

Q.3



- Effects of the economic crisis reach R. STAHL to the full extent
- Increasing pricing pressure burdens earnings
- Next step for cost reduction introduced

**INTERIM REPORT
AS OF 30 SEPTEMBER 2009**



Key Data

<i>€ 000</i>	1–9/ 2009	1–9/ 2008
Sales revenues	150,206	168,309
thereof in Germany	41,116	44,091
thereof in Central (excl. Germany)	67,931	85,113
thereof in the Americas	16,802	12,566
thereof in Asia/Pacific	24,357	26,539
Foreign share in %	72.6	73.8
Order intake	153,997	166,415
Orders on hand	42,156	38,478
EBITDA	15,429	26,237
EBIT	8,841	20,039
EBT	6,270	18,050
Period earnings	3,738	12,483
Earnings per share in € (total)	0.59	2.02
Capex on intangible and PP&E assets	9,666	8,634
DA&I on intangible and PP&E assets	6,588	6,198
EBITDA margin (in % of sales revenues)	10.3	15.6
EBIT margin (in % of sales revenues)	5.9	11.9
EBT margin (in % of sales revenues)	4.2	10.7
Staff as of the balance sheet date (excl. apprentices)	1,400	1,331

Consolidated management report as of 30 September 2009 – 9M report

As communicated since autumn 2008 R. STAHL feels economic fluctuations with a time delay of eight to ten months. Thus the third quarter has been influenced by the effects of the global economic crisis which get to the company now in full measure. So order intake, turnover and earnings have been significantly decreasing during the first nine months. Comparing the quarters the decline can be seen even more clearly: all important key data have decreased disproportionately between July and September. Decline is especially recognizable in regard to earnings, which can also be put down to an increasing pricing pressure.

R. STAHL still pursues the objective to keep the permanent staff. We early started introduction of extensive measures for cost-reduction and could thus substantially reduce material costs. Furthermore, the employees reduce their leave accounts and work fewer hours to get their working-time accounts into the negative. When the situation became worse in the third quarter we had to agree upon a voluntary salary waiver for the employees in Germany – fortunately 97.5% of the employees decided in favor of this measure and showed solidarity.

Economic environment still difficult

In the third quarter of 2009 the economic environment became even more difficult for R. STAHL. Although the signs for a gradual economic pick-up increase, the industry sectors that are relevant for R. STAHL are only at the beginning of a recovery and it will take time for them to come to the starting blocks to place capital spending orders.

Although the first installations that have been shut down are started again in chemicals industry, maintenance business is still lacking and investments are still put off. With the rising oil price many activities in oil and gas industry become profitable again, but we still do not feel a significant surge in demand. Business with the pharmaceutical industry, a sector that is not that sensitive to cyclical influences, is still on a level that is satisfactory for R. STAHL.

Report on income, financial and asset position

Order intake – effects of the economic crisis now clearly noticeable

As expected the effects of the global economic crisis are now clearly noticeable at R. STAHL. Thanks to the measures that have been introduced at an early stage the company could stand their ground relatively well in the crisis.

Compared to the previous year order intake fell by 7.5% to € 154.0 million after the first nine months of 2009. Order backlog, however, amounted to € 42.2 million on 30 September 2009 and has thus been higher than in the previous year (€ 38.5 million) even with the difficult economic conditions. In the present difficult and hard-fought

R. STAHL – at a glance

Business:	supplier of electromechanical and electronical safety technology for hazardous environments
Customers:	oil and 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:	1,400 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN)
Sales 2008:	€ 221m
Profit margin (EBT) 2008:	8.4%
Shares:	6.44m shares; app. 47% free float

market we fortunately could obtain a major order: R. STAHL will provide explosion protection for an installation for oil and gas production on the Caspian Sea.

Decline of sales revenues by 11% – Americas still positive

Compared to the previous year sales revenues declined by € 18.1 million (- 10.8%) to € 150.2 million during the first nine months of 2009.

The economic crisis hit R. STAHL in Europe (without Germany) especially heavily, with € 17.2 million (- 20.2%) a very distinct decline to € 67.9 million had to be observed. Middle East, assigned to this region, continues to be a stable pillar – here investments into the production of oil and gas are still made.

The Americas still shape well with a growth in sales of € 4.2 million (+ 33.7%) – even with the current economic situation our growth strategy shows a positive effect here. Furthermore, with rising oil prices R. STAHL participated in the again profitable recovery of the Canadian oil sands. Activities in the oil and gas industry in Brazil additionally improved growth in the Americas.

In Asia/Pacific sales revenues declined by € 2.2 million, 8.2%, to € 24.4 million compared to the same period in the previous year.

In Germany a decline of sales revenues by € 3.0 million (- 6.8%) to € 41.1 million compared to the previous year also had to be noticed.

Share of revenue sales generated abroad amounted to 72.6% (previous year: 73.8%). Foreign exchange risks have been covered by using derivative financial instruments. To increase the company's independence from regional fluctuations in demand we strive for further sales increase in the Americas and in Asia/Pacific.

Operating results burdened – next step for cost reduction introduced

After the first nine month 2009 earnings of R. STAHL group are especially influenced by the effects of the economic crisis. But we still pursue the objective to keep our permanent staff during the crisis.

With the aim to keep costs as flexible as possible we already started last year to adjust structures and processes. We are still working on optimizing the organization in departments production, purchasing and sales.

Due to the continuing economic crisis we introduced additional measures to achieve a satisfactory full year result for 2009. One-off expenses in this context burden earnings in the first three quarters of 2009.

Furthermore, we initiated the next step for cost reduction, which mostly concerns personnel: besides reduction of leave time and working hours the management and the employees agreed upon a voluntary salary waiver of all employees in Germany starting 1 October 2009. Duration will be four months.

In the negative economic environment EBIT decreased from € 20.0 million in 2008 to € 8.8 million after the first three quarters of 2009 (- 55.9%). Operating EBIT-margin based on sales revenues now amounts to 5.9% (previous year: 11.9%).

EBT declined from € 18.1 million to € 6.3 million. Operating EBT-margin based on sales revenues now is 4.2% (previous year: 10.7%).

Earnings per share achieved € 0.59 after nine months (previous year: € 2.02).

Cash flow – financial resources well invested

Cash and cash equivalents have decreased by € 15.3 million to € 18.9 million in the period under report. Crucial factor for the decrease are investments in long-term assets, purchase of further shares in our successful Norwegian subsidiary and dividend payment to our shareholders. The company further adheres to future-oriented investment activities.

Despite the general economic crisis we can report a positive operating cash flow. After the first nine months of 2009 operating cash flow amounts to € 3.3 million (previous year: € 20.2 million). Reason for the decline is the significantly lower net earnings of the period. Additionally, with the reduction of accounts receivables financial funds have been generated. On the other hand we could reduce trade payables to a great extent, which led to a consumption of cash.

Capex cash flow amounts to € - 10.8 million (previous year: € - 8.8 million). During the period under review € 0.8 million for the purchase of further shares in the Russian subsidiary are included.

After the first three quarters of 2009 free cash flow amounts to € - 7.5 million (previous year: € 11.4 million).

Dividend payout of € 5.3 million to the shareholders has to be mentioned in the financing sector. Payment to minority partners includes payment for shares in R. STAHL Norge AS, Oslo (Norway). At the end of July R. STAHL AG purchased the remaining shares worth € 7.7 million and now holds 100% of the company's shares.

Capital has been raised by short-term interest-bearing financial debts. Redemption of long-term loans has been effected as planned.

Investments during the first nine months of 2009

From January to September 2009 we invested € 10.0 million (previous year: € 8.8 million) into long-term assets. Our subsidiary in the Netherlands further invested into the new production and administration building as planned. Furthermore, we invested into software and into the reconstruction of the building in Waldenburg. Additionally, different machines and tools for punching, pressing and dosing have been purchased during the period under review.

Assets and liabilities structure – sound balance sheet – well armed for the future

At the reporting date the balance sheet total has fallen by € 8.5 million (- 4.7%) to € 170.2 million, compared to 31 December 2008.

On the asset side the long-term assets have been increased. Here the capitalization of goodwill from the acquisition of further shares in the Russian subsidiary as well as exchange rate effects from goodwill with the upward revaluation of the Norwegian Krone at the balance sheet date have to be mentioned. With the decrease of cash and cash equivalents the total short-term assets have fallen by € 14.4 million.

On the liabilities side equity fell by € 7.3 million to € 70.9 million.

Due to the purchase of the remaining shares in R. STAHL Norge AS, Oslo (Norway) a debit difference arose that has been allocated with the equity. This conservative accounting method, which would alternatively have led to showing a goodwill, results in allocation with the equity and thus reduction of this equity. Crucial for the decrease of equity is thus primarily the allocation of the difference arising from the consolidation of funds (€ 6.1 million) acc. to IAS 27, version issued June 2009, and the disposal of minority interest amounting to € 1.4 million.

Against this background equity ratio slightly decreased from 43.7% on 31 December 2008 to 41.6% at the reporting date. Just as at the end of 2008 R. STAHL group held 516,291 treasury shares on 30 September 2009. At both key dates treasury shares in the amount of the acquisition costs (€ 5.6 million) have been deducted from the equity.

Long-term liabilities remain almost constant. Short-term liabilities have been amortized by a total of € 1.2 million.

Financing structure of R. STAHL group is still very stable. Equity and long-term liabilities cover long-term assets completely. € 52.4 million of short-term assets, that amount to a total of € 97.3 million, are financed in the long term. Liquid assets to the amount of €18.9 million are higher by € 3.4 million than short-term or long-term interest-bearing liabilities.

After the first three quarters in the year of crisis 2009 R. STAHL group is well armed for the future with this balance sheet basis. With the existing liquid assets we have a good liquidity. Dependency on outside creditors is small. With this situation the company's management can continue to concentrate on fulfilling operational core business and on coping and solving additional requirements that result from this crisis situation.

New approvals for products for automation technology

Although leave time and overtime have also been reduced in department development, due to the economic situation, we made a lot of progress with activities for certification of new products and with expansion of approvals for product ranges that have already been introduced, especially in automation technology.

Implementation of development team in India

After having made positive experiences with our production in India we now installed a small development team in Chennai in the third quarter of 2009. The Indian colleagues are still in the introduction stage. They are currently equipped with know-how and with hardware and they will start in 2010 with the development of products.

Universal enclosure introduced into the market

At the moment market introduction of our new series of universal enclosures, that will replace our present merchandise, is taking place. It covers many applications of our products (e.g. terminal boxes, control boxes, automation systems). The enclosure series is internationally certified and may be used in almost every region. The new enclosures meet almost all market requirements, e.g. use in extreme temperatures or offshore-applications. So this enclosure series offers best qualifications for world-wide marketing.

Internationalization in purchasing

In the context of internationalization of our purchasing activities the first Global Procurement Conference took place in Waldenburg in autumn. Participants of all our producing subsidiaries got together to co-ordinate planning and to improve synergies of global purchasing.

Measures for cost reduction

During the period under review we continued to make many efforts to reduce material costs. So we could in the meantime save considerable expenses e.g. with new framework agreements for travel management but also with a reduction of services in this sector. Bundling of services also led to pleasant savings in the field of material

purchasing. We could reduce the area we rented for production not far away from Waldenburg. Thanks to an initiative in the logistics department employees of department dispatch now do services themselves that have before been done by service providers.

Report on chances and risks

All R. STAHL subsidiaries regularly write a report on chances and risks, so all chances and risks the company faces world-wide are gathered. If there are important events, possibly during a quarter, every managing director is obliged to report to the chances-and risk-management. The statements on page 47 et seqq. of the annual report remain unchanged.

Outlook

We assume that demand and price level will continue to decline during the fourth quarter of 2009, so that turnover, earnings and order intake during the second half of 2009 will remain significantly below the figures of the first six months. We do not expect recovery during the first quarter of 2010. So we will continue measures for cost reduction so that R. STAHL will stand their ground even in times of weak demand.

Managing Board

November 2009

Consolidated income statement

for the period 01/01–30/09/2009

€ 000	7–9/ 2009	7–9/ 2008	1–9/ 2009	1–9/ 2008
Sales revenues	47,674	56,589	150,206	168,309
Change in inventories of finished and unfinished goods	1,054	- 218	1,280	1,589
Other own work capitalized	490	565	1,600	1,532
Total operating performance	49,218	56,936	153,086	171,430
Other operating income	400	554	3,210	2,880
Cost of materials	- 17,342	- 19,008	- 51,306	- 57,432
Personnel costs	- 19,545	- 19,859	- 60,005	- 58,598
Depreciation, amortization and impairment on intangible non-current assets and property, plant and equipment assets	- 2,250	- 2,086	- 6,588	- 6,198
Other operating expense	- 8,489	- 10,856	- 29,556	- 32,043
Earnings before net financial earnings and income taxes	1,992	5,681	8,841	20,039
Net financial earnings	- 870	- 591	- 2,571	- 1,989
Earnings before income taxes	1,122	5,090	6,270	18,050
Taxes on income	- 590	- 1,419	- 2,532	- 5,567
Period earnings	532	3,671	3,738	12,483

€ 000	7-9/ 2009	7-9/ 2008	1-9/ 2009	1-9/ 2008
Minority interests in earnings	20	103	246	493
R. STAHL earnings share	512	3,568	3,492	11,990
Earnings per share in €	0.09	0.60	0.59	2.02

Overall net earnings of a given period

for the period 01/01–30/09/2009

€ 000	1-9/ 2009	1-9/ 2008
Net earnings of a given period	3,738	12,483
Components of the overall net earnings of a given period that do not affect operating result		
Balancing item for foreign currency translation	2,214	- 184
Overall net earnings of a given period	5,952	12,299
Overall profit share of other shareholders	481	436
Overall profit share of R. STAHL	5,471	11,863

Consolidated balance sheet

as of 30/09/2009

€ 000	30/09/ 2009	31/12/ 2008
ASSETS		
Long-term assets		
Intangible assets	24,786	20,867
Property, plant and equipment	34,874	33,212
Other financial investments	423	108
Other assets	1,702	1,622
Real estate held as financial investment	9,710	9,921
Deferred taxes	1,405	1,235
	72,900	66,965
Short-term assets		
Inventories and prepayments made	35,868	35,212
Trade receivables	34,544	36,263
Other receivables and other assets	8,063	6,127
Cash and cash equivalents	18,859	34,135
	97,334	111,737
Total assets	170,234	178,702

€ 000	30/09/ 2009	31/12/ 2008
EQUITY & LIABILITIES		
Equity	70,880	78,171
Long-term liabilities		
Pension provisions	46,360	46,138
Other provisions	2,322	2,237
Interest-bearing loans	4,121	4,512
Deferred taxes	1,627	1,567
	54,430	54,454
Short-term liabilities		
Provisions	7,759	8,963
Trade liabilities	8,548	13,213
Interest-bearing loans	11,369	6,254
Deferred liabilities	10,787	10,634
Other liabilities	6,461	7,013
	44,924	46,077
Total equity & liabilities	170,234	178,702

Consolidated cash flow statement

for the period from 01/01–30/09/2009

€ 000

I. Operating cash flow

1. Period earnings
2. Depreciation, amortization & impairment
of non-current assets
3. Change in long-term provisions
4. Change in deferred taxes
5. Other non-cash flow
impacting income and expense
6. Net profit/loss from
non-current asset disposals

7. Cash flow

8. Changes in inventories and trade receivables
as well as other assets not allocable
to capex or finance activities
9. Changes in short-term provisions and trade liabilities
as well as other liabilities not allocable
to capex or finance activities

10. Changes in net current assets

11. Cash flow from ongoing business operation

II. Capex cash flow

12. Cash outflow for capex on long-term assets
13. Cash inflow from the disposal
of long-term assets

(continued...)

1-9/ 2009	1-9/ 2008
3,738	12,483
6,588	6,198
76	- 159
- 216	- 715
- 133	362
- 4	- 5
10,049	18,164
616	- 206
- 7,353	2,251
- 6,737	2,045
3,312	20,209
- 9,977	- 8,827
4	5

€ 000

(...continued)

14. Cash inflows from the sale of consolidated companies net cash sold
- 15. Capex cash flow**
- 16. Free cash flow**
- III. Finance cash flow**
17. Distribution to shareholders (dividend)
18. Distribution to/contribution from minority shareholders
19. Increase (+)/decrease (-) in short-term interest-bearing financial debt
20. Cash outflow for repayment of long-term, interest-bearing financial debt
- 21. Finance cash flow**
- IV. Liquidity**
22. Cash flow-impacting changes in liquidity
23. Foreign exchange rate, consolidation and valuation related changes in liquidity
24. Liquidity at the beginning of the period
- 25. Liquidity at the end of the period**
- Liquidity composition**
- Cash and cash equivalents

1-9/ 2009	1-9/ 2008
- 800	0
- 10,773	- 8,822
- 7,461	11,387
- 5,331	- 6,516
- 7,912	49
5,116	867
- 391	- 1,226
- 8,518	- 6,826
- 15,979	4,561
703	- 186
34,135	29,747
18,859	34,122
18,859	34,122

Consolidated statement of changes in equity

for the period from 01/01–30/09/2009

€ 000

	Sub- scribed capital	Capital reserve
01/01/2008	16,500	522
Shareholder distribution		
Consolidation change		
Overall net earnings of a given period		
Other changes		
30/09/2008	16,500	522
01/01/2009	16,500	522
Shareholder distribution		
Consolidation change		
Overall net earnings of a given period		
Other changes		
30/09/2009	16,500	522

	Shareholders' equity			Minority interests	Consolidated equity total	
	Profit reserve	Cumulated other equity	Deduction for treasury shares			Total
	63,873	- 1,335	- 5,596	73,964	1,121	75,085
	- 6,516			- 6,516	- 46	- 6,562
				0	32	32
	11,990	- 127		11,863	436	12,299
				0	30	30
	69,347	- 1,462	- 5,596	79,311	1,573	80,884
	69,377	- 4,037	- 5,596	76,766	1,405	78,171
	- 5,331			- 5,331	- 429	- 5,760
				0	32	32
	3,492	1,979		5,471	481	5,952
	- 6,088			- 6,088	- 1,427	- 7,515
	61,450	- 2,058	- 5,596	70,818	62	70,880

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 31 domestic and foreign companies in which R. STAHL AG may exert a controlling influence. Since 31 December 2008, R. STAHL (Hong Kong) Co., Limited, Hong Kong (China) and 000 R. STAHL, Moscow (Russian Federation) have been added to the consolidated group:

- The company in China was founded in January 2009. R. STAHL AG holds a 100% interest in the company.
- With a share purchase agreement dated 20 January 2009, R. STAHL AG acquired a further 40% of voting shares in the company 000 R. STAHL, Moscow (Russian Federation) and now holds 60% of shares in the company. The purchase price for the acquired shares amounts to € 0.8 million and was paid in cash. Goodwill of € 0.8 million resulted from the purchase transaction.

With these two companies, R. STAHL has increased its presence in these promising and relevant regions.

Effective from 31 July 2009 R. STAHL AG acquired 17.39% of the voting shares in R. STAHL Norge AS, Oslo (Norway) and now holds 100% of shares. Purchase price for the acquired shares amounts to € 7.7 million and was paid in cash.

[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 2008. The underlying principles are published in the notes to our consolidated financial statements for 2008. The document is available on our corporate website www.stahl.de. As of 1 January 2008 we now disclose cumulated equity in profit reserves. The item »Cumulated other equity« now comprises amounts from non-earnings-impacting currency translation differences. The change was made to improve balance sheet clarity. The prior-year values of changes in equity have been adjusted accordingly. Following the change, profit reserves for the first nine months of 2008 amount to € 69,347 (previously: € 67,885) and cumulated other equity for the same period in the previous year 2008 amounts to € - 1,462 (previously: € 0). According to IAS 1 the equity changes in the report period and in the previous year have been displayed in two separate surveys. The Accounting Interpretations Committee pointed to an increase of contributions to the Pension-Assurance-Association for 2009. Due to the announcement of an increase in contributions the pension provisions have been estimated at € 312,000 in this interim financial statement.

[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 liquidity shown in the cash flow statement comprises cash on hand, checks 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 common shares. Our diluted earnings per share are the same as our earnings per share.

[6] Disclosure of dividends paid

In June 2009, after conclusion of the shareholders' meeting, R. STAHL AG paid a dividend of € 0,90 per share to the shareholders. A total of € 5,331,000 has been distributed.

[7] Treasury stock disclosure

On 30 September 2009, the company held 516,291 treasury shares, as it did on 31 December 2008. As of both reporting dates, the treasury stock has been netted against equity at their historical costs of € 5,596,000.

[8] Number of employees

The company employed 1,400 persons (excluding apprentices) as of the reporting date on 30 September 2009 (previous year: 1,331 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 2008.

[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

Significant events after the end of the reporting period did not take place.

Waldenburg, 9 November 2009

R. STAHL AG

Managing Board

Martin Schomaker

Dr. Peter Völker

Financial calendar for 2009

Preliminary Figures for Fiscal Year 2009	February 2010
Balance Press Conference in Stuttgart	23 April 2010
Investors'/Analysts Conference in Frankfurt	23 April 2010
Interim report as of 31 March 2010	19 May 2010
Annual Shareholder's Meeting in Neuenstein	18 June 2010
Interim report as of 30 June 2010	9 August 2010
Interim report as of 30 September 2010	8 November 2010

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