Focus Customer

QUARTERLY FINANCIAL REPORT
as at 30 SEPTEMBER 2013

STAHL

R. STAHL – **at a glance**

Business:	supplier of electromechanical and electronical safety technology for hazardous environments
Customers:	oil and gas industry, pharmaceutical industry, chemical industry, maritime industry, food, biofuel industry and plant construction
Products:	control and installation equipment, light fittings, terminals, automation, system solutions
Employees:	1,818 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN), Houston (USA), Selangor (MAL)
Sales:	2012: EUR 291 million (2013e: EUR 305 million)
EBIT margin:	2012: 8.6% (2013e: 8.1%)
Shares:	6.44 million shares; app. 41% free float

e= expected

Group **Management Report** as at 30 September 2013

In the first nine months of 2013, R. STAHL raised sales revenues by 5.8% to EUR 226.0 million. Starting from a high prior-year level, order intake rose slightly by 2.1% to EUR 232.2 million – mainly due to increased demand from Germany and Europe. EBIT improved by 8.3% to EUR 19.3 million.

HETEROGENEOUS INDUSTRY ENVIRONMENT

The most encouraging development in our key markets at present is to be found in Northern Europe and Latin America. Some of our client industries faced adverse economic circumstances in the third quarter of 2013, however. In Australia, commodity companies drastically reined in their capital spending, and demand in Asia is also weaker – due mainly to a falling propensity to invest in China. Cost-cutting programmes introduced by a number of chemicals companies resulted in more modest demand from the chemical and pharmaceutical industries. The economic situation in Southern Europe in particular is holding back growth. International plant engineering and the market for specialist ships for the offshore industry were equally exposed to economic turbulence during the current year.

ORDER INTAKE DRIVEN MAINLY BY GERMANY AND EUROPE: +2.1%

Despite the economic difficulties in certain regions, R. STAHL succeeded in raising order intake by 2.1% to EUR 232.2 million in the first nine months of 2013 (previous year: EUR 227.3 million) in an average industry environment. On the one hand, we were able to gain promising new contracts around the world. However, the delayed award of certain contracts – as already indicated in the second quarter – continued and resulted in lower than expected order intake. All in all, we see great potential in the oil and gas industry: in view of the current strain on our project team to deal with enquiries for new plants to meet global demand, we expect a further increase in order intake in 2014.

Whereas demand in Asia and the Americas is down somewhat as a result of adverse economic conditions, we achieved strong year-on-year growth in order intake from Germany and Europe in particular: in these countries, we received numerous orders as a result of equipment already installed.

As of the end of September 2013, R. STAHL's order backlog amounted to EUR 74.1 million (previous year: EUR 79.3 million).

5.8% SALES GROWTH REFLECTS CALMER INTERNATIONAL MARKETS

Compared to the previous year, we raised R. STAHL's revenues in the first three quarters of 2013 by 5.8% to EUR 226.0 million (previous year: EUR 213.6 million), whereby the strong development in the Americas, Europe and the Middle East accounted for the lion's share of this growth.

In **Germany**, we generated revenues of EUR 47.5 million (previous year: EUR 45.3 million), corresponding to growth of 4.9%. The German economy recovered in the third quarter of 2013, and R. STAHL was among those who profited from this clear upward trend: for example with a project order for the lighting system of a coal and ore loading station. Compared to the previous year, total order intake in Germany rose by 12.2% to EUR 51.5 million (previous year: EUR 45.9 million).

The markets in **Europe (excluding Germany)** became more stable in the third quarter. The core nations of the Euro zone in particular are on the road to recovery, as reflected by sales of R. STAHL in this region: in the first nine months of 2013 revenues rose by 7.4% to EUR 103.8 million (previous year: EUR 96.6 million) while order intake was up 6.9% to EUR 107.4 million (previous year: EUR 100.5 million). We enjoyed particular success in the North Sea region, where we received a major energy provision order for an offshore platform. There was also strong demand for top-quality products of R. STAHL in the Middle East, where orders included the supply of local control panels for a petrochemical company in Saudi Arabia.

The fracking wave in North America continues to exert downward pressure on the gas price. As a result, demand for products in the oil and gas sector, especially in Canada, is slowing. However, there was a slight upward trend in the USA and we were also awarded lucrative orders in South America, such as an onshore gas plant in Bolivia. In **America** as a whole, we generated revenues of EUR 36.5 million in the first three quarters of 2013 (previous year: EUR 34.3 million) – representing growth of 6.5%. Starting from a high prior-year level, order intake from the American region fell by 5.7% to EUR 37.7 million (previous year: EUR 40.0 million).

Although the Asian economy has gained further stability over the past few months, growth in this region continues to lag behind expectations and demand was weaker than in previous years. Against this backdrop, we recorded modest year-on-year revenue growth of 2.1% to EUR 38.2 million in the **Asia/Pacific** region (previous year: EUR 37.4 million). Order intake fell to EUR 35.6 million (previous year: EUR 41.0 million). In the third quarter of 2013, we were able to convince a leading Australian gas exploration and production company of the reliability of our products and were awarded a particularly prestigious order. As a result, R. STAHL will be involved in the world's first project to convert gas from coal seams into natural gas. We still see enormous potential in Asia and plan to expand our sales activities even further in the region.

Up to the end of September 2013, we generated 79.0% of our sales revenues outside Germany (previous year: 78.8%). The growing demand for products of the R. STAHL Group outside our domestic market also strengthens our commitment to internationalization: we have expanded our foreign production capacities and optimized our international sales structures.

EBIT UP 8.3%

In the first three quarters of 2013, we posted earnings before interest and taxes (EBIT) of EUR 19.3 million (previous year: EUR 17.9 million), corresponding to growth of 8.3%. As a percentage of revenues, the EBIT margin amounted to 8.6% (previous year: 8.4%). The EBIT result of the reporting period was influenced by special items: whereas currency effects had a net positive impact of EUR 0.7 million in the first three quarters of 2012, extraordinary expenses from exchange rate factors burdened EBIT by EUR 2.3 million in the reporting period of 2013. The Fed's announcement to change its monetary policy has led to significant shifts on the currency markets over the last four months.

	2013	2012	Change
EBIT	19.3	17.9	+ 8.3%
Currency effects	- 2.3	+ 0.7	–
Adjusted EBIT	21.7	17.2	+ 26.1%

Adjusted for special items, we raised our operating result by 26,1% to EUR 21.7 million (previous year: EUR 17.2 million) – in particular by increasing the efficiency of our production facilities with targeted process enhancements. We have been able to impose higher prices on the market due to our expertise in quality and technology and have reduced the ratio of material expenses to revenue to 35.4% (previous year: 37.6%).

Adjusted for currency effects, the EBIT margin amounted to 9.6% (previous year: 8.0%). This year-on-year increase of 1.6 %-points underlines the success of our operating business.

As of the end of September, we raised pre-tax earnings (EBT) by 10.5% to EUR 16.7 million (previous year: EUR 15.1 million) and posted an EBT margin based on revenues of 7.4% (previous year: 7.1%). Earnings per share rose correspondingly by 8.9% to EUR 1.96 (previous year: EUR 1.80).

ASSETS AND FINANCIAL STRUCTURE – SOLID BASIS FOR EXPANSION IN GROWING MARKETS

As of 30 September 2013, the R. STAHL Group had total assets of EUR 248.8 million (31 December 2012: EUR 229.6 million) – or 8.4% more than on 31 December 2012.

In the first three quarters of 2013, our long-term assets rose by 4.6% to EUR 105.1 million (31 December 2012: EUR 100.4 million). Due mainly to construction projects in India, the Netherlands and in Cologne, our property, plant & equipment grew by EUR 6.3 million. Since the end of 2012, short-term assets have increased by EUR 14.6 million, or 11.3%, to EUR 143.8 million (31 December 2012: EUR 129.2 million). Whereas raw, auxiliary and working materials have remained at a constant level, finished and unfinished goods have increased – due in part to the fact that goods for certain orders in our complex project and systems business have not yet been delivered. As of the end of September, total inventories amounted to EUR 54.1 million, while trade receivables grew slightly to EUR 60.2 million in the reporting period.

R. STAHL applied IAS 19 rev. (2011) "Employee Benefits" for the first time in 2013 and adjusted its prior-year figures in accordance with IAS 8. The main changes to IAS 19 concern accounting for defined benefit obligations. Pension obligations are measured at the present value of obligations less fund assets in the balance sheet using the remeasurement approach, resulting in differences in the accounting of pension obligations.

Increases and decreases in the present value of defined benefit obligations resulted in actuarial losses, caused by changes in the calculation parameters. Due to a change in interest rates from 5.2% in 2011 to 3.6% as of 31 December 2012, the present value of future benefit obligations increased by EUR 16.8 million to EUR 80.5 million. As the corridor method was still used in 2012, this interest rate change does not affect the balance sheet according to the old regulation, but is listed in an auxiliary calculation and disclosed as an actuarial loss.

The discontinuation of the corridor method for actuarial gains and losses means they are now disclosed in equity after consideration of deferred taxes. This effect reduced our equity as of 31 December 2012 by EUR 13.8 million and impacted the equity ratio. According to the old regulation, equity amounted to EUR 99.7 million with an equity ratio of 44.3%. After applying the new regulation, equity at year-end 2012 amounts to EUR 85.9 million with an equity ratio of 37.4%.

As of the reporting date, R. STAHL's equity amounted to EUR 86.7 million (31 December 2012: EUR 85.9 million): the increase resulting from period earnings of EUR 11.6 million was offset by the proportion of comprehensive income with no effect on profit and loss of EUR 4.8 million. Currency effects from the translation of our foreign subsidiaries in non-euro countries amounting to EUR 4.1 million accounted for the largest share. Equity was also reduced by the dividend payment of EUR 5.9 million. As on 31 December 2012, the R. STAHL Group held 516,291 treasury shares on 30 September 2013. On both reporting dates, treasury shares were netted against equity at cost (EUR 5.6 million). After the first nine months of 2013, the equity ratio stood at 34.8% (31 December 2012: 37.4%).

The long-term debts of the R. STAHL Group rose by EUR 91.9 million (31 December 2012: EUR 88.6 million) following the assumption of additional loans to finance our expansion projects. In order to finance these expansion projects, we secured contractually fixed credit lines with a volume of EUR 50 million and long-term loans of EUR 10 million. We also raised our short-term borrowing and disclosed short-term loans of EUR 70.3 million as of 30 September 2013 (31 December 2012: EUR 55.1 million). The R. STAHL Group continues to match funding and maturities: long-term assets are covered by equity and long-term debt, while liquid funds exceed short-term, interest-bearing loans.

CASH FLOW – INVESTMENT PROJECTS SQUEEZE FUNDS

At the end of the third quarter of 2013, we had cash flow of EUR 23.5 million (previous year: EUR 18.9 million).

Cash flow from ongoing business operations more than doubled to EUR 12.4 million (previous year: EUR 5.9 million).

As planned, we invested EUR 15.4 million (previous year: EUR 14.7 million) in the period January to September 2013. Capex cash flow in the third quarter was influenced most by our construction projects. In addition, we purchased state-of-the-art milling and laser centres for our production facilities in India and the Netherlands.

At the end of the third quarter, free cash flow amounted to EUR -3.0 million (previous year: EUR -8.8 million).

Based on a resolution of the Annual General Meeting to pay a dividend of EUR 1.00 per share, we distributed a total of EUR 5.9 million (previous year: EUR 4.1 million) to our shareholders. In order to finance ongoing business operations of the R. STAHL Group, we took out short-term loans of EUR 9.6 million (previous year: EUR 12.3 million) and used EUR 3.5 million of our long-term loans. In total, this resulted in finance cash flow of EUR 7.2 million (previous year: EUR 7.7 million).

Compared to 31 December 2012, financial funds increased by EUR 3.2 million to EUR 20.8 million.

CAPITAL EXPENDITURE

From January to September 2013, we invested EUR 15.9 million (previous year: EUR 13.0 million) in long-term assets such as software, plant and tools. The main focus, however, was on our construction projects: we already launched our international investment programme in 2012 – focusing on the expansion of capacities at our sites in Cologne, Weimar, India and the Netherlands. We regard the financing of our own property as a low-interest variant for the expansion of production facilities. Although this increased level of investment will continue to impact the group's cash flow in 2014, we expect capital expenditure to return to normal from 2015 onward.

R. STAHL ENJOYING GROWTH IN INDIA

R. STAHL has merged its three Indian factories to create a single new production and development site. The facility was officially opened on 25 September in a grand ceremony, attended by our CEO Martin Schomaker, the Managing Director of our Indian subsidiary Jörg Fitzek, further representatives of the R. STAHL Group, the entire Indian workforce and numerous customers and business associates. Dr. Stefan Weckbach, the Federal Republic of Germany's Consul in Chennai, was also on site to personally congratulate the company on the official opening of its new plant. After the ceremonial ribbon-cutting and ritual lighting of an oil lamp, the guests were given a tour of the facility: the Indian subsidiary's production plant has been laid out according to the latest flow-production principles, with a standardized quality system and excellently equipped development laboratory. "Our Indian facility operates with the same high standards of quality and safety as all other R. STAHL manufacturing sites," explained Martin Schomaker.

PRODUCTION SITE IN THE NETHERLANDS EXPANDED

In early 2013, we began the construction of two new halls for our fast-growing Dutch subsidiary, which will almost double production space by approximately 2,350 m^2. The additional space is to be used mainly for system projects. In addition, we are creating 250 m^2 of office space. During the construction and fitting of the two new halls, we attached great importance to sustainability and energy efficiency. Our Dutch subsidiary is planning to move into the new buildings at the end of the year.

MARKET SUCCESS WITH NEW PRODUCTS

We have not only expanded our research and development facilities in India, but also in Waldenburg and Cologne. We generate around 40% of our revenue with products which are less than five years old. In the third quarter of 2013, we once again launched a promising new product with our explosion-protected optical signalling device, the FX15, which meets customer requirements in the offshore area and is ideally suited to rough environments. Its lightweight housing made of fibre-glass reinforced polyester and stainless steel wire guard guarantees corrosion resistance and flexibility. The FX15 thus expands our comprehensive range of signalling devices for potentially explosive environments (Ex areas) and offers customers variable application possibilities.

R. STAHL'S VICE PRESIDENT TECHNOLOGY APPOINTED IECEX CHAIRMAN

At the annual meeting of the IECEx Management Committee in Fortaleza, Brazil, in September 2013, the R. STAHL Group's Vice President Technology, Prof. Dr. Thorsten Arnhold, was elected as Chairman of the IECEx system. The IECEx system is an organization of 31 member nations at present, affiliated to the International Electrotechnical Commission (IEC), which assesses the conformity of products and services for Ex areas. Its activities ensure that materials and services for Ex areas are produced and operated in full compliance with the applicable international safety standards and that its certification bodies around the world guarantee standardized conformity assessment. We regard the appointment of Prof. Dr. Thorsten Arnhold, who has been working for R. STAHL in the field of Explosion Protection for over 21 years, as a commendation of his personal qualities and expertise, as well as confirmation of the extreme quality orientation of the R. STAHL Group.

RISK AND OPPORTUNITY REPORT

All R. STAHL subsidiaries regularly prepare a report on opportunities and risks, in which all opportunities and risks that the company faces around the world are duly recorded. In the case of important events – also during the quarter – every managing director is obliged to report to the opportunities and risks management team. The statements made on pages 36–47 et seq. of the Annual Report 2012 continue to apply.

OUTLOOK

R. STAHL generated solid results in a challenging economic environment: despite the cost-cutting programmes and project delays of several companies in our customer industries, we achieved good levels of growth in both revenue and EBIT. In Germany and Europe (especially the North Sea region), we continue to expect healthy growth rates in the coming months. We see great potential in South America and will continue to expand our market position in this region. In North America and the Asia/Pacific region, we expect further market stagnation but continue to forecast a recovery from 2014 onwards. Uncertainty factors include the Fed's monetary policy and US debt crisis, as well as conflicts in the Middle East.

We are currently investing heavily in the expansion of our production capacities around the world, in order to not only achieve higher volumes but also greater efficiency via more modern equipment. We expect our construction projects to bear fruit in the near future and contribute towards improved earnings.

Due to ongoing sluggish demand from certain target markets, we continue to uphold our revenue forecast of EUR 305 million with pre-tax earnings of EUR 21 million.

November 2013

Executive Board

Consolidated **income statement**

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2013

EUR 000	7–9/2013	7–9/2012	1–9/2013	1–9/2012
Sales revenue	77,783	77,824	226,040	213,609
Change in inventories of finished and unfinished products	2,142	1,918	6,877	6,087
Other own work capitalized	929	833	2,569	2,451
Total operating performance	**80,854**	**80,575**	**235,486**	**222,147**
Other operating income	1,385	1,204	4,311	6,343
Cost of materials	- 27,128	- 29,755	- 80,054	- 80,352
Personnel costs	- 27,178	- 26,606	- 83,261	- 78,240
Depreciation, amortization and impairments on intangible assets and property, plant & equipment	- 2,854	- 2,701	- 8,652	- 8,233
Other operating expense	- 17,507	- 16,293	- 48,500	- 43,812
Earnings before financial earnings and income taxes	**7,572**	**6,424**	**19,330**	**17,853**
Net financial earnings	- 876	- 931	- 2,622	- 2,726
Earnings before income taxes	**6,696**	**5,493**	**16,708**	**15,127**
Taxes on income	- 2,079	- 1,838	- 5,130	- 4,551
Period earnings	**4,617**	**3,655**	**11,578**	**10,576**
Minority interests in earnings	29	- 19	- 23	- 83
R. STAHL earnings share	4,588	3,674	11,601	10,659
Earnings per share (in EUR)	**0.78**	**0.62**	**1.96**	**1.80**

Overall net result **of a given period**

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2013

EUR 000	1–9/2013	1–9/2012
Net result of a given period	**11,578**	**10,576**
Change of adjustments from currency translations of foreign subsidiaries	- 4,078	1,107
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	49	349
Deferred taxes from the subsequent measurement of cash flow hedges	- 7	- 98
Changes in earnings with reclassification to result for period	**- 4,036**	**1,358**
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	- 1,139	0
Deferred taxes from the subsequent measurement of pension obligations	332	0
Changes in earnings without reclassification to result for period	- 807	0
Components of the overall result not affecting net income	**- 4,843**	**1,358**
Total annual result after taxes	**6,735**	**11,934**
Earnings contribution from minority interests	- 39	- 75
Earnings contribution R. STAHL	6,774	12,009

Tax effects from components of the overall result not affecting net income

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2013

EUR 000		1–9/2013			1–9/2012	
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Change of adjustments from currency translations of foreign subsidiaries	- 4,078	0	- 4,078	1,106	0	1,106
Unrealized gains/ losses from cash flow hedges	49	-7	42	349	- 98	251
Unrealized gains/ losses from pensions	- 1,139	332	- 807	0	0	0
Components of the overall result not affecting net income	**- 5,168**	**325**	**- 4,843**	**1,455**	**- 98**	**1,357**

Consolidated **balance sheet**

AS AT 30 SEPTEMBER 2013

EUR 000	30/09/2013	31/12/2012
ASSETS		
Long-term assets		
Intangible assets	38,369	39,779
Property, plant & equipment	48,885	42,586
Other financial investments	134	142
Other assets	1,081	1,514
Real estate held as a financial investment	7,884	8,052
Deferred taxes	8,699	8,359
	105,052	**100,432**
Short-term assets		
Inventories and prepayments made	54,133	45,870
Trade receivables	60,222	57,659
Other receivables and other assets	8,601	8,042
Cash and cash equivalents	20,816	17,601
	143,772	**129,172**
Total assets	**248,824**	**229,604**

EUR 000	30/09/2013	31/12/2012
EQUITY AND LIABILITIES		
Equity	**86,676**	**85,894**
Long-term liabilities		
Accruals for pension obligations	71,498	71,689
Other accruals	1,514	1,572
Interest-bearing loans	16,225	12,750
Other liabilities	761	692
Deferred taxes	1,858	1,896
	91,856	**88,599**
Short-term liabilities		
Accruals	8,659	5,827
Trade liabilities	13,722	14,843
Interest-bearing loans	16,374	6,801
Deferred liabilities	16,439	13,735
Other liabilities	15,098	13,905
	70,292	**55,111**
Total equity & liabilities	**248,824**	**229,604**

Consolidated statement **of changes in equity**

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2013

			Shareholders' equity
EUR 000	Subscribed capital	Capital reserve	Profit reserve
Balance on 1 January 2012	**16,500**	**522**	**76,234**
Results for the period			10,659
Cumulated other equity			0
Total result for the period			**10,659**
Dividend distribution			- 4,147
Changes of minority property situation			- 40
Balance on 30 September 2012	**16,500**	**522**	**82,706**
Balance on 1 January 2013	**16,500**	**522**	**86,417**
Results for the period			11,601
Cumulated other equity			0
Total result for the period			**11,601**
Dividend distribution			- 5,924
Changes of minority property situation			- 147
Other changes			0
Balance on 30 September 2013	**16,500**	**522**	**91,947**

Shareholders' equity

Cumulated other equity			
Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from pensions	Currency translation	Total of cumulated other equity
- 620	**- 3,216**	**1,429**	**- 2,407**
			0
251	0	1,098	1,349
251	**0**	**1,098**	**1,349**
			0
			0
- 369	**- 3,216**	**2,527**	**- 1,058**
- 254	**- 13,790**	**1,930**	**- 12,114**
			0
42	- 807	- 4,062	- 4,827
42	**- 807**	**- 4,062**	**- 4,827**
			0
			0
			0
- 212	**- 14,597**	**- 2,132**	**- 16,941**

Shareholders' equity		Minority interests	Consolidated equity
Deduction for treasury shares	Total		Total
- 5,596	**85,253**	**280**	**85,533**
	10,659	- 83	10,576
	1,349	8	1,357
	12,008	**- 75**	**11,933**
	- 4,147	- 51	- 4,198
	- 40	20	- 20
- 5,596	**93,074**	**174**	**93,248**
- 5,596	**85,729**	**165**	**85,894**
	11,601	- 23	11,578
	- 4,827	- 16	- 4,843
	6,774	**- 39**	**6,735**
	- 5,924	- 52	- 5,976
	- 147	45	- 102
	0	125	125
- 5,596	**86,432**	**244**	**86,676**

Consolidated **cash flow statement**

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2013

EUR 000	1–9/2013	1–9/2012
I. Operating activities		
1. Period earnings	11,578	10,576
2. Depreciation, amortization and impairment of non-current assets	8,652	8,233
3. Changes in long-term provisions	- 49	- 28
4. Changes in deferred taxes	- 164	- 518
5. Other income and expenses without cash flow impact	3,542	698
6. Income/expense from the disposal of non-current assets	- 33	- 17
7. Cash flow	**23,526**	**18,944**
8. Changes in inventories, trade receivables and other non-capex or non-financial assets	- 17,834	- 22,801
9. Changes in short-term provisions, trade liabilities and other non-capex or non-financial liabilities	6,728	9,770
10. Changes in net current assets	**- 11,106**	**- 13,031**
11. Cash flow from ongoing business operation	**12,420**	**5,913**

EUR 000	1–9/2013	1–9/2012
II. Capex cash flow		
12. Cash outflow for capex on long-term assets	- 15,873	- 12,988
13. Cash inflow from disposals of long-term assets	538	299
14. Increase (+)/decrease (-) of short-term financial assets	-43	-33
15. Cash outflow from the investment of consolidated companies – net of cash acquired	0	-2,000
16. Capex cash flow	**- 15,378**	**- 14,722**
17. Free cash flow	**- 2,958**	**- 8,809**
III. Finance cash flow		
18. Distribution to shareholders (dividend)	- 5,924	- 4,147
19. Distribution to/contribution from minority shareholders	- 28	- 71
20. Increase (+)/decrease (-) in short-term, interest-bearing financial debt	9,630	12,268
21. Cash inflow from long-term, interest-bearing financial debt	3,475	0
22. Cash outflow for repayment of long-term, interest-bearing financial debt	0	- 375
23. Finance cash flow	**7,153**	**7,675**

EUR 000	1–9/2013	1–9/2012
IV. Financial fund assets		
24. Cash flow-impacting changes in financial funds	4,195	- 1,134
25. Foreign exchange and valuation-related changes in financial funds	- 980	- 220
26. Financial funds at the beginning of the period	17,601	15,214
27. Financial funds at the end of the period	**20,816**	**13,860**
Composition of financial funds held		
Cash and cash equivalents	**20,816**	**13,860**

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 34 domestic and foreign companies in which R. STAHL AG may exert a controlling influence. Compared to 31 December 2012, the group of consolidated companies remains unchanged. In February 2013, R. STAHL AG, Waldenburg (Germany) acquired a further 13% of shares in R. STAHL Engineering & Manufacturing Sdn. Bhd., Selangor (Malaysia) for a purchase price of EUR 100 thousand and now holds 100% of shares.

.. 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 2012. The underlying principles are published in the notes to our consolidated financial statements for 2012. The latter is available on our corporate website www.stahl.de. R. STAHL is applying IAS 19 rev. (2011) “Employee Benefits” for the first time in 2013. IAS 19 rev. (2011) was adopted retroactively and in accordance with IAS 8. The prior-year figures have been adjusted accordingly. The main changes to IAS 19 concern accounting for defined benefit obligations. Material effects result from the discontinued use of the corridor method for actuarial gains and losses, which are now recognized on occurrence in other comprehensive income. For further information on the effects, please refer to our comments on the Asset and Financial Structure in the Group Management Report.

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 steps:

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

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

The positive fair values of the derivative financial instruments on the balance sheet date amounted to EUR 84 thousand (31 December 2012: EUR 154 thousand). We recognized negative fair values of EUR -349 thousand (31 December 2012: EUR -472 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 common shares. Our diluted earnings per share are the same as our earnings per share.

.. 6 Disclosure of paid dividend

On completion of the Annual General Meeting, R. STAHL AG paid its shareholders a dividend of EUR 1.00 per eligible share in May 2013. The total dividend payment amounted to EUR 5,924 thousand.

.. 7 Treasury stock disclosure

On 30 September 2013, the Company held 516,291 treasury shares, as it did on 31 December 2012. On both reporting dates, treasury stock was netted against equity at the acquisition cost of EUR 5,596 thousand.

.. 8 Number of employees

The Company employed 1,818 persons (excluding apprentices) as of the reporting date on 30 September 2013 (previous year: 1,635 persons).

.. 9 Changes in the Supervisory Board of R. STAHL AG

The following persons retired from the Supervisory Board of R. STAHL AG on completion of the Annual General Meeting on 17 May 2013:

- Josef Kurth, Dipl.-Volkswirt, Öhringen
  Deputy Chairman
  Former Managing Director of Berner GmbH
- Christoph Carle, Künzelsau (staff representative)
  Project manager process optimization
- Monika Weidmann, Künzelsau (staff representative)
  Technical draftsperson

The scheduled election of the six shareholder representatives on the Supervisory Board for the coming four years was conducted during the Annual General Meeting on 17 May 2013. The Annual General Meeting 2013 voted the following persons as its representatives on the Supervisory Board:

- Hans-Volker Stahl, Dipl.-Kfm., Starnberg
- Heike Dannenbauer, Magistra Artium (M.A.), Empfingen
  Stage Manager of Stage Apollo Theater Produktionsgesellschaft mbH

- Waltraud Hertreiter, Dipl.-Betriebswirtin (FH), Neubeuern,
  Freelance consultant
  - Chairwoman of the Supervisory Board of Textilgruppe Hof AG
  - Chairwoman of the Advisory Board of Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH
  - Member of the Regional Advisory Board South of Commerzbank AG
- Peter Leischner, Dipl.-Kfm., Frankfurt
  Authorised signatory, Director, Head of Treasury Management of Gutmark, Radtke & Company AG
- Rudolf Meier, Dipl.-Ing., Nuremberg
  Head of Production Machinery, Motion Control Systems of Siemens AG
- Heiko Stallbörger, Dipl.-Ing., Stuttgart
  Freelance engineering consultant

Prior to the Annual General Meeting, the following persons were voted by the workforce as its representatives on the Supervisory Board in accordance with the German One-Third Employee Participation Law ("Drittelbeteiligungsgesetz")

- Klaus Erker, Dörzbach
  Chairman of the Works Council
- Heinz Grund, Braunsbach
  Agricultural technician/mechanic
- Nikolaus Simeonidis, Bretzfeld
  Work preparation

At the constituent Supervisory Board meeting held directly after the Annual General Meeting, Mr Hans-Volker Stahl was elected as Chairperson of the Supervisory Board and Heike Dannenbauer as Deputy Chairperson of the Supervisory Board.

.. 10 Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2012

..11 Transactions with related persons

R. STAHL did not undertake any material transactions with related persons in the period under review.

..12 Significant events after the end of the reporting period

There have been no significant events since the reporting date.

Waldenburg, 6 November 2013

R. STAHL Aktiengesellschaft

Martin Schomaker	**Bernd Marx**
CEO	CFO

Key **figures**

EUR 000	1–9/2013	1–9/2012	%
Sales revenue	226,040	213,609	+ 5.82
Germany	47,513	45,293	+ 4.90
Central excl. Germany	103,834	96,642	+ 7.44
Americas	36,538	34,303	+ 6.52
Asia/Pacific	38,155	37,371	+ 2.10
Foreign share (%)	79.0	78.8	
Order intake	232,216	227,346	+ 2.14
Order backlog	74,085	79,291	- 6.57
EBITDA	27,982	26,086	+ 7.27
EBIT	19,330	17,853	+ 8.27
EBT	16,708	15,127	+ 10.45
Period earnings	11,578	10,576	+ 9.47
EPS/earnings per share in EUR (total)	1.96	1.80	+ 8.89
Capex on intangible and PP&E assets	15,873	12,988	+ 22.21
DA&I on intangible and PP&E assets	8,652	8,233	+ 5.09
EBITDA margin (% of sales revenues)	12.4	12.2	
EBIT margin (% of sales revenues)	8.6	8.4	
EBT margin (% of sales revenues)	7.4	7.1	
Staff as of the balance sheet date (excl. apprentices)	1,818	1,635	+ 11.19

Financial calendar **2013**

Presentation at German Equity Forum Frankfurt // **12 November 2013**

Annual General Meeting in Neuenstein // **23 May 2014**

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