

Quarterly Financial Report as at 31 March 2014

SAFETY. OUR BUSINESS



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, systems solutions
Employees:	approx. 1,870 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN), Houston (USA), Selangor (MAL)
Sales:	2013: EUR 304 million (2014e: EUR 315–325 million)
EBIT margin:	2013: 8.2% (2014e: 7.4% – 8,3%)
Shares:	6.44 million shares; approx. 41% free float

e= expected

GROUP MANAGEMENT REPORT

as at 31 March 2014

In the first quarter of 2014, there was a strong increase in demand for our explosion-protected products and systems which raised order intake to a record level of EUR 88.4 million – representing year-on-year growth of 7.1%. Due to weak order intake in the second half of 2013 and the low volume of short-term orders in the first quarter of 2014, however, sales revenues were down 6.2% on the previous year at EUR 67.6 million. As a result of our expansion programme, EBIT was burdened by increased fixed costs and fell by 67.5% to EUR 1.8 million.

INCREASED CAPITAL SPENDING IN OUR SALES MARKETS

Our key sales markets are making good progress: renewed market confidence is motivating our customers to invest again in their facilities. In the first quarter of 2014, growth in our business was driven by the oil and gas industry as there is still high demand for enhanced infrastructure in this sector – especially in the Americas, Asia, Russia and the Middle East. We were able to win numerous interesting projects in this sector. One of the strongest clients in our domestic market of Germany is the chemical industry, which experienced renewed growth in investment. We also see great potential in this sector in other regions, such as South America. Whereas demand in the pharmaceutical industry remained steady, there was an increased need for specialist ships in the offshore industry, especially in the Asia/Pacific region and the Americas. We see increasing market demand for Floating Production Storage and Offloading Units (FPSO) and are already exploiting this positive trend, providing our customers with tailored solutions.

In terms of regional demand, we are enjoying growth above all in the Americas and Asia. With regard to our client sectors, the oil and gas industry remains a key driver.

ORDER INTAKE AT RECORD LEVEL

In the first three months of 2014, order intake reached the record level of EUR 88.4 million (previous year: EUR 82.6 million). This growth of 7.1% owed much to the renewed confidence of our client industries in the global economy. Whereas numerous projects were delayed or completely postponed in the first half of 2013 due to adverse economic and political conditions, some energy corporations had already begun to resume their capital spending in the second half of 2013 – albeit at a lower level. Due to the late cyclical nature of our business in which market changes do not affect R. STAHL until six to eight months later, certain projects which we were expecting in the previous year were not actually awarded until 2014. Order intake was particularly encouraging in the Americas and Asia during the reporting period.

In **Germany**, order intake of EUR 18.1 million was largely unchanged from the previous year (EUR 18.2 million).

In **Europe (excluding Germany)**, order intake in the first three months of 2014 was 3.2% down on the previous year at EUR 35.0 million (previous year: EUR 36.1 million). The Norwegian oil sector remained stable and benefited R. STAHL in the form of maintenance and repeat orders. In addition to classic oil drilling, the marine business is an important sales market for us in this region. Due to specific regulations regarding the de-icing of ships in the offshore business, there is growing demand for our explosion-protected heating systems. In Africa, we were able to convince a major energy group of the quality of our Ex products and received an order to distribute energy on an oil platform in Gabun. Apart from the oil industry, we were also successful in the petrochemical sector and won a project order in Egypt.

In the first quarter of 2014, we raised order intake in the **Americas** by 10.1% to EUR 17.4 million (previous year: EUR 15.8 million). Although low gas prices in North America are still causing energy companies to hold back investments in Canada, we received some interesting orders in the USA. The increase in order intake will help us utilize our newly created capacity in Houston. Our Brazilian subsidiary also recorded a significant increase in order volumes during the first quarter. This success is confirmation of the change measures we carried out in Brazil and underlines the turnaround in our South American market.

In the **Asia/Pacific** region, order intake grew by 43.8% to EUR 17.9 million in the first quarter of 2014 (previous year: EUR 12.5 million): our sales team in Malaysia convinced local EPCs (Engineering, Procurement, Construction) of the quality of our products and thus filled the additional capacity at our site in Selangor. For example, we received an order to provide lighting and control stations for an oil field off the coast of Malaysia. In Singapore, we see potential in the field of specialist ships. The main growth driver in this region, however, was India where we won a major contract worth EUR 2.7 million for the delivery of our newly launched LED linear luminaires. We also enjoyed further success in the Middle East and were awarded a contract to supply a refinery in the United Arab Emirates with our explosion-protected products. In addition, we are currently involved in two major projects in Australia. Our order books demonstrate that we are on track for further growth in the Asia/Pacific region.

At the end of March 2014, R. STAHL's order backlog amounted to EUR 84.8 million (previous year: EUR 79.9 million) and thus exceeded the prior-year figure by 6.0%.

SALES HAMPERED BY POOR PRECEDING MONTHS: -6.2%

In the first quarter of 2014, sales revenues were 6.2% down on the same period last year at EUR 67.6 million (previous year: EUR 72.1 million). There were three reasons for this: firstly, order intake from our large project business was weak in the second half of 2013 and the order backlog at the end of the year correspondingly lower. Secondly, there were few short-term orders in the first three months of 2014 – meaning that most projects will not be invoiced until a later period. Thirdly, there was an increase in inventories of finished and unfinished goods of EUR 5.9 million as numerous customers requested later deliveries – thus delaying revenue recognition. This happens when there are delays in the installation of equipment and the customer wants to avoid the need for storing our products and systems on site as the risk of damage is too high. For us, however, this customer service results in delayed revenue.

With growth of 11.3%, sales in **Germany** made encouraging progress and accounted for a quarter of the consolidated total. Revenue of EUR 16.9 million (previous year: EUR 15.2 million) resulted mainly from the healthy order position in 2013. Our double-digit growth was well in excess of the overall market trend.

Sales in **Europe (excluding Germany)** were down 6.3% to EUR 32.2 million (previous year: EUR 34.3 million) due mainly to lower order intake in the fourth quarter of 2013. As described above, we also had to delay delivery of several projects. We see interesting growth areas in Europe, however, such as the market for specialist ships in the offshore sector.

The 18.1% fall in sales volume in the **Americas** to EUR 9.2 million (previous year: EUR 11.2 million) was due to restrained capital spending in Canada and economic uncertainties in Brazil. Our strong order intake in the first quarter of 2014 will greatly improve the situation over the coming months.

In recent months, the economic situation in the **Asia/Pacific** region has grown more stable and helped raise our order intake in this region. However, the new orders received are not yet reflected in sales, which are still hampered by low project demand in the second half of 2013 and fell by 17.9% to EUR 9.3 million (previous year: EUR 11.3 million).

In the first quarter of 2014, we generated 74.9% (previous year: 78.9%) of our sales revenue outside Germany.

GLOBAL EXPANSION PROGRAMME REFLECTED IN EBIT

In the first three months of 2014, earnings before interest and taxes (EBIT) of EUR 1.8 million (previous year: EUR 5.6 million) were 67.5% below the prior-year figure. In addition to delayed revenue recognition, this was mainly due to increased costs for our global expansion programme.

The expansion of capacity in Waldenburg and our international manufacturing sites has increased our fixed costs: as part of our expansion programme we have rented larger buildings – for example in Houston, Oslo and Waldenburg – with a corresponding increase in rent expenses. We have bought new machines for our extended production facilities to safeguard our usual high quality standard. As a result of the increase in skilled staff and delays in revenue, the ratio of personnel expenses to total performance rose from 36.3% in the same period last year to 40.9%. Moreover, earnings were burdened by depreciation resulting from our investment programme. Our task in the coming months will be to fill the newly created capacities and thereby raise profitability again as utilization increases. This aim has been helped substantially by the high level of order intake in the first quarter of 2014.

The EBIT margin in the first three months of 2014 amounted to 2.7% (previous year: 7.7%). With pre-tax earnings (EBT) of EUR 1.0 million (previous year: EUR 4.7 million), the EBT margin reached 1.4% (previous year: 6.6%).

There was a corresponding decline in earnings per share to EUR 0.11 (previous year: EUR 0.54).

ASSETS AND FINANCIAL STRUCTURE – SOLID BASIS FOR GROWTH

As of 31 March 2014, the R. STAHL Group had total assets of EUR 249.9 million – representing a slight increase on the year-end figure (31 December 2013: EUR 247.6 million).

In the first quarter of 2014, non-current assets rose by 3.5% to EUR 113.6 million (31 December 2013: EUR 109.7 million). The increase in property, plant and equipment of 2.8% to EUR 53.3 million (31 December 2013: EUR 51.9 million) resulted mainly from our investments in Germany, the Netherlands, Norway, India and Malaysia. As part of our global expansion programme we have been extending capacity at our production facilities in these countries and investing in land and buildings, as well as machinery and equipment, since 2012 so that we can achieve higher production volumes and at the same time raise productivity.

Current assets fell by 1.1% to EUR 136.4 million in the first three months of 2014 (31 December 2013: EUR 137.8 million). The amount of raw, auxiliary and working materials remained virtually unchanged. However, there was a strong increase in unfinished and finished goods as numerous projects which were ready for delivery were held back at the customer's request. All in all, inventories amounted to EUR 54.5 million at the end of the first three months of 2014 (31 December 2013: EUR 48.6 million). There was a slight decline in trade receivables. At EUR 63.2 million, receivables and other assets remained stable (31 December 2013: EUR 62.9 million). We reduced cash and cash equivalents to EUR 16.9 million (31 December 2013: EUR 25.0 million) and used funds for the repayment of interest-bearing loans and the financing of our operating business.

As of the reporting date, the equity of the R. STAHL Group amounted to EUR 89.6 million (31 December 2013: EUR 91.9 million). Due to a change in the interest rate from 3.7% to 3.3%, there was an actuarial loss from pension obligations pursuant to IAS 19 in the first quarter which led to a negative effect of EUR 3.3 million without affecting net income. As on 31 December 2013, the R. STAHL Group held 516,291 treasury shares at the end of the reporting period. On both reporting dates, treasury shares were netted against equity at cost (EUR 5.6 million). On 31 March 2014, the equity ratio amounted to 35.8% (31 December 2013: 37.1%).

In order to finance our international expansion programme, we have contractually fixed credit lines with our principal banks totalling EUR 50 million as well as two deposit base loans amounting to EUR 10 million. In the first quarter, our long-term debt rose to EUR 95.0 million (31 December 2013: EUR 90.2 million) – due to the increase in the current value of our pension obligations resulting from changes in the interest rate. Short-term debt remained almost unchanged at EUR 65.3 million (31 December 2013: EUR 65.4 million). This figure includes the repayment of interest-bearing loans of EUR 1.8 million.

The R. STAHL Group has a sound balance sheet profile: our non-current assets are covered by equity and long-term debt, while cash and cash equivalents exceed current interest-bearing loans by EUR 3.2 million. The Group's healthy liquidity level and stable financial structure provide the basis for sustainable and profitable growth. The bilateral agreements with our principal banks for credit lines totalling EUR 50 million end in 2015. We are already holding talks in order to secure the Group's continued funding at favourable conditions.

CASH FLOW – INVESTMENT PROJECTS CAUSE DECLINE IN FUNDS

Due to the year-on-year decline in net profit, cash flow amounted to EUR 2.7 million (previous year: EUR 6.8 million). The use of funds for net working capital fell in the first three months of 2014 and led to cash flow from operating activities of EUR -1.9 million (previous year: EUR 1.2 million).

In the course of our expansion programme, we invested EUR 4.4 million in the first quarter (previous year: EUR 4.0 million). Our subsidiary in the Netherlands accounted for the largest share due to the addition of two new production halls. We also expanded capacity at our main site in Waldenburg by renting an additional production hall to cope with future order volumes. In this connection, we acquired plant, machinery and tools in order to guarantee lean production processes. In addition, we invested in our subsidiary in Malaysia where we have expanded our production facility. In Norway, we purchased new machines and in India we equipped our expanded facility with efficient plant and machinery.

Free cash flow amounted to EUR -6.2 million (previous year: EUR -2.8 million).

Between January and March 2014, we repaid EUR 1.8 million in short-term interest-bearing debt and thus reduced cash flow from financing activities to EUR -2.0 million (previous year: EUR 5.5 million). Compared to 31 December 2013, financial funds decreased by EUR 8.1 million to EUR 16.9 million.

CAPITAL EXPENDITURE

In the first quarter of 2014, we invested EUR 4.4 million (previous year: EUR 4.0 million) in non-current assets: we launched our international expansion programme in 2012 and have since been steadily developing our manufacturing facilities around the world. We have already successfully expanded capacity in Weimar, the Netherlands, Norway, India, Malaysia and the USA. In 2014, we invested here in new plant, machinery and tools to provide ideal production conditions – the new equipment guarantees lean manufacturing and thus efficiency benefits. We continued construction as planned at our site in Cologne, Germany. The investment programme will continue to be reflected in cash flow during 2014.

MALAYSIAN SITE EXPANDED TO BECOME HUB FOR WHOLE OF SOUTHEAST ASIA

Southeast Asia is a growth market for R. STAHL. We therefore drafted a development plan for our subsidiary in Malaysia aimed at optimizing production processes. In addition to quality improvements, it included modern technologies and an efficient site layout. We also expanded our sales and marketing activities and strengthened our funding. Our intention was to transform our local facility in Selangor, Malaysia, into an operational hub for the whole of Southeast Asia. We see further growth potential in this region and aim to exploit it from our base in Malaysia.

In order to achieve this target, our Malaysian subsidiary moved into a larger building with around 2,200 m² of floor space in January 2014. With a production area of around 1,100 m², the company now has twice as much space as before. R. STAHL's decision to expand its activities in Southeast Asia from its base in Malaysia was also supported by the increase in international business in the country itself. In terms of both its geographical location and its economic potential, Malaysia offers promising growth opportunities.

By acquiring new machinery and optimizing our processes, we are now able to meet customer needs more quickly and reliably. Moreover, we have sharpened the understanding of local staff regarding how to synchronize our products with local requirements in the best possible way. We aim to achieve a positive effect by combining German best-practice methods with Asian market understanding.

PRESTIGIOUS LED CONTRACT SECURED

Reliance Industries Ltd. (RIL) has placed an order with our Indian subsidiary to supply our newly launched explosion-protected LED lighting for the Jamnagar complex. RIL is a member of the Reliance Group, India's largest private company which is mainly active in the energy and petrochemical sector. The Jamnagar complex where the lights are to be used is a fully integrated production site in northwest India.

R. STAHL was able to beat off the competition thanks in no small part to the better light performance and significantly lower weight of its LED linear luminaires. LED lights require less maintenance and thus incur lower operating expenses for the customer. The low weight of the lamps also makes them easier to install. Moreover, the customer attached great importance to the supplier's proximity to the Jamnagar complex – a requirement which R. STAHL was able to meet with its production site in Chennai. The order is worth an initial EUR 2.7 million with further significant follow-up orders expected in the coming years. R. STAHL will also be producing several thousand installation and control devices for this project and has already received initial orders. This order has placed us at the very forefront of the LED lighting market and we expect a high volume of repeat business.

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 67 et seq. of the Annual Report 2013 continue to apply.

OUTLOOK

The development of sales and earnings in the first quarter reflects delays in order intake: projects expected to be awarded in the second half of 2013 were not received until 2014. We therefore posted a record order intake in the first quarter of 2014 and expect it to remain high throughout the year due to a full order pipeline. Order intake in 2014 is expected to reach a total of EUR 325 million to EUR 335 million.

Sales are likely to mirror this development, albeit with a corresponding delay: for 2014, we therefore expect sales revenues of between EUR 315 million and EUR 325. We see the potential for further business in Asia and we also have interesting projects in the pipeline in the Americas.

We have been investing heavily in the expansion of our global production capacity since 2012 in order to cope with growing order volumes. This also involves rising costs caused by additional rent and depreciation on newly acquired buildings and machinery, for example. At the same time, we have increased headcount and thus raised our personnel expenses. In addition to delays in revenue recognition, these increased costs resulted in a decline in earnings in the first quarter 2014. As revenues will increase in the course of the year as a result of our high order intake, however, earnings are likely to improve again. The high number of orders will enable us to utilize expanded capacity and reduce the proportion of fixed costs. All in all, we expect EBIT to reach EUR 24 million to EUR 26 million in 2014.

Over the past few years, we have invested heavily in our future and laid the foundation for further growth. We have expanded our expertise in systems solutions and are on site for our customers around the world as a competent partner with extensive know-how. We have established new subsidiaries in key markets which are now beginning to make a sustainable contribution to growth. Moreover, we have expanded our capacity – both at our main site in Waldenburg and at our international manufacturing facilities – enabling us to tap additional growth in established and emerging markets. At the same time, we continued to drive our research and development activities and developed new products. This extensive investment programme will be fully completed in 2014/15 and enable us to achieve success in the form of sales and earnings growth in the following years.

The contract for the delivery of our innovative, newly launched LED lights for India's largest private company confirms our technological leadership. The resulting repeat business will secure the utilization of capacity at our Indian production site. The project also signals to other customers our superiority in the LED segment and underlines our growth potential. Our high order intake in the first quarter proves that R. STAHL is on the right path and can look forward to further growth in future.

May 2014

The Executive Board

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 March 2014

EUR 000	1–3/2014	1–3/2013
Sales revenue	67,584	72,078
Change in inventories of finished and unfinished products	5,946	3,426
Other own work capitalized	1,034	790
Total operating performance	74,564	76,294
Other operating income	2,142	1,584
Cost of materials	- 26,965	- 26,856
Personnel costs	- 30,497	- 27,673
Depreciation, amortization and impairments on intangible assets and property, plant & equipment	- 3,044	- 2,916
Other operating expense	- 14,387	- 14,856
Earnings before financial earnings and income taxes	1,813	5,577
Net financial earnings	- 848	- 838
Earnings before income taxes	965	4,739
Taxes on income	- 294	- 1,521
Net profit for the period	671	3,218
Non-controlling interests	6	- 10
Profit share of R. STAHL	665	3,228
Earnings per share (EUR)	0.11	0.54

STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 31 March 2014

EUR 000	1–3/2014	1–3/2013
Net profit for the period	671	3,218
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	329	-102
Deferred taxes on gains/losses from currency translations	0	0
Currency translation differences after taxes	329	-102
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	73	77
Recognized in profit or loss	-46	-38
Deferred taxes on cash flow hedges	-3	-8
Cash flow hedges after taxes	24	31
Other comprehensive income with reclassifications to profit for the year	353	-71
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	-4,676	0
Deferred taxes from pension obligations	1,362	0
Other comprehensive income without reclassifications to profit for the year	-3,314	0
Other comprehensive income (valuation differences recognized directly in equity)	-2,961	-71
of which attributable to non-controlling interests	-15	2
of which attributable to R. STAHL	-2,946	-73
Total comprehensive income after taxes	-2,290	3,147
Total comprehensive income attributable to non-controlling interests	-9	-8
Total comprehensive income attributable to R. STAHL	-2,281	3,155

TAX EFFECTS ON INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY

for the period 1 January to 31 March 2014

EUR 000	1-3/2014			1-3/2013		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Currency translation differences	329	0	329	- 102	0	- 102
Cash flow hedges	27	- 3	24	39	- 8	31
Pension obligations	- 4,676	1,362	- 3,314	0	0	0
Income and expense recognized directly in equity	- 4,320	1,359	- 2,961	- 63	- 8	- 71

CONSOLIDATED BALANCE SHEET

as at 31 March 2014

EUR 000	31/03/2014	31/12/2013
ASSETS		
Long-term assets		
Intangible assets	40,274	40,242
Property, plant & equipment	53,319	51,861
Other financial investments	134	133
Other assets	1,149	1,200
Real estate held as a financial investment	7,830	7,883
Deferred taxes	10,874	8,394
	113,580	109,713
Short-term assets		
Inventories and prepayments made	54,507	48,603
Trade receivables	54,755	54,902
Other receivables and other assets	10,246	9,374
Cash and cash equivalents	16,856	24,966
	136,364	137,845
Total assets	249,944	247,558

EUR 000	31/03/2014	31/12/2013
EQUITY AND LIABILITIES		
Equity	89,600	91,922
Long-term liabilities		
Accruals for pension obligations	74,964	70,273
Other accruals	1,420	1,451
Interest-bearing loans	15,542	15,667
Other liabilities	638	664
Deferred taxes	2,480	2,163
	95,044	90,218
Short-term liabilities		
Accruals	5,279	5,296
Trade liabilities	16,761	16,867
Interest-bearing loans	13,698	15,505
Deferred liabilities	17,647	14,565
Other liabilities	11,915	13,185
	65,300	65,418
Total equity and liabilities	249,944	247,558

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January to 31 March 2014

EUR 000	Shareholders' equity		
	Subscribed capital	Capital reserves	Revenue reserves
Balance on 1 January 2013	16,500	522	86,417
Profit for the period			3,228
Accumulated other comprehensive income			0
Total comprehensive income			3,228
Dividend distribution			0
Consolidation changes			0
Change in non-controlling interests			- 147
Other changes			0
Balance on 31 March 2013	16,500	522	89,498
Balance on 1 January 2014	16,500	522	95,677
Profit for the period			665
Accumulated other comprehensive income			0
Total comprehensive income			665
Dividend distribution			0
Consolidation changes			0
Change in non-controlling interests			0
Other changes			0
Balance on 31 March 2014	16,500	522	96,342

Shareholders' equity

Accumulated other comprehensive income			
Currency translation	Unrealized gains/losses from cash flow hedges	Gains/losses from pensions	Total accumulated other comprehensive income
1,930	- 254	- 13,790	- 12,114
			0
- 104	31	0	- 73
- 104	31	0	- 73
			0
			0
			0
			0
1,826	- 223	- 13,790	- 12,187
			0
- 3,389	- 140	- 11,998	- 15,527
			0
344	24	- 3,314	- 2,946
344	24	- 3,314	- 2,946
			0
			0
			0
			0
- 3,045	- 116	- 15,312	- 18,473

Deduction for treasury shares	Non-controlling interests		Consolidated equity
	Total		Total
- 5,596	85,729	165	85,894
	3,228	- 10	3,218
	- 73	2	- 71
	3,155	- 8	3,147
	0	0	0
	0	0	0
	- 147	46	- 101
	0	0	0
- 5,596	88,737	203	88,940
- 5,596	91,576	346	91,922
	665	6	671
	- 2,946	- 15	- 2,961
	- 2,281	- 9	- 2,290
	0	- 32	- 32
	0	0	0
	0	0	0
	0	0	0
- 5,596	89,295	305	89,600

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 31 March 2014

EUR 000	1–3/2014	1–3/2013
I. Operating activities		
1. Net profit for the period	671	3,218
2. Depreciation, amortization and impairment of non-current assets	3,044	2,916
3. Changes in long-term provisions	- 33	10
4. Changes in deferred taxes	- 772	- 247
5. Other income and expenses without cash flow impact	- 234	920
6. Income/expense from the disposal of non-current assets	31	- 9
7. Cash flow	2,707	6,808
8. Changes in inventories, trade receivables and other non-capex or non-financial assets	- 6,076	- 5,267
9. Changes in short-term provisions, trade payables and other non-capex or non-financial assets	1,517	- 323
10. Changes in net current assets	- 4,559	- 5,590
11. Cash flow from ongoing operating activities	- 1,852	1,218
II. Investing activities		
12. Cash outflow for capex on long-term assets	- 4,362	- 4,076
13. Cash inflow from disposals of long-term assets	16	104
14. Increase (+)/decrease (-) of short-term financial assets	- 20	- 15
15. Capex cash flow	- 4,366	- 3,987
16. Free cash flow	- 6,218	- 2,769

EUR 000	1–3/2014	1–3/2013
III. Financing activities		
17. Distribution to shareholders (dividend)	0	0
18. Distribution to/contribution from minority shareholders	- 32	- 101
19. Increase (+)/decrease (-) in current interest-bearing financial debt	- 1,828	5,692
20. Cash inflow from non-current interest-bearing financial debt	0	0
21. Cash outflow for repayment of non-current interest-bearing financial debt	- 125	- 125
22. Cash flow from financing activities	- 1,985	5,466
IV. Cash and cash equivalents		
23. Changes in cash and cash equivalents	- 8,203	2,697
24. Foreign exchange and valuation-related changes in cash and cash equivalents	93	14
25. Cash and cash equivalents at the beginning of the period	24,966	17,601
26. Cash and cash equivalents at the end of the period	16,856	20,312
Composition of cash and cash equivalents		
Cash and cash equivalents	16,856	20,312

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 2013, 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 2013. The underlying principles are published in the notes to our consolidated financial statements for 2013. 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 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 292 thousand (31 December 2013: EUR 372 thousand). We recognized negative fair values of EUR -365 thousand (31 December 2013: EUR -355 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 proposed dividend

The Executive Board and Supervisory Board will propose a dividend of EUR 1.00 per share to the Annual General Meeting on 23 May 2014.

7 Treasury stock disclosure

On 31 March 2014, the Company held 516,291 treasury shares, as it did on 31 December 2013. 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 1,871 persons (excluding apprentices) as of the reporting date on 31 March 2014 (previous year: 1,696 persons).

9 Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2013.

10 Transactions with related persons

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

11 Significant events after the end of the reporting period

On 10 April 2014, the company Weidmüller based in Detmold, Germany, announced that it would submit a takeover bid to the shareholders of R. STAHL AG. At the time of preparing this interim report, no official offer had been received.

Waldenburg, 7 May 2014

R. Stahl Aktiengesellschaft

Martin Schomaker

CEO

Bernd Marx

CFO

KEY FIGURES

EUR 000	1–3/2014	1–3/2013
Sales revenue	67,584	72,078
Germany	16,943	15,230
Central (without Germany)	32,176	34,328
Americas	9,189	11,222
Asia/Pacific	9,276	11,298
Foreign share (%)	74.9	78.9
Order intake	88,416	82,587
Order backlog	84,767	79,936
EBITDA	4,857	8,493
EBIT	1,813	5,577
EBT	965	4,739
Net profit for the period	671	3,218
Earnings per share (EUR)	0.11	0.54
Capex on tangible and intangible assets	4,362	4,076
Depreciation and amortization on tangible and intangible assets	3,044	2,916
EBITDA margin (% of sales)	7.2	11.8
EBIT margin (% of sales)	2.7	7.7
EBT margin (% of sales)	1.4	6.6
Employees as of 31 March (without apprentices)	1,871	1,696

FINANCIAL CALENDAR 2014

Annual Shareholder's Meeting in Neuenstein **23 May 2014**

Second quarter financial report 2014 **07 August 2014**

Third quarter financial report 2014 **06 November 2014**

German Equity Forum Frankfurt **24–26 November 2014**

R. Stahl Aktiengesellschaft
Am Bahnhof 30, 74638 Waldenburg (Württ.)
www.stahl.de

CONTACT

Nathalie Dirian
Investor Relations
Phone: +49 7942 43 13 95
Fax: +49 7942 43 40 13 95
investornews@stahl.de