# Q2 | 2015

Positive Development

INDUS HOLDING AG

# 1ST HALF-YEAR 2015

**KEY FIGURES** (in EUR millions)

| | H1 2015 | H1 2014 |
|---|---|---|
| Sales | 675.6 | 600.3 |
| EBITDA | 87.0 | 80.2 |
| EBIT | 62.7 | 58.4 |
| Net result for the period | 32.0 | 28.1 |
| Earnings per share (in EUR) of continuing operations | 1.31 | 1.24 |
| Operating cash flow | 26.4 | 17.9 |

| | 30.6.2015 | 31.12.2014 |
|---|---|---|
| Total assets | 1,391.1 | 1,308.4 |
| Equity capital | 562.6 | 549.9 |
| Net debt | 410.4 | 345.9 |
| Equity ratio (in %) | 40.4 | 42.0 |
| Investments (as of the reporting date) | 43 | 42 |

**SALES IN THE FIRST SIX MONTHS OF 2015**

675.6

EUR million

**COMPARISON OF H1 2015 WITH H1 2014**

| SALES | EBIT |
|---|---|
| ↗ 12 % | ↗ 7 % |

# AS THE LEADING SPECIALIST IN THE FIELD OF SUSTAINABLE INVESTMENT AND GROWTH IN GERMAN-SPEAKING SMALL AND MEDIUM-SIZED COMPANIES, INDUS PRIMARILY ACQUIRES OWNER-MANAGED COMPANIES AND HELPS THEIR BUSINESS GROW OVER THE LONG TERM. WE ENSURE IN THE PROCESS THAT THEY ARE ABLE TO RETAIN THEIR PARTICULAR STRENGTH:

# THEIR IDENTITY AS MEDIUM-SIZED COMPANIES.

**CONTENTS**

# LETTER TO THE SHAREHOLDERS

## DEAR SHAREHOLDERS,

*The first six months of the year are over, and the INDUS Group is on track. This is the positive summary of the presentation of our current figures. We are satisfied with the results we have achieved in the first half of the year. Our Group recorded a 12 % increase in sales and an 7 % increase in EBIT against the previous year. This development was also driven by our acquisitions and shows that INDUS is on a successful and consistent path of growth in the third year of COMPASS 2020.*

However, the situations faced by the individual segments vary indeed: the Engineering segment performed outstandingly well. The acquisitions made over the past years developed very dynamically. The Medical Engineering/Life Science and Construction/Infrastructure segments performed similarly well. The latter will experience a great sales spurt in the second half of the year due to the significant order backlog. The results achieved in vehicle construction and metals technology are somewhat weaker. Higher process costs for a series supplier and the massive appreciation of the Swiss franc along with weak business in Russia for a few portfolio companies played a role in these developments.

But these effects are limited. Somewhat worrying is the current weakness of the Chinese market. Vehicle sales in China were down 3 % against the previous year – this is the weakest growth recorded since February 2013. The China Association of Automobile Manufacturers (CAAM) lowered their growth forecast for 2015 from 7 % to 3 %. The developments reached the Chinese stock market in July, and the sharp downturn could only be halted after intervention by the Chinese government. It is safe to assume that the government will continue to manage the economy and ensure growth in future; the recently announced major economic program is further evidence of this. The looming first interest rate hike by the Fed, which is expected in September, remains an uncertainty factor. The U.S. reporting season for the second quarter of 2015 got off to a mixed start as well. Some German companies also recorded negative trends. Contrary to expectations, the enduring crisis in Greece had no effect on the markets. Europe remains stable at a modest level.

All of these developments back our rather cautious outlook for 2015. Nevertheless, we continue to expect that we will achieve our sales and profit targets, but we are also aware that we will have to make even more of an effort to achieve these results.

Despite the mixed environment, we will continue unabated in our expansion of the portfolio. With the recently announced acquisition of IEF-Werner, we have obtained a third company for the portfolio (following NEA and RAGUSE); we are also continuing to drive investment in the expansion of the portfolio, whether in new productions sites or new branches abroad. At the midway point of the year, we have already invested over EUR 55 million in these measures, and by the end of the year this figure will be significantly over the EUR 100 million mark. We have financed these growth initiatives without compromising our financial stability; our equity ratio on June 30 remained over 40 %. We intend to continue along this reliable growth path.

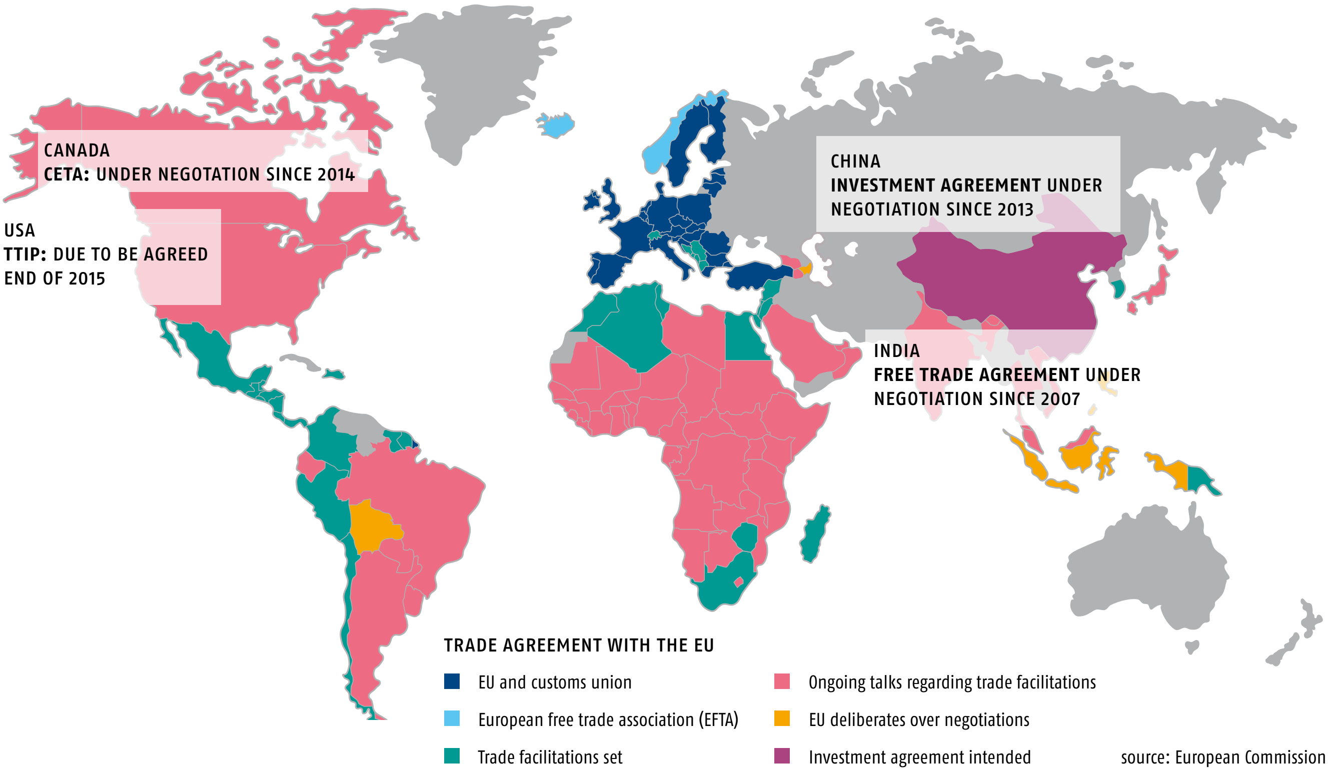
Bergisch Gladbach, August 2015

Yours, The Board of Management

Jürgen Abromeit Dr. Johannes Schmidt Rudolf Weichert

# TTIP – OPPORTUNITIES AND RISKS FOR THE SME INDUSTRY

*In the summer of 2016, the USA and EU are expected to negotiate the key points of the Transatlantic Trade and Investment Partnership, or TTIP. TTIP could be passed by the parliaments in 2018. But the plan remains controversial. Supporters hope to see momentum for growth and employment. The critics fear a drop in protection standards. What effect will TTIP have on the German SME industry and the INDUS Group companies?*




## ECONOMIC AREAS WILL MERGE

The current negotiations between Europe and the USA are arduous, and this shows that there is still plenty of ground to cover before TTIP becomes reality. Nevertheless, the potential benefits of an agreement can already be seen: the merger of the economic areas of Europe and the USA would result in the world's largest economic area. TTIP is the logical conclusion of the policy of opening up markets, which is on the rise across the world.

Turning toward cooperation and away from isolation is no longer just the policy of Western States. China and Russia are also actively working on establishing partnerships: China has launched the project "Reviving the Silk Road" and has invested billions in intensifying trade relations with Pakistan. China is cultivating intense trade relations with Latin America, too. In 2015 Russia established the Eurasian Economic Union (EAEU) together with Belarus, Kazakhstan, Armenia and Kyrgyzstan, which is an economic union based on the EU model. Together they closed a trade agreement with Vietnam in June.

And in Europe, too, the free trade agreement with the USA is just the beginning. The EU is hoping to close trade agreements with all of the large industrialized nations in the world (see image). Following the negotiations concluded with Canada and Singapore, new contracts are also going to be negotiated with Japan and India, and as a first step toward a comprehensive deal with China, an investment agreement. The UK government is already pushing for free trade discussions with Beijing.

**"I GENERALLY BELIEVE THAT FREE TRADE AGREEMENTS SUCH AS THE TTIP ARE POSITIVE. THE DISMANTLING OF TRADE RESTRICTIONS IS GOOD FOR ENTREPRENEURIAL DEVELOPMENT – PARTICULARLY FOR THE DEVELOPMENT OF SMES. THE AGREEMENT WILL ELIMINATE RESTRICTIONS ARISING FROM DIFFERENT NORMS AND STANDARDS, AND THIS WILL OPEN NEW DOORS – ESPECIALLY FOR INDUS GROUP COMPANIES."**

JÜRGEN ABROMEIT, INDUS BOARD OF MANAGEMENT CHAIRMAN (CEO), INDUS HOLDING AG

The importance of the topic "Establishing free trade regions" for nations can be seen by looking at the competition between China and the USA in the Pacific region. Both are aiming to establish large free trade regions, and both wish to have the upper hand at the expense of the other. The USA intends to use TTP to have eleven states adjacent to the Pacific commit to them. China is using all of its influence to block this move.

And it is not just trade that is becoming more international, but also the financial markets: the BRICS states are currently in the process of establishing a new banking institution with the Asian Infrastructure Investment Bank (AIIB). It will in future provide capital for the regions' markets – in addition to the World Bank and IMF. This makes it clear that the process of internationalization is going full steam ahead on all levels – and that it is presumably unstoppable.

## TTIP WILL PROVIDE ALLEVIATION FOR THE SME INDUSTRY

It is safe to assume that the transatlantic agreement TTIP will be the next big step in this direction. Customs duties are expected to fall for important industries in Germany still subject to high customs duties, such as the chemicals industry. Technical standards in the automotive manufacturing industry will be unified. This is an industry that provides a lot of work in Germany.

TTIP will also be beneficial for the SME industry, which tends to struggle more with doing business in the USA than large corporations. A common and overarching trade understanding will lower the barriers to market entry for the industry and reduce costs.

However, even within the SME industry there are currently still many reservations regarding TTIP as there are still several risks to be addressed. One particular worry is that the existing high standards that apply in Europe will be lowered. And the idea of legal conflicts being solved through expensive private arbitration proceedings is also giving cause for concern. But this has no effect on the project's actual intention.

If EU countries want to increase their exports they will need partners in the USA and China. According to the EU Commission, demand for consumer goods will continue to increase in those countries, while they stagnate in Europe. The EU Commission also states that if the EU succeeds in closing all of the agreements currently in negotiation, the Union's economy could be set to grow by 2.2 % and 2.2 million jobs would be created.

## WHATEVER THE OUTCOME, INDUS COMPANIES WILL GO THEIR OWN WAY

Any merger of the markets is beneficial for INDUS Group companies. But their future success does not depend on it. That is because they have learned to develop beyond the regions with subsidiaries and branches during their time on the markets. AURORA, ASS, BETEK, ELTHERM, HORN, IPETRONIK, MBN, and M.BRAUN are eight companies in our Group who operate in or from North America. Each is determined and in a position to make use of their opportunities: with or without TTIP.

# INDUS ON THE CAPITAL MARKET

## THE INDUS SHARE AT A GLANCE*

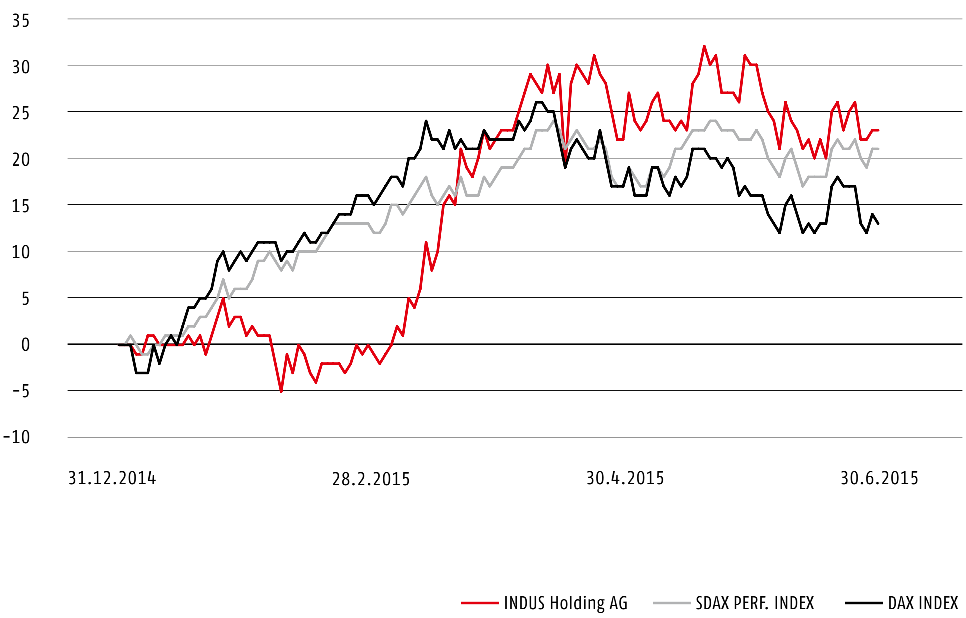
| | H1 2015 | Full-year 2014 |
|---|---|---|
| High (in EUR) | 50.12 | 40.90 |
| Low (in EUR) | 36.37 | 28.00 |
| Closing price at reporting date (in EUR) | 45.19 | 38.11 |
| Average daily trading volume (number of shares) | 60,378 | 53,935 |
| Number of shares outstanding | 24,450,509 | 24,450,509 |
| Market capitalization (in EUR millions) | 1,104.9 | 931.8 |

* share price acc. to XETRA, trading volume acc. to Deutsche Börse

## THE CAPITAL MARKET SEES FURTHER GROWTH OPPORTUNITIES FOR INDUS

The price of the INDUS share continued to rise in 2015. Once more, the INDUS share outperformed both the SDAX and DAX in the first six months of the year. The INDUS share's liquidity also improved once more. As of June 30, 2015, the share was up roughly 22 %, thus substantially outperforming the markets at the close of 2014 (SDAX +19 %, DAX +12 %). The share reached its highest price of EUR 50.12 on May 21. Current price targets for the INDUS share range between EUR 54 and EUR 60. All analysts are recommending to either buy or hold.

## SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO JULY 2015 (in %)



# INTERIM MANAGEMENT REPORT

# INDUS GROUP BUSINESS PERFORMANCE IN THE FIRST SIX MONTHS OF 2015

**CONSOLIDATED STATEMENT OF INCOME** (in EUR millions)

| | H1 2015 | H1 2014 |
|---|---|---|
| **Sales** | **675.6** | **600.3** |
| Other operating income | 7.6 | 8.7 |
| Own work capitalized | 4.0 | 2.2 |
| Changes in inventories | 17.8 | 16.1 |
| **Overall performance** | **705.0** | **627.3** |
| Cost of materials | -335.4 | -294.3 |
| Personnel expenses | -193.0 | -170.3 |
| Other operating expenses | -90.0 | -82.9 |
| Income from shares accounted for using the equity method | 0.3 | 0.4 |
| Other financial results | 0.1 | 0.1 |
| **EBITDA** | **87.0** | **80.3** |
| Depreciation and amortization | -24.3 | -21.8 |
| **Operating result (EBIT)** | **62.7** | **58.5** |
| Net interest | -12.7 | -10.5 |
| **Earnings before taxes (EBT)** | **50.0** | **48.0** |
| Taxes | -18.0 | -17.3 |
| Earnings attributable to discontinued operations | 0.0 | -2.6 |
| **Earnings after taxes** | **32.0** | **28.1** |
| of which allocable to non-controlling shareholders | 0.1 | 0.3 |
| of which allocable to INDUS shareholders | 31.9 | 27.8 |

Overall, the course of business in the first half of 2015 was satisfactory and went according to plan. In the first quarter of 2015, the Group achieved sales of EUR 327.9 million (previous year: EUR 287.2 million), and EUR 347.7 million in the second quarter of 2015 (previous year: EUR 313.1 million). EBIT amounted to EUR 31.5 million in the first quarter of 2015 (previous year: EUR 28.3 million) and EUR 31.2 million in the second quarter (previous year: EUR 30.2 million).

The consolidated sales of INDUS Holding AG reached EUR 675.6 million at the end of June 2015 (previous year: EUR 600.3 million). Cost of materials rose from EUR 294.3 million to EUR 335.4 million and was thus proportional to the increase in sales. At 49.6 %, the cost of materials ratio after the first six months was slightly above the previous year's level of 49.0 %. Personnel costs rose from EUR 170.3 million to EUR 193.0 million, primarily reflecting a larger post-acquisition workforce; the personnel cost ratio amounted to 28.6 % (previous year: 28.4 %).

EBITDA (earnings before interest, taxes, depreciation, and amortization) came in at EUR 87.0 million, up EUR 6.7 million versus last year's EUR 80.3 million. Due to the ongoing substantial investments, depreciation and amortization increased to a total of EUR 24.3 million (previous year: EUR 21.8 million).

The operating result (EBIT) for the first six months of 2015 came in at EUR 62.7 million, a significant increase on the previous year. The EBIT margin came to 9.3 % on Group average (previous year: 9.7 %). One reason for this was the effects of first-time consolidation. While new acquisitions' sales are wholly recognized in Group accounting as of the date of integration into the consolidated financial statement, income from EBIT is only partially recognizable due to the depreciation and amortization required by IFRS of the values disclosed during purchase price allocation. Detailed notes on the earnings position can be found in the segment report.

The interest result increased from EUR -10.5 million to EUR -12.7 million, due to higher profit attributable to minority shareholders, which were exclusively caused by the acquisition structure of the last company purchases. Adjusted for this effect, interest expenses for operative business decreased from EUR -8.7 million to EUR -8.5 million. Earnings before tax (EBT) improved to EUR 50.0 million (previous year: EUR 48.0 million). At EUR -18.0 million, tax expenses remained in line with the previous year's level of EUR -17.3 million, corresponding to a tax rate of 35.9 % (previous year: 36.0 %). After deducting minority interests, the net result for the period improved to EUR 32.0 million (previous year: EUR 28.1 million). Earnings per share for continuing operations came to EUR 1.31 (previous year: EUR 1.24).

## INVESTMENTS IN ACQUISITIONS AND EXPANSION IN MEDICAL ENGINEERING, AUTOMOTIVE TECHNOLOGY, AND AUTOMATION

At the beginning of the year, the INDUS portfolio company OFA Bamberg GmbH acquired a manufacturing site from ESDA GmbH in Glauchau, Saxony, Germany. At the same time, the INDUS portfolio company SELZER Fertigungstechnik, Driedorf, acquired the remaining 10 % minority interest in Selzer Automotiva do Brasil. At the beginning of May 2015, OFA also acquired 100 % of the shares in the Dutch company NEA International B.V. (NEA). NEA develops orthopedic bandages and orthotic devices for specific use in the area of treatment of joint injuries and chronic conditions.

As part of its growth strategy, INDUS acquired an initial 60 % share in RAGUSE Gesellschaft für medizinische Produkte mbH, Ascheberg, in June 2015. The company specializes in OP drapes, OP gowns, and other medical products. The company operates in an interesting, profitable niche market, as well as a growth market. In Germany alone, the number of operations increased by almost 25 % between 2005 and 2013. The increasing aging of the population combined with further medical advances means we can expect to see the number of operations continue to rise in future. RAGUSE was established in 1980, and achieved sales of approximately EUR 11 million in 2014. Founder and CEO Joachim Raguse will remain the Managing Partner with 40 % of the shares.

On July 30, 2015, after the reporting period, INDUS closed a deal to acquire 75 % of IEF-Werner GmbH, Furtwangen. The company primarily covers five areas with its product portfolio: transfer systems, semiconductors, wheel gauging machines, components, and microassembly. The transfer systems product area covers all types of plants to pallet loading (palletizers); the semiconductor area primarily consists of special plants used to produce ABS systems. The wheel gauging machines developed and produced by IEF are mainly used by large wheel manufacturers. The component area covers all types of positioning systems, focusing on linear axes. The range also includes control technology developed by IEF. The newest product area is microassembly. It covers the new development of complete modular microassembly cells and the product family aiPRESS. Its unique selling point is the control concept, which eliminates the need for central control of the plant. The work flow required for a product is coded on the workpiece carrier, which in turn controls the individual assembly cells. An aiPRESS is a highly precise "automatic and intelligent" press. The sole proprietor, Manfred Bär, is selling his majority to INDUS as part of the succession plan, but will remain in the company as Managing Partner until at least 2017 in order to accompany the transition process. IEF currently employs approximately 130 staff and expects sales of approximately EUR 22 million in 2015.

# 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. The investment portfolio encompassed 43 operating units as of June 30, 2015.*

## INDUS CONSTRUCTION/INFRASTRUCTURE SEGMENT

**SALES -2.4 %**
**EBIT MARGIN 10.9 %**

> SALES SLIGHTLY BELOW THE PREVIOUS YEAR'S LEVEL

> EBIT TO DECLINE SOMEWHAT

### EBIT AFFECTED BY INVOICING EFFECTS

The order situation again proved stable in the construction sector in 2015. At EUR 106.3 million, segment sales in the first six months of 2015 are as expected, and on a par with those achieved in 2014 (previous year: EUR 108.9 million). Earnings before interest and taxes (EBIT) declined year-on-year to EUR 11.6 million (previous year: EUR 12.5 million). The EBIT margin therefore amounts to 10.9 % (previous year: 11.5 %). This is first and foremost due to the lower performance of two acquisitions in the first half of the year, and, from the current viewpoint, an effect that will be confined to this year and will balance itself out over the course of the year. INDUS considers the intended margin of between 12 % and 14 % for the Construction/Infrastructure segment this fiscal year to be achievable.

**KEY FIGURES – CONSTRUCTION/INFRASTRUCTURE** (in EUR millions)

| | H1 2015 | H1 2014 |
|---|---|---|
| Sales with external third parties | 106.3 | 108.9 |
| EBITDA | 14.6 | 15.1 |
| Depreciation and amortization | -3.0 | -2.7 |
| EBIT | 11.6 | 12.5 |
| EBIT margin in % | 10.9 | 11.5 |
| Capital expenditure | 4.0 | 7.3 |
| Employees | 1,130 | 1,113 |

## INDUS AUTOMOTIVE TECHNOLOGY SEGMENT

**SALES +4.6 %
EBIT MARGIN
6.0 %**

**> ECONOMIC SITUATION IN THE AUTOMOTIVE BUSINESS STABLE**

**> MARGIN AT THE LOWER END OF THE TARGET RANGE**

### BUSINESS STABLE WITH ISOLATED START-UP DIFFICULTIES

The segment companies were able to further increase their sales year on year, from EUR 175.3 million to EUR 183.4 million. However, the operating result fell slightly against the previous year, and at EUR 11.0 million came in below the figure achieved in 2014 (previous year: EUR 11.4 million). As a result of the general weakness of the economy, demand for tire studs has dropped considerably in Russia. In addition, the current start-up problems that a series supplier for a new product for OEM key customers is experiencing is also causing difficulties. The situation requires an increase of personnel resources, which means considerable additional costs are being incurred. This is having a significant effect on the company's margins. Nevertheless, the EBIT margin target for 2015 of between 6 % and 8 % should still be achieved, albeit at the lower end of the range.

**KEY FIGURES – AUTOMOTIVE TECHNOLOGY** (in EUR millions)

| | H1 2015 | H1 2014 |
|---|---|---|
| Sales with external third parties | 183.4 | 175.3 |
| EBITDA | 20.0 | 20.6 |
| Depreciation and amortization | -9.1 | -9.2 |
| EBIT | 11.0 | 11.4 |
| EBIT margin in % | 6.0 | 6.5 |
| Capital expenditure | 11.8 | 12.2 |
| Employees | 3,249 | 3,079 |

## INDUS ENGINEERING SEGMENT

**SALES +50.7 %
EBIT MARGIN
12.9 %**

**> CONSIDERABLE INCREASE IN SALES DUE TO ACQUISITIONS**

**> MARGIN IMPROVED**

### NEW ACQUISITIONS CONTRIBUTE TO RISE IN SALES AND EARNINGS

Segment sales increased from EUR 88.5 million to EUR 133.4 million and thus grew by more than 50 % on a percentage basis. The increase in sales is partly due to the first complete inclusion of the new acquisition MBN Neugersdorf and the full holding in KNUR Maschinenbau (part of the INDUS portfolio company ASS). The existing companies, too, contributed to the pleasing increase in sales. EBIT has also increased by approximately 60 % from EUR 10.7 million to EUR 17.2 million. The improvement of the EBIT margin compared to the previous year to 12.9 % is pleasing (previous year: 12.1 %). As previously announced, operations at SEMET were discontinued mid-2015.

**KEY FIGURES – ENGINEERING** (in EUR millions)

| | H1 2015 | H1 2014 |
|---|---|---|
| Sales with external third parties | 133.4 | 88.5 |
| EBITDA | 20.8 | 13.5 |
| Depreciation and amortization | -3.6 | -2.8 |
| EBIT | 17.2 | 10.7 |
| EBIT margin in % | 12.9 | 12.1 |
| Capital expenditure | 3.8 | 1.8 |
| Employees | 1,370 | 1,118 |

## INDUS MEDICAL ENGINEERING/LIFE SCIENCE SEGMENT

### JUMP IN SALES THANKS TO FULL CONSOLIDATION OF ROLKO

The Medical Engineering/Life Science segment is sustained by stable prospects for the health care sector. Segment sales increased by around 22 % to EUR 65.3 million in the first six months (previous year: EUR 53.7 million); this is primarily due to the full first-time consolidation of ROLKO for fiscal 2015. Earnings before interest and taxes (EBIT) rose year-on-year to EUR 9.1 million (previous year: EUR 8.6 million). The one-off expenses incurred as part of acquiring the production site in Glauchau for OFA in January are noticeable in the segment result. The new acquisition of NEA International through INDUS portfolio company OFA Bamberg is only partially included in the six-month figures (from May 2015), the acquisition of the RAGUSE group, which took place in June 2015, is not yet included. Therefore, the EBIT margin of 13.9 % (previous year: 16.0 %) is, as expected, still under the target of approximately 15 % after the first six months of the year. INDUS expects an improvement in the margin in the second half of the year toward 15 %.

**SALES +21.6 %**
**EBIT MARGIN 13.9 %**

> SALES INCREASE DUE TO NEW ACQUISITION ROLKO

> INTEGRATION COSTS DUE TO GROWTH AFFECT MARGIN

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

| | H1 2015 | H1 2014 |
|---|---|---|
| Sales with external third parties | 65.3 | 53.7 |
| EBITDA | 11.4 | 9.9 |
| Depreciation and amortization | -2.3 | -1.3 |
| EBIT | 9.1 | 8.6 |
| EBIT margin in % | 13.9 | 16.0 |
| Capital expenditure | 27.1 | 19.7 |
| Employees | 945 | 777 |

### INDUS METALS TECHNOLOGY SEGMENT

**SALES +7.5 %
EBIT MARGIN
8.6 %**

> SALES REMAIN STABLE, BUT EARNINGS ARE DOWN

> HIGHER COSTS DUE TO RESTRUCTURING PROJECTS

**SEGMENT RESULT UNDER PRESSURE**

The Metals Technology segment recorded a significant rise in sales in 2015, but income has dropped considerably against the previous year. Both of the Swiss sheet metal processors play an important role in these developments. The appreciation of the Swiss franc against the euro has played an important part, causing adverse effects for the companies who produce their goods in the Eurozone. The management has already put restructuring projects in place, which are showing results. In the area of powder metallurgy,quality problems experienced by a German portfolio company have led to considerable additional burdens. Measures to optimize quality and processes have been introduced in this area, too. The overall positive order situation in the segment has led to an increase in sales of approximately 8 % from EUR 174.0 million to EUR 198.0 million, but earnings before income and taxes declined due to the restructuring efforts and additional costs incurred to stabilize quality processes. It fell from EUR 18.5 million to EUR 16.1 million. At 8.6 % the margin is significantly below the previous year's figure of 10.6 %. INDUS expects that the EBIT margin target of 9 % planned for 2015 will still be achieved.

**KEY FIGURES – METALS TECHNOLOGY** (in EUR millions)

| | H1 2015 | H1 2014 |
|---|---|---|
| Sales with external third parties | 187.0 | 174.0 |
| EBITDA | 22.1 | 24.0 |
| Depreciation and amortization | -6.0 | -5.5 |
| EBIT | 16.1 | 18.5 |
| EBIT margin in % | 8.6 | 10.6 |
| Capital expenditure | 8.4 | 6.6 |
| Employees | 1,385 | 1,304 |

# EMPLOYEES

As the year began, the number of employees working for the various INDUS Group companies held steady as a result of the order situation. At 28.6 % of sales, the personnel ratio is roughly at the previous year's level (previous year: 28.4 %). As of June 30, 2015, the company had 8,103 employees (previous year: 7,454 employees).

# FINANCIAL POSITION

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

| | H1 2015 | H1 2014 |
|---|---|---|
| **Operating cash flow** | **26.4** | **17.9** |
| Interest | -7.6 | -8.3 |
| **Cash flow from operating activities** | **18.8** | **9.6** |
| | | |
| Cash outflow for investments | -55.9 | -47.9 |
| Cash inflow from the disposal of assets | 0.4 | 0.4 |
| **Cash flow from investing activities** | **-55.5** | **-47.5** |
| | | |
| Dividends paid to shareholders | -29.3 | -26.9 |
| Dividends paid to non-controlling shareholders | -0.1 | 0.0 |
| Cash inflow from the assumption of debt | 83.0 | 81.2 |
| Cash outflow from the repayment of debt | -39.3 | -30.5 |
| **Cash flow from financing activities** | **14.3** | **23.8** |
| | | |
| Net cash change in financial facilities | -22.4 | -14.1 |
| Changes in cash and cash equivalents caused by currency exchange rates | 1.5 | 0.2 |
| Cash and cash equivalents at the beginning of the period | 116.5 | 115.9 |
| **Cash and cash equivalents at the end of the period** | **95.6** | **102.0** |

### STATEMENT OF CASH FLOWS: OVER EUR 55 MILLION ALREADY INVESTED AT THIS YEAR'S HALFWAY POINT

Based on earnings after tax of EUR 32.0 million from continuing operations (previous year: EUR 30.7 million), at EUR 26.4 million operating cash flow in the first six months of 2015 increased significantly compared to the same period the previous year (previous year: EUR 17.9 million). Due to the stable economic situation, there was an increase in inventories and trade receivables. Cash outflows for liabilities decreasing in comparison to the previous year had a compensating effect.

At EUR -7.8 million, cash flow for interest paid was lower year-on-year in the first six months (previous year: EUR -8.6 million). Cash flow from operating activities therefore increased to EUR 18.8 million (previous year: EUR 9.6 million).

Cash outflow for investing activities was EUR -55.5 million in the first half of 2015 (previous year: EUR -47.5 million); the acquisition of the manufacturing site in Glauchau and the purchase of NEA for OFA Bamberg and higher investments as part of the increased internationalization of some portfolio companies are included in this item.

Cash inflow from financing activities dropped from EUR 23.8 million to EUR 14.3 million. This is due to higher loan repayments and due to higher divendend in comparison to the previous year. At EUR 95.6 million as of the reporting date, cash and cash equivalents are slightly below the previous year's level.

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

| | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| **Assets** | | |
| **Noncurrent assets** | **777.9** | **748.0** |
| Fixed assets | 773.3 | 742.8 |
| Accounts receivable and other current assets | 4.6 | 5.2 |
| **Current assets** | **613.2** | **560.4** |
| Inventories | 304.5 | 265.7 |
| Accounts receivable and other current assets | 213.1 | 178.2 |
| Cash and cash equivalents | 95.6 | 116.5 |
| **Total assets** | **1,391.1** | **1,308.4** |
| **Equity and liabilities** | | |
| **Noncurrent liabilities** | **1,065.8** | **1,029.6** |
| Equity | 562.6 | 549.9 |
| Debt | 503.2 | 479.7 |
| of which provisions | 29.3 | 28.7 |
| of which payables and income taxes | 473.9 | 451.0 |
| **Current liabilities** | **325.3** | **278.8** |
| of which provisions | 63.6 | 52.0 |
| of which liabilities | 261.7 | 226.8 |
| **Total equity and liabilities** | **1,391.1** | **1,308.4** |

## STATEMENT OF FINANCIAL POSITION: EQUITY RATIO REMAINS OVER 40 %

The INDUS Group's consolidated total assets were higher primarily due to the increase in working capital and amounted to EUR 1,391.1 million as of June 30 this year (December 31, 2014: EUR 1,308.4 million). This increase in noncurrent assets reflects our investment activities and is primarily due to the increase in goodwill, intangible assets, and property, plant, and equipment. For the first half of 2015, the acquisition of NEA and the production site in Glauchau for OFA are both included in this item. Cash and cash equivalents amounted to EUR 95.6 million as of the reporting date.

The Group's equity has increased to EUR 562.6 million (December 31, 2014: EUR 549.9 million) as a consequence of the increase in other reserves as a result of the allocation of retained earnings taking into account the dividend, but also due to the higher positive difference resulting from currency translation. Noncurrent liabilities rose by EUR 22.9 million; this was primarily due to an increase in noncurrent financial liabilities. Current liabilities increased by EUR 46.5 million, primarily due to an increase in trade payables and current financial liabilities. Despite the higher amounts invested, the equity ratio only declined slightly against the end of 2014 to 40.4 % (December 31, 2014: 42.0 %). At EUR 506.0 million, financial liabilities increased by EUR 43.7 million following the first half of 2015 (December 31, 2014: EUR 462.3 million). Net debt in the Group rose to EUR 410.4 million due to major investments in growth (December 31, 2014: EUR 345.9 million).

# OPPORTUNITIES AND RISKS

INDUS Holding AG and its portfolio companies are exposed to a multiplicity of risks as a result of their international activities. Entrepreneurial activity is inextricably linked with risk-taking. At the same time, this enables the company to seize new opportunities and thus defend and strengthen the market position of the portfolio companies. The company operates an efficient risk management system for the early detection, comprehensive analysis, and systematic handling of risks. The structuring of the risk management system and significance of particular risks are discussed in detail in the 2014 annual report on pages 122 ff. Here it is stated that the company does not view itself as subject to any risks that could endanger its continued existence as a going concern. The INDUS Holding AG annual report can be downloaded free of charge at www.indus.de.

# EVENTS AFTER THE REPORTING DATE

On July 30, 2015, INDUS Holding AG acquired 75 % of the shares in IEF-Werner GmbH, Furtwangen. IEF-Werner GmbH manufactures components for automation technology. The company primarily covers five areas of automation technology with its product portfolio: transfer systems, microassembly, semiconductors, wheel gauging machines, and components. IEF was classified as part of the Engineering segment. The purchase price allocation process has not yet been completed.

# OUTLOOK

> SALES WILL EXCEED EUR 1.3 BILLION IN 2015

> OPERATING RESULT OF EUR 125 TO 130 MILLION EXPECTED

In our opinion, the economic outlook for 2015 has not improved during the first six months of the year. The German government forecasts GDP growth of 1.8 % in Germany for 2015; certain institutes' forecast are slightly higher but neither the weak Eurozone, the recession in Russia, nor the acute weakness of the Chinese economy currently allow us to assume that the economy could perform better. If we look at the course of developments in the gross domestic product it supports this assumption: In the first quarter of 2015 GDP grew by 0.3 %, in the second by 0.4 %. The weakness of the euro, caused by the ECB buying up massive amounts of bonds, and the unchanged low interest rate are having a positive effect on the competitiveness of the export-oriented German economy, and both the stability of the price of raw materials and the low energy costs are contributing toward a quite steady environment.

INDUS reported significant growth in sales and achieved a good operating result in the first six months. All business performance was in line with the plan. INDUS therefore reiterates its sales forecasts of more than EUR 1.3 billion and EBIT of around EUR 125 to 130 million before the inclusion of the proportional sales and earnings contributions from the acquisitions made over the course of the year.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF INCOME

## FOR THE FIRST HALF-YEAR 2015 (in EUR '000)

| | Notes | H1 2015 | H1 2014 |
|---|---|---|---|
| **Sales** | | **675,591** | **600,286** |
| Other operating income | | 7,622 | 8,729 |
| Own work capitalized | | 3,968 | 2,190 |
| Change in inventories | | 17,813 | 16,177 |
| Cost of materials | [5] | -335,320 | -294,283 |
| Personnel expenses | [6] | -193,016 | -170,321 |
| Depreciation and amortization | | -24,293 | -21,848 |
| Other operating expenses | [7] | -90,038 | -82,929 |
| Income from shares accounted for using the equity method | | 307 | 412 |
| Financial result | | 86 | 78 |
| **Operating result (EBIT)** | | **62,720** | **58,491** |
| | | | |
| Interest income | | 169 | 218 |
| Interest expenses | | -12,881 | -10,721 |
| **Net interest** | [8] | **-12,712** | **-10,503** |
| | | | |
| **Earnings before taxes** | | **50,008** | **47,988** |
| | | | |
| Taxes | [9] | -17,963 | -17,246 |
| Income from discontinued operations | | 0 | -2,632 |
| **Earnings after taxes** | | **32,045** | **28,110** |
| of which allocable to non-controlling interests | | 112 | 327 |
| of which allocable to INDUS shareholders | | 31,933 | 27,783 |
| | | | |
| Earnings per share undiluted and diluted in EUR (continuing operations) | [10] | 1.31 | 1.24 |

# STATEMENT OF INCOME AND ACCUMULATED EARNINGS

**FOR THE FIRST HALF-YEAR 2015** (in EUR '000)

| | H1 2015 | H1 2014 |
|---|---|---|
| **Earnings after taxes** | **32,045** | **28,110** |
| Actuarial gains and losses | 0 | -2,694 |
| Deferred taxes | 0 | 776 |
| **Items not reclassified to profit or loss** | **0** | **-1,918** |
| Currency translation adjustment | 8,626 | 294 |
| Change in the market values of derivative financial instruments (cash flow hedge) | 1,752 | -1,417 |
| Deferred taxes | -278 | 224 |
| **Items to be reclassified to profit or loss in future** | **10,100** | **-899** |
| **Other income** | **10,100** | **-2,817** |
| **Overall result** | **42,145** | **25,293** |
| of which allocable to non-controlling shareholders | 112 | 327 |
| of which allocable to INDUS shareholders | 42,033 | 24,966 |

Income and expenses of EUR 10,100,000, recognized directly in equity under other income in the first half of 2015, include no actuarial gains or losses from pension plans or other similar obligations as the interest rate for domestic commitments remains unchanged from that of December 31, 2014 at 2.40% (June 30, 2015).

Net income from currency translation of EUR 8,626,000 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 1,752,000 was chiefly the result of interest rate swaps transacted by the holding company in order to hedge interest rate movements.

# CONSOLIDATED STATEMENT OF INCOME

**FOR THE SECOND QUARTER 2015** (in EUR '000)

| | Notes | Q2 2015 | Q2 2014 |
|---|---|---|---|
| **Sales** | | **347,721** | **313,098** |
| Other operating income | | 1,748 | 4,608 |
| Own work capitalized | | 3,228 | 1,626 |
| Change in inventories | | 4,273 | 1,097 |
| Cost of materials | [5] | -169,880 | -149,750 |
| Personnel expenses | [6] | -98,403 | -86,224 |
| Depreciation and amortization | | -12,361 | -10,948 |
| Other operating expenses | [7] | -45,336 | -43,538 |
| Income from shares accounted for using the equity method | | 188 | 205 |
| Financial result | | 45 | 39 |
| **Operating result (EBIT)** | | **31,223** | **30,213** |
| | | | |
| Interest income | | 87 | 124 |
| Interest expenses | | -6,080 | -5,673 |
| **Net interest** | [8] | **-5,993** | **-5,549** |
| | | | |
| **Earnings before taxes** | | **25,230** | **24,664** |
| | | | |
| Taxes | [9] | -9,040 | -8,770 |
| Income from discontinued operations | | 0 | -1,072 |
| **Earnings after taxes** | | **16,190** | **14,822** |
| of which allocable to non-controlling interests | | 31 | 156 |
| of which allocable to INDUS shareholders | | 16,159 | 14,666 |
| | | | |
| Earnings per share undiluted and diluted in EUR (continuing operations) | [10] | 0.66 | 0.64 |

# STATEMENT OF INCOME AND ACCUMULATED EARNINGS

**FOR THE SECOND QUARTER 2015** (in EUR '000)

| | Q2 2015 | Q2 2014 |
|---|---|---|
| **Earnings after taxes** | **16,190** | **14,822** |
| | | |
| Actuarial gains and losses | 4,350 | -1,846 |
| Deferred taxes | -1,253 | 532 |
| **Items not reclassified to profit or loss** | **3,097** | **-1,314** |
| | | |
| Currency translation adjustment | 2,011 | 717 |
| Change in the market values of derivative financial instruments (cash flow hedge) | 1,209 | -625 |
| Deferred taxes | -192 | 99 |
| **Items to be reclassified to profit or loss in future** | **3,028** | **191** |
| | | |
| **Other income** | **6,125** | **-1,123** |
| | | |
| **Overall result** | **22,315** | **13,699** |
| of which allocable to non-controlling shareholders | 31 | 156 |
| of which allocable to INDUS shareholders | 22,284 | 13,543 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| in EUR '000 | Notes | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | | 380,531 | 368,239 |
| Other intangible assets | [11] | 51,384 | 44,029 |
| Property, plant, and equipment | [12] | 315,278 | 306,818 |
| Investment property | | 6,059 | 6,131 |
| Financial assets | | 12,584 | 10,526 |
| Shares accounted for using the equity method | | 7,340 | 7,033 |
| Other noncurrent assets | | 1,149 | 1,685 |
| Deferred taxes | | 3,500 | 3,482 |
| **Noncurrent assets** | | **777,825** | **747,943** |
| | | | |
| Inventories | [13] | 304,524 | 265,690 |
| Accounts receivable | [14] | 194,795 | 162,091 |
| Other current assets | | 16,537 | 12,282 |
| Current income taxes | | 1,813 | 3,890 |
| Cash and cash equivalents | | 95,594 | 116,491 |
| **Current assets** | | **613,263** | **560,444** |
| **Total assets** | | **1,391,088** | **1,308,387** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Subscribed capital | | 63,571 | 63,571 |
| Capital reserve | | 239,833 | 239,833 |
| Other reserves | | 257,203 | 244,511 |
| **Equity held by INDUS shareholders** | | **560,607** | **547,915** |
| Non-controlling interests in the equity | | 2,014 | 1,957 |
| **Equity** | | **562,621** | **549,872** |
| | | | |
| Provisions for pensions | | 27,769 | 27,174 |
| Other noncurrent provisions | | 1,547 | 1,561 |
| Noncurrent financial liabilities | | 385,565 | 367,935 |
| Other noncurrent liabilities | | 51,389 | 49,844 |
| Deferred taxes | | 36,879 | 33,165 |
| **Noncurrent liabilities** | | **503,149** | **479,679** |
| | | | |
| Other current provisions | | 63,628 | 52,014 |
| Current financial liabilities | | 120,452 | 94,381 |
| Trade accounts payable | | 61,679 | 47,942 |
| Other current liabilities | | 73,827 | 77,836 |
| Current income taxes | | 5,732 | 6,663 |
| **Current liabilities** | | **325,318** | **278,836** |
| **Total equity and liabilities** | | **1,391,088** | **1,308,387** |

# CONSOLIDATED STATEMENT OF EQUITY

| 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 Dec. 31, 2013** | **63,571** | **239,833** | **216,024** | **-4,725** | **514,703** | **627** | **515,330** |
| Income after taxes | | | 27,783 | | 27,783 | 327 | 28,110 |
| Other income | | | | -2,817 | -2,817 | | -2,817 |
| **Overall result** | | | **27,783** | **-2,817** | **24,966** | **327** | **25,293** |
| Dividend payments | | | -26,896 | | -26,896 | -43 | -26,939 |
| Change in scope of consolidation | | | | | | 1,482 | 1,482 |
| **Balance June 30, 2014** | **63,571** | **239,833** | **216,911** | **-7,542** | **512,773** | **2,393** | **515,166** |
| | | | | | | | |
| **Balance Dec. 31, 2014** | **63,571** | **239,833** | **252,270** | **-7,759** | **547,915** | **1,957** | **549,872** |
| Income after taxes | | | 31,933 | | 31,933 | 112 | 32,045 |
| Other income | | | | 10,100 | 10,100 | | 10,100 |
| **Overall result** | | | **31,933** | **10,100** | **42,033** | **112** | **42,145** |
| Capital increase | | | | | | 48 | 48 |
| Dividend payments | | | -29,341 | | -29,341 | -90 | -29,431 |
| Change in scope of consolidation | | | | | | **-13** | **-13** |
| **Balance June 30, 2015** | **63,571** | **239,833** | **254,862** | **2,341** | **560,607** | **2,014** | **562,621** |

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

| in EUR '000 | H1 2015 | H1 2014 |
|---|---|---|
| Income after taxes generated by continuing operations | 32,045 | 30,742 |
| Depreciation/write-ups of noncurrent assets | 24,293 | 21,848 |
| Taxes | 17,963 | 17,246 |
| Net interest | 12,712 | 10,503 |
| Cash earnings of discontinued operations | 0 | -151 |
| Other non-cash transactions | 6,829 | -2,252 |
| Changes in provisions | 11,728 | 7,199 |
| Increase (-)/decrease (+) in inventories, trade accounts receivable, and other assets | -68,955 | -40,140 |
| Increase (+)/decrease (-) in trade accounts payable and other liabilities | 5,552 | -10,409 |
| Income taxes received/paid | -15,752 | -16,662 |
| **Operating cash flow** | **26,415** | **17,924** |
| | | |
| Interest paid | -7,783 | -8,573 |
| Interest received | 169 | 218 |
| **Cash flow from operating activities** | **18,801** | **9,569** |
| | | |
| Cash outflow from investments in | | |
| property, plant, and equipment, and in intangible assets | -32,477 | -28,616 |
| financial assets and shares accounted for using the equity method | -2,440 | -863 |
| shares in fully consolidated companies | -20,934 | -18,416 |
| Cash inflow from the disposal of other assets | 382 | 368 |
| **Cash flow from investing activities** | **-55,469** | **-47,527** |
| | | |
| Dividends paid to shareholders | -29,341 | -26,896 |
| Cash inflow from non-controlling shareholders | 48 | 0 |
| Dividends paid to non-controlling shareholders | -90 | -43 |
| Cash inflow from the assumption of debt | 83,000 | 81,232 |
| Cash outflow from the repayment of debt | -39,299 | -30,477 |
| **Cash flow from financing activities** | **14,318** | **23,816** |
| | | |
| Net cash change in financial facilities | -22,350 | -14,142 |
| Changes in cash and cash equivalents caused by currency exchange rates | 1,453 | 185 |
| Cash and cash equivalents at the beginning of the period | 116,491 | 115,921 |
| **Cash and cash equivalents at the end of the period** | **95,594** | **101,964** |

# NOTES
# BASIC PRINCIPLES

## [1] GENERAL INFORMATION

INDUS Holding AG, based in Bergisch Gladbach, Germany, prepared its consolidated financial statements for the first half of 2015 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 2014 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 in the first half of the 2015 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 2015 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 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. After the date on which the decision is made to divest the company in question, these are classified as “held for sale”.

## [4] BUSINESS COMBINATIONS

### NEA

Through a contract dated May 12, 2015, OFA Bamberg GmbH acquired 100 % of the shares in the Dutch company NEA International B.V. (NEA), Maastricht. NEA develops orthopedic bandages and orthotic devices for specific use in the area of treatment of joint injuries and chronic conditions. NEA was classified as part of the Medical Engineering/Life Science segment.

The cost of acquiring NEA was EUR 21,224,000, which was paid in cash.

The goodwill calculated as part of the purchase price allocation of EUR 10,601,000 is not tax-deductible. Goodwill represents inseparable assets such as staff expertise and positive expectations for future income, as well as synergies from development, production, sales and marketing.

In the provisional purchase price allocation, the acquired assets and liabilities were determined as follows:

**ACQUISITION: NEA** (in EUR '000)

| | Carrying amounts at time of addition | Assets added due to first-time consolidation | Additions consolidated statement of financial position |
|---|---|---|---|
| Goodwill | 0 | 10,601 | 10,601 |
| Other intangible assets | 553 | 7,770 | 8,323 |
| Property, plant, and equipment | 512 | 414 | 926 |
| Inventories | 1,813 | 338 | 2,151 |
| Accounts receivable | 1,016 | 0 | 1,016 |
| Other assets* | 1,076 | 0 | 1,076 |
| Cash and cash equivalents | 290 | 0 | 290 |
| **Total assets** | **5,260** | **19,123** | **24,383** |
| Other provisions | 467 | 0 | 467 |
| Trade accounts payable | 232 | 0 | 232 |
| Other liabilities** | 287 | 2,173 | 2,460 |
| **Total liabilities** | **986** | **2,173** | **3,159** |

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

NEA was first consolidated in May 2015. NEA has contributed EUR 1,085,000 in sales and EUR 259,000 in EBIT to the result for the first half of 2015.

The transaction costs for the acquisition were recorded in the Statement of Income.

# NOTES TO THE STATEMENT OF INCOME

## [5] COST OF MATERIALS

| in EUR '000 | H1 2015 | H1 2014 |
|---|---|---|
| Raw materials and goods for resale | -276,717 | -254,851 |
| Purchased services | -58,603 | -39,432 |
| **Total** | **-335,320** | **-294,283** |

## [6] PERSONNEL EXPENSES

| in EUR '000 | H1 2015 | H1 2014 |
|---|---|---|
| Wages and salaries | -164,011 | -144,710 |
| Social security | -27,448 | -24,325 |
| Pensions | -1,557 | -1,286 |
| **Total** | **-193,016** | **-170,321** |

## [7] OTHER OPERATING EXPENSES

| in EUR '000 | H1 2015 | H1 2014 |
|---|---|---|
| Selling expenses | -34,846 | -33,429 |
| Operating expenses | -32,681 | -29,651 |
| Administrative expenses | -17,680 | -16,231 |
| Other expenses | -4,831 | -3,618 |
| **Total** | **-90,038** | **-82,929** |

## [8] NET INTEREST

| in EUR '000 | H1 2015 | H1 2014 |
|---|---|---|
| Interest and similar income | 169 | 218 |
| Interest and similar expenses | -8,665 | -8,955 |
| **Interest from operations** | **-8,496** | **-8,737** |
| | | |
| Other: Market value of interest-rate swaps | 124 | 255 |
| Other: Non-controlling interests | -4,340 | -2,021 |
| **Other interest** | **-4,216** | **-1,766** |
| | | |
| **Total** | **-12,712** | **-10,503** |

## [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 | H1 2015 | H1 2014 |
|---|---|---|
| Earnings attributable to INDUS shareholders | 31,933 | 27,783 |
| Earnings attributable to discontinued operations | 0 | -2,632 |
| **Earnings attributable to continuing operations** | **31,933** | **30,415** |
| | | |
| Weighted average shares outstanding (in thousands) | 24,451 | 24,451 |
| | | |
| Earnings per share, continuing operations (in EUR) | 1.31 | 1.24 |
| Earnings per share, discontinued operations (in EUR) | 0.00 | -0.11 |

# NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## [11] OTHER INTANGIBLE ASSETS

| in EUR '000 | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Capitalized development costs | 9,965 | 9,501 |
| Property rights, concessions, and other intangible assets | 41,419 | 34,528 |
| **Total** | **51,384** | **44,029** |

## [12] PROPERTY, PLANT, AND EQUIPMENT

| in EUR '000 | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Land and buildings | 174,185 | 167,478 |
| Plant and machinery | 89,512 | 88,076 |
| Other equipment, factory, and office equipment | 42,566 | 41,294 |
| Advance payments and work in process | 9,015 | 9,970 |
| **Total** | **315,278** | **306,818** |

## [13] INVENTORIES

| in EUR '000 | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Raw materials and supplies | 95,882 | 82,638 |
| Unfinished goods | 99,386 | 80,220 |
| Finished goods and goods for resale | 88,020 | 86,429 |
| Prepayments for inventories | 21,236 | 16,403 |
| **Total** | **304,524** | **265,690** |

## [14] ACCOUNTS RECEIVABLE

| in EUR '000 | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Accounts receivable from customers | 173,440 | 144,421 |
| Accounts receivable from construction contracts | 13,501 | 11,649 |
| Accounts receivable from associated companies | 7,854 | 6,021 |
| **Total** | **194,795** | **162,091** |

# OTHER DISCLOSURES

## [15] SEGMENT REPORTING

### SEGMENT INFORMATION BY OPERATION (CONTINUING OPERATIONS) FOR THE FIRST HALF-YEAR 2015

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

| | Construction/ Infrastructure | Automotive Technology | Engineering | Medical Engineering/ Life Science | Metals Technology | Total Segments | Reconciliation | Consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| **H1 2015** | | | | | | | | |
| Sales with external third parties | 106,340 | 183,431 | 133,399 | 65,283 | 187,002 | 675,455 | 136 | 675,591 |
| Sales with Group companies | 4,426 | 19,536 | 21,865 | 4,874 | 18,929 | 69,630 | -69,630 | 0 |
| **Sales** | **110,766** | **202,967** | **155,264** | **70,157** | **205,931** | **745,085** | **-69,494** | **675,591** |
| **Segment earnings (EBIT)** | **11,577** | **10,968** | **17,198** | **9,072** | **16,149** | **64,964** | **-2,244** | **62,720** |
| Earnings from equity valuation | 0 | 210 | 97 | 0 | 0 | 307 | 0 | 307 |
| **Depreciation and amortization** | **-2,993** | **-9,110** | **-3,582** | **-2,291** | **-5,981** | **-23,957** | **-336** | **-24,293** |
| **Segment EBITDA** | **14,570** | **20,078** | **20,780** | **11,363** | **22,130** | **88,921** | **-1,908** | **87,013** |
| **Capital expenditure** | **4,046** | **11,828** | **3,829** | **27,050** | **8,359** | **55,112** | **739** | **55,851** |
| of which company acquisitions | 0 | 0 | 0 | 20,934 | 0 | 20,934 | 0 | 20,934 |
| **H1 2014** | | | | | | | | |
| Sales with external third parties | 108,871 | 175,298 | 88,484 | 53,681 | 174,011 | 600,345 | -59 | 600,286 |
| Sales with Group companies | 4,975 | 18,374 | 17,048 | 1,789 | 14,995 | 57,181 | -57,181 | 0 |
| **Sales** | **113,846** | **193,672** | **105,532** | **55,470** | **189,006** | **657,526** | **-57,240** | **600,286** |
| **Segment earnings (EBIT)** | **12,478** | **11,375** | **10,736** | **8,612** | **18,499** | **61,700** | **-3,209** | **58,491** |
| Earnings from equity valuation | 0 | 368 | 44 | 0 | 0 | 412 | 0 | 412 |
| **Depreciation and amortization** | **-2,751** | **-9,209** | **-2,840** | **-1,310** | **-5,452** | **-21,562** | **-286** | **-21,848** |
| **Segment EBITDA** | **15,229** | **20,584** | **13,576** | **9,922** | **23,951** | **83,262** | **-2,923** | **80,339** |
| **Capital expenditure** | **7,329** | **12,246** | **1,816** | **19,746** | **6,553** | **47,690** | **205** | **47,895** |
| of which company acquisitions | 0 | 27 | 0 | 18,389 | 0 | 18,416 | 0 | 18,416 |

## SEGMENT INFORMATION BY OPERATION (CONTINUING OPERATIONS) FOR THE SECOND QUARTER 2015

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

| | Construction/ Infrastructure | Automotive Technology | Engineering | Medical Engineering/ Life Science | Metals Technology | Total Segments | Reconciliation | Consolidated financial statements |
|---|---|---|---|---|---|---|---|---|
| **Q2 2015** | | | | | | | | |
| Sales with external third parties | 58,996 | 94,186 | 64,687 | 33,833 | 95,833 | 347,535 | 186 | 347,721 |
| Sales with Group companies | 2,367 | 9,889 | 11,253 | 3,046 | 11,180 | 37,735 | -37,735 | 0 |
| **Sales** | **61,363** | **104,075** | **75,940** | **36,879** | **107,013** | **385,270** | **-37,549** | **347,721** |
| **Segment earnings (EBIT)** | **6,882** | **4,759** | **7,685** | **4,365** | **9,004** | **32,695** | **-1,472** | **31,223** |
| Earnings from equity valuation | 0 | 91 | 96 | 0 | 0 | 187 | 0 | 187 |
| **Depreciation and amortization** | **-1,504** | **-4,596** | **-1,811** | **-1,258** | **-3,012** | **-12,181** | **-180** | **-12,361** |
| **Segment EBITDA** | **8,386** | **9,355** | **9,496** | **5,623** | **12,016** | **44,876** | **-1,292** | **43,583** |
| **Capital expenditure** | **1,167** | **6,046** | **1,332** | **21,397** | **3,247** | **33,189** | **427** | **33,616** |
| of which company acquisitions | 0 | 0 | 0 | 20,934 | 0 | 20,934 | 0 | 20,934 |
| **Q2 2014** | | | | | | | | |
| Sales with external third parties | 59,729 | 90,927 | 46,041 | 28,615 | 87,702 | 313,014 | 84 | 313,098 |
| Sales with Group companies | 2,295 | 9,769 | 8,321 | 1,380 | 7,264 | 29,029 | -29,029 | 0 |
| **Sales** | **62,024** | **100,696** | **54,362** | **29,995** | **94,966** | **342,043** | **-28,945** | **313,098** |
| **Segment earnings (EBIT)** | **7,906** | **5,839** | **5,406** | **4,233** | **9,122** | **32,506** | **-2,293** | **30,213** |
| Earnings from equity valuation | 0 | 161 | 0 | 44 | 0 | 205 | 0 | 205 |
| **Depreciation and amortization** | **-1,435** | **-4,517** | **-1,398** | **-721** | **-2,730** | **-10,801** | **-147** | **-10,948** |
| **Segment EBITDA** | **9,341** | **10,356** | **6,804** | **4,954** | **11,852** | **43,307** | **-2,146** | **41,161** |
| **Capital expenditure** | **4,386** | **7,964** | **910** | **19,179** | **3,351** | **35,790** | **63** | **35,853** |
| of which company acquisitions | 27 | 0 | 0 | 18,389 | 0 | 18,416 | 0 | 18,416 |

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

**RECONCILIATION** (in EUR '000)

| | H1 2015 | H1 2014 | Q2 2015 | Q2 2014 |
|---|---|---|---|---|
| **Segment earnings (EBIT)** | **64,964** | **61,700** | **32,695** | **32,506** |
| Areas not allocated, incl. holding company | -2,383 | -3,285 | -1,573 | -2,346 |
| Consolidations | 139 | 76 | 103 | 53 |
| Net interest | -12,712 | -10,503 | -5,993 | -5,549 |
| **Earnings before taxes** | **50,008** | **47,988** | **25,232** | **24,664** |

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** | | | | |
| First half of 2015 | 675,591 | 348,312 | 140,037 | 187,242 |
| First half of 2014 | 600,286 | 303,087 | 138,621 | 158,578 |
| Second quarter 2015 | 347,721 | 181,567 | 72,531 | 93,623 |
| Second quarter 2014 | 313,098 | 158,792 | 72,597 | 81,709 |
| **Noncurrent assets, less deferred taxes and financial instruments** | | | | |
| June 30, 2015 | 760,592 | 644,488 | 40,168 | 75,936 |
| Dec. 31, 2014 | 732,250 | 644,368 | 17,767 | 70,115 |

## [16] 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 JUNE 30, 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 | 12,584 | | 12,584 | | 12,584 |
| Cash and cash equivalents | 95,594 | | 95,594 | | 95,594 |
| Accounts receivable | 194,795 | 13,501 | 181,294 | | 181,294 |
| Other assets | 17,686 | 2,596 | 15,090 | 204 | 14,886 |
| **Financial Instruments: ASSETS** | **320,659** | **16,097** | **304,562** | **204** | **304,358** |
| | | | | | |
| Financial liabilities | 506,017 | | 506,017 | | 506,017 |
| Trade accounts payable | 61,679 | | 61,679 | | 61,679 |
| Other liabilities | 125,216 | 36,672 | 88,544 | 44,969 | 43,575 |
| **Financial Instruments: LIABILITIES** | **692,912** | **36,672** | **656,240** | **44,969** | **611,271** |

**FINANCIAL INSTRUMENTS AS OF DEC. 31, 2014** (in EUR '000)

| | Balance sheet value | IFRS 7 not applicable | Financial instruments IFRS 7 | Measured at fair value | Measured at amortized cost |
|---|---|---|---|---|---|
| Financial assets | 10,526 | | 10,526 | | 10,526 |
| Cash and cash equivalents | 116,491 | | 116,491 | | 116,491 |
| Accounts receivable | 162,091 | 11,649 | 150,442 | | 150,442 |
| Other assets | 13,967 | 890 | 13,077 | 586 | 12,491 |
| **Financial Instruments: ASSETS** | **303,075** | **12,539** | **290,536** | **586** | **289,950** |
| | | | | | |
| Financial liabilities | 462,316 | | 462,316 | | 462,316 |
| Trade accounts payable | 47,942 | | 47,942 | | 47,942 |
| Other liabilities | 127,679 | 34,785 | 92,894 | 44,557 | 48,337 |
| **Financial Instruments: LIABILITIES** | **637,937** | **34,785** | **603,152** | **44,557** | **558,595** |

**FINANCIAL INSTRUMENTS BY VALUATION CATEGORIES IAS 39** (in EUR '000)

| | Carrying amount | |
|---|---|---|
| | June 30, 2015 | Dec. 31, 2014 |
| Measured at fair value through profit and loss | 204 | 586 |
| Loans and receivables | 302,454 | 288,075 |
| Available-for-sale financial assets | 1,903 | 1,875 |
| **Financial instruments: ASSETS** | **304,562** | **290,536** |
| | | |
| Measured at fair value through profit and loss | 44,969 | 44,557 |
| Financial liabilities measured at their residual carrying amounts | 611,271 | 558,595 |
| **Financial instruments: LIABILITIES** | **656,240** | **603,152** |

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.

## [17] 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 2014 annual financial statements.

## [18] EVENTS AFTER THE QUARTERLY REPORTING DATE

On July 30, 2015, INDUS Holding AG acquired 75% of the shares in IEF-Werner GmbH, Furtwangen. IEF-Werner GmbH manufactures components for automation technology. The company primarily covers five areas of automation technology with its product portfolio: transfer systems, microassembly, semiconductors, wheel gauging machines, and components.

IEF was classified as part of the Engineering segment. The purchase price allocation process has not yet been completed.

## [19] APPROVAL FOR PUBLICATION

The Board of Management of INDUS Holding AG approved this IFRS interim financial statement for publication on August 17, 2015.

## [20] DECLARATION OF LEGAL REPRESENTATIVE

We warrant that, to the best of our knowledge, these interim consolidated financial statements provide a true and fair representation, in accordance with the applicable accounting principles for interim consolidated reporting, of the assets, financial, and earnings position of the Group, and that the Group interim management report presents a true and fair representation of the Group's business performance, earnings and position, outlining the principal opportunities and risks in connection with Group business activities planned over the remaining course of the fiscal year.

Bergisch Gladbach, August 17, 2015
INDUS Holding AG

The Board of Management

Jürgen Abromeit Dr. Johannes Schmidt Rudolf Weichert

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# FINANCIAL CALENDAR 2015

| | |
|---|---|
| September 9 | ZKK Capital Market Conference, Zurich |
| September 10 | Commerzbank Sector Conference 2015, Frankfurt/Main |
| November 17 | Interim report on September 30, 2015 |
| November 25 | Deutsches Eigenkapitalforum, Frankfurt/Main |

# IMPRINT

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