Q3 2017
INDUS Holding AG

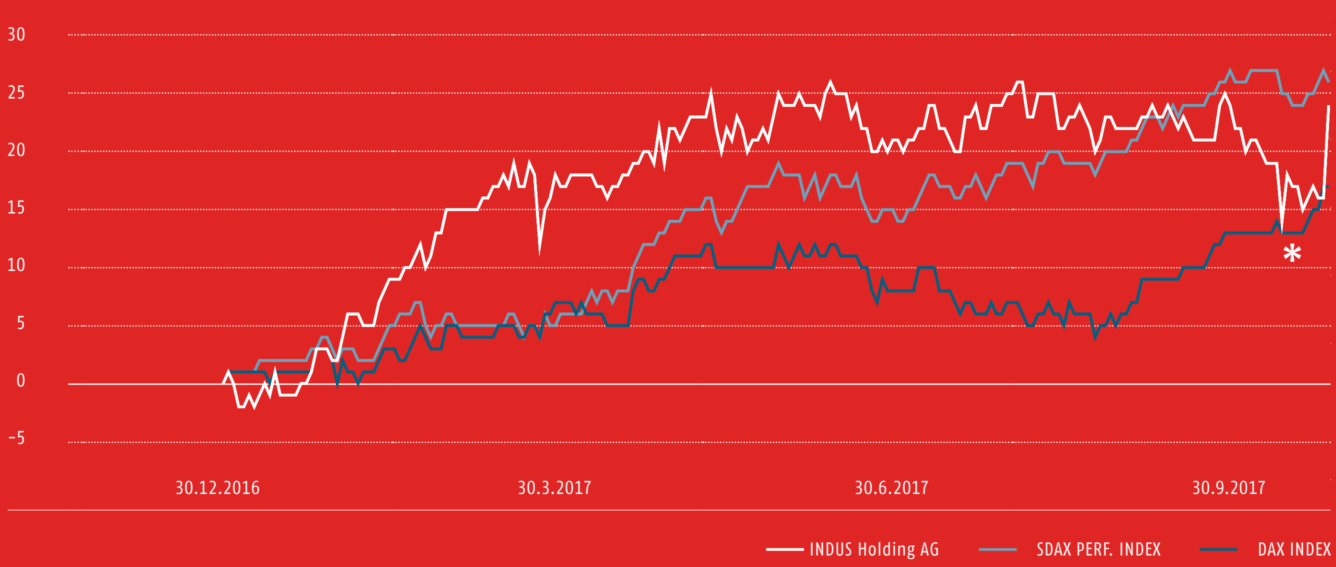
[INDUS]

HIGHLIGHTS

— Organic growth across all segments: Sales +13.5 % in the first nine months of 2017
— Pleasing third quarter in good economic situation
— EBIT increases by 12.4 % in the third quarter
— Overall forecast 2017 confirmed

KEY FIGURES (in EUR millions)	Q1–Q3 2017	Q1–Q3 2016
Sales	1,221.1	1,075.5
EBITDA	161.0	147.8
EBIT	114.5	106.6
Net result for the period	62.6	57.1
Earnings per share (in EUR)	2.52	2.30
Operating cash flow	56.1	71.8
	30.9.2017	31.12.2016
Total assets	1,660.1	1,521.6
Group equity	665.5	644.6
Net debt	447.1	376.6
Equity ratio in %	40.1	42.4
Investments (as of the reporting date)	46	44

SHARE PRICE PERFORMANCE OF THE INDUS SHARE INCL. DIVIDEND (in %)



* Selective market slump on October 19, 2017 due to presumed stop-loss orders after shortfall of technical support between €60 and €61. Without connection to operating activities/corporate news. Low recovered from EUR 53.90 to EUR 59.10 at close of business.

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LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

The economy is booming, and the prospects for German industry are the best they have been in a long time. All the more reason, then, for the German SME industry to maintain its focus on growth. And yet, one cannot help but sense a somewhat more chill wind blowing through the marketplace. Competitive pressures and the pressure to innovate are on the increase, while supposedly solid business models are being cast into doubt from one day to the next. And an environment conditioned by geopolitical uncertainties and the complexities of fiscal and monetary policy have become almost familiar by now.

The effects of these two tendencies are felt by the INDUS portfolio companies as well. In the Engineering segment, for example, all signs point to growth. At the same time, demand for answers to the mid-term consequences of 'Brexit' and the 'America First' slogan becomes more pressing. While the call-off figures in the automotive supply industry seem to indicate unfettered demand, the pressure on margins in the sector has become insupportable. The emissions scandal, allegations of anti-competitive collusion, and the challenge of e-mobility are leaving their mark here.

On the whole, the INDUS portfolio companies have used the favorable economic climate of the past several months to gear up for the future. And they have done so successfully. While INDUS Group sales increased in the first nine months to yet another record level—exceeding EUR 1.2 billion—certain portfolio companies in particular have implemented far-reaching measures to preserve their competitiveness. The familiar repositioning efforts are proceeding according to plan and will mostly be completed within the first half of 2018. The operating result (EBIT) for the third quarter of 2017 is, at EUR 41.8 million, a good 12 % higher than the figure for the same period of the previous year. Economic data in all segments is very good, only the margins of the automotive suppliers are, for market-related reasons, weak.

However, we have to be clear on one thing: Even healthy and successful companies are not immune to the unrelenting pressures for change. As a holding company, we will therefore continue to support each individual company in its efforts to master those challenges. We take a special approach that consists in a sustained focus on promoting innovation and technological development within the decentralized structure of the Group. Currently, the holding company is applying this "development bank model" in support of eleven disruptively innovative projects undertaken by our portfolio companies. And for fiscal year 2018 our plans call for a record volume of investment within the Group in excess of EUR 85 million. As a strong partner working in the background with an equity quota of more than 40 %, we are better positioned financially than ever.

Our emphasis on successful technological change within the Group is reflected also in the most recent expansion of the Board of Management. With the addition of Axel Meyer—who since the first of October 2017 has brought new strength to the technology unit in the areas of production and investment—the holding company has enhanced its fitness for the future in personnel terms as well. We welcome Mr. Meyer to the INDUS Board of Management and look forward to our work together.

Since 2013, we have brought innovation and growth to the INDUS portfolio also through acquisitions. This is a strategy that we will continue to pursue in the future. At the same time, we have an increasingly over-heated M&A market to contend with. Buying at inflated prices is not an approach that we at INDUS wish or even need to take. In other words, we are constantly on the lookout for new "hidden champions", but not at any price.

Consequently, we find ourselves time and again forced to decline an opportunity to acquire another company. The overall concept of sustainable portfolio management works only if the valuation of a candidate for purchase is consistent with its economic potential. This is something that we, as an asset-managing holding company, pay special attention to—and something that is very much in your interest as a shareholder. Our acquisitions so far in the current fiscal year show that this approach still works today. M+P INTERNATIONAL and PEISELER are two new acquisitions that, as valuable members of the INDUS Group, we cannot imagine being without even at this early date. They were both bull's-eyes, to put it another way.

We are confident that we will easily achieve our goals for the current 2017 fiscal year. The INDUS Group will continue with its active and innovative pursuit of growth in 2018 as well. Our attention in the coming months will be focused on the repositioning projects. The extreme pressures on our suppliers in the Automotive Technology segment also will be keeping INDUS occupied. There we have every intention of finding solutions.

BERGISCH GLADBACH, GERMANY, NOVEMBER 2017
YOUR BOARD OF MANAGEMENT

JÜRGEN ABROMEIT   AXEL MEYER   DR. JOHANNES SCHMIDT   RUDOLF WEICHERT

SECURING YOUNG TALENTS IN THE INDUS GROUP

TODAY FOR TOMORROW

COMMITMENT MAKES TODAY'S SKILLED EMPLOYEE TOMORROW'S EXECUTIVE. THIS APPLIES TO MEN AND WOMEN ALIKE.

Things are getting tight in the domestic labor market. The excess demand for qualified employees runs through every sector and area of responsibility. The corporate groups are still able to position themselves relatively well in their competition for the best minds. They recruit on the strength of their names and with the benefit of their extensive human resources programs. SMEs have more limited possibilities in this area and must take a more focused approach. What are the INDUS portfolio companies doing to secure the skilled workers and managers necessary to meet their future needs?

According to a recent study by the research institute Prognos, Germany is expected to experience a shortage of just under three million skilled workers by 2030, despite the assumed annual arrival of 200,000 immigrants. This development could put a substantial damper on future economic growth, for which it has now become a topic of concern to policymakers as well. In a recently published report on skilled labor, the German federal government concludes that there is urgent need for action.

Two fundamental reasons for the growing gap in the skilled labor market are demographic trends and the general trend towards digitalization. The first of these factors will reduce the supply of available workers by ten percent over the next twenty years; the second of them calls for entirely new job profiles.

The lack of managers, engineers, and other academically-oriented profiles will be felt along a broad front as early as 2020. The same will hold true of the skilled trades, as two of every three secondary school graduates are currently taking up studies. This is a ratio that will noticeably undermine the viability of the German labor market if government and industry do not take steps to counter it.

WORKFORCE BALANCE IN THE MANUFACTURING TRADES BY QUALIFICATION UNTIL 2040 (IN 1,000 PERSONS)

Source: Study "Arbeitslandschaft 2040", May 2015, Prognos AG

RAISING AWARENESS SO THAT EACH COMPANY FINDS ITS SOLUTION

The ability to meet future needs in terms of managers and skilled workers is indispensable to INDUS's portfolio companies if they are to continue in their pursuit of growth. Many of the INDUS companies have their headquarters or production facilities in rural areas. Associated with these locations are infrastructure-related disadvantages for which SMEs must offer compensation. At the same time, a constant process of innovation in the portfolio companies demands continuous development and expansion of knowledge.

The approach taken by the INDUS companies in response to these exigencies comprises several items: "cultivation of an established regional corporate culture," "targeted future workforce development," and "building a network".

BILSTEIN & SIEKERMANN PROVES: EVEN IN A RURAL AREA, A COMPANY CAN BE ATTRACTIVE FOR TRAINEES.

FUTURE WORKFORCE DEVELOPMENT AT MBN: REGIONAL AND COMPREHENSIVE

A perfect example of a company that is successfully taking a multi-pronged approach to developing its future workforce is MBN in Neugersdorf, Saxony. This engineering company is located in the rather structurally weak region of Upper Lusatia, and it has remained under the management of its former owners since its acquisition by INDUS in 2014. MBN operates internationally and has for many years pursued a policy of fostering young talents. Thus, MBN has ready access to qualified, cosmopolitan employees. Numerous management positions have been filled with former trainees. Nor is there any current lack of trainees. At present, MBN is training 59 junior employees. This corresponds to a share of 20 percent of the currently almost 300 employees.

This large number is not surprising when one considers what the company has to offer. The technical and commercial training facilities are attractive, and 28 boarding school spaces enable young people from remote regions to work their way into the company. For upper-level management careers, MBN offers the option of a dual course of professional training with a secondary school diploma. And those who want more may complete studies with integrated engineering training under a cooperative arrangement with a university. Employees of the company who wish to study are also free to make use of a stipend. The only condition is that they make a commitment to work for MBN for at least three years following their studies.

It is the hope of MBN corporate founder Ernst Lieb that his employees and their families choose of their own accord to remain in the region because they feel comfortable there. For this reason he, as a private person, and MBN as a company have been actively contributing to the development of the Neugersdorf location through athletic sponsorships, construction projects, and local initiatives. This has resulted over the years in the construction of a kindergarten, 65 owner-occupied apartments, and a nursing home for seniors.

BILSTEIN & SIEKERMANN®: EMPLOYER BRANDING WORKS FOR THE SME INDUSTRY, TOO

Just under 700 kilometers to the west of Neugersdorf lies Hillesheim, where BILSTEIN & SIEKERMAN has been taking a different, but no less interesting approach. This INDUS subsidiary is located in the rural Eifel region where, with its roughly 110 employees, it produces innovative cold extrusion parts, turned parts, and locking screws for the automotive industry. The nearest major cities, Trier and Cologne, are 80 and 90 kilometers distant respectively. With the assistance of strategic consultants, the company has developed a strong employer brand over the last five years.

And it has done so with astonishing success. Its focus on its strengths has fostered among its employees a strong sense of identification with specific key values. Attributes such as competence, a commitment to quality, ambition, and openness became aspects of an ideal, which each of its employees wished to contribute to and be identified with—both internally and externally. A promotional film, various employee videos on YouTube, and interesting information on the company's website, one example of which is a trainees' blog, have been produced to promote a positive perception of the BILSTEIN & SIEKERMANN brand among a wider public.

Today BILSTEIN & SIEKERMANN can have its pick of employees. Corporate culture is excellent and employee turnover virtually zero. Nor has the company any lack of job applications. A system of bonuses, advanced qualification programs, and an openness to new ideas have enhanced the attractiveness of this little SME for newcomers as well. Recently BILSTEIN & SIEKERMANN, in cooperation with the German Chamber of Industry and Commerce, even brought into being the skilled occupation of "press tool operator and metal working mechanic". Considered as a whole, the branding expenditures have paid off financially as well. The improvements achieved to date in the daily work routine have demonstrably compensated for such factors as rising wage costs and automobile customers' demands for price reductions.

M+P INTERNATIONAL: DIRECTLY CONNECTED TO THE WORLD OF SCIENCE

M+P INTERNATIONAL, a Hanover-based specialist in measurement and test systems for vibration testing and analysis, also has taken an interesting approach to securing the expertise it needs. The company is a spin-off of what is now Leibniz University Hanover, and has maintained its close association with that university and turned it into a competitive advantage. Under a permanent cooperative arrangement, employees of M+P INTERNATIONAL work with employees of the Institute for Dynamics and Vibrations on concrete topics related to everyday business concerns. The close cooperation enables the research staff and student workers to make an easy transition into economic life if they wish to do so. Conversely, M+P INTERNATIONAL has easier access to the university network and publicly supported domestic and foreign projects. For M+P INTERNATIONAL these projects in particular are also a potential source of attractive gains in expertise which, most importantly, amplify the company's powers of innovation.

It is not only for leading technology companies such as M+P INTERNATIONAL that cooperative relationships with universities function as an ideal exchange for expertise and young talent. This is shown also by the projects successfully undertaken by BACHER, SELZER, and AURORA with EBS Business School students. And once a connection has been made, there is always the option of a new position.

Like MBN, BILSTEIN & SIEKERMANN and M+P INTERNATIONAL, the other INDUS portfolio companies also are following their own paths to recruiting and securing their workforces. One has concentrated on its training program, another on its "academy" concept, while a third has simply cultivated an association with regional training centers. For all of them, however, the important thing is this: they have recognized the importance of the 'employee factor' and they have acted accordingly.

THE CLOSE CONNECTION BETWEEN M+P INTERNATIONAL AND ACADEMIC SCIENCES BOTH ENSURES PROFESSIONAL COMPETENCIES AND THE DEVELOPMENT OF NEW TECHNOLOGIES.

INTERIM MANAGEMENT REPORT

PERFORMANCE OF THE INDUS GROUP IN THE FIRST NINE MONTHS OF 2017

CONSOLIDATED STATEMENT OF INCOME (IN EUR MILLIONS)

	Q1-Q3 2017	Q1-Q3 2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Sales	**1,221.1**	**1,075.5**	**145.6**	13.5
Other operating income	10.2	9.1	1.1	12.1
Own work capitalized	4.7	4.0	0.7	17.5
Change in inventories	12.0	7.9	4.1	51.9
Overall performance	**1,248.0**	**1,096.5**	**151.5**	**13.8**
Cost of materials	-568.1	-487.1	-81.0	16.6
Personnel expenses	-355.0	-317.0	-38.0	12.0
Other operating expenses	-165.0	-145.4	-19.6	13.5
Income from shares accounted for using the equity method	0.9	0.4	0.5	>100
Other financial results	0.2	0.4	-0.2	-50.0
EBITDA	**161.0**	**147.8**	**13.2**	**8.9**
Depreciation and amortization	-46.5	-41.2	-5.3	12.9
Operating result (EBIT)	**114.5**	**106.6**	**7.9**	**7.4**
Net interest	-18.1	-19.1	1.0	-5.2
Earnings before taxes (EBT)	**96.4**	**87.5**	**8.9**	**10.2**
Taxes	-33.8	-30.4	-3.4	11.2
Income after taxes	**62.6**	**57.1**	**5.5**	**9.6**
of which allocable to non-controlling shareholders	0.9	0.7	0.2	28.6
of which allocable to INDUS shareholders	61.7	56.4	5.3	9.4

SALES HAVE ALREADY TOPPED EUR 1.2 BILLION IN THE FIRST NINE MONTHS

The economic boom experienced in the Construction/Infrastructure and Engineering segments continued on into the third quarter of 2017. The favorable economic climate was a boon to the INDUS Group, which generated EUR 1,221.1 million in Group sales. This figure came in EUR 145.6 million, or 13.5 %, higher than that for the same period of the previous year and markes a record level. The increase in sales is attributable mainly to strong organic growth in all segments. Still included, at EUR 19.9 million, is the initial consolidation of M+P INTERNATIONAL and PEISELER in 2017. Group sales reached EUR 417.6 million for the third quarter of 2017 (previous year: EUR 360.6 million), after EUR 422.5 million in the second quarter and EUR 381.0 million in the first quarter (Q2 2016: EUR 382.1 million; Q1 2016: EUR 332.8 million).

The cost-of-materials ratio increased slightly, from 45.3 % to 46.5 %, while the personnel expense ratio declined from 29.5 % to 29.1 %, both movements reflecting special effects emanating from two portfolio companies.

Depreciation and amortization increased by 12.9 %, to EUR 46.5 million. This rise resulted from an increase in investments in fixed assets in previous years and increased depreciation of added values discovered in connection with purchase price allocations for newly acquired companies.

OPERATING RESULT (EBIT) INCREASES DESPITE REPOSITIONINGS AND NEW ACQUISITIONS

There was a 7.4 % increase in the operating result (EBIT), from EUR 106.6 million in the first nine months of 2016 to EUR 114.5 million in the reporting period. Owing to the disproportionately high rate of growth in sales along with the negative effects of the two repositionings, the EBIT margin fell from 9.9 % to 9.4 %. The newly acquired portfolio companies M+P INTERNATIONAL and PEISELER imposed further burdens, of course. On the one hand, these two portfolio companies contributed EUR 19.9 million, or 13.7 %, to the growth in sales. On the other hand, they have yet to make a positive contribution to earnings owing to the surplus value depreciations or incidental acquisition costs.

THIRD QUARTER OF 2017 WITH AN EBIT MARGIN OF 10.0 %

Taken in isolation, the third quarter saw an improvement in earnings by EUR 4.6 million, from EUR 37.2 million in the third quarter of 2016 as compared to EUR 41.8 million in the third quarter of 2017. This equates to an increase of 12.4 %. In the course of 2017, the margin improved from 9.1 % in the first quarter and 9.0 % in the second quarter to 10.0 % in the third quarter, as expected. Here, too, one can discern the first successes of the two restructurings.

ADJUSTED EBIT MARGIN AT 10.2 %

The adjusted operating EBIT stood at EUR 123.8 million after the first nine months of 2017, up from EUR 114.9 million in the comparison period. This equates to an increase of 7.7 %. The adjusted EBIT margin amounted to 10.2 % in the first nine months of 2017 as compared to 10.7 % for the corresponding period in 2016. Effects on earnings resulting from company acquisitions are eliminated from the adjusted operating EBIT. These were depreciations for fair value adjustments on the acquired companies' fixed and inventory assets (order backlogs) along with costs incidental to acquisition of the companies.

RECONCILIATION (IN EUR MILLIONS)

	Q1–Q3 2017	Q1–Q3 2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating result (EBIT)	**114.5**	**106.6**	**7.9**	**7.4**
Depreciation of property, plant and equipment and amortization of intangible assets due to fair value adjustments from first-time consolidations*	6.0	4.8	1.2	25.0
Impact of fair value adjustments on inventory assets/order backlogs from first-time consolidations and incidental acquisition costs**	3.3	3.5	-0.2	-5.7
Adjusted operating result (EBIT)	**123.8**	**114.9**	**8.9**	**7.7**

* 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 backlogs relate to identified added value, included in the purchase price allocation and recognized after the initial consolidation.

The net interest amounting to EUR -18.1 million is better by EUR 1.0 million than in the previous year. Recognized in net interest income is the interest for the valuation of interest rate swaps along with interest from business operations. Both interest items are lower after nine months of the fiscal year than in the same period in the previous year. Operating interest expense amounted to EUR 10.9 million for the reporting period; for the same period of the previous year it stood at EUR 11.8 million. Interest expense for the shares of minority shareholders remained, at EUR 7.4 million, below the figure for the previous year by EUR 0.3 million.

EARNINGS PER SHARE OF EUR 2.52

Earnings before taxes (EBT) improved by 10.2 % as compared to the first nine months of 2016. The tax ratio increased slightly, from 34.7 % in the previous year to 35.1 % in the reporting period. Before the shares of non-controlling shareholders were deducted, net income for the period had increased by EUR 5.5 million to EUR 62.6 million (previous year: EUR 57.1 million). Earnings per share increased to EUR 2.52, up from EUR 2.30 for the same period of the previous year. This equates to an increase of 9.6 %.

During the first nine months of 2017, the company had on average 10,155 employees (previous year: 9,371 employees).

INVESTMENTS AND ACQUISITIONS IN 2017

INDUS's growth trajectory continued to hold strong in 2017 as the result of further acquisitions. Two "hidden champions" were acquired at the INDUS level, bringing the number of companies in the INDUS portfolio to 46.

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, and 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 United States, 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, the 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 both to machine tool manufacturers and to end customers in the mechanical engineering and shipbuilding, medical engineering, watchmaking and electrical industry, aircraft and turbine construction, and for the 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 September 30, 2017, our investment portfolio encompassed 46 operating units.

CONSTRUCTION/INFRASTRUCTURE

THE CONSTRUCTION BOOM HOLDS STRONG

The construction industry experienced further growth in the third quarter of 2017. INDUS portfolio companies once again posted an increase in sales and earnings in the Construction/Infrastructure segment. Sales in this segment increased by 21.1 % as compared to the previous year and amounted to EUR 248.5 million for the reporting period. The increase was experienced without exception by every portfolio company in the segment. The increase in sales was further driven by the initial full consolidation of H. HEITZ and a major contract relating to "digital infrastructure". Operating earnings (EBIT) increased by 14.4 %, to EUR 36.5 million. At 14.7 %, the EBIT margin reached a highly satisfactory figure, falling short of the outstanding margin achieved in the same period in the previous year by a mere 0.8 percentage point.

The investments amounting to EUR 7.6 million related exclusively to investments in fixed assets. The previous year's investments included the acquisition of H. HEITZ.

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2017	Q1–Q3 2016	ABSOLUTE	IN %
Sales revenue with external third parties	248.5	205.2	43.3	21.1
EBITDA	43.0	37.2	5.8	15.6
Depreciation and amortization	-6.5	-5.3	-1.2	22.6
EBIT	36.5	31.9	4.6	14.4
EBIT margin in %	14.7	15.5	-0.8 pp	-
Capital expenditure	7.6	34.7	-27.1	-78.1
Employees	1,698	1,418	280	19.7

AUTOMOTIVE TECHNOLOGY

INTEGRATION OF FICHTHORN INTO THE SELZER GROUP

In the first three quarters, the INDUS companies in the Automotive Technology segment reported solid growth, with sales increasing by roughly 6 %, and simultaneously high employment. A significant plus in sales was achieved in particular in the low-margin sector of German series suppliers.. Thanks to the currently favorable economic situation, order books are full and call-off figures are high. The familiar repositioning of a portfolio company in the series production business is proceeding according to plan. A second company, however, has been showing signs of weakness in this area as a result of a decline in orders, particularly in those received by its important foreign subsidiary. The situation is also more subdued for the engineering companies of the Automotive Technology segment working in pre- and post-series production. Here, the OEM'S economizing—a consequence of the emissions and cartel scandal, and the explosion in costs caused by technological change—are heavily felt. All in all, the industry is suffering under intolerable pressure on margins. The segment's EBIT margin declined from 4.6 % to 3.6 % owing to the numerous detrimental effects. At EUR 10.4 million, EBIT was EUR 2.2 million less than the figure for the previous year.

Given the circumstances, INDUS anticipates for this year an EBIT margin of only 4 % in the Automotive Engineering segment. In this market environment, however, the previous margin range of 6 % to 8 % (EBIT) is no longer a realistic expectation for the next few years either. In this segment the Board of Management expects to see in the future, once the aforementioned repositioning is completed, an EBIT margin of between 5 % and 7 %.

As part of the process of optimizing the Automotive Technology segment and in response to the mounting pressure on margins in the automotive industry, the INDUS portfolio company FICHTHORN is being integrated into the internationally operating SELZER Group. The consolidation into one portfolio company, which becomes effective on October 1, 2017, serves the purpose of strengthening both INDUS companies.

The EUR 18.9 million in investments in the current year related exclusively to investments in fixed assets. The investments made in the same period of the previous year included EUR 7.2 million in investments in acquisitions at the sub-subsidiary level.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2017	Q1–Q3 2016	ABSOLUTE	IN %
Sales revenue with external third parties	290.6	274.4	16.2	5.9
EBITDA	26.5	26.8	-0.3	-1.1
Depreciation and amortization	-16.1	-14.2	-1.9	13.4
EBIT	10.4	12.6	-2.2	-17.5
EBIT margin in %	3.6	4.6	-1.0 pp	-
Capital expenditure	18.9	25.4	-6.5	-25.6
Employees	3,569	3,448	121	3.5

ENGINEERING

NEW PORTFOLIO COMPANIES MAKE A STRONG START IN A STRONG SEGMENT

Sales in the Engineering segment increased by a gratifying 22.6 %, to EUR 270.6 million, a result to which virtually every company in the segment contributed. This record sales figure is attributable in part to the newly acquired portfolio companies M+P INTERNATIONAL and PEISELER (EUR 19.9 million) and to a major international contract in the field of clean room systems. Operating earnings (EBIT) increased by 36.2 % (EUR 10.3 million), a disproportionately high figure as compared to the increase in sales. This increase in earnings is to be valued all the more highly considering that the portfolio companies M+P INTERNATIONAL and PEISELER have yet to make positive contributions to earnings owing to the high added value depreciations and incidental acquisition costs associated with their acquisition. The EBIT margin stood, at 14.3 %, significantly higher than the comparison figure for the same period in the previous year (12.9 %). Investments amounted to EUR 37.6 million and comprised a high level of investment in fixed assets and investments made to acquire the M+P Group and PEISELER.

KEY FIGURES FOR ENGINEERING (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2017	Q1–Q3 2016	ABSOLUTE	IN %
Sales revenue with external third parties	270.6	220.7	49.9	22.6
EBITDA	46.4	34.6	11.8	34.1
Depreciation and amortization	-7.6	-6.1	-1.5	24.6
EBIT	38.8	28.5	10.3	36.1
EBIT margin in %	14.3	12.9	1.4 pp	-
Capital expenditure	37.6	5.7	31.9	>100
Employees	1,795	1,577	218	13.8

MEDICAL ENGINEERING/LIFE SCIENCE

SOLID RESULTS, INCREASING MARGIN

The Medical Engineering segment once again posted a good quarter. The increase in sales in the Medical Engineering/Life Science segment amounted in the first nine months of 2017 to EUR 4.7 million, or 4.2 %. Every portfolio company operating in this segment contributed to this growth. At EUR 14.6 million, operating earnings (EBIT) were slightly less than the previous year's level (previous year: EUR 15.1 million). At 12.5 %, the EBIT margin also was somewhat below the previous year's favorable level (13.5 %). Fortunately, the segment's margin improved steadily in the individual quarters of 2017. After a weak first quarter (9.8 %), the result in part of the partial relocation of a company, a substantial improvement in earnings, at 13.9 % and 14.0 %, was achieved in the second and third quarters respectively. A margin of 13 % to 15 % therefore remains within easy reach for the year as a whole. Investments stood at EUR 5.3 million, EUR 0.9 million higher than the amount invested in the same period in the previous year (EUR 4.4 million).

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

			DIFFERENCE	
	Q1–Q3 2017	Q1–Q3 2016	ABSOLUTE	IN %
Sales revenue with external third parties	116.5	111.8	4.7	4.2
EBITDA	19.7	20.0	-0.3	-1.5
Depreciation and amortization	-5.1	-4.9	-0.2	4.1
EBIT	14.6	15.1	-0.5	-3.3
EBIT margin in %	12.5	13.5	-1.0 pp	–
Capital expenditure	5.3	4.4	0.9	20.5
Employees	1,525	1,474	51	3.5

METALS TECHNOLOGY

SWISS PORTFOLIO COMPANY WITH NEGATIVE CONTRIBUTIONS TO EARNINGS

The Metals Technology segment achieved a robust 12.0 % increase in sales to EUR 295.0 million. This growth was generated in particular by the larger portfolio companies in the Metals Technology segment. Operating earnings (EBIT) stood, at EUR 20.9 million for the first nine months of 2017, below the previous year's figure (EUR 23.2 million). The EBIT margin amounted to 7.1 %, still an increase of one percentage point from the margin for the first half of 2017 (6.1 %). The restructuring processes underway at one portfolio company unit (two neighboring and jointly managed sheet metal enterprises) are radical and involve measures relating to strategy, location analysis, and cost optimization. The process is expected to continue until the middle of 2018. The other portfolio companies in this segment achieved good to excellent results and, as suppliers to the construction industry and the Engineering segment, benefited from the favorable business climate in these areas.

Investment volume, at EUR 4.4 million, was below the previous year's level.

KEY FIGURES FOR METALS TECHNOLOGY (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2017	Q1–Q3 2016	ABSOLUTE	IN %
Sales revenue with external third parties	295.0	263.4	31.6	12.0
EBITDA	31.5	33.3	-1.8	-5.4
Depreciation and amortization	-10.6	-10.1	-0.5	5.0
EBIT	20.9	23.2	-2.3	-9.9
EBIT margin in %	7.1	8.8	-1.7 pp	–
Capital expenditure	4.4	7.4	-3.0	-40.5
Employees	1,537	1,428	109	7.6

FINANCIAL POSITION

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

	Q1–Q3 2017	Q1–Q3 2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating cash flow	**56.1**	**71.8**	**-15.7**	**-21.9**
Interest	-14.8	-18.2	3.4	-18.7
Cash flow from operating activities	**41.3**	**53.6**	**-12.3**	**-22.9**
Cash outflow for investments	-75.9	-78.3	2.4	-3.1
Cash inflow from the disposal of assets	0.5	2.5	-2.0	-80.0
Cash flow from investing activities	**-75.4**	**-75.8**	**0.4**	**-0.5**
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	152.3	130.9	21.4	16.3
Cash outflow from the repayment of debt	-82.2	-89.3	7.1	-8.0
Cash flow from financing activities	**36.7**	**11.9**	**24.8**	**>100**
Net cash change in financial facilities	2.6	-10.3	12.9	<-100
Changes in cash and cash equivalents caused by currency exchange rates	-1.5	-0.5	-1.0	>100
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	**128.3**	**121.4**	**6.9**	**5.7**

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW MUCH IMPROVED AS COMPARED TO Q1 AND Q2

With earnings before taxes at EUR 62.6 million (previous year: EUR 57.1 million), an operating cash flow amounting to EUR 56.1 million (previous year: EUR 71.8 million) was achieved in the reporting period. This was increased considerably in the third quarter. After EUR -11.9 million in the first quarter and EUR 9.8 million after six months, operating cash flow now stands at EUR 56.1 million, a substantial increase. This increase was achieved despite a further increase in working capital. At EUR -14.8 million, cash flow for interest paid was considerably less than in the previous year (EUR -18.2 million). In total, cash flow from operating activities declined by EUR 12.3 million to EUR 41.3 million. Considerable returns from a reduction in working capital are expected for the fourth quarter.

Cash flow from investment activity amounted to EUR -75.4 million for the reporting period (previous year: EUR -75.8 million), maintaining the previous year's high level. Investments in fixed assets increased by EUR 5.4 million as compared to the previous year, to EUR -43.1 million. Expenditures for the acquisition of subsidiaries stood, at EUR -32.4 million, at more or less the same level as that reported for the first nine months of 2016 (EUR -33.2 million). The acquisitions in the current reporting period were those of M+P INTERNATIONAL and PEISELER. In addition, the acquistion of 50% of the shares in ZWEICOM by HAUFF-TECHNIK was included in the payments for investments in the same period last year.

Cash flow from financing activity amounted to EUR 36.7 million and is the result of net borrowing in the amount of EUR 70.1 million (previous year: EUR 41.6 million) less payment of dividends amounting to EUR -33.0 million. Cash and cash equivalents, at EUR 128.3 million, stood at the level reported at the end of 2016 (12/31/2016: EUR 127.2 million).

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

	30.9.2017	31.12.2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
ASSETS				
Non-current assets	**930.1**	**885.8**	**44.3**	**5.0**
Fixed assets	925.1	880.5	44.6	5.1
Accounts receivable and other current assets	5.0	5.3	-0.3	-5.7
Current assets	**730.0**	**635.8**	**94.2**	**14.8**
Inventories	355.5	308.7	46.8	15.2
Accounts receivable and other current assets	246.2	199.9	46.3	23.2
Cash and cash equivalents	128.3	127.2	1.1	0.9
Total assets	**1,660.1**	**1,521.6**	**138.5**	**9.1**
EQUITY AND LIABILITIES				
Non-current liabilities	**1,249.0**	**1,150.9**	**98.1**	**8.5**
Equity	665.5	644.6	20.9	3.2
Debt	583.5	506.3	77.2	15.2
of which provisions	33.2	31.2	2.0	6.4
of which payables and income taxes	550.3	475.1	75.2	15.8
Current liabilities	**411.1**	**370.7**	**40.4**	**10.9**
of which provisions	95.3	65.6	29.7	45.3
of which liabilities	315.8	305.1	10.7	3.5
Total equity and liabilities	**1,660.1**	**1,521.6**	**138.5**	**9.1**

END RESULT: EQUITY RATIO AT 40 %

At EUR 1,660.1 million, the INDUS Group's consolidated total assets were 9.1 % higher than they were as of December 31, 2016. The two new acquisitions, those of M+P INTERNATIONAL and PEISELER, along with the increase in inventories (EUR +46.8 million) and receivables (EUR +46.3 million) were especially responsible for this increase. With a balance sheet extension of EUR 138.5 million in total, the two new portfolio companies together resulted in a balance sheet extension amounting to EUR 70.2 million. The total amount of working capital as of September 30, 2017 came to EUR 451.4 million, which was EUR 78.9 million, or 21.2 %, more than as of the end of 2016 (EUR 372.5 million). The increase in working capital resulted from the expansion in business activity (overall performance: +13.8 %), the initial consolidation of M+P INTERNATIONAL and PEISELER, and an increase in primary materials and unfinished goods. Owing to expected increases in the price of some primary materials, selected inventories were systematically built up, but these are expected to be reduced again by the end of the year. Equity increased by 3.2 %. The equity ratio as of September 30, 2017 amounted to 40.1 %, somewhat higher than that of the previous quarters. The increase of EUR 77.2 million in non-current liabilities is attributable mainly to the increased need for financing.

WORKING CAPITAL (IN EUR MILLIONS)

	30.9.2017	31.12.2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Inventories	355.5	308.7	46.8	15.2
Trade accounts receivable	221.6	177.6	44.0	24.8
Trade accounts payable	-71.4	-55.4	-16.0	28.9
Prepayments received	-19.9	-20.5	0.6	-2.9
Construction contracts with credit balance	-34.4	-37.9	3.5	-9.2
Working capital	**451.4**	**372.5**	**78.9**	**21.2**

Net financial liabilities as of September 30, 2017 amounted to EUR 447.1 million, EUR 70.5 million more than as of December 31, 2016. This likewise reflects the two company acquisitions (M+P INTERNATIONAL and PEISELER) and the increase in working capital.

NET FINANCIAL LIABILITIES (IN MIO. EUR)

	30.9.2017	31.12.2016	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Non-current financial liabilities	467.7	389.8	77.9	20.0
Current financial liabilities	107.7	114.0	-6.3	-5.5
Cash and cash equivalents	-128.3	-127.2	-1.1	0.9
Net financial liabilities	**447.1**	**376.6**	**70.5**	**18.7**

RISKS AND OPPORTUNITIES

For the Risk and Opportunities 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 as exposed to any risks that might jeopardize its continued existence as a going concern.

OUTLOOK

German economy continues to experience a powerful recovery in response to a brisk demand for exports, healthy order volumes, a strong tendency toward consumption and an expansive trend in employment. This dynamism in real economic terms continues to be offset by an environment shaped by complex geopolitical, fiscal and monetary conditions. If the economic environment remains on the whole intact, however, the Board of Management expects a continuation of the company's positive performance.

The INDUS Group was once again able to achieve record sales in the first nine months of 2017 while maintaining its accustomed earning power. The advancing repositioning of two portfolio companies in the Automotive and Metals Technology segments is reflected in the earnings performance in the third quarter. The repositioning projects, though far-reaching in part, will be largely completed within the first half of 2018.

For the most prominent sources of growth, the Engineering and Construction/Infrastructure segments, the dynamic trend is currently expected to remain unbroken. Looking ahead, infrastructure and digitalization projects will add further stimulus to economic activity. However, the faltering of the "Brexit" negotiations and the technological shift associated with the advent of e-mobility do pose risks to the INDUS Group. The high pressure on margins in the Automotive Engineering segment also will continue to occupy the attention of the INDUS Group.

INDUS has already successfully enhanced its portfolio in the current fiscal year with two companies, M+P INTERNATIONAL and PEISELER. In its search for further growth acquisitions, INDUS will be adhering to its solid purchase price policy—even in an over-heated M&A market.

In sum, INDUS confirms its forecast for the current 2017 fiscal year and has not wavered in its expectation of more than EUR 1.5 billion in sales and EBIT of from EUR 145 million to EUR 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. Owing to surplus value depreciations and incidental acquisition costs, however, company acquisitions completed during the year can scarcely be expected to make any appreciable contributions to earnings. For fiscal year 2018 the Board of Management anticipates a continuation of the Group's growth trajectory.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2017

IN EUR '000	NOTES	Q1–Q3 2017	Q1–Q3 2016	Q3 2017	Q3 2016
SALES		**1,221,061**	**1,075,467**	**417,562**	**360,614**
Other operating income		10,187	9,091	2,834	3,616
Own work capitalized		4,689	3,991	2,437	1,913
Change in inventories		12,048	7,863	3,652	1,721
Cost of materials	[4]	-568,079	-487,138	-195,217	-160,255
Personnel expenses	[5]	-354,995	-317,032	-119,717	-106,842
Depreciation and amortization		-46,519	-41,170	-15,847	-14,301
Other operating expenses	[6]	-164,957	-145,367	-54,184	-49,482
Income from shares accounted for using the equity method		857	395	166	10
Other financial results		225	463	108	231
OPERATING RESULT (EBIT)		**114,517**	**106,563**	**41,794**	**37,225**
Interest income		82	382	27	47
Interest expenses		-18,203	-19,453	-5,750	-6,656
NET INTEREST	[7]	**-18,121**	**-19,071**	**-5,723**	**-6,609**
EARNINGS BEFORE TAXES (EBT)		**96,396**	**87,492**	**36,071**	**30,616**
Taxes		-33,817	-30,427	-12,538	-10,541
EARNINGS AFTER TAXES		**62,579**	**57,065**	**23,533**	**20,075**
of which attributable to non-controlling shareholders		884	723	551	322
of which attributable to INDUS shareholders		61,695	56,342	22,982	19,753
Earnings per share (undiluted and diluted) in EUR	[8]	2.52	2.30	0.94	0.80

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2017

IN EUR '000	Q1–Q3 2017	Q1–Q3 2016	Q3 2017	Q3 2016
EARNINGS AFTER TAXES	**62,579**	**57,065**	**23,533**	**20,075**
Actuarial gains and losses	139	-4,088	-343	-682
Deferred taxes	-41	1,210	102	202
Items not reclassified to profit or loss	**98**	**-2,878**	**-241**	**-480**
Currency translation adjustment	-8,103	-4,831	-5,332	-1,405
Change in the market values of derivative financial instruments (cash flow hedge)	-298	870	-323	479
Deferred taxes	47	-138	51	-76
Items to be reclassified to profit or loss in future	**-8,354**	**-4,099**	**-5,604**	**-1,002**
OTHER INCOME	**-8,256**	**-6,977**	**-5,845**	**-1,482**
OVERALL RESULT	**54,323**	**50,088**	**17,688**	**18,593**
of which attributable to non-controlling shareholders	884	723	551	322
of which attributable to INDUS shareholders	53,439	49,365	17,137	18,271

Income and expenses recognized directly in equity/other comprehensive income include actuarial gains (previous year: losses) from pensions and similar obligations amounting to EUR 139,000 (previous year: EUR -4.088 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 2.05% as of September 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 to hedge against interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2017

IN EUR '000	NOTES	30.9.2017	31.12.2016
ASSETS			
Goodwill		430,941	408,702
Other intangible assets		90,399	74,306
Property, plant and equipment		375,411	369,331
Investment property		5,267	5,412
Financial assets		12,160	12,214
Shares accounted for using the equity method		10,979	10,497
Other non-current assets		1,482	3,029
Deferred taxes		3,469	2,258
Non-current assets		**930,108**	**885,749**
Inventories	[9]	355,494	308,697
Accounts receivable	[10]	221,640	177,626
Other current assets		18,996	16,424
Current income taxes		5,559	5,928
Cash and cash equivalents		128,287	127,180
Current assets		**729,976**	**635,855**
TOTAL ASSETS		**1,660,084**	**1,521,604**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		358,965	338,534
Equity held by INDUS shareholders		**662,369**	**641,938**
Non-controlling interests in the equity		3,110	2,630
Equity		**665,479**	**644,568**
Provisions for pensions		31,228	29,020
Other non-current provisions		1,930	2,217
Non-current financial liabilities		467,714	389,757
Other non-current liabilities	[11]	37,944	47,729
Deferred taxes		44,703	37,595
Non-current liabilities		**583,519**	**506,318**
Other current provisions		95,332	65,578
Current financial liabilities		107,719	113,974
Trade accounts payable		71,355	55,409
Other current liabilities	[11]	126,881	127,505
Current income taxes		9,799	8,252
Current liabilities		**411,086**	**370,718**
TOTAL EQUITY AND LIABILITIES		**1,660,084**	**1,521,604**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1 TO SEPTEMBER 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			56,342		56,342	723	57,065
Other income				-6,977	-6,977		-6,977
Overall result			**56,342**	**-6,977**	**49,365**	**723**	**50,088**
Dividend payment			-29,341		-29,341	-399	-29,740
BALANCE AS OF 30.9.2016	**63,571**	**239,833**	**317,862**	**-8,463**	**612,803**	**2,975**	**615,778**
BALANCE AS Of 31.12.2016	**63,571**	**239,833**	**341,561**	**-3,027**	**641,938**	**2,630**	**644,568**
Income after taxes			61,695		61,695	884	62,579
Other income				-8,256	-8,256		-8,256
Overall result			**61,695**	**-8,256**	**53,439**	**884**	**54,323**
Dividend payment			-33,008		-33,008	-404	-33,412
BALANCE AS OF 30.9.2017	**63,571**	**239,833**	**370,248**	**-11,283**	**662,369**	**3,110**	**665,479**

Interests held by non-controlling shareholders mainly consist of the 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 NINE MONTHS OF 2017

IN EUR '000	Q1–Q3 2017	Q1–Q3 2016
Income after taxes	62,579	57,065
Depreciation/write-ups of non-current assets	46,519	41,170
Taxes	33,817	30,427
Net interest	18,121	19,071
Other non-cash transactions	-6,350	-7,729
Changes in provisions	26,721	19,871
Increase (-)/decrease (+) in inventories, trade accounts receivable, and other assets	-76,526	-50,715
Increase (+)/decrease (-) in trade accounts payable and other liabilities	-15,491	-3,229
Income taxes received/paid	-33,330	-34,093
Operating cash flow	**56,060**	**71,838**
Interest paid	-14,875	-18,581
Interest received	82	382
Cash flow from operating activities	**41,267**	**53,639**
Cash outflow from investments in		
property, plant and equipment and intangible assets	-43,050	-37,678
financial assets	-450	-7,445
shares in fully consolidated companies	-32,414	-33,165
Cash inflow from the disposal of other assets	505	2,515
Cash flow from investing activities	**-75,409**	**-75,773**
Dividends paid to shareholders	-33,008	-29,341
Dividends paid to non-controlling shareholders	-404	-399
Cash inflow from the assumption of debt	152,319	130,963
Cash outflow from the repayment of debt	-82,212	-89,343
Cash flow from financing activities	**36,695**	**11,880**
Net cash change in financial facilities	2,553	-10,254
Changes in cash and cash equivalents caused by currency exchange rates	-1,446	-497
Cash and cash equivalents at the beginning of the period	127,180	132,195
Cash and cash equivalents at the end of the period	**128,287**	**121,444**

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 September 30, 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 euro (EUR). Unless otherwise indicated, all amounts are stated in thousands of euro (EUR ’000).

These interim financial statements have been prepared in condensed form in accordance with IAS 34. 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 were 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, the financial statements at hand should be considered within the context of the last annual financial statements.

In the Board of Management’s view, this quarterly report includes all usual current adjustments that are necessary for the proper presentation of the Group’s financial position and its financial performance. The results achieved in the first nine months of 2017 fiscal year 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 since the beginning of the 2017 fiscal year 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. M+P INTERNATIONAL 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 purchase price allocation, the acquired assets and debts have been calculated as follows:

ACQUISITIONS: M+P INTERNATIONAL (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 6.646 million to the INDUS result for the period from January 1 to September 30, 2017 and an operating result (EBIT) of EUR -764,000.

Expenditures affecting net income and arising from the initial consolidation of M+P INTERNATIONAL reduced the operating result by EUR 1.823 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. 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 13.218 million to the INDUS result for the period from January 1 to September 30, 2017 and an operating result (EBIT) of EUR 378,000.

Expenditures affecting net income and arising from the initial consolidation of PEISELER reduced the operating result by EUR 2.426 million. 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	Q1–Q3 2017	Q1–Q3 2016
Raw materials and goods for resale	-465,101	-403,890
Purchased services	-102,978	-83,248
Total	**-568,079**	**-487,138**

[5] Personnel Expenses

IN EUR '000	Q1–Q3 2017	Q1–Q3 2016
Wages and salaries	-301,134	-267,973
Social security	-50,637	-45,810
Pensions	-3,224	-3,249
Total	**-354,995**	**-317,032**

[6] Other Operating Expenses

IN EUR '000	Q1–Q3 2017	Q1–Q3 2016
Selling expenses	-63,802	-56,370
Operating expenses	-55,953	-52,120
Administrative expenses	-36,307	-31,007
Other expenses	-8,895	-5,870
Total	**-164,957**	**-145,367**

[7] Net Interest

IN EUR '000	Q1–Q3 2017	Q1–Q3 2016
Interest and similar income	82	382
Interest and similar expenses	-10,859	-11,799
Interest from operations	**-10,777**	**-11,417**
Other: Market value of interest-rate swaps	10	74
Other: Non-controlling interests	-7,354	-7,728
Other interest	**-7,344**	**-7,654**
Total	**-18,121**	**-19,071**

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 972,000 (previous year: EUR 3.008 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	Q1–Q3 2017	Q1–Q3 2016
Earnings attributable to INDUS shareholders	**61,695**	**56,342**
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	2.52	2.30

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[9] Inventories

IN EUR '000	30.9.2017	31.12.2016
Raw materials and supplies	124,615	98,941
Unfinished goods	99,844	85,419
Finished goods and goods for resale	108,669	102,772
Prepayments for inventories	22,366	21,565
Total	**355,494**	**308,697**

[10] Accounts receivable

IN EUR '000	30.9.2017	31.12.2016
Accounts receivable from customers	201,538	163,257
Accounts receivable from construction contracts	18,334	12,689
Accounts receivable from associated companies	1,768	1,680
Total	**221,640**	**177,626**

[11] Liabilities

The EUR 65.490 million in other liabilities (12/31/2016: EUR 54.889 million) include 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.

[12] Segment Reporting

SEGMENT INFORMATION BY OPERATION FOR THE FIRST NINE MONTHS 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
Q1–Q3 2017								
Sales with external third parties	248,495	290,572	270,589	116,483	294,984	1,221,123	-62	1,221,061
Sales with Group companies	25,482	57,217	42,431	12,148	40,292	177,570	-177,570	0
Sales	**273,977**	**347,789**	**313,020**	**128,631**	**335,276**	**1,398,693**	**-177,632**	**1,221,061**
Segment earnings (EBIT)	**36,461**	**10,335**	**38,774**	**14,637**	**20,949**	**121,156**	**-6,639**	**114,517**
Earnings from equity valuation	456	193	208	0	0	857	0	857
Depreciation and amortization	**-6,520**	**-16,135**	**-7,651**	**-5,104**	**-10,566**	**-45,976**	**-543**	**-46,519**
Segment EBITDA	**42,981**	**26,470**	**46,425**	**19,741**	**31,515**	**167,132**	**-6,096**	**161,036**
Capital expenditure	**7,591**	**18,958**	**37,564**	**5,306**	**4,384**	**73,803**	**2,111**	**75,914**
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
Q1–Q3 2016								
Sales with external third parties	205,175	274,357	220,676	111,815	263,418	1,075,441	26	1,075,467
Sales with Group companies	17,902	29,894	29,185	11,745	25,895	114,621	-114,621	0
Sales	**223,077**	**304,251**	**249,861**	**123,560**	**289,313**	**1,190,062**	**-114,595**	**1,075,467**
Segment earnings (EBIT)	**31,882**	**12,634**	**28,461**	**15,047**	**23,247**	**111,271**	**-4,708**	**106,563**
Earnings from equity valuation	0	241	154	0	0	395	0	395
Depreciation and amortization	**-5,314**	**-14,224**	**-6,085**	**-4,939**	**-10,046**	**-40,608**	**-562**	**-41,170**
Segment EBITDA	**37,196**	**26,858**	**34,546**	**19,986**	**33,293**	**151,879**	**-4,146**	**147,733**
Capital expenditure	**34,692**	**25,350**	**5,654**	**4,446**	**7,439**	**77,581**	**707**	**78,288**
of which company acquisitions	24,006	7,225	1,665	269	0	33,165	0	33,165

SEGMENT INFORMATION BY OPERATION FOR THE THIRD 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
Q3 2017								
Sales with external third parties	86,567	98,299	96,550	38,111	98,151	417,678	-116	417,562
Sales with Group companies	8,605	18,232	18,202	4,180	12,931	62,150	-62,150	0
Sales	**95,172**	**116,531**	**114,752**	**42,291**	**111,082**	**479,828**	**-62,266**	**417,562**
Segment earnings (EBIT)	**14,967**	**2,422**	**12,736**	**5,332**	**8,993**	**44,450**	**-2,656**	**41,794**
Earnings from equity valuation	83	11	72	0	0	166	0	166
Depreciation and amortization	**-2,305**	**-5,368**	**-2,728**	**-1,724**	**-3,511**	**-15,636**	**-211**	**-15,847**
Segment EBITDA	**17,272**	**7,790**	**15,464**	**7,056**	**12,504**	**60,086**	**-2,445**	**57,641**
Capital expenditure	**1,329**	**5,991**	**1,967**	**1,787**	**325**	**11,399**	**446**	**11,845**
of which company acquisitions	0	0	0	0	0	0	0	0

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
Q3 2016								
Sales with external third parties	75,213	92,829	71,877	35,873	84,649	360,441	173	360,614
Sales with Group companies	7,458	9,353	10,089	3,595	8,535	39,030	-39,030	0
Sales	**82,671**	**102,182**	**81,966**	**39,468**	**93,184**	**399,471**	**-38,857**	**360,614**
Segment earnings (EBIT)	**12,511**	**3,484**	**9,869**	**5,377**	**7,573**	**38,814**	**-1,589**	**37,225**
Earnings from equity valuation	0	10	0	0	0	10	0	10
Depreciation and amortization	**-1,956**	**-4,950**	**-2,105**	**-1,684**	**-3,416**	**-14,111**	**-190**	**-14,301**
Segment EBITDA	**14,467**	**8,434**	**11,974**	**7,061**	**10,989**	**52,925**	**-1,399**	**51,526**
Capital expenditure	**8,544**	**7,716**	**2,073**	**1,512**	**2,802**	**22,647**	**415**	**23,062**
of which company acquisitions	0	0	0	269	0	269	0	269

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)

	Q1–Q3 2017	Q1–Q3 2016	Q3 2017	Q3 2016
Segment earnings (EBIT)	**121,156**	**111,271**	**44,450**	**38,814**
Areas not allocated, incl. holding company	-6,378	-4,858	-2,561	-1,633
Consolidations	-261	150	-95	44
Net interest	-18,121	-19,071	-5,723	-6,609
Earnings before taxes	**96,396**	**87,492**	**36,071**	**30,616**

The classification of segments corresponds without change to the current state of internal reporting. The information on the segments relates to continuing activities. If the companies operate in several segments, they are allocated to the individual segments according to their main market environment (Automotive Technology, Medical Engineering/Life Science). Alternatively, they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology).

The reconciliations contain the figures of the holding company, 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 that were applied in 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 and are otherwise 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. Owing to the diversity of our foreign activities, a further breakdown by country would not be meaningful since Germany is the only country which accounts for 10 % of Group sales.

Non-current assets, less deferred taxes and financial instruments, are based on the domiciles of the companies concerned. Further differentiation would not be useful since the majority of companies are domiciled in Germany.

Owing to INDUS's diversification policy, there was no individual product or service group, nor any individual customer 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 nine months of 2017	1,221,061	614,781	276,956	329,324
Third quarter of 2017	417,562	208,745	96,580	112,237
Noncurrent assets, less deferred taxes and financial instruments				
30.9.2017	912,997	776,620	44,241	92,136
Sales revenue with external third parties				
First nine months of 2016	1,075,467	548,768	249,708	276,991
Third quarter of 2016	360,614	179,718	84,286	96,610
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 the transfer of a liability on the measurement date.

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

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANZINSTRUMENTE IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	12,160	0	12,160	0	12,160
Cash and cash equivalents	128,287	0	128,287	0	128,287
Accounts receivable	221,640	18,334	203,306	0	203,306
Other assets	20,478	11,869	8,609	250	8,359
Financial Instruments: Assets	**382,565**	**30,203**	**352,362**	**250**	**352,112**
Financial liabilities	575,433	0	575,433	0	575,433
Trade accounts payable	71,355	0	71,355	0	71,355
Other liabilities	164,825	64,270	100,555	69,140	31,415
Financial Instruments: Equity and liabilities	**811,613**	**64,270**	**747,343**	**69,140**	**678,203**

FINANCIAL INSTRUMENTS AS OF DECEMBER 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 the fair value of which cannot be reliably determined. These are carried at cost.

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

	30.9.2017	31.12.2016
Measured at fair value through profit and loss	250	860
Loans and receivables	349,362	310,608
Available-for-sale financial assets	2,750	2,518
Financial instruments: Assets	**352,362**	**313,986**
Measured at fair value through profit and loss	69,140	49,531
Financial liabilities measured at their residual carrying amounts	678,203	610,530
Financial instruments: Equity and liabilities	**747,343**	**660,061**

[14] Approval for Publication

The Board of Management of INDUS Holding AG approved this IFRS interim financial statement for publication on November 13, 2017.

Bergisch Gladbach, November 13, 2017

INDUS Holding AG
The Board of Management

Jürgen Abromeit   Axel Meyer

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

November 28, 2017	German Equity Forum, Frankfurt/Main, Germany
January 17, 2018	German Corporate Conference, Frankfurt/Main, Germany
February 22, 2018	Preliminary results of the fiscal year 2017
March 27, 2018	Annual Report 2017
March 27, 2018	Annual earnings press conference 2018, Düsseldorf, Germany
March 28, 2018	Analysts' conference about the fiscal year 2017, Frankfurt/Main, Germany
May 15, 2018	Interim report on Q1 2018
May 24, 2018	Annual Shareholders' Meeting 2018, Cologne, Germany
August 14, 2018	Interim report on Q2/H1 2018
November 14, 2018	Interim report on Q3/9M 2018

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RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
Jürgen Abromeit

DATE OF PUBLISHING
November 14, 2017

PUBLISHER
INDUS Holding AG, Bergisch Gladbach, Germany

CONCEPT/DESIGN
Berichtsmanufaktur GmbH, Hamburg, Germany

PHOTOS
INDUS Group

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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