



# FINANCIAL REPORT

30. June 2016



INNOVATION · QUALITY · SERVICE · DESIGN · SUSTAINABILITY

Dear shareholder,

The financial report of the Einhell Group as at 30 June 2016 meets the requirements under the German Securities Trading Act (WpHG) for preparing interim reports. It includes abbreviated Group interim financial statements, a condensed Group management report and a statement of responsibility made by the company's statutory representatives. The financial statements are consistent with the International Financial Reporting Standards (IFRS) and their interpretations, as published by the International Accounting Standards Board (IASB) and applicable in the European Union (EU).

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

### Key data for January to June 2016

Revenue			
Q2 2016	248.826		+8,8%
Q2 2015	228.735		
Profit before income taxes (before PPA)*			
Q2 2016	11.778		+21,2%
Q2 2015	9.718		
Profit before income taxes (after PPA)*			
Q2 2016	10.855		+24,2%
Q2 2015	8.738		
Equity ratio			
Q2 2016	53,0%		+0,6%
Q2 2015	52,7%		
Net debt			
Q2 2016	44.180		+84,4%
Q2 2015	23.964		
Staff			
Q2 2016	1.351		+3,2%
Q2 2015	1.309		

\* PPA = Purchase Price Allocation

## Condensed Group Management Report of Einhell Germany AG

### Overview of January - June 2016

The Einhell Group was able to significantly increase its business volume in the first half of financial year 2016 and generated revenue of EUR 248.8 million.

Operating earnings before PPA effects amount to EUR 11.8 million. This is equivalent to a return on revenue of around 4.7% (previous year: 4.2%). Purchase price allocation (PPA) squeezes earnings by EUR 0.9 million. Adjusted for PPA effects, operating earnings amount to EUR 10.9 million and the pre-tax margin is roughly 4.4% (previous year: 3.8%).

### General economic conditions

The ifo business climate index for the German industrial sector rose to 108.7 points in June 2016, compared to 107.8 points in the previous month of May. Entrepreneurs were slightly more satisfied with their current business situation and the business outlook for the coming months actually improved considerably.

Economic growth in Germany slowed significantly in the second quarter of 2016, with gross domestic product growing by only 0.2% in the months between April and June 2016. In the first quarter, the growth rate was still as high as 0.7%. Experts believe that this development does not point towards an economic slowdown, but rather is due to the exceptionally mild winter, meaning that the first and second quarters need to be viewed within this context.

Gross domestic product in the eurozone fell in the second quarter of 2016 in line with expectations, with GDP growth slowing to 0.3% compared with the previous quarter. The fact that economic growth has been slashed in half is due not only to the correction in Germany, but primarily to the stagnation in France and Italy.

Industrial production in the eurozone increased by a slightly wider margin than expected in June 2016, with production up by 0.6% on the month of May. Compared with the same month of the previous year, production in the eurozone as a whole was up by 0.4% in June.

Incoming orders in the German industrial sector once again showed a surprising drop in June. After a marked downward trend in April and stagnation in May, incoming orders in June were down by 0.4% month-on-month. Economists had expected to see an increase of 0.5%. This development was due primarily to the small number of major orders in June 2016. Orders from the eurozone, in particular, dipped significantly in June.

In June 2016, Germany exported goods worth EUR 106.8 billion and imported goods in the amount of EUR 82.0 billion. According to the German Federal Statistics Office, German exports were 1.2% and imports 0.3% higher in June 2016 than in the same period of the previous year. After adjustments to reflect calendar and seasonal effects, exports increased by 0.3% and imports rose by 1.0%.

The foreign trade balance, i.e. the balance of exports to imports, adjusted to reflect calendar and seasonal effects, closed the month of June 2016 with a surplus of EUR 21.7 billion.

The number of people out of work in Germany has rarely been as low as it is at the moment, with the job market continuing to show robust development in June. 2.614 million men and women were unemployed in June, 50,000 less than in the previous month of May and 97,000 less than a year ago. The unemployment rate fell to 5.9% in June.

The unemployment rate for the eurozone came in at 10.1% in June 2016, meaning that it remained unchanged as against May. In a year-on-year comparison, however, the unemployment rate was down by 0.9%. In the 28 member states of the European Union, the unemployment rate was also unchanged as against May, coming to 8.6%. The unemployment rate was also down compared with the prior-year period.

The lowest unemployment rates among the member states were reported by Malta (4.0%), the Czech Republic (4.1%) and Germany (4.2%) in June 2016. Greece (23.3%) and Spain (19.9%) have the highest levels of people out of work.

The rate of inflation in Germany was 0.3% higher than a year earlier in June 2016. This is the second time running that the inflation rate - based on the consumer price index - has increased. Consumer prices rose by 0.1% compared with the previous month of May.

The annual inflation rate in the eurozone showed a surprising increase in June 2016. According to the European statistics office Eurostat, the rate of inflation has increased by 0.1% year-on-year. Prices had fallen by 0.1% in the previous month.

This means that the inflation rate is still clearly below the target value for price stability issued by the European Central Bank (ECB). The target value is just under 2% in the medium term.

The harmonised index of consumer prices (HICP) for Germany, which is calculated for European purposes, was 0.2% higher in June 2016 than in June 2015. Compared to the previous month of May, the index was up by 0.1%.

The German DIY trade suffered a slight revenue decline of 0.7% in Q1 2016 compared to the previous year. Total gross revenue amounted to EUR 3.84 billion. On a like-for-like basis, the drop in revenue came to 1.4%. The weather in March was one of the main factors standing in the way of a better result for the sector. Nevertheless, the sector association and the industry are still optimistic regarding the further course of the financial year. The German association of DIY retailers (BHB) confirmed its forecast for the year, expecting revenue growth somewhere in the region of 1.3% to 1.5%.

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### Performance report

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#### Einhell Group revenue

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From January to June 2016, the Einhell Group generated revenue of EUR 248.8 million (previous year: EUR 228.7 million). This means that revenue is up considerably on the prior-year level.

This trend is due, in particular, to considerable revenue growth in Europe.

In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 110.2 million (previous year: EUR 98.2 million). The share in consolidated revenue amounts to 44.3% (previous year: 42.9%).

Revenue in the rest of Europe rose to EUR 84.6 million (previous year: EUR 72.9 million). The biggest sales markets in this region include France, Italy and Spain.

The other countries and South America were unable to increase their revenue figures in a year-on-year comparison. Revenue dipped by EUR 3.6 million as against the prior-year period to EUR 54.0 million (previous year: EUR 57.6 million). This figure also includes revenue from Asia and Australia.

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#### Segment development

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In the "Tools" segment, revenue amounted to EUR 138.5 million in the first six months of the 2016 financial year (previous year: EUR 126.1 million). The best-selling products in this segment include products in the electric power tools, compressed air technology and wood processing ranges. The products of kwb Germany GmbH are reported in the "Tools" segment.

In the "Garden & Leisure" segment, revenue came to EUR 110.3 million (previous year: EUR 102.6 million). High revenues were mainly generated with lawn and garden care products. Lawn mowers, lawn scarifiers, products from the tree and shrub care ranges, as well as products related to water technology, sold particularly well.

## Earnings development

From January to June 2016, the Einhell Group generated operating earnings of EUR 10.9 million (previous year: EUR 8.7 million). The pre-tax margin is 4.4% (previous year: 3.8%).

Purchase price allocation (PPA) effects took earnings down by EUR 0.9 million. Without PPA effects, operating earnings would have amounted to EUR 11.8 million and the pre-tax margin to 4.7% (previous year: 4.2%).

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

Consolidated net profit after minority interest amounts to EUR 7.2 million in the period under review (previous year: EUR 6.2 million). Earnings per share come to EUR 1.9 (previous year: EUR 1.6).

Due to the high quality of the products, the gross profit margin was more or less maintained despite the marked increase in revenue.

Compared to the prior-year period, personnel expenses increased slightly, now amounting to EUR 30.1 million (previous year: EUR 29.2 million).

Due to an impairment, the goodwill associated with kwb Germany GmbH was written down. Additional expenses of EUR 0.3 million were incurred.

The other expenses of EUR 33.8 million (previous year: EUR 33.2 million) are up only slightly on the prior-year level despite the higher revenue.

The financial result comes to EUR -2.2 million (previous year: EUR -1.7 million), down on the prior-year level due to high refinancing costs in a number of countries with high interest rates. This includes financial income of EUR 2.2 million and financial expenses of EUR 4.4 million.

## Personnel and HR services

On 30 June 2016, the Einhell Group had 1,351 employees worldwide (previous year: 1,309).

The Board of Directors would like to take this opportunity to thank all employees for their personal commitment and excellent work.

## Financial performance and net assets

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

	06/2016	06/2015
	In EUR million	In EUR million
Non-current assets incl. deferred tax assets	47.8	52.3
Inventories	133.1	129.1
Receivables and other assets	116.3	113.8
Cash and cash equivalents	10.9	19.6
Equity	163.3	166.0
Liabilities to banks	55.0	43.5

## Investments

In the reporting period, the Einhell Group made investments amounting to EUR 1.6 million (previous year: EUR 2.8 million). Most investments refer to intangible assets and property, plant and equipment.

## Current assets

Goods inventories increased as against the prior-year period to EUR 133.1 million due to the increase in revenue (previous year: EUR 129.1 million).

Trade receivables are shown after the deduction of impairment for bad debts. Mainly driven by the increase in revenue, trade receivables climbed by EUR 12.4 million year-on-year to EUR 92.4 million in the period under review (previous year: EUR 80.0 million).

Other current assets were down year-on-year to EUR 23.9 million (previous year: EUR 33.9 million). This is mainly due to the positive fair values of currency derivatives contained in the figures for the previous year.

Cash and cash equivalents amount to EUR 10.9 million on the reporting date (previous year: EUR 19.6 million). Compared with the previous year, liabilities to banks increased from EUR 43.5 million to EUR 55.0 million.

## Group structure

Einhell Germany AG took over all of the shares in KWB-RUS OOO from kwb Germany GmbH in the period under review. In addition, all shares held on Einhell Australia Pty. Ltd. were sold to Ozito Industries Pty. Ltd. There are no changes in the consolidated group.

## Investor Relations

On 29 April 2016, Einhell Germany AG held a press conference for the presentation of the financial statements by telephone in order to talk to analysts and investors. The conference was used to present the figures as at 31 December 2015 but also to provide an outlook regarding the Group's planned development.

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### Financing

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The financial requirements of the Einhell Group are driven, in particular, by the level of inventories and trade receivables. The stock turnover rates of inventories and the maturities of trade receivables play a major role here and have a significant impact on the financial requirements.

The Einhell Group made the most of the favourable interest level in financial year 2013 to restructure its refinancing. The Group concluded long-term bilateral loan agreements totalling EUR 30.0 million with several banks, securing long-term financing until 2018 at extremely favourable conditions. The financing was structured in a way that does not involve furnishing collateral. As a result, the Group does not expect to encounter any problems in financing its future business either.

In the shorter term, the Group also has access to sufficient credit facilities to finance further revenue growth.

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### Note to the financial report

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The financial report was subjected to neither a review pursuant to section 317 of the German Commercial Code (HGB) nor an audit.

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### German Corporate Governance Code

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The current Declaration of the Board of Directors and the Supervisory Board of Einhell Germany AG on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG) is permanently available on the Company's website at [www.einhell.com](http://www.einhell.com).

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### Risk report

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As part of its international operations, Einhell is exposed to numerous risks that are inherent in all entrepreneurial activities.

The risk management process in the Einhell Group is split into two stages. The first stage involves the decentralised identification of risks at subsidiaries and in the various departments of Einhell Germany AG by the risk officers appointed by the Board of Directors.

They are responsible for risk identification and evaluation. The critical aspect here for the Einhell Group is identification, since no risk planning can be undertaken for risks that have not yet been identified.

The internal control system comprises the internal management system and the internal monitoring system.

The Domestic Controlling, Investment Controlling, Finance, Group Accounting and Legal departments constitute the internal management system of the Einhell Group.

The Einhell Group companies draw up a forecast in the relevant financial year to budget for the following financial year. The corresponding costs of sales and other costs are budgeted based on differentiated revenue planning. These projected figures are collated for the Group into a budgetary statement of income.

The actual figures are prepared on a monthly basis by the financial accounting departments within the individual companies. This produces a complete statement of income that compares the budgeted and actual figures and allows for their analysis. The development of order intake, margins, etc. is also reported for all companies on a monthly basis. This comparison is discussed with the members of the Board of Directors and with the managers of the individual divisions and companies. The analysis of the budgeted and actual figures allows relevant measures to be developed and implemented.

The internal monitoring system is comprised of measures that are integrated into the processes and measures that are independent of the processes.

In addition to automated IT process controls, manual controls also form an important part of integrated process measures which are, for example, also carried out by the Internal Audit department. The Supervisory Board, the Group auditors and other audit bodies are involved in carrying out process-independent controls within the Einhell Group.

The audit of the consolidated financial statements by the Group auditors, in particular, is the main process-independent control measure with respect to the Group accounting process.

As the Einhell Group operates internationally, it is exposed to market risks associated with changes to interest rates and exchange rates.

The Group uses derivative financial instruments to manage these risks. The guidelines used to manage the associated risks are implemented with the approval of the Board of Directors by a central Treasury department working in close cooperation with the Group companies.

In conclusion, there are no risks that endanger the future of the Group as a going concern according to the Board of Directors' assessment.

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## Forecast

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### Global economic development

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The International Monetary Fund expects the global economy to grow by 3.1% in 2016. Economists believe that the main risks to growth at the moment lie in the slowdown in economic growth in China and the more restrictive monetary policy in the US, combined with a strong US dollar.

Global unemployment is expected to continue to rise, despite slight global economic growth. The International Labour Organization (ILO) expects global unemployment figures to rise by 2.3 million people to 199.4 million in 2016.

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### Development in Europe

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According to the forecast released by the European Central Bank (ECB), the eurozone economy will grow by 1.5% this year. The more optimistic outlook is based on the drop in oil prices and the low euro.

This development will also have a positive impact on the labour markets, with the unemployment rate expected to fall to 10.3%.

The inflation forecasts of the economists surveyed by the European Central Bank (ECB) on a regular basis predict annual inflation of 0.3% this year. This means that the forecasts are lower than the ECB's medium-term inflation target of 2%.

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### Development in Germany

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The International Monetary Fund expects the German economy to achieve economic growth of 1.6% in 2016.

Experts believe that consumption - both state and private - will be the main pillar propping up the German economic upswing this year. Low oil prices and the weak euro will also provide a boost to exports.

The ongoing drop in the unemployment rate in Germany is expected to stabilise in the second half of the year and then come to an end, for the time being, next year, according to the OECD Employment Outlook.

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### Outlook

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The forecasts for the 2016 financial year are characterised by the different trends on the markets that are relevant for Einhell.

The domestic market of Germany showed encouraging performance in the first half of 2016. kwb Germany GmbH, however, is still causing major problems. The

unsatisfactory implementation of a logistics project in 2015 resulted in supply disruptions and increased costs at the company. The impact of this is still being felt in 2016, although the problems are expected to have been largely resolved by the end of the year.

On the important Australian market, the Einhell Group is also doing well thanks to its Ozito Industries Pty Ltd subsidiary acquired in July 2013. Here, the Einhell Group expects the positive trend to continue over the next few months.

The subsidiaries in Southern and Eastern Europe generated very encouraging revenue and earnings in the first half of 2016. The subsidiary in Turkey is currently battling with the difficult conditions in the country. It is very difficult to predict how the situation will develop in the second half of the year.

The various companies of the Einhell Group in Western Europe also made an encouraging positive contribution to earnings. The Group management team expects that business performance in the European economic region will remain stable until the end of the year.

The South American subsidiaries were unable to make any positive contribution to earnings. We are currently in the process of revising our strategy for Brazil. We are looking into all of the options available, from possible continuation using a partner model to a sale or closure. While Argentina has generated encouraging revenue in 2016, high financing expenses and a weak currency mean that the subsidiary cannot achieve a positive result.

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

Given the predominantly positive development at the various Group companies, we are lifting our revenue forecast for the end of the year from EUR 455 million to approx. EUR 470 million. Setting aside the effects associated with the possible options for Einhell Brasil, we expect to see improved operating earnings of approx. EUR 15.0 million. The effects of the still to be tested options with regard to a future-proof solution for Einhell Brasil, could lead to a one-time negative effect on the profit from ordinary activities.

Landau a. d. Isar, 30 August 2016

Einhell Germany AG  
The Board of Directors

Andreas Kroiss  
Jan Teichert  
Dr Markus Thannhuber

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

Assets	30.06.2016 €k	30.06.2015 €k
<b>NON-CURRENT ASSETS</b>		
Intangible assets	20,917	23,321
Property, plant and equipment	19,416	19,869
Financial assets	380	375
Other non-current assets	1,485	2,050
Deferred tax assets	5,625	6,636
	<u>47,823</u>	<u>52,251</u>
<b>CURRENT ASSETS</b>		
Inventories	133,072	129,097
Trade receivables	92,428	79,991
Other assets	23,892	33,852
Cash and cash equivalents	10,864	19,572
	<u>260,256</u>	<u>262,512</u>
	<u>308,079</u>	<u>314,763</u>

Equity and liabilities	30.06.2016 €k	30.06.2015 €k
<b>EQUITY</b>		
Subscribed capital	9,662	9,662
Capital reserve	26,677	26,677
Retained earnings	133,591	126,303
Other reserves	-8,513	1,545
Equity of shareholders of Einhell Germany AG	161,417	164,187
Non-controlling interest	1,859	1,772
	<u>163,276</u>	<u>165,959</u>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	3,845	3,331
Liabilities from debt capital	30,038	30,000
Deferred tax liabilities	2,624	5,096
Other liabilities	4,226	8,023
	<u>40,733</u>	<u>46,450</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	37,777	50,306
Provisions	19,750	17,815
Liabilities from debt capital	25,006	13,536
Other liabilities	21,537	20,697
	<u>104,070</u>	<u>102,354</u>
	<u>308,079</u>	<u>314,763</u>

**Consolidated statement of comprehensive income (IFRS) for the period from 1 January to 30 June 2016**

	1 January – 30 June 2016	1 January – 30 June 2015
	€k	€k
Revenue	248,826	228,735
Other operating income	1,821	2,827
Cost of materials	-170,819	-156,356
Personnel expenses	-30,134	-29,205
Depreciation/amortisation	-2,793	-2,374
Other operating expenses	-33,847	-33,201
Financial result	-2,199	-1,688
<b>Profit before income taxes</b>	<b>10,855</b>	<b>8,738</b>
Income taxes	-3,382	-2,412
<b>Consolidated net profit</b>	<b>7,473</b>	<b>6,326</b>
<b>Thereof share of minority shareholders in consolidated net profit/loss</b>	<b>227</b>	<b>148</b>
<b>Thereof share of shareholders of Einhell Germany AG in consolidated net profit/loss</b>	<b>7,246</b>	<b>6,178</b>



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

in € thousand	1 January - 30 June 2016	1 January - 30 June 2015
<b>Cash flows from/used in operating activities</b>		
Profit before taxes	10,855	8,738
+ Depreciation and amortisation of intangible assets and property, plant and equipment	2,793	2,374
- Interest income	-58	-104
+ Interest expenses	1,273	960
+/- Other non-cash expenses and income	16	876
<b>Operating profit before changes in net working capital</b>	<b>14,879</b>	<b>12,844</b>
+/- Decrease/increase in trade receivables	-29,732	-17,219
+/- Decrease/increase in inventories	5,543	-17,494
+/- Decrease/increase in other assets	-53	-1,317
+/- Increase/decrease in non-current liabilities	169	130
+/- Increase/decrease in current liabilities	6,649	5,162
+/- Increase/decrease in trade payables	-23,566	-7,868
<b>Net cash from/used in operating activities</b>	<b>-26,111</b>	<b>-25,762</b>
- Taxes paid	-4,040	-2,147
+ Interest received	58	87
- Interest paid	-1,118	-765
<b>Net cash from/used in operating activities</b>	<b>-31,211</b>	<b>-28,587</b>
<b>Cash flows from/used in investing activities</b>		
- Payments to acquire assets	-1,575	-2,535
- Payments for acquisition of consolidated companies	0	0
+ Proceeds from disposal of assets	55	88
+/- 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
<b>Net cash from/used in investing activities</b>	<b>-1,835</b>	<b>-2,447</b>
<b>Cash flows from/used in financing activities</b>		
+/- Increase/decrease in financial liabilities	22,817	13,319
- Payments for acquisition of equity investments	-418	-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	0	0
- Payments for liabilities for finance leases	0	0
<b>Net cash used in financing activities</b>	<b>20,260</b>	<b>11,835</b>
Changes to cash and cash equivalents due to currency exchange	-656	2,517
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-13,442</b>	<b>-16,682</b>
Cash and cash equivalents at beginning of reporting period	24,306	36,254
<b>Cash and cash equivalents at end of reporting period</b>	<b>10,864</b>	<b>19,572</b>

**Selected IFRS consolidated notes of Einhell Germany AG, Landau/lsar, for the period from 1 January to 30 June 2016**

**1.1. Principles and methods used in preparing the consolidated financial statements**

**1.1 Basis of consolidation**

The consolidated financial statements comprise Einhell Germany AG and the companies it controls. IAS 27 defines control as the power to govern the financial and operating policies so as to obtain benefits from a company's activities. If the Group holds more than 50% of the voting rights of a company, either directly or indirectly, it is deemed to control such company, unless such assumption is refuted. Companies that are acquired or sold during the course of a financial year are included in the consolidated financial statements as from the date of acquisition until the date of sale.

Einhell Germany AG took over all of the shares in KWB-RUS OOO from kwb Germany GmbH in the period under review. In addition, all shares held on Einhell Australia Pty. Ltd. were sold to Ozito Industries Pty. Ltd. There are no changes in the consolidated group.

**1.2 Accounting and valuation principles**

The report as at 30 June 2016 applies the same accounting and valuation principles as were used in the annual financial statements for 2015.

**2.2. Notes to statement of financial position**

**2.1 Non-current assets**

Intangible assets and property, plant and equipment are valued at acquisition or manufacturing cost and are recognised in the statement of financial position less accumulated depreciation/amortisation.

Intangible assets amount to EUR 20.9 million as at 30 June 2016, while property, plant and equipment amount to EUR 19.4 million.

**2.2 Inventories**

	June 2016	June 2015
	€k	€k
Raw materials and supplies (at acquisition cost)	321	291
Finished goods	131,801	124,487
Prepayments	950	4,319
<b>Total</b>	<b>133,072</b>	<b>129,097</b>

Inventories are valued at the lower of acquisition or manufacturing cost or net realisable value.

**2.3 Cash and cash equivalents**

Cash and cash equivalents include bank balances, cheques and cash in hand.

**2.4 Provisions**

Provisions total EUR 23,595 thousand. This includes non-current provisions of EUR 3,845 thousand.

Provisions refer in particular to provisions for warranty.

**2.5 Liabilities**

Upon addition, liabilities are valued at fair value of the consideration received; subsequent valuation is performed at amortised cost. Liabilities in foreign currencies are recognised at the reporting date rate or hedging rate as at the reporting date.

**3. Notes to the consolidated statement of income**

**Other operating expenses**

Other operating expenses amount to EUR 33,847 thousand as at 30 June 2016. This pertains primarily to expenses for the transport of goods, warranty, customer service, impairment, advertising and product design.

**4. Segment reporting**

The identification of reportable operating segments pursuant to IFRS 8 is based on what is known as the 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 the individual segments are shown in the reconciliation item.

#### 4.1 Segment reporting by division

June 2016 in € thousand	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	138,467	110,359	248,826	0	248,826
Profit from ordinary activities (POA)	4,639	6,216	10,855	0	10,855
Financial result	-1,869	-330	-2,199	0	-2,199
Interest income	25	33	58	0	58
Interest expenses	-896	-377	-1,273	0	-1,273
Depreciation/amortisation	1,862	931	2,793	0	2,793
Non-cash income	-263	-251	-514	0	-514
Non-cash expenses	406	124	530	0	530
Inventories	85,254	47,818	133,072	0	133,072
Depreciation of inventories	769	614	1,383	0	1,383

June 2015 in € thousand	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenue	126,102	102,633	228,735	0	228,735
Profit from ordinary activities (POA)	3,115	5,623	8,738	0	8,738
Financial result	-1,327	-361	-1,688	0	-1,688
Interest income	44	60	104	0	104
Interest expenses	-623	-337	-960	0	-960
Depreciation/amortisation	1,456	918	2,374	0	2,374
Non-cash income	-49	-39	-88	0	-88
Non-cash expenses	604	360	964	0	964
Inventories	79,859	49,238	129,097	0	129,097
Depreciation of inventories	878	764	1,642	0	1,642

The Tools segment includes electronic hand tools and stationary tools, as well as hand-held tools and general electronic tools accessories. Garden & Leisure

comprises garden and water technology, as well as cooling and heating technology.

#### 4.2 Segment reporting by region

The geographical allocation of revenue is based on the registered office of the invoice recipient. The decisive factor is the market where the revenue is generated. The following table shows segment reporting by region:

June 2016 in € thousand	D/A/CH region	Other Europe	South America	Other countries	Group
<b>External revenue</b>	110,244	84,557	11,622	42,403	248,826
<b>Non-current assets</b>	15,173	12,222	855	13,948	42,198

June 2015 in € thousand	D/A/CH region	Other Europe	South America	Other countries	Group
<b>External revenue</b>	98,169	72,969	11,129	46,468	228,735
<b>Non-current assets</b>	16,331	12,434	1,145	15,705	45,615

As the purchasing behaviour of major international customers has changed, we have adjusted our reporting system. The "Asia" region, which was previously independent, is reported under the "Other countries" region with immediate effect. The previous year has also been adjusted accordingly.

## 5. Statement of responsibility

To the best of our knowledge, we assure that the interim consolidated financial statements give a true and fair view of financial position and performance, as well as the earnings situation of the Group, and that the interim Group management report accurately reflects the actual development and performance of the business and the position of the Group and describes the principal risks and opportunities associated with the Group's expected development in the remaining months of the financial year.

Landau a. d. Isar, 30 August 2016

Einhell Germany AG  
The Board of Directors

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