Q3 2016 – INDUS HOLDING AG

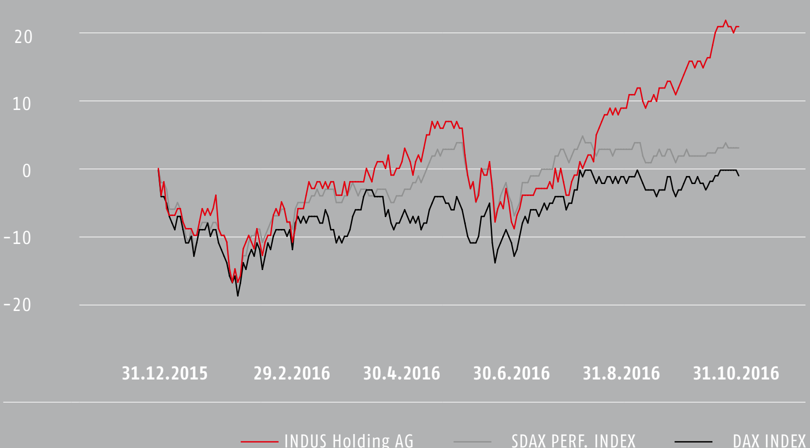
HIGHLIGHTS

- Momentum in the Construction/Infrastructure sector ensures exceptionally good financial performance
- Automotive Technology remains below expectations
- Despite strong acquisition activities further investments planned in 2016

KEY FIGURES (IN EUR MILLIONS)	Q1–Q3 2016	Q1–Q3 2015
Sales	1,075.5	1,035.0
EBITDA	147.8	136.1
EBIT	106.6	98.9
Net result for the period	57.1	51.5
Earnings per share (in EUR)	2.30	2.10
Operating cash flow	71.8	69.3
	30.9.2016	31.12.2015
Total assets	1,517.1	1,419.8
Equity capital	615.8	549.4
Net debt	409.8	356.3
Equity ratio in %	40.6	41.9
Investments (as of the reporting date)	44	44

- Strong performance in the third quarter

SHARE PRICE PERFORMANCE OF THE INDUS SHARE UP TO OCTOBER 2016 INCL. DIVIDEND (IN %)



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LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

The German economy is in good shape, whereas large parts of the world are experiencing only modest economic activity. This is an apt way to describe the current economic situation. However, many factors are obscured in this description, while new ones are constantly being added to the mix: continued throes felt in individual emerging economy countries (in particular, Brazil), waning momentum in China and the United States, the embargo against Russia with its corresponding counterboycott, war in the Middle East, fear of terrorism, the drama of the refugee situation, banking crisis, and Brexit. It seems to almost be a miracle that Germany will replace China as the world's top exporter this year. The German economy is defying the somewhat fierce headwinds from foreign markets, and this is happening even though its domestic automobile industry came under strong pressure due to the deceptive practices in the diesel scandal.

This development is also reflected in the INDUS portfolio: the Construction/Infrastructure segment, driven primarily by the German economy, provides around 30 % of Group earnings with an increase of EUR 9 million compared to the previous year. On the other hand, the Automotive Technology segment, which is focused on international markets, once again posted a decline in EBIT compared to the previous year and contributed only around 12 % to Group earnings. The other three INDUS segments are situated between these two poles: Medical Engineering shows the usual growth with high margins, Engineering remains strong and profitable, and Metals Technology has subdued (as it supplies in part the automotive industry) yet stable earnings. However, in sum, the calculations add up again. In 2016, we will again be able to improve significantly on last year's result. It is precisely this mix of industries and cycles that ultimately makes up the INDUS portfolio. As a longstanding shareholder, investor, and development partner in our portfolio companies, we are clearly committed to supporting them with capital and expertise even in times of weak economic activity or in the necessary correction and repositioning phases; this is a promise that we are currently honoring in the Automotive Technology. Regardless of these business principles, we must still confront strategic issues for the future, particularly in the area of our series suppliers, as having a balanced and sustainable portfolio is one of our most important objectives.

Our Construction/Infrastructure segment, which is performing extremely well, is primarily driven by domestic demand. We do not expect this trend to change in the medium term; on the contrary, the announced investment programs are fueling demand for public sector construction. Accordingly, we have stepped up our efforts to secure more acquisitions in this segment. With HEITZ Group and the strategic investment in ZWEICOM, we have strengthened this segment in the third quarter with two attractive companies. To date, we have nearly exhausted our initial forecast acquisition budget. However, as we are still in negotiations with other interesting candidates, we want to continue to expand in this area. In 2016, we have not only made substantial investments in fixed assets as in previous years but also invested more in M&A than was initially planned.

In addition to its economic objectives, INDUS also pursues non-commercial goals, one of which is reducing our carbon footprint. The continuous efforts of all Group companies have enabled INDUS to be added to the Climate A-list in this year's assessment of the CDP (Carbon Disclosure Project), only 9 % or 193 of 837 internationally participating companies reached this list, with only eight companies coming from Germany. We are currently working on the Group's first sustainability report that will be published together with the annual report in 2016. For we are convinced that there is more to a sustainable business than just short-term economic success.

As you can see, great challenges lie ahead, and there is no question that INDUS is not immune to them, both small and large. But overall we have been successful and are currently on safe ground: 2016 will be another good year for INDUS.

Bergisch Gladbach, Germany, November 2016
Yours, The Board of Management

Jürgen Abromeit Dr. Johannes Schmidt Rudolf Weichert

DIGITAL INFRASTRUCTURE AS A GROWTH MARKET

The topic of "Industry 4.0" has digital infrastructure fundamentally gaining in importance. At the same time, Germany as a high-tech location is still far behind in this field. Many countries competing with Germany are in a much better position. These are two important reasons why efforts need to be made to reverse this trend. INDUS makes targeted investments in "digital infrastructure" and is expanding its strategic growth base.

THE INDUSTRY IS ENTERING THE PHASE OF DIGITAL ACCELERATION

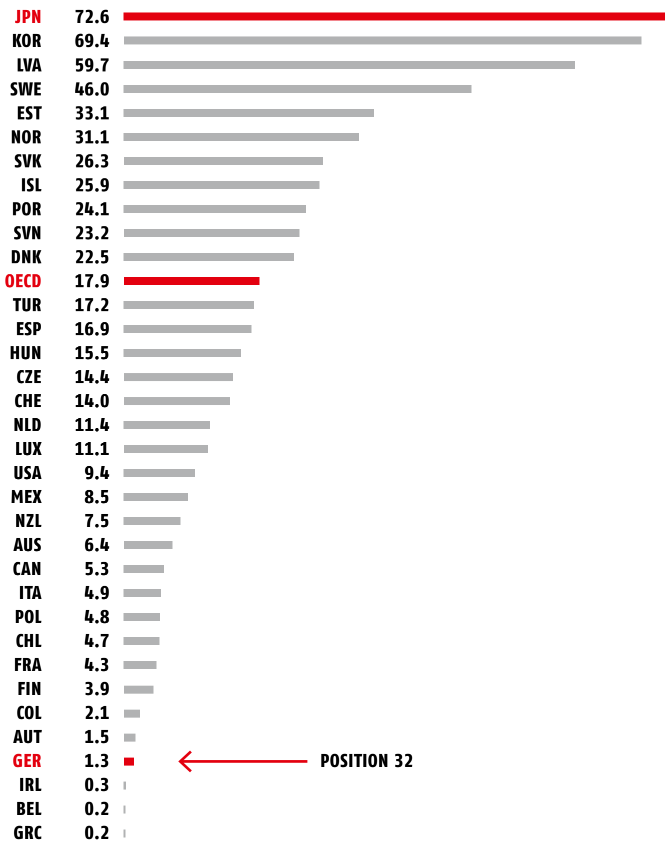
Modern processes today are unthinkable without digital data transmission, in services, industrial production and everyday life: Field sale representatives access corporate data when they visit a client's company. Production machines in factories receive orders directly from the original equipment manufacturer (OEM). And vehicles can navigate city traffic without the need of a driver. The "internet of things" has still not been properly launched, and yet there is hardly any industry that does not have to adapt their business models. At first, this may seem scary or even make some feel uncomfortable. But, on the other hand, the resulting opportunities for development are hard to overlook. It is also clear: This requires a – long-lasting – powerful digital infrastructure.

GERMANY STILL LAGS BEHIND

More recent site analyses show: In an international comparison, Germany is far behind in terms of internet infrastructure. A study by the industrial organization FTTH in 2015 showed that Germany was ranked an unbelievable 31st in high-speed web access and the distance to the leading nation has more than doubled in under two years. An even more dramatic development is how far behind the country is with its fiber optic connections, which provides the fastest internet technology available: Just one percent of its connections are fiber optic, which is the same level as Jordan.

The results of a recent OECD study show similar figures: According to the study, the level of fiber optic connections in the 34 surveyed OECD countries averaged about 18 percent. Top of the list was Japan, where nearly three quarters of all households have the technology, while Germany posted just 1.3 percent.

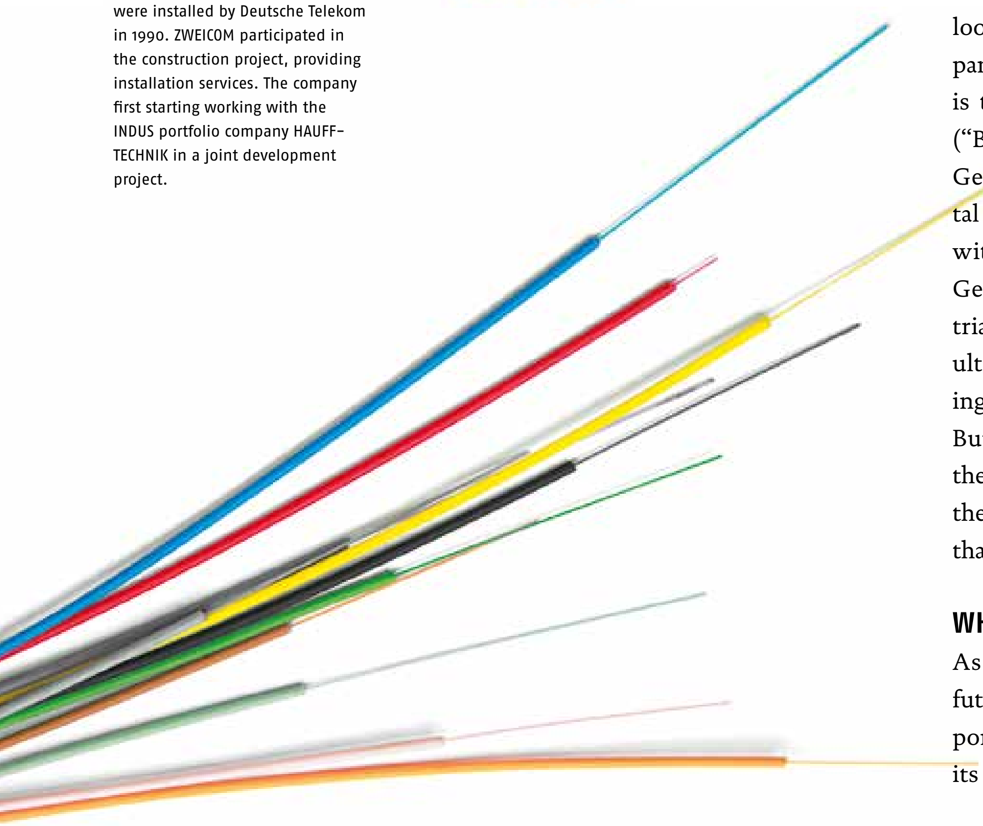
FIBRE OPTIC PENETRATION / SHARE OF FIBRE CONNECTIONS IN TOTAL BROADBAND SUBSCRIPTIONS, JUNE 2015 (IN %)



Source: OECD Broadband Portal

WEIGAND Bau specializes in laying fiber optic cables in rough terrain. Horizontal Directional Drilling (HDD) technology enables the trenchless laying of cables: under streets, buildings, and waterways.

The first local networks in Germany were installed by Deutsche Telekom in 1990. ZWEICOM participated in the construction project, providing installation services. The company first starting working with the INDUS portfolio company HAUFF-TECHNIK in a joint development project.



POLITICIANS HAVE WOKEN UP

Making digital connections available is first and foremost an issue of sovereignty, and politicians need to become involved. Similar to physical transport networks, digital networking is about building a supportive platform that can be used by a wide range of users, private, commercial, and public.

The German government has finally taken a close look at the topic and is promoting the rapid expansion of the fiber optic network. An example is the broadband platform "Zukunft Breitband" ("Broadband Future"). Using this keyword, the German Federal Ministry of Transport and Digital Infrastructure (BMVI) reached an agreement with the members of the network alliance Digital Germany in June of this year to connect all industrial areas that lack an adequate network access with ultra-high-speed fiber optics. The BMVI is financing the project to the sum of EUR 350 million. But, it is clear that this is far from enough to enter the esteemed group of benchmark nations within the next few years. Therefore, we must assume that more initiatives will soon follow.

WHAT IS INDUS DOING?

As early as 2012, INDUS started focusing on the future market of "digital infrastructure" as an opportunity for key investments when it introduced its eight-year timetable COMPASS 2020.

One such successful investment is WEIGAND. Headquartered in Bad Königshofen, the company has successfully specialized in the trenchless deployment (also called “shooting”) of fiber optic networks in recent years. WEIGAND has built up its expertise over the years and is able to quickly and inexpensively install such networks on a large scale. Only a few weeks ago, the company received a large order valued at EUR 150 million: By 2019, WEIGAND will provide high-speed internet to more than 100 communities in five counties in the State of Hesse. To do this, the company carries out the network planning and implementation as well as the construction work for installing the passive network.

In terms of acquisitions, INDUS was successful by way of its portfolio company HAUFF-TECHNIK in mid-October: The subsidiary in Hermaringen in the State of Baden-Württemberg has acquired 50 % of ZWEICOM GmbH in Jagstzell, a company specializing in the development and production of passive components for fiber optic infrastructure. HAUFF-TECHNIK is one of the leading European manufacturers of cable, pipe, and line bushings and as the market leader for house installations is involved in many development projects of fiber optic networks in Germany.

With the investment in ZWEICOM, HAUFF-TECHNIK expands its capabilities in the areas of development, production and distribution of passive (without electricity) fiber optic components for telecommunications. The products developed by ZWEICOM are characterized by a very high packing density for fiber optics as well as easy installation, which makes it is easier to construct fiber optic network infrastructure.

From left to right: Steven Tebbe, CDP Europe; Susan Dreyer, CDP Europe; Dr. Fabian Bohnen, INDUS, Dr. Johannes Schmidt, CTO INDUS; Sven Hannawald.

IN BRIEF

PERFORMING OUTSTANDINGLY IN THE LONG RUN!

In the **CDP Climate Scoring**, INDUS was awarded with the top grade ‘A’ in October 2016. Only 7 other German companies achieved this grade in addition to INDUS.

In addition, INDUS received the status of **sector leader** (top 4 % in the DACH region) and **index/country leader** (top 1 % in the DACH region) in the categories of “Industrials” and “Other German companies”.

The Board of Management and the Sustainability Officers of INDUS consider the awards as confirmation for the Group’s comprehensive climate protection work in the past few years and will use its as motivation to continue this journey on the same path.

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INTERIM MANAGEMENT REPORT

PERFORMANCE OF THE INDUS GROUP IN THE FIRST NINE MONTHS OF 2016

CONSOLIDATED STATEMENT OF INCOME (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2016	Q1–Q3 2015	ABSOLUTE	IN %
Sales	**1,075.5**	**1,035.0**	**40.5**	**3.9**
Other operating income	9.1	10.1	-1.0	-9.9
Own work capitalized	4.0	5.5	-1.5	-27.3
Change in inventories	7.9	13.0	-5.1	-39.2
Overall performance	**1,096.5**	**1,063.6**	**32.9**	**3.1**
Cost of materials	-487.1	-503.7	16.6	-3.3
Personnel expenses	-317.0	-288.5	-28.5	9.9
Other operating expenses	-145.4	-135.7	-9.7	7.1
Income from shares accounted for using the equity method	0.4	0.3	0.1	33.3
Other financial results	0.4	0.1	0.3	> 100
EBITDA	**147.8**	**136.1**	**11.7**	**8.6**
Depreciation and amortization	-41.2	-37.2	-4.0	10.8
Operating result (EBIT)	**106.6**	**98.9**	**7.7**	**7.8**
Net interest	-19.1	-19.6	0.5	-2.6
Earnings before taxes (EBT)	**87.5**	**79.3**	**8.2**	**10.3**
Taxes	-30.4	-27.8	-2.6	9.4
Overall result	**57.1**	**51.5**	**5.6**	**10.9**
of which allocable to non-controlling shareholders	0.7	0.2	0.5	> 100
of which allocable to INDUS shareholders	56.4	51.3	5.1	9.9

After a difficult start in the first quarter of 2016 and a surprisingly strong second quarter, sales growth of the INDUS Group has stabilized at a good level after nine months. Overall, INDUS recorded sales growth of 3.9 % as of the reporting date (this includes approximately EUR 12 million in sales from new acquisitions). As of September 30, 2016, Group sales reached EUR 1,075.5 million (previous year: EUR 1,035.0 million).

Cost of materials declined in the first nine months by EUR 16.6 million in absolute terms. Compared to the prior year period, the cost-of-materials ratio was thus significantly reduced from 48.7 % to 45.3 %. This was due to considerably lower prices for raw materials and energy. Personnel expenses increased as a result of the addition of new portfolio companies. An increase was also observed in the personnel expense ratio, which reached 29.5 % (previous year: 27.9 %). Depreciation and amortization increased by over 10 %; this was attributable to strong investments as well as increased depreciation and amortization of added values discovered in connection with the purchase price allocation for newly acquired companies.

The operating result (EBIT), which after the first quarter of 2016 was still down on the previous year, reached EUR 106.6 million in the first nine months. With an increase of 7.8 %, it rose disproportionately to sales. The EBIT margin improved to 9.9 % as of the reporting date (previous year: 9.6 %) primarily because of the strong second quarter.

ADJUSTED OPERATING EBIT INCREASES BY 8.1 %

Adjusted operating EBIT after the first nine months of 2016 (after the effects of company acquisitions) stood at EUR 114.9 million (previous year: EUR 106.3 million). This was equivalent to an increase of 8.1 %. The adjusted EBIT margin was 10.7 % (previous year: 10.3 %). Effects resulting from company acquisitions were eliminated from the adjusted operating EBIT. These were write-downs for fair value adjustments on fixed assets and inventory assets (order backlog) of the acquired companies along with costs incidental to acquisition of the companies.

RECONCILIATION (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2016	Q1–Q3 2015	ABSOLUTE	IN %
Operating result (EBIT)	**106.6**	**98.9**	**7.7**	**7.8**
Depreciation of property, plant, and equipment, and amortization of intangible assets due to fair value adjustments from first-time consolidation*	4.8	3.6	1.2	33.3
Impact of fair value adjustments on inventory assets/order backlog from first-time consolidation** and incidental acquisition costs	3.5	3.8	-0.3	-7.9
Adjusted operating result (EBIT)	**114.9**	**106.3**	**8.6**	**8.1**

* Depreciation/amortization from fair value adjustments relate to identified assets at fair value in connection with acquisitions made by the INDUS Group.

** Impacts of fair value adjustments in inventory assets/order backlog relate to identified added value, included in the purchase price allocation and recognized after initial consolidation.

Recognized in net interest income is the interest for the valuation of interest rate swaps, non-controlling interests and interest from business operations. Interest expenses for shares in minority partners increased by EUR 1.1 million to EUR 7.7 million. On the other hand, INDUS was able to reduce interest expenses from operating activities by appr. 9 % to EUR 11.4 million. On balance, net interest income improved by 2.6 % compared to same period of the previous year.

Consequently, with a rise of 10.3 %, earnings before taxes (EBT) exceeded the figure from the previous year. The tax ratio at 34.7 % was slightly below the previous year. Before the shares of non-controlling shareholders were deducted, earnings after taxes had increased by EUR 5.6 million to EUR 57.1 million (previous year: EUR 51.5 million). Earnings per share reached EUR 2.30, up from EUR 2.10 for the same period of the previous year.

During the first nine months of 2016, the company had on average 9,371 employees (previous year: 8,173 employees).

INVESTMENTS IN THE "DIGITAL INFRASTRUCTURE" SEGMENT

In the quarterly reports of March 31 and June 30, 2016, INDUS previously reported the acquisition of the HEITZ Group and five strategic acquisitions at the portfolio level (COMPUTEC, CREAPHYS, CAETEC, MBH Solutions and IN-SITU). In October, the INDUS portfolio company HAUFF-TECHNIK GmbH & Co. acquired 50% of ZWEICOM GmbH in Jagstzell, a company specializing in the development and production of passive components for fiber optic infrastructure. ZWEICOM was founded in 2005. HAUFF-TECHNIK is one of the leading European manufacturers of cable, pipe, and line bushings. In Germany, it is the market leader for house installations and is involved in many development projects of fiber optic networks. HAUFF onsiders the investment in ZWEICOM as a further step in developing the "digital infrastructure" segment.

SEGMENT REPORT

The INDUS Holding AG investment portfolio is organized into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science, and Metals Technology. As of Friday, September 30, 2016, our investment portfolio encompassed 44 operating units.

INDUS CONSTRUCTION/INFRASTRUCTURE SEGMENT

GERMAN CONSTRUCTION BOOM IS A DRIVING FACTOR

The strong demand in this business segment remains unabated; segment sales increased by 19.3% in the first nine months compared to the same period of the previous year. Almost all companies in this segment contribute to the very good business situation. In particular, demand increased disproportionately in the areas of energy and engineering; another factor was the inclusion of the HEITZ Group for the first time. Due to strong utilization, there was a disproportionately steep increase in operating result, amounting to EUR 31.9 million. That corresponded to an increase of over 40%. The EBIT margin reached its best level ever at 15.5% (previous year: 13.1%). Investments increased substantially owing to the purchase of the HEITZ Group and HAUFF-TECHNIK's acquired share in ZWEICOM.

KEY FIGURES CONSTRUCTION/INFRASTRUCTURE (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2016	Q1–Q3 2015	ABSOLUTE	IN %
Sales	205.2	172.0	33.2	19.3
EBITDA	37.2	27.1	10.1	37.3
Depreciation and amortization	-5.3	-4.5	-0.8	17.8
EBIT	31.9	22.6	9.3	41.2
EBIT margin in %	15.5	13.1	2.4pp	–
Capital expenditure	34.7	7.7	27.0	> 100
Employees	1,418	1,152	266	23.1

INDUS AUTOMOTIVE TECHNOLOGY SEGMENT

MIX OF NEGATIVE EFFECTS

The slight decline in sales in this segment (-0.7 %) was due to a weak start to the year and a slump in demand with Spikes. This market almost came to a standstill as a result of the Russian boycott of European goods. In other market segments of the automotive industry, business is somewhat sluggish or is heavily under pressure particularly concerning to margins. There is a wide variety of effects: The VW diesel scandal, the weakness of emerging markets, and waning momentum in China and the United States are a few examples. About one-third of INDUS portfolio companies in this segment provide their products in the agricultural and construction machinery industry. The rather weak business development has a negative effect. The repositioning of a portfolio company which started at the beginning of the year has also been more difficult and more drawn out than expected. Burdens resulting from this could be felt in segment earnings. The operating result (EBIT) fell by EUR 2.6 million to EUR 12.6 million compared to the previous year. Thus, the segment's EBIT margin reached 4.6 % after the first nine months. The segment is far from the INDUS margin range for Automotive Technology of 6 % to 8 %; this target will not be achieved by the end of the year. Investments increased primarily because of the purchase of CAETEC (by IPETRONIK).

KEY FIGURES AUTOMOTIVE TECHNOLOGY (IN EUR MILLIONS)

	Q1–Q3 2016	Q1–Q3 2015	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Sales	274.4	276.3	-1.9	-0.7
EBITDA	26.8	28.8	-2.0	-7.0
Depreciation and amortization	-14.2	-13.6	-0.6	4.4
EBIT	12.6	15.2	-2.6	-17.2
EBIT margin in %	4.6	5.5	-0.9pp	–
Capital expenditure	25.4	14.6	10.8	74.0
Employees	3,448	3,272	176	5.4

INDUS ENGINEERING SEGMENT

SOUND ORDER SITUATION AND STABLE MARGINS

Engineering performed well despite the weak global economy. Segment sales increased by 4.2 % to EUR 220.7 million compared to the same period of the previous year. This is due to the inclusion of IEF-Werner's business activities for the entire reporting period for the first time. EBIT was EUR 28.5 million as expected, only slightly up compared to the previous year. In general, the companies in this segment recorded a sound and solid order situation. The EBIT margin reaches the budgeted range at 12.9 %. In addition, a strong fourth quarter could provide room for further improvement. Investments amounted to EUR 5.7 million; the acquisition of IEF-Werner was included in the investment of the previous year.

KEY FIGURES ENGINEERING (IN EUR MILLIONS)

	Q1–Q3 2016	Q1–Q3 2015	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Sales	220.7	211.9	8.8	4.2
EBITDA	34.6	33.5	1.1	3.3
Depreciation and amortization	-6.1	-5.4	-0.7	13.0
EBIT	28.5	28.1	0.4	1.4
EBIT margin in %	12.9	13.3	-0.4pp	–
Capital expenditure	5.7	13.5	-7.8	-57.8
Employees	1,577	1,406	171	12.2

INDUS MEDICAL ENGINEERING/LIFE SCIENCE SEGMENT

STRONG AS USUAL AFTER SUCCESSFUL INTEGRATION

The consumer mood in Germany ensures stable growth in the medical and life sciences segment. The companies in this segment were able to increase their sales compared to the same period of the previous year by more than 13%; in addition to the growth based on acquisitions and the inclusion of RAGUSE for the first time, business for compression stockings and bandages rose significantly. The operating result (EBIT) improved by 11%. The non-recurring effects from the inclusion of NEA for the first time (a purchase for the compression specialists OFA) and the restart of a new production facility (also by OFA) have been compensated. At 13.5%, the EBIT margin once again reached the level of the same period of the previous year. Included in the investments in the same period of the previous year were the purchase of NEA International and the acquisition of the factory in Glauchau.

KEY FIGURES MEDICAL ENGINEERING/LIFE SCIENCE (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2016	Q1–Q3 2015	ABSOLUTE	IN %
Sales	111.8	98.6	13.2	13.4
EBITDA	20.0	17.3	2.7	15.6
Depreciation and amortization	-4.9	-3.7	-1.2	32.4
EBIT	15.1	13.6	1.5	11.0
EBIT margin in %	13.5	13.8	-0.3pp	–
Capital expenditure	4.4	27.6	-23.2	-84.1
Employees	1,474	966	508	52.6

INDUS METALS TECHNOLOGY SEGMENT

REDUCED DEMAND, YET STABLE MARGINS

The Metals Technology segment recorded a slight 5% decline in sales compared to the same period of the previous year. This decline is essentially due to weaker demand for hard metal tools (in particular in the mining segment); add to this the restructuring projects of the two Swiss metal technology companies. The operating result fell by EUR 0.9 million to EUR 23.2 million for the first nine months in 2016. However, the EBIT margin remained at 8.8% at a stable level. The EUR 10.4 million in investments made in the same period of the previous year were up primarily as a result of investments in as a result of investments in establishing a company site in China.

KEY FIGURES METALS TECHNOLOGY (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2016	Q1–Q3 2015	ABSOLUTE	IN %
Sales	263.4	276.3	-12.9	-4.7
EBITDA	33.3	33.4	-0.1	-0.3
Depreciation and amortization	-10.1	-9.3	-0.8	8.6
EBIT	23.2	24.1	-0.9	-3.7
EBIT margin in %	8.8	8.7	0.1pp	–
Capital expenditure	7.4	10.4	-3.0	-28.8
Employees	1,428	1,392	36	2.6

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED (IN EUR MILLIONS)

			DIFFERENCE	
	Q1–Q3 2016	Q1–Q3 2015	ABSOLUTE	IN %
Operating cash flow	**71.8**	**69.3**	**2.5**	**3.6**
Interest	-18.2	-12.0	-6.2	51.7
Cash flow from operating activities	**53.6**	**57.3**	**-3.6**	**-6.3**
Cash outflow for investments	-78.3	-75.7	-2.6	3.4
Cash inflow from the disposal of assets	2.5	0.4	2.1	> 100
Cash flow from investing activities	**-75.8**	**-75.3**	**-0.5**	**0.6**
Dividends paid to shareholders	-29.3	-29.3	0.0	0.0
Dividends paid to non-controlling shareholders	-0.4	-0.1	-0.3	> 100
Cash inflow from the assumption of debt	130.9	92.0	38.9	42.3
Cash outflow from the repayment of debt	-89.3	-60.4	-28.9	47.8
Cash flow from financing activities	**11.9**	**2.2**	**9.7**	**> 100**
Net cash change in financial facilities	-10.3	-15.8	5.5	-34.6
Changes in cash and cash equivalents caused by currency exchange rates	-0.5	0.6	-1.1	< -100
Cash and cash equivalents at the beginning of the period	132.2	116.5	15.7	13.5
Cash and cash equivalents at the end of the period	**121.4**	**101.3**	**20.1**	**19.8**

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW INCREASES SLIGHTLY

Based on earnings after taxes of EUR 57.1 million (previous year: EUR 51.5 million), operating cash flow increased by EUR 2.5 million in the first nine months of 2016 from the same period of the previous year. At EUR 18.2 million, the cash flow for interest paid stood considerably higher than in the previous year (EUR 12.0 million). The reason for this was higher distributed profits for non-controlling shareholders owing to the good results achieved by these companies. Consequently, the cash flow from operating activities declined slightly, by EUR 3.6 million to EUR 53.6 million.

Cash flow from investment activities amounted to EUR -75.8 million (previous year: EUR -75.3 million) as of September 30, 2016, thereby remaining on the previous year's level. This item includes, in addition to the acquisition of fixed assets and intangible fixed assets (amounting to EUR 37.7 million), the acquisition of H.HEITZ and the purchase of strategic additions amounting in total to EUR 33.2 million. The acquisition of 50% of ZWEICOM shares by the portfolio company HAUFF-TECHNIK is included in the financial assets item (EUR 7.4 million).

The cash flow from financing activities ended up higher than in the same period of the previous year at EUR 9.7 million, as more borrowing was carried out than in the same period of the previous year. Cash and cash equivalents were reduced slightly, as announced, and, at EUR 121.4 million, were roughly EUR 10 million below the level as of December 31, 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED (IN EUR MILLIONS)

			DIFFERENCE	
	30.9.2016	31.12.2015	ABSOLUTE	IN %
ASSETS				
Noncurrent assets	**868.5**	**827.9**	**40.6**	**4.9**
Fixed assets	864.4	821.7	42.7	5.2
Accounts receivable and other current assets	4.1	6.2	-2.1	-33.9
Current assets	**648.6**	**591.9**	**56.7**	**9.6**
Inventories	310.0	281.6	28.4	10.1
Accounts receivable and other current assets	217.2	178.1	39.1	22.0
Cash and cash equivalents	121.4	132.2	-10.8	-8.2
TOTAL ASSETS	**1,517.1**	**1,419.8**	**97.3**	**6.9**
EQUITY AND LIABILITIES				
Noncurrent liabilities	**1,169.2**	**1,091.6**	**77.6**	**7.1**
Equity	615.8	595.4	20.4	3.4
Debt	553.4	496.2	57.2	11.5
of which provisions	34.8	30.0	4.8	16.0
of which payables and income taxes	518.6	466.2	52.4	11.2
Current liabilities	**347.9**	**328.2**	**19.7**	**6.0**
of which provisions	79.4	62.3	17.1	27.4
of which liabilities	268.5	265.9	2.6	1.0
TOTAL EQUITY AND LIABILITIES	**1,517.1**	**1,419.8**	**97.3**	**6.9**

BALANCE SHEET: EQUITY RATIO STABLE OVER 40 %

At EUR 1,517.1 million, the INDUS Group's consolidated total assets are 6.9 % higher than they were as of December 31, 2015. Non-current assets were increased by EUR 40.6 million due to the investments and acquisitions (in particular H. HEITZ). Working capital was raised by EUR 45.3 million. This was based on increases in inventory (EUR +28.4 million) and receivables (EUR +33.7 million). The structure of working capital during the course of the year is typical for the INDUS Group.

WORKING CAPITAL (IN EUR MILLIONS)

			DIFFERENCE	
	30.9.2016	31.12.2015	ABSOLUTE	IN %
Inventories	310.0	281.6	28.4	10.1
Trade accounts receivable	194.4	160.7	33.7	21.0
Trade accounts payable	-58.4	-46.7	-11.7	25.1
Prepayments received	-15.7	-9.1	-6.6	72.5
Construction contracts with credit balance	-29.3	-30.8	1.5	-4.9
Working capital	**401.0**	**355.7**	**45.3**	**12.7**

The Group's equity rose as a result of the allocation of current results. The payment of dividends in the second quarter has already been clearly overcompensated by the current results. This resulted in an increase in equity to EUR 615.8 million, which corresponds to an increase of 3.4 %. The equity ratio declined slightly, primarily as a result of the acquisitions, from 40.6 % (compared to 41.9 % as of December 31, 2015).

Non-current debt increased by EUR 57.2 million as compared to the end of 2015. The main reason for this was increased non-current financial liabilities (EUR +44.6 million). Short-term debt increased by EUR 19.7 million. Current provisions, in particular, rose (EUR +17.1 million). The INDUS Group's net debt amounted to EUR 409.8 million.

NET FINANCIAL LIABILITIES (IN EUR MILLIONS)

			DIFFERENCE	
	30.9.2016	31.12.2015	ABSOLUTE	IN %
Noncurrent financial liabilities	421.5	376.9	44.6	11.8
Current financial liabilities	109.7	111.6	-1.9	-1.7
Cash and cash equivalents	-121.4	-132.2	10.8	-8.2
Net financial liabilities	**409.8**	**356.3**	**53.5**	**15.0**

OPPORTUNITIES AND RISKS

For the Opportunity and Risk Report from INDUS Holding AG, please consult the 2015 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 its continued existence as a going concern.

OUTLOOK

The economic outlook for the German economy remains stable, and the experts are predicting growth in the GDP of 1.9 %. This growth is driven by interest rates that continue to be low and by cheap oil. In contrast, the global economy has remained subdued until now. While the situation in emerging markets has at least in part stabilized, economic momentum in advanced economies has slowed in the course of the first half of the year. In the next two years, the world economy should regain steam, but a strong global recovery is not expected. The increase in global production this year will remain as weak as it was in 2015.

At the beginning of the year, INDUS expected organic growth of 1.5 % to 2 % in its forecasts for 2016, and after six months these expectations for organic growth were raised 2 % to 3 %. The results of the first three quarters confirm this forecast. The overall increase in sales is currently at around 4 %, and EBIT increased approximately 8 %. INDUS has achieved encouraging growth in sales and a very respectable operating result in the first nine months. In particular, the strong momentum in the Construction/Infrastructure sector ensured that the overall earning situation was above the forecast; in contrast, development in the area of Automotive Technology was disappointing. External factors as well as extensive restructuring resulted in weak earnings. In the other segments, business performed well.

INDUS therefore reiterates its forecast and continues to expect sales considerably in excess of EUR 1.4 billion and EBIT at the upper edge of the range of EUR 134 to 138 million (before inclusion of the proportional sales and earnings contributions from the acquisitions made over the course of the year).

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2016

IN EUR '000	NOTES	**Q1–Q3 2016**	Q1–Q3 2015	**Q3 2016**	Q3 2015
SALES		**1,075,467**	**1,034,959**	**360,614**	**359,368**
Other operating income		9,091	10,115	3,616	2,493
Own work capitalized		3,991	5,483	1,913	1,515
Change in inventories		7,863	12,959	1,721	-4,854
Cost of materials	[5]	-487,138	-503,658	-160,255	-168,337
Personnel expenses	[6]	-317,032	-288,538	-106,842	-95,520
Depreciation and amortization		-41,170	-37,186	-14,301	-12,894
Other operating expenses	[7]	-145,367	-135,680	-49,482	-45,642
Income from shares accounted for using the equity method		395	318	10	11
Other financial results		463	129	231	43
OPERATING RESULT (EBIT)		**106,563**	**98,901**	**37,225**	**36,183**
Interest income		382	345	47	176
Interest expenses		-19,453	-19,965	-6,656	-7,085
NET INTEREST	[8]	**-19,071**	**-19,620**	**-6,609**	**-6,909**
EARNINGS BEFORE TAXES (EBT)		**87,492**	**79,281**	**30,616**	**29,274**
Taxes	[9]	-30,427	-27,824	-10,541	-9,861
EARNINGS AFTER TAXES		**57,065**	**51,457**	**20,075**	**19,413**
of which allocable to non-controlling shareholders		723	224	322	112
of which allocable to INDUS shareholders		56,342	51,233	19,753	19,301
Earnings per share (undiluted and diluted) in EUR	[10]	2.30	2.10	0.80	0.79

STATEMENT OF INCOME AND ACCUMULATED EARNINGS

FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2016

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015	**Q3 2016**	Q3 2015
EARNINGS AFTER TAXES	**57,065**	**51,457**	**20,075**	**19,413**
Actuarial gains and losses	-4,088	0	-682	0
Deferred taxes	1,210	0	202	0
Items not reclassified to profit or loss	**-2,878**	**0**	**-480**	**0**
Currency translation adjustment	-4,831	3,699	-1,405	-4,927
Change in the market values of derivative financial instruments (cash flow hedge)	870	1,971	479	219
Deferred taxes	-138	-312	-76	-34
Items to be reclassified to profit or loss in future	**-4,099**	**5,358**	**-1,002**	**-4,742**
OTHER INCOME	**-6,977**	**5,358**	**-1,482**	**-4,742**
OVERALL RESULT	**50,088**	**56,815**	**18,593**	**14,671**
of which allocable to non-controlling shareholders	723	224	322	112
of which allocable to INDUS shareholders	49,365	56,591	18,271	14,559

Income and expenses of EUR -6,977,000 (previous year: EUR 5,358,000), recognized directly in equity under other income, include actuarial losses from pension plans and other similar obligations amounting to EUR -4,088,000 (previous year: EUR 0). This is primarily due to a drop in the interest rate for domestic obligations from 2.25 % as of December 31, 2015, to 1.35 % as of September 30, 2016.

Net income from currency translation of EUR -4,831,000 (previous year: EUR 3,699,000) is derived from the translated financial statements of consolidated international subsidiaries. The change in fair values of derivative financial instruments in the amount of EUR 870,000 (previous year: EUR 1,971,000) was chiefly the result of interest rate swaps transacted by the holding company in order to hedge interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2016

IN EUR '000	NOTES	30.9.2016	31.12.2015
ASSETS			
Goodwill		414,397	394,802
Other intangible assets	[11]	65,532	58,828
Property, plant, and equipment	[12]	346,397	334,846
Investment property		5,458	5,924
Financial assets		20,204	19,272
Shares accounted for using the equity method		12,428	8,036
Other noncurrent assets		1,175	3,484
Deferred taxes		2,898	2,671
Noncurrent assets		**868,489**	**827,863**
Inventories	[13]	309,986	281,612
Accounts receivable	[14]	194,400	160,744
Other current assets		17,874	14,952
Current income taxes		4,924	2,412
Cash and cash equivalents		121,444	132,195
Current assets		**648,628**	**591,915**
TOTAL ASSETS		**1,517,117**	**1,419,778**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		309,399	289,375
Equity held by INDUS shareholders		**612,803**	**592,779**
Non-controlling interests in the equity		2,975	2,651
Equity		**615,778**	**595,430**
Provisions for pensions		32,888	28,055
Other noncurrent provisions		1,890	1,917
Noncurrent financial liabilities		421,506	376,935
Other noncurrent liabilities	[15]	59,501	51,772
Deferred taxes		37,547	37,449
Noncurrent liabilities		**553,332**	**496,128**
Other current provisions		79,492	62,263
Current financial liabilities		109,653	111,616
Trade accounts payable		58,420	46,748
Other current liabilities	[15]	92,479	99,064
Current income taxes		7,963	8,529
Current liabilities		**348,007**	**328,220**
TOTAL EQUITY AND LIABILITIES		**1,517,117**	**1,419,778**

CONSOLIDATED STATEMENT OF EQUITY

FROM JANUARY 1 TO SEPTEMBER 30, 2016

IN EUR '000	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	OTHER EARNINGS	EQUITY HELD BY INDUS SHAREHOLDERS	INTERESTS ALLOCABLE TO NON-CONTROLLING SHAREHOLDERS	GROUP EQUITY
BALANCE AS OF 31.12.2014/1.1.2015	**63,571**	**239,833**	**252,270**	**-7,759**	**547,915**	**1,957**	**549,872**
Income after taxes			51,233		51,233	224	51,457
Other income				5,358	5,358		5,358
Overall result			**51,233**	**5,358**	**56,591**	**224**	**56,815**
Capital increase						48	48
Dividend payment			-29,341		-29,341	-90	-29,431
Changes to scope of consolidation						-13	-13
BALANCE AS OF 30.9.2015	**63,571**	**239,833**	**274,162**	**-2,401**	**575,165**	**2,126**	**577,291**
BALANCE AS OF 31.12.2015/1.1.2016	**63,571**	**239,833**	**290,861**	**-1,486**	**592,779**	**2,651**	**595,430**
Income after taxes			56,342		56,342	723	57,065
Other income				-6,977	-6,977		-6,977
Overall result			**56,342**	**-6,977**	**49,365**	**723**	**50,088**
Dividend payment			-29,341		-29,341	-399	-29,740
BALANCE AS OF 30.9.2016	**63,571**	**239,833**	**317,862**	**-8,463**	**612,803**	**2,975**	**615,778**

Interests held by non-controlling shareholders essentially consist of the non-controlling interests in WEIGAND Bau GmbH and subsidiaries of the ROLKO Group. Non-controlling interests in limited partnerships and limited liability companies for which, at the time of purchase, the economic ownership of the relevant non-controlling interests had already been passed on under reciprocal option agreements are shown under other liabilities.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST NINE MONTHS OF 2016

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015
Income after taxes	57,065	51,457
Depreciation/write-ups of noncurrent assets	41,170	37,186
Taxes	30,427	27,824
Net interest	19,071	19,620
Other non-cash transactions	–7,729	2,434
Changes in provisions	19,871	22,964
Increase (–)/decrease (+) in inventories, trade accounts receivable, and other assets	–50,715	–48,801
Increase (+)/decrease (–) in trade accounts payable and other liabilities	–3,229	–16,674
Income taxes received/paid	–34,093	–26,692
Operating cash flow	**71,838**	**69,318**
Interest paid	–18,581	–12,395
Interest received	382	345
Cash flow from operating activities	**53,639**	**57,268**
Cash outflow from investments in		
property, plant, and equipment, and in intangible assets	–37,678	–41,137
financial assets	–7,445	–3,225
shares in fully consolidated companies	–33,165	–31,376
Cash inflow from the disposal of other assets	2,515	428
Cash flow from investing activities	**–75,773**	**–75,310**
Dividends paid to shareholders	–29,341	–29,341
Cash inflows from non-controlling shareholders	0	48
Dividends paid to non-controlling shareholders	–399	–90
Cash inflow from the assumption of debt	130,963	92,000
Cash outflow from the repayment of debt	–89,343	–60,372
Cash flow from financing activities	**11,880**	**2,245**
Net cash change in financial facilities	–10,254	–15,797
Changes in cash and cash equivalents caused by currency exchange rates	–497	646
Cash and cash equivalents at the beginning of the period	132,195	116,491
Cash and cash equivalents at the end of the period	**121,444**	**101,340**

BASIC PRINCIPLES
[1] GENERAL INFORMATION
[2] CHANGES IN ACCOUNTING GUIDELINES
[3] SCOPE OF CONSOLIDATION
[4] MERGERS

NOTES TO THE STATEMENT OF INCOME
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NOTES

BASIC PRINCIPLES OF THE FINANCIAL STATEMENTS

[1] GENERAL INFORMATION

INDUS Holding AG, based in Bergisch Gladbach, Germany, prepared its consolidated financial statements for the first nine months of 2016 in accordance with International Financial Reporting Standards (IFRS) and interpretations of these standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as to their applicability in 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 are prepared in accordance with IAS 34 in condensed form. The interim report has not been audited, nor subjected to perusal or review by an auditor.

New obligatory standards are reported on separately in the section “Changes in Accounting Guidelines”. Otherwise, the same accounting methods were applied as in the consolidated financial statements for the 2015 fiscal year. They are described there in detail. Because this interim financial report does 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 an appropriate presentation of the Group’s financial position and financial performance. The results achieved for the first three quarters of 2016 fiscal year do not necessarily predict future business performance.

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

[2] CHANGES IN ACCOUNTING GUIDELINES

All obligatory accounting standards in effect as of fiscal year 2016 have been implemented in these interim financial statements.

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

[3] SCOPE OF CONSOLIDATION

The consolidated financial statements include all the essential subsidiaries, in which INDUS Group is able to directly or indirectly control the financial and business policies of said subsidiaries. A parent company controls a subsidiary when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Associated companies whose financial and business policies can be significantly influenced are consolidated using the equity method. Companies purchased during the course of the fiscal year are consolidated as of the date on which control over their finance and business policy is transferred. Companies which are sold are no longer included in the scope of consolidation as of the date on which the business is transferred.

[4] MERGERS

H. HEITZ

INDUS has acquired a 100% interest in H. HEITZ Furnierkantenwerk GmbH & Co. KG of Melle, Germany under a purchase agreement dated June 7, 2016. The HEITZ Group produces veneer edging and cladding veneers made of genuine wood for the furniture and construction industries. H. HEITZ is one of the world's largest suppliers in this segment. Production takes place at the company's headquarters in Melle and in a subsidiary production facility in Pusztaszabolcs, Hungary. The HEITZ Group also includes the American subsidiary in Heath, Ohio. H. HEITZ is classified as part of the Construction/ Infrastructure segment.

The goodwill in the amount of EUR 14,590,000 calculated for purchase price allocation purposes is in part 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 preliminary purchase price allocation, the acquired assets and debts have been calculated as follows:

ACQUISITIONS: H. HEITZ (IN EUR '000)

	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	14,590	14,590
Other intangible assets	86	5,294	5,380
Property, plant and equipment	5,976	2,975	8,951
Inventories	5,424	965	6,389
Accounts receivable	3,865	0	3,865
Other assets*	1,011	0	1,011
Cash and cash equivalents	4,006	0	4,006
Total assets	**20,368**	**23,824**	**44,192**
Other provisions	1,285	0	1,285
Trade accounts payable	3,435	0	3,435
Other liabilities**	4,957	0	4,957
Total liabilities	**9,677**	**0**	**9,677**

* Other assets: Other noncurrent assets, Other current assets, Deferred taxes, Current income taxes
** Other liabilities: Other noncurrent liabilities, Other current liabilities, Deferred taxes, Current income taxes

BASIC PRINCIPLES
[1] GENERAL INFORMATION
[2] CHANGES IN ACCOUNTING GUIDELINES
[3] SCOPE OF CONSOLIDATION
[4] MERGERS

NOTES TO THE STATEMENT OF INCOME
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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The addition of assets to the Consolidated Statement of Financial Position, less liabilities, is equivalent to the value of the consideration at the time of acquisition. The consideration includes a contingent purchase price payment in the amount of EUR 7,472,000.

The initial consolidation of H. HEITZ took place in June 2016. The HEITZ Group has contributed sales amounting to EUR 9,850,000 to the result for the period from January 1 to September 30, 2016 and an operating result (EBIT) of EUR 687,000.

Expenditures affecting net income and arising from the initial consolidation of H. HEITZ reduced the operating result by EUR 1,429,000. The incidental acquisition costs were recorded in the Statement of Income.

OTHER ACQUISITIONS

The INDUS affiliate BUDDE acquired COMPUTEC AG of Murrhardt, Germany at the beginning of 2016. COMPUTEC AG is a specialist in process engineering and covers a broad spectrum ranging from electronics to the programming of the control software used in (conveyor) systems. COMPUTEC is classified as part of the Engineering segment.

M. BRAUN acquired CREAPHYS GmbH of Dresden, Germany on April 20, 2016. CREAPHYS was formed as a spin-off from the Dresden University of Technology and operates in the field of organic electronics. The company designs and builds high-vacuum systems and components for thin organic and other film deposition, vacuum sublimation systems, and thermal evaporators. CREAPHYS is classified as part of the Engineering segment.

CAETEC has been acquired for IPETRONIK under a contract dated May 2, 2016. CAETEC develops measuring equipment for automotive vehicle testing, primarily in the fields of driver assistance, bus analysis, and on-board power supply, thereby complementing IPETRONIK in the drive train and thermal management areas. CAETEC is classified as part of the Automotive Technology sector.

ANCOTECH acquired MBH SOLUTIONS AG of Drielsdorf, Switzerland on June 30, 2016. MBG is classified as part of the Construction/Infrastructure segment.

On July 22, 2016, the INDUS portfolio company MIKROP acquired IN-SITU, based in Sauerlach, Germany. IN-SITU develops optical testing systems. Areas of application include an inspection and reading system that captures 3D shapes for the quality control of braille on packaging. The company is classified in the Medical Engineering/Life Science segment.

The fair value of the total consideration for the other acquisitions amounted to EUR 11,878,000 at the time of acquisition. This amount comprises cash payments amounting to EUR 10,906,000 and a contingent purchase price commitment in the amount of EUR 972,000.

The goodwill in the amount of EUR 6,000,000 calculated for purchase price allocation purposes 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 preliminary purchase price allocation, the acquired assets and debts have been calculated as follows:

OTHER ACQUISITIONS (IN EUR '000)

	CARRYING AMOUNTS AT TIME OF ADDITION	ASSETS ADDED DUE TO FIRST-TIME CONSOLIDATION	ADDITIONS CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Goodwill	0	6,000	6,000
Other intangible assets	191	3,686	3,877
Property, plant and equipment	1,552	0	1,552
Financial assets	0	0	0
Inventories	1,858	314	2,172
Accounts receivable	577	0	577
Other assets*	254	0	254
Cash and cash equivalents	1,633	0	1,633
Total assets	**6,065**	**10,000**	**16,065**
Other provisions	749	0	749
Financial liabilities	347	0	347
Trade accounts payable	189	0	189
Other liabilities**	1,718	1,184	2,902
Total liabilities	**3,003**	**1,1854**	**4,187**

* Other assets: Other noncurrent assets, Other current assets, Deferred taxes, Current income taxes
** Other liabilities: Other noncurrent liabilities, Other current liabilities, Deferred taxes, Current income taxes

The initial consolidation of the other acquisitions took place between January and August 2016. The other acquisitions contributed sales amounting to EUR 2,358,000 to the result for the period from January 1 to September 30, 2016 and an operating result (EBIT) in the amount of EUR -273,000.

Expenditures affecting net income and arising from the initial consolidation of the other acquisitions reduced the operating result by EUR 654,000. The incidental acquisition costs were recorded in the Statement of Income.

BASIC PRINCIPLES
[1] GENERAL INFORMATION
[2] CHANGES IN ACCOUNTING GUIDELINES
[3] SCOPE OF CONSOLIDATION
[4] MERGERS

NOTES TO THE STATEMENT OF INCOME
[5] COST OF MATERIALS
[6] PERSONNEL EXPENSES
[7] OTHER OPERATING EXPENSES
[8] NET INTEREST
[9] INCOME TAXES
[10] EARNINGS PER SHARE

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OTHER DISCLOSURES

NOTES TO THE STATEMENT OF INCOME

[5] COST OF MATERIALS

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015
Raw materials and goods for resale	–403,890	–415,040
Purchased services	–83,248	–88,618
Total	**–487,138**	**–503,658**

[6] PERSONNEL EXPENSES

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015
Wages and salaries	–267,973	–244,701
Social security	–45,810	–41,415
Pensions	–3,249	–2,422
Total	**–317,032**	**–288,538**

[7] OTHER OPERATING EXPENSES

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015
Selling expenses	–56,370	–53,307
Operating expenses	–52,120	–48,422
Administrative expenses	–31,007	–27,377
Other expenses	–5,870	–6,574
Total	**–145,367**	**–135,680**

[8] NET INTEREST

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015
Interest and similar income	382	345
Interest and similar expenses	–11,799	–13,502
Interest from operations	**–11,417**	**–13,157**
Other: Market value of interest-rate swaps	74	180
Other: Non-controlling interests	–7,728	–6,643
Other interest	**–7,654**	**–6,463**
Total	**–19,071**	**–19,620**

The item "Other minority shares" contains the effect on results of the subsequent valuation of the contingent purchase price commitments (call/put options) in the amount of EUR 3,008,000 (previous year: EUR 2,701,000) along with after-tax results owed to external entities from shares in partnerships and corporations with call/put options. For reasons of consistency it is recognized in interest income.

[9] INCOME TAXES

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

[10] EARNINGS PER SHARE

IN EUR '000	**Q1–Q3 2016**	Q1–Q3 2015
Earnings attributable to INDUS shareholders	56,342	51,233
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	**2.30**	**2.10**

BASIC PRINCIPLES

NOTES TO THE STATEMENT OF INCOME
[5] COST OF MATERIALS
[6] PERSONNEL EXPENSES
[7] OTHER OPERATING EXPENSES
[8] NET INTEREST
[9] INCOME TAXES
[10] EARNINGS PER SHARE

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
[11] OTHER INTANGIBLE ASSETS
[12] PROPERTY, PLANT, AND EQUIPMENT
[13] INVENTORIES
[14] ACCOUNTS RECEIVABLE
[15] LIABILITIES

OTHER DISCLOSURES

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[11] OTHER INTANGIBLE ASSETS

IN EUR '000	**30.9.2016**	31.12.2015
Capitalized development costs	12,058	11,190
Property rights, concessions, and other intangible assets	53,474	47,638
Total	**65,532**	**58,828**

[12] PROPERTY, PLANT, AND EQUIPMENT

IN EUR '000	**30.9.2016**	31.12.2015
Land and buildings	186,216	179,984
Plant and machinery	97,569	96,918
Other equipment, factory, and office equipment	51,100	47,732
Advance payments and work in process	11,512	10,212
Total	**346,397**	**334,846**

[13] INVENTORIES

IN EUR '000	**30.9.2016**	31.12.2015
Raw materials and supplies	97,439	89,815
Unfinished goods	90,699	83,939
Finished goods and goods for resale	96,828	91,352
Prepayments for inventories	25,020	16,506
Total	**309,986**	**281,612**

[14] ACCOUNTS RECEIVABLE

IN EUR '000	**30.9.2016**	31.12.2015
Accounts receivable from customers	171,918	147,480
Accounts receivable from construction contracts	16,865	5,585
Accounts receivable from associated companies	5,617	7,679
Total	**194,400**	**160,744**

[15] LIABILITIES

The EUR 56,787,000 in other liabilities (31.12.2015: EUR 49,611,000) include contingent purchase price commitments valued at fair value insofar as minority shareholders are able to tender their shares to INDUS through termination of the articles of incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[16] SEGMENT REPORTING

SEGMENT INFORMATION BY OPERATION FOR THE FIRST NINE MONTHS OF 2016

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	CONSTRUCTION/ INFRASTRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
Q1–Q3 2016								
Sales with external third parties	205,175	274,357	220,676	111,815	263,418	1,075,441	26	1,075,467
Sales with Group companies	17,902	29,894	29,185	11,745	25,895	114,621	-114,621	0
Sales	**223,077**	**304,251**	**249,861**	**123,560**	**289,313**	**1,190,062**	**-114,595**	**1,075,467**
Segment earnings (EBIT)	**31,882**	**12,634**	**28,461**	**15,047**	**23,247**	**111,271**	**-4,708**	**106,563**
Earnings from equity valuation	0	241	154	0	0	395	0	395
Depreciation and amortization	**-5,314**	**-14,224**	**-6,085**	**-4,939**	**-10,046**	**-40,608**	**-562**	**-41,170**
Segment EBITDA	**37,196**	**26,858**	**34,546**	**19,986**	**33,293**	**151,879**	**-4,146**	**147,733**
Capital expenditure	**34,692**	**25,350**	**5,654**	**4,446**	**7,439**	**77,581**	**707**	**78,288**
of which company acquisitions	24,006	7,225	1,665	269	0	33,165	0	33,165
Q1–Q3 2015								
Sales with external third parties	172,025	276,258	211,947	98,562	276,292	1,035,084	-125	1,034,959
Sales with Group companies	6,855	29,191	37,489	8,133	28,141	109,809	-109,809	0
Sales	**178,880**	**305,449**	**249,436**	**106,695**	**304,433**	**1,144,893**	**-109,934**	**1,034,959**
Segment earnings (EBIT)	**22,563**	**15,218**	**28,059**	**13,595**	**24,084**	**103,519**	**-4,618**	**98,901**
Earnings from equity valuation	0	221	97	0	0	318	0	318
Depreciation and amortization	**-4,511**	**-13,567**	**-5,449**	**-3,737**	**-9,351**	**-36,615**	**-571**	**-37,186**
Segment EBITDA	**27,074**	**28,785**	**33,508**	**17,332**	**33,435**	**140,134**	**-4,047**	**136,087**
Capital expenditure	**7,686**	**14,645**	**13,543**	**27,565**	**10,365**	**73,804**	**1,934**	**75,738**
of which company acquisitions	2,446	0	7,996	20,934	0	31,376	0	31,376

SEGMENT INFORMATION BY OPERATION FOR THE THIRD QUARTER OF 2016

SEGMENT INFORMATION IN ACCORDANCE WITH IFRS 8 (IN EUR '000)

	CONSTRUCTION/ INFRASTRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIA-TION	CONSOLIDATED FINANCIAL STATEMENTS
Q3 2016								
Sales with external third parties	75,213	92,829	71,877	35,873	84,649	360,441	173	360,614
Sales with Group companies	7,458	9,353	10,089	3,595	8,535	39,030	-39,030	0
Sales	**82,671**	**102,182**	**81,966**	**39,468**	**93,184**	**399,471**	**-38,857**	**360,614**
Segment earnings (EBIT)	**12,511**	**3,484**	**9,869**	**5,377**	**7,573**	**38,814**	**-1,589**	**37,225**
Earnings from equity valuation	0	10	0	0	0	10	0	10
Depreciation and amortization	**-1,956**	**-4,950**	**-2,105**	**-1,684**	**-3,416**	**-14,111**	**-190**	**-14,301**
Segment EBITDA	**14,467**	**8,434**	**11,974**	**7,061**	**10,989**	**52,925**	**-1,397**	**51,528**
Capital expenditure	**8,554**	**7,716**	**2,073**	**1,512**	**2,802**	**22,647**	**415**	**23,062**
of which company acquisitions	0	0	0	269	0	269	0	269
Q3 2015								
Sales with external third parties	65,685	92,827	78,548	33,279	89,290	359,629	-261	359,368
Sales with Group companies	2,429	9,655	15,624	3,259	9,212	40,179	-40,179	0
Sales	**68,114**	**102,482**	**94,172**	**36,538**	**98,502**	**399,808**	**-40,440**	**359,368**
Segment earnings (EBIT)	**10,986**	**4,250**	**10,861**	**4,523**	**7,935**	**38,555**	**-2,372**	**36,183**
Earnings from equity valuation	0	11	0	0	0	11	0	11
Depreciation and amortization	**-1,518**	**-4,457**	**-1,867**	**-1,446**	**-3,370**	**-12,658**	**-236**	**-12,894**
Segment EBITDA	**12,504**	**8,707**	**12,728**	**5,969**	**11,305**	**51,213**	**-2,136**	**49,077**
Capital expenditure	**3,640**	**2,817**	**9,714**	**515**	**2,006**	**18,692**	**1,195**	**19,887**
of which company acquisitions	2,446	0	7,996	0	0	10,442	0	10,442

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[18] RELATED PARTY DISCLOSURES
[19] APPROVAL FOR PUBLICATION

The table below reconciles the total operating results of segment reporting with the income before tax in the Consolidated Statement of Income.

RECONCILIATION (IN EUR '000)

	Q1–Q3 2016	Q1–Q3 2015	**Q3 2016**	Q3 2015
Segment earnings (EBIT)	**111,271**	**103,519**	**38,814**	**38,555**
Areas not allocated, incl. holding company	-4,858	-4,779	-1,633	-2,395
Consolidations	150	161	44	23
Net interest	-19,071	-19,620	-6,609	-6,909
Earnings before taxes	**87,492**	**79,281**	**30,616**	**29,274**

The classification of segments corresponds unchanged to the current status of internal reporting. The information relates to continuing activities. The companies are allocated to the segments on the basis of their selling markets insofar as the bulk of their product range is sold in that market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology).

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

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

SEGMENT INFORMATION BY REGION

Sales are broken down by region in relation to our selling markets. Due to our varied foreign activities, a further breakdown by country is not meaningful, as no country other than Germany accounts for 10 % of Group sales.

Noncurrent assets, less deferred taxes and financial instruments, are based on the domiciles of the respective companies. Further differentiation is not expedient, as the majority of companies are domiciled in Germany.

Due 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	REST OF WORLD
Sales revenue with external third parties				
Q1–Q3 2016	1,075,467	548,768	249,708	276,991
Q3 2016	360,614	179,718	84,286	96,610
Noncurrent assets, less deferred taxes and financial instruments				
30.9.2016	844,212	718,264	45,321	80,627
Sales revenue with external third parties				
Q1–Q3 2015	1,034,959	539,827	215,991	279,141
Q3 2015	359,368	191,515	75,954	91,899
Noncurrent assets, less deferred taxes and financial instruments				
31.12.2015	802,436	685,471	40,947	76,018

[17] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

The table below shows the carrying amounts of 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 AS OF SEPTEMBER 30, 2016 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	20,204		20,204		20,204
Cash and cash equivalents	121,444		121,444		121,444
Accounts receivable	194,400	16,865	177,535		177,535
Other assets	19,049	1,801	17,248	80	17,168
Financial Instruments: ASSETS	**355,097**	**18,666**	**336,431**	**80**	**336,351**
Financial liabilities	531,159		531,159		531,159
Trade accounts payable	58,420		58,420		58,420
Other liabilities	151,980	57,967	94,013	61,042	32,971
Financial Instruments: LIABILITIES	**741,559**	**57,967**	**683,593**	**61,042**	**622,550**

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FINANCIAL INSTRUMENTS AS OF 31.12.2015 (IN EUR '000)

	BALANCE SHEET VALUE	IFRS 7 NOT APPLICABLE	FINANCIAL INSTRUMENTS IFRS 7	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST
Financial assets	19,272		19,272		19,272
Cash and cash equivalents	132,195		132,195		132,195
Accounts receivable	160,744	5,585	155,159		155,159
Other assets	18,436	3,045	15,391	461	14,930
Financial Instruments: ASSETS	**330,647**	**8,630**	**322,017**	**461**	**321,556**
Financial liabilities	488,551		488,551		488,551
Trade accounts payable	46,748		46,748		46,748
Other liabilities	150,836	58,695	92,141	51,688	40,453
Financial Instruments: LIABILITIES	**686,135**	**58,695**	**627,440**	**51,688**	**575,752**

Available-for-sale financial assets are 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 VALUATION CATEGORIES IAS 39 (IN EUR '000)

	30.9.2016	31.12.2015
Measured at fair value through profit and loss	80	461
Loans and receivables	335,539	321,246
Available-for-sale financial assets	812	310
Financial instruments: ASSETS	**336,431**	**322,017**
Measured at fair value through profit and loss	61,042	51,688
Financial liabilities measured at their residual carrying amounts	622,551	575,752
Financial instruments: LIABILITIES	**683,592**	**627,440**

[18] RELATED PARTY DISCLOSURES

Related party disclosures primarily involve the ongoing remuneration of members of management in key positions, the Board of Management, and the Supervisory Board. Furthermore, there are consulting contracts and rent or leasing contracts in place with non-controlling shareholders or members of their families, and business relations with associated companies.

The quarterly financial statements do not contain information about changes in relationships that significantly differ from those in the 2015 annual financial statements.

[19] APPROVAL FOR PUBLICATION

The Board of Management of INDUS Holding AG approved this IFRS interim financial statement for publication on November 14, 2016.

Bergisch Gladbach, November 14, 2016

INDUS Holding AG

The Board of Management

Jürgen Abromeit Dr. Johannes Schmidt Rudolf Weichert

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FINANCIAL CALENDAR

MARCH 27, 2017	Annual earnings press conference 2017, Düsseldorf
MARCH 28, 2017	Analysts' conference 2017, Frankfurt/Main
MAY 16, 2017	Interim report on March 31, 2017
MAY 24, 2017	Annual shareholders' meeting 2017, Cologne
AUGUST 15, 2017	Interim report on June 30, 2017
NOVEMBER 15, 2017	Interim report on September 30, 2017

IMPRINT

RESPONSIBLE MEMBER OF THE MANAGEMENT BOARD
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Disclaimer:
This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUSHolding 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 report. Assumptions and estimates made in this interim report will not be updated.

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