

# // QUARTERLY REPORT

## 31 March 2017



**POWER X-CHANGE**

**ONE FOR ALL.**  
THE CLEVER BATTERY  
IN WORKSHOP AND GARDEN.



## 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 significantly increase its business volume between January and March 2017 and generated revenue of EUR 137.2 million.

Profit before income taxes and PPA effects amounts to EUR 9.9 million. This is equivalent to an operating margin of about 7.2%. Purchase price allocation (PPA) effects squeeze earnings by EUR 0.5 million. Adjusted for PPA effects, profit before income taxes amounts to EUR 9.4 million, and the pre-tax margin is roughly 6.9%.

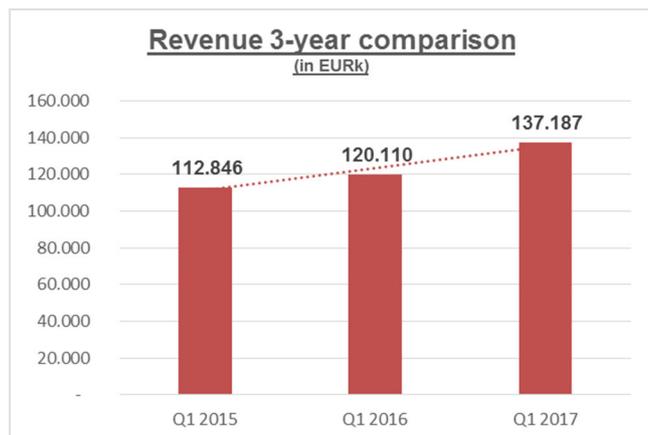
## Financial figures

Revenue		
Q1 2017	137.187	+14,2%
Q1 2016	120.110	
Profit before income taxes (before PPA)*		
Q1 2017	9.880	+72,2%
Q1 2016	5.737	
Profit before income taxes (after PPA)*		
Q1 2017	9.431	+78,8%
Q1 2016	5.276	
EBIT (before PPA)*		
Q1 2017	10.784	+58,4%
Q1 2016	6.810	
EBIT (after PPA)*		
Q1 2017	10.373	+62,3%
Q1 2016	6.392	
Equity ratio		
Q1 2017	51,5%	+5,5%
Q1 2016	48,8%	
Profit per share		
Q1 2017	1,7	+70,0%
Q1 2016	1,0	
Net debt		
Q1 2017	36.807	-44,0%
Q1 2016	65.775	
Staff		
Q1 2017	1.387	+4,3%
Q1 2016	1.330	

\* PPA = Purchase Price Allocation

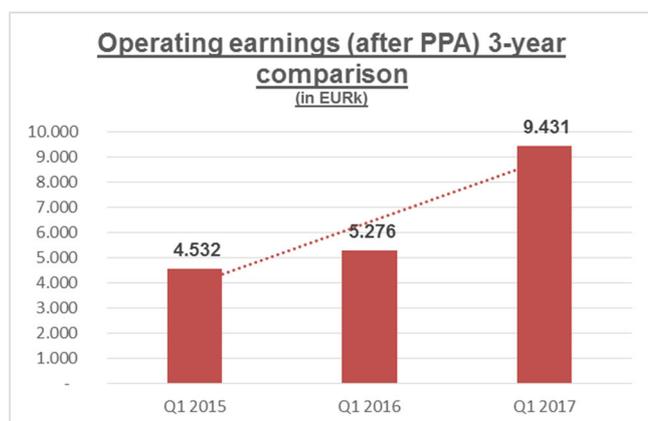
## Revenue, earnings and financial position

### Revenue

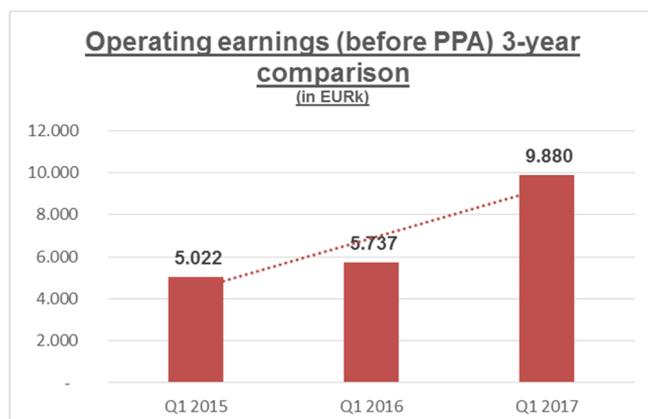


From January to March 2017, the EINHELL Group generated revenue of EUR 137.2 million (Q1 2016: EUR 120.1 million). Revenue is thus considerably above the prior-year level.

### Earnings



From January to March 2017, the EINHELL Group generated profit before income taxes of EUR 9.4 million (Q1 2016: EUR 5.3 million). The pre-tax margin amounts to 6.9% (previous year: 4.4%).



Purchase price allocation (PPA) effects took earnings down by about EUR 0.5 million. Without PPA effects, profit before income taxes would have amounted to EUR 9.9 million and the pre-tax margin to 7.2%.

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

Consolidated net profit after minority interest amounts to EUR 6.4 million in the period under review (previous year: EUR 3.6 million). Earnings per share amount to EUR 1.7 (previous year: EUR 1.0 per share).

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

Compared to the prior-year period, personnel expenses increased slightly to EUR 16.1 million (previous year: EUR 14.5 million).

The increase in Other expenses to EUR 20.3 million (previous year: EUR 17.0 million) proportionately matches the rise in revenue. On the basis of the extremely positive performance in Australia, they include another increase of the earn-out liability for Ozito of EUR 1.1 million.

The financial result of EUR -0.9 million has improved slightly compared to the prior-year period (previous year: EUR -1.1 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 31 March 2017 and 31 March 2016 are as follows:

	Q1 2017	Q1 2016
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	47.5	50.4
Inventories	138.8	148.9
Receivables and other assets	135.6	120.5
Cash and cash equivalents	12.7	8.6
Equity	172.5	160.2
Liabilities to banks	49.5	74.3

In the reporting period, the EINHELL Group made investments amounting to EUR 1.4 million (previous year: EUR 0.9 million). Most investments refer to intangible assets and property, plant and equipment.

Goods inventories were down compared to the previous year to EUR 138.8 million (previous year: EUR 148.9 million).

Trade receivables are shown after deduction of impairment for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 8.6 million year-on-year to EUR 105.7 million in the period under review (previous year: EUR 97.1 million).

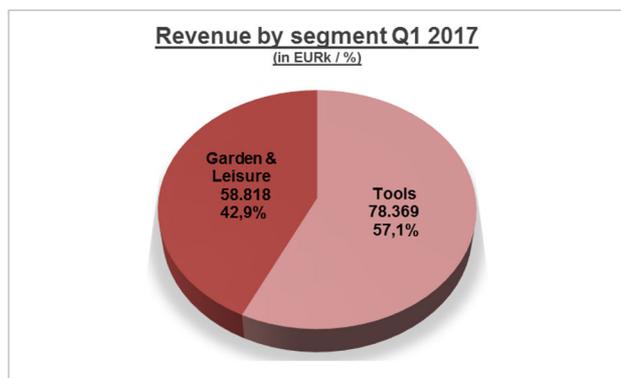
Other current assets increased to EUR 27.9 million, up from EUR 23.4 million in the prior-year period. Value added tax claims have risen because of the increase in the cost of goods sold.

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 is expected to be effected in the first half of the year.

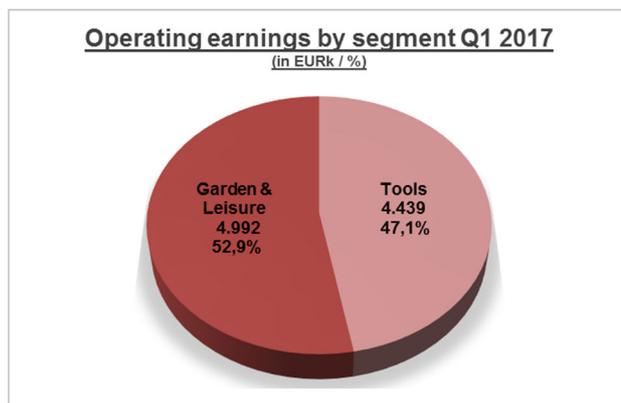
Cash and cash equivalents amount to EUR 12.7 million on the reporting date (previous year: EUR 8.6 million). Compared to the previous year, liabilities to banks decreased from EUR 74.3 million to EUR 49.5 million. This is mainly owed to the strong earnings performance.

### Segments and regions

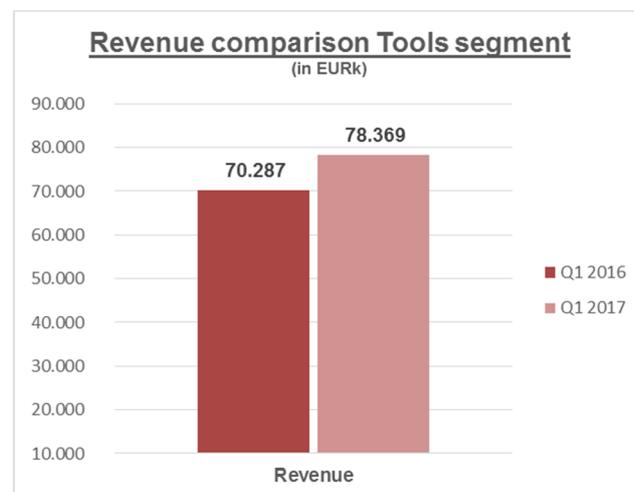
#### Performance by segment



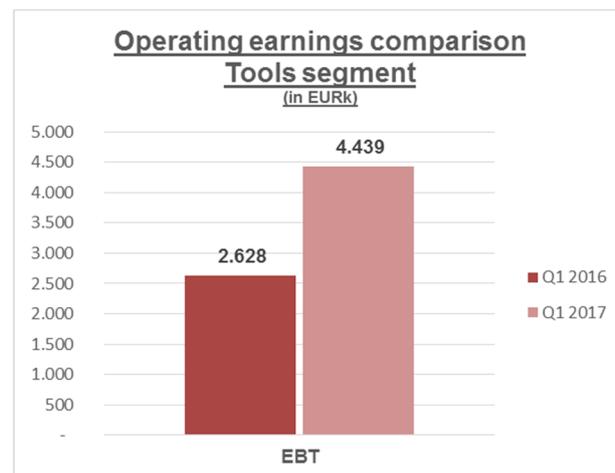
The revenue performance was positive in the first three months of financial year 2017. Both the Tools and the Garden & Leisure segment managed to achieve higher revenues than in the year before.



#### Tools segment

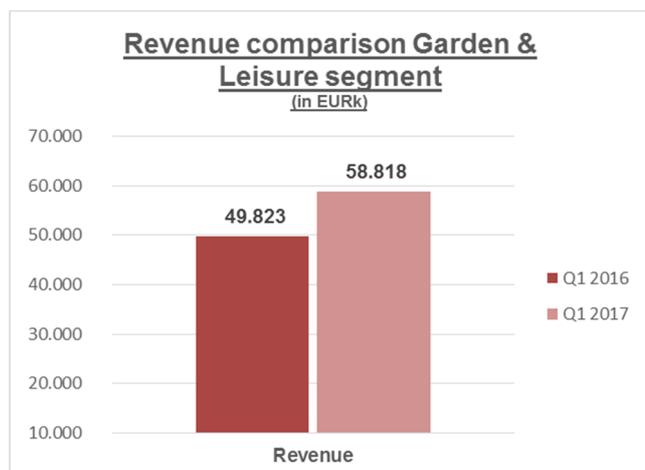


Revenue in the Tools segment amounted to EUR 78.4 million in the first three months of financial year 2017 (Q1 2016: EUR 70.3 million). The most significant sales in this segment were generated by products in the electric power tools, compressed air technology and wood processing ranges. Products by kwb Germany are reported in the Tools segment.



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

**Garden & Leisure segment**



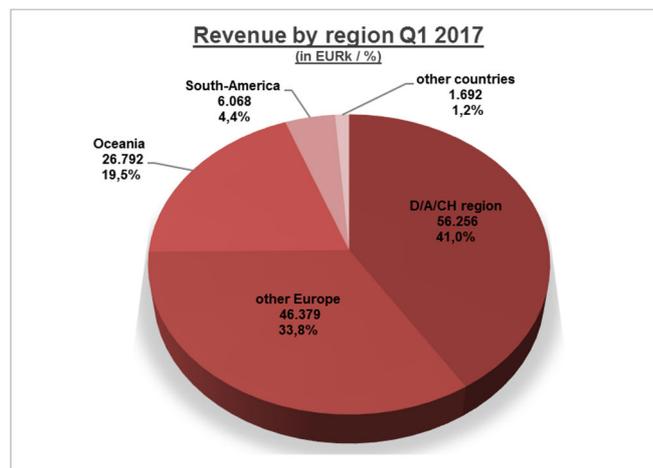
In the Garden & Leisure segment, revenue came out to EUR 58.8 million (previous year: EUR 49.8 million). High revenues were mainly generated with lawn and garden care products. Lawn mowers, products from the tree and shrub care ranges as well as products related to water technology sold particularly well.



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

**Performance by region**

Since the procurement behaviour of international major customers has changed, we have adjusted our reporting structure. The “Asia” region, which was previously seen as separate, is now included in “Other countries”. Because of the significance of the sales markets Australia and New Zealand, the “Oceania” region is treated as a region of its own.



In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 56.3 million (previous year: EUR 51.6 million). The share in consolidated revenue amounts to 41.0% (previous year: 42.9%).

Revenue in the Rest of Europe rose to EUR 46.4 million (previous year: EUR 40.2 million). France, Italy and the UK are among the largest sales markets here.

Oceania saw revenue growth from EUR 20.8 million to EUR 26.8 million. Revenues in this region are mainly generated by Ozito Industries.

South America managed to achieve slight revenue growth to EUR 6.1 million (previous year: EUR 5.8 million).

In the Other Countries including Asia, revenue performance was stable year-on-year at EUR 1.7 million (previous year: EUR 1.8 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 positive performance of various Group companies in the first quarter of 2017, we assume that we will generate revenue between EUR 510 million and EUR 515 million in the full year.

Further, we anticipate a pre-tax operating margin of 4% to 4.5% (without PPA effects: 4.5% to 5%). These estimates already take into account the deconsolidation of Einhell Brazil.

**Consolidated statement of financial position (IFRS) as at 31 March 2017 (abbreviated)**

Assets	31.03.2017 EURk	31.03.2016 EURk
<b>NON-CURRENT ASSETS</b>		
Intangible assets	19,536	21,759
Property, plant and equipment	20,382	19,668
Non-current financial assets	388	380
Other non-current assets	396	2,719
Deferred tax assets	6,821	5,910
	47,523	50,436
<b>CURRENT ASSETS</b>		
Inventories	138,831	148,943
Trade receivables	105,736	97,112
Other assets	27,902	23,353
Assets held for sale	1,917	0
Cash and cash equivalents	12,696	8,566
	287,082	277,974
	<u>334,605</u>	<u>328,410</u>

Equity and liabilities	31.03.2017 EURk	31.03.2016 EURk
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	139,262	132,059
Other reserves	-5,141	-9,953
Equity of shareholders of EINHELL Germany AG	170,460	158,445
Non-controlling interest	1,995	1,738
	172,455	160,183
<b>NON-CURRENT LIABILITIES</b>		
Provisions	3,995	3,722
Liabilities from debt capital	30,000	30,040
Deferred tax liabilities	3,243	2,376
Other liabilities	745	3,943
	37,983	40,081
<b>CURRENT LIABILITIES</b>		
Trade payables	48,810	41,881
Provisions	25,687	17,926
Liabilities from debt capital	19,503	44,301
Other liabilities	29,894	24,038
Liabilities in connection with assets held for sale	273	0
	124,167	128,146
	<u>334,605</u>	<u>328,410</u>

**Consolidated income statement (IFRS) for the period from 1 January to 31 March 2017**

	01.01. – 31.03.2017	01.01. – 31.03.2016
	EURk	EURk
Revenue	137,187	120,110
Other operating income	1,710	814
Cost of materials	-90,817	-81,862
Personnel expenses	-16,135	-14,486
Depreciation	-1,270	-1,226
Other operating expenses	-20,302	-16,958
Financial result	-942	-1,116
<b>Profit before income taxes</b>	<b>9,431</b>	<b>5,276</b>
Income taxes	-2,993	-1,622
<b>Consolidated net profit</b>	<b>6,438</b>	<b>3,654</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>81</b>	<b>80</b>
<b>Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG</b>	<b>6,357</b>	<b>3,574</b>

**Consolidated statement of cash flows (IFRS) for the period from 1 January to 31 March 2017**

in EURk	01.01. – 31.03.2017	01.01. – 31.03.2016
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	9,431	5,276
+ Depreciation and amortisation of intangible assets and property, plant and equipment	1,270	1,226
- Interest income	-49	-32
+ Interest expenses	435	703
+/- Other non-cash expenses and income	-77	-744
<b>Operating profit before changes in net working capital</b>	<b>11,010</b>	<b>6,429</b>
+/- Decrease/increase in trade receivables	-37,772	-34,707
+/- Decrease/increase in inventories	-10,139	-10,459
+/- Decrease/increase in other assets	-3,283	-1,651
+/- Decrease/increase in assets held for sale	65	0
+/- Increase/decrease in non-current liabilities	-26	-262
+/- Increase/decrease in current liabilities	6,743	5,134
+/- Increase/decrease in trade payables	-21,434	-19,439
+/- Increase/decrease in liabilities in connection with assets held for sale	-85	0
<b>Cash flows from/used in operating activities</b>	<b>-54,921</b>	<b>-54,955</b>
- Taxes paid	-1,976	-872
+ Interest received	57	40
- Interest paid	-347	-508
<b>Net cash from/used in operating activities</b>	<b>-57,187</b>	<b>-56,295</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-1,360	-929
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	63	17
+/- 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>-1,297</b>	<b>-912</b>
<b>Cash flows from/used in financing activities</b>		
+/- Increase/decrease in financial liabilities	16,287	42,117
- 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>16,287</b>	<b>42,117</b>
Changes to cash and cash equivalents due to currency exchange	189	-650
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-42,008</b>	<b>-15,740</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>12,696</b>	<b>8,566</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 2017 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	78,369	58,818	137,187	0	137,187
Operating earnings for the segment (EBT)	4,439	4,992	9,431	0	9,431

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

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 2017 in EURk	D/A/CH region	Other Europe	Oceania	South America	Other countries	Group
External revenue	56,256	46,379	26,792	6,068	1,692	137,187

March 2016 in EURk	D/A/CH region	Other Europe	Oceania	South America	Other countries	Group
External revenue	51,574	40,162	20,757	5,762	1,855	120,110

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 2017

---

Annual General Meeting 2017	Friday,	23 June 2017
Half year financial report as of 30 June 2017		End of August 2017
Quarterly notification as of 30 September 2017		End of November 2017

---

## Legal company information

EINHELL Germany AG

Wiesenweg 22

94405 Landau an der Isar

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

Publication date

23 May 2017

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.

Unless indicated otherwise, all amounts are given in thousands of euros. 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

Telefon (0 99 51) 942-0  
Telefax (0 99 51) 17 02

[investor-relations@einhell.com](mailto:investor-relations@einhell.com)  
[www.einhell.com](http://www.einhell.com)