

FISCAL 2017/2018

REPORT ON THE 1ST HALF
1 OCTOBER 2017 TO 31 MARCH 2018

THE FIRST HALF YEAR AT A GLANCE

TABLE 01

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

IFRS	01/10/17- 31/03/18	Changes in %	01/10/16- 31/03/17
Income statement			
Total revenues (EUR million)	501.142	0.7	497.628
EBIT (EUR million)	36.065	1.3	35.615
Profit from ordinary activity (EUR million)	34.721	-0.2	34.797
Earnings after income tax (EUR million)	24.223	-3.0	24.979
Cash flow statement			
Cash flow from operating activities (EUR million)	53.809	35.6	39.672
Cash flow from investing activities (EUR million)	-24.487	35.2	-18.107
Free cash flow (EUR million)	29.322	36.0	21.565
Capital spending (EUR million)	25.765	31.6	19.573
Balance sheet			
Equity (EUR million)	374.846	4.8	357.544
Equity ratio (%)	50.0	7.1	46.7
Total assets (EUR million)	749.699	-2.1	765.582
Share			
Earnings per share (EUR)	2.40	-3.2	2.48
Share price on 31. March (EUR) ¹	92.65	1.7	91.13
Share price, high (EUR) ²	109.30	11.5	98.00
Share price, low (EUR) ²	92.20	9.4	84.24
Shares outstanding on 31. March (number)	10,143,240	-	10,143,240
Market capitalisation on 31. March (EUR million)	939.8	1.7	924.4
Employees			
Number of employees at Bertrandt Group on 31. March	13,047	-0.4	13,098

¹Closing price in Xetra trading.²In Xetra trading.

OVERVIEW

The ongoing technology trends of autonomous driving, connectivity, e-mobility and the Internet of Things are driving a fundamental transformation of the automotive industry. Mobility and the world of digital data are becoming increasingly intertwined and new business fields and market shares are emerging. The breadth and depth of topics continue to increase and Bertrandt as a provider of engineering services is actively shaping this change for the Company's customers. As a solutions-focused engineering business Bertrandt 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.

Faced with a still challenging environment, the Bertrandt Group developed as follows in the first half of fiscal 2017/2018:

- Total revenues in the first six months of fiscal 2017/2018 rose by 0.7 percent year on year to EUR 501.142 million (previous year EUR 497.628 million).
- The EBIT in the first half amounted to EUR 36.065 million (previous year EUR 35.615 million), equal to a margin of 7.2 percent (previous year 7.2 percent).
- Post-tax earnings reported by Bertrandt for the period under review were EUR 24.223 million (previous year EUR 24.979 million).
- Earnings per share were EUR 2.40 in the first six months of the current fiscal year (previous year EUR 2.48).
- The workforce increased by 77 over the end of fiscal 2016/2017 to 13,047 employees (12,970 employees as at 30 September 2017).
- Capital expenditure amounted to EUR 25.765 million (previous year EUR 19.573 million and EUR 38.302 million as at 30 September 2017).
- The Company had free cash flow of EUR 29.322 million (previous year EUR 21.565 million).
- With an equity ratio of 50.0 percent (48.3 percent as at 30 September 2017), Bertrandt remains one of the solid companies in the automotive sector.
- Total assets were EUR 749.699 million (EUR 778.800 million as at 30 September 2017).

Bertrandt's comprehensive range of products and 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.

BERTRANDT AND MICROSOFT DEUTSCHLAND are working together on cloud computing solutions. This can, for example, make driving even more comfortable and safer in the future.

THE AUTOMOTIVE ANALYTICS AND DEVELOPMENT PLATFORM

uses sensors to record vehicle data, for example, which are stored and evaluated in the Microsoft Azure Cloud. This solution recognises queues and speed limits and localises road damage and potholes. Approaching vehicles will then be able to adjust their speed and chassis tuning automatically as required.



Q2

QUARTERLY REPORT

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GROUP MANAGEMENT REPORT

THE GROUP – GENERAL INFORMATION

Business model and strategy

As one of Europe's leading engineering partners, Bertrandt has been devising specific and tailored solutions with customers at 54 locations in Europe, Asia and the United States for over 40 years now. Our services for the automotive and aerospace industries include all process steps in the project phases of conceptual design, CAD, development, design modelling, tool production, vehicle construction and production planning right through to start of production and production support. 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 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. 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 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. In close organisational interaction with its German branches, Bertrandt is

54

locations worldwide belong to the Bertrandt Group.

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

According to the experts in the Joint Economic Forecast Group, the upturn in the global economy has continued through the spring of 2018. The positive momentum from the last quarter of 2017 has thus continued. So the overall economic global conditions were accordingly favourable in the first half of the fiscal year 2017/2018 of Bertrandt. The specialists in this body estimate that world output will expand strongly by 3.4 percent this year, similar to the previous year. Compared to the joint diagnosis produced in autumn 2017, the institutes have thus raised their forecast for 2018 by 0.3 percentage points. The economy grew even more strongly in the USA last year and the extremely optimistic mood which continues to prevail among consumers and businesses suggests that there is no sign that the pace of expansion will tail off. The experts therefore anticipate economic growth in the United States of 2.9 percent for the year as a whole. The Chinese economy has recently been growing less strongly than in previous years, which has led the experts to predict growth on 6.5 percent for 2018, slightly weaker than in the previous year. The factors driving upward economic trends in the eurozone remain intact. The forecast for the current year is for strong average growth on a par with the previous year of 2.3 percent. The expert report concludes that the German economy has been booming since the spring of 2018. Capacity utilisation is at a high level and has continued to increase. The experts predict that, after a dip early in the year, the pace of expansion will ultimately be higher. Germany's annual average economic output is predicted to grow by 2.2 percent this year.

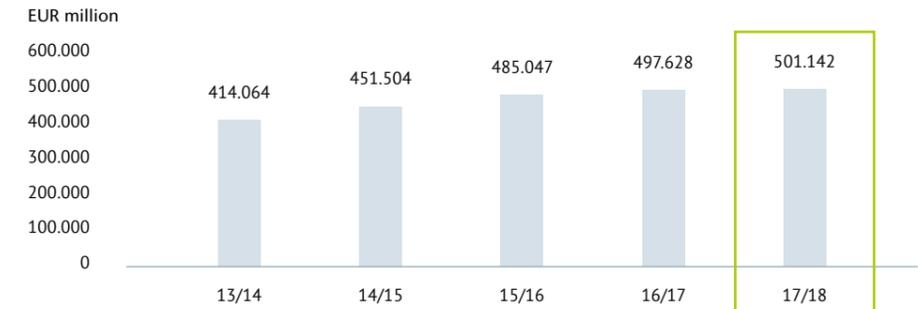
Sector trends

According to the German Association of the Automotive Industry (VDA), global sales of new cars again increased in the important sales regions during the first three months of 2018. The light vehicle market in the USA grew by a surprisingly strong six percent between January and March. During the same period the volume of new registrations in Europe hit a new record and was once again one percent higher than last year. In China, too, the number of new passenger car registrations rose by four percent compared to the same period last year.

CHART 02

During the period under review Bertrandt again increased its total revenues year on year.

Total revenues (1st half)



The key market trends driving Bertrandt's business success remain intact: environmentally-friendly individual mobility, connected and automated driving as well as a greater variety of models and variants. The VDA reports that the German automotive industry is pursuing a broad-based decarbonisation strategy in the area of environmentally friendly powertrains, for example. This involves further optimisation of the combustion engine with alternative powertrains and fuels, such as hydrogen, natural gas and e-fuels through to wholly electrically-powered vehicles. Up to EUR 40 billion are due to be invested in the development of electric vehicles by 2020, for example. The range of electrically powered passenger cars will consequently more than triple to around 100 models. The VDA notes that German manufacturers and suppliers also aim to make road traffic even safer, more efficient and comfortable. Industry players are approaching this by adding automated drive functions to existing driver assistance systems. Almost every second patent for connected and automated driving now originates in the German automotive industry, making Germany the patent world champion in this field. This is a future in which German manufacturers and suppliers aim to invest up to EUR 18 billion in the next three to four years. According to VDA President Bernd Mattes, connectivity boosts efficiency enormously. For instance, modern network technologies could make it easier to find parking spaces thereby cutting down on lost time and emissions. This would allow up to 50 tonnes of particulates and up to 1,000 tonnes of nitrogen oxide to be avoided in German towns and cities.

As in previous years, the civil aviation industry's growth is being driven by global economic

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EUR billion is the investment German manufacturers and suppliers intend to make in the development of electric vehicles by 2020 according to the VDA.

growth, environmental regulation at the national level, and fuel prices. The two big aerospace groups, Airbus and Boeing, consequently both see a continuing trend for global growth in the civil aviation sector. Airbus' annually updated long-term forecast anticipates worldwide demand for new aircraft for civil aviation of up to 34,900 units between 2017 and 2036. According to Airbus, the value of this market is around EUR 4.5 trillion. Boeing anticipates an even higher volume of demand for new civil aircraft in its forecast for the same period of 41,030 new units by 2036. This is equal to a present market value of almost EUR 5.2 trillion.

The recently upbeat mood in the four key industries in which Bertrandt operates apart from the automotive and aerospace sectors has dampened somewhat. The business climate index for the manufacturing industry in Germany, which is produced by the Ifo Institute – Leibniz Institute for Economic Research at the University of Munich – and which is important for the energy, medical technology, electrical engineering as well as machinery and plant engineering industries, fell in March to 114.7 points from 115.4 in February. Businesses were

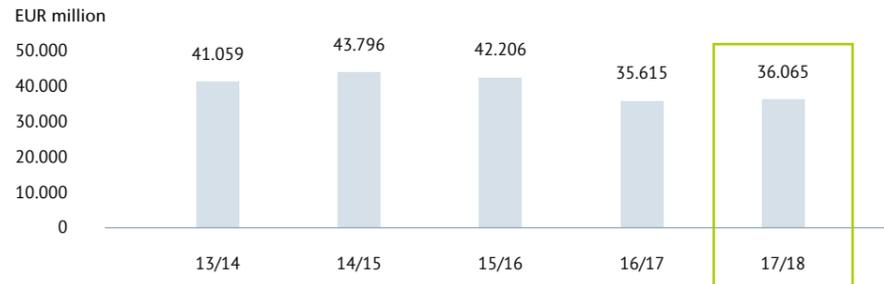
EBIT (1st half)

CHART 03

The EBIT exceeded last year's figures.

somewhat less satisfied with their current business position, albeit at a sustained high level. Optimism for the next few months also weakened in the light of talk of increasing protectionism.

Business performance

The Bertrandt Group's business performance in the first half of fiscal 2017/2018 was as expected, with a slight increase in the Company's key performance figures despite the fact that the period had three fewer working days than the same period in the previous year.

Total revenues

Total revenues in the period under review amounted to EUR 501.142 million (previous year EUR 497.628 million). They include capitalised internally generated assets of EUR 1.734 million (previous year EUR 0.402 million) for the development of internal competences in the context of connected, automated and electrified driving,

CHART 02

Key expenditure figures

Expenses in the first half of fiscal 2017/2018 are broken down as follows: The cost of materials slightly decreased to EUR 48.906 million from EUR 51.605 million in the previous year. Total personnel expenses in the period under review were EUR 354.923 million (previous year EUR 350.635 million). The staff cost ratio was 70.8 percent (previous year 70.5 percent). The greater volume of business caused other operating expenses to rise by 2.7 percent to EUR 49.076 million (previous year EUR 47.800 million).

EBIT

In the first six months of the current fiscal year Bertrandt's EBIT was EUR 36.065 million (previous year EUR 35.615 million) and increased slightly despite less working days than the year before. This equals to a margin of 7.2 percent (previous year 7.2 percent). Finance income was EUR -1.344 million (previous year EUR -0.818 million). Profit from ordinary activities in the period under review was EUR 34.721 million (previous year EUR 34.797 million). Based on an income tax rate of 26.8 percent, the Company generated post-tax earnings of EUR 24.223 million (previous year EUR 24.979 million).

CHART 03

Financial and assets position

As at 31 March 2018, total assets were EUR 749.699 million (EUR 778.800 million as at 30 September 2017). Non-current assets increased to EUR 308.697 million as at the balance sheet date attributable to the growth of intangible assets (EUR 301.203 million as at 30 September 2017). Current assets reduced to EUR 441.002 million due to lower commitment of funds in working capital (EUR 477.597 million as at 30 September 2017). Equity remained nearly unchanged in the first half of fiscal 2017/2018, because the dividend payment of EUR 25.228 million in total (previous year EUR 25.229 million) was compensated by post-tax earnings in approximately the same height. It was EUR 374.846 million as at the balance sheet date (EUR 376.360 million as at 30 September 2017). Current liabilities amounted to EUR 134.813 million (EUR 157.002 million as at 30 September 2017). With an equity ratio of 50.0 percent (48.3 percent as at 30 September 2017), Bertrandt is one of the financially strong companies in the automotive sector.

CHART 04

CHART 04

The equity ratio remains at a high level.

Equity ratio (on 31 March)

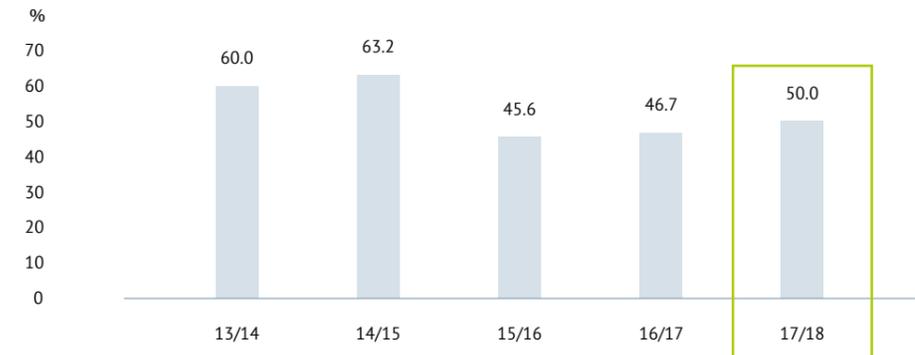


CHART 05

Bertrandt reported positive free cash flow above that for the previous year.

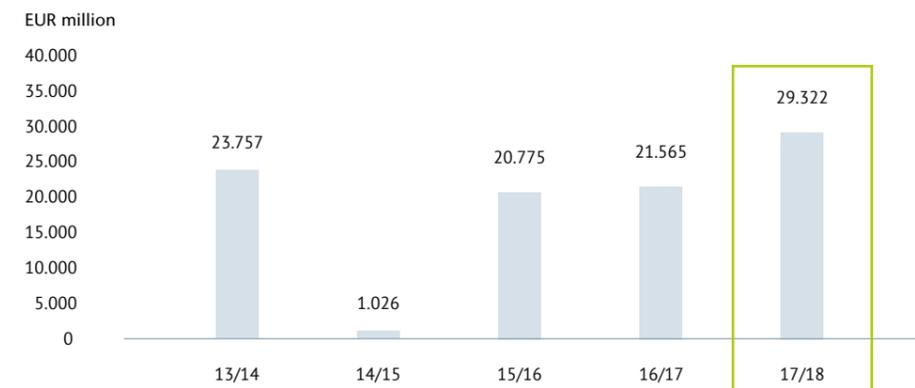
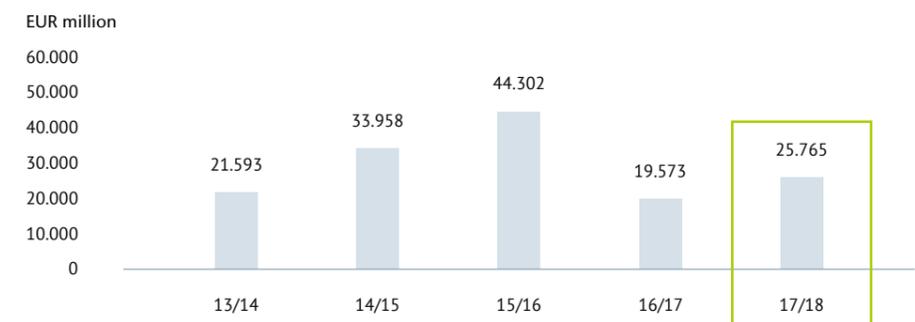
Free cash flow (1st half)

CHART 06

In the first six months of the current fiscal year EUR 25.765 million was invested in buildings and technical equipment to meet needs.

Capital spending (1st half)

Employees (on 31 March)

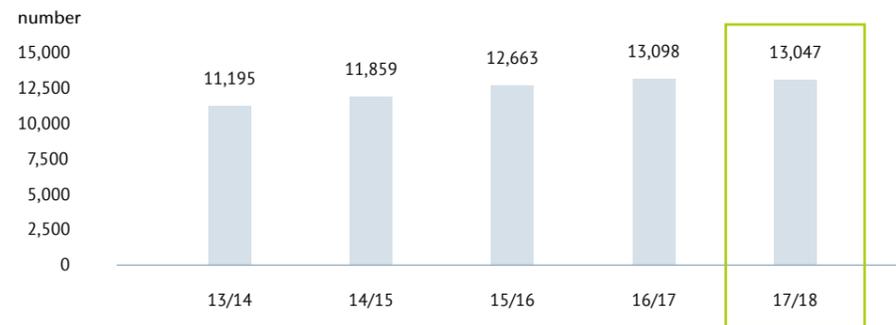


CHART 07

Compared to the previous year the number of employees remained approximately the same.

13,047

employees were working for Bertrandt on the reporting date.

Human resources

The Bertrandt Group continued building up staff in the first half of fiscal year 2017/2018. As of 31 March 2018 the number of employees had risen by 77 compared to 30 September 2017. As at the end of the first half of fiscal 2017/2018, the Group had 13,047 employees (13,055 employees as at 31 December 2017 and 12,970 employees as at 30 September 2017). Compared to the same period last year, the headcount remained the same (13,098 employees as at 31 March 2017).

To remain an attractive employer also in future Bertrandt currently started a group-wide program for more flexibility and individualization of the working environment and form of working. This includes flexible working time and workplaces, as well as different room concepts in the locations. 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, Bertrandt is exposed to a wide variety of risks. The pertinent facts were comprehensively reported in the fiscal 2016/2017 annual report. As described in that report, fiscal 2017/2018 will be influenced by many developments in the automotive industry, the outcomes of which cannot be wholly predicted at the current juncture. In the course of the strategic transforma-

In the first six months of the current fiscal year Bertrandt's cash flow from operating activities was EUR 53.809 million due to an optimisation of the working capital (previous year EUR 39.672 million). Net cash outflow from investing activities grew year on year from EUR -18.107 million to EUR -24.487 million. Free cash flow at the end of the first half of fiscal 2017/2018 was EUR 29.322 million (previous year EUR 21.565 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 25.765 million e.g. in a new testing center in the north of Germany (previous year EUR 19.573 million). 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

tion in drive technologies, automotive manufacturers and system suppliers are stepping up their work on e-mobility. These technology developments are critical for the future market position of Bertrandt customers and impact their business processes and the weighting of their development budgets. These important decisions are time consuming and resulted in delays in the award of projects in the last fiscal year. This risk continues to exist. Prices are also continuing to come under pressure in the industry. However, from the point of view of Management, this has not increased the probability of the risks identified in the fiscal 2016/2017 annual report materialising for Bertrandt in the first half of fiscal 2017/2018. 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.

Potentials

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's portfolio of products and services for the automotive industry covers the entire value chain of product engineering. The Company is positioned as an engineering service provider for complete vehicle development and regards itself as a driver of innovation in key disciplines such as electronics. 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. 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. Bertrandt is confident that the increasingly demanding mobility needs of consumers, ever more stringent legislation and a growing diversity of variants and models will continue to offer potential for the Company to secure and enhance its market position as an engineering service provider and technology group also in the years to come. This is also reflected in actual and planned capital expenditure on infrastructure and technical equipment.

3.4

percent growth in global economic output in 2018 is projected in the spring reports.

Forecast and outlook

In their spring reports experts at leading German economic research institutes forecast continued global economic growth. The global economy is expected to expand this year by an estimated 3.4 percent, i.e. at about the same rate as the previous year. Compared to the joint diagnosis produced in autumn 2017, the institutes have thus raised their forecast for 2018 by 0.3 percentage points. However, the global economy is likely to expand more slowly in the year ahead as maintaining the pace of expansion at an already high growth rate will prove difficult. The growth rate of 3.1 percent is again projected to be markedly higher than the average for previous years. Compared to the joint diagnosis produced in autumn 2017, the institutes have thus raised their forecast for 2019 by 0.2 percentage points.

In the "Automotive Trends" recently published in PwC's Strategy&, 200 German managers in the automotive industry identified electromobility and driver assistance systems as the dominant fields of technology for the next five years. The surveyed managers believe that production, research and development and IT departments will be most affected by these technology trends and the parallel process of progressive digitalisation. German manufacturers and suppliers invest a good EUR 40 billion a year in research and development, according to the VDA. The association predicts that German manufacturers and suppliers will invest a further EUR 40 billion in research and development in electromobility alone over the next three years. The association also projects a further EUR 16 to 18 billion of investment in connected and automated driving in the same period.

The framework conditions for other sectors outside the automotive industry are similarly positive. The results of a survey of 48 German industry associations conducted by the German Economic Institute (IW) were positive for 2018. Over two thirds

of industrial associations expect their companies to produce more in 2018 than in 2017. Altogether, 26 of the 48 associations consider the current business position to be better than a year ago. Investment in Germany picked up steam in 2017 and is likely to increase further during the year despite the protectionist policies of the US administration and the imminence of Brexit. The surveyed associations are somewhat more worried, however, about a shortage of skilled labour.

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 2017/2018. 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 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 2017/2018. EBIT in the period under review is targeted to be at least EUR 8.1 million higher than in the previous year, ranging between seven and nine percent of total revenues.

The market continues to offer real business opportunities in 2018. 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 2017/2018 of between EUR 45 and 50 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 committed as future receivables from construction contracts arising from the development of total revenues.

The Bertrandt share

The DAX started the second quarter of the fiscal year 2017/2018 on 2 January 2018 opening at 12,898 points and closing at 12,097 points as of the last day of trading. The SDAX started the period at 11,886 points and climbed to 11,928 points as of the end of the period. The Prime Automobile Performance Index moved back and forth between 1,687 and 1,602 points.

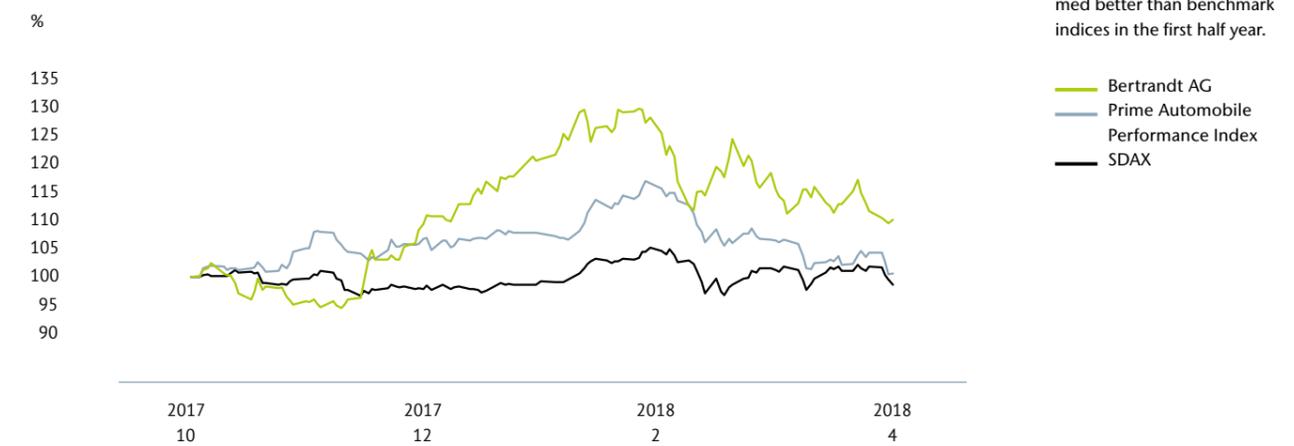
92.65

euro was the price at which the Bertrandt share closed in Xetra trading on 30 March 2018.

The Bertrandt share started the second quarter of the fiscal year 2017/2018 by opening in Xetra trading at EUR 102.80. On 28 March 2018 the share hit a low for the period under review of EUR 92.20. The high for the period of EUR 109.30 was reached on 18 January 2018. On the last day of Xetra trading the Bertrandt share closed at EUR 92.65. The average daily trading volume in the second quarter of fiscal 2017/2018 was 15,679 shares (previous year 26,464 shares).

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

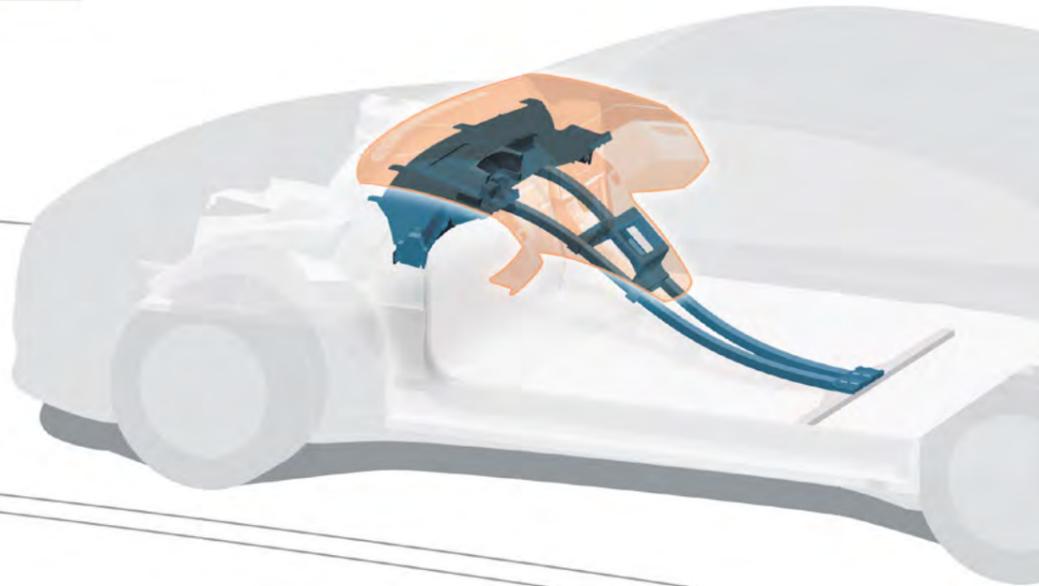
Share price in comparison (1st half)



IN THE FIELD OF LIGHT-WEIGHT DESIGN an important role is played by carbon fibre reinforced plastics. Bertrandt and the SGL Group have pooled their complementary know-how to demonstrate the performance of this materials group. The two companies have cooperated closely on the development of the

“CARBON CARRIER”

technology, a novel integrated concept for innovative interior structures based on composites. The mass production-capable „Carbon Carrier“ brings together fibre composite-based light weight design with functional integration and is an example of the modern mix of materials used in automobiles.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TABLE 09

Consolidated income statement and statement of comprehensive income

EUR million	Q2	Q2	Q1 + Q2	Q1 + Q2
01/10 to 31/03	2017/2018	2016/2017	2017/2018	2016/2017
I. Income statement				
Revenues	250.916	251.389	499.408	497.226
Other internally generated assets	1.088	0.229	1.734	0.402
Total revenues	252.004	251.618	501.142	497.628
Other operating income	2.319	2.339	4.335	4.828
Raw materials and consumables used	-25.056	-25.465	-48.906	-51.605
Personnel expenses	-178.853	-179.714	-354.923	-350.635
Depreciation	-8.235	-8.435	-16.507	-16.801
Other operating expenses	-23.883	-22.351	-49.076	-47.800
EBIT	18.296	17.992	36.065	35.615
Share of profit in associates	0.113	0.156	0.208	0.253
Interest income/expense	-0.972	-1.229	-1.701	-1.964
Attributable to minority interests	-0.042	-0.050	-0.086	-0.069
Other financial result	0.058	0.874	0.235	0.962
Net finance income	-0.843	-0.249	-1.344	-0.818
Profit from ordinary activities	17.453	17.743	34.721	34.797
Other taxes	-0.852	-0.638	-1.618	-1.118
Earnings before tax	16.601	17.105	33.103	33.679
Income taxes	-4.142	-3.726	-8.880	-8.700
Post-tax earnings	12.459	13.379	24.223	24.979
attributable to shareholders of Bertrandt AG	12.459	13.379	24.233	24.979
Number of shares (million) – diluted/basic, average weighting	10.091	10.091	10.091	10.091
Earnings per share (EUR) – diluted/basic	1.23	1.33	2.40	2.48
II. Statement of comprehensive income				
Post-tax earnings	12.459	13.379	24.223	24.979
Exchange rate differences ¹	-0.267	-0.144	-0.467	0.270
Revaluation of pension obligations	0.234	-0.295	-0.060	-0.589
Tax effects of revaluation of pension obligations	-0.070	0.089	0.018	0.177
Other comprehensive income after taxes	-0.103	-0.350	-0.509	-0.142
Total comprehensive income	12.356	13.029	23.714	24.837
attributable to shareholders of Bertrandt AG	12.356	13.029	23.714	24.837

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

Consolidated balance sheet		
EUR million	31/03/2018	30/09/2017
Assets		
Intangible assets	16.163	15.740
Property, plant and equipment	271.490	264.284
Investment properties	1.441	1.474
Investments accounted for using the equity method	5.696	5.488
Other financial assets	1.230	1.685
Receivables and other assets	8.907	8.710
Deferred taxes	3.770	3.822
Non-current assets	308.697	301.203
Inventories	1.130	1.182
Future receivables from construction contracts	110.198	119.607
Receivables and other assets	184.754	214.090
Income tax assets	2.784	3.452
Cash and cash equivalents	142.136	139.266
Current assets	441.002	477.597
Total assets	749.699	778.800
Equity and liabilities		
Issued capital	10.143	10.143
Capital reserve	29.374	29.374
Retained earnings and other comprehensive income	296.810	297.319
Consolidated distributable profit	38.519	39.524
Equity	374.846	376.360
Provisions	10.206	9.908
Borrowings	214.464	215.737
Other liabilities	0.474	0.215
Deferred taxes	14.896	19.578
Non-current liabilities	240.040	245.438
Tax provisions	7.823	5.412
Other provisions	26.488	40.458
Borrowings	3.702	5.202
Trade payables	13.806	18.257
Other liabilities	82.994	87.673
Current liabilities	134.813	157.002
Total equity and liabilities	749.699	778.800

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	Total	
			Non-distributed earnings	Currency translation reserve	Revaluation of pension obligations	Total		
Value on 01/10/2017	10.143	29.374	301.244	-1.823	-2.102	297.319	39.524	376.360
Post-tax earnings							24.223	24.223
Other comprehensive income				-0.467 ¹	-0.042	-0.509		-0.509
Total comprehensive income				-0.467	-0.042	-0.509	24.223	23.714
Dividend payment							-25.228	-25.228
Value on 31/03/2018	10.143	29.374	301.244	-2.290	-2.144	296.810	38.519	374.846
Previous year								
Value on 01/10/2016	10.143	29.374	282.737	-1.096	-2.616	279.025	39.394	357.936
Post-tax earnings							24.979	24.979
Other comprehensive income				0.270 ¹	-0.412	-0.142		-0.142
Total comprehensive income				0.270	-0.412	-0.142	24.979	24.837
Dividend payment							-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

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

Consolidated cash flow statement		
EUR million		
01/10 to 31/03	Q1 + Q2 2017/2018	Q1 + Q2 2016/2017
1. Post-tax earnings	24.223	24.979
2. Income taxes	8.880	8.700
3. Interest income/expense	1.701	2.033
4. Other net financial result	-0.149	-0.962
5. Investments accounted for using the equity method	-0.208	-0.253
6. Depreciation of non-current assets	16.507	16.801
7. Increase/decrease in provisions	-12.516	-25.447
8. Other non-cash income/expense	-0.448	-0.651
9. Profit/loss from disposal of non-current assets	-0.284	-0.147
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	38.855	18.561
11. Increase/decrease in trade payables and other liabilities not assigned to investing or financing activities	-8.923	8.444
12. Income tax received/paid	-10.496	-10.447
13. Interest paid	-3.442	-3.316
14. Interest received	0.109	1.377
15. Cash flows from operating activities (1.–14.)	53.809	39.672
16. Payments received from disposal of property, plant and equipment	0.626	0.528
17. Payments received from the disposal of financial assets	0.652	0.938
18. Payments made for capital expenditure on property, plant and equipment	-22.663	-17.220
19. Payments made for investments in intangible assets	-2.912	-2.073
20. Payments made for investments in financial assets	-0.190	-0.251
21. Payouts stemming from the purchase of consolidated companies and other business units	0	-0.029
22. Cash flows from investing activities (16.–21.)	-24.487	-18.107
23. Payments made to shareholders and minority shareholders	-25.228	-25.229
24. Payments made for discharging debt instruments and repaying loans	-0.968	-0.483
25. Cash flows from financing activities (23.–24.)	-26.196	-25.712
26. Changes in cash and cash equivalents (15.+22.+25.)	3.126	-4.147
27. Effect of exchange rate changes on cash and cash equivalents	-0.256	0.211
28. Cash and cash equivalents at beginning of period	139.266	159.821
29. Cash and cash equivalents at end of period (26.–28.)	142.136	155.885

TABLE 13

Consolidated segment report								
EUR million	Digital Engineering		Physical Engineering		Electrical Systems/ Electronics		Total of all divisions	
01/10 to 31/03	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
Revenues	308.866	301.555	110.944	109.973	107.465	108.331	527.275	519.859
Transfer between segments	14.964	11.065	7.442	6.352	5.461	5.216	27.867	22.633
Consolidated revenues	293.902	290.490	103.502	103.621	102.004	103.115	499.408	497.226
Other internally generated assets	0.232	0.234	0.046	0.118	1.456	0.050	1.734	0.402
Consolidated total revenues	294.134	290.724	103.548	103.739	103.460	103.165	501.142	497.628
EBIT	18.006	16.552	8.181	8.785	9.878	10.278	36.065	35.615
01/01 to 31/03	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
Revenues	152.343	151.337	54.132	54.385	53.272	55.254	259.747	260.976
Transfer between segments	3.289	3.783	3.819	3.276	1.723	2.528	8.831	9.587
Consolidated revenues	149.054	147.554	50.313	51.109	51.549	52.726	250.916	251.389
Other internally generated assets	0.115	0.188	0.017	0.041	0.956	0	1.088	0.229
Consolidated total revenues	149.169	147.742	50.330	51.150	52.505	52.726	252.004	251.618
EBIT	9.455	8.146	3.677	4.375	5.164	5.471	18.296	17.992

TABLE 14

Shares owned by members of the Management and Supervisory Boards		
number	Shares	Shares
	Balance at 31/03/2018	Balance at 30/09/2017
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 Wölffe	0	0
Horst Binnig	0	0
Prof Dr-Ing Wilfried Sihm	0	0
Stefanie Blumenauer	0	0
Astrid Fleischer	98	98
Total	400,098	400,098

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

CONDENSED CONSOLIDATED NOTES

BASIC INFORMATION

The consolidated financial statements of Bertrandt Aktiengesellschaft, registered at Birkensee 1, 71139 Ehningen, Germany (register number HRB 245259, commercial register of the local court of Stuttgart), for the year ending 30 September 2017 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 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 2016/2017. 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 2017/2018, 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 2016/2017. 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 2017/2018

The following table sets out the International Financial Reporting Standards and Interpretations that are subject to mandatory application as of fiscal 2017/2018.

TABLE 15

Standard/ Interpretation		Compulsory application ¹	Expected effects
IAS 7	Amendments to IAS 7: Statement of Cash Flows – Disclosure Initiative	01/01/2017	None
IAS 12	Amendments to IAS 12: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	01/01/2017	None
Improvements to IFRS	Adoption of Annual Improvements to IFRS Cycle 2014-2016	01/01/2017/ 01/01/2018	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 2017/2018. Bertrandt will apply them for the accounting period for which they become effective.

TABLE 16

Standard/ Interpretation		Compulsory application ¹	Expected effects
IFRS 2	Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01/01/2018	None
IFRS 4	Amendments to IFRS 4: Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018	None
IFRS 9 ³	Amendments to IFRS 9: Financial Instruments Amendments to IFRS 9: Prepayment Features with Negative Compensation ²	01/01/2018 01/01/2019	No substantial effects, more detailed disclosures in the Notes
IFRS 15 ⁴	Revenue from Contracts with Customers Amendments to IFRS 15	01/01/2018	Examination concluded with the result that application has no effects, more detailed disclosures in the Notes
IFRS 16 ⁵	Leasing	01/01/2019	Currently under examination, more detailed disclosures in the Notes
IFRS 17 ²	Insurance Contracts	01/01/2021	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	None
IAS 40	Amendments to IAS 40: Transfers of Investment Property	01/01/2018	None
IFRIC 22	Foreign Currency Transactions and Advance Considerations	01/01/2018	None
IFRIC 23 ²	Uncertainty over Income Tax Treatments	01/01/2019	None
Improvements to IFRS ²	Adoption of Annual Improvements to IFRS Cycle 2015-2017	01/01/2019	Single-case audit

¹Fiscal years beginning on or after the specified date.

²Not yet endorsed by the EU.

³No substantial impact on classification of financial instruments expected. Impacts of changes in impairment model currently under examination. Final evaluations planned for current fiscal year. No substantial impact expected.

⁴Customer contracts were analysed in a group-wide project. The analyses showed that accounting for the customer projects has continued to be in line with the principles of time-period related revenue recognition that have applied to date.

⁵General recognition of all leases as right-of-use assets and recognition of corresponding lease liability on the lessee's balance sheet. A positive effect on the operating result and a negative effect on net finance income expected.

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 b.professional GmbH in Mannheim; Bertrandt Beteiligungen GmbH in Ehningen; Bertrandt Fahrerprobung Süd GmbH in Nufringen; Bertrandt Grundstücks GmbH in Nufringen; Bertrandt Projektgesellschaft mbH; Bertrandt Services GmbH; Bertrandt Solutions GmbH; Bertrandt Technikum GmbH in Ehningen and Bertrandt Technologie GmbHs in Immendingen, Mönshheim and Sassemburg; Bertrandt Ehningen GmbH in Ehningen; Bertrandt GmbH in Hamburg; Bertrandt Verwaltungs GmbH in Mönshheim; Bertrandt Automotive GmbH & Co. KG; Bertrandt Immobilien GmbH & Co. KG and Bertrandt Grundbesitz GmbH & Co. KG, each located in Pullach i. Isartal; Fariba Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG in Mainz as well as Bertrandt Energie GmbH in Mönshheim; Bertrandt München GmbH in Munich and Bertrandt Tappenbeck GmbH in Tappenbeck. Moreover, the entities newly incorporated in the year under review, Bertrandt Digital GmbH; Bertrandt Innovation GmbH and Bertrandt Neo GmbH, each located in Ehningen, 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 and indirect investments in aucip. automotive cluster investment platform Beteiligungs GmbH; MOLLIS automotive GmbH; NAMENU tool GmbH and MCIP tool GmbH, each located in Pullach i. Isartal. In addition, Bertrandt Campus GmbH, and the indirect investment in Bertrandt Campus Grundbesitz GmbH, each located in Ehningen, and of which Bertrandt has joint control, are also accounted for in the consolidated financial statements under the equity method as joint ventures.

FOREIGN CURRENCY TRANSLATION

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

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

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

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

TABLE 17

Currency translation					
relative to one euro					
		Average rate on balance sheet date		Average rate first half	
		31/03/2018	31/03/2017	2017/2018	2016/2017
China	CNY	7.7690	7.3693	7.8045	7.3474
United Kingdom	GBP	0.8765	0.8576	0.8854	0.8631
Romania	RON	4.6583	4.5515	4.6379	4.5116
Turkey	TRY	4.9204	3.8893	4.5858	3.7375
Hungary	HUF	312.4000	308.1500	311.3040	309.2890
United States	USD	1.2323	1.0681	1.2033	1.0723

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 168.749 million in the period under review (previous year EUR 164.840 million). As of the balance sheet date, receivables amounted to EUR 61.114 million (previous year EUR 47.428 million).

FAIR VALUE DISCLOSURES

The principles and methods used for fair value measurement have remained unchanged compared to fiscal 2016/2017.

Because of the short maturities of the Company's current 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 226.087 million (previous year EUR 230.713 million) on account of the movement in interest rates in the reporting period up to 31 March 2018.

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 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 2017). 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 2016/2017 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 2017 to 31 March 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.

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, 7 June 2018

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 17/18	Q1 17/18	Q4 16/17	Q3 16/17	Q2 16/17
Revenues	250.916	248.492	257.509	237.541	251.389
Other internally generated assets	1.088	0.646	0.681	0.519	0.229
Total revenues	252.004	249.138	258.190	238.060	251.618
Other operating income	2.319	2.016	2.231	1.623	2.339
Raw materials and consumables used	-25.056	-23.850	-27.648	-26.352	-25.465
Personnel expenses	-178.853	-176.070	-175.587	-177.371	-179.714
Depreciation	-8.235	-8.272	-8.561	-8.502	-8.435
Other operating expenses	-23.883	-25.193	-25.577	-23.251	-22.351
EBIT	18.296	17.769	23.048	4.207	17.992
Net finance income	-0.843	-0.501	-0.557	-0.806	-0.249
Profit from ordinary activities	17.453	17.268	22.491	3.401	17.743
Other taxes	-0.852	-0.766	-1.176	-0.404	-0.638
Earnings before tax	16.601	16.502	21.315	2.997	17.105
Income taxes	-4.142	-4.738	-5.267	-158	-3.726
Post-tax earnings	12.459	11.764	16.048	2.839	13.379
– attributable to shareholders of Bertrandt AG	12.459	11.764	16.048	2.839	13.379
Number of shares (million) – diluted/basic, average weighting	10.091	10.091	10.091	10.091	10.091
Earnings per share (EUR) – diluted/basic	1.23	1.17	1.59	0.28	1.33

FINANCIAL CALENDAR

ROADSHOWS AND CONFERENCES

CREDITS

13th Capital Market Day
14 June 2018

Report on the 3rd quarter 2017/2018
29 August 2018

Annual report 2017/2018
Annual press and analysts' conference
13 December 2018

Annual General Meeting
20 February 2019
10:30
City Hall Sindelfingen



Dates

Published and edited by
Bertrandt AG
Birkensee 1, 71139 Ehningen
Germany
Telephone +49 7034 656-0
Telefax +49 7034 656-4100
www.bertrandt.com
info@bertrandt.com

HRB 245259
Amtsgericht Stuttgart

Contact
Dr Markus Götzl
Head of Marketing, Public and
Investor Relations Department
Telephone +49 7034 656-4201
Telefax +49 7034 656-4488
markus.goetzl@de.bertrandt.com

Julia Nonnenmacher
Corporate Communication
Telephone +49 7034 656-4037
Telefax +49 7034 656-4242
julia.nonnenmacher@de.bertrandt.com

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www.sahara.de

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Andreas Körner, Stuttgart

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