

1st Quarterly Statement

for the period from 01/10/2016 to 31/12/2016



	01/10/2016 - 31/12/2016 in T€	01/10/2015 - 31/12/2015 in T€	Change in %
Consolidated Income Statement			
Revenue	22,180	22,641	-2.0
Gross profit	14,486	14,836	-2.4
Operating result/EBIT	2,228	2,788	-20.1
Earnings before tax/EBT	2,159	2,687	-19.7
Consolidated net income	1,503	1,878	-20.0
Share			
Earnings per share in €	0.27	0.34	-20.6
Number of shares	5,512,930	5,512,930	0.0
Cash flow			
Operating cash flow ¹⁾	2,901	3,022	-4.0
Staff			
Average number of staff	545	550	-0.9
Statement of Financial Position			
	31/12/2016 in T€	30/09/2016 in T€	Change in %
Non-current assets	45,935	44,404	3.4
Current assets	50,681	49,871	1.6
Shareholders' equity	63,388	61,669	2.8
Non-current liabilities	15,819	15,130	4.6
Current liabilities	17,409	17,475	-0.4
Total assets	96,617	94,275	2.5
Equity ratio as a %	65.6	65.4	0.3

1) Cash from current activities

Financial Calendar of Dr. Höhle AG

28 March 2017

19 May 2017

17 August 2017

Annual General Meeting in Munich Half-Year Report 2016/2017 III. Quarterly Statement 2016/2017

Note

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

The quarterly statement contains statements and information provided by Dr. Höhle AG that relate to future time periods. These future-oriented statements represent assessments that were made on the basis of all information available at the time this quarterly statement was prepared. Should the assumptions underlying the forecasts prove to be incorrect, actual developments and results may deviate from current expectations. The Company is not obliged to update the information contained in this quarterly statement beyond the legally prescribed publication provisions.

The figures and percentages contained in this statement may include rounding differences.

Market Development

The expansion of the global economy in 2016 was weak, but accelerated slightly in the second half of the year. The IfW-indicator for global economic activity, which the 'Kieler Institut für Weltwirtschaft' (IfW) calculates on the basis of business expectations from 42 countries, indicates further acceleration of the economy for the fourth quarter of 2016. Production activities picked up in the U.S., and the situation in the emerging markets also saw improvement. Following a subdued start, the Chinese economy expanded even stronger than before and the pace of the decline in the Russian economy also decelerated considerably. In all, however, economic momentum remained at a moderate level.

Course of Business

In the first quarter of financial year 2016/2017, the Hönle Group generated sales revenues of T€ 22,180, which corresponds to a 2.0 % decrease year-on-year. The operating result (EBIT) of T€ 2,228 was below the prior-year's figure of T€ 2.788. The decline in earnings is due to temporarily lower sales revenues generated in the Equipment & Systems segment in the context of the relocation of an Eltosch Grafix GmbH production site to Dr. Hönle AG in Gräfelfing near Munich.

Due to the above-mentioned relocation, sales revenues of T€ 11,053 earned in the Equipment & Systems segment were significantly below the previous year's figure of T€ 13,154 despite positive order intake. Largely for the same reason, the operating result in the Equipment & Systems segment contracted considerably from T€ 1,853 to T€ -6 in the first quarter.

In contrast, the development in the Glass & Lamps segment was encouraging with sales revenues climbing 30.1 % from T€ 3,672 in the previous year to T€ 4,776 in the first quarter of the current financial year. Raesch Quarz (Germany) GmbH, in particular, registered positive business development. The company manufactures reliable high-quality quartz glass products with low reject rates. Sales revenues increased perceptibly in the semi-conductor and fibre cable applications segments as planned. The operating result achieved in the Glass & Lamps segment rose from T€ -200 in the previous year to T€ 619 in the current financial year.

Revenues also picked up in the Adhesives segment in the first quarter. At T€ 6,351, they were up 9.2 % on the previous year's figure of T€ 5,815. The operating result climbed by 42.3 % from T€ 1,135 to T€ 1,615. Especially the Consumer Electronics segment saw a clear increase in sales revenues in the new financial year.

Results of Operations

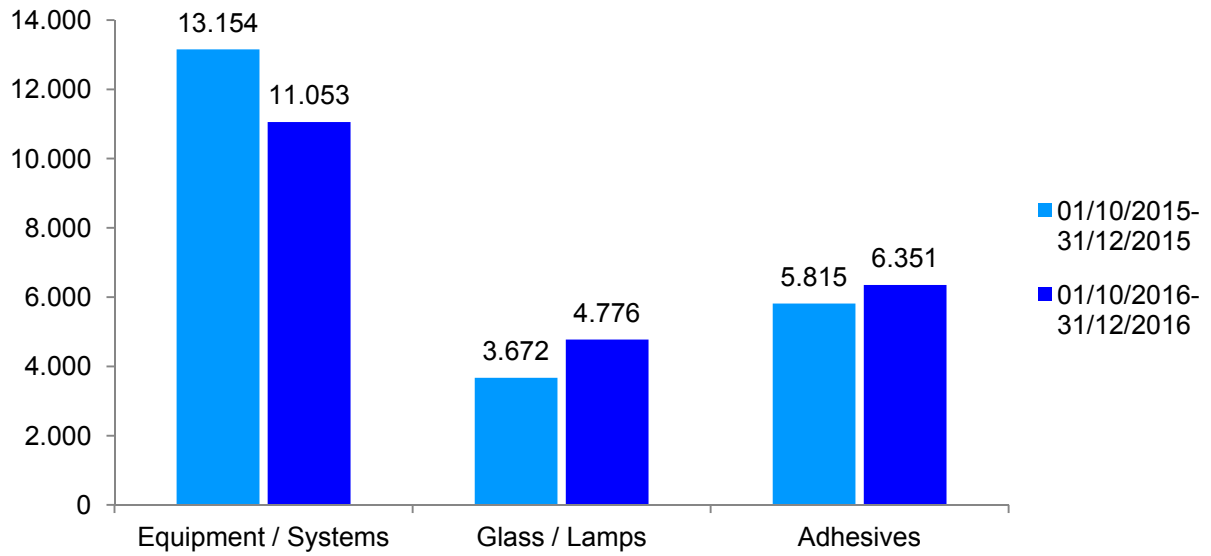
Quarterly sales dropped by 2.0 % in comparison with the previous year while the operating result in the first three months of the 2016/2017 financial year decreased by 20.1 % to T€ 2,228. The relocation of a production site led to temporarily lower sales and an increase in the Group's cost of materials ratio from 36.8 % in the previous year to 38.0 % in the current quarter. The personnel expense ratio rose from 32.9 % to 34.4 %. The ratio of other operating expenses improved from 16.6 % in the previous year to 15.8 % in the current financial year.

The Hönle Group's earnings before tax stood at T€ 2,159 (PY: T€ 2,687) and consolidated net income amounted to T€ 1,503 (PY: T€ 1,878). This corresponds to earnings per share of € 0.27 (PY: € 0.34). The EBIT margin came to 9.7 % in the reporting year after 12.1 % in the previous year. Net return on sales declined from 8.3 % to 6.8 %.

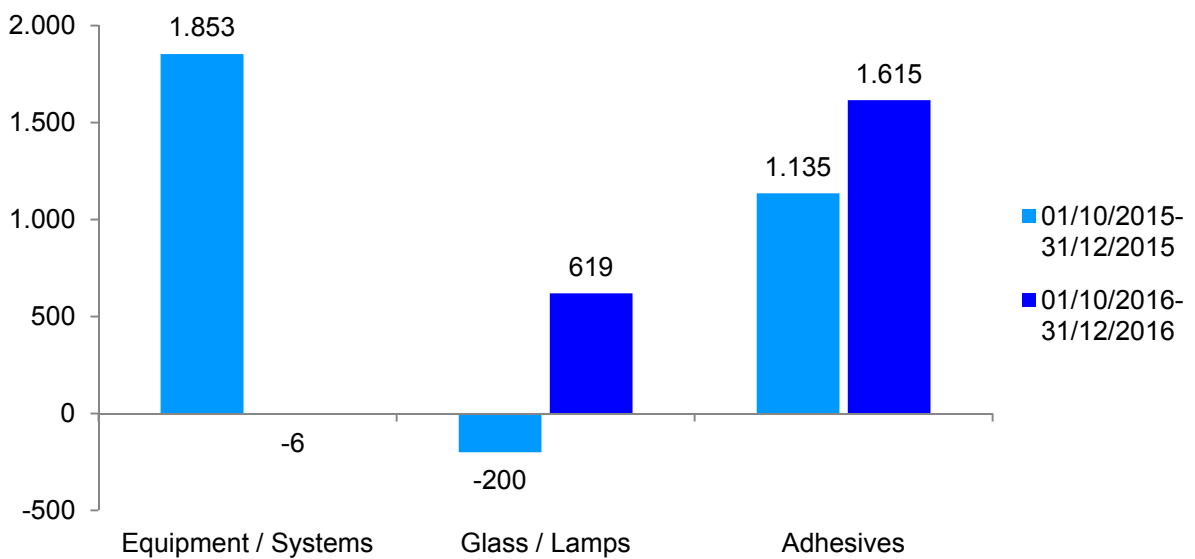
Earnings Development

in T€	01/10/2016 - 31/12/2016	01/10/2015 - 31/12/2015	Change (%)
Revenue	22,180	22,641	-2.0
Gross profit	14,486	14,836	-2.4
Operating result (EBIT)	2,228	2,788	-20.1
Earnings before tax (EBT)	2,159	2,687	-19.7
Consolidated net income	1,503	1,878	-20.0
Earnings per share in €	0.27	0.34	-20.6

Sales by segment (in T€)



Operating result by segment (in T€)



Financial Position

Cash from current activities amounted to T€ 2,901 in the first quarter of the year (PY: T€ 3,022). At T€ 1,960, investments were above the previous year's level of T€ 1,285. They mainly comprise investments in a resize centre at Raesch Quarz (Germany) GmbH. Investments were also made in laboratory equipment at Tangent Industries, Inc., among other things.

Cash flow from financing activities amounted to T€ 617 (PY: T€ -211) and resulted mainly from the taking out (T€ 1,500) and the repayment (T€ -883) of bank loans.

In all, cash and cash equivalents increased by T€ 42 to T€ 6,558 during the first three months of the current financial year.

Cash Flow and Liquidity Development

in T€	01/10/2016 - 31/12/2016	01/10/2015 - 31/12/2015	Change (%)
Cash from current activities	2,901	3,022	-4.0
Cash flow from investing activities	-1,960	-1,285	-52.5
Cash flow from financing activities	617	-211	392.4
Change in liquid assets	42	554	-92.4

Net Assets

Non-current assets increased from T€ 44,404 to T€ 45,935 in the first quarter of the financial year, largely due to the rise in property, plant and equipment at Raesch Quarz (Germany) GmbH. The Hönle Group's inventories rose from T€ 27,415 to T€ 28,897 mainly as a consequence of the increase in inventories in the Glass & Lamps segment.

With an equity ratio of 65.6 % and cash and cash equivalents in the amount of T€ 6,558, the Hönle Group's financing is on solid ground.

Non-current liabilities increased by T€ 689 to T€ 15,819 in the first quarter due to the taking out of loans. At T€ 17,409, current liabilities are almost on par with the previous year's level.

Statement of Financial Position

in T€	31/12/2016	30/09/2016	Change (%)
Non-current assets	45,935	44,404	3.4
Current assets	50,681	49,871	1.6
Shareholders' equity	63,388	61,669	2.8
Non-current liabilities	15,819	15,130	4.6
Current liabilities	17,409	17,475	-0.4
Total assets	96,617	94,275	2.5

Outlook

Overall Market

The downturn of the global economy has bottomed out in the course of 2016. The Institute for the World Economy (IfW), predicts a 3.4 % increase in global production for 2017 and of 3.6 % in 2018, after 3.1 % in 2016. The upturn experienced in the advanced economies is expected to continue at a slightly higher pace, encouraged by continued expansive monetary policy and a gradual rise in wages. Economic expansion in the emerging markets will probably intensify in the forecast period but, as a consequence of many unsolved structural problems, is not expected to gain any major momentum. Risks emanate from dwindling purchasing power in the advanced economies due to increasing energy costs accompanied by a significant rise in oil prices.

Outlook for the Hönle Group

The relocation of a production site led to a drop in sales revenues and earnings in the first quarter of the new financial year. Looking ahead, the Management Board expects a clearly improvement in business development in all segments, particularly in the third and fourth quarters. This forecast is also supported by expected major contracts in the Adhesives segment which will contribute to a strong rise in earnings in the second half of the year.

Moreover, the Glass & Lamps segment will continue to develop positively after a good start in the new financial year. Stable manufacturing processes and the recent start of production activities at the newly established resize centre of Raesch Quarz (Germany) GmbH are expected to contribute to this development. The new centre enables the manufacture of quartz glass tubing with a diameter of up to one meter for the semi-conductor industry. Raesch Quarz (Germany) GmbH thus expands its production capacity and further improve its position as quartz glass specialist.

Due to the high order backlog and current projects, we also expect positive business development for the Equipment & Systems segment in the third and fourth quarter, in particular.

Given unchanged general economic conditions, we continue to expect sales revenue of between € 95 million and € 105 million for the Hönle Group in financial year 2016/2017 and an operating result of between € 14 million and € 16 million.

Consolidated Income Statement

for the period from 1 October 2016 to 31 December 2016

	01/10/2016 - 31/12/2016 in T€	01/10/2015 - 31/12/2015 in T€
Revenue	22,180	22,641
Changes in the inventories of finished goods and work in progress	831	334
Other work performed by entity and capitalised	16	21
Other operating income	201	313
Cost of purchased materials and services	8,743	8,472
Personnel expenses	7,924	7,569
Depreciation and amortisation expenses	687	673
Other operating expenses	3,647	3,806
Operating result/EBIT	2,228	2,788
Profit/loss from investments accounted for the equity method		2 -1
Financial income	5	5
Financial expenses	76	105
Financial result	-69	-101
Earnings before tax and non-controlling interest/EBT	2,159	2,687
Income taxes	656	809
Consolidated net income	1,503	1,878
Share in earnings attributable to non-controlling interests	-5	-1
Share in earnings attributable to Dr. Höhle AG's shareholders	1,508	1,879
Earnings per share (basic) in €	0.27	0.34
Earnings per share (diluted) in €	0.27	0.34
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 at 31 December 2016

ASSETS	31/12/2016	30/09/2016
NON-CURRENT ASSETS	in T€	in T€
Goodwill	18,849	18,849
Intangible assets	2,816	2,905
Property, plant and equipment	18,673	17,191
Investment property	1,292	1,301
Investments accounted for using equity method	41	37
Financial assets	32	32
Other non-current assets	908	902
Deferred tax assets	3,324	3,187
Total non-current assets	45,935	44,404
CURRENT ASSETS		
Inventories	28,897	27,415
Trade accounts receivable	11,449	13,076
Receivables from companies in which an equity investment is held	233	213
Other current assets	2,856	2,003
Current tax assets	688	648
Cash and cash equivalents	6,558	6,516
Total current assets	50,681	49,871
TOTAL ASSETS	96,617	94,275
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Subscribed capital	5,513	5,513
Own shares	-8	-8
Additional paid-in capital (capital reserves)	16,596	16,596
Retained earnings	39,500	37,776
Equity attributable to Dr. Höhle AG's shareholders	61,601	59,877
Non-controlling interest	1,787	1,792
Total shareholders' equity	63,388	61,669
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	6,567	6,043
Non-current finance lease obligations	178	187
Other non-current liabilities	524	537
Pension provisions	6,734	6,528
Accrued public investment grants	448	465
Deferred tax liabilities	1,368	1,369
Total non-current liabilities	15,819	15,130
CURRENT LIABILITIES		
Trade accounts payable	5,293	4,917
Liabilities to companies in which an equity investment is held	2	0
Prepayments received	1,298	938
Current portion of finance lease obligations	36	36
Current liabilities to banks and current portion of long-term loans	3,092	2,996
Other current liabilities	5,363	5,533
Current provisions	474	483
Current tax liabilities	1,852	2,573
Current liabilities, total	17,409	17,475
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	96,617	94,275

Statement of Consolidated Cash Flows

for the period from 1 October 2016 to 31 December 2016

	01/10/2016- 31/12/2016 in T€	01/10/2015- 31/12/2015 in T€
Cash flow from operating activities		
Net income for the year before non-controlling interests and taxes	2,159	2,687
Adjustments for:		
Amortisation/depreciation of fixed assets	687	673
Gains/losses from the disposal of fixed assets	5	0
Financial income	-7	-4
Financial expenses	76	105
Other non-cash expenses/income	52	79
Operating result before changes to net current assets	2,972	3,540
Increase/decrease in provisions	177	53
Increase/decrease in trade accounts receivable	1,645	1,718
Increase/decrease in receivables from companies in which an equity investment is held	-20	-4
Increase/decrease in assets held for sale	0	294
Increase/decrease in other assets	-853	-270
Changes in reinsurance policy	-18	-53
Increase/decrease in inventories	-1,587	-930
Increase/decrease in trade accounts payable	376	-429
Increase/decrease in liabilities to companies in which an equity investment is held	2	7
Increase/decrease in prepayments received	360	446
Increase/decrease in other liabilities	-153	-1,350
Cash from current activities	2,901	3,022
Interest paid	-56	-79
Income tax paid	-1,564	-943
Cash flow from operating activities	1,281	2,001
Cash flow from investing activities		
Payments for the purchase of property, plant and equipment and intangible assets	-1,976	-1,299
Payments received from non-current receivables	12	12
Interest received	5	2
Cash flow from investing activities	-1,960	-1,285
Cash flow from financing activities		
Payments received from loans and liabilities to banks	1,500	500
Repayments of loans and liabilities to banks	-883	-709
Repayment of liabilities to shareholders	0	-2
Cash flow from financing activities	617	-211
Effect of exchange rate fluctuations	50	19
Effect of changes in exchange rates on cash and cash equivalents	53	30
Net increase/decrease in cash and cash equivalents	42	554
Cash and cash equivalents at the beginning of the reporting period	6,516	7,456
Cash and cash equivalents at the end of the reporting period	6,558	8,010