

2019
**INTERIM STATEMENT
FOR THE 1ST QUARTER**

**TEAM
WORK**



H&R GMBH & CO. KGAA

Overview

- Robust start to 2019 overall
- Operating income (EBITDA) reaches €20.1 million
- Sales revenue up compared with same quarter of 2018
- Free cash flow of €25.4 million

H&R GMBH & CO. KGAA IN FIGURES

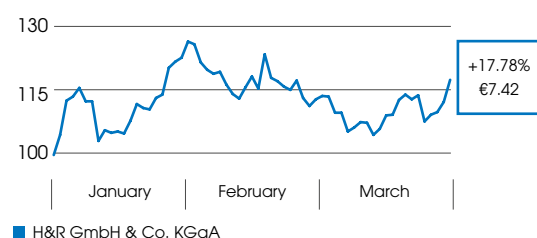
IN € MILLION	Q1/2019	Q1/2018	Changes (absolute)
Sales revenue	286.1	270.9	15.2
Operating income (EBITDA)	20.1	23.7	-3.6
EBIT	9.4	15.4	-6.0
EBT	7.3	13.8	-6.5
Consolidated net income	5.2	9.9	-4.7
Consolidated income attributable to shareholders	5.1	9.9	-4.8
Consolidated income per share (undiluted) in €	0.14	0.27	-0.13
Cash flow from operating activities	43.6	-2.9	46.5
Cash flow from investing activities	-18.2	-14.3	-3.9
Free cash flow	25.4	-17.3	42.7
Cash flow from financing activities	0.4	11.3	-10.9
	3/31/2019	12/31/2018	
Balance sheet total	795.4	730.4	65.0
Net working capital	161.6	174.5	-12.9
Equity	365.4	357.4	8.0
Equity ratio (in %)	45.9	48.9	-3.0
No. of employees	1,634	1,664	-29

THE SEGMENTS IN FIGURES

IN € MILLION	Q1/2019	Q1/2018	Changes (absolute)
Chemical-Pharmaceutical Raw Materials Refining			
Sales	183.6	175.3	8.3
EBITDA	13.4	15.8	-2.4
Chemical-Pharmaceutical Raw Materials Sales			
Sales	93.8	82.1	11.7
EBITDA	7.0	7.4	-0.4
Plastics			
Sales	11.5	15.2	-3.7
EBITDA	0.1	1.3	-1.2
Reconciliation			
Sales	-2.8	-1.8	-1.0
EBITDA	-0.4	-0.7	0.3

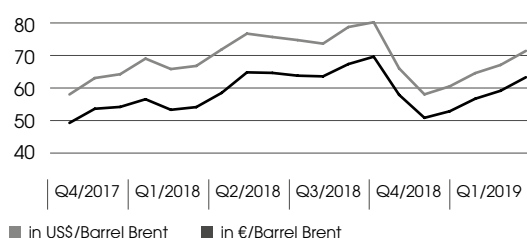
PERFORMANCE OF THE H&R SHARE

(INDEX 1/2/2019=100)



OILPRICES Q4/2017 TO Q1/2019

(AVERAGE MONTHLY PRICES)



Letter from the Executive Board

Dear Shareholders, Dear Business Partners,

Most of you await the information on the first quarter of every year with a sense of anticipation. The publication of the annual report already marks the end of the previous year, which is now also waiting to be brought to an official close with the Annual Shareholders' Meeting. While the announcement made in the agenda that our shareholders would be asked to forgo a dividend payment was not exactly cause for celebration, and understandably so, our impression is that the decision has been received by most of you with a great deal of understanding. This makes the question as to how well we have started out in the new year and to what extent we have been able to set the course for a successful 2019 financial year all the more important.

In the period from January 1 to March 31, 2019, our company achieved solid operating income (EBITDA) of €20.1 million. Although this means that the opening quarter of 2019 was not quite as successful as the first quarter of 2018, we were able to increase our sales revenue in our core Chemical-Pharmaceutical Raw Materials Division. Once again, every segment made positive contributions to income during this quarter.

Sales revenue shows that the trend has changed compared with the previous quarters. Whereas in the past, rising or falling sales revenue could be traced back almost entirely to fluctuations in raw materials prices, the improvement that we achieved in the first quarter of 2019 is due partly to increased volumes and partly to increased prices. We generated total revenue of €286.1 million as against €270.9 million in the first quarter of 2018.

Particularly in the Refining segment, product prices improved based on comparable volumes. This pushed sales up from €175.3 million to €183.6 million. Ideally, this sort of development is also reflected in EBITDA. Most of the raw materials processed in the first quarter, however, had been purchased at the end of 2018, i.e., at higher prices. This resulted in corresponding windfall losses due to our refinery processes and the

time lag between purchases and completion. The resulting negative impact on income in this segment more or less corresponded to the difference in income as against the previous year: instead of €15.8 million, EBITDA in the first quarter of 2019 amounted to €13.4 million.

In the period between January and the end of March, the Sales segment's international locations sold more products and generated sales of €93.8 million (Q1/2018: €82.1 million). At the same time, our international customers remained extremely price-sensitive, meaning that operating income lagged ever so slightly behind the previous year due to the challenges facing the global economy: instead of €7.4 million, EBITDA of €7.0 million was achieved in the first quarter of 2019.

The Plastics segment, in which sales dropped from €15.2 million in the previous year to €11.5 million, only managed to report an EBITDA break-even of €62 thousand (Q1/2018: €1.3 million). This development is attributable to the ailing automotive industry. The latest news from the sector suggests that the situation for the entire value chain, from component manufacturers to suppliers and the major automotive corporations, will remain tense.

The uneven development in sales volumes, sales revenue and contributions to income throughout the entire Group shows just how complex the challenges facing the H&R Group are.

Nevertheless, our company's liquidity situation can be described as stable. Due to the nature of our business model, which has to ensure a permanent supply of raw materials for our refineries, our cash flow is extremely volatile in general. When raw materials prices change, so do our net working capital requirement and, as a result, our cash flow from operating activities. In the first three months of 2019, we were able to improve this key figure considerably from €-2.9 million to €43.6 million thanks to significantly lower working capital requirements. Although we invest-

ed slightly more than in the previous year, we achieved a marked improvement in our free cash flow, which increased to €25.4 million (Q1/2018: €-17.3 million).

All in all, our figures for the first quarter of 2019 and the news flow coming from the sectors and regions that are relevant to us show that in some areas, the challenges continue unabatedly. In particular, a scenario offering a combination of positive aspects – better sales volumes AND higher prices in an environment that offers positive purchasing conditions – has yet to materialize. By diversifying to offer various products and cover various customer industries, however, we managed to hold our ground in the opening quarter of the year.

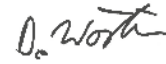
We have already explained our economic objectives for 2019 as a whole in the 2018 annual report. Based on the information available to us at the moment, we can confirm our expectations of operating income ranging between €75.0 million and €90.0 million in 2019.

Hamburg, May 2019

Sincerely yours



Niels H. Hansen
Chairman of the
Executive Board



Detlev Wösten
Member of the
Executive Board

Business Performance in the 1st Quarter of 2019

Overall Performance: Robust Start to the Year for H&R GmbH & Co. KGaA

H&R KGaA made a satisfactory start to the year overall in the first three months of 2019. Sales revenues were up on the figure for Q1/2018 due to a combination of volume and product price-related factors. Once again, all business divisions made positive contributions to income. The Plastics segment in particular, however, did not manage to escape the weak trend seen in the automotive industry unscathed and only just made it into positive income territory.

Results of Operations: Satisfactory consolidated income attributable to shareholders overall

H&R KGaA generated €20.1 million of consolidated operating income (EBITDA) in the first quarter of financial year 2019, compared with €23.7 million in the same period of 2018. Higher depreciation and amortization pushed EBIT down from €15.4 million in the first quarter of 2018 to €9.4 million in the first quarter of 2019. Due to a combination of interest expense that was on a par with the previous year and lower financing income, income before tax (EBT) fell from €13.8 million to €7.3 million. Consolidated income attributable to shareholders fell around €4.8 million short of the previous year's figure, amounting to €5.1 million in the first quarter of 2019.

The main positive income contribution was once again made by the ChemPharm Refining segment. While the volumes sold were virtually identical to those sold in the previous year, the segment achieved better prices for both core and by-products. The achievement of better contributions to operating income overall was, however, hindered by windfall effects (processing of raw materials purchased at higher prices at the end of last year) and by the "customer-product mix". The assumption of road-building activities, for example, meant that bitumen accounted for a larger proportion of the products sold. All in all, EBITDA in the segment came to €13.4 million (Q1/2018: €15.8 million). By contrast, the international activities of the ChemPharm Sales segment remained stable. Income potential in this segment dropped only slightly in the first quarter, with EBITDA coming in at €7.0 million (Q1/2018: €7.4 million). Unlike in the Refining segment, the increase in sales revenue was generated thanks to higher sales volumes. On the price front, on the other hand, we were unable to enforce our higher expectations on the market, at least in the short term. We nevertheless consider the stability of our international business and our good network spanning a large number of regions, sectors and customers to be one of the main advantages of our business model and expect to achieve stronger performance over the year as a whole than achieved in the past. Due to the situation facing many automotive manufacturers, suppliers and competent manufacturers at the moment, the Plastics segment had a tough time matching its prior-year performance. It lagged well behind the operating income seen in the same quarter of the previous year, achieving EBITDA that was only just in positive territory at €0.1 million, as against €1.3 million in Q1/2018.

CHANGES IN SALES AND INCOME

IN € MILLION	Q1/2019	Q1/2018	Change in %
Sales revenue	286.1	270.9	5.6
EBITDA	20.1	23.7	-15.2
EBIT	9.4	15.4	-39.0
EBT	7.3	13.8	-47.1
Consolidated income attributable to shareholders	5.1	9.9	-48.5
Consolidated income per share (undiluted), €	0.14	0.27	-0.13

EBITDA BY SEGMENT, Q1/2019

IN % (Q1/2018 FIGURES)



IN € MILLION (Q1/2018 FIGURES)



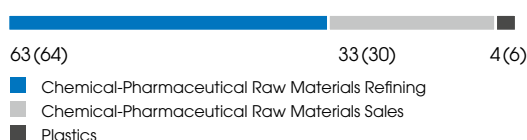
■ Chemical-Pharmaceutical Raw Materials Refining
■ Chemical-Pharmaceutical Raw Materials Sales
■ Plastics

Sales revenue once again increased overall: In the current quarter, it increased by €15.2 million year on year from €270.9 million to €286.1 million due to a combination of volume and price factors.

A breakdown by segment shows a familiar picture for sales: A significant proportion, 96%, was generated by the Chemical-Pharmaceutical Division's Refining and Sales segments, although the composition was once again slightly different than in the previous year. Our Plastics segment accounted for around 4% of sales.

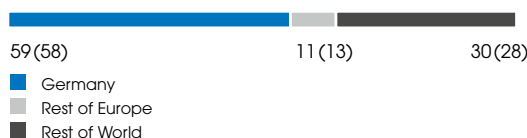
SALES BY SEGMENT IN Q1/2019

IN % (Q1/2018 FIGURES)



SALES BY REGION IN Q1/2019

IN % (Q1 2018 FIGURES)



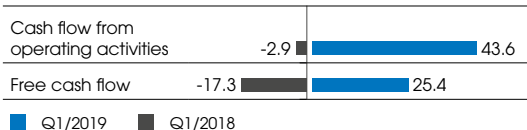
FINANCIAL POSITION

IN € MILLION

	Q1/2019	Q1/2018	Change in %
Cash flow from operating activities	43.6	-2.9	n/a
Cash flow from investing activities	-18.2	-14.3	-27.3
Free cash flow	25.4	-17.3	n/a
Cash flow from financing activities	0.4	11.3	-96.5
Cash and cash equivalents as of March 31	74.0	53.3	38.8

Q1/2019 CASH FLOW

IN € MILLION



Net Assets and Financial Position: Marked improvement in cash positions

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 close to the reporting dates.

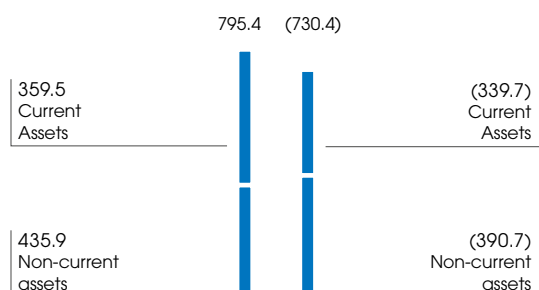
Cash flow from operating activities amounted to €43.6 million in the first quarter of the 2019 financial year, recovering significantly from the level of €-2.9 million seen in the same quarter of the previous year. Based on lower consolidated income, depreciation and amortization had more of an impact than in the previous year, although the net working capital requirement also increased from €-30.1 million to €22.4 million at the same time.

The company increased its investing activities during the first quarter of 2019, putting pressure on its free cash flow, which nevertheless improved to €25.4 million in total (Q1/2018: €-17.3 million). Thanks to balanced financing activities, cash and cash equivalents had risen to €74.0 million by the end of the quarter (Q1/2018: €53.3 million).

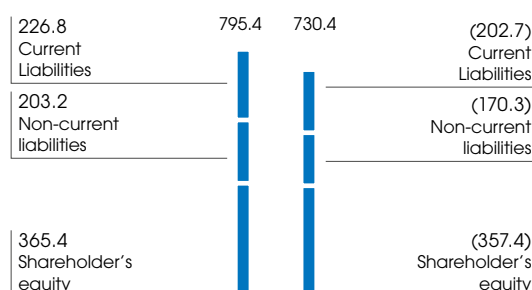
The balance sheet total increased from €730.4 million on December 31, 2018, to €795.4 million on March 31, 2019.

ASSETS 3/31/2019

IN € MILLION (PREVIOUS YEAR'S FIGURES)

**LIABILITIES AND SHAREHOLDERS' EQUITY 3/31/2019**

IN € MILLION (PREVIOUS YEAR'S FIGURES)



On the asset side of the balance sheet, there was an increase in both current assets (Q1/2019: €359.5 million; Q1/2018: €339.7 million) and non-current assets (Q1/2019: €435.9 million; Q1/2018: €390.7 million). As far as current assets are concerned, the main increase was in cash and cash equivalents, whereas with regard to non-current assets, the capitalization of leases relating to property, plant and equipment in connection with the introduction of IFRS 16 had an impact.

On the liability side, both current and non-current liabilities increased, with a large proportion of this increase once again attributable to liabilities for leases relating to property, plant and equipment, mirroring the item on the asset side. Due to higher retained earnings compared to the reporting date, equity increased from €357.4 million to €365.4 million. Equity ratio dropped due to the higher balance sheet total, amounting to 45.9% (December 31, 2018: 48.9%).

Outlook: Overall Expectations Confirmed

When the 2018 annual report was published, the company had set targets for annual sales at a figure of at least €1,000.0 million and had stated percentage expectations for the individual segments. Following the end of the first quarter of 2019, H&R KGaA is on track to generate sales at the upper end of the expected range overall, with performance in the Refining segment hitting the target level exactly. The Sales segment reported slightly higher sales revenue while the Plastics

division reported lower sales revenue than predicted at the beginning of the year.

SALES AND INCOME FORECAST

	2019 forecast
Consolidated sales	€1,000 million to €1,200 million
of which Refining	63%
of which Sales	32%
of which Plastics	5%
Consolidated EBITDA	~ €75.0 million to €90.0 million
of which Refining	64%
of which Sales	30%
of which Plastics	6%

Broken down by share of EBITDA, the Chemical-Pharmaceutical segments finished the quarter slightly ahead of expectations, although they mainly benefited from the weak trend in the Plastics division. In absolute terms, the first quarter of 2019 definitely indicates that we have room for improvement.

All in all, the company started the current financial year with robust quarterly figures. Given the impact of fluctuations in prices of raw materials, the sensitivity of market rates and product prices, and the social and geopolitical challenges, H&R KGaA has opted not to specify expectations for the year as a whole in greater detail for the moment, but, for the time being, is confirming the forecast range for operating income of €75.0 million to €90.0 million.

Interim Financial Statement

Consolidated Statement of Financial Position of H&R GmbH & Co. KGaA

as of March 31, 2019

ASSETS

IN € THOUSAND	3/31/2019	12/31/2018
Current assets		
Cash and cash equivalents	73,965	46,495
Trade receivables	111,592	120,952
Income tax refund claims	1,929	1,911
Inventories	153,250	153,945
Other financial assets	8,081	5,641
Other assets	10,706	10,766
Current assets	359,523	339,710
Non-current assets		
Property, plant and equipment	379,036	336,087
Goodwill	22,467	22,455
Other intangible assets	17,332	17,319
Shares in holdings valued at equity	4,502	4,350
Other financial assets	2,272	2,145
Other assets	5,071	4,070
Deferred tax assets	5,204	4,269
Non-current assets	435,884	390,695
Total assets	795,407	730,405

LIABILITIES AND SHAREHOLDERS' EQUITY

IN € THOUSAND	3/31/2019	12/31/2018
Current liabilities		
Liabilities to banks	71,928	70,088
Trade payables	103,283	100,376
Income tax liabilities	7,477	6,438
Contract liabilities	2,011	2,249
Other provisions	14,016	11,151
Other financial liabilities	15,098	3,710
Other liabilities	13,021	8,724
Current liabilities	226,834	202,736
Non-Current Liabilities		
Liabilities to banks	79,386	79,425
Pension provisions	81,707	76,720
Other provisions	3,478	3,419
Other financial liabilities	28,047	2
Other liabilities	6,231	6,318
Deferred tax liabilities	4,340	4,414
Non-current liabilities	203,189	170,298
Equity		
Subscribed capital	95,156	95,156
Capital reserve	46,867	46,867
Retained earnings	180,221	178,675
Other reserves	3,942	-639
Equity of H&R GmbH & Co. KGaA shareholders	326,186	320,059
Non-controlling interests	39,198	37,312
Equity	365,384	357,371
Total liabilities and shareholders' equity	795,407	730,405

Income Statement of H&R GmbH & Co. KGaA

for the period from January 1 to March 31, 2019

IN € THOUSAND	Q1/2019	Q1/2018
Sales revenues	286,120	270,866
Changes in inventories of finished and unfinished goods	-10,469	4,761
Other operating income	5,274	8,661
Cost of materials	-213,880	-211,460
Personnel expenses	-21,905	-21,717
Depreciation, amortization and impairment of fixed assets and property, plant and equipment	-10,663	-8,336
Other operating expenses	-25,238	-27,581
Operating result	9,239	15,194
Income from holdings valued at equity	152	190
Financing income	56	618
Financing expenses	-2,159	-2,237
Income before tax (EBT)	7,288	13,765
Income taxes	-2,061	-3,841
Consolidated income	5,227	9,924
of which attributable to non-controlling interests	104	23
of which attributable to shareholders of H&R GmbH & Co. KGaA	5,123	9,901
Earnings per share (undiluted), €	0.14	0.27
Earnings per share (diluted), €	0.14	0.27

Consolidated Cash Flow Statement of H&R GmbH & Co. KGaA for the period from January 1 to March 31, 2019

IN € THOUSAND		Q1/2019	Q1/2018
1.	Consolidated income	5,227	9,924
2.	Income taxes	2,061	3,841
3.	Net interest income	1,934	2,186
4.	+/- Depreciation/appreciation on fixed assets and intangible assets	10,701	8,336
5.	+/- Increase/decrease in non-current provisions	-390	-652
6.	+ Interest received	56	51
7.	- Interest paid	-915	-1,617
8.	+/- Income tax received/paid	-1,200	-2,181
9.	+/- Other non-cash expenses/income	-348	-594
10.	+/- Increase/decrease in current provisions	2,722	1,967
11.	-/+ Gain/loss from the disposal of fixed assets	-30	-3
12.	-/+ Changes in net working capital	22,378	-30,078
13.	+/- Changes in remaining net assets/other non-cash items	1,355	5,899
14.	= Cash flow from operating activities (sum of items 1 to 13)	43,551	-2,921
15.	+ Proceeds from disposals of property, plant and equipment	76	18
16.	- Payments for investments in property, plant and equipment	-18,106	-14,439
17.	- Payments for investments in intangible assets	-114	-29
18.	+ Proceeds from disposals of financial assets	-	797
19.	- Payments for investments in financial assets	-	-683
20.	= Cash flow from investing activities (sum of items 15 to 19)	-18,144	-14,336
21.	= Free cash flow (sum of items 14 and 20)	25,407	-17,257
22.	- Payments for settling financial liabilities	-11,967	-5,857
23.	+ Proceeds from taking up financial liabilities	12,415	17,115
24.	= Cash flow from financing activities (sum of items 22 to 23)	448	11,258
25.	+/- Changes in cash and cash equivalents (sum of items 14, 20 and 24)	25,855	-5,999
26.	+ Cash and cash equivalents at the beginning of the period	46,495	58,952
27.	+/- Change in cash and cash equivalents due to changes in exchange rates	1,615	354
28.	= Cash and cash equivalents at the end of the period	73,965	53,307

Financial Calendar

May 24, 2019	Annual Shareholders' Meeting in Hamburg
August 15, 2019	2019 Half-Year Report
November 15, 2019	Q3/2019 Interim Report

Contact

If you have any questions concerning our company or if you would like to sign up for the company mailing list, please contact our Investor Relations team:

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Disclaimer

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