INTERIM REPORT 2018

H1

INDUS
Holding
AG

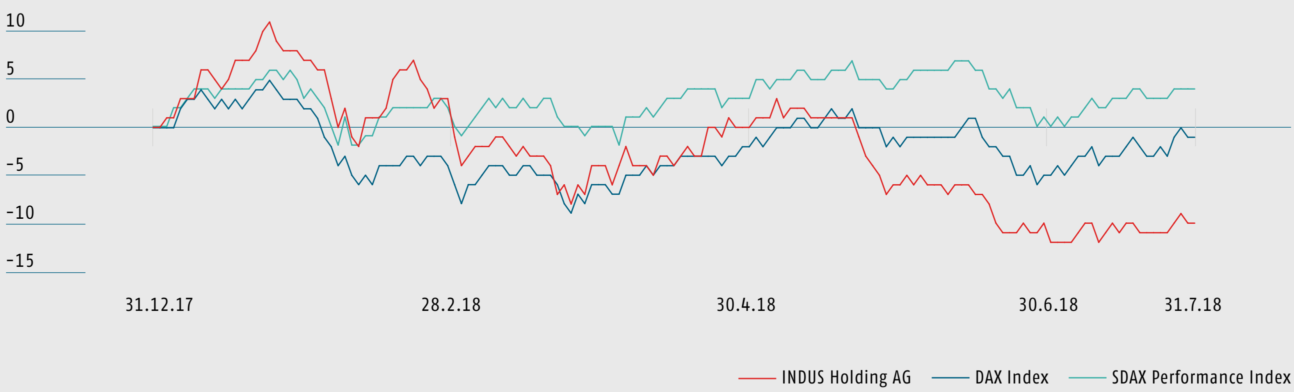
[INDUS]

HIGHLIGHTS

— INDUS continues positive trend
— Revenues climb 5.1% based on strong organic growth
— Earnings per share up disproportionately to EUR 1.76

KEY FIGURES		(in EUR million)
	H1 2018	H1 2017
Sales	844.7	803.5
EBITDA	109.4	103.4
EBIT	76.2	72.7
EBIT margin (in %)	9.0	9.0
EBIT adjusted	81.2	78.5
EBIT margin adjusted (in %)	9.6	9.8
Group net income (earnings after taxes)	43.7	39.0
Operating cash flow	-22.4	9.8
Cash flow from operating activities	-33.5	-1.1
Cash flow from investing activities	-28.2	-63.8
Cash flow from financing activities	27.9	39.5
	JUNE 30, 2018	DEC. 31, 2017
Total assets	1,717.8	1,653.2
Equity	681.3	673.8
Equity ratio (in %)	39.7	40.8
Net debt	513.1	398.9
Cash and cash equivalents	102.1	135.9
Portfolio companies (as of the reporting date)	45	45

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



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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

In the ongoing favorable economic environment, our portfolio companies continue to perform well and in line with expectations. Without further ado therefore, the Board of Management confirms the economic targets for the whole of 2018.

Group sales increased by 5.1% compared to the first half of 2017 to EUR 844.7 million. The growth in sales was largely generated organically and boosted particularly by growth in the Construction/Infrastructure and Metals Technology segments. This solid organic growth is the payoff from the investment offensive carried out over the last years.

EBIT increased by 4.8% to EUR 76.2 million compared to the first half of 2017, resulting in an EBIT margin of 9.0%. Adjusted for the operative effects of acquisitions, the EBIT margin came to 9.6%.

With the exception of the Automotive Technology segment, the EBIT margins of all segments were within the forecast range at the end of the first six months of the year. In the Medical Engineering/Life Science segment, too, we expect that the margin will be within the target range over the remainder of the year. The portfolio companies in this segment, with high earnings, are currently feeling the impact of rising competitive pressure and regulatory standards.

The Group's long-term target remains an EBIT margin of 10% + x. The fact that the margin is currently below this figure is largely due to the challenging situation in the Automotive Technology segment. Our suppliers in the automotive chain continue to struggle under extreme pressure on margins. The ongoing repositioning project at a series supplier – which entails extraordinary effects on income – is going according to plan. However, that we are close to the target with the entire portfolio overall shows how well the diverse INDUS portfolio is positioned.

In connection with the structural realignment in the automotive sector, we are increasingly questioning whether an exit may be the most sensible option in certain cases. In addition to the question of whether a company can contribute attractive EBIT to INDUS, another central question to consider is whether another owner might be able to offer the company and its employees better development opportunities in the long term. However, in accordance with our strategy, parting with companies will always be an exception to the rule.

Macropolitical uncertainties, such as the ongoing Brexit issue and U.S. trade policies, continue to cause uncertainty. At the moment, we do not expect that these issues will fundamentally impact the performance of our portfolio companies, or their internationalization attempts, in the current fiscal year.

With their innovation efforts, our portfolio companies are decidedly taking an important factor for their future success into their own hands. This is also clear from the growing number of current development bank projects: As of August 2018, INDUS was supporting sixteen projects. The well known e-Bus cluster is already generating sales. Market placements are imminent for other projects, such as VR technology and cloud solutions for filling stations. A new, and in our opinion very promising, project is focused on 3D metal printing and has just procured a large pilot facility.

In order to develop the potential of our Group further as a whole, we continue to actively search for suitable acquisitions. We expect to add another one or two companies to the Group at first level by the end of the year, despite the fact that the heat is currently on in the M&A market. The focus for acquisitions remains on companies that are active in the growth industries we have defined.

We stand by the forecasts for the full year: Providing the economic environment remains favorable, as we expect it will, we anticipate sales between EUR 1.65 and 1.70 billion and EBIT between EUR 154 and 160 million, excluding acquisitions. We remain vigilant as regards the economic environment: The economy is cyclical in nature, and the current high has already lasted longer than usual.

Bergisch Gladbach, August 2018

Dr. Johannes Schmidt | Axel Meyer | Rudolf Weichert

INTERIM MANAGEMENT REPORT

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

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

	H1 2018	H1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Sales	**844.7**	**803.5**	**41.2**	**5.1**
Other operating income	5.5	7.4	-1.9	-25.7
Own work capitalized	2.1	2.2	-0.1	-4.5
Changes in inventory	29.7	8.4	21.3	>100
Overall performance	**882.0**	**821.5**	**60.5**	**7.4**
Cost of materials	-407.2	-372.9	-34.3	-9.2
Personnel expenses	-252.2	-235.2	-17.0	-7.2
Other operating expenses	-113.2	-110.8	-2.4	-2.2
Income from shares accounted for using the equity method	-0.1	0.7	-0.8	<-100.0
Other financial income	0.1	0.1	0.0	0.0
EBITDA	**109.4**	**103.4**	**6.0**	**5.8**
Depreciation/amortization	-33.2	-30.7	-2.5	-8.1
Operating income (EBIT)	**76.2**	**72.7**	**3.5**	**4.8**
Net interest	-9.2	-12.4	3.2	25.8
Earnings before taxes (EBT)	**67.0**	**60.3**	**6.7**	**11.1**
Taxes	-23.3	-21.3	-2.0	-9.4
Earnings after taxes	**43.7**	**39.0**	**4.7**	**12.1**
of which attributable to non-controlling shareholders	0.6	0.3	0.3	100.0
of which attributable to INDUS shareholders	43.1	38.7	4.4	11.4

The INDUS Group is on track to achieve its targets after the first half of 2018. Sales and operating income (EBIT) are developing according to plan. The Construction/Infrastructure segment is performing at top level. The Engineering segment is also still performing well. In addition, the Metals Technology segment has shown a marked improvement against the previous year. This compensated for the decline in income in the Automotive Technology segment.

SALES UP 5.1%

In the first half of the year, the INDUS Group generated Group sales of EUR 844.7 million. This was EUR 41.2 million or 5.1% more than in the same period of the previous year. This increase in sales is largely due to organic growth in the Metals Technology (growth in the carbide tools area) and Construction/Infrastructure segments. Group sales amounted to EUR 436.6 million in the second quarter of 2018 (previous year: EUR 422.5 million), following EUR 408.2 million in the first quarter (Q1 2017: EUR 381.0 million).

The cost-of-materials ratio rose from 46.4% in the same period of the previous year to 48.2%. This was mainly due to higher prices for raw materials (metals) as well as an increase in temporary staff (purchased services) resulting from facilities running at high capacity. The personnel expense ratio increased from 29.3% to 29.9%. This was partially due to collective-bargaining contracts completed in the previous year.

Depreciation and amortization increased by 8.1% to EUR 33.2 million as a result of higher investments in fixed assets over the past years.

OPERATING INCOME (EBIT) ON COURSE

Operating income (EBIT) climbed 4.8% from EUR 72.7 million in the first six months of 2017 to EUR 76.2 million in the reporting period. At 9.0%, the EBIT margin is exactly the same as in the previous year.

7.4% INCREASE IN EBIT IN SECOND QUARTER OF 2018

Looking specifically at the second quarter, an improvement in income of EUR 2.8 million was achieved, from EUR 38.0 million in the second quarter of 2017 to EUR 40.8 million in the second quarter of 2018. This represents an increase of 7.4%. The margin for the individual quarter is 9.3%, 0.3 percentage points above the figure recorded in the same period of the previous year (9.0%).

ADJUSTED EBIT MARGIN AT 9.6%

Adjusted operating income (EBIT) amounted to EUR 81.2 million after the first six months of 2018, following EUR 78.5 million in the comparison period. This represents an increase of 3.4%. The adjusted EBIT margin for the first six months of 2018 is 9.6% compared with 9.8% for the same period in 2017. Effects on earnings resulting from company acquisitions have been eliminated from the adjusted operating income (EBIT). These included depreciation for fair value adjustments on the acquired companies' fixed assets and inventory assets (order backlogs) along with incidental acquisition costs. These effects are currently on the decline, as certain effects on income from past acquisitions have expired.

RECONCILIATION (in EUR million)

	H1 2018	H1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating income (EBIT)	**76.2**	**72.7**	**3.5**	**4.8**
Depreciation of property, plant and equipment and amortization of intangible assets due to fair value adjustments from initial consolidations*	4.3	3.9	0.4	10.3
Impact of fair value adjustments on inventory assets/order backlogs from initial consolidations and incidental acquisition costs**	0.7	1.9	-1.2	-63.2
Adjusted operating income (EBIT)	**81.2**	**78.5**	**2.7**	**3.4**

* 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.

At EUR -9.2 million, net interest improved by EUR 3.2 million. The interest for the valuation of interest rate swaps, minority interests and also interest from operating activities is recognized in net interest: Both interest items were down in the first six months of the fiscal year against the same period of the previous year. Operating net interest amounted to EUR 6.1 million in the reporting period; for the same period of the previous year it was EUR 7.2 million. The interest expense for shares of minority shareholders decreased by EUR 2.2 million to EUR 3.0 million. This is partially due to the acquisition of minority interests that had previously had a negative impact on the net interest.

EARNINGS PER SHARE EUR 1.76

Earnings before taxes (EBT) improved by a satisfactory 11.1% to EUR 67.0 million. The tax ratio declined slightly from 35.3% in the previous year to 34.8% in the reporting period. Before the interests held by non-controlling shareholders were deducted, the income for the period (earnings after taxes) increased by EUR 4.7 million to EUR 43.7 million (previous year: EUR 39.0 million). Earnings per share improved, increasing to EUR 1.76, up from EUR 1.58 for the same period of the previous year. This represents an increase of 11.4%.

In the first six months of 2018, INDUS Group companies employed an average of 10,579 employees (previous year: 10,032 employees).

INVESTMENTS AND ACQUISITIONS IN 2018

Three INDUS portfolio companies have already made acquisitions in 2018: In January, AURORA acquired electronics specialist EE ELECTRONIC EQUIPMENT B.V., based in Weert (NL). The company produces customer-specific electronic control components for applications in the automotive, lighting and packing industries.

In March 2018, OFA Bamberg signed a purchase contract covering the activities of a medical aid trading company in southern Germany.

In addition, another INDUS portfolio company acquired a renowned supplier of high-quality room air conditioners in July. With this acquisition, the portfolio company, which is assigned to the Construction/Infrastructure segment, has secured a strategic sales expansion in the high-margin refrigeration/air conditioning field.

In line with its tiered transaction model, INDUS acquired the remaining shares in ROLKO Kohlgrüber GmbH (25%) and IEF-Werner (25%). INDUS also acquired the remaining shares in RAGUSE (20%) in July 2018, as planned.

The remaining shares in PROVIS Steuerungstechnik GmbH (25%) were transferred to the INDUS portfolio company BUDDE Fördertechnik. The INDUS portfolio currently contains 45 SMEs.

SEGMENT REPORT

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology. As of June 30, 2018, our investment portfolio encompassed 45 operating units.

CONSTRUCTION/INFRASTRUCTURE

ONGOING GROWTH

The INDUS portfolio companies in the Construction/Infrastructure segment recorded another increase in sales and earnings. Segment sales increased by EUR 10.1 million or 6.2% against the previous year and amounted to EUR 172.0 million in the reporting period. Operating income (EBIT) increased by 7.0% to EUR 23.0 million (previous year: EUR 21.5 million). At 13.4%, the EBIT margin was very positive and outperformed the already pleasing figure of the previous year by 0.1 percentage points. The increases in sales and EBIT originated particularly in the supply grid infrastructure area and were exclusively generated organically.

Overall, the INDUS portfolio companies in the Construction/Infrastructure segment are performing extremely well and are also currently working at full capacity. The raw materials shortages and the resulting increase in raw material prices are having an impact on some of the portfolio companies. They are also struggling under the increasing contraction in the skilled worker market.

As in the previous year, the EUR 5.9 million in investments related exclusively to investments in fixed assets.

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (in EUR million)

	H1 2018	H1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Revenue with external third parties	172.0	161.9	10.1	6.2
EBITDA	27.9	25.7	2.2	8.6
Depreciation/amortization	-4.9	-4.2	-0.7	-16.7
EBIT	23.0	21.5	1.5	7.0
EBIT margin in %	13.4	13.3	0.1 pp	–
Investments	5.9	6.3	-0.4	-6.3
Employees	1,773	1,672	101	6.0

AUTOMOTIVE TECHNOLOGY

DECLINE IN SERIES PRODUCTION BUSINESS

Sales in the field of Automotive Technology increased by EUR 4.2 million or 2.2% to EUR 196.5 million. This growth in sales was the result of an increase in the area of heating and air conditioning systems for commercial vehicles and the initial consolidation of the portfolio company EE ELECTRONIC EQUIPMENT, acquired in January. In contrast, series suppliers recorded a drop in revenue due to expiring orders and declining call-offs. At EUR 4.2 million, operating income (EBIT) came in well below the previous year's figure (EUR 7.9 million). This is due to operating losses at the portfolio company undergoing repositioning, the constant increase in pressure on margins for series suppliers and the general decline in sales for automotive production suppliers resulting from the diesel and emissions scandal. The portfolio companies also felt the impact of higher purchase prices for steel.

The EBIT margin for the first half of the year was 2.1%, but we expect a slight improvement in the EBIT margin for the whole of 2018.

Investments in the first half the year amounted to EUR 11.0 million. These include investments in fixed assets as well as the acquisition of EE ELECTRONIC EQUIPMENT by INDUS subsidiary AURORA.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY (in EUR million)

			DIFFERENCE	
	H1 2018	H1 2017	ABSOLUTE	IN %
Revenue with external third parties	196.5	192.3	4.2	2.2
EBITDA	15.7	18.7	-3.0	-16.0
Depreciation/ amortization	-11.5	-10.8	-0.7	-6.5
EBIT	4.2	7.9	-3.7	-46.8
EBIT margin in %	2.1	4.1	-2.0 pp	–
Investments	11.0	13.0	-2.0	-15.4
Employees	3,552	3,559	-7	-0.2

ENGINEERING

A SOLID SEGMENT PERFORMANCE

Segment sales increased by EUR 8.3 million to EUR 182.3 million in the Engineering segment. This was due to organic growth in the logistics area and the initial full consolidation of M+P INTERNATIONAL and PEISELER, acquired in 2017.

At EUR 22.6 million, operating income (EBIT) was down EUR 3.4 million against the previous year, but remains at a very high level overall. Two portfolio companies active in large-scale plant construction were not able to continue the growth seen over the last years due to the order situation and income levels returning to normal.

At 12.4%, the EBIT margin was within the target range of 12–14%. We continue to anticipate that the figure will remain within the target range for the whole of the year.

Investments amounted to EUR 4.4 million and related exclusively to investments in fixed assets. In addition to investments in fixed assets, investments in the previous year also included the acquisition of the M+P Group and PEISELER.

KEY FIGURES FOR ENGINEERING (in EUR million)

			DIFFERENCE	
	H1 2018	H1 2017	ABSOLUTE	IN %
Revenue with external third parties	182.3	174.0	8.3	4.8
EBITDA	28.5	31.0	-2.5	-8.1
Depreciation/ amortization	-5.9	-5.0	-0.9	-18.0
EBIT	22.6	26.0	-3.4	-13.1
EBIT margin in %	12.4	15.0	-2.6 pp	–
Investments	4.4	35.6	-31.2	-87.6
Employees	1,981	1,734	247	14.2

MEDICAL ENGINEERING/LIFE SCIENCE

SLIGHT DECLINE IN DEMAND

In the Medical Engineering/Life Science segment, sales in the first six months fell slightly by 0.9% against the same period of the previous year to EUR 77.7 million.

At EUR 8.4 million, operating income (EBIT) was below the level of the previous year (previous year: EUR 9.3 million). Accordingly, the EBIT margin amounted to 10.8%, down 1.1 percentage points against the previous year's figure (11.9%). The decline in sales and EBIT was due to developments in the non-woven materials and surgical sets product areas. Competition in these product areas is fierce and resulted in unexpected customer losses in the first half of the year. A noticeably positive compensation is unlikely to make itself felt in these areas before the next fiscal year. The segment also continues to be negatively affected by higher salary expenses in overseas production facilities.

We expect sales and income to increase again over the whole year. The target margin of 13–15% is therefore still realistic in our opinion.

At EUR 3.2 million, investments remained on a par with the same period of the previous year (EUR 3.5 million).

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

	H1 2018	H1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Revenue with external third parties	77.7	78.4	-0.7	-0.9
EBITDA	11.9	12.7	-0.8	-6.3
Depreciation/ amortization	-3.5	-3.4	-0.1	-2.9
EBIT	8.4	9.3	-0.9	-9.7
EBIT margin in %	10.8	11.9	-1.1 pp	–
Investments	3.2	3.5	-0.3	-8.6
Employees	1,662	1,511	151	10.0

METALS TECHNOLOGY

CLEAR UPWARD TREND

The Metals Technology segment generated a solid 9.9% increase in sales to EUR 216.3 million. This growth was especially generated in the carbide tools area.

At EUR 22.5 million, operating income (EBIT) for the first six months of 2018 was an outstanding 87.5% higher than the figure recorded in the previous year (EUR 12.0 million). The EBIT margin stood at 10.4%, a very satisfactory 4.3 percentage points higher than the margin for the first half of 2017 (6.1%). The repositioning project underway at one of the portfolio companies is running to schedule and negative one-off effects from the previous year have been eliminated. This is reflected in the improved income figures.

We expect the EBIT margin for the whole of the year to come in at the upper end of the 8–10% range.

At EUR 3.9 million, the investment volume was on a par with the previous year.

KEY FIGURES FOR METALS TECHNOLOGY (in EUR million)

	H1 2018	H1 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Revenue with external third parties	216.3	196.8	19.5	9.9
EBITDA	29.5	19.0	10.5	55.3
Depreciation/ amortization	-7.0	-7.0	0.0	-
EBIT	22.5	12.0	10.5	87.5
EBIT margin in %	10.4	6.1	4.3 pp	–
Investments	3.9	4.1	-0.2	-4.9
Employees	1,575	1,526	49	3.2

FINANCIAL POSITION

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

	H1 2018	H1 2017	DIFFERENCE ABSOLUT	DIFFERENCE IN %
Operating cash flow	-22.4	9.8	-32.2	<-100
Interest	-11.1	-10.9	-0.2	-1.8
Cash flow from operating activities	**-33.5**	**-1.1**	**-32.4**	**<-100**
Cash outflow for investments	-28.9	-64.1	35.2	54.9
Cash inflow from the disposal of assets	0.7	0.3	0.4	>100
Cash flow from investing activities	**-28.2**	**-63.8**	**35.6**	**-55.8**
Dividends paid to shareholders	-36.7	-33.0	-3.7	-11.2
Dividends paid to minority shareholders	-0.3	-0.4	0.1	-25.0
Cash inflow from raising of loans	129.0	122.9	6.1	5.0
Cash outflow from the repayment of loans	-48.4	-50.0	1.6	3.2
Cash outflow from the repayment of contingent purchase price commitments	-15.7	0.0	-15.7	-
Cash flow from financing activities	**27.9**	**39.5**	**-11.6**	**-29.4**
Net changes in cash and cash equivalents	-33.8	-25.4	-8.4	-33.1
Changes in cash and cash equivalents caused by currency exchange rates	0.0	-0.6	0.6	100.0
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	**102.1**	**101.2**	**0.9**	**0.9**

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

With earnings after taxes of EUR 43.7 million (previous year: EUR 39.0 million), operating cash flow of EUR -22.4 million was generated in the reporting period (previous year: EUR 9.8 million). This is due to a EUR 87.3 million increase in the working capital. In the specific anticipation of further increases in purchase prices for materials, individual companies have deliberately increased their inventory assets, particularly their inventories of raw materials. A targeted increase in unfinished goods and receivables have also raised the level of working capital. We expect that the working capital will decline by the end of the year, although it will remain considerably above the figure seen in the previous year. At EUR -11.1 million, cash flow for interest paid remained on a par with the previous year (EUR -10.9 million). In total, cash flow from operating activities declined by EUR -32.4 million to EUR -33.5 million.

Cash flow from investing activities amounted to EUR -28.2 million in the reporting period, and was therefore significantly below the previous year's figure (EUR -63.8 million). Investments in fixed assets declined by EUR 3.8 million year-on-year. At EUR -1.6 million, expenses for the acquisition of subsidiaries were considerably lower than in the previous year (EUR -32.4 million). The M+P Group and

PEISELER Group were acquired in the same period of the previous year. In the year under review, AURORA acquired EE ELECTRONIC EQUIPMENT as a strategic addition.

Cash flow from financing activities amounted to EUR 27.9 million. This was due to net borrowing of EUR 80.6 million (previous year: EUR 72.9 million), less a payment of dividends of EUR -36.7 million (previous year: EUR -33.0 million) and cash outflow from the repayment of contingent purchase price commitments of EUR -15.7 million (previous year: EUR 0.0 million). At EUR 102.1 million, cash and cash equivalents were considerably below the level recorded on December 31, 2017 (EUR 135.9 million).

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

			DIFFERENCE	
	JUNE 30, 2018	DEC. 31, 2017	ABSOLUTE	IN %
ASSETS				
Non-current assets	**948.2**	**953.6**	**-5.4**	**-0.6**
Fixed assets	937.2	942.2	-5.0	-0.5
Receivables and other assets	11.0	11.4	-0.4	-3.5
Current assets	**769.6**	**699.6**	**70.0**	**10.0**
Inventories	398.1	339.2	58.9	17.4
Receivables and other assets	269.4	224.5	44.9	20.0
Cash and cash equivalents	102.1	135.9	-33.8	-24.9
Total assets	**1,717.8**	**1,653.2**	**64.6**	**3.9**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,345.8**	**1,234.8**	**111.0**	**9.0**
Equity	681.3	673.8	7.5	1.1
Borrowings	664.5	561.0	103.5	18.4
of which provisions	45.6	46.3	-0.7	-1.5
of which payables and deferred taxes	618.9	514.7	104.2	20.2
Current financing instruments	**372.0**	**418.4**	**-46.4**	**-11.1**
of which provisions	81.8	72.4	9.4	13.0
of which liabilities	290.2	346.0	-55.8	-16.1
Total assets	**1,717.8**	**1,653.2**	**64.6**	**3.9**

END RESULT: SIGNIFICANT INCREASE IN INVENTORIES AND RECEIVABLES

At EUR 1,717.8 million as of the reporting date, the INDUS Group's consolidated total assets are 3.9% up against December 31, 2017. Increases in inventories (EUR +58.9 million) and receivables and other assets (EUR +44.9 million) were especially responsible. The total amount of working capital as of June 30, 2018, came to EUR 490.2 million, which was EUR 87.3 million, or 21.7%, more than as of the end of 2017 (EUR 402.9 million). As mentioned in detail previously, the increase in working capital is the result of the expansion in operating activities (overall performance 7.4%) and the increase in primary materials, unfinished goods and receivables.

Equity climbed 1.1%. As of June 30, 2018, the equity ratio amounted to 39.7%, slightly below the figure recorded at the end of 2017 (40.8%), and slightly below our target ratio of 40.0%. The EUR 104.2 million increase in non-current liabilities is due firstly to an increased need for financing and secondly to a shift from current liabilities to non-current liabilities.

WORKING CAPITAL (in EUR million)

			DIFFERENCE	
	JUNE 30, 2018	DEC. 31, 2017	ABSOLUTE	IN %
Inventories	398.1	339.2	58.9	17.4
Trade receivables	237.1	197.5	39.6	20.1
Trade payables	-85.6	-66.2	-19.4	-29.3
Advance payments received	-22.8	-18.6	-4.2	-22.6
Construction contracts with a negative balance	-36.6	-49.0	12.4	25.3
Working capital	**490.2**	**402.9**	**87.3**	**21.7**

Net financial liabilities amounted to EUR 513.1 million as of June 30, 2018, EUR 114.2 million higher than at December 31, 2017. The change is due to the reduction in cash and cash equivalents (EUR -33.8 million) and the increase in financial liabilities (EUR +80.4 million). The increase in financial liabilities is directly related to the reduction of current liabilities.

NET FINANCIAL LIABILITIES (in EUR million)

			DIFFERENCE	
	JUNE 30, 2018	DEC. 31, 2017	ABSOLUTE	IN %
Non-current financial liabilities	528.2	439.5	88.7	20.2
Current financial liabilities	87.0	95.3	-8.3	-8.7
Cash and cash equivalents	-102.1	-135.9	33.8	24.9
Net financial liabilities	**513.1**	**398.9**	**114.2**	**28.6**

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

We expect that the solid economy will continue to support the successful operating activities of the INDUS portfolio companies in the second half of the year. Despite ongoing risk factors, such as the China-U.S. trade war, the rising uncertainty regarding the Brexit process and the overall decline in economic expectations, the framework conditions for the German economy and the INDUS portfolio companies remain positive. The Board of Management therefore believes that the INDUS Group companies will be able to continue to successfully advance their operations overall.

The INDUS Group as a whole has developed according to plan as regards sales and earnings in the first six months of fiscal 2018. The trend toward higher material costs, particularly for raw materials, and higher salary costs along with facilities running at high capacity will continue and exert pressure on operating income (EBIT).

The Construction/Infrastructure and Engineering segments in particular will be expected to carry earnings for the Group in the coming months. We also anticipate a significant uptick in the Metals Technology segment. The companies in the Medical Engineering/Life Science segment are enjoying high earnings, but are also facing growing competitive pressure and rising regulatory requirements. In the Automotive Technology segment, the high pressure on margins and partial declines in sales, caused by the situation on the market, will force companies in the series production business to act.

Despite the challenges that the Automotive Technology segment faces, the Board of Management confirms its targets for the whole of 2018: sales ranging between EUR 1.65 billion and 1.70 billion, with EBIT between EUR 154 million and 160 million (before partial contributions to sales and earnings from companies acquired during the course of the year).

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF AND SECOND QUARTER OF 2018

in EUR '000	NOTES	H1 2018	H1 2017	Q2 2018	Q2 2017
REVENUE		**844,733**	**803,499**	**436,568**	**422,527**
Other operating income		5,479	7,353	2,809	3,765
Own work capitalized		2,110	2,252	983	1,146
Changes in inventory		29,673	8,396	10,671	-6,566
Cost of materials	[3]	-407,196	-372,862	-209,248	-190,479
Personnel expenses	[4]	-252,277	-235,278	-127,872	-120,008
Depreciation/amortization		-33,219	-30,672	-16,786	-15,635
Other operating expenses	[5]	-113,184	-110,773	-56,443	-57,133
Income from shares accounted for using the equity method		-62	691	16	303
Financial income		133	117	65	58
OPERATING INCOME (EBIT)		**76,190**	**72,723**	**40,763**	**37,978**
Interest income		38	55	22	21
Interest expense		-9,205	-12,453	-4,010	-6,300
NET INTEREST	[6]	**-9,167**	**-12,398**	**-3,988**	**-6,279**
EARNINGS BEFORE TAXES (EBT)		**67,023**	**60,325**	**36,775**	**31,699**
Taxes		-23,303	-21,279	-13,005	-11,248
EARNINGS AFTER TAXES		**43,720**	**39,046**	**23,770**	**20,451**
of which attributable to non-controlling shareholders		579	333	485	174
of which attributable to INDUS shareholders		43,141	38,713	23,285	20,277
Earnings per share (undiluted and diluted) in EUR	[7]	1.76	1.58	0.95	0.83

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST HALF AND SECOND QUARTER OF 2018

in EUR '000	H1 2018	H1 2017	Q2 2018	Q2 2017
EARNINGS AFTER TAXES	**43,720**	**39,046**	**23,770**	**20,451**
Actuarial gains/losses	1,164	482	178	966
Deferred taxes	-284	-143	-37	-286
Items not to be reclassified to profit or loss	**880**	**339**	**141**	**680**
Currency conversion adjustment	22	-2,771	212	-3,416
Change in the market values of hedging instruments (cash flow hedge)	-256	25	-846	-398
Deferred taxes	72	-4	206	63
Items to be reclassified to profit or loss	**-162**	**-2,750**	**-428**	**-3,751**
OTHER COMPREHENSIVE INCOME	**718**	**-2,411**	**-287**	**-3,071**
TOTAL COMPREHENSIVE INCOME	**44,438**	**36,635**	**23,483**	**17,380**
of which attributable to non-controlling shareholders	579	333	485	174
of which attributable to INDUS shareholders	43,859	36,302	22,998	17,206

Income and expenses recognized directly in equity under other comprehensive income include actuarial gains from pension plans and other similar obligations amounting to EUR 1,164 thousand (previous year: EUR 482 thousand). This rise is primarily due to the increase in the interest rate for domestic obligations from 1.8% as of December 31, 2017, to 1.9% as of June 30, 2018. The interest rate for foreign pensions plans (Switzerland) has increased by 0.17%.

Net income from currency conversion is derived 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 in order to hedge interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2018

in EUR '000	NOTES	JUNE 30, 2018	DEC. 31, 2017
ASSETS			
Goodwill		429,319	428,590
Other intangible assets		84,020	86,454
Property, plant and equipment		394,335	397,008
Investment property		5,127	5,220
Financial investments		13,470	13,995
Shares accounted for using the equity method		10,841	10,903
Other non-current assets		2,424	2,594
Deferred taxes		8,664	8,862
Non-current assets		**948,200**	**953,626**
Inventories	[8]	398,090	339,154
Receivables	[9]	237,101	197,528
Other current assets		24,671	18,247
Current income taxes		7,603	8,750
Cash and cash equivalents		102,085	135,881
Current assets		**769,550**	**699,560**
TOTAL ASSETS		**1,717,750**	**1,653,186**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserves		239,833	239,833
Other reserves		374,693	367,509
Equity held by INDUS shareholders		**678,097**	**670,913**
Non-controlling interests in the equity		3,175	2,900
Equity		**681,272**	**673,813**
Pension provisions		43,320	43,969
Other non-current provisions		2,270	2,377
Non-current financial liabilities		528,186	439,545
Non-current other liabilities	[10]	44,383	29,174
Deferred taxes		46,283	45,956
Non-current liabilities		**664,442**	**561,021**
Other current provisions		81,807	72,384
Current financial liabilities		86,980	95,301
Trade payables		85,602	66,162
Other current liabilities	[10]	109,848	174,081
Current income taxes		7,799	10,424
Current liabilities		**372,036**	**418,352**
TOTAL ASSETS		**1,717,750**	**1,653,186**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1, 2018, TO JUNE 30, 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			38,713		38,713	333	39,046
Other comprehensive income				-2,411	-2,411		-2,411
Total comprehensive income			**38,713**	**-2,411**	**36,302**	**333**	**36,635**
Dividend payment			-33,008		-33,008	-404	-33,412
AS OF JUNE 30, 2017	**63,571**	**239,833**	**347,266**	**-5,438**	**645,232**	**2,559**	**647,791**
AS OF DEC. 31, 2017	**63,571**	**239,833**	**390,890**	**-23,381**	**670,913**	**2,900**	**673,813**
Earnings after taxes			43,141		43,141	579	43,720
Other comprehensive income				718	718		718
Total comprehensive income			**43,141**	**718**	**43,859**	**579**	**44,438**
Dividend payment			-36,675		-36,675	-304	-36,979
AS OF JUNE 30, 2018	**63,571**	**239,833**	**397,356**	**-22,663**	**678,097**	**3,175**	**681,272**

Interests attributable to 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 HALF OF 2018

in EUR '000	H1 2018	H1 2017
Earnings after taxes	43,720	39,046
Depreciation/appreciation of non-current assets	33,219	30,672
Taxes	23,303	21,279
Net interest	9,167	12,398
Other non-cash transactions	578	-1,691
Changes in provisions	8,668	11,400
Increase (-)/decrease (+) in inventories, receivables, and other assets	-101,540	-68,015
Increase (+)/decrease (-) in trade payables and other equity and liabilities	-14,459	-9,281
Income taxes received/paid	-25,076	-26,010
Operating cash flow	**-22,420**	**9,798**
Interest paid	-11,148	-10,910
Interest received	38	55
Cash flow from operating activities	**-33,530**	**-1,057**
Cash outflow from investments in		
property, plant and equipment, and intangible assets	-27,123	-30,944
financial investments	-203	-707
shares in fully consolidated companies	-1,626	-32,414
Cash inflow from the disposal of other assets	728	306
Cash flow from investing activities	**-28,224**	**-63,759**
Dividend payment	-36,675	-33,008
Dividends paid to minority shareholders	-304	-404
Cash inflow from raising of loans	128,974	122,904
Cash outflow from the repayment of loans	-48,363	-50,038
Cash outflow from the repayment of contingent purchase price commitments	-15,693	0
Cash flow from financing activities	**27,939**	**39,454**
Net changes in cash and cash equivalents	-33,815	-25,362
Changes in cash and cash equivalents caused by currency exchange rates	19	-660
Cash and cash equivalents at the beginning of the period	135,881	127,180
Cash and cash equivalents at the end of the period	**102,085**	**101,158**

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 June 30, 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 2017 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 half 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	H1 2018	H1 2017
Raw materials, consumables and supplies, and purchased merchandise	-344,580	-305,217
Purchased services	-62,616	-67,645
Total	**-407,196**	**-372,862**

[4] PERSONNEL EXPENSES

in EUR '000	H1 2018	H1 2017
Wages and salaries	-213,961	-199,755
Social security	-36,050	-33,348
Pensions	-2,266	-2,175
Total	**-252,277**	**-235,278**

[5] OTHER OPERATING EXPENSES

in EUR '000	H1 2018	H1 2017
Selling expenses	-43,748	-42,932
Operating expenses	-40,638	-37,003
Administrative expenses	-24,897	-24,585
Other expenses	-3,901	-6,253
Total	**-113,184**	**-110,773**

[6] NET INTEREST

in EUR '000	H1 2018	H1 2017
Interest and similar income	38	55
Interest and similar expenses	-6,167	-7,213
Interest from operating activities	**-6,129**	**-7,158**
Other: market value of interest rate swaps	7	7
Other: minority interests	-3,045	-5,247
Other interest	**-3,038**	**-5,240**
Total	**-9,167**	**-12,398**

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 659 thousand (previous year: EUR 775) 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] EARNINGS PER SHARE

in EUR '000	H1 2018	H1 2017
Earnings attributable to INDUS shareholders	**43,141**	**38,713**
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	1.76	1.58

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[8] INVENTORIES

in EUR '000	JUNE 30, 2018	DEC. 31, 2017
Raw materials and supplies	146,880	125,146
Unfinished goods	114,172	88,205
Finished goods and goods for resale	113,852	109,340
Advance payments	23,186	16,463
Total	**398,090**	**339,154**

[9] RECEIVABLES

in EUR '000	JUNE 30, 2018	DEC. 31, 2017
Receivables from customers	211,231	180,138
Receivables from construction contracts	23,774	15,693
Receivables from associated companies	2,096	1,697
Total	**237,101**	**197,528**

[10] LIABILITIES

Other liabilities include an amount of EUR 50,860 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

[11] SEGMENT REPORTING

SEGMENT INFORMATION BY OPERATION FOR THE FIRST HALF 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
H1 2018								
Revenue with external third parties	172,004	196,502	182,320	77,723	216,341	844,890	-157	844,733
Revenue with Group companies	15,918	38,992	29,479	9,141	27,316	120,846	-120,846	0
Revenue	**187,922**	**235,494**	**211,799**	**86,864**	**243,657**	**965,736**	**-121,003**	**844,733**
Segment earnings (EBIT)	**22,970**	**4,240**	**22,636**	**8,382**	**22,530**	**80,758**	**-4,568**	**76,190**
Income from measurement according to the equity method	-18	-167	123	0	0	-62	0	-62
Depreciation/amortization	**-4,909**	**-11,431**	**-5,930**	**-3,516**	**-7,031**	**-32,817**	**-402**	**-33,219**
Segment EBITDA	**27,879**	**15,671**	**28,566**	**11,898**	**29,561**	**113,575**	**-4,166**	**109,409**
Investments	**5,926**	**11,026**	**4,393**	**3,193**	**3,931**	**28,469**	**483**	**28,952**
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
H1 2017								
Revenue with external third parties	161,929	192,272	174,039	78,372	196,833	803,445	54	803,499
Revenue with Group companies	16,877	38,985	24,229	7,969	27,360	115,420	-115,420	0
Revenue	**178,806**	**231,257**	**198,268**	**86,341**	**224,193**	**918,865**	**-115,366**	**803,499**
Segment earnings (EBIT)	**21,494**	**7,913**	**26,038**	**9,305**	**11,956**	**76,706**	**-3,983**	**72,723**
Income from measurement according to the equity method	373	182	136	0	0	691	0	691
Depreciation/amortization	**-4,215**	**-10,767**	**-4,923**	**-3,380**	**-7,055**	**-30,340**	**-332**	**-30,672**
Segment EBITDA	**25,709**	**18,680**	**30,961**	**12,685**	**19,011**	**107,046**	**-3,651**	**103,395**
Investments	**6,262**	**12,967**	**35,597**	**3,519**	**4,059**	**62,404**	**1,661**	**64,065**
of which company acquisitions	0	0	32,414	0	0	32,414	0	32,414

SEGMENT INFORMATION BY OPERATION FOR THE SECOND 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
Q2 2018								
Revenue with external third parties	95,126	98,389	93,491	38,764	110,639	436,409	159	436,568
Revenue with Group companies	8,783	20,375	14,166	4,995	14,037	62,356	-62,356	0
Revenue	**103,909**	**118,764**	**107,657**	**43,759**	**124,676**	**498,765**	**-62,197**	**436,568**
Segment earnings (EBIT)	**15,185**	**1,859**	**10,144**	**4,629**	**11,169**	**42,986**	**-2,223**	**40,763**
Income from measurement according to the equity method	105	-177	88	0	0	16	0	16
Depreciation/amortization	**-2,626**	**-5,722**	**-2,908**	**-1,767**	**-3,559**	**-16,582**	**-204**	**-16,786**
Segment EBITDA	**17,811**	**7,581**	**13,052**	**6,396**	**14,728**	**59,568**	**-2,019**	**57,549**
Investments	**2,635**	**4,055**	**2,149**	**2,271**	**2,688**	**13,798**	**219**	**14,017**
of which company acquisitions	0	0	0	0	0	0	0	0

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
Q2 2017								
Revenue with external third parties	90,175	96,125	96,617	39,469	99,962	422,348	179	422,527
Revenue with Group companies	8,947	20,523	13,052	4,387	13,912	60,821	-60,821	0
Revenue	**99,122**	**116,648**	**109,669**	**43,856**	**113,874**	**483,169**	**-60,642**	**422,527**
Segment earnings (EBIT)	**14,423**	**3,233**	**14,191**	**5,483**	**2,916**	**40,246**	**-2,268**	**37,978**
Income from measurement according to the equity method	67	153	83	0	0	303	0	303
Depreciation/amortization	**-2,110**	**-5,472**	**-2,637**	**-1,696**	**-3,556**	**-15,471**	**-164**	**-15,635**
Segment EBITDA	**16,533**	**8,705**	**16,828**	**7,179**	**6,472**	**55,717**	**-2,104**	**53,613**
Investments	**2,656**	**6,262**	**22,303**	**2,630**	**1,851**	**35,702**	**1,066**	**36,768**
of which company acquisitions	0	0	20,702	0	0	20,702	0	20,702

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)

	H1 2018	H1 2017	Q2 2018	Q2 2017
Segment earnings (EBIT)	**80,758**	**76,706**	**42,986**	**40,246**
Areas not allocated incl. holding company	-4,568	-3,817	-2,237	-2,293
Consolidations	0	-166	14	25
Net interest	-9,167	-12,398	-3,988	-6,279
Earnings before taxes	**67,023**	**60,325**	**36,775**	**31,699**

The classification of segments corresponds without change to the current state of internal reporting. The segment information relates to continued operations. The companies are assigned to the segments based on their selling markets if the large majority of their range is sold in a particular 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 based 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
Revenue with external third parties				
First half of 2018	844,733	430,919	188,789	225,025
Second quarter of 2018	436,568	220,647	99,812	116,109
Non-current assets, less deferred taxes and financial instruments				
June 30, 2018	923,642	784,872	46,208	92,562
Revenue with external third parties				
First half of 2017	803,499	406,036	180,376	217,087
Second quarter of 2017	422,527	219,782	89,841	112,904
Non-current assets, less deferred taxes and financial instruments				
Dec. 31, 2017	928,175	790,057	46,343	91,775

[12] 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
JUNE 30, 2018					
Financial investments	13,470	0	13,470	0	13,470
Cash and cash equivalents	102,085	0	102,085	0	102,085
Receivables	237,101	23,774	213,327	0	213,327
Other assets	27,095	15,120	11,975	99	11,876
Financial Instruments: Assets	**379,751**	**38,894**	**340,857**	**99**	**340,758**
Financial liabilities	615,166	0	615,166	0	615,166
Trade payables	85,602	0	85,602	0	85,602
Other liabilities	154,232	73,530	80,702	55,313	25,389
Financial Instruments: Equity and liabilities	**855,000**	**73,530**	**781,470**	**55,313**	**726,157**

	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)

	JUNE 30, 2018	DEC. 31, 2017
Trading and derivatives	99	99
Holding	338,246	339,616
Holding and sale	2,512	2,591
Financial Instruments: Assets	**340,857**	**342,306**
Trading and derivatives	55,313	68,622
Financial liabilities measured at their residual carrying amounts	726,157	650,018
Financial Instruments: Equity and liabilities	**781,470**	**718,640**

[13] APPROVAL FOR PUBLICATION

The Board of Management of INDUS Holding AG approved these IFRS interim financial statements for publication on Monday, August 13, 2018.

[14] STATEMENT FROM THE LEGAL REPRESENTATIVES

We confirm that, in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's financial position and financial performance, and that the interim Group management report presents an accurate image of the Group's actual performance including the results of operations and position, and acknowledges the material risks and opportunities resulting from the Group's expected performance over the remainder of the fiscal year.

Bergisch Gladbach, August 13, 2018

INDUS Holding AG

The Management Board

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FINANCIAL CALENDAR

DATE	EVENT
August 14, 2018	Interim report Q2/H1 2018
November 14, 2018	Interim report Q3 2018
November 29, 2018	Extraordinary Annual Shareholders' Meeting 2018

IMPRINT

RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
Dr. Johannes Schmidt

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

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.

DISCLAIMER:

[IN]spiring PROGRESS

[2/18]

COURAGE

Trusting that the risk will pay off.

A SMALL QUANTUM LEAP
Technology & Innovation

POSITIVE OUTLOOK ALONG THE YANGTZE
Markets & Trends

SOCIAL COMMITMENT PAYS OFF
Culture & Responsibility

[INDUS]

[IN]spiring PROGRESS
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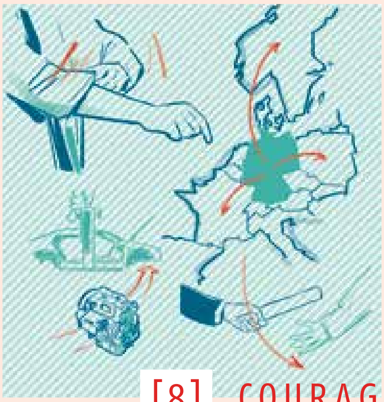


DR. JOHANNES SCHMIDT

Chairman of the
INDUS Holding AG
Board of Management

EDITORIAL

Dear Readers,

If you google the word 'courage' you'll get around 220 million hits. No other virtue has nearly as many hits. The same applies to words that need courage to be overcome: The search for 'risk' delivers 2.5 million more hits than the search for 'courage'. I don't think this is a coincidence.

The challenge to leave our comfort zone even in our daily lives is a trending topic. We have to make decisions in ever shorter time frames, and in ever more complex situations. This requires courage – from us at the holding company, from the management teams in our 45 portfolio companies and from the over 10,000 employees in the INDUS Group companies.

It is not just for the sake of doing something or because it is currently all the rage in management that we, I and my colleagues on the Board of Management, spur our portfolio companies on to stay vigilant and search out new paths to success with courage. We do it because it is vital for their survival and therefore the survival of our Group.

Technological advances are bringing changes at great speed. This is beyond any doubt. But despite this knowledge, it is always a great effort to maintain consistent action. There are a countless number of examples that show us that it is worth taking this courageous step, even within the INDUS Group. We'll present a few of these examples on the following pages.

I hope you enjoy reading this magazine. Johannes Schmidt

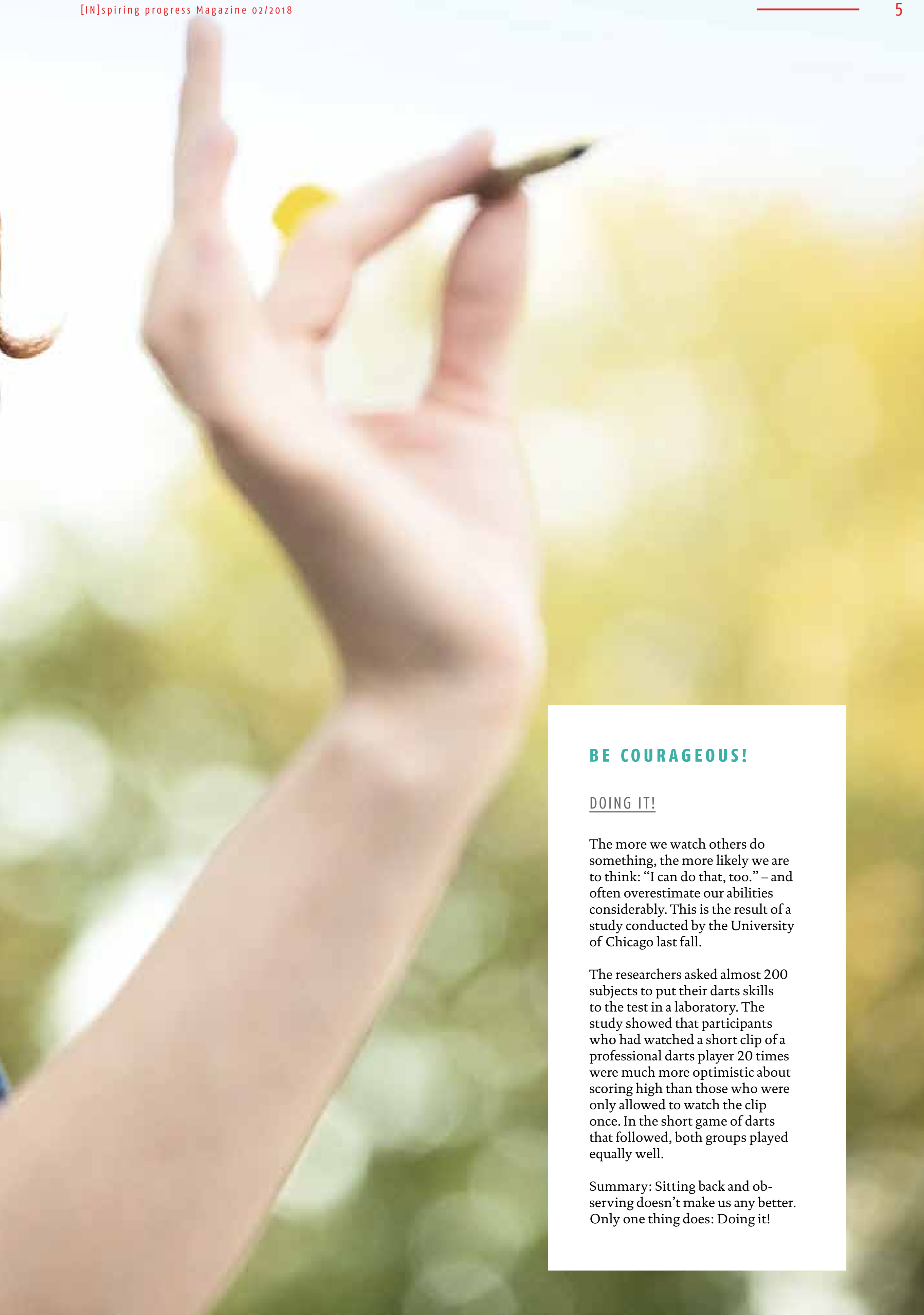
Schmidt

BE COURAGEOUS!

"MOVE WITH THE TIMES OR GET LEFT BEHIND!"

Carl Josef Neckermann

Digitalization is revolutionizing medical careers. Example radiology: New imaging techniques, with complex, multi-parameter analyses, are creating much more accurate results than the human eye could ever provide. What this means for radiologists: Radiologists have to learn how to deal with big data and improve their skills in working together with related medical disciplines.



BE COURAGEOUS!

DOING IT!

The more we watch others do something, the more likely we are to think: “I can do that, too.” – and often overestimate our abilities considerably. This is the result of a study conducted by the University of Chicago last fall.

The researchers asked almost 200 subjects to put their darts skills to the test in a laboratory. The study showed that participants who had watched a short clip of a professional darts player 20 times were much more optimistic about scoring high than those who were only allowed to watch the clip once. In the short game of darts that followed, both groups played equally well.

Summary: Sitting back and observing doesn’t make us any better. Only one thing does: Doing it!

BE COURAGEOUS!

"PLAY FOR THE LOVE OF WINNING, NOT FOR THE FEAR OF LOSING."

Mexico's Manager Juan Carlos, before the World Cup group-stage soccer game against Germany.

Passion won (unfortunately).

TRUSTING THAT THE RISK WILL PAY OFF. A groundbreaking invention when nobody is expecting it. A deciding goal in the last second. A courageous intervention in a critical everyday situation. Who hasn't dreamed of being a hero? The willingness to take a risk, knowing that it could all go wrong, has been one of humanity's best virtues for millennia. We turn to these virtues because we know from experience that if we align ourselves with these virtues, we will do well.

COURAGE

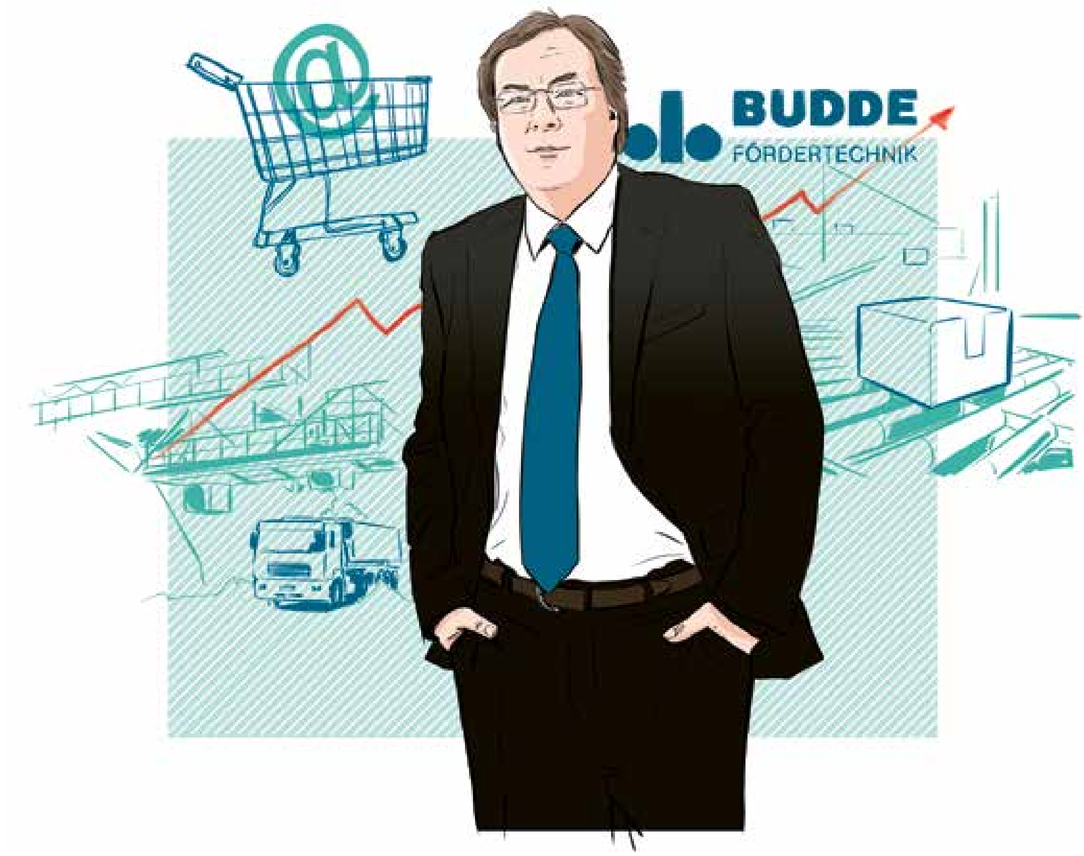
The former Prime Minister of the UK Winston Churchill even believed courage was the greatest of all virtues. This may be due to the fact that the benefit of courage is often even greater for others than it is for those who take the risk upon themselves. That is honorable.

But courage is more than just a question of honor. We live in dynamic times that force us to make courageous decisions at an unusually fast pace. They consistently lead us into unknown territory. We often don't even have to ask whether we should, but how we should.

Did we make the right decision? We can only know in hindsight.

Courage is in the very genes of SMEs. Being an SME means permanent change.

And not just when the digital revolution is already knocking at the factory gates. "Establish-



ing a learning organization," "Nurturing a constructive attitude to mistakes," "Implementing resiliency training" – some corporations are even being tutored in the art of being successful in the future.

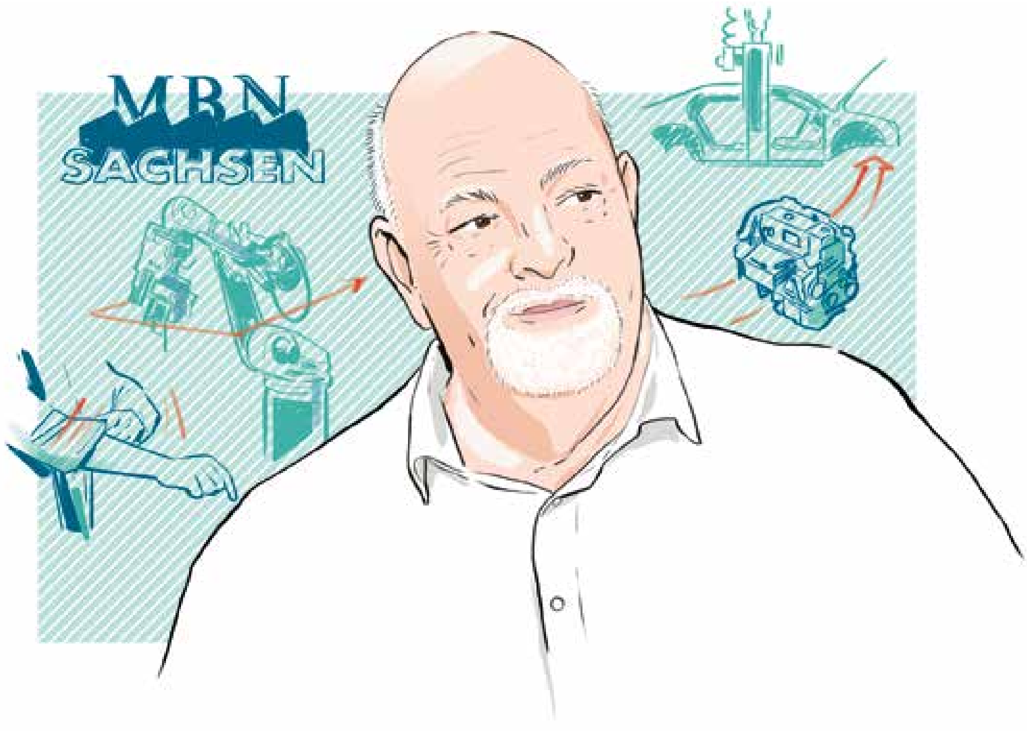
But even for SMEs, the challenges remain great. If courage has any natural enemy then it must be the overestimation of our own abilities. And that is why the virtue of courage must be nurtured within the INDUS Group, too.

Entrepreneurial courage means taking on the task of tapping potential

Entrepreneurial courage often crops up for the first time at a decisive moment in a person's life. This is followed gradually by more decisions that lead to the person becoming a real entrepreneur. These people then serve as role models for us, showing us that it is worth taking measured risks.

There are plenty of this type of entrepreneur in the INDUS Group. Jürgen Budde for instance: The 61-year-old managing director of BUDDE Fördertechnik grew up in Bielefeld, where, in the 1950s, his father, Heribert Budde, had built up a transport facilities company for bulk cargo, such as coal. When his father unexpectedly had to quit the business, Jürgen Budde changed his plans and left university to join his parents' company. "Act decisively and with foresight," and this was the budding entrepreneur's guiding principle in the years that followed, too.

As all the signs at the end of the 1990s pointed to online shopping becoming increasingly important in the future, Jürgen Budde expanded his conveyor systems at the beginning of the 2000s to include parcels. A forward-looking decision. Today, BUDDE is one of the leading providers of conveyor system technology in parcel services.



Ernst Lieb faced decisions of similar importance: The son of a farmer, he grew up in Wahrenholz, Lower Saxony. While the other boys were playing football, the young Ernst was sitting on a tractor. Later he joined the charitable organization Diakonisches Werk in Gifhorn. No one could have foreseen that one day he would manage a pioneering company with more than 200 employees and annual sales figures of EUR 60 million.

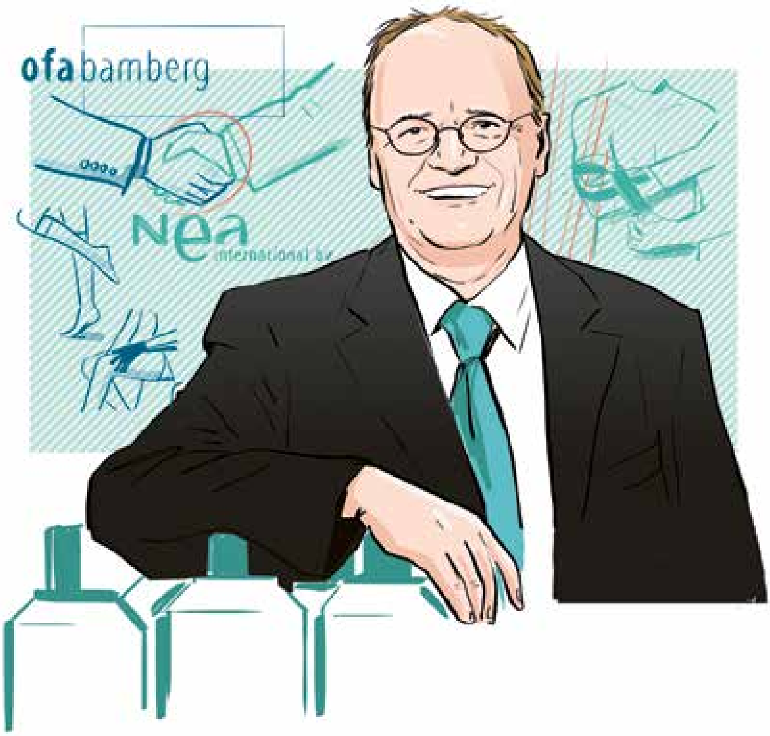
But that this would happen, was decided when a colleague from the Diakonie showed him around his hometown Neugersdorf, Lausitz, in 1990. Lieb discovered Textima, a former socialist conglomerate that produced textile machines, and grabbed the opportunity with both hands. Together with local partners, he established MBN, a company specializing in automation, in just a few short years. Today, MBN Maschinenbaubetriebe Neugersdorf is an internationally successful supplier to the automotive industry that regularly receives awards for exemplary business performances.

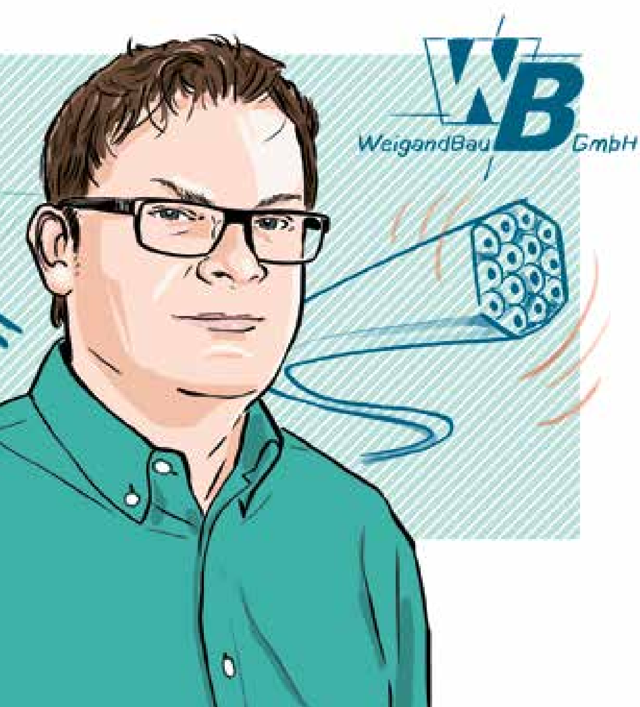
Entrepreneurial spirit isn't left at the door when you join INDUS

Today, both BUDDE and MBN are part of the INDUS Group. And the entrepreneurs joined us, too. This wasn't a difficult decision for Jürgen Budde or Ernst Lieb. Even though they are now managing directors in companies in which INDUS holds a majority stake, they have kept their entrepreneurial freedom. And they have gained the economic force of a strong holding company to back them.

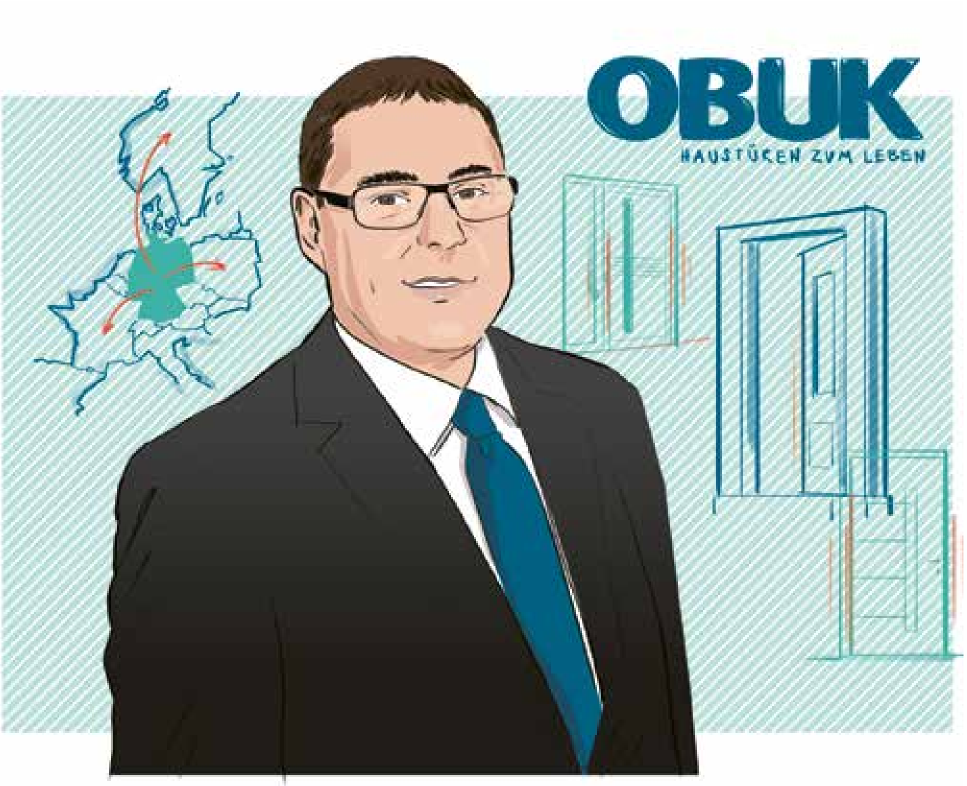
This applies to all of the portfolio companies where the managers act as private owners. They are used to taking both responsibility and the initiative.

In the best case scenario, the initiative shown takes the company to the next developmental stage. Just like at the INDUS portfolio company WEIGAND Bau. As a supplier of planning and construction services, the company was focused on the regional telecommunications market until two years ago. Then the managing director, Marco Weigand, who has an affinity for all things digital, discovered plans for a broadband expansion in the region of Kassel. 570 districts in five Hessian regions were to be connected to a high-performance fiber optic broadband network. Marco Weigand was convinced that he would be able to take on this new and major task. And so he made his way to INDUS in Bergisch Gladbach to secure the support of the Board of Management for the application. His courage and proactive approach paid off: WEIGAND won the contract, and is now the general contractor in charge of planning and building Europe's largest turnkey broadband expansion project.



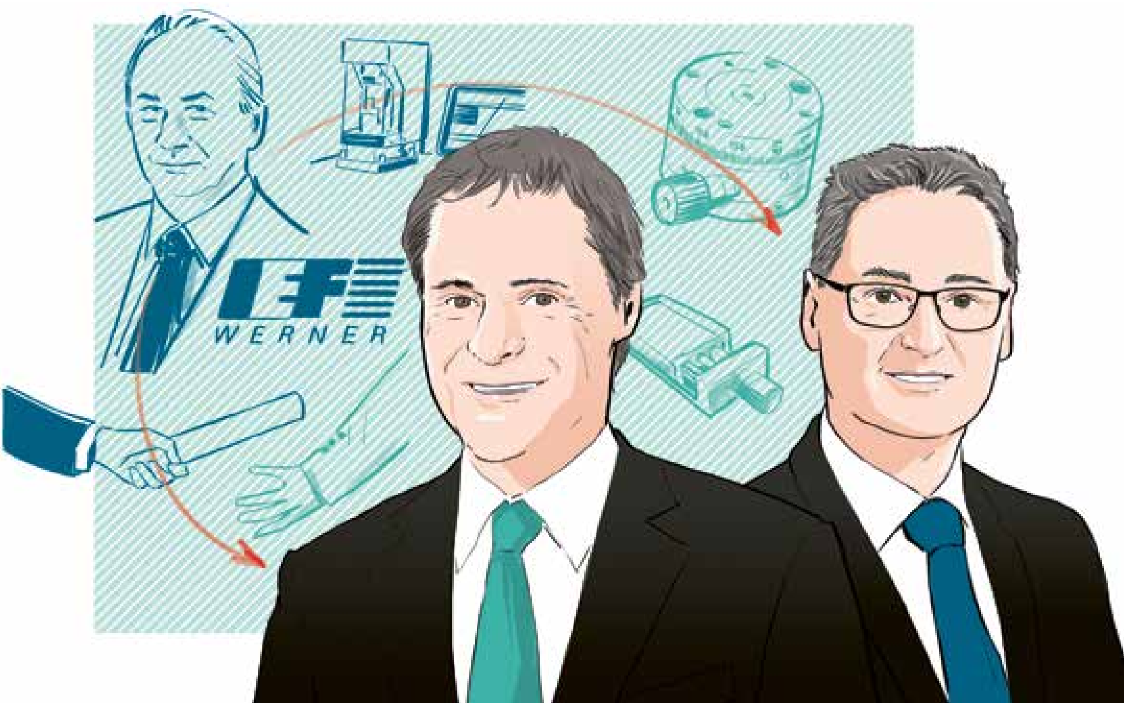


For some the right move is a major contract in a new field, for another it is a major acquisition. This is what Dr. Hartwig Frinke opted for in the spring of 2015. He has been the managing director of OFA Bamberg, a leading manufacturer of medical compression garments and bandages, since 1988 and knows his market extremely well. With the acquisition of the Dutch company NEA International three years ago, OFA brought a real heavyweight in the industry on board: The Maastricht-based company supplements OFA's own portfolio perfectly and also has a broad international reach. For INDUS, this transaction was its largest second-level acquisition. But the company's performance in the last few years has shown that Hartwig Frinke made a good call.



We regularly face situations in everyday life that require courageous decisions

Groundbreaking and therefore courageous decisions are constantly called for in everyday business. Sometimes these lead to a groundbreaking repositioning, as was the case for OBUK in Oelde, North Rhine-Westphalia. This manufacturer of front door panels has virtually completely reinvented itself in recent years under the management of Thomas Althaus. The SME now



has a number of new development opportunities thanks to the implementation of a variety of measures such as the repositioning of its product portfolio, the launch of strategic automation and digitalization projects, entering into new markets and integrating suitable acquisitions.

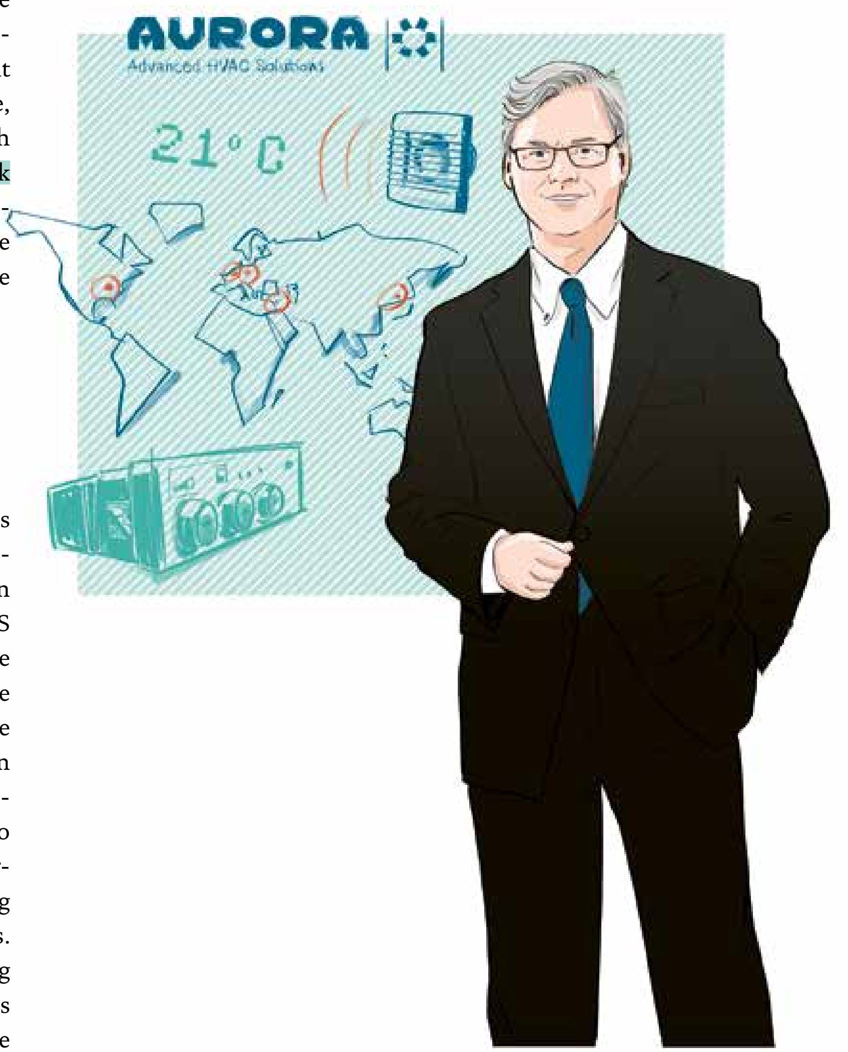
Sometimes it's about knowing when to pass the baton on, as we saw at IEF-Werner in Furtwangen im Schwarzwald: The charismatic entrepreneur Manfred Bär recently handed over the reins of the company specializing in automation. Such a change requires courage on both sides. For one side it means letting go of the reigns and trusting that your successor will do a good job. For the other it means continuing with confidence, knowing that it's time to establish your own strong profile. Stefan Deck and Manfred Meyer, the current managing directors of IEF-Werner, have proven beyond a doubt that they are up to the task.

You can't inherit courage. For those who seize the right moment, the path will lead to responsibility

Not every child of an entrepreneur is naturally an entrepreneur. But neither must every entrepreneur be an owner. Many paths in the INDUS Group portfolio companies therefore lead from the ranks to the head of the company. Hannes Wolf is just one person who advanced from within the company. Today he is the managing director of the INDUS portfolio company AURORA, a manufacturer of heating and air conditioning systems for commercial vehicles. The company is currently enjoying great success with its products. This is partially due to the fact that the boss knows what he is talking about. Hannes Wolf joined AURORA in 1989; he spent a number of years as technical manager before taking over the position of managing director in 2000 – following a brief stint with another company.

His in-depth expertise helps him to strike out on the right path in technological issues.

And his time with another company? That wasn't a bad move for the head of the company either. It's always good to create a little distance before taking a step that needs to be taken.



A SMALL QUANTUM LEAP

Markus Schröder and Markus Gaus (KSG) are now so familiar with 3D metal printing that they are able to tackle more detailed issues with the manufacturer Trumpf.

TECHNOLOGY & INNOVATION The vanguard of metal 3D printing has been at home in Osnabrück since June 2018. More specifically: at the KIEBACK-SCHÄFER-Group (KSG). The company produces prototype parts and small series for the automotive industry and is one of five INDUS portfolio companies currently working on a 3D printing group project with funding from the holding company's development bank.

If you read about 3D printing in the media, you could be forgiven for thinking that everything is already possible. From the production of miniature parts to an entire house, it all sounds so easy: Just put the ingredients in the machine and before you know it the product is printed – no conveyor belts, no logistics and, of course, no waste.

Unfortunately, that is not the case. The technology is there, particularly for plastics, where it has been used on an industrial scale for decades, including by a number of INDUS Group companies, but there are still a number of obstacles to overcome before the technology is ready for comprehensive use across a number of industries.

Metal: the supreme discipline in 3D printing

This is particularly true when it comes to printing objects made of metal. In order to melt metal powder into an object you need a very precise and intense laser. The energy that this requires produces great amounts of heat that must be expelled in a controlled manner.

That is why the safe use of this technology for manufacturing requires a lot of experience. Experience that is best gained as part of an innovative collective. The INDUS development bank project therefore includes BETEK, a manufacturer of wear tools, GSR Ventiltechnik, MIGUA Fugensysteme and ROLKO, a manufacturer of rehabilitation equipment, in addition to KSG. 3D metal printing would give them all a good opportunity to gain a competitive advantage.

"WE CAN GAIN IMPORTANT COMPETITIVE ADVANTAGES WITH 3D METAL PRINTING."

JÖRG KIEBACK
MANAGING DIRECTOR OF KIEBACK-SCHÄFER-GROUP (KSG)

“IT WOULD BE A RISK TO LET THIS TECHNOLOGY PASS US BY.”

TIM BUBLITZ
VICE OPERATIONS AND PROJECT MANAGER KSG

More construction flexibility

With 3D metal printing complex construction elements that have previously been very expensive or even impossible to produce, could be produced quickly and without the need for developing separate tools. Sophisticated water supply systems for grindstones, for example, that are immediately ready for use, or housings with the ball bearing already integrated. 3D printing allows us to create entirely new geometries, use materials optimally and reduces the number of potential weak points due to the seamless nature of production.

But 3D metal printing is not ready for mass production yet. One kilo of stainless steel powder costs EUR 75. But this does not affect the production of small series. And certainly not the production of prototypes. This is the result of the analyses and assessments of potential carried out by the five companies since the start of the project at the beginning of 2017. This is a competitive advantage for INDUS companies that produce small series and prototypes.

One of the first of its kind in Europe

The project partners took one year to determine the right machine and made their decision at the beginning of this year. They took the needs of all the companies involved with the project into consideration, as well as other companies in the Group as interest in the project has been growing.

A printer was chosen that is currently only in operation in a handful of companies in Europe. What sets the machine apart is the print bed: with a diameter of 300 millimeters it can construct particularly large components. 100-millimeter print beds are more common on the market. The manufacturer Trumpf, based in Ditzingen, also has great interest in this printing project and has agreed to exchange information with the project partners.

Using the advantage

Learning fast is the task that now stands before project manager Tim Bublitz’s team. The team’s first step has been gaining experience in printing with stainless steel. This already covers numerous everyday applications such as control gauges, tools and prototype components. The team can

The companies involved with the project inspect the 3D printer, located in Osnabrück:

Torben Schmitz (INDUS), Olaf Harmeier (KSG), Fabian Bohnen (INDUS), Tim Bublitz (KSG), Ulrich Krämer (BETEK), Stephan Sinz (MIGUA), Jörg Kieback (KSG), Klaus-Dieter Liehr (INDUS), Torsten Eikemeier (ROLKO), Frank Bunselmeyer (ROLKO).

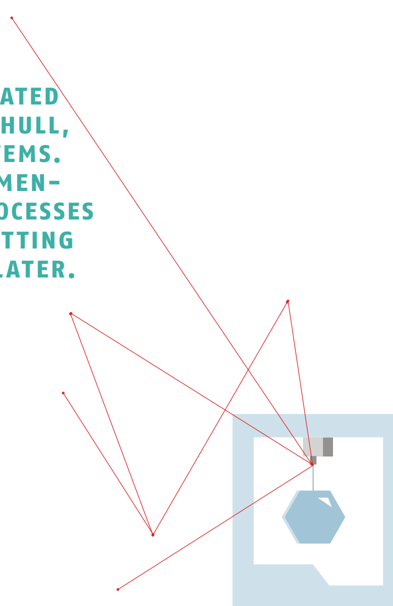
PROJECT PARTICIPANTS

also make use of their experience in process parameter development. This is to be followed with more difficult metals such as aluminum and titanium. Titanium is used in the medical technology industry, for example in artificial hip joints.

If everything goes according to plan, Osnabrück will soon become an important 3D printing center for INDUS Group companies.

DID YOU KNOW ...

THE FIRST WORKING 3D PRINTER WAS CREATED IN 1984 BY CHARLES HULL, FOUNDER OF 3D SYSTEMS. THE FIRST THREE-DIMENSIONAL PRINTING PROCESSES IN AN INDUSTRIAL SETTING CAME A FEW YEARS LATER.



POSITIVE OUTLOOK ALONG THE YANGTZE

MARKETS & TRENDS **"Rapid Growth Award" Things couldn't be going better for the Black Forest carbide tool manufacturer BETEK's Chinese production branch at the moment: 300 percent sales growth in fiscal 2017. And in 2018, too, demand is rising so rapidly that an expansion is already in planning for the Chinese production plant that was constructed just two years ago.**

Three years ago the managing directors of BETEK tasked Technical Manager Bernd Kopp with helping to set up production at the Chinese branch in Taicang. In addition to the local knowledge and good network that the Chinese Managing Director Hao Zhang brought to the project, the company wanted technical expertise directly from the company's seat in Aichhalden to be included in the setup of the new production facility.

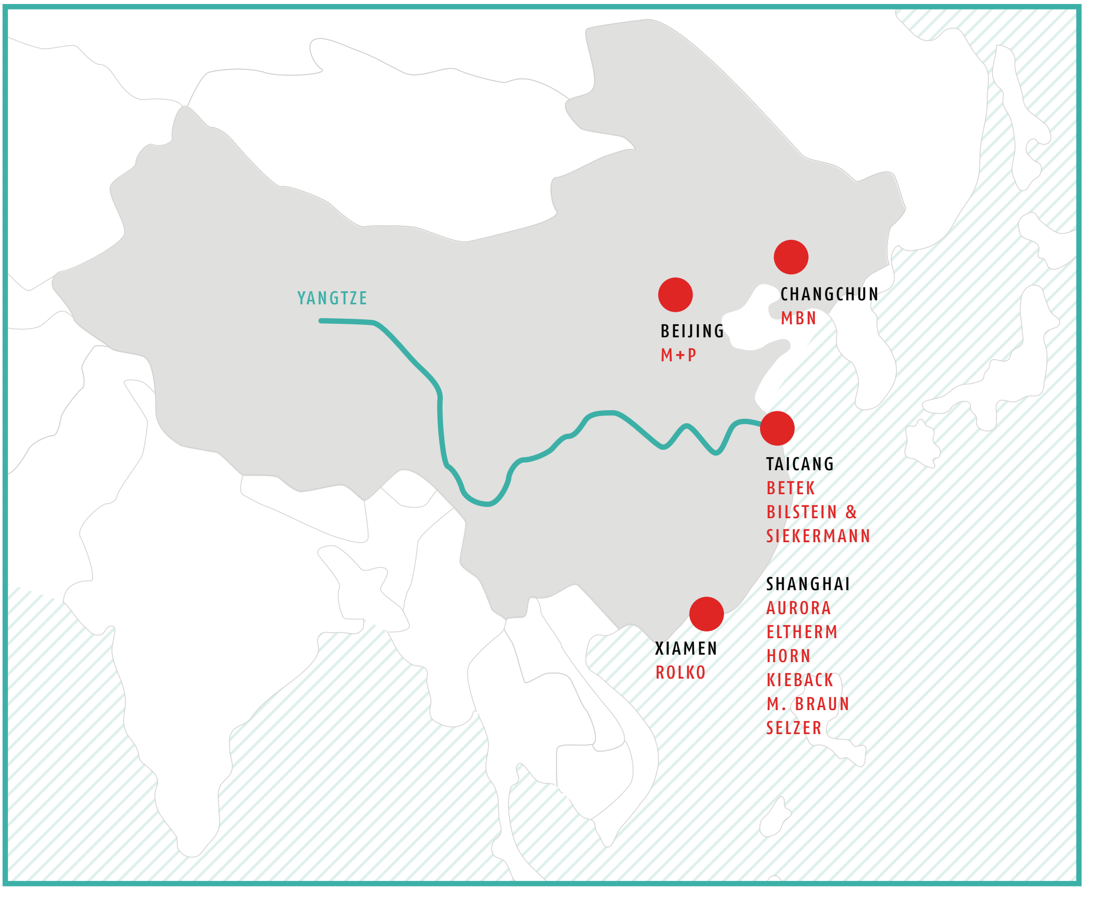
An interesting task that required more than a little courage from Bernd Kopp, originally from the Black Forest in Germany. This move also included adapting to an entirely new culture. But he made the decision and packed up his home to set up his life 8,900 kilometers further east.

Every journey begins with a first step: After 15 months, production, storage and administration capacities were constructed on a 3,500 square meter site, and customers in Asia were partially supplied with locally manufactured products as early as 2016.

The environment and conditions for the new locations were outstanding. Taicang has a population of approximately 800,000 and is located directly on the banks of the Yangtze. Just a one-hour drive from the megalopolis Shanghai, the town is home to 250 branches of German companies. BETEK Tools Taicang Ltd. is well connected here in a number of ways. The solid infrastructure also supports the further expansion of business contacts.

Hao Zhang from the BETEK production facility in China receives Industrial Rapid Growth Award.

INDUS PORTFOLIO COMPANIES IN CHINA



Eleven INDUS Group companies now have a direct branch in China. This includes BILSTEIN & SIEKERMANN, who opened a plant in Taicang at the same time as BETEK. BILSTEIN & SIEKERMANN is an important partner for BETEK supplying cold-formed steel parts.

What surprised Bernd Kopp most at the beginning were customers' reservations regarding quality: Made in Germany from China? How does that work?

Easy: A strict quality control process in Germany. The Chinese production facility quickly drew almost level with the facility in Aichhalden. One particular strength of local production in fact is that they are perfectly suited to respond to the individual needs of the local customers.

Naturally, there are a number of challenges involved in setting up a production facility in China. One of the greatest is managing the workforce. In addition to 35 permanent employees, the production facility also deploys temporary staff. However, despite contractual agreements, these workers have simply not turned up on several occasions. Building up a sense of loyalty amongst employees to the company therefore remains an important task for management.

Customers Value Local Contact

German OEMs, such as Wirtgen and Bauer, and large Chinese manufacturers with great capacity requirements can place their orders at short notice. Many parts can be delivered after just 48 hours now, because they don't have to spend six weeks crossing the ocean first. And personal consultation is also something that is more or less "within walking distance."

"OUR CUSTOMERS APPRECIATE THE LOCAL PRESENCE, FAST DELIVERY TIMES AND PERSONAL CONTACT."

BERND KOPP
TECHNICAL MANAGER BETEK

Because everything is running so well, Bernd Kopp has already been tasked with planning the next production facility. It should be up and running in six months and helping to deal with the enormous demand. Production is currently running three shifts, six days a week. This means the facility is running at full capacity as the machinery also needs regular maintenance, which takes time. An expansion of the storage space is also planned. The third focus is on employee training. This area is no less important than the first two, because the two most important growth drivers at BETEK are service and quality.

INDUS Group companies now generate more than 90 million euros in China. A third of this is generated directly by the locations.

If you were to ask Bernd Kopp if he made the right decision three years ago, the answer would be a resounding 'Yes.' Being involved with setting up the BETEK production facility in China has given him motivation and pride in spades. And the journey has been a success in private matters, too: Bernd Kopp met his wife in China.

SOCIAL COMMITMENT PAYS OFF

CULTURE & RESPONSIBILITY Social commitment is not linked to any expectations of benefit for INDUS companies, but rather merely an expression of their corporate culture. It is a result of the sense of responsibility toward society and the environment. The Boston Consulting Group (BCG) has recently discovered that voluntary commitment to such issues also impacts a company's success.

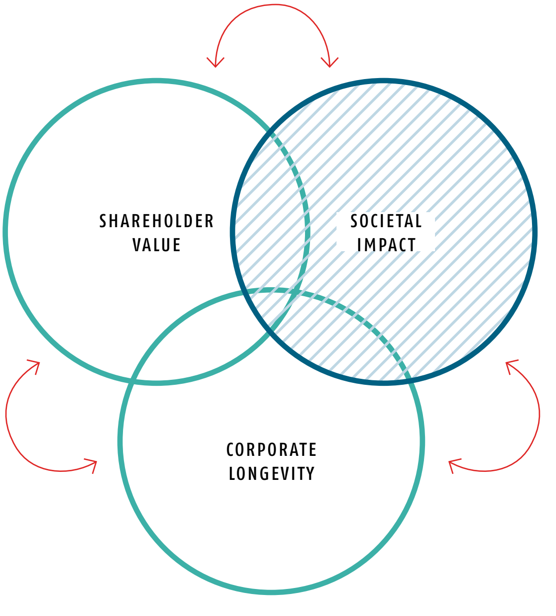
BCG surveyed 300 companies last year regarding their social and environmental commitments. Another 200 representatives from 20 companies were interviewed in person. The result was clear: Companies that have social commitments, take environmental issues into account and work together with NGOs also perform better economically – depending on the sector, by up to 8 percent.

A central, and simultaneously probably the most obvious, reason: Customers reward committed companies with trust and loyalty.

But the management consultants also uncovered a number of other, less obvious, correlations: The risk, for example, of events detrimental to success, such as the probability of production accidents or conduct that could damage the com-

SOCIAL CONTRIBUTIONS AND CORPORATE SUCCESS

The social responsibility that a company is seen to take promotes corporate success.



(Source: Boston Consulting Group: Total Lens for Strategy, 2017)

"AT MIGUA, SOCIAL COMMITMENT REACHES BACK TO THE FOUNDER OF THE COMPANY. THIS WAS CONTINUED IN EARNEST BY THE FOLLOWING GENERATIONS."

MARKUS SCHAUB-MANTHEI
MANAGING DIRECTOR
MIGUA

pany's reputation, is lower for appropriately committed companies. The companies also tend to have more opportunities of tapping into new areas and therefore increasing their sales possibilities, and are generally more flexible and forward looking. This also has an impact on the company's attractiveness as an employer: The chances of gaining and keeping talented employees are higher. This in turn boosts the company's performance.

Markus Schaub-Manthei, Managing Director of the INDUS portfolio company can confirm the positive reciprocal effects from his day-to-day experiences in his company. But he also has this warning: A company's commitment will not support its success if that is its sole objective, just the opposite in fact. And even then, in shouldn't be about measurable correlations.

"At MIGUA, social commitment reaches back to the founder of the company, and this was continued by the following generations," explains the Managing Director of the joint systems specialist.

With the corresponding results: MIGUA has a written CSR concept that the company tops up with a set annual budget and specifically in areas that the company is associated with, such as local institutions for example. MIGUA has supported a children's hospice in Wuppertal since 2015. Or that relate to its operating activities: To compensate for its aluminum and energy intensive production processes, MIGUA has committed itself to supporting "Schutzgemeinschaft Deutscher Wald," an association dedicated to protecting Germany's forests.

Internationally, MIGUA, as an internationally active SME, is involved with the OXFAM "Unternehmer für Unternehmer" network, a program connecting entrepreneurs.

"Of course, we can see that our commitment has a positive impact on society. That is why we want to show this success off publicly," but more important to Schaub-Manthei is that individual employees show a commitment to something, which is not in his employee profile or contract and that is priceless, out of conviction. Just like Dr. Kapil Singh, a Sales Manager based in Delhi, India, who established "Support Foundation" in 2011 together with his wife to support children with mental and physical impairments and their families.

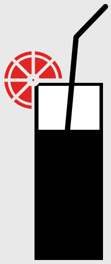
If you look at it this way, you don't need the BCG study to come to the conclusion that social commitment pays for itself. But it is good to know that it isn't detrimental economically either.

support foundation
www.supportfoundation.in

SDW

BERGISCHES KINDER- UND JUGENDHOSPIZ BURGHOLZ

Like many INDUS portfolio companies, MIGUA provides help in a way that benefits the people in need directly: At the children and youth hospice Burgholz, the tree discs shown have become the focal point of the entrance. On their first visit, every family can choose one and decorate it as they like.

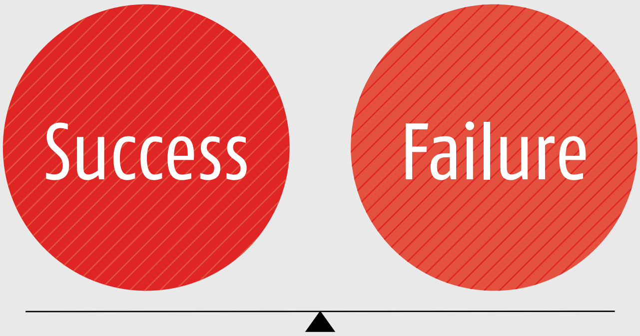


Courageous 'n' sour

Last year, Chi Thanh Vi, a scientist at the British University of Sussex, and his colleagues researched the correlation between drink flavors and a drinker's willingness to take risks. The results were surprising: Participants who drank a solution with citric acid were prepared to make the most courageous decisions.

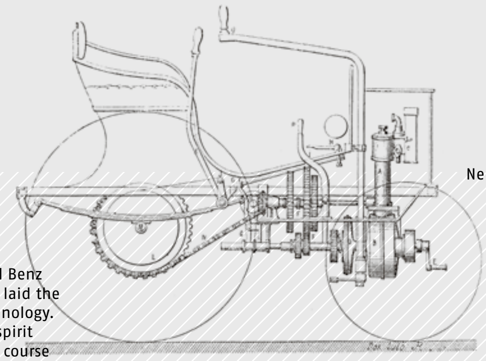
fifty, fifty

Being a researcher means being courageous enough to accept failure. Around half of all scientific experiments do not have the expected results, while the other half open the door to progress.



Source: Stuart Firestein: "Failure: Why Science is So Successful" (2015)

COURAGE FACTS



A Daring Ride

The story of the automobile pioneer Carl Benz and his Benz Patent Motorcar from 1885 laid the foundations of modern automotive technology. However, we also have the courageous spirit of his wife Bertha Benz to thank for the course history took: The horseless vehicle received a patent, but it almost failed at the next hurdle of convincing the public. Bertha Benz undertook a cloak-and-dagger operation to make the first overland drive in automobile history. During the 106-kilometer journey from Mannheim to Pforzheim, Bertha Benz demonstrated the vehicle's power – and encouraged her husband to keep refining his invention despite all opposition.

Overland

Mannheim – Pforzheim: 106 km

Electrifying Medical Technology

In 1800, the inquiring mind of Alessandro Volta led the way to the world's first battery. The Italian physics professor from Padua laid a piece of tin and a silver coin on his tongue. The sour taste this created in his mouth convinced him to keep researching in this area – and that is how he invented the

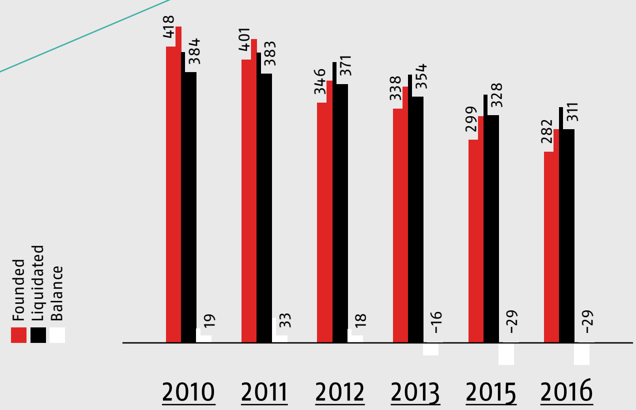
"Voltaic pile".

This is considered the predecessor of today's batteries and is still used in medical technology: for example, in cochlear microelectronic implants for the deaf.

Go Germany!

Companies founded in Germany

in thousands



Source: IfM Bonn, 2017

The High-Octane Years

299,000 companies were founded in Germany in 2015. Worth a particular mention is the fact that the number of companies founded by 25 to 34-year-olds is significantly above their proportion of the general population.

Entrepreneurial Spirit

↓

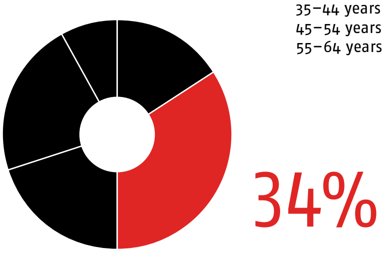
Population

18–24 years old – 12%
25–34 years old – 20%
35–44 years old – 20%
45–54 years old – 27%
55–64 years old – 22%

↓

Company Founders

18–24 years old – 16%
25–34 years old – 34%
35–44 years old – 20%
45–54 years old – 22%
55–64 years old – 8%

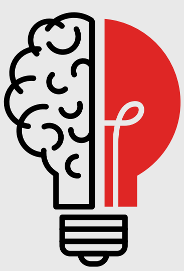


Source: German Federal Ministry for Economic Affairs and Energy

20,000 Times a Day

Courageous decisions in our everyday lives stand out because we make them consciously. But when it comes to making decisions, we have much more practice than you might think: People make around 20,000 decisions a day.

Most at lightning speed. And some are even courageous.



"IF I HAD ASKED PEOPLE WHAT THEY WANTED, THEY WOULD HAVE SAID FASTER HORSES."

HENRY FORD

HANDOVER

"INDUS REMAINS ON A GOOD PATH"

DR. JOHANNES SCHMIDT (L) AND JÜRGEN ABROMEIT (R) AT THE 2018 INDUS ANNUAL SHAREHOLDERS' MEETING

[QUESTION] Mr. Abromeit, after ten years with INDUS you're handing over the reins. How satisfied are you with what has been achieved?

JÜRGEN ABROMEIT Together, we have managed to keep INDUS's success going and increase its value year for year. During this time, we have strengthened our Group with important acquisitions in growth industries. I think we can be very satisfied with this. At the same time, I can't deny that I would have liked to bring one or two other companies on board.

[QUESTION] What makes INDUS special in your opinion?

ABROMEIT INDUS is the ideal contact for German SMEs wanting to continue their success. We back our companies fully and long term, without asking them to give up their identity. Conduct within the Group is characterized by our solid culture of trust. This is unique in this context in Germany.

[QUESTION] What will you miss most?

ABROMEIT I will certainly miss visiting the companies and all the in-depth discussions that I have had with managing directors. The trust they have placed in me has been an honor – particularly in cases where we didn't have the same opinion. We always knew we were working towards the same goals.

[QUESTION] Do you have any message for your successor, Dr. Schmidt?

ABROMEIT I wish him the very best. The reason INDUS is in the position it is in today, is in no minor way due to his professional expertise. INDUS has a lot to gain from him in the coming years. Headed by Dr. Schmidt, I'm certain INDUS will continue along its successful track and continue growing.

INDUS TICKER 2018

Innovations

Supported by the INDUS development bank, the Group's portfolio companies are working on innovation projects across all segments: Here are two examples:

Additive Manufacturing: At the beginning of June 2018, the Additive Manufacturing project entered the next stage: At portfolio company KIEBACK-SCHÄFER-Group, the first 3D printer was put into operation.

aiPRESS HS: aiPRESS HS, a cooperative project between portfolio companies IEF-Werner and SITEK, optimizes technology and processes for high-precision joints with minimal cycle times.

Second-level acquisitions

Three acquisitions have been made to strengthen INDUS companies:

- AURORA acquired electronics specialist EE Electronic Equipment.
- One portfolio company in the Construction/Infrastructure segment strengthened its position by acquiring a supplier of high-quality room air conditioners.
- OFA signed the contract for a commercial enterprise for medical aids.

Annual Shareholders' Meeting

Attended by approximately 600 visitors, the INDUS Annual Shareholders' Meeting was held in the Congress-Centrum Nord Koelnmesse on May 24, 2018. The accompanying exhibition featured a presentation of the e-bus cluster, a project of the INDUS development bank.

Entrepreneur Meeting and summer party

The 20th INDUS Entrepreneur Meeting was held on June 15, 2018. This time, the managing directors of the INDUS portfolio companies enjoyed a meeting with an informal atmosphere in Dresden. As has now become tradition, the INDUS holding company organized its annual summer party at the end of the meeting.

Board of Management

Jürgen Abromeit, after six years as CEO, announced Dr. Johannes Schmidt as his successor, and retired from the Board of Management effective July 1, 2018.

Awards

INDUS portfolio companies again received a number of awards in the first six months of 2018.

- The AURORA foundation 'Joachim & Susanne Schulz Foundation' received two awards:
  - The award for "Best concept for school research centers" from the "Jugend forscht" Foundation and Joachim Herz Foundation
  - and the "Wirkt!" seal from PHINEO
- BILSTEIN & SIEKERMANN: "Innovator of the Year" 2018
- HAUFF-TECHNIK and Karl SIMON each: "Top 100" for outstanding innovation management

[IN]spiring PROGRESS

IMPRINT

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