

## III. Quarterly Statement

for the period from 01/10/2015 to 30/06/2016



	01/10/2015 - 30/06/2016 in T€	01/10/2014 - 30/06/2015 in T€	Change in %
<b>Consolidated Income Statement</b>			
Revenue	68,761	67,166	2.4
Gross profit	44,925	44,611	0.7
Operating result/EBIT	8,785	9,494	-7.5
Earnings before tax (EBT)	8,508	9,161	-7.1
Consolidated net income	5,713	6,709	-14.8
<b>Share</b>			
Earnings per share in €	1.03	1.19	-13.4
Number of shares	5,512,930	5,512,930	0.0
<b>Cash flow</b>			
Operating cash flow <sup>1)</sup>	9,672	7,232	33.7
<b>Staff</b>			
Average number of staff	552	528	4.5
<b>Statement of Financial Position</b>			
	30/06/2016 in T€	30/09/2015 in T€	Change in %
Non-current assets	43,829	41,524	5.6
Current assets	49,420	49,111	0.6
Shareholders' equity	60,359	57,514	4.9
Non-current liabilities	14,219	15,084	-5.7
Current liabilities	18,671	18,414	1.4
Total assets	93,249	91,012	2.5
Equity capital ratio as a %	64.7	63.2	2.4

1) Cash from current business activities

## Financial Calendar

15 December 2016

**Preliminary figures for financial year 2015/2016**

31 January 2017

**Annual Report 2015/2016**

### 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

After disappointing economic data had been published several times, the International Monetary Fund (IMF) lowered its global growth forecast for the current year for the second time.

Great Britain's vote to leave the EU has clouded over the global economic prospects. The fact that the general economic conditions have stabilised in the two largest economies, the U.S. and China is assessed as positive, however. It appears as though the economic downturn has also bottomed out in many emerging markets. The emerging markets are the ones that benefit, in particular, from the recovery of the raw material prices.

## Development of Business

The Hönle Group generated sales revenues of T€68,761 in the first nine months of financial year 2015/2016. This 2.4 % increase in sales relative to the figure for the corresponding prior-year period is due to the sales growth in the Equipment & Systems segment. The operating result (EBIT) of T€8,785 was 7.5 % below the prior-year's figure. The decline in the Group's earnings is primarily associated with the development in the Adhesives segment. Weaker demand in the smartphone business led to lower sales revenues and earnings in this segment.

Sales revenues generated in the Adhesives segment amounted to T€16,734, down 5.1 % on the previous year's figure. Lower sales figures with customers in the smartphone business resulted in a decline in adhesives sales. Although, at present, the launch of new smartphone models is contributing to rising sales in the Adhesives segment, sales revenues lagged behind expectations overall. Nevertheless, it is encouraging that the decline in sales generated with adhesives for smartphones was partly offset by sales revenues from business with new customers in other business fields, and by growing sales in the automotive business.

A perceptible recovery was noted in the Equipment & Systems segment. Sales revenues improved by 8.0 % to T€39,447 in the current financial year. This increase is mainly due to the favourable sales revenues earned by Dr. Hönle AG and Eltosch Grafix GmbH from business with the printing industry. UV drying systems for package printing, in particular, were responsible for this positive development.

PrintConcept UV-Systeme GmbH, which is specialised in the development of UV-systems for offset rotary printing, sold perceptibly more drying equipment to the printing industry than in the previous year and thus also contributed to the Hönle Group's sales growth.

At T€12,579, sales revenues generated in the Glass & Lamps segment dropped by 3.2 % year-on-year. Aladin GmbH sold more UV lamps than in the previous year and succeeded in increasing its sales revenues in the first nine months of the current financial year. New production processes led to

an improvement in reject rates in lamp manufacture. As a result, Aladin GmbH's earnings power improved in comparison with the previous year.

By contrast, sales revenues generated by the other companies operating in the Glass & Lamps segment were slightly below the previous year's level. Raesch Quarz (Germany) GmbH has successfully implemented the technical optimisation processes respecting quartz glass melting furnaces. The company contributed positively to earnings in the third quarter and thus ushered in a turnaround. We are pleased to report that incoming orders as well as orders on hand at Raesch Quarz (Germany) GmbH are also clearly higher than in the previous year.

## Results of Operations

The Hönle Group's operating result (EBIT) contracted 7.5 % to T€8,785 in the first nine months of the financial year. This is largely attributable to a drop in the gross profit margin caused by a change in the product mix (lower proportion of adhesives sales revenues), expenses of about T€300 incurred in connection with the DRUPA trade fair and, in addition, to the fact that no special income was earned this year from the sale of brand rights in comparison with T€313 of special income generated in the previous year. Moreover, off-period personnel expenses of T€160 incurred at Dr. Hönle AG and start-up losses of T€227 reported by the newly founded SKC-Panacol Co., Ltd. in South Korea impacted negatively on earnings.

Sales revenues generated in the Equipment & Systems segment climbed by 8.0% to T€39,447 driven by strong demand from the printing industry. The segment's operating result rose by 5.2 % to T€5,221.

At T€12,579, sales revenues generated in the Glass & Lamps segment were down 3.2 % from the prior-year period. Despite the lower sales volume, the operating result improved from T€176 to T€388 as a result of technical optimisation processes and lower reject rates at Aladin GmbH and Raesch Quarz (Germany) GmbH.

Sales revenues achieved in the Adhesives segment dropped by 5.1 % to T€16,734 in the current financial year due to weaker demand for industrial adhesives, particularly in the smartphone business. In this connection, the operating result contracted by 27.0 % to T€3,176.

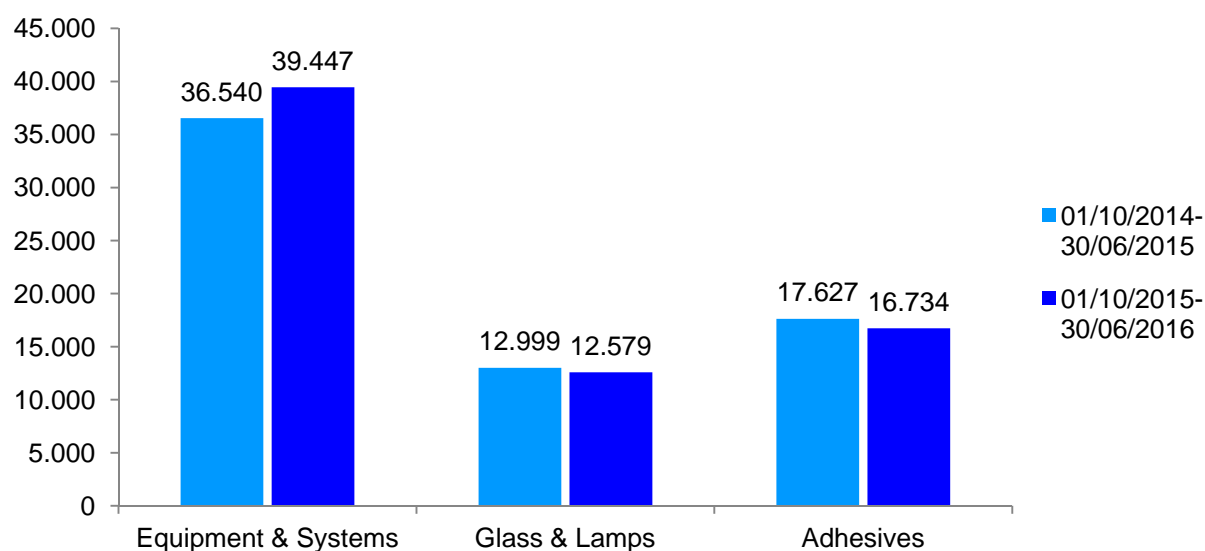
The Hönle Group's earnings before tax decreased from T€9,161 to T€8,508. Consolidated net income amounted to T€5,713 (PY: T€6,709). This corresponds to earnings per share of €1.03 (PY: €1.19). The EBIT margin came to 12.3 % in the reporting year after 14.1 % in the previous year. Net profit on sales dropped from 10.0 % to 8.3 %.

The cost of materials ratio edged up from 36.0 % in the previous year to 37.9 % in the current financial year. The personnel expense ratio remained unchanged at 32.5 %. The other operating expenses ratio decreased from 16.7 % in the previous year to 15.4 % in the current financial year.

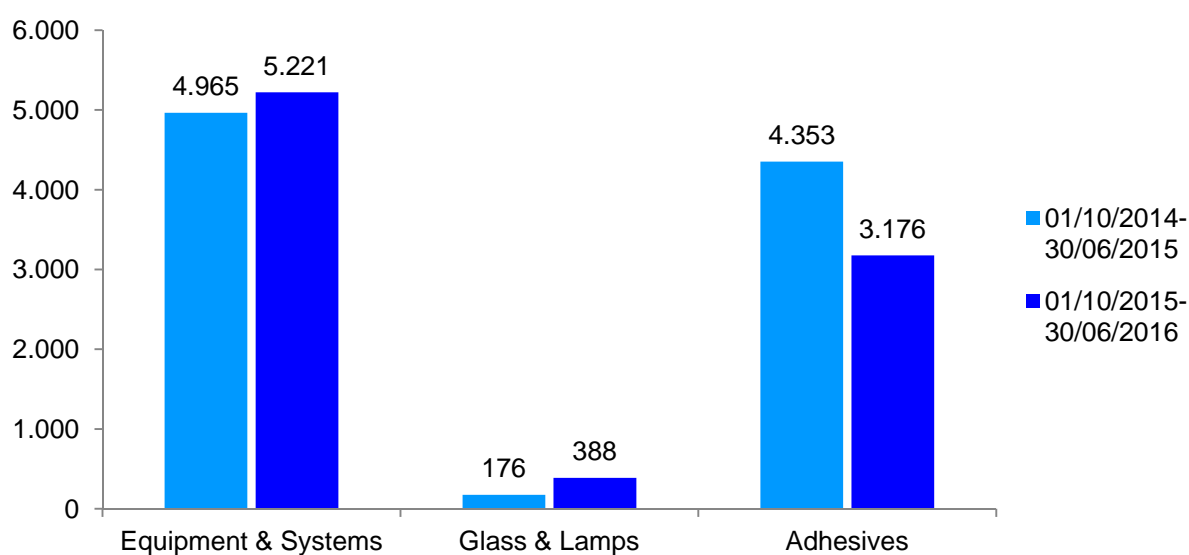
## Earnings Development

in T€	01/10/2015 - 30/06/2016	01/10/2014 - 30/06/2015	Change
Revenue	68,761	67,166	2.4 %
Gross profit	44,925	44,611	0.7 %
Operating result (EBIT)	8,785	9,494	-7.5 %
Earnings before tax (EBT)	8,508	9,161	-7.1 %
<b>Consolidated net income</b>	<b>5,713</b>	<b>6,709</b>	<b>-14.8 %</b>
Earnings per share in €	1.03	1.19	-13.4 %

## Sales by Segment (in T€)



## Operating result by segment (in T€) <sup>1)</sup>



<sup>1)</sup> The previous year's values were adjusted to the presentation of the current financial year.

## Financial Position

The Hönle Group generated cash from operating activities in the amount of T€9,672 (PY: T€7,232) in the first nine months of financial year 2015/2016. At T€3,875, investments were up from the previous year's level of T€1,476. In addition to expenses incurred for business equipment and software licenses, the investments related, inter alia, to technical equipment at Dr. Hönle AG, Raesch Quarz (Germany) GmbH and at Panacol-Elosol GmbH.

Cash flow from financing activities amounted to T€-3,812 (PY: T€-4,809) and is largely attributable to dividend payments of T€3,301 (PY: T€2,905) and the repayment (T€-1,544) and taking out of bank loans (T€840).

In all, cash and cash equivalents decreased by T€1,851 to T€5,605 in the current financial year.

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### Cash Flow and Liquidity Development

in T€	01/10/2015 - 30/06/2016	01/10/2014 - 30/06/2015	Change
<b>Cash from</b>			
<b>current activities</b>	<b>9,672</b>	<b>7,232</b>	<b>33.7 %</b>
Cash flow from investing activities	-3,875	-1,476	-162.5 %
Cash flow from financing activities	-3,812	-4,809	20.7 %
Change in cash and cash equivalents	-1,851	-1,811	-2.2 %

## Net Assets

Non-current assets grew by 5.6 % to T€43,829 in the current financial year, largely due to the rise in property, plant and equipment at Raesch Quarz (Germany) GmbH. Inventories climbed by 11.8 % to T€28,008 mainly as a consequence of the increase in inventories at Dr. Hönle AG and Raesch Quarz (Germany) GmbH. Liquid assets dropped from T€7,456 to T€5,605.

With an equity ratio of 64.7 %, the Hönle Group's financing continues to be on very solid ground.

Non-current liabilities decreased by T€865 to T€14,219 in the first nine months of the financial year, primarily due to the repayment of loans. Current liabilities came to T€18,671, which is slightly below the previous year's figure of T€18,414.

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### Statement of Financial Position

in T€	30/06/2016	30/09/2015	Change
Non-current assets	43,829	41,524	5.6 %
Current assets	49,420	49,111	0.6 %
Shareholders' equity	60,359	57,514	4.9 %
Non-current liabilities	14,219	15,084	-5.7 %
Current liabilities	18,671	18,414	1.4 %
<b>Total assets</b>	<b>93,249</b>	<b>91,012</b>	<b>2.5 %</b>

## Outlook

### *Overall Market*

Prospects for the further development of the global economy have been dampened somewhat. Great Britain's vote to leave the EU impairs the global economic prospects and the upcoming separation process involves political and economic uncertainties. The International Monetary Fund (IMF) lowered its forecasts for global economic growth slightly to 3.1 % for the current year and to 3.4 % for 2017. The causes for weaker global economic momentum can be easily identified: In addition to uncertainties associated with the upcoming "Brexit", many industrialised countries are still suffering from the aftermath of the financial crisis and the rise in public sector debt. The IMF revised its outlook respecting the industrialised countries to moderate growth of 1.8 % in each case for 2016 and 2017. The actual reason for weaker economic momentum and the continued downward adjustments of forecasts is found in the emerging countries. Lower growth rates are particularly apparent in the BRIC countries (except for India): Following economic output of 4.6 % and 4.0 %, respectively, in the last two years, only a slight rebound of 4.1 % is predicted for 2016. Economic dynamics are unlikely to pick up to any significant extent before 2017 when a more pronounced increase of 4.6 % is expected.

### *Outlook for the Höhle Group*

At the end of July, the Höhle Group revised down its expectations for the current financial year. The Company forecasts sales revenues of between €90 million to €92 million for financial year 2015/2016, and the operating result (EBIT) is expected to range between €12 million and €13 million. Initially, the Company had predicted sales revenues and operating result to be roughly on par with the previous year's level (€92.2 million and €13.5 million, respectively). Expectations were adjusted, in particular, due to the developments in the Adhesives segment. As a result of weaker demand in the smartphone business, sales revenues will probably be below the projected figures. In addition, incoming orders in the Equipment & Systems segment decreased in the context of DRUPA, the world's largest trade fair for print media, and this will temporarily lead to weaker sales in the fourth quarter. Positive sales effects from the DRUPA trade fair are not expected to make themselves felt before the subsequent quarters.

### *Outlook for the 2016/2017 Financial Year*

A positive business development is expected in the Glass & Lamps segment for financial year 2016/2017. It is assumed that this development will be driven by Raesch Quarz (Germany) GmbH, in particular. After successful implementation of technical optimisation processes, the company achieved positive earnings contributions in the third quarter and thus ushered in a turnaround. While the result for financial year 2015/2016 will probably be still negative, clearly positive earnings contributions are expected for the coming financial year.

Sales and earnings are also projected to rise in the Adhesives segment in the next financial year. The significant expansion of the retailer network in Europe and ongoing projects in medical technology and consumer electronics will also contribute to this growth.

The Hönle Group plays a leading role in the field of LED drying technology in the digital- and sheet fed-offset printing segment, and growing sales revenues are predicted for this business segment for financial year 2016/2017. Moreover, the Hönle Group is expected to benefit from a modest upturn in the market for printing machines for package printing. Furthermore, the relocation of a production site from Unterlüß near Celle to Dr. Hönle AG at Gräfelfing is assumed to result in significant cost savings.

In all, the Management Board expects a significant increase in earnings in financial year 2016/2017.

## Consolidated Income Statement

for the period from 1 October 2015 to 30 June 2016

	01/10/2015 - 30/06/2016 in T€	01/10/2014 - 30/06/2015 in T€
<b>Revenue</b>	<b>68,761</b>	<b>67,166</b>
Changes in inventories of finished goods and work in progress	2,467	50
Other work performed by entity and capitalised	73	223
Other operating income	653	1,460
Cost of purchased materials and services	27,029	24,288
Personnel expenses	23,140	21,901
Depreciation and amortisation expenses	2,038	1,949
Other operating expenses	10,962	11,267
<b>Operating result/EBIT</b>	<b>8,785</b>	<b>9,494</b>
Profit/loss from investments accounted for using the equity method	1	1
Financial income	15	38
Financial expenses	294	373
Financial result	-278	-333
<b>Earnings before tax and non-controlling interest/EBT</b>	<b>8,508</b>	<b>9,161</b>
Tax income	2,795	2,452
<b>Consolidated net income</b>	<b>5,713</b>	<b>6,709</b>
Share in earnings attributable to non-controlling interest	31	150
Share in earnings attributable to Dr. Hönle AG's shareholders	5,681	6,559
Earnings per share (basic) in €	1.03	1.19
Earnings per share (diluted) in €	1.03	1.19
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 30 June 2016

<b>ASSETS</b>	<b>30/06/2016</b>	<b>30/09/2015</b>
<b>NON-CURRENT ASSETS</b>	<b>in T€</b>	<b>in T€</b>
Goodwill	18,849	18,849
Intangible assets	2,854	3,051
Property, plant and equipment	18,409	16,163
Investments accounted for using the equity method	53	50
Financial assets	32	32
Other non-current assets	844	810
Deferred tax assets	2,788	2,569
<b>Total non-current assets</b>	<b>43,829</b>	<b>41,524</b>
<b>CURRENT ASSETS</b>		
Inventories	28,008	25,055
Trade accounts receivable	12,497	13,513
Receivables from companies in which an equity investment is held	220	224
Other current assets	2,420	2,233
Current tax assets	670	631
Cash and cash equivalents	5,605	7,456
<b>Total current assets</b>	<b>49,420</b>	<b>49,111</b>
<b>Non-current assets held for sale</b>	<b>0</b>	<b>376</b>
<b>TOTAL ASSETS</b>	<b>93,249</b>	<b>91,012</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Subscribed capital	5,513	5,513
Own shares	-8	-8
Additional paid-in capital (capital reserves)	16,596	16,596
Retained earnings	36,440	33,776
<b>Equity attributable to Dr. Höhle AG's shareholders</b>	<b>58,541</b>	<b>55,877</b>
Non-controlling interest	1,818	1,637
<b>Total shareholders' equity</b>	<b>60,359</b>	<b>57,514</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current loans (less current portion)	6,721	8,034
Non-current portion of finance lease obligations	196	8
Other non-current liabilities	591	416
Pension accruals	4,825	4,567
Accrued public investment grants	482	533
Deferred tax liabilities	1,405	1,526
<b>Total non-current liabilities</b>	<b>14,219</b>	<b>15,084</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	5,095	4,990
Payables to companies in which an equity investment is held	0	7
Prepayments received	1,823	622
Current portion of finance lease obligations	36	3
Current liabilities to banks and current portion of non-current loans	3,410	3,022
Other current liabilities	5,328	6,346
Other accruals	479	486
Current tax liabilities	2,501	2,938
<b>Current liabilities, total</b>	<b>18,671</b>	<b>18,414</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>93,249</b>	<b>91,012</b>

## Statement of Consolidated Cash Flows

for the period from 1 October 2015 to 30 June 2016

	01/10/2015- 30/06/2016 in T€	01/10/2014- 30/06/2015 in T€
<b>Cash flow from operating activities</b>		
Net income for the year before non-controlling interest and taxes	8,508	9,161
Adjustments for:		
Amortisation/depreciation of non-current assets	2,038	1,949
Gains/losses from the disposal of non-current assets	1	-306
Financial income	-16	-39
Financial expenses	294	373
Other non-cash expenses/income	174	-536
<b>Operating result before changes to net current assets</b>	<b>10,999</b>	<b>10,602</b>
Increase/decrease in accruals	172	190
Increase/decrease in trade accounts receivable	1,084	-1,537
Increase/decrease in receivables from companies, in which an equity investment is held	4	-208
Increase/decrease in assets held for sale	294	0
Increase/decrease in other assets	-187	604
Changes in reinsurance policy	-71	-65
Increase/decrease in inventories	-3,226	-2,235
Increase/decrease in trade accounts payable	132	-481
Increase/decrease in payables to companies in which an equity investment is held	-7	-27
Increase/decrease in prepayments received	1,201	950
Increase/decrease in other liabilities	-723	-570
Increase/decrease in accrued public investment grants	0	9
<b>Cash from current activities</b>	<b>9,672</b>	<b>7,232</b>
Interest paid	-214	-258
Income taxes paid	-3,605	-2,507
<b>Cash flow from operating activities</b>	<b>5,853</b>	<b>4,467</b>
<b>Cash flow from investing activities</b>		
Payments received from the sale of non-current assets	0	405
Acquisition of subsidiaries, less net cash and cash equivalents acquired	149	0
Payments for the purchase of non-controlling interest	0	-356
Payments for the purchase of investments accounted for using the equity method	0	-147
Payments for the purchase of property, plant and equipment and intangible assets	-4,076	-1,316
Payments received from non-current receivables	37	54
Payments made for non-current receivables	0	-150
Payments received from interest	15	19
Payments received from dividends	0	15
<b>Cash flow from investing activities</b>	<b>-3,875</b>	<b>-1,476</b>
<b>Cash flow from financing activities</b>		
Payments received from loans and liabilities to banks	840	350
Repayments of loans and liabilities to banks	-1,544	-2,000
Repayment of liabilities to shareholders	-77	-254
Dividends paid	-3,031	-2,905
<b>Cash flow from financing activities</b>	<b>-3,812</b>	<b>-4,809</b>
Currency differences	-31	-218
Currency-related changes in cash and cash equivalents	13	67
Changes in the consolidated group	0	158
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-1,851</b>	<b>-1,811</b>
Cash and cash equivalents at the beginning of the reporting period	7,456	5,685
Cash and cash equivalents at the end of the reporting period	5,605	3,874