

FISCAL 2016/2017

REPORT ON THE 1ST HALF
1 OCTOBER 2016 TO 31 MARCH 2017

THE FIRST HALF YEAR AT A GLANCE

TABLE 01

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

IFRS	01/10/16– 31/03/17	Changes in %	01/10/15– 31/03/16
Income statement			
Revenues (EUR million)	497.226	2.6	484.792
Operating profit (EUR million)	35.615	-15.6	42.206
Profit from ordinary activity (EUR million)	34.797	-16.2	41.529
Earnings after income tax (EUR million)	24.979	-13.4	28.859
Cash flow statement			
Cash flow from operating activities (EUR million)	39.672	-36.5	62.456
Cash flow from investing activities (EUR million)	-18.107	-56.6	-41.681
Free cash flow (EUR million)	21.565	3.8	20.775
Capital spending (EUR million)	19.573	-55.9	44.302
Balance sheet			
Equity (EUR million)	357.544	10.3	324.099
Equity ratio (%)	46.7	2.4	45.6
Total assets (EUR million)	765.582	7.8	710.437
Share			
Earnings per share (EUR)	2.48	-13.3	2.86
Share price on 31 March (EUR) ¹	91.13	-9.6	100.85
Share price, high (EUR) ²	98.00	-12.4	111.85
Share price, low (EUR) ²	84.24	-8.9	92.50
Shares outstanding on 31 March (number)	10,143,240	–	10,143,240
Market capitalisation on 31 March (EUR million)	924.4	-9.6	1,022.9
Employees			
Number of employees at Bertrandt Group on 31 March	13,098	3.4	12,663

¹Closing price in Xetra trading.

²In Xetra trading.

OVERVIEW

With key technology trends continuing undiminished, the main drivers of Bertrandt's business performance are unchanged. An increasing variety of models and variants, environmentally friendly individual mobility and connected and automated driving continue to offer business opportunities 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. The present delay in the awarding of external development contracts casts no doubt on Management's assessment that the medium-term economic conditions are positive for the Company's business model.

Faced with a challenging environment, the Bertrandt Group developed as follows in the first half of fiscal 2016/2017:

- Total revenues in the first six months of fiscal 2016/2017 rose by 2.6 percent year on year to EUR 497.628 million (previous year EUR 485.047 million).
- Operating profit in the first half amounted to EUR 35.615 million (previous year EUR 42.206 million), equal to a margin of 7.2 percent (previous year 8.7 percent).
- Post-tax earnings generated in the period under review were EUR 24.979 million (previous year EUR 28.859 million).
- Earnings per share were EUR 2.48 in the first six months of fiscal 2016/2017 (previous year EUR 2.86).
- The workforce increased by 186 over the end of fiscal 2015/2016 to 13,098 employees (12,912 employees on 30 September 2016).
- Capital expenditure amounted to EUR 19.544 million (previous year EUR 44.302 million and EUR 83.404 million as at 30 September 2016).
- The Company had free cash flow of EUR 21.565 million (previous year EUR 20.775 million).
- With an equity ratio of 46.7 percent (46.9 percent as at 30 September 2016), Bertrandt remains one of the solid companies in the automotive sector.
- Total assets increased compared to the end of fiscal 2015/2016 to EUR 765.582 million (EUR 763.314 million as at 30 September 2016).

Bertrandt's comprehensive range of services provides each customer with customised and all-in solutions along the entire product engineering process. As one of Europe's leading engineering specialists, Bertrandt is a reliable partner when it comes to meeting current and future challenges across all engineering project stages. All the expertise of the entire Bertrandt Group is available to customers through their local Bertrandt subsidiary, because Bertrandt's Competence Centre structure is replicated throughout the Group.

Q2

QUARTERLY REPORT

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WE EXPANDED AND DEEPENED OUR EXPERTISE
in automotive trends in the last fiscal year by investing in
new technologies and infrastructure.

19.573

MILLION EUROS FOR
TECHNOLOGIES,
INFRASTRUCTURE AND
SPECIALIST KNOW-HOW

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 maintain dedicated design studios, electronics labs as well as testing facilities where projects of different sizes are managed in cooperation with our customers. 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 and are key success factors for Bertrandt.

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, and this makes us one of the leading European partners on the market for engineering services. The engineering expertise Bertrandt has

54

locations worldwide belong to the Bertrandt Group.

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 the sharpest possible 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

According to the expert members of the Joint Economic Forecast Project Group the global economy is expanding strongly in spring 2017. The US economy has gained momentum since the summer of 2016 and the eurozone has also been experiencing a moderate upturn for some time now. The pace of growth in the Chinese economy has picked up over the last year, mainly due to government economic stimulus programmes. The project group's experts consequently anticipate global economic growth of three percent this year, compared to 2.6 percent in the previous year. In their new Spring Economic Forecast, the institutes have slightly raised the estimates regarding the development of economic activity, which they produced in their last autumn report. For 2017, the experts anticipate potential economic growth of 1.5 percent over the previous year's figure of 1.9 percent. However, the lower growth rate this year is explained by the fact that 2017 has three fewer working days than the previous year.

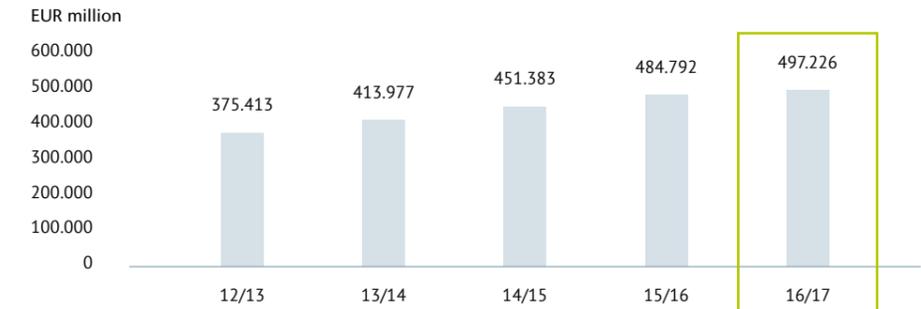
Sector trends

New car sales remained high in the first three months of 2017, according to the German Association of the Automotive Industry (VDA). Decreasing by 1.4 percent from January to March, the light vehicle market in the US was almost at the previous year's level. The volume of new registrations in Europe rose by almost 8.4 percent during the same period. In China, the number of newly registered cars increased 5.7 percent year on year.

CHART 02

Bertrandt generated a year-on-year increase in its revenues in the period under review.

Consolidated revenues (1st half)



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. In addition, numerous automotive manufacturers confirmed in the past weeks that they intend to increase spending on research and development, which is important for Bertrandt.

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. A recent long-term forecast by Boeing group anticipates worldwide demand for new aircraft for civil aviation rising to 39,620 units between 2016 and 2035. This is equal to a present market value of almost EUR 5.3 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.

In the four key industries in which Bertrandt operates apart from the automotive and aerospace sectors, German companies have become more optimistic about their current business situation. 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 well as machinery and plant engineering sectors, rose to 112.4 points in March. This is higher than at any time since June 2011. Companies also increasingly expect the positive business situation to continue.

2.6

percent above the previous year: the amount by which Bertrandt increased its revenues in the first half of fiscal 2016/2017.

Business performance

The Bertrandt Group's business performance in the first three months of fiscal 2016/2017 was less dynamic than expected by Management. This was mainly due to temporary fluctuations in the demand for capacity and the continuing price pressure, which has slowed down the pace of business development.

Total revenues

In the period under review, Bertrandt generated revenues of EUR 497.226 million (previous year EUR 484.792 million), equivalent to a margin of 2.6 percent. All of the Group's divisions – Digital Engineering, Physical Engineering and Electrical Systems/Electronics – achieved growth over the previous year. Total revenues increased by EUR 12.581 million on the previous year to EUR 497.628 million.

CHART 02

Operating profit (1st half)

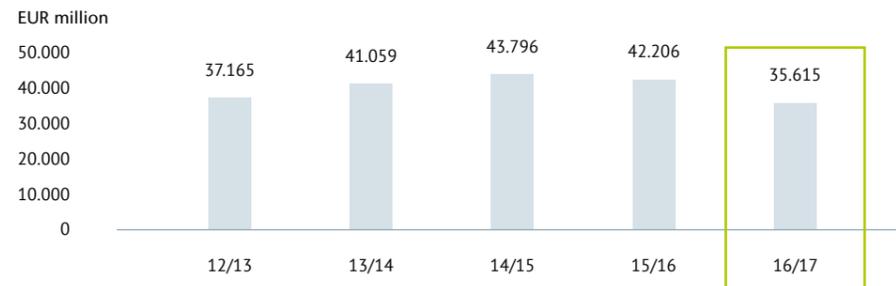


CHART 03

Operating profit decreased compared to the previous year, due to underutilization of capacity in certain areas and continuing price pressure.

Key expenditure figures

Owing to the greater volume of business, expenses in the first half of fiscal 2016/2017 increased, breaking down as follows: The cost of materials increased to EUR 51.605 million (previous year EUR 48.532 million). Total personnel expenses in the period under review were EUR 350.635 million (previous year EUR 341.435 million). The staff cost ratio was 70.5 percent (previous year 70.4 percent). Growth caused other operating expenses to rise to EUR 47.800 million (previous year EUR 45.253 million).

Operating profit

In the first six months of the current fiscal year Bertrandt's operating profit was EUR 35.615 million (previous year EUR 42.206 million), equal to a margin of 7.2 percent (previous year 8.7 percent). Net finance income was EUR -0.818 million (previous year EUR -0.677 million). Profit from ordinary activities in the period under review was EUR 34.797 million (previous year EUR 41.529 million). Based on a tax rate of 25.8 percent, the Company generated post-tax earnings of EUR 24.979 million (previous year EUR 28.859 million).

CHART 03

Financial position

Bertrandt's balance sheet as at 31 March 2017 was as follows: Total assets increased by EUR 2.268 million to EUR 765.582 million (EUR 763.314 million as at 30 September 2016). Non-current assets were EUR 296.403 million as at the balance sheet date (EUR 271.790 million as at 30 September 2016). Current assets amounted to EUR 469.179 million (EUR 491.524 million as at 30 September 2016).

Equity remained nearly unchanged in the first half of fiscal 2016/2017, despite a dividend payment of EUR 25.228 million in total (previous year EUR 24.704 million), and was EUR 357.544 million as at the balance sheet date (EUR 357.936 million as at 30 September 2016). Current liabilities amounted to EUR 157.108 million (EUR 167.594 million as at 30 September 2016). With an equity ratio of 46.7 percent (46.9 percent as at 30 September 2016), Bertrandt is one of the financially strong companies in the automotive sector.

CHART 04

In the first six months of the current fiscal year Bertrandt's cash flow from operating activities was EUR 39.672 million (previous year EUR 62.456 million). Cash flow declined because a non-recurring item ceased to apply in the past year, with a normalising effect on current assets. The decrease in capital expenditure compared to the first half of fiscal 2015/2016 meant that also net cash outflow from investing activities decreased year on year, amounting to EUR -41.681 million (previous year EUR -18.107 million). Free cash flow at the end of the first half of fiscal 2016/2017 was EUR 21.565 million (previous year EUR 20.775 million).

CHART 05

In the first six months of the current fiscal year the Company made the necessary investment in buildings and technical equipment, investing EUR 19.544 million (previous year EUR 44.302 million). Bertrandt thus intends to continue to focus its investment activities in building up and expanding its infrastructure with the aim of continually optimising its range of services.

CHART 06

CHART 04

The equity ratio remains at a high level.

Equity ratio (on 31 March)

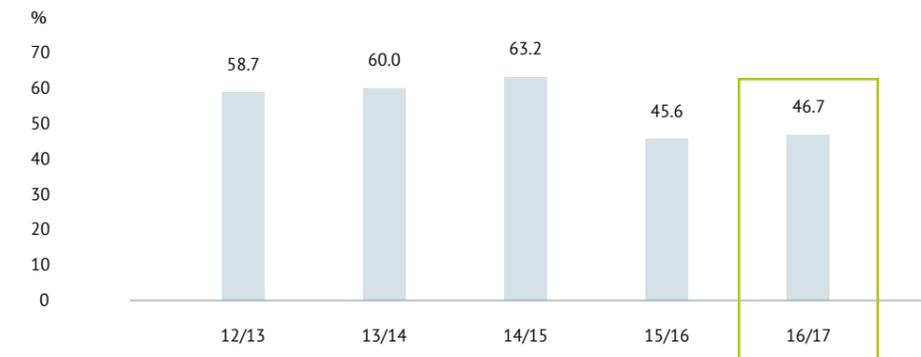


CHART 05

Free cash flow has remained at the level of the previous year as a result of lower total investment and despite a lower cash flow from operating activities.

Free cash flow (1st half)

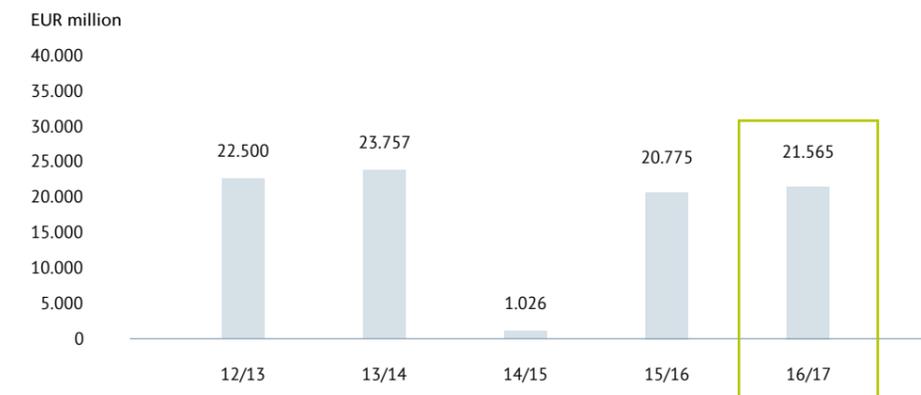
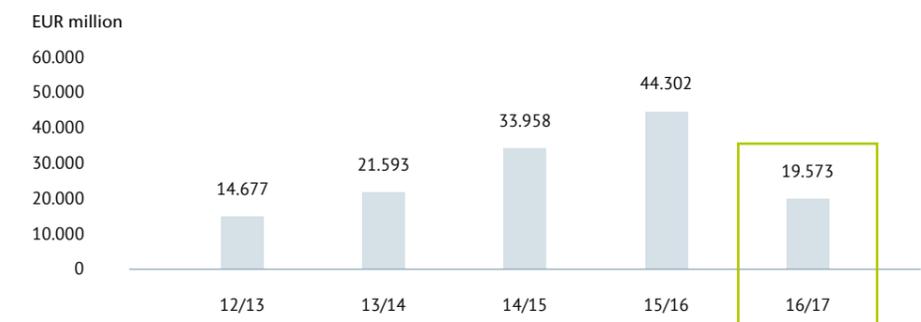


CHART 06

Capital expenditure was adjusted to account for the current business situation.

Capital spending (1st half)



Employees (on 31 March)

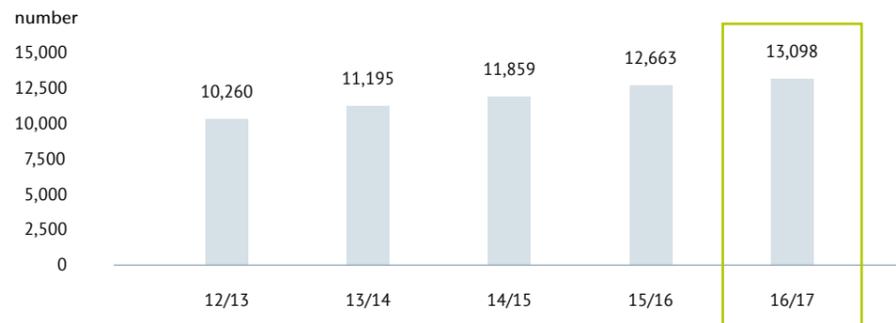


CHART 07

The number of employees rose by 435 over the same period last year.

13,098

employees worked for Bertrandt on the reporting date.

Human resources

The Bertrandt group continued building up staff in the first half of fiscal year 2016/2017. As of 31 March 2017 the number of employees had risen by 186 compared to 30 September 2016. At the end of the first half of fiscal 2016/2017 the Group had 13,098 employees (13,061 employees as at 31 December 2016 and 12,912 employees as at 30 September 2016). This is equal to an increase of 435 on the same period last year (12,663 employees as at 31 March 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 reflect the numerous changes in the automotive sector, the development 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. Making these important decisions requires considerable time, which leads to delays in project awards. The ongoing consolidation process among OEMs and the resulting restructuring of responsibilities in the different corporate units also affect current and announced projects. The price pressure, which has been increasing since the first quarter of the past fiscal year, is still continuing.

3.0

percent: the growth rate for global economic output in 2017 expected by the Spring Economic Forecast.

Forecast and outlook

It is also difficult to predict ongoing geopolitical developments, for example the progress of the Brexit negotiations and the economic repercussions of policies of the new 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 six 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 remaining quarters of the current fiscal year. Accordingly, the short-term outlook for the current financial year has been adjusted to account for the currently prevailing economic environment. However, the medium-term prospects of Bertrandt's core industries and the technology trends on which they are based are still intact. A broad strategic alignment and a solid financial base will continue to provide a stable foundation for the business growth of the Bertrandt Group in the future.

Potentials

The three major influencing factors, i.e. the increasing variety of models and variants, environmentally friendly individual mobility and connected and automated driving, are still relevant. Bertrandt is therefore confident that there is further potential for the Company 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.

In their spring reports, leading German economic research institutes forecast continued global economic growth. The pace of growth is expected to maintain the dynamism observed of late. On an annual average, an increase in global economic growth from 2.6 in the past year to 3.0 percent in 2017 and 2.9 percent in the following year is possible.

According to the VDA, the number of different electric vehicle models offered by German OEMs will more than triple by 2020 from currently 30 to almost 100 models. As early as 2019, electric drives will be built into more or less all series, either as plug-in hybrids or battery-powered electric drives. Up to 2020, German OEMs will invest more than EUR 40 billion in the development of alternative drive technologies. Besides working on e-mobility, carmakers are optimising conventional engines. The VDA expects these optimised drives to reduce fuel consumption by 10 to 15 percent. For the passenger car market growth to 91 million new cars by 2020 is anticipated.

A survey of 46 German trade associations conducted by the Cologne Institute for Economic Research (IW) showed that 28 associations expect their sector to produce more in 2017 than in the previous year. Most of these were associations in the key industries in which Bertrandt operates. However, uncertainty remains, bearing in mind German industry's strong focus on exports, the uncertain outcome of the Brexit negotiations and the new US administration in particular.

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. However, considering Bertrandt's course of business in the first six months of the fiscal year and the development in the automotive industry, the Management Board of Bertrandt AG decided to adjust its assessment of the development of fiscal 2016/2017 as a whole to reflect the currently challenging economic environment. Thus, 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. For the next year overall, Bertrandt therefore anticipates positive cash flow from operating activities, which will however fall by a corresponding amount compared to fiscal 2015/2016 given that no significant positive or negative special effects of the kind that occurred in fiscal 2014/2015 and 2015/2016 are expected.

91.13

euro was the price at which the Bertrandt share closed in Xetra trading on 31 March 2017.

The three major influencing factors, i.e. the increasing variety of models and variants, environmentally friendly individual mobility and connected and automated driving, are intact and continue to offer business opportunities. 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.

Since the Management Board believes that the effects on business performance are of a temporary nature, it intends to maintain the absolute amount of the dividend of EUR 2.50 for the current fiscal year 2016/2017 and to deviate from its 40 percent dividend policy in this fiscal year to the benefit of the shareholders.

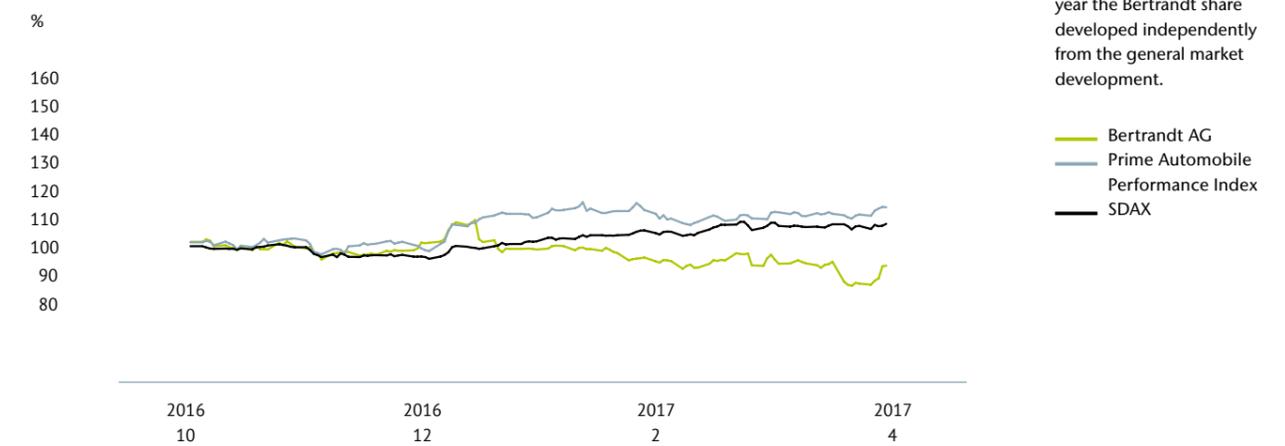
The Bertrandt share

The DAX started the second quarter of fiscal 2016/2017 on 2 January 2017 opening at 11,426 points and climbing to 12,313 points as of the last day of trading. The SDAX started the period at 9,520 points and climbed to 10,093 points as of the end of the period. The Prime Automobile Performance Index oscillated between 1,499 and 1,547 points.

The Bertrandt share started the second quarter of the fiscal year 2016/2017 by opening in Xetra trading at EUR 96.30. On 22 March 2017 the share hit a low for the period under review of EUR 84.24. It reached its high for the period of EUR 98.00 on 4 January 2017 and closed at EUR 91.13 in Xetra trading on the last day of trading. The average daily trading volume in the second quarter of fiscal 2016/2017 was 26,464 shares.

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

Share price in comparison (1st half)



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.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TABLE 09

Consolidated income statement and statement of comprehensive income

EUR million	Q2		Q1 + Q2	
01/10 to 31/03	2016/2017	2015/2016	2016/2017	2015/2016
I. Income statement				
Revenues	251.389	241.623	497.226	484.792
Other internally generated assets	0.229	0.149	0.402	0.255
Total revenues	251.618	241.772	497.628	485.047
Other operating income	2.339	4.091	4.828	6.725
Raw materials and consumables used	-25.465	-23.217	-51.605	-48.532
Personnel expenses	-179.714	-175.609	-350.635	-341.435
Depreciation	-8.435	-7.408	-16.801	-14.346
Other operating expenses	-22.351	-21.544	-47.800	-45.253
Operating profit	17.992	18.085	35.615	42.206
Income from investments accounted for using the equity method	0.156	0.028	0.253	0.019
Interest income/expense	-1.229	-0.622	-1.964	-0.953
Attributable to minority interests	-0.050	0	-0.069	0
Other financial result	0.874	0.164	0.962	0.257
Net finance income	-0.249	-0.430	-0.818	-0.677
Profit from ordinary activities	17.743	17.655	34.797	41.529
Other taxes	-0.638	-0.344	-1.118	-0.769
Earnings after income tax	17.105	17.311	33.679	40.760
Income taxes	-3.726	-4.986	-8.700	-11.901
Earnings after income tax	13.379	12.325	24.979	28.859
– attributable to minority interest	0	0.013	0	0.042
– attributable to shareholders of Bertrandt AG	13.379	12.312	24.979	28.817
Number of shares (million) – diluted/basic, average weighting	10.091	10.083	10.091	10.083
Earnings per share (EUR) – diluted/basic	1.33	1.22	2.48	2.86
II. Statement of comprehensive income				
Earnings after income tax	13.379	12.325	24.979	28.859
Exchange differences ¹	-0.144	-0.209	0.270	-0.348
Revaluation of pension obligations	-0.295	-0.010	-0.589	-0.020
Tax effects of revaluation of pension obligations	0.089	0.003	0.177	0.006
Other earnings after taxes	-0.350	-0.216	-0.142	-0.362
Total comprehensive income	13.029	12.109	24.837	28.497
– attributable to minority interest	0	0.013	0	0.042
– attributable to shareholders of Bertrandt AG	13.029	12.096	24.837	28.455

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

CONSOLIDATED BALANCE SHEET

TABLE 10

Consolidated balance sheet		
EUR million	31/03/2017	30/09/2016
Assets		
Intangible assets	16.377	17.480
Property, plant and equipment	261.197	235.800
Investment properties	1.507	1.540
Investments accounted for using the equity method	5.330	5.077
Other financial assets	2.033	2.729
Receivables and other assets	7.084	6.691
Deferred taxes	2.875	2.473
Non-current assets	296.403	271.790
Inventories	1.061	0.889
Future receivables from construction contracts	134.806	114.130
Receivables and other assets	174.459	241.851
Income tax assets	2.968	1.833
Cash and cash equivalents	155.885	159.821
Current assets	469.179	491.524
Total assets	765.582	763.314
Equity and liabilities		
Issued capital	10.143	10.143
Capital reserve	29.374	29.374
Retained earnings and other comprehensive income	278.883	279.025
Consolidated distributable profit	39.144	39.394
Equity	357.544	357.936
Provisions	13.000	16.927
Borrowings	217.009	199.701
Other liabilities	0.231	0.246
Deferred taxes	20.690	20.910
Non-current liabilities	250.930	237.784
Tax provisions	7.424	7.548
Other provisions	26.620	46.586
Borrowings	3.559	2.367
Trade payables	15.203	15.066
Other liabilities	104.302	96.027
Current liabilities	157.108	167.594
Total equity and liabilities	765.582	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							24.979	24.979	0	24.979
Other earnings				0.270 ¹	-0.412	-0.142		-0.142		-0.142
Total comprehensive income				0.270	-0.412	-0.142	24.979	24.837	0	24.837
Dividend payment							-25.229	-25.229		-25.229
Value on 31/03/2017	10.143	29.374	282.737	-0.826	-3.028	278.883	39.144	357.544	0	357.544
Previous year										
Value on 01/10/2015	10.143	28.595	249.144	-0.554	-1.791	246.799	34.083	319.620	686	320.306
Earnings after income tax							28.817	28.817	0.042	28.859
Other earnings				-0.348 ¹	-0.014	-0.362		-0.362		-0.362
Total comprehensive income				-0.348	-0.014	-0.362	28.817	28.455	0.042	28.497
Dividend payment							-24.704	-24.704		-24.704
Value on 31/03/2016	10.143	28.595	249.144	-0.902	-1.805	246.437	38.196	323.371	0.728	324.099

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 bis 31/03	Q1 + Q2 2016/2017	Q1 + Q2 2015/2016
1. Net profit for the period (including minority interests) before exceptionals	24.979	28.859
2. Income taxes	8.700	11.901
3. Interest income/expense	2.033	0.953
4. Other net financial result	-0.962	-0.257
5. Income from investments accounted for using the equity method	-0.253	-0.019
6. Depreciation of non-current assets	16.801	14.346
7. Increase/decrease in provisions	-25.447	-21.411
8. Other non-cash income/expense	-0.651	-0.028
9. Profit/loss from disposal of non-current assets	-0.147	-0.093
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	18.561	40.374
11. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	8.444	-1.916
12. Income tax received/paid	-10.447	-10.394
13. Interest paid	-3.316	-0.071
14. Interest received	1.377	0.212
15. Cash flows from operating activities (1.–14.)	39.672	62.456
16. Payments received from disposal of property, plant and equipment	0.528	1.337
17. Payments received from the disposal of financial assets	0.938	1.284
18. Payments made for capital expenditure on property, plant and equipment	-17.220	-39.419
19. Payments made for investments in intangible assets	-2.073	-3.634
20. Payments made for investments in financial assets	-0.251	-1.249
21. Payments made to acquire consolidated companies and other businesses	-0.029	0
22. Cash flows from investing activities (16.–21.)	-18.107	-41.681
23. Payment received from the sale of treasury shares	0	0
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	-483	-39.642
27. Cash flows from financing activities (22.–26.)	-25.712	135.254
28. Changes in cash and cash equivalents (15.+22.+27.)	-4.147	156.029
29. Effect of exchange rate changes on cash and cash equivalents	0.211	-0.145
30. Cash and cash equivalents at beginning of period	159.821	13.068
31. Cash and cash equivalents at end of period (27.–30.)	155.885	168.952

TABLE 13

Consolidated segment report								
EUR million	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total of all divisions	
01/10 to 31/03	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Revenues	301.555	286.916	109.973	107.434	108.331	99.878	519.859	494.228
Transfer between segments	11.065	3.041	6.352	4.445	5.216	1.950	22.633	9.436
Consolidated revenues	290.490	283.875	103.621	102.989	103.115	97.928	497.226	484.792
Operating profit	16.552	23.655	8.785	8.718	10.278	9.833	35.615	42.206
01/01 bis 31/03	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Revenues	151.337	143.640	54.385	55.210	55.254	48.601	260.976	247.451
Transfer between segments	3.783	1.706	3.276	3.154	2.528	0.968	9.587	5.828
Consolidated revenues	147.554	141.934	51.109	52.056	52.726	47.633	251.389	241.623
Operating profit	8.146	10.672	4.375	3.327	5.471	4.086	17.992	18.085

TABLE 14

Shares owned by members of the Management and Supervisory Boards		
number	Shares	Shares
	Balance at 31/03/2017	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 Sihh	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 unaudited half-year consolidated financial statements as at 31 March 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
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	IFRIC Interpretation 22: Foreign Currency Transactions and Advance Considerations	01/01/2018	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, Mönsheim and Sassenburg, Bertrandt Ehningen GmbH in Ehningen, Bertrandt GmbH in Hamburg, Bertrandt Verwaltungs GmbH in Mönsheim, 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 Mönsheim, Bertrandt Munich GmbH in Munich and Bertrandt Tappenbeck GmbH in Tappenbeck. In addition, 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, a joint venture of which Bertrandt has joint control, is also accounted for in the consolidated financial statements under the equity method.

With effect from 1 January 2017 Bertrandt Grundstücks GmbH, Nufringen acquired 94.8 percent of the shares in Appalusa Grundstücksverwaltungsgesellschaft mbH, Mainz for EUR 0.029 million. As at the date of purchase the company had EUR 20.725 million in property, plant and equipment, EUR 0.085 million in other assets, EUR 0.490 million in deferred tax assets, EUR 20.644 million in financial liabilities, EUR 0.06 million in provisions and EUR 0.566 million in deferred tax liabilities. Minority interests as at the date of purchase amounted to EUR 0.001 million and were measured according to the corresponding share in the equity of the purchased company. In the present half-year consolidated financial statements, Appalusa Grundstücksverwaltungsgesellschaft mbH accounts only for intragroup income in the amount of EUR 0.679 million and post-tax earnings of EUR 0.437 million.

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		Average rate on balance sheet date		Average rate first half	
		31/03/2017	31/03/2016	2016/2017	2015/2016
relative to one euro					
China	CNY	7.3693	7.3514	7.3474	7.0993
United Kingdom	GBP	0.8576	0.7898	0.8631	0.7459
Romania	RON	4.5515	4.4740	4.5116	4.4750
Turkey	TRY	3.8893	3.2137	3.7375	3.2155
Hungary	HUF	308.1500	314.0000	309.2890	312.2000
United States	USD	1.0681	1.1378	1.0723	1.0993

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 164.840 million in the period under review (previous year EUR 198.039 million). As of the balance sheet date, receivables amounted to EUR 47.428 million (previous year EUR 52.944 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 230.713 million (previous year EUR 199.673 million) on account of the movement in interest rates in the reporting period up to 31 March 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 31 March 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 31 March 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.

RESPONSIBILITY STATEMENT IN LINE WITH ARTICLE 37Y AND ARTICLE 37W SECTION 2 NUMBER 3 GERMAN SECURITIES TRADING ACT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Ehningen, 18 May 2017

The Management Board



Dietmar Bichler
Chairman of the Management Board



Hans-Gerd Claus
Member of the Management Board Engineering



Michael Lücke
Member of the Management Board Sales



Markus Ruf
Member of the Management Board Finance

QUARTERLY SURVEY

TABLE 18

Consolidated income statement

EUR million	Q2 16/17	Q1 16/17	Q4 15/16	Q3 15/16	Q2 15/16
Revenues	251.389	245.837	264.110	243.119	241.623
Other internally generated assets	0.229	0.173	0.258	0.159	0.149
Total revenues	251.618	246.010	264.368	243.278	241.772
Other operating income	2.339	2.489	1.330	3.416	4.091
Raw materials and consumables used	-25.465	-26.140	-25.595	-23.970	-23.217
Personnel expenses	-179.714	-170.921	-181.622	-172.624	-175.609
Depreciation	-8.435	-8.366	-7.677	-7.702	-7.408
Other operating expenses	-22.351	-25.449	-20.185	-22.358	-21.544
Operating profit	17.992	17.623	30.619	20.040	18.085
Net finance income	-0.249	-0.569	-0.116	-0.585	-0.430
Profit from ordinary activities	17.743	17.054	30.503	19.455	17.655
Other taxes	-0.638	-0.480	-0.401	-0.504	-0.344
Earnings before tax	17.105	16.574	30.102	18.951	17.311
Income taxes	-3.726	-4.974	-8.336	-5.968	-4.986
Earnings after income tax	13.379	11.600	21.766	12.983	12.325
– attributable to minority interest	0	0	0	0.012	0.013
– attributable to shareholders of Bertrandt AG	13.379	11.600	21.766	12.971	12.312
Number of shares (million) – diluted/basic, average weighting	10.091	10.091	10.091	10.091	10.083
Earnings per share (EUR) – diluted/basic	1.33	1.15	2.16	1.28	1.22

FINANCIAL CALENDAR

12th Capital Market Day
31 May 2017

Report on the 3rd quarter 2016/2017
30 August 2017

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

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

ROADSHOWS AND CONFERENCES



Dates

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