



*Interim Statement  
for the 1<sup>st</sup> Quarter 2016  
of H&R AG*



## Overview

- Positive developments from previous quarters continue in Q1 2016
- Strong demand leads to high sales figures
- Operating result (EBITDA) improves by some 76%
- Overall expectations for 2016 are confirmed

### THE H&R GROUP IN FIGURES

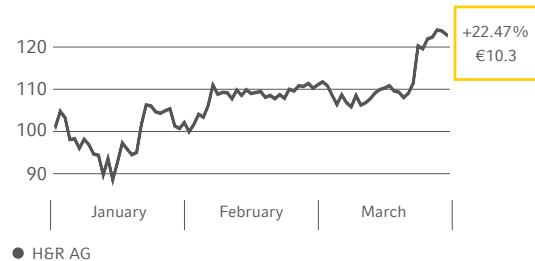
	Q1/2016	Q1/2015	Change in %
€ MILLION			
Sales revenue	228.0	263.0	-13.3
Operating income (EBITDA)	27.2	15.5	75.5
EBIT	19.5	8.1	>100.0
EBT	16.7	5.0	>100.0
Income after taxes	13.7	4.5	>100.0
Income after taxes of which attributable to H&R AG shareholders	13.5	4.8	>100.0
Consolidated earnings per share (undiluted, in €)	0.38	0.13	>100.0
Cash flow from operating activities	24.4	-3.0	n. a.
Cash flow from investing activities	-8.8	-5.9	49.2
Free cash flow	15.6	-8.8	n. a.
Cash flow from financing activities	-16.4	-10.9	50.5
	31/3/2016	31/12/2015	
Balance sheet total	635.7	628.8	1.1
Net working capital	144.8	139.5	3.8
Equity	293.4	287.1	2.2
Equity ratio (in %)	46.1	45.7	0.4 pp
Employees (absolute)	1,552	1,561	-9

### THE SEGMENTS IN FIGURES

	Q1/2016	Q1/2015	Change in %
€ MILLION			
<b>Chemical-Pharmaceutical Raw Materials Refining</b>			
Sales	142.8	168.2	-15.1
EBITDA	20.9	9.8	>100.0
<b>Chemical-Pharmaceutical Raw Materials Sales</b>			
Sales	77.5	82.1	-5.6
EBITDA	7.9	6.1	29.5
<b>Plastics</b>			
Sales	13.5	15.3	-11.8
EBITDA	0.2	0.3	-33.3
<b>Reconciliation</b>			
Sales	-5.8	-2.7	> -100.0
EBITDA	-1.7	-0.6	> -100.0

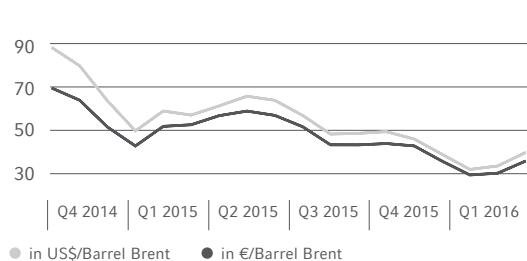
### PERFORMANCE OF THE H&R SHARE Q1 2016

(INDEX 4/1/2016=100)



### OIL PRICES Q4 2014 TO Q1 2016

(AVERAGE MONTHLY PRICES)



## Letter from the Executive Board

*Dear Shareholders,  
Dear Corporate Partners,*

From today onwards, H&R AG is engaging in a new path in its interim reporting: we will be using the new option in the Regulations of the Frankfurt Stock Exchange and will describe the development of our business in the first and third quarters by means of the shorter format "Interim Statement". In doing so, we will ensure that you continue to be comprehensively informed notwithstanding the abbreviated representation of the information.

In the period from January 1, 2016 to March 31, 2016 our company continued its positive performance of the previous year. In spite of slight increases in raw materials prices we were able to continue benefitting from overall favorable purchasing conditions. The high demand for our specialty products and the favorable sales levels resulting therefrom generated important impulses for our business while retaining stable margins for our primary and by-product lines. Thus, the first quarter not only closed above the comparable period of last year, but also returned the highest EBITDA value of the last few years. Even more impressively, all segments contributed positive results.

The positive results reported at first in the 2015 Annual Report and more recently in the publication concerning the provisional figures for the first quarter of 2016 have also helped boost the company's stock. Our shares are currently quoted at more than € 11.00, a price level last seen in 2013.

In short, H&R AG had an altogether successful start to the year.

However, our goal is also to maintain sustainable success. To help attain this goal, we will lay before the Annual General Meeting a proposal for the reorganization of our company into the corporate form of a KGaA [Kommanditgesellschaft auf Aktien] or partnership limited by shares. Together with the majority shareholder, we feel certain that

this corporate form, also chosen by many other successful, entrepreneur-managed companies, is the right way once again to underpin our long-term growth strategy. In its new corporate form, the company will retain its access to the capital markets. Both investors and shareholders will continue to be able to hold shares in the company. The power to approve the annual financial statements actually further strengthens the authority of the Annual General Meeting.

In our new corporate form we will continue consistently to advance our path of further internationalization and strengthening of our refinery business. More significant investment in our specialty production capacity bears witness to the fact that we recognize the needs of our markets and that, accordingly, we proactively prepare to meet these challenges. These investments will help us position ourselves advantageously in future environments.

Our expectations for all of 2016 were already extensively explained in the 2015 Annual Report. In view of the current discussions concerning the production levels of the crude oil exporting countries and the related sensitivity of market and product prices as well as the associated social and geopolitical challenges, for the time being we believe it appropriate to confirm our current forecast for 2016: the company is expecting results to reach the same good level of the previous year.

Hamburg, May 2016

Yours truly,

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

**Detlev Wösten**  
Member of the  
Executive Board

## Business Trends in the First Quarter

### Overall Trends: Successful Start of the Year for H&R AG

H&R Aktiengesellschaft made a successful start into financial 2016 and, in the first three months, was able to continue the positive earnings trends of the prior quarters. The high demand for our specialty products and the favorable sales levels resulting therefrom generated an important drive for our business while retaining stable margins for our primary and by-product lines.

### Income/Earnings: Improved Results at all Levels

In the first quarter of financial year 2016, H&R Aktiengesellschaft distinctly improved its group operating profit (EBITDA) versus the comparable period of the previous year to € 27.2 million (Q1 2015: € 15.5 million). EBIT more than doubled from € 8.1 million in Q1 2015 to € 19.5 million. Overall, all profit levels reflect this improved earning power:

CHANGE IN SALES REVENUE AND EARNINGS			
IN € MILLION	Q1/2016	Q1/2015	Change in %
Sales revenue	228.0	263.0	-13.3
EBITDA	27.2	15.5	75.5
EBIT	19.5	8.1	>100.0
EBT	16.7	5.0	>100.0
Net profit/loss to shareholders of H&R AG	13.5	4.8	>100.0
Earnings per share (undiluted) in €	0.38	0.13	>100.0

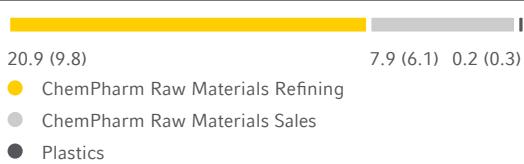
The most significant contribution to these improved results was once again made by the ChemPharm Refining segment with an EBITDA of € 20.9 million (Q1 2015: € 9.8 million). The international business activities of the ChemPharm Refining segment achieved an operating profit improvement of 29.5% with an EBITDA of € 7.9 million (Q1 2015: € 6.1 million). While the Plastics segment also recorded an overall positive operating result, with an EBITDA of € 0.2 million, it fell short of the previous year's levels (2015: € 0.3 million).

### EBITDA BY SEGMENTS Q1 2016

IN % (PREVIOUS YEAR'S FIGURES)



IN € MILLION (PREVIOUS YEAR'S FIGURES)

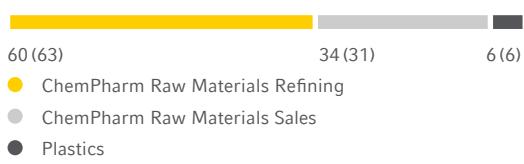


As had already been the case in prior quarters, at € 228.0 million, sales proceeds were below the comparable amount of last year (by some 13.3% as against Q1 2015 with € 263.0 million). This was once again due to lower materials costs owing, in turn, to lower raw materials costs.

In the segment distribution, sales figures show the familiar picture: a substantial share (94%) corresponded to the chemical-pharmaceutical area with its Refining and Sales segments. Our Plastics segment contributed approximately 6% to total sales.

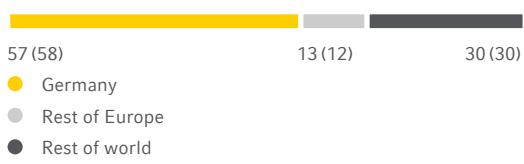
### SALES BY SEGMENTS Q1 2016

IN % (PREVIOUS YEAR'S FIGURES Q1 2015)



### SALES REVENUE BY REGION Q1 2016

IN % (PREVIOUS YEAR'S FIGURES Q1 2015)



## Net Assets and Financial Position: Improved Cash Positions

By definition, our business model involves high cash flow volatility, which is caused by changes in the net working capital, in particular in connection with raw materials supplies for our refineries around the balance sheet closing dates.

In the first quarter of financial 2016, the operating cash flow amounted to € 24.4 million, representing a distinct positive trend. Changes in net work-

ing capital decreased in the face of almost identical depreciation and amortization. At the same time, the company benefited from positive foreign exchange effects and relief on other taxes. Despite increased investment activity, free cash flow rose to € 15.6 million (Q1 2015: € -8.8 million). As concerns financing activities, the AG's credit line availability saw comparatively lower utilization. On the other hand, additional funds were borrowed for foreign activities.

### FINANCIAL POSITION

IN € MILLION	Q1/2016	Q1/2015	Change in %
Cash flow from operating activities	24.4	-3.0	n.a.
Cash flow from investing activities	-8.8	-5.9	49.2
Free cash flow	15.6	-8.8	n.a.
Cash flow from financing activities	-16.4	-10.9	50.5
Cash and cash equivalents as of 31/3	77.1	89.5	-13.9

### CASH FLOW Q1 2016

IN € MILLION	Q1 2016	Q1 2015
Operating cash flow	-3.0	24.4
Free cash flow	-8.8	15.6

The balance sheet total rose moderately as compared to 31 December 2015 from € 628.8 million to € 635.7 million as of 31 March 2016.

On the assets side of the balance sheet, short term assets increased slightly (by 3%, to € 290.5 mil-

lion) owing to higher receivables from goods and services. Long term assets remained virtually identical at € 345.2 million.

Both short and long term liabilities remained virtually unchanged on the liabilities side of the balance sheet. Over the same period of time, equity rose from € 287.1 million to € 293.4 million and is thus also the essential cause for the increase in the sum of the total balance sheet. The equity ratio has improved slightly, with respect to the year-end result for 2015, by 0.4% percentage points to 46.1% (December 31, 2015: 45.7%).

### ASSETS AS AT 31/3/2016

IN € MILLION (PREVIOUS YEAR'S FIGURES AS AT 31/12/2015)	
635.7	(628.8)
290.5 Current assets	(282.0) Current assets
345.2 Non-current assets	(346.8) Non-current assets

### SHAREHOLDERS' EQUITY AND LIABILITIES AS AT 31/3/2016

IN € MILLION (PREVIOUS YEAR'S FIGURES AS AT 31/12/2015)	
635.7	(628.8)
170.0 Current liabilities	(171.4) Current liabilities
172.3 Non-current liabilities	(170.3) Non-current liabilities
293.4 Shareholders' equity	(287.1) Shareholders' equity

## **Outlook: Expectations Confirmed**

With the publication of the 2015 Annual Report, the company had estimated the annual revenue goal at a minimum of € 900.0 million and defined percentage based expectations for the individual segments. After Q1 2016 H&R AG is overall on track.

### **SALES AND EARNINGS PROJECTIONS**

<b>Outlook for all of 2016</b>	
<b>Group sales</b>	<b>€ 900 million to € 1,200 million</b>
of which Refining	63%
of which Sales	32%
of which Plastics	5%
<b>EBITDA Group</b>	<b>~ € 85.0 million</b>
of which Refining	62%
of which Sales	34%
of which Plastics	2%

As concerns the original forecast of results and segment distribution, in March we were still assuming a weaker contribution from the Refining segment than was actually achieved. Because raw materials price fluctuations provide the most significant leverage for the business trends experienced by our refineries, and in view of the current discussions concerning the production levels of the crude oil exporting countries as well as the related sensitivity of market and product prices, for the time being and from a precautionary point of view, we believe it appropriate to maintain our current forecast for 2016 for the time being.

# Interim Consolidated Financial Statements

## Consolidated Balance Sheet of H&R AG

*as of 31 March 2016*

### ASSETS

€ THOUSAND	31/3/2016	31/12/2015
<b>Current assets</b>		
Cash and cash equivalents	77,106	79,274
Trade accounts receivable	115,666	98,838
Income tax claims	189	198
Inventories	84,967	93,996
Other financial assets	2,135	1,783
Other assets	10,457	7,876
<b>Current assets</b>	<b>290,520</b>	<b>281,965</b>
<b>Non-current assets</b>		
Property, plant and equipment	254,099	257,167
Goodwill	35,451	35,635
Other intangible assets	30,274	32,071
Shares in at-equity valued holdings	2,641	975
Other financial assets	6,061	5,471
Other assets	1,505	1,519
Deferred tax assets	15,115	13,956
<b>Non-current assets</b>	<b>345,146</b>	<b>346,794</b>
<b>Total assets</b>	<b>635,666</b>	<b>628,759</b>

### EQUITY AND LIABILITIES

€ THOUSAND	31/3/2016	31/12/2015
<b>Current liabilities</b>		
Liabilities to banks	66,768	82,752
Trade accounts payable	55,785	53,343
Income tax liabilities	8,530	6,207
Other provisions	13,811	11,174
Other financial liabilities	9,553	9,820
Other liabilities	15,557	8,084
<b>Current liabilities</b>	<b>170,004</b>	<b>171,380</b>
<b>Non-current liabilities</b>		
Liabilities to banks	76,875	78,248
Pension provisions	79,221	75,487
Other provisions	4,208	4,159
Other financial liabilities	2,197	2,387
Other liabilities	1,822	1,506
Deferred tax liabilities	7,984	8,464
<b>Non-current liabilities</b>	<b>172,307</b>	<b>170,251</b>
<b>Equity</b>		
Subscribed capital	91,573	91,573
Capital reserve	42,753	42,753
Retained earnings	116,856	105,820
Other reserves	1,366	4,714
<b>Equity of shareholders of H&amp;R AG</b>	<b>252,548</b>	<b>244,860</b>
Non-controlling interests	40,807	42,268
<b>Total equity</b>	<b>293,355</b>	<b>287,128</b>
<b>Total equity and liabilities</b>	<b>635,666</b>	<b>628,759</b>

## Consolidated Income Statement H&R AG

1 January to 31 March 2016

€ THOUSAND	Q1/2016	Q1/2015
Sales revenue	228,030	262,953
Changes in inventories of finished goods and work in progress	-4,932	-22,091
Other operating income	5,120	7,628
Cost of material	-153,193	-186,216
Personnel expenses	-22,483	-19,648
Depreciation, impairments and amortization	-7,699	-7,444
Other operating expenses	-25,406	-27,185
<b>Income from operations</b>	<b>19,437</b>	<b>7,997</b>
Result of at-equity reported shareholdings	91	61
Financial income	452	475
Financial expenses	-3,295	-3,484
<b>Earnings before taxes (EBT)</b>	<b>16,685</b>	<b>5,049</b>
Income taxes	-2,987	-548
<b>Income after taxes</b>	<b>13,698</b>	<b>4,501</b>
of which attributable to non-controlling interests	186	-249
<b>of which attributable to H&amp;R AG shareholders</b>	<b>13,512</b>	<b>4,750</b>
Earnings per share (undiluted), €	0.38	0.13
Earnings per share (diluted), €	0.38	0.13

## Consolidated Cash Flow Statement of H&R AG

1 January to 31 March 2016

€ THOUSAND	Q1/2016	Q1/2015
1. Income after taxes	13,700	4,501
2. Income taxes	2,985	548
3. Net interest result	3,237	3,388
4. +/- Depreciation, impairment and amortization	7,699	7,444
5. +/- Changes in non-current provisions	-158	-117
6. + Interest received	58	96
7. - Interest paid	-2,437	-871
8. +/- Income taxes paid/received	-933	276
9. +/- Other non-cash expenses and income	-285	-2,258
10. +/- Increase/decrease in current provisions	2,637	1,076
11. -/+ Result from the disposal of fixed assets	-21	-207
12. -/+ Changes in net working capital	-6,166	-16,419
13. +/- Changes in remaining net assets/other non-cash items	4,066	-412
<b>14. = Cash flow from operating activities (sum of 1. to 13.)</b>	<b>24,382</b>	<b>-2,955</b>
15. + Receipts from disposals von tangible fixed assets	329	308
16. - Payments for investments in tangible fixed assets	-7,468	-6,083
17. - Payments for investments in intangible assets	-89	-76
18. - Payments for investments in financial assets	-1,575	-
<b>19. = Cash flow from investing activities (sum of 15. to 18.)</b>	<b>-8,803</b>	<b>-5,851</b>
<b>20. = Free cash flow (sum of lines 14. and 19.)</b>	<b>15,579</b>	<b>-8,806</b>
21. - Payments resulting from the settlement of financial debt	-37,417	-18,725
22. + Receipts from the taking up of financial debt	21,013	7,824
<b>23. = Cash flow from financing activities (sum of lines 21. and 22.)</b>	<b>-16,404</b>	<b>-10,901</b>
<b>24. +/- Cash and cash equivalent changes in the financial resources fund (sum of lines 14., 19., 23.)</b>	<b>-825</b>	<b>-19,707</b>
25. + Cash and cash equivalents at the start of the period	79,274	101,558
26. Change in cash and cash equivalents due to changes of exchange rates	-1,343	7,632
<b>27. = Cash and cash equivalents at the end of the period</b>	<b>77,106</b>	<b>89,483</b>

## Contact

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

### *H&R AG*

Investor Relations  
Am Sandtorkai 50  
20457 Hamburg  
[www.hur.com](http://www.hur.com)

### *Ties Kaiser*

Phone: +49 (0) 40-43218-321  
Fax: +49 (0) 40-43218-390  
Email: [ties.kaiser@hur.com](mailto:ties.kaiser@hur.com)

### *Tanja Passlack*

Phone: +49 (0) 40-43218-301  
Fax: +49 (0) 40-43218-390  
Email: [tanja.passlack@hur.com](mailto:tanja.passlack@hur.com)

## Financial Calendar

18 May 2016	Annual Shareholders' Meeting Hamburg
12 August 2016	Publication of Q2 2016
15 November 2016	Publication of Q3 2016

### *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'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 or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. H&R does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.