

Heckler & Koch Group

Performance Call

For the three and twelve month periods
ending **December 31, 2016** and for the
three month period ending **March 31, 2017**

Oberndorf a.N.
April 28, 2017



Forward-Looking Statements



This presentation includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include statements that are not statements of historical facts and relate to our current intentions, beliefs or expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained on these slides, in statements made by H&K representatives in their presentations or in a “Question and Answer” period following such presentations. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.

We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the above cautionary statements.



Financials

Q4 & Year to December 31, 2016

Financials

Income Statement



€ millions	Q4 2016 ^{*)}	Q4 2015 ^{*)}	Jan-Dec 2016 ^{**)}	Jan-Dec 2015 ^{**)}
Revenue	57.6	55.4	202.4	177.0
Cost of Sales	(32.2)	(49.8)	(119.6)	(129.8)
Gross Profit	25.4	5.7	82.8	47.1
Research & Development	(1.9)	(1.5)	(5.9)	(3.7)
Selling, Marketing & Distribution	(6.6)	(6.6)	(21.9)	(23.4)
General Administration	(8.0)	(7.0)	(18.2)	(17.2)
Other Operating Income	1.8	0.4	3.4	3.2
Other Operating Expenses	(0.6)	(12.0)	(1.3)	(13.3)
EBIT	10.1	(21.0)	38.8	(7.3)
Interest Expenses (Bond Coupon)	(5.4)	(6.5)	(22.7)	(27.5)
Other Financial Items	2.1	60.7	(1.8)	60.6
Current & Prior Year Taxes	(3.8)	(1.2)	(5.2)	(2.5)
Deferred Taxes	0.4	0.5	(1.8)	(1.1)
Profit / (Loss) for the Period	3.4	32.5	7.2	22.2
<i>informative</i>				
EBITDA	12.4	(18.3)	48.2	2.2

^{*)} unaudited, interim, condensed, consolidated Income Statement for the three months ended December 31

^{**)} audited, condensed, consolidated Income Statement for the twelve months ended December 31

Financials

Cash Flow Statement



€ millions	Q4 2016 ^{*)}	Q4 2015 ^{*)}	Jan-Dec 2016 ^{**)}	Jan-Dec 2015 ^{**)}
EBITDA	12.4	(18.3)	48.2	2.2
Change in NWC	12.6	24.2	18.9	15.4
FX Variances	1.8	0.7	0.7	4.5
Gains/(Losses) on Disposal of PPE etc.	(0.0)	(0.1)	0.1	(0.1)
Income Tax paid	1.3	0.1	(1.9)	(0.3)
OCF / Operating Cash Flow	28.1	6.6	65.8	21.7
Capex	(3.6)	(1.1)	(5.0)	(2.7)
Capitalized R&D Costs	(1.0)	(0.4)	(3.2)	(1.7)
Other Cash Flow from Investments	0.2	57.1	(0.5)	56.2
CFI / Cash Flow from Investments	(4.4)	55.7	(8.7)	51.8
CFF / Cash Flow from Financing	(29.1)	(57.4)	(49.9)	(87.7)
Net Increase/(Decrease) of Cash Position	(5.4)	4.9	7.2	(14.1)
Cash Position at Beginning of Period	30.0	12.9	17.8	31.7
FX Variances in Cash Position	0.0	0.1	(0.4)	0.3
Cash Position at Period End	24.6	17.8	24.6	17.8
<i>informative</i>				
FCF / Free Cash Flow ^{***)}	23.5	5.2	57.6	17.4

^{*)} unaudited, condensed, consolidated Statement of Cash Flows for the three months ended December 31

^{**)} audited, condensed, consolidated Statement of Cash Flows for the twelve months ended December 31

^{***)} FCF = OCF +/- Capex +/- Capitalized R&D Costs

Financials

Financial Position



€ millions	31.12.16 ^{*)}	31.12.15 ^{*)}
Total Assets	215.9	230.2
Total Non-current Assets	91.2	95.5
Goodwill & Other Intangibles	33.9	32.7
Property, Plant & Equipment	39.2	41.5
Other Non-current Assets	18.1	21.2
Total Current Assets	124.7	134.8
Cash Position	24.6	17.8
Other Current Assets	100.0	116.9
Total Equity & Liabilities	215.9	230.2
Total Equity	(146.4)	(149.7)
Total Non-current Liabilities	307.0	332.7
3rd Party Loans & Borrowings	219.5	244.3
General Liability & Pension Obligations	68.1	66.2
Other Non-current Liabilities	19.4	22.1
Total Current Liabilities	55.3	47.3
<i>informative</i>		
Total Liabilities	362.3	379.9

^{*)} audited, condensed, consolidated Statement of Financial Position for the date stated



Financials

Q1 2017

Financials

Income Statement



€ millions	Jan-Mar 2017 ^{*)}	Jan-Mar 2016 ^{*)}
Revenue	49.7	46.0
Cost of Sales	(28.4)	(27.5)
Gross Profit	21.3	18.5
Research & Development	(1.3)	(1.1)
Selling, Marketing & Distribution	(6.0)	(4.4)
General Administration	(3.6)	(3.7)
Other Operating Income	0.7	0.5
Other Operating Expenses	(0.4)	(0.3)
EBIT	10.7	9.5
Interest Expenses (Bond Coupon)	(5.2)	(5.8)
Other Financial Items	(1.6)	(2.6)
Current & Prior Year Taxes	(2.0)	(0.2)
Deferred Taxes	0.1	(1.2)
Profit / (Loss) for the Period	1.9	(0.2)
<i>informative</i>		
EBITDA	12.8	11.8

^{*)} unaudited, interim, condensed, consolidated Income Statement for the three months ended March 31

Financials

Cash Flow Statement



€ millions	Jan-Mar 2017 ^{*)}	Jan-Mar 2016 ^{*)}
EBITDA	12.8	11.8
Change in NWC	(2.9)	4.0
FX Variances	(0.6)	(1.5)
Gains/(Losses) on Disposal of PPE etc.	0.0	(0.0)
Income Tax paid	(1.3)	(0.5)
OCF / Operating Cash Flow	8.1	13.9
Capex	(1.3)	(0.6)
Capitalized R&D Costs	(1.2)	(0.5)
Other Cash Flow from Investments	0.1	0.3
CFI / Cash Flow for Investments	(2.4)	(0.8)
CFF / Cash Flow for Financing	(0.3)	(3.0)
Net Increase/(Decrease) of Cash Position	5.3	10.1
Cash Position at Beginning of Period	24.6	17.8
FX Variances in Cash Position	(0.0)	(0.3)
Cash Position at Period End	30.0	27.6
<i>informative</i>		
FCF / Free Cash Flow ^{**)}	5.6	12.8

^{*)} unaudited, interim, condensed, consolidated Statement of Cash Flows for the three months ended March 31

^{**) FCF = OCF +/- Capex +/- Capitalized R&D Costs}

Financials

Financial Position



€ millions	31.03.17 ^{*)}	31.12.16 ^{*)}
Total Assets	223.8	215.9
Total Non-current Assets	91.3	91.2
Goodwill & Other Intangibles	34.6	33.9
Property, Plant & Equipment	38.8	39.2
Other Non-current Assets	17.9	18.1
Total Current Assets	132.6	124.7
Cash Position	30.0	24.6
Other Current Assets	102.6	100.0
Total Equity & Liabilities	223.8	215.9
Total Equity	(144.5)	(146.4)
Total Non-current Liabilities	306.8	307.0
3rd Party Loans & Borrowings	219.9	219.5
General Liability & Pension Obligations	67.8	68.1
Other Non-current Liabilities	19.1	19.4
Total Current Liabilities	61.5	55.3
<i>informative</i>		
Total Liabilities	368.3	362.3

^{*)} (un)audited, interim, condensed, consolidated Statement of Financial Position for the date stated



Q2/2017 Guidance & Recent Developments

Q2 Guidance & Recent Developments



We currently expect to achieve net sales and EBITDA roughly in line with Q2/2016. Operating cash flow is currently expected to remain at a similar level to Q1/2017, or slightly below; net working capital is currently expected to remain at a similar level to Q1/2017.



Thank you for your interest in our Group