

QUARTELY REPORT

30. September 2019



100+
ARTICLES

POWER X-CHANGE

THE REVOLUTIONARY BATTERY SYSTEM
FOR CORDLESS FREEDOM IN WORKSHOP AND GARDEN

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At a glance

The EINHELL Group managed to increase its business volume between January and September 2019 and generated revenue of EUR 463.0 million, which is slightly lower than targeted.

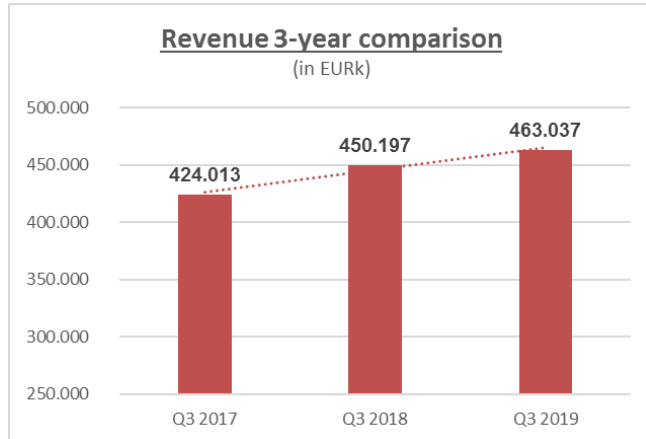
Profit before income taxes stands at EUR 26.6 million and is thus also slightly below expectations. This corresponds to a margin before income taxes of about 5.8%.

Financial figures

| Revenue | | |
|----------------------------|---------|--------|
| Q3 2019 | 463.037 | +2,9% |
| Q3 2018 | 450.197 | |
| Profit before income taxes | | |
| Q3 2019 | 26.636 | -12,7% |
| Q3 2018 | 30.494 | |
| EBIT | | |
| Q3 2019 | 29.116 | -12,0% |
| Q3 2018 | 33.075 | |
| Equity ratio | | |
| Q3 2019 | 57,8% | +18,0% |
| Q3 2018 | 49,0% | |
| Profit per share | | |
| Q3 2019 | 5,1 | -10,5% |
| Q3 2018 | 5,7 | |
| Net debt | | |
| Q3 2019 | 28.263 | -64,9% |
| Q3 2018 | 80.491 | |
| Staff | | |
| Q3 2019 | 1.570 | -0,6% |
| Q3 2018 | 1.580 | |

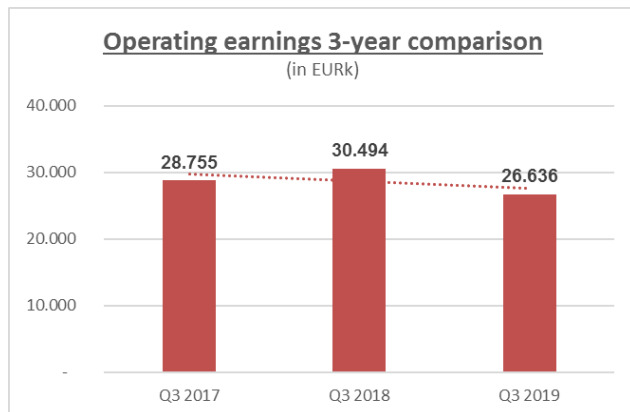
Revenue, earnings and financial position

Revenue



From January to September 2019, the EINHELL Group generated revenue of EUR 463.0 million (previous year: EUR 450.2 million). Revenue is therefore higher than in the prior year, but slightly lower than anticipated.

Earnings



From January to September 2019, the EINHELL Group generated profit before income taxes of EUR 26.6 million (previous year: EUR 30.5 million). The pre-tax margin is 5.8% (previous year: 6.8%).

The earnings situation has thus deteriorated somewhat compared with the previous year.

Consolidated net profit after minority interest amounts to EUR 19.4 million in the period under review (previous year: EUR 21.5 million). Earnings per share amount to EUR 5.1 (previous year: EUR 5.7 per share).

Personnel expenses increased compared to the prior-year period to EUR 59.1 million (previous year: EUR 56.5 million).

Following first-time adoption of IFRS 16, depreciation expenses are up by EUR 3.0 million in financial year 2019. The previous year's depreciation figure still included EUR 0.8 million from the purchase price allocation of the Ozito Industries Pty Ltd takeover.

Other expenses decreased from EUR 68.6 million to EUR 65.6 million. As a result of the first-time adoption of IFRS 16, other operating expenses no longer include rents and lease expenses from contracts subject to IFRS 16 accounting. IFRS 16 takes other operating expenses down by about EUR 2.8 million. Without this effect, other operating expenses would have been at the previous year's level.

The financial result of EUR -2.5 million is nearly on a par with the previous year (previous year: EUR -2.6 million).

Financial position

The key line items in the statement of financial position as at 30 September 2019 and 30 September 2018 are as follows:

| | Q3 2019 | Q3 2018 |
|--|----------------|----------------|
| | in EUR million | in EUR million |
| Non-current assets incl. deferred tax assets | 68.8 | 52.4 |
| Inventories | 155.7 | 187.5 |
| Receivables and other assets | 135.8 | 134.1 |
| Cash and cash equivalents | 10.9 | 8.3 |
| Equity | 214.3 | 187.2 |
| Liabilities to banks | 39.1 | 88.8 |

In the period under review, the Einhell Group's capex amounted to EUR 10.5 million (previous year: EUR 5.2 million). The majority of this was spent on operating and office equipment and assets under construction. The increase in non-current assets was also caused by the capitalisation of right-of-use assets in connection with leases of property, plant and equipment in the amount of EUR 8.8 million following first-time adoption of IFRS 16.

Goods inventories are down on the previous year to EUR 155.7 million (previous year: EUR 187.5 million). This means that excess stocks from the previous year were reduced.

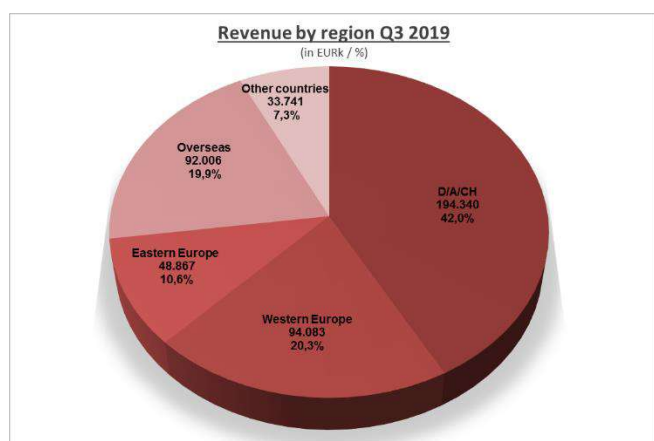
Trade receivables are shown after deduction of valuation allowances for expected future credit defaults. As a result of the rise in revenue, trade receivables also increased slightly year-on-year from EUR 103.9 million to EUR 106.5 million in the period under review.

At EUR 29.3 million, other current assets remained roughly at the previous year's level (previous year: EUR 30.1 million).

Cash and cash equivalents amount to EUR 10.9 million on the reporting date (previous year: EUR 8.3 million). Liabilities to banks decreased from EUR 88.8 million in the prior-year period to EUR 39.1 million. This was a result of the reduction in inventories combined with the positive earnings performance.

The other non-current and current liabilities increased, due primarily to the recognition of lease liabilities following the first-time adoption of IFRS 16.

Performance by region



The revenue performance was positive in the first nine months of financial year 2019.

Revenue in the individual regions developed as follows:

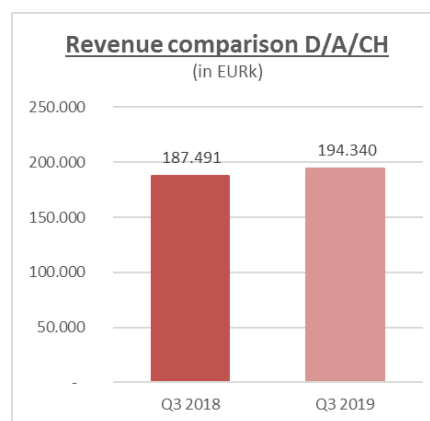
| in EURk | Q3 2019 | Q3 2018 |
|----------------------|----------------|----------------|
| D/A/CH region | 194,340 | 187,491 |
| Western Europe | 94,083 | 87,300 |
| Eastern Europe | 48,867 | 53,761 |
| Overseas | 92,006 | 93,357 |
| Other countries | 33,741 | 28,288 |
| Einhell Group | 463,037 | 450,197 |

Despite the increase in revenue, the Group was not able to increase its profit before income taxes, which amounts to EUR 26.6 million (previous year: EUR 30.5 million). The development in the individual regions was as follows:

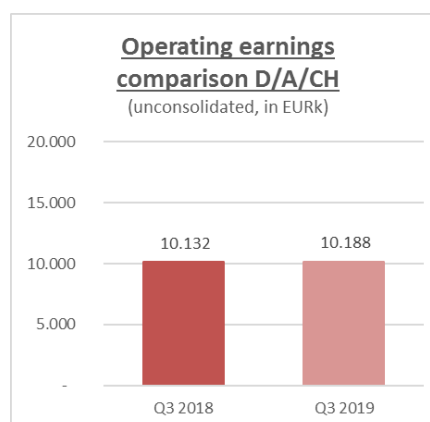
| in EURk | Q3 2019 | Q3 2018 |
|----------------------|---------------|---------------|
| D/A/CH region | 10,188 | 10,132 |
| Western Europe | 3,921 | 4,466 |
| Eastern Europe | 3,111 | 4,674 |
| Overseas | 6,964 | 8,911 |
| Other countries | 1,968 | 6,975 |
| Reconciliation | 484 | -4,664 |
| Einhell Group | 26,636 | 30,494 |

The reduction in stocks from the second half of 2018 and the corresponding lower gross profit margins in a tough market environment had a negative impact on earnings, particularly in the D/A/CH and Western Europe regions.

D/A/CH region

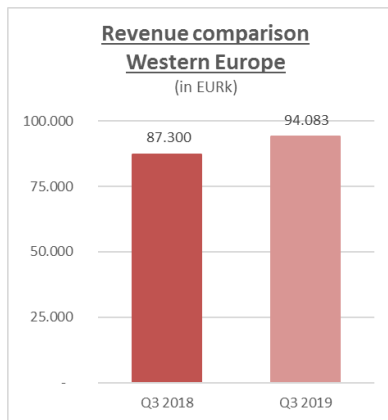


Revenue in the D/A/CH region amounts to EUR 194.3 million in the first nine months of financial year 2019 (previous year: EUR 187.5 million).



Profit before income taxes in the D/A/CH region is on a par with the previous year's level at EUR 10.2 million.

Western Europe

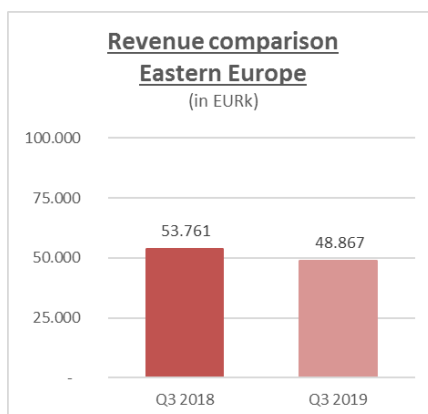


Revenue in the Western Europe region amounts to EUR 94.1 million (previous year: EUR 87.3 million). The companies with the highest revenue in the Western Europe region were Einhell France with EUR 29.3 million, Einhell UK with EUR 21.7 million and Einhell Italy with EUR 20.3 million.

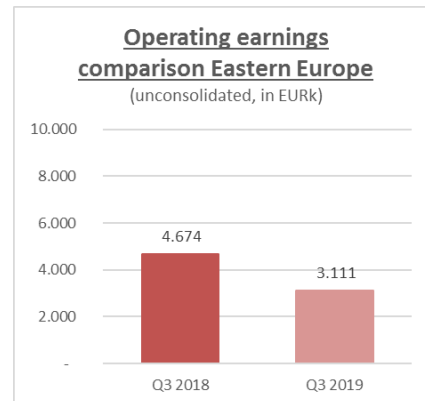


In the Western Europe region, profit before income taxes declined from EUR 4.5 million to EUR 3.9 million.

Eastern Europe

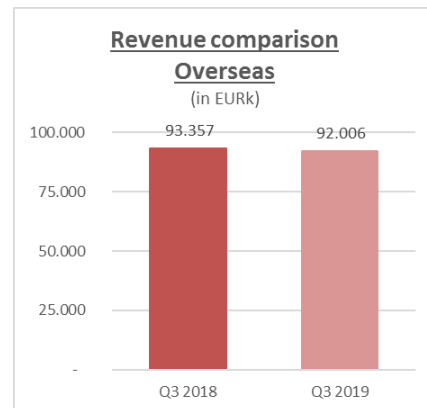


The Eastern Europe region did not manage to reach the high revenue level seen in the first nine months of the previous year. This was due to the difficult situation in Turkey, on the one hand, and the weakening economic development in the Eastern Europe region, on the other. The companies with the highest revenue in the Eastern Europe region were Einhell Poland and Einhell Croatia.

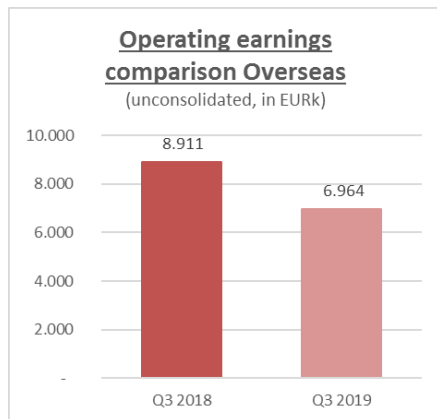


Because of the decline in revenue, the companies in the Eastern Europe region were not able to reach the earnings level of the prior-year period.

Overseas



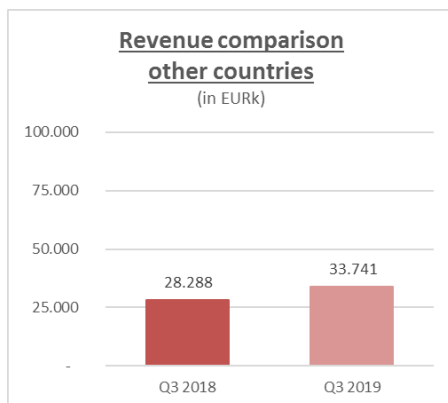
The Overseas region was unable to further expand its revenue volume in the first nine months of financial year 2019. Revenue fell from EUR 93.4 million to EUR 92.0 million. Currency effects had a negative effect of EUR 3.6 million on revenue. Revenue in the Overseas region is generated by the companies in Australia and South America.



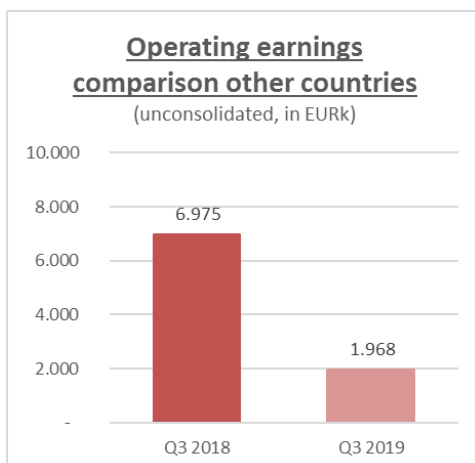
Profit before income taxes is below the previous year in the first nine months of financial year 2019.

The slight downward economic trend in Australia and the ongoing negative currency translation effects at our Argentinian subsidiary led to a decline in earnings.

Other countries



The Other countries were able to achieve a significant increase in revenue. This mainly includes the revenue of our companies in Hong Kong.



Most of the companies in China and Hong Kong function as Group procurement companies. An increas-

ingly aggressive price support entered by the distribution companies in financial year 2019 weighed on the earnings performance of these subsidiaries. The related support measures represent a massive investment in the further market penetration with the Einhell Power X-Change platform. These investments serve to secure Einhell's market position in the medium and long term.

Current strategic developments

In line with Einhell's continued internationalisation, the Group has recently established contact with a potential partner in South Africa. Furthermore, Einhell also wants to develop South East Asia as a target market. A wide range of products was adjusted to the US market. Einhell therefore expects revenue to pick up here from 2020.

The Power X-Change platform is to be opened further for potential partners. Together with e-scooter producer GOVECS, Einhell has already developed a kick scooter with Power X-Change batteries that has been approved for road use, and there will be more talks with different other partners in the future.

Our strategic aim is for our customer service to be considered one of the best in the entire DIY sector. With an outstanding combination of product and service, we intend to turn our customers into true Einhell fans. In order to find out how our end customers perceive our service organisation, we have been regularly conducting customer satisfaction surveys for many years. A team of the Institute for Sales, Retail and Marketing led by Professor Thomas Werani at the Johannes Kepler University in Linz carried out another set of extensive telephone interviews with customers who have used the spare parts or complaints service of iSC GmbH in Germany or Austria in financial year 2018. We are very pleased that the survey produced top marks for our customer service.

Following 18 months of construction, Einhell Germany AG was able to inaugurate Einhell Welt, our new office and exhibition building, in September. The new showroom is the heart of the building, allowing its visitors to experience the huge variety of Einhell products hands-on. Demonstration workshops, training rooms and the new outdoor testing facility give visitors the opportunity to thoroughly test, try and convince themselves of our product innovations.

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.

In financial year 2019, the Einhell Group expects revenue of approximately EUR 605 million and an operating margin before taxes of approximately 5.5%.

Consolidated statement of financial position (IFRS) as at 30 September 2019 (abbreviated)

| Assets | 30.09.2019 EURk | 30.09.2018 EURk |
|-----------------------------------|--------------------|--------------------|
| NON-CURRENT ASSETS | | |
| Intangible assets | 17,039 | 16,461 |
| Property, plant and equipment (*) | 41,641 | 24,216 |
| Non-current financial assets | 396 | 713 |
| Other non-current assets | 1,069 | 526 |
| Deferred tax assets | 8,446 | 10,458 |
| | 68,591 | 52,374 |
| CURRENT ASSETS | | |
| Inventories | 155,679 | 187,470 |
| Trade receivables | 106,524 | 103,921 |
| Other assets | 29,297 | 30,129 |
| Cash and cash equivalents | 10,858 | 8,260 |
| | 302,358 | 329,780 |
| | <u>370,949</u> | <u>382,154</u> |

(*) In accordance with the first-time adoption of IFRS 16, right-of-use assets (lease assets) of EUR 11.8 million were capitalised as at 1 January 2019.

| Equity and liabilities | 30.09.2019 EURk | 30.09.2018 EURk |
|---|--------------------|--------------------|
| EQUITY | | |
| Subscribed capital | 9,662 | 9,662 |
| Capital reserve | 26,677 | 26,677 |
| Retained earnings | 187,872 | 169,005 |
| Other reserves | -11,648 | -20,344 |
| Equity of shareholders of EINHHELL Germany AG | 212,563 | 185,000 |
| Non-controlling interest | 1,733 | 2,154 |
| | 214,296 | 187,154 |
| NON-CURRENT LIABILITIES | | |
| Provisions | 4,571 | 4,082 |
| Liabilities from debt capital | 25,038 | 104 |
| Deferred tax liabilities | 3,782 | 2,741 |
| Other liabilities (**) | 5,196 | 35 |
| | 38,587 | 6,962 |
| CURRENT LIABILITIES | | |
| Trade payables | 44,263 | 37,223 |
| Provisions | 27,536 | 30,879 |
| Liabilities from debt capital | 14,083 | 88,647 |
| Other liabilities (**) | 32,184 | 31,289 |
| | 118,066 | 188,038 |
| | <u>370,949</u> | <u>382,154</u> |

(**) In accordance with the first-time adoption of IFRS 16, liabilities for right-of-use assets (lease assets) of EUR 11.8 million were recognised as at 1 January 2019.

Consolidated income statement (IFRS) for the period from 1 January to 30 September 2019

| | 01.01. – 30.09.2019 | 01.01. – 30.09.2018 |
|--|------------------------|------------------------|
| | EURk | EURk |
| Revenue | 463,037 | 450,197 |
| Other operating income | 4,196 | 8,603 |
| Cost of materials | -307,589 | -296,783 |
| Personnel expenses | -59,065 | -56,530 |
| Depreciation and amortisation | -5,892 | -3,793 |
| Other operating expenses | -65,571 | -68,619 |
| Financial result | -2,480 | -2,581 |
| Profit before income taxes | 26,636 | 30,494 |
| Income taxes | -7,005 | -8,692 |
| Consolidated net profit | 19,631 | 21,802 |
| Thereof share of minority shareholders in consolidated net profit/loss | 214 | 311 |
| Thereof share in consolidated net profit/loss of shareholders of EINHELL Germany AG | 19,417 | 21,491 |

Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 September 2019

| in EURk | 01.01. – 30.09.2019 | 01.01. – 30.09.2018 |
|--|------------------------|------------------------|
| Cash flows from/used in operating activities | | |
| Profit before taxes | 26,636 | 30,494 |
| + Depreciation and amortisation of intangible assets and property, plant and equipment | 5,892 | 3,793 |
| - Interest income | -169 | -121 |
| + Interest expenses | 843 | 1,192 |
| +/- Other non-cash expenses and income | 1,000 | 442 |
| Operating profit before changes in net working capital | 34,202 | 35,800 |
| +/- Decrease/increase in trade receivables | -17,885 | -25,470 |
| +/- Decrease/increase in inventories | 34,760 | -9,882 |
| +/- Decrease/increase in other assets | 1,046 | -4,315 |
| +/- Increase/decrease in non-current liabilities | -2,398 | 107 |
| +/- Increase/decrease in current liabilities | 4,359 | -230 |
| +/- Increase/decrease in trade payables | -24,589 | -47,636 |
| Cash flows generated from operating activities | 29,495 | -51,626 |
| - Taxes paid | -6,111 | -11,232 |
| + Interest received | 174 | 84 |
| - Interest paid | -589 | -893 |
| Net cash from/used in operating activities | 22,969 | -63,667 |
| Cash flows from/used in investing activities | | |
| - Payments to acquire assets | -10,268 | -4,834 |
| - Payments for acquisition of consolidated companies | 0 | -738 |
| + Proceeds from disposal of assets | 177 | 24 |
| +/- Increase/decrease in goodwill | 0 | 0 |
| + Proceeds from disposal of consolidated companies | 0 | 600 |
| - Payments for investments in financial assets | 0 | -170 |
| - Cash-outflow from changes to companies included in the consolidation | 0 | 0 |
| Net cash used in investing activities | -10,091 | -5,118 |
| Cash flows from/used in financing activities | | |
| + Proceeds from taking out financial liabilities | 0 | 66,681 |
| - Payments for repayment of financial liabilities | -7,707 | 0 |
| - Payments for acquisition of equity investments | 0 | 0 |
| + Proceeds from non-controlling interest | 0 | 0 |
| - Dividend payments to shareholders of EINHELL Germany AG | -5,158 | -4,404 |
| - Dividend payments to non-controlling interest | -618 | -200 |
| - Payments for redemption portion of lease liabilities | -2,989 | 0 |
| Net cash used in financing activities | -16,472 | 62,077 |
| Changes to cash and cash equivalents due to currency exchange | 355 | 568 |
| Net decrease/increase in cash and cash equivalents | -3,239 | -6,140 |
| Cash and cash equivalents at beginning of reporting period | 14,097 | 14,400 |
| Cash and cash equivalents at end of reporting period | 10,858 | 8,260 |

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 regions reflects the Group's internal management and reporting structures. The regions are: "D/A/CH region", "Western Europe", "Eastern Europe", "Overseas" and "Other countries".

Income and expenses that cannot be directly allocated to the individual regions are shown in the reconciliation item.

Segment reporting by region

| September 2019 in EURk | D/A/CH region | Western Europe | Eastern Europe | Overseas | Other countries | Reconciliation | Group |
|---|---------------|----------------|----------------|----------|-----------------|----------------|---------|
| Revenue based on registered office of the invoicing party | 194,340 | 94,083 | 48,867 | 92,006 | 33,741 | 0 | 463,037 |
| Revenue based on registered office of the invoice recipient | 194,674 | 113,510 | 52,023 | 99,616 | 3,214 | 0 | 463,037 |
| Profit before income taxes | 10,188 | 3,921 | 3,111 | 6,964 | 1,968 | 484 | 26,636 |

| September 2018 in EURk | D/A/CH region | Western Europe | Eastern Europe | Overseas | Other countries | Reconciliation | Group |
|---|---------------|----------------|----------------|----------|-----------------|----------------|---------|
| Revenue based on registered office of the invoicing party | 187,491 | 87,300 | 53,761 | 93,357 | 28,288 | 0 | 450,197 |
| Revenue based on registered office of the invoice recipient | 180,811 | 105,548 | 58,901 | 102,011 | 2,926 | 0 | 450,197 |
| Profit before income taxes | 10,132 | 4,466 | 4,674 | 8,911 | 6,975 | -4,664 | 30,494 |

Financial calendar 2019

| | | |
|--|---------|-------------------|
| Annual financial statements 31 December 2019 | | End of April 2020 |
| Quarterly notification as of 31 March 2020 | | Mid-May 2020 |
| Annual General Meeting 2020 | Friday, | 19 June 2020 |
| Half year financial report as of 30 June 2020 | | Mid-August 2020 |
| Quarterly notification as of 30 September 2020 | | Mid-November 2020 |

Legal company information

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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.

Unless otherwise stipulated, all amounts are stated in thousands of euros (EURk). 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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