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Interim Report as at
31 March 2012



R. STAHL – at a glance

Business:	supplier of electromechanical and electrical safety technology for hazardous environments
Customers:	oil & gas industry, pharmaceutical, chemicals, ship supply, food, bio fuel industry and plant construction
Products:	control and installation equipment, light fittings, terminals, automation, system solutions
Employees:	approx. 1,600 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN)
Sales 2010:	EUR 243m
Profit margin (EBT) 2011:	5.4%
Shares:	6.44m shares; app. 41% free float

Interim Report as at 31 March 2012

In an unaltered positive economic environment, from the company's point of view, R. STAHL won several major projects in the first quarter of 2012 and could thus increase order intake by 35% compared to the first three months of 2011. Thanks to the positive effects of the optimization measures that have been introduced in 2011, sales also increased by almost 12% and EBT by plus 19% compared to the same period in the previous year.

POSITIVE MOOD AT OUR CUSTOMERS'

The customer industry sectors that are most important for R. STAHL still develop positively. In the **chemical industry**, production capacity is high. Consequently, numerous maintenance and expansion investments are being implemented. Activities of the **pharmaceutical industry** are also on a good level. The **oil & gas companies** profit from the high energy prices, investments in new exploration projects are correspondingly pushed. In the German **machine and plant construction**, order intake is stable and **shipbuilding** shows a much more positive picture than it did last year. **Internationally active engineering companies in the field plant construction** report a high level of activity, in the construction of new plants as well as the realization of already planned facilities.

ORDER SITUATION – VERY GOOD START IN 2012

In this economic environment, R. STAHL increased order intake by very good 35% to EUR 80.0 million (previous year: EUR 59.1 million) during the first three months of 2012. We could record especially high increases in the Americas and in Asia; besides maintenance and follow-up orders from the installed basis we could also win new major projects. For example, in Papua New Guinea, in Qatar and in Australia, natural gas fields are being developed; for their exploration our systems and products are used. Order backlog, that amounted to EUR 48.4 million in the previous year, was at EUR 80.8 million at the end of March 2012.

SALES REVENUES ROSE BY 11.6% – STRONG GROWTH IN THE AMERICAS AND IN ASIA

In the first quarter of 2012, we generated sales revenues amounting to EUR 65.5 million (previous year: EUR 58.7 million), which are broken down by regions as follows:

In Germany and in Europe (excl. Germany), sales almost achieved the same level as last year, while we generated growth above average in the Americas and in Asia. It became apparent that our globally balanced customer structure helps to compensate for regional fluctuations in demand, a fact which makes the company more independent from the economic development of individual countries and regions.

In **Germany**, sales revenues amounted to EUR 15.0 million, as they did last year; order intake slightly decreased by EUR 0.9 million (-5.6%) to EUR 15.6 million. Despite the debt crisis, we could increase revenues by EUR 0.8 million (+2.6%) in **Europe** (excl. Germany) and generate sales amounting to EUR 29.5 million. Here, order intake increased by 27.9% to EUR 33.7 million. Weak demand from Spain has been more than compensated for by the good business situation in other countries.

In the **Americas**, sales increased by 32.9% from EUR 7.6 million to EUR 10.1 million – growth which especially our subsidiaries in the USA and Canada contributed to. Last year we implemented organizational improvements there and strengthened the sales structures. At EUR 16.9 million, order intake more than doubled compared to the same period in the previous year (EUR 6.4 million).

In **Asia**, we also generated significant increase thanks to improved sales structures: During the first quarter, sales amounted to EUR 10.9 million (+49.4%) and order intake amounted to EUR 13.9 million (+39.7%).

The positive development of order intake and sales shows that the investments in new subsidiaries, especially overseas, have been the right decision, even if they caused extraordinary burden on earnings during the last fiscal year. All in all we generated 77.1% (same period in the previous year: 74.4%) of our sales abroad and used hedging instruments to hedge against currency risks.

EBT INCREASED BY EUR 0.7 MILLION – OPTIMIZATION PROCESSES SHOW EFFECT

After three months in 2012, we achieved earnings before taxes (EBT) amounting to EUR 4.2 million (previous year: EUR 3.5 million), an increase of 19.0% – this means an increase above average in relation to increase of sales (+11.6%). Operating EBT margin in relation to sales revenues now amounts to 6.4% (previous year: 6.0%).

Operating earnings before interest and taxes (EBIT) also increased during the first quarter of 2012, from EUR 4.4 million in 2011 to EUR 5.1 million. Operating EBIT margin in relation to sales revenues increased to 7.7% (previous year: 7.4%).

Earnings per share increased by 21.4%; on 31 March 2012 it amounted to EUR 0.51 (previous year: EUR 0.42).

Optimized production processes in our plant in Waldenburg are material for these improvements in earnings. The measures we implemented up to now showed effect and we will continue the optimization processes to again improve personnel productivity in future.

In Europe, we created a good situation for our high-margin maintenance and follow-up business during the last three decades by winning major projects in the OEM business. We want to repeat this strategy in the up-and-coming markets in South America and in Asia. As there is heavy competition for OEM projects of large facilities, we selectively also have to accept low-margin orders to acquire the installed basis for future maintenance business. The important point for R. STAHL is to control them efficiently and use them as basic capacity utilization for our production.

We established an action plan for our subsidiary in Brazil which we will implement in the course of the year. Primary objective is an improved positioning of the company on the Brazilian market that is very promising for R. STAHL. We expect that these changes will still burden our earnings in 2012 with an amount of about EUR 1 million.

ASSETS AND FINANCIAL STRUCTURE – STILL SOLID BASIS

On the reporting date, the balance sheet total increased by EUR 4.0 million or 2.0% to EUR 202.4 million, compared to 31 December 2011.

In consequence of investments, the long-term assets slightly increased (EUR +0.8 million); on 31 March 2012 they amounted to EUR 87.7 million. Inventories, part of the short-term assets, increased by EUR 2.1 million to EUR 44.5 million due to started, unfinished products, while at the same time raw materials, auxiliary materials and operating materials decreased. Trade receivables amounted to EUR 48.3 million and slightly exceeded year-end level 2011 (EUR 47.6 million) due to project business.

Due to development of earnings, equity increased by EUR 3.4 million and now amounts to EUR 92.1 million. Our business activities further improved equity ratio; on the reporting date it amounted to 45.5% (year-end 2011: 44.7%). As at 31 December 2011, R. STAHL group held 516,291 own shares on 31 March 2012. On both record dates, the own shares have been netted against equity at their historical costs (EUR 5.6 million).

Long-term debts remained almost unaltered at EUR 62.1 million and short-term debts at a total of EUR 48.2 million also remained at the same level as on 31 December 2011. Lower trade payables and reduced other liabilities are offset by higher deferred debts which result from holiday entitlements of the employees.

R. STAHL's financing is still on a solid basis: Equity exceeds long-term assets by EUR 4.4 million. Liquid funds amounting to EUR 15.3 million are higher than the short-term and long-term interest-bearing financial debts by EUR 4.1 million.

The available funds offer R. STAHL a good liquidity position and our financing structure minimizes the dependency on lenders. With credit lines amounting to a total volume of EUR 40 million at different principal banks, we took financial precautions. These bilateral agreements will end in 2012. Our banking partners already signaled their willingness to extend the agreements, which ensures a good basis for further growth.

INCREASE OF OPERATING CASH FLOW

The positive development of the company also shows effect in the cash flow statement: We increased cash flow from operating business activities by EUR 4.1 million to EUR 5.2 million due to the higher result in the period and due to lower utilization of financial resources for the working capital. Investments during the first three months have been made as scheduled and amounted to EUR 4.1 million (previous year: EUR 2.3 million). In the period under review, payment of an earn-out-obligation amounting to EUR 1.5 million is included, resulting from the acquisition of Screenshot GmbH, Cologne.

So free cash flow of EUR +1.1 million has been recorded in the first quarter of 2012 (previous year: EUR -1.2 million). These funds have been used to repay short-term and long-term financial debts as scheduled.

Compared to 31 December 2011, cash and cash equivalents remained almost unchanged at EUR 15.3 million. As at 31 March 2012, we improved our net cash position: On the reporting date, it amounted to comfortable EUR 7.2 million (year-end 2011: EUR 6.3 million).

INVESTMENTS DURING THE FIRST THREE MONTHS OF 2012

From January to March 2012, we invested EUR 2.8 million (previous year: EUR 2.1 million) in long-term assets. Focus has been put on the acquisition of software and the purchase of machines, facilities and tools.

EXPANSION OF THE ACTIVITIES IN INDIA

We are successful with our Indian subsidiary, due to a newly structured management, well-educated employees and a stable and profitable production. In order to be able to further operate ambitiously in this strongly growing Asian market, we plan the expansion of this subsidiary. At the same time we want to combine the three existing Indian plants into one production and administration location to be able to realize individual customer requirements even faster directly on site in future.

FURTHER IMPROVED INNOVATIVE STRENGTH

R. STAHL is successful as a technological pioneer; numerous development projects are currently being implemented. During the first quarter of 2012, we fixed priorities in development, we improved processes and further expanded capacities. This improved innovative strength makes it possible to put new products on the market even faster in future.

EMPLOYEE DEVELOPMENT

During the first quarter of 2012, we further improved our concept for employee development. This year, young employees will again selectively work in R. STAHL subsidiaries abroad. Furthermore, we improved our qualification management for the internal development of employees – especially also of our executives.

REPORT ON OPPORTUNITIES AND RISKS

All R. STAHL subsidiaries regularly prepare a report on opportunities and risks, so all opportunities and risks the company faces are recorded world-wide. In case of important events – even during the quarter – every managing director is obligated to report to the opportunities and risks management. The statements given on page 47 et seq. of the Annual Report 2011 remain unchanged.

FORECAST

The first quarter of 2012 confirms that R. STAHL is on a good path. The industry sectors that are relevant for us show a positive picture. That is why we expect a solid development of order intake and sales and we are confident of the future development. Our predominance in system business, the acquisitions we made in the past and the innovation process will make a major contribution to growth. During the last years, we expanded our sales organizations in the markets that are most important for us and plan investments there in future as well. For example, we want to advance our activities in India step by step to be able to further increase our market share in Asia.

We will significantly improve profitability in our main plant in Waldenburg. In the course of continuous process optimization we initiated different projects that are expected to substantially increase efficiency. Further growth will be realized with a controlled increase of personnel, so that in future we will have a lower personnel cost ratio with higher sales. Finally, a slight improvement of price levels can already be noticed for major projects, so we expect a gradual reduction of our material ratio.

From today's point of view we expect sales between EUR 250 million and EUR 255 million in 2012. We aspire an improvement of EBT to an amount between EUR 14 million and EUR 16 million for the current year, as a number of one-off expenses from 2011 will not occur any more.

May 2012

Executive Board

Consolidated income statement

for the period 1 January to 31 March 2012

EUR 000	1–3/2012	1–3/2011
Sales revenue	65,503	58,702
Change in inventories of finished and unfinished products	3,000	3,326
Other own work capitalized	878	875
Total operating performance	69,381	62,903
Other operating income	1,363	2,164
Cost of materials	- 24,586	- 22,243
Personnel costs	- 25,507	- 23,672
Depreciation, amortization and impairments on intangible assets and property, plant & equipment	- 2,424	- 2,729
Other operating expense	- 13,161	- 12,067
Earnings before financial earnings and income taxes	5,066	4,356
Net financial earnings	- 866	- 825
Earnings before income taxes	4,200	3,531
Taxes on income	- 1,221	- 1,031
Period earnings	2,979	2,500
Minority interests in earnings	- 70	0
R. STAHL earnings share	3,049	2,500
Earnings per share (in EUR)	0.51	0.42

Overall net result of a given period

for the period 1 January to 31 March 2012

EUR 000	1–3/2012	1–3/2011
Net result of a given period	2,979	2,500
Components of the overall net result of a given period not affecting net income		
Change of adjustments from currency translations of foreign subsidiaries	111	- 803
Cash flow hedges		
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	253	421
Incorporated into the income statement	121	- 92
Deferred taxes on components of the overall result not affecting net income	- 107	- 90
	378	- 564
Total annual result after taxes	3,357	1,936
Earnings contribution from minority interests	- 58	0
Earnings contribution R. STAHL	3,415	1,936

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

for the period 1 January to 31 March 2012

EUR 000	1-3/2012			1-3/2011		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Change of adjustments from currency translations of foreign subsidiaries	111	0	111	- 803	0	- 803
Unrealized gains/losses from cash flow hedges	374	- 107	267	329	- 90	239
Components of the overall result not affecting net income	485	- 107	378	- 474	- 90	- 564

Consolidated balance sheet

as at 31 March 2012

EUR 000	31/03/2012	31/12/2011
ASSETS		
Long-term assets		
Intangible assets	39,696	39,520
Property, plant & equipment	33,955	33,667
Other financial investments	142	140
Other assets	1,574	1,663
Real estate held as a financial investment	8,994	9,034
Deferred taxes	3,387	2,928
	87,748	86,952
Short-term assets		
Inventories and prepayments made	44,488	42,343
Trade receivables	48,303	47,557
Other receivables and other assets	6,558	6,290
Cash and cash equivalents	15,283	15,214
	114,632	111,404
Total assets	202,380	198,356

EUR 000	31/03/2012	31/12/2011
EQUITY AND LIABILITIES		
Equity	92,108	88,751
Long-term liabilities		
Accruals for pension obligations	51,084	51,041
Other accruals	1,375	1,410
Interest-bearing loans	3,125	3,250
Other liabilities	3,589	3,588
Deferred taxes	2,925	2,669
	62,098	61,958
Short-term liabilities		
Accruals	5,131	4,609
Trade liabilities	11,080	12,135
Interest-bearing loans	8,084	8,912
Deferred liabilities	13,141	9,989
Other liabilities	10,738	12,002
	48,174	47,647
Total equity & liabilities	202,380	198,356

Consolidated statement of changes in equity

for the period 1 January to 31 March 2012

EUR 000	Shareholders' equity		
	Subscribed capital	Capital reserve	Profit reserve
Balance on 1 Jan. 2011	16,500	522	71,433
Results for the period			2,500
Cumulated other equity			0
Total result for the period			2,500
Dividend distribution			0
Balance on 31 Mar. 2011	16,500	522	73,933
Balance on 1 Jan. 2012	16,500	522	76,234
Results for the period			3,049
Cumulated other equity			0
Total result for the period			3,049
Dividend distribution			0
Consolidation changes			0
Other changes			0
Balance on 31 Mar. 2012	16,500	522	79,283

Cumulated other equity			Deduction for treasury shares	Shareholders' equity
Unrealized gains/losses from cash flow hedges	Currency translation	Total of cumulated other equity		Total
- 191	1,348	1,157	- 5,596	84,016
				2,500
239	- 803	- 564		- 564
239	- 803	- 564		1,936
0		0		0
48	545	593	- 5,596	85,952
- 620	1,431	811	- 5,596	88,471
				3,049
267	99	366		366
267	99	366		3,415
				0
				0
				0
- 353	1,530	1,177	- 5,596	91,886

Minority interests	Consolidated equity
	Total
116	84,132
0	2,500
0	- 564
0	1,936
0	0
116	86,068
280	88,751
- 70	2,979
12	378
- 58	3,357
	0
	0
	0
222	92,108

Consolidated cash flow statement

for the period 1 January to 31 March 2012

EUR 000	1–3/2012	1–3/2011
I. Operating activities		
1. Period earnings	2,979	2,500
2. Depreciation, amortization and impairment of non-current assets	2,424	2,729
3. Changes in long-term provisions	- 30	- 5
4. Changes in deferred taxes	- 323	- 430
5. Other income and expenses without cash flow impact	30	- 652
6. Income/expense from the disposal of non-current assets	- 33	0
7. Cash flow	5,047	4,142
8. Changes in inventories, trade receivables and other non-capex or non-financial assets	- 3,147	- 6,962
9. Changes in short-term provisions, trade liabilities and other non-capex or non-financial liabilities	3,300	3,950
10. Changes in net current assets	153	- 3,012
11. Cash flow from ongoing business operation	5,200	1,130

EUR 000	1–3/2012	1–3/2011
II. Capex cash flow		
12. Cash outflow for capex on long-term assets	- 2,764	- 2,121
13. Cash inflow from disposals of long-term assets	173	3
14. Increase (+)/decrease (-) of short-term financial assets	- 12	- 8
15. Cash outflow from the investment of consolidated companies – net of cash acquired	- 1,500	- 159
16. Capex cash flow	- 4,103	- 2,285
17. Free cash flow	1,097	- 1,155
III. Finance cash flow		
18. Increase (+)/decrease (-) in short-term, interest-bearing financial debt	- 861	- 377
19. Cash outflow for repayment of long-term, interest-bearing financial debt	- 125	- 364
20. Finance cash flow	- 986	- 741

EUR 000	1–3/2012	1–3/2011
IV. Financial fund assets		
21. Cash flow-impacting changes in financial funds	111	- 1,896
22. Foreign exchange and valuation-related changes in financial funds	- 42	157
23. Financial funds at the beginning of the period	15,214	19,640
24. Financial funds at the end of the period	15,283	17,901
Composition of financial funds held		
Cash and cash equivalents	15,283	17,901

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 35 domestic and foreign companies in which R. STAHL AG may exert a controlling influence. Compared to 31 December 2011, the group of consolidated companies remains unchanged.

[3] Accounting and valuation methods

The consolidated interim financial statements and comparison figures for previous year's period have been prepared and calculated using the same accounting and valuation methods as the consolidated financial statements for fiscal 2011. The underlying principles are published in the notes to our consolidated financial statements for 2011. The document is available on our corporate website www.stahl.de.

[4] Cash flow statement

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

The funds shown in the cash flow statement comprise cash on hand, cheques and credit balances at banks. It also includes financial 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 proposed dividend

Executive Board and Supervisory Board will propose a dividend of EUR 0.70 per share to the Annual General Meeting on 25 May 2012.

[7] Disclosure of own shares

On 31 March 2012, the Company holds 516,291 own shares, as it did on 31 December 2011. On both reporting dates, the own shares have been netted against equity at their historical costs of EUR 5,596 thousand.

[8] Number of employees

The Company employed 1,578 persons (excluding apprentices) as of the reporting date on 31 March 2012 (previous year: 1,502 persons).

[9] Legal liabilities and other financial obligations

There have been no essential changes in our legal liabilities and other financial obligations since 31 December 2011.

[10] Report on essential transactions with related persons

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

[11] Significant events after the end of the reporting period

There have been no significant events after the end of the reporting period.

Waldenburg, 8 May 2012
R. STAHL Aktiengesellschaft

Martin Schomaker
Chief Executive Officer

Key Data

EUR 000	1-3/2012	1-3/2011
Sales revenue	65,503	58,702
Germany	14,971	15,026
Central excl. Germany	29,546	28,790
Americas	10,099	7,600
Asia/Pacific	10,887	7,285
Foreign share (%)	77.1	74.4
Order intake	80,027	59,141
Order backlog	80,833	48,356
EBITDA	7,490	7,085
EBIT	5,066	4,356
EBT	4,200	3,531
Period earnings	2,979	2,500
EPS/earnings per share in EUR (total)	0.51	0.42
Capex on intangible and PP&E assets	2,764	2,121
DA&I on intangible and PP&E assets	2,424	2,729
EBITDA margin (% of sales revenues)	11.4	12.1
EBIT margin (% of sales revenues)	7.7	7.4
EBT margin (% of sales revenues)	6.4	6.0
Staff as of the balance sheet date (excl. apprentices)	1,578	1,502

Financial calendar 2012

- Annual General Meeting in Neuenstein, Germany // 25 May 2012
- Interim report as at 30 June 2012 // 8 August 2012
- Small Cap Conference in Frankfurt, Germany // 27–29 August 2012
- Interim report as at 30 September 2012 // 7 November 2012
- German Equity Forum in Frankfurt, Germany // 12–14 November 2012

