



Q1 2017

QUARTERLY STATEMENT AS AT MARCH 31, 2017

CANCOM

Key figures

CANCOM GROUP

in € million	Jan. 01 - Mar. 31, 2017	Jan. 01 - Mar. 31, 2016	Changes
Sales revenues	257.3	234.7	9.6%
Gross profit	75.4	71.3	5.8%
EBITDA	16.8	16.1	4.3%
EBITDA margin in %	6.5%	6.9%	-0.4%
EBITA	13.1	13.0	0.8%
EBIT	11.6	10.9	6.4%
EBT	11.2	9.9	13.1%
Earnings per share (basic) in €	0.46 €	0.43 €	7.0%
Employees as at March 31	2,747	2,721	1.0%

in € million	Mar. 01, 2017	Dec. 31, 2016	Changes
Total assets	501.9	537.8	-6.7%
Equity	292.4	285.1	2.6%
Equity ratio in %	58.3%	53.0%	5.3%

Revenue CANCOM Group

Jan. 1 - Mar. 31, 2016 and Jan. 1 - Mar. 31, 2017 (in € million)

2016	234.7
2017	257.3

Gross profit CANCOM Group

Jan. 1 - Mar. 31, 2016 and Jan. 1 - Mar. 31, 2017 (in € million)

2016	71.3
2017	75.4

EBITDA CANCOM Group

Jan. 1 - Mar. 31, 2016 and Jan. 1 - Mar. 31, 2017 (in € million)

2016	16.1
2017	16.8

Earnings per share CANCOM Group

Jan. 1 - Mar. 31, 2016 and Jan. 1 - Mar. 31, 2017 (in Euro)

2016	0.43
2017	0.46

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Dear Stockholders:

The results for the first quarter show that CANCOM group has made a strong start to the fiscal year 2017. With the momentum gained from a very successful year in 2016, and sustained demand from our clients for IT products and services across our whole business, we are well placed for continued growth.

Growth remains a major item on our agenda for 2017 as in other years. The market environment continues to change rapidly, and we see this as both a challenge and an opportunity. We plan to take advantage of developments in the market by exploiting opportunities and laying the appropriate foundations within the group – including investment in growth. A forecast of the key topics and projects for the current year was provided in the annual report for 2016.

We would like to thank our investors and stockholders for their interest and trust in CANCOM, our clients and partners for their support, and our staff for their commitment. We look forward to continued collaborative success.

Sincerely yours:

A handwritten signature in black ink, appearing to read 'Klaus Weinmann', written in a cursive style.

Klaus Weinmann
CEO

Consolidated interim management report

1. Overview of the Group

The CANCOM Group is one of the leading providers of information technology (IT) infrastructure and services in Germany and Austria. With its decentralized distribution and services structure, as well as central services in areas such as finance, purchasing, warehousing, logistics, marketing, product management and human resources, the Group is well placed for sustainable, profitable growth. The Group has locations in Germany, Austria, Switzerland and the U.S.A. in addition to a representative office in Brussels, Belgium.

Structure of the CANCOM Group

CANCOM SE, based in Munich, Germany, performs the central financial and management role for the equity investments held by the CANCOM Group.

Areas of business

The IT solutions operating segment of the CANCOM Group offers comprehensive support for IT infrastructure and applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or as part of a project, in addition to professional IT services and support.

The cloud solutions operating segment comprises the CANCOM Group's cloud and shared managed services business, including sales revenues from cloud hardware, software and services allocated to the projects. The service offer includes analysis, advice, delivery, implementation and services, thus offering clients the necessary orientation and support for their conversion from corporate IT systems to cloud computing. As part of its range of services, the CANCOM Group can provide scalable cloud and managed services – in particular shared managed services – to run entire IT departments, or parts of them, for its clients. Distribution costs allocated to cloud distribution are included in the segment. The cloud business also benefits from synergies with CANCOM's central sales and marketing department, the costs of which are allocated to the IT solutions reportable segment.

Some items in the segments were reclassified as at the reporting date of December 31, 2016. The merger of two Group companies during the year necessitated structural adjustments and reorganization in terms of the companies and regions included in the segments. This resulted in changes in the areas of responsibility and the splitting of entire departments, which required a reallocation of the new structure to the segments. The quarterly figures for the fiscal year 2016 were adjusted to reflect these changes.

Focus of activities and sales markets

CANCOM is one of the largest independent integrated IT systems providers in Germany. It provides IT architecture, systems integration and managed services. As a provider of integrated services, it mainly focuses on IT services, in addition to distributing hardware and software. The IT services offered include IT consulting, the design of IT architectures and landscapes, and the design, integration and operation of IT infrastructure and systems. CANCOM can manage individual partial assignments or run a company's entire IT systems.

The CANCOM's client base therefore mainly includes commercial end-users, from small and medium sized enterprises to large enterprises and groups, as well as public-sector clients. Geographically, the CANCOM Group operates primarily in Germany and Austria as well as in the U.S.A.

Explanation of the control system used within the Group

To control and monitor the performance of the individual subsidiaries and the reporting segments, CANCOM SE analyzes their monthly figures for, among other things, sales revenues, gross profit, operating expenditure and operating profit, and compares the actual figures with the targets. The key performance indicators are gross profit, EBITDA and operating profit (EBIT). The latter offers a detailed picture of the performance of the enterprise as a whole, as it enables management to draw conclusions about the operational business performance and make transparent comparisons, particularly over a period of time. Any significant deviations identified in the key figures call for the preparation of a forecast. For the purpose of management control, the company also regularly looks at external indicators such as inflation and interest rates, and IT sector and general economic performance and forecasts. It also takes into account any early warning data or indicators generated by the Group-wide risk management system. Further details can be found in the risks and opportunities report.

Research and development activities

Innovation is very important for economic momentum and growth. As it is a service and trading enterprise, CANCOM does not conduct any research activities. Its development work focuses mainly on software solutions, applications or architecture in IT growth segments such as cloud computing, virtualization, mobile solutions, IT security and shared managed services. Development work is limited in scope and is mainly used for the Group's own purposes. Cloud computing benefits the entire enterprise, as it offers huge advantages for the IT departments, management and staff. Above all, users benefit from the central provision of applications and being able to access company data at all times, in any location and on any device. During the period under review, further development work was carried out on the Group's own IT architecture platform, CANCOM AHP Enterprise Cloud, in addition to customization of in-house software used by the company, mainly in connection with the Group-wide introduction of the enterprise resource planning (ERP) system of SAP.

2. Economic report

The general economic situation and the performance of the IT sector

The leading German economic institutes have submitted their reports for spring 2017 to the federal government. They indicate that the German economy may have accelerated again in the first quarter of the year.

According to the most recent sector barometer from BITKOM, Germany's digital association, the IT sector is confident about the prospects for the first half of 2017: 80 percent of the information and communications technology (ICT) companies surveyed expect an increase in sales revenues.

Impact on the CANCOM Group's business performance

On the back of continued strong demand from its clients, CANCOM SE's figures for the first quarter of the current fiscal year are positive. The growth extends to all areas and is thus visible in the Group as a whole as well as in both operating segments.

There are no significant events or investments to be reported in the first quarter of 2017.

Employees

As at March 31, 2017, the CANCOM Group employed 2,747 people (2016: 2,721).

The employees worked in the following areas (as at March 31):	
Professional services:	1,726
Sales and distribution:	556
Central services:	465

The staff expenses for the first three months were as follows (in € '000):

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Wages and salaries	41,694	38,781
Social contributions	6,599	6,152
Pension expenses	174	120
Total	48,467	45,053

3. Earnings, financial and assets position of the CANCOM Group

a) Earnings position

The CANCOM Group recorded a growth in its sales revenues and profits in the first three months of 2017 in comparison with the same period of 2016. Consolidated sales revenues were up 9.6 percent, from € 234.7 million to € 257.3 million.

	CANCOM Group sales revenues: year-on-year comparison of figures for the first three months (in € million)	
2016		234.7
2017		257.3

In Germany, sales revenues were up by 5.9 percent, from € 210.7 million to € 223.2 million. In international business, the Group's sales revenues increased by 42.1 percent, from € 24.0 million to € 34.1 million.

In the IT solutions segment, sales revenues were up by 11.0 percent, from 198.0 million in the previous year to € 219.8 million in 2017. In the cloud solutions segment, sales revenues charted growth of 2.2 percent, from € 36.7 million to € 37.5 million.

The consolidated gross profit of the CANCOM Group for the first three months of 2017 was 5.8 percent higher than in the same period of the previous year. It rose from € 71.3 million to € 75.4 million. The gross profit margin was 29.3 percent in comparison to 30.4 percent in the same period of 2016.

	CANCOM Group gross profit: year-on-year comparison of figures for the first three months (in € million)	
2016		71.3
2017		75.4

Staff expenses increased markedly from € 45.1 million to € 48.5 million, reflecting mainly the change in the staff structure as a result of the Group's increased activities in the higher-end consulting and services business.

At € 16.8 million, consolidated EBITDA for the first three months of the fiscal year 2017 was up on the year-on-year figure of € 16.1 million. This resulted in an EBITDA margin of 6.5 percent compared to 6.9 percent in the same period of 2016.

	CANCOM Group EBITDA: year-on-year comparison of figures for the first three months (in € million)	
2016		16.1
2017		16.8

Consolidated earnings before interest and tax (EBIT) increased by 6.4 percent from € 10.9 million in the first quarter of 2016 to € 11.6 million in the period under review.

	CANCOM Group EBIT: year-on-year comparison of figures for the first three months (in € million)	
2016		10.9
2017		11.6

At € 7.4 million, the after-tax profit after deduction of minority interests was higher than the figure generated in the same period of the previous year (€ 6.6 million). Earnings per share from continuing operations for the period January to March 2017 therefore amounted to € 0.46, compared to € 0.43 in the same period of 2016.

Order position

In the cloud solutions segment, and large parts of the IT solutions segment, orders are often placed over long periods. For this reason the reporting date figures do not give a good indication of the order situation, and they are therefore not published. At the time this management report was written, the development of our business segments is in line with our expectations.

Explanations of individual items on the statement of income

Further details on items in the statement of income are given in the notes to the consolidated statement of income.

b) Financial and assets position

Objectives of financial management

The core objective of the financial management of the CANCOM Group is to safeguard its liquidity at all times in such a way that day-to-day business activities can be continued. In addition, the Group aims to achieve optimum profitability as well as a high credit status to ensure favorable refinancing rates.

Notes to the capital structure

On the assets side of the balance sheet, there was a decrease in current assets from € 370.8 million to € 332.2 million between December 31, 2016 and March 31, 2017. Cash and cash equivalents fell from € 63.6 million to € 45.6 million in the same period. Trade accounts receivable decreased from € 182.4 million to € 151.3 million. Inventories rose from € 22.5 million to € 29.9 million.

At € 169.9 million as at March 31, 2017, non-current assets increased slightly in comparison with € 167.0 million as at December 31, 2016.

On the liabilities side of the balance sheet, there was a reduction in current liabilities from € 188.5 million as at December 31, 2016 to € 146.7 million. Trade accounts payable were down from € 127.0 million to € 91.2 million as at March 31, 2017.

Non-current liabilities, consisting of debt with a residual term of at least one year, also decreased slightly. They fell from € 64.2 million as at December 31, 2016 to € 62.8 million as at March 31, 2017.

Nominal equity went up from € 285.1 million as at December 31, 2016 to € 292.4 million in the period under review. The equity ratio stood at 58.3 percent as at March 31, 2017 (December, 31, 2016: € 53.0 percent), and total assets decreased to € 501.9 million, compared to € 537.8 million as at December 31, 2016.

Further details of the individual balance sheet items can be found in the notes to the consolidated balance sheet.

Notes to the statement of cash flows

The cash flow from ordinary activities stood at minus € 5.5 million as at March 31, 2017 in comparison with a positive cash flow of € 7.5 million in the same period of 2016, principally owing to the change in working capital.

There were a negative cash flow from investing activities of € 11.8 million (minus € 36.2 million in 2016) and a negative cash flow from financing activities of € 0.4 million (plus € 64.0 million in 2016).

In total, this resulted in cash and cash equivalents of € 45.6 million in the first three months of the year, compared to € 120.5 million in the same period of the year before.

4. Stock ownership of members of the Executive and Supervisory Boards as at March 31, 2017

Total number of shares:	16,367,531	100%
Executive Board		
Klaus Weinmann	10,000	0.1 %
Supervisory Board:		
Dominik Eberle	10,000	0.1 %

5. Risks of future development

There have been no major changes in the risks of future development at CANCOM since the start of the current fiscal year. Details of the risks can be found in the annual report for 2016, starting on page 30. The annual report can be downloaded from <https://www.cancom.com/investors/reports/> or obtained in printed form, free of charge, from the company.

6. Opportunities for future development

There have been no major changes in the opportunities for future development at CANCOM since the start of the current fiscal year. Details of the opportunities can be found in the annual report for 2016, starting on page 42. The annual report can be downloaded from <https://www.cancom.com/investors/reports/> or obtained free of charge from the company.

7. Forecast

The leading economic institutes are more optimistic about the German economy. They believe Germany is in the fifth year of a moderate upturn. They expect a 1.5 percent increase in gross domestic product over the year 2017 as a whole. However, economists consider the German recovery to be at risk, with the political environment posing particular difficulties.

The IT market will continue to be shaped by strong growth and innovation. The complexity and variety of solutions, and thus also the demands placed on company IT departments, will continue to increase – driven, among other things, by changed work and usage patterns. The digitization of nearly all sectors and the resulting comprehensive networking – along with the Internet of Things – are increasingly driving the development of business models, production processes and products, across all sizes of organization and in all areas of the economy. Against this background, a rise in the demand for innovative and intelligent IT solutions can be expected.

This is also reflected by the BITKOM forecast, according to which the German IT market should grow by 2.7 percent to € 86.0 billion in 2017. The main reason for the somewhat lower forecast for growth compared with 2016, apart from the slightly weaker growth of the economy overall, is an expectation of weaker trading in IT hardware. The software segment should see the strongest growth, at 6.3 percent, while IT services revenues should grow by 2.3 percent. IT hardware revenues are expected to remain almost unchanged, with growth of just 0.1 percent.

Anticipated performance of the CANCOM Group

Thanks to its proven expertise and outstanding market position in the IT growth areas referred to above – cloud computing, big data & analytics, mobility, security and shared managed services – CANCOM aims to continue growing its two operating segments, both organically and through acquisitions, at a faster rate than the German IT market, so continuously expanding its market share. To achieve this objective, CANCOM decided at an early stage to gear its business policy to the IT growth areas, designing its sales and services structure around them while focusing on the expansion of the higher-end services and consulting business. With its integrated portfolio of services across all areas of IT, and its flexibility in providing individually tailored packages for its clients, CANCOM has major client advantages to enable it to penetrate the market even further and more comprehensively. In addition, the increasing complexity of IT is stretching smaller integrated systems providers to the limits of their capabilities and as such could result in the CANCOM Group gaining new clients and orders – with positive impacts on the IT solutions and cloud solutions business.

In the past year, the Executive Board set the course for further growth and good performance in the future. CANCOM focuses on profitable business in the traditional IT environment and withdraws without hesitation from low-growth, declining areas or those that the Executive board considers not to be sustainable. The IT solutions and cloud solutions operating segments benefit from each other's business, due to the interactions between the CANCOM units across the Group and the fact that the provision of integrated solutions for clients usually requires input from both areas.

CANCOM has significantly expanded its market presence and improved its client proximity in the German-speaking area (i.e. Germany, Austria and parts of Switzerland). The Group is represented all over Germany and Austria by its many service and consulting locations. It also has subsidiaries in Switzerland and the U.S.A. as well as a representative office in Brussels, Belgium. CANCOM intends to continue strengthening its market position, partly through selective acquisitions, while taking advantage of market and cost synergies. The highly fragmented service provider landscape, particularly in the IT environment in the German-speaking area, continues to offer favorable conditions for CANCOM to act as a market consolidator.

CANCOM is planning to implement the SAP ERP system throughout the Group in 2017. Owing to the complexity and scale of the project, the changeover may have a negative impact on business performance in the short term if, for instance, business organization and governance are affected, processes do not take place correctly, resources are misused or sales activities are held in check. These potential negative impacts should be regarded as possible once-off effects of the system changeover. In the long term, CANCOM believes, a viable, scalable enterprise resource planning (ERP) system tailored to corporate processes will support the Group's targeted growth, improve efficiency, and ensure its competitiveness.

In the fiscal year 2017, significant investments will be made in the construction of extensions to the logistics and services factory at the company's location in Jettingen-Scheppach, Germany.

From today's point of view, there have been no major changes in the estimation of current year's business development at CANCOM.

For information concerning the anticipated performance and the outlook of the Group and its operating segments in 2017, please see the detailed forecast section of the annual report for 2016 on pages 50 and 51.

Munich, Germany, May 2017

CANCOM SE

The Executive Board

Disclaimer regarding forward-looking statements

This document has not been audited. It contains statements relating to our future business and financial performance and to future events or developments affecting CANCOM that may constitute forward-looking statements. These statements are based on the current expectations, assumptions and estimates of the Executive Board and other information currently available to the management, of which many are beyond CANCOM's control. These statements can be identified by phrases and words such as 'expect', 'want', 'assume', 'believe', 'endeavor', 'estimate', 'presume', 'calculate', 'intend', 'could', 'plan', 'should', 'will', 'forecast' or similar words.

All statements with the exception of facts regarding the past are forward-looking statements. Such statements include expectations regarding the availability of products and services, the financial and earnings position, the business strategy and the Executive Board's plans for future operating activities, economic performance and all statements regarding assumptions. Although we take the greatest of care when making these statements, we cannot guarantee their correctness, especially in our forecast. Various known and unknown risks, uncertainties and other factors may lead to the actual events deviating significantly from those contained in the forward-looking statements. The following influencing factors are, among others, relevant in this respect: external political influences, changes in the general economic and business situation; changes in the competitive position and situation, for instance by the emergence of new competitors, new products and services or new technologies; changes in the investment behavior of target client groups etc. and changes to the business strategy.

If one or more of these risks or uncertainties should materialize, or if the underlying expectations are not fulfilled or assumptions prove incorrect, the actual results, performance or achievements of CANCOM may (either negatively or positively) deviate substantially from those described either explicitly or implicitly in the relevant forward-looking statement. CANCOM cannot guarantee the pertinence, accuracy, completeness or correctness of the information or opinions in this document.

CANCOM does not make any commitment to update its forward-looking statements, nor does it intend to update them or correct them if developments differ from those anticipated. Due to rounding, some of the numbers presented in this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures they refer to.

Consolidated balance sheet (IFRS)

ASSETS

(in € 000)	Notes	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Current assets				
Cash and cash equivalents		45,638	63,590	120,481
Assets held for sale		360	360	0
Trade accounts receivable		151,267	182,433	132,207
Other current financial assets	B.1.	98,343	96,062	39,310
Inventories		29,947	22,524	26,839
Contracts in progress		860	417	639
Prepaid expenses and other current assets	B.2.	5,747	5,377	8,093
Total current assets		332,162	370,763	327,569
Non-current assets				
Property, plant and equipment (tangible assets)		45,483	44,147	40,846
Intangible assets		28,351	28,307	29,156
Goodwill		73,031	73,230	72,180
Long-term financial assets		4,895	795	65
Investments accounted for using the equity method		581	501	510
Loans		1,307	1,912	2,353
Other non-current financial assets		10,719	12,716	6,745
Deferred taxes arising from temporary differences	B.3.	2,853	2,665	2,465
Deferred taxes arising from tax loss carryforward	B.3.	1,186	1,605	2,553
Other assets		1,289	1,157	1,711
Total non-current assets		169,695	167,035	158,584
Total assets		501,857	537,798	486,153

EQUITY AND LIABILITIES

(in € 000)	Notes	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Current liabilities				
Short-term loans and current portion of long-term loans		2,155	1,922	1,347
Profit-participation capital and subordinated loans - short-term portion		667	633	209
Trade accounts payable		91,208	127,047	91,347
Prepayments received		6,892	5,349	5,257
Other current financial liabilities	B.4.	6,823	6,425	6,474
Provisions	B.5.	3,843	4,883	3,589
Deferred income		4,645	3,946	3,446
Income tax liabilities		8,242	10,244	5,274
Other current liabilities	B.6.	21,439	27,294	21,697
Liabilities in connection with assets held for sale		771	772	0
Total current liabilities		146,685	188,515	138,640
Non-current liabilities				
Long-term loans		1,883	2,081	2,671
Convertible bonds	B.7.	42,118	41,778	40,760
Profit-participation rights and subordinated loans		4,361	4,457	4,686
Deferred income		2,003	2,316	4,140
Deferred taxes arising from temporary differences	B.8.	6,921	7,550	7,953
Pension provisions		1,963	1,942	1,764
Other non-current financial liabilities	B.9.	771	629	1,653
Other non-current liabilities	B.5.	2,791	3,451	8,098
Total non-current liabilities		62,811	64,204	71,725
Equity				
Capital stock		16,368	16,368	16,368
Capital reserves		173,935	173,935	173,936
Net retained profit/net accumulated loss (incl. revenue reserves)		98,711	91,263	79,096
Equity capital difference due to currency translation and exchange rate differences		1,361	1,571	704
Non-controlling interests		1,986	1,942	5,684
Total equity		292,361	285,079	275,788
Total equity and liabilities		501,857	537,798	486,153

CONSOLIDATED STATEMENT OF INCOME

(in € 000)	Notes	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Sales revenues		257,266	234,698
Other operating income	D.1.	753	472
Other own work capitalized		477	389
Total revenue		258,496	235,559
Cost of purchased materials and services		-183,121	-164,275
Gross profit		75,375	71,284
Human resources expenses	D.2.	-48,467	-45,053
Amortization and write-downs of intangible assets, and depreciation and write-downs of tangible assets		-5,163	-5,176
Other operating expenses	D.3.	-10,158	-10,114
Operating result		11,587	10,941
Interest and similar income		158	154
Interest and other expenses		-757	-810
Other financial result: income		55	0
Other financial result: expenses		-2	-229
Share of profit/loss from associated companies accounted for using the equity method		81	58
Currency translation gains/losses		56	-169
Earnings before taxes		11,178	9,945
Income taxes	D.4.	-3,685	-3,283
Earnings after taxes from continuing operations		7,493	6,662
Earnings from discontinued operations		-2	0
Net income/(loss) for the period		7,491	6,662
thereof attributable to the stockholders of the parent		7,447	6,562
thereof attributable to non-controlling interests	D.5.	44	100
Average number of shares outstanding (basic)		16,367,531	15,337,407
Average number of shares outstanding (diluted)		17,423,041	16,392,927
Earnings per share from continuing operations (basic) in €		0.46	0.43
Earnings per share from continuing operations (diluted) in €		0.44	0.40
Earnings per share from discontinued operations (basic) in €		-0.00	0.00
Earnings per share from discontinued operations (diluted) in €		-0.00	0.00
Earnings per share attributable to stockholders of the parent from net income/loss for the period (basic) in €		0.46	0.43
Earnings per share attributable to stockholders of the parent from net income/loss for the period (diluted) in €		0.44	0.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 000)	Jan. 1, - Mar. 31, 2017	Jan. 1, - Mar. 31, 2016
Net income/loss for the period	7,491	6,662
Other comprehensive income		
Items possibly to be reclassified in profit or loss in subsequent periods		
Currency translation difference	-304	-562
Exchange price differences - securities	0	0
Income taxes	94	174
Items not to be reclassified in profit or loss		
Change in actuarial gains/losses from pensions	0	0
Deferred taxes from change in actuarial gains/losses from pensions	0	0
Other comprehensive income for the period (after taxes)	-210	-388
Comprehensive income for the period	7,281	6,274
thereof attributable to stockholders of the parent	7,237	6,174
thereof attributable to non-controlling interests	44	100

STATEMENT OF CASH FLOWS

(in € 000)	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
Cash flow from ordinary activities		
Profit for the period before taxes and non-controlling interests	11,178	9,945
Adjustments		
+ Amortization and write-downs of intangible assets, and depreciation and write-downs of tangible assets	5,163	5,176
+ Interest result and other financial result	546	885
+/- Changes in long-term provisions	53	191
+/- Changes in short-term provisions	142	-242
+/- Result from the sale of intangible assets, tangible assets and financial assets	-116	-85
+/- Changes in inventories	-7,439	1,094
+/- Changes in accounts receivable from purchases and services, as well as other receivables	29,671	13,759
+/- Changes in accounts payable for purchases and services, as well as other payables	-38,870	-20,717
- Interest paid	-40	-62
+/- Income tax paid and refunded	-5,714	-2,420
+/- Non-cash expenses and income	-81	-58
+/- Cash inflow/outflow from discontinued operations	-3	0
Net cash from operating activities	-5,510	7,466
Cash flow from investing activities		
+/- Acquisition of subsidiaries and equity instruments of other companies	-1,805	0
- Acquisition of long-term financial assets	-4,101	-1
- Acquisition of financial assets held-for-sale	0	-30,000
- Payments for additions to intangible assets and tangible assets	-6,882	-6,561
+ Income from disposal of intangible assets, tangible assets and financial assets	1,023	327
+ Interest received	2	17
Net cash used in investing activities	-11,763	-36,218
Cash flow from financing activities		
+/- Income from the issue of subscribed capital	0	66,214
+/- Capital increase costs	0	-1,429
- Repayment of long-term debt (incl. short-term portion)	-409	-209
+/- Changes in short-term financial liabilities	226	-44
- Interest paid	-480	-488
+/- Receipts and payments for finance lease	232	-79
Net cash used in financing activities	-431	63,965
Net increase/decrease in cash and cash equivalents	-17,704	35,213
+/- Changes in value resulting from foreign currency exchange	-248	-534
+/- Cash and cash equivalents at the beginning of the period	63,590	85,802
Cash and cash equivalents at the end of the period	45,638	120,481
<i>Structure :</i>		
<i>Cash</i>	<i>45,638</i>	<i>120,481</i>
<i>Cash from discontinued operations</i>	<i>0</i>	<i>0</i>
	45,638	120,481

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Capital stock	Capital reserves	Other revenue reserves	Currency translation reserves	Exchange rate price difference reserves	Reserves for changes in actuarial gains/losses from pensions	Revaluation reserves (revenue reserves)	Net retained profit	Total investors of parent company	Non-controlling interests	Total equity
	units'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
January 1, 2016	14,880	14,880	110,197	38,067	1,090	2	-217	-153	34,837	198,703	5,584	204,287
Net income/(loss) for the period									33,365	33,365	286	33,651
Other comprehensive income					479	0	-129			350	0	350
Comprehensive income					479	0	-129		33,365	33,715	286	34,001
Capital increase	1,488	1,488	64,726							66,214		66,214
Changes in reserves: Capital increase costs			-988							-988		-988
Transfer of net retained profit/net accumulated loss/revenue reserves				22,455					-22,455	0		0
Distribution in fiscal year									-8,184	-8,184	-90	-8,274
Changes due to acquisition of non-controlling interests				-6,323						-6,323	-3,838	-10,161
Dezember 31, 2016	16,368	16,368	173,935	54,199	1,569	2	-346	-153	37,563	283,137	1,942	285,079
Net income/(loss) for the period									7,448	7,448	44	7,492
Other comprehensive income					-210	0	0			-210	0	-210
Comprehensive income					-210	0	0		7,448	7,238	44	7,282
March 31, 2017	16,368	16,368	173,935	54,199	1,359	2	-346	-153	45,011	290,375	1,986	292,361

Segment information – IFRS

Segment information	Cloud solutions		IT solutions	
	Mar. 31, 2017 €'000	Mar. 31, 2016 €'000	Mar. 31, 2017 €'000	Mar. 31, 2016 €'000
Sales revenues				
- External sales	37,463	36,718	219,773	197,976
- Intersegment sales	727	146	877	651
- Total sales revenues	38,190	36,864	220,650	198,627
- Cost of purchased materials and services	-19,136	-19,300	-165,469	-145,621
- Human resources costs	-8,684	-8,247	-38,088	-35,074
- Other income and expenses	-2,038	-1,774	-6,451	-7,262
EBITDA	8,332	7,543	10,642	10,670
- Depreciation and amortization	-1,521	-1,514	-3,588	-3,590
Operating result (EBIT)	6,811	6,029	7,054	7,080
- Interest income	67	65	89	83
- Interest expenses	0	0	-451	-479
- Other financial income	0	0	55	0
- Other financial expenses	0	0	0	-229
- Share in profit or loss of associated companies accounted for by using the equity method	81	58	0	0
Result from ordinary activities	6,959	6,152	6,747	6,455
- Foreign currency exchange differences				
Earnings before taxes	6,959	6,152	6,747	6,455
- Income taxes				
- Discontinued operations	-2	0	0	0
Consolidated net income for the year				
thereof attributable to stockholders of the parent				
thereof attributable to non-controlling interests				

A. Principles adopted for the consolidated financial statements

1. General information

The consolidated financial statements of CANCOM SE and its subsidiaries ('the CANCOM Group' or 'the Group') for the fiscal year 2017 were drawn up according to the International Financial Reporting Standards (IFRS) and/or the International Accounting Standards (IAS).

The consolidated financial statements were drawn up in euro. All amounts are shown in thousand euro (€ thousand) unless otherwise stated. Rounding of figures may result in apparent inconsistencies between totals and sums of constituent parts. For the same reason, percentage indications may not exactly match the aggregate values shown or total 100 percent.

This consolidated interim financial report is condensed and was drawn up in compliance with IAS 34 Interim Financial Reporting. It should be read in conjunction with the IFRS-compliant consolidated financial statements for the fiscal year 2016, which can be downloaded from www.cancom.de.

2. Reporting entity

The consolidated financial statements include CANCOM SE and all subsidiaries in which CANCOM SE has either a direct or an indirect majority stockholding, or in which it holds the majority of the voting rights. These subsidiaries are fully consolidated.

Verioplan GmbH has been merged into CANCOM VVM GmbH. The merger is documented in a merger contract dated April 26, 2017 and was entered in the commercial register file of CANCOM VVM GmbH on May 2, 2017.

3. Accounting and valuation policies

The consolidated interim financial report is compiled using basically the same accounting and valuation methods as those used for the consolidated financial statements for the fiscal year 2016.

B. Notes to the consolidated balance sheet

1. Other current financial assets

This item includes receivables from banks (€ 88,000 thousand), claims to the payment of a purchase price relating to lease projects (€ 5,898 thousand), bonuses due from suppliers (€ 2,947 thousand), marketing revenue (€ 710 thousand), creditors with a debit balance (€ 455 thousand), claims to the payment of a purchase price from the disposal of companies (€ 200 thousand) and receivables from staff (€ 133 thousand).

2. Prepaid expenses and other current assets

This item mainly consists of other current assets such as tax refunds (€ 796 thousand), commission income (€ 364 thousand), insurance refunds (€ 183 thousand) and receivables from social insurance institutions (€ 12 thousand).

The prepaid expenses (€ 4,331 thousand) include deferred insurance premiums and expenses paid in advance.

3. Deferred tax assets

The deferred tax assets are as follows:

Deferred tax from	temporary differences €'000	tax loss carry-forwards €'000
As at January 1, 2017	2,665	1,605
Tax income/expense from profit and loss calculation	189	-419
Currency exchange gains/losses *	-1	0
As at March 31, 2017	2,853	1,186

* directly recognized in equity

As at March 31, 2017, the CANCOM Group had tax loss carryovers of € 3.2 million and trade tax loss carryovers of € 4.0 million. On the basis of the planned tax results, it is expected that the capitalized deferred tax advantages from loss carryovers will be realized.

The deferred taxes from temporary differences are mainly the result of differences in property, plant and equipment/tangible assets (€ 748 thousand), intangible assets (€ 657 thousand), pension provisions (€ 454 thousand), other financial liabilities (€ 384 thousand), other liabilities (€ 335 thousand) and other provisions (€ 177 thousand).

4. Other current financial liabilities

Other current financial liabilities includes liabilities to former affiliated companies (€ 2,778 thousand), debtors with a credit balance (€ 2,551 thousand), outstanding bills of charge (€ 726 thousand), leasing purchase price liabilities (€ 382 thousand), Supervisory Board remuneration (€ 298 thousand) and rent obligations (€ 88 thousand).

5. Other provisions

The provisions mainly include guarantees and warranties (€ 1,518 thousand), the variable component of the purchase price for shares in affiliated entities (€ 1,478 thousand), copyright fees (€ 1,193 thousand), interest expenses (€ 534 thousand), termination payments (€ 510 thousand), anniversaries (€ 325 thousand), legal costs (€ 273 thousand), contingent risks (€ 198 thousand), compensation (€ 169 thousand), decommissioning and restoration liabilities (€ 128 thousand), financial statement costs (€ 117 thousand) and archiving costs (€ 107 thousand).

The total provisions include long-term provisions of € 2,791 thousand, which are recognized under other non-current liabilities. These are mainly for copyright fees (€ 1,193 thousand), guarantees and warranties (€ 697 thousand), anniversaries (€ 325 thousand), contingent purchase price provisions (€ 246 thousand), decommissioning and restoration liability (€ 128 thousand), termination payments, for which a provision is legally mandatory in Austria (€ 88 thousand) and archiving costs (€ 80 thousand).

6. Other current liabilities

Other current liabilities mainly includes staff bonus payments (€ 9,430 thousand), holiday and overtime entitlements (€ 5,767 thousand), tax on salaries and church tax (€ 2,815 thousand), sales tax (€ 1,705 thousand), employers' liability insurance association (€ 697 thousand), wages and salaries (€ 423 thousand), social security contributions (€ 317 thousand) and travel expenses (€ 93 thousand).

7. Convertible bonds

CANCOM SE issued a convertible bond for a total nominal amount of € 45,000 thousand in March 2014. The bonds mature in March 2019 and the holders are entitled to convert their bonds into a total of up to 1,055,510 new no-par value bearer shares in CANCOM SE. The denomination per unit is € 100,000. The initial conversion price is € 42.6334 per share. The conversion ratio is therefore

2,345,5788 shares per bond at the relevant nominal amount of € 100,000. The conversion right for the bonds can be exercised throughout its term to maturity. The bond has a coupon of 0.875 percent. Interest will be paid annually on March 27, starting on March 27, 2015.

On the balance sheet, the convertible bond is split into an equity component and a liability component. The carrying amount of the liability component as at the reporting date is € 42,118 thousand. The value of the equity component is € 5,942 thousand, which is recognized under capital reserves. An effective interest expense of € 301 thousand was recognized for the bond in the period from January 1 to March 31, 2017, and the nominal interest payments amounted to € 394 thousand.

8. Deferred tax liabilities

The deferred tax liabilities are as follows:

	€'000
As at January 2017	7,550
Tax income from profit and loss calculation	-540
Currency exchange gains/losses	-89
As at March 31, 2017	6,921

* directly recognized in equity

The deferred tax liabilities arise from deviations from the tax balance sheets. They are the result of the recognition and revaluation of intangible assets (€ 3,955 thousand), other financial assets (€ 825 thousand), loans to affiliated companies (€ 572 thousand), software development costs (€ 563 thousand), goodwill (€ 396 thousand), property, plant and equipment/tangible assets (€ 384 thousand), convertible bonds (€ 106 thousand), prepaid expenses (€ 49 thousand), other financial liabilities (€ 45 thousand), other current liabilities (€ 8 thousand), equity-accounted investments (€ 7 thousand), contracts in progress (€ 6 thousand), other provisions (€ 4 thousand) and long-term investments (€ 1 thousand).

Recognition is based on an individual tax rate of between 25 percent (Austrian subsidiary) and 39.83 percent (U.S. subsidiary).

9. Other non-current financial liabilities

Other non-current financial liabilities include rent obligations of € 392 thousand and purchase price liabilities of € 379 thousand.

C. Segment information

Segment information is disclosed according to IFRS 8 Operating Segments. The segment information is based on the segmentation used for internal control purposes (management approach).

The Group reports on two operating segments: cloud solutions and IT solutions.

Description of the segments subject to mandatory reporting

The cloud solutions operating segment comprises CANCOM Pironet AG & Co. KG (formerly PIRONET Datacenter AG & Co. KG), PIRONET Enterprise Solutions GmbH, Pironet AG, and the divisions of CANCOM GmbH allocated to the cloud solutions segment. This operating segment comprises the CANCOM Group's cloud and shared managed services business, including project-related cloud hardware, software and services business. The product and service portfolio comprises analysis, consulting, delivery, implementation and services, thus providing clients with the necessary orientation and support for transformation of their corporate IT systems to cloud computing. As part of its range of services, the CANCOM Group is able to run parts of, or entire, IT departments for its clients, using scalable cloud and managed services – especially shared managed services. Distribution costs allocated to cloud distribution are included in the segment. The cloud business also benefits from synergies with CANCOM's general sales and marketing service, the costs of which are allocated to the IT solutions reportable segment.

The IT solutions operating segment comprises CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a + d IT solutions GmbH, CANCOM (Switzerland) AG, NSG ICT Service GmbH, CANCOM SCS GmbH, CANCOM ICP GmbH, CANCOM on line GmbH, Cancom on line B.V.B.A., CANCOM physical infrastructure GmbH, CANCOM, Inc., and HPM Incorporated, with the exception of the division of CANCOM GmbH allocated to the cloud solutions and other companies segment. This operating segment of the CANCOM Group offers comprehensive support for IT infrastructure and applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or as part of a project, in addition to professional IT services and support.

The other companies are CANCOM SE, CANCOM VVM GmbH, CANCOM Financial Services GmbH in addition to the divisions of CANCOM GmbH allocated to the other companies segment. CANCOM SE and the division of CANCOM GmbH allocated to this segment perform the staff and/or management functions for the Group. As such, they provide a range of services for the subsidiaries. The costs of central management of the Group and its investments in internal Group projects also fall within this segment.

Reconciliation

Reconciliation shows items not directly connected with the operating segments and the other companies. They include sales within the segments, and the income tax expense.

The income tax expense is not a component of the profit of the operating segments. Since the tax expense is allocated to the parent company where the parent company is the taxable entity, the allocation of the income tax does not exactly correspond to the structure of the segments.

Information on geographical regions

	Sales revenue according to client location		Sales revenue according to entity location	
	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Germany	205,551	195,474	223,206	210,733
Outside Germany	51,715	39,224	34,060	23,965
Group	257,266	234,698	257,266	234,698

	Non-current assets	
	Mar 31, 2017 €'000	Mar 31, 2016 €'000
Germany	141,795	134,100
Outside Germany	18,860	19,301
Group	160,655	153,401

Non-current assets include property, plant and equipment (tangible assets), intangible assets, goodwill, and other non-current assets. Financial instruments and deferred tax claims are not included.

D. Notes to the consolidated statement of income**1. Other operating income**

Other operating income is broken down as follows:

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Rent	0	1
Income not relating to the period	557	282
Government grants	159	142
Compensation for damages	6	4
Other operating income	31	43
Total	753	472

2. Human resources expenses

The human resources expenses consist of the following:

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Wages and salaries	41,694	38,781
Social security contributions	6,599	6,152
Pension expenses	174	120
Total	48,467	45,053

3. Other operating expenses

The other operating expenses consist of the following items:

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Premises costs	2,567	2,606
Insurance and other charges	329	257
Motor vehicle costs	891	1,022
Advertising costs	541	667
Stock exchange and entertainment costs	47	55
Hospitality and traveling expenses	1,412	1,178
Delivery costs	950	767
Third-party services	655	725
Repairs, maintenance, leasing	815	582
Communications and office costs	596	684
Professional development and training costs	361	390
Legal and consultancy costs	461	429
Fees and charges; costs of money transactions	86	294
Other operating expenses	447	458
Total	10,158	10,114

4. Income taxes

The rate of income tax for the German companies was 30.90 percent (2016: 30.93 percent). This is made up of corporate tax, trade tax and solidarity surcharge.

The divergence between the tax expenses reported and those at the tax rate of CANCOM SE is shown below:

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Earnings before tax	11,178	9,945
Expected tax expense at rate for German companies (30.90 percent; 2016: 30.93 percent)	3,454	3,076
- Difference from tax paid outside Germany	112	-29
- Tax-exempt income/non tax-relevant losses on disposals	38	-5
- Actual income tax not relating to the period	-1	-3
- Permanent differences	-16	57
- Non-deductible operating expenses as well as additions and reductions in relation to trade tax	85	186
- Effects of tax rate changes	13	0
- Miscellaneous	0	1
Total Group income tax expenses	3,685	3,283

The actual tax rate is calculated as follows:

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Income before tax	11,178	9,945
Income tax	3,685	3,283
Actual tax expense rate	32.97%	33.01%

Income tax comprises the income tax paid or owed in the individual countries, and the deferred taxes:

	Jan. 1 - Mar. 31, 2017 €'000	Jan. 1 - Mar. 31, 2016 €'000
Actual income tax expense	3,995	3,197
Deferred taxes:		
Assets	230	360
Liabilities	-540	-716
	-310	-356
Deferred taxes recognized directly in equity	0	442
Group income tax	3,685	3,283

5. Non-controlling interests

Minority interests account for 5.08 percent of the net income for the period of Pironet AG subgroup (€ 44 thousand).

E. Other disclosures

1. Related party disclosures

For the purposes of IAS 24, Klaus Weinmann can be considered a related party who can exercise a significant influence on the CANCOM Group as an Executive Board member of CANCOM SE. Rudolf Hotter, the other Executive Board member, is also a related party for the purposes of IAS 24, as are the members of the Supervisory Board. Other related persons under IAS 24.9 b are:

- AL-KO Kober SE and its subsidiaries;
- ABCON Holding GmbH and its subsidiaries;
- ABCON Vermögensverwaltung GmbH and its subsidiaries;
- DV Immobilien Management GmbH; and
- Elber GmbH
- Athanor Gesellschaft für Beratung und Beteiligungen mbH and its subsidiaries
- Wild Consult LLC.

Transactions with related persons were settled in the same way as arm's length transactions, and the payment terms are net 10 to 30 days.

The transaction volumes of goods sold and services provided to related parties under IAS 24 in the first quarter of 2017 were as follows: AL-KO Kober SE and its subsidiaries purchased goods/services amounting to € 502 thousand (gross), of which € 218 thousand was outstanding at the balance sheet date.

The transaction volume of goods and services purchased from related parties under IAS 24 in the first quarter of 2017 was € 0.

2. Shares held by members of the Executive and Supervisory Boards (at the balance sheet date)

A list of stockholdings can be found on page 8 of this interim report.

3. Stockholdings in the company as defined in Section 20 IV of the German Stock Corporation Act (Aktengesetz, AktG)

CANCOM SE did not receive written notice from any stockholder disclosing a majority stockholding as defined in the Section 20 of the above Act in the first quarter of 2017.

CANCOM SE

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