



QUARTERLY REPORT

30 September 2016



INNOVATION · QUALITY · SERVICE · DESIGN · SUSTAINABILITY

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At a glance

The EINHELL Group managed to increase its business volume considerably between January and September 2016 and generated revenue of EUR 373.9 million.

Operating earnings before PPA effects amount to EUR 17.0 million. This is equivalent to a profit margin of about 4.5%. Purchase price allocation (PPA) effects squeeze earnings by EUR 1.4 million. Adjusted for PPA effects, operating earnings amount to EUR 15.6 million and the pre-tax margin is roughly 4.2%.

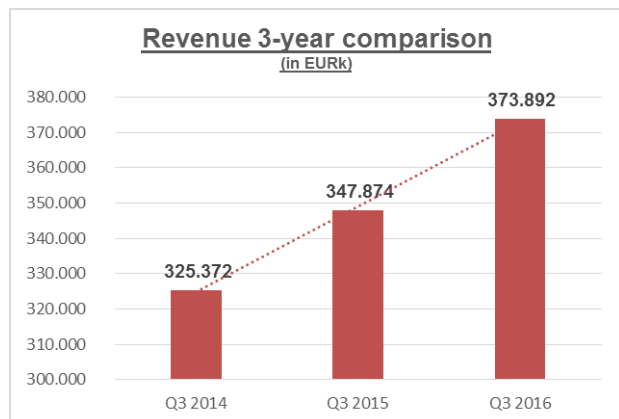
Financial figures

Revenue		
Q3 2016	373.892	+7,5%
Q3 2015	347.874	
Profit before income taxes (before PPA)*		
Q3 2016	16.975	+25,0%
Q3 2015	13.584	
Profit before income taxes (after PPA)*		
Q3 2016	15.590	+28,7%
Q3 2015	12.114	
EBIT (before PPA)*		
Q3 2016	20.024	+27,8%
Q3 2015	15.674	
EBIT (after PPA)*		
Q3 2016	18.770	+30,3%
Q3 2015	14.400	
Equity ratio		
Q3 2016	55,8%	+6,7%
Q3 2015	52,3%	
Profit per share		
Q3 2016	2,7	+22,7%
Q3 2015	2,2	
Net debt		
Q3 2016	33.320	-34,1%
Q3 2015	50.593	
Staff		
Q3 2016	1.375	+3,6%
Q3 2015	1.327	

* PPA = Purchase Price Allocation

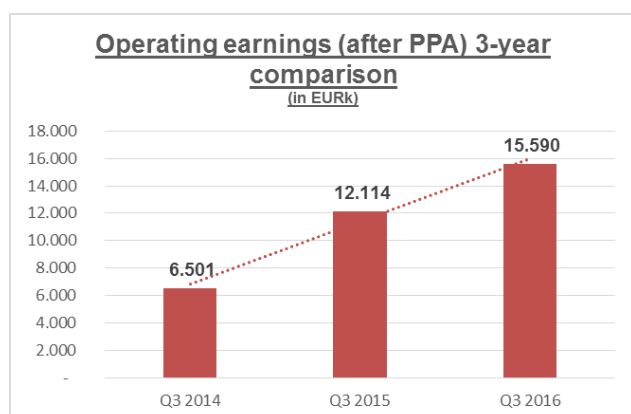
Revenue, earnings and financial position

Revenue

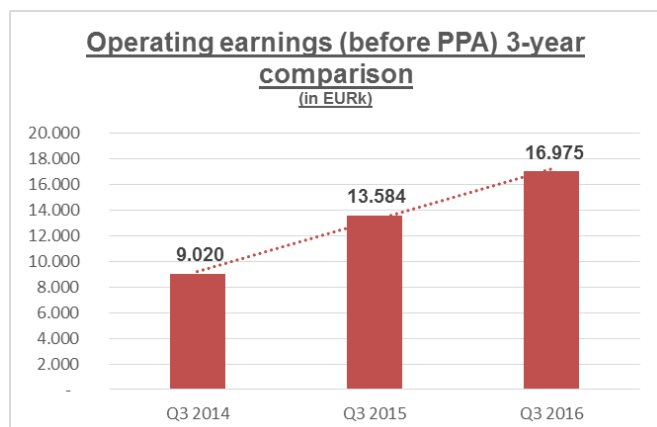


From January to September 2016, the EINHELL Group generated revenue of EUR 373.9 million (previous year: EUR 347.9 million). Revenue is thus considerably above the prior-year level.

Earnings



From January to September 2016, the EINHELL Group generated operating earnings of EUR 15.6 million (previous year: EUR 12.1 million). The pre-tax margin amounts to 4.2% (previous year: 3.5%).



Purchase price allocation (PPA) effects took earnings down by EUR 1.4 million. Without PPA effects, operating earnings would have amounted to EUR 17.0 million and the pre-tax margin to 4.5%.

The earnings situation has further improved considerably compared to the prior-year period.

Consolidated net profit after minority interest amounts to EUR 10.0 million in the period under review (previous year: EUR 8.4 million). Earnings per share amount to EUR 2.7 (previous year: EUR 2.2 per share).

The high quality of the products had a positive effect on the gross profit margin. This is confirmed by several awards won by EINHELL products.

Compared to the prior-year period, personnel expenses increased slightly to EUR 46.2 million (previous year: EUR 43.8 million).

Despite the increase in revenue, the level of other expenses was kept relatively stable at EUR 51.2 million (previous year: EUR 51.3 million), supported by several measures, especially in the field of logistics.

As a result of high refinancing costs in some countries with high interest rates, the financial result of EUR -3.2 million (previous year: EUR -2.3 million) was lower than in the prior-year period.

Financial position

The key line items in the statement of financial position as at 30 September 2016 and 30 September 2015 are as follows:

	Q3 2016	Q3 2015
	in EUR million	in EUR million
Non-current assets incl. deferred tax assets	47.6	50.4
Inventories	123.0	125.4
Receivables and other assets	116.7	122.4
Cash and cash equivalents	8.2	10.2
Equity	165.0	161.4
Liabilities to banks	41.5	60.8

In the reporting period, the EINHELL Group made investments amounting to EUR 2.6 million (previous year: EUR 3.9 million). Most investments refer to intangible assets and property, plant and equipment.

Goods inventories were down on the previous year to EUR 123.0 million (previous year: EUR 125.4 million).

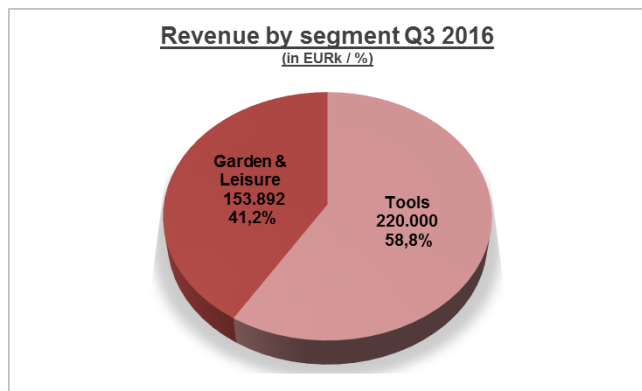
Trade receivables are shown after deduction of impairment for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 2.9 million year-on-year to EUR 94.4 million in the period under review (previous year: EUR 91.5 million).

Other current assets decreased to EUR 22.3 million, down from EUR 30.9 million in the previous year. The higher prior-year level is the result of significantly higher positive market values of currency derivatives.

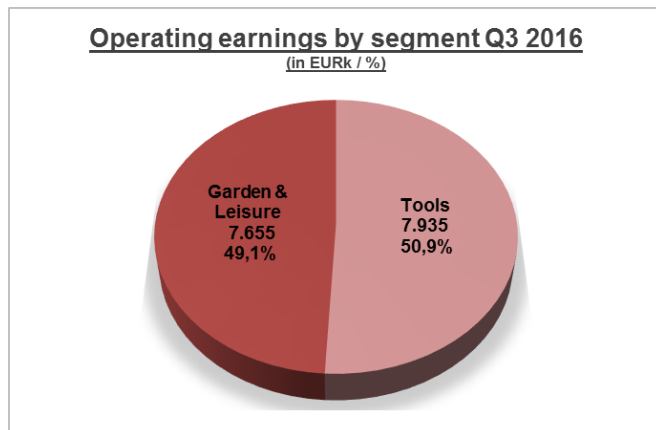
Cash and cash equivalents amount to EUR 8.2 million on the reporting date (previous year: EUR 10.2 million). Compared to the previous year, liabilities to banks decreased from EUR 60.8 million to EUR 41.5 million. This is mainly driven by the strong earnings performance.

Segments and regions

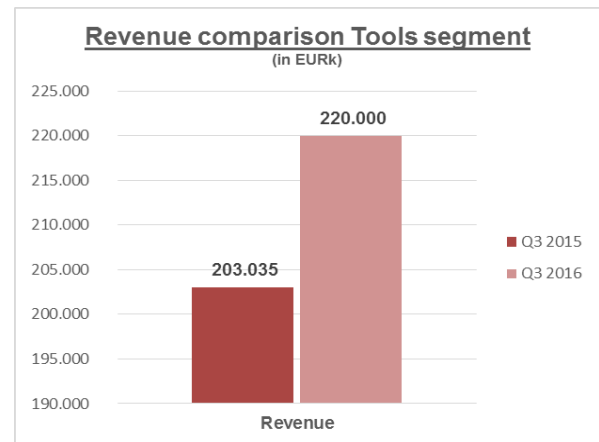
Performance by segment



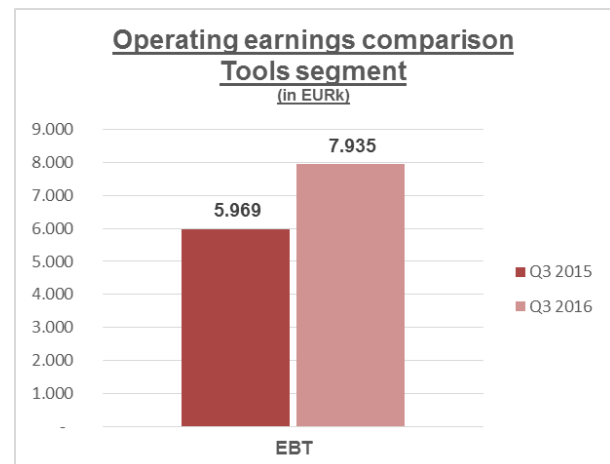
The revenue performance was positive in the first nine months of financial year 2016. Both the Tools and the Garden & Leisure segment managed to achieve higher revenues than in the year before.



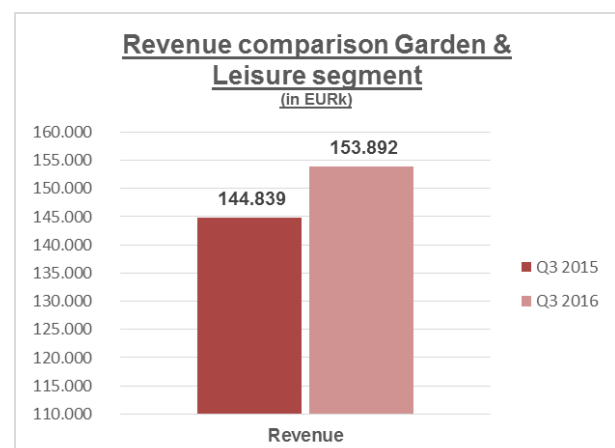
Tools segment



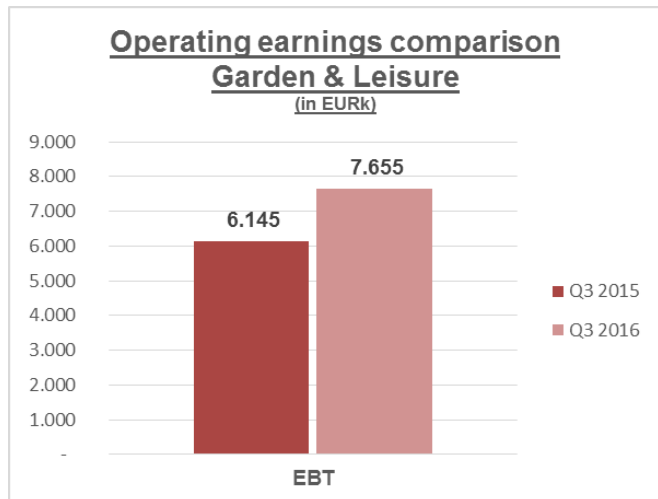
In the Tools segment, revenue amounted to EUR 220.0 million in the first nine months of the 2016 financial year (previous year: EUR 203.1 million). The most significant sales in this segment were generated by products in the electric power tools, compressed air technology and wood processing ranges. Products by kwb Germany are reported in the Tools segment.



Garden & Leisure segment

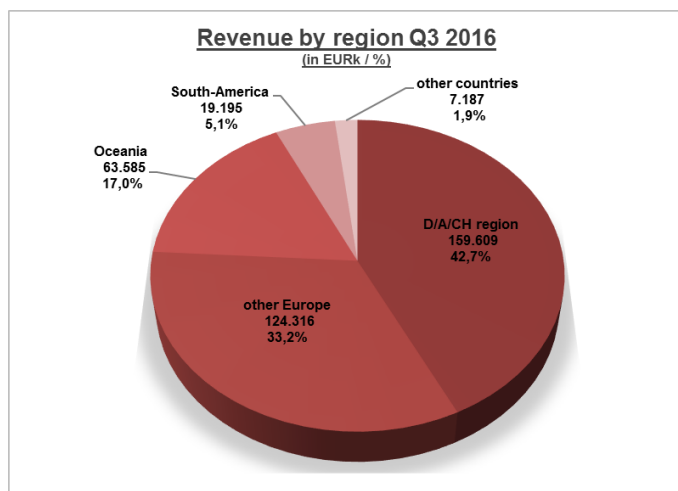


In the Garden & Leisure segment, revenue came out to EUR 153.9 million (previous year: EUR 144.8 million). High revenues were mainly generated with lawn and garden care products. Lawn mowers, products from the tree and shrub care ranges as well as products related to water technology sold particularly well.



Performance by region

The procurement behaviour of international major customers has changed and as a result we have adjusted our reporting structure. The “Asia” region, which was previously seen as separate, is from now on included in “other countries”. Because of the significance of the sales markets Australia and New Zealand, the “Oceania” region will from now on be treated as a region on its own. Revenues in this region had previously been included in “other countries”. The figures for the previous year were adjusted to the new structure.



In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 159.6 million (previous year: EUR 146.1 million). The share in consolidated revenue amounts to 42.7% (previous year: 42.0%).

Revenue in the rest of Europe rose to EUR 124.3 million (previous year: EUR 111.8 million). France, Italy and the UK are among the largest sales markets here.

Oceania saw slight revenue growth from EUR 62.4 million to EUR 63.6 million. Revenues in this region are mainly generated by Ozito Industries.

South America also managed to achieve slight revenue growth to EUR 19.2 million (previous year: EUR 18.2 million).

The other countries including Asia did not improve their revenue figures compared to the prior-year period. Compared to the prior-year period, revenue dropped by EUR 2.2 million to EUR 7.2 million (previous year: EUR 9.4 million).

Events after reporting date

No events that are significant with regard to net assets, financial position and results of operations occurred until the preparation of the quarterly notification.

Outlook

The Board of Directors’ assumptions and forecasts are based on the information currently available. The future business development depends on numerous factors, especially on the developments in the crisis regions and the trends on the currency markets.

Given the positive performance of the various Group companies in the third quarter of 2016, we raised our revenue forecast for the full year from EUR 470 million to about EUR 475 million. We expect operating earnings of approximately EUR 14.0 million to EUR 15.0 million. This already takes account of the possible course of action regarding a sustainable solution for Einhell Brazil. According to the current available budgets we expect further increase in turnover up to approximately EUR 500 million for the financial year 2017.

Consolidated statement of financial position (IFRS) as at 30 September 2016 (abbreviated)

Assets	30.09.2016 EURk	30.09.2015 EURk
NON-CURRENT ASSETS		
Intangible assets	20,420	22,086
Property, plant and equipment	19,611	19,936
Non-current financial assets	380	375
Other non-current assets	1,259	1,697
Deferred tax assets	5,915	6,343
	47,585	50,437
CURRENT ASSETS		
Inventories	122,988	125,448
Trade receivables	94,393	91,481
Other assets	22,348	30,893
Cash and cash equivalents	8,212	10,215
	247,941	258,037
	<u>295,526</u>	<u>308,474</u>

Equity and liabilities	30.09.2016 EURk	30.09.2015 EURk
EQUITY		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	136,376	128,860
Other reserves	-9,595	-5,622
Equity of shareholders of Einhell Germany AG	163,120	159,577
Non-controlling interest	1,858	1,837
	164,978	161,414
NON-CURRENT LIABILITIES		
Provisions	3,978	3,355
Liabilities from debt capital	30,035	30,000
Deferred tax liabilities	2,159	3,839
Other liabilities	394	7,529
	36,566	44,723
CURRENT LIABILITIES		
Trade payables	35,102	29,227
Provisions	23,027	20,896
Liabilities from debt capital	11,497	30,808
Other liabilities	24,356	21,406
	93,982	102,337
	<u>295,526</u>	<u>308,474</u>

Consolidated income statement (IFRS) for the period from 1 January to 30 September 2016

	01.01. – 30.09.2016	01.01. – 30.09.2015
	EURk	EURk
Revenue	373,892	347,874
Other operating income	2,918	3,978
Cost of materials	-256,573	-238,612
Personnel expenses	-46,201	-43,761
Depreciation and amortisation	-4,064	-3,760
Other operating expenses	-51,202	-51,319
Financial result	-3,180	-2,286
Profit before income taxes	15,590	12,114
Income taxes	-5,250	-3,406
Consolidated net profit	10,340	8,708
Thereof share of minority shareholders in consolidated net profit/loss	310	272
Thereof share in consolidated net profit/loss of shareholders of Einhell Germany AG	10,030	8,436

Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 September 2016

in EURk	01.01. – 30.09.2016	01.01. – 30.09.2015
Cash flows from/used in operating activities		
Profit before taxes	15,590	12,114
+ Depreciation and amortisation of intangible assets and property, plant and equipment	4,064	3,760
- Interest income	-78	-147
+ Interest expenses	1,724	1,775
+/- Other non-cash expenses and income	-59	1,705
Operating profit before changes in net working capital	21,241	19,207
+/- Decrease/increase in trade receivables	-32,169	-30,572
+/- Decrease/increase in inventories	15,284	-17,183
+/- Decrease/increase in other assets	967	-3,338
+/- Increase/decrease in non-current liabilities	-3,536	251
+/- Increase/decrease in current liabilities	14,674	8,488
+/- Increase/decrease in trade payables	-25,979	-27,020
Cash flows from/used in operating activities	-9,518	-50,167
- Taxes paid	-4,914	-2,576
+ Interest received	78	160
- Interest paid	-1,499	-1,276
Net cash from/used in operating activities	-15,853	-53,859
Cash flows from/used in investing activities		
- Payments to acquire assets	-2,604	-3,676
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	82	128
+/- Increase/decrease in goodwill	-315	0
+ Proceeds from disposal of consolidated companies	0	0
- Cash-outflow from changes to companies included in the consolidation	0	0
Net cash used in investing activities	-2,837	-3,548
Cash flows from/used in financing activities		
+/- Increase/decrease in financial liabilities	9,386	30,598
- Payments for acquisition of equity investments	-3,682	-100
+ Proceeds from non-controlling interest	0	0
- Dividend payments to shareholders of Einhell Germany AG	-2,139	-1,384
- Dividend payments to non-controlling interest	-100	0
- Payments for liabilities for finance leases	0	0
Net cash used in financing activities	3,465	29,114
Changes to cash and cash equivalents due to currency exchange	-869	2,254
Net decrease/increase in cash and cash equivalents	-16,094	-26,039
Cash and cash equivalents at beginning of reporting period	24,306	36,254
Cash and cash equivalents at end of reporting period	8,212	10,215

Segment reporting

The identification of reportable operating segments pursuant to IFRS 8 is based on the so-called management approach concept. The division of the EINHELL Group into two segments reflects a representation of business areas as well as the Group's internal management and reporting structures. The segments are "Tools" and "Garden & Leisure".

Income and expenses that cannot be directly allocated to one of the segments are shown in the reconciliation item.

Segment reporting by division

September 2016 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	220,000	153,892	373,892	0	373,892
Operating earnings for the segment	7,935	7,655	15,590	0	15,590

September 2015 in EURk	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	203,035	144,839	347,874	0	347,874
Operating earnings for the segment	5,969	6,145	12,114	0	12,114

The Tools segment includes electronic hand tools and stationary tools as well as hand-held tools and general electronic tools accessories. Garden & Leisure comprises the areas of garden and water technology as well as cooling and heating technology.

Segment reporting by region

September 2016 in EURk	D/A/CH region	Other Europe	Oceania	South America	Other countries	Group
External revenue	159,609	124,316	63,585	19,195	7,187	373,892

September 2015 in EURk	D/A/CH region	Other Europe	Oceania	South America	Other countries	Group
External revenue	146,039	111,812	62,368	18,211	9,444	347,874

The geographic allocation of revenue is based on the registered office of the invoice recipient. The decisive factor is the market where the revenue is generated.

Financial calendar 2017

Annual financial statements 31 December 2016	End of April 2017
Quarterly notification as of 31 March 2017	End of May 2017
Annual General Meeting 2017	Friday, 23 June 2017
Half year financial report as of 30 June 2017	End of August 2017
Quarterly notification as of 30 September 2017	End of November 2017

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Publication date

22 November 2016

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Disclaimer

This quarterly notification contains forward-looking statements. Forward-looking statements are based on specific assumptions and expectations at the time this notification is published. They are therefore subject to risks and uncertainties and actual results may differ considerably from the results in such forward-looking statements. Various risks and uncertainties are determined by factors that do not lie in the EINHELL Group's sphere of influence and can therefore not be estimated with certainty at present. This includes, without limitation, future market conditions and the economic trends as well as legal and political decisions.

There may be minor deviations in this report and in other reports due to rounding of totals and the calculation of percentage figures.

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