

TECHNOLOGY
EFFICIENCY
GROWTH

Interim Report

Q3 2020



This report is available in German and English language. 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.

The contents of this press release are intended to address all genders. For the sake of readability and without any intent to discriminate, only the male form will be used.

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).

R. STAHL GROUP

Key Figures

in € million	Q3 2020	Q3 2019	Change in %	9M 2020	9M 2019	Change in %
Sales	59.6	71.3	-16.4	184.4	204.3	-9.7
Germany	15.5	15.7	-1.7	47.3	46.4	+2.0
Central region ¹⁾	26.8	31.8	-15.8	84.6	91.5	-7.5
Americas	6.0	9.6	-37.9	18.6	25.4	-26.6
Asia/Pacific	11.3	14.1	-19.7	33.8	41.0	-17.5
Order backlog as of 30 September				74.2	71.2	+4.2
EBITDA pre exceptionals ²⁾	5.0	10.4	-52.0	13.6	23.5	-42.0
EBITDA margin pre exceptionals ²⁾	8.3%	14.5%		7.4%	11.5%	
EBITDA	4.9	9.0	-45.9	13.1	19.4	-32.7
EBIT	0.8	4.6	-81.6	0.7	6.5	-88.7
Net profit	-0.6	3.3	n/a	-3.2	2.6	n/a
Earnings per share (in €)	-0.09	0.50	n/a	-0.50	0.40	n/a
Cash flow from operating activities	7.3	6.1	+19.7	9.8	16.2	-39.2
Depreciation and amortization	4.0	4.4	-9.1	12.3	13.0	-4.8
Capital expenditures	3.7	3.2	+16.6	8.7	7.9	+10.2
				30 Sep. 2020	31 Dec. 2019	Change in %
Total assets				256.8	259.4	-1.0
Equity				50.2	58.4	-14.0
Equity ratio				19.6%	22.5%	
Net financial debt ³⁾				8.6	4.2	>+100
Net financial debt incl. lease liabilities pursuant to IFRS 16				36.1	36.0	+0.5
Employees ⁴⁾				1,688	1,669	+1.1

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⁾ excl. pension provision and excluding lease liabilities

⁴⁾ excl. apprentices

INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January 2020 through 30 September 2020

CONTENTS

- 2** — Key topics in the reporting period
- 3** — Group management report
- 10** — Consolidated financial statements
- 15** — Selected explanatory notes
- 17** — Financial calendar and contact

KEY TOPICS IN THE REPORTING PERIOD

- > First virtual shareholders meeting at R. STAHL approves all the agenda items – Harald Rönn elected as a new member of the Supervisory Board

First virtual shareholders meeting at R. STAHL approves all agenda items – Harald Rönn elected as a new member of the Supervisory Board

The 27th Ordinary Shareholders Meeting at R. STAHL AG, which was held for the first time as a virtual event on 30 July 2020, concluded with the approval of all the agenda items. As well as the approval of the Executive Board and the Supervisory Board, Mr Harald Rönn was elected as a new member of the Supervisory Board. Moreover, the auditing company BDO AG, Hamburg was re-elected as the auditor of the Financial Statements and the Consolidated Financial Statements for the year 2020. The shareholders also commissioned the company to acquire own shares with a volume of up to 10% of the share capital by July 2025.

GROUP MANAGEMENT REPORT

- > Sales in Q3 2020 of €59.6 million, 16.4% below prior year's strong performance (Q3 2019: €71.3 million), but steady quarter-on-quarter – weak global economy continues to burden daily and project business
- > EBITDA pre exceptionals declines to €5.0 million (Q3 2019: €10.4 million) – selective cost adjustments noticeably cushion the impact of lower sales
- > Exceptionals in Q3 2020 of €-0.1 million again at declining, low level (Q3 2019: €-1.4 million).
- > Earnings per share decrease slightly to €-0.09 (Q3 2019: €0.50)
- > Decrease of working capital leads to a reduction in net debt excluding lease liabilities to €8.6 million (Q2 2020: €10.3 million).

Business performance

Sales

In Q3 2020, the global economy – and so also the performance of R. STAHL – was again severely influenced by the progression of the COVID-19 pandemic and the political measures introduced to restrict it. On the one hand, we continued to be successful in the quarter under review with our globally implemented precautionary measures to protect our staff and customers from COVID-19: with the exception of an officially decreed temporary closure of our plant in India during the course of the national lockdown, there were no major operational interruptions at any of our production sites caused di-

rectly by COVID-19 during the quarter under review. However, the demand for explosion-protected products remained extremely moderate, even though we increasingly heard from a range of our customer industries about signs of a slow recovery. Many companies still regard the safeguarding of their liquidity as the most important measure to help them bridge the present weak demand and to allow them to steer a path successfully through the current economic crisis. As a manufacturer of industrial goods, this is reflected in our business in postponements of orders for replacement and upgrade investments and in a corresponding purchase reticence in the daily business for components and systems. In addition, a number of major global projects are frozen at the moment.

In light of this, sales of R. STAHL lingered at €59.6 million in Q3 2020 at the same low level as in the previous quarter (Q2 2020: €59.7 million). Compared to the strong previous year (Q3 2019: €71.3 million), which benefited from sales carryovers from the second to the third quarter, this corresponds to a decrease of 16.4%.

In **Germany**, sales of €15.5 million were relatively stable compared to the same period in the previous year (Q3 2019: €15.7 million). This was due in particular to more deliveries for expansion investments in the chemical industry that had already begun in the previous year, which almost offset the weaker maintenance business in the quarter under review. Sales in the **central region** – consisting of Africa and Europe excluding Germany – fell by 15.8% in the quarter under review compared to the previous year to €26.8 million (Q3 2019: €31.8 million). Here, the investment reticence in the oil and gas sectors in particular caused an unusually strong impact. Severe declines were also registered in the regions of **America** with a collapse of 37.9% to €6.0 million (Q3 2019: €9.6 million) and **Asia/Pacific** with a loss of 19.7% to €11.3 million (Q3 2019: €14.1 million). The main cause of this was the high sales proportion of major projects which led to considerably lower deliveries in the quarter under review, compared to the previous year, due to postponements on the customer side.

Sales by region

in € million	Q3 2020	Q3 2019	Change in %	9M 2020	9M 2019	Change in %	in % of Group sales
Germany	15.5	15.7	-1.7	47.3	46.4	+2.0	26
Central region	26.8	31.8	-15.8	84.6	91.5	-7.5	46
Americas	6.0	9.6	-37.9	18.6	25.4	-26.6	10
Asia/Pacific	11.3	14.1	-19.7	33.8	41.0	-17.5	18
Total	59.6	71.3	-16.4	184.4	204.3	-9.7	100

The low demand resulted in Q3 2020 in an order intake worth €55.3 million, a decline of 18.2% compared to the previous year (Q3 2019: €67.5 million) or by 8.9% compared to the previous quarter (Q2 2020: €60.7 million). At the end of the period under review, the order backlog declined to €74.2 million (30 June 2020: €79.7 million), but continued to remain at a solid level above the quarterly average of the previous year.

In the first nine months of the year under review, R. STAHL achieved sales in the amount of €184.4 million, representing a decline of 9.7% compared to the previous year (9M 2019: €204.3 million). This particularly reflects the weak months of May to September, which were severely influenced by the COVID-19 pandemic, considerably overwhelming the positive performance in the first quarter. With regard to the order intake, too, the strong demand in the first quarter was followed by two considerably weaker quarters in the reporting period, though the 5.3% year-on-year decline in the first nine months to €194.7 million was still relatively moderate (9M 2019: €205.6 million).

EBITDA and EBIT

The sales decline of €11.7 million led to a considerable decrease in earnings before interest, tax, depreciation and amortization (EBITDA) pre exceptionals. The burden on the earnings was restricted noticeably by selective measures to adjust the personnel costs, and so an EBITDA pre exceptionals of €5.0 million was achieved in the quarter under review (Q3 2019: €10.4 million), equivalent to a margin of 8.3% (Q3 2019: 14.5%). Compared to the previous year, this corresponds to a decline by €5.4 million or 52.0%. Exceptionals stood at €-0.1 million, a persistently declining low level far below the previous year (Q3 2019: €-1.4 million), resulting in an EBITDA of €4.9 million in the quarter under review (Q3 2019: €9.0 million).

The total operating performance fell in the third quarter of 2020 by 14.5% to €60.7 million (Q3 2019: €71.0 million). In contrast, cost of materials developed pleasingly well, as they fell in line with sales by 16.3% to €20.4 million (Q3 2019: €24.4 million), resulting in a slightly improved, persistently low cost-of-materials ratio of 33.6% of the total operating performance (Q3 2019: 34.3% of the total operating performance).

Reconciliation of EBITDA pre to EBIT

in € million	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change	included in income statement under
EBITDA pre exceptionals	5.0	10.4	-5.4	13.6	23.5	-9.9	
Exceptionals ¹⁾	-0.1	-1.4	+1.3	-0.5	-4.0	+3.5	
Restructuring charges	-0.1	-1.5	+1.4	-0.5	-4.2	+3.6	
Severance pay	-0.1	-0.5	+0.4	-0.4	-1.8	+1.4	Personnel costs
Legal and consulting costs	0.0	-1.0	+1.0	-0.1	-2.3	+2.2	Other operating expenses
Others	0.0	0.0	+0.0	0.0	-0.1	+0.0	Other operating expenses
Others	0	0.1	-0.1	0	0.1	-0.1	Other operating Income + Other operating expenses
EBITDA	4.9	9.0	-4.1	13.1	19.4	-6.4	
Depreciation and amortization	-4.0	-4.4	+0.4	-12.3	-13.0	+0.6	
EBIT	0.8	4.6	-4.5	0.7	6.5	-5.7	

¹⁾ 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

The personnel costs were lowered considerably by 5.9% to €27.3 million (Q3 2019: €29.1 million) by adjusting bonus reserves and transforming tariff-related special-payment claims (T-ZUG) into free time, supported by a large number of local measures at the global sites, including reduced hours. In addition, a reduction of severance pay, recognized as exceptionals, by €0.4 million to €-0.1 million also made a contribution to this result (Q3 2019: €-0.5 million).

The balance of other operating income and expenses fell in the third quarter 2020 by €-8.1 million (Q3 2019: €-8.6 million). Declining earnings from changes in FX rates were more than compensated by significantly reduced legal and consulting costs.

As a result of the year-on-year decline of leasing liabilities, depreciation and amortization of intangible assets and property, plant and equipment fell to €4.0 million in the quarter under review (Q3 2019: €4.4 million). The EBIT stood at €0.8 million, €3.7 million lower than in the previous year (Q3 2019: €4.6 million).

In the first nine months of the year under review, an EBITDA pre exceptionals in the amount of €13.6 million was achieved, representing a decline of €9.9 million compared to the previous year (9M 2019: €23.5 million). Considerably reduced severance pay and lower legal and consulting costs led to a decline of exceptionals by €3.5 million to €-0.5 million (9M 2019: €-4.0 million). As a result, the EBITDA dropped €6.4 million year-on-year to €13.1 million (9M 2019: €19.4 million).

Lower bonus provisions and the reduction of special-payment claims in the second and third quarters of 2020,

as well as lower settlement payments, reduced personnel costs in the first nine months of the year under review by 4.1% compared to the previous year to €88.2 million (9M 2019: €92.1 million). Compared to the beginning of the year, staff increased by 19 at the end of the reporting period, driven primarily by the temporary takeover of employees following completion of their vocational training.

The offset other operating income and expenses remained at the same level as in the previous year during the period under review, at €-25.8 million (9M 2019: €-25.9 million). In the previous year, higher exceptionals were largely balanced by a reversal of provisions, resulting in no notable changes year-on-year.

The depreciation and amortization of intangible assets and property, plant and equipment fell in the period under review to €12.3 million in line with their scheduled useful economic life (9M 2019: €13.0 million). The EBIT declined by €5.7 million to €0.7 million (9M 2019: €6.5 million).

Financial result

In the third quarter 2020, the financial result improved by €0.3 million compared to the previous year to €-0.3 million (Q3 2019: €-0.6 million). This essentially reflected the lower interest expenses for pension provisions.

Reconciliation of EBIT to earnings per share

in € million	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change
EBIT	0.8	4.6	-3.7	0.7	6.5	-5.7
Financial result	-0.3	-0.6	+0.3	-1.2	-2.3	+1.1
Earnings before income taxes	0.5	4.0	-3.5	-0.5	4.1	-4.6
Income taxes	-1.1	-0.7	-0.4	-2.8	-1.5	-1.2
Net profit	-0.6	3.3	-3.9	-3.2	2.6	-5.9
thereof						
attributable to other shareholders	0.0	0.1	-0.1	0.0	0.0	-0.1
attributable to shareholders of R. STAHL AG	-0.6	3.2	-3.8	-3.2	2.6	-5.8
Earnings per share (in €)	-0.09	0.50	-0.59	-0.50	0.40	-0.90
Average number of shares outstanding (weighted, in million units)	6.44	6.44	0	6.44	6.44	0

In the first nine months of the year, the financial result improved to €-1.2 million (9M 2019: €-2.3 million). Apart from the above-mentioned cost-reducing effect of accreted pension provisions, the lower interest expenses relating to the building lease at the site in Waldenburg also had a positive impact.

Earnings before income taxes

In Q3 2020, earnings before income taxes fell by €3.5 million compared to the previous year to €0.5 million (Q3 2019: €4.0 million).

In the first nine months of the year under review, earnings before income taxes dropped by €4.6 million year-on-year to €-0.5 million (9M 2019: €4.1 million).

Income taxes

In Q3 2020, the income taxes came to €-1.1 million (Q3 2019: €-0.7 million).

In the first nine months of 2020, income taxes in the amount of €-2.8 million were incurred (9M 2019: €-1.5 million), about equally attributed to effective taxes and deferred taxes.

Net profit / Earnings per share

In the third quarter 2020, net profit fell by €3.9 million to €-0.6 million (Q3 2019: €3.3 million), equivalent to €-0.09 per share (Q3 2019: €0.50).

In the first nine months of the year under review, net profit declined by €5.9 million to €-3.2 million (9M 2019: €2.6 million), resulting in earnings per share of €-0.50 (9M 2019: €0.40).

Net assets and financial position

Balance sheet structure

Compared to the end of the previous year, the balance sheet total of the R STAHL Group declined as at the

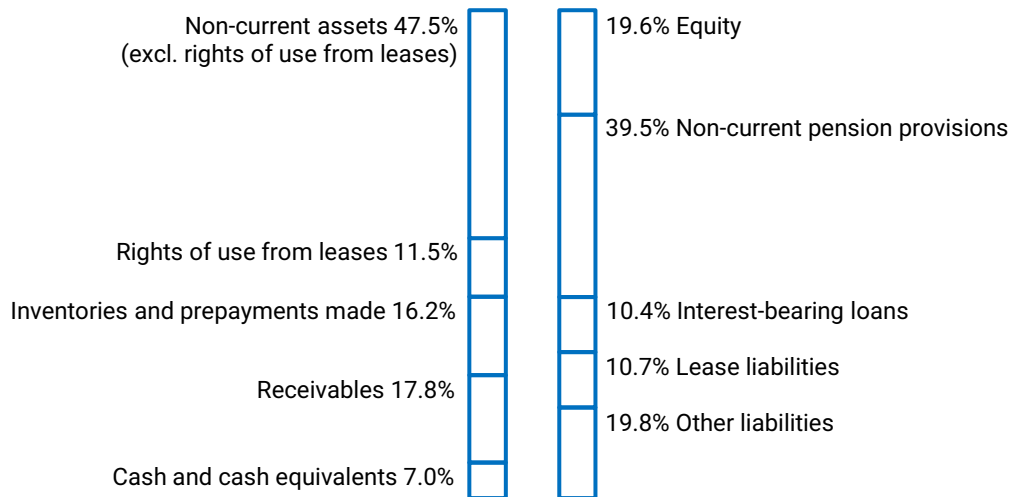
reporting date of 30 September 2020 by €2.5 million to €256.8 million, primarily due to declining rights of use and liabilities relating to leases (31 December 2019: €259.4 million).

Here, non-current assets declined as at the reporting date, essentially due to scheduled depreciation, by €6.1 million to €151.5 million (31 December 2019: €157.5 million).

Asset and capital structure

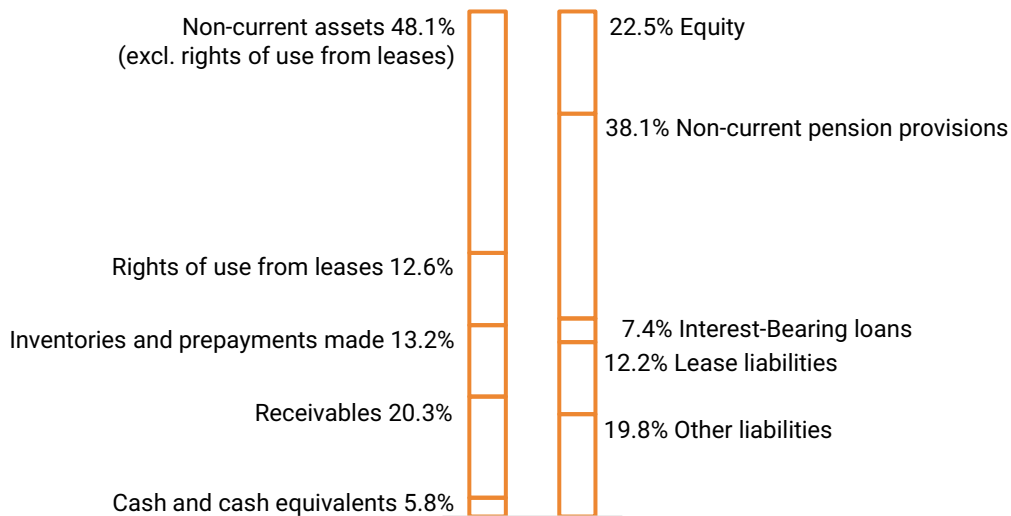
30 September 2020

Balance sheet total €256.8 million



31 December 2019

Balance sheet total €259.4 million



Compared to the end of the previous year, the balance sheet total of the R STAHL Group declined as at the reporting date of 30 September 2020 by €2.5 million to €256.8 million, primarily due to declining rights of use and liabilities relating to leases (31 December 2019: €259.4 million).

Here, non-current assets declined as at the reporting date, essentially due to scheduled depreciation, by €6.1 million to €151.5 million (31 December 2019: €157.5 million).

As of 30 September 2020, current assets registered an increase compared to the end of the previous year of €3.5 million to €105.4 million (31 December 2019: €101.8 million). The decline in trade receivables was more than offset by increasing inventories and an increase in cash and cash equivalents.

Non-current liabilities decreased as of the reporting date by €2.3 million to €136.4 million (31 December 2019: €138.8 million). Lower interest-bearing loans and lease liabilities were partly balanced by higher pension provisions.

A considerable increase was recorded in current liabilities, which rose by €8.0 million to €70.2 million, mainly because of a higher utilization of loans (31 December 2019: €62.2 million).

As a result of the negative net profit, increased pension provisions and disadvantageous FX rate fluctuations, equity fell by €8.2 million compared to the end of the previous year to €50.2 million as of 30 September 2020. The equity ratio therefore dropped to 19.6% (31 December 2019: 22.5%).

Financial position and investments

The decline in net profit in Q3 2020 led to a reduction of the cash flow by €2.7 million to €4.5 million compared to the previous year (Q3 2019: €7.1 million). This included non-cash expenses in the amount of €0.9 million arising from reassessments of balance-sheet items due to exchange-rate fluctuations and of inventories. Thanks to measures aiming at safeguarding liquidity, including a lower build-up of receivables, it was possible to decrease working capital in the reporting period by €2.9 million (Q3 2019: increase of €1.0 million). Despite softer earnings, this resulted in an increase of the cash flow from operating activities of €1.2 million to €7.3 million in the quarter under review (Q3 2019: €6.1 million).

At €-3.7 million, capital expenditures remained at the same level as in the previous year (Q3 2019: €-3.5 million). While investments in tangible assets declined, expenditures directed to intangible assets – particularly to

R&D – were increased in line with the innovation campaign planned for next year. In total, a free cash flow of €3.6 million was generated in the third quarter of 2020, a gain of €1.0 million (Q3 2019: €2.6 million).

Cash flow from financing activities fell to €-4.1 million in the third quarter 2020 due to partial repayments of loans (Q3 2019: €-3.5 million).

At the end of the period under review, R. STAHL possessed cash and cash equivalents in the amount of €18.0 million (30 June 2020: €18.7 million). Thanks to the positive free cash flow in the quarter under review, it was possible to reduce net debt (excluding pension provisions and excluding lease liabilities) to €8.6 million as of 30 September 2020 (30 June 2020: €10.3 million).

In the first nine months of the year under review, cash flow fell to €11.2 million due to the lower net profit (9M 2019: €15.1 million). The build-up of finished products caused by delayed acceptance of shipments primarily in the first and second quarter 2020 resulted in an increase of working capital by €2.5 million in the period under review, which led in turn to a decline in cash flow from operating activities of €6.3 million to €9.8 million (9M 2019: €16.2 million).

Together with a cash flow from investing activities in the amount of €-8.3 million (9M 2019: €-7.6 million), a free cash flow in the amount of €1.6 million was achieved (9M 2019: €8.5 million).

Due to the higher utilization of loans in the first nine months of the year under review, cash flow from financing activities increased to €2.2 million (9M 2019: €-13.4 million).

Despite the positive free cash flow in the period under review, the repayment of lease liabilities in the amount of €5.1 million caused a net cash outflow, which led to an increase in net debt (excluding pension provisions and excluding lease liabilities) of €4.5 million as of the reporting date compared to the end of the previous year (31 December 2019: €4.2 million). Compared to the end of the previous year, cash and cash equivalents of the R. STAHL Group increased by €3.0 million as of 30 September 2020 (31 December 2019: €15.0 million).

Opportunities and risks

All R. STAHL subsidiaries regularly compile an opportunities and risks report, in which the opportunities and risks in the company are taken into account. 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 relevant statements made starting on page 60 of the 2019 Annual Report continue to apply unchanged.

Outlook

We presented our detailed estimate of the anticipated development of the R. STAHL Group in the current year in the forecast report starting on page 70 of the 2019 Annual Report, which was published on 21 April 2020, and also provided further details in the publication of our Interim Report on the first half of 2020 on 6 August 2020. Accordingly, we assumed that the global demand for explosion-protected solutions would recover noticeably in the second half of the year following a considerable decline in the first half of the year due to the COVID-19 pandemic.

Although the global economy and a majority of our customer industries have indeed picked up considerable speed since the middle of the year as expected following the collapse in the first six months of 2020, this has not yet been reflected accordingly in an increasing demand for our products. Moreover, the visibility in our business – and so the short-term predictability of our business performance – is still severely hampered. On the basis of the business development in the first ten months of the current year, the current situation suggests that it will no longer be possible to achieve the planned sales target of at least €260 million for 2020. We currently anticipate sales between €242 million and €248 million.

As early as the second quarter of 2020, we began to prepare for a possibly weak business performance with capacity-adjustments and cost-cutting measures, with the aim of expanding our scope for action. Apart from savings in other operating expenses, the focus here was primarily on cutting personnel expenses by reducing holiday and working time accounts and by temporarily shortening working hours. To date, these measures have been very successful and led to a considerable relief of our costs. We therefore stick to our forecast published in April 2020 to generate an EBITDA pre exceptionals in the low double-digit million range in the current year and further specify a forecast range between €15 million and €18 million. We also continue to anticipate a positive free cash flow for 2020. In light of the considerable increase in the pension provisions as a result of a lower interest rate, we anticipate an equity ratio of about 20% as of the end of the year under review.

Outlook FY 2020

in € million	November 2020	July 2020	April 2020	2019
Sales	242 - 248	5% decline at max to 260 - 265	5% decline at max to 260 - 275	274.8
EBITDA pre exceptionals ¹⁾	15 - 18	low double-digit million Euro	low double-digit million Euro	30.4
Free cash flow	positive	positive	positive	8.5
Equity ratio	ca. 20%	stable	stable	22.5%

¹⁾ 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

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Income statement

1 January through 30 September

in €000	Q3 2020	Q3 2019	Change in %	9M 2020	9M 2019	Change in %
Sales	59,588	71,299	-16.4	184,420	204,324	-9.7
Change in finished and unfinished products	-13	-1,229	+98.9	4,970	1,603	>+100
Other own work capitalized	1,130	942	+20.0	3,292	2,986	+10.2
Total operating performance	60,705	71,012	-14.5	192,682	208,913	-7.8
Other operating income	2,033	2,471	-17.7	7,681	10,511	-26.9
Cost of materials	-20,380	-24,355	+16.3	-65,535	-71,502	+8.3
Personnel costs	-27,349	-29,057	+5.9	-88,233	-92,050	+4.1
Other operating expenses	-10,157	-11,099	+8.5	-33,518	-36,442	+8.0
Earnings before financial result, income taxes and depreciation and amortization (EBITDA)	4,852	8,972	-45.9	13,077	19,430	-32.7
Depreciation and amortization	-4,013	-4,413	+9.1	-12,345	-12,970	+4.8
Earnings before financial result and income taxes (EBIT)	839	4,559	-81.6	732	6,460	-88.7
Result from companies consolidated using the equity method	468	555	-15.7	1,275	1,135	+12.3
Investment result	0	0	n/a	0	0	n/a
Interest and similar income	38	14	>+100	113	27	>+100
Interest and similar expenses	-825	-1,153	+28.4	-2,608	-3,499	+25.5
Financial result	-319	-584	+45.4	-1,220	-2,337	+47.8
Earnings before income taxes	520	3,975	-86.9	-488	4,123	n/a
Income taxes	-1,136	-699	-62.5	-2,752	-1,508	-82.5
Net profit	-616	3,276	n/a	-3,240	2,615	n/a
thereof attributable to other shareholders	1	57	-98.2	-7	45	n/a
thereof attributable to shareholders of R. STAHL AG	-617	3,219	n/a	-3,233	2,570	n/a
Earnings per share (in €)	-0.09	0.50	n/a	-0.50	0.40	n/a

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Statement of comprehensive income

1 January through 30 September

in €000	Q3 2020	Q3 2019	Change in %	9M 2020	9M 2019	Change in %
Net profit	-616	3,276	<i>n/a</i>	-3,240	2,615	<i>n/a</i>
Gains/losses from currency translation of foreign subsidiaries, recognized in equity	-436	-46	<-100	-2,818	505	<i>n/a</i>
Deferred taxes on gains/losses from currency translation	0	0	0	0	0	0
Currency translation differences after taxes	-436	-46	<-100	-2,818	505	<i>n/a</i>
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	0	0	0	0	0	0
Recognized in profit or loss	0	0	0	0	0	0
Deferred taxes on cash flow hedges	0	0	0	0	0	0
Cash flow hedges after taxes	0	0	0	0	0	0
Other comprehensive income with reclassifications to profit for the period	-436	-46	<-100	-2,818	505	<i>n/a</i>
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	-5,299	-5,070	-4.5	-2,714	-16,881	+83.9
Deferred taxes from pension obligations	1,547	1,495	+3.5	792	4,978	-84.1
Other comprehensive income without reclassifications to profit for the period	-3,752	-3,575	-5.0	-1,922	-11,903	+83.9
Other comprehensive income (valuation differences recognized directly in equity)	-4,188	-3,621	-15.7	-4,740	-11,398	+58.4
thereof attributable to other shareholders	-3	-9	+66.7	8	5	+60.0
thereof attributable to shareholders of R. STAHL AG	-4,185	-3,612	-15.9	-4,748	-11,403	+58.4
Total comprehensive income after taxes	-4,804	-345	<-100	-7,980	-8,783	+9.1
thereof attributable to other shareholders	-2	48	<i>n/a</i>	1	50	-98.0
thereof attributable to shareholders of R. STAHL AG	-4,802	-393	<-100	-7,981	-8,833	+9.6

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Balance sheet

in €000	30 Sep. 2020	31 Dec. 2019	Change
ASSETS			
Intangible assets	41,969	41,424	+545
Property, plant & equipment	80,630	85,959	-5,329
Investments in associated companies	9,524	8,834	+690
Other financial assets	32	32	0
Other assets	2,965	3,945	-980
Real estate held as a financial investment	4,759	4,914	-155
Deferred taxes	11,583	12,417	-834
Non-current assets	151,462	157,525	-6,063
Inventories and prepayments made	41,514	34,180	+7,334
Trade receivables	36,054	42,489	-6,435
Contract receivables	1,329	622	+707
Income tax claims	602	959	-357
Other receivables and other assets	7,925	8,631	-706
Cash and cash equivalents	17,956	14,966	+2,990
Current assets	105,380	101,847	+3,533
Total assets	256,842	259,372	-2,530
EQUITY AND LIABILITIES			
Subscribed capital	16,500	16,500	0
Capital reserves	13,457	13,457	0
Revenue reserves	60,314	63,555	-3,241
Accumulated other comprehensive income	-40,269	-35,521	-4,748
Equity attributable to shareholders of R. STAHL AG	50,002	57,991	-7,989
Non-controlling interests	232	449	-217
Equity	50,234	58,440	-8,206
Pension provisions	101,432	98,717	+2,715
Other provisions	1,868	2,031	-163
Interest-bearing financial liabilities	9,121	10,193	-1,072
Lease liabilities	21,374	25,056	-3,682
Other liabilities	32	87	-55
Deferred taxes	2,601	2,677	-76
Non-current liabilities	136,428	138,761	-2,333
Provisions	7,473	8,118	-645
Trade payables	11,946	15,092	-3,146
Interest-bearing financial liabilities	17,478	8,957	+8,521
Lease liabilities	6,120	6,727	-607
Deferred liabilities	14,547	14,186	+361
Income tax liabilities	1,421	791	+630
Other liabilities	11,195	8,300	+2,895
Current liabilities	70,180	62,171	+8,009
Total equity and liabilities	256,842	259,372	-2,530

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Cash flow statement

1 January through 30 September

in €000	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change
Net profit	-616	3,276	-3,892	-3,240	2,615	-5,855
Depreciation, amortization and impairment of non-current assets	4,013	4,413	-400	12,345	12,970	-625
Changes in long-term provisions	0	8	-8	-163	-40	-123
Changes in deferred taxes	636	209	+427	1,496	439	+1,057
Equity valuation	-468	-556	+88	-690	-724	+34
Other income and expenses without cash flow impact	936	-204	+1,140	1,590	262	+1,328
Result from the disposal of non-current assets	-17	-6	-11	-149	-464	+315
Cash flow	4,484	7,140	-2,656	11,189	15,058	-3,869
Changes in short-term provisions	187	151	+36	-542	-1,574	+1,032
Changes in inventories, trade receivables and other non-capex or non-financial assets	-1,180	-3,377	+2,197	-2,852	1,552	-4,404
Changes in trade payables and other non-capex or non-financial liabilities	3,854	2,221	+1,633	2,023	1,124	+899
Changes in working capital	2,861	-1,005	+3,866	-1,371	1,102	-2,473
Cash flow from operating activities	7,345	6,135	+1,210	9,818	16,160	-6,342
Cash outflow for capex in intangible assets	-2,250	-1,305	-945	-5,139	-3,913	-1,226
Cash inflow from the disposals of non-current intangible assets	0	0	0	32	560	-528
Cash outflow for capex on property, plant & equipment	-1,493	-1,904	+411	-3,603	-4,020	+417
Cash inflow from the disposals of property, plant & equipment and real estate held as a financial investment	9	7	+2	442	63	+379
Cash outflow for the purchase of shares in associated companies excluding acquired cash and cash equivalents	0	-310	+310	0	-310	+310
Cash flow from investing activities	-3,734	-3,512	-222	-8,268	-7,620	-648
Free cash flow	3,611	2,623	+988	1,550	8,540	-6,990
Distribution to/contribution from minority shareholders	0	0	0	-226	0	-226
Cash outflow for repayment of lease liabilities	-1,637	-1,912	+275	-5,097	-5,425	+328
Cash inflow from interest-bearing financial debt	0	15	-15	12,204	170	+12,034
Cash outflow for repayment of interest-bearing financial debt	-2,489	-1,595	-894	-4,698	-8,158	+3,460
Cash flow from financing activities	-4,126	-3,492	-634	2,183	-13,413	+15,596
Changes in cash and cash equivalents	-515	-869	+354	3,733	-4,873	+8,606
Foreign exchange and valuation-related changes in cash and cash equivalents	-274	77	-351	-743	132	-875
Cash and cash equivalents at the beginning of the period	18,745	10,680	+8,065	14,966	14,629	+337
Cash and cash equivalents at the end of the period	17,956	9,888	+8,068	17,956	9,888	+8,068

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Statement of changes in equity

1 January through 30 September

in €000	Equity attributable to shareholders									Equity
	Sub-scribed capital	Capital reserves	Revenue reserves	Currency translation	Accumulated other comprehensive income		Total accumulated other comprehensive income	Non-controlling interests	Total	
					Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from pensions				
1 Jan. 2019	16,500	13,457	62,216	-3,558	0	-26,490	-30,048	62,125	133	62,258
Net profit			2,570					2,570	45	2,615
Accumulated other comprehensive income				500		-11,903	-11,403	-11,403	5	-11,398
Total comprehensive income	0	0	2,570	500	0	-11,903	-11,403	-8,833	50	-8,783
Dividend distribution							0	0	0	0
Changes in the consolidated Group							0	0	288	288
30 Sep. 2019	16,500	13,457	64,786	-3,058	0	-38,393	-41,451	53,292	471	53,763
1 Jan. 2020	16,500	13,457	63,555	-3,358	0	-32,163	-35,521	57,991	449	58,440
Net profit			-3,233					-3,233	-7	-3,240
Accumulated other comprehensive income			0	-2,826		-1,922	-4,748	-4,748	8	-4,740
Total comprehensive income	0	0	-3,233	-2,826	0	-1,922	-4,748	-7,981	1	-7,980
Dividend distribution								0	0	0
Changes in minority interests			-8					-8	-218	-226
30 Sep. 2020	16,500	13,457	60,314	-6,184	0	-34,085	-40,269	50,002	232	50,234

SELECTED EXPLANATORY NOTES

1. Accounting in accordance with International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of R. STAHL AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as mandated for EU companies in compliance 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 32 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 is included in the consolidated financial statements as an associated enterprise using the equity method.

3. Accounting and valuation methods

The consolidated interim financial statements and comparison figures for the previous year's period have essentially been prepared and calculated using the same accounting and valuation methods as the consolidated financial statements for fiscal year 2019. The underlying principles are published in the notes to our consolidated financial statements for 2019. The latter are available on our corporate website www.r-stahl.com.

Further explanation of the different accounting and valuation methods as a result of adopting IFRS 16 can be found under "[1] Basis of preparation" in the notes to the 2019 consolidated financial statements.

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. The positive fair values of derivative financial instruments on the balance sheet date

amounted to €111 thousand (31 December 2019: €121 thousand). We recognized negative fair values of €-42 thousand (31 December 2019: €-12 thousand).

The carrying amounts of cash and cash equivalents, as well as current account loans closely approximate their fair value given the short maturity of these financial instruments. The carrying values of receivables and liabilities are based on historical costs, subject to usual trade credit terms, and also closely approximate their fair value.

The fair value of non-current liabilities is based on currently available interest rates for borrowing with the same maturity and credit rating profiles. The fair value of external liabilities is currently about the same as the carrying amounts.

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 input parameters observable on the market (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.

In the first three months of 2020, there were no reclassifications between different fair value hierarchies.

4. Cash flow statement

Our cash flow statement according to IAS 7 shows the changes in 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, checks, and credit balances at banks. It also includes securities with original maturities of up to three months.

5. Earnings per share

Earnings per share are calculated by dividing consolidated earnings – net of minority interests – by the average number of shares. Our diluted earnings per share are the same as our earnings per share.

6. Number of employees

The company employed 1,688 persons (excluding apprentices) as of the reporting date on 30 September 2020 (31 December 2019: 1,669).

7. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2019.

8. Transactions with related persons

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

Waldenburg, 11 November 2020

R. Stahl Aktiengesellschaft

Dr. Mathias Hallmann

Chairman of the Executive Board

Jürgen Linhard

Member of the Executive Board

FINANCIAL CALENDAR 2020

16 – 18 November

Eigenkapitalforum, Frankfurt am Main (virtual)

FINANCIAL CALENDAR 2021

18 February

Preliminary figures for FY 2020

14 April

Annual Report FY 2020

11 May

Interim Report Q1 2021

15 July

28 Annual General Meeting, Künzelsau-Gaisbach

12 August

Interim Report H1 2021

10 November

Interim Report Q3 2021

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