Quarterly statement for the period ending 31 March 2017

At a glance

GROUP TURNOVER
largely in line with expectations

BRAND BUSINESS
down slightly due to strong first quarter of 2016

VOLUME BUSINESS
grows by 3.0%

EBIT
reaches € 5.1 million

ANNUAL FORECAST FOR 2017
confirmed

Key figures of the Group as at 31 March

		2016	2017	Change
Turnover				
Group	€m	64.7	62.5	–3.5%
Brand Business	€m	55.2	52.7	–4.6%
Volume Business	€m	9.5	9.8	3.0%
Foreign share	%	56.9	53.8	–3.1 pps
Profitability				
Gross margin	%	47.8	47.8	–
Cash flow from operating activities	€m	–4.5	–4.1	–8.0%
Free cash flow	€m	–5.9	–5.9	–1.0%
Foreign currency result	€m	–1.4	0.1	> 100%
EBIT	€m	6.5	5.1	–21.1%
EBIT margin	%	10.0	8.2	–1.8 pps
EBT	€m	6.1	4.8	–21.1%
Net result for the period	€m	4.3	3.4	–20.7%
Investments	€m	1.5	1.8	21.4%

Foreword

Dear Shareholders,

Business in the first quarter of the current year developed largely in line with our expectations. Leifheit generated Group turnover of € 62.5 million. While this amounts to a 3.5% decrease compared to the exceptionally strong first quarter of the past year, the first three months were the strongest quarter of 2016 with growth of 11.5%. This included turnover from special offers in key markets. Such turnover is expected only in subsequent quarters in the current financial year.

We achieved 3.5% growth in our domestic market of Germany in the first quarter of 2017, while we continued to see double-digit expansion of our business in Eastern Europe. In contrast, turnover in Central Europe and in countries outside of Europe fell short of the figures from the previous year. As a result, Brand Business declined by 4.6%. On the other hand, we increased turnover in Volume Business by 3.0%.

The gross margin remained stable at 47.8%. Earnings before interest and taxes (EBIT) stood at € 5.1 million, down on the first quarter of 2016. Lower turnover and comparatively higher advertising costs in Brand Business were the reasons for the decline. However, at 8.2%, the EBIT margin was above our long-term minimum target of 8%.

Our primary goal is sustainable growth, and new products represent one cornerstone of the efforts to achieve this. We presented our innovations for 2017 and 2018 at the Ambiente consumer goods trade fair in Frankfurt in February. They included the new Leifheit Care & Protect system, which is a unique system solution for wooden floor care. The new Leifheit LinoProtect rotary dryer with threefold protection shelters laundry against rain and bleaching UV rays, and it keeps the lines clean. With the Soehnle Connect range and the Connect app, we also offer a system that complements our personal and body analysis scales. This system perfectly suits contemporary lifestyles. When developing new products and innovative solutions, we focus on consumers' needs in line with the "Leifheit 2020" strategy. Our expertise in solutions that make life at home easier and more convenient is captured by our new brand claim: "Leifheit – how houswork's done today."

In early March, the Board of Management decided to propose to the Annual General Meeting on 24 May 2017 a capital increase from company's funds at a ratio of 1 to 1. Shareholders will receive one additional Leifheit share (a bonus share) for each Leifheit share hold without additional payment. The new shares will be entitled to participate in profits from 1 January 2017. This measure has no impact on Leifheit AG's balance sheet equity. Our objective is to further increase liquidity relating to the trade of Leifheit shares on the stock market in your interest.

The Board of Management and the Supervisory Board will also propose to the Annual General Meeting a payment of a dividend of € 2.10 and a special dividend of € 0.80 for the past financial year. If approved, it will be the eighth successive dividend increase. The ordinary dividend for financial year 2016 was € 2.00, plus a special dividend of € 0.75.

The underlying conditions for our forecast for the current financial year did not change significantly in the first three months. The economy in our key target markets is growing, consumers propensity to spend is stable and sentiment in the retail sector is optimistic. The political realm represents the primary source of risks.

We continue to anticipate a rise in Group turnover of 3.5 to 4.5% for the current year. We expect 4 to 5% growth in turnover for Brand Business – our strategic core business. In our smaller and more volatile segment, Volume Business, we expect turnover to grow by 2 to 3%.

Our earnings forecast also remains the same. We anticipate that earnings before interest and taxes (EBIT) will be in line with 2016, taking into consideration significant non-recurring effects that serve to strengthen our sales position in Brand Business.

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke   Dr Claus-O. Zacharias

Ansgar Lengeling   Ivo Huhmann

Quarterly statement for the period ending 31 March 2017

Business performance

Strong Q1 in previous year shapes turnover development of the Group

Leifheit Group turnover stood at € 62.5 million as at 31 March 2017. Compared to the exceptionally strong first quarter in the previous year, this marks a 3.5% decrease (previous year: € 64.7 million). With Group turnover growth of 11.5%, the first quarter of 2016 was the strongest in the previous year. With this as the basis of comparison, turnover in Brand Business decreased in the first three months of 2017 in Central Europe and in markets outside of Europe. However, we generated further growth in Volume Business through special offers. We continued to make gains in Germany, the target region of Eastern Europe and with the e-commerce sales channel.

Turnover in Germany increased in the first quarter by 3.5% to € 28.9 million (previous year: € 27.9 million), accounting for a share in Group turnover of 46.2% (previous year: 43.1%). We generated turnover in foreign markets of € 33.6 million, corresponding to 53.8% of Group turnover. Turnover in foreign markets in the first quarter of 2016 stood at € 36.8 million, which accounted for 56.9% of Group turnover.

We generated turnover of € 24.7 million in Central Europe in the first quarter of 2017 (previous year: € 28.3 million). The € 3.6 million drop should be viewed against the backdrop of the strong first quarter of the previous year, which included special offers that are planned for subsequent quarters in the current financial year. Turnover decreased in the first three months of 2017, particularly in France, Luxembourg, the Netherlands, Austria and Italy. In contrast, we experienced double-digit growth in Belgium and Spain.

We succeeded in further significantly expanding our business in Eastern Europe. With growth of 15.7%, Group turnover increased in the first quarter of 2017 to € 6.9 million (previous year: € 6.0 million). The markets in Hungary, Poland and the Czech Republic demonstrated very strong growth.

We recorded decreases in individual markets outside of Europe. Turnover in these markets in the first quarter of 2017 amounted to € 2.0 million (previous year: € 2.5 million). The Far East and the US were affected in particular.

The breakdown of turnover by region for the first quarter of 2017 were as follows: Of turnover at the Group, we generated 46.2% in our domestic market of Germany (previous year: 43.1%), 39.5% in Central Europe excluding Germany (previous year: 43.8%), 11.1% in Eastern Europe (previous year: 9.3%) and 3.2% in markets outside of Europe (previous year: 3.8%).

Despite the high base figure, we managed to further increase turnover in the e-commerce sales channel. Turnover from e-commerce in the first quarter of 2017 grew by 1.6% to € 7.4 million (previous year: € 7.3 million).

Slight decrease in Brand Business due to high basis of comparison (previous year)

Brand Business constitutes our strategic core business and is the larger of the two segments at the Leifheit Group. It encompasses the activities involving Leifheit and Soehnle branded products. In the first quarter of the current year, we generated € 52.7 million in turnover in Brand Business (previous year: € 55.2 million). This represents a 4.6% decline compared to the strong basis from the same quarter of the previous year. Brand Business grew by 11.6% in the first three months of 2016, which was the strongest quarter of the previous year. It included turnover from special offers that are planned for subsequent quarters in the current financial year. Brand Business accounted for 84.3% of Group turnover in the first quarter of 2017 (previous year: 85.3%).

Turnover in the cleaning and laundry care product categories remained largely stable. However, we faced year on year declines in the kitchen goods and wellbeing (Soehnle) product categories.

In Germany, turnover in the first quarter of 2017 developed on par with the previous year. Belgium and Spain stood out with double-digit growth rates. In contrast, we recorded a decrease in France, Luxembourg, the Netherlands, Austria and Italy. In most of these markets, the basis of comparison was extremely high due to marked growth in the first quarter of 2016. Our Eastern European target markets once again developed favourably in the first quarter, in some cases posting considerable double-digit growth rates. Markets outside of Europe also saw declines in some cases, especially in the Far East. Turnover in the US remained stable.

Volume Business benefits from special offers

Volume Business is the smaller of the Leifheit Group's segments by a considerable margin, and is clearly geared towards profitability. It complements Leifheit and Soehnle's Brand Business. In the first quarter, we generated € 9.8 million in turnover in Volume Business (previous year: € 9.5 million), marking a 3.0% increase on a strong basis of comparison: turnover in Volume Business in the first quarter of 2016 rose by 10.5%. Paired with a simultaneous decline in Brand Business turnover, Volume Business accounted for 15.7% of Group turnover in the first quarter (previous year: 14.7%).

Volume Business has a strong focus on Germany, France and the US. We are not active in Eastern Europe in this segment. We managed to considerably expand turnover in Germany in the first quarter through special offers. Turnover from Herby laundry care products in France developed very positively in the quarter under review, while Birambeau was unable to continue building on the exceptionally strong performance from the previous year, as expected. As a result, turnover in France was down slightly overall in the first three months. In contrast, project business in the US experienced largely stable development.

Net assets, financial position and results of operations

Development of results of operations

Earnings down year on year

In the first three months of 2017, we generated earnings before interest and taxes (EBIT) of € 5.1 million (previous year: € 6.5 million). The € 1.4 million decrease was due largely to a lack of contribution margins from lower turnover. This was compounded by comparatively higher advertising costs in Brand Business. After reaching 10.0% in the first quarter of the previous year, the EBIT margin stood at 8.2%, putting it above our long-term minimum target of 8%.

In the first quarter of 2017, we generated earnings before taxes (EBT) of € 4.8 million (previous year: € 6.1 million), which developed in line with EBIT. Less taxes, this equalled a net result for the period of the first three months of € 3.4 million (previous year: € 4.3 million).

Gross profit

Gross profit decreased by € 1.1 million to € 29.9 million in the first quarter of 2017 (previous year: € 31.0 million). Gross profit is calculated as turnover less cost of turnover. The decrease in the reporting period was due largely to a lack of contribution margins.

The gross margin remained stable year on year at 47.8% (previous year: 47.8%). It is defined as a ratio of gross profit to turnover.

Research and development costs

Research and development costs mainly include personnel costs, costs for services and patent fees. They came in at € 1.3 million, up € 0.1 million on the previous year's figure. The rise was due to personnel recruitment in research and development, and external services related to the strategic goal of strengthening the Group's capacity for innovation.

Distribution costs

Distribution costs, which also include freight out and delivery charges as well as advertising and marketing costs, stood at € 18.8 million in the reporting period (previous year: € 17.6 million), an increase of € 1.2 million. The rise was due largely to higher advertising costs of € 0.8 million, as well as increased personnel costs and commissions.

Administrative costs

Administrative costs increased in the first three months by € 0.2 million to € 4.8 million (previous year: € 4.6 million). Administrative costs rose on account of a higher Board of Management bonus due to a termination agreement. Aside from personnel expenses and services, administrative costs also include costs incurred in support of our financial and administrative functions.

Foreign currency result

The foreign currency result increased by € 1.5 million to € 0.1 million in the first three months of 2017 (previous year: € –1.4 million). It included expenses from changes to the fair values of forward exchange transactions of € 0.4 million (previous year: € 1.5 million), income from foreign currency valuations of € 0.1 million (previous year: € 0.0 million) and currency gains of € 0.4 million (previous year: € 0.1 million).

Interest and financial result

At € –0.3 million, the interest and financial result remained approximately on par with the previous year and predominantly included interest expenses from interest on pension obligations.

Taxes

In the first three months of 2017, income taxes amounted to € 1.4 million (previous year: € 1.8 million). The tax rate was 29.5% (previous year: 29.9%). The tax rate is the ratio of income taxes to earnings before taxes (EBT).

Segment results

In Brand Business, we generated EBIT of € 4.3 million in the first quarter of 2017 (previous year: € 6.0 million). The gross margin increased by 0.8 percentage points from 50.1% in the previous year to 50.9% as a result of customer, product mix and currency effects. The contribution margin stood at € 22.9 million (previous year: € 24.0 million). The € 1.1 million decline was mainly due to a lack of contribution margins from lower turnover. The contribution margin is defined as gross profit less commission and freight out. The € 1.7 million fall in EBIT in Brand Business was due to increased advertising costs and a rise in the Board of Management bonus, in addition to a lack of contribution margins from lower turnover. This was offset by the increase in the foreign currency result in Brand Business.

EBIT in Volume Business totalled € 0.8 million (previous year: € 0.5 million). The gross margin decreased from 34.7% in the previous year to 31.3%. At € 2.7 million, the contribution margin was down by € 0.2 million on the previous year's figure of € 2.9 million. The fall in the contribution margin was more than offset by the improvement of the foreign currency result in Volume Business.

Development of the financial situation

Capital structure

As at 31 March 2017, our debt level came to 56.0% and was therefore 0.3 percentage points lower compared to 31 December 2016.

As at 31 March 2017, our debt largely consisted of pension obligations of € 70.1 million, trade payables and other liabilities of € 53.4 million, and other provisions of € 9.7 million. As in previous years, we had no liabilities to banks.

The equity ratio – the share of equity in relation to the balance sheet total – came to 44.0% (31 December 2016: 43.7%).

Analysis of Group liquidity

Group liquidity declined by € 5.9 million in the first three months of 2017 and stood at € 63.6 million as at 31 March 2017. As at 31 March 2017, we had credit balances of € 34.6 million. These encompassed demand deposits and fixed deposits which may be terminated within three months. Financial assets included bond funds of € 29.0 million.

The € 5.9 million decline in Group liquidity as at 31 March 2017 compared to 31 December 2016 mainly pertained to the seasonal rise in working capital by € 11.5 million.

Analysis of the Group statement of cash flow

Cash flow from operating activities came to € 4.1 million during the reporting period (previous year: € 4.5 million), down € 0.4 million year on year. The lower expansion of working capital overcompensated for the lower net result for the period.

Cash flow from investment activities stood at € 1.7 million (previous year: € 1.4 million).

Cash flow from financing activities solely included investments in financial assets in the form of bond funds of € 5.0 million (previous year: € 0.0 million).

Free cash flow

Free cash flow in the first three months of 2017 came to € –5.9 million (previous year: € –5.9 million). This key figure indicates how much liquidity was available for the repayment of debt financing or for the distribution of dividends to shareholders. Free cash flow is the total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments from the divestiture of business divisions.

Development of net assets

Balance sheet structure as at 31 March 2017

Our balance sheet total rose by € 3.8 million compared to 31 December 2016 from € 239.4 million to € 243.2 million.

Current assets stood at € 174.7 million at the end of the period on 31 March 2017, € 4.1 million above the figure as at the 2016 balance sheet date (31 December 2016: € 170.6 million). Liquidity fell by € 5.9 million. Driven by turnover, receivables increased by € 10.9 million to € 59.6 million and inventories by € 2.8 million to € 45.1 million.

These developments were offset by the € 1.5 million decline in current derivative financial assets and the € 2.0 million decline in VAT receivables compared to 31 December 2016.

At € 68.4 million, our non-current assets as at the end of March were down on the figure for 31 December 2016 by € 0.4 million. Non-current derivative financial instruments decreased by € 0.5 million.

The fair values of all derivative financial instrument assets and liabilities fell in the first three months of 2017 by € 2.0 million to € 6.3 million due to carrying out forward exchange transactions concluded for the first quarter of 2017 and to the stronger US dollar and HK dollar on 31 March 2017 compared to 31 December 2016. No new derivatives were concluded in the reporting period.

Current liabilities increased by € 2.1 million to € 60.1 million as at 31 March 2017 compared to 31 December 2016. Trade payables and other liabilities rose by € 2.2 million due to the balance sheet date.

At € 76.2 million, non-current liabilities as at the balance sheet date was down by € 0.6 million compared to 31 December 2016. Deferred tax liabilities fell by € 0.4 million due to the decline in derivative financial instrument assets.

Equity increased by € 2.3 million to € 106.9 million as at 31 March 2017 compared to 31 December 2016. This was the result of a positive net result for the period of € 3.4 million and the negative other comprehensive income of € 1.1 million.

Investments

Investments in the first three months of 2017 stood at € 1.8 million (previous year: € 1.5 million) and primarily concerned tools for new products, machines, streamlining investments for production plants, and operating and business equipment. There were no material disposals of assets in the reporting period.

The investment ratio – in other words, additions to assets related to historical procurement and production costs – amounted to 1.1%. We invested € 1.7 million in Brand Business, while € 0.1 million of our investments were attributable to Volume Business. Investments were offset by depreciation and amortisation of € 1.6 million (previous year: € 1.5 million).

Forecast of anticipated development

Stable growth continues despite existing risks

The International Monetary Fund (IMF) published its new World Economic Outlook in April. The IMF believes economic activity is gaining momentum and that this trend will continue. Following growth of 3.1% in 2016, the IMF now expects to see growth rates of 3.5% this year and 3.6% next year. With respect to the update from January, the 2017 forecast has been revised upwards by 0.1 percentage points. The IMF believes the political realm in particular represents a source of risks, citing increasing isolationist tendencies and public debt in many countries as some of the factors.

The IMF's forecast for the US remains unchanged with gross domestic product (GDP) growth of 2.3% for 2017 and 2.5% for 2018. Estimates for China were revised upwards. Due to more extensive government support measures, the IMF now expects GDP growth of 6.6% this year and 6.2% next year. The IMF also anticipates significantly stronger growth in Russia as well. Following the recession in the past year, the IMF now forecasts 1.4% growth for 2017 and 2018 respectively.

According to the April forecast from the ifo (Munich), Insee (Paris) and Istat (Rome) economic research institutes, the economic upswing in the euro area is poised to continue. These institutes expect 1.6% growth this year due to higher incomes and the favourable labour market situation. Despite higher inflation rates, private consumption will remain the driver of this growth. At the same time, ifo, Insee and Istat also point to uncertainty from potential changes to key underlying conditions, which include relations between the EU and the United Kingdom, the impact of elections in key member states and trade relations with the US.

The economy in Germany continues to experience a moderate upswing, according to the German economic research institutes in their current joint forecast. Private consumption also remains the crucial driver behind this trend, even if the institutes anticipate a 1.8% rise in consumer prices in the current year. Gross domestic product is expected to grow by 1.5% this year.

Optimism continues to shape economic sentiment

Following a slight decline at the beginning of the year, the Business Climate Index for Germany's industrial sector rose significantly in the subsequent months. Assessments of the current situation and future expectations of companies improved. Sentiment in the retail sector also contributed to this development. The index from the Munich-based ifo Institute reached 112.3 points in March, which was its highest value since July 2011. Following a rise in February, the European Commission's Business Climate Indicator relating to the euro area's economy remained stable at 0.82 points in March. The last time a better value was seen for the euro area was also back in June 2011.

Consumers in the mood to buy despite slight uncertainty

The rise of inflation due to higher energy prices and the uncertainty over the policies of the new US president had an impact on the sentiment of consumers in Germany, according to the data of market research company GfK. The GfK's Consumer Confidence Index increased to 10.2 points by February 2017. However, at 9.8 points in April, it was back on par with the level from December 2016. Despite everything, consumers remain in the mood to buy, according to the GfK, as the Consumer Confidence Index continues to be at a high level. The European Commission's Consumer Confidence Indicator registered a similar development. Following a slight drop in February, the euro area indicator recovered again in March, adding 1.2 points. At the same time, consumer confidence across the entire European Union rose by 1.0 point.

US dollar exchange rate remains largely stable

One euro traded for 1.06 to 1.08 US dollars in the first quarter of 2017. The exchange rate remained on this level, even though the US central bank once again raised the benchmark interest rate in March. Further hikes are expected over the course of the year, which could lead to additional gains for the US dollar. In contrast, the European Central Bank will likely continue its previous monetary policy without any changes. There are indications that the new US administration takes a critical view of a rising dollar exchange rate.

Forecasts therefore expect a largely stable exchange rate development or a slight appreciation of the US dollar through to parity. The average forecast exchange rate for the end of 2017 and beginning of 2018 remains unchanged at 1.05 US dollars to one euro.

Turnover and earnings forecast for the current financial year

In our forecast for the current financial year, we anticipate that our key sales markets will continue to see economic growth. At the same time, we expect private consumption to remain the driver of growth. We believe risk factors include such things as unexpected economic measures in individual countries, the outcome of upcoming elections in several EU countries and a rise of inflation in the euro area. There have been no material changes to the underlying conditions since the time we made our forecast.

The slight decrease in Group turnover in the first quarter is due primarily to the high basis of comparison from the previous year and is largely in line with our expectations. According to our plans, the turnover shortfall will be offset in the quarters to come.

As a result, we continue to expect a 3.5 to 4.5% increase in Group turnover for financial year 2017. We expect 4 to 5% growth in turnover for Brand Business – our strategic core business. In our smaller and more volatile segment, Volume Business, we expect turnover to grow by 2 to 3%.

Our earnings forecast also remains the same. Investments in the restructuring of sales activities in Brand Business are expected to result in non-recurring effects this year of between € 2.0 million to € 2.5 million. We anticipate that earnings before interest and taxes (EBIT) will be in line with 2016, taking into consideration these non-recurring effects.

The detailed forecast for the current financial year can be found in the most recently published annual financial report for the Leifheit Group for the financial year 2016. Please also refer to this report for explanations about the company's strategic orientation as well as opportunities and risks. It is available on our website at financial-reports.leifheit-group.com.

Statement of profit or loss and statement of comprehensive income

k€	1 January to 31 March 2016	**1 January to 31 March 2017**
Turnover	64,705	62,471
Cost of turnover	−33,752	−32,615
Gross profit	**30,953**	**29,856**
Research and development costs	−1,147	−1,258
Distribution costs	−17,589	−18,836
Administrative costs	−4,636	−4,841
Other operating income	327	233
Other operating expenses	−48	−122
Foreign currency result	−1,378	85
EBIT	**6,482**	**5,117**
Interest income	20	13
Interest expenses	−392	−311
Net other financial result	–	–
EBT	**6,110**	**4,819**
Income taxes	−1,827	−1,422
Net result for the period	**4,283**	**3,397**
Contributions that are not reclassified in future periods in the statement of profit or loss		
Actuarial gains/losses on defined benefit pension plans	−3,636	–
Income taxes from actuarial gains/losses on defined benefit pension plans	1,058	–
Contributions that may be reclassified in future periods in the statement of profit or loss		
Currency translation of foreign operations	−75	−16
Currency translation of net investments in foreign operations	−13	−6
Income taxes from currency translation of net investments in foreign operations	4	2
Net result of cash flow hedges	−4,082	−1,227
Income taxes from cash flow hedges	1,204	154
Net result from the sale of financial assets available	–	−10
Income taxes from the sale of financial assets available	–	3
Other comprehensive income	**−5,540**	**−1,100**
Comprehensive income after taxes	**−1,257**	**2,297**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.90**	**€ 0.71**

Balance sheet

k€	31 Dec 2016	31 March 2017
Current assets		
Cash and cash equivalents	45,507	34,612
Financial assets	23,994	29,005
Trade receivables	48,703	59,579
Inventories	42,294	45,070
Income tax receivables	525	749
Derivative financial instruments	6,405	4,930
Other current assets	3,138	798
Total current assets	**170,566**	**174,743**
Non-current assets		
Tangible assets	36,911	37,192
Intangible assets	19,261	19,142
Deferred tax assets	10,616	10,574
Income tax receivables	–	–
Derivative financial instruments	1,914	1,388
Other non-current assets	148	151
Total non-current assets	**68,850**	**68,447**
Total assets	**239,416**	**243,190**
Current liabilities		
Trade payables and other liabilities	51,166	53,363
Derivative financial instruments	–	11
Income tax liabilities	299	422
Other provisions	6,544	6,313
Total current liabilities	**58,009**	**60,109**
Non-current liabilities		
Provisions for pensions and similar obligations	70,218	70,090
Other provisions	3,434	3,359
Deferred tax liabilities	3,132	2,712
Derivative financial instruments	7	6
Other non-current liabilities	–	–
Total non-current liabilities	**76,791**	**76,167**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	17,026	17,026
Treasury shares	–7,445	–7,445
Retained earnings	91,991	95,389
Other reserves	–11,956	–13,056
Total equity	**104,616**	**106,914**
Total equity and liabilities	**239,416**	**243,190**

Statement of cash flow

k€	1 January to 31 March 2016	1 January to 31 March 2017
Net result for the period	4,283	3,397
Adjustments for depreciation and amortisation	1,518	1,577
Change in provisions	−400	−434
Result from disposal of fixed assets and other non-current assets	−1	1
Change in inventories, trade receivables and other assets not classified as investment or financing activities	−9,399	−11,526
Change in trade payables and other liabilities not classified as investment or financing activities	−2,213	2,298
Other non-cash income	1,724	560
Cash flow from operating activities	**−4,488**	**−4,127**
Acquisition of tangible and intangible assets	−1,489	−1,808
Proceeds from the sale of tangible assets and other non-current assets	46	61
Cash flow from investment activities	**−1,443**	**−1,747**
Outflows in financial assets	–	−5,011
Cash flow from financing activities	**–**	**−5,011**
Effects of exchange rate differences	**−49**	**−10**
Net change in cash and cash equivalents	−5,980	−10,895
Cash and cash equivalents at the start of the reporting period	64,200	45,507
Cash and cash equivalents at the end of the reporting period	**58,220**	**34,612**

Segment reporting

Key figures by divisions as at 31 March 2017		Brand Business	Volume Business	Total
Turnover	€m	52.7	9.8	62.5
Gross margin	%	50.9	31.3	47.8
Contribution margin	€m	22.9	2.7	25.6
Segment result (EBIT)	€m	4.3	0.8	5.1
Depreciation and amortisation	€m	1.4	0.2	1.6

Key figures by divisions as at 31 March 2016		Brand Business	Volume Business	Total
Turnover	€m	55.2	9.5	64.7
Gross margin	%	50.1	34.7	47.8
Contribution margin	€m	24.0	2.9	26.9
Segment result (EBIT)	€m	6.0	0.5	6.5
Depreciation and amortisation	€m	1.3	0.2	1.5

Information about the segments and their management is available in the 2016 annual financial report.

Additional information

This quarterly statement was neither audited by an auditor, nor was it subject to an audit review. The results of the current reporting quarter do not necessarily make it possible to draw conclusions regarding the development of future results.

With the exception of accounting regulations to be applied potentially for the first time, the accounting and valuation principles used by Leifheit correspond to those of the most recently published consolidated financial statements as at the end of the past financial year. A detailed description can be found in the notes to the annual financial report 2016 of the Leifheit Group, which is available on our website at financial-reports.leifheit-group.com.

There were no changes in the scope of consolidation or major changes in the organisational structure or business model during the reporting period.

Disclaimer

Forward-looking statements

This quarterly statement contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these or other uncertain or unforeseeable factors occur, or if the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this statement.

In the event of any discrepancies between this English translation of the quarterly statement and the German version, the German version shall take precedence.

Financial calendar

24 MAY 2017

ANNUAL GENERAL MEETING
12:00 pm (CEST), German National Library,
Frankfurt am Main, Germany

10 AUGUST 2017

FINANCIAL REPORT FOR THE FIRST HALF-YEAR
ending 30 June 2017

9 NOVEMBER 2017

QUARTERLY STATEMENT
for the period ending 30 September 2017

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