



GESCO AG
GESCO HALF-YEAR INTERIM REPORT 2018/2019
1 APRIL TO 30 SEPTEMBER 2018

OVERVIEW OF KEY POINTS

- **CONTINUED HIGH ORDER INTAKE**
- **SALES UP, EARNINGS INCREASE DISPROPORTIONATELY**
- **IN THIRD QUARTER, ORDER INTAKE AND SALES REMAIN ON A HIGH LEVEL**
- **OUTLOOK FOR FULL YEAR REFINED FURTHER**
- **HIDDEN CHAMPION SOMMER & STRASSBURGER STRENGTHENS GESCO GROUP**

GESCO GROUP KEY FIGURES FOR THE FIRST HALF YEAR OF THE 2018/2019 FINANCIAL YEAR

01.04. bis 30.09.		1. Half year 2018/2019	1. Half year 2017/2018	Change
Incoming orders	(€'000)	313,045	276,294	13.3 %
Sales revenues	(€'000)	279,883	264,736	5.7 %
EBITDA	(€'000)	35,212	32,560	8.1 %
EBIT	(€'000)	23,869	20,371	17.2 %
Earnings before tax	(€'000)	22,741	19,138	18.8 %
Group net income after minority interest	(€'000)	12,804	10,558	21.3 %
Earnings per share acc. to IFRS	(€)	1.18	0.97	21.3 %
Employees	(No.)	2,497	2,572	-2.9 %

DEAR SHAREHOLDERS,

Brisk business activity continued in the second quarter, hot on the heels of a dynamic first quarter. All told, the first half of the year – the subject of this report – saw a significant increase in incoming orders, rising sales and disproportionate growth in earnings figures compared to the same period in the previous year.

Incoming orders and sales were also up year on year in the subsequent third quarter, which encompasses the operating months July to September. Business has therefore continued at a high level, in accordance with our expectations.

Alongside the internal growth reflected in this quarterly report, we laid the foundation for external growth in August and strengthened GESCO Group by adding a true hidden champion: Sommer & Strassburger GmbH & Co. KG, a developer and manufacturer of processing equipment for the pharmaceutical, food, water technology and chemical industries that generates sales of roughly € 20 million and employs approximately 130 members of staff. Sommer & Strassburger belongs to the Production Process Technology segment. The purchase agreements were signed in August, with the Federal Cartel Office (Bundeskartellamt) approving the acquisition in September. As a result, the transaction has since been completed.

On the basis of the information available at the current time, we are able to further refine the outlook for the current financial year (2018/2019) as stated at the accounts press conference. With regard to Group sales, we expect to slightly exceed the upper end of the communicated range of € 550 million to € 560 million on an organic basis. The inclusion of Sommer & Strassburger in the consolidated income statement on a pro rata basis for a period of four months will also result in additional inorganic sales growth of around € 6.5 million.

With regard to Group net income after minority interest, the information currently available leads us to expect a value on or slightly below the lower end of the forecast range of € 26 million to € 27 million – without taking the acquisition into account. The main reason for this estimate is a temporary underutilisation of capacities within the Resource Technology segment. In the year of its completion, the acquisition of Sommer & Strassburger will lead to both positive and negative effects on earnings. On the one hand, the company's pro rata earnings contribution will have a positive impact. On the other hand, incidental acquisition costs and the scheduled write-downs of consolidation-related surplus value resulting from the purchase price allocation will have a negative impact on Group net income. Overall, the acquisition will weigh Group net income after minority interest down by around € 0.5 million in the current financial year, with Sommer & Strassburger contributing a full financial year's worth of sales and earnings for the first time in the coming financial year.

While we are not blind to the many political and economic risks, we do not currently see any specific signs of a significant decline in our operating business on a wider scale. Although some subsidiaries may be feeling the impact of isolated reluctance by customers to make investments, overall demand remains robust. Business in some areas of the Mobility Technology segment remains difficult, yet GESCO Group is generally in good shape. By acquiring Sommer & Strassburger, we have also lastingly strengthened the Group by adding a leading company that serves attractive markets which are not highly susceptible to macroeconomic volatility.

Wuppertal, November 2018



.....
Ralph Rumberg
Speaker of the Executive Board



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Robert Spartmann
Member of the Executive Board

HALF-YEAR INTERIM REPORT

The financial year of GESCO AG and GESCO Group runs from 1 April to 31 March of the following year, while the financial years of the subsidiaries coincide with the calendar year. This report for the first half of financial year 2018/2019 therefore encompasses the operating months January to June 2018 of the Group's subsidiaries.

CHANGES TO THE SCOPE OF CONSOLIDATION

In August 2018, GESCO AG acquired 100 % of the shares in Sommer & Strassburger GmbH & Co. KG, Bretten, Germany. The company, along with its asset and liability items, is already included in the balance sheet as at 30 September 2018. One month of the company's business activities will be included in the consolidated income statement on a pro rata basis in the third quarter, with three months being included in the fourth quarter.

Protomaster GmbH, Wilkau-Haßlau, Germany, which was sold in December 2017, was still included in the previous year's figures. The company was deconsolidated on 30 November 2017.

Since the start of the financial year, Frank Lemeks TOW, Ternopil, Ukraine, a wholly owned subsidiary of Frank Walz- und Schmiedetechnik GmbH, has been included in the financial statements as a fully consolidated company due to its growing economic importance.

DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE SECOND QUARTER

GESCO recorded distinctly brisk customer demand in the second quarter of financial year 2018/2019, which encompasses the operating months April to June of the subsidiaries. At € 162.6 million, incoming

orders exceeded the very high level already seen in the first quarter and set a record that was 27.4 % higher than the previous year's figure of € 127.6 million. As in the first quarter, the figure included some orders that will not be fulfilled until the next financial year. Sales stood at € 139.1 million, which corresponds to a 5.9 % increase from the previous year's value of € 131.3 million. In organic terms – in other words, excluding the previous year's figures relating to Protomaster – incoming orders would have increased by 30.4 %, and sales would have risen by 8.2 %.

In light of a higher cost-of-materials ratio and a lower personnel expenditure ratio due to better capacity utilisation, earnings figures rose more steeply than sales. Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 9.4 % from € 15.1 million to € 16.5 million. EBIT rose from € 9.5 million to € 10.8 million, which represents growth of 13.8 %. The EBIT margin increased from 7.2 % in the previous year's period to 7.8 %. Accompanied by an improved financial result, a slightly higher tax rate and increased minority interest in incorporated companies, Group net income after minority interest grew by 9.3 % to reach € 5.4 million (previous year's period: € 4.9 million).

DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE FIRST HALF OF THE YEAR

A look at the entire first half of the year paints a similar picture. Here too, incoming orders posted strong growth of 13.3 % to reach € 313.0 million (€ 276.3 million). Sales rose by 5.7 % from € 264.7 million to € 279.9 million. The organic growth rates stood at 15.8 % for incoming orders and 7.7 % for sales.

Better capacity utilisation led to a disproportionately steep rise in earnings figures. EBITDA increased by 8.1 % from € 32.6 million to € 35.2 million. Depreciation and amortisation were down year on year, as the same period in the previous year still contained high scheduled depreciation and amortisation resulting from the Pickhardt & Gerlach Group's consolidation-related surplus value. At 17.2 %, EBIT growth

Incoming orders

**€ 313.0
million**
2018/2019



**€ 276.3
million**
2017/2018

Sales revenues

**279.9
million**
2018/2019



**€ 264.7
million**
2017/2018

thereby outpaced EBITDA growth to reach € 23.9 million (€ 20.4 million). The EBIT margin stood at 8.5 % following 7.7 % in the previous year's period. Group net income after minority interest ultimately climbed from € 10.6 million to € 12.8 million, which represents growth of 21.3 %.

EBIT

€ 23.9
million
2018/2019



€ 20.4
million
2017/2018

At the end of the first half of the year, order backlog stood at € 234.5 million, compared to € 207.7 million as at the previous year's reporting date. The previous year's figure still contained Protomaster GmbH's order backlog in the amount of € 7.6 million, whereas Sommer & Strassburger's order backlog of € 6.2 million was included for the first time in the reporting period.

SEGMENT PERFORMANCE

The **Production Process Technology** segment houses Group subsidiaries that largely provide products and services for series manufacturers' production processes. The segment benefited from the automation trend and experienced an exceptionally strong second quarter with regard to incoming orders. All told, incoming orders rose by 25.6 % in the first half of the year to reach € 48.0 million (€ 38.3 million). As is standard practice in this segment, various machinery and plants will not be delivered and have an impact on sales and earnings until the second half of the year. In the first half of the year, sales rose by 5.3 % to € 32.1 million (€ 30.5 million). The segment's EBIT is of only limited relevance in the first half of the year due to the seasonal nature of the deliveries. At € 1.2 million, it was up significantly on the previous year's figure of € 0.1 million. For the segment, we expect sales and earnings growth on an organic basis for the year as a whole. The addition of Sommer & Strassburger will also create inorganic sales and earnings growth at a segment level.

The companies in the **Resource Technology** segment supply material-intensive companies in the industrial sector. In the first half of the year, incoming orders grew by 15.7 % from € 138.7 million to € 160.5 million. At € 145.5 million, sales were up 5.7 % on the previous year's period (€ 137.7 million). EBIT increased by 2.9 % to € 20.4 million from the unusually high figure of € 19.8 million seen in the same period of the previous year. All told, business therefore remained at a high level.

Group net income
after minority interest

€ 12.8
million
2018/2019



€ 10.6
million
2017/2018

However, a certain area of the segment saw a temporary underutilisation of capacities, as the company began the financial year with a low order backlog and some of the new orders will not be posted as sales until the next financial year. For the year as a whole, we expect to see year-on-year sales growth for the segment. We have slightly reduced our earnings expectations on account of the temporary underutilisation of capacities and now expect the earnings for the segment to be approximately on par with the level seen in the previous year.

The **Healthcare and Infrastructure Technology** segment includes companies that supply providers in mass consumer markets such as the medical, hygiene, food or sanitary sectors. The segment was able to translate widespread robust economic activity into dynamic business development and achieved a 21.2 % increase in incoming orders to € 77.1 million (€ 63.6 million). Sales rose by 11.5 % to € 70.9 million (€ 63.6 million). At the same time, EBIT increased by 11.6 % to € 7.2 million (€ 6.5 million). We expect sales and earnings to grow with a view to the year as a whole.

The **Mobility Technology** segment includes companies that supply the automotive, commercial vehicle and rail industries. Last year, Protomaster GmbH was sold in this segment, and Paul Beier GmbH Werkzeug- und Maschinenbau & Co. KG sold one of its segments. All in all, this resulted in the disposal of low-margin sales, which led to a drop in incoming orders to € 27.4 million (€ 35.7 million) and in sales to € 31.7 million (€ 33.2 million). By contrast, EBIT increased from € 0.6 million to € 1.9 million. The previous year's strategic measures therefore proved correct. We expect a drop in sales and a rise in earnings for the year as a whole as well. At the same time, we are seeing a challenging market environment in the Mobility Technology segment, with more demanding customer requirements and further margin pressure due to factors such as international competition, as explained in the statement for the first quarter. However, the situation within this segment is currently varied. Customer demand for components for the mass production of vehicles remains high. On the other hand, the situation in large tool manufacturing is turning out to be more difficult than expected, with structural challenges and customer delays alike having a negative impact on business.

ASSETS AND FINANCIAL POSITION

Compared to the reporting date of 31 March 2018, total assets increased by 13.9 % from € 456.3 million to € 519.7 million due to the expansion of the operating business and the initial consolidation of Sommer & Strassburger.

On the assets side, the 12.4 % rise in non-current assets was mainly attributable to the acquisition. About one-quarter of the 15.0 % increase in current assets was due to the acquisition, whereas three-quarters was due to the expansion of the operating business. Liquid assets have fallen from € 38.3 million to € 34.1 million since the start of the financial year. In the reporting period, a dividend of € 6.5 million was distributed to shareholders. The purchase price for Sommer & Strassburger was also paid in the reporting period.

On the liabilities side, equity increased to € 228.6 million (€ 224.3 million). Because total assets rose more sharply, the equity ratio decreased from 49.2 % to 44.0 %. Prepayments received saw a marked increase of 55.2 % and reached € 29.4 million (€ 18.9 million).

With the aim of achieving target equity ratios, subsidiaries borrowed capital to finance dividend distributions. This primarily had an impact on non-current liabilities to financial institutions, with a less significant impact on current liabilities to financial institutions.

INVESTMENTS

In the first half of the year, GESCO Group companies invested a total of € 11.9 million (€ 9.9 million) in property, plant and equipment and intangible assets. This total volume was spread across a series of small and medium-sized replacement and expansion investments.

EMPLOYEES

At the end of the first half of the year, GESCO Group employed 2,497 people. The previous year's figure of 2,572 still included the 113 employees of Protomaster GmbH. The staff of 23 at Frank Lemeks was added in the reporting year. In organic terms, the Group's workforce remained almost unchanged as at the reporting date. Sommer & Strassburger's workforce is not yet included in the figures presented here.

Employees

2,497
2018/2019



2,572
2017/2018

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 2018 remain essentially unchanged and valid. For more details, please refer to the Annual Report 2017/2018, which is available online at www.gesco.de. As usual in the mechanical engineering and plant construction industry, risks posed to the achievement of the targets for the current financial year include delays in the delivery of larger machinery, plants or components to the next financial year.

OUTLOOK AND EVENTS AFTER THE REPORTING DATE

This half-year interim report comprises the subsidiaries' operating business from January to June 2018. At approximately € 143 million, incoming orders in the subsequent third quarter, which accounts for the operating months July to September 2018 in the case of the subsidiaries, were significantly higher than the previous year's figure of € 131.6 million, as based on preliminary figures. Group sales totalled around € 143 million compared to € 139.6 million in the same quarter of the previous year. Demand therefore continued at a high level in the third quarter.

At the annual accounts press conference on 28 June 2018, we forecast Group sales for the full financial year 2018/2019 of between € 550 million and € 560 million and Group net income after minority interest of € 26 million to € 27 million. We are able to substantiate this outlook on the basis of the information available at the current time.

With regard to Group sales, we expect to slightly exceed the upper end of the communicated range of € 550 million to € 560 million on an organic basis. The inclusion of Sommer & Strassburger in the consolidated income statement on a pro rata basis for a period of four months will result in additional inorganic growth of around € 6.5 million.

With regard to Group net income after minority interest, we expect a value on or slightly below the lower end of the forecast range of € 26 million to € 27 million – without taking the acquisition into account. This slight restraint is primarily attributable to the reduced earnings expectations in the Resource Technology segment. As explained earlier in this report, the acquisition of Sommer & Strassburger will lead to opposing effects on earnings. On the one hand, the company's pro rata earnings contribution will have a positive impact. On the other hand, incidental acquisition costs and the scheduled write-downs of consolidation-related surplus value resulting from the purchase price allocation will have a negative impact on Group net income. Overall, the acquisition will weigh the Group result down by around € 0.5 million in the current financial year.

The dynamic business development is positive. At the same time, it confronts the companies with challenges related to the processing of order backlog, especially in procurement, design and production. However, we currently do not see any specific signs that the Group could potentially miss its sales and earnings targets due to the postponement of deliveries until the next financial year.

No further significant events occurred after the end of the reporting period.

GESCO AG
The Executive Board

Wuppertal, November 2018

GESCO GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2018 AND 31 MARCH 2018

€'000	30.09.2018	31.03.2018
Assets		
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	25,787	21,715
2. Goodwill	30,152	19,153
3. Prepayments made	0	16
	55,939	40,884
II. Property, plant and equipment		
1. Land and buildings	72,788	66,175
2. Technical plant and machinery	51,876	52,045
3. Other plants, fixtures and fittings	22,105	21,568
4. Prepayments made and assets under construction	9,083	6,908
	155,852	146,696
III. Financial assets		
1. Shares in affiliated companies	38	40
2. Shares in companies valued at equity	1,294	1,215
3. Investments	236	156
4. Other loans	181	190
	1,749	1,601
IV. Other assets	1,246	1,360
V. Deferred tax assets	2,978	3,166
	217,764	193,707
B. Current assets		
I. Inventories		
1. Raw materials and supplies	28,987	23,616
2. Unfinished products and services	49,654	40,938
3. Finished products and goods	78,841	70,514
4. Prepayments made	826	845
	158,308	135,913
II. Receivables and other assets		
1. Trade receivables	86,685	73,190
2. Amounts owed by affiliated companies	2	1,782
3. Amounts owed by companies valued at equity	92	19
4. Other assets	21,278	12,247
	108,057	87,238
III. Cash and credit balances with financial institutions	34,068	38,295
IV. Accounts receivable and payable	1,466	1,103
	301,899	262,549
	519,663	456,256

€'000	30.09.2018	31.03.2018
Equity and liabilities		
A. Equity capital		
I. Subscribed capital	10,839	10,839
II. Capital reserves	72,364	72,364
III. Revenue reserves	137,075	130,773
IV. Own shares	-454	-119
V. Other comprehensive income	-4,131	-4,398
VI. Minority interest (incorporated companies)	12,938	14,806
	228,631	224,265
B. Non-current liabilities		
I. Minority interest (partnerships)	1,665	1,868
II. Provisions for pensions	15,875	16,020
III. Other non-current provisions	613	589
IV. Liabilities to financial institutions	100,244	76,232
V. Other liabilities	9,961	3,822
VI. Deferred tax liabilities	3,078	3,139
	131,436	101,670
C. Current liabilities		
I. Other provisions	20,681	21,077
II. Liabilities		
1. Liabilities to financial institutions	44,876	42,523
2. Trade creditors	23,911	15,036
3. Payments received on account of orders	29,379	18,928
4. Liabilities to affiliated companies	355	316
5. Liabilities to companies valued at equity	2	0
6. Other liabilities	40,072	32,350
III. Accounts receivable and payable	320	91
	159,596	130,321
	519,663	456,256

GESCO GROUP INCOME STATEMENT FOR THE SECOND QUARTER (1 JULY TO 30 SEPTEMBER)

€'000	2. Quarter 2018/2019	2. Quarter 2017/2018
Sales revenues	139,058	131,320
Change in stocks of finished and unfinished products	3,224	3,874
Other company-produced additions to assets	176	238
Other operating income	1,661	1,595
Total income	144,119	137,027
Material expenditure	-73,420	-67,453
Personnel expenditure	-36,468	-37,529
Other operating expenditure	-17,739	-16,972
Earnings before interest, tax, depreciation and amortisation (EBITDA)	16,492	15,073
Depreciation on property, plant and equipment and amortisation of intangible assets	-5,712	-5,599
Earnings before interest and tax (EBIT)	10,780	9,474
Earnings from investments	0	19
Earnings from companies valued at equity	142	97
Other interest and similar income	17	21
Interest and similar expenditure	-611	-661
Minority interest in partnerships	-57	-78
Financial result	-509	-602
Earnings before tax (EBT)	10,271	8,872
Taxes on income and earnings	-3,897	-3,247
Group net income for the year after tax	6,374	5,625
Minority interest in incorporated companies	-974	-685
Group net income for the year after minority interest	5,400	4,940
Earnings per share acc. to IFRS (€)	0.50	0.45
Weighted average number of shares	10,834,469	10,838,412

GESCO GROUP INCOME STATEMENT FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER)

€'000	1. Half year 2018/2019	1. Half year 2017/2018
Sales revenues	279,883	264,736
Change in stocks of finished and unfinished products	5,640	7,034
Other company-produced additions to assets	273	433
Other operating income	4,201	3,435
Total income	289,997	275,638
Material expenditure	-146,512	-134,707
Personnel expenditure	-73,667	-75,567
Other operating expenditure	-34,606	-32,804
Earnings before interest, tax, depreciation and amortisation (EBITDA)	35,212	32,560
Depreciation on property, plant and equipment and amortisation of intangible assets	-11,343	-12,189
Earnings before interest and tax (EBIT)	23,869	20,371
Earnings from investments	0	58
Earnings from companies valued at equity	213	186
Other interest and similar income	24	41
Interest and similar expenditure	-1,193	-1,376
Minority interest in partnerships	-172	-142
Financial result	-1,128	-1,233
Earnings before tax (EBT)	22,741	19,138
Taxes on income and earnings	-8,183	-6,990
Group net income for the year after tax	14,558	12,148
Minority interest in incorporated companies	-1,754	-1,590
Group net income for the year after minority interest	12,804	10,558
Earnings per share acc. to IFRS (€)	1.18	0.97
Weighted average number of shares	10,835,198	10,838,956

GESCO GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER)

€'000	1. Half year 2018/2019	1. Half year 2017/2018
1. Group net income	14,558	12,148
2. Revaluation of benefit obligations not impacting on income	0	369
3. Items that cannot be transferred into the income statement	0	369
4. Difference from currency translation		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	518	-1,394
5. Difference from currency translation from companies valued at equity		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	-134	-92
6. Market valuation of hedging instruments		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	-89	108
7. Items that can be transferred into the income statement	295	-1,378
8. Other comprehensive income	295	-1,009
9. Total result for the period	14,853	11,139
of which shares held by minority interest	1,782	1,515
of which shares held by GESCO shareholders	13,071	9,624

GESCO GROUP CASH FLOW STATEMENT FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER)

€'000	1. Half year 2018/2019	1. Half year 2017/2018
Group net income for the period (including share attributable to minority interest in incorporated companies)	14,558	12,148
Depreciation on property, plant and equipment and intangible assets	11,343	12,189
Earnings from companies valued at equity	-213	-186
Share attributable to minority interest in partnerships	172	142
Decrease in non-current provisions	-121	-139
Other non-cash expenditure	360	249
Cash flow for the period	26,099	24,403
Losses from the disposal of property, plant and equipment/intangible assets	297	23
Gains from the disposal of property, plant and equipment/intangible assets	-483	-352
Increase in stocks, trade receivables and other assets	-36,086	-25,713
Increase in trade creditors and other liabilities	22,622	20,980
Cash flow from ongoing business activity	12,449	19,341
Incoming payments from disposals of property, plant and equipment/intangible assets	708	698
Disbursements for investments in property, plant and equipment	-11,580	-9,639
Disbursements for investments in intangible assets	-339	-277
Incoming payments from disposals of investments in financial assets	8	33
Disbursements for the acquisition of consolidated companies and other business units	-20,435	0
Cash flow from investment activity	-31,638	-9,185
Disbursements to shareholders (dividend)	-6,502	-3,794
Disbursements for the purchase of own shares	-335	-303
Disbursements to minority interests	-4,025	-1,584
Incoming payments from raising (financial) loans	36,689	3,711
Outflow for repayment of (financial) loans	-10,850	-7,945
Cash flow from funding activities	14,977	-9,915
Changes in cash and cash-equivalents	-4,212	241
Exchange-rate related changes in cash and cash-equivalents	-15	-140
Financial means on 01.04.	38,295	35,146
Financial means on 30.09.	34,068	35,247
less cash held for sale	0	-161
Financial means on 30.09. from continuing operations	34,068	35,086

GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
As at 01.04.2017	10,839	72,364	118,468	0
Distributions			-3,794	
Acquisition of own shares				-303
Result for the period			10,558	
As at 30.09.2017	10,839	72,364	125,232	-303
As at 01.04.2018	10,839	72,364	130,773	-119
Distributions			-6,502	
Acquisition of own shares				-335
Result for the period			12,804	
As at 30.09.2018	10,839	72,364	137,075	-454

GESCO GROUP SEGMENT REPORT FOR THE FIRST HALF YEAR (1 APRIL TO 30 SEPTEMBER)

€'000	Production Process Technology		Resource Technology	
	1. Half Year 2018/2019	1. Half Year 2017/2018	1. Half Year 2018/2019	1. Half Year 2017/2018
Order backlog	57,162	49,506	86,342	71,057
Incoming orders	48,030	38,250	160,479	138,695
Sales revenues	32,136	30,526	145,532	137,721
of which with other segments	0	5	323	221
Depreciation	1,441	1,448	2,214	2,018
EBIT	1,178	136	20,350	19,784
Investments	654	1,741	2,337	1,365
Employees (No./reporting date)	475	460	739	752

Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interest incorporated companies	Equity capital
1,113	-3,858	-3	198,923	15,172	214,095
			-3,794	-1,320	-5,114
			-303		-303
-1,374	343	97	9,624	1,515	11,139
-261	-3,515	94	204,450	15,367	219,817
-1,061	-3,349	12	209,459	14,806	224,265
			-6,502	-3,650	-10,152
			-335		-335
347		-80	13,071	1,782	14,853
-714	-3,349	-68	215,693	12,938	228,631

	Healthcare and Infrastructure Technology		Mobility Technology		Reconciliation		Group	
	1. Half Year 2018/2019	1. Half Year 2017/2018	1. Half Year 2018/2019	1. Half Year 2017/2018	1. Half Year 2018/2019	1. Half Year 2017/2018	1. Half Year 2018/2019	1. Half Year 2017/2018
	45,049	33,765	45,903	53,354	0	0	234,456	207,682
	77,133	63,616	27,403	35,733	0	0	313,045	276,294
	70,906	63,601	31,666	33,129	-357	-241	279,883	264,736
	0	0	34	15	-357	-241	0	0
	3,067	3,097	2,021	2,285	2,600	3,341	11,343	12,189
	7,201	6,453	1,865	552	-6,725	-6,554	23,869	20,371
	4,069	4,465	4,754	2,237	42	109	11,856	9,917
	801	750	465	592	17	18	2,497	2,572

EXPLANATORY NOTES

ACCOUNTS, ACCOUNTING AND VALUATION METHODS

The report of GESCO Group for the first half (1 April to 30 September 2018) of financial year 2018/2019 (1 April 2018 to 31 March 2019) 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 2018. 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, as well as those 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

In August 2018, GESCO AG acquired 100 % of the shares in Sommer & Strassburger GmbH & Co. KG, Bretten, Germany. The company, along with its asset and liability items, is already included in the balance sheet as at 30 September 2018. It will be included in the income statement from September 2018. The purchase price allocation carried out in the present balance sheet is temporary according to IFRS 3.45 et seq.

Frank Lemeks TOW, Ternopil, Ukraine, a wholly owned subsidiary of Frank Walz- und Schmiedetechnik GmbH, is included in the financial statements as a fully consolidated company due to its growing economic importance.

Protomaster GmbH, Wilkau-Haßlau, Germany, which was sold in December 2017, was still included in the previous year's figures. The company was deconsolidated on 30 November 2017.

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. Stefan Heimöller, member of the Supervisory Board, maintains business relationships to a minor extent with Dörrenberg Edelstahl GmbH as well as SVT GmbH, both 90 % subsidiaries of GESCO AG, through his company Platestahl Umformtechnik GmbH. These business relationships are conducted under regular market terms and conditions.

FINANCIAL AUDIT

The condensed half-year interim financial statements as at 30 September 2018 and the interim management report were neither audited in accordance with Section 317 HGB nor reviewed by an auditor.

STATEMENT OF THE LEGAL REPRESENTATIVES

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

GESCO AG
The Executive Board

Wuppertal, November 2018

FINANCIAL CALENDAR

14 November 2018

Publication of the half-year interim report

14 February 2019

Publication of the quarterly statement for the first nine months

27 June 2019

Annual accounts press conference and analysts' meeting

14 August 2019

Publication of the quarterly statement for the first quarter

29 August 2019

Annual General Meeting at the Stadthalle Wuppertal, Germany

14 November 2019

Publication of the half-year interim report

Dear Shareholders,

If you would like to receive regular information on GESCO AG, please add your name to our mailing list. Please print this page, fill it out and return it to us by post or fax. You can also register on our website www.gesco.de, send us an e-mail at info@gesco.de or call us on +49 202 24820-18.

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First name / name: _____

Street / house number: _____

Zip code / City: _____

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- e-mail (please send annual report per post).
- post.

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