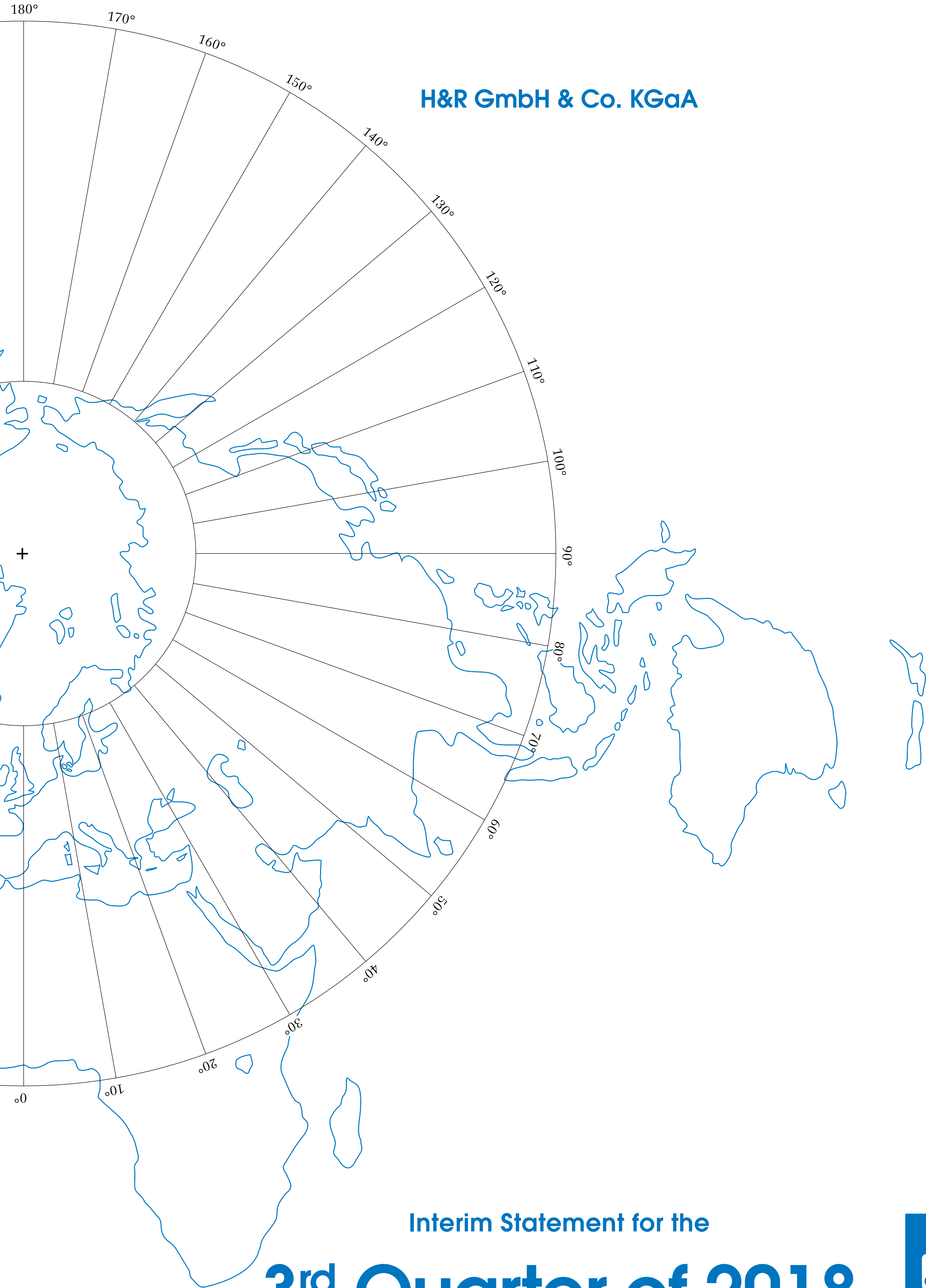


H&R GmbH & Co. KGaA

Interim Statement for the

3rd Quarter of 2018

Overview

- Sales increase slightly against the first nine months of the previous year to €833.7 million
- Operating income (EBITDA) comes to just under €60.0 million as of September 30, 2018
- Consolidated income per share of €0.55

FINANCIAL FIGURES FOR H&R GMBH & CO. KGAA

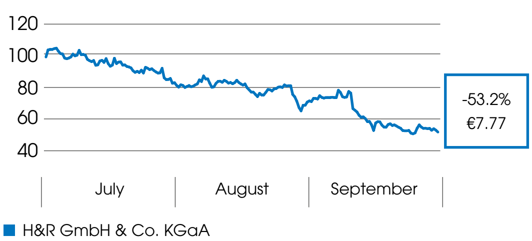
€ MILLION	First nine months of 2018	First nine months of 2017	Change in absolute terms
Sales revenue	833.7	784.9	48.8
Operating income (EBITDA)	59.7	80.8	-21.1
EBIT	34.4	54.4	-20.0
EBT	28.6	47.6	-19.0
Consolidated net income	20.9	33.8	-12.9
Consolidated income attributable to shareholders	20.2	33.9	-13.7
Consolidated income per share, undiluted, €	0.55	0.93	-0.38
Cash flow from operating activities	9.3	44.7	-35.4
Cash flow from investing activities	-44.0	-37.9	-6.1
Free cash flow	-34.7	6.9	-41.6
Cash flow from financing activities	43.5	2.1	41.4
	9/30/2018	**9/30/2017**	**Change in absolute terms**
Balance sheet total	744.7	662.6	82.1
Net working capital	183.5	153.3	30.2
Equity	355.4	342.7	12.7
Equity ratio (in %)	47.7	51.7	-4.0
No. of employees as of September 30	1,714	1,692	22

THE SEGMENTS IN FIGURES

IN € MILLION	First nine months of 2018	First nine months of 2017	Change in absolute terms
Chemical-Pharmaceutical Raw Materials Refining			
Sales	522.6	475.9	46.7
EBITDA	36.6	53.4	-16.8
Chemical-Pharmaceutical Raw Materials Sales			
Sales	275.7	271.1	4.6
EBITDA	23.2	26.9	-3.7
Plastics			
Sales	43.0	44.8	-1.8
EBITDA	2.9	3.4	-0.5
Reconciliation			
Sales	-7.7	-6.9	-0.8
EBITDA	-2.9	-2.8	-0.1

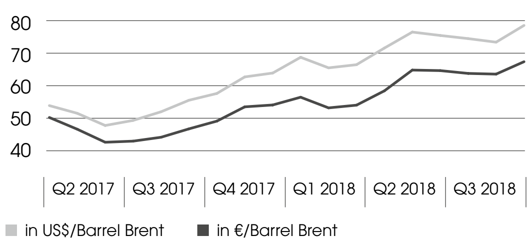
PERFORMANCE OF THE H&R SHARE Q3 2018

(INDEX 2/1/2018=100)



OIL PRICES Q2 2017 TO Q3 2018

(AVERAGE MONTHLY PRICES)



Letter from the Executive Board

Dear Shareholders, Dear Business Partners,

“Making the best of it!” These are the words that best summarize the development of your H&R over the first nine months of this year. After two financial years in which we were able to make the most of our raw materials, our processes and the overall economic environment in both operational and economic terms, allowing us to achieve very good results, 2018 brought particular challenges from day one. This meant that we already saw the need to revise our full-year EBITDA forecast of up to €106 million after the first half of the year. It was not until the third quarter that better visibility started to emerge, providing us with a basis for a valid forecast. The third quarter closed with slightly improved operating income against the previous quarter of just under €60 million, paving the way for a full-year income forecast of up to €75 million.

Looking back over the last few years, there is no doubt that this sort of performance is a far cry from the “best.” At the same time, however, it is the “best we could do,” at least given the prevailing circumstances: On the one hand, there is the development in raw material prices, which rose significantly in 2018. A trend that is noticeable on a small scale at the gas station has a huge leverage effect in the refineries. We were only partly able to pass on the additional costs in the form of higher product prices. For some products, such as base oils, price indices remained low despite crude oil being more expensive. This also meant that our sales team only had limited valid arguments to justify passing our additional costs on to our customers.

At the same time, customers were much more skeptical about their own development than at the beginning of the year. This is certainly understandable given the difficult global policy environment, which is marred by U.S. customs policy, sanctions, Brexit negotiations and, closer to home, the crisis faced by the “grand coalition” in Berlin. This means that, while customers remained keen to buy our products, they continued to adopt an extremely price-conscious approach.

This is not an easy situation for us. But other companies have not escaped unscathed either: by the end of the third quarter, almost 50 German listed companies had issued profit warnings and adjusted their expectations downwards.

In addition to the market factors, influences relating to refinery processes also played a role: in order to get the best out of production facilities, the quality of the raw materials used is crucial. We can only influence their availability to a limited extent. This year, we have only been able to use some of the raw material sources we used in previous years. Instead, we have had to use raw materials in our raw materials mix that allowed us to produce a significantly smaller quantity of our core products. As a result, our strategy of specialization and yield optimization was less successful than in recent years.

All of these factors are reflected in the figures: sales climbed to €283.3 million for the third quarter, or €833.7 million for the nine-month period, due to the higher raw material prices, and income came under pressure from the factors listed above. In the third quarter of 2018, we achieved EBITDA of €18.5 million. The total for the first nine months amounted to €59.7 million. This translates into earnings per share of €0.55 for our shareholders.

Our share price performance over the summer months and also in the third quarter was not satisfactory. The resolutions passed by the Annual Shareholders’ Meeting to distribute a dividend in cash or in new shares met with a “wait-and-see” response or upped the pressure to sell, particularly at the end of the first half of 2018. The publication of the figures for the first half in August, in particular the revision of the guidance, provided further impetus, which then pushed the share price into single-digit territory before it reached its low for this year of €6.50. The analysts reacted accordingly and adjusted their share price targets to reflect the current level. At the same time, they confirmed their assessment of a significantly undervalued stock and predominantly issued clear buy recommendations.

The past three months have provided the necessary visibility for the last quarter and, as a result, for our expectations for the year as a whole. Overall, the Management Board expects to achieve solid operating income with EBITDA in the range of €70 million to €75 million as things stand at the moment. Current market and economic expectations do not, however, allow for the sort of performance that would be on a par with that witnessed in the last two years and that would also be consistent with the Management Board's far more ambitious objectives.

Hamburg, November 2018

Sincerely yours,

Niels H. Hansen
Chairman of the Executive Board

Detlev Wösten
Member of the Executive Board

Business Performance in the 3rd Quarter of 2018

Overall Performance: More Visibility, but Challenges Remain

In the third quarter of 2018, H&R KGaA was able to put an end to the period of weaker development witnessed in the previous quarter and make a return to reporting stronger EBITDA. It was not, however, able to achieve the high figure reported in the same quarter of the previous year. Due to prices of raw materials, sales revenues were significantly higher than in Q3 2017. On the earnings side, all business divisions lagged behind the prior-year figures. The Refining segment was hit particularly hard by the development in raw material prices. The fact that the segment was unable to implement the necessary price adjustments, either at all or in full, is largely responsible for the difference in earnings. This means that the company's performance is down in a year-on-year comparison not only in the third quarter, but also over the entire nine-month period.

Results of Operations: Positive Consolidated Income Attributable to Shareholders

In the third quarter of this financial year, H&R KGaA achieved consolidated operating income (EBITDA) of €18.5 million; in the same period of the previous year, this figure came to €27.9 million. Over the first nine months of the year, EBITDA totaled €59.7 million (first nine months of 2017: €80.8 million). Sales in the third quarter climbed to €283.3 million (Q3 2017: €257.2 million). Over the period from January until the end of September 2018, revenue improved from €784.9 million to €833.7 million.

The situation also remained tense at the other net income levels:

CHANGE IN SALES AND INCOME

IN € MILLION	Q3 2018	Q3 2017	Change in %
Sales revenues	283.3	257.2	10.1
EBITDA	18.5	27.9	-33.7
EBIT	10.1	19.3	-47.7
EBT	7.7	17.2	-55.2
Consolidated income attributable to shareholders	5.3	12.5	-57.6
Consolidated earnings per share (undiluted), €	0.14	0.34	-58.8

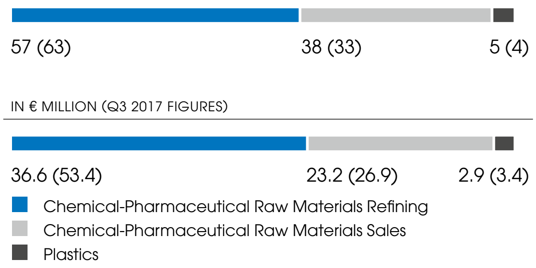
In general, however, all segments continued to make positive contributions to income. Over the entire nine-month period, the ChemPharm Refining segment made the biggest contribution to income, albeit one that fell from €53.4 million to €36.6 million. The increased raw materials prices had a particular impact on the refineries business. This development was exacerbated by changes in the quality of raw materials, meaning that fewer high-margin core products could be produced.

The international activities of the ChemPharm Sales segment, on the other hand, were more stable. Although earnings momentum tapered off in this segment, too, the EBITDA generated was much closer to the prior-year figure at €23.2 million (first nine months of 2017: €26.9 million). Over the course of the year, the Chemical-Pharmaceutical business remained beset by global political uncertainty, including Brexit and the customs and trading policy pursued by the U.S.: Customers in the automotive and automotive supply industry, in particular, were less optimistic regarding their own outlook.

The Plastics segment also reported lower operating income compared to the prior-year period, with EBITDA decreasing from €3.4 million in the first nine months of 2017 to €2.9 million. Sales also dipped slightly and came in at €43.0 million (first nine months of 2017: €44.8 million).

EBITDA BY SEGMENT, Q3 2018

IN % (Q3 2017 FIGURES)

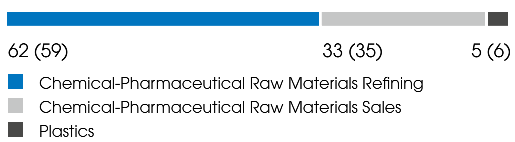


Higher raw materials costs resulted in a marked increase in sales revenue in the Chemical-Pharmaceutical segments: in the first nine months of this year, they increased by €50.5 million year-on-year from €740.1 million to €790.6 million.

A breakdown by segment shows a familiar picture for sales: a significant proportion, 95%, was generated by the Chemical-Pharmaceutical Division's Refining and Sales segments, although the composition was once again different than in the previous year. Our Plastics segment accounted for around 5% of sales.

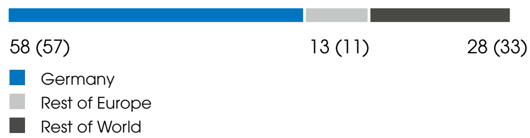
SALES BY SEGMENT, FIRST NINE MONTHS OF 2018

IN % (Q3 2017 FIGURES)



SALES BY REGION, FIRST NINE MONTHS OF 2018

IN % (Q3 2017 FIGURES)



Net Assets and Financial Position: Cash Positions Affected by Higher Costs of Raw Materials

With our business model, there is a high degree of volatility inherent in the cash flow. This is attributable to changes in net working capital, in particular when raw materials are delivered to our refineries close to the reporting dates.

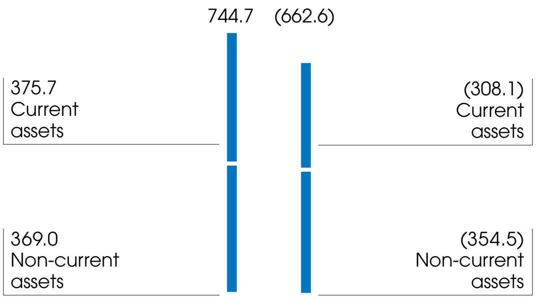
In the third quarter of financial year 2018, cash flow from operating activities came to €24.9 million (Q3 2017: €39.7 million), which represents a marked recovery over the course of the year: in mid-2018, cash flow from operating activities still stood at only €-15.6 million.

As consolidated income was lower, depreciation and amortization and interest expense had a lower impact than in the previous year; at the same time, net working capital increased by approximately €30.2 million due to the increase in the cost of raw materials.

Free cash flow came to €5.8 million in Q3 2018 (Q3 2017: €24.3 million). Due to the weak results in the first half of 2018 and this year's higher investing activity, the cash flow from operating activities came to €9.3 million in the first nine months of 2018 (first nine months of 2017: €44.7 million), while the free cash flow amounted to €-34.7 million (first nine months of 2017: €6.9 million).

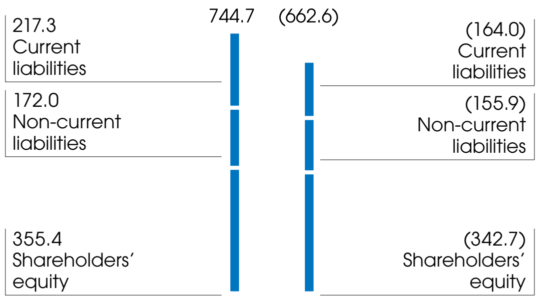
ASSETS AS OF 9/30/2018

IN € MILLION (FIGURE AS OF 12/31/2017)



LIABILITIES AND SHAREHOLDERS' EQUITY AS OF 9/30/2018

IN € MILLION (FIGURE AS OF 12/31/2017)

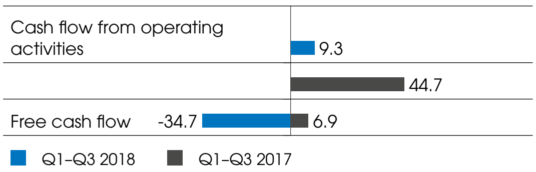


FINANCIAL POSITION

IN € MILLION	Q3 2018	Q3 2017	Change in absolute terms	First nine months of 2018	First nine months of 2017	Change in absolute terms
Cash flow from operating activities	24.9	39.7	-14.8	9.3	44.7	-35.4
Cash flow from investing activities	-19.1	-15.4	-3.7	-44.0	-37.9	-6.1
Free cash flow	5.8	24.3	-18.5	-34.7	6.9	-41.6
Cash flow from financing activities	19.6	-5.0	24.6	43.5	2.1	41.4
Cash and cash equivalents as of September 30	68.1	64.2	3.9	68.1	64.2	3.9

CASH FLOW IN THE FIRST NINE MONTHS OF 2018

IN € MILLION



The balance sheet total increased from €662.6 million on December 31, 2017, to €744.7 million on September 30, 2018.

On the assets side of the balance sheet, there was a particular increase in current assets, which rose by around €67.6 million due to higher trade receivables and higher inventories. Overall, non-current assets were stable.

On the liabilities side of the balance sheet, the most pronounced increase related to current liabilities, which rose by around €53.3 million. This was due primarily to higher trade payables, higher liabilities to banks and higher other provisions due to the development in raw material prices. The non-current items on the liabilities side increased mainly due to the higher investing activity. In the third quarter, for example, funds were used for the construction of the flood-protection wall. Equity increased due to the increased share capital, an increased capital reserve and higher retained earnings compared to the reporting date, rising from €342.7 million to €355.4 million. The equity ratio dropped against the end of 2017 due to the higher balance sheet total, amounting to 47.7% (December 31, 2017: 51.7%).

Outlook: Overall Expectations Confirmed

When the 2017 Annual Report was published, the company had set targets for annual sales at a figure of at least €950.0 million and had stated percentage expectations for the individual segments. Following the end of the third quarter of 2018, H&R KGaA is on track to generate sales at the upper end of the expected range overall, reflecting a stronger weighting in the Refining segment due to the higher raw materials prices.

Broken down by share of EBITDA, the Refining segment accounts for a slightly smaller share. In terms of the overall expectations, which the company had initially dispensed with entirely in the middle of the year, the third quarter has brought the required visibility.

As things stand at the moment, the company expects to be able to achieve EBITDA of between €70.0 million and €75.0 million. This means that H&R should achieve solid operating income in general. Current market and economic expectations do not, however, allow for the sort of performance that would be on a par with that witnessed in the last two years and that would also be consistent with the Management Board's far more ambitious objectives.

SALES AND INCOME EXPECTATIONS

	2018 Forecast
Consolidated Sales	**€950 million to €1.1 billion**
of which Refining	60%
of which Sales	34%
of which Plastics	6%
Consolidated EBITDA*	**around €70.0 million to €75.0 million**
of which Refining	60%
of which Sales	35%
of which Plastics	5%

* Originally: €94.0 million to €106.0 million (percentage distribution by segment: 65/31/4); adjusted at the time of the publication of the preliminary figures for the first nine months of 2018

Interim Financial Statement

Consolidated Statement of Financial Position of H&R GmbH & Co. KGaA

as of September 30, 2018

ASSETS

IN € THOUSAND	9/30/2018	12/31/2017
Current assets		
Cash and cash equivalents	68,066	58,952
Trade receivables	127,388	107,479
Income tax refund claims	147	259
Inventories	159,100	129,150
Other financial assets	7,053	4,076
Other assets	13,975	8,194
Current assets	**375,729**	**308,110**
Non-current assets		
Property, plant and equipment	310,154	292,631
Goodwill	22,290	22,446
Other fixed assets	17,607	19,467
Shares in holdings valued at-equity	3,827	4,469
Other financial assets	5,661	6,489
Other assets	4,388	1,393
Deferred tax assets	5,050	7,606
Non-current assets	**368,977**	**354,501**
Total assets	**744,706**	**662,611**

LIABILITIES AND SHAREHOLDERS' EQUITY

IN € THOUSAND	9/30/2018	12/31/2017
Current liabilities		
Liabilities to banks	72,815	44,384
Trade payables	102,967	83,328
Income tax liabilities	6,872	7,442
Other provisions	13,517	11,599
Other financial liabilities	3,890	5,597
Contract liabilities	4,997	–
Other liabilities	12,224	11,647
Current liabilities	**217,282**	**163,997**
Non-current liabilities		
Liabilities to banks	86,513	68,351
Pension provisions	76,062	77,598
Other provisions	3,331	3,223
Other financial liabilities	2	2
Other liabilities	1,680	1,792
Deferred tax liabilities	4,412	4,904
Non-current liabilities	**172,000**	**155,870**
Equity		
Subscribed capital	95,158	93,404
Capital reserve	46,877	41,364
Retained earnings	178,371	171,989
Other reserves	-1,839	-1,004
Equity of H&R GmbH & Co. KGaA shareholders	**318,567**	**305,753**
Non-controlling interests	36,857	36,991
Equity	**355,424**	**342,744**
Total liabilities and shareholders' equity	**744,706**	**662,611**

Income Statement of H&R GmbH & Co. KGaA

January 1 to September 30, 2018

IN € THOUSAND	1/1–9/30/2018	1/1–9/30/2017	7/1–9/30/2018	7/1–9/30/2017
Sales revenue	833,655	784,873	283,335	257,180
Changes in inventories of finished and unfinished goods	8,955	9,051	4,082	2,328
Other operating income	20,074	17,515	5,479	6,800
Cost of materials	-653,423	-585,534	-225,267	-189,986
Personnel expenses	-64,838	-63,824	-21,384	-20,741
Depreciation, impairments and amortization of intangible assets and property, plant and equipment	-25,313	-26,427	-8,477	-8,652
Other operating expenses	-84,923	-81,754	-27,735	-27,832
Operating result	**34,187**	**53,900**	**10,033**	**19,097**
Income from holdings valued at-equity	217	513	19	166
Financing income	1,504	1,261	442	417
Financing expenses	-7,342	-8,115	-2,817	-2,442
Income before taxes (EBT)	**28,566**	**47,559**	**7,677**	**17,238**
Income taxes	-7,694	-13,726	-2,034	-5,418
Consolidated income	**20,872**	**33,833**	**5,643**	**11,820**
of which attributable to non-controlling interests	703	-48	355	-696
of which attributable to shareholders of H&R GmbH & Co. KGaA	**20,169**	**33,881**	**5,288**	**12,516**
Earnings per share (undiluted), €	0.55	0.93	0.14	0.34
Earnings per share (diluted), €	0.55	0.93	0.14	0.34

Consolidated Cash Flow Statement of H&R GmbH & Co. KGaA

January 1 to September 30, 2018

IN € THOUSAND			1/1–9/30/2018	1/1–9/30/2017	7/1–9/30/2018	7/1–9/30/2017
1.		Consolidated income	20,872	33,833	5,643	11,820
2.		Income taxes	7,694	13,726	2,034	5,418
3.		Net interest income	7,073	7,836	2,710	2,340
4.	+/–	Depreciation/appreciation of fixed assets	25,313	26,427	8,477	8,652
5.	+/–	Increase/decrease in non-current provisions	-1,446	-1,696	-576	-582
6.	+	Interest received	269	279	107	102
7.	–	Interest paid	-5,614	-6,534	-2,224	-1,728
8.	+/–	Income tax received/paid or owed	-8,482	-12,562	-2,605	-3,289
9.	+/–	Other non-cash expenses/income	1,486	-911	2,238	-164
10.	+/–	Increase/decrease in current provisions	3,657	-3,211	3,300	592
11.	–/+	Gain/loss from the disposal of fixed assets	-578	-153	-15	-17
12.	–/+	Changes in net working capital	-32,030	-4,803	11,158	19,493
13.	+/–	Changes in remaining net assets/other non-cash items	-8,907	-7,525	-5,307	-2,957
14.	**=**	**Cash flow from operating activities (sum of items 1 to 13)**	**9,307**	**44,706**	**24,940**	**39,680**
15.	+	Proceeds from disposals of property, plant and equipment	1,370	208	16	29
16.	–	Payments for investments in property, plant and equipment	-44,967	-36,014	-18,778	-15,353
17.	–	Payments for investments in intangible assets	-503	-469	-382	-87
18.	+	Proceeds from investments in financial assets	797	–	–	–
19.	–	Payments for investments in financial assets	-683	-1,575	–	–
20.	**=**	**Cash flow from investing activities (sum of items 15 to 19)**	**-43,986**	**-37,850**	**-19,144**	**-15,411**
21.	**=**	**Free cash flow (sum of items 14 and 20)**	**-34,679**	**6,856**	**5,796**	**24,269**
22.	–	Dividend paid by H&R KGaA	-7,171	–	–	–
23.	+	Dividends received from joint ventures	860	325	348	163
24.	–	Payments for settling financial liabilities	-54,151	-32,495	-41,715	-7,650
25.	+	Proceeds from taking up financial liabilities	103,950	34,318	60,945	2,478
26.	**=**	**Cash flow from financing activities (sum of items 22 to 25)**	**43,488**	**2,148**	**19,578**	**-5,009**
27.	+/–	Changes in cash and cash equivalents affecting cash flow (sum of items 14, 20 and 26)	8,809	9,004	25,374	19,260
28.	+	Cash and cash equivalents at the beginning of the period	58,952	57,999	42,693	45,822
29.	+/–	Change in cash and cash equivalents due to changes in exchange rates	305	-2,773	-1	-852
30.	**=**	**Cash and cash equivalents at the end of the period**	**68,066**	**64,230**	**68,066**	**64,230**

Contact

If you have any questions concerning our company or if you would like to sign up for the company mailing list, please contact our Investor Relations team:

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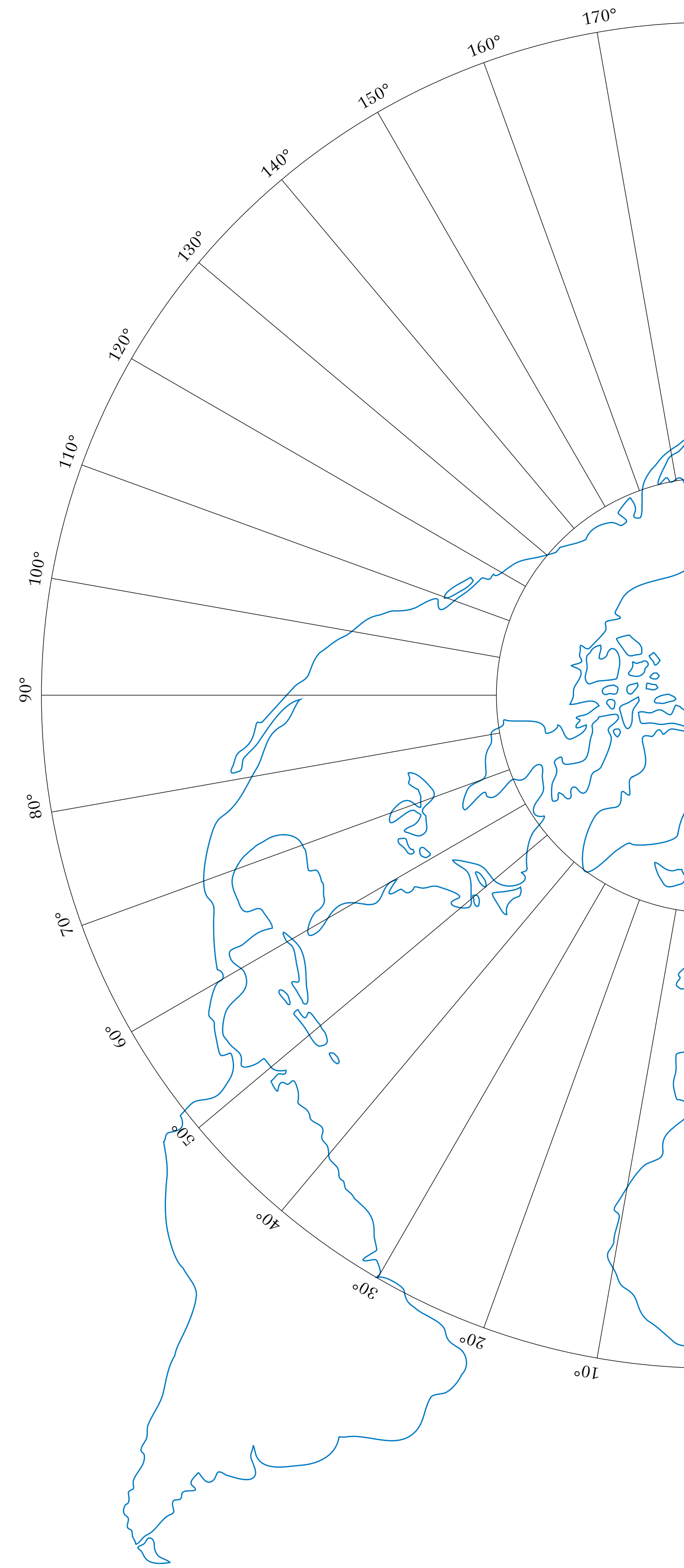
Financial Calendar

March 21, 2019	Annual Report 2018

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 GmbH & Co. KGaA's control or ability to make precise estimates, such as future market and economic conditions; the behavior of other market participants; the ability to successfully integrate acquired businesses and to 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 GmbH & Co. KGaA does not intend, nor does H&R GmbH & Co. KGaA assume any separate obligation, to update forward-looking statements to reflect events or developments occurring after the publication of this interim report.



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