

INTERIM REPORT
2ND QUARTER 2017

Q.2

A TRADITION OF INNOVATION

STAHL

INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January to 30 June 2017

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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 plus "+" sign, deteriorations by a "-" sign. Rates of change >+100% are shown as >+100%, rates of change <-100% as »n/a« (not applicable).

KEY FIGURES

EUR 000	Q2 2017	Q2 2016	Change in %	H1 2017	H1 2016	Change in %
Sales	66,769	70,770	-5.7	132,256	142,515	-7.2
Germany	13,908	15,926	-12.7	29,120	31,862	-8.6
Central ^{*)}	30,143	34,434	-12.5	59,905	66,233	-9.6
Americas	7,473	7,718	-3.2	14,872	16,140	-7.9
Asia	15,245	12,692	+20.1	28,359	28,280	+0.3
Foreign share (%)	79.2	77.5		78.0	77.6	
Order intake	76,472	79,309	-3.6	152,276	150,153	1.4
Order backlog	99,931	100,031	-0.1	99,931	100,031	-0.1
EBITDA	-89	5,017	n/a	-1,129	11,489	n/a
EBIT	-3,305	1,988	n/a	-7,291	5,276	n/a
EBIT pre exceptionals	-2,746	1,789	n/a	-5,047	5,028	n/a
EBT	-3,705	1,301	n/a	-8,129	3,852	n/a
Net profit for the period	-3,052	778	n/a	-6,068	2,582	n/a
Earnings per share (EUR)	-0.47	0.11	n/a	-0.94	0.39	n/a
Capital expenditures	2,917	4,418	-34.0	5,084	7,331	-30.7
Depreciation and amortization	3,216	3,029	+6.2	6,162	6,213	-0.8
<i>EBITDA in % of sales</i>	<i>n/a</i>	<i>7.1</i>		<i>n/a</i>	<i>8.1</i>	
<i>EBIT in % of sales</i>	<i>n/a</i>	<i>2.8</i>		<i>n/a</i>	<i>3.7</i>	
<i>EBIT pre exceptionals as % of sales</i>	<i>n/a</i>	<i>2.6</i>		<i>n/a</i>	<i>3.5</i>	
<i>EBT in % of sales</i>	<i>n/a</i>	<i>1.8</i>		<i>n/a</i>	<i>2.7</i>	
Employees as of 30 June (without apprentices)	1,775	1,820	-2.5	1,775	1,820	-2.5

^{*)} Central region: Africa and Europe without Germany

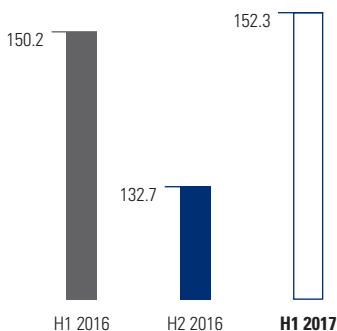
GROUP MANAGEMENT REPORT

FURTHER INCREASE IN ORDER INTAKE DURING Q2 2017 LEADS TO ORDER BACKLOG OF EUR 100 MILLION AGAIN

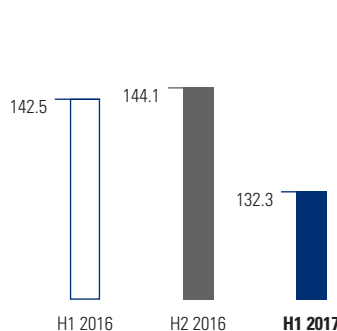
The continued rise in order intake during the 2nd quarter of 2017 resulted in an order backlog at prior year's high level. In addition to small-volume business in various countries, this trend was mainly attributable to major project orders.

There was also a slight increase in sales over the previous quarter. However, sales in the reporting period failed to reach the high prior-year level, which benefited in the first two quarters from the preceding robust order intake and backlog. This also reflects the fact that around 40% of the order backlog at the end of the first six months of 2017 are not to be executed until the coming year. In the case of many capital goods companies, the development of order intake and sales often lags behind economic cycles. As a result, it can take a few quarters for changes in order intake to translate into sales. Thus, R. STAHL's good order intake during the first half of 2016 resulted in high sales in the second half of 2016 (grey bars), while softer order intake during the second half of 2016 yielded lower sales in the first half of 2017 (blue bars). As sales in the second quarter of 2017 were still at a low level, earnings were also weak in this period.

Order intake EUR million



Sales EUR million



Though R. STAHL's order intake in the first six months of the year was robust, demand from the oil and gas sector still remained at a comparatively low level. While this sector's contribution to R. STAHL's sales is declining since some time, it still contributes around 40 percent to the topline, thus representing the most important industry sector.

ORDER INTAKE IN SECOND QUARTER OF 2017 DOWN ON PREVIOUS YEAR, BUT SLIGHTLY UP ON PREVIOUS QUARTER – STRONG DEMAND FROM THE CHEMICAL INDUSTRY

At EUR 76.5 million, order intake was 3.6% down on the prior-year quarter (Q2 2016: EUR 79.3 million). Compared to the preceding quarter, however, this represents growth of 0.9% (Q1 2017: EUR 75.8 million). In addition to orders for controls and terminal boxes, demand for automation technology products was particularly strong – compared to both the previous year and the preceding quarter. R. STAHL realigned its Automation business at the beginning of 2017 and strengthened its sales efforts in order to capture the opportunities offered by this growth market more efficiently.

In Germany, orders worth EUR 22.2 million were up 45.1% on the prior-year quarter (Q2 2016: EUR 15.3 million). This was mainly due to a project order for energy distribution cabinets for a chemical plant under construction in the south of Russia.

In all other regions, order intake was down on the same quarter last year. Orders in the Central region – comprising Africa and Europe without Germany – amounted to EUR 33.6 million, a year-on-year decline of 16.4% (Q2 2016: EUR 40.1 million). In the previous year, a major project in East Europe had made a significant contribution to the high level of order intake in this region.

Order intake of EUR 7.5 million in the Americas was down 23.0% (Q2 2016: EUR 9.8 million). Once again, this trend reflects the strong project-driven order intake of the prior-year quarter which failed to materialize in the reporting quarter. The Asian region reported a decline in order intake of 6.4% to EUR 13.1 million (Q2 2016: EUR 14.0 million).

Order backlog continued to grow quarter-on-quarter to EUR 99.9 million (Q1 2017: EUR 91.3 million), reaching the high level of the same quarter last year (Q2 2016: EUR 100.0 million).

Due to persistently robust demand in the second quarter, order intake in the first half of 2017 was 1.4% up on the previous year at EUR 152.3 million (H1 2016: EUR 150.2 million). The increase in demand becomes even more visible when the past two half-year periods are compared: while order intake in H2 2016 was just at EUR 132.7 million, orders totaling EUR 152.3 million came in during H1 2017, a sequential increase of 14.7 percent.

SALES TREND STILL LAGGING BEHIND ORDER INTAKE

At EUR 66.8 million, sales in the second quarter of 2017 were down 5.7% compared to last year's strong quarter (Q2 2016: EUR 70.8 million) that still benefitted from favourable sales recognition of the order backlog. With the exception of Asia, sales were down in all regions – due in particular to a decline in deliveries for project orders. Compared to the preceding quarter, however, this trend represents an increase of 2.0% (Q1 2017: EUR 65.5 million). This improvement is partially attributable to the healthy order backlog position at the end of the preceding quarter, as well as to the gradual recovery in the market for explosion-protected products.

The decline was strongest in Germany, where sales fell by 12.7% on the same quarter last year to EUR 13.9 million (Q2 2016: EUR 15.9 million). This was mainly due to a year-on-year decline in deliveries for project orders.

There was also a double-digit fall in sales of 12.5% to EUR 30.1 million in the Central region compared to the same period last year (Q2 2016: EUR 34.4 million). Although sales in our product business rose strongly, this only partially offset the decline in project deliveries.

By contrast, the sales decline of 3.2% to EUR 7.5 million in the Americas region was comparatively moderate (Q2 2016: EUR 7.7 million). In the Asian region, sales rose by 20.1% to EUR 15.2 million (Q2 2016: EUR 12.7 million). A major order for lighting solutions was delivered during the reporting quarter in this region.

In the first half of 2017, sales of EUR 132.3 million were 7.2% below the corresponding prior-year figure (H1 2016: EUR 142.5 million) – a development which ran counter to the order intake trend. The lag between order intake and revenue recognition illustrates that our customers are currently ordering with longer lead times than in the past. As a result, the range of order intake has increased.

EBIT HELD BACK BY REDUCED SALES AND EXCEPTIONALS

As a result of comparatively low sales, there was also a decline in earnings. Moreover, profitability was negatively impacted by exceptionals.

Finished and unfinished products decreased by EUR 1.4 million in the second quarter of 2017. This was due to the fact that products prefabricated in the preceding quarters were only delivered in the reporting quarter as a result of delayed customer acceptance. In addition, there were exceptionals of EUR -0.3 million resulting from inventory writedowns. With a decrease of 4.5% to EUR 23.8 million (Q2 2016: EUR 24.9 million), material expenses in the second quarter of 2017 were in line with the falling sales trend. By contrast, personnel expenses rose by 2.1% to EUR 31.3 million (Q2 2016: EUR 30.7 million). In addition to sector-typical pay increases, this figure was also affected by exceptionals of EUR -0.3 million in connection with restructuring charges (Q2 2016: EUR -0.1 million). Other operating income fell by 40.1% to EUR 1.7 million (Q2 2016: EUR 2.8 million). This was mainly due to a decrease of EUR 0.8 million in exceptionals in connection with the addition of impaired receivables. Other operating expenses declined by 6.5% to EUR 13.3 million (Q2 2016: EUR 14.3 million). This figure includes exceptionals of EUR -0.1 million from value adjustments to impaired receivables, which amounted to EUR -0.6 million in the same quarter last year.

Depreciation and amortization increased by 6.2% to EUR 3.2 million (Q2 2016: EUR 3.0 million). This was a result of increased depreciation of property, plant & equipment. Due to the decline in sales and increased exceptionals, earnings before interest and taxes (EBIT) fell to EUR -3.3 million in the second quarter of 2017 (Q2 2016: EUR 2.0 million). There was a corresponding decrease in EBIT pre exceptionals to EUR -2.7 million (Q2 2016: EUR 1.8 million).

The following table presents an overview of exceptionals in the reporting period and the same quarter last year, as well as a reconciliation of EBIT with EBIT pre exceptionals:

EUR million	Q2 2017	Q2 2016	H1 2017	H1 2016	Included in income statement under
EBIT	-3.3	2.0	-7.3	5.3	
Exceptionals	-0.6	0.2	-2.3	0.3	
Impairment of inventories	-0.3	0.0	-0.7	0.0	Change in finished and unfinished products
Payments received for impaired receivables	0.1	0.9	0.6	1.3	Other operating income
Impairment of receivables	-0.1	-0.6	-1.1	-0.9	Other operating expenses
Restructuring charges	-0.3	-0.1	-1.1	-0.1	Personnel expenses
EBIT pre exceptionals	-2.7	1.8	-5.0	5.0	

The financial result improved by 41.8% to EUR -0.4 million (Q2 2016: EUR -0.7 million) due to earnings of EUR 0.3 million from the investments in ZAVOD Goreltex Co. Ltd and ESACO Pty. Ltd. This resulted in pre-tax earnings (EBT) of EUR -3.7 million (Q2 2016: EUR 1.3 million) and net profit for the period of EUR -3.1 million (Q2 2016: EUR 0.8 million) with earnings per share of EUR -0.47 (Q2 2016: EUR 0.11).

Compared to the previous year, EBIT in the first half of 2017 fell to EUR -7.3 million (H1 2016: EUR 5.3 million) and EBIT pre exceptionals to EUR -5.0 million (H1 2016: EUR 5.0 million). An improvement in the financial result of 41.2% to EUR -0.8 million (H1 2016: EUR -1.4 million) resulted in EBT of EUR -8.1 million in the reporting period (H1 2016: EUR 3.9 million) and net profit for the period of EUR -6.1 million (H1 2016: EUR 2.6 million) with earnings per share of EUR -0.94 (H1 2016: EUR 0.39).

STABLE BALANCE SHEET

As of 30 June 2017, the total assets of the R. STAHL Group stood at EUR 272.5 million (31.12.2016: EUR 278.6 million). In addition to a fall in equity capital, the balance sheet total was mainly reduced by the decline in trade receivables.

Non-current assets of EUR 139.1 million at the end of the first half of 2017 were virtually unchanged from the end of the previous year (31.12.2016: EUR 139.6 million). The decline in current assets to EUR 133.5 million (31.12.2016: EUR 139.0 million) was mainly due to a reduction in trade receivables brought about by the fall in sales.

As a result of the lower result for the reporting period and the dividend payment in June, equity capital of EUR 86.5 million was below the year-end level (31.12.2016: EUR 94.8 million). This led to an equity ratio of 31.7% on the reporting date (31.12.2016: 34.0%).

Non-current liabilities declined to EUR 106.9 million (31.12.2016: EUR 112.9 million), mainly due to a further increase in the interest rate used for calculating pension provisions, which consequently fell by EUR 4.6 million.

By contrast, current liabilities rose to EUR 79.2 million (31.12.2016: EUR 71.0 million) due in particular to the increased use of credit facilities. There was a corresponding rise in net indebtedness (without pension obligations) to EUR -27.5 million as of the reporting date (31.12.2016: EUR -21.8 million).

FREE CASH FLOW IMPROVED COMPARED TO PREVIOUS YEAR

As a result of the decline in net profit, cash flow in the second quarter of 2017 fell to EUR -0.6 million (Q2 2016: EUR 3.5 million). Working capital was down by EUR 0.8 million, due in particular to the decline in receivables. As a consequence, cash flow from operating activities improved to EUR 0.3 million in the reporting quarter (Q2 2016: EUR -1.2 million). In the previous year, a strong rise in receivables was mainly responsible for increasing working capital by EUR 4.7 million. Cash flow from investing activities of EUR -2.9 million was down EUR 0.3 million on the same quarter last year (Q2 2016: EUR -3.2 million), resulting in an improvement in free cash flow to EUR -2.6 million (Q2 2016: EUR -4.4 million).

In the first half of 2017, cash flow fell to EUR -2.0 million due to the lower net profit (H1 2016: EUR 8.3 million). The reduction in working capital of EUR 7.0 million resulted in cash flow from operating activities of EUR 5.0 million (H1 2016: EUR 1.3 million). In the first six months of the previous year, working capital had increased by EUR 6.9 million. In the reporting period, the final payment for the investment in ZAVOD Goreltex Co. Ltd. was largely responsible for an increase in cash flow from investing activities to EUR -6.2 million (H1 2016: EUR -5.7 million). This resulted in free cash flow of EUR -1.2 million (H1 2016: EUR -4.4 million).

As of 30 June 2017, cash and cash equivalents of EUR 16.9 million were on a par with the year-end figure (31.12.2016: EUR 16.2 million).

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 taken into account. 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 page 60 et seq. of the Annual Report 2016 continue to apply.

GUIDANCE FOR ORDER INTAKE CONFIRMED, FOR SALES AND EARNINGS MORE CAUTIOUS

The development of order intake and order backlog in the first six months of the year confirms our assumptions that demand in the oil and gas sector is gradually picking up again, though still at a comparatively low level. In addition, our strategic measures to diversify our customer base and to grow our automation business are starting to bear fruit. However, placement of orders in the project business – that represents around one third of sales at R. STAHL – is sluggish, and technical clarifications that are necessary to start production last longer than in the past. This results in an average lead time between order intake and shipment of orders being prolonged compared to previous years. Based on this, the current order backlog that will translate into sales and earnings in 2017 together with the additional order volume and sales that are expected to come in during the second half of 2017 will not be sufficient to achieve the previous outlook for FY 2017. Since this outlook was based on assumptions of earlier sales recognition the following update is now necessary:

For FY 2017, the previous outlook of order intake in the range between EUR 295 million and EUR 305 million is confirmed. Sales are now expected to come in between EUR 270 million and EUR 280 million (previously: EUR 285 million and EUR 295 million) and EBIT pre exceptionals is expected between EUR -4 million and EUR 0 million. This corresponds to sales between EUR 138 million and EUR 148 million and an EBIT pre exceptionals between EUR 1 million and EUR 5 million for the second half of 2017. The updated outlook is based on the assumption of sales recognition according to plan, i. e. that there will be no postponements of orders that are scheduled to be shipped in FY 2017. In addition, it is assumed that there will be no major changes in demand in key customer industries, particularly that there will be no downturn in the oil and gas sector, and that exchange rates of foreign currencies that are most relevant to R. STAHL will also not change significantly.

Following analyses of the organization's processes and structures, the Executive Board has identified possibilities for cost reductions. First measures are already being implemented.

August 2017

The Executive Board

CONSOLIDATED INCOME STATEMENT

R. STAHL GROUP

EUR 000	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change
Sales	66,769	70,770	-5.7	132,256	142,515	-7.2
Change in finished and unfinished products	-1,402	166	n/a	915	1,687	-45.8
Other own work capitalized	1,257	1,088	+15.5	2,328	2,108	+10.4
Total operating performance	66,624	72,024	-7.5	135,499	146,310	-7.4
Other operating income	1,667	2,782	-40.1	4,021	4,965	-19.0
Cost of materials	-23,752	-24,876	+4.5	-48,602	-50,087	+3.0
Personnel costs	-31,308	-30,662	-2.1	-64,210	-61,543	-4.3
Depreciation and amortization	-3,216	-3,029	-6.2	-6,162	-6,213	+0.8
Other operating expenses	-13,320	-14,251	+6.5	-27,837	-28,156	+1.1
Earnings before financial result and income taxes	-3,305	1,988	n/a	-7,291	5,276	n/a
Result from companies consolidated using the equity method	285	0	n/a	497	0	n/a
Other financial result	-685	-687	+0.3	-1,335	-1,424	+6.3
Earnings before income taxes	-3,705	1,301	n/a	-8,129	3,852	n/a
Income taxes	653	-523	n/a	2,061	-1,270	n/a
Net profit for the period	-3,052	778	n/a	-6,068	2,582	n/a
Non-controlling interests	10	56	-82.1	7	61	-88.5
Profit share of R. STAHL	-3,062	722	n/a	-6,075	2,521	n/a
Earnings per share (EUR)	-0.47	0.11	n/a	-0.94	0.39	n/a

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R. STAHL GROUP

EUR 000	Q2 2017	Q2 2016	Change	H1 2017	H1 2016	Change
Profit for the period	-3,052	778	n/a	-6,068	2,582	n/a
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	-2,022	640	n/a	-1,558	61	n/a
Deferred taxes on gains/losses from currency translations	0	0	n/a	0	0	n/a
Currency translation differences after taxes	-2,022	640	n/a	-1,558	61	n/a
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	109	-5	n/a	28	-72	n/a
Recognized in profit or loss	0	145	-100.0	34	99	-65.7
Deferred taxes on cash flow hedges	-32	-42	+23.8	-18	-8	n/a
Cash flow hedges after taxes	77	98	-21.4	44	19	>+100
Other comprehensive income with reclassifications to profit for the period	-1,945	738	n/a	-1,514	80	n/a
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	2,748	-7,828	n/a	4,606	-13,941	n/a
Deferred taxes from pension obligations	-810	2,272	n/a	-1,358	4,047	n/a
Other comprehensive income without reclassification to profit for the period	1,938	-5,556	n/a	3,248	-9,894	n/a
Other comprehensive income (valuation differences recognized directly in equity)	-7	-4,818	+99.9	1,734	-9,814	n/a
of which attributable to non-controlling interests	-18	17	n/a	-2	31	n/a
of which attributable to R. STAHL	11	-4,835	n/a	1,736	-9,845	n/a
Total comprehensive income after taxes	-3,059	-4,040	+24.3	-4,334	-7,232	+40.1
Total comprehensive income attributable to non-controlling interests	-8	73	n/a	5	92	-94.6
Total comprehensive income attributable to R. STAHL	-3,051	-4,113	+25.8	-4,339	-7,324	+40.8

CONSOLIDATED BALANCE SHEET R. STAHL GROUP

EUR 000	30/06/2017	31/12/2016	Change in TEUR	30/06/2016	Change in TEUR
ASSETS					
Non-current assets					
Intangible assets	41,175	40,397	+778	40,205	+970
Property, plant & equipment	59,828	62,371	-2,543	66,700	-6,872
Investments in associated companies	7,204	7,097	+107		+7,204
Other financial assets	106	110	-4	126	-20
Other assets	1,198	1,293	-95	1,470	-272
Real estate held as a financial investment	7,523	7,666	-143	7,809	-286
Deferred taxes	22,027	20,714	+1,313	21,520	+507
	139,061	139,648	-587	137,830	+1,231
Current assets					
Inventories and prepayments made	52,674	50,883	+1,791	61,107	-8,433
Trade receivables	52,865	60,190	-7,325	66,961	-14,096
Income tax claims	2,824	3,084	-260	2,115	+709
Other receivables and other assets	8,178	8,642	-464	7,118	+990
Cash and cash equivalents	16,943	16,168	+775	12,789	+4,154
	133,484	138,967	-5,483	150,160	-16,676
TOTAL ASSETS	272,545	278,615	-6,070	287,990	-15,445

EUR 000	30/06/2017	31/12/2016	Change in TEUR	30/06/2016	Change in TEUR
EQUITY AND LIABILITIES					
Equity	86,463	94,765	-8,302	89,514	-3,051
Non-current liabilities					
Pension provisions	92,052	96,683	-4,631	99,646	-7,594
Other provisions	1,815	1,926	-111	1,748	+67
Interest-bearing financial liabilities	9,061	10,370	-1,309	18,788	-9,727
Other liabilities	382	454	-72	640	-258
Deferred taxes	3,609	3,463	+146	3,588	+21
	106,919	112,896	-5,977	124,410	-17,491
Current liabilities					
Provisions	6,329	6,298	+31	5,946	+383
Trade payables	14,549	13,403	+1,146	15,488	-939
Interest-bearing financial liabilities	35,377	27,616	+7,761	20,534	+14,843
Deferred liabilities	12,905	11,609	+1,296	14,759	-1,854
Income tax liabilities	606	1,159	-553	539	+67
Other liabilities	9,397	10,869	-1,472	16,800	-7,403
	79,163	70,954	+8,209	74,066	5,097
TOTAL EQUITY AND LIABILITIES	272,545	278,615	-6,070	287,990	-15,445

CONSOLIDATED CASH FLOW STATEMENT R. STAHL GROUP

EUR 000	Q2 2017	Q2 2016	Change in TEUR	H1 2017	H1 2016	Change in TEUR
I. Operating activities						
1. Net profit for the period	-3,052	778	-3,830	-6,068	2,582	-8,650
2. Depreciation, amortization and impairment of non-current assets	3,216	3,029	+187	6,162	6,213	-51
3. Changes in long-term provisions	-94	6	-100	-106	11	-117
4. Changes in deferred taxes	-937	-236	-701	-2,658	-9	-2,649
5. Equity valuation	106	0	+106	-106	0	-106
6. Other income and expenses without cash flow impact	165	-47	+212	778	-458	+1,236
7. Result from the disposal of non-current assets	22	-10	+32	22	-66	+88
8. Cash flow	-574	3,520	-4,094	-1,976	8,273	-10,249
9. Changes in inventories, trade receivables and other non-capex or non-financial assets	3,395	-5,035	+8,430	4,007	-9,810	+13,817
10. Changes in short-term provisions, trade payables and other non-capex or non-financial liabilities	-2,552	298	-2,850	2,967	2,871	+96
11. Changes in net current assets	843	-4,737	+5,580	6,974	-6,939	+13,913
12. Cash flow from operating activities	269	-1,217	+1,486	4,998	1,334	+3,664
II. Investing activities						
13. Cash outflow for capex on non-current assets	-2,917	-4,418	+1,501	-5,084	-7,331	+2,247
14. Cash inflow from disposals of non-current assets	47	1,245	-1,198	62	1,630	-1,568
15. Increase (-)/decrease (+) of current financial assets	0	0	0	0	0	0
16. Payments for the purchase of associated companies	0	0	0	-1,208	0	-1,208
17. Payments for the purchase of consolidated companies less acquired cash	0	0	0	0	0	0
18. Cash flow from investing activities	-2,870	-3,173	+303	-6,230	-5,701	-529
19. Free cash flow	-2,601	-4,390	+1,789	-1,232	-4,367	+3,135

EUR 000	Q2 2017	Q2 2016	Change in TEUR	H1 2017	H1 2016	Change in TEUR
III. Financing activities						
20. Distribution to shareholders (dividend)	-3,864	-3,864	0	-3,864	-3,864	0
21. Distribution to/contribution from minority shareholders	-104	-405	+301	-104	-405	+301
22. Cash inflow/outflow from the sale/for the purchase of treasury shares	0	0	0	0	0	0
23. Increase (+)/decrease (-) in current interest-bearing financial debt	5,515	3,388	+2,127	7,809	3,401	+4,408
24. Cash inflow from non-current interest-bearing financial debt	0	0	0	0	0	0
25. Cash outflow for repayment of non-current interest-bearing financial debt	-654	-225	-429	-1,309	-450	-859
26. Cash flow from financing activities	893	-1,106	+1,999	2,532	-1,318	+3,850
IV. Cash and cash equivalents						
27. Changes in cash and cash equivalents	-1,708	-5,496	+3,788	1,300	-5,685	+6,985
28. Foreign exchange and valuation-related changes in cash and cash equivalents	-593	242	-835	-525	131	-656
29. Cash and cash equivalents at the beginning of the period	19,244	18,043	-2,175	16,168	18,343	-2,175
30. Cash and cash equivalents at the end of the period	16,943	12,789	+4,154	16,943	12,789	+4,154
Composition of cash and cash equivalents						
Cash and cash equivalents	16,943	12,789	+4,154	16,943	12,789	+4,154

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY R. STAHL GROUP

	Shareholders' equity		
	Subscribed capital	Capital reserves	Revenue reserves
EUR 000			
01/01/2016	16,500	13,457	94,394
Profit for the period			2,521
Accumulated other comprehensive income			0
Total comprehensive income			2,521
Dividend distribution			-3,864
Changes in minority interests			-217
Consolidation changes			0
Other changes			0
30/06/2016	16,500	13,457	92,834
01/01/2017	16,500	13,457	94,449
Profit for the period			-6,075
Accumulated other comprehensive income			0
Total comprehensive income			-6,075
Dividend distribution			-3,864
Changes in minority interests			0
Consolidation changes			0
Other changes			0
30/06/2017	16,500	13,457	84,510

Shareholders' equity					Non-controlling interests	Consolidated equity	
Accumulated other comprehensive income				Deduction for treasury shares	Total	Total	
Currency translation	Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from pensions	Total accumulated other comprehensive income				
-1,404	-9	-22,206	-23,619	0	100,732	283	101,015
			0		2,521	61	2,582
30	19	-9,894	-9,845		-9,845	31	-9,814
30	19	-9,894	-9,845		-7,324	92	-7,232
			0		-3,864	-105	-3,969
			0		-217	-83	-300
			0		0	0	0
			0		0	0	0
-1,374	10	-32,100	-33,464	0	89,327	187	89,514
-338	-33	-29,504	-29,875	0	94,531	234	94,765
			0		-6,075	7	-6,068
-1,556	44	3,248	1,736		1,736	-2	1,734
-1,556	44	3,248	1,736		-4,339	5	-4,334
			0		-3,864	-104	-3,968
			0		0	0	0
			0		0	0	0
			0		0	0	0
-1,894	11	-26,256	-28,139	0	86,328	135	86,463

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 Company Limited, Saint Petersburg, Russia, and ESACO Proprietary Ltd., Edenvale, South Africa, are included in the consolidated financial statements as associated enterprises using the equity method.

Compared to 31 December 2016, the group of consolidated companies remains unchanged.

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 2016. The underlying principles are published in the notes to our consolidated financial statements for 2016. The latter is available on our corporate website www.stahl.de.

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 date amounted to EUR 533 thousand (31.12.2016: EUR 339 thousand). We recognized negative fair values of EUR -101 thousand (31.12.2016: EUR -840 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 EUR 0.60 per share to its shareholders. A total of EUR 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 1,775 persons (excluding apprentices) as of the reporting date on 30 June 2017 (previous year: 1,820 persons).

8. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2016.

9. Transactions with related persons

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

10. Significant events after the end of the reporting period

Our two Norwegian companies, Stahl-Syberg A/S, Oslo and TRANBERG AS, Stavanger were merged with effect from 1 July 2017. Both companies will trade in future under R. Stahl Tranberg AS, Stavanger. This move pools our expertise in Norway and thus establishes the basis for an expansion of local market share and further growth.

Waldenburg, 2 August 2017

R. Stahl Aktiengesellschaft

Martin Schomaker

Chief Executive Officer

Bernd Marx

Chief Financial Officer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining year.

Waldenburg, 2 August 2017

R. Stahl Aktiengesellschaft

Martin Schomaker

Chief Executive Officer

Bernd Marx

Chief Financial Officer

FINANCIAL CALENDAR 2017

Third quarter financial report 2017 **9 November 2017**

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