

# EXPLOITING OPPORTUNITIES EFFICIENTLY

INTERIM REPORT  
1<sup>ST</sup> QUARTER 2018



NON-HAZARDOUS  
WARNING  
IN EXPLOSIONSGEFÄHRDETEN  
BEREICHEN NICHT UNTER  
SPANNUNG TRENNEN  
ATTENTION  
NE PAS SEPARER SOUS TENSION OU  
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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](http://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

€ 000	Q1 2018	Q1 2017	Change in %
Sales	<b>65.7</b>	65.5	+0.4
Germany	<b>16.0</b>	15.2	+5.1
Central region <sup>1)</sup>	<b>30.5</b>	29.8	+2.6
Americas	<b>6.5</b>	7.4	-12.0
Asia/Pacific	<b>12.7</b>	13.1	-3.4
Order backlog as of 31 March	<b>92.5</b>	91.3	+1.3
EBITDA pre exceptionals <sup>2)</sup>	<b>2.3</b>	-0.2	n/a
EBITDA	<b>0.7</b>	-1.0	n/a
EBIT pre exceptionals <sup>2)</sup>	<b>-0.7</b>	-3.1	+78.8
EBIT	<b>-2.3</b>	-4.0	+43.1
Net profit	<b>-3.5</b>	-3.0	-14.7
Earnings per share (in €)	<b>-0.54</b>	-0.47	-14.7
Cashflow from operating activities	<b>-2.7</b>	4.7	n/a
Depreciation and amortization	<b>3.0</b>	2.9	+0.4
Capital expenditures	<b>2.2</b>	2.2	+1.5
Total assets as of 31 March	<b>255.6</b>	281.4	-9.2
Equity as of 31 March	<b>66.4</b>	93.5	-29.0
<i>Equity ratio as of 31 March</i>	<b>26.0</b>	33.2	
Net debt as of 31 March (excl. pension provisions)	<b>23.0</b>	20.4	-12.5
Employees as of 31 March <sup>3)</sup>	<b>1,740</b>	1,791	-2.8

<sup>1)</sup> Africa and Europa excl. Germany

<sup>2)</sup> 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

<sup>3)</sup> Excl. apprentices

# INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January 2018 through 31 March 2018

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## **SIGNIFICANT EVENTS AND TRANSACTIONS IN THE PERIOD UNDER REVIEW AND THEIR IMPACT ON THE EARNINGS, FINANCIAL AND ASSET POSITION**

R. STAHL finished the first quarter 2018 with slightly higher sales and noticeably improved earnings compared to the previous year.

Driven by a further slow recovery in demand in key customer industries, order intake rose considerably to €68.5 million, an increase of 11.0% compared to the previous year's weak final quarter (Q4 2017: €61.7 million). This translated into an ongoingly solid order backlog of €92.5 million at the end of the reporting period (31 December 2017: €92.3 million).

In the period under review, sales grew 0.4% year on year to €65.7 million (Q1 2017: €65.5 million). Earnings before interest and taxes (EBIT) improved significantly by €1.7 million to € 2.3 million (Q1 2017: €-4.0 million) compared to the prior year. This reflects first contributions from measures being implemented to improve the organization's efficiency.

At the beginning of 2018, R. STAHL introduced earnings before interest, taxes, depreciation and amortization (EBITDA) pre exceptionals (EBITDA pre) as key financial performance indicator to steer the Group. Exceptionals include costs and income which are not related to the ongoing operating business, but are incurred only once, for example in the course of restructuring measures. EBITDA pre makes R. STAHL's fundamental profitability more comparable and also provides the internal basis for swiftly and consistently implementing further measures to increase the organization's efficiency. In the first quarter 2018, R. STAHL's EBITDA pre increased by €2.5 million to €2.3 million (Q1 2017: € 0.2 million). Exceptionals amounted to € 1.6 million (Q1 2017: € 0.8 million). At the end of the reporting period, liabilities related to loans amounted to €44.0 million (31 March 2017: €39.7 million), while cash and cash equivalents were at €21.1 million (31 March 2017: €19.2 million). Accordingly, net debt amounted to €23.0 million (31 March 2017: €20.4 million).

On 9 February 2018, R. STAHL announced that Bernd Marx, Member of the Executive Board and responsible for the finance department, stepped down from his position as Chief Financial Officer and that his contract will end on 30 June 2018. Until the appointment of a successor, the Chairman of the Executive Board of R. STAHL AG, Dr. Mathias Hallmann, has taken over all duties of the former Chief Financial Officer.

On 2 March 2018, R. STAHL released preliminary figures for fiscal year 2017. Sales came in at €268.5 million with an EBIT pre exceptionals of €5.4 million and net profit of €21.2 million.

With its notification of 7 March 2018, R. STAHL announced the delay of the release of its Annual Report for fiscal year 2017 and the Annual General Meeting 2018. The new date of the Annual General Meeting 2018 is 30 August 2018.

With its notification of 8 November 2017, R. STAHL published figures for the first nine months 2017 and adapted the guidance for fiscal year 2017. For fiscal year 2018, R. STAHL has released its first guidance together with the release of its Annual Report for fiscal year 2017.

In the reporting period, R. STAHL commissioned the preparation of an independent business review that is expected to be available in the second quarter 2018 and that will be used for further discussions with its lenders to adapt financing conditions. Further information can be found in R. STAHL's Annual Report for fiscal year 2017.

## CONSOLIDATED INCOME STATEMENT R. STAHL GROUP

€ 000	Q1 2018	Q1 2017	Change in %
<b>Sales</b>	<b>65,720</b>	65,487	+0.4
Change in finished and unfinished products	2,727	2,317	+17.7
Other own work capitalized	898	1,071	-16.2
<b>Total operating performance</b>	<b>69,345</b>	68,875	+0.7
Other operating income	2,536	2,354	+7.7
Cost of materials	-25,720	-24,850	-3.5
Personnel costs	-31,613	-32,902	+3.9
Other operating expenses	-13,859	-14,517	+4.5
<b>Earnings before financial result, income taxes and depreciation and amortization (EBITDA)</b>	<b>689</b>	-1,040	n/a
Depreciation and amortization	-2,958	-2,946	-0.4
<b>Earnings before financial result and income taxes (EBIT)</b>	<b>-2,269</b>	-3,986	+43.1
Result from companies consolidated at equity	181	212	-14.6
Investment result			
Interest and similar income			
Interest and similar expenses			
<b>Financial result</b>	<b>-736</b>	-438	-68.0
<b>Earnings before income taxes</b>	<b>-3,005</b>	-4,424	+32.1
Income taxes	-453	1,408	n/a
<b>Net profit/loss</b>	<b>-3,458</b>	-3,016	-14.7
thereof			
attributable to other shareholders	-12	-3	n/a
attributable to shareholders of R. STAHL AG	-3,446	-3,013	-14.4
<b>Earnings per share (€)</b>	<b>-0.54</b>	-0.47	-14.7

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME R. STAHL GROUP

€ 000	Q1 2018	Q1 2017	Change in %
<b>Net profit/loss</b>	<b>-3,458</b>	-3,016	-14.7
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	-533	464	n/a
Deferred taxes on gains/losses from currency translations	0	0	0
<b>Currency translation differences after taxes</b>	<b>-533</b>	464	n/a
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	-11	-81	+86.4
Recognized in profit or loss	-5	34	n/a
Deferred taxes on cash flow hedges	5	14	-64.3
<b>Cash flow hedges after taxes</b>	<b>-11</b>	-33	+66.7
<b>Other comprehensive income with reclassification to profit</b>	<b>-544</b>	431	n/a
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	1,876	1,858	+1.0
Deferred taxes from pension obligations	-553	-548	-0.9
<b>Other comprehensive income without reclassification to profit</b>	<b>1,323</b>	1,310	+1.0
<b>Other comprehensive income (valuation differences recognized directly in equity)</b>	<b>779</b>	1,741	-55.3
thereof			
attributable to other shareholders	-2	16	n/a
attributable to shareholders of R. STAHL AG	781	1,725	-54.7
<b>Total comprehensive income after taxes</b>	<b>-2,679</b>	-1,275	n/a
thereof			
attributable to other shareholders	-14	13	n/a
attributable to shareholders of R. STAHL AG	-2,665	-1,288	n/a



## CONSOLIDATED BALANCE SHEET R. STAHL GROUP

€ 000	31 Mar. 2018	31 Dec. 2017	Change
<b>ASSETS</b>			
Intangible assets	41,964	41,796	+168
Property, plant & equipment	56,010	57,203	-1,193
Investments in associated companies	7,531	7,750	-219
Other financial assets	50	50	0
Other assets	1,212	1,206	+6
Real estate held as financial investments	7,312	7,383	-71
Deferred taxes	11,187	11,905	-718
<b>Non-current assets</b>	<b>125,266</b>	<b>127,293</b>	<b>-2,027</b>
Inventories and prepayments made	47,682	45,501	+2,181
Trade receivables	49,347	49,961	-614
Income tax claims	3,191	3,166	+25
Other receivables and other assets	9,021	7,568	+1,453
Cash and cash equivalents	21,069	16,085	-4,984
<b>Current assets</b>	<b>130,310</b>	<b>122,281</b>	<b>+8,029</b>
<b>Total assets</b>	<b>255,576</b>	<b>249,574</b>	<b>+6,002</b>
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	16,500	16,500	0
Capital reserves	13,457	13,457	0
Retained earnings	66,003	69,449	-3,446
Accumulated other comprehensive income	-29,659	-30,440	+781
Deduction for treasury stock	0	0	0
<b>Equity attributable to shareholders of R. STAHL</b>	<b>66,301</b>	<b>68,966</b>	<b>-2,665</b>
Non-controlling interest	72	86	-14
<b>Equity</b>	<b>66,373</b>	<b>69,052</b>	<b>-2,679</b>
Pension provisions	91,873	93,736	-1,863
Other provisions	1,866	1,850	+16
Interest-bearing financial liabilities	12,659	13,095	-436
Other liabilities	203	353	-150
Deferred taxes	3,159	3,208	-49
<b>Non-current liabilities</b>	<b>109,760</b>	<b>112,242</b>	<b>-2,482</b>
Provisions	5,681	6,061	-380
Trade payables	15,402	18,212	-2,810
Interest-bearing financial liabilities	31,378	21,073	+10,305
Deferred liabilities	15,955	11,135	+4,820
Income tax liabilities	468	609	-141
Other liabilities	10,559	11,190	-631
<b>Current liabilities</b>	<b>79,443</b>	<b>68,280</b>	<b>+11,163</b>
<b>Total equity and liabilities</b>	<b>255,576</b>	<b>249,574</b>	<b>+6,002</b>

## CONSOLIDATED CASH FLOW STATEMENT R. STAHL GROUP

€ 000	Q1 2018	Q1 2017	Change
<b>Net profit/loss</b>	<b>-3,458</b>	-3,016	-442
Depreciation and amortization	2,958	2,946	+12
Changes in long-term provisions	13	-12	+25
Changes in deferred taxes	114	-1,721	+1,835
Equity valuation	219	-212	+431
Other income and expenses without cash flow impact	1,001	613	+388
Result from the disposal of non-current assets	1	0	+1
<b>Cash flow</b>	<b>848</b>	-1,402	+2,250
Changes in short-term provisions	-380	51	-431
Changes in inventories, trade receivables and other non-capex or financial assets	-4,299	612	-4,911
Changes in trade payables and other non-capex or non-financial liabilities	1,108	5,468	-4,360
<b>Changes in working capital</b>	<b>-3,571</b>	6,131	-9,702
<b>Cash flow from operating activities</b>	<b>-2,723</b>	4,729	-7,452
Cash outflow for capex on intangible assets	-1,361	-1,613	+252
Cash inflow from disposals of non-current intangible assets	0	0	0
Cash outflow for capex on property, plant & equipment	-839	-554	-285
Cash inflow from disposals of property, plant & equipment	7	15	-8
Cash outflow for capex on non-current financial assets	0	0	0
Cash inflow from disposal of non-current financial assets	0	0	0
Increase (+) / decrease (-) in current financial assets	0	0	0
Cash outflow for the purchase of shares in associated companies	0	-1,208	+1,208
<b>Cash flow from investing activities</b>	<b>-2,193</b>	-3,360	+1,167
<b>Free cash flow</b>	<b>-4,916</b>	1,369	-6,285
Distribution to shareholders (dividend)	0	0	0
Distribution to / contribution from minority shareholders	0	0	0
Cash inflow from interest-bearing financial debt	10,429	4,206	+6,223
Cash outflow for repayment of interest-bearing financial debt	-535	-2,567	+2,032
<b>Cash flow from financing activities</b>	<b>9,894</b>	1,639	+8,255
Changes in cash and cash equivalents	4,978	3,008	+1,970
Foreign exchange and valuation-related changes in cash and cash equivalents	6	68	-62
Cash and cash equivalents at the beginning of the period	16,085	16,168	-83
<b>Cash and cash equivalents at the end of the period</b>	<b>21,069</b>	19,244	+1,825

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY R. STAHL GROUP

€ 000	Equity attributable to shareholders											
	Sub- scribed Capital	Capital re- serves	Re- tained earnings	Accumulated other comprehensive income					Deduc- tion for treasury shares	Total	Non- control- ling interests	Equity
				Cur- rency 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					
<b>1 Jan. 2017</b>	<b>16,500</b>	<b>13,457</b>	<b>94,449</b>	<b>-338</b>	<b>-33</b>	<b>-29,504</b>	<b>-29,875</b>	<b>0</b>	<b>94,531</b>	<b>234</b>	<b>94,765</b>	
Net profit/loss			-3,013					0	-3,013	-3	<b>-3,016</b>	
Accumulated other comprehen- sive income			0	448	-33	1,310	1,725		1,725	16	<b>1,741</b>	
<b>Total compre- hensive income</b>			<b>-3,013</b>	<b>448</b>	<b>-33</b>	<b>1,310</b>	<b>1,725</b>		<b>-1,288</b>	<b>13</b>	<b>-1,275</b>	
Dividend distribution			0					0	0	0	<b>0</b>	
Changes in minority interests			0					0	0	0	<b>0</b>	
<b>31 Mar. 2017</b>	<b>16,500</b>	<b>13,457</b>	<b>91,436</b>	<b>110</b>	<b>-66</b>	<b>-28,194</b>	<b>-28,150</b>	<b>0</b>	<b>93,243</b>	<b>247</b>	<b>93,490</b>	
<b>1 Jan. 2018</b>	<b>16,500</b>	<b>13,457</b>	<b>69,449</b>	<b>-2,741</b>	<b>-6</b>	<b>-27,693</b>	<b>-30,440</b>	<b>0</b>	<b>68,966</b>	<b>86</b>	<b>69,052</b>	
Net profit/loss			-3,446					0	-3,446	-12	<b>-3,458</b>	
Accumulated other comprehen- sive income			0	-531	-11	1,323	781		781	-2	<b>779</b>	
<b>Total compre- hensive income</b>			<b>-3,446</b>	<b>-531</b>	<b>-11</b>	<b>1,323</b>	<b>781</b>		<b>-2,665</b>	<b>-14</b>	<b>-2,679</b>	
Dividend distribution			0					0	0	0	<b>0</b>	
Changes in minority interests			0					0	0	0	<b>0</b>	
<b>31 Mar. 2018</b>	<b>16,500</b>	<b>13,457</b>	<b>66,003</b>	<b>-3,272</b>	<b>-17</b>	<b>-26,370</b>	<b>-29,659</b>	<b>0</b>	<b>66,301</b>	<b>72</b>	<b>66,373</b>	

## 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.

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](http://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 €215 thousand (31 December 2017: €514 thousand). We recognized negative fair values of €-168 thousand (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

Following the Annual General Meeting in June 2017, R. STAHL AG paid a dividend of €0.60 per share to its shareholders. 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 1,740 persons (excluding apprentices) as of the reporting date on 31 March 2018 (31 March 2017: 1,791).

#### 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

On 26 April 2018, the company decided to close its Austrian subsidiary R. STAHL Nissel GmbH, Vienna.

On 15 May 2018, the company released 30 August 2018 as the new date for the Annual General Meeting 2018.

**Waldenburg, 11 June 2018**

R. Stahl Aktiengesellschaft

**Dr. Mathias Hallmann**

Chief Executive Officer

## FINANCIAL CALENDAR 2018

Interim report 2 <sup>nd</sup> Quarter 2018	<b>9 August 2018</b>
Annual General Meeting, Kuenzelsau	<b>30 August 2018</b>
Interim report 3 <sup>rd</sup> Quarter 2018	<b>8 November 2018</b>

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