



# QUARTERLY REPORT

31 March 2016



INNOVATION · QUALITY · SERVICE · DESIGN · SUSTAINABILITY

## Contents

### Overview

### 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

## Overview

The Einhell Group managed to significantly increase its business volume between January and March 2016 and generated revenue of EUR 120.1 million.

Operating earnings before PPA effects amount to EUR 5.7 million. This is equivalent to a return on revenue of about 4.8%. Purchase price allocation (PPA) effects squeeze earnings by EUR 0.5 million. Adjusted for PPA effects, operating earnings amount to EUR 5.3 million and the pre-tax margin is roughly 4.4%.

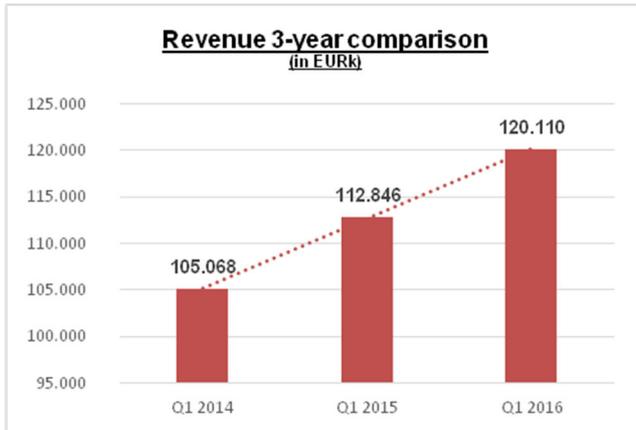
## Financial figures

Revenue		
Q1 2016	120.110	+6,4%
Q1 2015	112.846	
Profit before income taxes (before PPA)*		
Q1 2016	5.737	+14,2%
Q1 2015	5.022	
Profit before income taxes (after PPA)*		
Q1 2016	5.276	+16,4%
Q1 2015	4.532	
EBIT (before PPA)*		
Q1 2016	6.810	+28,1%
Q1 2015	5.315	
EBIT (after PPA)*		
Q1 2016	6.392	+30,7%
Q1 2015	4.890	
Equity ratio		
Q1 2016	48,8%	-2,6%
Q1 2015	50,1%	
Profit per share		
Q1 2016	1,0	+42,9%
Q1 2015	0,7	
Net debt		
Q1 2016	65.775	+25,0%
Q1 2015	52.611	
Staff		
Q1 2016	1.330	+1,6%
Q1 2015	1.309	

\* PPA = Purchase Price Allocation

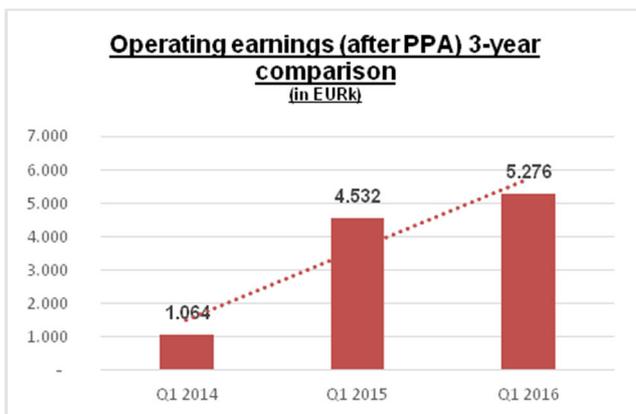
**Revenue, earnings and financial position**

**Revenue**

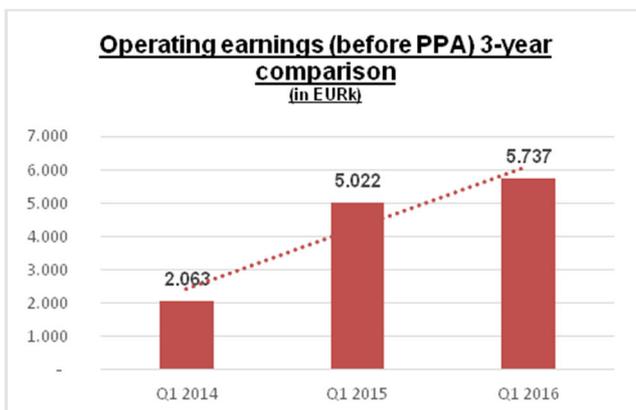


From January to March 2016, the EINHELL Group generated revenue of EUR 120.1 million (Q1 2015: EUR 112.8 million). Revenue is thus considerably above the prior-year level.

**Earnings**



From January to March 2016, the EINHELL Group generated operating earnings of EUR 5.3 million (Q1 2015: EUR 4.5 million). The pre-tax margin amounts to 4.4% (previous year: 4.0%).



Purchase price allocation (PPA) effects took earnings down by EUR 0.5 million. Without PPA effects, operating earnings would have amounted to EUR 5.7 million and the pre-tax margin to 4.8%.

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

Consolidated net profit after minority interest amounts to EUR 3.6 million in the period under review (previous year: EUR 2.8 million). Earnings per share amount to EUR 1.0 (previous year: EUR 0.7 per share).

The high quality of the products had a positive effect on the gross profit margin. This is confirmed by several awards won by EINHELL products.

Compared to the prior-year period, personnel expenses were nearly unchanged at EUR 14.5 million (Q1 2015: EUR 14.3 million).

Other expenses of EUR 17.0 million (Q1 2015: EUR 17.3 million) were slightly reduced compared to the prior-year period thanks to measures in the area of logistics.

As a result of high refinancing costs in some countries with high interest rates, the financial result of EUR -1.1 million (Q1 2015: EUR -0.4 million) was lower than in the prior-year period.

**Financial position**

The key line items in the statement of financial position as at 31 March 2016 and 31 March 2015 are as follows:

	Q1 2016	Q1 2015
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	50.4	51.4
Inventories	148.9	125.2
Receivables and other assets	120.5	144.4
Cash and cash equivalents	8.6	16.9
Equity	160.2	169.2
Liabilities to banks	74.3	69.5

In the reporting period, the EINHELL Group made investments amounting to EUR 0.9 million (previous year: EUR 1.1 million). Most investments refer to intangible assets and property, plant and equipment.

Goods inventories increased as against the prior-year period to EUR 148.9 million (previous year: EUR 125.2 million). This was caused by the prevention of seasonal supply bottlenecks. In addition, higher inventories served as a precautionary measure with regard to the currently difficult procurement market China.

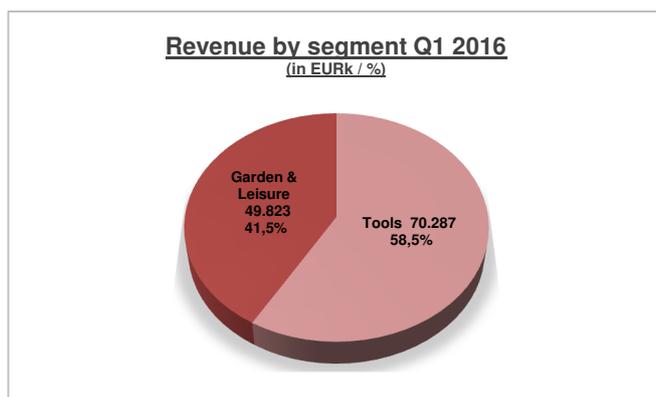
Trade receivables are shown after deduction of impairment for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 1.9 million year-on-year to EUR 97.1 million in the period under review (previous year: EUR 95.2 million).

Other current assets decreased to EUR 23.4 million, down from EUR 49.3 million in the previous year. The higher prior-year level is the result of significantly higher positive market values of currency derivatives.

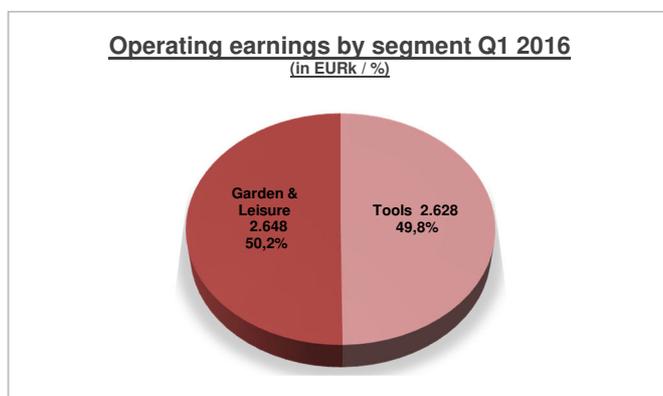
Cash and cash equivalents amount to EUR 8.6 million on the reporting date (previous year: EUR 16.9 million). Compared to the previous year, liabilities to banks increased from EUR 69.5 million to EUR 74.3 million due to higher working capital.

### Segments and regions

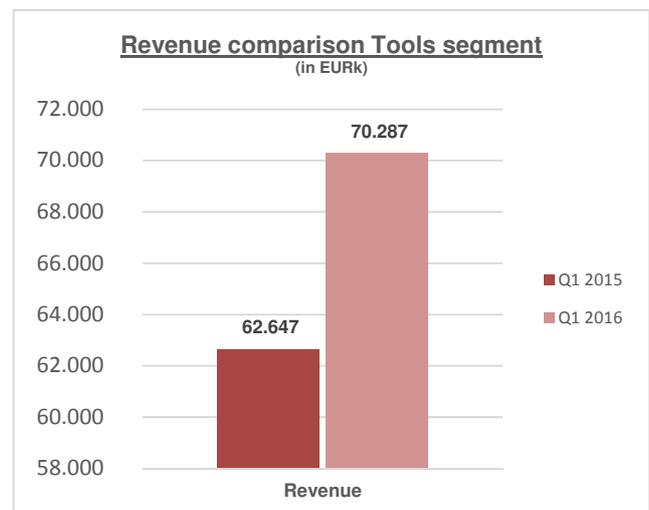
#### Performance by segment



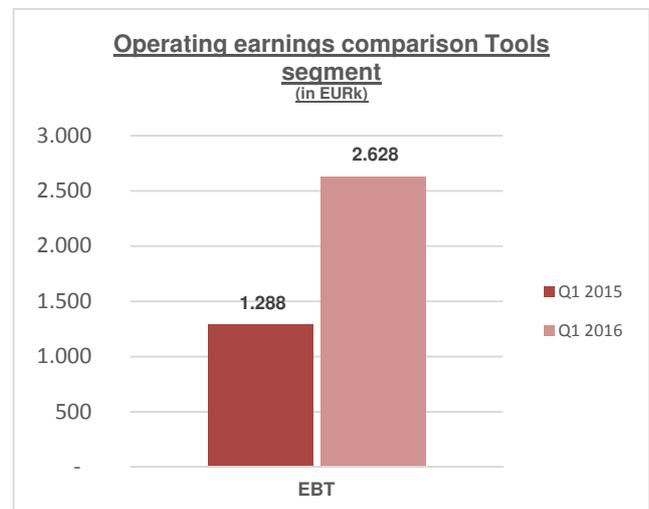
The revenue performance was positive in the first three months of financial year 2016. While the Tools segments achieved revenue growth of 12.2% compared to the prior-year period, revenue in the Garden & Leisure segment remained stable.



#### Tools segment

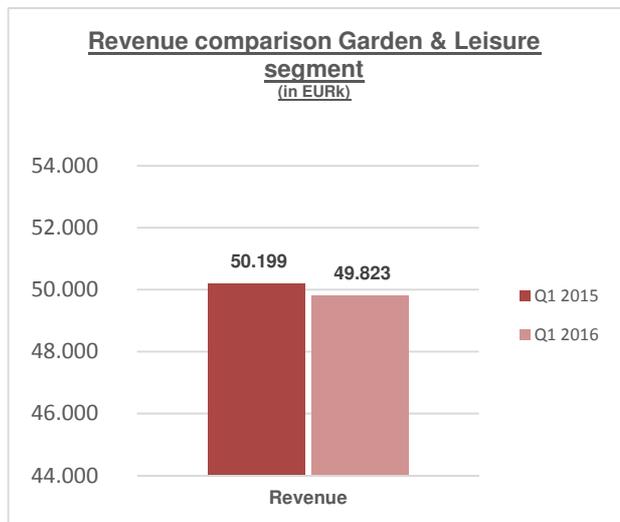


Revenue in the Tools segment amounted to EUR 70.3 million in the first three months of financial year 2016 (Q1 2015: EUR 62.6 million). The most significant sales in this segment were generated by products in the electric power tools, compressed air technology and wood processing ranges. kwb Germany products are reported in the Tools segment.

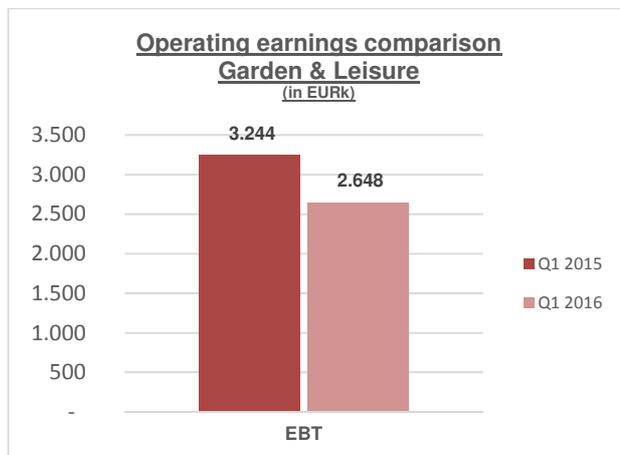


The increase in operating earnings is largely the result of higher revenue in the Tools segment in the first quarter.

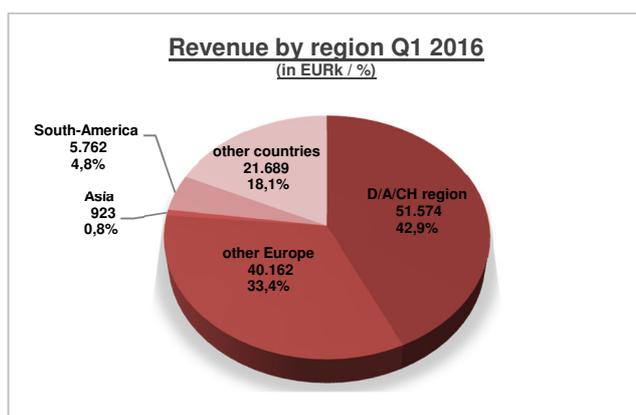
**Garden & Leisure segment**



In the Garden & Leisure segment, revenue came out to EUR 49.8 million (previous year: EUR 50.2 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.



**Performance by region**



In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 51.6 million (previous year: EUR 46.5 million). The share in consolidated revenue amounts to 42.9% (previous year: 41.2%).

Revenue in the rest of Europe rose to EUR 40.2 million (previous year: EUR 35.7 million). France, Italy and the UK are among the largest sales markets here.

In Asia, revenue amounted to EUR 0.9 million (previous year: EUR 0.9 million).

The other countries and South America did not improve their revenue figures compared to the prior-year period. Compared to the prior-year period, revenue dropped by EUR 2.2 million to EUR 27.5 million (Q1 2015: EUR 29.7 million).

**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.

Given the predominantly positive performance of the different Group companies, we are highly optimistic with regard to reaching our revenue target of EUR 455 million and our operating earnings target of EUR 13.0 to 14.0 million.

**Consolidated statement of financial position (IFRS) as at 31 March 2016 (abbreviated)**

Assets	31.03.2016 EURk	31.03.2015 EURk
<b>NON-CURRENT ASSETS</b>		
Intangible assets	21,759	23,945
Property, plant and equipment	19,668	19,221
Non-current financial assets	380	375
Other non-current assets	2,719	1,981
Deferred tax assets	5,910	5,872
	50,436	51,394
<b>CURRENT ASSETS</b>		
Inventories	148,943	125,216
Trade receivables	97,112	95,167
Other assets	23,353	49,257
Cash and cash equivalents	8,566	16,884
	277,974	286,524
	<u>328,410</u>	<u>337,918</u>

Equity and liabilities	31.03.2016 EURk	31.03.2015 EURk
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	132,059	125,347
Other reserves	-9,953	5,800
Equity of shareholders of Einhell Germany AG	158,445	167,486
Non-controlling interest	1,738	1,676
	160,183	169,162
<b>NON-CURRENT LIABILITIES</b>		
Provisions	3,722	3,341
Liabilities from debt capital	30,040	30,000
Deferred tax liabilities	2,376	7,512
Other liabilities	3,943	8,163
	40,081	49,016
<b>CURRENT LIABILITIES</b>		
Trade payables	41,881	42,815
Provisions	17,926	13,823
Liabilities from debt capital	44,301	39,495
Other liabilities	24,038	23,607
	128,146	119,740
	<u>328,410</u>	<u>337,918</u>

**Consolidated income statement (IFRS) for the period from 1 January to 31 March 2016**

	01.01. – 31.03.2016	01.01. – 31.03.2015
	EURk	EURk
Revenue	120,110	112,846
Other operating income	814	1,640
Cost of materials	-81,862	-76,789
Personnel expenses	-14,486	-14,342
Depreciation and amortisation	-1,226	-1,200
Other operating expenses	-16,958	-17,265
Financial result	-1,116	-358
<b>Profit before income taxes</b>	<b>5,276</b>	<b>4,532</b>
Income taxes	-1,622	-1,729
<b>Consolidated net profit</b>	<b>3,654</b>	<b>2,803</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>80</b>	<b>31</b>
<b>Thereof share in consolidated net profit/loss of shareholders of Einhell Germany AG</b>	<b>3,574</b>	<b>2,772</b>

**Consolidated statement of cash flows (IFRS) for the period from 1 January to 31 March 2016**

in EURk	01.01. – 31.03.2016	01.01. – 31.03.2015
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	5,276	4,532
+ Depreciation and amortisation of intangible assets and property, plant and equipment	1,226	1,200
- Interest income	-32	-52
+ Interest expenses	703	522
+/- Other non-cash expenses and income	-744	-71
<b>Operating profit before changes in net working capital</b>	<b>6,429</b>	<b>6,131</b>
+/- Decrease/increase in trade receivables	-34,707	-31,686
+/- Decrease/increase in inventories	-10,459	-12,444
+/- Decrease/increase in other assets	-1,651	-8,605
+/- Increase/decrease in non-current liabilities	-262	69
+/- Increase/decrease in current liabilities	5,134	2,864
+/- Increase/decrease in trade payables	-19,439	-15,656
<b>Cash flows generated from operating activities</b>	<b>-54,955</b>	<b>-59,327</b>
- Taxes paid	-872	-1,119
+ Interest received	40	43
- Interest paid	-508	-319
<b>Net cash from/used in operating activities</b>	<b>-56,295</b>	<b>-60,722</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-929	-1,088
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	17	64
+/- 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>-912</b>	<b>-1,024</b>
<b>Cash flows from/used in financing activities</b>		
+/- Increase/decrease in financial liabilities	42,117	39,263
- 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	-1
<b>Net cash used in financing activities</b>	<b>42,117</b>	<b>39,262</b>
Changes to cash and cash equivalents due to currency exchange	-650	3,114
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-15,740</b>	<b>-19,370</b>
Cash and cash equivalents at beginning of reporting period	24,306	36,254
<b>Cash and cash equivalents at end of reporting period</b>	<b>8,566</b>	<b>16,884</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 a representation of 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 one of the segments are shown in the reconciliation item.

### Segment reporting by division

March 2016 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	70,287	49,823	120,110	0	120,110
Operating earnings	2,628	2,648	5,276	0	5,276

March 2015 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	62,647	50,199	112,846	0	112,846
Operating earnings	1,288	3,244	4,532	0	4,532

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

March 2016 in EURk	D/A/CH region	Other Europe	Asia	South America	Other countries	Group
External revenue	51,574	40,162	923	5,762	21,689	120,110

March 2015 in EURk	D/A/CH region	Other Europe	Asia	South America	Other countries	Group
External revenue	46,501	35,706	939	6,441	23,259	112,846

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.

---

## Financial calendar 2016

---

Annual General Meeting 2016	Friday,	10 June 2016
Half year financial report as of 30 June 2016		End of August 2016
Quarterly notification as of 30 September 2016		End of November 2016

---

## Legal company information

Einhell Germany AG

Wiesenweg 22

94405 Landau an der Isar

[www.einhell.com](http://www.einhell.com)

Publication date

19 May 2016

Investor Relations

Telephone: +49 (9951) 942-166

Fax: +49 (9951) 942-162

Email: [investor-relations@einhell.com](mailto:investor-relations@einhell.com)

Please visit our website at [www.einhell.com](http://www.einhell.com) showing extensive information and reports on EINHELL Germany AG.

## 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.

There may be minor deviations in this report and in other reports due to rounding of totals and the calculation of percentage figures.

Einhell Germany AG  
Wiesenweg 22  
D-94405 Landau a. d. Isar

Phone (0 99 51) 942-0  
Fax (0 99 51) 17 02

investor-relations@einhell.com  
www.einhell.com



BOOSTED BY  
**TWIN PACK®**  
2 x 18 V = 36 V SUPERPOWER