

EXPLOITING OPPORTUNITIES EFFICIENTLY

INTERIM REPORT
Q3 2018

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STAHL

This report is available in German and English. Both versions can also be found online on our corporate website www.r-stahl.com under Corporate/Investor Relations/Financial Reports. It contains forward-looking statements based on assumptions and estimates of R. STAHL's management. Although we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that these expectations will prove to be correct. The assumptions may involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements. Factors that may cause such discrepancies include: changes in the macroeconomic and business environment, exchange rate and interest rate fluctuations, the roll-out of competing products, a lack of acceptance of new products or services, and changes in business strategy. R. STAHL does not plan to update these forward-looking statements nor does it accept any obligation to do so.

Rounding differences and rates of change

Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: improvements are indicated by a "+" sign, deteriorations by a "-" sign. Rates of change >+100% are shown as >+100%, rates of change <-100% as "n/a" (not applicable).

KEY FIGURES

in € thousand	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
Sales	69,785	65,979	+5.8	206,011	198,235	+3.9
Germany	19,485	15,273	+27.6	54,501	44,393	+22.8
Central region ¹⁾	28,864	30,723	-6.1	88,867	90,628	-1.9
Americas	8,105	6,538	+24.0	22,539	21,410	+5.3
Asia/Pacific	13,331	13,445	-0.8	40,104	41,804	-4.1
Order backlog as of 30 Sep.				85,509	102,121	-16.3
EBITDA pre exceptionals ²⁾	6,348	3,200	+98.4	12,815	3,379	>+100
EBITDA	6,603	1,885	>+100	9,280	756	>+100
EBIT pre exceptionals ²⁾	3,352	137	>+100	3,867	-5,846	n/a
EBIT	3,607	-1,178	n/a	332	-8,469	n/a
Net profit	2,564	-1,543	n/a	-2,363	-7,611	+69.0
Earnings per share (in €)	0.40	-0.24	n/a	-0.36	-1.18	+69.0
Cashflow from operating activities	6,904	11,734	-41.2	11,911	16,732	-28.8
Depreciation and amortization	2,996	3,063	-2.2	8,948	9,225	-3.0
Capital expenditures	2,601	2,442	+6.5	7,109	7,526	-5.5
Total assets as of 30 Sep.				238,960	267,909	-10.8
Equity as of 30 Sep.				67,341	84,355	-20.2
Equity ratio as of 30 Sep.				28.2%	31.5%	
Net debt as of 30 Sep. ³⁾				8,384	18,389	-54.4
Employees as of 30 Sep. ⁴⁾				1,708	1,763	-3.1

¹⁾ Africa and Europe excl. Germany

²⁾ Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations.

³⁾ Net debt: interest-bearing financial liabilities - cash and cash equivalents

⁴⁾ Excl. apprentices

INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January 2018 through 30 September 2018

CONTENTS

- 2 Key topics in the reporting period
- 3 Group management report
- 8 Consolidated interim financial statements
- 13 Selected explanatory notes
- 17 Financial calendar

KEY TOPICS IN THE REPORTING PERIOD

- Peter Leischner elected as new Chairman of the Supervisory Board
- Annual General Meeting passes all resolutions proposed by the company
- Sale of the property in Ettlingen concluded

PETER LEISCHNER ELECTED AS NEW CHAIRMAN OF THE SUPERVISORY BOARD

In its inaugural meeting, held directly after the 25th Ordinary Annual General Meeting, the Supervisory Board of R. STAHL AG elected Peter Leischner as its new Chairman and confirmed Heike Dannenbauer's position as Deputy Chairwoman. Both have been members of the Supervisory Board of R. STAHL since 2008. The committee also continues to include the previous Supervisory Board members, Klaus Erker, Heinz Grund, Rudolf Meier, Nikolaus Simeonidis and Jürgen Wild. First-time appointees elected to the Supervisory Board of R. STAHL are Andreas Müller and Dr. Renate Neumann-Schäfer. Former Supervisory Board Chairman Heiko Stallbörger as well as Waltraud Hertreiter did not stand for re-election and therefore retired from the Supervisory Board. The term of office of the newly elected members of the Supervisory Board is until the end of the Annual General Meeting which will formally approve the actions of Board members for the 2022 financial year.

ANNUAL GENERAL MEETING PASSES ALL RESOLUTIONS PROPOSED BY THE COMPANY

In the 25th Ordinary Annual General Meeting, which took place on 30 August 2018 in Künzelsau-Gaisbach, the shareholders of R. STAHL AG passed all the resolutions proposed by the company with the required majorities. In addition to the regular election of new shareholder representatives to the Supervisory Board, the shareholders also approved the creation of authorized capital. In the meeting, in which approximately 320 shareholders and some 30 guests participated, a peak of 82.60% of all R. STAHL shares were represented.

SALE OF THE PROPERTY IN ETTLINGEN CONCLUDED

As disclosed in the 2018 Half-year Financial Report, R. STAHL signed a contract for the sale of a property not required for operational purposes in Ettlingen on 9 July 2018. The agreed purchase price of €4.1 million was paid in the quarter under review, thereby concluding the sale. The sale of the property resulted in a one-off gain of €2.0 million reported as an exceptional item.

GROUP MANAGEMENT REPORT

- Sales in Q3 2018 up 5.8 percent year-on-year to €69.8 million
- EBITDA pre nearly doubles to €6.3 million, for FY 2018 now expected to exceed previous guidance corridor
- Net debt lowered to €8.4 million

BUSINESS PERFORMANCE

Sales

In Q3 2018, R. STAHL increased its sales by 5.8% to €69.8 million year-on-year (Q3 2017: €66.0 million). The German and American regions developed very well, while the Asia region was roughly at the previous year's level with sales in the Central region declining noticeably.

In **Germany**, sales increased by 27.6% to €19.5 million (Q3 2017: €15.3 million). Final deliveries for a major project in eastern Europe was a major factor here.

The **Central region** – consisting of Africa and Europe excluding Germany – recorded a decline in sales of 6.1% to €28.9 million (Q3 2017: €30.7 million).

The **America** region again reported pleasing results. Here, the growth dynamic of the previous quarter continued and sales increased by 24.0% to €8.1 million (Q3 2017: €6.5 million). A significant contributor in this regard was the new establishment of our subsidiary in the US, which further expanded the business with customers in the chemical industry.

In **Asia**, sales in Q3 2018 were realised at the previous year's level with €13.3 million (Q3 2017: €13.4 million).

At €69.9 million, incoming orders in Q3 2018 were roughly on a par with sales with the order backlog amounting to €85.5 million at the end of the quarter under review (30 June 2018: €89.2 million).

In the first nine months of the reporting year, R. STAHL increased its sales by 3.9% to €206.0 million (9M 2017: €198.2 million). Incoming orders of €205.6 million were 7.5% below that of the same period in the previous year (9M 2017: €222.4 million). In the previous year, however, the high level of order intake mainly resulted in an increase of the order backlog to €102.1 million as of 30 September 2017 due to customer delays in the technical order clarification (order backlog as of 31 December 2016: €80.7 million).

EBITDA and EBIT

In Q3 2018, the Group's total operating performance improved by 1.0% year-on-year to €67.9 million (Q3 2017: €67.2 million).

Other operating income increased to €4.2 million (Q3 2018: €1.9 million). This also includes an exceptional item of €2.0 million, arising from the sale of a property in Ettlingen no longer required for business operations.

Personnel expenses declined by 4.6% to €28.0 million (Q3 2017: €29.3 million), reflecting the 3.1% decline in the workforce to 1,708 employees at the end of the reporting period (30 September 2017: 1,763 employees).

Other operating expenses increased by 5.3% to €13.2 million (Q3 2017: €12.6 million) due to higher exceptional items in the amount of €1.0 million (Q3 2017: €0.4 million) from the implementation of the efficiency program R. STAHL 2020.

Sales growth, improvements in cost structures and the exceptional income from the sale of the property in Ettlingen resulted in a significant increase in earnings before interest, taxes, depreciation and amortization (EBITDA) to €6.6 million in the quarter under review (Q3 2017: €1.9 million). EBITDA pre exceptionals also developed nicely, nearly doubling year-on-year to €6.3 million (Q3 2017: €3.2 million).

The positive development of EBITDA was also reflected in earnings before interest and taxes (EBIT), which improved by €4.8 million year-on-year to €3.6 million (Q3 2017: €-1.2 million). EBIT pre exceptionals also improved significantly, rising to €3.4 million (Q3 2017: €0.1 million).

In sum, R. STAHL increased its total operating performance in the first nine months of the year by 1.7% to €206.1 million (9M 2017: €202.7 million). A decrease of 4.2% to €89.6 million was recorded for personnel expenses (9M 2017: €93.5 million), which reflects in particular the declining workforce of 1,708 employees at the end of the reporting period (30 September 2017: 1,763 employees). The increase in other operating income by 65.5% to €9.9 million (9M 2017: €6.0 million) was partially offset by higher other operating expenses that increased by 5.4% to €42.6 million (9M 2017: €40.4 million). In the first nine months of 2018, EBITDA improved year-on-year to €9.3 million (9M 2017: €0.8 million) with EBITDA pre exceptionals improving to €12.8 million (9M 2017: €3.4 million). On the whole, a significantly improved EBIT amounting to €0.3 million (9M 2017: €-8.5 million) and an EBIT pre exceptionals of €3.9 million (9M 2017: €-5.8 million) were achieved in the reporting period compared to the same period in the previous year.

An overview of exceptionals and comparisons with the previous year as well as reconciliations of EBITDA to EBITDA pre exceptionals and of EBIT to EBIT pre exceptionals for the quarter under review and for the first nine months of the period under review is given as follows:

in € million	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change	included in income statement under
EBITDA	6.6	1.9	+4.7	9.3	0.8	+8.5	
Exceptionals ^{*)}	0.3	-1.3	+1.6	-3.5	-2.6	-0.9	
Restructuring charges	-1.8	-1.1	-0.7	-6.0	-2.3	-3.7	
Devaluation and disposal of inventories	-0.1	0	-0.1	-0.1	0	-0.1	Change in finished and unfinished products
Severance pay	-0.6	-0.7	+0.1	-2.3	-1.8	-0.5	Personnel costs
Legal and consulting costs	-0.8	-0.3	-0.5	-3.4	-0.4	-2.9	Other operating expenses
Other	-0.2	-0.1	-0.2	-0.3	-0.1	-0.2	Other operating expenses
M&A costs	0	-0.2	+0.2	0	-0.3	+0.3	Other operating expenses
Disposal of non-current assets no longer required for business operations	2.0	0	+2.0	2.5	0	+2.5	Other operating income
EBITDA pre exceptionals	6.3	3.2	+3.1	12.8	3.4	+9.4	
EBIT	3.6	-1.2	+4.8	0.3	-8.5	+8.8	
Exceptionals ^{*)}	0.3	-1.3	+1.6	-3.5	-2.6	-0.9	
EBIT pre exceptionals	3.4	0.1	+3.2	3.9	-5.8	+9.7	

^{*)} Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations.

Financial result

In Q3 2018, the financial result of €-0.8 million was €0.2 million below that of the same period in the previous year (Q3 2017: €-0.6 million). This mainly reflected higher interest expenses due to adjusted interest rate terms for the syndicated loan agreement. Earnings before taxes improved to €2.8 million (Q3 2017: €-1.8 million).

In the first nine months of 2018, the financial result was €-2.1 million, a decline of €0.7 million compared to the same period of the previous year (9M 2017: €-1.4 million). Earnings before taxes improved to €-1.8 million (9M 2017: €-9.9 million).

Net profit / Earnings per share

Income taxes amounted to €0.3 million in Q3 2018, while the negative result in the prior-year quarter resulted in tax income of €0.2 million. In the quarter under review, this resulted in a net profit of €2.6 million (Q3 2017: €-1.5 million) and earnings per share of €0.40 (Q3 2017: €-0.24), respectively.

In the first nine months of 2018, income taxes of €0.6 million were incurred despite negative earnings. In the same period of the previous year, the recognition of losses carried forward had resulted in tax income of €2.3 million. Net profit in the reporting period amounted to € 2.4 million (9M 2017: €-7.6 million) and earnings per share amounted to € 0.36 (9M 2017: €-1.18).

NET ASSETS AND FINANCIAL POSITION

Balance sheet structure

As of the reporting date 30 September 2018, the balance sheet total of the R. STAHL Group declined to €239.0 million compared with the end of the previous year (31 December 2017: €249.6 million). This decrease was mainly due to a reduction in inventories and the sale of properties no longer required for business operations during the reporting period, which primarily served to repay interest-bearing loans. As of the reporting date 30 September 2018, net debt therefore declined significantly to €8.4 million compared with the end of the previous year (31 December 2017: €18.1 million).

Non-current assets decreased to €122.0 million as of the balance sheet date (31 December 2017: €127.3 million), mainly due to depreciation and amortization and the disposal of properties in Düsseldorf and Ettlingen. Current assets decreased by the same amount to €116.9 million (31 December 2017: €122.3 million). This was due in particular to the reduction in inventories and the decrease in cash and cash equivalents.

The negative net profit after the first nine months of the year led to a decrease in equity to €67.3 million compared with the end of the previous year (31 December 2017: €69.1 million). Due to the reduced balance sheet total, this nevertheless resulted in an improvement of the equity ratio to 28.2% as of the balance sheet date (31 December 2017: 27.7%).

Non-current liabilities decreased to €108.2 million as of 30 September 2018 (31 December 2017: €112.2 million). In addition to a decrease in interest-bearing loans, a higher discount rate for pension provisions also contributed to this, resulting in a reduction of pension provisions by €2.3 million.

The decrease in current liabilities to €63.5 million as of the balance sheet date (31 December 2017: €68.3 million) mainly reflects the reduction in liabilities from interest-bearing loans.

Financial position and investments

The improved earnings situation compared with the previous year led to an increase in cash flow to €2.6 million in Q3 2018 (Q3 2017: €1.1 million). Working capital also developed positively, falling by €4.3 million (Q3 2017: €10.6 million) despite higher sales. Accordingly, cash flow from operating activities amounted to €6.9 million in the quarter under review (Q3 2017: €11.7 million). Cash flow from investing activities improved to €1.5 million (Q3 2017: €-2.5 million) as a result of the purchase price payment received from the sale of the property in Ettlingen. This resulted in a free cash flow of €8.4 million for the quarter under review (Q3 2017: €9.2 million).

In the first nine months of 2018, the improved net profit to an increase in cash flow to €4.2 million (9M 2017: €-0.9 million). During this period, working capital was reduced by €7.7 million (9M 2017:

€17.6 million), resulting in a cash flow from operating activities of €11.9 million (9M 2017: €16.7 million). Cash flow from investing activities fell significantly in the first nine months of the reporting year to €-2.4 million (9M 2017: €-8.7 million). While the purchase price payments from the sale of the properties in Düsseldorf and Ettlingen totalling €4.6 million were received in the reporting period, the final payment for the investment in ZAVOD Goreltex Co. Ltd. amounting to €1.2 million was made in the previous year. Overall, a free cash flow of €9.5 million was generated in the first nine months of 2018 (9M 2017: €8.0 million).

OUTLOOK, OPPORTUNITIES AND RISKS

Outlook for 2018

Our efficiency program R. STAHL 2020 continues to progress according to plan. We now expect EBITDA pre for FY 2018 to exceed our previous guidance corridor. In the course of the implementation of further structural measures, we expect higher exceptional items in this year's final quarter. Compared to last year, 2018's net profit will improve significantly but still be in the high single-digit negative millions as expected.

Opportunities and risks

All R. STAHL subsidiaries regularly compile an opportunities and risks report, in which all opportunities and risks in the company are taken into account worldwide. All managing directors are required to inform the department responsible for opportunity and risk management if significant events occur, including during the course of the quarter. The statements made starting on page 42 of the 2017 Annual Report continue to apply unchanged.

Waldenburg, November 2018

The Executive Board

CONSOLIDATED INCOME STATEMENT R. STAHL GROUP

in € thousand	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
Sales	69,785	65,979	+5.8	206,011	198,235	+3.9
Change in finished and unfinished products	-2,823	132	n/a	-2,583	1,047	n/a
Other own work capitalized	896	1,096	-18.2	2,661	3,424	-22.3
Total operating performance	67,858	67,207	+1.0	206,089	202,706	+1.7
Other operating income	4,182	1,935	>+100	9,857	5,956	+65.5
Cost of materials	-24,235	-25,366	+4.5	-74,506	-73,968	-0.7
Personnel costs	-27,974	-29,325	+4.6	-89,572	-93,535	+4.2
Other operating expenses	-13,228	-12,566	-5.3	-42,588	-40,403	-5.4
Earnings before financial result, income taxes and depreciation and amortization (EBITDA)	6,603	1,885	>+100	9,280	756	>+100
Depreciation and amortization	-2,996	-3,063	+2.2	-8,948	-9,225	+3.0
Earnings before financial result and income taxes (EBIT)	3,607	-1,178	n/a	332	-8,469	n/a
Result from companies consolidated at equity	303	205	+47.8	617	702	-12.1
Investment result	0	0	0	0	0	0
Interest and similar income	47	49	-4.1	1,065	145	>+100
Interest and similar expenses	-1,118	-856	-30.6	-3,801	-2,287	-66.2
Financial result	-768	-602	-27.6	-2,119	-1,440	-47.2
Earnings before income taxes	2,839	-1,780	n/a	-1,787	-9,909	+82.0
Income taxes	-275	237	n/a	-576	2,298	n/a
Net profit/loss	2,564	-1,543	n/a	-2,363	-7,611	+69.0
thereof						
attributable to other shareholders	-36	-22	-63.6	-68	-15	<-100
attributable to shareholders of R. STAHL AG	2,600	-1,521	n/a	-2,295	-7,596	+69.5
Earnings per share (€)	0.40	-0.24	n/a	-0.36	-1.18	+69.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME R. STAHL GROUP

in € thousand	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
Net profit/loss	2,564	-1,543	<i>n/a</i>	-2,363	-7,611	<i>+69.0</i>
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	-622	-538	<i>-15.6</i>	-983	-2,096	<i>+53.1</i>
Deferred taxes on gains/losses from currency translations	0	0	<i>0</i>	0	0	<i>0</i>
Currency translation differences after taxes	-622	-538	<i>-15.6</i>	-983	-2,096	<i>+53.1</i>
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	2	37	<i>-94.6</i>	0	65	<i>n/a</i>
Recognized in profit or loss	-1	-54	<i>+98.1</i>	5	-20	<i>n/a</i>
Deferred taxes on cash flow hedges	0	5	<i>n, a,</i>	-1	-13	<i>+92.3</i>
Cash flow hedges after taxes	1	-12	<i>n, a,</i>	4	32	<i>-87.5</i>
Other comprehensive income with reclassification to profit	-621	-550	<i>-12.9</i>	-979	-2,064	<i>+52.6</i>
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	1,218	-21	<i>n/a</i>	2,313	4,585	<i>-49.6</i>
Deferred taxes from pension obligations	-359	6	<i>n/a</i>	-682	-1,352	<i>+49.6</i>
Other comprehensive income without reclassification to profit	859	-15	<i>n/a</i>	1,631	3,233	<i>-49.6</i>
Other comprehensive income (valuation differences recognized directly in equity)	238	-565	<i>n/a</i>	652	1,169	<i>-44.2</i>
thereof						
attributable to other shareholders	-1	-1	<i>0</i>	-5	-3	<i>-66.7</i>
attributable to shareholders of R. STAHL AG	239	-564	<i>n/a</i>	657	1,172	<i>-43.9</i>
Total comprehensive income after taxes	2,802	-2,108	<i>n/a</i>	-1,711	-6,442	<i>+73.4</i>
thereof						
attributable to other shareholders	-37	-23	<i>-60.9</i>	-73	-18	<i><-100</i>
attributable to shareholders of R. STAHL AG	2,839	-2,085	<i>n/a</i>	-1,638	-6,424	<i>+74.5</i>

CONSOLIDATED BALANCE SHEET R. STAHL GROUP

in € thousand	30 Sep. 2018	31 Dec. 2017	Change	30 Sep. 2017	Change
ASSETS					
Intangible assets	42,317	41,796	+521	41,823	+494
Property, plant & equipment	54,442	57,203	-2,761	58,332	-3,890
Investments in associated companies	7,945	7,750	+195	7,475	+470
Other financial assets	50	50	0	108	-58
Other assets	1,038	1,206	-168	1,101	-63
Real estate held as financial investments	5,174	7,383	-2,209	7,451	-2,277
Deferred taxes	11,046	11,905	-859	22,388	-11,342
Non-current assets	122,012	127,293	-5,281	138,678	-16,666
Inventories and prepayments made	40,670	45,501	-4,831	51,732	-11,062
Trade receivables	51,085	49,961	+1,124	48,070	+3,015
Income tax claims	3,109	3,166	-57	2,220	+889
Other receivables and other assets	7,252	7,568	-316	9,858	-2,606
Cash and cash equivalents	14,832	16,085	-1,253	17,351	-2,519
Current assets	116,948	122,281	-5,333	129,231	-12,283
Total assets	238,960	249,574	-10,614	267,909	-28,949
EQUITY AND LIABILITIES					
Subscribed capital	16,500	16,500	0	16,500	0
Capital reserves	13,457	13,457	0	13,457	0
Retained earnings	67,154	69,449	-2,295	82,989	-15,835
Accumulated other comprehensive income	-29,783	-30,440	+657	-28,703	-1,080
Deduction for treasury stock	0	0	0	0	0
Equity attributable to shareholders of R. STAHL	67,328	68,966	-1,638	84,243	-16,915
Non-controlling interest	13	86	-73	112	-99
Equity	67,341	69,052	-1,711	84,355	-17,014
Pension provisions	91,467	93,736	-2,269	92,051	-584
Other provisions	1,784	1,850	-66	1,825	-41
Interest-bearing financial liabilities	11,787	13,095	-1,308	8,531	+3,256
Other liabilities	225	353	-128	390	-165
Deferred taxes	2,890	3,208	-318	3,644	-754
Non-current liabilities	108,153	112,242	-4,089	106,441	+1,712
Provisions	5,458	6,061	-603	6,418	-960
Trade payables	16,502	18,212	-1,710	16,879	-377
Interest-bearing financial liabilities	11,429	21,073	-9,644	27,209	-15,780
Deferred liabilities	15,187	11,135	+4,052	15,539	-352
Income tax liabilities	1,400	609	+791	639	+761
Other liabilities	13,490	11,190	+2,300	10,429	+3,061
Current liabilities	63,466	68,280	-4,814	77,113	-13,647
Total equity and liabilities	238,960	249,574	-10,614	267,909	-28,949

CONSOLIDATED CASH FLOW STATEMENT R. STAHL GROUP

in € thousand	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Net profit/loss	2,564	-1,543	+4,107	-2,363	-7,611	+5,248
Depreciation and amortization	2,996	3,063	-67	8,948	9,225	-277
Changes in long-term provisions	-27	15	-42	-84	-91	+7
Changes in deferred taxes	-555	-349	-206	-101	-3,007	2,906
Equity valuation	-303	-205	-98	-196	-311	+115
Other income and expenses without cash flow impact	10	119	-109	444	897	-453
Result from the disposal of non-current assets	-2,039	2	-2,041	-2,443	24	-2,467
Cash flow	2,646	1,102	+1,544	4,205	-874	+5,079
Changes in short-term provisions	-76	96	-172	-605	143	-748
Changes in inventories, trade receivables and other non-capex or financial assets	2,134	4,440	-2,306	3,342	8,447	-5,105
Changes in trade payables and other non-capex or non-financial liabilities	2,200	6,096	-3,869	4,969	9,016	-4,047
Changes in working capital	4,258	10,632	-6,374	7,706	17,606	-9,900
Cash flow from operating activities	6,904	11,734	-4,830	11,911	16,732	-4,821
Cash outflow for capex on intangible assets	-1,194	-1,732	+538	-4,090	-5,089	+999
Cash inflow from disposals of non-current intangible assets	0	0	0	0	0	0
Cash outflow for capex on property, plant & equipment	-1,407	-710	-697	-3,019	-2,437	-582
Cash inflow from disposals of property, plant & equipment	4,125	18	+4,107	4,671	80	+4,591
Cash outflow for the purchase of shares in associated companies	0	-67	+67	0	-1,275	+1,275
Cash flow from investing activities	1,524	-2,491	+4,015	-2,438	-8,721	+6,283
Free cash flow	8,428	9,243	-815	9,473	8,011	+1,462
Distribution to shareholders (dividend)	0	0	0	0	-3,864	+3,864
Distribution to / contribution from minority shareholders	0	0	0	0	-104	+104
Cash inflow from interest-bearing financial debt	42	107	-65	649	4,369	-3,720
Cash outflow for repayment of interest-bearing financial debt	-5,220	-8,822	+3,602	-11,571	-6,584	-4,987
Cash flow from financing activities	-5,178	-8,715	+3,537	-10,922	-6,183	-4,739
Changes in cash and cash equivalents	3,250	528	+2,722	-1,449	1,828	-3,277
Foreign exchange and valuation-related changes in cash and cash equivalents	61	-120	+181	196	-645	+841
Cash and cash equivalents at the beginning of the period	11,521	16,943	-5,422	16,085	16,168	-83
Cash and cash equivalents at the end of the period	14,832	17,351	-2,519	14,832	17,351	-2,519

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY R. STAHL GROUP

in € thousand	Equity attributable to shareholders										Equity		
	Sub- scribed Capital	Capital re- serves	Re- tained earnings	Accumulated other comprehensive income						Deduction for treasury shares		Total	Non- control- ling interests
				Currency trans- lation	Un- realized gains/ losses from cash flow hedges	Un- realized gains/ losses from pension obli- gations	Total accu- mulated other com- prehen- sive income						
1 Jan. 2017	16,500	13,457	94,449	-338	-33	-29,504	-29,875	0	94,531	234	94,765		
Net profit/loss			-7,596					0	-7,596	-15	-7,611		
Accumulated other comprehen- sive income			0	-2,093	32	3,233	1,172		1,172	-3	1,169		
Total compre- hensive income			-7,596	-2,093	32	3,233	1,172		-6,424	-18	-6,442		
Dividend distribution			-3,864					0	-3,864	-104	-3,968		
Changes in minority interests			0					0	0	0	0		
30 Sep. 2017	16,500	13,457	82,989	-2,431	-1	-26,271	-28,703	0	84,243	112	84,355		
1 Jan. 2018	16,500	13,457	69,449	-2,741	-6	-27,693	-30,440	0	68,966	86	69,052		
Net profit/loss			-2,295					0	-2,295	-68	-2,363		
Accumulated other comprehen- sive income			0	-978	4	1,631	657		657	-5	652		
Total compre- hensive income			-2,295	-978	4	1,631	657		-1,638	-73	-1,711		
Dividend distribution			0					0	0	0	0		
Changes in minority interests			0					0	0	0	0		
30 Sep. 2018	16,500	13,457	67,154	-3,719	-2	-26,062	-29,783	0	67,328	13	67,341		

SELECTED EXPLANATORY NOTES

1. Accounting according to International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of R. STAHL AG have been prepared pursuant to International Financial Reporting Standards (IFRS) as mandated for EU companies in accordance with IAS 34 “Interim Reports”.

These consolidated interim financial statements have not been audited.

2. Consolidation

In addition to the Group’s parent company, R. STAHL AG, the consolidated interim financial statements include 32 domestic and foreign companies in which R. STAHL AG may exert a controlling influence.

Companies in which the Company can exert a substantial influence are consolidated as associated enterprises in the consolidated financial statements using the equity method. As of 2016, ZAVOD Goreltex Co. Ltd., Saint Petersburg, Russia, and ESACO Proprietary Ltd., Edenvale, South Africa, are included in the consolidated financial statements as associated enterprises using the equity method.

3. Accounting and valuation methods

The consolidated interim financial statements and comparison figures for the previous year’s period have been prepared and calculated using the same accounting and valuation methods as the consolidated financial statements for fiscal year 2017. The underlying principles are published in the notes to our consolidated financial statements for 2017. The latter is available on our corporate website www.r-stahl.com.

We use the historical cost approach in preparing our consolidated financial statements. The accounting for derivative financial instruments is an exception to this rule, as these must be accounted for at their applicable fair value.

In order to present the reliability of the valuation of financial instruments at fair value in a comparable manner, IFRS introduced a fair value hierarchy with the following three levels:

- Valuation on the basis of exchange price or market price for identical assets or liabilities (Level 1)
- Valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on market observable input parameters (Level 2)
- Valuation on the basis of assessment models with significant input parameters that are not observable on the market (Level 3)

Derivative financial instruments measured at fair value of the R. STAHL Group are rated solely according to the fair value hierarchy Level 2.

The positive fair values of derivative financial instruments on the balance sheet amounted to €27 thousand (31 December 2017: €514 thousand). We recognized negative fair values of €-345 thousands (31 December 2017: €-100 thousand).

4. Cash flow statement

Our cash flow statement according to IAS 7 shows the cash inflows and outflows of the R. STAHL Group in the period under review.

The liquidity shown in the cash flow statement comprises cash on hand, cheques, and credit balances at banks. It also includes securities with original maturities of up to three months.

5. Earnings per share

Earnings per share are calculated by dividing consolidated earnings – net of minority interests – by the average number of shares. Our diluted earnings per share are the same as our earnings per share.

6. Disclosure of dividend payment

In the prior year, R. STAHL AG paid a dividend of €0.60 per share to its shareholders following the Annual General Meeting in June 2017. A total of €3,864 thousand was distributed.

The dividend payment was made on the basis of the dividend resolution listed as item 2 on the agenda of the Annual General Meeting of 2 June 2017.

7. Number of employees

The company employed 1,708 persons (excluding apprentices) as of the reporting date on 30 September 2018 (30 September 2017: 1,763).

8. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2017.

9. Transactions with related persons

There were no material transactions with related persons in the period under review.

10. Events after the end of the reporting period

As announced in the Federal Gazette (Bundesanzeiger) on 4 August 2016, the shareholders Metropol Vermögensverwaltungs- und Grundstücks-GmbH, Karl-Walter Freitag, Riebeck-Brauerei von 1862 AG and Caterina Steeg filed actions for rescission and nullity in respect of the resolutions of R. STAHL AG adopted at the shareholders meeting on 3 June 2016. The Stuttgart Regional Court dismissed the actions in their entirety in its judgement handed down on 20 June 2017. The appeals lodged by some of the plaintiffs against this judgement had been dismissed by the Stuttgart Higher Regional Court (Case No. 20 U 5/17) by its order dated 4 May 2018. The Stuttgart Higher Regional Court did not allow the appeal. The complaints for non-admission filed by these plaintiffs were withdrawn by them in a written submission dated 18 October 2018. The proceedings were last pending before the Federal Court of Justice under Case No. II ZR 180/18. The dispute has thus been brought to a legally binding conclusion. The costs of the proceedings, including the extrajudicial costs of R. STAHL AG, will be borne by the plaintiffs within the framework of the statutory provisions. No agreements were reached between the parties to the dispute. Services of R. STAHL AG were neither rendered nor promised. In accordance with statutory provisions, the end of the legal dispute was announced in the Federal Gazette on 31 October 2018.

At the ordinary shareholders meeting of R. STAHL AG held on 3 June 2016, some shareholders also filed an "Application for the appointment of a special auditor for the purpose of reviewing management transactions in connection with the takeover offer of Weidmüller Beteiligungsgesellschaft mbH and the acquisition and sale of treasury shares" under agenda item 6, which was rejected by a majority of the shareholders at the shareholders meeting. As announced in the 2016 Annual Report, some shareholders subsequently pursued this request and applied to the Stuttgart Regional Court for the judicial appointment of a special auditor. By means of a decision dated 29 September 2017, the competent Chamber rejected that application in its entirety. The applicants lodged an appeal against this decision on 30 October 2017, which the Chamber did not remedy by order dated 27 February 2018 and referred to the Stuttgart Higher Regional Court (Case No.: 20 W 6/18) for a decision. By order of 25 October 2018, the 20th Civil Senate of the Stuttgart Higher Regional Court dismissed the applicants' appeal against the order of the Stuttgart Regional Court and did not allow a further appeal. The dispute has thus been brought to a legally binding conclusion. The costs of the proceedings, including the extrajudicial costs of R. STAHL AG, will be borne by the applicants within the framework of the statutory provisions. No agreements were reached between the parties to the proceedings. Services of R. STAHL AG were neither rendered nor promised.

With the conclusion of the two aforementioned proceedings, all legal disputes of material importance for R. STAHL AG are terminated with the best possible judicial outcome for the company.

Waldenburg, 8 November 2018

R. Stahl Aktiengesellschaft

Dr. Mathias Hallmann

Chief Executive Officer

Volker Walprecht

Chief Financial Officer

FINANCIAL CALENDAR

2018

Eigenkapitalforum, Frankfurt am Main **26 November**

2019

Preliminary Figures FY 2018 **28 February**

Bankhaus Lampe Deutschlandkonferenz, Baden-Baden **4 April**

Annual Report FY 2018 **26 April**

Interim Report Q1 2019 **9 May**

26th Annual General Meeting, Künzelsau-Gaisbach **7 June**

Interim Report Q2 2019 **8 August**

Interim Report Q3 2019 **7 November**

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