

1st Quarterly Statement

for the period from 01/10/2017 to 31/12/2017



	01/10/2017 - 31/12/2017 in T€	01/10/2016 - 31/12/2016 in T€	Change in %
Consolidated Income Statement			
Revenue	29,535	22,180	33.2
Operating result/EBIT	7,392	2,228	231.8
Earnings before tax/EBT	7,319	2,159	239.0
Consolidated profit or loss	5,200	1,503	246.0
Share			
Earnings per share in €	0.95	0.27	251.9
Number of shares	5,512,930	5,512,930	0.0
Cash Flow			
Operating cash flow ¹⁾	3,816	2,901	31.5
Staff			
Average number of staff	588	545	7.9
	31/12/2017 in T€	30/09/2017 in T€	Change in %
Statement of Financial Position			
Non-current assets	46,772	46,305	1.0
Current assets	60,527	56,002	8.1
Equity	75,003	69,778	7.5
Non-current liabilities	13,830	13,152	5.2
Current liabilities	18,466	19,377	-4.7
Total assets	107,299	102,306	4.9
Equity ratio as a %	69.9	68.2	2.5

1) Cash generated from operations

Financial Calendar of Dr. Höhle AG

21 March 2018

18 May 2018

10 August 2018

Annual General Meeting in Munich Half-Year Report 2017/2018 3rd Quarterly Statement 2017/2018

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

The expansion of the global economy accelerated noticeably in 2017, and almost all major economies experienced an economic upturn at the same time. When compared with historical data, the advanced economies reached a high level and the economic mood also improved clearly in the emerging markets. The International Monetary Fund assumes a growth rate of 3.7 % in global production in 2017, 0.1 percentage points more than expected in autumn and 0.5 percentage points more than in 2016. The growth rate accelerated on a broad front with clearly positive surprises in Europe and Asia.

Course of Business

In the first quarter of financial year 2017/2018, the Hönle Group generated sales revenues of T€29,535, which corresponds to a 33.2 % year-on-year increase. The operating result (EBIT) jumped from T€2,228 in the previous year to T€7,392 in the current financial year.

The increase in earnings is attributable to the excellent business development in the Adhesives segment. In particular, orders received from the electronics industry in the smart phones segment led to a sharp rise in sales and earnings. The customer base was further expanded and intensified in this segment. Sales revenues generated in the Adhesives segment thus jumped by 107.7 % to T€13,193 in the first quarter. The operating result surged by 324.1 % from T€1,615 to T€6,850.

Sales revenues generated in the Equipment & Systems segment advanced by 3.4 % to T€11,425. As a result of a positive order intake, the order backlog at the end of the first quarter was significantly above the previous year's level. Demand in the printing industry rose sharply, particularly in the segment of LED drying systems. The operating result in the Equipment & Systems segment improved from T€-6 to T€535 in the first quarter of the current financial year.

Sales revenues generated in the Glass & Lamps segment rose by 3.0 % to T€4,917 in the first quarter of the current financial year while operating results in this segment fell from T€619 in the previous year to T€7 in the current financial year. This decrease is mainly attributable to the business development at Raesch Quarz (Germany) GmbH. Here, only a balanced result was reached after a strong first quarter in the previous year. The appointment of a new management, stable production processes and promising customer projects will probably lead to a year-on-year increase in sales revenues and earnings in the course of the financial year.

Results of Operations

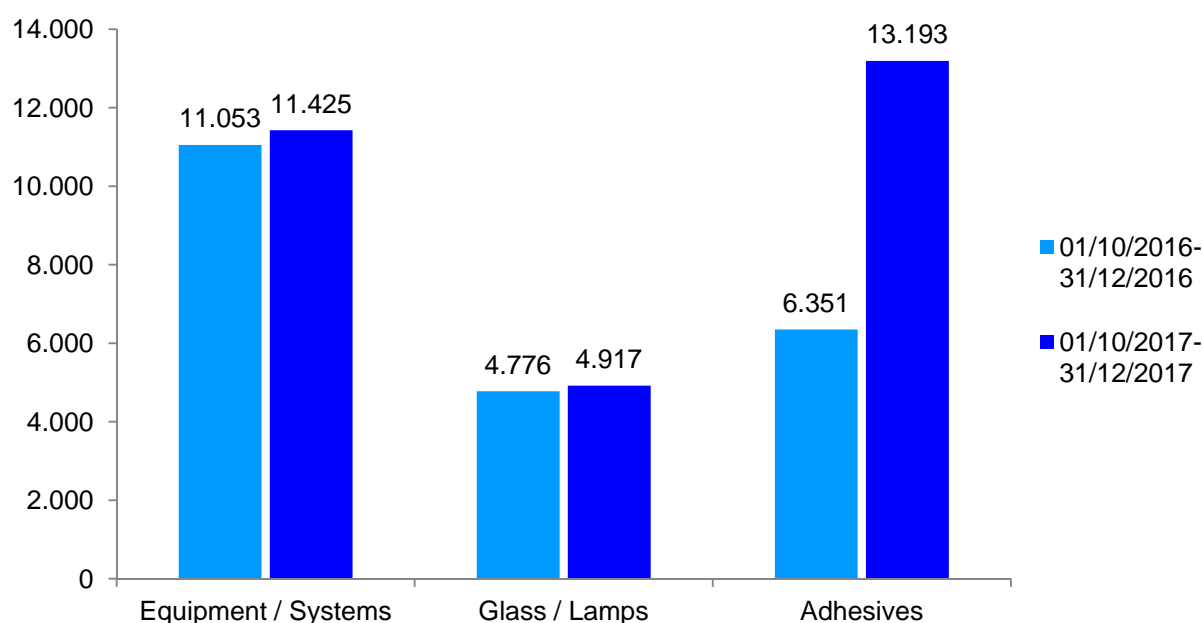
The Hönle Group's sales revenues came to T€29,535 in the first quarter, up 33.2 % on the previous year's figures. The cost of materials ratio decreased from 38.0 % in the previous year to 32.7 % in the current financial year largely due to a higher proportion of revenues earned with adhesives. The personnel expense ratio dropped from 34.4 % to 27.6 %, whereas the ratio of other operating expenses improved from 15.8 % to 13.2 %. The operating result (EBIT) surged from T€2,228 to T€7,392. Thus, the Hönle Group generated the best period result in its more than 40-year corporate history for the second consecutive quarter.

Earnings before taxes (EBT) jumped from T€2,159 to T€7,319. After payment of income taxes, the consolidated profit came to T€5,200 (PY: T€1,503). This corresponds to earnings per share of €0.95 (PY: €0.27). The EBIT margin climbed from 9.7 % in the previous year to 24.4 % in the reporting year. Net profit on sales increased from 6.8 % to 17.6 %.

Earnings Development

in T€	01/10/17 - 31/12/17	01/10/16 - 31/12/16	Change (%)
Revenue	29,535	22,180	33.2
Gross profit	20,611	14,486	42.3
Operating result (EBIT)	7,392	2,228	231.8
Earnings before tax (EBT)	7,319	2,159	239.0
Consolidated profit or loss	5,200	1,503	246.0
Earnings per share in €	0.95	0.27	251.9

Sales by segment (in T€)



Financial Position

Cash generated from operations amounted to T€3,816 (PY: T€2,901) in the period from 1 October 2017 to 31 December 2017. At T€1,110, investments were down from the previous year's level of T€1,960. They mainly relate to investments in production facilities at Raesch Quarz (Germany) GmbH, Dr. Höhle AG and Panacol-Elosol GmbH.

The cash flow from financing activities in the amount of T€-1,215 (PY: T€617) is mainly attributable to the repayment of bank loans.

In all, cash and cash equivalents increased by T€609 during the first three months of the current financial year.

Liquidity Development

in T€	01/10/17 - 31/12/17	01/10/16 - 31/12/16	Change (%)
Cash generated from operations	3,816	2,901	31.5
Cash flows from investing activities	-1,110	-1,960	-43.4
Cash flows from financing activities	-1,215	617	-296.9
Change in cash and cash equivalents	609	42	1,350.0

Net Assets

Non-current assets rose from T€46,305 to T€46,772 in the first quarter of the financial year, largely due to the rise in property, plant and equipment. The Höhle Group's current assets advanced from T€56,002 to T€60,527, largely as a consequence of the increases in inventories (up T€1,291), trade receivables (up T€1,532), other current assets (up T€947) and in cash and cash equivalents (up T€609).

With an equity ratio of 69.9 % and cash and cash equivalents in the amount of T€5,826, the Höhle Group's financing is on solid ground. Non-current liabilities increased by T€678 to T€13,830 in the first quarter due, among other things, to the taking out of loans. At T€18,466, current liabilities dropped below the previous year's level of €19,377.

Statement of Financial Position

in T€	31/12/2017	30/09/2017	Change (%)
Non-current assets	46,772	46,305	1.0
Current assets	60,527	56,002	8.1
Equity	75,003	69,778	7.5
Non-current liabilities	13,830	13,152	5.2
Current liabilities	18,466	19,377	-4.7
Total assets	107,299	102,306	4.9

Outlook

Overall market

The global economy is currently experiencing a strong upswing. The International Monetary Fund raises its global growth forecasts for 2018 and 2019 by 0.2 percentage points and 3.9 percent, respectively. This is the highest increase since the year 2011. The forecast reflects increased global growth dynamics and the expected effects of the recently adopted tax cuts in the U.S. Almost all major economies experience an economic upturn at the same time.

Risks for the global economy arise, inter alia, from the financial environment. Uncertainty may arise in the capital markets in the course of the upcoming normalisation of the monetary policy and consequential significant hikes and corrections in the stock markets and in yields and exchange rates.

Outlook for the Höhle Group

Following a very good start to the new financial year in the Adhesives segment, the Management Board also expects a clearly positive business development in the second quarter in comparison with the previous year. Orders in the electronics and automotive segments will contribute to this development.

The orders portfolio in the Equipment & Systems segment is above the previous year's level due, inter alia, to the strong demand from the printing industry for LED drying systems, in particular. Thus, increasing sales and earnings contributions are also projected in the further course of business of the Equipment & Systems segment.

The Glass & Lamps segment is also expected to see positive development. A high order backlog and current projects will contribute to rising sales and earnings in this segment.

After revenues of € 101.9 million and an operating result of € 15.2 million in the last financial year, the Management Board continues to aim at achieving revenues of between € 115 million and € 125 million and an operating result of € 22 million to € 26 million for the Höhle Group in financial year 2017/2018.

Consolidated Income Statement

for the period from 1 October 2017 to 31 December 2017

	01/10/2017 - 31/12/2017 in T€	01/10/2016 - 31/12/2016 in T€
Revenue	29,535	22,180
Changes in inventories of finished goods and work in progress	806	831
Other work performed by entity and capitalised	21	16
Other operating income	187	201
Cost of purchased materials and services	9,938	8,743
Personnel expenses	8,386	7,924
Depreciation and amortisation expense	817	687
Other operating expenses	4,016	3,647
Operating result/EBIT	7,392	2,228
Profit/loss from investments accounted for using the equity method	0	2
Financial income	5	5
Financial expenses	78	76
Financial result	-73	-69
Earnings before tax and non-controlling interests/EBT	7,318	2,159
Income taxes	2,119	656
Consolidated profit or loss	5,200	1,503
Share in earnings attributable to non-controlling interests	-45	-5
Share of earnings attributable to Dr. Hönle AG shareholders	5,245	1,508
Earnings per share (basic) in €	0.95	0.27
Earnings per share (diluted) in €	0.95	0.27
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 2017

ASSETS	31/12/2017	30/09/2017
NON-CURRENT ASSETS	in T€	in T€
Goodwill	18,849	18,849
Intangible assets	2,507	2,649
Property, plant and equipment	19,902	19,549
Investment property	1,239	1,249
Investments accounted for using the equity method	26	27
Financial assets	27	27
Other non-current assets	1,151	1,039
Deferred tax assets	3,071	2,916
Total non-current assets	46,772	46,305
CURRENT ASSETS		
Inventories	31,364	30,073
Trade accounts receivable	19,491	17,959
Receivables from companies in which An equity investment is held	193	199
Other current assets	2,781	1,834
Current tax assets	871	721
Cash and cash equivalents	5,826	5,217
Total current assets	60,527	56,002
TOTAL ASSETS	107,299	102,306
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	5,513	5,513
Own shares	-8	-8
Capital reserves	16,596	16,596
Retained earnings	51,000	45,779
Equity attributable to Dr. Höhle AG shareholders	73,101	67,880
Non-controlling interests	1,902	1,898
Total equity	75,003	69,778
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	5,944	5,236
Non-current portions of finance lease obligations	187	199
Other non-current liabilities	407	426
Pension provisions	5,652	5,606
Accrued public investment grants	382	398
Deferred tax liabilities	1,259	1,286
Total non-current liabilities	13,830	13,152
CURRENT LIABILITIES		
Trade accounts payable	5,103	5,263
Liabilities to companies in which an equity investment is held	2	3
Prepayments received	1,516	1,492
Current portion of finance lease obligations	51	51
Current liabilities to banks and current portion of non-current loans	2,393	4,343
Other current liabilities	5,388	5,840
Other provisions	526	533
Current tax liabilities	3,487	1,852
Total current liabilities	18,466	19,377
TOTAL EQUITY AND LIABILITIES	107,299	102,306

Statement of Consolidated Cash Flows

for the period from 1 October 2017 to 31 December 2017

	01/10/2017- 31/12/2017 in T€	01/10/2016- 31/12/2016 in T€
Cash flows from operating activities		
Consolidated profit or loss before non-controlling interests and taxes	7,319	2,159
Adjustments for:		
Depreciation of intangible assets, property, plant and equipment and investment property	817	687
Gains/losses from disposal of intangible assets, property, plant and equipment and investment property	-1	5
Financial income	-5	-7
Financial expenses	78	76
Other non-cash expenses/income	-16	52
Operating result before changes to net current assets	8,192	2,972
Increase/decrease in provisions	13	177
Increase/decrease in trade accounts receivable	-1,557	1,645
Increase/decrease in receivables from companies in which an equity investment is held	5	-20
Increase/decrease in other assets	-962	-853
Increase/decrease in reinsurance policy	-36	-18
Increase/decrease in inventories	-1,289	-1,587
Increase/decrease in trade accounts payable	-157	376
Increase/decrease in liabilities to companies in which an equity investment is held	-3	2
Increase/decrease in advance payments received	24	360
Increase/decrease in other current liabilities	-428	-153
Increase/decrease in accrued public investment grants	14	0
Cash generated from operations	3,816	2,901
Interest paid	-52	-56
Income tax paid	-814	-1,564
Cash flows from operating activities	2,950	1,281
Cash flows from investing activities		
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	4	0
Payments for the purchase of property, plant and equipment and intangible assets	-1,043	-1,976
Payments received from non-current receivables	0	12
Payments for non-current receivables	-76	0
Interest received	5	5
Cash flows from investing activities	-1,110	-1,960
Cash flows from financing activities		
Payment received from loans and liabilities to banks	1,300	1,500
Payments for loans and liabilities to banks	-2,564	-883
Equity contributions of minority shareholders	49	0
Cash flows from financing activities	-1,215	617
Exchange rate differences	-24	50
Exchange rate-related change in funds	8	53
Net increase/decrease in cash and cash equivalents	609	42
Cash and cash equivalents at the beginning of the reporting period	5,217	6,516
Cash and cash equivalents at the end of the reporting period	5,826	6,558