INTERIM REPORT 2018

Q1

INDUS
Holding
AG

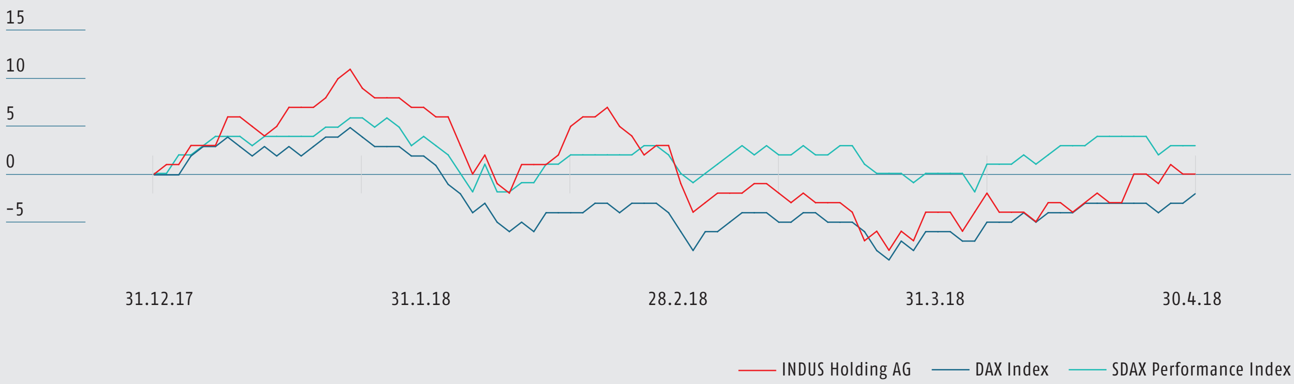
[INDUS]

HIGHLIGHTS

— Successful start to the year
— Broadly supported sales growth +7.1%
— EBIT just over previous year's record figure at EUR 35.5 million
— Overall forecast for 2018 confirmed

KEY FIGURES		(in EUR millions)
	Q1 2018	Q1 2017
Sales	408.2	381.0
EBITDA	51.9	49.7
EBIT	35.5	34.7
EBIT margin (in %)	8.7	9.1
EBIT adjusted	38.0	38.0
EBIT margin adjusted (in %)	9.3	10.0
Group net income (earnings after taxes)	20.0	18.6
Operating cash flow	-31.9	-11.9
Cash flow from operating activities	-38.7	-19.5
Cash flow from investing activities	-14.5	-27.1
Cash flow from financing activities	11.3	9.7
	MAR. 31, 2018	DEC. 31, 2017
Total assets	1,691.7	1,653.2
Equity	694.5	673.8
Equity ratio (in %)	41.1	40.8
Net debt	467.0	398.9
Cash and cash equivalents	93.9	135.9
Portfolio companies (as of the reporting date)	45	45

SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO APRIL 2018 INCL. DIVIDENDS (in %)



CONTENTS

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Our Group is delighted with the successful start to the fiscal year. Sales increased by 7.1% compared to the same quarter of the previous year to EUR 408.2 million. 5% of the growth was organic. The non-organic growth primarily comes from the Engineering segment, the segment in which we acquired M+P and PEISELER in the previous year. Almost all of the portfolio companies contributed to the Group's positive performance. Overall, the quarter developed in line with our expectations.

Operating income (EBIT) increased by 2.3% to EUR 35.5 million, resulting in an EBIT margin of 8.7%. Operating profitability is thus just below the previous year's figure. In absolute terms, we outperformed the previous year's record EBIT.

The lower margin was caused by increased costs: Energy prices are currently rising again. The traditional price driver here is oil. The cost of materials was also noticeably higher than in the previous year; steel prices have risen particularly sharply recently. Higher wage agreements meant personnel expenses also increased further. In the short term, the companies cannot pass the increase in costs onto customers or can only do so to a limited extent. In the area of materials, an additional aggravating factor exists for order processing: the fact that delivery times have increased considerably in the course of the economic boom.

The two repositioning projects are progressing well: In the Metals Technology segment, the corrective measures are already resulting in significantly improved figures. In the case of the project in the Automotive Technology segment, we continue to expect to be able to conclude this project in the course of the year.

Irrespective of this, the Automotive Technology segment as a whole is in need of new solutions. The EBIT margin only reached 2.4% in the first quarter. There is a wider context to this: The automotive sector is currently undergoing considerable change. This forces suppliers to take major risks with low margin prospects. Even if all the companies in the segment will be back on track, achieving an EBIT margin of 5% to 7% remains challenging in view of the fierce competition. And this would in fact still be good compared to the competition. This means that in order to continue to achieve the target margin for the Group of "10% + X", the other segments must routinely perform even better. In the first quarter, they did so too, although experience shows that margins continue to rise in the course of the year.

The Construction/Infrastructure segment made use of the favorable economic situation and continued its good performance. The same applies to the Engineering segment, although there was a slight shift in company contributions due to accounting-related movements. The Medical Engineering/Life Science segment also continues to do well. And profitability increased again in the Metals Technology segment, not least thanks to the aforementioned successes.

We are optimistic about our business performance in the remainder of the year. Even if factors such as the strong euro, the ongoing Brexit process, and the threat of a trade war are curbing market expectations. The global economy is intact and our companies have well-filled order books.

Nevertheless, we do not approach the coming months naively. Our portfolio companies are making the most of the ongoing positive conditions in order to prepare for the period after the boom. All of our portfolio companies are working continuously on improving their competitiveness: innovating, increasing efficiency, and broadening their international positioning – as Selzer and SMA are currently doing by jointly establishing a production location in Romania.

We stand by the forecasts for the full year: We expect sales of between EUR 1.65 and 1.70 billion and EBIT of between EUR 154 and 160 million – excluding any appropriate acquisitions, which we continue to actively look for.

Bergisch Gladbach, May 2018

Jürgen Abromeit | Axel Meyer | Dr. Johannes Schmidt | Rudolf Weichert

INTERIM MANAGEMENT REPORT

PERFORMANCE OF THE INDUS GROUP IN THE FIRST THREE MONTHS OF 2018

INDUS HOLDING AG CONSOLIDATED STATEMENT OF INCOME (in EUR millions)

			DIFFERENCE	
	Q1 2018	Q1 2017	ABSOLUTE	IN %
Sales	**408.2**	**381.0**	**27.2**	**7.1**
Other operating income	2.7	3.6	-0.9	-25.0
Own work capitalized	1.1	1.1	0.0	0.0
Changes in inventory	19.0	14.9	4.1	27.5
Overall performance	**431.0**	**400.6**	**30.4**	**7.6**
Cost of materials	-197.9	-182.4	-15.5	-8.5
Personnel expenses	-124.4	-115.3	-9.1	-7.9
Other operating expenses	-56.8	-53.7	-3.1	-5.8
Income from shares accounted for using the equity method	-0.1	0.4	-0.5	<-100
Other financial income	0.1	0.1	0.0	0.0
EBITDA	**51.9**	**49.7**	**2.2**	**4.4**
Depreciation/amortization	-16.4	-15.0	-1.4	-9.3
Operating income (EBIT)	**35.5**	**34.7**	**0.8**	**2.3**
Net interest	-5.2	-6.1	0.9	14.8
Earnings before taxes (EBT)	**30.3**	**28.6**	**1.7**	**5.9**
Taxes	-10.3	-10.0	-0.3	-3.0
Earnings after taxes	**20.0**	**18.6**	**1.4**	**7.5**
of which attributable to non-controlling shareholders	0.1	0.2	-0.1	-50.0
of which attributable to INDUS shareholders	19.9	18.4	1.5	8.2

The INDUS Group looks back on a successful start to the 2018 fiscal year. The portfolio companies continue to benefit from the good economic situation, although this has weakened somewhat in the last few months. Group sales for the first quarter reached EUR 408.2 million and were thus EUR 27.2 million or 7.1% higher than sales in the first quarter of the previous year. The increase in sales is largely due to organic growth in the Metals Technology, Construction/ Infrastructure and Engineering segments. As a result of the acquisition of M+P and PEISELER in 2017, non-organic growth predominated in the Engineering segment in the first quarter.

The cost-of-materials ratio rose from 47.9% to 48.5%. This was caused by higher purchase prices, particularly for raw materials (metals), but also as a result of increased use of agency workers (purchased services) due to high capacity utilization. The personnel expense ratio increased slightly from 30.3% to 30.5% due to salary increases as a result of collective-bargaining contracts concluded in the previous year.

Depreciation and amortization increased 9.3% to EUR -16.4 million. This rise resulted from the high volume of investments in fixed assets in previous years and increased depreciation of added values discovered in connection with the purchase price allocation for newly acquired companies.

Operating income (EBIT) at EUR 35.5 million rose 2.3% (EUR 0.8 million) compared to the previous year. The EBIT margin was 8.7% (previous year 9.1%).

ADJUSTED EBIT MARGIN AT 9.3%

Adjusted operating EBIT (after the effects of the acquisitions) stood at EUR 38.0 million after the first quarter of 2018 (previous year: EUR 38.0 million). The adjusted EBIT margin was 9.3% as compared to 10.0% in the previous year. Effects on earnings resulting from company acquisitions have been eliminated from the adjusted operating EBIT. These were depreciation/amortization from fair value adjustments on fixed assets and inventory assets (order backlog) of the acquired companies along with corporate acquisition transaction costs.

RECONCILIATION (in EUR millions)

	Q1 2018	Q1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating income (EBIT)	**35.5**	**34.7**	**0.8**	**2.3**
Depreciation of property, plant and equipment and amortization of intangible assets due to fair value adjustments from initial consolidations*	2.2	1.8	0.4	22.2
Impact of fair value adjustments on inventory assets/order backlogs from initial consolidations and incidental acquisition costs**	0.3	1.5	-1.2	-80.0
Adjusted operating income (EBIT)	**38.0**	**38.0**	**0.0**	**0.0**

* Depreciation/amortization from fair value adjustments relates to identified assets at fair value in connection with acquisitions made by the INDUS Group.
** Impact of fair value adjustments on inventory assets/order backlogs relate to identified surplus values included in the purchase price allocation and recognized after the initial consolidation.

The interest for the valuation of interest rate swaps, minority interests and also interest from operating activities is recognized in net interest: Interest from operating activities declined once again as expected. Operating interest expense amounted to EUR 3.2 million for the first quarter of 2018; for the same period of the previous year it was EUR 3.4 million. Owing to a EUR 1.0 million decrease in interest expense for the shares of minority shareholders, net interest improved slightly, by EUR 0.9 million.

During the first three months of 2018, the company had on average 10,529 employees (previous year: 9,877 employees).

Earnings before taxes (EBT) exceeded the figure for the first quarter of 2017 with an increase of 5.9%. The tax ratio also decreased slightly from 34.9% in the previous year to 34.0%. Before the interests held by non-controlling shareholders were deducted, earnings after taxes had increased by EUR 1.4 million to EUR 20.0 million (previous year: EUR 18.6 million). Earnings per share improved, increasing to EUR 0.81, up from EUR 0.75 for the same period of the previous year.

SEGMENT REPORT

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology. As of March 31, 2018, our investment portfolio encompassed 45 operating units.

CONSTRUCTION/INFRASTRUCTURE

CLEAR GROWTH IN SALES

The segment sales in the Construction/Infrastructure segment increased compared to the same period of the previous year by EUR 5.1 million (7.1%) to EUR 76.9 million. The growth in sales was generated entirely organically and largely comes from the Digital Infrastructure area.

Compared with sales, operating income even increased slightly disproportionately by 9.9% to EUR 7.8 million (previous year: EUR 7.1 million). The EBIT margin at 10.1% again reached a very good level for the first quarter, and even surpassed the very good margin of the previous year (9.9%).

The investments exclusively related to investments in fixed assets and were slightly below the previous year's level at EUR 3.3 million (EUR 3.6 million).

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (in EUR millions)

			DIFFERENCE	
	Q1 2018	Q1 2017	ABSOLUTE	IN %
Revenue with external third parties	76.9	71.8	5.1	7.1
EBITDA	10.1	9.2	0.9	9.8
Depreciation/amortization	-2.3	-2.1	-0.2	-9.5
EBIT	7.8	7.1	0.7	9.9
EBIT margin in %	10.1	9.9	0.2 pp	–
Investments	3.3	3.6	-0.3	-8.3
Employees	1,764	1,654	110	6.7

AUTOMOTIVE TECHNOLOGY

INCREASED COST OF MATERIALS IMPACT EBIT MARGIN

Sales in the Automotive Technology segment increased in line with expectations, going up EUR 2.0 million or 2.1%. At EUR 2.4 million, operating income (EBIT) was significantly lower than the previous year's level of EUR 4.7 million. This was caused not just by the expected operating losses at the portfolio company undergoing repositioning, but also by unfavorable seasonal business with carbide studs and higher steel prices, which adversely affected the cost of materials. The segment's EBIT margin is 2.4%. The achievement of the 5–7% target margin for the full year remains challenging.

At EUR 7.0 million, the investments are somewhat higher than in the same period of the previous year and include the acquisition of electronics specialist EE Electronic Equipment by INDUS's subsidiary AURORA.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY (in EUR millions)

			DIFFERENCE	
	Q1 2018	Q1 2017	ABSOLUTE	IN %
Revenue with external third parties	98.1	96.1	2.0	2.1
EBITDA	8.1	10.0	-1.9	-19.0
Depreciation/amortization	-5.7	-5.3	-0.4	-7.5
EBIT	2.4	4.7	-2.3	-48.9
EBIT margin in %	2.4	4.9	-2.5 pp	–
Investments	7.0	6.7	0.3	4.5
Employees	3,549	3,541	8	0.2

ENGINEERING

GROWTH TREND CONTINUES

Segment sales increased significantly, going up EUR 11.4 million (+14.7%) compared to the previous year. The increase in sales is particularly due to the two new acquisitions, PEISELER and M+P, of which sales were fully included for the first time in the first quarter of 2018.

For accounting-related reasons, operating income (EBIT) increased only slightly disproportionately compared to sales by EUR 0.7 million (+5.9%). At 14.1%, the EBIT margin was below the high level of the same quarter of the previous year (15.2%), but within the target margin of 13% to 15%.

The investments of the previous year of EUR 13.3 million largely comprise investments for the acquisition of the M+P Group. The EUR 2.2 million in investments in the reporting year related exclusively to investments in fixed assets.

KEY FIGURES FOR ENGINEERING (in EUR millions)

			DIFFERENCE	
	Q1 2018	Q1 2017	ABSOLUTE	IN %
Revenue with external third parties	88.8	77.4	11.4	14.7
EBITDA	15.5	14.1	1.4	9.9
Depreciation/ amortization	-3.0	-2.3	-0.7	-30.4
EBIT	12.5	11.8	0.7	5.9
EBIT margin in %	14.1	15.2	-1.1 pp	–
Investments	2.2	13.3	-11.1	-83.5
Employees	1,966	1,663	303	18.2

MEDICAL ENGINEERING/LIFE SCIENCE

STABLE DEVELOPMENT

The Medical Engineering/Life Science segment is in a good stable state. Sales increased slightly by EUR 0.1 million (+0.3%) compared to the first quarter of 2017. At EUR 3.8 million, operating income (EBIT) was at the level of the previous year. The EBIT margin is almost unchanged at 9.7%. Experience has shown that the margin in Medical Engineering/Life Science improves significantly over the course of the fiscal year.

Investments remained at the same level as the same period of the previous year (EUR 0.9 million).

KEY FIGURES FOR MEDICAL ENGINEERING/LIFE SCIENCE (in EUR millions)

			DIFFERENCE	
	Q1 2018	Q1 2017	ABSOLUTE	IN %
Revenue with external third parties	39.0	38.9	0.1	0.3
EBITDA	5.5	5.5	0.0	0.0
Depreciation/ amortization	-1.7	-1.7	0.0	0.0
EBIT	3.8	3.8	0.0	0.0
EBIT margin in %	9.7	9.8	-0.1 pp	–
Investments	0.9	0.9	0.0	0.0
Employees	1,650	1,495	155	10.4

METALS TECHNOLOGY

BACK ON TRACK

The Metals Technology segment posted a 9.1% increase in sales in the first quarter of 2018. The increase in sales is largely due to the carbide tools and mining (tool production) areas. At a total of EUR 11.4 million, operating income was an encouraging 26.7% above the level of the same period of the previous year. The first successes of an ongoing repositioning project are becoming noticeable in the segment. At 10.8%, the EBIT margin was significantly above the previous year's figure (9.3%) and thus back on track with regards to the planned EBIT margin for the full year of 8% to 10%.

At EUR 1.2 million, the investment volume in the first quarter was still below the previous year (EUR 2.2 million).

KEY FIGURES FOR METALS TECHNOLOGY (in EUR millions)

			DIFFERENCE	
	Q1 2018	Q1 2017	ABSOLUTE	IN %
Revenue with external third parties	105.7	96.9	8.8	9.1
EBITDA	14.8	12.5	2.3	18.4
Depreciation/ amortization	-3.4	-3.5	0.1	2.9
EBIT	11.4	9.0	2.4	26.7
EBIT margin in %	10.8	9.3	1.5 pp	–
Investments	1.2	2.2	-1.0	-45.5
Employees	1,564	1,496	68	4.5

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED (in EUR millions)

	Q1 2018	Q1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating cash flow	-31.9	-11.9	-20.0	<-100
Interest	-6.8	-7.6	0.8	10.5
Cash flow from operating activities	**-38.7**	**-19.5**	**-19.2**	**-98.5**
Cash outflow for investments	-14.9	-27.3	12.4	45.4
Cash inflow from the disposal of assets	0.4	0.2	0.2	100.0
Cash flow from investing activities	**-14.5**	**-27.1**	**12.6**	**46.5**
Dividends paid to minority shareholders	-0.3	-0.1	-0.2	<-100
Cash inflow from raising of loans	49.3	31.2	18.1	58.0
Cash outflow from the repayment of loans	-23.6	-21.4	-2.2	10.3
Cash outflow from the repayment of contingent purchase price commitments	-14.1	0.0	-14.1	–
Cash flow from financing activities	**11.3**	**9.7**	**1.6**	**16.5**
Net changes in cash and cash equivalents	-41.9	-36.9	-5.0	13.6
Changes in cash and cash equivalents caused by currency exchange rates	-0.1	0.2	-0.3	<-100
Cash and cash equivalents at the beginning of the period	135.9	127.2	8.7	6.8
Cash and cash equivalents at the end of the period	**93.9**	**90.5**	**3.4**	**3.8**

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW CONSIDERABLY BELOW THE PREVIOUS YEAR'S LEVEL

Despite slightly increased earnings after taxes of EUR 20.0 million (previous year: EUR 18.6 million), operating cash flow nevertheless decreased by EUR -20.0 million compared to the same period of the previous year in the first quarter of 2018. This is particularly caused by a EUR 43.7 million increase in working capital compared to the same period of the previous year. In anticipation of further increases in purchase prices for materials, individual companies have deliberately increased their inventory assets, particularly their inventories of raw materials. Consequently, the cash flow from operating activities declined by EUR -19.2 million to EUR -38.7 million.

The cash flow from investment activity was EUR -14.5 million compared to EUR -27.1 million in the previous year. The first quarter of 2017 includes the cash outflow from the acquisition of M+P Group. Investments in property, plant and equipment, and intangible assets amounted to EUR 13.2 million in the reporting period and were thus slightly below the first quarter of the previous year (EUR 15.2 million).

Cash inflow from raising of loans increased by EUR 18.1 million to EUR 49.3 million. Furthermore, partially contingent purchase price commitments due in the first quarter of EUR 14.1 million were repaid. The cash flow from financing activities therefore only increased slightly by EUR 1.6 million.

Accordingly, cash and cash equivalents at EUR 93.9 million, were, as planned, considerably less than the high level of EUR 135.9 million at the end of 2017, but slightly above the level of the first quarter of the previous year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED (in EUR millions)

			DIFFERENCE	
	MAR. 31, 2018	DEC. 31, 2017	ABSOLUTE	IN %
ASSETS				
Non-current assets	**951.2**	**953.6**	**-2.4**	**-0.3**
Fixed assets	940.3	942.2	-1.9	-0.2
Receivables and other assets	10.9	11.4	-0.5	-4.4
Current assets	**740.5**	**699.6**	**40.9**	**5.8**
Inventories	375.7	339.2	36.5	10.8
Receivables and other assets	270.9	224.5	46.4	20.7
Cash and cash equivalents	93.9	135.9	-42.0	-30.9
Total assets	**1,691.7**	**1,653.2**	**38.5**	**2.3**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,284.2**	**1,234.8**	**49.4**	**4.0**
Equity	694.5	673.8	20.7	3.1
Borrowings	589.7	561.0	28.7	5.1
of which provisions	45.3	46.3	-1.0	-2.2
of which payables and deferred taxes	544.4	514.7	29.7	5.8
Current financing instruments	**407.5**	**418.4**	**-10.9**	**-2.6**
of which provisions	73.3	72.4	0.9	1.2
of which liabilities	334.2	346.0	-11.8	-3.4
Total assets	**1,691.7**	**1,653.2**	**38.5**	**2.3**

STATEMENT OF FINANCIAL POSITION: AN INCREASE IN WORKING CAPITAL

At EUR 1,691.7 million, the INDUS Group's total assets are 2.3% higher than as of December 31, 2017. The significant decrease in cash and cash equivalents (EUR -42.0 million) correlates with the build-up of working capital that typically occurs in the course of the year. Increases in inventories (EUR +36.5 million) and receivables (EUR +37.5 million) were especially responsible. The total amount of working capital as of March 31, 2018, came to EUR 446.6 million, which was EUR 43.7 million, or 10.8%, more than as of the end of 2017 (EUR 402.9 million). Equity also rose by just over 3.1%. The equity ratio as of March 31, 2018, amounted to 41.1%, marginally higher than the equity ratio as of December 31, 2017 (40.8%). The decrease in current liabilities by EUR 11.8 million is attributable mainly to due-date reclassification of contingent purchase price commitments from current to non-current.

WORKING CAPITAL (in EUR millions)

	MAR. 31, 2018	DEC. 31, 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Inventories	375.7	339.2	36.5	10.8
Trade receivables	235.0	197.5	37.5	19.0
Trade payables	-85.3	-66.2	-19.1	-28.9
Advance payments received	-47.2	-18.6	-28.6	<-100
Construction contracts with a negative balance	-31.6	-49.0	17.4	35.5
Working capital	**446.6**	**402.9**	**43.7**	**10.8**

Net financial liabilities were EUR 467.0 million as of March 31, 2018. Net financial liabilities were thus EUR 68.1 million higher than as of December 31, 2017. The increase reflects both the reduction in cash and cash equivalents (EUR -42.0 million) and the increase in financial liabilities (EUR +26.1 million).

NET FINANCIAL LIABILITIES (in EUR millions)

	MAR. 31, 2018	DEC. 31, 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Non-current financial liabilities	455.1	439.5	15.6	3.5
Current financial liabilities	105.8	95.3	10.5	11.0
Cash and cash equivalents	-93.9	-135.9	42.0	30.9
Net financial liabilities	**467.0**	**398.9**	**68.1**	**17.1**

OPPORTUNITIES AND RISKS

For the Opportunities and Risk Report from INDUS Holding AG, please consult the 2017 Annual Report. The company operates an efficient risk management system for early detection, comprehensive analysis, and systematic handling of risks. The particulars of the risk management system and the significance of individual risks are explained in the Annual Report. There it is stated that the company does not view itself as exposed to any risks that might jeopardize the continued existence of the company as a going concern.

OUTLOOK

Despite slightly weakened growth momentum, the economic conditions fundamentally remain positive in the current fiscal year. The threat of a trade war and the risk of a hard Brexit that still cannot be excluded reduce expectations for the German economy. The hot spots for geopolitical trouble continue to smolder. Overall, however, economic data and indicators confirm solid economic growth for German companies, meaning that the Board of Management anticipates a continuation of the company's positive performance.

INDUS again achieved significant growth in sales in the first three months of the 2018 fiscal year, supported by almost all companies in the portfolio. The two repositioning projects in the Automotive Technology and Metals Technology segments continue to run largely to plan. With operating income (EBIT) marginally above the record high of the previous year, slightly disproportionate costs of materials and personnel expenses are noticeable against a background of increasing energy and material prices and higher wage settlements with unions. Passing on prices proportionately in the next few months is management's primary goal. The Construction/Infrastructure and Engineering segments continue to generate a very high level of sales and earnings, the Medical Engineering/Life Science segment maintains its stable development. In the Metals Technology segment, repositioning measures are already exhibiting successes. Particularly in view of rising steel prices, which further increase the pressure on margins for automotive suppliers, achieving the target margin in the Automotive Technology segment remains challenging.

To sum up, business performance has conformed to plan. INDUS confirms its objective of achieving sales between EUR 1.65 and 1.70 billion and EBIT between EUR 154 and 160 million in 2018 (before the prorated contributions to sales and earnings from the acquisitions made over the course of the year are included). A solid performance in April underscores this forecast.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST QUARTER OF 2018

in EUR '000	NOTES	Q1 2018	Q1 2017
REVENUE		**408,165**	**380,972**
Other operating income		2,670	3,588
Own work capitalized		1,127	1,106
Changes in inventory		19,002	14,962
Cost of materials	[3]	-197,948	-182,383
Personnel expenses	[4]	-124,405	-115,270
Depreciation/amortization		-16,433	-15,037
Other operating expenses	[5]	-56,741	-53,640
Income from shares accounted for using the equity method		-78	388
Financial income		68	59
OPERATING INCOME (EBIT)		**35,427**	**34,745**
Interest income		16	34
Interest expense		-5,195	-6,153
NET INTEREST	[6]	**-5,179**	**-6,119**
EARNINGS BEFORE TAXES (EBT)		**30,248**	**28,626**
Taxes	[7]	-10,298	-10,031
EARNINGS AFTER TAXES		**19,950**	**18,595**
of which attributable to non-controlling shareholders		94	159
of which attributable to INDUS shareholders		19,856	18,436
Earnings per share (undiluted and diluted) in EUR	[8]	0.81	0.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER OF 2018

in EUR '000	Q1 2018	Q1 2017
EARNINGS AFTER TAXES	**19,950**	**18,595**
Actuarial gains/losses	986	-484
Deferred taxes	-247	143
Items not to be reclassified to profit or loss	**739**	**-341**
Currency conversion adjustment	-190	645
Change in the market values of hedging instruments (cash flow hedge)	590	423
Deferred taxes	-134	-67
Items to be reclassified to profit or loss	**266**	**1,001**
OTHER COMPREHENSIVE INCOME	**1,005**	**660**
TOTAL COMPREHENSIVE INCOME	**20,955**	**19,255**
of which attributable to non-controlling shareholders	94	159
of which attributable to INDUS shareholders	20,861	19,096

Income and expenses recognized directly in equity under other comprehensive income include actuarial gains from pension plans and other similar obligations amounting to EUR 986 thousand (previous year: -EUR 484 thousand). These primarily result from the increase in the interest rate for pension obligations of around 0.1%.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2018

in EUR '000	NOTES	MAR. 31, 2018	DEC. 31, 2017
ASSETS			
Goodwill		429,283	428,590
Other intangible assets		85,547	86,454
Property, plant and equipment		395,816	397,008
Investment property		5,174	5,220
Financial investments		13,642	13,995
Shares accounted for using the equity method		10,825	10,903
Other non-current assets		2,445	2,594
Deferred taxes		8,452	8,862
Non-current assets		**951,184**	**953,626**
Inventories	[9]	375,676	339,154
Receivables	[10]	234,989	197,528
Other current assets		21,686	18,247
Current income taxes		14,236	8,750
Cash and cash equivalents		93,886	135,881
Current assets		**740,473**	**699,560**
TOTAL ASSETS		**1,691,657**	**1,653,186**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserves		239,833	239,833
Other reserves		388,370	367,509
Equity held by INDUS shareholders		**691,774**	**670,913**
Non-controlling interests in the equity		2,691	2,900
Equity		**694,465**	**673,813**
Pension provisions		43,022	43,969
Other non-current provisions		2,270	2,377
Non-current financial liabilities		455,102	439,545
Non-current other liabilities	[11]	42,093	29,174
Deferred taxes		47,185	45,956
Non-current liabilities		**589,672**	**561,021**
Other current provisions		73,348	72,384
Current financial liabilities		105,836	95,301
Trade payables		85,316	66,162
Other current liabilities	[11]	130,648	174,081
Current income taxes		12,372	10,424
Current liabilities		**407,520**	**418,352**
TOTAL ASSETS		**1,691,657**	**1,653,186**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1, 2018, TO MARCH 31, 2018

in EUR '000	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	OTHER RESERVES	EQUITY HELD BY INDUS SHAREHOLDERS	INTERESTS ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS	GROUP EQUITY
AS OF DEC. 31, 2016	**63,571**	**239,833**	**341,561**	**-3,027**	**641,938**	**2,630**	**644,568**
Earnings after taxes			18,436		18,436	159	18,595
Other comprehensive income				660	660		660
Total comprehensive income			**18,436**	**660**	**19,096**	**159**	**19,255**
Dividend payment						-90	-90
AS OF MAR. 31, 2017	**63,571**	**239,833**	**359,997**	**-2,367**	**661,034**	**2,699**	**663,733**
AS OF DEC. 31, 2017	**63,571**	**239,833**	**390,890**	**-23,381**	**670,913**	**2,900**	**673,813**
Earnings after taxes			19,856		19,856	94	19,950
Other comprehensive income				1,005	1,005		1,005
Total comprehensive income			**19,856**	**1,005**	**20,861**	**94**	**20,955**
Dividend payment						-303	-303
AS OF MAR. 31, 2018	**63,571**	**239,833**	**410,746**	**-22,376**	**691,774**	**2,691**	**694,465**

Interests held by non-controlling shareholders consist for the most part of the minority interests in WEIGAND Bau GmbH and subsidiaries of the ROLKO Group. Where the transfer of economic ownership of minority interests in limited partnerships and stock corporations had already occurred under reciprocal option agreements at the acquisition date, those interests are shown under other liabilities.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST QUARTER OF 2018

in EUR '000	Q1 2018	Q1 2017
Earnings after taxes	19,950	18,595
Depreciation/appreciation of non-current assets	16,433	15,037
Taxes	10,298	10,031
Net interest	5,179	6,119
Other non-cash transactions	1,298	-83
Changes in provisions	-89	4,150
Increase (-)/decrease (+) in inventories, receivables, and other assets	-80,583	-63,500
Increase (+)/decrease (-) in trade payables and other equity and liabilities	8,771	12,485
Income taxes received/paid	-13,219	-14,711
Operating cash flow	**-31,962**	**-11,877**
Interest paid	-6,762	-7,623
Interest received	17	34
Cash flow from operating activities	**-38,707**	**-19,466**
Cash outflow from investments in		
property, plant and equipment, and intangible assets	-13,240	-15,153
financial investments	-69	-436
shares in fully consolidated companies	-1,626	-11,712
Cash inflow from the disposal of other assets	422	193
Cash flow from investing activities	**-14,513**	**-27,108**
Dividends paid to minority shareholders	-303	-90
Cash outflow from the repayment of contingent purchase price commitments	-14,072	0
Cash inflow from raising of loans	49,348	31,186
Cash outflow from the repayment of loans	-23,633	-21,409
Cash flow from financing activities	**11,340**	**9,687**
Net changes in cash and cash equivalents	-41,880	-36,887
Changes in cash and cash equivalents caused by currency exchange rates	-115	172
Cash and cash equivalents at the beginning of the period	135,881	127,180
Cash and cash equivalents at the end of the period	**93,886**	**90,465**

NOTES

BASIC PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

[1] GENERAL INFORMATION

INDUS Holding AG, with registered office in Bergisch Gladbach, Germany, prepared its condensed consolidated interim financial statements for the period from January 1, 2018, to March 31, 2018, in accordance with the International Financial Reporting Standards (IFRS) and interpretations of those standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable within the European Union (EU). The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR ’000).

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

New obligatory standards are reported on separately in the section “Changes in Accounting Standards”. Otherwise, the same accounting methods were applied as in the consolidated financial statements for the 2018 fiscal year, where they are described in detail. Because these interim financial statements do not provide the full scope of information found in the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management’s view, this quarterly report includes all of the usual ongoing adjustments that are necessary for a proper presentation of the Group’s financial position and its financial performance. The results achieved in the first quarter of the 2018 fiscal year do not necessarily predict future business performance.

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

[2] CHANGES IN ACCOUNTING STANDARDS

All obligatory accounting standards in effect as of fiscal year 2018 have been implemented in these interim financial statements.

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

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

[3] COST OF MATERIALS

in EUR ’000	Q1 2018	Q1 2017
Raw materials, consumables and supplies, and purchased merchandise	-169,000	-153,061
Purchased services	-28,948	-29,322
Total	**-197,948**	**-182,383**

[4] PERSONNEL EXPENSES

in EUR ’000	Q1 2018	Q1 2017
Wages and salaries	-105,659	-98,013
Social security	-17,557	-16,189
Pensions	-1,189	-1,068
Total	**-124,405**	**-115,270**

[5] OTHER OPERATING EXPENSES

in EUR '000	Q1 2018	Q1 2017
Selling expenses	-20,786	-20,599
Operating expenses	-20,587	-18,638
Administrative expenses	-12,514	-12,162
Other expenses	-2,854	-2,241
Total	**-56,741**	**-53,640**

[6] NET INTEREST

in EUR '000	Q1 2018	Q1 2017
Interest and similar income	16	34
Interest and similar expenses	-3,184	-3,407
Interest from operating activities	**-3,168**	**-3,373**
Other: Market value of interest rate swaps	-312	4
Other: Minority interests	-1,699	-2,750
Other interest	**-2,011**	**-2,746**
Total	**-5,179**	**-6,119**

The item "Other: Minority interests" contains the effect on income of the subsequent valuation of the contingent purchase price commitments (call/put options) in the amount of EUR 482 thousand (previous year: EUR 374 thousand) along with earnings after taxes owed to external entities from shares in limited partnerships and stock corporations with call/put options. For reasons of consistency it is recognized in net interest.

[7] TAXES

Income tax expense is calculated for the interim financial statements based on the assumptions of current tax planning.

[8] EARNINGS PER SHARE

in EUR '000	Q1 2018	Q1 2017
Earnings attributable to INDUS shareholders	**19,856**	**18,436**
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	0.81	0.75

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[9] INVENTORIES

in EUR '000	MAR. 31, 2018	DEC. 31, 2017
Raw materials and supplies	137,771	125,146
Unfinished goods	105,539	88,205
Finished goods and goods for resale	112,431	109,340
Advance payments	19,935	16,463
Total	**375,676**	**339,154**

[10] RECEIVABLES

in EUR '000	MAR. 31, 2018	DEC. 31, 2017
Receivables from customers	198,185	180,138
Receivables from construction contracts	34,597	15,693
Receivables from associated companies	2,207	1,697
Total	**234,989**	**197,528**

[11] LIABILITIES

Other liabilities include an amount of EUR 50,681 thousand (12/31/2017: EUR 64,275 thousand) comprising contingent purchase price commitments carried at fair value insofar as minority shareholders are able to tender their shares to INDUS by terminating the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[12] SEGMENT REPORTING

SEGMENT INFORMATION BY OPERATION FOR THE FIRST QUARTER OF 2018

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (in EUR '000)

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIATION	CONSOLIDATED FINANCIAL STATEMENTS
Q1 2018								
Revenue with external third parties	76,878	98,113	88,829	38,959	105,702	408,481	-316	408,165
Revenue with Group companies	7,135	18,617	15,313	4,146	13,279	58,490	-58,490	0
Revenue	**84,013**	**116,730**	**104,142**	**43,105**	**118,981**	**466,971**	**-58,806**	**408,165**
Segment earnings (EBIT)	**7,785**	**2,381**	**12,492**	**3,753**	**11,361**	**37,772**	**-2,345**	**35,427**
Income from measurement according to the equity method	-124	11	35	0	0	-78	0	-78
Depreciation/amortization	**-2,283**	**-5,709**	**-3,022**	**-1,749**	**-3,472**	**-16,235**	**-198**	**-16,433**
Segment EBITDA	**10,068**	**8,090**	**15,514**	**5,502**	**14,833**	**54,007**	**-2,147**	**51,860**
Investments	**3,291**	**6,971**	**2,244**	**922**	**1,243**	**14,671**	**264**	**14,935**
of which company acquisitions	0	1,626	0	0	0	1,626	0	1,626

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (in EUR '000)

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIATION	CONSOLIDATED FINANCIAL STATEMENTS
Q1 2017								
Revenue with external third parties	71,754	96,147	77,422	38,903	96,871	381,097	-125	380,972
Revenue with Group companies	7,930	18,462	11,177	3,582	13,448	54,599	-54,599	0
Revenue	**79,684**	**114,609**	**88,599**	**42,485**	**110,319**	**435,696**	**-54,724**	**380,972**
Segment earnings (EBIT)	**7,071**	**4,680**	**11,847**	**3,822**	**9,040**	**36,460**	**-1,715**	**34,745**
Income from measurement according to the equity method	306	29	53	0	0	388	0	388
Depreciation/amortization	**-2,105**	**-5,295**	**-2,286**	**-1,684**	**-3,499**	**-14,869**	**-168**	**-15,037**
Segment EBITDA	**9,176**	**9,975**	**14,133**	**5,506**	**12,539**	**51,329**	**-1,547**	**49,782**
Investments	**3,606**	**6,705**	**13,294**	**889**	**2,208**	**26,702**	**599**	**27,301**
of which company acquisitions	0	0	11,712	0	0	11,712	0	11,712

The table below reconciles the total operating results of segment reporting with the earnings before taxes in the consolidated statement of income:

RECONCILIATION		(in EUR '000)
	Q1 2018	Q1 2017
Segment earnings (EBIT)	**37,772**	**36,460**
Areas not allocated incl. holding company	-2,331	-1,523
Consolidations	-14	-192
Net interest	-5,179	-6,119
Earnings before taxes	**30,248**	**28,626**

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

The reconciliations contain the figures of the holding company, non-operating units not allocated to any segment, and consolidations. See the explanation provided in the management report regarding the products and services that generate segment sales.

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

SEGMENT INFORMATION BY REGION

The breakdown of sales by region relates to our selling markets. Owing to the diversity of our foreign activities, a further breakdown by country would not be meaningful since no country other than Germany accounts for 10% of Group sales.

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

Owing to INDUS's diversification policy, there were no individual product or service groups and no individual customers that accounted for more than 10% of sales.

IN EUR '000	GROUP	GERMANY	EU	THIRD COUNTRIES
Q1 2018				
Revenue with external third parties	408,165	210,272	88,977	108,916
Mar. 31, 2018				
Non-current assets, less deferred taxes and financial instruments	926,645	787,483	46,537	92,625
Q1 2017				
Revenue with external third parties	380,972	186,254	90,535	104,183
Dec. 31, 2017				
Non-current assets, less deferred taxes and financial instruments	928,174	790,057	46,342	91,775

[13] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

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

FINANCIAL INSTRUMENTS (in EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	IFRS 7 FINANCIAL INSTRUMENTS	OF WHICH MEASURED AT FAIR VALUE	OF WHICH MEASURED AT AMORTIZED COST
MAR. 31, 2018					
Financial investments	13,642	0	13,642	0	13,642
Cash and cash equivalents	93,886	0	93,886	0	93,886
Receivables	234,989	34,597	200,392	0	200,392
Other assets	24,132	14,009	10,123	99	10,024
Financial Instruments: Assets	**366,649**	**48,606**	**318,043**	**99**	**317,944**
Financial liabilities	560,938	0	560,938	0	560,938
Trade payables	85,316	0	85,316	0	85,316
Other liabilities	172,741	90,437	82,304	54,734	27,570
Financial Instruments: Equity and liabilities	**818,995**	**90,437**	**728,558**	**54,734**	**673,824**

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	IFRS 7 FINANCIAL INSTRUMENTS	OF WHICH MEASURED AT FAIR VALUE	OF WHICH MEASURED AT AMORTIZED COST
DEC. 31, 2017					
Financial investments	13,995	0	13,995	0	13,995
Cash and cash equivalents	135,881	0	135,881	0	135,881
Receivables	197,528	15,693	181,835	0	181,835
Other assets	20,841	10,246	10,595	99	10,496
Financial Instruments: Assets	**368,245**	**25,939**	**342,306**	**99**	**342,207**
Financial liabilities	534,846	0	534,846	0	534,846
Trade payables	66,162	0	66,162	0	66,162
Other liabilities	203,255	85,623	117,632	68,622	49,010
Financial Instruments: Equity and liabilities	**804,263**	**85,623**	**718,640**	**68,622**	**650,018**

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

FINANCIAL INSTRUMENTS BY BUSINESS MODEL PURSUANT TO IFRS 9 (in EUR '000)

	MAR. 31, 2018	DEC. 31, 2017
Trading and derivatives	99	99
Holding	315,439	339,616
Holding and sale	2,505	2,591
Financial Instruments: Assets	**318,043**	**342,306**
Trading and derivatives	54,743	68,622
Financial liabilities measured at their residual carrying amounts	673,824	650,018
Financial Instruments: Equity and liabilities	**728,558**	**718,640**

[14] APPROVAL FOR PUBLICATION

The Board of Management of INDUS Holding AG approved these IFRS interim financial statements for publication on May 14, 2018.

Bergisch Gladbach, May 14, 2018

INDUS Holding AG

The Board of Management

Jürgen Abromeit Axel Meyer Dr. Johannes Schmidt Rudolf Weichert

CONTACT

Nina Wolf
Senior Manager
Corporate Communications
Phone: +49 (0)2204/40 00-73
Email: presse@indus.de

Julia Pschribülla
Manager
Investor Relations
Phone: +49 (0)2204/40 00-66
Email: investor.relations@indus.de

INDUS HOLDING AG
Kölner Straße 32
51429 Bergisch Gladbach
Germany

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

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

www.indus.de

THE INDUS APP: download free of charge in the App Store or directly with this QR code

FINANCIAL CALENDAR

DATE	EVENT
May 15, 2018	Interim report Q1 2018
May 24, 2018	Annual Shareholders' Meeting 2018, Cologne
August 14, 2018	Interim report Q2/H1 2018
November 14, 2018	Interim report Q3 2018

IMPRINT

RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
Jürgen Abromeit

DATE OF PUBLISHING
May 15, 2018

PUBLISHER
INDUS Holding AG, Bergisch Gladbach

CONCEPT/DESIGN
Berichtsmanufaktur GmbH, Hamburg

PRINT
Gutenberg Beuys Feindruckerei GmbH, Langenhagen

This interim report is also available in German. Both the English and the German versions of the interim report can be downloaded from the internet at www.indus.de under investor relations, financial reports and presentations. Only the German version of the interim report is legally binding.