

Quarterly Financial Report as at 30 September 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. 1,939 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: 5.7%–6.8%) |
| Shares: | 6.44 million shares; approx. 39% free float |

e= expected

GROUP MANAGEMENT REPORT

as at 30 September 2014

GROWTH TREND STRENGTHENED

Following the failed takeover bid of Weidmüller GmbH on 4 July 2014, we were able to refocus on our operating business in the third quarter of 2014.

Although the exceptional circumstances of the takeover bid slowed the pace of R. STAHL's growth, we continue to uphold our medium-term planning: as part of our international expansion programme we have increased capacities and expect further growth in order intake. R. STAHL's proactive research and development work has enabled us to roll out new products, e.g. in the field of automation technology, and thus gain new clients. As the technological leader, we are responding to changing market requirements and meeting the challenge of always providing our customers with the right innovative solutions in our proven quality.

In the first nine months, order intake of the R. STAHL Group rose by 8.8% to EUR 252.8 million (previous year: EUR 232.2 million) – a clear indicator of our ongoing growth trend. Demand for our products and systems has grown, especially in the Americas and Asia. Whereas consolidated revenues were still down on the previous year in the first half of 2014 due to the delay between order intake and delivery, the positive trend ultimately extended to revenues in the third quarter. Although still burdened by a very strong euro, revenues rose slightly by 0.5% to EUR 227.1 million (previous year: EUR 226.0 million). Adjusted for currency fluctuations, order intake and revenues exceeded their prior-year figures by as much as 11.6% and 2.8%, respectively.

We continued our investment programme according to plan in the third quarter. Construction work at our headquarters in Waldenburg is now nearing completion, the development centre and training rooms for our clients have been completed and the laboratory team has already moved into its new premises. In August 2014, we received building permission for our new development centre in Cologne and digging work has already begun.

Taking into account the related increases in personnel and investment, the expansion programme restricted our profitability during the reporting period: earnings before interest and taxes (EBIT) reached EUR 13.0 million (previous year: EUR 19.3 million). In the third quarter alone, however, we generated EBIT of EUR 7.5 million and thus doubled the figure for the first six months, which stood at EUR 5.6 million.

ENCOURAGING MOMENTUM IN OUR CLIENT INDUSTRIES

The largest of our client industries in particular continued to make good progress in the third quarter. The world's growing energy needs are acting as a long-term catalyst for the oil and gas industry. R. STAHL benefits from this dynamic trend: as a supplier of explosion-protected products and systems we ensure the safety of the oil platforms and gas plants operated by our clients. Driven by the increase in offshore activities of the oil and gas industry the demand for equipment for specialist ships, such as Floating Production Storage and Offloading Units (FPSO), is also growing. Both the chemicals industry – which remains an important sales market for R. STAHL – and the pharmaceutical industry made good progress in the third quarter.

In terms of our regional development, the largest increase in demand was recorded in Asia where we gained new projects, e.g. in Brunei. The trend was also positive in North America, while business in South America was hampered by economic and political uncertainties. Due to the difficult economic conditions, business was also slightly weaker in Europe and Germany.

STRONGEST-EVER ORDER INTAKE IN FIRST NINE MONTHS OF 2014

In the first nine months of 2014, R. STAHL's order intake reached an all-time-high of EUR 252.8 million (previous year: EUR 232.2 million) – corresponding to growth of 8.8%. This new record figure was driven above all by growth in Asia and the Americas.

Based on the exchange rates of the first nine months of 2013, the adjusted order intake figure was EUR 259.2 million and thus exceeded the prior-year figure by as much as 11.6%.

In **Germany**, order intake amounted to EUR 50.9 million as of 30 September 2014 (previous year: EUR 51.5 million) and was thus 1.3% down on the previous year – due to a more cautious approach to capital spending in Germany at present.

Following a weaker first six months of 2014, business in **Europe (excluding Germany)** picked up slightly in the third quarter to EUR 101.7 million (previous year: EUR 107.4 million), but still fell 5.3% short of the prior-year figure. The order intake figure for this region reflected the weaker demand from Norway. This effect was further strengthened by the crisis in Russia and the Ukraine. Demand in Eastern Europe was weaker and order intake in Russia also lagged behind our expectations.

In the **Americas**, we were able to raise order intake by 18.5% to EUR 44.7 million (previous year: EUR 37.7 million) – our sales approach in the Americas is proving successful and we continue to build on our market share in this region. Whereas economic growth was weak in South America during the third quarter, we enjoyed great success in North America. In the USA, we received a major contract from a petrochemical company: the energy group is expanding its almost 14-square-kilometre complex in Texas to incorporate an ethane cracker facility for the conversion of crude oil into fuel and heating oil or for producing polymers. We will be cooperating with a major German gases and engineering company throughout the project. In addition, R. STAHL was commissioned to produce industrial safety cabinets for the refinery of a major US oil corporation in the third quarter. As the local applications required a bespoke solution, our engineers modified the existing product in such a way that the operator's problem could be perfectly resolved. During the design phase we worked closely with the customer's engineers and a strategic cooperation was formed. The oil group subsequently specified R. STAHL's solution as the company-wide standard for all its refineries – a move which will result in numerous follow-up orders for us. We plan to extend this strategic cooperation by providing on-site training for our customer's personnel at each of its refineries.

In the **Asia/Pacific** region, order intake grew strongly to EUR 55.5 million in the first nine months of 2014 (previous year: EUR 35.6 million) – an increase of 55.9%. In the third quarter, we received an order in Asia from a major international energy group: we have been commissioned to produce R. STAHL's largest-ever control system (8 meters long and weighing 8 metric tons) for an offshore platform off the coast of Brunei. In Abu Dhabi, we were awarded a major order for an oil production facility. Arranged as a series of artificial islands, the oil field is the fourth-largest in the world and the second-largest offshore oil field. R. STAHL had already received orders from the contracted engineering services company to equip staff quarters on the oil field. Following this successful cooperation, the engineering services company recommended the operator of the oil production plant to use R. STAHL for further project phases. Our good relations with the operator then led to an order for the delivery of power distribution systems worth EUR 2.6 million. We expect further follow-up orders in the course of this highly prestigious project.

At EUR 88.6 million (previous year: EUR 74.1 million), order intake at the end of September 2014 was up 19.6% on the previous year.

STRONG REVENUE GROWTH – ESPECIALLY IN THE ASIA/PACIFIC REGION

In the third quarter, R. STAHL was able to compensate for delayed revenues which largely resulted from weak demand in the second half of 2013. Whereas revenues in the first six months of 2014 were still unable to keep pace with strong order intake, we were able to post positive growth rates for the period ending 30 September. Long-term orders which we gained over the past quarters have now been invoiced. As a result, revenues are gradually beginning to reflect our record order intake figures. In the first nine months of 2014, we generated revenues of EUR 227.1 million (previous year: EUR 226.0 million), which corresponds to growth of 0.5%. The revenue trend is even more apparent on a quarterly basis: compared to EUR 77.8 million in the third quarter of 2013, we raised revenues to EUR 80.6 million in the same months of 2014 – an increase of 3.6%.

If revenues for January to September 2014 are calculated using the exchange rates of the first three quarters of 2013, the adjusted figure amounts to EUR 232.3 million and exceeds the prior-year figure by 2.8%.

In view of the dynamic trend of the previous year, revenues in **Germany** rose by 5.2% to EUR 50.0 million (previous year: EUR 47.5 million) and contributed 22.0% to consolidated revenues.

Sales revenues in **Europe (excluding Germany)** fell by 3.9% to EUR 99.8 million (previous year: EUR 103.8 million). The African continent has also been allocated to this reporting region. In Egypt, for example, we generated sales with our explosion-protected distribution systems and lighting as part of a petrochemical project.

At EUR 36.1 million (previous year: EUR 36.5 million), sales revenues in **the Americas** were similar to the prior-year level in the first nine months of 2014. We faced weaker demand in South America. In the USA, however, we enjoyed some major successes: for example the expansion of our facility in Houston means we can offer customers faster delivery times – enabling us to obtain more orders. After optimizing our sales concept in this region, we are now increasingly targeting also OEM providers and could thus raise sales significantly in the USA.

In the third quarter, we recorded our strongest growth in the **Asia/Pacific** region: revenues here rose by 8.2% to EUR 41.3 million (previous year: EUR 38.2 million). We generated revenues in Malaysia, for example, where our products are being used on an oil platform 100 km off the coast of Sabah. We were also successful with a major project

in Australia: our products and systems can be found in a facility for producing, processing and storing liquefied natural gas. The project clearly demonstrates the international networking of our business: the general contractor of the Australian plant is an EPC (Engineering, Procurement, Construction) in the USA with whom our American subsidiary has already successfully cooperated on several projects. The procurement of the products, however, is handled by a company in the UK – where we also have our own subsidiary. R. STAHL is therefore in close contact with the client throughout all stages of the project. In the third quarter, this order generated revenues of EUR 1.6 million and an order intake of a further EUR 0.5 million.

In the first three quarters of 2014, we achieved 78.0% (previous year: 79.0%) of our sales outside Germany.

STRONG EBIT IMPROVEMENT IN THE THIRD QUARTER

In the period January to September 2014, we achieved EBIT of EUR 13.0 million (previous year: EUR 19.3 million). Whereas earnings in the first six months were burdened by special items connected with our investment programme, as well as fending off the takeover bid and weak demand of the previous year, we improved efficiency in the third quarter. The EBIT result of EUR 5.6 million posted for the first half of 2014 was more than doubled for the nine-month period.

As part of the expansion programme, we increased our capacities around the world, purchased additional machinery and technical equipment for our new production halls and development centres, and raised headcount. This resulted in an increase in fixed costs, which are not yet fully covered by revenue growth. However, the steady improvement in earnings as capacity utilization increases is clearly illustrated by the quarterly trends: whereas we posted EBIT of just EUR 1.8 million in the first quarter, this figure grew by EUR 3.8 million in the second quarter and by as much as EUR 7.5 million in the third quarter. EBIT in the third quarter was thus on previous year's level (EUR 7.6 million).

Our cost of materials ratio based on total performance rose slightly year on year by 35.0% (previous year: 34.0%). Against the backdrop of the expansion programme, the ratio of personnel expenses to total performance increased from 35.4% last year to 38.7% – this reflects the transfer of selected temporary workers into permanent employment. Many of our skilled temporary employees have been with us for several years and have

become experts in our production processes – we are now retaining this specialist knowledge on a permanent basis. As a consequence, the cost of temporary workers, and thus our other operating expenses, fell during the reporting period. By contrast, rental expenses increased due to expansion of our facilities in Houston, Oslo and Waldenburg.

A further special item which burdened earnings in the second and third quarters was the takeover bid which Weidmüller announced on 10 April 2014 and which the majority of R. STAHL AG's shareholders rejected. Although the failure of the takeover bid was announced on 4 July 2014, it left its mark on the company: R. STAHL incurred costs for external consulting as well as internal costs, such as additional Executive Board travel expenses and prorated personnel expenses for the defence team. There were also indirect costs: not only did the situation unsettle our customers and staff, it also tied up company resources which were used to fend off the takeover bid. In addition, the market launch of the new LED lighting range had to be postponed as the market was focusing more on the outcome of the takeover bid – resulting in lost revenues and earnings in our lighting business. In total, the direct and indirect costs incurred by the takeover bid amounted to EUR 5 million on an annual basis.

In the second half of the year, we therefore began implementing those measures which had to be postponed because of the special situation. In the third quarter, for example, we trained our sales team regarding the specific benefits of our new LED lighting so that the new products can now be placed on the market more precisely.

The EBIT margin based on sales revenues reached 5.7% in the first nine months of 2014 (previous year: 8.6%). Earnings before tax (EBT) amounted to EUR 10.4 million (previous year: EUR 16.7 million), while the EBT margin stood at 4.6% (previous year: 7.4%).

There was a corresponding decline in earnings per share from EUR 1.96 to EUR 1.23.

ASSETS AND FINANCIAL STRUCTURE: EQUITY INFLUENCED BY SHARE BUYBACKS AND PENSION OBLIGATIONS

As of 30 September 2014, the balance sheet total of the R. STAHL Group amounted to EUR 278.5 million (31 December 2013: EUR 247.6 million).

In the first nine months of 2014, our non-current assets rose by 10.8% to EUR 121.6 million (31 December 2013: EUR 109.7 million) – due in part to the increase in property, plant & equipment of EUR 4.9 million to EUR 56.7 million (31 December 2013: EUR 51.9 million). This figure includes new machines, equipment and fittings for our manufacturing facilities. At the same time, deferred tax assets rose to EUR 15.3 million (31 December 2013: EUR 8.4 million) as a result of increased pension provisions.

As of 30 September 2014, current assets amounted to EUR 156.9 million (31 December 2013: EUR 137.8 million). Whereas our stock of raw, auxiliary and working materials was virtually unchanged from the previous year, unfinished and finished goods increased as a result of numerous long-term projects. R. STAHL's trade receivables in the first nine months of 2014 were 27.3% up on the year-end 2013 figure due to strong revenue growth in the third quarter. The age profile of receivables shows that the majority of invoices issued are not yet overdue. Other receivables and assets rose by 41% due to the construction of our new research and development centre in Waldenburg. Cash and cash equivalents fell to EUR 15.1 million (31 December 2013: EUR 25.0 million).

On 30 September 2014, R. STAHL's equity amounted to EUR 78.3 million (31 December 2013: EUR 91.9 million) – a decline which is due in part to the purchase of further treasury stock in the first half of 2014: in 2013, R. STAHL held 8% of the company's share capital. In the second quarter of 2014, R. STAHL bought a further 2% of share capital at a price of EUR 5.6 million. Moreover, the increased present value of pension obligations also reduced equity capital. The reason is a decline in the underlying interest rate from 3.7% as of 31 December 2013 to 2.4% as of 30 September 2014. At the end of the reporting period, the equity ratio stood at 28.1% (31 December 2013: 37.1%).

Due to increased pension provisions of EUR 87.3 million (31 December 2013: EUR 70.3 million), our long-term debt rose by 18.5% to EUR 106.9 million (31 December 2013: EUR 90.2 million). At the same time, we redeemed long-term, interest-bearing financial debt as scheduled.

By the end of the reporting period, our short-term debt had risen by 42.5% to EUR 93.2 million (31 December 2013: EUR 65.4 million). During the first nine months of 2014, we raised short-term, interest-bearing financial debt to EUR 37.8 million (31 December 2013: EUR 15.5 million): loans were taken out with our principal banks to finance operating activities and the expansion programme. R. STAHL has two deposit base loans totalling EUR 9.4 million with a term until 2017. In order to finance our operating business, we have contractually fixed credit lines with a total volume of EUR 50 million which expire on 30 June 2015. We are in regular contact with our principal banks in order to secure the future financing of the Group at favourable terms. In the second quarter, we signed two further agreements for credit lines totalling EUR 25 million with terms until mid-2017.

CASH FLOW REFLECTS INVESTMENT PROGRAMME

In the first nine months, we reached a cash flow of EUR 14.2 million (previous year: EUR 23.5 million); the decline results mainly from a lower net profit for the period. Due to our international expansion programme, we increased depreciation and amortization slightly. The use of funds for net working capital rose due on the one hand to an increased stock of unfinished and finished goods caused by long-term projects, and on the other hand to a rise in trade receivables due to strong revenue growth in the third quarter. As a result cash flow from operating activities amounted to EUR -7.1 million (previous year: EUR 12.4 million).

As our expansion programme has now been largely completed, cash flow from investment activities of EUR -13.5 million (previous year: EUR -15.4 million) is below the prior-year figure. In the third quarter, construction work was started on our facility in Cologne, while in Waldenburg the first employees have already moved into the new research and development complex. In addition, we invested in new machinery and technical equipment as well as in tools and IT systems. As of 30 September 2014, R. STAHL's free cash flow therefore amounted to EUR -20.6 million (previous year: EUR -3.0 million).

The dividend of EUR 1.00 per voting share reduced cash flow by EUR 5.8 million. In the first half of 2014, we also purchased treasury stock equivalent to 2% of share capital at a total price of EUR 5.6 million. In the first nine months of 2014, R. STAHL made scheduled repayments of long-term, interest-bearing debt of EUR 0.8 million, while at the same time receiving EUR 22.2 million in short-term funding. All in all, cash flow from financing activities amounted to EUR 10.0 million (previous year: EUR 7.2 million).

Compared to 31 December 2013, financial funds fell to EUR 15.1 million (31 December 2013: EUR 25.0 million).

CAPITAL EXPENDITURE

In the first nine months of 2014, the R. STAHL Group invested EUR 13.5 million (previous year: EUR 15.4 million) in non-current assets. The investment programme launched in 2012 is still impacting expenditure in 2014, although the year-on-year decrease illustrates that we have now implemented the majority of our expansion projects. In Waldenburg, the extension of the new research and development centre is already in its final stages – the laboratory and basic research departments have already moved into their new premises. The employees of our development department will also have moved in by the end of the year. Furthermore, we continued to invest in our Cologne site where a joint development and production centre for our subsidiaries R. STAHL HMI Systems GmbH and R. STAHL Camera Systems GmbH is being constructed. In the third quarter, building work was commenced at the site. Finally, we invested in machines and equipment for our manufacturing facilities as well as in tools, IT and maintenance.

LABORATORY MOVES INTO NEW BUILDING IN WALDENBURG

The above mentioned move into new premises offers numerous benefits for our laboratory in Waldenburg: e.g. the timely realization of production-accompanying inspections and customer-specific tests. Products can now be tested in purpose-built premises without hindering the production process. Moreover, the increased floor space enables the separation of different test types, resulting in increased safety for our employees and providing clearly structured processes. The reduced distances between areas will also increase efficiency.

In addition, selected test areas have been expanded, e.g. the laboratory now has new equipment for testing water resistance as specified by the IP (Ingress Protection) code. With the aid of new test equipment, additional IP codes can now be tested which indicate the protective scope of enclosures. This enables us to test the suitability of our products for advanced requirements regarding water resistance.

Last but not least, our new laboratory has a flagship function: customers can see for themselves the high quality of the products we produce. With this in mind, we have separated basic research from the other laboratory areas – firstly, so that employees can work freely on their ideas and secondly, so that sensitive research results can be protected.

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

R. STAHL can look back on eventful first nine months: we displayed a high level of commitment in pursuing our expansion programme and won major orders in highly competitive markets, thus achieving record order intake. At the same time, we were forced to protect our independence in the face of a hostile takeover bid, which placed a corresponding burden on earnings.

The unrest in the Middle East and the crisis in Ukraine both led to uncertainties and the critical situation in Russia hampered our growth plans in this market. In the third quarter, the price of a barrel of Brent crude oil fell from USD 112.4 on 30 June 2014 to USD 94.8 on 30 September 2014. This may have an impact on the propensity of energy companies to invest in certain regions.

We therefore face more difficult economic conditions in some of our markets. At the same time, there is strong momentum in other regions, such as the USA and Asia, where we are enjoying encouraging growth. Our local subsidiaries can now offer their customers faster delivery times and meet demand more fully thanks to their local market understanding and extensive engineering expertise. We continue to uphold our guidance corridor for order intake of EUR 325 million to EUR 335 million for 2014 as a whole.

Sales revenues are beginning to reflect this high order intake and already reached an all-time-high in the third quarter. Against the backdrop of full order books, we therefore remain confident that we can meet our sales guidance range of EUR 315 million to EUR 325 million.

Earnings also improved in the third quarter but failed to compensate for the weak EBIT of the first half-year: firstly, earnings were impacted by increased costs in connection with our expansion programme, the increase in rental expenses and personnel costs is not yet covered by corresponding sales growth. In the medium term, increasing capacity utilization will lead to economies of scale. Secondly, earnings were briefly hampered by the hostile takeover bid as the costs incurred by the failed bid diminished EBIT. Nevertheless, it was already apparent between July and September that some of our process improvement measures were taking effect – compared to the first half of the year, we more than doubled EBIT.

Although the fourth quarter is traditionally not as strong as the third, we expect that the positive revenue trend will continue and that we will reach our forecast range. We can therefore confirm our EBIT guidance for the current year of EUR 18.0 million to EUR 22.0 million. The medium-term forecast, which extends to the end of fiscal year 2016, remains valid.

We have established a strong operating platform over the last few years which promises further growth. Our goal is to achieve growth by focusing on promising new products as well as fast-growing regional markets and to improve not only revenues but also our profit margin. We will continue to pursue this objective with all our power.

November 2014

The Executive Board

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 30 September 2014

| EUR 000 | 7–9/2014 | 7–9/2013 | 1–9/2014 | 1–9/2013 |
|--|---------------|---------------|----------------|----------------|
| Sales revenue | 80,608 | 77,783 | 227,105 | 226,040 |
| Change in finished and unfinished products | 2,299 | 2,142 | 6,886 | 6,877 |
| Other own work capitalized | 921 | 929 | 2,951 | 2,569 |
| Total operating performance | 83,828 | 80,854 | 236,942 | 235,486 |
| Other operating income | 2,295 | 1,385 | 6,301 | 4,311 |
| Cost of materials | - 30,094 | - 27,128 | - 83,047 | - 80,054 |
| Personnel costs | - 30,451 | - 27,178 | - 91,607 | - 83,261 |
| Depreciation and amortization | - 3,208 | - 2,854 | - 9,407 | - 8,652 |
| Other operating expenses | - 14,906 | - 17,507 | - 46,151 | - 48,500 |
| Earnings before financial result and income taxes | 7,464 | 7,572 | 13,031 | 19,330 |
| Financial result | - 900 | - 876 | - 2,611 | - 2,622 |
| Earnings before income taxes | 6,564 | 6,696 | 10,420 | 16,708 |
| Income taxes | - 1,833 | - 2,079 | - 3,225 | - 5,130 |
| Net profit for the period | 4,731 | 4,617 | 7,195 | 11,578 |
| Non-controlling interests | 0 | 29 | - 3 | - 23 |
| Profit share of R. STAHL | 4,731 | 4,588 | 7,198 | 11,601 |
| Earnings per share (EUR) | 0.81 | 0.78 | 1.23 | 1.96 |

STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 30 September 2014

| EUR 000 | 1–9/2014 | 1–9/2013 |
|---|-----------------|----------------|
| Profit for the period | 7,195 | 11,578 |
| Gains/losses from currency translations of foreign subsidiaries, recognized in equity | 2,864 | - 4,078 |
| Deferred taxes on gains/losses from currency translations | 0 | 0 |
| Currency translation differences after taxes | 2,864 | - 4,078 |
| Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity | - 88 | 177 |
| Recognized in profit or loss | - 72 | - 128 |
| Deferred taxes on cash flow hedges | 53 | - 7 |
| Cash flow hedges after taxes | - 107 | 42 |
| Other comprehensive income with reclassifications to profit for the period | 2,757 | - 4,036 |
| Actuarial gains/losses from the subsequent measurement of pension obligations, recognized in equity | - 17,061 | - 1,139 |
| Deferred taxes from pension obligations | 4,970 | 332 |
| Other comprehensive income without reclassification to profit for the period | - 12,091 | - 807 |
| Other comprehensive income (valuation differences recognized directly in equity) | - 9,334 | - 4,843 |
| of which attributable to non-controlling interests | - 18 | - 16 |
| of which attributable to R. STAHL | - 9,316 | - 4,827 |
| Total comprehensive income after taxes | - 2,139 | 6,735 |
| Total comprehensive income attributable to non-controlling interests | - 21 | - 39 |
| Total comprehensive income attributable to R. STAHL | - 2,118 | 6,774 |

TAX EFFECTS ON INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY

for the period 1 January to 30 September 2014

| EUR 000 | 1-9/2014 | | | 1-9/2013 | | |
|---|-----------------|--------------|----------------|----------------|-------------|----------------|
| | Before taxes | Tax effects | After taxes | Before taxes | Tax effects | After taxes |
| Currency translation differences | 2,864 | 0 | 2,864 | - 4,078 | 0 | - 4,078 |
| Cash flow hedges | - 160 | 53 | - 107 | 49 | - 7 | 42 |
| Pension obligations | - 17,061 | 4,970 | - 12,091 | - 1,139 | 332 | - 807 |
| Income and expense recognized directly in equity | - 14,357 | 5,023 | - 9,334 | - 5,168 | 325 | - 4,843 |

CONSOLIDATED BALANCE SHEET

as at 30 September 2014

| EUR 000 | 30/09/2014 | 31/12/2013 |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | 40,542 | 40,242 |
| Property, plant & equipment | 56,745 | 51,861 |
| Other financial assets | 135 | 133 |
| Other assets | 1,067 | 1,200 |
| Real estate held as a financial investment | 7,723 | 7,883 |
| Deferred taxes | 15,345 | 8,394 |
| | 121,557 | 109,713 |
| Current assets | | |
| Inventories and prepayments made | 58,773 | 48,603 |
| Trade receivables | 69,872 | 54,902 |
| Other receivables and other assets | 13,213 | 9,374 |
| Cash and cash equivalents | 15,082 | 24,966 |
| | 156,940 | 137,845 |
| Total assets | 278,497 | 247,558 |

| EUR 000 | 30/09/2014 | 31/12/2013 |
|--|----------------|----------------|
| EQUITY AND LIABILITIES | | |
| Equity | 78,342 | 91,922 |
| Non-current liabilities | | |
| Pension provisions | 87,342 | 70,273 |
| Other provisions | 1,421 | 1,451 |
| Interest-bearing financial liabilities | 14,917 | 15,667 |
| Other liabilities | 690 | 664 |
| Deferred taxes | 2,566 | 2,163 |
| | 106,936 | 90,218 |
| Current liabilities | | |
| Provisions | 6,465 | 5,296 |
| Trade payables | 15,756 | 16,867 |
| Interest-bearing financial liabilities | 37,815 | 15,505 |
| Deferred liabilities | 17,846 | 14,565 |
| Other liabilities | 15,337 | 13,185 |
| | 93,219 | 65,418 |
| Total equity and liabilities | 278,497 | 247,558 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January to 30 September 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 | | | 11,601 |
| Accumulated other comprehensive income | | | 0 |
| Total comprehensive income | | | 11,601 |
| Dividend distribution | | | - 5,924 |
| Consolidation changes | | | 0 |
| Change in non-controlling interests | | | - 147 |
| Other changes | | | 0 |
| Balance on 30 September 2013 | 16,500 | 522 | 91,947 |
| Balance on 1 January 2014 | 16,500 | 522 | 95,677 |
| Profit for the period | | | 7,198 |
| Accumulated other comprehensive income | | | 0 |
| Total comprehensive income | | | 7,198 |
| Dividend distribution | | | - 5,796 |
| Purchase of treasury shares | | | 0 |
| Consolidation changes | | | 0 |
| Other changes | | | 0 |
| Balance on 30 September 2014 | 16,500 | 522 | 97,079 |

**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 |
| - 4,062 | 42 | - 807 | - 4,827 |
| - 4,062 | 42 | - 807 | - 4,827 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| - 2,132 | - 212 | - 14,597 | - 16,941 |
| | | | 0 |
| - 3,389 | - 140 | - 11,998 | - 15,527 |
| | | | 0 |
| 2,882 | - 107 | - 12,091 | - 9,316 |
| 2,882 | - 107 | - 12,091 | - 9,316 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| - 507 | - 247 | - 24,089 | - 24,843 |

| Deduction for treasury shares | Non-controlling interests | | Consolidated equity |
|-------------------------------------|------------------------------|-------------|------------------------|
| | Total | | Total |
| - 5,596 | 85,729 | 165 | 85,894 |
| | 11,601 | - 23 | 11,578 |
| | - 4,827 | - 16 | - 4,843 |
| | 6,774 | - 39 | 6,735 |
| | - 5,924 | - 52 | - 5,976 |
| | 0 | 0 | 0 |
| | - 147 | 45 | - 102 |
| | 0 | 125 | 125 |
| - 5,596 | 86,432 | 244 | 86,676 |
| - 5,596 | 91,576 | 346 | 91,922 |
| | 7,198 | - 3 | 7,195 |
| | - 9,316 | - 18 | - 9,334 |
| | - 2,118 | - 21 | - 2,139 |
| | - 5,796 | - 32 | - 5,828 |
| - 5,613 | - 5,613 | | - 5,613 |
| | 0 | 0 | 0 |
| | 0 | 0 | 0 |
| - 11,209 | 78,049 | 293 | 78,342 |

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 30 September 2014

| EUR 000 | 1–9/2014 | 1–9/2013 |
|---|-----------------|-----------------|
| I. Operating activities | | |
| 1. Net profit for the period | 7,195 | 11,578 |
| 2. Depreciation, amortization and impairment of non-current assets | 9,407 | 8,652 |
| 3. Changes in long-term provisions | - 61 | - 49 |
| 4. Changes in deferred taxes | - 1,421 | - 164 |
| 5. Other income and expenses without cash flow impact | - 981 | 3,542 |
| 6. Income/expense from the disposal of non-current assets | 32 | - 33 |
| 7. Cash flow | 14,171 | 23,526 |
| 8. Changes in inventories, trade receivables and other non-capex or non-financial assets | - 25,321 | - 17,834 |
| 9. Changes in short-term provisions, trade payables and other non-capex or non-financial assets | 4,075 | 6,728 |
| 10. Changes in net current assets | - 21,246 | - 11,106 |
| 11. Cash flow from ongoing operating activities | - 7,075 | 12,420 |
| II. Investing activities | | |
| 12. Cash outflow for capex on non-current assets | - 13,570 | - 15,873 |
| 13. Cash inflow from disposals of non-current assets | 85 | 538 |
| 14. Increase (-)/decrease (+) of current financial assets | - 61 | - 43 |
| 15. Cash flow from investing activities | - 13,546 | - 15,378 |
| 16. Free cash flow | - 20,621 | - 2,958 |

| EUR 000 | 1–9/2014 | 1–9/2013 |
|---|-----------------|-----------------|
| III. Financing activities | | |
| 17. Distribution to shareholders (dividend) | - 5,796 | - 5,924 |
| 18. Distribution to/contribution from minority shareholders | - 32 | - 28 |
| 19. Cash outflow for the purchase of treasury shares | - 5,613 | 0 |
| 20. Increase (+)/decrease (-) in current interest-bearing financial debt | 22,236 | 9,630 |
| 21. Cash inflow from non-current interest-bearing financial debt | 0 | 3,475 |
| 22. Cash outflow for repayment of non-current interest-bearing financial debt | - 750 | 0 |
| 23. Cash flow from financing activities | 10,045 | 7,153 |
| IV. Cash and cash equivalents | | |
| 24. Changes in cash and cash equivalents | - 10,576 | 4,195 |
| 25. Foreign exchange and valuation-related changes in cash and cash equivalents | 692 | - 980 |
| 26. Cash and cash equivalents at the beginning of the period | 24,966 | 17,601 |
| 27. Cash and cash equivalents at the end of the period | 15,082 | 20,816 |
| Composition of cash and cash equivalents | | |
| Cash and cash equivalents | 15,082 | 20,816 |

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 levels:

- Valuation on the basis of exchange price or market price for identical assets or liabilities (Level 1)
- Valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on market observable input parameters (Level 2)
- Valuation on the basis of assessment models with significant input parameters that are not observable on the market (Level 3)

Derivative financial instruments measured at fair value of the R. STAHL Group are rated solely according to the fair value hierarchy Level 2.

The positive fair values of the derivative financial instruments on the balance sheet date amounted to EUR 62 thousand (31 December 2013: EUR 372 thousand). We recognized negative fair values of EUR -697 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 dividend payment

Following the Annual General Meeting in May 2014, R. STAHL AG paid a dividend of EUR 1.00 per share to its shareholders. A total of EUR 5,796 thousand was distributed.

7 Treasury stock disclosure

In the second quarter of 2014, the company bought 127,709 treasury shares and held 644,000 units on 30 September 2014 (31 December 2013: 516,291 units). At the end of the reporting period on 30 September 2014, treasury stock was netted against equity at the acquisition cost of EUR 11,209 thousand (31 December 2013: EUR 5,596 thousand).

8 Number of employees

The company employed 1,939 persons (excluding apprentices) as of the reporting date on 30 September 2014 (previous year: 1,818 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

There were no 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 November 2014

R. Stahl Aktiengesellschaft

Martin Schomaker

Chief Executive Officer

Bernd Marx

Chief Financial Officer

KEY FIGURES

| EUR 000 | 1–9/2014 | 1–9/2013 | % |
|---|----------|----------|--------|
| Sales revenue | 227,105 | 226,040 | 0.5 |
| Germany | 49,974 | 47,513 | 5.2 |
| Central (without Germany) | 99,769 | 103,834 | - 3.9 |
| Americas | 36,068 | 36,538 | - 1.3 |
| Asia/Pacific | 41,294 | 38,155 | 8.2 |
| Foreign share (%) | 78.0 | 79.0 | |
| Order intake | 252,751 | 232,216 | 8.8 |
| Order backlog | 88,630 | 74,085 | 19.6 |
| EBITDA | 22,438 | 27,982 | - 19.8 |
| EBIT | 13,031 | 19,330 | - 32.6 |
| EBT | 10,420 | 16,708 | - 37.6 |
| Net profit for the period | 7,195 | 11,578 | - 37.9 |
| Earnings per share (EUR) | 1.23 | 1.96 | - 37.2 |
| Capex on tangible and intangible assets | 13,570 | 15,873 | - 14.5 |
| Depreciation and amortization on tangible and intangible assets | 9,407 | 8,652 | 8.7 |
| EBITDA margin (% of sales) | 9.9 | 12.4 | |
| EBIT margin (% of sales) | 5.7 | 8.6 | |
| EBT margin (% of sales) | 4.6 | 7.4 | |
| Employees as of 30 September (without apprentices) | 1,939 | 1,818 | 6.7 |

FINANCIAL CALENDAR 2014

LBBW German Company Day in London **13 November 2014**

German Equity Forum Frankfurt **25-26 November 2014**

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