

# QUARTERLY REPORT

31. March 2018



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## At a glance

The EINHELL Group managed to significantly increase its business volume between January and March 2018 and generated revenue of EUR 153.7 million.

Profit before income taxes and PPA effects amounts to EUR 12.2 million. This is equivalent to an operating margin of about 7.9%. Purchase price allocation (PPA) effects reduce earnings by about EUR 0.4 million. Adjusted for PPA effects, profit before income taxes amounts to EUR 11.7 million, and the pre-tax margin is roughly 7.6%.

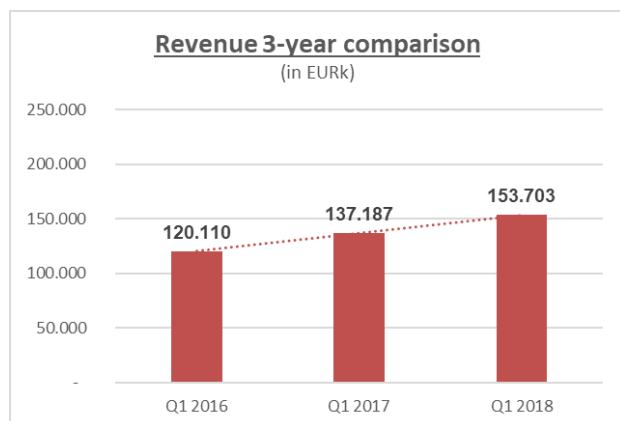
## Financial figures

Revenue		
Q1 2018	153.703	+12,0%
Q1 2017	137.187	
Profit before income taxes (before PPA)*		
Q1 2018	12.151	+23,0%
Q1 2017	9.880	
Profit before income taxes (after PPA)*		
Q1 2018	11.740	+24,5%
Q1 2017	9.431	
EBIT (before PPA)*		
Q1 2018	12.643	+17,2%
Q1 2017	10.784	
EBIT (after PPA)*		
Q1 2018	12.232	+17,9%
Q1 2017	10.373	
Equity ratio		
Q1 2018	46,5%	-9,7%
Q1 2017	51,5%	
Profit per share		
Q1 2018	2,1	+23,5%
Q1 2017	1,7	
Net debt		
Q1 2018	91.284	+148,0%
Q1 2017	36.807	
Staff		
Q1 2018	1.536	+10,7%
Q1 2017	1.387	

\* PPA = Purchase Price Allocation

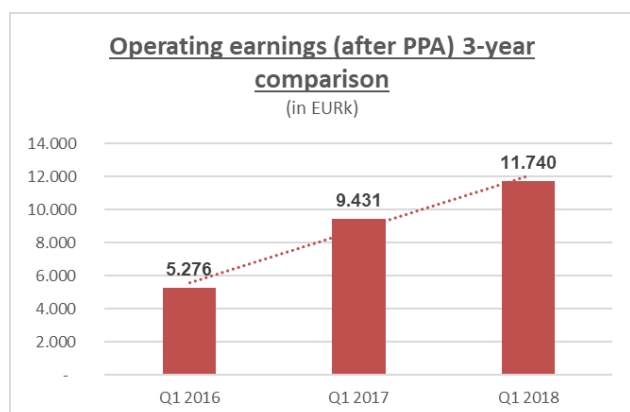
## Revenue, earnings and financial position

### Revenue

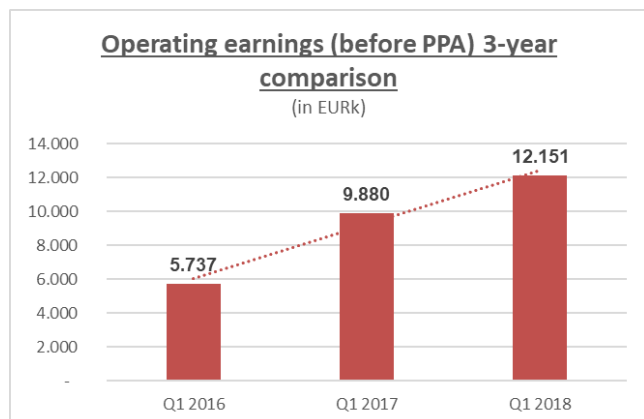


From January to March 2018, the EINHELL Group generated revenue of EUR 153.7 million (Q1 2017: EUR 137.2 million). This is considerably above the prior-year level.

### Earnings



From January to March 2018, the EINHELL Group generated profit before income taxes of EUR 11.7 million (Q1 2017: EUR 9.4 million). The pre-tax margin amounts to 7.6% (previous year: 6.9%).



Purchase price allocation (PPA) effects took earnings down by about EUR 0.4 million. Without PPA effects, profit before income taxes would have amounted to EUR 12.2 million and the pre-tax margin to 7.9%.

The earnings situation has thus improved considerably again compared to the prior-year period.

Consolidated net profit after minority interest amounts to EUR 8.1 million in the period under review (previous year: EUR 6.4 million). Earnings per share amount to EUR 2.1 (previous year: EUR 1.7 per share).

Strong demand for our products from the Power X-Change program had a highly positive effect on the profit performance.

Personnel expenses increased year-on-year to EUR 18.3 million as the number of staff increased (previous year: EUR 16.1 million).

Other expenses increased to EUR 21.9 million (previous year: EUR 20.3 million), driven by the increase in revenue.

The financial result of EUR -0.5 million (previous year: EUR -0.9 million) is higher than in the previous year.

### Financial position

The key line items in the statement of financial position as at 31 March 2018 and 31 March 2017 are as follows:

	Q1 2018	Q1 2017
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	49.4	47.5
Inventories	191.0	138.8
Receivables and other assets	161.5	135.6
Cash and cash equivalents	10.4	12.7
Equity	191.9	172.5
Liabilities to banks	101.7	49.5

In the reporting period, the EINHELL Group made investments amounting to EUR 1.7 million (previous year: EUR 1.4 million). The majority of this was spent on operating and office equipment.

Goods inventories increased as against the prior-year period to EUR 191.0 million (previous year: EUR 138.8 million). The Group anticipates another significant year-on-year increase in revenue in the coming months.

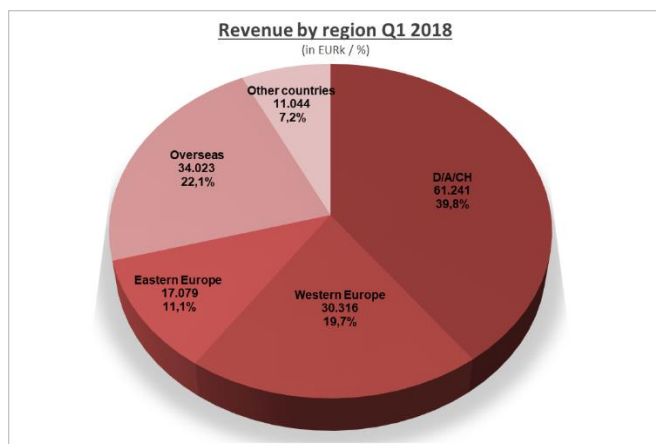
Trade receivables are stated net of allowances for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 9.7 million year-on-year to

EUR 115.4 million in the period under review (previous year: EUR 105.7 million). The application of the "expected loss model", which IFRS 9 requires, leads to a further write-down of trade receivables in the amount of EUR 0.2 million.

Other current assets increased to EUR 46.0 million, up from EUR 27.9 million in the prior-year period. Due to the increased purchase of goods, VAT receivables have also risen significantly. In addition, the market values of hedging derivatives have also increased significantly.

Cash and cash equivalents amount to EUR 10.4 million on the reporting date (previous year: EUR 12.7 million). Compared to the prior-year period, liabilities to banks increased from EUR 49.5 million to EUR 101.7 million. This is mainly driven by an increase in inventories and trade receivables.

**Performance by region**



Revenue performance was very positive in the first three months of financial year 2018. All of the regions managed to generate higher revenues than in the previous year.

The Einhell Group has been applying the revenue recognition provisions of IFRS 15 since 1 January 2018. Revenue decreased by EUR 1.4 million in the reporting period due to the application of IFRS 15 "Revenue from Contracts with Customers". In the comparable period of the previous year, application of IFRS 15 would have reduced revenues by EUR 0.5 million.

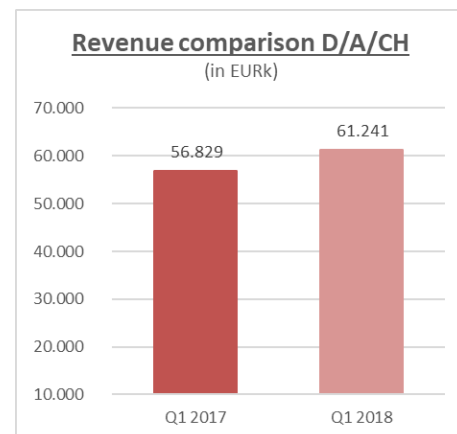
Revenue in the individual regions developed as follows:

in EURk	Q1 2018	Q1 2017
D/A/CH region	61,241	56,829
Western Europe	30,316	24,341
Eastern Europe	17,079	16,224
Overseas	34,023	32,101
Other countries	11,044	7,692
<b>Einhell Group</b>	<b>153,703</b>	<b>137,187</b>

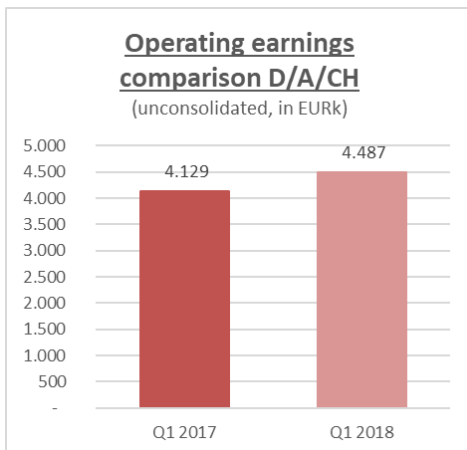
Earnings also increased from EUR 9.4 million to EUR 11.7 million due to improved gross profit margins. The development in the individual regions was as follows:

in EURk	Q1 2018	Q1 2017
D/A/CH region	4,487	4,129
Western Europe	1,819	1,382
Eastern Europe	1,483	871
Overseas	3,981	3,761
Other countries	2,619	4,127
Reconciliation	-2,649	-4,839
<b>Einhell Group</b>	<b>11,740</b>	<b>9,431</b>

**D/A/CH region**

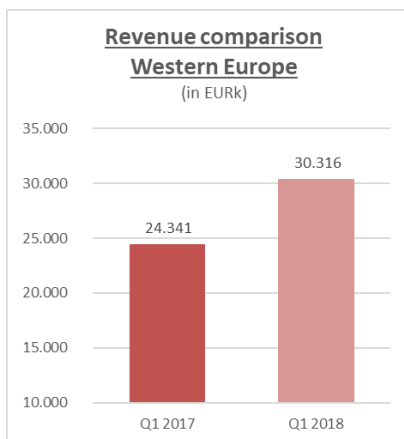


Revenue in the D/A/CH region amounted to EUR 61.2 million in the first three months of financial year 2018 (Q1 2017: EUR 56.8 million).

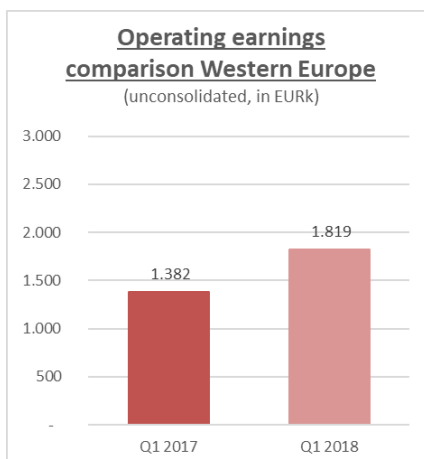


The increase in profit before income taxes was mainly driven by an increase in revenue and an improved gross profit margin.

**Western Europe**

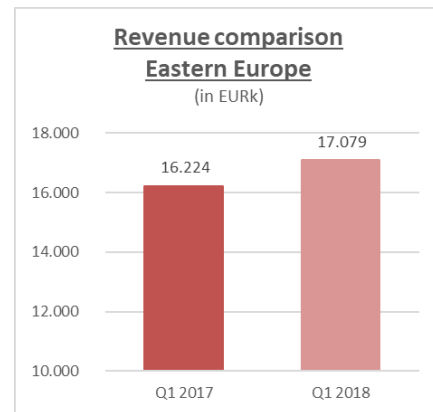


Revenue in the Western Europe region amounted to EUR 30.3 million (previous year: EUR 24.3 million). The companies with the highest revenue in the Western Europe region were Einhell France with EUR 10.1 million, Einhell UK with EUR 6.6 million and Einhell Italy with EUR 6.3 million.



Earnings were also increased in the Western Europe region.

**Eastern Europe**

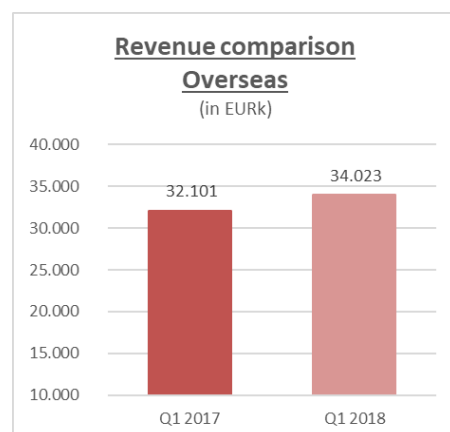


The companies with the highest revenue in the Eastern Europe region were Einhell Turkey, Einhell Croatia and Einhell Poland.



On an equally positive note, the companies in the Eastern Europe region were able to further increase their earnings. Croatia and Bosnia showed particularly positive trends.

**Overseas**

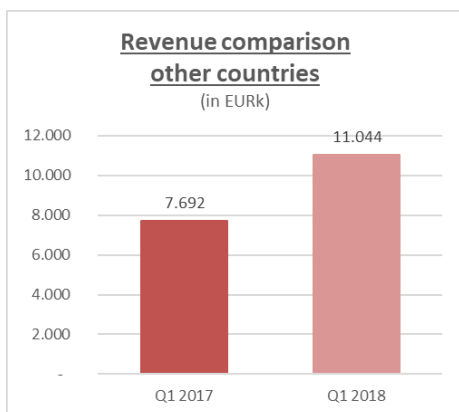


The Overseas region was able to further expand its high revenue volume in the first three months of financial year 2018. Revenue rose from EUR 32.1 million to EUR 34.0 million. Revenue in the Overseas region is generated by the companies in Australia and South America.

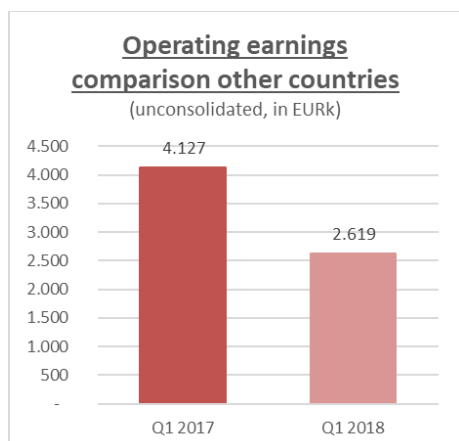


The increase in revenues and earnings in the Overseas region was somewhat dampened by the weakness of the Australian dollar and the Argentine peso.

**Other countries**



The Other countries were also able to achieve a significant increase in revenue. This mainly includes the revenue of our companies in Hong Kong.



Most of the companies in China and Hong Kong also function as Group purchasing companies. In this function, they increasingly took over marketing activities.

**Events after reporting date**

No events that are significant with regard to net assets, financial position and results of operations occurred until the preparation of the quarterly notification.

**Outlook**

The Board of Directors' assumptions and forecasts are based on the information currently available. The future business development depends on numerous factors, especially on the developments in the crisis regions and the trends on the currency markets.

The Einhell Group expects an increase in revenue to about EUR 600 million for financial year 2018. Further, we anticipate a pre-tax operating margin of 6.5% to 7.0%.

**Consolidated statement of financial position (IFRS) as of 31 March 2018 (abbreviated)**

Assets	31.03.2018 EURk	31.03.2017 EURk
<b>NON-CURRENT ASSETS</b>		
Intangible assets	17,252	19,536
Property, plant and equipment	22,661	20,382
Non-current financial assets	713	388
Other non-current assets	515	396
Deferred tax assets	8,305	6,821
	49,446	47,523
<b>CURRENT ASSETS</b>		
Inventories	191,020	138,831
Trade receivables	115,440	105,736
Other assets	46,044	27,902
Assets held for sale	0	1,917
Cash and cash equivalents	10,397	12,696
	362,901	287,082
	<u>412,347</u>	<u>334,605</u>

Equity and liabilities	31.03.2018 EURk	31.03.2017 EURk
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	159,981	139,262
Other reserves	-6,477	-5,141
Equity of shareholders of EINHELL Germany AG	189,843	170,460
Non-controlling interest	2,012	1,995
	191,855	172,455
<b>NON-CURRENT LIABILITIES</b>		
Provisions	4,054	3,995
Liabilities from debt capital	136	30,000
Deferred tax liabilities	4,178	3,243
Other liabilities	13	745
	8,381	37,983
<b>CURRENT LIABILITIES</b>		
Trade payables	49,890	48,810
Provisions	33,622	25,687
Liabilities from debt capital	101,545	19,503
Other liabilities	27,054	29,894
Liabilities in connection with assets held for sale	0	273
	212,111	124,167
	<u>412,347</u>	<u>334,605</u>

**Consolidated income statement (IFRS) for the period from 1 January to 31 March 2018**

	01.01. – 31.03.2018	01.01. – 31.03.2017
	EURk	EURk
Revenue	153,703	137,187
Other operating income	1,382	1,710
Cost of materials	-101,291	-90,817
Personnel expenses	-18,299	-16,135
Depreciation and amortisation	-1,316	-1,270
Other operating expenses	-21,947	-20,302
Financial result	-492	-942
<b>Profit before income taxes</b>	<b>11,740</b>	<b>9,431</b>
Income taxes	-3,572	-2,993
<b>Consolidated net profit</b>	<b>8,168</b>	<b>6,438</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>105</b>	<b>81</b>
<b>Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG</b>	<b>8,063</b>	<b>6,357</b>



**Consolidated statement of cash flows (IFRS) for the period from 1 January to 31 March 2018**

in EURk	01.01. – 31.03.2018	01.01. – 31.03.2017
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	11,740	9,431
+ Depreciation and amortisation of intangible assets and property, plant and equipment	1,316	1,270
- Interest income	-21	-49
+ Interest expenses	378	435
+/- Other non-cash expenses and income	146	-77
<b>Operating profit before changes in net working capital</b>	<b>13,559</b>	<b>11,010</b>
+/- Decrease/increase in trade receivables	-33,917	-37,772
+/- Decrease/increase in inventories	-12,120	-10,139
+/- Decrease/increase in other assets	-14,499	-3,283
+/- Decrease/increase in assets held for sale	0	65
+/- Increase/decrease in non-current liabilities	60	-26
+/- Increase/decrease in current liabilities	3,193	6,743
+/- Increase/decrease in trade payables	-35,841	-21,434
+/- Increase/decrease in liabilities in connection with assets held for sale	0	-85
<b>Cash flows generated from operating activities</b>	<b>-79,565</b>	<b>-54,921</b>
- Taxes paid	-2,719	-1,976
+ Interest received	31	57
- Interest paid	-188	-347
<b>Net cash from/used in operating activities</b>	<b>-82,441</b>	<b>-57,187</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-1,678	-1,360
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	12	63
+/- Increase/decrease in goodwill	0	0
+ Proceeds from disposal of consolidated companies	0	0
- Cash-outflow from changes to companies included in the consolidation	0	0
<b>Net cash used in investing activities</b>	<b>-1,666</b>	<b>-1,297</b>
<b>Cash flows from/used in financing activities</b>		
+ Proceeds from taking out loans	79,310	16,287
- Payments for repayment of loans	0	0
- Payments for acquisition of equity investments	0	0
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of EINHELL Germany AG	0	0
- Dividend payments to non-controlling interest	0	0
- Payments for liabilities for finance leases	0	0
<b>Net cash used in financing activities</b>	<b>79,310</b>	<b>16,287</b>
Changes to cash and cash equivalents due to currency exchange	794	189
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-4,003</b>	<b>-42,008</b>
Cash and cash equivalents at beginning of reporting period	14,400	54,704
<b>Cash and cash equivalents at end of reporting period</b>	<b>10,397</b>	<b>12,696</b>

## Segment reporting

The identification of reportable operating segments pursuant to IFRS 8 is based on the so-called management approach concept. The division of the EINHELL Group into regions reflects the Group's internal management and reporting structures. The regions are: "D/A/CH region", "Western Europe", "Eastern Europe", "Overseas" and "Other countries".

Income and expenses that cannot be directly allocated to the individual regions are shown in the reconciliation item.

### Segment reporting by region

March 2018 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	61,241	30,316	17,079	34,023	11,044	0	153,703
Revenue based on registered office of the invoice recipient	60,599	37,409	18,747	35,739	1,209	0	153,703
Profit before income taxes	4,487	1,819	1,483	3,981	2,619	-2,649	11,740

March 2017 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	56,829	24,341	16,224	32,101	7,692	0	137,187
Revenue based on registered office of the invoice recipient	56,255	29,674	16,800	33,265	1,193	0	137,187
Profit before income taxes	4,129	1,382	871	3,761	4,127	-4,839	9,431

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## Financial calendar 2018

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Annual General Meeting 2018	Friday	22 June 2018
Half-year financial report as of 30 June 2018		Mid-August 2018
Quarterly notification as of 30 September 2018		Mid-November 2018

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## Legal company information

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## Disclaimer

This quarterly notification contains forward-looking statements. Forward-looking statements are based on specific assumptions and expectations at the time this notification is published. They are therefore subject to risks and uncertainties and actual results may differ considerably from the results in such forward-looking statements. Various risks and uncertainties are determined by factors that do not lie in the EINHELL Group's sphere of influence and can therefore not be estimated with certainty at present. This includes, without limitation, future market conditions and the economic trends as well as legal and political decisions.

Unless otherwise stipulated, all amounts are stated in thousands of euros (EURk). There may be minor deviations in this report and in other reports due to rounding of totals and the calculation of percentage figures.



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