

FISCAL 2016/2017

REPORT ON THE 3RD QUARTER
1 OCTOBER 2016 UNTIL 30 JUNE 2017

THE FIRST THREE QUARTER AT A GLANCE

TABLE 01

Income statement, Cash flow statement, Balance sheet, Share, Employees

IFRS	01/10/2016– 30/06/2017	Changes in %	01/10/2015– 30/06/2016
Income statement			
Revenues (EUR million)	734.767	0.9	727.911
Operating profit (EUR million)	39.822	-36.0	62.246
Profit from ordinary activity (EUR million)	38.198	-37.4	60.984
Earnings after income tax (EUR million)	27.818	-33.5	41.842
Cash flow statement			
Cash flow from operating activities (EUR million)	10.589	-77.6	47.232
Cash flow from investing activities (EUR million)	-26.804	-55.3	-59.937
Free cash flow (EUR million)	-16.215	-27.6	-12.705
Capital spending (EUR million)	28.979	-54.0	63.065
Balance sheet			
Equity (EUR million)	359.540	6.4	337.864
Equity ratio (%)	47.0	-0.2	47.1
Total assets (EUR million)	764.903	6.5	717.980
Share			
Earnings per share (EUR)	2.76	-33.3	4.14
Share price on 30 June (EUR) ¹	87.76	-0.3	88.00
Share price, high (EUR) ²	98.41	-5.9	104.60
Share price, low (EUR) ²	79.60	-6.4	85.00
Shares outstanding on 30 June (number)	10,143,240	-	10,143,240
Market capitalisation on 30 June (EUR million)	890.2	-0.3	892.6
Employees			
Number of employees at Bertrandt Group on 30 June	12,966	2.3	12,669

¹Closing price in Xetra trading.

²In Xetra trading.

OVERVIEW

With key technology trends continuing undiminished, the substantial drivers of Bertrandt's business performance remain valid. An increasing variety of models and variants, environmentally friendly individual mobility and connected and automated driving offer perspectives for the automotive sector in the future. Industry 4.0 opens up additional opportunities in key industries, such as the energy and electrical engineering industry, medical technology as well as the machinery and plant engineering sectors. Management believes that the currently challenging economic environment with temporary fluctuations in the demand for capacity and continuing price pressure has a temporarily adverse effect on the development of the Bertrandt Group.

The Company's key performance indicators developed as follows in the first three quarters of fiscal 2016/2017:

- Revenues rose by 0.9 percent year on year to EUR 734.767 million (previous year EUR 727.911million).
- In the period under review, Bertrandt generated an operating profit of EUR 39.822 million (previous year EUR 62.246 million). The margin amounted to 5.4 percent (previous year 8.6 percent).
- Post-tax earnings were EUR 27.818 million (previous year EUR 41.842 million). This works out to earnings per share of EUR 2.76 (previous year EUR 4.14).
- The workforce increased by 297 over the previous year to 12,966 employees (12,669 employees on 30 June 2016).
- Capital expenditure amounted to EUR 28.979 million (previous year EUR 63.065 million and EUR 83.404 million as at 30 September 2016).
- With an equity ratio of 47.0 percent (previous year 47.1 percent), Bertrandt is one of the solid companies in the automotive sector.
- Total assets were EUR 764.903 million (EUR 763.314 million as at 30 September 2016)
- Free cash flow totalled EUR -16.215 million (previous year EUR -12.705 million).

As one of Europe's leading engineering specialists, Bertrandt is a reliable partner for current and future projects across all fields of research and development. The Company provides each customer with a comprehensive range of services with customised and all-in solutions along the entire product engineering process. The customer has the benefit of the expertise of the entire Company, which is available to customers through their local Bertrandt subsidiary because Bertrandt's Competence Centre structure is replicated throughout the Group.

BERTRANDT CONTINUES TO GROW DESPITE
difficult conditions in the first nine months of FY
2016/2017.

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EUR MILLION REVENUE
GROWTH COMPARED TO
THE SAME PERIOD LAST
YEAR.

Q3

QUARTERLY REPORT

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GROUP MANAGEMENT REPORT

THE GROUP – GENERAL INFORMATION

Business model and strategy

As one of Europe's leading engineering partners, Bertrandt has been devising specific and tailored solutions with customers at 54 locations in Europe, Asia and the United States for over 40 years now. Our services for the automotive and aerospace industries include all process steps in the project phases of conceptual design, CAD, development, design modelling, tool production, vehicle construction and production planning right through to start of production and production support. Furthermore, the individual development steps are validated by simulation, prototype building and testing. At our technology centres in the immediate vicinity of our customers, we manage projects of different sizes in cooperation with our customers.

The technology centres are equipped with dedicated design studios, electronics labs as well as testing facilities. Our customer base comprises nearly all European manufacturers as well as important system suppliers. We also provide technological services outside the mobility industry in such forward-looking sectors as energy, medical technology, electrical engineering as well as machinery and plant engineering throughout Germany. Consistency, reliability and capital expenditure on infrastructure and technical equipment enable our customer relationships to thrive. They continue to be key factors for Bertrandt's success. We consider ourselves an active contributor to the development of the future of mobility, and are therefore constantly adapting our range of services to customer needs as well as to changing market conditions. Bertrandt's particular strength lies in the linking up and further development of know-how

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locations worldwide belong to the Bertrandt Group.

and this makes us one of the leading European partners on the market for engineering services. The engineering expertise Bertrandt has built up over many years of activity in the mobility industries provides a firm foundation upon which the Company can realise and take forward customised development solutions in new sectors.

Foreign operations

With its 13 non-domestic branches in Europe, the United States and Asia, Bertrandt pursues a strategy of ensuring a sharp focus on the customer by diversifying its locations on a project-specific basis. The close organisational link-up with its branches in Germany enables Bertrandt to offer its customers the complete range of its services. The Company will continue to invest in building up and expanding its presence abroad so as to be able to devise engineering solutions rapidly and efficiently.

REPORT ON ECONOMIC POSITION

Economic development

The results of the ifo World Economic Survey conducted by the ifo Institute (Leibniz Institute for Economic Research at the University of Munich) for the second quarter of 2017 showed a marked improvement of the world economic climate. The positive impulse has mainly been provided by the industrial nations where decreasing unemployment continues to boost private household consumption. In addition, businesses use the ongoing low interest rates to step up their investment activity. Given the positive economic environment in the industrial nations, the increasing commodity consumption stimulates economic activity in the newly industrialising countries.

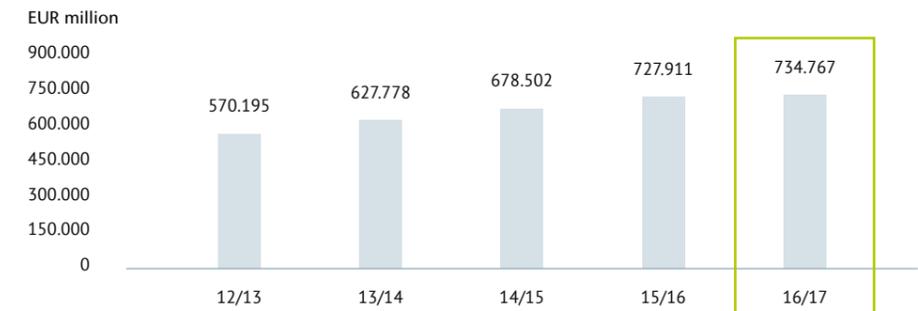
Sector trends

New car sales worldwide developed positively in the first six months of 2017, according to the German Association of the Automotive Industry (VDA). While the US market has more or less maintained the high level of the previous year with more than 8.4 million units sold (-2.2 percent year-on-year), the Chinese passenger car market has continued to grow with new registrations nearly hitting the 11 million mark (+2.7 percent year on year). In Europe, the market continues to recover. In total, almost 8.5 million new cars were sold, which corresponds to 4.6 percent growth over the same period in the previous year.

CHART 02

In the period under review Bertrandt reported an increase in revenues of 0.9 percent.

Consolidated revenues (Q1–Q3)



In a recent study on the situation of the German automobile industry the German Association of the Automotive Industry (VDA) stated that the automobile is undergoing the most radical change in its history. According to the study digital connectivity and globalisation are continuously driving the global innovation and technology race. Mobility needs increase in all continents; sustainable and environmentally friendly vehicle concepts are in demand everywhere. As a result, spending on research and development in the automotive industry is further increasing an important trend for Bertrandt's business performance. On a worldwide basis, German automotive OEMs and suppliers are currently investing more than EUR 39 billion per year in research and development more than twice as much as ten years ago.

The civil aviation business, like in previous years, is mainly driven by global economic growth, environmental regulation at the national level and the decline in fuel prices. The two big aerospace groups, Boeing and Airbus, report an unbroken global growth trend in civil aviation. In view of the development in the first half of 2017, the German Aerospace Industries Association (BDLI) expects that the industry will maintain the high growth level achieved in the previous year throughout 2017.

In the four key industries in which Bertrandt operates apart from the automotive and aerospace sectors, the economic upturn has continued. Thus the business climate index produced by the ifo Institute (Leibniz Institute for Economic Research) at the University of Munich a key index for the energy, medical technology, electrical engineering as

734.767

EUR million in revenues were generated in the Bertrandt Group in the first nine months of fiscal 2016/2017.

well as machinery and plant engineering sectors rose to a new record level of 116 points in June. The companies' satisfaction with their current situation was even more pronounced than before. This assessment is also reflected in a current survey conducted by Reuters News Agency where 17 bank economists expressed their expectations about ongoing economic growth in Germany. Ultimately, the experts expect the economy to grow by 0.6 percent in the second quarter, which would be equivalent to the growth rate at the beginning of the year. In April, expectations were lower with a plus of only 0.4 percent. The German economy is thus able to maintain the high momentum it gained in early 2017

Business performance

The challenging economic environment the Bertrandt Group was faced with is reflected in the Company's business performance in 2016/2017. Especially the exhaust gas scandal and the transformation process affect the automotive industry and lead to postponements of projects and/or temporary fluctuations in the demand for capacity as well as increasing price pressure.

Operating profit (Q1–Q3)

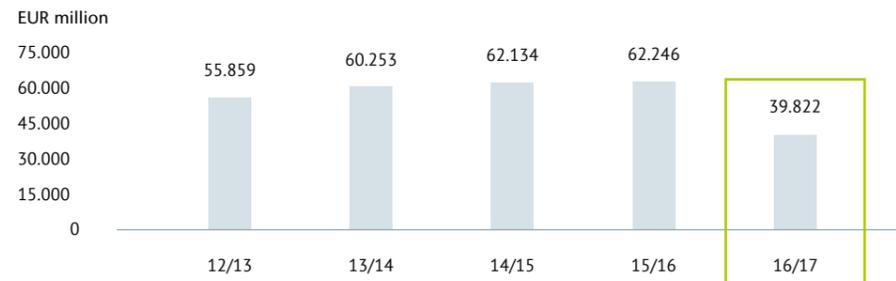


CHART 03

The operating profit was influenced by ongoing temporary fluctuations in the demand for capacity and continuing price pressure.

Total revenues

In the period under review, Bertrandt generated revenues of EUR 734.767 million (previous year EUR 727.911 million), equivalent to a margin of 0.9 percent. The Digital Engineering, Physical Engineering and Electrical Systems/Electronics segments performed differently due to the heterogeneous economic conditions. Total revenues increased by EUR 7.363 million on the previous year to EUR 735.688 million.

CHART 02

Key expenditure figures

Owing to the greater volume of business, expenses in the first nine months of fiscal 2016/2017 increased, breaking down as follows: The cost of materials increased to EUR 77.957 million (previous year EUR 72.502 million), with the material input depending on the individual projects. Personnel expenses also increased and attained EUR 528.006 million in the period under review (previous year EUR 514.059 million). The staff cost ratio was 71.8 percent (previous year 70.6 percent). The investment in infrastructure caused other operating expenses to rise to EUR 71.051 million (previous year EUR 67.611 million).

Operating profit

In the first nine months of the current fiscal year Bertrandt's operating profit was EUR 39.822 million (previous year EUR 62.246 million), equal to a margin of 5.4 percent (previous year 8.6 percent). Net finance income was EUR -1.624 million (previous year EUR -1.262 million). Profit from ordinary activities in the period under review amounted EUR 38.198 million (previous year EUR 60.984 million). Based on a tax rate of 24.1 percent (previous year 29.9 percent), the Company generated post-tax earnings of EUR 27.818 million (previous year EUR 41.842 million).

CHART 03

Financial position

Bertrandt's balance sheet as at 30 June 2017 was as follows: Total assets increased by EUR 1.589 million to EUR 764.903 million (EUR 763.314 million as at 30 September 2016). Non-current assets were EUR 298.604 million as at the balance sheet date (EUR 271.790 million as at 30 September 2016). Current assets amounted to EUR 466.299 million (EUR 491.524 million as at 30 September 2016). The Company's equity as at 30 June 2017 was EUR 359.540 million (EUR 357.936 million as at 30 September 2016). Current liabilities decreased to EUR 155.580 million (EUR 167.594 million as at 30 September 2016). With an equity ratio of 47.0 percent (46.9 percent as at 30 September 2016), Bertrandt remains one of the solid companies in the automotive sector.

CHART 04

Bertrandt's cash flow from operating activities in the period under review was EUR 10.589 million (previous year EUR 47.232 million) as a result of the operating profit and the temporarily increased funds tied up in current assets. Net cash outflow from investing activities decreased year on year, amounting to EUR -59.937 million (previous year EUR -26.804 million). Free cash flow totaled EUR -16.215 million (previous year EUR -12.705 million).

CHART 05

In the first nine months of the fiscal year 2016/2017 the Company made the necessary investments in buildings and technical equipment, spending EUR 28.979 million (previous year EUR 63.065 million). Bertrandt continues its focus on building up and expanding its infrastructure, thus continually optimising its range of services.

CHART 06

CHART 04

With an equity ratio of 47.0 percent, Bertrandt is a financially strong company in the industry.

Equity (on 30 June)

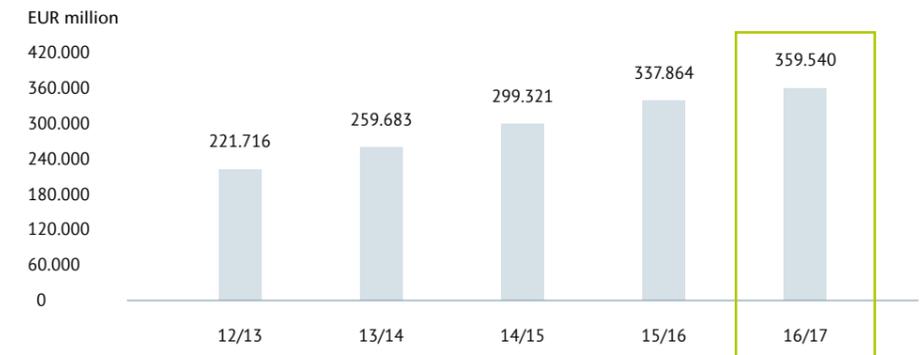


CHART 05

Free cash flow was affected by temporarily increased funds tied up in current assets.

Free cash flow (Q1–Q3)

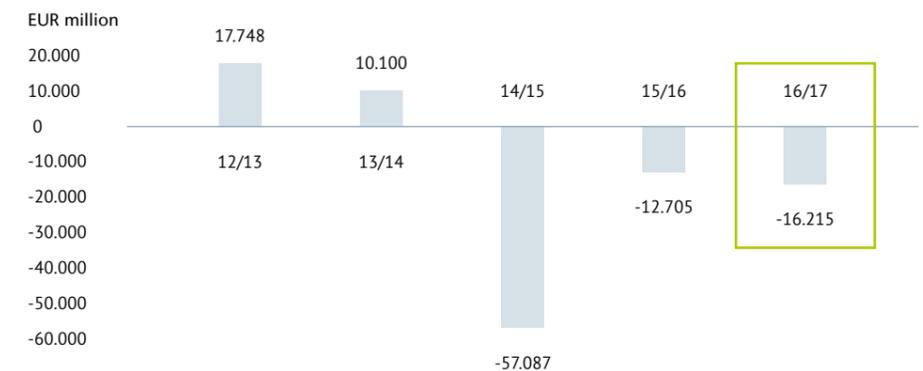
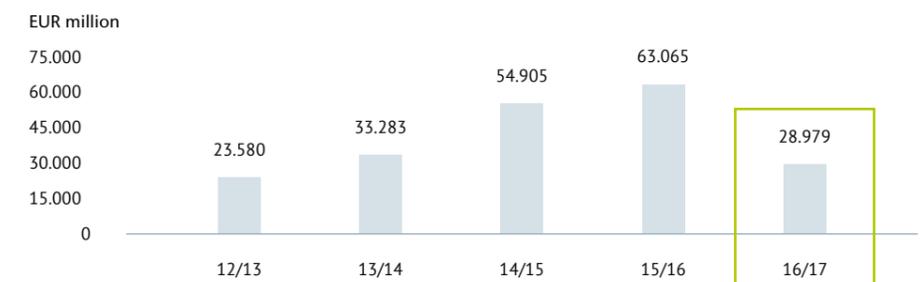


CHART 06

After capex above average in the last years, the Company made necessary investments in buildings and technical equipment on a lower level.

Capital spending (Q1–Q3)



Employees (on 30 June)

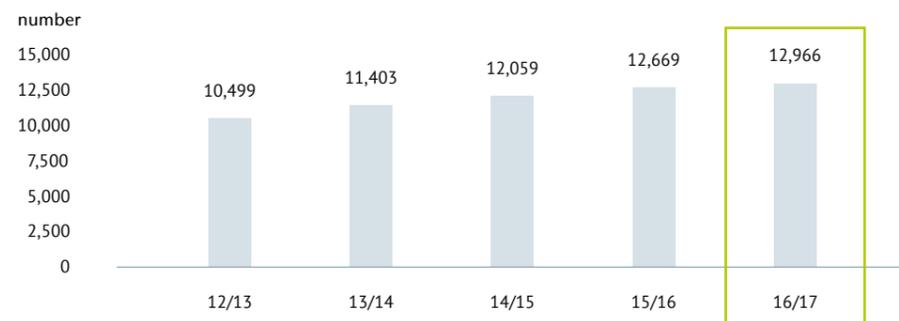


CHART 07

Compared to the previous year the workforce expanded by 297.

12,966

employees worked for Bertrandt on the reporting date.

Human resources

In the period under review the Bertrandt Group continued its policy of building up staff. As of 30 June 2017 the number of employees had risen by 54 compared to 30 September 2016. At the end of the first nine months of fiscal 2016/2017 the Group had 12,966 employees (12,912 employees as at 30 September 2016). This is equal to an increase of 297 on the same period last year (12,669 employees as at 30 June 2016). The latest information on human resources management can be found in the "Careers" section of Bertrandt's website at www.bertrandt.com.

CHART 07

Risk report

As an engineering service provider operating on an international scale, the Bertrandt Group is exposed to a wide variety of risks. The pertinent facts were comprehensively reported in the fiscal 2015/2016 annual report. The developments already anticipated there for fiscal 2016/2017 reflects numerous developments, the results of which cannot be wholly predicted at the present juncture.

OEMs and system suppliers alike are redoubling their efforts to develop electromobility applications, in line with the strategic change currently taking place in the field of drive technologies. These technological developments are decisive for our customers' future market position and have a long-term impact on their business processes and the allocation of their engineering budgets. In addition, the ongoing consolidation among OEMs also affects current and announced projects because responsibilities in the different corporate units are undergoing a restructuring process. The increasing price pressure is felt, too.

A new aspect is added to the picture as the ultimate outcome of the pending antitrust investigations affecting some OEMs cannot be predicted.

1.5

percent: the GDP growth rate for Germany in 2017 forecast by the DIW.

Forecast and outlook

It is also difficult to forecast ongoing geopolitical developments, for example the progress of the Brexit negotiations and the economic repercussions of policies of the present government in the United States. Both countries are important production and sales markets for our customers, and trade barriers, if they are erected, could adversely affect their business performance.

Bertrandt is closely observing these developments. The risks identified in the fiscal 2015/2016 annual report have partly materialised for Bertrandt in the first nine months of fiscal 2016/2017, with an impact on revenue and earnings performance. Management anticipates that these factors will also have a bearing on the fourth quarter of the current fiscal year. Accordingly, the short-term outlook for the current financial year has been adjusted to account for the temporarily prevailing economic environment as has already been communicated in Bertrandt's Ad hoc disclosure of 10 May 2017. The medium-term prospects of the core industries of the Bertrandt Group and the technology trends on which they depend still offer potential for the Company. Its broad strategic focus and solid financial position will provide a firm financial foundation for Bertrandt's business performance also in the future.

Potentials

The major influencing factors, i.e. the increasing variety of models and variants, environmentally friendly individual mobility and connected and automated driving, are still relevant. Further growth opportunities are provided by Industry 4.0. Bertrandt is therefore confident that there is potential for the Company to continue to secure and enhance its market position as an engineering service provider and technology group in the years to come. This is also reflected in actual and planned capital expenditure on expertise, infrastructure and technical equipment.

According to the experts of the German Institute for Economic Research (DIW) global economic output is likely to rise by 3.6 percent this year and by an even higher rate next year. The main drivers for this development are still the decreasing unemployment rate in the industrial nations and higher private consumption. In addition, there is an increase in the investment activities of companies in the United States and Europe. In Germany, production has been increasing for the fourth consecutive year, a trend which is predicted to continue throughout 2017. For the current year the DIW expects a plus of 1.5 percent. This means that the growth rate will be lower than in the previous year, which, however, is merely the effect of fewer working days in the current year. The DIW institute also forecasts a sustained pace of growth of the German economy in the next year with a growth rate of 1.7 percent.

For the year 2017 as a whole, new car sales are expected to increase worldwide over the previous year. For the year overall, the VDA experts anticipate the number of units sold in the US market to reach about 17.5 million, which would more or less correspond to the high level of the previous year. In China, the market is anticipated to grow further after two-digit growth last year, resulting in 24.1 million newly registered cars. With 15.4 million new cars, Europe is expected to slightly exceed the previous year's value.

The market trends that drive Bertrandt's performance, i.e. environmentally friendly individual mobility, safety, connected and automated driving as well as an ever greater variety of models and variants, continue undiminished. The VDA forecasts as well that by 2020 German OEMs will invest around EUR 40 billion in the development of alternative drive technologies alone especially e-mobility. During this period the German automotive manufacturers will more than treble their range

of e-cars – from the current 30 models to nearly 100 models. Internationally, German carmakers are therefore leading global providers of electromobility solutions, strongly expanding their European market share of newly registered electric vehicles, which in the first five months of this year rose to 49 percent (previous year 45 percent). The industry players also continue to invest in sustainable solutions for connected and automated driving. The German automotive industry already accounts for 58 percent of worldwide patents on connected and automated driving. According to the VDA experts, OEMs and suppliers will invest another EUR 16 to 18 billion in digitisation technologies in the next three to four years. Owing to the ever greater diversity of drive technologies, the number of model derivatives is likely to grow as well. Market research institute Frost & Sullivan anticipates the number of globally available passenger car models to further increase over the next five years.

In the field of aircraft construction for civil aviation long-term prospects are equally positive. A recent long-term forecast by Boeing group anticipates worldwide demand for new aircraft for civil aviation rising to up to 41,030 units between 2016 and 2035. This is equal to a present market value of almost EUR 6.1 trillion. Airbus expects a slightly lower volume of new aircraft demand in its forecast for the same period and predicts 33,070 new units by 2035. According to Airbus, the market value corresponds to some EUR 4.6 trillion.

Bertrandt's key industries apart from the mobility sector, i.e. the energy, medical technology, electrical engineering as well as machinery and plant engineering sectors, are benefitting from the thriving global economy. The German Engineering Federation (VDMA), for example, raised its growth forecast in June 2017 from one to three percent real growth. The German Electrical and Electronic Manufacturers Association (ZVEI) expects its industry to grow four percent globally. Especially in the field of medical engineering, the ZVEI anticipates global market growth of six percent for 2017 and 2018. For the energy engineering industry, the ZVEI forecasts global market growth of three percent in 2017, to increase to four percent in the coming year.

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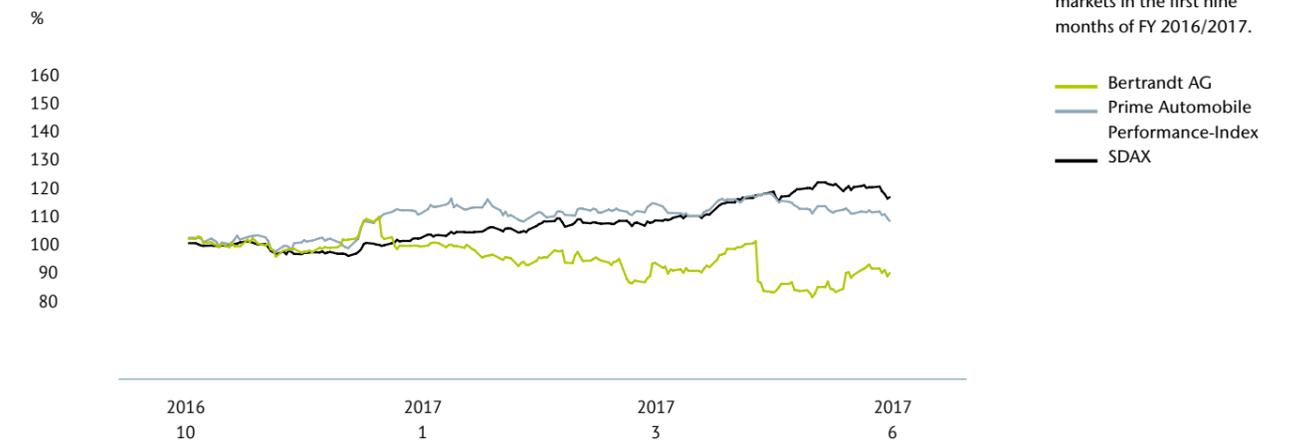
EUR billion will German OEMs invest in the development of alternative drive technologies according to the VDA.

Assuming that underlying economic conditions do not deteriorate, that OEMs make sustained investments in research and development for new technologies and models, engineering work continues to be contracted out and qualified human resources are available, Bertrandt expects its business to develop positively in fiscal 2016/2017. The Management Board expects an increase in revenues of up to EUR 30 million over the previous year. According to today's assessment, operating profit relative to revenues will be between six and eight percent.

The market continues to offer business opportunities in 2017. As a result, Bertrandt will continue to focus its investment activities in building up and expanding its expertise, infrastructure and technical equipment with the aim of continually optimising its range of services across the different geographical regions. However, the Company expects a lower volume of capital spending in fiscal 2016/2017 than in the previous year. A positive cash flow from operating activities is therefore anticipated for the year as a whole, which will, however, shrink by a corresponding amount compared to fiscal 2015/2016 since no significant positive or negative special effects of the kind that occurred in fiscal 2014/2015 and 2015/2016 are expected.

However, the most important opportunities are offered by the current technology trends. Against this backdrop, the Management Board considers a medium-term annual revenue growth of EUR 20 to 50 million and an operating profit relative to revenues of between seven and nine percent as realistic.

Share price in comparison (Q1–Q3)



The Bertrandt share

The DAX started the third quarter of the fiscal year 2016/2017 on 3 April 2017 opening at 12,369 points and closing at 12,325 points as of the last day of trading. The SDAX started the period at 10,113 points and climbed to 10,847 points as of the end of the period. The Prime Automobile Performance Index oscillated between 1,469 and 1,563 points.

The Bertrandt share started the third quarter of the fiscal year 2016/2017 by opening in Xetra trading at EUR 91.50. On 31 May 2017 the share hit a low for the period under review of EUR 79.60. It reached its high for the period of EUR 98.41 on 9 May 2017 and closed at EUR 87.76 in Xetra trading on the last day of trading. The average daily trading volume in the third quarter of fiscal 2016/2017 was 39,499 shares. Analysts' ratings of the Bertrandt share and information on our Company can be found at www.bertrandt.com under Investor Relations.

87.76

EUR was the price at which the Bertrandt share closed in Xetra trading on 30 June 2017.

CHART 08

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TABLE 09

Consolidated income statement and statement of comprehensive income

EUR million				
01/10 to 30/06	Q3	Q3	Q1-Q3	Q1-Q3
	2016/2017	2015/2016	2016/2017	2015/2016
I. Income statement				
Revenues	237.541	243.119	734.767	727.911
Other internally generated assets	0.519	0.159	0.921	0.414
Total revenues	238.060	243.278	735.688	728.325
Other operating income	1.623	3.416	6.451	10.141
Raw materials and consumables used	-26.352	-23.970	-77.957	-72.502
Personnel expenses	-177.371	-172.624	-528.006	-514.059
Depreciation	-8.502	-7.702	-25.303	-22.048
Other operating expenses	-23.251	-22.358	-71.051	-67.611
Operating profit	4.207	20.040	39.822	62.246
Income from investments accounted for using the equity method	0.063	-0.004	0.316	0.015
Interest income/expense	-1.069	-0.665	-3.033	-1.618
Attributable to minority interests	-0.011	0	-0.080	0
Other financial result	0.211	0.084	1.173	0.341
Net finance income	-0.806	-0.585	-1.624	-1.262
Profit from ordinary activities	3.401	19.455	38.198	60.984
Other taxes	-0.404	-0.504	-1.522	-1.273
Earnings after income tax	2.997	18.951	36.676	59.711
Income taxes	-0.158	-5.968	-8.858	-17.869
Earnings after income tax	2.839	12.983	27.818	41.842
– attributable to minority interest	0	0.012	0	0.054
– attributable to shareholders of Bertrandt AG	2.839	12.971	27.818	41.788
Number of shares (million) – diluted/basic, average weighting	10.091	10.091	10.091	10.091
Earnings per share (EUR) – diluted/basic	0.28	1.28	2.76	4.14
II. Statement of comprehensive income				
Earnings after income tax	2.839	12.983	27.818	41.842
Exchange differences ¹	-0.637	0.010	-0.367	-0.338
Revaluation of pension obligations	-0.295	-0.010	-0.884	-0.030
Tax effects of revaluation of pension obligations	0.088	0.003	0.265	0.009
Other earnings after taxes	-844	0.003	-986	-359
Total comprehensive income	1.995	12.986	26.832	41.483
– attributable to minority interest	0	0.012	0	0.054
– attributable to shareholders of Bertrandt AG	1.995	12.974	26.832	41.429

¹Components of Other earnings after taxes which will be recycled in the Income statements of the future quarterly and annual reports.

ALWAYS IN CLOSE PROXIMITY TO OUR CUSTOMERS, always in dialogue – these two principles are reflected in Bertrandt's decentralised organisation. We are present internationally with extensive design and testing areas to support our customers on site.

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**BERTRANDT LOCATIONS
WORLDWIDE.**

CONSOLIDATED BALANCE SHEET

TABLE 10

Consolidated balance sheet		
EUR million	30/06/2017	30/09/2016
Assets		
Intangible assets	15.969	17.480
Property, plant and equipment	262.914	235.800
Investment properties	1.491	1.540
Investments accounted for using the equity method	5.393	5.077
Other financial assets	1.922	2.729
Receivables and other assets	7.561	6.691
Deferred taxes	3.354	2.473
Non-current assets	298.604	271.790
Inventories	1.161	0.889
Future receivables from construction contracts	141.992	114.130
Receivables and other assets	200.453	214.851
Income tax assets	5.396	1.833
Cash and cash equivalents	117.297	159.821
Current assets	466.299	491.524
Total assets	764.903	763.314
Equity and liabilities		
Issued capital	10.143	10.143
Capital reserve	29.374	29.374
Retained earnings and other comprehensive income	278.039	279.025
Consolidated distributable profit	41.984	39.394
Equity	359.540	357.936
Provisions	12.520	16.927
Borrowings	216.373	199.701
Other liabilities	0.223	0.246
Deferred taxes	20.667	20.910
Non-current liabilities	249.783	237.784
Tax provisions	5.520	7.548
Other provisions	25.083	46.586
Borrowings	4.292	2.367
Trade payables	12.711	15.066
Other liabilities	107.974	96.027
Current liabilities	155.580	167.594
Total equity and liabilities	764.903	763.314

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TABLE 11

Consolidated statement of changes in equity										
EUR million	Issued capital	Capital reserve	Retained earnings and other comprehensive income			Consolidated distributable profit	Equity attributable to shareholders of Bertrandt AG	Minority interests	Total	
			Non-distributed earnings	Currency translation reserve	Revaluation of pension obligations	Total				
Value on 01/10/2016	10.143	29.374	282.737	-1.096	-2.616	279.025	39.394	357.936	0	357.936
Earnings after income tax							27.818	27.818	0	27.818
Other earnings				-0.367 ¹	-0.619	-0.986		-0.986		-0.986
Total comprehensive income				-0.367	-0.619	-0.986	27.818	26.832	0	26.832
Dividend payment							-25.229	-25.229		-25.229
Value on 30/06/2017	10.143	29.374	282.737	-1.463	-3.235	278.039	41.983	359.539	0	359.539
Previous year										
Value on 01/10/2015	10.143	28.595	249.144	-0.554	-1.791	246.799	34.083	319.620	0.686	320.306
Earnings after income tax							41.788	41.788	0.054	41.842
Other earnings				-0.338 ¹	-0.021	-0.359		-0.359		-0.359
Total comprehensive income				-0.338	-0.021	-0.359	41.788	41.429	0.054	41.483
Dividend payment							-24.704	-24.704		-24.704
Changes in treasury shares		0.779						0.779		0.779
Value on 30/06/2016	10.143	29.374	249.144	-0.892	-1.812	246.440	51.167	337.124	0.740	337.864

¹Components of Other earnings after taxes which will be recycled in the Income statements of the future quarterly and annual reports.

CONSOLIDATED CASH FLOW STATEMENT

TABLE 12

Consolidated cash flow statement		
EUR million		
01/10 to 30/06	Q1–Q3 2016/2017	Q1–Q3 2015/2016
1. Net profit for the period (including minority interests) before exceptionals	27.818	41.842
2. Income taxes	8.858	17.869
3. Interest income/expense	3.113	1.618
4. Other net financial result	-1.173	-0.341
5. Income from investments accounted for using the equity method	-0.316	-0.015
6. Depreciation of non-current assets	25.303	22.048
7. Increase/decrease in provisions	-28.618	-26.874
8. Other non-cash income/expense	-1.117	-0.039
9. Profit/loss from disposal of non-current assets	-0.196	-0.218
10. Increase/decrease in inventories, future receivables from construction contracts, receivables and other assets as well as other assets not assigned to investing or financing activities	-12.936	10.370
11. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	9.680	0.599
12. Income tax received/paid	-17.517	-19.867
13. Interest paid	-3.718	-0.071
14. Interest received	1.408	0.311
15. Cash flows from operating activities (1.–14.)	10.589	47.232
16. Payments received from disposal of property, plant and equipment	1.122	1.673
17. Payments received from the disposal of financial assets	1.053	1.455
18. Payments made for capital expenditure on property, plant and equipment	-25.637	-57.045
19. Payments made for investments in intangible assets	-3.056	-4.701
20. Payments made for investments in financial assets	-0.257	-1.319
21. Payments made to acquire consolidated companies and other businesses	-0.029	0
22. Cash flows from investing activities (16.–21.)	-26.804	-59.937
23. Payment received from the sale of treasury shares	0	0.779
24. Payments made to shareholders and minority shareholders	-25.229	-24.704
25. Payments received from issue of debt instruments and raising of loans	0	199.600
26. Payments made for discharging debt instruments and repaying loans	-0.967	-39.642
27. Cash flows from financing activities (23.–26.)	-26.196	136.033
28. Changes in cash and cash equivalents (15. + 22. + 27.)	-42.411	123.328
29. Effect of exchange rate changes on cash and cash equivalents	-0.113	-0.153
30. Cash and cash equivalents at beginning of period	159.821	13.068
31. Cash and cash equivalents at end of period (28.–30.)	117.297	136.243

TABLE 13

Consolidated segment report								
EUR million	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total of all divisions	
01/10 to 30/06	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Revenues	449.159	431.265	160.959	160.230	161.735	152.853	771.853	744.348
Transfer between segments	16.591	6.485	12.437	6.981	8.058	2.971	37.086	16.437
Consolidated revenues	432.568	424.780	148.522	153.249	153.677	149.882	734.767	727.911
Operating profit	17.642	33.263	9.788	13.867	12.392	15.116	39.822	62.246
01/04 to 30/06	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Revenues	147.604	144.349	50.986	52.796	53.404	52.975	251.994	250.120
Transfer between segments	5.526	3.444	6.085	2.536	2.842	1.021	14.453	7.001
Consolidated revenues	142.078	140.905	44.901	50.260	50.562	51.954	237.541	243.119
Operating profit	1.090	9.608	1.003	5.149	2.114	5.283	4.207	20.040

TABLE 14

Shares owned by members of the Management and Supervisory Boards		
number	Shares	Shares
	Balance at 30/06/2017	Balance at 30/09/2016
Management Board		
Dietmar Bichler	400,000	400,000
Hans-Gerd Claus	0	0
Michael Lücke	0	0
Markus Ruf	0	0
Supervisory Board		
Dr Klaus Bleyer	0	0
Maximilian Wölfle	0	0
Horst Binnig	0	0
Prof. Dr-Ing. Wilfried Sihm	0	0
Stefanie Blumenauer	0	0
Astrid Fleischer	98	98
Total	400,098	400,098

Options are not disclosed here as there is currently no option programme.

CONDENSED CONSOLIDATED NOTES

BASIC INFORMATION

The consolidated financial statements of Bertrandt Aktiengesellschaft, registered at Birkensee 1, 71139 Ehningen, Germany (register number HRB 245259, commercial register of the local court of Stuttgart), for the year ending 30 September 2016 were prepared using the International Financial Reporting Standards (IFRS) effective at the reporting date and as endorsed by the European Union (EU).

The presented consolidated interim financial statements as at 30 June 2017 were prepared based on International Accounting Standard (IAS) 34 Interim Financial Reporting, in principle applying the same reporting methods as in the consolidated financial statements for fiscal 2015/2016. The provisions of Section 315a (1) German Commercial Code (HGB) as well as all the standards and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are subject to mandatory application in fiscal 2016/2017, have been considered.

A detailed description of these methods is published in the Notes to the Consolidated Financial Statements of the Annual Report for fiscal 2015/2016. The Annual Report is also accessible on the internet at www.bertrandt.com.

These interim consolidated financial statements were compiled in euros. Unless stated otherwise, all amounts are shown in millions of euros (EUR million).

International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2016/2017

The following table sets out the International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2016/2017.

TABLE 15

Standard/ Interpretation		Compulsory application ¹	Expected effects
IFRS 11	Amendments to IFRS 11: Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01/01/2016	None
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	01/01/2016	None
IAS 1	Amendments to IAS 1: Presentation of Financial Statements – Disclosure Initiative	01/01/2016	None
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	01/01/2016	None
IAS 16 and IAS 41	Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants	01/01/2016	None
IAS 27	Amendments to IAS 27: Separate Financial Statements – Equity Method in Separate Financial Statements	01/01/2016	None
Improvements of IFRS	Adoption of Annual Improvements to IFRS Cycle 2012-2014	01/01/2016	Single-case audit

¹Financial years beginning on or after the specified date.

International Financial Reporting Standards and Interpretations that have been published but are not yet mandatory

The following standards and interpretations have already been adopted by the International Accounting Standards Board (IASB) and to some degree approved by the EU but they were not yet mandatory in fiscal 2016/2017. Bertrandt will apply them for the accounting period for which they become mandatory.

TABLE 16

Standard/ Interpretation		Compulsory application ¹	Expected effects
IFRS 2 ²	Classification and Measurement of Share-based Payment Transactions	01/01/2018	None
IFRS 4 ²	Amendments to IFRS 4: Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018	Currently under examination
IFRS 9	Financial Instruments	01/01/2018	No substantial effects, more detailed disclosures in the Notes
IFRS 10 and IAS 28 ³	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	not specified	None
IFRS 15 ⁴	Revenue from Contracts with Customers	01/01/2018	No substantial effects, more detailed disclosures in the Notes
IFRS 15 ^{2,4}	Amendments to IFRS 15	01/01/2018	No substantial effects, more detailed disclosures in the Notes
IFRS 16 ²	Leasing	01/01/2019	Lessee is required to recognise a right-of-use asset and a lease liability in the balance sheet for all leases. More detailed disclosures in the Notes
IFRS 17 ²	Insurance Contracts	01/01/2021	Currently under examination
IAS 7 ²	Amendments to IAS 7: Statement of Cash Flows – Disclosure Initiative	01/01/2017	None
IAS 12 ²	Amendments to IAS 12: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	01/01/2017	None
IAS 40 ²	Amendments to IAS 40: Transfers of Investment Property	01/01/2018	Currently under examination
Improvements of IFRS	Adoption of Annual Improvements to IFRS Cycle 2014-2016	01/01/2017/ 01/01/2018	Single-case audit
IFRIC 22 ²	IFRIC Interpretation 22: Foreign Currency Transactions and Advance Considerations	01/01/2018	Currently under examination
IFRIC 23 ²	IFRIC Interpretation 23: Uncertainty over Income Tax Treatments	01/01/2019	Currently under examination

¹Fiscal years beginning on or after the specified date.

²Not yet endorsed by the EU.

³Postponed to a date to be determined by the IASB.

⁴A group-wide, centrally managed project was set up in early 2016; a final evaluation is planned for the upcoming financial year.

GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies includes all operating subsidiaries under the legal and constructive control of Bertrandt AG. This specifically entails the following German companies: Bertrandt Ingenieurbüro GmbHs in Gaimersheim, Ginsheim-Gustavsburg, Hamburg, Cologne, Munich, Neckarsulm and Tappenbeck as well as Bertrandt Fahrerprobung Süd GmbH in Nufringen, Bertrandt Projektgesellschaft mbH, Bertrandt Services GmbH, Bertrandt Technikum GmbH in Ehningen and Bertrandt Technologie GmbHs in Immendingen, Mönshheim and Sassenburg, Bertrandt Ehningen GmbH in Ehningen, Bertrandt GmbH in Hamburg, Bertrandt Verwaltungs GmbH in Mönshheim, Bertrandt Automotive GmbH & Co. KG, Bertrandt Immobilien GmbH & Co. KG and Bertrandt Grundbesitz GmbH & Co. KG, each located in Pullach i. Isartal, as well as Bertrandt Energie GmbH in Mönshheim, Bertrandt Munich GmbH in Munich and Bertrandt Tappenbeck GmbH in Tappenbeck. In addition, Fariba GmbH & Co. KG (formerly Appalusa Grundstücksverwaltungsgesellschaft mbH) in Mainz and the entities newly incorporated in the year under review, Bertrandt Beteiligungen GmbH and Bertrandt Solutions GmbH, each located in Ehningen, as well as Bertrandt Grundstücks GmbH in Nufringen, and b.professional GmbH in Mannheim were included for the first time in the consolidated financial statements.

The consolidated companies additionally include the foreign entities Bertrandt Engineering Shanghai Co., Ltd. in Shanghai, Bertrandt Engineering Technologies Romania SRL in Sibiu, Bertrandt France S.A., Bertrandt S.A.S. each located in Paris/Vélizy-Villacoublay, Bertrandt Otomotiv Mühendislik Hizmetleri Ticaret Limited Sirketi in Istanbul, Bertrandt Technologie GmbH in Steyr, Bertrandt UK Limited in Dunton, and Bertrandt US Inc. in Detroit.

Associates, i.e. entities which are not controlled by Bertrandt but over which the Company has significant influence are accounted for in the interim financial statements using the equity method. The following companies are associates: aucip. automotive cluster investment platform GmbH & Co. KG, Bertrandt Entwicklungen AG & Co. OHG, each located in Pullach i. Isartal, as well as indirect investments in aucip. automotive cluster investment platform Beteiligungs GmbH, MOLLIS automotive GmbH, NAMENU tool GmbH, and, for the first time MCIP tool GmbH, all of them located in Pullach i. Isartal. In addition, Bertrandt Campus GmbH, Ehningen and, for the first time, the indirect investment in Bertrandt Campus Grundbesitz GmbH, Ehningen, two joint ventures of which Bertrandt has joint control, are also accounted for in the consolidated financial statements under the equity method.

FOREIGN CURRENCY TRANSLATION

The interim consolidated financial statements of subsidiaries using a functional currency other than the euro are translated according to IAS 21. The subsidiaries carry out their business independently for financial, commercial and organisational purposes. The functional currency is therefore identical to the currency of the country in which they are based.

Accordingly, for the interim financial statements these companies' assets and liabilities were translated at the mean closing rate at the date of the statement of financial position, and income and expenses were translated at the average exchange rate for the period. All resulting exchange differences including differences resulting from the translation of amounts brought forward from the previous year are recognised directly in equity.

Foreign currency transactions are recorded by translating the foreign currency amount into the functional currency amount at the exchange rate prevailing on the date of the transaction. Gains and losses arising from the settlement of such transactions as well as from the translation at the reporting date of monetary assets and liabilities held in foreign currencies are recognised in profit or loss.

The parities of the key currencies relative to one euro were as follows:

TABLE 17

Currency translation					
relative to one euro					
		Average rate on balance sheet date		Average rate Q1–Q3	
		30/06/2017	30/06/2016	2016/2017	2015/2016
China	CNY	7.7247	7.3893	7.4114	7.1890
United Kingdom	GBP	0.8787	0.8262	0.8621	0.7595
Romania	RON	4.5539	4.5210	4.5247	4.4828
Turkey	TRY	4.0098	3.2129	3.8036	3.2346
Hungary	HUF	309.3000	316.9000	309.4680	312.6000
United States	USD	1.1403	1.1143	1.0814	1.1092

RELATED PARTY DISCLOSURES

On 2 July 2014 Dr. Ing. h.c. F. Porsche AG, Stuttgart, increased its shareholding in Bertrandt AG by nearly four percentage points. After the share purchase, Volkswagen now indirectly holds around 29 percent of voting shares in Bertrandt. As in the past it is not the intention of Volkswagen to exercise influence on the Supervisory Board or the Management Board. From the date of the purchase of the shares, Bertrandt AG will be accounted for as an associate in the consolidated financial statements of the Volkswagen group under the equity method. Accordingly, the Volkswagen group has to be classified as a related party pursuant to IAS 24. All supplier relationships between Bertrandt AG and the Volkswagen group were based on arm's length prices. The revenues arising from transactions with all Volkswagen group companies amounted to EUR 256.046 million in the period under review (previous year EUR 290.744 million). As of the balance sheet date, receivables amounted to EUR 68.566 million (previous year EUR 60.005 million).

FAIR VALUE DISCLOSURES

The principles and methods used for fair value measurement have remained unchanged compared to fiscal 2015/2016.

Because of the short maturities of the Company's financial assets and financial liabilities, it is assumed that their fair value is equal to their carrying amount. The fair values of the non-current financial liabilities amount to EUR 227.462 million (previous year EUR 210.238 million) on account of the movement in interest rates in the reporting period up to 30 June 2017.

The financial assets and financial liabilities at fair value through profit or loss generally comprise derivatives to hedge foreign exchange and interest risks.

The derivatives' fair values are determined with generally accepted methods of financial mathematics, using mid-market pricing. All derivatives with a positive fair value are disclosed as derivative assets, while all derivatives with a negative fair value are disclosed as derivative liabilities.

As at 30 June 2017 the fair value of all balance sheet items valued at their fair value was EUR 0 million (EUR 0 million as at 30 September 2016). In the period under review, no foreign exchange forward contract or interest rate hedging contract was outstanding.

The fair value hierarchy established by IFRS 13 defines three levels of inputs to valuation techniques which depend on the availability of observable market prices in an active market. Level one input is input available for financial instruments that are measured at quoted prices in active markets for identical assets or liabilities. Financial instruments that are measured using Level two inputs are measured on the basis of inputs other than quoted prices included within Level one, which are observable either directly or indirectly. Level three input refers to market data for the measurement of financial instruments that are unobservable. Interest rate derivatives and foreign exchange forward contracts are categorised as Level two, other derivatives as Level three. Non-current financial liabilities are categorised as Level two. As in the previous year, there were no transfers between the three levels of the fair value hierarchy. A sensitivity analysis is performed every year, analysing and evaluating internal and external information and conditions for their probability of occurrence and the resulting financial burdens. As in the previous year, the sensitivity analysis carried out in the first quarter of fiscal 2015/2016 for derivatives measured according to Level three of the fair value hierarchy did not lead to any change in the carrying amount.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period of 1 October 2016 to 30 June 2017.

GERMAN CORPORATE GOVERNANCE CODE

The declarations of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) by the Management and Supervisory Boards of Bertrandt AG are accessible on the internet at www.bertrandt.com.

QUARTERLY SURVEY

TABLE 18

Consolidated income statement					
EUR million	Q3 16/17	Q2 16/17	Q1 16/17	Q4 15/16	Q3 15/16
Revenues	237.541	251.389	245.837	264.110	243.119
Other internally generated assets	0.519	0.229	0.173	0.258	0.159
Total revenues	238.060	251.618	246.010	264.368	243.278
Other operating income	1.623	2.339	2.489	1.330	3.416
Raw materials and consumables used	-26.352	-25.465	-26.140	-25.595	-23.970
Personnel expenses	-177.371	-179.714	-170.921	-181.622	-172.624
Depreciation	-8.502	-8.435	-8.366	-7.677	-7.702
Other operating expenses	-23.251	-22.351	-25.449	-20.185	-22.358
Operating profit	4.207	17.992	17.623	30.619	20.040
Net finance income	-0.806	-0.249	-0.569	-0.116	-0.585
Profit from ordinary activities	3.401	17.743	17.054	30.503	19.455
Other taxes	-0.404	-0.638	-0.480	-0.401	-0.504
Earnings before tax	2.997	17.105	16.574	30.102	18.951
Income taxes	-0.158	-3.726	-4.974	-8.336	-5.968
Earnings after income tax	2.839	13.379	11.600	21.766	12.983
– attributable to minority interest	0	0	0	0	0.012
– attributable to shareholders of Bertrandt AG	2.839	13.379	11.600	21.766	12.971
Number of shares (million) – diluted/basic, average weighting	10.091	10.091	10.091	10.091	10.091
Earnings per share (EUR) – diluted/basic	0.28	1.33	1.15	2.16	1.28

FINANCIAL
CALENDAR

**Annual report 2016/2017
Annual press and analysts'
conference**
14 December 2017

Annual General Meeting
21 February 2018
10:30
City Hall Sindelfingen

**Report on the 1st quarter
2017/2018**
February 2018

ROADSHOWS
AND
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