

EXPLOITING OPPORTUNITIES EFFICIENTLY

INTERIM REPORT
Q2 2018

NON-HAZARDOUS
WARNING
IN EXPLOSIONSGEFÄHRDETEN
BEREICHEN NICHT UNTER
SPANNUNG TRENNEN
ATTENTION
NE PAS SEPARER SOUS TENSION OU
UNIQUEMENT DANS UNE ZONE NON
DANGEREUSE
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STAHL

This report is available in German and English. Both versions can also be found online on our corporate website www.r-stahl.com under Corporate/Investor Relations/Financial Reports. It contains forward-looking statements based on assumptions and estimates of R. STAHL's management. Although we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that these expectations will prove to be correct. The assumptions may involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements. Factors that may cause such discrepancies include: changes in the macroeconomic and business environment, exchange rate and interest rate fluctuations, the roll-out of competing products, a lack of acceptance of new products or services, and changes in business strategy. R. STAHL does not plan to update these forward-looking statements nor does it accept any obligation to do so.

Rounding differences and rates of change

Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: improvements are indicated by a "+" sign, deteriorations by a "-" sign. Rates of change >+100% are shown as >+100%, rates of change <-100% as "n/a" (not applicable).

KEY FIGURES

in € thousand	Q2 2018	Q2 2017	Change in %	6M 2018	6M 2017	Change in %
Sales	70,506	66,769	+5.6	136,226	132,256	+3.0
Germany	19,025	13,908	+36.8	35,016	29,120	+20.2
Central region ¹⁾	29,458	30,143	-2.3	60,003	59,905	+0.2
Americas	7,923	7,473	+6.0	14,434	14,872	-2.9
Asia/Pacific	14,100	15,245	-7.5	26,773	28,359	-5.6
Order backlog as of 30 June				89,214	99,931	-10.7
EBITDA pre exceptionals ²⁾	4,175	377	>+100	6,467	179	>+100
EBITDA	1,988	-89	n/a	2,677	-1,129	n/a
EBIT pre exceptionals ²⁾	1,181	-2,839	n/a	515	-5,983	n/a
EBIT	-1,006	-3,305	+69.6	-3,275	-7,291	+55.1
Net profit	-1,469	-3,052	+51.9	-4,927	-6,068	+18.8
Earnings per share (in €)	-0.22	-0.47	+51.9	-0.76	-0.94	+18.8
Cashflow from operating activities	7,730	269	>+100	5,007	4,998	+0.2
Depreciation and amortization	2,994	3,216	-6.9	5,952	6,162	-3.4
Capital expenditures	2,308	2,917	-20.9	4,508	5,084	-11.3
Total assets as of 30 June				241,220	272,545	-11.5
Equity as of 30 June				64,539	86,463	-25.4
Equity ratio as of 30 June				26.8%	31.7%	
Net debt as of 30 June ³⁾				16,885	27,495	-38.6
Employees as of 30 June ⁴⁾				1,722	1,775	-3.0

¹⁾ Africa and Europe excl. Germany

²⁾ Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations.

³⁾ Net debt: interest-bearing financial liabilities - cash and cash equivalents

⁴⁾ Excl. apprentices

INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January 2018 through 30 June 2018

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KEY TOPICS IN THE REPORTING PERIOD

- Volker Walprecht appointed Group CFO effective 1 July 2018
- Efficiency program R. STAHL 2020 is advancing according to plan
- Enclosure technology EXpressure® presented at the ACHEMA trade fair

VOLKER WALPRECHT APPOINTED GROUP CFO EFFECTIVE 1 JULY 2018

R. STAHL announced on 28 June that Volker Walprecht, 54, had been appointed as member of the Executive Board of R. STAHL AG with effect from 1 July 2018, and had assumed responsibility for the Finance department. He brings with him many years of international experience at management level, particularly in the areas of finance, controlling, and M&A, as well as in the investment business and the oil and gas industry. His contract has a term of three years.



EFFICIENCY PROGRAM R. STAHL 2020 IS ADVANCING ACCORDING TO PLAN

As planned, R. STAHL implemented the new global Group organization as part of its R. STAHL 2020 efficiency program on 1 April 2018. In this context, key roles in the Finance and Global Operations functions were filled with new appointments, while Global Sales and Global Marketing posts were taken up by existing managers with market and industry experience. The appointment of Volker Walprecht to the Executive Board completes the realignment of the Group organization at the first and second management levels.

In the quarter under review, the product portfolio was successfully further optimized. In the first phase, the focus was on eliminating products which, while continually requiring maintenance costs over recent years, were not generating any demand. As a result, sales approvals were withdrawn for approximately 30% of products from the previous portfolio by the end of the period review – without any detriment on sales. Further reduction of the product portfolio at the same scale is planned for the second phase, which has now started. The measures needed for this require individual and careful analysis of each individual product, taking into account sales quantities and customer and product profitability across periods of multiple years. Sustainable discontinuation management and active variant management are being implemented at the same time. In light of this, the second phase of portfolio optimization will take longer. We seek to continue meeting our customers' needs to the same high quality as before, with an adapted and high-performance portfolio, while at the same time expanding sales of the remaining products, and additionally increasing our profitability through economies of scale in purchasing and production.

ENCLOSURE TECHNOLOGY EXpressure® PRESENTED AT THE ACHEMA TRADE FAIR

R. STAHL presented control cabinets based on the newly developed EXpressure® enclosure technology for the first time to a broad expert audience at ACHEMA, one of the most important international trade fairs for chemical engineering and the process industry, alongside many additional product innovations. The trade fair took place in Frankfurt, Germany, from 14 to 18 June 2018.

With a wall thickness of just a few millimetres, EXpressure® is extremely lightweight and very spacious for pressure-resistant encapsulation (“Ex d”) applications. This enables entirely new possibilities in the construction of Ex d controls and energy distributions for zones 1 and 2, such as installing transformers and frequency converters in the EXpressure® control cabinet. Also, EXpressure® technology enables complex electrical controls and distributions which would previously be divided across several smaller enclosures, to be wired in a single, large control cabinet. Industrial circuit diagrams can also be adopted for the EXpressure® control cabinet, meaning that this innovative enclosure design offers tremendous cost advantages. A detailed description of the technical properties and advantages of this technology is given in the Annual Report 2017.

The trade publication, Process, nominated the 2018 Innovation Champions at ACHEMA, including EXpressure® as one of the five most important innovations in the plant engineering and construction category.



GROUP MANAGEMENT REPORT

- In Q2 2018, sales grew by 5.6% year-on-year to €70.5 million (Q2 2017: €66.8 million) driven by strong business in Germany
- EBITDA pre exceptionals increased significantly to €4.2 million (Q2 2017: €0.4 million)
- Outlook for EBITDA pre exceptionals 2018 lifted towards the upper half of the previous guidance corridor

BUSINESS PERFORMANCE

Sales

R. STAHL achieved sales of €70.5 million in Q2 2018, representing a year-on-year increase of 5.6% (Q2 2017: €66.8 million). The regional development was a mixed bag.

Business in **Germany** increased significantly, with growth of 36.8% to €19.0 million (Q2 2017: €13.9 million). The primary contributors to this were important completions and deliveries in respect of a major order for control cabinets for a petrochemical plant complex in Eastern Europe.

Sales came in slightly below the previous year's figure in the **Central region** – consisting of Africa and Europe excluding Germany – with a decrease of 2.3% to €29.5 million (Q2 2017: €30.1 million).

Business in the **Americas** region developed more positively. Here, the declining trend of the past eleven quarters was halted and sales increased again for the first time, with a year-on-year rise of 6.0% to €7.9 million (Q2 2017: €7.5 million).

In **Asia**, sales declined by 7.5% year-on-year, to €14.1 million (Q2 2017: €15.2 million).

The good sales recognition from existing orders, along with incoming orders of €67.3 million in Q2 2018, resulted in a slight decrease in order backlog at the end of the period under review, to €89.2 million (order backlog on 31 March 2018: €92.5 million). While this represents a decline in order intake by 12.1% or €9.2 million year-on-year (Q2 2017: €76.5 million), the high level of order intake in previous year's reporting period primarily increased the order backlog to €99.9 million as of 30 June 2017 (31 March 2017: €91.3 million), as a result of delays by customers in the final technical clarification of orders.

In the first six months of the year under review, R STAHL achieved sales of €136.2 million, representing a year-on-year increase of 3.0% (6M 2017: €132.3 million). New orders were received in the amount of €135.7 million (6M 2017: €152.3 million), and order backlog reduced slightly to €89.2 million (31 December 2017: €92.3 million). In the previous year, the order intake – which was €20 million higher – resulted in a significant increase of the order backlog to €99.9 million in the first six months (orders backlog as of 31 December 2016: €80.7 million) as a result of the delays in the final technical clarification of orders described already for Q2 2017.

EBITDA and EBIT

Similarly to sales, total operating performance also increased in Q2 2018, improving by 3.4% to €68.9 million.

Other operating income increased to €3.1 million (Q2 2017: €1.7 million), also positively impacted by an exceptional item of €0.4 million related to the disposal of a real estate in Düsseldorf no longer required for business operations.

The cost of materials ratio was 35.6%, remaining at previous year's level (Q2 2017: 35.7%).

Despite higher exceptionals of €0.6 million (Q2 2017: €0.3 million) arising from severance pay, personnel costs decreased significantly to €30.0 million, or by 4.2% (Q2 2017: €31.3 million). This reflects the reduction in headcount by 3.0% year-on-year to 1,722 employees at the end of the period under review (30 June 2017: 1,775 employees).

Other operating expenses rose 16.4% to €15.5 million (Q2 2017: €13.3 million). This included exceptionals of €2.0 million (Q2 2017: €0.1 million) primarily associated with the implementation of the R. STAHL 2020 efficiency program.

Earnings before interest, tax, depreciation and amortization (EBITDA) improved to €2.0 million in the quarter under review (Q2 2017: €-0.1 million). EBITDA pre exceptionals developed even more positively, recording a significant year-on-year increase to €4.2 million (Q2 2017: €0.4 million).

At €3.0 million, depreciation and amortization in the quarter under review dropped slightly year-on-year (Q2 2017: €3.2 million). Together with the increased EBITDA, this resulted in an improvement in earnings before interest and taxes (EBIT) of €2.3 million to €-1.0 million (Q2 2017: €-3.3 million) and a €4.0 million increase in EBIT pre exceptionals to €1.2 million (Q2 2017: €-2.8 million).

Total operating performance was increased by 2.0% to €138.2 million in the first six months of the year (6M 2017: €135.5 million). Other operating income increased to €5.7 million (6M 2017: €4.0 million), in particular as a result of the described development in Q2. The cost of materials ratio rose slightly to 36.4% (6M 2017: 35.9%). At €61.6 million, personnel costs were 4.1% below previous year (6M 2017: €64.2 million) as a result of a decline in headcount, despite severance pay of €1.6 million (6M 2017: €1.1 million) recorded as exceptionals. As previously described, the 5.5% increase in other operating expenses to €29.4 million (6M 2017: €27.8 million) primarily reflects costs related to the R. STAHL 2020 efficiency program. In the first six months of 2018, EBITDA improved by €3.8 million year-on-year to €2.7 million (6M 2017: €-1.1 million), while EBITDA pre exceptionals improved even more significantly by €6.3 million to €6.5 million (6M 2017: €0.2 million). Slightly lower depreciation and amortization of €6.0 million (6M 2017: €6.2 million) therefore resulted in a 55.1% improvement in EBIT to €-3.3 million for the first half of 2018 (6M 2017: €-7.3 million) and an EBIT pre exceptionals of €0.5 million, representing a significant increase of €6.5 million (6M 2017: €-6.0 million).

An overview of exceptionals and comparisons with the previous year as well as reconciliations of EBITDA to EBITDA pre exceptionals and of EBIT to EBIT pre exceptionals for the quarter under review and for the first six months of the period under review is given as follows:

in € million	Q2 2018	Q2 2017	Change	6M 2018	6M 2017	Change	included in income statement under
EBITDA	2.0	-0.1	+2.1	2.7	-1.1	+3.8	
Exceptionals ^{*)}	-2.2	-0.5	-1.7	-3.8	-1.3	-2.5	
Restructuring charges	-2.6	-0.4	-2.2	-4.2	-1.2	-3.0	
Severance pay	-0.6	-0.3	-0.3	-1.6	-1.1	-0.6	Personnel costs
Other	-2.0	-0.1	-1.9	-2.6	0.1	-2.4	Other operating expenses
M&A costs	0	-0.1	+0.1	0	-0.1	+0.1	Other operating expenses
Disposal of non-current assets no longer required for business operations	0.4	0	+0.4	0.4	0	+0.4	Other operating income
EBITDA pre exceptionals	4.2	0.4	+3.8	6.5	0.2	+6.3	
EBIT	-1.0	-3.3	+2.3	-3.3	-7.3	+4.0	
Exceptionals ^{*)}	-2.2	-0.5	-1.7	-3.8	-1.3	-2.5	
EBIT pre exceptionals	1.2	-2.8	+4.0	0.5	-6.0	+6.5	

^{*)} Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations.

Financial result

The financial result reduced by 53.8% to €-0.6 million in Q2 2018 (Q2 2017: €-0.4 million). There was one-off interest income from a tax refund; however, there was also a higher interest expense relating to additional tax payments and adapted interest terms in the syndicated loan agreement. This resulted in earnings before income taxes of €-1.6 million, an increase of 56.2% compared to the previous year (Q2 2017: €-3.7 million).

In the first six months of 2018, the financial result declined by 61.2% to €-1.4 million (6M 2017: €-0.8 million).

Net profit / Earnings per share

With respect to income taxes of €0.2 million (Q2 2017: €0.7 million), there was a tax revenue in Q2 2018. While in the same quarter of the previous year deferred taxes on losses carried forward could be taken into account to reduce the tax burden, a tax refund primarily resulted in the tax income in the period under review. Consequently, net profit came in at €-1.5 million (Q2 2017: €-3.1 million), corresponding to earnings per share of €-0.22 (Q2 2017: €-0.47).

In the first half of 2018, income taxes of €0.3 million were incurred (6M 2017: €-2.1 million). In the previous year, existing recoverable losses carried forward could still be taken into account to reduce

income tax. Net profit amounted to €-4.9 million (6M 2017: €-6.1 million) and earnings per share to €-0.76 (6M 2017: €-0.94).

NET ASSETS AND FINANCIAL POSITION

Balance sheet structure

As of the reporting date 30 June 2018, the net assets of the R. STAHL Group declined to €241.2 million compared with the end of the previous year (31 December 2017: €249.6 million). The primary reasons for this reduction were the net loss and the reduction of financial liabilities.

Non-current assets decreased to €124.6 million as of the balance sheet date (31 December 2017: €127.3 million), chiefly as a result of depreciation and amortization as well as the disposal of a real estate in Düsseldorf, Germany, no longer required for business operations. Current assets decreased to €116.7 million, particularly due to a reduction in cash and cash equivalents and the reduction of inventories (31 December 2017: €122.3 million)

Due to the lower profit for the period, equity dropped to €64.5 million compared to the end of the previous year (31 December 2017: €69.1 million). This resulted in an equity ratio of 26.8% as of the balance sheet date (31 December 2017: 27.7%).

For non-current liabilities, a reduction to €110.0 million was recorded as of the balance sheet date (31 December 2017: €112.2 million), arising in particular from an actuarial interest rate increase for pension provisions, which therefore reduced by €1.1 million. The reduction in financial debt of €0.9 million also contributed to this development.

Current liabilities decreased to €66.7 million as of the end of the period under review (31 December 2017: €68.3 million), primarily arising from a reduction in the availment of interest-bearing loans. Net debt reduced to €-16.9 million as of 30 June 2018 compared with the end of the previous year (31 December 2017: €-18.1 million).

Financial position and investments

The improved net profit resulted in an increase in cash flow to €0.7 million in Q2 2018 (Q2 2017: €-0.6 million). Working capital developed even more positively, reducing by €7.0 million, chiefly as a result of the reduced inventories and trade receivables (Q2 2017: €0.8 million). Accordingly, cash flow from operating activities improved to €7.7 million in the quarter under review (Q2 2017: €0.3 million). At €-1.8 million, cash flow from investing activities was €1.1 million lower than in the same quarter in the previous year (Q2 2017: €-2.9 million). Among other aspects, this reflects the disposal of the real estate in Düsseldorf no longer required for business operations. In total, free cash flow therefore improved by €8.6 million to €6.0 million in the quarter under review (Q2 2017: €-2.6 million).

In the first half of 2018, cash flow improved to €1.6 million (6M 2017: €-2.0 million) due to an increased net profit. The reduction of €3.4 million in working capital (6M 2017: €7.0 million) resulted in cash flow from operating activities in the amount of €5.0 million, which is level with the same period in the previous year (6M 2017: €5.0 million). Cash flow from investing activities decreased to €-4.0 million (6M 2017: €-6.2 million). The final payment of €1.2 million for the holding in ZAVOD

Goreltex Co. Ltd. made a substantial contribution to the higher expenditure in the previous year. In total, free cash flow in the first six months of 2018 improved to 1.0 million (6M 2017: €-1.2 million).

OUTLOOK, OPPORTUNITIES AND RISKS

Outlook for 2018

Sales have increased slightly in the first six months of 2018 compared to the same period in the previous year, confirming the recovery we expected in the market for explosion protected products. In addition, the implementation of the R. STAHL 2020 efficiency program is bearing fruits and already yields improvements in our cost structures. In combination with the solid order backlog at the end of the period under review, we therefore expect to achieve an increase in EBITDA pre exceptionals in 2018 in the high double-digit percentage range, representing the upper half of our previous guidance corridor.

Opportunities and risks

All R. STAHL subsidiaries regularly compile an opportunities and risks report, in which all opportunities and risks in the company are taken into account worldwide. All managing directors are required to inform the department responsible for opportunity and risk management if significant events occur, including during the course of the quarter. The statements made starting on page 42 of the 2017 Annual Report continue to apply unchanged.

Waldenburg, August 2018

The Executive Board

CONSOLIDATED INCOME STATEMENT R. STAHL GROUP

in € thousand	Q2 2018	Q2 2017	Change in %	6M 2018	6M 2017	Change in %
Sales	70,506	66,769	+5.6	136,226	132,256	+3.0
Change in finished and unfinished products	-2,487	-1,402	-77.4	240	915	-73.8
Other own work capitalized	867	1,257	-31.0	1,765	2,328	-24.2
Total operating performance	68,886	66,624	+3.4	138,231	135,499	+2.0
Other operating income	3,139	1,667	+88.3	5,675	4,021	+41.1
Cost of materials	-24,551	-23,752	-3.4	-50,271	-48,602	-3.4
Personnel costs	-29,985	-31,308	+4.2	-61,598	-64,210	+4.1
Other operating expenses	-15,501	-13,320	-16.4	-29,360	-27,837	-5.5
Earnings before financial result, income taxes and depreciation and amortization (EBITDA)	1,988	-89	n/a	2,677	-1,129	n/a
Depreciation and amortization	-2,994	-3,216	+6.9	-5,952	-6,162	+3.4
Earnings before financial result and income taxes (EBIT)	-1,006	-3,305	+69.6	-3,275	-7,291	+55.1
Result from companies consolidated at equity	133	285	-53.3	314	497	-36.8
Investment result	0	0	0	0	0	0
Interest and similar income	977	48	>+100	1,018	96	>+100
Interest and similar expenses	-1,725	-733	<-100	-2,683	-1,431	-87.5
Financial result	-615	-400	-53.8	-1,351	-838	-61.2
Earnings before income taxes	-1,621	-3,705	+56.2	-4,626	-8,129	+43.1
Income taxes	152	653	-76.7	-301	2,061	n/a
Net profit/loss	-1,469	-3,052	+51.9	-4,927	-6,068	+18.8
thereof						
attributable to other shareholders	-20	10	n/a	-32	7	n/a
attributable to shareholders of R. STAHL AG	-1,449	-3,062	+52.7	-4,895	-6,075	+19.4
Earnings per share (€)	-0.22	-0.47	+52.7	-0.76	-0.94	+19.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME R. STAHL GROUP

in € thousand	Q2 2018	Q2 2017	Change in %	6M 2018	6M 2017	Change in %
Net profit/loss	-1,469	-3,052	+51.9	-4,927	-6,068	+18.8
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	172	-2,022	n/a	-361	-1,558	+76.8
Deferred taxes on gains/losses from currency translations	0	0	0	0	0	0
Currency translation differences after taxes	172	-2,022	n/a	-361	-1,558	+76.8
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	9	109	-91.7	-2	28	n/a
Recognized in profit or loss	11	0	n/a	6	34	-82.4
Deferred taxes on cash flow hedges	-6	-32	+81.3	-1	-18	+94.4
Cash flow hedges after taxes	14	77	-81.8	3	44	-93.2
Other comprehensive income with reclassification to profit	186	-1,945	n/a	-358	-1,514	+76.4
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	-781	2,748	n/a	1,095	4,606	-76.2
Deferred taxes from pension obligations	230	-810	n/a	-323	-1,358	+76.2
Other comprehensive income without reclassification to profit	-551	1,938	n/a	772	3,248	-76.2
Other comprehensive income (valuation differences recognized directly in equity)	-365	-7	<-100	414	1,734	-76.1
thereof						
attributable to other shareholders	-2	-18	+88.9	-4	-2	-100
attributable to shareholders of R. STAHL AG	-363	11	n/a	418	1,736	-75.9
Total comprehensive income after taxes	-1,834	-3,059	+40.0	-4,513	-4,334	-4.1
thereof						
attributable to other shareholders	-22	-8	<-100	-36	5	n/a
attributable to shareholders of R. STAHL AG	-1,812	-3,051	+40.6	-4,477	-4,339	-3.2

CONSOLIDATED BALANCE SHEET R. STAHL GROUP

in € thousand	30 June 2018	31 Dec. 2017	Change	30 June 2017	Change
ASSETS					
Intangible assets	42,366	41,796	+570	41,175	+1,191
Property, plant & equipment	55,072	57,203	-2,131	59,828	-4,756
Investments in associated companies	7,643	7,750	-107	7,204	+439
Other financial assets	50	50	0	106	-56
Other assets	1,087	1,206	-119	1,198	-111
Real estate held as financial investments	7,242	7,383	-141	7,523	-281
Deferred taxes	11,104	11,905	-801	22,027	-10,923
Non-current assets	124,564	127,293	-2,729	139,061	-14,497
Inventories and prepayments made	44,597	45,501	-904	52,674	-8,077
Trade receivables	49,656	49,961	-305	52,865	-3,209
Income tax claims	2,897	3,166	-269	2,824	+73
Other receivables and other assets	7,985	7,568	+417	8,178	-193
Cash and cash equivalents	11,521	16,085	-4,564	16,943	-5,422
Current assets	116,656	122,281	-5,625	133,484	-16,828
Total assets	241,220	249,574	-8,354	272,545	-31,325
EQUITY AND LIABILITIES					
Subscribed capital	16,500	16,500	0	16,500	0
Capital reserves	13,457	13,457	0	13,457	0
Retained earnings	64,554	69,449	-4,895	84,510	-19,956
Accumulated other comprehensive income	-30,022	-30,440	+418	-28,139	-1,883
Deduction for treasury stock	0	0	0	0	0
Equity attributable to shareholders of R. STAHL	64,489	68,966	-4,477	86,328	-21,839
Non-controlling interest	50	86	-36	135	-85
Equity	64,539	69,052	-4,513	86,463	-21,924
Pension provisions	92,682	93,736	-1,054	92,052	+630
Other provisions	1,797	1,850	-53	1,815	-18
Interest-bearing financial liabilities	12,223	13,095	-872	9,061	+3,162
Other liabilities	165	353	-188	382	-217
Deferred taxes	3,157	3,208	-51	3,609	-452
Non-current liabilities	110,024	112,242	-2,218	106,919	+3,105
Provisions	5,535	6,061	-526	6,329	-794
Trade payables	18,186	18,212	-26	14,549	+3,637
Interest-bearing financial liabilities	16,183	21,073	-4,890	35,377	-19,194
Deferred liabilities	14,011	11,135	+2,876	12,905	+1,106
Income tax liabilities	528	609	-81	606	-78
Other liabilities	12,214	11,190	+1,024	9,397	+2,817
Current liabilities	66,657	68,280	-1,623	79,163	-12,506
Total equity and liabilities	241,220	249,574	-8,354	272,545	-31,325

CONSOLIDATED CASH FLOW STATEMENT R. STAHL GROUP

in € thousand	Q2 2018	Q2 2017	Change	6M 2018	6M 2017	Change
Net profit/loss	-1,469	-3,052	+1,583	-4,927	-6,068	+1,141
Depreciation and amortization	2,994	3,216	-222	5,952	6,162	-210
Changes in long-term provisions	-70	-94	+24	-57	-106	+49
Changes in deferred taxes	340	-937	+1,277	454	-2,658	3,112
Equity valuation	-112	106	-218	107	-106	213
Other income and expenses without cash flow impact	-567	165	-732	434	778	-344
Result from the disposal of non-current assets	-405	22	-427	-404	22	-426
Cash flow	711	-574	+1,285	1,559	-1,976	3,535
Changes in short-term provisions	-149	-4	-145	-529	47	-576
Changes in inventories, trade receivables and other non-capex or financial assets	5,507	3,395	+2,112	1,208	4,007	-2,799
Changes in trade payables and other non-capex or non-financial liabilities	1,661	-2,548	+4,209	2,769	2,920	-151
Changes in working capital	7,019	843	+6,176	3,448	6,974	-3,526
Cash flow from operating activities	7,730	269	+7,461	5,007	4,998	+9
Cash outflow for capex on intangible assets	-1,535	-1,744	+209	-2,896	-3,357	+461
Cash inflow from disposals of non-current intangible assets	0	0	0	0	0	0
Cash outflow for capex on property, plant & equipment	-773	-1,173	+400	-1,612	-1,727	+115
Cash inflow from disposals of property, plant & equipment	539	47	+492	546	62	+484
Cash outflow for the purchase of shares in associated companies	0	0	0	0	-1,208	+1,208
Cash flow from investing activities	-1,769	-2,870	+1,101	-3,962	-6,230	+2,268
Free cash flow	5,961	-2,601	+8,562	1,045	-1,232	+2,277
Distribution to shareholders (dividend)	0	-3,864	+3,864	0	-3,864	+3,864
Distribution to / contribution from minority shareholders	0	-104	+104	0	-104	+104
Cash inflow from interest-bearing financial debt	243	8,385	-8,142	2,037	11,061	-9,024
Cash outflow for repayment of interest-bearing financial debt	-15,881	-3,524	-12,357	-7,781	-4,561	-3,220
Cash flow from financing activities	-15,638	893	-16,531	-5,744	2,532	-8,276
Changes in cash and cash equivalents	-9,677	-1,708	-7,969	-4,699	1,300	-5,999
Foreign exchange and valuation-related changes in cash and cash equivalents	129	-593	+722	135	-525	+660
Cash and cash equivalents at the beginning of the period	21,069	19,244	+1,825	16,085	16,168	-83
Cash and cash equivalents at the end of the period	11,521	16,943	-5,422	11,521	16,943	-5,422

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY R. STAHL GROUP

in € thousand	Equity attributable to shareholders										Equity		
	Sub- scribed Capital	Capital re- serves	Re- tained earnings	Accumulated other comprehensive income						Deduction for treasury shares		Total	Non- control- ling interests
				Currency trans- lation	Un- realized gains/ losses from cash flow hedges	Un- realized gains/ losses from pension obli- gations	Total accu- mulated other com- prehen- sive income						
1 Jan. 2017	16,500	13,457	94,449	-338	-33	-29,504	-29,875	0	94,531	234	94,765		
Net profit/loss			-6,075					0	-6,075	7	-6,068		
Accumulated other comprehen- sive income			0	-1,556	44	3,248	1,736		1,736	-2	1,734		
Total compre- hensive income			-6,075	-1,556	44	3,248	1,736		-4,339	5	-4,334		
Dividend distribution			-3,864					0	-3,864	-104	-3,968		
Changes in minority interests			0					0	0	0	0		
30 June 2017	16,500	13,457	84,510	-1,894	11	-26,256	-28,139	0	86,328	135	86,463		
1 Jan. 2018	16,500	13,457	69,449	-2,741	-6	-27,693	-30,440	0	68,966	86	69,052		
Net profit/loss			-4,895					0	-4,895	-32	-4,927		
Accumulated other comprehen- sive income			0	-357	3	772	418		418	-4	414		
Total compre- hensive income			-4,895	-357	3	772	418		-4,477	-36	-4,513		
Dividend distribution			0					0	0	0	0		
Changes in minority interests			0					0	0	0	0		
30 June 2018	16,500	13,457	64,554	-3,098	-3	-26,921	-30,022	0	64,489	50	64,539		

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 33 domestic and foreign companies in which R. STAHL AG may exert a controlling influence.

Companies in which the Company can exert a substantial influence are consolidated as associated enterprises in the consolidated financial statements using the equity method. As of 2016, ZAVOD Goreltex Co. Ltd., Saint Petersburg, Russia, and ESACO Proprietary Ltd., Edenvale, South Africa, are included in the consolidated financial statements as associated enterprises using the equity method.

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 year 2017. The underlying principles are published in the notes to our consolidated financial statements for 2017. The latter is available on our corporate website www.r-stahl.com.

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 amounted to €64 thousand (31 December 2017: €514 thousand). We recognized negative fair values of €-789 thousands (31 December 2017: €-100 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

In the prior year, R. STAHL AG paid a dividend of €0.60 per share to its shareholders following the Annual General Meeting in June 2017. A total of €3,864 thousand was distributed.

The dividend payment was made on the basis of the dividend resolution listed as item 2 on the agenda of the Annual General Meeting of 2 June 2017.

7. Number of employees

The company employed 1,722 persons (excluding apprentices) as of the reporting date on 30 June 2018 (30 June 2017: 1,775).

8. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2017.

9. Transactions with related persons

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

10. Events after the end of the reporting period

On 9 July 2018, the company signed a contract to sell a real estate in Ettlingen no longer required for business operations. The financial details will be disclosed with the publication of the Interim Report Q3 2018 on 8 November 2018.

As disclosed in the Annual Report 2017, the banks involved in the syndicated loan agreement that was signed in September 2015 agreed to renounce their termination rights until 31 July 2018. At the end of 31 July 2018, the conditions that were the cause of the renouncement of the termination rights are no longer met. As a consequence, the syndicated loan agreement will be continued, thereby also securing the funding of the R. STAHL Group and the separate company R. STAHL AG.

Waldenburg, 8 August 2018

R. Stahl Aktiengesellschaft

Dr. Mathias Hallmann
Chief Executive Officer

Volker Walprecht
Chief Financial Officer

FINANCIAL CALENDAR 2018

Annual General Meeting in Künzelsau-Gaisbach	30 August 2018
Interim Report Q3 2018	8 November 2018
Eigenkapitalforum, Frankfurt am Main	26 November 2018

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