QUARTERLY FINANCIAL REPORT

AS AT 30 SEPTEMBER 2016

STAHL

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. 1,809 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN), Houston (USA), Selangor (MAL)
Sales:	2015: EUR 313 million (2016e: EUR 275–285 million)
EBIT margin:	2015: 1.2% (2016e: 2% – 3%)
Shares:	6.44 million shares; approx. 40% free float

e=expected

GROUP MANAGEMENT REPORT

as at 30 September 2016

GLOBAL PRESENCE STRENGTHENED IN UNCHANGED MARKET ENVIRONMENT

The market environment changed little in the third quarter of 2016 – oil prices fluctuated for the most part between USD 40 and 50 per barrel of Brent and there is still no indication of a recovery from this consistently low level. Whereas until recently it was mainly the oil production industry which was hit by depressed oil prices, a growing number of oil refining and processing companies are now also reacting to increased pressure by cutting costs and postponing planned capital expenditure. At the same time, this tense market situation is prompting consolidation tendencies.

We used the past three months to strengthen R. STAHL's position on the global market for explosion protection and acquired stakes in Russia's second largest supplier of explosion protection products, ZAVOD Goreltex, as well as in the South African company ESACO Pty. Ltd.

As the current strained political situation between Russia and the European Union – as illustrated by the mutual embargoes – makes trade more difficult for foreign suppliers, our 25% stake in Goreltex means we can benefit from simplified access to the Russian market. We expect that this move will enable us to market, above all, automation technology products which are neither produced locally nor subject to embargoes. In addition, the investment gives us access to a highly acclaimed and well-established sales organization which Goreltex has successfully built up over the years. This cooperation with our Russian partner gives R. STAHL the possibility to tap new customers and raise awareness of our brand and products.

With a 35% stake in the South African company ESACO Pty. Ltd., we are continuing to drive our penetration of the African market with a special focus on the region south of the Sahara (sub-Saharan Africa). ESACO is an experienced and reliable partner with whom we have enjoyed close links via our sales partnership over many decades. We expect that our stake in the company will help us intensify efforts in sub-Saharan Africa and continue our success on the African continent. Mozambique, Angola, Namibia and Nigeria in particular are known to be planning major investment projects in the coming years.

Both markets are very interesting for R. STAHL – with the aid of these equity stakes, we aim to achieve sales growth in the double-digit million euro range over the medium term. In the short term, R. STAHL is already benefitting in the form of profit sharing.

In view of the ongoing tense market situation and an uncharacteristically weak third quarter, order intake as of 30 September 2016 reached EUR 215.5 million with sales revenues of EUR 213.3 million. Both key performance indicators (KPIs) were thus within the projected range.

In terms of earnings, however, the effects of the weak quarter are particularly apparent: as of 30 September 2016, EBIT amounted to EUR 6.7 million while the EBT margin as a proportion of sales fell short of expectations at 3.2%.

ORDER INTAKE WITHOUT MAJOR PROJECTS

As of 30 September 2016, order intake stood at EUR 215.5 million and was thus 11.3% below the corresponding prior-year figure (EUR 243.0 million). As in the first six months, the American and Asian markets suffered most from reduced capital spending in the reporting period as a result of consistently low oil prices. By contrast, order intake in Europe made good progress.

In **Germany**, order intake of EUR 46.6 million as of 30 September 2016 was down 11.6% on the previous year (EUR 52.8 million). In the third quarter, we won an order for automation technology from a German manufacturer of security systems. There were no major projects.

In the first nine months of 2016, orders received in **Europe (excluding Germany)** reached EUR 99.9 million – making Europe the only region to surpass its prior-year level (+3.5%; previous year: EUR 96.5 million). This was due in part to a new project to develop and modernize a refinery on Poland's Baltic Sea coast, for which R. STAHL won orders for terminal boxes and lighting technology.

In addition, we won an order for various standard products required for a fertilizer factory currently being constructed and due to be operational in summer 2018. A further encouraging aspect of the order is that it was received from a new customer in the chemical industry – a further success of our efforts to reduce R. STAHL's reliance on the oil and gas production sector.

In the **Americas**, the market continues to suffer from the spending freeze imposed by major oil and gas corporations. This trend is clearly reflected in the orders received on the American continent: at EUR 25.6 million, order intake was 27.2% down on the previous year (EUR 35.1 million). In North America, the oil and gas sector has been virtually paralysed by depressed oil prices. A growing number of downstream industries are also being affected by the postponement or cancellation of planned projects and are themselves reacting by introducing cost-saving programmes.

Despite being the strongest quarter of 2016 for this region, viewed in isolation, the order volume reached in the **Asia/Pacific** region as of 30 September did not meet our overall expectations. At EUR 43.3 million, order intake was 26.0% below the prior-year figure (EUR 58.6 million), due mainly to delays in the awarding of projects.

At the end of September 2016, the Group's order backlog stood at EUR 91.1 million (previous year: EUR 97.1 million). Compared to the figure for 30 June 2016 of EUR 100.0 million, we were able to deliver and invoice sizeable partial delivery calls.

SALES DOWN ON PREVIOUS YEAR – EXCEPTION: EUROPE

As of 30 September 2016, consolidated sales reached EUR 213.3 million and were thus 10.3% below the corresponding prior-year figure (EUR 237.7 million).

In **Germany**, sales revenues in the first three quarters of 2016 were down 4.7% to EUR 46.6 million (previous year: EUR 48.9 million).

By contrast, sales of EUR 98.0 million in the region **Europe (excluding Germany)** surpassed the prior-year figure by 3.1% (previous year: EUR 95.1 million). Extensive projects with long leadtimes, which were previously part of our order backlog, were delivered and invoiced. A large proportion of orders dispatched in the third quarter were for a gas production and processing plant in northern Russia. Further partial delivery calls for the offshore project in Angola were also completed and supplied in July and September 2016.

The strongest decline in sales was suffered in **the Americas**: at EUR 27.1 million, sales in this region were down 30.9% year on year in the reporting period (previous year: EUR 39.2 million). The effects of the low oil price and lack of any recovery to date continued to paralyze the oil and gas industry, as well as those downstream sectors which depend on it. The initiative launched in the second quarter of 2016 to move increasingly into the pharmaceutical market bore first fruit in the months July to September 2016: we supplied an automation solution to a pharmaceutical company which we were able to win as a new customer. The campaign for the pharmaceutical industry was continued in the third quarter and further efforts were made to tap new client groups in order to reduce R. STAHL's strong reliance on the oil and gas industry in the Americas.

The weak demand registered in the **Asia/Pacific** region over the past months was also reflected in sales and we were thus unable to continue the growth story of the previous year. As of 30 September 2016, we recorded sales of EUR 41.7 million – corresponding to a year-on-year decline of 23.7% (previous year: EUR 54.6 million).

At the end of the third quarter of 2016, sales generated outside Germany accounted for 78.2% of total consolidated revenue (previous year: 79.5%).

EARNINGS SUFFERING FROM INCREASED PRICE PRESSURE

In the first nine months of 2016, we reached an EBIT result of EUR 6.7 million (previous year: EUR 8.4 million) – 19.6% less than in the previous year. As a proportion of sales, the EBIT margin amounted to 3.2% (previous year: 3.5%) while earnings per share reached EUR 0.45 (previous year: EUR 0.61).

Whereas mainly companies in the oil and gas production sector were affected during the early phase of the oil price crisis, falling margins in the refinery business mean that an increasing number of oil refining and processing companies are now also coming under pressure. This client group is similarly reacting by launching cost-saving programmes and postponing projects. The consequences for the explosion protection market are clearly visible: the order volume of this client group has declined, the pressure on prices is growing and competition is intensifying. This trend also affects R. STAHL and is clearly reflected in our earnings: the pressure on prices in this market has exceeded our expectations and cannot be fully offset by the savings in personnel and material costs made so far – thus weakening our gross profit margin and EBIT result.

A further aspect which also burdened our margin in the third quarter was the shift in the regional composition of sales: as part of our cost reduction programme in 2015, we brought fixed costs in line with expected sales for 2016. In the Americas and the Asia/Pacific region, however, sales fell more strongly than expected. As a result, the coverage of fixed costs in these regions was less than satisfactory and had a negative impact on our earnings.

The change in the product mix mentioned in the half-yearly report also continued in the months July to September 2016: while demand for high-margin products fell, sales of products with lower margins increased. This trend could only be partially offset by strong sales in our LED business. As of 30 September 2016, EBT amounted to EUR 4.5 million (previous year: EUR 6.3 million) while the EBT margin as a proportion of sales reached 2.1% (previous year: 2.6%). Earnings after taxes stood at EUR 3.0 million (previous year: EUR 3.9 million).

BALANCE SHEET – EQUITY BURDENED BY INCREASED PENSION OBLIGATIONS

Due to an increase in deferred taxes, total non-current assets as of 30 September 2016 grew by 3.7% to EUR 138.9 million (31 December 2015: EUR 133.9 million). Current assets rose to EUR 151.6 million (31 December 2015: EUR 144.9 million) with an increase in the stock of raw, auxiliary and working materials of EUR 1.1 million. We were able to reduce unfinished goods by EUR 0.9 million – due in particular to the completion of a product development for an order received by our subsidiary R. STAHL HMI Systems, as well as the completion of sizeable partial delivery calls for major orders. In the case of some of these large orders, several partial deliveries are combined for acceptance and delivery. As a result, the finished goods are stored with us until released by the customer – thus explaining the rise in finished goods of 5.8%. Due to the increased proportion of project business, as well as the payment terms and contract structures underlying these projects, trade receivables exceeded the balance sheet figure as of 31 December 2015 by EUR 9.1 million. A further reason for the increase in trade receivables is the change in payment behaviour of our customers.

Cash and cash equivalents fell to EUR 14.3 million (31 December 2015: EUR 18.3 million).

Total assets of the R. STAHL Group as of 30 September 2016 amounted to EUR 290.5 million (31 December 2015: EUR 278.8 million).

As of 30 September 2016, R. STAHL's equity ratio fell to 30.0% (31 December 2015: 36.2%): whereas consolidated earnings increased equity by EUR 3.0 million, the dividend payment of EUR 3.9 million and an increase in provisions for pension obligations reduced the total to EUR 87.2 million as of the end of the third quarter of 2016 (31 December 2015: EUR 101.0 million). Pension obligations rose due to a fall in the underlying interest rate from 2.42% as of 31 December 2015 to 1.33% as of 30 September 2016. We have no influence on the development of the interest rate nor on the assessment of the size of our pension obligations. The interest rate used is calculated by independent specialists, in our case by Mercer Deutschland GmbH, based on AA-rated company bonds. The remaining maturity of these company bonds is important when determining the interest rate. Mercer Deutschland GmbH has been producing the specialist reports used to measure our pension obligations according to IFRS since 2012.

The rise in our non-current liabilities is also due to the increased provision for pensions. Long-term debt was redeemed as scheduled.

Due to new bank loans and an increase in customer prepayments, current liabilities rose by EUR 7.7 million or 11.5% to EUR 75.0 million (31 December 2015: EUR 67.3 million). The funds from these two items are used to finance our working capital.

CASH FLOW – IMPROVEMENT IN FREE CASH FLOW

Our high proportion of project orders ties up both inventories and capacities. In the case of customer delays, for example on their construction sites, delivery dates for our finished products are postponed – thus binding capital and negatively impacting our working capital. In order to finance the change in net current assets, we had to use funds totalling EUR 6.1 million (previous year: EUR 1.1 million).

Cash flow from operating activities thus fell to EUR 5.1 million (previous year: EUR 10.8 million). Following the successful completion of our investment programme in 2015, there was a scheduled decrease in capital expenditure. Regular replacement purchases and investments in property, plant and equipment led to disbursements of EUR 5.0 million (previous year: EUR 12.6 million).

As of 30 September 2016, cash flow from investing activities amounted to EUR -7.7 million (previous year: EUR -16.4 million). Due to the reduced investment volume, free cash flow improved year on year to EUR -2.6 million (previous year: EUR -5.6 million).

At the Annual General Meeting 2016, the shareholders of R. STAHL AG adopted a dividend of EUR 0.60 per share – resulting in a total payment of EUR 3.9 million. Due to the usage of bank loan facilities of EUR 3.3 million and the scheduled repayment of non-current debt totalling EUR 0.7 million, cash flow from financing activities amounted to EUR -1.6 million (previous year: EUR 8.5 million).

As of 30 September 2016, cash and cash equivalents stood at EUR 14.3 million (previous year: EUR 18.7 million).

FOCUS ON INVESTMENT IN TECHNOLOGY AND PRODUCTS

After successfully concluding our expansion programme in 2015, we focused on investments in new technologies and products in the first nine months of 2016 in order to expand our position as an innovative technological leader in the market. We continued to make regular investments in machines and equipment for our manufacturing facilities as well as in tools, IT and maintenance.

RISK AND OPPORTUNITY REPORT

All R. STAHL subsidiaries regularly prepare a report on opportunities and risks in which every opportunity and risk that the company faces around the world is taken into account. In the case of important events – also during the quarter – each managing director is obliged to report to the opportunities and risks management team. The statements made on page 51 et seq. of the Annual Report 2015 continue to apply.

OUTLOOK

The third quarter was weak, mainly as a result of cost-saving programmes and increased price pressure among our customers in the downstream sector, as well as the change in product mix and the regional composition of our consolidated sales. Our order intake was weakened further by the postponement of certain projects. However, we are confident that some of the projects scheduled for the third quarter will now be awarded in the fourth quarter and will result in new orders.

We are actively expanding our global presence in order to serve our customers locally and help them find the required solutions. Moreover, we continue to work hard on gradually strengthening our business in other sales sectors. We are developing our product portfolio with a clear focus on new innovations in order to gain new clients and penetrate new markets. We are thus using the current situation to position ourselves strategically for future growth – irrespective of a recovery in oil prices.

Due to the significant increase in price pressure, as well as the change in product mix and the regional composition of our consolidated sales, there was a marked deterioration in earnings in the third quarter in contrast to expectations. Moreover, no improvement in margins is expected for the fourth quarter – the savings in personnel and material costs achieved so far cannot fully offset the decline in revenue. The Executive Board is therefore adjusting its guidance for the full year 2016: order intake and revenue are still expected to reach between EUR 275 million and EUR 285 million, while the current EBIT forecast amounts to between EUR 6 million and EUR 8 million (previously: EUR 11 million to EUR 15 million). This results in a forecast range for the EBIT margin of 2% to 3% (previously: 4% to 5%).

November 2016

The Executive Board

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 30 September 2016

EUR 000	7–9/2016	7–9/2015	1–9/2016	1–9/2015
Sales revenue	70,795	73,684	213,310	237,726
Change in finished and unfinished products	- 532	1,282	1,155	4,119
Other own work capitalized	1,169	891	3,277	2,822
Total operating performance	**71,432**	**75,857**	**217,742**	**244,667**
Other operating income	1,380	782	6,345	7,327
Cost of materials	- 26,344	- 26,431	- 76,431	- 83,429
Personnel costs	- 28,864	- 30,546	- 90,407	- 98,787
Depreciation and amortization	- 3,161	- 3,199	- 9,374	- 9,868
Other operating expenses	- 12,989	- 14,936	- 41,145	- 51,545
Earnings before financial result and income taxes	**1,454**	**1,527**	**6,730**	**8,365**
Financial result	- 801	- 702	- 2,225	- 2,108
Earnings before income taxes	**653**	**825**	**4,505**	**6,257**
Income taxes	- 269	- 498	- 1,539	- 2,315
Net profit for the period	**384**	**327**	**2,966**	**3,942**
Non-controlling interests	- 3	13	58	22
Profit share of R. STAHL	387	314	2,908	3,920
Earnings per share (EUR)	**0.06**	**0.05**	**0.45**	**0.61**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 30 September 2016

EUR 000	1–9/2016	1–9/2015
Profit for the period	**2,966**	**3,942**
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	356	87
Deferred taxes on gains/losses from currency translations	0	0
Currency translation differences after taxes	356	87
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	- 19	- 970
Recognized in profit or loss	102	1,339
Deferred taxes on cash flow hedges	- 22	- 103
Cash flow hedges after taxes	61	266
Other comprehensive income with reclassifications to profit for the period	**417**	**353**
Actuarial gains/losses from the subsequent measurement of pension obligations, recognized in equity	- 18,176	6,474
Deferred taxes from pension obligations	5,276	- 1,897
Other comprehensive income without reclassification to profit for the period	**- 12,900**	**4,577**
Other comprehensive income (valuation differences recognized directly in equity)	**- 12,483**	**4,930**
of which attributable to non-controlling interests	32	- 3
of which attributable to R. STAHL	- 12,515	4,933
Total comprehensive income after taxes	**- 9,517**	**8,872**
Total comprehensive income attributable to non-controlling interests	90	19
Total comprehensive income attributable to R. STAHL	- 9,607	8,853

TAX EFFECTS ON INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY

for the period 1 January to 30 September 2016

EUR 000	1–9/2016			1–9/2015		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Currency translation differences	356	0	356	87	0	87
Cash flow hedges	83	- 22	61	369	- 103	266
Pension obligations	- 18,176	5,276	- 12,900	6,474	- 1,897	4,577
Income and expense recognized directly in equity	**- 17,737**	**5,254**	**- 12,483**	**6,930**	**- 2,000**	**4,930**

CONSOLIDATED BALANCE SHEET

as at 30 September 2016

EUR 000	30.09.2016	31.12.2015
ASSETS		
Non-current assets		
Intangible assets	40,719	40,599
Property, plant & equipment	65,543	66,640
Other financial assets	127	124
Other assets	1,527	1,321
Real estate held as a financial investment	7,738	7,952
Deferred taxes	23,224	17,271
	138,878	**133,907**
Current assets		
Inventories and prepayments made	59,701	57,267
Trade receivables	69,437	60,364
Other receivables and other assets	8,154	8,905
Cash and cash equivalents	14,320	18,343
	151,612	**144,879**
Total assets	**290,490**	**278,786**

EUR 000	30.09.2016	31.12.2015
EQUITY AND LIABILITIES		
Equity	**87,229**	**101,015**
Non-current liabilities		
Pension provisions	103,897	85,692
Other provisions	1,756	1,724
Interest-bearing financial liabilities	18,564	19,238
Other non-current liabilities	371	481
Deferred taxes	3,675	3,385
	128,263	**110,520**
Current liabilities		
Provisions	6,099	7,172
Trade payables	13,662	14,884
Interest-bearing financial liabilities	20,496	16,501
Deferred liabilities	16,311	13,959
Other liabilities	18,430	14,735
	74,998	**67,251**
Total equity and liabilities	**290,490**	**278,786**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 30 September 2016

	EUR 000	1–9/2016	1–9/2015
I.	**Operating activities**		
1.	Net profit for the period	2,966	3,942
2.	Depreciation, amortization and impairment of non-current assets	9,374	9,868
3.	Changes in long-term provisions	18	2
4.	Changes in deferred taxes	- 390	- 822
5.	Other income and expenses without cash flow impact	- 664	- 1,058
6.	Result from the disposal of non-current assets	- 76	30
7.	**Cash flow**	**11,228**	**11,962**
8.	Changes in inventories, trade receivables and other non-capex or non-financial assets	- 9,715	- 3,037
9.	Changes in short-term provisions, trade payables and other non-capex or non-financial liabilities	3,636	1,904
10.	**Changes in net current assets**	**- 6,079**	**- 1,133**
11.	**Cash flow from operating activities**	**5,149**	**10,829**
II.	**Investing activities**		
12.	Cash outflow for capex on non-current assets	- 9,538	- 16,835
13.	Cash inflow from disposals of non-current assets	1,626	436
14.	Increase (+)/decrease (-) of current financial assets	206	0
15.	**Cash flow from investing activities**	**- 7,706**	**- 16,399**
16.	**Free cash flow**	**- 2,557**	**- 5,570**

	EUR 000	1–9/2016	1–9/2015
III.	**Financing activities**		
17.	Distribution to shareholders (dividend)	- 3,864	- 5,152
18.	Distribution to/contribution from minority shareholders	- 405	- 35
19.	Cash inflow/outflow from the sale/ for the purchase of treasury shares	0	24,045
20.	Increase (+)/decrease (-) in current interest-bearing financial debt	3,336	- 18,120
21.	Cash inflow from non-current interest-bearing financial debt	0	8,500
22.	Cash outflow for repayment of non-current interest-bearing financial debt	- 675	- 750
23.	**Cash flow from financing activities**	**- 1,608**	**8,488**
IV.	**Cash and cash equivalents**		
24.	Changes in cash and cash equivalents	- 4,165	2,918
25.	Foreign exchange and valuation-related changes in cash and cash equivalents	142	- 68
26.	Cash and cash equivalents at the beginning of the period	18,343	15,820
27.	**Cash and cash equivalents at the end of the period**	**14,320**	**18,670**
	Composition of cash and cash equivalents		
	Cash and cash equivalents	14,320	18,670

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January to 30 September 2016

			Shareholders' equity
	Subscribed capital	Capital reserves	Revenue reserves
EUR 000			
01/01/2015	**16,500**	**494**	**99,659**
Profit for the period			3,920
Accumulated other comprehensive income			0
Total comprehensive income			**3,920**
Dividend distribution			- 5,152
Purchase/sale of treasury shares		12,835	0
Consolidation changes			0
30/09/2015	**16,500**	**13,329**	**98,427**
01/01/2016	**16,500**	**13,457**	**94,394**
Profit for the period			2,908
Accumulated other comprehensive income			0
Total comprehensive income			**2,908**
Dividend distribution			- 3,864
Change in non-controlling interests			- 217
Consolidation changes			0
30/09/2016	**16,500**	**13,457**	**93,221**

Shareholders' equity

Accumulated other comprehensive income			
Currency translation	Unrealized gains/losses from cash flow hedges	Gains/losses from pension obligations	Total accumulated other comprehensive income
- 2,177	**- 335**	**- 28,346**	**- 30,858**
			0
90	266	4,577	4,933
90	**266**	**4,577**	**4,933**
			0
			0
			0
- 2,087	**- 69**	**- 23,769**	**- 25,925**
- 1,404	**- 9**	**- 22,206**	**- 23,619**
			0
324	61	- 12,900	- 12,515
324	**61**	**- 12,900**	**- 12,515**
			0
			0
			0
- 1,080	**52**	**- 35,106**	**- 36,134**

Shareholders' equity		Non-controlling interests	Consolidated equity
Deduction for treasury shares	Total		Total
- 11,209	**74,586**	**294**	**74,880**
	3,920	22	3,942
	4,933	- 3	4,930
	8,853	**19**	**8,872**
	- 5,152	- 35	- 5,187
11,209	24,044	0	24,044
	0	0	0
0	**102,331**	**278**	**102,609**
0	**100,732**	**283**	**101,015**
	2,908	58	2,966
	- 12,515	32	- 12,483
	- 9,607	**90**	**- 9,517**
	- 3,864	- 105	- 3,969
	- 217	- 83	- 300
	0	0	0
0	**87,044**	**185**	**87,229**

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 2015, the group of consolidated companies remains unchanged. The remaining 25% of shares in R. STAHL Camera Systems GmbH were acquired from Orlaco Products B.V. in April 2016. The purchase price amounted to EUR 300 thousand.

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 2015. The underlying principles are published in the notes to our consolidated financial statements for 2015. 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 derivative financial instruments on the balance sheet date amounted to EUR 189 thousand (31 December 2015: EUR 376 thousand). We recognized negative fair values of EUR -192 thousand (31 December 2015: EUR -296 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 June 2016, R. STAHL AG paid a dividend of EUR 0.60 per share to its shareholders. A total of EUR 3,864 thousand was distributed.

The dividend payout was made in accordance with the profit distribution resolution adopted under Agenda Item 2 of this year’s Annual General Meeting. Legal challenges have been filed against Agenda Item 2.

7. Number of employees

The Company employed 1,809 persons (excluding apprentices) as of the reporting date on 30 September 2016 (previous year: 1,946 persons).

8. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2015.

9. Transactions with related persons

There were no material transactions with related persons in the period under review.

10. Significant events during the reporting period

Legal challenges have been filed against Agenda Items 2 to 5 of this year's Annual General Meeting. Moreover, an application was made for the court appointment of a special auditor on various aspects.

11. Significant events after the end of the reporting period

R. STAHL AG has acquired a 25% stake in the Russian company ZAVOD Goreltex, Saint Petersburg, Russia. The investment was made in the form of a capital increase. This transaction will affect the balance sheet in the fourth quarter.

R. STAHL AG has acquired a 35% stake in the South African company ESACO Pty. Ltd, Sandton, South Africa. This transaction will affect the balance sheet in the fourth quarter.

Waldenburg, 9 November 2016
R. Stahl Aktiengesellschaft

Martin Schomaker	**Bernd Marx**
Chief Executive Officer	Chief Financial Officer

KEY FIGURES

EUR 000	1–9/2016	1–9/2015
Sales revenue	213,310	237,726
Germany	46,572	48,852
Central (without Germany)	97,979	95,075
Americas	27,099	39,204
Asia/Pacific	41,660	54,595
Foreign share (%)	78.2	79.5
Order intake	215,452	243,000
Order backlog	91,077	97,079
EBITDA	16,104	18,233
EBIT	6,730	8,365
EBT	4,505	6,257
Net profit for the period	2,966	3,942
Earnings per share (EUR) (total)	0.45	0.61
Capex on tangible and intangible assets	9,538	16,835
Depreciation and amortization on tangible and intangible assets	9,374	9,868
EBITDA margin (% of sales)	7.5	7.7
EBIT margin (% of sales)	3.2	3.5
EBT margin (% of sales)	2.1	2.6
Employees as of 30 June (without apprentices)	1,809	1,946

FINANCIAL CALENDAR 2017

Annual Report 2016 **21 April 2017**

First quarter financial report 2017 **9 May 2017**

Annual Shareholder's Meeting **2 June 2017**

Second quarter financial report 2017 **3 August 2017**

Third quarter financial report 2017 **9 November 2017**

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