

# Q3 2016

QUARTERLY STATEMENT AS AT SEPTEMBER 30, 2016

**CANCOM**

## Group key figures

### Q3 AT A GLANCE

in € million	Jul. 1 - Sep. 30, 2016	Jul. 1 - Sep. 30, 2015	Changes
Sales revenues	225.5	226.9	-0.6%
Gross profit	69.9	67.3	+3.9%
EBITDA	17.2	17.2	+0.0%
EBITDA margin in %	7.6%	7.6%	+0.0%
EBITA	13.8	13.8	+0.0%
EBIT	11.7	11.5	+1.7%
Earnings per share from continuing operations (basic) in €	0.54 €	0.54 €	+0.0%

### 9 MONTH

in € million	Jan. 1 - Sep. 30, 2016	Jan. 1 - Sep. 30, 2015	Changes
Sales revenues	717.7	657.4	+9.2%
Gross profit	212.7	197.9	+7.5%
EBITDA	50.2	40.9	+22.7%
EBITDA margin in %	7.0%	6.2%	+0.8%
EBITA	40.4	31.4	+28.7%
EBIT	34.3	24.4	+40.6%
Earnings per share from continuing operations (basic) in €	1.42	0.95	+49.5%
Average number of shares (in 1,000) (basic)	16,025	14,880	+7.7%
Employees as at September 30	2,825	2,712	+4.2%

in € million	Sept. 30, 2016	Dec. 31, 2015	Changes
Balance sheet	465.1	436.3	+6.6%
Equity	273.9	204.3	+34.1%
Equity ratio in %	58.9%	46.8%	+12.1%

#### Revenue CANCOM Group

Jan. 1 - Sep. 30, 2015 and Jan. 1 - Sep. 30, 2016 (in € million)

2015	657.4
2016	717.7

#### Gross profit CANCOM Group

Jan. 1 - Sep. 30, 2015 and Jan. 1 - Sep. 30, 2016 (in € million)

2015	197.9
2016	212.7

#### EBITDA CANCOM Group

Jan. 1 - Sep. 30, 2015 and Jan. 1 - Sep. 30, 2016 (in € million)

2015	40.9
2016	50.2

#### Earnings per share CANCOM Group

Jan. 1 - Sep. 30, 2015 and Jan. 1 - Sep. 30, 2016 (in Euro)

2015	0.95
2016	1.42

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**Dear Stockholders:**

Catchphrases like Digitization, Industry 4.0 and Cloud Computing are now commonplace in the media, demonstrating the great importance of information technology for companies and entire sectors of the economy. Many industries, including the IT sector itself, are going through a major transition which could well accelerate in the next few years. Existing business models are being challenged, and new ones are being created. The continuing development of technologies and the increasing networking of people, as well as machines and products – in the Internet of Things – present business opportunities and potential for development in many areas of public and private life.

As a cloud transformation partner, the CANCOM group is operating successfully in this challenging environment. The results for the first nine months of 2016 show substantial growth. We are therefore optimistic about the prospects of reaching our targets for the year as a whole. Also, Germany's digital association BITKOM anticipates further steady growth in the German IT market.

Management believes the CANCOM group is in a good position to take advantage of the excellent opportunities that currently exist. We would like to thank all our stockholders for your interest and for the confidence you have shown in us by investing in CANCOM shares.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Klaus Weinmann', written in a cursive style.

Klaus Weinmann  
Chief Executive Officer

# Consolidated interim management report

## 1. Overview of the group

The CANCOM group is one of the leading providers of IT infrastructure and IT services in Germany and Austria. With its decentralized distribution and services structure, as well as central services in areas such as finance, purchasing, warehousing, logistics, marketing, product management and human resources, the group is well placed for sustainable, profitable growth. The group has locations in Germany, Austria, Switzerland and the U.S.A. in addition to a representative office in Brussels, Belgium.

### Structure of the CANCOM group

CANCOM SE (also referred to as CANCOM), based in Munich, Germany, performs the central financial and management role for the equity investments held by the CANCOM group.

### Areas of business

The cloud solutions operating segment comprises the CANCOM group's cloud and shared managed services business, including sales revenues from cloud hardware, software and services allocated to the projects. The service offer includes analysis, consulting, delivery, implementation and services, thus offering clients the necessary orientation and support for their conversion from traditional corporate IT systems to cloud computing. As part of its range of services, the CANCOM group can provide scalable cloud and managed services – in particular shared managed services – to run entire IT departments, or parts of them, for its clients. Distribution costs allocated to cloud distribution are included in the segment. The cloud business also benefits from synergies with CANCOM's central sales and marketing department, the costs of which are allocated to the IT solutions reportable segment.

The IT solutions operating segment of the CANCOM group offers comprehensive support for IT infrastructure and applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or as part of a project, in addition to professional IT services and support.

### Focus of activities and sales markets

The CANCOM group is one of the largest independent integrated IT systems providers in Germany. It offers IT architecture, systems integration and managed services. As a provider of integrated services, CANCOM mainly focuses on IT services, in addition to distributing hardware and software from well-known manufacturers.

The IT services offered by the group include consulting, the design of IT architectures and landscapes, and the design, integration and operation of IT systems – ranging from the performance of individual partial assignments (out-tasking) to taking over the complete operation of a company's IT systems.

The CANCOM group's client base therefore mainly includes commercial end-users, from small and medium enterprises to large enterprises and groups, as well as public-sector clients. Geographically, the CANCOM group operates primarily in Germany and Austria as well as in the U.S.A.

### Explanation of the control system used within the group

To control and monitor the performance of the individual subsidiaries and the operating segments, CANCOM analyzes their monthly figures for, among other things, sales revenues, gross profit, operating expenditure and operating profit, and compares these key figures with the original plan as well as the quarterly forecast. For the purpose of management control, the company also regularly uses external indicators such as inflation rates, interest rates, the general economic trend and the performance of the IT sector, including forecasts. It also takes into account any data or indicators deriving from the early warning system of the group. Further details can be found in the risks and opportunities report.

**Research and development activities**

Innovation is very important for economic momentum and growth. As it is a service and trading enterprise, CANCOM does not conduct any research activities. Its development work focuses, for example, on software solutions, applications or architecture in IT growth segments such as cloud computing, virtualization, mobile solutions, IT security and shared managed services. Development work is limited in scope and is mainly used for the group’s own purposes. During the period under review, further development work was carried out on the group’s own IT architecture platform, CANCOM AHP Enterprise Cloud, in addition to customization of in-house software used by the company.

**2. Economic report**

**The general economic situation and the performance of the IT sector**

According to experts, 2016 has seen some stabilization in the economic situation. The German economy is holding its ground despite considerable uncertainty, including the question mark remaining over the consequences of the U.K. vote to leave the European Union, the tense situation in parts of the European banking sector, and the multitude of geopolitical risks such as the situation in Turkey, the war in Syria and the rise of protectionism.

BITKOM, Germany’s digital association, believes the German IT market will continue to grow steadily and drive growth in the ITC sector as a whole.

**Impact on the CANCOM group’s business performance**

Nine months into the current year, CANCOM SE’s sales revenues and profits are both up on the figures for 2015. The group’s positive performance is driven by the healthy demand among companies for IT products and solutions across CANCOM’s range, for instance cloud and managed services and related solutions such as mobility, security, big data and analytics.

**Events in the third quarter of the current year**

CANCOM SE has taken over the German business of MISCO, an online retailer of IT and telecommunications products, in an asset deal through its subsidiary CANCOM GmbH. The acquisition gives CANCOM access to new clients, strengthens the company’s position in the Frankfurt am Main area and increases its direct sales capacity. The approval of the German antitrust authorities has now been obtained and MISCO Germany is included in the consolidated accounts with effect from September 2, 2016.

**Employees**

As at September 30, 2016, the CANCOM group employed 2,825 people (2015: 2,712).

<b>The employees worked in the following areas</b> (as at September 30)	
Professional services	1,895
Sales and distribution	536
Central services	394

**The personnel expenses for the first nine months were as follows (in € '000):**

	<b>Jan. 1.-Sep. 30, 2016</b>	<b>Jan. 1.-Sep. 30, 2015</b>
	<b>€'000</b>	<b>€'000</b>
Wages and salaries	113,773	109,815
Social security contributions	18,450	17,775
Pension provisions	253	154
<b>Total</b>	<b>132,476</b>	<b>127,744</b>

**3. Earnings, financial and assets position of the CANCOM Group**

**a) Earnings position**

The CANCOM Group recorded a growth in its sales revenues and profits in the first nine months of 2016 in comparison with the same period of 2015.

Consolidated sales revenues increased by 9.2 percent, from € 657.4 million to € 717.7 million. The organic growth was 4.4 percent.

<b>CANCOM Group sales revenues</b> year-on-year comparison of figures for the first nine months (in € million)	
2015	657.4
2016	717.7

In Germany, sales revenues were up 8.2 percent, from € 592.0 million to € 640.6 million. In international business, the group's sales revenues were up 17.9 percent, from € 65.4 million to € 77.1 million.

In the IT solutions segment, sales revenues were up by 7.4 percent, from € 562.0 million in the previous year to € 603.4 million in 2016. In the cloud solutions segment, sales revenues also charted growth of 19.8 percent, from € 95.3 million to € 114.2 million.

The consolidated gross profit of the CANCOM group for the first nine months of 2016 was 7.5 percent higher than in the same period of the previous year. It rose from € 197.9 million to € 212.7 million. The gross profit margin was 29.6 percent in comparison to 30.1 percent in 2015.

<b>CANCOM Group gross profit</b> year-on-year comparison of figures for the first nine months (in € million)	
2015	197.9
2016	212.7

In the first three quarters, staff expenses increased from € 127.7 million to € 132.5 million. The staff expenses ratio fell from 19.4 percent to 18.5 percent, reflecting the change in the staff structure as a result of the group's increased activities in the higher-end consulting and services business.

At € 50.2 million, consolidated EBITDA for the first nine months of the fiscal year 2016 was up 22.7 percent on the year-on-year figure of € 40.9 million. This resulted in an improvement in the EBITDA margin, at 7.0 percent compared with 6.2 percent in the same period of 2015.

<b>CANCOM Group EBITDA</b> year-on-year comparison of figures for the first nine months (in € million)	
2015	40.9
2016	50.2

Consolidated earnings before interest and tax (EBIT) increased by 40.6 percent from € 24.4 in 2015 to € 34.3 million in the period under review.

<b>CANCOM Group EBIT</b> year-on-year comparison of figures for the first nine months (in € million)	
2015	24.4
2016	34.3

At € 22.8 million, the after-tax profit after deduction of minority interests was higher than the figure generated in the previous year (€ 8.6 million). Earnings per share from continuing operations for the period January to September 2016 therefore amounted to € 1.42, compared with € 0.95 in the same period of 2015.

**Order position**

In the cloud solutions segment, and large parts of the IT solutions segment, orders are often placed over long periods. For this reason the reporting date figures do not give a good indication of the order situation, and they are therefore not published. At the time this management report was written, capacity utilization among our consultants was good in both business segments.

**Explanations of individual items on the statement of income**

Further details on items in the statement of income are given in the notes to the consolidated statement of income.

**b) Financial and assets position**

**Objectives of financial management**

The core objective of the financial management of the CANCOM group is to safeguard its liquidity at all times in such a way that day-to-day business activities can be continued. In addition, the group aims to achieve optimum profitability as well as a high credit status to ensure favorable refinancing rates.

**Notes to the capital structure**

On the assets side of the balance sheet, current assets rose from € 277.4 million to € 308.2 million between December 31, 2015 and September 30, 2016. Cash and cash equivalents declined from € 85.8 million to € 52.5 million in the same period. Other current financial assets increased from € 7.8 million to € 78.3 million. This amount included, inter alia, time deposits with banks of € 70 million. Trade accounts receivable were down from € 145.8 million to € 142.8 million. In comparison, inventories increased slightly from € 27.9 million to € 28.1 million.

At € 157.0 million as at September 30, 2016, non-current assets were almost unchanged in comparison with € 158.9 million as at December 31, 2015.

On the liabilities side of the balance sheet, there was a reduction in current liabilities from € 159.6 million as at December 31, 2015 to € 127.1 million. Trade accounts payable fell from € 106.8 million to € 76.7 million as at September 30, 2016.

Non-current liabilities, consisting of debt with a residual term of at least one year, also decreased. They were down from € 72.4 million as at December 31, 2015 to € 64.1 million as at September 30, 2016.

Nominal equity went up from € 204.3 million as at December 31, 2015 to € 273.9 million, mainly as a result of the capital increase against cash contributions carried out in the first quarter of the current fiscal year. Overall, this resulted in a further improvement of the equity ratio from 46.8 percent as at December 31, 2015 to 58.9 percent at the end of the third quarter of 2016, with an increase of total assets to € 465.1 million, compared with € 436.3 million as at December 31, 2015.

Further details of the individual balance sheet items can be found in the notes to the consolidated balance sheet.

**Notes to the statement of cash flows**

The cash flow from ordinary activities stood at € 8.5 million as at September 30, 2016 compared with a negative cash flow of € 23.4 million in the same period of 2015.

There was a negative cash flow from investing activities of € 96.8 million, which results from time deposits with banks. The figure recorded for the first nine months of 2015 was minus € 19.1 million.

As a result of the capital increase, there was a positive cash flow from financing activities of € 55.2 million, compared with minus € 9.6 million year on year.

In total, this resulted in cash and cash equivalents of € 52.5 million, compared with € 62.5 million in the previous year.

**4. Stock ownership of members of the Executive and Supervisory Boards as at September 30, 2016**

<b>Total number of shares</b>	<b>16,367,531</b>	<b>100 percent</b>
<b>Executive Board</b>		
Klaus Weinmann	10,000	0.1 percent
<b>Supervisory Board</b>		
Dominik Eberle	10,000	0.1 percent

**5. Events after the end of the reporting period**

At the time this management report was drawn up by the Executive Board, no significant events had made impact on the earnings, financial and assets position of the CANCOM group.

**6. Risks of future development**

There have been no major changes in the risks of future development at CANCOM since the start of the current fiscal year. Details of the risks can be found in the annual report for 2015, starting on page 30. The annual report can be downloaded from [www.cancom.com/berichte](http://www.cancom.com/berichte) or obtained in printed form, free of charge, from the company.

## 7. Opportunities for future development

There have been no major changes in the opportunities for future development at CANCOM since the start of the current fiscal year. Details of the opportunities can be found in the annual report for 2015, starting on page 39. The annual report can be downloaded from [www.cancom.com/berichte](http://www.cancom.com/berichte) or obtained free of charge from the company.

## 8. Forecast

The autumn reports of the leading economic research institutes forecast higher growth in the German gross domestic product (GDP) than initially expected, at 1.9 percent. The outlook is boosted by the positive employment situation and stable consumer and government spending.

The IT market will continue to be shaped by strong growth and innovation. The complexity and variety of solutions, and thus also the demands placed on company IT departments, will continue to increase – driven, among other things, by changed work and usage patterns. The digitization of nearly all sectors and the resulting comprehensive networking – along with the Internet of Things – are increasingly driving the development of business models, production processes and products, across all sizes of organization and in all areas of the economy. Against this background, a rise in the demand for innovative and intelligent IT solutions can be expected.

BITKOM, Germany's digital association, expects revenues from software, IT services and IT hardware to grow by 3.6 percent to € 84.0 billion in 2016 – significantly stronger than the economy as a whole. However, great variations are anticipated in the performances of the individual market segments. The software and IT services businesses are expected to experience the strongest growth (6.2 percent and 2.7 percent respectively), with demand in areas such as big data and cloud computing solutions growing fastest as a result of the digitization of companies in all sectors.

## Anticipated performance of the CANCOM group

Thanks to its proven expertise and outstanding market position in the IT growth areas referred to above – cloud computing, mobility, security and shared managed services – CANCOM aims to continue growing its two operating segments, both organically and through acquisitions, at a faster rate than the German IT market, so continuously expanding its market share. To achieve this objective, CANCOM decided at an early stage to gear its business policy to the IT growth areas, designing its sales and services structure around them while focusing on the expansion of the higher-end services and consulting business. With its integrated portfolio of services across all areas of IT, and its flexibility in providing individually tailored packages for its clients, CANCOM has major client advantages to enable it to penetrate the market even further and more comprehensively.

CANCOM focuses on profitable business in the traditional IT environment and withdraws without hesitation from low-growth or declining areas. The IT solutions and cloud solutions operating segments benefit from each other's business, due to the interactions between the CANCOM units across the group and the fact that the provision of integrated solutions for clients usually requires input from both areas.

CANCOM intends to continue strengthening its market position, partly through selective acquisitions, while taking advantage of marketing and cost synergies. The highly fragmented service provider landscape, particularly in the IT environment in the German-speaking area, continues to offer favorable conditions for CANCOM to act as a market consolidator.

Against the background of the group's positive performance in fiscal 2015 and in view of its favorable positioning in the growing market of cloud computing and in the IT market as a whole, the Executive Board expects further growth and an improvement in profits if the demand for IT products remains steady.

Munich, Germany, November 2016

CANCOM SE

The Executive Board

**Disclaimer regarding forward-looking statements**

This document has not been audited. It contains statements relating to our future business and financial performance and to future events or developments affecting CANCOM that may constitute forward-looking statements. These statements are based on the current expectations, assumptions and estimates of the Executive Board and other information currently available to the management, of which many are beyond CANCOM's control. These statements can be identified by phrases and words such as ,expect', ,want', ,assume', ,believe', ,endeavor', ,estimate', ,presume', ,calculate', ,intend', ,could', ,plan', ,should', ,will', ,forecast' or similar words.

All statements with the exception of facts regarding the past are forward-looking statements. Such statements include expectations regarding the availability of products and services, the financial and earnings position, the business strategy and the Executive Board's plans for future operating activities, economic performance and all statements regarding assumptions. Although we take the greatest of care when making these statements, we cannot guarantee their correctness, especially in our forecast. Various known and unknown risks, uncertainties and other factors may lead to the actual events deviating significantly from those contained in the forward-looking statements. The following influencing factors are, among others, relevant in this respect: external political influences, changes in the general economic and business situation; changes in the competitive position and situation, for instance by the emergence of new competitors, new products and services or new technologies; changes in the investment behavior of target client groups etc. and changes to the business strategy.

If one or more of these risks or uncertainties should materialize, or if the underlying expectations are not fulfilled or assumptions prove incorrect, the actual results, performance or achievements of CANCOM may (either negatively or positively) deviate substantially from those described either explicitly or implicitly in the relevant forward-looking statement. CANCOM cannot guarantee the pertinence, accuracy, completeness or correctness of the information or opinions in this document.

CANCOM does not make any commitment to update its forward-looking statements, nor does it intend to update them or correct them if developments differ from those anticipated. Due to rounding, some of the numbers presented in this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures they refer to.

# Consolidated balance sheet (IFRS)

## ASSETS

(in € 000)	Notes	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2015
<b>Current assets</b>				
Cash and cash equivalents		52,461	85,802	62,489
Trade accounts receivable		142,771	145,760	133,700
Other current financial assets	B.1.	78,254	7,844	7,579
Inventories		28,102	27,948	26,767
Contracts in process		833	565	831
Prepaid expenses and other current assets	B.2.	5,748	9,477	7,464
<b>Total current assets</b>		<b>308,169</b>	<b>277,396</b>	<b>238,830</b>
<b>Non-current assets</b>				
Property, plant and equipment (tangible fixed assets)		42,313	40,326	39,582
Intangible assets		27,547	28,682	28,070
Goodwill		72,443	72,780	68,098
Long-term financial assets		165	65	66
Financial assets accounted for by the equity method		523	452	509
Loans		2,306	2,401	2,395
Other financial assets		6,279	7,431	7,966
Deferred taxes from temporary differences	B.3.	2,138	2,398	2,653
Deferred taxes from tax loss carryovers	B.3.	1,995	2,983	3,336
Other assets		1,256	1,407	976
<b>Total non-current assets</b>		<b>156,965</b>	<b>158,925</b>	<b>153,651</b>
<b>Total assets</b>		<b>465,134</b>	<b>436,321</b>	<b>392,481</b>

**EQUITY AND LIABILITIES**

(in € 000)	Notes	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2015
<b>Current liabilities</b>				
Short-term loans and current portion of long-term loans		2,449	1,386	1,442
Capital from profit participation rights and subordinated loans (short-term portion)		619	12	1,996
Trade accounts payable		76,685	106,781	80,441
Prepayments received		4,332	7,724	4,644
Other current financial liabilities	B.4.	6,712	6,205	6,794
Provisions	B.5.	5,720	3,782	4,555
Deferred income		3,006	2,917	2,874
Income tax liabilities		6,950	4,258	3,000
Other current liabilities	B.6.	20,627	26,528	19,500
<b>Total current liabilities</b>		<b>127,100</b>	<b>159,593</b>	<b>125,246</b>
<b>Non-current liabilities</b>				
Long-term loans		2,279	2,865	3,058
Convertible bonds	B.7.	41,438	40,434	40,108
Capital from profit participation rights and subordinated loans		4,534	4,761	4,656
Deferred income		3,000	3,867	3,120
Deferred tax from temporary differences	B.8.	7,063	8,891	8,546
Pension provisions		1,807	1,744	1,777
Other non-current financial liabilities	B.9.	732	1,757	2,756
Other non-current liabilities	B.5.	3,258	8,122	8,542
<b>Total non-current liabilities</b>		<b>64,111</b>	<b>72,441</b>	<b>72,563</b>
<b>Equity</b>				
Capital stock	B.10.	16,368	14,880	14,880
Capital reserves	B.10.	173,936	110,197	110,197
Net retained profit ( incl. revenue reserves)		80,804	72,534	61,098
Equity differences due to currency translation and exchange rate price difference		882	1,092	894
Minority interest		1,933	5,584	7,603
<b>Total equity</b>		<b>273,923</b>	<b>204,287</b>	<b>194,672</b>
<b>Total equity and liabilities</b>		<b>465,134</b>	<b>436,321</b>	<b>392,481</b>

## CONSOLIDATED STATEMENT OF INCOME

(in € 000)	Notes	Q3		9 months	
		Jul. 1 - Sep. 30, 2016	Jul. 1 - Sep. 30, 2015	Jan. 1 - Sep. 30, 2016	Jan. 1 - Sep. 30, 2015
Sales revenues		225,530	226,896	717,715	657,356
Other operating income	D.1.	1,220	272	2,263	772
Other own work capitalized		446	363	1,483	1,254
<b>Total operating performance</b>		<b>227,196</b>	<b>227,531</b>	<b>721,461</b>	<b>659,382</b>
Cost of materials and purchased services		-157,332	-160,232	-508,730	-461,436
<b>Gross profit</b>		<b>69,864</b>	<b>67,299</b>	<b>212,731</b>	<b>197,946</b>
Staff expenses	D.2.	-42,924	-40,020	-132,476	-127,744
Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets		-5,453	-5,716	-15,986	-16,456
Other operating expenses	D.3.	-9,786	-10,067	-30,013	-29,312
<b>Operating income</b>		<b>11,701</b>	<b>11,496</b>	<b>34,256</b>	<b>24,434</b>
Interest and similar income		141	47	456	450
Interest and other expenses		-872	-790	-2,504	-2,457
Other financial result: income		1,343	0	1,343	0
Other financial result: expenses		-1	0	-232	0
Write-downs of long-term financial assets		0	-13	0	-1,414
Profit/loss from associated entities accounted for using the equity method		-5	0	72	116
Currency translation gains/losses		-16	-62	-170	19
<b>Earnings before taxes</b>		<b>12,291</b>	<b>10,678</b>	<b>33,221</b>	<b>21,148</b>
Income tax expense	D.4.	-3,322	-3,232	-10,160	-7,144
<b>Earnings after taxes from continuing operations</b>		<b>8,969</b>	<b>7,446</b>	<b>23,061</b>	<b>14,004</b>
Earnings from discontinued operations	D.5.	-7	-4,258	-7	-5,590
<b>Net income for the period</b>		<b>8,962</b>	<b>3,188</b>	<b>23,054</b>	<b>8,414</b>
thereof attributable to stockholders of the parent		8,911	3,710	22,794	8,570
thereof attributable to minority interests		51	-522	260	-156
Average number of shares outstanding (basic)		16,367,531	14,879,574	16,025,410	14,879,574
Average number of shares outstanding (diluted)		17,423,041	15,935,094	17,080,920	15,935,094
<b>Earnings per share from continuing operations (basic) in €</b>		<b>0.54</b>	<b>0.54</b>	<b>1.42</b>	<b>0.95</b>
<b>Earnings per share from continuing operations (diluted) in €</b>		<b>0.51</b>	<b>0.50</b>	<b>1.33</b>	<b>0.89</b>
<b>Earnings per share from discontinued operations (basic) in €</b>		<b>-0.00</b>	<b>-0.29</b>	<b>-0.00</b>	<b>-0.38</b>
<b>Earnings per share from discontinued operations (diluted) in €</b>		<b>-0.00</b>	<b>-0.27</b>	<b>-0.00</b>	<b>-0.35</b>
<b>Earnings per share from net income for the period attributable to stockholders of the parent (basic) in €</b>		<b>0.54</b>	<b>0.25</b>	<b>1.42</b>	<b>0.58</b>
<b>Earnings per share from net income for the period attributable to stockholders of the parent (diluted) in €</b>		<b>0.51</b>	<b>0.23</b>	<b>1.33</b>	<b>0.54</b>

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(in € 000)	Q3		9 months	
	Jul. 1 - Sep. 30, 2016	Jul. 1 - Sep. 30, 2015	Jan. 1 - Sep. 30, 2016	Jan. 1 - Sep. 30, 2015
<b>Net income for the period</b>	<b>8,962</b>	<b>3,188</b>	<b>23,054</b>	<b>8,414</b>
<b>Other comprehensive income</b>				
<b>Items possibly to be reclassified in profit or loss in subsequent periods</b>				
Currency translation difference	-75	-11	-304	544
Income taxes	23	2	94	-169
<b>Other comprehensive income for the period (after taxes)</b>	<b>-52</b>	<b>-9</b>	<b>-210</b>	<b>375</b>
<b>Comprehensive income for the period</b>	<b>8,910</b>	<b>3,179</b>	<b>22,844</b>	<b>8,789</b>
thereof attributable to stockholders of the parent	8,859	3,701	22,584	8,945
thereof attributable to minority interests	51	-522	260	-156

**CONSOLIDATED CASH FLOW STATEMENT**

(in € 000)	Jan. 1 - Sep. 30, 2016	Jan. 1 - Sep. 30, 2015
<b>Cash flow from ordinary activities</b>		
Net income for the year before taxes and minority interest	33,221	21,148
Adjustments		
+ Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	15,986	16,456
+ Interest result and other financial result	937	2,007
+/- Changes in non-current provisions	139	-30
+/- Changes in current provisions	-462	-1,015
+/- Result from disposal of tangible and intangible fixed assets and long-term financial assets	-748	609
+/- Changes in inventories	-168	-4,109
+/- Changes in trade accounts receivable and other receivables	4,764	-4,664
+/- Changes in trade accounts payable and other liabilities	-39,309	-38,867
- Interest paid	-132	-198
+/- Income tax paid and refunded	-5,106	-15,354
+/- Non-cash expenses and income	-664	1,941
+/- Cash inflow/outflow from discontinued operations	-8	-1,299
<b>Net cash from operating activities</b>	<b>8,450</b>	<b>-23,375</b>
<b>Cash flow from investing activities</b>		
+/- Acquisition of subsidiaries and equity-based instruments of other entities	-11,782	-2,694
+/- Cash inflow from/cash outflow for disposal of previously consolidated subsidiaries	0	-983
- Acquisition of long-term financial assets	-101	-2,303
- Acquisition of available-for-sale current financial assets	-70,000	0
- Cash outflow for addition of tangible and intangible fixed assets	-16,826	-12,103
+ Proceeds from disposal of tangible and intangible fixed assets and long-term financial assets	1,893	605
- Cash paid for acquisition of shares	0	-2,076
+ Interest received	45	450
<b>Net cash used in investing activities</b>	<b>-96,771</b>	<b>-19,104</b>
<b>Cash flow from financing activities</b>		
+/- Proceeds from the issue of capital stock	66,214	0
+/- Capital increase costs	-1,429	0
- Repayment of long-term debt (incl. portion of short-term debt)	-631	-1,061
+/- Changes in short-term debt	1,065	149
- Interest paid	-726	-809
- Dividends paid	-8,274	-7,563
+/- Cash inflow from/outflow for finance lease	-980	-340
<b>Net cash used in financing activities</b>	<b>55,239</b>	<b>-9,624</b>
<b>Increase/decrease in cash and cash equivalents</b>		
+/- Exchange-related changes in currencies	-259	297
+/- Cash at the beginning of period	85,802	114,295
<b>Cash at the end of period</b>	<b>52,461</b>	<b>62,489</b>
<i>Components:</i>		
Cash	52,461	62,489
Cash from discontinued operations	0	0
	<b>52,461</b>	<b>62,489</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Shares	Capital stock	Capital reserves	Revenue reserves	Currency translation reserves	Reserves for exchange rate differences	Reserves for changes in actuarial gains/ losses from pensions	Reserves for evaluation	Net retained profit/(net accumulated loss)	Total equity holders of the parent	Minority interests	Total equity
	units'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
<b>Dezember 31, 2014</b>	<b>14,880</b>	<b>14,880</b>	<b>110,197</b>	<b>34,620</b>	<b>516</b>	<b>3</b>	<b>-268</b>	<b>-153</b>	<b>25,768</b>	<b>185,563</b>	<b>8,228</b>	<b>193,791</b>
Transfer of net retained profit/ revenue reserves				5,856					-5,856	0		0
Dividend payment in fiscal year									-7,440	-7,440	-124	-7,564
Comprehensive income for the period					574	-1	51		22,365	22,989	-266	22,723
Aquisition of minority interests				-2,409						-2,409	-2,150	-4,559
Effect arising from disposal of minority interests										0	-104	-104
<b>Dezember 31, 2015</b>	<b>14,880</b>	<b>14,880</b>	<b>110,197</b>	<b>38,067</b>	<b>1,090</b>	<b>2</b>	<b>-217</b>	<b>-153</b>	<b>34,837</b>	<b>198,703</b>	<b>5,584</b>	<b>204,287</b>
Capital increase	1,488	1,488	64,726							66,214		66,214
Changes in reserves: Capital increase costs												
Convertible bonds			-987							-987		-987
Transfer of net retained profit/ revenue reserves				22,455					-22,455	0		0
Dividend payment in fiscal year									-8,184	-8,184	-90	-8,274
Comprehensive income for the period					-210	0	0		22,794	22,584	260	22,844
Aquisition of minority interests				-6,340						-6,340	-3,821	-10,161
<b>September 30, 2016</b>	<b>16,368</b>	<b>16,368</b>	<b>173,936</b>	<b>54,182</b>	<b>880</b>	<b>2</b>	<b>-217</b>	<b>-153</b>	<b>26,992</b>	<b>271,990</b>	<b>1,933</b>	<b>273,923</b>

# Segment information – IFRS

Segment information	Cloud Solutions		IT Solutions	
	Sep. 30, 2016 €'000	Sep. 30, 2015 €'000	Sep. 30, 2016 €'000	Sep. 30, 2015 €'000
<b>Sales revenues</b>				
- External sales	114,249	95,335	603,429	562,002
- Intersegment sales	873	1,239	3,454	4,195
- Total sales revenues	115,122	96,574	606,883	566,197
- Cost of materials and purchased services	-63,634	-46,614	-448,902	-419,553
- Human resources expenses	-24,000	-23,022	-101,603	-98,816
- Other income and expenses	-5,208	-6,159	-19,235	-19,583
<b>EBITDA</b>	22,280	20,779	37,143	28,245
- Depreciation, amortization and write-downs	-4,691	-4,871	-10,944	-11,275
<b>Operating income (EBIT)</b>	17,589	15,908	26,199	16,970
- Interest income	212	175	231	273
- Interest expenses	-2	-1	-1,746	-1,733
- Other financial result: income	0	0	1,343	0
- Other financial result: expenses	0	0	-227	0
- Write-downs of long-term financial assets	0	0	0	-642
- Profit/loss from associated entities accounted for using the equity method	72	116	0	0
Result from ordinary activities	17,871	16,198	25,800	14,868
- Currency exchange gains/losses				
Earnings before taxes	17,871	16,198	25,800	14,868
- Income taxes				
- Discontinued operations	-7	-3,437	0	-1,999
<b>Consolidated net income for the year</b>				
thereof attributable to the stockholders of the parent				
thereof attributable to minority interests				

Totals		Other entities		Reconciliation		Consolidated	
Sep. 30, 2016 €'000	Sep. 30, 2015 €'000						
717,678	657,337	37	19				
4,327	5,434	1	0	-4,328	-5,434		
722,005	662,771	38	19	-4,328	-5,434	717,715	657,356
-512,536	-466,167	0	0	3,806	4,731	-508,730	-461,436
-125,603	-121,838	-6,873	-5,906	0	0	-132,476	-127,744
-24,443	-25,742	-2,346	-2,247	522	703	-26,267	-27,286
59,423	49,024	-9,181	-8,134	0	0	50,242	40,890
-15,635	-16,146	-351	-310	0	0	-15,986	-16,456
43,788	32,878	-9,532	-8,444	0	0	34,256	24,434
443	448	935	966	-922	-964	456	450
-1,748	-1,734	-1,678	-1,687	922	964	-2,504	-2,457
1,343	0	0	0	0	0	1,343	0
-227	0	-5	0	0	0	-232	0
0	-642	0	-759	0	-13	0	-1,414
72	116	0	0	0	0	72	116
43,671	31,066	-10,280	-9,924	0	-13	33,391	21,129
				-170	19	-170	19
43,671	31,066	-10,280	-9,924	-170	6	33,221	21,148
				-10,160	-7,298	-10,160	-7,144
-7	-5,436	0	0	0	0	-7	-5,590
						<b>23,054</b>	<b>8,414</b>
						22,794	8,570
						260	-156

## A. The principles adopted for the consolidated financial statements

### 1. General information

The consolidated financial statements of CANCOM SE and its subsidiaries ('the CANCOM group' or 'the group') for the fiscal year 2016 were drawn up according to the International Financial Reporting Standards (IFRS) or the International Accounting Standards (IAS).

The consolidated interim financial statements were drawn up in euro. All amounts are shown in thousand euro (€ thousand) unless otherwise stated. In individual cases rounding of figures may result in inconsistencies between totals and sums of constituent parts. For the same reason, percentage may not exactly match the aggregate values shown.

This consolidated interim financial report is condensed and was drawn up in compliance with IAS 34 Interim Financial Reporting. It should be read in conjunction with the IFRS-compliant consolidated financial statements for the fiscal year 2015, which can be downloaded from [www.cancom.de](http://www.cancom.de).

### 2. Reporting entity

The consolidated financial statements include CANCOM SE and all subsidiaries in which CANCOM SE has either a direct or an indirect majority stockholding, or in which it holds the majority of the voting rights. These subsidiaries are fully consolidated.

Xerabit GmbH was merged into CANCOM GmbH. The merger is documented in a merger contract dated April 21, 2016 and was entered in the commercial register of CANCOM GmbH on April 29, 2016.

CANCOM SE has taken over selected portions of the company assets (customer base, inventories) and the staff of Misco Germany Inc. through its subsidiary CANCOM GmbH. The takeover is documented in a contract of sale dated July 22, 2016 and is effective from September 2, 2016 at midnight. A purchase price of € 207,904.58 (customer base € 1.00, inventories € 207,903.58) was agreed, in addition to a variable purchase price for hidden liabilities of € 246,146 (preliminary value).

Incidental acquisition costs amounting to € 70 thousand were incurred in connection with the asset deal; these are disclosed under other operating expenses.

The assets purchased as part of the asset deal are shown below with the respective impact on the recognition of deferred taxes:

	Fair value €'000	Carrying amount €'000
Inventories	208	208
Total current assets	208	208
Intangible assets	1,178	70
Total non-current assets	1,178	70
<b>Total assets</b>	<b>1,386</b>	<b>278</b>
Deferred taxes from temporary differences	339	0
Total non-current liabilities	339	0
<b>Total liabilities</b>	<b>339</b>	<b>0</b>
<b>Net assets acquired</b>	<b>1,047</b>	<b>278</b>

This results in a negative difference of € 593 thousand and intangible assets of € 1,178 thousand (preliminary values). The negative difference was recognized in the income statement under other operating income. A negative difference arises because the value of the net assets acquired exceeds the agreed purchase price.

The acquisition gives CANCOM access to new clients, strengthens the company's position in the Frankfurt am Main area and increases its direct sales capacity.

CANCOM DIDAS GmbH was merged into CANCOM GmbH. The merger is documented in a merger contract dated August 18, 2016 and was entered in the commercial register of CANCOM GmbH on September 5, 2016.

### 3. Accounting and valuation policies

The consolidated interim financial report is compiled using basically the same accounting and valuation methods as those used for the consolidated financial statements for the fiscal year 2015.

## B. Notes to the consolidated balance sheet

### 1. Other current financial assets

This item comprises receivables from banks (€ 70,000 thousand), claims to the payment of a purchase price (€ 4,160 thousand), bonuses due from suppliers (€ 2,589 thousand), marketing revenue (€ 1,101), creditors with a debit balance (€ 274 thousand) and receivables from staff (€ 130 thousand).

### 2. Prepaid expenses and other current assets

This item mainly consists of other current assets such as tax refunds (€ 1,725 thousand), commission income (€ 409 thousand), insurance refunds (€ 235 thousand), and receivables from social insurance institutions (€ 21 thousand).

The prepaid expenses (€ 3,145 thousand) include deferred insurance premiums and expenses paid in advance.

### 3. Deferred tax assets

The deferred tax assets are as follows:

Deferred tax from	temporary differences €'000	tax loss carryforwards €'000
As at January 1, 2016	2,398	2,983
Tax income/expense from profit and loss calculation	-259	-988
Currency exchange gains/losses *	-1	0
<b>As at September 30, 2016</b>	<b>2,138</b>	<b>1,995</b>

\* recognized directly in equity

As at September 30, 2016, the CANCOM group had corporate tax loss carryovers of € 5.7 million and trade tax loss carryovers of € 6.4 million. The unused corporate tax losses for which no deferred tax claim was recognized in the balance sheet amounted to € 0.0 million. The trade tax loss carryovers for which no deferred tax claim was recognized also amounted to € 0.0 million. On the basis of the planned tax results, it is expected that the capitalized deferred tax advantages from loss carryovers will be realized.

The deferred taxes from temporary differences are mainly the result of differences in intangible assets (€ 689 thousand), property, plant and equipment/tangible assets (€ 464 thousand), pension provisions (€ 389 thousand), other liabilities (€ 165 thousand), other financial liabilities (€ 162 thousand), liabilities to related parties (€ 154 thousand), and provisions (€ 113 thousand).

### 4. Other current financial liabilities

This item refers to liabilities to former affiliated entities (€ 2,778 thousand), debtors with a credit balance (€ 2,064 thousand), outstanding bills of charges (€ 1,114 thousand), purchase price liabilities (€ 449 thousand), Supervisory Board remuneration (€ 223 thousand) and rent (€ 84 thousand).

### 5. Other provisions

The provisions mainly include the variable component of the purchase price for shares in affiliated entities (€ 4,862 thousand), guarantees and warranties (€ 1,426 thousand), copyright fees (€ 1,188 thousand), termination payments (€ 463 thousand), provisions for anniversaries (€ 270 thousand), financial statement costs (€ 168 thousand), archiving costs (€ 153 thousand), decommissioning and restoration liabilities (€ 134 thousand), provisions for additional leasing costs (€ 59 thousand), as well as for contingent risks (€ 52 thousand).

The total provisions include long-term provisions of € 3,258 thousand, which are disclosed under other non-current liabilities. These provisions are principally for copyright fees (€ 1,188 thousand), variable components of purchase prices for corporate acquisitions (€ 927 thousand), guarantees and warranties (€ 643 thousand), provisions for anniversaries (€ 270 thousand), archiving costs (€ 123 thousand), termination payments (€ 72 thousand) for which a provision is legally mandatory in Austria, and provisions for additional leasing costs (€ 15 thousand).

### 6. Other current liabilities

Other current liabilities mainly comprise bonuses to board members, officers and staff (€ 7,998 thousand), vacation and overtime entitlements (€ 4,365 thousand), sales tax (€ 4,146 thousand), tax on salaries and church tax (€ 2,361 thousand), payments to the employers' liability insurance association (€ 599 thousand), wages and salaries (€ 528 thousand), convertible bond interest liabilities (€ 200 thousand), compensation levy for non-employment of the severely handicapped (€ 184 thousand) and social security contributions (€ 125 thousand).

## 7. Convertible bond

In March 2014, CANCOM SE issued a convertible bond for a total nominal amount of € 45,000 thousand. The bond matures in March 2019. The denomination per unit is € 100,000, and holders are entitled to convert their bonds into up to 1,055,510 new no-par value bearer shares in CANCOM SE. The initial conversion price was € 42.6334 per share. The conversion ratio is therefore 2,345,5788 shares per bond at a nominal amount of € 100,000. The conversion right for the convertible bonds can be exercised throughout their term to maturity. The bond has a coupon of 0.875 percent. Interest will be paid annually on March 27, starting on March 27, 2015.

On the balance sheet, the convertible bond will be split into an equity component and a debt component. The resulting value of the equity component is € 5,942 thousand, which is recognized under capital reserves. An interest expense of € 1,187 thousand was recognized for the bond in the period from January 1 to September 30, 2016.

## 8. Deferred tax liabilities

The deferred tax liabilities are as follows:

	€'000
As at January 1, 2016	8,891
Addition owing to recognition of liabilities directly in equity because of first-time inclusion in consolidated financial statements	339
Tax income from profit and loss calculation	-2,045
Currency exchange gains/losses *	-122
<b>As at September 30, 2016</b>	<b>7,063</b>

\* recognized directly in equity

The deferred tax liabilities arise from deviations from the tax balance sheets. They are the result of the recognition and revaluation of intangible assets (€ 5,078 thousand), software development costs (€ 483 thousand), other financial assets (€ 460 thousand), loans to affiliated entities (€ 421 thousand), goodwill (€ 263 thousand), property, plant and equipment/tangible assets (€ 153 thousand), convertible bonds (€ 130 thousand), prepaid expenses (€ 30 thousand), other liabilities (€ 18 thousand), provisions (€ 13 thousand), contracts in progress (€ 7 thousand), equity-accounted investments (€ 6 thousand), and financial assets (€ 1 thousand).

The deferred tax liabilities are recognized at an individual tax rate of between 25 percent (for the Austrian subsidiary) and 39.83 percent (for the U.S. subsidiary).

## 9. Other non-current financial liabilities

Other non-current financial liabilities include rent obligations of € 440 thousand and purchase price liabilities of € 292 thousand.

## 10. Equity

CANCOM SE carried out a capital increase against cash contributions, which was recorded in the commercial register on March 4, 2016. Part of the authorized capital (2015/I) was used to increase the capital stock from € 14,879,574 to € 16,367,531 by issuing 1,487,957 new no-par value bearer shares. The existing stockholders' subscription rights were excluded. The new shares carry dividend rights from January 1, 2015. The total issuing value of the new shares is € 66.2 million, which will be used to strengthen the equity base for the further organic and inorganic growth of the group.

## C. Segment information

### Description of segments subject to mandatory reporting

The cloud solutions operating segment comprises PIRONET NDH Datacenter AG & Co. KG, PIRONET Enterprise Solutions GmbH, Pironet AG (formerly Pironet NDH Aktiengesellschaft), in addition to the divisions of CANCOM GmbH allocated to the cloud solutions segment. This operating segment comprises the CANCOM group's cloud and shared managed services business, including sales revenues from cloud hardware allocated to the projects. The segment's activities range from analysis and consulting to delivery, implementation and services. This means it offers clients the necessary orientation and support for their transformation from traditional corporate IT systems to cloud computing. As part of its range of services, the CANCOM group is able to run parts of, or entire, IT departments for its clients, using scalable cloud and managed services – especially shared managed services. Distribution costs allocated to cloud distribution are included in the segment. The cloud business also benefits from synergies with CANCOM's general sales and marketing service, the costs of which are allocated to the IT solutions reportable segment.

The IT solutions operating segment comprises CANCOM GmbH, CANCOM Computersysteme GmbH, CANCOM a + d IT solutions GmbH, CANCOM (Switzerland) AG, NSG ICT Service GmbH (formerly CANCOM NSG GmbH), NSG GIS GmbH (formerly CANCOM NSG GIS GmbH), CANCOM SCS GmbH (formerly CANCOM NSG SCS GmbH), CANCOM ICP GmbH (formerly CANCOM NSG ICP GmbH), CANCOM on line GmbH, Cancom on line B.V.B.A, CANCOM physical infrastructure GmbH, CANCOM, Inc., HPM Incorporated and Verioplan GmbH, with the exception of the division of CANCOM GmbH allocated to the cloud solutions and 'other entities' segment. This operating segment of the CANCOM group offers comprehensive support for IT infrastructure and applications. The range of services offered includes IT strategy consulting, project planning and implementation, system integration, IT procurement via e-procurement services or as part of a project, in addition to professional IT services and support.

The 'other entities' are CANCOM SE, CANCOM VVM GmbH and CANCOM Financial Services GmbH, in addition to the division of CANCOM GmbH allocated to the 'other entities' segment. CANCOM SE and the division of CANCOM GmbH allocated to this segment perform the staff and/or management function for the group. As such, they provide a range of services for the subsidiaries. The costs of central management of the group and its investments in internal group projects also fall within this segment.

### Reconciliation

Reconciliation shows items not directly connected with the operating segments and the other entities. They include sales within the segments and the income tax expense.

The income tax expense is not a component of the profits of the operating segments. Since the tax expense is allocated to the parent company where the parent company is the taxable entity, the allocation of the income tax does not exactly correspond to the structure of the segments.

### Information on geographical regions

	Sales revenue according to client location		Sales revenue according to entity location	
	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000
Germany	593,945	548,760	640,629	592,001
Outside Germany	123,770	108,596	77,086	65,355
Group	717,715	657,356	717,715	657,356
			Non-current assets	
			Sep. 30, 2016 €'000	Sep. 30, 2015 €'000
Germany			120,499	128,388
Outside Germany			32,168	19,115
Group			152,667	147,503

Non-current assets include property, plant and equipment (tangible assets), intangible assets, goodwill, long-term equity investments in associated entities and other non-current assets. Financial instruments and deferred tax claims are not included.

## D. Notes to the consolidated statement of income

### 1. Other operating income

The other operating income is made up of the following

	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000
Rent	1	0
Income not relating to the period	1,161	331
Income resulting from negative goodwill arising from capital consolidation	593	0
Government grants	436	393
Compensation for damages	4	11
Other operating income	68	37
<b>Total</b>	<b>2,263</b>	<b>772</b>

## 2. Staff expenses

The staff expenses consist of the following:

	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000
Wages and salaries	113,773	109,815
Social security contributions	18,450	17,775
Pensions expenses	253	154
<b>Total</b>	<b>132,476</b>	<b>127,744</b>

## 3. Other operating expenses

The other operating expenses consist of the following items:

	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000
Premises costs	7,839	6,831
Insurance and other charges	928	667
Motor vehicle costs	3,288	3,960
Advertising costs	1,747	1,736
Stock exchange and entertainment costs	315	234
Hospitality and traveling expenses	3,575	3,746
Delivery costs	2,384	2,350
Third-party services	1,574	1,791
Repairs, maintenance, leasing	2,049	1,443
Communications and office costs	1,840	1,834
Professional development and training costs	1,180	1,110
Legal and consultancy costs	1,366	1,248
Fees and charges; costs of money transactions	619	628
Value adjustments on receivables	0	193
Other operating expenses	1,309	1,541
<b>Total</b>	<b>30,013</b>	<b>29,312</b>

## 4. Income tax

The rate of income tax for the German entities was 30.95 percent (2015: 31.06 percent). This is made up of corporate tax, trade tax and solidarity surcharge.

The divergence between the tax expenses reported and those at the tax rate of CANCOM SE is shown below:

	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000
<b>Earnings before tax</b>	<b>33,221</b>	<b>21,148</b>
<b>Expected tax expense at rate for German companies (30.95 percent; 2015: 31.06 percent)</b>	<b>10,282</b>	<b>6,569</b>
- Difference from tax paid outside Germany	108	-135
- Change in value adjustment on deferred tax assets on loss carryforwards	0	10
- Tax-exempt income/ non tax-relevant losses on disposals	10	537
- Actual income tax not relating to the period	46	63
- Permanent differences	-419	28
- Non-deductible operating expenses as well as additions and reductions in relation to trade tax	55	43
- Effects of tax rate changes	38	11
- Miscellaneous	40	18
<b>Total group income tax expenses</b>	<b>10,160</b>	<b>7,144</b>

The actual tax rate is calculated as follows:

	Jan. 1 - Sep. 30, 2016 €'000	Jan. 1 - Sep. 30, 2015 €'000
Income before tax	33,221	21,148
Income tax	10,160	7,144
Actual tax expense rate	30.58%	33.78%

Income tax comprises the income tax paid or owed in the individual countries, and the deferred taxes:

	<b>Jan. 1 - Sep. 30, 2016 €'000</b>	<b>Jan. 1 - Sep. 30, 2015 €'000</b>
<b>Actual income tax expense</b>	10,515	7,898
<b>Deferred taxes:</b>		
Assets	1,248	1,606
Liabilities	-2,045	-2,360
	-797	-754
<b>Deferred taxes recognized directly in equity</b>	442	0
<b>Group income tax</b>	<b>10,160</b>	<b>7,144</b>

## 5. Discontinued operations

The impact of discontinued operations on the preliminary consolidated statement of income was a loss of € 7 thousand (2015: minus € 5,590 thousand).

This amount consists of income (including other own work capitalized and other operating income) of € 0 thousand (2015: € 4,162 thousand) and expenditure of minus € 7 thousand (2015: minus € 9,741), resulting in a pre-tax loss of € 7 thousand (2015: loss of € 5,579 thousand). The respective income tax receivable amounts to € 0 thousand (2015: minus € 11 thousand).

Only the disposal of Pirobase Imperia GmbH has been recognized in discontinued operations.

## E. Other disclosures

### 1. Related party disclosures

For the purposes of IAS 24, Klaus Weinmann can be considered a related party who can exercise a significant influence on the CANCOM group as an Executive Board member of CANCOM SE. Rudolf Hotter, the other Executive Board member, is also a related party for the purposes of IAS 24, as are the members of the Supervisory Board. Other related parties under IAS 24.9 b are:

- AL-KO Kober SE and its related companies;
- ABCON Holding GmbH and its subsidiaries;
- WFO Vermögensverwaltung GmbH and its subsidiaries;
- AURIGA Corporate Finance GmbH;
- DV Immobilien Management GmbH; and
- Elber GmbH.

Transactions with related parties were settled in the same way as arm's length transactions, and the payment terms were net 10 to 30 days.

The transaction volume of goods sold and services provided to related parties under IAS 24 in the first nine of 2016 was as follows: € 2,380 thousand (gross) in relation to goods/services purchased by AL-KO Kober SE and its related companies, of which € 180 thousand was outstanding as at the balance sheet date; and € 3 thousand (gross) purchased by ABCON Holding GmbH and its subsidiaries, of which € 2 thousand was outstanding as at September 30, 2016.

No goods or services were purchased from related parties under IAS 24.

### 2. Shares held by members of the Executive and Supervisory Boards (at the balance sheet date)

A list of stockholdings can be found on page 8 of this interim report.

### 3. Stockholdings in the company as defined in Section 20 IV

CANCOM SE did not receive written notice from any stockholder disclosing a majority stockholding as defined in Section 20 of the above Act in the first nine months of 2016.

**CANCOM SE**

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