

# 3rd Quarterly Statement

for the period from 1 October 2017 to 30 June 2018



	01/10/2017 - 30/06/2018 in T€	01/10/2016 - 30/06/2017 in T€	Change in %
<b>Consolidated Income Statement</b>			
Revenue	88,750	72,052	23.2
Operating result/EBIT	19,865	8,564	132.0
Earnings before tax/EBT	19,669	8,353	135.5
Consolidated profit	14,208	5,877	141.8
<b>The Share</b>			
Earnings per share in €	2.58	1.07	141.1
Number of shares	5,512,930	5,512,930	0.0
<b>Cash Flow</b>			
Operating cash flow <sup>1)</sup>	20,653	7,338	181.5
<b>Employees</b>			
Average number of staff	596	556	7.2
	30/06/2018 in T€	30/09/2017 in T€	Change in %
<b>Statement of Financial Position</b>			
Non-current assets	47,790	46,305	3.2
Current assets	68,405	56,002	22.2
Equity	80,001	69,778	14.7
Non-current liabilities	12,909	13,152	-1.9
Current liabilities	23,285	19,377	20.2
Total assets	116,195	102,306	13.6
Equity ratio as a %	68.9	68.2	1.0

1) Cash generated from operations

## Financial Calendar of Dr. Höhle AG

14 December 2018

28 January 2019

Preliminary figures for the financial year 2017/2018

Annual Report 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

Following a buoyant development over the past year and a good start into 2018, economic data has shown increasingly heterogeneous development of late. While the economy in the Eurozone and Japan weakened, economic dynamics in the U.S. have gained momentum. Economic development in most of the emerging markets was positive whereas the currencies of some countries came under strong pressure. In all, however, the expansion of the global economy has decelerated slightly in recent months.

## Course of Business

In the first nine months of financial year 2017/2018, the Hönle Group generated sales revenues of T€88,750, representing a 23.2% increase year-on-year. The operating result (EBIT) jumped by 132.0% to T€19,865 in the current financial year.

The increase in earnings is largely attributable to the excellent business development in the Adhesives segment. Orders received from the electronics industry in the smart phones segment, in particular, led to a sharp rise in sales and earnings. Sales revenues earned in the Adhesives segment surged by 74.2% to T€31,950 in the first nine months of the year. The segment result (EBIT) jumped 242.7% to T€14,243.

Sales revenues generated in the Equipment & Systems segment advanced by 6.0% to T€41,000. Due to positive order intake, the order backlog at the end of the third 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 grew by 31.5% to T€4,896 in the nine-month period.

Sales revenues generated in the Glass & Lamps segment rose by 5.1% to T€15,800, and the operating result increased by 6.3% to T€726 in the current financial year. Especially Raesch Quarz (Germany) GmbH contributed to this development.

## Results of Operations

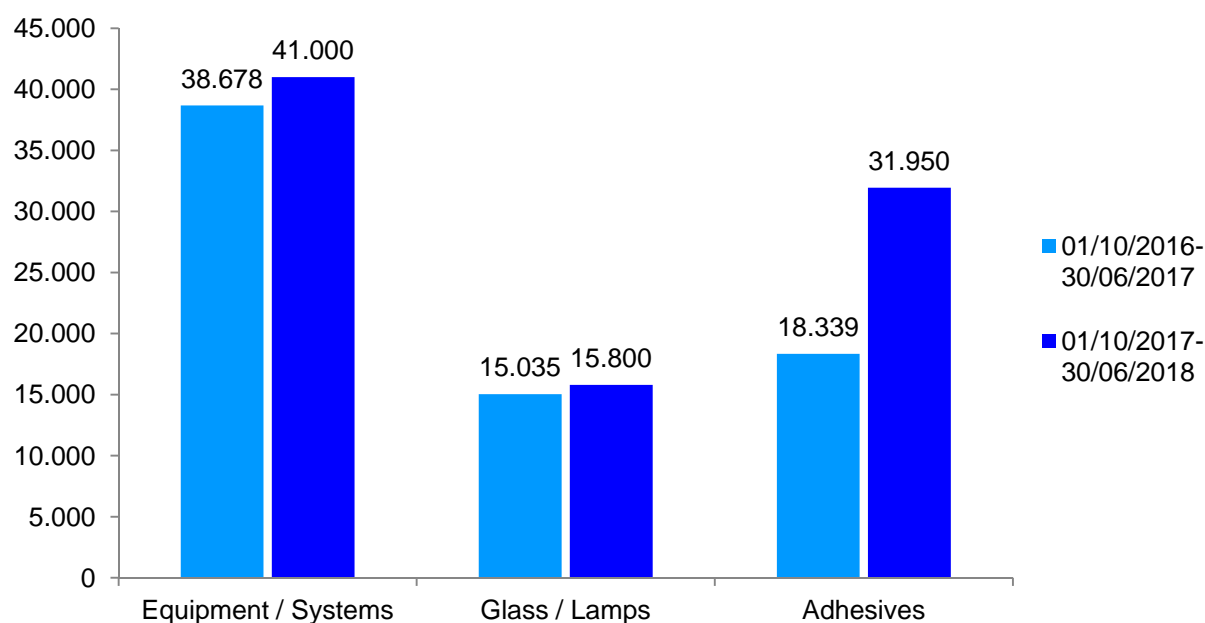
The Hönle Group's sales revenues grew in the nine-month reporting period from T€72,052 in the previous year to T€88,750 in the current financial year. The cost of materials ratio decreased from 36.7% to 33.6% due to a higher proportion of adhesives revenues. The personnel expense ratio dropped from 33.7% to 29.1%, whereas the ratio of other operating expenses improved from 15.6% to 13.5%. The operating result (EBIT) surged from T€8,564 to T€19,865 due to the good sales development. Thus, the Hönle Group generated by far the best result in its more than 40-year corporate history.

Earnings before tax (EBT) climbed from T€8,353 to T€19,669. After deduction of income taxes, the consolidated profit came to T€14,208 (PY: T€5,877), corresponding to earnings per share of €2.58 (PY: €1.07). The EBIT margin picked up from 11.8% in the previous year to 21.9% in the reporting year, while net profit on sales climbed from 8.2% to 16.0%.

### Earnings Development

in T€	01/10/17 - 30/06/18	01/10/16 - 30/06/17	Change (%)
Revenue	88,750	72,052	23.2
Operating result/EBIT	19,865	8,564	132.0
Earnings before tax/EBT	19,669	8,353	135.5
Consolidated profit	14,208	5,877	141.8
Earnings per share in €	2.58	1.07	141.1

### Sales by Segment (in T€)



## Financial Position

Cash generated from operations in the period from 1 October 2017 to 30 June 2018 amounted to T€20,653 (PY: T€7,338).

At T€4,294, investments remained at the previous year's level of T€4,223. They mainly relate to investments in production facilities at Raesch Quarz (Germany) GmbH, Dr. Hönle AG and Panacol-Elosol GmbH. In addition, payments were made for the acquisition of the remaining shares in Aladin GmbH and in UV-Technik Speziallampen GmbH.

The cash flow from financing activities in the amount of T€-5,246 (PY: T€-984) is mainly attributable to the payment of dividends and the repayment of bank loans.

In all, liquid assets (cash and cash equivalents) increased by T€8,658 in the first nine months of the current financial year.

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### Cash Flow and Liquidity Development

in T€	01/10/17 - 30/06/18	01/10/16 - 30/06/17	Change (%)
<b>Cash generated from operations</b>	<b>20,653</b>	<b>7,338</b>	<b>181.5</b>
Cash flows from investing activities	-4,294	-4,223	-1.7
Cash flows from financing activities	-5,246	-984	-433.1
Change in cash and cash equivalents	8,658	-2,676	423.5

## Net Assets

Non-current assets increased from T€46,305 to T€47,790 in the first nine months of the financial year, largely due to the rise in property, plant and equipment at Raesch Quarz (Germany) GmbH. The Hönle Group's current assets advanced from T€56,002 to T€68,405, in particular due to the increase in liquid assets by T€8,658, in inventories by T€4,154 and in other current assets by T€1,380. With an equity ratio of 68.9% and liquid assets in the amount of T€13,875, the Hönle Group's financing is on solid ground. Non-current liabilities dropped slightly from T€13,152 to T€12,909 while current liabilities rose from T€19,377 to T€23,285 due to higher income tax liabilities and prepayments received.

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### Statement of Financial Position

in T€	30/06/2018	30/09/2017	Change (%)
Non-current assets	47,790	46,305	3.2
Current assets	68,405	56,002	22.2
Equity	80,001	69,778	14.7
Non-current liabilities	12,909	13,152	-1.9
Current liabilities	23,285	19,377	20.2
<b>Total assets</b>	<b>116,195</b>	<b>102,306</b>	<b>13.6</b>

## Outlook

### *Overall market*

The International Monetary Fund (IMF) leaves its growth forecasts for 2018 and 2019 unchanged at 3.9 percent, although the expansion rate is less stable regionally and forecast risks are rising. The expansion rate seems to have reached its peak in some major economies. While the short-term economic dynamics in the U.S. have strengthened, the growth forecasts for the Eurozone and Japan were revised downwards. The economic fundamentals in some developing and emerging markets have deteriorated.

After U.S. President Donald Trump announced further tariffs on Chinese goods and European automobiles, political risks and the associated uncertainties continue to increase. A further escalation in the trade dispute with the United States cannot be ruled out.

### *Outlook for the Hönle Group*

The Hönle Group's performance in the first nine months of the current financial year was very encouraging. All segments contributed to the positive development with an increase in sales and earnings in all business segments.

The Management Board expects positive business development in the fourth quarter also, driven, in particular, by the Adhesives segment. Orders in the electronics segment are expected to contribute to continuing strong sales development.

Orders on hand in the Equipment & Systems segment are significantly above the previous year's level due, among other things, to the printing industry's strong demand for LED drying systems, in particular. Thus, good sales and earnings contributions are also projected for the further course of business of the Equipment & Systems segment.

A solid business development in the Glass & Lamps segment is expected till the end of the financial year. Sales and earnings in the segment are expected to be above the figures of the previous year.

Following revenues of €101.9 million and an operating result of €15.2 million in the last financial year, the Management Board aims at achieving revenues of between €120 million and €130 million and an operating result of €26 million to €30 million for the Hönle Group in financial year 2017/2018.

## Consolidated Income Statement

for the period from 1 October 2017 to 30 June 2018

	01/04/2018 - 30/06/2018 in T€	01/10/2017 - 30/06/2018 in T€	01/04/2017 - 30/06/2017 in T€	01/10/2016 - 30/06/2017 in T€
<b>Revenue</b>	<b>28,079</b>	<b>88,750</b>	<b>24,824</b>	<b>72,052</b>
Changes in inventories of finished goods and work in progress	1,143	1,924	-10	355
Other work performed by entity and capitalised	10	73	46	106
Other operating income	265	639	152	503
Cost of purchased materials and services	10,563	30,505	9,145	26,593
Personnel expenses	9,185	26,422	8,282	24,428
Depreciation and amortisation expense	779	2,361	745	2,154
Other operating expenses	4,154	12,234	3,899	11,278
<b>Operating result/EBIT</b>	<b>4,817</b>	<b>19,865</b>	<b>2,941</b>	<b>8,564</b>
Profit/loss from investments accounted for using the equity method	0	9	-3	0
Financial income	4	14	24	32
Financial expenses	72	218	90	243
Financial result	-67	-196	-69	-211
<b>Earnings before tax and non-controlling interests/EBT</b>	<b>4,750</b>	<b>19,669</b>	<b>2,872</b>	<b>8,353</b>
Income taxes	1,307	5,461	814	2,476
<b>Consolidated profit</b>	<b>3,443</b>	<b>14,208</b>	<b>2,058</b>	<b>5,877</b>
Share of earnings attributable to non-controlling interests	11	-14	23	6
Share of earnings attributable to Dr. Hönle AG shareholders	3,432	14,222	2,035	5,871
Earnings per share (basic) in €		2.58		1.07
Earnings per share (diluted) in €		2.58		1.07
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 30 June 2018

<b>ASSETS</b>	<b>30/06/2018</b>	<b>30/09/2017</b>
<b>NON-CURRENT ASSETS</b>	<b>in T€</b>	<b>in T€</b>
Goodwill	18,849	18,849
Intangible assets	2,447	2,649
Property, plant and equipment	20,852	19,549
Investment property	1,219	1,249
Investments accounted for using the equity method	35	27
Financial assets	27	27
Other non-current assets	1,178	1,039
Deferred tax assets	3,182	2,916
<b>Total non-current assets</b>	<b>47,790</b>	<b>46,305</b>
<b>CURRENT ASSETS</b>		
Inventories	34,227	30,073
Trade accounts receivable	16,310	17,959
Receivables from companies in which an equity investment is held	173	199
Other current assets	3,214	1,834
Current tax assets	605	721
Cash and cash equivalents	13,875	5,217
<b>Total current assets</b>	<b>68,405</b>	<b>56,002</b>
<b>TOTAL ASSETS</b>	<b>116,195</b>	<b>102,306</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Subscribed capital	5,513	5,513
Own shares	-8	-8
Capital reserves	16,596	16,596
Retained earnings	57,739	45,779
<b>Equity attributable to Dr. Höhle AG shareholders</b>	<b>79,840</b>	<b>67,880</b>
Non-controlling interests	162	1,898
<b>Total equity</b>	<b>80,001</b>	<b>69,778</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current loans (less current portion)	4,968	5,236
Non-current portion of finance lease obligations	226	199
Other non-current liabilities	396	426
Pension provisions	5,743	5,606
Accrued public investment grants	349	398
Deferred tax liabilities	1,228	1,286
<b>Total non-current liabilities</b>	<b>12,909</b>	<b>13,152</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	5,914	5,263
Liabilities to companies in which an equity investment is held	0	3
Prepayments received	2,326	1,492
Current portion of finance lease obligations	65	51
Current liabilities to banks and current portion of non-current loans	2,597	4,343
Other current liabilities	6,655	5,840
Other provisions	567	533
Current tax liabilities	5,162	1,852
<b>Total current liabilities</b>	<b>23,285</b>	<b>19,377</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>116,195</b>	<b>102,306</b>

## Statement of Consolidated Cash Flows

for the period from 1 October 2017 to 30 June 2018

	01/10/2017- 30/06/2018 in T€	01/10/2016- 30/06/2017 in T€
<b>Cash flows from operating activities</b>		
Consolidated profit before non-controlling interests and taxes	19,669	8,353
Adjustments for:		
Depreciation of intangible assets, property, plant and equipment and investment property	2,361	2,154
Gains/losses from the disposal of intangible assets, property, plant and equipment and investment property	20	114
Financial income	-23	-32
Financial expenses	218	243
Other non-cash expenses/income	120	-1
<b>Operating result before changes to net current assets</b>	<b>22,365</b>	<b>10,831</b>
Increase/decrease in provisions	89	233
Increase/decrease in trade accounts receivable	1,677	-435
Increase/decrease in receivables from companies in which an equity investment is held	25	4
Increase/decrease in other assets	-1,418	-527
Increase/decrease in reinsurance policy	-64	-89
Increase/decrease in inventories	-4,382	-2,648
Increase/decrease in trade accounts payable	658	-40
Increase/decrease in liabilities to companies in which an equity investment is held	-3	1
Increase/decrease in advance payments received	834	-22
Increase/decrease in other current liabilities	835	30
Increase/decrease in accrued public investment grants	36	0
<b>Cash generated from operations</b>	<b>20,653</b>	<b>7,338</b>
Interest paid	-138	-179
Income tax paid	-2,360	-4,580
<b>Cash flows from operating activities</b>	<b>18,155</b>	<b>2,579</b>
<b>Cash flows from investing activities</b>		
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	11	9
Payments for the purchase of non-controlling interests	-800	0
Payments for the purchase of property, plant and equipment and intangible assets	-3,444	-4,276
Changes in financial assets	0	-11
Payments received from non-current receivables	54	24
Payments for non-current receivables	-130	0
Interest received	15	32
<b>Cash flows from investing activities</b>	<b>-4,294</b>	<b>-4,223</b>
<b>Cash flows from financing activities</b>		
Payments received from loans and liabilities to banks	1,300	4,245
Payments for loans and liabilities to banks	-3,288	-2,315
Equity contributions of minority shareholders	49	117
Dividends paid	-3,307	-3,031
<b>Cash flows from financing activities</b>	<b>-5,246</b>	<b>-984</b>
Exchange rate differences	13	-21
Exchange rate-related change in funds	30	-28
<b>Net increase/decrease in cash and cash equivalents</b>	<b>8,658</b>	<b>-2,676</b>
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	13,875	3,840