



# BANKHAUS LAMPE KONFERENZ

BADEN-BADEN, 14<sup>TH</sup> APRIL 2016



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**Executive Summary**

**2**

Group Financial Results 2015

**3**

Business Model

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Outlook 2016

# R. STAHL – Why Invest

STAHL



## MARKET LEADER

- #2 in explosion protection, #1 in systems solutions
- Sales of 313 m € in 2015
- Strong growth in Asia/Pacific



## PERFORMANCE

- Operating EBIT of 11 m € despite crisis in main customer industry
- Considerable improvement of free cash flow



## CLEAR PERSPECTIVE

- Significant growth opportunities: increasing awareness of governments for the risk of explosion
- Expected sales of 280-290 m € in 2016 with an EBIT-margin of 5-7 %

# Diversified Product Portfolio

From standard products to system solutions



Switchgear



Interface Technology



HMI Systems

Signalling Devices



Camera Systems

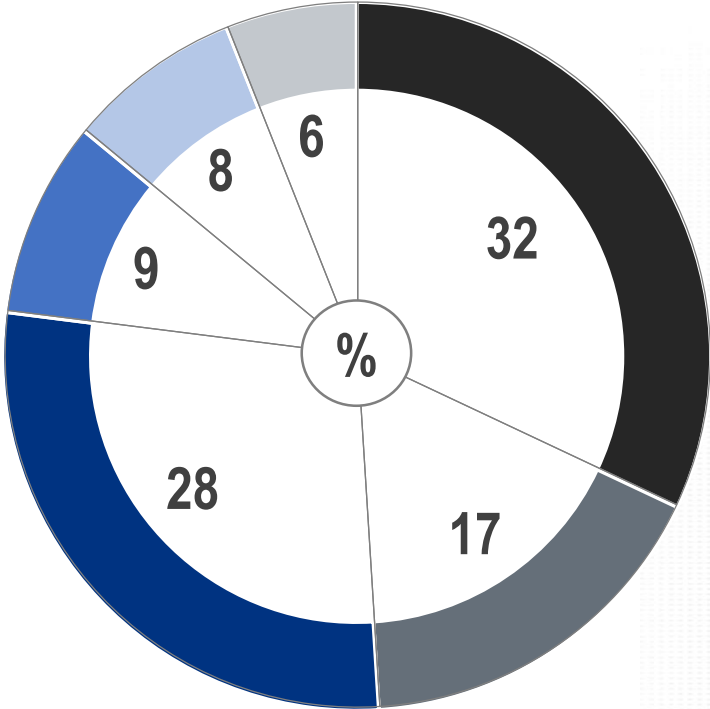


Lighting



# Our Customers

Oil & Gas, Chemical, Pharmaceutical and Marine Industry



- Oil & Gas Upstream    ■ Oil & Gas Downstream    ■ Chemical Industry
- Pharmaceutical Industry    ■ Shipbuilding    ■ Others

2015 in % of group sales

# Business Highlights 2015

## Restructuring measures taken

Against the backdrop of falling oil prices R. STAHL management implemented restructuring measures

## Investment program completed

Production and development center in Cologne completed; subsidiaries moved in by the end of 2015

## Syndicated loan agreement

Syndicated loan with a credit volume of 95 m € closed; term of 5 years

## New anchor shareholder

Treasury shares of 10 % of share capital sold to RAG-Stiftung Beteiligungsgesellschaft mbH in January 2015



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# Financial Overview 2015

in million €	2015	2014	Δ in %
Order Intake	317.3	335.2	(5.4) %
Order Backlog	95.2	90.5	5.2 %
Sales	312.9	308.5	1.4 %
Operating EBIT	11.4	18.3	(37.7) %
Restructuring Costs/ Positive Effects	(7.5) → +20m in 2016		

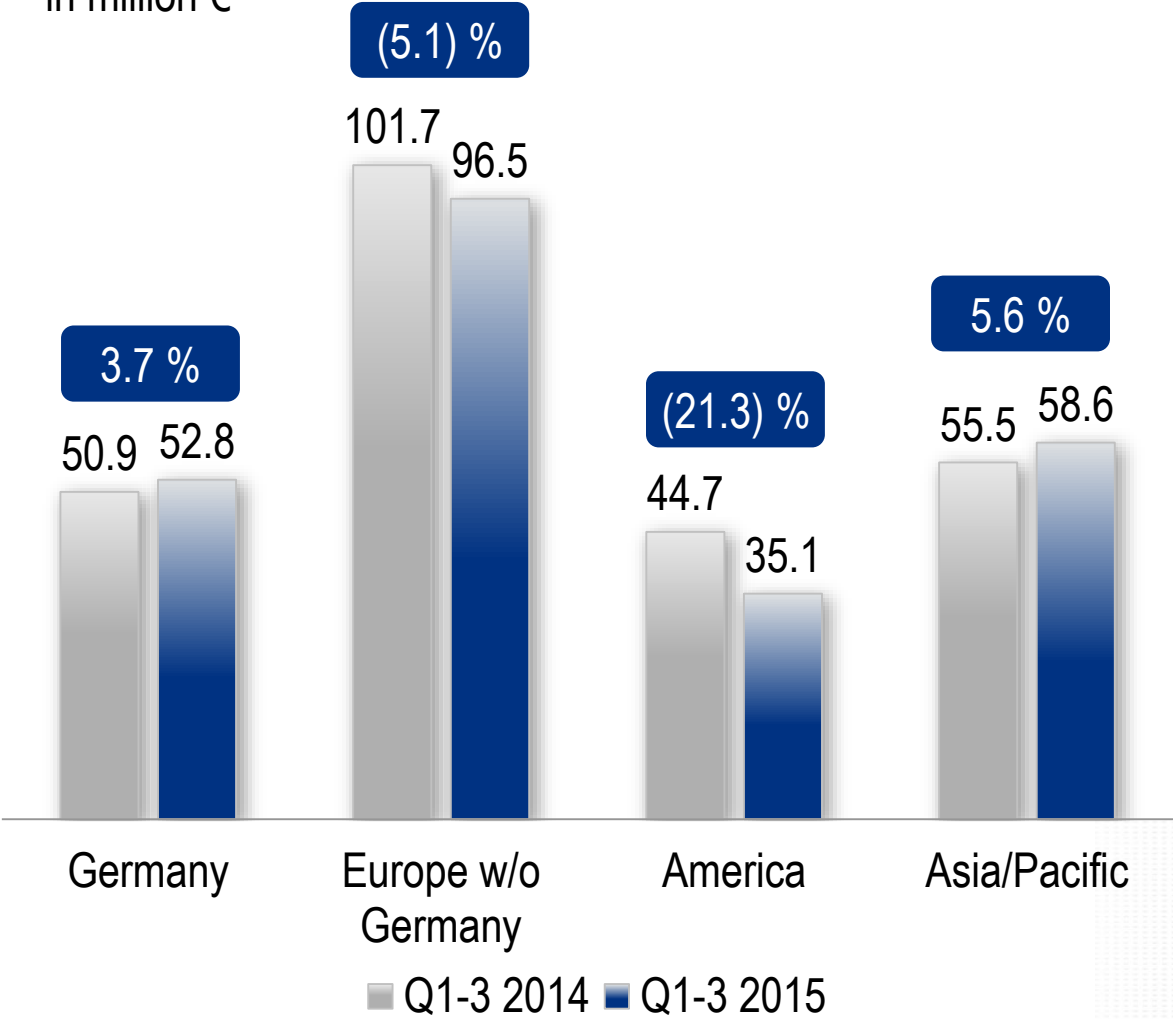
## LOW OIL PRICE WEAKENED DEMAND, COUNTER MEASURES IN PLACE

- Order intake below previous year's level due to weaker demand from the upstream oil industry
- Sales up by 1.4 % following previous year's high order intake; sales growth especially in Asia/Pacific
- EBIT burdened by weaker demand; expanded capacities not fully utilized yet
- Restructuring measures taken and largely completed



# Order Intake Affected by Low Oil Price

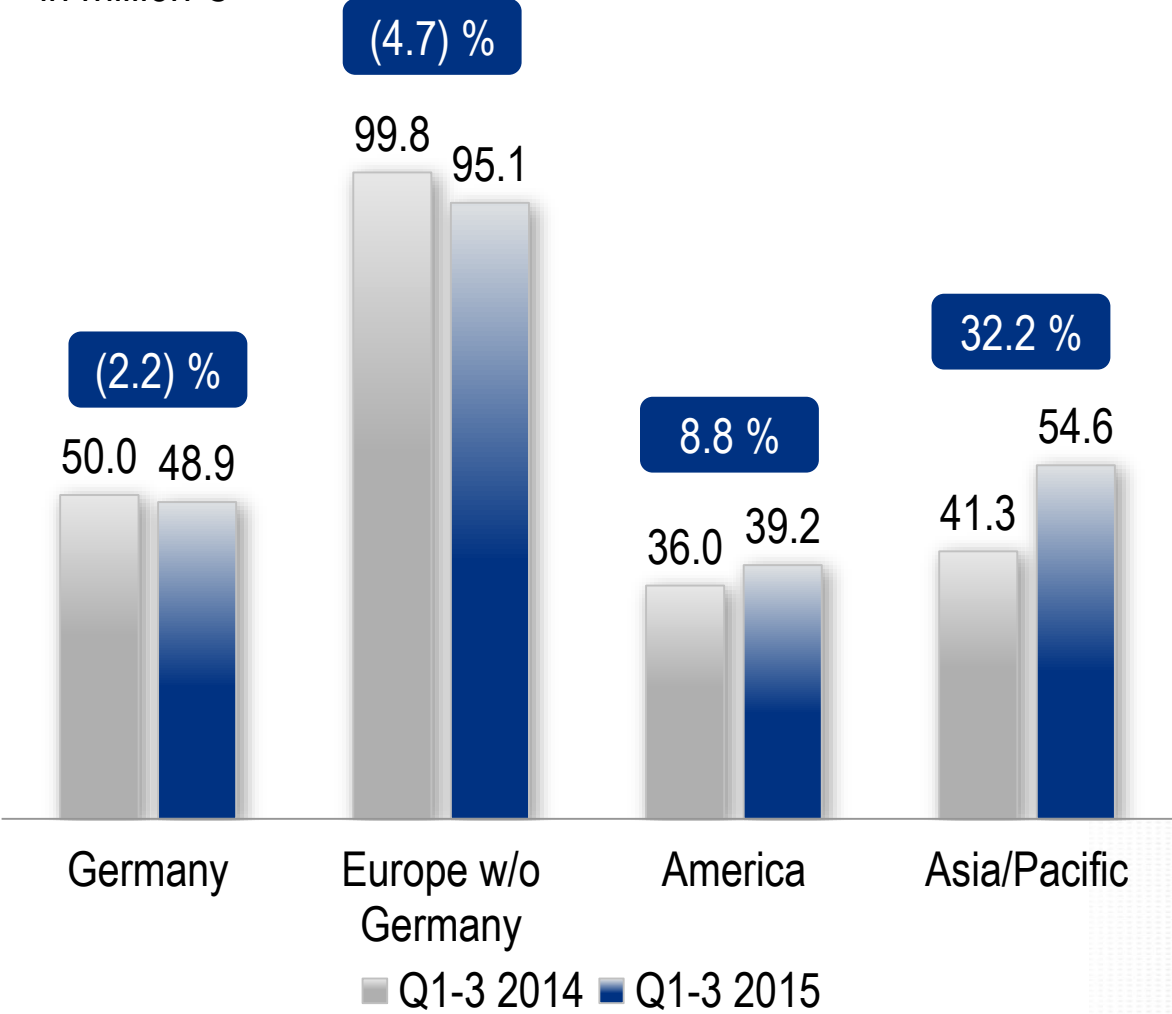
in million €



- Good business in **Germany** with order for major German pharmaceutical company
- Low oil price results in weaker demand from **Norwegian** customers; major order for LNG plant in northern **Russia**
- Business in **North America** affected by lower demand from oil industry
- Strongest growth driver **Asia/Pacific** with good performance in **India**

# Sales Especially Strong in Asia/Pacific

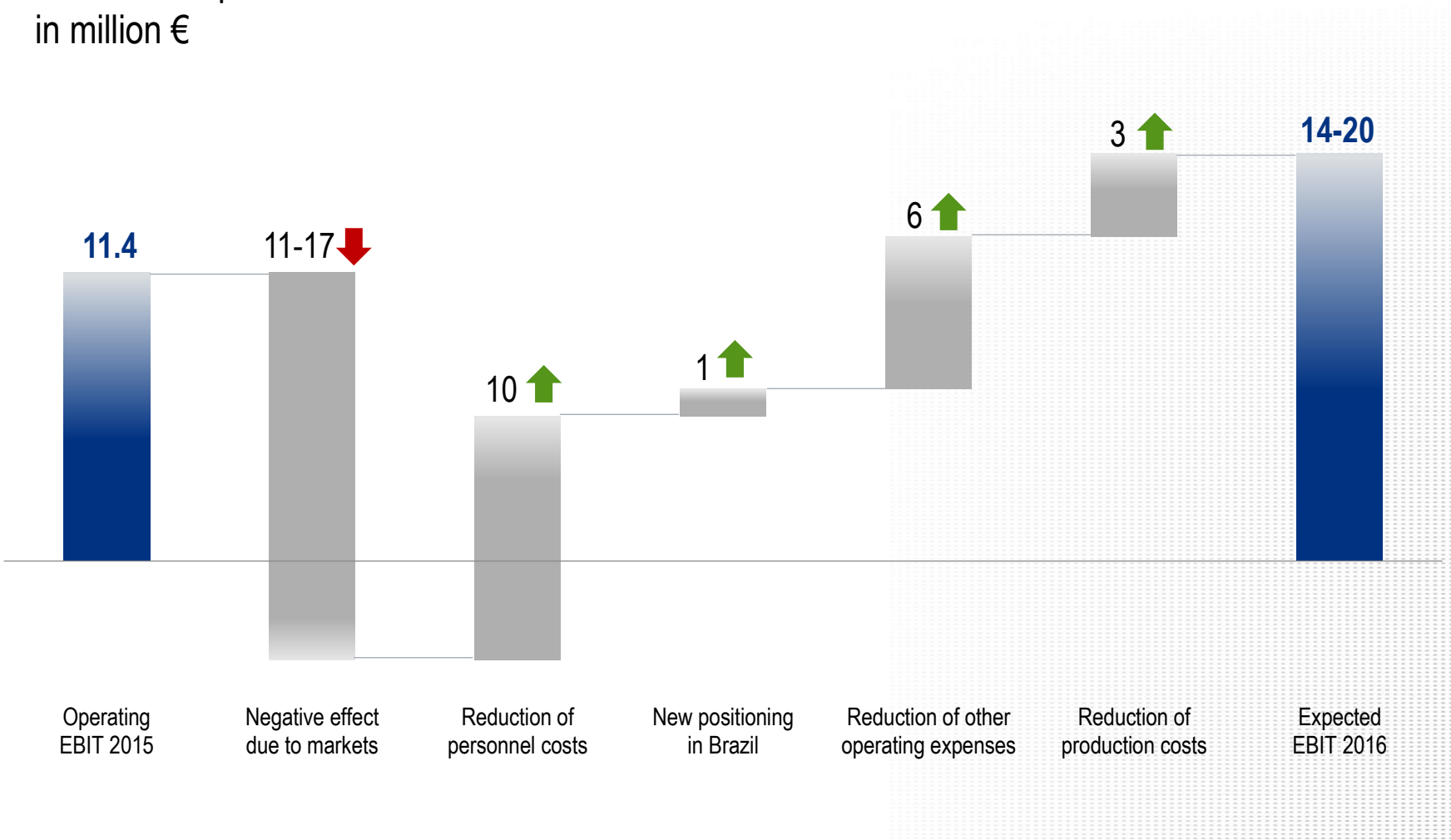
in million €



- Sales in **Germany** below previous year's level
- Good performance in **Europe** driven by major order in **Russia**
- **U.S.** sales above previous year's level due to good order backlog
- Strongest growth in **Asia/Pacific** with major orders delivered in **Australia** and the **Middle East**

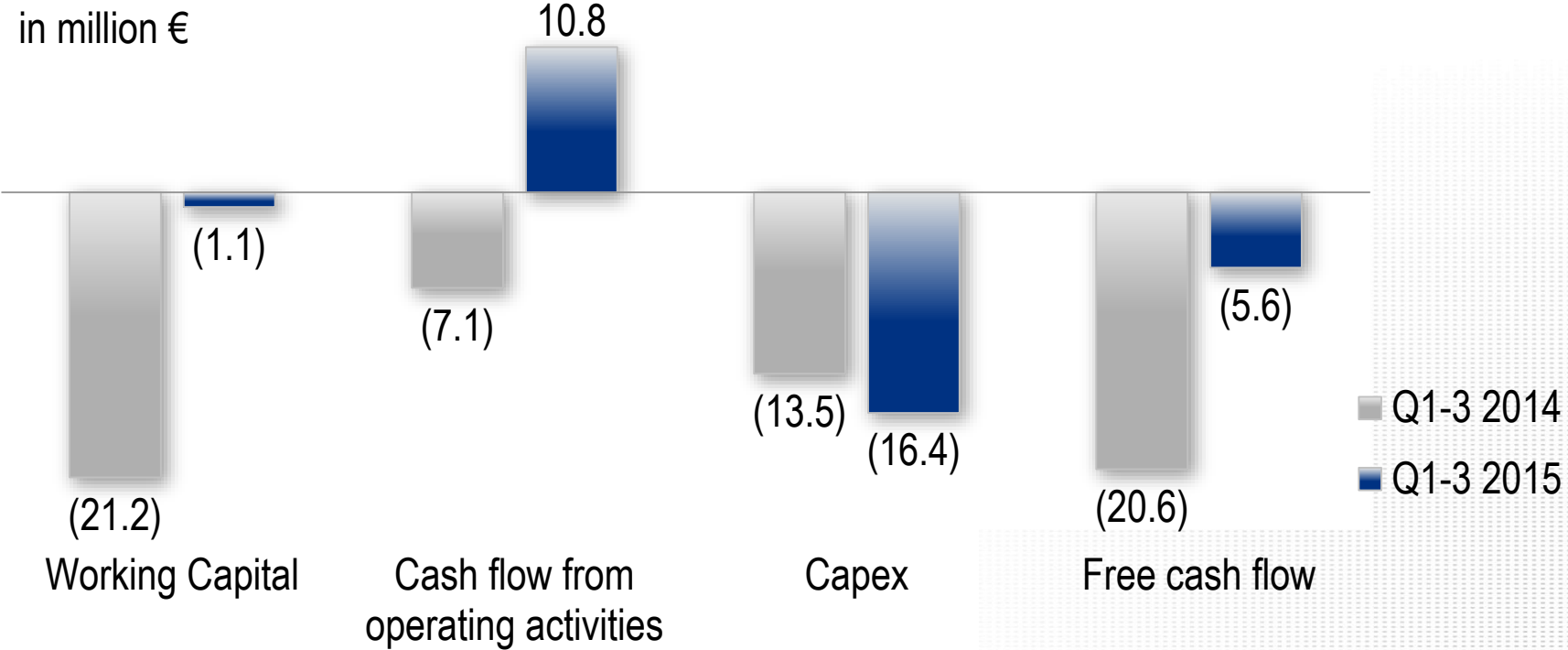
# Measures to Improve EBIT in Place

EBIT Development  
in million €



# Cash Flow: Working Capital Improved

in million €

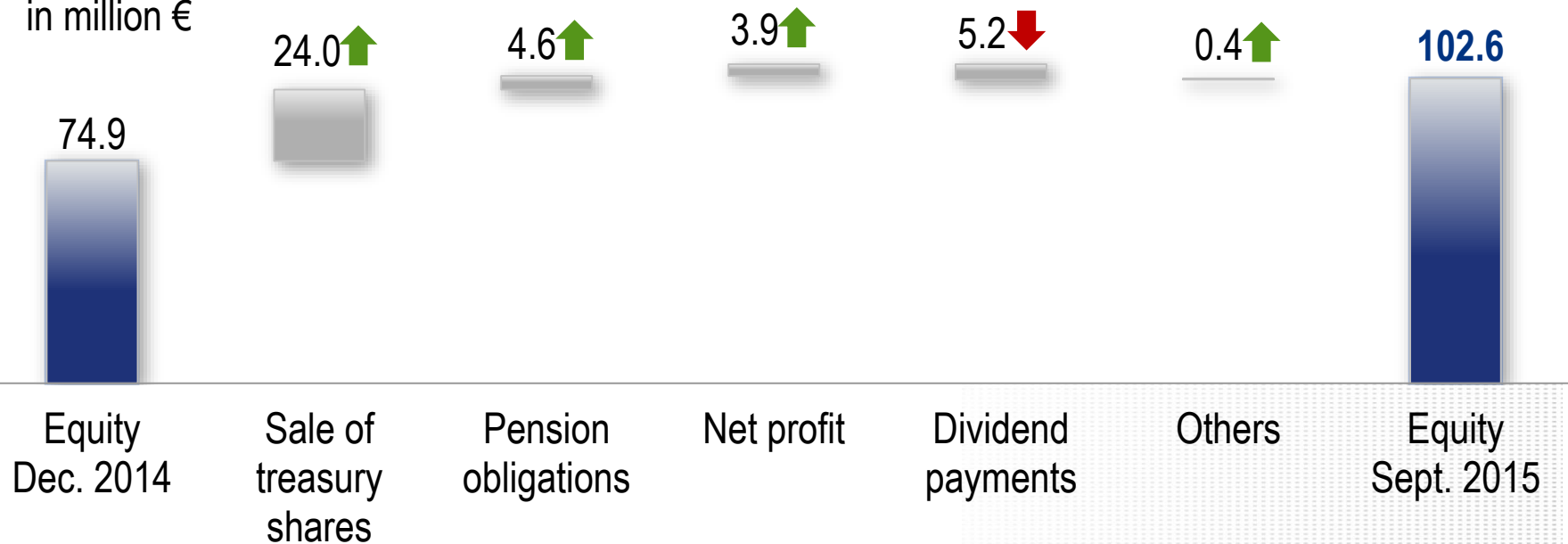


## WORKING CAPITAL IMPROVED SIGNIFICANTLY

- Increased operating cash flow due to improved working capital
- Capex above previous year's level; new production and development center in Cologne completed

# Solid Equity Position

in million €



## EQUITY RATIO INCREASED TO 35.8 % (as at Sept. 2015)

- Equity ratio increased from 27.3 % (as at Dec. 2014) to 35.8 % (as at Sept. 2015)
- Cash inflow of 24 m € from disposal of 644.000 treasury shares in Q1 2015
- Decreasing pension obligations due to a rise of the underlying interest rate from 2.0 % to 2.42 %
- Dividend payment of 5.2 m € in Q2 2015

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# Success with Tradition

STAHL



Rafael Stahl **founds** the company Stahl and Weineck together with his partner Gustav Weineck.

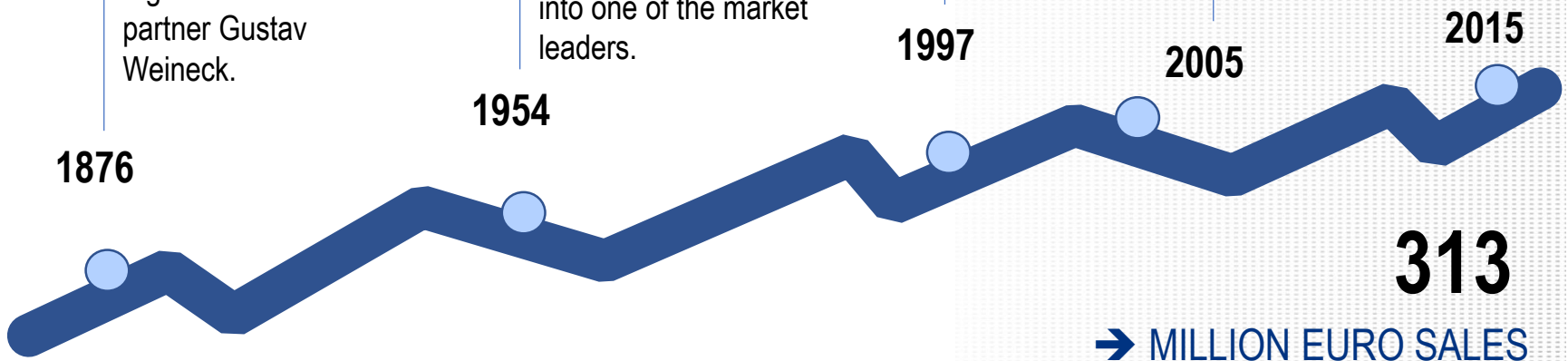


With **pioneering innovations** for explosion-protected electrical apparatus, R. STAHL develops into one of the market leaders.



R. STAHL **goes public.**

R. STAHL is **global market leader** for explosion-protected system solutions.



# Explosion Protection

## Definition

### ■ HAZARDOUS AREA

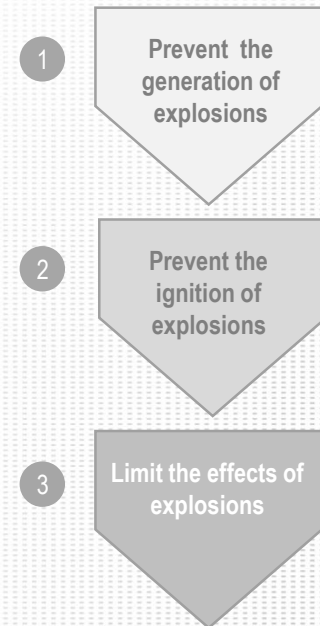
- During production and processing as well as during transport of substances in the chemical industry, in oil and gas production, mining, etc., gases, vapours, mists or dusts develop
- If these substances mix with oxygen, an explosive atmosphere is generated

### ■ EXPLOSION PROTECTION

- All measures that prevent dangerous explosions or that limit the effects of an explosion

### ■ R. STAHL

- Our components, facilities and systems prevent explosions, avoid damages and protect man and environment





# Unique Offering

from Standard Products to Complex Solutions



**COMPLEX SOLUTIONS**



**BULK PROJECTS**



**POWER DISTRIBUTION PANELS**

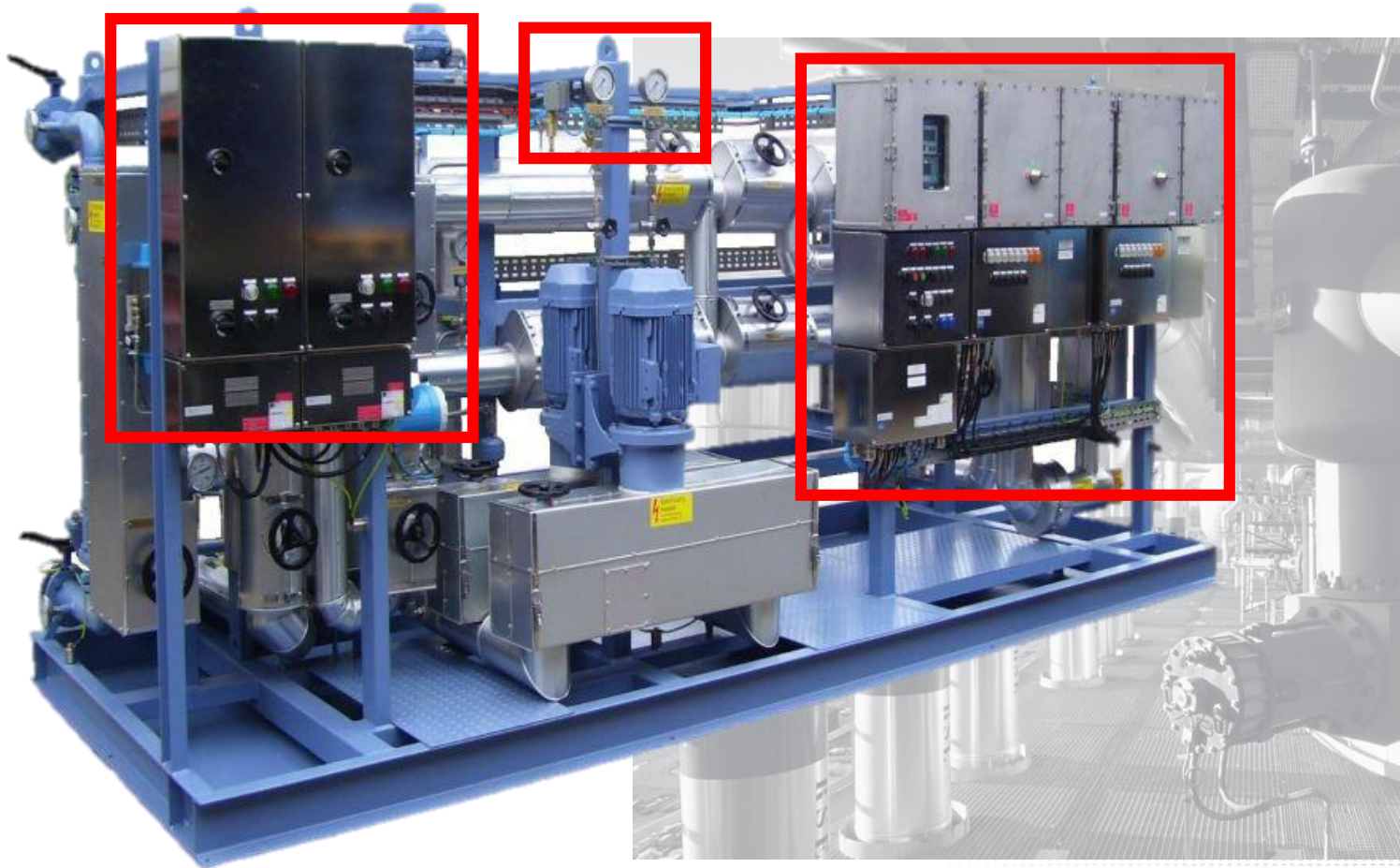
**AUTOMATION**



**STANDARD PRODUCTS (INDIVIDUAL ORDER OR BULK ORDER)**



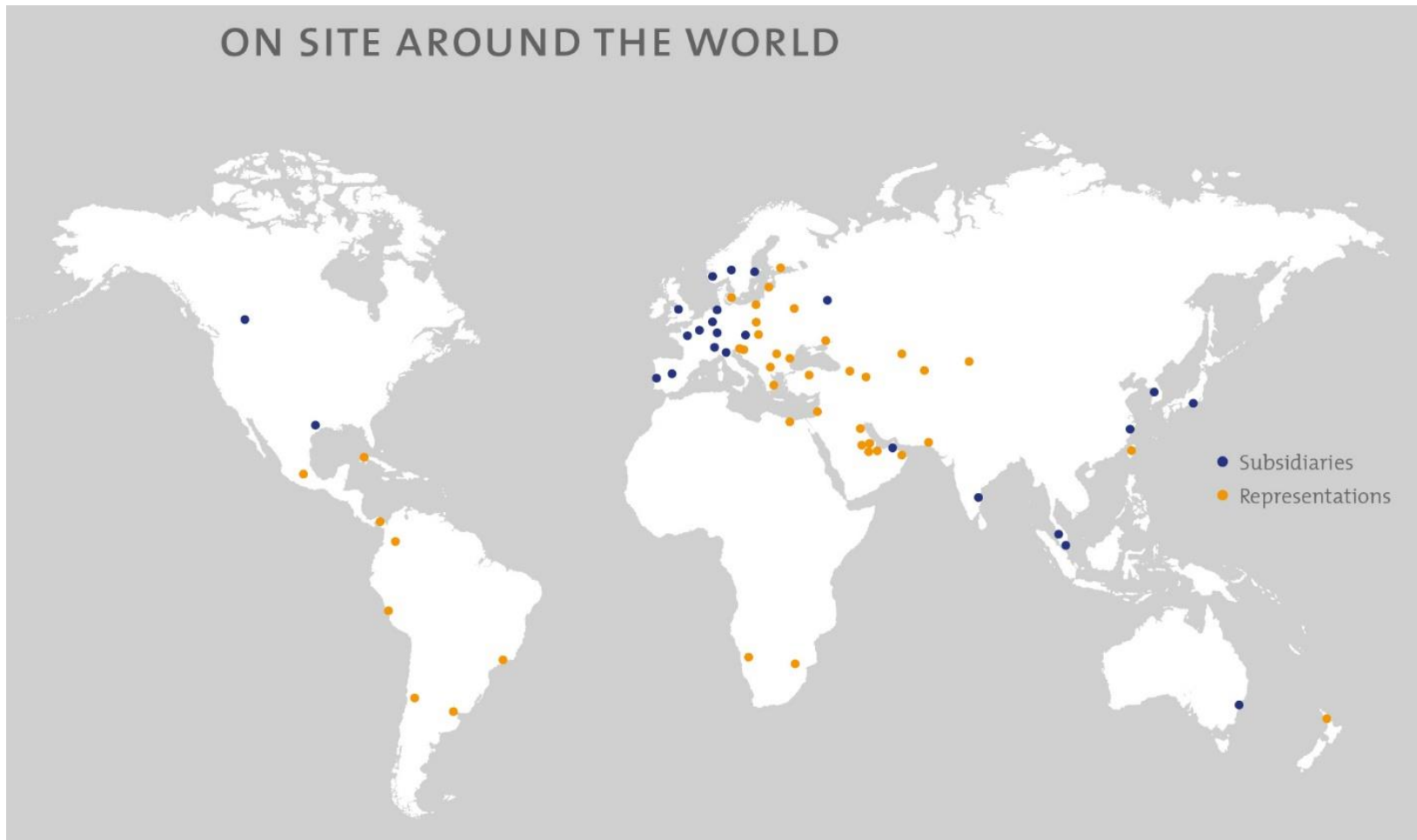
# Systems Solutions



**PRODUCTS + SOLUTIONS + SERVICES = SYSTEM SOLUTION**

**→ ADDITIONAL BENEFIT FOR THE CUSTOMER**

# International Presence



With our global manufacturing network and sales structures we can quickly solve customer problems.

# Production Facilities Worldwide

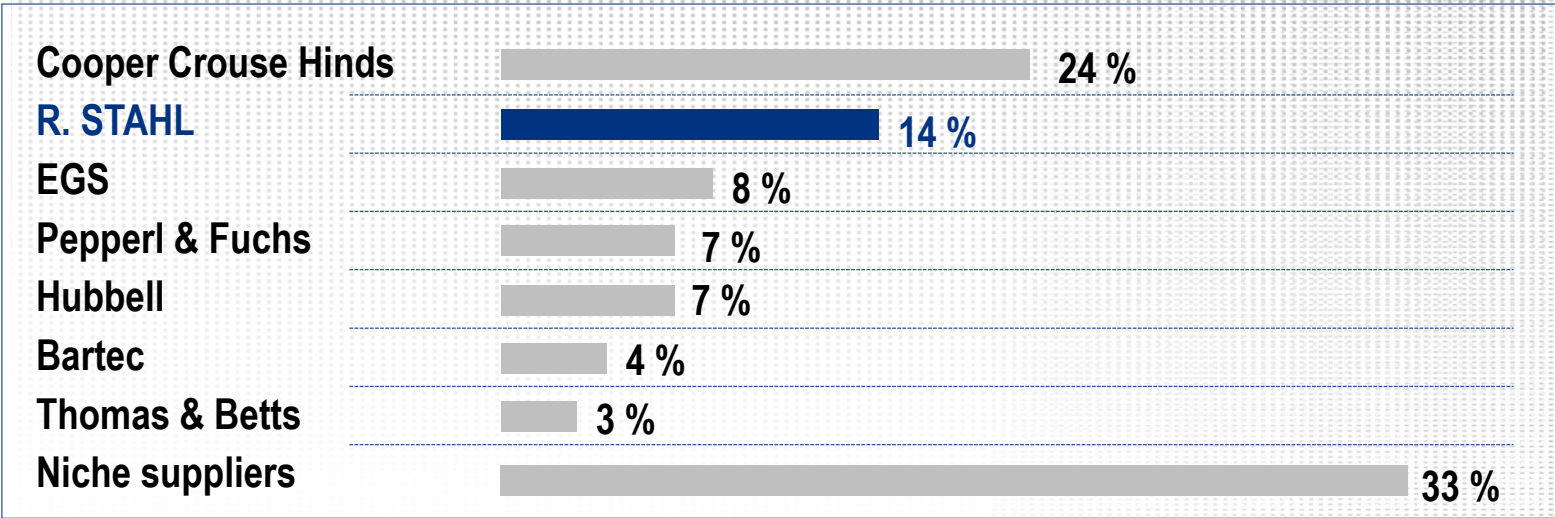


# Global Leader in a Fragmented Market

- Largest product portfolio worldwide
- Global market leader in complex integrated systems solutions
- Number 2 in the growing IEC global market



**Market volume: € 1.44 billion\***



\* 2013 IEC global market; market volume NEC global market € 0.8 billion

# Market Entry Barriers

- GROWING COMPETITION**  
 in the component business due to aggressively priced suppliers from emerging regions

However, there are substantial market entry barriers:

- INTERNATIONAL STANDARDS/REGULATIONS**  
 with strict requirements regarding product safety which can only be fulfilled with special know-how
- SYSTEMS SOLUTION EXPERTISE**  
 counters growing competition in components business
- INTERNATIONALLY OPERATING, ESTABLISHED PARTNERS**  
 are preferred for large-scale projects of major corporations
- HIGH LEVEL OF CUSTOMER RETENTION**  
 achieved by systems solutions



# Agenda

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# Expected Financial Results

in million €	2015	Outlook 2016
Sales	312.9	280-290
EBIT	3.9	14-20
Cost initiative impact on EBIT	- 7.5	+20

30 million €



## Value Growth

### Market Penetration



### Profitability



# Market Penetration – A Clear Set of Priorities

STAHL



## FOCUS ON CHEMICAL & PHARMACEUTICAL INDUSTRY

- New products, esp. in the field of LED lighting
- Reduced dependence on investments in oil and gas
- Additional orders in shipbuilding industry



## ACTIVE CUSTOMER SUPPORT IN THE OIL & GAS INDUSTRY

- Customer consultancy on new technology and long-term cost-saving advantages of R. STAHL systems, esp. automation
- Improved positioning with customers



## MID-TERM GROWTH IN ASIA

- Growth in Asia driven by local sales activities
- Increased installed base

# Profitability – Focus on Cost Reduction

STAHL



## SOCIALLY RESPONSIBLE REDUCTION OF JOBS

- Staff reductions completed; cut back of 222 jobs
- Decreased personnel costs in 2016



## REDUCTION OF MATERIAL AND PRODUCTION COSTS

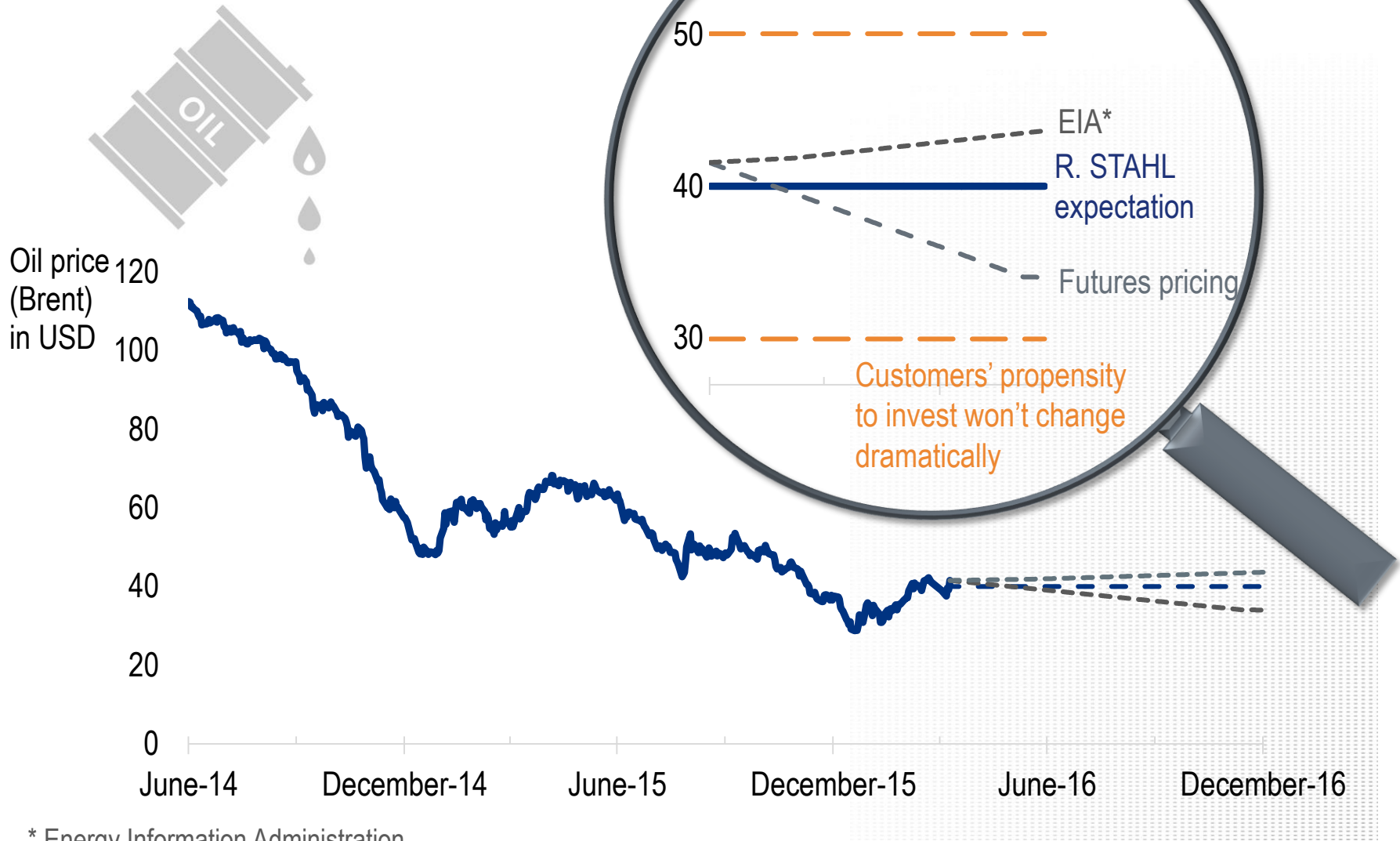
- Projects to optimize manufacturing costs almost completed
- Activities at rented manufacturing facilities in Neu-Kupfer moved to headquarters in Waldenburg



## PORTFOLIO STREAMLINING

- Focus on high-demand products
- Capacity to focus on attractive business

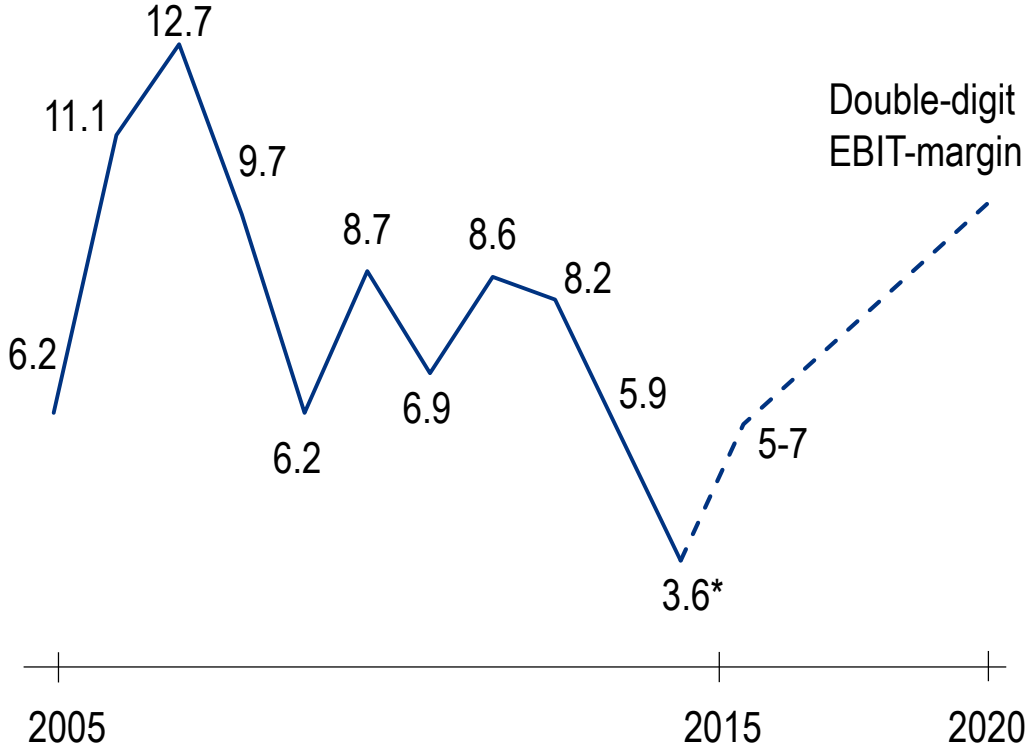
# Oil Price Development



\* Energy Information Administration

# Mid-term EBIT-Outlook

EBIT-Margin  
in % of sales



## Initiatives to drive EBIT 2017 and beyond

- Portfolio streamlining to reduce complexity and increase margin
- New products, e.g. LED lighting portfolio
- Increase efficiency for business processes within the group
- Additional growth in chemical and pharmaceutical industry while strictly capping indirect costs

\* adjusted for one-off costs of 7.5 m € caused by restructuring program



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## Share info

<b>Market segment</b>	Regulated Market/Prime Standard
<b>Number</b>	6,440,000 registered shares
<b>WKN</b>	A1PHBB
<b>ISIN</b>	DE000A1PHBB5
<b>Ticker</b>	RSL2.DE (Reuters), RSL2 (Bloomberg)

## Shareholders

**Two long-term oriented anchor shareholders:** founding families Stahl and Zaiser with over 50% of voting rights and RAG-Stiftung Beteiligungsgesellschaft mbH with more than 10% of shares. The remaining shares are in free float and held by shareholders with less than 10% of shares in each case.

# Disclaimer

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