

RECOGNISING  
TRENDS.  
OPENING NEW  
HORIZONS.

FISCAL 2015/2016 ANNUAL REPORT

## FISCAL YEAR 2015/2016

TABLE 01

## Income statement, Cash flow statement, Balance sheet, Share, Employees

IFRS	2015/2016	Changes in %	2014/2015	2013/2014	2012/2013	2011/2012
<b>Income statement</b>						
Revenues (EUR million)	992.021	6.1	934.787	870.563	782.405	709.323
Operating profit (EUR million)	92.865	1.3	91.637	89.087	81.261	75.105
Profit from ordinary activity (EUR million)	91.487	-0.2	91.670	89.519	81.645	75.172
Earnings after income tax (EUR million)	63.608	1.6	62.636	62.343	57.268	51.726
<b>Cash flow statement</b>						
Cash flow from operating activities (EUR million)	90.631	145.2	36.967	79.670	77.731	38.302
Cash flow from investing activities (EUR million)	-79.679	-3.2	-82.313	-64.211	-32.447	-36.923
Free cash flow (EUR million)	10.952	-124.2	-45.346	15.459	45.284	1.379
Capital spending (EUR million)	83.404	-1.8	84.917	66.843	34.702	39.513
<b>Balance sheet</b>						
Capital and reserves (EUR million)	357.936	11.7	320.306	280.324	239.013	201.159
Equity ratio (%)	46.9	-17.6	56.9	59.4	58.5	56.3
Total assets (EUR million)	763.314	35.6	563.009	471.800	408.420	357.418
<b>Share</b>						
Earnings per share (EUR)	6.30	1.4	6.21	6.19	5.69	5.14
Dividend per share (EUR)	2.50 <sup>3</sup>	2.0	2.45	2.40	2.20	2.00
Share price on 30 September (EUR) <sup>1</sup>	97.01	4.1	93.23	101.30	93.06	57.50
Share price, high (EUR) <sup>2</sup>	115.00	-17.1	138.70	119.85	97.00	62.50
Share price, low (EUR) <sup>2</sup>	82.80	-2.9	85.25	88.60	57.07	33.00
Shares outstanding on 30 September (number)	10,143,240	-	10,143,240	10,143,240	10,143,240	10,143,240
Market capitalisation on 30 September (EUR million)	984.0	4.1	945.7	1,027.5	943.9	583.2
<b>Employees</b>						
Number of employees at Bertrandt Group on 30 September	12,912	4.4	12,367	11,561	10,829	9,952

<sup>1</sup> Closing price in Xetra trading.<sup>2</sup> In Xetra trading.<sup>3</sup> Dividend proposed by the Management and the Supervisory Board.

## MULTIYEAR OVERVIEW

TABLE 02

Consolidated income statement					
In TEUR					
01/10 until 30/09	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
<b>Revenues</b>	<b>992.021</b>	<b>934.787</b>	<b>870.563</b>	<b>782.405</b>	<b>709.323</b>
Other internally generated assets	0.672	0.472	0.176	0.375	0.483
<b>Total revenues</b>	<b>992.693</b>	<b>935.259</b>	<b>870.739</b>	<b>782.780</b>	<b>709.806</b>
Other operating income	11.471	13.323	13.208	13.043	9.007
Raw materials and consumables used	-98.097	-88.089	-71.444	-62.862	-66.126
Personnel expenses	-695.681	-660.357	-624.141	-560.548	-494.047
Depreciation	-29.725	-25.193	-22.234	-19.594	-15.251
Other operating expenses	-87.796	-83.306	-77.041	-71.558	-68.284
<b>Operating profit</b>	<b>92.865</b>	<b>91.637</b>	<b>89.087</b>	<b>81.261</b>	<b>75.105</b>
<b>Net finance income</b>	<b>-1.378</b>	<b>0.033</b>	<b>0.432</b>	<b>0.384</b>	<b>0.067</b>
<b>Profit from ordinary activities</b>	<b>91.487</b>	<b>91.670</b>	<b>89.519</b>	<b>81.645</b>	<b>75.172</b>
Other taxes	-1.674	-1.250	-1.220	-1.148	-1.161
<b>Earnings before tax</b>	<b>89.813</b>	<b>90.420</b>	<b>88.299</b>	<b>80.497</b>	<b>74.011</b>
Income taxes	-26.205	-27.784	-25.956	-23.229	-22.285
<b>Earnings after income tax</b>	<b>63.608</b>	<b>62.636</b>	<b>62.343</b>	<b>57.268</b>	<b>51.726</b>
– attributable to minority interest	0	0.017	0.004	0	0
– attributable to shareholders of Bertrandt AG	63.608	62.619	62.339	57.268	51.726
Number of shares (million) – diluted/basic, average weighting	10.091	10.083	10.076	10.069	10.061
<b>Earnings per share (EUR) – diluted/basic</b>	<b>6.30</b>	<b>6.21</b>	<b>6.19</b>	<b>5.69</b>	<b>5.14</b>

TABLE 03

Consolidated Balance Sheet					
EUR million	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
<b>Assets</b>					
Intangible assets	17.480	17.455	15.548	14.262	13.936
Property, plant and equipment	235.800	184.823	132.365	89.488	76.410
Investment properties	1.540	1.608	1.672	1.737	1.803
Financial assets	7.806	8.091	4.885	5.355	6.321
Receivables and other assets	6.691	6.838	7.826	6.921	3.999
Income tax assets	0	0.150	0.301	0.446	0.586
Deferred taxes	2.473	3.212	3.717	2.685	2.376
<b>Non-current assets</b>	<b>271.790</b>	<b>222.177</b>	<b>166.314</b>	<b>120.894</b>	<b>105.431</b>
Inventories	0.889	0.558	0.614	0.749	0.560
Future receivables from construction contracts	114.130	139.342	75.081	62.443	58.695
Receivables and other assets	214.851	186.339	188.016	176.900	170.876
Income tax assets	1.833	1.525	0.232	0.181	0.339
Cash and cash equivalents	159.821	13.068	41.543	47.253	21.517
<b>Current assets</b>	<b>491.524</b>	<b>340.832</b>	<b>305.486</b>	<b>287.526</b>	<b>251.987</b>
<b>Total assets</b>	<b>763.314</b>	<b>563.009</b>	<b>471.800</b>	<b>408.420</b>	<b>357.418</b>
<b>Equity and liabilities</b>					
Issued capital	10.143	10.143	10.143	10.143	10.143
Share premium	29.374	28.595	27.734	26.984	26.625
Retained earnings	279.025	246.799	206.323	171.219	138.684
Consolidated distributable profit	39.394	34.083	35.455	30.666	25.706
<b>Equity attributable to shareholders of Bertrandt AG</b>	<b>357.936</b>	<b>319.620</b>	<b>279.655</b>	<b>239.012</b>	<b>201.158</b>
Minority interests	0	0.686	0.669	0.001	0.001
<b>Capital and reserves</b>	<b>357.936</b>	<b>320.306</b>	<b>280.324</b>	<b>239.013</b>	<b>201.159</b>
Provisions	16.927	13.039	12.374	9.690	8.914
Borrowings	199.701	0	0	0	0
Other liabilities	0.246	0.278	0.400	0.432	0.464
Deferred taxes	20.910	24.168	17.214	14.138	12.070
<b>Non-current liabilities</b>	<b>237.784</b>	<b>37.485</b>	<b>29.988</b>	<b>24.260</b>	<b>21.448</b>
Tax provisions	7.548	4.171	14.806	14.958	8.936
Other provisions	46.586	54.594	61.210	52.147	50.151
Borrowings	2.367	39.642	0.092	0.221	0.149
Trade payables	15.066	20.444	12.289	10.179	11.208
Other liabilities	96.027	86.367	73.091	67.642	64.367
<b>Current liabilities</b>	<b>167.594</b>	<b>205.218</b>	<b>161.488</b>	<b>145.147</b>	<b>134.811</b>
<b>Total equity and liabilities</b>	<b>763.314</b>	<b>563.009</b>	<b>471.800</b>	<b>408.420</b>	<b>357.418</b>

## RECOGNISING TRENDS. OPENING NEW HORIZONS.

Mixed and virtual reality seen as new chapter in the history of technology. These technologies enable engineers to take a glance at tomorrow's world and help make future product engineering processes even more efficient. As an engineering specialist Bertrandt works on these innovations to optimise even further the product development of tomorrow and to offer customers the best solution possible.

\_\_\_ [READ MORE FROM PAGE 20](#)

Bertrandt has been stock exchange listed for 20 years. CEO Dietmar Bichler offers insights into the Bertrandt world by looking back on growth, challenges and changes.

\_\_\_ [READ MORE FROM PAGE 30](#)

Motorcycle development plays an especially important role for Bertrandt: With many years of experience in two-wheeler development, the team in Munich has accepted the challenge of developing five motorcycles for the customer in just three years. Technical requirements, tight schedules and the very highest standards make this an exciting project for the 30-strong team.

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**THE BROAD PRODUCT AND SERVICE RANGE**

Bertrandt offers its customers from the most diverse range of industries tailored solutions throughout their product engineering processes.

# 12,912

**BERTRANDT PEOPLE  
PROMISE PERFORMANCE.**

# A

## LETTER TO THE SHAREHOLDERS

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### RECOGNISING TRENDS. OPENING NEW HORIZONS

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**DIETMAR BICHLER**  
Chairman of the Management Board

## MANAGEMENT BOARD REPORT

*Dear Shareholders,*

Our annual report in this year is entitled “Recognising trends, Opening new horizons”. Our work is characterised by the dynamic development of megatrends in environmentally-friendly mobility, automated driving, Industry 4.0 and model diversity. Increasing digitisation is a harbinger of the huge changes which lie ahead for technology industries. We evaluate these market trends and are realigning our corporate activity for successful future development. This entails gearing up to meet market and customer requirements as well as making investment in our infrastructure and employees.

### ONGOING GROWTH

We continued to grow in a challenging environment in fiscal 2015/2016. Geopolitical uncertainties, Brexit and discussions around the drives of

the future have preoccupied our customers. In this setting we were able to report an increase in our key financial indicators: Group revenues grew year on year by 6.1 percent to EUR 992.0 million. Operating profit went up by 1.3 percent to EUR 92.8 million. With an equity ratio of 46.9 percent we are well positioned as a reliable partner for our customers, employees and shareholders.

### BUILDING EXPERTISE

We expanded our product and service range in the reporting period. This involved making investments to meet new demands. In the future, product development will be influenced by three-dimensional visualisation techniques. Read more about Bertrandt's positioning on page 20. We also see further potential for our existing products and services. Find out more about our motorcy-

cle work, for example, which we have expanded over the last twenty years and where we now provide support all the way up to production. With the launch of operations in Regensburg and Fürth we are pursuing the market drivers of autonomous driving and automation. We invested a total of EUR 83.4 million in the course of the previous fiscal year – a good basis on which to develop competitive products with our customers.

### INTERDISCIPLINARY TEAMS FOR COLLABORATIVE PRODUCT DEVELOPMENT

We were able to recruit more than 500 engineers, technicians, IT specialists and commercial staff to Bertrandt during the reporting period. As at the reporting date 30 September 2016 we employ a staff of 12,912 people – yet another record in Bertrandt's history. While the majority of new recruits were automotive and mechanical engineers in the past, we are now increasingly building interdisciplinary teams. In software development, for example, electrical and automotive engineers work with computer scientists, mathematicians and physicists. More and more IT specialists are now also being taken on. As well as interesting work we also offer a complete package of measures to enhance our attractiveness as an employer. These measures are proving effective, as has been confirmed once again during the reporting period: The 2016 trendence Graduate Barometer showed that Bertrandt is among the 100 most popular employers in Germany.

### MARKET DRIVERS OFFER POTENTIAL

The automotive sector is working on the mobility of the future. Climate protection and the digital transformation are key factors driving developments. Two new focus issues are emerging around connected and automated driving. In this context Bertrandt has launched the “b.competent” innovation project. Prototypes are used to optimise the safety and comfort aspects of driver assistance systems and to apply swarm intelligence. This is opening new fields of application in the world of the Internet of Things. The sheer diversity of topics works out positively for us. OEMs and suppliers work intensively with engineering specialists who are able to use all-round vehicle know-how to tackle cross-functional project packages.

The German aerospace sector concentrated its investment on the optimisation of the existing range of models and reductions in emissions and noise pollution. A further aim is to enhance onboard comfort. There is potential here for Bertrandt to

contribute its know-how with, for example, concepts for weight reductions, for lightweight design or the modernisation of cabins.

The energy, medical technology, electrical engineering as well as machinery and plant engineering sectors all grew during the reporting period. All four sectors are feeling the impact of the increasing digitisation of production processes. Industry 4.0 also presents opportunities in, for example, software development, programming, data analysis or commissioning. The outcomes were positive, including more framework contracts and further growth.

The dynamism of markets combined with the associated megatrends and technological requirements pose challenges. At the same time we perceive opportunities for the Company. The diversity of products and services which we offer, the size of the Company and its strong market position mean we are well positioned to continue taking Bertrandt forward both with regard to current and future topics.

### SUSTAINABLE CORPORATE GOVERNANCE

Sustainability plays an ever greater role in an increasingly globalised world. For Bertrandt this means being a partner with implementation strength which rests on firm financial foundations. Our strategy is geared to customer and market requirements and focuses on long-term success and fair dealing.

### GOING PUBLIC: A SUCCESS STORY

1 October 2016 was the twentieth anniversary of the Company's initial public offering, the event which laid the foundations for our subsequent growth. Read more about this interesting aspect of Bertrandt's history on page 30.

The Bertrandt share started the fiscal year 2015/2016 by closing in Xetra trading at EUR 96.15. The share performed well in the first weeks of the year to culminate at a high of EUR 115.00 on 3 December. Stock markets came under selling pressure in the second quarter of the reporting period. This was also a factor in pushing the Bertrandt share down to its lowest price. The share price recovered by the end of the fiscal year closing on the last day of trading at EUR 97.01.



Dear shareholders,  
we wish to pursue our sustainable dividend policy for fiscal 2015/2016. At the annual general meeting on 23 February 2017, the Management Board and Supervisory Board will propose raising the dividend from EUR 2.45 to EUR 2.50 per share.

**“RECOGNISING TRENDS.  
OPENING NEW HORIZONS”**

Bertrandt sees itself as excellently placed to support customers as a strategic development partner through the demanding changes which are taking place in our target industries. Larger project scopes, legal regulations and the pace of change present many opportunities, as well as risks, for integrated engineering partners. In the light of government support for environmentally-friendly mobility the VDA (German Association of the Automotive Industry), for example, assumes that electric vehicles could account for up to 25 percent of new car registrations worldwide by the year 2025. Medium-term model plans are therefore constantly being updated to develop models with alternative powertrains. New test procedures, such as real driving emissions, will create new test potential for the existing variety of drives. The Industry 4.0 trend across all industries is opening new horizons in automation technology.

Against this background we assume that projects will continue to be taken on by engineering specialists such as Bertrandt. We aim to stay on our positive course and to play our role in shaping future technology. We would like to thank our staff for their commitment and our customers, business partners and shareholders for the confidence shown in us.

Yours sincerely,

**DIETMAR BICHLER**  
Chairman of the Management Board



**DIETMAR BICHLER**  
CEO

**MARKUS RUF**  
Member of the Management  
Board Finance

**HANS-GERD CLAUS**  
Member of the Management  
Board Engineering

**MICHAEL LÜCKE**  
Member of the Management  
Board Sales

## SUPERVISORY BOARD REPORT



**DR KLAUS BLEYER**  
Chairman of the Supervisory Board

### FOCAL POINTS OF THE SUPERVISORY BOARD'S DELIBERATIONS

Throughout the fiscal year, the Supervisory Board monitored the Management Board's actions and provided it with advice. The Supervisory Board received regular reports on Bertrandt's business performance as well as the current market situation and its impact on Bertrandt. In addition to monitoring the business performance of Bertrandt AG and the Bertrandt Group, the Supervisory Board also concerned itself with the performance of individual subsidiaries in and outside Germany. The topics of discussion also included fundamental issues relating to business policy and strategic direction, its implementation in short and medium-term planning as well as risk management and the Company's financing strategy. The Supervisory Board examined the internal control system and satisfied itself of its proper functioning. Moreover, the members of the Supervisory Board were provided with detailed information on the Company's business, financial position, market and competitive situation as well as its personnel situation.

The Supervisory Board held four scheduled meetings during the 2015/2016 financial year: on 7 December 2015, on 17 February 2016, on 11 May 2016 and on 19 September 2016. All members of the Supervisory Board took part in these meetings.

During its meeting on 7 December 2015 the Supervisory Board discussed, amongst other things, the annual financial statements of Bertrandt AG and the Group. Moreover, the Board also approved the resolutions proposed for the annual general meeting which was held on 17 February 2016 in Sindelfingen. Upon the Audit Committee's proposal the Board also deliberated on the proposal for the appointment of the auditor for financial year 2015/2016. The auditor submitted a written statement of independence pursuant to the German Corporate Governance Code. In line with the recommendations of the German Corporate Governance Code, the Supervisory Board also examined the efficiency of its activities and adopted the Corporate Governance Report and the Corporate Governance Declaration pursuant to Section 3.10 German Corporate Governance Code.

### ACTIVITIES OF THE SUPERVISORY BOARD DURING THE 2015/2016 FINANCIAL YEAR

Economic and industry conditions in the fiscal year 2015/2016 were challenging. The Group was able to continue to firmly establish its market position as an engineering service provider and technology group.

The Supervisory Board of Bertrandt AG diligently performed all of its duties in accordance with the law, the Company's Articles of Association and the Board's Rules of Procedure in the year under review. The Board regularly advised the Management Board on the management of the Company and monitored the Management Board's activities on an ongoing basis. The Board was consulted on all the decisions of fundamental importance in a direct and timely manner. Regular briefings by the Management Board in written and oral reports formed the principal basis for fulfilling the statutory supervisory tasks. These reports provided comprehensive and up-to-date information on a regular basis on the strategy, business performance, planning and the risk situation. In the context of its activity the Board ensured that applicable statutory provisions, the Company's Articles of Association and the Rules of Procedure of the Supervisory and Management Boards were complied with.

Collaboration between the Supervisory Board and the Management Board was and is characterised by open and ongoing dialogue. In particular, the consultations between the Chairman of the Supervisory Board and the CEO, which were also held in addition to scheduled meetings as necessary, were in-depth and solutions-oriented discussions. The Chairman of the Supervisory Board passed key findings and information obtained from these consultations to the members of the Supervisory Board, thus ensuring that they were up to date on all pertinent matters and given the opportunity to contribute their counsel.

During its meeting on 17 February 2016 the Supervisory Board discussed, amongst other things, the current status of the directors and officers liability insurance and the adjustments reflecting the growth of the last few years.

During the meeting of 11 May 2016 the Supervisory Board considered the management board reports and the adequacy of Bertrandt's compliance organisation. Further, the Board members received training on current legislative changes in stock corporation law, corporate law and capital market law. The issues discussed included the amendment to the stock corporation law ("Aktienrechtsnovelle 2016"), the new system of notification obligations under the Securities Trading Act, the new EU regulations on statutory audits and the Law on the reform of statutory audits ("Abschlussprüfungsreformgesetz") as well as the EU Market Abuse Regulation and the First Act Amending Financial Markets Regulations ("Erstes Finanzmarktnovellierungsgesetz").

In the meeting on 19 September 2016, the Board amongst other matters adopted the group budget for the upcoming financial year. The Declaration of conformity to the German Corporate Governance Code pursuant to Section 161 AktG was adopted. Moreover, taking into account the Law on the reform of statutory audits ("Abschlussprüfungsreformgesetz", AreG) the Board resolved to carry out minor adaptations to the Rules of Procedure of the Management Board and Supervisory Board.

In its meeting of 12 December 2016 the Supervisory Board adopted the present report and requested and authorised the Chairman to sign it.

#### ORGANISATION AND BUSINESS OF THE COMMITTEES

To perform its duties the Supervisory Board has formed a Human Resources and an Audit Committee. The Human Resources Committee consists of Dr Klaus Bleyer (Committee Chairman), Maximilian Wölfle (Deputy Chairman) and Prof. Dr.-Ing. Wilfried Sihm. To increase efficiency, the Human Resources Committee also performs the duties of the Nomination Committee. The Audit Committee is composed of Dr. Klaus Bleyer (Committee Chairman), Maximilian Wölfle (Deputy Chairman) and Horst Binnig. The members of the Audit Committee as a whole are familiar with the industry in which the Company operates.

Dr. Klaus Bleyer acts as Financial Expert and independent Supervisory Board member with accounting and auditing expertise according to Section 100 (5) AktG.

The Audit Committee held five meetings in the 2015/2016 financial year. In its meeting on 7 December 2015, the Audit Committee in the presence of the auditors dealt with the financial statements of Bertrandt AG and the Group as well as the audit's contents, focal areas and results. Further, the focal areas for next year's audit were adopted. In the conference call meetings on 8 February 2016, 4 May 2016 and 25 July 2016 the Audit Committee discussed, amongst other things, the financial reports to be published soon after these dates with regard to revenues, earnings and cash flow development. In its meeting on 19 September 2016 the Audit Committee adopted a limited catalogue of non-audit services which in individual cases may be performed by the auditor without the prior agreement of the Audit Committee.

The Human Resources Committee met once in fiscal 2015/2016: on 7 December 2015.

#### CORPORATE GOVERNANCE

Corporate governance is defined as the responsible management and control of companies with the aim of creating long-term added value. In its meetings of 7 December 2015 and 19 September 2016 the Supervisory Board dealt with the implementation of the German Corporate Governance Code. In the meeting of 19 September 2016 the Supervisory Board adopted the amended version of the declaration of conformity in accordance with Section 161 AktG. The Company adheres to the recommendations of the Code with only a few exceptions. The deviations are set out in the declaration of conformity. The business report and also, in particular, the declaration of conformity are available for download on the Bertrandt website in the Investor Relations section.

#### AUDIT OF THE FINANCIAL STATEMENTS

On 17 February 2016, the ordinary Annual General Meeting of Bertrandt AG appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Stuttgart branch, as the Auditors for the financial statements of fiscal year 2015/2016. The Auditors have audited the annual financial statements and the management report of Bertrandt AG as well as the consolidated financial statements and the management report of the Group for fiscal year 2015/2016 together with the accounting and have issued an unqualified audit opinion.

Following their preparation and in good time before the meeting all Supervisory Board members received the financial statements and management reports for fiscal year 2015/2016, the reports of the Auditors and the proposal of the Management Board for the appropriation of profits. After the Audit Committee had dealt with and prepared the topics, the Supervisory Board dealt with the process of the preparation of the financial statements and the accounting results at its meeting of 12 December 2016. The external Auditors entrusted with the audit of the annual financial statements and the consolidated financial statements participated in the meeting. They reported on the audit as a whole, the focal areas of the audit and relevant audit results. In addition, they answered questions raised by the Supervisory Board. The Supervisory Board raised no objections against the audit. After having conducted its own review, which did not

give rise to any objections, the Supervisory Board noted the annual financial statements prepared by the Management Board, the consolidated financial statements of the Group, the management reports of Bertrandt AG and the Group and the Auditors' report with consent, and approved the annual financial statements and the consolidated financial statements. Thus, the annual financial statements were adopted and the consolidated financial statements approved at the same time. The Supervisory Board followed the proposal of the Management Board to use Bertrandt AG's distributable profit of EUR 39.393.859,64 for the fiscal year 2015/2016 to pay a dividend of EUR 2.50 per qualified share, and carry forward the remaining amount of EUR 14,035,75.64 to the next financial year.

#### ACKNOWLEDGEMENT

The Supervisory Board thanks the Management Board and all employees of the Bertrandt Group in Germany and abroad for their work in the year under review. It is their great dedication which has enabled Bertrandt to continue its successful performance in a heterogeneous market environment.

Ehningen, 12 December 2016

**DR KLAUS BLEYER**  
Chairman of the Supervisory Board

#### MEMBERS OF THE SUPERVISORY BOARD OF BERTRANDT AG:

Dr Klaus Bleyer  
Chairman of the Supervisory Board

Maximilian Wölfle  
Deputy Chairman of the Supervisory Board

Horst Binnig

Prof. Dr.-Ing. Wilfried Sihm

Stefanie Blumenauer  
Employee representative

Astrid Fleischer  
Employee representative

## HIGHLIGHTS OF THE YEAR

### OCTOBER 2015 BERTRANDT EXPANDS IN RÜSSELSHEIM

New space of 2,900 m<sup>2</sup> has been created for Bertrandt in Rüsselsheim for powertrain development, simulation, testing and engineering services. New workshop, laboratory and office space has also been added to the electronics centre.



### NOVEMBER 2015 AACHEN ACOUSTICS COLLOQUIUM

The Testing Competence Centre presented its work at the 2015 Aachen Acoustics Colloquium focusing on vehicle acoustics. From rolling noise, engine noise and wind noise to individual perception, Bertrandt combines virtual simulation and physical testing methods to provide optimum solutions in product development.

### DECEMBER 2015 ANNUAL PRESS AND ANALYST CONFERENCE

This year's Bertrandt AG annual press and analyst conference was held in Stuttgart under the motto "Technologies. Investments. Development." CEO Dietmar Bichler presented the current annual report and shared information about fiscal 2014/2015 with members of the press.

### JANUARY 2016 BERTRANDT AWARDS GERMANY SCHOLARSHIP IN COLOGNE

Current scholarship donors were honoured at the TH Köln University of Applied Science's Meet&Greet. Bertrandt supports a female student studying business and mechanical engineering.

### FEBRUARY 2016 GOLD BADGE AWARD FOR "CUSTOMER-ORIENTED WEBSITE"

Bertrandt's website was ranked 61 among the top "customer-oriented websites" and was awarded the Gold Badge in the ongoing study published by German newspaper "DIE WELT".

### FEBRUARY 2016 ANNUAL GENERAL MEETING OF BERTRANDT AG

Around 500 shareholders, guests and members of the press were informed about a successful fiscal 2014/2015 at the Annual General Meeting in Sindelfingen.

### MARCH 2016 BERTRANDT OPENS SECOND PERMANENT ESTABLISHMENT IN REGENSBURG

Bertrandt is now integrated in a network of technology-oriented businesses and research institutions based in the immediate vicinity of Regensburg's OTH technical university of applied sciences. The Regensburg unit focuses on software and electronics development, specialising in particular on e mobility, driver assistance systems and safety/security.

### MARCH 2016 "INNOVATOR OF THE YEAR 2016"

The business magazine "brand eins Wissen" and the statistics portal "Statista" have identified Bertrandt as especially progressive in the categories "products and services", "processes" and "corporate culture" and selected the Company for its "Innovator of the Year 2016" award.

### APRIL 2016 TOP EMPLOYER FOR ENGINEERS

Bertrandt is among the top 100 employers for prospective engineers in Germany. The engineering specialist is ranked 84th in the 2016 trendence Graduate Barometer.

### APRIL 2016 HANOVER FAIR 2016: VIRTUAL WORLDS AT BERTRANDT

The eye-catcher at the Bertrandt stand was a holographic projection of a sample changer for use in medical engineering that enables laboratory samples to be analysed autonomously.

### MAY 2016 CAPITAL MARKET DAY IN MÖNSHEIM

Bertrandt presented the key figures for the first half of fiscal 2015/2016 at the new Technology Centre in Mönshheim. In recent years a test centre and modern office buildings which cover all aspects of the development of future mobility have been erected on the 58,000 m<sup>2</sup> area.

### JUNE 2016 BERTRANDT AG WINS AWARD FOR INVESTOR RELATIONS WORK

Extel, the business news magazine WirtschaftsWoche and the German Investor Relations Association (DIRK) awarded Bertrandt the "German Investor Relations Prize" for outstanding IR work: The Company was ranked second in the SDAX segment.

### JUNE 2016 BERTRANDT WITH BRANCH IN ROMANIA

In association with the Bertrandt Group, Sibiu offers a comprehensive range of services for the development of components, modules and vehicles.

### JULY 2016 FOCUSING ON AUTOMATION – NEW ESTABLISHMENT IN FÜRTH

Bertrandt strengthens its presence at the industrial location of Nuremberg. A growing team of hardware and software developers, mechatronics engineers, computer scientists, test engineers and electrical planning engineers are now developing solutions for automation technology in direct proximity to the Company's customers.



### AUGUST 2016 NEW TRAINING YEAR BEGINS

Well over 300 young people opted to begin their professional lives with the Bertrandt Group. Training courses for IT specialists or mechatronics engineers as well as degree courses at the Cooperative State University focusing on IT automotive, electrical engineering or mechanical engineering are just a few of the options available to young people wishing to begin their careers with Bertrandt.

### SEPTEMBER 2016 COLLEAGUES HELP COLLEAGUES – TYPE MATCHING IN WOLFSBURG

Bertrandt carried out a donor campaign at its Tappenbeck location near Wolfsburg to support a colleague suffering from leukaemia. Almost 400 employees were tested and typed for the German Bone Marrow Donor Agency DKMS.

### SEPTEMBER 2016 NEW OFFICE AND DEVELOPMENT BUILDING FOR BERTRANDT IN MUNICH

29 September marked the sod-turning ceremony for the official start of construction on Bertrandt's new office and development centre in Munich. 330 engineers and technicians will begin working on solutions for automotive trend topics on the 5,000 m<sup>2</sup> area from late 2017.

## MIXED AND VIRTUAL REALITY – EYES ON THE FUTURE

Three-dimensional visualisation methods transform future product development.



A strange scene indeed: five people moving around in a mostly darkened room. A room that looks completely empty. All five are carrying futuristic devices on their heads – half headband, half protective goggles. They are circling around an imaginary object in the middle of the room. And they keep making gestures which look as though they were working with invisible touchscreens.

#### SOUNDLY-BASED ENGINEERING DECISIONS WELL AHEAD OF REAL MODELS

It's a meeting of five Bertrandt development engineers who had made the following entry in their diaries: MR Construction space check, generator, Tuesday, 9.30 a.m. The device on their heads plays a key role: five Microsoft HoloLens visualisation tools, each of which can be used to "place" virtual objects three-dimensionally in the real environment. If we take a peek through the HoloLens with the quintet of engineers we find ourselves looking into the engine compartment of a new vehicle model. The HoloLens projects this hologram virtually into real space and thus into the wearer's



- ⊥ **Top:** In mixed reality, the real environment is "mixed" optically with virtual, three-dimensional objects which can interact with the real world.
- **Left:** Bertrandt engineers looking in the engine compartment of a new vehicle model which will only come into existence as a prototype in a few years time.



field of vision. Today, the team has got together to clarify whether the generator can be assembled without any complications and at low cost. The question, in other words, is whether there is sufficient and freely accessible construction space for the drive unit. The team uses gestures to control the visualisation. They select objects – such as the generator – and twist it and turn it until it is in the right position for assembly. They move their head or whole body to ensure that they always have the best view and can see how feasible it will be to assemble the component. The same examination could be carried out with a real generator in a real engine compartment – although only in another two years after the first prototypes of the new model have been produced. If the engineers are then not absolutely sure whether components can be assembled, or assembled in the way envisaged, expensive and lengthy changes would need to be made. But at this moment in time, the vehicle model and engine compartment which the meeting has been called to discuss only exist in digital design drawings and their three-dimensional images. It is for this reason that the engineering

team meets in a space which brings together reality and visualised illusion: a space in which they can already see and evaluate a design solution which they will only be able to examine in reality at a later time.

The abbreviation "MR" stands for mixed reality. The real environment is "mixed" optically with virtual, three-dimensional objects which can interact with the real world. Unlike a VR headset, the HoloLens is not opaque. Users can see and hear each other. They don't plunge into their own, hermetically closed world, but are together in the same space where they can talk to each other, swap ideas, test out arguments and ask questions. They are able to do exactly what a good solution demands - interact and communicate with each other.



- ⌞ **Top:** Bertrandt engineers use the HoloLens as a visualisation tool right across different sectors.
- ⌞ **Right:** Wherever products are developed for future applications HoloLens can be used to assess their functionality even before the first prototypes are built.

For Bernhard Zechmann there are three developments which have brought about the advent of these tools and their penetration of the world of work. The first factor is the enormous increase in computing power. The HoloLens provides engineers with a computer which has the processing capacity of the most high-performance mobile devices. And Zechmann predicts: "Once it becomes possible to integrate desktop performance, we will be able to make the next leap forward." Zechmann is thinking of improved acoustics as well as higher resolutions which, in the future, will be of benefit to engineers working on design evaluations.

A third aspect for him is the advent of artificial intelligence - applications which can respond to questions by collecting data autonomously and coming up with answers. Or as Bernhard Zechmann puts it: "There's no doubt that a robot can be useful. But we still have to program it. Just think how much better it would be if we could actually integrate intelligence in our tools?" However, for him the most important thing is simple handling: your hands are free. The HoloLens is wireless. The entire visualisation technology is built into it. Changeover times are minimal or, as Zechmann says, "you just put it on and away you go." After only a few minutes of trying it out, even complete HoloLens novices can immerse themselves and move around in the virtually augmented reality.

## ARRIVAL IN THE WORLD OF WORK

We are with Bernhard Zechmann, Head of Bertrandt's System Services. Practically everything to do with information technology at Bertrandt now lands on his table. New hardware, purchasing new and updating existing software, making sure staff have the equipment they need. His team runs software products from 3,500 manufacturers, purchases the required licenses and ensures that customer and development data are reliably protected against theft. He believes that the crux of the matter as far as the new visualisation methods are concerned is that „virtual reality and mixed reality are not new in IT, but they are just now making their way into the world of work.“

## MAKING DATA USABLE FOR MIXED REALITY

Which data could be used? How are virtual objects created and how does data get into the HoloLens?

The HoloLens can process practically any data which can be transformed into 3-D models. To do this Bertrandt engineers use CAD data to create a CATPart file with one or several solids and/or closed polysurfaces and then transform these into a 3-D model. These applications, programmed with C# or JavaScript, can be animated by developers in Unity and fitted with logic units. This means that the objects can move. It is also possible to have physical forces impact the 3D models – accelerating them, creating friction, deforming or subjecting them to gravity. Light effects and 3D sounds can also affect or be produced by the object.

The HoloLens enables apps to be run directly in the headset so that they don't have to be controlled in the background with a separate computer. All that is needed is for previously programmed data to be entered in the headset by network or WLAN.

The HoloLens does not need a PC to create holographic images – it is itself a computer and has all the necessary components. The device has a holographic processor as well as a CPU and graphics processor which ensures that 3D objects can be shown almost instantaneously. This holographic processor is responsible for processing the data supplied by the headset's numerous sensors, including cameras which track the surrounding space and distances as well as position and acceleration sensors.

## SECURE HANDLING OF SENSITIVE DATA

Simple handling and newly acquired mobility when using 3D visualisation tools are clear advantages. However, they also present a challenge: protecting the data used in product development against theft. This is a key task for Bernhard Zechmann: "We must be able to offer the customer fully-fledged security strategies. Ultimately, we must be able to advise the customer on what can be securely used and what it would be better not to use."

Zechmann believes that data security begins with the hardware, i.e. changes in chip architecture which ensure that devices encrypt data on the hardware. But that won't be enough on its own: "What happens," asks Bernhard Zechmann, "if a device is lost or stolen?" He recommends using authentication methods or certificates. A higher level of security can also be achieved if the hardware and usage data is kept separately and is only brought together again after authentication has been checked.

"The HoloLens can process practically any data which can be transformed into 3-D models. Bertrandt engineers do this by producing a CATPart file from CAD data and then converting it into a 3-D model."

BERNHARD ZECHMANN, Director System Services



#### POTENTIAL FOR MIXED REALITY IN VARIOUS INDUSTRIES

This kind of technology may be helpful in practically every field of development. In the future, Bertrandt engineers will be able to run through comparable problems such as construction space checks for all sorts of different scenarios. Motor vehicles, aircraft or factory buildings – Bertrandt can transfer expertise in all three areas and save the customer time and expense. Visualisation of this kind enables the very best use to be made of the space available, long before the components have in fact been assembled or the machines and robots have been placed in a factory building. In this way, mixed reality can be used multifunctionally on a customer specific basis right across different industries.

#### VIRTUAL REALITY – COMPLETE IMMERSION IN VIRTUAL WORLDS

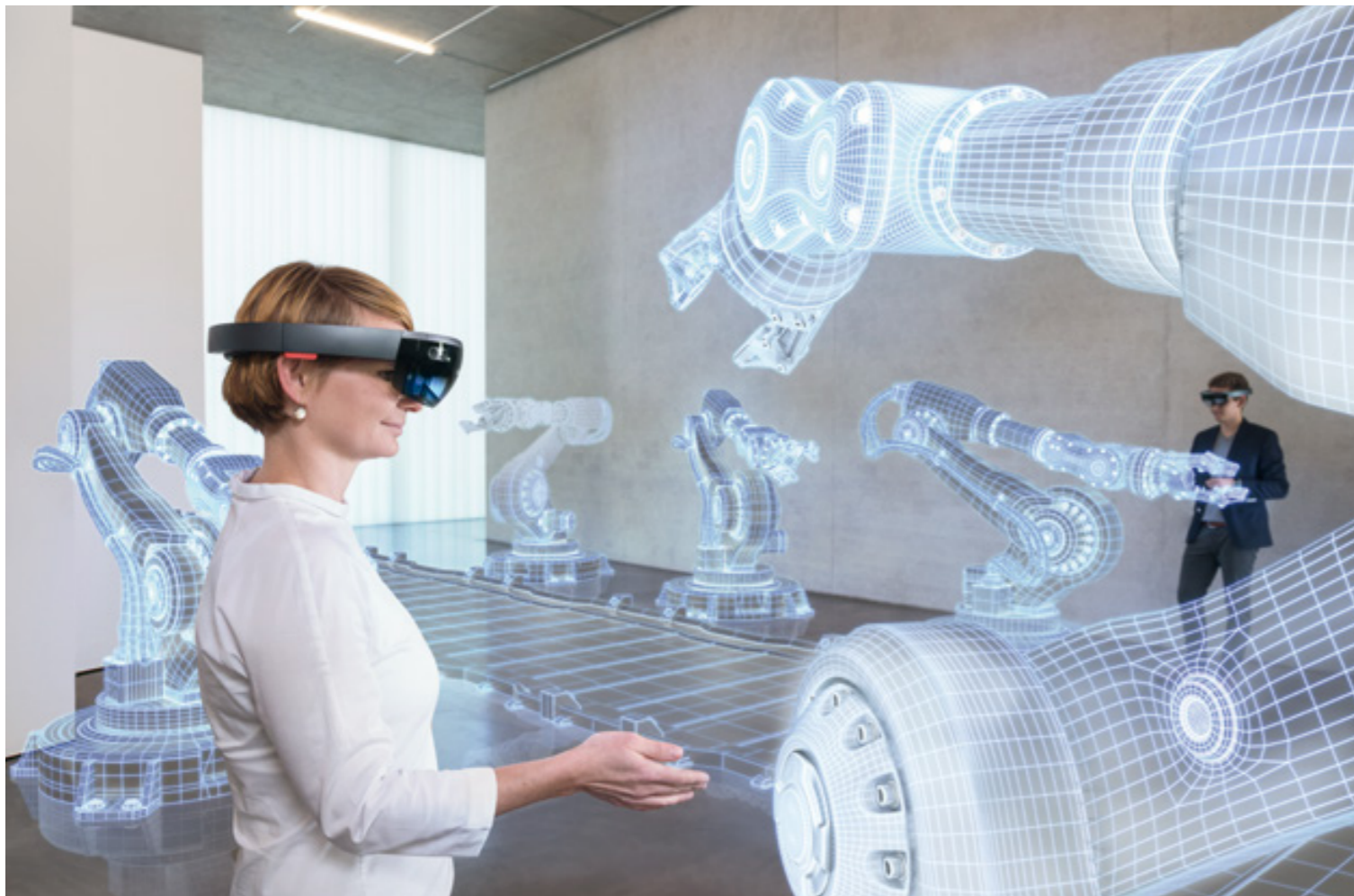
However, also virtual reality (VR) – in other words, the computer-generated, three-dimensional world which attempts to mimic reality as closely as possible – has long since arrived. „We now have plenty of reliable empirical values we can draw on,“ explains Zechmann. There has been a lot of hype around computer games with realistic 3D animations for quite some time now. Anyone who has tried out VR games for themselves will find it hard to tear themselves away again. Immersing oneself in a scene so realistically, actually being there and using controllers to influence what happens is completely new. This is also where Zechmann has his eye on the product’s end consumer. „The customer could use a VR headset in a carmaker’s customer centre to get an immediate feeling of the way different colours and materials impact the vehicle interior and fit together. The limited number of vehicles in the showroom would be joined by a three-dimensional view of all the different models available in the virtual showroom.“ This is also why Bertrandt works with VR end devices such as Oculus Rift.

Right: One of the major advantages of mixed reality is the option it provides of immersion in virtual objects and construction spaces to assess them from the inside.

Below: Motor vehicles, aircraft or factory buildings – Bertrandt can transfer expertise in all three areas and save the customer time and expense.







┆ With the technology on which the HoloLens is based Bertrandt can make optimum use of the existing space – long before the machines and robots have even been placed in a factory building.

“We can see new ways of supporting our customers even more effectively in the future. 3D visualisation tools are only the next step. We already have the infrastructure.”

BERNHARD ZECHMANN, Director System Services

#### NOT JUST A SERVICE PROVIDER – A TECHNOLOGY SCOUT

Bernhard Zechmann thinks MR and VR projects are good ways of opening up the range of goods offered by Bertrandt for other industries. But, more than that, he also regards them as part of the corporate philosophy: „We can see new ways of supporting our customers even more effectively in the future. 3D visualisation tools are only the next step. We already have the infrastructure. What we have to do now is tailor the tools and the required applications for specific customers and industries.“ Bertrandt also benefits because the company

doesn't only have the necessary technical know-how. Equally important is the fact that Bertrandt is able to offer custom-tailored solutions on the basis of its many years of project work with many customers whose processes it understands very well. The essential question is: what advantages does the new technology offer the customer in terms of optimising processes and saving development time and costs as a result?

With HoloLens (MR) and Oculus Rift (VR) Bertrandt is therefore going in both directions. This makes it possible to advise the customer about what is likely to be the most appropriate visualisation method for their requirements. Virtual reality does have a small head start: the first devices are already on the market. But now, with Microsoft HoloLens, the first MR visualisation has been launched on the market this year. Even the so-called trial version contained all the technology needed for MR visualisation – including PC, sensor technology, monitor optics and loudspeakers. It's a portable, wireless computer with 3D monitor, loudspeakers, a video camera for space monitoring and sensor technology for determining the spatial coordinates of the person wearing it.

MR visualisation is clearly the better solution for people who need to interact and communicate with each other during the visualisation. VR headsets, in contrast, are better when an individual needs to be immersed as deeply as possible in a virtual world – precisely because the entire field of vision is separated from the real environment.

#### UNEQUIVOCAL CUSTOMER RESPONSES

Intervening in tried and tested processes always entails new challenges. ‘Never touch a running system’ applies here. And that's exactly how IT specialist Bernhard Zechmann sees things. But he also goes a step further and automatically asks himself how this technology will alter established processes.

This is where Bertrandt comes in. Engineers provide customer- and industry-specific advice and show how processes can be made more efficient and faster or where potential cost savings can be made. Zechmann smiles: “3D visualisations deliver an almost instantaneous ‘wow-effect’.” And customers respond right away: “They can hardly wait to start using these methods themselves”.

#### NEW CHAPTER IN THE HISTORY OF TECHNOLOGY

There's only one question that Bernhard Zechmann needs a little more time to think about: what other developments in the world of work can 3D visualisation tools be compared with? After a little thought he decides on the use of robots in production technology. “It's a new methodology. We will work with information in a completely new way. We will create information – huge volumes of data obtained from a diversity of sources which will become available extremely quickly and will create new interaction options.” Will this open a new chapter in the history of technology? “Yes, definitely,” Zechmann is certain.

## MIXED REALITY

EXAMPLE:  
MICROSOFT  
HOLOLENS

## VIRTUAL REALITY

EXAMPLE:  
OCULUS  
RIFT

#### DEFINITION

User continues to see the surrounding environment which a **computer-controlled headset** enhances with virtual contents.

Users are immersed in a **virtual real computer world** of images and sounds.

#### RESOLUTION PER EYE

1,268 x  
720 pixels

1,080 x  
1,200 pixels

#### FIELD OF VISION (DIAGONAL)

~ 30 to 40°  
(development status)

110°

#### FREEDOM OF MOVEMENT

Unlimited

Limited  
movement (approx. 2 m<sup>2</sup>)

#### DATA TRANSMISSION

Application works with a **headset**; data taken from **network/WLAN**

Application runs via **PC** and is linked by **cable**

#### FIELDS OF APPLICATION

- |  |  |
|--|--|
| <input type="checkbox"/> Package studies               | <input type="checkbox"/> Design evaluation             |
| <input type="checkbox"/> crash tests                   | <input type="checkbox"/> methods development           |
| <input type="checkbox"/> simulations                   | <input type="checkbox"/> data management               |
| <input type="checkbox"/> light designs                 | <input type="checkbox"/> product marketing             |
| <input type="checkbox"/> interaction and communication | <input type="checkbox"/> graphics and media production |

“OUR AIM WAS TO  
CREATE A CLEAR VISION  
OF THE FUTURE FOR  
BERTRANDT”

**DIETMAR BICHLER**, CEO, looks back on 20 years of listing on the stock exchange.



“We wanted to grown, to diversify and to harness the dynamism of the market ...”



**B**ertrandt AG has been a listed company since 1 October 1996. At the time of its initial public offering the company's 663 employees were generating around DM 100 million (or approximately € 50 million) at 12 locations. The company was active in the construction and development of automotive parts. This business model made Bertrandt unique among listed companies. Today 12,912 employees generate 992 in revenues at 53 locations and develop custom solutions for the international automotive and aerospace industries as well as for the electric systems/electronics, energy, machinery/plant engineering and medical technology sectors.

\_\_\_ **By going public you laid the foundations for Bertrandt's expansion. How did you approach the stock market launch?**

**BICHLER:** We started thinking about the future direction of the company immediately following the management buyout. We wanted to grow, to diversify and to harness the dynamism of the market... We then hit on the idea of raising the capital we needed on the stock market. Of course, going public meant we had to make organisational changes. New structures were introduced. We also had to submit to the rules of the capital markets. At the time, as a fast growing and highly innovative company, we were seen as an ideal candidate for the Neuer Markt, the market planned for small and growing companies in Germany. When Deutsche Börse announced the start date for its new trading segment, Bertrandt and Mobilcom were the first of its listed companies. In parallel we expanded our range of products and services. Originally vehicle bodywork and interiors were very much at the heart of our business. Engines, powertrains, electronics development and testing were added later. We also invested in prototype construction. Throughout we have always made sure that we are closely in tune with our customers and that our development is geared to their requirements. We achieved our first major objective in 1999: the Bertrandt Competence Car, a prototype developed and constructed entirely by the company, was presented at the IAA to showcase our ready-to-drive

vehicle development. We have consistently built on our all-round vehicle know-how ever since and extracted expertise from new trends. This includes, for example, the introduction of a competence centre structure which allows us to concentrate know-how – relating to environmentally-friendly mobility or connectivity, for example – in important topics across the entire Group.

\_\_\_ **Talking about connectivity, electrical and electronic components in vehicles play a key role nowadays. How have the market and Bertrandt developed – and what is the next destination?**

**BICHLER:** The share of value added to vehicles by electrical systems and electronics has grown consistently over the last 20 years. Systems have been gradually connected with each other and mechanical functions have been replaced by electronic ones. Let me give you an example relating to safety. Today, a vehicle responds automatically in a number of different ways to emergency braking: the seatbelt is tightened, the hazard warning lights switch on and the sliding roof and windows close automatically. In the future, vehicles will be even smarter. This is why we are looking at both classic elements such as infotainment, comfort, chassis and onboard networks as well as the new challenges associated with electric driving and vehicle connectivity for driver assistance systems, automated driving, online services and IT. Our youngest unit in Regensburg focuses on software and electronics development, for example, and specialises in particular on the trend automotive topics of electromobility, driver assistance systems and safety/security.

\_\_\_ **The work undertaken by the Testing Competence Centre also often makes up an important part of commissioned projects. What added value does collaboration with Bertrandt offer customers?**

**BICHLER:** The added value lies in our one-stop shop service. Everything the customer requests development, simulation and validation is available from a single source. This goes for the entire vehicle. From climate superposition component tests to service life tests using new, lightweight materials through to functional tests for autonomous driving. Our teams collaborate with each other to offer the customer a coherent overall package. In the field of e-mobility this includes powertrains, electronics development and testing. Our high-voltage battery test centre in Ehningen is a unique selling proposition. At this centre we can test batteries singly or as part of an entire system. Real progress will be made on the power density of energy carriers in the next few years and this progress, too, will need to be validated in tests.

\_\_\_ **Customers are tending to award projects which involve larger scopes as well as more complexity and functional development. How will this impact the business model of an engineering partner?**

**BICHLER:** Apart from anything else, larger scopes entail longer project life cycles during which engineering service providers will take on significantly more responsibility. At the same time we are building up our controlling and project management competence. Interface management is also a key issue – in the internal processing of projects as well as for the coordination of participating business partners. What is more, model life cycles are also getting shorter.

\_\_\_ **You have also exploited growth opportunities beyond the automotive industry, such as in the aviation sector.**

**BICHLER:** Yes, our aim has been to use existing know-how to create synergies between aircraft and motor vehicle development to the benefit of both industries. This includes experiences with fibre composite materials for lightweight solutions, know-how derived from seat development for cabin interiors or simulation.

\_\_\_ **It wasn't long before Bertrandt started developing other interesting fields of business**

**BICHLER:** Yes, that's right. In 2006, we began reaching out to customers in other key technological industries in order to liberate ourselves to some extent from market volatilities and to utilise the know-how built up over many years in the mobility industries. We then added electrical engineering, energy, medical technology and machinery/plant engineering. Initially our process and interface competence appeared to offer a point of contact for customers. Today we also offer design, construction, electrical systems/electronics, simulation as well as testing or production planning. We are using this mix to take on new topics such as increasing automation. New technologies enable us to use vehicles autonomously, such as in container ports. Ships can now be loaded and unloaded automatically. Warehouse rolling doors open on their own. Special programming is used to avoid collisions. We can also use the electronics and software development know-how which this requires in the automotive and machinery/plant engineering industries.

\_\_\_ **Do you intend to pursue this diversification concept for further growth in the future?**

**BICHLER:** In principle, yes. Having said that, I still believe in the opportunities presented by megatrends in the mobility industries. At the same time, we are continuing to work on current issues, as the two-wheeler development in Munich illustrates.

\_\_\_ **One of the fundamental requirements for future growth is also the immediate vicinity to your customers. Today, you are not only present in Germany, but throughout Europe, China and the USA as well. What are the benefits of this decentralised structure?**

**BICHLER:** We are able to carry out development work fast and flexibly on an equal footing with customers thanks to the close proximity of our project sites and the direct connections to our customers' systems. Decentralisation has always been one of Bertrandt's big advantages. It enables the company to respond rapidly to market changes, including to country-specific regulations. For this reason, our corporate strategy has always focused on a consistent customer and service orientation. The most recent example is the newly opened branch in Mönshheim. Our Technology Centre has brought us even closer to our main customer. We are currently focusing on vehicle body, interior and electronic development with associated testing facilities and integration services.

\_\_\_ **Are you planning to expand the national and international network of sites even further?**

**BICHLER:** We want to grow with our customers and markets. The only way to do this is to make sure we are in immediate contact with customers, know what their requirements are and understand how they can be met.

\_\_\_ **Offering customers more services and expanding the network of sites entail considerable challenges. How are you going to master these challenges?**

**BICHLER:** Growth always goes hand in hand with greater complexity. We responded in organisational terms at an early stage by introducing the competence centre structure for powertrain, vehicle bodies, testing, simulation and in-design services in 2004. This allows us to take on innovative topics in the Group quickly. That's good for our customers. At the same time, we also offer our employees interesting work and positions of responsibility.

\_\_\_ **Was the decentralised structure a help in cushioning the impact of the global financial and economic crisis in 2008/2009?**


**BICHLER:** Our customer-oriented organisation allowed us to gear our capacities to local requirements and to control these via the Group to some extent. Developing new products is at the heart of our business model. The trend is for us to be less dependent on current sales figures. The budgets for research and development are the measure of all things for us.

\_\_\_ **Summing up, the last 20 years have been very eventful. What has been the impact of these dynamic changes on the engineering profession at Bertrandt?**

**BICHLER:** Overall we offer greater breadth and depth and, as a result, a much wider spectrum of professional opportunities to our employees. In the past, Bertrandt worked with classic designers. Now, our team covers a wide range of different profiles. From IT specialists and mathematicians in electronics development through to psychologists in acoustics. We also create additional know-how with our own internal development work. A good example is our b.competent project for connected vehicles on which engineers, IT and software specialists all work closely together. We are also working on virtualisation as a design method of the future which will enable us to interact with the vehicle or specific components in 3-D. This is an interesting topic which we can also use in medical technology or machinery/plant engineering. Today, the collaboration between all these different professions is making a bigger contribution to Bertrandt's corporate success than ever.

\_\_\_ **Can you give us a glimpse of what the future holds in store?**

**BICHLER:** We are flexible with a decentralised structure – and are pursuing broad-based growth. The scale and pace of the market challenges associated with megatrends offer our company further opportunities. We are focusing on topics which promise sustained growth. One huge advantage in this context is our solid financial base, our capital strength and the independence which both bring. We will be taking on even more responsibility for interdisciplinary projects in the future. In a dynamically transformative and changing market Bertrandt's future prospects are clear. Our goal is to make the best possible use of these opportunities for our company. —



“We are focusing on topics which promise sustained growth.”



# FIVE MOTORCYCLES. THREE YEARS. ONE FEELING: FREEDOM.

Taking up the challenge: Bertrandt develops five motorcycles for the BMW Group in three years.

**T**he rider-motorcycle relationship is just about the closest emotional man-machine relationship conceivable. Riders are just as interested in the feel and experience of freedom and technology as they are in getting from A to B. This is the challenge which engineering must master. Bertrandt has been active in motorcycle development for 20 years and now offers design and engineering services as well as much more besides. For about two years, the motorcycle team at Bertrandt in Munich's Hufelandstraße has been working on a new lead model and four derivative models for the BMW Group.

The idea this project represents for the customer is as self-explanatory as it is complex – starting from the “R nineT”, which was also co-developed by Bertrandt, the aim is now to create a second generation technical revision and four derivative models which meet the varying expectations and needs of a heterogeneous target group. At the same time Bertrandt is also aiming for a higher level of commonality: a measure of the extent to which specific components can be built on to different derivatives. The 30-strong team launched the project in November 2014. Bertrandt had already held responsibility in the previous months for the initial and concept phases. A challenging project – Bertrandt was the first external engineering specialist to be awarded such project volume and structure on this scale for motorcycle development in the BMW Group.

└ **Right:** Parallel development of a basic model and four motorcycle derivatives requires a well thought-out multi-project plan which works for all projects at the same time.

└ **Below:** All the components are thoroughly examined and put through their paces in interaction with each other during final motorcycle measuring.





└ Christian Schmitt with one member of the 30-strong team discussing frame geometry.

### MASTERING COMPLEX CUSTOMER REQUIREMENTS

“Customer requirements cover both technical and non-technical aspects. These are consolidated in a multi-project plan to meet the comprehensive demands which these parallel developments represent,” explains Christian Schmitt, one of the two project managers. The scale of the project is such that the specifications cover diverse positions: construction, optimisation and integration of new, synergy and common parts, simulations, trials and testing, prototype construction and management of cross-cutting functions.

The highlight of this project was the support Bertrand provided for the first time right through the launch of local motorcycle production at the BMW Group's Berlin factory. In contrast to car development, the last prototype phase is set up during serial production on the factory's production lines. The development of derivative motorcycle accessories is also an important part of the specifications. Christian Schmitt explains: “The end customer may, for example, want brushed aluminium badges, a headlight grill or variable separate instruments. Not the sort of thing you would find for order from the factory on a hugely long list of accessories, but something which you can order from a local dealer and add yourself. Our team develops these components in series quality in sync with the development process. This means that we also serve the growing customising scene.”

### THE PIVOTAL ROLE OF THE MULTI-PROJECT PLAN

A project on this scale involves process and technical challenges. The derivatives initially go through the same development stages several weeks or months after each other – but are still handled autonomously. This is why the project plan goes off in different directions for the individual development of each of the derivatives. This is the biggest challenge facing the common parts strategy: even though each derivative model can have any of a number of possible shapes and forms, it must be possible to assemble the specific component in as many of them as possible. At the same time, each component must also be designed in a way which prevents it being installed incorrectly in the factory or by the end customer. ┆



└ Top: The workbook included both technical and non-technical components – starting from the design in CAD including material assessment of the components in the prototype stage.  
└ Below: As the highlight of the project Bertrandt accompanied the production in Berlin – a part of the team was present and took care that everything was all right

“In contrast to car development, the last prototype phase in the development of a motorcycle is set up during serial production on the factory's production lines.”

CHRISTIAN SCHMITT, one of the two project managers





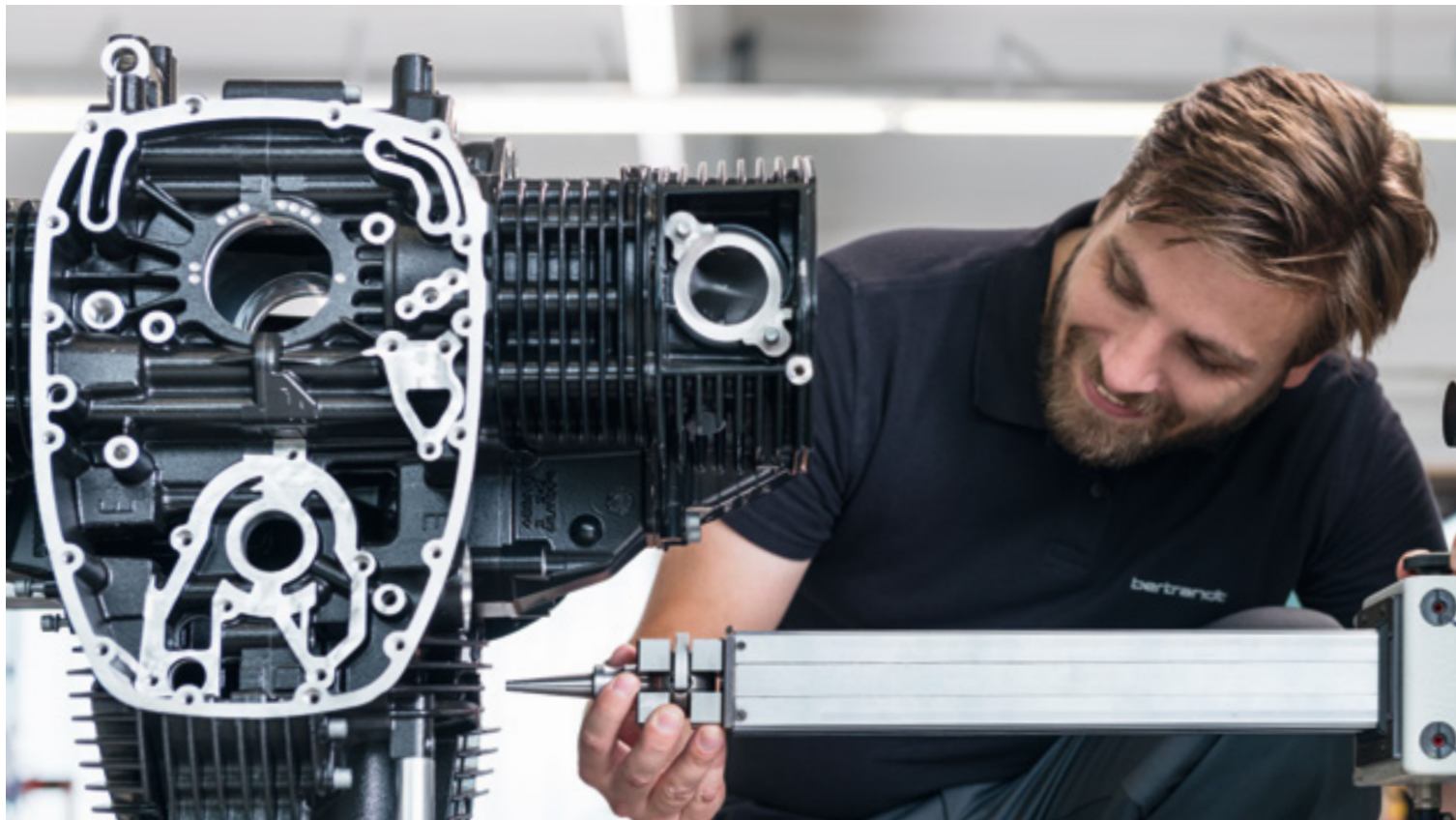
The team members work in their field in parallel at all five machines and must achieve each of their milestones at the rate stipulated in the multi-project plan. These milestones follow each other in rapid succession and require special processes which must be agreed individually with the customer. Christian Schmitt explains: "The short development cycle calls for maximum process flexibility on our part and a willingness, when developing technical solutions, to compromise on the design of specific components for various derivatives. Our team was confronted by the challenge of

developing five derivative models in a period which is normally planned for the development of just one. And we will only reach the end of our journey in September 2017, six months after production starts on the last derivative!"

#### MASTERING THE CHALLENGES IN THE TEAM – BUILDING STRENGTH IN A NETWORK

The large project office in the immediate vicinity of customers brings together employees from various competence centres in special groups. These groups are then able to develop technical solutions quickly and implement changes flexibly. Efficient collaboration is facilitated by cross-functional construction space conferences held by Bertrandt and by intensive communication with the customer's own specialist departments. Scheduled workload spikes in Munich can be absorbed by resorting to Bertrandt's internal network. "It's a bit like surfing," is Christian Schmitt's vivid way of describing it. "Each milestone is the crest of a wave - it almost takes your breath away. And then you see the next wave approaching fast."

- ⌞ Top: Christian Schmitt with a colleague during development of the powertrain and chassis of the basic model which are at the heart of a powerful two-wheeler.  
 ⌞ Below: In order to ensure smooth driving, all components are tested on a measuring station during the development process.



- ⌞ All-round motorcycle development also involves parts trimming and tyre fitting to ensure that machine designs can be subjected to trials and testing even before series start-ups begin.

This team's achievements over the last two years have only been possible thanks to disciplined work, compliance with deadlines, team spirit and competence. One very quickly realises that this project depends on a team with an absolutely sure touch. The project manager primarily understands his job as a steering and facilitating role: "I can help my staff with their scheduling, provide helpful advice and motivate them."

#### INITIAL SUCCESSES ON THE HORIZON AFTER JUST TWO YEARS

The main model and three derivatives are now available on the market where the response, and that of the trade press, has been overwhelmingly positive. In fact, product volumes have already been corrected upwards. The team has earned wide recognition for its project successes, "and that's the best feedback I could possibly give to our team," comments Christian Schmitt.

#### EXPLOITING FURTHER POTENTIAL

Christian Schmitt looks to the future: "We intend to press ahead resolutely with motorcycle development at Bertrandt and become even more efficient for our customers. Our aim is not only to develop derivatives, but also lead models." —



## SERVICES

### DESIGN AND INTEGRATION OF NEW, SYNERGY AND COMMON PARTS

#### SIMULATIONS

- Virtual validation of safety-relevant components
- Proof of durability

#### TRIALS AND TESTING

- Creation of trial and verification plan
- Overall vehicle testing (extended end-use tests)

#### WORKSHOP AND PROTOTYPE CONSTRUCTION

- Construction of test vehicle
- Production of prototype parts via rapid prototyping
- Trim vehicle: coordination of parts for vehicle (part) superstructures

#### CROSS-CUTTING FUNCTIONS

- Approvals
- Procurement
- Change management
- Quality control



### Information on the share

First trading day	1 October 1996
Ticker symbol	BDT
ISIN	DE0005232805
WKN	523280
Issued share capital (EUR)	10,143,240 Euro
Number of shares	10,143,240 number
Market segment	Prime Standard
Stock exchanges	Xetra, Frankfurt, Stuttgart, Berlin, Hamburg, Düsseldorf, Munich
Index	SDAX

### Share price in comparison

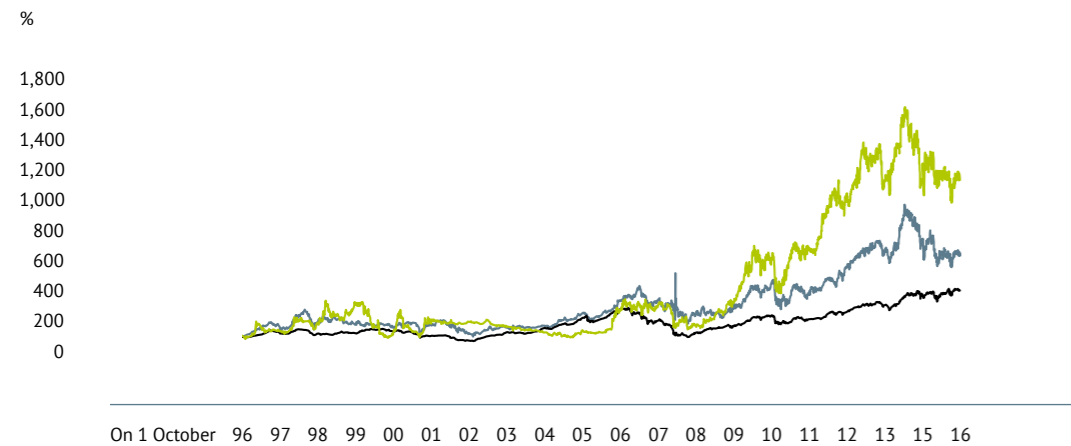


TABLE 04

The Bertrandt share at a glance.

CHART 05

The Bertrandt shares has developed well since its initial public offering.

— Bertrandt AG  
— Prime Automobile Performance-Index  
— SDAX

## BERTRANDT ON THE CAPITAL MARKET

### TWENTIETH ANNIVERSARY OF BERTRANDT'S INITIAL PUBLIC OFFERING

1 October 2016 was the twentieth anniversary of Bertrandt's initial public offering. When the Company went public, it was unique among listed companies in being the only engineering service provider catering to the needs of the automotive industry. Initially listed at the "Geregelter Markt" (Regulated Market), Bertrandt was one of the first companies listed on the "Neuer Markt" (New Market) and is the only one that has maintained its listing on the stock exchange after this segment was closed. Since 2009 the share has been listed

on the SDAX. Over the past 20 years Bertrandt has had an extremely positive development, both in its business activities and on the capital market. At the time of its initial public offering the Company's 663 employees were generating the equivalent of around EUR 50 million at 12 locations. Today, around 12,900 engineers, technicians and commercial employees work at the Company's 52 locations around the globe. Taking the issue of new shares, the capital increase from company funds and a 1:3 share split into account, the share price has increased from EUR 8.52 on its first listing day to EUR 97.01 (30 September 2016).

CHART 05

### DEVELOPMENT OF THE EQUITY MARKET IN FISCAL 2015/2016

Global equity markets showed a stable development overall in the reporting period, although they were affected by fluctuations. After a positive

### Key figures of the Bertrandt share

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Earnings per share (EUR)	6.30	6.21	6.19	5.69	5.14
Dividend per share (EUR)	2.50 <sup>3</sup>	2.45	2.40	2.20	2.00
Share price on 30 September (EUR) <sup>1</sup>	97.01	93.23	101.30	93.06	57.50
Share price, high (EUR) <sup>2</sup>	115.00	138.70	119.85	97.00	62.50
Share price, low (EUR) <sup>2</sup>	82.80	85.25	88.60	57.07	33.00
Shares outstanding on 30 September (number)	10,143,240	10,143,240	10,143,240	10,143,240	10,143,240
Market capitalisation on 30 September (EUR million)	984.0	945.7	1,027.5	943.9	583.2
Book value per share 30 September (EUR)	35.29	31.58	27.64	23.65	19.93
Cashflow from operating activities per share (EUR)	8.94	3.64	7.85	7.66	3.78
Average daily trading volume (number)	25,373	26,166	19,295	20,558	26,062
Total payout (EUR million)	25.358	24.851	24.182	22.152	20.122
P/E ratio	15.4	15.0	16.4	16.3	11.2

<sup>1</sup> Closing price in Xetra trading.

<sup>2</sup> In Xetra trading.

<sup>3</sup> Dividend proposed by the Management and Supervisory Board.

TABLE 06

Five-year comparison of the key figures of the Bertrandt share.

start for the German equity market in the last quarter of the calendar year 2015, the terrorist attacks in Paris, the collapse in the oil price and a still weak economy in China had a negative impact on year-end business activity. This was also reflected by the markets at the beginning of the stock market year. However, since the world economy performed better than expected, markets recovered in February 2016. Political and economic uncertainties, the "Leave" vote in UK's EU referendum and disappointing economic data from China created a high level of uncertainty in the second quarter and thus high volatility. However, in the third quarter 2016 the DAX rose and the first positive quarter in this calendar year was recorded.

On 1 October 2015, the German blue-chip stock market index, DAX started the first day of the period under review at 9,509 points. It hit its high of 11,382 points on 30 November 2015, but then declined at the end of the calendar year. On 11 February, the DAX fell to a low of 8,753 points, then climbed to 10,511 points by 30 September 2016, thus closing at around eleven percent higher than at the beginning of the fiscal year. The SDAX developed similarly to the DAX over the whole of fiscal 2015/2016. Starting at 8,323 points, it hit its high of 9,536 on 10 August 2016 and closed at 9,284 points at the end of the financial year. The Prime Automobile Performance Index closed at 1,296 points at the beginning of the fiscal year and at 1,357 points on 30 September 2016.

CHART 05

# 6.30

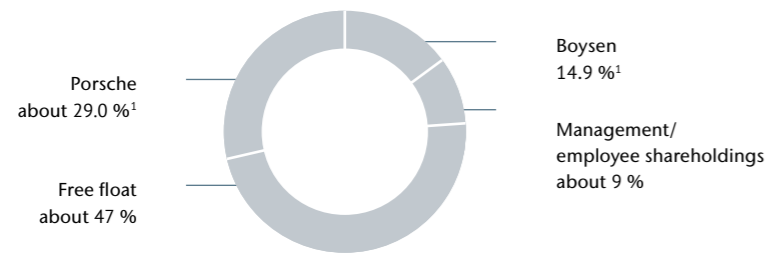
euros earnings per share in fiscal 2015/2016.

### THE BERTRANDT SHARE

The Bertrandt share started the fiscal year 2015/2016 by closing in Xetra trading at EUR 96.15. In the first weeks, the share price performed well, hitting its high of EUR 115.00 for the reporting period on 3 December. In the second quarter of the year under review the automotive industry came under selling pressure, owing to the Diesel issue. This development also affected the Bertrandt share, which closed at its low of EUR 82.80 on 6 July 2016. The share price picked up again by the end of the fiscal year: on the last day of trading it reached EUR 97.01 and was thus slightly higher than at the beginning of the fiscal year. Analysts' assessments were adjusted in the course of the fiscal year. The average daily trading volume decreased slightly to 25,373 shares.

TABLE 06

## Shareholder structure



<sup>1</sup> All data is based on disclosures made to the company pursuant to Section 21 et. seq. WpHG. As of 30 September 2015

## Analyst recommendations

Analysts	Recommendation	Target for the share in EUR
Bankhaus Lampe	Buy	115
Bankhaus Metzler	Hold	110
Deutsche Bank	Hold	100
DZ Bank	Buy	110
Hauck & Aufhäuser	Buy	117
Landesbank Baden-Württemberg	Buy	115
MainFirst Bank	Buy	120
Montega	Buy	121
Warburg Research	Buy	112

25

percent of the workforce took part in this year's employee share scheme.

## SHAREHOLDER STRUCTURE

As at the date when these consolidated financial statements were prepared, shareholdings in Bertrandt AG broke down as follows: Twenty-nine percent of the shares were held by Porsche AG, Stuttgart, Germany. Another 14.9 percent were held by Friedrich Boysen Holding GmbH, with registered offices in Altensteig, a subsidiary of Friedrich Boysen Unternehmensstiftung. Management

and staff held around nine percent of the shares, while free float amounted to around 47 percent. Notifications of voting rights pursuant to the German Securities Trading Act are published in the Investor Relations section of Bertrandt's website.

CHART 07

## BERTRANDT'S EMPLOYEE SHARE SCHEME A SUCCESS STORY

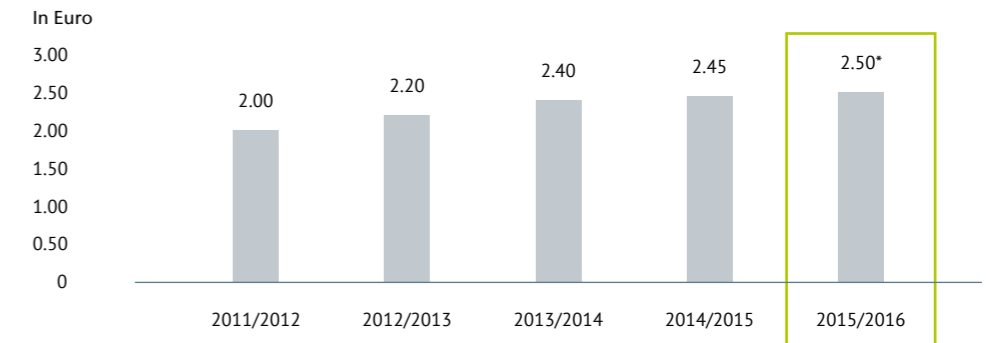
In May 2016, the qualified Bertrandt employees in Germany were offered the opportunity of buying Bertrandt shares with the advantage of preferential tax treatment. The shares were repurchased under a share buy-back programme. The programme was a success, with participation at around 25 percent of eligible employees and thus at the same level as in the previous year (around 25 percent). In total, 8,044 Bertrandt shares were transferred to employees.

CHART 07

CHART 09

Bertrandt AG's consistent dividend policy.

## Development of the dividend



\* Dividend proposed by the Management and the Supervisory Board.

## BUY RECOMMENDATION BY MAJORITY OF ANALYSTS

The Bertrandt share is observed and regularly evaluated by well-known analysts. In the course of the fiscal year, nine analysts adjusted their recommendations and targets for the Bertrandt share in the light of the changed economic environment in the German industry. Analysts' assessments are published in the Investor Relations section of Bertrandt's website.

TABLE 08

11<sup>TH</sup> CAPITAL MARKET DAY

The eleventh Capital Market Day for representatives from banks, analysts and journalists took place on 25 May 2016. This year, Bertrandt invited its guests to the new Technology Centre in Mönshheim. CEO Dietmar Bichler presented the Bertrandt Group's first-half figures for 2015/2016 and informed the guests about new developments in the Group. Guest speaker at the Capital Market Day was Dr.-Ing. Heinz K. Junker, Chairman of the Supervisory Board of MAHLE GmbH. In his speech he discussed the development of a global player in the automotive industry. The highlights of this year's event were guided tours through the technical spaces and development buildings of the new branch opened in June 2015.

2.50

euros was the dividend proposed to the annual general meeting by the Management Board and Supervisory Board.



Detailed and up-to-date information on the Bertrandt share is always available on our website.

## PROPOSED DIVIDEND EUR 2.50 PER SHARE

The Bertrandt Group has always pursued a consistent dividend policy. On the strength of the positive development of earnings in the period under review, the Management and Supervisory Boards will be asking the shareholders to approve a dividend of EUR 2.50 per share at the annual general meeting on 23 February 2017. This is an increase of two percent over the previous year's figure of EUR 2.45. In this way we would like to thank our shareholders for their investment in our Company and the confidence shown in us.

CHART 09

### BERTRANDT AWARDED PRIZE FOR EXCELLENT INVESTOR RELATIONS WORK

A key component of Bertrandt's corporate policy involves transparent, comprehensive and timely capital markets communication with institutional and private investors, analysts as well as the media. In so doing, the Group seeks to position its share as a long-term investment and, to this end, complies with the high transparency requirements of the Prime Standard of Deutsche Börse as well as nearly all of the recommendations of the German Corporate Governance Code.

In June 2016 Bertrandt was awarded for the first time the "German Investor Relations Prize" for its outstanding IR work. The engineering specialist was ranked second in the SDAX segment. The prize is awarded every year by Extel, the business news magazine WirtschaftsWoche and the German Investor Relations Association (DIRK). The criteria for the evaluation are, amongst other things, transparency, plausibility and up-to-date information, which were evaluated in an investor survey.

In 2016 Bertrandt kept institutional investors and analysts up to date at several conferences and road shows in the finance centres in Europe and informed them about the group's business growth. Bertrandt presented itself to potential and existing institutional and private investors at 26 roadshows in Germany, Belgium, Denmark, France, the UK, Austria, Spain, Switzerland, and, for the first time, in Poland. Moreover, visits to the location in Ehningen were organised in 2016. In addition, the annual press and analyst conference on 10 December 2015 provided information about the business performance to journalists and representatives of financial institutions. The Company's communication focuses on presenting Bertrandt's business model, the Company's strategic orientation as well as explaining the technical and business management background.

### BERTRANDT'S WEBSITE

Bertrandt uses the internet as a communication platform to provide all interested parties with comprehensive information on the Company. Information on the group is published in due time in the Investor Relations section of Bertrandt's website in both German and English.

## CORPORATE GOVERNANCE

### DECLARATION OF CONFORMITY TO THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 AKTG

The Management Board and Supervisory Board of Bertrandt AG declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the Government Commission on the German Corporate Governance Code (GCGC), as amended on 5 May 2015 and published in the electronic Federal Gazette on 12 June 2015 have been and are being complied with, with the following exceptions: Sections 3.8 (3), 4.1.5, 4.2.3 (3), 4.2.5 (3) and (4), 5.2 (2), 5.3.2 sent. 3, 5.4.1 (2) and (3), 5.4.2 sent. 1, 5.5.2, 5.5.3 sent. 1, and 7.1.2 sent. 4. Until and including 30 September 2015, the Company also deviated from Section 4.2.3 (2) sent. 6 GCGC.

These deviations from individual recommendations are based on the following considerations:

#### Section 3.8 (3) GCGC

Bertrandt AG has taken out a pecuniary damage liability insurance policy (a so-called directors and officers liability insurance). In deviation from Section 3.8 (3) GCGC the policy includes no deductible for Supervisory Board members. Bertrandt AG has taken out the policy to protect its interests in the hypothetical event of a claim for damages.

#### Section 4.2.3 (2) sent. 6, sub-sent. 1 and (3) GCGC

Pursuant to the recommendations in Section 4.2.3 (2) sent. 6 sub-sent. 2 the variable portions of the compensation of the members of the Management Board are capped. However, Section 4.2.3 (2) sent. 6 sub-sent. 1 additionally provides that the amount of compensation shall be capped "overall". As the compensation of the members of the Management Board is fixed and not variable, the Company holds the view that by capping variable compensation this recommendation has already been implemented. However, as a precautionary measure a deviation from the GCGC for the period up to 30 September 2015 has also been declared in respect of this recommendation. With effect from 1 October 2015 the total remuneration of the members of the Management Board was also limited to a maximum

amount by way of amendment of their employment contracts; a declaration of conformity in this respect is no longer required.

The Company continues to deviate from Section 4.2.3 (3) GCGC. It is not the Supervisory Board's intention to guarantee a specific pension level for the retired members of the Management Board but to ensure that compensation for their current activity is in line with the market and the situation of the Company. Hence, pension commitments are generally not made. Such commitments exist, as has been stated in the Company's annual reports for many years, exclusively with regard to one active and one former member of the Management Board.

#### Section 4.2.5 (3) and (4) GCGC

The compensation of the members of the Management Board is disclosed to the extent required by law. On 18 February 2009 the annual general meeting had decided to continue with the Company's long-standing reporting practice until the end of the 2014/2015 fiscal year, and again adopted a resolution on the non-disclosure of Management Board compensation in accordance with the German Disclosure of Management Board Compensation Act (Vorstandsvergütungs-Offenlegungsgesetz) of 10 August 2005. The Company will continue to deviate from the recommendations under Section 4.2.5 (3) and (4) GCGC in the fiscal year beginning on 1 October 2015; sufficient transparency will be ensured by the provisions governing the disclosure of Management Board compensation which are now applied in full.

#### Section 5.2 (2) GCGC

The Chairman of the Supervisory Board has for many years simultaneously been Chairman of the Audit Committee. Since this has proven effective, the company will continue to deviate from Section 5.2 (2) GCGC in this respect.

#### Section 5.3.2 sent. 3, Section 5.4.1 (2) and (3), Section 5.4.2 sent. 1 and Section 4.1.5 GCGC

The Company will continue to deviate from Sections 5.3.2 sent. 3, 5.4.1 (2) and (3), 5.4.2 sent. 1 and 4.1.5 GCGC. It is in the interest of Bertrandt AG to give priority to the professional experience, capabilities and knowledge of the individual persons when appointing members to the Management Board and the Supervisory Board or appointing other executives.

The Company believes that its Supervisory Board has an appropriate number of independent members. However, since the term "independent members" has not been finally clarified, the Company as a precautionary measure declares a deviation from Sections 5.3.2 sent. 3, 5.4.2 sent. 1 and 5.4.1 (2) GCGC based on the fact that three of the four members appointed by the shareholders, including the Chairman of the Supervisory Board, have already served three or more terms in the Supervisory Board. Taking this into account, the Company has also decided not to fix a maximum period of office in the Supervisory Board within the meaning of Section 5.4.1 (2) GCGC.

#### Section 5.5.2 and Section 5.5.3 sent. 1 GCGC

In its Rules of Procedure the Supervisory Board has provided for the handling of conflicts of interests independently and in deviation from the recommendations stipulated by Sections 5.5.2 and 5.5.3 sent. 1 GCGC. According to the Rules of Procedure each Supervisory Board member is obliged to disclose any conflicts of interest to the Chairman of the Supervisory Board; it is mandatory for the Chairman of the Supervisory Board to disclose this information to his or her deputy. These provisions exceed the stipulations of Section 5.5.3 sent. 1 GCGC by applying to all conflicts of interest and not distinguishing between matters which are of material or temporary nature. The right to wave public disclosure of such information enables the members of the Supervisory Board to discuss in confidence with the Chairman cases which merely appear to be conflicts of interests.

#### Section 7.1.2 sent. 4 GCGC

Bertrandt AG published its report on the first quarter of fiscal 2015/2016 on 15 February 2016 and the report for the second quarter on 25 May 2016. In all of its reports, Bertrandt AG conforms to the strict quarterly reporting requirements in the Prime Standard of Frankfurt Stock Exchange. As long as the German Corporate Governance Code is not synchronised with the provisions of the Prime Standard, Bertrandt AG reserves the right to deviate from Section 7.1.2 sent. 4 GCGC.

Ehningen, 19 September 2016

The Management Board	The Supervisory Board
Dietmar Bichler Chairman	Dr. Klaus Bleyer Chairman

### REPORT PURSUANT TO SECTION 3.10 OF THE GERMAN CORPORATE GOVERNANCE CODE

On 19 September 2016, Bertrandt AG submitted the declaration pursuant to Section 161 German Stock Corporation Act (AktG) for the period under review stating whether the Company has conformed and is conforming to the recommendations of the German Corporate Governance Code (GCGC) or which recommendations were or are not applied. The declaration is reproduced in our annual report for fiscal 2015/2016 as part of the corporate governance declaration (pursuant to Section 289a of the German Commercial Code, HGB) in the Group Management Report and is also published at "http://www.bertrandt.com/en/investor-relations/corporate-governance.html".

The basic principles of Bertrandt's corporate governance are determined by the duties as stipulated by the German Stock Corporation Act:

#### MANAGEMENT BOARD

The Management Board has direct responsibility for the management of Bertrandt AG and represents the Company. It comprises four persons. Notwithstanding the overall responsibility of the Management Board as a whole, specific tasks are assigned to the individual members in accordance with a schedule of responsibilities. One key management duty is the observance of statutory requirements, corporate guidelines and ethical principles (compliance). The members of the Management Board are exclusively bound to act in the Company's best interest. Substantial business transactions require the Supervisory Board's approval.

#### SUPERVISORY BOARD

The Supervisory Board of Bertrandt AG comprises six members, of whom four are shareholder representatives elected at the 2014 annual general meeting. Two members, the employee representatives on the Supervisory Board were and are voted by Bertrandt employees. The employee representatives who are currently on the Supervisory Board were last elected in 2013.

The Supervisory Board monitors the Management Board and is responsible for appointing its members. To perform its duties in an effective and efficient manner the Supervisory Board has formed a Human Resources and an Audit Committee. The Audit Committee is composed of Dr Klaus Bleyer, Maximilian Wölfle and Horst Binnig. The members of the Audit Committee as a whole are familiar with the industry in which the Company operates. The Human Resources Committee consists of Dr Klaus Bleyer, Maximilian Wölfle and Prof. Dr.-Ing. Wilfried Sihm. The Human Resources Committee simultaneously assumes the role of the Nomination Committee. The Supervisory Board has appointed Dr Klaus Bleyer as an independent Supervisory Board member (so-called "financial expert") with accounting and auditing expertise according to Section 100 (5) German Stock Corporation Act.

Intensive and ongoing communication takes place between the Management Board and the Supervisory Board. The Management Board informs the Supervisory Board in a timely and comprehensive manner and on a regular basis of matters especially concerning corporate strategy, the course of business, the Group's financial position (including the risk situation and risk management activities as well as compliance) and corporate planning and the Company's orientation. The Audit Committee also discusses the half-year report and the quarterly reports with the Management Board. Further, the Audit Committee deals with the appointment and independence of the auditor. In particular, the Audit Committee represents the Supervisory Board in negotiating and deciding upon giving prior agreement to non-audit services provided by the auditor, which is required under national and directly applicable EU legislation. There are certain services for which the Audit Committee may provide prior agreement.

TABLE 10

Holding of shares in the company by the members of the Management Board and the Supervisory Board of Bertrandt AG

Management Board	Supervisory Board
400,000	98

#### ANNUAL GENERAL MEETING

The shareholders of Bertrandt AG use their rights at the annual general meeting, exercising their voting rights. Each share has one vote. There are no shares with multiple, preferential or maximum voting rights. At the annual general meeting the shareholders pass resolutions in particular on such matters as the appropriation of profits, discharging the Management Board and Supervisory Board from their responsibilities, and they appoint the shareholder representatives for the Supervisory Board and the auditor. Shareholders are notified of important dates on a regular basis by means of a financial calendar, which is published in the annual report, the quarterly reports as well as on the Company's website. As a matter of principle, the Chairman of the Supervisory Board chairs the annual general meeting. Bertrandt AG offers its shareholders the service of a proxy voter bound by instructions.

#### PURCHASE OR SALE AND HOLDING OF SHARES IN THE COMPANY OR OF FINANCIAL INSTRUMENTS RELATED TO SHARES IN THE COMPANY BY PERSONS SPECIFIED IN SECTION 6.2 GCGC

In fiscal year 2015/2016 no transactions with shares in the Company or related financial instruments, which would be notifiable under Section 15a WpHG and/or Article 19 of the Market Abuse Regulation (Regulation (EU) No. 596/2014) and Section 6.2 German Corporate Governance Code were reported by the members of the Management Board and the Supervisory Board of Bertrandt AG or any parties closely related to them. Bertrandt AG announces notifiable transactions immediately after their disclosure to the Company.

As at 30 September 2016, the Chairman of the Management Board, Dietmar Bichler held 400,000 shares in Bertrandt AG (3.94 percent of the shares issued) within the meaning of Section 6.2. sent. 1 German Corporate Governance Code.

In total, the members of the Management Board and the Supervisory Board held the following number of shares as at 30 September 2016:

TABLE 10

#### DISCLOSURES ON SHARE OPTION PROGRAMMES AND SIMILAR SECURITIES-BASED INCENTIVE SCHEMES OFFERED BY THE COMPANY

No share option programmes or similar incentive schemes based on securities are offered by Bertrandt AG. However, to the extent permitted by tax law, the Company supports the acquisition of its shares by the group's employees under its employee share schemes. In addition, to the extent permitted by tax law, the Company granted interest-bearing loans in previous years to the Group's executives (however, not to members of the Management Board), which are still extended, to assist them in the acquisition of shares in an investment company which holds shares in Bertrandt AG.

Ehningen, 12 December 2016

The Management Board	The Supervisory Board
Dietmar Bichler Chairman of the Management Board/ Markus Ruf Member of the Management Board	Dr Klaus Bleyer Chairman/ Maximilian Wölfle Deputy Chairman

# B

## GROUP MANAGEMENT REPORT

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**BERTRANDT** has always attached great importance to the training of young talent.

# 366

COLLEAGUES WERE PARTICIPATING IN A TRAINING OR STUDY PROGRAMME IN TECHNICAL OR COMMERCIAL DISCIPLINES AS OF 30 SEPTEMBER 2016.

## THE GROUP – GENERAL INFORMATION

### BUSINESS MODEL AND STRATEGY

As one of Europe's leading engineering partners, Bertrandt has been devising specific and tailored solutions with customers at 53 locations in Europe, Asia and the United States for over 40 years now. Our services for the automotive and aerospace industries include all process steps in the project phases of conceptual design, CAD, development, design modelling, tool production, vehicle construction and production planning right through to start of production and production support. Furthermore, the individual development steps are validated by simulation, prototype building and testing. At our technology centres in the immediate vicinity of our customers, we maintain dedicated design studios, electronics labs as well as testing facilities where projects of different sizes are managed in cooperation with our customers. Our customer base comprises nearly all European manufacturers as well as important system suppliers. We also provide technological services outside the mobility industry in such forward-looking sectors as energy, medical technology, electrical engineering as well as machinery and plant engineering throughout Germany. Consistency, reliability and capital expenditure on infrastructure and technical equipment enable our customer relationships to thrive and are key success factors for Bertrandt.

# 95

percent fewer pollutants are emitted under the current Euro 6 emissions standard than under Euro 0.

### BASIS OF THE BUSINESS MODEL

Spurred by shorter lead times and new technologies the complexity of individual mobility solutions in the automotive and aerospace sectors is steadily increasing. Trends towards increased comfort, safety, connectivity and environmentally friendly mobility solutions, for example, require detailed technical know-how and joined-up thinking throughout product development. We consider ourselves an active contributor to the development of the future of mobility, and are consequently constantly adapting our range of services to customer needs as well as to changing market conditions. In order to meet the complex challenges posed by new materials, intelligent electronic systems and advanced powertrains, Bertrandt manages and coordinates key engineering areas in dedicated Competence Centres. Bertrandt's particular strength lies in the linking up and further development of know-how, and this makes us one of the leading European partners on the market for engineering services. The engineering expertise Bertrandt has built up over many years of activity in the mobility industries provides a firm foundation upon which the Company can realise and take forward customised development solutions in new sectors. The most significant market trends that drive Bertrandt's success are the following:

### ENVIRONMENTALLY FRIENDLY AND INDIVIDUAL MOBILITY

Conventional drive technologies have strongly improved in efficiency over the last few years. Combustion engines have ever lower consumption and emission values. The current Euro 6 emissions standard, for example, leads to a reduction of emissions by around 95 percent compared to the Euro 0 standard. Since the potential for an optimisation of conventional engines is limited, vehicle hybridisation is becoming increasingly important. This technology generally enables the recuperation of energy from braking as well as a significantly higher degree of system optimisation. Thus it is possible to exploit new efficiency potentials which cannot be leveraged using conventional drive technologies alone. In urban driving situations (stop/start, lots of part-load driving), for instance, a full hybrid can lead to consumption savings of more than 30 percent.

German OEMs, moreover, are investing considerably in the development of e-mobility technology. Alternative drive systems will be needed in the long run to master the challenges of climate protection, scarcity of fossil fuels and a simultaneous increase in mobility needs due to a growing world population. Electric vehicles can make an important contribution to emission avoidance and environmental protection. They consequently account for one element of the broad-based strategy pursued by the German automotive industry. In recent years, manufacturers and suppliers have already invested more than EUR 14 billion in the development of e-mobility. Offering around 30 e-models on the market they are among the leading global providers today.

### AUTOMATED AND CONNECTED DRIVING

Automated driving refers to the capability of a vehicle to drive itself independently to a destination in real-world traffic, using its onboard sensors, connected software, and maps stored in the vehicle so that it can recognise its surroundings. Thus the vehicle will be able to perform the appropriate driving task in each situation. However, the automated driving functions may be considerably expanded in the medium and long term with the aid of connectivity. The topics of connectivity and digitalisation, both inside and outside the vehicle, will therefore play an ever more important role in the future.

Systems that permit assisted (supporting lane holding and lane changing) and partially automated (driver-supervised lane holding and lane changing) driving are already available on the market today. In a few years, vehicles with appropriate sensors, actuators and information processing to permit the functions of high and full automation for specific application scenarios will be available. Electronic systems built into the vehicle support the driver in his or her driving tasks by informing, warning and – if designed to do so – actively intervening to influence driving events. Due to improved detection of their surroundings and situational analysis, these systems are growing ever-more powerful, thus enabling a higher degree of automation in assistance functions. Automated driving functions improve traffic safety and simplify the flow of traffic.

### DIVERSITY OF MODELS AND VARIANTS

Module and platform strategies and using common parts enable carmakers to offer a broad range of vehicle variants. Scale effects across several models and model series mean that automotive manufacturers produce variants that are profitable even in small numbers. The ultimate goal of this strategy is to cover major portions of the global market including smaller niches. As a consequence of the ever more stringent emission standards, many OEMs are focusing more on e-mobility in their technology development. Against this backdrop, medium-term model plans are often being updated to develop models with alternative powertrains.

### INDUSTRY 4.0

The term Industry 4.0 refers to the digitalisation of the production industry and increasing connectivity in production. Digitalisation or more specifically the transformation from analogue to digital brings about a fundamental change in business processes. Besides strong connectivity between people and objects, it enables many innovations which lead to changes across all industries. This development depends on the digital implementation, processing, storage and transmission of all kinds of information. This will be the basis for a new level of organisation and control of the entire value chain along the life-cycle of products. The resulting change experienced by companies means that they will be able to optimise their production processes and make them more flexible due to greater transparency. The capacity utilisation of machinery and customer-specific product combinations can be improved and implemented. According to consulting firm McKinsey & Company in Germany alone around 40 to 50 percent of the machinery will have to be replaced in the next ten years.

## PRODUCT AND SERVICE RANGE

Bertrandt's comprehensive range of services provides each customer with customised and all-in solutions along the entire product engineering process. As one of Europe's leading engineering specialists, Bertrandt is a reliable partner when it comes to meeting current and future challenges across all engineering project stages. All the expertise of the entire Bertrandt Group is available to customers through their local Bertrandt subsidiary, because Bertrandt's Competence Centre structure is replicated throughout the Group. The wide range of services delivered by local subsidiaries includes specialist services, general services and development of components, modules and vehicle derivatives.

### SPECIALIST SERVICES

Specialist know-how relating to every step of the development process is key to our ability to deliver the best possible results to our customers. The high level of expertise of our specialists, their years of experience and the fact that we foster interdisciplinary cooperation at Bertrandt enable us to deliver optimum performance in each individual area. Our specialist services are available individually for very specific missions or are combined for the purpose of module and system development.

### GENERAL SERVICES

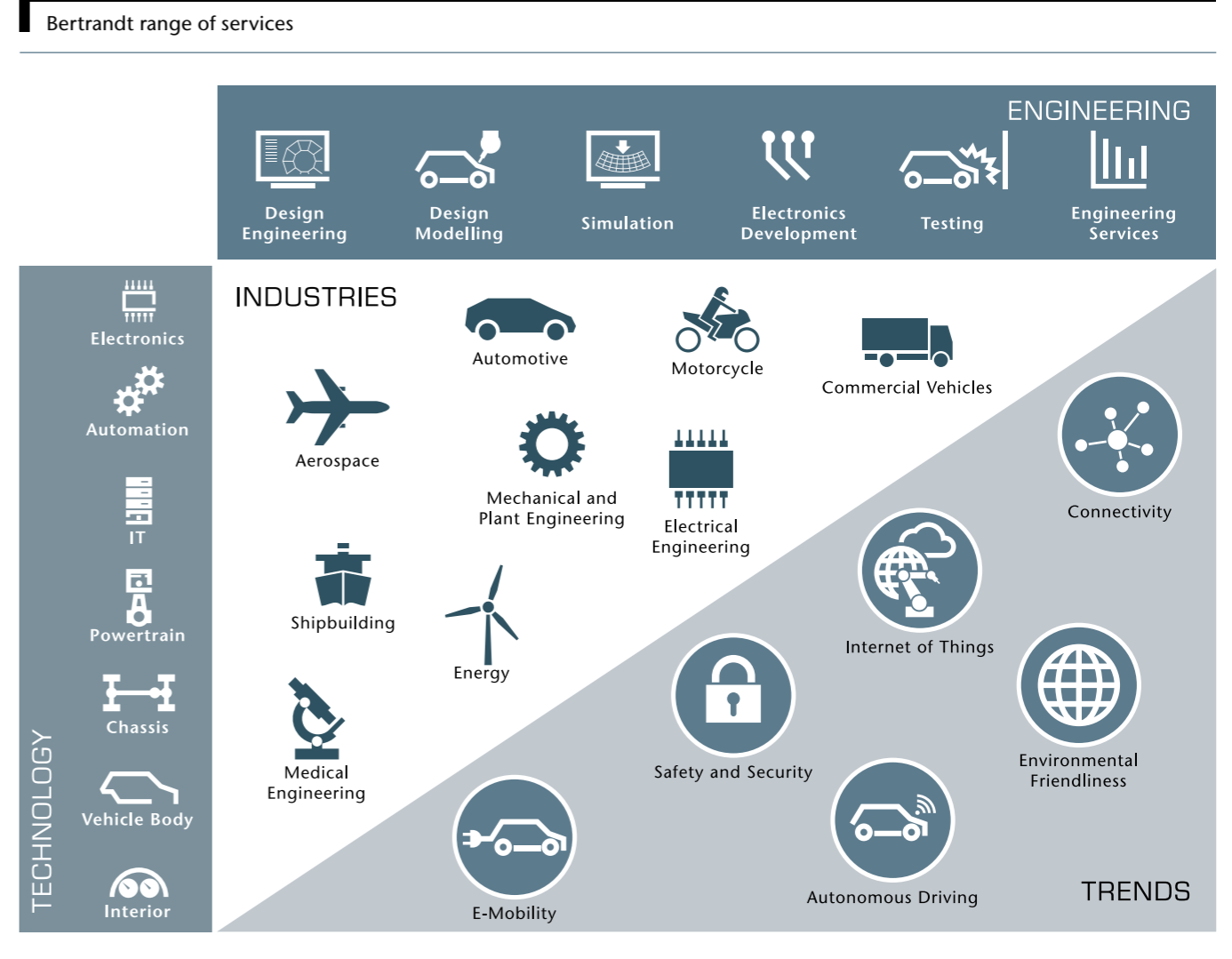
In addition to the actual development process, many complementary tasks are managed along the development value chain. Whether project management, quality management, supply chain management, or the documentation of the entire project – Bertrandt has a comprehensive service offering for our customers. This is how we effectively support customers so that they can focus on their core business.

### MODULE AND DERIVATIVE DEVELOPMENT

Bertrandt continually adjusts its range of services to meet the changing needs of its customers. OEMs are increasingly focusing on their core business, and therefore tend to contract out more complex development tasks. Because of our many years of experience in the industry and the specialists we employ, Bertrandt possesses the know-how required for component and module development through to complete derivative development.

When we take on project responsibility in development tasks, we will, for example, manage all the interfaces between the customer, the system suppliers and Bertrandt, and we will control quality, costs and deadlines.

CHART 11





Find out here how we can help our customers to develop their products with a broad range of know-how and enormous flexibility.

## COMPETENCE CENTRES AT BERTRANDT

More than 40 years of collective, group-wide expertise is available to customers locally through Bertrandt's subsidiaries. Bertrandt's Competence Centres manage and coordinate key engineering areas. At the same time, the Competence Centres link up and further develop the host of expertise present at Bertrandt. This way, we can cater to all the individual needs of our customers.

### DESIGN SERVICES/DESIGN MODELLING AND RAPID TECHNOLOGIES

Design means linking up form and function with emotion. It plays a key role in the development process of cars and aircraft, and is a decisive factor in the customer's decision to buy particular product. To ensure that the components interact perfectly, Bertrandt offers various types of design services/design modelling and rapid technologies – on paper, in a virtual environment or as a model. Our customers define the objectives, Bertrandt supports them in their active and creative implementation – and uses virtual reality to turn visions into tangible reality. Always at the cutting edge of the very latest developments. After all, our engineers not only use conventional tools but also employ ground-breaking new technologies such as 3-D visualisation. They also work as research partners for universities.

### VEHICLE BODY DEVELOPMENT

Vehicle body development is marked by future CO<sub>2</sub> emissions limits, weight reduction in modern cars and aircraft using lightweight design, material expertise in composite materials, high-strength steel and aluminium, and the latest developments in lighting and visibility. Bertrandt offers its customers competent and successful solutions for future challenges in vehicle body development. Our deep and broad spectrum of services in this field is based on our three core areas: Body-in-White, Exterior and Interior.

### INTERIOR DEVELOPMENT

The development of the interior plays a key role in the process of producing new cars and aircraft. Whether for seats or in the cockpit – car manufacturers are increasingly using interior design elements and surface textures as differentiating features. Interior design is characterised by ergonomics, comfort, safety and functionality. Complex components and modules, such as the dashboard, interior trim parts (hard and soft trim), or complete seat units are therefore designed and developed by Bertrandt from start to finish. From the idea to the optimum solution.

### ELECTRONICS DEVELOPMENT

Even today, software and electrical and electronic components contribute a high proportion of the added value in vehicle development, owing to the key role played by mechatronics and electronics with regard to functionality, safety and mobility. The car of the future will require even more technology and innovation, even more electrical systems and electronics. The complexity of the requirements in automotive and aviation development is increasing. Electronics in vehicles, the complete product development process – from the requirement and the development, through to the integration and validation of at the level of individual components, systems and complete vehicles. That trend offers these development steps for almost all areas of vehicle electronics. This includes both classic elements such as infotainment, comfort, chassis and onboard networks, etc. as well as the current and new challenges associated with electric driving and vehicle connectivity (Car2X) for driver assistance systems, automated driving, online services/apps and infrastructure/IT.

### POWERTRAIN DEVELOPMENT

Rising demands for driving dynamics accompanied by low exhaust emissions and lower fuel consumption – these are the challenges for engine and powertrain development. The main innovation drivers are new and alternative powertrain concepts, for example hybrid and electric drive systems, but also the further development of existing engine concepts. Especially in the fields of combustion engines, hybrid and electric vehicle technology development service providers need to prove that they have interdisciplinary expertise. Key issues are component and assembly development, thermodynamics, control of engine functions and thermal management. Bertrandt offers individual and tailored solutions – focusing on engine applications, treatment of exhaust, reduction of emissions, downsizing and electrification of the powertrain.

### CHASSIS DEVELOPMENT

The influence of the chassis on dynamic handling and ride comfort plays a key role in the characteristics of the vehicle. The increasing use of electronic control and driver assistance systems requires strong integration of electronics development into the development process. Not least, energy efficiency and the minimisation of power losses in the chassis have a significant influence on the CO<sub>2</sub> reduction potentials in the vehicle. We offer solutions for all chassis-related sub-processes to our customers – from the development of mechanical and mechatronic components through to the design and testing of chassis characteristics. Bertrandt is also a reliable partner in the field of axles, steering and brakes.

### SIMULATION

In order to meet our customer's demands for shorter development periods the development process at Bertrandt takes the form of simultaneous engineering. The systematic application of virtual CAE methods and allows our simulation engineers to set the direction even in the early development stages for achieving the functional objectives, such as crash performance, occupant protection, stiffness and comfort quality. The Competence Centre simulation focuses on the virtually driven development and reliable performance to attain functional targets.

### TESTING/TRIALS

Sustainability calls for the development of new realities and solutions. In order to ensure an optimum and ground-breaking result for our customers, Bertrandt examines, tests and validates ideas and solutions in a manner that is close to reality and uncompromising – and extremely inventive when it comes to the development of new and extremely rigorous testing procedures and systems: with a clear objective and promise to support customers with know-how and ground-breaking testing systems – from the initial concept right through to the testing of complete vehicles. The better and the earlier the product can be accurately and reproducibly tested, and validated, the shorter the development cycle becomes, thus minimising costs and optimising cost-effectiveness. Whether it's the validation of functions and duration tests, environmental simulations, functional testing of tank systems, SHED measurements or vehicle testing – Bertrandt is a seasoned partner in all disciplines.

### ENGINEERING SERVICES

Ever higher quality requirements and high process reliability play a major role for car manufacturers and automotive suppliers. Bertrandt's engineering services meet precisely these challenges. Our range of services covers four main fields of competencies: project management, quality management, process management and logistics. We support our customers along the entire process chain including after-sales. We offer support for data management, lean management, industrial engineering, production planning, logistics planning and material flow simulation.



## Real gross domestic product

Change from the previous year %

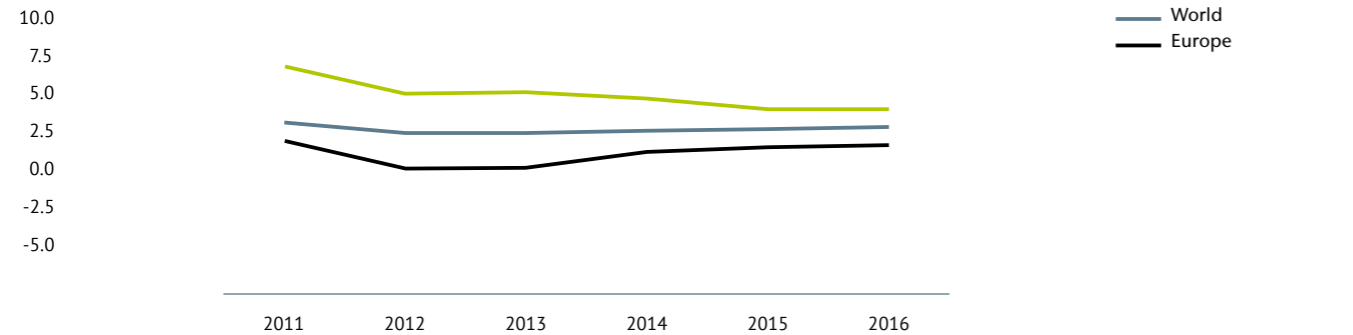


CHART 12

The world economy continues to expand.

Emerging Economies  
World  
Europe

Source: Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2016.

## ECONOMIC REPORT

## ECONOMIC DEVELOPMENT

According to the experts in the Joint Economic Forecast Project Group, the global economy clearly lost momentum at the beginning of Bertrandt's fiscal year 2015/2016. This was mainly attributable to the fact that economic growth in China continued to slow down in the fourth quarter of 2015. In addition, growth in the US and the EU was only moderate. While – overall – China's economy continued to grow at 6.9 percent in 2015, the level was similarly low as in the previous year. For the US, the experts reported 2.6 percent economic growth for the same period. The Member States of the European Union grew 2.2 percent.

In the first half of 2016, the global economy stagnated at this level, but picked up again appreciably in the summer months. Above all the US economy regained momentum, but also China, where economic policy measures began to take effect. The European Union, however, was influenced negatively by the outcome of the vote on Britain's exit from the EU economic area. Against this backdrop the experts expect the US economy to grow 1.6 percent in 2016. The slowdown in China will continue with growth reaching just 6.5 percent. According to the forecast, the EU can expect 1.6 percent growth.

CHART 12

1.9

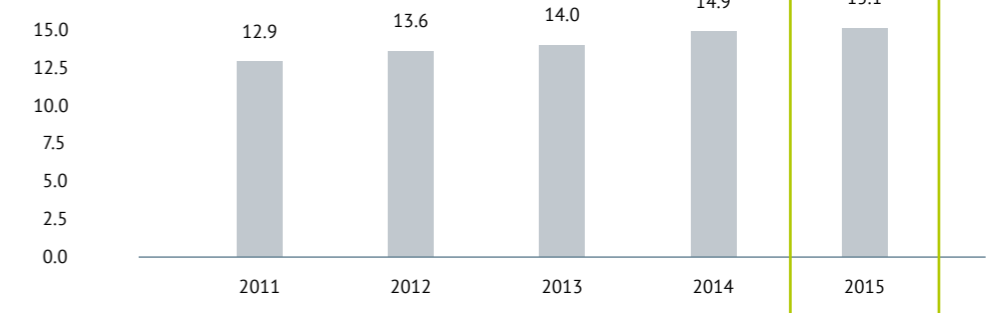
percent is the level of economic growth forecast for Germany for 2016.

CHART 13

In 2015, German car manufacturers again succeeded in increasing production volumes over the previous year.

## Global car production of German manufacturers

Millions of cars



Source: On the basis of VDA.

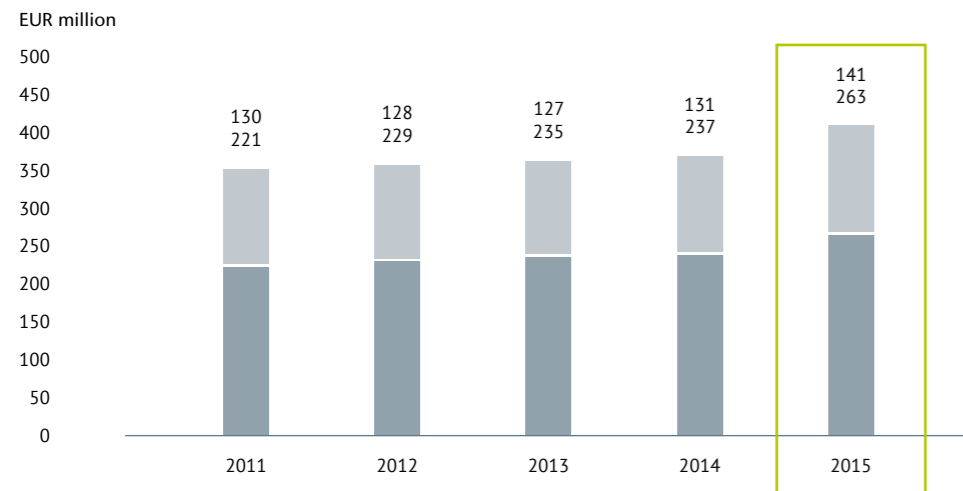
Economic development in Germany proved to be stable and was mainly supported by strong domestic consumption. The German economy was therefore able to report 1.7 percent growth in 2015. In the first half of 2016, GDP growth was relatively strong. Increasing demand, above all from Asia and Eastern Europe, was a major growth driver. However, the pace of expansion slowed markedly in the course of the year, so that according to the estimates of the experts, GDP growth will amount to 1.9 percent overall in 2016.

## DEVELOPMENT IN THE AUTOMOTIVE INDUSTRY

According to the German Association of the Automotive Industry (VDA), both the USA and China reported record highs in new vehicle registrations for 2015. New vehicle registrations in Western Europe also rose strongly and attained the best level in five years. New registrations of light vehicles in the US market rose to a record level of 17.4 million in 2015. This corresponded to an increase of six percent. Passenger car sales in China rose by nine percent to just over 20 million units. At 13.2 million, the Western European market reported growth of nine percent - the world market exceeded the level of 78 million new registrations.

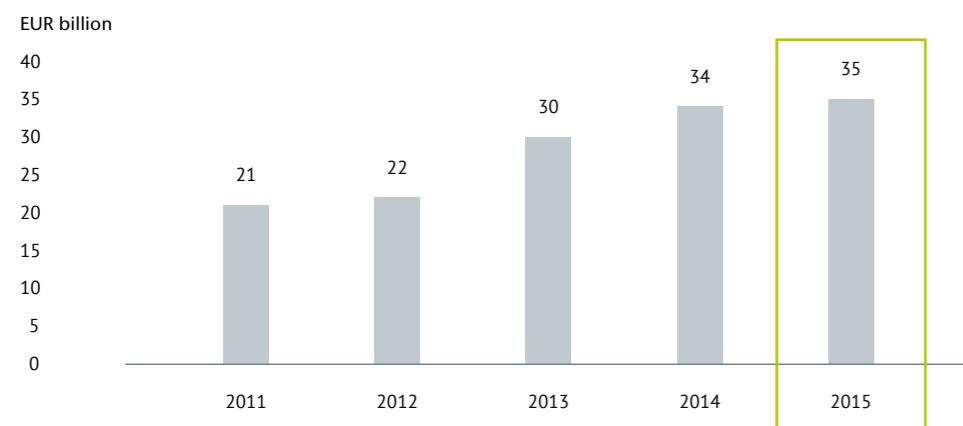
The worldwide positive trend in the automotive industry continued right up to the end of Bertrandt's fiscal year, which ends on 30 September. In the first three quarters of this year, sales of light vehicles in the US rose slightly to some 13 million units, equal to an increase of 0.4 percent. In China, dynamic development continued and new registrations rose by 17.7 percent to almost 16.2 million passenger cars. The Western European market continued on the path of growth and, with around 10.8 million new car registrations, previous-year figures were exceeded by 7.1 percent. Overall for the year 2016, the VDA expects global new car sales of approximately 80.6 million units which would correspond to a three-percent increase over the previous year.

### Revenues in the German automotive industry



Source: On the basis of VDA.

### R&D expenditures in the German automotive industry



Source: On the basis of VDA.

CHART 14

German car manufacturers were able to grow their revenues both from the domestic and from international markets.

Domestic revenues  
Foreign revenues

CHART 15

On a worldwide basis, the German automotive industry invested more than EUR 35 billion in research and development.

According to the VDA, the German car industry was able to increase its sales revenues by ten percent to EUR 404.4 billion in 2015. Exports contributed EUR 263.3 billion (an increase of 11 percent year on year), domestic sales revenues amounted to EUR 141.1 billion (eight percent growth year on year). In 2015 the automotive industry employed 792,500 people, an increase of just over 2 percent over the previous year. It is the fifth year in succession in which more jobs were created year on year. The German automotive industry maintained its high level of spending on research and development. The sector invested a total of EUR 34.3 billion in 2014 – an increase of eight percent over 2013. With intense, global competition prevailing in the car industry, this level of R&D spending lays the foundations for the competitiveness and technology leadership of German automotive companies. Germany plays a significant role as an R&D location. Domestic spending in Germany rose particularly strongly in 2014 - by just over 14 percent to EUR 19.7 billion. Two thirds of this amount were spent by the OEMs themselves while suppliers accounted for one third. For 2015 the VDA expects the automotive industry's investments in research and development at German locations to have increased once more by five percentage points to EUR 20.6 billion. Whereas more than 60 percent of all production activities already take place at non-German locations, research and development activities in Germany still account for 57 percent, and thus a majority, of the worldwide R&D spending of the German automotive industry.

CHART 15

# 4.2

billion euros were invested by the German aerospace industry in research and development in 2015.

### DEVELOPMENT IN AEROSPACE

According to the German Aerospace Industries Association (BDLI) the sector grew eight percent in 2015. This means that at EUR 34.7 billion, the sector attained a new all-time high (previous year: EUR 32.1 billion). The total number of employees in the industry rose to 106,800, a plus of 1 percent compared to 2014. The export share rose to 70 percent (previous year 60 percent). Spending on research and development stagnated at EUR 4.2 billion in 2015 (previous year EUR 4.3 billion). This corresponds to 12 percent of total sales revenues of the industry. Most investment continues to be spent on the further development of products for ongoing aircraft programmes.

Like in previous years, the industry's development is mainly driven by global economic growth, environmental regulation at the national level, and the decline in fuel prices. The two big aerospace groups, Boeing and Airbus, report unbroken global growth trend in civil aviation. A recent long-term forecast by Boeing group anticipates worldwide demand for new aircraft for civil aviation rising to 39,620 units between 2016 and 2035. This is equal to a present market value of almost EUR 5.3 trillion. Airbus expects a slightly lower volume of new aircraft demand in its forecast for the same period and predicts 33,070 new units by 2035. According to Airbus, the market value corresponds to some EUR 4.6 trillion.

## DEVELOPMENTS IN OTHER SECTORS

As an export-driven economy, Germany was impacted by ongoing geopolitical tensions as well as profound changes in the eurozone combined with persistently moderate growth in the emerging economies. The monthly development of individual sectors was highly volatile. The development of the four key industries in which Bertrandt operates apart from the automotive and aerospace sectors is outlined as follows:

The German Engineering Federation (VDMA) established total sales revenues of the industry of around EUR 218 billion for 2015, corresponding to growth of 2.8 percent over the previous year. Given the weak worldwide economy and ongoing political crises, the VDMA experts forecast only a slight increase in industry sales revenues to EUR 220 billion for 2016, which would correspond to one percent growth.

The German Electrical and Electronic Manufacturers Association (ZVEI) reported an increase in sales revenues for the industry of 4.1 percent to EUR 178.9 billion for 2015. For 2016, however, the ZVEI experts expect decreased momentum with growth at around 2 percent to EUR 182 billion.

# 4.8

percent is the amount the market for engineering service providers in Germany is anticipated to grow in 2016.

The trade association Medical Technology, a division of the German Hightech Industry Association (SPECTARIS) reported total sales revenues of EUR 27.6 billion for the year 2015. The increase in sales revenues of 8.5 percent over the previous year is driven by strong growth in domestic business. Despite increased uncertainty, SPECTARIS expects further growth for 2016, albeit at a lower level.

Revenues in the energy engineering sector rose by 3.4 percent to EUR 12.6 billion in 2015, as the Power Engineering division of the ZVEI reported. For 2016 the industry experts predict an expansion of the global market for power engineering of three percent - similar to the year before.

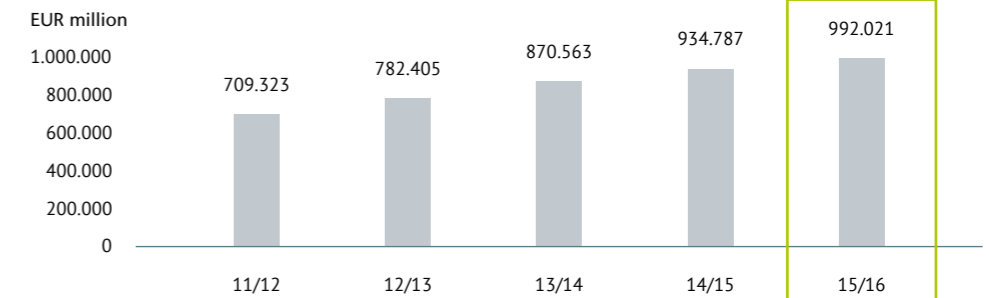
## DEVELOPMENT OF THE ENGINEERING MARKET

According to a study conducted by the market research and consulting firm Lünendonk, the market for technology consulting and engineering services in Germany has grown by five percent to EUR 9.8 billion in 2015 across all industries. However, the sector is faced with major challenges as its largest customer group - automotive OEMs and suppliers - are beginning to reorientate their strategies. The focus on digitisation and electrification of drives has a direct influence on customer demand and the requirements which engineering service providers must meet. For this reason, in direct comparison, companies operating in the fields of electrical systems / electronics and embedded systems generated greater growth in sales revenues. In this context the market researchers also found that where engineering providers were able to accept larger project packages thanks to their market position and size, these companies achieved higher gains in sales revenues in comparison. The experts therefore expect the consolidation of the market to continue. This positive trend is expected to continue in 2016 with market growth of 4.8 percent to EUR 10.3 billion.

CHART 16

Bertrandt generated a year-on-year increase in its revenues despite heterogeneous economic and industry-specific conditions.

## Consolidated revenues



## BUSINESS PERFORMANCE

### EARNINGS SITUATION

Bertrandt generated a year-on-year increase in its revenues and earnings in the past fiscal year, despite a challenging environment. This growth was based on the Bertrandt Group's strategic focus and customer-oriented marketing with competence centres that span all operations. An adjusted capacity management, targeted cost management as well as programmes aimed at raising efficiency also contributed to Bertrandt's positive earnings situation.

### TOTAL REVENUES

Revenues rose by 6.1 percent year on year to EUR 992.021 million (previous year EUR 934.787 million). All of the Group's divisions contributed to this growth. Bertrandt's foreign subsidiaries continued to perform well, generating a revenue increase of 18.9 percent to EUR 108.103 million (previous year EUR 90.889 million). This was mainly due to customer demand in France and the US, which continued to improve. Total revenues increased from EUR 935.259 million in the previous year to EUR 992.693 million.

The increase in revenues in the year under review was slightly less than expected and thus did not reach the range of seven to ten percent that had been announced by management.

CHART 16

## KEY EXPENDITURE FIGURES

The key expenditure figures in the 2015/2016 fiscal year compared with the previous year as follows: Project-related cost of materials amounted to EUR 98.097 million (previous year EUR 88.089 million). Since the Group continued to recruit new employees, personnel expenses rose by 5.3 percent to EUR 695.681 million (previous year EUR 660.357 million). The staff cost ratio was 70.1 percent (previous year 70.6 percent). Due to Bertrandt's investment activities in building up and expanding its infrastructure and technical equipment with a view to future business, depreciation/amortisation expense rose from EUR 25.193 million in the previous year to EUR 29.725 million. The ratio of depreciation/amortization to total revenues was 2.9 percent (previous year 2.7 percent). Other operating expenses were EUR 87.796 million (previous year EUR 83.306 million). They increased 5.4 percent in the period under review. In relation to total revenues it slightly decreased to 8.8 percent (previous year 8.9 percent).

# 6.1

percent is how much Bertrandt's revenue grew compared to the previous year

## Operating profit

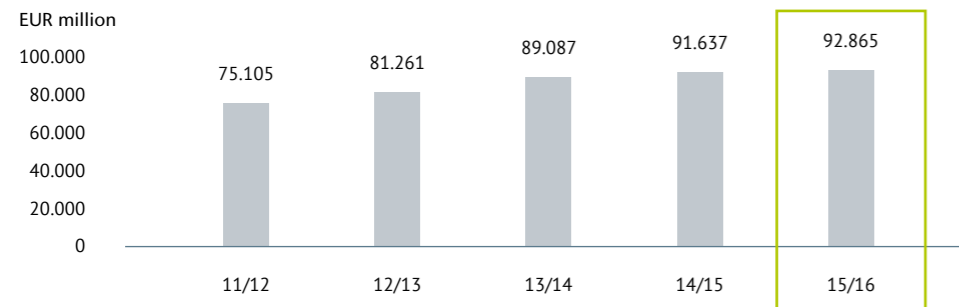


CHART 17

In fiscal 2015/2016, Bertrandt again improved its year-on-year operating profit.

# 92.865

million euros of operating profit were reported in fiscal 2015/2016

## IMPROVED OPERATING PROFIT

Bertrandt generated an operating profit of EUR 92.865 million in fiscal 2015/2016 (previous year EUR 91.637) and a 9.4 percent margin (previous year 9.8 percent). The increased operating profit is attributable primarily to the greater volume of business combined with strict cost management. Bertrandt's foreign subsidiaries generated an operating profit of EUR 11.611 million (previous year EUR 4.753 million).

CHART 17

The positive expansion of the results in fiscal 2015/2016 consequently did not quite reach levels similar to those in the previous two years as forecast in last year's annual report. The ratio of operating profit to revenues was also in the range expected by management (eight to 10.5 percent).

## NET FINANCE INCOME

Due to the bonded loan issued in November 2015 finance costs rose to EUR 2.365 million (previous year EUR 0.239 million) in fiscal 2015/2016. Net other finance income amounted to EUR 1.124 million (previous year EUR 0.245 million). Overall, net finance income was negative at EUR -1.378 million (previous year EUR 0.033 million).

## POST-TAX EARNINGS

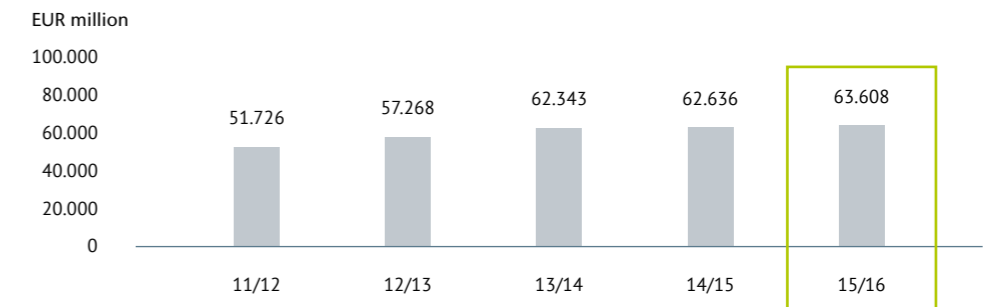
Profit from ordinary activities was EUR 91.487 million and thus at the previous year's level (EUR 91.670 million). With income tax expense amounting to EUR 26.205 million (previous year EUR 27.784 million), the tax rate for the period under review went down to 29.2 percent (previous year 30.7 percent). Post-tax earnings were EUR 63.608 million (previous year EUR 62.636 million). This works out to earnings per share of EUR 6.30 (up from EUR 6.21 in the previous year).

CHART 18

CHART 18

Post-tax earnings remained at a high level.

## Post-tax earnings



## PERFORMANCE BY SEGMENTS

Bertrandt organizes its business activities according to the Digital Engineering, Physical Engineering and Electrical Systems/Electronics segments, all of which recorded positive developments in revenues and earnings in fiscal 2015/2016. In the Digital Engineering segment, which mainly covers the design of modules and components, revenues increased to EUR 579.985 million compared to EUR 556.327 million in the previous year. This corresponds to a 4.3 percent increase in revenues. The segment's operating profit accounts for a large proportion of total operating profit, amounting to EUR 47.835 million in the period under review (previous year EUR 48.071 million).

The design modelling, testing, vehicle construction and rapid prototyping activities are bundled in the Physical Engineering segment. In the 2015/2016 financial year the segment's revenues climbed 7.9 percent to EUR 207.344 million (previous year EUR 192.163 million). Operating profit rose year on year by EUR 0.128 million to EUR 22.689 million (previous year EUR 22.561 million).

The Electrical Systems/Electronics segment generated revenues of EUR 22.341 million (previous year EUR 186.297 million), translating into growth of 9.9 percent. Operating profit was also up, rising to EUR 22.341 million (previous year EUR 21.005 million).

The development of the segments thus did not fully meet the expectations of the forecast in the 2014/2015 annual report. In the Digital Engineering segment, customer demand was volatile, which had a dampening effect on revenues and operating profit. The segments Physical Engineering and Electrical Systems/Electronics by contrast developed according to the forecast.

## NET ASSETS

The group's balance sheet structure is based on the principle of matching maturities. Due to the investments and the increase of cash and cash equivalents through the bonded loan total assets increased by 35.6 percent to EUR 763.314 million (previous year EUR 563.009 million). Non-current assets rose year on year by EUR 49.613 million to EUR 271.790 million as a result of growing property, plant and equipment. Current assets climbed to EUR 491.524 million as compared to EUR 340.832 million in the previous year, due to the cash and cash equivalents generated by the bonded loan and the greater volume of business. Cash and cash equivalents were up from EUR 13.068 million to EUR 159.821 million. Current receivables and other assets rose from EUR 186.339 million in the previous year to EUR 214.867 million. On the liabilities side, non-current liabilities increased to EUR 237.784 million (previous year EUR 37.485 million) due to borrowings (bonded loan).

## Equity ratio

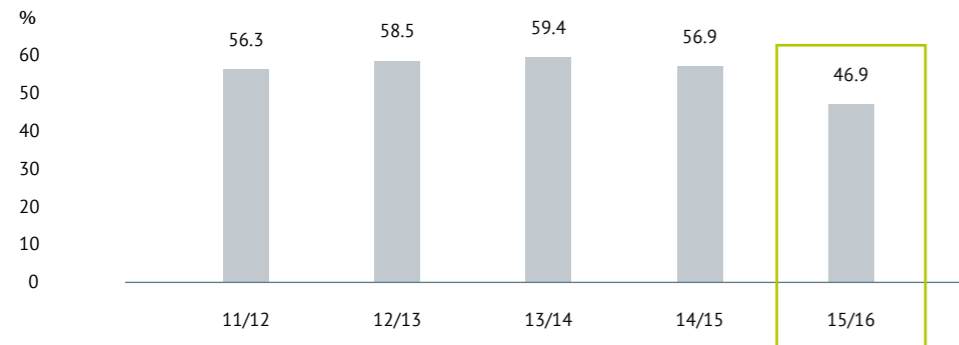


CHART 19

With this equity ratio Bertrandt is among the solid companies in the automotive industry.

## Free cash flow

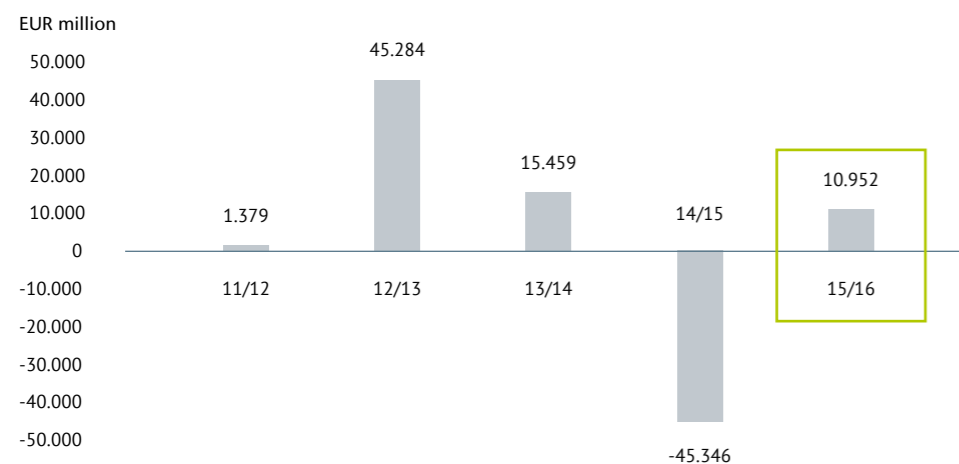


CHART 20

During the first half year of the period under review, trade receivables and future receivables from construction contracts fell by well over average and consequently had a positive impact on free cash flow.

# 46.9

percent: the equity ratio on 30 September 2016.

## SOLID EQUITY BASE

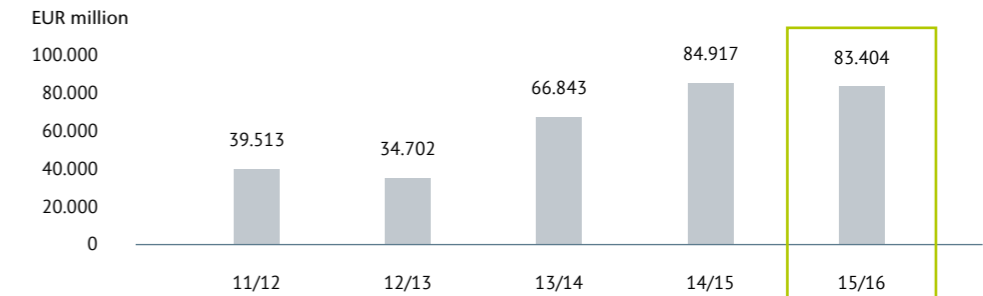
The positive earnings situation and the systematic retention of earnings combined with an attractive consistent dividend policy with a payout ratio of 40 percent of post-tax earnings led to an increase in equity by EUR 37.630 million to EUR 357.936 million. The equity ratio therefore is 46.9 percent (compared to 56.9 percent in the previous year), making Bertrandt a financially strong company in the automotive sector.

CHART 19

CHART 21

High levels of forward-looking investments continued to be made.

## Capital expenditure



## FINANCIAL POSITION

The fundamental objective of Bertrandt's financial management policy is to safeguard the Company's liquidity at all times. The financial management activities cover capital structure management as well as cash and liquidity management.

## CASH FLOW FROM OPERATING ACTIVITIES

Compared to the previous year Bertrandt reported a reduction in funds tied up in working capital in fiscal 2015/2016 compared to the previous year which positively impacted cash flow from operating activities. The latter consequently increased more than had been anticipated and was higher than revenue and earnings. In the period under review cash amounted to EUR 90.631 million (previous year EUR 36.967 million). The slight decrease in investments meant that net cash outflow from investing activities decreased as well. As a result, a positive free cash flow of EUR 10.952 million (previous year EUR -45.346 million) was generated.

CHART 20

## CAPITAL EXPENDITURE

Spending on property, plant and equipment were again high in 2015/2016 at EUR 76.372 million in total (previous year EUR 73.909 million). Spending on intangible assets decreased by EUR 0.494 million to EUR 5.635 million. Spending on financial assets amounted to EUR 1.397 million (previous year EUR 4.789 million). In total, capital expenditure was EUR 83.404 million in the period under review (previous year EUR 84.917 million). The Company anticipates a lower volume of capital spending in fiscal 2016/2017 than in the previous year.

By investing in infrastructure and facilities the Company seeks to complete its scope of products and services with a focus on its customers' needs. State-of-the-art technical equipment will enhance the range of competencies offered at Bertrandt's locations. Moreover, new capital expenditure is also intended to promote innovation, for example in the fields of acoustics, safety or drive technology. This growth, both in new and existing fields of competencies across the entire Bertrandt Group enables us to penetrate additional areas of the automotive development process and further expand and secure our market position as a technology group. Future investing activities to develop and enhance the range of services will be possible thanks to the proceeds from the bonded loan, secured credit facilities and the internal financing capacity of the Bertrandt Group.

CHART 21

## GENERAL STATEMENT ON BUSINESS PERFORMANCE

Despite the challenging environment Bertrandt had a successful 2015/2016 financial year. The Management Board judges the Company's business situation and prospects to be good. Bertrandt's revenues and earnings situation both improved again in this fiscal year. With an equity ratio of 46.9 percent the Company stands on a sound financial footing. Its good capital base and its investment activities have paved the way for lasting success in the future.

## Development of employees

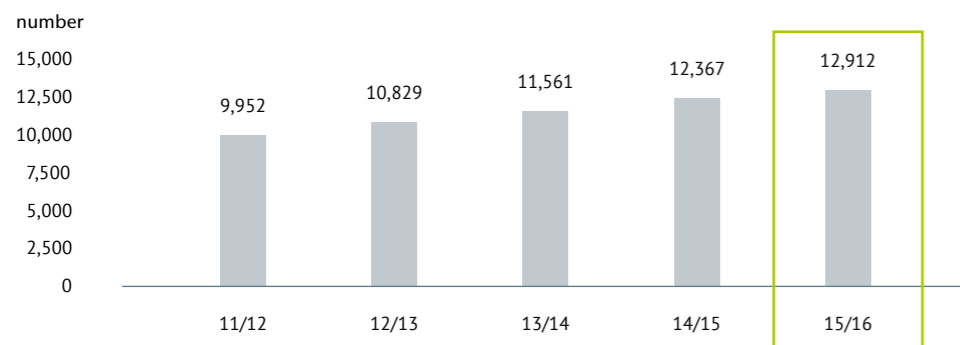


CHART 22

Bertrandt created 500 more jobs compared to the year before.



Can you imagine working on innovative engineering projects with us? Information about vacancies at Bertrandt is available here.

## HUMAN RESOURCES MANAGEMENT

With 12,912 employees worldwide (previous year 12,367) Bertrandt reported its highest ever number of employees at the reporting date. On 30 September 2016 the Company had 11,363 employees (previous year 11,057) in Germany and 1,549 (previous year 1,310) in other countries. The headcount grew across all segments and locations.

CHART 22

Thus almost 13,000 people devise top-level customised development solutions for customers in Germany and abroad. Bertrandt's corporate culture is guided by the core principles of teamwork, flat hierarchies, providing an employee-friendly environment and a flexible, dynamic and performance-oriented approach to work. Following these principles the Company is able to grow and make progress and thereby to achieve successes which cannot be measured in figures alone.

At Bertrandt, interaction and cooperation are based on values such as loyalty, trust and entrepreneurial spirit. At the same time, living these values is key to achieving a good corporate climate. This is the responsibility which must be assumed by each and every employee in the Company, every day, from the first day of employment.

Bertrandt's reputation as a competitive employer has been confirmed once again in the period under review by an independent source: In the "trendence Graduate Barometer 2015 – Engineering Edition" the Company has consistently been among the 100 most popular employers in Germany since 2012 and this year improved its position by moving up six ranks to number 84.

Moreover, Bertrandt received two other awards in fiscal 2015/2016. The business magazine "brand eins Wissen" and the statistics portal "Statista" were looking for the most innovative company in Germany. They identified Bertrandt as especially progressive in the categories "products and services", "processes" and "corporate culture" and selected the Company for its "Innovator of the Year 2016" award. The Stifterverband für die Deutsche Wissenschaft (an association of businesses and foundations for the promotion of science and research) awarded the Company the research label "Innovative through research". The association has awarded the label since the year 2014, distinguishing German companies for their special responsibility for Germany and the German society.

### RECRUITMENT

Staff recruitment plays a key role at Bertrandt. It is the Company's aim to recruit and inspire qualified employees to work for and stay with Bertrandt. In addition to specialist know-how social skills and personality play a major role. As a future-proof

## REPORT ON SUBSEQUENT EVENTS

Major transactions or events occurring after the balance sheet date have to be accounted for in the Report on Subsequent Events. There were no material events after 30 September 2016.

## GROUP ORGANISATION AND CONTROLLING

### INTERNATIONAL GROUP STRUCTURE

Bertrandt AG is the parent company within the Bertrandt Group, which operates with domestic or foreign independent legal entities or permanent establishments in Germany, China, the United Kingdom, France, Austria, Romania, Spain, Turkey, Hungary and the United States. The Management Board of Bertrandt AG is responsible for managing the Company. The Supervisory Board appoints the members of the Management Board and supervises and advises them and, in particular, is consulted on decisions of fundamental importance for the Company. The subsidiaries of Bertrandt AG are run independently by their own management. The interests of the Group and of its subsidiaries are coordinated at regular management meetings between the Group Management Board and the management of the respective subsidiaries. Cyclical and sector-specific changes are constantly monitored and incorporated in the operative control of the business segments in a timely manner.

company Bertrandt seizes the opportunities offered by a large variety of events to address potential employees with a targeted employer branding campaign. The aim is not just to elicit passing interest but to make a lasting and convincing impression on potential employees. Bertrandt offers committed and qualified applicants a wide variety of entry options. Multi-faceted project scopes and a deep and broad spectrum of service offer interesting tasks in key technological industries to specialists, experienced professional engineers and technicians as well as to graduates fresh from university. In the year under review, Bertrandt continued to expand its activities in this field, including the use of social media.

### FURTHER TRAINING

Numerous technological innovations and our customers' high quality expectations call for continuous further training of our employees. Bertrandt is aware of this challenge. To be able to meet these high demands in the best possible way, the Company develops the know-how of its staff on an ongoing basis and ensures individual support for each staff member. The further training schemes continuously carried out by the Company provide the basis for lifelong learning: a broad range of technical and methodological trainings, management programmes and specific project management courses are offered in the Bertrandt knowledge portal, the Company's own training programme. In total, Bertrandt spent EUR 11.3 million (previous year EUR 11.9 million) on further training for staff and managers in the year under review.

### TRAINING

Training young talent has always been of key significance at Bertrandt. The company develops its own pool of talent by running and applying numerous training programmes and methods as well by cooperating closely with universities. For example, we also train postgraduates in the field of electromobility. As at 30 September 2016, 366 employees were participating in a training or study programme in technical or commercial disciplines.

## ENHANCING ENTERPRISE VALUE AS A PRIORITY

In all its actions Bertrandt focuses on enhancing enterprise value in a sustainable way while considering economic, social and ecological factors. The Bertrandt Group has a controlling system aimed at increasing the value of the entire Group. On this basis, targets are defined for the different segments and subsidiaries. Bertrandt is managed on a pyramidal basis from the Group, via the segments and subsidiaries down to individual profit centre levels. The periodic management is conducted in the light of the recognition and measurement policies defined by international accounting standards. Along with revenues, Bertrandt uses operating profit and cash flow from operating activities as ratios for controlling purposes.

## CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

### PERTINENT CORPORATE GOVERNANCE PRACTICES

Bertrandt conducts its business in line with the legal systems of the Federal Republic of Germany and of those countries in which the Company operates. In addition to responsible corporate governance in accordance with the law, the Company has also established internal regulations that reflect the Group's value system and leadership principles.

## COMPLIANCE

Long term market success is only possible if a company is able to enduringly convince its customers by its innovation, quality, reliability and fairness. In our view, an essential aspect of this is to comply with statutory provisions as well as with the Company's own guidelines and ethical principles (compliance). Bertrandt's corporate culture is geared to these principles, while we have always felt bound by principles going beyond legal provisions. Obligations entered into voluntarily and ethical principles are integral parts of our corporate culture and simultaneously the guide on which our decisions are based. All this is founded on factors like, for example, the integrity of business dealings, protecting our leading-edge knowledge, adhering to antitrust law and all foreign trade related regulations, proper record keeping and financial communication as well as equal opportunities and the principle of sustainability. Bertrandt continuously requires staff and business partners to adhere to these principles and monitors compliance.

### OUR VALUE SYSTEM: BERTRANDT'S MISSION STATEMENT

Bertrandt is a forward-looking company defined by a clear and unambiguous system of values. Its cornerstones are honesty, credibility, dependability, transparency and trust in people. Based on this value system, Bertrandt's mission statement was developed as early as 1996. This mission statement, which was updated in 2004, is the guide for our corporate strategy, for our daily conduct and our social responsibility. The mission statement's aim is not only to govern teamwork within the Company, but also what we do for our customers and shareholders. Commitment and trust are values that Bertrandt emphasises afresh every day. Openness, trust and mutual appreciation are what characterises our day-to-day collaboration. Our mission statement illustrates to our shareholders, customers, employees and the general public what makes our business successful. Bertrandt is a long-standing, dependable partner to its customers, shareholders and employees. The Company's mission statement is available at "[http://www.bertrandt.com/fileadmin/data/downloads/00\\_Unternehmen/2013-04-23\\_Unternehmenspolitik\\_der\\_Bertrandt-Gruppe\\_en.pdf](http://www.bertrandt.com/fileadmin/data/downloads/00_Unternehmen/2013-04-23_Unternehmenspolitik_der_Bertrandt-Gruppe_en.pdf)".

### RISK MANAGEMENT

Dealing carefully with potential risks to the Company is accorded high priority in our day-to-day work. We have set up a risk management system that helps us to detect risks and to optimise risk

positions. This system is continuously adapted to changing circumstances. The Audit Committee set up by the Supervisory Board deals in particular with matters involving accounting, risk management, including the internal control system and compliance as well as the required independence and selection of the statutory auditor.

### ACCOUNTING AND AUDIT OF THE FINANCIAL STATEMENTS

The financial statements of the Bertrandt Group are prepared in conformity with International Financial Reporting Standards (IFRS). The separate financial statements of Bertrandt AG are prepared according to the German Commercial Code (HGB). Pursuant to statutory provisions, the auditor is appointed by the annual general meeting. The Audit Committee prepares the Supervisory Board's proposal to the annual general meeting for the appointment of the auditor. The auditor is independent and audits both the Group's consolidated financial statements and the separate financial statements of Bertrandt AG.

The Supervisory Board has appointed Dr. Klaus Bleyer as an independent Supervisory Board member with accounting and auditing expertise (so-called "financial expert") according to Section 100 (5) German Stock Corporation Act.

### TRANSPARENCY

The Company's shareholders, all participants in the capital market, financial analysts, investors, shareholders' associations and the media are regularly informed and kept up to date on the Company's situation and material changes in its business. The principal communication channel for this is the internet. All persons who work for the Company and have access to insider information as specified by the regulations are advised of their obligations arising from insider trading law. The situation and results of Bertrandt AG are reported in interim reports (quarterly and half-year) and annual reports, annual financial results conferences and the annual general meeting as well as conference calls and events involving international financial analysts and investors both in and outside Germany.

The dates of the regular financial reporting are listed on the Bertrandt's website at "<http://www.bertrandt.com/en/investor-relations/dates.html>". In addition to regular reporting, information that concerns Bertrandt and which might have a considerable impact on the price of Bertrandt's share

but is not publicly known is disclosed by means of ad-hoc announcements pursuant to Section 15 WpHG and, from 3 July 2016 onward pursuant to Article 17 Market Abuse Regulation (Regulation (EU) No. 596/2014).

### WORKING PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board normally meets every two weeks and ad hoc if needed; the Supervisory Board usually meets four times a year and as required. The Management Board comprehensively informs the Supervisory Board in a timely manner and on a regular basis of all key matters concerning corporate strategy, planning, business performance, the financial position and earnings situation, the risk situation and risk management activities as well as compliance. It also presents to the Supervisory Board the Group's capital expenditure and financial planning as well as earnings projections for the upcoming fiscal year. The CEO advises the Chairman of the Supervisory Board without delay of any key events that might be of material significance in judging the Company's situation and performance and for its management. Transactions and measures that require the Supervisory Board's approval are submitted to it in good time.

The members of the Management Board are obliged to immediately disclose to the Supervisory Board any conflicts of interest and also to notify the other Management Board members. No side-line activities, in particular as supervisory board members outside the Group, may be exercised by members of the Management Board unless they have been approved by Supervisory Board.

The Management Board did not form any committees.

### COMPOSITION AND WORKING PROCEDURES OF THE SUPERVISORY BOARD

To perform its duties the Supervisory Board has formed a Human Resources and an Audit Committee. To raise efficiency, the Human Resources Committee also performs the duties of the Nomination Committee. These committees prepare specific subject areas for discussion and decision-making in plenary meetings. For certain subjects the decision-making powers have been delegated by the Supervisory Board to the Committees that hold meetings as required.

The Human Resources Committee consists of Dr. Klaus Bleyer (Committee Chairman), Maximilian Wölfle (Deputy Chairman) and Prof. Dr.-Ing. Wilfried Sihn. The Audit Committee is composed of Dr. Klaus Bleyer (Committee Chairman), Maximilian Wölfle (Deputy Chairman) and Horst Binnig. The members of the Audit Committee as a whole are familiar with the industry in which the Company operates.

A list of all members of the Supervisory Board is available at "<http://www.bertrandt.com/en/company/supervisory-board.html>". Information on the professions of the Supervisory Board members and disclosures on other offices held in supervisory boards and other monitoring bodies can be found in the 2015/2016 Annual Report (section "Consolidated Financial Statements/Notes") which is available at "<http://www.bertrandt.com/en/investor-relations/financial-reports.html>" upon its publication on 15 December 2016.

#### STIPULATIONS PURSUANT TO SECTION 76 (4) AND SECTION 111 (5) AKTG

On 1 May 2015 the Act on the equal participation of women and men in leadership positions entered into force. According to said Act the supervisory board of a listed company or a company subject to codetermination must define a target for the proportion of women represented on supervisory and management boards. In addition, the management board of such company must define targets for female representation on the two management levels below the management board. Where the proportion of women is below 30 percent at the time when the supervisory and management boards stipulate the number of women to be appointed to the boards, the targets specified must not be set below the current proportion. At the same time, a deadline of no longer than five years must be specified for attaining the target number. The targets were first to be set by no later than 30 September 2015, the deadline being extended until 30 June 2017.

By a resolution adopted in September 2015 the Supervisory Board of the Company stipulated, in accordance with Section 111 (5) AktG, a target of 0 percent female representation on the Management Board to be attained by 30 June 2017. This corresponds to the actual proportion at the time of stipulating the target.

By a resolution adopted in September 2015 the Management Board of the Company stipulated, in accordance with Section 76 (4) AktG, a target of 0 percent for the proportion of women at the first management level below the Management

Board and a target of 0 percent for the proportion of women at the second management level below the Management Board, both to be attained by 30 June 2017. Both management levels were defined pursuant to Section 76 (4) AktG, based on the existing reporting lines in the Company below management board level.

By a resolution adopted in September 2015 the Supervisory Board of the Company stipulated, in accordance with Section 111 (5) AktG, a target of 0 percent female representation on the Supervisory Board to be attained by 30 June 2017.

#### DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) DATED 19 SEPTEMBER 2016

##### „Declaration of conformity to the German Corporate Governance Code pursuant to Section 161 AktG

*The Management Board and Supervisory Board of Bertrandt AG declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the Government Commission on the German Corporate Governance Code (GCGC), as amended on 5 May 2015 and published in the electronic Federal Gazette on 12 June 2015 have been and are being complied with, with the following exceptions: Sections 3.8 (3), 4.1.5, 4.2.3 (3), 4.2.5 (3) and (4), 5.2 (2), 5.3.2 sent. 3, 5.4.1 (2) and (3), 5.4.2 sent. 1, 5.5.2, 5.5.3 sent. 1, and 7.1.2 sent. 4. Until and including 30 September 2015, the Company also deviated from Section 4.2.3 (2) sent. 6 GCGC.*

*These deviations from individual recommendations are based on the following considerations:*

##### Section 3.8 (3) GCGC

*Bertrandt AG has taken out a pecuniary damage liability insurance policy (a so-called directors and officers liability insurance). In deviation from Section 3.8 (3) GCGC the policy includes no deductible for Supervisory Board members. Bertrandt AG has taken out the policy to protect its interests in the hypothetical event of a claim for damages.*

*Section 4.2.3 (2) sent. 6, sub-sent. 1 and (3) GCGC Pursuant to the recommendations in Section 4.2.3 (2) sent. 6 sub-sent. 2 the variable portions of the compensation of the members of the Management Board are capped. However, Section 4.2.3 (2) sent. 6 sub-sent. 1 additionally provides that the amount of compensation shall be capped "overall". As the compensation of the members of the Management Board is fixed and not variable, the Company holds the view that*

*by capping variable compensation this recommendation has already been implemented. However, as a precautionary measure a deviation from the GCGC for the period up to 30 September 2015 has also been declared in respect of this recommendation. With effect from 1 October 2015 the total remuneration of the members of the Management Board was also limited to a maximum amount by way of amendment of their employment contracts; a declaration of conformity in this respect is no longer required.*

*The Company continues to deviate from Section 4.2.3 (3) GCGC. It is not the Supervisory Board's intention to guarantee a specific pension level for the retired members of the Management Board but to ensure that compensation for their current activity is in line with the market and the situation of the Company. Hence, pension commitments are generally not made. Such commitments exist, as has been stated in the Company's annual reports for many years, exclusively with regard to one active and one former member of the Management Board.*

##### Section 4.2.5 (3) and (4) GCGC

*The compensation of the members of the Management Board shall be disclosed to the extent required by law. On 18 February 2009 the annual general meeting had decided to continue with the Company's long-standing reporting practice until the end of the 2014/2015 fiscal year, and again adopted a resolution on the non-disclosure of Management Board compensation in accordance with the German Disclosure of Management Board Compensation Act (Vorstandsvergütungs-Offenlegungsgesetz) of 10 August 2005. The Company will continue to deviate from the recommendations under Section 4.2.5 (3) and (4) GCGC in the fiscal year beginning on 1 October 2015; sufficient transparency will be ensured by the provisions governing the disclosure of Management Board compensation which are now applied in full.*

##### Section 5.2 (2) GCGC

*The Chairman of the Supervisory Board has for many years simultaneously been Chairman of the Audit Committee. Since this has proven effective, the Company will continue to deviate from Section 5.2 (2) GCGC in this respect.*

##### Section 5.3.2 sent. 3, Section 5.4.1 (2) and (3), Section 5.4.2 sent. 1 and Section 4.1.5 GCGC

*The Company will continue to deviate from Sections 5.3.2 sent. 3, 5.4.1 (2) and (3), 5.4.2 sent. 1, and 4.1.5 GCGC. It is in the interest of Bertrandt AG to give priority to the professional experience, capabilities and knowledge of the individual persons when appointing members to the Management Board and the Supervisory Board or appointing other executives.*

*The company believes that its Supervisory Board has an appropriate number of independent members.*

*However, since the term "independent members" has not been finally clarified, the Company as a precautionary measure declares a deviation from Sections 5.3.2 sent. 3, 5.4.2 sent. 1 and 5.4.1 (2) GCGC based on the fact that three of the four members appointed by the shareholders, including the Chairman of the Supervisory Board, have already served three or more terms in the Supervisory Board. Taking this into account, the Company has also decided not to fix a maximum period of office in the Supervisory Board within the meaning of Section 5.4.1 (2) GCGC.*

##### Section 5.5.2 and Section 5.5.3 sent. 1 GCGC

*In its Rules of Procedure the Supervisory Board has provided for the handling of conflicts of interests independently and in deviation from the recommendations stipulated by Sections 5.5.2 and 5.5.3 sent. 1 GCGC. The Rules of Procedure require each Supervisory Board member to disclose any conflicts of interest to the Chairman of the Supervisory Board; it is mandatory for the Chairman of the Supervisory Board to disclose this information to his or her deputy. These provisions exceed the stipulations of Section 5.5.3 sent. 1 GCGC by applying to all conflicts of interest and not distinguishing between matters which are of material or temporary nature. The right to waive public disclosure of such information enables the members of the Supervisory Board to discuss in confidence with the Chairman cases which merely appear to be conflicts of interests.*

##### Section 7.1.2 sent. 4 GCGC

*Bertrandt AG published its report on the first quarter of fiscal 2015/2016 on 15 February 2016 and the report for the second quarter on 25 May 2016. In all of its reports, Bertrandt AG conforms to the strict quarterly reporting requirements in the Prime Standard of Frankfurt Stock Exchange. As long as the German Corporate Governance Code is not synchronised with the provisions of the Prime Standard, Bertrandt AG reserves the right to deviate from Section 7.1.2 sent. 4 GCGC.*

Ehningen, 19 September 2016

The Management Board	The Supervisory Board
Dietmar Bichler Chairman	Dr. Klaus Bleyer Chairman"

Ehningen, 12 December 2016

The Management Board	The Supervisory Board
Dietmar Bichler Chairman/ Markus Ruf Member of the Management Board	Dr. Klaus Bleyer Chairman/ Maximilian Wölfle Deputy Chairman



## REMUNERATION REPORT

### COMPENSATION STRUCTURE FOR THE MEMBERS OF THE MANAGEMENT BOARD

Compensation of Management Board members comprises fixed/non-performance-related and variable components. The fixed/non-performance related compensation consist of a fixed remuneration and fringe benefits. Each member of the Management Board is entitled to a fixed annual salary payable in twelve equal instalments at the end of each month. In the year under review, fixed/non-performance-related compensation paid to the Management Board members was EUR 0.668 million for Dietmar Bichler (previous year EUR 0.623 million), EUR 0.330 million for Hans-Gerd Claus (previous year EUR 0.270 million), EUR 0.330 million for Michael Lücke (previous year EUR 0.270 million) and EUR 0.330 million for Markus Ruf (previous year EUR 0.270 million). The variable component is adjusted to the Bertrandt Group's earnings situation in the year under review. In the fiscal year 2015/2016 variable compensation paid to the Management Board members was EUR 2.321 million for Dietmar Bichler (previous year EUR 2.291 million), EUR 1.161 million for Hans-Gerd Claus (previous year EUR 1.145 million), EUR 1.161 million for Michael Lücke (previous year EUR 1.145 million) and EUR 1.161 million for Markus Ruf (previous year EUR 1.145 million). The system for Management Board compensation is oriented towards the sustainable growth of the Company within the meaning of Section 87 (1) sent. 2 AktG. Correspondingly, the smaller portion of the variable component is paid in the following fiscal year while the major share is paid at a later point in time depending on the performance of the business (bonus/malus system).

Bertrandt provides company cars to all members of the Management Board for business and private use. Furthermore, all Management Board members are insured under a group accident insurance policy. In the reporting period 2015/2016, taxable non-cash fringe benefits were EUR 0.015 million in total for Dietmar Bichler (previous year EUR 0.013 million), EUR 0.014 million in total for Hans-Gerd Claus (previous year EUR 0.014 million), EUR 0.023 million in total for Michael Lücke (previous year EUR 0.022 million) and EUR 0.014 million for Markus Ruf (previous year EUR 0.014 million).

In the year under review compensation paid to the active members of the Management Board was EUR 3.004 million in total for Dietmar Bichler (previous year EUR 2.927 million), EUR 1.505 million in total for Hans-Gerd Claus (previous year EUR 1.429 million), EUR 1.514 million in total for Michael Lücke (previous year EUR 1.437 million) and EUR 1.505 million in total for Markus Ruf (previous year EUR 1.429 million). In total, EUR 7.528 million (previous year EUR 7.222 million) were paid in compensation to all active members of the Management Board.

No share options have been granted to members of the Management Board, and there is currently no plan to do so.

The compensation structure implemented by the Supervisory Board does not generally provide for pension commitments to members of the Management Board. Correspondingly, such commitments which date back to the time before the Company adopted the legal form of a stock corporation only exist for one active (Dietmar Bichler) and one former member of the Management Board. CEO Dietmar Bichler is entitled to a benefit with a present value of EUR 4.559 million. The Company has recorded a provision of EUR 1.334 million in the year under review for this purpose (previous year EUR 0.163 million).

Prior to the entry into force of the German Act on the Appropriateness of Management Board Remuneration (VorstAG) concluded on 31 July 2009), a legacy contract provides for compensation to be paid to Dietmar Bichler in the amount of half of the fixed and variable components of the remuneration he received in the preceding fiscal year ended in the event of his leaving the Company for reasons which do not constitute good cause for termination without notice by the Company, and if the non-renewal of the contract or the withdrawal of the appointment is not due to Dietmar Bichler's own wish.

### COMPENSATION STRUCTURE FOR THE MEMBERS OF THE SUPERVISORY BOARD

The compensation structure for the members of the Supervisory Board was amended by shareholder resolution during the annual general meeting on 19 February 2014. Compensation of Supervisory Board members is defined in Article 12 of the Articles of Association of Bertrandt AG whereby each member of the Supervisory Board is entitled to a fixed remuneration of EUR 0.032 million paid after the end of the fiscal year in addition to the

reimbursement of expenses. The Chairman of the Supervisory Board receives two and a half times the amount and his deputy one and a half times the amount. Supervisory Board members who are also members of a committee additionally receive an amount equal to 25 percent of their fixed remuneration while members acting as committee chairmen receive another 25 percent of their fixed remuneration. However, the maximum amount received by Supervisory Board members in total is four times the fixed remuneration. Payment of the compensation is due after adoption by the annual general meeting of the resolution on the appropriation of profits. In total, compensation of the Supervisory Board members amounted to EUR 0.320 million in fiscal 2015/2016 (previous year EUR 0.320 million). Since the 2013/2014 financial year the Company has ceased to pay performance-based compensation to Supervisory Board members.

## DISCLOSURES ON SUBSCRIBED CAPITAL

### DISCLOSURES ON SUBSCRIBED CAPITAL AND POSSIBLE TAKEOVER RESTRICTIONS (SECTION 315 (4) GERMAN COMMERCIAL CODE)

The share capital is EUR 10,143,240.00 and is divided into 10,143,240 bearer shares. Each share has one vote. The Management Board is not aware of any restrictions concerning voting rights or the transfer of shares apart from Bertrandt's treasury shares and the shares issued under the employee share scheme, which are subject to a contractually defined lock-up period.

The following shareholders hold more than ten percent of the voting rights:

- Dr. Ing. h. c. F. Porsche Aktiengesellschaft, Stuttgart, Germany: around 29 percent of voting rights as last reported on 3 July 2014
- Friedrich Boysen Holding GmbH, Altensteig, Germany: 14.90 percent of voting rights as last reported on 21 February 2011

Refer to Note [46] in the Notes to the Consolidated Financial Statements for further disclosure. The owners of shares do not have any special rights establishing a power of control. The appointment and removal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with Article 6 of the Articles of Association. Pursuant to Section 179 AktG in conjunction with Article 18 (1) of the Articles of Association, any amendments to the Articles of Association require a resolution by the annual general meeting adopted by a simple majority.

At the annual general meeting of 16 February 2011, the shareholders authorised the Management Board to buy back the Company's own shares up to a proportion of share capital equivalent to the amount of EUR 1,000,000 until 31 January 2016. At the annual general meeting of 20 February 2013 the shareholders additionally authorised the Management Board to increase the share capital of Bertrandt AG pursuant to the Articles of Association with the approval of the Supervisory Board by issuing, in the period leading to 31 January 2018, new bearer shares on a cash or non-cash basis (including in the form of so-called mixed non-cash contributions), either once or several times, however by a maximum amount of EUR 4,000,000.

Bertrandt has entered into the following agreement of material significance which provides for the event of a change of control by the following provisions: Lending agreements provide for an extraordinary right of termination of the lender when credit facilities are not used. There are no agreements with either members of the Management Board or employees on compensation payments in the event of a change of control.

## OPPORTUNITIES AND RISKS REPORT

Bertrandt's accounting and controlling functions maintain an accounting-related internal control and risk management system that ensures complete, accurate and timely provision of information. This chapter first describes the accounting-related internal control system and the risk management system. Thereafter it sets out the relevant risks and opportunities that may influence Bertrandt's operating activities.

## The Bertrandt risk management system

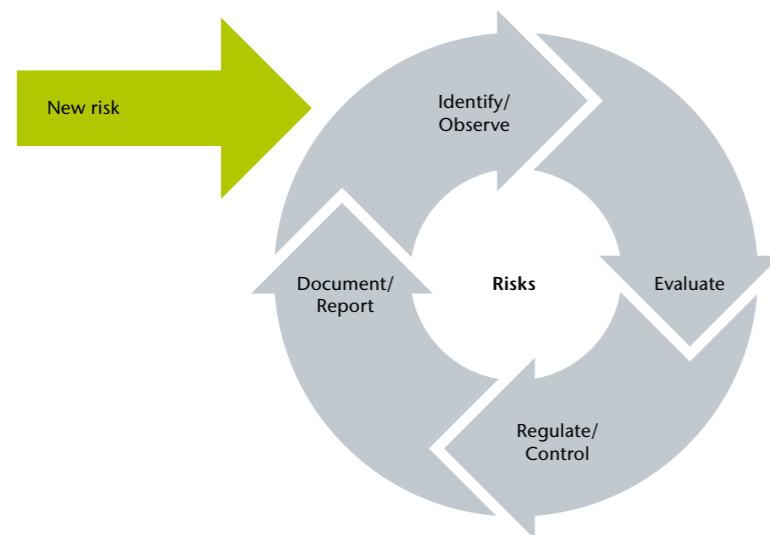


CHART 23

Our risk management system seeks to identify risks as early as possible, as well as to minimise or completely avoid them.

### DESCRIPTION OF THE PRINCIPAL CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEM

The separate financial statements of Bertrandt AG and its subsidiaries are prepared according to the applicable law in the respective jurisdiction and are then reconciled to prepare the consolidated financial statements according to IFRS. The corporate policies contained in the accounting manual ensure consistent accounting and measurement. The separate financial statements of the subsidiaries are audited or subjected to an auditor's review. In addition, they are tested for plausibility based on the report submitted by the auditors. A clear delineation of areas of responsibility, the use of the four eyes principle, the use of numerous IT authorisation concepts, encrypted transmission of information as well as the performance of plausibility checks are also important control elements which are applied in the course of the preparation of the annual financial statements. Staff are continually advised and trained in all the relevant aspects and issues of accounting law.

### DESCRIPTION OF THE PRINCIPAL CHARACTERISTICS OF THE RISK MANAGEMENT SYSTEM

Our risk management system seeks to identify risks as early as possible, as well as to minimise or completely avoid them. This is aimed at averting possible harm to the Company and any potential threat to it as a going concern. Bertrandt Group's four-tier internal control and risk management system identifies and documents risks to the Company's financial performance and continuing existence.

It is applicable to all Bertrandt Group companies, both domestic and foreign. The Management Board, the Managing Directors of the respective subsidiary and corporate functions such as Group Controlling work closely together in identifying risks and devising corrective action plans. Both regular and ad-hoc risk reviews are carried out to assess all the identified risks that could affect our business performance with regard to amount of loss, probability of occurrence and importance. For this purpose, similar or identical risks affecting domestic and/or foreign Group companies are aggregated and their importance to the Group analysed at Group level. Depending on the results,

appropriate corrective action plans are devised with top priority and compared with best practices, and the corresponding strategy is implemented without delay by the responsible Managing Directors in cooperation with supporting corporate functions.

CHART 23

The assessment and identification of risks for the subsidiaries is based on the maximum amount of loss and the probability of occurrence. The amount of loss describes the impact on the operating result of the respective subsidiary.

Amount of loss is described by the following categories:

- Low is an amount of loss between EUR 0.050 and 0.250 million
- Medium is an amount of loss between EUR 0.250 and 0.500 million
- High is an amount of loss between EUR 0.500 and 1.500 million
- Very high is an amount of loss exceeding EUR 1.500 million

Probability of occurrence is expressed in the following categories:

- Low is a probability of between zero and 25 percent
- Medium is a probability of between 25 and 50 percent
- High is a probability of between 50 and 75 percent
- Very high is a probability of between 75 and 100 percent

Risks are assessed on this basis in gross and net terms. The gross assessment assesses the risk event without accounting for the effects of corrective action that may already have been taken. The net assessment accounts for corrective action already taken and thus enables an appraisal of its effectiveness. Amount of loss multiplied by the probability of occurrence equals risk magnitude. The risk magnitude is expressed in three categories A, B and C:

- A risk corresponds to a risk magnitude of > EUR 3.0 million
- B risk corresponds to a risk magnitude of > EUR 1.5 million
- C risk corresponds to a risk magnitude of < EUR 1.5 million

The identified risks are updated several times a year and an aggregated risk report is prepared to provide the Management Board with an overview of the exposure of the Group. New risks arising between regular updates are described in ad-hoc risk reports and submitted to the Management Board.

Bertrandt's risk profile is updated constantly and shows the following potential individual risks. Moreover, these identified risks are evaluated in order to determine whether they are substantial risks. Apart from this, risks of lesser importance were checked for plausibility, but are not separately stated here because of their low probability of occurrence, expected amount of loss and lack of importance.

### FINANCIAL RISKS

As an engineering service provider operating on an international scale, the Bertrandt Group is exposed to a variety of financial risks: default risks on trade receivables, liquidity risks, product liability risks and risks of additional claims as well as interest rate and currency fluctuation risks. Financial risk management is carried out by the central Treasury department. A liquidity forecast covering a fixed period into the future, credit facilities available to the Bertrandt Group but not utilised, as well as alternative financial instruments guarantee liquidity at all times. The Company uses derivative financial instruments as appropriate for managing individual fixed-interest periods and currency segments. The risk of default is limited to the greatest possible extent by means of preventive credit rating checks. Individual risks are addressed by means of credit guarantee insurance cover as required in individual cases. Additional claims by customers are checked by stringent project management. This risk is therefore classified as a B risk with a medium probability of occurrence.

### CHANGE IN OEMS' EXTERNAL SOURCING STRATEGY AND SIZE OF PROJECTS SOURCED EXTERNALLY

In recent years, the automotive industry has intensified the external sourcing of engineering services in response to the rising number of different drive technologies, increasing diversity of models and ever shorter model lifecycles. There is also an increasing trend at present to manage external sourcing by means of contracts for work. At the same time, the size of projects is increasing and with it Bertrandt's responsibility. Bertrandt classifies the uncertainty associated with large-scale projects as an A risk in conjunction with a high probability of occurrence. Bertrandt responds to this risk by means of stringent project management. The impact of the legislative changes governing employee leasing or the contents of contracts for work cannot be conclusively assessed at this moment. In addition it is conceivable that OEMs will render engineering services themselves in some areas. This would result in a reduction of Bertrandt's current and future business volume, which may adversely affect the Company's revenue and earnings situation. The risk arising from a change in the external sourcing strategy of Bertrandt's customers must be considered a category A risk, in conjunction with a medium probability of occurrence. The public discussion about the measurement of emission values in passenger cars which has been ongoing since September 2015 and the debate about the possible adjustment of the measurement methodology by legislators continue to be of concern for all companies involved in the automotive sector. As a consequence, many OEMs are focusing more on e-mobility in their technology development. OEMs appear to have changed their strategies in the field of drive technologies. Medium term model roadmaps are now frequently reviewed for this aspect, the result of which could be a reduction in the variety of models. Therefore, the risk associated with the stop or postponement of projects is viewed by Bertrandt as a category B risk, albeit with a medium probability of occurrence.

### PRICING

Our customers are constantly aware of their own efficiency so that the price of externally sourced engineering services is also in the focus of their attention. Moreover, changes in the law have made matters considerably more complex in the field of contracts for work. Furthermore our customers are intensifying their efforts to source some of their engineering services from countries with lower wage levels. The Bertrandt Group is responding

to these conditions by optimising its cost structure, working to high levels of quality and, depending on the project in question, diversifying its locations outside Germany. Price will therefore continue to be subject to competitive pressures. Bertrandt classifies this risk as an A risk in conjunction with a medium probability of occurrence.

### IMPLEMENTATION OF NEW PROCESSES

The ongoing alignment with the technical demands of customers is an integral part of the business model of an engineering provider such as Bertrandt. This results in the continuous implementation of new processes, software tools and systems. Flawless introduction in each case is necessary in order to maintain the obligatory certifications. Flawed implementation of new processes may cause disorganisation in the utilisation of our resources.

In order to address this risk, Bertrandt installed a comprehensive management system which is applicable throughout the Group which regularly measures and evaluates non-financial performance indicators. Its purpose is to ensure that customer requirements are satisfied and that internal processes are optimised and refined. The management system supports Bertrandt's employees' endeavours to work effectively and without making mistakes, and to identify potential for optimisation.

The management system is reviewed on an annual basis by an external accredited body. The review is based on the requirements of the following standards:

- DIN EN ISO 9001 Quality Management
- DIN EN ISO 14001 Environmental Management
- DIN ISO/IEC 27001 Information security with prototype protection as specified by the German Association of the Automotive Industry (VDA).
- OHSAS 18001 Occupational health and safety management
- DIN EN ISO/IEC 17025 for accredited test laboratories

The business processes of the subsidiaries are aggregated for purposes of the assessment within the internal management system of the Bertrandt Group. The aggregated assessment represents the status of the business processes in a total of five assessment areas which are derived from the high level structure of the new management system standards:

- |      |   |
|------|---|
| I.   | <b>Performance of the management system</b> (for example: target process of the management system and its accomplishment, outcomes of external audits and reviews, controlling of resources, dealing with changes in the environment of the enterprise) |
| II.  | <b>Service delivery</b> (for example: feedback from customers, complaint management, supplier relationships, project management)  |
| III. | <b>Continuous improvement</b> (for example: status of actions for sustainable correction of defects, for the prevention of potential future defects and for the response to predictable changes, for efficiency increase and innovation management)     |
| IV.  | <b>Risk management</b> (for example: status of and dealing with process, security and environmental risks, particularly their prevention and avoidance, corporate security as well as occupational health and safety)                                   |
| V.   | <b>Personnel and human resources</b> (for example: survey of employee satisfaction, fluctuation, occupational health management)  |

Business processes are assessed along a 100 point scale with the values associated with the following findings:

- |       |  |
|-------|--|
| < 50  | Deviations from the target process were found. The cause for the deviation must be determined and sustainable corrective action must be initiated. Effectiveness must be ensured.                          |
| 50-75 | The analysed business process is stable and controlled. However, changes and potential deviations have to be expected. Preventive action must be initiated. Effectiveness must be ensured.                 |
| > 75  | The analysed business process is stable and controlled, sustainability and effectiveness are ensured. Activities are focused on maintaining the process as is or on increasing efficiency and performance. |

The assessment procedure was carried out for the Bertrandt Group's business processes and the outcome for the fiscal year 2015/2016 is as follows for non-financial performance indicators:

Assessment areas	Points
I. <b>Performance of the management system</b>	<b>83</b>
II. <b>Service delivery</b>	<b>93</b>
III. <b>Continuous improvement</b>	<b>89</b>
IV. <b>Risk management</b>	<b>81</b>
V. <b>Personnel and human resources</b>	<b>85</b>

The results can be regarded as indicators of the stability and sustainability of the business processes covered by the integrated management system of Bertrandt. In preparation for the fulfilment of the revised DIN EN ISO 9001:2015 the assessment areas were collated in an adjusted, detailed survey. Like in the previous year, the results for all assessment areas clearly exceed 75 points, the threshold which characterises the business processes as stable and controlled and ensures sustainability. In our core business of service delivery, we achieved the same high value as in the previous year. As we have continuously improved our processes, we were able to further improve our performance values compared to fiscal 2014/2015. The modifications defined as a result of the changing conditions in the project landscape were implemented and attained the same level as in the previous year. Management's attention thus continues to be dedicated to increasing the efficiency and to optimising the performance of the processes in the Group, something which is reflected by the improved indicator compared to the previous year. In the area of personnel and human resources, the indicator is slightly weaker due to the higher requirements associated with project business. Corresponding measures aimed at improving qualifications as well as a sustainable occupational health management are intended to correct this trend. Bertrandt considers this a category B risk with a medium probability of occurrence.

## IT SECURITY

As an engineering service provider, Bertrandt is highly reliant on well-functioning and secure data processing. We must be ready at all times to provide solutions quickly to constantly changing business processes and cost pressure. The challenge here is to optimise overall IT costs and, at the same time, enhance functionality and security. Since 2005, internal Security Circles have been established that define and monitor uniform security standards. Since 2006, several of our locations have been certified to ISO 27001 and have implemented internal IT security procedures according to uniform specifications that exceed the standard and that are coordinated continuously with our customers. Bertrandt is continuously applying several different solutions for identifying vulnerabilities, such as the latest firewalls, intrusion detection systems or so-called content scanners. In order to enhance security even more, additional actions have also been taken such as 2-factor authentication or strong cryptography for transmissions from and to customers. In addition, Bertrandt created the position of a Chief Information Security Officer (CISO) in the fiscal year 2015/2016. Aggregated for the entire Group, this risk is considered a category A risk. In view of the comprehensive preventive action, the probability of occurrence is assessed as low.

## HUMAN RESOURCES

Inadequate availability as well as fluctuation of qualified staff could have an inhibiting effect on the business performance. This category therefore also includes the shortage of qualified personnel and the risk arising from this situation. Recruitment of qualified staff as well as ongoing further training for employees ensures that the Company has the necessary skills and is able to grow. Bertrandt consistently aims to offer its workforce attractive working conditions with interesting, varied and challenging activities. The fact that Bertrandt received awards as top employer in the area of Engineering once again in 2016 demonstrates that effective measures are being taken in this field. Still, it can never be ruled out completely that our staff leave Bertrandt to join our customers, since they are able to offer attractive career prospects as well. From our point of view, this risk of fluctuation is to be considered a category A risk, in conjunction with a medium probability of occurrence. The risk of scarcity of qualified personnel is at present considered a category B risk, in conjunction with a medium probability of occurrence.

## OVERALL RISK

The early warning system described enables management to detect existing risks at an early stage and to initiate corrective action. As every year, the system of early risk detection and monitoring was subjected to a compulsory review as part of the audit of this year's annual financial statements. The conclusion is that the risk analysis based on the information currently at hand produces a satisfactory result. According to this, there is no evidence at the moment of any going-concern risks with a loss or hazard potential for the Company's operating results or financial position.

## OPPORTUNITIES

Bertrandt is a fast-growing technology company which provides skilled support as a partner to its customers. The Company's objective is to manage its business sustainably and position itself successfully on the market and to further expand its leading position with a broad and integrated range of services. The most important drivers of the Bertrandt business model are the following three trends: growing model diversity, technology progress and the external sourcing of engineering services. In the following we describe the possible development of these three influencing factors from the point of view of Bertrandt AG and the opportunities that they offer to the Group.

The "probability of occurrence" categories for these trends are as follows:

- Low is a probability of between zero and 25 percent
- Medium is a probability of between 25 and 50 percent
- High is a probability of between 50 and 75 percent
- Very high is a probability of between 75 and 100 percent

With regard to the possible financial impacts of the opportunities, Bertrandt applies the following categories:

- Insignificant corresponds to a positive influence on total revenues of up to two percent
- Moderate corresponds to a positive influence on total revenues of two to five percent
- Significant corresponds to a positive influence on total revenues of more than five percent

## MODEL VARIETY

The discussion of the measurement of emission values in passenger cars which has been ongoing in the public since September 2015 and the debate about the possible adjustment of the measurement methodology by legislators continues to be of concern for all companies involved in the automotive sector. As a consequence, many OEMs are focusing more on e-mobility in their technology development. A strategic change is becoming apparent in the field of drive technologies. Medium term model roadmaps are now frequently reviewed and revised for this aspect, which may lead to a reduction in the variety of conventional drive models or expansion in alternative drive variants. As things currently stand it is impossible to predict where this development, which presents both risks and opportunities for Bertrandt, will ultimately lead.

Bertrandt is constantly analysing trends in the development of models of its existing and potential OEM customers. The market volume consists, on the one hand, of models of our customers already on the market, which receive facelifts or refinements, and successor models in regular intervals. In addition there are new models that are brought to the market without a predecessor. We expect our existing customers to launch 62 new models on the market by 2020. The market research institute Frost & Sullivan comes to similar conclusions. The industry experts expect the world's 13 leading automobile manufacturers to expand the number of models they build by more than eight percent between 2015 and 2022. Bertrandt assesses the probability of occurrence for this scenario to be high in conjunction with a significant influence on the total revenues. Our assessment of this has not changed compared to the previous year.

## TECHNOLOGY PROGRESS

The technological tasks facing the automotive industry, which is of such importance for Bertrandt, will continue to be challenging in the years ahead. A survey of 120 automotive companies and 20 consulting firms performed by Lünendonk GmbH showed that, in the next two years, reductions in CO<sub>2</sub>, light-weight design and driver assistance systems will continue to exercise a determining influence on technological developments in the automotive industry. Great importance is also assigned to digitalisation, i.e. the transition to electronically supported systems. The surveyed automotive managers therefore also believe that, in the medium term, investments will mainly be made in

the fields of safety, testing and validation of vehicles and components, IT security and in new drive technologies and driver assistance systems. Berylls Strategy Advisors therefore conclude that there will continue to be opportunities for growth for engineering service providers in the foreseeable future, in the traditional areas of vehicle development and for digital products and services.

In the field of aircraft construction for civil aviation, the forecasts of the two big aircraft manufacturers, Airbus and Boeing, anticipate stable growth up to 2035. As in previous years, this can be attributed to growing internationalisation and expanding tourism. The related technological development trends continue to be shaped by the demands of sustainability and comfort. Alternative materials and new engine technologies should help to reduce weight, and consequently fuel consumption. Modern cabins will make travel as comfortable as possible for passengers.

The four key industries in which Bertrandt operates apart from the automotive and aerospace sectors were substantially impacted by the digitalisation of processes. The establishment of intelligent, digitally networked systems is the basis for implementing more efficient value chains – from the idea for a product through to its development, production, use and maintenance and, finally, recycling. Industry 4.0 offers huge opportunities for Germany as a leading international industry supplier. This is also reflected in the business climate index published by the ifo Institute (Leibniz Institute for Economic Research) at the University of Munich. The expectations captured by the survey regarding developments in the months ahead have recently risen to their highest level in more than two years. Assessments of the current business situation have also improved substantially. The prospects which this offers for the energy, medical and electrical technology industries, as well as the machinery and plant engineering sectors, offer huge growth opportunities for external development partners like Bertrandt.

Based on our current state of knowledge the level of technology applied in the Bertrandt Group's target industries is likely to continue rising and this will have a significant influence on total revenues. This assessment has not changed since last year.

## EXTERNAL SOURCING OF ENGINEERING SERVICES

Market researchers Lünendonk continue to be optimistic about the development of the market for technology consulting and engineering services in Germany. Expectations for the year 2017 have gone up by 4.8 percent. At 4.6 percent, estimates for market growth in the years after 2017 are somewhat more conservative. In the view of experts, reasons for the possible slowdown in growth include increasingly complex contract award procedures as a result of customers' rising compliance requirements in line with evolving laws and regulations. What is more, there is also a risk that less work will be contracted out and more engineering services will be performed by corporate customers themselves internally.

Based on our current state of knowledge, we assess the probability of occurrence of a continued increase in the external sourcing of engineering services in core industries of the Bertrandt Group to be high in conjunction with a significant influence on total revenues. This assessment has not changed since the last fiscal year.

## FORECAST

### ECONOMIC ENVIRONMENT

In their autumn reports leading German economic research institutes forecast continued global economic growth. According to the experts world output is set to grow by 2.3 percent this year and by 2.7 percent in the coming year. However, specialists emphasise that economic conditions will remain volatile and that downward risks still predominate. In this context, developments in China and the loose fiscal policies pursued by countries around the world pose risks for the global economy.

In the US, economic output is expected to grow by 2.3 percent in the course of the coming year. Economic research institutes project a continuing slowdown in the pace of growth of the Chinese economy and China's real GDP to expand by 6.2 percent. Growth in the European Union is also expected to be slower than in the previous year with economic output growing by 1.5 percent year on year. Experts anticipate GDP growth in Germany for 2017 of 1.4 percent, mainly due to the lower number of working days in 2017 than in 2016.

### SITUATION IN THE INDUSTRY

The VDA expects an unchanged positive market situation in 2017 and forecasts an increase in global sales of new cars of two percent to 81.9 million units. Experts confirm their estimate of around 17 million new vehicle registrations in the US throughout the year as a whole. New vehicle registrations in Western Europe should also remain at their present high level of around 13.9 million in 2017. Car sales in the important Chinese market are set to reach a new record. Experts expect sales of new cars to rise to almost 22.5 million, equal to an increase of two percent.

Players in the automotive sector will be expected to use their technical prowess and digital know-how to rethink individual mobility. The challenges ahead include the further development of classic drive systems and alternative fuels, the expansion of e-mobility, the automotive digital revolution and automated driving. The industry is facing huge technological changes. Current technology issues are also directly impacting customer demand and the requirements which must be met by engineering service providers. Service providers can continue to position themselves as strategic development partners for their customers by focusing on new business fields as well as on specific future technologies which depend on specialist know-how service providers. Based on these intact market drivers Lünendonk has identified continuing medium-term growth potential for the award of engineering services to companies such as Bertrandt.

## POTENTIALS

Bertrandt is a fast-growing technology company which provides skilled support as a partner to its customers. The Company's objective is to manage its business sustainably, to position itself successfully on the market and to further build a leading position with a broad and integrated range of services. Bertrandt's range of services for the automotive industry covers the entire value chain of product engineering. The Company is positioned as an engineering service provider for complete vehicle development and regards itself as a driver of innovation in key disciplines such as electronics. Bertrandt deliberately serves a rather diverse customer base. The Company assumes the role of an expert consultant to the automotive and aerospace industries while embracing the development of technological future trends with a can-do attitude. Bertrandt is confident that the increasingly demanding mobility needs of consumers, ever more stringent legislation and a growing diversity of variants and models will continue to offer potential for the Company to secure and enhance its market position as an engineering service provider and technology group also in the years to come. This is also reflected in actual and planned capital expenditure on infrastructure and technical equipment.

Moreover, there are promising opportunities for the Company to establish a market position and to bring its expertise to bear in sectors beyond the mobility industry, such as the energy and electrical engineering and medical technology industries as well as the electronics sector or machinery and plant engineering. Thanks to our decentralised structure, we are a trusted partner in the immediate vicinity of our customers. Thus we can take on board their wishes immediately and implement them in projects worldwide.

Well-targeted capital expenditure enables Bertrandt to continually optimise its range of services. Based on solid business foundations this will permanently and sustainably enhance the Company's enterprise value. The key factors for success are: greatest possible customer focus, committed employees and efficient cost and capacity management.

According to the German Aerospace Industries Association (BDLI) the aerospace industry has achieved dramatic reductions in aircraft emissions and noise pollution in recent years. However, the industry has set itself some ambitious long-term targets within the framework of the European „Flightpath 2050“ agreements. Taking the year 2000 as the baseline, the goal is to reduce CO<sub>2</sub> emissions by 75 percent and nitrogen oxide by 90 percent per passenger kilometre by 2050. Noise pollution should be reduced by 65 percent by that date. Alongside environmental objectives aircraft manufacturers and suppliers also aim to boost on-board comfort for passengers. Against this background there will be continuing demand for engineering in this market segment to enable the existing model range to be adjusted to meet these requirements.

The production forecast made by the German Engineering Federation (VDMA) for the year 2017 is based on assumed growth of one percent. Federation experts are confident that Germany's mechanical engineering firms will be able to improve on their previous year's performance somewhat despite the numerous uncertainties ahead. Experts from the German Electrical and Electronic Manufacturers Association (ZVEI) expect the German electrical and electronic industry to grow by two percent in 2017. The figures provided by the ZVEI for the energy engineering industry in particular refer only to the development of the global market, which is expected to grow by three percent in the coming year. Revenues in the German medical technology sector are expected to grow at a rate of 3.8 percent year on year up to 2018 according to the Germany Hightech Industry Association SPECTARIS.

Market research experts from Lünendonk expect market growth for technology consulting and engineering services to continue over the next few years and believe that this will again be to the advantage of large, high-revenue companies. These companies have both the infrastructure and capacities to take on large projects and will benefit accordingly from the trend among corporate customers to award larger project packages. There is also a discernible shift in customer demand towards innovative solutions for software, embedded systems, electrical systems and electronics. Automotive OEMs and suppliers in particular are consequently realigning their strategic orientation with regard to contracts awarded in these fields. In conclusion, the study forecasts annual market growth up to the year 2022 of between 4.6 and 4.8 percent.

## GENERAL STATEMENT ON THE EXPECTED DEVELOPMENT

The current outlook for fiscal 2016/2017 reflects developments in the automotive sector, the ultimate outcomes of which cannot be wholly predicted at the present juncture. Depending on the turn the influencing factors described here take, they may result in opportunities or risks for the Bertrandt Group in the next fiscal year. Assuming that underlying economic conditions do not deteriorate, that OEMs make sustained investments in research and development for new technologies and models, engineering work continues to be contracted out and qualified human resources are available, Bertrandt expects the Company to develop positively in fiscal 2016/2017. In the management's view Bertrandt is well positioned to achieve dynamic revenue growth. Bearing in mind the challenges discussed here management anticipates a modest increase in operating profit compared to the previous year.

According to our forecasts, the revenue and earnings performance of the segments Digital Engineering, Physical Engineering and Electrical Systems/Electronics respectively will develop as in the year under review.

Ehningen, 29 November 2016

The Management Board



Dietmar Bichler  
Chairman of the Management Board



Michael Lücke  
Member of the Management Board  
Sales

Our objective is to sustain the high level of our non-financial performance indicators in fiscal 2016/2017.

The market continues to offer real business opportunities in 2017. As a result, Bertrandt will continue to focus its investment activities in building up and expanding its infrastructure with the aim of continually optimising its range of services bearing in mind that the technological developments of tomorrow will require state-of-the-art technology. The Company does, however, anticipate a lower volume of investments in fiscal 2016/2017 than in the previous year. For the next year overall, Bertrandt therefore anticipates positive cash flow from operating activities, which will however fall by a corresponding amount compared to fiscal 2015/2016 given that no significant positive or negative special effects of the kind that occurred in fiscal 2014/2015 and 2015/2016 are expected.



Hans-Gerd Claus  
Member of the Management Board  
Engineering



Markus Ruf  
Member of the Management Board  
Finance

### Quantification of statements on development of sales revenues

- |  |   |
|--|---|
| <input type="checkbox"/> Modest growth               | up to EUR 30 million above previous year          |
| <input type="checkbox"/> Dynamic growth              | between EUR 31 and 70 million above previous year |
| <input type="checkbox"/> Exceptionally strong growth | over EUR 71 million above previous year           |
| <input type="checkbox"/> Modest fall                 | up to EUR 30 million below previous year          |
| <input type="checkbox"/> Sharp fall                  | between EUR 31 and 70 million below previous year |
| <input type="checkbox"/> Exceptionally sharp fall    | over EUR 71 million above previous year           |

### Quantification of statements on the development of operating profit (EBIT)

- |  |   |
|--|---|
| <input type="checkbox"/> Modest increase               | up to EUR 3 million above previous year         |
| <input type="checkbox"/> Dynamic increase              | between EUR 3 and 7 million above previous year |
| <input type="checkbox"/> Exceptionally strong increase | over EUR 7 million above previous year          |
| <input type="checkbox"/> Modest fall                   | up to EUR 3 million below previous year         |
| <input type="checkbox"/> Sharp fall                    | between EUR 3 and 7 million below previous year |
| <input type="checkbox"/> Exceptionally sharp fall      | over EUR 7 million below previous year          |

# C

## CONSOLIDATED FINANCIAL STATEMENTS

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WE EXPANDED AND DEEPENED OUR TECHNOLOGICAL EXPERTISE in the last fiscal year by investing in new technologies and infrastructure.

# 83.404

MILLION EUROS FOR TECHNOLOGIES, INFRASTRUCTURE AND SPECIALIST KNOW-HOW

## CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

TABLE 24

Consolidated income statement and statement of comprehensive income			
EUR million			
01/10 until 30/09			
	Notes	2015/2016	2014/2015
<b>I. Income statement</b>			
<b>Revenues</b>	[6]	<b>992.021</b>	<b>934.787</b>
Other internally generated assets	[7]	0.672	0.472
<b>Total revenues</b>		<b>992.693</b>	<b>935.259</b>
Other operating income	[8]	11.471	13.323
Raw materials and consumables used	[9]	-98.097	-88.089
Personnel expenses	[10]	-695.681	-660.357
Depreciation	[11]	-29.725	-25.193
Other operating expenses	[12]	-87.796	-83.306
<b>Operating profit</b>		<b>92.865</b>	<b>91.637</b>
Share of profit in associates		-0.032	0.027
Interest income/expense		-2.365	-0.239
Attributable to minority interests		-0.105	0
Other net financial result		1.124	0.245
<b>Net finance income</b>	[13]	<b>-1.378</b>	<b>0.033</b>
<b>Profit from ordinary activities</b>		<b>91.487</b>	<b>91.670</b>
Other taxes	[14]	-1.674	-1.250
<b>Earnings before tax</b>		<b>89.813</b>	<b>90.420</b>
Income taxes	[15]	-26.205	-27.784
<b>Post-tax earnings</b>		<b>63.608</b>	<b>62.636</b>
– attributable to minority interest		0	0.017
– attributable to shareholders of Bertrandt AG		63.608	62.619
Number of shares (million) – diluted/basic, average weighting		10.091	10.083
Earnings per share (EUR) – diluted/basic	[16]	6.30	6.21
<b>II. Statement of comprehensive income</b>			
<b>Post-tax earnings</b>		<b>63.608</b>	<b>62.636</b>
Exchange rate differences <sup>1</sup>		-0,542	0,677
Revaluation of pension obligations		-1.179	-0,014
Tax effects of revaluation of pension obligations		0,354	0,004
<b>Other comprehensive income after taxes</b>		<b>-1.367</b>	<b>667</b>
<b>Total comprehensive income</b>		<b>62.241</b>	<b>63.303</b>
– attributable to minority interest		0	0,017
– attributable to shareholders of Bertrandt AG		62.241	63.286

<sup>1</sup>Components of Other earnings after taxes which will be recycled in the Income statements of the future quarterly and annual reports.

## CONSOLIDATED BALANCE SHEET

TABLE 25

Consolidated balance sheet			
EUR million			
30/09/2016			
	Notes	30/09/2016	30/09/2015
<b>Assets</b>			
Intangible assets	[18]	17.480	17.455
Property, plant and equipment	[19]	235.800	184.823
Investment properties	[20]	1.540	1.608
Investments accounted for using the equity method	[21]	5.077	4.367
Other financial assets	[22]	2.729	3.724
Receivables and other assets	[23]	6.691	6.838
Income tax assets	[24]	0	0.150
Deferred taxes	[25]	2.473	3.212
<b>Non-current assets</b>		<b>271.790</b>	<b>222.177</b>
Inventories	[26]	0.889	0.558
Future receivables from construction contracts	[27]	114.130	139.342
Receivables and other assets	[23]	214.851	186.339
Income tax assets	[24]	1.833	1.525
Cash and cash equivalents	[28]	159.821	13.068
<b>Current assets</b>		<b>491.524</b>	<b>340.832</b>
<b>Total assets</b>		<b>763.314</b>	<b>563.009</b>
<b>Equity and liabilities</b>			
Issued capital	[29]	10.143	10.143
Capital reserves	[30]	29.374	28.595
Retained earnings and other comprehensive income	[31]	279.025	246.799
Consolidated distributable profit		39.394	34.083
<b>Equity attributable to shareholders of Bertrandt AG</b>		<b>357.936</b>	<b>319.620</b>
Minority interests	[32]	0	0.686
<b>Capital and reserves</b>		<b>357.936</b>	<b>320.306</b>
Provisions	[33] / [34]	16.927	13.039
Borrowings	[35]	199.701	0
Other liabilities	[36]	0.246	0.278
Deferred taxes	[25]	20.910	24.168
<b>Non-current liabilities</b>		<b>237.784</b>	<b>37.485</b>
Tax provisions	[37]	7.548	4.171
Other provisions	[34]	46.586	54.594
Borrowings	[35]	2.367	39.642
Trade payables	[38]	15.066	20.444
Other liabilities	[36]	96.027	86.367
<b>Current liabilities</b>		<b>167.594</b>	<b>205.218</b>
<b>Total equity and liabilities</b>		<b>763.314</b>	<b>563.009</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TABLE 26

Consolidated statement of changes in equity										
EUR million										
	Issued capital	Capital Retained earnings reserves	Retained earnings and other comprehensive income			Consolidated distributable profit	Equity attributable to shareholders of Bertrandt AG	Minority interests	Total	
			Non-distributed earnings	Currency translation reserve	Hedging instruments	Total				
<b>Value on 01/10/2015</b>	<b>10.143</b>	<b>28.595</b>	<b>249.144</b>	<b>-0.554</b>	<b>-1.791</b>	<b>246.799</b>	<b>34.083</b>	<b>319.620</b>	<b>0.686</b>	<b>320.306</b>
Post-tax earnings							63.608	<b>63.608</b>	0	<b>63.608</b>
Other comprehensive income				-0.542 <sup>1</sup>	-0.825	<b>-1.367</b>		<b>-1.367</b>		<b>-1.367</b>
<b>Total comprehensive income</b>				<b>-0.542</b>	<b>-0.825</b>	<b>-1.367</b>	<b>63.608</b>	<b>62.241</b>	<b>0</b>	<b>62.241</b>
Dividend payment							-24.704	<b>-24.704</b>		<b>-24.704</b>
Other non-operating changes			33.593			<b>33.593</b>	-33.593	<b>0</b>	-0.686	<b>-0.686</b>
Change in treasury shares		0.779						<b>779</b>		<b>0.779</b>
<b>Value on 30/09/2016</b>	<b>10.143</b>	<b>29.374</b>	<b>282.737</b>	<b>-1.096</b>	<b>-2.616</b>	<b>279.025</b>	<b>39.394</b>	<b>357.936</b>	<b>0</b>	<b>357.936</b>
<b>Previous year</b>										
<b>Value on 01/10/2014</b>	<b>10.143</b>	<b>27.734</b>	<b>209.335</b>	<b>-1.231</b>	<b>-1.781</b>	<b>206.323</b>	<b>35.455</b>	<b>279.655</b>	<b>0.669</b>	<b>280.324</b>
Post-tax earnings							62.619	<b>62.619</b>	0.017	<b>62.636</b>
Other comprehensive income				0.677 <sup>1</sup>	-0.010	<b>0.667</b>		<b>0.667</b>		<b>0.667</b>
<b>Total comprehensive income</b>				<b>0.677</b>	<b>-0.010</b>	<b>0.667</b>	<b>62.619</b>	<b>63.286</b>	<b>0.017</b>	<b>63.303</b>
Dividend payment							-24.182	<b>-24.182</b>		<b>-24.182</b>
Other non-operating changes			39.809			<b>39.809</b>	-39.809	<b>0</b>		<b>0</b>
Change in treasury shares		0.861						<b>0.861</b>		<b>0.861</b>
<b>Value on 30/09/2015</b>	<b>10.143</b>	<b>28.595</b>	<b>249.144</b>	<b>-0.554</b>	<b>-1.791</b>	<b>246.799</b>	<b>34.083</b>	<b>319.620</b>	<b>0.686</b>	<b>320.306</b>

<sup>1</sup>Components of Other earnings after taxes which will be recycled in the Income statements of the future quarterly and annual reports.

## CONSOLIDATED CASH FLOW STATEMENT

TABLE 27

Consolidated cash flow statement		
EUR million		
01/10 until 30/09	2015/2016	2014/2015
<b>1. Net profit for the period (including minority interests) before exceptionals</b>	<b>63.608</b>	<b>62.636</b>
2. Income taxes	26.205	27.784
3. Interest income/expense	2.365	0.239
4. Other net financial result	-1.019	-0.245
5. Share of profit in associates	0.032	-0.027
6. Depreciation of non-current assets	29.725	25.193
7. Increase/decrease in provisions	-4.335	-5.951
8. Other non-cash expenses/income	-0.799	0.061
9. Profit/loss from disposal of non-current assets	-0.278	-0.118
10. Increase/decrease in inventories, future receivables from construction contracts, receivables and other assets as well as other assets not assigned to investing or financing activities	-3.083	-61.637
11. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	3.533	21.309
12. Income tax received/paid	-25.567	-32.248
13. Interest paid	-0.122	-0.239
14. Interest received	0.366	0.210
<b>15. Cash flow from operating activities (1.-14.)</b>	<b>90.631</b>	<b>36.967</b>
16. Payments received from disposal of property, plant and equipment	2.083	0.994
17. Payments received from the disposal of financial assets	1.642	1.610
18. Payments made for investments in property, plant and equipment	-76.372	-73.909
19. Payments made for investments in intangible assets	-5.635	-6.219
20. Payments made for investments in financial assets	-1.397	-4.789
<b>21. Cash flow from investing activities (16.-20.)</b>	<b>-79.679</b>	<b>-82.313</b>
22. Payment received from the sale of treasury shares	0.779	0.861
23. Payments made to shareholders and minority shareholders	-24.704	-24.182
24. Payments received from issue of debt instruments and raising of loans	199.600	39.550
25. Payments made for discharging debt instruments and repaying loans	-39.642	0
<b>26. Cash flow from financing activities (22.-25.)</b>	<b>136.033</b>	<b>16.229</b>
27. Changes in cash and cash equivalents (15.+21.+26.)	146.985	-29.117
28. Effect of exchange rate changes on cash and cash equivalents	-0.232	0.642
29. Cash and cash equivalents at beginning of period	13.068	41.543
<b>30. Cash and cash equivalents at end of period (27.-29.)</b>	<b>159.821</b>	<b>13.068</b>

The consolidated cash flow statement is explained in the notes under [39].

## CONSOLIDATED NOTES

### [1] BASIS OF PREPARATION

Bertrandt AG is a listed joint stock company (Aktiengesellschaft) incorporated under the law of the Federal Republic of Germany with registered offices at Birkensee 1, 71139 Ehningen, Germany (commercial register number HRB 245259, local court of Stuttgart). The consolidated financial statements are published in the electronic Federal Gazette. The business purpose of Bertrandt AG and its subsidiaries is to provide engineering and related services including but not limited to designing, developing, engineering, producing and fabricating prototypes and parts of prototypes, testing, planning and project management as well as CAD activities of all kinds for industries like the automotive, aerospace, transportation, energy, mechanical, electrical and medical engineering sectors.

As stipulated by EU Regulation (EC) No. 1606/2002 the consolidated financial statements of Bertrandt AG for the year ending 30 September 2016 have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS) and IFRIC Interpretations, as adopted by the European Union. In addition, the requirements of Section 315a (1) of the German Commercial Code were observed.

All standards effective in the 2015/2016 fiscal year were applied. The consolidated financial statements have been prepared on the basis of historical cost with the exception of certain financial assets which are measured at fair value.

The consolidated financial statements were compiled in euros. Unless stated otherwise, all amounts are shown in millions of euros (EUR million).

#### Presentation of financial statements

The income statement is prepared using the nature of expense method. Pursuant to International Accounting Standard (IAS) 1, current and non-current assets and liabilities are separately classified in the balance sheet. There are no substantial changes in the presentation as compared to the previous year. Rental income, which supports the ongoing project business, is recognised under revenues from the fiscal year 2015/2016 onwards.

Assets and liabilities are considered to be current if the respective amount is expected to be recovered or settled no more than twelve months after the reporting period. Likewise, they are considered to be non-current if they are expected to remain in the Group's balance sheet for more than one year. Trade receivables and trade payables are generally recognised as current items. Provisions for pensions are carried under non-current liabilities to reflect their long-term nature. Deferred tax assets and liabilities are classified as non-current.

#### International Financial Reporting Standards and IFRIC Interpretations applicable as of fiscal 2015/2016

The following table sets out the International Financial Reporting Standards and IFRIC Interpretations that are applicable as of fiscal 2015/2016.

TABLE 28

Standard/ Interpretation		Compulsory application <sup>1</sup>	Expected effects
IAS 19	Amendments to IAS 19: Employee Benefits – Defined Benefit Plans: Employee Contributions	01/02/2015	None
Improvements to IFRS	Adoption of Annual Improvements to IFRS Cycle 2011-2013	01/01/2015	None

<sup>1</sup>Fiscal years beginning on or after the specified date.

#### International Financial Reporting Standards and Interpretations that have been published but are not yet effective

The following standards and interpretations have already been adopted by the IASB and to some degree endorsed by the European Union but were not yet effective in fiscal 2015/2016. Bertrandt will apply them for the accounting period for which they become effective.

TABLE 29

Standard/ Interpretation		Compulsory application <sup>1</sup>	Expected effects
IFRS 2 <sup>2</sup>	Classification and Measurement of Share-based Payment Transactions	01/01/2018	None
IFRS 4 <sup>2</sup>	Amendments to IFRS 4: Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018	Currently under examination
IFRS 9 <sup>2</sup>	Financial Instruments	01/01/2018	No substantial effects, more detailed disclosures in the Notes
IFRS 11	Amendments to IFRS 11: Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01/01/2016	None
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	01/01/2016	None
IFRS 10 and IAS 28 <sup>2</sup>	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	not specified	None
IFRS 14 <sup>3</sup>	Regulatory Deferral Accounts	01/01/2016	None
IFRS 15 <sup>2,4</sup>	Revenue from Contracts with Customers	01/01/2018	No substantial effects, more detailed disclosures in the Notes
IFRS 16 <sup>2</sup>	Leasing	01/01/2019	Lessee is required to recognise a right-of-use asset and a lease liability in the balance sheet for all leases. More detailed disclosures in the Notes
IAS 1	Amendments to IAS 1: Presentation of Financial Statements – Disclosure Initiative	01/01/2016	None
IAS 7 <sup>2</sup>	Amendments to IAS 7: Statement of Cash Flows – Disclosure Initiative	01/01/2017	None
IAS 12 <sup>2</sup>	Amendments to IAS 12: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	01/01/2017	None
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	01/01/2016	None
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants	01/01/2016	None
IAS 27	Amendments to IAS 27: Separate Financial Statements – Equity Method in Separate Financial Statements	01/01/2016	None
Improvements to IFRS	Adoption of Annual Improvements to IFRS Cycle 2012-2014	01/01/2016	Single-case audit

<sup>1</sup>Fiscal years beginning on or after the specified date.

<sup>2</sup>Not yet endorsed by the EU.

<sup>3</sup>Standard will not be adopted into EU law.

<sup>4</sup>A group-wide, centrally managed project was set up in early 2016; a final evaluation is planned for the upcoming financial year.

## [2] PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which Bertrandt AG has direct or indirect control pursuant to the criteria provided in IFRS 10. The subsidiaries are included in the financial statements by applying the principle of full consolidation. The financial statements of the fully consolidated companies are prepared pursuant to IFRS 10 using uniform accounting policies. Entities are consolidated for the first time on the date on which control is transferred to Bertrandt AG and deconsolidated when such control ceases. The balance sheet date of the separate financial statements of the consolidated group companies corresponds to the fiscal year of Bertrandt AG, an exception being the entity in China whose fiscal year is the calendar year due to statutory requirements.

The acquisition method is used for consolidation, i.e. the acquisition costs are offset with the pro-rata share of the remeasured equity which is attributable to the parent company on the acquisition date. To the extent that the purchase price of the investment exceeds the fair value of the identifiable assets net of liabilities the resulting difference is classified as goodwill and recognised as an asset on initial consolidation.

Investments are consolidated using the equity method if the Company has significant influence or if the investment is jointly controlled (IAS 28). This is generally the case with a shareholding of between 20 and 50 percent of the voting rights. The carrying amounts of investments accounted for under the equity method are increased or reduced every year by the amount equivalent to the proportion of changes in equity of the associates or joint ventures attributable to the Bertrandt Group. The principles for full consolidation are also applied to the allocation and measurement of any difference between the acquisition costs of the investment and the Group's proportionate share in its equity identified when recognising the investment.

Receivables and liabilities as well as revenues, expenses and income arising from transactions between consolidated entities are offset.

## [3] GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies includes all operating subsidiaries under the legal and constructive control of Bertrandt AG. This specifically entails the following German companies: Bertrandt Ingenieurbüro GmbHs in Gaimersheim, Ginsheim-Gustavsburg, Hamburg, Cologne, Munich, Neckarsulm and Tappenbeck as well as Bertrandt Fahrerprobung Süd GmbH in Nufringen, Bertrandt Technikum GmbH, Bertrandt Projektgesellschaft mbH, Bertrandt Services GmbH in Ehningen and Bertrandt Technologie GmbHs in Immendingen (formerly Bertrandt Südwest GmbH), Mönshheim and Sassenburg, Bertrandt Ehningen GmbH in Ehningen, Bertrandt GmbH in Hamburg, Bertrandt Automotive GmbH & Co. KG, Bertrandt Immobilien GmbH & Co. KG and Bertrandt Grundbesitz GmbH & Co. KG (formerly Inmuebles Baviera GmbH), each located in Pullach i. Isartal, as well as Bertrandt Munich GmbH in Munich and Bertrandt Tappenbeck GmbH in Tappenbeck. Moreover, the entities newly incorporated in the year under review, Bertrandt Verwaltungs GmbH in Mönshheim (formerly Bertrandt Entwicklungen GmbH, Tappenbeck) and Bertrandt Energie GmbH in Mönshheim were included for the first time in the consolidated financial statements.

The consolidated companies additionally include the foreign entities Bertrandt France S.A. in Paris/Bièvres, Bertrandt S.A.S. in Paris/Bièvres, Bertrandt UK Limited in Dunton, Bertrandt US Inc. in Detroit, Bertrandt Otomotiv Mühendislik Hizmetleri Ticaret Limited Sirketi in Istanbul and Bertrandt Engineering Shanghai Co., Ltd. in Shanghai. Moreover, the entities newly incorporated in the year under review, Bertrandt Engineering Technologies Romania SRL in Sibiu and Bertrandt Technologie GmbH in Steyr were included for the first time in the consolidated financial statements.

Associates, i.e. entities which are not controlled by Bertrandt but over which the Company has significant influence are accounted for in the consolidated financial statements using the equity method. The following companies are associates: Bertrandt Entwicklungen AG & Co. OHG, aucip. automotive cluster investment platform GmbH & Co. KG, each located in Pullach i. Isartal, as well as indirect investments in aucip. automotive cluster investment platform Beteiligungs GmbH, MOLLIS automotive GmbH and, for the first time, NAMENU tool GmbH, all of them located in Pullach i. Isartal. In addition, Bertrandt Campus GmbH, Ehningen, a joint venture of which Bertrandt has joint control, is also accounted for in the consolidated financial statements under the equity method.

Refer to Note [51] for more disclosures on the shareholdings of Bertrandt AG.

## [4] FOREIGN CURRENCY TRANSLATION

The consolidated financial statements of subsidiaries using a functional currency other than the euro are translated according to IAS 21 based on the concept of a functional currency. The subsidiaries carry out their business independently for financial, commercial and organisational purposes. The functional currency is therefore identical to the currency of the country in which they are based.

Accordingly, these companies' assets and liabilities were translated at the mean closing rate as of the balance sheet date, and income and expenses were translated at the average exchange rate for the financial year. All resulting exchange differences including differences resulting from the translation of amounts brought forward from the previous year are recognised directly in equity.

Foreign currency transactions are recorded by translating the foreign currency amount into the functional currency amount at the exchange rate prevailing on the date of the transaction. Gains and losses arising from the settlement of such transactions as well as from the translation as of the reporting date of monetary assets and liabilities held in foreign currencies are recognised in profit or loss.

The parities of the key currencies relative to one euro were as follows:

TABLE 30

relative to one euro		Average rate on balance sheet date		Annual average rate	
		30/09/2016	30/09/2015	2015/2016	2014/2015
China	CNY	7.4829	7.1344	7.2526	7.0813
United Kingdom	GBP	0.8621	0.7380	0.7820	0.7429
Turkey	TRY	3.3743	3.4002	3.2531	2.9321
Romania	RON	4.4520	4.4176	4.4785	4.4395
Hungary	HUF	308.8900	313.3000	312.2290	308.8000
United States	USD	1.1219	1.1216	1.1111	1.1489

## [5] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires to some degree the use of assumptions and estimates that affect the assets and liabilities recognised as well as the income, expenses and contingent liabilities reported. The assumptions and estimates primarily relate to an assessment as to whether assets and liabilities are impaired, the uniform group-wide definition of the useful lives of items of property, plant and equipment and investment properties, the recoverability of receivables, the recognition and measurement of provisions and parameters for calculating percentage of completion values and the resulting recognition of revenues. The assumptions and estimates have been selected in such a way as to provide a fair view of the Company's operating results and financial position. They are based on premises which in turn reflect the knowledge available at that point in time. In particular, estimates concerning the Company's expected future business performance are based on the circumstances known at the time when the consolidated financial statements were prepared and on expectations regarding the future economic environment which are assumed to be realistic. This applies, amongst other things, to the discount rates used.

The amounts actually arising may vary from the original estimates as a result of unforeseeable developments beyond management's influence. In this case, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities are restated.

### Recognition of income and expenses

Revenues and other operating income are recognised when the service has been performed (especially service contracts) or when the risks have passed to the customer (contracts for work), if the amount of revenues can be estimated reliably and if it is probable that the Company will collect the consideration. Revenues are recognised net of all deductions such as discounts and bonuses. In the case of construction contracts for individual customers, revenues are recognised according to the percentage-of-completion method (PoC method). Contingent losses are recognised when they become known. Operating expenses are charged to the income statement at the time when the service is rendered or at the time when the expense is caused. Provisions for warranties are made upon recognition of the related revenues. Government grants are recognised only where it is reasonably certain that the applicable conditions have been met and the grants will be disbursed. They are charged to the periods in which the expenses that the grants are to cover are incurred. Interest income and expense and all other income and expenses are recognised in the period in which they arise.

### Intangible Assets

Acquired or internally generated intangible assets are recognised as assets according to IAS 38 if a future economic benefit can be expected from using the asset and it is possible to measure the cost of the asset reliably.

Intangible assets are recognised at historical cost and amortised on a straight-line basis over their useful lives. Intangible assets, with the exception of goodwill, are amortised over a useful life of three to five years, starting with the commencement of the asset's commercial use.

Goodwill is tested for impairment annually in accordance with IAS 36 and IFRS 3. The assessment is carried out at least once a year; however it is always carried out whenever an impairment indicator arises. To test goodwill for impairment, the higher of the value in use and fair value, less costs of disposal of the respective classes of cash-generating units is used. At Bertrandt, these are the segments Digital Engineering, Physical Engineering and Electrical Systems/Electronics pursuant to the definition in IFRS 8. The impairment tests are based on the corporate forecast for a three-year period, which is considered sufficient to test goodwill for impairment. To determine the values in use, a WACC before tax of 8.1 percent (previous year 10.6 percent) and for the terminal growth rate of 7.1 percent (previous year 9.6 percent) are applied in the Digital Engineering segment. In the Physical Engineering segment, the WACC before tax is 6.7 percent (previous year 9.3 percent) and for the terminal growth rate it is 5.7 percent (previous year 8.3 percent). The terminal growth rate is based on a growth factor of one percent (previous year also one percent). Adjusting the WACC by +/- five percentage points has no influence on the results of the impairment tests for goodwill.

Corporate forecasts take account of current knowledge as well as historical performance. On this basis forecasts are made regarding future developments of revenues and earnings. Adjusting the figures for revenues and earnings by +/- five percent has no influence on the results of the impairment tests for goodwill. On the basis of the underlying assumptions, future cash flows are determined. The discounted cash flow method is used to calculate the value in use from these derived future cash flows of the cash generating units. Where the carrying amount exceeds the recoverable amount, a corresponding impairment loss is recognised.

The main assumptions for the forecasts relating to the Digital Engineering, Physical Engineering and Electrical Systems/Electronics segments are based on sector forecasts concerning global research and engineering requirements underlying the Company's marketing and capacity planning as well as specific customer commitments regarding individual projects and specific internal adjustments, which also take projected cost adjustments into account.

### Property, plant and equipment

Property, plant and equipment used in business operations for more than one year are recorded at historical cost less accumulated depreciation. Historical cost includes all the costs attributable to the production process as well as an appropriate proportion of production-related overheads. Depreciation is based on useful lives which are standardised within the Group.

The useful lives are assumed to be between 17 and 40 years for buildings, ten years for outdoor installations and between three and 20 years for technical equipment and machinery. Assuming normal use, furniture, fixtures and equipment are written off over a period of three to 19 years. The useful lives of property, plant and equipment are reviewed as at each balance sheet date and adjusted if necessary. Additions are written down pro rata temporis using the straight-line method.

### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are initially capitalised as part of the cost of that asset. At Bertrandt this is relevant for property, plant and equipment. The capitalisation rate is 1.4 percent.

### Investment properties

Investment properties comprise property which Bertrandt does not use for business or administration purposes. They are recorded at historical cost less accumulated straight-line depreciation. Buildings are assumed to have useful lives of 40 years.

### Impairment losses

Impairment losses (write-downs) in respect of intangible assets, property, plant and equipment and investment property are calculated in accordance with IAS 36 if the value in use or the net realisable value of the respective asset has fallen below its carrying amount. If the reasons for the impairment loss recognised in previous periods no longer apply, such loss is reversed with the exception of goodwill.

### Financial Instruments

Financial instruments comprise both primary financial instruments (e.g. trade receivables and trade payables) and derivative financial instruments (e.g. interest rate hedges).

Pursuant to IAS 39 Bertrandt classifies its financial instruments in the following categories:

- Financial assets and financial liabilities at fair value through profit or loss
- Loans and receivables
- Financial liabilities measured at amortised cost.

Categorisation depends on the purpose for which the financial asset has been acquired or the financial liability accepted.

The classification of financial instruments according to these categories is shown in the reconciliation statement in Note [44].

Financial instruments are recorded for the first time upon settlement and measured at their fair value including transaction costs, if any. They are then subsequently measured at amortised cost or at their fair value. Financial instruments are derecognised when the rights to payments from the investment have extinguished or have been transferred and the Group has transferred materially all of the risks and rewards of ownership.

### Investments accounted for using the equity method

Investments in associates which are not controlled by Bertrandt but over which the Company has significant influence, and joint ventures of which Bertrandt has joint control are accounted for using the equity method.

### Other investments

Loans are recorded at amortised cost.

### Other receivables and financial assets

Other receivables and financial assets (with the exception of derivatives) are recognised at amortised cost on the basis of the effective interest method. Appropriate provisions for impairment are made to allow for discernible individual risks and general credit risks such as insolvency and uncollectability.

### Future receivables from construction contracts

Future receivables from construction contracts that comprise work in progress as well as finished work not yet accepted are measured at cost plus a markup for profit proportionate to the percentage of completion, less any losses incurred, provided that the outcome of the construction contract can be estimated reliably. The percentage of completion is determined according to the ratio of costs incurred to total costs (cost-to-cost method). Finished work which has not yet been accepted is measured at its contract value. Advance payments received are netted against receivables from construction contracts.

### Trade Receivables

Trade receivables are measured at amortised cost using the effective interest method with appropriate provisions for impairment for all discernible risks.

### Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cheques received but not yet credited and cash in hand, all of which are measured at amortised cost.

### Liabilities

Liabilities are measured at amortised cost using the effective interest method.

### Derivative financial instruments

As an engineering service provider operating on an international scale, the Bertrandt Group is mainly exposed to interest rate and currency risks. The Company uses derivative financial instruments as appropriate for managing these risks. Interest derivatives are used to control and optimise the financial results for current floating-rate debt of the Group and are classified as financial instruments held for trading pursuant to IAS 39. Any changes in fair value are recognised in profit or loss. Their subsequent measurement is based on fair value.

Foreign-currency forwards used to hedge future foreign-currency cash flows as well as other derivatives are measured at their fair value, with any changes recorded in profit or loss.

The derivatives' fair values are determined with generally accepted methods of financial mathematics, using mid-market pricing. All derivatives with a positive fair value are disclosed as derivative assets, while all derivatives with a negative fair value are disclosed as derivative liabilities.

### Inventories

Inventories are assets in the form of materials or supplies which are recognised at cost or their net realisable value, whichever is lower.

### Current and deferred income tax

Tax expense for the period under review comprises current income tax and deferred tax.

Current income tax expense is calculated according to national tax laws effective at the reporting date. Deferred tax assets and liabilities are recognised in accordance with IAS 12 for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts pursuant to IFRS as well as for consolidation measures taken to the income statement. Deferred tax assets also include future tax reduction claims resulting from the expected use of loss carry-forwards in future periods provided that their recovery is reasonably probable. For the calculation of deferred taxes the tax rates are used which applicable or expected in the individual countries in accordance with prevailing law on the date of recognition. Deferred tax assets and liabilities are not discounted.

### Minority interests

Minority interests are measured according to their share in the equity of the investee.

### Provisions

#### Provisions for pensions

Provisions for post-retirement benefits are set aside for obligations arising from pension plans. The Group operates both defined contribution plans and defined benefit plans.

Provisions for defined benefit pension plans are calculated using the projected unit credit method as defined in IAS 19. Actuarial gains and losses are recognised in other comprehensive income.

The defined contribution obligations apply towards government or private pension funds in accordance with contractual or statutory provisions. The Company has no further obligations once the contributions have been paid.

#### Tax provisions

Tax provisions are set aside for current income tax obligations which are calculated according to applicable national tax laws.

#### Other provisions

Other provisions are recognised if there is any legal or constructive present obligation towards a third party as a result of a past event, an outflow of resources to settle the obligation is probable and a reliable estimate of the amount of the obligation can be made.

Other provisions which do not result in an outflow of resources in the following period are recognised at the present value of the settlement amount as of the balance sheet date using market interest rates for discounting.

#### Government grants

Government grants for investments are recorded under other liabilities and are released to the income statement on a straight-line basis over the expected useful life of the assets concerned.

Government subsidies for innovative projects or other grants related to income are either presented as other operating income or deducted in reporting the related expense, provided that the grant is received in the same accounting year (net basis).

#### Leases

Under IAS 17, leases are to be classified according to the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.

The Bertrandt Group leases certain items of property, plant and equipment including buildings. Under these leases, the risks and rewards incidental to ownership remain, to a large extent, exclusively with the lessor (operating lease). The lease and/or rental payments are expensed as incurred.

## NOTES ON ITEMS OF THE INCOME STATEMENT

### [6] REVENUES

Revenues are recognised upon performance of the service or when the risks pass to the customer. Further, work in progress measured using the PoC method are recognised under revenues, net of value added tax and all discounts and bonuses claimed.

Of the consolidated revenues of EUR 992.021 million (previous year EUR 934.787 million), EUR 883.918 million (previous year EUR 843.898 million) were contributed by the domestic entities and EUR 108.103 million (previous year EUR 90.889 million) by the foreign companies. This breakdown reflects the regional segmentation of Bertrandt's operations.

The proportion of revenues calculated using the PoC method is EUR 664.345 million (previous year EUR 587.400 million).

Bertrandt generated more than ten percent respectively of its total revenues across all segments with two customers. Total revenues generated by these two customers amount to EUR 400.045 million (previous year EUR 388.253 million) and EUR 211.918 million (previous year EUR 201.647 million) respectively.

### [7] OTHER OWN WORK CAPITALISED

This item comprises internally generated tangible and intangible assets which are capitalised pursuant to IAS 16 and 38 and written down over their expected useful lives on a straight-line basis.

### [8] OTHER OPERATING INCOME

Other operating income for fiscal 2015/2016 is comprised of the following:

TABLE 31

Other operating income		
EUR million	2015/2016	2014/2015
<b>Work-related income</b>	<b>5.071</b>	<b>7.008</b>
of which non-cash benefits to employees	4.154	3.798
of which rental income	0.917	3.210
<b>Non-work-related income</b>	<b>1.814</b>	<b>3.759</b>
of which income from disposal of assets	0.401	0.271
of which income from reversal of provisions	0.944	3.221
of which income from reversal of impairment losses	0.469	0.267
<b>Miscellaneous other operating income</b>	<b>4.586</b>	<b>2.556</b>
of which payments for damages received	0.148	0.108
of which income from exchange-rate differences	0.518	0.974
of which miscellaneous	3.920	1.474
<b>Total</b>	<b>11.471</b>	<b>13.323</b>

Rental income comprises other rental income from sub-leases in the amount of EUR 0.684 million (previous year EUR 2.977 million) and from investment property in the amount of EUR 0.233 million (previous year EUR 0.233 million). Income from project-related sub-leases is recognised under revenues from this fiscal year onwards. For the coming fiscal years other rental income of EUR 1.994 million (previous year EUR 2.558 million) is expected. Of this, rental income of EUR 0.693 million (previous year EUR 1.688 million) arises from leases with a term of up to one year, EUR 1.263 million (previous year EUR 0.838 million) from leases with a term between one and five years and EUR 0.038 million (previous year EUR 0.032) from leases with a term of more than five years. In the period under review, government grants for innovative projects in the amount of EUR 2.778 million (previous year EUR 0) are included in miscellaneous other operating income.

**[9] COST OF MATERIALS**

The cost of materials breaks down as follows:

TABLE 32

Raw materials and consumables used		
In TEUR	2015/2016	2014/2015
<b>Expenditure on raw materials and consumables used</b>	<b>20.326</b>	<b>12.261</b>
<b>Expenditure on work purchased</b>	<b>77.771</b>	<b>75.828</b>
of which CAD costs	16.337	12.853
of which external work	61.191	62.800
of which incoming freight	0.243	0.175
<b>Total</b>	<b>98.097</b>	<b>88.089</b>

In the year under review, the cost of materials increased by EUR 10.008 million.

**[10] PERSONNEL EXPENSES**

Overall, the group employed an average of 12,518 people in the period under review (previous year 11,577).

TABLE 33

Employees in average		
number	2015/2016	2014/2015
Technical employees	814	733
Office employees	10,817	9,980
Trainees/undergraduates	341	341
Interns/post-graduates	231	259
Temporary staff	315	264
<b>Total</b>	<b>12,518</b>	<b>11,577</b>

Personnel expenses include expenditure on wages and salaries in the amount of EUR 579.496 million (previous year EUR 553.003 million) as well as expenditure on social security of EUR 116.185 million (previous year EUR 107.354 million) including the employer contribution to the statutory pension system presented under expenses for post-employment benefits and further defined contribution expense of EUR 53.982 million (previous year EUR 50.591 million):

TABLE 34

Personnel expenses		
EUR million	2015/2016	2014/2015
<b>Wages and salaries</b>	<b>579.496</b>	<b>553.003</b>
<b>Expenditure on social security</b>	<b>116.185</b>	<b>107.354</b>
of which employer contribution to social security	62.050	56.565
of which expenditure on post-employment benefits	54.135	50.789
<b>Total</b>	<b>695.681</b>	<b>660.357</b>

Personnel expenses include government grants of EUR 1.231 million (previous year EUR 1.022 million) as well as subsidies for innovative projects of EUR 0.310 million (previous year EUR 0) received under government economic stimulus packages.

Under an employee share scheme, Bertrandt AG provides a grant for the purchase of Bertrandt shares by staff (Notes [30] and [31]). A lock-up period of two years applies to the sale of these shares. This resulted in personnel expenses of EUR 0.390 million in fiscal 2015/2016 (previous year EUR 0.430 million). In addition, expenses were incurred in relation to a management share scheme amounting to EUR 0.543 million (previous year EUR 0.676 million).

**[11] DEPRECIATION/AMORTISATION**

Depreciation/amortisation expense is comprised of the following:

TABLE 35

Depreciation/amortisation		
EUR million	2015/2016	2014/2015
<b>Depreciation/amortisation on</b>		
intangible assets	5.594	4.346
property, plant and equipment	24.063	20.783
investment properties	0.068	0.064
<b>Total</b>	<b>29.725</b>	<b>25.193</b>

Refer to Notes [18] - [20] for the changes in non-current assets and a detailed breakdown of depreciation/amortisation expense for individual items.

**[12] OTHER OPERATING EXPENSES**

Other operating expenses are comprised of the following:

TABLE 36

Other operating expenses		
EUR million	2015/2016	2014/2015
Miscellaneous manufacturing expenses	5.304	4.883
Office premises, furnishings and fittings	37.847	33.785
Miscellaneous personnel expenses	16.809	16.160
General administrative expenses	2.600	2.614
Distribution expenses	14.738	14.074
Expenditure on exchange-rate differences	0.593	0.289
Non-work-related expenses	1.690	1.239
Other expenses	8.215	10.262
<b>Total</b>	<b>87.796</b>	<b>83.306</b>

Miscellaneous other operating items primarily comprise fleet costs as well as legal and consulting fees. Expenditure on premises and inventory includes rental expenses of EUR 20.298 million (previous year EUR 18.435 million). Expenses for changes in personnel structure in fiscal 2015/2016 amounted to EUR 1.097 million (previous year EUR 0.919 million).

In the period under review, government subsidies for innovative projects in the amount of EUR 0.129 million (previous year EUR 0) are included in miscellaneous other operating expense.

**[13] NET FINANCE INCOME**

Net finance income breaks down as follows:

TABLE 37

Finanzergebnis		
EUR million	2015/2016	2014/2015
Share of profits in associates	-0.032	0.027
Finance costs	-2.365	-0.239
Attributable to minority interests	-0.105	0
Other net financial result	1.124	0.245
<b>Net finance income</b>	<b>-1.378</b>	<b>0.033</b>

The finance costs of EUR 2.365 million (previous year EUR 0.239 million) include interest expense resulting from a bonded loan of EUR 2.135 million (previous year EUR 0), current bank borrowings of EUR 0.043 million (previous year EUR 0.239 million) as well as other interest expense of EUR 0.187 million (previous year EUR 0).

Investments with minority participations held by Bertrandt were transformed into partnerships in fiscal 2015/2016. Their share of the profit/loss was EUR 0.105 million in fiscal 2015/2016 and will be recorded under net finance income from this fiscal year onwards.

Net other finance income includes interest income from government subsidies for innovative projects in the amount of EUR 0.708 million (previous year EUR 0). In addition, other net finance comprises income of EUR 0.394 million (previous year EUR 0.210 million) and interest in the amount of EUR 0.022 million (previous year EUR 0.035 million) arising from unwinding discounts on provisions and receivables and from discounting of provisions and receivables.

**[14] OTHER TAXES**

Foreign tax expenditure primarily involves the subsidiaries in France.

TABLE 38

Other taxes		
EUR million	2015/2016	2014/2015
Domestic tax expense	0.509	0.357
Foreign tax expense	1.165	0.893
<b>Other taxes</b>	<b>1.674</b>	<b>1.250</b>

**[15] INCOME TAXES**

As in the previous year, income taxes comprise corporate income tax of 15 percent plus the solidarity surcharge of 5.5 percent as well as trade tax of 14 percent and comparable income taxes in other countries. In addition, this item includes deferred income tax on the temporary differences between the carrying amounts recognised pursuant to IFRS and corresponding tax bases as well as consolidation measures and loss carry-forwards which are expected to be usable in accordance with IAS 12.

Income taxes thus break down as follows:

TABLE 39

Income taxes		
EUR million	2015/2016	2014/2015
Actual domestic tax expense	26.999	19.124
Actual foreign tax expense	1.423	1.136
<b>Actual tax expense</b>	<b>28.422</b>	<b>20.260</b>
Deferred tax expense	-2.217	7.524
<b>Income taxes</b>	<b>26.205</b>	<b>27.784</b>

The income tax expense in the amount of EUR 26.205 million calculated for fiscal 2015/2016 was EUR 0.739 million less than the expected income tax expense of EUR 26.944 million that would have arisen had a tax rate of 30 percent (previous year 30 percent) been applied to consolidated pre-tax earnings.

Reconciliation of expected and actual income tax expense is as follows:

TABLE 40

Reconciliation of income tax		
EUR million	2015/2016	2014/2015
Earnings before income tax	89.813	90.420
Expected tax rate	30.0%	30.0%
<b>Expected income tax expense</b>	<b>26.944</b>	<b>27.126</b>
Taxation differences affecting foreign subsidiaries	-0.373	0.578
Tax effects of payouts and pre-year tax assessments	0.415	-0.112
Tax effect of non-deductible operating expenses and other tax modifications	-0.380	0.224
Tax effects resulting from appreciation of loss carry-forwards	-0.342	-0.019
Consolidation effects	-0.064	-0.014
Other effects	0.005	0.001
<b>Actual income tax expense</b>	<b>26.205</b>	<b>27.784</b>
Effective tax rate	29.2%	30.7%

The item "taxation differences affecting foreign subsidiaries" in the previous year included, among other things, impairment of deferred tax assets from loss carry-forwards of EUR 0.097 million. The item "tax effects of non-deductible operating expenses and other tax modifications" includes tax effects resulting from a tax-free grant of EUR 1.255 (previous year EUR 0). The deferred tax assets from loss carry-forwards utilised amounted to EUR 0.109 million (previous year EUR 0.167 million).

In the period under review, tax effects of EUR 0.354 million (previous year EUR 0.004 million) resulted from the remeasurement of the retirement benefit obligations. These tax effects are recognised in other comprehensive income; their cumulated amount is EUR 0.687 million (previous year EUR 0.333 million).



**[16] EARNINGS PER SHARE**

Earnings per share as defined in IAS 33 are as follows:

TABLE 41

Calculation earnings per share		
according to IAS 33		
	2015/2016	2014/2015
Post-tax earnings (EUR million)	63.608	62.636
Minority interests (EUR million)	0	-0.017
<b>Profit attributable to the shareholders of Bertrandt AG (EUR million)</b>	<b>63.608</b>	<b>62.619</b>
– Number of shares (million)	10.143	10.143
– Number of treasury shares (million)	-0.052	-0.060
<b>Number of shares which are entitled to dividend (million) – diluted / basic, average weighting</b>	<b>10.091</b>	<b>10.083</b>
<b>Earnings per share (EUR) – diluted / basic</b>	<b>6.30</b>	<b>6.21</b>

**[17] FURTHER NOTES ON THE EFFECTS OF FINANCIAL INSTRUMENTS ON THE INCOME STATEMENT**

Net gains or net losses on financial instruments comprise interest, the results of foreign currency translation as well as adjustments and any changes resulting from their subsequent measurement.

TABLE 42

Net gains or net losses on financial instrument by category as defined in IAS 39		
EUR million		
	2015/2016	2014/2015
Loans and receivables	0.437	0.846
Financial liabilities measured at amortised cost	-2.297	-0.243
<b>Total</b>	<b>-1.860</b>	<b>0.603</b>

The “loans and receivables” category comprises all other loans, trade receivables, other assets and cash and cash equivalents. Financial liabilities measured at amortised cost include liabilities to banks, trade payables and other liabilities.

In the period under review no foreign-currency forwards or interest rate hedges were used by the Company.

TABLE 43

Total interest income and expense for financial assets or liabilities that are not at fair value through profit and loss		
EUR million		
	2015/2016	2014/2015
Interest income	0.396	0.232
Interest expenses	-2.241	-0.235
<b>Total</b>	<b>-1.845</b>	<b>-0.003</b>

Due to the short maturities, the application of the effective interest method to trade receivables did not result in any interest expense or income in fiscal 2015/2016 as was also the case in the previous year.

Impairment losses on loans and receivables came to EUR 0.357 million in the period under review (previous year EUR 0.076 million).

**NOTES ON ITEMS OF THE BALANCE SHEET****ASSETS****NON-CURRENT ASSETS****[18] INTANGIBLE ASSETS**

Additions to intangible assets primarily comprised CAD software licenses and other technical software licenses.

Goodwill is subjected to regular impairment testing in accordance with IAS 36. In fiscal 2015/2016, as in the previous year, this did not result in any impairment losses.

Goodwill breaks down by segment as follows: Digital Engineering EUR 6.093 million (previous year EUR 6.093 million) and Physical Engineering EUR 2.909 million (previous year EUR 2.909 million).

TABLE 44

Intangible assets					
EUR million	Concessions and licences	Internally generated software	Goodwill	Internally developed software under development / advance payments made	Total intangible assets
<b>Historical costs</b>					
Value on 01/10/2015	40.874	0.841	9.002	0	50.717
Currency differences	-0.014	0	0	0	-0.014
Additions	5.618	0	0	0.017	5.635
Disposals	0.054	0	0	0	0.054
Reclassifications	0.004	0	0	0	0.004
Value on 30/09/2016	46.428	0.841	9.002	0.017	56.288
<b>Amortisation</b>					
Value on 01/10/2015	32.443	0.819	0	0	33.262
Currency differences	-0.008	0	0	0	-0.008
Additions	5.573	0.021	0	0	5.594
Disposals	0.044	0	0	0	0.044
Reclassifications	0.004	0	0	0	0.004
Value on 30/09/2016	37.968	0.840	0	0	38.808
<b>Residual carrying amount 30/09/2016</b>	<b>8.460</b>	<b>0.001</b>	<b>9.002</b>	<b>0.017</b>	<b>17.480</b>
<b>Residual carrying amount 30/09/2015</b>	<b>8.431</b>	<b>0.022</b>	<b>9.002</b>	<b>0</b>	<b>17.455</b>
<b>Previous year</b>					
<b>Residual carrying amount</b>					
Value on 01/10/2014	34.647	0.841	9.002	0.030	44.520
Currency differences	0.021	0	0	0	0.021
Additions	6.219	0	0	0	6.219
Disposals	0.070	0	0	0	0.070
Reclassifications	0.057	0	0	-0.030	0.027
Value on 30/09/2015	40.874	0.841	9.002	0	50.717
<b>Amortisation</b>					
Value on 01/10/2014	28.211	0.761	0	0	28.972
Currency differences	0.012	0	0	0	0.012
Additions	4.288	0.058	0	0	4.346
Disposals	0.068	0	0	0	0.068
Reclassifications	0	0	0	0	0
Value on 30/09/2015	32.443	0.819	0	0	33.262
<b>Residual carrying amount 30/09/2015</b>	<b>8.431</b>	<b>0.022</b>	<b>9.002</b>	<b>0</b>	<b>17.455</b>
<b>Residual carrying amount 30/09/2014</b>	<b>6.436</b>	<b>0.080</b>	<b>9.002</b>	<b>0.030</b>	<b>15.548</b>

## [19] PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognised at cost less depreciation in accordance with their respective useful lives. Following adjustments of the useful lives of property, plant and equipment in the period under review depreciation was reduced by EUR 0.341 million (previous year EUR 0). As in the previous year, impairment testing pursuant to IAS 36 did not result in any impairment loss. No collateral has been provided for land and buildings.

Technical equipment and machinery as well as other furniture, fixtures and equipment primarily consist of CAD machines, machinery and equipment for prototype construction as well as testing facilities. Borrowing costs to be capitalised as part of the cost of qualifying assets amount to EUR 0.271 million (previous year EUR 0).

TABLE 45

Property, plant and equipment					
EUR million	Property and plant	Technical equipment and machinery	Other facilities, factory and office equipment	Advance payments and work in progress	Total PPE
<b>Historical costs</b>					
Value on 01/10/2015	91.203	76.202	93.911	42.465	303.781
Currency differences	0	0	-0.057	0	-0.057
Additions	29.384	11.313	14.935	21.244	76.876
Disposals	0.960	0.263	5.268	0	6.491
Reclassifications	24.887	12.692	0.262	-37.845	-0.004
Value on 30/09/2016	144.514	99.944	103.783	25.864	374.105
<b>Depreciation</b>					
Value on 01/10/2015	10.845	43.946	64.167	0	118.958
Currency differences	0	0	-0.045	0	-0.045
Additions	3.504	8.174	12.385	0	24.063
Disposals	0	0.213	4.454	0	4.667
Reclassifications	0	-0.004	0	0	-0.004
Value on 30/09/2016	14.349	51.903	72.053	0	138.305
<b>Residual carrying amount 30/09/2016</b>	<b>130.165</b>	<b>48.041</b>	<b>31.730</b>	<b>25.864</b>	<b>235.800</b>
<b>Residual carrying amount 30/09/2015</b>	<b>80.358</b>	<b>32.256</b>	<b>29.744</b>	<b>42.465</b>	<b>184.823</b>
<b>Previous year</b>					
<b>Historical costs</b>					
Value on 01/10/2014	70.606	65.477	83.732	16.236	236.051
Currency differences	0	0	0.030	0	0.030
Additions	14.461	5.477	15.693	38.642	74.273
Disposals	0.001	0.851	5.649	0.045	6.546
Reclassifications	6.137	6.099	0.105	-12.368	-0.027
Value on 30/09/2015	91.203	76.202	93.911	42.465	303.781
<b>Depreciation</b>					
Value on 01/10/2014	8.355	38.025	57.306	0	103.686
Currency differences	0	0	0.024	0	0.024
Additions	2.534	6.624	11.625	0	20.783
Disposals	0	749	4.786	0	5.535
Reclassifications	-0.044	0.046	-0.002	0	0
Value on 30/09/2015	10.845	43.946	64.167	0	118.958
<b>Residual carrying amount 30/09/2015</b>	<b>80.358</b>	<b>32.256</b>	<b>29.744</b>	<b>42.465</b>	<b>184.823</b>
<b>Residual carrying amount 30/09/2014</b>	<b>62.251</b>	<b>27.452</b>	<b>26.426</b>	<b>16.236</b>	<b>132.365</b>

**[20] INVESTMENT PROPERTIES**

As of 30 September 2016, the fair values of the investment properties approximated their carrying amounts. Fair value is measured using the same method as that applied to goodwill (Note [5]) subject to a WACC of 6.7 percent (previous year 9.3 percent) and a terminal growth rate of 5.7 percent (previous year 8.3 percent). The terminal growth rate is based on a growth factor of one percent (previous year also one percent). No external independent expert's valuation was used for this purpose. In the period under review rental income of EUR 0.233 million (previous year EUR 0.233 million) was recorded. Maintenance expense came to EUR 0.018 million (previous year EUR 0.003 million).

TABLE 46

Investment properties	
EUR million	Investment properties
<b>Historical costs</b>	
Value on 01/10/2015	4.626
Additions	0
Disposals	0
Reclassifications	0
Value on 30/09/2016	4.626
<b>Depreciation</b>	
Value on 01/10/2015	3.018
Additions	0.068
Disposals	0
Reclassifications	0
Value on 30/09/2016	3.086
<b>Residual carrying amount 30/09/2016</b>	<b>1.540</b>
<b>Residual carrying amount 30/09/2015</b>	<b>1.608</b>
<b>Previous year</b>	
<b>Historical costs</b>	
Value on 01/10/2014	4.626
Additions	0
Disposals	0
Reclassifications	0
Value on 30/09/2015	4.626
<b>Depreciation</b>	
Value on 01/10/2014	2.954
Additions	0.064
Disposals	0
Reclassifications	0
Value on 30/09/2015	3.018
<b>Residual carrying amount 30/09/2015</b>	<b>1.608</b>
<b>Residual carrying amount 30/09/2014</b>	<b>1.672</b>

**[21] INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

The equity method is used for all investments in associates and joint ventures. Their development was as follows:

TABLE 47

Investments accounted for using the equity method			
EUR million	Associates	Joint ventures	Total
<b>Historical costs</b>			
Value on 01/10/2015	0.130	4.237	4.367
Additions	0	0.750	0.750
Share of profit/loss	-0.005	-0.027	-0.032
Dividends	0.008	0	0.008
Value on 30/09/2016	0.117	4.960	5.077
<b>Depreciation</b>			
Value on 01/10/2015	0	0	0
Additions	0	0	0
Disposals	0	0	0
Value on 30/09/2016	0	0	0
<b>Residual carrying amount 30/09/2016</b>	<b>0.117</b>	<b>4.960</b>	<b>5.077</b>
<b>Residual carrying amount 30/09/2015</b>	<b>0.130</b>	<b>4.237</b>	<b>4.367</b>
<b>Previous year</b>			
<b>Historical costs</b>			
Value on 01/10/2014	0.090	0	0.090
Additions	0	4.250	4.250
Share of profit/loss	0.040	-0.013	0.027
Dividends	0	0	0
Value on 30/09/2015	0.130	4.237	4.367
<b>Depreciation</b>			
Value on 01/10/2014	0	0	0
Additions	0	0	0
Disposals	0	0	0
Value on 30/09/2015	0	0	0
<b>Residual carrying amount 30/09/2015</b>	<b>0.130</b>	<b>4.237</b>	<b>4.367</b>
<b>Residual carrying amount 30/09/2014</b>	<b>0.090</b>	<b>0</b>	<b>0.090</b>

**[22] OTHER INVESTMENTS**

Other investments are mainly employer loans which bear interest of three to five percent and are due for settlement in two to eight years. Their carrying amounts approximate their fair values.

In the period under review, additions of EUR 0.647 million (previous year EUR 0.539 million) and departures of EUR 1.642 million (previous year EUR 1.610 million) were recorded, the residual value is EUR 2.729 million (previous year EUR 3.724 million).

### [23] CURRENT AND NON-CURRENT RECEIVABLES AND OTHER ASSETS

Receivables and other assets are broken down as follows according to their maturities:

TABLE 48

Receivables and other assets				
EUR million	30/09/2016	< 1 year	1-5 years	> 5 years
Trade receivables	189.879	189.879	0	0
Other assets	31.663	24.972	5.029	1.662
<b>Total</b>	<b>221.542</b>	<b>214.851</b>	<b>5.029</b>	<b>1.662</b>
Previous year				
	30/09/2015	< 1 year	1-5 years	> 5 years
Trade receivables	167.630	167.630	0	0
Other assets	25.547	18.709	4.194	2.644
<b>Total</b>	<b>193.177</b>	<b>186.339</b>	<b>4.194</b>	<b>2.644</b>

Other current assets include, among others, receivables from employees, tax refund claims, refund claims against social security funds, other current receivables and advance payments made for services the corresponding expense for which is to be allocated to future periods.

Other non-current assets comprise, amongst other items, reinsurance amounting to EUR 1.662 million (previous year EUR 2.644 million).

Provisions for impairment amounted to EUR 3.218 million (previous year EUR 3.685 million). Refer to Note [44] for a breakdown of financial and non-financial receivables.

### [24] CURRENT AND NON-CURRENT INCOME TAX ASSETS

Of the corporate income tax credit in accordance with the Act on Accompanying Tax Measures for the Introduction of the European Company and the Modification of Further Tax Law Provisions (SEStEG), an amount of EUR 0 (previous year EUR 0.150 million) is recorded under non-current income tax assets and an amount of EUR 0.163 million (previous year EUR 0.170 million) within current income tax assets. Current income tax assets also comprise tax refund claims in the amount of EUR 1.670 million (previous year EUR 1.355 million).

### [25] DEFERRED TAX BALANCES

Deferred tax assets and liabilities were comprised of the following:

TABLE 49

Deferred tax assets and liabilities				
EUR million	30/09/2016		30/09/2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	0.208	2.094	0.115	2.395
Inventories	0	19.997	0	21.489
Post-retirements benefit provisions	1.234	0	0.784	0
Other provisions	1.769	0	1.719	0
Unused tax losses	0.622	0	0.422	0
Other items	0.146	0.325	0.172	0.284
<b>Total before offsetting</b>	<b>3.979</b>	<b>22.416</b>	<b>3.212</b>	<b>24.168</b>
Offsetting	-1.506	-1.506	0	0
<b>Deferred tax assets and liabilities</b>	<b>2.473</b>	<b>20.910</b>	<b>3.212</b>	<b>24.168</b>

Of the deferred tax assets before offsetting, EUR 2.942 million (previous year EUR 1.952 million) have a residual maturity of more than one year. Of the deferred tax liabilities before offsetting, EUR 20.195 million (previous year EUR 21.718 million) are current and EUR 2.221 million (previous year EUR 2.450 million) are non-current liabilities.

A deferred tax asset was capitalised in the amount of EUR 0.314 million (previous year EUR 0 million) for companies that in the previous year or the current year generated a negative taxable income since the realisation of the related tax benefit is probable based on projected future taxable profit/loss.

In addition to the deferred tax assets arising from tax losses carried forward, there are unused tax losses in the amount of EUR 9.157 million (previous year EUR 8.749 million), which as a rule will be available for an unlimited time period. In individual countries, utilisation is restricted to between five and seven years.

No deferred tax liabilities have been recognised on the temporary differences in the carrying amounts of investments which amounted to EUR 22.590 million (previous year EUR 19.283 million) because Bertrandt AG is able to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

### CURRENT ASSETS

#### [26] INVENTORIES

On the balance sheet date the inventories of the Bertrandt Group were as follows:

TABLE 50

Inventories		
EUR million	30/09/2016	30/09/2015
Raw materials and consumables used	0.889	0.558

As in the previous year, no impairments were made in the period under review.

**[27] FUTURE RECEIVABLES FROM CONSTRUCTION CONTRACTS**

Future receivables from construction contracts were comprised of the following:

TABLE 51

Future receivables from construction contracts		
EUR million	30/09/2016	30/09/2015
Construction contracts before advance payments	258.556	244.648
Advance payments received on construction contracts	-144.426	-105.306
<b>Total</b>	<b>114.130</b>	<b>139.342</b>

As in the previous year, there are no provisions for construction contracts where the losses to be expected exceed the costs incurred.

**[28] CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances and cheques. Foreign currency balances were translated into the Group currency at the mean closing rate prevailing on the balance sheet date, 30 September 2016. The changes of cash and cash equivalents are stated in the cash flow statement (Note [39]).

**EQUITY AND LIABILITIES****EQUITY****[29] ISSUED SHARE CAPITAL**

On 30 September 2016 the share capital of Bertrandt AG was EUR 10,143,240.00 as in the previous year and was paid in full. It is thus divided into 10,143,240 no-par-value shares with an arithmetic par value of EUR 1.00.

**Authorised capital**

At the annual general meeting on 20 February 2013 the shareholders authorised the Management Board to increase the share capital of Bertrandt AG with the consent of the Supervisory Board by issuing, in the period leading to 31 January 2018, new bearer shares on a cash or non-cash basis (including in the form of so-called mixed non-cash contributions), either once or several times, however by a maximum amount of EUR 4,000,000.00 (authorised capital 2013). The Management Board was also authorised to exclude subscription rights for shareholders under certain conditions and within defined limits with the consent of the Supervisory Board. No use has been made of the authorised capital to date.

**[30] CAPITAL RESERVES**

The capital reserves contain the premium on the issue of new shares as well as the proceeds from the sale of treasury shares that exceeds the original cost (Note [31]).

As of the balance sheet date, treasury stock comprised 51,951 shares (previous year 59,995 shares), equivalent to 0.5 percent (previous year 0.6 percent) of the Company's share capital. This change is due to a staff share scheme implemented in fiscal 2015/2016, under which a grant was provided for 4,022 shares (previous year 3,774 shares), with a weighted average fair value of EUR 96.85 (previous year EUR 114.00).

**[31] RETAINED EARNINGS AND OTHER COMPREHENSIVE INCOME**

Exchange differences of EUR -0.542 million (previous year EUR 0.677 million) resulting from the consolidation of the subsidiaries' equity were offset with retained earnings.

The change in provisions for pensions of EUR -1.179 million (previous year EUR -0.014 million) due to actuarial gains/losses in the fiscal year was offset with the tax effects allocable thereto in the amount of EUR 0.354 million (previous year EUR 0.004 million) and recognised under retained earnings according to IAS 19.

Treasury stock is measured at cost as of the date of purchase and offset with retained earnings. Offsetting will be applied in the event of a disposal to the extent that the proceeds are equivalent to the cost. Any excess amount is recognised in capital reserves.

**[32] MINORITY INTERESTS**

Investments with minority participations held by Bertrandt were transformed into partnerships in fiscal 2015/2016. Their share of equity of EUR 0.791 million is consequently recorded in current other financial liabilities, which were recognised as an equity component in the previous year (EUR 0.686 million).

**NON-CURRENT LIABILITIES****[33] PROVISIONS FOR PENSIONS**

Provisions for post-employment benefits are calculated using the internationally established projected unit credit method according to IAS 19 and in the light of foreseeable future trends on the basis of the following assumptions:

TABLE 52

Assumptions for determining pension obligations		
diverse information	30/09/2016	30/09/2015
Interest rate	0.70%	2.10%
Assumed rate of salary increase	0% / 2.50%	0% / 2.50%
Assumed rate of pension increase	1.75% / 2.50%	1.75% / 2.50%
Probability of mortality and invalidity according to Heubeck	2005 G	2005 G
Valuation of widow (pension) entitlement	Kollektive	Kollektive
Retirement age	65 years	65 years
Average remaining life expectancy of persons with active entitlement	6 years	7 years

As of 30 September 2016 the provisions for pensions increased EUR 1.332 million (previous year EUR 0.211 million) to EUR 6.850 million (previous year EUR 5.518 million). Of this increase in pensions provisions, EUR 0.153 million (previous year EUR 0.197 million) are recognised in personnel expenses and EUR 1.179 million (previous year EUR 0.014 million) are recognised in other comprehensive income. As of the balance sheet date the weighted average duration of the retirement benefit obligations was 21.0 years (previous year 19.3 years).

The actuarial present value of the retirement benefit obligations changed as follows:

TABLE 53

Actuarial present value of pension obligations		
EUR million	2015/2016	2014/2015
<b>Present value on 01/10</b>	<b>5.518</b>	<b>5.307</b>
Service cost	0.081	0.086
Interest expense	0.115	0.111
Paid retirement benefits	-0.043	0
Actuarial gains (-)/losses (+) from changes in financial assumptions	1.678	0
Actuarial gains (-)/losses (+) from historical adjustments	-0.499	0.014
<b>Present value on 30/09</b>	<b>6.850</b>	<b>5.518</b>

From the point of view of the Bertrandt Group there are no material risks arising from the retirement benefit obligations.

The effects that changes of actuarial parameters may have on the present value of the retirement benefit obligations are determined with sensitivity analyses. If interest rates had been 25 basis points higher (lower), the present value of the retirement benefit obligations would have decreased by EUR 0.348 million (previous year EUR 0.259 million) or increased by EUR 0.372 million (previous year EUR 0.276 million). If life expectancy is increased (decreased) by one year, the present value would be lower by EUR 0.334 million (previous year higher by EUR 0.226 million) or higher by EUR 0.332 million (previous year lower by EUR 0.231 million). The greater part of the pension provisions is not affected by variable salary increases or pension increases.

### [34] CURRENT AND NON-CURRENT OTHER PROVISIONS

Other provisions are comprised of the following:

TABLE 54

Current and non-current other provisions					
EUR million	Personnel provisions	Provisions for ongoing business operations	Provisions for buildings	Other provisions	Total of other provisions
<b>Value on 01/10/2015</b>	<b>45.774</b>	<b>3.037</b>	<b>3.011</b>	<b>10.293</b>	<b>62.115</b>
of which less than 1 year	40.410	3.037	3.011	8.136	54.594
of which more than 1 year	5.364	0	0	2.157	7.521
Currency difference	-0.009	0	0	-0.008	-0.017
Utilisation	36.528	0.600	1.057	4.659	42.844
Reversal	0.285	1.837	0.073	1.672	3.867
Addition	31.479	0	0.793	9.004	41.276
<b>Value on 30/09/2016</b>	<b>40.431</b>	<b>0.600</b>	<b>2.674</b>	<b>12.958</b>	<b>56.663</b>
of which less than 1 year	32.891	0.600	2.674	10.421	46.586
of which more than 1 year	7.540	0	0	2.537	10.077

Personnel provisions primarily comprise amounts for profit sharing arrangements and bonuses as well as levies for failure to meet the required quota of severely handicapped employees and contributions for employer liability insurance associations. Provisions for obligations related to ongoing business operations essentially comprise provisions for guarantee obligations. Provisions for buildings comprise, amongst other items, maintenance costs, rent, power supply costs and other incidental costs. Other provisions have been set aside for numerous discernible individual risks.

The amount of reversals of EUR 2.923 million (previous year EUR 0) is offset against other expenses. Non-current provisions comprise interest expense totalling EUR 0.064 million (previous year EUR 0.129 million), of which a sum of EUR 0 (previous year EUR 0.011 million) is reported within net finance income/costs. Moreover, the provisions for personnel expenses include provisions for obligations arising from a management retention scheme in the amount of EUR 2.300 million (previous year EUR 2.717 million). The outflow of resources associated with non-current provisions depends on the individual case.

### [35] CURRENT AND NON-CURRENT BORROWINGS

Bertrandt AG issued a bonded loan of EUR 200.000 million in the fiscal year 2015/2016 with maturities of five, seven and ten years. When payment is due, 100 percent of the loan amount must be paid; there are no special redemption rights.

The current borrowings of EUR 2.367 million (previous year EUR 39.642 million) primarily result from accrued unpaid interest, issued cheques that have not yet been presented for payment and, in the previous year, from the partial use of credit facilities available.

As of 30 September 2016 the domestic and non-domestic interest rates on current and non-current borrowings were in the range between 0.4 percent and 6.3 percent (previous year 0.7 and 6.3 percent). The carrying amounts reported for current and the floating-rate non-current borrowings equal their fair values.

The maturities are as follows:

TABLE 55

Current and non-current borrowings				
EUR million	30/09/2016	< 1 year	1-5 years	> 5 years
<b>Borrowings</b>	<b>202.068</b>	<b>2.367</b>	<b>29.951</b>	<b>169.750</b>
<b>Previous year</b>	<b>30/09/2015</b>	<b>&lt; 1 year</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>
<b>Borrowings</b>	<b>39.642</b>	<b>39.642</b>	<b>0</b>	<b>0</b>

**[36] CURRENT AND NON-CURRENT OTHER LIABILITIES**

The carrying amounts of other liabilities approximate their fair values and were comprised of the following:

TABLE 56

Current and non-current other liabilities			
EUR million	30/09/2016	< 1 year	1-5 years
Taxes	22.602	22.602	0
Payroll and church tax	8.199	8.199	0
Social security	2.431	2.431	0
Wages and salaries	0.678	0.678	0
Personnel obligations	36.750	36.750	0
Advance payments received for outstanding	18.408	18.408	0
Minority interests	0.791	0.791	0
Miscellaneous other	6.414	6.168	0.246
<b>Other liabilities</b>	<b>96.273</b>	<b>96.027</b>	<b>0.246</b>
<b>Previous year</b>			
	30/09/2015	< 1 year	1-5 years
Taxes	17.445	17.445	0
Payroll and church tax	8.030	8.030	0
Social security	1.900	1.900	0
Wages and salaries	0.779	0.779	0
Personnel obligations	34.589	34.589	0
Advance payments received for outstanding	13.832	13.832	0
Minority interests	0	0	0
Miscellaneous other	10.070	9.792	0.278
<b>Other liabilities</b>	<b>86.645</b>	<b>86.367</b>	<b>0.278</b>

Miscellaneous other liabilities include an investment grant of EUR 0.278 million (previous year EUR 0.309 million) which was received as a government grant for a realised investment. In accordance with IAS 20, an amount of EUR 0.031 million (previous year EUR 0.123 million) was released to the income statement in the period under review based on the useful lives of the assets concerned. Progress billings came to a total of EUR 162.834 million (previous year EUR 119.138 million), of which EUR 144.426 million (previous year EUR 105.306 million) were offset with receivables from construction contracts (Note [27]). As was the case in the previous year, there are no other liabilities with a maturity of more than five years in fiscal 2015/2016. Refer to Note [44] for a breakdown of financial and non-financial liabilities.

**CURRENT LIABILITIES****[37] TAX PROVISIONS**

Tax provisions relate to income taxes calculated for the current and the previous fiscal years.

**[38] TRADE PAYABLES**

The carrying amounts largely approximate their fair values and are due for settlement in less than one year.

TABLE 57

Trade payables		
EUR million	30/09/2016	30/09/2015
<b>Trade payables</b>	<b>15.066</b>	<b>20.444</b>

**[39] NOTES ON THE CASH FLOW STATEMENT**

The cash flow statement shows how the Bertrandt Group's liquidity position has changed in the course of the year under review as a result of cash inflows and outflows regardless of the structure of the balance sheet. In accordance with IAS 7, cash flows are distinguished according to operating, investing and financing activities. The item cash and cash equivalents comprises solely the cash and cash equivalents recognised in the balance sheet.

The changes in the individual items are derived from the consolidated balance sheet and the consolidated income statement.

Using post-tax earnings as a basis, the cash flow statement was prepared using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature. Allowing for changes in working capital, cash flow from operating activities is EUR 90.631 million (previous year EUR 36.967 million). The changes in working capital are primarily due to cash transactions affecting the following balance sheet items: future receivables from construction contracts: EUR -25.212 million; trade receivables: EUR 22.249 million; trade payables: EUR 5.305 million.

There was a net cash outflow from investing activities of EUR -79.679 million (previous year EUR -82.313 million), which primarily comprised cash outflows for additions to assets. At EUR 10.952 million, free cash flow has significantly improved over the previous year (EUR -45.346 million). Cash used in financing activities amounted to EUR 136.033 million (previous year EUR 16.229 million) and mainly comprises cash inflows from the issue of a bonded loan, cash outflows for dividend payments and inflows from borrowings. Cash and cash equivalents are at EUR 159.821 million (previous year EUR 13.068 million).

**[40] NOTES ON SEGMENT REPORTING**

The Group uses the operating segments Digital Engineering, Physical Engineering and Electrical Systems/Electronics as a basis for controlling the Group's activities. Non-current assets within the meaning of IFRS 8 are measured at EUR 254.820 million (previous year EUR 203.886 million). Of this total, domestic non-current assets account for EUR 249.378 million (previous year EUR 199.031 million), while foreign non-current assets account for EUR 5.442 million (previous year EUR 4.855 million).

The Digital Engineering segment comprises the design of vehicle components such as powertrains, chassis or body as well as the development of complete vehicles including simulation and design engineering with CAD. This segment also includes the Company's aerospace business and Bertrandt Services GmbH.

The Physical Engineering segment covers activities related to design modelling, testing, vehicle construction, rapid prototyping and rapid tooling. It also comprises the construction of sheet metal prototypes and plastics engineering.

Activities related to conventional automotive electrical systems together with modern automotive electronics are bundled in the Electrical Systems/Electronics segment, including the development of electronic modules such as onboard networks, software development and simulated deployment.

Segment information is based on the same recognition and measurement principles as the consolidated financial statements. Internal revenues are invoiced at normal market prices in compliance with the arm's length principle. Income and expenses as well as inter-segment results have been eliminated.

TABLE 58

Segments								
EUR million								
	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total for all divisions	
01/10 until 30/09	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
Revenues	597.389	562.572	219.279	196.099	214.133	189.564	1.030.801	948.235
Transfer between segments	17.404	6.245	11.935	3.936	9.441	3.267	38.780	13.448
<b>Consolidated revenues</b>	<b>579.985</b>	<b>556.327</b>	<b>207.344</b>	<b>192.163</b>	<b>204.692</b>	<b>186.297</b>	<b>992.021</b>	<b>934.787</b>
<b>Operating profit</b>	<b>47.835</b>	<b>48.071</b>	<b>22.689</b>	<b>22.561</b>	<b>22.341</b>	<b>21.005</b>	<b>92.865</b>	<b>91.637</b>
Scheduled depreciation	9.448	7.272	18.008	16.019	2.269	1.902	29.725	25.193

Segment reporting is not required for assets and liabilities since they are not included in internal reporting at segment level.

**OTHER DISCLOSURES****[41] COLLATERAL PROVIDED**

As in the previous year, no collateral has been provided as of the balance sheet date.

**[42] CONTINGENT LIABILITIES**

As of the balance sheet date, the Company recorded contingent liabilities from land purchase agreements amounting to EUR 0 (previous year EUR 2.320 million).

**[43] OTHER FINANCIAL OBLIGATIONS**

Future financial obligations resulting from rental, maintenance and leasing contracts, which are carried at their nominal values, fall due as follows:

TABLE 59

Other financial obligations		
EUR million	30/09/2016	30/09/2015
< 1 year	60.185	76.416
1 - 5 years	38.048	35.157
> 5 years	13.452	3.819
<b>Total</b>	<b>111.685</b>	<b>115.392</b>

The Bertrandt Group leases certain items of property, plant and equipment. Under these leases, the risks and rewards incidental to ownership remain, to a large extent, exclusively with the lessor (operating lease). Of the other financial obligations, EUR 66.861 million (previous year EUR 53.462 million) arise from real estate rental contracts and leases. In addition financial obligations from leases for other items of property, plant and equipment arise in the amount of EUR 1.903 million for leases with terms of up to one year (previous year EUR 1.509 million), in the amount of EUR 1.643 million (previous year EUR 2.031 million) for leases with terms of one to five years and in the amount of EUR 0.144 million (previous year EUR 0.196 million) for leases with terms of more than five years. In addition, there are other financial obligations under supplier contracts for intangible assets of EUR 0.291 million (previous year EUR 0.572 million) and items of property, plant and equipment in the amount of EUR 18.364 million (previous year EUR 39.113 million).

**[44] FURTHER NOTES ON THE EFFECTS OF FINANCIAL INSTRUMENTS ON THE BALANCE SHEET**

The following table reconciles the line items of the balance sheet with the categories of financial instruments broken down by the carrying amounts and fair values of the financial instruments.



TABLE 60

Reconciliation of the line items of the balance sheet with the categories of financial instruments				
EUR million	Measured at fair value through profit and loss	Measured at amortised cost	Outside the scope of IFRS 7/ No measurement category under IAS 39	Balance sheet item 30/09/2016
	Carrying amount	Carrying amount	Fair value	Carrying amount
<b>Non-current assets</b>				
Investments accounted for using the equity method				5.077
Other financial assets		2.729	2.729	
Receivables and other assets		1.988	1.988	4.703
<b>Current assets</b>				
Receivable from construction contracts		114.130	114.130	
Receivables and other assets		192.867	192.867	21.984
Cash and cash equivalents		159.821	159.821	
<b>Non-current liabilities</b>				
Borrowings		199.701	211.044	
Other liabilities				0.246
<b>Current liabilities</b>				
Borrowings		2.367	2.367	
Trade payables		15.066	15.066	
Other liabilities		25.961	25.961	70.066
<b>Previous year</b>				
	Measured at fair value through profit and loss	Measured at amortised cost	Outside the scope of IFRS 7/ No measurement category under IAS 39	Balance sheet item 30/09/2015
	Carrying amount	Carrying amount	Fair value	Carrying amount
<b>Non-current assets</b>				
Investments accounted for using the equity method				4.367
Other financial assets		3.724	3.724	
Receivables and other assets		2.949	2.949	3.889
<b>Current assets</b>				
Receivable from construction contracts		139.342	139.342	
Receivables and other assets		170.418	170.418	15.921
Cash and cash equivalents		13.068	13.068	
<b>Non-current liabilities</b>				
Borrowings		0	0	
Other liabilities				0.278
<b>Current liabilities</b>				
Borrowings		39.642	39.642	
Trade payables		20.444	20.444	
Other liabilities		24.318	24.318	62.049

Pursuant to IFRS 13, financial instruments must be assigned to the three levels of the fair value hierarchy. The assignment to a particular level depends on the availability of observable market prices in an active market. Level one input is input available for financial instruments that are measured at quoted prices in active markets for identical assets or liabilities. Financial instruments that are measured using Level two inputs are measured on the basis of information other than quoted prices included within Level one, which are observable either directly or indirectly. Level three refers to market data for the measurement of financial instruments that are unobservable. Interest rate derivatives and foreign exchange forward contracts are categorised as Level two, other derivatives as Level three. The fair value of the fixed-rate tranches of the bonded loan, which are recorded at amortised cost, are determined based on the market interest curve using the zero-coupon method taking credit spreads into account (Level two). The values include interest accrued as of the reporting.

The fair values of the derivatives are determined applying methods normally used in the market. Because of short maturities of the current financial instruments, it is assumed that the fair values obtained by measuring them at amortised cost are equal to their carrying amounts. As in the previous year, there were no transfers between the three levels of the fair value hierarchy. A sensitivity analysis is performed every year, analysing and evaluating internal and external information and conditions for their probability of occurrence and the resulting financial burdens. As in the previous year, the sensitivity analysis did not lead to any change in the carrying amount.

#### [45] MANAGEMENT OF FINANCIAL RISKS

##### Hedging policies and principles of financial risk management

As an engineering service provider operating on an international scale, the Bertrandt Group is exposed to a variety of financial risks: Bertrandt primarily distinguishes the following types of risks:

- Liquidity Risk
- Default and credit risk
- Market price risk

The controlling, monitoring and management of financial risks is carried out by the Group's central Treasury department under policies approved by the Management Board. The aim is to recognise risks in good time and take suitable countermeasures to minimise potential adverse effects. Currently there is no concentration of financial risks.

Liquidity risks can arise from deterioration in operating business or as a result of credit and market price risks. The Bertrandt Group manages liquidity risks by means of short- and long-term liquidity planning in the light of existing credit facilities. These plans are monitored and updated on an ongoing basis. To safeguard the Company's liquidity in the long term and finance its long-term investments, Bertrandt AG issued a bonded loan of EUR 200.000 million in the fiscal year 2015/2016. As a matter of principle, Bertrandt AG maintains cash pooling arrangements with its German subsidiaries via banks. The foreign subsidiaries are provided with funds by means of loans from banks or Group entities. Moreover, the Bertrandt Group has sufficient unused credit facilities and also has access to alternative financing instruments. A material part of the facilities agreements is secured on a medium-term basis. Under the terms of an option agreement, the Group may face a maximum theoretical liquidity and credit risk involving a gross liability of EUR 2.500 million (previous year EUR 2.000 million) in the event of immediate exercise of the option. We do not expect the option to be exercised and, moreover, collateral is available for immediate liquidation, hence a net liability of close to EUR 0 is recorded, as in the previous year.

The following table sets out the agreed (undiscounted) capital payments on the original financial liabilities:

TABLE 61

Originated financial liabilities				
EUR million	Carrying amount		Payment obligations	
	30/09/2016	2016/2017	2017/2018 until 2020/2021	2021/2022 ff.
Borrowings	202.068	2.878	41.417	184.212
Trade payables	15.066	15.066	0	0
Other liabilities	25.961	25.961	0	0
<b>Previous year</b>	<b>30/09/2015</b>	<b>2015/2016</b>	<b>2016/2017 until 2019/2020</b>	<b>2020/2021 ff.</b>
Borrowings	39.642	39.642	0	0
Trade payables	20.444	20.444	0	0
Other liabilities	24.318	24.318	0	0

Financial instruments for which payments have already been agreed as of the balance sheet date are included in the portfolio. Payment obligations und floating-rate and fixed-rate financial instruments were calculated using the interest rates last determined prior to the balance sheet date. These calculations do not include budgeted figures for future liabilities. Foreign-currency items were translated using the spot exchange rate prevailing on the balance sheet date. Financial liabilities repayable on demand were assigned to the latest maturity band.

The Group has policies in place to ensure that its contractual parties fulfil certain creditworthiness criteria prior to the conclusion of a contract and during its term. The risk of default is limited to the greatest possible extent by means of preventive credit rating checks and ongoing monitoring of accounts receivable. There were no material payment defaults during the 2015/2016 financial year. The risk of default in the future is also rated as minor thanks to the mainly good creditworthiness of our customers and our proactive receivables management. Individual risks are addressed by means of credit guarantee insurance cover as required in individual cases. The default risk of trade receivables reported as of the balance sheet date is covered by the provisions for impairment. The carrying amounts of the future receivables under construction contracts, the other receivables, other assets, and other loans recorded in the balance sheet in the amount of EUR 338.401 million (previous year EUR 336.243 million) represent the maximum default risk.

Cash and cash equivalents are placed in short-term investments free of any risk exposure.

The following table shows the credit and default risks applicable to financial assets according to their gross carrying amounts:

TABLE 62

Credit and default risk of financial assets				
EUR million	Neither overdue nor impaired	Overdue but not impaired	Impaired	30/09/2016
Future receivables from construction contracts	114.130	0	0	114.130
Trade receivables	157.686	31.775	3.483	192.944
Other assets	4.977	0	0.152	5.129
	<b>279.522</b>	<b>31.775</b>	<b>3.635</b>	<b>314.932</b>
<b>Previous year</b>	<b>Neither overdue nor impaired</b>	<b>Overdue but not impaired</b>	<b>Impaired</b>	<b>30/09/2015</b>
Other loans	3.724	0	0	3.724
Future receivables from construction contracts	139.342	0	0	139.342
Trade receivables	132.470	34.410	4.283	171.163
Other assets	5.737	0	0.152	5.889
	<b>281.273</b>	<b>34.410</b>	<b>4.435</b>	<b>320.118</b>

The following table breaks down the age of financial assets past due which were not impaired, as at the balance sheet date:

TABLE 63

Age of financial assets past due as the reporting date but not impaired				
EUR million	until 30 days	31 to 90 days	more than 90 days	30/09/2016
<b>Previous year</b>	<b>until 30 days</b>	<b>31 to 90 days</b>	<b>more than 90 days</b>	<b>30/09/2015</b>
Trade receivables	17.787	11.534	5.089	34.410

There was no evidence of any impairment in the value of the assets which were due and overdue as of the balance sheet date but for which no impairment provisions have been made.

The provisions for impairment of trade receivables and other assets are as follows:

TABLE 64

Adjustments made to financial assets		
EUR million	2015/2016	2014/2015
<b>Value on 01/10</b>	<b>3.685</b>	<b>3.867</b>
Addition	0.357	0.076
Utilisation	0.356	0.024
Reversal	0.468	0.234
<b>Value on 30/09</b>	<b>3.218</b>	<b>3.685</b>

In the year under review, expense from derecognised receivables came to EUR 0.039 million (previous year EUR 0.024 million) and income from derecognised receivables was EUR 0.001 million (previous year EUR 0.020 million).

The Group is exposed to market price risks, i.e. primarily risks arising from changes in interest and exchange rates. The Group pursues a strategy of hedging such risks adequately. Group Treasury utilises suitable medium-term interest derivatives to hedge interest risk. Foreign currency risks are generally addressed by ensuring that transactions are mainly invoiced in the applicable functional currency (natural hedges). Failing this, foreign exchange forwards are used, as a rule, to hedge the risk. Such hedges are transacted centrally via Group Treasury. As of the balance sheet date no hedges were outstanding.

In accordance with IFRS 7, sensitivity analyses are performed to present the interest risks to which the Company is exposed. These analyses show the effects of changes in market interest rates, interest payments as well as interest income and expense. If interest rates in the market had been 100 basis points higher, earnings would have been higher by EUR 1.490 million (or, in the previous year, lower by EUR 0.266 million). If interest rates in the market had been 100 basis points lower, earnings would have been lower by EUR 0.394 million (or, in the previous year, lower by EUR 0.029 million). Financial instruments measured at amortised cost and subject to a fixed rate of interest are not exposed to any interest risks as defined in IFRS 7.

The Bertrandt Group is exposed to a rather insignificant currency translation risk as all business is invoiced in the local functional currency. Accordingly, a change in the value of the euro against the foreign currency in question has only a minor influence on profit or loss. Underlying transactions not denominated in the functional currency (receivables under construction contracts) are generally hedged by means of foreign exchange forwards. As in the previous year, there were no foreign exchange forwards as of the balance sheet date.

#### [46] DISCLOSURES ON CAPITAL MANAGEMENT

The Bertrandt Group pursues the goal of safeguarding its going concern status on a long-term basis and protecting the interests of its shareholders, employees and all other users of this annual report.

The capital structure is managed in the light of any changes in general economic conditions and risks arising from underlying assets.

The Group is committed to a strategy of steady and enduring growth in its enterprise value.

Its equity corresponds to the equity shown on the balance sheet. As of 30 September 2016, the ratio of equity to total assets (equity ratio) was 46.9 percent (previous year 56.9 percent).

For more detailed explanations see the management report and the statement of changes in equity.

#### [47] DISCLOSURES PURSUANT TO THE GERMAN SECURITIES TRADING ACT (WPHG)

##### Disclosure pursuant to Sections 21 (1), 22 (1) sent. 1 no. 1 and no. 6, sent. 2 WpHG

In a letter dated 15 December 2005, which we received on 23 December 2005, CSI Asset Management Establishment, Vaduz, Liechtenstein notified us pursuant to Section 21 (1) WpHG that its share of voting rights in Bertrandt AG had fallen below the 5 percent voting rights threshold on 12 December 2005 and now stands at 3.77 percent. Of this, 3.77 percent of the voting rights are attributable to CSI Asset Management Establishment according to Section 22 (1) no. 1 and no. 6 in conjunction with sent. 2 WpHG.

##### Disclosure pursuant to Sections 21 (1), 22 (1) sent. 1 no. 1 and no. 6 WpHG

In a letter dated 15 December 2005, which we received on 23 December 2005, Absolute Capital Management Holding Limited, Grand Cayman, Cayman Island, notified us pursuant to Section 21 (1) WpHG that its share of voting rights in Bertrandt AG had fallen below the 5 percent voting rights threshold on 12 December 2005 and now stands at 3.77 percent. Of this, 3.77 percent of the voting rights are attributable to Absolute Capital Management Holdings Limited according to Section 22 (1) no. 1 and no. 6 WpHG.

**Disclosure pursuant to Sections 21 (2), sent. 1 and 22 (1) sent. 1 no. 2 WpHG**

a) In accordance with Section 21 (1) sent. 1 WpHG, Porsche GmbH, Stuttgart, Porsche GmbH, Salzburg (Austria), Louise Daxer-Piëch GmbH, Stuttgart, Ferdinand Alexander Porsche GmbH, Stuttgart, Gerhard Porsche GmbH, Stuttgart, Wolfgang Porsche GmbH, Stuttgart, Hans-Peter Porsche GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg (Austria), Louise Daxer-Piëch GmbH, Salzburg (Austria), Prof. Ferdinand Alexander Porsche GmbH, Salzburg (Austria), Gerhard Anton Porsche GmbH, Salzburg (Austria), Ing. Hans-Peter Porsche GmbH, Salzburg (Austria), Louise Daxer-Piëch, Vienna (Austria), Mag. Josef Ahorner, Vienna (Austria), Mag. Louise Kiesling, Vienna (Austria), Prof. Ferdinand Alexander Porsche, Gries/Pinzgau (Austria), Dr. Oliver Porsche, Salzburg (Austria), Kai-Alexander Porsche, Innsbruck (Austria), Mark Philipp Porsche, Innsbruck (Austria), Gerhard Anton Porsche, Mondsee (Austria), Dr. Wolfgang Porsche, Munich, Hans-Peter Porsche, Salzburg (Austria) and Peter Daniell Porsche, Hallein/Rif (Austria) each informed us on 27 March 2006 that the share of voting rights in Bertrandt AG held by each of the aforementioned disclosing parties had exceeded the 25 percent threshold on

- 11 February 2002 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 26 February 2002 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- had reached the threshold of 25 percent on 26 September 2003 and thereupon stood at 25.00 percent;
- had fallen below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 1 September 2004 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 24 October 2005, thereupon standing at 25.01 percent, and as of now stands at 25.14 percent and that the aforementioned shares of voting rights were or are attributable to the aforementioned parties in accordance with Section 22 (1) sent. 1 no. 1 WpHG.

b) In accordance with Section 21 (1) sent. 1 WpHG Familie Porsche Beteiligung GmbH, Stuttgart informed us on 27 March 2006 that the share of voting rights of Familie Porsche Beteiligung GmbH in Bertrandt AG

- had exceeded the 5 percent and 10 percent thresholds on 30 December 2002 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- had reached the threshold of 25 percent on 26 September 2003 and thereupon stood at 25.00 percent;
- had fallen below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 1 September 2004 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent and
- had exceeded the 25 percent threshold on 24 October 2005, thereupon standing at 25.01 percent, and as of now stands at 25.14 percent and that the aforementioned shares of voting rights were or are attributable to Familie Porsche Beteiligung GmbH in accordance with Section 22 (1) sent. 1 no. 1 WpHG.

c) In accordance with Section 21 (1) sent. 1 WpHG, Familie Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart informed us on 27 March 2006 that the share of voting rights of Familie Porsche-Daxer-Piëch Beteiligung GmbH in Bertrandt AG

- had exceeded the 5 percent and 10 percent thresholds on 19 December 2003 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 1 September 2004 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent and had exceeded the 25 percent threshold on 24 October 2005, thereupon standing at 25.01 percent and as of now stands at 25.14 percent and that the aforementioned shares of voting rights were or are attributable to Familie Porsche-Daxer-Piëch Beteiligung GmbH in accordance with Section 22 (1) sent. 1 no. 1 WpHG.

d) In accordance with Section 21 (1) sent. 1 WpHG, Ferdinand Piëch GmbH, Wiernsheim, Hans-Michel Piëch GmbH, Wiernsheim, Dipl.-Ing. Dr.h.c. Ferdinand Piëch GmbH, Salzburg (Austria), Dr. Hans Michel Piëch GmbH, Salzburg (Austria), Dr. Ferdinand Piëch, Salzburg (Austria), and Dr. Hans Michel Piëch, Salzburg (Austria), each informed us on 27 March 2006 that the share of voting rights in Bertrandt AG held by each of the aforementioned disclosing parties

- had exceeded the 25 percent threshold on 11 February 2002 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 26 February 2002 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 19 March 2003 and thereupon stood at 25.01 percent;
- had reached the threshold of 25 percent on 26 September 2003 and thereupon stood at 25.00 percent;
- had fallen below the 25 percent threshold on 29 September 2003 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 14 January 2004 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 1 September 2004 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 17 February 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 11 March 2005 and thereupon stood at 24.998 percent;
- had exceeded the 25 percent threshold on 18 May 2005 and thereupon stood at 25.01 percent;
- had fallen below the 25 percent threshold on 28 September 2005 and thereupon stood at 24.99 percent;
- had exceeded the 25 percent threshold on 24 October 2005, thereupon standing at 25.01 percent, and as of now stands at 25.14 percent and that the aforementioned shares of voting rights were or are attributable to the aforementioned parties in accordance with Section 22 (1) sent. 1 no. 1 WpHG.

**Disclosure pursuant to Section 21 (1) WpHG**

In a letter dated 17 November 2006, Familie Porsche Holding GmbH, domiciled in Salzburg, A-5020 Salzburg, Austria, informed us in accordance with Section 21 (1) sent. 1 WpHG that the share of voting rights in Bertrandt AG held by the disclosing party had exceeded the 5 percent, 10 percent and 25 percent thresholds respectively on 13 November 2006 and as of now stands at 25.01 percent. Pursuant to Section 22 (1) sent. 1 no. 1 WpHG, these shares of voting rights are attributable to the disclosing party.

**Disclosure pursuant to Section 21 (1) sent. 1 WpHG**

In a letter dated 8 November 2010, received by us on the same date, Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG with registered offices in Stuttgart informed us in accordance with Section 21 (1) WpHG that its share of voting rights in Bertrandt AG had exceeded the 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent thresholds on 29 September 2010 and as of that day stands at 25.01 percent (2,537,095 voting rights).

All of the aforementioned 2,537,095 voting rights are attributable to the disclosing entity in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following controlled companies whose share of voting rights in Bertrandt AG is or exceeds three percent in each case: Wolfgang Porsche GmbH, Familie Porsche Beteiligung GmbH, both with registered offices in Grünwald and Porsche Automobil Holding SE, Porsche Zwischenholding GmbH and Dr. Ing. h.c. F. Porsche Aktiengesellschaft, all with registered offices in Stuttgart.

The voting rights did not accrue through the exercise of any rights of acquisition vesting through financial instruments in accordance with Section 25 (1), sent. 1 WpHG.

**Disclosure pursuant to Section 26 (1) sent. 1 WpHG**

We were informed by Friedrich Boysen-Unternehmensstiftung with registered offices in Altensteig, Germany that its share of voting rights in Bertrandt AG had exceeded the threshold of 10 percent of voting rights on 21 February 2011 and as of that date stands at 14.9 percent (1,511,343 voting rights). These voting rights are held by Friedrich Boysen Holding GmbH with registered offices in Altensteig, Germany and are attributable to Friedrich Boysen-Unternehmensstiftung in accordance with Section 22 (1) sent. 1 no. 1 WpHG.

The 7.45 percent of the voting rights (755,671 voting rights) acquired by Friedrich Boysen Holding GmbH accrued to said company through the exercise of rights to buy shares in Bertrandt AG granted by financial instruments in accordance with Section 25 (1), sent. 1 WpHG.

**Disclosure pursuant to Section 26 (1) sent. 1 WpHG**

We were informed by Friedrich Boysen Holding GmbH with registered offices in Altensteig, Germany that its share of voting rights in Bertrandt AG had exceeded the threshold of 10 percent of voting rights on 21 February 2011 and as of that date stands at 14.9 percent (1,511,342 voting rights).

The 7.45 percent of the voting rights (755,671 voting rights) acquired by Friedrich Boysen Holding GmbH accrued to said company through the exercise of rights to buy shares in Bertrandt AG granted by financial instruments in accordance with Section 25 (1), sent. 1 WpHG.

**Disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 28 February 2011, received by us on the same day, we were informed by b.invest AG with registered offices in Ehningen, Germany, that its share of voting rights in Bertrandt AG had exceeded the threshold of 3 percent of voting rights on 24 February 2011 and as of that date stands at 4.8 percent (486,876 voting rights).

**Disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 31 May 2011, received by us on the same day, we were informed by MainFirst SICAV with registered offices in Senningerberg, Luxembourg that its share of voting rights in Bertrandt AG had exceeded the threshold of 3 percent of voting rights on 31 May 2011 and as of that date stands at 3.868 percent (392,369 voting rights) and that no financial instruments had been used.

**Disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 12 August 2013, received by us on the same day, we were informed by LK Holding GmbH, Salzburg, Austria, in accordance with Section 21 (1) WpHG that its share of voting rights in Bertrandt AG had exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent of voting rights on 10 August 2013 and as of that date stands at 25.01 percent (equivalent to 2,537,095 voting rights). All of the aforementioned 2,537,095 voting rights are attributable to LK Holding GmbH, Salzburg, Austria in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following companies controlled by it whose share of voting rights in Bertrandt AG is or exceeds 3 percent in each case: Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, Porsche Holding Stuttgart GmbH, Stuttgart, Volkswagen Aktiengesellschaft, Wolfsburg, Porsche Automobil Holding SE, Stuttgart, Familien Porsche-Kiesling Beteiligung GmbH, Grünwald and Louise Daxer-Piech GmbH, Grünwald.

**Disclosure pursuant to Section 26 (1) sent. 1 WpHG**

I. In a letter dated 11 September 2013, which we received on the same day, Ahorner Alpha Beteiligungs GmbH with registered offices in Grünwald, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Ahorner Alpha Beteiligungs GmbH with registered offices in Grünwald, Germany exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent on 11 September 2014 and as of that day stands at 25.01 percent of voting rights (equivalent to 2,537,095 voting rights).

All of the aforementioned voting rights are attributable to Ahorner Alpha Beteiligungs GmbH with registered offices in Grünwald, Germany, in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following companies controlled by it whose share of voting rights in Bertrandt AG is or exceeds three percent in each case: Porsche Automobil Holding SE, Stuttgart; VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg; Porsche Holding Stuttgart GmbH, Stuttgart; Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart.

II. In a letter dated 11 September 2013, which we received on the same day, Ahorner Beta Beteiligungs GmbH with registered offices in Grünwald, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Ahorner Beta Beteiligungs GmbH with registered offices in Grünwald, Germany, exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent on 11 September 2013 and as of that day stands at 25.01 percent of voting rights (equivalent to 2,537,095 voting rights).

All of the aforementioned voting rights are attributable to Ahorner Beta Beteiligungs GmbH with registered offices in Grünwald, Germany, in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following companies controlled by it whose share of voting rights in Bertrandt AG is or exceeds 3 percent in each case: Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart; VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg; Porsche Holding Stuttgart GmbH, Stuttgart; Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart.

III. In a letter dated 11 September 2013, which we received on the same day, Louise Daxer-Piech GmbH with registered offices in Salzburg, Austria, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Louise Daxer-Piech GmbH with registered offices in Salzburg, Austria, exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent on 11 September 2013 and as of that day stands at 25.01 percent of voting rights (equivalent to 2,537,095 voting rights).

All of the aforementioned voting rights are attributable to Louise Daxer-Piech GmbH with registered offices in Salzburg, Austria, in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following companies controlled by it whose share of voting rights in Bertrandt AG is or exceeds 3 percent in each case: Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart; VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg; Porsche Holding Stuttgart GmbH, Stuttgart; Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart.

IV. In a letter dated 11 September 2013, which we received on the same day, Ahorner Holding GmbH with registered offices in Salzburg, Austria, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany, held by Ahorner Holding GmbH with registered offices in Salzburg, Austria exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent on 11 September 2013 and as of that day stood at 25.01 percent of voting rights (equivalent to 2,537,095 voting rights).

All of the aforementioned voting rights are attributable to Ahorner Holding GmbH with registered offices in Salzburg, Austria, in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following companies controlled by it whose share of voting rights in Bertrandt AG is or exceeds three percent in each case: Louise Daxer-Piech GmbH, Salzburg; Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart; VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg; Porsche Holding Stuttgart GmbH, Stuttgart; Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart.

**Publication of disclosures pursuant to Section 26 (1) sent. 1 WpHG**

1. In a letter dated 2 July 2014, which we received on the same day, Vermögensverwaltungsgesellschaft Familie Bichler bR, Iptingen, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Vermögensverwaltungsgesellschaft Familie Bichler bR, Iptingen, Germany, fell below the threshold of 5 percent on 2 July 2014 and as of that day stood at 3.94 percent (400,000 voting rights).

2. In a letter dated 2 July 2014, which we received on the same day, Dietmar Bichler, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany, held by Dietmar Bichler, Germany fell below the threshold of 5 percent on 2 July 2014 and as of that day stood at 3.94 percent (400,000 voting rights).

All of the aforementioned voting rights are attributable to Dietmar Bichler, Germany, in accordance with Section 22 (1) sent. 1 no. 1 WpHG via the following controlled company whose share of voting rights in Bertrandt Aktiengesellschaft is or exceeds 3 percent: Vermögensverwaltungsgesellschaft Familie Bichler bR, Iptingen, Germany.

**Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 20 July 2015, which we received on the same day, Dr. Geraldine Porsche, Austria, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany, held by Dr. Geraldine Porsche, Austria, exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent on 14 July 2015 and as of that day stands at 28.97 percent of voting rights (equivalent to 2,938,189 voting rights). Pursuant to Section 22 (1) sent. 1 no. 1 WpHG, these shares of voting rights are attributable to Dr. Geraldine Porsche, Austria. Names of the controlled companies to which at least 3 percent of the shares are attributable pursuant to Section 22 (1) sent. 1 no. 1 WpHG: Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH; Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart; VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg; Porsche Holding Stuttgart GmbH, Stuttgart; Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart.

In a letter dated 20 July 2015, which we received on the same day, Ms Diana Porsche, Austria, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany, held by Ms Diana Porsche, Austria, exceeded the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent and 25 percent on 14 July 2015 and as of that day stands at 28.97 percent of voting rights (equivalent to 2,938,189 voting rights). Pursuant to Section 22 (1) sent. 1 no. 1 WpHG, these shares of voting rights are attributable to Ms Diana Porsche, Austria. Names of the controlled companies to which at least 3 percent of the shares are attributable pursuant to Section 22 (1) sent. 1 no. 1 WpHG: Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche

GmbH; Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart; VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg; Porsche Holding Stuttgart GmbH, Stuttgart; Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart.

**Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 6 May 2016, which we received on the same day, Allianz Global Investors GmbH with registered offices in Frankfurt am Main, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Allianz Global Investors GmbH with registered offices in Frankfurt am Main, Germany, stood at 3.16 percent of voting rights (equivalent to 320,991 of the total of 10,143,240 voting rights) as of 3 May 2016.

Of these voting rights, 3.16 percent (equivalent to 320,991 of the total of 10,143,240 voting rights) are attributable to Allianz Global Investors GmbH with registered offices in Frankfurt am Main, Germany in accordance with Section 22 WpHG. Complete chain of entities, beginning with the ultimate controlling entity: Allianz SE; Allianz Asset Management AG; Allianz Global Investors GmbH (3.16 percent of voting rights).

**Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 27 May 2016, which we received on the same day, BNY Mellon Service Kapitalanlage-Gesellschaft mbH with registered offices in Frankfurt am Main, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by BNY Mellon Service Kapitalanlage-Gesellschaft mbH with registered offices in Frankfurt am Main, Germany, stood at 3.15 percent of voting rights (equivalent to 319,900 of the total of 10,143,240 voting rights) as of 25 May 2016.

These voting rights are attributable to BNY Mellon Service Kapitalanlage-Gesellschaft mbH with registered offices in Frankfurt am Main, Germany in accordance with Section 22 WpHG. BNY Mellon Service Kapitalanlage-Gesellschaft mbH with registered offices in Frankfurt am Main, Germany is neither controlled by, nor does it exercise control over other companies with notifiable voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany.

**Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 31 May 2016, which we received on the same day, Allianz Global Investors GmbH with registered offices in Frankfurt am Main, Germany, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Allianz Global Investors GmbH with registered offices in Frankfurt am Main, Germany, stood at 2.98 percent of voting rights (equivalent to 302,591 of the total of 10,143,240 voting rights) as of 25 May 2016.

Of these voting rights, 2.98 percent (equivalent to 302,591 of the total of 10,143,240 voting rights) are attributable to Allianz Global Investors GmbH with registered offices in Frankfurt am Main, Germany in accordance with Section 22 WpHG. Complete chain of entities, beginning with the ultimate controlling entity: Allianz SE; Allianz Asset Management AG; Allianz Global Investors GmbH.

**Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 1 June 2016 and a letter dated 16 June 2016, which we received on the same days respectively, Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche and Felix Alexander Porsche, following an internal group restructuring, provided the following voluntary disclosure of group voting rights pursuant to Sections 21 (1) and 24 WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany, held by Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche and Felix Alexander Porsche, as of 1 June 2016 and 15 June 2016 stood at 28.97 percent of voting rights (equivalent to 2,938,189 voting rights).

These shares of voting rights are attributable to Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche and Felix Alexander Porsche in accordance with Section 22 WpHG. Names of shareholders with a share of voting rights equal to or exceeding 3 percent: Dr. Ing. h.c. F. Porsche Aktiengesellschaft. Complete chain of entities, beginning with the ultimate controlling entity: Strand 1: Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche; Familie WP Holding GmbH; Dr. Wolfgang Porsche Holding GmbH; Ferdinand Alexander Porsche GmbH; Familie Porsche Beteiligung GmbH; Porsche Automobil Holding SE; VOLKSWAGEN AKTIENGESELLSCHAFT; Porsche Holding Stuttgart GmbH, Dr. Ing. h.c. F. Porsche Aktiengesellschaft (28.97 percent of voting rights); strand 2: Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche; Ferdinand Porsche Familien-Privatstiftung; Ferdinand Porsche Familien-Holding GmbH, Ferdinand Alexander Porsche GmbH; Familie Porsche Beteiligung GmbH; Porsche Automobil Holding SE; VOLKSWAGEN AKTIENGESELLSCHAFT; Porsche Holding Stuttgart GmbH, Dr. Ing. h.c. F. Porsche Aktiengesellschaft (28.97 percent of voting rights).

**Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 2 August 2016, which we received on the same day, Peter Zaldivar provided the following disclosure of voting rights pursuant to Sections 22 (1) and 24 WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Peter Zaldivar stood at 3.01 percent of voting rights (equivalent to 305,129 of the total of 10,143,240 voting rights) as of 28 July 2016.

These shares of voting rights are attributable to Peter Zaldivar in accordance with Section 22 WpHG. Complete chain of entities, beginning with the ultimate controlling person: Peter Zaldivar, Kabouter Management, LLC (3.01 percent of voting rights).

**Disclosures pursuant to the German Securities Trading Act (WpHG) made after 30 September 2016****Publication of a disclosure pursuant to Section 26 (1) sent. 1 WpHG**

In a letter dated 31 October 2016, which we received on the same day, Kabouter International Opportunities Fund II, LLC with registered offices in Chicago, USA, provided the following disclosure of voting rights pursuant to Section 21 (1) WpHG:

The share of the voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany held by Kabouter International Opportunities Fund II, LLC with registered offices in Chicago, USA, stood at 3.05 percent of voting rights (equivalent to 309,538 of the total of 10,143,240 voting rights) as of 26 October 2016. Kabouter International Opportunities Fund II, LLC with registered offices in Chicago, USA is neither controlled by, nor does it exercise control over other companies with notifiable voting rights in Bertrandt Aktiengesellschaft with registered offices in Ehningen, Germany.

**[48] DECLARATION OF CONFORMITY TO THE GERMAN CORPORATE GOVERNANCE CODE**

The declaration of conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act has been submitted by the Management Board and the Supervisory Board. It is available on the Bertrandt website at "<http://www.bertrandt.com/en/investor-relations/corporate-governance.html>".

**[49] MATERIAL EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the reporting period of 1 October 2015 to 30 September 2016.

**[50] DISCLOSURE ON THE COMPANY'S CORPORATE GOVERNANCE BODIES**

The Company's corporate governance bodies are related parties pursuant to IAS 24.

**Management Board****Dietmar Bichler****Chairman of the Management Board**

- President of the Board of Directors Bertrandt France S.A., Bièvres
- Member of the Board of Directors of b.invest AG, Ehningen
- Member of the Supervisory Board of MAHLE GmbH, Stuttgart
- Member of the Supervisory Board of Lindauer DORNIER GmbH, Lindau

**Hans-Gerd Claus****Member of the Management Board****Engineering****Michael Lücke****Member of the Management Board****Sales**

- Member of the Board of Directors of Bertrandt France S.A., Bièvres
- Member of the Board of Directors of Bertrandt UK Limited, Dunton
- Member of the Board of Directors of Bertrandt US Inc., Detroit

**Markus Ruf****Member of the Management Board****Finance**

- Member of the Board of Directors of Bertrandt France S.A., Bièvres

The total remuneration for current members of the Management Board for fiscal 2015/2016 is EUR 7.528 million (previous year EUR 7.222 million) and includes a fixed amount and a performance-related component. The compensation paid to the members of the Management Board is disclosed for the individual members in the remuneration report section in the management report. The additions to provisions for pensions for Management Board members include service cost of EUR 0.081 million for the current fiscal year (previous year EUR 0.086 million). Furthermore, provisions amounting to EUR 1.714 million (previous year EUR 1.887 million) have been set aside to cover post-retirement benefits payable to a former member of the Management Board and pensions in the amount of EUR 0.043 million (previous year EUR 0 million) were paid.

The following table provides an overview of the holdings of Bertrandt shares of Management Board members during the 2015/2016 fiscal year:

\_\_\_ TABLE 65

Shares owned by members of the Management Board		
number	Shares	
	Balance at 30/09/2016	Balance at 30/09/2015
Dietmar Bichler	400,000	400,000
Hans-Gerd Claus	0	0
Michael Lücke	0	0
Markus Ruf	0	0
<b>Total</b>	<b>400,000</b>	<b>400,000</b>

Options are not disclosed here as there is currently no option programme.

### Supervisory Board

#### Dr Klaus Bleyer

##### Chairman of the Supervisory Board

- Chairman of the Supervisory Board of Lindauer DORNIER GmbH, Lindau
- Chairman of the Supervisory Board of Jost-Global GP S.à.r.l., Luxemburg (until 27/10/2016)

#### Maximilian Wölfle

##### Deputy Chairman of the Supervisory Board

- Chairman of the Advisory Board of J. WIZEMANN GmbH & Co. KG, Stuttgart
- Chairman of the Advisory Board of Heinrich von Wirth GmbH & Co. KG, Stuttgart
- Deputy Chairman of the Advisory Board of SÜDWESTBANK AG, Stuttgart
- Member of the Advisory Board of PAUL LANGE & Co. OHG, Stuttgart
- Member of the Supervisory Board of Schwabenverlag AG, Ostfildern

#### Horst Binnig

- Chairman of the Executive Board of Rheinmetall Automotive AG (formerly KSPG AG), Neckarsulm
- Member of the Executive Board of Rheinmetall AG, Düsseldorf
- Chairman of the Board of Directors of Kolbenschmidt Pierburg Shanghai Nonferrous Component Co., Ltd., Shanghai
- Deputy Chairman of the Board of Directors of Kolbenschmidt Shanghai Piston Co., Ltd., Shanghai
- Deputy Chairman of the Supervisory Board of KS HUAYU Alu Tech GmbH, Neckarsulm
- Chairman of the Supervisory Board of KS Kolbenschmidt GmbH, Neckarsulm
- Chairman of the Supervisory Board of KS Gleitlager GmbH, St.-Leon-Rot
- Chairman of the Supervisory Board of Pierburg GmbH, Neuss
- Vice Chairman of the Board of Directors of Pierburg HUAYU Pump Technology Co. Ltd., Shanghai
- Director of KSPG Holding USA, Inc, Marinette
- Chairman of the Supervisory Board of Pierburg Pump Technology GmbH, Neuss
- Chairman of the Board of Directors of KSPG (China) Investment Co., Ltd., Shanghai

#### Prof. Dr-Ing. Wilfried Sihh

- Professor of Operating Engineering and System Planning at the Institute of Management Science of the Technical University of Vienna, Vienna
- Director of the Institute of Management Science (IMW) of the Technical University of Vienna, Vienna (since 01/01/2016)
- Managing Director of Fraunhofer Austria Research GmbH, Vienna
- Member of the Board of Directors of Baumer Holding AG, Frauenfeld (until 30/03/2016)
- Member of the Board of Directors of Glutz AG, Soloturn
- Member of the Advisory Board of Herrmann Ultraschall GmbH & Co. KG, Karlsbad Ittersbach

- Member of the Advisory Board of Karl Klink GmbH, Niefern-Öschelbronn
- Member of the Advisory Board of Wittenstein AG, Harthausen (since 01/03/2016)
- Member of the Advisory Board of EVN AG, Maria Enzersdorf (since 01/10/2016)

#### Stefanie Blumenauer

##### Employee representative

- Commercial clerk

#### Astrid Fleischer

##### Employee representative

- Technical draughtswoman

Fixed compensation of the Supervisory Board members for their activity amounted to EUR 0.320 million in total in fiscal 2015/2016 (previous year EUR 0.320 million).

The amounts paid to the individual members of the Supervisory Board were as follows:

\_\_\_ TABLE 66

Supervisory Board compensation	
EUR	Fixed
	2015/2016
Dr Klaus Bleyer	112,000
Maximilian Wölfle	64,000
Horst Binnig	40,000
Prof. Dr-Ing. Wilfried Sihh	40,000
Stefanie Blumenauer	32,000
Astrid Fleischer	32,000
<b>Total</b>	<b>320,000</b>

The employee representatives on the Supervisory Board received usual salaries as provided for in their employment contracts, including statutory social security contributions. Other than this, the members of the Supervisory Board did not receive any compensation or benefits in the 2015/2016 fiscal year for services provided in a personal capacity, in particular those involving consulting and brokerage services.

The Bertrandt shares held by members of the Supervisory Board are broken down as follows:

\_\_\_ TABLE 67

Shares owned by members of the Supervisory Board		
number	Shares	
	Balance at 30/09/2016	Balance at 30/09/2015
Dr Klaus Bleyer	0	0
Maximilian Wölfle	0	0
Horst Binnig	0	0
Prof. Dr-Ing. Wilfried Sihh	0	0
Stefanie Blumenauer	0	0
Astrid Fleischer	98	84
<b>Total</b>	<b>98</b>	<b>84</b>

Options are not disclosed here as there is currently no option programme.



## [51] SHARES OWNED BY BERTRANDT AG

TABLE 68

Shares owned by Bertrandt AG	
%	Share in equity capital
<b>Germany</b>	
Bertrandt Ehningen GmbH, Ehningen <sup>1</sup>	100.0
Bertrandt Energie GmbH, Mönshheim	100.0
Bertrandt Fahrerprobung Süd GmbH, Nufingen <sup>1</sup>	100.0
Bertrandt GmbH, Hamburg <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, Gaimersheim <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, Ginsheim-Gustavsburg <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, Hamburg <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, Köln <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, München <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, Neckarsulm <sup>1</sup>	100.0
Bertrandt Ingenieurbüro GmbH, Tappenbeck <sup>1</sup>	100.0
Bertrandt München GmbH, München	100.0
Bertrandt Projektgesellschaft mbH, Ehningen <sup>1</sup>	100.0
Bertrandt Services GmbH, Ehningen <sup>1</sup>	100.0
Bertrandt Technologie GmbH (formerly Bertrandt Südwest GmbH), Immendingen <sup>1</sup>	100.0
Bertrandt Tappenbeck GmbH, Tappenbeck	100.0
Bertrandt Technikum GmbH, Ehningen <sup>1</sup>	100.0
Bertrandt Technologie GmbH, Mönshheim <sup>1</sup>	100.0
Bertrandt Technologie GmbH, Sassenburg <sup>1</sup>	100.0
Bertrandt Verwaltungs GmbH (formerly Bertrandt Entwicklungen GmbH), Mönshheim <sup>1</sup>	100.0
Bertrandt Automotive GmbH & Co. KG, Pullach i. Isartal <sup>1</sup>	94.9
Bertrandt Grundbesitz GmbH & Co. KG, Pullach i. Isartal <sup>1</sup> (formerly Inmuebles Baviera GmbH) <sup>1</sup>	94.9
Bertrandt Immobilien GmbH & Co. KG, Pullach i. Isartal <sup>1</sup>	94.9
Bertrandt Campus GmbH, Ehningen	50.0
Bertrandt Entwicklungen AG & Co. OHG, Pullach i. Isartal	30.0
aucip. automotive cluster investment platform GmbH & Co. KG, Pullach i. Isartal	24.9
aucip. automotive cluster investment platform Beteiligungs GmbH, Pullach i. Isartal	24.9
MOLLIS automotive GmbH, Pullach i. Isartal	24.9
NAMENU tool GmbH, Pullach i. Isartal	24.9
<b>Non-Germany</b>	
Bertrandt Engineering Shanghai Co., Ltd., Shanghai, China	100.0
Bertrandt Engineering Technologies Romania SRL, Sibiu, Romania	100.0
Bertrandt France S.A., Bièvres, France	100.0
Bertrandt Otomotiv Mühendislik Hizmetleri Ticaret Limited Sirketi, Istanbul, Turkey	100.0
Bertrandt S.A.S., Bièvres, France	100.0
Bertrandt Technologie GmbH, Steyr, Austria	100.0
Bertrandt UK Limited, Dunton, United Kingdom	100.0
Bertrandt US Inc., Detroit, Michigan, United States	100.0

<sup>1</sup>In accordance with Section 264 (3) ou 264b of the German Commercial Code, the annual financial statements as of 30 September 2016 have not been disclosed.

The breakdown of voting rights is largely in accordance with the shareholder structure.

The net assets and operating results of the joint venture Bertrandt Campus GmbH are as follows:

TABLE 69

Net assets and operating results of joint ventures		
EUR million	30/09/2016	30/09/2015
Non-current assets	33.385	5.581
Current assets	6.800	2.930
– cash and cash equivalents	5.499	0.075
Non-current liabilities	30.109	0
Current liabilities	0.154	0.037
Income tax expense	0.009	0.005
Post-tax earnings / total comprehensive income	-0.053	-0.026

The carrying amount of Bertrandt's shareholding in Bertrandt Campus GmbH is EUR 4.960 million (previous year EUR 4.237 million).

The net assets and operating results of associates are as follows:

TABLE 70

Net assets and operating results of associated companies		
EUR million	30/09/2016	30/09/2015
Assets	34.423	37.730
Liabilities	34.025	37.328
Revenues	13.175	2.170
Post-tax earnings/Total comprehensive income	-0.047	0.169

The carrying amount of the investments in associates is EUR 0.117 million (previous year EUR 0.130 million).

The companies aucip. automotive cluster investment platform GmbH & Co. KG, aucip. automotive cluster investment platform Beteiligungs GmbH and MOLLIS automotive GmbH adopted the calendar year as their financial year. Bertrandt Entwicklungen AG & Co. OHG and Bertrandt Campus GmbH have the same balance sheet date as the Bertrandt Group. The associate NAMENU tool GmbH, which was included for the first time in the consolidated financial statements, adopted the calendar year as its financial year.

The supplier relationships between Bertrandt AG and its associates and joint ventures were based on arm's length prices. As of the balance sheet date, receivables from associates and joint ventures amounted to EUR 0.313 million (previous year EUR 0.033 million) and payables were at EUR 0 million (previous year EUR 1.000 million). The revenues amounted to EUR 1.612 million in the period under review (previous year EUR 0 million).

On 2 July 2014 Dr. Ing. h.c. F. Porsche AG, Stuttgart, increased its shareholding in Bertrandt AG by nearly four percentage points. After the share purchase, Volkswagen now indirectly holds around 29 percent of voting shares in Bertrandt. As in the past it is not the intention of Volkswagen to exercise influence on the Supervisory Board or the Management Board. From the date of the purchase of the shares, Bertrandt AG will be accounted for as an associate in the consolidated financial statements of the Volkswagen group under the equity method. Accordingly, the Volkswagen group has to be classified as a related party pursuant to IAS 24. All supplier relationships between Bertrandt AG and the Volkswagen group were based on arm's length prices. The revenues arising from transactions with all Volkswagen group companies amounted to EUR 400.045 million in the period under review (previous year EUR 388.253 million). In addition, other operating income of EUR 0.194 million (previous year EUR 1.851 million) and expenses of EUR 2.743 million (previous year EUR 3.726 million) have been recognised. As of the balance sheet date, receivables amounted to EUR 86.236 million (previous year EUR 69.102 million) and payables to EUR 0.290 million (previous year EUR 0.100 million). No provisions for impairment of trade receivables were made in the 2015/2016 financial year (previous year EUR 0 million).

#### [52] AUDITOR FEES

The auditor's fees which are expensed in accordance with Section 319 (1) of the German Commercial Code were comprised of the following:

TABLE 71

Auditor's fee		
EUR million	2015/2016	2014/2015
Audit of financial statements	0.294	0.269
Tax consulting services	0.044	0.002
Other services	0.314	0.239
<b>Total</b>	<b>0.652</b>	<b>0.510</b>

#### [53] PROFIT ALLOCATION PROPOSAL

In accordance with Section 58 (2) of the German Stock Corporation Act, the dividend distributed by Bertrandt Aktiengesellschaft is based on the distributable profit as shown in the financial statements prepared according to German commercial law for the year ending 30 September 2016.

The Management Board proposes using Bertrandt AG's distributable profit of EUR 39,393,859.64 for fiscal 2015/2016 to pay a dividend of EUR 2.50 per qualified share, and carry forward the remaining amount of EUR 14,035,759.64 to the next financial year. In accordance with the German Stock Corporation Act, any treasury shares held by Bertrandt AG at the time the proposal is adopted by the annual general meeting are not entitled to a dividend. The amount applicable to such shares is also carried forward.

#### [54] DIVIDEND FOR THE FISCAL YEAR 2014/2015

The Management Board's dividend proposal for the previous year of EUR 2.45 was adopted by the annual general meeting.

#### [55] DAY OF RELEASE FOR PUBLICATION

The Management Board of Bertrandt AG has submitted the consolidated financial statements to the Supervisory Board which will make a decision concerning these on 12 December 2016.

Ehningen, 29 November 2016

The Management Board



Dietmar Bichler  
Chairman of the Management Board



Hans-Gerd Claus  
Member of the Management Board  
Engineering



Michael Lücke  
Member of the Management Board  
Sale



Markus Ruf  
Member of the Management Board  
Finance

## AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Bertrandt Aktiengesellschaft, Ehningen – comprising the balance sheet, statement of comprehensive income, statement of equity movements, cash flow statement and notes – and the management report for the fiscal year from 1 October 2015 to 30 September 2016. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and the additional accounting provisions in accordance with Section 315a (1) HGB is the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated annual financial statements in accordance with the applicable principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Group annual financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the Group, the definition of the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the Management Board as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315a (1) HGB and in the light of these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated annual financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development.

Stuttgart, 29 November 2016

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Udo Bäder  
Certified Public Auditor

ppa. Dagmar Liphardt  
Certified Public Auditor

## RESPONSIBILITY STATEMENT (AFFIDAVIT)

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Ehningen, 29 November 2016

Bertrandt AG

The Management Board



Dietmar Bichler  
Chairman of the Management Board



Hans-Gerd Claus  
Member of the Management Board  
Engineering



Michael Lücke  
Member of the Management Board  
Sales



Markus Ruf  
Member of the Management Board  
Finance

**ALWAYS IN CLOSE PROXIMITY TO OUR CUSTOMERS**, always in dialogue – these two principles are reflected in Bertrandt's decentralised organisation. We are present internationally with extensive design and testing areas to support our customers on site.

# 53

BERTRANDT LOCATIONS  
WORLDWIDE.

# D

## FURTHER INFORMATION

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## GLOSSARY

### A

**Ad hoc bulletins:** The German Securities Trading Act obliges companies to issue ad hoc bulletins without delay on important news concerning the company that might have a considerable effect on its share. This is intended to rule out the possibility that share-relevant news is known only to insiders, who might exploit their advantage in terms of knowledge.

**AktG:** German Stock Corporation Act

**Arm's-length principle:** Internal sales are invoiced at normal market prices and as matter of principle are thus in line with sales to third parties.

**Authorised capital:** Contingent resolution passed by the shareholders authorising the management board of a public company to increase the capital up to a certain amount and within a certain time-frame.

### B

**BilMoG:** Act of the modernisation of accounting law.

**Borrowings:** Capital raised externally by taking on loans.

### C

**Capital and reserves:** Funds made available to a company by its legal owners. Equals the company's assets net of all liabilities, provisions and deferred items.

**Capital gains tax:** Tax on investment income.

**Capital increase:** Issue of new shares on a cash or non-cash basis or by using the company's own funds.

**Cash and cash equivalents:** Cash at hand plus bank balances and cheques.

**Cash flow:** Cash flow represents the funds generated from own operating activity and shows the ability of a company to fund itself (net profit plus depreciation and transfer to longterm provisions).

**Cash-generating units:** The smallest identifiable group of assets that generates cash inflows and that are largely independent of the cash inflows from other assets.

**Corporate compliance:** This refers to a company's efforts to comply with statutes, guidelines and voluntary codes and entails, for example, the entrenchment of applicable laws in the company's corporate culture and day-to-day business practice.

**Corporate Governance:** This term describes the key legal requirements concerning the management and supervision of listed companies and comprises both domestic and international standards for responsible business management.

### D

**DAX:** The DAX (German share index) encompasses Germany's 30 largest public companies that are stock-market listed.

**Deferred taxes:** Income tax arising in future periods as a result of temporary differences between the IFRS carrying values and the tax base.

**Derivatives:** Products that are derived from a base asset and whose price depends to a large extent on the price of the underlying financial instrument. They make it possible to control market price risks. Derivatives include the following types of product: forex forward transactions, swaps, options and option-like instruments (caps, floors etc.).

**Discounted cash flow method:** A method of valuing a business based on capitalising future financial surpluses.

**Distributable profit:** The surplus of net profit or net loss plus profit or loss carry-forwards, less retained profit and minority interests.

**Dividend:** A distribution of a portion of a company's earnings to its shareholders.

### E

**Earnings per share:** Derived by dividing the earnings for a period that are due to the shareholders by the average number of share outstanding during the period.

**EBIT/Operating profit:** Earnings before interest and taxes.

**Equity method:** Method of accounting for investments in associates in single and consolidated financial statements.

**Equity ratio:** Ratio of shareholders' equity to total capital.

### F

**Fair Value:** In accordance with IFRS.

**Free cash flow:** Cash flow from operating activities and cash flow from investing activities.

**Free float:** Shares in a public company not held by major investors.

### G

**GCGC:** The GCGC (German Corporate Governance Code) comprises material statutory provisions relating to the governance and monitoring of listed German companies. It contains acknowledged standards of responsible corporate governance acknowledged in Germany and abroad. In this way, the corporate governance and monitoring rules applicable in Germany are rendered transparent to investors.

**Goodwill:** Intangible asset. Corresponds to the future economic benefit of assets that cannot be individually identified or separately carried.

### H

**HGB:** German abbreviation for the Commercial Code.

### I

**IAS:** The IAS (International Accounting Standards) are intended to ensure that accounting and reporting is comparable on an international level.

**IFRS:** IFRS (International Financial Reporting Standards) refer to the internationally accepted accounting standards since 2002. They therefore also comprise the applicable International Accounting Standards.

**Impairment test:** A method of testing the value of assets.

**Institutional investor:** Institutional investors may be insurance companies, pension funds, capital investment companies or also banks that regularly have investment requirement. Other investor groups comprise professional traders and private investors.

**Issued capital:** The ISIN (International Security Identification Number) is a tendigit number prefixed with a country code (DE = Germany, CH = Switzerland) and serves to make securities internationally identifiable.

**ISIN:** The share capital in a public company or company with limited liability that is to be recorded in the balance sheet.

### M

**Market capitalisation:** Reflects the current stock-market value of the company. Derived by multiplying the number listed shares by the closing-day share price.

**Material expenses:** Sum of all the expenses incurred in the purchase of raw materials and supplies needed for the company's own processing, plus acquired services.

### P

**Payout:** Dividends, bonuses, bonus shares as well as liquidation proceeds that are paid out to shareholders.

**Percentage-of-completion method:** Degree of completion, used to value unfinished work.

**Price-earnings ratio:** Ratio of the current share price to earnings per share.

### S

**SDAX:** Defined index in the Prime Standard for smaller companies (small caps) of the traditional industries below the MDAX companies.

### T

**Tax rate:** Ratio of actual income taxes to earnings before income taxes.

**Total assets/total equity and liabilities:** The sum of all assets or the sum of shareholders' equity and liabilities.

### V

**VorstOG:** German abbreviation for Act on the Appropriateness of Management Board Compensation.

### W

**WACC:** (weighted average cost of capital) is the rate that a company is expected to pay on average to all its security holders to finance its assets.

**WKN:** German abbreviation for Security Code Number.

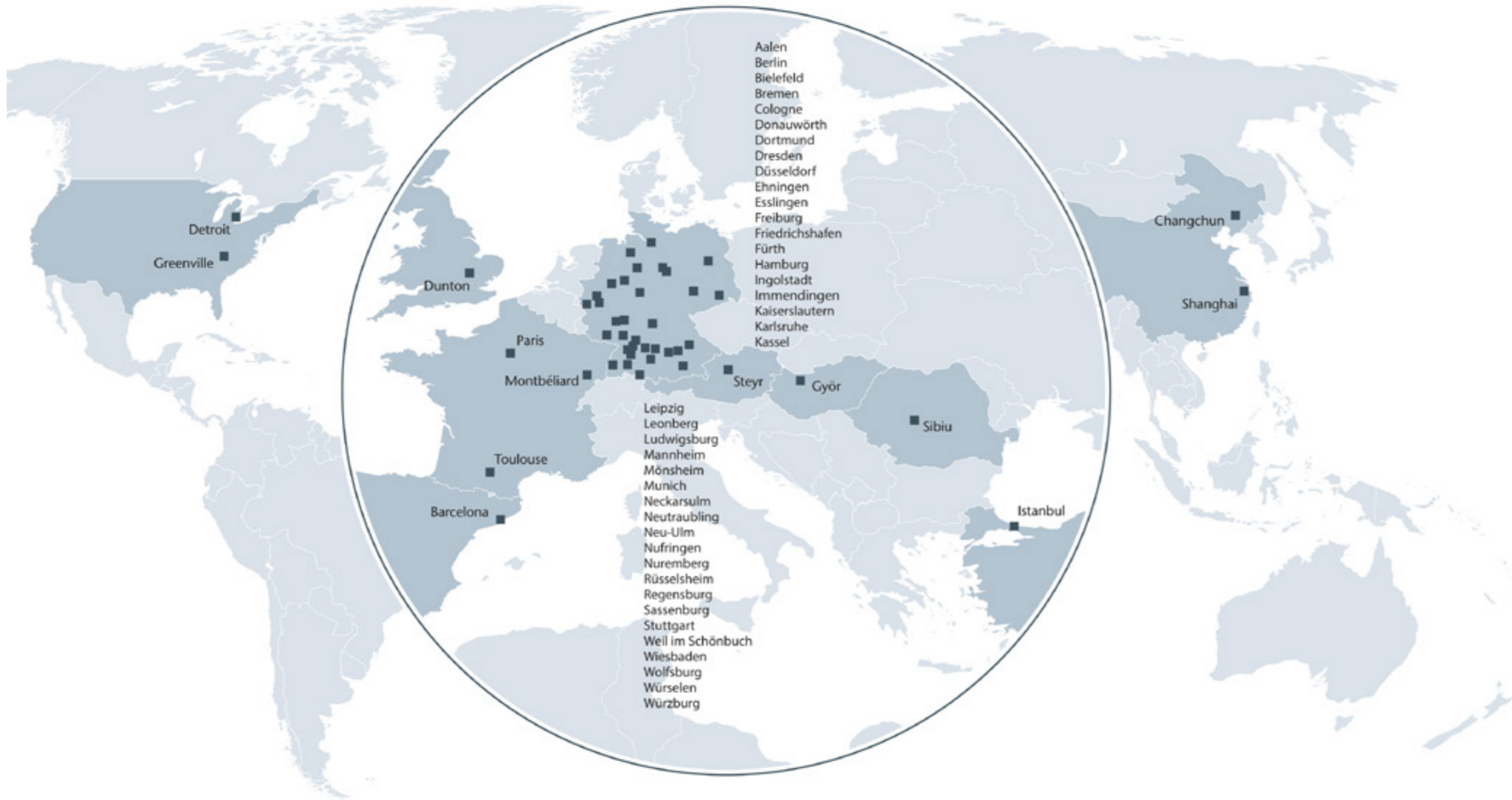
**Working Capital:** Current assets (trade receivables, future receivables from construction contracts, inventories and other current assets) less current liabilities (trade payables and other current liabilities not attributable to financing activity).

**WpHG:** German Securities Trading Act.

# LOCATIONS

CHART 72

Customer orientation means for us to work closely with our customers.



Further informations see:

## LOCATIONS

### BERTRANDT AG

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**Mannheim**  
Bertrandt Technikum GmbH  
Augustaanlage 18  
68165 Mannheim  
Telephone +49 621 432 707-60  
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## FINANCIAL CALENDAR

### Annual report 2015/2016

**Annual press and  
analysts' conference**  
15 December 2016  
Stuttgart/Mönsheim

### Report on the 1<sup>st</sup> quarter 2016/2017

20 February 2017

### Annual General Meeting

23 February 2017  
10:30  
City Hall Sindelfingen

### Report on the 2<sup>nd</sup> quarter 2016/2017

31 May 2017

### 12<sup>th</sup> Capital Market Day

31 May 2017

### Report on the 3<sup>rd</sup> quarter 2016/2017

30 August 2017

### Annual report 2016/2017

**Annual press and  
analysts' conference**  
14 December 2017

### Annual General Meeting

21 February 2018  
10:30  
City Hall Sindelfingen

## SUSTAINA- BILITY REPORT

How does Bertrandt approach sustainability? Our digital Sustainability Report provides information about responsible corporate governance, our employees, the environment, business partners and society. (only available in German).



[Sustainability Report](#)

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