INTERIM REPORT 2018

Q3

INDUS
Holding
AG

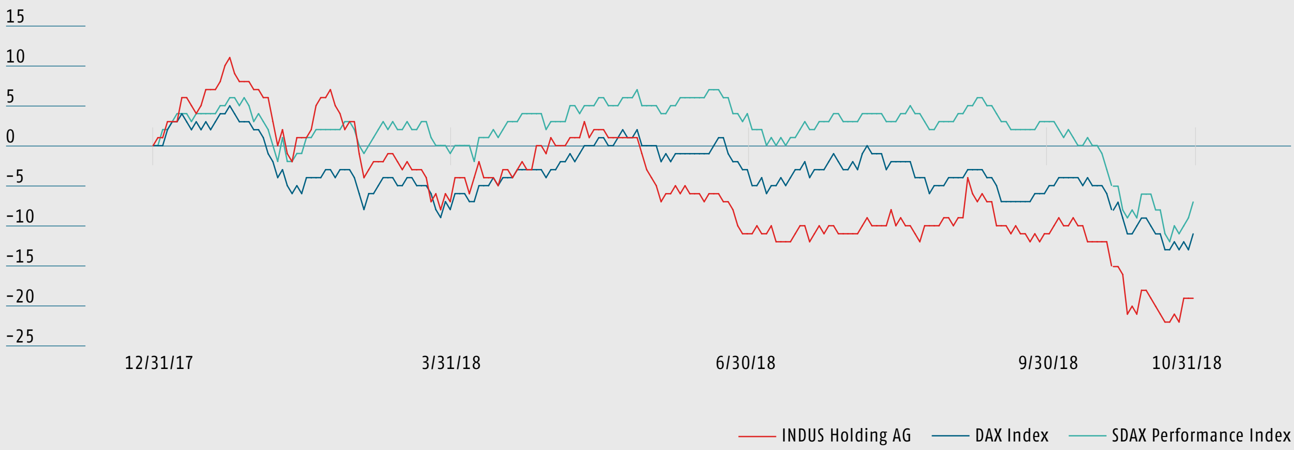
[INDUS]

HIGHLIGHTS

- — INDUS Group achieves solid business performance
- — Sales up 4.4%; good organic growth
- — EBT up 6.3% as a result of improved net interest
- — Rising material and wage costs increase pressure on EBIT
- — Program to boost operational excellence launched

KEY FIGURES		(in EUR million)
	Q1–Q3 2018	Q1–Q3 2017
Sales	1,274.9	1,221.1
EBITDA	166.4	161.0
EBIT	116.1	114.5
EBIT margin (in %)	9.1	9.4
EBIT adjusted	123.9	123.8
EBIT margin adjusted (in %)	9.7	10.1
Group net income for the year (earnings after taxes)	66.7	62.6
Operating cash flow	14.8	56.1
Cash flow from operating activities	0.8	41.3
Cash flow from investing activities	-58.6	-75.4
Cash flow from financing activities	29.4	36.7
	SEP. 30, 2018	DEC. 31, 2017
Total assets	1,745.4	1,653.2
Equity	704.0	673.8
Equity ratio (in %)	40.3	40.8
Net debt	519.4	398.9
Cash and cash equivalents	107.5	135.9
Portfolio companies (as of the reporting date)	45	45

SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO OCTOBER 2018 INC. DIVIDENDS (in %)



CONTENTS

Dear Shareholders,

The INDUS companies performed well in the last quarter and achieved further sales increases. At the same time, however, we observed increasing pressure on margins. Due to the ongoing challenges faced by automotive series suppliers, a negative one-off effect in the Engineering segment and further expenses generated by repositioning projects in progress, operating income for the full year will likely come in at the lower end of the target range.

The most recent economic data – such as the drop off in incoming orders for example – indicates that general economic growth momentum will slow down. Clear signals are also coming from the management levels; almost 50 listed companies in Germany issued profit warnings in the first nine months of the year. Political risk factors, too, show no signs of abating. The trade war between China and the U.S. and the unresolved Brexit issue in particular are causing headaches for industry.

Nevertheless, our Group remains successful and on the right track. But it is also clear that the waters are getting choppier. We will continue to set ourselves ambitious targets – in order to achieve them we will need to continue applying our strategic action plans consistently.

Group sales rose 4.4% against the first nine months of the previous year to EUR 1.27 billion. This increase was chiefly due to organic growth. Operating income (EBIT) rose by 1.4% to EUR 116.1 million. As a result, the EBIT margin fell 0.3 percentage points compared to the first nine months of 2017 to 9.1%. Adjusted for one-off effects it stood at 9.7% (down 0.4 percentage points).

Of course we would prefer to report better results, but we must recognize that the companies' expenses have been subject to increased material prices and higher wage costs. And a booming economy means less qualified staff on the labor market. In the medium term our EBIT target remains 10% plus X.

Viewing the segments individually, two in particular stood out in the third quarter: the Construction/Infrastructure segment continues to profit from very high demand on the market. Virtually all companies are working at full capacity and therefore at their capacity limits. The series suppliers in the Automotive Technology segment are facing further unexpected difficulties. The ongoing repositioning project at one company is progressing, but another series supplier is facing a problem due to the extreme pressure on margins and a drop in call-off volumes that we need to find a solution for.

These developments have thrown up the question of whether or not the series suppliers might profit from different ownership. The current consolidation process in the automotive supplier sector highlights that the market demands size. These expectations could become a critical issue for our series suppliers – a handicap that they cannot compensate for with their strengths, specialization, quality and excellent access to the German market. In light of these ongoing challenges, we will double down on our efforts to find a solution that will benefit both the companies affected and our Group.

In terms of acquisitions, we will remain active, despite the fact that we consider the market too hot at the moment, as mentioned halfway through the year. We do not anticipate any acquisitions in the current year.

We have increased our support for our companies so that they can continue to develop well, despite the increasingly challenging framework conditions. We have introduced a new focus on operational excellence. This topic deals with improving added value core processes from product development to order processing. Training has already begun and will be stepped up over the coming months. Practical improvement projects have also been launched.

There's plenty to do. That is why we are looking forward to welcoming Dr. Jörn Großmann to the Board of Management as the fourth member on January 1, 2019. With his technological expertise, he will be driving the advancement of our development bank model and innovation in the companies.

Despite the increasingly challenging conditions, our portfolio as a whole has once again proven its potential. Problems are handled decisively and our strategic innovation and operational excellence initiatives are providing our companies with the strength to face the future successfully.

Bergisch Gladbach, November 2018

Dr. Johannes Schmidt | Axel Meyer | Rudolf Weichert

INTERIM MANAGEMENT REPORT

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

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

			DIFFERENCE	
	Q1–Q3 2018	Q1–Q3 2017	ABSOLUTE	IN %
Sales	**1,274.9**	**1,221.1**	**53.8**	**4.4**
Other operating income	12.7	10.2	2.5	24.5
Own work capitalized	2.9	4.7	-1.8	-38.3
Changes in inventory	35.3	12.0	23.3	>100
Overall performance	**1,325.8**	**1,248.0**	**77.8**	**6.2**
Cost of materials	-613.4	-568.1	-45.3	-8.0
Personnel expenses	-376.8	-355.0	-21.8	-6.1
Other operating expenses	-169.7	-165.0	-4.7	-2.8
Income from shares accounted for using the equity method	0.3	0.9	-0.6	66.7
Other financial income	0.2	0.2	0.0	0.0
EBITDA	**166.4**	**161.0**	**5.4**	**3.4**
Depreciation/amortization	-50.3	-46.5	-3.8	-8.2
Operating income (EBIT)	**116.1**	**114.5**	**1.6**	**1.4**
Net interest	-13.6	-18.1	4.5	24.9
Earnings before taxes (EBT)	**102.5**	**96.4**	**6.1**	**6.3**
Taxes	-35.8	-33.8	-2.0	-5.9
Earnings after taxes	**66.7**	**62.6**	**4.1**	**6.5**
of which attributable to non-controlling shareholders	1.0	0.9	0.1	11.1
of which attributable to INDUS shareholders	65.7	61.7	4.0	6.5

The INDUS Group's economic data developed solidly in the first nine months of 2018. Sales recorded further considerable growth, and operating income (EBIT) rose slightly against the same period of the previous year. Increasing cost pressures, however, had a noticeably negative impact on EBIT in the third quarter. The Construction/Infrastructure segment continued to develop exceedingly well. In contrast, the situation for series suppliers in Automotive Technology has worsened due to increased market pressure at one portfolio company, impacting earnings further.

SALES UP 4.4%

The INDUS Group generated Group sales of EUR 1,274.9 million in the first nine months of the year. This equates to an increase of EUR 53.8 million, or 4.4%, against the comparison period. The increase in sales is attributable mainly to organic growth (+3.1%). Group sales reached EUR 430.2 million in the third quarter of 2018 (previous year: EUR 417.6 million).

The cost-of-materials ratio rose year-on-year from 46.5% to 48.1%. This is due to higher purchasing prices for raw materials (metals) and the increased deployment of temporary staff (purchased services) as a result of high levels of capacity utilization. The personnel expense ratio rose from 29.1% to 29.6%. This was partially due to collective wage agreements signed in the previous year.

Depreciation and amortization increased by 8.2% to EUR 50.3 million. This is the result of higher investments in fixed assets in recent years.

SLIGHT INCREASE IN EBIT DESPITE WEAKER THIRD QUARTER

Operating income (EBIT) rose year-on-year by 1.4% from EUR 114.5 million to EUR 116.1 million. Due to increases in expense items, the EBIT margin fell to 9.1%, taking it below the previous year's figure (9.4%).

The performance in the third quarter of 2018 was considerably weaker than in the third quarter of 2017: operating income declined by EUR 1.9 million from EUR 41.8 million to EUR 39.9 million. This equates to an EBIT margin of 9.3%, 0.7 percentage points below the good figure recorded in the third quarter of 2017 (10.0%).

ADJUSTED EBIT MARGIN AT 9.7%

At EUR 123.9 million, adjusted operating EBIT was virtually on a par with the previous year's figure of EUR 123.8 million at the end of the first nine months of 2018. The adjusted EBIT margin for the first nine months is 9.7%. It declined 0.4 percentage points year-on-year. Effects on income resulting from company acquisitions were eliminated from the adjusted operating EBIT. These were depreciations for fair value adjustments on the acquired companies' fixed and inventory assets (order backlog) along with incidental acquisition costs from corporate acquisitions. These are in decline as some effects on income from past acquisitions have come to an end.

RECONCILIATION (in EUR million)

	Q1–Q3 2018	Q1–Q3 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Operating income (EBIT)	**116.1**	**114.5**	**1.6**	**1.4**
Depreciation of property, plant and equipment and amortization of intangible assets due to fair value adjustments from initial consolidations*	6.7	6.0	0.7	11.7
Impact of fair value adjustments on inventory assets/order backlogs from initial consolidations and incidental acquisition costs**	1.1	3.3	-2.2	-66.7
Adjusted operating income (EBIT)	**123.9**	**123.8**	**0.1**	**0.1**

* 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.

Net interest came to EUR -13.6 million, an improvement of EUR 4.5 million against the previous year. Net interest includes interest from the valuation of interest rate swaps and minority interests as well as interest from operating activities. Both interest items are lower at the end of the first nine months of 2018 than in the same period of the previous year. Operating net interest amounted to EUR -10.0 million for the reporting period; in the same period of the previous year it stood at EUR -10.8 million. Interest expense attributable to shares of minority shareholders declined by EUR 3.7 million to EUR 3.6 million. This was partially due to the planned acquisition of minority interests, the income contribution of which impacted net interest.

EARNINGS PER SHARE EUR 2.69

Earnings before taxes (EBT) improved a solid 6.3% to EUR 102.5 million. The tax ratio remained virtually unchanged at 34.9% (previous year: 35.1%). Before deduction of interests attributable to non-controlling shareholders, income for the period (earnings after taxes) increased by EUR 4.1 million, to EUR 66.7 million (previous year: EUR 62.6 million). Earnings per share improved, increasing to EUR 2.69 from EUR 2.52 in the same period of the previous year. This corresponds to an increase of 6.7%. Earnings per share came to EUR 0.93 in the third quarter – slightly down against the prior-year figure (EUR 0.94).

In the first nine months of 2018, INDUS Group companies employed an average of 10,622 employees (previous year: 10,155).

INVESTMENTS AND ACQUISITIONS IN 2018

In 2018, three INDUS portfolio companies announced acquisitions. AURORA acquired electronics specialist ELECTRONIC EQUIPMENT B.V., with registered office in Weert, Netherlands, in January. The company produces custom electronic control components for applications in the automotive, lighting and packaging industries.

Effective August 1, 2018, OFA Bamberg acquired the activities of a retail company for medical aids in Southern Germany.

Another INDUS portfolio company acquired a renowned supplier of high-quality air conditioners in July. With this acquisition, the portfolio company, which is allocated 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 of ROLKO Kohlgrüber GmbH (25%) and IEF-Werner (25%). The remaining shares in RAGUSE (20%) were acquired by INDUS in July 2018.

In addition, the INDUS portfolio company BUDDE Fördertechnik acquired the remaining shares of PROVIS Steuerungstechnik GmbH (25%).

The INDUS portfolio currently contains 45 SME portfolio companies.

SEGMENT REPORT

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

CONSTRUCTION/INFRASTRUCTURE

EBIT MARGIN CLIMBS AGAIN TO 14.9%

INDUS portfolio companies in the Construction/Infrastructure segment recorded an increase in sales of EUR 22.9 million, or 9.2%, to EUR 271.4 million in the reporting period. Operating income (EBIT) increased by 10.7%, to EUR 40.4 million (previous year: EUR 36.5 million). At 14.9%, the EBIT margin was very satisfactory and came in 0.2 percentage points above the high figure achieved in the previous year. The increases primarily originated in the area of supply grid infrastructure. The Construction/Infrastructure segment is expected to maintain a high level over the whole of the year, and come in at the upper end of the target range of 13 to 15%.

Overall, the INDUS portfolio companies in the Construction/Infrastructure segment are performing very well, and working at full capacity. Some portfolio companies are increasingly having to contend with scarcity of raw materials and the associated rising costs. Another challenge is the labor market for qualified personnel, which is shrinking.

An air conditioning supplier was acquired for the Construction/Infrastructure segment during the fiscal year. Investments made amounted to EUR 18.8 million (previous year: EUR 7.6 million). They include investments in fixed assets amounting to EUR 8.9 million and the acquisition of the air conditioning supplier.

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (in EUR million)

			DIFFERENCE	
	Q1–Q3 2018	Q1–Q3 2017	ABSOLUTE	IN %
Revenue with external third parties	271.4	248.5	22.9	9.2
EBITDA	47.8	43.0	4.8	11.2
Depreciation/amortization	-7.4	-6.5	-0.9	-13.8
EBIT	40.4	36.5	3.9	10.7
EBIT margin in %	14.9	14.7	0.2 pp	–
Investments	18.8	7.6	11.2	>100
Employees	1,789	1,698	91	5.4

AUTOMOTIVE TECHNOLOGY

PRESSURE ON SERIES SUPPLIERS CONTINUES TO GROW

Sales in the Automotive Technology segment rose by EUR 4.2 million, or 1.4%, to EUR 294.8 million during the reporting period. This growth in sales was due to increased business in the field of heating and air conditioning systems for commercial vehicles, the initial consolidation of ELECTRONIC EQUIPMENT, which was acquired in January, and the profitable business developments at one engineering company. The series suppliers, in contrast, recorded declining sales as a result of contracts ending and decreasing call-off figures.

At EUR 5.4 million, operating income (EBIT) was markedly below the previous year's level (EUR 10.4 million). The high pressure on margins for series suppliers and the ongoing decline in sales at car makers and suppliers due to the diesel and emissions scandal are becoming increasingly noticeable in the industry. An unexpected slump in earnings at one series supplier has had additional impact on the segment's results. Expenses associated with the previously communicated repositioning project underway at one portfolio company are also negatively affecting the segment's results.

The EBIT margin came in at 1.8%. We expect the EBIT margin to increase slightly for the whole of 2018.

Investments in the first nine months of the fiscal year amounted to EUR 16.9 million (previous year: EUR 18.9 million). In addition to investments in fixed assets, this figure includes the acquisition of ELECTRONIC EQUIPMENT by the INDUS subsidiary AURORA.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY (in EUR million)

	Q1–Q3 2018	Q1–Q3 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Revenue with external third parties	294.8	290.6	4.2	1.4
EBITDA	22.7	26.5	-3.8	-14.3
Depreciation/ amortization	-17.3	-16.1	-1.2	-7.5
EBIT	5.4	10.4	-5.0	-48.1
EBIT margin in %	1.8	3.6	-1.8 pp	–
Investments	16.9	18.9	-2.0	-10.6
Employees	3,545	3,569	-24	-0.7

ENGINEERING

RISING SALES AND SOLID RESULTS

Segment sales in Engineering increased by EUR 4.3 million to EUR 274.9 million. This is due to organic growth in the area of logistics and the acquisition of M+P INTERNATIONAL and PEISELER last year. Both companies were fully consolidated for the first time this year.

At EUR 33.2 million, operating income (EBIT) achieved a solid level, despite the fact that it was EUR 5.6 million under the previous year's figure. The EBIT margin remains high at 12.1% (previous year: 14.3%). For the full year we continue to expect the margin to be in the target range of 12 to 14%.

Two portfolio companies in the large-scale plant engineering sector were not able to achieve the growth seen over the last years. This was due to the order situation normalizing, partially as a result of a disinclination to invest in the automotive industry, and the associated lower sales and earnings figures. A major contract also led to a one-off effect that negatively impacted the segment result.

Investments amounted to EUR 6.9 million (previous year: EUR 37.6 million) and were exclusively made in fixed assets. Last year's investments included the acquisition of the M+P Group and PEISELER, in addition to investments in fixed assets.

KEY FIGURES FOR ENGINEERING (in EUR million)

	Q1–Q3 2018	Q1–Q3 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Revenue with external third parties	274.9	270.6	4.3	1.6
EBITDA	42.1	46.4	-4.3	-9.3
Depreciation/ amortization	-8.9	-7.6	-1.3	-17.1
EBIT	33.2	38.8	-5.6	-14.4
EBIT margin in %	12.1	14.3	-2.2 pp	–
Investments	6.9	37.6	-30.7	-81.6
Employees	1,990	1,795	195	10.9

MEDICAL ENGINEERING/LIFE SCIENCE

COMPETITION INCREASING

Sales in the Medical Engineering/Life Science segment declined slightly in the first nine months of the year against the previous year by 0.9% to EUR 115.4 million.

At EUR 12.6 million, operating income (EBIT) was below the previous year's level (EUR 14.6 million). The EBIT margin recovered somewhat in the third quarter and came in at 10.9%, 1.6 percentage points down against the previous year (12.5%). We expect sales and income to increase in this segment for the full year. We anticipate a margin of approximately 12%.

The reason for the decline in sales and EBIT are the product areas non-wovens and surgical kits. Competition is intense in both product areas and they were also impacted by unexpected customer losses in the first half of the year. Compensation is only expected in these areas in the next fiscal year. Rising wage costs in overseas production sites and increasing regulatory requirements arising from the EU Medical Devices Directive (MDD).

At EUR 5.5 million, investments were on a par with the previous year (EUR 5.3 million).

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

			DIFFERENCE	
	Q1–Q3 2018	Q1–Q3 2017	ABSOLUTE	IN %
Revenue with external third parties	115.4	116.5	-1.1	-0.9
EBITDA	18.1	19.7	-1.6	-8.1
Depreciation/amortization	-5.5	-5.1	-0.4	-7.8
EBIT	12.6	14.6	-2.0	-13.7
EBIT margin in %	10.9	12.5	-1.6 pp	–
Investments	5.5	5.3	0.2	3.8
Employees	1,678	1,525	153	10.0

METALS TECHNOLOGY

YEAR-ON-YEAR COMPARISON SHOWS INCREASE IN INCOME

Portfolio companies in the Metals Technology segment achieved an 8.0% increase in sales, amounting to EUR 318.6 million. This growth was primarily generated in the area of carbide tools.

At EUR 28.5 million, operating income (EBIT) was up 36.4%, or EUR 7.6 million, compared to the previous year (EUR 20.9 million). The EBIT margin was 8.9%, 1.8 percentage points higher against the prior-year margin.

In comparison with the first six months of 2018, the EBIT margin decreased in the third quarter. It fell from 10.4% to 5.8%. A considerable increase in the cost of materials at one of the larger portfolio companies played a role in this. The company was not immediately able to pass on the higher costs through price adjustments. The aforementioned repositioning project at one portfolio company is going slower than anticipated and is still having a negative impact on the segment results.

We expect a stable performance in the fourth quarter. The Metals Technology segment should therefore achieve an EBIT margin within the 8 to 10% range over the full year.

At EUR 11.0 million, investment was markedly above the previous year's level (EUR 4.4 million). One of the reasons for this is a capacity expansion being carried out at one of the larger portfolio companies.

KEY FIGURES FOR METALS TECHNOLOGY (in EUR million)

			DIFFERENCE	
	Q1–Q3 2018	Q1–Q3 2017	ABSOLUTE	IN %
Revenue with external third parties	318.6	295.0	23.6	8.0
EBITDA	39.0	31.5	7.5	23.8
Depreciation/amortization	-10.5	-10.6	0.1	0.9
EBIT	28.5	20.9	7.6	36.4
EBIT margin in %	8.9	7.1	1.8 pp	–
Investments	11.0	4.4	6.6	>100
Employees	1,586	1,537	49	3.2

FINANCIAL POSITION

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

	Q1–Q3 2018	Q1–Q3 2017	DIFFERENCE ABSOLUTE	IN %
Operating cash flow	14.8	56.1	-41.3	-73.6
Interest	-14.0	-14.8	0.8	5.4
Cash flow from operating activities	**0.8**	**41.3**	**-40.5**	**-98.1**
Cash outflow for investments	-59.7	-75.9	16.2	21.3
Cash inflow from the disposal of assets	1.1	0.5	0.6	>100
Cash flow from investing activities	**-58.6**	**-75.4**	**16.8**	**22.3**
Dividend payment	-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	160.4	152.3	8.1	5.3
Cash outflow from the repayment of loans	-69.0	-82.2	13.2	16.1
Cash outflow from the repayment of contingent purchase price commitments	-25.0	0.0	-25.0	–
Cash flow from financing activities	**29.4**	**36.7**	**-7.3**	**-19.9**
Net changes in cash and cash equivalents	-28.5	2.6	-31.1	<-100
Changes in cash and cash equivalents caused by currency exchange rates	0.1	-1.5	1.6	>100
Cash and cash equivalents at the beginning of the period	135.9	127.2	8.7	6.8
Cash and cash equivalents at the end of the period	**107.5**	**128.3**	**-20.8**	**-16.2**

STATEMENT OF CASH FLOWS: INCREASE IN WORKING CAPITAL CONTINUES TO IMPACT OPERATING CASH FLOW

Based on earnings after taxes of EUR 66.7 million (previous year: EUR 62.6 million), operating cash flow of EUR 14.8 million (previous year: EUR 56.1 million) was generated during the reporting period. This is due to an increase in working capital of EUR 110.5 million. Anticipating higher material purchasing prices, several INDUS portfolio companies have increased their inventory assets, primarily their raw materials inventory. A planned decision to increase unfinished goods and receivables have also led to higher working capital. Working capital at INDUS Group companies will be reduced over the last three months of the fiscal year, but it will remain above the previous year's level overall. At EUR -14.0 million, cash flow for interest paid was on a par with the previous year (EUR -14.8 million). Overall, cash flow from operating activities declined by EUR 40.5 million to EUR 0.8 million.

Cash flow from investing activities amounted to EUR -58.6 million in the reporting period, considerably below the prior-year figure (EUR -75.4 million). Investments in fixed assets increased by EUR 4.9 million as compared to the previous year. Expenses for the acquisition of subsidiaries were considerably lower than in the previous year at EUR -11.5 million (EUR -32.4 million). The M+P Group and the PEISELER Group were both acquired in the previous year. In the reporting year, ELECTRONIC EQUIPMENT was acquired as a strategic addition for AURORA and a supplier of air conditioning units was acquired in the Construction/Infrastructure segment.

Cash flow from financing activities amounted to EUR 29.4 million. This was a result of net borrowing in the amount of EUR 91.4 million (previous year: EUR 70.1 million) less a dividend payment amounting to EUR -36.7 million (previous year: EUR -33.0 million) and cash outflow from the repayment of contingent purchase price commitments of EUR -25.0 million (previous year: EUR 0.0 million). At EUR 107.5 million, cash and cash equivalents were considerably below the figure on December 31, 2017 (EUR 135.9 million).

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

	SEP. 30, 2018	DEC. 31, 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
ASSETS				
Non-current assets	**961.1**	**953.6**	**7.5**	**0.8**
Fixed assets	950.0	942.2	7.8	0.8
Receivables and other assets	11.1	11.4	-0.3	-2.6
Current assets	**784.3**	**699.6**	**84.7**	**12.1**
Inventories	417.0	339.2	77.8	22.9
Receivables and other assets	259.8	224.5	35.3	15.7
Cash and cash equivalents	107.5	135.9	-28.4	-20.9
Total assets	**1,745.4**	**1,653.2**	**92.2**	**5.6**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,364.4**	**1,234.8**	**129.6**	**10.5**
Equity	704.0	673.8	30.2	4.5
Borrowings	660.4	561.0	99.4	17.7
Provisions	45.0	46.3	-1.3	-2.8
Payables and deferred taxes	615.4	514.7	100.7	19.6
Current financing instruments	**381.0**	**418.4**	**-37.4**	**-8.9**
Provisions	92.1	72.4	19.7	27.2
Liabilities	288.9	346.0	-57.1	-16.5
Total assets	**1,745.4**	**1,653.2**	**92.2**	**5.6**

STATEMENT OF FINANCIAL POSITION: EQUITY RATIO BACK OVER 40%

At EUR 1,745.4 million, the INDUS Group's consolidated total assets were 5.6% higher than they were as of December 31, 2017. This is primarily due to the increase in inventories (EUR +77.8 million) and receivables and other assets (EUR +35.3 million). The total amount of working capital as of September 30, 2018, came to EUR 513.4 million, which was EUR 110.5 million, or 27.4%, more than as of the end of 2017 (EUR 402.9 million). As explained above, the reasons for the increase in working capital are the expansion in operating activities (overall performance +6.2%) and the increase in primary materials, unfinished goods and receivables.

Equity increased by 4.5%. The equity ratio amounted to 40.3% as of September 30, 2018, placing it slightly below the figure at the end of 2017 (40.8%). The EUR 100.7 million increase in non-current liabilities is due to an increased need for financing and a shift from current liabilities to non-current liabilities.

WORKING CAPITAL (in EUR million)

	SEP. 30, 2018	DEC. 31, 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Inventories	417.0	339.2	77.8	22.9
Trade receivables	234.2	197.5	36.7	18.6
Trade payables	-77.6	-66.2	-11.4	-17.2
Advance payments received	-28.0	-18.6	-9.4	-50.5
Construction contracts with a negative balance	-32.2	-49.0	16.8	34.3
Working capital	**513.4**	**402.9**	**110.5**	**27.4**

Net financial liabilities amounted to EUR 519.4 million as of September 30, EUR 120.5 million higher than on December 31, 2017. This change is due to a reduction in cash and cash equivalents (EUR -28.4 million) and an increase in debt (EUR +92.1 million). The increase in debt is directly related to the reduction of current liabilities.

NET FINANCIAL LIABILITIES (in EUR million)

	SEP. 30, 2018	DEC. 31, 2017	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Non-current financial liabilities	522.4	439.5	82.9	18.9
Current financial liabilities	104.5	95.3	9.2	9.7
Cash and cash equivalents	-107.5	-135.9	28.4	20.9
Net financial liabilities	**519.4**	**398.9**	**120.5**	**30.2**

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 the systematic handling of risks. The particulars of the risk management system and the significance of individual risks are explained in the Annual Report. Therein is stated that the company does not consider itself to be exposed to any risks that might jeopardize its existence as a going concern.

OUTLOOK

The first signs of a slowdown in economic momentum are impacting the business performance of INDUS portfolio companies. The recent drop off in incoming orders in German industry indicates that we have passed peak growth. Political risk factors, too, such as the trade war between China and the U.S. and the unresolved Brexit issue, are still at play. Overall, this suggests growth will weaken for the German economy and INDUS portfolio companies.

The INDUS Group performed solidly in the first nine months of 2018. Along with the pleasing increase in sales, however, the pressure on operating income and the EBIT margin is also growing: The consequences of rising energy and material prices along with higher wage costs will likely have a noticeable impact on the results of operations in the coming months. A negative one-off effect in the Engineering segment and further expenses related to ongoing repositioning projects are having an impact on the financial position.

While the Construction/Infrastructure segment continues to profit from the boom in the construction industry, generating record high income, the consequences of the new exhaust emissions standard WLTP will place an additional strain on series suppliers for the automotive industry, who are already facing intense pressure on margins. The INDUS Board of Management is doubling down on repositioning measures in light of the heightened conflict situation in this field and is examining whether new ownership may be able to offer better prospects for individual series suppliers. The Engineering segment will remain an important earnings contributor in future. Portfolio companies in the Medical Engineering/Life Science segment continue to face increasing competitive pressure. The upward trend in the Metals Technology segment is restricted by the ongoing repositioning process at one portfolio company and significantly higher material costs.

Improving operational excellence will remain a strategic focus across all segments in the coming months. In line with the successful strategic model of promoting innovations, the Board of Management is concentrating on a comprehensive consultation and support offer. This will cover the dissemination of knowledge and methodology, and project support for optimizing all added value processes in the portfolio companies with the aim of increasing their profitability.

INDUS forecast sales in the range of EUR 1.65 to 1.70 billion and operating income (EBIT) between EUR 154 and 160 million for the whole of 2018 (before proportionate contributions to sales and earnings from acquisitions made during the year). In light of the impact on income as mentioned, income for the full year will presumably be at the lower end of the EBIT range.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR Q1–Q3 AND THE THIRD QUARTER OF 2018

in EUR '000	NOTES	Q1–Q3 2018	Q1–Q3 2017	Q3 2018	Q3 2017
REVENUE		**1,274,939**	**1,221,061**	**430,206**	**417,562**
Other operating income		12,717	10,187	7,238	2,834
Own work capitalized		2,853	4,689	743	2,437
Changes in inventory		35,273	12,048	5,600	3,652
Cost of materials	[4]	-613,419	-568,079	-206,223	-195,217
Personnel expenses	[5]	-376,797	-354,995	-124,520	-119,717
Depreciation/amortization		-50,295	-46,519	-17,076	-15,847
Other operating expenses	[6]	-169,680	-164,957	-56,496	-54,184
Income from shares accounted for using the equity method		296	857	358	166
Financial income		197	225	64	108
OPERATING INCOME (EBIT)		**116,084**	**114,517**	**39,894**	**41,794**
Interest income		66	82	28	27
Interest expense		-13,661	-18,203	-4,456	-5,750
NET INTEREST	[7]	**-13,595**	**-18,121**	**-4,428**	**-5,723**
EARNINGS BEFORE TAXES (EBT)		**102,489**	**96,396**	**35,466**	**36,071**
Taxes		-35,780	-33,817	-12,477	-12,538
EARNINGS AFTER TAXES		**66,709**	**62,579**	**22,989**	**23,533**
of which attributable to non-controlling shareholders		1,001	884	422	551
of which attributable to INDUS shareholders		65,708	61,695	22,567	22,982
Earnings per share (undiluted and diluted) in EUR	[8]	2.69	2.52	0.93	0.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR Q1–Q3 AND THE THIRD QUARTER OF 2018

in EUR '000	Q1–Q3 2018	Q1–Q3 2017	Q3 2018	Q3 2017
EARNINGS AFTER TAXES	**66,709**	**62,579**	**22,989**	**23,533**
Actuarial gains/losses	2,321	139	1,157	-343
Deferred taxes	-567	-41	-283	102
Items not to be reclassified to profit or loss	**1,754**	**98**	**874**	**-241**
Currency conversion adjustment	-1,971	-8,103	-1,993	-5,332
Change in the market values of hedging instruments (cash flow hedge)	787	-298	1,043	-323
Deferred taxes	-101	47	-173	51
Items to be reclassified to profit or loss	**-1,285**	**-8,354**	**-1,123**	**-5,604**
OTHER COMPREHENSIVE INCOME	**469**	**-8,256**	**-249**	**-5,845**
TOTAL COMPREHENSIVE INCOME	**67,178**	**54,323**	**22,740**	**17,688**
of which attributable to non-controlling shareholders	1,001	884	422	551
of which attributable to INDUS shareholders	66,177	53,439	22,318	17,137

Income and expenses recognized directly in equity under other comprehensive income include actuarial gains from pensions and similar obligations amounting to EUR 2,321 thousand (previous year: EUR 139 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 2.0% as of September 30, 2018. The interest rate for foreign pension plans (Switzerland) has increased by 0.33%.

Income from currency conversion is derived from the converted financial statements of consolidated international Group companies. The change in the market value of derivative financial instruments was the result of interest rate swaps transacted to hedge against interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2018

in EUR '000	NOTES	SEP. 30, 2018	DEC. 31, 2017
ASSETS			
Goodwill		432,882	428,590
Other intangible assets		89,339	86,454
Property, plant and equipment		398,448	397,008
Investment property		5,081	5,220
Financial investments		13,162	13,995
Shares accounted for using the equity method		11,100	10,903
Other non-current assets		2,483	2,594
Deferred taxes		8,631	8,862
Non-current assets		**961,126**	**953,626**
Inventories	[9]	416,960	339,154
Receivables	[10]	234,187	197,528
Other current assets		19,442	18,247
Current income taxes		6,196	8,750
Cash and cash equivalents		107,482	135,881
Current assets		**784,267**	**699,560**
TOTAL ASSETS		**1,745,393**	**1,653,186**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserves		239,833	239,833
Other reserves		397,011	367,509
Equity held by INDUS shareholders		**700,415**	**670,913**
Non-controlling interests in the equity		3,597	2,900
Equity		**704,012**	**673,813**
Pension provisions		42,801	43,969
Other non-current provisions		2,190	2,377
Non-current financial liabilities		522,431	439,545
Non-current other liabilities	[11]	44,299	29,174
Deferred taxes		48,697	45,956
Non-current liabilities		**660,418**	**561,021**
Other current provisions		92,110	72,384
Current financial liabilities		104,505	95,301
Trade payables		77,560	66,162
Other current liabilities	[11]	97,294	174,081
Current income taxes		9,494	10,424
Current liabilities		**380,963**	**418,352**
TOTAL ASSETS		**1,745,393**	**1,653,186**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1, 2018, TO SEPTEMBER 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			61,695		61,695	884	62,579
Other comprehensive income				-8,256	-8,256		-8,256
Total comprehensive income			**61,695**	**-8,256**	**53,439**	**884**	**54,323**
Dividend payment			-33,008		-33,008	-404	-33,412
AS OF SEP. 30, 2017	**63,571**	**239,833**	**370,248**	**-11,283**	**662,369**	**3,110**	**665,479**
AS OF DEC. 31, 2017	**63,571**	**239,833**	**390,890**	**-23,381**	**670,913**	**2,900**	**673,813**
Earnings after taxes			65,708		65,708	1,001	66,709
Other comprehensive income				469	469		469
Total comprehensive income			**65,708**	**469**	**66,177**	**1,001**	**67,178**
Dividend payment			-36,675		-36,675	-304	-36,979
AS OF SEP. 30, 2018	**63,571**	**239,833**	**419,923**	**-22,912**	**700,415**	**3,597**	**704,012**

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 Q1–Q3 OF 2018

in EUR '000	Q1–Q3 2018	Q1–Q3 2017
Earnings after taxes	66,709	62,579
Depreciation/appreciation of non-current assets	50,295	46,519
Taxes	35,780	33,817
Net interest	13,595	18,121
Other non-cash transactions	220	-6,350
Changes in provisions	17,998	26,721
Increase (-)/decrease (+) in inventories, receivables, and other assets	-106,200	-76,526
Increase (+)/decrease (-) in trade payables and other equity and liabilities	-29,500	-15,491
Income taxes received/paid	-34,111	-33,330
Operating cash flow	**14,786**	**56,060**
Interest paid	-14,099	-14,875
Interest received	66	82
Cash flow from operating activities	**753**	**41,267**
Cash outflow from investments in		
property, plant and equipment, and intangible assets	-47,932	-43,050
financial investments	-214	-450
shares in fully consolidated companies	-11,516	-32,414
Cash inflow from the disposal of other assets	1,047	505
Cash flow from investing activities	**-58,615**	**-75,409**
Dividend payment	-36,675	-33,008
Dividends paid to minority shareholders	-304	-404
Cash inflow from raising of loans	160,420	152,319
Cash outflow from the repayment of loans	-68,988	-82,212
Cash outflow from the repayment of contingent purchase price commitments	-25,043	0
Cash flow from financing activities	**29,410**	**36,695**
Net changes in cash and cash equivalents	-28,452	2,553
Changes in cash and cash equivalents caused by currency exchange rates	53	-1,446
Cash and cash equivalents at the beginning of the period	135,881	127,180
Cash and cash equivalents at the end of the period	**107,482**	**128,287**

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 September 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 three quarters 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.

[3] BUSINESS COMBINATIONS

At the beginning of 2018, the INDUS portfolio company AURORA acquired ELECTRONIC EQUIPMENT B.V., in Weert, Netherlands. ELECTRONIC EQUIPMENT will be allocated to the Automotive Technology segment.

Effective July 1, 2018, one INDUS portfolio company acquired a renowned supplier of high-quality air conditioning units. The company will be allocated to the Construction/Infrastructure segment.

The fair value of the total consideration given for acquisitions amounted to EUR 12,211 thousand on the acquisition date. The purchase prices were settled in cash.

Goodwill of EUR 4,100 thousand, determined in the course of the purchase price allocation, is not tax-deductible. The goodwill represents inseparable values such as the know-how of the workforce, positive earnings expectations for the future, and synergies resulting from development, production, sales and marketing.

In the purchase price allocation, the acquired assets and liabilities have been calculated as follows:

ACQUISITIONS (in EUR '000)

	CARRYING AMOUNT AT DATE OF ADDITION	ASSETS ADDED DUE TO INITIAL CONSOLIDATION	ADDITIONS TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	4,100	4,100
Other intangible assets	0	6,503	6,503
Property, plant and equipment	238	0	238
Inventories	3,049	963	4,012
Receivables	1,860	0	1,860
Other assets*	578	0	578
Cash and cash equivalents	695	0	695
Total assets	**6,420**	**11,566**	**17,986**
Other provisions	374	0	374
Trade payables	2,157	0	2,157
Other equity and liabilities**	1,086	2,158	3,244
Total liabilities	**3,617**	**2,158**	**5,775**

* Other assets: Other non-current assets, Other current assets, Deferred taxes, Current income taxes
** Other equity and liabilities: Other non-current liabilities, Other current liabilities, Deferred taxes, Current income taxes

The initial consolidation of the acquisitions took place between January and July 2018. The acquisitions contributed sales amounting to EUR 5,641 thousand to the INDUS result for the period from January 1, 2018, to September 30, 2018, and operating income (EBIT) of EUR 961 thousand. If acquisitions had been consolidated from January 1, 2018, revenue would have amounted to EUR 10,516 thousand and EBIT to EUR 1,517 thousand.

Expenses affecting net income from the initial consolidation of acquisitions reduced operating income by EUR 988 thousand. The incidental acquisition costs have been recorded in the statement of income.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

[4] COST OF MATERIALS

in EUR '000	Q1–Q3 2018	Q1–Q3 2017
Raw materials, consumables and supplies, and purchased merchandise	-515,103	-465,101
Purchased services	-98,316	-102,978
Total	**-613,419**	**-568,079**

[5] PERSONNEL EXPENSES

in EUR '000	Q1–Q3 2018	Q1–Q3 2017
Wages and salaries	-319,144	-301,134
Social security	-54,092	-50,637
Pensions	-3,561	-3,224
Total	**-376,797**	**-354,995**

[6] OTHER OPERATING EXPENSES

in EUR '000	Q1–Q3 2018	Q1–Q3 2017
Selling expenses	-66,515	-63,802
Operating expenses	-60,279	-55,953
Administrative expenses	-37,404	-36,307
Other expenses	-5,482	-8,895
Total	**-169,680**	**-164,957**

[7] NET INTEREST

in EUR '000	Q1–Q3 2018	Q1–Q3 2017
Interest and similar income	66	82
Interest and similar expenses	-10,054	-10,859
Interest from operating activities	**-9,988**	**-10,777**
Other: Market value of interest rate swaps	9	10
Other: Minority interests	-3,616	-7,354
Other interest	**-3,607**	**-7,344**
Total	**-13,595**	**-18,121**

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 563 thousand (previous year: EUR 972 thousand) along with earnings after taxes owed to external entities from shares in limited partnerships and stock corporations with call/put options. For reasons of consistency it is recognized in net interest.

[8] EARNINGS PER SHARE

in EUR '000	Q1–Q3 2018	Q1–Q3 2017
Earnings attributable to INDUS shareholders	**65,708**	**61,695**
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	2.69	2.52

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[9] INVENTORIES

in EUR '000	SEP. 30, 2018	DEC. 31, 2017
Raw materials, consumables and supplies	155,660	125,146
Unfinished goods	115,658	88,205
Finished goods and goods for resale	120,110	109,340
Advance payments	25,532	16,463
Total	**416,960**	**339,154**

[10] RECEIVABLES

in EUR '000	SEP. 30, 2018	DEC. 31, 2017
Receivables from customers	210,555	180,138
Receivables from construction contracts	21,432	15,693
Receivables from associated companies	2,200	1,697
Total	**234,187**	**197,528**

[11] LIABILITIES

Other liabilities include an amount of EUR 41,815 thousand (Dec. 31, 2017: EUR 64,275 thousand) comprising contingent purchase price commitments carried at fair value insofar as minority shareholders are able to tender their shares to INDUS by terminating the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[12] SEGMENT REPORTING

SEGMENT INFORMATION BY OPERATION FOR Q1–Q3 OF 2018

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

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIATION	CONSOLIDATED FINANCIAL STATEMENTS
Q1–Q3 2018								
Revenue with external third parties	271,365	294,801	274,928	115,386	318,612	1,275,092	-153	1,274,939
Revenue with Group companies	24,949	59,628	46,609	13,339	42,354	186,879	-186,879	0
Revenue	**296,314**	**354,429**	**321,537**	**128,725**	**360,966**	**1,461,971**	**-187,032**	**1,274,939**
Segment earnings (EBIT)	**40,371**	**5,390**	**33,163**	**12,597**	**28,466**	**119,987**	**-3,903**	**116,084**
Income from measurement according to the equity method	252	-135	179	0	0	296	0	296
Depreciation/amortization	**-7,463**	**-17,284**	**-8,935**	**-5,494**	**-10,520**	**-49,696**	**-599**	**-50,295**
Segment EBITDA	**47,834**	**22,674**	**42,098**	**18,091**	**38,986**	**169,683**	**-3,304**	**166,379**
Investments	**18,761**	**16,925**	**6,940**	**5,536**	**11,017**	**59,179**	**483**	**59,662**
of which company acquisitions	9,890	1,626	0	0	0	11,516	0	11,516

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

	CONSTRUCTION/ INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIATION	CONSOLIDATED FINANCIAL STATEMENTS
Q1–Q3 2017								
Revenue with external third parties	248,495	290,572	270,589	116,483	294,984	1,221,123	-62	1,221,061
Revenue with Group companies	25,482	57,217	42,431	12,148	40,292	177,570	-177,570	0
Revenue	**273,977**	**347,789**	**313,020**	**128,631**	**335,276**	**1,398,693**	**-177,632**	**1,221,061**
Segment earnings (EBIT)	**36,461**	**10,335**	**38,774**	**14,637**	**20,949**	**121,156**	**-6,639**	**114,517**
Income from measurement according to the equity method	456	193	208	0	0	857	0	857
Depreciation/amortization	**-6,520**	**-16,135**	**-7,651**	**-5,104**	**-10,566**	**-45,976**	**-543**	**-46,519**
Segment EBITDA	**42,981**	**26,470**	**46,425**	**19,741**	**31,515**	**167,132**	**-6,096**	**161,036**
Investments	**7,591**	**18,958**	**37,564**	**5,306**	**4,384**	**73,803**	**2,111**	**75,914**
of which company acquisitions	0	0	32,414	0	0	32,414	0	32,414

SEGMENT INFORMATION BY OPERATION FOR THE THIRD 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
Q3 2018								
Revenue with external third parties	99,361	98,299	92,608	37,663	102,271	430,202	4	430,206
Revenue with Group companies	9,031	20,636	17,130	4,197	15,038	66,032	-66,032	0
Revenue	**108,392**	**118,935**	**109,738**	**41,860**	**117,309**	**496,234**	**-66,028**	**430,206**
Segment earnings (EBIT)	**17,401**	**1,150**	**10,527**	**4,215**	**5,936**	**39,229**	**665**	**39,894**
Income from measurement according to the equity method	270	32	56	0	0	358	0	358
Depreciation/amortization	**-2,554**	**-5,853**	**-3,005**	**-1,978**	**-3,489**	**-16,879**	**-197**	**-17,076**
Segment EBITDA	**19,955**	**7,003**	**13,532**	**6,193**	**9,425**	**56,108**	**862**	**56,970**
Investments	**12,835**	**5,899**	**2,547**	**2,343**	**7,086**	**30,710**	**0**	**30,710**
of which company acquisitions	9,890	0	0	0	0	9,890	0	9,890

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

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

RECONCILIATION (in EUR '000)

	Q1–Q3 2018	Q1–Q3 2017	Q3 2018	Q3 2017
Segment earnings (EBIT)	**119,987**	**121,156**	**39,229**	**44,450**
Areas not allocated inc. holding company	-3,873	-6,378	695	-2,561
Consolidations	-30	-261	-30	-95
Net interest	-13,595	-18,121	-4,428	-5,723
Earnings before taxes	**102,489**	**96,396**	**35,466**	**36,071**

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				
Q1–Q3 2018	1,274,939	655,540	286,210	333,189
Q3 2018	430,206	224,621	97,421	108,164
Non-current assets, less deferred taxes and financial instruments				
Sep. 30, 2018	936,850	788,211	46,462	102,177
Revenue with external third parties				
Q1–Q3 2017	1,221,061	614,781	276,956	329,324
Q3 2017	417,562	208,745	96,580	112,237
Non-current assets, less deferred taxes and financial instruments				
Dec. 31, 2017	928,174	790,057	46,342	91,775

[13] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

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

FINANCIAL INSTRUMENTS (in EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	IFRS 7 FINANCIAL INSTRUMENTS	OF WHICH MEASURED AT FAIR VALUE	OF WHICH MEASURED AT AMORTIZED COST
SEP. 30, 2018					
Financial investments	13,162	0	13,162	0	13,162
Cash and cash equivalents	107,482	0	107,482	0	107,482
Receivables	234,187	21,432	212,755	0	212,755
Other assets	21,925	10,443	11,482	352	11,130
Financial Instruments: Assets	**376,756**	**31,875**	**344,881**	**352**	**344,529**
Financial liabilities	626,936	0	626,936	0	626,936
Trade payables	77,560	0	77,560	0	77,560
Other liabilities	141,593	72,241	69,352	45,620	23,732
Financial Instruments: Equity and Liabilities	**846,089**	**72,241**	**773,848**	**45,620**	**728,228**

	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)

	SEP. 30, 2018	DEC. 31, 2017
Trading and derivatives	352	99
Holding	342,017	339,616
Holding and sale	2,512	2,591
Financial Instruments: Assets	**344,881**	**342,306**
Trading and derivatives	45,620	68,622
Financial liabilities measured at their residual carrying amounts	728,228	650,018
Financial Instruments: Equity and Liabilities	**773,848**	**718,640**

[14] APPROVAL FOR PUBLICATION

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

Bergisch Gladbach, November 13, 2018

INDUS Holding AG

The Management Board

Dr. Johannes Schmidt Axel Meyer Rudolf Weichert

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FINANCIAL CALENDAR

DATE	EVENT
November 29, 2018	Extraordinary Shareholders' Meeting, Cologne
February 21, 2019	Publication of the preliminary figures for the 2018 fiscal year
March 27, 2019	Publication of the Annual Report for the 2018 fiscal year
March 27, 2019	Press conference on the results for the 2018 fiscal year, Düsseldorf
March 28, 2019	Analysts' conference on the 2018 fiscal year, Frankfurt/Main
May 14, 2019	Publication of the interim report for Q1 2019
May 29, 2019	Annual Shareholders' Meeting, Cologne
August 13, 2019	Publication of the interim report for H1 2019
November 14, 2019	Publication of the interim report for Q3 2019

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

DISCLAIMER:

This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUS Holding AG. Although the Board of Management is of the opinion that these assumptions and estimates are accurate, they are subject to certain risks and uncertainty. Actual future results may deviate substantially from these assumptions and estimates due to a variety of factors. These factors include changes in the general economic situation, the business, economic and competitive situation, foreign exchange and interest rates, and the legal setting. INDUS Holding AG shall not be held liable for the future development and actual future results being in line with the assumptions and estimates included in this interim report. Assumptions and estimates made in this interim report will not be updated.

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RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
Dr. Johannes Schmidt

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