



Q1 2016

QUARTERLY STATEMENT AS AT MARCH 31, 2016

CANCOM

Key figures

CANCOM GROUP

in € million	Jan. 01 - Mar. 31, 2016	Jan. 01 - Mar. 31, 2015	Changes
Sales revenues	234.7	198.2	18.4%
Gross profit	71.3	64.5	10.5%
EBITDA	16.1	10.7	50.5%
EBITDA margin in %	6.9%	5.4%	1.5%
EBITA	13.0	7.7	68.8%
EBIT	10.9	5.4	101.9%
Earnings per share from continuing operations (basic) in €	0.43 €	0.22 €	95.5%
Employees as at March 31	2,721	2,902	-6.2%

in € million	Mar. 01, 2016	Dec. 31, 2015	Changes
Balance sheet	486.2	436.3	11.4%
Equity	275.8	204.3	35.0%
Equity ratio in %	56.7%	46.8%	9.9%

Revenue CANCOM Group Jan. 1 - Mar. 31, 2015 and Jan. 1 - Mar. 31, 2016 (in € million)		Gross profit CANCOM Group Jan. 1 - Mar. 31, 2015 and Jan. 1 - Mar. 31, 2016 (in € million)	
2015	198.2	2015	64.5
2016	234.7	2016	71.3

EBITDA CANCOM Group Jan. 1 - Mar. 31, 2015 and Jan. 1 - Mar. 31, 2016 (in € million)		Earnings per share CANCOM Group Jan. 1 - Mar. 31, 2015 and Jan. 1 - Mar. 31, 2016 (in Euro)	
2015	10.7	2015	0.22
2016	16.1	2016	0.43

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Dear Stockholders,

Following the strong performance of the CANCOM group in the fiscal year 2015, the first quarter of the current year has seen a continuation of the positive trend in our figures. Consolidated sales revenues increased by 18.4 percent, and EBITDA by 50.5 percent.

In addition to the group's financial success, two particularly positive events occurred during the past few weeks and months. One of these was the third CANCOM Cloud Conference, which took place on March 1 at BMW World in Munich, Germany. Several hundred visitors – including many clients, potential clients, and representatives of manufacturing partners and the financial community – attended the conference and were very impressed by what we have to offer. Their positive response to the event proved to us that, in this era of digitization, we are very well positioned in all the IT growth areas as a cloud transformation partner for enterprises.

The second piece of positive news is that we have received an award from independent IT analyst firm Experton Group for our capabilities as a provider of digital workspace solutions and for the wide range of solutions we offer in this area. Experton has presented CANCOM with its Digital Workspace Leader Award in all categories of its Digital Workspace Service Provider Benchmark awards for 2016.

Encouraged by these events and the group's very positive operating results, and with the full support of our dedicated employees, we intend to continue our successful development during the coming weeks and months.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Klaus Weinmann', with a stylized, flowing script.

Klaus Weinmann
CEO

Consolidated interim management report

1. Overview of the group

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

Structure of the CANCOM group

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

Areas of business

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

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

Focus of activities and sales markets

The CANCOM group is one of the largest independent integrated IT systems providers in Germany. It offers IT architecture, systems integration and managed services. As a provider of integrated services, CANCOM mainly focuses on IT services, in addition to distributing hardware and software from well-known manufacturers. The IT services offered by the group include consulting, the design of IT architectures and landscapes, and the design, integration and operation of IT systems – ranging from the performance of individual partial assignments (out-tasking) to taking over the complete operation of a company's IT systems.

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

Explanation of the control system used within the group

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

Research and development activities

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

2. Economic report

The general economic situation and the performance of the IT sector

According to initial assessments, the German economy has made a good start to the year 2016. Encouraging signs include the steady growth in production levels and the increase in exports in the industrial sector as well as in private demand. On the other hand, German companies' willingness to invest has been dampened by the slowness of the recovery in the global economy and political issues such as the risk that Britain may decide to exit the EU, as well as the economic problems of the euro area.

The majority of companies in the IT sector are confident about the prospects for the year 2016, according to the latest IT sector barometer from BITKOM, Germany's digital association. Three out of four information and communication technologies (ICT) enterprises expect a year-on-year increase in sales revenues in the first six months of the year.

Impact on the CANCOM group's business performance

The first three months of 2016 saw a continuation of CANCOM SE's consistent growth, along with an increase in the consolidated profit. Sales revenues and profits both exceeded the relevant values for the same period of 2015. The growth is driven by the cloud and managed services business as well as related solutions, such as mobility, security and big data and analytics, which contributed to the positive performance of the integrated IT systems business.

Significant events and investments during the first quarter

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

Employees

As at March 31, 2016, the CANCOM group employed 2,721 people (2015: 2,902).

	The employees worked in the following areas (as at March 31)	
Professional services		1,876
Sales and distribution	470	
Central services	375	

The staff expenses for the first three months were as follows (in € '000)

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Wages and salaries	38,781	38,190
Social security contributions	6,152	6,222
Pension provisions	120	67
Total	45,053	44,479

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

a) Earnings position

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

Consolidated sales revenues were up 18.4 percent, from € 198.2 million to € 234.7 million. The organic growth was 10.6 percent.

	CANCOM Group sales revenues: year-on-year comparison of figures for the first three months (in € million)
2015	198.2
2016	234.7

In Germany, sales revenues were up 17.1 percent, from € 179.9 million to € 210.7 million. In international business, the group's sales revenues were up 31.1 percent, from € 18.3 million to € 24.0 million.

In the IT solutions segment, sales revenues were up by 18.4 percent, from € 167.3 million in the previous year to € 198.0 million in 2016. In the cloud solutions segment, sales revenues also experienced growth of 18.8 percent, from € 30.9 million to € 36.7 million.

The consolidated profit of the CANCOM group for the first three months of 2016 was 10.5 percent higher than in the same period of the previous year, mainly owing to the further expansion of the higher-end services business. It rose from € 64.5 million to € 71.3 million. The gross profit margin was 30.4 percent in comparison to 32.5 percent in 2015.

	CANCOM Group gross profit year-on-year comparison of figures for the first three months (in € million)
2015	64.5
2016	71.3

Staff expenses increased slightly from € 44.5 million to € 45.1 million. The ratio of staff expenditure fell from 22.5 percent to 19.2 percent, reflecting the change in the staff structure as a result of the group's increased activities in the higher-end consulting and services business.

At € 16.1 million, the consolidated EBITDA for the first three months of the fiscal year 2016 was up 50.5 percent on the figure of € 10.7 million achieved in the same period of 2015. This resulted in a significant improvement in the EBITDA margin, at 6.9 percent compared with 5.4 percent in the first quarter of 2015.

	CANCOM Group EBITDA year-on-year comparison of figures for the first three months (in € million)
2015	10.7
2016	16.1

Consolidated earnings before interest and tax (EBIT) amounted to € 10.9 million, up 101.9 percent from € 5.4 million in 2015.

	CANCOM Group EBIT year-on-year comparison of figures for the first three months (in € million)
2015	5.4
2016	10.9

At € 6.6 million, the after-tax profit from continuing operations after deduction of minority interests was higher than in the figure generated in the previous year (€ 3.1 million). Earnings per share from continuing operations for the first three months of 2016 therefore amounted to € 0.43, compared with € 0.22 in 2015.

Order position

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

Explanations of individual items on the statement of income

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

b) Financial and assets position

Objectives of financial management

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

Notes on the capital structure

On the assets side of the balance sheet, there was an increase in current assets from € 277.4 million to € 327.6 million between December 31, 2015 and March 31, 2016. Cash and cash equivalents were also up from € 85.8 million to € 120.5 million in the same period. Other current financial assets increased from € 7.8 million to € 39.3 million, they include term deposits with banks in the amount of € 30 million, inter alia. Trade accounts receivable decreased from € 145.8 million to € 132.2 million. Inventories were also down from € 27.9 million to € 26.8 million.

At € 158.6 million as at March 31, 2016, non-current assets were almost unchanged in comparison with € 158.9 million as at December 31, 2015.

On the liabilities side of the balance sheet, there was a reduction in current liabilities from € 159.6 million as at December 31, 2015 to € 138.7 million.

Trade accounts payable were down from € 106.8 million to € 91.3 million as at March 31, 2016.

Non-current liabilities, consisting of debt with a residual term of at least one year, also decreased. They were down from € 72.4 million as at December 31, 2015 to € 71.7 million as at March 31, 2016.

Nominal equity went up from € 204.3 million as at December 31, 2015 to € 275.8 million, mainly as a result of the capital increase against cash contributions. Overall, this resulted in a further improvement of equity ratio from 46.8 percent as at December 31, 2015 to 56.7 percent at the end of the first three months of 2016, with an increase of total assets to € 486.2 million, compared with € 436.3 million as at December 31, 2015.

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

Notes to the statement of cash flows

The cash flow from ordinary activities stood at € 7.5 million as at March 31, 2016 compared with a negative cash flow of € 34.3 million in the same period of 2015, mainly due to the change in working capital.

There was a negative cash flow from investing activities of € 36.2 million, compared with minus € 4.3 million in 2015, resulting from the investment in term deposits with banks.

As a result of the capital increase, there was a positive cash flow from financing activities of € 64.0 million, compared with minus € 0.8 million in 2015.

In total, this resulted in cash and cash equivalents of € 120.5 million, compared with € 75.3 million in the previous year.

4. Stock ownership of members of the Executive and Supervisory Boards as at March 31, 2016

Total number of shares	16,367,531	100 percent
Executive Board		
Klaus Weinmann	100,000	0.7 percent
Supervisory Board		
Dominik Eberle	10,000	0.1 percent
Raymond Kober	40,000	0.3 percent

5. Events of particular significance after the end of the reporting period

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

6. Risks of future development

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

7. Opportunities for future development

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

8. Forecast

There are diverging expectations among experts with regard to the performance of the German economy in 2016. Forecasts for gross domestic product (GDP) growth range from just over 1 percent to more than 2 percent.

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

BITKOM, Germany's digital association, expects revenues from software, IT services and IT hardware to grow by 3 percent to € 83.5 billion in 2016 – significantly faster than the economy as a whole. However, great variations are anticipated in the performances of the individual market segments. The software and IT services businesses are expected to experience the strongest growth (6.2 percent and 2.7 percent respectively), with demand in areas such as big data and cloud computing solutions growing fastest as a result of the digitization of companies in all sectors.

Anticipated performance of the CANCOM group

Thanks to its proven expertise and outstanding market position in the IT growth areas referred to above – cloud computing, mobility, security and shared managed services – CANCOM aims to continue growing its two operating segments, both organically and through acquisitions, at a faster rate than the German IT market, so continuously expanding its market share. To achieve this objective, CANCOM decided at an early stage to gear its business policy to the IT growth areas, designing its sales and services structure around them while focusing on the expansion of the higher-end services and consulting business. With its integrated portfolio of services across all areas of IT, and its flexibility in providing individually tailored packages for its clients, CANCOM has major client advantages to enable it to penetrate the market even further and more comprehensively. In addition, the increasing complexity of IT is stretching smaller integrated systems providers to the limits of their capabilities and as such could result in the CANCOM group gaining new clients and orders – with positive impacts on the IT solutions and cloud solutions business.

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

CANCOM has significantly expanded its market presence and improved its client proximity in the German-speaking area (i.e. Germany, Austria and Switzerland). The group is represented all over Germany and Austria by its many service and consulting locations. It also has subsidiaries in Switzerland and the U.S.A. as well as a representative office in Brussels, Belgium. CANCOM intends to continue strengthening its market position, partly through selective acquisitions, while taking advantage of marketing and cost synergies. The highly fragmented service provider landscape, particularly in the IT environment in the German-speaking area, continues to offer favorable conditions for CANCOM to act as a market consolidator.

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

Unforeseen events could influence the anticipated performance of both the group as a whole and of the reportable segments, IT solutions and cloud solutions. The Executive Board currently expects a further increase in the sales revenues and gross profit of the group as a whole in the fiscal year 2016. The growth of the CANCOM group should continue to exceed the growth of the German IT market.

In the fiscal year 2016, the Executive Board anticipates a further increase in the CANCOM group's EBITDA, which should grow faster than the organic growth in sales revenues owing to an improved product mix.

CANCOM believes in an increase in the sales revenues, gross profit and EBITDA generated by the IT solutions operating segment. The group aims to achieve growth in these key figures at a higher rate than that of the German IT market, which is the market of particular relevance to the group. For the cloud solutions operating segment, the Executive Board expects significant increases in sales revenue, gross profit and EBITDA.

Munich, Germany, May 2016

CANCOM SE

The Executive Board

Disclaimer regarding forward-looking statements

This document contains statements relating to our future business and financial performance and to future events or developments affecting CANCOM that may constitute forward-looking statements. These statements are based on the current expectations, assumptions and estimates of the Executive Board and other information currently available to the management, of which many are beyond CANCOM's control. These statements can be identified by phrases and words such as 'expect', 'want', 'assume', 'believe', 'endeavor', 'estimate', 'presume', 'calculate', 'intend', 'could', 'plan', 'should', 'will', 'forecast' or similar words.

All statements with the exception of facts regarding the past are forward-looking statements. Such statements include expectations regarding the availability of products and services, the financial and earnings position, the business strategy and the Executive Board's plans for future operating activities, economic performance and all statements regarding assumptions. Although we take the greatest of care when making these statements, we cannot guarantee their correctness, especially in our forecast. Various known and unknown risks, uncertainties and other factors may lead to the actual events deviating significantly from those contained in the forward-looking statements. The following influencing factors are, among others, relevant in this respect: external political influences, changes in the general economic and business situation; changes in the competitive position and situation, for instance by the emergence of new competitors, new products and services or new technologies; changes in the investment behavior of target client groups etc. and changes to the business strategy. If one or more of these risks or uncertainties should materialize, or if the underlying expectations are not fulfilled or assumptions prove incorrect, the actual results, performance or achievements of CANCOM may (either negatively or positively) deviate substantially from those described either explicitly or implicitly in the relevant forward-looking statement. CANCOM cannot guarantee the pertinence, accuracy, completeness or correctness of the information or opinions in this document.

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

Consolidated balance sheet (IFRS)

ASSETS

(in € 000)	Notes	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015
Current assets				
Cash and cash equivalents		120,481	85,802	75,312
Assets held for sale		0	0	3,731
Trade accounts receivable		132,207	145,760	125,154
Other current financial assets	B.1.	39,310	7,844	7,658
Inventories		26,839	27,948	21,113
Orders in process		639	565	577
Prepaid expenses and other current assets	B.2.	8,093	9,477	4,468
Total current assets		327,569	277,396	238,013
Non-current assets				
Property, plant and equipment		40,846	40,326	37,662
Intangible assets		29,156	28,682	33,187
Goodwill		72,180	72,780	68,476
Long-term financial assets		65	65	67
Financial assets accounted for using the equity method		510	452	485
Loans		2,353	2,401	1,502
Other financial assets		6,745	7,431	6,092
Deferred taxes arising from temporary differences	B.3.	2,465	2,398	2,989
Deferred taxes arising from tax loss carryover	B.3.	2,553	2,983	4,019
Other assets		1,711	1,407	1,191
Total non-current assets		158,584	158,925	155,670
Total assets		486,153	436,321	393,683

EQUITY AND LIABILITIES

(in € 000)	Notes	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015
Current liabilities				
Short-term loans and current component of long-term loans		1,347	1,386	1,776
Profit-participation capital and subordinated loans short-term portion		209	12	1,988
Trade accounts payable		91,347	106,781	68,983
Prepayments received		5,257	7,724	7,228
Other current financial liabilities	B.4.	6,474	6,205	3,573
Other provisions	B.5.	3,589	3,782	4,667
Deferred income		3,446	2,917	2,717
Income tax liabilities		5,274	4,258	3,790
Other current liabilities	B.6.	21,697	26,528	21,548
Liabilities in connection with assets held for sale		0	0	2,045
Total current liabilities		138,640	159,593	118,315
Non-current liabilities				
Long-term debt		2,671	2,865	3,442
Convertible bonds	B.7.	40,760	40,434	39,456
Profit-participation capital and long-term loans		4,686	4,761	4,436
Deferred income		4,140	3,867	3,677
Deferred taxes arising from temporary differences	B.8.	7,953	8,891	10,474
Pension provisions		1,764	1,744	1,801
Other non-current financial liabilities	B.9.	1,653	1,757	2,802
Other long-term liabilities	B.5.	8,098	8,122	11,789
Total non-current liabilities		71,725	72,441	77,877
Equity				
Capital stock	B.10.	16,368	14,880	14,880
Capital reserves	B.10.	173,936	110,197	110,197
Net income (incl. retained income)		79,096	72,534	63,052
Currency translation difference and exchange rate price difference		704	1,092	1,096
Minority interest		5,684	5,584	8,266
Total equity		275,788	204,287	197,491
Total equity and liabilities		486,153	436,321	393,683

CONSOLIDATED STATEMENT OF INCOME

(in € 000)	Notes	Jan. 1 - Mar. 31, 2016	Jan. 1 - Mar. 31, 2015
Sales revenues		234,698	198,180
Other operating income	D.1.	472	216
Other own work capitalized		389	460
Gross revenue		235,559	198,856
Cost of purchased materials and services		-164,275	-134,313
Gross profit		71,284	64,543
Human resources expenses	D.2.	-45,053	-44,479
Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets		-5,176	-5,322
Other operating expenses	D.3.	-10,114	-9,373
Operating result		10,941	5,369
Interest and similar income		154	150
Interest and other expenses		-810	-829
Other financial result: expenses		-229	0
Profit/loss from associated companies accounted for using the equity method		58	91
Currency translation gains/losses		-169	194
Profit before taxes		9,945	4,975
Income tax expense	D.4.	-3,283	-1,624
After-tax profit/loss from continuing operations		6,662	3,351
Profit/loss from discontinued operations	D.5.	0	-123
Net income for the period		6,662	3,228
thereof attributable to the stockholders of the parent		6,562	3,085
thereof attributable to minority interests		100	143
Average number of shares outstanding (basic)		15,337,407	14,879,574
Average number of shares outstanding (diluted)		16,392,927	15,935,094
Earnings per share from continuing operations (basic) in €		0.43	0.22
Earnings per share from continuing operations (diluted) in €		0.40	0.20
Earnings per share from discontinued operations (basic) in €		0.00	-0.01
Earnings per share from discontinued operations (diluted) in €		0.00	-0.01
Earnings per share from net income for the period attributable to the stockholders of the parent (basic) in €		0.43	0.21
Earnings per share from net income for the period attributable to the stockholders of the parent (diluted) in €		0.40	0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 000)	Jan. 1, - Mar. 31, 2016	Jan. 1, - Mar. 31, 2015
Net income for the period	6,662	3,228
Other comprehensive income		
Items possibly to be reclassified in profit or loss in subsequent periods		
Currency translation difference	-562	833
Income taxes	174	-256
Comprehensive after-tax income for the period	-388	577
Comprehensive income for the period	6,274	3,805
thereof attributable to stockholders of the parent	6,174	3,662
thereof attributable to minority interests	100	143

STATEMENT OF CASH FLOWS

(in € 000)	Jan. 1 - Mar. 31, 2016	Jan. 1 - Mar. 31, 2015
Cash flow from ordinary activities		
Profit for the year before tax and minority interest	9,945	4,975
Adjustments		
+ Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets	5,176	5,322
+ Interest result and other financial result	885	679
+/- Changes in long-term provisions	191	-50
+/- Changes in short-term provisions	-242	-354
+/- Gains/losses on the sale of intangible assets, property, plant and equipment and financial assets	-85	-992
+/- Changes in inventories	1,094	1,545
+/- Changes in trade accounts receivable and other accounts receivable	13,759	5,071
+/- Changes in trade accounts payable and other accounts payable	-20,717	-45,031
- Interest paid	-62	-107
+/- Income tax paid and refunded	-2,420	-5,325
+/- Non-cash expenses and income	-58	-92
+/- Cash inflow/outflow from discontinued operations	0	35
Net cash from operating activities	7,466	-34,324
Cash flow from investing activities		
+/- Cash inflow/outflow from sale of former consolidated subsidiaries	0	-1,049
- Purchase of financial assets	-1	0
- Purchase of available-for-sale current financial assets	-30,000	0
- Payments for additions to intangible assets and property, plant and equipment	-6,561	-3,530
+ Income from disposal of intangible assets, property, plant and equipment and financial assets	327	159
- Cash transferred on the sale of financial assets	0	-43
+ Interest received	17	150
Net cash used in investing activities	-36,218	-4,313
Cash flow from financing activities		
+/- Proceeds from the issuance of share capital	66,214	0
+/- Capital increase expenses	-1,429	0
- Repayment of long-term financial liabilities (incl. short-term portion)	-210	-217
+/- Changes in short-term financial liabilities	-44	68
- Interest paid	-488	-530
+/- Cash inflow from/outflow for finance lease	-79	-122
Net cash used in financing activities	63,965	-801
Net change in cash and cash equivalents	35,213	-39,438
+/- Changes in value resulting from foreign currency exchange	-534	455
+/- Cash as at beginning of period	85,802	114,295
Cash and cash equivalents at end of period	120,481	75,312
<i>Structure::</i>		
<i>Cash</i>	<i>120,481</i>	<i>75,312</i>
<i>Cash from discontinued operations</i>	<i>0</i>	<i>0</i>
	<i>120,481</i>	<i>75,312</i>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Share capital	Additional paid-in capital	Additional paid-in capital	Foreign currency translation reserve	Exchange rate difference reserve	Reserve change of actuarial gains/ losses from pensions	Revaluation reserve	Net profit / loss	Total investors parent company	Minority interest	Total equity cash
	units'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
Dezember 31, 2014	14,880	14,880	110,197	34,620	516	3	-268	-153	25,768	185,563	8,228	193,791
Appropriation net retained profits/capital reserves				5,856					-5,856	0		0
Payout in fiscal year									-7,440	-7,440	-124	-7,564
Comprehensive income for the period					574	-1	51		22,365	22,989	-266	22,723
Changes due to acquisition of non-controlling interests				-2,409						-2,409	-2,150	-4,559
Effect from disposal of minority interests										0	-104	-104
Dezember 31, 2015	14,880	14,880	110,197	38,067	1,090	2	-217	-153	34,837	198,703	5,584	204,287
Capital increase	1,488	1,488	64,726							66,214		66,214
Changes in reserves:												
Costs of capital increase			-987							-987		-987
Comprehensive income for the period					-388	0	0		6,562	6,174	100	6,274
March 31, 2016	16,368	16,368	173,936	38,067	702	2	-217	-153	41,399	270,104	5,684	275,788

Segment information – IFRS

Segment information	Cloud solutions		IT solutions	
	Mar. 31, 2016 €'000	Mar. 31, 2015 €'000	Mar. 31, 2016 €'000	Mar. 31, 2015 €'000
Sales revenues				
- External sales	36,719	30,906	197,975	167,264
- Intersegment sales	146	280	651	1,682
- Total sales revenues	36,865	31,186	198,626	168,946
- Cost of purchased materials and services	-19,300	-15,409	-145,621	-120,693
- Human resources expenses	-8,039	-8,082	-34,767	-34,415
- Other operative income and expenses	-1,695	-1,457	-6,880	-6,701
EBITDA	7,831	6,238	11,358	7,137
- Depreciation, amortization and write-downs	-1,506	-1,585	-3,550	-3,651
Operating income (EBIT)	6,325	4,653	7,808	3,486
- Interest income	65	44	83	102
- Interest expenditure	0	-1	-478	-417
- Other financial result: expenses	0	0	-229	0
- Profit/loss from associated companies accounted for using the equity method	58	91	0	0
Result from ordinary activities	6,448	4,787	7,184	3,171
- Currency exchange gains/losses				
Profit before taxes	6,448	4,787	7,184	3,171
- Income taxes				
- Discontinued operations	0	142	0	-265
Consolidated net income for the year				
thereof attributable to the stockholders of the parent				
thereof attributable to minority interests				

Totals		Other companies		Reconciliation		Consolidated	
Mar. 31, 2016 €'000	Mar. 31, 2015 €'000	Mar. 31, 2016 €'000	Mar. 31, 2015 €'000	Mar. 31, 2016 €'000	Mar. 31, 2015 €'000	Mar. 31, 2016 €'000	Mar. 31, 2015 €'000
234,694	198,170	4	10				
797	1,962	1	0	-798	-1,962		
235,491	200,132	5	10	-798	-1,962	234,698	198,180
-164,921	-136,102	0	0	646	1,789	-164,275	-134,313
-42,806	-42,497	-2,247	-1,982	0	30	-45,053	-44,479
-8,575	-8,158	-830	-712	152	143	-9,253	-8,697
19,189	13,375	-3,072	-2,684	0	0	16,117	10,691
-5,056	-5,236	-120	-86	0	0	-5,176	-5,322
14,133	8,139	-3,192	-2,770	0	0	10,941	5,369
148	146	215	233	-209	-229	154	150
-478	-418	-541	-640	209	229	-810	-829
-229	0	0	0	0	0	-229	0
58	91	0	0	0	0	58	91
13,632	7,958	-3,518	-3,177	0	0	10,114	4,781
				-169	194	-169	194
13,632	7,958	-3,518	-3,177	-169	194	9,945	4,975
				-3,283	-1,624	-3,283	-1,624
0	-123	0	0	0	0	0	-123
						6,662	3,228
						6,562	3,085
						100	143

A. The principles adopted for the consolidated financial statements

1. General information

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

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

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

2. Reporting entity

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

3. Accounting and valuation policies

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

B. Notes to the consolidated balance sheet

1. Other current financial assets

This item comprises receivables from banks (€ 30,000 thousand), claims to the payment of a purchase price (€ 3,833 thousand), bonuses due from suppliers (€ 2,986 thousand), marketing revenue (€ 1,255), creditors with a debit balance (€ 813 thousand) and receivables from staff (€ 423 thousand).

2. Prepaid expenses and other current assets

This item mainly consists of other current assets such as tax refunds (€ 4,511 thousand), commission income (€ 350 thousand), insurance refunds (€ 101 thousand), and receivables from social insurance institutions (€ 44 thousand).

The prepaid expenses (€ 3,021 thousand) include deferred insurance premiums and expenses paid in advance.

3. Deferred tax assets

The deferred tax assets are as follows:

Deferred tax from	temporary differences €'000	tax loss carryforwards €'000
As at January 1, 2016	2,398	2,983
Currency exchange gains/losses *	70	-430
Währungsdifferenz*	-3	0
As at March 31, 2016	2,465	2,553

* directly recognized in equity

As at March 31, 2016, the CANCOM group had corporate tax loss carryovers of € 7.4 million and trade tax loss carryovers of € 8.2 million. The unused corporate tax losses for which no deferred tax claim was recognized in the balance sheet amounted to € 0.0 million. The trade tax loss carryovers for which no deferred tax claim was recognized also amounted to € 0.0 million. On the basis of the planned tax results, it is expected that the capitalized deferred tax advantages from loss carryovers will be realized.

The deferred taxes from temporary differences are mainly the result of differences in intangible assets (€ 720 thousand), property, plant and equipment (€ 596 thousand), other financial liabilities (€ 402 thousand), pension provisions (€ 376 thousand), other liabilities (€ 211 thousand) and provisions (€ 113 thousand).

4. Other current financial liabilities

This item refers to liabilities to former affiliated entities (€ 2,778 thousand), debtors with a credit balance (€ 2,602 thousand), purchase price liabilities (€ 429 thousand), outstanding bills of charges (€ 286 thousand), Supervisory Board remuneration (€ 280 thousand), rent (€ 90 thousand) and liabilities to stockholders (€ 9 thousand).

5. Other provisions

The provisions mainly include the variable component of the purchase price for shares in affiliated entities (€ 7,280 thousand), guarantees and warranties (€ 1,531 thousand), copyright fees (€ 1,094 thousand), salaries (€ 605 thousand), provisions for anniversaries (€ 261 thousand), financial statement costs (€ 175 thousand), archiving costs (€ 153 thousand), decommissioning and restoration liabilities (€ 122 thousand), provisions for additional leasing costs (€ 102 thousand), provisions for termination and severance payments (€ 63 thousand) as well as for contingent risks (€ 54 thousand).

The total provisions include long-term provisions of € 8,098 thousand, which are disclosed under other non-current liabilities. These provisions are principally for variable components of purchase prices for corporate acquisitions (€ 5,694 thousand), copyright fees (€ 1,094 thousand), guarantees and warranties (€ 710 thousand), provisions for anniversaries (€ 261 thousand), decommissioning and restoration liabilities (€ 122 thousand), archiving costs (€ 113 thousand), and termination payments (€ 63 thousand), for which a provision is legally mandatory in Austria.

6. Other current liabilities

Other current liabilities mainly comprise bonuses to board members, officers and staff (€ 8,979 thousand), vacation and overtime entitlements (€ 4,846 thousand), sales tax (€ 3,501 thousand), tax on salaries and church tax (€ 2,618 thousand), payments to employers' liability insurance association (€ 928 thousand), wages and salaries (€ 479 thousand), social security contributions (€ 124 thousand), compensation levy for non-employment of the severely handicapped (€ 69 thousand) and convertible bond interest liabilities (€ 3 thousand).

7. Convertible bond

In March 2014, CANCOM SE issued a convertible bond for a total nominal amount of € 45,000 thousand. The bond matures in March 2019. The denomination per unit is € 100,000, and holders are entitled to convert the bond into up to 1,055,510 new no-par value bearer shares in CANCOM SE. The initial conversion price was € 42.6334 per share (since June 19, 2015 € 42.4948 per share). The conversion ratio is therefore 2,345,5788 shares per bond at a nominal amount of € 100,000. The conversion right for the convertible bond can be exercised throughout its term to maturity. The bond has a coupon of 0.875 percent per annum. Interest will be paid annually on March 27, starting on March 27, 2015.

On the balance sheet, the convertible bond will be split into an equity component and a debt component. The resulting value of the equity component is € 5,942 thousand, which is recognized under capital reserves. An interest expense of € 388 thousand was recognized for the bond in the first quarter of 2016.

8. Deferred tax liabilities

The deferred tax liabilities are as follows:

	€'000
As at January 1, 2016	8,891
Tax income from profit and loss calculation	-717
Currency exchange gains/losses *	-221
As at March 31, 2016	7,953

* directly recognized in equity

The deferred tax liabilities arise from deviations from the tax balance sheets. They are the result of the recognition and revaluation of intangible assets (€ 5,983 thousand), other financial assets (€ 604 thousand), loans to affiliated entities (€ 357 thousand), software development costs (€ 327 thousand), property, plant and equipment (€ 257 thousand), goodwill (€ 184 thousand), convertible bonds (€ 154 thousand), prepaid expenses (€ 30 thousand), intragroup payables (€ 23 thousand), other liabilities (€ 17 thousand), contracts in progress (€ 7 thousand), equity-accounted investments (€ 5 thousand), provisions (€ 4 thousand), and financial assets (€ 1 thousand).

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

9. Other non-current financial liabilities

Other non-current financial liabilities include purchase price liabilities of € 1,172 thousand, rent obligations of € 479 thousand, and a motor vehicle loan of € 2 thousand.

10. Equity

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

C. Segment information

Description of segments subject to mandatory reporting

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

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

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

Reconciliation

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

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

Information on geographical regions

	Sales revenue according to client location		Sales revenue according to company location	
	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Germany	195,474	168,189	210,733	179,854
Outside Germany	39,224	29,991	23,965	18,326
Group	234,698	198,180	234,698	198,180

	Non-current assets	
	Mar 31, 2016 €'000	Mar 31, 2015 €'000
Germany	120,990	126,897
Outside Germany	32,411	21,598
Group	153,401	148,495

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

D. Notes to the consolidated statement of income

1. Other operating income

The other operating income is made up of the following

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Rent	1	0
Income not relating to the period	282	84
Government grants	142	128
Compensation for damages	4	0
Other operating income	43	4
Total	472	216

2. Staff expenses

The staff expenses consist of the following:

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Wages and salaries	38,781	38,190
Social security contributions	6,152	6,222
Pension expenses	120	67
Total	45,053	44,479

3. Other operating expenses

The other operating expenses consist of the following items:

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Premises costs	2,606	2,201
Insurance and other charges	257	155
Motor vehicle costs	1,022	1,193
Advertising costs	667	639
Stock exchange and entertainment costs	55	7
Hospitality and traveling expenses	1,178	1,350
Delivery costs	767	653
Third-party services	725	578
Repairs, maintenance, leasing	582	469
Communications and office costs	684	578
Professional development and training costs	390	421
Legal and consultancy costs	429	356
Fees and charges; costs of money transactions	294	211
Value adjustments on receivables	0	98
Other operating expenses	458	464
Total	10,114	9,373

4. Income tax

The rate of income tax for the German companies was 30.93 percent (2015: 30.70 percent). This is made up of corporate tax, trade tax and solidarity surcharge.

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

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Earnings before tax	9,945	4,975
Expected tax expense at rate for German companies (30.93 percent; 2015: 30.70 percent)	3,076	1,527
- Difference from tax paid outside Germany	-29	-98
- Change in value adjustment on deferred tax assets on loss carryforwards	0	76
- Tax-exempt income/non tax-relevant losses on disposals	-5	-134
- Actual income tax not relating to the period	-3	5
- Permanent differences	57	0
- Non-deductible operating expenses as well as additions and reductions in relation to trade tax	186	219
- Effects of tax rate changes	0	26
- Miscellaneous	1	3
Total group income tax expenses	3,283	1,624

The actual tax rate is calculated as follows:

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Income before tax	9,945	4,975
Income tax	3,283	1,624
Actual tax expense rate	33.01%	32.64%

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

	Jan. 1 - Mar. 31, 2016 €'000	Jan. 1 - Mar. 31, 2015 €'000
Actual income tax expense	3,197	1,753
Deferred taxes:		
Assets	360	436
Liabilities	-716	-565
	-356	-129
Deferred taxes recognized directly in equity	442	0
Group income tax	3,283	1,624

5. Discontinued operations

In fiscal 2015, the impact of discontinued operations on the preliminary consolidated statement of income was a loss of € 123 thousand.

This amount consists of income (including other own work capitalized and other operating income) of € 2,394 thousand and expenditure of € 2,744 thousand, resulting in a pre-tax loss of € 350 thousand. The respective income tax receivable amounts to € 227 thousand.

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

E. Other disclosures

1. Related party disclosures

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

- Kober Beteiligungs GmbH and its subsidiaries;
- ABCON Holding GmbH and its subsidiaries;
- WFO Vermögensverwaltung GmbH and its subsidiaries;
- AURIGA Corporate Finance GmbH;
- Aurawida GmbH;
- Dr. Vielberth Verwaltungsgesellschaft mbH; and
- Elber GmbH.

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

The transaction volume of goods sold and services provided to related parties under IAS 24 in the first three months of 2016 was as follows: € 1,160 thousand (gross) in relation to goods/services purchased by Kober Beteiligungs GmbH and its subsidiaries, of which € 81 thousand was outstanding as at the balance sheet date.

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

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

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

3. Shareholdings in the company as defined in Section 20 IV of the German Stock Corporation Act (Aktiengesetz, AktG)

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

CANCOM SE

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