



# SAFETY, NEVER COMPROMISED.

HALF-YEARLY FINANCIAL REPORT  
AS AT 30 JUNE 2015

STAHL

# R. STAHL – AT A GLANCE

<b>Business:</b>	supplier of electromechanical and electronical safety technology for hazardous environments
<b>Customers:</b>	oil and gas industry, pharmaceutical industry, chemical industry, maritime industry, food, biofuel industry and plant construction
<b>Products:</b>	control and installation equipment, light fittings, terminals, automation, systems solutions
<b>Employees:</b>	approx. 1,970 worldwide
<b>Headquarter:</b>	Waldenburg, Germany
<b>Production:</b>	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN), Houston (USA), Selangor (MAL)
<b>Sales:</b>	2014: EUR 309 million (2015e: EUR 320 – 330 million)
<b>EBIT margin:</b>	2014: 5.9% (2015e: 5.0% – 6.1%)
<b>Shares:</b>	6.44 million shares; approx. 39% free float

*e= expected*

# GROUP MANAGEMENT REPORT

*as at 30 June 2015*

## CHALLENGING ENVIRONMENT HAMPERS GROWTH

In the first half of 2015, R. STAHL was able to maintain its momentum in a challenging environment: oil producers responded to the ongoing slump in oil prices which is affecting their profits in certain regions by reducing capital spending, which in turn directly reduced the demand for explosion-protected products. We had anticipated this development and specifically targeted projects which continue to promise attractive opportunities. Moreover, we are increasingly marketing our products and systems in other client industries – for example, we presented our innovative Ex 4.0 solutions at the world's largest process industry exhibition for chemicals and biotechnology.

At EUR 166.6 million (previous year: EUR 169.0 million), our order intake as of 30 June 2015 reflects falling demand in the oil sector. At the same time, economic and political instability in Russia is hampering our business. The high order backlog position at the end of 2014 provided a solid basis for revenue growth in the current fiscal year, which we have also utilized: we delivered numerous orders and raised sales revenue in the first half of 2015 by 12.0% to EUR 164.0 million (previous year: EUR 146.5 million).

On the one hand, we face the task of partially offsetting declining volumes from the oil industry with business in other industries and regions. On the other hand, we must focus on cost reductions. In the first six months of 2015, we achieved an EBIT result of EUR 6.8 million (previous year: EUR 5.6 million) and improved our EBIT margin from 3.8% in the same period last year to 4.2%.

## SUBDUED DEMAND FROM THE OIL INDUSTRY

As a result of low oil prices, crude oil producers face dwindling profitability and unprofitable offerings are being pushed out of the market. Energy companies are being forced to reduce their capital spending, above all in regions with high production costs, such as Norway. At its June meeting, OPEC (under the leadership of Saudi Arabia) confirmed its output volumes and the continuation of its expansionary strategy, thus offering no relief for oil prices. The reduced capital spending of oil producers is reflected in our order intake while demand for products used by specialist ships, such as Floating Production Storage and Offloading Units (FPSOs), is also being dampened.

We are currently utilizing our broad positioning to target customers in the chemical industry: as an innovative and high-quality provider, we can meet the specific needs of this industry with our new products. We recently presented our future-oriented solutions, particularly with regard to Ex 4.0, at the world's largest process industry fair for chemicals and biotechnology, Achema. Demand in the pharmaceutical industry remains stable.

## ORDER INTAKE PARTICULARLY STRONG IN ASIA/PACIFIC REGION

In the first half of 2015, R. STAHL received orders worth EUR 166.6 million (previous year: EUR 169.0 million) – a fall of 1.4% compared to last year. Whereas demand in Europe and South America was somewhat weaker, it continued to grow in the Asia/Pacific region.

In **Germany**, order intake as of 30 June 2015 was slightly up on the previous year at EUR 34.2 million (previous year: EUR 34.1 million). Our business with German engineering companies who export end-products to Russia was weakened by stricter embargo regulations and the resulting uncertainties.

At EUR 65.3 million, orders in **Europe (excluding Germany)** were 3.8% down on the same period in 2014 (previous year: EUR 67.8 million). In view of the ongoing Ukraine crisis, the EU states have prolonged their economic sanctions against Russia – and our business there is suffering from the political and economic instability. Nevertheless, in the first quarter of 2015 we were awarded a major contract by a French EPC to distribute energy at an LNG plant in the north of Russia worth tens of millions. In the second quarter, the order volume for this facility was increased by a further EUR 1.2 million. In order to cope

with the harsh local conditions, our engineers designed the products to withstand temperatures of -50°C and wind speeds of up to 30m/s. To minimize risks, we are processing the order in several tranches and have so far entered an amount of EUR 5.2 million in our books for 2015. Our business in Europe is also being burdened by low oil prices – the profitability of oil producers is suffering above all in Norway.

In **the Americas**, orders picked up slightly compared to the first quarter. At EUR 26.8 million, however, order intake in the first half of 2015 was 6.8% down on the same period last year (previous year: EUR 28.8 million). Due to economic and political instability, demand in South America – especially Brazil – remains weak. In the USA, we once again reached our high prior-year level.

We recorded our strongest growth in the **Asia/Pacific** region, where order intake rose by 5.4% to EUR 40.4 million (previous year: EUR 38.3 million). Order volumes were up in Australia, Korea and the Middle East in particular.

At EUR 95.4 million (previous year: EUR 85.8 million), the order backlog at the end of June 2015 was 11.2% higher than on the same date last year.

## REVENUE GROWTH IN THE AMERICAS AND ASIA/PACIFIC

In the first half of 2015, we increased R. STAHL's sales revenue by 12.0% to EUR 164.0 million (previous year: EUR 146.5 million).

Sales in **Germany** were down 4.2% on the previous year at EUR 31.8 million (previous year: EUR 33.2 million) and accounted for 19.4% of total Group revenue. This figure was affected above all by shortfalls in the German engineering sector.

In **Europe (excluding Germany)**, we generated sales revenue of EUR 65.3 million (previous year: EUR 66.6 million), whereby the 2.0% decline resulted in particular from the weak order situation in northern Europe. In France and Switzerland on the other hand, we recorded revenue growth – especially due to a major contract for an LNG plant in Russia. In the first six months, we already recognized revenue of EUR 1.0 million for this contract.

At EUR 28.2 million, revenue in **the Americas** was 24.9% up on the previous year (EUR 22.5 million). Our strategy of continuously developing products has enabled us to meet a number of local standards and carry out projects throughout the world. In the first half of 2015, for example, our control and terminal boxes were used in western Canada at an oil sands plant. Our South Korean sales team won the contract for the Canadian downstream project. The main reason was that we were deemed capable of offering an optimal solution for the CSA standard which dominates in Canada.

The strongest sales growth was recorded in the **Asia/Pacific** region, where revenue was up 60.6% to EUR 38.7 million (previous year: EUR 24.1 million). Revenue is thus following the order intake of this region. We have already delivered the major share of the framework order for 21,000 LED linear luminaires. Our products are being used in the Jamnagar complex on the north-west coast of India to illuminate the oil refinery and petrochemical plant.

In the first six months of 2015, we generated 80.6% (previous year: 77.4%) of our sales outside Germany.

### **YEAR-ON-YEAR GROWTH IN EBIT – MARGIN BURDENED BY WEAK ORDER POSITION**

In the first half of 2015, we generated EBIT of EUR 6.8 million (previous year: EUR 5.6 million) and were thus 22.8% up on the previous year. The EBIT margin based on revenue reached 4.2% (previous year: 3.8%). As part of our investment programme, we have expanded capacities at our locations around the world. As a consequence, there has been an increase in personnel expenses for additional staff, higher depreciation charges for equipment and rising rental expenses for our facilities. These start-up costs in connection with the expansion of business place a burden on our margin, as they are not yet covered by revenue growth.

Our earnings are also being affected by the unstable economic situation in Brazil. According to analysts, the once emerging economy is suffering from an all-embracing corruption scandal in which both the national oil company and many of the country's other major corporations and political institutions were implicated. As a result, confidence in the Brazilian economy has suffered permanent damage. The effects are evident from the operating figures of our Brazilian subsidiary: order intake and sales were halved compared to last year with a significant decrease in earnings. The company's costs are not covered by revenue. The slump in earnings of our Brazilian subsidiary resulted in an overall burden on consolidated EBIT of EUR 0.6 million.

Due to the low oil price, capital spending of energy companies in the upstream sector remains low and the weak order situation makes it difficult to fully utilize the newly created capacities. This is putting pressure on margins above all at our main base in Waldenburg – the largest manufacturing site of the R. STAHL Group: goods are produced here for orders received by our sales companies around the world. Due to the decline in order intake, this facility is currently underutilized, leading to an increase in relative fixed costs. To counter this, we have already initiated cost-cutting measures.

We have reduced the cost of materials ratio based on total performance to 33.8% (previous year: 34.6%). Due to our expansion programme and record order intake in 2014, personnel expenses have increased with a slight rise in the ratio of personnel expenses to total performance to 40.4% (previous year: 39.9%). As a result of investments in buildings, plant, machinery and fittings as part of the expansion programme, depreciation charges rose by 7.6%.

In the first six months of 2015, we increased EBT to EUR 5.4 million (previous year: EUR 3.9 million), while the EBT margin based on sales revenues improved to 3.3% (previous year: 2.6%).

Earnings per share in the first half of 2015 amounted to EUR 0.56 (previous year: EUR 0.42).

### **ASSET AND FINANCIAL STRUCTURE: EQUITY RATIO INCREASED**

As of 30 June 2015, the balance sheet total of the R. STAHL Group amounted to EUR 293.5 million (31 December 2014: EUR 273.9 million).

In the first half of 2015, our non-current assets rose by 4.8% to EUR 130.5 million (31 December 2014: EUR 124.6 million) – due in part to the increase in property, plant & equipment of EUR 5.5 million to EUR 63.4 million (31 December 2014: EUR 58.0 million). This figure includes new machines, equipment and fittings for our manufacturing facilities. The major share of this investment relates to the new production and development centre in Cologne: assets under construction rose here by EUR 4.0 million.

Current assets increased by 9.1% to EUR 163.0 million (31 December 2014: EUR 149.3 million). We utilized favourable purchasing conditions during the reporting period and raised our stock of raw, auxiliary and working materials by EUR 3.3 million. There was also an increase of EUR 4.2 million in unfinished and finished goods. Long-term projects which entered our order books in the previous year are currently being processed and will be delivered at a later date. In addition, some customers have requested delayed delivery of our products and systems due to the low oil price and the resulting caution displayed by oil producers with regard to investment. Compared to year-end 2014, our trade receivables increased by EUR 9.7 million. This increase was caused in particular by the high revenue and order intake figures last year of our main base in Waldenburg and production site in the Netherlands. Our subsidiary in Dubai also recorded strong growth in trade receivables. In the second quarter, we made partial deliveries for the large Zakum project in Abu Dhabi and generated revenue. However, the respective receivables are not yet due. Cash and cash equivalents rose to EUR 16.1 million (31 December 2014: EUR 15.8 million).

As of 30 June 2015, R. STAHL's equity rose to EUR 104.0 million (31 December 2014: EUR 74.9 million), mainly due to the sale of treasury stock. In December 2014, R. STAHL AG signed an agreement with RAG-Stiftung Beteiligungsgesellschaft concerning the sale of 644,000 treasury shares which R. STAHL previously held itself. The shares represented 10% of the company's share capital and were transferred in January 2015 on payment of the agreed purchase price. The corresponding balance sheet item of EUR 11.2 million was cancelled. The gain of EUR 13.3 million is disclosed in capital reserves after netting with the transaction expenses. There was a total positive effect on equity of EUR 24.0 million. In addition, equity was raised by EUR 2.7 million by currency differences, as well as by the fall in the present value of pension obligations. After the underlying interest rate increased again for the first time since the end of 2013, it reached 2.36% as of 30 June 2015 (31 December 2014: 2.0%). As a result, the present value of pension obligations declined and equity increased. All in all, our equity ratio reached 35.4% (31 December 2014: 27.3%).

Our long-term debt remained generally stable at EUR 110.5 million (31 December 2014: EUR 111.4 million). Pension provisions fell to EUR 88.2 million (31 December 2014: EUR 93.7 million) as a result of the interest increase. In the first half of 2015, we redeemed EUR 0.5 million of long-term, interest-bearing financial liabilities as scheduled and at the same time took out long-term loans of EUR 5.0 million to finance our construction project in Cologne.

As of 30 June 2015, our short-term debt amounted to EUR 78.9 million (31 December 2014: EUR 87.6 million) and was 10.0% below the prior-year figure. We used the cash flows from selling treasury shares in the first quarter to repay short-term interest-bearing financial liabilities. At the end of the first six months, this figure amounted to EUR 23.1 million.

R. STAHL has two deposit base loans totalling EUR 8.1 million with terms until 2017. In order to finance our operating business, we have contractually fixed credit lines with a volume of EUR 50 million whose term we have extended to 30 September 2015. We are already negotiating with our principal banks regarding the future financing of the Group and are on the verge of signing an agreement. In addition, we signed two further agreements for credit lines in 2014 totalling EUR 25 million.



## **CASH FLOW AFFECTED BY INVESTMENT PROGRAMME, SHARE SALE AND DIVIDEND PAYMENT**

After the first six months of 2015, our cash flow amounted to EUR 8.1 million (previous year: EUR 6.7 million). The net profit for the period reached EUR 3.6 million (previous year: EUR 2.5 million) and depreciation of fixed assets rose to EUR 6.7 million (previous year: EUR 6.2 million) as a result of the current investment programme. As the use of funds for net working capital declined in the first six months, cash flow from operating activities rose to EUR 0.5 million (previous year: EUR -8.5 million).

Our expansion programme is reflected in cash flow from investing activities, which rose to EUR 11.6 million at the end of the first six months (previous year: EUR 8.7 million). We are currently in the last phase of our expansion programme with the construction of a new production and development centre in Cologne. In addition, we invested in new machinery and technical equipment as well as in tools and IT systems. All in all, free cash flow improved as a result of the fall in working capital and reached EUR -11.1 million (previous year: EUR -17.2 million).

The Annual General Meeting 2015 adopted a dividend payment to R. STAHL AG shareholders of EUR 5.2 million (previous year: EUR 5.8 million), corresponding to a dividend of EUR 0.80 per share (previous year: EUR 1.00). The disbursement reduced our cash flow. After deduction of the respective transaction costs, the sale of treasury shares to RAG-Stiftung Beteiligungsgesellschaft resulted in proceeds of EUR 24.0 million in the first quarter. We used these funds to repay short-term interest-bearing financial liabilities, which were reduced by EUR 12.6 million in the reporting period. Between January and June 2015, we also reduced long-term interest-bearing financial liabilities by EUR 0.5 million, as scheduled. As a result, cash flow from financing activities amounted to EUR 10.8 million (previous year: EUR 7.3 million).

As of 30 June 2015, financial funds rose to EUR 16.1 million (31 December 2014: EUR 15.8 million).

## CAPITAL EXPENDITURE

In the first half of 2015, the R. STAHL Group invested EUR 11.8 million (previous year: EUR 8.8 million) in non-current assets. We will complete the investment programme started in 2012 during fiscal 2015 with the construction of a new production and development centre located in an attractive business park in Cologne for our subsidiaries R. STAHL HMI Systems GmbH and R. STAHL Camera Systems GmbH. The shell construction has been completed and the interior work is making scheduled progress. In addition, we continued to invest steadily in machines and equipment for our manufacturing facilities as well as in tools, IT and maintenance.

## CHANGE IN THE SUPERVISORY BOARD, CONTINUITY IN THE EXECUTIVE BOARD

The 22nd Annual General Meeting of R. STAHL AG was held as planned in the Municipal Hall of Neuenstein on 22 May 2015. The management proposals were adopted for all items on the agenda. A dividend of EUR 0.80 per share was approved (previous year: EUR 1.00), resulting in a total dividend payout of EUR 5.2 million (previous year: EUR 5.8 million).

On 10 February 2015, the long-serving Supervisory Board Chair Hans-Volker Stahl informed the company of his intention to step down from his seat on the Supervisory Board and from his office as its chair on expiry of the Annual General Meeting in order to pave the way for the next generation of Supervisory Board members. On 26 February 2015, the Supervisory Board unanimously elected the Supervisory Board member Heiko Stallbörger as the new Supervisory Board Chair. Mr Jürgen Wild, Chairman of the Executive Board of RAG-Stiftung Beteiligungsgesellschaft, was elected as a new member of the Supervisory Board. The Supervisory Board, Executive Board, workers' representatives and shareholders of R. STAHL AG thanked the departing Supervisory Board member Hans-Volker Stahl, who served as its chairman for 22 years. At its meeting on 9 April 2015, the Supervisory Board appointed Hans-Volker Stahl as Honorary Chairman of the Supervisory Board for life.

On 21 May 2015, the Supervisory Board voted unanimously to prolong the contract with CFO Bernd Marx until 31 December 2020. The Board thus honoured his successful management of the company and simultaneously declared its commitment to continuity and reliability at the head of the Group.

## **NEW SOLUTIONS PRESENTED AT THE ACHEMA FAIR – INTO THE FUTURE WITH EX 4.0**

R. STAHL was present at various trade shows in the first half of 2015 and held promising talks with partners and potential clients. At the world's largest process industry exhibition for chemicals and biotechnology in Frankfurt in June, we presented our product innovations and impressed visitors with our flexibility and solution expertise. We also took advantage of this platform to introduce our Ex 4.0 Labels, in which we combine the decisive aspects of Industry 4.0 with key process technology. With its Ex 4.0, R. STAHL has created a symbol for optimized explosion-protected components and systems: Ex 4.0 solutions are designed for use in almost all regions, can be integrated into a wide variety of system structures and offer high efficiency, contemporary intelligence, intuitive operation and optimized maintenance possibilities. These include smart, highly flexible access, monitoring and control options – also via mobile devices or remote access.

## **ETHERNET GAINING GROUND – ALSO IN EXPLOSION PROTECTION**

Following the advent of Ethernet in factory automation, there is now a growing demand for it in the process industry. Unlike the manufacturing industry, however, there are also strict requirements here regarding explosion protection. A working group has therefore been set up under the auspices of the “Physikalisch-Technische Bundesanstalt” (PTB) to specify an intrinsically safe Ethernet standard. Together with other well-known companies, such as Siemens, R. STAHL has been working on the development and has presented a compelling concept.

## **INCREASED MARKETING OF SIGNALLING DEVICES**

After acquiring the specialist for signalling devices Clifford & Snell in April 2010, we have doubled revenue for this product unit in the period up to 2015. Over the past five years we have integrated the product range completely into the R. STAHL Group and fully exploit the synergy effects from standardized development, design and manufacturing. Although weak demand from the oil industry is also affecting signalling devices, we have received an increasing number of orders from other client industries, including a grain mill. Our portfolio also includes non-Ex products aimed mainly at the construction and general infrastructure industries – sectors which are currently booming in many parts of the world. In the current year, we have already attended two major trade shows specializing in fire and safety technology – the Interschutz in Germany and the

NFPA in the USA. Companies in this industry supply systems to all industries worldwide. Our new product line for signalling devices offers compelling benefits compared with the competition – not least because of their light weight, individual volume control and ability to withstand extreme environmental conditions.

## **OPPORTUNITY AND RISK 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 74 et seq. of the Annual Report 2014 continue to apply.

## **OUTLOOK**

In the first half of 2015, R. STAHL's revenue grew while order intake declined year on year. This is already a sign of weak demand in the oil sector. Low oil prices are also diminishing our prospects for the second half of the year: oil-producing companies face dwindling profitability and are postponing their investments – especially in regions with high production costs. At its conference in June 2015, OPEC confirmed its expansionary course and thereby dashed any hopes of rising oil prices. At the same time, China's weak economy is strengthening the oil industry's current downward trend. The announcement of a historic agreement in the nuclear dispute with Iran in July 2015 led to a further slide in the price of oil: it has since fallen by 15%. No increase is anticipated in the near future. The effects are being felt above all in the upstream sector of oil production. We are therefore focusing mainly on customers in the midstream and downstream areas of the oil industry.

At the same time, the Ukraine crisis is affecting our business: Russia is an attractive sales market for us, but the existing embargo between Russia and the EU is harming business relations. As the Member States extended their economic sanctions in June 2015 until the end of January 2016, we regard the order situation in Russia with a great deal of caution. In the first quarter of 2015, we received a major contract from a French EPC to distribute energy at an LNG plant in the north of Russia. Although goods for use in gas production are not subject to embargo restrictions, due to the political instability we have not included the full project in our order books but will be processing the order in several tranches in order to minimize the risk.

The political unrest in North Africa and the economic developments in certain South European states are having an adverse effect on our business. Our earnings are being negatively affected above all by the economic situation in Brazil. The country's largest bank forecasts a decline in gross domestic product of 3% to 4% for 2015 and a strong increase in the unemployment rate. With the aim of stemming rising inflation and preventing a collapse of the local currency, the Brazilian central bank raised its key interest rate to 14.25% in late July 2015. The high interest rate and downgraded economic forecasts have reduced the propensity to invest in the country, with the corresponding repercussions for our local company's order intake and sales revenue. Sales shortfalls already had a strong impact on our EBIT in the first six months and we do not expect to achieve a turnaround in Brazil by year-end.

We recognized the challenges faced in 2015 at an early stage and developed appropriate action plans. From a sales perspective, we are strengthening our efforts in regions that are less affected by low oil prices, such as the Middle East. Especially in India, we are currently working on high-volume orders and have already received positive feedback from our customers. In addition, we are increasingly targeting customers in the chemical industry with our products and systems. Our innovative new products, such as the holistic lighting solution for helicopter landing pads, present compelling arguments for our clients and are generating revenue. However, this can only partially offset weak demand in the oil industry.

Following the lifting of economic sanctions against Iran, we see opportunities to once again offer our products for projects in one of the countries with the world's largest oil and gas reserves. As the local oil production facilities require extensive modernization and gas export facilities have hardly been developed so far, Iran offers great potential for our further business development. However, we do not expect any positive effects in the current fiscal year.

On the whole, our order position is not expected to improve in the second half of the year. For the fiscal year 2015, we can confirm our forecast range of between EUR 320 million and EUR 330 million for both order intake and sales revenue.

As a result of subdued demand, our expanded capacities are not being fully utilized and relative fixed costs have increased. As a consequence, we have initiated cost reduction measures in order to remain competitive in the current adverse environment. At our largest manufacturing unit in Waldenburg in particular, we are counteracting the weak order situation with the aid of effective cost-cutting measures, such as a temporary reduction of the working week to 30 hours. In production-related areas, a new decision is made every week about reducing working hours in order to maintain fast delivery times for our customers. At the same time, we are decreasing the number of temporary staff at our Waldenburg site. These measures will have an immediate effect by reducing personnel expenses and costs for temporary manpower capacity. These cost reduction measures aim to improve weak earnings caused by reduced output and partially offset the effects of increased relative fixed costs. At the same time, we have introduced programmes to optimize our production costs which will have a medium- to long-term effect on material and personnel expenses as well as overheads. We are therefore upholding our EBIT forecast of EUR 16 million to EUR 20 million.

August 2015

**The Executive Board**

## CONSOLIDATED INCOME STATEMENT

for the period 1 January to 30 June 2015

EUR 000	4-6/2015	4-6/2014	1-6/2015	1-6/2014
Sales revenue	81,873	78,913	164,042	146,497
Change in finished and unfinished products	215	- 1,359	2,837	4,587
Other own work capitalized	1,035	996	1,931	2,030
<b>Total operating performance</b>	<b>83,123</b>	<b>78,550</b>	<b>168,810</b>	<b>153,114</b>
Other operating income	791	1,864	6,545	4,006
Cost of materials	- 27,481	- 25,988	- 56,998	- 52,953
Personnel costs	- 33,412	- 30,659	- 68,241	- 61,156
Depreciation and amortization	- 3,394	- 3,155	- 6,669	- 6,199
Other operating expenses	- 16,925	- 16,858	- 36,609	- 31,245
<b>Earnings before financial result and income taxes</b>	<b>2,702</b>	<b>3,754</b>	<b>6,838</b>	<b>5,567</b>
Financial result	- 780	- 863	- 1,406	- 1,711
<b>Earnings before income taxes</b>	<b>1,922</b>	<b>2,891</b>	<b>5,432</b>	<b>3,856</b>
Income taxes	- 687	- 1,098	- 1,817	- 1,392
<b>Net profit for the period</b>	<b>1,235</b>	<b>1,793</b>	<b>3,615</b>	<b>2,464</b>
Non-controlling interests	- 4	- 9	9	- 3
Profit share of R. STAHL	1,239	1,802	3,606	2,467
<b>Earnings per share (EUR)</b>	<b>0.15</b>	<b>0.31</b>	<b>0.56</b>	<b>0.42</b>

# STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 30 June 2015

EUR 000	1–6/2015	1–6/2014
<b>Profit for the period</b>	<b>3,615</b>	<b>2,464</b>
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	2,725	666
Deferred taxes on gains/losses from currency translations	0	0
Currency translation differences after taxes	2,725	666
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	- 1,107	- 3
Recognized in profit or loss	1,091	- 110
Deferred taxes on cash flow hedges	7	38
Cash flow hedges after taxes	- 9	- 75
<b>Other comprehensive income with reclassifications to profit for the period</b>	<b>2,716</b>	<b>591</b>
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	5,600	- 9,599
Deferred taxes from pension obligations	- 1,644	2,796
<b>Other comprehensive income without reclassifications to profit for the period</b>	<b>3,956</b>	<b>- 6,803</b>
<b>Other comprehensive income (valuation differences recognized directly in equity)</b>	<b>6,672</b>	<b>- 6,212</b>
of which attributable to non-controlling interests	28	- 6
of which attributable to R. STAHL	6,644	- 6,206
<b>Total comprehensive income after taxes</b>	<b>10,287</b>	<b>- 3,748</b>
Total comprehensive income attributable to non-controlling interests	37	- 9
Total comprehensive income attributable to R. STAHL	10,250	- 3,739



## TAX EFFECTS ON INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY

for the period 1 January to 30 June 2015

EUR 000	1-6/2015			1-6/2014		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Currency translation differences	2,725	0	2,725	666	0	666
Cash flow hedges	- 16	7	- 9	- 113	38	- 75
Pension obligations	5,600	- 1,644	3,956	- 9,599	2,796	- 6,803
<b>Income and expense recognized directly in equity</b>	<b>8,309</b>	<b>- 1,637</b>	<b>6,672</b>	<b>- 9,046</b>	<b>2,834</b>	<b>- 6,212</b>

## CONSOLIDATED BALANCE SHEET

as at 30 June 2015

EUR 000	30/06/2015	31/12/2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	40,811	40,133
Property, plant & equipment	63,410	57,956
Other financial assets	130	128
Other assets	1,179	1,053
Real estate held as a financial investment	8,096	8,239
Deferred taxes	16,865	17,044
	<b>130,491</b>	<b>124,553</b>
<b>Current assets</b>		
Inventories and prepayments made	65,110	56,437
Receivables and other assets	69,050	59,388
Other receivables and other assets	12,705	17,691
Cash and cash equivalents	16,099	15,820
	<b>162,964</b>	<b>149,336</b>
<b>Total assets</b>	<b>293,455</b>	<b>273,889</b>

EUR 000	30/06/2015	31/12/2014
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>104,024</b>	<b>74,880</b>
<b>Non-current liabilities</b>		
Pension provisions	88,180	93,668
Other provisions	1,677	1,670
Interest-bearing financial liabilities	17,365	12,865
Other liabilities	614	629
Deferred taxes	2,705	2,567
	<b>110,541</b>	<b>111,399</b>
<b>Current liabilities</b>		
Provisions	6,086	6,087
Trade payables	17,936	17,926
Interest-bearing financial liabilities	23,120	35,616
Deferred liabilities	16,045	14,238
Other liabilities	15,703	13,743
	<b>78,890</b>	<b>87,610</b>
<b>Total equity and liabilities</b>	<b>293,455</b>	<b>273,889</b>

## CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 30 June 2015

EUR 000	1-6/2015	1-6/2014
<b>I. Operating activities</b>		
1. Net profit for the period	3,615	2,464
2. Depreciation, amortization and impairment of non-current assets	6,669	6,199
3. Changes in long-term provisions	3	- 71
4. Changes in deferred taxes	- 1,230	- 1,411
5. Other income and expenses without cash flow impact	- 1,008	- 515
6. Income/expense from the disposal of non-current assets	28	32
<b>7. Cash flow</b>	<b>8,077</b>	<b>6,698</b>
8. Changes in inventories, trade receivables and other non-capex or non-financial assets	- 10,190	- 14,516
9. Changes in short-term provisions, trade payables and other non-capex or non-financial liabilities	2,580	- 651
<b>10. Changes in net current assets</b>	<b>- 7,610</b>	<b>- 15,167</b>
<b>11. Cash flow from ongoing operating activities</b>	<b>467</b>	<b>- 8,469</b>
<b>II. Investing activities</b>		
12. Cash outflow for capex on non-current assets	- 11,837	- 8,751
13. Cash inflow from disposals of non-current assets	238	63
14. Increase (+)/decrease (-) of current financial assets	0	- 40
<b>15. Cash flow from investing activities</b>	<b>- 11,599</b>	<b>- 8,728</b>
<b>16. Free cash flow</b>	<b>- 11,132</b>	<b>- 17,197</b>

EUR 000	<b>1–6/2015</b>	<b>1–6/2014</b>
<b>III. Financing activities</b>		
17. Distribution to shareholders (dividend)	- 5,152	- 5,796
18. Distribution to/contribution from minority shareholders	- 35	- 32
19. Cash inflow from the sale of treasury shares	24,044	0
20. Cash outflow for the purchase of treasury shares	0	- 5,613
21. Increase (+)/decrease (-) in current interest-bearing financial debt	- 12,566	19,223
22. Cash inflow from non-current interest-bearing financial debt	5,000	0
23. Cash outflow for repayment of non-current interest-bearing financial debt	- 500	- 500
<b>24. Cash flow from financing activities</b>	<b>10,791</b>	<b>7,282</b>
<b>IV. Cash and cash equivalents</b>		
25. Changes in cash and cash equivalents	- 341	- 9,915
26. Foreign exchange and valuation-related changes in cash and cash equivalents	620	232
27. Cash and cash equivalents at the beginning of the period	15,820	24,966
<b>28. Cash and cash equivalents at the end of the period</b>	<b>16,099</b>	<b>15,283</b>
<b>Composition of cash and cash equivalents</b>		
Cash and cash equivalents	16,099	15,283

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January to 30 June 2015

	<b>Shareholders' equity</b>		
	Subscribed capital	Capital reserves	Revenue reserves
EUR 000			
<b>Balance on 1 January 2014</b>	<b>16,500</b>	<b>522</b>	<b>95,677</b>
Profit for the period			2,467
Accumulated other comprehensive income			0
<b>Total comprehensive income</b>			<b>2,467</b>
Dividend distribution			- 5,796
Purchase/sale treasury shares		0	0
<b>Balance on 30 June 2014</b>	<b>16,500</b>	<b>522</b>	<b>92,348</b>
<b>Balance on 1 January 2015</b>	<b>16,500</b>	<b>494</b>	<b>99,659</b>
Profit for the period			3,606
Accumulated other comprehensive income			0
<b>Total comprehensive income</b>			<b>3,606</b>
Dividend distribution			- 5,152
Purchase/sale treasury shares		12,835	0
<b>Balance on 30 June 2015</b>	<b>16,500</b>	<b>13,329</b>	<b>98,113</b>

### Shareholders' equity

Accumulated other comprehensive income			
Currency translation	Unrealized gains/losses from cash flow hedges	Unrealized Gains/losses from pensions	Total accumulated other comprehensive income
<b>- 3,389</b>	<b>- 140</b>	<b>- 11,998</b>	<b>- 15,527</b>
			0
672	- 75	- 6,803	- 6,206
<b>672</b>	<b>- 75</b>	<b>- 6,803</b>	<b>- 6,206</b>
			0
			0
<b>- 2,717</b>	<b>- 215</b>	<b>- 18,801</b>	<b>- 21,733</b>
			0
<b>- 2,177</b>	<b>- 335</b>	<b>- 28,346</b>	<b>- 30,858</b>
			0
2,697	- 9	3,956	6,644
<b>2,697</b>	<b>- 9</b>	<b>3,956</b>	<b>6,644</b>
			0
			0
<b>520</b>	<b>- 344</b>	<b>- 24,390</b>	<b>- 24,214</b>

	Non-controlling interests		Consolidated equity
Deduction for treasury shares	Total		Total
<b>- 5,596</b>	<b>91,576</b>	<b>346</b>	<b>91,922</b>
	2,467	- 3	<b>2,464</b>
	- 6,206	- 6	<b>- 6,212</b>
	<b>- 3,739</b>	<b>- 9</b>	<b>- 3,748</b>
	- 5,796	- 32	<b>- 5,828</b>
- 5,613	- 5,613		<b>- 5,613</b>
<b>- 11,209</b>	<b>76,428</b>	<b>305</b>	<b>76,733</b>
<b>- 11,209</b>	<b>74,586</b>	<b>294</b>	<b>74,880</b>
	3,606	9	<b>3,615</b>
	6,644	28	<b>6,672</b>
	<b>10,250</b>	<b>37</b>	<b>10,287</b>
	- 5,152	- 35	<b>- 5,187</b>
11,209	24,044		<b>24,044</b>
<b>0</b>	<b>103,728</b>	<b>296</b>	<b>104,024</b>



# SELECTED EXPLANATORY NOTES

## 1 Accounting according to International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of R. STAHL AG have been prepared pursuant to International Financial Reporting Standards (IFRS) as mandated for EU companies in accordance with IAS 34 “Interim Reports”.

These consolidated interim financial statements have not been audited.

## 2 Consolidation

In addition to the Group’s parent company, R. STAHL AG, the consolidated interim financial statements include 34 domestic and foreign companies in which R. STAHL AG may exert a controlling influence. Compared to 31 December 2014, 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 2014. The underlying principles are published in the notes to our consolidated financial statements for 2014. The latter is available on our corporate website [www.stahl.de](http://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 230 thousand (31 December 2014: EUR 218 thousand). We recognized negative fair values of EUR -1,219 thousand (31 December 2014: EUR -983 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 May 2015, R. STAHL AG paid a dividend of EUR 0.80 per share to its shareholders. A total of EUR 5,152 thousand was distributed.

#### **7 Treasury stock disclosure**

On 30 June 2015, the Company held no treasury shares (31 December 2014: 644,000). On 31 December 2014, treasury stock was netted against equity at the acquisition cost of EUR 11,209 thousand.

#### **8 Number of employees**

The company employed 1,973 persons (excluding apprentices) as of the reporting date on 30 June 2015 (previous year: 1,914 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 2014.

## **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**

There have been no significant events since the reporting date.

**Waldenburg, 6 August 2015**

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 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 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, 6 August 2015**

R. Stahl Aktiengesellschaft

**Martin Schomaker**

Chief Executive Officer

**Bernd Marx**

Chief Financial Officer

# KEY FIGURES

EUR 000	1–6/2015	1–6/2014	%
Sales revenue	164,042	146,497	12.0
Germany	31,792	33,176	- 4.2
Central (without Germany)	65,346	66,647	- 2.0
Americas	28,165	22,547	24.9
Asia/Pacific	38,739	24,127	60.6
Foreign share (%)	80,6	77,4	3.2
Order intake	166,631	169,004	- 1.4
Order backlog	95,371	85,780	11.2
EBITDA	13,507	11,766	14.8
EBIT	6,838	5,567	22.8
EBT	5,432	3,856	40.9
Net profit for the period	3,615	2,464	46.7
Earnings per share (EUR) (total)	0,56	0,42	33.3
Capex on tangible and intangible assets	11,837	8,751	35.3
Depreciation and amortization on tangible and intangible assets	6,669	6,199	7.6
EBITDA margin (% of sales)	8,2	8,0	0.2
EBIT margin (% of sales)	4,2	3,8	0.4
EBT margin (% of sales)	3,3	2,6	0.7
Employees as of 30 June (without apprentices)	1,973	1,914	3.1

# FINANCIAL CALENDAR 2015

Third quarter financial report 2015 **05 November 2015**

R. Stahl Aktiengesellschaft  
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