

INTERIM  
STATEMENT  
FOR THE  
**3<sup>RD</sup> QUARTER**  
**OF 2017**

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H&R GmbH & Co. KGaA



# Overview

- Compared to the first nine months of 2016, operating income (EBITDA) improved to €80.8 million
- Sales increased across all segments to €784.9 million
- Refining segment improved in the third quarter
- Despite optimistic outlook, guidance range will presently remain unchanged

## FINANCIAL FIGURES FOR H&R GMBH & CO. KGAA

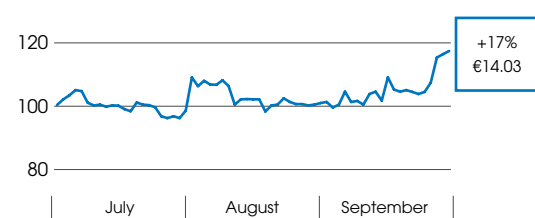
€ MILLION	1/1-30/9/2017	1/1-30/9/2016	Change (absolute)
Sales revenues	784.9	705.3	79.6
Operating income (EBITDA)	80.8	79.5	1.3
EBIT	54.4	55.7	-1.3
EBT	47.6	48.0	-0.4
Consolidated net income	33.8	38.5	-4.7
Consolidated earnings attributable to shareholders	33.9	37.6	-3.7
Consolidated earnings per share (undiluted) in €	0.94	1.05	-0.11
Cash flow from operating activities	44.7	66.9	-22.2
Cash flow from investing activities	-37.9	-28.3	-9.6
Free cash flow	6.9	38.6	-31.7
Cash flow from financing activities	2.1	-40.3	42.4
	<b>30/9/2017</b>	<b>31/12/2016</b>	<b>Change (absolute)</b>
Balance sheet total	666.5	648.2	18.3
Net working capital	155.1	153.4	1.7
Equity	343.6	317.4	26.2
Equity ratio (in %)	51.6	49.0	2.6
Number of employees	1,694	1,628	66

## THE SEGMENTS IN FIGURES

€ MILLION	1/1-30/9/2017	1/1-30/9/2016	Change (absolute)
<b>Chemical-Pharmaceutical Raw Materials Refining</b>			
Sales	475.9	427.0	48.9
EBITDA	53.4	54.9	-1.5
<b>Chemical-Pharmaceutical Raw Materials Sales</b>			
Sales	271.1	242.6	28.5
EBITDA	26.9	26.3	0.6
<b>Plastics</b>			
Sales	44.8	42.5	2.3
EBITDA	3.4	2.0	1.4
<b>Reconciliation</b>			
Sales	-6.9	-6.9	0.0
EBITDA	-2.8	-3.8	1.0

## PERFORMANCE OF THE H&R SHARE Q3 2017

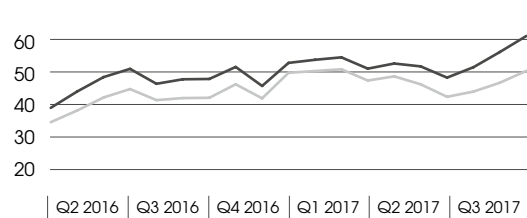
(INDEX 1/7/2017=100)



■ H&R GmbH & Co. KGaA

## OILPRICES Q2 2016 TO Q3 2017

(AVERAGE MONTHLY PRICES)



■ in US\$/Barrel Brent ■ in €/Barrel Brent

## Letter from the Executive Board

### Dear Shareholders, Dear Business Partners,

With most of the year now behind us, we are pleased to report that H&R's business performance during the first nine months of the year have been quite impressive. A positive start to the year and a solid performance for the first half of the year logically led us to raise the lower limit of our original earnings forecast. Even after the third quarter, we are able to announce positive operating figures: with an EBITDA of €80.8 million, your H&R KGaA took another big step toward achieving the targets we set.

Demand for our crude-oil-based specialty products continued to be high, which meant that sales volumes remained on a corresponding level. At the same time, prices and margins for our core products and our by-products were stable, which had a correspondingly positive effect on profitability. However, this year's higher sales, especially in our Chemical-Pharmaceutical segments, are also partially the result of prices for raw materials being higher than in the prior-year period. Overall, not only were the company's earnings for the period from January through the end of September 2017 higher than in the previous year; operating income for the nine-month period was at the highest level seen in recent years.

The company also posted very positive results of €27.9 million for the third quarter alone—more than in either of the two previous quarters. In particular the Refining segment, which was still considerably weaker in the first two quarters 2017 than in the corresponding periods of 2016, has recovered significantly since midyear; thus fully meeting our expectations. Once again, the Plastics Division displayed the biggest percentage increase.

For various reasons, the trend in the company's share price was uneven during the first six months. After a solid start and good performance, a weak phase followed, as some investors and shareholders were critical of the minimum expectation for the financial year and the announcement of the bonus share programme. Moreover, there was a technical correction resulting from

the listing of the new shares. Beginning in the summer, though, the share price recovered some of its former strength, heading toward the €15 mark. The trend in trading volumes was again quite positive with broad interest from foreign institutional investors in particular.

Our targets for 2017 as a whole were announced with the publication of the Annual Report and initially defined the annual operating income (EBITDA) for 2015 (€86 million) and 2016 (€101 million) as benchmarks. Based on the positive business performance, the lower end of this guidance range was updated to €96 million after the first half of the year. The figure of just under €81 million reached at the end of September 2017 ostensibly points to yet another increase in our forecast. Nevertheless, for the time being, we will stand by our previous statements, convinced that a certain amount of caution is advisable for a number of reasons. Asia, one of our main foreign markets, is under political—and possibly even economic—pressure due to the conflict between the United States and North Korea. Germany and some other European countries have just held elections and are reshuffling the cards in terms of economic, tax and environmental policies. This, too, could bring both new opportunities and new challenges.

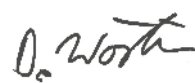
Nevertheless, we are altogether very optimistic as we enter the home stretch of what in all likelihood will be a very successful year. We will give you timely updates on further developments and, if necessary, clarify our expectations.

Hamburg, November 2017

Sincerely yours,



**Niels H. Hansen**  
Chairman of the  
Executive Board



**Detlev Wösten**  
Member of the  
Executive Board

## Business Performance in the Third Quarter

### Overall Performance: Successful Year for H&R GmbH & Co. KGaA

The positive business performance of H&R KGaA continued through the end of September 2017. High demand for our specialty products and the resulting solid sales volumes boosted our business considerably while simultaneously providing stable margins for our core and by-products.

### Results of Operations: Impressive Third-Quarter Earnings at All Levels

H&R KGaA ended the first nine months with a third quarter that exceeded prior-year figures in every respect, at least partially offsetting the mixed performance of the first half of the year. H&R KGaA's operating income (EBITDA) improved from €79.5 million in the first nine months of 2016 to €80.8 million in the first nine months of 2017 and sales revenues increased from €705.3 million to €784.9 million over the same period. At the other earnings levels, the company lagged behind the prior-year figures:

The ChemPharm Refining segment's earnings contribution with €53.4 million of EBITDA was slightly lower than in the comparable prior-year period (first nine months of 2016: €54.9 million). By contrast, however, the earnings contribution in the third quarter rose substantially to a significant €20.3 million. The international businesses of the ChemPharm and Sales segments ended the first nine months of 2017 with €26.9 million of EBITDA, slightly higher than the figure for the first nine months of 2016 (€26.3 million). Of this amount, €7.9 million was generated during the third quarter—significantly less than in the comparable prior-year quarter (Q3 2016: €9.6 million). The Plastics segment also posted higher positive operating income (EBITDA for the first nine months of 2017: €3.4 million; first nine months of 2016: €2.0 million). However, here too, the third quarter itself was weaker, with €0.8 million (Q3 2016: €1.1 million). Results for the last two segments therefore went some way toward confirming our statements in the first half of the year: less momentum from the automotive industries in the United States and Asia is affecting manufacturers and suppliers equally. That applies both to manufacturers of plastic components and tire manufacturers. To some extent, our diversified product portfolio acted as a cushion against these effects; however, we were not totally unaffected.

#### SALES AND EARNINGS DEVELOPMENT

€ MILLION	1/7-30/9/2017	1/7-30/9/2016	Change (in %)	1/1-30/9/2017	1/1-30/9/2016	Change (in %)
Sales revenues	257.2	240.2	7.1	784.9	705.3	11.3
EBITDA	27.9	25.1	11.2	80.8	79.5	1.6
EBIT	19.3	16.7	15.6	54.4	55.7	-2.3
EBT	17.2	14.3	20.3	47.6	48.0	-0.8
Consolidated income attributable to shareholders	12.5	11.3	10.6	33.9	37.6	-9.8
Consolidated income per share (undiluted) in €	0.35	0.32	9.4	0.94	1.05	-10.5

**EBITDA BY SEGMENT, FIRST NINE MONTHS OF 2017**

IN % (PREVIOUS YEAR'S FIGURES, FIRST NINE MONTHS OF 2016)



€ MILLION (PREVIOUS YEAR'S FIGURES, FIRST NINE MONTHS OF 2016)



■ Chemical-Pharmaceutical Raw Materials Refining  
 ■ Chemical-Pharmaceutical Raw Materials Sales  
 ■ Plastics

For the entire period, sales revenues increased significantly (around 11.3%) from €705.3 million in first nine months of 2016 to €784.9 million in the first nine months of 2017. Primarily driven by higher raw material costs, the good product price situation contributed to this increase as well.

A breakdown by segment shows a familiar picture for sales: a significant proportion, 94%, was generated by the Chemical-Pharmaceutical division's Refining and Sales segments, with the remaining 6% attributable to sales in our Plastics segment.

**SALES BY SEGMENT, FIRST NINE MONTHS OF 2017**

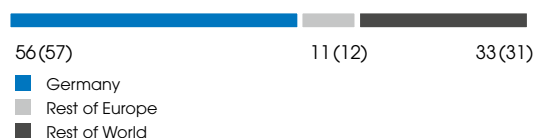
IN % (PREVIOUS YEAR'S FIGURES, FIRST NINE MONTHS OF 2016)



■ Chemical-Pharmaceutical Raw Materials Refining  
 ■ Chemical-Pharmaceutical Raw Materials Sales  
 ■ Plastics

**SALES BY REGION, FIRST NINE MONTHS OF 2017**

IN % (PREVIOUS YEAR'S FIGURES, FIRST NINE MONTHS OF 2016)

**Net Assets and Financial Position:  
Cash Positions Improved in Third Quarter**

With our business model, there is a high degree of volatility inherent in the cash flow. This is attributable to changes in net working capital, in particular when raw materials are delivered to our refineries right before reporting dates.

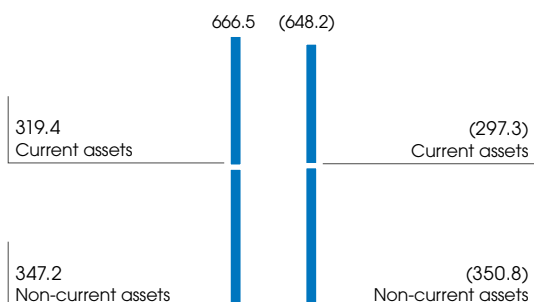
During the third quarter of 2017, cash flow from operating activities increased by 74.9% to €39.7 million (Q3 2016: €22.7 million), while free cash flow doubled to €24.3 million (Q3 2016: €11.6 million). Over the course of the year, the liquidity figures recovered substantially, although figures for the entire nine-month period still lagged behind those of the prior-year period due to the weaker figures during the first half of the year (first half of 2017: operating cash flow of €5.0 million; free cash flow: €-17.4 million). Cash flow from operating activities decreased from €66.9 million to €44.7 million. Free cash flow experienced a similar trend, decreasing from €38.6 million to €6.9 million.

**FINANCIAL POSITION**

€ MILLION	1/7-30/9/2017	1/7-30/9/2016	Change (absolute)	1/1-30/9/2017	1/1-30/9/2016	Change (absolute)
Cash flow from operating activities	39.7	22.7	17.0	44.7	66.9	-22.2
Cash flow from investing activities	-15.4	-11.1	-4.3	-37.9	-28.3	-9.6
Free cash flow	24.3	11.6	12.7	6.9	38.6	-31.7
Cash flow from financing activities	-5.0	-10.1	5.1	2.1	-40.3	42.4
Cash and cash equivalents as of 30/9	64.2	77.2	-13.0	64.2	77.2	-13.0

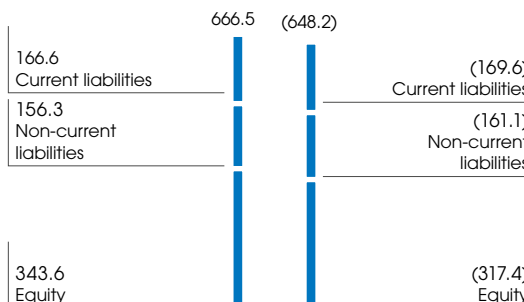
**ASSETS AS OF 30/9/2017**

€ MILLION (PREVIOUS YEAR'S FIGURES AS OF 31/12/2016)



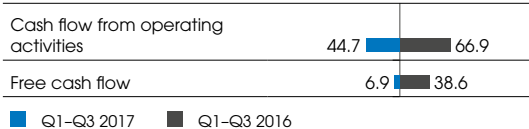
**EQUITY AND LIABILITIES AS OF 30/9/2017**

€ MILLION (PREVIOUS YEAR'S FIGURES AS OF 31/12/2016)



**CASH FLOW, FIRST NINE MONTHS OF 2017**

€ MILLION



There was a moderate increase in the balance sheet total from €648.2 million as of 31 December 2016 to €666.5 million on 30 September 2017.

On the asset side of the balance sheet, increases in cash and cash equivalents, trade receivables and other assets caused current assets to rise by 7.4% to €319.4 million. There was only a moderate 1.0% decrease in non-current assets to €347.2 million.

On the liability side, there was only a moderate 1.8% decrease in current liabilities. Non-current liabilities decreased by 3.0%, driven mainly by reductions in pension provisions. Equity increased from €317.4 million in the first nine months of 2016 to €343.6 million during the first nine months of 2017, again making it the main reason for the increase in the balance sheet total. Compared to year-end 2016, the equity ratio again improved significantly to 51.6% (31 December 2016: 49.0%).

**Outlook: Overall Expectations Confirmed**

When the 2016 Annual Report was published, the company set target annual sales at a figure of at least €950.0 million and stated percentage expectations for the individual segments. Following the third quarter of 2017, H&R KGaA is now slightly ahead of its stated goals.

**SALES AND EARNINGS FORECAST**

	2017 Forecast
<b>Group sales</b>	<b>€950 million to €1,100 million</b>
of which Refining	62%
of which Sales	32%
of which Plastics	6%
<b>Group EBITDA</b>	<b>€96.0 million to €101.0 million*</b>
of which Refining	62%
of which Sales	34%
of which Plastics	2%

\* Originally: €86.0 million to €101.0 million; adjusted when figures for the first half of 2017 were published.

H&R KGaA's earnings performance was also good, as demonstrated by EBITDA of €80.8 million. Although this would seem to call for another increase in the current guidance range (EBITDA of €96.0 million to €101.0 million), H&R is standing by its stated forecast: performance in Asia, in particular, could be affected significantly by the conflict between the United States and North Korea. Europe and Germany will have to wait to see in which way the recent elections will affect future economic and political decisions. While remaining cautious, the company nevertheless is optimistic as it enters the final quarter.

# Interim Consolidated Financial Statements

## Consolidated Balance Sheet of H&R GmbH & Co. KGaA

as of 30 September 2017

### ASSETS

€ THOUSAND	30/9/2017	31/12/2016
<b>Current assets</b>		
Cash and cash equivalents	64,230	57,999
Trade receivables	116,003	109,154
Income tax refund claims	90	200
Inventories	121,491	121,431
Other financial assets	2,228	1,366
Other assets	15,348	7,168
<b>Current assets</b>	<b>319,390</b>	<b>297,318</b>
<b>Non-current assets</b>		
Property, plant and equipment	277,773	270,334
Goodwill	24,841	25,035
Other intangible assets	25,005	28,741
Shares in holdings valued at-equity	4,491	4,302
Other financial assets	6,421	6,762
Other assets	1,391	1,436
Deferred tax assets	7,230	14,224
<b>Non-current assets</b>	<b>347,152</b>	<b>350,834</b>
<b>Total assets</b>	<b>666,542</b>	<b>648,152</b>

### EQUITY AND LIABILITIES

€ THOUSAND	30/9/2017	31/12/2016
<b>Current liabilities</b>		
Liabilities to banks	38,149	38,187
Trade payables	82,418	77,234
Income tax liabilities	11,380	11,959
Other provisions	16,101	19,561
Other financial liabilities	4,949	11,652
Other liabilities	13,575	11,042
<b>Current liabilities</b>	<b>166,572</b>	<b>169,635</b>
<b>Non-current liabilities</b>		
Trade payables	0	0
Liabilities to banks	64,979	62,041
Pension provisions	77,946	83,558
Other provisions	4,257	4,288
Other financial liabilities	963	1,940
Other liabilities	1,871	1,983
Deferred tax liabilities	6,315	7,310
<b>Non-current liabilities</b>	<b>156,331</b>	<b>161,120</b>
<b>Equity</b>		
Subscribed capital	93,404	91,573
Capital reserves	40,922	42,753
Retained earnings incl. consolidated income	173,697	136,271
Other reserves	-3,227	5,202
<b>Equity of H&amp;R GmbH &amp; Co. KGaA shareholders</b>	<b>304,796</b>	<b>275,799</b>
Non-controlling interests	38,843	41,598
<b>Equity</b>	<b>343,639</b>	<b>317,397</b>
<b>Total equity and liabilities</b>	<b>666,542</b>	<b>648,152</b>

## Consolidated Income Statement of H&amp;R GmbH &amp; Co. KGaA

1 January to 30 September 2017

€ THOUSAND	1/1-30/9/2017	1/1-30/9/2016	1/7-30/9/2017	1/7-30/9/2016
Sales revenues	784,873	705,275	257,180	240,184
Changes in inventories of finished and unfinished goods	9,051	3,129	2,328	4,765
Other operating income	17,515	15,212	6,800	5,052
Cost of materials	-585,534	-500,496	-189,986	-177,293
Personnel expenses	-63,824	-64,286	-20,741	-20,242
Depreciation, impairments and amortization of fixed and intangible assets	-26,427	-23,830	-8,652	-8,460
Other operating expenses	-81,754	-79,532	-27,832	-27,408
<b>Income from operations</b>	<b>53,900</b>	<b>55,472</b>	<b>19,097</b>	<b>16,598</b>
Income from holdings valued at-equity	513	231	166	63
Financial income	1,261	1,870	417	748
Financing costs	-8,115	-9,553	-2,442	-3,132
<b>Earnings before taxes (EBT)</b>	<b>47,559</b>	<b>48,020</b>	<b>17,238</b>	<b>14,277</b>
Income taxes	-13,726	-9,488	-5,418	-2,656
<b>Consolidated net income</b>	<b>33,833</b>	<b>38,532</b>	<b>11,820</b>	<b>11,621</b>
of which attributable to non-controlling interests	48	-934	696	-289
<b>of which attributable to shareholders of H&amp;R GmbH &amp; Co. KGaA</b>	<b>33,881</b>	<b>37,598</b>	<b>12,516</b>	<b>11,332</b>
Earnings per share (undiluted), €	0.94	1.05	0.35	0.32
Earnings per share (diluted), €	0.94	1.05	0.35	0.32



## Consolidated Cash Flow Statement of H&amp;R GmbH &amp; Co. KGaA

1 January to 30 September 2017

€ THOUSAND		1/1-30/9/2017	1/1-30/9/2016	1/7-30/9/2017	1/7-30/9/2016
1.	Consolidated net income	33,833	38,532	11,820	11,621
2.	Income taxes	13,726	9,488	5,418	2,656
3.	Net interest result	7,836	9,311	2,340	3,067
4.	+/- Depreciation/appreciation of fixed assets	26,427	23,830	8,652	8,460
5.	+/- Increase/decrease in non-current provisions	-1,696	-448	-582	-205
6.	+ Interest received	279	242	102	65
7.	- Interest paid	-6,534	-6,927	-1,728	-2,241
8.	+/- Income tax received/paid	-12,562	-6,580	-3,289	-2,159
9.	+/- Other non-cash expenses/income	-911	345	-164	723
10.	+/- Increase/decrease in current provisions	-3,211	10,742	592	8,591
11.	-/+ Gain/loss from the disposal of fixed assets	-153	96	-17	103
12.	-/+ Changes in net working capital	-4,803	-14,782	19,493	-6,452
13.	+/- Changes in remaining net assets/other non-cash items	-7,525	3,066	-2,957	-1,491
<b>14.</b>	<b>= Cash flow from operating activities (sum of items 1 to 13)</b>	<b>44,706</b>	<b>66,915</b>	<b>39,680</b>	<b>22,738</b>
15.	+ Proceeds from disposals of tangible fixed assets	208	2,446	29	2,082
16.	- Payments for investments in tangible fixed assets	-36,014	-28,830	-15,353	-13,054
17.	- Payments for investments in intangible assets	-469	-373	-87	-136
18.	- Payments for investments in financial assets	-1,575	-1,575	-	-
<b>19.</b>	<b>= Cash flow from investing activities (sum of items 15 to 18)</b>	<b>-37,850</b>	<b>-28,332</b>	<b>-15,411</b>	<b>-11,108</b>
<b>20.</b>	<b>= Free cash flow (sum of items 14 and 19)</b>	<b>6,856</b>	<b>38,583</b>	<b>24,269</b>	<b>11,630</b>
21.	+ Dividends received from joint ventures	325	336	163	-
22.	- Payments for settling financial liabilities	-32,495	-71,996	-7,650	-16,371
23.	+ Proceeds from taking up financial liabilities	34,318	31,353	2,478	6,312
<b>24.</b>	<b>= Cash flow from financing activities (sum of items 21 to 23)</b>	<b>2,148</b>	<b>-40,307</b>	<b>-5,009</b>	<b>-10,059</b>
<b>25.</b>	<b>+/- Changes in cash and cash equivalents (sum of items 14, 19 and 24)</b>	<b>9,004</b>	<b>-1,724</b>	<b>19,260</b>	<b>1,571</b>
<b>26.</b>	<b>+ Cash and cash equivalents at the beginning of the period</b>	<b>57,999</b>	<b>79,274</b>	<b>45,822</b>	<b>75,491</b>
27.	Change in cash and cash equivalents due to changes in exchange rates	-2,773	-398	-852	90
<b>28.</b>	<b>= Cash and cash equivalents at the end of the period</b>	<b>64,230</b>	<b>77,152</b>	<b>64,230</b>	<b>77,152</b>

## Contact

If you have questions or would like further information, please contact:

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# Financial Calendar

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24 May 2018

Annual Shareholders' Meeting in Hamburg

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## Disclaimer

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond H&R KGaA's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these risks, or other risks and uncertainties, occur, or if the assumptions underlying any of the statements herein prove incorrect, actual results may be materially different from those expressed or implied by these statements. H&R KGaA does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the publication of this report.

**H&R GmbH & Co. KGaA**

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