

RESTRUCTURING OF A SWISS PORTFOLIO COMPANY

The Metals Technology segment reported EUR 196.8 million in sales in the first half of 2017, a 10.1 % increase. At EUR 12.0 million, operating earnings (EBIT), on the other hand, lagged behind the respectable EUR 15.7 million figure reported in the previous year. The EBIT margin was 6.1 %, less than previous year's satisfactory figure of 8.8 %, even though the majority of the portfolio companies were – and remain – highly successful in their operations. The main cause of the margin loss was the restructuring process in a Swiss portfolio company. This had a considerable dampening effect that was felt throughout the Metals Technology segment. The repositioning of the portfolio company concerned has since been resumed, imposing considerable non-recurring expenses in the second quarter in addition to the planned losses. A merger and relocation plan (with another portfolio company) is going to be implemented there in the next several months. The volume of investment, at EUR 4.1 million, was slightly less than previous year's level (EUR 4.6 million).

KEY FIGURES METALS TECHNOLOGY (IN EUR MILLIONS)

			DIFFERENCE	
	H1 2017	H1 2016	ABSOLUTE	IN %
Sales with external third parties	196.8	178.8	18.0	10.1
EBITDA	19.0	22.3	-3.3	-14.8
Depreciation and amortization	-7.0	-6.6	-0.4	6.1
EBIT	12.0	15.7	-3.7	-23.6
EBIT margin in %	6.1	8.8	-2.7 pp	–
Capital expenditure	4.1	4.6	-0.5	-10.9
Employees	1,526	1.417	109	7.7

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED (IN EUR MILLIONS)

	H1 2017	H1 2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating cash flow	**9.8**	**31.3**	**-21.5**	**-68.7**
Interest	-10.9	-14.0	3.1	-22.1
Cash flow from operating activities	**-1.1**	**17.3**	**-18.4**	**<-100**
Cash outflow for investments	-64.1	-55.2	-8.9	16.1
Cash inflow from the disposal of assets	0.3	0.8	-0.5	-62.5
Cash flow from investing activities	**-63.8**	**-54.4**	**-9.4**	**17.3**
Dividends paid to shareholders	-33.0	-29.3	-3.7	12.6
Dividends paid to non-controlling shareholders	-0.4	-0.4	0.0	-
Cash inflow from the assumption of debt	122.9	96.0	26.9	28.0
Cash outflow from the repayment of debt	-50.0	-63.2	13.2	-20.9
Cash flow from financing activities	**39.5**	**3.1**	**36.4**	**>100**
Net cash change in financial facilities	-25.4	-34.0	8.6	-25.3
Changes in cash and cash equivalents caused by currency exchange rates	-0.6	-0.4	-0.2	50.0
Cash and cash equivalents at the beginning of the period	127.2	132.2	-5.0	-3.8
Cash and cash equivalents at the end of the period	**101.2**	**97.8**	**3.4**	**3.5**

CASH FLOW STATEMENT: OPERATING CASH FLOW AFFECTED BY INCREASE OF WORKING CAPITAL

Despite an increase in earnings after taxes to EUR 39.0 million (previous year: EUR 37.0 million), operating cash flow declined, as expected, by EUR 21.5 million, to EUR 9.8 million, in the first half of 2017. The reason for this was an increase of EUR 70.4 million in working capital as key portfolio companies adjusted to amply filled order books. Experience indicates that working capital will undergo a reduction in the second half of the year. At EUR -10.9 million, cash flow for interest paid was considerably less than in the previous year (EUR -14.0 million). Consequently, cash flow from operating activities declined by EUR 18.4 million to EUR -1.1 million.

Cash flow from investment activity amounted to EUR -63.8 million for the reporting period (previous year: EUR -54.4 million), EUR -9.4 million more than in the previous year. Investments in fixed assets increased by EUR 10.9 million, to EUR -30.9 million, as compared to the previous year. Also included in this item are the acquisitions of the INDUS subsidiaries. In the year under review these were the M+P Group and the PEISELER Group. Cash flow from investment activity amounted to EUR 39.5 million and is the result of net borrowing in the amount of EUR 72.9 million (previous year: EUR 32.8 million), which partially offset the cash flow from business and investment activity. Accordingly, cash and cash equivalents were, at EUR 101.2 million, as planned, considerably less than the EUR 127.2 million recorded at the end of 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED (IN EUR MILLIONS)

	30.6.2017	31.12.2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
ASSETS				
Non-current assets	**934.5**	**885.8**	**48.7**	**5.5**
Fixed assets	929.6	880.5	49.1	5.6
Accounts receivable and other current assets	4.9	5.3	-0.4	-7.5
Current assets	**694.4**	**635.8**	**58.6**	**9.2**
Inventories	347.4	308.7	38.7	12.5
Accounts receivable and other current assets	245.8	199.9	45.9	23.0
Cash and cash equivalents	101.2	127.2	-26.0	-20.4
Total assets	**1,628.9**	**1,521.6**	**107.3**	**7.1**
EQUITY AND LIABILITIES				
Non-current liabilities	**1,233.3**	**1,150.9**	**82.4**	**7.2**
Equity	647.8	644.6	3.2	0.5
Debt	585.5	506.3	79.2	15.6
of which provisions	32.7	31.2	1.5	4.8
of which payables and income taxes	552.8	475.1	77.7	16.4
Current liabilities	**395.6**	**370.7**	**24.9**	**6.7**
of which provisions	80.5	65.6	14.9	22.7
of which liabilities	315.1	305.1	10.0	3.3
Total equity and liabilities	**1,628.9**	**1,521.6**	**107.3**	**7.1**

END RESULT: TOTAL ASSETS INCREASED BY NEW ACQUISITIONS AND WORKING CAPITAL

At EUR 1,628.9 million, the INDUS Group's consolidated total assets were 7.1 % higher than they were as of December 31, 2016. Especially the two new acquisitions of the first half of the year, M+P and PEISELER, along with the increase in inventories (EUR +38.7 million) and receivables (EUR +40.3 million) were responsible for this increase. The two new portfolio companies together resulted in a balance sheet extension in the amount of EUR 70.2 million as compared to a total balance sheet extension of EUR 107.3 million. The total amount of working capital as of June 30, 2017 came to EUR 442.9 million, which was EUR 70.4 million, or 18.9 %, more than as of the end of 2016 (EUR 372.5 million). The increase in working capital resulted from an increase in business activity (overall performance +12.8 %), the initial consolidation of M+P and PEISELER and certain reporting date-related effects on account of pending customer call-offs. Owing to expected increases in the price of some primary materials, selected inventories were systematically built up, but these are expected to be reduced just as systematically in the second half of the year. Equity increased by 0.5 %. The equity ratio as of June 30, 2017 amounted to 39.8 %, somewhat less than the equity ratio as of December 31, 2016. The increase of EUR 77.7 million in non-current payables is attributable mainly to the increased need for financing.

WORKING CAPITAL (IN EUR MILLIONS)

	30.6.2017	31.12.2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Inventories	347.4	308.7	38.7	12.5
Trade accounts receivable	217.9	177.6	40.3	22.7
Trade accounts payable	-71.5	-55.4	-16.1	29.1
Prepayments received	-22.7	-20.5	-2.2	10.7
Construction contracts with credit balance	-28.2	-37.9	9.7	-25.6
Working capital	**442.9**	**372.5**	**70.4**	**18.9**

Net financial liabilities amounted to EUR 476.5 million as of June 30, 2017, EUR 99.9 million more than as of December 31, 2016. This likewise reflects the two company acquisitions (M+P and PEISELER) and the increase in working capital.

NET FINANCIAL LIABILITIES (IN EUR MILLIONS)

	30.6.2017	31.12.2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Non-current financial liabilities	469.1	389.8	79.3	20.3
Current financial liabilities	108.6	114.0	-5.4	-4.7
Cash and cash equivalents	-101.2	-127.2	26.0	-20.4
Net financial liabilities	**476.5**	**376.6**	**99.9**	**26.5**

RISKS AND OPPORTUNITIES

For the Opportunity and Risk Report from INDUS Holding AG, please consult the 2016 Annual Report. The company operates an efficient risk management system for early detection, comprehensive analysis, and the systematic handling of risks. The particulars of the risk management system and the significance of individual risks are explained in the Annual Report. Therein is stated that the company does not view itself exposed to any risks that might jeopardize its continued existence as a going concern.

OUTLOOK

With the benefit of the excellent business climate currently prevailing, INDUS and its 46 portfolio companies enter the second half of the year under auspicious conditions. As announced early in the year, we expect annual sales of at least EUR 1.5 billion in 2017 and operating earnings (EBIT) amounting to EUR 145 and 150 million. Not yet factored into those figures are the proportionate contributions to sales and earnings of the acquisitions made in the course of the year. The Board of Management rates the Group's prospects as very good for fiscal year 2018 as well.

The sources of growth in the months to come will continue to be the Construction/Infrastructure and Engineering segments in particular. The Medical Engineering/Life Science segment will also continue to make a large contribution to earnings. The economic data for the two segments Metals Technology and Automotive Technology continue to reflect the adverse impact of the current repositioning projects involving two of the portfolio companies. However, these projects will essentially be completed within the first half of 2018 despite amount of restructuring needed in some instances.

After the most recent successful acquisition of the two companies M+P and PEISELER, acquisition of another portfolio company is in the offing for the second half of the year.

As always, the positive expectations for the Group are based on the assumption that the underlying economic, fiscal and monetary policy conditions do not fundamentally change. The same applies to the economic and market policy environment. At the moment, the politico-economic developments in the US, the future direction of Turkey and the relations of the industrialized countries with Russia are particularly hard to assess. Moreover, the future development of the automotive sector is of particular importance for INDUS.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF THE YEAR AND THE SECOND QUARTER OF 2017

IN EUR '000	NOTES	H1 2017	H1 2016	Q2 2017	Q2 2016
SALES		**803,499**	**714,852**	**422,527**	**382,060**
Other operating income		7,353	5,475	3,765	1,854
Own work capitalized		2,252	2,078	1,146	897
Change in inventories		8,396	6,142	-6,566	759
Cost of materials	[4]	-372,862	-326,883	-190,479	-176,243
Personnel expenses	[5]	-235,278	-210,190	-120,008	-107,860
Depreciation and amortization		-30,672	-26,868	-15,635	-13,609
Other operating expenses	[6]	-110,773	-95,885	-57,133	-49,372
Income from shares accounted for using the equity method		691	385	303	169
Other financial results		117	231	58	169
OPERATING RESULT (EBIT)		**72,723**	**69,337**	**37,978**	**38,824**
Interest income		55	336	21	192
Interest expenses		-12,453	-12,798	-6,300	-6,884
NET INTEREST	[7]	**-12,398**	**-12,462**	**-6,279**	**-6,692**
EARNINGS BEFORE TAXES (EBT)		**60,325**	**56,875**	**31,699**	**32,132**
Taxes		-21,279	-19,885	-11,248	-11,206
EARNINGS AFTER TAXES		**39,046**	**36,990**	**20,451**	**20,926**
of which attributable to non-controlling shareholders		333	401	174	265
of which attributable to INDUS shareholders		38,713	36,589	20,277	20,661
Earnings per share (undiluted and diluted) in EUR	[8]	1.58	1.50	0.83	0.85

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

FOR THE FIRST HALF OF THE YEAR AND THE SECOND QUARTER OF 2017

IN EUR '000	H1 2017	H1 2016	Q2 2017	Q2 2016
EARNINGS AFTER TAXES	**39,046**	**36,990**	**20,451**	**20,926**
Actuarial gains and losses	482	-3,406	966	-2,271
Deferred taxes	-143	1,008	-286	672
Items not reclassified to profit or loss	**339**	**-2,398**	**680**	**-1,599**
Currency translation adjustment	-2,771	-3,426	-3,416	-615
Change in the market values of derivative financial instruments (cash flow hedge)	25	391	-398	377
Deferred taxes	-4	-62	63	-60
Items to be reclassified to profit or loss in future	**-2,750**	**-3,097**	**-3,751**	**-298**
OTHER INCOME	**-2,411**	**-5,495**	**-3,071**	**-1,897**
OVERALL RESULT	**36,635**	**31,495**	**17,380**	**19,029**
of which attributable to non-controlling shareholders	333	401	174	265
of which attributable to INDUS shareholders	36,302	31,094	17,206	18,764

The income and expenses recognized directly in equity/other comprehensive income include actuarial gains (previous year: losses) from pensions and similar obligations amounting to EUR 482,000 (previous year: EUR -3.406 million). This is primarily the result of an increase in the interest rate for domestic obligations from 2.00 % as of December 31, 2016, to 2.10 % as of June 30, 2017.

Net income from currency conversion is derived from the converted financial statements of consolidated international subsidiaries. The change in the fair value of derivative financial instruments was the result of interest rate swaps transacted by the holding company to hedge against interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2017

IN EUR '000	NOTES	30.6.2017	31.12.2016
ASSETS			
Goodwill		431,336	408,702
Other intangible assets		91,838	74,306
Property, plant and equipment		377,273	369,331
Investment property		5,313	5,412
Financial assets		12,618	12,214
Shares accounted for using the equity method		11,188	10,497
Other non-current assets		1,498	3,029
Deferred taxes		3,390	2,258
Non-current assets		**934,454**	**885,749**
Inventories	[9]	347,367	308,697
Accounts receivable	[10]	217,884	177,626
Other current assets		17,728	16,424
Current income taxes		10,262	5,928
Cash and cash equivalents		101,158	127,180
Current assets		**694,399**	**635,855**
TOTAL ASSETS		**1,628,853**	**1,521,604**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		341,828	338,534
Equity held by INDUS shareholders		**645,232**	**641,938**
Non-controlling interests in the equity		2,559	2,630
Equity		**647,791**	**644,568**
Provisions for pensions		30,726	29,020
Other non-current provisions		1,960	2,217
Non-current financial liabilities		469,131	389,757
Other non-current liabilities	[11]	38,545	47,729
Deferred taxes		45,074	37,595
Non-current liabilities		**585,436**	**506,318**
Other current provisions		80,483	65,578
Current financial liabilities		108,594	113,974
Trade accounts payable		71,499	55,409
Other current liabilities	[11]	126,101	127,505
Current income taxes		8,949	8,252
Current liabilities		**395,626**	**370,718**
TOTAL EQUITY AND LIABILITIES		**1,628,853**	**1,521,604**

CONSOLIDATED STATEMENT OF EQUITY

FROM JANUARY 1 TO JUNE 30, 2017

IN EUR '000	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	OTHER EARNINGS	EQUITY HELD BY INDUS SHAREHOLDERS	INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS	GROUP EQUITY
BALANCE AS OF 31.12.2015	**63,571**	**239,833**	**290,861**	**-1,486**	**592,779**	**2,651**	**595,430**
Income after taxes			36,589		36,589	401	36,990
Other income				-5,495	-5,495		-5,495
Overall result			**36,589**	**-5,495**	**31,094**	**401**	**31,495**
Dividend payment			-29,341		-29,341	-399	-29,740
BALANCE AS OF 30.6.2016	**63,571**	**239,833**	**298,109**	**-6,981**	**594,532**	**2,653**	**597,185**
BALANCE AS Of 31.12.2016	**63,571**	**239,833**	**341,561**	**-3,027**	**641,938**	**2,630**	**644,568**
Income after taxes			38,713		38,713	333	39,046
Other income				-2,411	-2,411		-2,411
Overall result			**38,713**	**-2,411**	**36,302**	**333**	**36,635**
Dividend payment			-33,008		-33,008	-404	-33,412
BALANCE AS OF 30.6.2017	**63,571**	**239,833**	**347,266**	**-5,438**	**645,232**	**2,559**	**647,791**

Interests held by non-controlling shareholders mainly consist of non-controlling interests in WEIGAND Bau GmbH and subsidiaries of the ROLKO Group. Where economic ownership of non-controlling interests in limited partnerships and corporations had, at the time of purchase, already been transferred under reciprocal option agreements, those interests are shown under "other liabilities".

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FIRST HALF-YEAR 2017

IN EUR '000	H1 2017	H1 2016
Income after taxes	39,046	36,990
Depreciation/write-ups of non-current assets	30,672	26,868
Taxes	21,279	19,885
Net interest	12,398	12,462
Other non-cash transactions	-1,691	-5,947
Changes in provisions	11,400	10,543
Increase (-)/decrease (+) in inventories, trade accounts receivable, and other assets	-68,015	-44,170
Increase (+)/decrease (-) in trade accounts payable and other liabilities	-9,281	-2,239
Income taxes received/paid	-26,010	-23,129
Operating cash flow	**9,798**	**31,263**
Interest paid	-10,910	-14,295
Interest received	55	336
Cash flow from operating activities	**-1,057**	**17,304**
Cash outflow from investments in		
property, plant and equipment and intangible assets	-30,944	-20,027
financial assets	-707	-2,303
shares in fully consolidated companies	-32,414	-32,896
Cash inflow from the disposal of other assets	306	821
Cash flow from investing activities	**-63,759**	**-54,405**
Dividends paid to shareholders	-33,008	-29,341
Dividends paid to non-controlling shareholders	-404	-399
Cash inflow from the assumption of debt	122,904	95,963
Cash outflow from the repayment of debt	-50,038	-63,180
Cash flow from financing activities	**39,454**	**3,043**
Net cash change in financial facilities	-25,362	-34,058
Changes in cash and cash equivalents caused by currency exchange rates	-660	-367
Cash and cash equivalents at the beginning of the period	127,180	132,195
Cash and cash equivalents at the end of the period	**101,158**	**97,770**

NOTES

BASIC PRINCIPLES OF THE FINANCIAL STATEMENTS

[1] General Information

INDUS Holding AG, based in Bergisch Gladbach, Germany, has prepared its condensed consolidated interim financial statements for the period from January 1, 2017 to 30. Juni 2017 in accordance with the International Financial Reporting Standards (IFRS), and with the interpretations thereof by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as to how they are to be applied within the European Union (EU). The consolidated financial statements have been prepared in euros. Unless otherwise indicated, all amounts are stated in thousands of euros (EUR ’000).

These interim financial statements have been prepared in accordance with IAS 34 in condensed form. The interim report has been neither audited nor subjected to perusal or review by an auditor.

New obligatory standards are reported on separately in the section “Changes in Accounting Standards”. Otherwise, the same accounting methods have been applied as in the consolidated financial statements for the 2016 fiscal year, where they are described in detail. Since this interim financial report does not provide the full scope of information found in the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management’s view, this interim report includes all usual current adjustments necessary for the proper presentation of the Group’s financial position and financial performance. The results achieved in the first half of 2017 do not necessarily predict future business performance.

Preparation of consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates that have an impact on the recognized value of assets, liabilities, and contingent liabilities and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

[2] Changes in Accounting Standards

All obligatory accounting standards in effect as of fiscal year 2017 have been implemented in the interim financial statements at hand.

The new standards do not in any way affect the presentation of the financial position and financial performance of INDUS Holding AG in the consolidated financial statements.

[3] Mergers

M+P INTERNATIONAL

INDUS Holding AG acquired 76.56% of shares in M+P INTERNATIONAL Mess- und Rechnertechnik GmbH, Hanover, under a contract dated January 30, 2017. M+P Group is a provider of measurement and test systems for vibration testing and analysis which has 63 employees, and a preliminary revenue of EUR 12 million for 2016. M+P is classified as part of the Engineering segment.

The fair value of the total consideration given amounted to EUR 19.834 million at the time of acquisition. This figure comprises a cash component and a contingent purchase price payment in the amount of EUR 5.137 million, which was measured at fair value and which is the result of call/put options for the minority shares. The amount of the contingent purchase price commitment was calculated on the basis of EBIT multiples and a forecast of future EBIT.

The goodwill in the amount of EUR 9.310 million calculated for purchase price allocation purposes is not tax-deductible. The goodwill represents inseparable values such as the know-how of the workforce, positive earnings expectations for the future, and synergies resulting from development, production, sales and marketing.

In the preliminary purchase price allocation, the acquired assets and debts have been calculated as follows:

ACQUISITIONS: M+P (IN EUR '000)	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	9,310	9,310
Other intangible assets	317	8,546	8,863
Property, plant and equipment	330	0	330
Inventories	1,119	1,144	2,263
Accounts receivable	2,054	0	2,054
Other assets*	139	0	139
Cash and cash equivalents	2,985	0	2,985
Total assets	**6,944**	**19,000**	**25,944**
Other provisions	947	0	947
Trade accounts payable	267	0	267
Other liabilities**	2,028	2,868	4,896
Total liabilities	**3,242**	**2,868**	**6,110**

* Other assets: Other non-current assets, Other current assets, Deferred taxes, Current income taxes
** Other liabilities: Other non-current liabilities, Other current liabilities, Deferred taxes, Current income taxes

The initial consolidation of M+P INTERNATIONAL took place in February 2017. The M+P Group contributed sales amounting to EUR 3.959 million to the INDUS result for the period from January 1 to June 30, 2017 and an operating result (EBIT) of EUR -1.095 million.

Expenditures affecting net income and arising from the initial consolidation of M+P reduced the operating result by EUR 1.609 million. The incidental acquisition costs have been recorded in the Statement of Income.

PEISELER

On April 18, 2017 INDUS Holding AG acquired 80% of shares in PEISELER Holding GmbH, Remscheid. PEISELER is a provider of high-precision indexing devices and rotary tilt tables for machine tools. In addition to its main operating company in Remscheid, the PEISELER Group comprises a permanent establishment in Morbach and an American distribution subsidiary in Grand Rapids, Michigan, USA. PEISELER is classified as part of the Engineering segment.

The fair value of the total consideration given amounted to EUR 31.635 million at the time of acquisition. This figure comprises a cash component and a contingent purchase price commitment in the amount of EUR 7.635 million, which was measured at fair value and which is the result of symmetrical call/put options for the minority shares. The amount of the contingent purchase price commitment was calculated on the basis of EBIT multiples and a forecast of future EBIT.

The goodwill in the amount of EUR 13.662 million calculated for purchase price allocation purposes is not tax-deductible. The goodwill represents inseparable values such as the know-how of the workforce, positive earnings expectations for the future, and synergies resulting from development, production, sales and marketing.

In the preliminary purchase price allocation, the acquired assets and debts have been calculated as follows:

ACQUISITIONS: PEISELER (IN EUR '000)	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	13,662	13,662
Other intangible assets	34	12,390	12,424
Property, plant and equipment	3,150	0	3,150
Inventories	5,912	1,782	7,694
Accounts receivable	2,730	0	2,730
Other assets*	1,275	0	1,275
Cash and cash equivalents	3,298	0	3,298
Total assets	**16,399**	**27,834**	**44,233**
Provisions for pensions	1,875	0	1,875
Other provisions	2,132	0	2,132
Trade accounts payable	399	0	399
Other liabilities**	3,996	4,195	8,191
Total liabilities	**8,402**	**4,195**	**12,597**

* Other assets: Other non-current assets, Other current assets, Deferred taxes, Current income taxes
** Other liabilities: Other non-current liabilities, Other current liabilities, Deferred taxes, Current income taxes

The initial consolidation of PEISELER took place in May 2017. The PEISELER Group contributed sales amounting to EUR 5.041 million to the INDUS result for the period from January 1 to June 30, 2017 and an operating result (EBIT) of EUR 304,000.

Expenditures affecting net income and arising from the initial consolidation of PEISELER reduced the operating result by EUR 834,000. The incidental acquisition costs have been recorded in the Statement of Income.

NOTES TO THE CONDENSED STATEMENT OF INCOME

[4] Costs of Materials

IN EUR '000	H1 2017	H1 2016
Raw materials and goods for resale	-305,217	-271,601
Purchased services	-67,645	-55,282
Total	**-372,862**	**-326,883**

[5] Personnel Expenses

IN EUR '000	H1 2017	H1 2016
Wages and salaries	-199,755	-177,899
Social security	-33,348	-30,194
Pensions	-2,175	-2,097
Total	**-235,278**	**-210,190**

[6] Other Operating Expenses

IN EUR '000	H1 2017	H1 2016
Selling expenses	-42,932	-37,016
Operating expenses	-37,003	-34,819
Administrative expenses	-24,585	-20,245
Other expenses	-6,253	-3,805
Total	**-110,773**	**-95,885**

[7] Net Interest

IN EUR '000	H1 2017	H1 2016
Interest and similar income	55	336
Interest and similar expenses	-7,213	-7,618
Interest from operations	**-7,158**	**-7,282**
Other: Market value of interest-rate swaps	7	47
Other: Non-controlling interests	-5,247	-5,227
Other interest	**-5,240**	**-5,180**
Total	**-12,398**	**-12,462**

The item “Other: Non-controlling interests” contains the effect on results of the subsequent valuation of the contingent purchase price commitments (call/put options) in the amount of EUR 775 thousand (previous year: EUR 1.702 million) along with after-tax results owed to external entities from shares in partnerships and corporations with call/put options. For reasons of consistency it is recognized in interest income.

[8] Earnings per Share

IN EUR '000	H1 2017	H1 2016
Earnings attributable to INDUS shareholders	**38,713**	**36,589**
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	1.58	1.50

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[9] Inventories

IN EUR '000	30.6.2017	31.12.2016
Raw materials and supplies	125,102	98,941
Unfinished goods	97,095	85,419
Finished goods and goods for resale	104,046	102,772
Prepayments for inventories	21,124	21,565
Total	**347,367**	**308,697**

[10] Accounts receivable

IN EUR '000	30.6.2017	31.12.2016
Accounts receivable from customers	197,335	163,257
Accounts receivable from construction contracts	19,047	12,689
Accounts receivable from associated companies	1,502	1,680
Total	**217,884**	**177,626**

[11] Liabilities

The EUR 65.305 million in other liabilities (12/31/2016: EUR 54.889 million) includes contingent purchase price liabilities measured at fair value insofar as minority shareholders are able to tender their shares to INDUS by terminating the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[12] Segment Reporting

OPERATING SEGMENT INFORMATION FOR THE FIRST HALF-YEAR 2017

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
H1 2017								
Sales with external third parties	161,929	192,272	174,039	78,372	196,833	803,445	54	803,499
Sales with Group companies	16,877	38,985	24,229	7,969	27,360	115,420	-115,420	0
Sales	**178,806**	**231,257**	**198,268**	**86,341**	**224,193**	**918,865**	**-115,366**	**803,499**
Segment earnings (EBIT)	**21,494**	**7,913**	**26,038**	**9,305**	**11,956**	**76,706**	**-3,983**	**72,723**
Earnings from equity valuation	373	182	136	0	0	691	0	691
Depreciation and amortization	**-4,215**	**-10,767**	**-4,923**	**-3,380**	**-7,055**	**-30,340**	**-332**	**-30,672**
Segment EBITDA	**25,709**	**18,680**	**30,961**	**12,685**	**19,011**	**107,046**	**-3,651**	**103,395**
Capital expenditure	**6,262**	**12,967**	**35,597**	**3,519**	**4,059**	**62,404**	**1,661**	**64,065**
of which company acquisitions	0	0	32,414	0	0	32,414	0	32,414

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
H1 2016								
Sales with external third parties	129,962	181,528	148,799	75,942	178,769	715,000	-148	714,852
Sales with Group companies	10,444	20,541	19,096	8,150	17,360	75,591	-75,591	0
Sales	**140,406**	**202,069**	**167,895**	**84,092**	**196,129**	**790,591**	**-75,739**	**714,852**
Segment earnings (EBIT)	**19,371**	**9,150**	**18,592**	**9,670**	**15,674**	**72,457**	**-3,120**	**69,337**
Earnings from equity valuation	0	231	154	0	0	385	0	385
Depreciation and amortization	**-3,358**	**-9,274**	**-3,980**	**-3,255**	**-6,630**	**-26,497**	**-371**	**-26,868**
Segment EBITDA	**22,729**	**18,424**	**22,572**	**12,925**	**22,304**	**98,954**	**-2,749**	**96,205**
Capital expenditure	**26,148**	**17,634**	**3,581**	**2,934**	**4,637**	**54,934**	**292**	**55,226**
of which company acquisitions	24,006	7,225	1,665	0	0	32,896	0	32,896

SEGMENT INFORMATION BY OPERATION FOR THE SECOND QUARTER OF 2017

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
Q2 2017								
Sales with external third parties	90,175	96,125	96,617	39,469	99,962	422,348	179	422,527
Sales with Group companies	8,947	20,523	13,052	4,387	13,912	60,821	-60,821	0
Sales	**99,122**	**116,648**	**109,669**	**43,856**	**113,874**	**483,169**	**-60,642**	**422,527**
Segment earnings (EBIT)	**14,423**	**3,233**	**14,191**	**5,483**	**2,916**	**40,246**	**-2,268**	**37,978**
Earnings from equity valuation	67	153	83	0	0	303	0	303
Depreciation and amortization	**-2,110**	**-5,472**	**-2,637**	**-1,696**	**-3,556**	**-15,471**	**-164**	**-15,635**
Segment EBITDA	**16,533**	**8,705**	**16,828**	**7,179**	**6,472**	**55,717**	**-2,104**	**53,613**
Capital expenditure	**2,656**	**6,262**	**22,303**	**2,630**	**1,851**	**35,702**	**1,066**	**36,768**
of which company acquisitions	0	0	20,702	0	0	20,702	0	20,702

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
Q2 2016								
Sales with external third parties	74,910	95,661	81,910	38,929	90,668	382,078	-18	382,060
Sales with Group companies	6,136	11,022	10,102	4,519	8,810	40,589	-40,589	0
Sales	**81,046**	**106,683**	**92,012**	**43,448**	**99,478**	**422,667**	**-40,607**	**382,060**
Segment earnings (EBIT)	**13,446**	**5,179**	**8,681**	**5,752**	**7,897**	**40,955**	**-2,131**	**38,824**
Earnings from equity valuation	0	84	85	0	0	169	0	169
Depreciation and amortization	**-1,722**	**-4,667**	**-2,038**	**-1,649**	**-3,359**	**-13,435**	**-174**	**-13,609**
Segment EBITDA	**15,168**	**9,846**	**10,719**	**7,401**	**11,256**	**54,390**	**-1,957**	**52,433**
Capital expenditure	**24,654**	**13,239**	**2,432**	**1,337**	**2,336**	**43,998**	**292**	**44,290**
of which company acquisitions	24,006	7,225	1,110	0	0	32,341	0	32,341

The table below reconciles the total operating results of segment reporting with income before tax in the Consolidated Statement of Income.

RECONCILIATION (IN EUR '000)

	H1 2017	H1 2016	Q2 2017	Q2 2016
Segment earnings (EBIT)	**76,706**	**72,457**	**40,245**	**40,955**
Areas not allocated, incl. holding company	-3,817	-3,226	-2,293	-2,160
Consolidations	-166	106	26	29
Net interest	-12,398	-12,462	-6,279	-6,692
Earnings before taxes	**60,325**	**56,875**	**31,699**	**32,132**

The classification of segments corresponds without change to the current state of internal reporting. The information relates to continuing activities. The companies are allocated to the various segments on the basis of their selling markets insofar as the bulk of their product range is sold in that market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology).

The reconciliations contain the figures for the holding company, figures for non-operating units not allocated to any segment and consolidations. For the products and services generating the respective segment sales, please refer to the relevant section of the management report.

The key control variable for the segments is operating earnings (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods applied during the preparation of the consolidated financial statements. Transfer prices between segments are based on arm's-length prices to the extent that they can be established in a reliable manner. Moreover, they are determined on the basis of the cost-plus pricing method.

SEGMENT INFORMATION BY REGION

The breakdown of sales by region relates to our selling markets. Due to our varied foreign activities, a further breakdown by country is not meaningful. Except for Germany, no other country accounts for 10 % of Group sales.

Non-current assets, less deferred taxes and financial instruments, are based on the place of business of the companies concerned. Further differenciation is not useful here either, as the majority of companies are based in Germany.

Owing to INDUS's diversification policy, there were no individual product or service groups nor any individual customers that accounted for more than 10 % of sales.

IN EUR '000	GROUP	GERMANY	EU	REST OF THE WORLD
Sales revenue with external third parties				
First half of 2017	803,499	406,036	180,376	217,087
Second quarter of 2017	422,527	219,782	89,841	112,904
Noncurrent assets, less deferred taxes and financial instruments				
30.6.2017	916,948	777,819	43,097	96,032
Sales revenue with external third parties				
First half of 2016	714,852	369,049	165,422	180,381
Second quarter of 2016	382,060	198,898	87,792	95,370
Noncurrent assets, less deferred taxes and financial instruments				
31.12.2016	868,248	732,990	41,190	94,068

[13] Information on the Significance of Financial Instruments

The table below shows the carrying amounts of the financial instruments. The fair value of a financial instrument is the price that would be paid in an orderly transaction between market participants for the sale of an asset or transfer of a liability on the measurement date.

FINANCIAL INSTRUMENTS AS OF JUNE 30, 2017 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	12,618	0	12,618	0	12,618
Cash and cash equivalents	101,158	0	101,158	0	101,158
Accounts receivable	217,884	19,047	198,837	0	198,837
Other assets	19,226	10,719	8,507	16	8,491
Financial Instruments: Assets	**350,886**	**29,766**	**321,120**	**16**	**321,104**
Financial liabilities	577,725	0	577,725	0	577,725
Trade accounts payable	71,499	0	71,499	0	71,499
Other liabilities	164,646	64,786	99,860	69,233	30,627
Financial Instruments: Equity and liabilities	**813,870**	**64,786**	**749,084**	**69,233**	**679,851**

FINANCIAL INSTRUMENTS AS OF DEC. 31, 2016 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	12,214	0	12,214	0	12,214
Cash and cash equivalents	127,180	0	127,180	0	127,180
Accounts receivable	177,626	12,689	164,937	0	164,937
Other assets	19,453	9,798	9,655	860	8,795
Financial Instruments: Assets	**336,473**	**22,487**	**313,986**	**860**	**313,126**
Financial liabilities	503,731	0	503,731	0	503,731
Trade accounts payable	55,409	0	55,409	0	55,409
Other liabilities	175,234	74,313	100,921	49,531	51,390
Financial Instruments: Equity and liabilities	**734,374**	**74,313**	**660,061**	**49,531**	**610,530**

Available-for-sale financial assets are long-term financial investments for which no pricing on an active market is available and of which their fair value cannot be reliably determined. These are carried at cost.

FINANCIAL INSTRUMENTS BY VALUATION CATEGORIES IAS 39 (IN EUR '000)

	30.6.2017	31.12.2016
Measured at fair value through profit and loss	16	860
Loans and receivables	317,912	310,608
Available-for-sale financial assets	3,192	2,518
Financial instruments: Assets	**321,120**	**313,986**
Measured at fair value through profit and loss	69,233	49,531
Financial liabilities measured at their residual carrying amounts	679,851	610,530
Financial instruments: Equity and liabilities	**749,084**	**660,061**

[14] Approval for Publication

The Board of Management of INDUS Holding AG approved these IFRS interim financial statements for publication on August 11, 2017

[15] Declaration by the Legal Representatives

We hereby declare that, to the best of our knowledge, the consolidated interim financial statements present, in accordance with the applicable accounting standards for interim reporting, a factually accurate picture of the Group's financial position and financial performance; that the Group's business performance, including the results of its operations, and position are represented in the consolidated interim financial statements in such a way that a factually accurate picture is presented; and that the significant opportunities and risks associated with the expected development of the Group in the remainder of the fiscal year are described.

Bergisch Gladbach, August 11, 2017

INDUS Holding AG
The Board of Management

Jürgen Abromeit Dr. Johannes Schmidt Rudolf Weichert

CONTACT

CONTACT PUBLIC RELATIONS & INVESTOR RELATIONS
Nina Wolf
Phone: +49 (0)2204/40 00 73
Julia Pschribülla
Phone: +49 (0)2204/40 00 66

Fax: +49 (0)2204/40 00 20
E-mail: presse@indus.de
E-mail: investor.relations@indus.de

INDUS HOLDING AG
Kölner Straße 32
51429 Bergisch Gladbach
Germany

P.O. Box 10 03 53
51403 Bergisch Gladbach
Germany

Phone: +49(0)2204/40 000
Fax: +49 (0)2204/40 00 20
E-mail: indus@indus.de

www.indus.de

FINANCIAL CALENDAR

August 30, 2017	Commerzbank Sector Conference, Frankfurt/Main
September 12, 2017	Prior Kapitalmarktkonferenz, Dreieich-Götzenhain
October 5, 2017	Roadshow, London
October 11, 2017	Roadshow, Paris
October 17, 2017	Roadhsow, Zurich
November 14, 2017	Interim report on September 30, 2017
November 28, 2017	Deutsches Eigenkapitalforum, Frankfurt/Main

IMPRINT

RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
Jürgen Abromeit

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This interim report is also available in German. Both the English and the German versions of the report can be downloaded from the internet at www.indus.de under Financial Reports & Presentations. Only the German version of the interim report is legally binding.

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