DOCUMENTATION
OF COMMITMENT

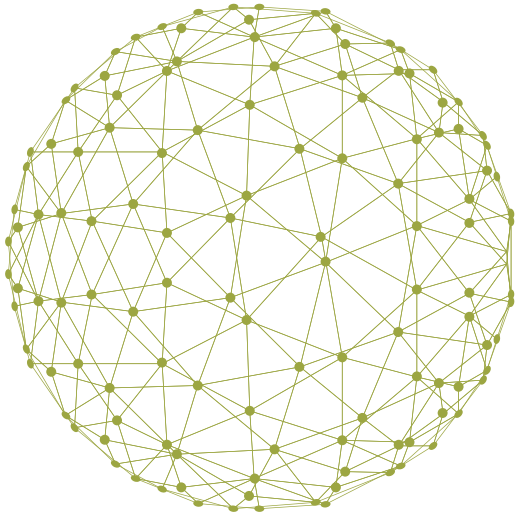
Q3

1 APRIL TO 31 DECEMBER 2017

RELAUNCH

QUARTERLY STATEMENT

2017/2018



RELAUNCH

Outlook raised after dynamic
first nine months of the financial year

SHORT **NOTICED**

Q1-Q3
2017/2018

Operating business remains at a high level, significant incoming orders and sales growth, disproportionately high increase in earnings

OUTLOOK FOR FULL FINANCIAL YEAR

Operating outlook for financial year raised to Group sales of **€ 545 million** and Group net income after minority interest of between **€ 20 million and € 21 million**. Effects of antitrust proceedings against a subsidiary not yet quantifiable.

01.04.-31.12.		I. -III. Quarter 2017/2018	I. -III. Quarter 2016/2017	Change
Incoming orders	€'000	407,911	376,391	+8.4%
Sales	€'000	404,350	357,528	+13.1%
EBITDA	€'000	49,449	35,667	+38.6%
EBIT	€'000	31,458	19,946	+57.7%
Earnings before tax (EBT)	€'000	29,915	17,842	+67.7%
Group net income after minority interest	€'000	16,357	9,727	+68.2%
Earnings per share pursuant to IFRS	€	1.51	0.98	+54.1%
Weighted average number of shares	Number	10,832,475	9,969,471	+8.7%
Employees	Number	2,482	2,526	-1.7%

KEY **FIGURES**

€ 408 Mn.
INCOMING ORDERS
(€ 376 Mn.)

+8%
compared to Q1-Q3 2016/2017

€ 404 Mn.
SALES
(€ 357 Mn.)

+13%
compared to Q1-Q3 2016/2017

2,482
STAFF
(2,526)

€ 49.4 Mn.
EBITDA
(€ 35.7 Mn.)

€ 31.5 Mn.
EBIT
(€ 20.0 Mn.)

€ 30.0 Mn.
EBT
(€ 17.8 Mn.)

€ 16.4 Mn.
GROUP NET INCOME AFTER MINORITY INTEREST
(€ 9.7 Mn.)

€ 1.51
EARNINGS PER SHARE PURSUANT TO IFRS
(€ 0.49)

+54%
compared to Q1-Q3 2016/2017

FOREWORD OF THE GESCO CEO

Dear Shareholders,

Following a dynamic first half of the year, GESCO Group **continued generating brisk business in the third quarter**. **Three out of four segments** recorded a **rise in incoming orders, sales and earnings** over the reporting period. **Sales saw a double-digit increase** overall in the first nine months of the financial year, and the **earnings figures increased at a disproportionate rate**. The subsequent fourth quarter then displayed **further strong momentum** and, according to the preliminary figures, brought **incoming orders and sales to a high level**.

Alongside this positive operating development, a number of non-operating one-off effects impacted earnings in the reporting period. A subsidiary in the Mobility Technology segment resolved to discontinue one of its divisions after the close of its reporting period as part of a strategic realignment. The division affected by the closure focuses primarily on the development and production of tools for the powertrains of internal combustion engines. The associated one-off expense in the amount of around € 2 million has been taken into consideration in these financial statements. On the other hand, we succeeded in reaching an agreement with the financial authorities at the turn of the year from 2017 to 2018 following several years of negotiations; this agreement led to a positive one-off effect in the amount of € 1.7 million. This effect has also been reported in these financial statements.

As outlined in our ad hoc announcement on 12 December 2017, the Federal Cartel Office (Bundeskartellamt) commenced investigations against Dörrenberg Edelstahl GmbH, a 90 % subsidiary of GESCO AG, within the scope of its investigations into manufacturers of steel products on the grounds of suspected anti-competitive collusion and behaviour between 2003 and 2015. The Federal Cartel Office offered Dörrenberg Edelstahl GmbH the possibility to discontinue the proceedings by way of mutual consent in return for payment of a high single-digit-million amount. We are currently examining the matter and the options available in consultation with legal advisers. No final decision regarding further action has been reached. As a result, a potential negative impact on earnings resulting from the antitrust proceedings has not yet been taken into account in the present report on the nine-month period, with the exception of provisions for anticipated legal and consulting costs.

GESCO orients its business activity towards the letter of the law as well as values and standards. Against the backdrop of the proceedings, we have critically re-examined existing rules and processes, developed a Group-wide code of conduct and scheduled expanded training for GESCO Group managing directors and management staff.

We recently stated that the outlook for the year as a whole would be at the upper end of the ranges we originally specified, with Group sales amounting to € 530 million and Group net income after minority interest to € 18 million. Based on the information currently available, **we have increased this forecast to € 545 million for Group sales and € 20 million to € 21 million for Group net income after minority interest**. These figures do not include a potential negative impact on earnings resulting from the anti-trust proceedings against Dörrenberg Edelstahl GmbH, as this amount cannot be reliably determined or estimated on the basis of the information currently available.

Warm regards,

Dr. Eric Bernhard
(Chairman of the Executive Board)

CHANGES TO THE SCOPE OF CONSOLIDATION

At the turn of the year from 2016 to 2017, GESCO AG acquired 100 % of the shares in **Pickhardt & Gerlach Group** (PGW), Finnentrop, Germany, a leading strip steel processor, as part of a succession planning process. This company generates sales of roughly € 30 million and has approximately 40 employees. PGW was already included in the Group balance sheet for 2016/2017 with its assets and liabilities, while the company has only been included in the Group income statement since the beginning of the current financial year 2017/2018.

On 7 December 2017, GESCO AG sold its shares in **Protomaster GmbH**, Willkau-Haßlau, Germany, in line with the resolution adopted in February 2017. The company's managing director, together with a co-investor, acquired the shares by way of a management buyout. Protomaster was deconsolidated on 30 November 2017.

BUSINESS PERFORMANCE

The financial years of GESCO AG and GESCO Group run from 1 April to 31 March of the following year, while the financial years of the subsidiaries coincide with the calendar year. This interim statement for the first nine months of financial year 2017/2018 therefore encompasses the operating months January to September 2017 of the Group's subsidiaries.

On the one hand, the general conditions for GESCO improved significantly in this period. Following years of stagnation, the VDMA (Mechanical Engineering Industry Association) forecast growth of 3 % for 2017. On the other hand, optimisation projects that we defined and launched within the context of Portfolio Strategy 2022 are increasingly bearing fruit. Finally, Pickhardt & Gerlach Group, which was acquired at the turn of the year from 2016 to 2017, contributed external growth.

On the whole, GESCO Group generated brisk demand over the first nine months of the financial year. Following an above-average opening quarter in terms of incoming orders and margins, the second and third quarters also saw high performance. The Group recorded the highest quarterly sales in its history during the third quarter alone, at € 139.6 million.

DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE THIRD QUARTER

In the third quarter, which encompasses the operating months July to September in the case of the subsidiaries, the brisk business development seen in the first half of the year continued.

Incoming orders increased by 4.4 % compared to the same quarter in the previous year, from € 126.1 million to € 131.6 million. Sales rose by 8.4 % to € 139.6 million (previous year's period: € 128.8 million). On an organic basis, i.e. without the inclusion of the newly acquired Pickhardt & Gerlach Group, incoming orders would have declined at a high level by 2.1 %, and sales would have increased by 1.9 %.

The aforementioned one-off expenditure from the discontinuation of a division at a subsidiary, which had a total volume of around € 2 million, was recorded as a significant event after the reporting date of the respective company in the third quarter. The one-off earnings from the cessation of tax proceedings totalling around € 1.7 million are also included in this quarter.

In total, the key earnings figures saw a much stronger rise than sales. The material expenditure ratio increased in relation to total income, while the personnel expenditure ratio declined. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 15.3 % to € 16.9 million (€ 14.6 million). The disproportionately small increase in depreciation and amortisation meant that earnings before interest and taxes (EBIT) rose even more sharply, by 18.7 % to € 11.1 million (€ 9.3 million). Following a considerable improvement in the financial result, a higher tax rate and unchanged minority interest in incorporated companies, Group net income after minority interest rose by 18.7 % to € 5.8 million (€ 4.9 million).

DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE FIRST NINE MONTHS OF THE FINANCIAL YEAR

Throughout the entire nine-month period, the positive development of the operating business was reflected in the growth in incoming orders and sales as well as a disproportionate rise in the key earnings figures. Incoming orders increased by 8.4 % to € 407.9 million (€ 376.4 million); sales rose by 13.1 % to € 404.4 million (€ 357.5 million). In organic terms – in other words, excluding the newly acquired Pickhardt & Gerlach Group – incoming orders climbed by 1.2 %, while sales increased by 5.9 %.

While the material expenditure ratio remained almost unchanged year on year in relation to total income, the personnel expenditure ratio declined due to better capacity utilisation. With a 38.6 % increase, EBITDA grew much more strongly than sales and came in at € 49.4 million (€ 35.7 million). EBIT climbed from € 19.9 million to € 31.5 million, which represents growth of 57.7 %. Following an improvement in the financial result, slightly

higher taxes and increased minority interest in incorporated companies, Group net income after minority interest rose by 68.2 %, to € 16.4 million (€ 9.7 million). Earnings per share in accordance with IFRS saw disproportionately low growth of 54.1 %, as the number of shares rose following the capital increase in March 2017. It reached € 1.51, compared to € 0.98 in the previous year's period.

With increased earnings and higher depreciation, cash flow for the period rose by 37.0 % compared to the previous year's period, reaching € 36.5 million (€ 26.7 million). In view of the expansion of current assets as a result of the brisk operating business, cash flow from ongoing business activities fell to € 21.2 million (€ 30.7 million).

The order backlog stood at € 194.6 million at the end of the nine-month period; the order backlog of Protomaster GmbH, which was sold in December 2017, is no longer included in this figure.

SEGMENT REPORTING

During the nine-month period, the **Production Process Technology** segment benefited from the trend towards automation, and incoming orders grew by 5.0 % compared to the previous year's period, amounting to € 56.0 million (€ 53.3 million). Following the production of a number of machines and plants during the first two quarters, deliveries increased considerably in the third quarter. Accordingly, sales were higher than in the two preceding quarters at € 48.4 million and also exceeded the previous year's figure of € 45.2 million. EBIT rose disproportionately, increasing by 43.5 % to € 2.0 million (€ 1.4 million). For the year as a whole, we anticipate that sales and earnings for the segment will exceed the previous year's results.

The **Resource Technology** segment generated strong gains in incoming orders, sales and earnings; the first-time inclusion of the Pickhardt & Gerlach Group in the Group income statement in the current financial year also contributed to this trend. Incoming orders increased by 16.5 % to € 202.2 million (€ 173.5 million); sales rose by 23.4 % to € 205.4 million (€ 166.4 million). In organic terms – in other words, excluding the PGW Group – incoming orders and sales would have risen by 0.9 % and 7.9 % respectively. EBIT stood at € 27.8 million, which was more than twice the previous year's figure of € 13.7 million. The solid rise in earnings was partially influenced by certain special effects in the first quarter, while the margin level in the subsequent quarters stabilised at a high level.

For the year as a whole, we expect the segment to develop positively with strong year-on-year sales and earnings growth.

In the **Healthcare and Infrastructure Technology** segment, incoming orders and sales rose almost in parallel: the volume of incoming orders rose by 10.5 % to € 96.4 million (€ 87.2 million), while sales rose by 10.0 % to € 96.6 million (€ 87.8 million). EBIT grew from € 8.7 million to € 9.5 million. This 8.5 % rise, which is disproportionately low compared to sales, is primarily due to one-off effects for growth projects. For the year as a whole, we expect sales and earnings to be higher than the previous year's figures.

The **Mobility Technology** segment fell significantly short of the positive development of the other segments. While customer demand for supplier parts remained positive, the tool manufacturers recorded negative development. In total, incoming orders fell to € 53.3 million (€ 62.3 million) and sales fell to € 54.5 million (€ 59.7 million). The closure of a division at one of the subsidiaries mentioned in the introduction to this report led to the aforementioned one-off expense of around € 2 million, with the result that EBIT in the reporting period was negative at € -0.4 million compared to € 3.5 million in the previous year's period. For the year as a whole, we anticipate that sales and earnings for this segment will see a marked decrease compared to the previous year's results.

Protomaster GmbH, which was sold on 7 December 2017, was also allocated to the Mobility Technology segment. The company was deconsolidated on 30 November 2017. Protomaster was included in the segment reporting in this quarterly statement, along with its full sales figure at the point of deconsolidation of € 10.3 million and its negative EBIT of around € -0.1 million. This was offset by a positive earnings contribution resulting from the deconsolidation of around € 0.2 million, which has been included in the Reconciliation segment.

ASSETS AND FINANCIAL POSITION

In the balance sheet as at 31 March 2017, the assets and liabilities of Protomaster GmbH were reported as “held for sale”. As a result of the sale of the company in December 2017, these items are no longer included in the present balance sheet.

The marked expansion of operating business led to a 6.6 % increase in the balance sheet total to € 468.8 million (31 March 2017: € 439.9 million). Investments were somewhat lower than amortisation and depreciation, with non-current assets falling slightly while current assets increased. Liquid assets stood at € 36.7 million (€ 35.1 million) as at the reporting date. On the liabilities side, equity rose by 5 % to € 224.8 million (€ 214.1 million) as a result of the improvement in earnings, which corresponded to an equity ratio of 48.0 % (48.7 %). Current and non-current liabilities to financial institutions increased marginally overall to € 126.8 million (€ 122.4 million).

INVESTMENTS

The companies supported their modern technical equipment with investments of € 15.9 million (€ 12.6 million) in property, plant and equipment and intangible assets. This total volume was distributed among a series of smaller and medium-sized individual projects. At € 6.5 million, the focus was on the Healthcare and Infrastructure Technology segment in the reporting period.

EMPLOYEES

There were 2,482 employees at GESCO Group at the end of the reporting period (2,526). The 115 employees of Protomaster GmbH are no longer included in the figure for the reporting period, as the company was deconsolidated. The 37 employees of the Pickhardt & Gerlach Group were not yet included in the previous year’s figure. Adjusted for these effects from the changes to the scope of consolidation, the number of employees increased slightly during the nine-month period.

OPPORTUNITIES, RISKS AND RISK MANAGEMENT

Our general explanations on the subject of opportunities and risks, as well as the presentation of specific individual risks in the Group financial statements as at 31 March 2017, remain essentially unchanged and valid. For more details, please refer to the Annual Report 2016/2017, which is available online at www.gesco.de, and the supplementary information in the half-year interim report. As explained in the ad hoc announcement on 12 December 2017, there is a risk of a payment having to be made in relation to ongoing antitrust proceedings against Dörrenberg Edelstahl GmbH. The likelihood and amount of any potential payment cannot be determined based on the information currently available.

EVENTS AFTER THE REPORTING DATE, OUTLOOK AND FORECAST REPORT

This quarterly statement for the first nine months of the financial year encompasses the operating months January to September 2017 of the Group's subsidiaries. In the subsequent fourth quarter, which encompasses the operating months October to December 2017 of the subsidiaries, incoming orders at the Group came to roughly € 144 million according to preliminary figures – an increase of around 17 % on the previous year's figure of € 122.4 million. According to preliminary figures, Group sales in the fourth quarter increased by around 15 % compared to the previous year's figure and also reached approximately € 144 million (€ 124.9 million). The high sales level is also due to the fact that a number of machines and plants were delivered in the fourth quarter. All in all, incoming orders have built upon the unusually high result achieved in the first quarter, and sales exceeded even the record figures from the third quarter.

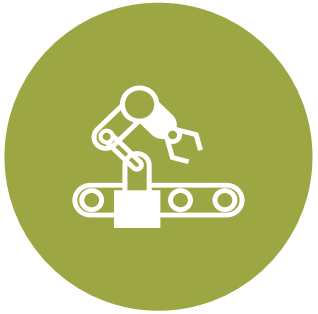
In our half-year interim report in November 2017, we forecast that sales and Group net income after minority interest for 2017/2018 as a whole would come in at the upper end of the ranges we originally had stated, equivalent to sales of around € 530 million and earnings of around € 18 million. Based on our knowledge to date, the operating business in the fourth quarter should have shown considerably better development than we originally anticipated. The one-off effects from the repositioning of a subsidiary and from the cessation of tax proceedings were processed in the nine-month period; based on our current knowledge, we do not expect any additional material non-operating effects on earnings in the fourth quarter. In view of the positive financial developments, particularly in the fourth quarter, we are increasing the forecast for 2017/2018 as a whole, with anticipated sales of around € 545 million and anticipated Group net income after minority interest of € 20 million to € 21 million. As explained above, this forecast does not take into consideration any amount for a possible payment in relation to the antitrust proceedings against our subsidiary Dörrenberg Edelstahl GmbH, as this figure cannot be reliably determined or estimated on the basis of the information currently available.

GESCO AG
The Executive Board
Wuppertal, February 2018

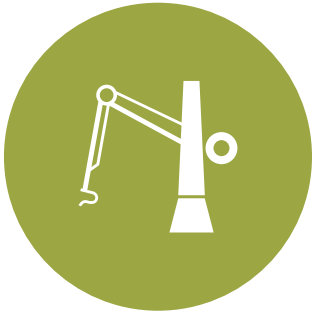
GROUP**SEGMENTS**

PORTFOLIO
STRATEGY

2022



PRODUCTION PROCESS
TECHNOLOGY



RESSOURCE
TECHNOLOGY

HEALTHCARE &
INFRASTRUCTURE
TECHNOLOGY

MOBILITÄTS
TECHNOLOGY

GESCO AG
GROUP BALANCE SHEET

ASSETS €'000	31.12.2017	31.03.2017
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets	22,452	27,189
2. Goodwill	19,184	19,424
3. Prepayments made	4	0
	41,640	**46,613**
II. Property, plant and equipment		
1. Land and buildings	62,295	63,738
2. Technical plants and machinery	49,411	49,403
3. Other plants, fixtures and fittings	21,173	21,563
4. Prepayments made and assets under construction	8,807	6,132
	141,686	**140,836**
III. Financial investments		
1. Shares in affiliated companies	40	52
2. Shares in companies valued at equity	1,130	1,044
3. Investments	156	156
4. Other loans	190	210
	1,516	**1,462**
IV. Other assets	**1,596**	**1,662**
V. Deferred tax assets	**3,416**	**3,431**
	189,854	**194,004**
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	24,787	22,928
2. Unfinished products and services	53,057	38,759
3. Finished products and goods	72,924	63,054
4. Prepayments made	881	426
	151,649	**125,167**
II. Receivables and other assets		
1. Trade receivables	75,467	69,206
2. Amounts owed by affiliated companies	1,513	1,302
3. Amounts owed by companies valued at equity	302	836
4. Other assets	12,504	6,806
	89,786	**78,150**
III. Cash and credit with financial institutions	**36,696**	**35,146**
IV. Accounts receivable and payable	**858**	**852**
	278,989	**239,315**
C. ASSETS HELD FOR SALE	**0**	**6,596**
	468,843	**439,915**

EQUITY AND LIABILITIES €'000	31.12.2017	31.03.2017
A, EQUITY		
I, Subscribed capital	**10,839**	**10,839**
II, Capital reserves	**72,364**	**72,364**
III, Revenue reserves	**131,041**	**118,468**
IV, Own shares	**-119**	**0**
V, Other comprehensive income	**-4,316**	**-2,748**
VI, Minority interest (incorporated companies)	**15,025**	**15,172**
	224,834	**214,095**
B, NON-CURRENT LIABILITIES		
I, Minority interest (partnerships)	**1,772**	**1,790**
II, Provisions for pensions	**16,427**	**17,101**
III, Other non-current provisions	**643**	**610**
IV, Liabilities to financial institutions	**85,380**	**81,667**
V, Other liabilities	**2,299**	**2,206**
VI, Deferred tax liabilities	**4,479**	**3,495**
	111,000	**106,869**
C, CURRENT LIABILITIES		
I, Other provisions	**11,825**	**11,851**
II, Liabilities		
1, Liabilities to financial institutions	41,467	40,760
2, Trade payables	19,143	13,135
3, Prepayments received on orders	25,288	17,383
4, Liabilities to affiliated companies	74	460
5, Liabilities to companies valued at equity	1	12
6, Other liabilities	35,066	26,706
	121,039	**98,456**
III, Accounts receivable and payable	**145**	**27**
	133,009	**110,334**
D, LIABILITIES HELD FOR SALE	**0**	**8,617**
	468,843	**439,915**

GESCO AG
GROUP INCOME STATEMENT FOR THE III. QUARTER (01.10. TO 31.12.)

€'000	III. Quarter 2017/2018	III. Quarter 2016/2017
1. Sales revenues	139,614	128,784
2. Change in stocks of finished and unfinished products	3,866	-5,106
3. Other company-produced additions to assets	4	405
4. Other operating income	2,898	967
5. TOTAL INCOME	**146,382**	**125,050**
6. Material expenditure	-73,475	-59,659
7. Personnel expenditure	-37,704	-35,336
8. Other operating expenditure	-18,314	-15,407
9. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	**16,889**	**14,648**
10. Amortisation of intangible assets and depreciation on property, plant and equipment	-5,802	-5,307
11. EARNINGS BEFORE INTEREST AND TAX (EBIT)	**11,087**	**9,341**
12. Earnings from investments	131	0
13. Earnings from companies valued at equity	61	12
14. Other interest and similar income	292	11
15. Interest and similar expenditure	-692	-637
16. Minority interest in partnerships	-102	-58
17. FINANCIAL RESULT	**-310**	**-672**
18. EARNINGS BEFORE TAX (EBT)	**10,777**	**8,669**
19. Taxes on income and earnings	-4,278	-3,083
20. GROUP NET INCOME	**6,499**	**5,586**
Minority interest in incorporated companies	-700	-701
GROUP NET INCOME AFTER MINORITY INTEREST	**5,799**	**4,885**
EARNINGS PER SHARE (€) PURSUANT TO IFRS	**0,53**	**0,49**
WEIGHTED AVERAGE NUMBER OF SHARES	**10,819,514**	**9,958,826**

GESCO AG
GROUP INCOME STATEMENT FOR THE FIRST NINE MONTHS (01.04. TO 31.12.)

€'000	I.-III. Quarter 2017/2018	I.-III. Quarter 2016/2017
1. Sales revenues	404,350	357,528
2. Change in stocks of finished and unfinished products	10,900	3,206
3. Other company-produced additions to assets	437	1,639
4. Other operating income	6,333	4,491
5. TOTAL INCOME	**422,020**	**366,864**
6. Material expenditure	-208,182	-180,132
7. Personnel expenditure	-113,271	-107,178
8. Other operating expenditure	-51,118	-43,887
9. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	**49,449**	**35,667**
10. Amortisation of intangible assets and depreciation on property, plant and equipment	-17,991	-15,721
11. EARNINGS BEFORE INTEREST AND TAX (EBIT)	**31,458**	**19,946**
12. Earnings from investments	189	0
13. Earnings from companies valued at equity	247	95
14. Other interest and similar income	333	61
15. Interest and similar expenditure	-2,068	-2,156
16. Minority interest in partnerships	-244	-104
17. FINANCIAL RESULT	**-1,543**	**-2,104**
18. EARNINGS BEFORE TAX (EBT)	**29,915**	**17,842**
19. Taxes on income and earnings	-11,268	-6,526
20. GROUP NET INCOME	**18,647**	**11,316**
Minority interest in incorporated companies	-2,290	-1,589
GROUP NET INCOME AFTER MINORITY INTEREST	**16,357**	**9,727**
EARNINGS PER SHARE (€) PURSUANT TO IFRS	**1,51**	**0,98**
WEIGHTED AVERAGE NUMBER OF SHARES	**10,832,475**	**9,969,471**

GESCO AG STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS (01.04. TO 31.12.)

	€'000	I.-III. Quarter 2017/2018	I.-III. Quarter 2016/2017
1.	**Group net income**	**18,647**	**11,316**
2.	**Revaluation of benefit obligations not impacting income**	**295**	**-1,730**
3.	**Items that cannot be transferred to the income statement**	**295**	**-1,730**
4.	**Difference from currency translation**		
a	Reclassification into the income statement	0	0
b	Changes in value with no effect on income	-1,948	-471
5.	**Difference from currency translation for companies valued at equity**		
a	Reclassification into the income statement	0	-2
b	Changes in value with no effect on income	-161	-19
6.	**Market valuation of hedging instruments**		
a	Reclassification into the income statement	0	-36
b	Changes in value with no effect on income	129	173
7.	**Items that can be transferred to the income statement**	**-1,980**	**-355**
8.	**Other income**	**-1,685**	**-2,085**
9.	**Total result for the period**	**16,962**	**9,231**
	of which share attributable to minority interest	2,173	1,477
	of which share attributable to GESCO shareholders	14,789	7,754

GESCO AG GROUP
CASH FLOW STATEMENT

€'000	I.-III. Quarter 2017/2018	I.-III. Quarter 2016/2017
Group net income (including share attributable to minority interest in incorporated companies)	18,647	11,316
Depreciation on property, plant and equipment and amortisation of intangible assets	17,991	15,721
Earnings from companies valued at equity	-247	-95
Share attributable to minority interest in partnerships	244	104
Increase in non-current provisions	-215	-110
Other non-cash income	114	-274
CASH FLOW FOR THE PERIOD	**36,534**	**26,662**
Losses from the disposal of property, plant and equipment/intangible assets	57	58
Gains from the disposal of property, plant and equipment/intangible assets	-384	-365
Gains due to changes to the scope of consolidation	-229	0
Increase in stocks, trade receivables and other assets	-39,491	-4,933
Increase in trade creditors and other liabilities	24,736	9,310
CASH FLOW FROM ONGOING BUSINESS ACTIVITIES	**21,223**	**30,732**
Incoming payments from disposals of property, plant and equipment/intangible assets	1,193	558
Disbursements for investments in property, plant and equipment	-15,555	-12,405
Disbursements for investments in intangible assets	-384	-226
Disbursements due to changes to the scope of consolidation	-1,641	0
Incoming payments from disposals of financial assets	33	25
CASH FLOW FROM INVESTMENT ACTIVITIES	**-16,354**	**-12,048**
Disbursements to shareholders (dividends)	-3,794	-6,650
Incoming payments from the sale of own shares	942	882
Disbursements for the purchase of own shares	-1,051	-926
Incoming payments from minority interests	0	-10
Disbursements to minority interests	-2,583	-5,809
Incoming payments from raising (financial) loans	15,315	9,359
Outflow for repayment of (financial) loans	-12,317	-16,366
CASH FLOW FROM FUNDING ACTIVITIES	**-3,488**	**-19,520**
Changes in cash and cash equivalents	**1,381**	**-836**
Exchange-rate related changes in cash and cash equivalents	**-232**	**-38**
FINANCIAL MEANS ON 01.04.	**35,547**	**36,581**
FINANCIAL MEANS ON 31.12.	**36,696**	**35,707**

GESCO AG GROUP
STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares	Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interest incorporated companies	Equity capital
AS AT 01.04.2016	**8,645**	**54,662**	**119,171**	**-5**	**852**	**-3,140**	**-101**	**180,084**	**15,689**	**195,773**
Distributions			-6,650					-6,650	-735	-7,385
Acquisition of own shares				-926				-926		-926
Disposal of own shares			-49	931				882		882
Acquisition of shares in subsidiaries			-1,903					-1,903	-1,636	-3,539
Increase in subscribed capital from own funds	1,330	-1,330						0		0
Result for the period			9,727		-414	-1,669	110	7,754	1,477	9,231
AS AT 31.12.2016	**9,975**	**53,332**	**120,296**	**0**	**438**	**-4,809**	**9**	**179,241**	**14,795**	**194,036**
AS AT 01.04.2017	**10,839**	**72,364**	**118,468**	**0**	**1,113**	**-3,858**	**-3**	**198,923**	**15,172**	**214,095**
Distributions			-3,794					-3,794	-2,320	-6,114
Acquisition of own shares				-1,051				-1,051		-1,051
Disposal of own shares			10	932				942		942
Result for the period			16,357		-1,958	274	116	14,789	2,173	16,962
AS AT 31.12.2017	**10,839**	**72,364**	**131,041**	**-119**	**-845**	**-3,584**	**113**	**209,809**	**15,025**	**224,834**

GESCO AG GROUP
SEGMENT REPORT
FOR THE FIRST NINE MONTHS (01.04. TO 31.12.)

	Production Process Technology		Resource Technology		Healthcare and Infrastructure Technology		Mobility Technology		Reconciliation		Group	
€'000	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017
Order backlog	**48,888**	**47,726**	**67,775**	**63,288**	**34,300**	**33,379**	**43,684**	**45,651**	**0**	**0**	**194,647**	**190,044**
Incoming orders	**56,022**	**53,332**	**202,233**	**173,547**	**96,371**	**87,187**	**53,285**	**62,325**	**0**	**0**	**407,911**	**376,391**
Sales revenues	**48,356**	**45,222**	**205,381**	**166,410**	**96,633**	**87,840**	**54,470**	**59,670**	**-490**	**-1,614**	**404,350**	**357,528**
of which with other segments	5	1,037	449	570	0	0	36	7	-490	-1,614	0	0
Depreciation/amortisation	**2,181**	**2,329**	**3,024**	**2,957**	**4,632**	**4,761**	**3,380**	**3,439**	**4,774**	**2,235**	**17,991**	**15,721**
EBIT	**1,976**	**1,377**	**27,787**	**13,705**	**9,489**	**8,743**	**-373**	**3,454**	**-7,421**	**-7,333**	**31,458**	**19,946**
Investments	**2,215**	**914**	**2,606**	**2,625**	**6,469**	**4,420**	**4,507**	**4,350**	**144**	**322**	**15,941**	**12,631**
Employees (No./reporting date)	**472**	**460**	**748**	**712**	**759**	**720**	**484**	**616**	**19**	**18**	**2,482**	**2,526**

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

GESCO Group's statement for the first nine months (1 April to 31 December 2017) of financial year 2017/2018 (1 April 2017 to 31 March 2018) was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34.

The accounting and valuation principles applied generally correspond to those in the consolidated financial statements as at 31 March 2017. The financial statements are affected by the accounting and valuation methods as well as assumptions and estimates which affect the level and recognition of assets, liabilities and contingent liabilities on the balance sheet and of the income and expenditure items. Sales-related figures are accrued throughout the year.

CHANGES TO THE SCOPE OF CONSOLIDATION/ BUSINESS COMBINATIONS PURSUANT TO IFRS 3

Pickhardt & Gerlach Group, Finnentrop, Germany, which was acquired at the turn of the year from 2016 to 2017, was included in the Group income statement for the first time at the start of the current financial year (2017/2018). Pickhardt & Gerlach was already included in the Group balance sheet as at the reporting date 31 March 2017.

On 7 December 2017, GESCO AG sold its shares in Protomaster GmbH, Willkau-Haßlau, Germany, in line with the resolution adopted in February 2017. The company's managing director, together with a co-investor, acquired the shares within the scope of a management buyout. Protomaster was deconsolidated on 30 November 2017.

FINANCIAL INSTRUMENTS

The book values of the financial instruments are divided into the following classes:

€'000	Book value		Fair value	
	31.12.2017	31.03.2017	31.12.2017	31.03.2017
Trade receivables	75,467	69,206	75,467	69,206
Other receivables	9,710	6,489	9,710	6,489
of which hedging instruments	431	0	431	0
Cash and cash equivalents	36,696	35,146	36,696	35,146
Assets held for sale	0	6,596	0	6,596
FINANCIAL ASSETS	**121,873**	**117,437**	**121,873**	**117,437**
Trade payables	19,143	13,135	19,143	13,135
Liabilities to financial institutions	126,847	122,427	126,847	122,427
Other liabilities	58,041	44,783	58,041	44,783
of which hedging instruments	71	127	71	127
Liabilities held for sale	0	8,617	0	8,617
FINANCIAL LIABILITIES	**204,031**	**188,962**	**204,031**	**188,962**

Hedging instruments at fair value are measured using the market price method, taking into account generally observable input parameters (such as exchange and interest rates). This method is the equivalent of Level 2 pursuant to IFRS 13.81 et seq.

FURTHER INFORMATION

RELATED-PARTY TRANSACTIONS

Business relationships between fully consolidated and not fully consolidated companies within the Group are conducted under regular market terms and conditions. Receivables from related companies are mainly due from Connex SVT Inc., USA, and Frank Lemeks Tow, Ukraine. Stefan Heimöller, member of the Supervisory Board, maintains business relationships to a minor extent with Dörrenberg Edelstahl GmbH and with SVT GmbH, both of which are 90 % subsidiaries of GESCO AG, through his company Platestahl Umformtechnik GmbH. These business relationships are conducted under regular market terms and conditions.

FINANCIAL CALENDAR

Publication of the quarterly statement for the first nine months (1 April to 31 December 2017)	14 February 2018
Annual accounts press conference and analysts' meeting	28 June 2018
Publication of the quarterly statement for the first quarter (1 April to 30 June 2018)	14 August 2018
Annual General Meeting at the Stadthalle, Wuppertal, Germany	30 August 2018
Publication of the Half Year interim report (1 April to 30 September 2018)	14 November 2018

Important Note:
This document contains forward-looking statements that are based on current assumptions and forecasts of the Executive Board of GESCO AG. These statements are therefore subject to risks and uncertainties. The results and business development of GESCO AG and the GESCO Group may, under certain circumstances, deviate substantially from the estimates provided in this document. GESCO AG does not assume any obligation to update such forward-looking statements or adjust them according to future events or developments.

Despite extensive precautions, discrepancies may occur between this document and the accounting documents submitted to the German Federal Gazette, especially for technical reasons (e.g. conversion of electronic formats). In this case, the version submitted to the German Federal Gazette prevails.

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