



# // QUARTERLY REPORT

30 September 2017



## Contents

### At a glance

#### Financial figures

##### Revenue, earnings and financial position

Revenue

Earnings

Financial position

##### Segments and regions

Performance by segment

Performance by region

##### Events after reporting date

##### Outlook

##### Consolidated statement of financial position

##### Consolidated income statement

##### Consolidated statement of cash flows

##### Segment reporting

##### Financial calendar and legal company information

## At a glance

The EINHELL Group managed to increase its business volume considerably between January and September 2017 and generated revenue of EUR 424.0 million.

Profit before income taxes and PPA effects amounts to EUR 30.1 million. This is equivalent to an operating margin of about 7.1%. Purchase price allocation (PPA) effects reduce earnings by EUR 1.3 million. Adjusted for PPA effects, profit before income taxes amounts to EUR 28.8 million, and the pre-tax margin is roughly 6.8%.

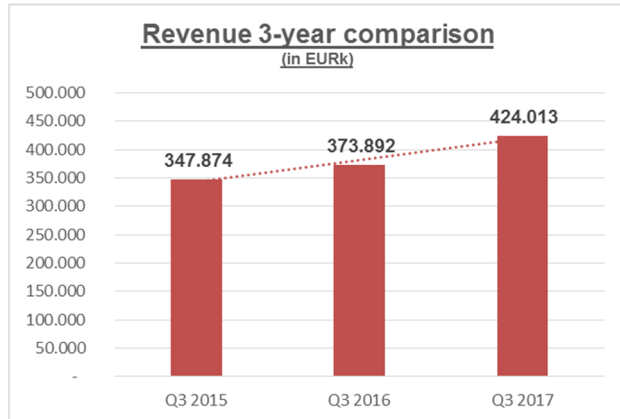
## Financial figures

Revenue		
Q3 2017	424.013	+13,4%
Q3 2016	373.892	
Profit before income taxes (before PPA)*		
Q3 2017	30.095	+77,3%
Q3 2016	16.975	
Profit before income taxes (after PPA)*		
Q3 2017	28.755	+84,4%
Q3 2016	15.590	
EBIT (before PPA)*		
Q3 2017	32.478	+62,2%
Q3 2016	20.024	
EBIT (after PPA)*		
Q3 2017	31.246	+66,5%
Q3 2016	18.770	
Equity ratio		
Q3 2017	47,9%	-14,2%
Q3 2016	55,8%	
Profit per share		
Q3 2017	4,9	+81,5%
Q3 2016	2,7	
Net debt		
Q3 2017	51.117	+53,4%
Q3 2016	33.320	
Staff		
Q3 2017	1.497	+8,9%
Q3 2016	1.375	

\* PPA = Purchase Price Allocation

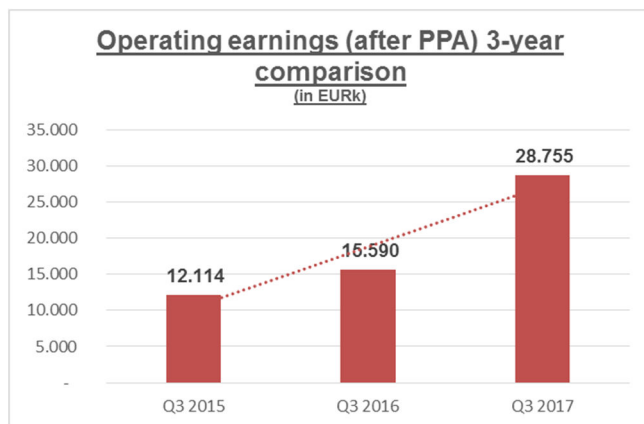
## Revenue, earnings and financial position

### Revenue

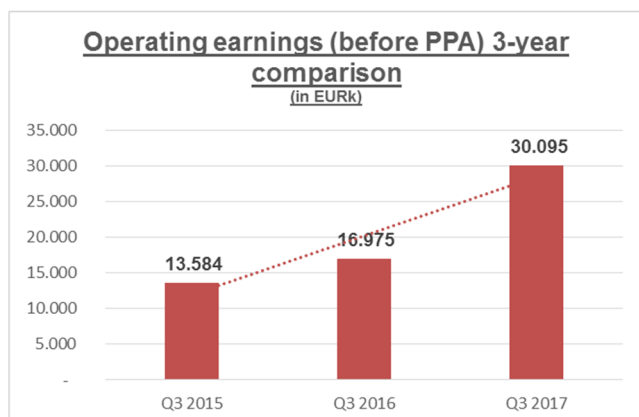


From January to September 2017, the EINHELL Group generated revenue of EUR 424.0 million (previous year: EUR 373.9 million). Revenue is thus considerably above the prior-year level.

### Earnings



From January to September 2017, the EINHELL Group generated profit before income taxes of EUR 28.8 million (previous year: EUR 15.6 million). The pre-tax margin amounts to 6.8% (previous year: 4.2%).



Purchase price allocation (PPA) effects took earnings down by about EUR 1.3 million. Without PPA effects, profit before income taxes would have amounted to EUR 30.1 million and the pre-tax margin to 7.1%.

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

Consolidated net profit after minority interest amounts to EUR 18.5 million in the period under review (previous year: EUR 10.0 million). Earnings per share amount to EUR 4.9 (previous year: EUR 2.7 per share).

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

Personnel expenses increased compared to the prior-year period to EUR 51.4 million (previous year: EUR 46.2 million).

Other expenses increased to EUR 61.5 million (previous year: EUR 51.2 million). Because of the extremely positive performance in Australia, the earn-out liability for Ozito increased by EUR 2.1 million.

The financial result of EUR -2.5 million has improved compared to the prior-year period (previous year: EUR -3.2 million) and is mainly a result of refinancing costs in some countries with high interest rates.

### Financial position

The key line items in the statement of financial position as at 30 September 2017 and 30 September 2016 are as follows:

	Q3 2017	Q3 2016
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	47.6	47.6
Inventories	162.0	123.0
Receivables and other assets	139.4	116.7
Cash and cash equivalents	17.6	8.2
Equity	175.5	165.0
Liabilities to banks	68.7	41.5

In the reporting period, the Einhell Group made investments amounting to EUR 4.4 million (previous year: EUR 2.6 million). Most investments refer to intangible assets and property, plant and equipment.

Goods inventories increased as against the prior-year period to EUR 162.0 million (previous year: EUR 123.0 million).

Trade receivables are shown after deduction of impairment for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 9.5 million year-on-year to EUR 103.9 million in the period under review (previous year: EUR 94.4 million).

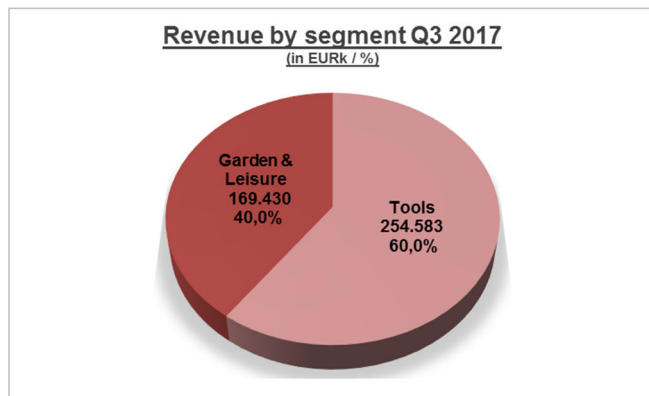
Other current assets increased to EUR 34.3 million, up from EUR 22.3 million in the prior-year period. Value added tax claims have risen because of the increase in the cost of goods sold.

In 2016, the management of the Einhell Group had resolved to dispose of the Einhell Brasil Com. Distr. subsidiary. Therefore, Einhell Brazil is recognised as a held-for-sale disposal group. The sale was concluded in mid-October.

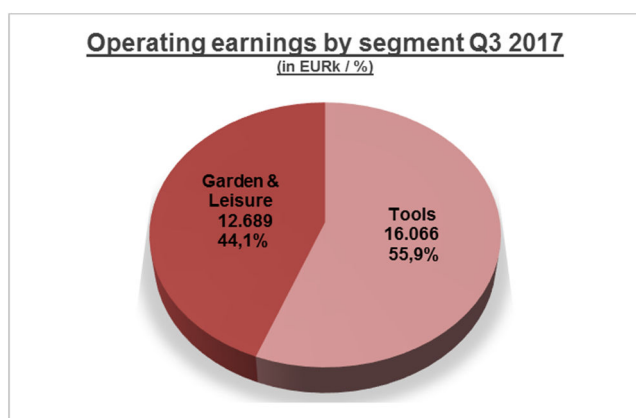
Cash and cash equivalents amount to EUR 17.6 million on the reporting date (previous year: EUR 8.2 million). Compared to prior-year period, liabilities to banks increased from EUR 41.5 million to EUR 68.7 million. This is mainly driven by an increase in inventories and trade receivables.

### Segments and regions

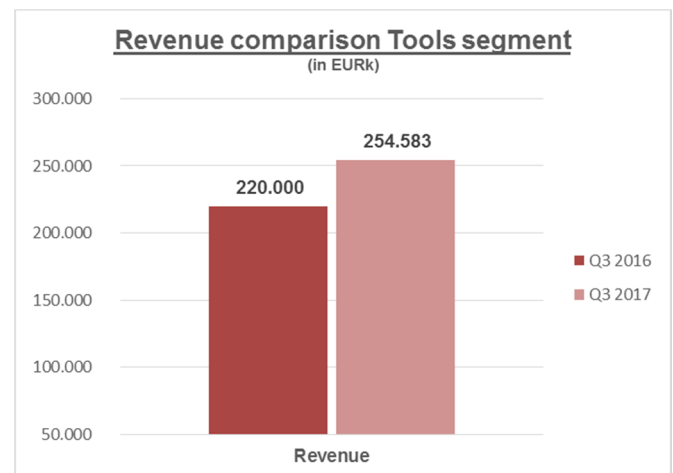
#### Performance by segment



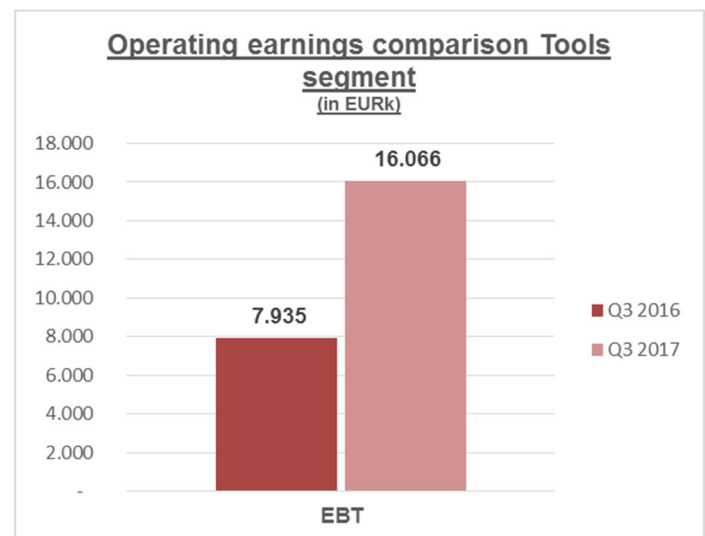
The revenue performance was very positive in the first nine months of financial year 2017. Both the Tools and the Garden & Leisure segment managed to achieve higher revenues than in the year before.



#### Tools segment

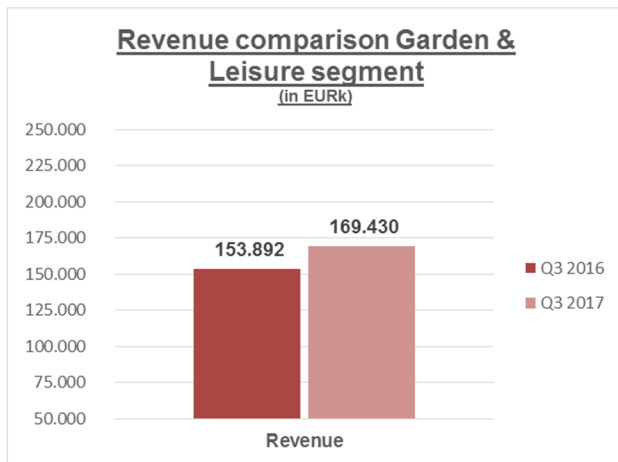


In the Tools segment, revenue amounted to EUR 254.6 million in the first nine months of the 2017 financial year (previous year: EUR 220.0 million). The most significant sales in this segment were generated by products in the electric power tools, compressed air technology and wood processing ranges. Products by kwb Germany are reported in the Tools segment.

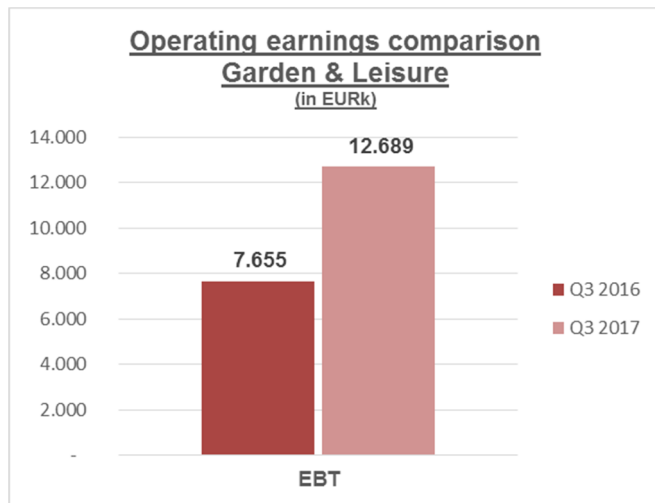


The significant increase in profit before income taxes was mainly driven by an increase in revenue and an improved margin.

**Garden & Leisure segment**

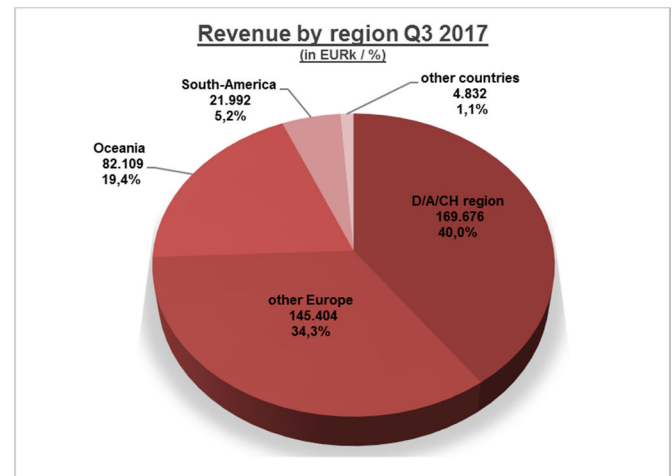


In the Garden & Leisure segment, revenue amounted to EUR 169.4 million (previous year: EUR 153.9 million). High revenues were mainly generated with lawn and garden care products. Lawn mowers, products from the tree and shrub care ranges as well as products related to water technology sold particularly well.



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

**Performance by region**



In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 169.7 million (previous year: EUR 159.6 million). The share in consolidated revenue amounts to 40.0% (previous year: 42.7%).

Revenue in the Rest of Europe rose to EUR 145.4 million (previous year: EUR 124.3 million). France, Italy and the UK are among the largest sales markets here.

Oceania region saw revenue growth from EUR 63.6 million to EUR 82.1 million. Revenues in this region are mainly generated by Ozito Industries.

South America managed to achieve slight revenue growth to EUR 22.0 million (previous year: EUR 19.2 million).

In the Other Countries including Asia, revenue has declined year-on-year to EUR 4.8 million (previous year: EUR 7.2 million).

**Events after reporting date**

The sale of Einhell Brazil was concluded in mid-October. The company will be deconsolidated in 2017.

**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.

Because of the positive development in the first nine months of the 2017 financial year at the different group companies, we expect revenue growth of about 10-12% at year-end compared to 2016.

Moreover, we expect an operating margin before taxes and PPA effects (approx. EUR 1.8 million) of about 6.5%. These estimates already take into account the deconsolidation of Einhell Brazil.

**Consolidated statement of financial position (IFRS) as at 30 September 2017 (abbreviated)**

Assets	30.09.2017 EURk	30.09.2016 EURk
<b>NON-CURRENT ASSETS</b>		
Intangible assets	18,151	20,420
Property, plant and equipment	20,830	19,611
Non-current financial assets	388	380
Other non-current assets	434	1,259
Deferred tax assets	7,776	5,915
	47,579	47,585
<b>CURRENT ASSETS</b>		
Inventories	162,022	122,988
Trade receivables	103,914	94,393
Other assets	34,296	22,348
Assets held for sale	1,231	0
Cash and cash equivalents	17,563	8,212
	319,026	247,941
	<u>366,605</u>	<u>295,526</u>

Equity and liabilities	30.09.2017 EURk	30.09.2016 EURk
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	148,499	136,376
Other reserves	-11,336	-9,595
Equity of shareholders of EINHELL Germany AG	173,502	163,120
Non-controlling interest	1,953	1,858
	175,455	164,978
<b>NON-CURRENT LIABILITIES</b>		
Provisions	4,241	3,978
Liabilities from debt capital	0	30,035
Deferred tax liabilities	2,646	2,159
Other liabilities	0	394
	6,887	36,566
<b>CURRENT LIABILITIES</b>		
Trade payables	50,940	35,102
Provisions	34,934	23,027
Liabilities from debt capital	68,680	11,497
Other liabilities	29,502	24,356
Liabilities in connection with assets held for sale	207	0
	184,263	93,982
	<u>366,605</u>	<u>295,526</u>

**Consolidated income statement (IFRS) for the period from 1 January to 30 September 2017**

	01.01. – 30.09.2017	01.01. – 30.09.2016
	EURk	EURk
Revenue	424,013	373,892
Other operating income	4,525	2,918
Cost of materials	-280,729	-256,573
Personnel expenses	-51,378	-46,201
Depreciation	-3,730	-4,064
Other operating expenses	-61,455	-51,202
Financial result	-2,491	-3,180
<b>Profit before income taxes</b>	<b>28,755</b>	<b>15,590</b>
Income taxes	-10,015	-5,250
<b>Consolidated net profit</b>	<b>18,740</b>	<b>10,340</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>251</b>	<b>310</b>
<b>Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG</b>	<b>18,489</b>	<b>10,030</b>



**Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 September 2017**

in EURk	01.01. – 30.09.2017	01.01. – 30.09.2016
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	28,755	15,590
+ Depreciation and amortisation of intangible assets and property, plant and equipment	3,730	4,064
- Interest income	-175	-78
+ Interest expenses	1,460	1,724
+/- Other non-cash expenses and income	373	-59
<b>Operating profit before changes in net working capital</b>	<b>34,143</b>	<b>21,241</b>
+/- Decrease/increase in trade receivables	-37,927	-32,169
+/- Decrease/increase in inventories	-36,641	15,284
+/- Decrease/increase in other assets	-13,761	967
+/- Decrease/increase in assets held for sale	751	0
+/- Increase/decrease in non-current liabilities	-526	-3,536
+/- Increase/decrease in current liabilities	13,686	14,674
+/- Increase/decrease in trade payables	-16,580	-25,979
+/- Increase/decrease in liabilities in connection with assets held for sale	-151	0
<b>Net cash generated from operating activities</b>	<b>-57,006</b>	<b>-9,518</b>
- Taxes paid	-6,270	-4,914
+ Interest received	192	78
- Interest paid	-952	-1,499
<b>Net cash from/used in operating activities</b>	<b>-64,036</b>	<b>-15,853</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-4,363	-2,604
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	141	82
+/- Increase/decrease in goodwill	0	-315
+ 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>-4,222</b>	<b>-2,837</b>
<b>Cash flows from/used in financing activities</b>		
+/- Increase/decrease in financial liabilities	35,876	9,386
- Payments for acquisition of equity investments	-523	-3,682
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of EINHELL Germany AG	-2,894	-2,139
- Dividend payments to non-controlling interest	-200	-100
- Payments for liabilities for finance leases	0	0
<b>Net cash used in financing activities</b>	<b>32,259</b>	<b>3,465</b>
Changes to cash and cash equivalents due to currency exchange	-1,142	-869
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-37,141</b>	<b>-16,094</b>
Cash and cash equivalents at beginning of reporting period	54,704	24,306
<b>Cash and cash equivalents at end of reporting period</b>	<b>17,563</b>	<b>8,212</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 two segments reflects the two business areas as well as the Group's internal management and reporting structures. The segments are "Tools" and "Garden & Leisure".

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

### Segment reporting by division

September 2017 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	254,583	169,430	424,013	0	424,013
Operating earnings for the segment (EBT)	16,066	12,689	28,755	0	28,755

September 2016 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	220,000	153,892	373,892	0	373,892
Operating earnings for the segment (EBT)	7,935	7,655	15,590	0	15,590

The Tools segment includes electronic hand tools and stationary tools as well as hand-held tools and general electronic tools accessories. Garden & Leisure comprises the areas of garden and water technology as well as cooling and heating technology.

### Segment reporting by region

September 2017 in EURk	D/A/CH region	Other Europe	Oceania	South America	Other countries	Group
External revenue	169,676	145,404	82,109	21,992	4,832	424,013

September 2016 in EURk	D/A/CH region	Other Europe	Oceania	South America	Other countries	Group
External revenue	159,609	124,316	63,585	19,195	7,187	373,892

The geographic allocation of revenue is based on the registered office of the invoice recipient. The decisive factor is the market where the revenue is generated.

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## Financial calendar 2017

Annual financial statements 31 December 2017	End of April 2018
Quarterly notification as of 31 March 2018	Mid-May 2018
Annual General Meeting 2018	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

## 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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