

Q1

Fiscal 2018/2019
Report on the 1st Quarter
1 October until 31 December 2018

The first quarter at glance

INCOME STATEMENT, CASH FLOW STATEMENT, BALANCE SHEET, SHARE, EMPLOYEES

TABLE 01

IFRS	01/10/18– 31/12/18	Changes in %	01/10/17– 31/12/17
Income statement			
Total revenues (EUR million)	262.259	5,3	249.138
EBIT (EUR million)	18.331	3,2	17.769
Profit from ordinary activity (EUR million)	17.564	1,7	17.268
Earnings after income tax (EUR million)	11.926	1,4	11.764
Cash flow statement			
Cash flow from operating activities (EUR million)	50.051	33,7	37.446
Cash flow from investing activities (EUR million)	-13.085	0,5	-13.026
Free cash flow (EUR million)	36.966	51,4	24.420
Capital spending (EUR million)	13.615	-3,1	14.049
Balance sheet			
Equity (EUR million)	411.036	6,0	387.718
Equity ratio (%)	51,2 %	3,2	49,6 %
Total assets (EUR million)	802.111	2,6	781.518
Share			
Earnings per share (EUR)	1,18	0,9	1,17
Share price on 31 December (EUR) ¹	68,55	-32,6	101,65
Share price, high (EUR) ²	78,70	-23,6	102,95
Share price, low (EUR) ²	67,80	-14,3	79,15
Shares outstanding on 31 December (number)	10.143.240	-	10.143.240
Market capitalisation on 31 December (EUR million)	695,3	-32,6	1.031,1
Employees			
Number of employees at Bertrandt Group on 31 December	13.307	1,9	13.055

¹Closing price in Xetra trading.

²In Xetra trading.

Overview

Changes in the market, leaps in technology to new drive systems and digitalisation – the challenges currently facing the industry are many. A huge range of topics now play a critically important role in the success of engineering business. In the light of current market trends, the essential foundations for positive business performance in the medium term are therefore intact. As a reliable technology partner providing comprehensive solutions in all the disciplines for which there is demand, Bertrandt is taking on more and more responsibility in the development process. There is a growing demand for interface management as well as controlling and project management competence. As mobility and data grow increasingly interconnected, new topics, products and services are emerging alongside established fields of business which Bertrandt is exploiting to develop the best solutions in each case for its customers. Bertrandt's response to this dynamic environment is to set course for the future by investing in infrastructure and know-how and by producing innovative solutions and taking on greater project responsibility.

The Company's key performance indicators developed as follows in the first three months of fiscal 2018/2019:

- Total revenues in the first three months of fiscal 2018/2019 rose by 5.3 percent year on year to EUR 262.259 million (previous year EUR 249.138 million).
- The EBIT in the first quarter amounted to EUR 18.331 million (previous year EUR 17.769 million), which is equal to a margin of 7.0 percent (previous year 7.1 percent).
- Post-tax earnings reported by Bertrandt for the period under review were EUR 11.926 million (previous year EUR 11.764 million).
- Earnings per share were EUR 1.18 in the first quarter (previous year EUR 1.17).
- The workforce has grown year on year by 252 to 13,307 (13,055 as at 31 December 2017).

We consider ourselves an active contributor to meeting current and future challenges across all engineering project stages, and are therefore constantly adapting our range of services to customer needs as well as to changing market conditions. By linking up disciplines and further developing our know-how we secure our position as 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 also in new sectors.



VEHICLE EMISSIONS TEST CENTRE

Bertrandt is going to build a vehicle emissions test centre in Freising near Munich and another one in Tappenbeck near Wolfsburg, to lay the foundations for the validation of future drive technologies. In total, around EUR 80 million will be invested by the Company for this purpose. The technical emphasis of the test centres will be on certification, homologation, emissions testing and other engineering services. Thus, the Group for the first time includes the validation of powertrain concepts in its range of services. It is a special feature of these services that alongside conventional drive systems using different fuel types, alternative powertrain concepts such as hybrid and electric drive systems will also be tested and validated.

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 56 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. In addition, the individual development steps are validated by simulation, prototype building and testing. This means that we implement collaborative projects of different sizes at our technology centres in the immediate vicinity of our customers. The technology centres provide dedicated design studios, electronics labs as well as testing facilities. Our customer base comprises nearly all European manufacturers as well as a large number of 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. Throughout consistency, reliability and capital expenditure and technical equipment all contribute to growing customer relationships. These are key success factors for Bertrandt.

Foreign operations

With its 14 non-domestic branches in Europe, the United States and Asia, Bertrandt pursues a strategy of ensuring the sharpest possible focus on the customer by diversifying its locations on a project-specific basis. In close organisational interaction with its German branches, Bertrandt is able to offer its customers the complete range of its services and thereby to devise solutions rapidly and efficiently.

REPORT ON ECONOMIC POSITION

Economic development

Uncertainties concerning the future development of the global economy deepened perceptibly in

1.5

was the growth rate of Germany's gross domestic product in 2018, according to the Federal Statistical Office.

late 2018. Darkening clouds on the horizon were the deteriorating financial constraints for the emerging countries and the menacing prospect of trade conflicts. Hence, according to the experts from the Joint Economic Forecast Project Group, global trade had almost stopped growing in the second half of 2018 in particular. This also had impacts on the export-driven German economy. The Federal Statistical Office informed that although GDP was 1.5 percent higher in 2018 than in the previous year and economic growth was continuing for the ninth year in succession, the pace of growth in Germany slowed down compared to the previous year. However, long-term analysis shows that also in 2018 Germany's economic growth exceeded the annual mean of 1.2 percent of the past 10 years.

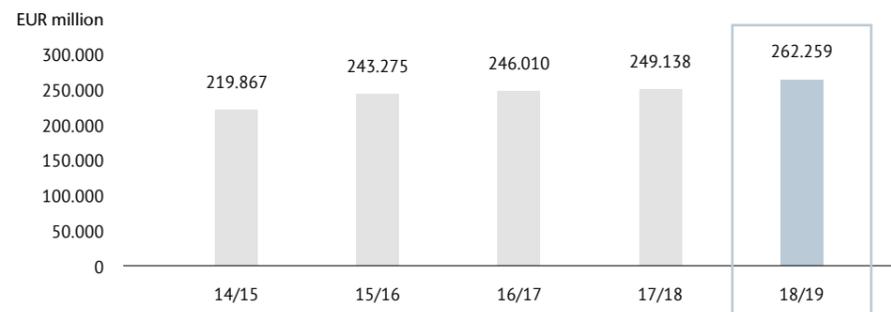
Sector trends

According to the German Association of the Automotive Industry (VDA), the global automotive markets showed a heterogeneous development in 2018. There was a decline in sales in China for the first time since the financial crisis in 2008, although the market volume is still at a very high level. The European passenger vehicle market maintained the high level of the previous year, and passenger car sales in the US were slightly up. In total, more than 85 million new cars were sold worldwide. The automotive industry is still undergoing a fundamental technological transformation which is mainly influenced by alternative drives and digitalisation. The industry is highly committed to an e-mobility future, for example, as new drive solutions are needed to reconcile climate change mitigation with growing mobility needs. At the same time, technologies are being launched which will enable automated driving in various forms and enhance safety and comfort in the process.

According to the German Aerospace Industries Association (BDLI), civil aviation continues to benefit from rising passenger volumes and the need to modernise older aircraft generations. The indus-

TOTAL REVENUES (1ST QUARTER)

CHART 02



Total revenues continued to rise in the period under review.

try is stepping up investment in new technologies and products that relate to the development of the next generation of aircraft, as well as in the further development of products for current aircraft programmes. One important issue is the introduction of Industry 4.0 and the digitalisation of development, production and services.

The four key industries in which Bertrandt operates apart from the automotive and aerospace sectors are substantially impacted by the digitalisation of processes. The establishment of intelligent, digitally networked systems is the basis for implementing more efficient value chains – from the idea for a product through to its development, production, use and maintenance and, finally, recycling. Industry 4.0 offers huge opportunities for Germany as a leading international industry supplier. The prospects which this offers for the energy, medical and electrical technology industries, as well as the machinery and plant engineering sectors, also mean huge growth opportunities for external development partners like Bertrandt. However, the ongoing global trade conflicts are a source of growing uncertainty for businesses. This is also reflected in the business climate index published by the ifo Institute, which fell to 101 points in December 2018 after 102 points in November. Businesses were less satisfied with their current business position, although the level continues to be high. As economic expectations continued to weaken and, for the first time since May 2016, turned negative in the manufacturing industry, firms revised down their production plans.

262.259

EUR million were the total revenues generated in the first quarter of FY 2018/2019.

BUSINESS PERFORMANCE

Development of the first quarter of fiscal 2018/2019

The economic environment has turned out as heterogeneous and challenging as expected. This is reflected in the business performance reported by Bertrandt AG for the first quarter of fiscal 2018/2019. The continuing transformation process in the automotive industry influenced the external sourcing strategies of automotive manufacturers. Delays arose in the award of development contracts to engineering service providers and pressure on prices remained tangible. The first quarter of the fiscal year was one working day longer than the same period in fiscal 2017/2018.

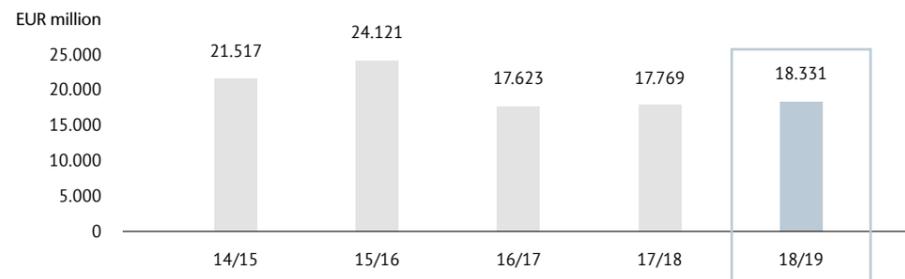
Total revenues

Against this backdrop, the Company increased its total revenues in the period under review to EUR 262.259 million (previous year EUR 249.138 million), including capitalised internally generated assets of EUR 0.187 million (previous year EUR 0.646 million).

→ CHART 02

EBIT (1ST QUARTER)

CHART 03



Despite start-up costs for new technical equipment, training of newly-recruited staff and customer-specific fluctuations in production capacity utilisation EBIT increased in comparison to last year.

Key expenditure figures

Expenses in the first half of fiscal 2018/2019 were as follows: The cost of materials amounted to EUR 24.502 million; this was more or less at the previous year's level (EUR 23.850 million). Since the Group continued to recruit new employees, and fuelled by a general increase in wages, personnel expenses rose in the period under review to EUR 186.335 million (previous year EUR 176.070 million). The staff cost ratio was 71.0 percent (previous year 70.7 percent). Other operating expenses were EUR 27.368 million (previous year EUR 25.193 million).

EBIT

Bertrandt generated EBIT of EUR 18.331 million in the first quarter of fiscal 2018/2019 (previous year EUR 17.769 million), which corresponds to a margin of 7.0 percent (previous year 7.1 percent). Start-up costs for new technical equipment, training of newly-recruited staff and customer-specific fluctuations in production capacity utilisation kept the margin at the previous year's level, despite the increase in total revenues. Net finance income was EUR -0.767 million (previous year EUR -0.501 million). Profit from ordinary activities in the period under review was EUR 17.564 million (previous year EUR 17.268 million). Based on a tax rate of 28.8 percent (previous year EUR 28.7 percent), the Company generated post-tax earnings of EUR 11.926 million (previous year EUR 11.764 million).

→ CHART 03

Financial and assets position

Owing to the Company's growth, total assets were higher by EUR 13.716 million and amounted to EUR 802.111 million as at 31 December 2018 (EUR 788.395 million as at 30 September 2018). Non-current assets increased to EUR 325.530 million

as at the balance sheet date (EUR 318.914 million as at 30 September 2018) as a result of the ongoing investing activities. Current assets amounted to EUR 476.581 million (EUR 469.481 million as at 30 September 2018). Current liabilities totalled EUR 168.442 million (EUR 166.911 million as at 30 September 2018). At EUR 222.633 million, non-current liabilities were at previous year's level (EUR 222.608 million as at 30 September 2018). Equity increased in the first three months of fiscal 2018/2019 to EUR 411.036 million (EUR 398.876 million as at 30 September 2018). The equity ratio increased compared to the end of fiscal 2017/2018 to EUR 51.2 percent (EUR 50.6 percent as at 30 September 2018).

→ CHART 04

The cash flow from operating activities was EUR 50.051 million in the first quarter (previous year EUR 37.446 million), mainly influenced by the decrease in tied-up funds as of the reporting date of 30 September 2018, which has resulted in an optimisation of working capital. Capital expenditure equalled that of the previous year; net cash outflow from investing activities remained broadly the same at EUR -13.085 million (previous year EUR -13.026 million). This resulted in free cash flow of EUR 36.966 million as at the end of the first quarter (previous year EUR 24.420 million).

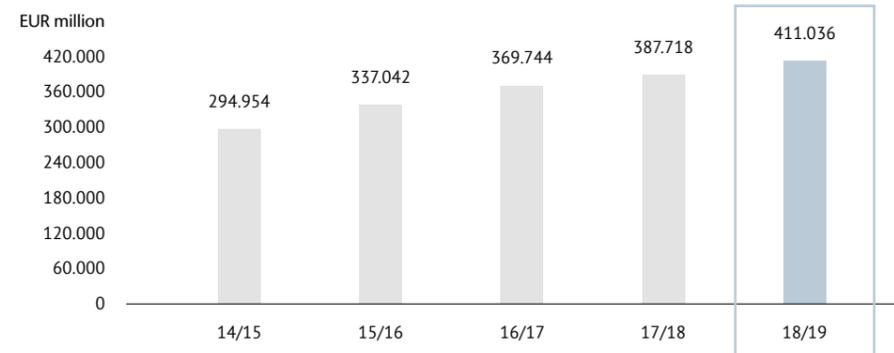
→ CHART 05

In the first three months of the current fiscal year, EUR 13.615 million was invested in buildings and technical equipment to meet needs (previous year EUR 14.049 million). The investment mainly focused on test facilities for electro-mobility and equipment for mobile emissions testing. The Company will continue in this way to focus its investment activities in building up and expanding its infrastructure with the aim of continually optimising its range of services.

→ CHART 06

EQUITY (ON 31 DECEMBER)

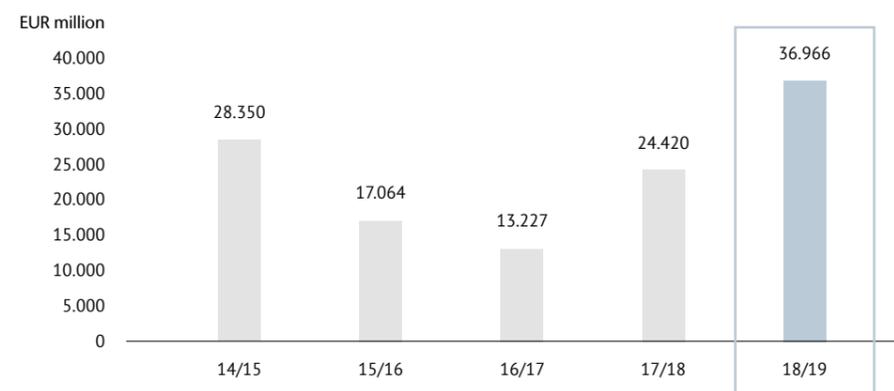
CHART 04



The equity ratio reached 51.2 percent as of the reporting date.

FREE CASHFLOW (1ST QUARTER)

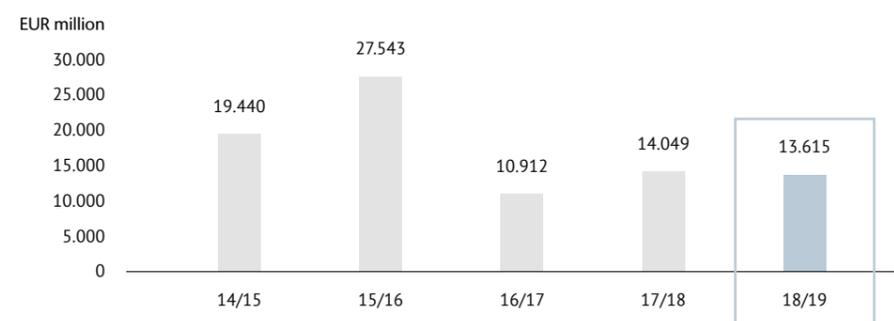
CHART 05



At the end of the first quarter, free cash flow amounted to EUR 36.966 million.

CAPITAL SPENDING (1ST QUARTER)

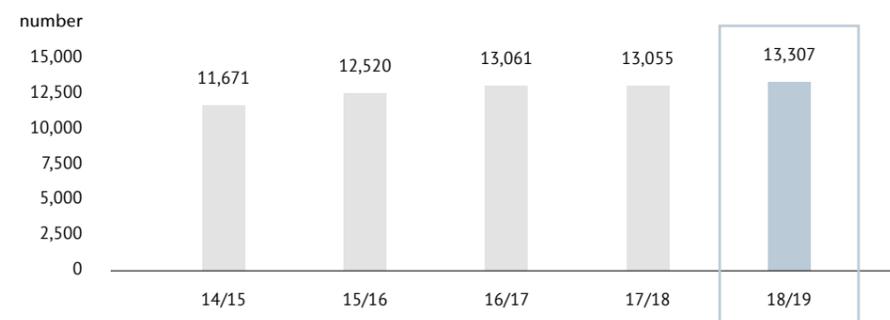
CHART 06



Capital spending was at about the same level as in the previous year.

EMPLOYEES (ON 31 DECEMBER)

CHART 07



Compared to the previous year, the number of employees in the Group increased by 252 people.

13,307

employees worked for Bertrandt on the reporting date.

Human resources

Bertrandt continued to build up staff during the first quarter of fiscal 2018/2019. The Company employed 13,307 people in the Group on 31 December 2018. Compared to the end of fiscal 2017/2018 the workforce grew by 78 people (13,229 on 30 September 2018). Year on year, the number of employees in the Group has therefore grown by 252 people (13,055 on 31 December 2017). The latest information on human resources management can be found in the "Careers" section of Bertrandt's website at www.bertrandt.com.

Risk report

As an engineering service provider operating on an international scale, Bertrandt is exposed to a wide variety of risks. The pertinent facts were comprehensively reported in the fiscal 2017/2018 annual report and the ongoing developments in the automotive sector are expected to shape also the 2018/2019 financial year. The ultimate outcomes of these developments cannot be wholly predicted at the present juncture. Depending on the turn the influencing factors described in the report take, they may result in opportunities or risks for the Bertrandt Group in the next fiscal year. Overall, uncertainty about the macroeconomic conditions and customer-specific challenges has increased in the first quarter and it is difficult to make any reliable or conclusive predictions about the impact on the external sourcing strategies of automotive OEMs. In the view of the Management Board of Bertrandt AG, it is therefore increasingly likely that the risks referred to in the opportunities and risks report will affect Bertrandt's business performance. The outlook in Bertrandt's core industries and the underlying technology trends remains good. A broad strategic alignment and a solid financial base will continue to provide a stable foundation for the business growth of the Bertrandt Group.

→ CHART 07

Potentials

The ongoing technology trends of autonomous driving, connectivity, e-mobility and the Internet of Things are driving fundamental transformation processes and a radical upheaval in the automotive industry. Mobility and the world of digital data are becoming increasingly intertwined and new business fields and market shares are emerging. The ever greater breadth and depth of topics poses a challenge for Bertrandt as both generalist and specialist. As a solutions-focused engineering business the Group is geared to market and customer requirements and consequently also invests in infrastructure and the competences of its employees. With all these developments new topics, services and cooperative opportunities are also emerging alongside established fields of business which Bertrandt is exploiting to develop the best solutions for its customers. Bertrandt is a technology company which provides skilled support as a partner to its customers. The Company's objective is to manage its business sustainably, to position itself successfully on the market and to further build a leading position with a broad and integrated range of services. Bertrandt consciously serves a rather diverse customer base. The Company assumes the role of an expert consultant to the automotive and aerospace industries while embracing the development of technological future trends with a can-do attitude. Moreover, there are promising opportunities for the Company to establish a market position and to bring its expertise to bear in sectors beyond the mobility industry, such as the energy and electrical engineering and medical technology industries as well as the electronics sector or machinery and plant engineering. Thanks to our decentralised structure, we are a trusted partner in the immediate vicinity of our customers. Thus we can take on board their wishes immediately and implement them in projects worldwide. Bertrandt will also be using agile startup-type units and focusing on industries and customers in the fields of medical technology, virtual and augmented reality, cloud solutions, machine learning or big data.

3.0

percent is the rate at which the global economy is predicted by the ifo Institute to grow in 2019.

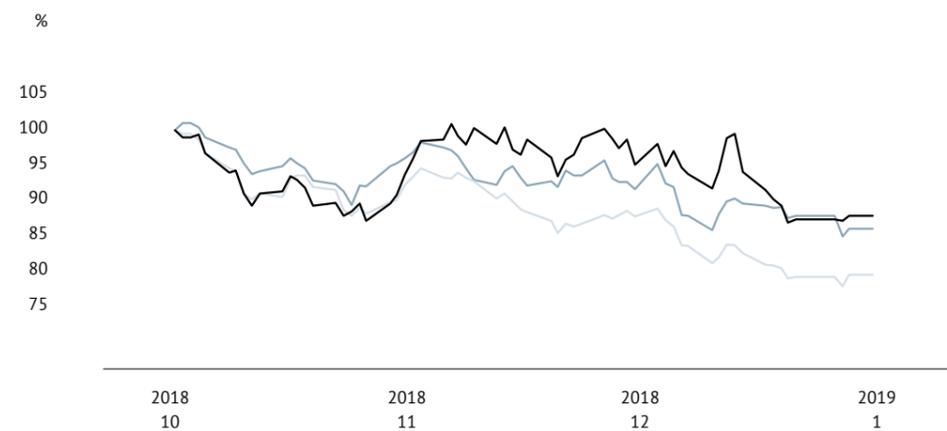
Forecast and outlook

In their autumn reports leading German economic research institutes forecast continued global economic growth. Nonetheless, the future is increasingly uncertain and doubts and concerns about the future world trade order are having a growing impact on developments in the real economy. According to the experts' estimates, world output is still set to grow by three percent in 2019. The upturn will probably be mainly driven by the advanced economies. In the US, economic output is expected to grow 2.5 percent in the course of the current year. For the Chinese economy, economic research institutes project a continuing slowdown in the pace of growth and an expansion of real GDP by 6.3 percent. Growth in the European Union is also expected to be slower than in the previous year with economic output increasing by 1.8 percent year on year. For Germany, experts forecast GDP growth of 1.8 percent in 2019.

According to the VDA, the positive sales position in the passenger vehicle sector will be sustained. The industry association presently anticipates sales of 85.9 million vehicles worldwide in the current calendar year. On the development side, a recent study analysing the situation in the German automotive industry conducted by the VDA in cooperation with consulting firm Oliver Wyman concluded that the automobile itself is in the midst of a historic transformation. According to the study,

SHARE PRICE IN COMPARISON (1ST QUARTER)

CHART 08



Like the German stock markets in general, the price development of the Bertrandt share was volatile in the first quarter.

— Bertrandt AG — Prime Automobile Performance-Index — SDAX

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, experts expect the trend for contracting out engineering services in the automotive industry to continue – an important factor for Bertrandt’s business performance. In a recent study the consulting firm Berylls forecasts global market growth in this field from EUR 11.1 billion in 2017 to EUR 18.3 billion in 2023. The German market in particular will grow in this period from EUR 4.1 billion to EUR 6.3 billion, which is equal to average annual growth of 7.3 percent.

According to the German Aerospace Industries Association (BDLI) the aerospace industry has achieved dramatic reductions in aircraft emissions and noise pollution in recent years. However, the industry has set itself some ambitious long-term targets within the framework of the European “Flightpath 2050” agreements. Taking the year 2000 as the baseline, the goal is to reduce CO₂ emissions by 75 percent and nitrogen oxide by 90 percent per passenger kilometre by 2050. Noise pollution should be reduced by 65 percent by that date. Alongside environmental objectives aircraft manufacturers and suppliers also aim to increase

on-board comfort for passengers. Against this background there will be continuing demand for engineering in this market segment to enable the existing model range to be adjusted to meet these requirements.

The leading associations representing other sectors of the German industry also forecast a good 2019 on the basis of the sustained strong global demand for goods “Made in Germany“. The production forecast made by the German Engineering Federation (VDMA) for the year 2019 is based on assumed growth of two percent. The Federation’s experts expressed confidence in the good order position. Well-filled order books ensure that mechanical engineering companies can continue to expect rising production in the coming year. Experts from the German Electrical and Electronic Manufacturers Association (ZVEI) expect the German electrical and electronic industry to grow by three percent in 2019. The figures provided by the ZVEI for the power engineering industry in particular refer only to the development of the global market. This is expected to grow by four percent this year. The trade association Medical Technology, a division of the Germany Hightech Industry Association SPECTARIS, anticipates annual growth in the world market for medical technology of around five percent in the coming years.

The experts believe that the German medical technology industry, which is highly innovative, well positioned and internationally competitive, will be able to benefit from this development.

Assuming that 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 the Company to develop positively in fiscal 2018/2019. The key market trends promoting Bertrandt’s business success are environmentally friendly individual mobility, connected and automated driving, and the increasing variety of models and variants. These trends are intact and offer business opportunities for the future. In the light of this, the Management Board anticipates an increase in total revenues of between EUR 20 and 50 million for fiscal 2018/2019. EBIT in the period under review is targeted to range between seven and nine percent of total revenues, which translates into EBIT of between EUR 72.9 and 96.4 million.

The market continues to offer business opportunities in 2019. As a result, Bertrandt will continue to focus its investment activities in building up and expanding its infrastructure with the aim of continually optimising its range of services bearing in mind that the technological developments of tomorrow will require state-of-the-art technology. The Company anticipates a volume of capital spending in fiscal 2018/2019 of between EUR 60 and 80 million, which could be even higher if necessary. In line with the EBIT increase over the previous year, Bertrandt anticipates a positive cash flow from operating activities for the year as a whole. The magnitude of the expansion will ultimately depend on the funds tied up in items such as future receivables from construction contracts and receivables resulting from the development of total revenues.

68.55

EUR was the closing price of the Bertrandt share on the last trading day 2018.

The Bertrandt share

The DAX started the first quarter of Bertrandt’s fiscal 2018/2019 year on 1 October 2018 opening at 12,266 points, afterwards descending to 10,559 points as of the last day of trading as a result of continuing market uncertainty. The SDAX started the period at 11,888 points and also fell substantially, closing at 9,509 points as of the end of the period. The Prime Automobile Performance Index moved back and forth between 1,417 and 1,220 points.

The Bertrandt share started the first quarter of the 2018/2019 fiscal year by opening in Xetra trading at EUR 79.65. The highest closing price at the end of a trading day was EUR 78.70 on 6 November 2018. The low for the period was reached on 20 December 2018 when the share closed at EUR 67.80. On the last day of Xetra trading the Bertrandt share closed at EUR 68.55. The average daily trading volume in the first three months of fiscal 2018/2019 was 9,678 shares (20,599 shares in the same period in the previous year).

Analysts’ ratings of the Bertrandt share and information on our Company can be found at www.bertrandt.com under Investor Relations.

Interim Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

TABLE 09

EUR million		
01/10/ to 31/12/	2018/2019	2017/2018
I. Income statement		
Revenues	262.072	248.492
Other internally generated assets	0.187	0.646
Total revenues	262.259	249.138
Other operating income	2.288	2.016
Raw materials and consumables used	-24.502	-23.850
Personnel expenses	-186.335	-176.070
Depreciation	-8.011	-8.272
Other operating expenses	-27.368	-25.193
EBIT	18.331	17.769
Share of profit in associates	0.128	0.095
Interest income	0.044	0.178
Financial expenses	-0.939	-0.773
Other financial result	0	-0.001
Net finance income	-0.767	-0.501
Profit from ordinary activities	17.564	17.268
Other taxes	-0.823	-0.766
Earnings before tax	16.741	16.502
Income taxes	-4.815	-4.738
Post-tax earnings	11.926	11.764
attributable to shareholders of Bertrandt AG	11.926	11.764
Number of shares (million) – diluted/basic, average weighting	10.095	10.091
Earnings per share (EUR) – diluted/basic	1.18	1.17
II. Statement of comprehensive income		
Post-tax earnings	11.926	11.764
Exchange rate differences ¹	0.100	-0.200
Revaluation of pension obligations	-0.030	-0.294
Tax effects of revaluation of pension obligations	0.009	0.088
Other comprehensive income after taxes	0.079	-0.406
Total comprehensive income	12.005	11.358
Attributable to shareholders of Bertrandt AG	12.005	11.358

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

CONSOLIDATED BALANCE SHEET

TABLE 10

EUR million		
	31/12/2018	30/09/2018
Assets		
Intangible assets	13.541	13.724
Property, plant and equipment	288.018	282.104
Investment properties	1.392	1.408
Investments accounted for using the equity method	5.985	5.874
Financial assets and other assets	3.636	3.585
Other receivables	9.815	8.895
Deferred taxes	3.143	3.324
Non-current assets	325.530	318.914
Inventories	2.458	1.156
Contract assets	112.946	121.100
Financial assets and other assets	213.358	240.384
Other receivables	17.352	14.515
Income tax assets	5.479	3.921
Cash and cash equivalents	124.988	88.405
Current assets	476.581	469.481
Total assets	802.111	788.395
Equity and liabilities		
Issued capital	10.143	10.143
Capital reserves	29.713	29.713
Retained earnings	323.316	323.161
Other comprehensive income	-3.826	-3.905
Consolidated distributable profit	51.690	39.764
Equity	411.036	398.876
Borrowings	199.824	199.810
Other liabilities	0.434	0.447
Provisions	9.810	9.740
Deferred taxes	12.565	12.611
Non-current liabilities	222.633	222.608
Borrowings	15.575	18.339
Contract liabilities	26.944	6.354
Trade payables	18.673	17.849
Other financial liabilities	15.980	22.517
Other liabilities	67.444	64.648
Other provisions	23.025	36.433
Tax provisions	0.801	0.771
Current liabilities	168.442	166.911
Total equity and liabilities	802.111	788.395

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TABLE 11

EUR million	Issued capital	Capital reserves	Retained earnings	Other comprehensive income		Distributable profit	Total	
				Currency translation reserve	Revaluation of pension obligations			
								Total
Value on 30/09/2018	10.143	29.713	323.161	-1.893	-2.012	-3.905	39.764	398.876
Value adjustment according to IFRS 9			0.155					0.155
Value on 01/10/2018	10.143	29.713	323.316	-1.893	-2.012	-3.905	39.764	399.031
Post-tax earnings							11.926	11.926
Other comprehensive income after taxes				0.100 ¹	-0.021	0.079		0.079
Total comprehensive income				0.100	-0.021	0.079	11.926	12.005
Value on 31/12/2018	10.143	29.713	323.316	-1.793	-2.033	-3.826	51.690	411.036
Previous year								
Value on 01/10/2017	10.143	29.374	301.244	-1.823	-2.102	-3.925	39.524	376.360
Post-tax earnings							11.764	11.764
Other comprehensive income after taxes				-0.200 ¹	-0.206	-0.406		-0.406
Total comprehensive income				-0.200	-0.206	-0.406	11.764	11.358
Value on 31/12/2017	10.143	29.374	301.244	-2.023	-2.308	-4.331	51.288	387.718

¹Components of Other comprehensive income which will be recycled in the Income statements of the future quarterly and annual reports.

CONSOLIDATED CASH FLOW STATEMENT

TABLE 12

EUR million	01/10/ to 31/12/	
	2018/2019	2017/2018
1. Post-tax earnings	11.926	11.764
2. Income taxes	4.815	4.738
3. Share of profit in associates	-0.128	-0.95
4. Interest income	-0.044	-0.178
5. Financial expenses	0.939	0.773
6. Other financial result	0	0.001
7. Depreciation of non-current assets	8.011	8.272
8. Increase in provisions	-14.151	-13.636
9. Other non-cash income/expense	0.468	-0.376
10. Profit/loss from disposal of non-current assets	-0.127	-0.203
11. Increase/decrease in inventories, receivables and other assets as well as other assets not assigned to investing or financing activities	21.794	-2.427
12. Contract assets	8.153	27.417
13. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	17.694	9.522
14. Income tax paid	-6.215	-5.502
15. Income tax received	0	0.302
16. Interest paid	-3.126	-3.001
17. Interest received	0.042	0.075
18. Cash flow from operating activities (1.–17.)	50.051	37.446
19. Payments received from disposal of property, plant and equipment	0.330	0.458
20. Payments received from the disposal of financial assets	0.200	0.565
21. Payments made for capital expenditure on property, plant and equipment	-12.854	-12.566
22. Payments made for investments in intangible assets	-0.608	-1.358
23. Payments made for investments in financial assets	-0.153	-0.125
24. Cash flow from investing activities (19.–23.)	-13.085	-13.026
25. Payments made for discharging debt instruments and repaying loans	-0.484	-0.484
26. Cash flow from financing activities (25.)	-0.484	-0.484
27. Changes in cash and cash equivalents (18.+24.+26.)	36.482	23.936
28. Effect of exchange rate changes on cash and cash equivalents	0.101	-0.170
29. Cash and cash equivalents at beginning of period	88.405	139.266
30. Cash and cash equivalents at end of period (27.–29.)	124.988	163.032

CONSOLIDATED SEGMENT REPORT

TABLE 13

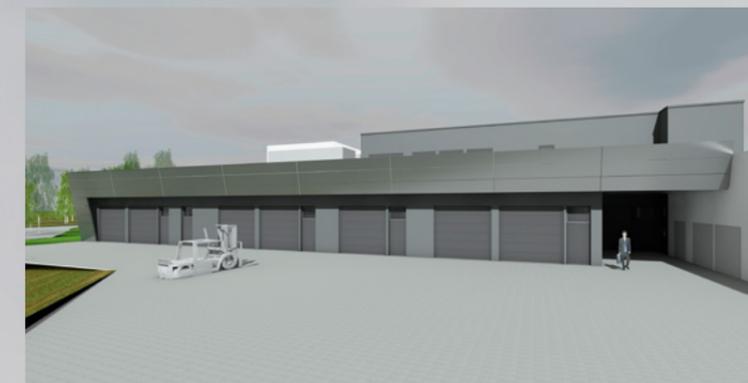
EUR million	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total of all divisions	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
01/10/ to 31/12/								
Revenues	157.285	156.523	60.957	56.812	56.734	54.193	274.976	267.528
Transfer between segments	6.761	11.675	2.707	3.623	3.436	3.738	12.904	19.036
Consolidated revenues	150.524	144.848	58.250	53.189	53.298	50.455	262.072	248.492
Other internally generated assets	0.113	0.117	0.056	0.029	0.018	0.500	0.187	0.646
Consolidated total revenues	150.637	144.965	58.306	53.218	53.316	50.955	262.259	249.138
EBIT	9.359	8.551	3.789	4.504	5.183	4.714	18.331	17.769

SHARES OWNED BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

TABLE 14

number	Shares	
	Balance at 31/12/2018	Balance at 30/09/2018
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	101	101
Total	400,101	400,101

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



HIGH-VOLTAGE BATTERY TEST CENTRE

Bertrandt is investing more than EUR 15 million in the erection of new high-voltage centre for battery tests in Ehningen to meet the ever-increasing requirements regarding the quantity and capability of high-voltage test resources.

This will enable the Company to offer functional validation of high-voltage batteries under various climate and load conditions, covering the whole range from modules through to hybrid batteries and batteries for electric-only vehicles.



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 2018 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 financial statements as at 31 December 2018 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 2017/2018.

These interim consolidated financial statements comply with the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). They also comply with all Standards and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which are mandatorily effective for the financial year 2018/2019, and with the German Corporate Governance Code.

A detailed description of these methods is published in the Notes to the Consolidated Financial Statements of the Annual Report for fiscal 2017/2018. 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). Where percentage values and figures are given, differences may occur due to rounding.

International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2018/2019

The following table sets out the International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2018/2019.

TABLE 15

Standard/ Interpretation		Compulsory application ¹	Expected effects
IFRS 2	Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01/01/18	None
IFRS 4	Amendments to IFRS 4: Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/18	None
IFRS 9	Amendments to IFRS 9: Financial Instruments	01/01/18	More detailed disclosures in the Notes
IFRS 15	Revenue from Contracts with Customers Amendments to IFRS 15	01/01/18	More detailed disclosures in the Notes
IAS 40	Amendments to IAS 40: Transfers of Investment Property	01/01/18	None
IFRIC 22	Foreign Currency Transactions and Advance Considerations	01/01/18	None
Improvements to IFRS	Adoption of Annual Improvements to IFRS Cycle 2014-2016	01/01/18	Single-case audit

¹Fiscal 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 2018/2019. Bertrandt will apply them for the accounting period for which they become effective.

TABLE 16

Standard/ Interpretation		Compulsory application ¹	Expected effects
IFRS 3 ²	Amendments to IFRS 3: Business Combinations	01/01/2020	None
IFRS 9	Amendments to IFRS 9: Prepayment Features with Negative Compensation	01/01/2019	Currently under examination
IFRS 16	Leasing	01/01/2019	Currently under examination
IFRS 17 ²	Insurance Contracts	01/01/2021	None
IAS 1 und IAS 8 ²	Amendments to IAS 1 and IAS 8: Definition of Material	01/01/2020	Currently under examination
IAS 19 ²	Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	01/01/2019	Currently under examination
IAS 28 ²	Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	01/01/2019	Currently under examination, more detailed disclosures in the Notes
IFRIC 23	Uncertainty over Income Tax Treatments	01/01/2019	Currently under examination
Improvements to IFRS ²	Adoption of Annual Improvements to IFRS Cycle 2015-2017 Changes on the Conceptual Framework of the IFRS Regulations	01/01/2019 / 01/01/2020	Single-case audit

¹Fiscal years beginning on or after the specified date.

²Not yet endorsed by the EU.

IFRS 9 – Financial Instruments

The adjustment effect resulting from the initial application of IFRS 9 was recognised in equity as of the date of initial application. Overall, as a result of the first adoption of IFRS 9, increased equity was recognised as of 30 September 2018, after adjusting for deferred taxes of EUR 0.155 million which were fully attributable to the reduction in provisions for impairment of trade receivables. IFRS 9 must be applied retrospectively, but there are a number of options for a simplified approach. There is no restatement of prior periods. For more detailed explanations about the general changes required by IFRS 9, see page 82 in the annual report 2017/2018.

The following table sets out the reconciliation of value adjustments as of 1 October 2018 and their development until 31 December 2018:

RECONCILIATION OF VALUE ADJUSTMENTS

TABLE 17

EUR million	Value adjustment acc. to IAS 39 30/09/18	Remeasurement	Value adjustment acc. to IFRS 9 01/10/2018	Change in value adjustment Q1 2018/2019	Value adjustment acc. to IFRS 9 31/12/2018
Trade receivables	1.103	-0.260	0.843	-0.070	0.773
Cash and cash equivalents	0	0.039	0.039	0.013	0.052
Total	1.103	-0.221	0.882	-0.057	0.825

IFRS 15 – Revenue from Contracts with Customers

Following an analysis of the contracts with customers in the Bertrandt Group, the Company does not expect the implementation of IFRS 15 to have a material impact on its consolidated financial statements.

The new standard merely requires changing the presentation of certain items in the balance sheet to reflect the terminology of IFRS 15:

- For “Future receivables from construction contracts” the term “Contract assets” will from now on be used.
- “Other liabilities” will be separately shown as “Other liabilities” and “Contract liabilities”.
- Advance payments received, which were recognised in other liabilities in prior periods, will be recognised in “Contract liabilities” from the fiscal year 2018/2019 onwards.

For more detailed explanations about the general changes required by IFRS 15, see page 82 – 83 in the annual report 2017/2018.

Presentation of interim financial statements

For a better understanding of the financial statements, the balance sheet is extended by adding the following items to assets and liabilities: “Financial assets and other assets”, “Other receivables” and “Other financial liabilities”. The financial assets and other assets as well as other financial liabilities include receivables and other assets as well as other liabilities that are within the scope of IFRS 7. Other financial assets as recognised in prior-period financial statements are now recognised in non-current financial assets and other assets. The current/non-current presentation used is the same as in the previous year. Retained earnings and other comprehensive income are recognised separately in equity.

GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies includes all operating subsidiaries under the legal and constructive control of Bertrandt AG.

Associates, i.e. entities which are not controlled by Bertrandt but over which the Company has significant influence, and joint ventures, i.e. entities of which Bertrandt has joint control, either directly or indirectly, are accounted for in the consolidated financial statements using the equity method.

The following table shows the entities of the Bertrandt Group:

GROUP OF CONSOLIDATED COMPANIES

TABLE 18

01/10/ to 31/12/	2018/2019
Bertrandt AG and consolidated subsidiaries	47
Germany	38
Abroad	9
Associates and joint ventures	15
Germany	15
Abroad	0
Total	62

The following newly incorporated entities were included for the first time in the consolidated financial statements: Bertrandt Development GmbH in Ehningen, Bertrandt Innovation GmbH in Munich and Bertrandt Innovation GmbH in Tappenbeck, Bertrandt Mobility GmbH in Ehningen, Bertrandt Neo GmbH in Tappenbeck and Bertrandt Technologie GmbH in Regensburg.

In addition, the associates SADONA tool GmbH and SIDENO tool GmbH, each located in Pullach i. Isartal, were included for the first time in the consolidated financial statements.

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:

FOREIGN CURRENCY TRANSLATION

TABLE 19

relative to one euro		Average rate on balance sheet date		Average rate Q1	
		31/12/2018	31/12/2017	31/12/2018	2017/2018
China	CNY	7.8600	7.8327	7.8918	7.7869
United Kingdom	GBP	0.8971	0.8874	0.8874	0.8873
Romania	RON	4.6654	4.6600	4.6608	4.6205
Turkey	TRY	6.0557	4.5343	6.2830	4.4807
United States	USD	1.1453	1.1988	1.1417	1.1779

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 86.725 million in the period under review (previous year EUR 90.903 million). As of the balance sheet date, receivables amounted to EUR 89.713 million (previous year EUR 77.472 million).

FAIR VALUE DISCLOSURES

The principles and methods used for fair value measurement have remained unchanged compared to fiscal 2017/2018.

Based on the short maturities of the current financial assets and liabilities, it is assumed that their fair values are nearly equal to their carrying amounts. The fair values of non-current borrowings were EUR 207.384 million as of 31 December 2018 (previous year EUR 226.534 million) as a result of the development of interest rates.

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 31 December 2018 the fair value of all balance sheet items valued at their fair value was EUR 0 million (EUR 0 million as at 30 September 2018). 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 2018/2019 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 2018 to 31 December 2018.

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

CONSOLIDATED INCOME STATEMENT

TABLE 20

EUR million	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18
Revenues	262.072	269.324	251.182	250.916	248.492
Other internally generated assets	0.187	-0.936	0.308	1.088	0.646
Total revenues	262.259	268.388	251.490	252.004	249.138
Other operating income	2.288	2.452	1.807	2.319	2.016
Raw materials and consumables used	-24.502	-28.428	-23.054	-25.056	-23.850
Personnel expenses	-186.335	-185.410	-183.638	-178.853	-176.070
Depreciation	-8.011	-8.221	-8.294	-8.235	-8.272
Other operating expenses	-27.368	-25.990	-25.026	-23.883	-25.193
EBIT	18.331	22.791	13.285	18.296	17.769
Net finance income	-0.767	-0.836	-0.803	-0.843	-0.501
Profit from ordinary activities	17.564	21.955	12.482	17.453	17.268
Other taxes	-0.823	-1.480	-0.760	-0.852	-0.766
Earnings before tax	16.741	20.475	11.722	16.601	16.502
Income taxes	-4.815	-5.183	-3.852	-4.142	-4.738
Post-tax earnings	11.926	15.292	7.870	12.459	11.764
– attributable to shareholders of Bertrandt AG	11.926	15.292	7.870	12.459	11.764
Number of shares (million) – diluted/basic, average weighting	10.095	10.095	10.091	10.091	10.091
Earnings per share (EUR) – diluted/basic	1.18	1.51	0.78	1.23	1.17

Q1 QUARTERLY REPORT

- > Quarterly Survey
- > Financial Calendar
- > Roadshows and Conferences
- > Credits

Financial calendar

Report on the 1st quarter 2018/2019

18 February 2019

Annual General Meeting

20 February 2019

10:30

City Hall Sindelfingen

Report on the 2nd quarter 2018/2019

6 June 2019

14. Capital Market Day

6. Juni 2019

Report on the 3rd quarter 2018/2019

28 August 2019

Annual report 2018/2019

Annual press and analysts' conference

12 December 2019

Annual General Meeting

19 February 2020

10:30

City Hall Sindelfingen

Corporate responsibility report



→ DATES

Credits

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Design, layout and production

SAHARA Werbeagentur, Stuttgart
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