

Q3

2015/2016



GESCO AG  
QUARTERLY STATEMENT  
2015/2016  
1 APRIL TO  
31 DECEMBER 2015

## THE FIRST NINE MONTHS OF FINANCIAL YEAR 2015/2016 AT A GLANCE

- GESCO EXECUTIVE BOARD EXTENDED: DR. ERIC BERNHARD APPOINTED AS AN ADDITIONAL MEMBER EFFECTIVE 1 JANUARY 2016
- INCREASED INCOMING ORDERS AND SALES IN THE FIRST NINE MONTHS OF THE FINANCIAL YEAR
- DISPROPORTIONATELY HIGH INCREASE IN EARNINGS
- SLIGHT DIP IN DEMAND, AS EXPECTED, IN THE FOURTH QUARTER
- EARNINGS GUIDANCE FOR THE FULL FINANCIAL YEAR INCREASED

## GESCO GROUP KEY FIGURES FOR THE FIRST NINE MONTHS OF THE 2015/2016 FINANCIAL YEAR

01.04.-31.12.	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015	Change
Incoming orders (€'000)	378,075	340,038	11.2%
Sales (€'000)	369,222	337,924	9.3%
EBITDA (€'000)	40,457	34,394	17.6%
EBIT (€'000)	25,253	20,414	23.7%
Earnings before tax (€'000)	23,043	18,223	26.5%
Group net income after minority interest (€'000)	12,970	10,453	24.1%
Earnings per share acc. to IFRS (€)	3.90	3.14	24.1%
Employees (No.)	2,550	2,454	3.9%

## DEAR SHAREHOLDERS,

At the Annual General Meeting on 18 August 2015, the Supervisory Board announced that it intended to extend the Executive Board. In December we announced the appointment of Dr. Eric Bernhard as an additional member of the Executive Board of GESCO AG, effective 1 January 2016. Dr. Bernhard has extensive management experience in the metal and plastics processing industries and holds a doctorate in business administration. Having served McKinsey & Company for many years, he subsequently took leadership roles in international executive and supervisory boards and as CEO in the metal and plastics processing industry. These included the establishment of stock-listed Interseroh SE's raw materials division as well as the integration of the industrial SULO group into the stock-listed Plastic Omnium corporation. As a member of the Executive Board of GESCO AG, Dr. Bernhard is responsible for the strategic and operational development of the group's portfolio of industrial companies. Dr.-Ing. Hans-Gert Mayrose will continue to be responsible for M&A and Investor Relations, and Robert Spartmann will retain responsibility for Finance, Legal and HR. In addition, they supervise subsidiaries. The three members of the Executive Board have equal rights; no chairman or spokesman has been appointed.

With regard to the capital market, we can report that since 21 December 2015 the GESCO share has no longer been listed in the SDAX selection index, where it had previously been listed since June 2008. The exit of our share from the SDAX was caused by a number of IPOs in 2015, which resulted in the inclusion of larger companies in the indices. Inclusion in SDAX improved the visibility of the share in the media and among investors and analysts. However, we do not expect our exit from the index to have any serious negative consequences. Our aim is to increase our share price, and with it market capitalisation and liquidity, through increased earnings and acquisitions, and thereby achieve a renewed listing in the index.

Moving on, we will describe the company's economic performance in the first nine months of the year. 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 financial statement for the first nine months of financial year 2015/2016 therefore encompasses the operating months January to September 2015 of the Group's subsidiaries.

The broader economic environment experienced mixed development in this period. While the low price of oil, a weak euro and low interest rates stimulated consumption, the capital goods industry experienced little benefit. As a result, in July 2015 the VDMA reduced its production growth forecast from 2 % to 0 %. The significant decreases in the oil price over the course of the year increasingly came to be seen as an indication of deterioration in the performance of the broader economy. The decreasing price of oil had a direct negative impact on oil industry suppliers. In the GESCO Group they include, in particular, SVT GmbH, which manufactures loading equipment for gases and liquids. In view of the cautious climate in the global economy, the chemicals industry has shown a reluctance to make investments. The agricultural technology industry continues to represent a difficult environment. Frank Walz- und Schmiedetechnik GmbH, which produces wear parts for the agricultural industry and the maintenance of grasslands, is active in this area. From summer 2015, decreasing economic growth in China, in particular, continued to generally dampen market sentiment.

In this challenging environment, the GESCO Group experienced relatively strong demand from customers, with an increase in incoming orders and subsequent sales, and a disproportionately high increase in earnings. Among others, C.F.K. CNC-Fertigungstechnik Kriftel GmbH, which is active in the field of erosion and 3D printing technology, experienced strong demand. The Werkzeugbau Laichingen Group and Setter Group also developed better than originally expected. Dörrenberg Edelstahl GmbH, our largest subsidiary, which has a leading position in the market for tool steel, has seen an encouragingly stable business development. Restructuring measures at two subsidiaries also made significant progress.

In the following fourth quarter, which encompasses the operating months October to December in the case of the subsidiaries, the Group experienced the slight dip in demand expected due to the deterioration in the overall economic climate. In the fourth quarter, incoming orders totalled approximately € 104 million, while sales stood at approximately € 120 million.

At the annual accounts press conference on 25 June 2015, we forecast Group sales for the full financial year 2015/2016 of between € 480 million and € 490 million. Our half-year interim report confirmed that forecast. Now we expect sales to come in at the upper end of that range.

At the annual accounts press conference we also forecast Group net income after minority interest of between € 12.5 million and € 14.0 million. In our half-year interim report we stated that we expected a result at the upper end of, or slightly higher than, that range. From today's point of view, earnings for the financial year 2015/2016 have developed better than originally expected. That is why we have increased our expected Group net income after minority interest to around € 16 million.

## CHANGES TO THE SCOPE OF CONSOLIDATION

Setterstix Inc., Cattaraugus/New York, USA has been included in the consolidated income statement since the first quarter of the current financial year. The company was not included in the consolidated income statement for the previous year's period. We reported extensively on the acquisition of Setterstix by Setter GmbH & Co. Papierverarbeitung through a subsidiary in early January 2015 in the Annual Report for financial year 2014/2015.

## DEVELOPMENT OF GROUP SALES AND EARNINGS IN THE THIRD QUARTER

At € 120.0 million in the third quarter, which encompasses the operating months July to September 2015 of the subsidiaries, incoming orders were up 5.8 % on the previous year's figure of € 113.4 million. Group sales rose by 12.0 % to € 131.9 million (previous year's period: € 117.8 million). In organic terms, in other words excluding the newly acquired company Setterstix, incoming orders rose by 3.1 % and sales increased by 9.4 %. In the reporting period, the key earnings figures were roughly on par with the previous year's period, which was the most profitable quarter in the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of € 14.3 million were almost exactly on par with the previous year's figure. At € 9.2 million, earnings before interest and taxes (EBIT) were slightly below the previous-year period's level (€ 9.6 million), while Group net income after minority interest of € 5.0 million was slightly above the previous year's figure. Earnings per share pursuant to IFRS increased from € 1.49 to € 1.51.

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

In the first nine months of the financial year 2015/2016, incoming orders increased year on year by 11.2 % to € 378.1 million (previous year's period: € 340.0 million). Incoming orders in the first quarter were unusually high at € 146.1 million, and included some major orders that will only impact sales and earnings in the coming financial year. In the second and third quarter, incoming orders returned to a normal, satisfactory level of € 112.0 million and € 120.0 million respectively. In the first nine months of the year, Group sales rose by 9.3 % to € 369.2 million (€ 337.9 million). In organic terms, incoming orders were up 8.5 % and sales by 6.5 %.

Because of the aforementioned development of the GESCO Group, the key earnings figures rose more sharply than sales in the first nine months of the financial year. That led to a 17.6 % increase in EBITDA to € 40.5 million (€ 34.4 million) and a 23.7 % increase in EBIT to € 25.3 million (€ 20.4 million). Group net income after minority interest rose by 24.1 % to € 12.9 million (€ 10.5 million). Earnings per share pursuant to IFRS increased from € 3.14 to € 3.90.

## SEGMENT REPORTING

The tool manufacture and mechanical engineering segment is still the much larger of the two segments. Here, incoming orders increased by 8.8 % to € 344.4 million (€ 316.5 million). Sales grew by 6.9 %, to € 335.0 million (€ 313.4 million). EBIT increased even more rapidly, by 14.0 % to € 27.4 million (€ 24.0 million).

In the plastics technology segment, the first-time consolidation of Setterstix resulted in a sharp increase in key figures, while the Setter Group, in particular, also achieved growth in organic terms. That led to a 43.8 % increase in incoming orders in this segment, to € 33.4 million (€ 23.2 million). Sales also improved considerably and amounted to € 33.9 million (€ 24.2 million). EBIT increased by 59.4 % to € 5.0 million (€ 3.1 million).

## ASSETS AND FINANCIAL POSITION

Total assets rose by 7.0 % to € 432.0 million, compared to 31 March 2015. On the assets side, the balance sheet items finished products and goods and trade receivables saw a marked increase due to brisk operating business. Although a dividend of € 5.8 million was paid in the reporting period, liquid assets increased from € 35.3 million to € 37.9 million.

On the liabilities side, equity rose again to € 190.6 million, compared to € 182.8 million as at the reporting date, 31 March 2015. In light of the increase in total assets, the equity ratio decreased slightly from 45.3 % to 44.1 %. Non-current and current liabilities to financial institutions rose by 3.8 % and 18.0 % respectively. The Group's total liabilities to financial institutions amounted to € 123.9 million as at the reporting date.

## INVESTMENTS

In the first nine months of the financial year, GESCO Group companies invested approximately € 16.7 million (previous year's period: € 20.9 million) in property, plant and equipment and intangible assets. The main focus of investment was in the Coating & Hardening business segment at Dörrenberg Edelstahl GmbH, a production line at Frank Walz- und Schmiedetechnik GmbH and a large press at Werkzeugbau Laichingen Group.

## EMPLOYEES

The number of people employed by GESCO Group increased by 3.9 % year on year, from 2,454 to 2,550. This increase was partially due to the acquisition of Setterstix.

## OTHER INFORMATION

In September, October and December 2015, Stefan Heimöller, entrepreneur and member of GESCO AG's Supervisory Board, notified the company of the acquisition of approximately 30,000 GESCO shares. Mr Heimöller now holds 14.5 % of the company's share capital.

In December 2015, Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn/Germany, informed us that its share of the voting rights in GESCO AG had exceeded the threshold of 10 %. It currently holds approximately 11.9 % of voting rights in GESCO AG.

## OUTLOOK

This quarterly statement for the first nine months of the financial year encompasses the operating months January to September 2015 of the Group's subsidiaries. In the following fourth quarter, which includes the operating months October to December 2015 for the subsidiaries, Group incoming orders amounted to approximately € 104 million (previous year's period: € 108.08 million). Group sales totalled approximately € 120 million (€ 113.4 million).

The backdrop to the capital goods sector remains cautious. Weak growth in China and an uncertain outlook in terms of US economic development are hampering the industry. The decline in the price of oil may be bolstering consumption, but it is also causing many companies to trim back their investment propensity. In this challenging environment, GESCO Group generated growth in incoming orders and sales for the reporting period and recorded a disproportionately high rise in earnings. As stated above, we have adjusted our earnings guidance for the current financial year in the wake of this positive performance. We now anticipate Group net income after minority interest to stand at around € 16 million.

Yours sincerely,

GESCO AG  
The Executive Board

Wuppertal, 15 February 2016

# GESCO GROUP BALANCE SHEET

## AS AT 31 DECEMBER 2015 AND 31 MARCH 2015

€'000	31.12.2015	31.03.2015
<b>Assets</b>		
<b>A. Non-current assets</b>		
I. Intangible assets		
1. Industrial property rights and similar rights and assets as well as licences	14,347	15,668
2. Goodwill	13,962	13,815
3. Prepayments made	221	409
	<b>28,530</b>	<b>29,892</b>
II. Property, plant and equipment		
1. Land and buildings	57,818	54,787
2. Technical plant and machinery	41,175	38,745
3. Other plant, fixtures and fittings	22,202	22,539
4. Prepayments made and plant under construction	9,932	12,528
5. Property held as financial investments	0	164
	<b>131,127</b>	<b>128,763</b>
III. Financial investments		
1. Shares in affiliated companies	53	52
2. Shares in companies valued at equity	1,586	1,498
3. Investments	156	156
4. Other loans	261	284
	<b>2,056</b>	<b>1,990</b>
IV. Other assets		
V. Deferred tax assets		
	<b>1,702</b>	<b>2,117</b>
	<b>3,166</b>	<b>3,146</b>
	<b>166,581</b>	<b>165,908</b>
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials and supplies	21,494	22,648
2. Unfinished products and services	52,197	52,457
3. Finished products and goods	69,176	59,329
4. Prepayments made	1,511	698
	<b>144,378</b>	<b>135,132</b>
II. Receivables and other assets		
1. Trade receivables	70,201	55,113
2. Amounts owed by affiliated companies	731	391
3. Amounts owed by companies valued at equity	980	439
4. Other assets	8,974	9,499
	<b>80,886</b>	<b>65,442</b>
III. Securities		
IV. Cash in hand and credit balances with financial institutions		
V. Accounts receivable and payable		
	<b>37,909</b>	<b>35,251</b>
	<b>620</b>	<b>499</b>
	<b>263,793</b>	<b>236,329</b>
C. Assets held for sale		
	<b>1,667</b>	<b>1,502</b>
	<b>432,041</b>	<b>403,739</b>

€'000	31.12.2015	31.03.2015
<b>Equity and liabilities</b>		
A. Equity		
I. Subscribed capital	8,645	8,645
II. Capital reserves	54,662	54,662
III. Revenue reserves	115,976	108,887
IV. Own shares	31	-17
V. Other comprehensive income	-3,992	-3,920
VI. Minority interests (incorporated companies)	15,313	14,546
	<b>190,635</b>	<b>182,803</b>
B. Non-current liabilities		
I. Minority interests (partnerships)	2,972	3,066
II. Provisions for pensions	16,954	17,141
III. Other long-term provisions	633	586
IV. Liabilities to financial institutions	82,033	78,995
V. Other liabilities	1,385	1,484
VI. Deferred tax liabilities	2,614	2,425
	<b>106,591</b>	<b>103,697</b>
C. Current liabilities		
I. Other provisions	10,478	13,598
II. Liabilities		
1. Liabilities to financial institutions	41,850	35,462
2. Trade creditors	19,834	14,067
3. Prepayments received on orders	28,706	27,149
4. Liabilities to affiliated companies	748	0
5. Liabilities to companies valued at equity	38	81
6. Other liabilities	33,058	26,842
	<b>124,234</b>	<b>103,601</b>
III. Accounts receivable and payable	103	40
	<b>134,815</b>	<b>117,239</b>
	<b>432,041</b>	<b>403,739</b>

**GESCO GROUP INCOME STATEMENT  
FOR THE THIRD QUARTER (1 OCTOBER TO 31 DECEMBER)**

€'000	III. Quarter 2015/2016	III. Quarter 2014/2015
<b>Sales revenues</b>	<b>131,915</b>	<b>117,811</b>
Change in stocks of finished and unfinished products	-6,457	3,191
Other company produced additions to assets	60	805
Other operating income	940	1,116
<b>Total income</b>	<b>126,458</b>	<b>122,923</b>
Material expenditure	-62,010	-62,208
Personnel expenditure	-35,054	-32,601
Other operating expenditure	-15,073	-13,788
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>14,321</b>	<b>14,326</b>
Depreciation on tangible and intangible assets	-5,115	-4,720
<b>Earnings before interest and tax (EBIT)</b>	<b>9,206</b>	<b>9,606</b>
Earnings from companies valued at equity	135	98
Other interest and similar income	48	117
Interest and similar expenditure	-953	-861
Minority interest in partnerships	-67	-89
<b>Financial result</b>	<b>-837</b>	<b>-735</b>
<b>Earnings before tax (EBT)</b>	<b>8,369</b>	<b>8,871</b>
Taxes on income and earnings	-2,587	-3,112
<b>Group net income</b>	<b>5,782</b>	<b>5,759</b>
Minority interest in incorporated companies	-770	-803
<b>Group net income after minority interest</b>	<b>5,012</b>	<b>4,956</b>
Earnings per share (€) acc. to IFRS	1.51	1.49
Weighted average number of shares	3,317,400	3,320,395

**GESCO GROUP INCOME STATEMENT  
FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)**

€'000	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015
<b>Sales revenues</b>	<b>369,222</b>	<b>337,924</b>
Change in stocks of finished and unfinished products	-970	10,401
Other company produced additions to assets	375	1,119
Other operating income	4,971	3,903
<b>Total income</b>	<b>373,598</b>	<b>353,347</b>
Material expenditure	-184,218	-180,492
Personnel expenditure	-104,930	-97,654
Other operating expenditure	-43,993	-40,807
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>40,457</b>	<b>34,394</b>
Depreciation on tangible and intangible assets	-15,204	-13,980
<b>Earnings before interest and tax (EBIT)</b>	<b>25,253</b>	<b>20,414</b>
Depreciation on tangible and intangible assets	0	37
Earnings from companies valued at equity	270	117
Other interest and similar income	133	235
Interest and similar expenditure	-2,393	-2,341
Third party profit share in incorporated companies	-220	-239
<b>Financial result</b>	<b>-2,210</b>	<b>-2,191</b>
<b>Earnings before tax (EBT)</b>	<b>23,043</b>	<b>18,223</b>
Taxes on income and earnings	-8,006	-6,094
<b>Group net income</b>	<b>15,037</b>	<b>12,129</b>
Third party profit share in incorporated companies	-2,067	-1,676
<b>Group net income after minority interest</b>	<b>12,970</b>	<b>10,453</b>
Earnings per share (€) acc. to IFRS	3.90	3.14
Weighted average number of shares	3,321,728	3,323,307

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)**

€'000	I-III. Quarter 2015/2016	I-III. Quarter 2014/2015
<b>1. Group net income</b>	<b>15,037</b>	<b>12,129</b>
2. Revaluation of benefit liabilities not impacting on income	139	-1,372
<b>3. Items that cannot be transferred into the income statement</b>	<b>139</b>	<b>-1,372</b>
4. Difference from currency translation		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	9	260
5. Market valuation of hedging instruments		
a) Reclassification into the income statement	-26	-94
b) Changes in value with no effect on income	-144	35
<b>6. Items that can be transferred into the income statement</b>	<b>-161</b>	<b>131</b>
<b>7. Other comprehensive income</b>	<b>-22</b>	<b>-1,241</b>
<b>8. Total result for the period</b>	<b>15,015</b>	<b>10,888</b>
of which shares held by minority interest	2,117	1,608
of which shares held by GESCO shareholders	12,898	9,280

# GESCO GROUP CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)

€'000	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015
<b>Result for the period (including share attributable to minority interest in incorporated companies)</b>	<b>15,037</b>	<b>12,129</b>
Depreciation on fixed assets	15,204	13,980
Result from companies valued at equity	-270	-117
Share attributable to minority interest in partnerships	220	239
Increase in long-term provisions	60	188
Other non-cash result	-97	475
<b>Cash flow for the period</b>	<b>30,154</b>	<b>26,894</b>
 Losses from the disposal of property, plant and equipment/intangible assets	209	65
Gains from the disposal of property, plant and equipment/intangible assets	-583	-297
Increase in stocks, trade receivables and other assets	-24,234	-18,671
Increase in trade creditors and other liabilities	11,021	6,796
<b>Cash flow from ongoing business activity</b>	<b>16,567</b>	<b>14,787</b>
 Incoming payments from disposals of tangible assets/intangible assets	1,560	168
Disbursements for investments in property, plant and equipment	-16,081	-19,501
Disbursements for investments in intangible assets	-612	-1,409
Incoming payments from disposals of financial assets	23	23
Disbursements for investments in financial assets	0	-55
<b>Cash flow from investment activity</b>	<b>-15,110</b>	<b>-20,774</b>
 Disbursements to shareholders (dividend)	-5,818	-7,313
Incoming payments from minority interests	0	1,738
Disbursements to minority interests	-1,612	-1,254
Incoming payments from the sale of own shares	829	792
Disbursement for the purchase of own shares	-844	-829
Incoming payments from raising (financial) loans	16,116	27,321
Outflow for repayment of (financial) loans	-7,475	-18,257
<b>Cash flow from funding activities</b>	<b>1,196</b>	<b>2,198</b>
 <b>Cash increase in cash and cash equivalents</b>	<b>2,653</b>	<b>-3,789</b>
Financial means on 01.04.	35,256	38,815
<b>Financial means on 31.12.</b>	<b>37,909</b>	<b>35,026</b>

## GESCO GROUP STATEMENT OF CHANGES IN EQUITY CAPITAL

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
<b>As at 01.04.2014</b>	<b>8,645</b>	<b>54,662</b>	<b>103,521</b>	<b>-17</b>
Dividends			-7,314	
Acquisition of own shares				-829
Disposal of own shares			-37	829
Disposal of shares in subsidiaries			437	
Other neutral changes				
Result for the period			10,453	
Changes in scope of consolidation				
<b>As at 31.12.2014</b>	<b>8,645</b>	<b>54,662</b>	<b>107,060</b>	<b>-17</b>
<b>As at 01.04.2015</b>	<b>8,645</b>	<b>54,662</b>	<b>108,887</b>	<b>-17</b>
Dividends			-5,818	
Acquisition of own shares				-844
Disposal of own shares			-63	892
Result for the period			12,970	
<b>As at 31.12.2015</b>	<b>8,645</b>	<b>54,662</b>	<b>115,976</b>	<b>31</b>

## GESCO GROUP SEGMENT REPORT FOR THE FIRST NINE MONTHS (1 APRIL TO 31 DECEMBER)

€'000	Tool manufacture and mechanical engineering		Plastics technology	
	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015
Order backlog	185,960	185,719	4,691	5,302
Incoming orders	344,363	316,537	33,423	23,236
Sales revenues	335,023	313,423	33,910	24,236
of which with other segments	0	0	0	0
Depreciation	10,531	9,919	2,151	1,522
EBIT	27,413	24,036	5,004	3,140
Investments	15,981	16,322	614	4,396
Employees (No./reporting date)	2,344	2,282	190	154

Exchange equalisation items	Revaluation of pensions	Hedging Instruments	Total	Minority interest incorporated companies	Equity capital
-672	-2,079	143	164,203	12,401	176,604
			-7,314	-945	-8,259
			-829		-829
			792		792
			437	110	547
			0	42	42
194	-1,237	-130	9,280	1,608	10,888
			0	1,191	1,191
-478	-3,316	13	166,569	14,407	180,976
-378	-3,520	-22	168,257	14,546	182,803
			-5,818	-1,350	-7,168
			-844		-844
			829		829
-44	126	-154	12,898	2,117	15,015
-422	-3,394	-176	175,322	15,313	190,635

	GESCO AG		Other/Consolidation		Group	
	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015	I.-III. Quarter 2015/2016	I.-III. Quarter 2014/2015
0	0	0	0	0	190,651	191,021
0	0	289	265	378,075	340,038	
0	0	289	265	369,222	337,924	
0	0	0	0	0	0	0
102	96	2,420	2,443	15,204	13,980	
-3,041	-3,628	-4,123	-3,134	25,253	20,414	
99	192	0	0	16,694	20,910	
16	18	0	0	2,550	2,454	

## **EXPLANATORY NOTES**

### **ACCOUNTS, ACCOUNTING AND VALUATION METHODS**

The GESCO Group's release for the first nine months (1 April to 31 December 2015) of financial year 2015/2016 (1 April 2015 to 31 March 2016) 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 Group financial statements as at 31 March 2015. 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**

Setterstix Inc., Cattaraugus/New York, USA, was included in the consolidated income statement for the first time in the first quarter of the current financial year, and is therefore included in the nine months of the present nine-month release. The company was already included in the Group balance sheet as at 31 March 2015.

## INFORMATION ON FINANCIAL INSTRUMENTS

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

€'000	Book value		Fair value	
	31.12.2015	31.03.2015	31.12.2015	31.03.2015
Trade receivables	70,201	55,113	70,201	55,113
Other receivables	7,245	7,621	7,245	7,621
of which hedging instruments	0	0	0	0
Cash and cash equivalents	37,909	35,251	37,909	35,251
Securities	0	5	0	5
Assets held for sale	1,667	1,502	1,667	1,502
<b>Financial assets</b>	<b>117,022</b>	<b>99,492</b>	<b>117,022</b>	<b>99,492</b>
Trade creditors	19,834	14,067	19,834	14,067
Liabilities to financial institutions	123,883	114,457	123,883	114,457
Other liabilities	58,932	52,994	58,932	52,994
of which hedging instruments	433	562	433	562
Liabilities held for sale	0	0	0	0
<b>Financial liabilities</b>	<b>202,649</b>	<b>181,518</b>	<b>202,649</b>	<b>181,518</b>

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.

## 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, a 90 % subsidiary of GESCO AG, through his company Platestahl Umformtechnik GmbH. These business relationships are conducted under regular market terms and conditions.

## FINANCIAL CALENDAR

### **15 February 2016**

Figures for the first nine months (1 April to 31 December 2015)

### **30 June 2016**

Annual accounts press conference and analysts' meeting

### **15 August 2016**

Figures for the first quarter (1 April to 30 June 2016)

### **25 August 2016**

Annual General Meeting

### **15 November 2016**

Figures for the first half year (1 April to 30 September 2016)

## 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](http://www.gesco.de), send us an e-mail at [info@gesco.de](mailto:info@gesco.de) or call us on +49 202 24820-18.

## CONTACT FOR SHAREHOLDERS

GESCO AG  
Oliver Vollbrecht/Investor Relations  
Johannisberg 7  
D-42103 Wuppertal

Phone +49 202 2482018  
Fax +49 202 2482049  
E-mail [info@gesco.de](mailto:info@gesco.de)  
Website [www.gesco.de](http://www.gesco.de)

First name/name: \_\_\_\_\_

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