



THE STRONGEST LINK.

**STAHL**

**Technology – Efficiency – Growth**

Equity Story November 2020

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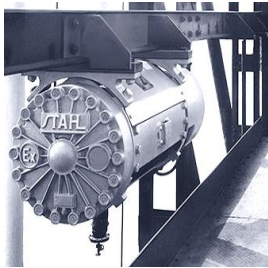
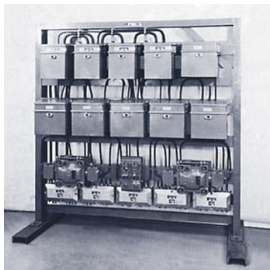
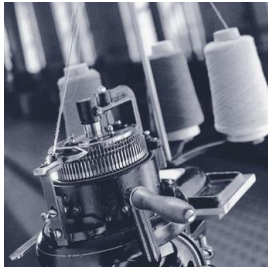
## **Rounding differences and rates of change**

Percentages and figures 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).

# Agenda

<b>1</b>	<b>Company Overview</b>
2	Driving Efficiency – R. STAHL 2020
3	Actual Business Update
4	Preparing for Growth
5	Appendix

# R. STAHL Has a Tradition of More Than 140 Years in Pioneering Mechanical And Electr(on)ical Technologies



- 1876** Rafael Stahl founded the company
- 1890** World's first circular loom with electric individual drive
- 1926** Development and production of explosion-protected, electrical control switches and control devices
- 1949** Market leader in the field of explosion-protected electrical equipment
- 1953** First explosion-protected electric hoist
- 1987** World's first ICS MUX fieldbus system for hazardous areas
- 2018** EXpressure® – the revolutionary new Ex d technology

# R. STAHL Today – A Leading Global Player With a 100% Focus on Electrical Explosion Protection



## Market Position

#2 in Europe in explosion protection, #3 worldwide

## Markets & Customers

Oil & Gas, Chemicals, Pharma, Food & Beverage, Shipbuilding

## Production

7 sites in Europe, America and Asia

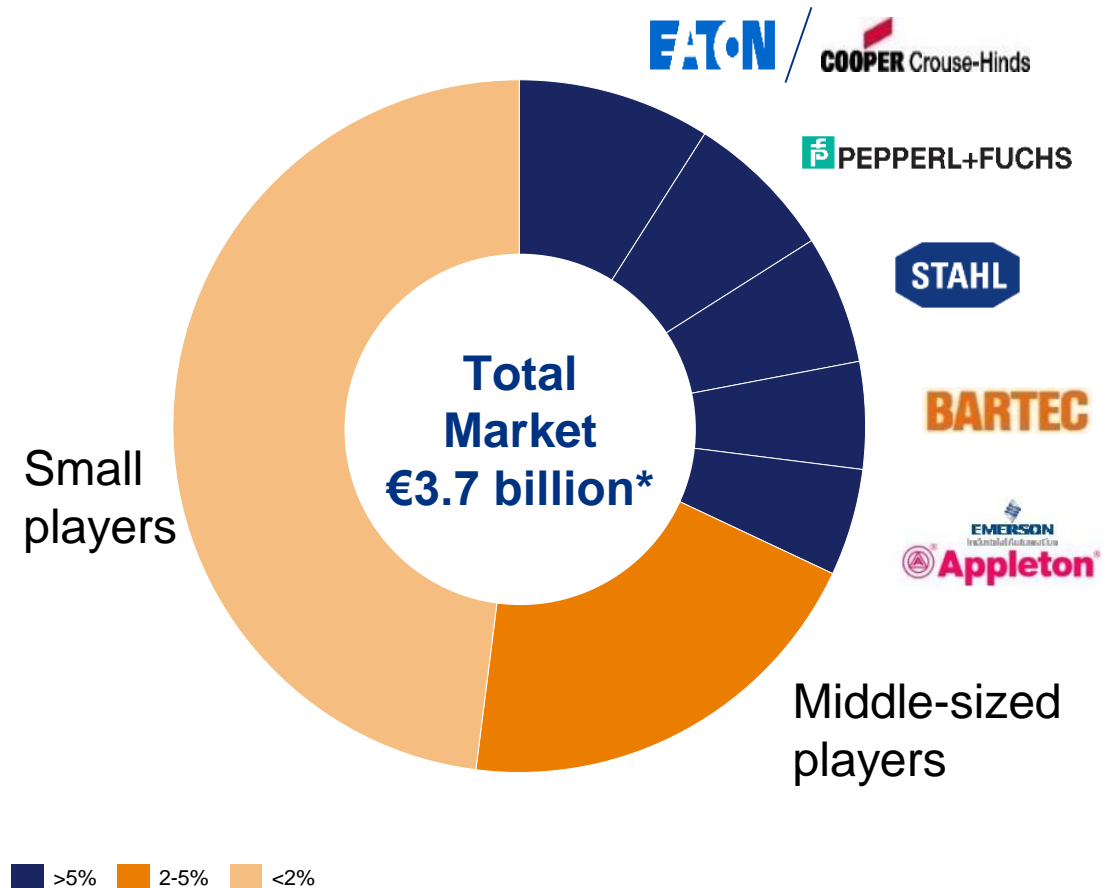
## Employees

1,669 (as of 31 Dec. 2019)

## Global footprint

23 subsidiaries in 22 countries + >50 sales offices and agencies

## Global market shares of relevant competitors\*



\* Company estimates for IECEx/ATEX certification, 2018

# Explosions Occur When Mixtures of Combustible Substances and Oxygen Meet an Ignition Source

## Basic principle of explosions

### 1. Combustible substances

- Gases (e. g. natural gas, hydrogen etc.)
- Liquids (e. g. gasoline, alcohol, solvents etc.)
- Dispersed solids (e. g. sawdust, sugar, metal powder etc.)



### 2. Ignition Source, e. g.

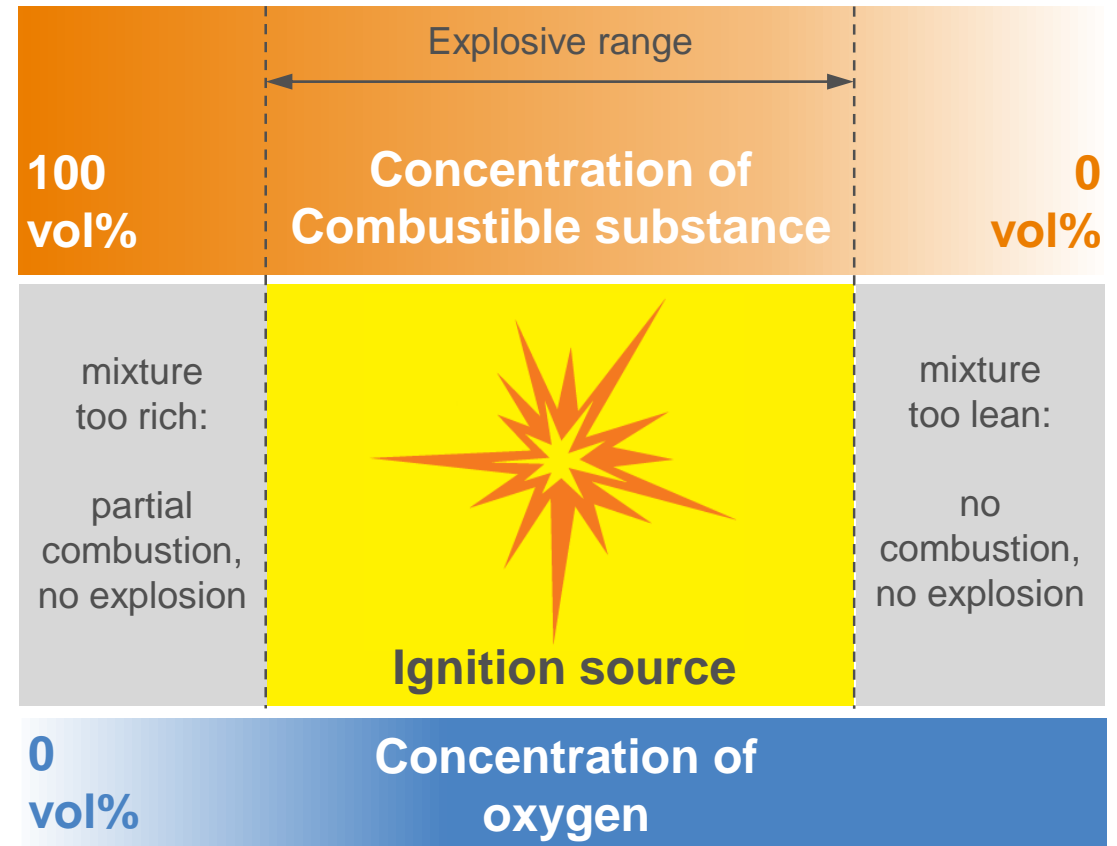
- Hot surfaces/gases
- Flames
- **Electrical sparks**
- Adiabatic compression
- Chemical reactions
- Mechanical sparks

Focus  
R. STAHL



### 3. Oxygen

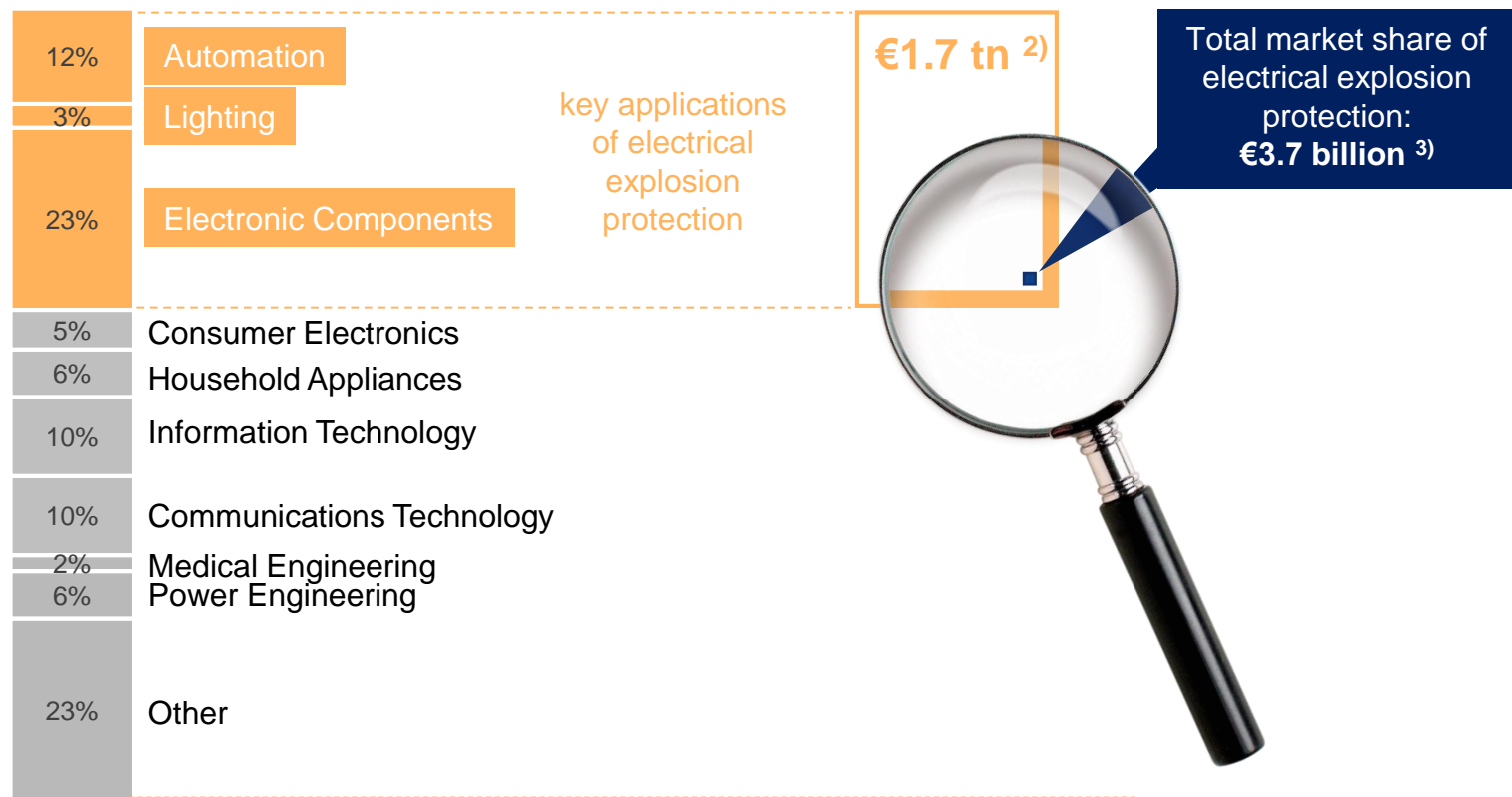
- Air



# Electrical Explosion Protection is a Niche Application With High Barriers to Entry

## Global Electric Industry by Application

Total market €4.4 tn <sup>1)</sup>



## Market Characteristics

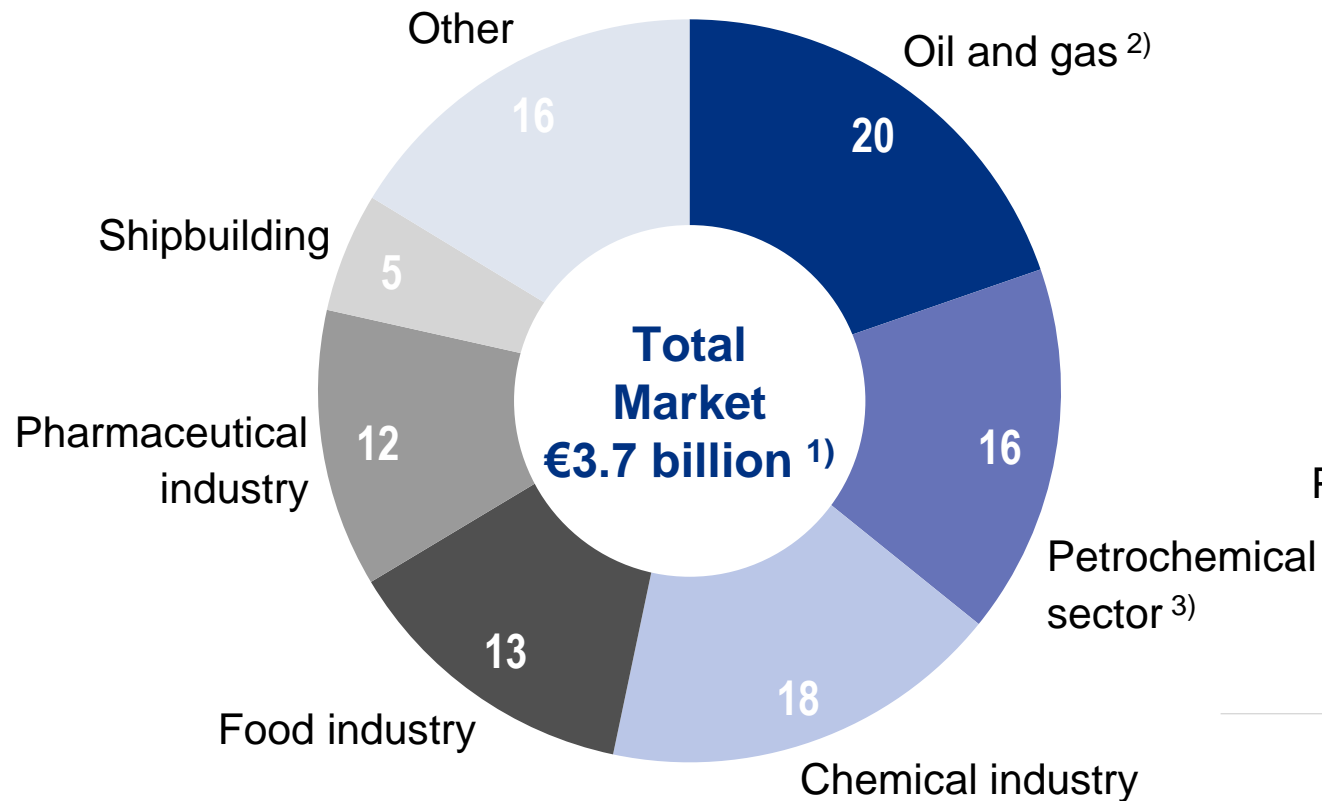
- Accounts for just ~0.1% of the total global electric market
- High entry barriers
- Innovation driven
- Safety and reliability is key
- Subject to high regulation and certification
- Multiple customer industries
- High exposure to cyclical industries

1) ZVEI, August 2020 2) Applications with potential exposure to explosion protection 3) IECEx+ATEX certification

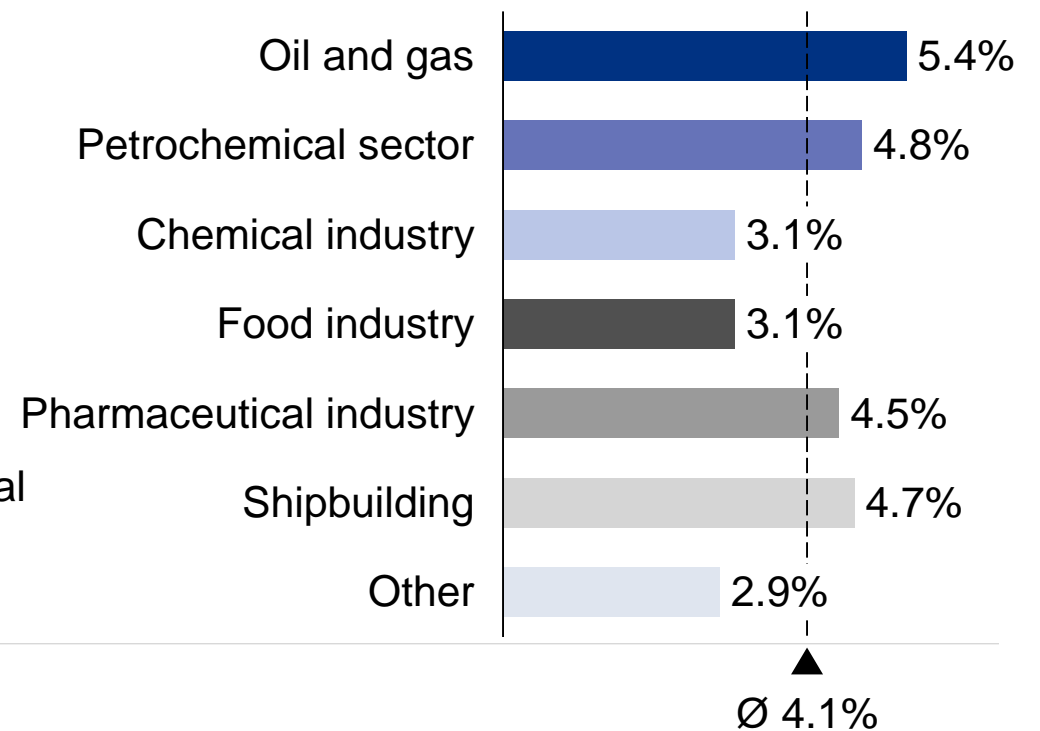
# We Serve Process Industries That Handle Potentially Explosive Dusts, Liquids And Gases

World market by industry sectors – IECEx/ATEX 2017-2022

**No impacts from COVID-19 included**








## CAGR (2017-2022 E)



1) Company estimates for IECEx/ATEX certification, 2018; Comparable NEC market ca. €1.7 billion 2) Upstream 3) Downstream



# We Are Experts in All Major Technologies Used in Electrical Explosion Protection

Conceptual approach	Solution	Technology	Position R. STAHL
1. Prevent formation of explosive atmospheres	▪ <b>Avoid combustible substances</b> (replacement)	not part of electrical explosion protection	
	▪ <b>Avoid critical concentration</b> (e. g. dilution)	no part of electrical explosion protection	
	▪ <b>Exclude oxygen</b> (e. g. flushing with nitrogen)	Pressurized encapsulation (Ex p)	 ✓
	<i>if impossible</i>		
2. Prevent ignition of explosive atmospheres	▪ <b>Keep electrical energy below critical level</b>	Intrinsic safety (Ex i)	 ✓
	▪ <b>Suppress formation of electrical sparks</b>	Increased safety (Ex e)	 ✓
	▪ <b>Avoid intrusion of explosive atmospheres</b>	Fill enclosures with liquids or solids (Ex o, q, m)	 ✓
	<i>if impossible</i>		
3. Confine explosion impact to a controllable and harmless level	▪ <b>Encapsulate electrical devices</b>	Flame proof enclosures (Ex d)	 ✓

# R. STAHL Offers Its Customers a Complete, Innovative And Market Leading Portfolio of Explosion Proof Products

## Electromechanical components



- Connectors
- Enclosures
- Junction and control boxes

## Light fittings & signaling devices



- #1 in LED technology
- Signalling devices
- Emergency lights
- Battery boxes

## Network & automation solutions



- Field Bus
- Remote I/O
- Switches
- Access Points

## Human machine interfaces

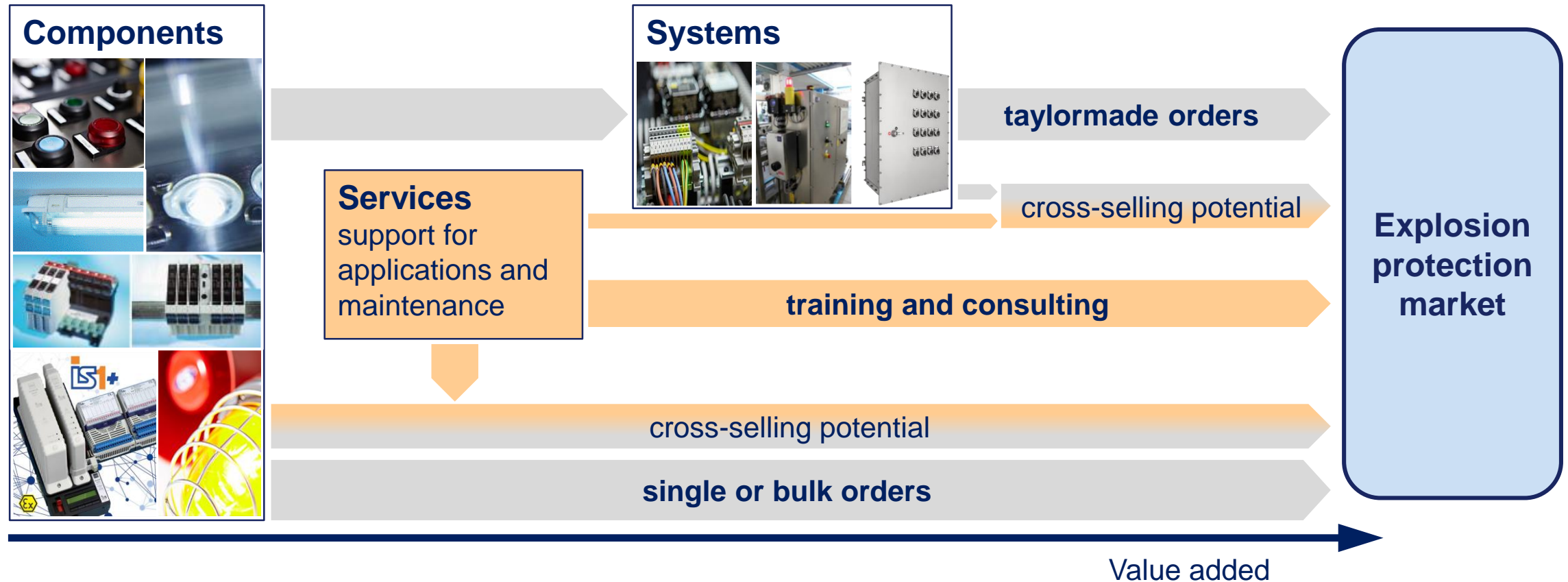


- Displays
- Panel PCs
- Handhelds
- Cameras

7 global production sites

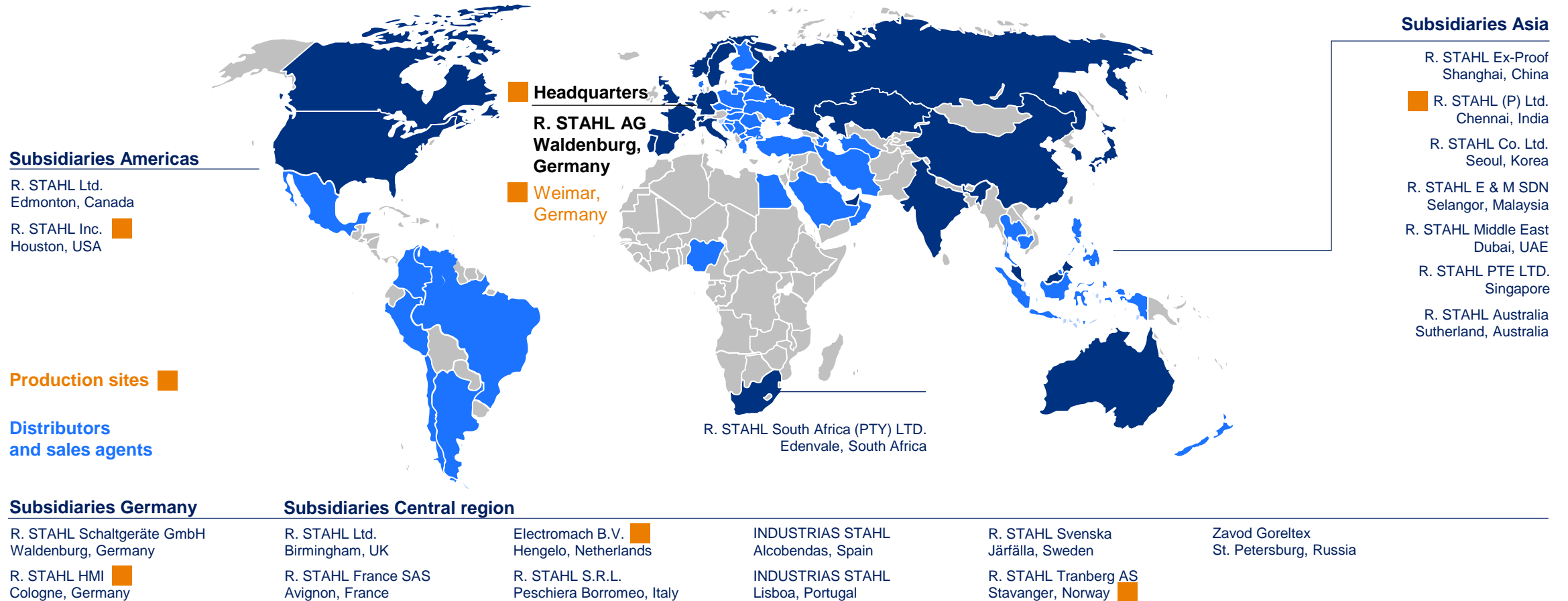
# Our Strong Market Position Is Based on Our Leading Products and Value Adding Systems and Services

## Product offering R. STAHL



# We Have a Global Presence to Serve Our International Customers

Production and sales network R. STAHL

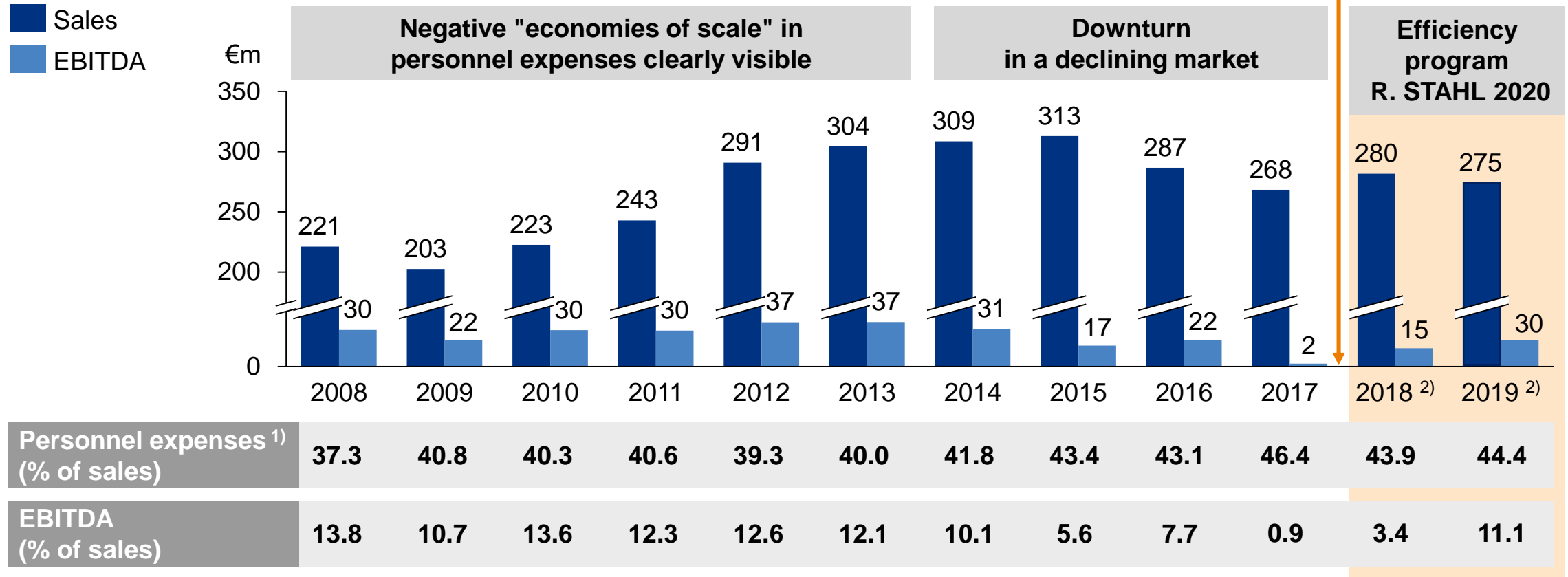


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# Until 2017, Even Strong Sales Growth Did Not Prevent Our Margin From Continuous Contraction

Development of R. STAHL 2008–2019



1) incl. temporary workers

2) EBITDA pre exceptionals (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)

# Main Causes of Margin Contraction Were Inefficiencies in Organization, Production, Portfolio and Processes

Analysis of R. STAHL's former operating model

## until 2017:

- Global production capacities significantly underutilized; responsibilities not clearly defined
- Less than 1/5 of all sales items made a positive contribution to earnings
- Sales structures and processes not defined and inconsistent across organizational units
- IT systems neither standardized nor integrated
- As of 2014, sales have been placed above profit, particularly with regard to projects
- Group-wide business management control not consistently implemented

# We Can Build on a Unique Set of Strengths While Addressing Our Significant Challenges



## Strengths

### Market position

- #2 in Europe, #3 worldwide in explosion protection
- Global presence in all key markets
- Strong brand and reputation

### Products and technologies

- Highest product quality
- Broad portfolio
- Leading in complex system solutions

## Challenges

### Organisation and structures

- Complex global organization
- High product complexity
- Heterogenous IT systems

### Processes

- Uninsufficient profitability of large orders
- Little standardization



# In 2018, We Started to Fundamentally Modernize Our Operating Model in All Key Areas



# Today, We Have Central And Lean Structures

## Situation 2017

- Decentral holding structure with unclear responsibilities
- Partially unprofitable sites
- Unnecessary high product complexity

Operative subsidiaries

25

2017

Employees

1,763

2017

R. STAHL 2020

## Structural Improvements

- New organization implemented
- Corporate structure trimmed
- Number of products reduced by ~50% worldwide

## Status Quo

- Matrix organization with globally responsible Group functions
- Fewer sites with lower costs
- Product portfolio adjusted to market needs

Operative subsidiaries

20

today

Employees

1,685

today

# Optimization of Central Processes Yielded Already Significant Efficiency Improvements

## Situation 2017

- Non-standardized processes in many areas
- Unclear responsibilities
- Weak management of large orders

Capacity utilization in %  
(production)

80.3

2017

Working capital in %  
of sales

27.1

2017

R. STAHL 2020

## Structural Improvements

- Lean management in production and sales
- Processes standardized and professionalized

## Status Quo

- Globally optimized and increasingly standardized processes
- Clear responsibilities
- Reasonable profitability in all order categories

Capacity utilization in %  
(production)

85.4

2019

Working Capital in %  
of sales

21.3

2019

# Continued Harmonization of IT Systems Will Generate Further Efficiency Gains

## Situation 2017

- Very heterogenous ERP landscape, interfaces managed manually
- Different software products for engineering and configuration of customer solutions, missing hardware standards

Number of ERP systems

21

2017

Hardware standardization

68%

2017

R. STAHL 2020

## Structural Improvements

- Preparation of ERP processes to implement SAP in all subsidiaries
- Definition of requirements, selection of software partners and adaption of processes for global standards in customer engineering and configurator

## Status Quo

- Harmonization of ERP systems towards SAP until 2023 on track, target by end of 2020: down to 12
- Standards for engineering (EB) and configurator being implemented, completion by 2023

Number of ERP systems

17

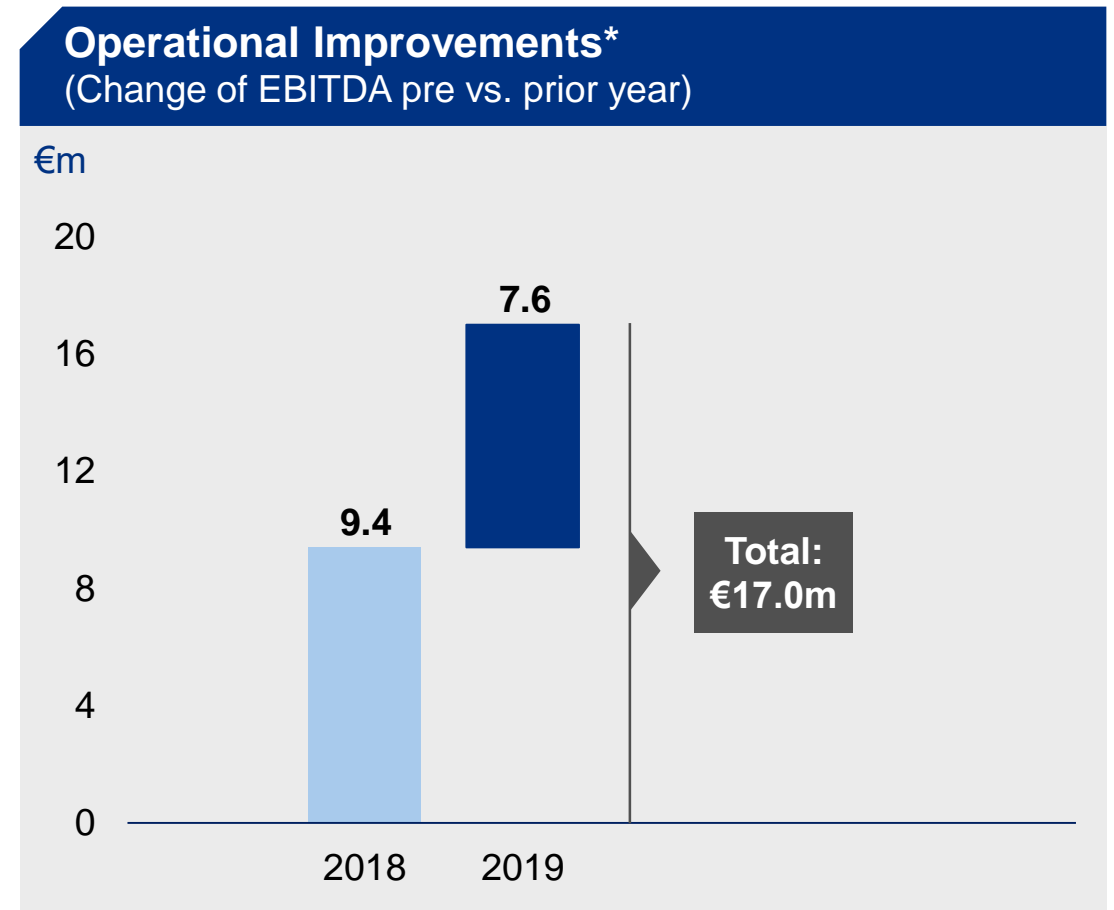
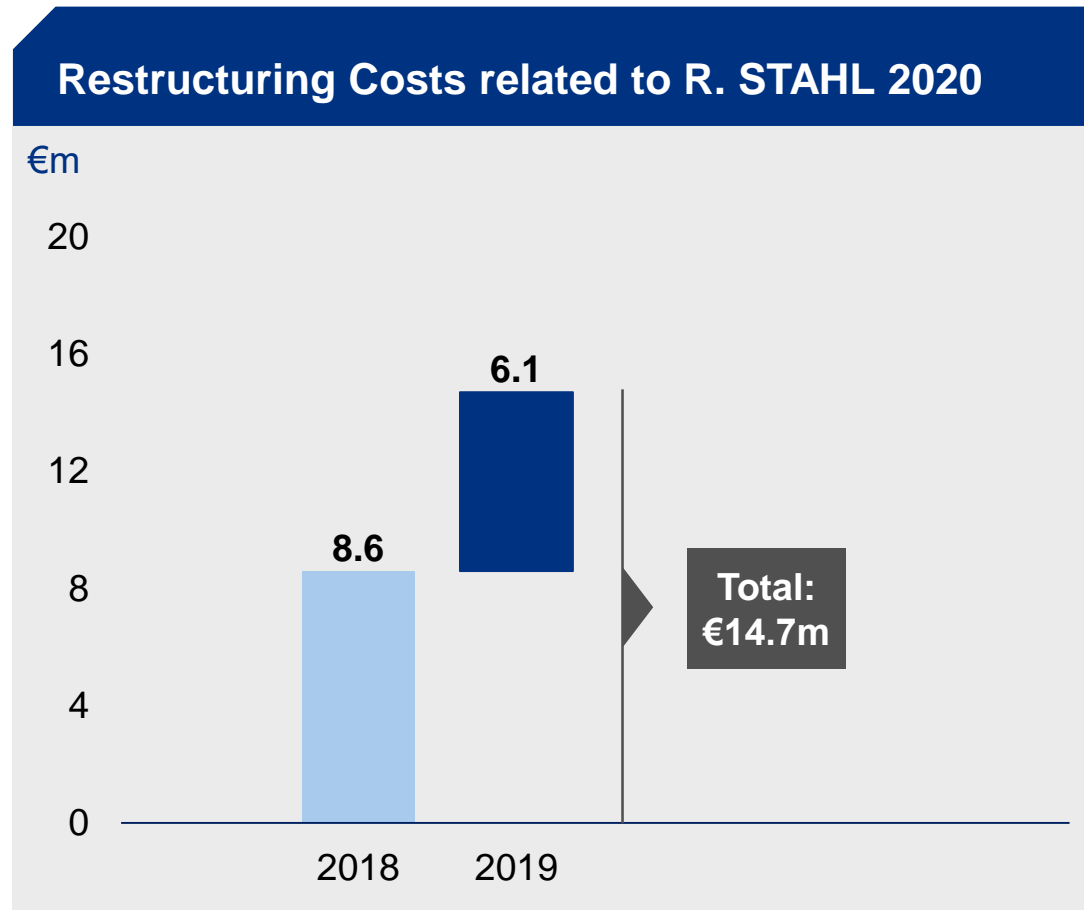
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Hardware standardization

85%

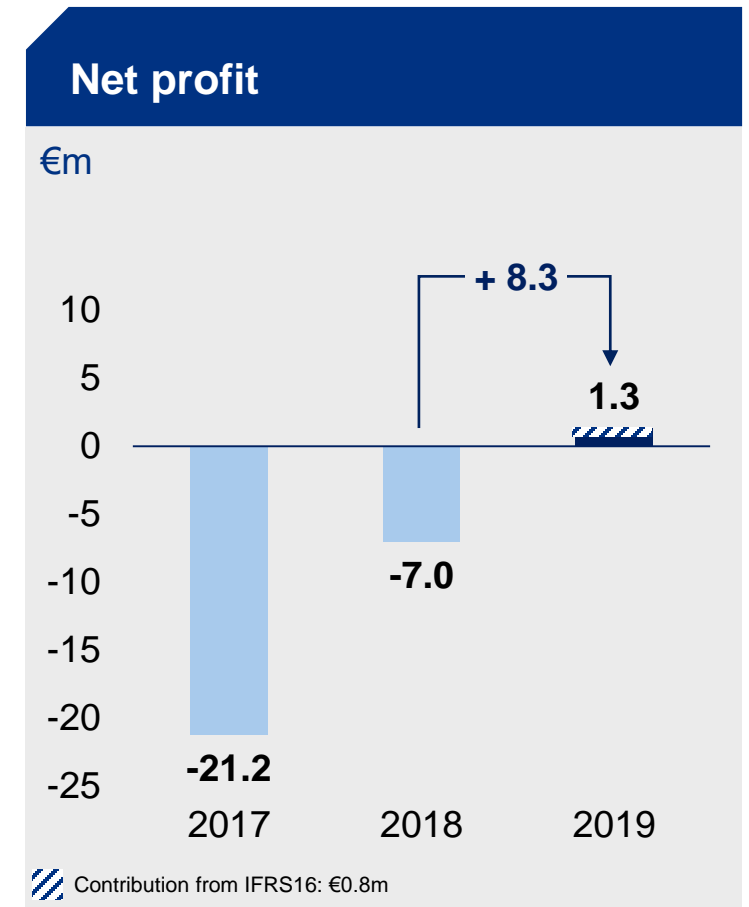
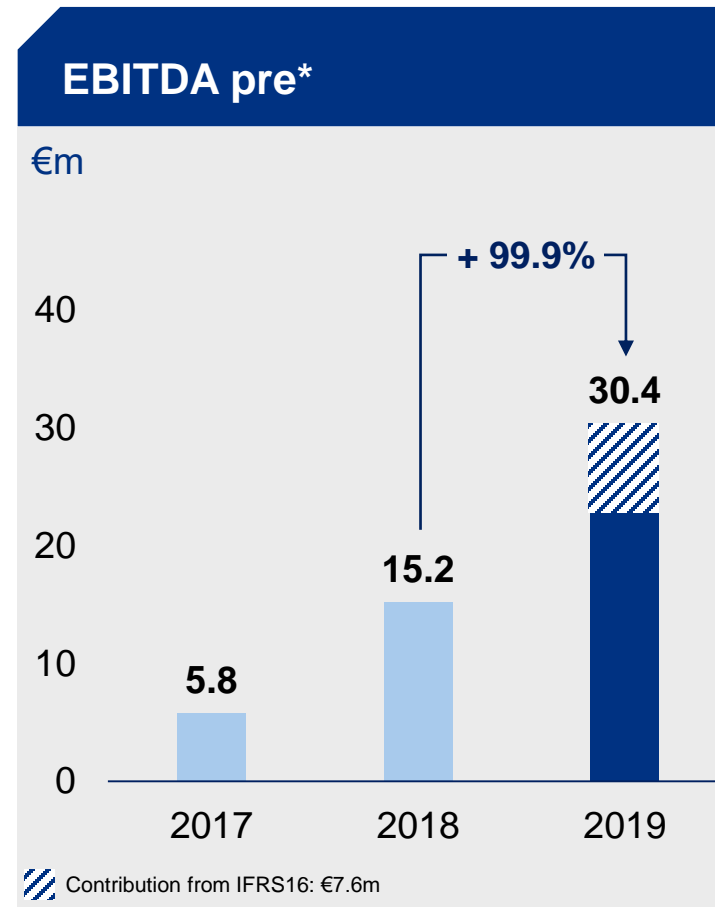
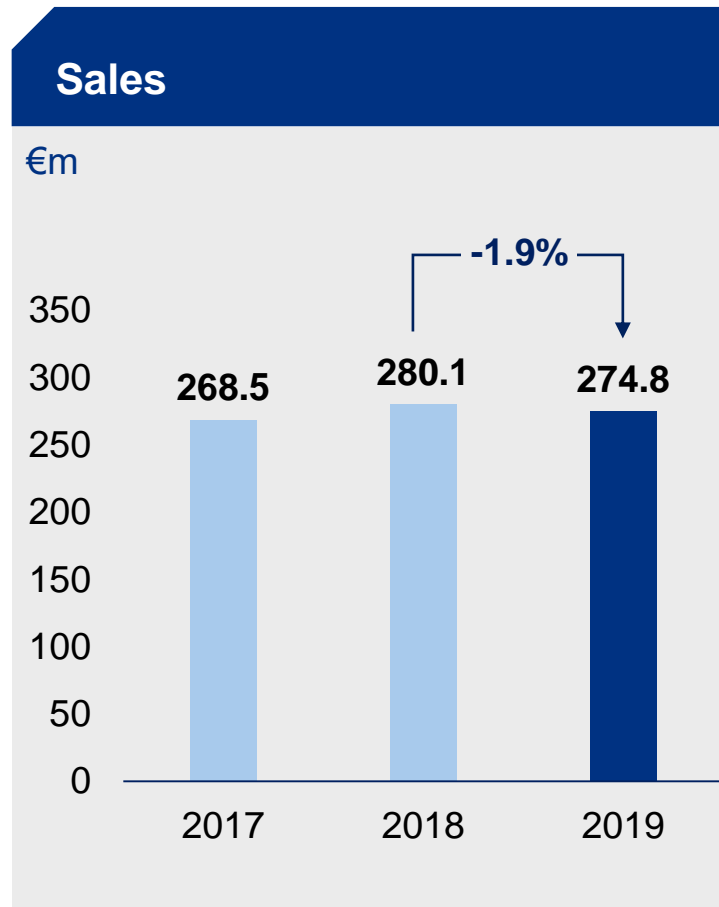
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# Restructuring Costs Related to Efficiency Program „R. STAHL 2020“ Always Paid Off in the Same Year



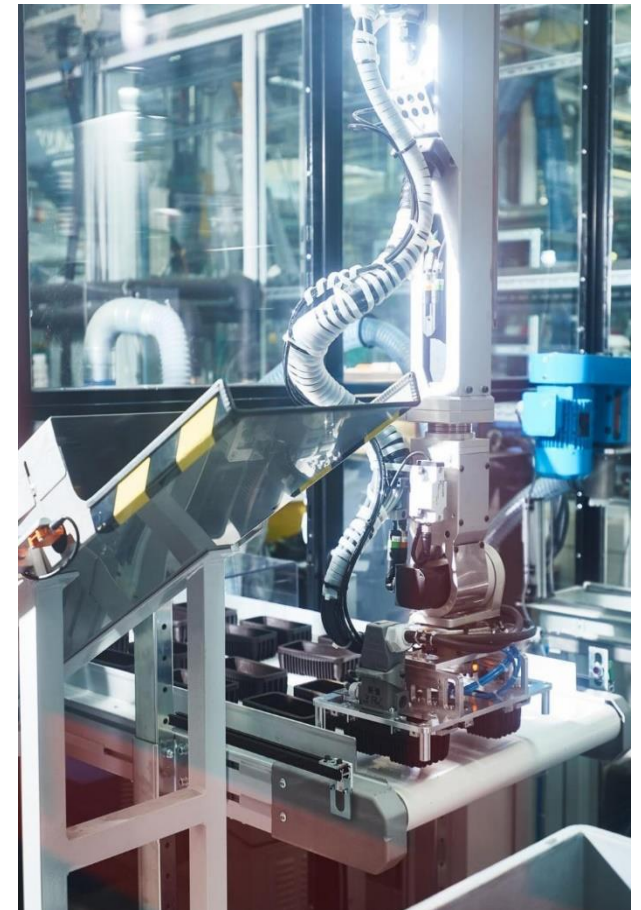
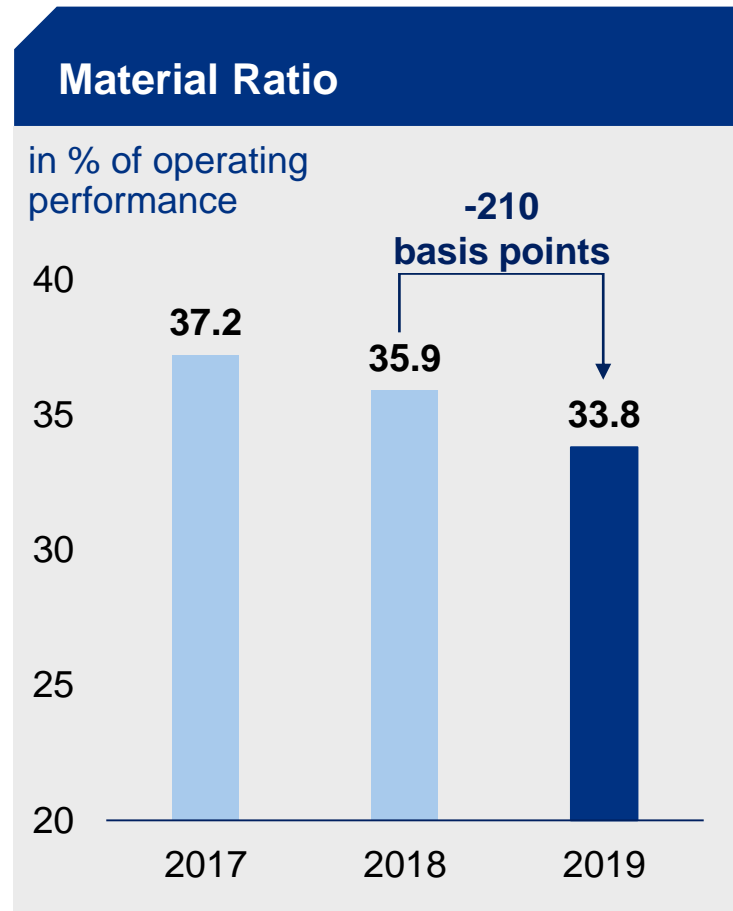
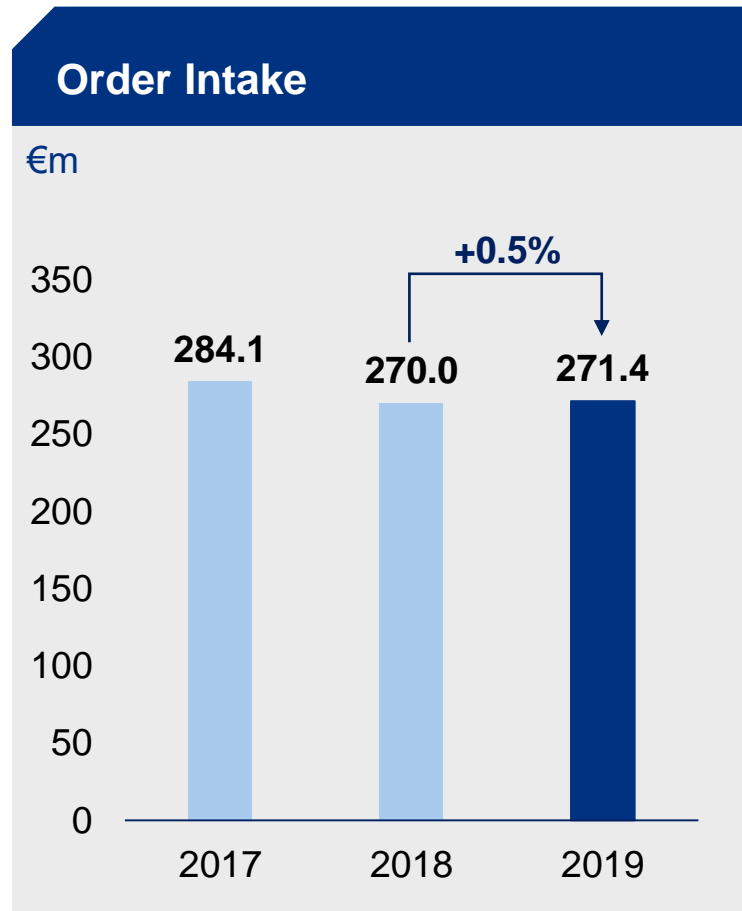
\* excluding effects from IFRS 16

# 2019 Was a Good Year for R. STAHL: Slightly Declining Sales, But Further Increasing Profitability



\* EBITDA pre: EBITDA pre exceptionals (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)

# Solid Order Intake Despite Higher Margin Requirements: Material Ratio Improved Again in 2019



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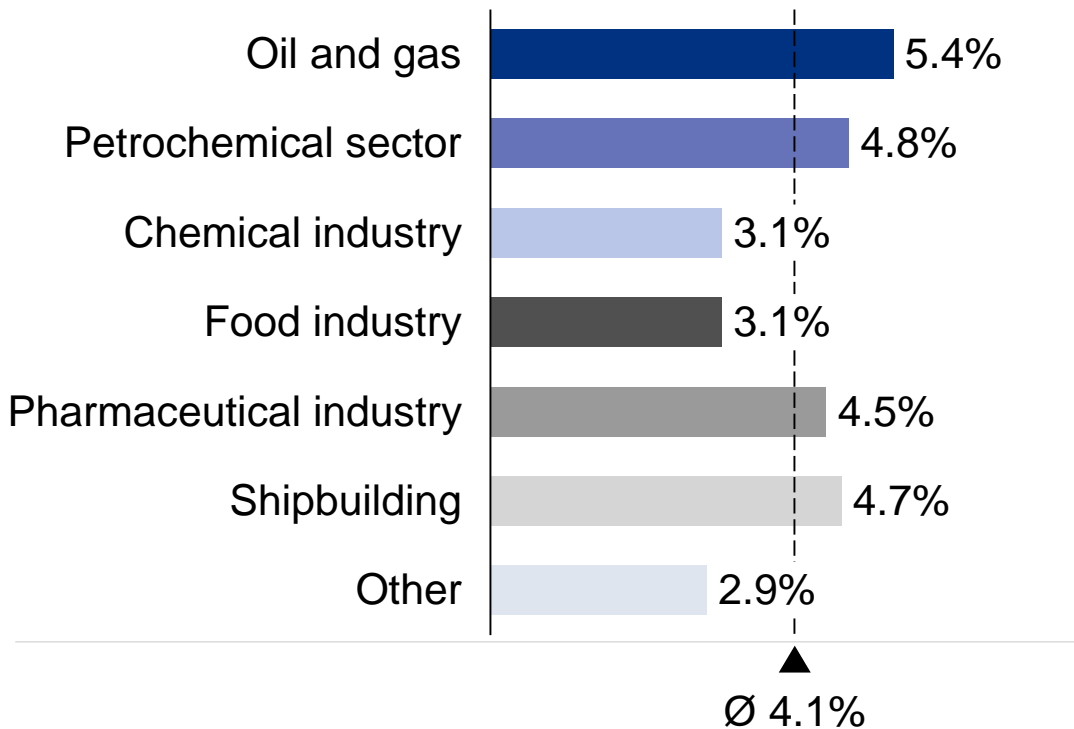


# Before COVID-19, We Had Ambitious Plans for 2020

World market by industry sectors – IECEX/ATEX 2017-2022

**No impacts from COVID-19 included**

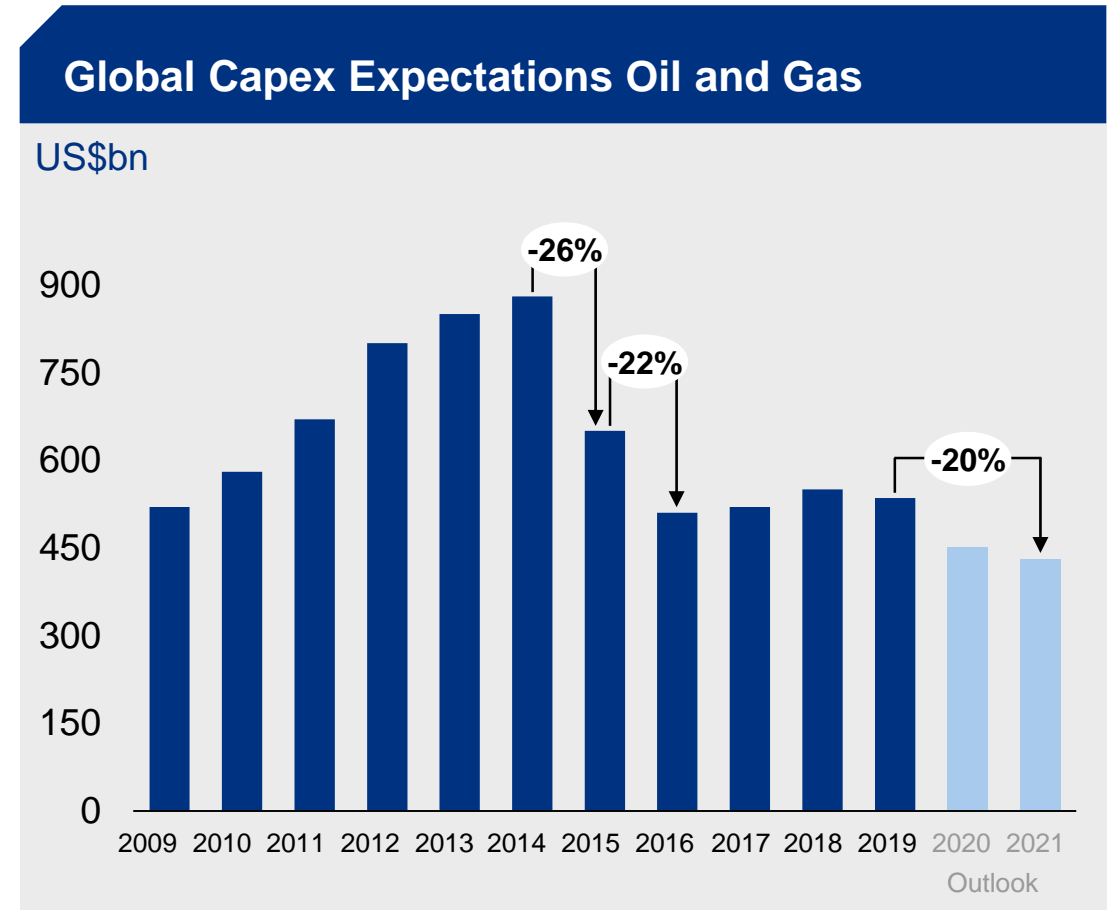
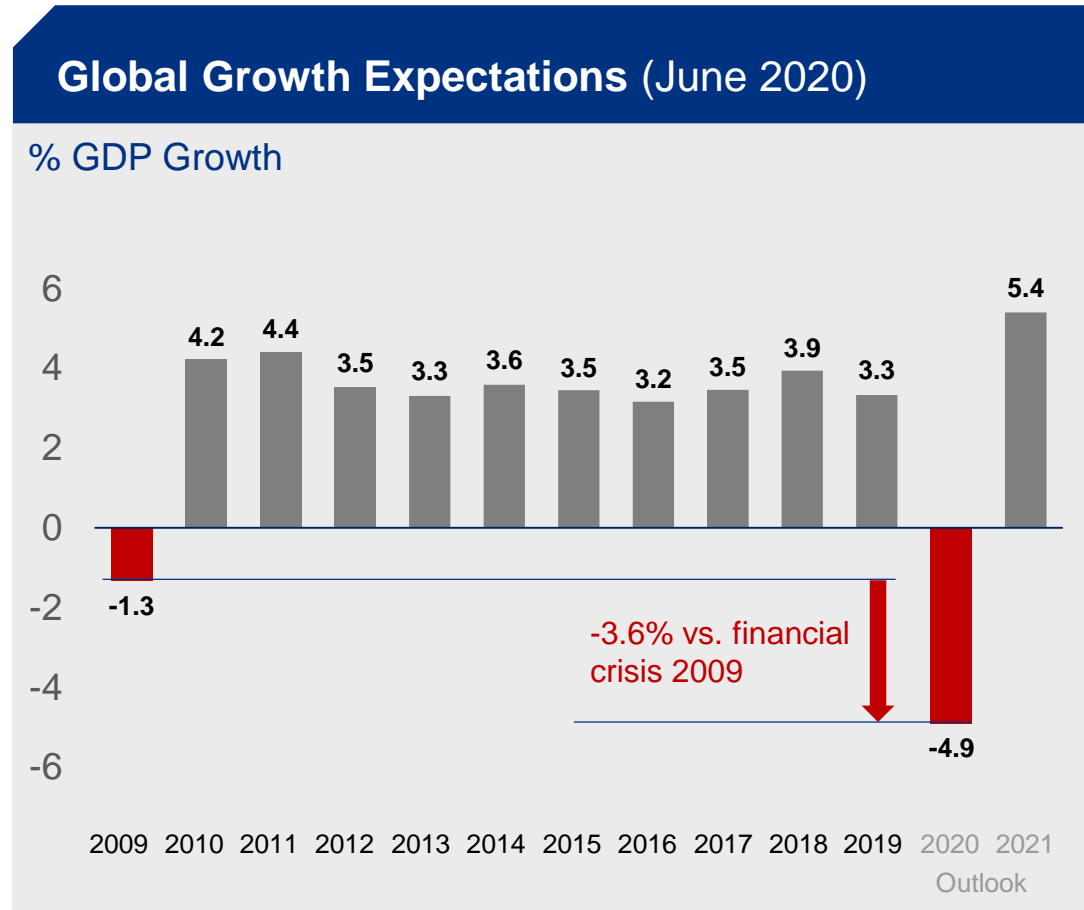
## CAGR (2017-2022 E)



**Target R. STAHL at the beginning of 2020:**

mid-single digit growth at least at market level, further margin improvement

# COVID-19 Pandemic Causes a Historic Global Recession, Oil Companies Hit Twice in Volumes and Price



# We Have Taken Early Measures to Minimize the Impact of the COVID-19 Pandemic on Employee Health and Operations

**February  
2020**

- Procurement strategy implemented to secure supply with critical raw materials
- Consistent communication to customers started

**March  
2020**

- Crisis team with medical expertise established (daily meetings with CEO)
- Actions taken to reduce interpersonal contacts: travel restrictions, rules of conduct, safety barriers
- Higher hygiene standards implemented
- Process defined to manage suspected cases
- Group-wide internal communication initiated



**April  
2020**

- Mobile office program started
- Local COVID-19 testing established at Waldenburg site

**Infektion Vorbeugen**  
**Richtig Hände waschen schützt!**

Um Krankheitserreger zu entfernen, waschen Sie Ihre Hände gründlich.  
Das gelingt in fünf Schritten:

- 1 Nass machen**  
Hände unter fließendes Wasser halten.
- 2 Rundum einseifen**  
Hände von allen Seiten einschäumen.
- 3 Zeit lassen**  
Gründliches Einseifen dauert 20 bis 30 Sekunden.
- 4 Gründliches abspülen**  
Hände unter fließendem Wasser abwaschen.
- 5 Sorgfältig abtrocknen**  
Hände ca. 10 Sekunden gründlich trocknen.

# Successfully Managing Turbulent Times



## Health

- Effective containment of COVID-19 at our facilities



## Operations

- Uninterrupted operations in all sales and production sites (only Chennai (India) closed for some weeks due to country-wide lockdown)



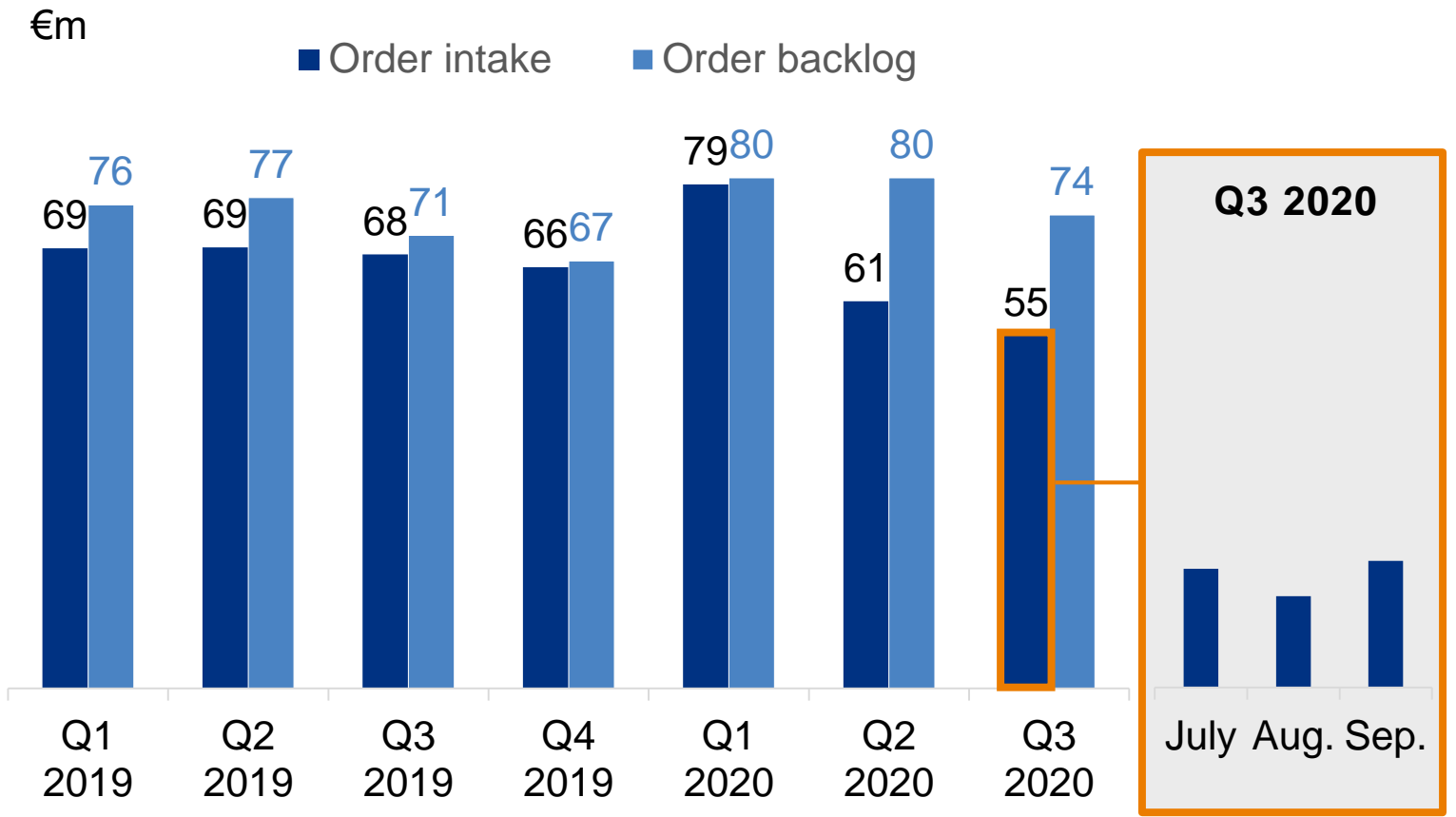
## Financials

- Lost sales in 2020 due to supply problems of raw materials below 0.1%
- Focus on cost control
- Close adaption of labour capacities on current demand
- Reduction of working time accounts and vacation accounts, incl. 30-hours-week at Waldenburg site
- Continued comfortable liquidity position



# Order Intake in Q3 2020 at Year's Low – Customers Continued to Delay Expenditures and Postpone Orders

## Order intake and order backlog R. STAHL Q1 2019 through Q3 2020



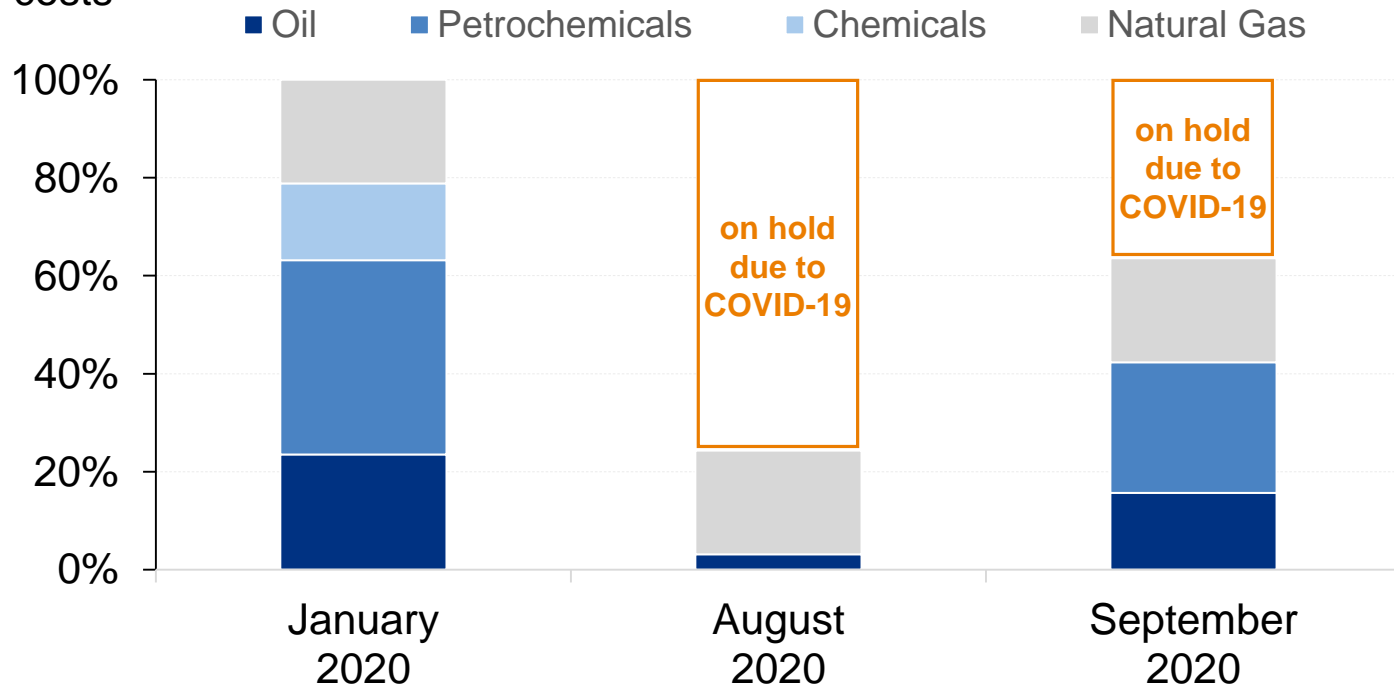
### Comments

- Business in Q3 2020 still heavily impacted by coronavirus pandemic
- Weakest demand recorded in August, also impacted by holiday season
- Order backlog at end of Q3 2020 at solid level:
  - above FY2019 quarterly average
  - bears reasonable margins

# Majority of Large Investment Projects Frozen Until Recently, Signs of Slow Revitalization Since September

## Example: Status of targeted large investment projects, Middle East

Cumulated total project costs

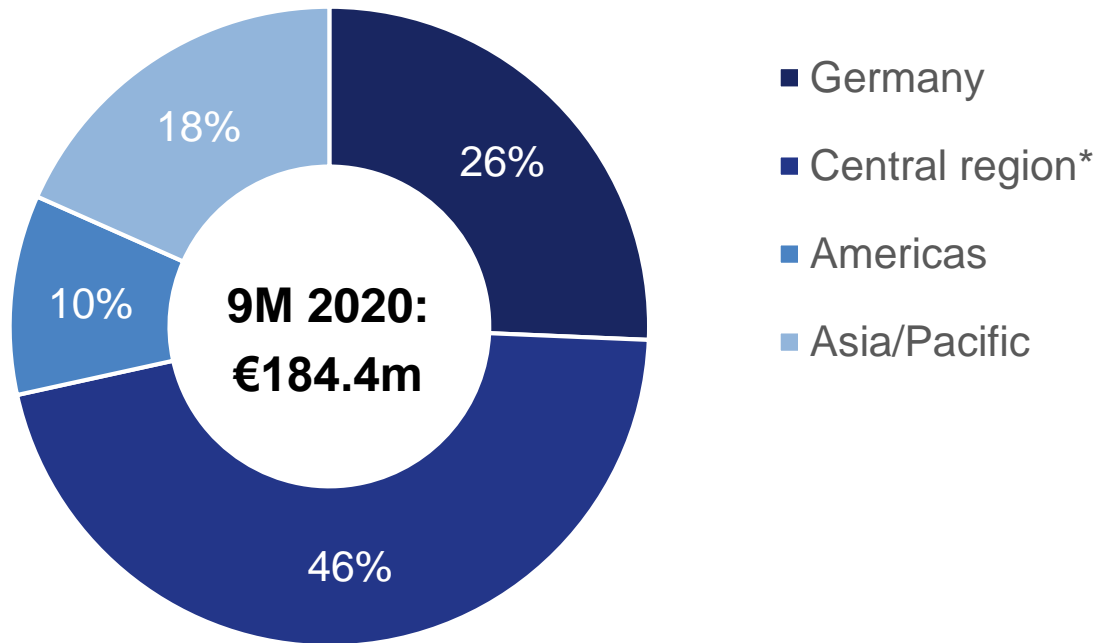


## Comments

- Solid pipeline of large investment projects at the beginning of 2020
- COVID-19 drove down project activities dramatically until August, oil sector and (petro-)chemicals sectors hit hardest
- Several projects slowly re-started in September, though revitalization will not impact R. STAHL's top line before H2 2021

# 9M 2020: Sales Down 9.7% – Strongest Decline in Q2 and Q3 in Regions With High Exposure to Oil and Gas

## Sales R. STAHL 9M 2020 vs. 9M 2019 by region



€m	9M 2020	9M 2019	Change in %
Germany	47.3	46.4	+2.0
Central region*	84.6	91.5	-7.5
Americas	18.6	25.4	-26.6
Asia/Pacific	33.8	41.0	-17.5
<b>Total</b>	<b>184.4</b>	204.3	-9.7

\* Central region: Africa and Europe excl. Germany

# Robust Sales Quality and Effective Cost Management in 9M 2020 Partially Mitigated Impact of Weak Demand on Profit

## Key data of Income Statement 9M 2020 vs. 9M 2019

€m	9M 2020	9M 2019	Change in %
<b>Sales</b>	<b>184.4</b>	204.3	-9.7
Cost of materials	-65.5	-71.5	+8.3
Personnel costs	-88.2	-92.1	+4.1
Sum of other operating income and expenses	-25.8	-25.9	+0.4
<b>EBIT</b>	<b>0.7</b>	6.5	-88.7
Financial result	-1.2	-2.3	+47.8
<b>EBT</b>	<b>-0.5</b>	4.1	n/a
Taxes	-2.8	-1.5	-82.5
<b>Net profit</b>	<b>-3.2</b>	2.6	n/a
Earnings per share in €	-0.50	0.40	n/a
EBITDA	13.1	19.4	-32.7
<b>EBITDA pre*</b>	<b>13.6</b>	23.5	-42.0

## Comments

- Cost of materials down following weaker sales
- Lower personnel costs reflected capacity adaptations and fewer exceptionals yoy
- Sum of other operating income and expenses unchanged; higher exceptionals in 9M 2019 balanced by reversal of provisions
- Financial result benefited from lower interest costs related to pension provisions as well as solid contribution from ZAVOD Goreltex

\* EBITDA pre: EBITDA pre exceptionals (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)



# YoY Decline of Exceptionals in 9M 2020 as Expected

## Reconciliation of EBITDA pre\* to EBITDA 9M 2020 vs. 9M 2019

€m	9M 2020	9M 2019	Change
<b>EBITDA pre*</b>	<b>13.6</b>	23.5	-9.9
<b>Exceptionals</b>	<b>-0.5</b>	-4.0	+3.5
<b>Restructuring charges</b>	<b>-0.5</b>	-4.2	+3.6
Severance pay	-0.4	-1.8	+1.4
Legal and consulting costs	-0.1	-2.3	+2.2
Other	0.0	-0.1	0.0
<b>Other</b>	<b>0</b>	0.1	-0.1
<b>EBITDA</b>	<b>13.1</b>	19.4	-6.4

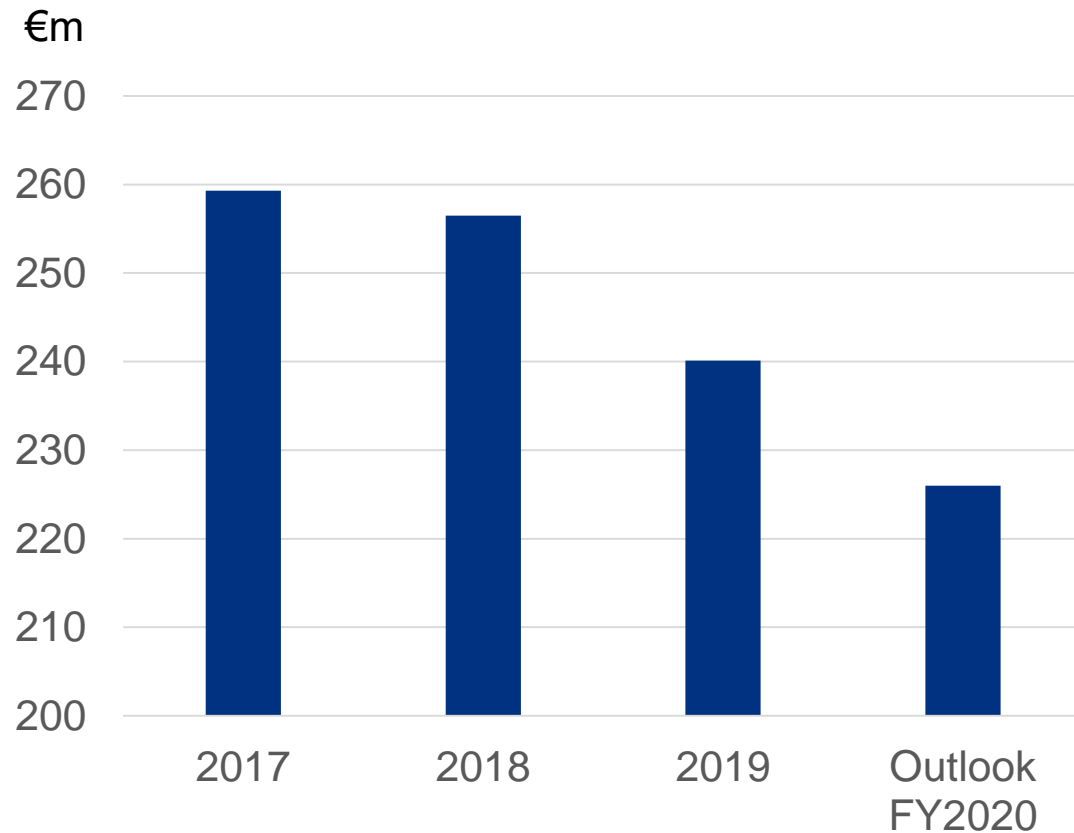
## Comments

- Lower restructuring charges illustrate progress of structural adaptations

\* EBITDA pre: EBITDA pre exceptionals (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)

# Over the Past Two Years, We Have Significantly Strengthened the Resilience of Our Business

## EBITDA pre break-even\*



\* Sales level where EBITDA pre = 0

Today, our business is much more robust than in the past:

- Focus on reasonable margins improved order profitability
- Central Group organization with clear responsibilities and unified processes increased efficiency and provided higher flexibility to manage costs



# 9M 2020: Lower Net Profit and Higher Working Capital Weighed on Free Cash Flow, Driving Net Debt\* Temporarily Up

## Key data of Cash Flow Statement 9M 2020 vs. 9M 2019

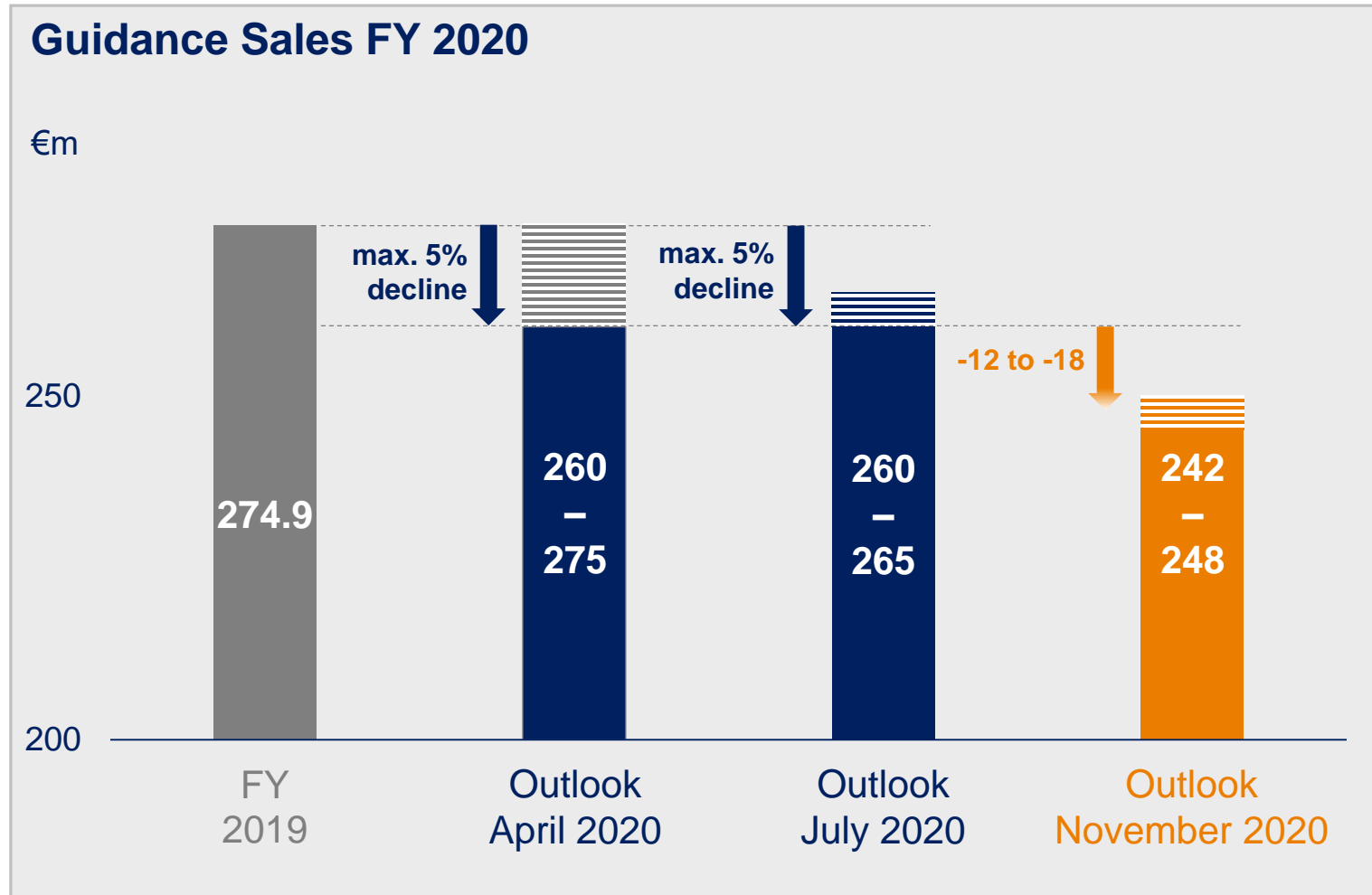
€m	9M 2020	9M 2019	Change
<b>Net profit</b>	<b>-3.2</b>	2.6	-5.9
Depreciation and amortization	<b>12.3</b>	13.0	-0.6
Changes in deferred taxes	<b>1.5</b>	0.4	+1.1
Other income and expenses without cash flow impact	<b>1.6</b>	0.3	+1.3
Result from the disposal of non-current assets	<b>-0.1</b>	-0.5	+0.3
<b>Cash flow</b>	<b>11.2</b>	15.1	-3.9
Changes in working capital	<b>-1.4</b>	1.1	-2.5
<b>Cash flow from operating activities</b>	<b>9.8</b>	16.2	-6.3
Cash flow from investing activities	<b>-8.3</b>	-7.6	-0.6
<b>Free cash flow</b>	<b>1.6</b>	8.5	-7.0
Cash and cash equivalents (30 Sep.)	<b>18.0</b>	9.9	+8.1
<b>Net debt* (30 Sep.)</b>	<b>8.6</b>	2.5	-6.1

\* excl. lease liabilities

## Comments

- Higher non-cash items held back net profit in 9M 2020:
  - increased deferred taxes
  - negative translation effects driven by FX headwinds
- COVID-19 related delayed shipments led to an increase of finished goods and working capital
- Cash flow from investing activities in 9M 2020 on par with prior year: 2019 included proceeds from sale of a non-core business of €0.6m

# Outlook Update FY 2020: Soft Sales in 10M 2020 Require Top Line Adjustment, EBITDA Pre\* Above Consensus



## Additional comments FY 2020

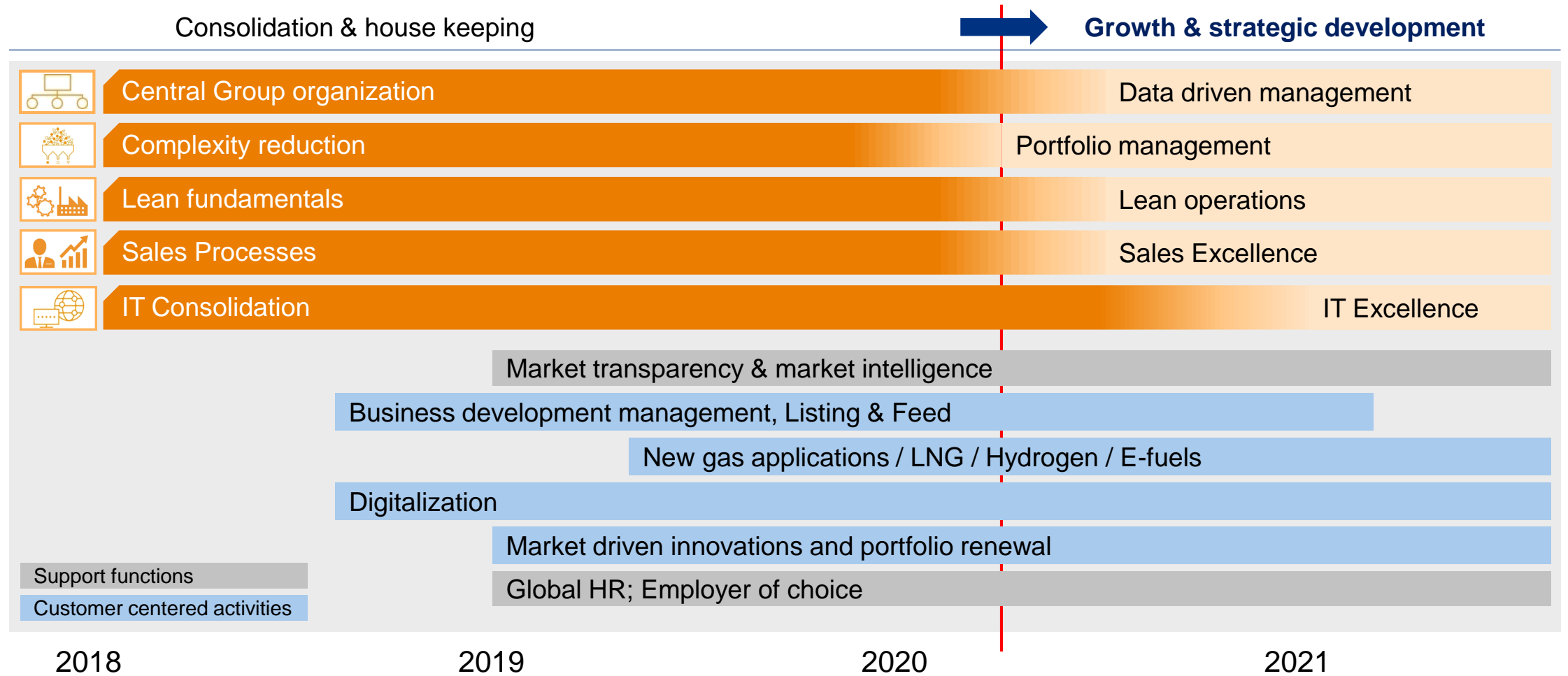
- Contrary to assumptions in July, demand continued to stay weak in H2 2020
- Guidance range for EBITDA pre\* of €15m to €18m, above market expectations of ~€14m

\* EBITDA pre: EBITDA pre exceptionals (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)

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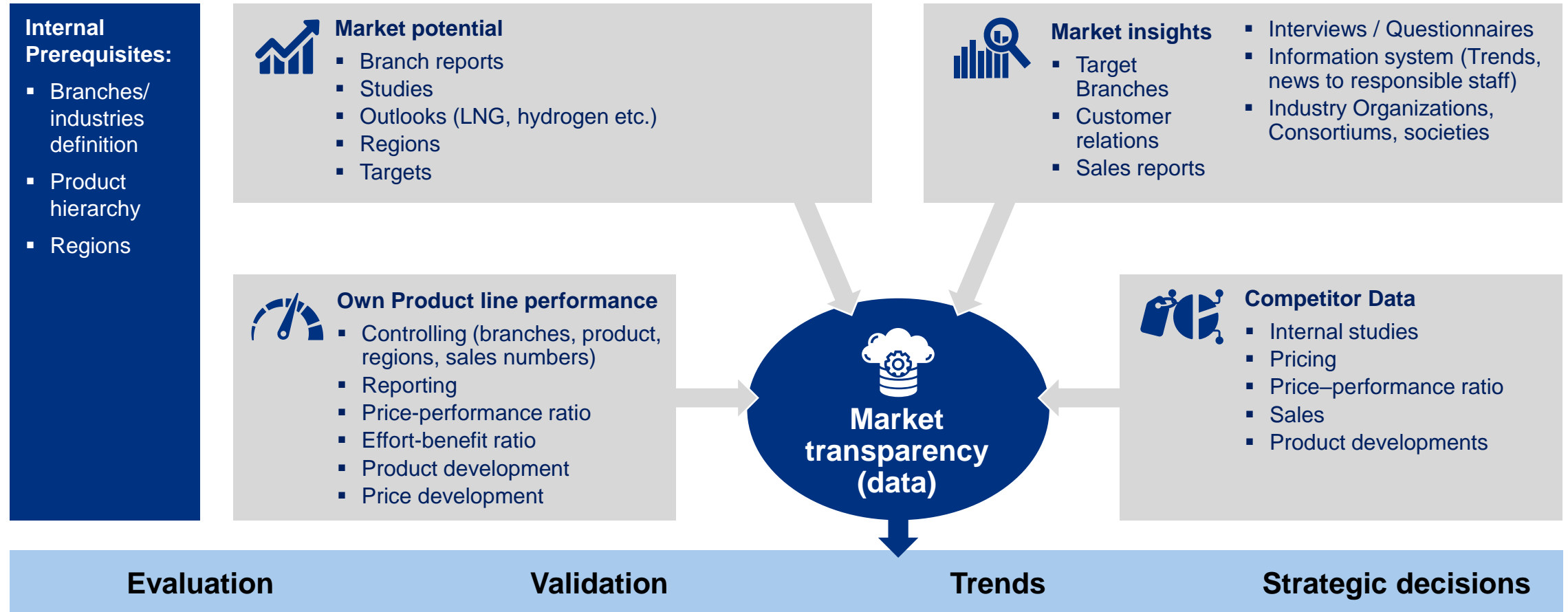
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# With Most Efficiency Measures Reaching Maturity, Focus Increasingly Turns to Growth Again



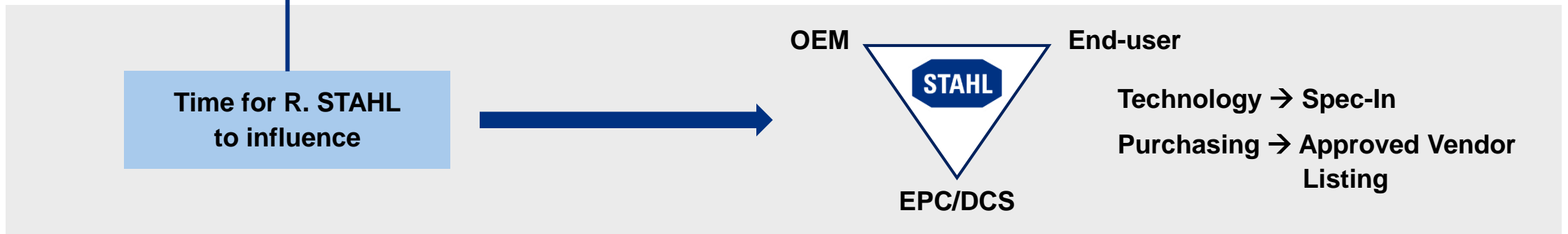
# Market Transparency: Prerequisite for the Right Allocation of Resources

Basic strategic decisions



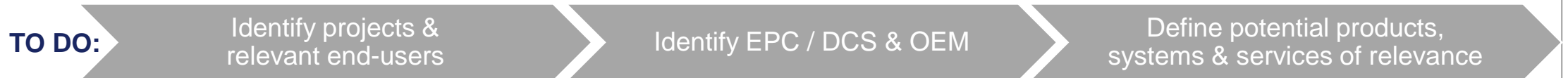
# BDM, Listing & Feed: Strategically Preparing Our Markets

## Project Lifecycle









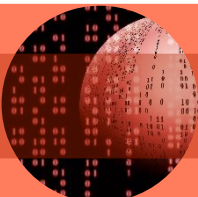

### Project

- Active Team of SALES (SVP, RSD, Local Sales and Agents) and BU (BDM and PM)
- Focus on complex system and engineering solutions






# Megatrends Drive Technologies and Growth in Our Industry

Trends	Needs	Opportunities for R. STAHL
 <p>Population &amp; prosperity growth</p>	<p><b>Growing need for energy and food:</b></p> <ul style="list-style-type: none"> <li>▪ Rising number of people</li> <li>▪ Higher standards of living</li> </ul>	<ul style="list-style-type: none"> <li>▪ Oil expected to reach its peak beyond 2030</li> <li>▪ Growth in chemicals, pharma and food &amp; beverage</li> </ul> 
 <p>Climate Change</p>	<p><b>Reduction of CO<sub>2</sub> emissions:</b></p> <ul style="list-style-type: none"> <li>▪ Near-term: low-carbon fossils</li> <li>▪ Long-term: carbon-free energy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limited risk: no exposure to coal and mining</li> <li>▪ Strong market position in growing LNG market</li> <li>▪ H<sub>2</sub> + e-fuels as energy carrier of the future</li> </ul> 
 <p>Increasing Mobility</p>	<p><b>Socio-economic changes:</b></p> <ul style="list-style-type: none"> <li>▪ Growing number of vehicles</li> <li>▪ Trend towards electric vehicles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fuel consumption</li> <li>▪ New battery manufacturing (and recycling) facilities</li> <li>▪ Build-up of H<sub>2</sub> infrastructure (storage, distribution etc.)</li> </ul> 
 <p>Digitalization</p>	<p><b>Equipment and services:</b></p> <ul style="list-style-type: none"> <li>▪ Automation</li> <li>▪ Digital business models</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong market position in automation</li> <li>▪ Growth in semiconductors</li> <li>▪ Unmanned platforms and autonomous ships</li> </ul> 

# Natural Gas Is The Most Eco-friendly Fossil Fuel – And LNG Is Set to Become the Dominating Delivery Mechanism

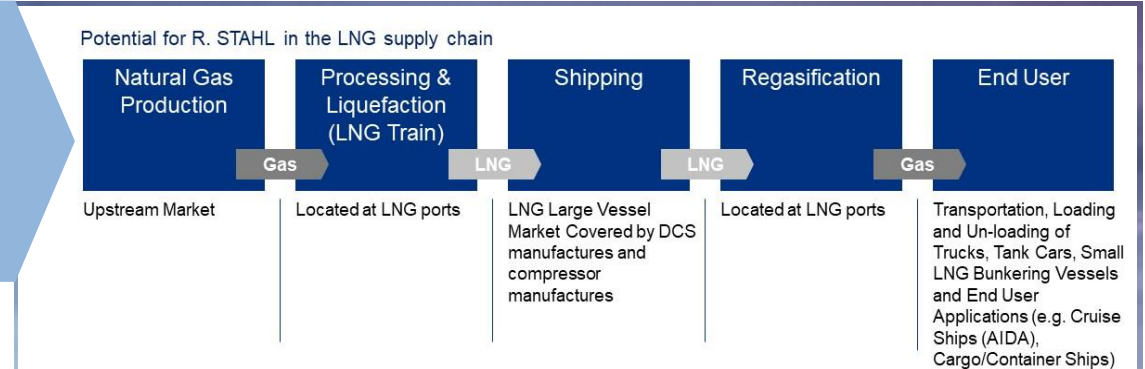
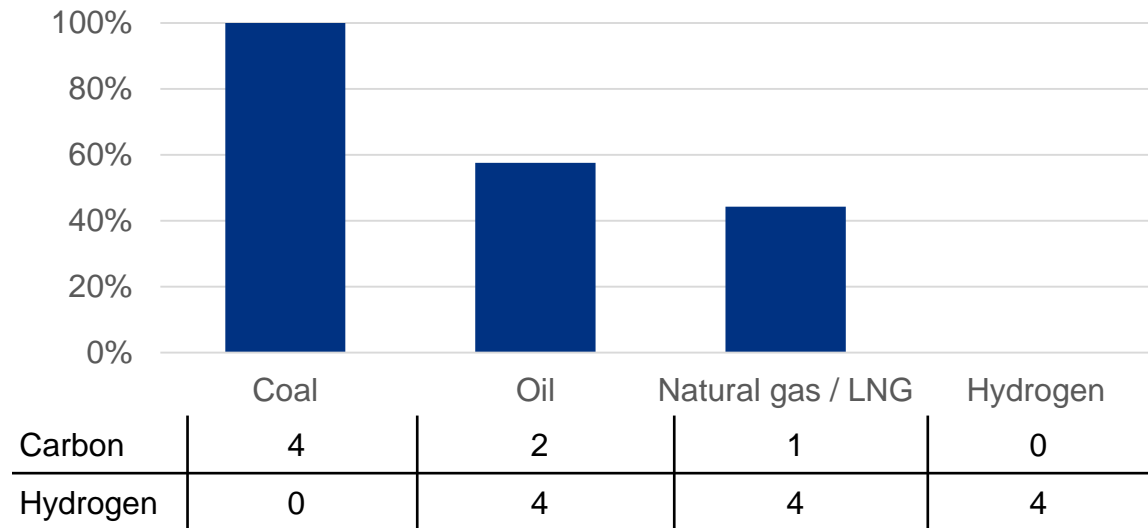


Climate Change


Reduction of CO<sub>2</sub> emissions:

- near-term: low-carbon fossils

**Relative CO<sub>2</sub> emissions by energy source**  
(at equal combustion energy)



# Due to the Unique Hazardous Properties of Hydrogen, Explosion Protection Is Key to This Technology's Safety



**Climate Change**

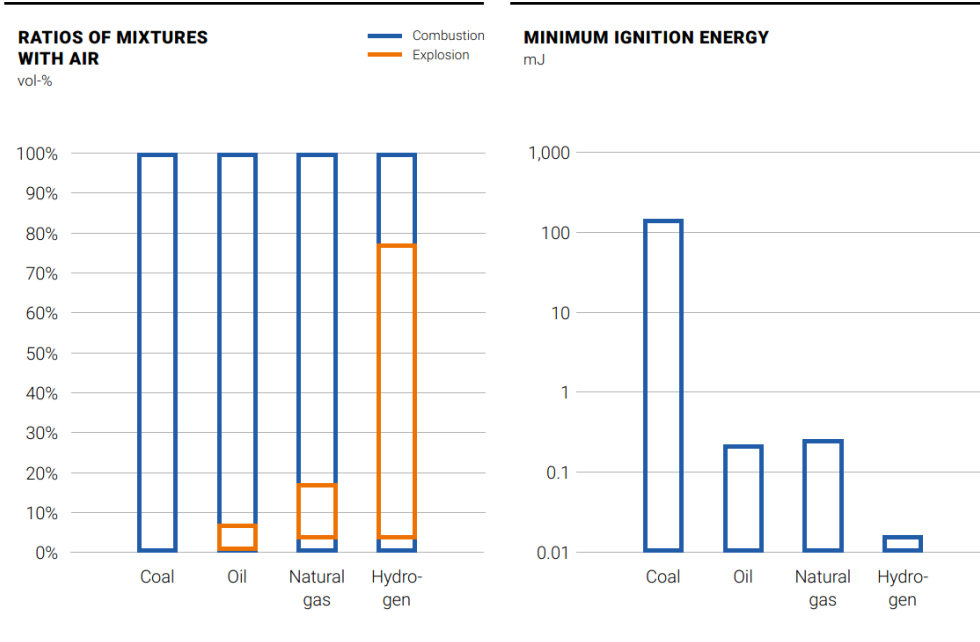
**Reduction of CO<sub>2</sub> emissions:**

- long-term: carbon-free energy

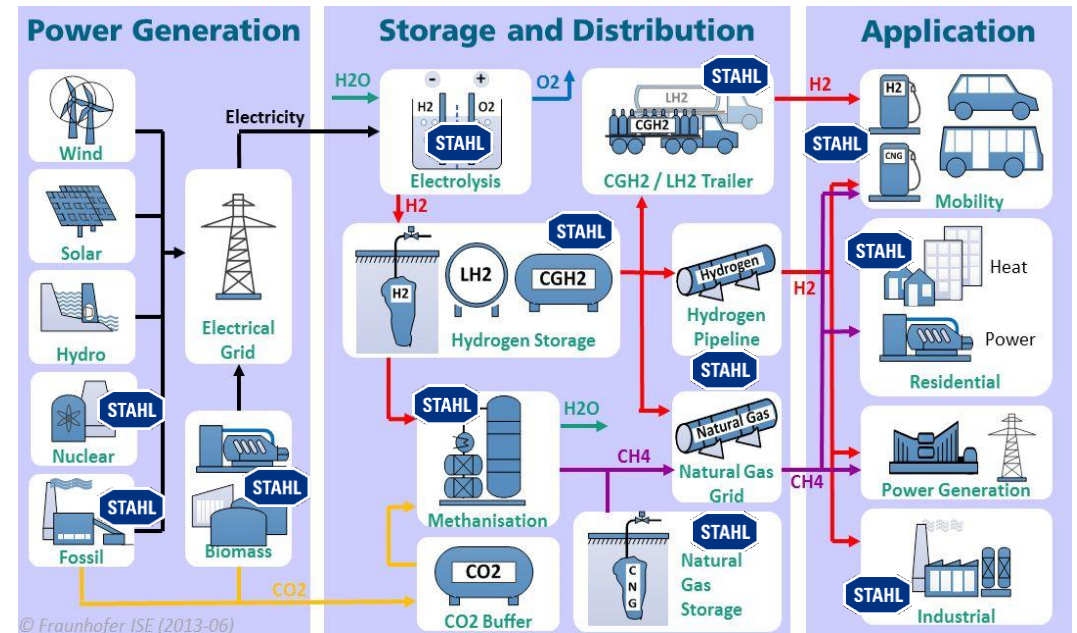
- H<sub>2</sub> + e-fuels as sustainable energy carrier of the future



## Safety aspects of Hydrogen vs. fossil fuels



## Value Chain of Green Hydrogen



Source: <https://www.ise.fraunhofer.de>

# Example: Hydrogen Fueling Station With Safety Concept and Equipment by R. STAHL

Container solution and functional safety concept

## Service Concept

- Engineering Service
- SIL (safety integrity level) verification
- Software assistance
- Design and engineering of components (system concept)

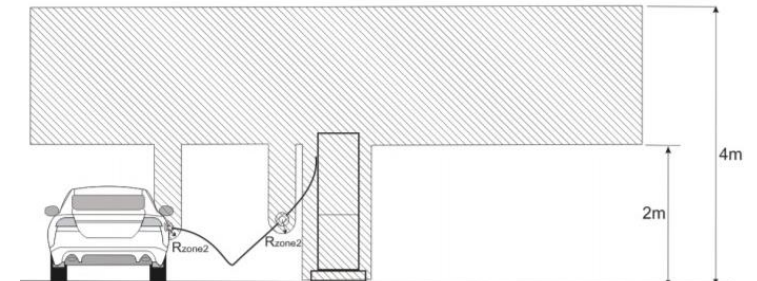
## Components (R. STAHL products):

- Terminal boxes, cable glands, plugs



Picture source: <https://www.resato.com/en/hydrogen>

## Example illustration of permanent and temporary hazardous areas



## Sales potentials

- Short term focus on H2 fueling stations
  - in 2020: 100 new stations in EU (50 in Germany, >1,000 worldwide)
- R. STAHL products for compressed gas vessels, pipelines, electrolyzer, tank systems
- Safety concepts (SIL)
- Engineering and designing concepts
- Consulting service

# Digitalization: We Already Have a Wide Range of Digital Solutions

Example of R. STAHL's solutions today

Control and visualization of process or integration in existing Asset Management System (AMS)



Connectivity infrastructure



Communication protocols:  
Profinet  
ModbusTCP  
EthernetIP  
Others

Sensoric and communication



Physical layer:  
Wireless  
Wired  
Fibre optics

Energy distribution panel e.g.

Lighting distribution  
Heat trace panels  
Socket outlet distribution



Sensors:  
Temperature,  
humidity,  
current, arcing,  
etc.

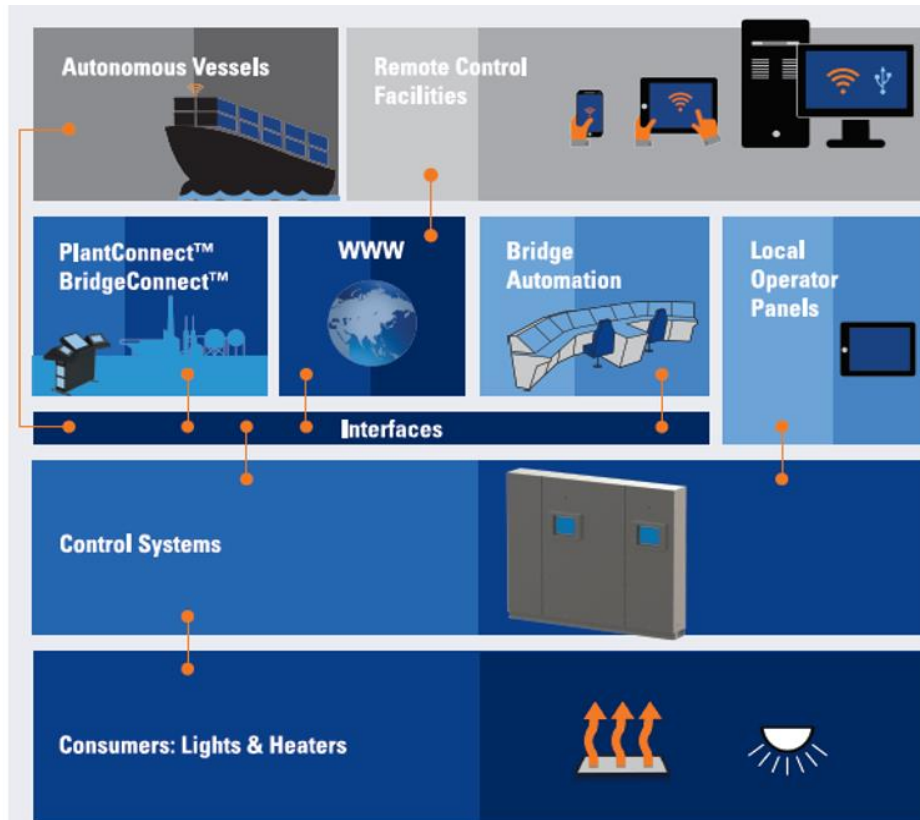
Connected devices (e.g. luminaires, heating cable, ...)



Sensors or communication with devices

# R. STAHL Already Offers Digital Solutions to Control Light and Heating Systems

Example: X-Connect (R. STAHL Tranberg)



- R. STAHL is supplier for the first fully electric and autonomous container ship without emissions
- Fully automated control of light and heating systems
- Control staff can be located anywhere to control and operate systems remotely



# Digitalization Also Provides Huge Opportunities in Smart Manufacturing

## Status & Outlook

- RFID for automatic serial number recording
- Mobile data logging in logistics
- Digital manufacturing documents in conjunction with CAE project
- Requirements analysis for MES system
- Requirements analysis assistance systems for assembly work



# Agenda

1	Company Overview
2	Driving Efficiency – R. STAHL 2020
3	Actual Business Update
4	Preparing for Growth
<b>5</b>	<b>Appendix</b>



# Our Efficiency Measures Are Well Under Way

## Current status of R. STAHL 2020



Central Group organization



- New Group organization established as of 1 April, 2018
- All key positions filled



Product portfolio



- Product variety reduced by ~50%
- No loss of sales or customers



Project and contract management



- Standardized risk assessment before order acquisition
- Significant margin improvement



Supply chain and lean production



- Global „Lean Management“ program initiated
- Significant productivity improvements



Sales organization



- Implementation of standardized global sales processes ongoing



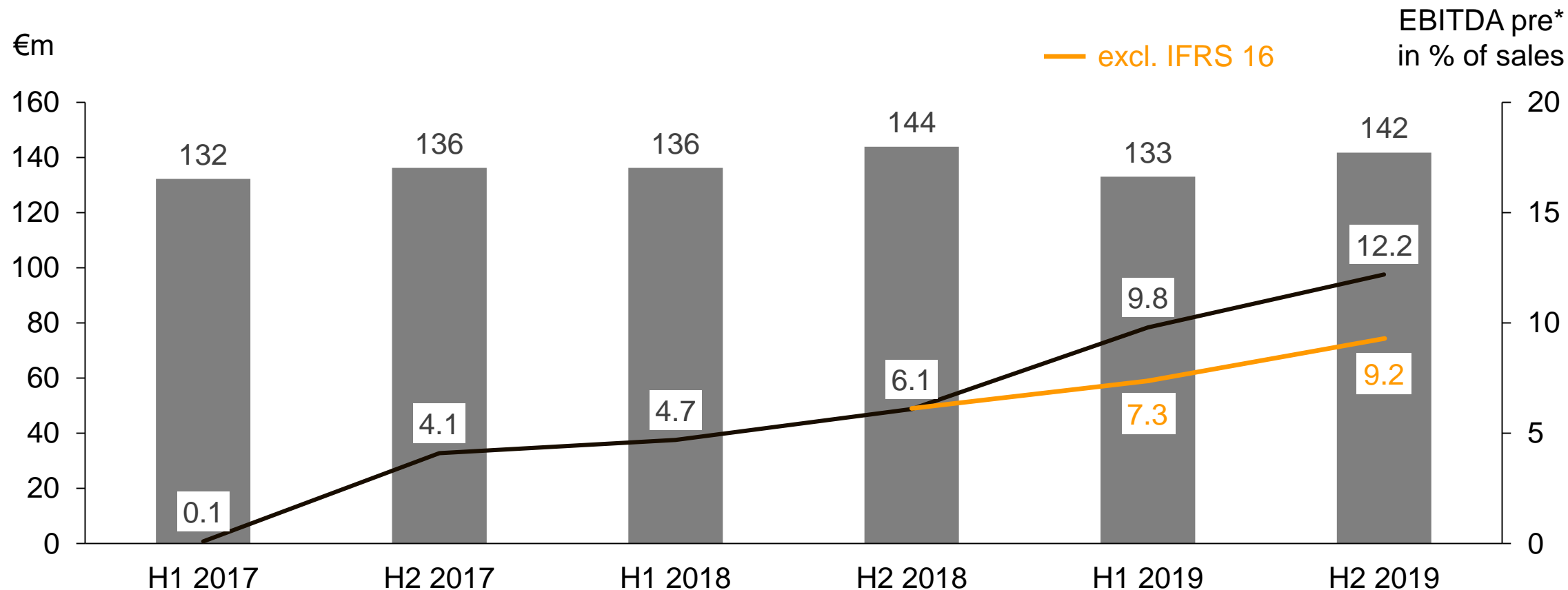
IT systems



- Global implementation of standardized systems (ERP, engineering, configurator) ongoing

# Successful Execution of Efficiency Measures Drove Margin

Sales & margin development R. STAHL H1 2017 through H2 2019

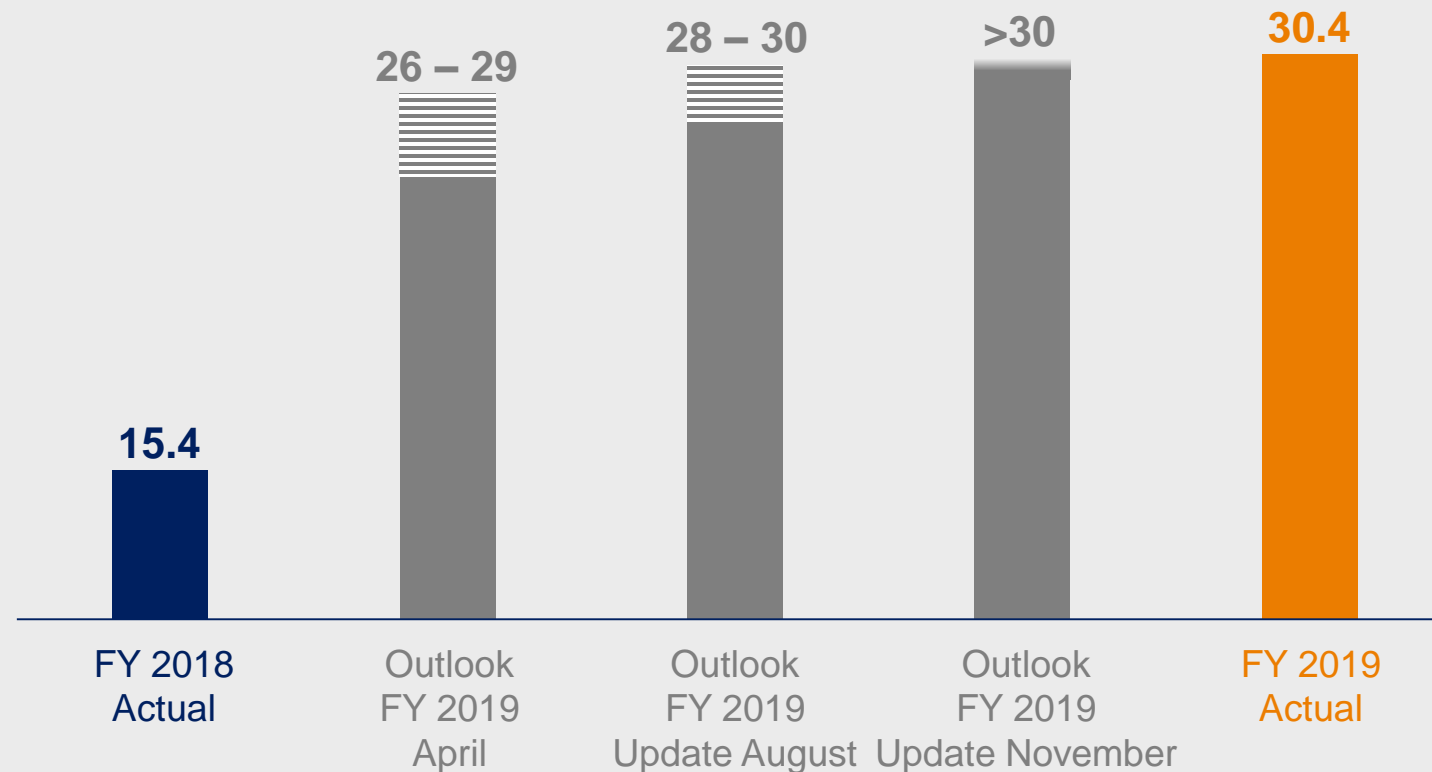


\* EBITDA pre: EBITDA pre exceptionals (exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations)

# FY 2019: Delivered on Repeatedly Lifted EBITDA pre\* Guidance

## Guidance EBITDA pre\* vs Actual FY 2019

€m



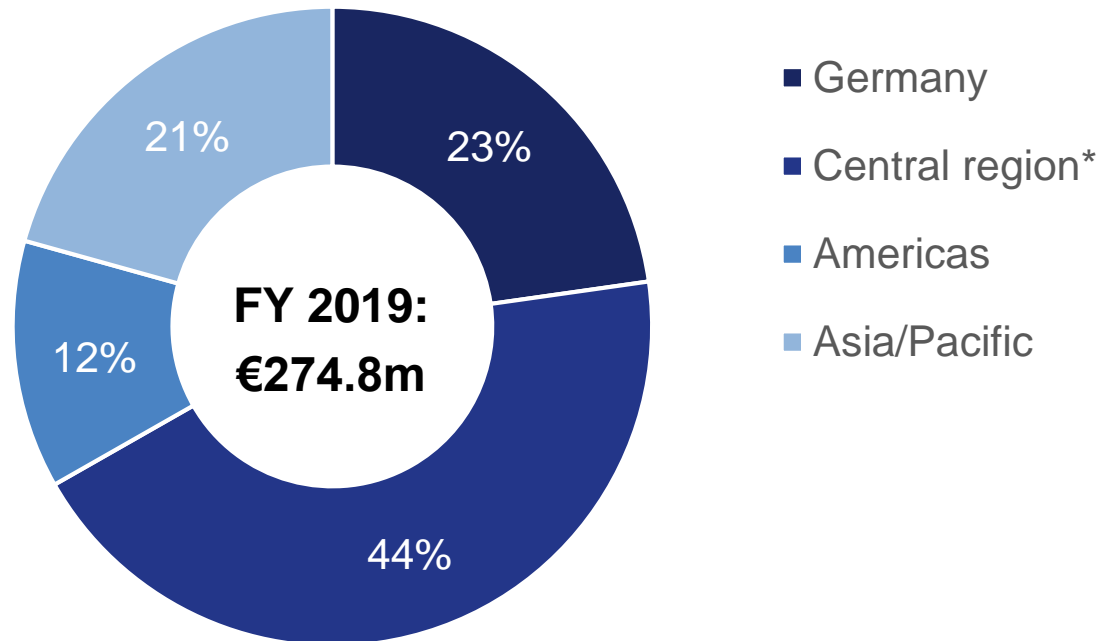
### Additional comments

- Sales of €275m in FY 2019 at the lower end of the guidance corridor of €275m to €280m
- FY 2019 includes €7.6m tailwind from IFRS 16

\* EBITDA pre: EBITDA pre exceptionals (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)

# FY 2019: Sales Down 1.9% – Decline in Project Business Mitigated by Higher Component Sales

## Sales R. STAHL FY 2019 vs. FY 2018 by region



€m	FY 2019	FY 2018	Change
Germany	62.5	70.3	-11.1%
Central region*	120.9	116.1	+4.1%
Americas	34.5	31.2	+10.6%
Asia/Pacific	56.8	62.5	-9.1%
<b>Total</b>	<b>274.8</b>	<b>280.1</b>	<b>-1.9%</b>

\* Central region: Africa and Europe excl. Germany

# FY 2019: Strongly Improved Profit Due to Better Product Mix and Efficiency Gains, Additional Support from IFRS 16

## Key data of Income Statement

€m	FY 2019	FY 2018	Change
<b>Sales</b>	<b>274.8</b>	280.1	-1.9%
Other operating income	<b>13.7</b>	13.8	-0.4%
Cost of materials	<b>-94.0</b>	-99.4	+5.5%
Personnel cost	<b>-122.0</b>	-119.3	-2.2%
Other operating expenses	<b>-50.7</b>	-62.6	+19.0%
<b>EBIT</b>	<b>6.3</b>	-4.2	n/a
Financial result	<b>-2.9</b>	-2.8	-3.1%
<b>EBT</b>	<b>3.4</b>	-7.0	n/a
Taxes	<b>-2.1</b>	-0.0	>-100%
<b>Net profit</b>	<b>1.3</b>	-7.0	n/a
Earnings per share in €	<b>0.21</b>	-1.10	n/a
EBITDA	<b>25.3</b>	9.5	>+100%
<b>EBITDA pre*</b>	<b>30.4</b>	15.2	+99.9%

## Comments

- Cost of materials ratio improved 210 basis points yoy to 33.8%, reflecting better product mix
- Other operating expenses in FY 2019 down primarily due to lower exceptionals and a €7.6m positive support from IFRS 16
- Operational improvements and IFRS 16 contribute about equally to increase in EBITDA pre

\* EBITDA pre: EBITDA pre exceptionals (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)

# FY 2019 Lower Restructuring Charges Illustrate Maturity of Efficiency Measures – Further Decline Expected in 2020

## Reconciliation of EBITDA to EBITDA pre\*

€m	FY 2019	FY 2018	Change
<b>EBITDA pre*</b>	<b>30.4</b>	15.2	+15.2
<b>Exceptionals*</b>	<b>-6.0</b>	-6.2	+0.2
<b>Restructuring charges</b>	<b>-6.1</b>	-8.6	+2.5
Devaluation and disposal of inventories	-0.1	-0.5	+0.4
Severance pay	-2.5	-3.0	+0.5
Amortization	-0.9	-0.4	-0.5
Legal and consulting costs	-2.4	-4.1	+1.7
Other	-0.1	0.5	+0.4
<b>Disposal of non-current assets no longer required for business operations</b>	<b>0</b>	2.5	-2.5
<b>Other</b>	<b>0.0</b>	0	+0.0
<b>EBITDA</b>	<b>25.3</b>	9.5	+15.8

## Comments

- Declining restructuring charges indicate good progress of efficiency program
- Exceptionals set to go down further in 2020

\* EBITDA pre: EBITDA pre exceptionals (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)

# FY 2019: Solid Free Cash Flow Lowered Net Debt Further

## Key data of Cash Flow Statement

€m	FY 2019	FY 2018	Change
<b>Net profit</b>	<b>1.3</b>	-7.0	+8.3
Depreciation and amortization	<b>18.9</b>	13.6	+5.3
Changes in deferred taxes	<b>1.0</b>	-0.2	+1.2
Result from the disposal of non-current assets	<b>-0.5</b>	-2.4	+1.9
<b>Cash flow</b>	<b>20.8</b>	6.8	+14.0
Changes in working capital	<b>-1.1</b>	11.4	-12.5
<b>Cash flow from operating activities</b>	<b>19.6</b>	18.2	+1.4
Cash flow from investing activities	<b>-11.1</b>	-5.7	-5.4
<b>Free cash flow</b>	<b>8.5</b>	12.6	-4.1
Cash and cash equivalents (31 Dec.)	<b>15.0</b>	14.6	+0.4
<b>Net debt* (31 Dec.)</b>	<b>4.2</b>	5.5	-1.3

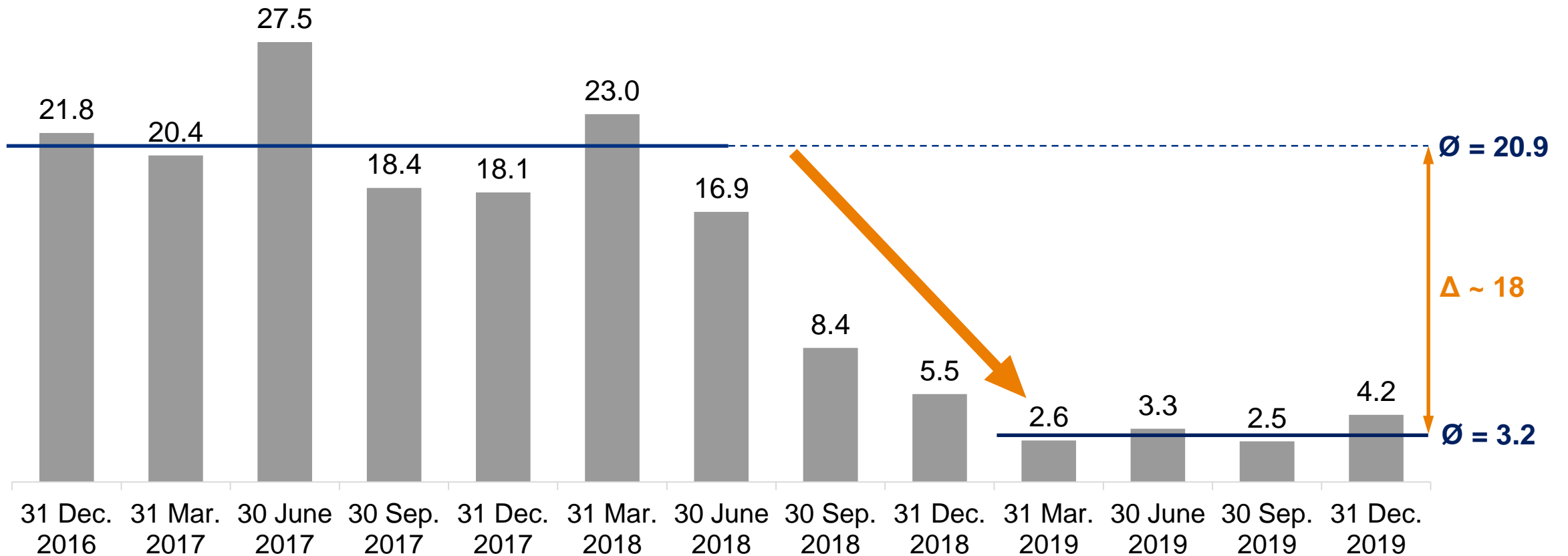
## Comments

- Improved profitability and a €7.1m positive impact from IFRS 16 drove cash flow
- Prior year's working capital improvement benefitted from significant inventory reduction
- Higher cash outflow from investing activities in 2019:
  - selective investments in automated production
  - prior year included cash collection of €4.7m from property sales

\* excl. leasing liabilities

# Improved Margins And Focused Cash Management Drove Down Net Debt\* by ~€18m to Low Single Digits in 2019

Quarterly net debt\* development of R. STAHL – 1 January 2017 through 31 December 2019



\* excl. pension provisions and lease liabilities



# Major Impacts of IFRS 16 on R. STAHL's Financial Statements and KPI's in FY 2019

## Income Statement & Cash Flow Statement

€m	FY 2019
Other operating expenses	+7.6
Depreciation & amortization	-5.5
Financial result	-1.0
Taxes	-0.3
<b>EBITDA</b>	<b>+7.6</b>
EBITDA pre*	+7.6
EBIT	+2.1
EBT	+1.1
Net profit	+0.8
Cash flow from operating activities	+7.1
Cash flow from financing activities	-7.1

## Balance Sheet

€m	31 Dec., 2019
<b>Assets</b>	
Property, plant & equipment	+34.1
Deferred taxes	-0.3
<b>Total</b>	<b>+33.8</b>
<b>Equity and Liabilities</b>	
Equity	+0.8
Non-current lease liabilities	+26.4
Current lease liabilities	+6.6
<b>Total</b>	<b>+33.8</b>
Equity ratio	-300 bp

\* EBITDA pre: EBITDA pre exceptionals (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)

# Q3 2020: Managing Tough Times

**Sales** flat qoq at €60m (- €12m yoy) – customers continue to minimize expenditures and safeguard cash

**Tight cost control** to defend profitability: **EBITDA pre\*** halved to €5m

**Exceptionals** further down yoy to €-0.1m, **EPS** declined to €-0.09

**Order backlog** of €74m at end of Q3 remaining robust above prior year's quarterly average

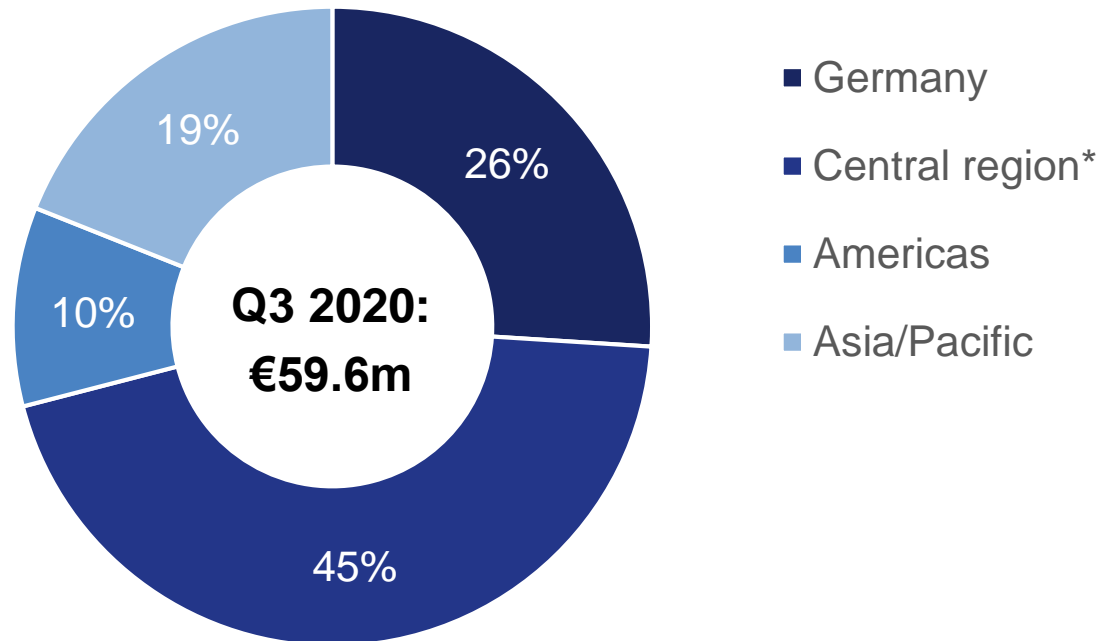
**Positive free cash flow** lowers **net debt** to €9m

**Guidance for FY 2020** updated: sales now seen lower between €242m and €248m, but EBITDA pre\* between €15m and €18m, above market expectations

\* EBITDA pre: EBITDA pre exceptionals (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)

# Q3 2020: Sales Dropped 16.4% in Q3 2020 – Soft Demand in Compares to a Strong Prior Year

## Sales R. STAHL Q3 2020 vs. Q3 2019 by region



€m	Q3 2020	Q3 2019	Change in %
Germany	15.5	15.7	-1.7
Central region*	26.8	31.8	-15.8
Americas	6.0	9.6	-37.9
Asia/Pacific	11.3	14.1	-19.7
<b>Total</b>	<b>59.6</b>	<b>71.3</b>	<b>-16.4</b>

\* Central region: Africa and Europe excl. Germany

# Q3 2020: Cost Containment Measures Dampened Impact of Softer Demand on Profitability

## Key data of Income Statement Q3 2020 vs. Q3 2019

€m	Q3 2020	Q3 2019	Change in %
<b>Sales</b>	<b>59.6</b>	71.3	-16.4
Cost of materials	-20.4	-24.4	+16.3
Personnel costs	-27.3	-29.1	+5.9
Sum of other operating income and expenses	-8.1	-8.6	+5.8
<b>EBIT</b>	<b>0.8</b>	4.6	-81.6
Financial result	-0.3	-0.6	+45.4
<b>EBT</b>	<b>0.5</b>	4.0	-86.9
Taxes	-1.1	-0.7	-62.5
<b>Net profit</b>	<b>-0.6</b>	3.3	n/a
Earnings per share in €	-0.09	0.50	n/a
EBITDA	4.9	9.0	-45.9
<b>EBITDA pre*</b>	<b>5.0</b>	10.4	-52.0

## Comments

- Cost of materials closely followed lower sales, indicating continued robust margin
- Personnel capacities and costs flexibly adjusted to softer business
- Sum of other operating income and expenses benefited from lower exceptionals
- Financial result down as a result of lower interest accruals for pension provisions

\* EBITDA pre: EBITDA pre exceptionals (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)

# Q3 2020: Exceptionals Continued to Decline as Planned

## Reconciliation of EBITDA pre\* to EBITDA Q3 2020 vs. Q3 2019

€m	Q3 2020	Q3 2019	Change
<b>EBITDA pre*</b>	<b>5.0</b>	10.4	-5.4
<b>Exceptionals</b>	<b>-0.1</b>	-1.4	+1.3
<b>Restructuring charges</b>	<b>-0.1</b>	-1.5	+1.4
Severance pay	-0.1	-0.5	+0.4
Legal and consulting costs	0.0	-1.0	+1.0
Other	0.0	0.0	0.0
<b>Other</b>	<b>0</b>	0.1	-0.1
<b>EBITDA</b>	<b>4.9</b>	9.0	-4.1

## Comments

- Lower restructuring charges illustrate progress of structural adaptations

\* EBITDA pre: EBITDA pre exceptionals (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)

# Q3 2020: Focus on Cash Supports Continued Solid Liquidity Position

## Key data of Cash Flow Statement Q3 2020 vs. Q3 2019

€m	Q3 2020	Q3 2019	Change
<b>Net profit</b>	<b>-0.6</b>	3.3	-3.9
Depreciation and amortization	4.0	4.4	-0.4
Changes in deferred taxes	0.6	0.2	+0.4
Other income and expenses without cash flow impact	0.9	-0.2	+1.1
<b>Cash flow</b>	<b>4.5</b>	7.1	-2.7
Changes in working capital	2.9	-1.0	+3.9
<b>Cash flow from operating activities</b>	<b>7.3</b>	6.1	+1.2
Cash flow from investing activities	-3.7	-3.5	-0.2
<b>Free cash flow</b>	<b>3.6</b>	2.6	+1.0
Cash and cash equivalents (30 Sep.)	18.0	9.9	+8.1
<b>Net debt* (30 Sep.)</b>	<b>8.6</b>	2.5	-6.1

## Comments

- Net profit in Q3 2020 included non-cash relevant expenses:
  - inventory impairments
  - FX driven revaluations of assets
- Effective cash management led to a decline of working capital
- Free cash flow lowered net debt\* in Q3 2020 by €1.7m sequentially (June 30, 2020: €10.3m)
- Increase in cash to keep higher financial flexibility during COVID-19 pandemic

\* excl. lease liabilities

# Issuer, Contact and Additional Information

## Issuer and Contact

### R. STAHL AG

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**ISIN** DE000A1PHBB5

**WKN** A1PHBB

**Deutsche Boerse** RSL2

**Ticker Bloomberg** RSL2

**Ticker Reuters** RSL2.DE

**Listing** Frankfurt Stock  
Exchange  
Prime Standard

## Financial Calendar

**2020**

Nov 16-18 Eigenkapitalforum (virtual)

THE STRONGEST LINK.



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