Report
on the first half year 2019

Landsberg am Lech, 8 August 2019

RATIONAL AG on track after six months – growth and margins again in line with expectations

Key Figures

in m EUR	2nd quarter 2019	2nd quarter 2018	Change absolute	Change in %	1st Half Year 2019	1st Half Year 2018	Change absolute	Change in %
Sales revenues and earnings								
Sales revenues	205.1	193.8	+ 11.3	+ 6	399.4	367.3	+ 32.1	+ 9
Sales revenues generated abroad in %	88	88	0	–	88	88	0	–
Cost of sales	83.8	81.2	+ 2.6	+ 3	163.3	152.0	+ 11.3	+ 7
Gross profit	121.3	112.6	+ 8.7	+ 8	236.1	215.3	+ 20.8	+ 10
as a percentage of sales revenues	59.1	58.1	+ 1.0	–	59.1	58.6	+ 0.5	–
Sales and service expenses	49.1	45.8	+ 3.3	+ 7	99.5	90.5	+ 9.0	+ 10
Research and development expenses	10.6	9.6	+ 1.0	+ 10	20.9	18.6	+ 2.3	+ 12
General administration expenses	9.5	8.0	+ 1.5	+ 19	18.9	15.9	+ 3.0	+ 19
Earnings before financial result and taxes (EBIT)	51.5	50.0	+ 1.5	+ 3	98.2	90.9	+ 7.3	+ 8
as a percentage of sales revenues	25.1	25.8	– 0.7	–	24.6	24.7	– 0.1	–
Profit or loss after taxes	40.0	38.2	+ 1.8	+ 5	76.6	69.4	+ 7.2	+ 10
Balance Sheet								
Balance sheet total					589.0	506.2	+ 82.8	+ 16
Equity					424.1	367.9	+ 56.2	+ 15
Equity ratio in %					72.0	72.7	– 0.7	–
Cash flow								
Cash flow from operating activities					75.1	55.0	+ 20.1	+ 36
Cash-effective investments					18.9	28.0	– 9.1	– 32
Free cash flow [1]					56.2	27.0	+ 29.2	+ 108
Number of employees as at 30 June					**2,212**	**2,090**	**+ 122**	**+ 6**
Key figures for RATIONAL shares								
Earnings per share (in EUR)					6.74	6.10	+ 0.64	+ 10
Quarter-end closing price[2] (in EUR)					605.50	559.00	+ 46.50	+ 8
Market capitalisation					6,884.5	6,355.8	+ 528.7	+ 8

1 Cash flow from operating activities less capital expenditures
2 Xetra

Letter from the Executive Board

Dear Shareholders,
Customers and Business Partners,

There has been a significant rise in economic risks in recent months. Political uncertainties, in particular, have dampened the mood of both companies and private households and led to a weakening of investment growth, exports and private consumption. Despite the slowdown, we remain focussed on our goals and continued to invest in the first six months of 2019 in order to continue to provide maximum benefit in future for a growing number of customers.

Last spring, we completed the expansion of Factory Section 3 in Landsberg am Lech, thus significantly increasing our production capacity for combi-steamers. In the first six months of this year, we began preparations for the new distribution and logistics centre in Landsberg am Lech. In order to ensure efficient production and flawless quality of the rising sales volumes, we also modernised and enlarged our equipment and machinery.

We manufacture the VarioCookingCenter® in Wittenheim. Given its considerable still untapped market potential and the above-average growth expected for the VarioCookingCenter®, we have purchased a large plot of land there. We also started planning the construction of a new plant during the last six months.

In response to the uncertain outcome of the Brexit process, we have set up our own warehouse in the UK. This ensures that we are able to deliver in the UK and significantly reduces the local delivery time.

Successfully completed or ongoing projects have improved the quality of our company and leadership. In addition to these investments, the positions we created in the first six months of 2019 underscore our continued optimism about the future. We recruited around 100 new employees worldwide in all parts of the company.

An important milestone in the first six months of the year was the company's millionth combi-steamer. This was sent on a world tour in May so that it could be presented at the most important trade fairs around the globe. After the Oktoberfest it will return to Germany, where it will be used at the Hofbräuhaus in Munich by head chef Wolfgang Reithmeier and his team.

Our annual customer satisfaction surveys were carried out in 2019 in France, Spain, Sweden, Mexico and Russia. We received outstanding ratings in every country and therefore continue to be ranked among the best 10% of companies worldwide.

In the first six months of 2018, we benefited greatly from good chain customer business in North America. Nevertheless, we were able to sustain this positive trend in the first six months of 2019. By the end of June, sales revenue growth was at the upper end of our expectations at 9%. We benefited here from slightly positive currency effects. We are confronting the economic situation and continue to expect a positive outlook for the rest of 2019. Against this background, we confirm the forecast issued for fiscal year 2019 of sales revenue growth in the high single-digit range and an EBIT margin of around 26%.

Dr Peter Stadelmann
CEO of RATIONAL AG

Group Management Report

Economic report

Macroeconomic framework

Sharp deterioration in economic situation
The momentum of the world economy has weakened significantly in recent months. This was due primarily to sustained political uncertainties, such as the trade dispute between the USA and China and a possible no-deal Brexit. Added to this were crises in emerging markets such as Argentina and Turkey, as well as problems in the German automotive industry.

As a result of these developments, economists have significantly reduced their growth forecasts for most regions. For 2019, the International Monetary Fund has revised its forecast for global economic growth down from 3.9% to 3.3%.

Growth of 4.5% is expected in emerging markets, while the forecast for industrialised countries has been adjusted to 1.6%. While growth of only 1.0% is expected in the eurozone, the equivalent figure for the US is 2.4%. (Source: Warburg, June 2019)

Earnings situation

Sales revenues up 9% in the first six months or 7% after exchange rate adjustments
After a good start in the first quarter of 2019, RATIONAL AG's successful business performance continued in the second quarter, with sales revenues up by 6%. This level of growth can be considered positive, especially given the high level of growth in the same quarter of 2018 (+17%) and the anticipatory effects from the first quarter of 2019, and is at the upper end of the company's expectations.

In total, sales revenues amounted to 399.4 million euros in the first six months of 2019 (2018: 367.3 million euros), which is an increase of 9% compared to the previous year.

Several foreign currencies of relevance to RATIONAL rose on average against the euro compared with the previous year. The appreciation, above all, of the US dollar (+6%), the Japanese yen (+5%), the Canadian dollar (+3%) and the Swiss franc (+3%) had a positive effect on sales revenues. After exchange rate adjustments, sales revenue growth after six months stood at 7%.

Above-average growth for the VarioCookingCenter® product group
In the combi-steamer product group, which represents the production and sale of the SelfCookingCenter® and the CombiMaster® Plus, sales revenues after six months were 8% higher at 365.5 million euros (2018: 338.9 euros).

Sales revenue growth for the VarioCookingCenter® product group was also very positive, with an increase in the first six months of 2019 of 19% to 33.9 million euros (2018: 28.5 million euros).

Worldwide growth
Following the high level of growth in the first quarter (+16%) – attributable to anticipatory effects due to an announced price increase – sales revenues in our home market of Germany grew by 4% in the second quarter. That resulted in growth of 9% for the first six months of the current fiscal year. The VarioCookingCenter® product group made an important contribution to business performance in Germany, with sales revenue growth of 22% after six months.

In Europe (excluding Germany), sales revenues after six months were 5% higher than in the previous year. Business developed well in France, both for the combi-steamer and the VarioCookingCenter®. Due to the current reluctance to invest in the public sector, sales revenues in the UK and Scandinavia after six months failed to meet our expectations. Adjusted for exchange rate movements, sales revenue growth in the Europe region stood at 5%.

Despite the base effect due to the very high growth of 32% in the previous year, sales revenues in North America increased by 4% in the second quarter. Taking account of sales revenue growth of 26% in the first quarter, sales revenues in North America after six months were 13% higher than in the previous year. The sales revenue trend in Canada was especially positive. After exchange rate adjustments, sales revenues in the North American region increased by 7%.

Sales revenues in Latin America in the first six months were almost 15% up on the previous year. A key driver of growth here was Mexico, where there was considerable growth in the first six months of 2019. While the Mexican peso appreciated by around 5%, the Brazilian real and the Columbian peso depreciated by around 4% and 5%, respectively. After adjustment for these currency effects, sales revenues in the first half of the year were around 16% higher than in the previous year.

In Asia, sales revenues were up by 12% in the first six months of 2019. The biggest growth driver was once again China, where business with chain customers was positive. India and Korea also grew above average. Growth in Asia after adjustment for exchange rate movements was 10%.

In the “Rest of the world” region, sales revenues after six months were almost 15% higher than in the previous year. The biggest growth regions here were the Middle East and Africa.

Above-average growth in gross profit

In the first half of 2019, RATIONAL generated a gross profit of 236.1 million euros (2018: 215.3), an increase of just under 10% compared to the previous year. The gross margin was 59.1%, a slight increase over the previous year (2018: 58.6%). The increase is mainly attributable to the positive currency effects on sales revenues. After adjustment for exchange rate movements, the gross profit margin is at the previous year’s level. In addition, the product mix had a positive impact on the gross profit margin, while the impact of somewhat higher production costs was negative.

EBIT margin at previous year’s level

RATIONAL achieved an EBIT (earnings before financial result and taxes) of 98.2 million euros in the first six months. This equates to growth of 8% compared to the previous year (2018: 90.9 million euros). The EBIT margin (EBIT in relation to sales revenues) was 24.6% and thus at around the same level as in the previous year (2018: 24.7%). Adjusted for currency effects, the EBIT margin after six months was 23.7%, hence around one percentage point lower than the previous year.

Operating costs grew faster than sales revenues by 11% compared to the previous year, to 139.3 million euros (2018: 124.9 million euros). Costs for sales and service increased by 10% to 99.5 million euros (2018: 90.5 million euros). Further investments were made in expanding the global sales and service organisation, especially in the overseas markets. Research and development costs rose by 12% in the six-month period, to 20.9 million euros (2018: 18.6 million euros). Administration expenses grew faster than sales revenues by 19% and were 18.9 million euros after six months (2018: 15.9 million euros). The main drivers of these increased costs were the expansion of support functions in IT, in the commercial division in Landsberg am Lech and in administrative positions in overseas markets.

The profit or loss after taxes in the first half of the year was 76.6 million euros and so 10% above the previous year (2018: 64.0 million euros). At 23%, the tax ratio was at the level of fiscal year 2018.

Segments

All segments at the level of the Group forecast

As described in the 2018 Annual Report, we have switched how we report on our segments for the current fiscal year from a product-related view to a regional view. We are reporting on the business segments DACH (Germany, Austria and Switzerland), EMEA (Europe, Middle East, Africa), Americas (North and Latin America) and Asia for the first time.

In the 2018 Annual Report, we forecast below-average sales revenue growth for the DACH segment compared to the forecast for the Group. Influenced by special effects in the first quarter of this year, sales revenues in the DACH segment grew slightly more than the forecast for the Group as a whole. Sales revenue growth in the EMEA segment was in line with expectations and as forecast for the Group. For Americas and Asia, we forecast slightly above-average sales revenue growth. As a result of the base effect caused by the high sales revenue growth in the first six months of 2018, sales revenue growth in the America segment in the first six months of the year was at the level of the forecast for the Group. Sales revenues in the Asia segment were also at the level forecast for the Group in the first six months of 2019. The background to this was a deferral effect in Japan and business in Australia failing to meet expectations.

Net assets and financial position

75 million euros in operating cash flow

In the first six months of the current fiscal year, cash flow from operating activities was 75.1 million euros, well up on the previous year (2018: 55.0 million euros). This increase was the result of higher earnings and effects from the change in net working capital.

The cash flow from investing activities includes investments in property, plant and equipment and in intangible assets. The latter were 18.9 million euros in the first half of the year. A key factor here are investments made in the extension and modernisation of the machinery in Landsberg am Lech in order to increase the level of automation in production and expand production capacity. Preparatory work for the construction of a distribution and logistics centre in Landsberg am Lech and the purchase of a plot of land in Wittenheim are also included. The figure also includes returns from financial investments totalling 21.4 million euros. The total cash flow from investing activities was thus 2.5 million euros.

The cash flow from financing activities (–114.0 million euros) essentially reflects the dividend of 108.0 million euros distributed in May (2018: 125.1 million euros).

72% equity ratio

At 72% (2018: 73%) on 30 June 2019, the equity ratio was at its usual high level. As at the reporting date, in addition to cash and cash equivalents of 120.6 million euros (2018: 105.8 million euros), RATIONAL held financial assets of 62.8 million euros (2018: 63.9 million euros).

Employees

Just under 100 new employees in the first six months

99 new jobs were created in the first six months of 2019, over half of them in Germany. The focus continues to be on expanding the global sales and service organisation. In addition to the new jobs in sales and sales-related areas, new employees have been taken on in production and central support functions. As at 30 June 2019, the RATIONAL Group employed 2,212 people.

Outlook and report on opportunities and risks

Outlook

Growth forecast for the year 2019 confirmed

Despite the worsening economic situation and the positive figures posted for the same period in the previous year, sales revenues grew by 9% in the first six months of 2019, and the EBIT margin was comparable to that of the previous year. Supported by positive currency effects and catch-up effects from the brand merger in 2018, the first six months of 2019 were at the upper end of the company's expectations.

The large majority of our customers are so satisfied with the products and services that they would be happy to purchase them again at any time and also recommend them to friends and colleagues. This assessment was confirmed again by the last customer satisfaction survey conducted in France, Spain, Sweden, Mexico and Russia in the spring of this year. Given the high market potential and close association with the basic human need for food, the Executive Board of RATIONAL AG believes the company is well placed to keep on growing successfully.

In view of this, the RATIONAL AG Executive Board confirms the forecast of sales revenue growth in the high single-digit range for fiscal year 2019 and an EBIT margin of around 26%.

Report on opportunities and risks

RATIONAL uses a global risk management system which ensures that risks are identified at an early stage and provides support for the appropriate corrective measures to be taken. The existing risks as regards developments in the global economy continue to represent an uncertainty factor for the development of the business. There are no significant changes to the statement of risks and opportunities given in the last consolidated financial statements.

Landsberg am Lech, 24 July 2019

RATIONAL AG
The Executive Board

Financial statements
RATIONAL Group

Statement of Comprehensive Income
RATIONAL Group

for the period 1 January – 30 June

in kEUR	2nd quarter 2019	2nd quarter 2018	1st half year 2019	1st half year 2018
Sales revenues	205,133	193,830	399,392	367,311
Cost of sales	– 83,821	– 81,201	– 163,325	– 152,021
Gross profit	**121,312**	**112,629**	**236,067**	**215,290**
Sales and service expenses	– 49,123	– 45,756	– 99,468	– 90,479
Research and development expenses	– 10,604	– 9,604	– 20,902	– 18,606
General administration expenses	– 9,542	– 8,016	– 18,889	– 15,863
Other operating income	1,904	3,995	5,020	5,902
Other operating expenses	– 2,428	– 3,203	– 3,620	– 5,356
Earnings before financial result and taxes (EBIT)	**51,519**	**50,045**	**98,208**	**90,888**
Interest income	154	82	343	152
Interest expenses	– 184	– 83	– 352	– 153
Other financial result	473	– 174	1,318	– 217
Earnings before taxes (EBT)	**51,962**	**49,870**	**99,517**	**90,670**
Income taxes	– 11,959	– 11,718	– 22,901	– 21,306
Profit or loss after taxes	**40,003**	**38,152**	**76,616**	**69,364**
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	550	– 231	– 44	– 662
Other comprehensive income	**550**	**– 231**	**– 44**	**– 662**
Total comprehensive income	**40,553**	**37,921**	**76,572**	**68,702**
Average number of shares (undiluted / diluted)	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (undiluted / diluted) in euros, based on profit or loss after taxes and the number of shares	3.52	3.36	6.74	6.10

Balance Sheet
RATIONAL Group

Assets

in kEUR	30 June 2019	30 June 2018	31 December 2018
Non-current assets	**194,751**	**147,946**	**162,264**
Intangible assets	7,623	8,041	8,081
Property, plant and equipment	172,371	129,490	142,671
Other financial assets	1,107	794	993
Deferred tax assets	11,152	8,259	8,943
Other assets	2,498	1,362	1,576
Current assets	**394,229**	**358,243**	**442,176**
Inventories	63,781	51,543	57,440
Trade accounts receivable	121,532	119,425	124,440
Other financial assets	65,513	65,267	86,278
Income tax receivables	1,524	555	749
Other assets	21,259	15,682	16,503
Cash and cash equivalents	120,620	105,771	156,766
Total assets	**588,980**	**506,189**	**604,440**

Equity and liabilities

in kEUR	30 June 2019	30 June 2018	31 December 2018
Equity	**424,071**	**367,904**	**455,514**
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	390,029	333,482	421,428
Other components of equity	– 5,386	– 5,006	– 5,342
Non-current liabilities	**37,912**	**28,113**	**26,358**
Pension and similar obligations	4,868	4,799	4,706
Other provisions	8,200	9,471	8,501
Financial debt	4,991	7,622	6,306
Other financial liabilities	14,957	3,214	3,214
Deferred tax liabilities	166	392	201
Income tax liabilities	2,538	1,043	1,263
Other liabilities	2,192	1,572	2,167
Current liabilities	**126,997**	**110,172**	**122,568**
Other provisions	53,343	48,144	49,383
Financial debt	5,296	5,295	5,612
Trade accounts payable	22,269	26,654	26,409
Other financial liabilities	8,489	3,938	6,686
Income tax liabilities	13,459	5,991	11,533
Other liabilities	24,141	20,150	22,945
Liabilities	**164,909**	**138,285**	**148,926**
Total equity and liabilities	**588,980**	**506,189**	**604,440**

Cash Flow Statement
RATIONAL Group

for the period 1 January – 30 June

in kEUR	1st half year 2019	1st half year 2018
Earnings before taxes (EBT)	99,517	90,670
Cash flow from operating activities	**75,075**	**55,023**
Capital expenditures in intangible assets and property, plant and equipment including proceeds from asset disposals	– 18,918	– 27,995
Cash flow from financial investments	21,368	9,199
Cash flow from investing activities	**2,450**	**– 18,796**
Cash flow from financing activities	**– 114,021**	**– 126,447**
Effects of exchange rate fluctuations in cash and cash equivalents	350	– 223
Change in cash and cash equivalents	**– 36,146**	**– 90,443**
Cash and cash equivalents as at 1 January	**156,766**	**196,214**
Cash and cash equivalents as at 30 June	**120,620**	**105,771**

Statement of Changes in Equity
RATIONAL Group

in kEUR	Subscribed capital	Capital reserves	Retained earnings	Other components of equity		Total
				Differences from currency translation	Actuarial gains and losses	
Balance as at 1 January 2018	**11,370**	**28,058**	**389,188**	**– 3,341**	**– 1,003**	**424,272**
Dividend	–	–	– 125,070	–	–	– 125,070
Profit or loss after taxes	–	–	69,364	–	–	69,364
Other comprehensive income	–	–	–	– 662	0	– 662
Balance as at 30 June 2018	**11,370**	**28,058**	**333,482**	**– 4,003**	**– 1,003**	**367,904**
Balance as at 1 January 2019	**11,370**	**28,058**	**421,428**	**– 4,647**	**– 695**	**455,514**
Dividend	–	–	– 108,015	–	–	– 108,015
Profit or loss after taxes	–	–	76,616	–	–	76,616
Other comprehensive income	–	–	–	– 44	–	– 44
Balance as at 30 June 2019	**11,370**	**28,058**	**390,029**	**– 4,691**	**– 695**	**424,071**

Notes

Basis of preparation

The consolidated half-year report has been prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted in the EU. The IAS 34 rules on condensed financial statements were applied.

As at the start of the fiscal year, the following new or amended standards entered into force:

> IFRS 16 "Leases"
> IFRS 9 "Prepayment Features with Negative Compensation":
> IFRIC 23 "Uncertainty over Income Tax Treatments"
> IAS 28 "Long-term Interests in Associates and Joint Ventures"
> Annual Improvements to IFRS 2015 – 2017
> IAS 19 "Plan Amendments, Curtailments, and Settlements"

First-time application of the new standard IFRS 9 "Leases" entailed changes in the Group's accounting policies. There were no significant effects on these consolidated financial statements from other new or amended standards which entered into force at the beginning of the fiscal year and were not applied voluntarily in previous years.

No new or amended standards have been applied prematurely in this report.

This consolidated half-year report was neither audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Scope of consolidation

On 30 June 2019, the scope of consolidation of RATIONAL AG included the parent company RATIONAL AG as well as seven German (31 December 2018: eight) and 25 foreign (31 December 2018: 25) subsidiaries. In addition, RATIONAL AG holds shares in a special fund included in the consolidated financial statements as a structured company.

The change compared to 30 June 2018 and 31 December 2018 is the result of subsidiaries being founded in Chile and the Czech Republic. FRIMA Deutschland GmbH, FRIMA International AG and FRIMA France S.A.S. were merged into the companies RATIONAL Großküchentechnik GmbH, RATIONAL International AG and RATIONAL France S.A.S. in fiscal year 2019.

Changes to accounting policies

Where they differ from the previously applied accounting policies, the accounting policies that have been newly applied as of 1 January 2019 pursuant to IFRS 16 are described below.

Impact of the application of IFRS 16 for the first time
RATIONAL has chosen the modified retrospective approach in accordance with IFRS 16 C5 b) as part of first-time application, without adjusting the comparative information. There is no effect on equity as of the initial application date of IFRS 16.

Lease liabilities for lease agreements that were previously classified under IAS 17 as an operating lease are recognised at the present value of the outstanding lease payments when IFRS 16 is applied for the first time. RATIONAL makes use of the option of applying a single discount rate to a portfolio of similarly structured leasing agreements (leasing arrangements with a similar remaining term in a similar economic environment). The lessee's weighted average incremental borrowing rate of interest applied to the lease liabilities on 1 January 2019 is 4.5%.

The related usage rights were set at the level of the associated lease liabilities. At the time of the first application of IFRS 16, there were no leasing arrangement liabilities, so a value adjustment of the usage rights was not necessary.

Reconciliation account

in kEUR	
Liabilities from operating leasing arrangements as at 31 December 2018	**16,016**
Discounted at the incremental borrowing rate of interest at the time of the first application of IFRS 16	**15,359**
Leasing arrangements for low-value assets recognised as expenses using the straight-line method	– 587
Adjustments based on different assessments of extension and cancellation options	170
Liabilities from leasing agreements in which the leased object was not yet available for use on 1 January 2019	– 179
Other	– 34
Lease liabilities recognised as at 1 January 2019	**14,729**
Of which short-term lease liabilities	6,290
Of which long-term lease liabilities	8,439

Leasing activities and their handling for accounting purposes

At RATIONAL, eligible leased assets are real estate, vehicles and other operating and office equipment in accordance with IFRS 16.

Since 1 January 2019, leasing arrangements have been recognised as usage rights and the corresponding leasing liability at the present value at the time at which the leased object is available for the Group to use.

For low-value leased objects (chiefly computer equipment), RATIONAL makes use of its right to choose in accordance with IFRS 16.5 b). Payments for low-value assets are recognised in profit or loss using the straight-line method.

Use of estimates and assumptions and significant use of management judgement

As far as the usage rights to leased objects are concerned, the assumptions and estimates of the management apply, in particular, to the stipulation of the term of the leasing arrangements and the assessment of whether there are indications of impairment. Management is confident that the assumptions and estimates made are appropriate. Any changes to the specified assumptions and estimates would change the company's net assets, financial position and profit or loss.

Sales revenues by region

in kEUR	2nd quarter 2019	% of total	2nd quarter 2018	% of total
Germany	23,610	12	22,806	12
Europe (excluding Germany)	93,152	45	89,836	46
North America	39,738	19	38,601	20
Latin America	11,801	6	9,645	5
Asia	25,589	12	23,841	12
Rest of the world[1]	11,243	6	9,101	5
Total	**205,133**	**100**	**193,830**	**100**

	1st half year 2019	% of total	1st half year 2018	% of total
Germany	48,852	12	44,621	12
Europe (excluding Germany)	181,181	46	172,619	47
North America	76,073	19	67,474	18
Latin America	21,311	5	18,575	5
Asia	52,223	13	46,646	13
Rest of the world[1]	19,752	5	17,376	5
Total	**399,392**	**100**	**367,311**	**100**

1 Australia, New Zealand, Middle East, Africa

Notes to the consolidated statement of comprehensive income

The regional breakdown of sales revenues by customer location is shown in the above table.

The combi-steamer product group achieved sales revenues of 365.519 million euros (2018: 338.852 million euros) in the period under review, and the VarioCookingCenter® product group achieved sales revenues of 33.873 million euros (2018: 28.459 million euros).

73% (2018: 74%) of the sales revenues was attributable to appliance sales. The remaining 27% (2018: 26%) was generated from the sale of accessories, spare parts and care products and from the provision of services. Further information on sales revenues appears in the section on segment reporting.

Notes to the consolidated balance sheet

The increase in tangible fixed assets since 31 December 2018 essentially results from usage rights in accordance with IFRS 16 amounting to 16.354 million euros as well as investments in land, buildings and technical equipment.

The reduction in other financial assets compared to 31 December 2018 essentially results from lower fixed-term investments.

The increase in other short- and long-term financial liabilities compared to 31 December 2018 essentially results from lease liabilities in accordance with IFRS 16 amounting to a total of 16.390 million euros.

Notes on the consolidated cash flow statement

The cash outflows for leased objects reported as usage rights amount to 4.140 million euros in the first six months of 2019. These are shown in the cash flow from financing activities. Until 2018, cash outflows from operating leasing arrangements were included in the cash flow from operating activities.

Categories of financial assets and liabilities acc. to IFRS 9

in kEUR	Fair value hierarchy	Carrying amount 30 June 2019	Fair value 30 June 2019	Carrying amount 31 Dec 2018	Fair value 31 Dec 2018
Financial assets measured at amortised cost		**259,021**		**320,971**	
Other financial assets (non-current)	Level 2	1,107	1,105	993	993
Trade accounts receivable		121,532		124,440	
Other financial assets (current)		15,762		38,772	
Cash and cash equivalents		120,620		156,766	
Financial assets measured at fair value through profit or loss		**49,751**		**47,506**	
Derivatives not in a hedging relationship[1]	Level 1	–	–	105	105
Derivatives not in a hedging relationship[1]	Level 2	406	406	539	539
Other financial assets (current)	Level 1	49,345	49,345	46,162	46,162
Other financial assets (current)	Level 2	–	–	700	700
Financial liabilities measured at amortised cost		**55,657**		**47,722**	
Financial debt (non-current)	Level 2	4,991	5,193	6,306	6,555
Langfristige Leasingverbindlichkeiten[2]		9,774		–	
Other financial liabilities (non-current)	Level 2	5,183	5,145	3,214	3,214
Financial debt (current)	Level 2	5,296	5,320	5,612	5,635
Trade accounts payable		22,269		26,409	
Kurzfristige Leasingverbindlichkeiten[3]		6,616		–	
Other financial liabilities (current)		1,528		6,181	
Financial liabilities measured at fair value through profit or loss		**345**		**505**	
Derivatives not in a hedging relationship[3]	Level 1	142	142	53	53
Derivatives not in a hedging relationship[3]	Level 2	203	203	452	452

1) Included in "Other financial assets" (current) balance sheet item
2) Included in "Other financial liabilities" (non-current) balance sheet item
3) Included in "Other financial liabilities" (current) balance sheet item

Notes on financial instruments

The following table shows the carrying amounts and the fair values that have to be disclosed additionally under IFRS 7 for financial instruments. If no fair value is stated in the table for a financial instrument, the specified carrying amount of the financial instrument is a reasonable approximation of its fair value. For lease liabilities, no fair value is specified in accordance with IFRS 7.29 d).

During the reporting period there were no reclassifications between the fair value hierarchy levels in accordance with IFRS 13. If circumstances occur which necessitate a different classification, the financial instruments will be reclassified at the end of the reporting period.

Operating Segments

in kEUR

1st half year 2019	DACH	EMEA	AMERICAS	ASIA	Total of segments	Reconciliation	Group
Segment sales revenues	65,222	174,085	93,190	59,457	391,954	7,438	399,392
Segment profit or loss	16,303	47,787	17,520	13,235	94,845	3,363	98,208
Financial result	–	–	–	–	–	–	1,309
Earnings before taxes	–	–	–	–	–	–	99,517
Segment assets	**12,534**	**72,522**	**66,362**	**43,094**	**194,512**	**– 9,199**	**185,313**

1st half year 2018	DACH	EMEA	AMERICAS	ASIA	Total of segments	Reconciliation	Group
Segment sales revenues	59,558	163,030	85,962	54,810	363,360	3,951	367,311
Segment profit or loss	13,915	44,058	16,517	13,389	87,879	3,009	90,888
Financial result	–	–	–	–	–	–	– 218
Earnings before taxes	–	–	–	–	–	–	90,670
Segment assets	**12,579**	**66,010**	**56,657**	**36,760**	**172,006**	**– 1,038**	**170,968**

Operating Segments

Internal control and reporting to the Executive Board was based on the product groups until 2018. As a result, the RATIONAL and FRIMA product groups were reported as business segments in the consolidated financial statements for 2018. At the start of fiscal year 2019, internal control and reporting to the Executive Board, which was identified as the main decision-making body, was switched to geographical regions. The current reporting on the business segments reflects this switch. For the first time, the business segments DACH (Germany, Austria and Switzerland), EMEA (Europe, Middle East, Africa), America and Asia are reported. The figures for the previous year are shown in this structure to allow comparison.

The business segments EMEA, America and Asia are each amalgamated segments. The amalgamated segment EMEA consists of the business segments in Europe, the Middle East and Africa. America consists of the business segments North America and Latin America, and Asia consists of the business segments Asia North and Asia South. The amalgamated business segments are comparable in terms of the products and services sold, customer groups and sales method, achieve comparable margins and are expected to have comparable sales revenue growth in future.

The accounting policies of the segments correspond to those of the Group in all respects. Differences essentially result from exchange rate movements and the approach to imputing financial performance. All segments generate sales revenues from the sale of equipment, accessories, spare parts and care products and from the provision of services. There are no sales revenues between the segments. The segment earnings essentially correspond to EBIT (earnings before financial result and taxes). The segment assets consist of trade accounts receivable and inventories. Liabilities are not reported at segment level.

The reconciliation column in the case of the sales revenues and earnings is the result, in particular, of currency translation. In the case of assets, the column essentially contains assets that are not allocated to business segments and are thus consolidation effects.

Significant events after the reporting date

No events have occurred since 30 June 2019 that are of particular significance for the assessment of RATIONAL AG's and the Group's net assets, financial position and profit or loss.

Statement of Responsibility

Statement of Responsibility
To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the consolidated group, and the interim consolidated management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remainder of the fiscal year.

Landsberg am Lech, 24 July 2019

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Disclaimer

This half-yearly financial report contains forward-looking statements that are based on assumptions and expectations at the time the statement is published. They are subject to risks and uncertainties and the actual results may differ significantly from those in the forward-looking statements.

Many of these risks and uncertainties are determined by factors that are outside the influence of RATIONAL AG and cannot be assessed reliably at present. They include future market conditions and economic trends, the actions of other market players, and legal and political decisions.

RATIONAL AG is also not obligated to publish revisions to these forward-looking statements in order to reflect events or circumstances that have occurred after they were published.