

# QUARTELY REPORT

## 31. March 2019



**POWER X-CHANGE**

THE REVOLUTIONARY BATTERY SYSTEM  
FOR CORDLESS FREEDOM IN WORKSHOP AND GARDEN

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## At a glance

The EINHELL Group managed to increase its business volume between January and March 2019 and generated revenue of EUR 157.3 million. To date, the revenue generated in financial year 2019 is slightly below the guidance.

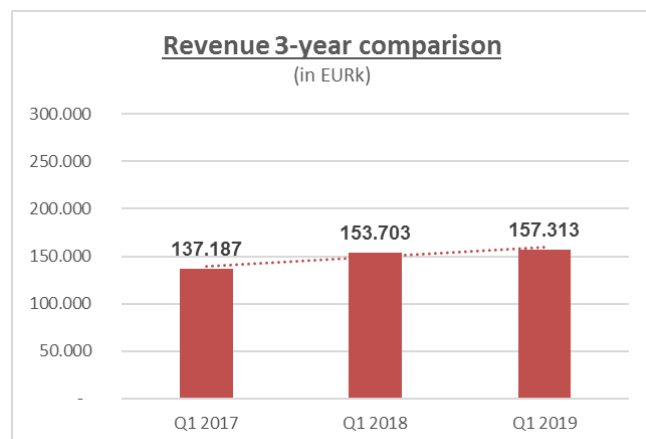
Profit before income taxes stands at EUR 9.4 million and is thus also slightly below expectations. This corresponds to a margin before income taxes of about 6.0%.

## Financial figures

Revenue		
Q1 2019	157.313	+2,3%
Q1 2018	153.703	
Profit before income taxes		
Q1 2019	9.394	-20,0%
Q1 2018	11.740	
EBIT		
Q1 2019	10.016	-18,1%
Q1 2018	12.232	
Equity ratio		
Q1 2019	50,0%	+7,5%
Q1 2018	46,5%	
Profit per share		
Q1 2019	1,8	-14,3%
Q1 2018	2,1	
Net debt		
Q1 2019	72.170	-20,9%
Q1 2018	91.284	
Staff		
Q1 2019	1.579	+2,8%
Q1 2018	1.536	

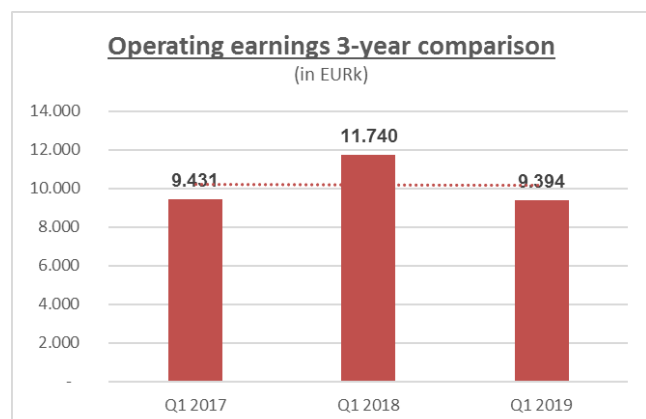
## Revenue, earnings and financial position

### Revenue



From January to March 2019, the EINHELL Group generated revenue of EUR 157.3 million (Q1 2018: EUR 153.7 million). Revenue is therefore slightly higher than in the prior-year quarter, but slightly lower than anticipated.

### Earnings



From January to March 2019, the EINHELL Group generated profit before income taxes of EUR 9.4 million (Q1 2018: EUR 11.7 million). The pre-tax margin is 6.0% (previous year: 7.6%). In line with the revenue situation, profit before income taxes is also slightly lower than planned.

The earnings situation has slightly deteriorated compared to the prior-year period.

Consolidated net profit after minority interest amounts to EUR 6.7 million in the period under review (previous year: EUR 8.1 million). Earnings per share amount to EUR 1.8 (previous year: EUR 2.1 per share).

As a result of an increase in headcount, personnel expenses of EUR 19.3 million are up on the prior-year level (Q1 2018: EUR 18.3 million).

Following first-time adoption of IFRS 16, depreciation expenses are up by EUR 1.0 million in financial year 2019. The previous year's depreciation figure still included EUR 0.4 million from the purchase price allocation of the Ozito Industries Pty Ltd takeover.

Other expenses decreased from EUR 21.9 million to EUR 20.4 million. As a result of the first-time adoption of IFRS 16, other operating expenses no longer include rents and lease expenses from contracts subject to IFRS 16 accounting, taking other operating expenses down by about EUR 1.0 million. Without this effect, other operating expenses would have been slightly lower than in the previous year.

The financial result of EUR -0.6 million is at the previous year's level (previous year: EUR -0.5 million).

### Financial position

The key line items in the statement of financial position as at 31 March 2019 and 31 March 2018 are as follows:

	Q1 2019	Q1 2018
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	63.7	49.4
Inventories	180.3	191.0
Receivables and other assets	162.7	161.5
Cash and cash equivalents	16.9	10.4
Equity	211.9	191.9
Liabilities to banks	89.1	101.7

In the period under review, the EINHELL Group made investments amounting to EUR 2.0 million (previous year: EUR 1.7 million). The majority of this was spent on operating and office equipment and assets under construction. The increase in non-current assets was caused by the capitalisation of right-of-use assets in connection with leases of property, plant and equipment in the amount of EUR 10.8 million following first-time adoption of IFRS 16.

Goods inventories are down on the previous year to EUR 180.3 million (previous year: EUR 191.0 million), thereby reducing some of the excess stocks from the previous year.

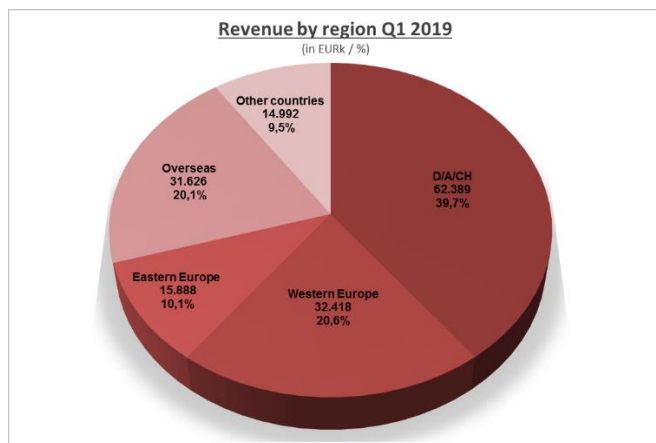
Trade receivables are shown after deduction of valuation allowances for expected future credit defaults. Given the rise in revenue over the previous year, trade receivables also increased year-on-year from EUR 115.4 million to EUR 124.1 million in the period under review.

Other current assets decreased to EUR 38.6 million, down from EUR 46.0 million in the previous year. This is attributable to lower VAT receivables at our Chinese procurement company.

Cash and cash equivalents amount to EUR 16.9 million on the reporting date (previous year: EUR 10.4 million). Compared to the previous year, liabilities to banks decreased from EUR 101.7 million to EUR 89.1 million.

The other non-current and current liabilities increased, due primarily to the recognition of lease liabilities following the first-time adoption of IFRS 16.

### Performance by region



The revenue performance was positive in the first three months of financial year 2019.

Revenue in the individual regions developed as follows:

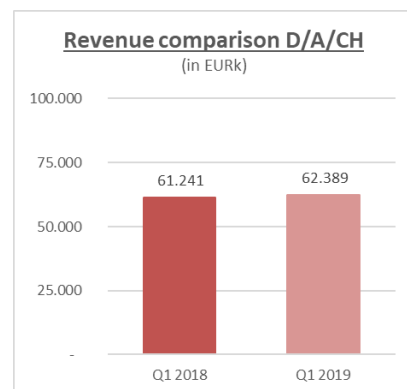
in EURk	Q1 2019	Q1 2018
D/A/CH region	62,389	61,241
Western Europe	32,418	30,316
Eastern Europe	15,888	17,079
Overseas	31,626	34,023
Other countries	14,992	11,044
<b>Einhell Group</b>	<b>157,313</b>	<b>153,703</b>

Despite higher revenue, the Group was not able to increase the profit before income taxes, which amounts to EUR 9.4 million (previous year: EUR 11.7 million). The development in the individual regions was as follows:

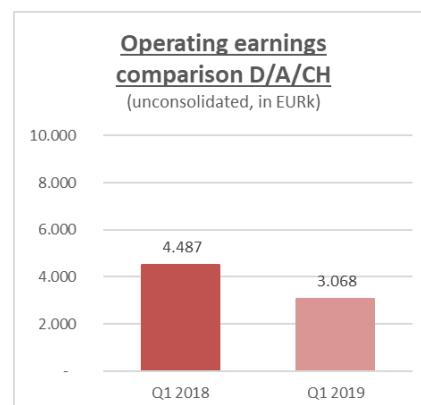
in EURk	Q1 2019	Q1 2018
D/A/CH region	3,068	4,487
Western Europe	1,513	1,819
Eastern Europe	1,086	1,483
Overseas	3,018	3,981
Other countries	260	2,619
Reconciliation	449	-2,649
<b>Einhell Group</b>	<b>9,394</b>	<b>11,740</b>

The reduction in stocks from the second half of 2018 and the corresponding lower gross profit margins in a tough market environment had a negative impact on earnings, particularly in the D/A/CH and Western Europe regions.

### D/A/CH region

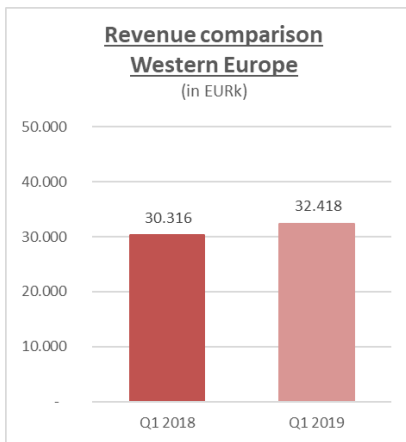


Revenue in the D/A/CH region amounts to EUR 62.4 million in the first three months of financial year 2019 (Q1 2018: EUR 61.2 million).



Profit before income taxes in this region dropped from EUR 4.5 million to EUR 3.1 million.

**Western Europe**

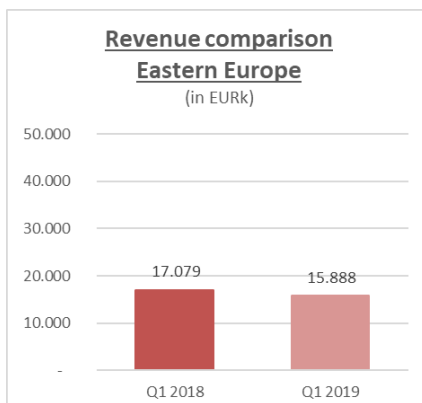


Revenue in the Western Europe region amounts to EUR 32.4 million (previous year: EUR 30.3 million). The companies with the highest revenue in the Western Europe region were Einhell France with EUR 10.9 million, Einhell UK with EUR 7.1 million and Einhell Italy with EUR 7.0 million.



In the Western Europe region, profit before income taxes declined from EUR 1.8 million to EUR 1.5 million.

**Eastern Europe**

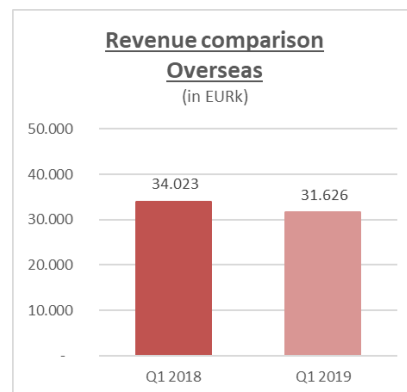


The Eastern Europe region did not manage to reach the high revenue level seen in the first three months of the previous year as the difficult situation in Turkey took its toll. The companies with the highest revenue in the Eastern Europe region were Einhell Poland and Einhell Croatia.

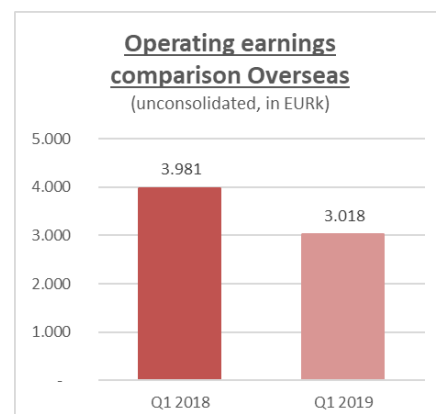


Because of the drop in revenue, the companies in the Eastern Europe region were not able to reach the earnings level of the prior-year period.

**Overseas**



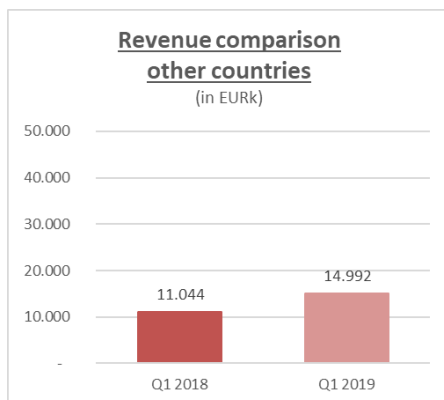
The Overseas region was unable to further expand its revenue volume in the first three months of financial year 2019. Revenue decreased from EUR 34.0 million to EUR 31.6 million. Revenue in the Overseas region is generated by the companies in Australia and South America.



Profit before income taxes is below the previous year in the first three months of financial year 2019.

Lower revenue in this region and the ongoing negative currency translation effects at our Argentinian subsidiary led to a decline in earnings.

**Other countries**



The Other countries were 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. Various promotional campaigns and marketing activities weighed on the earnings performance.

**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.

In financial year 2019, the Einhell Group expects revenue of approximately EUR 605 million and an operating margin before taxes of approximately 6.6%.

**Consolidated statement of financial position (IFRS) as of 31 March 2019 (abbreviated)**

Assets	31.03.2019 EURk	31.03.2018 EURk
<b>NON-CURRENT ASSETS</b>		
Intangible assets	16,571	17,252
Property, plant and equipment (*)	37,432	22,661
Non-current financial assets	715	713
Other non-current assets	619	515
Deferred tax assets	8,344	8,305
	63,681	49,446
<b>CURRENT ASSETS</b>		
Inventories	180,296	191,020
Trade receivables	124,078	115,440
Other assets	38,597	46,044
Cash and cash equivalents	16,939	10,397
	359,910	362,901
	<u>423,591</u>	<u>412,347</u>

(\*) In accordance with the first-time adoption of IFRS 16, right-of-use assets (lease assets) of EUR 11.8 million were capitalised as at 1 January 2019.

Equity and liabilities	31.03.2019 EURk	31.03.2018 EURk
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	180,034	159,981
Other reserves	-6,678	-6,477
Equity of shareholders of Einhell Germany AG	209,695	189,843
Non-controlling interest	2,208	2,012
	211,903	191,855
<b>NON-CURRENT LIABILITIES</b>		
Provisions	4,472	4,054
Liabilities from debt capital	25,038	136
Deferred tax liabilities	5,177	4,178
Other liabilities (**)	6,835	13
	41,522	8,381
<b>CURRENT LIABILITIES</b>		
Trade payables	48,145	49,890
Provisions	26,670	33,622
Liabilities from debt capital	64,071	101,545
Other liabilities (**)	31,280	27,054
	170,166	212,111
	<u>423,591</u>	<u>412,347</u>

(\*\*) In accordance with the first-time adoption of IFRS 16, liabilities for right-of-use assets (lease assets) of EUR 11.8 million were recognised as at 1 January 2019.

**Consolidated income statement (IFRS) for the period from 1 January to 31 March 2019**

	01.01. – 31.03.2019	01.01. – 31.03.2018
	EURk	EURk
Revenue	157,313	153,703
Other operating income	1,212	1,382
Cost of materials	-106,756	-101,291
Personnel expenses	-19,326	-18,299
Depreciation	-1,978	-1,316
Other operating expenses	-20,449	-21,947
Financial result	-622	-492
<b>Profit before income taxes</b>	<b>9,394</b>	<b>11,740</b>
Income taxes	-2,646	-3,572
<b>Consolidated net profit</b>	<b>6,748</b>	<b>8,168</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>69</b>	<b>105</b>
<b>Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG</b>	<b>6,679</b>	<b>8,063</b>



## Consolidated statement of cash flows (IFRS) for the period from 1 January to 31 March 2019

in EURk	01.01. – 31.03.2019	01.01. – 31.03.2018
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	9,394	11,740
+ Depreciation and amortisation of intangible assets and property, plant and equipment	1,978	1,316
- Interest income	-36	-21
+ Interest expenses	306	378
+/- Other non-cash expenses and income	38	146
<b>Operating profit before changes in net working capital</b>	<b>11,680</b>	<b>13,559</b>
+/- Decrease/increase in trade receivables	-35,799	-33,917
+/- Decrease/increase in inventories	10,155	-12,120
+/- Decrease/increase in other assets	-2,447	-14,499
+/- Increase/decrease in non-current liabilities	-659	60
+/- Increase/decrease in current liabilities	3,632	3,193
+/- Increase/decrease in trade payables	-21,714	-35,841
<b>Cash flows generated from operating activities</b>	<b>-35,152</b>	<b>-79,565</b>
- Taxes paid	-1,959	-2,719
+ Interest received	42	31
- Interest paid	-222	-188
<b>Net cash from/used in operating activities</b>	<b>-37,291</b>	<b>-82,441</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-1,781	-1,678
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	1	12
+/- Increase/decrease in goodwill	0	0
+ Proceeds from disposal of consolidated companies	0	0
- Payments for investments in financial assets	0	0
- Cash-outflow from changes to companies included in the consolidation	0	0
<b>Net cash used in investing activities</b>	<b>-1,780</b>	<b>-1,666</b>
<b>Cash flows from/used in financing activities</b>		
+ Proceeds from taking out financial liabilities	42,257	79,310
- Payments for repayment of financial liabilities	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 repayment portion of leases liabilities	-1,006	0
<b>Net cash used in financing activities</b>	<b>41,251</b>	<b>79,310</b>
Changes to cash and cash equivalents due to currency exchange	662	794
<b>Net decrease/increase in cash and cash equivalents</b>	<b>2,842</b>	<b>-4,003</b>
Cash and cash equivalents at beginning of reporting period	14,097	14,400
<b>Cash and cash equivalents at end of reporting period</b>	<b>16,939</b>	<b>10,397</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 2019 in EURk	D/A/CH region	Western Europe	Eastern Europe	Overseas	Other countries	Reconciliation	Group
Revenue based on registered office of the invoicing party	62,389	32,418	15,888	31,626	14,992	0	157,313
Revenue based on registered office of the invoice recipient	63,290	40,932	16,783	35,423	885	0	157,313
Profit before income taxes	3,068	1,513	1,086	3,018	260	449	9,394

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	11,470

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## Financial calendar 2019

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Annual General Meeting 2019	Friday,	28 June 2019
Half year financial report as of 30 June 2019		Mid-August 2019
Quarterly notification as of 30 September 2019		Mid-November 2019

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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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