

For next issue . Monday, October 01, 2018

PRESS RELEASE ON PROVISIONAL 2017/2018 OPERATING RESULTS

- Turnover of EUR 140 million is the highest in the company's history
- EBITDA of EUR 5 million within guidance
- Positive outlook due to strong increase in orders, significant jump in EBITDA in financial year 2018/2019 expected

With EUR 140 million, HanseYachts AG generated the highest turnover in its 27-year history in the financial year 2017/2018. In a market with intense competition, HanseYachts AG grew significantly for the sixth consecutive year and further expanded its position as the world's second-largest producer of sailing yachts. In the market for 30-to-55-foot recreational motorboats, it advanced to the top ten companies in the world.

In financial year 2017/2018, HanseYachts's range was considerably rejuvenated, including five new models in the brand-new 8 series. The new models, higher sales and marketing expenses, a late but severe onset of winter, a flu epidemic, as well as growth costs and other one-time costs caused earnings for the financial year 2017/2018 to fall below the level of the previous year.

In the reporting period from July 2017 to June 2018, turnover increased by 9 % to EUR 140.3 million. With approximately 66 %, the majority of revenue came from the sailing boat business (previous year: 70 %) and roughly 30 % from the motorboat business (previous year: 28 %). As in the previous year, "Hanse" brand sailing yachts accounted for a considerable share of revenue with EUR 69.1 million. Revenue from motorboats of EUR 42.6 million stems from the various motorboat models of the two brands "Fjord" and "Sealine". With a total of 573 ships produced and 564 invoiced ships (previous year: 575 and 589 respectively) across the Group, the average proceeds per ship increased from EUR 214 thousand to EUR 238 thousand.

For the first time, turnover also contained license revenues and services supplied to Privilège Marine SAS, France (Privilège for short) of EUR 1,867 thousand.

At approximately EUR 142.7 million, Group incoming orders for the financial year 2017/18 were significantly higher than in the previous year (+16 %).

Taking into account the inventory build-up of yachts that have been ordered but not yet delivered (+ EUR 2.5 million) and own work capitalised (+ EUR 0.1 million), total output increased by 11 % to EUR 143.3 million.

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Other operating income of EUR 1.6 million is significantly below the EUR 2.3 million generated in the previous year as that figure included the extraordinary income of EUR 2.1 million from the write-up of the "Fjord" brand. In this financial year, this line item contains income from charging on costs from marketing and trade fairs, income from the reversal of provisions, corrections of adjustments and derecognition of liabilities.

Cost of materials were EUR 81.7 million (previous year: EUR 71.6 million), equivalent to a cost of materials ratio of 57 % (of total output), which is 1.5 percentage points higher than in the previous financial year. The reason for this increase was a higher-than-average number of launches of new yacht models in the financial year, which led to significant additional costs for materials. In addition, the increase in the cost of materials ratio is due to a higher use of temporary workers, who were reported as purchased services within cost of materials. They were needed to cope with increased production volume, but were also employed to offset the unusually high shortfall of personnel in February and March 2018 due a flu outbreak. Another key reason for the increased cost of materials was the extreme weather which during the winter months led to some suppliers having weather-related delivery problems, causing production delays and postponements.

Overall, HanseYachts AG generated a gross profit (total output minus cost of materials) of EUR 61.6 million (previous year: EUR 57.4 million), which is EUR 4.2 million higher than in the previous year, primarily due to additional contribution margins from the increased total output and proceeds from the cooperation with Privilege.

Personnel expenses increased slightly year-on-year to EUR 39.8 million (EUR 34.3 million), which at 28 % of total output was one percentage point higher than in the previous year. On an annual average, there were 1,447 employees (previous year: 1,314). Personnel expenses increased mainly due to a rise in employee numbers and due to shifts in the compensation groupings.

Other operating expenses rose by EUR 2.3 million to EUR 18.3 million, which is the equivalent of 13 % (previous year: 12 %) of total output. Key components of other operating expenses are expenses for advertising and trade show exhibitions, freight and packaging, legal and consulting expenses as well as licensing fees. The increased costs compared with the previous year relate mainly to higher expenses for advertising and higher-quality trade fair exhibitions as well as legal and consulting expenses, which were incurred in particular in connection with a plagiarism incident in Italy.

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As a result of the developments mentioned above, earnings before interest, taxes and depreciation and amortisation (EBITDA) decreased by EUR 5.9 million to EUR 5.0 million year-on-year and was therefore within the guidance from 19 April 2018.

Depreciation and amortisation fell slightly to EUR 5.7 million compared with the previous year. The amount of depreciation and amortisation is a result of a high level of investments in development and production moulds for new yacht models in past financial years, which are written down over a comparatively short period of three to five years.

The interest result was EUR -1.6 million, most of which is due to the pro rata interest expenses for the issued bonds as well as the planned interest payments for the other interest-bearing liabilities.

Consolidated net income was EUR -2.3 million (previous year: positive consolidated net income of EUR 3.2 million).

Our sales network has now grown to 228 dealers worldwide. HanseYachts is thus represented in 61 countries and shows its boats at 83 trade fairs in 29 countries.

The overall economic situation and market environment were very good. Various international political tensions had no materially adverse impact on sales figures in this financial year and continued almost completely uncoupled from business operations. Sales figures in Europe and Australia increased further. Germany, the USA and Scandinavia remain at the same high level. For the first time in ten years, Spain even climbed to the top five of the Group's markets.

Despite Brexit worries and currency fluctuations in Turkey, we anticipate a moderate increase in revenue for the financial year 2018/2019. In particular, the sharp increase in the order backlog of yachts ordered at the end of the financial year compared with the end of the previous year gives us reason to be positive. We also expect a sharp increase in our earnings before interest, taxes and depreciation and amortisation (EBITDA) and positive net income for the financial year in the single-digit million euro range.

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HanseYachts AG has a different financial year to the calendar year: from 1 July to 30 June of the respective following year. The following shows the change in earnings in the reporting year compared with the previous year.

in EUR thousand	1 Jul. 2017	1 Jul. 2016	Change in earnings	
	- 30 Jun. 2018	- 30 Jun. 2017	in absolute terms	in %
Turnover	140,267	128,648	11,619	9%
Increase/decrease in inventories of finished goods and work in progress	779	-1,747	2,526	-145%
Other own work capitalised	2,211	2,069	142	7%
Total output	143,257	128,970	14,287	11%
Other operating income	1,562	3,845	-2,283	-59%
Cost of materials	-81,696	-71,564	-10,132	14%
Staff costs	-39,804	-34,300	-5,504	16%
Other operating expenses	-18,308	-15,992	-2,316	14%
EBITDA	5,011	10,959	-5,948	-54%
Depreciation and amortisation	-5,653	-5,828	175	-3%
EBIT	-642	5,131	-5,773	-113%
Net finance costs	-1,640	-1,732	92	-5%
Earnings before income taxes	-2,282	3,399	-5,681	-167%
Income taxes	-2	-237	235	-99%
Consolidated net income	-2,284	3,162	-5,446	-172%

We will publish a detailed annual report on the 2017/2018 financial year in November 2018.

HanseGroup*Hanse***Dehler**

Moody

Privilege

VA

FJORD

SEALINE

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About HanseYachts:

HanseYachts AG is one of the world's leading manufacturers of modern sailing and motor yachts and is headquartered in the Hanseatic City of Greifswald in Northern Germany. Up to 600 yachts under six strong brands are made each year to customer specifications and in some cases delivered directly ex-shipyard by sea to over 90 countries. With four to seven newly developed yachts per year and regular innovations, HanseYachts AG is constantly expanding its competitive advantage and thereby continuously expanding its market share. HanseYachts AG's shares are listed on the General Standard of the Frankfurt Stock Exchange (ISIN: DE000A0KF6M8).

Ende der Pressemitteilung . End of press release

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