

PRESS RELEASE

Hofheim am Taunus, August 16, 2019

Half-year result – Deufol defies economic slowdown in industrial manufacturing and engineering

Weak rates of growth in industrial production and a significant slowdown in the German manufacturing and engineering sector have influenced Deufol's development and performance in 2019. Despite these challenging economic circumstances, Deufol continued focusing on the digitalization and optimization of processes as well as extending its services across all supply chain challenges of our customers. First deliverables resulting from economies of scale and standardization of services are already visible in the Deufol world. Gaining further market shares in a currently shrinking market verifies the accuracy of our strategy. We are confident that Deufol will be able to lift the full potential of this strategy when economic conditions will stabilize and normalize again.

Following this development, these are the results for the first half 2019:

- **Sales € 128.2 million (prior year € 131.5 million)**
- **EBITDA € 13.3 million (prior year € 8.2 million)**
- **EBIT(A) € 3.1 million (prior year € 3.9 million)**
- **Net result € 2.0 million (prior year € 1.6 million)**

Sales development

In the first half of 2019, sales were at € 128.2 million, which is 2.5% or € 3.3 million below prior year. Changes in sales are only partly caused by the challenging global economy. The main cause for the overall reduction were one-off transactions done in 2018 in the automated packing sector in Europe outside Germany.

There were no material changes in the scope of consolidation. Due to the US-Dollar appreciation against the Euro of about 6.7%, Deufol's sales in US-Dollar increased by € 1.4 million. Taking this into account, total sales declined by € 4.7 million in the first six months of 2019.

Significantly increased result for the period

The operative result (EBITA) amounted to € 3.1 million, which is approx. 21% below prior year (€ 3.9 million). Despite challenging economic circumstances, Deufol was able to stabilize its operational profitability. Main reason for the decreasing operational result in 2019 were the one-off transactions already mentioned above, which led to higher margins in 2018.

The result for the period increased to € 2.0 million after € 1.6 million in prior year. After deduction of the earnings of noncontrolling interests, the net profit raised to € 2.0 million for the Shareholders of Deufol SE, after € 1.6 million in prior year's period. This is an increase of nearly 25% compared to the first six months of 2018. The earnings per share are at € 0.047 for the first six months of 2019 (prior year € 0.035).

Increased financial liabilities due to IFRS 16 (new Leasing Standard)

The operative cash flow of the Deufol-Group amounted in the reporting period to € 9.0 million and was below prior year's level (€ 12.4 million).

The financial liabilities considerably increased within the first six months 2019 from € 63.8 million to € 90.9 million. This increase is solely due to new accounting rules for leasing (IFRS 16) and corresponds to an equivalent raise in fixed assets (+ € 30.8 million). Due to decreased cash (€ - 3,4 million), the net financial liabilities, defined as a sum of liabilities less financial receivables and cash, increased even stronger, from € 34.1 million on December 31, 2018 to € 64.6 million at the end of the reporting period.

Overview of the first 6 months:

Figures in € Thousand	6M 2019	30.6.2019	6M 2018	31.12.2018	Change (%)
Sales	128,185		131,481		(2.5)
EBITDA	13,254		8,175		62.1
EBIT(A)	3,106		3,940		(21.2)
EBT	2,108		3,022		(30.2)
Result for the period	2,018		1,636		23.3
Thereof noncontrolling interests	(24)		84		(128,6)
Thereof shareholders of the parent company	2,042		1,552		31.6
Earnings per share (€)	0.047		0.035		34.3
Cashflow from operating activities	9,399		12,427		(24.4)
Cashflow from investing activities	(520)		(5,903)		91.2
Net financial liabilities		64,602		38,751	66.7
Equity ratio (%)		43.8		48.1	(8.9)
Employees		2,271		2,624	(13.5)

Outlook – Achieving original planning will be challenging

In the light of the economic slowdown and shrinking exports in Western and Central Europe, Deufol expects that its sales for 2019 will be slightly below the target corridors of € 270 million and € 290 million as originally published in the financial report for 2018. For the operating result



(EBITDA), Deufol now expects to achieve between € 25.5 million and € 27.5 million. Due to new accounting rules for leasing (IFRS 16), the EBITDA for 2019 is not comparable to prior year and to the original planning.

The mid-term report is also available under <https://www.deufol.com>.

About the Deufol Group:

The Deufol Group is a global player in supply chain solutions, industrial packaging and related services. Its range of services includes export & industrial packaging, logistics services and innovative IT solutions along the supply chain. Deufol, with its headquarters in Hofheim (Wallau) near Frankfurt am Main, has 91 operations in 12 countries and employs around 2,300 people. In 2018, the Group achieved annual sales of EUR 265 million.

Contact:
Claudia E. Ludwig
Investor Relations / Corporate Communications



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Deufol SE • Johannes-Gutenberg-Straße 3-5 • D-65719 Hofheim am Taunus
Phone: +49 6122 50-1228 • Mobile: +49 160 9148 9129 • Fax: +49 6122 50-1300
claudia.ludwig@deufol.com
www.deufol.com