

Report on the 1st Quarter of 2015

Transforming the Business

PSI 

PSI Group Data as per 31 March 2015 at a Glance (IFRS)

	01/01-31/03/15 in KEUR	01/01-31/03/14 in KEUR	Change in KEUR	Change in %
Revenues	43,188	40,802	+2,386	+5.9
Operating Result	2,164	2,073	+91	+4.4
Result before income taxes	1,980	1,666	+314	+18.9
Net result	1,367	1,154	+213	+18.5
Cash and cash equivalents	31,571	24,447	+7,124	+29.1
Employees on 31 March	1,718	1,704	+14	+0.8
Revenue/Employee	25.1	23.9	+1.2	+5.0

Interim Management Report

Business Development

Earnings

The PSI Group obtained 6 % higher sales of 43.2 million Euros in the first quarter of 2015 (31 March 2014: 40.8 million Euros). The EBIT improved by 4 % to 2.2 million Euros (31 March 2014: 2.1 million Euros), the group net result increased by 18 % to 1.4 million Euros (31 March 2014: 1.2 million Euros). New orders improved by 11 % to 62 million Euros (31 March 2014: 56 million Euros), the order book volume on 31 March 2015 was, with 139 million Euros, 8 % above the value for the previous year (31 March 2014: 129 million Euros).

Energy Management (gas, oil, electricity, heat) attained 2 % higher sales of 15.6 million Euros (31 March 2014: 15.3 million Euros) in the first quarter. The EBIT for the segment increased slightly compared to the previous year to 0.84 million Euros (31 March 2014: 0.78 million Euros). The electrical energy business was able to once again increase its new orders; the oil and gas business won an additional contract in Russia and continued its strong performance of the previous years despite the tight market situation. In energy trading, the result was burdened by investments in the renewal and combination of the energy trading software for gas and power, which will continue until the first quarter of 2016.

Sales in Production Management (raw materials, industry, logistics) in the first three months were, with 21.6 million Euros, 14 % above the figure for the previous year (31 March 2014: 18.9 million Euros). The EBIT increased by 50 % to 1.5 million Euros (31 March 2014: 1.0 million Euros), despite ongoing investments in the software for raw material extraction until the end of year. The steel industry is still in a bear market and it is not yet clear, whether early cyclical orders before year end could secure the annual target of the PSI metals business. In particular, the market for fracking and pipeline tubes, which is of importance for PSI, has to cope with an oil-price-induced slump. Orders from the aluminium industry, which currently enjoys a boom driven by the lightweight manufacturing initiative in the US, could compensate that effect. The automotive/mechanical engineering and logistics businesses were able to significantly improve their results in a recovering home market.

In Infrastructure Management (transportation and security), sales decreased by 10 % to 6.0 million Euros (31 March 2014: 6.6 million Euros), primarily due to the still poor development in Southeast Asia. The EBIT for the segment therefore dropped to 0.2 million Euros (31 March 2014: 0.6 million Euros). The public transportation business in Germany

developed still positively. In Poland PSI expects important contracts in the energy segment in the second quarter.

Financial Position

The cash flow from normal operations was still positive due to maintenance payments; but, with 1.5 million Euros, was below the figure for the previous year (31 March 2014: 4.2 million Euros). The Liquidity, which rose to 31.6 million Euros (31 March 2014: 24.4 million Euros), is still of high importance for the financing of sales.

Assets

Compared to 31 December 2014, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees in the group increased to 1,718 (31 March 2014: 1,704) on 31 March 2015 as a result of the takeover completed in November 2014.

PSI-Shares

The PSI stock ended the 1st quarter of 2015 with a final price of 12.00 Euros 1 % above the final 2014 price of 11.91 Euros. In the same period the technology index TecDAX rose by 17.8 %.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2014.

Outlook

PSI expects important contracts to be awarded in Southeast Asia in the coming quarters as well as growth in the German market for energy solutions and an increasing demand for new solutions in the fields of automotive and logistics as a result of the Industrial Internet ("Industrie 4.0") boom. PSI has countered the continuing low cost of raw materials, weak economies and currencies in the BRIC countries with an increase in exports to Great Britain, North America and Switzerland. Management is committed to the objectives formulated in the 2014 Annual Report.

Group Balance Sheet

from 1 January 2015 until 31 March 2015 according to IFRS

	3 Month Report 01/01-31/03/15 KEUR	Annual Report 01/01-31/12/14 KEUR
Assets		
Non current assets		
Property, plant and equipment	12,782	12,949
Intangible assets	61,456	61,698
Investments in associates	149	149
Deferred tax assets	5,590	5,657
	79,977	80,453
Current assets		
Inventories	3,874	3,468
Trade accounts receivable, net	35,522	33,708
Receivables from long-term development contracts	43,546	39,865
Other current assets	8,916	5,409
Cash and cash equivalents	31,571	29,314
	123,429	116,018
Total assets	203,406	192,217
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for own stock	-890	-890
Other reserves	-9,814	-11,473
Net retained profits	6,702	5,335
	71,320	68,294
Non-current liabilities		
Long-term financial liabilities	174	188
Pension provisions	46,910	47,080
Deferred tax liabilities	1,188	960
	48,272	48,228
Current liabilities		
Trade payables	15,193	15,113
Other current liabilities	37,154	29,489
Liabilities from long-term development contracts	25,551	26,011
Short-term financial liabilities	5,916	5,082
Provisions	83,814	75,695
	203,406	192,217
Total equity and liabilities	40,185	40,185

Group Income Statement

from 1 January 2015 until 31 March 2015 according to IFRS

	3 Month Report 01/01-31/03/15 KEUR	3 Month Report 01/01-31/03/14 KEUR
Sales revenues	43,188	40,802
Other operating income	1,121	2,301
Cost of materials	-6,266	-6,714
Personnel expenses	-27,066	-25,916
Depreciation and amortization	-1,215	-910
Other operating expenses	-7,598	-7,490
Operating result	2,164	2,073
Interest income	15	12
Interest expenses	-339	-419
Result from equity investments	140	0
Result before income taxes	1,980	1,666
Income tax	-613	-512
Net result	1,367	1,154
Earnings per share (in Euro per share, basic)	0.09	0.07
Earnings per share (in Euro per share, diluted)	0.09	0.07
Weighted average shares outstanding (basic)	15,633,023	15,658,568
Weighted average shares outstanding (diluted)	15,633,023	15,658,568

Group comprehensive Income Statement

from 1 January 2015 until 31 March 2015 according to IFRS

	3 Month Report 01/01-31/03/15 KEUR	3 Month Report 01/01-31/03/14 KEUR
Net result	1,367	1,154
Currency translation foreign operations	1,659	-158
Net losses from cash flows hedges	0	-40
Income tax effects	0	11
Group comprehensive result	3,026	967

Group Cash Flow Statement

from 1 January 2015 until 31 March 2015 according to IFRS

	3 Month Report 01/01-31/03/15 KEUR	3 Month Report 01/01-31/03/14 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	1,980	1,666
Adjustments for non-cash expenses		
Amortisation on intangible assets	526	197
Depreciation of property, plant and equipment	689	713
Earnings from investments in associated companies	-140	0
Interest income	-15	-12
Interest expenses	339	419
	3,379	2,983
Changes of working capital		
Inventories	-221	-408
Trade receivables	-2,983	-1,324
Other current assets	-1,906	-3,063
Provisions	-424	-298
Trade payables	43	-484
Other current liabilities	3,911	7,299
	-1,580	1,722
Interest paid	-66	-70
Income taxes paid	-256	-399
Cash flow from operating activities	1,477	4,236
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-284	-165
Additions to property, plant and equipment	-521	-376
Cash inflow from disposals of associated companies	140	0
Interest received	15	12
Cash flow from investing activities	-650	-529
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds/repayments from/of borrowings	820	-606
Outflows for share buybacks	0	-272
Cash flow from financing activities	820	-878
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	1,647	2,829
Valuation-related changes in cash and cash equivalents	610	-182
Cash and cash equivalents at beginning of the period	29,314	21,800
Cash and cash equivalents at the end of the period	31,571	24,447

Statement of Changes in Equity

from 1 January 2015 until 31 March 2015 according to IFRS

	Number of shares issued	Share capital	Additional paid-in capital	Reserve for treasury stock	Other reserves	Accumulated losses	Total
	Number	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As of 31 December 2013	15,673,023	40,185	35,137	-402	-7,343	1,236	68,813
Group comprehensive result after tax					-4,130	4,099	-31
Share buybacks	-40,000			-488			-488
As of 31 December 2014	15,633,023	40,185	35,137	-890	-11,473	5,335	68,294
Group comprehensive result after tax					1,659	1,367	3,026
As of 31 March 2015	15,633,023	40,185	35,137	-890	-9,814	6,702	71,320

Shares and Options held by Management Board and Supervisory Board as of 31 March 2015

	Shares	Options
Management Board		
Harald Fuchs	3,023	0
Dr. Harald Schrimpf	63,500	0
Supervisory Board		
Dr. Ralf Becherer	1,281	0
Elena Günzler	1,013	0
Bernd Haus	1,000	0
Prof. Dr. Wilhelm Jaroni	0	0
Karsten Trippel	111,322	0
Prof. Dr. Rolf Windmüller	7,805	0

Remuneration for the Management Board and Supervisory Board

	Fixed remuneration KEUR	Variable remuneration KEUR	Total remuneration KEUR
Harald Fuchs	72	60	132
Dr. Harald Schrimpf	93	75	168
Management Board – total	165	135	300

Because Supervisory Board payments are made in the 4th quarter of the year, the Supervisory Board did not obtain any remuneration in the first three months of 2015.

Notes on the consolidated financial statements as of 31 March 2015

The Company

1. Business Activities and Legal Background

The business activities of PSI AG and its subsidiaries relate to the development and sale of software systems and products fulfilling the specific needs and requirements of its customers, particularly in the following industries and service lines: utilities, manufacturing, logistics, transport and safety. In addition, the Group provides services of all kinds in the field of data processing, sells electronic devices and operates data processing systems.

The PSI Group is divided into the three core business segments energy management, production management and infrastructure management. The company is listed in the Prime Standard segment of the Frankfurt stock exchange.

The company is exposed to a wide range of risks that are similar to other companies active in the dynamic technology sector. Major risks for the development of the PSI Group lie in the success with which it markets its software systems and products, competition from larger companies, the ability to generate sufficient cash flows for future business development as well as in individual risks regarding the integration of subsidiaries, organisational changes and the cooperation with strategic partners.

The condensed interim consolidated financial statements for the period from 1 January 2015 to 31 March 2015 were released for publication by a decision of the management on 24 April 2015.

The condensed interim consolidated financial statements for the period from 1 January 2015 to 31 March 2015 were produced in compliance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements do not contain all the data and notes prescribed for the annual financial statements and should be read in conjunction with the consolidated financial statements for 31 December 2014.

2. Accounting and Valuation Principles

With regard to the principles of accounting and valuation and especially the application of International Financial Reporting Standards (IFRS) see the group consolidated financial statements for the financial year 2014.

3. Seasonal Influences on the Business Activities

Seasonal effects resulted in the PSI Group operations with regards to the receipt of maintenance revenues in the first quarter of the financial year (deferment of the influences on the result of corresponding incoming payments throughout the year) and significantly greater demand and project accounting in the fourth quarter of the financial year.

4. Changes in the Consolidation Group

Compared to 31 December 2014 there were no changes in the consolidation group.

5. Selected Individual Items

Cash and cash equivalents

	31 March 2015	31 December 2014
	KEUR	KEUR
Bank balances	24,294	28,023
Fixed term deposits	7,242	1,258
Cash	35	33
	31,571	29,314

Costs and estimated earnings in excess of billings on uncompleted contracts

Costs and estimated earnings in excess of billings on uncompleted contracts arise when revenues have been recorded but the amounts cannot be billed under the terms of the contracts. Such amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Costs and estimated earnings contain directly allocable costs (labour cost and cost of services provided by third parties) as well as the appropriate portion of overheads including pro rata administrative expenses.

Costs and estimated earnings on uncompleted contracts and related amounts are billed as follows:

	31 March 2015 KEUR	31 December 2014 KEUR
Costs incurred on uncompleted contracts	82,495	75,442
Profit shares	15,161	14,671
Contract revenue	97,656	90,113
Payments on account	-79,661	-76,259
Set off against contract revenue	-54,110	-50,248
Receivables from long-term construction contracts	43,546	39,865
Liabilities from long-term construction contracts	25,551	26,011

Sales revenues

The sales revenues reported in the group income statement break down as follows:

	31 March 2015 KEUR	31 March 2014 KEUR
Software development	25,999	25,053
Maintenance	11,859	10,383
License fees	2,808	2,476
Merchandise	2,522	2,890
	43,188	40,802

Taxes on income

The main components of the income tax expenditure shown in the group income statement are added as follows:

	31 March 2015 KEUR	31 March 2014 KEUR
Effective taxes expenses		
Effective tax expenses	-318	-489
Deferred taxes		
Emergence and reversal of temporary differences	-295	-23
Tax expenses	-613	-512

Segment Reporting

The development of the segment results can be found in the Group segment reporting.

Segments of the PSI Group:

- **Energy Management:** Intelligent solutions for energy suppliers from the electricity, gas, oil, district heating and water markets. Focal points are reliable and economically sound solutions for intelligent network management and trade and sales management in the liberalised energy market.
- **Production Management:** Software products and individual solutions for production planning, special tasks in production control and efficient logistics. Focuses are the optimisation of the use of resources and the increase of efficiency, quality and profitability.
- **Infrastructure Management:** High-availability control system solutions designed for monitoring and economically sound operation of infrastructures in the transportation, public safety, environmental protection and disaster prevention areas.

Responsibility Statement

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the group's development and performance of its position, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the financial year, in accordance with German proper accounting principles of interim consolidated reporting.

Group Segment Reporting

from 1 January 2015 until 31 March 2015 according to IFRS

	Energy Management		Production Management		Infrastructure Management		Reconciliation		PSI Group	
	31/03/2015 KEUR	31/03/2014 KEUR	31/03/2015 KEUR	31/03/2014 KEUR	31/03/2015 KEUR	31/03/2014 KEUR	31/03/2015 KEUR	31/03/2014 KEUR	31/03/2015 KEUR	31/03/2014 KEUR
Sales revenues										
Sales to external customers	15,591	15,290	21,609	18,879	5,988	6,633	0	0	43,188	40,802
Inter-segment sales	171	297	199	602	1,365	1,395	-1,735	-2,294	0	0
Segment revenues	15,762	15,587	21,808	19,481	7,353	8,028	-1,735	-2,294	43,188	40,802
Other operating income	1,376	1,453	1,675	2,238	299	537	-2,229	-1,927	1,121	2,301
Cost of purchased services	-1,329	-1,135	-2,377	-2,299	-1,315	-1,981	1,129	1,510	-3,892	-3,905
Cost of purchased materials	-991	-1,065	-477	-366	-1,206	-1,503	300	125	-2,374	-2,809
Personnel expenses	-10,437	-10,483	-13,134	-12,574	-3,456	-2,942	-39	83	-27,066	-25,916
Depreciation and amortisation	-352	-351	-311	-320	-207	-172	-15	-16	-885	-859
Other operating expenses	-3,164	-3,205	-5,412	-5,152	-1,304	-1,350	2,282	2,217	-7,598	-7,490
Operating result before interest, tax, depreciation and amortisation	1,217	1,152	2,083	1,328	371	789	-292	-286	3,379	2,983
Operating result before depreciation and amortisation resulting from purchase price allocation	865	801	1,772	1,008	164	617	-307	-302	2,494	2,124
Depreciation and amortisation resulting from purchase price allocation	-22	-21	-308	-30	0	0	0	0	-330	-51
Operating result	843	780	1,464	978	164	617	-307	-302	2,164	2,073
Interest income	104	-124	-202	-184	-86	-99	0	0	-184	-407
Result before income taxes	947	656	1,262	794	78	518	-307	-302	1,980	1,666
Interest in associates carried at equity	149	298	0	0	0	0	0	0	149	298
Segment assets	43,766	49,290	89,539	72,178	56,297	53,390	8,214	5,466	197,816	180,324
Segment liabilities	41,917	33,150	55,314	52,265	19,352	17,368	12,864	10,027	129,447	112,810
Segment investments	144	178	384	197	114	54	163	111	805	540

Financial Calendar

19 March 2015	Publication of Annual Result 2014
19 March 2015	Analyst Conference
28 April 2015	Report on the 1 st Quarter of 2015
12 May 2015	Annual General Meeting
28 July 2015	Report on the 1 st Six Months of 2015
29 October 2015	Report on the 3rd Quarter of 2015
23-25 November 2015	German Equity Forum, Analyst Presentation

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We will be happy to include you in our distribution list for stockholder information.

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