

1st Quarterly Statement

for the period from 01/10/2018 to 31/12/2018



	01/10/2018 - 31/12/2018 in T€	01/10/2017 - 31/12/2017 in T€	+/- %
Consolidated Income Statement			
Revenue	30,250	29,535	2.4
Operating Result/EBIT	6,555	7,392	-11.3
Earnings before tax/EBT	6,503	7,319	-11.2
Consolidated profit	4,656	5,200	-10.5
Share			
Earnings per share in €	0.85	0.95	-10.5
Number of shares	5,512,930	5,512,930	0.0
Cashflow			
Operating cash flow ¹⁾	8,054	3,816	111.1
Staff			
Average number of staff	638	588	8,5
	31/12/2018 in T€	30/09/2018 in T€	+/- %
Statement of Financial Position			
Non-current assets	55,869	54,275	2.9
Current assets	72,889	71,248	2.3
Equity	91,205	87,250	4.5
Non-current liabilities	13,922	12,922	7.7
Current liabilities	23,630	25,351	-6.8
Total assets	128,758	125,523	2.6
Equity ratio as a %	70.8	69.5	1.9

1) Cash generated from operations

Financial Calendar of Dr. Höhle AG

26 March 2019

17 May 2019

09 August 2019

Annual General Meeting in Munich Half-Year Report 2018/2019 3rd Quarterly Statement 2018/2019

Note

The quarterly statement is unaudited. It was prepared on the basis of the accounting regulations applied in the last consolidated financial statements.

The statements and information provided by Dr. Höhle AG in the quarterly statement relate to future periods. These forward-looking statements represent assessments which were made on the basis of all information available at the time they were prepared. Should the assumptions underlying the forecasts prove to be incorrect, the actual developments and results may deviate from the current expectations. The Company assumes no obligation to update the information contained in this Quarterly Statement outside the legally required publication provisions.

The figures and percentages contained in this Quarterly Statement may be subject to rounding differences.

Market Development

After a strong start, economic momentum increasingly weakened in the course of 2018. In particular, political issues such as the US-China trade dispute, the uncertain outcome of Brexit or the budget dispute between the new Italian government and the EU weighed on corporate and domestic sentiment, weakening investment growth, exports and consumption.

Course of Business

Sales of the Hönle Group in the first quarter of the financial year 2018/2019 were € 30,250 thousand, 2.4% up on the previous year. The operating result (EBIT) amounted to € 6,555 thousand (PY: € 7,392 thousand). The decline in earnings is attributable to a changed proportion of segment sales in the Group.

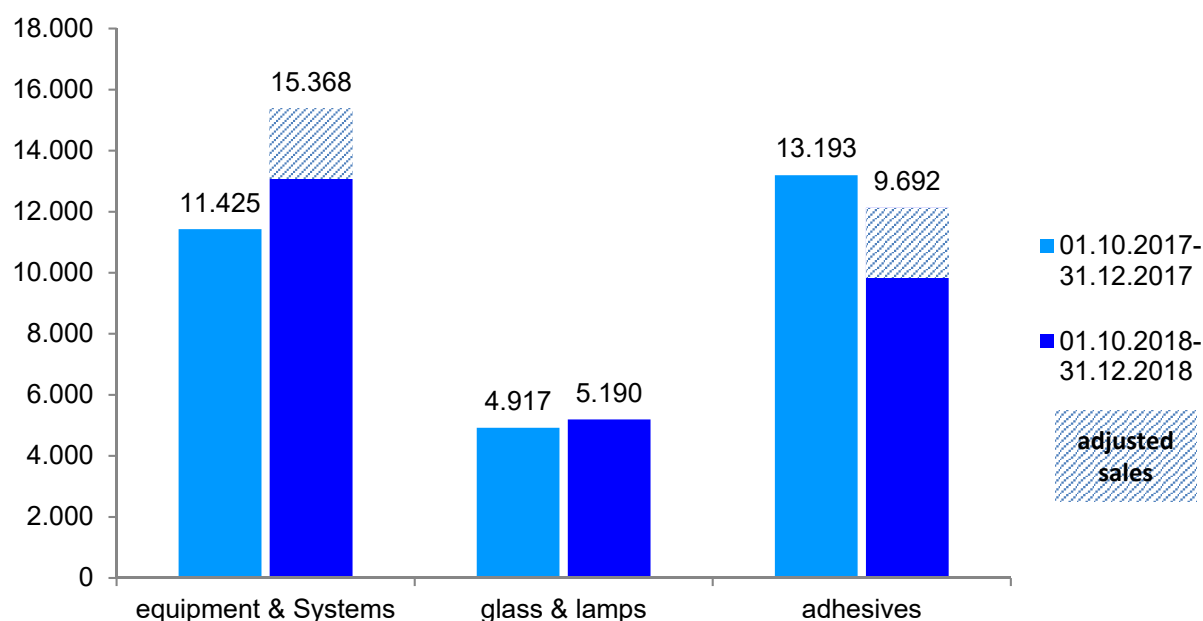
Adjusted for a major contract from the Equipment & Systems segment of € 2,429 thousand, which was transacted through one of our subsidiaries, which is assigned to the Adhesives segment, sales in the Adhesives segment amounted to € 9,692 thousand, compared to € 13,193 thousand in the previous year. Accordingly, the segment's operating result fell by 39.5% to € 4,145 thousand.

The main reasons for this revenue and earnings decline were sales shifts compared to the previous year. High sales were achieved in the first quarter of the previous fiscal year due to a late start of production of a major customer. Whereas in the first quarter of the current financial year sales declined. This was because a high share of sales with this major customer was realised in the last quarter of the 2017/2018 financial year due to a regular start of production. In addition, lower sales of one of our major customers contributed to this business development.

In the Equipment & Systems segment, sales, adjusted by sales attributable to the Adhesives segment, increased by 34.5% to € 15,368 thousand. Growth drivers in the first quarter were primarily drying systems for industrial adhesives. Sales in the sun simulation segment also increased. Here, systems for material tests in the automotive industry were delivered. The operating result in the Equipment & Systems segment improved from € 535 thousand to € 1,760 thousand in the first quarter.

In the Glass & Lamps segment, sales in the first quarter of the current financial year increased by 5.6% to € 5,190 thousand. The operating result improved from € 7 thousand in the previous year to € 650 thousand in the current financial year. The higher result is mainly attributable to the positive business development at Raesch Quarz (Germany) GmbH and UV-Technik Speziallampen GmbH.

Sales by Segment (in T€)



Results of Operations

Revenues of the Hönle Group in the first quarter of € 30,250 thousand were 2.4% higher than in the same period of the previous year. The cost of materials ratio improved from 32.7% in the previous year to 31.7% in the current quarter, mainly due to the lower expense ratio in the Glass & Lamps segment.

The personnel expenses ratio increased from 27.6% to 30.0%, particularly as part of the increase in personnel. The ratio of other operating expenses increased from 13.2% to 15.9%. This is mainly due to higher sales commissions attributable to a major order.

The operating result (EBIT) decreased from € 7,392 thousand to € 6,555 thousand. This corresponds to an EBIT margin of 21.0% (PY: 24.4%). Earnings before taxes (EBT) fell from € 7,319 thousand to € 6,503 thousand. After income taxes, consolidated net income amounted to € 4,656 thousand compared to € 5,200 thousand in the previous year, which corresponds to earnings per share of € 0.85 (PY: € 0.95). The net return on sales fell from 17.6% to 15.4% in the first quarter.

Earnings Development

in T€	01/10/18 – 31/12/18	01/10/17 – 31/12/17	+/- %
Revenue	30,250	29,535	2.4
Gross profit	21,661	20,611	5.1
Operating result (EBIT)	6,555	7,392	-11.3
Earnings before tax (EBT)	6,503	7,319	-11.2
Consolidated profit	4,656	5,200	-10.5
Earnings per share in €	0.85	0.95	-10.5

Financial Position

The cash flows from operating activities amounted to € 8,054 thousand in the period from October 1, 2018 to December 31, 2018 (previous year: € 3,816 thousand). Investments of € 2,233 thousand were above the level of the previous year of € 1,110 thousand. They mainly include investments in construction projects at UV Technik Speziallampen GmbH and Dr. Hönle AG as well as investments in production plants at Raesch Quarz (Germany) GmbH.

The cash flow from financing activities of € -390 thousand (PY: € -1,215 thousand) is mainly attributable to the repayment of bank loans.

Overall, cash and cash equivalents increased by € 3,514 thousand in the first three months of the current financial year (previous year: € 609 thousand).

Liquidity Development

in T€	01/10/18 - 31/12/18	01/10/17 - 31/12/17	+/- %
Cash generated from operations	8,054	3,816	111.1
Cash flows from investing activities	-2,233	-1,110	-101.2
Cash flows from financing activities	-390	-1,215	67.9
Change in cash and cash equivalents	3,514	609	477.0

Net Assets

Non-current assets increased from € 54,275 thousand to € 55,869 thousand in the first quarter, mainly due to the increase in property, plant and equipment. The short-term assets of the Hönle Group increased from € 71,248 thousand to € 72,889 thousand. This is mainly due to the increase in cash and cash equivalents and inventories.

With an equity ratio of 70.8% and cash and cash equivalents of € 15,551 thousand, the Hönle Group is solidly financed. Non-current liabilities rose from € 12,922 thousand to € 13,922 thousand in the first quarter. In particular, as a result of the decline in trade payables, current liabilities fell from € 25,351 thousand to € 23,630 thousand.

Statement of Financial Position

in T€	31/12/2018	30/09/2018	+/- %
Non-current assets	55,869	54,275	2.9
Current assets	72,889	71,248	2.3
Equity	91,205	87,250	4.5
Non-current liabilities	13,922	12,922	7.7
Current liabilities	23,630	25,351	-6.8
Total assets	128,758	125,523	2.6

Outlook

Overall market

Political issues such as the trade dispute between the US and China, the uncertain outcome of Brexit or the budget dispute between the Italian government and the EU are weighing on market sentiment and weakening economic growth. The World Bank and the International Monetary Fund (IMF) revised down their growth forecasts for 2019 again. The IMF now expects global economic growth of 3.5% for 2019, in particular due to the slowdown in the industrialized countries. If the dispute between the US and China escalates further, a stronger economic slowdown threatens.

Outlook for the Höhle Group

After a very successful financial year 2017/2018, in the Adhesives segment weaker sales and earnings will be expected in the current year, taking into account the sales shift described above. This forecast is also based on the assumption that sales and earnings in the second quarter will be lower than in the previous year.

Promising projects in new fields of application can have a positive effect and offer the potential for sales and earnings in the second half of the financial year to exceed those of the previous year. In the medium to long term, the Management Board expects strong business development due to the expansion of existing customer relationships and a large number of ongoing projects.

Despite the strong first quarter, sales and earnings in the 2018/2019 financial year in the Equipment & Systems segment will be expected to be below the levels of the previous year. This statement assumes that incoming orders especially from the printing industry in recent months have been below the level of the previous year.

The Management Board expects the Glass & Lamps segment to achieve revenue and earnings growth in the 2018/2019 financial year. The figures for the first quarter of the current fiscal year support this assessment. A high order backlog and lower scrap rates are expected to lead to increased sales and a positive earnings contribution from Raesch Quarz (Germany) GmbH in the 2018/2019 financial year. In addition, the Ballast Water Convention will contribute to the good business development of UV-Technik Speziallampen GmbH in this financial year as well as in the coming years.

The Management Board continues to assume that the Höhle Group will achieve sales of € 115 to 130 million and an operating result of € 22 to 30 million in the 2018/2019 financial year.

Consolidated Income Statement

for the period from 1 October 2018 to 31 December 2018

	01/10/2018 - 31/12/2018 in T€	01/10/2017 - 31/12/2017 in T€
Revenue	30,250	29,535
Changes in inventories of finished goods and work in progress	932	806
Other work performed by entity and capitalised	19	21
Other operating income	347	187
Cost of purchased materials and services	9,887	9,938
Personnel expenses	9,343	8,386
Depreciation and amortisation expense	812	817
Other operating expenses	4,951	4,016
Operating result/EBIT	6,555	7,392
Financial income	4	5
Financial expenses	57	78
Financial result	-52	-73
Earnings before tax and non-controlling interests/EBT	6,503	7,319
Income taxes	1,847	2,119
Consolidated profit	4,656	5,200
Share in earnings attributable to non-controlling interests	-3	-45
Share in earnings attributable to Dr. Hönle AG shareholders	4,659	5,245
Earnings per share (basic) in €	0.85	0.95
Earnings per share (diluted) in €	0.85	0.95
Average shares outstanding (basic)	5,511,854	5,511,854
Average shares outstanding (diluted)	5,511,854	5,511,854

Consolidated Statement of Financial Position

as of 31 December 2018

ASSETS	31/12/2018	30/09/2018
NON-CURRENT ASSETS	in T€	in T€
Goodwill	18,849	18,849
Intangible assets	2,557	2,619
Property, plant and equipment	28,485	26,972
Investment property	1,200	1,210
Investment accounted for using the equity method	32	30
Financial assets	27	27
Other non-current assets	1,296	1,269
Deferred tax assets	3,424	3,298
Total non-current assets	55,869	54,275
CURRENT ASSETS		
Inventories	34,275	33,279
Trade accounts receivable	18,572	22,999
Receivables from companies in which an equity investment is held	163	167
Other current assets	3,673	2,114
Current tax assets	655	652
Cash and cash equivalents	15,551	12,037
Total current assets	72,889	71,248
TOTAL ASSETS	128,758	125,523
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	5,513	5,513
Own shares	-8	-8
Capital reserves	16,596	16,596
Retained earnings	69,028	64,985
Equity attributable to Dr. Höhle AG shareholders	91,129	87,086
Non-controlling interests	77	163
Total equity	91,205	87,250
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	4,694	4,560
Non-current portions of finance lease obligations	194	210
Other non-current liabilities	1,395	533
Pension provisions	6,110	5,988
Accrued public investment grants	315	332
Deferred tax liabilities	1,214	1,300
Total non-current liabilities	13,922	12,922
CURRENT LIABILITIES		
Trade accounts payable	5,859	6,838
Liabilities to companies in which an equity investment is held	2	0
Prepayments received	1,293	1,300
Current portion of finance lease obligation	64	64
Current liabilities to banks and current portion of non-current loans	1,822	2,263
Other current liabilities	6,890	7,090
Other provisions	600	590
Current tax liabilities	7,100	7,206
Total current liabilities	23,630	25,351
TOTAL EQUITY AND LIABILITIES	128,758	125,523

Statement of Consolidated Cash Flows

for the period from 1 October 2018 to 31 December 2018

	01/10/2018- 31/12/2018 in T€	01/10/2017- 31/12/2017 in T€
Cash flows from operating activities		
Consolidated profit or loss before non-controlling interests and taxes	6,503	7,319
Adjustments for:		
Depreciation of intangible assets, property, plant and equipment and investment property	812	817
Gains/losses from disposal of intangible assets, property, plant and equipment and investment property	13	-1
Financial income	-4	-5
Financial expenses	57	78
Other non-cash expenses/income	-94	-16
Operating result before changes to net current assets	7,287	8,192
Increase/decrease in provisions	37	13
Increase/decrease in trade accounts receivable	4,594	-1,557
Increase/decrease in receivables from companies in which an equity investment is held	4	5
Increase/decrease in other assets	-1,589	-962
Increase/decrease in reinsurance policy	-39	-36
Increase/decrease in inventories	-1,112	-1,289
Increase/decrease in trade accounts payable	-968	-157
Increase/decrease in liabilities to companies in which an equity investment is held	2	-3
Increase/decrease in advance payments received	-7	24
Increase/decrease in other current liabilities	-187	-428
Increase/decrease in accrued public investment grants	31	14
Cash generated from operations	8,054	3,816
Interest paid	-31	-52
Income tax paid	-1,923	-814
Cash flows from operating activities	6,100	2,950
Cash flows from investing activities		
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	12	4
Payments for the purchase of property, plant and equipment and intangible assets	-2,262	-1,043
Payments received from non-current receivables	13	0
Payments for non-current receivables	0	-76
Interest received	4	5
Cash flows from investing activities	-2,233	-1,110
Cash flows from financing activities		
Payment received from loans and liabilities to banks	539	1,300
Payments for loans and liabilities to banks	-869	-2,564
Payments for the acquisition of non-controlling interests	-60	0
Equity contributions of minority shareholders	0	49
Cash flows from financing activities	-390	-1,215
Exchange rate differences	23	-24
Exchange rate-related change in funds	14	8
Net increase/decrease in cash and cash equivalents	3,514	609
Cash and cash equivalents at the beginning of the reporting period	12,037	5,217
Cash and cash equivalents at the end of the reporting period	15,551	5,826